

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

March 2, 2016

A meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on March 2, 2016 in City Hall, Committee Room 1, Atlanta, GA.

TRUSTEES PRESENT:

Douglas Strachan
Dr. Gregory Nash

Angela Green
Aretha Sumbry-Powers
Gina Pagnotta-Murphy

NOT PRESENT:

Michael Bond, Jason Esteves and Yvonne Yancy were not present.

OTHERS:

Rick Larimer, GEMGroup; Ray Adams, Office of Retirement Services, Kristen Denius of City Law Department; Peter Chan, Morgan Lewis; Gene Kirschbaum, City Audit Department, Gwelda Swilley-Burke of Callan Associates, Derek Batts of Morgan Stanley, Laurel Hill 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 the agenda. The motion passed.

APPROVAL OF MINUTES:

Minutes from the February 3, 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 February 3, 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 March 2, 2016. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension application on the attached spreadsheet was presented to the Board with a recommendation to approve.

MOTION: A motion was made and seconded to approve the disability application on the March 2, 2016 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. 1-9 on the attached spreadsheet. The motion passed.

Dr. Nash asked what took so long for applicant #1 to be processed. Mr. Larimer noted that the effective date (date of death) was April 26, 2015 but the Fund office did not receive the beneficiary's application and Death Certificate until February 2016.

APPROVAL OF CHECK REGISTER AND INVOICES:

Mr. Larimer reviewed the Check Register dated March 2, 2016.

MOTION: A motion was made and seconded to approve 6 items: #60563, and #60850 - #60854. On the Check Register dated March 2, 2016 totaling \$92,365.24. The motion passed.

REVIEW OF FINANCIALS:

The financials for the period ending January 2016 were reviewed by the board.

MOTION: A motion was made and seconded to accept the unaudited financials for January 2016 for further review by the Finance Department. The motion passed.

Review of Annual Financials by Finance Department – This item was deferred to the next meeting; Mr. Kirschbaum will present.

LAW REPORT

City Law Department – No Report

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

{Executive Session ends}

Morgan Lewis – Fiduciary Training Session – Mr. Chan, as part of their engagement relationship with the City of Atlanta Pension Board, provided a brief training session on emerging trends and recent case law on potential conflicts of interest and receiving undisclosed remuneration while serving as board members. These period training sessions are part of the Morgan Lewis firm's Services Agreement and cover under their retainer.

Mr. Chan commented that he was aware that the board takes their fiduciary responsibility very seriously and the main objective of the session was to ensure board members' awareness of the issues and to avoid unintentionally running afoul of these regulations. He briefly reviewed a recent case he had been involved with concerning these issues.

His simple guidance on the matter of potential conflicts of interest: 1) be aware and be careful; and 2) if a circumstance arises that one would question, seek guidance from City Law or Morgan Lewis in advance; and 3) disclose any circumstance that may give the appearance of a conflict and recuse oneself from a decision vote if necessary.

ACTUARY REPORT

No Report

INVESTMENT CONSULTANT REPORT - Callan

Quarterly Performance Report – December 2015

Dana Brown provided an overall of the domestic economy, commenting that many indicators seem to be positive: unemployment is below 5%; wage growth is picking up; and the slowdown in China is affecting emerging markets and other exporters of commodities much more than the U.S. which only relies on China for 6%-7% of GDP. The volatility in the stock market should be considered to be a return to more normal patterns. Overall asset allocation is within IPS guidelines.

Gwelda Swilley-Burke summarized the performance for the month of December, 2015 as difficult with most managers showing negative returns. Most managers did, however, protect on the downside in that they were down less than their benchmarks. For the quarter the Fund was up 3.36% net of fees versus the Policy Index of 3.57%. For the full year 2015, the Fund was down (.63%) compared to (.12%) for the Index.

The markets overall experienced a sell-off in January and part of February. The S&P was down 5% year to date, but trimmed those losses to 3% through March 1st.

Ms. Pagnotta-Murphy asked if the board should be looking to replace any managers since most are reporting negative returns. 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.

Ms. Swilley Burke noted that all current managers had cycled through their presentations to the board, leaving only Legato and Intercontinental (recently added) to come before the board. She recommended that they be scheduled for the May and June meetings.

Ms. Swilley Burke noted that at the next meeting Callan would present their work plan for the year for review and concurrence by the board, along with Callan's Capital Markets Review as a predictive tool for the longer term performance of the Fund.

OLD BUSINESS:

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

NEW BUSINESS:

GrayCo Alternative Partners II – Mr. Zeico

Mr. Zeico, Portfolio Manager presented his firm's portfolio review. Since inception the Partnership has made 12 fund investments and one direct investment; the value at September 30 2015 was approximately \$67.6 million. Total Value (current value + cumulative distributions) equaled \$78.5 million versus contributions of \$73.6 million. \$10.9 million in distributions have been received; unfunded commitments were \$17.2. Composition: 64% private equity, 31% hedge funds and 5% real estate. Gross IRR is 5.9%.

Mr. Zeico reviewed each segment of the portfolio. The Hedge Fund investments shows a gross IRR of 9.1%; the Private equity investments have an IRR of 13.7% and Real Estate (5 Stone Green Capital) shows a negative (16.5%) and Special Category (US Community Lending) is down (89.5%), essentially at a zero value.

Mr. Zeico included in his comments concerning the investment in US Community Lending that the asset had a virtually zero value after the original equity investment had been converted into a Note. Mr. Zeico mentioned that collection efforts were in process to attempt to recover at least a portion of this investment.

Mr. Chan asked what specific collection efforts were being undertaken. Mr. Zeico was not familiar with the specifics and deferred to GrayCo's General Counsel and Compliance Officer.

Mr. Chan asked if the questions asked by Glass Ratner that remain unanswered would be forthcoming from GrayCo. Again, Mr. Zeico was not involved in this aspect of the business and referred the question to GrayCo's General Counsel and Compliance Officer.

Mr. Chan asked if Mr. Zeico was aware of the administration services being provided by Stonegate to GrayCo Alternative Partners and what the relationship was between Stonegate and GrayCo. Again, Mr. Zeico stated he had no knowledge of Stonegate and referred the questions to the General Counsel and Compliance officer at GrayCo.

Audit Finding Response Proposal – Jim Beard – Mr. Beard informed the board that one of the audit findings from the recently concluded audit of the Pension fund was to add a position within the Finance Department to serve as the point person primarily for investment reporting and monitoring within the three Pension plans: General, Police and Fire. This position had existed some years ago but was eliminated and not replaced. Each of the boards would have a single point of contact and accountability within Finance, like the plans have now in Ray Adams for Administration and Human Resource issues. The position has not been filled and Mr. Beard wanted to share this information with the Board in advance. The cost of the position will be allocated among the three plans.

Mr. Strachan thanked Mr. Beard for the advance notice and said that he would welcome the opportunity to have input in the selection and hiring process.

Fiduciary Liability Renewal – Mr. Larimer reported that the annual renewal quote for Fiduciary Liability Insurance had come back from Members Insurance / Ullico with an increase of 10% to \$63,000+. After a call back to challenge the increase, Members Insurance and Ullico, the agents, got Markel, the insurance carrier, to scale back the increase to .3% or \$58,000. The board was pleased with the revised quote and,

MOTION: A motion was made and seconded to accept the renewal of the Fiduciary Liability Insurance Policy from Members Insurance/Ullico / Markel at a new annual premium \$58,665. The motion passed.

PUBLIC COMMENT

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

Respectfully submitted:


Douglas I. Strachan, Chair


Jim Beard, CFO & Secretary