

CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING

March 16, 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	Present
Mohamed Balla	City of Atlanta, CFO	Present
Tarlesha Smith	City of Atlanta, HR Commissioner	Absent
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
Karen Sutton	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
Kweku Obed	Marquette Associates
Alberto Rivera	Marquette Associates
Jeanette Cooper	Segal
Brian Downey	Deloitte
Jamie Helms	Deloitte
Courtney Murphy	President, Atlanta Police Officers' Union
Derek Batts	Union Heritage
Joseph McLane	Macquarie
Jason Simpson	Garcia Hamilton
Gar Chung	FIN News
Donnie Beamer	

I. CALL TO ORDER

Chairman Brand called the meeting to order at 10:06 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.

II. ADOPTION OF AGENDA

Chairman Brand asked if there were any changes to the agenda and Mr. Hullender asked the agenda be amended to add Segal to New Business to discuss a proposal to investigate potential changes to the pension plans.

A motion was made by Mr. Hullender to approve the Agenda as amended. The motion was seconded by Mr. Berry. The motion unanimously carried and the amended Agenda was approved.

III. PUBLIC COMMENT

Mr. Light introduced Sergeant Courtney Murphy as the new president of the Police Officers' Union. Sergeant Murphy has been with APS for 13 years and is currently working at the Police Academy in charge of recruits.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the February 15, 2023 regularly scheduled meeting which were distributed in advance and reviewed by the Fund Professionals as customary.

Following review of the February 15, 2023 Minutes, a motion was made by Mr. Hullender to approve the Minutes as written. The motion was seconded by Mr. Balla. The motion unanimously carried and the February Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Dec updated the Board on the Bioventis securities litigation. He noted that Robbins Gueller Rudman & Dowd LLP, the law firm pursuing the claim, has stated that based upon further review it no longer recommends pursuing a lead plaintiff motion in the lawsuit.

Following discussion, a motion was made by Mr. Brand to no longer pursue a lead plaintiff motion in the Bioventis lawsuit. The motion was seconded by Mr. Light. The motion unanimously carried.

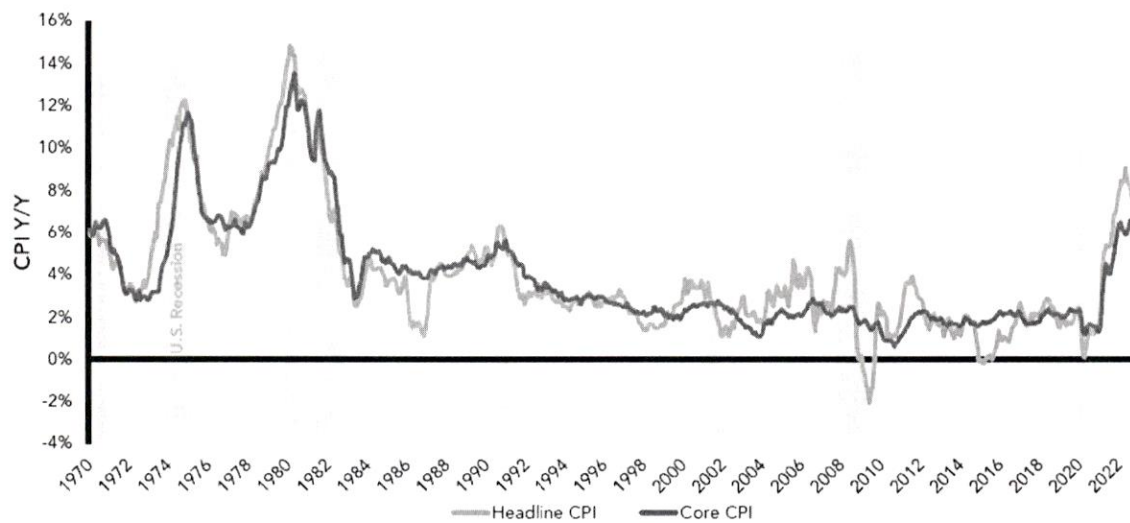
Ms. Deppert did not have anything to report this month.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment and performance for the three Plans. He stated that the CPI (Consumer Price Index) is one of the primary measures for inflation. With Covid and the associated record level of stimulus money, inflation hiked up and that inflation caused the Fed to raise interest rates. The rise in interest rates has caused some cracks to show in the economy, such as with the Silicon Valley Bank and Signature Bank failures.

