

**CITY OF ATLANTA DEFINED BENEFIT  
PENSION INVESTMENT BOARD MEETING**

**October 16, 2024**

**Atlanta City Hall Committee Room 1**

**10:00 A.M – 12:00 P.M.**

**Investment Board Members**

David Brand	Chairman	Absent
LaChandra Burks	Vice-Chairman, Interim COO	Present
Mohamed Balla	City of Atlanta, CFO	Present
Calvin Blackburn	City of Atlanta, Interim HR Commissioner	Present
Antonio Lewis	Atlanta City Council Member	Absent
Howard Shook	Atlanta City Council Member	Absent
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	Firefighters' Pension Plan	Present
Rick Light	Police Officers' Pension Plan	Present

**Others Present**

Mary Shah	Strategic Benefits Advisors
Cheryl Ringer	City of Atlanta, Lega
Eric Dec	City of Atlanta, Legal
James Salmond	City of Atlanta, HR
Pamela Goins	City of Atlanta, Finance
Agatha Hector	City of Atlanta, Pension
Sam Teich	City of Atlanta, Pension
Rosie Woods	City of Atlanta, Pension
Patrick Collins	City of Atlanta, Human Resources
Kweku Obed	Marquette Associates
Ed Emerson	Morris, Manning & Martin
Ben Kirkland	Segal
Eric Berry	Empower

**I. CALL TO ORDER**

Vice-Chairman Burks called the meeting to order at 10:15 a.m. Vice-Chairman Burks 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**

Vice-Chairman Burks presented the agenda.

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

### **III. PUBLIC COMMENT**

There was no public comment.

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

The Board reviewed the Minutes of the September 18, 2024 regularly scheduled meeting, which were distributed in advance and reviewed by the Fund Professionals as customary.

Mr. Hullender commented that the election period referenced on page 9 of the minutes should be for 2024 instead of 2014.

**Following review of the September 18, 2024 Minutes, a motion was made by Mr. Berry to approve the Minutes as amended. The motion was seconded by Mr. Hullender. The motion unanimously carried and the September Minutes were approved.**

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

Mr. Emerson presented the updated investment policy statements (IPS) with the changes for compliance to House Bill 481 and other changes to align the investment policy statements for the three pension funds to be consistent and reflect current evaluation procedures. Retirement systems must adhere to the requirements of this new law by November 1, 2024. In addition to other provisions regarding fiduciary duties, this bill states that fiduciaries shall not subordinate the interest of the participants and their beneficiaries or sacrifice investment returns or accept increased investment risk in the promotion of any nonpecuniary interests. Nonpecuniary interests shall include, but not be limited to, the furtherance of any social, political, or ideological interests

Mr. Emerson went through the redline changes to the investment policy statement for the Firefighters' Pension Fund. In addition to reflecting House Bill 481, the following key changes were made:

- Fund performance benchmarks were updated to reflect benchmarks Marquette is tracking.
- Marquette's watch process was captured within the updated policy.
- Proxy voting mimics the requirements of GA law. It is important to update Investment Managers on changes to the updated IPS. The Investment Managers will be required to sign acknowledgment letters for the receipt of the updated IPS.

**A motion was made by Mr. Berry to approve updated Investment Policy Statements as presented by Mr. Emerson. The motion was seconded by Mr. Hullender. The motion unanimously carried and the changes to the Investment Policy Statements were approved.**

