

**RETIREMENT BOARD**  
**COUNTY OF DELAWARE, PENNSYLVANIA**  
**MEETING OF NOVEMBER 17, 2021**  
**(In person meeting in County Council Conference Room 2-4 pm)**

**TO:** Retirement Board

**FROM:** Joanne Phillips, Board Secretary and County Controller

**PRESENT:** Councilman and Board Chair Brian Zidek; Councilwoman Christine Reuther; Councilwoman Elaine Schaefer; Treasurer James Hackett; Budget Director James Hayes; Board Solicitor Jonathan Lichtenstein; Bruce Besecker and Michael Courtney with RBC Wealth Management; and Helen Hurilla Relationship Manager with Wells Fargo Institutional Retirement and Trust.

**ABSENT:** Executive Director Howard Lazarus

- 1) Meeting was called to order by Board Chair Brian Zidek at 2:03 pm.
- 2) Approval of Minutes from September 22, 2021 meeting.

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

- 3) The Treasurer's Report.

Treasurer Jim Hackett reported that as of October 31, 2021 the value of the fund was \$669,959,764.00 including the annuities which are valued at \$4,393,403.00. Councilman Zidek commented that this is the high mark for the County.

- 4) Public Comment.

There were no public comments made.

- 5) **New Business:**

**a. RBC Update.** Mr. Bruce Besecker from RBC addressed portions of the RBC report through October 31, 2021. Under Tab 1, Executive Summary, Mr. Besecker reported a market value of \$669,959,764 and year to date investment performance of 13.7% and exceeding the benchmark result of 13.4%. As stated under Portfolio Notes, a portfolio rebalance occurred on September 20th by taking \$25 million from equity manager Logan Capital and \$8 million from equity manager Emerald. The proceeds were then reinvested into fixed income, with one-half going to Cumberland Advisors and one-half to PGIM (Prudential Global Investment Managers) Total Return Fund. At the last Board meeting it was also decided that \$5 million would be taken from Swarthmore's short duration account and reinvested into PGIM Short Duration High Yield

fund. Both Swarthmore and Logan Capital remain on the watch list for improvement in investment performance.

Mr. Besecker next discussed the big issue facing many pension plans, and that is the historically low level of interest rates in fixed income investments. From a conference he recently attended, Mr. Besecker relayed what other investment funds are considering to counteract the low interest rates; some are looking at making additional investment into private equity, private credit, and real estate. After some discussion, the Board agreed to continue discussions around private equity investing.

**b. Custodial Bank Update, Wells Fargo.** Ms. Helen Hurilla noted the current market value as of this date, excluding the annuities. Reporting now includes the Siguler Guff investment as of the end of September 2021 and will include them going forward. Secretary Phillips said that it is a benefit to have Siguler Guff added to our on-line access and report and she thanked Kelly Diaz and Helen Hurilla for their help. Ms. Hurilla also said that should we invest with any new company we can have it included in the Wells Fargo/Principal report right from the start so that we can better monitor our fund.

Helen also told us that we have received almost \$40,000 in class action settlements through Wells Fargo/Principal monitoring this year. Wells Fargo/Principal will continue providing us with this service even after the migration of the platform.

Helen reminded the Board that Wells Fargo will be migrating over to Principal in the next months. There will be several teaching webinars to help everyone in the transition to Principal.

**c. Actuarial Determination Contribution.** Secretary Phillips announced that she did receive a report from Korn Ferry for the 2022 Actuarial Determined Contribution (“ADC”). Ms. Phillips did forward the letter to Executive Director Howard Lazarus to include it in the proposed 2022 budget. Korn Ferry estimated the ADC to be \$6,350,000 based on our current assumptions. If the board were to have adopted a different mortality table, an assumption presented by the actuaries, it would be \$10,100,000. The Board has not adopted a new mortality assumption. If the Board does adopt a new table, the amount will have to be adjusted. The past 3 years Korn Ferry’s estimate of the ADC has been slightly high. For 2021 the estimate was a little short (about \$200,000). Councilman Zidek asked if we are aware of the current law as it pertains to funding the ADC. Solicitor Lichtenstein said that it is the Board’s responsibility to provide the estimate to Council for budget consideration by Council.

**6) Old Business:**

**a. Litigation Update.** Solicitor Lichtenstein reported that the UBS matter is continuing to be reviewed. Secretary Phillips and Mr. Lichtenstein have been reviewing documents prepared by our outside council on this matter.

Also, we have agreed to proceed as a co-plaintiff with Bucks County on a class action against Adapt Health since both funds had substantial holdings.

There is no additional update about the Cabot litigation.

- 7) There are no additional reports from Board members or committees.
- 8) There has been a request by a former employee that left the County on disability and a question arose regarding benefits. Because of Covid the employee had a hard time getting all the documentation needed to complete this request but has now provided documentation. With input from the Solicitor and Korn Ferry, we concluded she is entitled to the benefit. Secretary Phillips made a motion to approve this action. Councilwoman Reuther seconded this motion. **Motion passed 5 – 0.**
- 9) There are no public comments.
- 10) Councilman Zidek would move to adjourn the meeting. Councilwoman Schaefer made the motion, Secretary Phillips seconded the motion. **Motion passed 5 - 0.**

**The Next Meeting: Voted to have first meeting on Wednesday, January 19, 2022 at 2:00 p.m.**