CPI easing

January CPI ticked down for a seventh consecutive month, though the pace of moderation slowed



Source: Bloomberg, Bureau of Labor Statistics as of February 28, 2023

Mr. Obed noted that February was a challenging month for the market. There was greater optimism in January with the start of the new year. When the Fed stepped out to say inflation was still not under control and they were planning to further raise rates, the market had a downturn and lost value for the month of February.

Fixed income performance

A backup in rates drove negative total returns in February; year-to-date performance is flat to positive across most markets

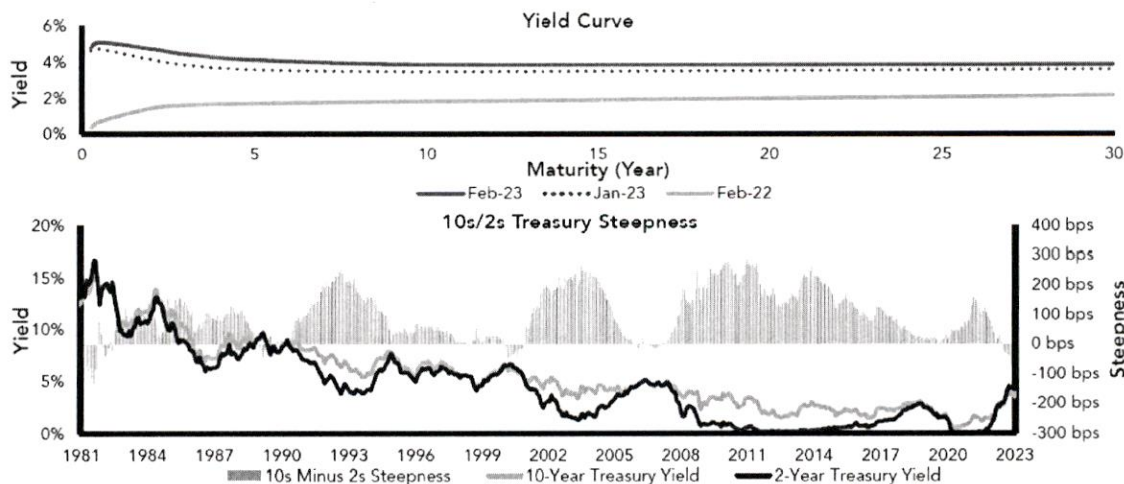
		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Index	Blm Aggregate	-2.6	0.4	0.4	-9.7	-3.8	0.5	1.1
Intermediate Index	Blm Int. Gov./Credit	-1.8	0.0	0.0	-6.2	-2.2	1.0	1.1
Government Only Indices	Blm Long Gov.	-4.7	1.4	1.4	-24.0	-10.9	-0.7	1.0
	Blm Int. Gov.	-1.7	-0.2	-0.2	-6.3	-2.4	0.7	0.7
	Blm 1-3 Year Gov.	-0.8	0.0	0.0	-2.8	-1.0	0.8	0.6
	Blm U.S. TIPS	-1.4	0.4	0.4	-10.4	0.2	2.6	1.2
Credit Indices	Blm U.S. Long Credit	-5.2	1.2	1.2	-17.2	-7.2	0.4	2.4
	Blm High Yield	-1.3	2.5	2.5	-5.5	1.3	2.9	4.1
	CS Leveraged Loan Index	0.6	3.2	3.2	2.3	3.7	3.6	4.0
Securitized Bond Indices	Blm MBS	-2.6	0.6	0.6	-9.1	-3.6	-0.1	0.8
	Blm ABS	-0.8	0.6	0.6	-2.6	-0.5	1.4	1.3
	Blm CMBS	-1.9	0.7	0.7	-7.8	-2.9	1.2	1.7
Non-U.S. Indices	Blm Global Aggregate Hedged	-1.6	0.7	0.7	-8.0	-3.3	0.7	1.8
	JPM EMBI Global Diversified	-2.2	0.9	0.9	-8.6	-5.2	-0.7	1.8
	JPM GBI-EM Global Diversified	-3.2	1.4	1.4	-6.1	-4.3	-3.0	-2.0
Municipal Indices	Blm Municipal 5 Year	-1.9	0.0	0.0	-2.5	-0.9	1.3	1.4
	Blm HY Municipal	-3.1	1.2	1.2	-9.4	-1.7	3.1	3.5

Source: Bloomberg, Credit Suisse, JPMorgan as of February 28, 2023. The local currency GBI index is hedged and denominated in U.S. dollars.

