

**BOARD OF TRUSTEES OF THE CITY OF ATLANTA  
GENERAL EMPLOYEES PENSION FUND  
MINUTES OF MEETING**

February 3, 2016

---

A meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on February 3, 2016 in City Hall, Suite 2550, Atlanta, GA.

**TRUSTEES PRESENT:**

Douglas Strachan  
Dr. Gregory Nash  
Yvonne Cowser Yancy

Angela Green  
Aretha Sumbry-Powers  
Gina Pagnotta-Murphy

**NOT PRESENT:**

Michael Bond, Jim Beard and Jason Esteves were not present.

**OTHERS:**

Rick Larimer, GEMGroup; Ray Adams, Office of Retirement Services, Kristen Denius of City Law Department; Gene Kirschbaum, City Audit Department, Gwelda Swilley-Burke of Callan Associates, Derek Batts of Morgan Stanley, Monique Etheridge of Wells Fargo, and Jeanette Cooper of Segal.

Mr. Strachan called the meeting to order at 9:35 AM.

**ADOPTION OF AGENDA:**

**MOTION:** A motion was made and seconded to adopt a revised agenda to add Response to Audit Finding proposal from Jim Beard, CFO. The motion passed.

**MOTION:** A motion was made and seconded to adopt the revised Agenda. The motion passed.

**APPROVAL OF MINUTES:**

Minutes from the January 6, 2016 board meeting were provided in the meeting packages in advance and reviewed again at the meeting.

**MOTION:** A motion was made and seconded to approve the minutes of the January 6, 2016 meeting as presented. The motion passed.

**GENERAL EMPLOYEES' PENSION FUND PENSION AWARDS:**

**SERVICE PENSION APPLICATIONS**

The Service Pension applications on the attached spreadsheet were presented to the Board for approval.

**MOTION:** A motion was made and seconded to approve the service pension applications Nos. 1-11 as listed on the attached spreadsheet dated February 3, 2016. The motion passed.

**DISABILITY PENSION APPLICATIONS**

The Disability Pension application on the attached spreadsheet was presented to the Board with a recommendation to Deny. Mr. Larimer explained that the applicant had seen two doctors and neither had opined that the applicant was totally and permanently disabled.

**MOTION:** A motion was made and seconded to deny the disability application on the February 3<sup>rd</sup> spreadsheet. The motion passed.

**BENEFICIARY PENSION APPLICATIONS**

The Beneficiary applications on the attached spreadsheet were presented to the Board for approval.

**MOTION:** A motion was made and seconded to approve the Beneficiary applications Nos. 1-3 on the attached spreadsheet. The motion passed.

**APPROVAL OF CHECK REGISTER AND INVOICES:**

Mr. Larimer distributed a revised Check Register dated February 3, 2016. The revised check register included check # 60249 to GlassRatner that had been requested by Messrs. Strachan and Beard.

Mr. Larimer pointed out that a voided check #60520 that had been issued to the City of Atlanta Pension Fund had been issued in error. A copy of the voided was provided.

**MOTION:** A motion was made and seconded to approve 16 items: #60518 - #60231 and #60549 & #60562 on the Check Register dated February 3, 2016 totaling \$712,188.55. The motion passed.

**REVIEW OF FINANCIALS:**

The financials for the period ending December 2015 were reviewed by the board.

**MOTION:** A motion was made and seconded to accept the unaudited financials for December 2015 for further review by the Finance Department. The motion passed.

**Review of Annual Financials by Mr. Beard** – This item was deferred due to the absence of Mr. Beard.

## **LAW REPORT**

City Law Department – Ms. Denius reported that the application for Determination Letter had been completed and submitted to the IRS.

She also reported that the Bridgepoint litigation matter is progressing toward a recovery payment and the City had determined that it was not advisable to pursue the reimbursement of City internal legal and other costs incurred due to the de minimis amount.

**MOTION:** A motion was made to go into Executive Session to discuss a matter involving possible litigation. The motion passed.

