

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

April 20, 2022

Atlanta City Hall Committee Room 1

10:00 A.M – 12:00 P.M.

Board Members Present

Frank Sims
Alfred Berry, Jr.
Reggie Grant
Brent Hullender – Virtual Attendee
Quentin Hutchins
Rick “Bud” Light
Mohamed Balla
Jeffrey Norman
Antonio Lewis
Jason Winston

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

Others Present

Mary Shah
Lori Pocock
Eric Dec
Mu’min Islam
Youlanda Carr
Pamela Goins
Fumnanya Johnson
Delisha Robinson
Karen Sutton
Beryl Taylor
Amanda Rouser
Rosie Woods
Chelsea Deppert
Ed Emerson
Jeanette Cooper
Ben Kirkland
Jody Martin
Kweku Obed
Derek Batts
William Roach
Stephanie Roberts
Jeffrey Reeves
Carolyn Askew – Virtual Attendee
Roderick Turner
Karen Williams
Eddie Weldon

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, Finance
City of Atlanta, Finance
City of Atlanta, Pension Administration
City of Atlanta, Pension Administration
Morris, Manning & Martin
Morris, Manning & Martin
Segal
Segal
Segal
Marquette Associates
Union Heritage
Globalt
Garcia Hamilton
The Reeves Law Firm
COA Retiree
COA Retiree
Mr. Turner’s Legal Counsel
COA Retiree

I. CALL TO ORDER

Chairman Sims called the meeting to order at 10:12 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. Berry 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

Mr. Roderick Turner spoke on his appeal to a reduction in his pension benefit with assistance from his legal counsel. He was notified in February 2022 that his benefit was being reduced by approximately \$1,200 per month and he requested to appeal that decision. The reason given for the reduction was an incorrect COLA amount applied to his benefit from the time he first retired. He noted it took 14 years to catch the error and asked why it was necessary for him to take a pay cut when it was the City's mistake. He is asking that the approximately \$53,000 in overpayment be waived, but understands he may have to accept a smaller amount going forward.

Ms. Eddie Weldon spoke on her appeal to a reduction in her pension benefit. She stated that she had originally retired from Atlanta Public Schools on total disability in April of 2002 and was notified in March of 2022 that her benefit was being recalculated to go from disability retirement to normal retirement. At that time, an error was discovered in her original pension calculation and the correction has caused her pension to decrease by \$531.65 per month. She stated that she still has severe medical issues and is questioning why she is being switched from a disability retirement to a normal retirement.

Ms. Carolyn Askew spoke via WebEx teleconference on her appeal to a reduction in her pension benefit. She stated that she had severe medical issues and, from the time she began receiving her pension benefit, it has gone up every year. She stated that she doesn't understand why the overpayment occurred and would like clarification of why there was an error. Councilman Lewis promised to be a point of contact for her and stated that he would follow up with her after the meeting.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the March 31, 2022 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the March 31, 2022 Minutes, a motion was made by Mr. Berry to approve the Minutes as written. The motion was seconded by Mr. Hutchins. The motion unanimously carried and the Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Dec reported that he is working with a group to develop a travel policy for Board Members and Administrative Committee Members. The City Legal team has a draft proposal that will be sent for review and will ask the Board to provide input on the policy's terms. Mr. Dec added that there is currently a travel policy for City employees developed by Finance that will be sent with the draft document to be considered by the Board. Chairman Sims stated that he wanted to have a level of consistency across all City travel policies and would want to know of any deviations.

Mr. Emerson did not have anything additional to report.

