

**CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING**

December 22, 2021

Webex Teleconference

10:00 A.M – 12:00 P.M.

Board Members Present

Frank Sims
Mohamed Balla
Alfred Berry, Jr.
Reggie Grant
Brent Hullender
Quentin Hutchins
Jon Keen
Rick “Bud” Light
Jeffrey Norman

Chairman
CFO, City of Atlanta
General, City of Atlanta
General, City of Atlanta
Fire, City of Atlanta
Atlanta Public Schools
COO, City of Atlanta
Police, City of Atlanta
HR Commissioner, City of Atlanta

Others Present

Mary Shah
Stephanie Atli
Lori Pocock
Eric Dec
Mu’min Islam
Pamela Goins
Delisha Robinson
Karen Sutton
Amanda Rouser
Chelsea Deppert
Ed Emerson
Ben Kirkland
Kweku Obed
Adam Persiani
Derek Batts
Benjamin Hymes
Stephanie Roberts
Joseph McLane
Joe Ebisa

Strategic Benefits Advisors
Strategic Benefits Advisors
Strategic Benefits Advisors
City of Atlanta, Legal
City of Atlanta, Legal
City of Atlanta, Finance
City of Atlanta, Finance
City of Atlanta, Finance
City of Atlanta, Pension Administration
Morris, Manning & Martin
Morris, Manning & Martin
Segal
Marquette Associates
Pharos Funds
Union Heritage
Legato
Garcia Hamilton

I. CALL TO ORDER

Chairman Sims called the Webex teleconference meeting to order at 10:03 a.m. Chairman Sims noted that a quorum was present for the meeting and it was noted Investment Managers were in attendance.

II. ADOPTION OF AGENDA

Chairman Sims asked if there were any changes to the agenda.

A motion was made by Mr. Hullender to approve the Agenda as presented. The motion was seconded by Mr. Berry. The motion unanimously carried and the Agenda was approved.

III. PUBLIC COMMENT

Public comment was not requested at the beginning of the meeting.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the November 17, 2021 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the November 17, 2021 minutes, a motion was made by Mr. Berry to approve the Minutes as written. The motion was seconded by Mr. Grant. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Emerson noted that for the appeals cases heard in October and November, no further appeals have been received. It appears that the Board's resolution has been well received by the retirees and beneficiaries involved in these cases. He also noted that there will be one or two appeals presented at the meetings either in January or February, but that these appeals are not based on overpayment recoupments.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed wished everyone a Merry Christmas and Happy Holidays, and then walked through the market environment and performance for the three plans. He noted that while 2021 has been interesting from a Covid standpoint, it has been a good year for the portfolios. By statute, there is a large portion of the assets that must be in the Fixed Income class and, despite the Fixed Income challenges this year, the portfolios are holding up very well.

Mr. Obed stated that November inflation readings have been higher than expected with the CPI up 6.8% compared to the 2% rate we have seen lately. This is the largest spike in the CPI since 1982 and talk of inflation will be discussed further in 2022. He also noted that the Fed is tapering its purchase of treasury notes in an effort to slow inflation momentum. Influences of the new Omicron strain of Covid will become clearer in the next few months. Unemployment is trending down but job creation was below expectations. Omicron and inflation are the key themes leading into 2022.

Themes for the month

- ▾ November inflation readings come in higher than expected: CPI up 6.8% year over year, and core (excludes food and energy) CPI up 4.9% year over year
- ▾ Fed expected to double its pace of tapering in an effort to slow the inflation momentum
- ▾ Omicron variant emerges and appears to be more contagious but with symptoms that are less severe
- ▾ Unemployment rate fell to 4.2% in November, but job creation was disappointing with the 210K figure far below expectations (573K)
- ▾ Overall sentiment takes a tumble based on Omicron fears and inflation that has proven to be higher and more persistent than expected

For Fixed Income assets, there were some slightly positive returns in the Intermediate and Ag Indices. There was market uncertainty that helped drive the increase in Fixed Income.

