



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
MCARDLE BUILDING
860 SILVER LAKE BLVD., SUITE 1
DOVER, DE 19904-2402

When Calling Long Distance
Toll-Free Number 1-800-722-7300
E-mail: pensionoffice@delaware.gov

Telephone (302) 739-4208
FAX # (302) 739-6129
www.delawarepensions.com

BOARD OF PENSION TRUSTEES
PUBLIC MEETING MINUTES OF JUNE 30, 2023

The meeting of the Board of Pension Trustees was called to order by S. Grant, Chair, at 9:01 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Art Agra
Ken Simpler
Harold Stafford
Rick Geisenberger
Nancy Shevock
Cerron Cade

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Bill O'Brien, Deputy Attorney General
Vicki Schultes, Pension Office
Jackie LaFace, Pension Office
Cindy Starr, Pension Office
Kristal Diaz, Pension Office
Kari Overington, Pension Office
Mary Wood, Pension Office

Josh Hitchens, Pension Office
Robin Hartnett-Sterner, Pension Office
Khairat Makanjuola, Pension Office
Rob Gooderham, Windmark Investment Partners
Garry Musto, Windmark Investment Partners
Seth Yablonovitz, Windmark Investment Partners
David Taylor, Pension Advisory Council
Cyril Español, journalist, *with.Intelligence*

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting and opened the floor for public comment before proceeding with the meeting agenda.

2. PUBLIC COMMENTS

No public comments were presented.

3. APPROVAL OF THE MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF MAY 19, 2023

The Public Minutes of the May 19, 2023 meeting were reviewed.

MOTION was made by N. Shevock and seconded by H. Stafford to approve the Public Minutes of the May 19, 2023 Board of Pension Trustees meeting.

MOTION ADOPTED UNANIMOUSLY

The Executive Minutes of the May 19, 2023 meeting were reviewed in Executive Session.

MOTION was made by H. Stafford and seconded by N. Shevock to approve the Executive Minutes of the May 19, 2023 Board of Pension Trustees meeting as submitted.

MOTION ADOPTED UNANIMOUSLY

4. AUDIT COMMITTEE REPORT

The next Audit Committee meeting is scheduled for July 14, 2023.

5. GOVERNANCE COMMITTEE REPORT

The next Governance Committee meeting is scheduled for August 17, 2023.

6. PENSION ADVISORY COUNCIL REPORT

D. Taylor provided an overview of Jim Testerman's retirement dinner, which included proclamations from Governor Carney, Lieutenant Governor Hall-Long, and members of the General Assembly. The event was well attended. Jim's future attendance and involvement with the Pension Advisory Council (Council) is uncertain.

LEGISLATIVE UPDATE:

D. Taylor reported on the desire to get legislation passed regarding a one-time \$1,000 supplement to offset inflation. This initiative didn't proceed or gain traction with the legislature. In addition, there has been no further action on Senate Substitute 2 for Senate Bill 42, which would increase the burial benefit from \$7,000 to \$10,000 since May 2, 2023.

The Retiree Healthcare Benefits Advisory Subcommittee (RHBAS) and State Employee Benefits Committee (SEBC) will continue to meet throughout the summer.

A 1% carveout has been designated for additional OPEB funding.

New Business:

D. Taylor reported that the Council is researching their bylaws and planning to review and update them by the next meeting. Another goal of the Council is to get a bill passed that would enable easier reinstatement of lapsed memberships. This is a goal for the next leg of legislative session.

The next Council meeting is scheduled for November 8, 2023.

7. STATE PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION

J. Adams introduced Jackie LaFace; a recent hire in the Support Services section as Administrative Specialist III. The Payroll and Pension Calculation sections were recognized for completing June payroll

earlier than anticipated due to the closing of the fiscal year in addition to the extra effort spent preparing for August payroll.

K. Makanjuola was recognized for graduating from the James H. Gilliam, Sr. Fellowship (Fellowship). This fellowship is a program where diverse leadership converges to work collaboratively in communities while building their capacity as policymakers, advocates, and community organizers. During this 10-month immersive fellowship, the Fellows gain knowledge and experience in policy research and coalition building and learn to navigate Delaware's economic and political arenas from a host of legislators, community advocates, and business leaders across the First State. This program is a great fit for the Internal Audit Director position, although it required a significant personal commitment. The skills and knowledge that resulted from the Fellowship experience will greatly benefit K. Makanjuola in her role as Internal Audit Director.

POSITIONS UPDATE

J. Adams shared that the Office of Pensions presently has the lowest number of vacant positions in years. We recently filled two Human Resource Information System (HRIS) Lead positions. The Human Resource (HR) Analyst I position was vacated due to internal promotion and has recently posted. Requests to Fill (RTFs) have been processed to post the Cash and Debt Manager and Human Resource (HR) Supervisor positions, vacant due to internal promotion. The only position on hold is the Administrative Specialist II, which is awaiting reclassification.

