

**RETIREMENT BOARD MINUTES
COUNTY OF DELAWARE, PENNSYLVANIA
MEETING OF JANUARY 21, 2020**

TO: Retirement Board

FROM: Joanne Phillips, Board Secretary and County Controller

PRESENT: Board Chairman and Council President Brian Zidek; Treasurer Charlene Mangano; Councilwoman Christine Reuther; Councilwoman Elaine Schaefer; Solicitor Robert Scott; Executive Director Marianne Grace; investment advisors Rick Courtney and Bruce Besecker of RBC Wealth Management (RBC); Controller's assistant Eileen Ricketts, Controller's Accountant Kelly Diaz; and custodial bank relationship manager Helen Hurilla of Wells Fargo.

ABSENT: Board Secretary and Controller Joanne Phillips

1. Meeting was called to order at 1:40 p.m.
2. Councilman Zidek, Councilwoman Reuther and Councilwoman Schaefer were officially sworn in by taking the Oath of Office. All agreed that in accordance with applicable law Mr. Zidek would serve as the Chairman of the Board.
3. Motion made to approve the minutes of the November 13, 2019 and December 12, 2019 meeting. Councilman Zidek made the motion, the motion was seconded by Councilwoman Schaefer and Board voted in favor of the motion. The motion passed. **(4-0 vote)**
4. The Treasurer's Report was submitted and will be delivered to the County Clerk by Treasurer Mangano. Market value as of December 31, 2019 was \$562,604,920. This includes the annuities. That represented an increase of \$26,171,278 as of September 30, 2019. Mr. Zidek asked for a brief background on how the annuities fit within the fund. This discussion was tabled for a future meeting.
5. No public comments were received or submitted.
6. New Business:

RBC Report- To begin the discussion, Rick Courtney was asked to give a brief background on RBC's relationship with the County and the fees paid to RBC. He explained that RBC originally had been hired in 2011 through an RFP process. RBC receives a flat annual fee of \$95,000 and there are no other fees paid to them by the County.

- A handout documenting investment fund fees was provided to the Board and was explained by Eileen Ricketts. This included all of the investment companies that we invest with for the retirement program. It was discussed

that all the companies had reduced their fees and the fee agreements have all been documented through work done by the Controller's office, RBC, and the former solicitor Frank Catania.

- Councilwoman Schaefer inquired how RBC picks the companies that invest for the pension. Mr. Besecker from RBC explained that some of the companies were on board when RBC was hired but that RBC watches the market and makes recommendations depending on the investment policy and what is needed to balance the pension fund. The Board wanted to know how the investment policy was formally changed. Mr. Besecker explained that it had been voted on at a meeting last fall. Councilman Zidek initiated an in-depth discussion on how RBC invests and their outlook as to how they invest depending on the trends of the market. This led to a lengthy discussion about investing.
 - Councilwoman Schaefer inquired about the private equity investment that was decided upon last year. Rick explained that \$5 million was committed to the private equity fund but that it is to be paid in over a long period of time, approximately 5-10 years.
 - Mr. Courtney brought up the fact that the retirement fund had been 100% funded last year. Mr. Courtney felt that the investment policy and practice has reflected a desire for slow and steady growth and that making big changes is not in the best interest of the County.
 - Mr. Zidek expressed interest in reviewing and analyzing Ryan Labs, Bryn Mawr Trust, Cambiar, Dalton Granier, and Swarthmore Short Duration. Mr. Besecker explained the strategy for how the fund has invested. He reviewed the materials and explained the history of the companies that we retain and why some of the investments did not do as well at the end of 2019. Councilwoman Schaefer was interested to understand the process for changing the investments in the future. Councilwoman Reuther suggested that we table the discussion until the members meet with Secretary Phillips. RBC agreed that they would be happy to sit down with the Board and discuss any requested changes along with an analysis of the present companies. Councilman Zidek questioned why we have so many funds investing in similar categories. There were also some questions about fees and whether a company should be chosen on basis of fees or performance. RBC stated that we should always choose companies by their performance. Councilman Zidek agreed.
- (b) Wells Fargo Report – Helen Hurilla reviewed with the Board the Wells Fargo's relationship which started in 1981. She discussed the process that we now have for retirees and that we have discussed possibly adding other service options in the future. She also explained that the trust division of the bank has been sold to Principal Financial and that it will ultimately change over to the new company

in February of 2021. Helen is available and willing to help us with the transition in any way needed.

7. Old Business:

- (a) Siguler Guff Buyout Fund IV – We have invested \$277,000 to date and will be investing more in the future as capital calls are made in accordance with the investment. We will be meeting another capital call soon, in the amount of \$182,000 based on a capital call notice received January 16, 2020.
- (b) Litigation Report - Solicitor Scott said that there was no current reports concerning litigation.
- (c) Reconsideration of the cost of living adjustment – Councilman Zidek explained how the vote for a COLA came about at the last meeting of the Board in 2019. He stated that he would prefer that the vote be reversed now due to concerns about finances being available for paying the cost of the increase, which is in addition to any required contributions. He proposed to form a committee to study a possible COLA for the future so the Board could be informed if payment of the expense would be feasible going forward. There was a discussion about the overall cost of the COLA and that \$610,000 was added to the budget to cover the cost of only one year’s COLA increase. The impact of the compensation study may also influence County pension liability, and it was noted that post employment health care costs that have been covered by the County have increased over time. There was a question as to whether retirees had been formally notified about this proposed increase. It was explained that retirees had not been notified of an increase, but that the question of whether to move forward with an increase must be resolved this month. A motion to repeal and rescind the COLA was made by Councilman Zidek and seconded by Councilwoman Schaefer. The motion to repeal and rescind the COLA passed. **(4-0 vote)**

8. No Correspondence was received or sent to the Board.

9. No individual reports by Board members.

10. Motion to adjourn the meeting was made by Councilwoman Schaefer and seconded by Treasurer Mangano. The motion passed. **(4-0 vote)**

11. The meeting adjourned at 3:00 p.m. The next meeting is scheduled for Tuesday, February 25, 2020 at 2:00 pm.