

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

June 22, 2022

Atlanta City Hall Committee Room 1

10:00 A.M – 12:00 P.M.

Board Members Present

Frank Sims
Alfred Berry, Jr.
Reginald Grant
Brent Hullender
Rick “Bud” Light
Mohamed Balla
Antonio Lewis
Jason Winston

Chairman
General, City of Atlanta
General, City of Atlanta
Fire, City of Atlanta
Police, City of Atlanta
CFO, City of Atlanta
City Council, City of Atlanta
City Council, City of Atlanta

Others Present

Mary Shah
Lori Pocock
Eric Dec
Mu’min Islam
Youlanda Carr
Pamela Goins
Fumnanya Johnson
Delisha Robinson
Karen Sutton
Amanda Rouser
Rosie Woods
Chelsea Deppert
Ed Emerson
Kweku Obed
Jeanette Cooper
Chuck Carr
Benjamin Hymes
Derek Batts
Joseph McLane
Stephanie Roberts
AJ Baltizoer

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

I. CALL TO ORDER

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

II. ADOPTION OF AGENDA

Chairman Sims asked if there were any changes to the agenda and Mr. Hullender requested to add a new business item relating to the schedule of Administrative Committee meetings.

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

III. PUBLIC COMMENT

There was no public comment.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the May 18, 2022 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary. Mr. Berry asked for clarification on page 13 of the meeting package as to when paper statements were last sent to participants and Ms. Shah verified that paper statements were sent in 2020. She added that the information previously sent on the paper statements is now available in the online pension modeler. There was discussion amongst the Board members on the best way to help employees without daily access to a computer review their data online. SBA is working with the HR Business Partners and Human Resources to have scheduled sessions to assist employees. Chairman Sims asked the Administrative Committees to also work with the City on the most effective ways to reach out to their members.

Following review of the May 18, 2022 Minutes, a motion was made by Mr. Berry to approve the Minutes as written. The motion was seconded by Mr. Hullender. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Dec reported that the working group formulating a Travel Policy for the Investment Board and Administrative Committees will hold its second working session this week. This meeting will cover comments to the draft proposal that was previously sent out.

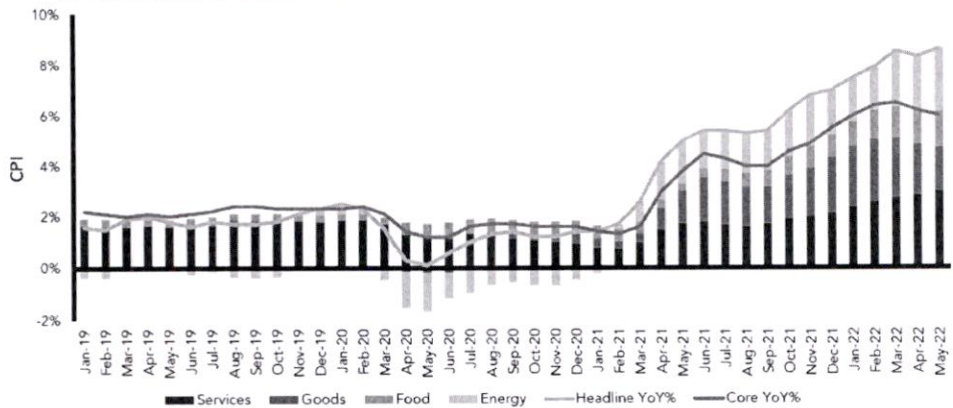
Mr. Emerson reported that the Police and Fire Plans have been named as lead plaintiffs in the Celsius Holdings litigation.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three Plans. He noted the impact of accelerated inflation growth and that the Fed recently raised interest rates 75 basis points in an attempt to slow inflation.

