

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

July 20, 2022

Atlanta City Hall Committee Room 1

10:00 A.M – 12:00 P.M.

Board Members Present

Frank Sims
Alfred Berry, Jr.
Lisa Bracken
Brent Hullender
Quentin Hutchins
Rick “Bud” Light
Mohamed Balla
Lisa Gordon
Jeffrey Norman
Antonio Lewis
Jason Winston

Chairman
General, City of Atlanta
Atlanta Public Schools
Fire, City of Atlanta
Atlanta Public Schools
Police, City of Atlanta
CFO, City of Atlanta
COO, City of Atlanta
HR Director, 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
Amanda Rouser
Rosie Woods
Ed Emerson
Kweku Obed
Jeanette Cooper
Chuck Carr
Derek Batts
Stephanie Roberts

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

I. CALL TO ORDER

Chairman Sims called the meeting to order at 10:12 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.

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

Public comments were held to the end of the meeting.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the June 22, 2022 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the June 22, 2022 Minutes, a motion was made by Mr. Hullender to approve the Minutes as written. The motion was seconded by Mr. Berry. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Dec presented the Travel Policy for the Investment Board and Administrative Committees that has been approved by the Legal Department. Mr. Berry asked for clarification on the conferences that could be attended without prior approval and Mr. Dec noted that, without additional committee approval, each trustee could attend a total of 4 conferences per year: the GAPPT Trustee School, the GAPPT Conference and two (2) additional conferences. If the trustee would like to attend more than 4 conferences in a year, permission would be required from the Board. Mr. Berry also asked about a per diem and it was noted that the per diem would be based on the location of the conference. Ms. Pocock added that a new expense reimbursement form would be distributed that would allow for per diem entry.

Following review of the Travel Policy, a motion was made by Ms. Gordon to approve the Travel Policy as presented. The motion was seconded by Ms. Bracken. The motion unanimously carried and the Travel Policy was approved.

Mr. Emerson reported that the bylaws for the Police and Fire Administrative Committees, as well as the Investment Board, have been updated to allow those Administrative Committees to meet every other month instead of monthly. The bylaws were also updated to reflect that expenses would be paid in accordance with the new travel policy.

Following review of the updated bylaws, a motion was made by Mr. Hullender to approve the updated bylaws for the Investment Board, Police Administrative Committee and Fire Administrative Committee as presented. The motion was seconded by Mr. Lewis. The motion unanimously carried and the bylaw changes were approved.

Mr. Emerson also reported on the status of the Zenith Demand Letter. He noted that Zenith has hired outside counsel and he believes they are putting forward a settlement proposal, which should be received soon.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three Plans. He noted the table below outlines how various asset classes are performing YTD, and pointed out that commodities

and real estate are the two areas outperforming all others. Mr. Obed stated that while commodities have had good returns in 2021 and 2022, they have been very volatile over the past 10 years.

