



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 JANUARY 27, 2023

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

Trustees Present

Suzanne Grant
Art Agra
Rick Geisenberger
Harold Stafford
Nancy Shevock

Trustees Absent

Cerron Cade
Ken Simpler

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Ryan Connell, Deputy Attorney General
William O'Brien, Deputy Attorney General
Mary Wood, Pension Office
Vicki Schultes, Pension Office
Cindy Starr, Pension Office
Joshua Hitchens, Pension Office
Kristal Diaz, Pension Office

Robin Hartnett-Sterner, Pension Office
Kari Overington, Pension Office
Khairat Makanjuola, Pension Office
Rob Gooderham, Windmark Investment
Partners
Garry Musto, Windmark Investment Partners
Drew Dinger, Windmark Investment Partners
David Taylor, Pension Advisory Council
Cyril Español, journalist, *With Intelligence*

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting virtually and introduced David Taylor, one of two new Co-Chairs of the Pension Advisory Council. Everyone welcomed Mr. Taylor to the meeting and looks forward to working with him and Ms. Crouse in the future.

2. PUBLIC COMMENTS

No public comments were presented.

3. APPROVAL OF THE MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF DECEMBER 16, 2022

The Public Minutes of the December 16, 2022 meeting were reviewed.

MOTION was made by H. Stafford and seconded by A. Agra to approve the Public Minutes of the December 16, 2022 Board of Pension Trustees as submitted.

MOTION ADOPTED UNANIMOUSLY

The Executive Minutes of the December 16, 2022 meeting were reviewed in Executive Session.

MOTION was made by N. Shevock and seconded by A. Agra to approve the Executive Minutes of the December 16, 2022 Board of Pension Trustees meeting as submitted.

MOTION ADOPTED UNANIMOUSLY

4. APPROVAL OF THE MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF JANUARY 12, 2023

The Public Minutes of the January 12, 2023 meeting were reviewed.

MOTION was made by A. Agra and seconded by H. Stafford to approve the Public Minutes of the January 12, 2023 Board of Pension Trustees as submitted.

MOTION ADOPTED UNANIMOUSLY

The Executive Minutes of the January 12, 2023 meeting were reviewed in Executive Session. Technical corrections were requested.

MOTION was made by R. Geisenberger and seconded by A. Agra to approve the Executive Minutes of January 12, 2023 Board of Pension Trustees meeting with technical corrections as noted.

MOTION ADOPTED UNANIMOUSLY

5. AUDIT COMMITTEE REPORT

The next Audit Committee meeting is scheduled for February 10, 2023.

6. GOVERNANCE COMMITTEE REPORT

S. Grant thanked H. Stafford for serving as the Board of Pension Trustees liaison for the Governance Committee moving forward.

The next Governance Committee meeting is scheduled for February 28, 2023.

7. PENSION ADVISORY COUNCIL REPORT

D. Taylor introduced himself as one of two new Co-Chairs and shared his professional background, which included his representation of the Delaware Retired School Personnel Association (DRSPA). Co-Chair Karen Crouse serves as a representative of the Delaware State Education Association (DSEA). The Pension Advisory Council (PAC) met on January 10, 2023 and determined their legislative goals for 2023:

- Continue to fund the post-retirement increase;

- Maintain healthcare benefits at their current level with no increase in copays or premiums; and
- Increase the burial benefit.

Following the PAC meeting, D. Taylor met with DRSPA, resulting in two additional legislative goals:

- A one-time payment of \$1,000 to offset inflation; and
- Increase the death benefit specifically from \$7,000 to \$10,000. (This amount was determined after research indicated the cost of funerals has increased 82% since the benefit amount was changed from \$6,000 to \$7,000 in 2001.)

D. Taylor will present the PAC's legislative goals for 2023 during the Joint Finance Committee (JFC) hearing scheduled for January 31, 2023.