CPI hits a fresh 40-year high

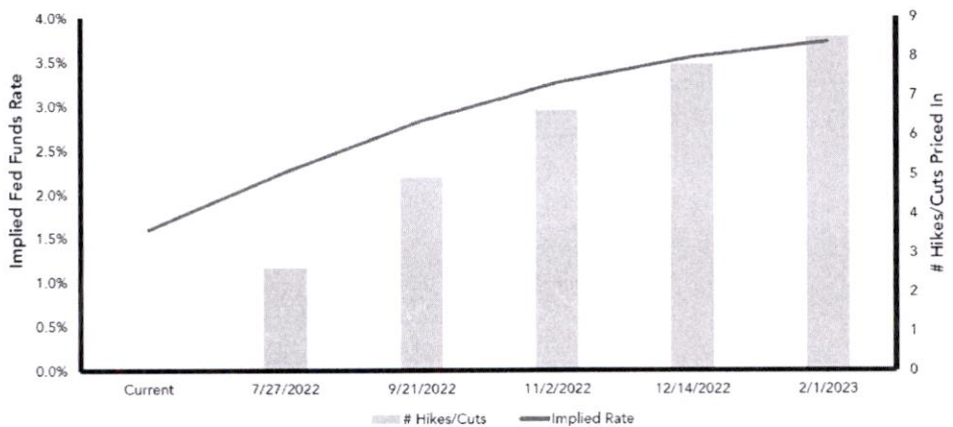
After dipping in April, headline inflation reaccelerated to 8.6% in May, with the month-over-month increase driven by shelter, airfare, and used and new vehicles



Mr. Obed also noted that the market is very focused on inflation and the expectation is that the Fed will continue to raise rates.

Rate expectations up after May CPI

The futures market is now pricing in 75 basis point increase at the next FOMC meeting, and a year-end fed funds rate of 3.55%



Source: Bloomberg as of June 15, 2022

For Fixed Income equities, Mr. Obed noted that May saw the first positive returns in 2022, with the Agg Index up 60 basis points for the month, although the index is still down 8.9% YTD.

Fixed income finally sees positive returns

Rates fell in May for the first time in 2022, leading to positive returns for most fixed income indices

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices:	Blm Aggregate	0.6	-3.2	-8.9	-8.2	0.0	1.2	1.7
Intermediate Indices:	Blm Int. Gov./Credit	0.7	-1.3	-5.7	-6.2	0.6	1.3	1.6
Government Only Indices:	Blm Long Gov.	-1.9	-10.6	-20.0	-14.3	-2.0	0.9	1.7
	Blm Int. Gov.	0.7	-0.9	-5.1	-5.7	0.2	1.0	1.0
	Blm 1-3 Year Gov.	0.6	0.1	-2.4	-3.1	0.6	1.0	0.8
	Blm U.S. TIPS	-1.0	-3.0	-5.9	-1.4	4.4	3.7	2.0
Credit Indices:	Blm U.S. Long Credit	0.9	-8.8	-19.0	-15.0	0.2	2.1	3.6
	Blm High Yield	0.2	-3.3	-8.0	-5.3	3.3	3.6	5.4
	CS Leveraged Loan Index	-2.5	-2.3	-2.4	-0.2	2.8	3.4	4.2
Securitized Bond Indices:	Blm MBS	1.1	-2.4	-7.3	-7.6	-0.7	0.6	1.4
	Blm ABS	0.3	-0.5	-3.3	-3.8	0.8	1.5	1.5
	Blm CMBS	0.2	-2.1	-7.6	-8.0	0.4	1.7	2.6
Non-U.S. Indices:	Blm Global Aggregate Hedged	-0.1	-2.8	-7.7	-7.1	-0.2	1.4	2.4
	JPM EMBI Global Diversified	0.0	-5.6	-15.0	-15.4	-2.1	0.1	3.2
	JPM GBI-EM Global Diversified	1.8	-4.4	-10.5	-16.5	-2.6	-1.3	-0.5
Municipal Indices:	Blm Municipal 5 Year	1.6	-0.1	-5.2	-5.0	0.4	1.1	1.6
	Blm HY Municipal	1.1	-2.5	-8.9	-6.3	2.4	4.3	4.8

Note: The local currency GBI index is hedged and denominated in U.S. dollars. Sources: Bloomberg, Credit Suisse, JPMorgan, as of May 31, 2022

Mr. Obed noted that the domestic equity market saw a similar trend with many indexes being positive for the month, but negative YTD. Value stocks have been performing exceptionally well.

