BOARD MEMBERS PRESENT

FRANK SIMS Chairman
ROOSEVELT COUNCIL CFO, City of Atlanta
NATALYN ARCHIBONG City Councilmember
REGGIE GRANT Appointee, 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, JP Matzigkeit, Richard Cox, Lisa Bracken, Marian Woods and Marcia Collier-Overstreet

OTHERS PRESENT

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

I. CALL TO ORDER

Chairman Mr. Frank Sims called the meeting to order at 3:38 p.m. in City Council Chambers at Old City Hall in Atlanta, Georgia. Chairman Sims indicated that a quorum was not present for the meeting however the Board would hear and discuss general business not requiring a vote.

II. ADOPTION OF THE AGENDA

Chairman Sims acknowledged that without a quorum present the Agenda could not be adopted however the meeting would follow the order of business as presented. As well, Mr. Sims went on to say if there were any changes or modifications to be made this information would be acknowledged accordingly.

III. PUBLIC COMMENTS

There were no public comments made.
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IV. MINUTES OF THE PREVIOUS MEETING

Chairman Sims acknowledged that without a quorum present the Minutes from the previous meeting could not be approved however he opened the floor for comments from the Board. It was noted that the minutes from February 20, 2019 were distributed in advance.

With no changes to be made Mr. Sims accepted the Minutes acknowledging that they would have to be approved at a subsequent meeting.

V. ADMINISTRATIVE MANAGER’S REPORT

Pension Award

Ms. Patricia D. Harris of Zenith American Solutions acknowledged with the Board that without a quorum present the Pension Awards could not be motioned for approval. She went on to state that there were no Disability Applications to be presented and in standard fashion all other Pension Awards would be granted with the condition that they would be ratified during a subsequent meeting as customary.

Ms. Harris informed the Board that the General Employee’s Service Applications Nos. 1-20, Beneficiary Applications Nos. 1-3 dated December 5, 2018 has been revised to reflect that it should have read January 2019. It was confirmed that this typo did not affect the approval as granted at the February 20 Board Meeting. There were no questions or concerns regarding this update.

With no additional questions at this time, Ms. Harris concluded the Administrative Managers Report.

Ms. Natalyn Archibong joined the meeting which was in progress to make the established quorum one trustee short.

VI. ATTORNEY’S REPORT

Ms. Kristen Denius addressed the Board to inform them that effective Monday March 18, 2019 she no longer works in capacity as an attorney in the City Law Department. Ms. Denius stated that she had been named the first Transparency Officer for the City of Atlanta. With this designation she would no longer be working on the Board however Mr. Carl Christie who presently works with the Pension Plans would be acting in this role until the final designation and resource is presented.

The Board requested contact information for Mr. Christie and Ms. Harris confirmed that she would provide that in an email following this meeting.
Ms. Denius noted that this matter although not a legal one she would be requesting Power of Attorney for City Law to communicate with the IRS on behalf of the Plan and she has the documentation required to execute this action. Ms. Denius noted that a vote was not required for this action since City Law is designated to act in such capacity according to the Charter.

VII. NEW BUSINESS

Ms. Harris informed the Board that beginning on pages 16 – 18 of the meeting packet there were distribution letters for each of the Pension Plans from Consequent Capital Management on behalf of the GrayCo Alternative Partners II, L.P. Investment. Ms. Harris noted that Consequent Capital Management was present to answer any questions regarding this matter.

Mr. Sims inquired on the purpose and logic for the distribution. Ms. Harris confirmed that similar to a dividend the funds were reinvested back into the plan portfolio. In addition, Mr. Theccanat with Consequent Capital Management noted that the first distribution was in February and the next one due later in 2019 was expected to be between 3-4$M.

Actuarial Valuation (FIRE & POLICE)

Mr. Chuck Carr of Southern Actuarial presented to the Board the July 1, 2018 Actuarial Valuations for both the Firefighter and Police Officers’ Pension Plans. Mr. Carr noted that the results of this valuation would determine the contribution for Fiscal Year End 2019/2020.

