

CITY OF ATLANTA DEFINED BENEFIT  
PENSION INVESTMENT BOARD MEETING

January 18, 2023

Atlanta City Hall Committee Room 1

10:00 A.M – 12:00 P.M.

**Investment Board Members**

David Brand	Chairman	Present
Lisa Gordon	Vice-Chairman	Absent
Mohamed Balla	City of Atlanta, CFO	Present
Tarlesha Smith	City of Atlanta, HR Commissioner	Present
Antonio Lewis	Atlanta City Council Member	Present
Howard Shook	Atlanta City Council Member	Virtual
Jason Winston	Atlanta City Council Member	Present
Alfred Berry, Jr.	General Employees' Pension Plan – City	Present
Lisa Bracken	General Employees' Pension Plan – APS	Present
Quentin Hutchins	General Employees' Pension Plan – APS	Present
Brent Hullender	Fire Fighters' Pension Plan	Present
Rick Light	Police Officers' Pension Plan	Present

**Others Present**

Mary Shah	Strategic Benefits Advisors
Lori Pocock	Strategic Benefits Advisors
Eric Dec	City of Atlanta, Legal
Youlanda Carr	City of Atlanta, Deputy CFO
Marlo Crossley	City of Atlanta, Finance
Pamela Goins	City of Atlanta, Finance
Fumnanya Johnson	City of Atlanta, Finance
Tiffany Jones	City of Atlanta, Finance
Delisha Robinson	City of Atlanta, Finance
Karen Sutton	City of Atlanta, Finance
Beryl Taylor	City of Atlanta, Finance
Michael Naftaniel	City of Atlanta, Employee Benefits Director
Agatha Hector	City of Atlanta, Pension Administration
Amanda Rouser	City of Atlanta, Pension Administration
Rosie Woods	City of Atlanta, Pension Administration
Chelsea Deppert	Morris, Manning & Martin
Ed Emerson	Morris, Manning & Martin
Lauren Cellucci	Marquette Associates
Ben Kirkland	Segal
Doug Moses	Mauldin & Jenkins
Alison Wester	Mauldin & Jenkins
Derek Batts	Union Heritage
Joseph McLane	Macquarie
William Roach	Globalt
Jason Simpson	Garcia Hamilton
David Settles	

## **I. CALL TO ORDER**

Chairman Brand called the meeting to order at 10:16 a.m. Chairman Brand noted that a quorum was present for the meeting and the meeting was being held both in-person and via Webex Teleconference. It was also noted that Investment Managers were in attendance. Mr. Balla formally introduced David Brand as the new Chairman of the Pension Investment Board and noted he had been approved yesterday at the City Council meeting and sworn in today by the City Clerk's Office.

## **II. ADOPTION OF AGENDA**

Chairman Brand asked if there were any changes to the agenda and there were none.

**A motion was made by Mr. Lewis 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**

There was no public comment at this time.

## **IV. APPROVAL OF PREVIOUS MEETING MINUTES**

The Board reviewed the Minutes of the December 21, 2022 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

**Following review of the December 21, 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 December Minutes were approved.**

## **V. ATTORNEY'S REPORT**

Neither Mr. Emerson nor Mr. Dec had anything to report this month.

## **VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates***

Ms. Cellucci walked through the market environment and performance for the three Plans. She noted that 2022 was a very tough year, with Fixed Income equities having double digit negative returns which has not happened since the 1970's.



