

**NEW CASTLE COUNTY OTHER POST EMPLOYMENT BENEFITS (OPEB)  
Meeting Minutes of July 25, 2019**

The regular meeting of the Board of Trustees was held on July 25, 2019 in the Government Center (Managers Conference Room), 87 Reads Way, New Castle, DE 19720.

**BOARD MEMBERS PRESENT:**

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

**OTHERS PRESENT:**

Christine Piekarski, NCC/Finance  
Joe Wolfram, Vanguard  
Sanjay Bhatnagar, NCC/Law  
Bob Wasserbach, NCC/Audit

**STAFF PRESENT:**

Joe Szczechowski, Public Information Specialist

**ABSENT MEMBERS/STAFF:**

\*Arrived at 1:22 p.m.

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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 May 2, 2019 meeting are attached for approval.

**David Gregor made a motion to approve the minutes from the May 2, 2019 meeting.**

\* The motion was seconded by Karen Smalls and unanimously approved.

**NEW BUSINESS**

- ◆ Investment Update by Vanguard – Senior Investment Consultant Joe Wolfram reviewed the performance report dated July 25, 2019, which covered second quarter portfolio performance. The materials provided included the following reports, all measured as of June 30, 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 were reports on Market and Economic Outlook and Fixed Income Considerations.

Mr. Wolfram reviewed the portfolio performance summary. He noted that the second quarter continued the positive trend for the markets that started at the beginning of the year. As shown in the Market Performance chart on page 3, every asset class over every time horizon except one has been positive.

As of June 30, 2019, the market value of the OPEB portfolio was \$48,293,387. For the 3-month period, gross returns were 3.29 percent, net returns were 3.26 percent, and the composite benchmark was 3.46 percent. Mr. Wolfram explained that the return lagged the benchmark due to fees and expenses. Year-to-date, the portfolio return is nearly 13 percent.

Mr. Wolfram 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 5 – 12). Vanguard's Total estimated annual fees and expenses were

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\$79,677.

Mr. Wolfram presented the material in the report under tab II – “Market and Economic Outlook.” Vanguard expects the Fed to lower rates by 25 basis points later this week as a measure to prevent the yield curve from inverting and help avoid a recession. Vanguard expects a decrease by another 25 basis points sometime later in the year. Vanguard still expects some market volatility going forward and recommends a diverse portfolio.

Mr. Wolfram reviewed the material in the report under tab III – “Fixed Income Considerations.” Vanguard will evaluate the OPEB portfolio in terms of duration. Mr. Wolfram stated that due to the current composition of the portfolio, he does not expect there to be any recommended changes.

- ◆ Financial Update – Senior Financial Officer Christine Piekarski reviewed the financial update on the OPEB fund for FY2019 as of June 30, 2019 as provided.
  - FY 2019 Revenue – \$9,806,633.81
    - Investment Income – \$2,824,350.81
    - County’s Contribution – \$5,767,616.00
    - Pensioner Contribution – \$1,214,667.00
  - FY 2019 Expenditures – \$6,032,748.92
    - Retiree Healthcare & Life Insurance Costs – \$5,982,283.00
    - Financial Advisor / Actuarial Fees – \$50,465.92

Investment Policy Statement Review – The board members reviewed the Investment Policy Statement updated July 2019 as provided.

**David Gregor made a motion to approve the Investment Policy Statement updated July 2019.**

\* The motion was seconded by Jacqueline Jenkins and unanimously approved.

- ◆ Deferred Compensation Oversight Update – Chief Financial Officer David Gregor stated that he met with Pension Program Analyst Frank Benevento to discuss the oversight of the Pension Board and Deferred Compensation. He also stated that he had a member of his staff research the issue. It was recommended that putting the oversight of Deferred Compensation under the rubric of OPEB was not advisable. There is a meeting scheduled with the County Attorney and the CHRO to discuss putting together a separate board for that purpose.
- ◆ Date for next meeting – The next meeting will be October 24, 2019 at 1:00 p.m.

**David Gregor made a motion to adjourn the meeting at 1:49 p.m.**

\*The motion was seconded by Karen Brown and unanimously approved.