

June 11, 2020

MEMORANDUM

TO: Members of the Board of Trustees
Employees' Retirement System of Georgia

FROM: James A. Potvin, Executive Director

SUBJECT: Bi-Monthly Meeting of the Board of Trustees
Monthly Meeting - Investment Committee
Thursday, June 18, 2020

This is to advise that the bi-monthly meeting of the Board of Trustees of the Employees' Retirement System will be held on **Thursday, June 18, 2020** via teleconference. The meetings will be available to the general public by conference call, toll free (888) 270-9936 or (602) 333-0032, using conference/access code 421787 and security code 056697.

Please see the attached agenda package. The teleconference instructions for board members, staff, and other invitees, will be sent separately.

The **Investment Committee** meeting will precede the Board meeting at **9:00 A.M.** via conference call. The agenda for the Investment Committee meeting will be mailed separately by the Division of Investment Services.

c:

Bryan Webb
Katie Stoff
Christine Murdock
Chris Wells
Jordan Borders
Remington Cole
Sara Arroyo
Natalie Heath
Rebecca Sullivan
Alicia Bohannon
Jinnie Christensen
Elizabeth Holcomb

Laurin Vonada
Ed Macdonald
Ed Koebel
Cathy Turcot
Bill Cary
Laura Lanier
Mike Jackson
Autumn Cole
Dan Regenstein
Caylee Noggle
Tom Horkan
Mike Majure

AGENDA
BI-MONTHLY MEETING OF BOARD OF TRUSTEES
EMPLOYEES' RETIREMENT SYSTEM
June 18, 2020
10:30 A.M.

1. Call to order by Chair.
2. Approve Minutes of bi-monthly meeting of April 16, 2020. [Agenda Package "A"]
3. Ratify action of Investment Committee at monthly meetings of April 16, 2020 and May 21, 2020. [Agenda Package "B"]
4. Review the Secretary's Report. [Agenda Package "C"]
5. Consider changes to ERS Funding Policy. [Agenda Package "D"]
6. Re-Election of Officers [Chair and Vice-Chair] for Fiscal Year 2021.
7. Election of Homer Bryson for a four-year term beginning July 1, 2020.
8. Other Business.
9. Adjournment.

Secretary's Report

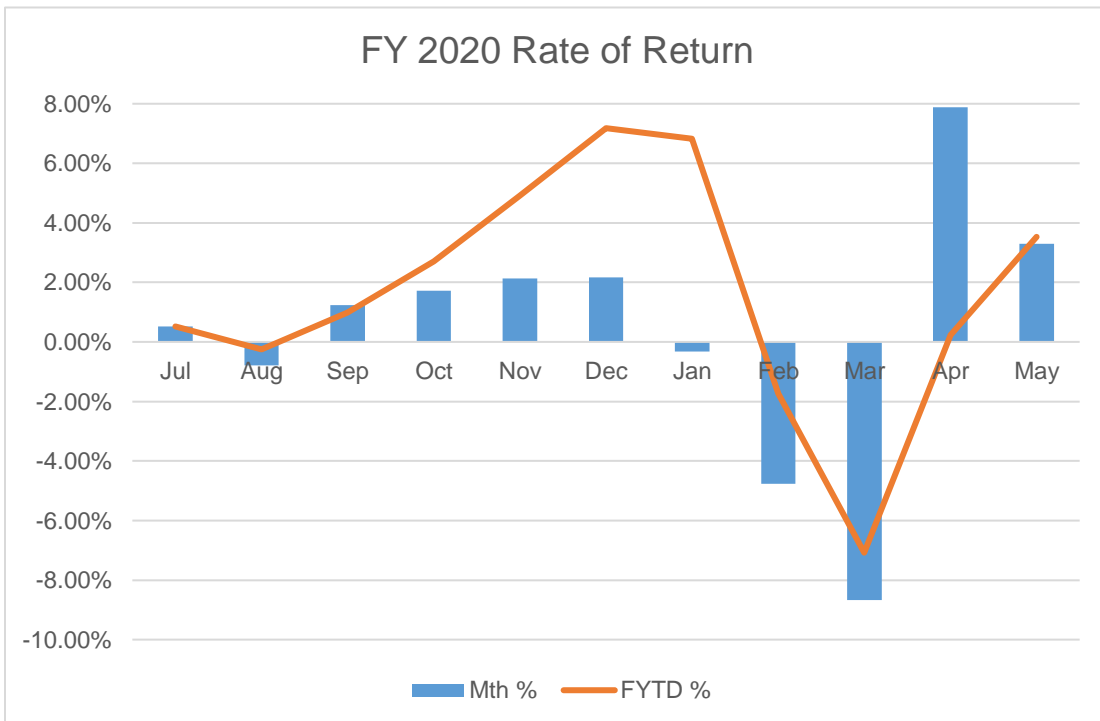
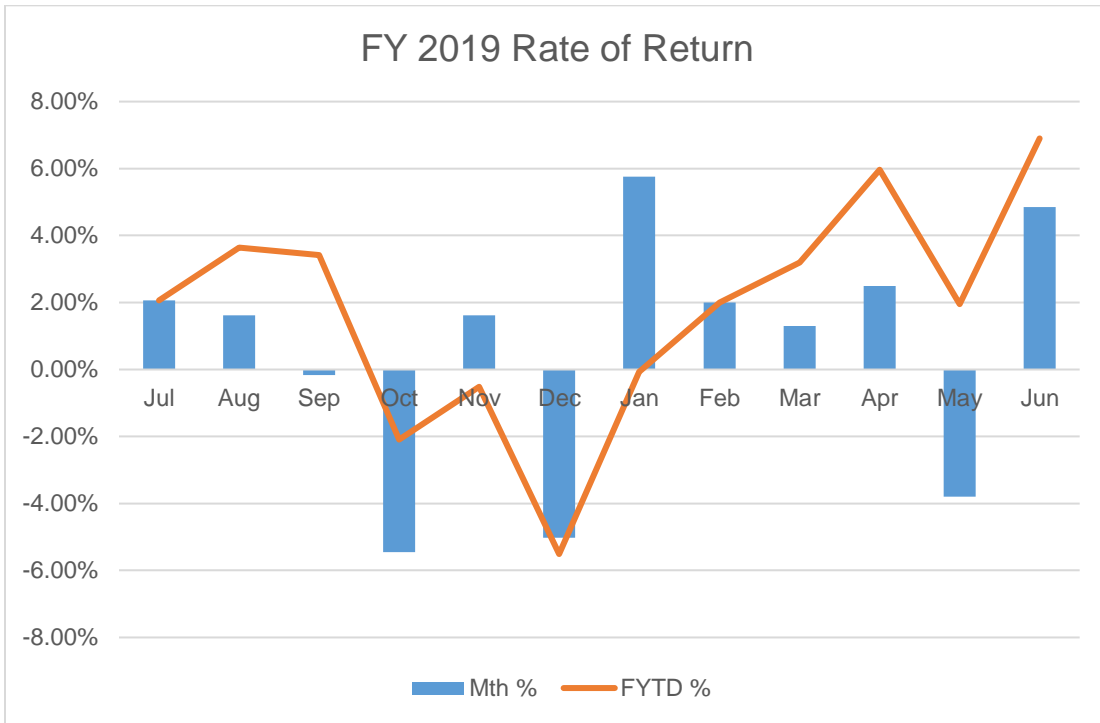
June 18, 2020



Fund Market Values

| | 6/30/2019 | | 3/31/2020 | | 4/30/2020 | | 5/31/2020 | |
|--------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|
| <u>Plan</u> | <u>Market Value</u> | | <u>Market Value</u> | | <u>Market Value</u> | | <u>Market Value</u> | |
| ERS | \$ | 13,567,301,948 | \$ | 12,028,677,704 | \$ | 12,899,337,209 | | 13,261,011,049 |
| JRS | | 478,823,365 | | 431,858,960 | | 464,655,584 | | 478,704,864 |
| LRS | | 34,558,916 | | 30,826,632 | | 33,159,921 | | 34,162,476 |
| PSERS | | 942,100,976 | | 854,550,560 | | 919,417,884 | | 947,393,179 |
| GMPF | | 26,404,217 | | 25,419,080 | | 27,539,978 | | 28,561,727 |
| SEAD-Active | | 305,794,821 | | 282,027,050 | | 304,145,378 | | 313,978,459 |
| SEAD-OPEB | | 1,233,750,065 | | 1,117,762,126 | | 1,201,746,856 | | 1,238,104,294 |
| SBF | | 158,657,679 | | 147,313,949 | | 158,979,975 | | 164,281,858 |
| Total | \$ | 16,747,391,987 | \$ | 14,918,436,061 | \$ | 16,008,982,784 | | 16,466,197,906 |
| PSR 401(k) | \$ | 1,148,093,388 | \$ | 1,087,584,465 | \$ | 1,187,390,509 | | 1,237,850,164 |
| PSR 457 | | 639,024,365 | | 570,600,622 | | 613,770,004 | | 633,234,080 |
| GDCP | \$ | 124,940,072 | \$ | 135,990,386 | \$ | 137,157,241 | | 137,898,290 |

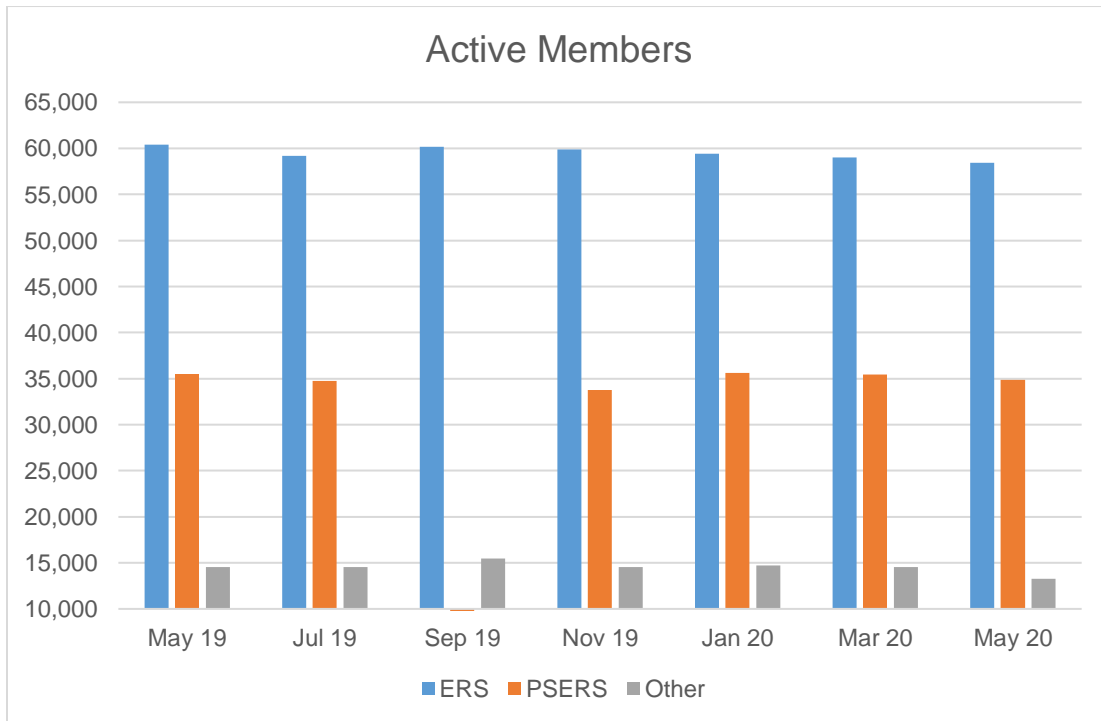
Investment Rates of Return



Contributions Received through 4/30/2020

| <u>Plan</u> | <u>EE</u> <u>Contributions</u> | <u>ER</u> <u>Contributions</u> | <u>Total</u> |
|--------------|-----------------------------------|-----------------------------------|-----------------------|
| ERS | \$ 30,726,338 | \$ 516,578,130 | \$ 547,304,468 |
| JRS | 3,813,113 | 4,279,110 | 8,092,223 |
| LRS | 274,539 | - | 274,539 |
| PSERS | 2,012,922 | 27,080,000 | 29,092,922 |
| GDCP | 12,534,576 | - | 12,534,576 |
| GMPF | - | 2,176,320 | 2,176,320 |
| Total | \$ 49,361,488 | \$ 550,113,560 | \$ 599,475,048 |