He also noted there is still an inversion of the yield curve which is usually a prediction of recession.

U.S. Treasury yield curve and steepness

The inversion of the yield curve between 2- and 10-year Treasuries remains with the Fed committed to keeping short-term rates elevated



Source: Federal Reserve as of February 28, 2023

Mr. Obed stated the US Equity market had a challenging February and saw returns cool off compared to January. Performance differences continued to be seen by style: Core, Value and Growth. During the past year, Value stocks have caught up to the performance of Growth stocks.

U.S. equity performance

All major domestic equity indices posted negative returns in February

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	-3.9	-1.1	-1.1	-1.6	11.0	7.8	11.3
	Wilshire 5000	-2.3	4.4	4.4	-8.1	12.1	9.6	12.0
	Russell 3000	-2.3	4.4	4.4	-8.1	11.8	9.4	11.9
Large-Cap Market Indices	S&P 500	-2.4	3.7	3.7	-7.7	12.1	9.8	12.3
	Russell 1000	-2.4	4.2	4.2	-8.2	11.9	9.7	12.1
	Russell 1000 Value	-3.5	1.5	1.5	-2.8	11.0	7.2	9.6
	Russell 1000 Growth	-1.2	7.0	7.0	-13.3	12.1	11.5	14.3
Mid-Cap Market Indices	Russell Mid-Cap	-2.4	5.7	5.7	-5.0	11.5	8.4	10.7
	Russell Mid-Cap Value	-3.2	4.6	4.6	-3.4	12.0	7.3	9.6
	Russell Mid-Cap Growth	-1.0	7.7	7.7	-8.3	8.7	8.7	11.5
Small-Cap Market Indices	Russell 2000	-1.7	7.9	7.9	-6.0	10.1	6.0	9.1
	Russell 2000 Value	-2.3	7.0	7.0	-4.4	12.9	6.4	8.5
	Russell 2000 Growth	-1.1	8.8	8.8	-7.9	6.5	5.1	9.3

Source: Bloomberg as of February 28, 2023

He also noted that the global market returns were similar to the US markets in February.

Global equity performance

International equities cooled in February after a hot start in January

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	-2.9	4.1	4.1	-8.3	8.8	5.8	7.9
	MSCI ACWI ex. U.S.	-3.5	4.3	4.3	-7.2	5.3	1.6	3.9
Developed Markets Indices	MSCI EAFE	-2.1	5.8	5.8	-3.1	6.8	2.6	4.8
	MSCI EAFE Local	0.6	7.0	7.0	5.5	9.5	5.7	7.5
Emerging Markets Indices	MSCI Emerging Markets	-6.5	0.9	0.9	-15.3	1.0	-1.9	1.5
	MSCI EM Local	-4.7	1.6	1.6	-10.5	3.1	1.1	4.7
Small-Cap Market Indices	MSCI EAFE Small-Cap	-2.2	5.1	5.1	-9.7	5.3	0.7	6.1
	MSCI EM Small-Cap	-2.9	2.9	2.9	-9.5	10.2	1.3	3.1
Frontier Markets Index	MSCI Frontier	-2.5	1.9	1.9	-18.6	-1.0	-2.9	2.7

Performance Overview - General Employees’ Pension Plan

Mr. Obed stated that the General Plan held up compared to the benchmark. Despite a negative February, the plan is still up 4.9% Fiscal Year-To-Date and it was also noted the Plan’s long-term return is up 8.1% over the past 10 years.

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 February 28, 2023.

MTD Performance (as of 2/28/2023)

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

FYTD Performance (as of 2/28/2023)

Total Fund Composite: 4.9%
 Total Fund Policy Benchmark: 4.0%

YTD Performance (as of 2/28/2023)

Total Fund Composite: 3.1%
 Total Fund Policy Benchmark: 3.0%

Mr. Obed 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.

