

RETIREMENT BOARD
COUNTY OF DELAWARE, PENNSYLVANIA
MEETING FEBRUARY 6, 2025
(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 Member and County Treasurer James Hackett; Board Solicitor Jonathan Lichtenstein; Executive Director Barbara O'Malley, Bruce Besecker with RBC Wealth Management; Janet Werner, Relationship Manager with Principal Custody Solutions

- 1) Meeting was called to order by Board Chair Reuther at 3:00 P.M.
- 2) **Approval of Minutes** from meeting of November 21, 2024. Motion made by Secretary Phillips. Seconded by Treasurer Hackett to approve the minutes. **(Motion passed 4-0).**
- 3) **The Treasurer's Report.** Treasurer Hackett reported that as of December 31, 2024, the value of the fund was \$680,219,048 including the annuities. (Annuities were valued at \$3,974,091.)
- 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 12.4%, which is slightly below the benchmark of 12.5%.

Mr. Besecker reported on general economic data as December 31, 2024, addressing the global markets, and how the S&P 500 saw losses in 4th quarter, due to change in administrations and interest rates.

Mr. Besecker led the Board through the market review and provided an overall analysis. Referencing information in the RBC report, Mr. Besecker provided a historic analysis of the equity market that supports the general conclusion that in the long run the equity market will make money.

Mr. Besecker stated that companies that are creating things, versus making things, are outperforming in the economy.

Ms. Schaefer asked Mr. Besecker if AI follows the Technology. He responded that AI does follow Technology. Companies are under pressure to use AI and growth companies are doing well because of the unique products being created.

Mr. Besecker reviewed the performance of the fixed income market and noted that bonds are doing much better this year so far. Board Chair Reuther asked Mr. Besecker how RBC feels about bonds. He responded that stock and bonds are not negatively correlated as they once were.

Board Chair Reuther, Mr. Besecker and Secretary Phillips had a short discussion of the national deficit. Mr. Besecker stated that the deficit started when President Reagan was in office. He also conveyed the Federal Reserve Chair reported that interest rates were down as of today, and that there is so much uncertainty because of the tariffs that are being put in place. Secretary Phillips replied that the current President didn't reduce the deficit in his first term and doesn't think there is any optimism the tariffs will reduce the deficit.

Mr. Besecker reviewed each fund comprising the Pension Fund. Members discussed performance of fund managers as reflected in the report, focusing on performance and benchmarks. Board Chair Reuther mentioned that our Investment Policy was last revised in June 2021. She would like to review the Investment Policy at either our June or September meeting. Mr. Besecker will advise on whether we need to make changes in our Investment Policy. He will touch base in May to see if it's best to discuss this in the June or September meeting. Board Chair Reuther wants to make sure that there is flexibility in Investment Policies, and also expressed concern about whether private equity should be part of the portfolio. Secretary Phillips suggested to discuss ideas on the Investment Policy at the June meeting and then RBC can present it to us in the September meeting.

Referencing the RBC report, Mr. Besecker reported on a report that analyzes our plan and its performance versus our peers' plans. As of December 31, 2024, Delaware County is outperforming 82% of its peers over the five years ending 12/31/2024.

Mr. Besecker reviewed the Private Equity investment held with Singular Guff, which has been performing well. He will be reviewing them again to assess exposure to changes in interest rates.

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

Ms. Janet Werner reviewed the benefits paid to pensioners. On January 31, 2025, one month's benefit payments were comprised of 2,093 payments totaling \$3,242,360.62. Since November 2024, 17 new pensioners signed up for online access, and a total of 247 have signed up.

Class action settlements administered by Principal generated approximately \$10,021 from claims, with the largest claim in the amount of \$4,631 from US Express Enterpriser.

Board Chair Reuther questioned about the Retirement Onboarding Process and if every retiree can be made to sign up for the portal. Secretary Phillips will look into how many

calls are received by Diane Bradley, Deputy Administrator & Retirement, to see if making retirees sign up for portal is necessary.

Ms. Werner mentioned that the below verbiage is on their monthly advice to encourage retirees to sign up for the portal.



You can access your benefit payment information including your payment statements and tax forms by visiting principal.com or by contacting your call center at (877) 877-1207. Visit principal.com/welcome and select **Get Started** if you do not have an existing login. Your payment may be impacted due to recent federal and state tax withholding changes

c. Discussion of Class Action Monitoring Firms

Solicitor Lichtenstein mentioned that we have three Class Action Monitoring Firms, and it is time to explore utilizing other law firms, excluding Robbins Gellar, who has performed well for the County. Board Chair Reuther suggested that Solicitor Lichtenstein send a Request for Qualification (RFQ) to law firms by the September Retirement Board Meeting. Secretary Phillips is open to the RFQ and will work with Solicitor Lichtenstein on sending out the RFQ to approximately 5-8 law firms.

Secretary Phillips brought up that our Actuary firm, Korn Ferry, has been under contract for the actuary work for many years. While the work and support have been satisfactory, she suggested considering an RFP in 2026 to refresh the service and see what is available to the County.

6) **Old Business.**

a. Litigation Update – Jon Lichtenstein, Esq.

Solicitor Lichtenstein reported that there are no new class action suits.

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

Board Chair Reuther provided an update on the education effort for the investment manager options. She reviewed how much they learned from the different investment companies. For example: how people charge, what questions we should be asking, that some companies are a la carte, some are all inclusive, etc.

Treasurer Hackett added, as far as cost aspect, we need to carefully evaluate the information from the investment companies as part of the education exercise and recognize that we are not seeing presentations or services that are “apples to apples”.

Board Chair Reuther did mention the County is looking to the near future to consider investment advisor services only and not the Custodial Bank. The interviews will be complete in February. It was discussed about potential timing for issuing an RFQ.

Secretary Phillips highly recommended that the Committee interview the staff in the

Controller's office who work with RBC regularly (Kelly Diaz, Diane Bradley and Bartoe Massaquoi.)

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

While the Controller's office receives correspondence and reports about the fund routinely between meetings, Secretary Phillips explained that generally not all is circulated to the Board unless determined to be of interest or materials. For this meeting, the Secretary distributed packets to the Board Members, which included a Delaware County Pension Plan Expense Sheet. The sheet gave a breakdown of the total 2024 fees paid to the managers as well as RBC, Principal and Korn Ferry.

Board Chair Schaefer questioned how many retirees pass away each year. Secretary Phillips will follow up in getting the number.

Also included in the packet: Portfolio Monitoring Fourth Quarter 2024 from Lowey Dannenberg, article about The Rosen Law Firm, and a letter from Robbins Geller with a copy of the court-awarded payment from the Cabot Oil & Gas Corp. class action case.

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

10) **Adjourn Public Meeting.**

Motion made by Board Chair Reuther to adjourn the meeting at 4:29 P.M., Secretary Phillips seconded this motion (**Motion passed 4-0**).

Next meeting – June 5, 2025