

**CITY OF ATLANTA PENSION INVESTMENT BOARD
MEETING
May 22, 2019
City Council Chambers – City Hall
10:00 A.M. – 1:00 P.M.**

BOARD MEMBERS PRESENT

MARIAN Y. WOODS

NATALYN ARCHIBONG

REGGIE GRANT

LISA BRACKEN

DEREK BRENT HULLENDER

RICHARD LIGHT

QUENTIN HUTCHINS

ALFRED BERRY, JR.

HR Commissioner, City of Atlanta

City Councilmember

Appointee, City of Atlanta

CFO, APS City of Atlanta

Fire, City of Atlanta

Police, City of Atlanta

APS, City of Atlanta

General, City of Atlanta

Board Members not present: Frank Sims, Roosevelt Council, Marci Overstreet, J.P. Matzigkeit and Howard Shook.

OTHERS PRESENT

As acknowledged on the City of Atlanta Pension Investment Board Trustee Meeting Sign In Sheet for May 22, 2019.

I. CALL TO ORDER

At 10:10 a.m., it was acknowledged that there was no Quorum present at the onset of the Board Meeting and as such no official call to order was made. In the absence of both the Chairman and Vice Chairman and without a quorum not determination could be made on the approved Chairman for the meeting. It was agreed that the attending Board Members would hear the existing agenda items not relegated to quorum status and/or approvals.

II. NEW BUSINESS

Northern Trust – Custody Update

Mr. Gary Guibert, Senior Vice President and Mr. Claudiu Besoaga, Vice President of Northern Trust Custodial Banking provided the Board with an Asset Servicing Custody Update relative to the Firefighters' and Police Officers' Pension Plans.

Mr. Guibert provided the following highlights from the presentation:

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

Pg. 2 Client-Centric, Focused Business Model

- 2:2:1 Core Sector Model focused on (2) Corporate Institutional Services, Wealth Management, (2) Asset Management, Asset Servicing and (1) Global Operating Platforms
- Existing client base structure within the Asset Management and Asset Servicing portion of the model.
 - \$8.2T Assets under Custody
 - \$1.2T Assets under Management
 - \$6.3T Assets under Administration

Pg. 3 Outstanding Financial Strength and Stability

- Well-positioned for continued investment in our business, across all market cycles equates to Solvency of Northern Trust.
- Strong Capital Position (Ratios) with formula differences.
 - Advanced Approach – Tier 1
 - 1Q2019 14.8% vs. Minimum Capital 6.0%
 - Standardized Approach Tier 1
 - 1Q2019 14.3% vs. Minimum Capital 6.0%

Pg. 4 Evolving Marketscape

- Northern Trust continues to invest in business to support the ever changing needs of the client by expanding the scope of ancillary services over time.

Pg. 5 Comprehensive Service Suite

- Northern Trust delivers process efficiencies, automation, scale, and flexibility through comprehensive asset servicing products.
- Standard list of services encompassing security of products essential to the decisions of the financial fortitude of the Plan.
- By using this comprehensive listing the overall goal is to ensure that there are no interruptions of the services held by any client.

Pg. 6 Key Metrics for the City of Atlanta Plans

- Almost \$1.9B Assets under Custody
 - Firefighters \$718,642,918.00
 - Police Officers' \$1,156,418,756.00
- Income Collected
 - Firefighters \$6,440,551.54
 - Police Officers' \$14,835,470.56
- Class Action Proceeds
 - Firefighters \$41,683.73
 - Police Officers' \$84,046.92
 - Filed 32 Class Actions

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

- Notified for 17 Class Actions

At 10:23 a.m. with the arrival of Ms. Archibong a Quorum was established.

Mr. Besoaga provided the following highlights from the presentation:

Pg. 7 Focused on Global Servicing Standards – focused on continuing a long-term partnership

- Identification of Client Needs
 - Business process review
- Execution and delivery of client requirements
 - Best Practice tools and processes
- Provide insight and expertise
 - Client Workshops and Training
- Communication
 - Capital Calls and Cash Raises
- Measurements for Success
 - Client Satisfaction Surveys

In concluding Mr. Guibert expressed interest in securing a consolidated contract agreement that encompasses the addition of the General Employees' Pension Plan. Mr. Guibert provided the following highlights from his proposal:

Pg. 8 A Partnership with the City of Atlanta

- Massive Custody Plan Allocation results in saving for the City of Atlanta.
 - Bundled or unbundled pricing
 - Cost reduction across multiple vendors
- Consolidated Reporting and Accounting Features related to the overall transparency of custodial functions.
 - Increased operating and reporting efficiencies
- Base Functions related to data integrity and focused Cash Flow of Investments

Following this presentation Mr. Hullender inquired on the potential issues with the functional process related to security litigation matters. Mr. Hullender questioned if there would be any issues with obtaining historical information from the existing Custodian Wells Fargo for the General Employees' Plan. Mr. Guilbert noted that as part of their strategy in maintaining data integrity they would gain access to the records from Wells Fargo however they would not be able to certify to the integrity of such data as they were not the original owners. Mr. Guilbert went on to say that the data would be used to support any filings done by Northern Trust.

With no additional questions, Northern Trust completed their report which was accepted as informational.

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

III. CALL TO ORDER

Following the acknowledgment of a Quorum, a *motion was made by Mr. Berry and seconded by Mr. Hutchins to appoint Mr. Hullender as Chairman of the meeting. This motion carried with unanimous decision.* Acting Chairman, Mr. Derek ‘Brent’ Hullender called the meeting to order at 10:36 a.m. in City Council Chambers at City Hall in Atlanta, Georgia. Chairman Sims indicated that a quorum was present for the meeting.

IV. ADOPTION OF THE AGENDA

A motion was made by Mr. Berry to approve the Agenda as presented and the motion was seconded by Ms. Bracken. The motion unanimously carried and the Agenda was approved.

V. PUBLIC COMMENTS

There were no public comments made.

VI. MINUTES OF THE PREVIOUS MEETING

The Trustees reviewed the Minutes of the April 17, 2019 Board meeting, which were distributed in advance.

A motion was made by Mr. Berry to approve the Minutes as presented with a modification on page 7 that should read: “K. Obed and not Kobed” the motion was seconded by Mr. Hutchins. The motion unanimously carried and the Minutes were approved.

ATTORNEY’S REPORT

Engagement for Outside Counsel

Mr. Carl Christie advised the Board that following a consensus of four agreed upon Board Members on the submissions received for Outside Counsel; a *motion was made by Mr. Berry to accept Morris, Manning and Martin LLP as Outside Counsel. This motion was seconded by Mr. Light and the motion carried unanimously.*

At 10:46a.m. A motion was made by Mr. Hutchins to enter into Executive Session to discuss a pending legal matter. This motion was seconded by Ms. Archibong and the motion carried unanimously.

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

At 11:00a.m. A motion was made by Mr. Hutchins to exit Executive Session and enter into the normal course of business. This motion was seconded by Mr. Berry and the motion carried unanimously.

VII. INVESTMENT CONSULTANT REPORT – Marquette Associates

Mr. Kweku Obed of Marquette & Associates reminded the Board about the October 4, 2019 Investment Symposium held in Chicago IL. Mr. Obed noted that Continuing Education Credits would be provided for those Trustees in attendance.

Mr. Obed stated that the 1Q 2019 GDP growth was better than expected at 3.2%, driven by strong personal consumption, private inventories, and net exports. Mr. Obed reported that unemployment rate fell to 3.6% and 263K new jobs were added. The CPI (Inflation Measure) increased 1.9% over the trailing 12 months, with energy prices falling 0.4% during this time. Mr. Obed also reported that core CPI remained consistent at 2.0%.

Fixed Income

Mr. Obed informed the Board that there was a very strong performance in April of the current month and year-to-date. As well, Mr. Obed noted that although consumer delinquency was at a low end of historical this month there was a similar pickup through 2006 and 2007 as a telltale sign pre-2008. Mr. Obed stated that this signifies less concern from consumers in such a consumer driven economy when both the GDP and CPI show correlations.

U.S. Equity

Mr. Obed informed the Board that there were no real surprises on the U.S. Equity bounce back noting phenomenal returns in the double digits were realized in the year-to-date period. Mr. Obed noted that the Russell Mid-Cap year-to-date percentage is at 21.0% while Russell Mid-Cap Growth is at 25.0%. Mr. Obed stated that even with pull back, the market is up 16-17% for most Equities and all markets are positive across the board year-to-date. Mr. Obed continued to acknowledge the theme that growth stock continued to outperform value stock in this equity market. As an offset of this, Mr. Obed stated that both IT and Consumer Discretions did well due to their tilt to Growth strategy. Within the S&P 500 there was a maximum market drawdown producing a loss of value, Mr. Obed stated. Even with this here noted there was no need for concern as the market has normal cycles of ups and downs.

