

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

November 17, 2021
Webex Teleconference
10:00 A.M – 12:00 P.M.

Board Members Present

Jon Keen
Mohamed Balla
Alfred Berry, Jr.
Lisa Bracken
Reggie Grant
Quentin Hutchins
Rick “Bud” Light
Jeffrey Norman

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

Others Present

Mary Shah
Stephanie Atli
Lori Pocock
Eric Dec
Youlanda Carr
Pamela Goins
Fumnanya Johnson
Delisha Robinson
Karen Sutton
Amanda Rouser
Rosie Woods
Ed Emerson
Jeanette Cooper
Ben Kirkland
Kweku Obed
Jamie Helms
Adam Persiani
Derek Batts
Benjamin Hymes
Stephanie Roberts
Joseph McLane
Arlyn Lopez
Colin Chaney

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

I. CALL TO ORDER

Vice-Chairman Keen called the Webex teleconference meeting to order at 10:07 a.m. Vice-Chairman Keen noted that a quorum was present for the meeting and it was noted Investment Managers were in attendance. He also noted he would be Chair for the meeting this month.

II. ADOPTION OF AGENDA

Vice-Chairman Keen asked if there were any changes to the agenda.

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

III. PUBLIC COMMENT

Vice-Chairman Keen asked if there were any public comments and there were none.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the October 20, 2021 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the October 20, 2021 minutes, a motion was made by Mr. Grant to approve the Minutes as written. The motion was seconded by Mr. Norman. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Emerson presented a proposed amendment to the Investment Board bylaws. He noted that one General committee member recently retired and one Police committee member is due to retire next month, both of whom were elected by active members of their respective committees. The current bylaws are not clear regarding what should happen in this situation. The proposed amendment will clarify that, if a committee member who is elected by active employees retires or otherwise terminates employment, their seat will be declared vacant as of the date of their separation. If there is 6 months or more left in their term, a special election will be held to replace their seat.

Following review of the proposed amendment, a motion was made by Mr. Berry to approve the clarification to the bylaws. The motion was seconded by Mr. Grant. The motion unanimously carried and the change to the bylaws was approved.

Mr. Emerson also presented an update on the Iron Mountain scanning project, which is now, for the most part, complete. SBA has reviewed the materials provided and is using it on a daily basis. They have found some issues and are recommending that the paper files be maintained and not destroyed. Ms. Shah added that there were approximately 22,000 files scanned, comprised of 600,000 sheets of paper. There have been a few times when SBA has identified a scan that is not legible and paper backup was needed. Mr. Berry asked what the monthly storage fee would be for the files and Ms. Shah estimated \$250 per month. She also noted that as long as someone is in pay status, auditors may want to access the files. Mr. Berry asked how long SBA felt the files would need to be stored and Ms. Shah replied there is no set timeframe for now, but SBA will track how often they need to access a paper file to propose a retention policy. Mr. Emerson indicated that he would review from a legal standpoint how long paper files should be retained.

Mr. Emerson asked the Board to go into Executive Session to discuss two additional appeals cases.

A motion was made by Mr. Light to enter Executive Session. The motion was seconded by Mr. Grant. The motion unanimously carried and the Board entered Executive Session at 10:19 a.m.

A motion was made by Mr. Balla to end Executive Session. The motion was seconded by Mr. Berry. The motion unanimously carried and the Board exited Executive Session at 10:33 a.m.

A motion was made by Mr. Balla to treat the appeals cases of Michael Sharpe and Ronald Glasgow in the same manner and apply the same methodology as adopted by the Investment Board last month. The motion was seconded by Mr. Berry. The motion unanimously carried and the appeals were updated.

Mr. Dec had nothing additional to report.

VI. INVESTMENT CONSULTANT REPORT – Marquette Associates

Mr. Obed walked through the market environment and performance for the three plans.

For the month of October, Fixed Income has been flat, with many year to date yields in negative territory. Interest rates have been the key driver of negative returns. He noted that equities are the key driver in the plan portfolios and Fixed Income funds are used for defensive positions.