Stabilization in May after a brutal April drawdown

Value indices rebounded in May, adding to the style's year-to-date leadership

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices:	Dow Jones	0.3	-4.5	-8.4	-2.6	12.3	11.9	12.9
	Wilshire 5000	-0.1	-9.2	-13.7	-2.9	16.0	13.0	14.1
	Russell 3000	-0.1	-9.1	-13.9	-3.7	15.6	12.7	14.0
Large-Cap Market Indices:	S&P 500	0.2	-8.6	-12.8	-0.3	16.4	13.4	14.4
	Russell 1000	-0.2	-9.1	-13.7	-2.7	16.0	13.1	14.2
	Russell 1000 Value	1.9	-3.8	-4.5	0.9	12.8	9.5	12.1
	Russell 1000 Growth	-2.3	-14.1	-21.9	-6.3	18.3	16.1	16.1
Mid-Cap Market Indices:	Russell Mid-Cap	0.1	-7.6	-12.9	-6.8	12.9	10.5	12.8
	Russell Mid-Cap Value	1.9	-4.1	-5.9	-0.1	13.4	9.1	12.3
	Russell Mid-Cap Growth	-3.9	-14.7	-25.4	-18.7	9.4	10.7	12.6
Small-Cap Market Indices:	Russell 2000	0.2	-9.8	-16.6	-16.9	9.7	7.7	10.8
	Russell 2000 Value	1.9	-6.0	-8.2	-7.7	12.2	7.8	10.7
	Russell 2000 Growth	-1.9	-13.9	-24.8	-25.7	6.2	6.9	10.6

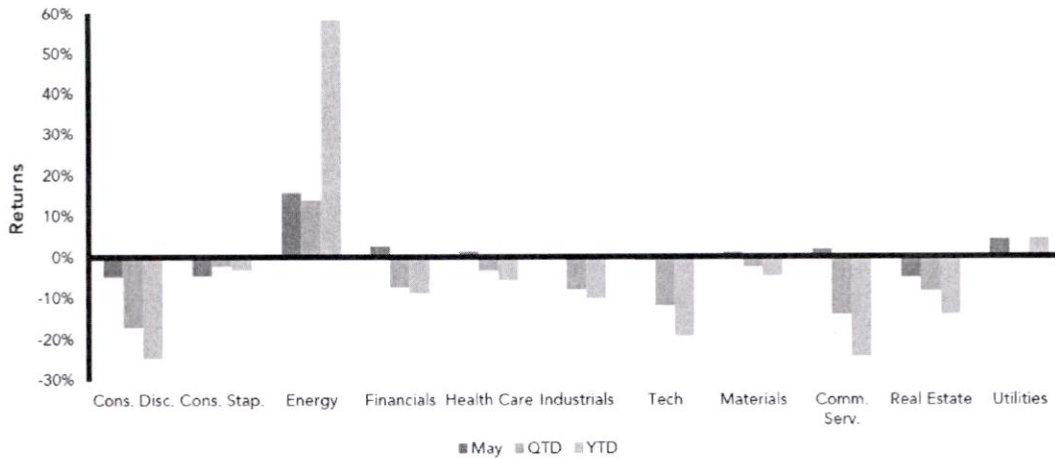
Source: Morningstar Direct as of May 31, 2022

Mr. Obed stated that, to put the markets in context, the majority of the sectors are in negative territory with only Energy and Utilities positive YTD. Those two sectors are a small component of the portfolio since historically they are very volatile. He added that the markets will eventually

rebound and for the past few years the portfolios have had very strong double digit returns. With long term investing, you do not want to try to time the market.

Only Energy and Utilities sectors remain positive YTD

Consumer Staples and Discretionary sectors buckled under continued inflationary pressures in May, with rising costs threatening demand and margin stability

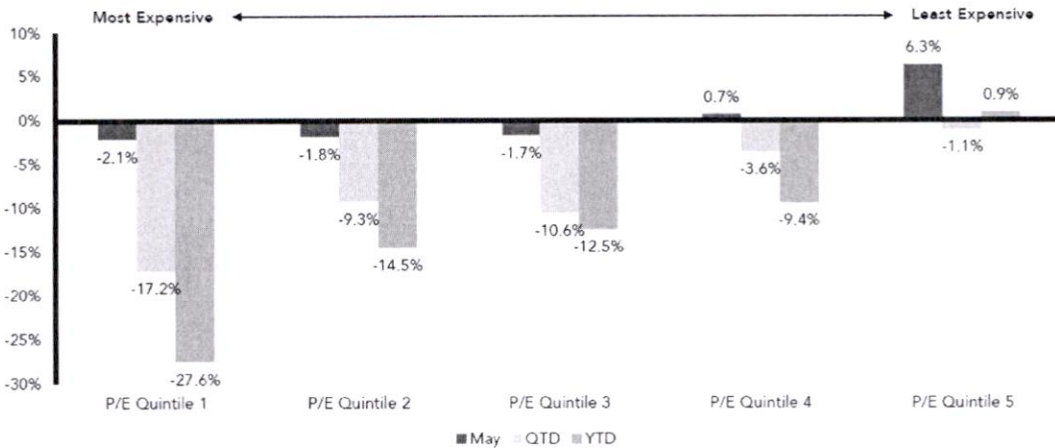


Source: Morningstar Direct as of May 31, 2022

Mr. Obed noted that the more value leaning stocks have been outperforming the market and added that the Plans' portfolios have a good mix of core, value and growth managers.

