

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

September 24, 2021
Webex Teleconference
10:00 A.M – 12:00 P.M.

Board Members Present

Frank Sims
Natalyn Archibong
Mohamed Balla
Alfred Berry, Jr.
Lisa Bracken
Reggie Grant
Brent Hullender
Quentin Hutchins
Rick “Bud” Light
Jeffrey Norman

Chairman
Councilmember, City of Atlanta
CFO, City of Atlanta
General, City of Atlanta
APS, City of Atlanta
Appointee, City of Atlanta
Fire, City of Atlanta
APS, City of Atlanta
Police, City of Atlanta
HR Commissioner, City of Atlanta

Others Present

Mary Shah
Stephanie Atli
Lori Pocock
Kimberly Patrick
Tyronia Smith
Karen Sutton
Rosie Woods
Chelsea Deppert
Ed Emerson
Jeanette Cooper
Chuck Carr
Jamie Helms
Kweku Obed
Adam Persiani
Derek Batts
Stephanie Roberts
Joseph McLane
Lindsey Saleini

Strategic Benefits Advisors
Strategic Benefits Advisors
Strategic Benefits Advisors
City of Atlanta, Legal
City of Atlanta, Legal
City of Atlanta, Finance
City of Atlanta, Pension Administration
Morris, Manning & Martin
Morris, Manning & Martin
Segal
Southern Actuarial
Deloitte
Marquette Associates
Pharos Funds
Union Heritage
Garcia Hamilton

Financial News

I. CALL TO ORDER

Chairman Sims called the Webex teleconference meeting to order at 10:03 a.m. Chairman Sims noted that a quorum was present for the meeting and it was noted Investment Managers were in attendance.

II. ADOPTION OF AGENDA

Chairman Sims asked if there were any changes to the agenda.

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

III. PUBLIC COMMENT

Chairman Sims asked if there were any public comments and Ms. Shah said she had a request from Thomas Dunn, an attorney for retiree Thomas Bradford. Chairman Sims informed the Board that he had spoken with Mr. Dunn yesterday and Mr. Dunn will follow-up with an in-house attorney. There were no additional comments.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the August 18, 2021 meeting, which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the August 18, 2021 minutes, a motion was made by Mr. Berry to approve the Minutes as written. The motion was seconded by Mr. Grant. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Chairman Sims wished Mr. Christie well and thanked him for his time and service to the pension boards. He announced Ms. Tyronia Smith and Ms. Kimberly Patrick from the legal department will be working with the Board as his replacement.

Mr. Emerson provided an update on the Iron Mountain project. Information provided by Iron Mountain to SBA indicates that Iron Mountain believes that scanning is complete. Ms. Shah added that SBA has received copies of the scanned information and is conducting a quality assurance review to assess the completeness of the scans. Mr. Emerson stated that the project would not be considered complete until the SBA audit is finished.

Mr. Emerson also provided an update on the Fiduciary Insurance renewal which he and Mr. Christie have reviewed. He noted that while there had been an increase in premium, everything with the policy is in line with expectations and the increase is acceptable. He and Mr. Christie recommend approval of the renewal.

Following review of the insurance renewal, a motion was made by Mr. Berry to approve the Fiduciary Insurance Policy renewal. The motion was seconded by Mr. Grant. The motion unanimously carried and the policy renewal was approved.

Mr. Emerson also presented an update on the appeals hearing process. The City is meeting regularly with SBA about appeals and everyone is in agreement that regular appeals hearings should be set up in order to provide participants with a 30 day notice as well as allow the Board 7 days to review information prior to

the meeting. The thought is to either extend the current Investment Board meetings to hear appeals or to set up a separate meeting on the fourth Thursday of each month to hear appeals. After discussion, it was decided to hold the appeals hearings in conjunction with regular Board meetings. Ms. Shah noted that all current participants with appeals have already been notified of the potential hearing date of October 20, 2021, and SBA will confirm that date with them. Chairman Sims asked Ms. Smith to document the current appeals process and to share it with the Board ahead of the appeals hearing on October 20th.

Mr. Emerson asked that the Board enter Executive Session to discuss confidential matters.

A motion was made by Mr. Hullender to enter into Executive Session. The motion was seconded by Mr. Berry. The motion unanimously carried and the Board entered Executive Session at 10:22 a.m.

A motion was made by Mr. Hullender to adjourn the Executive Session. The motion was seconded by Mr. Berry. The motion unanimously carried and the Board exited Executive Session at 10:46 a.m.

VI. INVESTMENT CONSULTANT REPORT – Marquette Associates

Mr. Obed walked through the market environment and performance for the three plans.

