



## **PENSION FUND COMMITTEE**

### ***Minutes of Meeting*** **February 17, 2022**

The Sussex County Pension Fund Committee met on February 17, 2022, at 10:00 a.m. by teleconference. Those present included members: Gina Jennings, Kathy Roth, Karen Brewington, Kathleen Ryan, and Mitchell Rogers as well as Pat Wing, Managing Partner of Marquette Associates, the County's Pension Investment Consultant. Mrs. Jennings informed the committee that Mr. David Baker had resigned from the committee due to his appointment as the USDA Rural Development Director for Delaware/Maryland. Mrs. Robin Griffith has been appointed to the committee as his replacement.

Ms. Jennings called the meeting to order at 10:05 a.m. and welcomed everyone to the virtual Pension Committee meeting. Pension Committee members were connected by phone and/or the internet and participating in real-time. Members of the public could listen and view this meeting using the regular Pension Committee's broadcast found on the County's website.

#### 1. **Approval of Minutes**

The minutes were approved by consent.

#### 2. **Update on Pension and OPEB Performance Reports**

Prior to today's meeting, Committee members were emailed copies of Marquette Associates' report entitled, "Sussex County Quarterly Performance Report as of December 31, 2021", 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 2021, as well as quarterly performances of the Pension and OPEB Plans. The report should be referenced for a detailed analysis.

The Investment Performance Report includes information regarding the market environment for the fourth quarter of 2021, as well as quarterly and annual performances of the Pension and OPEB Plans.

Mr. Wing referred members to the Market Environment. Information included: U.S. Economy, Global Economy, Global Asset Class Performance, U.S. Equity Markets, U.S. Fixed Income and Global Index Returns.

Mr. Wing then directed members to the Sussex County Employee Pension Plan

#### **Observations**

- As of December 31, 2021, the Market Value was \$158.8 million; the portfolio realized a fourth quarter gain of \$8 million, returning 5.3 percent (net) versus a

policy index of 5 percent. For the year 2021, the portfolio realized an investment gain of \$20.8 million, returning 15.1 percent (net), versus policy index of 14.1 percent.

- Positive attribution for the quarter resulted from: Outperformance by active U.S. and non-U.S. equity managers; value overweight within U.S. small caps and fixed income within the fund.
- Negative attribution for the quarter from: Underperformance by most active Global equity managers and emerging markets overweight within non-U.S. equities.
- JP Morgan IIF was funded at the end of December.

#### Looking Ahead

- Added Cohen & Steers Global Infrastructure Fund in early January to supplement Private Infrastructure allocation.
- Manager changes in January.

Mr. Wing directed members to the OPEB Fund Portfolio Overview

#### Observations

- As of December 31, 2021, the Market Value was \$63.6 million; the portfolio realized a fourth quarter gain of \$3.2 million, returning 5.3 percent (net) versus a policy index of 5.0 percent. For the year 2021, the portfolio realized a gain of \$8.4 million, returning 15.3 percent (net) versus a policy index of 14.1 percent.
- Positive attribution for the quarter resulted from outperformance by active U.S. and non-U.S. equity managers, value overweight within U.S. small caps and fixed income.
- Negative attribution for the quarter resulted from underperformance by most active Global equity managers and emerging markets overweight within non-U.S. equities.
- JP Morgan IIF was funded at the end of December.

#### Looking Ahead

- Added Cohen & Steers Global Infrastructure Fund in early January to supplement Private Infrastructure allocation.
- JP Manager changes in January.

Discussion took place regarding what happened when we bought into infrastructure. Mr. Wing stated, at this point we don't have those returns for that manager. The first time we will have the quarterly numbers will be in May.

There was discussion whether the policy gave enough flexibility to become more defensive if inflation continued to increase and the yield curve continued to flatten. Mr. Wing stated that it does; that there are currently two levers in which to pull. From an asset allocation perspective there are ranges of plus or minus 5 percent around the various asset classes that can be pulled up and down; and secondly the allocations within the respected managers themselves. Some allocations are more defensive than others so money can be moved between funds and then become more defensive that way.

Mrs. Jennings questioned whether our benchmarks need to be looked at in the future. Mr. Wing stated that from a short-term perspective, we have the tools to become a little bit more defensive; from a longer-term perspective, if some of the factors that we are

looking at, like the inverted yield curve rears its ugly head or other items we are watching, at that point it might be worth reviewing the asset allocation and making sure that things are aligned with the risk tolerance.

3. **Adjourn**

At 10:49 a.m., a Motion was made by Mr. Rogers, seconded by Mrs. Brewington, to adjourn. Motion adopted by voice vote.

The next meeting of the Pension Committee is scheduled for Thursday, May 19, 2022, at 10:00 a.m.

Respectfully submitted,

Bobbi Albright  
Administrative Secretary