In addition, Senate Bill 29 with Senate Amendment 1 was introduced on January 12, 2023. This Act expands the membership of the State Employee Benefits Committee (SEBC) by adding a state retiree to the Committee, while establishing the Retiree Healthcare Benefits Advisory Committee (RHBAC). Membership of the RHBAC will include three state retirees and four members of the General Assembly, whose charge includes holding public meetings and issuing recommendations to the Governor and the General Assembly by May 1, 2023. The amendment adds to the duties of the RHBAC, by requiring the Subcommittee to evaluate options that would allow state retirees to maintain their current coverage by offering a choice to buy into a Medicare Supplement plan. This benefit option is offered to retirees in other states.

The next Pension Advisory Council meeting is scheduled for April 11, 2023.

8. STATE PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION

Ms. Adams shared that Amanda Polley was selected as Employee of the Quarter. Since Ms. Polley was hired in November 2021, she has mastered the contributory refund process, while working diligently to clean up a backlog of refunds. Ms. Polley completed almost 1,400 refunds in one year; approximately 300 more than the number processed the previous year. Ms. Polley has also taken over the backlogged cash receipts workflow. Ms. Polley answered over 3,300 phone calls last year. Ms. Polley's work has been instrumental in turning her section around, and she is always willing to step in and help wherever needed. The Pension Office is very fortunate to have her on their team.

Ms. Adams also commended the Enterprise Resource Planning (ERP) section for their work in the following areas:

- UPDATING DELAWARE VOLUNTEER FIREFIGHTER'S ASSOCIATION (DVFA) BENEFIT FROM \$5 PER YEAR TO \$10 PER YEAR – Senate Bill 251, Section 6, of the 151st General Assembly, the Delaware Volunteer Firemen Length of Service Award Plan (LOSAP) increased the current retiree payment amount effective 1/1/2023.
- W4-R REFUND UPDATES - Withholding elections for Nonperiodic Payments and Eligible Rollover Distributions must be made on the new Form W-4R or W-4 for LOSAP if the amount exceeds \$200, effective 1/1/23 due to IRS taxation changes. Along with this update, the taxation of Nonperiodic Payments and Eligible Rollover Distributions has changed for refunds, death benefit and burial benefit payments.
- YEAR-END TAX DOCUMENTS ONLINE – Retirees can now access, view, and print annual tax documents, including Forms 1099-R, W-2 and 1095-B, online through Pensioner Self Service. The 1099M forms are excluded from the online process. Business functionality will remain the same with mailing the hard copy forms to Pensioners.

Lastly, the Payroll section was also recognized for their hard work during the month of January. This included:

- Benefit enhancement for the DVFA;
- Year-end tax document processing; and
- Age 60 processing

POSITIONS

Ms. Adams reported that five vacant positions have been filled since the last Board meeting. One Human Resource Analyst II position has been posted, which is supported by Department of Human Resources (DHR) to assist Medicare-eligible retirees. The Cash and Debt Manager position has also posted. Request to Fill (RTF) documentation for 5 additional positions - largely vacant due to internal promotions - are in the process of being routed to DHR. The HRIS Specialist III has been reclassified, pending signatures and final approval from DHR.

OFFICE ACTIVITIES

S. Tatman reported that the second-quarter metrics historically capture statistics for Medicare Open Enrollment and office year-end processes. The statistics from the second quarter of FY23 are similar to data from the second quarter of FY22. A new process to track individual counseling sessions was implemented last September, which contributed to a significant increase in the number reported. Walk-in customers increased by approximately 5 visitors/day compared to the 2nd quarter of FY22. Burial benefits for the quarter have increased by approximately 160 compared to the previous fiscal year to date.

