



**STATE OF DELAWARE**  
**STATE BOARD OF PENSION TRUSTEES**  
**AND**  
**OFFICE OF PENSIONS**  
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**BOARD OF PENSION TRUSTEES**  
**PUBLIC MEETING MINUTES OF JULY 26, 2024**

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant at 9:03 a.m.

**Trustees Present**

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

**Trustees Absent**

Cerron Cade

**Others Present**

Joanna Adams, Pension Administrator  
Stephenie Tatman, Deputy Pension Administrator  
Tammy LeCates, Pension Office  
Arian Daniels, Pension Office  
Cindy Starr, Pension Office  
Josh Hitchens, Pension Office  
Melanie Moore, Pension Office  
Kristal Diaz, Pension Office  
Kari Overington, Pension Office  
Mary Wood, Pension Office  
Patricia Davis, Attorney General's Office

David Taylor, Pension Advisory Council  
Rob Gooderham, Windmark Investment Partners  
Garry Musto, Windmark Investment Partners  
Drew Dinger, Windmark Investment Partners  
Seth Yablonovitz, Windmark Investment Partners  
Dan Barner, Windmark Investment Partners  
Cyril Espanol, journalist, with *Intelligence*  
Kevin Spanier, Gallagher  
Michael Ribble, Gallagher  
Kevin Penderghest, Gallagher  
Christian Hershey, Gallagher

**1. OPENING COMMENTS**

S. Grant welcomed everyone to the meeting.

**2. PUBLIC COMMENT**

No public comment.

### **3. APPROVAL OF THE MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF JUNE 17, 2024**

The Public Minutes of the June 17, 2024, meeting were reviewed.

**MOTION** was made by N. Shevock and seconded by A. Agra to approve the Public Minutes of the June 17, 2024, Board of Pension Trustees meeting.

**MOTION ADOPTED UNANIMOUSLY.**

The Executive Minutes of the June 17, 2024, meeting were reviewed in Executive Session.

**MOTION** was made by R. Geisenberger and seconded by N. Shevock to approve the Executive Minutes of the June 17, 2024, Board of Pension Trustees meeting.

**MOTION ADOPTED UNANIMOUSLY**

### **4. AUDIT COMMITTEE REPORT**

Nothing to report in public session.

### **5. GOVERNANCE COMMITTEE REPORT**

The August 15, 2024 Governance Committee meeting is canceled. The next Governance Committee meeting is scheduled for November 14, 2024.

### **6. PENSION ADVISORY COUNCIL REPORT**

D. Taylor shared the Pension Advisory Council (“PAC”) has been monitoring the following legislation:

- House Bills 281 and 282 regarding retiree healthcare;
- House Bill 330 regarding a statutory commitment to the OPEB fund;
- House Bill 375 regarding payment of premium or subscription charges by pensioners; and
- House Bills 376 and 377 regarding group health insurance program.

The PAC was disappointed that HB 289 regarding an increase of the burial benefit never made it out of committee. The PAC continues to support legislation that would establish a procedure to reinstate inactive council members. A member of the Board requested the PAC share a list of the individuals and organizations represented on the PAC at the next board meeting. Another Board member shared that House Bill 475 amends 29 *Del. C.* § 6102(w) wherein any reserve fund balance accumulated in a prior fiscal year deemed by the Secretary of Finance to be in excess of amounts necessary to satisfy such claims shall be transferred by the Secretary of Finance to the Other Post-Employment Benefits Fund. The next Pension Advisory Council meeting is scheduled for November 12, 2024.

### **7. STATE PENSION ADMINISTRATOR’S REPORT**

#### DPERS ACTUARIAL AUDIT

S. Tatman thanked Melanie Moore, who has taken the lead on working with Buck (also referred to as Gallagher) on the actuarial audit. M. Ribble from Gallagher thanked staff at the Office of Pensions (“OPen”) and Cheiron for providing the data requested and required for this project. M. Ribble provided an overview of the actuarial audit, scope of review, audit process, and key findings. K. Penderghest from Gallagher presented key findings and a summary on Postretirement Health Plan. K.