Commodities continue to outperform

2022 YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	5yr	10yr
Commodities 35.8%	Commodities 40.4%	Broad U.S. Equities 20.9%	Large Cap 31.5%	Real Estate 6.7%	Emerging Markets 37.2%	Small Cap 21.3%	Real Estate 13.3%	Large Cap 13.7%	Small Cap 38.8%	Large Cap 12.0%	Large Cap 13.0%
Real Estate 5.3%	Large Cap 23.7%	Small Cap 20.0%	Broad U.S. Equities 31.0%	Hedge Funds 4.8%	Intl Small Cap 33.0%	High Yield 17.1%	Intl Small Cap 9.6%	Mid Cap 13.2%	Mid Cap 34.8%	Broad U.S. Equities 11.3%	Broad U.S. Equities 12.6%
Hedge Funds 2.9%	Broad U.S. Equities 25.7%	Large Cap 18.4%	Mid Cap 50.5%	Bank Loans 1.1%	Broad Intl Equities 27.2%	Mid Cap 13.8%	Large Cap 1.4%	Broad U.S. Equities 12.6%	Broad U.S. Equities 33.6%	Commodities 9.5%	Mid Cap 11.0%
Bank Loans 4.4%	Mid Cap 22.6%	Emerging Markets 16.3%	Small Cap 25.3%	Core Bond 0.0%	Intl Large Cap 25.0%	Broad U.S. Equities 12.7%	Core Bond 0.5%	Real Estate 11.8%	Large Cap 32.4%	Real Estate 8.9%	Real Estate 9.9%
Core Bond 10.3%	Real Estate 17.7%	Mid Cap 17.1%	Intl Small Cap 25.0%	High Yield -2.1%	Large Cap 21.8%	Large Cap 12.0%	Broad U.S. Equities 0.5%	Core Bond 6.0%	Intl Small Cap 29.3%	Mid Cap 8.5%	Small Cap 7.0%
High Yield 14.2%	Small Cap 14.8%	Intl Small Cap 12.3%	Intl Large Cap 22.0%	Large Cap -4.4%	Broad U.S. Equities 21.1%	Commodities 11.4%	Bank Loans -0.4%	Small Cap 4.9%	Intl Large Cap 22.8%	Hedge Funds 6.2%	Intl Small Cap 6.2%
Emerging Markets -17.6%	Intl Large Cap 11.3%	Hedge Funds 11.8%	Broad Intl Equities 21.5%	Broad U.S. Equities -5.2%	Mid Cap 18.5%	Emerging Markets 19.2%	Intl Large Cap -0.8%	Hedge Funds 3.0%	Broad Intl Equities 15.3%	Small Cap 5.7%	Hedge Funds 5.2%
Broad Intl Equities -18.4%	Hedge Funds 10.2%	Broad Intl Equities 10.7%	Emerging Markets 18.4%	Mid Cap -9.1%	Small Cap 14.6%	Bank Loans 9.9%	Hedge Funds -1.1%	High Yield 2.5%	Real Estate 11.0%	Broad Intl Equities 4.2%	High Yield 4.6%
Intl Large Cap -19.6%	Intl Small Cap 10.1%	Intl Large Cap 7.6%	Commodities 17.6%	Small Cap -11.0%	Hedge Funds 8.6%	Real Estate 8.0%	Mid Cap 2.4%	Bank Loans 2.1%	Hedge Funds 9.1%	Intl Large Cap 4.0%	Intl Large Cap 4.6%
Large Cap -20.0%	Broad Intl Equities 7.8%	Core Bond 7.5%	High Yield 14.3%	Intl Large Cap -13.8%	High Yield 7.5%	Hedge Funds 5.4%	Small Cap -4.4%	Emerging Markets -2.2%	High Yield 7.4%	Emerging Markets -3.9%	Bank Loans 4.1%
Broad U.S. Equities -21.1%	Bank Loans 5.4%	High Yield 7.1%	Hedge Funds 10.5%	Commodities -13.8%	Real Estate 7.0%	Broad Intl Equities 4.5%	High Yield -4.5%	Broad Intl Equities -3.9%	Bank Loans 6.2%	Intl Small Cap 3.7%	Broad Intl Equities 3.9%
Mid Cap -21.6%	High Yield 5.3%	Bank Loans 2.8%	Core Bond 8.7%	Broad Intl Equities -14.2%	Commodities 5.8%	Core Bond 2.6%	Broad Intl Equities 5.7%	Intl Large Cap -4.9%	Commodities -1.2%	Bank Loans 3.1%	Emerging Markets 1.8%
Small Cap -23.4%	Core Bond -1.5%	Real Estate 1.6%	Bank Loans 8.2%	Emerging Markets -14.6%	Bank Loans 4.2%	Intl Small Cap 2.2%	Emerging Markets -14.9%	Intl Small Cap -4.9%	Core Bond -2.0%	High Yield 2.5%	Core Bond 1.7%
Intl Small Cap -24.7%	Emerging Markets -2.3%	Commodities -23.7%	Real Estate 6.4%	Intl Small Cap -17.9%	Core Bond 3.5%	Intl Large Cap 1.0%	Commodities -32.9%	Commodities -33.1%	Emerging Markets -2.6%	Core Bond 1.2%	Commodities -3.3%