The following highlights were discussed:

Assumption Changes (applicable to both Plans)
Since the previous valuation was prepared, two assumptions have been changed. First, the assumed interest (or discount) rate was decreased from 7.50% per annum to 7.25% per annum. Second, the assumed annual cost-of-living adjustment was decreased from 3.00% per year to 2.50% per year. Both changes were made to better reflect anticipated experience.

Mr. Carr noted that the Assumption Changes made to both plans would put each in line with the assumptions for the General Employees’ Pension Plan.
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Present Value of Accrued Benefits
Mr. Carr advised the Board that when determining the Present Value of Accrued Benefits the GASB Funded % uses different assumptions from the Valuation Funded. Noting that the Valuation method considers the overall value should the Plan Freeze at any given point in time to account for the liability of the accrued benefits. Mr. Carr reported the Fire Fighters’ Pension Plan was 90.08% funded and the Police Officers’ Pension Plan was 94.17% Funded. Mr. Carr expounded that these funded percentages are very good compared to similar plans that he administers making this information pleasing to report.

Minimum Required Contribution

<table>
<thead>
<tr>
<th></th>
<th>Fire</th>
<th>Police</th>
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<tbody>
<tr>
<td>Expected Employer Contribution 2018/2019 Plan Year</td>
<td>$20,478,962</td>
<td>$29,311,040</td>
</tr>
<tr>
<td>Preliminary Employer Contribution 2019/2020 Fiscal Year</td>
<td>$15,626,153</td>
<td>$21,571,036</td>
</tr>
<tr>
<td>Contribution Rate FYE 2019/2020</td>
<td>31.83%</td>
<td>23.37%</td>
</tr>
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Mr. Carr noted that the following factors resulting in a decreased contribution rate:
- Investment Gains
- Demographic Census Decreases
- New Plan Provisions
- Turnover

Accrued Interest (FIRE & POLICE)

Mr. Light addressed the Board regarding a previous matter of concern for interest accrual on employee contributions that is provided on monies not withdrawn upon termination at the rate of 5% per year. Mr. Carr confirmed that the majority of those individuals that are getting the annual 5% are not vested in the plan at termination and thus not entitled to a monthly pension benefit but is entitled to receive their contributions. Overall this matter would have no impact to those members who earned and are expected to receive a pension.

Mr. Carr noted that the 5% interest was built into the Ordinance and City Council would have to approve any changes overall. It was agreed that City Law would research the Ordinance and applicable guidelines in order to provide the Board with a recommendation on the method and approach warranted for such action of change.

Chairman Sims noted that a quorum was established at 3:49 pm with the arrival of CFO Roosevelt Council. It was agreed that all matters on the Agenda that required a vote would not be reviewed as customary.

The following motions were made:
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A motion was made by Mr. Hullender to accept the Actuarial Valuation as presented for Fire and Police. This motion was seconded by Mr. Berry and the motion carried with unanimous decision.

A motion was made by Mr. Grant to approve the Agenda as presented. This motion was seconded by Mr. Berry and the motion carried with unanimous decision.

Following review of the Minutes from February 20, 2019 Mr. Berry noted that a correction should be made on page 5 after clarification from the Actuary which stated the following: ‘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’.

This statement should say ‘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 68 Actuarial Filings’.

Following this acknowledgement, a motion was made by Mr. Berry to approve the Minutes as presented with the aforementioned change. This motion was seconded by Mr. Grant and the motion carried with unanimous decision.

Ms. Harris presented the Board with ratified Pension Applications from the Firefighter’s and Police Officer’s Pension Plans for October 2018 and February 2019. Ms. Harris also reviewed the current Pension Applications from General Employee’s Pension Plan for March 2019. Ms. Harris confirmed with Mr. Hullender following his inquiry that all pensioners submitted for review have been informed of their respective reductions and have confirmed their acknowledgement by signing their pension applications for payment.

