



PENSION FUND COMMITTEE

Minutes of Meeting

August 19, 2021

The Sussex County Pension Fund Committee met on August 19, 2021, at 10:00 a.m. by teleconference. Those present included members: Gina Jennings, Todd Lawson, Karen Brewington, David Baker, Kathleen Ryan, and Mitchell Rogers as well as Pat Wing, Managing Partner of Marquette Associates, the County's Pension Investment Consultant.

Ms. Jennings called the meeting to order at 10:00 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 may listen and view this meeting using the regular Pension Committee's broadcast found on the County's website.

1. Approval of Minutes

Mr. Baker made a motion to approve the minutes of the May 20, 2021 meeting seconded by Mrs. Brewington. Motion adopted by voice vote.

During the May 20, 2021 meeting, there was discussion about possibly adding some other asset classes that would increase the County's risk. It was decided at that time to wait until the November meeting until we heard from the actuary whether we wanted to increase the risk or talk about possibly lowering our assumed rate of return. It was decided to wait and see where the pension stands and how much an adjustment in the assumed rate of return could actually cost the pension.

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 June 30, 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 second 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 stated that the economy is currently in a transition phase. The economy is going to continue to grow but at a slower pace.

The dynamics regarding inflation haven't changed much in the last three months. Inflation continues to come in a little "hotter" than it has in the past few years. The rate of change of inflation is starting to level out. From an expectation perspective, the economists, the market and consumers do think inflation will be a little higher than normal through the rest of this year but then slowly scale back to more historical averages.

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

Observations

- As of June 30, 2021, the Market Value was \$150.9 million; the portfolio realized a second quarter gain of \$8.4 million, returning 5.9 percent versus a policy index of 5.4 percent.
- Positive attribution for the quarter resulted from: Outperformance by most active equity managers and outperformance by Clarion LPF.
- Negative attribution for the quarter from: Emerging markets overweight within non-U.S. equities.
- Fund changes in Q2: Global equity managers

Looking Ahead

- Contribution made to Clarion LPF on 8/1, bringing real estate closer to the target allocation.
- JP Morgan IIF capital call

Mr. Wing directed members to the OPEB Fund Portfolio Overview

Observations

- As of June 30, 2021, the Market Value was \$60.5 million; the portfolio realized a second quarter gain of \$3.3 million, returning 5.8 percent versus a policy index of 5.4 percent.
- Positive attribution for the quarter resulted from outperformance by most active equity managers and outperformance by Clarion LPF
- Negative attribution for the quarter resulted from emerging markets overweight within non-U.S. equities.
- Fund Changes in Q2 – fixed income managers.

Looking Ahead

- Contribution made to Clarion LPF on 8/1, bringing real estate closer to the target allocation.
- JP Morgan IIF capital call

3. **Adjourn**

At 10:40 a.m., a Motion was made by Mr. Rogers, seconded by Mr. Baker, to adjourn.
Motion adopted by voice vote.

The next meeting of the Pension Committee is scheduled for November 18, 2021 at 10:00
a.m.

Respectfully submitted,

Bobbi Albright
Administrative Secretary