

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

February 23, 2022

Webex Teleconference

10:00 A.M – 12:00 P.M.

Board Members Present

Frank Sims
Mohamed Balla
Alfred Berry, Jr.
Lisa Bracken
Lisa Gordon
Reggie Grant
Brent Hullender
Quentin Hutchins
Rick “Bud” Light
Jeffrey Norman
Howard Shook

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

Others Present

Mary Shah
Stephanie Atli
Lori Pocock
Jon Keen
Eric Dec
Mu’min Islam
Youlanda Carr
Pamela Goins
Delisha Robinson
Karen Sutton
Amanda Rouser
Rosie Woods
Chelsea Deppert
Ed Emerson
Jeanette Cooper
Kweku Obed
Adam Persiani
Benjamin Hymes
Derek Batts
Stephanie Roberts
Joseph McLane

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

I. CALL TO ORDER

Chairman Sims called the Webex teleconference meeting to order at 10:05 a.m. Chairman Sims noted that a quorum was present for the meeting and it was noted that Investment Managers were in attendance. Chairman Sims welcomed Lisa Gordon as the new Chief Operating Officer of the City of Atlanta and new member of the Investment Board.

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

There were no public comments at this time.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the January 19, 2022 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the January 19, 2022 minutes, a motion was made by Mr. Light to approve the Minutes as written. The motion was seconded by Mr. Berry. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Emerson welcomed Ms. Gordon and stated he would ensure she has copies of all by-laws and policy statements for the Investment Board. He reminded all Board members of their continuing education requirements under Georgia law. New board members must do 8 hours of education in their first 14 months on the board. All members of the board who are considered established trustees must complete 12 hours of education every 26 months. The education can be in many different areas of retirement administration, funding and investments. Trustees can provide documentation of classes and the legal team can review to ensure the education meets the requirements.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three plans. He noted that the market had gone from performing exceptionally strongly in 2021 to starting 2022 with extreme volatility in the capital markets. The market is anticipated to remain volatile for the foreseeable future, with inflation and interest rate policy being two key considerations. Currently the Fed has planned 4 rate hikes for the years and there is additional stress due to the geo-political situation in Ukraine.

For the Fixed Income assets, the main headwinds are inflationary pressures and interest rate policy. As interest rates climb, there is generally a loss of value in this asset class.

Concerns continue as Fed is expected to hike

Inflation and Fed tightening concerns fostered heightened volatility in fixed income markets

		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Blm BC Aggregate	-2.2	-2.1	-2.2	-3.0	3.7	3.1	2.6
Intermediate Indices	Blm BC Int. Gov./Credit	-1.5	-1.5	-1.5	-2.6	3.1	2.6	2.1
Government Only Indices	Blm BC Long Gov.	-4.1	-3.0	-4.1	-5.1	7.0	5.6	4.1
	Blm BC Int. Gov.	-1.3	-1.3	-1.3	-2.7	2.4	2.0	1.5
	Blm BC 1-3 Year Gov.	-0.7	-1.0	-0.7	-1.3	1.7	1.4	1.0
	Blm BC U.S. TIPS	-2.0	-0.8	-2.0	3.5	7.2	4.7	2.6
Credit Indices	Blm BC U.S. Long Credit	-5.5	-5.4	-5.5	-4.1	8.1	6.4	5.6
	Blm BC High Yield	-2.7	-1.9	-2.7	2.1	6.3	5.4	6.2
	CS Leveraged Loan Index	0.4	0.8	0.4	4.5	4.8	4.3	4.7
Securitized Bond Indices	Blm BC MBS	-1.5	-1.7	-1.5	-2.6	2.2	2.2	2.1
	Blm BC ABS	-0.6	-0.8	-0.6	-1.0	2.5	2.2	1.9
	Blm BC CMBS	-1.6	-1.8	-1.6	-2.5	4.0	3.4	3.4
Non-U.S. Indices	Blm BC Global Aggregate Hedged	-1.6	-1.3	-1.6	-2.4	3.1	3.1	3.2
	JPM EMBI Global Diversified	-2.8	-3.3	-2.8	-3.5	3.4	3.8	4.8
	JPM GBI-EM Global Diversified	0.0	-1.2	0.0	-7.8	0.3	2.4	0.0
Municipal Indices	Blm BC Municipal 5 Year	-2.4	-2.1	-2.4	-2.4	2.2	2.2	2.0
	Blm BC HY Municipal	-2.8	-1.3	-2.8	2.6	6.5	6.6	6.0

Note: The local currency GBI index is hedged and denominated in U.S. dollars. Sources: Bloomberg Barclays, Credit Suisse, JPMorgan, as of January 31, 2022

Mr. Obed noted that when looking at the US Equity markets, it is important to look at the 10-year returns that show the overall strength of the market. Over the past year, there has been a high rate of return and there is some correction that is happening now. The portfolios of the plans are well mixed.

