

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
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BOARD OF PENSION TRUSTEES
GOVERNANCE MEETING MINUTES OF JUNE 1, 2022

The Governance Committee meeting was called to order by P. Tikellis, Chair, at 10:31 a.m. via video and teleconferencing.

Members Present

Pam Tikellis
Dale Stratton
George Saxon
Jim Burke

Members Absent

Others Present

Joanna Adams, Pension Office
Stephenie Tatman, Pension Office
Vicki Schultes, Pension Office
Ryan Connell, Deputy Attorney General
Kevin Baload, Journalist (*Intelligence*)

1. OPENING COMMENTS

P. Tikellis called the meeting to order at 10:31 a.m. and welcomed everyone, including Mr. Baload.

2. APPROVAL OF THE MINUTES

MOTION made by D. Stratton and seconded by G. Saxon to approve the Public Minutes of the November 3, 2021 meeting.

MOTION ADOPTED UNANIMOUSLY

MOTION made by D. Stratton and seconded by J. Burke to approve the Executive Minutes of the November 3, 2021 meeting.

MOTION ADOPTED UNANIMOUSLY

3. PENSION ADMINISTRATOR UPDATES

OVERVIEW:

Open enrollment has been completed for non-Medicare eligibility as well as for all pensioners enrolled in dental and vision benefits. The Office of Pensions typically receives approximately 1,000 calls per week during the open enrollment period, a sharp increase from the typical 250 per week (for the Benefits section).

ON THE HORIZON:

Two large projects are on the horizon, one of which is the transition from the Medicare Supplement to the Medicare Advantage Plan, which becomes effective January 1, 2023. The first mailing will go out today (June 1, 2022), which will be delivered to 25,000 recipients. The Statewide Benefits Office (SBO) administers the benefits, while the Office of Pensions is tasked with processing enrollments and elections. The State changed its pharmacy benefit manager from Express Scripts to CVS Caremark in January 2022. This change resulted in several challenges. We have adopted a new approach moving forward by partnering with the SBO to improve the rollout and transition process. We have 2-4 weekly meetings with Statewide Benefits and will be conducting education sessions in August. It is seven months from beginning to end and it is moving very quickly.

In addition, we have started an ERP modernization project. Our automated human resource and payroll system (CRIS) – where we capture all data as an active employee through retirement and beyond – was implemented in 1999. That implementation involved a 2-year process, but we know that the system will reach its end of life by 2030. PeopleSoft will support the application until that time. Everything now is moving toward the Cloud; we need to start looking for something new to replace CRIS. We are working with the State including PHRST and FSF, which are also PeopleSoft products. This project is a major undertaking; we are now in the contract phase, but that will ramp up starting in August. We are anticipating it will take 2 years to define business requirements, followed by a bid, and then implementation. There is a lot of commercial, off-the-shelf software on the market. In the 1990s, when our system was implemented, there were limited options. Now we have the opportunity to offer apps and real-time updates, as well as other enhancements.

Further, the only major legislative change was implemented by the signing of HB 308. This bill eliminates the earnings limit for disability pensioners enrolled in the new State Police Plan and the County/Municipal Police Plan. This did not have a major impact on the Fund. We anticipate one or two more pieces of legislation that may impact our operations, and they are being closely monitored.

QUARTERLY STATISTICS:

In the last 9 months, we have received the same number of calls we would typically receive in an entire year. We are still trying to get sufficient staff and positions to handle the incoming calls. We are constantly in a situation of processing overtime requests.

VACANT POSITIONS UPDATE:

We are extremely happy to report that we are not plagued with the challenges of retaining and filling positions. Ms. Adams introduced Stephenie Tatman as the Deputy Pension Administrator and Vicki Schultes as Executive Assistant; we acknowledge there is more stability in the office this year. However, there are challenges. The Deputy Attorney General position previously held

by A.M. Johnson has not yet been filled; vacancies throughout the Deputy Attorney General series exist throughout the State. S. Tatman's former position as Internal Auditor has been posted for quite some time.

We have had good results in hiring at least one Human Resource Analyst I, and we have a Human Resource Supervisor position on hold.

G. Saxon asked about historical turnover rates at the statewide level. Ms. Adams stated she knows that 40% of employees are currently eligible for retirement; there were more retirements in the last 12 months than in the previous year. Not by a significant amount, but certainly more. Thirty years ago, the early retirement option resulted in roughly 2,500 employees retiring, but they were not replaced at the same time. Now, we have the perfect storm of the COVID pandemic plus the large number of educators who are eligible for retirement and may take advantage of the opportunity.

4. COMMITTEE UPDATES

INVESTMENT COMMITTEE:

G. Saxon provided an overview of the fund's performance year to date.

AUDIT COMMITTEE:

Ms. Adams shared that the primary discussion at the May 6, 2022, Audit Committee meeting was the GASB audits. The GASB statements are now available on our website <https://open.omb.delaware.gov/Financials.shtml>.

5. DEPUTY ATTORNEY GENERAL UPDATE

Nothing to report.

MOTION made by D. Stratton and seconded by J. Burke to enter into Executive Session to consider pension personnel matters, and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

MOTION made by J. Burke and seconded by D. Stratton to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

6. NEW BUSINESS

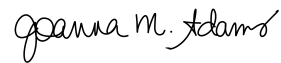
There was nothing to report.

7. ADJOURNMENT

At 11:49 a.m., there being no further business, **MOTION** was made by D. Stratton and seconded by J. Burke to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator

Pamela Tikellis
Pamela Tikellis (Oct 3, 2022 16:44 EDT)

Pamela Tikellis, Chair
Governance Committee