

**CITY OF ATLANTA DEFINED BENEFIT
PENSION INVESTMENT BOARD MEETING
August 16, 2023
Atlanta City Hall 15th Floor Conference Room
10:00 A.M – 12:00 P.M.**

Investment Board Members

David Brand	Chairman	Present
Lisa Benjamin	Vice-Chairman	Present
Mohamed Balla	City of Atlanta, CFO	Present
Tarlesha Smith	City of Atlanta, HR Commissioner	Absent
Antonio Lewis	Atlanta City Council Member	Absent
Howard Shook	Atlanta City Council Member	Absent
Jason Winston	Atlanta City Council Member	Absent
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	Firefighters' 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
Michael Naftaniel	City of Atlanta Employee Benefits Director
Rosie Woods	City of Atlanta, Pension Administration
Chelsea Deppert	Morris, Manning & Martin
Ed Emerson	Morris, Manning & Martin
Kweku Obed	Marquette Associates
Alberto Rivera	Marquette Associates
Jeanette Cooper	Segal
Damaris Rivera	Fairview Capital
David Settles	State Street
Derek Batts	Union Heritage
Jason Simpson	Garcia Hamilton
William Roach	Globalt
Nathan Bailey	President, Atlanta Professional Firefighters

I. CALL TO ORDER

Chairman Brand called the meeting to order at 10:05 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

A motion was made by Mr. Berry to approve the Agenda as presented. The motion was seconded by Ms. Benjamin. The motion unanimously carried and the Agenda was approved.

III. PUBLIC COMMENT

Mr. Bailey, president of the Atlanta Professional Firefighters, addressed the Board. He presented information on the high vacancy rate at the Atlanta Fire Department and correlations between other Fire Departments which have high vacancy rates and hybrid pension plans. He felt there was a high correlation rate between hybrid plans and high vacancy rates. He offered the opinion that if the City would change back to a full defined benefit pension plan, vacancies would be reduced.

IV. APPROVAL OF PREVIOUS MEETING MINUTES

The Board reviewed the Minutes of the July 19, 2023 regularly scheduled meeting, which were distributed in advance and reviewed by the Fund Professionals as customary. Ms. Pocock noted that the signed version of the minutes would reflect today as the correct adoption date in the signature line.

Following review of the July 19, 2023 Minutes, a motion was made by Ms. Benjamin to approve the Minutes as written. The motion was seconded by Mr. Berry. The motion unanimously carried and the July Minutes were approved.

V. ATTORNEY'S REPORT

Mr. Emerson stated that a working group has been set up to review the RFP submissions for an actuarial firm. They are hoping to meet by the end of August.

Mr. Emerson also noted that Motley Rice has requested to be added as a securities litigation law firm for the City Pension Plans. He noted that they were previously a provider for the Fire and General Plans, but did not reply to the RFI that was sent out in 2020. At that time, ten firms replied to the RFI and five were selected by the City. Ms. Benjamin stated that she would prefer to see a process put in place so that firms weren't added one at a time and there was transparency as to how firms are selected.

A motion was made by Ms. Benjamin to develop an RFI process for adding new securities litigation firms. The motion was seconded by Mr. Balla. The motion carried 6 – 2, with Mr. Hullender and Mr. Light voting against the motion.

Mr. Dec did not have anything to present from the City Law Department.

VI. INVESTMENT CONSULTANT REPORT – *Marquette Associates*

Mr. Obed walked through the market environment for July 2023. He noted the strong YTD returns through the end of July with Large Cap equities up 20.6% for the year. He noted real estate has cooled off compared to last year, but it is a small part of our allocation and should be kept in the portfolio for the long term.

