KENT COUNTY PENSION REVIEW COMMITTEE
Quarterly Meeting & Annual Appreciation Lunch Minutes
Thursday, May 16, 2019
Roma Italian Restaurant
3 President Drive @ Bay Road, Dover, DE

Call to Order & Determination of a Quorum: 12:05 p.m.

Members Present:
David C. Craik, Chairman
Susan Durham, Vice-Chair
Kristopher Connelly
Michael Petit de Mange
Ronald D. Smith

Members Absent:
Timothy R. Horne
Christopher S. Smith

Others Present:
Allan Angel, Levy Court Commissioner
Allan Kujala, Personnel Director
Tanya Laytin, SegalMarco Advisors

Chairman Craik presiding.

Call of the roll revealed a quorum was present.

1. Approval of the Agenda.

The agenda was approved with the addition of one item:
A) Partial FY2019 Pension Contribution Allocation ($1,512,291).

2. Approval of the Minutes of February 21, 2019 meeting.

A motion was made by Mr. R. Smith, seconded by Ms. Durham, and carried unanimously to approve the minutes for the meeting held on February 21, 2019.

3. Segal Marco Advisors – 1st Quarter 2019 Fund Performance Report.

Associate Consultant Tanya Laytin presented an "Analysis of Investment Performance" through March 31, 2019. The report showed the ending market value of total pension assets as $42,269,442 with a quarterly increase of $4,518,944 (+$3,333,622/investment gains, +$458,881/income, -$785,850/withdrawals, +$1,512,291 partial pension contribution). At quarter's end, 43.44% of the assets were invested in domestic equities, 9.39% in international equities, 9.63% in global tactical asset allocation (balanced), 4.48% in real estate, 2.45% in emerging markets equities, 30.28% in fixed income, and 0.33% in cash. For the quarter, the County pension fund increased +10.10%, well ahead of the +7.76% Policy index. For the one year period, the Total Fund underperformed the Policy Index +3.74% vs. +5.39%, and for the three year period it outperformed the Policy Index +6.78% versus +6.22%. Since inception, the Total Fund has returned +9.67% compared to +8.85% for the Policy Index.

INTECH (*Large Cap Growth – 23.15%*), which started December 1, 2003, outperformed the index for the quarter with a return of +17.64% compared to +16.10% for the Russell 1000 growth index. For the one year, INTECH returned +10.77% versus +12.75% for the comparative index, and maintains a +16.18% return rate compared to +17.52% for the index after 10 years.

Wedge Capital (*Large Cap Value – 20.61%*), which started October 1, 2004, outperformed the index for the quarter with a return of +14.65% compared to +11.93% for the Russell 1000 value index. The Wedge investment returns for the one year period were +11.81% compared to +10.45% for the index and maintains a +15.43% return rate compared to +14.52% for the index after 10 years.

AQR International Equity Fund II (*International – 9.39%*), which replaced *Rogerscasey Target Solutions Large Cap Core International* established on June 1, 2013 effective January 1, 2019, outperformed for the quarter with a return of +12.41% compared to +9.98% for the MSCI NET EAFE index. For the one year period, the international allocation returned -7.81% compared to -3.71% for the index and for the five year period it underperformed the Policy Index +1.72% versus +2.33%.

Invesco Balanced-Risk Allocation (*GTAA – 8.56%*) was established May 1, 2014 and increased for the quarter with a return of +8.58% but underperformed the +8.73% for the 60%MSCI World/40% Barclays U.S. Aggregate benchmark. For the one year period, the balanced risk investment returns were +3.89% compared to +4.82% for the policy index year and for the three year period it outperformed the Policy Index +7.76% versus +7.65%.

Segal Marco Fixed Income Group Trust (*Fixed Income – 30.28%*), which replaced *Rogerscasey Target Solutions Core Fixed Income* established on January 1, 2015 effective January 1, 2019, underperformed for the quarter with a return of +2.84% compared to +2.94% for the Bloomberg Barclays U.S. Aggregate Bond index. For the one year period, the Bond composite allocation returned +3.60% compared to +4.48% for the index and the fixed income allocation maintains a +3.95% return rate compared to +3.82% for the index since inception on January 1, 1986.

