CITY OF ATLANTA DEFINED BENEFIT PENSION INVESTMENT BOARD MEETING

May 17, 2023

Atlanta City Hall Committee Room 1

10:00 A.M – 12:00 P.M.

Investment Board Members

David Brand	Chairman	Present
Lisa Gordon	Vice-Chairman	Absent
Mohamed Balla	City of Atlanta, CFO	Present
Tarlesha Smith	City of Atlanta, HR Commissioner	Absent
Antonio Lewis	Atlanta City Council Member	Absent
Howard Shook	Atlanta City Council Member	Absent
Jason Winston	Atlanta City Council Member	Present
Alfred Berry, Jr.	General Employees' Pension Plan – City	Present
Lisa Bracken	General Employees' Pension Plan – APS	Present
Quentin Hutchins	General Employees' Pension Plan – APS	Present
Brent Hullender	Firefighters' Pension Plan	Present
Rick Light	Police Officers' Pension Plan	Present

Others Present

Mary Shah	Strategic Benefits Advisors
Lori Pocock	Strategic Benefits Advisors
Eric Dec	City of Atlanta, Legal
Youlanda Carr	City of Atlanta, Deputy CFO
Marlo Crossley	City of Atlanta, Finance
Pamela Goins	City of Atlanta, Finance
Fumnanya Johnson	City of Atlanta, Finance
Delisha Robinson	City of Atlanta, Finance
Agatha Hector	City of Atlanta, Pension Administration
Amanda Rouser	City of Atlanta, Pension Administration
Rosie Woods	City of Atlanta, Pension Administration
Donnie Beamer	City of Atlanta, Mayor's Office
John Robb	City of Atlanta, Firefighters
Russell Sykes	City of Atlanta, Firefighters
Ed Emerson	Morris, Manning & Martin
Kweku Obed	Marquette Associates
Alberto Rivera	Marquette Associates
Jeanette Cooper	Segal
Ben Kirkland	Segal
Benjamin Hymes	Legato
Damaris Rivera	Fairview Capital
Derek Batts	Union Heritage
Jason Simpson	Garcia Hamilton
Joseph McLane	Macquarie
Lauren Albanese	FIN News
William Roach	Globalt

I. CALL TO ORDER

Chairman Brand called the meeting to order at 10:14 a.m. Chairman Brand noted that a quorum was present for the meeting and the meeting was being held both in-person and via Webex Teleconference. It was also noted that Investment Managers were in attendance.

II. ADOPTION OF AGENDA

A motion was made by Mr. Hullender to approve the Agenda as presented. The motion was seconded by Mr. Winston. 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 April 19, 2023 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the April 19, 2023 Minutes, a motion was made by Mr. Winston to approve the Minutes as written. The motion was seconded by Mr. Hullender. The motion unanimously carried and the April Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Emerson presented information regarding Senate Bill 26, which includes an amendment to the Georgia Open Meetings Act. He noted that the proposed legislation would amend the Act to allow certain retirement boards to meet via teleconference and also to allow trustees attending a meeting virtually to count towards the required quorum. If a teleconference is used, the proposed legislation requires that the teleconference information be provided to the public so that members of the public can also attend remotely.

Following discussion of Senate Bill 26, the Board unanimously moved to amend the By-Laws of the Pension Investment Board, General Employees' Administrative Committee, Police Officers' Administrative Committee and Firefighters' Administrative Committee to allow meetings to be held via teleconference. The motion was seconded by Mr. Winston. The motion unanimously carried and the By-Law changes were approved.[1]

Mr. Emerson then presented information that had already been discussed with the three Administrative Committees regarding legal changes under SECURE Act 2.0 with respect to overpayments. He provided an overview of the new legal requirements under SECURE Act 2.0 and how they compare to the process that the Investment Board adopted last year to handle overpayments.

[1] Note that, following the meeting, it was determined that Senate Bill 26, as amended, was not passed by the Senate during the most recent legislative session and will not go into effect this year.

Under the overpayment recoupment process previously adopted by the Board, repayments are made over the lifetime of the payee based on actuarial computations. The SECURE Act 2.0 also allows for repayment over the lifetime of an individual, but requires that the recoupment stop once the full amount of the overpayment is recovered. Mr. Emerson noted that, although the certain requirements under SECURE Act 2.0 for overpayments are not applicable to governmental plans, the Administrative Committees all supported a change to the current overpayment recoupment process to stop recoupment once the overpayment amount has been recovered. He added that SBA has said it would be able to implement this change without issue.

Following discussion, a motion was made by Mr. Hullender to change the current overpayment process to stop recoupment of overpayments spread over the lifetime of the participant once the overpayment amount has been recovered. The motion was seconded by Mr. Berry. The motion unanimously carried and the overpayment process change was approved.