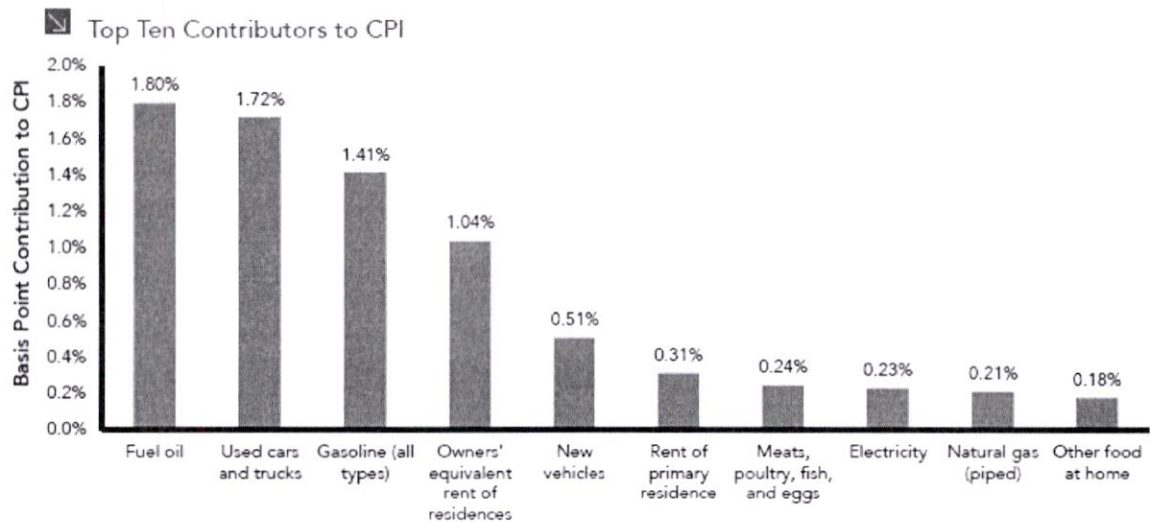
Chairman Sims asked about an email update he had received about potential litigation and Mr. Emerson replied that it would be a topic discussed in Executive Session along with the appeals. The matter involves Celsius Holdings and the Police and Fire Plans.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three Plans. He noted the top contributors of inflation have seen a significant spike in the last couple of quarters. They are led by fuel oil, used cars and trucks and gasoline. He expects the Plans to continue to grapple with headwinds since the Fixed Income category of assets is vulnerable to inflation. By law, a large amount of fixed income assets are required to make up the portfolios.

Top contributors of inflation remain persistent

CPI continues to be led by energy, used cars and trucks, and rents. Additional inflationary contributors not yet measured such as the increased price of food inputs will continue to drive CPI higher

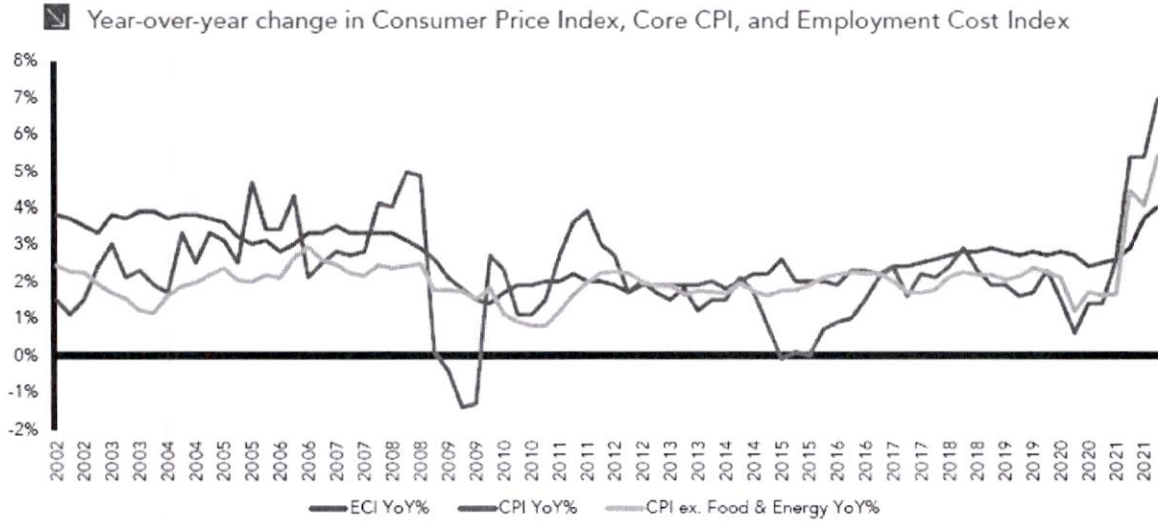


Source: Bloomberg as of February 28, 2022

Mr. Obed also noted that inflation is outpacing wage growth. While wages have grown, spikes in energy prices are negating the increase.