RCTS Emerging Markets Equity-RBC/Wells (*Emerging Equities – 2.74%*) was established March 1, 2018 and increased for the quarter with a return of +10.56% compared to +9.93% for the MSCI EM (net) policy index.

Principal U.S. Property Account (*Real Estate – 4.48%*) was established March 1, 2018 and underperformed for the quarter with a return of +1.62% compared to +1.69% for the for the NCREIF ODCE Equal Weighted policy index. The Principal investment returns for the one year period were +7.68% compared to +7.74% for the index

The *RCTS High Yield Fixed Income (High Yield Fixed Income)* allocation established March 1, 2018 was liquidated and combined with Segal Marco FIGT effective January 1, 2019.

Ms. Laytin reported that all investment categories were positive in the first quarter of 2019 with U.S. equities outperforming non-US developed and emerging markets. She noted that GDP was 3.2 % with positive growth for fixed income and commodities markets. She said equity returns were driven up by information technology stocks and the portfolio’s overweight in that sector helped erase all of the losses from the 4th quarter of 2018. She noted that AQR (international equities) performed well (12.41% vs. 9.98%) for its first full quarter as fund manager and RBC/Wells (emerging markets) was up 10.56%, with Principal (real estate) up 7.7% since inception. Overall, she said it was a “good quarter” with April on track and expectations remaining positive for the 2nd quarter and beyond.

4. DELRIP – 1st Quarter 2019 Retiree Benefits Investment Performance Report.

With State pension fund investment integration of the former Delaware Local Government OPEB Pool assets now complete (November 30, 2018), the State Pension Office reported Delaware Local Government Retirement Investment Pool (DELRIP) experienced a quarterly increase of +4.6% compared to +8.7% for the DPERS Policy benchmark. The State Pension fund return was reported as +5.7% versus +4.6% for the one year period.

The unaudited DELRIP report for January 1 – March 31, 2019 showed a market value balance of $17,035.331.44 with an increase of +$198,197.51 for the quarter. For the quarter, the County’s portion of the fund assets (0.16343%) increased by +1.18% (+37,420.30 interest, +$22,736.48 dividends, +$520.02 other income, +479.13 securities lending income, +$1,868.71 net change accrued income, +$631,689.96 unrealized gain/loss change, +$74,855.27 realized gain/loss, -$0.31 custodian fees, -$71.87 securities lending fees/expenses, -$68.55 accrued expense change-investment manager, -$9,156.69 investment manager/advisory fees, -$724.35 transaction fees, -$72.43 legal investment fees,-$559,849.63 withdrawal for retiree medical expenses, and -$1,428.53 audit expenses.)

5. Staff – Pension Valuation Report (January 1, 2019).

Mr. Kujala advised that since the February meeting, the Pension Actuary had finalized the annual pension valuation and copies had been distributed to the Levy Court (Board of Trustees) and Pension Review Committee members. He advised that the Actuarially Determined Contribution for FY2020 increased from $3,024,582 to $3,408,084. He said Nyhart attributed the increase largely due to the previously approved incremental reduction of the interest rate assumption from 7.50% to 7.25%. He noted 7.25% is the final discount (interest) rate assumption adopted by Levy Court.

In addition, Mr. Kujala pointed out that the actuary inserted a Key Note about the pension plan assumption previously adopted by Levy Court which eliminated COLAs, but is not being followed. As a result, Nyhart will incorporate a one percent per annum cost of living adjustment in the next valuation – which had it been included in the 2019 report would have resulted in an actuarially determined contribution of $3,774,766 for an increase of $750,184 rather than $383,502 as determined.

It was noted that the OPEB valuation was completed as of June 30, 2018 and the contribution for FY2020 increased by $787,816 from $1,366,633 (budgeted) to $2,154,449.

6. Staff – Pension Modeling Report (Nyhart)

Mr. Kujala reported that during the FY2020 budget review process, Levy Court asked staff to offer scenarios to mitigate increasing pension costs. As a result, the Commissioners requested the actuary prepare an analysis of those plan design changes.

