

**Fulton County Schools Employees' Pension Fund
Pension Board
Minutes
August 18, 2021**

The Fulton County Schools Employees' Pension Fund Pension Board ("Pension Board") met in regular quarterly meeting on August 18, 2021 at 2:01pm at South Learning Center, 4025 Flat Shoals Rd., Union City, GA 30291.

Pension Board members present: Mr. Marvin L. Dereef Jr., Mr. Ronnie Wade, Mr. Robert (Sam) Ham, Mr. John Anderson & Dr. Looney.

Absent Pension Board members: Mr. Stuart Berry, Ms. Lisa Sutton, Mr. Ferman Estrada

Dr. Looney served as Chair of the meeting. Ms. Suzanne Hatfield, Executive Director of Accounting and Retirement Services served as secretary of the meeting.

Also present were: Ms. Kathy Solley & Ms. Cheryl Shaw, Nelson Mullins Riley & Scarborough, LLP; Mr. Rierre Robinson, Retirement Coordinator; Mr. Maurice Roebuck, Fiscal & Community Services Analyst for Retirement Services; Mr. Andrius Maddox, Financial Analyst for Retirement Services; Mr. Calvin Datrice, Retirement Services Specialist; Mr. John Hagan, SEI Private Trust Company; Mr. Randy Stewart, Communications Manager; Mr. Mohammad Jomaa, Communications Specialist.

Call to Order

The Chair called the meeting to order, and at the Chair's request, Mr. John Anderson led the Pledge of Allegiance.

Action Items

a. Approval of Agenda

The Chair noted that a copy of the agenda had been provided to Pension Board members in advance of the meeting and was posted on the website.

A motion to approve the Pension Board Agenda for the August 18, 2021, meeting was made by Mr. Ronnie Wade, seconded by Mr. John Anderson, and was unanimously approved.

b. Approval of May 12, 2021, Meeting Minutes and May 28, 2021, Special Called Meeting Minutes

The Chair noted that Pension Board members had been provided a copy of the minutes of the May 12, 2021, and May 28, 2021, meetings in advance of this meeting. He also noted that all approved minutes will be available for public view on the Retirement Services website.

A motion to approve the May 12, 2021 meeting minutes and the May 28, 2021 special called meeting minutes was made by Mr. Marvin L. Dereef Jr., seconded by Mr. Robert (Sam) Ham and unanimously approved.

c. Approval of the FY 2022 Pension Board Meeting Schedule

A motion to approve the FY 2022 Pension Board Meeting Schedule was made by Mr. Ronnie Wade, seconded by Mr. John Anderson, and unanimously approved.

d. Approval of recommendation to adopt and formalize plan amendments and interpretations into a single restated document

At the request of the Chair, Ms. Kathy Solley of Nelson Mullins Riley & Scarborough, LLP presented this information. She reviewed the history of plan interpretations and how the proposed plan amendment formally incorporated the interpretations into the plan document for the ease of administrators and participants. Ms. Solley responded to all inquiries from Board members.

A motion to recommend to the Board of Education approval of the Second Amendment to the Plan was made by Mr. Robert (Sam) Ham, seconded by Mr. John Anderson, and unanimously approved.

Reports

e. FY22 Cost of Living Adjustment (COLA)

At the request of the Chair, Mr. Calvin Datrice, Retirement Services Specialist, presented the results of the FY22 COLA.

f. Pension Payroll Report (May, June, & July 2021)

At the request of the Chair, Mr. Maurice Roebuck, Fiscal & Community Services Analyst for Retirement Services, presented the Pension Payroll Report.

g. Treasurer's Report

At the request of the Chair, Mr. Marvin Dereef, Chief Executive Officer, presented the Treasurer's Report for the period ending June 30, 2021.

h. Investment Performance Review

At the request of the Chair, Mr. John Hagan of SEI Investments presented the 2nd Quarter 2021 Portfolio Review of Fulton County School Employees' Pension Fund which included a report of the Plan's investment performance for the period ending June 30, 2021. The 1st