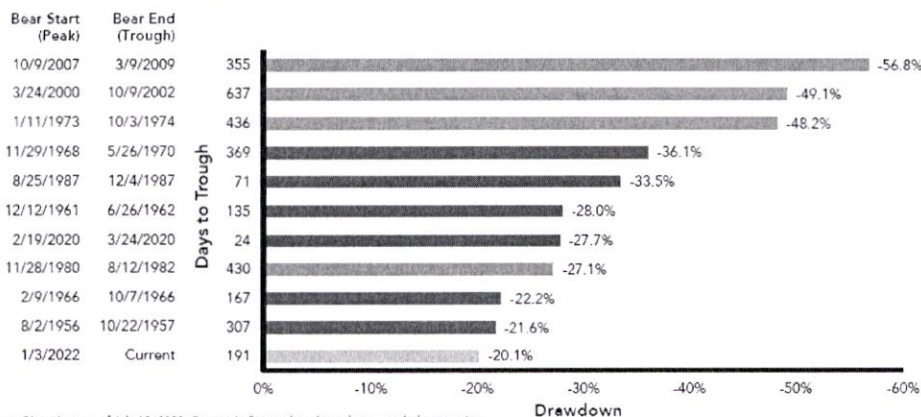
Source: Bloomberg as of June 30, 2022. Please see end of document for benchmark information.

Mr. Obed also noted that the market has been in a drawdown period since January and is overall down 20.1% through the end of June, but that amount is minor compared to 2008 - 2009. He added that inflation, COVID and geopolitical unrest have all contributed to the losses. Because the plans are long-term investors, it is common to see a cycle where assets go up and down. Chairman Sims asked if there are any charts that show a 20-year window and Mr. Obed replied that 10-year data is available and the City of Atlanta Plans are above where other plans are.

History of drawdowns

Historically, the length of drawdowns preceding recessions have been far longer than those that did not

Length of historical drawdowns in trading days of the S&P 500 (1956–Present)

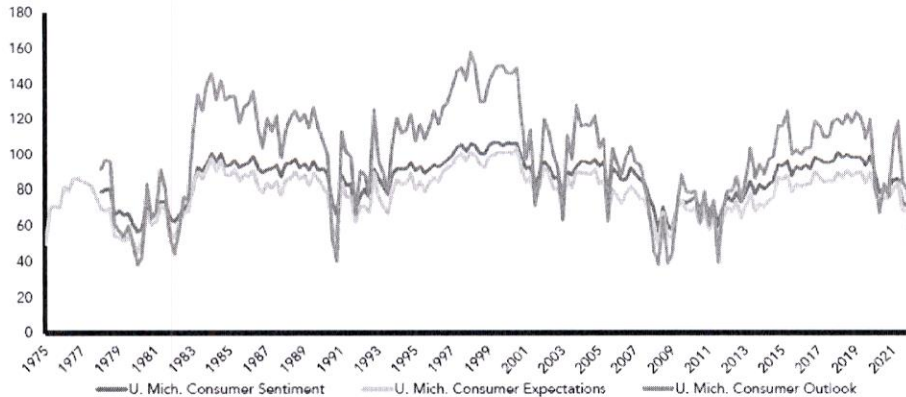


Source: Bloomberg as of July 12, 2022. Orange indicates: drawdown that preceded a recession.

Mr. Obed noted that inflation continues to be a big concern and challenge.

Consumer sentiment continues to fall

Amid sustained levels of inflation, surveyed consumers have grown increasingly pessimistic about economic conditions, confidence, and expectations continuing to precipitously drop to historic lows



Sources: Bloomberg, University of Michigan as of June 30, 2022

Mr. Obed stated that the Fixed Income class has had the greatest sensitivity to interest rates and while normally the Agg Index would see a 2% yield long term, it is currently down 10.35% YTD.

Fixed income: Fed takes more aggressive stance on inflation

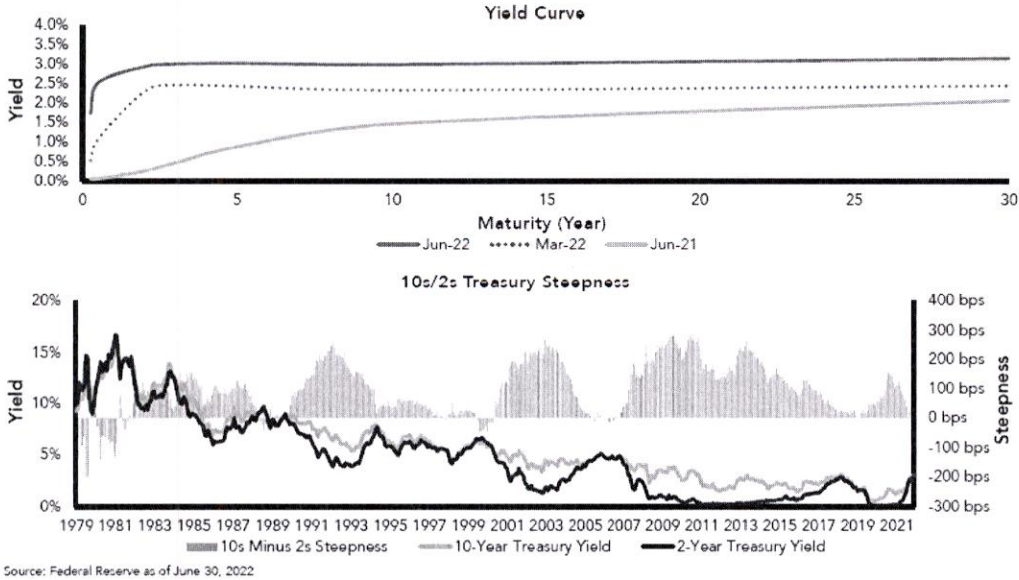
High inflation has continued to push interest rates higher, which was negative for performance. In addition, spreads were weaker in the second quarter.