MOTION: A motion was made by Mr. Hullender and seconded by Mr. Grant to approve the ratified October 2018 Firefighter’s Service Applications Nos. 1-5 as listed in the attached spreadsheet dated October 2018. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Hullender and seconded by Mr. Light to approve the ratified February 2019 Firefighter’s Service Applications Nos. 1-5 as listed in the attached spreadsheet dated February 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 October 2018 Police Officer’s Service Applications Nos. 1-5 as listed in the attached spreadsheet dated October 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 February 2019 Police Officer’s Service Applications Nos. 1-3 as listed in the attached spreadsheet dated February 2019. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Berry and seconded by Mr. Hutchins to approve the current March 2019 General Employee’s Service Applications Nos. 1-9, Corrections Nos. 1-3, Disabilities Converting To Normal Application No. 1, Beneficiary Applications Nos. 1-9 as listed in the attached spreadsheet dated March 2019.

Upon inquiry by Mr. Sims, Ms. Harris noted that there were corrections were made to the benefits payable following receipt of additional compensation and/or employment history provided by the City of Atlanta.

Without the customary Disability Application information being provided in the meeting packet or as a standalone for Trustee review the Disability Pension Applications 1-2 were left pending until that information could be obtained by Ms. Harris for review with the Board. As a response Mr. Harris also noted that the applications do have an indicator that is input from the respective physicians that state if the member is Totally and Permanently Disabled in accordance with the Plan Provisions. Ms. Harris noted that she would contact the Pension Team immediately to obtain this information while the order of business continued.

Mr. Berry requested that he receive the meeting packets a week in advance via mail to his home address noting that he was overwhelmed by receiving so many emails and would like to have a physical paper copy in advance. Ms. Harris confirmed that this would be provided to him as requested.

VIII. OLD BUSINESS

Consolidated Investment Consultant RFP

Mr. Hullender addressed the Board on behalf of Mr. Gaffney, Chairman of the Investment RFP Committee who was traveling and thus unable to attend. Mr. Hullender read into record the following statement representing highlights from the functional meetings held by the Committee:

The City of Atlanta publicly posted an RFP for investment consulting services in November 2018.

Responses to the RFP were due December 6, 2018. 8 consulting firms responded to the RFP.
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5 of the 8 respondents ranked in the top 30 firms in the U.S. in terms of assets under advisement.

A six-person committee from this Board was established to evaluate the RFP responses and make a recommendation to the full Board.

The committee members individually reviewed the RFP responses from each of the respondents. After reviewing the responses, the committee met and narrowed the investment consultant search down to two finalists. The members of the committee reviewed the responses as Fiduciaries and knowing the extreme importance of selecting a qualified, experienced Investment Consultant because this decision directly impacts City of Atlanta employees, retirees, and the overall financial stability of the City of Atlanta.

The two finalists came to Atlanta in February to make presentations and were interviewed by the committee.

Members of the committee then participated in on-site due diligence visits at the finalists’ offices with the following goals:
- Meet/interview additional personnel
- Observe daily operations
- Review Compliance & Oversight
- Review Manager Research
- Inspect Information technology and security procedures.

The committee had a final meeting on March 15, 2019 to discuss the on-site visits and to make the final selection. Marquette Associates was selected by the committee.

Marquette has been in business providing investment consulting services for over 30 years. The firm has the capacity and experience to serve as the consultant for plans the size of ours. They are large enough to be able to fully service our needs, but they aren’t a mega firm so we won’t get lost in the shuffle. There will still be a high level of personal service. Marquette also has a strong commitment to diversity both internally and externally. They have served as the Investment Consultant to the Firefighters’ Pension Plan since November 2016 and have provided excellent service and performance.

It is our recommendation to the full Board that Marquette Associates be hired as the Investment Consultant to the City of Atlanta Defined Benefit Pension Plan Investment Board.
With no additional questions and/or comments, a motion was made by Mr. Berry to approve the RFP Committee Recommendation to hire Marquette Associates as the Investment Consultant to the City of Atlanta Defined Benefit Pension Plan Investment Board. This motion was seconded by Mr. Hullender and the motion passed with unanimous decision.