Mr. Emerson provided one last item for consideration by the Board. He noted that based on prior discussions, he has put together an RFP to consolidate actuarial consulting for the three pension plans. This is a change from the current situation where there is one actuary for the General Plan and a different one for the Police and Fire Plans. Mr. Emerson stated that Marquette could handle publication of the RFP.

Following discussion, a motion was made by Mr. Berry to authorize an RFP to consolidate actuarial consulting for the General Employees' Pension Plan, Police Officers' Pension Plan and Firefighters' Pension Plan. The motion was seconded by Mr. Hullender. The motion unanimously carried and the RFP was approved.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three Plans. He stated Year-to-Date, Month-to-Date and Fiscal-Year-to-Date returns are strong. In the Fixed Income asset class, there have been good MTD and YTD returns across all fixed income markets. There was a "flight to safety" in the markets after the recent banking issues which has been good for the Fixed Income assets.

Fixed income performance

April returns were positive across nearly all fixed income markets, continuing the performance rebound from 2022

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Index	Blm Aggregate	0.6	0.6	3.6	-0.4	-3.1	1.2	1.3
Intermediate Index	Blm Int. Gov./Credit	0.6	0.6	3.0	1.0	-1.5	1.6	1.3
Government Only Indices	Blm Long Gov.	0.5	0.5	6.7	-7.3	-11.7	0.1	1.1
	Blm Int. Gov.	0.5	0.5	2.8	0.6	-2.2	1.3	0.9
	Blm 1-3 Year Gov.	0.3	0.3	1.9	1.0	-0.8	1.2	0.8
	Blm U.S. TIPS	0.1	0.1	3.5	-4.0	0.9	3.0	1.4
Credit Indices	Blm U.S. Long Credit	0.9	0.9	6.3	-1.0	-4.4	1.6	2.5
	Blm High Yield	1.0	1.0	4.6	1.2	4.7	3.3	4.0
	CS Leveraged Loan Index	0.9	0.9	4.1	2.9	7.2	3.6	3.9
Securitized Bond Indices	Blm MBS	0.5	0.5	3.1	-0.9	-3.3	0.4	1.0
	Blm ABS	0.5	0.5	2.4	1.6	0.3	1.7	1.4
	Blm CMBS	0.8	0.8	2.6	-1.0	-1.3	1.7	1.7
Non-U.S. Indices	Blm Global Aggregate Hedged	0.5	0.5	3.4	-0.7	-2.5	1.1	1.9
	JPM EMBI Global Diversified	0.5	0.5	2.4	-0.9	-0.6	-0.2	1.8
	JPM GBI-EM Global Diversified	0.9	0.9	6.5	6.6	-0.1	-1.6	-1.8
Municipal Indices	Blm Municipal 5 Year	-0.5	-0.5	1.5	3.0	0.6	1.7	1.5
	Blm HY Municipal	0.6	0.6	3.3	-0.4	4.1	3.1	3.5

Source: Bloomberg Barclays, Credit Suisse, JPMorgan as of April 30, 2023. The local currency GBI index is hedged and denominated in U.S. dollars.

Mr. Obed noted that the US Equity markets had a solid month. He also noted that there was a start to a reversal of returns between Value and Growth equities. Marquette is looking to see where the economy is heading and noted the Plans were well diversified.

U.S. equity performance

Large cap indices continued market leadership in April

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	2.6	2.6	3.5	5.6	14.2	9.5	11.2
	Wilshire 5000	1.0	1.0	8.4	1.5	14.4	10.8	11.8
	Russell 3000	1.1	1.1	8.3	1.5	14.1	10.6	11.7
Large-Cap Market Indices	S&P 500	1.6	1.6	9.2	2.7	14.5	11.4	12.2
	Russell 1000	1.2	1.2	8.8	1.8	14.2	11.1	12.0
	Russell 1000 Value	1.5	1.5	2.5	1.2	14.4	7.7	9.1
	Russell 1000 Growth	1.0	1.0	15.5	2.3	13.6	13.8	14.5
Mid-Cap Market Indices	Russell Mid-Cap	-0.5	-0.5	3.5	-1.7	13.8	8.0	9.9
	Russell Mid-Cap Value	0.0	0.0	1.3	-3.5	15.8	6.4	8.7
	Russell Mid-Cap Growth	-1.4	-1.4	7.6	1.6	9.2	9.0	10.8
Small-Cap Market Indices	Russell 2000	-1.8	-1.8	0.9	-3.6	11.9	4.2	7.9
	Russell 2000 Value	-2.5	-2.5	-3.1	-8.0	15.4	3.7	7.0
	Russell 2000 Growth	-1.2	-1.2	4.8	0.7	7.8	4.0	8.4

Source: Bloomberg as of April 30, 2023

Mr. Obed discussed the Global Equity markets and noted they were also up YTD.

