

**NEW CASTLE COUNTY GOVERNMENT EMPLOYEES' PENSION PROGRAM
MINUTES of November 17, 2021**

The regular meeting of the Board of Trustees was held on November 17, 2021 via Zoom video conference in the Government Center, 87 Reads Way, New Castle, DE 19720.

Rollcall Taken. The meeting was called to order at 8:19 a.m.

<p><u>TRUSTEES PRESENT:</u> Daniel McFadden, Chairperson Daryl Brown, Trustee Douglas Merrill, FOP Lodge #5 Jacqueline Jenkins, CHRO Jon Hall, Trustee, Local #459 Michael Finnigan, Trustee, Retirees Michael Smith, CFO Paul Frese, Trustee Non-Union Members Regis Yurcich, Trustee, Local #1607 Rich Piekarski, Jr., Trustee, Local #3109 Saul Polish, Trustee, Local #3911</p>	<p><u>TRUSTEES ABSENT:</u> Terry Stone, Trustee</p> <p><u>OTHERS PRESENT:</u> Zack Cziryak, Financial Investment News Paulino Kutycha, Pageant Media Kevin Baload, Journalist, Fund Map</p>
<p><u>STAFF PRESENT:</u> Frank Benevento, Pension Benefits Administrator Grace Dehel, Pension Program Analyst Daniel Mann, Pension Program Analyst Mengting Chen, Assistant County Attorney I Rowena P. Liles, Program Analyst</p>	<p><u>INVITED GUESTS:</u> Kevin Leonard, NEPC Dan Beaton, NEPC Krissy Pelletier, NEPC</p>

APPROVAL OF THE MINUTES

The minutes from the October 20, 2021 meeting are attached for approval.

A motion was made by Mike Finnigan and seconded by Paul Frese to approve the minutes from the October 20, 2021 meeting.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

APPROVAL OF THE INVOICES

IR&M	\$24,065.63	CBF II
IR&M	\$4,280.90	TIPS Fund
JP Morgan	\$49,382.43	3 rd Quarter 2021
MFS	\$146,934.72	3 rd Quarter 2021
Newton Investment Mgt.	\$69,306.98	3 rd Quarter 2021

A motion was made by Saul Polish and seconded by Mike Finnigan to approve the payment of invoices.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

COORDINATOR'S REPORT by Frank Benevento

- ❖ Gross Payroll and Employer Contributions for the month of September 2021.
- ❖ Pension Trust Asset Summary – September 2021
- ❖ Pension Payments - October 2021
 - Payees for October 1,535
 - Active Participants 1,026
 - DelPen 380
 - DelPen (ret) 78
 - Benefits total \$3,877,619.36

CAPITAL CALLS

- Brookfield Capital Partners V \$627,312.45 11/10/2021
- HarbourVest Direct Lending \$300,000.00 11/17/2021

DISTRIBUTION OF CAPITAL

- Crayhill Principal Strategies Fd 17,132.00 10/15/ 2021
- Vista Equity \$5,351.00 10/20/2021
- Lexington Partners \$69,779.00 10/28/2021

APPROVAL OF THE APPLICATIONS FOR BENEFITS

Service Retirements

(06111) Garniewski, Monica	\$486.98	10/07/2021	RetGen (vested)
(10030) McCarthy, Sherri	\$2,035.89	10/07/2021	RetGen

BENEFIT RECALCULATION

Pursuant to the contract negotiations between AFSCME Local 3109 and New Castle County retroactive to April 1, 2019, benefits for the retiree named below are recalculated as follows.