Spanier from Gallagher presented an overview of actuarial liabilities and recommendations. The scope of review included:

- Review of all actuarial methods, economic actuarial assumptions, and demographic actuarial assumptions currently used within the funding actuarial valuations;
- Replication of the most recent funding actuarial valuation census data and results as of June 30, 2023, performed on a “closed group” basis; including, but not limited to:
  - Review of the 2023 census data (both raw DPERS-provided and final edited data used by the Board’s actuary) for reasonability and continuity;
  - Replication of the development of the Actuarial Value of Assets;
  - Replication of the Present Value of Future Benefits and Actuarial Accrued Liability; and
  - Replication of Normal Costs and Actuarially Determined Contributions
- Review of the most recent funding actuarial projections, based on the June 30, 2023, funding actuarial valuation results; and
- Review of recent actuarial communications (most recent actuarial valuation and experience analysis reports).
- The scope of the audit did not include review of the accounting information for GASB No. 67, 68, 74, and 75 Disclosures.

Based on Gallagher’s review of the census data, experience study documents, liability replication, review of individual sample life calculations, and the actuarial valuation reports and letters, the June 30, 2023, actuarial valuation reports and letters for the Delaware Public Employees’ Retirement System (DPERS) and the actuarial valuation report for the Postretirement Health Plan are reasonable, based on appropriate assumptions and methods, and the reports and letters generally comply with the Actuarial Standards of Practice (ASOPs).

A member of the Board commented that it is good to take a fresh look at the actuarial process. OPen will be working with a representative from Cheiron in September and October to review the recommendations from this audit and compare with the previous actuarial audit.

#### EMPLOYEE RECOGNITION

J. Adams shared that Meagan Iwaskiewicz was selected as Employee of the Quarter for Office of Pensions and Office of Management and Budget. Meagan recently fulfilled OMB’s vision of working together to create excellence in state government and she also demonstrated the core values of a public servant while serving a particular state employee in June 2024 who was terminally ill.

OPen had seven employees affected by the CrowdStrike incident. Dan Pope, our Senior Application Support Specialist, deserves recognition for getting those seven employees’ devices operating quickly.

#### POSITIONS UPDATE

J. Adams shared the Information Systems Manager position is on hold while the Enterprise Resource Planning (ERP) and Information Technology organizational structure is re-evaluated. The Administrative Specialist II position is temporarily on hold pending reclassification. The Deputy

Attorney General position has been posted. We filled two HR Analyst positions recently with internal candidates from limited term positions. Interviews are scheduled for the Investment Financial Manager and Limited Term HR Analyst positions.

#### FISCAL YEAR 25 BUDGET

J. Adams presented the Fiscal Year 25 Budget explaining that the greatest increase is in personnel with some increase in travel due to having more credentialed employees on staff with continuing education requirements. The vacancy rate of 5% remains lower than most State agencies.

**MOTION** was made by N. Shevock and seconded by A. Agra to approve the Fiscal Year 25 Budget.

**MOTION ADOPTED UNANIMOUSLY**

#### QUARTERLY OFFICE ACTIVITIES

S. Tatman shared the retiree newsletter and quarterly Pension Office Activities. J. Adams added that the ERP Modernization Project received 98 questions from vendors about the published RFP and responses have been drafted.

#### COUNTY/MUNICIPAL NEW ENTITY

S. Tatman presented resolutions from several entities that want to join the County and Municipal General Pension Plan or the County and Municipal Police and Firefighters' Pension Plan.

**MOTION** was made by A. Agra and seconded by R. Geisenberger to approve the resolutions to permit the Town of Frankford to join the County and Municipal Police/Firefighters Plan, Town of Millville to join the County and Municipal General Pension Plan, and Roxanna Volunteer Fire Company to join the County Municipal Police/Firefighters Plan.

**MOTION ADOPTED UNANIMOUSLY**

#### LEGISLATIVE UPDATE

J. Adams shared Senate Substitute 1 for Senate Bill 174, which allows the Justices of the Peace, Commissioners in Superior Court, Family Court and Court of Common Pleas and Magistrates in Chancery to join the State Judicial Pension Plan and the plan to implement.