Quarter reflected total assets of \$539,500,000. As of the close of the market on August 17, 2021, the assets increased to \$549,000,000. The 2nd quarter return was 5.4%, with the year-to-date return of 8.2%. The Fiscal year-to-date return (July 01, 2020, through June 30, 2021) was 27.5%. The Plan has appreciated 11% per year since inception, performing above the expected return set by the Pension Board and Plan's actuary. The Plan's return is reflecting 4% higher than the actuarial assumption of 7%. Mr. Hagan noted that the major component of the increase in Plan's assets are the allocation to US and Non-US. equities. The market has rebounded significantly from the effects of COVID-19 resulting from increased operation in various industries, low interest rates, and stimuli that the Federal Government filtered into the economy. Mr. Hagan noted that the alternative assets (which serves and an uncorrelated return stream to the market) has continued to perform exceptionally well. Mr. Hagan noted that there has been two investment manager terminations and three investment managers hired (year-to-date) to maintain best in class managers for the Plan. Mr. Hagan further explained that 26% of the Plan's assets are allocated to US Large Gap which is up 47% for the year. In addition, 8% of the Plan's assets are allocated to Mid and Small Cap which is up 62% for the year. Non-US equities comprise 27% of the portfolio and is up 36% for the year. Mr. Hagan noted that the Plan's bond allocation has yielded positive returns as well, with the most notable being High Yield at 23% return, and Emerging Market Debt at 11% return for the year. Mr. Hagan continued the review by providing SEI's review of the world. He noted that the equities market has had robust performance aided by the reopening of economies globally, with US leading Europe and most parts of Asia due to the increased number of vaccinations in the country. SEI is optimistic that an increase in COVID vaccinations in areas outside of the US will aid in increased economic growth in areas outside of the US. Mr. Hagan noted that there is a new phenomenon referred to as "Supply Chain Disruption", that is forcing inflation in areas such as housing and automobiles, allowing companies to raise prices increasing their earnings. SEI expects this to continue for the foreseeable future. Mr. Hagan noted that the COVID Delta Variant will cause sporadic shutdowns in various areas, though SEI does not anticipate any widespread shutdowns. Mr. Hagan also notes that China (the second largest economy in the world) is seeing slower economic growth as their government decreases the amount of stimulus provided to their economy. A portion of the Plan's assets were recently reallocated out of the emerging market strategy to mitigate the risk of changes in the Chinese economy. Mr. Hagan ended the review by noting that SEI anticipates strong economic growth throughout 2022 for US and non-US economies, but inflation will need to be monitored as it proposes a risk to the Plan. He noted that the Plan is within its target asset allocation set by the Board and SEI. Mr. Hagan responded to all inquiries from Board members and Ms. Suzanne Hatfield, the Executive Director of Accounting and Retirement Services.

Executive Session

A motion to adjourn to Executive Session to discuss investment securities and portfolios, personnel and other matters as permitted by law and to return to public session at the conclusion of the Executive Session was made by Mr. Marvin L. Dereef Jr. seconded by Mr. John Anderson and unanimously approved.

The Pension Board adjourned to Executive Session at 2:26pm and returned to public session 2:48pm.

No actions were taken in Executive Session that required Board approval.

Adjournment

With no further business, the meeting was adjourned at 2:50pm.

The Pension Board meeting schedule along with links to the Pension Board meeting video will be available on the Retirement Services Website.

Rierre W. L. Robinson

Digitally signed by Rierre
W. L. Robinson
Date: 2021.11.12
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Rierre Robinson for Marvin L. Dereef Jr., Pension Board Secretary

Exhibits to Minutes:

June 30, 2021 Investment Performance Review

June 30, 2021 Treasurer's Report

Pension Payroll Report (May, June, & July 2021)

FY2022 COLA Results

Next scheduled meeting: November 10, 2021 North Learning Center, 450 North Ridge Parkway, Sandy Springs, GA 30350