



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 FEBRUARY 24, 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
Cerron Cade
Ken Simpler
Rick Geisenberger
Nancy Shevock

Trustees Absent

Harold Stafford

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Ryan Connell, Deputy Attorney General
Bill O'Brien, Deputy Attorney General
Mary Wood, Pension Office
Vicki Schultes, Pension Office
Cindy Starr, Pension Office
Kristal Diaz, Pension Office
Robin Hartnett-Sterner, Pension Office
Kari Overington, Pension Office
Amy Cole, Pension Office
Josh Hitchens, Pension Office
Khairat Makanjuola, Pension Office

Solomon Adote, Department of Technology
and Information
Bert Scoglietti, Office of the Controller General
Courtney Stewart, Office of Management and
Budget
Rob Gooderham, Windmark Investment
Partners
Garry Musto, Windmark Investment Partners
Mark Finrock, Audit Committee
Joe Seibert, Audit Committee
David Taylor, Pension Advisory Council
Cyril Español, journalist, *With Intelligence*
Joseph Huber, Student
Barney Mbigha, Capital Group
Dillon Gravenstine, Goldman Sachs

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 JANUARY 27, 2023

The Public Minutes of the January 27, 2023 meeting were reviewed. Technical corrections were requested.

MOTION was made by N. Shevock and seconded by A. Agra to approve the Public Minutes of the January 27, 2023 Board of Pension Trustees with technical corrections as noted.

MOTION ADOPTED UNANIMOUSLY

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

MOTION was made by A. Agra and seconded by N. Shevock to approve the Executive Minutes of the January 27, 2023 Board of Pension Trustees meeting as submitted.

MOTION ADOPTED UNANIMOUSLY

4. AUDIT COMMITTEE REPORT

K. Makanjuola reported that BDO provided updates regarding their progress on the Fiscal Year 2022 GASB 68 and 75 audits. BDO remains on track and expects to issue final reports in May 2023.

The Audit Committee reviewed and accepted findings from a recently completed Internal Audit report. Further details were presented by K. Makanjuola in Executive Session.

The Audit Committee approved a modification to the FY23 Internal Audit Plan. Further details were presented by K. Makanjuola in Executive Session.

The next Audit Committee meeting is scheduled for May 12, 2023.

5. GOVERNANCE COMMITTEE REPORT

Ms. Adams reported that the Governance Committee has not met since their November 2022 meeting. There will be a more substantive report at the March 31, 2023 Board of Pension Trustees meeting.

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

6. PENSION ADVISORY COUNCIL REPORT

D. Taylor reported that he presented to the Joint Finance Committee (JFC) at the end of January, concentrating on the one-time payment of \$1,000. The cost of common, everyday items such as gas, eggs, and lettuce were used as examples of how drastically prices have increased.

Further, additional co-sponsors have been added to Senate Bill 42, which proposes to increase the burial benefit for individuals eligible to receive a pension under the State Employees' Pension Plan (Chapter 55 of Title 29 of the Delaware Code) from \$7,000 to \$10,000. The increased support is a positive sign for active employees and retirees.

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

7. STATE PENSION ADMINISTRATOR'S REPORT

COUNTY/MUNICIPAL NEW ENTITY RESOLUTION

Ms. Adams reported that Wilmington Manor Volunteer Fire Company, Inc., submitted a resolution to join the County and Municipal General Employees' Pension Plan. The company does not intend to purchase any prior service. The Office of Pensions has no objections to this entity joining the County and Municipal General Employees' Pension Plan.

MOTION made by K. Simpler and seconded by A. Agra to approve the Wilmington Manor Volunteer Fire Company, Inc. joining the County and Municipal General Employees' Pension Plan, effective January 31st, 2023.

MOTION ADOPTED UNANIMOUSLY

EMPLOYEE RECOGNITION

Ms. Adams reported that two full-time positions were requested for the Office of Pensions in the FY24 Governor's Recommended Budget, and recognized Office of Management and Budget Director Cerron Cade and Deputy Director Courtney Stewart for their steadfast support.

The ERP modernization project is progressing. Staff participated in three public pension system demos during the last month, which offered eye-opening presentations of what these systems are capable of. New efficiencies include a built-in general ledger, imaging, and payroll system, incorporating three systems into one. The modernization project is a multi-year process that has had exciting results thus far.