Active Contributing Members

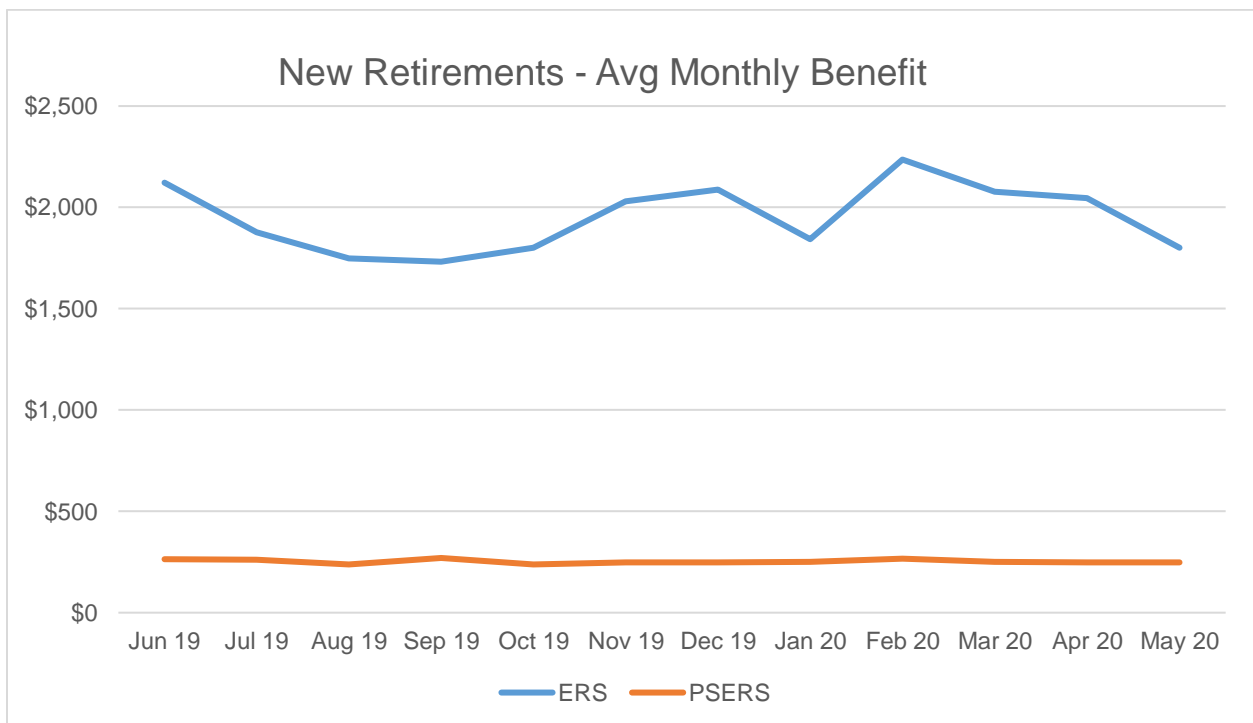
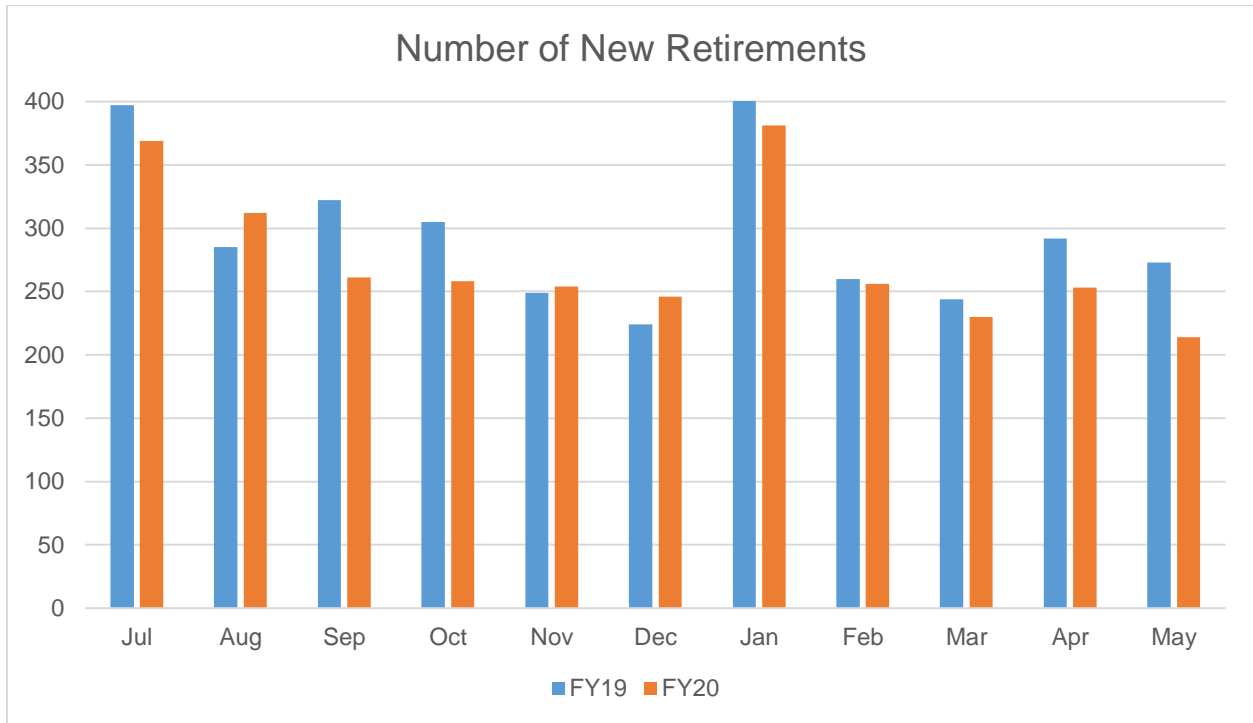


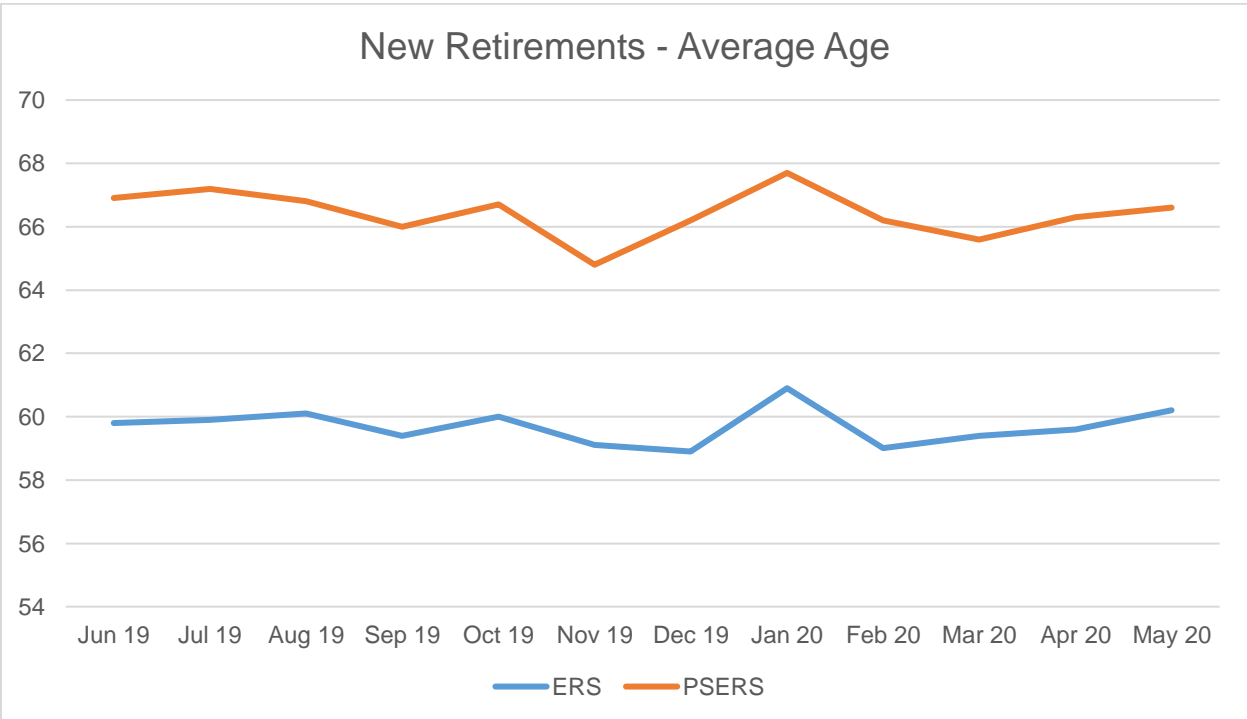
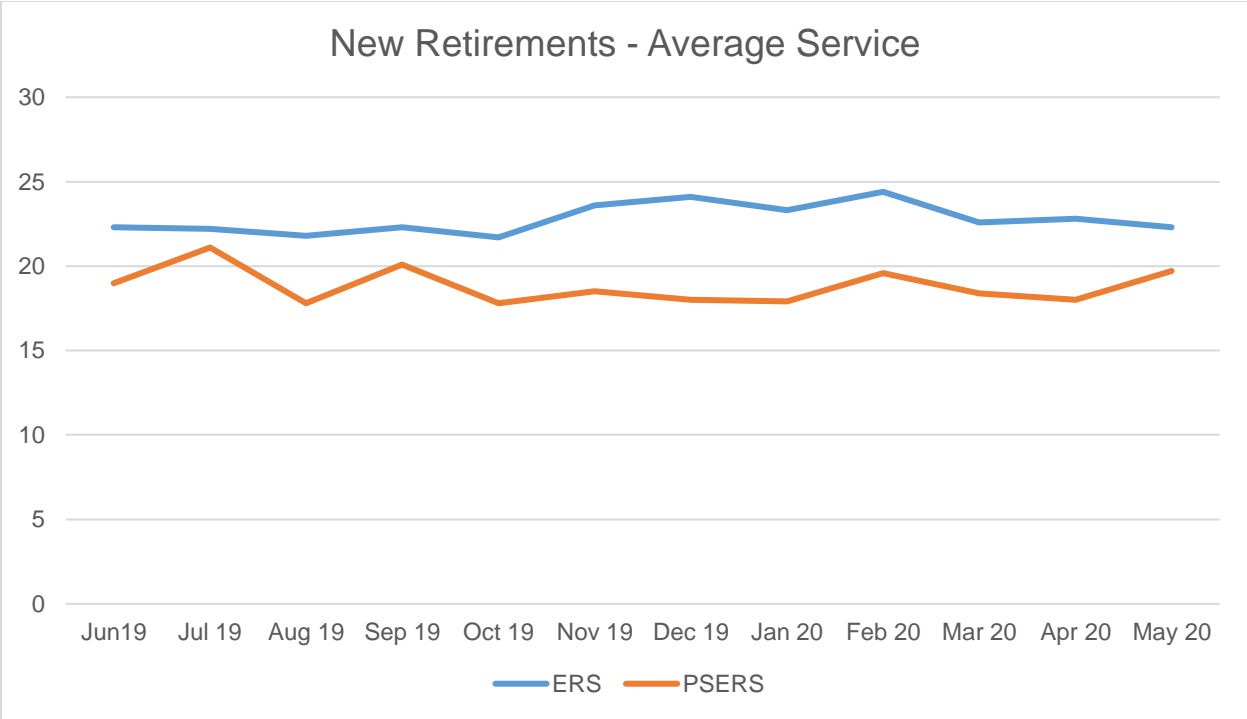
Retiree Benefit Payments through 5/31/2020

ERS distributes monthly benefits to **74,227** retirees and beneficiaries. Below represents the monthly retiree payroll for all plans as of **May 29, 2020**. (Includes PLOPs, month of death checks, and retro payments.)