The Pension modeling at an estimated cost of $12,500-$14,500 resulted in a plan design analysis report dated May 16, 2019, but received on May 15 and promptly emailed to Pension Review Committee members for review. Nyhart's Pension Plan Design Analysis report is summarized as follows:

Plan Design Overview: *At the request of the Kent County Levy Court, we were retained to provide 30 year cost projections under the following scenarios:*

Current Plan Projection

- *Current plan structure with new entrants replacing those who leave active service, such that the active population stays flat ("Baseline")*

Plan Design Changes

- *For new hires on/after July 1, 2019, institute years of service adjustable multiplier based on a pro-rata method with a cap of 1.85% reached at 20 years of service ("Pro-rata Benefit Multiplier")*
  - *For example, at 12 years of service, the multiplier applied to all service would be: (12/20) * .0185 * 100 = 1.11%*
- *Increased employee contributions for new hires on/after July 1, 2019 from 3% of base salary over $6,000 to 6% of base salary over $6,000 ("Increase EE Contributions")*
- *Close the defined benefit plan to new hires on/after July 1, 2019 and establish a county defined contribution plan for new hires ("New DC Plan")*
  - *The new DC plan design was not explicitly specified by Kent County. We have shown two alternative designs as reference points, but are not formally recommending either alternative as either legal or desirable.*

Keep in Mind:

All cost projection results are based on the 1/1/2019 actuarial valuation assuming that all current participants in receipt and those expected to retire directly from active service with Kent County will be awarded a 1% annual compound cost of living increase.

For simplicity, results were not refined to value plan changes effective at 7/1/2019; rather, liabilities were consistently measured across all design options as if effective 1/1/2019.

Plan design analysis has not been fully vetted regarding the legality of implementation.

Nyhart Pension Plan Design Analysis – Projections comparison

Scenario #1 - Baseline – no plan design changes	**Scenario #2 – Increase EE contributions from 3% to 6%**	**Scenario #3 – Pro-Rata Benefit**	**Scenario #4 – New DC Plan @ 6% of Pay**	**Scenario #5 – New DC Plan @ 9% of Pay**
Total Employer contribution from 2018-2048 = $96,100,000	Total Employer contribution from 2018-2048 = $82,900,000	Total Employer contribution from 2018-2048 = $85,900,000	Total Employer contribution from 2018-2048 = $89,900,000	Total Employer contribution from 2018-2048 = $102,800,000
New entrants replace terminating/ retiring participants	New entrants contribute 6% of pay greater than $6,000	New entrants have a prorated benefit multiplier for service less than 20 years	New entrants enter a new Defined Contribution Plan with Employer Contributions of 6%	New entrants enter a new Defined Contribution Plan with Employer Contributions of 9%
Employer contributions are expected to remain steady near $4 million, then decrease substantially in 2039+ as amortization drops off	Employer contributions decrease substantially as new employees begin to contribute more annually	Employer contributions drop slightly as new employees who leave after 8 years and prior to 20 years earn a lower benefit	Total Employer contributions drop from the baselines run, but DB Plan will continue to require contributions in future years	Employer contributions are increased from the baseline, and under this scenario, participants may earn a benefit more comparable to the DB Plan

***Key Observations*:**

- ***Increasing EE Contributions (Scenario 2)***
  - *Slight reduction in Kent County's annual contribution in short term, larger impact later with greater savings realized beyond the 30 year projection period*
  - *Brings value of DB plan to forefront of participants mind as they share in the cost*
  - *Results in intergenerational inequity*
    - *New entrants pay more into the plan, while the current generation of pensioners continues to receive benefit improvements in the form of annual COLAs*
- ***Pro-rata Benefit Multiplier (Scenario 3)***
  - *Reduces employer contribution, however, may not be a legal option for the Plan.*
  - *Older entrants or those not working for at least 20 years of service will see a large reduction in the benefit.*
  - *No impact on cost or benefits owed to those participants expected to work at*

    least 20 years

- ***Closing the Pension Plan & Opening a DC Plan to New Hires (Scenarios 4&5)***
    - *DC cost would be greater for participants leaving before completing 8 years of service (non-vested)*
    - *Sizable and increasing DB plan contribution will still be needed to reduce the unfunded DB liability*
        - *Must be factored in when determining the employer contributions going to the DC benefit*
    - *Without sufficient employer contribution (either through match or non-elective), may not result inadequate accumulation for participant to retire*
        - *May result in workforce planning or HR issues*
    - *Providing a sizable employer contribution may not accomplish the goal of realizing cost savings in retirement plan spend*

