

NEW CASTLE COUNTY OTHER POST EMPLOYMENT BENEFITS (OPEB)
Meeting Minutes of July 28, 2022

The regular meeting of the Board of Trustees was held on July 28, 2022 in the Government Center (Managers Conference Room), 87 Reads Way, New Castle, DE 19720.

BOARD MEMBERS PRESENT:

Vanessa Phillips, CAO – Chair
Michael Smith, CFO – Treasurer
Karen Brown, Pension & Benefits Admin. – Trustee
Karen Wallace, Office of Finance – Trustee
John Gysling, Union Representative – Trustee

OTHERS PRESENT:

Joe Wolfram, Vanguard
Judi Mitchell, NCC/Law

STAFF PRESENT:

Joe Szczechowski, Public Information Specialist

ABSENT MEMBERS/STAFF:

Jacqueline Jenkins, CHRO – Administrator

The meeting was called to order by Chief Administrative Officer Vanessa Phillips at 1:06 p.m.

OLD BUSINESS

- ◆ Approval of Minutes – The minutes from the April 28, 2022 meeting are attached for approval.

Karen Wallace made a motion to approve the minutes from the April 28, 2022 meeting.

The motion was seconded by Keren Brown and unanimously approved.

NEW BUSINESS

- ◆ Investment Update by Vanguard – Senior Investment Consultant Joe Wolfram presented the performance report dated July 28, 2022, which covered second quarter portfolio performance. The materials provided included the following reports, all measured as of June 30, 2022: Total Portfolio Performance and Asset Allocation, Performance Summary (Gross of Advisory Fees), Total Portfolio Performance, Cash Flow Summary, Investment Expense Analysis, Market Performance, and Benchmark History. Also included were reports on Market and Economic Outlook, Strategic Asset Allocation, and Vanguard Fund Information.

Mr. Wolfram started with the Total Portfolio Performance and Asset Allocation summary on page 4. He noted that the entire market has struggled in 2022, but July has been relatively good for equities, fixed income, and all asset classes. The portfolio was down 6.4% in June. For the quarter it's down 11.99%, and for the year it's down 17.01%. All of those numbers are slightly better than the composite benchmark. He pointed out that historically the portfolio is still doing well over time, and reiterated that for July, all the equity and fixed income classes in which the portfolio is invested are positive.

As of June 30, 2022, the market value of the OPEB portfolio was \$57,806,768. As of July 27, 2022, plan assets were sitting at \$59.9 million.

Mr. Wolfram continued to review the details of the Performance Summary (Gross of Advisory Fees) on pages 5 and 6. He noted that despite the market volatility and a number of ongoing situations and factors influencing the markets, Vanguard does not recommend any changes to the portfolio, keeping the focus on long-term strategic asset allocation.

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Mr. Wolfram presented the material in the report included under Total Portfolio Performance, Cash Flow Summary, Investment Expense Analysis, Market Performance and Benchmark History (pages 7 – 12). He noted that the value of the portfolio has grown at 5.62% since inception.

Mr. Wolfram continued presenting the material under tab II – “Market and Economic Outlook” (pages 13 – 23). He explained some of the reasons for the ongoing market volatility and reviewed several of the steps the federal government has taken to address the economic situation. Vanguard’s long-term projection for economic growth has been lowered slightly to 1.5%.

Mr. Wolfram concluded by reviewing the material under tab III – “Strategic Asset Allocation” (pages 24 – 30).

Vanguard strongly recommends setting a long-term strategic asset allocation and staying with it despite periods of extreme volatility. Mr. Wolfram presented a variety of historic data which supported benefits of following the strategic asset allocation plan.

- ◆ Financial Update – Karen Wallace reviewed the financial update on the OPEB fund for FY2022 as of June 30, 2022 as provided. A comparison to FY2021 figures was included.
 - FY 2022 Revenue – (\$3,081,661.12)
 - Investment Income – (\$9,788,910.12)
 - County’s Contribution – \$5,655,404.00
 - Pensioner Contribution – \$1,051,845.00
 - FY 2022 Expenditures – \$5,753,724.77
 - Retiree Healthcare & Life Insurance Costs – \$5,707,249.00
 - Financial Advisor / Actuarial Fees – \$46,475.77
- ◆ Date for next meeting – The next meeting will be October 27, 2022 at 1:00 p.m.

Karen Wallace made a motion to adjourn the meeting. The motion was seconded by John Gysling and unanimously approved. Vanessa Phillips adjourned the meeting at 1:54 p.m.