Fixed income: Omicron widens spreads, flattens curve

Omicron surge at tail end of Nov. sends markets risk-off despite economic progress prompting Fed earlier in month to start tapering

		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Blm BC Aggregate	0.3	-0.6	-1.3	-1.2	5.5	3.7	3.0
Intermediate Indices	Blm BC Int. Gov./Credit	0.1	-1.0	-1.3	-1.1	4.4	3.0	2.5
Government Only Indices	Blm BC Long Gov.	2.6	1.5	-3.2	-4.3	11.2	6.7	5.0
	Blm BC Int. Gov.	0.3	-0.9	-1.4	-1.4	3.6	2.4	1.8
	Blm BC 1-3 Year Gov.	0.0	-0.5	-0.4	-0.3	2.4	1.7	1.1
	Blm BC U.S. TIPS	0.9	1.3	5.6	6.8	8.5	5.3	3.1
Credit Indices	Blm BC U.S. Long Credit	0.4	-0.1	-0.8	-0.4	12.4	8.1	6.8
	Blm BC High Yield	-1.0	-1.2	3.3	5.3	7.4	6.3	6.9
	CS Leveraged Loan Index	-0.2	0.7	4.7	6.1	4.4	4.4	4.8
Securitized Bond Indices	Blm BC MBS	-0.1	-0.6	-1.0	-0.7	3.7	2.5	2.4
	Blm BC ABS	-0.1	-0.6	-0.2	0.0	3.2	2.4	2.1
	Blm BC CMBS	-0.1	-1.3	-0.8	0.1	5.5	3.8	3.9
Non-U.S. Indices	Blm BC Global Aggregate Hedged	0.7	-0.5	-1.0	-0.7	4.7	3.5	3.7
	JPM EMBI Global Diversified	-1.8	-3.9	-3.2	-1.3	5.9	4.6	5.2
	JPM GBI-EM Global Diversified	-2.7	-7.3	-10.1	-7.0	2.0	2.9	0.4
Municipal Indices	Blm BC Municipal 5 Year	0.2	-0.5	0.2	0.6	3.6	3.0	2.5
	Blm BC HY Municipal	1.3	0.2	7.5	9.5	8.0	7.8	6.9

Note: The local currency GBI index is hedged and denominated in U.S. dollars. Sources: Bloomberg Barclays, Credit Suisse, JPMorgan, as of November 30, 2021

The US Equity markets have seen exceptional performance YTD, although the 1 month and 3 month returns saw volatility due to Omicron and the Fed raising interest rates. Generally, when rates rise, Value assets do well while Growth assets go negative. With the new work from home environment, we can no longer necessarily say this will happen.

U.S. equities drop in Nov. amid Omicron variant outbreak

Fueled by concerns over the Omicron variant, domestic stock indices largely fell in November; the Russell 1000 Growth index was the only major U.S. equity benchmark to notch a positive return during the month

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Broad Market Indices							
Dow Jones	-3.5	-2.1	14.6	18.5	12.9	15.1	13.8
Wilshire 5000	-1.2	0.8	22.0	27.4	20.5	17.7	16.1
Russell 3000	-1.5	0.4	20.9	26.3	20.2	17.5	16.0
Large-Cap Market Indices							
S&P 500	-0.7	1.3	23.2	27.9	20.4	17.9	16.2
Russell 1000	-1.3	0.7	21.5	26.7	20.6	17.9	16.2
Russell 1000 Value	-3.5	-2.2	17.7	22.2	11.5	10.4	12.5
Russell 1000 Growth	0.6	3.2	25.0	30.7	29.2	25.1	19.5
Mid-Cap Market Indices							
Russell Mid-Cap	-3.5	-2.0	17.8	23.3	17.5	14.4	14.4
Russell Mid-Cap Value	-3.0	-1.6	20.8	26.3	13.0	10.3	12.9
Russell Mid-Cap Growth	-4.2	-2.5	12.3	17.7	23.3	19.8	16.4
Small-Cap Market Indices							
Russell 2000	-4.2	-3.0	12.3	22.0	14.2	12.1	13.1
Russell 2000 Value	-3.4	-1.7	23.2	33.0	11.5	9.1	11.8
Russell 2000 Growth	-4.9	-4.2	2.4	12.0	16.1	14.7	14.1

Source: Morningstar Direct as of November 30, 2021

In the Non-US Equity markets, the theme was similar to Fixed Income, although with lower magnitude. One and three month returns were more volatile compared to the domestic markets. Year to date saw positive returns, but lagged those in the US markets.

