

BOARD OF TRUSTEES OF THE CITY OF ATLANTA  
GENERAL EMPLOYEES PENSION FUND

SPECIAL CALLED MEETING

OCTOBER 22, 2014

MINUTES

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A Special meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on October 22, 2014 in City Hall, Committee Room 1, and Atlanta, GA.

**TRUSTEES PRESENT:**

Douglas Strachan  
Gina Pagnotta-Murphy  
Yvonne Cowser Yancy  
Jason Esteves  
Gregory Nash

Jim Beard  
Aretha Sumbry-Powers  
Michael Bond  
Angela Green

**OTHERS:**

Rick Larimer, GEMGroup; Kristen Denius of City Law Department; Ray Adams, Office of Retirement Services; Gwelda Swilley-Burke and Avery Robinson of Callan Associates,

Mr. Strachan called the meeting to order at 9:30 am and asked the audience to introduce themselves.

**ADOPTION OF AGENDA:**

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

Mr. Strachan stated the purpose of the meeting was to interview investment manager candidates for the Real Estate and Small Cap Growth allocations. Each manager was given 30 minutes to make their presentation and 10 minutes for questions from the board.

Ms. Swilley-Burke distributed Callan's evaluation summary books for the Real Estate managers and the Small Cap Growth managers. The following managers made presentations:

**Real Estate – Core Plus**

Intercontinental Real Estate  
JP Morgan Asset Mgmt  
UBS Realty Investors  
Bretwood Capital

**Small Cap Growth**

Apex Capital  
Lee Munder Capital  
StoneRidge Investment  
Attucks Asset Mgmt – (Manager of Managers)  
Legato Capital Mgmt – (Manager of Managers)

Representatives of each of the investment management firms made their presentation by introducing themselves, providing their firms' background, the specific portfolio strategies and tactics, market segment focus, historical performance, fees and their management structure. Each manager was questioned by various board members on their fees, whether their fees were negotiable, the length of a queue (if any) and liquidity (Real Estate only) and the firms' commitment to diversity and the minority composition of ownership and professional staff.

Ms. Angela Green asked each and every manager specifically if they had any political, family or other close relationships with any member of the General Employees' Pension board or senior official at the City of Atlanta. All answered that they did not have any such relationships. Mr. Michael Bond, board member and Atlanta City Council member, however, announced at the outset of the Attucks Asset Management presentation that he and Mr. Les Bond, CEO, were cousins. Councilman Michael Bond listened to the presentation but later recused himself from voting on the manager selections for this segment.

At the conclusion of the four Real Estate manager candidates' presentations, Mr. Strachan asked each board member to comment on their impression and likes and dislikes from the group. This initial poll of the board indicated a preference for two of the firms, and a desire to allocate a small portion of the allocation to Bretwood Capital as a means to support a smaller, local and minority-owned firm. Bretwood presented an alternative type investment strategy in the Real Estate space that was targeted primarily to the student housing sector. After further discussion and questions, however, it appeared that the specific investment strategy used in the Bretwood portfolio involved the use of below investment grade municipal bonds and would therefore not be permissible under Georgia State investment guidelines for municipal pension plans.

A discussion ensued regarding selecting one firm or splitting the mandate and hiring both firms, having each firm manage a portion of the allocation. A consensus developed to split the mandate and to engage two firms.

**MOTION:** A motion was made and seconded to hire JP Morgan Asset Management and Intercontinental Real Estate, each to manage 50% of the Real Estate allocation. The motion passed. Ms. Pagnotta-Murphy voted No.

The same process of presentations was conducted for the five Small Cap Growth manager candidates.

At the conclusion of presentations by the Small Cap Growth manager candidates, Mr. Strachan polled the board members for their initial comments and likes and dislikes from the group. A discussion ensued on the merits of the "manager of manager" (MOM) approach versus hiring individual managers directly. The advantages of MOM appear to be added diversification across multiple managers, a possible lessening of volatility and the ability of the MOM to make more nimble changes in sub-advisory managers who are underperforming. The disadvantage may be the cost of the additional layer of management. A preference was expressed by several board members to use the MOM approach, especially when the MOM candidates indicated that at least two of the direct managers that had been interviewed were sub-advisors in their MOM portfolios. After considerable further discussion,

**MOTION:** A motion was made and seconded to hire Legato Capital Management (Manager of Manager product) to manage the Small Cap Growth allocation on two conditions: 1) Apex Capital, StoneRidge Investments and Lee Munder would be three of the sub-advisors for the General Employees' Pension portfolio; and 2) the all-in fee to Legato would not exceed 60 bps. The motion passed.

Prior to the meeting being adjourned, Mr. Strachan reached Victor Hymes, CEO of Legato, by telephone. Mr. Hymes committed to include Apex, StoneRidge and Lee Munder as sub-advisors in the portfolio and committed to reducing their quoted fee to 60 bps, satisfying both conditions of the motion.

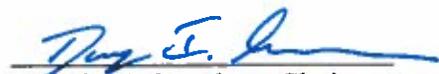
Ms. Swilley-Burke will communicate the board's actions to the nine manager candidates.

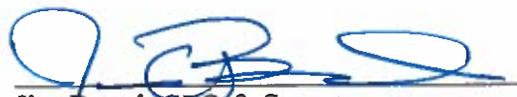
All of the presentation booklets will be retained on file in the Administrator Fund Office for future reference if needed.

There being no further business before the board, the meeting was adjourned at approximately 4:45 pm.

The next meeting is the regularly scheduled board meeting on November 5, 2014.

Respectfully submitted:

  
Douglas I. Strachan, Chair

  
Jim Beard, CFO & Secretary