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

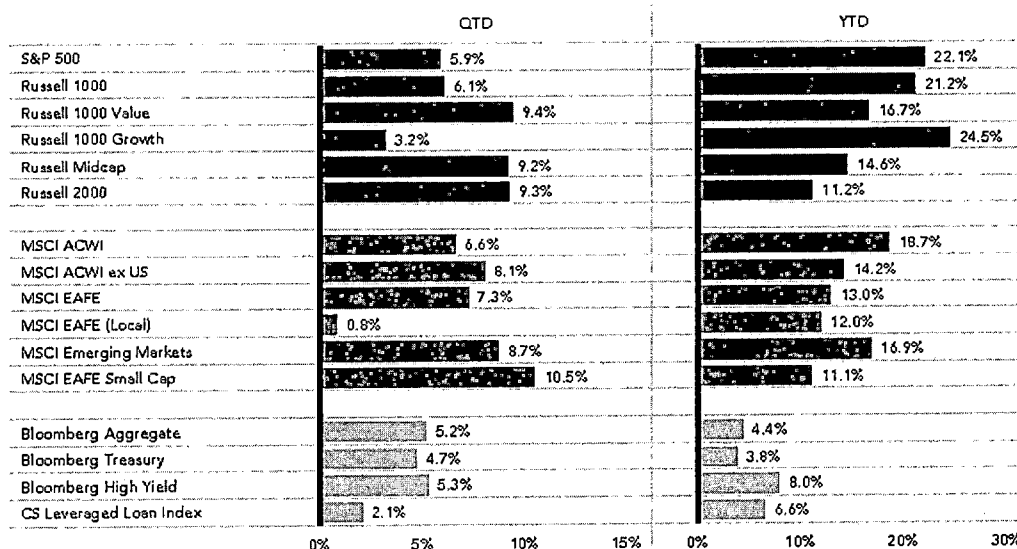
Mr. Obed walked through the market environment for September, 2024. He noted that overall, it was a good quarter and a great start to the fiscal year. Value stocks have rebounded nicely. International equities performed well but lagged the domestic market. Tech stocks were the biggest driver of why U.S. is outperforming international markets.

**Year-to-date returns**

YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	5yr	10yr
Large Cap 22.1%	Large Cap 28.3%	Commodities 20.0%	Commodities 40.4%	Broad U.S. Equities 20.9%	Large Cap 51.5%	Bank Loans 1.1%	Emerging Markets 27.5%	Small Cap 21.3%	Intl Small Cap 9.6%	Large Cap 16.0%	Large Cap 13.4%
Broad U.S. Equities 20.6%	Broad U.S. Equities 26.0%	Bank Loans 1.1%	Large Cap 28.7%	Small Cap 20.0%	Broad U.S. Equities 31.0%	Core Bond 7.0%	Intl Small Cap 33.0%	High Yield 17.1%	Large Cap 1.4%	Broad U.S. Equities 15.3%	Broad U.S. Equities 12.8%
Emerging Markets 10.9%	Intl Large Cap 16.2%	High Yield 11.2%	Broad U.S. Equities 25.7%	Large Cap 18.2%	Mid Cap 30.5%	High Yield 2.1%	Broad Intl Equities 27.2%	Mid Cap 13.8%	Core Bond 0.5%	Mid Cap 11.3%	Mid Cap 10.2%
Mid Cap 14.6%	Mid Cap 17.2%	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%	Small Cap 7.4%	Small Cap 8.9%
Broad Intl Equities 14.2%	Small Cap 16.9%	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 21.8%	Large Cap 12.0%	Bank Loans 0.4%	Intl Large Cap 8.2%	Intl Small Cap 6.2%
Intl Large Cap 13.0%	Broad Intl Equities 15.6%	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%	Commodities 8.0%	Intl Large Cap 5.7%
Small Cap 11.2%	High Yield 12.4%	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 2.2%	Broad Intl Equities 7.0%	Broad Intl Equities 5.2%
Intl Small Cap 11.1%	Intl Small Cap 12.2%	Large Cap 18.1%	Broad Intl Equities 7.8%	Intl Large Cap 7.8%	Emerging Markets 18.4%	Intl Large Cap 13.9%	Small Cap 14.6%	Bank Loans 9.9%	Small Cap 4.6%	Intl Small Cap 6.4%	High Yield 5.0%
High Yield 6.6%	Bank Loans 13.0%	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%	Emerging Markets 5.7%	Bank Loans 4.9%
Bank Loans 6.6%	Emerging Markets 9.3%	Emerging Markets 20.1%	High Yield 5.2%	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%	Bank Loans 5.6%	Emerging Markets 4.0%
Commodities 5.3%	Core Bond 5.5%	Small Cap 20.4%	Core Bond 1.8%	Bank Loans 2.8%	Core Bond 9.7%	Emerging Markets 14.6%	Bank Loans 4.2%	Intl Small Cap 2.2%	Emerging Markets 12.9%	High Yield 4.7%	Core Bond 11.8%
Core Bond 4.3%	Commodities 4.3%	Intl Small Cap 21.4%	Emerging Markets 19.9%	Commodities 22.7%	Bank Loans 8.2%	Intl Small Cap 17.9%	Core Bond 3.5%	Intl Large Cap 1.0%	Commodities 12.9%	Core Bond 10.3%	Commodities 2.4%

Source: Bloomberg as of September 30, 2024. Please see end of document for benchmark information.