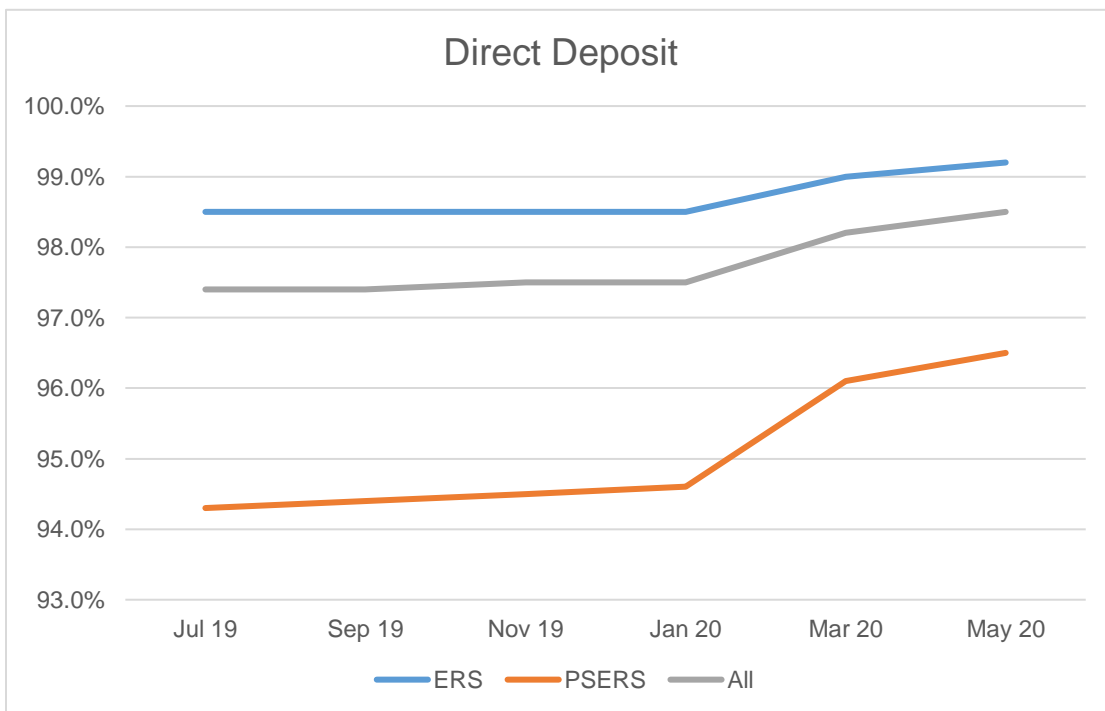
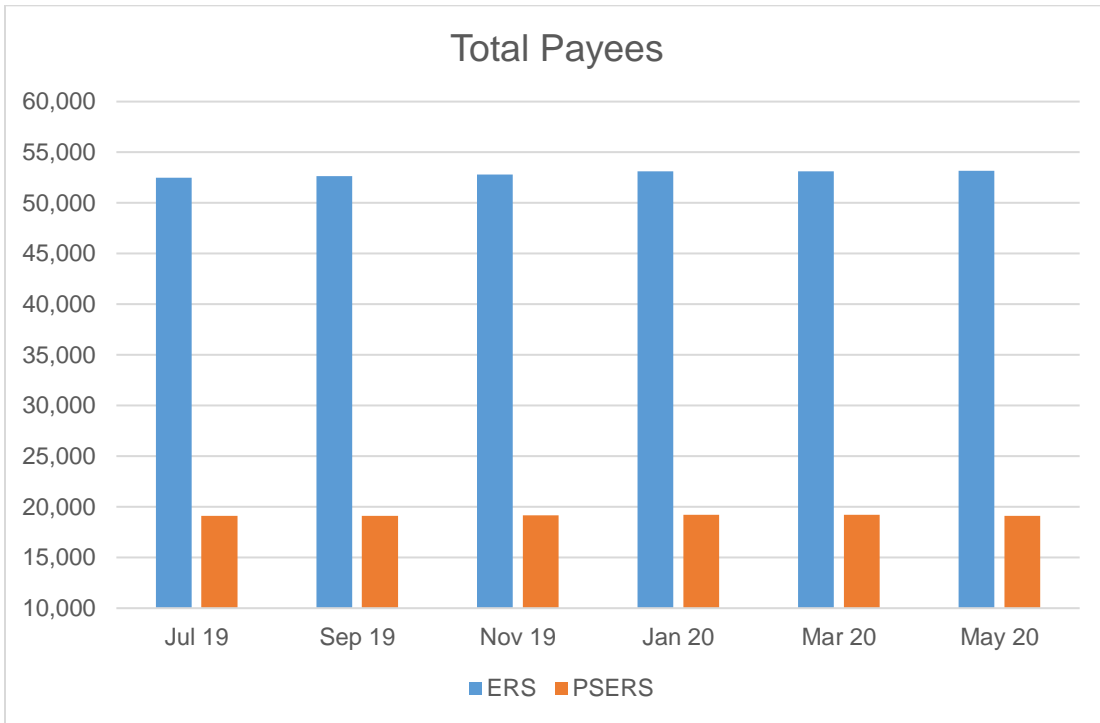
| Plan | FY2019 | FYTD2020 | Retirees | Retirees | Total Retirees |
|--------------|------------------------|------------------------|------------|------------|----------------|
| | | | April 2020 | May 2020 | May 31, 2020 |
| ERS | \$1,405,662,193 | \$1,305,998,816 | 189 | 152 | 53,193 |
| LRS | 1,790,892 | 1,577,523 | 0 | 1 | 268 |
| PSERS | 64,072,673 | 55,755,572 | 57 | 47 | 19,131 |
| JRS | 27,081,467 | 26,205,949 | 1 | 2 | 413 |
| GMPF | 1,221,915 | 1,184,625 | 6 | 12 | 1,214 |
| SCJRF | 626,130 | 315,057 | 0 | 0 | 5 |
| DARF | 36,837 | 31,442 | 0 | 0 | 3 |
| | | | | | |
| Total | \$1,500,492,108 | \$1,391,068,984 | 253 | 214 | 74,227 |

New Retirements

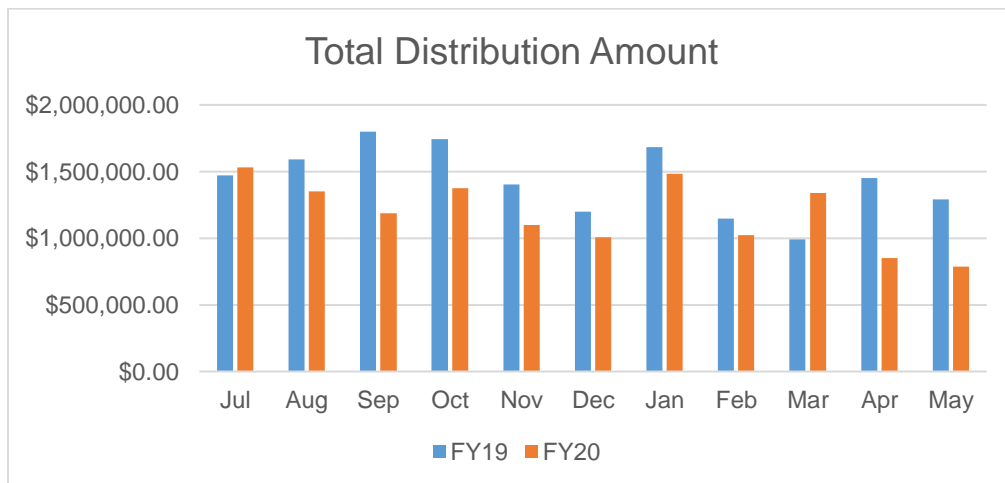
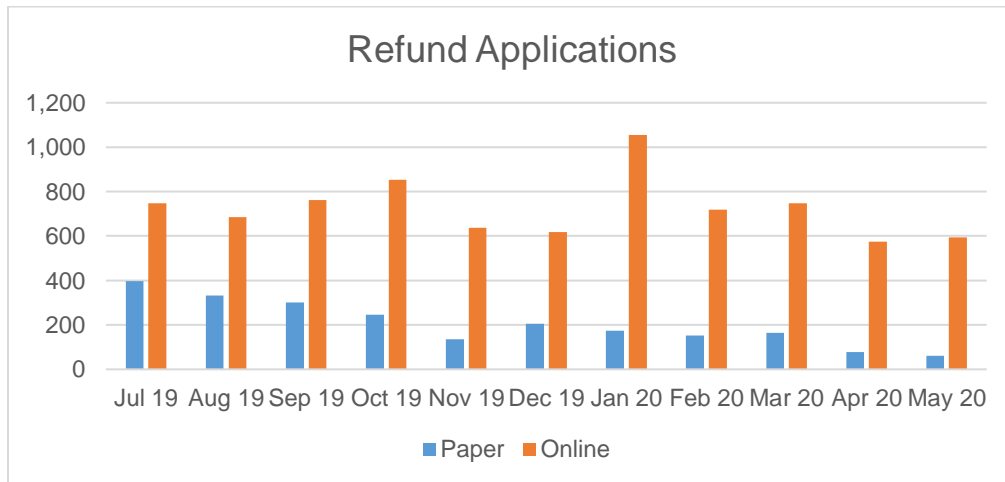
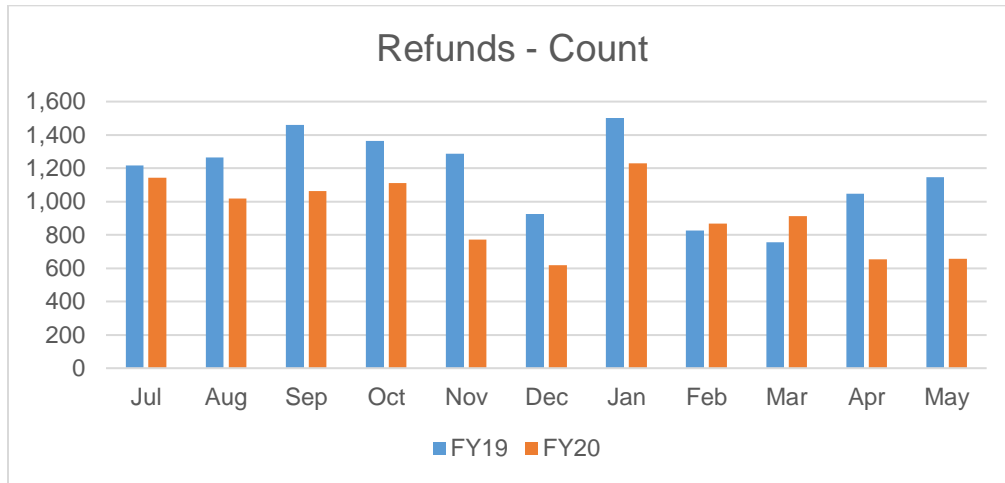