Following this motion Mr. Sims requested a proactive approach to ensuring that this process is moved along as quickly as possible inclusive of having signed contacts in place. Ms. Denius noted DC management committee would have to vote on this recommendation as well. It was agreed that Mr. Council would work at having a Special Called Meeting established quickly for this purpose.

**Engagement for Outside Counsel**

Ms. Kristen Denius advised the Board that she had received four (4) recommendations from the Trustees for Outside Counsel. Ms. Denius stated that she had with her a letter that was drafted for each of the qualified firms she reviewed. Ms. Denius requested that Ms. Harris have the letters sent from Zenith as they were listed as the contact resource for responses. Ms. Denius confirmed that Mr. Christie could be the ongoing resource for extended legal questions as warranted.

**General Employees’ Disability Application**

Ms. Harris informed the Board that she had received formal communication from the Pension Team regarding the Disability Applications not presented as discussed earlier in the Administrative Manager’s Report. Ms. Harris noted that from this email both Disability Applications, 1 and 2 for Keith Baker and Charlie Varner respectively had the formal and official approval by the attending physician(s) as required confirming both as Totally and Permanently Disabled.

Following this review a motion was made by Ms. Archibong and seconded by Mr. Hutchins to approve the March 2019 General Employee’s Disability Applications Nos. 1-2, as listed in the attached spreadsheet dated March 2019. This motion carried with majority decision inclusive of one abstention from Mr. Berry.

Upon inquiry on the abstention by Mr. Sims, Mr. Berry stated that he was uncomfortable providing his vote without having personally reviewed the documentation presented by Ms. Harris. Mr. Sims requested that this information be provided to all of the Board Members for following the meeting as warranted.
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Former Pension Board Contracts

As a follow up to this matter Mr. Sims stated that he will be reviewing the contracts with Mr. Christie and report to the Board at the next meeting as warranted.

Administrative Board Elections

Mr. Louis Amis informed the Board that the Fire/Police elections were underway for the remaining Administrative Committee positions. Mr. Amis noted that the Qualifying Period for both the General and APS plans were extended noting that no candidates were received for this election. Mr. Amis informed the Board that although electronic Qualifying Letters were sent out timely no paper copies were mailed as was the case in past practice. In the essence of fairness, Mr. Amis noted that the Qualifying Period was extended from March 8, 2019 through March 22, 2019. In turn, Mr. Amis noted that the new voting period is set to run April 22, 2019 through May 8, 2019.

In response, Mr. Sims asked for additional information on the delay. Ms. Harris addressed the Board and noted that the delay was due to an oversight with the mailer which was not inserted into the payroll advices notices for the retirees and/or the off cycle mailer for the actives as requested. Ms. Harris expressed her concern over this fact noting that the option to use a local print shop was being exercised to remedy any such future disconnects in the process.

Mr. Hullender addressed the Board by noting that with the current elected officials could begin conducting business as early as April while the election process was underway.

Actuarial Training

Mr. Amis notified the Board that part two of the Actuarial Training session was scheduled for Friday March 22, 2019 and this session is also open to the public.

Overpayment Memo

Ms. Harris spoke to the Board about the Overpayment Memo that she had emailed them following the request made during the February 20, 2019 Board Meeting related to the KPMG Audit. Ms. Harris noted that following this email exchange feedback was given about the overpayments and she was reviewing this information internally. Ms. Harris will review and report the issues surrounding the overpayments to the Board as soon as a thorough analysis was completed.
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Following an inquiry from Mr. Sims on the procedure for collecting an overpayment, Mr. Hullender responded that according to the IRS there is no requirement that the Plan go after the retiree(s) to repay the funds however, the Plan must be made whole.

If it is determined that the City of Atlanta or Zenith American Solutions are at fault either party could be responsible for making the Plan whole.

As a follow up response, Ms. Denius informed the Board that each overpayment needs a case by case review and determination as circumstances may vary. Ms. Denius did say that overpayments can be the result of a calculation issue, data issue, and retroactive payment being continued in error and/or pension award conversion incorrectly processed. Ms. Denius also stated that it is not the most optimal recourse for the Plan to sue its participants to recoup the overpayments.

