CITY OF ATLANTA PENSION INVESTMENT BOARD
MEETING
April 17, 2019
City Council Chambers – City Hall
10:00 A.M. – 12:00 P.M.

BOARD MEMBERS PRESENT
FRANK SIMS Chairman
MARIAN Y. WOODS HR Commissioner, City of Atlanta
RICHARD COX City Councilmember
JOYCE SHEPERD City Councilmember
MARCI COLLIER OVERSTREET City Councilmember
REGGIE GRANT Appointee, City of Atlanta
LISA BRACKEN CFO, APS 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: Richard Light, Roosevelt Council, Natalyn Achibong, J.P. Matzkefal and Howard Shook.

OTHERS PRESENT
As acknowledged on the City of Atlanta Pension Investment Board Trustee Meeting Sign In Sheet for April 17, 2019.

I. CALL TO ORDER
Chairman Mr. Frank Sims called the meeting to order at 10:13 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 Ms. Overstreet to approve the Agenda as presented and the motion was seconded by Mr. Hullender. The motion unanimously carried and the Agenda was approved.

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

The Trustees reviewed the Minutes of the March 20, 2019 Board meeting, which were distributed in advance.

A motion was made by Ms. Overstreet to approve the Minutes as presented and the motion was seconded by Mr. Grant. 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 Pension and Disability Applications for the Firefighter’s Pension Plan for March 2019 and ratified Pension Applications for the Police Officer’s Pension Plan for March 2019. Ms. Harris also presented the Board with current Pension Applications from the General Employee’s Pension Plans for April 2019.

Following this review the following motions were made:

MOTION: A motion was made by Mr. Hullender and seconded by Ms. Overstreet to approve the ratified March 2019 Firefighter’s Service Applications No. 1, and Lump Sum Application No. 1 as listed in the attached spreadsheet dated March 2019. The motion to approve was passed unanimously.

Although motioned it was acknowledged that Lump Sum Applications do not need approval by the Board.

MOTION: A motion was made by Mr. Hullender and seconded by Mr. Berry to approve the ratified March 2019 Police Officer’s Service Applications Nos. 1-6, and Beneficiary Applications Nos. 1-2 as listed in the attached spreadsheet dated March 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 April 2019 General Employee’s Service Applications Nos. 1-9. The motion to approve was passed unanimously.

MOTION: A motion was made by Mr. Hullender and seconded by Ms. Overstreet to approve the current April 2019 General Employee’s Disability to Normal Applications Nos. 1-2. The motion to approve was passed unanimously.

Although motioned it was acknowledged that Disability to Normal Applications do not need approval by the Board.
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MOTION: A motion was made by Mr. Berry and seconded by Mr. Hullender to approve the current April 2019 General Employee’s Beneficiary Applications Nos. 1-6. The motion to approve was passed unanimously.

At 10:28 a.m., a motion was made by Mr. Hullender to enter into Executive Session to discuss the Disability Application for Kevin E. Roberts as presented. This motion was seconded by Ms. Overstreet and the motion carried unanimously.

At 10:40 a.m., a motion was made by Mr. Hullender to exit Executive Session and resume normal business. This motion was seconded by Mr. Berry and the motion carried unanimously.

A motion was made by Mr. Hullender to approve the Disability Application for Kevin E. Roberts. This motion was seconded by Ms. Overstreet and the motion carried unanimously.

VI. ATTORNEY’S REPORT

Mr. Carl Christie of the City Law Department stated that he did not have a formal report for today’s meeting. The following items were discussed:

Engagement for Outside Counsel

Chairman Sims recommended that each of the respective Plan Representatives for the Firefighters’, Police Officers’ and General Employees’ Pension Plans participate in vetting out the submissions for Outside Counsel. Chairman Sims requested Mr. Christie coordinate a meeting with the representatives and himself prior to the next Board Meeting in order to provide recommendations to the remaining members. Mr. Sims also requested that this invitation be extended to the entire Board for their continued participation and interested as well.

