KENT COUNTY PENSION REVIEW COMMITTEE
Quarterly Meeting Minutes
Annual Appreciation Luncheon
Thursday, November 21, 2024
TGI Friday's Restaurant
222 S Dupont Hwy, Dover, DE 19901

Call to Order & Determination of a Quorum: 1:11 p.m.

Members Present:
Susan Durham, Vice-Chair
Kristopher Connelly
Tim Horne
Kevin Sipple

Members Absent:
David C. Craik, Chairman
Tammy Ordway
Christopher S. Smith

Others Present:
Allan Angel, Levy Court Commissioner
Trudena Horsey, Human Resources Director
Tanya Keady, Segal Marco Advisors

Vice Chair Durham presiding.

Call of the roll revealed a quorum was present.

1. Approval of the Minutes of February 15, 2024, meeting.

A motion was made by Mr. Connelly, seconded by Mr. Horne, and carried unanimously to approve the minutes for the February 15, 2024, meeting.

2. Election of Chairman and Vice Chairman.

Ms. Durham requested nominations for the Chairman and Vice Chairman position for the next year/term.

David Craik was nominated to remain the Chairman by Mr. Horne, seconded by Mr. Connelly, and passed unanimously. Susan Durham was nominated to remain the Vice Chairman by Mr. Horne, seconded by Mr. Connelly, and passed unanimously.

3. Segal Marco Advisors – 3rd Quarter 2024 Fund Performance Report.

Segal Marco Advisors Primary Consultant Tanya Keady presented an "Analysis of Investment Performance" through September 30, 2024. The report showed the ending market value of total pension assets as $60,407,785 with a quarterly increase of +$1,980,244 (+$3,053,667/investment gain, -$1,073,423/withdrawals for invoices & 3 monthly pension payments). At quarter's end, 42.2% of the assets were invested in domestic equities, 9.0% in international equities, 8.9% in global tactical asset allocation (balanced), 3.3% in real estate, 2.0% in emerging markets equities, 29.2% in fixed income, 5.4% in private markets, and 0.0% in cash. For the quarter, the pension fund underperformed with a return of +4.9% versus +5.2% for the Policy index. For the one-year period, the Total Fund outperformed the Policy Index +23.5% vs. +20.4%, and for the three-year period it slightly underperformed the Policy Index at +4.6% vs. +4.9%. Since inception, the Total Fund has returned +9.5% compared to +8.7% for the Policy Index.

SSgA Russell Growth Index (*Large U.S. Cap Growth – 15.6%*), which replaced INTECH by direction of the Committee in June 2003, matched the index for the quarter with a return of +3.2%. The SSgA Russel Growth investment returns for the one-year period were +42.3 compared to +42.2% for the index. Since inception, SSgA Russell growth has matched the benchmark at +29.3%.

Wedge Capital (*Large U.S. Cap Value – 15.3%*), which started October 2004, outperformed the index for the quarter with a return of +5.3% compared to +9.4% for the Russell 1000 value index. The Wedge investment returns for the one-year period were +35.4% compared to +27.8% for the index and maintains a +11.5% return rate compared to +9.2% for the index after 10 years.

MFS International Equity Fund (*International – 9.0%*), which was selected by the committee replacing AQR as the new International Equity fund manager in May 2023, outperformed the index for the quarter with a return of +8.2% compared to +7.3% for the MSCI EAFE index. The MFS investment returns for the one-year period were +27.1% compared to +24.8% for the index. Since inception, MFS and maintains a +12.9% return rate compared to +13.6%.

Invesco Balanced-Risk Allocation (*GTAA – 8.9%*) was established May 2014 and underperformed for the quarter with a return of +3.8% versus the +6.0% for the 60%MSCI World/40% Barclays U.S. Aggregate benchmark. For the one-year period, the balanced risk investment returns were +14.1% compared to +24.1% for the policy index and for the five-year period it underperformed the Policy Index +5.3% versus +8.4%.

