CITY OF ATLANTA DEFINED BENEFIT PENSION INVESTMENT BOARD MEETING
June 21, 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	Present
Antonio Lewis	Atlanta City Council Member	Present
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	Absent
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
Tiffany Jones	City of Atlanta, Finance
Beryl Taylor	City of Atlanta, Finance
Michael Naftaniel	City of Atlanta Employee Benefits Director
Amanda Rouser	City of Atlanta, Pension Administration
Rosie Woods	City of Atlanta, Pension Administration
Donnie Beamer	City of Atlanta, Mayor's Office
Chelsea Deppert	Morris, Manning & Martin
Ed Emerson	Morris, Manning & Martin
Kweku Obed	Marquette Associates
Alberto Rivera	Marquette Associates
Jeanette Cooper	Segal
Ben Kirkland	Segal
Chuck Carr	Southern Actuarial
Benjamin Hymes	Legato
Damaris Rivera	Fairview Capital
Diamonik Lunsford	Garcia Hamilton
Joseph McLane	Macquarie
Lauren Albanese	FIN News
William Roach	Globalt
Marlon Kimpson	Motley Rice Law Firm

I. CALL TO ORDER

Chairman Brand called the meeting to order at 10:08 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. Hutchins. 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 17, 2023 regularly scheduled meeting, which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the May 17, 2023 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 May Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Emerson presented additional information regarding Senate Bill 26. The Bill had originally passed the State Senate, which then sent the Bill to the House of Representatives for approval. The House of Representatives amended the Bill and sent it back to the Senate for approval. However, the revised Bill did not get approved before the end of the legislative session and was therefore not sent to the Governor for signature. Accordingly, the Bill will not go into effect.

Mr. Dec did not have anything to present from the City Law Department.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three Plans. He noted that June has so far been a decent month for the portfolios as we are closing in on the end of the fiscal year.

He did note that May was a challenging month in the market due to the debt ceiling discussions. If a deal had not been reached, a default would have been catastrophic.

Fixed income performance

Fixed income indices posted negative returns in May as rates rose; performance remains positive year to date

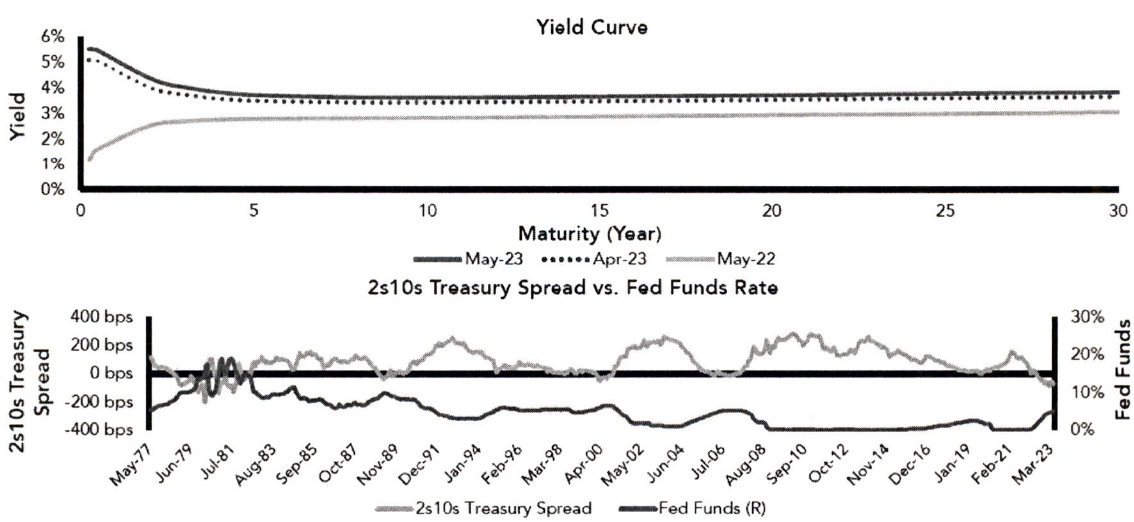
		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Index	Blm Aggregate	-1.1	-0.5	2.5	-2.1	-3.6	0.8	1.4
Intermediate Index	Blm Int. Gov./Credit	-0.7	-0.1	2.2	-0.5	-2.0	1.4	1.4
Government Only Indices	Blm Long Gov.	-2.8	-2.3	3.7	-8.1	-12.0	-0.8	1.5
	Blm Int. Gov.	-0.7	-0.2	2.0	-0.8	-2.5	1.0	0.9
	Blm 1-3 Year Gov.	-0.3	-0.1	1.5	0.0	-0.9	1.0	0.8
	Blm U.S. TIPS	-1.2	-1.1	2.2	-4.2	0.4	2.6	1.7
Credit Indices	Blm U.S. Long Credit	-2.7	-1.8	3.5	-4.5	-5.7	1.0	2.8
	Blm High Yield	-0.9	0.1	3.6	0.0	2.9	3.1	4.0
	CS Leveraged Loan Index	-0.1	0.9	4.0	5.5	5.9	3.6	3.8
Securitized Bond Indices	Blm MBS	-0.7	-0.2	2.3	-2.7	-3.6	0.1	1.1
	Blm ABS	-0.3	0.2	2.0	1.0	-0.2	1.6	1.5
	Blm CMBS	-0.6	0.2	1.9	-1.8	-1.9	1.4	1.8
Non-U.S. Indices	Blm Global Aggregate Hedged	-0.4	0.1	3.0	-0.9	-2.7	1.0	2.0
	JPM EMBI Global Diversified	-0.6	0.0	1.8	-1.5	-2.7	-0.1	2.1
	JPM GBI-EM Global Diversified	-1.6	-0.7	4.8	3.1	-2.3	-0.9	-1.3
Municipal Indices	Blm Municipal 5 Year	-1.0	-1.4	0.5	0.4	-0.7	1.3	1.5
	Blm HY Municipal	-0.7	-0.1	2.6	-2.2	2.5	2.5	3.4

Source: Bloomberg, Credit Suisse, JPMorgan as of May 31, 2023. The local currency GBI index is hedged and denominated in U.S. dollars.

Mr. Obed stated that the yield curve shifted up slightly in May compared to April.

U.S. Treasury yield curve and steepness

The yield curve shifted upwards in May as rates rose across the curve; short-dated rates increased the most amid Fed hike expectations



Source: Federal Reserve as of May 31, 2023

Mr. Obed noted that the US Equity markets continued to see growth stocks dominate compared to last year when value stocks dominated. YTD, many segments are positive.

U.S. equity performance

Value continued to struggle as large-caps led in May

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	-3.2	-0.7	0.2	2.0	11.3	8.5	10.6
	Wilshire 5000	0.4	1.5	8.9	2.1	12.6	10.3	11.6
	Russell 3000	0.4	1.5	8.7	2.0	12.2	10.1	11.5
Large-Cap Market Indices	S&P 500	0.4	2.0	9.6	2.9	12.9	11.0	12.0
	Russell 1000	0.5	1.7	9.3	2.4	12.5	10.6	11.8
	Russell 1000 Value	-3.9	-2.4	-1.4	-4.5	11.6	6.8	8.4
	Russell 1000 Growth	4.6	5.6	20.8	9.5	12.8	13.8	14.8
Mid-Cap Market Indices	Russell Mid-Cap	-2.8	-3.3	0.6	-4.5	10.2	6.9	9.3
	Russell Mid-Cap Value	-4.4	-4.4	-3.2	-9.5	12.3	5.2	8.0
	Russell Mid-Cap Growth	0.1	-1.4	7.6	5.8	5.8	8.2	10.6
Small-Cap Market Indices	Russell 2000	-0.9	-2.7	0.0	-4.7	9.2	2.7	7.4
	Russell 2000 Value	-2.0	-4.4	-5.0	-11.5	13.6	2.1	6.4
	Russell 2000 Growth	0.0	-1.1	4.9	2.7	4.6	2.7	7.9

Source: Bloomberg as of May 31, 2023

Mr. Obed discussed the Global Equity markets and noted they were volatile due to the US debt discussions.

Global equity performance

Both developed and emerging markets gave back some of their year-to-date gains in May

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	-1.1	0.4	7.7	0.9	10.1	6.8	7.8
	MSCI ACWI ex. U.S.	-3.6	-2.0	4.8	-1.4	7.2	2.2	3.8
Developed Markets Indices	MSCI EAFE	-4.2	-1.5	6.8	3.1	8.5	3.2	4.6
	MSCI EAFE Local	-1.6	0.7	8.2	6.2	11.4	5.6	6.9
Emerging Markets Indices	MSCI Emerging Markets	-1.7	-2.8	1.1	-8.5	3.5	-0.7	1.9
	MSCI EM Local	-1.0	-1.7	2.0	-4.7	5.0	1.8	4.8
Small-Cap Market Indices	MSCI EAFE Small-Cap	-4.2	-2.2	2.6	-4.7	5.2	0.3	5.5
	MSCI EM Small-Cap	1.1	1.8	5.7	-3.0	15.3	2.6	3.2
Frontier Markets Index	MSCI Frontier	-0.6	-0.1	3.0	-9.6	3.6	-0.3	1.9

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that the General Plan was slightly negative this month, but outperformed the benchmark.

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, 2023.

MTD Performance (as of 5/31/2023)
Total Fund Composite: -1.2%
Total Fund Policy Benchmark: -1.3%

FYTD Performance (as of 5/31/2023)
Total Fund Composite: 5.5%
Total Fund Policy Benchmark: 4.6%

YTD Performance (as of 5/31/2023)
Total Fund Composite: 3.7%
Total Fund Policy Benchmark: 3.6%

Mr. Obed presented the top and bottom performers in the General Plan. No changes are recommended at this time.

COA General Employees' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Channing SCV	1.7%	-5.0%	U.S. Equity
Brown	7.5%	3.3%	International Equity
Artisan	8.8%	6.8%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Legato SCG	1.4%	4.9%	U.S. Equity
Hardman Johnston	2.0%	4.8%	International Equity
Union Heritage	8.0%	9.6%	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, 2023. The Police Officers' Plan had similar results compared to the General Plan since they have similar allocation strategies.

MTD Performance (as of 5/31/2023)
Total Fund Composite: -1.7%
Total Fund Policy Benchmark: -1.7%

FYTD Performance (as of 5/31/2023)
Total Fund Composite: 5.3%
Total Fund Policy Benchmark: 5.0%

YTD Performance (as of 5/31/2023)
Total Fund Composite: 3.1%
Total Fund Policy Benchmark: 3.1%

Mr. Obed presented the top and bottom performers in the Police Plan. No changes are recommended at this time.

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	7.5%	3.3%	International Equity
Artisan	8.8%	6.8%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Hardman Johnston	2.0%	4.8%	International Equity
Macquarie SCC	-1.4%	0.0%	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 May 31, 2023. He noted the Firefighters' Plan was also slightly negative for the month like the Police and General Plans.

MTD Performance (as of 5/31/2023)
Total Fund Composite: -1.4%
Total Fund Policy Benchmark: -1.4%

FYTD Performance (as of 5/31/2023)
Total Fund Composite: 4.6%
Total Fund Policy Benchmark: 4.2%

YTD Performance (as of 5/31/2023)
Total Fund Composite: 3.2%
Total Fund Policy Benchmark: 3.0%

Mr. Obed presented the top and bottom performers in the Fire Plan. No changes are recommended at this time.

COA Firefighters' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	7.5%	3.3%	International Equity
Ativo	6.9%	4.8%	International Equity

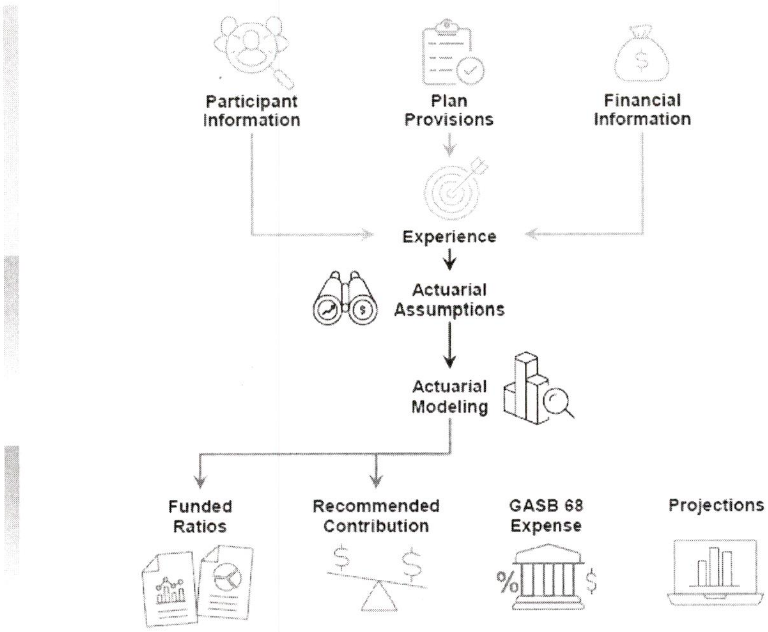
Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Hardman Johnston	1.9%	4.8%	International Equity
Intercontinental	-3.8%	-3.3%	U.S. Real Estate

VII. NEW BUSINESS

Actuary Report for General Employees and APS - Segal

Mr. Kirkland presented the Pension Annual Review completed by Segal for Atlanta Public Schools. He began with an overview of the valuation process.

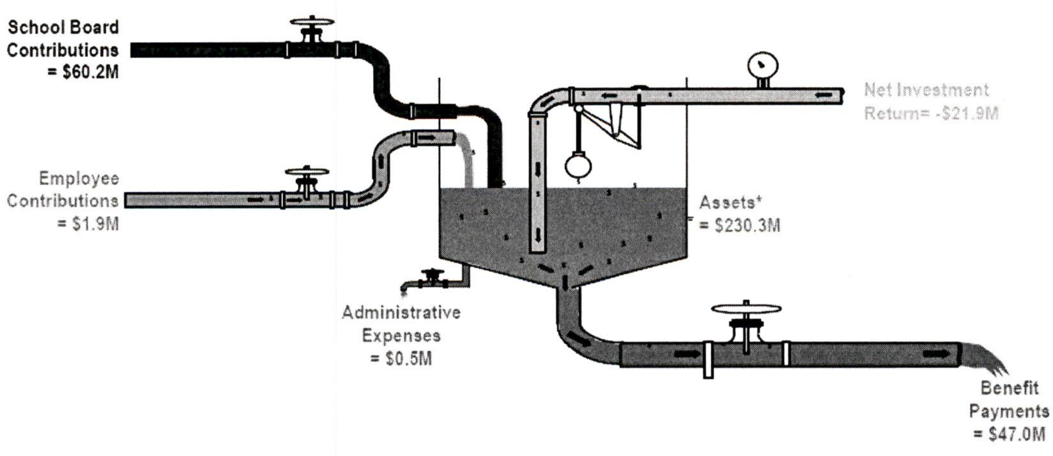
Actuarial Valuation Overview



He next presented a high-level review of the cash flow for the plan for the fiscal year of July 1, 2021 to June 30, 2022.

2021-2022 Cash Flows

The chart below shows the audited cash flows of the City's Plan for the period July 1, 2021 through June 30, 2022.



Cash flows and net investment return of -8.9% for the period July 1, 2021 to June 30, 2022 decreased the Market Value of Assets from $237.6M to $230.3M

*Market Value of Assets (MVA); Actuarial Value of Assets as of July 1, 2022 is $246.3M (106.9% of MVA).

Mr. Kirkland pointed out that there has been an approximate decline of 5% in active members as well as annuitants. This points to the plan becoming more mature.

Data Summary

As of July 1	2022	2021	Change
Active Members			
Number	757	799	-5.3%
Total Pay	$25.2M	$24.9M	+1.0%
Average Pay	$33,228	$31,157	+6.6%
Average Age	50.5	49.8	+0.7years
Average Service	9.9	9.7	+0.2 years
Annuitants (Retirees and Beneficiaries)			
Number	1,627	1,713	-5.0%
Average Monthly Payment	$2,353	$2,293	+2.6%
Inactive Participants			
Number of Vested Terminated Participants	44	33	+33.3%
Number of Inactive Participants due a Refund	306	231	+32.5%

Mr. Kirkland summarized the highlights and noted that the plan should be fully funded by 2028 due to mandated employer funding. He also noted that while assets actually declined just under 9% due to market conditions, the use of smoothing over 5 years gave a rate of return just over 6%.

Pension Plan Highlights

- The funding policy adopted on June 2, 2014 increases the FY'14 contribution 3% per year until the plan is fully funded.
  - Under this policy, the recommended or actuarially determined contribution (ADC) for the period July 1, 2023 to June 30, 2024 (FY'24) is $63.8 million.
  - The effective amortization period decreased 0.9 years from 5.9 last year to 5.0 this year.
  - Thus, we expect assets to exceed liabilities in about 5.0 years during FY'28*.
  - If the School Board contributes $63.8 million annually (instead of increasing 3% above the prior year's contribution), the effective amortization period would be about 5.3 years.
- The rate of return on a market value basis was -8.9% for the year ended June 30, 2022.
  - The investment rate of return on an actuarial ("smoothed") basis was 6.3% primarily as a result of recognizing a portion of the 2019, 2020 and 2022 market losses, partially offset by recognizing a portion of the 2018 and 2021 market gains.
  - Since the actuarial rate of return was less than the valuation's assumed annual rate of return of 7.00%, there was an investment loss of about $1.5 million.
  - The smoothed actuarial value of assets is 106.9% of the market value of assets as of the valuation date. Thus, there are about $16.0 million in deferred losses that will be recognized over the next 4 years.

Valuation based on data and assets as of June 30, 2022

* Assumes long-term actuarial rate of return (i.e., discount rate) used to determine liability remains 7.00% and all other experience matches the actuarial assumptions.

Segal 7

Mr. Kirkland gave additional details on the Plan.

Pension Plan Highlights

- There was an administrative expense loss of $0.3 million and a liability gain of $0.6 million. On a combined basis, the non-investment gain of $0.3 million represents less than 0.1% of the actuarial accrued liability (AAL). This is not significant.
- The unfunded actuarial accrued liability (UAAL) decreased about $36.9 million (details shown on Slide 10).
- Accordingly, the funded percentage on an actuarial value basis increased from 42.22% last year to 48.57%. On a market value basis, the funded percentage decreased from 46.12% last year to 45.42% this year.
- Since the last valuation, there were no changes in plan provisions, actuarial assumptions, or actuarial methods.

Mr. Kirkland pointed out the unfunded liability has decreased in this valuation.

Key Results

Plan Year	July 1, 2022	July 1, 2021
Unfunded Actuarial Accrued Liability:		
Actuarial Accrued Liability (AAL)	$507,100,000	$515,100,000
Actuarial Value of Assets (AVA)	246,300,000	217,500,000
Unfunded Actuarial Accrued Liability (UAAL): AAL-AVA	$260,800,000	$297,600,000
Funded Ratios:		
Funded Ratio on Actuarial Basis: AVA÷AAL	48.57%	42.22%
Funded Ratio on Market Basis*: MVA÷AAL	45.42%	46.12%
Fiscal Year Ending	**2024**	**2023**
Recommended or Actuarially Determined Contribution (ADC)		
Net normal cost, (offset by expected employee contributions)	$3,500,000	$3,200,000
Payment to amortize UAAL	56,400,000	55,000,000
Adjustment for timing**	3,900,000	3,800,000
Total ADC	$63,800,000	$62,000,000
Effective Amortization Period	5.0 years	5.9 years

*Based on market value of assets of $230.3M as of July 1, 2022 and $237.6M as of July 1, 2021.
**ADC is assumed to be paid at the middle of every year.

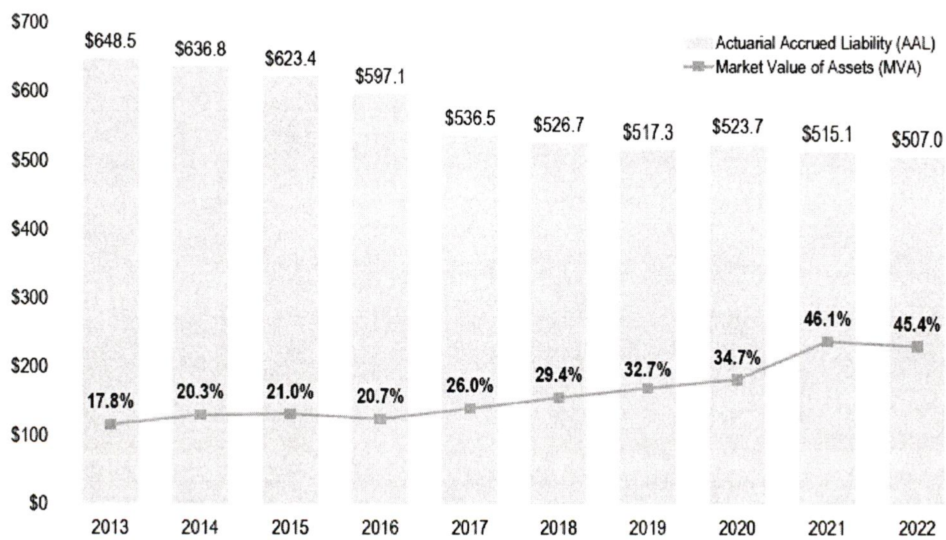
Segal

Reconciliation of Unfunded Actuarial Accrued Liability

UAAL as of July 1, 2021	$297,600,000
1. Gross Normal Cost • Cost of benefits accruing during the year plus administrative expenses	5,100,000
2. Interest on prior year UAAL and Normal Cost • Based on prior year's assumption of 7.00%	21,200,000
3. School Board and employee contributions, adjusted for interest • School Board contributions of $60.2 million and employee contributions of $1.9 million • Interest of $2.2 million	(64,300,000)
4. Investment loss and non-investment gain • Actuarial value of assets (i.e. smoothed value) earned 6.3% compared to 7.00% assumption resulted in $1,500,000 loss • Non-investment gain of $300,000	1,200,000
UAAL as of July 1, 2022	**$260,800,000**

Based on total contributions exceeding the Normal Cost and interest on the UAAL, the UAAL was expected to decrease $38.0 million (Items #1, #2 and #3). Actual plan experience was close to expected, only increasing the UAAL by $1.2 million.

Actuarial Accrued Liability vs. Market Value of Assets



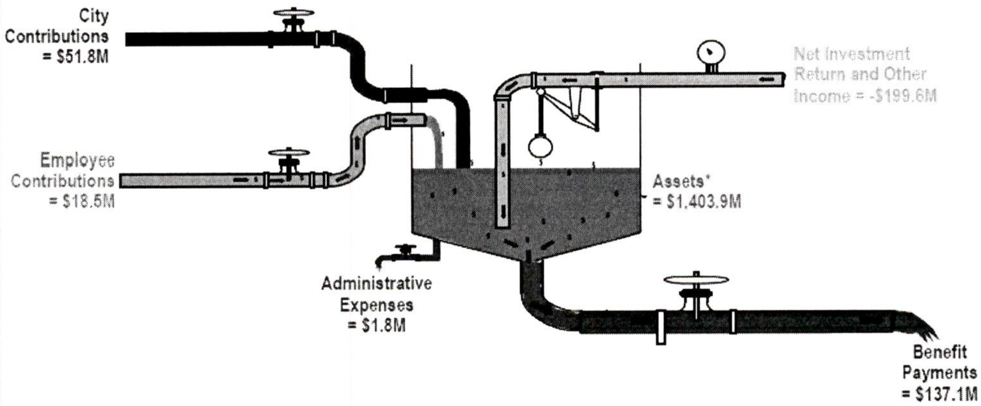
The funded percentages (MVA/AAL) are shown above while the market value is shown in yellow.

Mr. Lewis joined the meeting at 10:49 a.m.

Ms. Cooper presented the General Employee's Pension Annual Review completed by Segal for the City Employees and gave a high-level overview of the cash flows from July 1, 2021 to June 30, 2022.

2021-2022 Cash Flows

The chart below shows the audited cash flows of the City's Plan for the period July 1, 2021 through June 30, 2022.



Cash flows and net investment return of -12.2% for the period July 1, 2021 to June 30, 2022 decreased the Market Value of Assets from $1,672.1M to $1,403.9M

*Market Value of Assets (MVA); Actuarial Value of Assets as of July 1, 2022 is $1,479.2M (105.4% of MVA).

Segal 5

She noted that the City Plan also had a decrease in active employees, although their retiree counts went up slightly and the monthly benefit amount increased.

Data Summary

As of July 1	2022	2021	Change
Active Members			
Number	3,657	3,757	-2.7%
Total Payroll	$189.0M	$189.8M	-0.4%
Average Pay	$51,688	$50,523	+2.3%
Average Age	46.5	46.5	+0.0 years
Average Service	9.9	10.1	-0.2 years
Annuitants (Retirees and Beneficiaries)			
Number	3,992	3,970	+0.6%
Average Monthly Payment	$2,803	$2,720	+3.1%
Inactive Participants			
Number of Vested Terminated Participants	234	160	+46.3%
Number of Inactive Participants due a Refund	1,322	1,116	+18.5%

Ms. Cooper summarized the highlights and noted that market value of the Plan saw a 12.2% decrease in assets, but due to 5-year smoothing this loss will be recognized over the next four years. With smoothing, the plan had an 8% gain, due to gains from prior years.

Pension Plan Highlights

- The July 1, 2022 valuation is used to determine the recommended (or actuarially determined contribution (ADC) for the fiscal year period July 1, 2023 to June 30, 2024 (FY'24). The City sets the method used to calculate the ADC.
  - Under this policy, the ADC for FY'24 is $48.8 million, or 25.05% of projected payroll.
  - The remaining amortization period is 19 years as of July 1, 2022. Thus, we expect assets to exceed liabilities by June 30, 2042.
  - In addition, the plan receives employee contributions of 12% or 13% of base salary for Participants hired prior to September 1, 2011 and 8% of base salary for Participants hired on or after September 1, 2011 and Hybrid Participants.
- The rate of return on a market value basis was -12.2% for the year ended June 30, 2022.
  - The investment rate of return on an actuarial ("smoothed") basis was 8.0% primarily as a result of recognizing a portion of the 2018 and 2021 market gains, partially offset by recognizing a portion of the 2019, 2020, and 2022 market losses.
  - Since the actuarial rate of return from July 1, 2021 through June 30, 2022 was greater than the prior valuation's assumed annual rate of return of 7.00%, there was an investment gain of about $14.1 million.
  - The smoothed actuarial value of assets is 105.4% of the market value of assets as of the valuation date. Thus, there are about $75.3 million in deferred losses that will be recognized over the next 4 years.

Valuation based on data and assets as of June 30, 2022

Ms. Cooper presented other key results of the valuation study.

Key Results

Plan Year	July 1, 2022	July 1, 2021
Unfunded Actuarial Accrued Liability:		
Actuarial Accrued Liability (AAL)	$2,005,500,000	$1,981,500,000
Actuarial Value of Assets (AVA)	1,479,200,000	1,435,600,000
Unfunded Actuarial Accrued Liability (UAAL): AAL-AVA	$526,300,000	$545,900,000
Funded Ratios:		
Funded Ratio on Actuarial Basis: AVA÷AAL	73.76%	72.45%
Funded Ratio on Market Basis*: MVA÷AAL	70.01%	84.39%
Fiscal Year Ending	**2024**	**2023**
Recommended or Actuarially Determined Contribution (ADC)		
Net normal cost, (offset by expected employee contributions)	$7,600,000	$7,100,000
Payment to amortize UAAL	38,200,000	38,300,000
Adjustment for timing**	3,000,000	2,900,000
Total ADC	$48,800,000	$48,300,000
Total ADC as % of Payroll	25.05%	24.72%
Remaining Amortization Period	19 years	20 years

* Based on market value of assets of $1,403.9M as of July 1, 2022 and $1,672.1M as of July 1, 2021.
** ADC is assumed to be paid at the middle of every year.

Segal 9

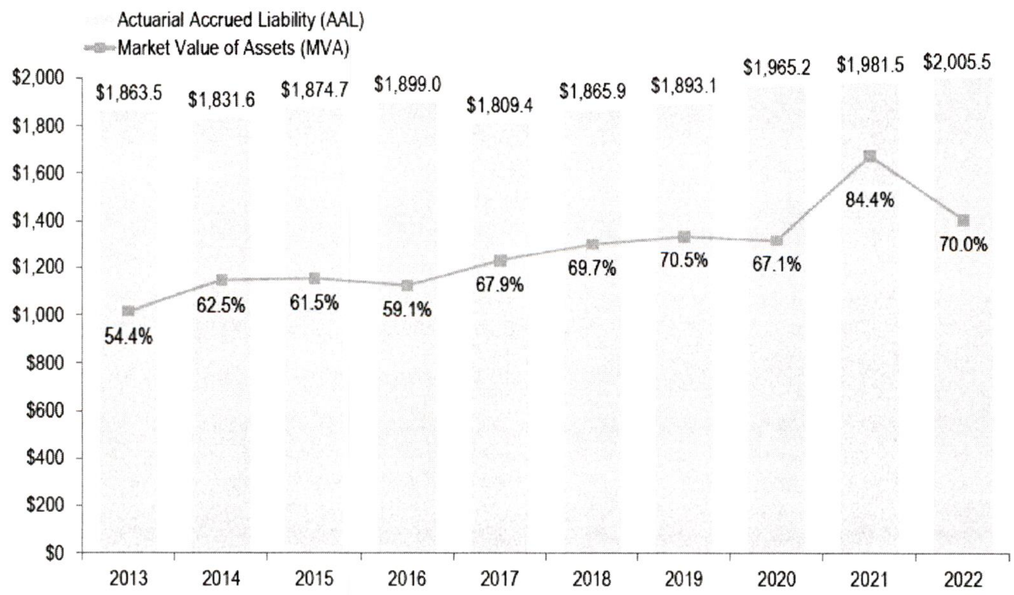
Reconciliation of Unfunded Actuarial Accrued Liability

UAAL as of July 1, 2021	$545,900,000
1. Gross Normal Cost • Cost of benefits accruing during the year for active employees	26,100,000
2. Interest on prior year UAAL and Normal Cost • Based on prior year's assumption of 7.00%	40,000,000
3. City and employee contributions, adjusted for interest • City contributions of $51.8 million and employee contributions of $18.5 million • Interest of $2.4 million	(72,700,000)
4. Investment gain and liability loss • Actuarial value of assets (i.e. smoothed value) earned 8.0% compared to 7.00% assumption resulted in $14.1M gain • Non-investment losses of $1.1M	(13,000,000)
UAAL as of July 1, 2022	**$526,300,000**

Based on total contributions exceeding the Normal Cost and interest on the UAAL, the UAAL was expected to decrease $6.6 million (Items #1, #2 and #3). Investment gains resulted in a modest decrease while demographic experience was close to expected.

Ms. Cooper stated the impact of the market value assets could be seen on the funded percentages of the Plan.

Actuarial Accrued Liability vs. Market Value of Assets



The funded percentages (MVA/AAL) are shown above while the market value is shown in yellow.

She also presented the key sections of the valuation reports and the services provided by Segal.

Navigating the Valuation Report

The report is presented in four sections with Section 1 providing summary information, and Sections 2, 3 and 4 providing details related to the summary as well as supplementary information. The following outline will guide you through the report.

Section 1 provides a summary of the key results from this year's valuation and describes any major changes from the prior year. The Summary of Key Valuation Results on page 10 shows a side-by-side comparison of the current and prior year's numbers. Included in the comparison is the recommended contribution, major elements used to determine the recommended contribution, funded status results, and demographic data.

Section 2 includes valuation details such as the development of the recommended contribution, a reconciliation of the unfunded actuarial accrued liability, the development of the smoothed actuarial value of assets used in the contribution calculation, and the present value of accumulated plan benefits. This Section also details the actuarial experience for the year.

Some helpful charts in this section can be found on the following pages:

- Page 19 shows the development of the smoothed actuarial value of assets.
- Page 21 shows a 20-year history of asset returns on an actuarial and a market basis.
- Page 23 shows the investment experience over the past year.
- Page 26 shows the reconciliation of the unfunded actuarial liability from last year to this year.
- Page 27 shows the development of the recommended contribution for the current and prior years.
- Page 29 shows a 10-year history of employer contributions.
- Page 35 shows the present value of accumulated plan benefits

Pension Actuarial Services

Annual Recurring Projects

- Valuation reports for General and School Board plans (May to June)
- Two-page summaries of annual valuation results
- GASB 68 Accounting Information for General and School Board plans (March to May)
- GASB 67 Disclosure Information for General and School Board plans (September to November)
- Preparation of 75% joint and survivor factors for 2011 Plan participants

Recurring Projects

- Experience studies
  - Last set of studies for General, School Board, Police, and Fire presented in April and May 2022 for the 5-year period ending June 30, 2019 covering demographic assumptions other than mortality
- Cap analysis for General, Police, and Fire plans
  - Last analysis was done to determine the cap for FY'23 and project the cap under various scenarios
  - Results presented in December 2022 based on July 1, 2021 valuations

Special Projects

- Can be requested by the Board or by the City
- In past, if requested by the City, typically paid by the City and not from the Pension Fund

Ms. Cooper asked if a sub-committee has been formed to discuss the Design Study and Mr. Hullender noted they are working with the Finance team to schedule the meetings.

Actuary Report for Fire and Police – Southern Actuarial

Mr. Carr presented the Fire and Police Plan Actuarial Valuations and noted they are technically drafts until they are approved and accepted by the Investment Board. He noted that administrative expenses have been running above assumptions for the past 2 years and the Board may want to review the expense and COLA assumptions that are being used.

Mr. Carr showed Table II-A which shows the investment gains and losses averaged over the past 5 years. The table showed the result of using smoothing over 5 years.

Assets

Actuarial Value of Assets

Table II-A

	Net Unexpected Investment Gain (Loss)		Unrecognized Gain (Loss)
For the 2019/20 plan year	*($32,110,477)*	*x 40%*	*($12,844,191)*
For the 2020/21 plan year	*$186,305,858*	*x 60%*	*$111,783,515*
For the 2021/22 plan year	*($199,066,899)*	*x 80%*	*($159,253,519)*
			($60,314,195)

Market Value of Assets as of July 1, 2022	$770,228,000
Minus advance employer contributions	$0
Adjustment for unrecognized gain or loss as shown above, but restricted to an amount that keeps the actuarial value of assets within an 80%-120% corridor of the market value	$60,314,195
Actuarial Value of Assets as of July 1, 2022	**$830,542,195**

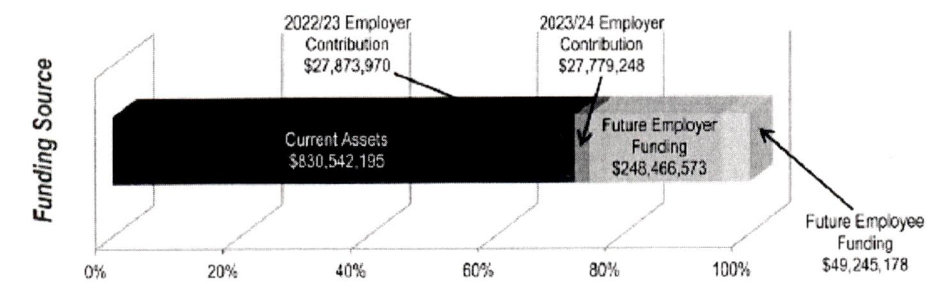
Historical Actuarial Value of Assets	
July 1, 2013	$561,450,000
July 1, 2014	$658,508,000
July 1, 2015	$644,649,000
July 1, 2016	$612,637,000
July 1, 2017	$669,508,000
July 1, 2018	$718,133,000
July 1, 2019	$727,344,000
July 1, 2020	$742,106,382
July 1, 2021	$798,950,600
July 1, 2022	$830,542,195

He pointed out the required contribution rate required for the 2023 – 2024 employer contribution was 49.53%

Funding Results

Minimum Required Contribution

Table I-A



	For the 2023/24 Fiscal Year
Entry Age Normal Cost for the 2022/23 Plan Year	$10,255,660
Unfunded Liability Amortization Payment for the 2022/23 Plan Year	$20,555,561
Expense Allowance for the 2022/23 Plan Year	$532,753
Expected Employee Contribution for the 2022/23 Plan Year	($5,270,952)
Interest Adjustment	$1,706,226
Preliminary Employer Contribution for the 2023/24 Fiscal Year	$27,779,248
Expected Payroll for the 2023/24 Fiscal Year	÷ *$56,085,542*
Minimum Required Contribution Rate	**49.53%**

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

Additional Disclosures	
Present Value of Future Compensation	$508,889,540
Present Value of Future Employer Contributions	$304,119,791
Present Value of Future Employee Contributions	$49,245,178

Mr. Carr also reviewed the Gain Loss Analysis and stated the Plan did slightly beat the return assumptions and therefore there has been a slight reduction to the required Employer contribution. He added one of the main reasons for the lower contribution was due to demographic experience. The active group increased in size so there is a larger payroll.

Funding Results

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate	
Previous minimum required contribution rate	51.19%
Increase (decrease) due to investment gains and losses	-0.02%
Increase (decrease) due to demographic experience	-1.64%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	49.53%

Source of Change in the Unfunded Liability	
Previous unfunded liability	$270,155,746
Increase due to interest	$18,910,902
Decrease due to amortization payments	($18,938,522)
Increase (decrease) due to plan experience	$13,127,927
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$283,256,053

Mr. Carr then reviewed results from the Police Actuarial Valuation and noted that many of his comments from the Fire Plan also applied to the Police Plan. He noted that the actuarial value of the assets was higher than market value due to 5-year smoothing since only 20% of the loss is recognized in this valuation.

Assets

Actuarial Value of Assets

Table II-A

	Net Unexpected Investment Gain (Loss)		*Unrecognized Gain (Loss)*
For the 2019/20 plan year	*($55,134,421)*	*x 40%*	*($22,053,768)*
For the 2020/21 plan year	*$301,602,264*	*x 60%*	*$180,961,358*
For the 2021/22 plan year	*($305,015,729)*	*x 80%*	*($244,012,583)*
			($85,104,993)

Market Value of Assets as of July 1, 2022	$1,275,268,000
Minus advance employer contributions	$0
Adjustment for unrecognized gain or loss as shown above, but restricted to an amount that keeps the actuarial value of assets within an 80%-120% corridor of the market value	$85,104,993
Actuarial Value of Assets as of July 1, 2022	**$1,360,372,993**

Historical Actuarial Value of Assets

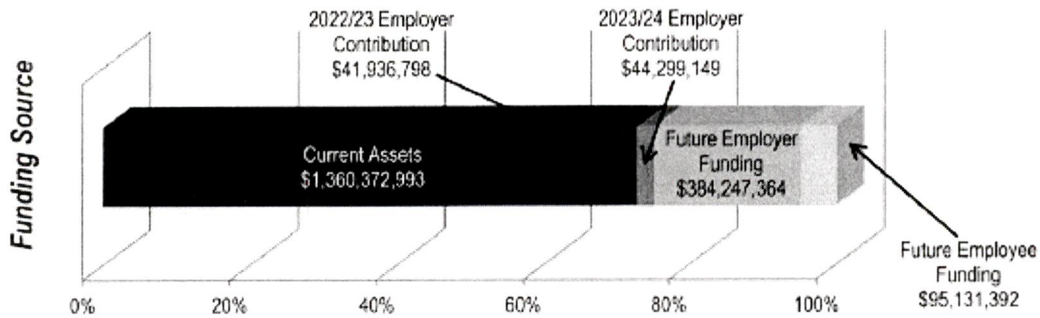
July 1, 2013	$828,815,000
July 1, 2014	$987,507,000
July 1, 2015	$983,385,000
July 1, 2016	$950,415,000
July 1, 2017	$1,051,671,000
July 1, 2018	$1,130,389,000
July 1, 2019	$1,163,143,000
July 1, 2020	$1,194,588,537
July 1, 2021	$1,293,422,842
July 1, 2022	$1,360,372,993

Mr. Carr showed the Funding Results from the valuation and noted the minimum contribution rate for the 2023 – 2024 fiscal year is 39.57%.

Funding Results

Minimum Required Contribution

Table I-A



	For the 2023/24 Fiscal Year
Entry Age Normal Cost for the 2022/23 Plan Year	$21,224,993
Unfunded Liability Amortization Payment for the 2022/23 Plan Year	$30,307,575
Expense Allowance for the 2022/23 Plan Year	$741,854
Expected Employee Contribution for the 2022/23 Plan Year	($10,696,166)
Interest Adjustment	$2,720,893
Preliminary Employer Contribution for the 2023/24 Fiscal Year	$44,299,149
Expected Payroll for the 2023/24 Fiscal Year	÷ *$111,961,903*
Minimum Required Contribution Rate	**39.57%**

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

Additional Disclosures	
Present Value of Future Compensation	$967,228,107
Present Value of Future Employer Contributions	$470,483,311
Present Value of Future Employee Contributions	$95,131,392

Mr. Carr reviewed the Gain Loss Analysis and noted there was a slight gain on actuarial assets since more gains than losses were recognized.

Funding Results

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate	
Previous minimum required contribution rate	38.58%
Increase (decrease) due to investment gains and losses	-0.19%
Increase (decrease) due to demographic experience	1.18%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	39.57%
Source of Change in the Unfunded Liability	
Previous unfunded liability	$387,328,347
Increase due to interest	$27,112,984
Decrease due to amortization payments	($27,152,584)
Increase (decrease) due to plan experience	$30,350,262
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$417,639,009

Following discussion of the reports, a motion was made by Mr. Hullender accept and approve the Actuarial Valuation Reports for the General Plan City Employees, Atlanta Public Schools, Fire Fighters and Police Officers Pension Plans. The motion was seconded by Mr. Berry. The motion unanimously carried and the Actuarial Valuation Reports for all four Plans were accepted and approved.

Conferences – July Investment and GAPPT

Ms. Shah reminded the Board that the NASP conference in July was still open for registration and Ms. Pocock would send details on how to register. She also stated the GAPPT Trustee School would be held September 18 – 20 in Athens, Georgia.

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, July 19, 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 11:22 a.m. Chairman Brand called for adjournment.

Respectfully Submitted,

David Brand, Chairman

These minutes were adopted on July 19, 2023