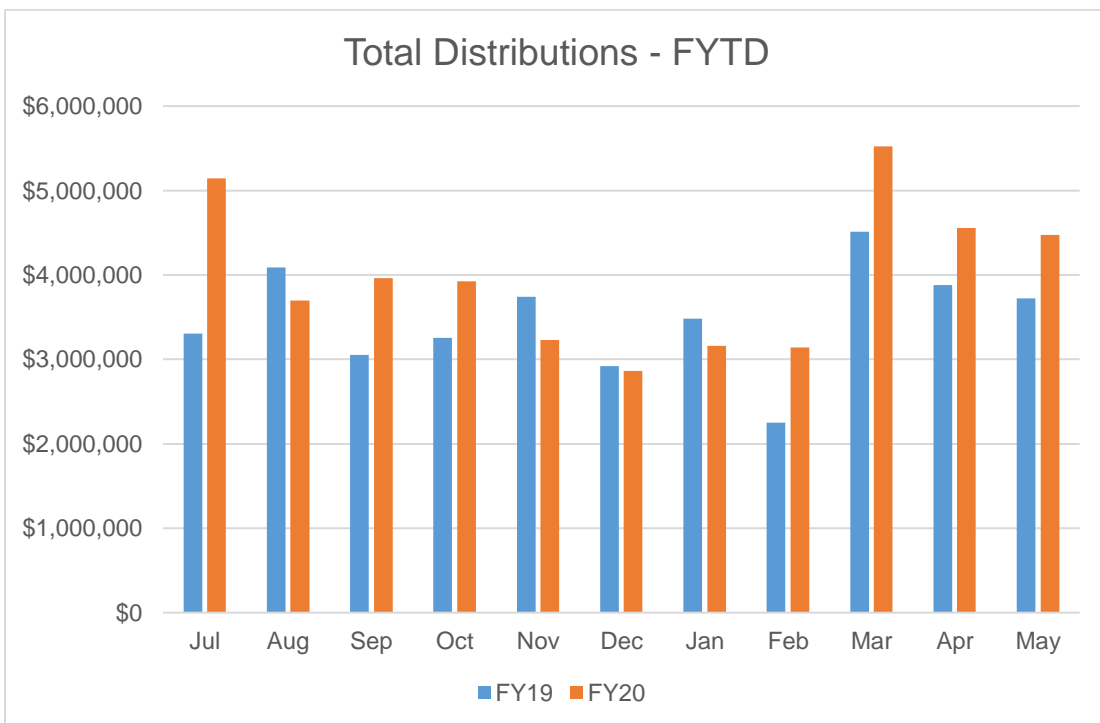
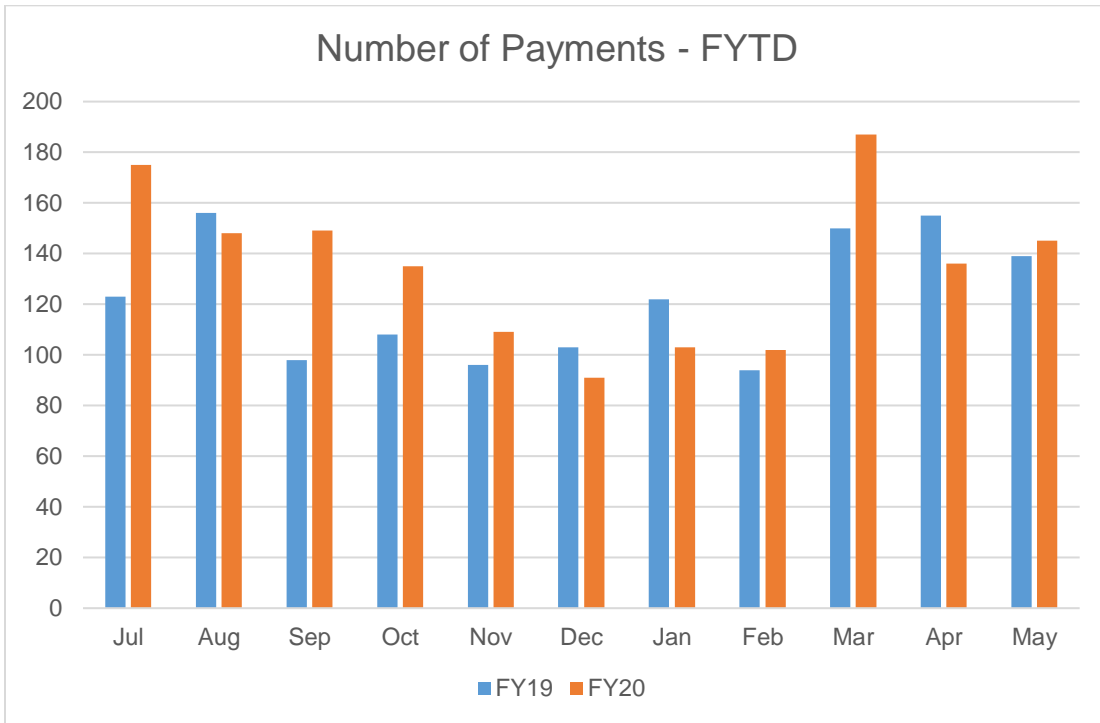
Payees



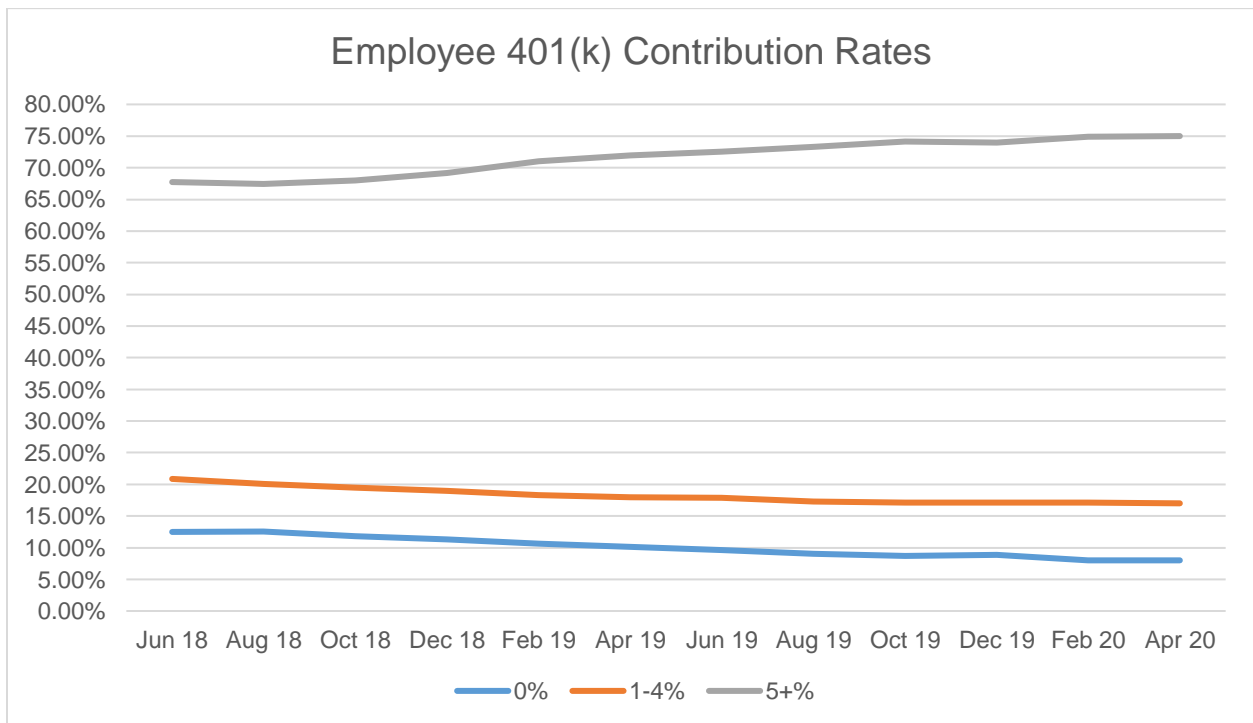
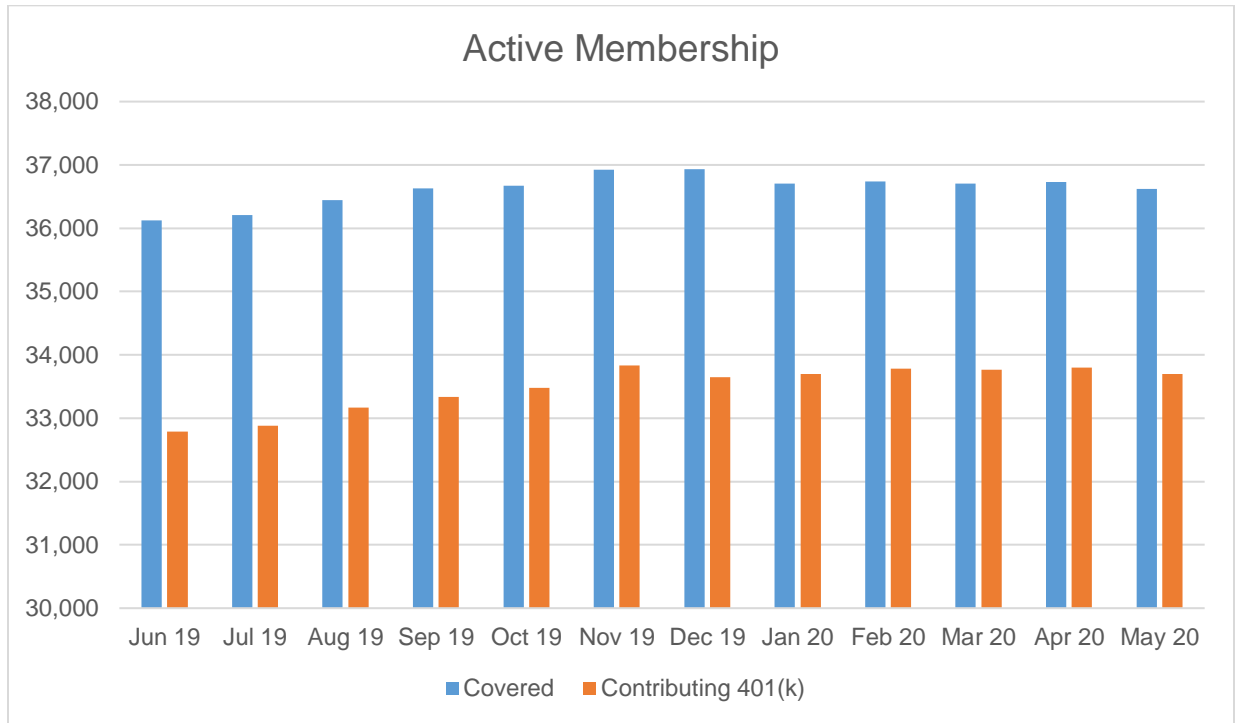
Terminated Members Receiving Refunds

