

**STATE OF DELAWARE**  
**STATE BOARD OF PENSION TRUSTEES**  
**AND**  
**OFFICE OF PENSIONS**  
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**BOARD OF PENSION TRUSTEES**  
**MEETING MINUTES OF DECEMBER 17, 2020**

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 2:00 p.m. via-video and tele-conferencing.

Trustees Present

Suzanne Grant  
Art Agra  
Harold Stafford  
Tom Shaw  
Nancy Shevock  
Rick Geisenberger

Trustees Absent

Mike Jackson

Others Present

Joanna Adams, Pension Administrator  
Terri Timmons, Pension Office  
Jodie Wedel, Deputy Pension Administrator  
Ann Marie Johnson, Deputy Attorney General  
Ryan Connell, Deputy Attorney General  
Mary Wood, Pension Office  
Khairat Makanjuola, Pension Office  
Josh Hitchens, Pension Office  
Antonia Kramer, Pension Office  
Jennifer Dilworth, Pension Office  
Stephenie Tatman, Pension Office  
Rob Gooderham, Windmark  
Garry Musto, Windmark  
Seth Yablonovitz, Windmark  
Sara Williams, Windmark

**1. OPENING COMMENTS**

S. Grant welcomed and thanked everyone for being flexible in changing the date and time of this meeting. S. Grant also thanked Mike Jackson for his service on the Board and wished him well in new role as the Vice President for Finance at Delaware Technical & Community College.

**2. APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the November 20, 2020 meeting.

**MOTION** made by T. Shaw and seconded by A. Agra to approve the Public Minutes of the November 20, 2020 Board of Pension Trustees' meeting.

**MOTION ADOPTED UNANIMOUSLY**

The Trustees reviewed the Executive Minutes of the November 20, 2020 meeting.

**MOTION** made by N. Shevock and seconded by A. Agra to approve the Executive Minutes of the November 20, 2020 Board of Pension Trustees' meeting.

**MOTION ADOPTED UNANIMOUSLY**

**3. GOVERNANCE COMMITTEE UPDATE**

T. Shaw reported that the next Governance Committee meeting will be held in January.

**4. AUDIT COMMITTEE UPDATE**

The Board Members reviewed the Resolution for Thomas Vermeer to serve on the Audit Committee. S. Grant once again thanked Robert Paretta and Araya Debessay for their support and valuable contributions to the Audit Committee as she wished them well.

**MOTION** made by T. Shaw and seconded by A. Agra to approve the Resolution of Thomas Vermeer to serve on the Audit Committee effective January 1, 2021.

**5. PENSION ADVISORY COUNCIL UPDATE**

J. Adams reported the next Pension Advisory Council meeting will be held in January.

## 6. PENSION ADMINISTRATOR UPDATE

J. Adams introduced Jennifer Dilworth and Antonia Kramer. Ms. Kramer has been an employee with the Pension Office for the past several years. She was recently promoted to replace Jeff Johnson.

### Employee Recognition

Ms. Adams stated that every quarter the managers vote for the Employee of the Quarter. This time there was a tie.

- Amber Payson – Ms. Payson works in the File/Imaging Room where she handles all incoming documents, whether they are from the mail, faxes, emails or inhouse. She scans all the documents into our imaging system, OnBase, and then indexes them to the appropriate workflow so that our employees receive the documents they need to perform their daily duties. Without Amber's due diligence the work of our employees would slow down tremendously.

Amber's work ethic is like none other. She prides herself with getting her daily work done in a timely manner and agonizes over the work when she is unable to complete her duties due to unusual circumstances such as if the system is down.

Amber takes her responsibilities very serious and is very dependable. As an essential employee, she is an asset to the Office of Pensions and the members that we serve.

- Investment & Accounting Team – One of the core functions of the Investment & Accounting team is to facilitate the audits of the DPERS Pension System and the OPEB Trust. Ordinarily, this is a great task that requires all team members to collaborate even more than usual while performing their regular duties of processing, reconciling and reporting various transactions accurately, timely and adhering to the established internal control policies and procedures.

This year was extraordinary, partly because of the pandemic which resulted in team members working remotely, adapting to new technologies at a rapid pace and implementing digital file cabinets and other document production/retention strategies as well as facilitating prompt delivery of the auditor's request via remote access.

This year was indeed challenging because in addition to working in an extraordinary year, the team was burdened with incomplete reporting from the custodian in the months of June and July that resulted in several hours of repeated work to get the right figures and with one less team member, who retired earlier in the audit season. Despite these hardships, we delivered on time financial reporting with virtually no instances of corrected misstatements in the control environment. In addition, both audits received an unqualified opinion from the System's auditors.

We're very proud of the work that we did with the audit, but also contributing to the timely reporting of the statewide Comprehensive Annual Financial Report (CAFR) as we recognize that there are other systems/states who may not necessarily be able to issue their reports on time. We're also proud of the fact that for the first time in recent history, the BDO Auditors did not request to have a separate discussion with the Audit Committee about management's cooperation/performance during the audits given the high praise expressed by the System's auditors during the exit audit meeting.