Fixed income: Yields rise in belly, fall at long end

Vaccine proliferation progresses along with strong 3Q earnings reports; Evergrande contagion and U.S. debt ceiling concerns subside

		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Blm BC Aggregate	0.0	-1.1	-1.6	-0.5	5.6	3.1	3.0
Intermediate Indices	Blm BC Int. Gov./Credit	-0.6	-1.3	-1.4	-0.7	4.5	2.6	2.4
Government Only Indices	Blm BC Long Gov.	1.8	-1.3	-5.7	-5.7	11.0	4.6	5.0
	Blm BC Int. Gov.	-0.6	-1.3	-1.7	-1.5	3.8	2.0	1.8
	Blm BC 1-3 Year Gov.	-0.3	-0.4	-0.3	-0.3	2.5	1.6	1.1
	Blm BC U.S. TIPS	1.1	0.2	4.7	7.1	8.4	4.7	3.1
Credit Indices	Blm BC U.S. Long Credit	1.5	-0.9	-1.2	4.3	12.1	6.9	6.5
	Blm BC High Yield	-0.2	0.3	4.4	10.5	7.4	6.4	6.8
	CS Leveraged Loan Index	0.2	1.4	4.9	8.5	4.2	4.5	4.8
Securitized Bond Indices	Blm BC MBS	-0.2	-0.7	-0.9	-0.6	4.0	2.2	2.4
	Blm BC ABS	-0.3	-0.5	-0.1	0.2	3.4	2.3	2.1
	Blm BC CMBS	-0.4	-1.3	-0.6	1.0	5.8	3.4	4.0
Non-U.S. Indices	Blm BC Global Aggregate Hedged	-0.3	-1.4	-1.7	-0.8	4.6	3.0	3.6
	JPM EMBI Global Diversified	0.0	-1.1	-1.3	4.4	6.4	4.2	5.4
	JPM GBI-EM Global Diversified	-1.3	-4.0	-7.6	0.8	3.9	2.0	0.4
Municipal Indices	Blm BC Municipal 5 Year	-0.3	-0.8	0.0	1.0	3.8	2.4	2.6
	Blm BC HY Municipal	-0.4	-1.2	6.1	10.7	7.7	6.2	6.7

Note: The local currency GBI index is hedged and denominated in U.S. dollars. Sources: Bloomberg Barclays, Credit Suisse, JPMorgan, as of October 31, 2021

The stock market, after a tough September, has seen stocks come roaring back. Large and mid-cap stocks have seen high single digit returns. Year to date, we are continuing to see tremendous returns where the plans are allocated in the market. With just a few months left, the US stock market is on track for a great 2021.

U.S. stocks bounce back in October after recent drop

All major U.S. equity indices fell in September, but posted strong returns during the month of October; larger, more growth-oriented stocks mostly led the way during the period despite positive results across the board

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Broad Market Indices							
Dow Jones	5.9	3.0	18.8	37.7	15.1	17.2	14.3
Wilshire 5000	6.7	5.0	23.4	44.4	21.8	19.0	16.2
Russell 3000	6.8	4.9	22.8	43.9	21.6	18.9	16.1
Large-Cap Market Indices							
S&P 500	7.0	5.1	24.0	42.9	21.5	18.9	16.2
Russell 1000	6.9	5.0	23.2	43.5	22.0	19.2	16.3
Russell 1000 Value	5.1	3.4	22.0	43.8	13.9	12.4	12.8
Russell 1000 Growth	8.7	6.4	24.2	43.2	29.4	25.5	19.4
Mid-Cap Market Indices							
Russell Mid-Cap	5.9	4.2	22.0	45.4	19.9	16.5	14.8
Russell Mid-Cap Value	5.3	3.6	24.5	48.6	15.0	12.3	13.2
Russell Mid-Cap Growth	7.0	5.1	17.3	39.4	26.2	21.9	16.9
Small-Cap Market Indices							
Russell 2000	4.3	3.4	17.2	50.8	16.5	15.5	13.5
Russell 2000 Value	3.8	4.5	27.6	64.3	13.4	12.6	12.1
Russell 2000 Growth	4.7	2.5	7.6	38.5	18.6	17.9	14.6

Source: Morningstar Direct as of October 31, 2021

The international markets have also had a nice bounce back. Relative to the US markets, they have not been as strong, but are showing positive rates of return.

