

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
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BOARD OF PENSION TRUSTEES GOVERNANCE COMMITTEE
PUBLIC MEETING MINUTES OF AUGUST 23, 2022

The Governance Committee meeting was called to order by P. Tikellis, Chair, at 10:01 a.m. via video and teleconferencing.

Members Present

Pam Tikellis
Dale Stratton
George Saxon

Members Absent

Jim Burke

Others Present

Joanna Adams, Pension Office
Stephenie Tatman, Pension Office
Vicki Schultes, Pension Office
Ryan Connell, Deputy Attorney General

1. OPENING COMMENTS

P. Tikellis welcomed everyone and called the meeting to order at 10:01 a.m.

2. APPROVAL OF THE MINUTES

The Public Minutes of the June 1, 2022 Governance Committee meeting were reviewed.

MOTION made by D. Stratton and seconded by G. Saxon to approve the Public Minutes of the June 1, 2022 meeting with changes as noted.

MOTION ADOPTED UNANIMOUSLY

The Executive Minutes of the June 1, 2022 Governance Committee meeting were reviewed in Executive Session.

MOTION made by D. Stratton and seconded by G. Saxon to approve the

Executive Minutes of the June 1, 2022 meeting with changes as noted.

MOTION ADOPTED UNANIMOUSLY

3. PENSION ADMINISTRATOR UPDATES

GOVERNANCE UPDATE:

Ms. Adams announced that Ken Simpler joined the Board of Pension Trustees effective July 1, 2022. Mr. Simpler's term is serving for one year to fulfill the remainder of T. Shaw's term. The Investment Committee has a potential new member, and the approval process is in motion.

LEGISLATION:

The month of June was an active month regarding legislation that impacts the Office of Pensions' functions:

HS 1 for HB 478 – This act increased the annual earnings limit for non-pension creditable positions from \$30,000 to \$40,000. The return-to-work earnings limit hasn't been changed since 2013.

HB 308 - This act eliminates earnings limits for Delaware State Police officers, County, and Municipal police officers, and firefighters who are collecting disability income. This bill treats officers and firefighters who have not reached their normal retirement date the same as those who have by removing the provision that requires a deduction in disability benefits if the officer or firefighter earns more than what the officer's or firefighter's base pay was at the time of disability. The Office of Pensions is in the process of implementing these changes into our system.

SS 1 for SB 14 w/ SA 1, SA 3, and HA 1 - This bill mandates that PRIs for retirees who have been retired at least 20 years from the date of the increase receive more than those retirees who have been retired less than 20 years. It also prevents substantively automatic PRIs which refers to PRIs paid on a regular basis or pattern such as biannually or every 3 years. This has passed the House and the Senate; waiting for the Governor's signature.

Senate Bill 250 – FY23 Operating Budget – This includes \$38 million for the Delaware Volunteer Firefighters Association benefit enhancement, which now offers \$5 per month for every year of service up to \$125. This increase doubles the benefit and becomes effective on January 1, 2023.

Senate Bill 251 – This act authorizes a one-time supplemental appropriation – passed on June 23, 2022. This Act has a large impact on operations:

- 1) \$45 million was appropriated to pay off the FY22 PRI;
- 2) \$17 million was appropriated for a one-time supplemental payment of \$500; and
- 3) \$105 million to grant the PRI for FY23.

This is unique because it has been many years since the State paid the entire FY PRI.

VACANT POSITIONS UPDATE:

Ms. Adams reviewed the vacant positions and was pleased to announce that the H.R. Analyst I position has been filled due to the internal promotion of a casual/seasonal staff member. The hiring process is in motion for the Internal Audit Director. Progress is also being made regarding the Deputy Attorney General posting, which will hopefully be filled by the end of September. Ms.

Adams is hoping to share good news regarding the Internal Audit Director position by the September Board of Pension Trustees meeting.

The HRIS Specialist III position is on hold while the position is being reclassified to a higher level. This position provides functional support to the ERP Section of the office.

The Office of Pensions was awarded 3 new positions in the FY23 Budget. Except for the Internal Audit Director position and the Deputy Attorney General that support the office's daily operations, this is the first time we have been awarded new positions in approximately 15 years. The Office will be requesting two additional positions in the FY24 Budget.

4. COMMITTEE UPDATES

INVESTMENT COMMITTEE:

G. Saxon provided an overview of the long-term actuarial return assumption. Calculations of the final results from the fiscal year have yet to be made, however, significant write-downs are anticipated.

AUDIT COMMITTEE:

There was nothing to report.

5. DEPUTY ATTORNEY GENERAL UPDATE

R. Connell stated there was nothing to formally report, aside from looking forward to hiring a Deputy Attorney General to assist with the Memorandums of Understanding (MOUs).

MOTION made by D. Stratton and seconded by G. Saxon to enter into Executive Session to consider pension personnel matters, and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

MOTION made by D. Stratton and seconded by G. Saxon to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

6. NEW BUSINESS

There was nothing to report. The next meeting of the Governance Committee is scheduled for November 9, 2022.

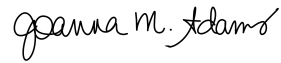
7. ADJOURNMENT

At 11:03 a.m., there being no further business, **MOTION** was made by D. Stratton

and seconded by G. Saxon to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator

Pamela Tikellis

Pamela Tikellis (Nov 9, 2022 17:44 EST)

Pamela Tikellis, Chair
Governance Committee