## Year-to-date returns

2022 YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	5yr	10yr
Commodities 26.0%	Commodities 40.4%	Broad U.S. Equities 20.9%	Large Cap 31.5%	Real Estate 6.7%	Emerging Markets 37.3%	Small Cap 21.3%	Real Estate 13.3%	Large Cap 13.7%	Small Cap 38.8%	Large Cap 9.4%	Large Cap 12.6%
Real Estate 9.4%	Large Cap 28.7%	Small Cap 20.0%	Broad U.S. Equities 31.0%	Hedge Funds 4.8%	Intl Small Cap 33.0%	High Yield 17.1%	Intl Small Cap 9.6%	Mid Cap 13.2%	Mid Cap 34.8%	Broad U.S. Equities 8.8%	Broad U.S. Equities 12.1%
Bank Loans -1.1%	Broad U.S. Equities 25.7%	Large Cap 18.4%	Mid Cap 30.5%	Bank Loans 1.1%	Broad Intl Equities 27.2%	Mid Cap 13.8%	Large Cap 1.4%	Broad U.S. Equities 12.6%	Broad U.S. Equities 33.6%	Real Estate 8.6%	Mid Cap 11.0%
Hedge Funds -4.3%	Mid Cap 22.6%	Emerging Markets 18.3%	Small Cap 25.5%	Core Bond 0.0%	Intl Large Cap 25.0%	Broad U.S. Equities 12.7%	Core Bond 0.5%	Real Estate 11.8%	Large Cap 32.4%	Mid Cap 7.1%	Real Estate 9.5%
High Yield -11.2%	Real Estate 17.7%	Mid Cap 17.1%	Intl Small Cap 25.0%	High Yield -2.1%	Large Cap 21.8%	Large Cap 12.0%	Broad U.S. Equities 0.5%	Core Bond 6.0%	Intl Small Cap 29.3%	Commodities 6.5%	Small Cap 9.0%
Core Bond -13.0%	Small Cap 14.8%	Intl Small Cap 12.3%	Intl Large Cap 22.0%	Large Cap -4.4%	Broad U.S. Equities 21.1%	Commodities 11.4%	Bank Loans -0.4%	Small Cap 4.9%	Intl Large Cap 22.8%	Hedge Funds 4.7%	Intl Small Cap 6.2%
Intl Large Cap -14.5%	Intl Large Cap 11.3%	Hedge Funds 11.8%	Broad Intl Equities 21.5%	Broad U.S. Equities -5.2%	Mid Cap 18.5%	Emerging Markets 11.2%	Intl Large Cap -0.8%	Hedge Funds 3.0%	Broad Intl Equities 15.3%	Small Cap 4.1%	Hedge Funds 4.9%
Broad Intl Equities -16.0%	Hedge Funds 10.2%	Broad Intl Equities 10.7%	Emerging Markets 18.4%	Mid Cap -9.1%	Small Cap 14.6%	Bank Loans 9.9%	Hedge Funds -1.1%	High Yield 2.5%	Real Estate 11.0%	Bank Loans 3.2%	Intl Large Cap 4.7%
Mid Cap -17.3%	Intl Small Cap 10.1%	Intl Large Cap 7.8%	Commodities 17.6%	Small Cap -11.0%	Hedge Funds 8.6%	Real Estate 8.0%	Mid Cap -2.4%	Bank Loans 2.1%	Hedge Funds 9.1%	High Yield 2.3%	High Yield 4.0%
Large Cap -18.1%	Broad Intl Equities 7.8%	Core Bond 7.5%	High Yield 14.3%	Intl Large Cap -13.8%	High Yield 7.5%	Hedge Funds 5.4%	Small Cap 4.4%	Emerging Markets 2.8%	High Yield 7.4%	Intl Large Cap 1.5%	Broad Intl Equities 3.8%
Broad U.S. Equities -19.2%	Bank Loans 5.4%	High Yield 7.1%	Hedge Funds 10.5%	Commodities -13.8%	Real Estate 7.0%	Broad Intl Equities 4.5%	High Yield -4.5%	Broad Intl Equities -3.9%	Bank Loans 6.2%	Broad Intl Equities 0.9%	Bank Loans 3.8%
Emerging Markets -20.1%	High Yield 5.3%	Bank Loans 2.8%	Core Bond 8.7%	Broad Intl Equities -14.2%	Commodities 5.8%	Core Bond 2.6%	Broad Intl Equities -5.7%	Intl Large Cap -4.9%	Commodities -1.2%	Core Bond 0.0%	Emerging Markets 1.4%
Small Cap -20.4%	Core Bond -1.5%	Real Estate 1.6%	Bank Loans 8.2%	Emerging Markets -14.4%	Bank Loans 4.2%	Intl Small Cap 2.2%	Emerging Markets -14.9%	Intl Small Cap -4.9%	Core Bond -2.0%	Intl Small Cap 0.0%	Core Bond 1.1%
Intl Small Cap -21.4%	Emerging Markets -2.5%	Commodities 23.7%	Real Estate 6.4%	Intl Small Cap -17.9%	Core Bond 3.5%	Intl Large Cap 1.0%	Commodities -32.9%	Commodities -33.1%	Emerging Markets -2.6%	Emerging Markets -1.4%	Commodities -3.3%

Source: Bloomberg as of December 31, 2022. Real Estate is as of September 30, 2022. Please see end of document for benchmark information.