Year-to-date returns

2023 YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	5yr	10yr
Large Cap 20.6%	Commodities 26.0%	Commodities 40.4%	Broad U.S. Equities 20.9%	Large Cap 31.5%	Bank Loans 1.1%	Emerging Markets 37.3%	Small Cap 21.3%	Intl Small Cap 9.6%	Large Cap 13.7%	Large Cap 12.2%	Large Cap 12.7%
Broad U.S. Equities 20.3%	Bank Loans -1.1%	Large Cap 28.7%	Small Cap 20.0%	Broad U.S. Equities 31.0%	Core Bond 0.0%	Intl Small Cap 33.0%	High Yield 17.1%	Large Cap 1.4%	Mid Cap 13.2%	Broad U.S. Equities 11.4%	Broad U.S. Equities 12.1%
Intl Large Cap 15.3%	High Yield -11.2%	Broad U.S. Equities 25.7%	Large Cap 18.4%	Mid Cap 30.5%	High Yield -2.1%	Broad Intl Equities 27.2%	Mid Cap 13.8%	Core Bond 0.5%	Broad U.S. Equities 12.6%	Mid Cap 8.8%	Mid Cap 10.1%
Small Cap 14.7%	Core Bond -13.0%	Mid Cap 22.6%	Emerging Markets 18.3%	Small Cap 25.5%	Large Cap -4.4%	Intl Large Cap 25.0%	Broad U.S. Equities 12.7%	Broad U.S. Equities 0.5%	Core Bond 6.0%	Commodities 5.6%	Small Cap 8.2%
Broad Intl Equities 13.9%	Intl Large Cap -14.5%	Small Cap 14.8%	Mid Cap 17.1%	Intl Small Cap 25.0%	Broad U.S. Equities -5.2%	Large Cap 21.5%	Large Cap 12.0%	Bank Loans -0.4%	Small Cap 4.9%	Small Cap 5.1%	Intl Small Cap 6.0%
Mid Cap 13.3%	Broad Intl Equities -16.0%	Intl Large Cap 11.3%	Intl Small Cap 12.3%	Intl Large Cap 22.0%	Mid Cap -9.1%	Broad U.S. Equities 21.1%	Commodities 11.4%	Intl Large Cap -0.8%	High Yield 2.5%	Intl Large Cap 4.5%	Intl Large Cap 5.2%
Emerging Markets 11.4%	Mid Cap -17.3%	Intl Small Cap 10.1%	Broad Intl Equities 10.7%	Broad Intl Equities 21.5%	Small Cap -11.0%	Mid Cap 18.5%	Emerging Markets 11.2%	Mid Cap -2.4%	Bank Loans 2.1%	Bank Loans 4.1%	Broad Intl Equities 4.7%
Intl Small Cap 10.2%	Large Cap -18.1%	Broad Intl Equities 7.8%	Intl Large Cap 7.6%	Emerging Markets 18.4%	Intl Large Cap -13.8%	Small Cap 14.6%	Bank Loans 9.9%	Small Cap -4.4%	Emerging Markets -2.2%	Broad Intl Equities 3.9%	High Yield 4.4%
Bank Loans 7.7%	Broad U.S. Equities -19.2%	Bank Loans 5.4%	Core Bond 7.5%	Commodities 17.6%	Commodities -13.8%	High Yield 7.5%	Broad Intl Equities 4.5%	High Yield -4.5%	Broad Intl Equities -3.9%	High Yield 3.4%	Bank Loans 4.2%
High Yield 6.8%	Emerging Markets -20.1%	High Yield 5.3%	High Yield 7.1%	High Yield 14.3%	Broad Intl Equities -14.2%	Commodities 5.8%	Core Bond 2.6%	Broad Intl Equities -5.7%	Intl Large Cap -4.9%	Intl Small Cap 2.1%	Emerging Markets 3.5%
Commodities 2.4%	Small Cap -20.4%	Core Bond -1.5%	Bank Loans 2.8%	Core Bond 8.7%	Emerging Markets -14.6%	Bank Loans 4.2%	Intl Small Cap 2.2%	Emerging Markets -14.9%	Intl Small Cap -4.9%	Emerging Markets 1.7%	Core Bond 1.5%
Core Bond 2.0%	Intl Small Cap -21.4%	Emerging Markets -2.5%	Commodities -23.7%	Bank Loans 8.2%	Intl Small Cap -17.9%	Core Bond 3.5%	Intl Large Cap 1.0%	Commodities -32.9%	Commodities -33.1%	Core Bond 0.7%	Commodities -3.0%

Source: Bloomberg as of July 31, 2023. Please see end of document for benchmark information.