- ***DB to DC plan considerations***
    - *Transfers investment, interest rate, and longevity risks from Kent County to participant. Drawbacks include:*
        - *Participants may not accumulate sufficient assets to retire in a timely manner*
            - *Without a matching feature that incentivizes adequate employee contributions, participation and saving rates may be too low*
        - *Many participants are not savvy enough to make prudent or informed investment decisions*
        - *Difficult for participants to adequately manage the spend down phase without annuity products*
            - *Individual annuitization not heavily utilized by participants, and more costly than group annuities*
            - *Could have substantial long term impact on Kent County if participants/residents are mainly living off of Social Security income only*
    - *An annuity product with a 1% COLA rider purchased with a DC balance would be considerably more expensive (provide less initial income) than the DB benefit with the assumed 1% COLA increase*
        - *DC retirees would otherwise lose purchasing power throughout their retirement*
    - *May see some change in the ability to attract & retain skilled workforce with the elimination of DB benefit, but some participants may prefer the portability of the DC plan*
        - *Without substantial DC contributions from employer, difficult for mid-career hires to accumulate a benefit similar to that that would be earned under the existing DB formula*

Sensitivity Testing:

Any decision to change the plan design or to stick with the status quo is an important one, and it is imperative the Kent County understand the risks inherent with the pension plan so that action can be taken to assess and mitigate such risks. Before a decision is made, we suggest additional sensitivity testing be done to ensure the approach holds merit under various scenarios. The items outlined below are those we feel should be investigated (at a minimum).

- ***SOA Public Plan Mortality Tables***
  - *The Society of Actuaries (SOA) studied actual public pension plan experience which pointed to an increase in life expectancy for those employed in the public sector over those employed in the private sector.*
  - *Reflecting the new SOA tables would result in an increase in DB pension obligations and costs.*
- ***Investment return / interest rates***
  - *An assumed 7.25% asset return in each year was used for this analysis. To the degree that actual asset returns differ from expectations, the cost results presented herein will change.*
  - *Recommend analyzing cost results assuming asset return and discount rate decrease to 6.25% per annum for DB plan costs.*
  - *If a DC approach is taken, how the balance is converted to an annuity has a dramatic impact on the perceived equality of the benefit*
    - *Would suggest varying the annuity conversion interest rates up or down 100 basis points to gauge impact (2%/3%/4% or 4%/5%/6%).*

Next Steps:

- ***Kent County should determine what approach or combination of approaches best accomplishes their goals with respect to the retirement of their employees.***
- ***Potential refinements to original design request***
  - *Provide a stepped final average pay multiplier, like 1.40% for the first 20 years and 1.85% thereafter*
  - *Provide a reduced final average pay multiplier, like 1.50% for all years*
  - *Move to a career average benefit formula, with or without ad-hoc final pay true-ups to make up for pre-retirement inflation*
    - *Kent Count could control the timing and amount of final pay updates*
  - *Move to a cash balance benefit approach*
    - *Easier for participants to understand as balance represents the lump sum amount*
    - *Can still provide an annuity to participants who elect it*

- ***Other items to consider for cost reduction***
  - *Eliminate or reduce the subsidized early retirement benefit, i.e. participants who commence their benefit prior to age 62 see a reduction in their benefit.*
  - *Change the normal retirement age from 62 to 65*
    - *Participants could still accrue benefits from 62 to 65, so wouldn't be too impactful for actives, but would result in cost savings for future terminated vested participants.*
  - *Change the final average pay averaging period from 3 years to 5 years*

After some discussion, consensus was to give members more time to thoroughly review the report and perhaps discuss it further at the August quarterly meeting. Chairman Craik agreed to appear at a future Levy Court meeting to review the contents of the analysis with Commissioners.