Inflation continues to outpace wage growth

Wage growth has increased but lags inflation at a widening pace



For the Fixed Income equities, Mr. Obed noted that this is an area of the market that will see a lot of pressure from inflation and will erode the value of fixed payments. Interest rates are expected to rise 50 basis points this month which means that fixed income assets will lose value. The Agg Index is down 5.3% which is the worst result in 40 years. Going forward, this asset class will be used for ballast in the portfolio and liquidity. Other areas will carry the weight of the portfolio.

Fixed income: Fed takes more aggressive stance on inflation

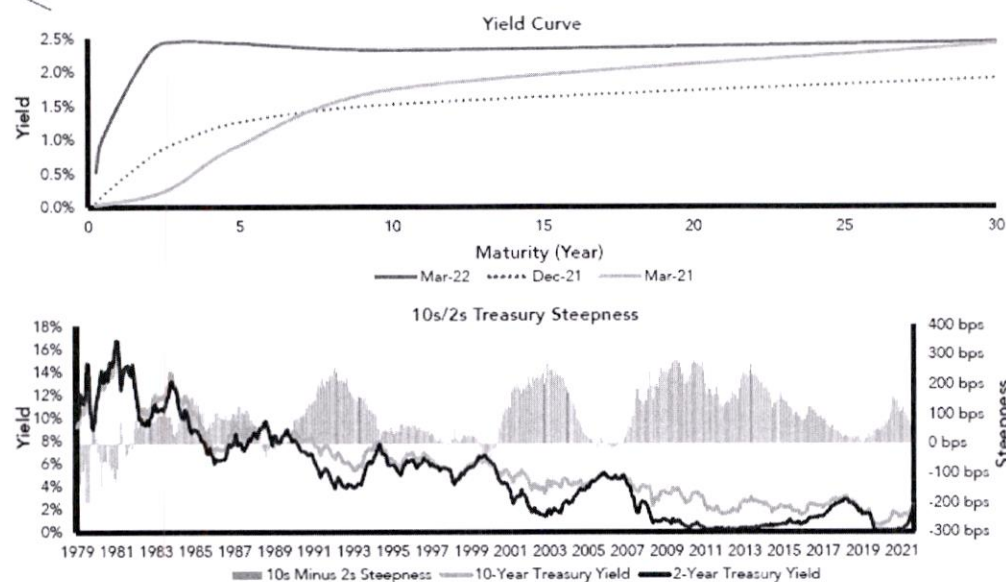
Continued concerns over inflation, tightening monetary policy, and soaring commodity prices as a result of the Russian invasion of Ukraine drove heightened volatility in March

		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Blm Aggregate	-2.78	-5.93	-5.93	-4.15	1.69	2.14	2.24
Intermediate Indices	Blm Int. Gov./Credit	-2.45	-4.51	-4.51	-4.10	1.50	1.81	1.85
Government Only Indices	Blm Long Gov.	-5.34	-10.57	-10.57	-1.46	3.23	3.88	3.96
	Blm Int. Gov.	-2.51	-4.19	-4.19	-4.16	1.03	1.34	1.28
	Blm 1-3 Year Gov.	-1.41	-2.50	-2.50	-3.03	0.84	1.05	0.85
	Blm U.S. TIPS	-1.86	-3.02	-3.02	4.29	6.22	4.43	2.69
Credit Indices	Blm U.S. Long Credit	-2.82	-11.23	-11.23	-4.24	4.37	4.77	5.07
	Blm High Yield	-1.15	-4.84	-4.84	-0.66	4.58	4.69	5.75
	CS Leveraged Loan Index	0.04	-0.10	-0.10	3.22	4.10	4.05	4.47
Securitized Bond Indices	Blm MBS	-2.60	-4.97	-4.97	-4.92	0.56	1.36	1.70
	Blm ABS	-1.71	-2.88	-2.88	-3.06	1.38	1.68	1.66
	Blm CMBS	-2.91	-5.56	-5.56	-4.40	1.84	2.47	2.83
Non-U.S. Indices	Blm Global Aggregate Hedged	-2.16	-4.97	-4.97	-3.92	1.30	2.25	2.84
	JPM EMBI Global Diversified	-0.90	-10.02	-10.02	-7.44	0.01	1.69	3.74
	JPM GBI-EM Global Diversified	-1.53	-6.46	-6.46	-8.53	-1.13	0.18	-0.72
Municipal Indices	Blm Municipal 5 Year	-2.35	-5.10	-5.10	-4.48	0.85	1.51	1.78
	Blm HY Municipal	-3.61	-6.53	-6.53	-1.35	4.04	5.25	5.44