Emp ID	Revised Monthly Benefit	Difference	Effective	
(07802)	\$2,513.21	\$37.42	06/30/2021	RetGen
(09577)	\$1,724.61	\$8.01	04/05/2021	PenPln
(06590)	\$2,550.07	\$11.60	05/14/2021	PenPln
(09822)	\$2,003.18	\$7.20	10/03/2020	RetGen

DELPEN Retirements

(10343)	n/a	10/08/2021	DelPen
---------	-----	------------	--------

Lump Sum Benefit

(15367)	\$4,356.96	11/01/2021	RetGen
(05291)	\$5,363.19	11/01/2021	RetGen

Refund Benefits

(14329)	\$2,386.70	11/01/2021	CPEMS
(13174)	\$1,090.00	11/01/2021	SCGPen

A motion was made by Saul Polish and seconded by Daryl Brown to approve the service retirements, benefit recalculations, lump sum, and refund benefits.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

OLD BUSINESS

➤ Updates – Frank Benevento

Frank Benevento & Dan Beaton – 401(a) Defined Contribution Plan presentation follow-up - During our February 17, 2021 meeting, the Pension Board agreed to accept the recommendations in aggregate, on behalf of NEPC, as represented on page 16 of the 2021 401(a) defined contribution annual review presentation and to move to lower share classes, if available, given further discussions with NEPC and MetLife. The approved investment lineup changes were executed effective July 19, 2021.

The only outstanding item remaining from this exercise was clarification and options available for the stable value annuity fund or capital preservation. Over the past several months, we have had several meetings/discussions with MetLife, Brighthouse and our defined contributions consultant NEPC.

We finally received a response from the Brighthouse Financial Plan Sponsor Services Team to the questions we asked several months ago.

1) Would it be possible to provide me with the performance for the SVA going back at least 10 years? BH response: The SVA is a fixed annuity and historical performance is not calculated as the crediting rate of interest is set on the prospective basis.

2) Can you also provide me a contact at Brighthouse who will be able to discuss waiving surrender charges? BH response: Waiving the surrender charges is not something we can support given the registered nature of the product and doing so would be considered discriminatory.

This plan is unique in the sense that they are individual contracts between participants and Brighthouse, administratively restrictive and not very transparent. With that said, we have a couple options to explore. MetLife currently offers another option called “The Standard” for replacement of the SVA but would not help with the surrender charges. Knowing we are in the vendor process search of custodian and third-party administrative services; we can incorporate the intent to exit the SVA in the RFP. Many vendors can price in or amortize the surrender charges in the services agreement with pricing breakdown for transparency. Today we have Dan Beaton here if anyone has any questions about the SVA fund.

(Dan Beaton) – I’ll add a little bit to what Frank said. For the two plans, not just the 401(a), but the other plan which has more assets within the SVA. It is a very restrictive fund at the plan level. So, if you did do an RFP and decide to switch recordkeepers this fund is not portable. So, every other fund the plan would be able to move over to a new recordkeeper this one would not. The main item is if you did want to make a change if you find that MetLife’s recordkeeping fee is higher and there is a better service offering at a cheaper cost with a different recordkeeper this fund would prevent you from leaving without incorporating surrender charges, which would apply to each participant in the fund. So what Frank is discussing is to have two options (1) stay with MetLife and exploring their one offering on their platform that would be able to absorb those charges or (2) when the RFP is done to ask each vendor to price the market value adjustments. So, factor in a new fund and absorbing those charges in what would otherwise go to participants. Really, it’s a function of the fund itself being not very flexible in terms of the plan level. It is not like a mutual fund where you can decide to add a new fund if the one, you’re in is not working out. It’s been a pretty long process of getting responses from both MetLife and Brighthouse. Administratively it’s been very challenging to get any kind of clarity on the fund itself. **(No action necessary).**

A discussion was held on the 401(a) Defined Contribution Plan fund line-up.

OLD BUSINESS (Cont'd)

- Kevin Leonard, (NEPC) – Private Equity Managers Presentations (Adams Street/Mesirow Financial/Follow-up) – Kevin received answers to questions the board posed to Mesirow and shared them with the board.

A discussion was held on the Private Equity Investment managers. The board had other questions so the item was tabled until NEPC can provide an answer towards the end of the meeting.