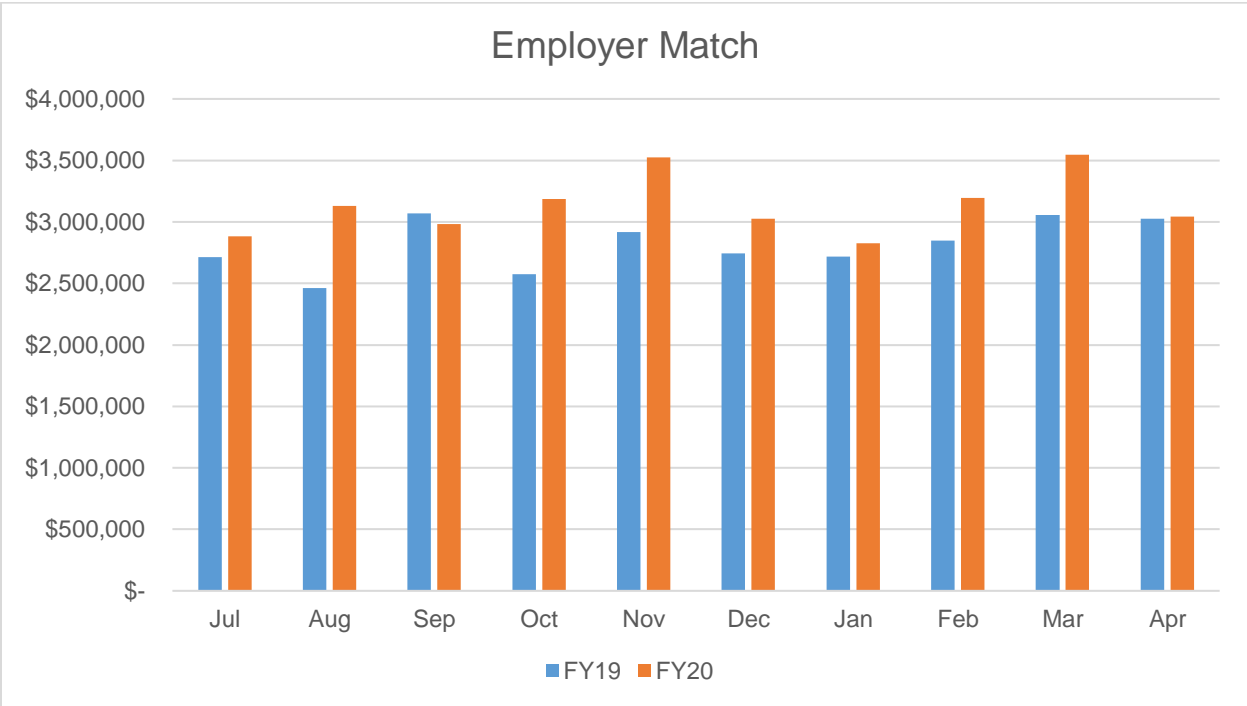


GTLI Payments

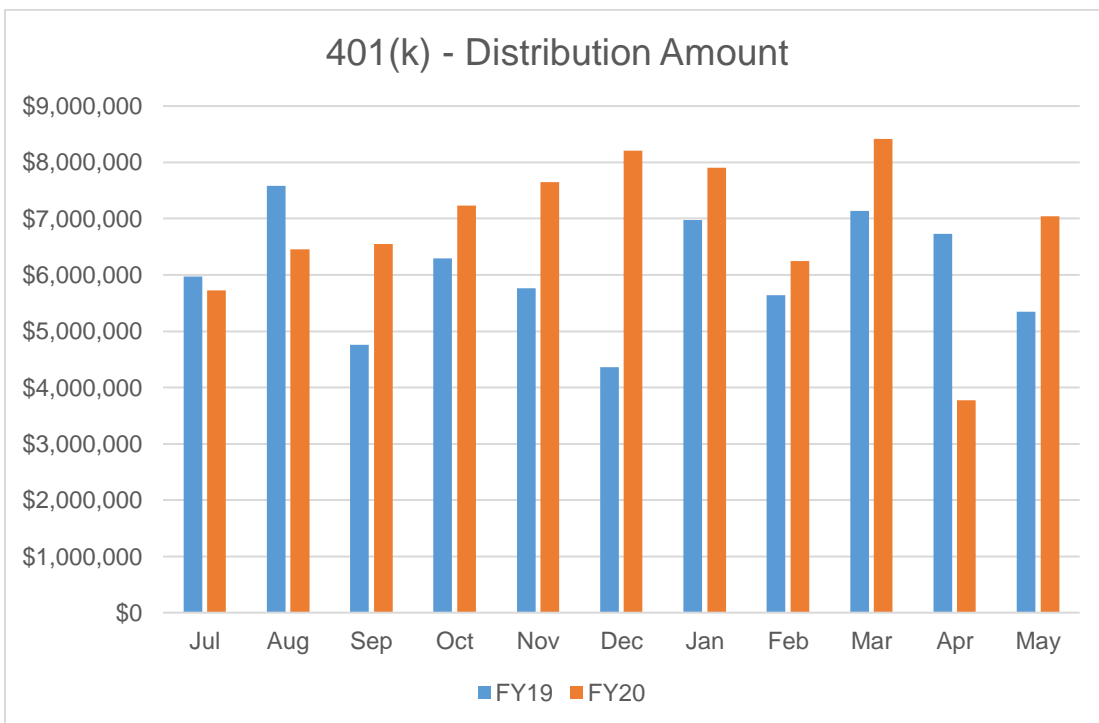
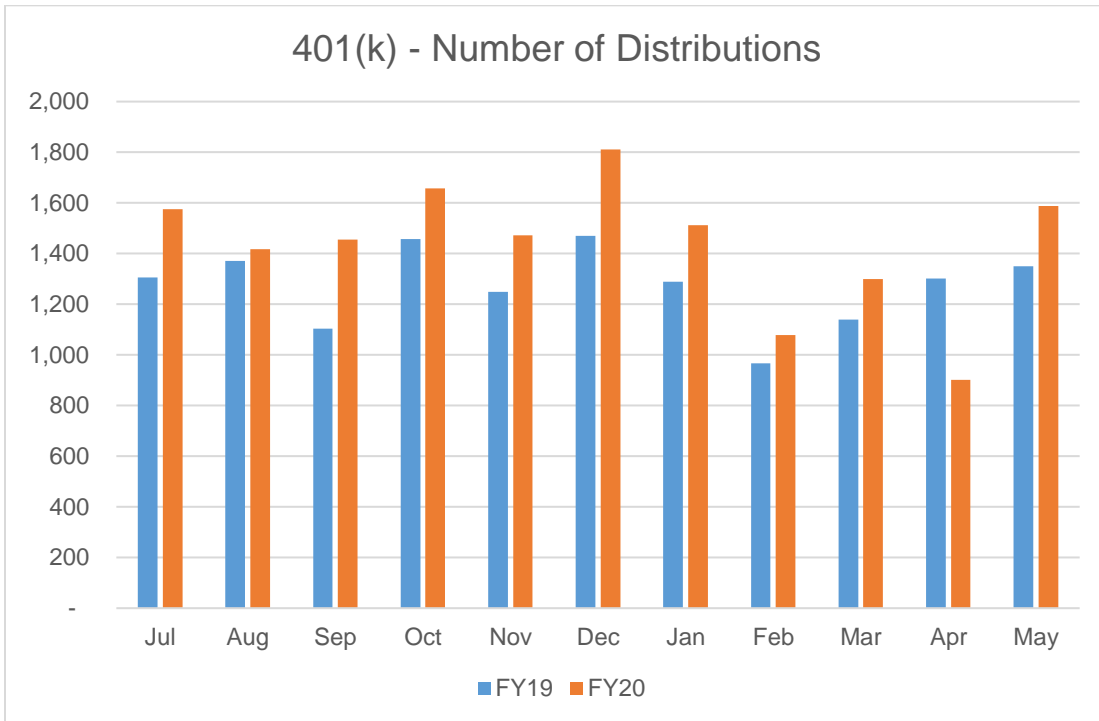


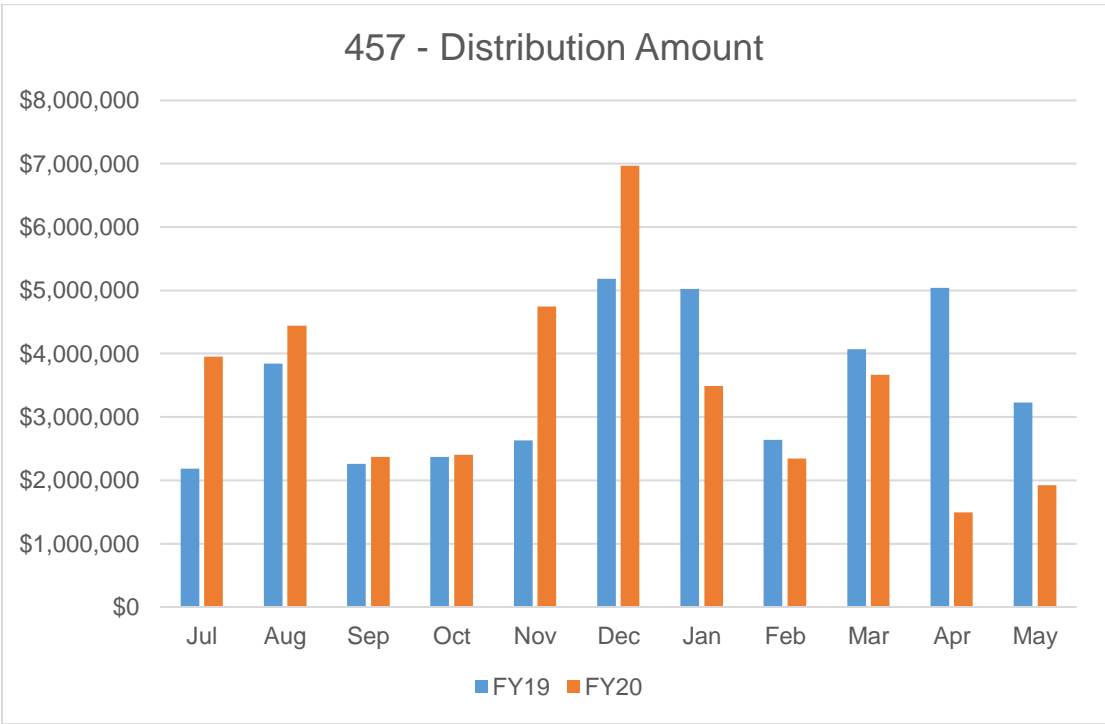
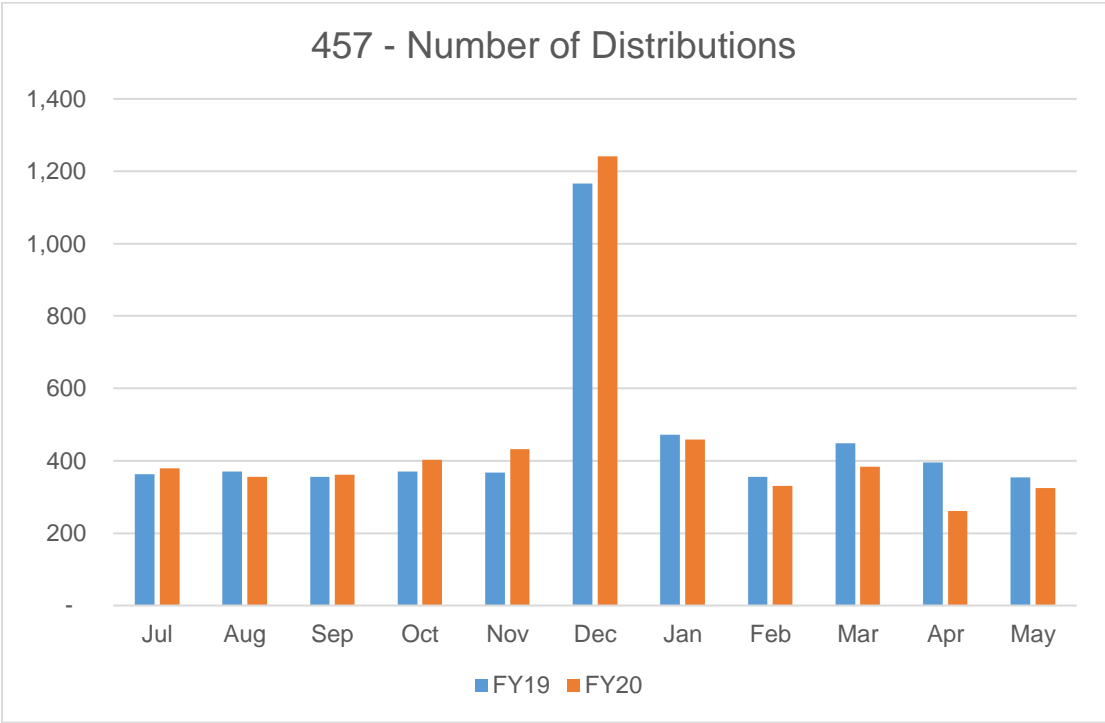
GSEPS