Global equity performance

Developed markets outperformed emerging markets in April

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	1.4	1.4	8.8	2.1	12.0	7.0	7.9
	MSCI ACWI ex. U.S.	1.7	1.7	8.7	3.0	9.7	2.5	4.0
Developed Markets Indices	MSCI EAFE	2.8	2.8	11.5	8.4	11.7	3.6	4.8
	MSCI EAFE Local	2.3	2.3	9.9	7.7	13.5	5.8	7.1
Emerging Markets Indices	MSCI Emerging Markets	-1.1	-1.1	2.8	-6.5	4.3	-1.0	1.8
	MSCI EM Local	-0.7	-0.7	3.1	-3.9	5.5	1.5	5.0
Small-Cap Market Indices	MSCI EAFE Small-Cap	2.0	2.0	7.0	-1.2	9.2	1.0	5.7
	MSCI EM Small-Cap	0.7	0.7	4.6	-5.7	15.8	2.0	3.0
Frontier Markets Index	MSCI Frontier	0.5	0.5	3.6	-14.8	5.8	-2.1	2.4

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that the General Plan was the beneficiary of strong market returns in April and is up 6.8% FYTD.

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 April 30, 2023.

MTD Performance (as of 4/30/2023)
Total Fund Composite: 0.2%
Total Fund Policy Benchmark: 0.7%

FYTD Performance (as of 4/30/2023)
Total Fund Composite: 6.8%
Total Fund Policy Benchmark: 6.1%

YTD Performance (as of 4/30/2023)
Total Fund Composite: 5.0%
Total Fund Policy Benchmark: 5.0%

Mr. Obed presented the top and bottom performers in the General Plan and noted that Growth and Value managers were beginning to change places due to their strategy. No changes are recommended at this time.

COA General Employees' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Channing SCV	2.1%	-3.1%	U.S. Equity
Brown	9.2%	6.2%	International Equity
Artisan	12.5%	11.5%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Legato SCG	1.8%	4.8%	U.S. Equity
Hardman Johnston	6.9%	8.7%	International Equity
Earnest SCC	-0.5%	0.9%	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 April 30, 2023. The Police Officers' Plan had similar results compared to the General Plan since they have similar allocation strategies. The Plan is up 7.1% FYTD.

MTD Performance (as of 4/30/2023)
Total Fund Composite: 0.4%
Total Fund Policy Benchmark: 0.7%

FYTD Performance (as of 4/30/2023)
Total Fund Composite: 7.1%
Total Fund Policy Benchmark: 6.8%

YTD Performance (as of 4/30/2023)
Total Fund Composite: 4.8%
Total Fund Policy Benchmark: 4.8%

Mr. Obed presented the top and bottom performers in the Police Plan and noted that Growth and Value managers were beginning to change places due to their strategy. No changes are recommended at this time.

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	9.2%	6.2%	International Equity
Artisan	12.5%	11.5%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Hardman Johnston	6.9%	8.7%	International Equity
Earnest SCC	-0.1%	0.9%	U.S. Equity

Performance Overview – Firefighters' 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 April 30, 2023. He noted the Firefighters' Plan returns are slightly less than the General and Police Plans due to the termination of a Large Cap Growth manager. The Plan is up 6.1% FYTD.

MTD Performance (as of 4/30/2023)
Total Fund Composite: 0.3%
Total Fund Policy Benchmark: 0.6%

FYTD Performance (as of 4/30/2023)
Total Fund Composite: 6.1%
Total Fund Policy Benchmark: 5.7%

YTD Performance (as of 4/30/2023)
Total Fund Composite: 4.6%
Total Fund Policy Benchmark: 4.5%

Mr. Obed presented the top and bottom performers in the Fire Plan and noted that Growth and Value managers were beginning to change places due to their strategy. No changes are recommended at this time.

COA Firefighters' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	9.2%	6.2%	International Equity
Ativo	10.7%	8.7%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Hardman Johnston	6.9%	8.7%	International Equity
Earnest SCC	-0.1%	0.9%	U.S. Equity

Mr. Obed also provided an update on Consequent in Executive Session.

A motion was made by Mr. Hullender at 10:36 a.m. to enter Executive Session to discuss the Consequent investment. The motion was seconded by Mr. Winston. The motion unanimously carried and the Investment Board entered Executive Session.

A motion was made by Mr. Hullender at 10:40 a.m. to exit Executive Session. The motion was seconded by Mr. Berry. The motion unanimously carried and the Investment Board exited Executive Session.