Cheap stocks strongly positive in May

Rising interest rates have triggered a repricing of higher-multiple stocks this year. The cheapest stocks in the S&P 500 rallied in May and are now positive year-to-date.



Source: FactSet as of May 31, 2022; SPY ETF used as a proxy for the S&P 500

Mr. Obed noted that non-US stocks have seen the same challenges as the US market, including inflation, geopolitical uncertainty, global supply chain issues and rising energy prices. He noted that the strengthening dollar has also been a headwind in this sector.

Global stock indices largely stabilized in May

Global equity benchmarks managed to stop the bleeding in May, with most indices flat-to-positive during the month; year-to-date performance remains challenged

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	0.1	-7.9	-12.8	-6.8	11.7	9.0	10.3
	MSCI ACWI ex. U.S.	0.7	-5.6	-10.7	-12.4	6.5	4.4	6.4
Developed Markets Indices	MSCI EAFE	0.7	-5.8	-11.3	-10.4	6.4	4.2	7.2
	MSCI EAFE Local	-0.2	-1.6	-5.3	1.1	8.2	5.5	9.6
Emerging Markets Indices	MSCI Emerging Markets	0.4	-5.1	-11.8	-19.8	5.0	3.8	4.2
	MSCI EM Local	-0.2	-3.7	-9.6	-15.7	6.5	5.7	6.7
Small-Cap Market Indices	MSCI EAFE Small-Cap	-0.7	-7.5	-15.4	-16.0	6.6	4.1	8.9
	MSCI EM Small-Cap	-1.6	-6.6	-10.6	-9.3	11.2	6.0	5.8
Frontier Markets Index	MSCI Frontier	-6.4	-8.9	-16.1	-10.3	3.2	2.9	5.6

Source: Bloomberg as of May 31, 2022

Mr. Obed noted that the NPI Odyssey index has been a strong area of the capital market and is reinforcement of why it is important to have a strong asset allocation strategy and not try to time the market. The real estate exposure in the portfolio has done well. For the next meeting, Mr. Obed noted that Marquette will be making a recommendation to add a private credit manager to the portfolio. Vista is a diverse, African American owned firm and will be discussed next month.

Real estate valuations continue at record pace

Commercial real estate continued to outperform in 1Q 2022, driven by double digit returns in the industrial sector

Indices	1Q22 (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
NPI	5.3	5.3	21.9	9.6	8.5	9.6
Income	1.0	1.0	4.2	4.3	4.4	4.8
Appreciation	4.3	4.3	17.2	5.2	4.0	4.6
NFI-ODCE*	7.4	7.4	28.5	11.3	10.0	10.9
Income	0.9	0.9	4.0	4.0	4.1	4.5
Appreciation	6.4	6.4	23.8	7.1	5.6	6.2
FTSE NAREIT All Eq. REIT:	-5.3	-5.3	23.6	11.7	10.6	10.5
Property Type						
NPI Apartment	5.3	5.3	24.1	10.2	8.6	9.2
NPI Office	1.6	1.6	6.8	4.7	5.5	7.6
NPI Industrial	11.0	11.0	51.9	25.1	20.4	16.5
NPI Retail	2.3	2.3	7.1	-0.4	1.3	6.6
NPI Hotel	1.8	1.8	9.1	-6.3	-1.3	3.5
Geographic Sectors						
NPI East	3.6	3.6	15.9	7.2	6.4	7.6
NPI Midwest	3.5	3.5	14.8	5.4	5.1	7.5
NPI South	6.3	6.3	25.2	10.5	9.1	10.2
NPI West	6.5	6.5	26.2	11.9	10.7	11.5

Source: NCREIF Performance data as of March 31, 2022, *ODCE Performance preliminary as of March 31, 2022

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that General Plan returns are doing a little bit better than the broader market as a whole, which is good considering the portfolio is not loaded up on real estate or private equity. He reminded the Board that the portfolios are all long-term institutional investors and the most important thing is to hit the target rate of return.

