

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

June 23, 2021

Webex Teleconference

10:00 A.M – 12:00 P.M.

Board Members Present

Frank Sims

Natalyn Archibong

Alfred Berry, Jr.

Lisa Bracken

Youlanda Carr

Marci Collier Overstreet

Reggie Grant

Brent Hullender

Quentin Hutchins

Jon Keen

Rick “Bud” Light

Jeffrey Norman

Chairman

Councilmember, City of Atlanta

General, City of Atlanta

APS, City of Atlanta

Finance Designee, City of Atlanta

Councilmember, City of Atlanta

Appointee, City of Atlanta

Fire, City of Atlanta

APS, City of Atlanta

Chief Operating Officer, City of Atlanta

Police, City of Atlanta

HR Commissioner, City of Atlanta

Others Present

Mary Shah

Stephanie Atli

Lori Pocock

Carl Christie

Ray Adams

Amanda Rouser

Rosie Woods

Ed Emerson

Aaron Moody

Chuck Carr

Kweku Obed

Jamie Helms

Adam Persiani

Benjamin Hymes

Derek Batts

Joseph McLane

Brigid Schutsky

Lindsey Saleini

William Roach

Strategic Benefits Advisors

Strategic Benefits Advisors

Strategic Benefits Advisors

City of Atlanta, Legal

City of Atlanta, Pension Administration

City of Atlanta, Pension Administration

City of Atlanta, Pension Administration

Morris, Manning & Martin

Morris, Manning & Martin

Southern Actuarial

Marquette Associates

Deloitte

Pharos Funds

Legato

Union Heritage

BlackRock

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 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. Hutchins. The motion unanimously carried and the Agenda was approved.

III. PUBLIC COMMENT

Chairman Sims asked if there were any public comments and there were none.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the May 19, 2021 meeting, which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the May 19, 2021 minutes, a motion was made by Ms. Bracken to approve the Minutes as written. The motion was seconded by Ms. Archibong. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Emerson presented the updated bylaws for the Investment Board and the three Plan Administrative Committees. Section 5.5 of each of the bylaws has been updated to reflect the ordinance adopted in March 2021 to have the Investment Board hear pension appeals instead of the individual Plan Administrative Committees. He noted that the three Administrative Committees had all reviewed the by-law updates and recommended approval of the changes.

A motion was made by Mr. Hullender to approve the changed bylaws for the Investment Board and the three Plan Administrative Committees. The motion was seconded by Mr. Grant. The motion unanimously carried.

Mr. Emerson presented an update on the pension file scanning project with Iron Mountain and noted the current projection was for scanning to be complete by 6/30/2021; however, scanning was only approximately 20% complete at this time. He also provided an update that all five (5) of the security litigation firms approved for security monitoring had been notified. Four out of the five have signed engagement letters and these will be sent to Northern Trust once they are signed by Chairman Sims.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three plans. All three plans are holding up well on a YTD as well as fiscal YTD basis. US economic indicators point to strong growth in the economy.

U.S. economy overview

- ▾ Inflation surges as CPI moves to 5% YoY, though FED reiterates that it is transitory
- ▾ Used auto sales price increases drive a large part of the YoY CPI, further reiterating the temporary nature of the inflation
- ▾ Vaccinations begin to slow as Biden's 70% vaccination target by July 4th seems ambitious
- ▾ Domestic travel has started to recover as Americans begin to feel more comfortable on an airplane

In Fixed Income funds, last year was a solid year with low interest rates while this year interest rates are going up and there are concerns about inflation. Market volatility is causing price fluctuation.

Fixed income: breather from reflation trade continues

Falling rates and curve flattening continued as vaccination pace slowed; central banks reaffirmed loose policies; spreads near multi-year tight