Ms. Cellucci stated that for the Fixed Income asset class, bonds had one of the worst years on record. As interest rates rose sharply, bonds were down 13% in 2022.

## Fixed income performance

Fixed income indices had one of their worst years on record as interest rates rose sharply as the Fed tries to slow the pace of inflation

		MTD (%)	QTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Index	Bim Aggregate	-0.5	1.9	-13.0	-2.7	0.0	1.0
Intermediate Index	Bim Int. Gov./Credit	-0.2	1.5	-8.2	-1.3	0.7	1.1
Government Only Indices	Bim Long Gov.	-1.7	-0.6	-29.2	-7.6	-2.2	0.5
	Bim Int. Gov.	-0.2	1.0	-7.7	-1.4	0.5	0.7
	Bim 1-3 Year Gov.	0.2	0.7	-3.8	-0.5	0.7	0.7
	Bim U.S. TIPS	-1.0	2.0	-11.8	1.2	2.1	1.1
Credit Indices	Bim U.S. Long Credit	-1.1	5.3	-25.3	-5.9	-0.8	2.1
	Bim High Yield	-0.6	4.2	-11.2	0.1	2.3	4.0
	CS Leveraged Loan Index	0.4	2.3	-1.1	2.3	3.2	3.8
Securitized Bond Indices	Bim MBS	-0.4	2.1	-11.8	-3.2	-0.5	0.7
	Bim ABS	0.7	0.8	-4.3	-0.1	1.2	1.2
	Bim CMBS	0.0	1.0	-10.9	-1.7	0.8	1.6
Non-U.S. Indices	Bim Global Aggregate Hedged	-1.2	1.0	-11.2	-2.6	0.4	1.7
	JPM EMBI Global Diversified	0.3	8.1	-17.8	-5.3	-1.3	1.6
	JPM GBI-EM Global Diversified	2.2	8.5	-11.7	-6.0	-2.5	-2.0
Municipal Indices	Bim Municipal 5 Year	0.5	3.0	-5.3	-0.3	1.2	1.5
	Bim HY Municipal	-0.2	3.5	-13.1	-0.6	2.6	3.5

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

Ms. Cellucci noted the US Equity market had a strong quarter, but overall had its worst year since 2008.

## U.S. equity performance

**Despite losses in December, all major domestic equity indices post gains in the fourth quarter**

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	-4.1	16.0	-6.9	-6.9	7.3	8.4	12.3
	Wilshire 5000	-5.9	7.1	-19.0	-19.0	7.4	9.0	12.3
	Russell 3000	-5.9	7.2	-19.2	-19.2	7.1	8.8	12.1
Large-Cap Market Indices	S&P 500	-5.8	7.6	-18.1	-18.1	7.7	9.4	12.6
	Russell 1000	-5.8	7.2	-19.1	-19.1	7.3	9.1	12.4
	Russell 1000 Value	-4.0	12.4	-7.5	-7.5	6.0	6.7	10.3
	Russell 1000 Growth	-7.7	2.2	-29.1	-29.1	7.8	11.0	14.1
Mid-Cap Market Indices	Russell Mid-Cap	-5.4	9.2	-17.3	-17.3	5.9	7.1	11.0
	Russell Mid-Cap Value	-5.1	10.5	-12.0	-12.0	5.8	5.7	10.1
	Russell Mid-Cap Growth	-6.0	6.9	-26.7	-26.7	3.8	7.6	11.4
Small-Cap Market Indices	Russell 2000	-6.5	6.2	-20.4	-20.4	3.1	4.1	9.0
	Russell 2000 Value	-6.6	8.4	-14.5	-14.5	4.7	4.1	8.5
	Russell 2000 Growth	-6.4	4.1	-26.4	-26.4	0.6	3.5	9.2

Source: Bloomberg as of December 31, 2022



Ms. Cellucci stated that the International market was similar to the US and had a strong fourth quarter. China has relaxed its COVID restrictions and the markets are doing well so far in 2023.