Fixed income had a good month in August due to a modest rise in rates.

Fixed income: Yields buck trend and rise again

FDA's full approval of Pfizer vaccine and many organizations' vaccination requirements has tightened spreads and driven rates modestly higher

		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Blm BC Aggregate	-0.2	1.6	-0.7	-0.1	5.4	3.1	3.2
Intermediate Indices	Blm BC Int. Gov./Credit	-0.2	0.7	-0.3	0.2	4.7	2.7	2.6
Government Only Indices	Blm BC Long Gov.	-0.2	7.1	-4.7	-7.1	9.1	3.6	5.7
	Blm BC Int. Gov.	-0.2	0.5	-0.5	-0.7	4.0	2.2	1.9
	Blm BC 1-3 Year Gov.	0.0	0.0	0.1	0.2	2.7	1.7	1.2
	Blm BC U.S. TIPS	-0.2	3.1	4.3	5.6	7.3	4.6	3.2
Credit Indices	Blm BC U.S. Long Credit	-0.4	5.5	-0.7	3.7	10.7	6.3	7.1
	Blm BC High Yield	0.5	2.2	4.5	10.1	7.1	6.7	7.1
	CS Leveraged Loan Index	0.5	0.9	4.0	8.5	4.1	4.7	5.0
Securitized Bond Indices	Blm BC MBS	-0.2	0.4	-0.3	-0.2	3.8	2.3	2.5
	Blm BC ABS	0.0	0.2	0.4	0.9	3.5	2.4	2.2
	Blm BC CMBS	-0.2	1.0	0.5	2.2	5.8	3.5	4.2
Non-U.S. Indices	Blm BC Global Aggregate Hedged	-0.2	1.5	-0.5	0.8	4.8	3.1	3.7
	JPM EMBI Global Diversified	1.0	2.1	0.7	4.6	6.9	4.4	5.6
	JPM GBI-EM Global Diversified	0.8	-0.9	-3.0	4.1	5.8	3.2	0.4
Municipal Indices	Blm BC Municipal 5 Year	-0.1	0.6	0.8	1.7	3.8	2.4	2.5
	Blm BC HY Municipal	-0.2	2.3	7.2	12.2	7.5	6.2	6.9

Note: The local currency GBI index is hedged and denominated in U.S. dollars. Sources: Bloomberg Barclays, Credit Suisse, JPMorgan as of August 31, 2021

The US Equity market had good results both for the month and year to date with double digit returns in 2021.

Large-cap leadership continues in August

Larger companies maintained an edge over small-caps within the U.S. equity space during the month, while style leadership varied based on market capitalization segment

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Broad Market Indices:							
Dow Jones	1.5	2.9	17.0	26.8	13.3	16.6	14.5
Wilshire 5000	2.9	7.4	21.0	33.3	18.0	18.1	16.3
Russell 3000	2.9	7.2	20.4	33.0	17.9	18.0	16.2
Large-Cap Market Indices:							
S&P 500	3.0	8.0	21.6	31.2	18.1	18.0	16.3
Russell 1000	2.9	7.7	20.7	32.3	18.4	18.2	16.4
Russell 1000 Value	2.0	1.6	20.3	36.4	11.5	11.7	13.0
Russell 1000 Growth	3.7	13.9	21.1	28.5	24.6	24.4	19.4
Mid-Cap Market Indices:							
Russell Mid-Cap	2.5	4.9	20.1	41.2	15.6	15.4	14.8
Russell Mid-Cap Value	2.1	1.6	22.8	44.5	11.4	11.5	13.3
Russell Mid-Cap Growth	3.2	11.4	15.2	35.2	21.0	20.4	16.9
Small-Cap Market Indices:							
Russell 2000	2.2	0.5	15.8	47.1	10.7	14.4	13.6
Russell 2000 Value	2.7	-1.6	25.4	59.5	8.4	11.7	12.1
Russell 2000 Growth	1.8	2.7	6.9	35.6	12.3	16.6	14.8

Source: Morningstar Direct as of August 31, 2021

International markets have lagged the US markets on a relative basis, but still have had nice results.