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

Expect more flattening amidst increased expectations of rate hikes



Source: Federal Reserve as of March 31, 2022

Mr. Obed stated that stocks saw their worst quarter since 2020. The selloff in 2020 was worse, but there was a strong rebound when the Fed lowered interest rates and the government stimulated the economy with the CARES act. The scenario today is much different since it is unlikely the Fed will reverse course on raising interest rates soon. It is also unlikely that the government will cut taxes like it did in 2020. The invasion of Ukraine has also had a negative impact on the market.

Stocks post worst quarter since 2020 despite solid March

Many U.S. equity indices notched their biggest quarterly declines in two years to begin 2022, as inflation and the prospect of increasingly restrictive monetary policy hampered growth-oriented stocks in particular

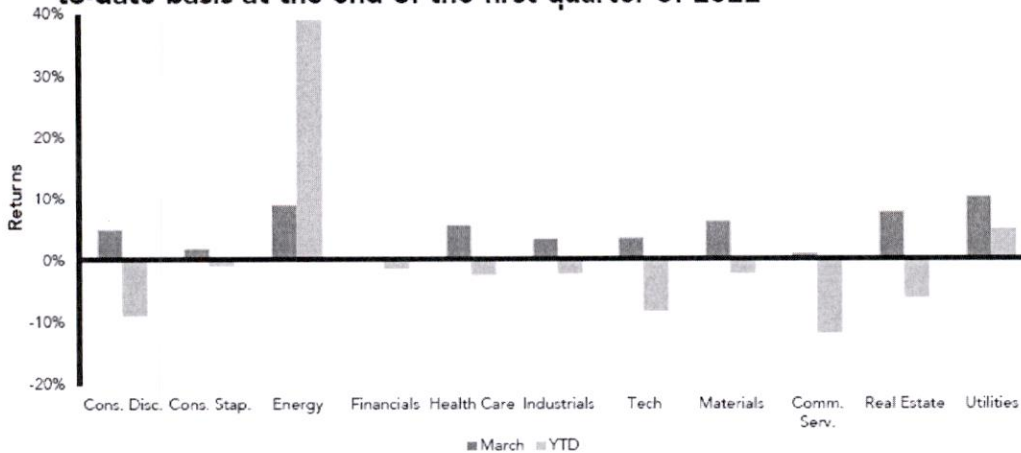
		Month (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	2.5	-4.1	-4.1	7.1	12.6	13.4	12.8
	Wilshire 5000	3.3	-4.9	-4.9	13.1	18.7	15.7	14.4
	Russell 3000	3.2	-5.3	-5.3	11.9	18.2	15.4	14.3
Large-Cap Market Indices	S&P 500	3.7	-4.6	-4.6	15.6	18.9	16.0	14.6
	Russell 1000	3.4	-5.1	-5.1	13.3	18.7	15.8	14.5
	Russell 1000 Value	2.8	-0.7	-0.7	11.7	13.0	10.3	11.7
	Russell 1000 Growth	3.9	-9.0	-9.0	15.0	23.6	20.9	17.0
Mid-Cap Market Indices	Russell Mid-Cap	2.6	-5.7	-5.7	6.9	14.9	12.6	12.9
	Russell Mid-Cap Value	3.0	-1.8	-1.8	11.5	13.7	10.0	12.0
	Russell Mid-Cap Growth	1.6	-12.6	-12.6	-0.9	14.8	15.1	13.5
Small-Cap Market Indices	Russell 2000	1.2	-7.5	-7.5	-5.8	11.7	9.7	11.0
	Russell 2000 Value	2.0	-2.4	-2.4	3.3	12.7	8.6	10.5
	Russell 2000 Growth	0.5	-12.6	-12.6	-14.3	9.9	10.3	11.2