## Global equity performance

**Equities ended the year with a strong fourth quarter**

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	-3.9	9.8	-18.4	-18.4	4.0	5.2	8.0
	MSCI ACWI ex. U.S.	-0.8	14.3	-16.0	-16.0	0.1	0.9	3.8
Developed Markets Indices	MSCI EAFE	0.1	17.3	-14.5	-14.5	0.9	1.5	4.7
	MSCI EAFE Local	-3.0	8.7	-7.0	-7.0	3.6	3.8	7.6
Emerging Markets Indices	MSCI Emerging Markets	-1.4	9.7	-20.1	-20.1	-2.7	-1.4	1.4
	MSCI EM Local	-2.0	6.6	-15.5	-15.5	0.1	1.3	4.6
Small-Cap Market Indices	MSCI EAFE Small-Cap	1.1	15.8	-21.4	-21.4	-0.9	-0.1	6.2
	MSCI EM Small-Cap	-1.0	8.2	-18.0	-18.0	5.1	1.1	3.2
Frontier Markets Index	MSCI Frontier	-1.5	-0.8	-26.3	-26.3	-3.7	-2.5	3.2



**Performance Overview - General Employees' Pension Plan**

Ms. Cellucci stated that the General Plan was down 13.8% YTD, but ahead of the benchmark during that period. She also noted the long-term return is up 8.3% over the past 10 years

She 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 December 31, 2022.

**MTD Performance (as of 12/31/2022)**

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

**FYTD Performance (as of 12/31/2022)**

Total Fund Composite: 1.9%  
 Total Fund Policy Benchmark: 1.2%

**YTD Performance (as of 12/31/2022)**

Total Fund Composite: -13.8%  
 Total Fund Policy Benchmark: -14.8%

Ms. Cellucci presented the top and bottom performers in the General Plan and noted they were as expected due to their strategy. No changes are recommended at this time.

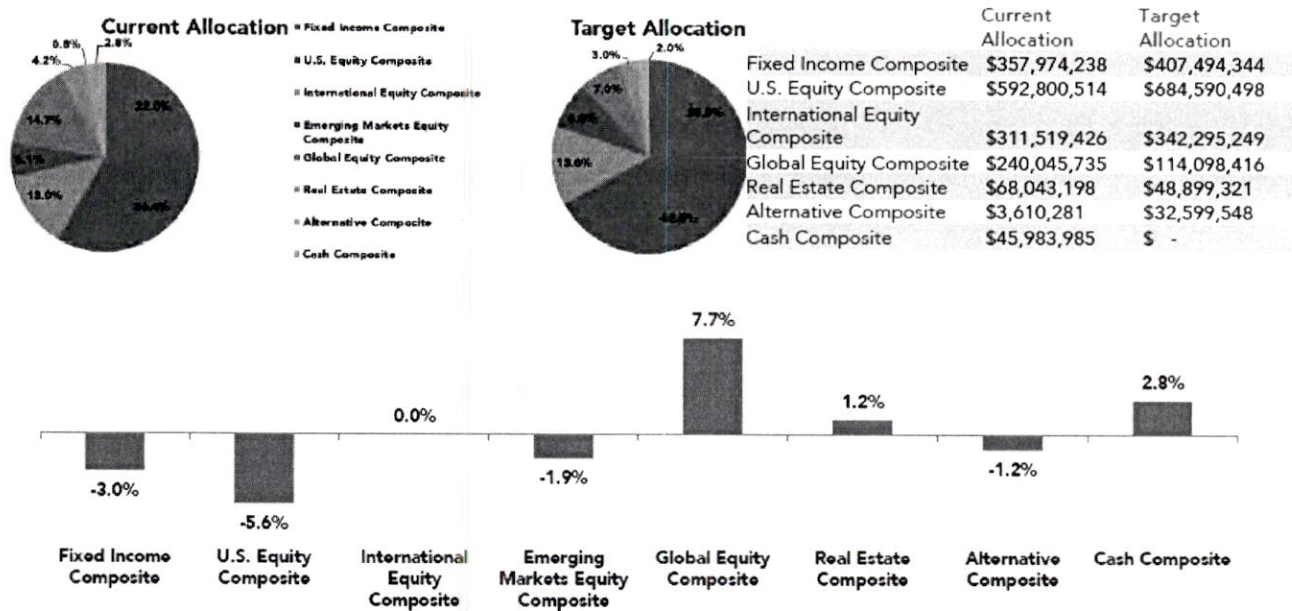
**COA General Employees' Manager Contribution – YTD Performance**

