

**RETIREMENT BOARD
COUNTY OF DELAWARE, PENNSYLVANIA
MEETING OF NOVEMBER 18, 2020 (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 Charlene Mangano; Board Solicitor Jonathan Lichtenstein; Executive Director Howard Lazarus; Michael Courtney and Rick Courtney with RBC Wealth Management; Helen Hurilla, Relationship Manager, with Wells Fargo Retirement and Trust.

1) Meeting was called to order at 2:05 pm.

2) Approval of Minutes from the September 22, 2020 meeting.

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

3) Treasurer's Report.

The Treasurer's Report was submitted and will be delivered to the County Clerk by Treasurer Mangano. The Treasurer reported that as of October 31, 2020, the market value of the fund was \$545,454,762, including the annuities. This represented a loss of \$23,104,914 from the last meeting. Chairwoman Reuther made a motion to accept the Treasurer's Report, and Secretary Phillips seconded the motion. **Motion passed 5-0.**

4) Public Comment.

Instructions on how to submit comments were provided to the public.

Ms. Phillips announced that there was one public comment submitted to the Board in reference to litigation filed on behalf of the Board in connection with Cabot Oil & Gas. The letter was submitted by Mr. Eric Freedman. Councilwoman Schafer reviewed the letter in which Mr. Freedman asked several questions about Cabot and their relationship to the County holdings. Mr. Lichtenstein suggested Mr. Freedman file a RTK request through the County Clerk's Office. Secretary Phillips said that her Office sent Mr. Freedman a copy of the Retirement Board investment report; however, the report does not provide detail as to the specific holdings in each investment.

5) New Business:

a. RBC Update – Market Report.

Bruce Besecker reviewed the fund performance and market update. Large cap funds started to fade in July and August and small cap began to do better. The stock market appears to be in a good place right now. In mid-September there was some volatility but only briefly, and the market was energized by the covid-19 vaccine announcement. Mr. Besecker believes that real economic recovery will not begin until July 2021.

While reviewing the portfolio report through October 2020, making note that it does not include the annuities, it was shown that the fund began the period with \$558.3 m and \$9.1 m was used for pension needs. The fund was valued at \$541.7 m on October 31, 2020. Fortunately, the market was up by 10% since October 31st.

Looking at the Investment Policy, Mr. Besecker said that we are slightly over by .9% in domestic equities. Mr. Besecker stated that it is advisable to maintain this for a while if the Board was comfortable doing this. Mr. Besecker reviewed the total Fund portfolio and provided an analysis of the funds that are doing well and the ones underperforming and why.

Councilman Zidek asked to review Center Square and their performance since they have not reached the established benchmark in the last several years. Mr. Besecker suggested that RBC consider this and he will report back at the next meeting.

Mr. Besecker and Ms. Phillips confirmed that UBS was transitioned at the end of September. The Board also revisited the performance of the Scout fund and past performance. As had been discussed, considering the performance over a period, the Board may want to reinvest Scout, which is held through Wells Fargo Advisors.

Michael Courtney – presented several portfolio options in reinvesting Scout and other investments, including using passive investments.

While presenting these options Councilwoman Schaefer expressed concern that the amount of fees that we pay for individual investments is a significant consideration that should be included in deciding how we will invest in the future and whether we should pay individual investment companies. Also, Councilwoman Reuther expressed concern regarding reinvesting in any one fund or company.

Councilman Zidek spoke of the need to further discuss other options. It was suggested that the Board form a subcommittee to discuss this decision further. It was decided a small committee of two which consists of Secretary Phillips, Councilman Zidek and Mr. Besecker would meet to further discuss investments and present their thoughts at the next meeting. Councilman Zidek made a motion to vote on this decision. **Motion passed 5-0.**

Secretary Phillips asked the Board if they would be willing to extend the RBC contract for an additional year for 2021 at the same rate and fixed annual fee of \$95,000. She explained that they

have provided valuable service through all of the changes in investments that were made this year, and that it would be very hard to change investment advisors at this time. Mr. Courtney expressed that RBC is always available to help with whatever is required with no additional cost. Councilman Zidek agreed that this is smart in his view, but perhaps during this coming year we should request RFP's for the future, and that certainly RBC would be welcome to participate. The contract does permit the County to terminate the contract on thirty (30) days' notice. Secretary Phillips made a motion to renew RBC for another year. Councilwoman Reuther seconded this motion. **Motion passed 5-0.**

b. Dates for the Retirement Board Meetings in 2021.

Secretary Phillips announced the approved meeting date for January 20, 2021 at 2:00 to 4:00 pm. She asked Ms. Eileen Ricketts to circulate dates for the next four meetings for the year 2021 to be approved by all Board members. Councilman Zidek agreed that would be a good plan for everyone that attends these meetings including the public.

6) Old Business:

a. Update on Custodial Retiree Portal.

Secretary Phillips provided an update on a possible custodial bank retiree portal for retirees (meaning people already retired and not members who are still employees.) Discussion with Ms. Helen Hurilla since the previous meeting brought awareness that because of the changes due to the Wells Fargo /Principal acquisition, too many changes could cause confusion for retirees. Allowing retirees to be able to obtain copies of pension advice or access their 1099R would be helpful but is not critical because we can provide these services now. At the time Wells Fargo/Principal fully integrate, we would have to change the look of the portal to a totally different format. Therefore, Ms. Hurilla and Secretary Phillips feel it is something we should not pursue now but should be revisited later.

Although Principal may not offer this type of service, there are other companies that do work with custodial banks to offer this and it may be beneficial to put an RFP out to inquire about this service. It was noted, however, that most counties currently do not offer this kind of service for people that are considering retirement.

Councilwoman Reuther agreed with this approach by saying that by the time people are made aware of any portal service, we would be making a change, so she supported holding off for now. Secretary Phillips agreed that there is currently a Service Center that people can call for help and they also call the Controller's office when they need information.

Secretary Phillips said that recently a few people received their retirement checks late due to problems with the USPS, and were being encouraged to sign onto direct deposit. She noted that we have seen many people change over from the paper checks and we will continue to encourage that.

b. Solicitors Update on RFPs for Legal Services to monitor Class Action.

Mr. Lichtenstein received eighteen responses. He is currently reviewing them. The next step is for Secretary Phillips, Councilwoman Reuther and Mr. Lichtenstein to get together and review them and to be able to come back to the Board with a recommendation. One firm sent a request of interest but the process was not opened since it was submitted late. Secretary Phillips inquired as to how this RFP request was publicized. Mr. Lichtenstein said that published it on our website with success.

c. Solicitor's Report on Litigation.

Mr. Lichtenstein reported that he received correspondence from our attorneys in the Cabot case that they had to republish a meeting notice. This does not affect our complaint; it will be delayed but will still allow our Retirement Board to be the lead plaintiff, if accepted by the court and if there were no objections to Delaware County Retirement being the lead plaintiff.

7) Correspondence.

Secretary Phillips explained that we get a lot of correspondence which we often pass on to Mr. Lichtenstein so that he is aware of everything affecting legal matters. If is important enough for the Board to be involved, it is given out at the meetings.

8) Reports by Board Members.

Secretary Phillips said that there are no reports, but since there are now subcommittees we should have some reports for the next meeting.

9) Public Comments.

The only public comment was from Mr. Eric Freedman which was discussed earlier.

10) Adjourn.

Councilwoman Reuther made a motion to adjourn the meeting.

Secretary Phillips seconded the motion

Motion passed 5-0. Meeting adjourned at 3:30 P.M.