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Bim BC Aggregate	-1.57	-4.69	-10.35	-10.29	-0.93	0.88	1.54
Intermediate Indices	Bim BC Int. Gov./Credit	-1.11	-2.37	-6.77	-7.28	-0.16	1.13	1.45
Government Only Indices	Bim BC Long Gov.	-1.48	-11.89	-21.20	-18.42	-2.94	0.50	1.65
	Bim BC Int. Gov.	-0.74	-1.65	-5.77	-6.32	-0.30	0.87	0.97
	Bim BC 1-3 Year Gov.	-0.63	-0.52	-3.01	-3.50	0.18	0.91	0.78
	Bim BC U.S. TIPS	-3.16	-6.08	-8.92	-5.14	3.04	3.21	1.73
Credit Indices	Bim BC U.S. Long Credit	-4.15	-12.59	-22.40	-21.36	-2.44	1.05	3.17
	Bim BC High Yield	-6.73	-9.83	-14.19	-12.81	0.21	2.10	4.47
	CS Leveraged Loan Index	-2.06	-4.35	-4.45	-2.68	2.03	2.97	3.90
Securitized Bond Indices	Bim BC MBS	-1.60	-4.01	-8.78	-9.03	-1.44	0.36	1.18
	Bim BC ABS	-0.46	-0.91	-3.77	-4.27	0.52	1.38	1.43
	Bim BC CMBS	-0.78	-2.88	-8.28	-8.90	-0.22	1.60	2.43
Non-U.S. Indices	Bim BC Global Aggregate Hedged	-1.52	-4.30	-9.06	-8.94	-1.13	1.16	2.23
	JPM EMBI Global Diversified	-6.21	-11.43	-20.31	-21.22	-5.22	-1.19	2.21
	JPM GBI-EM Global Diversified	-4.45	-8.63	-14.53	-19.28	-5.80	-2.31	-1.49
Municipal Indices	Bim BC Municipal 5 Year	-0.31	-0.42	-5.50	-5.34	0.15	1.17	1.62
	Bim BC HY Municipal	-3.19	-5.61	-11.77	-10.40	1.15	3.63	4.42

Note: The local currency GBI index is hedged and denominated in U.S. dollars. Sources: Bloomberg, Credit Suisse, JPMorgan, as of June 30, 2022

Mr. Obed noted that the yield curve shows that long-term prospects are neutral.

The yield curve is very flat as inflation fears have moderated, but the Fed is still pursuing aggressive action



Mr. Obed reported that US Equities are down 20% through the end of June. Value stocks are outperforming growth stocks and the COA portfolios have held up better than the market due to the target allocations.

U.S. stocks post worst first half of a year in over five decades

The second quarter of 2022 saw a continued sell-off of risk assets within the U.S. equity space, with growth-oriented stocks exhibiting the most pronounced pullbacks; asset price drops were largely consistent across the market capitalization spectrum during the period