VII. NEW BUSINESS

Special Election for Firefighters' Retiree Representative

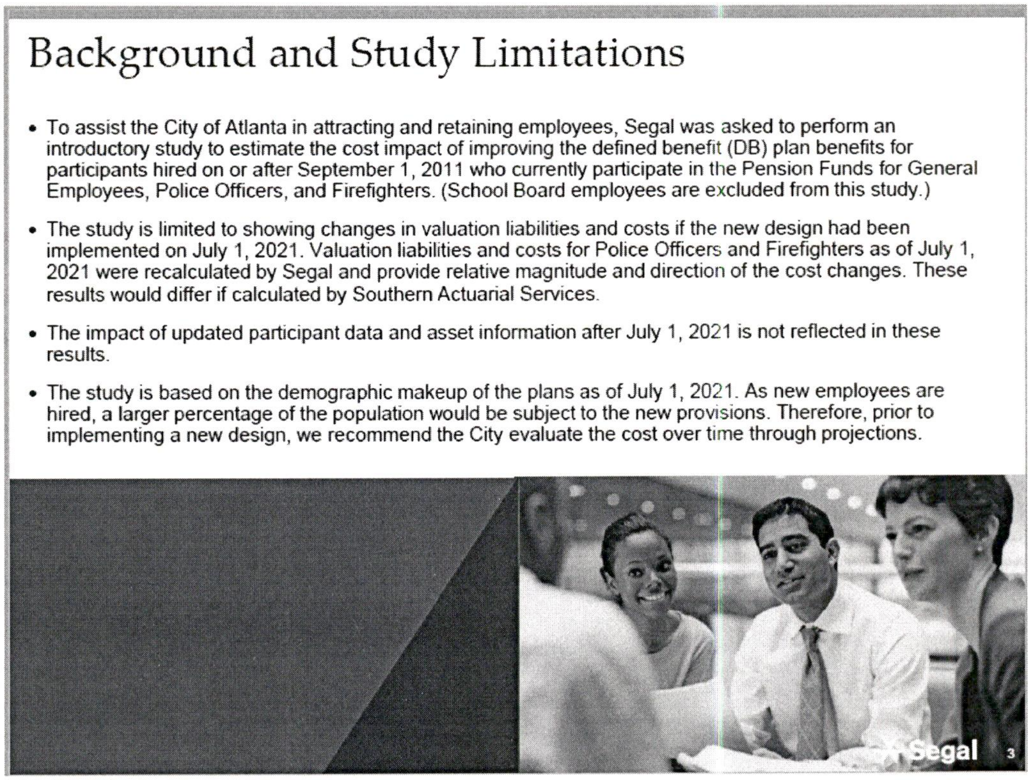
Ms. Shah updated the Board that the retiree representative on the Firefighters' Administrative Committee has resigned, so a special election will need to be held to replace him. He had a three-year term that started January 1 this year, which will end 12/31/2025. In order to hold a special election, SBA will send a mailing to retirees announcing the election and requesting that anyone who would like to run submit their resumes so they can be added to the slate of candidates. SBA is proposing this period run from June 5 to June 19, which will allow time for the list to be presented to the Board at the June 21 meeting. This Board will also need to designate an election official, which is usually the HR Commissioner.

A motion was made by Mr. Hullender to authorize a special election for the retiree representative on the Firefighters' Administrative Committee and to designate Tarlesha Smith, HR Commissioner, as the Election Official. The motion was seconded by Mr. Berry. The motion unanimously carried and the special election and Election Official were approved.

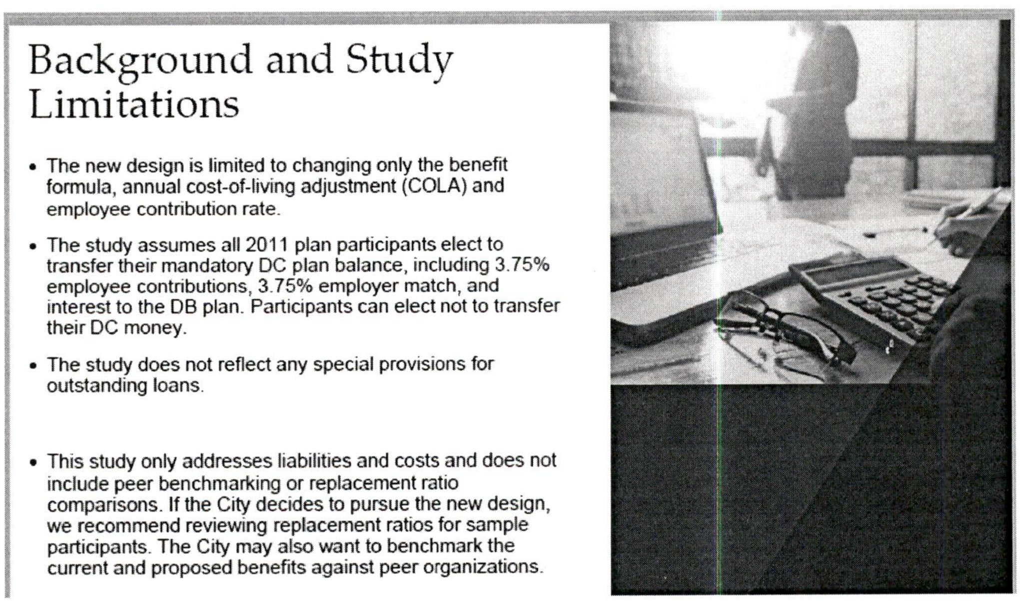
Mr. Hutchins entered the meeting at 10:47 and Mr. Winston left the meeting at that time.