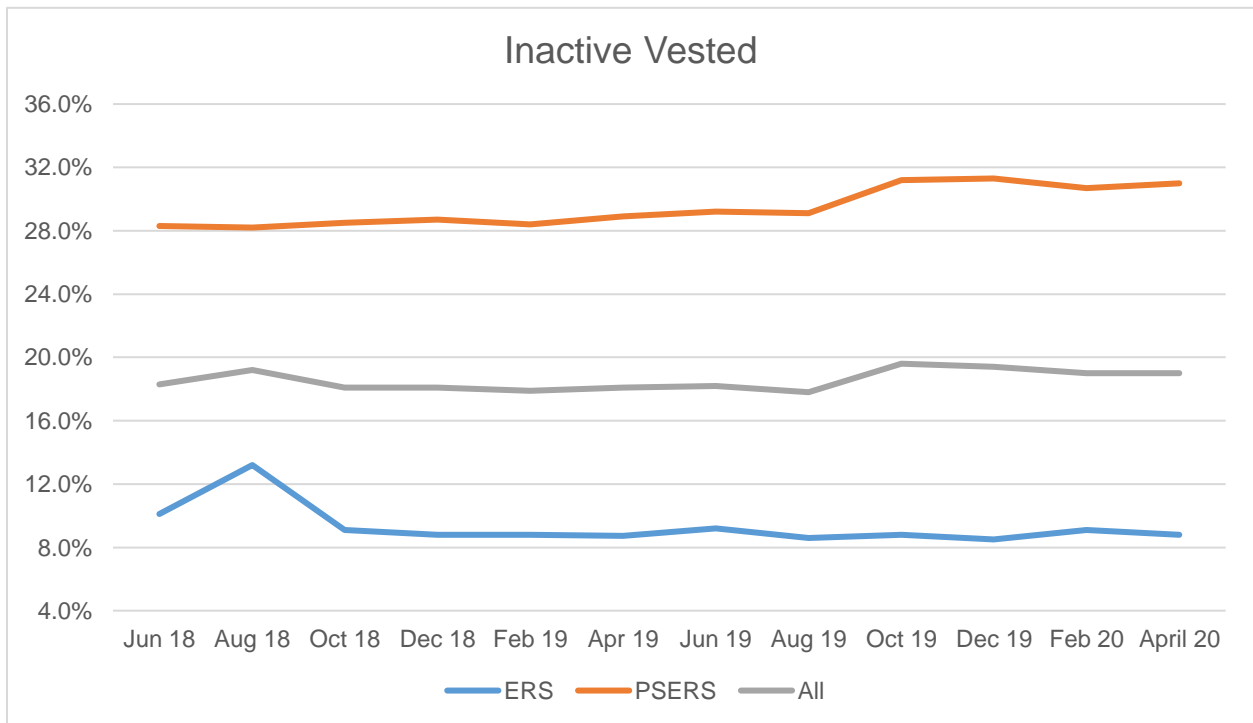
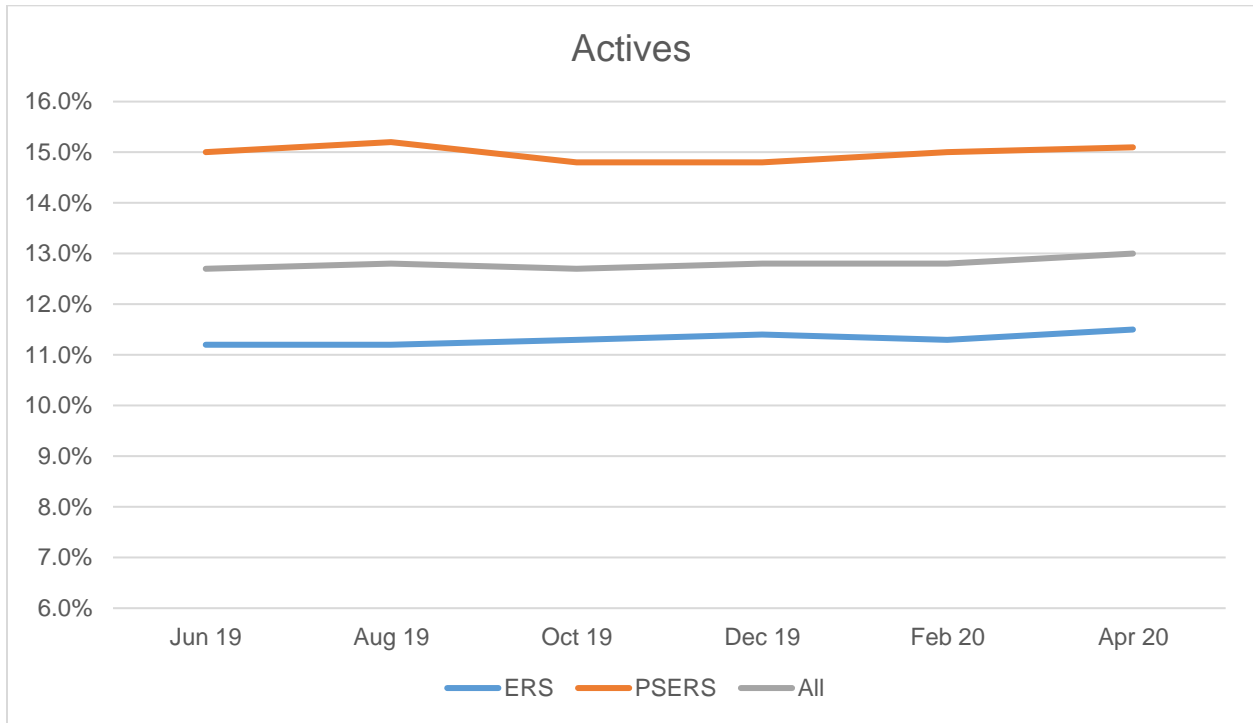


Peach State Reserves Distributions



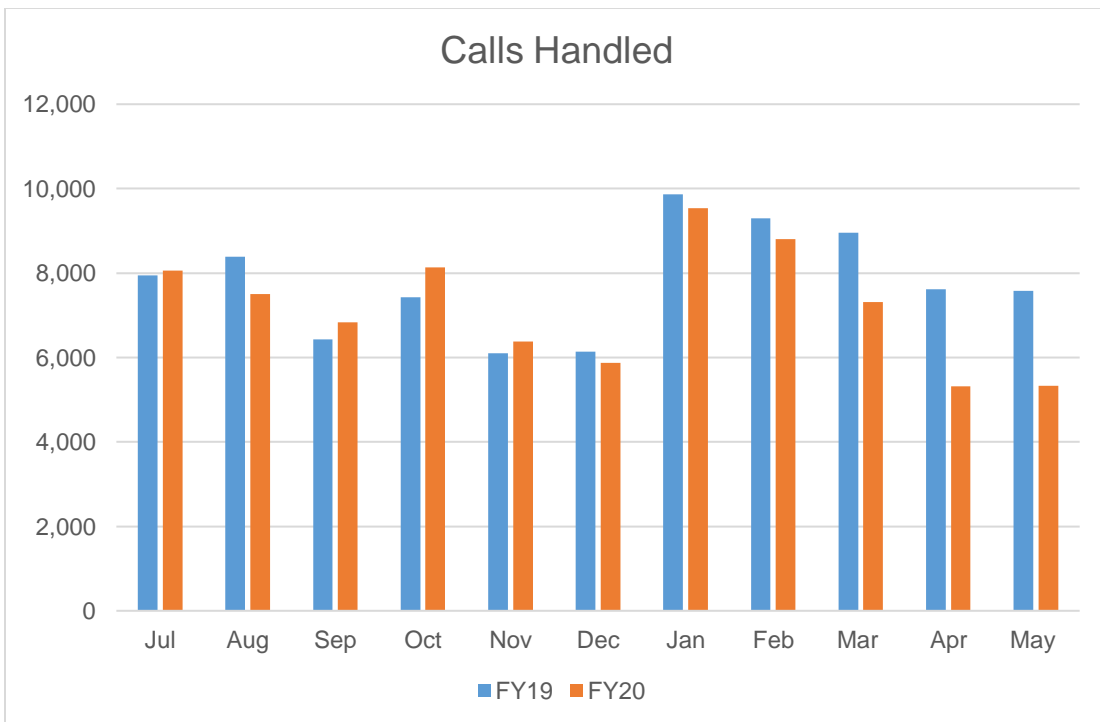
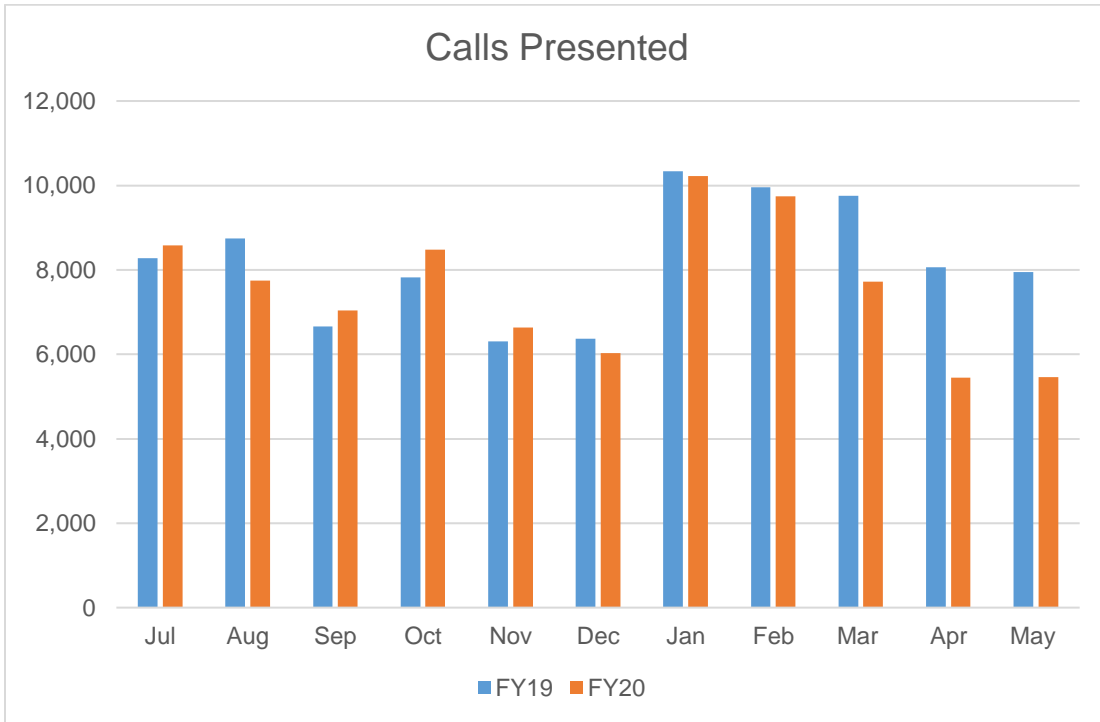


