

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

March 31, 2022

Webex Teleconference

10:00 A.M – 12:00 P.M.

Board Members Present

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

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

Others Present

Mary Shah
Lori Pocock
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
Alberto Rivera
Benjamin Hymes
Colin Cheaney
Derek Batts
William Roach
Jeff Almeida
Jeffrey Reeves

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, Finance
City of Atlanta, Pension Administration
City of Atlanta, Pension Administration
Morris, Manning & Martin
Morris, Manning & Martin
Segal
Marquette Associates
Marquette Associates
Legato

Union Heritage
Globalt
Grant & Eisenhoffer
The Reeves Law Firm

I. CALL TO ORDER

Chairman Sims called the Webex teleconference meeting to order at 10:04 a.m. Chairman Sims noted that a quorum was present for the meeting and it was noted that 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 Ms. Gordon. 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 February 23, 2022 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the February 23, 2022 minutes, a motion was made by Ms. Gordon to approve the Minutes as written. The motion was seconded by Mr. Winston. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Emerson 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 2 years. 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. Chairman Sims reiterated the need to meet the education requirements to all board members.

Mr. Dec reported there is now an executive order from Mayor Dickens requiring boards and committees to meet in person after April 15, 2022, so the Investment Board should take steps to hold the next meeting in person at City Hall. Ms. Shah noted the next meeting will be in the City Council chambers and SBA is working with the City to coordinate video to satisfy the requirement to broadcast the meeting. Ms. Pocock is working with Jamar Brown at City Hall to coordinate meeting rooms for the remainder of the year for all pension plan committee meetings.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three plans. He noted that the market in February was much more volatile than has been seen in March. The Russian invasion of Ukraine on February 24th impacted the market, with equity markets going down and energy prices increasing. Food prices have gone up, but not as much as energy prices. The Fed did increase rates 25 basis points, which is symbolic of the Fed being aware that it cannot raise rates too quickly. He also noted that the labor market has started to normalize, with a balance of people looking for jobs and jobs being available. Wage growth has started to slow. Most countries are approaching normalcy with hopefully the worst of the pandemic mostly behind us.

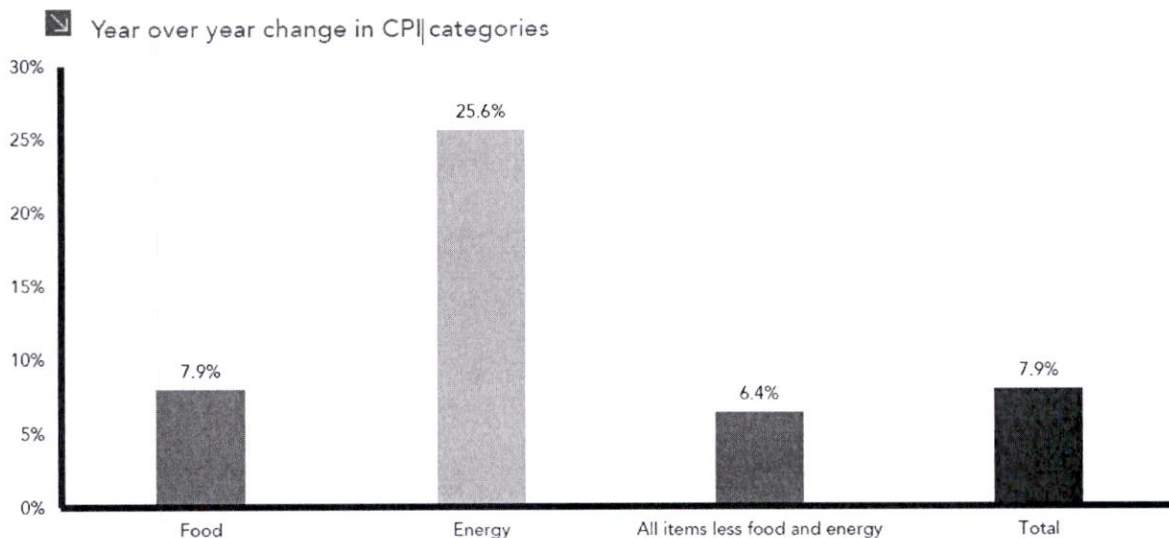
Themes for the month

- Russia invades Ukraine on February 24th, driving equity markets down and energy prices up
- Inflation hits 7.9%, primarily driven by energy and food-based commodity prices
- Russia – Ukraine conflict will likely perpetuate elevated inflation via higher energy prices
- Fed expected to increase rates by 25 basis points in March
- Labor market begins to normalize with participation rates increasing and wage growth starting to slow
- Vaccination rates have flattened but most countries are approaching normalcy in terms of everyday life

Mr. Obed discussed the CPI and noted that it has hit 7.9%, with energy far outpacing food and other items. This rate is considered to be a high number and shows the inflationary pressures in the economy.