{Executive Session ends}

## **ACTUARY REPORT**

No Report

## **INVESTMENT CONSULTANT REPORT - Callan**

### **Monthly Performance Report – December 2015**

Gwelda Swilley-Burke summarized the performance for the month of December, 2015 as simply “bad”. The markets overall experienced a sell-off and virtually every manager had negative returns for the month; returns for Total Fund was (1.78%) net of fees compared to the Policy Index of (1.59%). The 3-month return remained positive at 3.36%. The overall asset allocation among asset classes and managers is within the target range in compliance with the Investment Policy Statement.

Ms. Pagnotta-Murphy asked if the board should be looking to replace any managers. Ms. Swilley-Burke recommended staying the course through this difficult market adjustment and commented that the Callan study confirmed that the Fund’s current group of managers have historically done a good job of protecting in down markets, i.e., declining less than the overall market in downward swings.

Mr. Strachan asked Ms. Swilley-Burke to send again to all board members the report Callan prepared for the January meeting showing the performance of the managers in down markets.

Legato – Sub-Manager Stoneridge Termination – Ms. Swilley-Burke updated the board on the termination of Stoneridge, one of the underlying sub-managers in the Legato Manager-of-Manager program, for poor performance. Legato re-allocated the Stoneridge portion to the other managers within the program.

## **OLD BUSINESS:**

Social Security Monitoring to Check Ongoing Eligibility for Disability – Discussion on this item was deferred.

NCPR Membership Renewal – This item was removed from the agenda because it had been discussed and approved at the January meeting.

**NEW BUSINESS:**

**JP Morgan Portfolio Review – Peter Kenny**

Mr. Kenny introduced himself as the new City of Atlanta Pension relationship manager, replacing Greg Pittenger who has accepted a different assignment within JP Morgan. Mr. Kenny and his team reviewed both the Fixed Income portfolio and the status of the Real Estate queue for investment in that product. Mr. Hisdorf discussed the Fixed Income portfolio, reviewing the JP Morgan methodology and strategy in fixed income portfolio management and the team. The biggest factor in 2015 was the underperformance of the US Corporate – Investment Grade sector which was down 161 bps relative to Treasuries. JP Morgan’s performance over the year delivered 151 basis points, 96 bps in excess return over the index (approximately 66 bps, net of fees). The 10-year performance has also been favorable with a gross of fees excess return of 67 bps. The portfolio is characterized as high-quality from a risk perspective with 80% of the holdings in the AAA category. Turnover is low. Yield to maturity and duration are slightly shorter than the Barclays Index.

Jennifer Ciullo discussed the strategy and investment philosophy of the US Real Estate Income and Growth Fund, highlighting their investments in finished, income-producing properties in growing markets. The Pension has committed approximately \$20 million to this JP Morgan product but the commitment has not been called for funding due to the queue. Ms. Ciullo estimated that funding may be called in 9-12 months.

Mr. Strachan thanked JP Morgan for their presentation and for their work on behalf of the Pension fund over the years.

**PUBLIC COMMENT**

**Raiford Jackson** – Mr. Jackson addressed the board to ask for relief from the repayment schedule that he had agreed to and for which he had signed a consent decree to obligates him to pay back to the Pension overpayments he knowingly received over a period of 8 years due to an administrative error at the time his pension was established. His monthly pension benefit is being reduced by a 25% repayment deduction each month until the full amount has been recouped. The repayment period is likely to extend over many years. Mr. Jackson cited difficult financial circumstances as a result of the ongoing deduction in his net pension and pleaded for relief in the form of a lower deduction amount going forward. The board listened to Mr. Jackson’s appeal.

Mr. Strachan responded, “Since the matter has been resolved, it is not appropriate for the Board of the General Employees’ Pension Fund to have further discussion or deliberation on this matter. Thank you for coming.”

There being no further business before the board, the meeting was adjourned.

Respectfully submitted:



Douglas I. Strachan, Chair



Jim Beard, CFO & Secretary