Source: Morningstar Direct as of March 31, 2022

Mr. Obed noted that Energy has been the best performer in 2022, up 39%. He added that this increase comes off the lowest of low returns in the past.

Energy notches strong quarter, most other sectors lag

Despite a flat-to-positive March for each S&P 500 sector, only the Energy (+39.0%) and Utilities (+4.8%) spaces were positive on a year-to-date basis at the end of the first quarter of 2022

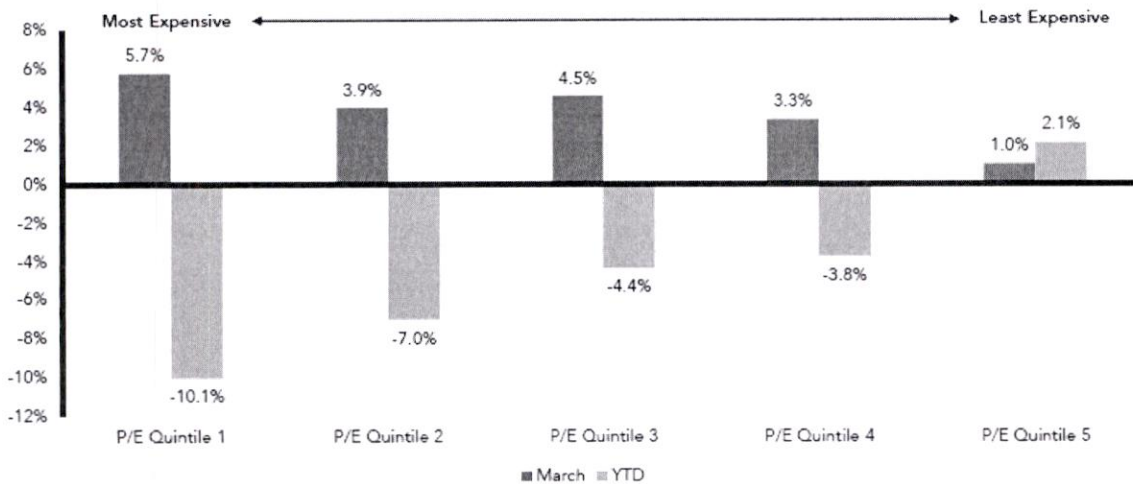


Source: Morningstar Direct as of March 31, 2022

Mr. Obed discussed that the most expensive stocks, for example Amazon and Tesla, are the ones pulling back while the less expensive stocks are the ones with the best returns.

Q1 sees significant repricing of higher-valuation equities

The most expensive stocks in the S&P 500 pulled back by more than 10% in the first quarter of 2022, while the cheapest stocks in the index notched positive returns during the period



Source: FactSet as of March 31, 2022; SPY ETF used as a proxy for the S&P 500

Mr. Obed noted that non-US stocks have held up well YTD and have had less downside than US stocks. Emerging markets were hit hard during the initial invasion in February.