7. Staff – OPEB Modeling Reports (Nyhart)

Mr. Kujala recalled that after much discussion at the previous quarterly meeting, the Committee requested that the actuary prepare an analysis of the annual expense over a 20 year period for the retiree benefits (OPEB) program in the following two formats:

1) Incorporating an updated sliding scale format, similar to the State of Delaware, into the option 1 (including active employees) scenario projections; and

2) Incorporating an updated sliding scale format, similar to the State of Delaware, into the option 2 (new employees only) scenario projections.

Once the sliding scale OPEB modeling report update dated March 28, 2019 was received, Mr. Kujala had forwarded the information to the Committee members and Levy Court Commissioners. Nyhart's 2019 OPEB Modeling Report is summarized as follows:

Sliding Scale Option 1: *Sliding scale cost share approach based on years of service similar to State of Delaware for <u>Non-Vested Current Employees and new hires</u> (8-14 years = 50% cost share, 15-19 years = 25% cost share, 20 years+ = no cost share) effective July 1, 2019. Spousal cost sharing would be the same.*

Sliding Scale Option 2: *Sliding scale cost share approach based on years of service similar to State of Delaware for <u>New Hires only</u> (8-14 years = 50% cost share, 15-19 years = 25% cost share, 20 years+ = no cost share) effective July 1, 2019. Spousal cost sharing would be the same.*

Sliding Scale Option 3: *Sliding scale cost share approach based on years of service similar to State of Delaware for All Current <u>Active Employees & New Hires</u> (8-14 years = 50% cost share, 15-19 years = 25% cost share, 20 years+ = $0 cost share) effective July 1, 2019. Spousal cost sharing would be the same.*

Option 4a: *Establish a 1% cost share effective July 1, 2019 for* *Future retirees* *(age 65 and older) and increase 1% annually until equal to 7% of premium like under age 65 retirees and current active employees. Spousal cost sharing would remain at 20%.*

Option 4b: *Establish a 1% cost share effective July 1, 2019 for* *Current and Future retirees* *(age 65 and older) and increase 1% annually until equal to 7% of premium like under age 65 retirees and current active employees. Spousal cost sharing would remain at 20%.*

*OPEB MODELING REPORT dated 03/28/19 (showing ADC figures only) *corrected figure*

FYE	Actuarially Determined Contribution BASELINE	ADC Sliding Scale OPTION 1	ADC Sliding Scale OPTION 2	ADC Sliding Scale OPTION 3	ADC Sliding Scale OPTION 4a	ADC Sliding Scale OPTION 4b
2019	$2,154,449	$2,154,449	$2,154,449	$2,154,449	$2,154,449	$2,154,449
2020	$2,008,676	$1,874,890	$2,013,422	$1,724,320	$1,984,537	$1,863,979
2021	$2,148,549	$2,026,740	$2,154,987	$1,873,107	$2,117,326	$1,990,016
2022	$2,200,374	$2,087,266	$2,208,259	$1,928,908	$2,168,552	$2,039,754
2023	$2,386,317	$2,281,409	$2,396,272	$2,158,587	$2,345,823	$2,205,552
2024	$2,404,401	$2,324,098	$2,416,033	$2,210,445	$2,363,140	$2,222,672
2025	$2,462,480	$2,391,390	$2,476,014	$2,281,358	$2,420,538	$2,277,614
2026	$2,517,583	$2,455,060	$2,532,959	$2,346,513	$2,474,971	$2,329,210
2027	$2,578,854	$2,526,470	$2,596,166	$2,420,838	$2,536,297	$2,388,266
2028	$2,618,263	$2,584,556	$2,637,614	$2,483,655	$2,575,778	$2,426,045
2029	$2,698,049	$2,675,610	$2,719,577	$2,574,445	$2,655,653	$2,502,782
2030	$2,768,873	$2,755,806	$2,792,316	$2,654,365	$2,726,587	$2,570,574
2031	$2,843,726	$2,839,351	$2,869,189	$2,737,611	$2,801,572	$2,642,437
2032	$2,937,346	$2,938,011	$2,964,924	$2,833,546	$2,895,346	$2,731,739
2033	$3,040,549	$3,045,653	$3,070,195	$2,938,173	$2,998,730	$2,830,622
2034	$3,130,196	$3,139,857	$3,161,699	$3,030,023	$3,088,583	$2,916,486
2035	$3,230,974	$3,245,096	$3,264,511	$3,132,985	$3,189,596	$3,013,140
2036	$3,336,097	$3,355,029	$3,371,687	$3,240,501	$3,294,988	$3,114,112
2037	$3,438,045	$3,461,477	$3,475,678	$3,344,377	$3,397,236	$3,211,807
2038	$3,550,814	$3,579,143	$3,590,705*	$3,459,460	$3,510,342	$3,319,873
2039	$3,664,690	$3,697,783	$3,706,738*	$3,575,470	$3,624,593	$3,429,219
Total	*$58,119,305*	*$57,439,144*	*$58,573,394*	*$55,103,136*	*$57,324,637*	*$54,180,348*

