

**NEW CASTLE COUNTY OTHER POST EMPLOYMENT BENEFITS (OPEB)
Meeting Minutes of May 2, 2019**

The regular meeting of the Board of Trustees was held on May 2, 2019 in the Government Center (Managers Conference Room), 87 Reads Way, New Castle, DE 19720.

BOARD MEMBERS PRESENT:

Vanessa Phillips, CAO – Chair
Stephanie Tickle, Acting CHRO
David Gregor, CFO – Treasurer
Karen Brown, Pension and Benefits Administrator
John Gysling, Union Representative

OTHERS PRESENT:

Christine Piekarski, NCC/Finance
Frank Benevento, NCC/Pension
Lynne McIntosh, NCC/Audit
Joe Wolfram, Vanguard
Dan Voss, Vanguard

STAFF PRESENT:

Joe Szczechowski, Public Information Specialist

ABSENT MEMBERS/STAFF:

Karen Smalls, Office of Finance

The meeting was called to order by Vanessa Phillips at 1:03 p.m.

OLD BUSINESS

- ◆ Approval of Minutes – The minutes from the January 24, 2019 meeting are attached for approval.

John Gysling suggested that the agenda be amended to include a line item for a Deferred Compensation Oversight Discussion. He then made a motion to approve the minutes from the October 25, 2018 meeting.

* The motion was seconded by David Gregor and unanimously approved.

NEW BUSINESS

- ◆ Investment Update by Vanguard – Joe Wolfram introduced Vanguard Investment Analyst Dan Voss to the board members. Mr. Wolfram reviewed the performance report dated May 2, 2019, which covered first quarter portfolio performance. The materials provided included the following reports, all measured as of March 31, 2019: Market Performance Summary, Total Portfolio Performance and Asset Allocation, Performance Summary (Gross of Advisory Fees), Total Portfolio Performance, Cash Flow Summary, Investment Expense Analysis, Benchmark History, and Fee Analysis. Also included was a Market and Economic Outlook and a February 2019 report on Global Equity Investing.

Mr. Wolfram reviewed the portfolio performance summary. He noted that from January 1 through March 31, the markets rebounded and there have been positive returns across the board. The biggest return was the S&P 400 MidCap, which had a 14.5% return over those three months. As of March 31, 2019, the market value of the OPEB portfolio was \$45.8 million. For the 3-month period, gross returns were 9.26 percent, net returns were 9.24 percent, and the composite benchmark was 9.38 percent. Mr. Wolfram noted that the positive trend continued after the first quarter. At the end of April, the asset values were \$46.6 million. He continued to review the details of the Performance Summary (Gross of Advisory Fees), Total Portfolio Performance, Cash Flow Summary, Investment Expense Analysis, Benchmark History, and Fee Analysis (pages 7 – 14). Vanguard’s Total estimated annual fees and expenses were \$77,198.

Mr. Voss presented the material in the report under tab II – “Market and Economic Outlook.” Vanguard does not expect the Fed to raise rates for the remainder of 2019; in fact, there has been

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some consideration of a rate decrease. Vanguard still expect market volatility going forward and recommends a diverse portfolio.

- ◆ Financial Update – Senior Financial Officer Christine Piekarski reviewed the financial update on the OPEB fund for FY2019 as of March 31, 2019 as provided.
 - FY 2019 Revenue – \$5,583,621.99
 - Investment Income – \$1,286,247.99
 - County’s Contribution – \$3,398,623.00
 - Pensioner Contribution – \$898,751.00
 - FY 2019 Expenditures – \$4,335,932.58
 - Retiree Healthcare & Life Insurance Costs – \$4,297,374.00
 - Financial Advisor / Actuarial Fees – \$38,558.58
- ◆ Boomershine Consulting Fee Proposal for GASB Reporting – Ms. Piekarski presented a fee estimate from Boomershine Consulting for \$4,850 for GASB Reporting. This fee proposal includes audit assistance and is approximately \$500 less than what was paid last year. She explained that the original invoice for FY 2018 audit assistance was for \$1,500, but New Castle County argued that that amount was excessive. Boomershine agreed to revise the invoice, lowering it to \$860. That invoice was approved by the Board to be paid at the last Board meeting based on Ms. Smalls recommendation, with the stipulation that when we ask for the quote for the upcoming year, we specify that it is all-encompassing, to include their estimate for responding to whatever audit requests we may have.

David Gregor made a motion to accept the fee proposal from Boomershine Consulting.

* The motion was seconded by Stephanie Tickle and unanimously approved.

- ◆ Deferred Compensation Oversight Discussion – David Gregor recommended that the County should review and compare the current structure, fiduciary responsibilities, and practices for OPEB with those for New Castle County’s deferred compensation program. We could then determine the best practices going forward and decide if and how the oversight of the Pension Board could be absorbed by the OPEB Board. This could involve the recommendations of the County Auditor, the Ethics Commission, and the incoming CHRO.

Vanessa Phillips recalled that our contract with Met Life, our current deferred compensation investment manager, expires in July. Mr. Gregor stated that it was decided that the contract with Met Life would be extended for another year.

Ms. Phillips asked Mr. Gregor to apprise the board when further consideration of the matter needs to be placed on the agenda.

- ◆ Date for next meeting – The next meeting will be July 25, 2019 at 1:00 p.m.

John Gysling made a motion to adjourn the meeting at 1:52 p.m.

*The motion was seconded by David Gregor and unanimously approved.