Emerging markets in the green

Despite continued regulatory pressures in China, EM outpaces developed markets for the month

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
MSCI ACWI	2.5	4.6	15.9	28.6	14.3	14.3	11.3
MSCI ACWI ex. U.S.	1.9	-0.4	9.4	24.9	9.4	9.9	6.6
MSCI EAFE	1.8	1.4	11.6	26.1	9.0	9.7	7.3
MSCI EAFE Local	2.2	4.1	15.7	27.6	8.1	9.4	9.8
MSCI Emerging Markets	2.6	-4.1	2.8	21.1	9.9	10.4	4.9
MSCI EM Local	2.3	-3.2	3.6	18.3	10.1	11.1	8.1
MSCI EAFE Small-Cap	2.9	2.9	14.1	32.8	10.1	11.8	9.9
MSCI EM Small-Cap	1.2	2.2	19.6	43.7	12.6	10.5	5.6
MSCI Frontier	2.5	4.9	17.5	31.6	10.4	9.8	6.4

Source: Bloomberg as of August 31, 2021

We will be giving some rebalancing recommendations for the real estate funds.

Real estate continues bounce back in 2021

Major real estate indices illustrated renewed asset class momentum across core property types and U.S. geographies in 2Q21

Indices	2Q21 (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
NPI	3.6	5.4	7.4	5.5	6.1	8.8
Income	1.1	2.1	4.2	4.4	4.5	5.0
Appreciation	2.5	3.2	3.1	1.1	1.6	3.7
NFI-ODCE	3.9	6.1	8.0	5.5	6.6	9.6
Income	1.0	2.0	3.9	4.0	4.2	4.6
Appreciation	2.9	4.1	4.0	1.4	2.3	4.8
FTSE NAREIT All Eq. REITs	12.0	21.4	32.8	11.8	8.0	10.3
Property Type						
NPI Apartment	3.6	5.4	7.0	5.2	5.7	8.3
NPI Office	1.4	2.4	3.3	4.7	5.2	7.8
NPI Industrial	8.9	14.0	23.0	15.6	14.6	13.7
NPI Retail	0.9	0.5	-1.3	-1.8	1.2	7.0
NPI Hotel	0.6	1.0	-8.3	-7.3	-2.6	3.2
Geographic Sectors						
NPI East	2.7	4.1	5.8	4.2	4.7	7.2
NPI Midwest	3.0	4.2	5.0	2.4	3.7	7.2
NPI South	3.8	5.6	7.7	5.5	6.1	9.1
NPI West	4.3	6.5	8.9	7.2	7.9	10.4

Source: NCREIF as of June 30, 2021

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that General is continuing the fiscal year on a good foot and provided the Committee with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of August 31, 2021. The plan is seeing some variation in 1 and 3 month returns, but is in line with FYTD returns compared to the benchmark.

MTD Performance (as of 8/31/2021)

Total Fund Composite: 1.3%
Total Fund Policy Benchmark: 1.9%

FYTD Performance (as of 8/31/2021)

Total Fund Composite: 2.4%
Total Fund Policy Benchmark: 2.4%

YTD Performance (as of 8/31/2021)

Total Fund Composite: 11.6%
Total Fund Policy Benchmark: 12.3%

On the dashboard below, the top performers YTD are Earnest Partners, Legato and Artisan. At the bottom of the chart are Union Heritage and Hardman Johnston. There are no recommendations at the present time to make any changes.

COA General Employees' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Earnest Partners SCC	+20.8%	+15.8%	U.S. Equity
Legato	+19.8%	+6.9%	U.S. Equity
Artisan Partners	+15.7%	+11.6%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Union Heritage LCC	+13.9%	+21.6%	U.S. Equity
Channing Capital	+17.5%	+25.4%	U.S. Equity
Hardman Johnston	+4.2%	+9.4%	International Equity

Performance Overview – Police Officers' Pension Plan

Mr. Obed provided the Committee with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of August 31, 2021. The plan had similar deltas with the 1 and 3 month returns, but looks good FYTD compared to the benchmark.

MTD Performance (as of 8/31/2021)

Total Fund Composite: 1.5%
Total Fund Policy Benchmark: 1.8%

FYTD Performance (as of 8/31/2021)

Total Fund Composite: 2.1%
Total Fund Policy Benchmark: 2.2%

YTD Performance (as of 8/31/2021)

Total Fund Composite: 12.0%
Total Fund Policy Benchmark: 12.7%

Looking at the dashboard below, Macquarie and Artisan have performed well, while LMCG is currently in liquidation.

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Macquarie SCC	+20.0%	+15.8%	U.S. Equity
Artisan Partners	+15.7%	+11.6%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
LMCG Investments SCG	-1.1%	+6.9%	U.S. Equity
Hardman Johnston	+4.2%	+9.4%	International Equity

Performance Overview – Fire Fighters' Pension Plan

Mr. Obed provided the Committee with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of August 31, 2021.