Like pension, Mr. Kujala reported that during the FY2020 budget review process, Levy Court also asked staff to offer additional scenarios to mitigate increasing retiree benefits costs. As a result, the Commissioners requested the actuary prepare additional analysis of those plan design changes.

Nyhart had previously modeled several scenarios and issued a report dated February

13, 2019. The extra OPEB modeling at a cost of $2,000 resulted in a plan design analysis report dated April 1, 2019, which was forwarded to the Levy Court Commissioners and Pension Review Committee for review. Nyhart's additional 2019 OPEB Modeling Report (draft) is summarized as follows:

Sliding Scale Option 3: *Sliding scale cost share approach based on years of service similar to State of Delaware for All Current Active Employees & New Hires with $0 Cost Share after 20 years (8-14 years = 50% cost share, 15-19 years = 25% cost share, 20 years+ = $0 cost share) effective July 1, 2019. Spousal cost sharing would be the same.*

Sliding Scale Option 5: *Sliding scale cost share approach based on years of service similar to State of Delaware for All Current Active Employees & New Hires with current 7% Cost Share after 20 years (8-14 years = 50% cost share, 15-19 years = 25% cost share, 20 years+ = 7% cost share). Spousal cost sharing would be the same.*

Option 6 (no OPEB for New Hires): *New Hires receive No Retiree Benefits, while current employees are grandfathered. Spousal cost sharing would not change for current employees upon retirement.*

2019 OPEB MODELING REPORT dated 04/01/19 (showing ADC figures only)

FYE	Actuarially Determined Contribution BASELINE	ADC Sliding Scale OPTION 3 Current & New Hires @ $0	ADC Sliding Scale OPTION 5 Current & New Hires @ 7%	ADC With No OPEB for New Hires OPTION 6
2019	$2,154,449	$2,154,449	$2,154,449	$2,154,449
2020	$2,008,676	$1,724,320	$1,548,759	$1,803,489
2021	$2,148,549	$1,873,107	$1,694,862	$1,868,222
2022	$2,200,374	$1,928,908	$1,752,573	$1,857,864
2023	$2,386,317	$2,158,587	$1,932,303	$1,950,186
2024	$2,404,401	$2,210,445	$1,975,913	$1,895,479
2025	$2,462,480	$2,281,358	$2,037,325	$1,871,032
2026	$2,517,583	$2,346,513	$2,093,823	$1,846,226
2027	$2,578,854	$2,420,838	$2,158,252	$1,823,774
2028	$2,618,263	$2,483,655	$2,211,228	$1,774,866
2029	$2,698,049	$2,574,445	$2,290,665	$1,760,393
2030	$2,768,873	$2,654,365	$2,360,592	$1,748,359
2031	$2,843,726	$2,737,611	$2,433,345	$1,735,883
2032	$2,937,346	$2,833,546	$2,518,463	$1,738,169
2033	$3,040,549	$2,938,173	$2,612,218	$1,752,120
2034	$3,130,196	$3,030,023	$2,693,925	$1,761,593
2035	$3,230,974	$3,132,985	$2,785,811	$1,774,570
2036	$3,336,097	$3,240,501	$2,881,802	$1,791,286

2037	$3,438,045	$3,344,377	$2,974,427	$1,805,094
2038	$3,550,814	$3,459,460	$3,076,974	$1,820,491
2039	$3,664,690	$3,575,470	$3,180,592	$1,841,476
Total	$58,119,305	*$55,103,136*	*$49,368,301*	*$38,375,021*

After a brief discussion about the OPEB modeling reports, consensus was to move on to the next agenda item.

