



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
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BOARD OF PENSION TRUSTEES
PUBLIC MEETING MINUTES OF OCTOBER 27, 2023

The meeting of the Board of Pension Trustees was called to order by S. Grant, Chair, at 9:02 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Ken Simplr
Harold Stafford
Rick Geisenberger
Art Agra
Cerron Cade

Trustees Absent

Nancy Shevock

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Ryan Connell, Deputy Attorney General
Robin Hartnett Sterner, Pension Office
Kari Overington, Pension Office
Kristal Diaz, Pension Office
Mary Wood, Pension Office
Amy Cole, Pension Office
Josh Hitchens, Pension Office
Khairat Makanjuola, Pension Office
Rob Gooderham, Windmark Investment Partners
Garry Musto, Windmark Investment Partners
Drew Dinger, Windmark Investment Partners
Pat Paoli, Windmark Investment Partners

David Taylor, Pension Advisory Council
Bert Scoglietti, Office of the Controller General
Andrea Godfrey, Office of Management and Budget
Kylie Taylor, Office of Management and Budget
Serena Hallowell, MotleyRice
Margaret Tempkin, Cheiron
Elizabeth Wiley, Cheiron
Fiona Liston, Cheiron
Beth Mercer, Cheiron
Kevin Balaod, journalist, *with Intelligence*
Quinn Johnson, Former State Representative
Steven LePage, Pensioner

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting and proceeded 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 SEPTEMBER 27, 2023

The Public Minutes of the September 27, 2023, meeting were reviewed, with technical changes suggested.

MOTION was made by A. Agra and seconded by K. Simpler to approve the Public Minutes of the September 27, 2023, Board of Pension Trustees meeting with technical changes.

MOTION ADOPTED UNANIMOUSLY

The Executive Minutes of the September 27, 2023, meeting were reviewed in Executive Session.

MOTION was made by R. Geisenberger and seconded by A. Agra to approve the Executive Minutes of the September 27, 2023, Board of Pension Trustees meeting.

MOTION ADOPTED UNANIMOUSLY

4. AUDIT COMMITTEE REPORT

The next Audit Committee meeting is scheduled for November 8, 2023.

5. GOVERNANCE COMMITTEE REPORT

The next Governance Committee meeting is scheduled for November 9, 2023.

6. PENSION ADVISORY COUNCIL REPORT

D. Taylor reported that the next Pension Advisory Council meeting is scheduled for November 8, 2023.

7. STATE PENSION ADMINISTRATOR'S REPORT

FY23 ACTUARIAL VALUATION

Ms. Adams welcomed Fiona Liston, Elizabeth Wiley, Margaret Tempkin, and Beth Mercer representing Cheiron, Inc., who presented the Fiscal Year 2023 Actuarial Valuation to the Board of Pension Trustees. The following topics were discussed:

- Historical review/risk metrics – State Employees' Plan
- Changes since the 2022 valuation
- Principal 6/30/2023 valuation results
 - State Employees' details
 - Contribution results for all Plans
- Stress testing
- GASB 67/68

The following employer contribution rates for FY25 were presented to the Board by Cheiron, Inc.:

- State Employees' 12.43%
- State Judicial 13.07%
- State Police 29.64%
- County/Municipal General 5.70%
- County/Municipal Police/Fire 14.98%
- Volunteer Fire \$447.35 per member
- Diamond State Port \$0.00

M. Tempkin provided an overview of Other Post-Employment Benefits (OPEB):

- Principal 6/30/2023 valuation results
- GASB 74/75
- Funding Policy

S. Grant requested a motion to approve Cheiron's recommendation of the employer's actuarially-determined contribution rates for FY25 for all plans.

MOTION made by H. Stafford and seconded by A. Agra to approve Cheiron's recommendation of the employer's actuarially-determined contribution rates for FY25 for all plans.

MOTION ADOPTED UNANIMOUSLY

2024 APPEAL HEARING DATES

J. Adams expressed gratitude to the Board members who have already signed up for appeal hearings and requested that the remainder of the Board contact Cindy Starr to sign up for an appeal hearing.