Equities bounce back in October

After a September sell-off, global equities generate positive returns led by developed markets

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
MSCI ACWI	5.1	3.3	16.8	37.3	17.5	14.7	11.3
MSCI ACWI ex. U.S.	2.4	1.0	8.4	29.7	12.0	9.8	6.7
MSCI EAFE	2.5	1.2	11.0	34.2	11.5	9.8	7.4
MSCI EAFE Local	2.2	3.1	16.7	35.3	10.4	9.2	9.7
MSCI Emerging Markets	1.0	-0.5	-0.3	17.0	12.3	9.4	4.9
MSCI EM Local	0.9	0.3	1.6	16.2	12.8	10.4	7.8
MSCI EAFE Small-Cap	1.6	0.8	11.7	35.8	13.4	11.4	10.1
MSCI EM Small-Cap	0.2	-0.7	17.4	44.3	17.5	10.1	6.2
MSCI Frontier	4.0	7.9	23.7	36.1	13.6	10.5	7.2

Source: eVestment as of October 31, 2021

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that the General plan has seen nice absolute returns, as well as compared to the benchmarks. 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 October 31, 2021.

MTD Performance (as of 10/31/2021)

Total Fund Composite: 3.4%
 Total Fund Policy Benchmark: 3.5%

FYTD Performance (as of 10/31/2021)

Total Fund Composite: 3.2%
 Total Fund Policy Benchmark: 2.4%

YTD Performance (as of 10/31/2021)

Total Fund Composite: 12.6%
 Total Fund Policy Benchmark: 12.3%

On the dashboard below, the bottom performers are Channing Capital, Union Heritage and Garcia Hamilton, but Channing and Union Heritage both have positive YTD returns. There are no recommendations at the present time to make any changes.

COA General Employees' Manager Contribution – YTD Performance

<u>Top Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Legato	+23.5%	+7.6%	U.S. Equity
Earnest Partners SCC	+21.7%	+17.2%	U.S. Equity
Artisan Partners	+15.4%	+11.0%	International Equity

<u>Bottom Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Channing Capital	+18.6%	+27.6%	U.S. Equity
Union Heritage LCC	+14.6%	+24.0%	U.S. Equity
Garcia Hamilton	-2.3%	-1.6%	Fixed Income

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 October 31, 2021. The plan had similar results compared to the General plan.

MTD Performance (as of 10/31/2021)

Total Fund Composite: 3.4%
Total Fund Policy Benchmark 3.3%

FYTD Performance (as of 10/31/2021)

Total Fund Composite: 2.8%
Total Fund Policy Benchmark: 2.2%

YTD Performance (as of 10/31/2021)

Total Fund Composite: 13.0%
Total Fund Policy Benchmark: 12.6%

Looking at the dashboard below, the bottom performers are both from the Fixed Income side of the portfolio.

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Macquarie SCC	+23.0%	+17.2%	U.S. Equity
Artisan Partners	+15.4%	+11.0%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Mesirow	-2.0%	-1.6%	Fixed Income
Garcia Hamilton	-1.8%	-1.4%	Fixed Income

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 October 31, 2021. He noted that there are similar returns on an absolute basis, although the fund is lagging behind the benchmarks.

MTD Performance (as of 10/31/2021)

Total Fund Composite: 3.5%
Total Fund Policy Benchmark: 4.4%

FYTD Performance (as of 10/31/2021)

Total Fund Composite: 2.5%
Total Fund Policy Benchmark: 3.6%

YTD Performance (as of 10/31/2021)

Total Fund Composite: 12.6%

Total Fund Policy Benchmark: 14.4%

Looking at the dashboard below, even though Hardman Johnston is a bottom performer, it still has positive YTD returns.