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	-6.6	-10.8	-14.4	-9.1	7.2	10.0	11.7
	Wilshire 5000	-8.4	-16.8	-20.9	-13.2	10.2	10.8	12.7
	Russell 3000	-8.4	-16.7	-21.1	-13.9	9.8	10.6	12.6
Large-Cap Market Indices	S&P 500	-8.3	-16.1	-20.0	-10.6	10.6	11.3	13.0
	Russell 1000	-8.4	-16.7	-20.9	-13.0	10.2	11.0	12.8
	Russell 1000 Value	-8.7	-12.2	-12.9	-6.8	6.9	7.2	10.5
Mid-Cap Market Indices	Russell 1000 Growth	-7.9	-20.9	-28.1	-18.8	12.6	14.3	14.8
	Russell Mid-Cap	-10.0	-16.8	-21.6	-17.3	6.6	8.0	11.3
	Russell Mid-Cap Value	-11.0	-14.7	-16.2	-10.0	6.7	6.3	10.6
Small-Cap Market Indices	Russell Mid-Cap Growth	-7.5	-21.1	-31.0	-29.6	4.3	8.9	11.5
	Russell 2000	-8.2	-17.2	-23.4	-25.2	4.2	5.2	9.4
	Russell 2000 Value	-9.9	-15.3	-17.3	-16.3	6.2	4.9	9.1
	Russell 2000 Growth	-6.2	-19.3	-29.5	-33.4	1.4	4.8	9.3

Source: Morningstar Direct as of June 30, 2022

Mr. Obed noted that non-US stocks have higher negative returns due to the strengthening US dollar.

Global equities produce double digit losses in 2Q

The second quarter was unkind to equity investors as the market continues to grapple with high inflation, geopolitical risks, and recession concerns

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	-8.4	-15.7	-20.2	-15.8	6.2	7.0	8.8
	MSCI ACWI ex. U.S.	-8.6	-13.7	-18.4	-19.4	1.4	2.5	4.8
Developed Markets Indices	MSCI EAFE	-9.3	-14.5	-19.6	-17.8	1.1	2.2	5.4
	MSCI EAFE Local	-6.3	-7.8	-11.3	-6.6	4.4	4.3	8.3
Emerging Markets Indices	MSCI Emerging Markets	-6.6	-11.4	-17.6	-25.3	0.6	2.2	3.1
	MSCI EM Local	-4.6	-8.1	-13.7	-20.2	3.3	4.4	6.0
Small-Cap Market Indices	MSCI EAFE Small-Cap	-11.0	-17.7	-24.7	-24.0	1.1	1.7	7.2
	MSCI EM Small-Cap	-10.5	-16.4	-20.0	-20.7	5.8	3.5	4.3
Frontier Markets Index	MSCI Frontier	-5.3	-13.8	-20.6	-17.3	0.6	1.6	5.1

Mr. Obed reported that real estate has been a sensible building block and diversifier in the portfolio and has been one area of the market seeing good returns.

Real estate valuations continue at record pace

Commercial real estate continued to outperform the first half of 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. REITs	-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

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that the General Plan had returns over 10 years that were 8.9% net of fees, which shows the long-term impact of asset allocation and manager diversification.

Mr. Obed will work with SBA to coordinate a time for an education session on alternative investments for Board members.

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 June 30, 2022.

MTD Performance (as of 6/30/2022)

Total Fund Composite: -5.2%
 Total Fund Policy Benchmark: -5.6%

FYTD Performance (as of 6/30/2022)

Total Fund Composite: -11.9%
 Total Fund Policy Benchmark: -12.8%

YTD Performance (as of 6/30/2022)

Total Fund Composite: -15.5%
 Total Fund Policy Benchmark: -15.6%

Mr. Obed looked at the top and bottom performers in the General Plan and noted that the top performers are relative to the market. He noted that these are all managers with strong track records who are performing as expected.

COA General Employees' Manager Contribution – YTD Performance

<u>Top Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Artisan	-13.1%	-19.6%	International Equity
Earnest Partners EM	-12.4%	-17.6%	Emerging Markets Equity
Earnest Partners SCC	-19.7%	-23.4%	U.S. Equity

<u>Bottom Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Brown Capital SC	-34.0%	-22.9%	International Equity
Hardman Johnston	-26.7%	-18.4%	International Equity
Legato SCG	-31.1%	-29.5%	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 June 30, 2022. The Police Officers’ Plan had similar results compared to the General Plan for the same reasons. Mr. Obed also noted the Police Officers’ Plan is up 8.0% net of fees over a 10-year period.