He provided the Board with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of May 31, 2022.

MTD Performance (as of 5/31/2022)

Total Fund Composite: 0.3%
Total Fund Policy Benchmark: 0.3%

FYTD Performance (as of 5/31/2022)

Total Fund Composite: -7.1%
Total Fund Policy Benchmark: -7.7%

YTD Performance (as of 5/31/2022)

Total Fund Composite: -10.9%
Total Fund Policy Benchmark: -10.8%

Mr. Obed looked at the top and bottom performers in the General Plan and noted that even the top performers have negative returns. He noted that these are all managers with strong track records who are performing as expected and added that, a year ago, the top and bottom performers would have been flipped.

COA General Employees' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Artisan	-5.2%	-11.3%	International Equity
Earnest Partners SCC	-11.2%	-16.6%	U.S. Equity
Earnest Partners EM	-6.2%	-11.8%	Emerging Markets Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Brown Capital SC	-27.9%	-13.4%	International Equity
Hardman Johnston	-22.7%	-10.7%	International Equity
Legato SCG	-26.4%	-24.8%	U.S. Equity

Performance Overview – Police Officers' Pension Plan

Mr. Obed provided the Board with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of May 31, 2022. The Plan had similar results compared to the General Plan for the same reasons.

MTD Performance (as of 5/31/2022)

Total Fund Composite: 0.2%
Total Fund Policy Benchmark: 0.2%

FYTD Performance (as of 5/31/2022)

Total Fund Composite: -8.5%
Total Fund Policy Benchmark: -8.3%

YTD Performance (as of 5/31/2022)

Total Fund Composite: -11.7%
Total Fund Policy Benchmark: -11.0%

Mr. Obed looked at the top and bottom performers in the Police Officers' Plan and noted that the top performers are all value leaning managers while the bottom performers are all growth leaning managers. The growth managers are lagging on an absolute basis compared to the benchmarks.

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Artisan Partners	-5.2%	-11.3%	International Equity
Earnest SCC	-11.2%	-16.6%	U.S. Equity
Macquarie SCC	-13.3%	-16.6%	U.S. Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	-27.9%	-13.4%	International Equity
Hardman Johnston	-22.7%	-10.7%	International Equity
Driehaus SCG	-31.0%	-24.8%	U.S. Equity

Performance Overview – Fire Fighters' Pension Plan

Mr. Obed provided the Board with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of May 31, 2022.

MTD Performance (as of 5/31/2022)

Total Fund Composite: 0.1%
Total Fund Policy Benchmark: 0.1%

FYTD Performance (as of 5/31/2022)

Total Fund Composite: -9.7%
Total Fund Policy Benchmark: -8.2%

YTD Performance (as of 5/31/2022)

Total Fund Composite: -12.6%
Total Fund Policy Benchmark: -11.2%

Mr. Obed looked at the top and bottom performers in the Fire Fighters' Plan and noted that the quality and core managers are doing well while the growth leaning managers are the bottom performers. He added that, during this time last year, the chart would have been flipped and reinforces why asset allocation is important.

COA Firefighters' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Earnest SCC	-11.2%	-16.6%	U.S. Equity
Garcia Hamilton	-7.1%	-8.9%	Fixed Income

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	-27.9%	-13.4%	International Equity
Hardman Johnston	-22.7%	-10.7%	International Equity
Driehaus SCG	-30.9%	-24.8%	U.S. Equity

Chairman Sims asked if there was a need at this time to revisit the asset allocation strategy and Mr. Obed replied that at this time Marquette was not recommending an overall change, but tweaks may be done between the different assets. He noted that prices will rise until at some point they cannot be supported and then a retraction would occur. There possibly could be a recession that would reset prices. He reminded the Board that a patient approach is needed when investing for the long term and the worst thing to do is to sell off assets when they are down. He also reminded the Board that the key is to look at the 3, 5 and 10-year averages to see if managers are meeting their objectives.