In addition, three training sessions were offered this month:

- Monthly Payroll & HR on January 4, 2023;
- DVFA Training on January 5, 2023; and
- Pen App Training on January 11, 2023

LEGISLATION

In addition to Senate Bill 29 with Senate Amendment 1, there has been a lot of conversation regarding Return-to-Work restrictions, and how to relax them while maintaining compliance with the IRS. The Governor's Recommended Budget (House Bill 76) was introduced on January 26, 2023. One of the things included in the Act was proposing 1% of the prior year's budget to be deposited into the OPEB Trust Fund. The State of Delaware continues to contribute 0.36% of payroll for the OPEB Trust, which comprises \$8 million per year, compared to \$8.9 billion in liability. Our current funded ratio is 6%.

DEPUTY ATTORNEY GENERAL REPORT

R. Connell had nothing to report.

MOTION made by N. Shevock and seconded by R. Geisenberger to approve the recommendation of the esteemed hearing panel on the three pension appeals presented during the Executive Session.

MOTION ADOPTED UNANIMOUSLY

9. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that global equity and fixed income markets largely declined in December, adding to an already challenging year. Concerns over inflation, tighter monetary policy and slowing

economic growth weighed on markets. In their effort to fight inflation, the Federal Reserve raised rates for the seventh time this year, though pared back the hike to 0.50% following recent 0.75% tightening moves. The broad US equity market, as measured by the Russell 3000 index, suffered a 5.9% loss. International equities outperformed US equities as the MSCI All-Country World ex-U.S. stock index declined by 0.7%. In fixed income markets, a move up in interest rates pressured returns, resulting in a 0.3% loss for the Bloomberg Universal bond index and a 0.6% loss for the Bloomberg High Yield index.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$12,901.4 million at December 31st, 2022, representing a net decrease of \$243.2 million during the month. Estimated returns through December 31st, 2022 are as follows:

	Month Ended 12-31-22	Qtr 12-31-22	Fiscal YTD 12-31-22	1 Year Ended 12-31-22
Total Fund	-1.9	4.4	-1.5	-16.3
DPERS Policy Benchmark**	-2.9	7.4	1.5	-16.0
S&P 500 Index	-5.8	7.6	2.3	-18.1

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

Mr. Gooderham reported that the Committee met once in January on the 17th. At that meeting, he advised that, in addition to the approved items below, the Committee reviewed and discussed:

- A Riverstone Global Energy & Power Fund V Update
- A Carlyle Partners VII Offer to Sell Election
- The Quarterly Private Investments Review
- Windmark’s What We Believe Presentation

Mr. Gooderham also advised that the following items were approved at the January 17th meeting under the Committee’s authority:

- An update to the relationship management agreement with T. Rowe Price.
- An amendment to the Limited Partnership Agreement for Summit Partners Private Equity Fund VII-A, subject to legal review.
- With one member abstaining, the Committee voted unanimously in favor of the following allocation recommendations to increase international equity exposure:
 - Redeem \$160 million from the BlackRock Russell 1000 Value Index account.
 - Terminate (approximately \$92 million) the Dodge & Cox Stock account.
 - Redeem \$50 million from the GQG US Equity account.
 - Redeem \$50 million from the Focused Investors account.
 - Redeem \$50 million from the Wellington Dividend Growth account.
 - Invest approximately \$202 million in the Dodge & Cox International account.
 - Invest \$125 million in the Orbis International account.
 - Invest \$ 75 million in the Wellington Asian Opportunities account.
- A \$40 million transfer to the NT Laddered Fixed Income strategy, funded from the Cash Account.

The next Investment Committee meeting is scheduled for February 14, 2023.

MOTION made by N. Shevock and seconded by H. Stafford 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.

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

MOTION ADOPTED UNANIMOUSLY

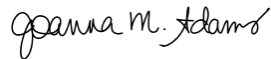
10. ADJOURNMENT

At 11:04 a.m., there being no further business:

MOTION was made by N. Shevock and seconded by A. Agra to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator

Suzanne B. Grant

Suzanne B. Grant (Feb 26, 2023 15:38 EST)

Suzanne B. Grant, Chair
Board of Pension Trustees