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

Non-U.S. Equity

Mr. Obed advised the Board that the Non-U.S. equity market has an impressive start to 2019 after struggling in 2018. Mr. Obed noted that there has been strong performance in the right direction in this market space for the current, 3 month and year-to-date periods. Within the 1year period, Mr. Obed noted that across the board negative performance was offset by a strong U.S. Equity tilt in the portfolios that was helpful overall. The EAFE led with IT and Industrials that performed at 16.6% and 23.1% through 2019 thus far. The EM (Emerging Market) was up 12% to start 2019 with Consumer Discretions also leading the way.

Real Estate

Mr. Obed informed the Board that Core Real Estate was off to a positive start in 2019 and with moderate returns this offered good diversification to the portfolio overall.

Performance Overview – General Employees’ Pension Plan

Mr. Obed stated that the Total Fund Composite slightly outperformed the Benchmark 13.5% vs. 13.2% year-to-date, 6.3% vs. 6.1% 3 months and 2.8% vs. 2.6% for the month. Mr. Obed stated that active management overall added value to the portfolio.

COA General Employees’ Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Channing Capital	+20.7%	+16.2%	U.S. Equity
Earnest Partners SCC	+21.4%	+18.5%	U.S. Equity
Hardman Johnston	+20.5%	+13.2%	International Equity
Earnest Partners EM	+15.0%	+12.2%	Emerging Markets

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Garcia Hamilton & Associates	+2.4%	+3.0%	Fixed Income
MacKay Shields	+18.1%	+21.0%	U.S. Equity
Legato	+18.9%	+20.7%	U.S. Equity

Performance Overview – Police Officers’ Pension Plan

Mr. Obed stated that the Total Fund Composite outperformed the Benchmark 14.4% vs. 13.5% year-to-date, 7.0% vs. 6.2% 3 months and 3.1% vs. 2.6% for the month. Mr. Obed stated that the Non U.S Equity composite added value to the portfolio while Fixed Income was acted as a detractor.

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Macquarie SCC	+19.9%	+18.5%	U.S. Equity
LMCG Investments SCG	+24.7%	+20.7%	U.S. Equity
Hardman Johnston	+20.7%	+13.2%	International Equity
Artisan International	+14.4%	+13.1%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Garcia Hamilton & Associates	+2.1%	+2.5%	Fixed Income
Consequent MidCap MoM	+19.6%	+21.0%	U.S. Equity

Performance Overview – Fire Fighters' Pension Plan

Mr. Obed stated that the Total Fund Composite performed in line the Benchmark 13.8% vs. 13.8% year-to-date, 6.4% vs. 6.4% 3 months and 2.8% vs. 2.7% for the month. Mr. Obed stated that U.S. Equity and Non U.S Equity composites added value to the portfolio while Fixed Income was acted as a detractor.

Executive Summary – General Employees' Pension Plan

Mr. Obed reviewed the Executive Summary for the General Employees' Pension Plan with the Board and informed them that the market value was held with 100% of the Fund in the amount of \$1,512.3M as of April 30, 2019. Overall the U.S. Equity composite held \$748,037,581 in assets out of the total \$1,512,257,034 for the period ending April 30, 2019. The following summary below was provided by Mr. Obed for the General Employees' Plan:

Return Summary Year to Date	Total Return
General Employees' Pension Plan -April 30, 2019	
Total Fund Income Composite	13.5%
Fixed Income Composite	2.8%
Global Fixed Income Composite	1.4%
U.S. Equity Composite	18.8%
Large Cap Composite	18.5%
Mid Cap Composite	18.1%
Small Cap Composite	20.7%
International Equity Composite	17.6%
Emerging Markets Composite	15.0%
Global Equity Composite	12.7%
Real Estate Composite	1.2%
Alternative Composite	0.0%

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

Executive Summary – Police Officers’ Pension Plan

Mr. Obed reviewed the Executive Summary for the Police Officers’ Pension Plan with the Board and informed them that the market value was held with 100% of the Fund in the amount of \$1,157M as of April 30, 2019. Overall the U.S. Equity composite held \$716,343,783 in assets out of the total \$1,157,020,803 for the period ending April 30, 2019. The following summary below was provided by Mr. Obed for the Police Officers’ Plan:

Return Summary Year to Date	Total Return
Police Officers’ Pension Plan - April 30, 2019	
Total Fund Income Composite	14.4%
Fixed Income Composite	2.4%
U.S. Equity Composite	19.2%
International Equity Composite	17.7%
Alternative Composite	2.9%

Mr. Obed reviewed the Executive Summary for the Firefighters’ Pension Plan with the Board and informed them that the market value was held with 100% of the Fund in the amount of \$718.6M as of April 30, 2019. Overall the U.S. Equity composite held \$422,637,087 in assets out of the total \$718,635,694 for the period ending April 30, 2019. The following summary below was provided by Mr. Obed for Firefighters’ Plan:

Return Summary Year to Date	Total Return
Firefighters’ Pension Plan - April 30, 2019	
Total Fund Income Composite	13.8%
Fixed Income Composite	2.4%
U.S. Equity Composite	19.1%
International Equity Composite	16.3%
Alternative Composite	0.4%

Potential Action Items – Fee Savings

On page 37 of the report, Mr. Obed presented the Board with the following information relative to negotiated fee savings for each plan with BlackRock. Mr. Obed noted that this diagram was independent of the pending Asset Allocation Study that is forth coming. Within the parameters of the changes, Mr. Obed noted some overlap with investments and fund classifications that were not relevant to the style and strategies presented in the IPS. Mr. Obed noted that any approved changes would be modified in the existing contracts with BlackRock.

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

COA General Employees' - U.S. Equity Large-Cap Core				
Manager	Current Fee Schedule	Estimated Annual Fees (\$)	Negotiated Fee Schedule	Estimated Annual Fees (\$)
BlackRock S&P 500 Equity Index	0.02%	\$ 69,640.07	0.01%	\$ 34,820.03
Savings				\$ 34,820.03

COA Police Officers' U.S. Equity Large-Cap				
Manager	Current Fee Schedule	Estimated Annual Fees (\$)	Negotiated Fee Schedule	Estimated Annual Fees (\$)
BlackRock Russell 1000 Value Index Fund	0.03%	\$ 33,967.27	-	-
BlackRock Russell 1000 Growth Index Fund	0.03%	\$ 52,437.14	-	-
BlackRock Russell 1000 Index Fund	-	-	0.015%	\$ 43,202.20
Savings				\$ 43,202.20

COA Police Officers' U.S. Equity Mid-Cap				
Manager	Current Fee Schedule	Estimated Annual Fees (\$)	Negotiated Fee Schedule	Estimated Annual Fees (\$)
iShares Russell Mid Cap Value ETF	0.25%	\$ 101,060.28	-	-
BlackRock Mid Cap Index Fund	-	-	0.02%	\$ 8,084.82
Savings				\$ 92,975.46

COA Firefighters'				
Manager	Current Fee Schedule	Estimated Annual Fees (\$)	Negotiated Fee Schedule	Estimated Annual Fees (\$)
BlackRock Russell 1000 Index Fund	0.02%	\$ 33,137.83	0.015%	\$ 24,853.37
BlackRock Mid Cap Index Fund	0.025%	\$ 30,188.16	0.02%	\$ 24,150.52
BlackRock MSCI EAFE Small Cap	0.07%	\$ 9,586.68	0.06%	\$ 8,217.15
BlackRock Emerging Markets Fund	0.10%	\$ 17,300.47	0.09%	\$ 15,570.42
Savings				\$ 17,421.66

Following a brief discussion on the information presented a ***motion was made by Mr. Light to accept the changes for fee saving actions. This motion was seconded by Mr. Berry and the motion carried with unanimous decision.***

Cash Raise Recommendation

Behind Exhibit V of the presentation Mr. Obed provided the Board with a recommendation for the manner and method of performing ongoing cash raises as required to pay benefit and operating expenses. Mr. Obed stated the he was recommending a 3 month surplus to raise cash for the individual pension plans. Mr. Obed cited the reason and logic for the recommendation was grounded in the process being cost effective by eliminating multiple transactions while affording an opportunity to coordinate this function with potential quarterly investment board meetings in which signature execution could be obtained at that time in an effort to avoid delays with the transaction(s).

Following this recommendation a ***motion was made by Mr. Berry to approve the 3 month surplus of cash on hand for all three pension plans as presented. This motion was seconded by Mr. Light.***

VIII. NEW BUSINESS

As matters on the Agenda from New Business in the absence of CFO Mr. Council and former lead counsel Ms. Denius a ***motion was made by Mr. Berry and seconded by Mr. Hutchins to table the following items for discussion Student/Beneficiary***

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

Payments, COAG – WF Bank Acct under COA Tax ID and the COAG – WF Standing Order. This motion was passed with unanimous decision.

