

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

July 12, 2017

A meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on July 12, 2017 in City Hall, Committee Room 2, Atlanta GA.

TRUSTEES PRESENT:

Douglas Strachan
Angela Green
Gina Pagnotta-Murphy
Jason Esteves

Aretha Sumbry-Powers
Dr. Gregory Nash

Not present: Michael Bond, Jim Beard, Yvonne Cowser Yancy

OTHERS:

Rick Larimer, GEMGroup; Ray Adams, Office of Retirement Services, Kristen Denius, and Carl Christie of City Law Department; Lora Burton, City Finance; Peter Chan of Morgan Lewis; Patricia Harris, of Zenith-American, Gwelda Swilley-Burke and Brian Smith of Callan Associates, Marsha Petzel of Wells Fargo, Jeanette Cooper of Segal, Bill Roach of Globalt, Derek Batts of Morgan Stanley and Richard Turnley Channing Capital and Jerry Hill of Atlanta Public Schools.

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

ADOPTION OF AGENDA:

A revised Agenda was distributed with the addition of consideration of another securities monitoring firm. And Mr. Strachan asked that the introduction of Marsha Petzel of Wells Fargo as the new custody relationship manager and are review of Cornerstone Fee Schedule adjustment be added to the Agenda.

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

PUBLIC COMMENT:

None

APPROVAL OF MINUTES:

Minutes from the June 7, 2017 board meeting were distributed in advance in the meeting package and reviewed again at the meeting.

MOTION: A motion was made and seconded to approve the June 7, 2017 meeting minutes 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 service pension applications Nos. 1-7as listed on the attached spreadsheet dated July 12, 2017. The motion passed.

DISABILITY PENSION APPLICATIONS

A 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 as presented on the attached spreadsheet dated July 12, 2017. 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 Beneficiary applications Nos. 1- 4 on the attached spreadsheet dated July 12, 2017. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

Mr. Larimer reviewed the Check Register dated July 12, 2017.

The invoices were reviewed and approved for accuracy by City Finance staff prior to the meeting.

MOTION: A motion was made and seconded to approve 8 items - #66113 - #66120 totaling \$149,010.37. The motion passed.

REVIEW OF FINANCIALS:

The financials for the period ending May 2017 were presented and reviewed by the board.

MOTION: A motion was made and seconded to acknowledge receipt of the May 2017 unaudited financials for further review by City Finance Department. The motion passed.

NEW BUSINESS:

Additional Board-Approved Doctors for Disability Exams – Mr. Larimer commented that the list of board approved doctors has dwindled and needs to be expanded to include an additional general physician but a few specialists as well. A potential obstacle to recruiting additional doctors is that the fee paid by the board is \$600 and has not been raised in many years. Louis Amis is working on recommendations on putting together a list of doctors for the board to approve and review of the standard fee.

Rapid Retirement Program – Mr. Strachan introduced and Mr. Larimer discussed in more detail a proposed program to improve the speed of processing initial pension applications with the objective to be able to offer participants a transition from employment to retirement without missing any two-week period without some form of income. Mr. Larimer presented a timeline and a color-coded processing calendar for illustration. The change in procedures involves pushing more of the participant and HR Rep documentation process forward. The key elements would be that the employee elects an effective retirement date that corresponds to the end of a payroll period, the one that falls closest to the end a month. The employee notifies their HR Rep who initiates the preparation of the Clearance Form, TAD Form and the preliminary Vacation and Sick Time accrual and sends to GEMGroup timely. GEMGroup will prepare an Application package, complete with a pension calculation and all documents and forms needed by the employee such as tax-withholding, beneficiary designation and Direct Deposit instructions. This package will be mailed to the employee by GEMGroup within two days of receipt. The employee will complete the package and return it to GEMGroup in a timely manner. GEMGroup will verify the final Vacation and Sick Time accruals, adjust the pension calculation, if necessary and finalize. Employee will receive a final, Pension Award Letter confirming their pension benefit.

If the employee elects the Rapid Retirement Program option and meets the deadlines, the intended result is that they would receive a final, regular paycheck the week after their effective retirement date; two weeks later receive their Vacation accrual payout, and receive their first regular pension check at the end of the month, providing income in each two week period between employment and retirement.

