

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
PUBLIC MEETING MINUTES OF JANUARY 31, 2025

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant at 9:02 a.m.

Trustees Present

Suzanne Grant
Art Agra
Brian Maxwell
Nancy Shevock
Ken Simpler
Michael R. Smith
Harold Stafford

Trustees Absent

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
Kristal Diaz, Pension Office
Amy Cole, Pension Office
Kari Overington, Pension Office
Julye Covell, Pension Office
Mariah Krass, Pension Office
Patricia Davis, Attorney General's Office
William Tate, Attorney General's Office

Rob Gooderham, Windmark Investment Partners
Garry Musto, Windmark Investment Partners
Drew Dinger, Windmark Investment Partners
Melysa Montano, Windmark Investment Partners
Greg Lane, DTI
Michelle Donohue, DTI
Nadeim Ghoryani, DTI
Joseph Morelli, DTI
Theresa Daniels, DTI
Kamlesh Sheth, CAI
Bryant Baker, CAI
Matthew Payne, CAI
Ronald Schwartz, CAI
Komi Amefia, CAI
Cyril Espanol, journalist, with *Intelligence*
Jeff Adair, Sagitec

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting and thanked H. Stafford for serving with distinction on the Board of Pension Trustees since June 5, 2019, the Audit Committee since February 2020, and Governance committee since February 2023. S. Grant presented the resolution to H. Stafford.

MOTION was made by A. Agra and seconded by N. Shevock to approve the Resolution for Harold Stafford.

MOTION ADOPTED UNANIMOUSLY.

H. Stafford thanked everyone and shared it has been an honor and privilege. N. Shevock thanked H. Stafford and recognized it will be a great loss. Introductions of Michael R. Smith, Secretary of Finance, Brian Maxwell, Office of Management and Budget Director, and William Tate, Deputy Attorney General were presented to the Board.

2. PUBLIC COMMENT

No public comment.

3. APPROVAL OF THE MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF DECEMBER 10, 2024.

The Public Minutes of the December 10, 2024, meeting were reviewed.

MOTION was made by H. Stafford and seconded by A. Agra to approve the Public Minutes of the December 10, 2024, Board of Pension Trustees meeting. K. Simpler abstained.

MOTION ADOPTED UNANIMOUSLY.

The Executive Minutes of the December 10, 2024, meeting were reviewed in Executive Session.

MOTION was made by H. Stafford and seconded by A. Agra to approve the Executive Minutes of the December 10, 2024, Board of Pension Trustees meeting. K. Simpler abstained.

MOTION ADOPTED UNANIMOUSLY

4. AUDIT COMMITTEE REPORT

The next Audit Committee meeting is scheduled for February 14, 2025.

5. PENSION ADVISORY COUNCIL REPORT

J. Adams shared that D. Taylor was not able to be present today. The Pension Advisory Council met on January 14, 2025 and discussed the legislative goals for 2025 to sustain retiree healthcare, seek a pension increase, and seek an increase in the burial benefit. A member of the Pension Advisory Council will attend the Joint Finance Committee meeting and present their goals. The next Pension Advisory Council meeting is scheduled for April 8, 2025.

6. STATE PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION

Duana Sauls was selected for Employee of the Quarter for showing her diligence and dedication to standardizing billing practices within the Long-Term Disability Program. She continues to work tirelessly with The Hartford to correct errors in their collection of benefit premiums. She has identified and corrected a long-standing issue with The Hartford stopping payment on premium deductions to recover overpayments. She has gone above and beyond to work several hours before and after regular operating hours to establish policies and procedures. While she is still developing the Long-Term Disability Billing Coordinator position, she has made great strides, and her dedication to the position and the Benefits section is beyond reproach.

POSITIONS UPDATE

J. Adams reported the HR Manager II, Deputy Attorney General, and two HR Analyst I positions have been filled. Three HR Analyst I positions, two of which are limited term, an HRIS Analyst I Limited Term, the Cash & Debt Manager, Information System Manager, and an HR Supervisor will soon be requested to fill. J. Adams introduced Julye Covell, who was promoted from HR Supervisor to HR Manager II creating a vacancy after the positions chart was updated on January 24, 2025.