**Index summary**



Source: Bloomberg as of September 30, 2024

Mr. Obed noted that Fixed Income had a strong quarter which was driven by lower interest rates and an expectation of a doveish position of the Fed whereby as the economy trends in the right way, the Fed is more accommodating in lowering interest rates.

## Fixed income performance

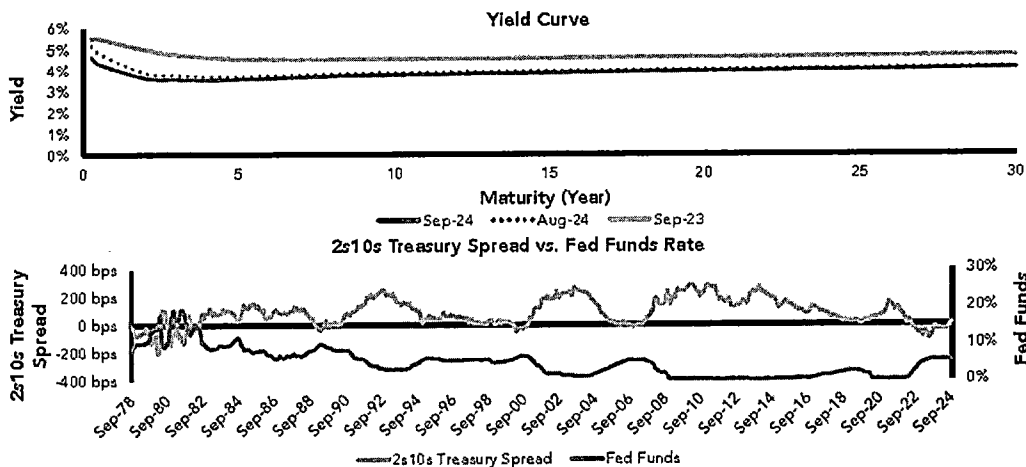
**Fixed income indices had a strong 3Q driven by lower interest rates and greater investor confidence regarding further Fed easing**

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Index	Blm Aggregate	1.3	5.2	4.4	11.6	-1.4	0.3	1.8
Intermediate Index	Blm Int. Gov/Credit	-1.1	4.2	4.7	9.4	0.2	1.3	2.0
Government Only Indices	Blm Long Gov.	2.0	7.8	2.4	15.4	-8.3	-4.2	1.1
	Blm Int. Gov.	1.0	3.9	4.2	8.3	-0.1	0.8	1.5
	Blm 1-3 Year Gov.	0.8	2.9	4.1	6.8	1.3	1.5	1.4
	Blm U.S. TIPS	1.5	4.1	4.9	9.8	-0.6	2.6	2.5
Credit Indices	Blm U.S. Long Credit	2.6	8.1	4.5	18.9	-4.2	-0.4	3.2
	Blm High Yield	1.6	5.3	8.0	15.7	3.1	4.7	5.0
	CS Leveraged Loan Index	0.7	2.1	6.6	9.7	6.3	5.6	4.9
Securitized Bond Indices	Blm MBS	1.2	5.5	4.5	12.3	-1.2	0.0	1.4
	Blm ABS	1.0	3.4	5.1	8.7	1.8	2.1	2.2
	Blm CMBS	1.3	4.6	6.5	12.0	-0.3	1.2	2.5
Non-U.S. Indices	Blm Global Aggregate Hedged	1.2	4.2	4.4	10.6	-0.2	0.6	2.3
	JPM-EMBI Global Diversified	1.8	6.2	8.6	18.6	-0.4	0.9	3.3
	JPM GBI-EM Global Diversified	3.4	9.0	4.9	13.4	0.6	0.5	0.6
Municipal Indices	Blm Municipal 5 Year	0.7	3.0	2.2	7.6	0.4	1.3	1.8
	Blm HY Municipal	0.9	3.2	7.5	17.4	1.1	3.1	4.5

Mr. Obed also pointed out the flattening of the short-end of the yield curve in this quarter. The yield curve is more normalized.