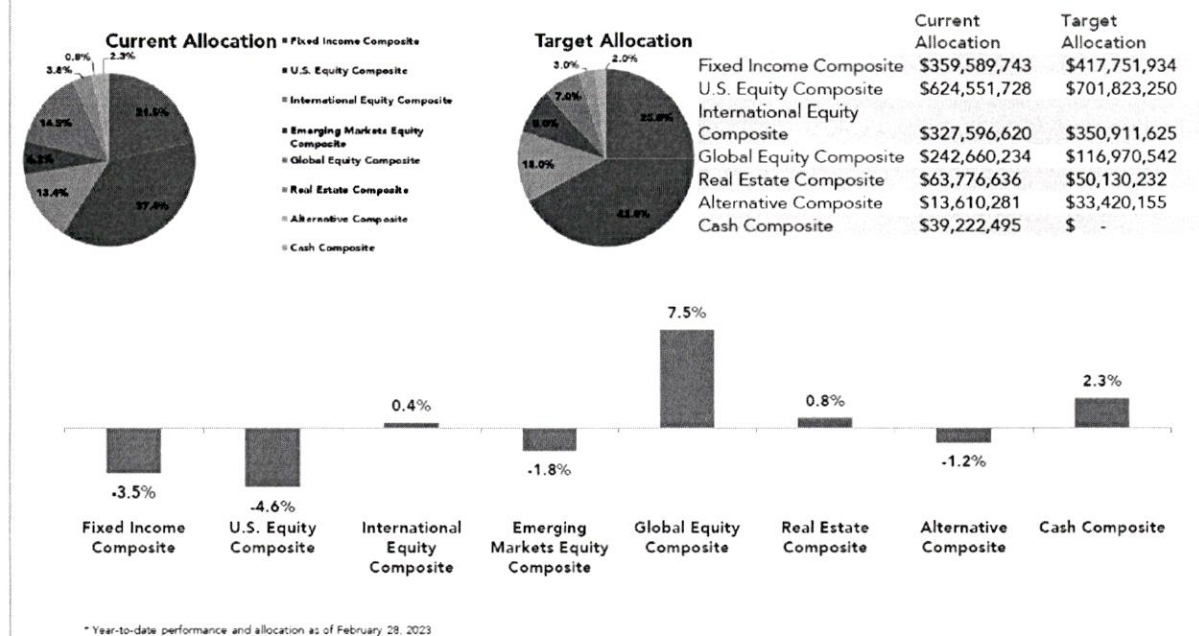
COA General Employees’ Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Channing SCV	9.5%	7.0%	U.S. Equity
Earnest EM	3.3%	0.9%	Emerging Markets Equity
Goldman Sachs EM	2.7%	0.9%	Emerging Markets Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Union Heritage	1.5%	3.7%	U.S. Equity
Brown Capital SC	2.9%	4.5%	International Equity

Mr. Obed showed the actual versus target allocation for the General Plan.

COA General Employees' Asset Allocation vs Target Allocation



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 February 28, 2023. The Police Officers’ Plan had similar results compared to the General Plan, with a negative return for the month. The Plan is up 7.4% over the past 10 years.

MTD Performance (as of 2/28/2023)

Total Fund Composite: -2.4%
 Total Fund Policy Benchmark: -2.4%

FYTD Performance (as of 2/28/2023)

Total Fund Composite: 5.5%
 Total Fund Policy Benchmark: 5.1%

YTD Performance (as of 2/28/2023)

Total Fund Composite: 3.2%
 Total Fund Policy Benchmark: 3.1%

Mr. Obed 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.