Mr. Obed stated that Fixed Income was slightly negative in July and noted the correlation between a lower return in Fixed Income alongside a higher interest rate.

Fixed income performance

Fixed income performance varied in July as rates were slightly higher while spreads tightened

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Index	Bim Aggregate	-0.1	-0.1	2.0	-3.4	-4.5	0.7	1.5
Intermediate Index	Bim Int. Gov./Credit	0.3	0.3	1.8	-1.4	-2.6	1.3	1.4
Government Only Indices	Bim Long Gov.	-2.2	-2.2	1.5	-11.2	-13.8	-1.0	1.8
	Bim Int. Gov.	0.1	0.1	1.2	-2.2	-2.9	0.9	0.9
	Bim 1-3 Year Gov.	0.3	0.3	1.3	0.1	-1.0	1.0	0.8
	Bim U.S. TIPS	0.1	0.1	2.0	-5.4	-0.8	2.6	2.0
Credit Indices	Bim U.S. Long Credit	-0.1	-0.1	4.8	-3.6	-7.9	1.2	3.4
	Bim High Yield	1.4	1.4	6.8	4.4	2.0	3.4	4.4
	CS Leveraged Loan Index	1.3	1.3	7.7	9.5	6.0	4.1	4.2
Securitized Bond Indices	Bim MBS	-0.1	-0.1	1.8	-4.7	-3.8	0.0	1.1
	Bim ABS	0.4	0.4	2.2	1.1	-0.6	1.6	1.5
	Bim CMBS	0.2	0.2	1.3	-3.4	-3.1	1.3	1.8
Non-U.S. Indices	Bim Global Aggregate Hedged	0.0	0.0	3.0	-1.9	-3.2	0.9	2.1
	JPM EMBI Global Diversified	1.9	1.9	6.1	-6.4	-3.7	0.4	2.9
	JPM GBI-EM Global Diversified	2.9	2.9	10.9	14.3	-21.5	-11.0	-0.2
Municipal Indices	Bim Municipal 5 Year	0.3	0.3	1.5	-0.1	-0.9	1.4	1.7
	Bim HY Municipal	0.7	0.7	5.1	-0.2	1.1	2.8	4.5

Source: Bloomberg, Credit Suisse, JPMorgan as of July 31, 2023. The local currency GBI index is hedged and denominated in U.S. dollars.

Mr. Obed noted that US Equities have had a good 2023 and are up double digits across almost all indices.

U.S. equity performance

Small-cap led in July, as value drove returns down the market cap spectrum

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	3.4	3.4	8.5	10.6	12.7	9.3	11.2
	Wilshire 5000	3.6	3.6	20.7	12.6	12.6	11.1	11.9
	Russell 3000	3.6	3.6	20.3	12.6	13.1	11.4	12.1
Large-Cap Market Indices	S&P 500	3.2	3.2	20.6	13.0	13.7	12.2	12.7
	Russell 1000	3.4	3.4	20.7	12.9	13.2	11.9	12.4
	Russell 1000 Value	3.5	3.5	8.8	8.3	14.1	8.0	9.0
Mid-Cap Market Indices	Russell 1000 Growth	3.4	3.4	33.4	17.3	12.2	15.2	15.5
	Russell Mid-Cap	4.0	4.0	13.3	8.7	11.8	8.8	10.1
	Russell Mid-Cap Value	4.4	4.4	9.8	6.2	14.9	7.2	8.9
Small-Cap Market Indices	Russell Mid-Cap Growth	3.0	3.0	19.4	13.0	6.0	9.9	11.2
	Russell 2000	6.1	6.1	14.7	7.9	12.0	5.1	8.2
	Russell 2000 Value	7.5	7.5	10.2	3.9	17.5	4.7	7.4
	Russell 2000 Growth	4.7	4.7	18.9	11.6	6.5	4.8	8.5

Source: Bloomberg as of July 31, 2023

Mr. Obed stated that the Non-US Equities have also had nice 2023 returns as well.