<u>Top Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Earnest Partners EM	-11.5%	-20.1%	Emerging Markets Equity
Union Heritage LCC	-9.9%	-18.1%	U.S. Equity
Artisan	-6.8%	-14.5%	International Equity

<u>Bottom Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Brown Capital SC	-31.4%	-20.0%	International Equity
Hardman Johnston	-23.6%	-16.0%	International Equity
Legato SCG	-29.7%	-26.4%	U.S. Equity

Ms. Cellucci showed the actual versus target allocation for the General Plan and noted there may be some rebalancing in the near future.

### COA General Employees' Asset Allocation vs Target Allocation



### Performance Overview – Police Officers’ Pension Plan

Ms. Cellucci 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 December 31, 2022. The Police Officers’ Plan had similar results compared to the General Plan, down YTD but positive FYTD.

**MTD Performance (as of 12/31/2022)**

Total Fund Composite: -2.9%  
 Total Fund Policy Benchmark: -2.9%

**FYTD Performance (as of 12/31/2022)**

Total Fund Composite: 2.3%  
 Total Fund Policy Benchmark: 1.9%

**YTD Performance (as of 12/31/2022)**

Total Fund Composite: -14.7%  
 Total Fund Policy Benchmark: -14.6%

Ms. Cellucci presented the top and bottom performers in the Police Plan and noted they were as expected due to their strategy. No changes are recommended at this time.

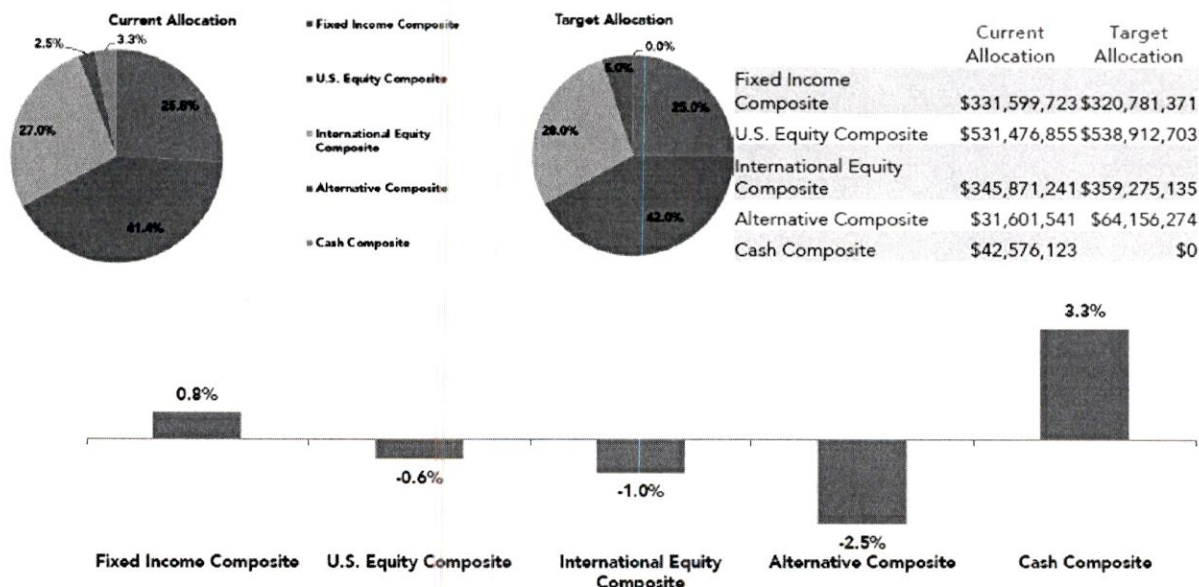
### COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Artisan Partners	-6.8%	-14.5%	International Equity
Earnest SCC	-15.7%	-20.4%	U.S. Equity
Macquarie SCC	-15.9%	-20.4%	U.S. Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	-31.4%	-20.0%	International Equity
Hardman Johnston	-23.6%	-16.0%	International Equity
Driehaus SCG	-34.0%	-26.4%	U.S. Equity

Ms. Cellucci showed the actual versus target allocation for the Police Plan and noted the Plan would rebalance as needed.

