

**NEW CASTLE COUNTY OTHER POST EMPLOYMENT BENEFITS (OPEB)  
Meeting Minutes of January 27, 2022**

The regular meeting of the Board of Trustees was held on January 27, 2022 via Zoom webinar.

**BOARD MEMBERS PRESENT:**

Vanessa Phillips, CAO – Chair  
Jacqueline Jenkins, CHRO – Administrator  
John Gysling, Union Representative – Trustee  
Karen Brown, Pension & Benefits Admin. – Trustee  
Karen Smalls, Office of Finance – Trustee

**OTHERS PRESENT:**

Joe Wolfram, Vanguard  
Mengting Chen, NCC/Law

**STAFF PRESENT:**

Joe Szczechowski, Public Information Specialist

**ABSENT MEMBERS/STAFF:**

Michael Smith, CFO – Treasurer

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

**OLD BUSINESS**

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

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

The motion was seconded by John Gysling and unanimously approved.

**NEW BUSINESS**

- ◆ Financial Update – Karen Smalls reviewed the financial update on the OPEB fund for FY2022 as of December 31, 2021 as provided. A comparison to FY2021 figures was included.
  - FY 2022 Revenue – \$4,989,362.56
    - Investment Income – \$1,822,112.56
    - County’s Contribution – \$2,684,464.00
    - Pensioner Contribution – \$482,786.00
  - FY 2022 Expenditures – \$3,185,752.10
    - Retiree Healthcare & Life Insurance Costs – \$3,167,250.00
    - Financial Advisor / Actuarial Fees – \$18,502.10
- ◆ Investment Update by Vanguard – Senior Investment Consultant Joe Wolfram reviewed the performance report dated January 27, 2022, which covered fourth quarter portfolio performance. The materials provided included the following reports, all measured as of December 31, 2021: Market Performance, Total Portfolio Performance and Asset Allocation, Performance Summary (Gross of Advisory Fees), Total Portfolio Performance, Cash Flow Summary, Benchmark History, and Fee Analysis. Also included were reports on Market and Economic Outlook, Inflation and rising interest rates, and Vanguard Fund Information.

Mr. Wolfram started with the Market Performance summary on page 4. He noted that despite the extreme volatility the markets had experienced recently and the suggestion that the Fed would raise interest rates, Vanguard recommends that investors not panic or make reactionary decisions. The best

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course of action is to set and stick to a long-term strategic allocation.

Equities have had strong returns year-to-date, especially U.S. equities. Fixed income returns have generally been negative.

On page 5, Mr. Wolfram noted that the OPEB portfolio performed well in 2021, earning 11.41% net returns on a one-year basis, outpacing the benchmark of 11.21%. As of December 31, 2021, the market value of the OPEB portfolio was \$68,450,591. As of January 26, 2022, plan assets were sitting at \$64.7 million.

Mr. Wolfram continued to review the details of the Performance Summary (Gross of Advisory Fees) on pages 6 and 7.

Mr. Wolfram presented the material in the report included under Total Portfolio Performance, Cash Flow Summary, Benchmark History, and Annualized Fee Analysis (pages 8 – 12). He pointed out the long-term portfolio performance from 2016 through 2021. He noted that on 3/31/2021 the OPEB portfolio was valued at \$62.3 million and still ended the year valued at over \$68 million. Going forward, we can expect continued volatility and more muted returns.

On page 12, Mr. Wolfram reviewed the OPEB Trust Fee analysis. For 2021, Vanguard received a total of 14 basis points or \$98,615. He noted that Vanguard is undertaking a comprehensive review of its advisory fees, which could result in a fee increase at some point this year.

Mr. Wolfram continued presenting the material under tab II – “Market and Economic Outlook” (pages 13 – 29). Starting on page 19, Mr. Wolfram reviewed Vanguard’s December 2021 market and economic outlook at a glance. Key takeaways are:

- Vanguard expects the U.S. economic recovery to continue in 2022, though at a naturally slower pace.
- The Fed’s tapering program sets the stage for what Vanguard believes will be an early 2022 interest rate hike.
- We foresee inflation persisting above 2% toward the end of 2022, but broad wage gains taking hold.

Mr. Wolfram concluded by reviewing the material under tab III – “Inflation and rising interest rates” (pages 30 – 52).

- ◆ 2021 Annual Report – Joe Szczechowski submitted the 2021 Annual Report to the membership for approval.

The report was unanimously approved as submitted.

- ◆ Date for next meeting – The next meeting will be April 28, 2022 at 1:00 p.m. It will be held either in person or via Zoom webinar.

**Karen Smalls made a motion to adjourn the meeting. The motion was seconded by Jacqueline Jenkins and unanimously approved. Vanessa Phillips adjourned the meeting at 2:05 p.m.**