Global equity performance

Emerging markets exhibited strong performance in July, boosted by China's robust rebound

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	3.7	3.7	18.1	12.9	10.4	8.2	8.6
	MSCI ACWI ex-US	4.1	4.1	13.9	13.4	7.1	3.9	4.7
Developed Markets Indices	MSCI EAFE	3.2	3.2	15.3	16.8	9.3	4.5	5.2
	MSCI EAFE Local	1.7	1.7	14.0	13.6	13.0	6.2	7.4
Emerging Markets Indices	MSCI Emerging Markets	6.2	6.2	11.4	8.3	1.5	1.7	3.5
	MSCI EM Local	5.3	5.3	11.1	8.6	3.0	3.7	6.1
Small-Cap Market Indices	MSCI EAFE Small-Cap	4.4	4.4	10.2	7.9	6.1	2.1	6.0
	MSCI EM Small-Cap	6.5	6.5	17.7	17.4	12.8	6.0	5.2
Frontier Markets Index	MSCI Frontier	7.0	7.0	12.6	3.2	6.4	1.5	2.8

Performance Overview - General Employees’ Pension Plan

Mr. Obed stated that the General Plan has had strong YTD returns, as well as a 10-year average return over 8%.

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 July 31, 2023.

MTD Performance (as of 7/31/2023)

Total Fund Composite: 2.3%
 Total Fund Policy Benchmark: 2.9%

FYTD Performance (as of 7/31/2023)

Total Fund Composite: 2.3%
 Total Fund Policy Benchmark: 2.9%

YTD Performance (as of 7/31/2023)

Total Fund Composite: 10.3%
 Total Fund Policy Benchmark: 10.9%

Mr. Obed showed the top and bottom performers for the month in the General Plan and noted that 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>
Channing SCV	17.9%	10.2%	U.S. Equity
Brown	16.8%	12.3%	International Equity
JP Morgan	-3.5%	-6.1%	U.S. Real Estate

<u>Bottom Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Legato SCG	13.1%	18.9%	U.S. Equity
Union Heritage	16.0%	20.6%	U.S. Equity
Intercontinental	-9.8%	-6.1%	U.S. Real Estate

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 July 31, 2023. The Police Officers’ Plan is up 10.1% YTD.

MTD Performance (as of 7/31/2023)

Total Fund Composite: 2.4%
 Total Fund Policy Benchmark: 2.7%

FYTD Performance (as of 7/31/2023)

Total Fund Composite: 2.4%
 Total Fund Policy Benchmark: 2.7%

YTD Performance (as of 7/31/2023)

Total Fund Composite: 10.1%
 Total Fund Policy Benchmark: 10.3%

Mr. Obed showed the top and bottom performers for the month in the Police Plan and noted that no changes are recommended at this time.

COA Police Officers’ Manager Contribution – YTD Performance

Top Performers	Absolute Performance	Benchmark Performance	Strategy
Brown SC	16.8%	12.3%	International Equity
Artisan	16.5%	15.3%	International Equity

Bottom Performers	Absolute Performance	Benchmark Performance	Strategy
Intercontinental	-9.8%	-6.1%	U.S. Real Estate
Macquarie SCC	11.6%	14.7%	U.S. Equity
Earnest SCC	11.8%	14.7%	U.S. Equity

Performance Overview – Firefighters’ 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 July 31, 2023. He noted the Firefighters’ Plan also is up 10.1% YTD.