Ms. Green expressed concern about participant's receiving a "provisional" or preliminary pension check, that if the amount changed even by a small amount, it would cause confusion and prompt calls to correct the amount. She also questioned Mr. Adams on the timing and accuracy of the first pension check and expressed a concern that employees may be confused if adjustments, even if small, needed to be made between the amount as shown on the Application and the final amount as reflected in the Awards Letter which would incorporate the final Vacation and Sick Time accruals. Mr. Larimer stated that he would work with Mr. Adams to clarify this part of the process. Ms. Green also asked whether this process would change the employee's rights of rescission (to change their mind about the effective retirement date) once the pension award is finalized. Mr. Adams confirmed that the right of rescission would remain unchanged as long as the employee has not cashed their pension check. Ms. Pagnotta-Murphy asked why the City payroll cannot be changed to include the Vacation pay in their last regular pay. That payroll issue would have to be addressed by Ms. Yancy.

Ms. Sumbry-Powers and Dr. Nash also asked questions about the process and how it would be communicated to the employees. Mr. Strachan reported that he had done an informal survey of approximately fifty employees at the Airport to gauge possible interest; he reported that the majority of the feedback was positive.

The board generally expressed consensus on a process that would benefit participants, but needed to better understand the details of the process and timing of verification of the final pension award. Board

members also acknowledged that input from Ms. Yancy, particularly on the timing and issuing of the Vacation accrual check as raised by Mr. Pagnotta-Mrurphy, and Mr. Beard, neither of whom was able to attend today's meeting, is critical to further reviewing this proposed change. After considerable discussion,

MOTION: A motion was made and seconded to adopt the Rapid Retirement program option, subject to further review, evaluation and endorsement of Yvonne Yancy and Jim Beard. The motion passed. Ms. Green and Dr. Nash voted No.

LifeStatus 360 / Small World - LifeStatus 360 / Small World Solutions provides death audit searches using public databases to track and inform the board and GEMGroup as the pension administrator upon the death of employees and retirees. The board currently pays \$1200 annually for this service. Mr. Larimer proposed that GEMGroup include this service as part of their administration services agreement at no cost to the General Employees' Pension Fund. GEMGroup has a contract with Small World to provide death audit searches for most of its clients. Because it is a much larger group, the rate is more favorable and GEMGroup is offering to perform this service at no charge on behalf other the General Employees' Pension Fund.

MOTION: A motion was made and seconded to accept the proposal for GEMGroup to provide the death audit search service on behalf of the General Employees' Pension Fund at no charge, subject to review and approve by Fund Counsel of a Data Sharing Authorization agreement between the board and GEMGroup. The motion passed.

ACTUARY REPORT:

Experience Studies – City and Atlantic Public Schools (APS) – Update – Jeanette Cooper commented on the Cap Analysis dated July 6, 2017. The Cap Analysis monitors the annual cost to the City of the defined benefit pension to ensure that plan cost does not exceed 35% of payroll. Ms. Cooper did not review the report with the board but wanted to inform them that it had been completed.

Plan Summary – Illustration – Ms. Cooper distributed to the board an illustrated summary piece that provides an easy-to-follow depiction of the 2016 Actuarial Valuation Report. It was an update to a similar summary prepared last year and because there were no changes in format or graphics there was no charge. In response to a question from Dr. Nash, Ms. Cooper explained that the summary piece only covered the City portion of the plan but, if the APS trustees were satisfied with the format and graphics, Segal would prepare at no charge a summary for the APS portion of the plan as well. The trustees agreed. Mr. Strachan thanked Ms. Cooper for preparing the piece again this year at no additional cost.

OLD BUSINESS:

Extending Survivor Benefits to Age 26 & to Disabled Children for Life – This item was again deferred to a future meeting.

INVESTMENT CONSULTANT REPORT – CALLAN:

Flash Performance Report – May 2017 – Ms. Swilley-Burke reviewed the monthly fund performance for the period ending May 2017, noting that the asset allocation shown on page 2 was in line with Policy targets and the total market value increased approximately \$8 million in the month. Overall performance, net of fees, for the month was 1.28%, right on the Policy Index; 3.65% for the 3-month

period, 55 bps above the benchmark; and 13.87% for the last year, 50 bps over the benchmark. She commented that June should also show strong returns to complete Q2.

Also noted, Globalt has rebounded recently, delivering over benchmark returns for the month, 3-months and last year of +50 bps, +113 bps, and +115 bps, respectively.