CPI hits 7.9%

In February, the CPI hit 7.9% driven largely by increases in energy and food-based commodity prices

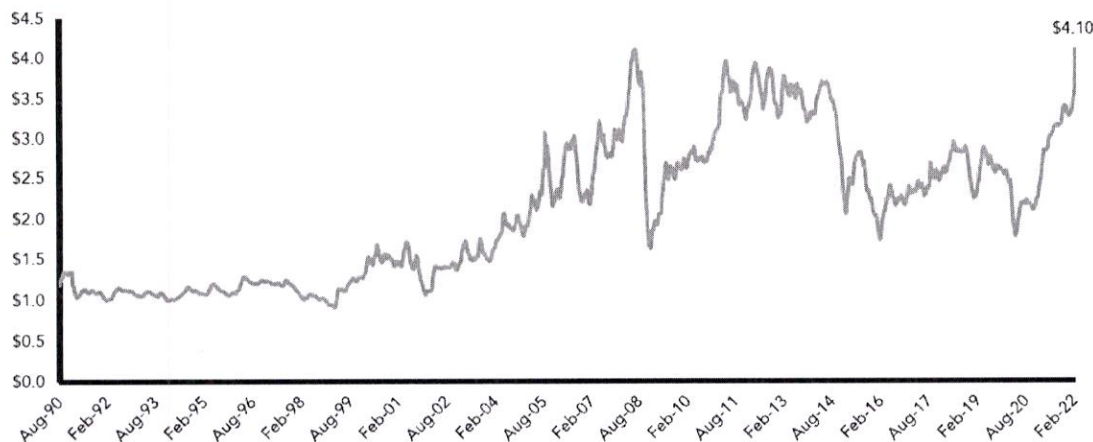


Mr. Obed pointed out prices for a gallon of gas showed a significant increase to over \$4 per gallon due to a spike in the price of oil.

Prices at the pump above \$4

Although the U.S. has a low dependency on Russian oil, the economic recovery coupled with the shunning of Russian oil globally has caused prices to soar domestically

▣ Average price per gallon of gasoline in the U.S.



For the Fixed Income equities, Mr. Obed noted that the Aggregate index was down 1.1% for the month and down 3.2% year to date. Pressures on this class are interest rates and prices going up.

Inflation continues and geopolitical tensions rise

Inflation fears drove rates higher, while Russia's aggressions pushed spreads wider