Equities struggle, especially EM

While markets continue to grapple with the Russia-Ukraine war and record inflation, developed markets tipped positive in March

		1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Index	MSCI ACWI	2.2	-5.4	-0.5	7.3	13.8	11.6	10.0
International Market Index	MSCI ACWI ex. U.S.	0.2	-5.4	-1.8	-1.5	7.5	6.8	5.6
Developed Markets Indices	MSCI EAFE	0.6	-5.9	-1.1	1.2	7.8	6.7	6.3
	MSCI EAFE Local	2.1	-3.7	-0.1	6.2	8.2	6.6	8.6
Emerging Markets Indices	MSCI Emerging Markets	-2.3	-7.0	-5.2	-11.4	4.9	6.0	3.4
	MSCI EM Local	-2.1	-6.1	-4.4	-9.9	6.3	7.5	6.3
Small-Cap Market Indices	MSCI EAFE Small-Cap	0.0	-8.5	-1.3	-3.6	8.5	7.4	8.3
	MSCI EM Small-Cap	2.7	-4.3	0.1	5.5	11.9	7.8	5.3
Frontier Markets Index	MSCI Frontier	-0.1	-7.9	-4.5	9.4	7.3	6.0	5.9

Source: Bloomberg as of March 31, 2022

Performance Overview - General Employees' Pension Plan

Mr. Obed stated that the General Plan saw great volatility in the market in January and February, while March was slightly better. The portfolio fell when the market fell and rebounded when the market rebounded. At least 25% of assets are earmarked to the fixed income asset class so the results are very explainable. He provided the Board with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of March 31, 2022.

MTD Performance (as of 3/31/2022)

Total Fund Composite: 0.0%
Total Fund Policy Benchmark: 0.6%

FYTD Performance (as of 3/31/2022)

Total Fund Composite: -1.7%
Total Fund Policy Benchmark: -2.1%

YTD Performance (as of 3/31/2022)

Total Fund Composite: -5.7%
Total Fund Policy Benchmark: -5.4%

Mr. Obed looked at the top and bottom performers in the Plan and noted that there is much diversification in the Plan, so overall the portfolio performs as well as possible. Top performers in March were Earnest Partners Emerging Markets and US Equity, along with Artisan International Equity. These are either

value or quality tilted. The bottom performers in March were Brown, Hardman and Legato which are all growth leaning managers. Going forward in this environment, as interest rates go up, value and quality stocks should do well. The more volatile section will be the growth stocks. Marquette is keeping a watchful eye on the bottom performers.

COA General Employees' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Earnest Partners EM	+0.1%	-7.0%	Emerging Markets Equity
Earnest Partners SCC	-3.9%	-7.5%	U.S. Equity
Artisan	-3.0%	-5.9%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Brown Capital SC	-19.5%	-6.5%	International Equity
Hardman Johnston	-15.1%	-5.4%	International Equity
Legato SCG	-13.3%	-12.6%	U.S. Equity

Performance Overview – Police Officers' Pension Plan

Mr. Obed provided the Board with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of March 31, 2022. The Plan had similar results compared to the General Plan for the same reasons.

MTD Performance (as of 3/31/2022)

Total Fund Composite: 0.1%
Total Fund Policy Benchmark: 0.5%

FYTD Performance (as of 3/31/2022)

Total Fund Composite: -3.0%
Total Fund Policy Benchmark: -2.6%

YTD Performance (as of 3/31/2022)

Total Fund Composite: -6.3%
Total Fund Policy Benchmark: -5.5%

Mr. Obed looked at the top and bottom performers in the Plan and noted the bottom performers are all growth leaning managers.

COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Earnest SCC	-4.0%	-7.5%	U.S. Equity
Artisan Partners	-3.0%	-5.9%	International Equity
Macquarie SCC	-6.0%	-7.5%	U.S. Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	-19.5%	-6.5%	International Equity
Hardman Johnston	-15.1%	-5.4%	International Equity
Driehaus SCG	-19.4%	-12.6%	U.S. Equity

Performance Overview – Fire Fighters' Pension Plan

Mr. Obed provided the Board with the following current preliminary market values (MTD – Month to Date; FYTD – Fiscal Year to Date; YTD – Year to Date) as of March 31, 2022.