Lump Sum 5% Interest

Mr. Hullender asked Mr. Christie where City Law stood with the 5% Interest on payouts discussed during the March 20, 2019 Board meeting. In Ms. Dentus’ absence, this matter was tabled for discussion.

VII. INVESTMENT CONSULTANT’S REPORT - Marquette Associates

Mr. Kwelu Obed of Marquette Associates opened his presentation by informing the Board of the October 4, 2019 Investment (Client) Symposium held at the Standard Club in Chicago. Mr. Obed noted that this is free for trustees to attend and the
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confirmed Keynote Speaker is Lori Greiner, inventor, entrepreneur and Shark Tank star.

Mr. Obed walked the Board through the Marquette On-boarding Process for the Pension Plan following their winning the combined DB/DC RFP for Financial Consultant. Mr. Obed expressed many thanks and appreciation to the Board for their confidence in the firm. Mr. Obed noted that between this and the following Board Meeting, the reconciliation process and draft reports would be prepared for the Trustees.

Mr. Obed provided the Board with the Fire Fighters’ Pension Plan 1Q 2019 Market Environment Report. Mr. Obed noted that prior to the draft reports being released as aforementioned similar allocations within all three Pension Plans exist so common concepts would apply to the other portfolios although not presented.

Mr. Obed stated that 4Q GDP was revised down to 2.2% from 2.6% in previous estimates and that early forecasts for 1Q growth are at 2.3%. The unemployment rate remained at 3.8% and added 196K new jobs, rebounding from a disappointing February new jobs report. The CPI (Inflation Measure) increased 1.5% over the trailing 12 months, with energy prices falling 5.0% during this time. Core CPI remains consistent at 2.1%. Mr. Obed noted that all of the factors discussed were positive environment indicators of the current performance in the market.

Fixed Income
Mr. Obed pointed out the Fixed Income space acted as a safe haven as assets rally in the market. The low to single digit returns in the current Bull Market were expected as the curve inversion intensifies while the global slowdown and trade spats drag on. Mr. Obed went on to state that there was no immediate need for changes however the inversion yield curve relationship is an indicator of a future economic slowdown.

U.S. Equity
Mr. Obed reported that there was a strong bounce back following December 2018 decline and within this market space this quarter’s performance was at its best since 1998. Mr. Obed went on to say that Small Caps outperformed Mid-Caps and Mid-Caps outperformed Large Caps. While the market is in a risk on Bull Market Growth outperforms Value where Growth tilt managers were rewarded. Mr. Obed stated that there were no surprises on the market rebound rally thru the first quarter of 2019. However with the possibility of a slowdown moderate returns should be expected through the year.
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Non-U.S. Equity
Mr. Obed advised the Committee that the Non-U.S. equity market had a strong rebound in 2019 after struggling in 2018 resulting in respectable Q1 returns overall. Mr. Obed noted that Active Managers were key to the rebound by outperforming their benchmarks consistently across the Non-U.S. equity space.

Mr. Obed YTD Performance (Net of Fees) for the period ending March 31, 2019 noting that
- The Plan slightly underperformed it benchmark on a monthly basis. while matching its benchmark on a year-to-date basis
- U.S. Equity and International Equity composites added value to the Plan
- Fixed Income composite matched the benchmark

Mr. Obed acknowledged that the Total Fund Composite was in line with the Total Fund Policy Benchmark for both the 1 month and 3 month periods 0.7% vs.0.9% and 10.8% vs. 10.8% respectively. Mr. Obed noted that for the Fiscal Year to Date the Total Fund Policy Benchmark was slightly ahead of the Total Fund Composite 2.5% vs. 1.5% respectively. Mr. Obed highlighted the following manager contributions to the Year to Date outperformance:

<table>
<thead>
<tr>
<th>Top Performer</th>
<th>Absolute Performance</th>
<th>Benchmark Performance</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Stock</td>
<td>11.8%</td>
<td>8.3%</td>
<td>U.S. Stock</td>
</tr>
<tr>
<td>Asian Equity</td>
<td>4.9%</td>
<td>1.9%</td>
<td>Asian Equity</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>-1.3%</td>
<td>-0.5%</td>
<td>Emerging Markets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bottom Performer</th>
<th>Absolute Performance</th>
<th>Benchmark Performance</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Allocation</td>
<td>-2.4%</td>
<td>-2.6%</td>
<td>Fixed Income</td>
</tr>
</tbody>
</table>

Mr. Obed informed the Board that there are some over weighted allocations in the portfolio that would prompt a review in the near future.

