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PENSION FUND COMMITTEE

Minutes of Meeting

May 14, 2026

The Sussex County Pension Fund Committee met on May 14, 2026, at 10:00 a.m. by teleconference. Those in attendance included members: Gina Jennings, Todd Lawson, Karen Brewington, Kathy Roth, Lance Rogers, Robin Griffith, and George Spindell. Also in attendance was Pat Wing of Marquette Associates, the County's Pension Investment Consultant.

Ms. Jennings called the meeting to order.

1. Approval of Minutes

The minutes of the February 12, 2026, meeting were approved by consent.

2. Public Comment

There was no public comment.

3. Performance Reports of the Pension and OPEB Funds

Mr. Wing reviewed the Q1 pension and OPEB investment results. It was noted that the information being presented was already somewhat outdated due to significant market changes over the prior five to six weeks. Mr. Wing reviewed the economic conditions, noting that real GDP grew at an annualized rate of approximately 2% in Q1, rebounding from Q4 largely due to the end of the government shutdown and continued AI infrastructure investment.

Discussion focused on the ongoing Iranian conflict and disruptions to oil flows through the Strait of Hormuz. Mr. Wing explained concerns regarding reduced oil shipments, inflationary pressures, and potential supply shortages affecting global energy supplies, industrial commodities, fertilizer transportation, inflation and Federal Reserve policy. It was noted that markets had shifted from expecting multiple interest rate cuts this year to potentially none, contributing to rising interest rates and pressure on both equity and bond markets.

Observations as of March 31, 2026, included:

- The Pension Plan market value was $192.1 million. Q1-26 net investment change of -$2.3 million, returning -1.2% (net), vs. policy index of -1.6%.
- Positive attribution for the quarter resulted from outperformance by most active global and international equity managers, as well as outperformance by JP Morgan and Aristotle and global equity structure.
- Negative attribution for the quarter resulted from underperformance by active U.S. equity manager.

Mr. Wing directed members to the OPEB Fund Performance Report.

The market value as of March 31, 2026, was $77.5 million. Q1-26 net investment change of -$0.9 million, returning -1.1% (net), vs policy index of -1.6%. Positive attribution for the quarter resulted from outperformance by most active global and international equity managers, as well as outperformance by JP Morgan and Aristotle and global equity structure. Negative attribution for the quarter resulted from underperformance by active U.S. equity manager.

Mr. Wing reviewed recent portfolio activity, including February rebalancing actions that reduced international equity exposure and increased allocations to fixed income, particularly shorter-duration bonds in an effort to reduce interest-rate sensitivity.

Mr. Wing advised the committee that the Eaton Vance U.S. equity strategy had been liquidated due to continued underperformance and prior portfolio management changes. The strategy was replaced in April with an MFS mid-cap strategy intended to provide a more stable and defensive investment approach. Infrastructure investments continued to provide positive diversification benefits during the quarter.

Mr. Spindell asked about the Aristotle Pacific Floating Rate Fund and whether the name referred to geographic exposure. Mr. Wing clarified that “Pacific” referred only to the firm’s location and not to the portfolio’s investment geography.

An April performance update was then presented, showing a substantial rebound in markets. The pension fund gained approximately 5.3% during April, and fiscal year returns increased to approximately 11.4% through April and closer to 13% as of the meeting date due to strong May performance. Mr. Wing noted that the recent market rally had been driven by AI-related equities

Mr. Rogers asked about Marquette’s process for selecting replacement investment managers. Mr. Wing explained that the firm conducts extensive due diligence, including evaluation of the organization’s stability, investment process, personnel, historical performance, and onsite reviews before any strategy is approved for use.

4. Additional Business

There was no additional business.

5. <u>Adjourn</u>

At 10:46 a.m. a Motion was made by Mr. Spindell and seconded by Mr. Rogers, to adjourn. Motion Adopted by Voice Vote.

Respectfully submitted,
Bobbi L. Albright
Executive Administrative Assistant