



PENSION FUND COMMITTEE
Minutes of Meeting

May 15, 2025

The Sussex County Pension Fund Committee met on May 15, 2025, 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, 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 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 reviewed copies of a report entitled, "Sussex County Quarterly Performance Report as of March 31, 2025". The report includes information on the market environment for the first quarter of 2025, as well as quarterly and annual performance of the Pension and OPEB Plans. The report should be referenced for a detailed analysis.

Mr. Wing summarized the U.S. economic and market environment:

- The U.S. economy contracted by 0.3% in Q1, falling short of the expectations. This was largely due to a 4.8 percentage point drag from net exports, attributed to firms attempting to front-run tariff announcements.
- Consumer spending decelerated in Q1 but came in better than economists' forecasts.
- Forecasts for the remainder of the year were revised downward due to policy uncertainties, particularly related to tariffs and trade with China. Consumer and CEO confidence indicators also declined during the quarter, though markets rebounded following a pause in tariff escalation.

- The Federal Reserve faced conflicting pressures, with rising inflation expectations and slowing economic growth. Markets finished the quarter pricing in two rate cuts for the year, down from earlier expectations of five.
- U.S. equities declined, while developed non-U.S. and emerging markets performed positively. Bond returns were favorable.

Regarding U.S. equities:

- Larger sectors, including communication services, consumer discretionary, and information technology underperformed due to concerns over emerging foreign AI technologies and geopolitical tensions, which impacted large-cap tech firms reliant on international revenue.

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

Observations as of March 31, 2025, included:

- The Pension Plan market value was \$172.1 million. Q1-25 net investment change of -\$252,000, returning -0.2% (net), vs. policy index of -0.6%.
- FY25 net investment change of \$7.3 million, returning 4.4% (net) vs. policy index of 4.4%.
- Positive attribution: Equity structure and strong performance by most active equity managers
- Negative attribution: Overweight to emerging markets within non-U.S.
- Looking Ahead: Real Estate continues to wind down

Mr. George Spindell inquired about access to the investment policy statement for the funds. Ms. Jennings stated that she would send it. A discussion followed regarding the real estate allocation managed by Clarion and fund's investment types.

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

The market value as of March 31, 2025, was \$70.0 million. Q1-25 net investment change of -\$106,000, returning -0.2% (net), vs policy index of -0.6%. FY25 net investment change of \$2.9 million, returning 4.4% (net), vs policy index of 4.4% Positive attribution for the quarter resulted from equity structure and outperformance by most active equity managers and negative attribution for the quarter resulted from emerging markets overweight within Non-U.S. Equity.

Mr. Lance Rogers asked about rebalancing triggers. Mr. Wing explained that the committee considers both subjective and systematic factors. While some rebalancing is discretionary based on market conditions, a systematic threshold exists where breaches of +/- 300 basis points from target allocations trigger automatic adjustments.

4. **Market Update**

An extended market outlook was provided. U.S. equity valuations remain high, making markets vulnerable to negative developments. Mixed recession signals persist. Slight overweighting in non-U.S. equities is supported by relative valuations and macroeconomic stability.

5. **Additional Business**

Ms. Jennings welcomed Mr. Spindell to the Pension Committee.

6. **Adjourn**

At 12:03 p.m., a Motion was made by Ms. Brewington, seconded by Mr. Lawson, to adjourn. Motion Adopted by Voice Vote.

Respectfully submitted,

Bobbi L. Albright
Executive Administrative Assistant