With no further discussion, Mr. Obed concluded his report as informational while introducing Consequent Capital Management presence and willingness to present on behalf of the Police Officer’s Pension Plan during the transition as previously.

Consequent Capital Management
On behalf of the Police Officers’ Pension Plan Mr. Cyril Theccanat of Consequent Capital Management provided the Board with the March 31, 2019 Flash Report. Mr. Theccanat informed the Board that overall the portfolio had performed well for the
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Mr. Theccanat noted that he also agrees with the structure of plans consistent with comments made by Mr. Kobed with Marquette.

Mr. Theccanat stated that the drivers are still in place and interest rates, inflation and low economy are still moving along. Mr. Theccanat also indicated that recession will be unlikely in 2019 and that the year 2020 speaks to a difference of opinion. Overall, allocation still valid and margin increases could be considered.

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

VIII. NEW BUSINESS

GAPPT Conference

Ms. Harris reminded the Board that the next GAPPT conference will be held September 16-19, 2019 at Lake Lanier in Buford, Georgia. Mr. Harris stated that she would be sending out a reminder email to the Board to request their comments on their interest in attending. Ms. Harris requested timely responses so that registrations arrangements could be made to avoid late fees.

COAG – Wells Fargo Standing Order

Ms. Harris presented to the Board a matter related to a 2013 Standing Order for the General Employees’ Pension Plan Custodian Wells Fargo. Ms. Harris noted that monthly she receives emailed communication to advise on the funding status for this order. Wells Fargo has requested that the City of Atlanta honor the Order or send formal emailed acknowledgement to rescind it.

It was noted that the Chairman at the time was Mr. Alfred Berry, Jr. Mr. Berry advised the Board that he had no concerns with rescinding the Wells Fargo Standing Order however he suggested that the CFO review the Order in order to provide a recommendation.

It was noted that the Order set in place by the previous General Employees’ Board of Trustees on April 3, 2013 states that a shortfall account was in effect that must maintain a minimum balance of $12M and if the shortfall account balance dropped below the $12M, the necessary funds would be transferred from another Plan account to replenish the Order thus making it whole.

Ms. Laurel Hill with Wells Fargo stated to the Board that Marquette may be able to expound on this inadequate cash on hand if overdrawn monies would come from this
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account. Mr. Sims suggested that CFO Council review this matter to advise Board on appropriate action warranted and report at the following Board Meeting.

Pension Oracle Updates

Ms. Harris addressed the Board related to information she received from the Pension Team related to updates coming to Zenith from the new City Oracle Cloud system. Ms. Harris noted that there were disconnects in the data available for the ongoing team to use when calculating pension benefits for the members.

Chairman Frank Sims advised the Board that there was a meeting held with Zenith American Solutions on April 16, 2019 where he and Mr. Hullender met Ms. Harris’ team to discuss matters of concern related to their role with the Pension Investment Board as Third Party Administrator.
Ms. Harris took the opportunity to introduce the Board her immediate SVP, Mr. Michael Shae, her next EVP, Mr. Thomas Sciuto and Mr. Rimon Maksimos, Director of Pension Operations.

Mr. Maksimos advised the Board that there have not been any pensionable wages and/or contributions received from COA payroll file since January 2019.

As a response, Ms. Woods, HR Commissioner, acknowledged that they were aware of the data disconnects and advised the Board that there was a second phases of updates expected in Oracle as a Patch that would occur within the next two weeks. Ms. Woods noted that this Patch would enhance the data transfers and ongoing updates to Zenith.
Ms. Woods advised the Board that she was also on the Executive Steering Committee and extended an invitation to Mr. Maksimos to personally reach out to her or Mr. Louis Amis directly to get any information or assistance with any questions. Mr. Maksimos stated that he and his team were in direct contact with the Pension Department and that they work proactively at obtaining any information needed for timely manual updates for pension calculations and payments to retirees.

