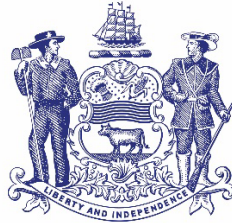


Joseph Malloy, Chairman
Local 1590 City of Wilmington Firefighters

Fred Calhoun, 1st Vice Chairman
Delaware Fraternal Order of Police

Janice Vander Decker, 2nd Vice Chairman
Delaware School Nutrition Service Association

International Assoc. of Local 1590 City of Wilmington Firefighters
Delaware Retired School Personnel Association
Delaware Association of School Administrators
Delaware School Nutrition Service Association
Delaware State Education Association
Delaware Fraternal Order of Police
Delaware State Troopers Association
Two at-Large Members



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PENSION ADVISORY COUNCIL
MEETING MINUTES FROM APRIL 12, 2022

1. CALL TO ORDER:

The meeting of the Pension Advisory Council was called to order by Joseph Malloy, Chair, at 1:33 p.m., via videoconferencing.

Members present:

Joseph Malloy	WFD IAFF 1590
Janice Vander Decker	DSNA
Kevin Carson	DASA
Karen Crouse	DSEA
Charlotte Lister	At Large
Mark Ryde	DSTA
David Taylor	DRSPA
Jim Testerman	At Large

Members absent:

Fred Calhoun	FOP
Kristen Hatfield	DASA

Others present:

Joanna Adams	Pension Administrator
Vicki Schultes	Executive Assistant to Pension Administrator
Stephenie Tatman	Deputy Pension Administrator

OPENING COMMENTS:

Ms. Adams introduced S. Tatman as the Deputy Pension Administrator. Ms. Tatman resumed the role vacated by J. Wedel's resignation in January 2022. Ms. Tatman has been employed with the Pensions Office for 4 ½ years, initially as Internal Auditor. Now, she is responsible for all the improvements she recommended in her previous position. Council members unanimously congratulated and welcomed Ms. Tatman on her promotion.

Mr. Malloy led the members in their introductions to Ms. Tatman.

2. ADDITIONS TO THE AGENDA:

No additions were made to the agenda.

3. APPROVAL OF THE JANUARY 11, 2022 MINUTES:

J. Malloy requested the approval of the meeting minutes from January 11, 2022. Motion made by C. Lister and seconded by K. Crouse. Motion adopted unanimously.

APPROVAL OF THE FEBRUARY 1, 2022 MINUTES:

Motion made by C. Lister and seconded by K. Crouse. Motion adopted unanimously.

4. CHAIRMAN’S REPORT:

DPERS Fund assets are estimated to be \$14,665.8 million on March 31, 2022, representing a net increase of \$18.7 million during the month. Estimated returns through March 31, 2022, are as follows:

Fund	March 2022	Fiscal Year to Date	12-Month
Total Fund	0.4%	1.8%	10.0%
DPERS Bench	0.8%	-1.6%	4.0%
Difference	-0.4%	3.4%	6.0%

There was no new business to report. Mr. Malloy has made many inquiries and requests for meetings with legislators, which have gone unanswered. His ongoing efforts will continue.

5. OLD BUSINESS:

In February, J. Malloy submitted a letter to the General Assembly and their administrative assistants, capturing the Council’s legislative goals (as stated in the February 1 meeting minutes) for FY 22. J. Malloy stated that one representative did respond, “Keep up the good work, and hope to hear from you soon!”. However, no responses were received regarding the request to meet with legislators. Legislative Hall staff and the General Assembly are currently conducting business using a hybrid telecommuting policy; many legislators prefer to participate in meetings via Zoom.

6. NEW BUSINESS:

SS1 FOR SB 14: D. Taylor mentioned this substitute would resolve a concern this legislation would encumber the state for \$1 billion dollars into the future, so it is still awaiting consideration in Committee. This bill, authored by Senator Ennis, provides a mechanism to grant pension increases to retired State Employees, retired Judges, and retired “New” State police. This bill dedicates a minimum of 2.33% of payroll to be deposited annually to the Post Retirement Fund. This bill also provides for a pension increase as determined by the Board of Pension Trustees. As the General Assembly is on break next week, the months of May and June will need action on this because there is money to be used.