### COA Police Officers' Asset Allocation vs Target Allocation



**Performance Overview – Fire Fighters’ Pension Plan**

Ms. Cellucci 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 December 31, 2022. She noted the Fire Fighters’ Plan is down YTD, but up FYTD similar to the Police Plan.

**MTD Performance (as of 12/31/2022)**

Total Fund Composite: -3.1%  
 Total Fund Policy Benchmark: -2.9%

**FYTD Performance (as of 12/31/2022)**

Total Fund Composite: 1.6%  
 Total Fund Policy Benchmark: 1.3%

**YTD Performance (as of 12/31/2022)**

Total Fund Composite: -16.2%  
 Total Fund Policy Benchmark: -15.3%

Ms. Cellucci presented the top and bottom performers in the Fire Plan and noted they were as expected due to their strategy. No changes are recommended at this time.

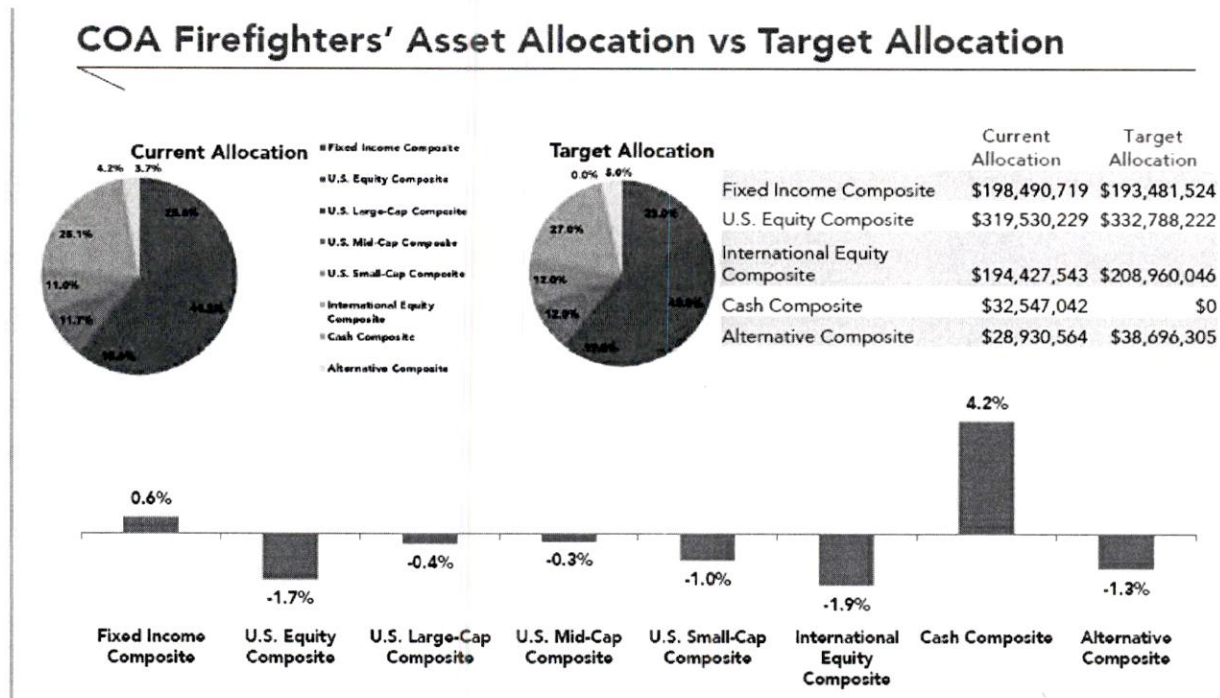
**COA Firefighters’ Manager Contribution – YTD Performance**

<u>Top Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Earnest SCC	-15.8%	-20.4%	U.S. Equity
Intercontinental	14.5%	12.4%	U.S. Real Estate
Garcia Hamilton	-11.2%	-13.0%	Fixed Income

<u>Bottom Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Brown SC	-31.4%	-20.0%	International Equity
Hardman Johnston	-23.7%	-16.0%	International Equity
Driehaus SCG	-34.0%	-26.4%	U.S. Equity



Ms. Cellucci showed the actual versus target allocation for the Fire Plan and noted the Plan would rebalance as needed.