MTD Performance (as of 6/30/2022)

Total Fund Composite: -5.4%
 Total Fund Policy Benchmark: -5.7%

FYTD Performance (as of 6/30/2022)

Total Fund Composite: -13.5%
 Total Fund Policy Benchmark: -13.4%

YTD Performance (as of 6/30/2022)

Total Fund Composite: -16.5%
 Total Fund Policy Benchmark: -16.0%

Mr. Obed looked at the top and bottom performers in the Police Officers’ Plan and noted that the top performers are all quality and 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

<u>Top Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Artisan Partners	-13.1%	-19.6%	International Equity
Macquarie SCC	-19.2%	-23.4%	U.S. Equity
Earnest SCC	-19.8%	-23.4%	U.S. Equity

<u>Bottom Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Brown SC	-34.0%	-22.9%	International Equity
Hardman Johnston	-26.7%	-18.4%	International Equity
Driehaus SCG	-36.7%	-29.5%	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 June 30, 2022. He also noted the Fire Fighters’ Plan is up 7.6% net of fees over a 10-year period.

MTD Performance (as of 6/30/2022)

Total Fund Composite: -5.6%
 Total Fund Policy Benchmark: -5.4%

FYTD Performance (as of 6/30/2022)

Total Fund Composite: -14.8%
 Total Fund Policy Benchmark: -13.1%

YTD Performance (as of 6/30/2022)

Total Fund Composite: -17.5%
 Total Fund Policy Benchmark: -16.0%

Mr. Obed looked at the top and bottom performers in the Fire Fighters' Plan and noted that Garcia Hamilton has outperformed the benchmark this month and had relatively good returns.

COA Firefighters' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Earnest SCC	-19.8%	-23.4%	U.S. Equity
Ativo	-20.6%	-18.4%	International Equity
Garcia Hamilton	-8.3%	-10.3%	Fixed Income

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	-34.0%	-22.9%	International Equity
Hardman Johnston	-26.7%	-18.4%	International Equity
Driehaus SCG	-36.7%	-29.5%	U.S. Equity

Mr. Balla asked if more information could be provided about a strengthening dollar in international returns. Mr. Obed replied that international returns are stated in local currencies. When the dollar strengthens, it takes more units of the foreign currency to purchase US dollars. When the dollar is weaker, international returns are better. Mr. Berry asked with inflation, recession and stagflation potentially looming, is there anticipation of the supply chain loosening? Mr. Obed noted that we are already seeing inflation and the question is whether it will stay consistent. There is already talk of lowering interest rates in 2023. The supply chain disruption is persisting and if there is a lower demand for goods, that would help with the supply chain.


VII. NEW BUSINESS

Actuarial Results for the General Pension Plan – Atlanta Public Schools

Ms. Cooper presented the July 1, 2021 Valuation Results for the General Pension Plan, Atlanta Public Schools. She noted that this valuation included the assumptions approved by the Board in May.

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 0.01% to 0.39% for males and from 0.03% to 0.87% for females	Sex-distinct, age-based rates grading upward from 0.03% to 0.77% for males and from 0.01% to 0.43% 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	75%	Assumption based on active participant contribution rate provided with valuation data
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: One year younger than male spouses
Refunds of Employee Contributions for Terminated Vested Participants	50% elect a refund of their employee contributions	90% elect a refund of their employee contributions
Vacation Pay	Retirement benefits are increased by 4.00%	No adjustment to retirement benefits from vacation pay (vacation pay not included in pensionable earnings)

Additional details on these assumptions can be found in the Review of Demographic Actuarial Experience dated April 20, 2022.

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Assumption	Old Assumption	New Assumption
Sick Leave Pay	None	Retirement benefits are increased by 2.00%
Additional Accumulated Unused Sick Leave Service at Retirement	None	Additional 0.50 years of service included in total service (prior to application of maximum caps) for calculation in retirement benefits

Ms. Cooper presented the Key Valuation Results and noted that there was a drop in the number of retired participants and beneficiaries while the population of vested terms remained level. The total payroll went up, which was confirmed both by the City Finance team and SBA, and the overall liability went down. There was a modest change due to the assumption changes. The market value of assets went up from July 1, 2020 through June 30, 2021 and due to smoothing there was a 10.12% increase using the 5-year averaging method. Ms. Cooper also noted the School Board is heavily contributing employer contributions to the plan, increasing 3% every year until the plan is fully funded. The plan is on track to be fully funded in 5.9 years.