		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Blm BC Aggregate	0.3	-0.1	-2.3	-0.4	5.1	3.2	3.3
Intermediate Indices	Blm BC Int. Gov./Credit	0.4	0.1	-1.0	0.7	4.6	2.9	2.7
Government Only Indices	Blm BC Long Gov.	0.5	-2.3	-11.0	-13.4	6.8	3.7	6.0
	Blm BC Int. Gov.	0.3	0.0	-1.0	-1.0	4.0	2.2	2.1
	Blm BC 1-3 Year Gov.	0.1	0.1	0.1	0.3	2.8	1.8	1.2
	Blm BC U.S. TIPS	1.2	2.4	1.1	7.1	6.5	4.5	3.4
Credit Indices	Blm BC U.S. Long Credit	1.0	0.0	-5.8	3.3	9.0	6.8	7.0
	Blm BC High Yield	0.3	1.5	2.2	15.0	7.1	7.4	6.4
	CS Leveraged Loan Index	0.5	1.1	3.1	12.7	4.3	5.0	4.4
Securitized Bond Indices	Blm BC MBS	-0.2	-0.1	-0.7	-0.5	3.8	2.4	2.7
	Blm BC ABS	0.2	0.2	0.2	2.4	3.7	2.6	2.4
	Blm BC CMBS	0.7	0.6	-0.4	4.5	5.8	3.8	4.0
Non-U.S. Indices	Blm BC Global Aggregate Hedged	0.2	0.1	-2.0	0.1	4.5	3.3	3.8
	JPM EMBI Global Diversified	1.1	2.3	-1.4	10.5	6.0	5.4	5.7
	JPM GBI-EM Global Diversified	2.5	1.6	-2.2	8.4	3.5	4.7	0.6
Municipal Indices	Blm BC Municipal 5 Year	0.0	0.9	0.2	2.8	3.8	2.6	2.7
	Blm BC HY Municipal	1.1	3.7	4.8	17.4	7.3	6.6	7.0

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

Value funds in the equity market have seen the S&P up 13% through the end of May. Value funds have been performing well, returning almost 3 times what the growth index has been returning.

May sees a renewal of value leadership

After cooling off in April, value-oriented equities outperformed their growth counterparts across the size spectrum in May, and continue to lead on a year-to-date basis

		Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Broad Market Indices	Dow Jones	2.2	12.2	13.8	38.8	14.8	16.9	13.4
	Wilshire 5000	0.5	9.7	12.6	44.0	18.2	17.4	14.3
	Russell 3000	0.5	9.4	12.3	43.9	18.0	17.4	14.2
Large-Cap Market Indices	S&P 500	0.7	10.7	12.6	40.3	18.0	17.2	14.4
	Russell 1000	0.5	9.9	12.1	42.7	18.4	17.5	14.4
	Russell 1000 Value	2.3	12.7	18.4	44.4	12.9	12.3	11.5
	Russell 1000 Growth	-1.4	7.1	6.3	39.9	23.0	22.1	17.0
Mid-Cap Market Indices	Russell Mid-Cap	0.8	8.8	14.6	50.3	16.1	15.4	12.8
	Russell Mid-Cap Value	2.0	12.4	20.9	56.6	12.6	12.3	11.6
	Russell Mid-Cap Growth	-1.5	2.0	3.4	37.8	19.9	18.9	14.2
Small-Cap Market Indices	Russell 2000	0.2	3.3	15.3	64.6	13.1	16.0	11.9
	Russell 2000 Value	3.1	10.7	27.5	79.4	10.7	13.8	10.6
	Russell 2000 Growth	-2.9	-3.9	4.1	50.1	14.5	17.6	12.8

Source: Morningstar Direct as of May 31, 2021

The international market is currently lagging domestic stocks.

All-around positive performance in May

Developed markets have outperformed emerging markets. EAFE has more exposure to cyclical value stocks that have performed well.

	Month (%)	3-Month (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
MSCI ACWI	1.6	8.8	10.8	41.8	13.9	14.2	9.6
MSCI ACWI ex. U.S.	3.1	7.5	9.9	42.8	8.9	10.9	5.4
MSCI EAFE	3.3	8.8	10.1	38.4	8.2	9.8	5.9
MSCI EAFE Local	2.1	8.8	11.2	28.7	6.9	8.9	7.8
MSCI Emerging Markets	2.3	3.3	7.3	51.0	9.6	13.9	4.1
MSCI EM Local	1.3	2.1	7.1	43.9	10.8	13.7	7.3
MSCI EAFE Small-Cap	2.0	8.4	10.9	45.3	8.3	11.2	8.4
MSCI EM Small-Cap	2.5	10.4	17.0	74.4	9.0	11.9	4.1
MSCI Frontier	4.0	11.5	12.0	37.2	6.6	8.0	5.0

Source: Bloomberg as of May 31, 2021

Mr. Obed reviewed the below individual plan details.

Performance Overview - General Employees' 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 May 31, 2021. The plan was up FTYD 30.0% compared to the 29.1% benchmark.