8. Staff – Update on Levy Court Response to OPEB Modeling Reports.

Mr. Kujala reported that after the OPEB modeling reports were submitted to Levy Court and discussed at budget meeting, Commissioners asked staff to draft a motion for consideration at future business meeting to establish a sliding scale retiree benefits format for new hires.

9. Staff – 2018 Annual Report to Levy Court update.

Mr. Kujala reported that on or about March 8, 2019 the Annual Report approved by the Pension Review Committee at its last meeting was distributed to Levy Court Commissioners and uploaded onto the Committee's webpage.

10. Staff – FY2020 Budgeted Pension & OPEB Contributions update.

Mr. Kujala reported that the Levy Court adopted the Fiscal Year 2020 budget on May 14, 2019 with the full actuarially determined contributions of $3,408,084 for the pension plan and $2,154,449 for OPEB budgeted.

11. Staff – Quarterly Pension Activity Report.

Mr. Kujala 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
May 1, 2019	$247,078.62	225	-1 (P)
April 1, 2019	$247,204.79	226	+1 (P)
March 1, 2019	$246,514.51	225	- 1 (P) & (+$89.61) net interest adjustment/credit*
February 1, 2019	$246,576.44	226	+2(P)
January 1, 2019	$243,264.77	224	+2 (R); +1 (P)
December 1, 2018	$239,556.36	221	-1(B)
November 1, 2018	$241,459.50	222	+1(R); -1(R)
October 1, 2018	$241,254.93	222	+2(R); -1 (R)
September 1, 2018	$239,556.36	221	+1(R); +2(P)
August 1, 2018	$235,258.02	218	+1 (P); -1 (B)
July 1, 2018 (+1% cola)	$234,443.42	218 ($2,299.61)	+2 (R)