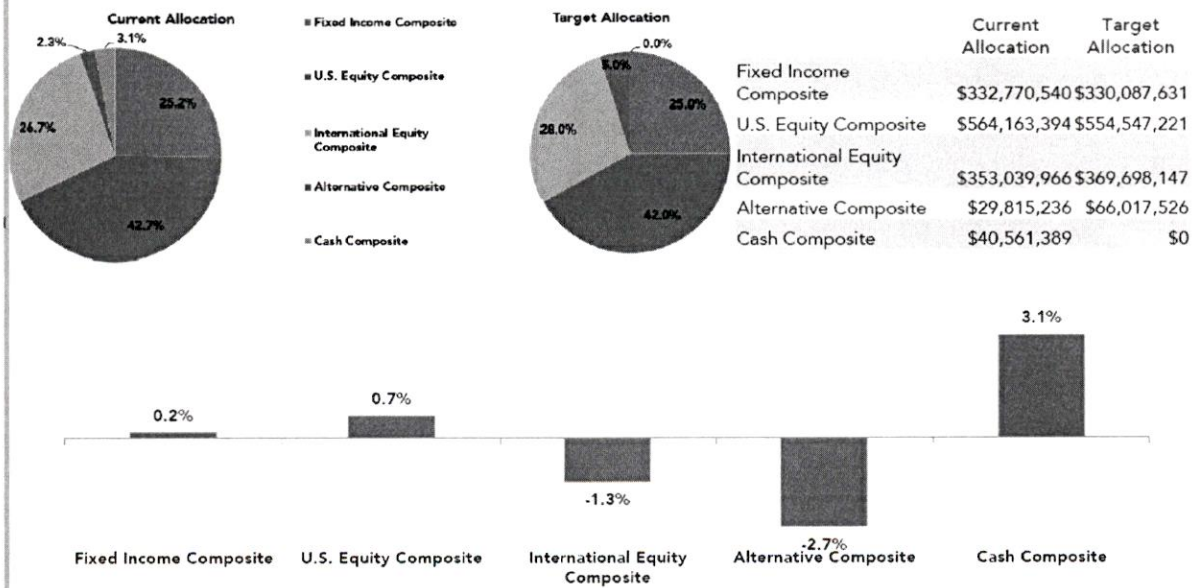
COA Police Officers' Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Goldman Sachs EM	2.7%	0.9%	Emerging Markets
Earnest SCC	9.6%	7.9%	U.S. Equity
Hardman Johnston	5.4%	4.3%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Driehaus SCG	6.3%	8.8%	U.S. Equity
Brown SC	2.9%	4.5%	International Equity
Macquarie SCC	6.8%	7.9%	U.S. Equity

Mr. Obed showed the actual versus target allocation for the Police Plan.

COA Police Officers' Asset Allocation vs Target Allocation



* Year-to-date performance and allocation as of February 28, 2023

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 February 28, 2023. He noted the Fire Fighters’ Plan returns are similar to Police and General Plan returns for the month. The Plan is up 6.9% over the past 10 years.

MTD Performance (as of 2/28/2023)

Total Fund Composite: -2.5%
 Total Fund Policy Benchmark: -2.5%

FYTD Performance (as of 2/28/2023)

Total Fund Composite: 4.5%
 Total Fund Policy Benchmark: 4.1%

YTD Performance (as of 2/28/2023)

Total Fund Composite: 3.0%
 Total Fund Policy Benchmark: 2.9%

Mr. Obed 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.

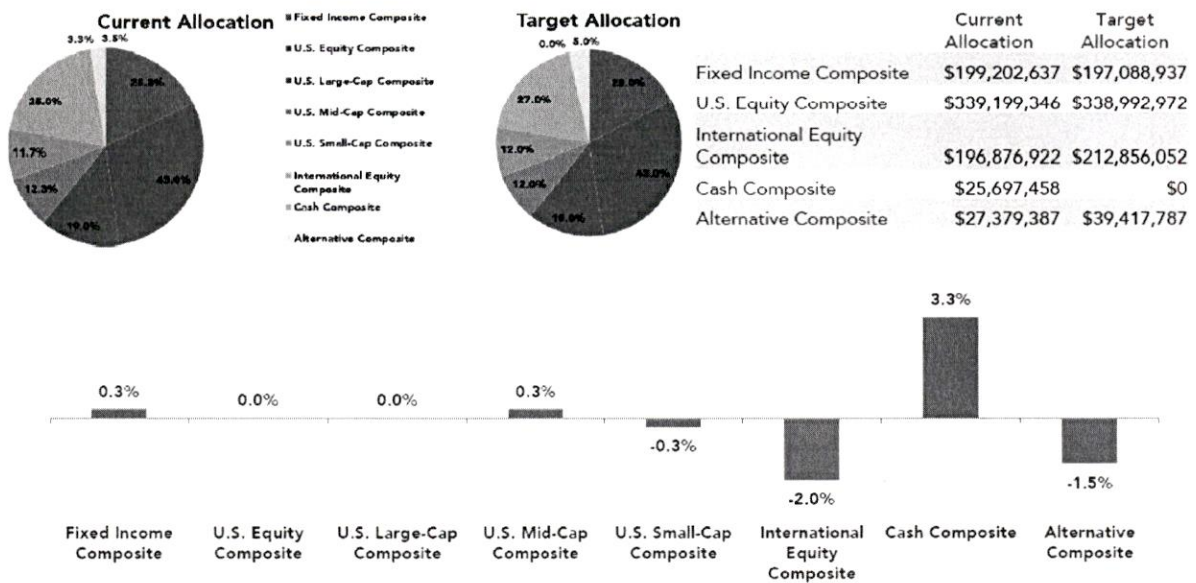
COA Firefighters’ Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Goldman Sachs EM	2.7%	0.9%	Emerging Markets
Earnest SCC	9.5%	7.9%	U.S. Equity
Hardman Johnston	5.4%	4.3%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Driehaus SCG	6.3%	8.8%	U.S. Equity
Brown SC	2.9%	4.5%	International Equity