MTD Performance (as of 5/31/2021)

Total Fund Composite: 0.8%
Total Fund Policy Benchmark: 1.0%

FYTD Performance (as of 5/31/2021)

Total Fund Composite: 30.0%
Total Fund Policy Benchmark: 29.1%

YTD Performance (as of 5/31/2021)

Total Fund Composite: 8.1%
Total Fund Policy Benchmark: 8.4%

On the dashboard below the top performers are Earnest Partners, Legato and Artisan. For the bottom performers, Channing is returning 20.8%, but low compared to the 27.5% return for the benchmark.

COA General Employees' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Earnest Partners SCC	+16.3%	+15.3%	U.S. Equity
Legato	+14.5%	+4.1%	U.S. Equity
Artisan Partners	+16.7%	+10.1%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Union Heritage LCC	+6.1%	+12.6%	U.S. Equity
Channing Capital	+20.8%	+27.5%	U.S. Equity
Hardman Johnston	+1.6%	+9.9%	International Equity

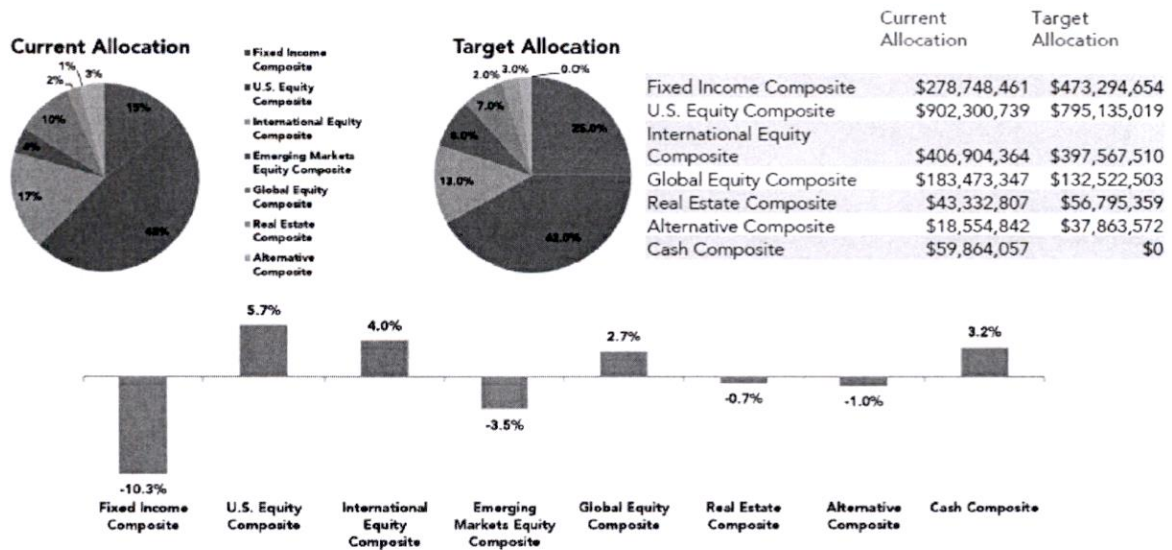
Looking at the Excess Performance chart, you can see the consistency of all managers with the 3 and 6 month returns against the benchmark. There are no recommendations at the present time to make any changes.