Actuary Report - Segal

Ms. Cooper gave an update on the Pension Design Study recently completed by Segal.



The study was limited to exploring the cost for three plan design changes: benefit formula, annual cost of living adjustment (COLA) and employee contribution rate.



Ms. Cooper discussed the populations in each Plan.

Demographics for 2011 Active Participants

All Three Pension Funds

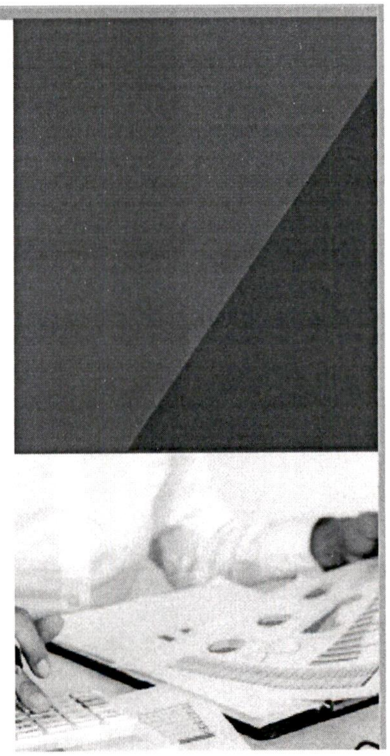
The chart below shows the demographic information for active participants who were hired on or after September 1, 2011.

	Description	General Employees	Police Officers	Firefighters	Total All Plans
1	Count	2,266	718	362	3,346
2	Average age	41.68	33.19	32.78	38.90
3	Average service	3.95	4.54	5.15	4.21
4	Average payroll	$44,607	$53,206	$48,422	$46,865
5	Total payroll	$101,078,780	$38,202,053	$17,528,748	$156,809,581

Ms. Cooper reviewed the proposed changes to the Plans.

Proposed Plan Changes for 2011 Participants

- DB Benefit formula
  - Current: 1.0% x 120-month highest consecutive average earnings x service
  - Proposed: [(1.6% for the first 10 years of service) + (2.0% for the next 10 years of service) + (2.4% for the next 14 years and 2 months of service)] x 60-month highest consecutive average earnings
- DB COLA
  - Current: annual increase on January 1 based on CPI as of the preceding November 1, limited to 1.0%
  - Proposed: annual increase on January 1 based on CPI as of the preceding November 1, limited to 2.5%
- Application of Proposed Benefit Formula and COLA to DB Benefits Previously Earned
  - Since all participants are assumed to transfer their mandatory DC balance, the benefit formula and COLA apply to all service and the benefit is calculated including all prior service
  - Open issue for those who choose not to transfer their mandatory DC balance



Proposed Plan Changes for 2011 Participants

- DB Employee Contributions
  - Current: 8.00% of base salary
  - Proposed: 11.75% of base salary
- DC Employee Contributions
  - Current: mandatory 3.75%, elective up to IRS limit
  - Proposed: no mandatory contributions, elective up to IRS limit
- DC Employer Match
  - Current: 100% match on 3.75% mandatory employee contributions, 100% match on first 4.25% of elective employee contributions with total maximum match of 8.00%
  - Proposed: no match
- To offset the cost of the improved DB benefits, mandatory employee contributions of 3.75% would instead be made to the DB plan, thereby increasing the DB employee contribution rate from 8.00% to 11.75%.
- In recognition of the higher employer cost to the DB plan, the DC plan employer match would be eliminated
- Under both the current and proposed plans, the mandatory employee contribution rate in total remains at 11.75%.

Mr. Light asked, for employees who elected to put the additional 4.25% into the DC plan, whether those funds stay in the DC plan and Ms. Cooper stated those funds would remain where they are. Mr. Berry asked if there was a different rate for married employees and Ms. Cooper replied that in the 2011 plan, everyone contributes at the same 8% rate and if spouse coverage is elected at retirement, there is an actuarial reduction to the monthly benefit.

Mr. Kirkland presented the results of the study: the projected one-year cost impact for each plan. He noted that in the charts below for each plan, Column A represented the current valuation results based on the current plan design. Column B represented the estimated increased cost to the City if just the benefit formula was changed as presented. Column C represented the estimated increased cost to the City if both the benefit formula and COLA was changed as presented.

One-Year Cost Impact
General

The following chart provides the estimated impact of the proposed design changes based on the July 1, 2021 valuation results. The design change columns include an 11.75% contribution rate and a transfer of mandatory DC contributions with employer match and interest.