- Frank Benevento - Contract Fulfillment – Investment Managers - During our December 18, 2019 Pension Board meeting, we provided an update on our progress of utilizing outside counsel for investment manager contract fulfillment services (Alternative Investments). At that time, we received a total of six (6) outside counsel recommendations. Due to a myriad of competing projects, this item had to be tabled and we are now revisiting for completion. In the coming weeks, we will begin requesting company background and price proposals from each agency for review. Once we receive the requested data, we will work with our Pension Board attorney and County Attorney for recommendation. We will present our findings and recommendation to the Pension Board when complete in early 2022. **Any questions? (No action necessary)**

NEW BUSINESS

- Frank Benevento - Member Handbook Updates - In early 2020, GRS presented their actuarial audit of the January 1, 2019 actuarial valuation (Boomershine). In their findings, GRS recommended reviewing/updating member handbooks compared to current statutes and update as necessary. We are requesting the Pension Board's approval to seek proposals for the review/updating of member handbooks. **Any questions? A motion is necessary to approve seeking proposals for review/updating of member handbooks.**

A motion was made by Daryl Brown and seconded by Paul Frese to approve seeking proposals for review/updating participant member handbooks.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

- Frank Benevento - Pension Hardware/Software Updates - When I was hired six (6) years ago, I was tasked with moving the Pension Board meetings to become paperless. The Pension Board approved a budget for Pension Board hardware/software, and we moved to paperless Pension Board meetings within six (6) months. This required the purchase of hardware, software, and accessories. Due to the age of each and likely incompatibility with Windows 11, we are requesting the Pension Boards approval to develop an estimated budget for updating the Pension Boards hardware, software, and accessories. I'm working with our Procurement Department in pricing and will likely have a proposed budget by our next meeting. **Any questions?**
- Frank Benevento - Pension Administration Software Implementation Contractor - As you are aware, we are in the process of implementing New Castle County's first comprehensive and responsive pension administration software (PTG) Pension Technology Group. We have been working closely with the PTG project implementation team over the past several months assembling/reviewing data and documents necessary for a successful launch. We have entered the phase of our project where we have required and will continue to require substantial assistance of New Castle County's PeopleSoft legacy HRIS software contractor to extract the necessary data for a successful implementation. The extraction and implementation of accurate/verifiable data is vital for this project.

NEW BUSINESS (Cont'd)

- Frank Benevento - *Pension Administration Software Implementation Contractor* - We are requesting the Pension Boards approval to budget up to \$25,000 for software contractor services. Once approved, a services agreement would be provided. **Any questions? A motion is necessary to approve a budget up to \$25,000 for software contractor services.**

A motion was made by Saul Polish and seconded by Daryl Brown to approve the budget of \$25,000.00 for contractor extraction services.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

- Frank Benevento - 2022 Education and Professional Development Opportunities - *Included in November's Pension Board materials was a note and listing of 2022 education and professional development opportunities for Trustees and Staff. The note was read to the board members. Any questions? (No action necessary)*
- Krissy Pelletier - ESG Presentation – *NEPC presented to the board regarding the Environmental Social Governance booklet dated November 17, 2021.*

A discussion was held on ESG presentation.

A motion was made by Daryl Brown and seconded by Michael Smith to commit \$7 million dollars to Mesirow Private Equity Fund.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

- Kevin, Leonard, (NEPC) - Review the Preliminary Investment Performance Report for October 31, 2021. *A review and discussion was held on the performance report for October 31, 2021.*

COMMENTS:

Frank – Reminder to have any requests for travel/education requests into Rowena or any of the administration staff by December 3, 2021.

Saul – I had an idea that maybe members of the board not the outside representatives but the participants in the fund instead of looking of volunteers each month we could cycle through every month. Every month someone is appointed to be here instead of hoping that we can get someone to show up. It's food for thought and maybe we can discuss it next month.

ADJOURNMENT

A motion was made by Saul Polish and seconded by Daryl Brown to adjourn the meeting at 9:59 a.m.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**