Segal Marco Fixed Income Group Trust (*Fixed Income – 29.2%*), which started January 1, 2019, outperformed for the quarter with a return of +5.2% compared to +5.2% for the Bloomberg Barclays U.S. Aggregate Bond index. For the one-year period, the Bond composite allocation returned +12.6% compared to +11.6% for the index. Since inception, Segal Marco Fixed Income has returned +2.7% compared to +1.7%, while the total fixed income composite allocation has returned +3.4% compared to +3.0% for the index.

RCTS Emerging Markets Equity-RBC/Wells (*Emerging Equities – 2.0%*) was established March 2018 and slightly underperformed for the quarter with a return of +8.4% compared to +8.7% for the MSCI EM (net) policy index. The RCTS investment returns for the one-year period were +24.1% compared to +26.1% for the policy index. Since inception, the emerging markets allocation has returned +2.8% compared to +2.2% for the index.

Principal U.S. Property Account (*Real Estate – 3.3%*) was established April 2018 and underperformed for the quarter with a return of -0.2% compared to +0.3% for the NCREIF ODCE Equal Weighted policy index. The Principal investment returns for the one-year period were -5.5% compared to -7.3% for the index. Since inception, the real estate allocation has returned +3.3% compared to +4.0% for the Policy Index.

SSgA Russell Small Cap Completeness Index (*SMID – 11.3%*) was established February 2022 and returned matched the Russell Small Cap Completeness Index at +12.3%. The SSgA Russell Small Cap investment returns for the one-year period were +29.0% compared to +28.8% for the index. Since inception, SSgA Russell Small Cap has returned +5.7% compared to +5.6% the Policy Index.

GMC Grosvernor MAC *(Opportunistic – 5.4%)* was established August 2021, resulting from a $1.5 million funds transfer from fixed income (Segal Marco Fixed Income). To date, $2.92 million has been committed of the total capital call of $3.75 million.

Ms. Keady reported that the asset allocation is within allowable ranges as of the end of the quarter. The year-to-date return has been favorable, up 12.5%. She explained that, despite the IT sector's more muted performance during the quarter, stocks led all other asset classes. She stated that the year-to-date cash flow out has been $2.6 million, and the portfolio's market value has doubled over the last 10 years. Before concluding her update, she explained that Grosvenor has had favorable performance thus far, up 12.4% since inception in 2022. She added that there are currently no recommendations for manager replacements.

4. Segal Marco Advisors – Pension Fund Allocation.

Ms. Keady reviewed the pension plan portfolio for year ending June 30, 2024, with a recommendation to eliminate the MACS/GTAA. Ms. Keady reported that the plan's investment goals had met the target rate of return capitalizing on the current interest rate environment. She added that the GTAA fund had served its purpose, and the plan is in a different yield environment than when originally introduced into the plan allocation. She noted that there is greater opportunity in dedicated fixed income strategies with better long-term yields. She also added that management fees would be reduced.

After much discussion, a motion was made by Ms. Durham, seconded by Mr. Thorne, and approved unanimously to adjust the pension fund allocation by 5% from GTAA to fixed income. The recommendation from the committee will be presented the levy court for final approval.

5. DSPO – 3rd Quarter 2024 Retiree Benefits Investment Performance Report.

The State Pension Office reported that the comingled Delaware Public Employees Retirement Investment Pool (DELRIP) experienced a quarterly increase of +1.4% compared to +2.0% for the DPERS Policy benchmark. The State Pension fund return was reported as +18.7% versus +25.3% for the benchmark for the one-year period.

The unaudited DELRIP report for July 1 – September 30, 2024, showed a market value balance of $34,378,396.63 with an increase in value of +$1,466,300.01. For the quarter, the County's portion of the fund assets (0.22632%) increased by +.00502% (+58,662.10 interest, +$34,140.27 dividends, +312.20 securities lending income, -$1,005.86 net change accrued income, +$1,310,961.81 unrealized gain/loss change, +$82,156.02 realized gain/loss, -$46.82 securities lending fees/expense, -$17,549.13 investment manager/advisory fees, -$1,248.04 transaction fees, -$82.54 legal-investment fees.)