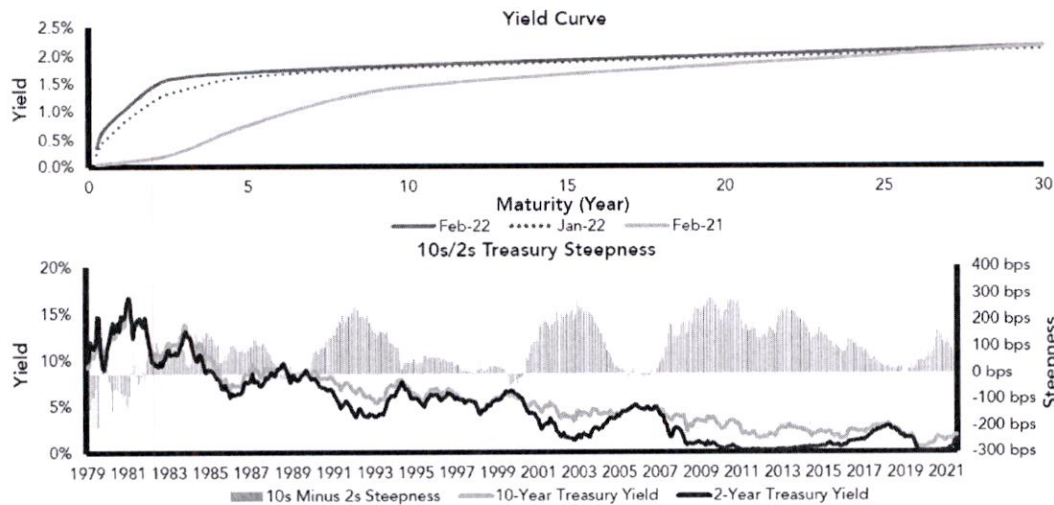
		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Blm BC Aggregate	-1.1	-3.5	-3.2	-2.6	3.3	2.7	2.5
Intermediate Indices	Blm BC Int. Gov./Credit	-0.7	-2.2	-2.1	-2.5	2.8	2.3	2.1
Government Only Indices	Blm BC Long Gov.	-1.5	-6.9	-5.5	-1.1	6.9	4.9	4.1
	Blm BC Int. Gov.	-0.5	-2.0	-1.7	-2.4	2.3	1.9	1.5
	Blm BC 1-3 Year Gov.	-0.4	-1.3	-1.1	-1.7	1.5	1.3	1.0
	Blm BC U.S. TIPS	0.9	-0.9	-1.2	6.1	7.5	4.8	2.7
Credit Indices	Blm BC U.S. Long Credit	-3.4	-9.0	-8.7	-4.2	6.9	5.2	5.1
	Blm BC High Yield	-1.0	-1.9	-3.7	0.6	5.3	4.9	5.9
	CS Leveraged Loan Index	-0.5	0.5	-0.1	3.2	4.0	4.1	4.5
Securitized Bond Indices	Blm BC MBS	-1.0	-2.5	-2.4	-2.9	1.9	1.9	2.0
	Blm BC ABS	-0.6	-1.4	-1.2	-1.5	2.2	2.1	1.8
	Blm BC CMBS	-1.2	-2.9	-2.7	-2.6	3.4	3.1	3.2
Non-U.S. Indices	Blm BC Global Aggregate Hedged	-1.3	-3.3	-2.9	-2.2	2.6	2.7	3.0
	JPM EMBI Global Diversified	-6.5	-7.9	-9.2	-7.5	0.8	2.0	3.9
	JPM GBI-EM Global Diversified	-5.0	-3.5	-5.0	-10.0	-1.1	1.0	-0.7
Municipal Indices	Blm BC Municipal 5 Year	-0.4	-2.7	-2.8	-1.7	1.9	2.0	1.9
	Blm BC HY Municipal	-0.2	-2.8	-3.0	3.5	6.2	6.1	5.9

Note: The local currency GBI index is hedged and denominated in U.S. dollars. Sources: Bloomberg Barclays, Credit Suisse, JPMorgan, as of February 28, 2022

Mr. Obed showed that the yield curve has flattened. He noted that if it begins to invert, that would be an indicator of a recession so Marquette will be closely watching this data.

Curve shifts higher, flattens on the front end

Expect more flattening amidst increased expectations of rate hikes



Source: Federal Reserve as of February 28, 2022

Mr. Obed discussed the US Equity market and noted that over the long term, the market has performed well. However, volatility has been seen in the past few months. Quality stocks and value stocks have been performing well.

February sees additional losses by most U.S. equity indices

U.S. large- and mid-cap benchmarks continued to slide during the month, while small-cap stocks eked out modest gains; value-oriented equities led their growth counterparts in February regardless of market cap segment