Mr. Maksimos informed the Board that presently there was a 45-60 day turnaround to process retirement benefits for the Fire and Police Plans and his team is working on streamlining efficiency of the process to reduce this time. He also stated that the Pension Team would advise members to start the retirement process in advance to avoid delays with their expectations for receiving their pension payments.

Mr. Amis advised the Board that the road to retirement functions are being worked on at a City wide level and Ms. Woods stated that HR is working closely with his Department for aggressively moving this preparation process on to the members.
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Wells Fargo Institutional Retirement and Trust

Ms. Petzel, Vice President Institutional Retirement & Trust of Wells Fargo announced to the Board that Wells Fargo has entered an agreement to sell the Institutional Retirement & Trust (IRT) business to Principal Financial Group as noted on page 29-30 of the meeting materials.

Ms. Petzel read into record the Wells Fargo Announcement dated April 9, 2019 which expounded on several key points of what to expect with the upcoming changes.

Ms. Petzel announced that there would be no changes to the existing Wells Fargo team structure that supports the line of business. At the conclusion of the presentation in response to Ms. Petzel requested any follow up be directed for her as warranted. The Board requested Ms. Harris provide Ms. Petzel’s contact information to them for future reference.

IX. OLD BUSINESS

Engagement for Outside Counsel

This matter was addressed under the Attorney’s Report.

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 concluded and that installation would be done shortly prior to the May Board Meeting.

Ms. Harris advised the Board that the General and APS representative elections were in the final stages of the process and the required ballots had been mailed for the Active and Retiree candidate submissions for the open positions on the Administrative Committee. Mr. Amis reminded the Board that this election was set to conclude on Wednesday May 8, 2019.
XII. QUESTIONS AND COMMENTS FROM AUDIENCE

Ms. Nicole Allen addressed the Board as the mother to deceased member Samuel Wright’s daughter (minor beneficiary). Ms. Allen expressed her heart felt concern and frustration with the overall process and experience she had with her involvement with Zenith American Solutions employee Marva Smith while applying for minor beneficiary pension benefits. Ms. Allen stated that over the past two years she had experienced unprofessional behavior and suffered abuse. Ms. Allen stated that she received assistance with her request from Ms. Rosie Woods and Ms. Wendy Brown at the City of Atlanta and thanked them for such assistance.

Chairman Sims requested that Ms. Woods work with Ms. Harris to determine the circumstances related to this issue and any appropriate action responses as required.

Attorney’s Report (Continued)

Ms. Denius advised the Board that she would have to confirm any legal conditions related to the Boards interest in changing the 5% interest applied to Lump Sum Payments. Ms. Denius reminded the Board that any such legal change must be approved with a vote from City Council. As well, she noted that an Ordinance change would be needed as this interest matter was written into the Charter of the Plan(s). Mr. Hullender stated his interest in having a Council Member that sits on the Pension Investment Board sponsor this on the City Council level as needed.

In response to a question on the methods used by like pension plans, Ms. Jeanette Cooper of Segal Actuarial addressed the Board. Ms. Cooper stated that public plans vary and ERISA plans use a Federal mid-term rate tied to outside index. Ms. Cooper stated that she could provide some additional information to the Board at a later date.

XIII. DATE OF NEXT MEETING

When acknowledging the next regular Board meeting scheduled, there were concerns expressed from the Board members that there were other City Council obligations that would prevent them from being present at the May 15, 2019 Board Meeting.

Following this discussion, it was agreed that Mr. Amis would work with Ms. Harris to coordinate availability and dates that would be suitable for a rescheduled Board Meeting.
XIV. ADJOURNMENT

There being no further business to be brought before the Board at this time, Chairman Sims called for adjournment of the meeting at 11:52 a.m.

Respectfully Submitted,

Mr. Frank Sims, Chairman

Mr. Richard Cox, Vice Chairman

These Minutes were adopted on MAY 22, 2019.

ZENITH AMERICAN SOLUTIONS