	Description	(A) July 1, 2021 Valuation Results	(B) July 1, 2021 Results with Benefit Formula Change	(C) July 1, 2021 Results with Benefit Formula and COLA Changes
1	Actuarial Accrued Liability (AAL)	$1,981,486,815	$2,014,717,012	$2,021,279,362
2	Actuarial Value of Assets (AVA)	1,435,548,631	1,462,596,172	1,462,596,172
3	Unfunded Actuarial Accrued Liability (UAAL) [(1) - (2)]	545,938,184	552,120,840	558,683,190
4	Total Normal Cost	24,787,333	30,796,570	31,822,642
5	Administrative Expenses	1,311,700	1,311,700	1,311,700
6	Expected Employee Contributions	-19,008,575	-22,799,030	-22,799,030
7	Employer Normal Cost	7,090,458	9,309,240	10,335,312
8	Payment on UAAL	38,271,488	38,704,906	39,164,942
9	**Total Recommended Contribution adjusted for Timing [(7) + (8) + Interest]**	**$48,330,445**	**$51,156,206**	**$52,739,565**
10	Recommended Contribution as a % of Projected Payroll	24.72%	26.17%	26.98%
11	Projected Payroll	$195,511,200	$195,511,200	$195,511,200
12	Funded Ratio – AVA Basis	72.45%	72.60%	72.36%
13	Funded Ratio – MVA Basis*	84.39%	84.34%	84.06%

*Based on market value of assets of $1,672,138,000 as of July 1, 2021 prior to DC plan balance transfer; $1,699,185,541 with DC plan balance transfer.

Segal 8

One-Year Cost Impact
Police Officers

The following chart provides the estimated impact of the proposed design changes based on the July 1, 2021 valuation results. The design change columns include an 11.75% contribution rate and a transfer of mandatory DC contributions with employer match and interest.

	Description	(A) July 1, 2021 Valuation Results as Calculated by Segal	(B) July 1, 2021 Results with Benefit Formula Change	(C) July 1, 2021 Results with Benefit Formula and COLA Changes
1	Actuarial Accrued Liability (AAL)	$1,532,970,179	$1,549,506,547	$1,553,613,458
2	Actuarial Value of Assets (AVA)	1,293,422,842	1,305,036,444	1,305,036,444
3	Unfunded Actuarial Accrued Liability (UAAL) [(1) - (2)]	239,547,337	244,470,103	248,577,014
4	Total Normal Cost	20,411,568	23,128,785	23,757,181
5	Administrative Expenses	715,750	715,750	715,750
6	Expected Employee Contributions	-11,510,089	-12,940,058	-12,940,058
7	Employer Normal Cost	9,617,229	10,904,477	11,532,873
8	Payment on UAAL	16,792,804	17,137,901	17,425,805
9	**Total Recommended Contribution adjusted for Timing [(7) + (8) + Interest]**	**$28,138,313**	**$29,877,479**	**$30,853,742**
10	Recommended Contribution as a % of Projected Payroll	25.82%	27.42%	28.31%
11	Projected Payroll	$108,971,111	$108,971,111	$108,971,111
12	Funded Ratio – AVA Basis	84.37%	84.22%	84.00%
13	Funded Ratio – MVA Basis*	97.96%	97.66%	97.40%

*Based on market value of assets of $1,501,624,000 as of July 1, 2021 prior to DC plan balance transfer; $1,513,237,602 with DC plan balance transfer.

Segal 9

One-Year Cost Impact

Firefighters

The following chart provides the estimated impact of the proposed design changes based on the July 1, 2021 valuation results. The design change columns include an 11.75% contribution rate and a transfer of mandatory DC contributions with employer match and interest.

	Description	(A) July 1, 2021 Valuation Results as Calculated by Segal	(B) July 1, 2021 Results with Benefit Formula Change	(C) July 1, 2021 Results with Benefit Formula and COLA Changes
1	Actuarial Accrued Liability (AAL)	$985,720,015	$993,930,362	$996,029,522
2	Actuarial Value of Assets (AVA)	798,950,600	804,842,382	804,842,382
3	Unfunded Actuarial Accrued Liability (UAAL) [(1) - (2)]	186,769,415	189,087,980	191,187,140
4	Total Normal Cost	10,940,495	12,242,669	12,564,681
5	Administrative Expenses	511,250	511,250	511,250
6	Expected Employee Contributions	-5,733,566	-6,388,967	-6,388,967
7	Employer Normal Cost	5,718,179	6,364,952	6,686,964
8	Payment on UAAL	13,092,954	13,255,491	13,402,646
9	**Total Recommended Contribution adjusted for Timing [(7) + (8) + Interest]**	**$20,042,138**	**$20,904,409**	**$21,404,280**
10	Recommended Contribution as a % of Projected Payroll	37.93%	39.56%	40.51%
11	Projected Payroll	$52,842,817	$52,842,817	$52,842,817
12	Funded Ratio – AVA Basis	81.05%	80.98%	80.81%
13	Funded Ratio – MVA Basis*	94.22%	94.03%	93.83%

*Based on market value of assets of $928,729,000 as of July 1, 2021 prior to DC plan balance transfer; $934,620,782 with DC plan balance transfer.

Segal 10

He also presented a chart that showed the estimated impact when the costs for the three plans were combined.

One-Year Cost Impact

All Three Pension Funds

The following chart provides the estimated impact of the proposed design changes based on the July 1, 2021 valuation results. The design change columns include an 11.75% contribution rate and a transfer of mandatory DC contributions with employer match and interest.

	Description	(A) July 1, 2021 Valuation Results as Calculated by Segal	(B) July 1, 2021 Results with Benefit Formula Change	(C) July 1, 2021 Results with Benefit Formula and COLA Changes
1	Actuarial Accrued Liability (AAL)	$4,500,177,009	$4,558,153,921	$4,570,922,342
2	Actuarial Value of Assets (AVA)	3,527,922,073	3,572,474,998	3,572,474,998
3	Unfunded Actuarial Accrued Liability (UAAL) [(1) - (2)]	972,254,936	985,678,923	998,447,344
4	Total Normal Cost	56,139,396	66,168,024	68,144,504
5	Administrative Expenses	2,538,700	2,538,700	2,538,700
6	Expected Employee Contributions	-36,252,230	-42,128,055	-42,128,055
7	Employer Normal Cost	22,425,866	26,578,669	28,555,149
8	Payment on UAAL	68,157,246	69,098,298	69,993,393
9	**Total Recommended Contribution adjusted for Timing [(7) + (8) + Interest]**	**$96,510,896**	**$101,938,094**	**$104,997,587**
10	Recommended Contribution as a % of Projected Payroll	27.01%	28.53%	29.38%
11	Projected Payroll	$357,325,128	$357,325,128	$357,325,128
12	Funded Ratio – AVA Basis	78.40%	78.38%	78.16%
13	Funded Ratio – MVA Basis*	91.16%	90.98%	90.73%

*Based on market value of assets of $4,102,491,000 as of July 1, 2021 prior to DC plan balance transfer; $4,147,043,925 with DC plan balance transfer.

Segal 11

Mr. Kirkland stated in summary that changing just the plan formula would be an approximately 1.5% estimated increase over current cost for the three plans. When the COLA was factored in, there would be an estimated increase of 2.5% in cost. He noted that these cost increases would be somewhat offset with the elimination of the employer match in the DC plan. The match elimination would completely offset that formula change and provide some additional offset to the COLA change.

Comments on One-Year Cost Impact

- As shown on the previous slides, if the proposed benefit formula is adopted and the COLA is unchanged, the increase in the DB employer contribution as a percent of payroll ranges from 1.45% (General) to 1.63% (Fire) with the increase for all three plans equaling 1.52%.
- If both the proposed benefit formula and COLA are adopted, the increase in the DB employer contribution as a percent of payroll ranges from 2.26% (General) to 2.58% (Fire) with the increase for all three plans equaling 2.37%
- The increase in the DB employer cost would be offset by the elimination of the employer match in the DC plan. Currently the DC employer cost is somewhere between 3.75% and 8.00%. This cost only applies to participants hired on or after September 1, 2011.
- The estimated total increase in the contribution for all three plans if the proposed benefit formula is adopted and the COLA is unchanged, is roughly 3.46% of the compensation attributable to participants hired on or after September 1, 2011.
- The estimated total increase in the contribution for all three plans if both the proposed benefit formula and COLA are adopted, is roughly 5.41% of the compensation attributable to participants hired on or after September 1, 2011.

Mr. Kirkland presented the impact on liabilities for the proposed changes. Mr. Balla asked why the COLA change was being considered and Ms. Cooper noted that long term, inflation has been in the 2.5 to 2.75% range. For people hired prior to 2011, their COLA cap is 3%.

Impact on Liabilities and Normal Cost for 2011 Active Participants

All Three Pension Funds

The following chart shows liabilities and normal costs before and after the proposed changes for active participants hired on or after September 1, 2011, as well as the percentage increases. This helps illustrate the long-term impact of the proposed design.

	Description	(A) July 1, 2021 Valuation Results as Calculated by Segal	(B) July 1, 2021 Results with Benefit Formula Change	Percentage Increase from (A) to (B)	(C) July 1, 2021 Results with Benefit Formula and COLA Changes	Percentage Increase from (A) to (C)
1	Present Value of Future Benefits (PVB)	$197,319,119	$383,804,938	94.51%	$423,220,225	114.49%
2	Entry Age Actuarial Accrued Liability (AAL)	60,207,968	118,184,880	96.29%	130,953,301	117.50%
3	Present Value of Accrued Benefits (PVAB)	49,770,855	93,288,725	87.44%	93,735,911	88.33%
4	Total Entry Age Normal Cost	11,009,128	21,037,755	91.09%	23,014,235	109.05%
5	Expected Employee Contributions	-12,544,766	-18,425,126	46.88%	-18,425,126	46.88%
6	Net Normal Cost [(4) – (5)]	-1,535,638	2,612,629	N/A	4,589,109	N/A

Mr. Kirkland noted the study was limited to the changes listed above, but this could be a good opportunity to look at all plan provisions to determine if other changes should be considered.