6. Staff – FY24 Pension Valuation Report Update.

Ms. Horsey noted that pension valuation report dated January 1, 2024, had been reviewed by the committee and finalized. She added that biennial employee benefit statements had been completed by the actuary and received.

7. Staff – FY24 Pension & OPEB Contribution Report.

Ms. Horsey noted staff had completed the transfer of the FY 2024 OPEB contribution of $2,521,091 on June 21, 2024. She added that the transfer of the FY 2024 pension contribution of $4,340,152 was completed on December 15, 2023.

8. Staff – FY25 Budgeted Pension & OPEB Update.

Ms. Horsey noted the FY 2025 budgeted pension and OPEB amounts are $4,429,178 and $3,420,129 respectively. She added that full plan contribution was budgeted, and the full contribution will be sent in addition to the employee portion. She also added that the full contribution would be made in December and reminded the committee that Ms. Keady normally provides a recommendation for the asset investment account where the contributions should be transferred. Ms. Keady recommended that the pension contribution be transferred into the fixed income investment account.

A motion was made by Mr. Horne, seconded by Mr. Connelly, and approved unanimously to approve the recommendation of transferring the pension contribution into the fixed income asset account.

9. Staff – Quarterly Pension Activity Report.

Ms. Horsey presented the Quarterly Pension Activity Reports to keep the Committee members apprised of the administrative changes to the pension fund. A summarized version of the report is presented below:

Quarterly Pension Activity Report

Pension Payment Date	**Gross $ Paid**	**# Recipients**	**Comments**
November 1, 2024	$380,997.06	297	-1(P) Retro
October 1, 2024	$381,150.89	298	+1(P) Retro
September 1, 2024	$380,997.06	297	-1(R); +1(P)
August 1, 2024	$383,197.06	297	-1(R); +1(R)
July 1, 2024	$382,359.20	297	+3(R); +1(P)
June 1, 2024	$374,216.22	293	-1(P); +2(R); +2(P)
May 1, 2024	$ 369,767.68	289	-1(P) retro; -1(R)
April 1, 2024	$373,146.17	290	+1(P) w/retro; +2 (R)
March 1, 2024	$366,523.13	287	+2 (R)
February 1, 2024	$363,878.67	285	+2(R); -1(R)
January 1, 2024	$360,544.22	284	+1(B)
December 1, 2023	$360,407.17	283	+2(R); -1(P)
November 1, 2023	$354,695.42	282	+2(R); + 2(P)
October 1, 2023	$350,724.11	278	+2(R); -(R); -(QDRO)
Pending Pensions - Type	**Effective Date**	**Service Years/Age**	**Estimated Benefit**
(R)	02/01/25	25 yrs; 61	$2,658.13/mo. Life?
(R)	01/01/25	16 yrs; 78	$885.35/mo. Life
(R)	12/01/24	40 yrs; 65	$4,171.18/mo. Life
Pensions started – Type	**Effective Date**	**Service Years/Age**	**Monthly Benefit/Type**
+(P)	09/01/24	7.3 yrs; 62	$153.83/mo. Life; no beneficiary
-(R)	09/01/24		-$2,353.83/mo. Life; no beneficiary
+(R)	08/01/24	16 yrs; 64	$1,175.47/mo. CA75%
-(R)	08/01/24		-$337.61/mo. 50%
+(P)	07/01/24	11.2 yrs; 62	$744.50/mo. Life; no beneficiary
+(R)	07/01/24	30.1 yrs; 65	$2,850.83/mo. CC5yrs
+(R)	07/01/24	22.3 yrs; 63	$2,136.22/mo. CA100%
+(R)	07/01/24	20.6 yrs; 56	$2,411.43/mo. CA50%
+(P)	06/01/24	9.6 yrs; 62	$762.69/mo. CC5yrs
+(P)	06/01/24	10.8 yrs; 62	$1,267.35/mo. CA 100%
+(R)	06/01/24	10.4 yrs; 63	$869.73/mo. Life; no beneficiary
+(R)	06/01/24	20.5 yrs; 62	$2,060.41/mo. Life; no beneficiary
-(P)	06/01/24		-$781.40/mo. Died 4/23/24; no beneficiary
-(R)	05/01/24		-$2,122.75/mo. Died 3/21/24; no beneficiary
+(R)	04/01/24	30.5 yrs; 51	$2,746.80/mo. Life
+(R)	04/01/24	17.1 yrs; 66	$1,328.94/mo. CA100%
+(P)	04/01/24	5.5 yrs; 62	$424.55/mo. CA100% (retro 05/01/24)
+(R)	03/01/24	16.4 yrs; 63	$2,127.13/mo. CA50%
+(R)	03/01/24	8.8 yrs; 64	$517.33/mo. Life
-(R)	02/01/24		-$1,377.98/mo. Died 1/21/24; no beneficiary
+(R)	02/01/24	20.4 yrs; 55	$1,822.48/mo. Life
+(R)	02/01/24	25.1 yrs; 62	$2,889.95/mo. Life
+(R)	12/01/23	27.4 yrs; 63	$5,007.54/mo. CC5yrs
+(R)	12/01/23	10 yrs; 65	$841.26/mo. CA50%
+(P)	11/01/23	12.4 yrs; 62	$451.01/mo. CC5yrs
+(P)	11/01/23	9.9 yrs; 62	$426.22/mo. CA100%
+(R)	11/01/23	9.7 yrs; 67	$922.17/mo. CC10yrs
+(R)	11/01/23	16.1 yrs; 68	$2,171.91/mo. Life
-(QDRO)	10/01/23		-$362.29/mo. (R) Died 7/20/23
-(R)	10/01/23		-$1,317.88/mo. Died 7/20/23 CC10yrs
+(R)	10/01/23	23.3 yrs; 68	$4,209.59/mo. CA75%
+(R)	10/01/23	15 yrs; 62	$1,061.18/mo. CC10yrs w/beneficiary
+(P)	07/01/23	5.8 yrs; 62	$246.32/mo. Life (retro 05/01/23)

