

**Fulton County Schools Employees' Pension Fund  
Pension Board  
Minutes  
November 12, 2020**

The Fulton County Schools Employees' Pension Fund Pension Board ("Pension Board") met in regular quarterly meeting on November 12, 2020 at 2:02pm at North Learning Center, 450 Northridge Pkwy., Sandy Springs, GA 30350.

Present Pension Board members: Dr. Mike Looney, Mr. Ronnie Wade, Mr. Marvin L. Dereef Jr., Mr. Stuart Berry, and Mr. John Anderson Mr. Robert (Sam) Ham.

Absent Pension Board members: Mr. Ferman Estrada  
Vacant Seats: Active Teacher or Employee Board Seat

Dr. Mike 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 Enterprise Risk Management.

Also present were: Ms. Kathy Solley, Nelson Mullins Riley & Scarborough, LLP; John Hagan, SEI Private Company; Mr. Valter Viola, Cortex Applied Research; Mr. Rierre Robinson, Retirement Coordinator; Ms. Fredrica Jones, Retirement Services Specialist; Mr. Maurice Roebuck, Retirement Services Fiscal & Community Analyst; Ms. Rachel Hardy, Communications Specialist; & Suzanne Hatfield, Executive Director of Accounting & Retirement Services.

**Call to Order**

The Chair called the meeting to order and, at his request, Mr. Stuart Berry 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 November 12, 2020 meeting was made by Mr. John Anderson, seconded by Mr. Stuart Berry, and was unanimously approved.*

**b. Approval of minutes of August 19, 2020 meeting**

The Chair noted that the Pension Board members had been provided with a copy of the minutes of the August 19, 2020 meeting in advance of this meeting. He also noted that

when minutes are approved, they will be available for public review on the Retirement Services website.

*A motion to approve the August 19, 2020 minutes was made by Mr. John Anderson, seconded by Mr. Marvin L. Dereef Jr., and unanimously approved.*

## **Reports**

### **a. Pension Payroll Report**

At the request of the Chair, Mr. Maurice Roebuck, Retirement Services Fiscal & Community Analyst, presented the monthly pension payroll report for August, September, and October 2020.

### **b. Treasurer's Report**

At the request of the Chair, Ms. Greta Tinaglia, Executive Director of Enterprise Risk Management, presented the Treasurer's Report for the period ending September 30, 2020.

### **c. FCS OCIO Performance Review**

At the request of the Chair, Mr. Valter Viola of Cortex Applied Research, presented the OCIO Performance review remotely via the Microsoft Teams meeting platform. Mr. Viola began by providing the evaluation criteria used to complete the review which were:

- Has SEI effectively delivered the key investment services that were expected and consistent with the agreement and industry standards?
- Have the fees been reasonable?
- Has SEI achieved satisfactory investment performance?
- Does SEI continue to demonstrate the qualities and characteristics for which it was initially hired?
- Has SEI provided adequate client services during the current contact period?

He explained that SEI met the requirements for all of the evaluation criteria with mixed results on the satisfactory of investment performance. Mr. Viola explained that SEI delivered everything within the scope of the agreement and a client would expect from a provider of this nature in the industry. Mr. Viola noted that the fees were reasonable and that the market is very competitive for the service SEI is providing to the Plan. He explained that SEI had beaten the benchmark in with regard to returns, before factoring in fees for the underlying investment managers with resulted in the returns overall falling slightly below the benchmark. Mr. Viola further explained that the four and a half year time frame that SEI was being evaluated on was not enough for a pension plan with an outlook that spans decades. He further explained that overall SEI has provided the Plan with the satisfactory services., and there is no indication that the Plan should discontinue the services that it receives from SEI. He drew attention to key services that SEI provides which were assisting in designing and implement asset allocation; hiring and terminating investment manager; and advising and recommending changes and modification to the investment policy statement; all of which SEI has done appropriately

while meeting industry standards. Mr. Viola continued by addressing the fees which Cortex determined to be reasonable in a competitive industry that is not very old, noting that over time that fees across the industry will lower as more competition enters the market. Mr. Viola further discussed the performance, stating that the information evaluated was through the end of June 2020, and has yielded a 7.47% annualized return over a four and a half year time frame, outperforming the benchmark before fees. He finished by stating that a survey provided to Retirement Services Department showed that they were satisfied with the services. He noted the importance of recognize that the ICIO does not pic the asset mix, and that should be taken into consideration when holding them accountable for return results. Mr. Viola responded to all inquiries from Board members.

#### **d. Investment Performance Review**

At the request of the Chair, Mr. John Hagan of SEI Investments presented the 3rd Quarter 2020 Portfolio Review of Fulton County School Employees Pension Fund. The Plan assets for the quarter ending September 30, 2020 were approximately \$456,000,000 and increased to \$478,000,000 as of November 11, 2020. The total return for the quarter was 6.1% aiding the plan in fully recovering from the economic downturn in the first quarter of 2020. In addition, the year-to-date return was approximately 4%. Mr. Hagan explained that there was an annualized return of about 8% from the beginning of the 5-year relationship with SEI. Mr. Hagan drew attention to the hurdle rate of about 3.5% that the Plan's returns need to exceed to move the plan to closer to 100% funded status. Over a 4 1/2-year timeframe, the Plan moved about 10% closer to fully funded status which is projected to occur in 2028. Furthermore, he provided portfolio highlights which included the equities portion of the portfolio that was up over 6.1% for the quarter, with the total portfolio up about 40 million dollars since the previous quarterly update. Mr. Hagan noted that the rebound is result of the asset allocation, which is currently 60% equities, 25% high-grade fixed income, with some additional alternative investments. Mr. Hagan further explained that there is indication that the Global Economy is recovering, and that SEI does not anticipate any broad-based lockdowns resulting from COVID-19. Mr. Hagan addressed the need for an additional stimulus for the economy but does not anticipate that there will be any distributions until the beginning of 2021. Mr. Hagan drew attention to growth vs value stocks, pointing out that value stocks were still negative as of September 30, 2020 where growth stocks continued to rise. Mr. Hagan noted that the big five stocks which included Amazon, Apple, Microsoft, Alphabet, and Facebook, were up about 42% to show that they are driving the return in the market. He explained that SEI is in full compliance with the asset mix outlined within the Investment Policy Statement. Mr. Hagan finished by providing SEI's Peer Group Analysis, explaining that the Plan is in the top 4% of like sized public pension plans for quarterly returns, and in the top 10% for the year. Mr. Hagan responded to all inquiries from Board members.

#### **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. Robert (Sam) Ham seconded by Mr. Marvin L. Dereef Jr., and unanimously approved.*

The Pension Board adjourned to Executive Session at 2:50 pm and returned to public session at 3:46pm.

*A motion to approve personnel actions taken in executive session which included the recommendation to the Fulton County School Board effective November 12, 2020, where Ms. Lisa Sutton would serve in the Board seat of Active Teacher or Employee from through end of the term on May 31, 2022, and authorization to enter contract negotiations with SEI Investment Company for services, was made by Mr. Robert (Sam) Ham, seconded by Mr. Ronnie Wade, and unanimously approved.*

### **Adjournment**

*With no further business, the meeting was adjourned at 3:50pm.*



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

#### Exhibits to Minutes:

September 30, 2020 Investment Performance Review

September 30, 2020 Treasurer's Report

Cortex's OCIO Investment Performance Review

Pension Payroll Report (August, September, & October 2020)