MTD Performance (as of 7/31/2023)

Total Fund Composite: 2.5%
 Total Fund Policy Benchmark: 2.8%

FYTD Performance (as of 7/31/2023)

Total Fund Composite: 2.5%
 Total Fund Policy Benchmark: 2.8%

YTD Performance (as of 7/31/2023)

Total Fund Composite: 10.1%
 Total Fund Policy Benchmark: 10.1%

Mr. Obed showed the top and bottom performers for the month in the Fire Plan and noted that 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>
Ativo	18.7%	13.9%	International Equity
Brown SC	16.8%	12.3%	International Equity

<u>Bottom Performers</u>	<u>Absolute Performance</u>	<u>Benchmark Performance</u>	<u>Strategy</u>
Intercontinental	-9.8%	-6.1%	U.S. Real Estate
Earnest SCC	11.7%	14.7%	U.S. Equity
Goldman Sachs	9.8%	11.4%	Emerging Markets Equity

Additionally, Mr. Obed commented on a memo that he had sent the Board regarding how one of the Senior Portfolio Managers had left Brown Capital. This memo was informational only and no change is being recommended at this time.

Mr. Obed presented information on the asset allocation rebalancing that was discussed at the last meeting. He noted that the rebalancing would occur over the next two to three quarters.

Following review of the rebalancing recommendations, a motion was made by Mr. Hullender to allow Marquette to rebalance the portfolios of the General Employees', Fire Fighters' and Police Officers' Pension Plans per the presented recommendations. The motion was seconded by Mr. Light. The motion unanimously carried.

VII. NEW BUSINESS

Plan Design Study

Ms. Cooper discussed the next steps in the Plan Design Study, which are broken into two distinct parts: Projections and Benefit Examples with Replacement Ratios.

Segal will prepare several 30-year projections showing the impact of different proposed designed features. The projections will be cumulative, with the final projection incorporating all of the proposed changes.

Ms. Cooper also noted that after seeing these projections, the Board may request additional projections showing the impact of different investment returns, expansion of the employee group, increased pay, changes in amortization methods or other changes.

There will be a total of 14 benefit examples with replacement ratios. The benefit examples will be for both the General and Public Safety employees and will incorporate varying hire and retirement ages, past service amount and DC contribution rates. They will show the impact of key changes in the plan design. After seeing these examples, the Board may request additional examples and may want to see comparisons with other pension offerings by peers. Ms. Cooper stated that Segal would like to present these results at the October Investment Board meeting. Ms. Benjamin noted that the City is currently going through a pay and class study and is looking at potential pay increases. She added that the City may want preliminary information that might need to be reforecast after pay decisions were made. Ms. Benjamin also recommended that Segal hold working sessions to thoroughly review the results with Board members prior to the results being formally presented in October. Chairman Brand asked to do these reviews as a webinar and asked SBA to coordinate the setup. Ms. Cooper stated that Segal can attend up to 4 additional meetings which would include two sessions each for the projections and the benefit examples.

A motion was made by Ms. Benjamin to approve and pay for the next steps of the Plan Design Study, as well as to pay for the work sessions facilitated by Segal. Mr. Berry seconded the motion. The motion unanimously carried and the next phase of the design study was approved.

Fiduciary Insurance Renewal

Ms. Shah noted that the renewal of the Fiduciary Insurance policy is currently in progress and the renewal options will be presented in September. Mr. Dec added that a new proposal has been received and the current policy is in effect until October 24, 2023.

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.

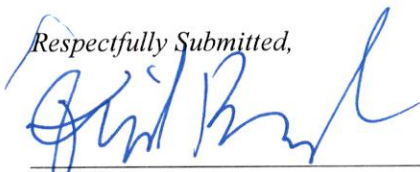
X. DATE OF NEXT MEETING

The next Board meeting will tentatively be held on Monday, September 25, 2023. The meeting will be in person at Atlanta City Hall in a room to be determined.

XI. ADJOURNMENT

There being no further business to be brought before the Board at this time at 10:52 a.m. Chairman Brand called for adjournment.

Respectfully Submitted,



David Brand, Chairman

These minutes were adopted on October 18, 2023