CITY OF ATLANTA DEFINED BENEFIT PENSION INVESTMENT BOARD MEETING
October 18, 2023
Atlanta City Hall Committee Room 1
10:00 A.M – 12:00 P.M.

Investment Board Members

David Brand	Chairman	Present
Lisa Benjamin	Vice-Chairman	Present
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	Absent
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
Jay Schmitt	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
Karen Sutton	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
Jamar Brown	City of Atlanta, Human Resources
Jason Sankey	City of Atlanta, Chief Information Officer
Santana Kempson-Wright	City of Atlanta, Council Staff Director
Chelsea Deppert	Morris, Manning & Martin
Ed Emerson	Morris, Manning & Martin
Kweku Obed	Marquette Associates
Alberto Rivera	Marquette Associates
Jeanette Cooper	Segal
Ben Kirkland	Segal
Michael Bigin	Bernstein Liebhard
Joe Morris	Bernstein Liebhard
Benjamin Hymes	Legato
Derek Batts	Union Heritage
Jason Simpson	Garcia Hamilton
Joseph McLane	Macquarie
Lauren Albanese	FIN News

I. CALL TO ORDER

Chairman Brand called the meeting to order at 10:05 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 Ms. Benjamin 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 at this time.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the August 16, 2023 regularly scheduled meeting, which were distributed in advance and reviewed by the Fund Professionals as customary. Ms. Pocock noted that the signed version of the minutes would reflect today as the correct adoption date in the signature line.

Following review of the August 16, 2023 Minutes, a motion was made by Ms. Benjamin to approve the Minutes as amended. The motion was seconded by Mr. Berry. The motion unanimously carried and the August Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Dec presented the options received from United Members Insurance for the Fiduciary Liability Insurance Policy for the three Plans and the Pension Investment Board. The policies are all through the Hudson Insurance Company and run from October 25, 2023 through October 25, 2024. One option is similar to what the Board currently has in place, with a $3,000,000 aggregate liability limit and an annual cost of $99,739. The other two options have a $5,000,000 aggregate liability limit and higher annual costs.

Mr. Dec noted that there is no specific dollar amount required for coverage and what is currently in place has historically been sufficient. He also noted that since the City has more experience with the carrier, premiums should decrease next year.

A motion was made by Mr. Berry to adopt the first option, the policy with the $3,000,000 aggregate liability limit. The motion was seconded by Ms. Benjamin. The motion unanimously carried and the new Fiduciary Liability Insurance Policy was accepted.

A motion was made by Mr. Hullender to enter Executive Session at 10:11 am to discuss legal matters to be presented by Bernstein Liebhard. The motion was seconded by Mr. Berry. The motion unanimously carried and the Board entered Executive Session.

Ms. Smith and Mr. Lewis joined the meeting at 10:13 am

A motion was made by Mr. Berry to exit Executive Session at 10:23 am. The motion was seconded by Mr. Lewis. The motion unanimously carried and the Board exited Executive Session.

A motion was made by Mr. Hullender to accept the settlement offer presented by Bernstein Liebhard in the case against Taro Pharmaceuticals. The motion was seconded by Mr. Berry. The motion unanimously carried and the Taro Pharmaceuticals settlement offer was accepted.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

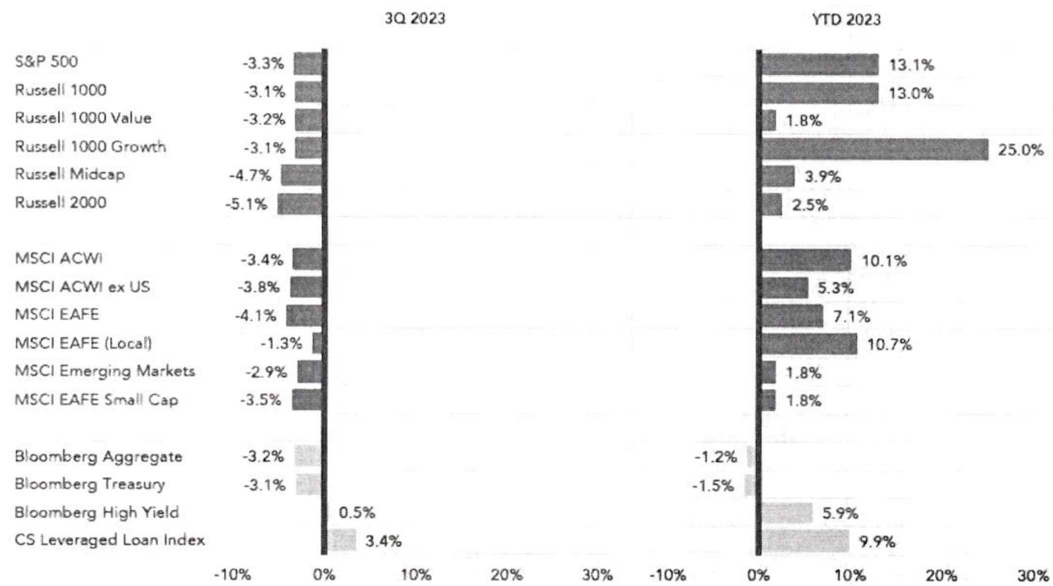
Mr. Obed walked through the market environment for September 2023. He noted the strong YTD returns highlights a strong market.

Year-to-date returns

2023 YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	5yr	10yr
Large Cap 13.1%	Commodities 26.0%	Commodities 40.4%	Broad U.S. Equities 20.9%	Large Cap 31.5%	Bank Loans 1.1%	Emerging Markets 37.3%	Small Cap 21.3%	Intl Small Cap 9.6%	Large Cap 13.7%	Large Cap 9.9%	Large Cap 11.9%
Broad U.S. Equities 12.4%	Bank Loans -1.1%	Large Cap 28.7%	Small Cap 20.0%	Broad U.S. Equities 31.0%	Core Bond 0.0%	Intl Small Cap 33.0%	High Yield 17.1%	Large Cap 1.4%	Mid Cap 13.2%	Broad U.S. Equities 9.1%	Broad U.S. Equities 11.3%
Bank Loans 9.9%	High Yield -11.2%	Broad U.S. Equities 25.7%	Large Cap 18.4%	Mid Cap 30.5%	High Yield -2.1%	Broad Intl Equities 27.2%	Mid Cap 13.8%	Core Bond 0.5%	Broad U.S. Equities 12.6%	Mid Cap 6.4%	Mid Cap 9.0%
Commodities 7.2%	Core Bond -13.0%	Mid Cap 22.6%	Emerging Markets 18.3%	Small Cap 25.5%	Large Cap -4.4%	Intl Large Cap 25.0%	Broad U.S. Equities 12.7%	Broad U.S. Equities 0.5%	Core Bond 6.0%	Commodities 5.6%	Small Cap 6.6%
Intl Large Cap 7.1%	Intl Large Cap -14.5%	Small Cap 14.8%	Mid Cap 17.1%	Intl Small Cap 25.0%	Broad U.S. Equities -5.2%	Large Cap 21.8%	Large Cap 12.0%	Bank Loans -0.4%	Small Cap 4.9%	Bank Loans 4.3%	Bank Loans 4.3%
High Yield 5.9%	Broad Intl Equities -16.0%	Intl Large Cap 11.3%	Intl Small Cap 12.3%	Intl Large Cap 22.0%	Mid Cap -9.1%	Broad U.S. Equities 21.1%	Commodities 11.4%	Intl Large Cap -0.8%	High Yield 2.5%	Intl Large Cap 3.2%	Intl Small Cap 4.3%
Broad Intl Equities 5.3%	Mid Cap -17.3%	Intl Small Cap 10.1%	Broad Intl Equities 10.7%	Broad Intl Equities 21.5%	Small Cap -11.0%	Mid Cap 18.5%	Emerging Markets 11.2%	Mid Cap -2.4%	Bank Loans 2.1%	High Yield 3.0%	High Yield 4.2%
Mid Cap 3.9%	Large Cap -18.1%	Broad Intl Equities 7.8%	Intl Large Cap 7.8%	Emerging Markets 18.4%	Intl Large Cap -13.8%	Small Cap 14.6%	Bank Loans 9.9%	Small Cap -4.4%	Emerging Markets -2.2%	Small Cap 2.4%	Intl Large Cap 3.8%
Small Cap 2.5%	Broad U.S. Equities -19.2%	Bank Loans 5.4%	Core Bond 7.5%	Commodities 17.6%	Commodities -13.8%	High Yield 7.5%	Broad Intl Equities 4.5%	High Yield -4.5%	Broad Intl Equities -3.9%	Broad Intl Equities 2.6%	Broad Intl Equities 3.3%
Intl Small Cap 1.8%	Emerging Markets -20.1%	High Yield 5.3%	High Yield 7.1%	High Yield 14.3%	Broad Intl Equities -14.2%	Commodities 5.8%	Core Bond 2.6%	Broad Intl Equities -5.7%	Intl Large Cap -4.9%	Intl Small Cap 0.8%	Emerging Markets 2.1%
Emerging Markets 1.8%	Small Cap -20.4%	Core Bond -1.5%	Bank Loans 2.8%	Core Bond 8.7%	Emerging Markets -14.6%	Bank Loans 4.2%	Intl Small Cap 2.2%	Emerging Markets -14.9%	Intl Small Cap -4.9%	Emerging Markets 0.6%	Core Bond 1.1%
Core Bond -1.2%	Intl Small Cap -21.4%	Emerging Markets -2.5%	Commodities -23.7%	Bank Loans 8.2%	Intl Small Cap -17.9%	Core Bond 3.5%	Intl Large Cap 1.0%	Commodities -32.9%	Commodities -33.1%	Core Bond 0.1%	Commodities -2.5%

Mr. Obed noted there was a pullback in the market during the month of September. The Fed was aggressively raising interest rates and while there was a pause in July, it looks like rates will continue to rise which led to losses in September.

Index summary



Source: Bloomberg as of September 30, 2023

Mr. Obed stated that interest rates moved higher in Q3 which pushed Fixed Income negative in most indices.

Fixed income performance

Interest rates moved higher in Q3, particularly in September, which pushed most fixed income indices negative

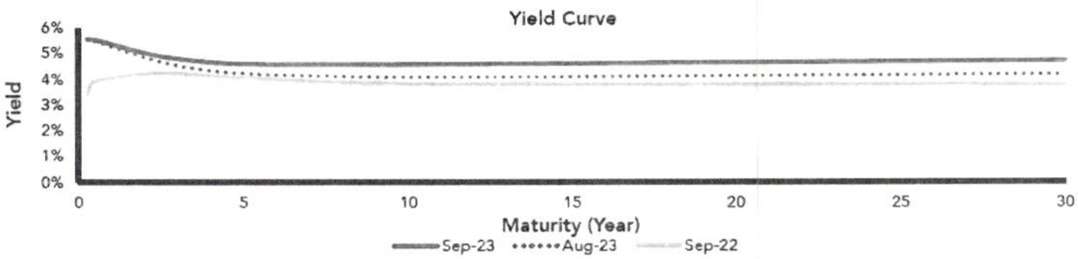
		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Bloomberg Aggregate	-2.5	-3.2	-1.2	0.6	-5.2	0.1	1.1
Intermediate Indices	Bloomberg Int. Gov./Credit	-1.1	-0.8	0.7	2.2	-2.9	1.0	1.3
Government Only Indices	Bloomberg Long Gov.	-7.3	-11.8	-8.5	-9.0	-15.7	-2.8	0.8
	Bloomberg Int. Gov.	-0.9	-0.8	0.3	1.3	-3.2	0.7	0.8
	Bloomberg 1-3 Year Gov.	0.0	0.7	1.7	2.5	-0.9	1.0	0.8
	Bloomberg U.S. TIPS	-1.8	-2.6	-0.8	1.2	-2.0	2.1	1.7
Credit Indices	Bloomberg U.S. Long Credit	-5.3	-7.2	-2.6	2.5	-9.0	-0.2	2.7
	Bloomberg High Yield	-1.2	0.5	5.9	10.3	1.8	3.0	4.2
	CS Leveraged Loan Index	0.9	3.4	9.9	12.5	5.9	4.3	4.3
Securitized Bond Indices	Bloomberg MBS	-3.2	-4.1	-2.3	-0.2	-5.1	0.8	0.6
	Bloomberg ABS	-0.4	0.2	2.0	2.8	-0.8	1.5	1.5
	Bloomberg CMBS	-1.2	1.0	0.1	1.0	-3.7	0.9	1.7
Non-U.S. Indices	Bloomberg Global Aggregate Hedged	-1.7	-1.8	1.1	2.1	-3.7	0.6	1.8
	JPM EMBI Global Diversified	-2.6	-2.2	1.8	10.0	-4.6	-0.4	2.5
	JPM GBI-EM Global Diversified	-3.4	-3.3	4.3	13.1	-2.7	0.0	-0.8
Municipal Indices	Bloomberg Municipal 5 Year	-1.7	-2.0	-0.9	2.2	-1.7	1.0	1.4
	Bloomberg HY Municipal	-3.4	-4.2	0.0	3.5	-0.7	1.7	4.0

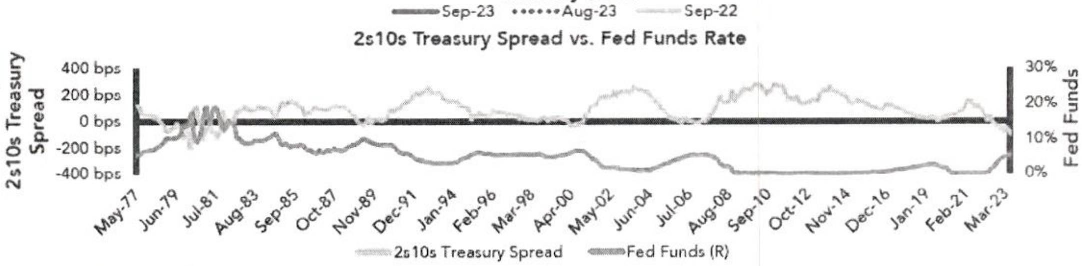
Source: Bloomberg, Credit Suisse, JPMorgan as of September 30, 2023. The local currency GBI index is hedged and denominated in U.S. dollars.

Mr. Obed added that the Treasury yield curve is still inverted and there is still potential for a slowdown.

U.S. Treasury yield curve and steepness

The yield curve flattened in Q3 as long-term rates moved sharply higher on fears of the Fed holding short-term rates higher for longer





Source: Federal Reserve, Bloomberg as of September 30, 2023

Mr. Obed noted that US Equities have had a good 2023 with the Russell 1000 up 13%, Midcap Core up 3.9% and Growth up 25% through the end of September.

U.S. equity performance

September proved to be challenging for U.S. equity markets as all major indices notched negative returns during the month

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	-3.4	-2.1	2.7	19.2	8.6	7.1	10.8
	Wilshire 5000	-4.8	-3.2	12.8	20.3	8.8	8.8	11.0
	Russell 3000	-4.8	-3.3	12.4	20.5	9.4	9.1	11.3
Large-Cap Market Indices	S&P 500	-4.8	-3.3	13.1	21.6	10.2	9.9	11.9
	Russell 1000	-4.7	-3.1	13.0	21.2	9.5	9.6	11.6
	Russell 1000 Value	-3.9	-3.2	1.8	14.4	11.1	6.2	8.4
	Russell 1000 Growth	-5.4	-3.1	25.0	27.7	8.0	12.4	14.5
Mid-Cap Market Indices	Russell Mid-Cap	-5.0	-4.7	3.9	13.4	8.1	6.4	9.0
	Russell Mid-Cap Value	-5.1	-4.5	0.5	11.0	11.0	5.2	7.9
	Russell Mid-Cap Growth	-4.9	-5.2	9.9	17.5	2.6	7.0	9.9
Small-Cap Market Indices	Russell 2000	-5.9	-5.1	2.5	8.9	7.2	2.4	6.6
	Russell 2000 Value	-5.2	-3.0	-0.5	7.8	13.3	2.6	6.2
	Russell 2000 Growth	-6.6	-7.3	5.2	9.6	1.1	1.6	6.7

Source: Bloomberg as of September 30, 2023

Mr. Obed stated that the Non-US Equities have had similar results to the US market, showing a September sell off, but positive YTD returns.

Global equity performance

September proved to be another month of negative performance for non-U.S. equity indices across the geographic spectrum

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	-4.1	-3.4	10.1	20.8	6.9	6.5	7.6
	MSCI ACWI ex. U.S.	-3.2	-3.8	5.3	20.4	3.7	2.6	3.3
Developed Markets Indices	MSCI EAFE	-3.4	-4.1	7.1	25.6	5.8	3.2	3.8
	MSCI EAFE Local	-1.1	-1.3	10.7	20.3	10.8	5.6	6.8
Emerging Markets Indices	MSCI Emerging Markets	-2.6	-2.9	1.8	11.7	-1.7	0.6	2.1
	MSCI EM Local	-1.8	-1.4	4.0	10.9	0.6	2.7	4.9
Small-Cap Market Indices	MSCI EAFE Small-Cap	-4.4	-3.5	1.8	17.9	1.1	0.8	4.3
	MSCI EM Small-Cap	-2.1	2.9	13.7	23.1	10.6	6.5	4.6
Frontier Markets Index	MSCI Frontier	-3.8	2.0	7.4	6.5	1.7	1.6	2.2

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that the General Plan had negative returns this month, in line with the market as a whole.

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 September 30, 2023.

MTD Performance (as of 9/30/2023)
Total Fund Composite: -3.9%
Total Fund Policy Benchmark: -3.7%

FYTD Performance (as of 9/30/2023)
Total Fund Composite: -3.8%
Total Fund Policy Benchmark: -3.4%

YTD Performance (as of 9/30/2023)
Total Fund Composite: 3.7%
Total Fund Policy Benchmark: 4.1%

Mr. Obed showed the top and bottom performers for the month in the General Plan and noted that no changes are recommended at this time.

COA General Employees' Manager Contribution – YTD Performance

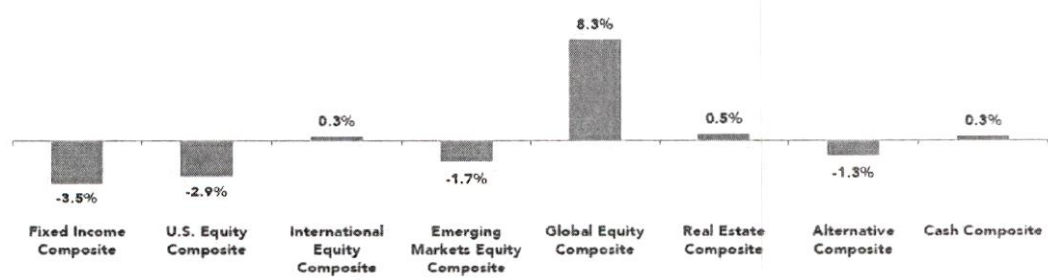
Top Performers	Absolute Performance	Benchmark Performance	Strategy
Channing SCV	8.2%	-0.5%	U.S. Equity
Artisan	11.1%	7.1%	International Equity
Earnest EM	3.7%	1.8%	Emerging Markets Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Hardman Johnston	0.5%	5.3%	International Equity
Legato SCG	0.5%	5.2%	U.S. Equity
Brown SC	2.4%	5.0%	International Equity

Mr. Obed also showed the asset allocation for the Plan.

COA General Employees' Asset Allocation vs Target Allocation

	Current Allocation	Target Allocation
Fixed Income Composite	$ 353,238,347	$410,141,072
U.S. Equity Composite	$ 640,646,415	$689,037,001
International Equity Composite	$322,017,541	$344,518,501
Global Equity Composite	$251,241,634	$114,839,500
Real Estate Composite	$57,072,987	$49,216,929
Alternative Composite	$11,633,968	$32,811,286
Cash Composite	$4,713,397	$ -



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 September 30, 2023. The Police Officers' Plan had returns similar to the General Plan.

MTD Performance (as of 9/30/2023)
Total Fund Composite: -3.8%
Total Fund Policy Benchmark: -3.6%

FYTD Performance (as of 9/30/2023)
Total Fund Composite: -3.6%
Total Fund Policy Benchmark: -3.4%

YTD Performance (as of 9/30/2023)
Total Fund Composite: 3.6%
Total Fund Policy Benchmark: 3.7%

Mr. Obed showed the top and bottom performers for the month in the Police Plan and noted that no changes are recommended at this time.

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Driehaus SCG	9.0%	5.2%	U.S. Equity
Artisan	11.1%	7.1%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Hardman Johnston	0.5%	5.3%	International Equity
Brown SC	2.4%	5.0%	International Equity
Macquarie SCC	0.2%	2.5%	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 September 30, 2023. He noted the Firefighters' Plan also matched the market and is in positive territory for the year.

MTD Performance (as of 9/30/2023)
Total Fund Composite: -3.7%
Total Fund Policy Benchmark: -3.7%

FYTD Performance (as of 9/30/2023)
Total Fund Composite: -3.6%
Total Fund Policy Benchmark: -3.4%

YTD Performance (as of 9/30/2023)
Total Fund Composite: 3.6%
Total Fund Policy Benchmark: 3.5%

Mr. Obed showed the top and bottom performers for the month in the Fire Plan and noted that no changes are recommended at this time.

COA Firefighters' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Ativo	10.5%	5.3%	International Equity
Driehaus SCG	9.0%	5.2%	U.S. Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Hardman Johnston	0.4%	5.3%	International Equity
Brown SC	2.4%	5.0%	International Equity

Additionally, Mr. Obed commented on two memos that he had sent the Board regarding two managers.

The first memo was for Brown Capital which has an "on notice" status update due to two recent team departures. This is something Marquette routinely flags as a material event. The recommendation is to continue to monitor the changed team and the company strategy.

The second memo was for Globalt and was a recommendation to place their strategy on "Alert" due to a change in ownership away from Synovus. Marquette believes this will be a positive change and will monitor the fund over the next year.

Mr. Obed presented information on the asset allocation rebalancing that was approved at the last meeting. He noted that rebalancing typically takes several months to complete. Legal paperwork needs to be completed, then reviewed by the attorneys. Capital has not yet been called for the proposed changes since paperwork is in process. Mr. Light noted that he had spoken with Derek Batts at Union Heritage about a change in employees at that firm. Mr. Batts addressed the Board and stated that when the company left Morgan Stanley they had hired a person for 18 months to help through the transition. Since then, the transition plan has been completed and two new MBAs have been hired.

Mr. Berry raised the questions of commission recaptures and securities lending which were programs in place when he left the City in 2014, but were no longer in place when he returned in 2018. He also noted there had been a securities lending presentation from Northern Trust and previously the Plans had been getting close to $220,000 annually. Mr. Obed noted those programs preceded Marquette. He added that commission recapture programs are rarely seen in 2023 and Wells Fargo was not able to do securities lending. Mr. Balla added that participating in securities lending would be an internal discussion of the pros and cons due to the risk. He would like to study the issue more and be part of a team to discuss any proposals. Mr. Light stated that several years ago Police had a securities lending program with Northern Trust and the City took on a lot of risk for small returns. Mr. Emerson added that the main issues with securities lending programs have been the potential default risk and inadequate indemnification. . Mr. Berry asked to get the reports with an analysis of current returns from Northern Trust and include them in the November Board meeting materials.

VII. NEW BUSINESS

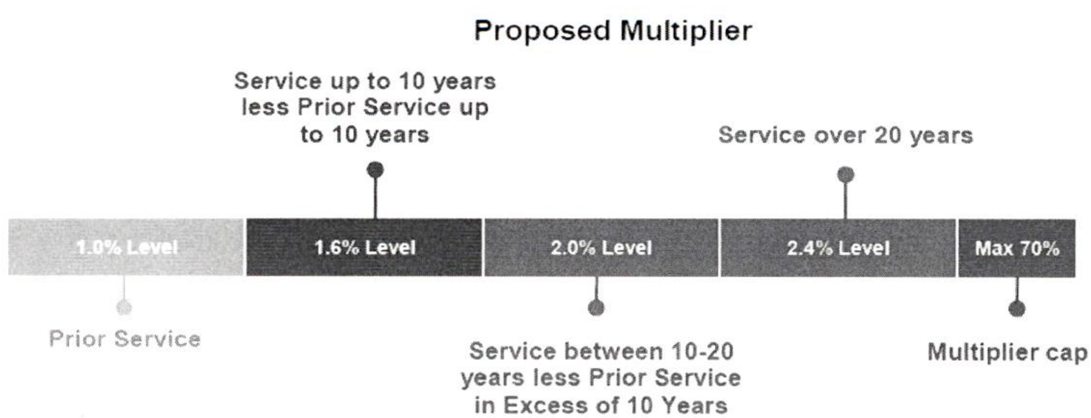
Plan Design Study

Ms. Cooper provided an update on the Plan Design Study. During the past month, five meetings were held for Board members on benefit examples and costs.

Mr. Kirkland presented several slides for the proposed changes. The first slide showed the proposed changes for 2011 participants, including enhancements to service, using the highest 5 years of earnings and increasing the COLA.

Proposed Plan Changes for 2011 Participants

- **DB Benefit formula**
  - **Current**: 1.0% x 120-month highest consecutive average earnings x service
  - **Proposed:** [(1.0% x years of service as of Plan Change Effective Date) + (1.6% for the first 10 years of service less service up to 10 years as of Plan Change Effective Date) + (2.0% for the next 10 years of service less service in excess of 10 years as of Plan Change Effective Date) + (2.4% for service in excess of 20 years), with total multiplier limited to 70.0%] x 60-month highest consecutive average earnings

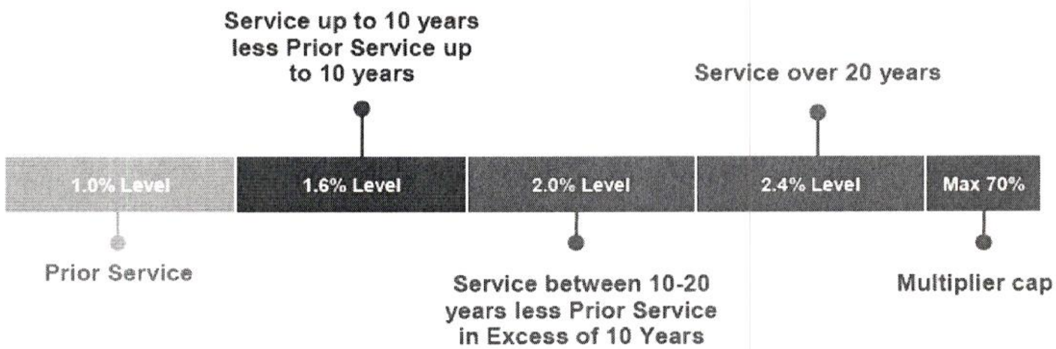


Example of the proposed changes for a participant:

Proposed Plan Changes for 2011 Participants

Proposed Multiplier for Participant Hired on July 1, 2012, Retiring with 23 years of service (assuming Plan Change Effective Date of July 1, 2024)

- At July 1, 2024, participant will have 12 years of service
- 1.0% applies for 12 years
- Since past service is more than 10 years, 1.6% multiplier does not apply
- Since past service in excess of 10 years equals 2 years, 2.0% multiplier applies for 8 years
- Since service in excess of 20 years is 3 years, 2.4% multiplier applies for 3 years
- Total multiplier is (1.0% x 12) + (1.6% x 0) + (2.0% x 8) + (2.4% x 3) = 12.0% + 0% + 16.0% + 7.2% = 35.2%
- Note that the total multiplier cannot exceed 70.0%.



He also showed the other proposed changes for the 2011 Plan participants which include increased COLA, adding unused sick leave to service and becoming fully vested at 10 years instead of 15.

Additional Proposed Changes for 2011 Participants

- **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 2.0%
- **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 designs, the mandatory employee contribution rate in total remains at 11.75%.
- Other proposed changes of adding accumulated sick leave and changing to the 2005 vesting schedule are not modeled in the examples in this presentation. These changes are modeled in the projection work.

Mr. Kirkland noted the next slide showed that amount of income that would be replaced at retirement under both the current and proposed scenarios for the General Plan employees.

Executive Summary

Total Replacement Ratios – General Employees

The following table shows replacement ratios (combined DB and DC) at retirement for seven sample General Employees.

Sample EE	Current Service	Service at Retirement	Retirement Age	Defined Contribution Rate	Current Replacement Ratio	Proposed Replacement Ratio
A	0	26	62	3.75%	31.6%	45.8%
B	0	26	62	8.00%	45.4%	45.8%
C	0	16	52	3.75%	10.0%	10.1%
D	0	35	60	3.75%	38.4%	62.5%
E	10	26	62	3.75%	33.3%	46.6%
F	10	26	62	8.00%	48.5%	53.0%
G	10	30	60	3.75%	32.0%	44.7%

Shorter-service employees and those with higher DC contribution rates will have a smaller difference under the proposed design than longer-service employees and those with lower DC contribution rates.

He then showed the replacement ratios for the Police and Fire employees.

Executive Summary

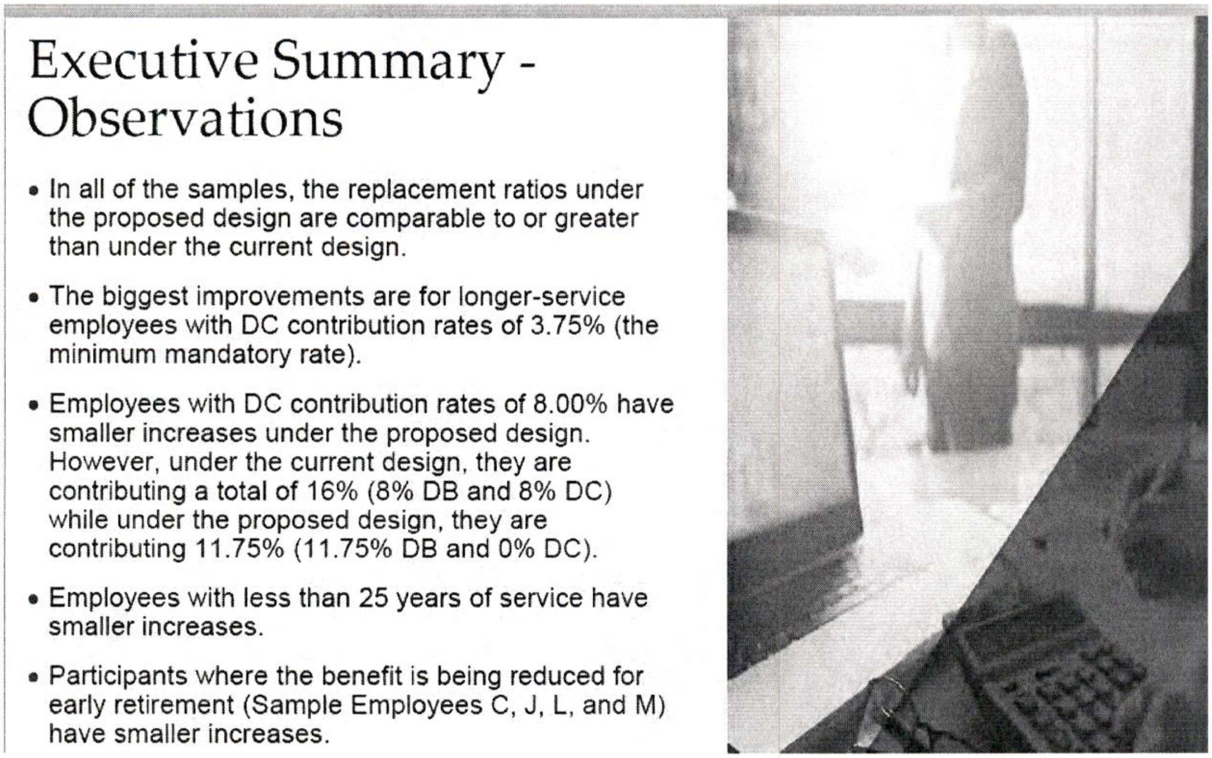
Total Replacement Ratios – Public Safety Employees

The following chart shows replacement ratios (combined DB and DC) at retirement for seven sample Police Officers or Firefighters.

Sample EE	Current Service	Service at Retirement	Retirement Age	Defined Contribution Rate	Current Replacement Ratio	Proposed Replacement Ratio
H	0	28	57	3.75%	31.7%	50.4%
I	0	28	57	8.00%	44.1%	50.4%
J	0	18	47	3.75%	10.3%	11.6%
K	0	30	55	3.75%	32.1%	54.3%
L	11	21	50	3.75%	16.2%	20.7%
M	11	21	50	8.00%	24.2%	25.2%
N	11	28	57	3.75%	33.5%	50.0%

Public safety employees hired after 2011 can retire at age 47 or later once they have 15 years of service. General employees hired after 2011 can retire at age 52 or later once they have 15 years of service. For both types of employees, benefits are reduced by 0.5% per month (6%/year) if commencement is before Normal Retirement.

Mr. Kirkland noted that employees with the longest service had the biggest improvement in retirement benefits.



Mr. Kirkland provided detailed examples for two employees, one in the General Plan and the other a Public Safety (Police / Fire) employee.

Detailed Defined Benefit Comparisons for Two Sample Participants

General Sample Employee A

The chart below shows how the defined benefit is calculated under the current and proposed designs.

	Component	Current	Proposed		Component	Current	Proposed
1.	Current Service	0 years	0 years	8.	Final Average Earnings	$123,556	$138,552
2.	Service at Retirement	26 years	26 years	9.	Early Retirement Factor (100% if Unreduced)	100%	100%
3.	Retirement Age	Age 62	Age 62	10.	Annual Benefit at Retirement Age: (4) x (8) x (9)	$32,125	$69,830
4.	Multiplier	1% x 26 = 26%	(1.6% x 10) + (2.0% x 10) + (2.4% x 6) = 50.4%	11.	Assumed Annual COLA	1%	2%
5.	Current Salary	$45,000	$45,000	12.	Annual Benefit at Age 72	$35,486	$85,122
6.	Assumed Annual Salary Increases	5%	5%	13.	Annual Benefit at Age 82	$39,199	$103,764
7.	Final Average Earnings Period	10 years	5 years				

Segal 14

Detailed Defined Benefit Comparisons for Two Sample Participants

Public Safety Sample Employee M

The chart below shows how the defined benefit is calculated under the current and proposed designs.

	Component	Current	Proposed		Component	Current	Proposed
1.	Current Service	11 years	11 years	8.	Final Average Earnings	$88,668	$97,861
2.	Service at Retirement	21 years	21 years	9.	Early Retirement Factor (6% annual reduction before NRA of age 57)	58%	58%
3.	Retirement Age	Age 50	Age 50	10.	Annual Benefit at Retirement Age: (4) x (8) x (9)	$10,800	$17,822
4.	Multiplier	1% x 21 = 21%	(1.0% x 11) + (2.0% x 9) + (2.4% x 1) = 31.4%	11.	Assumed Annual COLA	1%	2%
5.	Current Salary	$73,000	$73,000	12.	Annual Benefit at Age 65	$12,538	$23,986
6.	Assumed Annual Salary Increases	4.25%	4.25%	13.	Annual Benefit at Age 80	$14,557	$32,282
7.	Final Average Earnings Period	10 years	5 years				

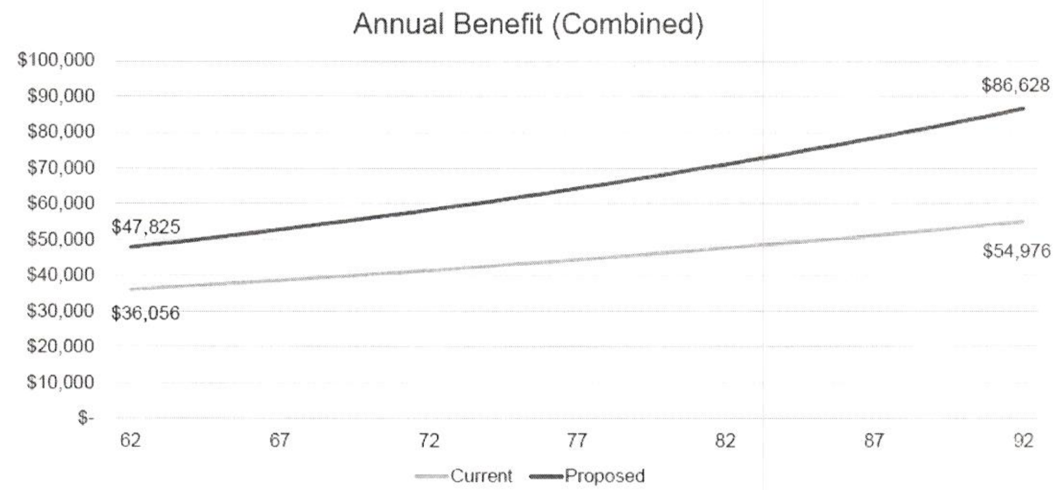
Segal 15

The last charts presented showed the benefits at retirement age, with COLA, for 2 participants.

Benefits at Retirement Ages and Subsequent Ages for Two Sample Participants

General Sample Employee E

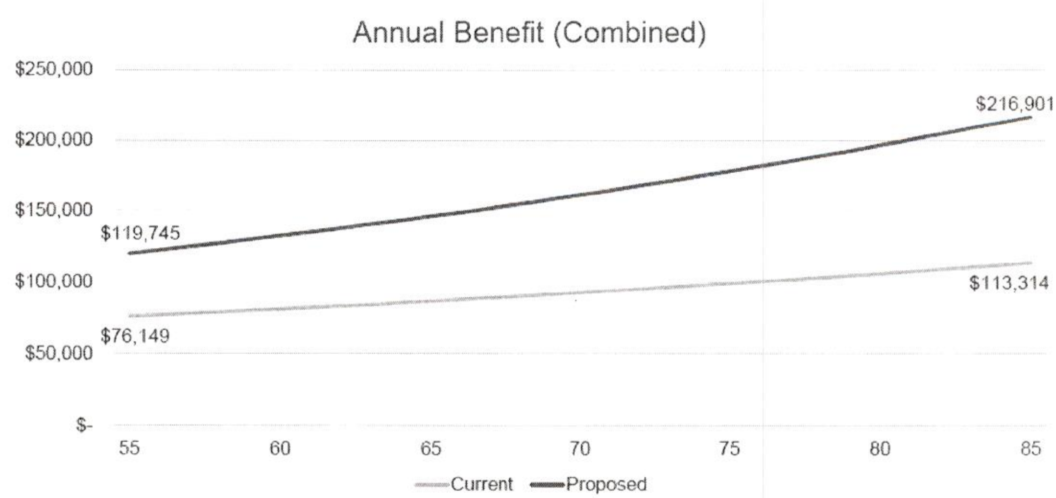
The graph below shows combined DB and DC benefits at retirement and subsequent ages under the current and proposed designs. For purposes of this graph, the proposed DB plan benefit is assumed to have annual 2% COLA adjustment, any DC balances are converted to an annuity with assumed 2% COLA adjustments, and the current DB plan is assumed to have 1% COLA adjustments.



Benefits at Retirement Ages and Subsequent Ages for Two Sample Participants

Public Safety Sample Employee K

The graph below shows combined DB and DC benefits at retirement and subsequent ages under the current and proposed designs. For purposes of this graph, the proposed DB plan benefit is assumed to have annual 2% COLA adjustment, any DC balances are converted to an annuity with assumed 2% COLA adjustments, and the current DB plan is assumed to have 1% COLA adjustments.



Ms. Cooper presented the cost projections associated with the proposed changes. She first showed the details of the valuation data from July 1, 2022 for those not in the 2011 plan recalculated to include the increase in COLA from 1% to 2%. The chart below shows the combined change for all three plans.

2022 Baseline Results

All Three Pension Funds

The following chart shows key results from the July 1, 2022 valuation as calculated by Segal and those same results if a 3% COLA were used for all participants eligible for a COLA who are not in the 2011 Plan. This change was made to reflect recent higher inflation and the impact of the COLA bank. The results with the 3.00% COLA are used as the starting point for the baseline projections.

	Description	(A) Key Valuation Results from July 1, 2022 as Calculated by Segal	(B) July 1, 2022 Results with 3% COLA for Non-2011 Plan Participants
1	Present Value of Benefits (PVB)	$5,146,686,400	$5,559,985,721
2	Actuarial Accrued Liability (AAL)	4,684,405,869	5,070,128,451
3	Actuarial Value of Assets (AVA)	3,670,114,604	3,670,114,604
4	Unfunded Actuarial Accrued Liability (UAAL) [(2) - (3)]	1,014,291,265	1,400,013,847
5	Total Normal Cost	62,687,797	67,223,831
6	Administrative Expenses	2,625,820	2,625,820
7	Expected Employee Contributions	-37,938,628	-37,938,628
8	Employer Normal Cost [(5) + (6) + (7)]	27,374,989	31,911,023
9	Payment on UAAL	73,605,931	101,597,368
10	**Total Recommended Contribution adjusted for Timing [(8) + (9) + Interest]**	**$107,589,141**	**$142,245,219**
11	Recommended Contribution as a % of Projected Payroll	28.35%	37.48%
12	Projected Payroll	$379,522,236	$379,522,236
13	Funded Ratio – AVA Basis	78.35%	72.39%
14	Funded Ratio – MVA Basis*	73.64%	68.03%

*Based on market value of assets of $3,449,444,000 as of July 1, 2022

Segal

She also discussed the proposed changes of moving those in the 2010 Plan to the 2005 Plan (impacting about 180 people) and the impact of the changes on those employees in the 2011 Plan. Ms. Cooper noted that the 2011 plan group is everyone hired September 1, 2011 and forward and currently makes up approximately 60% of the population. She added that 10 years from now, the 2011 plan participants will make up 89% of the population and 20 years from now, they will make up 100% of the active population. Ms. Cooper stated that the charts below show the cumulative impact, such that Change 5 includes Changes 1 through 4, and she added that the proposed timeframe to adopt the changes is effective July 1, 2024.

Proposed Defined Benefit (DB) Plan Changes

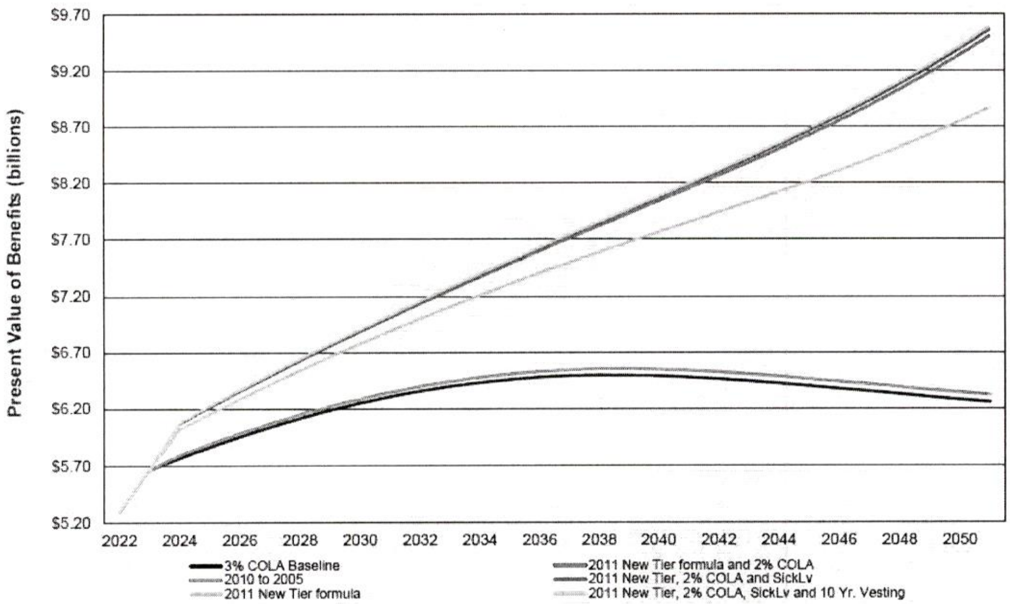
- Change #1 - Move 2010 Plan participants into 2005 Plan:
  - Main difference is increase in benefit multiplier (General: 2.00% to 2.50%, Police and Fire: 2.00% to 3.00%)
  - Less significant:
    - Unreduced retirement with full vesting at age 60 with 10 years instead of at age 60 with 15 years
    - 100% vesting at 10 years instead of 15 years
    - New multiplier also affects death and disability benefits
- Changes #2 through #5 only affect 2011 Plan participants
- Change #2 – change to new tiered benefit formula with five-year average earnings with increase in employee contribution rate from 8.00% to 11.75%
  - Current formula: 1.0% x 120-month highest consecutive average earnings x service
  - Proposed formula: [(1.0% x years of service as of Plan Change Effective Date) + (1.6% for the first 10 years of service less service up to 10 years as of Plan Change Effective Date) + (2.0% for the next 10 years of service less service in excess of 10 years as of Plan Change Effective Date) + (2.4% for service in excess of 20 years), with total multiplier limited to 70.0%] x 60-month highest consecutive average earnings
- Change #3 - 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 2.0%
- Change #4 – Add accumulated sick leave to service
  - Current: sick leave is not included in service or final average earnings
  - Proposed: sick leave would be counted in service but not in final average earnings
- Change #5 – Improve vesting schedule to match 2005 Plan provision
  - Current: 25% after 5 years increasing 5% per year until reaching 70% at 14 years, followed by 100% at 15 years
  - Proposed: 25% after 5 years increasing 5% per year until reaching 45% at 9 years, followed by 100% at 10 years
- For projection purposes, all changes are treated cumulatively; for example, projection introducing Change #3 would also include Change #1 and Change #2
- All plan changes are assumed to occur on July 1, 2024

Ms. Cooper next showed a chart that summarized the present value of future benefits and then a chart that showed the estimated funding percentage with a 19-year amortization period.

Significant Findings – PVB Impact

All Three Pension Funds Combined

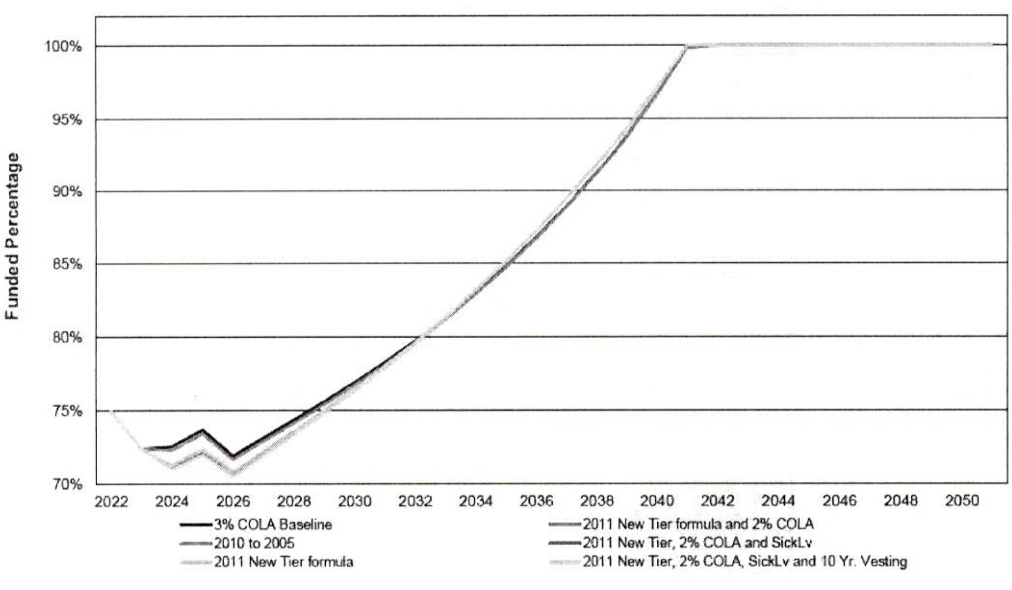
- The graph below shows Present Value of Benefits (PVB) for years beginning July 1 during the projection period.



Significant Findings – Funded Percentage Impact

All Three Pension Funds Combined

- The graph on this slide shows the funded percentage (the ratio of the actuarial value of assets to the actuarial accrued liability) as of June 30 during the projection period. If market value were used, the results would differ in the first six years of the projection.

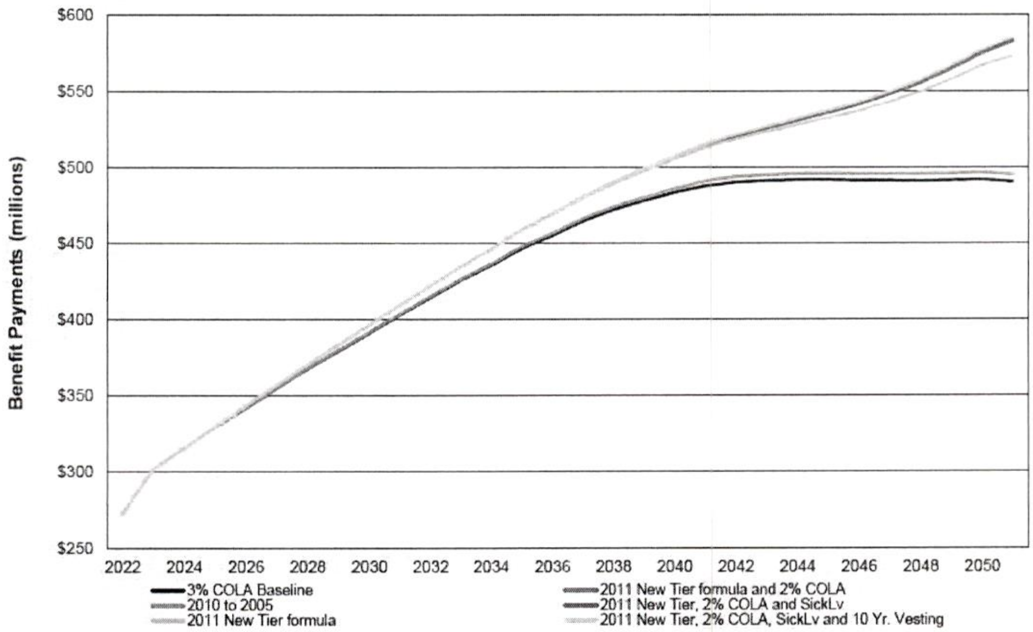


Ms. Cooper presented the next 2 slides that showed the impact of the changes on benefit payments and employer contributions.

Significant Findings – Benefit Payment Impact

All Three Pension Funds Combined

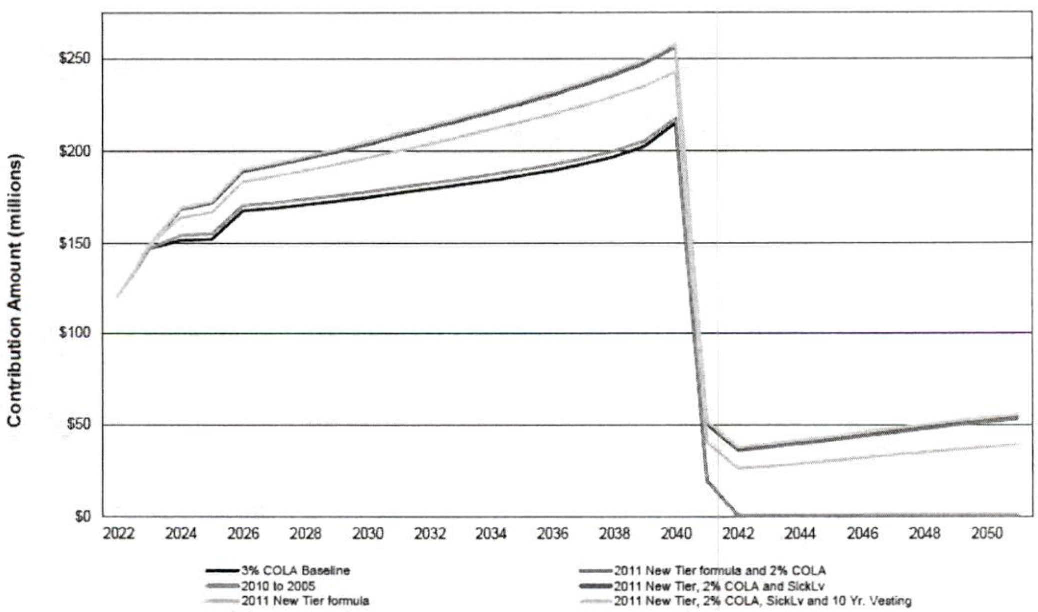
- The graph on this slide shows the benefit payments in dollars for years beginning July 1 during the projection period.



Significant Findings – ADC in Dollars Impact

All Three Pension Funds Combined

- The graph on this slide shows the actuarially determined contribution (ADC) in dollars for years beginning July 1 during the projection period.

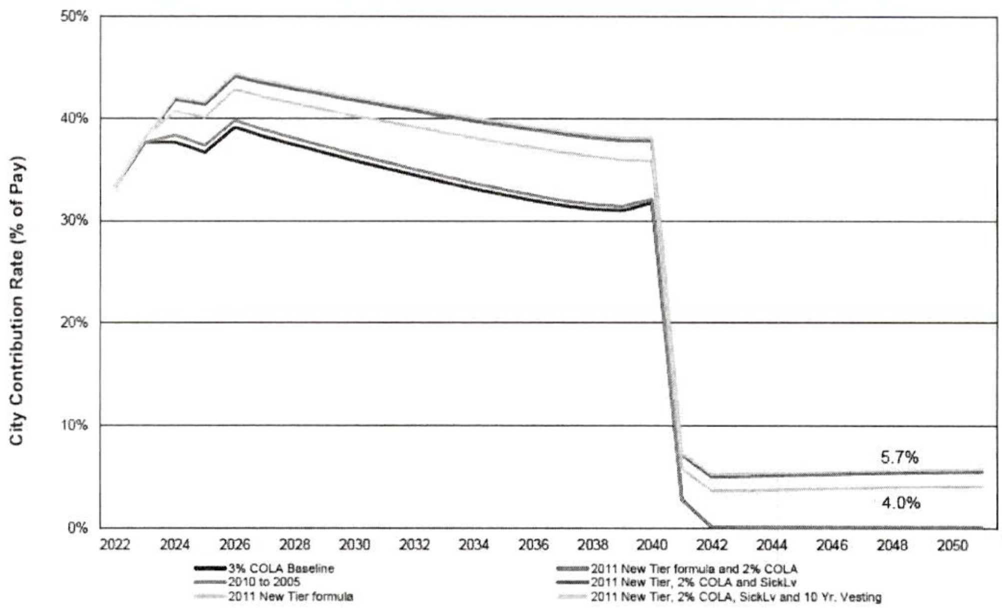


The final two slides Ms. Cooper presented showed the impact on the Employer contributions as a percent of payroll and an overall summary of contribution impact.

Significant Findings – ADC as % of Payroll Impact

All Three Pension Funds Combined

- The graph on this slide shows the actuarially determined contribution (ADC) as a percent of payroll for years beginning July 1 during the projection period.



Significant Findings – Contribution Impact

- The valuation results as of July 1, 2022 determine the ADC for the fiscal year running from July 1, 2023 to June 30, 2024
- Since plan changes are expected to occur on July 1, 2024, the cost impact will first occur in the plan year running from July 1, 2025 through June 30, 2026
- Remaining amortization period for all three plans as of July 1, 2022 valuation date is 19 years
- Unfunded liability therefore expected to be fully amortized in the 2041-2042 year
- Beginning in 2042-2043 fiscal year, ADC no longer has an unfunded amortization component and is only equal to benefit normal cost, plus administrative expenses, less employee contributions
- Impact on ADC of new tiered formula with shorter averaging period is tempered by the increase in the employee contribution rate from 8.00% to 11.75%.
- Like the impact on PVB, Change #2 had the greatest impact, followed by #3 and #1.
- Change #4 and Change #5 have minimal impact on cost.
- **If all of the proposed design changes were adopted, the average increase in the ADC as a percent of payroll over the projection period is 5.62% for the General Employees Fund, 6.33% for the Police Officers' Fund, 6.18% for the Firefighters' Fund, and 5.93% for the combined three Funds.**
- The impact in the years prior to full funding are roughly 0.4% higher as a percentage of payroll, then drop once full funding is reached.
- On a combined basis, the increase in the ADC as a percent of payroll over the projection period is 0.34% for Change #1, 3.83% for Change #2, 1.47% for Change #3, 0.17% for Change #4, and 0.12% for Change #5

Mr. Balla thanked Segal for their work on the pension plan design changes and noted that when pension reform was introduced the City was coming out of the financial crisis and there was strong data at the time that showed the benefits of the current 2011 Hybrid Plan. Mr. Lewis asked about the possibility of moving everyone from the 2011 Plan to the 2005 Plan and investing in employees' retirement benefits while the City is growing. Mr. Balla replied that moving everyone to the 2005 Plan would be extremely expensive and the City is balancing investing in salary enhancements, facility enhancements, equipment enhancements, etc. He noted that if that much of an increase would be made to retirement benefits, there would be less money in other areas for other enhancements. Ms. Cooper asked if additional projections would be needed and Mr. Balla stated he would email Segal with changes.

City of Atlanta Cybersecurity Presentation

Mr. Sankey, Chief Information Officer for the City of Atlanta, presented information on current initiatives to advance the City of Atlanta by consistently delivering innovative, reliable, secure and user-focused technology solutions.

The "One Safe City" initiative includes efforts to avoid cyberattack and ransomware. Its focus is preventing unauthorized persons from accessing City information and ensuring the reliability of access of information to those who are authorized. This includes establishing ongoing operational efficiencies, performing third party vulnerability assessments and addressing operational weaknesses.

Advanced processes have been implemented to protect enterprise assets, software assets and data. This includes encrypting emails, backing up data to the cloud and testing restoration of data. Secure configuration of account management and limiting access to only necessary data have also been implemented.

Ms. Benjamin thanked Mr. Sankey for the work Atlanta Information Management is doing to protect the City.

Approval of Special Fire Election Results

Ms. Shah presented the results of the special election for the retiree representative for the Fire Administrative Committee. George Howell III won with 179 votes compared to 19 for his opponent. Ms. Shah noted that votes were received either on paper or electronically and have been certified.

A motion was made by Mr. Hullender to approve the election results and confirm George Howell III as the new retiree representative on the Fire Fighters' Administrative Committee. The motion was seconded by Mr. Light. The motion unanimously carried and the election results were approved.

SBA Contract Renewal

Ms. Shah presented SBA's proposed contract renewal to the Board.

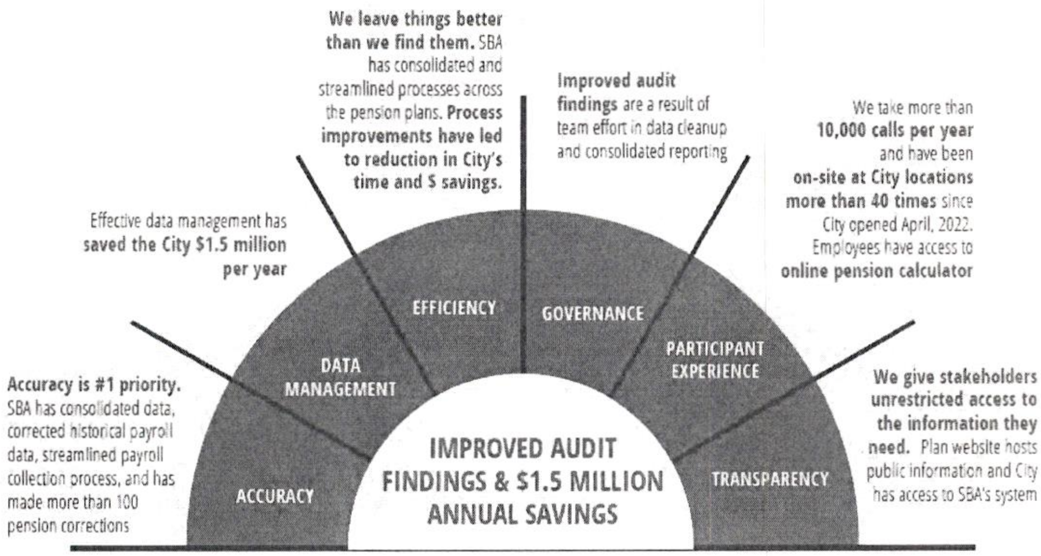
She began with stating that SBA values the partnership they have developed with the City working as the Plan Administrator over the past three years. This includes partnering with the Finance Team, Pension Team, HR Team, HR Business Partners and the Administrative Committees to service the City participants. Ms. Shah noted some of the challenges that have been overcome such as cleaning up data inaccuracies from audit findings and consolidating administrative practices across the three Plans. She noted the job is not done and there is more to do over the next contract period.

THE CITY'S PENSION JOURNEY

Challenges under the previous administrator	What makes SBA the ideal partner	How the plans' needs continue to evolve
X Audit findings pointed to data inaccuracies	✓ Willing and able to do what is necessary for the plans to evolve (not another 'status quo' vendor)	▪ COVID has accelerated the need for personalized pension service that can be accessed from anywhere
X Difficult for participants and committee members to access information	✓ Enthusiastic about transparency and access for all stakeholders	▪ Opportunities to provide additional online capabilities and integrate with the City's systems
X Separate administrative practices for General vs. Police/Fire	✓ Committed to improving accuracy and building trust with participants	▪ New City leaders bring with them new strategic priorities

Ms. Shah highlighted the accomplishments and stated SBA was proud of saving the City $1.5 million per year through the death search process, stopping payments timely in the case of death and collecting healthcare premiums that were not being collected. SBA has also found people on the healthcare files that were dead for several years and for whom the City was paying premiums. There have been many process improvements, including the elimination of overlapping processes and improved audit findings by working with the Finance and Audit Teams to clean up data. On the participant experience side, SBA takes over 10,000 calls per year and is working to be more available on-site for participants. So far SBA has participated in over 40 visits in a variety of events since the City re-opened in April 2022. SBA supports other City education efforts and has rolled out an on-line pension calculator. Ms. Shah noted SBA maintains a public website which helps to cut down open records requests since many of them revolve around plan assets.

HOW WE'RE SUCCEEDING TOGETHER



Ms. Shah stated SBA is looking forward to continuing their partnership with the City. The proposed contract has taken into account feedback from the Administrative Committees. The new contract explicitly states SBA will be on-site 52 times each year, which could either be for individual participant sessions or participating in broader educational efforts. SBA also wants to build in support for City initiatives to increase automation and integration of City and SBA data. Time has been added to draft educational materials. SBA also wants to work on a solution for paperless beneficiary elections which is an audit finding and important when SBA needs to service a survivor after a death.

CONTINUED PARTNERSHIP

- SBA's contract is up for renewal January 2024 and we look to continue our partnership with City of Atlanta
- We have taken into account feedback from pension committees and our City of Atlanta partners
  - We have **restructured the contract** to charge only a fixed monthly charge and have **eliminated the application and per benefit statement fees**
- We would like to **add the following services** to help support City of Atlanta initiatives and priorities:
  - **52 on-site visits per year** to schedule one-on-one sessions participants or visits to support educational initiatives
  - **Support for City initiatives** to help forward the process toward **automation & integration** of SBA's stored data with City of Atlanta's systems
  - Allotment of time for **drafting of educational/informational materials for participants and trustees**
  - Help provide **solution for paperless Beneficiary elections** incorporated as part of the onboarding process whether SBA offering on-line forms or creating interface with Oracle for on-line elections

Lastly, Ms. Shah presented the proposed renewal pricing. She noted that the current contract is $157,060 per month, which includes an average monthly amount of $11,560 in application fees. The proposed plan is for five years, with the 2024 price being $178,000 per year and a 1% COLA each year. The increase takes into account the additional services being offered and a 3% increase for inflation.

RENEWAL PRICING

- Assuming benefit statements are prepared annually, **the current monthly contract cost for comparison is $157,060**
  - Current contract monthly fixed fee of $142,500 plus average monthly application charges of $11,560
  - Includes annual cost of annual benefit statements for active employees
- We are proposing the following 5-year monthly fixed fee schedule for the renewal. As an alternative, we have provided a 3-year option as well.

Calendar Year	5-Year Option (1% COLA)	*3-Year Option (2.5% COLA)*
2024	**$178,000**	*$184,000*
2025	$180,000	*$189,000*
2026	$182,000	*$194,000*
2027	$184,000	
2028	$186,000	

- The increase takes into account additional services being included and 3% for inflation. Keep in mind that **inflation for the 3-year period ending September 30th has been 18%.**
- SBA has held the current monthly fixed fee flat during the contract period 2021 to 2023.

Mr. Berry expressed concerns about voting on the contract today and that the Administrative Committees had not had prior information or involvement in the contract process. He noted that during the initial contract discussions, there were dialogues about SBA having a presence at City Hall so the employees could have easy access to SBA resources and he felt that hasn't happened.

Mr. Balla spoke next and commended SBA for the work they have done. He added that the service the City has received from SBA has been head and shoulders above what has been received in the past. Mr. Balla also stated there are areas to be improved and he had been involved in a call to review the proposal. He also felt the nagging issues with employee data that are part of the audit findings are finally getting addressed. Mr. Balla acknowledged there were issues with the original contract that he felt were tackled with the new proposal and he approved the numbers in the new contract.

Mr. Berry again expressed concern with the lack of presence at City Hall. Ms. Smith stated that there will be a dedicated space for SBA and agreed that a combination of time for one-on-one visits and other educational programs would be a good way to saturate exposure to a variety of employees. She also mentioned that Oracle integration is a high priority for the HR department.

Mr. Hullender stated he was sensitive to Mr. Berry's concern with access by a variety of employees. He noted that during original contract discussions, it was mentioned that SBA would be on-site one to two times per month. He wanted to verify that 52 visits per year – roughly once per week – would be enough to service employee retirement questions. Mr. Hullender added he was very satisfied with the work done by SBA and they had done a phenomenal job servicing the Fire Fighters Plan.

Mr. Lewis followed up on Mr. Berry's comments about the offer of space at City Hall. Ms. Shah noted that Commissioner Norman was a proponent of what made the most sense with outreach to participants. During the first part of the contract, City Hall was closed due to Covid-19 and employees weren't coming into the office. Starting in Fall 2022, SBA and the City initiated Lunch & Learns. SBA also reached out to the HR Business Partners, went to the Airport to meet with employees and attended fairs in the Atrium at City Hall. Ms. Smith noted the HR team does town hall meetings to reach as many employees as possible and stated that one town hall had over 1,000 employees attend. She added that if SBA comes to City Hall she wants to make sure there are employees to meet with them and have a way for employees to schedule appointments.

Mr. Lewis suggested postponing the vote on the SBA contract so that there could be time for review and discussion. Mr. Winston expressed concerns with having a quorum for the upcoming November and December meetings and voting at a later time. Mr. Balla stated that he would like to vote today so that the City can continue to work with a good partner. He pointed out that SBA had addressed the City's concerns and issues in the proposed contract with the fixed price structure and guarantee of on-site visits. Mr. Balla added that the audit is coming up and the administrator is needed to be on board to help with the process. Ms. Benjamin agreed that anything to do with the audit is imperative and added that SBA is working with the City on a robust engagement strategy to get employees the information that they want and need.

Mr. Emerson stated that the motion for the contract could include approval subject to attorney review of the contract, and he would be willing to sit down with members of the General Employees' Administrative Committee and HR to ensure that their concerns with the contract are addressed.

A motion was made by Mr. Hullender to approve a five (5) year contract renewal with SBA, pending attorney review. The motion was seconded by Mr. Winston. The motion carried and the SBA contract was renewed pending attorney review. Mr. Berry and Mr. Lewis were opposed.

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 tentatively be held on Wednesday, November 15, 2023. The meeting will be in person at Atlanta City Hall in City Council Chambers.

XI. ADJOURNMENT

There being no further business to be brought before the Board at this time at 12:28 p.m. Chairman Brand called for adjournment.

Respectfully Submitted,

____
David Brand, Chairman

These minutes were adopted on November 15, 2023