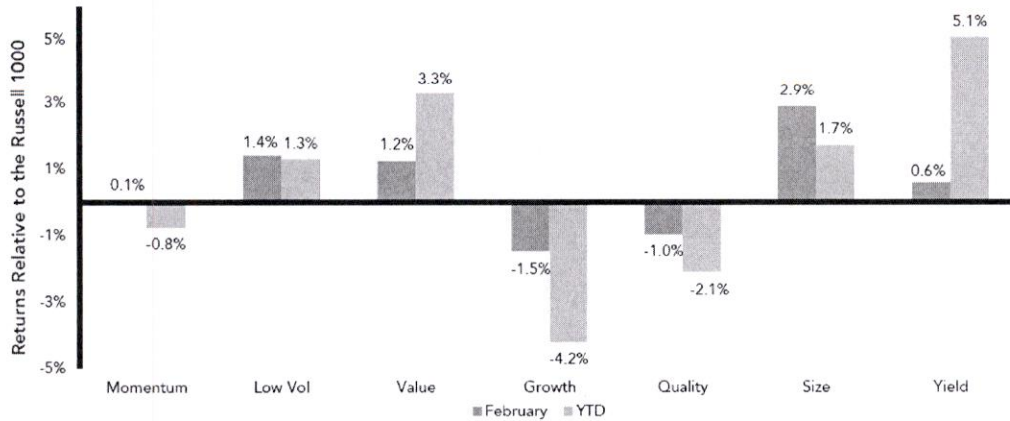
		Month (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	-3.3	-1.3	-6.4	11.6	11.7	12.7	12.7
	Wilshire 5000	-2.4	-4.5	-8.0	13.4	17.9	14.9	14.4
	Russell 3000	-2.5	-4.6	-8.3	12.3	17.6	14.7	14.3
Large-Cap Market Indices	S&P 500	-3.0	-3.9	-8.0	16.4	18.2	15.2	14.6
	Russell 1000	-2.7	-4.5	-8.2	13.7	18.1	15.1	14.5
	Russell 1000 Value	-1.2	2.6	-3.5	15.0	12.2	9.5	11.7
	Russell 1000 Growth	-4.2	-10.6	-12.5	12.5	23.2	20.2	17.0
Mid-Cap Market Indices	Russell Mid-Cap	-0.7	-4.3	-8.0	7.1	14.3	12.0	12.8
	Russell Mid-Cap Value	-0.5	1.3	-4.7	13.8	12.7	9.2	11.9
	Russell Mid-Cap Growth	-1.2	-13.7	-14.0	-4.3	14.7	14.9	13.6
Small-Cap Market Indices	Russell 2000	1.1	-6.6	-8.7	-6.0	10.5	9.5	11.2
	Russell 2000 Value	1.7	-0.4	-4.3	6.6	10.9	8.0	10.7
	Russell 2000 Growth	0.4	-12.6	-13.0	-17.4	9.2	10.5	11.4

Source: Morningstar Direct as of February 28, 2022

Mr. Obed noted that Low Vol and Value stocks continue to do well. Small Cap and Mid Cap stocks are also holding up well. Large Cap stocks have seen more volatility.

Value continues factor leadership in February

Factors like value and yield provided investors with a degree of downside protection amid the February sell-off, a dynamic not seen since the fourth quarter of 2018



Source: Bloomberg as of February 28, 2022

Mr. Obed discussed the international markets and noted that, like the US Equities market, international markets are strong in the long term.

Global equities continue losses

Russia's invasion of Ukraine creates further uncertainty around inflation, economic growth, and central bank policy

		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	-2.6	-3.7	-7.4	7.8	13.4	11.4	9.8
	MSCI ACWI ex. U.S.	-2.0	-1.7	-5.6	-0.4	7.7	7.3	5.4
Developed Markets Indices	MSCI EAFE	-1.8	-1.7	-6.5	2.8	7.8	7.2	6.2
	MSCI EAFE Local	-2.2	-1.7	-5.7	9.5	8.0	6.6	8.4
Emerging Markets Indices	MSCI Emerging Markets	-3.0	-3.0	-4.8	-10.7	6.0	7.0	3.2
	MSCI EM Local	-2.4	-2.7	-4.1	-8.8	7.5	8.4	6.4
Small-Cap Market Indices	MSCI EAFE Small-Cap	-1.3	-4.5	-8.5	-1.5	8.6	7.9	8.3
	MSCI EM Small-Cap	-2.5	-2.9	-6.8	4.4	11.3	7.8	4.7
Frontier Markets Index	MSCI Frontier	-4.4	-6.4	-7.8	9.9	7.8	6.5	6.2

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 hoped that March will be a better month and have positive performance. 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 February 28, 2022.

MTD Performance (as of 2/28/2022)

Total Fund Composite: -1.5%
Total Fund Policy Benchmark: -1.4%

FYTD Performance (as of 2/28/2022)

Total Fund Composite: -1.7%
Total Fund Policy Benchmark: -2.7%

YTD Performance (as of 2/28/2022)

Total Fund Composite: -5.7%
Total Fund Policy Benchmark: -5.9%

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 February 28, 2022. The plan had similar results compared to the General plan for the same reasons.

MTD Performance (as of 2/28/2022)

Total Fund Composite: -1.3%
Total Fund Policy Benchmark: -1.0%

FYTD Performance (as of 2/28/2022)

Total Fund Composite: -3.1%
Total Fund Policy Benchmark: -3.1%

YTD Performance (as of 2/28/2022)

Total Fund Composite: -6.4%
Total Fund Policy Benchmark: -6.0%

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 February 28, 2022.

