



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
PUBLIC MEETING MINUTES OF MARCH 31, 2023

The meeting of the Board of Pension Trustees was called to order by S. Grant, Chair, at 9:04 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Art Agra
Cerron Cade
Ken Simpler
Rick Geisenberger
Nancy Shevock
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
Kari Overington, Pension Office
Sarah Parson, 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
Bert Scoglietti, Deputy Controller General
David Taylor, Pension Advisory Council
Kevin C. Balaod, journalist, *with Intelligence*
Alton, from LP Allocator

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 FEBRUARY 24, 2023

The Public Minutes of the February 24, 2023 meeting were reviewed. Technical corrections were requested.

MOTION was made by K. Simpler and seconded by N. Shevock to approve the Public Minutes of the February 24, 2023 Board of Pension Trustees meeting with technical corrections as noted.

MOTION ADOPTED UNANIMOUSLY

The Executive Minutes of the February 24, 2023 meeting were reviewed in Executive Session.

MOTION was made by K. Simpler and seconded by A. Agra to approve the Executive Minutes of the February 24, 2023 Board of Pension Trustees meeting as submitted.

MOTION ADOPTED UNANIMOUSLY

4. AUDIT COMMITTEE REPORT

H. Stafford had nothing to report. K. Makanjuola offered a reminder about the fraud documents that were sent for review and signature acknowledgement by C. Starr and thanked those who have responded so far.

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

5. GOVERNANCE COMMITTEE REPORT

Ms. Adams reported that the Governance Committee reviewed Best Practices, Self-Assessment, the Current Positions Chart, and draft Memorandum of Understanding (MOU) between the Delaware Public Employees' Retirement System (DPERS) and the Department of Justice (DOJ) during the February 28th meeting.

The next Governance Committee meeting is scheduled for May 18, 2023.

6. PENSION ADVISORY COUNCIL REPORT

D. Taylor had nothing to report.

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 the Cheswold Volunteer Fire Company submitted a resolution requesting to participate in the County and Municipal Police/Firefighter Pension Plan. 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 A. Agra and seconded by H. Stafford to approve the Cheswold Volunteer Fire Company joining the County and Municipal Police/Firefighter Pension Plan, effective April 1, 2023.

MOTION ADOPTED UNANIMOUSLY

Ms. Adams also reported that the Millsboro Fire Company submitted a resolution requesting to participate in the County and Municipal Police/Firefighter Pension Plan.

MOTION made by A. Agra and seconded by H. Stafford to approve the Millsboro Fire Company joining the County and Municipal Police/Firefighter Pension Plan, effective March 1, 2023.

MOTION ADOPTED UNANIMOUSLY

EMPLOYEE RECOGNITION

Ms. Adams provided a background of the annual Office of Pensions Wm. "Ray J." Johnson Award. This award was first presented in 1997 by outgoing Pension Administrator David Baker. Wm. "Ray J." Johnson captured the true definition of a public servant, having started at the Office of Pensions at its inception in the 1970s and staying for well over 30 years. Mr. Johnson consistently demonstrated three core competencies that are the criteria for receiving this award: work ethic, positive attitude, and achieving success on the job. Ms. Adams then introduced Sarah Parson, the 2023 Wm. "Ray J." Johnson Award recipient. S. Parson began her employment at the Office of Pensions as a casual/seasonal employee and worked her way up to become a supervisor. S. Parson has worked hard and handled her responsibilities with grace and professionalism. The Office of Pensions is very appreciative of S. Parson's contributions. S. Grant congratulated S. Parson on behalf of the Board of Pension Trustees, sharing that it was evident that S. Parson sets a positive and inspiring example, which makes the organization better, stronger, and more effective.

Ms. Adams also extended kudos to Amy Cole, Payroll Manager. The 1099s are now available online for the first time. The Office of Pensions has generated 78 reprints compared to 180 last year. The 1099 reprints currently being processed are for prior tax years; these numbers will decline over time.

Further, Ms. Adams recognized S. Tatman for work with the promotional standards, which allow our State Human Resource (HR) Analysts to promote through the career ladder. Staff is not able to pursue internal promotion unless promotional standards are in place. The promotional standards have been approved by the Department of Human Resources (DHR). The work involved in ensuring the promotional standards are accurate and fair is no small undertaking.

POSITIONS UPDATE

Ms. Adams reported that two positions have been filled since the February Board of Pension Trustees meeting: one Human Resource Analyst will work in the Benefits section during the ERP Modernization Project. The other Human Resource Analyst - a former employee will be filling the vacancy on our vested team. The Office of Pensions currently has approximately 10 vacant positions which have posted. Two limited-term positions will be devoted to the Retirement Centralization Pilot program, which involves partnering with the Department of Health and Social Services (DHSS). Lastly, the Office of Pensions is working with DHR through the reclassification process for the Administrative Specialist III and Cash & Debt Manager, respectively.

LEGISLATION

HOUSE BILL 63: This bill allows pensioners to earn \$50,000 (instead of \$40,000) before incurring a \$1.00 deduction to their state pension for every \$2.00 earned over that amount.