COA General Employees' – Manager Excess Performance

	Benchmark	Ending May 31, 2021	
		6 Mo Perf vs Benchmark	6 Mo Perf vs Benchmark
Total Fund Composite	Total Fund Policy Benchmark	0.3%	0.3%
Fixed Income Composite	BBgBarc US Aggregate TR	0.0%	0.0%
Mesrow	BBgBarc US Aggregate TR	-0.1%	-0.1%
Garola Hamilton	BBgBarc US Aggregate TR	0.0%	0.0%
State Street U.S. Aggregate Bond Index SL Fund	BBgBarc US Aggregate TR	0.1%	0.1%
U.S. Equity Composite	Russell 3000	1.5%	1.5%
Large Cap Composite	S&P 500	2.2%	-2.2%
Union Heritage Large Cap Core	S&P 500	-5.7%	-5.7%
BlackRock S&P 500 Equity Index Fund	S&P 500	0.0%	0.0%
Mid Cap Composite	S&P 400 MidCap	0.0%	0.0%
BlackRock MidCap Equity Index	S&P 400 MidCap	0.0%	0.0%
Small Cap Composite	Russell 2000	0.3%	0.3%
Channing Capital Management	Russell 2000 Value	-6.8%	-6.8%
Earnest Partners SCC	Russell 2000	-1.3%	-1.3%
Legato	Russell 2000 Growth	11.2%	11.2%
Essex	Russell 2000 Growth	24.7%	24.7%
Bidge City	Russell 2000 Growth	10.0%	10.0%
Lebenthal Lisans	Russell 2000 Growth	2.7%	2.7%
Nicholas	Russell 2000	--	--
International Equity Composite	MSCI EAFE	0.0%	0.0%
Artisan Partners International Value Fund (APHXX)	MSCI EAFE	9.9%	9.9%
Hardman Johnston	MSCI ACWI ex USA	-7.1%	-7.1%
Emerging Markets Equity Composite	MSCI Emerging Markets	3.7%	3.7%
Earnest Partners EM	MSCI Emerging Markets	3.7%	3.7%
Global Equity Composite	MSCI ACWI	-5.3%	-5.3%
Gibraltar Tactical ETF	Global Benchmark	-1.7%	-1.7%
BlackRock MSCI ACWI Min Volatility Index	MSCI ACWI Minimum Volatility Index	0.2%	0.2%
Real Estate Composite	NFI	-0.9%	-0.9%
Intercontinental U.S. Real Estate	NFI	0.5%	0.5%
JP Morgan U.S. Real Estate	NFI	-2.9%	-2.9%

The asset allocation chart below shows the fluidity of the asset percentages based on fund returns.

COA General Employees' Asset Allocation vs Target Allocation



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 May 31, 2021. The plan had a good month and was up FTYD 31.7% compared to the 31.4% benchmark.

MTD Performance (as of 5/31/2021)

Total Fund Composite: 0.3%
Total Fund Policy Benchmark: 0.9%

FYTD Performance (as of 5/31/2021)

Total Fund Composite: 31.7%
Total Fund Policy Benchmark: 31.4%

YTD Performance (as of 5/31/2021)

Total Fund Composite: 8.6%
Total Fund Policy Benchmark: 8.9%

Looking at the dashboard below, Macquarrie and Artisan are the top performers. At the bottom are LMCG and Johnston who are both growth focused so this is no surprise.

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Macquarie SCC	+17.9%	+15.3%	U.S. Equity
Artisan Partners	+16.7%	+10.1%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
LMCG Investments SCG	-4.2%	+4.1%	U.S. Equity
Hardman Johnston	+1.6%	+9.9%	International Equity

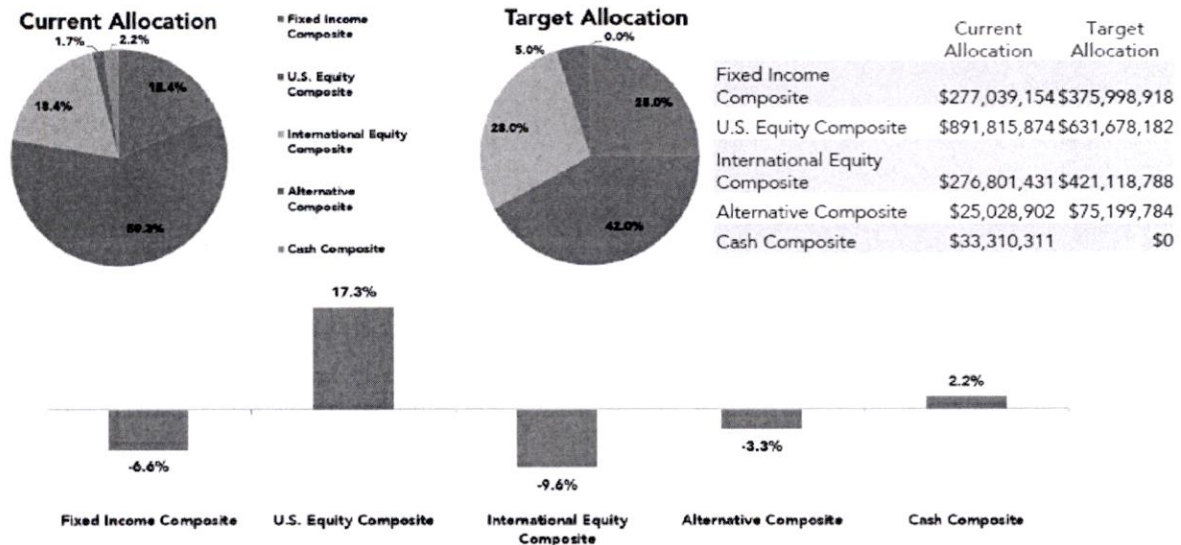
The next chart shows the consistency over the past 3 and 6 months. There are no recommendations at the present time to make any changes.