MTD Performance (as of 2/28/2022)

Total Fund Composite: -1.4%
Total Fund Policy Benchmark: -1.2%

FYTD Performance (as of 2/28/2022)

Total Fund Composite: -4.0%
Total Fund Policy Benchmark: -2.8%

YTD Performance (as of 2/28/2022)

Total Fund Composite: -7.0%

Total Fund Policy Benchmark: -6.0%

Ms. Gordon asked if there were any recommendations based on market volatility and Mr. Obed responded there were no changes recommended at this time. Due to limitations in the Ordinance, approximately 25% of the portfolios must be in the Fixed Income asset class and alternatives are constrained to a maximum of 10% of the portfolios. He noted that if something unexpected happens, like stagflation, there would be discussions around asset allocations.

VII. NEW BUSINESS

Securities Litigation Policy and Working Session

Mr. Berry noted that the Investment Board had previously selected five firms to represent the pension plans on securities monitoring. Mr. Light agreed and added that as these firms send notices on lawsuits and possible cases, a working group should review the notices and make recommendations regarding whether the plans should become involved in the lawsuits. After further discussion, it was suggested that, since litigation cases can cross over more than one plan, members from each Administrative Committee should have a working session to vet the litigation notices and bring notices that meet the criteria established in the Board's Securities Monitoring and Litigation Policy to the full Investment Board for consideration. Ms. Gordon also asked that a city attorney and the CFO participate in this process.

A motion was made by Mr. Sims to have a working session on securities litigation matters with members from the General, Fire and Police Administrative Committees plus the CFO (or designee) and a representative from the City Legal Department. The motion was seconded by Mr. Berry. The motion unanimously carried and was approved.

Mr. Reeves of the Reeves Law Firm spoke and noted that his firm partners with Grant and Eisenhoffer on litigation matters. He submitted memorandums on two matters. The first was in regards to EarthStone Energy and was to perform a diligence investigation. The second was for Celsius Holdings which had a combined loss to the Police and Fire plans of \$800,000. Mr. Almeida from Grant and Eisenhoffer provided additional details about the cases to the Board. These two cases will be reviewed by the group previously discussed and any recommendations or actions would be brought back to the Investment Board for consideration.

Trustee Travel and Expense Policy

Mr. Berry asked if there was an annual limit for each trustee that can be spent on conferences and associated travel since nothing was written in the by-laws. Mr. Emerson stated that some of his other clients have used internal travel policies to guide travel expenses and recommended that the Board adopt its own policy with regards to trustee business and reimbursement. Mr. Berry asked the City Legal team to work with members from the Fire, Police and General committees to work out the parameters to be presented at the May Investment Board meeting. The guidelines should generally follow the City of Atlanta travel guidelines.

Experience Review Update

Ms. Cooper provided an update that Segal has reviewed the assumptions used for all of the plans. This included looking at how unused vacation and sick leave impacts calculations. Segal has tweaked their programming to ensure correct data is captured. Segal has started to draft the Experience Review presentation for the April meeting and has also provided the information to Chuck Carr for the Fire and Police plans. The next steps are to meet with HR and Finance to get insight on demographic assumptions and meet with the Deloitte auditors.

Other Topics

Mr. Berry discussed a session that he had attended at the GAPPT conference on cybersecurity and asked the City and SBA to report steps that have been taken to ensure that the Plans are safe from cyber hacking. Mr. Balla opined that someone from the City IT department should be able to provide the general steps taken. He added that what is released to the public could be discussed without putting out too much secure information. Chairman Sims asked that SBA coordinate with the City and provide a consolidated report.

VIII. OLD BUSINESS

There was no old business to discuss.

IX. QUESTIONS AND COMMENTS FROM AUDIENCE

There were no questions from the audience.

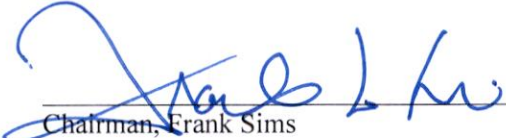
X. DATE OF NEXT MEETING

The next Board meeting will be held on April 20, 2022. The meeting will be in person and SBA will send information on the location and any requirements such as masks.

XI. ADJOURNMENT

There being no further business to be brought before the Board at this time at 11:25 a.m. Chairman Sims called for adjournment.

Respectfully Submitted,



Chairman, Frank Sims

These minutes were adopted on APRIL 20, 2022