### **8. DEPUTY ATTORNEY GENERAL REPORT**

Nothing to report for public session.

### **9. INVESTMENT COMMITTEE REPORT**

R. Gooderham reported that global equity continued to trend higher in June, led by strong gains from US mega cap technology stocks, driven by ongoing optimism about artificial intelligence. US economic data in the period indicated moderating growth, and inflation surprised to the downside. US

equities, as measured by the Russell 3000 index, gained 3.1%. International markets were mixed as the MSCI EAFE index fell 1.6%, while the MSCI Emerging Markets index gained 3.9%. Returns in Europe were weighed down by political uncertainties. Fixed income markets produced gains as yields moved lower and credit spreads were mostly steady. For the month, the Bloomberg Universal bond index and the Bloomberg High Yield index both provided returns of 0.9%.

R. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$14,269.4 million at May 31, 2024, representing a net increase of \$329.0 million during the month. Estimated gross returns through May 31, 2024, are as follows:

	Month Ended 05-31-24	Calendar YTD 05-31-24	Fiscal YTD 05-31-24	1 Year Ended 05-31-24
<b>Total Fund</b>	<b>2.5</b>	<b>5.7</b>	<b>9.0</b>	<b>11.9</b>
DPERS Policy Benchmark**	3.3	5.7	12.5	17.2
S&P 500 Index	5.0	11.3	20.2	28.2

\*\* 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 had met twice since the June Board meeting, on Tuesday June 18<sup>th</sup> and Tuesday July 16<sup>th</sup>. He reported that, at the June 18<sup>th</sup> meeting, in addition to the approved items below, the Committee had reviewed and discussed:

- Summit XII Recommendation
- Annual Benchmark Review
- Annual Long Term Return Assumption: Actuarial and GASB 67
- Annual Review of Manager Fees and Private Partnership Cost Structures
- Review of the Securities Litigation Policy
- Other Business:
  - Annual Diversity, Equity, & Inclusion Review
  - Schedule changes for two T. Rowe Price accounts
  - Proxy Voting Discussion
  - IRS Data Breach

R. Gooderham further reported that, at the July 16<sup>th</sup> Meeting, the Committee reviewed and discussed:

- What We Believe Mid-Year Update
- Quarterly Private Investment Review
- Securities Litigation Policy discussion
- Other Business:
  - Proxy Voting Discussion Follow-up
  - T. Rowe Price Global Trade Update & Market Opening Request
  - Vision Ridge Update

R. Gooderham reported that the following items were approved under the Committee's authority at the June 18<sup>th</sup> meeting:

- A commitment of up to \$120 million to Summit Partners Growth Equity Fund XII (Summit GE XII) and potential co-investments, subject to legal review, allocating up to \$80 million to Summit GE XII, and \$40 million to potential co-investments in a separate vehicle.
- To recommend, after thorough review, that the Board not change the long-term return assumption used for GASB and actuarial purposes.
- A schedule change to the relationship management agreement for the T. Rowe Price Global Growth Equity account, subject to legal review.
- A schedule change to the relationship management agreement for the T. Rowe Price Floating Rate account, subject to legal review.

The next meeting of the Committee is scheduled for Tuesday, August 20, 2024.

**MOTION** was made by A. Agra and seconded by K. Simpler to maintain the long-term return rate at 7%.

**MOTION ADOPTED UNANIMOUSLY**

**MOTION** was 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**

**MOTION** was made at 11:21 a.m. by A. Agra and seconded by R. Geisenberger to return to Public Session.

**MOTION ADOPTED UNANIMOUSLY**

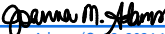
**10. ADJOURNMENT**


At 11:22 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 Adams (Oct 2, 2024 12:44 EDT)  
Joanna M. Adams  
Pension Administrator

  
Suzanne B. Grant (Oct 2, 2024 13:35 EDT)  
Suzanne B. Grant, Chair  
Board of Pension Trustees