J. Testerman discussed the establishment of the PRI. We have not seen the 3.66% PRI since Senator N. Cook retired. We need to get the 2.33% back in the PRI this year.

C. Lister asked if anyone had a strategy for lobbying. D. Taylor said the New Castle County branch of the Council is meeting tomorrow (April 13th), while the Kent and Sussex divisions are meeting during the first week of May. Ambassadors will volunteer to talk to a representative and senator from their respective districts. In the past, members of the General Assembly were invited to a luncheon, however, this has not occurred in recent years due to the pandemic. JFC Markup is May 24th. Senator Ennis is retiring; it is not clear if he is willing to continue to advocate for the bill once he is no longer an active legislator.

C. Lister reiterated that the Council needs to continue to be proactive in promoting its cause to active employees as well as pensioners.

Mr. Ryde asked Ms. Adams what the PRI projection for 5 years is. The challenge captured in FY 22 Budget epilogue language was to incrementally increase the PRI Fund until it got back to 2.33%. However, the initial Budget that was released did not include any additional increase. Ms. Adams brought this to OMB's attention. There is \$187 million being committed to the \$300 one-time increase to Delaware taxpayers, which will result in a big hit to the overall Fund. M. Ryde also feels there is a need to address the State employee hiring challenges - law enforcement, public safety, and other areas are struggling to find qualified applicants.

K. Crouse had nothing to report.

K. Carson made three points:

1) Due to Senator Ennis' retirement, the General Assembly will probably pass at least one of his pieces of legislation; SS 1 for SB 14 may be the one.

2) Contacting members of the JFC directly instead of using broad "brushstrokes" may have a greater influence on getting the bill passed.

3) The pipeline for hiring new educators is drying up.

D. Taylor stated Representative Carson and Senator Paradee are members of the JFC as well as sponsors of the bill. One way to recruit new young people for State employment is to talk about retirement - "look at the retirement you're going to get when you retire in (20, or 30) years!". This has been an effective strategy for the military.

7. PENSION ADMINISTRATOR'S REPORT:

RBSC REPORT: J. Adams and OMB Director C. Cade are members of the Retirement Benefits Summary Committee (RBSC). Ms. Adams stated that the SEBC voted to transition from a Medicare Supplement Plan to a Medicare Advantage Plan beginning January 1, 2023. The Pensions Office Benefits section is working closely with the SEBC in preparation for this transition.

OPEB report (1% carve-out will grow proportionally) to fully fund OPEB.

One outstanding hurdle is deciding what type of plan change we can make. The RBSC wants to minimize the impact of change on pensioners and active employees. For example, options include:

- Having a minimum required age for healthcare
- Reducing the amount of State Share paid toward employee spouses
- Charging extra for spouses who are not State employees
- Eliminate healthcare for term-deferred vested employees

The goal is to have OPEB fully funded within 30-50 years. We want to try to get to the 7% discount rate as fast as we can because that has a dramatic impact on reducing the OPEB liability.

HB 250: Regarding the "COLA" bill, the police/fire, if the state were to contribute 2.33% of payroll each year, which would afford a .3% PRI every year. In fact, you can't grant a PRI every year; this typically happens every 3-4 years, growing to every 5-7 years. Note that State government is not growing while the number of retirees is increasing.

HB 295: Introduced by Speaker Schwartzkopf, this bill includes mainly technical corrections. This bill was signed on February 16, 2022.

HB 308: Sponsored by Speaker Schwartzkopf and signed April 7, 2022. This bill removes the provision that requires a reduction in disability benefits if the officer or firefighter earns more than what the officer's or firefighter's base pay was at the time of disability.

8. ADJOURNMENT:

In preparation for adjournment, K. Crouse thanked Ms. Adams and the Pensions Office staff for their incredible and consistent hard work. Ms. Adams was thankful for the comments and stated she is working closely with OMB to secure more positions. She will share the kudos with the Pensions staff and include them in future discussions with OMB to support the staffing increases.

Being no further business, the motion to adjourn was made by J. Testerman and seconded by K. Carson at 2:17 p.m. The motion was adopted unanimously.

The next meeting is scheduled for May 10, 2022, via videoconferencing.

Respectfully submitted,

Joseph P. Malloy
Pension Advisory Council Chairman