Ms. Green inquired about an invitation that Dr. Nash and several other board members had received (but she had not received) to attend a Governance Conference sponsored by one of the GEPP vendors. Fund Counsel advised that while attendance by board members is permissible the board should always pay all travel costs to attend such functions. Ms. Green concurred.

LAW REPORT:

City Law Department – Ms. Denius reported that she was still working with Ray Adams and the Office of Retirement Services to complete the update of the Summary Plan Description (SPD).

Morgan Lewis – No Report

A recommendation was made to go into Executive Session.

MOTION: A motion was made and seconded to go into Executive Session for the purpose of discussing a matter of possible litigation. The motion passed.

{Executive Session begins – 10:45 AM and ends at 11:20 AM}

There being no further business before the board, the meeting was adjourned at 11:25 AM.

Respectfully submitted:



Douglas I. Strachan, Chair



Jim Beard, CFO & Secretary

GENERAL EMPLOYEES PENSION FUND BOARD MEETING

DATE: July 12, 2017

SERVICE PENSION APPLICATIONS

<u>DATE RECEIVED</u>	<u>NAME</u>	<u>CLASSIFICATION</u>	<u>DEPARTMENT</u>	<u>CITY / APS</u>	<u>AGE YEARS & MONTHS</u>	<u>PENALTY APPLIED # OF MONTHS</u>	<u>YEARS OF SERVICE YEARS & MONTHS</u>	<u>AMENDMENT</u>	<u>EFFECTIVE DATE</u>	<u>AMOUNT</u>
1	4/14/2017	Cheeseman, Barbara	Procurement Specialist	CITY	65 & 8 mo	0	26 & 8 mo	1978/2005	4/20/2017	\$2,991.59
2	6/2/2017	Hubbard, Lagina	Commun Dispatcher	CITY	45 & 10 mo	169.2333	19 & 10 mo	1978/2005	5/17/2017	\$ 817.87
3	4/19/2017	Rahim, Naser	Watershed Mgmt	CITY	59 & 4 mo	0	32 & 3 mo	1978/2005	5/4/2017	\$4,977.67
4	6/21/2017	Reynolds, Stanley	Sr Investigator	CITY	66 & 4 mo	0	8 & 6 mo	2005	4/6/2017	\$ 713.87
5	5/2/2017	Shareefy, Said	Field Engineer Sr	CITY	60 & 6 mo	0	32 & 7 mo	1978/2005	5/4/2017	\$3,512.78
6	6/22/2017	Ware, Mary	General Clerk	APS	54 & 8 mo	63.5333	21 & 9 mo	1978/2005	6/22/2017	\$1,111.54
7	5/30/2017	Washington, Dinah	Correction Lieutenant	CITY	56 & 9 mo	0	30 & 9 mo	1978/2005	5/18/2017	\$4,370.62

DISABILITY PENSION APPLICATIONS

<u>DATE RECEIVED</u>	<u>NAME</u>	<u>IN LINE OR NOT IN LINE OF DUTY</u>	<u>CLASSIFICATION</u>	<u>DEPARTMENT</u>	<u>CITY / APS</u>	<u>AGE YEARS & MONTHS</u>	<u>YEARS OF SERVICE YEARS & MONTH</u>	<u>AMENDMENT</u>	<u>AMOUNT</u>	<u>RECOMMEND</u>
1	6/22/2017	Patterson, Robert	NILD	Building Mechanic	CITY	49 & 3 mo	13 & 6 mo	1986	\$1,338.66	A

BENEFICIARY PENSION APPLICATIONS

<u>DATE RECEIVED</u>	<u>PENSIONER NAME</u>	<u>BENEFICIARY NAME</u>	<u>EMPLOYER (CITY or APS)</u>	<u>TYPE OF PENSION</u>	<u>AMOUNT</u>	<u>AMENDMENT</u>	<u>BENEFICIARY AMOUNT</u>	<u>EFFECTIVE DATE</u>
1	6/9/2017	Glaze, Willie	CITY	Service	\$ 207.57	1986	\$ 155.68	5/17/2017
2	6/16/2017	Ozonu, Agatha	CITY	Service	\$1,121.57	1986	\$ 841.18	4/17/2017
3	6/9/2017	Terry, Merrell	CITY	Service	\$3,925.61	1986	\$2,944.21	5/22/2017
4	6/20/2017	Willis, Gary	CITY	Service	\$3,597.23	1986	\$2,697.93	5/22/2017