MTD Performance (as of 3/31/2022)

Total Fund Composite: 0.1%
Total Fund Policy Benchmark: 0.1%

FYTD Performance (as of 3/31/2022)

Total Fund Composite: -3.9%
Total Fund Policy Benchmark: -2.8%

YTD Performance (as of 3/31/2022)

Total Fund Composite: -6.9%
Total Fund Policy Benchmark: -6.0%

Mr. Obed looked at the top and bottom performers in the Plan and noted the bottom performers, Brown, Hardman and Driehaus, are all growth leaning managers.

COA Firefighters' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Earnest SCC	-4.0%	-7.5%	U.S. Equity
Ativo	-3.4%	-5.4%	International Equity
Garcia Hamilton	-4.5%	-5.9%	Fixed Income

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	-19.5%	-6.5%	International Equity
Hardman Johnston	-15.1%	-5.4%	International Equity
Driehaus SCG	-19.4%	-12.6%	U.S. Equity

Mr. Obed also pointed out that, while it is never good to see negative results in the Plans, both 2020 and 2021 saw double digit positive returns. Chairman Sims asked if Marquette was suggesting that areas such as energy and commodities be added to the portfolios and Mr. Obed replied that those classes would not be looked at since Marquette is projecting for the long term rather than short term moves. Mr. Balla asked, with 25% of the Plans required to be in the fixed income asset class, whether the City Plans are too conservative compared to other public plans. Mr. Obed stated that 25% is on the conservative side and normally the ceiling would be 20% in that asset class. He added that since the ordinance requires all Plan assets to be investment grade fixed income, in this environment it makes the Plans more conservative. Mr. Obed also noted that there is a long target rate of return of 7.25% and with anything over 7% it is necessary to take on equity risks in the portfolio. Mr. Lewis asked if being conservative with fixed income investments makes the Plans safer for the future and Mr. Obed replied that fixed income assets are very attractive when the market goes through a sell off like what happened in 2020. Mr. Obed pointed out that the portfolios are constructed from sensible building blocks that are good in the long term. He added that Marquette would be more concerned if other plans were making great gains and the City Plans weren't, but noted that is not the case. The portfolios are positioned nicely between growth, value and core assets. There may be big hurdles in the short term, but every plan in the country is facing the same challenges.

VII. NEW BUSINESS

Experience Review Update

Ms. Cooper provided an update on the experience study Segal has completed for the four Plans. The General Plan and Atlanta Public Schools were studied separately. She noted that the experience study is conducted every 3 years due to changes in the Ordinance, which does make sense for mortality, investment returns and inflation. She added that longer periods may be better to retirement, turnover and disability. The goal of the experience study is to increase the chance that the Plans are adequately funded by reviewing and updating, as appropriate, the Plans' assumptions. Ms. Cooper began giving details on the study, but due to time limitations it was decided to hold a separate meeting on May 2, 2022 to review the entire study in detail and hold a vote on which changes to accept.

VIII. OLD BUSINESS

A motion was made by Mr. Light to enter Executive Session at 12:20 p.m. to discuss Security Litigation topics and the appeals for Carolyn Askew, Roderick Turner and Eddie Weldon. The motion was seconded by Mr. Berry. The motion unanimously carried and the Board entered Executive Session.

A motion was made by Mr. Berry to exit Executive Session at 12:40 p.m. The motion was seconded by Mr. Berry. The motion unanimously carried and the Board exited Executive Session.

A motion was made by Mr. Light for the Police and Fire Pension Plans to move forward as lead plaintiffs in the Celsius Holdings Securities Litigation matter. The motion was seconded by Mr. Berry. The motion unanimously carried and the Board instructed Grant and Eisenhoffer to begin preparing the case.

A motion was made by Mr. Grant to accept the pension changes presented by SBA for Carolyn Askew, Roderick Turner and Eddie Weldon. The motion was seconded by Mr. Hutchins. The motion carried and the appeals were rejected. Mr. Lewis abstained.

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 May 2, 2022. The meeting will be in person at Atlanta City Hall in the Finance Training Room.

XI. ADJOURNMENT

There being no further business to be brought before the Board at this time at 12:50 p.m. Chairman Sims called for adjournment.

Respectfully Submitted,



Chairman, Frank Sims

These minutes were adopted on May 18, 2022