

**NEW CASTLE COUNTY OTHER POST EMPLOYMENT BENEFITS (OPEB)
Meeting Minutes of April 22, 2021**

The regular meeting of the Board of Trustees was held on April 22, 2021 via Zoom webinar.

BOARD MEMBERS PRESENT:

Vanessa Phillips, CAO – Chair
*Jacqueline Jenkins, CHRO – Administrator
Michael Smith, CFO – Treasurer
Karen Brown, Pension & Benefits Admin. – Trustee
Karen Smalls, Office of Finance – Trustee

OTHERS PRESENT:

Joe Wolfram, Vanguard
Christine Piekarski, Finance
Judy Mitchell, NCC/Law

STAFF PRESENT:

Joe Szczechowski, Public Information Specialist

ABSENT MEMBERS/STAFF:

John Gysling, Union Representative – Trustee

*Joined at 1:05 p.m.

The meeting was called to order by Chief Administrative Officer Vanessa Phillips at 1:02 p.m.

OLD BUSINESS

- ◆ Approval of Minutes – The minutes from the January 28, 2021 meeting are attached for approval.

Karen Smalls made a motion to approve the minutes from the January 28, 2021 meeting.

The motion was seconded by Michael Smith and unanimously approved.

NEW BUSINESS

- Investment Update by Vanguard – Senior Investment Consultant Joe Wolfram reviewed the performance report dated April 22, 2021, which covered first quarter portfolio performance. The materials provided included the following reports, all measured as of March 31, 2021: Total Portfolio Performance and Asset Allocation, Performance Summary (Gross of Advisory Fees), Total Portfolio Performance, Cash Flow Summary & Market Value History, Investment Expense Analysis, Market Performance, and Benchmark History. Also included was information on ESG investing (environmental, social, and corporate governance) a report on the Market and Economic Outlook, and Vanguard Fund Information.

Mr. Wolfram started with the Total Portfolio Performance summary on page 4. He noted that as of March 31, 2021, the market value of the OPEB portfolio was \$62,287,647. As of April 22, 2021, plan assets were sitting at \$64.2 million. The OPEB plan returned 2.9% (net) in the first quarter and 40.07% on a one-year basis.

Mr. Wolfram noted that the OPEB portfolio was rebalanced on March 17, 2020, and again in November 2020, achieving positive year-to-date results.

Mr. Wolfram continued to review the details of the Performance Summary (Gross of Advisory Fees) on pages 5 and 6.

Mr. Wolfram presented the material in the report included under Total Portfolio Performance, Cash Flow Summary and Market Value History, Investment Expense Analysis, Market Performance, and Benchmark History (pages 7 – 12). He noted since inception on May 31, 2014, the OPEB portfolio has grown by over \$25 million.

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Mr. Wolfram continued presenting the material under tab II – “Other considerations - ESG investing and Open architecture” (pages 13 – 17). He wanted to make the board aware that Vanguard does offer significant ESG investment options. Regarding open architecture, Vanguard’s vetting process emphasizes qualitative and quantitative criteria in both talent evaluation and the governance processes.

Mr. Wolfram reviewed Vanguard’s March 31, 2021 market and economic outlook (pages 18 – 27).

Key takeaways are:

- The current pace of COVID-19 vaccination will support a significant pickup in U.S. economic activity in the second half of the year.
- No Fed rate hikes are expected anytime soon, and patience continues to be the watchword with monetary policy.
- Vanguard expects core U.S. inflation to surpass 2% in the coming months, but the bump up will likely be short-lived.
- The broad U.S. stock market may be overvalued (though not severely), with low-quality growth stocks especially testing our “plausible future income” scenario.

Ms. Phillips asked if we should consider more of a focus on technology, especially in regard to public safety with the trend toward using robots and other technology for law enforcement purposes. Mr. Wolfram said that technology is represented in our portfolio. While the tech sector has grown as a percentage of the S&P, he would not recommend a tactical overweight in the portfolio due to the difficulty of successfully timing such an undertaking.

GASB Reporting Expenditure Approval – Senior Financial Officer Christine Piekarski presented Boomershine’s GASB reporting proposal of \$4,850 which had been included in the meeting materials.

Michael Smith made a motion to accept Boomershine’s GASB reporting proposal of \$4,850. The motion was seconded by Karen Smalls and unanimously approved.

◆ Financial Update –Christine Piekarski reviewed the financial update on the OPEB fund for FY2021 as of March 31, 2021 as provided. A comparison to FY2020 figures was included.

- FY 2021 Revenue – \$16,907,783.96
 - Investment Income – \$11,154,092.96
 - County’s Contribution – \$4,907,444.00
 - Pensioner Contribution – \$846,247.00
- FY 2021 Expenditures – \$5,796,531.16
 - Retiree Healthcare & Life Insurance Costs – \$5,753,691.00
 - Financial Advisor / Actuarial Fees – \$42,840.16

Ms. Piekarski stated that at the previous meeting there was a question from the board as to why the 2021 Retiree Healthcare & Life Insurance Costs were higher compared to 2020. USI, our benefits consultant, confirmed that we have more high-cost individual claims this year that are driving the overall costs.

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- ◆ Date for next meeting – The next meeting will be July 22, 2021 at 1:00 p.m. It will likely be held via Zoom webinar. County Executive Matt Meyer has expressed an interest in attending the meeting.

There being no further business, Vanessa Phillips adjourned the meeting at 1:46 p.m.