MTD Performance (as of 8/31/2021)

Total Fund Composite: 1.6%
Total Fund Policy Benchmark: 1.7%

FYTD Performance (as of 8/31/2021)

Total Fund Composite: 2.0%
Total Fund Policy Benchmark: 2.3%

YTD Performance (as of 8/31/2021)

Total Fund Composite: 11.9%
Total Fund Policy Benchmark: 12.9%

Looking at the dashboard below, LMCG is currently in liquidation. No other changes are proposed at this time. We will continue to rebalance as needed in the portfolios.

COA Firefighters' Manager Contribution – YTD Performance

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
LMCG Investments SCG	-0.8%	+6.9%	U.S. Equity
Garcia Hamilton	-1.5%	-0.7%	Fixed Income
Hardman Johnston	+4.2%	+9.4%	International Equity

Mr. Obed provided a recommendation on the real estate portfolio and discussed that all 3 plans currently have exposure in the Intercontinental fund. It's the sole real estate fund in Fire and Police and one of three real estate funds in General. Marquette is recommending to move \$10,000,000 into the Intercontinental fund in each of the three plans. Mr. Berry added that the investment sub-committee had met to discuss the recommendation and agreed.

A motion was made by Mr. Berry to rebalance the plan portfolios by moving \$10,000,000 into the Intercontinental fund in the Fire, Police and General Pension plans. The motion was seconded by Mr. Hullender. The motion unanimously carried and direction was given to Marquette to rebalance the plans.

VII. NEW BUSINESS

Presentation of Final Valuation Results for Fire and Police Employees – Southern Actuarial

Mr. Carr presented the final valuation results for the Fire and Police Employees. Changes presented on this report revolve around data changes from the finalized June data. Amended pay data for active participants was received and incorporated into the final results. The Fire results were almost identical whereas Police had a slight difference due to 1% lower pay contributions. These reports confirm all of the final recommendations from Segal, including the interest rate change from 7.25% to 7.0%.

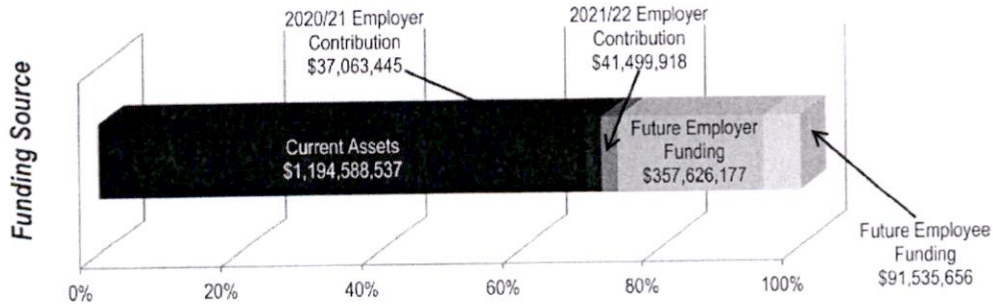
Police Pension Plan

The final required contribution rate is 39.31% compared to a preliminary rate of 41.09%. The prior rate was 36.16% so there was a slight shortfall.

Funding Results

Minimum Required Contribution

Table I-A



For the 2021/22 Fiscal Year

Entry Age Normal Cost for the 2020/21 Plan Year	\$24,833,088
Unfunded Liability Amortization Payment for the 2020/21 Plan Year	\$23,862,462
Expense Allowance for the 2020/21 Plan Year	\$700,000
Expected Employee Contribution for the 2020/21 Plan Year	(\$10,444,594)
Interest Adjustment	\$2,548,962
Preliminary Employer Contribution for the 2021/22 Fiscal Year	\$41,499,918
Expected Payroll for the 2021/22 Fiscal Year	+ \$105,573,420

Minimum Required Contribution Rate 39.31%

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the fiscal year.)

The below table shows the funded percentage for the plan as 80.28% as of July 1, 2020.

Funding Results

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$344,966,596	\$344,966,596	\$348,661,481
Termination benefits	\$15,226,279	\$15,226,279	\$15,653,301
Disability benefits	\$18,644,259	\$18,644,259	\$18,969,266
Death benefits	\$2,964,091	\$2,964,091	\$2,998,535
Refund of employee contributions	\$559,289	\$559,289	\$560,403
Sub-total	\$382,360,514	\$382,360,514	\$386,842,986
<u>Deferred Vested Participants</u>			
Retirement benefits	\$1,979,163	\$1,979,163	\$2,048,258
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,979,163	\$1,979,163	\$2,048,258
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$930,464,060	\$930,464,060	\$927,354,393
Disability retirements	\$44,315,376	\$44,315,376	\$44,162,738
Beneficiaries receiving	\$73,982,431	\$73,982,431	\$73,742,990
DROP participants	\$0	\$0	\$0
Sub-total	\$1,048,761,867	\$1,048,761,867	\$1,045,260,121
<u>Grand Total</u>	\$1,433,101,544	\$1,433,101,544	\$1,434,151,365
<u>Funded Percentage</u>	80.28%	80.26%	80.22%

(Note: Funded percentage is equal to the ratio of the usable portion of the market value of assets divided by the present value of accrued benefits.)

