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PENSION FUND COMMITTEE

Minutes of Meeting

February 12, 2026

The Sussex County Pension Fund Committee met on February 12, 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 November 20, 2025, meeting were approved by consent.

2. Public Comment

There was no public comment.

3. Performance Reports of the Pension and OPEB Funds

Mr. Wing presented the quarterly performance reports and market commentary. He noted three factors supporting economic resilience entering 2026: continued AI/data-center infrastructure spending, loose fiscal policy, and stronger consumer spending boosted by higher-than-usual tax refunds. Markets are currently pricing in about two rate cuts for 2026, compared to the Fed's prior expectation of one, and uncertainty remains around the incoming Fed Chair's influence as one of twelve voting members.

He reviewed Q4 2025 asset-class performance: U.S. equities gained about 2.5%, while developed ex-U.S. and emerging markets grew at roughly twice that rate, ending a year in which non-U.S. equities outperformed U.S. equities for the first time in many years. U.S. core bonds returned about 1.1%, bank loans rose 1.2%, and real estate posted just over 1% as the allocation winds down. Clarion outperformed, and J.P. Morgan's infrastructure allocation gained approximately 3%.



Observations as of December 31, 2025, included:

- The Pension Plan market value was \$194.3 million. Q4-25 net investment change of \$3.9 million, returning 2.0% (net), vs. policy index of 2.2%.
- Positive attribution for the quarter resulted from outperformance by Clarion, JP Morgan IIF and Aristotle
- Negative attribution for the quarter resulted from global equity structure and underperformance by most active energy managers.

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

The market value as of December 31, 2025, was \$78.3 million. Q4-25 net investment change of \$1.6 million, returning 2.0% (net), vs policy index of 2.2%. Positive attribution for the quarter resulted from outperformance by Clarion, JP Morgan and Aristotle and negative attribution for the quarter resulted from global equity structure and underperformance by most active equity managers.

Mr. Wing reported that in January 2026 the Pension Fund gained 1.7%, outperforming the benchmark as market strength broadened beyond mega-cap AI stocks. Small-cap value and non-U.S. equities were strong, while bank loans were flat. Fiscal-year returns were near 9% through January.

For the outlook, Mr. Wing noted increased single-stock volatility, a range-bound market, and typical seasonal volatility. Marquette plans a modest rebalance soon, reducing the roughly 1% equity overweight and shifting to fixed income, with an emphasis on short-duration bonds. Longer term, he continues to recommend maintaining exposure but keeping a structural underweight to the largest AI-related mega-caps due to valuation, cash-flow, and infrastructure-constraint considerations.

Mr. Spindell asked whether market reactions could differ between a “warranted” rate cut and a “forced” one under a new Fed Chair and referenced a forecast of two cuts this year. Mr. Wing clarified that Marquette is not forecasting two cuts—markets are simply pricing in about two. He explained that cutting more than markets view as justified could push intermediate- and long-term Treasury yields higher, creating challenges for longer-duration bonds and equities. He also noted that while the Fed Chair is influential, they are one of twelve voting members. In closing, he said the planned rebalance—shifting to short-duration fixed income—aligns with this environment by reducing rate sensitivity while returning equities to policy weight.

4. **Additional Business**

There was no additional business.

5. **Adjourn**

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