Mr. Obed showed the actual versus target allocation for the Fire Plan.

COA Firefighters' Asset Allocation vs Target Allocation



* Year-to-date performance and allocation as of February 28, 2023

Mr. Obed next discussed proposed changes to the current target asset allocations for the three Plans. The General Plan proposal was used as an example for discussion purposes. He noted the modeling software used by Marquette gives expected risks and returns for various asset allocations. Mr. Obed added that anytime there is meaningful change in the environment, it is appropriate to review the current allocation strategy.

Mr. Obed presented three asset mixes, Mix A, Mix B and Mix C, to be considered for approval for the Plans. He noted that given where we are in the economic cycle, adding more fixed income assets in the mix makes sense as it is a cornerstone of any portfolio. The proposed asset allocations are the map of how to meet the Plans' rate of return objectives. Mr. Obed stated that the asset mix was last reviewed in 2019 and since then interest rates have gone up tremendously. He added that due to the market pullback in 2022, the Plans are looking to slightly increase fixed income assets, with a strong bias to the US Equity market. Global assets are also an important part of the asset mix. Marquette is recommending Mix B on the chart below. The mix would give heavy weighting to US Equities and bring the allocation in global equities down to 22% of the portfolio. Marquette is also recommending to add the Global Infrastructure asset class to the portfolios. Mr. Obed noted that the proposed changes are not a seismic overhaul of the portfolio.

Mr. Lewis questioned, with what is going on at Silicon Valley Bank, does it make more sense to be more conservative now, possibly going with Mix A? Mr. Obed replied that is a direction that could be looked at once the Fed settles its interest rate changes. He also noted that it would be very easy to move from Mix B to Mix A since that is a +/- 5% change in the asset classes. Mr. Obed stated that since the Fed is not clear on where it is going with interest rates, if the Fed continues to raise rates, that would have a negative impact on the fixed income asset class.

Following further discussion, a motion was made by Mr. Hullender to adopt Mix B as the preferred option for target portfolio allocations among the various asset classes for all three

Plans. The motion was seconded by Mr. Berry. The motion unanimously carried and the new target asset allocations were approved.

Executive Summary

Portfolio Options

Asset Class	General	Mix A	Mix B	Mix C
Broad Fixed Income	25.0%	35.0%	30.0%	45.0%
Total Fixed Income	25.0%	35.0%	30.0%	45.0%
US Large-Cap Core	18.0%	22.5%	25.0%	15.0%
US Mid-Cap Core	12.0%	8.0%	8.0%	8.0%
US Small-Cap Core	12.0%	6.0%	6.0%	6.0%
Total U.S. Equity	42.0%	36.5%	39.0%	29.0%
Developed Large-Cap	13.0%	12.5%	14.0%	10.0%
Non-US Small-Cap	7.0%	3.0%	4.0%	2.0%
Emerging Market	8.0%	3.0%	4.0%	4.0%
Total Non-U.S. Equity	28.0%	18.5%	22.0%	16.0%
Real Estate - Core	3.0%	5.0%	3.0%	4.0%
Global Infrastructure	0.0%	0.0%	3.0%	3.0%
Total Real Assets	3.0%	5.0%	6.0%	7.0%
Private Equity - Fund of Funds	2.0%	5.0%	3.0%	3.0%
Total Illiquid Assets	2.0%	5.0%	3.0%	3.0%

