

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

July 6, 2016

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

TRUSTEES PRESENT:

Douglas Strachan
Angela Green
Dr. Gregory Nash
Jason Esteves

Jim Beard
Yvonne Cowser Yancy
Gina Pagnotta-Murphy

Not present: Michael Bond and Aretha Sumbry-Powers

OTHERS:

Rick Larimer, GEMGroup; Ray Adams and Tracie Gay, Office of Retirement Services, Desmond Dorsey of City Law Department; Peter Chan and Marla Kreindler of Morgan Lewis; Gwelda Swilley-Burke and Dana Brown of Callan Associates, Monique Etheridge of Wells Fargo, and Jeanette Cooper of Segal.

Mr. Strachan called the meeting to order at 9:40 AM.

ADOPTION OF AGENDA:

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

APPROVAL OF MINUTES:

Minutes from the June 1, 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 June 1, 2016 meeting as amended. 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. 1-8 as listed on the attached spreadsheet dated July 7, 2016. The motion passed.

DISABILITY PENSION APPLICATIONS

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

MOTION: A motion was made and seconded to approve the disability pension applications Nos. 1-4 as listed on the attached spreadsheet dated July 6, 2015. 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. 1-16 on the attached spreadsheet. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

Mr. Larimer reviewed the Check Register dated July 6, 2016. Several checks were out of order due to invoices being submitted past the deadline and a separate check run was done to allow timely payment.

MOTION: A motion was made and seconded to approve 13 items: #62129 - #62138 and #62152-#62154 on the Check Register dated July 6, 2016 totaling \$182,109.64. The motion passed.

REVIEW OF FINANCIALS:

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

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

ACTUARY REPORT

No Report

INVESTMENT CONSULTANT REPORT - Callan

Monthly Flash Performance Report – May 2016 – Mr. Dana Brown reviewed the May performance by providing some commentary on the impact – both short term and likely longer term – of the Brexit vote in England. While the market declined sharply in the days after the vote for England to leave the EU, it has substantially recovered those losses over the past week. Mr. Brown also noted the recent trend of Value outperforming Growth as evidenced by negative returns in the tech sector (growth) and relatively strong positive returns in energy (value). Overall market indices year to date: S&P 500 – up 4%; International EAFE – down 4%; and Emerging Markets – up 7%, bolstering the case to remain calm, well-diversified and adhere to the long term asset allocation plan to weather the market storms.

Target allocations are a bit out of balance temporarily, but the recent funding of the JP Morgan Real Estate investment will bring these back into line. Overall, the portfolio returned 65 bps for the month, 6.79% for 3-months and down 1.18% over the past year. The 3-year number is virtually on the Policy Index at 7.17%.

Mr. Strachan raised questions about Mesirow, Gray Co and Globalt. Mr. Brown commented that Mesirow had been hurt recently by their strategy to hold more corporates but that long term Mesirow maintained a positive track record relative to benchmarks and peers. He did not see a need to change the benchmark nor to put them on watch. A discussion of Gray Co was deferred until the next meeting when Callan expected to have performance numbers which are typically 4-6 months lagging due to the nature of the investments.

Globalt runs a tactical balanced portfolio that is intended to deliver results above the overall Policy Index of the fund. The performance has lagged this benchmark over the past 3 months, one- year and 3-years. Callan will monitor the performance closely and review in more detail at a future meeting.

Fixed Income Manager Search – Ms. Swilley-Burke reported that the list of potential candidates was being compiled and reviewed by Callan’s research team and search committee and would be presented at the August meeting. The Board asked that the short list of names be provided two weeks in advance of the meeting; Ms. Swilley-Burke said she would use best efforts to meet this target delivery date but could not promise it. Mr. Strachan and Ms. Yancy requested that a service standard and process be developed by Callan such that materials for board consideration would be delivered at least two weeks in advance.

JP Morgan Real Estate Fund – JP Morgan made the initial capital call of \$12,750,000 which was funded on July 1, 2016. Second Call is expected by October.

Legato Manager Change and Reallocation – Ms. Swilley-Burke reported that this previously approved manager change in the Legato fund-of-funds portfolio was being implemented.

GrayCo / Parkview – Following up on a request from last meeting, Ms. Swilley-Burke reported that she had made the request of Gray Co to have Parkview representatives attend a future board meeting. No response as yet.

OLD BUSINESS:

NEW BUSINESS:

Cash Projection and Cash Raise - Mr. Larimer presented the 90-day Cash Projection showing a need to raise \$30 million, explaining that this was more than usual because the JP Morgan initial Capital Call was funded using available cash in the plan and needed to be replenished. Ms. Swilley-Burke provided a Rebalancing Matrix spreadsheet showing the source of the Cash Raise: \$22,600,000 from BlackRock S&P, \$3,500,000 from SSgA Passive Core Bond, \$600,000 from Earnest, \$500,000 from Globalt and \$400,000 from JP Morgan fixed. The remaining amounts will be obtained from Colchester and Intercontinental as liquidity allows.

LAW REPORT

City Law Department – Items deferred until Ms. Denius returns.

Morgan Lewis – Matters involving potential litigation and sensitive client privileged information needed to be discussed in Executive Session.

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

{Executive Session begins} {Executive Session ends}

Ms. Pagnotta – Murphy would like to the board to consider extending beneficiary benefits up to age 26 from the current maximum of 23 if the recipient is enrolled in a post-secondary school. The board was supportive and would ask Ms. Cooper of Segal to prepare a cost estimate of making this change.

PUBLIC COMMENT

There being no further business before the board, the meeting was adjourned at 11:45 a.m.

Respectfully submitted:



Douglas I. Strachan, Chair



Jim Beard, CFO & Secretary