

RETIREMENT BOARD  
COUNTY OF DELAWARE, PENNSYLVANIA  
MEETING OF MARCH 10, 2021 (VIRTUAL MEETING)

TO: Retirement Board

FROM: Joanne Phillips, Board Secretary and County Controller

PRESENT: Board Chairman and Council President Brian Zidek; Councilwoman Christine Reuther; Councilwoman Elaine Schaefer; Treasurer James Hackett; Board Solicitor Jonathan Lichtenstein; Bruce Besecker, Michael Courtney and Rick Courtney with RBC Wealth Management; Helen Hurilla, Relationship Manager, with Wells Fargo Retirement and Trust/Principal.

- 1) Meeting was called to order a 2:00 pm.
- 2) Approval of Minutes from January 20, 2021 meeting.

Councilwoman Reuther made a motion to approve the minutes, and Councilwoman Schaefer seconded the motion. **Motion passed 5-0.**

- 3) Treasurer's Report.

Treasurer Hackett reported that as of January 31, 2021 the value of the Fund was \$607,170,486 not including the annuities. Secretary Phillips made a motion to accept the Treasurer's Report, and Councilwoman Schaefer seconded the motion. **Motion passed 5-0.**

- 4) Public Comment

Councilwoman Reuther announced that an Executive Session met just before the Retirement Board meeting to discuss potential litigation matters.

Councilman Zidek announced instructions on how to submit public comments on the website. There were no public comments submitted since the last meeting.

- 5) **New Business:**

- a) RFP for litigation monitoring. Solicitor Lichtenstein reported on an RFP process conducted on behalf of the Board for firms to handle litigation monitoring. Eight responses were received. The Solicitor reviewed all the submissions and narrowed them down to the best six submissions. Mr. Lichtenstein met with a sub committee comprised of Councilwoman Reuther and Secretary Phillips to further narrow the candidates. The subcommittee concluded that three firm proposals would be recommended to the Board. The firms of Robbins Geller (an incumbent), Lowey Dannenberg; and Berger Montague were the recommended firms.

Secretary Phillips expressed that her office has been very satisfied with Robbins Geller who was selected in the process and with whom we currently work. Even with the selections recommended, the representation is not exclusive and the Board would be free to use anyone that contacts us with an appropriate case. Councilwoman Schaefer asked how these firms are paid if the Board would put them under contract. Solicitor Lichtenstein and Secretary Phillips explained that there is no out of pocket cost to the County or Fund, and fees would be paid through a contingency arrangement. Councilwoman Reuther made a motion to approve the retention of the firms. Councilwoman Schaefer seconded the motion. **Motion passed 5-0.**

b) RBC Update. Mr. Besecker from RBC reported that markets have been steadily improving. In the report for the meeting, the portfolio declined approximately five million dollars year to date through January 31<sup>st</sup> but has improved since then. This report includes the investment portfolio only. RBC would like to continue pursuit of diversification for our asset allocation although the equity market has remained strong since the end of January

Councilman Zidek commenced a discussion about the underperformance of Logan Capital Management in the last year. Mr. Besecker attributed this to the pandemic and impact of Covid-19 and that generally he believes that while there is a decline, the funds tend to quickly spike back up. Mr. Zidek stated that they have consistently underperformed over the last ten years. Councilwoman Reuther was curious as to whether we should remain with a fund that changes the portfolio manager without the Board being notified or voting on the change, as they did several years ago. Mr. Besecker said that the former Board did take a vote on the decision to keep Logan Capital. Mr. Besecker reported that Swarthmore Group has also had changes and notified the Board. The Board discussed putting Swarthmore Group and Logan Capital on watch. RBC will do a review of these accounts for the next meeting and take action if they do not improve. Councilman Zidek expressed his view that it may be more beneficial for the County to put the money into an index fund. Mr. Besecker told the Board that Swarthmore changed managers last year and that the previous portfolio manager was very conservative and that we are still becoming familiar with the new investment managers at Swarthmore. Councilman Zidek said that this was comparable to getting a new company without voting on it. Secretary Phillips feels that we should give an opportunity to RBC to look at how the changes may affect the Fund since they are a local firm. Councilwoman Schaeffer said she would like us to look at and consider engaging a minority owned company. Councilwoman Reuther suggested a presentation from Swarthmore and to ask RBC to review this company to support the Fund's performance.

The investment with UBS was also discussed, and Rick Courtney summarized that the account changed in October. Councilman Zidek said that UBS underperformed in November but that was during the transition of the account to a new platform and our investment was out of the market. Mr. Courtney assured the Board that he has been in continual contact with UBS concerning the transition of the UBS account and impact on the Fund. He will keep us informed concerning discussions with UBS.

c) Private Equity. Mr. Besecker introduced a private equity fund, Banner Ridge Partners Secondary Fund 4. Following up on previous education of the Board on private equity investments, Mr. Besecker gave a short synopsis of how this investment performs and what it does. The Board expressed interest in investing in this fund with a relatively small investment of

up to \$5 million. Secretary Phillips pointed out that this is a commitment that is typically made in increments over a long period of time (5-10 years); an investment of this amount is only a small portion of the overall Fund and is within the investment policy. Councilwoman Schaefer said she is inclined to support this investment. Further discussion followed and it was decided a \$5 million investment was appropriate. A motion was made by Councilman Zidek and Councilwoman Schaefer seconded the motion. **Motion passed 4-0. (Councilwoman Reuther was excused early for another commitment).**

d. Actuarial work by Korn Ferry. Secretary Phillips would like the Board to be aware that actuarial work will be needed from Korn Ferry regarding the potential prison de-privatization. This will involve approximately 300-400 new employees paying into the plan. Secretary Phillips will reach out to Korn Ferry.

6) **Old Business:**

a. Mr. Lichtenstein has no other business to report.

7) **Reports.** There were no additional reports by Board members or subcommittees as litigation monitoring report was discussed.

8) **Correspondence.** There was a continuation of a discussion about correspondence from Swarthmore and UBS.

9) **Public Comment.** Councilwoman Schaefer said that there were no public comments offered on the website by the Public.

10) **Closing.** Councilman Zidek reiterated that at the next meeting we should be prepared to decide on how to proceed with Logan Capital Mgt. and Swarthmore and to move forward with Banner Ridge with a \$5 million investment.

Councilwoman Schaefer made a motion to adjourn at 3:12 p.m. and Secretary Phillips seconded the motion. **(Motion passed 4-0).**

**Next meeting is June 23, 2021.**