June 1, 2018	$229,955.65	216	+3 (R); +2 (P)
May 1, 2018	$222,575.02	211	+1(R); -1(R); -1(P)
April 1, 2018	$224,036.80	212	+1(R); -1 (R); -1(B) w/retro;+1(B); & (+$13.05) net error correction on interest adj.*
March 1, 2018	$224,682.66	212	+1(R); +1(P); -1(P) & (-$20.35) net interest adjustment*
February 1, 2018	$222,215.56	211	+4(R); +1(B); +1(P)
January 1, 2018	$210,550.62	205	
Pending Pensions - Type	**Effective Date**	**Service Years/Age**	**Estimated Benefit**
+ *(R)*	06/01/19	11.6 yrs; 69	$1,630.92/mo. CC10yrs w/QDRO
+ *(R)*	06/01/19	18.1 yrs; 65	$1,235.87/mo. CA100%
Pensions started – Type	**Effective Date**	**Service Years/Age**	**Monthly Benefit/Type** *#2019 interest adjustment*
- *(P)*	05/01/19		-$126.79/mo. *Died 03/28/19 retro*
+*(P)*	04/01/19	11.6 yrs; 62	$750.02/mo. Life
- *(P)*	03/01/19		-$151.54/mo. *Died 02/07/19*
+ *(P)*	02/01/19*	8.8 yrs; 62	$303.92/mo. Life *(retro to 01/01/19)*
+ *(P)*	02/01/19*	27.2 yrs; 55	$3,022.87/mo. CA100% #*(retro to 01/01/19)*
+ *(P)*	01/01/19	12.5 yrs; 62	$302.91/mo. CA100% #*(retro to 01/01/19)*
+ *(R)*	01/01/19	8.3 yrs; 67	$511.83/mo. Life
+*(R)*	01/01/19	20.3 yrs; 62	$1,392.86/mo. CA100% #*(retro to 01/01/19)*
- *(B)*	12/01/18		-$387.58/mo. *CC10yrs ended*
+ *(R)*	11/01/18	13 yrs; 65	$1,330.89/mo. CA100%
- *(R)*	11/01/18		-$1,126.32/mo. *Died 10/08/18*
+ *(R)*	10/01/18	20.3 yrs; 62	$1,523.55/mo. CA100%
+ *(R)*	10/01/18	24.9 yrs; 66	$2,058.27/mo. Life
- *(R)*	10/01/18		-$1,883.25/mo. *Died 09/06/18*
+ *(P)*	09/01/18	15.3 yrs; 60	$836.67/mo. CA100%
+ *(P)*	09/01/18	15.1 yrs; 60	$409.35/mo. CA50%
+ *(R)*	09/01/18	33.1 yrs; 66	$3,052.32/mo. CA50%
- *(B)*	08/01/18*		-$97.76/mo. *Died 06/18/18 (retro to 07/01/18)*
+ *(P)*	08/01/18*	14.1 yrs; 62	$912.36/mo. Life w/QDRO *(retro to 02/01/18)*
+ *(R)*	07/01/18	12.6 yrs; 63	$1,035.39/mo. CA75%
+ *(R)*	07/01/18	17.7 yrs; 66	$1,152.77/mo. CA100%
+ *(P)*	06/01/18	7.1 yrs; 62	$208.18/mo. CA75%
+ *(R)*	06/01/18	12 yrs; 70	$913.52/mo. Life
+ *(R)*	06/01/18	17.6 yrs; 62	$1,207.97/mo. Life
+ *(R)*	06/01/18	38.1 yrs; 59	$4,752.34/mo. Life
+ *(P)*	06/01/18*	5.1 yrs; 62	$298.62/mo. C&C10yrs *(retro to 05/01/17)*
+*(R)*	05/01/18	13 yrs; 63	$1,125.73/mo. CA75%
- *(R)*	05/01/18		-$2,375.14/mo. *Died 04/03/18 w/life benefit*
- *(P)*	05/01/18		-$212.37/mo. *Died 04/09/18 w/life benefit*
+*(B)*	04/01/18		$1,083.66/mo.
- *(R)*	04/01/18		-$2,429.01/mo. *Died 03/01/18 w/beneficiary*
- *(B)*	04/01/18*		-$189.34/mo. *Died 06/24/17 (retro to 07/01/17)*
+ *(R)*	04/01/18*	15.5 yrs; 66	$875.84/mo. Life CC10yrs *(retro to 03/01/18)*
+ *(P)*	03/01/18	11.1 yrs; 62	$382.64/mo. CA100%
+ *(R)*	03/01/18	29 yrs; 59	$2,376.19/mo. Life
- *(P)*	03/01/18*		-$271.36/mo. *Died 01/22/18 w/life (retro to 02/01/1*

R=Retiree from active service; P=Pensioner, vested former employee; B=Beneficiary of deceased participant; QB=QDRO beneficiary; *benefit addition or deletion retroactive to eligibility month. *Life=Life Annuity; CA=Contingent annuitant (beneficiary) & %; CC=Continuous & certain for # years*

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

A. Partial FY2019 Pension Contribution Allocation ($1,512,291).

Mr. Kujala advised that the second half of the total annual pension contribution of $3,024,582 will need to occur before the end of the Fiscal Year. He asked the Committee which fund(s) should receive the contribution.

Ms. Laytin recommended that contribution go to the fixed income (FIGT) portfolio.

A motion was made by Ms. Durham, seconded by Mr. Connelly, and carried unanimously to invest the remaining Fiscal Year 2019 pension contribution into the fixed income fund (FIGT).

B. Levy Court Appreciation.

Commissioner Angel thanked each of the Committee members for their service to the employees and citizens of Kent County. He said the Levy Court sincerely appreciates the important role the Committee members have in helping the pension plan and retiree benefits program meet future investment performance and funding goals.

13. Next Meeting.

By consensus, Committee members agreed to schedule the next quarterly meeting for Thursday, August 22, 2019 at 2:00 p.m. in Room 221 of the Kent County Administrative Complex in Dover.

A motion was made by Mr. Connelly, seconded by Mr. R. Smith, and carried unanimously to adjourn the meeting at 1:30 p.m.

Minutes drafted by Allan Kujala and are subject to change at a future Committee meeting