

MINUTES
GENERAL EMPLOYEES'
RETIREMENT COMMITTEE MEETING
TUESDAY - AUGUST 10, 2010 - 2:00 PM

PRESENT

Vic Espinal
Larry Gordon
Lori Helton – Chair
Councilwoman Barbara Kramer
Councilman Frantz Pierre

ALSO PRESENT

Charlie Mulfinger – Graystone Consulting
Janna Hamilton – Garcia Hamilton
Mike Harhai – Buckhead
Bob Sugarman – Sugarman & Susskind
Martin Lebowitz – Pension Administrator

ABSENT

DEPARTMENT REPRESENTATIVES

Lori Helton called the meeting to order at 4:15P.M., followed by a roll call of Trustees.

I. GARCIA HAMILTON REPORT - Q/E 6/30/2010

Janna Hamilton reported the total Garcia Hamilton Equity portfolio (Large Cap Growth) was valued at \$9,960,006 (including accrued interest) as of 6/30/2010, with an asset allocation of 97.31% in equities, 2.69% in cash and equivalents. Garcia Hamilton Fixed Income was valued at \$20,635,456 (including accrued interest) as of 6/30/2010, with an asset allocation of 99.31% in bonds and .69% in cash and equivalents.

For the quarter ended 6/30/2010: Equities returned -11.00% compared to -11.74% for the Russell 1000 Growth. Bond fund return was 2.06% compared to 2.97% BC Int. Gov/Credit.

Plan year results: Equities returned 10.28% vs. 13.62% for the Russell 1000 Growth. The fixed income portfolio was 11.03% vs. the BC Int. Gov/Credit return of 8.29%.

Janna Hamilton reviewed the following stocks that did very well: American Tower, Microchip and Roper Industries. She also reviewed the stocks that did not do well: Cameron International, J.P. Morgan and VISA.

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II. BUCKHEAD CAPITAL – Q/E 6/30/2010

Michael Harhai reported the total Buckhead portfolio (Large Cap Value) was valued at \$10,191,121 (including accrued interest) as of 6/30/2010, with an asset allocation of 95.59% in equities, and 4.41% in cash and equivalents.

For the quarter ended 6/30/2010: Equities returned -10.23% compared to -11.14% for the Russell 1000 Value.

Plan year results: Total return for their portfolio was 13.68%. Russell 1000 Value returned 16.93%.

Michael Harhai reviewed the following stocks that did very well: Eog Resources, Annaly Capital Management and Republic Services. He also reviewed the stocks that did not do well: Bank of America, Wellpoint and Microsoft.

III. GRAYSTONE CONSULTING – Q/E 6/30/2010

Charlie Mulfinger presented the performance report, indicating a total portfolio market value on 6/30/2010 of \$51,712,017 (including accrued income). This represents a net decrease in value from the previous quarter of \$3,060,586. The total asset allocation was reported to be 49.76% invested in domestic equities, 9.33% invested in international, 39.90% in fixed income and 1.01% in cash and equivalents. The total fund earned -5.59% for the quarter.

For the quarter ended 6/30/2010: Garcia Hamilton Equity outperformed Russell 1000 Growth Fund -11.00% vs.-11.74%. Buckhead outperformed Russell 1000 Value Fund -10.23% vs. -11.14%. GW Capital returned -10.44% vs. -10.59% for the Russell 2000 Value Fund. MDT returned -6.91% vs. -10.19% for the Russell 2000 Growth Fund. Harding Loevner returned -10.77% vs. -12.44 for the MSCI AC World x US. Thornburg returned -9.84% vs. -12.44 for the MSCI AC World x US. Garcia Hamilton Fixed Income earned 2.06% underperformed the BC Int. Gov/Credit of 2.97%.

Plan year results: Total return earned for plan year was 12.93%.

Charlie Mulfinger suggested that the plan look into investing in Private Real Estate Fund. He handed out a presentation on the Real Estate Fund. Charlie Mulfinger scheduled a meeting on October 1, 2010 at 1:00 p.m. along with Police & Fire Retirement Board to interview two Real Estate Fund Managers. The board does not have to make a discussion to hire these managers after the interview.

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Motion by Larry Gordon, seconded by Vic Espinal, to interview two Real Estate Managers on October 1, 2010.

Motion carried unanimously

IV. PENSION ATTORNEY REPORT

Bob Sugarman updated the board on opinions that he worked on with Martin Lebowitz as follows:

- Disability case for Elmer Smith who recently stopped working on June 30, 2010 and would be eligible for a Disability Pension Benefit.
- What happens when a participant enters the DROP and dies and they picked a 10 years certain and life benefit? The remaining 10 years would be paid to their beneficiary along with the balance of the DROP account.
- Why the City Attorney is not in the General Employees' Retirement Plan? Officers according to the plan are not eligible to be in the plan. The City Attorney, City Clerk, City Manager and Department Heads are considered to be officers of the City according to the City Charter.
- Bob Sugarman reviewed the minutes of May 20, 2010 and made some revisions.
- Someone requested from Lori Helton to release the names and the monthly benefits of all our retirees for the last 4 years. Bob Sugarman stated that this is public information and can be released without addresses and social security numbers.
- Bob Sugarman wrote a letter to Aris Eugene asking for the overpayment of interest. Aris Eugene responded that he couldn't pay it right away but would pay it in a few months.

Bob Sugarman handed out Rules and Regulation on Forfeiture of Benefits to be placed on the next schedule meeting in November 18, 2010.

Bob Sugarman asked for permission to receive information about the City's portfolio holdings from our custodian. The board agreed to allow Bob Sugarman to receive this information from Salem Trust Company.

Bob Sugarman emailed Martin Lebowitz the IRS Determination Letter Request that will be required to be filed in early 2011 and will be discussed at the November 18, 2010 meeting.

Lori Helton discussed the CARE program that the city offers. Lori Helton received a suggestion for training to the employees of their pension plan. When the city has the next open enrollment which is done once a year, Marty Lebowitz could have a table there to answer any questions from the employees on their pension.

V. APPROVAL OF MINUTES – MAY 20, 2010

Motion by Vic Espinal, seconded by Councilwoman Kramer, to accept the May 20, 2010 minutes for the General Employees' Retirement Plan Meeting.

Motion carried unanimously

VI. APPROVAL OF INVOICES

Motion by Vic Espinal, seconded by Larry Gordon, to approve payment of the following invoices:

Garcia Hamilton – Equity Quarterly Mgt. Fees	\$14,170.22
Garcia Hamilton – Fixed Quarterly Mgt. Fees	13,361.24
Buckhead Capital - Quarterly Management Fees	13,988.90
Morgan Stanley Smith Barney – Qtly. Consulting Fees	5,625.00
GW Capital - Quarterly Management Fees	5,624.08
Harding Loevner – Quarterly Management Fees	5,187.00
Thornburg Management – Quarterly Management Fees	3,925.95
MDT - Quarterly Management Fees	5,632.49
GRS – Actuaries Fees	5,155.00
Sugarman & Susskind – Legal Fees	6,600.00
Perry & Jensen – Legal Fees	2,227.50
Salem Trust – Custodial Fees	6,431.07
	<u>\$87,928.45</u>

Motion carried unanimously.

Lori Helton suggested putting on future agendas a topic called open discussion.

There will be a special Board meeting on October 1, 2010 at 1:00 p.m. The next regular scheduled meeting is November 18, 2010 at 3:00 p.m. Meeting was adjourned at 5:35 p.m.

Martin Lebowitz, Pension Administrator