R=Retiree from active service; P=Pensioner, vested former employee; R/EO=Active Elected Official receiving pension R=Retiree from active service; P=Pensioner, vested former employee; R/EO=Active Elected Official receiving pension P70=Pensioner w/Rule of 70 benefits; B=Beneficiary of deceased participant; QB=QDRO beneficiary; DR=Disabled retiree; *benefit addition or deletion retroactive to eligibility month. (#-multiplier calculation error correction)**pension interest may adjust benefit (^late death notice-same ben. $) *Life=Life Annuity; CA=Contingent annuitant (beneficiary) & %; CC=Continuous & certain for # years*

10. Staff – Principal Custody Solutions Retiree Online Access.

Discussion was held regarding online access with the pension custodian. Online access would allow those receiving pension benefit payments accessibility to account information, monthly statements, and tax documents. Mr. Horne suggested that no permission was needed from the committee to approve online access as the decision was administrative.

11. Staff – Actuary Services RFP

Discussion was held regarding the current actuary and if an RFP was needed to procure a new vendor. Ms. Horsey and Ms. Durham both agreed they are satisfied with the current vendor, and costs for services remain the same.

A motion was made by Mr. Horne, seconded by Mr. Connelly, and approved unanimously to keep the current actuary in place for another year.

12. Any other additional business properly brought before the Committee:

None

13. Public Comments.

Commissioner Angel graciously thanked the committee members for another year of service and welcoming the return of the Chair and Vice-Chair for another year.

14. Next Meeting.

Committee members agreed by consensus to schedule the next quarterly meeting for Thursday, February 13, 2025, at 2:00 p.m. at the Kent County Administrative Complex.

A motion was made by Mr. Horne, seconded by Mr. Connelly, and carried unanimously to adjourn the meeting at 2:22 p.m.

Minutes drafted by Trudena Horsey and are subject to change at a future Committee meeting.