

RETIREMENT BOARD
COUNTY OF DELAWARE, PENNSYLVANIA
MEETING OF JANUARY 19, 2022
(In person meeting in County Council Meeting Room 2-3 pm)

TO: Retirement Board

FROM: Joanne Phillips, Board Secretary and County Controller

PRESENT: Councilwoman and Board Chair Christine Reuther; Councilwoman Elaine Schaefer; Councilman Richard Womack; 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 Principal Financial

ABSENT: Executive Director Howard Lazarus

1) Meeting was called to order by Board Secretary, Joanne Phillips at 2:03 pm. She welcomed the new Board member, Councilman Richard Womack and the guests at the meeting. She announced that they would move directly to New Business to elect a new Board Chair. Secretary Phillips made a motion to nominate Councilwoman Christine Reuther as the new Chairperson for the Retirement Board. Councilwoman, Elaine Schaefer seconded the motion. There were no comments and Ms. Reuther was elected unanimously. The meeting was turned over to Chairperson Reuther. **Motion passed 5-0.**

2) Approval of Minutes from November 22, 2021 meeting.

Mr. Womack abstained since he was not present at the meeting. Councilwoman Reuther made a motion to approve the minutes with no changes, and Councilwoman Schaefer seconded the motion. **Motion passed 4-0.**

3) The Treasurer's Report.

Treasurer James Hackett reported that as of December 31, 2021 the value of the fund was \$675,910,117.00, including the annuities which are valued at \$4,473,915.00.

4) Public Comment.

There were no public comments made.

5) **New Business:**

a. Nomination and election of new Board Chair. As reported above.

b. Ratification of RBC agreement. Secretary Phillips made a motion to ratify the agreement with RBC Wealth Management for another year of service through December 31, 2022. Secretary Phillips noted that the agreement with RBC provides for termination with 30 day's notice at any time during the term. If a decision is made during the year to change advisors, the contract can be terminated. Also, RBC has kept their fees unchanged

for many years, and offered the same annual fixed fee at \$95,000, which is billed quarterly. Chairwoman Reuther said making changes may be a discussion for the future. Chairwoman Reuther made a motion to approve the agreement. Councilwoman Schaefer seconded the motion. **Motion passed 5-0.**

c. RBC Update. Mr. Besecker thanked the Board for the continued opportunity to serve the Board. Before starting his report, he asked the Board to make a correction on page one of their report, the report stated 16% but should read 15.7%. The asset allocation shows that the Fund is over allocated in domestic equity, so withdrawals to pay the pension have been coming from the equity accounts. Mr. Besecker reviewed for Chairman Womack and the Board some of the changes that took place in 2021, including the addition of Vanguard investments and Siguler Guff private equity. Councilwoman Schaefer questioned whether Center Square concerned RBC and whether we should keep an eye on their performance. Mr. Besecker agreed and said that they would monitor performance. Secretary Phillips said that all the accounts are reviewed throughout the year and that we need to remain diversified with our investments. Mr. Besecker said that they have been interviewing many different private equity managers for additional opportunities. Mr. Besecker pointed out that Siguler Guff is in market with another fund, with final close sometime in May or June of this year. He agreed to provide more information in the future. Councilwoman Reuther expressed her concern with private equity compared to REITs, noting that REITs have a responsibility to liquidate our investment at any time we ask but private equity has a long-term payout. Secretary Phillips also informed the Board that RBC has welcomed each member to learn more about how private equity investments are made and how they work. Councilwoman Reuther welcomed that invitation and felt that it would be very informative to learn more.

d. Custodial Bank Update. Helen Hurilla announced that the current market value of the Fund is somewhat lower as of the date of the meeting, with a value of \$650 million, not including the annuities, but she felt that the Board was likely aware of the current volatility in the market. Ms. Hurilla reports that in 2021 the Fund had paid out approximately \$30 million in multi-periodic payments to pensioners and \$6.4 million in lump sum payments.

Ms. Hurilla reminded the Board that the custodial bank is moving along with the migration of the platform to Principal on President's day weekend 2022. She believes that Principal will be user friendly but expressed that it is never easy to make changes. She has also been in contact with our investment managers, as well as the Controller's team. Principal has several webinars planned to help in the transition. Secretary Phillips reviewed all the preparedness the Controller's office has undergone to get ready for the change and felt that having the same people as the service team from Wells Fargo at Principal will be very helpful. Also, retirees have received communication by mail and will have the same phone number to call if they have problems.

e. Presentation by Swarthmore Group. Mr. James Nevel presented himself as the Chairman and Founder of the Swarthmore Group and said that the firm will turn 30 years this month. Delaware County initially was their 3rd client. His firm is the longest minority operated firm in Pennsylvania. He thanked the Board for the opportunity to present today. He expressed that ups and downs are only natural in the market. He said that he is adding people into their business to plan for succession and to make changes for

transition. They also added two new fixed income managers, and he has confidence that they will be an asset to their company and performance will be positive in the future.

Councilwoman Schaefer spoke on behalf of the Board to remind Swarthmore Group that it is the Board's fiduciary responsibility to make good choices when it comes to investments and that we must work towards the investment returns that people are depending on. She hoped that we can continue our relationship with the Swarthmore Group for many more years. Councilwoman Reuther reiterated support for the Swarthmore Group. Secretary Phillips also said that she is supportive of the Swarthmore Group and looks forward to successful performance.

6) **Old Business:**

a. **Litigation Update.** Mr. Jonathan Lichtenstein reported an update on the litigation with UBS. He informed the Board that there are no further updates at this time.

There is also another proposed case regarding a pharmaceutical company that is under review. The Fund experienced approximately \$180,000 in losses in this company. It is proposed that we would be the lead plaintiff in this litigation if we decide to move forward and our position is deemed solid.

Councilwoman Reuther inquired whether there is a process to decide whether we will move forward with litigation in the class action cases. Secretary Phillips said that the decision to follow through with litigation has been decided by the Solicitor and the Controller in the past with reporting made to the Board. Councilwoman Reuther said that she has no objections to the process we currently have in place.

7) **Individual reports by Board members or committees:** There were no reports.

8) **Discussion of correspondence received or sent to the Board:** The Controller received a notice of a capital call from Siguler Guff. This was submitted to the Board for information. There was also information from Korn Ferry which pertains to the 2021 audit that will be starting soon.

9) **Public Comment:** Secretary Phillips asked to set meeting dates for the rest of the year. The Board decided to keep it on Wednesdays. Councilwoman Schaefer requested the meetings to be changed to 3:00 pm. All agreed and the meetings will also be changed to the 4th Wednesday of the months chosen so that meetings are not the same day as Council meetings.

10) **Adjourn:** A motion was made by Mr. Womack to adjourn. Mr. Hackett seconded the motion at 3:15 pm. **Motion passed 5-0.**