ERP MODERNIZATION PROJECT:

J. Adams introduced Mariah Krass, HRIS Administrator, and team members from Department of Technology & Information and Computer Aid, Inc. J. Adams presented the following to the Board:

- Why ERP Modernization?
 1. Fiduciary responsibility to provide benefits and defray reasonable expenses while providing effective management, general administration and proper operation.
 2. Replace a 25-year highly-customized ERP system with a state-of-the-art retirement solution.
 3. End of life for the current system is 2033.
- Benefits of ERP Modernization
 1. Consolidate the customized ERP system with the standalone imaging system, general ledger system and call center.
 2. Better serve active employees, pensioners, beneficiaries and end-users by enhancing service capabilities while realizing internal process efficiencies.
 3. Cloud-based solution to reduce total cost of ownership.
 4. "Out of Box" functionality.
 5. System aligned with industry best standards.
- Project Management

Computer Aid, Inc. (CAI) has been engaged to manage overall project to include:

 - Evaluate options for migrating from an on-premise legacy system to a modernized cloud solution
 - Pre-RFP tasks (created project plan, document business requirements, etc.)
 - Prepare Request for Proposal
 - Assist in selecting ERP solution
 - Manage the implementation
- Project Management Teams
 1. Executive Sponsors

2. System Administrators
 3. CAI Project Team
 4. Pension Office Project Team
 5. DTI Project Team
 6. Vendor Project Teams
- Tasks Completed to Date
 1. Documented current business processes, user stories, key performance indicators, ideal workflows
 2. Drafted and published RFP
 3. Created vendor scorecard, demo guide, reference questions
 4. Created traceability matrix to tie test scripts with business requirements
 5. Hosted in-person vendor demos
 6. Drafted Independent Verification and Validation (IV&V) RFP
 - Vendor Selection
 - Pension Administration System Vendors who met RFP requirements
 - Sagitec
 - Vitech
 - TELUS Health
 - Top 2 Pension Administration System Vendors after Demos
 - Sagitec
 - TELUS Health
 - Vendor Scoring Ranking with CAI, Office of Pensions and DTI
 - TELUS Health
 - Sagitec
 - Why TELUS Health?
 - Their solution stands out with an efficient system delivered through highly automated, customer-focused business processes surfaced through Member, Employer, and Administrator portals
 - Integrates Imaging, Enterprise Content Management, Customer Relations Management, Pension Administration, Benefits Administration, Payroll and Finance
 - Offers greater configuration and customization flexibility with support/maintenance structure
 - Strong alignment with our values and work culture, collaborative, communicative, adaptable

G. Lane, Chief Information Officer for the Department of Technology & Information, stated that his department will support whichever system is chosen. When describing the two vendors, CIO Lane made the comparison to a vehicle. The vehicles may function the same but are different under the hood. What a driver would select versus a mechanic may be different.

- Next Steps
 - Final Approval of Vendor Selection
 - Contract Negotiations
 - Implementation
 - Go-live ~40 months

N. Shevock applauded J. Adams and her team for all the effort and time invested into this project. J. Adams explained that the industry standard is to hire a vendor for data clean-up. However, the Office of Pensions will utilize project resources to assist with data cleanup to save on the overall project costs. A board member requested J. Adams share how DPERS is unique. DPERS is a public pension fund that administers healthcare for retirees; not all public pension funds offer healthcare. J. Adams explained that benefits processing adds another level of fiscal management for premium bill and collections. Therefore, benefits processing is a key component of the new Pension Administration System. One of the advantages of TELUS Health is that they were a premier vendor in the benefit administration industry and recently acquired Lifeworks, an industry leader in pension administration, which created an advantage over competing pension administration solutions.

S. Grant extended gratitude toward the Department of Technology & Information and Computer Aid, Inc. for their efforts and support in this process.

MOTION was made by N. Shevock and seconded by H. Stafford to move forward with contract negotiations with TELUS Health for the ERP Modernization Project.

MOTION ADOPTED UNANIMOUSLY

LEGISLATIVE UPDATE:

J. Adams shared two bills: House Bill 2, sponsored by Representative Carson, to increase the burial benefit from \$7,000 to \$8,000 and Senate Bill 31, sponsored by Senator Brown, to increase the burial benefit from \$7,000 to \$10,000 have been introduced. The burial benefit has not been increased in years. However, every \$1,000 increases the liability by \$14 million. An increase from \$7,000 to \$10,000 would increase the liability by \$42 million.

Senate Bill 52, sponsored by Senator Buckson, seeks to change the “return-to-work” restrictions for retirees who return to work for the State of Delaware. The key changes:

1. Reduce the required bona fide separation from 6 months to 3 months;
2. Reduce the bona fide separation requirement from age 65 to age 59 ½; and
3. Eliminate the annual earnings limit.

Senate Amendment 1 for Senate Bill 42, sponsored by Senator Paradee, adds magistrates, commissioners, and masters in chancery to the Judicial Pension Plan, increases employee contribution rate to 5% for new hires with an effective date of February 9, 2025. The Board asked and was assured legal counsel has thoroughly reviewed the legislation to ensure the plan’s qualified tax status is not negatively impacted.

7. DEPUTY ATTORNEY GENERAL REPORT

B. Tate reported the request for proposal for a variety of legal services is published with proposals due in mid-February. Those proposals will be presented to the Board of Pensions Trustees at the next meeting.