Equities sell off in November

After a positive October, global equities generated negative returns in November. Developed markets continue to outperform emerging markets

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
MSCI ACWI	-2.4	-1.7	14.0	19.3	16.0	14.0	11.4
MSCI ACWI ex. U.S.	-4.5	-5.4	3.5	9.1	10.0	9.3	6.7
MSCI EAFE	-4.7	-5.1	5.8	10.8	9.8	9.2	7.4
MSCI EAFE Local	-2.5	-1.7	13.8	16.6	9.5	8.4	9.7
MSCI Emerging Markets	-4.1	-7.0	-4.3	2.7	9.3	9.5	5.2
MSCI EM Local	-3.2	-5.1	-1.7	4.3	10.5	10.2	7.9
MSCI EAFE Small-Cap	-5.6	-7.5	5.5	12.7	11.5	10.7	10.1
MSCI EM Small-Cap	-2.9	-4.7	14.0	22.8	14.3	10.5	6.8
MSCI Frontier	-4.6	0.4	18.0	24.7	11.1	9.8	7.1

Source: eVestment as of November 30, 2021

Mr. Obed pointed out that real estate has increased modestly in the portfolio allocation and has been up double digits through the third quarter. He is expecting strong results in the fourth quarter.

Real estate momentum continues in third quarter...

Real estate continued its snapback across property types, where industrial and multifamily benefitted significantly from valuation write-ups and cap rate compression.

Indices	3Q21 (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
NPI	5.2	10.9	12.2	6.7	6.8	9.0
Income	1.1	3.2	4.2	4.4	4.5	4.9
Appreciation	4.5	7.5	7.7	2.3	2.3	3.9
NFI-ODCE	6.6	13.2	14.6	7.1	7.5	9.9
Income	1.0	3.0	4.0	4.0	4.1	4.6
Appreciation	5.6	9.9	10.4	2.9	3.3	5.2
FTSE NAREIT All Eq. REITs	0.2	21.6	31.5	11.7	8.3	12.1
Property Type						
NPI Apartment	6.5	12.3	13.4	6.9	6.7	8.6
NPI Office	1.9	4.4	4.9	4.7	5.3	7.7
NPI Industrial	10.9	26.5	32.4	18.3	16.4	15.5
NPI Retail	1.6	2.0	0.7	-1.4	1.1	6.8
NPI Hotel	1.8	0.8	-2.5	-7.7	-2.5	3.2
Geographic Sectors						
NPI East	4.0	8.2	9.5	5.2	5.2	7.3
NPI Midwest	3.7	8.3	8.3	3.4	4.2	7.3
NPI South	6.0	12.0	13.3	7.0	7.0	9.4
NPI West	6.1	13.0	14.4	8.5	8.7	10.7

Source: NCREIF as of September 30, 2021

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that the General plan performance is reflective of the capital markets. The plan has good year to date returns in the double digits. He provided the Committee with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of November 30, 2021.

MTD Performance (as of 11/30/2021)

Total Fund Composite: -1.9%
Total Fund Policy Benchmark: -2.2%

FYTD Performance (as of 11/30/2021)

Total Fund Composite: 0.9%
Total Fund Policy Benchmark: 0.4%

YTD Performance (as of 11/30/2021)

Total Fund Composite: 10.1%
Total Fund Policy Benchmark: 10.1%

Performance Overview – Police Officers' Pension Plan

Mr. Obed provided the Committee with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of November 30, 2021. The plan had similar results compared to the General plan.

MTD Performance (as of 11/30/2021)

Total Fund Composite: -2.4%
Total Fund Policy Benchmark: -2.1%

FYTD Performance (as of 11/30/2021)

Total Fund Composite: 0.4%
Total Fund Policy Benchmark: 0.0%

YTD Performance (as of 11/30/2021)

Total Fund Composite: 10.3%
Total Fund Policy Benchmark: 10.2%

Performance Overview – Fire Fighters’ Pension Plan

Mr. Obed provided the Committee with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of November 30, 2021. He noted that there are similar returns on an absolute basis, although the fund is lagging behind the benchmarks year to date.

MTD Performance (as of 11/30/2021)

Total Fund Composite: -2.3%
Total Fund Policy Benchmark: -2.3%

FYTD Performance (as of 11/30/2021)

Total Fund Composite: 0.2%
Total Fund Policy Benchmark: 0.7%

YTD Performance (as of 11/30/2021)

Total Fund Composite: 10.0%
Total Fund Policy Benchmark: 11.2%

Mr. Obed stated that overall, all three portfolios are holding up nicely and no changes are planned at this time. He also noted that in early 2022 he would present a recap on 2021 and show what styles and managers did well for the year as well as what detracted from performance.