COA Police Officers' – Manager Excess Performance

	Benchmark	Ending May 31, 2021	
		3 Mo Perf vs Benchmark	6 Mo Perf vs Benchmark
Total Fund Composite	Total Fund Policy Benchmark	-0.6%	0.3%
Fixed Income Composite	Fixed Income Composite Blended Benchmark	0.0%	-0.5%
Mesirow	BBgBarc US Aggregate TR	0.2%	-0.1%
Garcia Hamilton	BBgBarc US Govt Credit Int TR	-0.2%	-0.4%
BlackRock U.S. Aggregate Bond Index	BBgBarc US Aggregate TR	0.0%	0.0%
U.S. Equity Composite	Domestic Equity Composite Blended Benchmark	-0.9%	0.1%
BlackRock Russell 1000 Index Fund	Russell 1000	0.0%	0.0%
BlackRock Mid Cap Equity Index Fund	S&P 400 MidCap	0.0%	0.0%
Macquarie SCC	Russell 2000	3.1%	1.3%
LMCG Investments SCG	Russell 2000 Growth	-4.6%	-4.4%
International Equity Composite	International Equity Composite Blended Benchmark	-2.7%	-0.4%
Artisan International Large Cap Value (APHKX)	MSCI EAFE	2.0%	9.9%
Hardman Johnston	MSCI ACWI ex USA	-8.3%	-7.1%
BlackRock MSCI EAFE Small Cap Index	MSCI EAFE Small Cap	0.1%	0.1%
BlackRock Emerging Markets Free Fund	MSCI Emerging Markets	-1.2%	-1.5%
BlackRock MSCI ACWI Min Volatility Index	MSCI ACWI Minimum Volatility Index	0.1%	0.2%

Looking at the asset allocation snapshot, we are looking at rebalancing the portfolio to more closely align with the target allocation.

COA Police Officers' Asset Allocation vs Target Allocation



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 May 31, 2021. The plan had a good month and was up FTYD 31.5% compared to the 31.8% benchmark.

MTD Performance (as of 5/31/2021)

Total Fund Composite: 0.3%
 Total Fund Policy Benchmark: 0.7%

FYTD Performance (as of 5/31/2021)

Total Fund Composite: 31.0%
 Total Fund Policy Benchmark: 30.8%

YTD Performance (as of 5/31/2021)

Total Fund Composite: 8.0%
 Total Fund Policy Benchmark: 8.6%

Looking at the dashboard below, LMCG, Ativo and Johnston are the bottom contributors, all of whom are growth managers who have seen speedbumps in 2021.

COA Firefighters' Manager Contribution – YTD Performance

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
LMCG Investments SCG	-4.2%	+4.1%	U.S. Equity
Ativo Capital	+8.7%	+9.9%	International Equity
Hardman Johnston	+1.6%	+9.9%	International Equity

Fiscal YTD numbers are exceedingly strong and we should close out the fiscal year with a strong performance.

