

**STATE OF DELAWARE**  
STATE BOARD OF PENSION TRUSTEES  
AND  
OFFICE OF PENSIONS  
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**BOARD OF PENSION TRUSTEES**  
**MEETING MINUTES OF DECEMBER 11, 2018**

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 12:32 p.m. at the Greenville Country Club.

Trustees Present

Suzanne Grant  
Nancy Shevock  
Art Agra  
Tom Shaw (via phone)

Trustees Absent

Mike Jackson  
Rick Geisenberger  
Helen Foster

Others Present

Dave Craik, Pension Office  
Joanna Adams, Pension Office  
Terri Timmons, Pension Office  
Ann Marie Johnson, Deputy Attorney General  
Josh Hitchens, Pension Office  
Khariat Makanjuola, Pension Office  
Stephenie Tatman, Pension Office  
Paul Roth, TBV Advisors  
Rob Gooderham, Windmark  
Garry Musto, Windmark  
Charlotte Lister, Pension Advisory Council

1. **OPENING COMMENTS**

S. Grant welcomed everyone to the meeting.

**2. APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the November 16, 2018 meeting.

MOTION made by A. Agra and seconded by N. Shevock to approve the Public Minutes of the November 16, 2018 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the November 16, 2018 meeting.

MOTION made A. Agra by and seconded by N. Shevock to approve the Executive Minutes, as amended, of the November 16, 2018 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

MOTION made by S. Grant and seconded by N. Shevock to enter into Executive Session to consider pension personnel matters, and confidential medical records, legal matters, sensitive commercial trade secrets and confidential financial information.

The Board then moved into Executive Session to discuss pending personnel matters, and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

MOTION made by N. Shevock and seconded by A. Agra to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

**3. PENSION AUDIT REPORT**

Mr. Craik reported that the next Audit Committee meeting would be held on February 8<sup>th</sup>.

**4. GOVERNANCE COMMITTEE**

T. Shaw reported that December's meeting had been canceled.

**5. PENSION ADVISORY COUNCIL REPORT**

Nothing to report.

**6. PENSION ADMINISTRATOR REPORT**

Risk Management

Nothing to report.

Positions

D. Craik reported that we are making slow progress. At this time, we have been approved to fill two of our vacancies.

Activities Report

D. Craik stated that we will be busy with Group Counseling sessions in January. We will also be providing training to our HR Reps for the annual firemen billing process. There will also be training for HR Reps on pension applications.

Reporting Schedule

Mr. Craik reported that the schedule was up to date other than the performance evaluation/reviews.

**7. DEPUTY ATTORNEY GENERAL REPORT**

Nothing to report.

**8. INVESTMENT COMMITTEE REPORT**

Mr. Gooderham reported that, following steep declines in October, global equity markets posted modest gains in November, but remained volatile. While concerns over trade and slowing earnings growth persisted for much of the period, comments from the Federal Reserve late in the month suggested the tightening cycle may be losing and helped push equity markets into positive territory. The broad Russell 3000 index advanced 2.0%, while the MSCI EAFE index was lower by 0.1% and the MSCI Emerging Markets index gained 4.1%. As risk sentiment remained subdued, treasury yields moved lower (prices higher) and credit spreads widened. For the month, the Bloomberg Barclays Universal bond index was up 0.4%, the Bloomberg Barclays TIPS index advanced 0.5%, while credit underperformed as the Bloomberg Barclays High Yield index fell 0.9%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$10,007.2 million at November 30, 2018, representing a net increase of \$122.9 million during the month. Estimated returns through November 30, 2018 are as follows:

<u>Fund</u>	<u>Nov-18</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
<b>Total Fund</b>	1.6%	2.4%	4.8%
<b>S &amp; P 500 Index</b>	2.0%	2.4%	6.3%
<b>60/35/5*</b>	1.4%	1.4%	3.3%
<b>Delaware</b>	1.1%	-0.8%	0.1%
<b>Benchmark**</b>			

\*Benchmark mix of 60% S&P500 Index, 35% Barclays Government and Credit Bond Index, 5% T-bills.

\*\*Benchmark mix of 38% Russell 3000 Index, 20% MSCI ACWI exUS, 38.5% Barclays Universal Bond Index, 1.5% Barclays TIPS Index, 2% T-bills

Mr. Gooderham reported that the Investment Committee, at its December 11<sup>th</sup> meeting held earlier the same day, had reviewed and discussed:

- Risk positioning and asset allocation
- Role of Hedge Funds
- Hedge Fund Performance
- Private Investment Strategy & Opportunities in 2019
- A recommendation concerning Centerbridge

He also reported that the Investment Committee had approved, under the authority granted to them by the Board, amendments to the limited partnership agreements for Trident V and Trident VI.

The next meeting of the Investment Committee is scheduled for Tuesday, January 15, 2019.

**MOTION** made by A. Agra and seconded by N. Shevock to enter into Executive Session to consider pension personnel matters, and confidential medical records, legal matters, sensitive commercial trade secrets and confidential financial information.

The Board then moved into Executive Session to discuss pending personnel matters, and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

**MOTION** made by N. Shevock and seconded by A. Agra to exit Executive Session.

**MOTION ADOPTED UNANIMOUSLY**

**MOTION** made by N. Shevock and seconded by A. Agra to authorize notice to be given by year-end 2018 for the liquidation, at the end of March 2019, of the redeemable portion of the Centerbridge Credit Partners investment (approximately \$17 million) with proceeds to be allocated to the Cash Account.

**MOTION ADOPTED UNANIMOUSLY**

**MOTION** made by A. Agra and seconded by N. Shevock to approve the following account allocations to manage the Fund's risk exposures:

- A \$200 million reduction of equity allocations, consisting of:
  - The liquidation of the Fund's investment in the DFA Emerging Markets fund, with the balance of the \$200 million to be withdrawn from the Dodge & Cox International equity fund.
- Half of the proceeds (\$100 million) to be allocated to each of the DoubleLine bond account and the Cash Account.

**MOTION ADOPTED UNANIMOUSLY**

**MOTION** made by N. Shevock and seconded by A. Agra to hire the law firms of Nossman and Hirschler & Fleischer.

**MOTION ADOPTED UNANIMOUSLY**

9. **PENDING ITEMS**

There were no pending items.

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 1:46 p.m., there being no further business,  
MOTION was made by A. Agra and seconded by  
N. Shevock to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik  
Pension Administrator

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Suzanne Grant, Chair  
Board of Pension Trustees