

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

October 7, 2015

A meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on October 7, 2015 in City Hall, Suite 2550, Atlanta, GA.

TRUSTEES PRESENT:

Douglas Strachan
Angela Green
Aretha Sumbry-Powers

Jim Beard
Dr. Gregory Nash
Yvonne Cowser Yancy

NOT PRESENT:

Michael Bond, Gina Pagnotta-Murphy, Jason Esteves

OTHERS:

Rick Larimer, GEMGroup; Kristen Denius and Gerrard Grant of City Law Department; Gwelda Swilley-Burke and Dana Brown of Callan Associates, Robert Stanley, Atlanta Public Schools, Derek Batts of Morgan Stanley, Monique Etheridge and Laurel Hill of Wells Fargo and Marlon Kimpson of Motley Rice.

Mr. Strachan called the meeting to order at 9:35 AM. A quorum was present at 9:50 AM.

ADOPTION OF AGENDA:

MOTION: A motion was made and seconded to adopt the agenda as presented. The motion passed.

APPROVAL OF MINUTES:

Minutes from the September 2, 2015 board meeting were provided in the meeting packages in advance.

Dr. Nash asked that the minutes be clarified on page 4 to reflect that the "difficulty and lack of decorum" was alleged and that it occurred after the meeting.

Ms. Green asked that the minutes reflect that her comment about the board hiring an independent law firm to advise the board was prompted by Ms. Denius stating that the City Law staff was generalists and did not specialize in investment matters. Mr. Larimer agreed to make the changes.

MOTION: A motion was made and seconded to approve the minutes of the September 2, 2015 meetings, as corrected. 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 October 7, 2015. The motion passed.

DISABILITY PENSION APPLICATIONS

There were no Disability Pension applications for approval.

BENEFICIARY PENSION APPLICATIONS

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

MOTION: A motion was made and seconded to approve Beneficiary Pension applications Nos.1 - 3 on the attached spreadsheet dated October 7, 2015. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register dated October 7, 2015 was presented for review and approval.

MOTION: A motion was made and seconded to approve 5 items: #59025 - #59031 on the Check Register dated October 7, 2015 totaling \$61,177.13. The motion passed.

REVIEW OF FINANCIALS:

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

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

LAW DEPARTMENT:

INVESTMENT CONSULTANT REPORT

August Flash Performance Report – Dana Brown presented the August Performance Report. As he had warned at last month's meeting, the August reports shows the impact of the significant corrections experienced in the markets in August. Every segment and every manager showed red (negative) returns. Large Cap Domestic equity was off 5.85% for the month and 6.20% for 3-months. Overall, the Fund

experienced a 4.49% decline of the month and 4.92% drop for the 3-month period, slightly more than the Policy Benchmark of by 5 bps and 30 bps respectively.

Dr. Nash asked how long the correction will take. Mr. Brown couldn't predict but said more volatility can be expected. Ms. Yancy asked Mr. Brown to comment on the capability of the fund's managers to manager through this volatility and to protect the fund through active management. Mr. Brown commented that this is the type of environment in which you would expect your active managers to earn their stripes through fundamental analysis and stock picking.

Asset Allocation & New Manager Funding – Update – Ms. Swilley-Burke reported that transition and reallocation had gone quite well and complimented the service providers including BlackRock, Wells Fargo and GEMGroup. The transition cost was approximately \$34,000 and the commission costs were about \$81,000; Ms. Swilley-Burke considered both of these to be very competitive and very reasonable for a transition this large. Approximately 28% of the commissions went to minority brokers.

OLD BUSINESS:

Securities Monitoring Update – Ms. Denius reported that they were working with Accounting to document the internal costs expended by the City in the Bridgepoint matter to enable the City to seek reimbursement.

Social Security Monitoring to Check Ongoing Eligibility for Disability – Data has been sent to the Regional Social Security office; Ms. Yancy will review and discuss when she gets a response

Glass Ratner Audit - Glass Ratner had distributed their weekly progress report on Friday to the board. There was not further discussion.

NEW BUSINESS:

Revisit Bylaws – Mr. Strachan asked if anyone still wanted to discuss this item. The consensus among the board members was that they did not; the topic was not discussed and would not appear on future agendas.

GEMGroup ASA Agreement – Renewal and Fee Schedule- Mr. Larimer presented the Addendum to the GEMGroup Administrative Services Agreement with a Fee Schedule increase of 4% for a one-year extension, consistent with the past two agreement extensions. The current Agreement expires October 31st. Mr. Strachan suggested 1% which Mr. Larimer could not accept. But it did prompt an offer to accept a lower annual percentage increase if the extension could be for a three year period. Ms. Yancy and Mr. Beard clarified that the terms of the current agreement allow for termination with 30 days' notice. After considerable further discussion,

MOTION: A motion was made and seconded to approve an extension to the GEMGroup ASA agreement with 2.5% annual increases for the three-year period November 1, 2015 – October 31, 2018. The motion passed.

Board Hiring of Independent Counsel - Four laws firms responded by submitting proposals to serve in a retainer arrangement for the pension board. Based on strong preferences expressed by Ms. Yancy, one of the firms was eliminated from further consideration and another firm added for consideration. After further discussion, the board agreed to invite three firms to make presentations: Morgan Lewis, Shiff Hardin, Womble Carlyle.

Artisan Portfolio Review –

Aaron Roberts of Artisan provided an overview of their strategy and performance in the Artisan International Value Fund. Artisan employs a value strategy; price is the primary driver of investment decisions as the portfolio managers are looking for “bargains”. In response to a question from Mr. Strachan, Mr. Roberts described their selection process as looking for high-quality companies, good market share, barrier to entry in their niche, and a positive discounted cash flow analysis. They are fundamental, bottom up stock pickers and their performance has been excellent.

Ms. Yancy asked him to describe how the firm manages through volatility and delivers value to the pension fund is protected the downside. Mr. Roberts mentioned their analytics and the average holding period of 5 years and turnover ratio of 25% as features of their process that would add stability in difficult times.

Mr. Strachan thanked Mr. Roberts for his presentation.

MOTION: A motion was made and seconded to go into Executive Session to consult with legal counsel on a matter of possible litigation. The motion passed.

EXECUTIVE SESSION

MOTION: A motion was made and seconded to end Executive Session. The motion passed.

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

Respectfully submitted:



Douglas I. Strachan, Chair



Jim Beard, CFO & Secretary