COA Firefighters' Manager Contribution – YTD Performance

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Hardman Johnston	+7.9%	+8.4%	International Equity
Garcia Hamilton	-2.4%	-1.6%	Fixed Income
Mesirow	-1.8%	-1.6%	Fixed Income

Mr. Obed presented a discussion that has been occurring in the investment sub-committee for the past two and a half months around the addition of emerging market and international small cap funds to the plan portfolios. Marquette has been searching for best in class candidates with a strong performance around their benchmarks as well as an absolute strong record of returns with reasonable fees. Two managers were presented in the sub-committee meeting last week.

Emerging Markets: Marquette is recommending Goldman Sachs for investment in all three plans. The General Plan currently has exposure to emerging markets in the Earnest Partner funds and this will be a good compliment to that fund. For Police and Fire, this will be their first exposure to this asset class. The recommendation is to move \$40,000,000 from the General Plan and \$25,000,000 each from Police and Fire into this asset.

International Small Cap: Marquette is recommending Brown Capital Management for investment in all three plans. This is a manager with solid returns in both the short and long terms. Eddie Brown has a motto of GARP – Growth at a Reasonable Price. The company is also African American owned which helps to increase the diversity in the portfolio. The recommendation is to move \$30,000,000 from the General Plan and \$15,000,000 each from Police and Fire into this asset.

Mr. Berry thanked Marquette for brokering this deal and also mentioned that the City of Atlanta Pension funds have been touted in Pension media as doing very well. Vice-Chairman Keen asked that from an overall strategy, is this investment for additional diversification in the portfolios and Mr. Obed noted that the approved allocation from several years ago did increase emerging markets. He added that the disruption from last year lead to the need for greater diversification. Mr. Obed also noted that in the General Plan, they did not want one manager to have a large allocation in a single category.

A motion was made by Mr. Berry to add investments from Goldman Sachs and Brown Capital Management to the three plans. The motion was seconded by Mr. Light. The motion unanimously carried and the new funds were approved.

VII. NEW BUSINESS

Elections Update

Ms. Shah provided an update to the Investment Board elections. Voting is underway this week, with the active employees voting electronically. Retirees have the option to return a paper ballot or vote electronically. Votes will be counted the week after Thanksgiving and will be presented at the December meeting.

Special Election for General and Police

Ms. Shah noted that based on earlier approval of an amendment to the Investment Board bylaws, a special election is required to replace Mr. Strachan on the General committee and Mr. Boyd on the Police committee. SBA has prepared a proposed timeline and will need the board to approve the timeline and provide a formal authorization of the Election Official. Mr. Norman was the selected Official for the election in-process. The board will also have to select the most effective and economical means to solicit nominations. Ms. Shah noted that since this is an election for active employees, SBA is recommending the use of email to solicit nominations, as well as posting the information on the pension website. Mr. Norman asked SBA to correct 3 typographical errors on the scheduled dates in January and February to reflect 2022 instead of 2021.

A motion was made by Mr. Light to appoint Jeffrey Norman as the Election Official for the special election for the General and Police Plans. The motion was seconded by Mr. Grant. The motion carried and Mr. Norman was approved as Election Official.

A motion was made by Mr. Berry to designate email as the most economical way to solicit nominations for the special election. The motion was seconded by Mr. Grant. The motion carried and email was selected as the means to solicit nominations.

Continuing Education for Investment Board Trustees

Ms. Shah reminded the board members about the requirement to document continuing education credits. She noted that Ms. Pocock had sent a reminder email and asked all board members to respond.

VIII. OLD BUSINESS

There was no old business to discuss.

X. QUESTIONS AND COMMENTS FROM AUDIENCE

There were no questions or comments from the Audience.

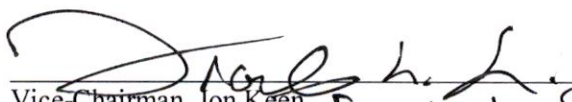
XI. DATE OF NEXT MEETING

The next Board meeting will be held on December 22, 2021.

XII. ADJOURNMENT

There being no further business to be brought before the Board at this time at 11:04 a.m. Vice-Chairman Keen called for adjournment.

Respectfully Submitted,


Vice-Chairman, Jon Keen Frank L. Sims
Chair

These minutes were adopted on DECEMBER 22, 2021