Ms. Adams reported that the Public Pension Coordinating Council presented the Public Pension Standards Award for Funding and Administration to DPERS for the FY19 CAFR in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

At the end of each year Ms. Adams asks the Manager's what their successes were during the past year. The following are our Successes for 2020:

- Renovations to the building
- Implement software and hardware for video conferences
- Transitioned to a minimum of 70% of staff working remotely at any given time
- Conducted virtual pre-retirement workshops in lieu of in-person group counseling
- Implemented virtual employer training
- Hired all manager and supervisory positions except 1 which will be posted in January
- Received approval to hire 5 limited term positions to tackle the backlog of over 2,000 vested pension applications
- Several quality new hires joined our team in 2020
- Safely continued to serve customers
- Produced more appealing and newsworthy newsletters to retirees
- Process improvements as a result of internal audit findings
- Issued the FY20 CAFR on time and without findings, facing all challenges of a pandemic
- Replaced the current security camera system with newer technology and added exterior cameras
- Daily virtual activities for the month of December in lieu of a holiday luncheon
- Business as usual to our members

Looking forward to 2021

- Implement a call center on a trial basis
- Increase our leased space within the building
- Revamp Pension Administration section to reduce turnover, seek efficiencies and improve processes
- Improve digital messaging within the building

### Positions

Ms. Adams reported that since last Board meeting, we have filled 6 positions, which will become effective January 4, 2021.

We have been approved to hire 5 H.R. Specialist I, Dual Incumbency positions, which have a limited employment term of 2 years. We have a back log of over 2,000 vested pension applications that need to be completed. We will be posting and hiring for these in January.

### Office Activities

Ms. Adams reported that in January we have scheduled a monthly payroll class, SEPP Pension Application training, along with an End User Refresher Training for DVFA.

### Reporting Schedule

Ms. Adams noted the upcoming meeting dates.

## **7. DEPUTY ATTORNEY GENERAL UPDATE**

Nothing to report.

## **8. INVESTMENT COMMITTEE UPDATE**

S Grant thanked everyone who is on this call for doing so well during this past year.

Mr. Gooderham reported that global equity markets rallied in November on news that several vaccines proved effective against the coronavirus, along with greater political clarity following the US elections. While performance was strong across equity markets, segments of the market most impacted by the coronavirus and related restrictions, such as cyclical and small cap stock stocks, provided the highest returns. For the month, the Russell 3000 index gained 12.2%, while the MSCI EAFE index rallied 15.5% and the MSCI Emerging Markets index was up 9.2%. In fixed income markets, yields were little changed, while credit spreads narrowed meaningfully, resulting in a 1.3% gain for the Bloomberg Barclays Universal bond index, while the more credit-sensitive Bloomberg Barclays High Yield index rallied 4.0%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$12,604.5 million at November 30, 2020, representing a net increase of \$867.1 million during the month. Estimated returns through November 30, 2020 are as follows:

<u>Fund</u>	<u>Nov-20</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
<b>Total Fund</b>	<b>7.7%</b>	<b>17.1%</b>	<b>19.7%</b>
<b>S &amp; P 500 Index</b>	<b>10.9%</b>	<b>17.6%</b>	<b>17.5%</b>
<b>Delaware</b>	<b>8.3%</b>	<b>12.1%</b>	<b>13.0%</b>
<b>Benchmark***</b>			

\*Benchmark mix of 60% S&P500 Index, 35% Barclays Government and Credit Bond Index, 5% T-bills.

\*\*Benchmark mix of 38% Russell 3000 Index, 20% MSCI ACWI exUS, 38.5% Barclays Universal Bond Index, 1.5% Barclays TIPS Index, 2% T-bills

Mr. Gooderham reported that the Investment Committee had met once since the November Board meeting, on December 15<sup>th</sup>. At that meeting, Mr. Gooderham reported that the Investment Committee reviewed and discussed:

- Other Business Items:
  - IDG Accel China Growth Secondary
  - Transaction Cost Consultant Recommendation
- A presentation from T. Rowe Price regarding their Global Growth Equity Strategy
- A presentation from Lightstone Ventures
- A recommendation on Lightstone Ventures III, L.P.
- A discussion on Environmental, Social and Corporate Governance

Mr. Gooderham reported that the Investment Committee had approved under its authority:

- The appointment of Zeno AN to perform transaction cost research, subject to legal review of the documents
- A commitment of up to \$40 million in Lightstone Ventures III, L.P., subject to legal review of the documents

The next meeting of the Investment Committee is scheduled for Tuesday, January 12, 2021.

**MOTION** made by A. Agra and seconded by T. Shaw to enter into Executive Session to consider pension personnel matters, and confidential medical records, legal matters, sensitive commercial trade secrets and confidential financial information.

The Board then moved into Executive Session to discuss pending personnel matters, and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

**MOTION** made by N. Shevock and seconded by A. Agra to exit Executive Session.

**MOTION ADOPTED UNANIMOUSLY**

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 3:13 p.m., there being no further business, **MOTION** was made by N. Shevock and seconded by R. Geisenberger to adjourn the meeting.

**MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,

*Joanna M. Adams*  
Joanna M. Adams (Feb 1, 2021 10:24 EST)

Joanna M. Adams  
Pension Administrator

*Suzanne Grant*  
Suzanne Grant (Feb 4, 2021 06:47 EST)

Suzanne Grant, Chair  
Board of Pension Trustees