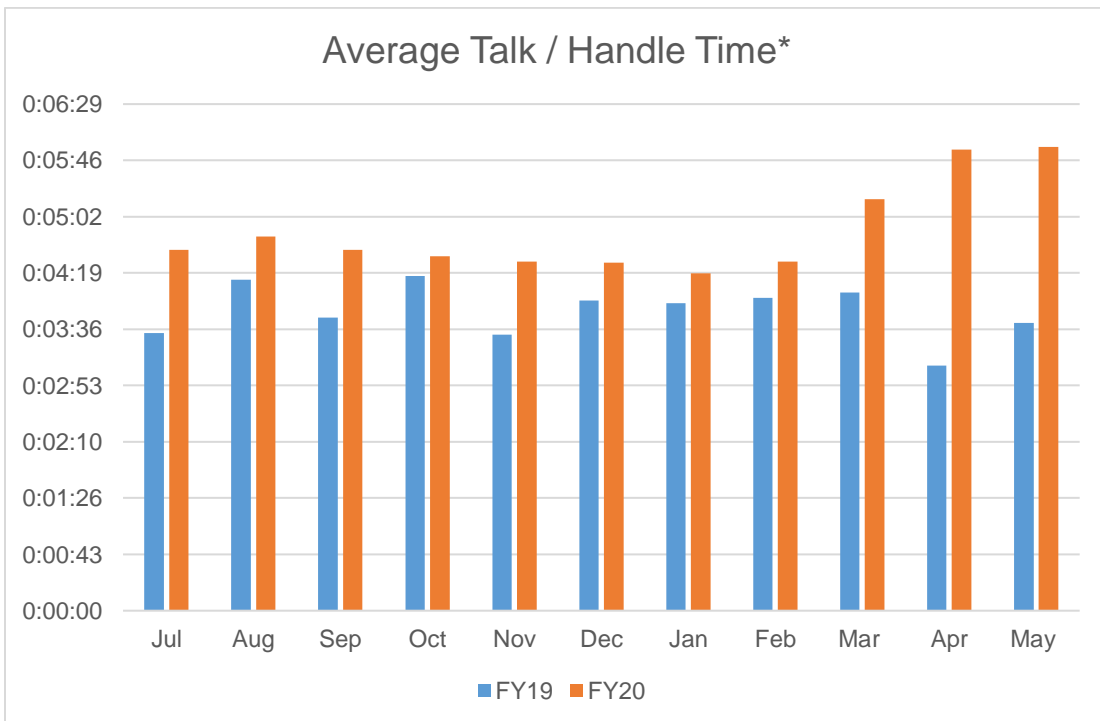
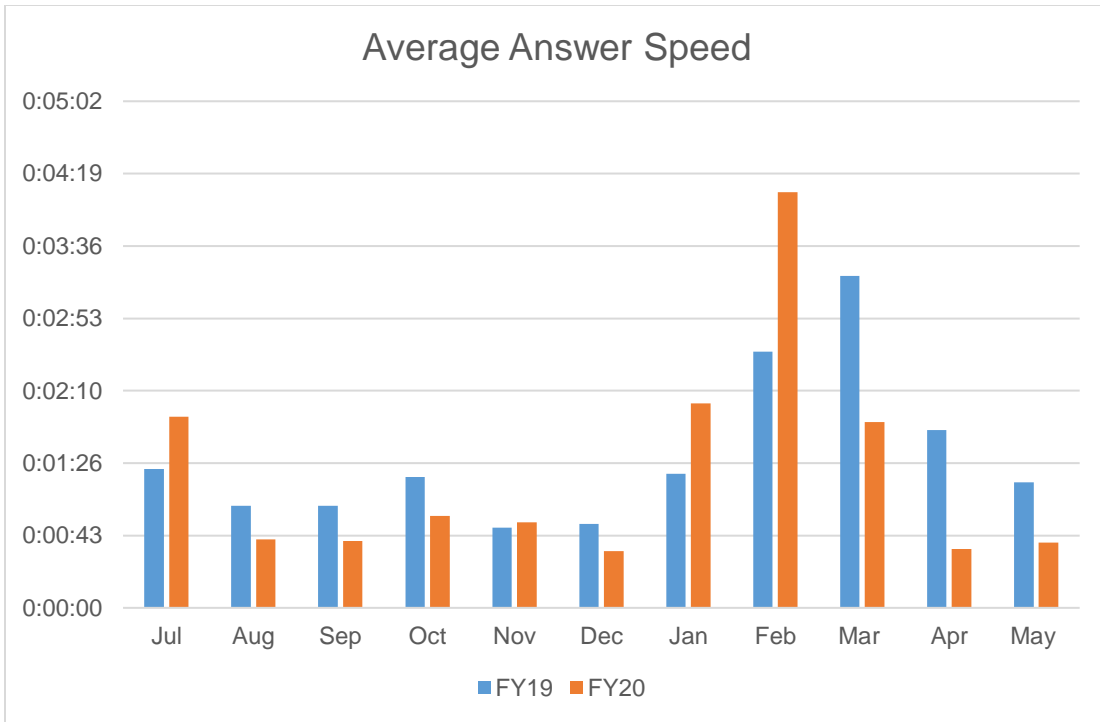
Retirement Eligible



Call Center Statistics

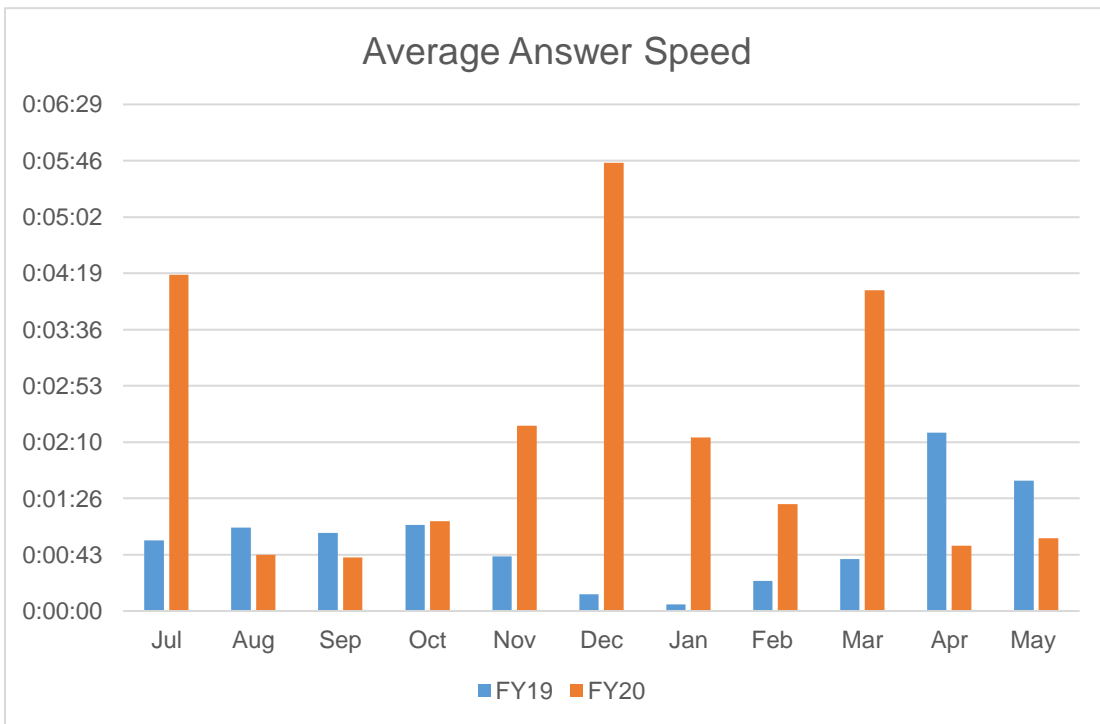
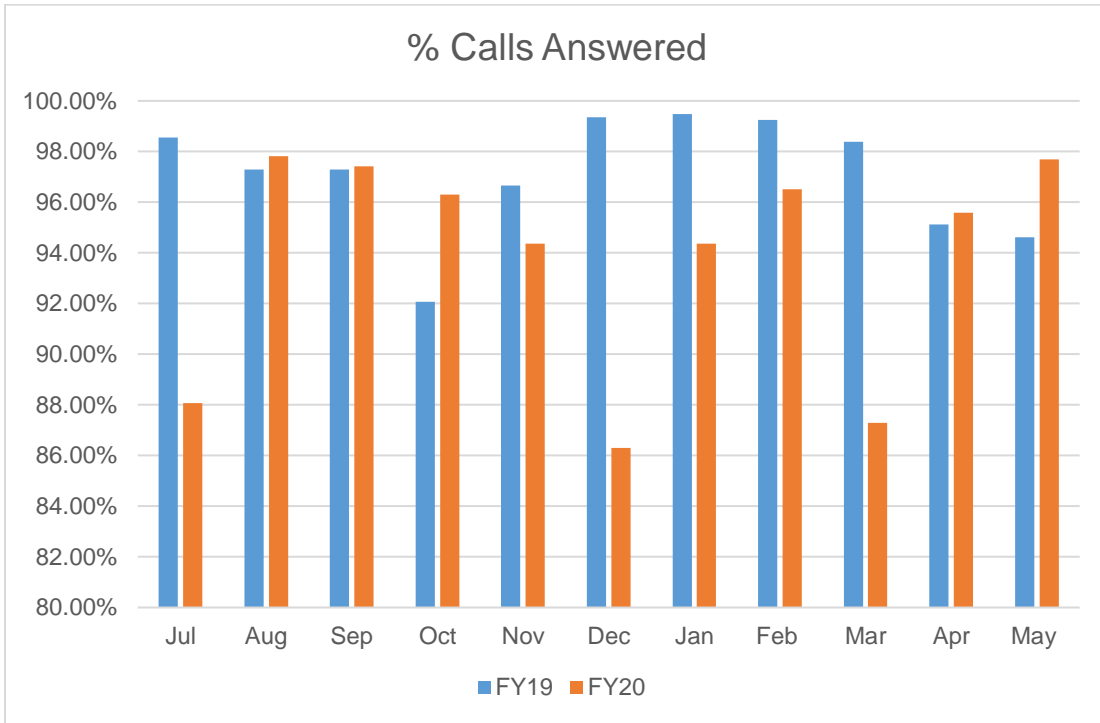
ERSGA