VII. NEW BUSINESS

Actuarial Results for the General Pension Plan

Ms. Cooper presented the July 1, 2021 Valuation Results for the General Pension Plan and added that she would present the results for APS next month. She noted that this valuation included the assumptions approved by the Board in May. Ms. Cooper stated that the data research to make the assumption recommendations required additional work beyond the contracted amount and she proposed an additional \$30,000 of actuarial charges for the work. Ms. Cooper noted that her firm spent approximately \$353,000 in time completing the experience review work, but was only asking for an additional \$30,000 from the Board. After much discussion, the Board requested that Ms. Cooper present the bill next month so that the additional charges could be voted upon. The Board also requested that, in the future, if additional work beyond the approved contract was needed, it be presented to the Board for approval prior to the work being done.

Summary of Assumption Changes

Assumption	Old Assumption	New Assumption
Withdrawal	Headcount-weighted, service-based rates	Amount-weighted, service-based rates
Ordinary Disability	Sex-distinct, age-based rates grading upward from 0.00% to 0.95% for males and from 0.00% to 0.66% for females	Sex-distinct, age-based rates grading upward from 0.00% to 0.68% for males and from 0.00% to 0.47% for females
Occupational Disability	10% of Ordinary disability rates	Remove distinction between Ordinary and Occupational
Retirement	Separate age-based rates for participants with Less than 30 Years and 30 or More Years of Service at Retirement	Maintained current rate structure but modified individual rates to more closely match the observed experience
Percent Married	Hired prior to September 1, 2011: 75% Hired after August 31, 2011: Assume all participants are not married	Hired prior to September 1, 2011: Assumption based on active participant contribution rate provided with valuation data Hired after August 31, 2011: Assume all participants are not married
Spousal Age Difference	Male Participants: Three years older than female spouses Female Participants: Three years younger than male spouses	Male Participants: Three years older than female spouses Female Participants: Two years younger than male spouses
Pre-retirement Survivor Annuity Death Benefit for Participants Hired after August 31, 2011	75% are eligible for pre-retirement survivor death benefits (with value not less than refund of employee contributions)	No change

Summary of Assumption Changes

Assumption	Old Assumption	New Assumption
Refunds of Employee Contributions for Terminated Vested Participants	Hired before September 1, 2011: 75% elect a refund of their employee contributions Hired after August 31, 2011: 100% elect a refund of their employee contributions	Hired before September 1, 2011: 60% elect a refund of their employee contributions Hired after August 31, 2011: 100% elect a refund of their employee contributions
Vacation Pay	Hired prior to September 1, 2011: Retirement benefits are increased by 4.00% Hired after August 31, 2011: No adjustment	Hired prior to September 1, 2011: Retirement benefits are increased by 4.50% Hired after August 31, 2011: Retirement benefits are increased by 1.50%
Sick Leave Pay	None	Hired prior to September 1, 2011: Retirement benefits are increased by 0.50% Hired after August 31, 2011: No adjustment
Additional Accumulated Unused Sick Leave Service at Retirement	None	Hired prior to September 1, 2011: Additional 0.25 years of service included in total service (prior to application of maximum caps) for calculation in retirement benefits Hired after August 31, 2011: No adjustment

Ms. Cooper presented the Key Valuation Results and noted that the market returns used in the funding calculation were very high (32.67%) for the year ending 6/30/2021 and the returns used in next year's valuation will be very different. Due to the smoothing method used, these returns are taken over 5 years so that gains and losses can be averaged. The smooth rate of return used in this valuation was 12.58% and the funding status using the new assumptions is 85.85%. Generally speaking, plans with a funding status of at least 80% are considered well-funded. Chairman Sims asked how these results impact the City and Mr. Balla noted that the employer contributions are accounted for in the budget.

