

**Fulton County Schools Employees' Pension Fund
Pension Board
Minutes
February 11, 2021**

The Fulton County Schools Employees' Pension Fund Pension Board ("Pension Board") met in regular quarterly meeting on February 11, 2021 at 2:08pm at North Learning Center, 450 Northridge Parkway, Sandy Springs, GA 30350.

Pension Board members present: Mr. Marvin L. Dereef Jr., Ms. Lisa Sutton, Mr. Ronnie Wade, Mr. Ferman Estrada, Mr. Stuart Berry, Mr. John Anderson & Dr. Looney.

Absent Pension Board members: Mr. Robert (Sam) Ham

Dr. Looney served as Chair of the meeting. Mr. Marvin L. Dereef, Chief Financial Officer served as secretary of the meeting.

Present ex officio: Ms. Greta Tinaglia, Executive Director of Risk Management.

Also present were: Ms. Kathy Solley & Ms. Cheryl Shaw, Nelson Mullins Riley & Scarborough, LLP; Mr. Rierre Robinson, Retirement Coordinator; Mr. Maurice Roebuck, Financial Analyst for Retirement Services; Mr. Andrius Maddox, Financial Analyst for Retirement Services; Mr. Calvin Datrice, Retirement Services Specialist; Ms. Fredrica Jones, Retirement Services Specialist; Mr. John Hagan, SEI Private Trust Company; Mr. Douglas Moses & Derek Foster, Mauldin & Jenkins; Mr. Todd Green, Cavanaugh Macdonald Consulting, LLC; Mr. Randy Stewart, Communications Manager; Ms. Rachel Hardy, Communications Specialist; Mr. Mohammad Jomaa, Communications Specialist.

Call to Order

The Chair called meeting to order and, at his request, Mr. Ferman Estrada 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 February 11, 2021 meeting was made by Mr. John Anderson, seconded by Mr. Ferman Estrada, and was unanimously approved.

b. Approval of minutes of November 12, 2020 and January 8, 2021 meetings

The Chair noted that Pension Board members had been provided a copy of the minutes of the November 12, 2020 and January 8, 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 November 12, 2020 and January 8, 2021 minutes was made by Mr. Ferman Estrada, seconded by Mr. Marvin Dereef and unanimously approved.

Reports

a. Actuarial Valuation Report

At the request of the Chair, Mr. Todd Green, ASA, FCA, MAAA, President of Cavanaugh Macdonald Consulting, LLC presented the results of the June 30, 2020 actuarial valuation. He began the presentation by providing the basic retirement funding equation ($C+I = B+E$) that is used to determine the funding for a defined benefit retirement plan. The results of the valuation showed a market asset return of 3.78% which is below the assumed rate of return of 7.0% partially due to the market downturn because of Covid-19. Mr. Green noted that the calendar year return is much higher than the fiscal year return which may lead to a much better return in FY21. He then explained that the unfunded accrued liability decreased from \$71.6 million to \$62.5 million and that aided in increasing the Plan's funding ratio to 87.7%, up from 85.8% in the previous fiscal year. The initial unfunded liability established in 1994 amortized over 30 years has four years remaining until it is fully paid, and currently has a cost of \$18.2 million dollars a year. The completion of the final payment will reduce the Plans annual contribution requirement by \$18.2 million dollars a year. The plan will require an actuarially determined contribution of \$25.6 million during fiscal year 2022. Mr. Green noted that the active participants in the Plan decreased, while the retiree population remained static between 2015 and the current valuation period. The market value of the Plan is \$435 million dollars while the actuarial value of assets is recorded at \$445 million dollars as of the valuation date. Mr. Green responded to all questions raised by the Pension Board members and Greta Tinaglia, Executive Director of Risk Management Services.

d. Annual Financial Report

At the request of the Chair, the 2020 auditor's discussion and analysis report on the Plan for Fiscal Year 2020 was presented by Douglas Moses, CPA, of Mauldin & Jenkins. A "clean" opinion was issued on the Pension Fund's basic financial statements, which can be found in the 2020 annual audit report. There were no significant issues that may have affected the risk of material misstatement of the financial statements or warrant a finding or management responses. Mr. Moses responded to all question raised by Pension Board members.

b. Pension Payroll Report

At the request of the Chair, Mr. Maurice Roebuck, Financial Analyst for Retirement Services, presented the monthly pension payroll report for Payrolls November and December 2020, and January 2021.

c. Treasurer's Report

At the request of the Chair, Ms. Greta Tinaglia, Executive Director of Risk Management Services, presented the Treasurer's Report for the period ending December 31, 2020. Ms. Tinaglia noted that the Plan reached a milestone where the assets have exceeded \$500 million for the first time.

d. Investment Performance Review

At the request of the Chair, Mr. John Hagan of SEI Investments presented the 4th Quarter 2020 Portfolio Review of Fulton County School Employees' Pension Fund which included a report of the Plan's investment performance for the period ending December 31, 2020. The 4th Quarter return was 11% and the year-to-date was 15.5%, and an average annual return since SEI took over the management for the Plan is 10%. Plan assets increased \$50 million in the 4th Quarter and \$67 million for the full year despite the significant downturn in the first quarter. Mr. Hagan noted that the success in increasing the Plans assets is due to the asset allocation set by the Pension Board and SEI. The increase in the Plan assets is driven by the equity allocation in the Plans portfolio which was at 17% return, while the diversified fixed income portfolio performed well during the quarter and full year. Mr. Hagan noted that the continuous review of the strategies managers resulted in removals and additions of managers throughout the year, aiding in the increase and improved performance in the Plans assets. Mr. Hagan continued by providing SEI's view of the market and economy, noting that the world moving in the direction of vaccinations will aid in improving the economy in areas such as hospitalities & airlines, that operated below their potential during the economic shutdown. The monetary and fiscal support has been an important factor in stimulating the economy. Mr. Hagan discussed the Plan's asset allocation noting that the plan is achieving its goal of remaining within or 2% above or below the agreed upon target asset mix set by the Board and SEI, with the exception of the newly Board-approved Core Property investment and Private equity that have a 5% range from the target because of liquidity. Lastly, Mr. Hagan compared the Plan's performance to the peer groups, where the Plan is benchmarked against other plans with like size assets. He noted that the Plan outperformed 75% of the plans in a 1-year period and 60% over a longer period, which is a great position for the Plan. Mr. Hagan responded to all inquiries from Board members and Ms. Greta Tinaglia, the Executive Director of Risk Management.

Mr. Moses, Mr. Foster, and Mr. Green exited the board room.

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. John Anderson seconded by Mr. Marvin Dereef and unanimously approved.

The Pension Board adjourned to Executive Session at 2:42pm and returned to public session at 3:40pm.

No actions items requiring Pension Board approval were presented during the Executive session.

Adjournment

With no further business, the meeting was adjourned at 3:44pm.

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

A handwritten signature in blue ink that reads "Rierre W. L. Robinson". The signature is written in a cursive style with a horizontal line underneath the name.

Rierre Robinson for Marvin L. Dereef Jr., Pension Board Secretary

Exhibits to Minutes:

December 31, 2020 Investment Performance Review

December 31, 2020 Treasurer's Report

Pension Payroll Report (November, December, & January)

June 30, 2020 Annual Financial Review

June 30, 2020 Actuarial Valuation Review