## U.S. Treasury yield curve and steepness

**The yield curve shifted lower and normalized for the first time in over two years during the third quarter**



Mr. Obed discussed the U.S. Equities market and noted that value oriented and small cap stocks were top performers during the quarter. However, growth-oriented stocks outperformed in September.

## U.S. equity performance

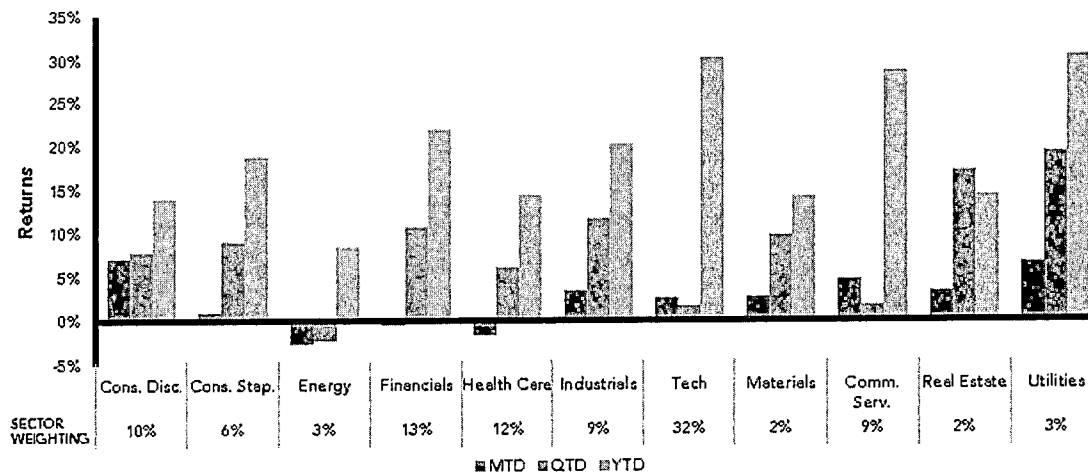
**Value-oriented and small-cap equities led U.S. markets in the third quarter, but growth equities reasserted strength in September**

		MTD (%)	QTD (%)	YTD (%)	1-Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Broad Market Indices	Dow Jones	2.0	8.7	13.9	28.8	10.0	11.8	12.0
	Wilshire 5000	2.1	6.3	20.7	35.2	9.7	15.1	12.6
	Russell 3000	2.1	6.2	20.6	35.2	10.3	15.3	12.8
Large-Cap Market Indices	S&P 500	2.1	5.9	22.1	36.4	11.9	16.0	13.4
	Russell 1000	2.1	6.1	21.2	35.7	10.8	15.6	13.1
	Russell 1000 Value	1.4	9.4	16.7	27.8	9.0	10.7	9.2
	Russell 1000 Growth	2.8	3.2	24.5	42.2	12.0	19.7	16.5
Mid-Cap Market Indices	Russell Mid-Cap	2.2	9.2	14.6	29.3	5.8	11.3	10.2
	Russell Mid-Cap Value	1.9	10.1	15.1	29.0	7.4	10.3	8.9
	Russell Mid-Cap Growth	3.3	6.5	12.9	29.3	2.3	11.5	11.3
Small-Cap Market Indices	Russell 2000	0.7	9.3	11.2	26.8	1.8	9.4	8.8
	Russell 2000 Value	0.1	10.2	9.2	25.9	3.8	9.3	8.2
	Russell 2000 Growth	1.3	8.4	13.2	27.7	-0.4	8.8	8.9

Mr. Obed stated technology stocks were driving many of the returns in the S&P 500. Because technology has a higher weight in domestic market vs. international market, this is a primary driver of why U.S. equities are outperforming international stocks.