HOUSE BILL 64: Presently a new spouse of a survivor pensioner is not eligible for health care. This bill authorizes coverage for the spouse of a survivor who qualified to receive a deceased pensioner's retirement benefits prior to May 15, 2012. This bill was tabled in the House Administration Committee on March 15th, 2023.

OTHER ITEMS:

ACTUARIAL REQUEST FOR PROPOSAL (RFP) REPORT: S. Tatman reported the RFP is active on the Government Support Services website. The Office of Pensions is now in the phase of reviewing questions from 4 potential firms/bidders. After the RFP closes on April 10, 2023, the Office of Pensions will start the evaluation and interview process.

ENTERPRISE RESOURCE PLANNING (ERP) MODERNIZATION PROJECT: Ms. Adams reported that the project team is continuing to document their business requirements. Payroll Human Resources Statewide Technology (PHRST) and the Division of Accounting (DOA) have been reviewing the criteria. DPERS does not need to proceed at the same pace as PHRST and DOA due to DPERS having less engagement with end users compared to other entities. Theoretically, DPERS' RFP could be completed by the end of 2024, ahead of other systems. The documentation of business practices is taking longer due to the number and complexity of the current system's customizations. The demos that have been attended unveiled true pensions systems that will greatly increase office efficiency in the future.

MEMBER COMMUNICATION: The Office of Pensions issued an Active Employees newsletter this month. Prior to this, the last one was published in 2014. Ms. Adams extended kudos to S. Tatman and the Communications Committee for taking on this initiative to increase communication with our members.

MOBILE APP: Ms. Adams reported that DPERS has its own mobile app, although it is not yet advertised to the public. The app will let DPERS send push notifications to the more tech-savvy users, promoting communication.

Lastly, discussion followed regarding the app's security and privacy issues. Ms. Adams clarified this app is not tied to data within the DPERS system; it is strictly a communication tool to provide users with access to data that is already on our website. No confidential information can be accessed from the app.

8. DEPUTY ATTORNEY GENERAL REPORT

R. Connell referred to the new proposed Policy Review Schedule. The first function of this review is for users to gain familiarity with the policy documents. From a litigator's perspective, it is important to keep the policies current and improve processes. Comments or suggestions are welcomed as R. Connell reviews the Code of Conduct, which will be reviewed again at the April Board of Pension Trustees meeting.

A question was raised regarding whether the Governance Committee should be the first to start the policy review process - the Board of Pension Trustees would then review the "Governance-adjusted" document(s).

Additional discussion supported the Governance Committee reviewing the policies first - perhaps three policies at a time - which would then be reviewed and released to the Board (one each month) to accommodate the quarterly meeting schedule.

R. Connell presented the Memorandum of Understanding (MOU) between DPERS and the Department of Justice (DOJ).

MOTION made by A. Agra and seconded by K. Simpler to authorize presentation of the Memorandum of Understanding (MOU) between DPERS and the Department of Justice (DOJ).

MOTION ADOPTED UNANIMOUSLY

9. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that equity and fixed income markets declined in February amid concerns over inflation and higher interest rates. Economic and inflation data released over the period was stronger than

expected, reigniting concerns that central banks would continue to tighten monetary policy and that rates would remain elevated for some time. The broad US equity market, as measured by the Russell 3000 index, declined by 2.3%. A stronger US dollar weighed on results for international markets. While the MSCI EAFE index fell 2.1% in US dollar terms, the broad index of developed international markets registered a modest gain in local currency terms. Emerging Markets underperformed over the month as the MSCI Emerging Markets index fell 6.5%. With interest rates moving up, fixed income markets broadly declined. For the month, the Bloomberg Universal bond index declined by 2.5% and the Bloomberg High Yield index fell by 1.3%.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$13,045.8 million at February 28, 2023, representing a net decrease of \$238.3 million during the month. Estimated returns through February 28, 2023 are as follows:

	Month Ended 02-28-23	Calendar YTD 02-28-23	Fiscal YTD 02-28-23	1 Year Ended 02-28-23
Total Fund	-1.5	1.8	0.3	-9.6
DPERS Policy Benchmark**	-2.5	3.2	4.8	-7.6
S&P 500 Index	-2.4	3.7	6.1	-7.7

** 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 on March 21st. At that meeting, he advised that, in addition to the approved items below, the Committee reviewed and discussed:

- A GQG Update
- An IDG-Accel China Growth Fund II – Secondary Update
- An update on Silicon Valley Bank
- The Risk Estimation Update
- A BlackRock Proxy Voting Update
- Asset Allocation possibilities

Mr. Gooderham also advised that the following items were approved at the March 21st meeting under the Committee’s authority:

- The transfer of all assets in the Northern Trust Cash Account from STIF to GSTIF.
- The transfer of \$40 million from the NT Laddered Fixed Income strategy to the Cash Account.

The next Investment Committee meeting is scheduled for April 18, 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 H. Stafford and seconded by N. Shevock to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

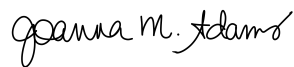
10. ADJOURNMENT

At 11:10 a.m., there being no further business:

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

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator

Suzanne B. Grant
Suzanne B. Grant (May 8, 2023 12:58 EDT)

Suzanne B. Grant, Chair
Board of Pension Trustees