Mr. Obed brought up one further topic on asset allocation related to Dreihaus. The funds with this investment manager are currently in a separate account and Marquette is proposing to move those funds to a comingled trust vehicle within that manager. This will have a material savings on trading fees for the Plans. Nothing is changed with regards to the investments themselves, there is only a change to the vehicle to reduce fees.

A motion was made by Mr. Hullender to move the Dreihaus investments from a separate account to a comingled trust vehicle for all three Plans. The motion was seconded by Mr. Berry. The motion unanimously carried.

VII. NEW BUSINESS

Deloitte Data Cleanup Update

Mr. Helms presented an update to the Data Cleanup Project Deloitte has been conducting since October 2021. The project included the development of a single data repository that pulled data from four different sources that held City data. The single source allows for an easier way to search for data and addresses negative audit findings from the past five years. The project also addressed gaps in service history and documented assumptions that SBA can use going forward to fill in gaps where data does not exist.

Mr. Downey stated that, in total, Deloitte reviewed over 1,500 participants in detail. They found an error rate in those participants of about 15% of the population, for a total of 227 participants that needed data corrected. He noted that the General Plan had the lowest percentage of errors. One of the biggest issues found was a population in the Police and Fire plans that had improperly been credited additional service in their year of hire. Reasons for the issues found were bad conversion data when

the City moved from one payroll / HR system to another and data was lost, corrections that were made prospectively that did not correct historical data, and refund data that was missing from paper files. Mr. Downey also stated that the project would allow all data to be consolidated with the City and with SBA. This included getting all information the City has – including in paper files – to SBA so correct pension calculations can be done. Mr. Berry asked about the files at Iron Mountain and Ms. Shah stated these were files sent from Zenith that were scanned so they could be available electronically to SBA and to the City. Mr. Balla thanked Deloitte for their work and noted that the City now has more trusted data which should help with audit findings. He encouraged the City and SBA to work together going forward to maintain good data for City employees.

Segal – Presentation of Pension Study Letter

Mr. Hullender presented a letter prepared by Segal that contained a proposal to determine the cost impact of potential changes to the design of the pension plans. He noted that since pension reform occurred in 2011, there has been a high amount of turnover in the Firefighter, Police Officer and General Employee populations. This study would show the projected cost to the City of improving the benefits under the pension plans and see if it is feasible to support changes within the budget. Ms. Cooper added that the study would look at possibly increasing the benefit formula as well as increasing the COLA. The proposal does not include the school board (APS) because they are still under the old formula. The cost of the study would be evenly split between the General, Fire and Police Plans. Mr. Light asked that the letter be sent to the three Administrative Committees since they would be approving the invoices to pay for the study. The contract with Segal will be signed by the Investment Board.

A motion was made by Mr. Lewis to authorize Segal to proceed with the pension redesign study. The motion was seconded by Mr. Hullender. The motion unanimously carried and the Segal pension redesign study was approved. Mr. Berry abstained.

VIII. OLD BUSINESS

There was no Old Business to discuss this month.

IX. QUESTIONS AND COMMENTS FROM AUDIENCE

There were no questions or comments at this time.

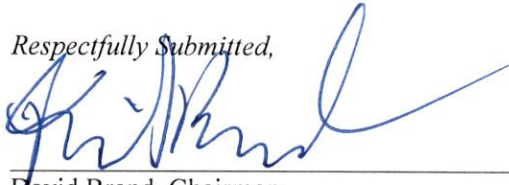
X. DATE OF NEXT MEETING

The next Board meeting will be held on Wednesday, April 19, 2023. The meeting will be in person at Atlanta City Hall in Committee Room 1.

XI. ADJOURNMENT

There being no further business to be brought before the Board at this time at 11:12 a.m. Chairman Brand called for adjournment.

Respectfully Submitted,



David Brand, Chairman

These minutes were adopted on April 19, 2023