## S&P 500 sector performance

**Excluding Energy, all S&P 500 Index sectors were positive in 3Q; performance of Utilities was fueled by developments in the AI space**



## Global equity performance

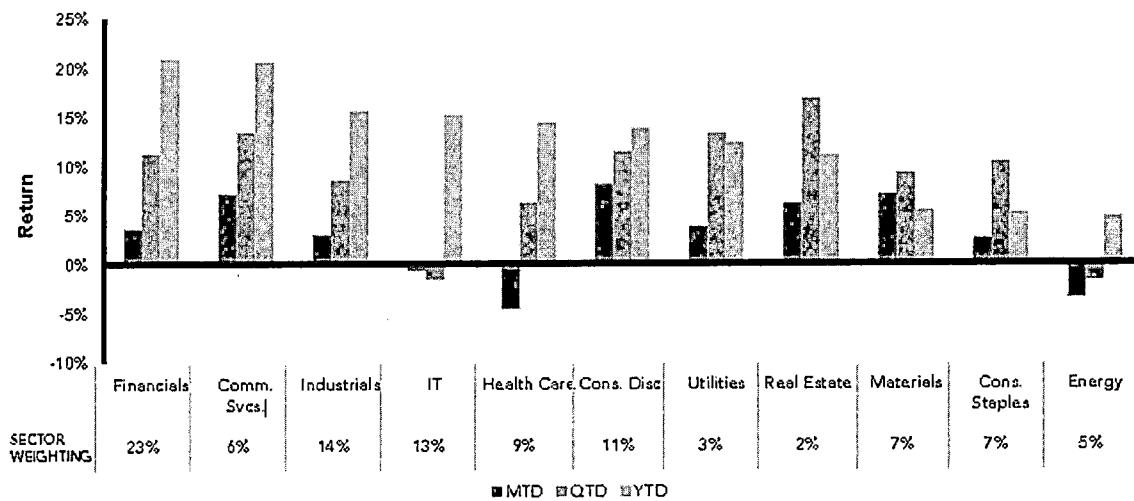
Emerging market equities delivered strong returns in the third quarter thanks in part to a surprise rally by Chinese stocks

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
Global Equity Market Indices	MSCI ACWI	2.3	6.6	18.7	31.8	8.1	12.2	9.4
	MSCI ACWI ex U.S.	2.7	8.1	14.2	25.4	4.1	7.6	5.2
Developed Markets Indices	MSCI EAFE	0.9	7.3	13.0	24.8	5.5	8.2	5.7
	MSCI EAFE Local	-0.4	0.8	12.0	17.5	7.9	8.8	7.4
Emerging Markets Indices	MSCI Emerging Markets	6.7	8.7	16.9	26.1	0.4	5.7	4.0
	MSCI EM Local	5.6	6.6	18.3	25.0	2.9	7.4	6.5
Small-Cap Market Indices	MSCI EAFE Small-Cap	2.6	10.5	11.1	23.5	-0.4	6.4	6.2
	MSCI EM Small-Cap	3.7	5.5	12.9	23.0	5.1	12.2	5.9
Frontier Markets Index	MSCI Frontier	0.6	4.5	10.7	15.1	-2.9	3.3	1.0

Mr. Obed stated that tech and communications stocks are only 19% in the non-U.S. markets vs. 41% in the S&P 500.

## MSCI ACWI ex-U.S. sector performance

Financials is now the top performing sector on a year-to-date basis within non-U.S. markets; Tech stocks continued to decline in 3Q



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

Mr. Obed stated that the General Plan was up 1.3% in September and 11.8% YTD.

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 September 30, 2024.

**MTD Performance (as of 9/30/2024)**

Total Fund Composite: 1.3%  
Total Fund Policy Benchmark: 1.8%

**FYTD Performance (as of 9/30/2024)**

Total Fund Composite: 6.3%  
Total Fund Policy Benchmark: 6.8%

**YTD Performance (as of 9/30/2024)**

Total Fund Composite: 11.8%  
Total Fund Policy Benchmark: 12.8%

**Performance Overview – Police Officers' Pension Plan**

Mr. Obed stated that the Police Plan was up 1.3% in September and 12.7% YTD.

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 September 30, 2024.

**MTD Performance (as of 9/30/2024)**

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

**FYTD Performance (as of 9/30/2024)**

Total Fund Composite: 6.7%  
Total Fund Policy Benchmark: 7.0%

**YTD Performance (as of 9/30/2024)**

Total Fund Composite: 12.7%  
Total Fund Policy Benchmark: 12.6%

**Performance Overview – Firefighters' Pension Plan**

Mr. Obed stated that the Fire Plan was up 1.6% in September and 12.5% YTD.

