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**Sussex County**

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## **PENSION FUND COMMITTEE**

### *Minutes of Meeting*

**November 10, 2021**

The Sussex County Pension Fund Committee met on November 10, 2021, at 10:00 a.m. in the County Council Chambers, Georgetown, Delaware. Those in attendance included members: Gina Jennings, Todd Lawson, Karen Brewington, Mitch Rogers, Kathy Roth, David Baker and Kathleen Ryan. Also in attendance were Pat Wing of Marquette Associates, the County's Pension Investment Consultant; Janet Cranna (virtually), Brett Warren, and Margaret Tempkin of Cheiron, the County's Actuary.

Ms. Jennings called the meeting to order.

1. **Approval of Minutes**

The minutes of the August 19, 2021 meeting were approved by consent.

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

Mr. Wing distributed copies of a report entitled, "Sussex County Quarterly Performance Report as of September 30, 2021". The Investment Performance Report includes information regarding the market environment for the third quarter of 2021, as well as quarterly and annual performances of the Pension and OPEB Plans. Although the report should be referenced for a more detailed analysis, discussion highlights include:

Mr. Wing referred members to the Market Environment

Mr. Wing discussed the big deceleration in the U.S. and reported that Gross Domestic Product (GDP) growth was at 2.0 percent. The slowdown was largely driven by consumer spending, which grew at an annual rate of 1.6%, well below the 12.0% rate seen in Quarter 2. The economy still is currently experiencing a lot of supply chain issues and shortages. The shortages are driving the inflation that has been seen over the last few months. Mr. Wing directed attention to a survey put out by the National Federation of Independent Businesses (NFIB). According to the NFIB survey of small businesses, more than 50% of respondents indicated they have at least one or more hard to fill jobs – the highest level since the mid 1970's.

Mr. Wing reviewed the Global asset class performance Quarter 3 and year-to-date results.



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

Observations as of September 30, 2021 included:

- The Pension Plan market value was \$150.7 million. The portfolio realized a third quarter loss of \$176,000, returning -0.1 percent.
- Positive attribution for the quarter resulted from outperformance by active U.S. equity manager and outperformance by Lord Abbett within fixed income.
- Negative attribution for the quarter resulted from Non-U.S. equity structure and underperformance by Clarion LPF.
- Contribution made to Clarion LPF on August 1, bringing real estate closer to the target allocation.
- Wilmington Trust fee amendment effective September 1, 2021.
- Looking Ahead/Recommendations: JP Morgan IIF capital call likely to happen January 1, 2022.

Mr. Wing directed members to the OPEB Fund Performance Report

The market value as of September 30, 2021 was 60.4 million and an investment loss of \$71,000. The returns were in line with the pension. The observations for the attributions, contributions, Wilmington Trust Fee Amendment, and Infrastructure Call are the same as the Pension.

Mr. Wing directed members to separate Portfolio Updates (as of October 31, 2021) for both the Pension and OPEB Plans.

Mr. Wing then reviewed the 10 year outlook for asset allocation as well as a 30 year outlook.

### **3. Annual Actuarial Report**

At the request of the County, Cheiron, the County's actuary, performed their annual actuarial valuation of the Sussex County Employee Pension Plan, as well as the Sussex County Postemployment Benefit Plan. Committee members were provided with a report entitled "Actuarial Valuation Report as of July 1, 2021", as well as a PowerPoint presentation. The report also included GASB 67/68/74/75.

The valuation included a historical review, assessment of risk, valuation results, and projections.

### **4. Discussion on Lowering the Assumed Rate of Return**

There was a discussion with Cheiron about lowering the assumed rate of return and the discount rate for both the Pension and OPEB funds.

A Motion was made by Mr. Baker and seconded by Ms. Ryan for the Pension Committee to recommend to the County Council to lower the assumed rate of return and the discount rate for both the Pension and OPEB funds to 6.75%.

Motion Adopted: 7 Yeas.

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

5. **Discussion on Adjusting the OPEB Funding Policy**

There was discussion about adjusting the OPEB Funding Policy to change the wording from “the greater of 9.5% of pay or” to “at least the actuarially determined contribution” so that the County will contribute at least what Cheiron says is required.

A Motion was made by Ms. Roth and seconded by Mrs. Brewington for the Pension Committee to recommend to the County Council to change the funding policy for the OPEB to reflect contributing at least the actuarially determined contribution.

Motion Adopted: 7 Yeas.

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

6. **2022 Meeting Dates**

Following are the meetings for 2022:

February 17, 2022  
May 19, 2022  
August 18, 2022  
November 17, 2022

All meetings begin at 10:00 a.m. and will be held virtually, except for the November meeting, which will be held in the Sussex County Council Chambers, Administrative Office Building, Georgetown, Delaware. Calendar invitations will be sent to each member.

7. **Additional Business**

No Additional Business.

9. **Adjourn**

At 11:33 a.m., a Motion was made by Ms. Roth, seconded by Mr. Rogers, to adjourn. Motion Adopted by Voice Vote.

Respectfully submitted,

Bobbi L. Albright  
Executive Administrative Assistant