2022 begins on sour note as U.S. equities plunge in January

The first month of the year saw U.S. stock indices pull back regardless of size and style, though smaller, growth-oriented equities experienced the most significant drawdowns

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Broad Market Indices							
Dow Jones	-3.2	-1.5	-3.2	19.4	14.5	14.6	13.4
Wilshire 5000	-5.7	-3.2	-5.7	19.8	20.3	16.3	15.2
Russell 3000	-5.9	-3.7	-5.9	18.8	19.9	16.1	15.0
Large-Cap Market Indices							
S&P 500	-5.2	-1.6	-5.2	23.3	20.7	16.8	15.4
Russell 1000	-5.6	-3.1	-5.6	20.3	20.5	16.6	15.3
Russell 1000 Value	-2.3	0.2	-2.3	23.4	13.8	10.5	12.3
Russell 1000 Growth	-8.6	-6.1	-8.6	17.5	26.4	22.3	18.0
Mid-Cap Market Indices							
Russell Mid-Cap	-7.4	-6.9	-7.4	13.9	16.1	12.8	13.4
Russell Mid-Cap Value	-4.3	-1.3	-4.3	23.1	14.1	9.9	12.4
Russell Mid-Cap Growth	-12.9	-16.3	-12.9	-1.5	17.4	15.8	14.2
Small-Cap Market Indices							
Russell 2000	-9.6	-11.5	-9.6	-1.2	12.0	9.7	11.3
Russell 2000 Value	-5.8	-5.3	-5.8	14.8	11.7	7.9	10.6
Russell 2000 Growth	-13.4	-17.3	-13.4	-15.0	11.4	10.9	11.7

Source: Morningstar Direct as of January 31, 2022

Mr. Obed pointed out it has also been a painful start to 2022 for the international markets.

Ouch! Painful start to 2022

After a mostly positive 2021, global equities generated negative returns in January, driven by concerns on rates, inflation, and valuations

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
MSCI ACWI	-4.9	-3.5	-4.9	13.2	15.4	12.6	10.7
MSCI ACWI ex. U.S.	-3.7	-4.2	-3.7	3.6	9.1	8.0	6.2
MSCI EAFE	-4.8	-4.6	-4.8	7.0	9.3	7.9	6.9
MSCI EAFE Local	-3.6	-2.0	-3.6	14.8	10.0	7.5	9.3
MSCI Emerging Markets	-1.9	-4.1	-1.9	-7.2	7.2	8.3	4.2
MSCI EM Local	-1.8	-3.5	-1.8	-5.6	8.8	9.3	7.1
MSCI EAFE Small-Cap	-7.3	-8.7	-7.3	2.4	9.9	8.6	9.1
MSCI EM Small-Cap	-4.4	-3.3	-4.4	13.4	12.7	9.5	5.8
MSCI Frontier	-3.5	-6.6	-3.5	15.1	9.7	7.4	6.9

Source: Bloomberg as of January 31, 2022

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that the General plan is down for the month, which is a reflection of the points just discussed. It is anticipated that 2022 will be a bumpy ride and the Investment sub-committee will be meeting to discuss the mix of asset classes in the plan. 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 January 31, 2022.

MTD Performance (as of 1/31/2022)

Total Fund Composite: -4.3%
Total Fund Policy Benchmark: -4.5%

FYTD Performance (as of 1/31/2022)

Total Fund Composite: -0.2%
Total Fund Policy Benchmark: -1.3%

YTD Performance (as of 1/31/2022)

Total Fund Composite: -4.3%
Total Fund Policy Benchmark: -4.5%

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 January 31, 2022. The plan had similar results compared to the General plan for the same reasons.

MTD Performance (as of 1/31/2022)

Total Fund Composite: -5.2%
Total Fund Policy Benchmark: -5.0%

FYTD Performance (as of 1/31/2022)

Total Fund Composite: -1.8%
Total Fund Policy Benchmark: -2.1%

YTD Performance (as of 1/31/2022)

Total Fund Composite: -5.2%
Total Fund Policy Benchmark: -5.0%

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 January 31, 2022.

MTD Performance (as of 1/31/2022)

Total Fund Composite: -5.7%
Total Fund Policy Benchmark: -4.8%

FYTD Performance (as of 1/31/2022)

Total Fund Composite: -2.7%
Total Fund Policy Benchmark: -1.6%

YTD Performance (as of 1/31/2022)

Total Fund Composite: -5.7%
Total Fund Policy Benchmark: -4.8%

Mr. Berry asked about stagflation and Mr. Obed explained that stagflation is an environment where there is stagnant growth and inflationary pressures at the same time. It was last seen in the 1970’s. In this type of environment, real estate and infrastructure assets tend to do well. Mr. Light expressed concerns about future gas prices due to the Ukraine conflict and Mr. Obed agreed that there may be a short-term impact to oil prices. He also again noted the Investment sub-committee would be discussing allocations, investment managers and asset class mix in the portfolios to help weather market volatility.

Mr. Obed also reported that there have been organizational changes at Mesirow, an investment manager in all three plans. Marquette has placed Mesirow on alert status for the next 12 months with the departure of 2 senior portfolio managers. There are no changes recommended at this time.

VII. NEW BUSINESS

Special Election for Police and General Active Representatives

Ms. Shah reported the results of the special election for the General and Police Active representatives. For the General plan, Walter Mobley Jr. will be the new committee member and Clint Myers will be the new Police committee member, both representing active employees in their respective plans.

A motion was made by Mr. Light to approve the results of the special election. The motion was seconded by Mr. Balla. The motion unanimously carried and the election results were approved.

VIII. OLD BUSINESS

Mr. Hullender gave a brief update on the Deloitte data clean-up project and noted that Deloitte has access to all the data needed. He thanked Mr. Norman for his assistance facilitating the access. Mr. Norman added that recurring meetings have been established to monitor progress.

Chairman Sims thanked the outgoing COO Jon Keen for his assistance to the board over the past 9 months and wished him all the best in his new endeavors.

IX. QUESTIONS AND COMMENTS FROM AUDIENCE

There were no questions from the audience.

X. DATE OF NEXT MEETING

The next Board meeting will be held on March 31, 2022.

XI. 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 MARCH 31, 2022