EMPLOYEE RECOGNITION

J. Adams shared that DPERS received the Public Pensions Coordinating Council Award for 2023. This award is in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

POSITIONS UPDATE

J. Adams reported that the Office completed interviews for the HR Supervisor position. Our first-choice candidate declined due to salary; however, an offer will be extended to the second-choice candidate. A candidate was hired to fill the Limited Term HR Analyst I vacancy earlier this month. The chosen candidate for the Executive Assistant position will start on November 6th. For the two positions on hold, we are actively recruiting the Cash and Debt Manager position and awaiting approval from the Department of Human Resources for the reclassification of the Administrative Specialist II position. Finally, two HR Analyst I employees accepted positions with other state agencies. These positions will be posted shortly.

QUARTERLY ACTIVITIES

S. Tatman reported a downward trend in statistics for the 1st Quarter of the fiscal year, attributed to a lower number of retirements compared to the prior fiscal year.

8. DEPUTY ATTORNEY GENERAL REPORT

There was nothing to report in Public Session.

MOTION made by R. Geisenberger and seconded by A. Agra to approve the recommendation of the hearing panel on the pension appeal presented during Executive Session.

MOTION ADOPTED UNANIMOUSLY

9. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that global equity and fixed income markets declined in September on concerns of persistent inflation and a higher for longer interest rate environment. While the Federal Reserve left its policy rate unchanged at its September meeting, longer-term interest rates moved notably higher over the month, reaching the highest levels since 2007. US equities, as measured by the broad Russell 3000 index, declined by 4.8% during the month. Losses were broad-based across sectors, with the energy sector the sole sector to produce a positive return as oil prices moved higher. International equity markets also declined as the MSCI EAFE index fell 3.4%, while the MSCI Emerging Markets index declined by 2.6%. Fixed income market performance was challenged by both higher interest rates and wider credit spreads. For the month, the Bloomberg Universal bond index declined by 2.4% and the Bloomberg High Yield index fell by 1.2%.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$12,993.7 million at September 30, 2023, representing a net decrease of \$239.0 million during the month. Estimated returns through September 30th, 2023, are as follows:

	Month Ended 09-30-23	Qtr & Fiscal YTD 09-30-23	Calendar YTD 09-30-23	1 Year Ended 09-30-23
Total Fund	-2.6	-2.8	2.0	6.5
DPERS Policy Benchmark**	-3.6	-3.0	6.9	14.8
S&P 500 Index	-4.8	-3.3	13.1	21.6

** 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, at its October 17th meeting, the Committee reviewed and discussed:

- The Private Investments Quarterly Review
- A Digital Infrastructure Overview
- A presentation by SDC Capital Partners
- Recommendations for SDC IV and Peppertree X
- Other Business
 - DPERS Annual Report Investment Section
- A presentation on What We Believe

At the meeting, the Committee approved for recommendation to the Board two items:

- A commitment of up to \$30 million to SDC Digital Infrastructure Opportunity Fund IV, L.P., subject to legal review.
- A commitment of up to \$20 million to Peppertree Capital Fund X, LP, subject to legal review.

The next meeting of the Committee is scheduled for Tuesday, November 14th, 2023.

MOTION made by A. Agra and seconded by R. Geisenberger to approve the recommendation to commit up to \$30 million to SDC Digital Infrastructure Opportunity Fund IV, L.P., subject to legal review.

MOTION ADOPTED UNANIMOUSLY

MOTION made by A. Agra and seconded by R. Geisenberger to approve the recommendation to commit up to \$20 million to Peppertree Capital Fund X, L.P., subject to legal review.

MOTION ADOPTED UNANIMOUSLY

MOTION made by K. Simpler and seconded by A. Agra to enter 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 at 11:58 a.m. by A. Agra and seconded by R. Geisenberger to return to Public Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by R. Geisenberger and seconded by A. Agra to accept the decision of the appeal panel.

MOTION ADOPTED UNANIMOUSLY

10. ADJOURNMENT

At 12:00 p.m., there being no further business:

MOTION was made by R. Geisenberger and seconded by A. Agra to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Suzanne B. Grant
Suzanne B. Grant (Dec 7, 2023 13:04 EST)

Suzanne B. Grant, Chair
Board of Pension Trustees

Respectfully submitted,

Joanna M. Adams

Joanna M. Adams
Pension Administrator