

**RETIREMENT BOARD MINUTES
COUNTY OF DELAWARE, PENNSYLVANIA
MEETING OF JUNE 1, 2023
(In-person meeting in County Council Conference Room at 10am)**

TO: Members of the Retirement Board

FROM: Joanne Phillips, Board Secretary and Controller

PRESENT: Board Chair and Councilwoman Christine Reuther (telephone); Board Secretary and County Controller Joanne Phillips; Board Member and County Council Chair Monica Taylor; Board Member and County Councilwoman Elaine Paul Schaefer; Board Member and County Treasurer James Hackett; Board Solicitor Jonathan Lichtenstein; Marc Woolley, Chief Administrative Officer; Bruce Besecker and Michael Courtney with RBC Management; and Helen Hurilla (telephone), Relationship Manager with Principal Custody Solutions.

- 1) Meeting was called to order at 10:02 a.m. by Councilwoman Taylor since Chairwoman Reuther attended by telephone.
- 2) Motion made to approve the minutes of the February 2, 2023 meeting. Councilwoman Schaefer made the motion and Treasurer Hackett seconded the motion. **(Motion passed 5-0.)**
- 3) **The Treasurer's Report:** Treasurer Hackett reported that as of March 31, 2023, the value of the fund was \$582,385,257, including the annuities. (Annuities were valued as of March 31, 2023, at \$3,660,656.) Secretary Phillips pointed out that the fund is above the 2022 year-end valuation, even with 2023 pension payments.
- 4) **Public Comment:** There were no public comments.
- 5) **New Business:**
 - a) RBC Update – Bruce Besecker and Michael Courtney. Mr. Courtney reported a positive return for the quarter of 4.9%, slightly below the benchmark. RBC made the recommendation to terminate Logan Capital and invest those proceeds into Vanguard Large Cap Growth Index. The next recommendation was to terminate the Nationwide Guaranteed Investment contract which had been a strong performer when the rates were low. However, with recent Federal Reserve actions the bond market is providing rates not seen in fifteen years. (From 7% to 5%.) The recommendation will be to split proceeds between Ramirez and MetLife. Councilwoman Reuther made a motion to accept these recommendations, Councilwoman Schaefer seconded this motion. **(Motion passed 5 -0.)**

Review of Present Economy. The fixed income market is now providing a yield to maturity of 4.4%, which has not been seen since 2006-2007. With these yields available for fixed income, following the recommendations made earlier will act to take some stress off the equity investments to provide the necessary returns to help meet the actuarial assumptions. Secretary Phillips noted that the investment policy provides the targeted amount to be invested in fixed income.

Review of Investment Policy. A review of the investment policy shows that we are slightly over on domestic equity and slightly under on international equity, fixed income and real estate are both slightly below policy levels. Councilwoman Schaefer questioned what the high mark of the retirement fund value was before the downturn in the market in 2022. Secretary Phillips said it was approximately \$673 million. Mr. Courtney reported on the three previous years were strong. The previous 2023 quarter had a positive return of 4.6% but was below the benchmark of 5.8%. Mr. Courtney gave the investment results from each of the managers and included the relative performance as against the designated benchmarks (over/under). There was next a discussion on Siguler Guff and the process involved in meeting their capital calls. Mr. Besecker explained that the real estate allocation is covered by the investment in center Square REIT, and international investing is covered by the Vanguard Index Fund.

b) Principal Custody Solutions. Ms. Helen Hurilla. Ms. Hurilla noted that the market value after the close the day before our meeting was \$573,327,062.00, which does not include the annuities or the retirement benefit payments.

It was reported that Principal team members met with the Treasurer, the Controller and staff that work with the retirement fund to introduce new online capabilities for retirees. Ms. Hurilla said that this will give retirees more opportunity for self-service. The website has payment information, and retirees can view copies of their payment advices and three years of 1099s stored online. Secretary Phillips verified seeing the demonstration and said that, although retirees cannot change information, they have a read-only view of their information. This is all offered at no cost to the County. Secretary Phillips then made a motion to move the online services forward for retirees with Principal. Councilwoman Schaefer seconded this motion. **(Motion passed 5-0.)**

6) **Old Business:**

a) Litigation Update. – Jon Lichtenstein, Esq. Mr. Lichtenstein said that there are two active class action cases at this time where we are lead plaintiff. Cabot Oil is scheduled for a hearing in July. Mr. Lichtenstein will have his deposition taken unless something changes. The other case is Adaptive Health Corp. in which Mr. Lichtenstein gave his deposition in February. This case is scheduled for a hearing on class certification, but there has been a request for mediation, which we agreed to.

Mr. Lichtenstein noted that Robbins Geller brought both of these cases to our attention and recently brought another new case to our attention. Mr. Lichtenstein and Secretary Phillips reviewed this case and did not feel that we had a particular connection to it or a reason to become involved at this time as a potential lead plaintiff. Councilwoman Schaefer asked how long a deposition takes, and Mr. Lichtenstein said it generally takes all day.

7) **Individual reports by Board members or committees:**

a) Councilwoman Schaefer said that she would like to put in a reminder that we place on the agenda a discussion about an RFP for investment advisory services. This would appear on the agenda in the fourth quarter of this year or the first quarter of next year. Secretary Phillips said we could do this.

b) Secretary Phillips suggested that at the next meeting we will present our spreadsheet to show the fees we spend out of the fund. It was noted that fees to administer and manage the fund do not come from the General Fund but rather from the Pension Fund.

8) **Discussion of correspondence received by the Board:** None.

9) **Adjourn Public Meeting:** Councilwoman Taylor entertained a motion at 11:05 a.m. to adjourn the meeting. Treasurer Hackett seconded that motion. **(Motion passed 5-0.)**

Next Meeting: Thursday, September 14th

(Post meeting note: Meeting re-advertised to be held on September 14, 2023, at 10:00 a.m.)