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 September 30, 2024.

**MTD Performance (as of 9/30/2024)**

Total Fund Composite: 1.6%  
Total Fund Policy Benchmark: 1.9%

**FYTD Performance (as of 9/30/2024)**

Total Fund Composite: 6.6%

Total Fund Policy Benchmark: 7.0%

**YTD Performance (as of 9/30/2024)**

Total Fund Composite: 12.5%

Total Fund Policy Benchmark: 12.7%

Mr. Berry commented that a General Employees' Committee Member commented about concerns about the Fund's performance. Mr. Berry asked for guidance of what to provide this committee member in addition to the monthly investment reports.

Mr. Obed said that it is important to focus on consistency of returns on a calendar year and fiscal year basis. There will be month-to-month deviations within the market. Mr. Obed noted that the City of Atlanta just got rated AAA. The stability of the Pension Funds is a big contributor to this positive story. Mr. Obed also noted that the Fund is constrained by Georgia Statutes. Only 10% of the Fund's assets can be allocated to Alternatives.

Mr. Balla commented that if you look at the 5-, 7-, and 10-year returns, the Pension Funds have outperformed the 7% benchmark. The Investment Board is not construing a portfolio to earn 20% per year but to provide a consistent return with downside protection.

Mr. Light commented that when markets have dropped, the City of Atlanta has lost less than the benchmarks. This is because the Funds have strong downside protection. The City of Atlanta does not have as much risk as some other funds.

**Pharaoh IV Recommendation**

Mr. Obed commented that Marquette is always evaluating how Investment Managers are performing. The Police Officers' and Firefighters' Funds are both invested in the Pharaoh III fund. They made respective commitments of \$4 million in 2013 for Police and \$2 million in 2014 for Fire. The key measure for this investment is the Total Value to Paid In (TPVI). Both funds have a TPI of 1.9% and the initial investment into these funds has been returned.

Given the returns highlighted above, along with additional information reviewed with the working group, Marquette is recommending that \$10 million be committed to Pharos IV fund. This \$10 million commitment would be comprised of a \$4 million allocation (General Pension), \$4 million allocation (Police Officers' Pension) and a \$2 million allocation (Firefighters' Pension) across the separate plans.

**A motion was made by Mr. Balla to adopt updated accept Marquette's recommendation and invest \$10 million in the Pharaoh IV Fund (\$4M General, \$4M Police Officers, \$2M Firefighters). The motion was seconded by Mr. Berry. The motion carried and the Pharaoh IV Investment was approved.**



**VII. NEW BUSINESS**

**Election for Board Representatives**

Ms. Shah gave an update on the election of representatives from the General, APS, Police and Fire Plans who will serve on the Investment Board. She stated that after conferring with Commissioner Blackburn, the election period was adjusted by a day to November 12 through November 18. November 11 is Veteran’s Day and it was agreed that the election should not start on a City of Atlanta holiday.

**A motion was made by Mr. Balla to adopt an updated election period of November 12 through November 18, 2024. The motion was seconded by Mr. Berry. The motion carried and the updated election period was approved.**

**VIII. OLD BUSINESS**

Mr. Light reminded Board members that the GAPPT Annual Conference will be held March 24 to 27 at Chateau Elan. Ms. Shah said to contact Ms. Pocock if any Board member wants to attend. She will be registering trustees when the conference window opens.

Mr. Light also announced the Annual Guns N’ Hoses charity event to support the Police Athletic League. All Board members are invited.

**IX. QUESTIONS AND COMMENTS FROM AUDIENCE**

There were no questions or comments at this time.

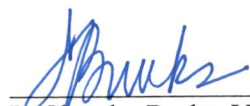
**X. DATE OF NEXT MEETING**

The next Board meeting is scheduled for November 20, 2024 at 10:00 a.m. 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 11:01 a.m. Vice-Chairman Burks called for adjournment.

*Respectfully Submitted,*



LaChandra Burks, Vice-Chairman

These minutes were adopted on November 20, 2024