Mr. Berry asked if the portfolios were well positioned for a rate hike in 2022 and Mr. Obed responded that the investment in Fixed Income assets will help protect the portfolios. Mr. Obed noted that when rates went up in 2018 and 2019, equities were sold off, but Fixed Income did not lose value during that time period. He also stated that there is some cushioning in the City’s portfolios. For example, Real Estate assets help to buffer performance if rates rise and Fixed Income falls. He noted that that over the long term Fixed Income assets help to fill objectives around liquidity and hold a conservative position in the portfolio. Mr. Berry asked if there any thoughts about investing in crypto-currency and Mr. Obed noted he would be speaking about that topic at the GAPPT conference in Spring,2022, so he will be doing research for that presentation and will be able to provide more information at that time.

VII. NEW BUSINESS

Investment Board Election Results

Ms. Shah presented the results of the Investment Board elections. She noted that all 4 incumbents won and the official results are shown below. The City Finance team certified the paper ballots received and Election Buddy certified the electronic votes.

2021 City of Atlanta Investment Board Election Results Winners with the Most Votes

General Employees' Pension Fund - APS Representative	Quentin Hutchins
General Employees' Pension Fund - City Representative	Alfred Berry, Jr.
Fire Fighters' Pension Fund Representative	Derek (Brent) Hullender
Police Officers' Pension Fund Representative	Richard Light

A motion was made by Mr. Grant to approve the election results as presented. The motion was seconded by Mr. Light. The motion unanimously carried and the results were approved.

Special Election for General and Police

Ms. Shah stated that the nomination period for the special election was complete and there were no submissions for the General plan and two submissions for the Police plan. The Police candidates will need to be approved by the Board and a second qualifying period will be held for the General plan from January 3 through January 14, 2022.

A motion was made by Mr. Hullender to approve the two (2) candidates submitted for the Police Plan. The motion was seconded by Mr. Light. The motion carried and the candidates were approved.

Mr. Berry asked if General plan notices would be sent out through email again and Mr. Norman confirmed that nominations would be solicited via email. Mr. Norman added that due to the Investment Board election being in progress during the last solicitation period, there may have been some confusion among General plan participants, so the email language will be reviewed to emphasize the importance of having nominations for the special election. He also noted that there were some active employees up for election to the Investment Board and those people may be nominated for the General plan. Mr. Berry asked that signage about the election be posted at mission critical installations and Mr. Norman agreed.

A motion was made by Mr. Hullender to approve a second qualifying period for the General Plan. The motion was seconded by Mr. Light. The motion carried and the second qualifying period for the General Plan was approved.

2022 Meeting Dates

Ms. Shah presented the proposed dates for the Investment Board meetings for 2022. Most are set for the third Wednesday of the month, but there are some conflicts. The past practice has been when the Board

meeting conflicts with a City Council meeting, the Board meeting is moved to the fourth Wednesday of the month, which will happen for three dates in 2022. There are two additional conflicts with the GAPPT conferences in March and September, and proposed dates are listed for those months. The last date to review is for the November meeting since 11/23/2022 is the day before Thanksgiving. Ms. Shah will send a separate email with a new proposed November meeting date.

VIII. OLD BUSINESS

Continuing Education for Investment Board Trustees

Ms. Shah reminded the Board members about the requirement to document continuing education credits, and asked all Board members to send their transcripts to Ms. Pocock. Ms. Pocock noted that SBA is not able to pull GAPPT transcripts as was initially thought, so Board members will need to download the transcripts themselves and send copies to SBA.

Other Issues

Mr. Berry noted that the first installment had been paid to Deloitte for the new data project and asked who is monitoring the project and how reports on its progress will be presented. Mr. Hullender stated that there are currently no scheduled updates for this board, but he could contact Deloitte and ask them to do a monthly update. He asked Mr. Berry if he would like Deloitte to present at the General committee meeting and Mr. Berry noted he would ask that committee what updates they would like. Mr. Hullender noted that more results would be seen towards the end of the project rather than at the beginning. Mr. Norman added that he has been in touch with Deloitte to ensure that they have direct access to stored information and the CIO has also assured him that Deloitte will have access.

X. QUESTIONS AND COMMENTS FROM AUDIENCE

Chairman Sims requested that the official record reflect the Board's acknowledgement and appreciation for Councilwoman Archibong's service and her commitment to the Pension Board. The Board thanks her very much for all she has done and wishes her the best going forward.

XI. DATE OF NEXT MEETING

The next Board meeting will be held on January 19, 2022.

XII. ADJOURNMENT

There being no further business to be brought before the Board at this time at 10:56 a.m. Chairman Sims called for adjournment.

Respectfully Submitted,

Chairman, Frank Sims

These minutes were adopted on _____, 2022