

FULTON COUNTY SCHOOLS EMPLOYEES' PENSION FUND
PENSION BOARD
MINUTES
February 9, 2023

The Fulton County Schools Employees' Pension Fund Pension Board ("Pension Board") met in regular quarterly meeting on February 9, 2023, at 2:00 pm at North Learning Center, 450 Northridge Parkway, Sandy Springs, Georgia 30350.

Pension Board members present: Mr. Marvin L. Dereef, Jr., Dr. Gonzalo La Cava, Mr. John Anderson, Mr. Stuart Berry, Ms. Lisa Sutton, Mr. Sam Ham, Mr. Greg Haitz and Dr. Mike Looney.

Dr. Looney served as Chair of the meeting. Ms. Greta Tinaglia, Deputy Chief Financial Officer served as secretary of the meeting.

Also present were: Ms. Cheryl Shaw, Parker Poe; Ms. Kathy Solley, Parker Poe; Mr. Doug Moses, Mauldin & Jenkins; Mr. John Hagan, SEI Private Trust Company; Mr. Todd Green and Ms. Jennifer Johnson, Cavanaugh MacDonald Consulting; Ms. Suzanne Hatfield, FCS Accounting Services Director, Mr. Charles Robinson, FCS Retirement Services Coordinator; Ms. Kendall Cherry, FCS Retirement Services Specialist and Mr. Randy Stewart, FCS Communications Manager.

Call to Order

The Chair called the meeting to order at 2:00 pm, and at the Chair's request, Mr. Stuart Berry led the Pledge of Allegiance.

Action Items

a. Approval of Agenda

The Chair noted 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 9, 2023, meeting was made by Mr. Sam Ham and seconded by Mr. Stuart Berry and was unanimously approved.

b. Approval of November 16, 2022, Meeting Minutes

The Chair noted Pension Board members had been provided a copy of the minutes of the November 16, 2022, meeting in advance of this meeting. He also noted all approved minutes will be available for public view on the Retirement Services website.

A motion to approve the November 16, 2022, meeting minutes was made by Dr. Gonzalo La Cava and seconded by Ms. Lisa Sutton and unanimously approved.

Reports

a. Pension Payroll Report (November 2022, December 2022 & January 2023)

At the request of the Chair, Mr. Charles Robinson, FCS Retirement Services Coordinator, presented the Pension Payroll Report.

b. Pension Payroll Withholding Update

At the request of the Chair, Mr. Charles Robinson presented this report regarding the transition of the pension payroll to the Atlas system and the tax withholding required by the federal government and states in which pensioners reside. An update was also provided on the status of the waived/refunded penalties. No future updates will be reported as all states and the IRS have provided a response.

c. FY22 Annual Financial Audit Review Quarter End 6/30/22

At the request of the Chair, Mr. Doug Moses, Mauldin & Jenkins, presented the results of the annual financial audit for FY22, issuing a “clean” opinion.

Mauldin & Jenkins noted that they received full cooperation from the Pension Fund’s management and staff. No disagreements were reported on accounting or financial reporting. There were no significant issues discussed with management related to business conditions, plans or strategies.

d. FY22 Annual Actuarial Valuation Quarter End 6/30/22

At the request of the Chair, Mr. Todd Green, Cavanaugh MacDonald Consulting, presented the results of the annual actuarial valuation as of June 30, 2022.

Market asset returns yielded -13.67% vs 7.00% expected return. Actuarial asset return yielded 6.39% vs 7.00% expected return, reflecting actuarial smoothing of returns. Unrecognized asset loss of \$44.3m will be recognized over the next four years. Unfunded Actuarial Accrued Liability increased from \$33.5m to \$44.3m. Funded ratio decreased from 93.5% to 92.1%. Actuarial Determined Contribution increased \$0.1m from \$24.4m to \$24.5m.

At the request of the Chair, Cavanaugh MacDonald Consulting will provide a revised estimate of the plan fully-funded date (2027) which will be expected if additional contributions above the current level are made.

e. FY23 Treasurer’s Report Quarter End 12/31/22

At December 31st, the Pension Fund had total assets of over \$462.2m, total liabilities of \$1.0m and a net position of \$461.1m. There were total pension contributions of \$13.8m and other local income composed of \$9.8m in interest/dividends on investments, loss on sale of investments of \$12.7m and change in market value of investments of \$-16.6m. Total revenues through December 31st are \$19.8 million. Expenditures include administrative expenses totaling \$949k and pension benefits of \$18.6m.

f. Investment Performance Review Quarter End 12/31/22

At the request of the Chair, Mr. John Hagan of SEI Private Trust Company, presented the 4th Quarter 2022 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, 2022.

As of the close of the market on December 31, 2022, the assets increased to \$458.5m. The 4th quarter return was 7.4%; the 2022 fiscal year return was -13.3%, and the 2021 fiscal year return was 27.5%. The portfolio’s return has outperformed the policy benchmark over long time periods (3, 5, and since inception of 7 years).

An updated asset/liability study we be delivered at the May 17, 2023 Pension Board meeting.

g. Presentation of FY24 Pension Fund Budget

At the request of the Chair, Mr. Charles Robinson, FCS Retirement Services Coordinator, presented the FY24 Pension Fund budget. Mr. Robinson addressed the various components of the budget including a discussion regarding the increase in administrative expenses; primarily related to software customization. The FY24 Pension Budget, as approved, will be incorporated into the overall budget for the District and submitted to the Board of Education for final approval.

A motion to approve the FY24 Pension Fund Budget was made by Mr. Sam Ham and seconded by Mr. Greg Haitz.

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. Sam Ham and seconded by Mr. Stuart Berry and unanimously approved.

The Pension Board adjourned to Executive Session at 3:16 pm and returned to public session at 3:35 pm. Upon return to public session, the Chair reported that there were no action items for the Pension Board as a result of the Executive Session.

Adjournment

With no further business, the meeting was adjourned at 3:36pm.

The Pension Board meeting schedule along with links to the Pension Board meeting video will be available on the Retirement Services website. The next meeting is scheduled for May 17, 2023.

5/18/2023

X Greta P. Tinaglia

Greta Tinaglia
For Marvin L. Dereef, Jr., Board Secretary
Signed by: robinsonc8

Exhibits to Minutes:

FY22 Annual Financial Audit Review Quarter End 6/30/22

FY22 Annual Actuarial Valuation Quarter End 6/30/22

December 31, 2022 Investment Performance Review

December 31, 2022 Treasurer's Report

Pension Payroll Report (November, December 2022 & January 2023)

Pension Payroll Withholding Update

FY24 Pension Fund Budget