

FULTON COUNTY SCHOOLS EMPLOYEES' PENSION FUND  
PENSION BOARD  
MINUTES  
August 17, 2022

The Fulton County School Employees' Pension Fund Pension Board ("Pension Board") met in regular quarterly meeting on August 17, 2022, at 2:00 pm at South Learning Center, 4025 Flat Shoals Road, Union City, Georgia 30291.

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 and Dr. Mike Looney.

Absent Pension Board member: None

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. Charles Robinson, Retirement Services Coordinator; Ms. Fredrica Jones, Retirement Services Specialist; Mr. John Hagan, SEI Private Trust Company; Mr. Todd Green of Cavanaugh MacDonald Consulting and Mr. Randy Stewart, Communications Manager.

### Call to Order

The Chair called the meeting to order at 2:02 pm, and at the Chair's request, Mr. Stuart Berry led the Pledge of Allegiance.

### Recognitions

Dr. Looney welcomed Dr. Gonzalo La Cava, Chief Talent Officer to the Pension Board. Dr. La Cava replaced Mr. Ronnie Wade who retired in May 2022.

Dr. Looney welcomed Ms. Greta Tinaglia back to the Pension Board. Ms. Tinaglia will be assuming the duties formerly held by Ms. Suzanne Hatfield.

### 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 August 17, 2022, meeting was made by Mr. Sam Ham and seconded by Mr. Stuart Berry and was unanimously approved.*

#### b. Approval of May 11, 2022, Meeting Minutes

The Chair noted Pension Board members had been provided a copy of the minutes of the May 11, 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 May 11, 2022, meeting minutes was made by Mr. Stuart Berry and seconded by Mr. Marvin L. Dereef, Jr., and unanimously approved.*

## Reports

### c. Pension Payroll Report (May 2022, June 2022 & July 2022)

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

### d. Atlas Update/Pension Payroll Withholdings

At the request of the Chair, Ms. Greta Tinaglia, Deputy Chief Financial Officer 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. All tax withholdings have been deposited or will soon be and there should be no consequence to retirees as a result of these difficulties. Follow up questions from the Chair were addressed by Mr. Charles Robinson.

### e. 4th Quarter Treasurer's Report

At the request of the Chair, Ms. Greta Tinaglia, Deputy Chief Financial Officer, presented the Treasurer's Report for the period ending June 30, 2022. Follow up questions by the Chair were addressed by Mr. Charles Robinson.

At June 30<sup>th</sup>, the Pension Fund had total assets of over \$463.6 million, total liabilities of \$2.8 million and a net position of \$460.8 million. There were total pension contributions of \$28.3 million and other local income composed of \$72.8 million in interest/dividends on investments, gain on sale of investments of \$57.6 million and change in market value of investments of \$-144.2 million. Total revenues through June 30<sup>th</sup> are \$-44.4 million. Expenditures include administrative expenses totaling \$2.3 million and pension benefits of \$35.8 million.

### f. 2<sup>nd</sup> Quarter CY 2023 Investment Performance Review

At the request of the Chair, Mr. John Hagan of SEI Investments presented the 2nd Quarter CY 2023 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, 2022.

As of the close of the market on June 30, 2022, the assets decreased to \$459.1 million. The 2nd quarter return was -11.7%; the 2022 fiscal year return was -13.3%, and the 2021 fiscal year return was 27.5%. The return since inception of 6.8% has fallen short of the expected return of 7.0% established by the Pension Board and Plan's actuary. Decrease in expected return mainly attributed to inflation, rising interest rates and the Russian invasion of Ukraine.

Our consultants will be recommending at the next Pension Board meeting portfolio changes as allowed by Official Code of Georgia Annotated §47-20-87 which allows eligible large retirement system to invest in certain alternative investments which shall not in the aggregate exceed 10 percent of the assets at any time.

### g. Actuarial Assumptions – Five-Year Experience Study Results Ending June 30, 2021

At the request of the Chair, Mr. Todd Green of Cavanaugh MacDonald Consulting presented the 5-year Experience Study Results.

Three economic assumptions were reviewed and recommendations presented. The first economic assumption was price inflation. Current price inflation assumption is 2.75%. Recommended price inflation assumption to remain at 2.75%.

The second economic assumption was investment return. Recommendation to reduce the assumed rate of return from 7.00% to 6.95%.

The third economic assumption was wage inflation. The current assumption is 2.75%, which is equal to the price inflation assumption of 2.75%. Recommended change to wage inflation assumption includes a real wage growth assumption of 0.75% in addition to the current wage inflation of 2.75%, resulting in a change in wage assumption of 3.50%.

Based upon recommendation to lower the investment rate of return to 6.95%, the funding ratio is projected to decrease from 93.5% to 91.1% funded and yield a net increase in overall performance of \$526,785.

### Action Items

#### h. Approval of Actuarial Assumptions from the Five-Year Experience Study Results

The Chair thanked Mr. Green for his presentation. Follow up questions were addressed by Mr. Green.

*A motion to accept the Five-Year Experience Study and approve the actuarial assumptions as presented by Mr. Todd Green of Cavanaugh MacDonald Consulting, LLC therein to be effective as of FY 2024. A motion was made by Mr. Sam Ham and seconded by Mr. Stuart Berry and was unanimously approved.*

### 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 and seconded by Mr. Marvin L. Dereef, Jr. and unanimously approved.*

The Pension Board adjourned to Executive Session at 3:19 pm and returned to public session at 3:34 pm.

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

### Adjournment

*With no further business, the meeting was adjourned at 3:35pm.*

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

Greta Tinaglia for Marvin L. Dereef, Jr., Pension Board Secretary

Exhibits to Minutes:

June 30, 2022 Investment Performance Review

June 30, 2022 Treasurer's Report

Pension Payroll Report (May, June & July 2022)

Atlas Update/Pension Payroll Withholding Narrative

Five-Year Experience Study Actuarial Results Presentation