**IRS Penalty**

Mr. Berry addressed a matter of an IRS fee issue that he was made aware of inquiring if this was in fact the same matter of business. Mr. Sims noted that he too was aware of penalty matters as well and requested additional information from Mr. Christie to address this issue.

Mr. Christie informed the Board that he was researching an IRS penalty matter and at this point he did not have all of the facts to present to the Board. Mr. Christie went on to state that he is in communication with the previous fund attorney of record and he would provide updates at a later time noting that an Executive Session could be in order for that discussion.

**Investment Reports**

*Marquette Associates*

On behalf of the Fire Fighters’ Pension Plan, Mr. Kweku Obed of Marquette Associates provided the Board with the February 2019 Market Environment Report. Mr. Obed stated that GDP is expected to have grown 2.6% in the 4th quarter and the unemployment rate declined to 3.8% thanks to the end of the shutdown, but only 20K new jobs were added. The CPI (Inflation Measure) increased 1.6% over the trailing 12 months, with energy prices falling 4.8% during this time. Core CPI remains consistent at 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 for the period ending February 28, 2019 and acknowledged that the Total Fund Composite $699,771,432 was in line with the Total Fund Policy Benchmark for both the 1 month and 3 month periods 2.8% vs.
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2.6% and 3.0% vs. 3.1% respectively. Mr. Obed noted that the Total Fund Composite was slightly ahead of the benchmark for the Fiscal Year to Date 10.0% vs. 9.8% respectively. Based on the manager contributions to the Year to Date outperformance Mr. Obed highlighted the following:

<table>
<thead>
<tr>
<th>Top Performers</th>
<th>Absolute Performance</th>
<th>Benchmark Performance</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colchester Global Investors</td>
<td>+1.0%</td>
<td>+0.5%</td>
<td>Fixed Income</td>
</tr>
<tr>
<td>LMCG Investments SCG Johnston</td>
<td>+20.8%</td>
<td>+18.8%</td>
<td>U.S. Equity</td>
</tr>
<tr>
<td>International Equity</td>
<td>+13.7%</td>
<td>+9.3%</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Bottom Performers</th>
<th>Absolute Performance</th>
<th>Benchmark Performance</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ativo Capital</td>
<td>+9.6%</td>
<td>+9.7%</td>
<td>International Equity</td>
</tr>
</tbody>
</table>

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 February 28, 2019 Flash Report. Mr. Theccanat informed the Board that overall the portfolio had performed well for the month. Mr. Theccanat noted that he also anticipates a positive return of 10.9% through mid-March. Mr. Theccanat noted the current 2.5% federal funds rate is well below the most recent 5.2% growth rate in the nominal GDP. Mr. Theccanat expounded on this statement by stating that this was an indicator that there was no imminent concern over a recession and this would be premature at this time. Mr. Theccanat went on to state that the Total Fund Composite had a market value of $1,125,652,463 and the portfolio outperformed the Total Plan Index 10.25% vs 9.61% respectively.

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

XII. QUESTIONS AND COMMENTS FROM AUDIENCE

Mr. Calvin B. spoke to the Board stating the he was impressed with the nature of business and the overall process that is happening with the new Chairman, Mr. Sims. Mr. Calvin B. stated that although this was his first Board Meeting he intended to attend others in the future since he likes the direction that the Investment Board is going in. Mr. Sims informed Mr. Calvin B. that he welcomed and appreciated his
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comments and extended an invitation for him to attend the next Actuarial training to
be held on Friday.

XIII. DATE OF NEXT MEETING

The date of the next regular Board meeting will be held on April 17, 2019 from 10:00
am to 12:00 pm in City Council Chambers.

XIV. ADJOURNMENT

There being no further business to be bought before the Trustees at this time,
Chairman Sims called for adjournment of the meeting at 4:41 p.m. noting that a
quorum was not present. The meeting was concluded in due form.

Respectfully Submitted.

Mr. Frank Sims, Chairman

Mr. Richard Cox, Vice Chairman

These Minutes were adopted on March 17, 2019, 2019.

ZENITH AMERICAN SOLUTIONS