**VII. NEW BUSINESS**

**Audit Results – Mauldin & Jenkins**

Ms. Wester reviewed the results from the audit performed for the pension plans for the fiscal year ending June 30, 2022. She noted that this was the first year Mauldin & Jenkins was performing the audit for the City Plans. Ms. Wester stated that they were able to issue an unmodified report, which is a clean opinion that meets US and Governmental auditing standards. The full report was provided both electronically and via hard copy to the Board. She added that on the compliance report, previous audits had identified broad issues and Mauldin & Jenkins was more specific on the types of errors that were found. For example, with the census data, there were some issues with missing beneficiaries and also with more inactive participants due refunds than were previously identified. Mauldin & Jenkins found that the City followed generally accepted accounting principles and there was great cooperation from City management and staff during the audit.

**Update on New Board Members**

Ms. Shah presented an update on the two new board members. Mr. David Brand has been nominated by the Mayor and approved by the City Council to replace Frank Sims as Chairman of this Board. Mr. Charles Bell has been appointed as Member at Large to replace Reggie Grant.

**Proposed Meeting Dates for Conflicts with City Council**

Ms. Shah stated that the regular meeting dates for the Investment Board are the third Wednesday of the month, except where there is a conflict with City Council meetings. Base on those dates, the March, August and November meeting dates will be changed to reflect the dates shown below. *Note: After the meeting, it was discovered that the February meeting date will also need to change. The list below includes the updated February meeting date.*

**City of Atlanta Proposed Pension Plan Meeting Dates for 2023**

**Investment Board** - 3rd Wednesday of the month unless there is a conflict with City Council Meetings or GAPPT events, 10am

**General Administrative** - 2nd Thursday of the month, 11am

**Fire Administrative** - 3rd Thursday of even months, 11am

**Police Administrative** - 3rd Thursday of even months, 12pm

Month	Investment Board	General Administrative	Fire Administrative	Police Administrative
Jan-23	1/18/2023	1/12/2023	N/A	N/A
Feb-23	2/22/2023	2/9/2023	2/16/2023	2/16/2023
Mar-23	3/16/2023	3/9/2023	N/A	N/A
Apr-23	4/19/2023	4/13/2023	4/20/2023	4/20/2023
May-23	5/17/2023	5/11/2023	N/A	N/A
Jun-23	6/21/2023	6/8/2023	6/15/2023	6/15/2023
Jul-23	7/19/2023	7/13/2023	N/A	N/A
Aug-23	8/24/2023	8/10/2023	8/17/2023	8/17/2023
Sep-23	9/20/2023	9/14/2023	N/A	N/A
Oct-23	10/18/2023	10/12/2023	10/19/2023	10/19/2023
Nov-23	11/16/2023	11/9/2023	N/A	N/A
Dec-23	12/20/2023	12/14/2023	12/21/2023	12/21/2023

Moved to 3rd Thursday due to City Council & GAPPT  
 Moved to 4th Wednesday due to City Council  
 Moved to 3rd Thursday due to City Council

**VIII. OLD BUSINESS**

Ben Kirkland reminded the Board of an email that had been sent last week about potential dates for continuing education sessions that Segal will host for Board members and asked that members respond with their preferred dates for the sessions. The sessions will cover valuation data and plan design.

**IX. QUESTIONS AND COMMENTS FROM AUDIENCE**

There were no questions or comments at this time.

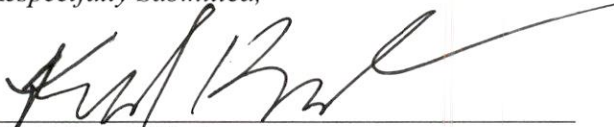
**X. DATE OF NEXT MEETING**

The next Board meeting will be held on February 22, 2023. The meeting will be in person at Atlanta City Hall in Committee Room 1. *Note: This is a change to what was stated in the meeting due to a conflict with City Council meetings for February 15, 2023.*

**XI. ADJOURNMENT**

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

*Respectfully Submitted,*

  
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David Brand, Chairman

These minutes were adopted on February 22, 2023