

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF JANUARY 25, 2019

Suzanne Grant, Chair, called the meeting of the Board of Pension Trustees to order at 9:01 a.m. in the Delaware Conference Room.

Trustees Present

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

Trustees Absent

Mike Jackson
Rick Geisenberger

Others Present

Joanna Adams, Pension Office
Terri Timmons, Pension Office
Josh Hitchens, Pension Office
Jamie Mayan, Pension Office
Jeff Johnson, Pension Office
Jennifer Dilworth, Pension Office
Khairat Makanjuola, Pension Office
Stephenie Tatman, Pension Office
Paul Roth, TBV Advisors
Rob Gooderham, Wind mark
Joe Malloy, 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 December 11, 2018 meeting.

MOTION made by T. Shaw and seconded by A. Agra to approve the Public Minutes of the December 11, 2018 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the December 11, 2018 meeting.

MOTION made by T. Shaw and seconded by H. Foster to approve the Executive Minutes, as amended, of the December 11, 2018 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. PENSION AUDIT REPORT

S. Tatman reported that the cash management project is winding down.

The Fraud hotline is now live and the Training Unit is spreading the word.

The next meeting of the Audit Committee will be held on February 8th.

4. GOVERNANCE COMMITTEE

Nothing to report.

5. PENSION ADVISORY COUNCIL REPORT

Nothing to report.

6. PENSION ADMINISTRATOR REPORT

Risk Management – N/A

Positions

J. Adams reported that we had recently fill three positions. We have conducted interviews for the Information Systems Manager, and will be doing reference checks and will make a final decision. Because of an internal promotion, we now have an Administrative Specialist II position open.

Activities Report

Healthcare additions and changes dropped in the 2nd quarter due to Healthcare Open Enrollment closing at the end of June. Pension applications were also down due to August payroll, which is our busiest month, and Group Counseling sessions increased due to them being suspended during August payroll. Phone calls increased in the 2nd quarter due to the retiree supplement of \$400. We had a backlog of Service Audits and have now caught up in these.

We currently have scheduled three training workshops in February and two group-counseling sessions scheduled.

Medical – we currently have four pending disability cases for the quarter.

Reporting Schedule

The Governance Committee is working on some of the reporting items.

Other

J. Adams reported that the Board members would be receiving an email from the Delaware Learning Center to complete the mandatory training on Securing the Human, which is to be completed by June.

The Department of Technology and Information is converting email addresses as of 5:00 today. Your email address will no longer be “@state.de.us”; it will change over to “@delaware.gov”.

7. DEPUTY ATTORNEY GENERAL REPORT

Nothing to report.

8. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that, equity markets suffered losses in December on mounting concerns over tightening monetary policy, ongoing trade tensions, and slowing global economic and earnings growth. Amid this backdrop, US equities as measured by the broad Russell 3000 index were lower by 9.3%. Losses for international equities were not as steep as the MSCI EAFE index declined 4.9% and the MSCI Emerging Markets index fell 2.7%. Amid the rise in volatility, demand for the relative safety of government bonds increased and yields fell, helping push the Bloomberg Barclays Universal bond index higher by 1.6%. For the month the Bloomberg Barclays TIPS index advanced 0.5%, while credit underperformed as the Bloomberg Barclays High Yield index fell 2.1%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$10,054.9 million at December 31, 2018, representing a net increase of \$48.4 million during the month. This change included the transfer into the Fund during the month of Delaware OPEB Trust assets. Estimated returns through December 31, 2018 are as follows:

<u>Fund</u>	<u>Dec-19</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	-3.1%	-0.8%	0.9%
S & P 500 Index	-9.0%	-6.9%	-4.4%
60/35/5*	-4.8%	-3.4%	-2.4%
Delaware	-3.8%	-4.6%	-4.7%
Benchmark**			

*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

The January 15, 2018 Investment Committee meeting was canceled. The next meeting is scheduled for Tuesday, January 29, 2019.

MOTION made by T. Shaw 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 H. Foster to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by N. Shevock and seconded by T. Shaw to give David Craik the authority to move forward with the Board Self-Assessment.

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Foster and seconded by T. Shaw to approve Cheiron's revised Contribution Rate from 19.34% to 18.90% for the Judiciary Pension Plan for FY20.

MOTION ADOPTED UNANIMOUSLY

MOTION made by N. Shevock and seconded by T. Shaw to approve the Laurel Fire Department to participate in the County/Municipal General Employees' Pension Plan effective March 1, 2019.

MOTION ADOPTED UNANIMOUSLY

9. **PENDING ITEMS**

There were no pending items.

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 11:05 a.m., there being no further business, MOTION was made by T. Shaw and seconded by N. Shevock to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator