

CITY OF ATLANTA PENSION INVESTMENT BOARD
MEETING

February 20, 2019

City Council Chambers – City Hall
10:00 A.M. – 12:00 P.M.

BOARD MEMBERS PRESENT

FRANK SIMS	Chairman
ROOSEVELT COUNCIL	CFO, City of Atlanta
MARIAN Y. WOODS	HR Commissioner, City of Atlanta
RICHARD COX	City Councilmember
NATALYN ARCHIBONG	City Councilmember
MARCI COLLIER OVERSTREET	City Councilmember
REGGIE GRANT	Appointee, City of Atlanta
LISA BRACKEN	CFO, APS City of Atlanta
RICHARD LIGHT	Police, City of Atlanta
DEREK BRENT HULLENDER	Fire, City of Atlanta
QUENTIN HUTCHINS	APS, City of Atlanta
ALFRED BERRY, JR.	General, City of Atlanta

Board Members not present: Joyce Sheperd, Howard Shook, and JP Matzigkeit

OTHERS PRESENT

As acknowledged on the City of Atlanta Pension Investment Board Trustee Meeting Sign In Sheet for February 20, 2019.

I. CALL TO ORDER

Chairman Mr. Frank Sims called the meeting to order at 10:09 a.m. in City Council Chambers at City Hall in Atlanta, Georgia. Chairman Sims indicated that a quorum was present for the meeting.

II. ADOPTION OF THE AGENDA

A motion was made by Mr. Cox to approve the Agenda as presented and the motion was seconded by Mr. Council. The motion unanimously carried and the Agenda were approved.

III. PUBLIC COMMENTS

Ms. Marsha Petzel of Wells Fargo Bank introduced herself to the Board and provided them with a current perspective of the banking relationship with the City of Atlanta Pension Plans. Ms. Petzel welcomed the opportunity to work with the Board in meeting their custodial and commercial banking needs.

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IV. MINUTES OF THE PREVIOUS MEETING

The Trustees reviewed the Minutes of the January 23, 2019 Board meeting, which were distributed in advance.

A motion was made by Ms. Woods to approve the Minutes as presented and the motion was seconded by Mr. Council. The motion unanimously carried and the Minutes were approved.

V. ADMINISTRATIVE MANAGER'S REPORT

Pension Award

Ms. Patricia D. Harris of Zenith American Solutions presented the Board with ratified and current Pension Applications from Firefighter's, Police Officer's and General Employee's Pension Plans for November 2018, December 2018, January 2019 and February 2019.

MOTION: A motion was made by Mr. Hullender and seconded by Mr. Hutchins to approve the ratified November 2018 Firefighter's Service Applications Nos. 1-2, Beneficiary Application No. 1 and Lump Sum Application No. 1 as listed in the attached spreadsheet dated November 13, 2018. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Hullender and seconded by Mr. Council to approve the ratified December 2018 Firefighter's Service Applications Nos. 1-9 and Lump Sum Applications Nos. 1-4 as listed in the attached spreadsheet dated December 11, 2018. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Hullender and seconded by Ms. Collier-Overstreet to approve the ratified January 2019 Firefighter's Service Applications Nos. 1-7, (it was acknowledged that Disability Application No.1 was previously approved), Disability Conversion Application No. 1 and Lump Sum Application No. 1 as listed in the attached spreadsheet dated January 8, 2019. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Light and seconded by Mr. Hullender to approve the ratified November 2018 Police Officer's Service Applications Nos. 1-8, Beneficiary Applications Nos. 1-3 and Lump Sum Applications Nos. 1-7 as listed in the attached spreadsheet dated November 13, 2018. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Light and seconded by Mr. Hullender to approve the ratified December 2018 Police Officer's Service Applications Nos. 1-3, Beneficiary Application No. 1 and Lump Sum Applications Nos. 1-10 as listed in the attached spreadsheet dated December 11, 2018. The motion to approve was passed unanimously.

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MOTION: A motion was made by Mr. Light and seconded by Mr. Hullender to approve the ratified January 2019 Police Officer's Service Applications Nos. 1-7, Beneficiary Application No. 1 and Lump Sum Applications Nos. 1-9 as listed in the attached spreadsheet dated January 8, 2019. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Hutchins and seconded by Ms. Woods to approve the ratified November 2018 General Employee's Service Applications Nos. 1-11, Disability Applications Nos. 1-4 and Beneficiary Applications Nos. 1-5 as listed in the attached spreadsheet dated November 7, 2018. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Light and seconded by Ms. Woods to approve the ratified December 2018 General Employee's Service Applications Nos. 1-14, Disability Applications Nos. 1-2 and Beneficiary Applications Nos. 1-4 as listed in the attached spreadsheet dated December 5, 2018. The motion to approve was passed unanimously.

MOTION: A motion was made by Ms. Woods and seconded by Ms. Bracken to approve the ratified January 2019 General Employee's Service Applications Nos. 1-2 and Beneficiary Applications Nos. 1-3 as listed in the attached spreadsheets dated December 5, 2018. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Council and seconded by Ms. Woods to approve the February 2019 General Employee's Service Applications Nos. 1-30, Disability Applications No. 1 (it was acknowledged that Disability Application No. 1 was previously approved) and Beneficiary Applications Nos. 1-3 as listed in the attached spreadsheet dated February 6, 2019. The motion to approve to was passed unanimously.

VI. ATTORNEY'S REPORT

COA Pension Investment Board Bylaws

Ms. Denius reported that no further discussion was needed as the Bylaws were discussed at the January 23, 2019 meeting.

Dennis Thomas

Ms. Denius reported that the Fire Fighter Pension Plan lawsuit filed by Dennis Thomas was a victory bench trial for the City of Atlanta. Ms. Denius informed the Board that the lump sums were calculated correctly and further monies were not due to the plaintiff. Ms. Denius stated that the courts agreed although the court agreed that the Plan had properly interpreted the City Code she would work on seeing how/if there could be a need to further clarify the verbiage around compensation as the matter of concern for the case. Ms. Woods also expounded to the fact that legislation was passed that addressed what and how of compensation for the pension plans.

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Segal Contract Renewal

Ms. Denius informed the Board that she had reviewed the contract for Segal Actuarial and everything was in good order. Ms. Denius pointed out that the standard 30day termination language was present and the fees were identical to last years' with the exception of a customary fee increase for the new GASB 67 and 58 Actuarial Filings.

A motion was made by Mr. Hullender and seconded by Mr. Council to accept the contract renewal for Segal Actuarial as presented. This motion passed with unanimous decision.

Outside Council Engagement

Ms. Denius informed the Board that she had only received two (2) recommendations for outside Fund Council and there was still time for her to accept additional submissions before she completed the anticipated write-up summary.

VII. NEW BUSINESS

KPMG FY18 Pension Audit Report

Ms. Karen Mitchell and Mr. Milford McGuirt with KPMG began by giving a brief presentation of the professional services that KPMG provides the City of Atlanta. Following this, Ms. Mitchell discussed current year internal control observations and their audit findings for (FYE 6/30) 2018 and presented the following highlights for all three (3) Pension Plans:

Pension:

Material weaknesses – Repeat comments from prior audit findings

2018-001 Pension Plan Census Data:

- There was incorrect information found (ex: participant demographic information), this information was received by the City of Atlanta.
- Some data inconsistencies had no impact to the assets in the Pension Plans.
- Proposed clean-up with outside vendor as an option for correction.

2018-002 Pension Plan Benefits Payments:

- There were various over and underpayment errors and monies provided to minor beneficiaries who were not eligible to receive were not coded correctly.

Ms. Mitchell suggested that the City of Atlanta develop a way to determine where the errors may be coming from.

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Mr. Hullender inquired asked Ms. Harris whether the overpayments have been stopped. Ms. Harris replied that they were and she went on to explain the Memo that she had provided to the Finance Department as requested. In this Memo, Ms. Harris stated that a root cause analysis was done inclusive of determining the scope of the potential exposure, clean-up/clarification and next step remedy for future processing modifications. Ms. Harris stated that she would send this out to the Board and apologized that it was not previously shared with them.

As a response, Mr. Council suggested a massive data dump to attempt to seek out errors. Mr. Council also suggested that the Benefits and Finance department take on the task of conducting an investigation of such errors stressing the seriousness of such matters.

With no additional questions or discussion, Ms. Mitchell concluded her presentation to the board as informational.

ZAS Office Move

Ms. Harris advised the board that Zenith American Solutions office in Atlanta would be moving to the Tucker office and that the Tucker office is moving in another suite but remaining in the current building in which we are located. Ms. Harris noted that the official address has yet to be provided and this will be forth coming.

VIII. OLD BUSINESS

Pension Investment Board Training

Ms. Jeanette Cooper from Segal Actuarial addressed the Board in providing an Actuarial Training for them based on prior discussions. Ms. Cooper advised the Board that there were only 7 responses received with only 6 able to attend the scheduled dates proposed.

The first three sessions (Actuary 101, Fiduciary Responsibilities and Investment Basic) will be held on March 15, 2019 from 8:30am to 12:30pm.

The second session will be held on March 22, 2019 from 8:30am to 12:30pm and will include follow-up on Pension Plans, Risk Consulting and Advance Investment.

Ms. Harris noted that she would be coordinating the training efforts for the Board with Mr. Amos and Ms. Denius to ensure proper handling and acknowledgment. Mr. Amos stated that public notices would need to be posted at City Hall and he would work with Ms. Harris to complete this requirement.

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Consolidated Investment Consultant RFP

Mr. Hullender addressed the Board on behalf of Mr. Gaffney and the RFP Committee. Mr. Hullender noted that during the next phase of this process there would potentially be site visits but the finalists are participating in the in person presentation/interview process.

Mr. Sims inquired on the interim Investment Consultant role that was discussed at the prior Board Meeting. Mr. Council noted that there was no movement on that proposed action and there would be no decision to move forward. This Mr. Council said would be in concert with the next step timing expectations and the overall intention to have a replacement hired in March 2019 but no later than April 2019. Mr. Hullender noted that updates to this process would be provided at the March Board Meeting.

Search for Outside Council

This matter was addressed under the Attorney's Report.

Report on details of existing contracts with former Pension Boards

Custodial Banking

Mr. Council confirmed that he would be reviewing and examining the Custodial Banking relationships that the plans currently have.

Investment Consultant

This matter is in progress no additional action required at this point.

Legal Services

This matter was addressed under the Attorney's Report.

Actuary

This renewal was approved for Segal Actuarial as discussed in the Attorney's Report.

Securities Litigation Monitoring

Ms. Denius noted that she would provide an update for this request during the next scheduled Board Meeting.

Discussion on the Election Process for the Administrative Committee(s)

Ms. Louis Amis informed the Board that the election candidate letters were submitted and Ballots would be mailed to all eligible members by March 12, 2019. Mr. Amis noted that this process would be completed by Zenith and the election is scheduled to

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be completed in April 2019. Mr. Alfred addressed his concerns over past practice and inquired on electronic communications for the function and efficient of the overall election's process. Mr. Amis stated that this may not be the best option since there are member that do not have access to or are uncomfortable with technology.

Mr. Hullender inquired on the Administrative Committees and their options to meet currently while the election process ongoing. It was acknowledged that with the elected officials that presently sit to represent the Pension Plans, the other required attendees would be the CFO and HR Commissioner (Ex Officio). It was agreed that this option is viable and should be explored.

Investment Reports

Marquette Associates

On behalf of the Fire Fighters' Pension Plan, Mr. Kweku Obed of Marquette Associates provided the Board with the January 2019 Market Environment Report. Mr. Obed stated that GDP is expected to have grown 2.7% in the 4th quarter and the unemployment rate rose to 4.0% adding that nonfarm jobs rose by 304K for the 100th straight month of increased employment in the month of January. The CPI (Inflation Measure) increased 1.9% over the trailing 12 months, with core CPI increasing 2.2%. Mr. Obed noted that all of the factors discussed were positive environment indicators of the current performance in the market.

Mr. Obed presented in his Performance Overview and acknowledged that the Total Fund Composite (\$689,512,087) was in line with the Total Fund Benchmark for all periods with the exception of the Fiscal Year to Date where he composite lagged the benchmark. The following highlights were discussed:

Return Summary	Total Return
January 31, 2019	
January 31, 2019	7.00%
3 Months	1.90%
Year to Date	7.00%
Fiscal Year to Date	-1.90%

Mr. Obed advised the Board that there was a risk on environment that led to positive returns while consumer spending was up. As well, Mr. Obed also attributed positive returns to active manager selections in the portfolio.

With no further discussion, Mr. Obed concluded his report as informational.

Consequent Capital Management

On behalf of the Police Officers' Pension Plan Mr. Cyril Theccanat of Consequent Capital Management provided the Board with the January 2019 Flash Report. Mr. Theccanat advised the Board that the overall portfolio was in a good position relative

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to the market for the month. Mr. Theccanat noted that he also anticipates continued positive returns for February since the market was up 2.5% since January. Mr. Theccanat went on to state that the Total Fund Composite had a market value of \$1,094,506,650 and the portfolio outperformed the Total Plan Index 6.93% vs 6.82% respectively.

In conclusion Mr. Theccanat stated that the long term strategy was key. He noted that thoughts of risk/recession themes feared in 2018 have been somewhat reduced for 2019. To this Mr. Theccanat noted that CPI and low interest rates are key indicators for this positive perspective. Mr. Theccanat engaged in dialogue with the Board about the Brexit situation relative to the portfolio and overall market environment.

With no further discussion, Mr. Theccanat concluded his report as informational.

XII. QUESTIONS AND COMMENTS FROM AUDIENCE

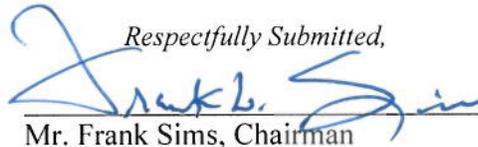
Ms. Collier-Overstreet addressed the Board by acknowledging visitors present from Woodward Academy. Ms. Overstreet stated that Woodward Academy is the largest diverse school in the country. Ms. Collier informed the academy visitors of the function and purpose for today's meeting. The Board welcomed the students and their chaperones and thanked them for visiting today.

XIII. DATE OF NEXT MEETING

The date of the next regular Board meeting will be held on March 20, 2019 from 3:00 pm to 5:00 pm in City Council Chambers.

XIV. ADJOURNMENT

There being no further business to be brought before the Trustees at this time, *Chairman Sims called for adjournment of the meeting at 11:42 a.m. and it was carried with unanimous decision for adjournment.*

Respectfully Submitted,

Mr. Frank Sims, Chairman

Mr. Richard Cox, Vice Chairman

These Minutes were adopted on _____, 2019.

RECEIVED
MAR 20 2019
ZENITH AMERICAN SOLUTIONS