Proof of Existence Letter

Ms. Harris provided a copy of the General Employees' Proof of Existence Letter to the Board of Trustees. Ms. Harris noted that unfortunately she was unable to review the request to provide this mailer to the retirees in advance as the version for Fire and Police had already been mailed. Ms. Harris reminded the Board that an internal audit was done across all clients with Zenith and it was agreed to conduct a review process for all retirees in an effort to reduce overpayments due to deceased members continuing to be in pay status. Ms. Harris noted that moving forward she would provide written materials and/or procedure updates to the Board in advance to vet out any process concerns and to obtain formal approval to release any such enhancements.

Following a review of the letter for the General Employees' Plan it was agreed that City Law should be engaged to provide verbiage related to the act of fraud for any deceased retiree to continue receiving retiree benefits. It was requested that Ms. Harris provide this letter to Mr. Christie for his legal input on this topic. *A motion was made by Ms. Archibong to approve the letter contingent on fraud verbiage as discussed. This motion was seconded by Mr. Berry and the motion carried with unanimous decision.*

As the quorum status of the Board Meeting was in jeopardy, it was agreed that the Board would move to Old Business in order to provide a formal vote on action warranted.

Website Committee

Mr. Hullender addressed the Board about the need for assistance in working with Zenith to work on the Pension Websites. It was recommended that each of the pension plan trustees be part of this committee to afford individual perspectives for their respective employee bases. Mr. Hullender requested Ms. Harris send out an email to the Board of Trustees to gather input for interest to participate with this Committee led by Mr. Hullender. Ms. Denius reminded the Board that any public meeting must have a meeting notice posted with the City of Atlanta as customary.

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

IX. OLD BUSINESS

Engagement for Outside Counsel - Recommendation

This matter was addressed under the Attorney's Report.

Administrative Board Elections

Ms. Wendy Brown informed the Board that elections were completed and informed them that there were individuals present at the Board Meeting. The Elected Committee members present introduced themselves to the Board after they had been officially sworn in by the Clerk's Office at the City of Atlanta Mr. Bill Boyd (COAP), Mr. Doug Strachan (COAG active), Mr. Ken Allen (COAP retired), Mr. Joe Hood (APS active), Mr. Larry Mahle (COAF retired). Mr. Hullender also acknowledged that although not present, Mr. Russell Sykes (COAF active) was previously sworn in. Ms. Brown also stated that there were two remaining Committee members who had not been sworn in yet, Ms. Angela Green (COAG retired) and Mr. Bryant Mitchell (APS retired).

Pension Oracle Update

Ms. Marian Woods advised the Board that an Oracle patch was sent to Zenith's IT/Pension department the weekend of May 4, 2019. Ms. Harris stated that she would follow-up with Zenith's IT department and provide updates at the next Board Meeting.

Trustee Conferences (GAPPT and IFEBP)

Ms. Harris reminded the Board that anyone interested in attending the GAPPT and IFEBP Conferences should reach out as soon as possible so that registrations and accommodations could be made.

XII. QUESTIONS AND COMMENTS FROM AUDIENCE

Mr. Light questioned the status of the General Employees' Plan Annual Valuation. It was agreed that a follow up should be provided by Segal Actuarial and Ms. Harris would communicate with Ms. Youlanda Carr and Ms. Cooper of Segal Actuarial for status.

Mr. Larry Mahle inquired to the Board if the Trustee Training opportunities would also be available to the elected Administrative Committee Members. Mr. Hullender stated that it was a good idea and this should be addressed in the bylaws of the respective Committees.

**City of Atlanta Pension Investment Board
Board Meeting Minutes
May 22, 2019**

XIII. DATE OF NEXT MEETING

The date of the next regular Board meeting will be held on June 19, 2019 from 10:00 am to 12:00 pm in City Council Chambers.

XIV. ADJOURNMENT

There being no further business to be brought before the Board at this time and no quorum in effect, *Mr. Hullender called for adjournment of the meeting at 11:45 a.m.*

Respectfully Submitted,

Mr. Frank Sims, Chairman

Mr. Richard Cox, Vice Chairman

These Minutes were adopted on _____, 2019.