Summary of Key Valuation Results

Fiscal Year		2021	2022 Old Assumptions	2022 New Assumptions
Contributions for fiscal year beginning July 1:				
	• Actuarially determined contribution	\$60,200,000	\$62,000,000	\$62,000,000
Plan Year		2020	2021	2021
Actuarial accrued liability for plan year beginning July 1:	• Retired participants and beneficiaries	\$457,811,903	\$438,925,993	\$438,925,993
	• Inactive vested participants	2,140,005	1,760,432	1,764,021
	• Active participants	63,556,680	72,194,531	74,116,700
	• Inactive participants due a refund of employee contributions	212,500	278,086	278,086
	• Total	523,721,088	513,159,042	515,084,800
	• Normal cost including administrative expenses for plan year beginning July 1	3,647,349	4,459,025	5,079,183
Assets for plan year beginning July 1:				
	• Market value of assets (MVA)	\$181,808,000	237,561,000	237,561,000
	• Actuarial value of assets (AVA)	186,720,491	217,453,633	217,453,633
	• Actuarial value of assets as a percentage of market value of assets	102.70%	91.54%	91.54%
Funded status for plan year beginning July 1:				
	• Unfunded actuarial accrued liability on market value of assets	\$341,913,088	\$275,598,042	\$277,523,800
	• Funded percentage on MVA basis	34.71%	46.29%	46.12%
	• Unfunded actuarial accrued liability on actuarial value of assets	\$337,000,597	\$295,705,409	\$297,631,167
	• Funded percentage on AVA basis	35.65%	42.38%	42.22%
	• Effective amortization period on AVA basis	6.9 years	5.8 years	5.9 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	1,801	1,713	1,713
	• Number of inactive vested participants	34	33	33
	• Number of active participants	770	799	799
	• Number of inactive participants due a refund of employee contributions	191	231	231
	• Total payroll	\$21,009,760	\$24,894,564	\$24,894,564
	• Average payroll	27,285	31,157	31,157

Ms. Cooper also presented a one-page summary of the July 1, 2021 Valuation Results that shows the funding ratio has increased to 84.4%.

The Board discussed the additional work done above and beyond the usual actuarial experience study work. Segal presented an invoice with an additional \$30,000 for this work.

Following review of the Segal invoice, a motion was made by Mr. Hullender to approve the additional \$30,000 of expense for the experience study. The motion was seconded by Mr. Balla. The motion unanimously carried and the invoice was approved.

Mr. Carr provided hard copies of the 7/1/2021 valuation reports for the Police and Fire plans.

Administrative Committee Elections

Ms. Shah reported that the Active and Retiree positions on the Fire, General and Police Plans are up for election this year. She noted the timeline would be similar to that of the election of the Investment Board members last year. There are 2 actions that require a Board vote at this time: first, to name the election official and second, to determine the most economic way to communicate with plan participants.

A motion was made by Mr. Hullender to appoint Jeffrey Norman as the election official. The motion was seconded by Mr. Berry. The motion unanimously carried and Jeffrey Norman was approved as the election official.

A motion was made by Mr. Hullender to send electronic communications to active employees and to send electronic communications as well as letters via USPS to retirees as the most

economical way to provide election information. The motion was seconded by Mr. Berry. The motion carried and the methodology was approved. Mr. Lewis opposed the methodology.

Mr. Lewis asked the record to reflect that he is opposed to active employees only getting electronic communications about the elections and felt that they preferred getting actual mail. Mr. Balla noted there is also an outreach campaign for active workers that includes signage so active employees would know to check their email.

VIII. OLD BUSINESS

Mr. Norman reported that SBA held a lunch and learn session at City Hall for which about 150 people registered. It was open to any participant in the pension plans and much information was shared about the plans as well as the online modeler. He added there will be more opportunities at City Hall as well as a separate meeting for the APS employees. Ms. Shah noted that SBA is working with Rosie Woods and the HR Business Partners to set up meetings at other locations

Mr. Berry asked if SBA was still planning a presentation on cyber security and Ms. Shah stated she is working with City IT to put something together for either the September or October meeting. SBA is also working with Ms. Cooper to provide training on valuation concepts for Board members.

IX. QUESTIONS AND COMMENTS FROM AUDIENCE

There were no questions from the audience.

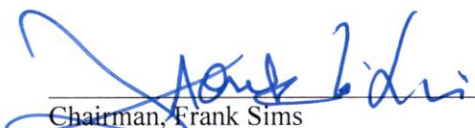
X. DATE OF NEXT MEETING

The next Board meeting will be held on August 17, 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 11:48 a.m. Chairman Sims called for adjournment.

Respectfully Submitted,



Chairman, Frank Sims

These minutes were adopted on AUGUST 17, 2022