The Contact Center is going well. Last year, the office received over 75,000 phone calls, and our call volume continues to increase. Ms. Adams recognized Mary Wood for leading the Contact Center. The Contact Center answers approximately 75% of incoming calls without having to transfer to other staff. R. Geisenberger mentioned the consideration of developing I.T. solutions to address the challenges of limited staffing across state government. K. Simpler commented on the option of outsourcing certain unprecedented events in cases where there is a sudden surge in activity with limited scope in order to increase sufficiency of Office of Pensions staff. Ms. Adams stated that the callers' questions are so specific that Contact Center staff should know much of our business, so quality control issues come into play when involving third parties. S. Grant thanked and congratulated M. Wood for her work with the Contact Center.

POSITIONS UPDATE

Ms. Adams reported on the vacant positions, noting that there will be several filled positions to report at the March 2023 Board of Pension Trustees meeting. Eight positions are on hold, with five limited term (LT) vested positions vacant due to internal promotion. Once the Department of Human Resources (DHR) finalizes the reclassification/maintenance review process, the two Human Resource Information System (HRIS) positions will be posted.

OFFICE ACTIVITIES

Ms. Adams proposed to report on office activities quarterly instead of monthly, to eliminate redundancy. The Board members supported this change. There are five activities scheduled for March 2023.

LEGISLATION

SENATE BILL 29 WITH SENATE AMENDMENT NO. 1: This Act creates subcommittee of the State Employee Benefits Committee (SEBC) to supersede the Retirement Benefits Study Committee (RBSC). This subcommittee will explore healthcare and its challenges with the OPEB Trust Fund. R. Geisenberger confirmed that the RBSC was formally dissolved by Executive Order last week.

SENATE BILL 42: This Act increases the burial benefit for individuals eligible to receive a pension under the State Employees' Pension Plan from \$7,000 to \$10,000. This Act takes effect on October 1, 2023. We are working through getting the cost analysis. R. Geisenberger asked if this type of cost would need to be funded in a single year? Ms. Adams clarified the cost can be amortized over five years.

8. DEPUTY ATTORNEY GENERAL REPORT

R. Connell had nothing to report in Public Session.

MOTION made by A. Agra 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 back 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

9. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that equity and fixed income markets started 2023 with strong gains. Market sentiment was boosted by signs that inflation is easing and optimism that central banks would continue to slow the pace of interest rate hikes. Corporate earnings results were generally viewed favorably compared to lowered expectations. An improved outlook in China after the country rolled back COVID-19 restrictions also provided markets a boost. The broad US equity market, as measured by the Russell 3000 index, moved higher by 6.9%. Within US equities, growth outpaced value, marking the first month growth outperformed since July 2022. Outside the US, weakness in the US dollar aided returns for international stocks as the MSCI EAFE index was up 8.1% and the MSCI Emerging Markets index advanced 7.9%. In fixed income markets, yields generally moved lower (prices higher) and credit spreads tightened, resulting in a 3.1% return for the Bloomberg Universal bond index, while the more credit-sensitive Bloomberg High Yield index moved higher by 3.8.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$13,282.9 million at January 31st, 2023, representing a net decrease of \$381.5 million during the month. Estimated returns through January 31st, 2023 are as follows:

| | Month Ended 01-31-23 | Fiscal YTD 01-31-23 | 1 Year Ended 01-31-23 |
|--------------------------|-------------------------|------------------------|--------------------------|
| Total Fund | 3.3 | 1.8 | -10.7 |
| DPERS Policy Benchmark** | 5.9 | 7.5 | -7.1 |
| S&P 500 Index | 6.3 | 8.7 | -8.2 |

** 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 February the 14th. At that meeting, he advised that, in addition to the approved items below, the Committee reviewed and discussed:

- A Meritech IV Extension Update
- A Carlyle Update
- A presentation by DoubleLine on their Total Return Strategy
- An Asset Allocation discussion
- The Fourth Quarter Investments Review

Mr. Gooderham also advised that the following item was approved at the February 14th meeting under the Committee's authority:

- A \$40 million transfer to the NT Laddered Fixed Income strategy, funded from the Cash Account.

The next Investment Committee meeting is scheduled for March 21, 2023.

MOTION made by N. Shevock and seconded by K. Simpler 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

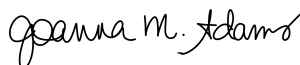
10. ADJOURNMENT

At 11:38 a.m., there being no further business:

MOTION was made by A. Agra 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 (Apr 7, 2023 21:48 EDT)

Suzanne B. Grant, Chair
Board of Pension Trustees