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Sussex County
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PENSION FUND COMMITTEE

Minutes of Meeting

May 18, 2023

The Sussex County Pension Fund Committee met on May 18, 2023, at 10:00 a.m. by teleconference. Those present included members: Gina Jennings, Todd Lawson, Karen Brewington, Kathy Roth, Robin Griffith, Mitch Rogers and Kathleen Ryan as well as Pat Wing, Managing Partner 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 2, 2023, meeting were approved by consent.

2. **Public Comment**

There was no public comment.

3. **Performance Reports of the Pension and OPEB Funds**

Prior to today's meeting, Committee members were emailed copies of Marquette Associates' report entitled, "Sussex County Quarterly Performance Report as of March 31, 2023", as well as portfolio updates. All reports were posted to the website prior to the meeting.

The Quarterly Performance Report includes information regarding the market environment for 2023, as well as quarterly performances of the Pension and OPEB Plans. The report should be referenced for a detailed analysis.

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

Observations as of March 31, 2023, included:

- The market value was \$144.4 million. The portfolio had a net investment change in the first quarter of \$5.8 million, returning 4.2% (net) vs. policy index of 5.0%.
- One year return of -4.2% (net) vs. policy index of -4.7%
- Positive attribution for the quarter resulted from fixed income.
- Negative attribution for the quarter resulted from asset allocation, equity structure and underperformance by Clarion.
- Looking Ahead/Recommendations: Asset Allocation and Wilmington Trust portfolio manager change.



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Mr. Wing directed members to the OPEB Fund Portfolio Overview.

Observations as of March 31, 2023 included:

- The market value was \$58.6 million. The portfolio had a net investment change in the first quarter of \$2.4 million, returning 4.2% (net), vs. policy index of 5.0%
- 1-Year return of -4.3% (net) vs. policy index of -4.7%
- Positive attribution for the quarter resulted from fixed income
- Negative attribution for the quarter resulted from asset allocation, equity structure and underperformance by Clarion
- Looking Ahead Asset Allocation and Wilmington Trust portfolio manager change

4. **Asset Allocation**

Mr. Wing gave background information, provided an asset class overview as well as an asset allocation analysis. Mr. Wing explained the difference between bank loans, high yield bonds and private debt and the risk that comes with each option. There was discussion about the different options and the risk involved.

A motion was made by Ms. Ryan, seconded by Mr. Lawson, for the Pension Committee to recommend to County Council to change the Investment Policy Statements of the Pension and OPEB funds to increase fixed income through bank loans by 3 percentage points, lower U.S. equities by 3 percentage points, lower real estate by 2 percentage points, and in return increase global infrastructure by 2 percentage points.

Motion Adopted: 6 Yeas.

Vote by Roll Call: Mr. Rogers, Yea; Ms. Roth, Yea; Ms. Griffith, Yea;
Ms. Brewington, Yea; Ms. Ryan, Yea; Mr. Lawson, Yea
Ms. Jennings, Yea

5. **Adjourn**

At 11:41 a.m., a Motion was made by Mr. Rogers, seconded by Ms. Ryan, to adjourn. Motion Adopted by Voice Vote.

The next meeting of the Pension Committee is scheduled for August 17, 2023 at 10:00 a.m.

Respectfully submitted,

Bobbi L. Albright
Executive Administrative Assistant