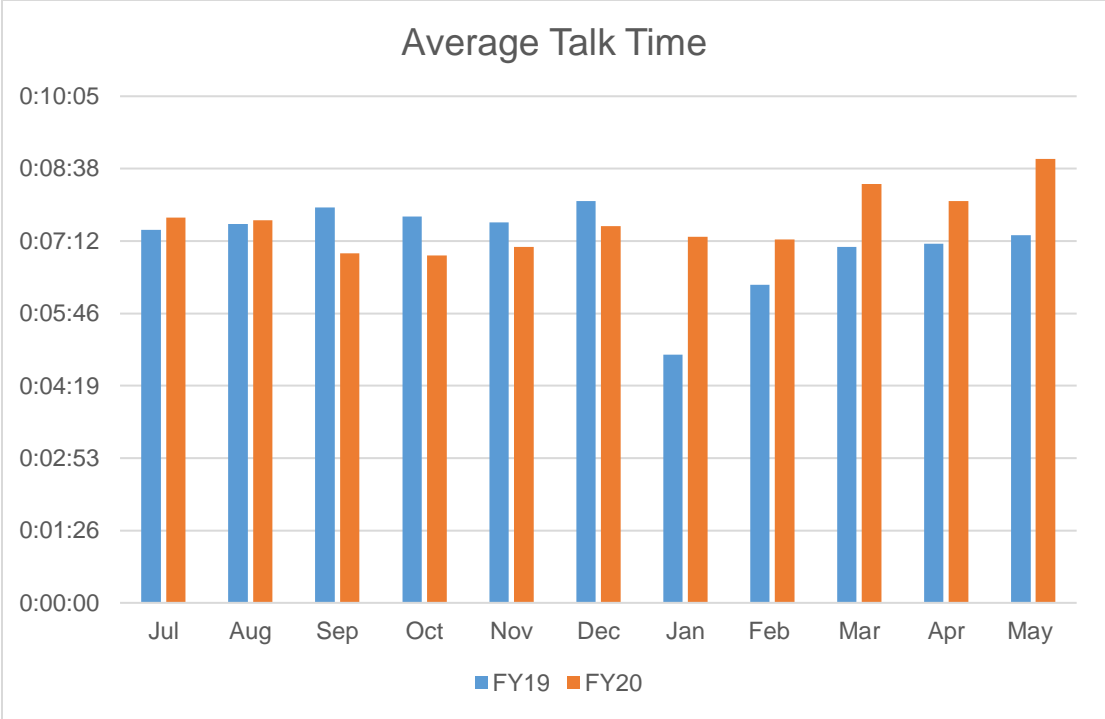




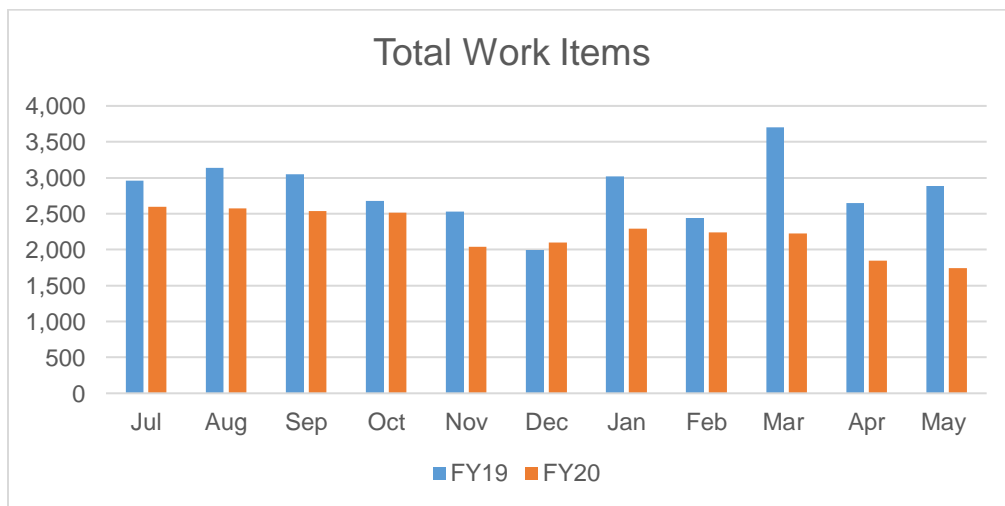
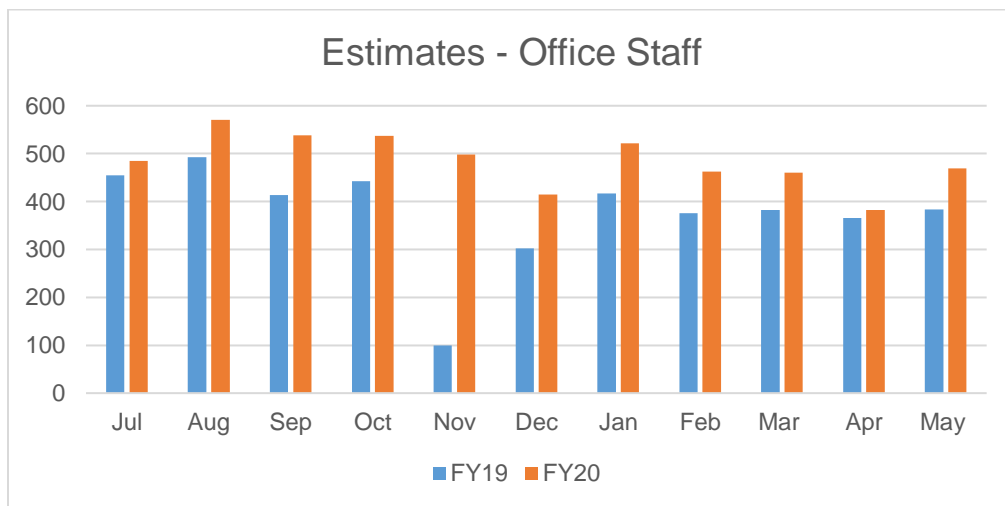
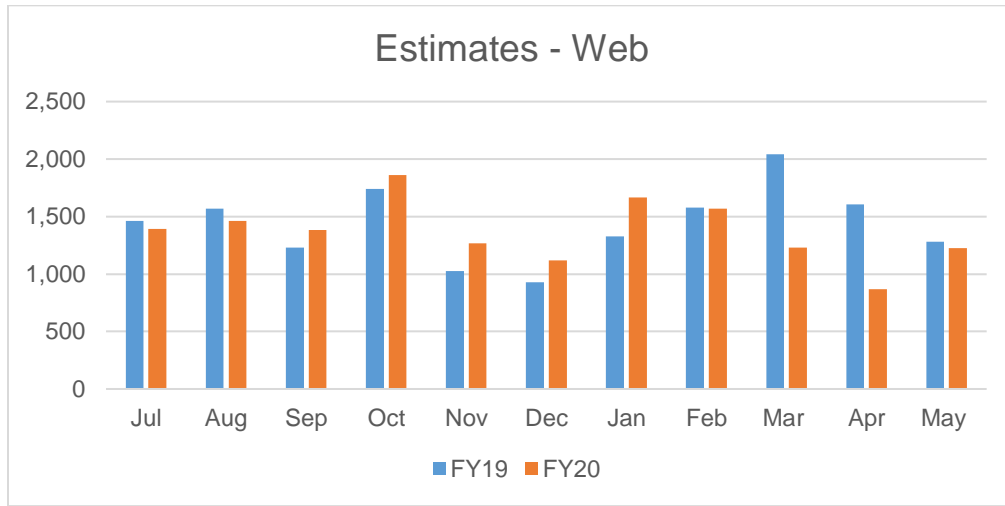
* FY19 numbers represent Average Talk Time, FY20 numbers represent Average Handle Time

Peach State Reserves





Member Services Statistics



Project Updates

Communications

- Website Annual Review and Updates: Communications conducted a comprehensive review of the website, and made required updates and corrections.
- Social Media and Online Reputation Monitoring: Communications conducted an in-depth research of our online presence. The findings were presented to the Executive Team. Appropriate updates were completed and a comprehensive review will occur annually going forward.
- Communications and Human Resources partnered to launch an ERSGA LinkedIn page. This project is designed to assist in ERSGA's recruiting efforts. Communications created the page, and Human Resources will post open positions and monitor responses going forward.
- Employer handbooks have been made web-based, and are currently in review to be added to the Employer section on the website. This goal was expedited, as the searchable handbooks will be much easier for employers to reference, especially as many of them are now teleworking.
- RMD Updates made for PSR.
- Produced one-page handouts on different subjects for WRAP presentations. The handouts allow Members to easily reference commonly requested information.
- Communications is working with MS and FMD to modify all forms and communications to direct Members and Retirees to use Direct Deposit instead of paper checks.
- Met with GSRA and proposed ideas for future communications.

Document Center

- The Document Center staff have continued to provide on-site service to ERSGA during the past few months, ensuring business processes can continue while other divisions are primarily working from home.
 - To reduce their footprint in the office, only half of the Document Processors are in the office at any time. As the on-site presence for ERSGA, the Document Center has also been assisting other divisions with on-site needs such as printing and mailing.
- Significant planning has been done to prepare for a possibility of the building not being accessible at some point in the future, still allowing the Document Center to support the other divisions by processing incoming mail, printing letters, and processing outgoing mail.

Financial Management

- **COVID-19 Response**
 - All Employers were converted to ACH for all transactions to and from ERS.
 - All manual internal operations were converted to virtual.
 - Even though the number is relatively small, there is a continued campaign to convert Retirees who receive paper checks to direct deposit.
 - Reduced the number by approximately 35%.
- **Internal Audit of Employers (GASB 67)**
 - Demonstrate the source data from Employers matches the data ERS received
 - Methodology
 - A random month is chosen,
 - Employers are asked to send the source data for that month
 - This year, twenty-three Employers of various sizes were asked to send March 2020 data for audit.
 - The data received is compared to the data posted to PARIS, and
 - Discrepancies are returned to the Employer for verification and resolution.
 - If there are no issues, the Employer receives a "clean audit" letter.
 - Results
- Seven clean audit letters were issued.
- Eighteen Employers were asked to verify discrepancies such as dates of hire and minor variances in salary for a small number of employees.

- **SAO Rehired Retiree Audit**
 - Compare SAO's 1099 information to the information reported/not reported to ERS by Employers.
 - Reach out to Employers to address/correct any discrepancies.
 - Make sure all forms are on file for compliance purposes.

Information Technology

Operations

- IBM DataCap and FileNet upgrade project: the development environment is on schedule to be completed by July 1st and then the PreProd and Prod environments will be implemented
- In May, the phone and Contact Center systems upgrade started
- Completed the implementation of a new test VMware server farm

Support Center

- GALaw1 migrate to GALaw2 - 7/20/2020 – 1/21/2020 - In Progress servers has been prepped and created. Software acquired, working with support for the software migration.
- Windows 10 desktop migration – 8/20/2020 – 12/20/2020 – In Progress - Project has started with upgrading the Training rooms and conference rooms resolving any upgrade issues before upgrading the employees' desktops.

Legislative Affairs

- 16 Legislative Affairs Inquiries
- 39 Legislative Documentation Updates
- 33 Legal Inquiry Research Requests
- Summaries of FFCRA, CARES and HEROES Act and how it impacts ERSGA
- Research relating to how furloughs will impact members/employers
- Review of existing ERS Board Rules and Regulations
 - Created a spreadsheet detailing all official and unofficial Board Rules
 - Notated if official and unofficial Board Rules should be changed or codified
 - Implemented a phased approach plan for the introduction of Board Rules in the future
 - Created a tracking document to outline the phased approach with potential changes to Board Rules in the upcoming Fiscal Year

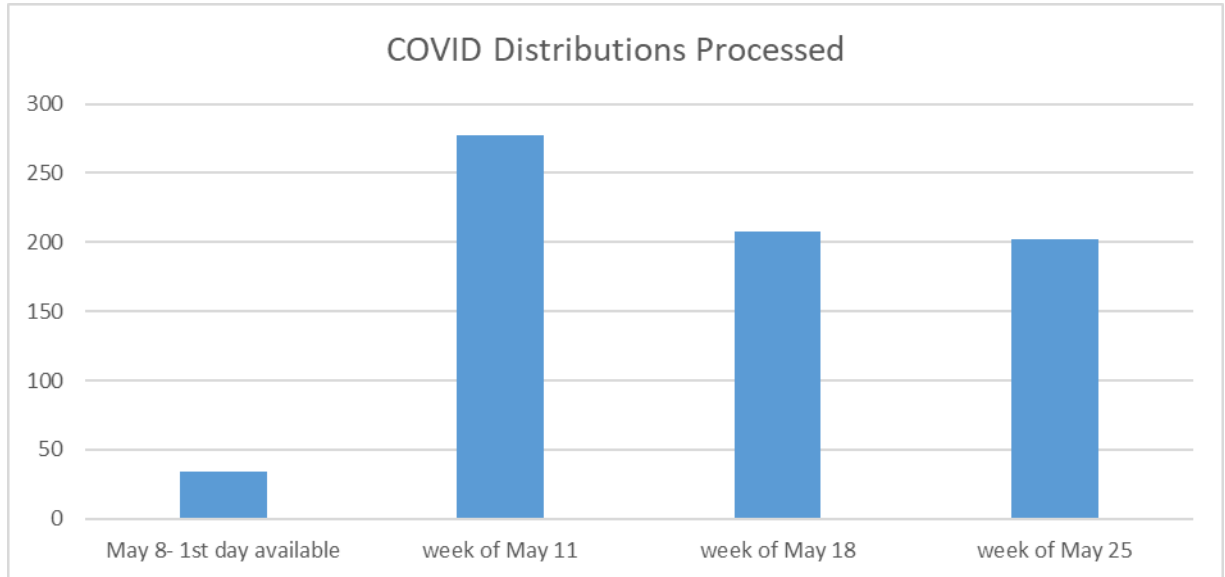
Member Services

- At the end of May, ERSGA had just over 1,100 retirees still receiving their monthly benefit by paper check.
 - The Customer Care Group (CCG) has started a project to reach out to all of these retirees to see if they will change to direct deposit.
 - This has proven to be a difficult group to reach, and even more difficult to convince to change to direct deposit, however, results so far have resulted in almost 18% of retirees saying that they will "consider" making a change.
 - If those numbers continue, and if people follow through and change to direct deposit, we could have another 200 retirees switch to direct deposit, leaving us with under 1,000 monthly paper checks.

Peach State Reserves

- CARES Act - Implemented the optional provision available under the CARES Act for 401(k) and 457 plans as a result of the Covid-19 pandemic; those provisions include:
 - the waiver of 2019 RMDs set for December 2020 payment
 - the ability to take penalty-free, in-service withdrawals

- A total of 721 people from 92 agencies processed COVID distributions in May, for a total of \$3,241,664.



- Market Volatility - Updated call tree messaging to include language about market volatility; this was done to ensure callers receive the same message that online users see as an alert on the site
- IRS 457 Audit of DOD - Currently working with legal on a response to an IRS audit of our 457 plan for the Georgia Department of Defense
- Internet Explorer Sunset - Effective June 10, Internet Explorer will be a blocked browser on the GaBreeze site; ERSGA worked with DOAS on messaging and notification to employees/participants

Quality Assurance

- JRS Member Statements
 - The annual JRS Statements for active Members were prepared and mailed on May 22nd.
 - This year approximately 550 Members received statements.
- Participated in the design and tested most system related modifications and enhancements related to the COVID-19 response.