Other Potential Design Changes

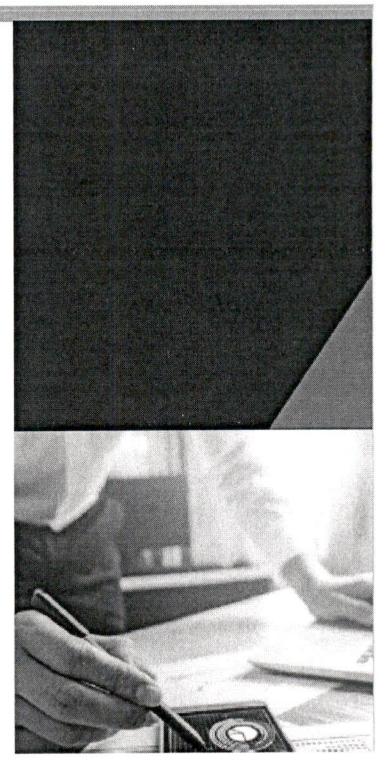
- Accelerate the DB vesting schedule for participants hired after July 1, 2010
  - Current:
    - Participants hired prior to July 1, 2010 vest over 10 years, with 25% vesting at 5 years, increasing 5% per year until reaching 45% at 9 years, followed by 100% at 10 years
    - Participants hired after July 1, 2010 vest over 15 years, with 25% vesting at 5 years, increasing 5% per year until reaching 70% at 14 years, followed by 100% at 15 years
- Change the interest crediting rate on employee contributions in the DB plan, currently at 5% for both active and terminated employees
  - Eliminate interest crediting after termination (or 3 months after termination to allow for administrative delay)
  - Tie interest crediting rate to an outside index
- Accelerate the vesting schedule associated with the mandatory employer match transferred from the DC plan to the DB plan. Currently the DC match is vested at 20% per year until 100% is reached after 5 years. (See Additional Considerations on Slide 20.)

Other Potential Design Changes

- Sick Leave - Consider changing the earnings definition used in the determination of final average earnings and the calculation of creditable service to include all or a portion of unused sick leave. Sick leave is currently factored into the benefits only of those participants hired prior to September 1, 2011
- Other possible changes
  - Retirement eligibility
  - Early retirement reductions
  - Death benefits
  - Disability benefits
  - Allow service purchase
  - Annuity options at retirement
  - Treatment of accumulated vacation pay

Mr. Kirkland and Ms. Cooper provided additional considerations when evaluating the proposed design changes.

Additional Considerations



- Employee contributions in the DB plan:
  - If the interest crediting rate on employee contributions is lowered, what, if any, grandfathering needs to occur?
  - Does the answer change if interest is eliminated (say for terminated participants)
  - Which changes can only apply to future participants?
- Transferring balances to the DB plan:
  - Determining any limitations connected with the transfer of DC balances from the 401(a) plan to the DB plan
  - Does the employer match become employee money once transferred to the DB plan and would therefore be 100% vested? Is not, is there an option to do this to encourage the transfer?
  - Participants with outstanding loans
    - Can nominal account balances be rolled over (balance that reflects outstanding loan amount)?
    - Can repayment be made to the DB plan? If so, what repayment options are available?
    - What if loan is not repaid upon termination of employment or retirement?

Additional Considerations

- Participants Choosing Not to Transfer DC Balances
- Can a different DB formula and/or COLA apply to service prior to the plan change date for participants who don't roll over their DC mandatory balances?
  - One option is leaving current plan formula in place for service through the date of plan change (1% formula with 120-month final average salary and CPI COLA not to exceed 1%). New formula would then begin on plan change date. As part of this, would 1.6% multiplier apply for first 10 years after change date or would participant get credit for prior service to move to higher multiplier sooner?
  - Any non-uniform application of benefit formula would need review by legal counsel
  - Administration also needs to be considered if plan needs to maintain multiple designs for a given group of participants
- Ongoing DC Plan
- Can participants continue to have elective contributions to the 457 plan?
- What happens to balances remaining in the 401(a) plan?
- Will loans options continue for remaining balance?

After further discussion, a motion was made by Mr. Hullender to form a working group to consider the proposed plan design changes. The motion was seconded by Mr. Light. The motion unanimously carried and the working group was approved.

VIII. OLD BUSINESS

There was no Old Business to discuss this month.

IX. QUESTIONS AND COMMENTS FROM AUDIENCE

There were no questions or comments at this time.

X. DATE OF NEXT MEETING

The next Board meeting will be held on Wednesday, June 21, 2023. 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 11:27 a.m. Chairman Brand called for adjournment.

Respectfully Submitted,

David Brand, Chairman

These minutes were adopted on June 21, 2023