Summary of Key Valuation Results

Fiscal Year		2021	2022 Old Assumptions	2022 New Assumptions
Contributions for fiscal year beginning July 1:	• Actuarially determined contributions	\$51,750,479	\$45,898,734	\$48,330,445
	• Actuarially determined contributions as a percent of payroll	25.12%	23.48%	24.72%
Plan Year		2020	2021	2021
Actuarial accrued liability for plan year beginning July 1:	• Retired participants and beneficiaries	\$1,408,411,977	\$1,421,031,800	\$1,421,485,585
	• Inactive vested participants	18,050,574	17,459,342	17,459,342
	• Active participants	537,250,857	529,603,112	537,558,314
	• Inactive participants due a refund of employee contributions	3,511,454	4,985,574	4,985,574
	• Total	1,965,224,862	1,973,079,828	1,981,486,815
	• Normal cost including administrative expenses for plan year beginning July 1	26,024,941	24,438,456	26,099,033
Assets for plan year beginning July 1:	• Market value of assets (MVA)	\$1,317,795,000	\$1,672,138,000	\$1,672,138,000
	• Actuarial value of assets (AVA)	1,336,954,199	1,435,548,631	1,435,548,631
	• Actuarial value of assets as a percentage of market value of assets	101.45%	85.85%	85.85%
Funded status for plan year beginning July 1:	• Unfunded actuarial accrued liability on market value of assets	\$647,429,862	\$300,941,828	\$309,348,815
	• Funded percentage on MVA basis	67.06%	84.75%	84.39%
	• Unfunded actuarial accrued liability on actuarial value of assets	\$628,270,663	\$537,531,197	\$545,938,184
	• Funded percentage on AVA basis	68.03%	72.76%	72.45%
	• Amortization period on an AVA basis	21 years	20 years	20 years
Key assumptions	• Net investment return	7.00%	7.00%	7.00%
	• Inflation rate	2.25%	2.25%	2.25%
	• Payroll increase	3.00%	3.00%	3.00%
Demographic data for plan year beginning July 1:	• Number of retired participants and beneficiaries	3,986	3,960	3,960
	• Number of inactive vested participants	148	160	160
	• Number of active participants	3,936	3,757	3,757
	• Number of inactive participants due a refund of employee contributions	792	1,118	1,118
	• Covered payroll	\$200,004,950	\$189,816,699	\$189,816,699
	• Average payroll	50,814	50,523	50,523
	• Projected payroll	\$206,005,099	\$195,511,200	\$195,511,200

Actuarial Results for the Police and Fire Pension Plans

Mr. Carr presented the preliminary July 1, 2021 Valuation Results for the Police and Fire Pension Plans. He noted that overall there was a slight drop in the total number of participants and he opined that the drop in the number of active participants was due to open positions. There are a small number of people in each plan who are non-vested and owed a refund of their contributions, but since data is as of 6/30/2021, some of these people may already have been paid.

Mr. Carr stated that, for the Police Officers' Pension Plan, this is the second year that smoothing is being used. The first year was 2021 and there was a modest shortfall in the 2020 valuation due to the Plan earning less than the assumed rate of return. Then, in 2021, there was a significant gain which will be phased in over a 5-year period. There is an approximately \$200,000,000 surplus when the market value is compared to the actuarial value. He added that, if there is a shortfall this year, it will also be recognized over 5 years so there will not be much of a drop in subsequent years. Mr. Carr stated that the Police Plan is just over 77% funded and noted the minimum contribution rate was down from 39.31% in the prior year to 38.5% for this year.

City of Atlanta Police Officers' Pension Fund

Preliminary Valuation Results as of July 1, 2021

	<u>July 1, 2020 Valuation Results</u>	<u>July 1, 2021 Old Assumptions</u>	<u>July 1, 2021 New Assumptions</u>
Number of Participants:			
Actively employed	1,678	1,575	1,575
Non-vested, due a refund	0	33	33
Deferred vested	35	41	41
Non-disabled retiree	1,358	1,364	1,364
Disabled retiree	81	74	74
Beneficiary receiving	<u>250</u>	<u>247</u>	<u>247</u>
Total	3,402	3,334	3,334
Entry age normal accrued liability	\$1,546,121,100	\$1,655,019,167	\$1,679,590,183
Actuarial value of assets	<u>(\$1,194,588,537)</u>	<u>(\$1,293,422,842)</u>	<u>(\$1,293,422,842)</u>
Unfunded accrued liability	<u>\$351,532,563</u>	<u>\$361,596,325</u>	<u>\$386,167,341</u>
Funded percentage	77.26%	78.15%	77.01%
Entry age normal cost	\$24,833,088	\$21,579,399	\$21,013,559
Unfunded accrued liability payment	\$23,862,462	\$25,348,712	\$27,071,195
Expense allowance	\$700,000	\$715,750	\$715,750
Expected employee contribution	(\$10,444,594)	(\$10,559,901)	(\$10,420,060)
Interest adjustment	<u>\$2,548,962</u>	<u>\$2,426,785</u>	<u>\$2,511,627</u>
Preliminary employer contribution <i>(for the 2nd year following the valuation date)</i>	\$41,499,918	\$39,510,745	\$40,892,071
Minimum required contribution rate <i>(for the 2nd year following the valuation date)</i>	39.31% <i>(FY2022)</i>	37.28% <i>(FY2023)</i>	38.50% <i>(FY2023)</i>

Mr. Carr stated that, for the Firefighters' Pension Plan, the actuarial value of the Plan is approximately \$880,000,000 compared to the market value of \$929,000,000, which allows the plan to keep the contributions stable. The funding percentage increased slightly from 74.44% to 74.76% and the employer contribution rate will drop from 53.58% to 51.13%. He also noted a slight drop in payroll due to open positions.