Fire Pension Plan

The final required contribution rate is 53.58% compared to a preliminary rate of 53.36%. Last year's rate was 47.2%, but the plan gained less than was assumed.

Funding Results

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	47.42%
Increase (decrease) due to investment gains and losses	0.90%
Increase (decrease) due to demographic experience	4.21%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	1.05%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	<u>53.58%</u>

Source of Change in the Unfunded Liability

Previous unfunded liability	\$252,448,691
Increase due to interest	\$18,302,530
Decrease due to amortization payments	(\$15,553,476)
Increase (decrease) due to plan experience	\$26,305,930
Increase (decrease) due to plan amendments	\$0
Increase (decrease) due to actuarial assumption changes	(\$1,012,472)
Increase (decrease) due to actuarial method changes	(\$25,688,382)
Current unfunded liability	<u>\$254,802,821</u>

The plan is currently funded at 75.75% as of 7/1/2020. The funded percentage is lower than in the Police plan due to the 2005 increase in the benefit formula and the fact that we are still catching up on funding the retroactive 3% multiplier.

Funding Results

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$176,019,506	\$176,019,506	\$177,833,145
Termination benefits	\$7,831,523	\$7,831,523	\$8,044,991
Disability benefits	\$9,860,424	\$9,860,424	\$10,053,539
Death benefits	\$1,813,150	\$1,813,150	\$1,834,877
Refund of employee contributions	\$134,506	\$134,506	\$134,811
Sub-total	\$195,659,109	\$195,659,109	\$197,901,363
<u>Deferred Vested Participants</u>			
Retirement benefits	\$3,395,508	\$3,395,508	\$3,448,269
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$3,395,508	\$3,395,508	\$3,448,269
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$621,846,248	\$621,846,248	\$619,759,813
Disability retirements	\$69,695,644	\$69,695,644	\$69,452,936
Beneficiaries receiving	\$55,113,710	\$55,113,710	\$54,929,526
DROP participants	\$0	\$0	\$0
Sub-total	\$746,655,602	\$746,655,602	\$744,142,275
<u>Grand Total</u>	<u>\$945,710,219</u>	<u>\$945,710,219</u>	<u>\$945,491,907</u>
<u>Funded Percentage</u>	75.75%	75.75%	75.77%

(Note: Funded percentage is equal to the ratio of the usable portion of the market value of assets divided by the present value of accrued benefits.)

Segal will be looking at disability and terminations in the next year or two. Ms. Cooper added that recommendations from the experience study will be presented in the November or December meeting and will be used for the next valuation report.

Investment Board Election Update

Mr. Norman provided the Board with the timeline of the election cycle. Nominations were solicited between September 1st and 15th. All nominations received have been validated. There are 11 candidates for the General plan, 2 candidates for APS, 4 candidates for Police and 1 candidate for Fire. Mr. Norman is working with SBA to create the candidate biographies which are slated to go out to active employees and retirees on September 30th. Voting is planned for November 15th to November 19th, so ballots will be mailed on November 8th. Retirees will receive hard copies, but can vote either electronically or by returning the physical ballot. Counting will occur on November 29th. SBA will find the vendor to be used for electronic voting and will make sure there is integrity in the voting process so that no one can vote twice.

A motion was made by Mr. Hullender to approve the slate of candidates and the election timetable. The motion was seconded by Mr. Berry. The motion unanimously carried and the candidate slate and election timetable were approved.

VIII. OLD BUSINESS

There was no old business to discuss.

IX. QUESTIONS AND COMMENTS FROM AUDIENCE

It was noted there were no questions or comments from the audience.

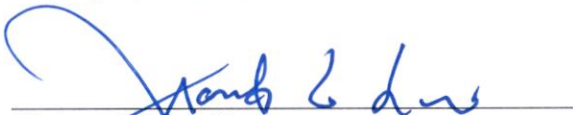
X. DATE OF NEXT MEETING

The next Board meeting will be held on October 20, 2021 and will include the appeals hearing.

XI. ADJOURNMENT

There being no further business to be brought before the Board at this time at 11:31 a.m. Chairman Sims called for adjournment.

Respectfully Submitted,



Chairman, Frank Sims

These minutes were adopted on October 20, 2021