MOTION was made by N. Shevock and seconded by A. Agra to approve the Non-Disclosure Agreement between DPERS and Globe Tax Services, Inc.

MOTION ADOPTED UNANIMOUSLY.

8. INVESTMENT COMMITTEE REPORT

R. Gooderham reported global equity markets ended a strong year with modest declines in December. The Federal Reserve cut interest rates in December, marking their third cut over 2024. While the cut was expected, the Federal Reserve scaled back expectations for rate cuts in 2025, which served to push up interest rates and weighed on stocks. Uncertainty related to policy shifts of the incoming Trump administration also impacted the direction of markets. US equities, as measured by the broad Russell 3000 index, declined 3.1% during the month. Within US equities, growth outperformed value stocks and small cap stocks underperformed. In international markets, the MSCI EAFE index fell 2.3%, while the MSCI Emerging Markets index was lower by 0.1%. In fixed income markets, the move higher in interest rates weighed on returns, resulting in a 1.5% decline for the Bloomberg Universal bond index and a 0.4% decline for the Bloomberg High Yield index.

DPERS Fund assets at Northern Trust were estimated to be \$15,012.3 million at December 31, 2024, representing a net decrease of \$384.1 million during the month. Estimated Gross returns through December 31, 2024, are as follows:

	Month Ended 12-31-24	Qtr Ended 12-31-24	Fiscal YTD 12-31-24	1 Year Ended 12-31-24
Total Fund	-2.3	-1.3	3.2	10.5
DPERS Policy Benchmark**	-2.3	-1.3	4.8	12.6
S&P 500 Index	-2.4	2.4	8.4	25.0

** 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 December Board meeting, on Tuesday December 10, 2024 and Tuesday January 21, 2025. He reported that, at the December meeting, in addition to the approved items below, the Committee had reviewed and discussed:

- An Equity Section Review
- A Presentation by Durable Capital
- A Presentation by Oaktree Capital
- Other Business:
 - Private Investment Items
 - Annual Cash Flow Update
 - Index Fund Fee Update
 - Northern Trust Market Opening Documentation Review

R. Gooderham further reported that, at the January Meeting, the Committee reviewed and discussed:

- A review of NDAs for Tax Reclamation Assessment
- A presentation by T. Rowe Price on their Global Growth Equity strategy
- An Asset Allocation Recommendation
- The Quarterly Private Investment Review
- Other Business:
 - Private Investment Items
 - An Index Fund Fee Review

R. Gooderham reported that the following items were approved under the Committee's authority at the December 10th meeting:

- An amendment to the Limited Partnership Agreement for Summit Subordinated Debt Fund IV, subject to legal review.

R. Gooderham reported that the following items were approved under the Committee's authority at the January 21st meeting:

- Amendments to the Limited Partnership Agreement for Carlyle Asia Partners VI, Summit Partners Private Equity Fund VII-A, and Summit Partners Subordinated Debt Fund VI-A, subject to legal review.
- A fee schedule change to the investment management agreement with BlackRock, subject to legal review.
- To withdraw \$150 million from the BlackRock Aggregate Index Fund and transfer it to the T. Rowe Price Floating Rate Bank Loans account.

R. Gooderham reported that the following items were recommended for Board approval at the December 10th meeting:

- An amendment to the Master Custody Agreement for Northern Trust
- A side letter for the Saudi Arabia Market Opening.

R. Gooderham reported that the following items were recommended for Board approval at the January 21st meeting:

- A non-disclosure agreement with Globe Tax, subject to legal review.

G. Musto reported that, as a follow-up to the November 19, 2025 Investment Committee meeting, two firms were being considered to perform data analysis of the Fund's foreign tax reclaims: WTax, a UK-based tax reclaim specialist, and a similar US-based firm, Globetax. It was felt important by counsel to have in place a non-disclosure agreement (NDA) with such a firm given the sensitivity of the data to be provided. G. Musto noted that a copy of an NDA acceptable to both WTax and DPERS counsel had been included in the meeting materials and the Committee was recommending that the Board approve the NDA for use either with WTax or Globetax, whichever firm was to be hired. The Board indicated agreement with the Committee's recommendation.

The next meeting of the Committee is scheduled for Tuesday, February 18, 2025.

MOTION was 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

MOTION was made at 11:02 a.m. by A. Agra and seconded by N. Shevock to return to Public Session.

MOTION ADOPTED UNANIMOUSLY

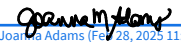
10. ADJOURNMENT

At 11:05 a.m., there being no further business.


MOTION was made by B. Maxwell and seconded by H. Stafford to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,


Joanna M. Adams (Feb 28, 2025 11:49 EST)

Joanna M. Adams
Pension Administrator


Suzanne B. Grant (Feb 28, 2025 17:42 EST)

Suzanne B. Grant, Chair
Board of Pension Trustees