

**RETIREMENT BOARD  
COUNTY OF DELAWARE, PENNSYLVANIA  
MEETING OF SEPTEMBER 12, 2024  
(In-person and hybrid meeting in County Council Conference Room at 3:00 pm)**

**TO:** Members of the Retirement Board

**FROM:** Joanne Phillips, Board Secretary and County Controller.

**PRESENT:** Board Secretary and County Controller Joanne Phillips; Board Member and County Council Chair Monica Taylor (Zoom); Board Member and County Council Member Elaine Schaefer; Board Chair and County Council Member Christine Reuther; Board Member and County Treasurer James Hackett; Board Solicitor Jonathan Lichtenstein; Bruce Besecker with RBC Wealth Management; Michael Courtney with RBC Wealth Management; Helen Hurilla, Relationship Manager with Principal Custody Solutions.

- 1) Meeting was called to order by Councilwoman Reuther at 3:05 P.M.
- 2) **Approval of Minutes** from meeting of May 16, 2024. Motion made by Councilwoman Reuther. Seconded by Councilwoman Schaefer to approve the minutes. **(Motion passed 5-0)**.
- 3) **The Treasurer's Report.** Treasurer Hackett reported that as of June 30, 2024, the value of the fund was \$659,561,719 including the annuities. (Annuities were valued at \$3,902,591.)
- 4) **Public Comment.** There were no public comments.
- 5) **New Business.**
  - a. RBC Update – Mr. Bruce Besecker.

The YTD performance report had a return of 7.1%, which is slightly below the benchmark of 7.2%. The Nationwide transition is ongoing and should be completed soon.

Mr. Besecker reported on general economic data as of June 30, 2024, addressing inflation and inflation expectations. Considering historical trends, inflation is lower and in general is moving in the right direction. Mr. Besecker provided an historical look at the 20-year average of 2.59%, core 20-year average 2.42%; and reported that the U.S. 5-year forward inflation expectation rate 20-year is projected at an average of 2.25%

Mr. Besecker further reviewed the economic data as of June 30, 2024, including the labor markets, nonfarm payroll and national trends. He noted that the equity markets are seeing positive market trends. A review of historical data since 1926 shows 73 positive years and 26 negative years. Mr. Besecker has informed the Board that the equity market update is looking positive based on a review of U.S capitalization, performance and P/E ratios.

Mr. Besecker directed the Board to the RBC report to review year-to-date performances of the Fund and the various investment sectors. The Board discussed the impact of lower interest rates.

In general, Mr. Besecker noted that the U.S. topped the world stock market, with the fixed income market being impacted by the decisions of the Federal Reserve.

Referencing the RBC Report, Mr. Besecker reported that the Fund is invested in accordance with the Investment Policy, with slight deviations of allocation within acceptable ranges as permitted by the policy.

In reviewing each fund comprising the Pension fund, it was noted that the housing and commercial real estate markets remain affected by the rise in interest rates over the past few years. Mr. Besecker reviewed a few of the investment accounts, including actively managed funds, that are performing positively: Philadelphia Investment Partners, Boston Partners and Emerald. The Vanguard accounts tied to indices are performing well.

Mr. Besecker reviewed the All-Public Plans Total Fund tool and how Delaware County's pension fund ranked against other public plans. As reported, our Fund remains ranked in the upper tier.

b. Custodial Bank – Principal Custody Solutions – Ms. Helen Hurilla.

Ms. Hurilla also reviewed the market value of the Retirement Fund based on closing prices as of September 11, 2024, noting value of \$676,325,554. The benefits paid to pensioners for September was comprised of 2,093 payments (66 checks, 2,027 direct deposits) totaling approximately \$3.2 million. 216 retirees have signed up for online access, which Ms. Hurilla reported is about the average number of sign-ups that Principals sees for its clients. Class action settlements administered by Principal generated \$4,446 from 10 claims.

Ms. Hurilla also discussed the enhanced suspected-decedent reporting being implemented by Principal and on the recent meeting with the Controller's Office staff regarding the work being done by both. The focus of this meeting was to review ways to streamline the audit process conducted by the Controller's Office and its outside auditor, Baker Tilly. It was agreed that it would be beneficial to give the auditors online access to make things more efficient. Once the audit has been completed, their access will be removed.

Councilwoman Schaefer asked if the Controller's Office is getting a lot of phone calls regarding the pension. Secretary Phillips responded that there are not many calls from pensioners concerning the pension payments or other concerns.

6) **Old Business.**

a. Litigation Update – Jon Lichtenstein, Esq.

Solicitor Lichtenstein reported that all class action suits in which the Delaware County Retirement Fund has taken the lead as a named plaintiff have been settled. Documentation

regarding the settlements is being prepared. Robbins Geller has been the firm handling the matters.

7) **Individual Reports of Board members or committees.**

- a. PAPERS (Pennsylvania Association of Public Employee Retirement Systems) and PSAAC (Pennsylvania State Association of County Controllers) Conferences – Controller and Board Secretary Phillips

Secretary Phillips informed the Board that we are a member of PAPERS. She will circulate the link to the Board members who may be interested in attending conferences or other programs. Secretary Phillips reported that she attended a conference in Harrisburg in May. She noted that one of the most interesting things that was discussed during the conference was from a computer scientific professor who presented a program on artificial intelligence.

The Controllers Conference also typically includes programs regarding the retirement board functions and the management of funds. This year, the summer conference included discussion on fixed income funds. There was also a presentation on what generally happens when boards terminate funds that are perceived to be underperforming. The conclusion of the panelists was to keep the focus on long-range returns and historical performance when making decisions. Secretary Phillips informed the Board that she concluded that we are following the general practices put forth by the investment panel. She will share the materials and suggested that the associations provide education that members of the Board may find helpful.

- b. Committee Update – Chair and Councilwoman Reuther

Councilwoman Reuther reported that a committee has been formed to learn more about the process and the types of models for investing and managing pension funds. A variety of firms that approach the investment management were being contacted to set up meetings. Councilwoman Reuther informed Mr. Besecker and Ms. Hurilla that the Board would be reaching out to them to schedule a meeting, so they can present to the committee. Their focus will be to educate about the different styles of investment management available. The meeting will be scheduled in either late October or early November.

8) **Discussion of correspondence received by the Board.** No substantive correspondence needing Board action was received by the Controller's Office.

9) **Public Comments.** There were no public comments.

10) **Adjourn Public Meeting.**

Motion made by Councilwoman Reuther to adjourn the meeting at 4:06 P.M., Secretary Phillips seconded this motion (**Motion passed 5-0**).

Next meeting – November 21, 2024, 3:00 P.M., Council Meeting Room 2nd floor