LEGISLATION

SENATE BILL 42:

This Act increases the burial benefit from \$7,000 to \$10,000. This has transitioned to Senate Substitute 1, and now Senate Substitute 2 for Senate Bill 42. This Act increases the unfunded liability by \$40 million.

HOUSE BILL 63:

This Act allows pensioners to earn \$50,000 annually (instead of \$40,000) before incurring a \$1.00 reduction in their State pension for every \$2.00 earned over that amount. This was signed into law on June 27, 2023.

SENATE BILL 174:

This Act was introduced on June 13, 2023, and adds Justices of the Peace, Commissioners, and Masters in Chancery to the State Judicial Pension Plan. Those who currently serve in these positions are enrolled in the State Employees' Pension Plan. This legislation initiates a transition from the State Employees' Pension Plan into the State Judicial Pension Plan. This impacts approximately 80 members at a cost of more than \$3 million annually.

SENATE BILL 175:

This Act requires that every year, at least 1% of the grand total of all General Fund operating budget appropriations for the prior fiscal year is appropriated to the OPEB Fund. The Bill has passed and is on a House consent agenda today (June 30, 2023). This Act will help the Delaware Public Employees' Retirement System (DPERS) continue to fund Other Post-Employment Benefits (OPEB).

COUNTY/MUNICIPAL NEW ENTITY RESOLUTION:

J. Adams reported that the City of Harrington Fire Department submitted a resolution requesting to participate in the County and Municipal Police/Firefighter Pension Plan on or after July 1, 2023. The entity intends to transfer some members from the County and Municipal General Pension Plan to the County and Municipal Police/Firefighter Pension Plan.

MOTION made by K. Simpler and seconded by A. Agra to approve the City of Harrington Fire Department, Inc. joining the County and Municipal Police/Firefighter Pension Plan, effective July 1, 2023.

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Stafford and seconded by N. Shevock to accept the recommendations of the Technical Review Committee to select Cheiron for the actuarial services contract, and Buck Global, LLP for the actuarial audit, all subject to legal review of the contracts' terms and conditions.

MOTION ADOPTED UNANIMOUSLY

8. DEPUTY ATTORNEY GENERAL REPORT

There was nothing to report in Public Session.

MOTION made by H. Stafford and seconded by N. Shevock to enter into Executive Session to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets, and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

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

9. INVESTMENT COMMITTEE REPORT

R. Gooderham reported that equity markets were mixed in May as U.S. stocks managed a modest gain, while international equity markets declined. With core inflation staying higher than expected, the Federal Reserve raised rates again and bond yields rose. Gains for the broad U.S. market, similar to recent months, were driven by a narrow set of the largest stocks. Among international stock markets, Japan and India performed well, while China lagged on signs of a weaker than expected recovery. For the month, the broad Russell 3000 index was up 0.4%, the MSCI EAFE index declined by 4.2% and the MSCI Emerging Markets index moved lower by 1.7%. In fixed income markets, yields moved higher, resulting in a 1.0% decline for the Bloomberg Universal bond index and a 0.9% decline for the Bloomberg High Yield index.

R. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$12,970.5 million at May 31, 2023, representing a net decrease of \$216.9 million during the month. Estimated returns through May 31, 2023, are as follows:

	Month Ended 05-31-23	Calendar YTD 05-31-23	Fiscal YTD 05-31-23	1 Year Ended 05-31-23
Total Fund	-1.4	2.1	0.6	-3.2
DPERS Policy Benchmark**	-0.9	5.8	7.4	0.4
S&P 500 Index	0.4	9.6	12.2	2.9

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills

R. Gooderham reported that the Committee met on June 13th. At that meeting, he advised that, in addition to the approved items below, the Committee reviewed and discussed:

- The Annual Benchmark Review
- The Annual Review of the Long-Term Return Assumption: Actuarial and GASB 67
- The Annual Review of Manager Fees
 - Investment Manager Fee Analysis
 - Private Partnership Cost Structures
- Other Business
 - NT Laddered Account
 - Peppertree IX Amendment

R. Gooderham also advised that the following items were approved at the June 13th meeting under the Committee's authority:

- An amendment for the Kiltearn Global Equity Fund, subject to legal review.
- To recommend, after thorough review, that the Board not change the long-term return assumption used for GASB and actuarial purposes.

The next Investment Committee meeting is scheduled for July 18, 2023.

MOTION made by N. Shevock and seconded by R. Geisenberger to approve the recommendation of the Investment Committee to maintain the GASB expected return of 7%.

MOTION ADOPTED UNANIMOUSLY

MOTION made at 11:07 by R. Geisenberger and seconded by N. Shevock to return to Public Session.

MOTION ADOPTED UNANIMOUSLY

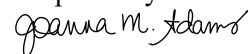
10. ADJOURNMENT

At 11:08 a.m., there being no further business:

MOTION was made by H. Stafford and seconded by N. Shevock to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator

Suzanne B. Grant

Suzanne B. Grant (Aug 15, 2023 09:16 EDT)

Suzanne B. Grant, Chair
Board of Pension Trustees