

RETIREMENT BOARD
COUNTY OF DELAWARE, PENNSYLVANIA
MEETING OF NOVEMBER 21, 2024
(In-person and hybrid meeting in County Council Conference Room at 3:00 pm)

TO: Members of the Retirement Board

FROM: Joanne Phillips, Board Secretary and County Controller.

PRESENT: Board Secretary and County Controller Joanne Phillips; Board Chair and County Council Member Christine Reuther; Board Member and County Council Member Elaine Schaefer (Zoom); Board Solicitor Jonathan Lichtenstein; Executive Director Barbara O'Malley, Bruce Besecker with RBC Wealth Management; Helen Hurilla, Relationship Manager with Principal Custody Solutions; Janet Werner, Relationship Manager with Principal Custody Solutions

- 1) Meeting was called to order by Councilwoman Reuther at 3:04 P.M.
- 2) **Approval of Minutes** from meeting of September 12, 2024. Motion made by Secretary Phillips. Seconded by Councilwoman Schaefer to approve the minutes. **(Motion passed 3-0).**
- 3) **The Treasurer's Report.** Secretary Phillips reported on the RBC report provided and stated that as September 30, 2024, the value of the fund was \$695,768,946 including the annuities. (Annuities were valued at \$4,088,973.) As of June 30, 2024, the value of the fund was \$663,464,310 including the annuities. (Annuities were valued at \$3,902,591.)
- 4) **Public Comment.** There were no public comments.
- 5) **New Business.**
 - a. RBC Update – Mr. Bruce Besecker.

The YTD performance report had a return of 13.6%, which is slightly below the benchmark of 13.9%.

Mr. Besecker reported on general economic data as of September 30, 2024, addressing the global markets, and how the S&P 500 saw gains in the third quarter, again with the growth sector leading. A review of historical data of the US capitalization performance shows the large-cap has outperformed the small-cap since 2005. Overall, the market performed well through September 30, 2024 and the Retirement Fund gains reflect that.

Mr. Besecker led the Board through the market review and provided an overall analysis. Referencing information in the RBC report, Mr. Besecker provided this detail on the state of the equity market, that an analysis of the S&P 500 sector composition shows that the

technology and communication services sectors are currently at 40% versus 22% 10 years ago. Mr. Besecker offered that the stock market is turning towards companies that are creating things versus making things. He also reported that the interest rates for fixed income market investments have been moving higher.

Mr. Besecker reviewed each fund comprising the Pension fund and confirmed that the allocations are within the investment policy. We discussed performance of fund managers as reflected in the report, focusing on performance and benchmarks.

Referencing the RBC report, Mr. Besecker has reported on the review of our plan versus our peers' plan. Over the three years ending 9/30/2024, Delaware County is outperforming 91% of their peers.

Secretary Phillips noted for the Board that the Pension fund's investment portfolio is at its highest value ever at over \$695 million.

b. RBC Amendment – Board Secretary and County Controller

Secretary Phillips reviewed the RBC contract amendment, which will extend the agreement for advisory services for a period of one year. The fee is a fixed fee and has not increased. Motion made by Secretary Phillips to approve the Amendment. Seconded by Councilwoman Schaefer. **(Motion passed 3-0)**

c. Actuarially Determined Contribution (ADC) for 2025 – Board Secretary and County Controller

Secretary Phillips had circulated a letter from actuaries Korn Ferry confirming the ADC for 2025. The letter also discussed the amount that would be required if a cost-of-living increase was granted, which is to be reviewed at least once in every three (3) years by the Retirement Board. The cost of living if approved by the Retirement Board would increase the ADC by \$11,668,655 (an additional \$2,845,876 for the years 2025 through 2029.) The ADC for 2025 (with no adjustment) as transmitted to Budget Management is \$11,250,000. Considering this information, the 2025 ADC expense and retiree health benefits currently offered, no cost of living was considered appropriate now.

d. Custodial Bank – Principal Custody Solutions – Ms. Helen Hurilla.

Ms. Helen Hurilla reviewed the benefits paid to pensioners. On October 31, 2024, one month's benefit payments were comprised of 2,091 payments totaling \$3.2 million. Only 63 people are still receiving paper checks. Since August 2024, 14 new pensioners signed up for online access, and a total of 230 have signed up.

Class action settlements administered by Principal generated approximately \$9,000 from 13 claims; over \$4,500 from settlement regarding US Xpress Enterprises. Ms. Hurilla also stated that there are 10 class action settlements filed through Principal and they anticipate the payments will be made in 2025.

Councilwoman Reuther questioned why the payments from the class action settlements are going to the pension fund (Fund 70) and not the general fund. Secretary Phillips responded to Councilwoman Reuther informing her the reason the settlements are deposited into the pension fund is because the class action claims are pertaining to losses suffered by the Delaware County Employees Retirement System and the payments should not go into the general fund.

Ms. Hurilla reported that she was retiring from Principal. Secretary Phillips expressed thanks from her and the Board for the stellar service provided to the County by Ms. Hurilla and her team. Ms. Hurilla helped the Controller's office in managing the fund, helped our retirees, including a seamless transition from Wells Fargo Retirement to Principal. Ms. Hurilla re-introduced her colleague Janet Werner who is very familiar with the County system and our work and will be taking over for Helen.

e. Discussion on setting dates for the Retirement Board Meetings in 2025

Councilwoman Reuther suggested Office Manager and Executive Assistant for the Controller's Office, Sharon Polen, work with Executive Assistant to Council, Deborah Cairy, to find dates for the 2025 Retirement Board Meetings.

6) **Old Business.**

a. Litigation Update – Jon Lichtenstein, Esq.

Solicitor Lichtenstein reported that two cases were settled and there are no new class action suits.

7) **Individual Reports of Board members or committees.**

Board Chair Reuther reported that sessions for education on various types of advisory services available for pension funds were being scheduled with the members of the committee.

8) **Discussion of correspondence received by the Board.**

Secretary Phillips put a packet together and gave it out to the Board Members, which included a letter to retirees regarding health coverage, litigation report from Robbins Geller Rudman & Dowd LLP on the settlement of the Cabot Oil & Gas Corporation case, the list of class actions filed provided by Principal and the 2024 Annual Survey of Public Pension Plans.

Secretary Phillips and Solicitor Lichtenstein offered comments that Robbins Geller Rudman & Dowd LLP has been doing an excellent job bringing pertinent cases to our attention. Board Chair Reuther suggested that we add as a discussion point on litigation "monitoring" at our next meeting under new business on the agenda.

9) **Public Comments.** There were no public comments.

10) **Adjourn Public Meeting.**

Motion made by Councilwoman Reuther to adjourn the meeting at 4:07 P.M., Secretary Phillips seconded this motion (**Motion passed 3-0**).

Next meeting – TBD

(Later determined to be scheduled for February 6, 2025 3PM)