City of Atlanta Firefighters' Pension Fund

Preliminary Valuation Results as of July 1, 2021

	July 1, 2020 <u>Valuation Results</u>	July 1, 2021 <u>Old Assumptions</u>	July 1, 2021 <u>New Assumptions</u>
Number of Participants:			
Actively employed	888	841	841
Non-vested, due a refund	0	7	7
Deferred vested	27	25	25
Non-disabled retiree	797	788	788
Disabled retiree	116	108	108
Beneficiary receiving	191	193	193
Total	2,019	1,962	1,962
Entry age normal accrued liability	\$996,909,203	\$1,063,188,719	\$1,068,671,978
Actuarial value of assets	<u>(\$742,106,382)</u>	<u>(\$798,950,600)</u>	<u>(\$798,950,600)</u>
Unfunded accrued liability	<u>\$254,802,821</u>	<u>\$264,238,119</u>	<u>\$269,721,378</u>
Funded percentage	74.44%	75.15%	74.76%
Entry age normal cost	\$13,218,554	\$10,679,671	\$9,908,554
Unfunded accrued liability payment	\$17,296,328	\$18,523,683	\$18,908,072
Expense allowance	\$500,000	\$511,250	\$511,250
Expected employee contribution	(\$5,086,136)	(\$5,171,991)	(\$4,994,858)
Interest adjustment	<u>\$1,696,785</u>	<u>\$1,606,076</u>	<u>\$1,592,360</u>
Preliminary employer contribution <i>(for the 2nd year following the valuation date)</i>	\$27,625,531	\$26,148,689	\$25,925,378
Minimum required contribution rate <i>(for the 2nd year following the valuation date)</i>	53.58% <i>(FY2022)</i>	50.64% <i>(FY2023)</i>	51.13% <i>(FY2023)</i>

The Board discussed the impact of new hiring measures on the Plans and it was noted that new hires are only contributing 8% of their salary, but their associated benefit at retirement is smaller. Mr. Carr noted that the cap on employer contributions is 35% of payroll over all three Plans and, if that cap is hit, triggers occur to review potential pension reductions. Ms. Cooper added that the Board may want to entertain a study to review the contribution rates now that smoothing and new assumptions are in place. Mr. Carr noted that the full valuation report for the two Plans will be available at the next meeting.

Administrative Committee Meeting Schedules

Mr. Hullender noted that the past few Fire Administrative Committee meetings have been less than 30 minutes each and his committee had discussed the possibility of changing the meeting schedule to be every other month instead of every month. He noted that for regular retirements and beneficiary pensions, it is their policy to put people into pay immediately and then approve retroactively the pension at the next committee meeting. Mr. Hullender noted that the Legal team has advised him that in order to change the meeting schedule, the Investment Board and Administrative Committee By-laws would need

to be changed. After discussion, it was decided that legal would work with Mr. Hullender to draft language amending the By-laws that could be presented to the Board next month for review.

VIII. OLD BUSINESS

Ms. Shah reminded Board members to respond to Ms. Pocock if they would like to attend the GAPPT Trustee School this fall.

Mr. Hullender noted that pre-pandemic, SBA had been planning to be on site one to two days per month to assist employees and asked SBA for an update on this plan. Ms. Shah noted that SBA is working with Mr. Norman on times and locations for City employees and is also working with the school board to confirm additional times to work with their employees.

IX. QUESTIONS AND COMMENTS FROM AUDIENCE

There were no questions from the audience.

X. DATE OF NEXT MEETING

The next Board meeting will be held on July 20, 2022. The meeting will be in person at Atlanta City Hall in Committee Room 1.

XI. ADJOURNMENT

There being no further business to be brought before the Board at this time at 12:04 p.m. Chairman Sims called for adjournment.

Respectfully Submitted,


Chairman, Frank Sims

These minutes were adopted on July 20, 2022