COA Firefighters' – Manager Excess Performance

	Benchmark	Ending May 31, 2021	
		3 Mo Perf vs Benchmark	6 Mo Perf vs Benchmark
Total Fund Composite	Total Fund Policy Benchmark	-0.9%	-0.6%
Fixed Income Composite	Fixed Income Composite Custom Benchmark	0.1%	-0.2%
Garcia Hamilton	BBgBerc US Aggregate TR	-0.2%	-0.1%
Mesrow	BBgBerc US Aggregate TR	0.2%	-0.2%
U.S. Equity Composite	Russell 3000	2.1%	2.6%
Northern Trust Russell 3000 Index Fund	Russell 3000	0.0%	0.0%
Large Cap Composite	Russell 1000	0.0%	0.0%
BlackRock 1000 Index Fund	Russell 1000	0.0%	0.0%
Mid Cap Composite	S&P 400 MidCap	0.0%	0.0%
BlackRock Mid Cap Equity Index Fund	S&P 400 MidCap	0.0%	0.0%
Small Cap Composite	Russell 2000	-3.9%	-7.2%
LMCG Investments SCG	Russell 2000 Growth	-4.6%	-9.3%
Northern Trust Collective Russell 2000 Index	Russell 2000	0.0%	-0.1%
International Equity Composite	International Equity Composite Custom Benchmark	-2.6%	-1.6%
Ativo Capital	MSCI ACWI ex USA	1.8%	0.2%
Hardman Johnston	MSCI ACWI ex USA	-5.3%	-7.1%
BlackRock MSCI EAFE Small Cap	MSCI EAFE Small Cap	0.1%	0.1%
BlackRock Emerging Markets Free Fund	MSCI Emerging Markets	-1.2%	-1.5%
BlackRock MSCI ACWI Min Volatility Index	MSCI ACWI Minimum Volatility Index	0.1%	0.2%

VII. NEW BUSINESS

Scope of Work for the Plan Administrator

Mr. Berry verified he had met with HR and Finance as well as Mr. Norman to discuss the increased scope of work for the Plan Administrator as requested in last month's meeting.

A motion was made by Mr. Hullender to expand the scope of work as previously presented for Strategic Benefits Advisors, the Plan Administrator. The motion was seconded by Mr. Light. The motion carried with Mr. Berry and Mr. Hutchins opposed.

Data Clean-up Pilot Project Presentation - Deloitte

Mr. Helms presented findings and recommendations from their project which reviewed the data of 200 sample employees. The biggest issues encountered were due to incomplete historical data, quality of the data available and the number of places data is stored (paper, microfiche, electronic records). The goal of the board is to get the City out of 95% of the day to day processes and have things fully outsourced to the plan administrator. As part of the implementation, SBA addressed known data issues from 2010 forward.

In summary, 65% of the samples had rounding issues – cases where the service calculated by Deloitte was within 10 days of the service calculated compared to the data that SBA had on files. The remaining 35% had deviations greater than 10 days. The recommendation is to do a thorough look at data prior to 2010 and provide consolidated data to SBA to fill in gaps. The other recommendation is to work through assumptions that can be used by SBA when data is missing. Deloitte will have a scope of work to complete the project at the next meeting.

Presentation of Valuation Results for Police and Fire – Southern Actuarial

Mr. Carr presented a valuation update for the Police and Fire Plans.

Preliminary results for the Police Plan show there are not a lot of deferred vested population. For the last 15 to 20 years all vested terminations have been reviewed to see who has cashed out. The Deferred vested population is low compared to peers due to most vested employees cashing out their contributions. The population remaining is less than ¼ of 1% which is not statistically significant to the plan. Southern Actuarial is working to get as accurate a list of the deferred vested population as possible. Unfunded liabilities went up slightly and the contribution rate will rise from 34.41% to 41.09% in FY 2022.

For the Fire plan, all comments from Police also apply to Fire. There was modest growth in the unfunded liability and the contribution rate is expected to go from 47.42% to 53.36%. A final report will be issued once the deferred vested list is refined.

Update on Valuation Results for General / APS – Segal

This will be presented at a later meeting.

Securities Lending Update

Mr. Berry was able to meet with Mr. Obed and there were past issues with liability to the City so the discussion is on hold for now.

VIII. OLD BUSINESS

A motion was made by Mr. Hullender at 11:50 a.m. to move to executive session to discuss the pension appeal from Mr. Michael Sharpe and was seconded by Mr. Grant. The motion unanimously carried and the executive session began.

After discussion, the committee requested additional information from Mr. Christie on actions taken on other appeals made over the past year prior to making a final recommendation on Mr. Sharpe's appeal.

At 12:42 p.m. a motion was made by Mr. Hullender to adjourn the executive session and was seconded by Mr. Norman. The motion unanimously carried and the executive session was ended.

IX. QUESTIONS AND COMMENTS FROM AUDIENCE

It was noted there were no questions or comments from the audience.

X. DATE OF NEXT MEETING

The next Board meeting will be held on July 21, 2021.

XI. ADJOURNMENT

There being no further business to be brought before the Board at this time at 12:45 p.m. Chairman Sims called for adjournment.

Respectfully Submitted,


Chairman, Frank Sims

These minutes were adopted on July 21, 2021