



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF FEBRUARY 22, 2019

The meeting of the Board of Pension Trustees was called to order by Nancy Shevock, Acting Chair, at 9:01 a.m. in the Delaware Conference Room.

Trustees Present

Suzanne Grant (via phone)
Nancy Shevock
Helen Foster
Rick Geisenberger
Mike Jackson

Trustees Absent

Art Agra
Tom Shaw

Others Present

Dave Craik, Pension Office
Joanna Adams, Pension Office
Terri Timmons, Pension Office
Ann Marie Johnson, Deputy Attorney General (via phone)
Josh Hitchens, Pension Office
Jamie Mayan, Pension Office
Jennifer Dilworth, Pension Office
Khariat Makanjuola, Pension Office
Stephenie Tatman, Pension Office
Mark Finfrock, Audit Committee
Joe Seibert, KPMG
Paul Roth, TBV Advisors
Rob Gooderham, Windmark
Joe Malloy, Pension Advisory Council
Charlotte Lister, Pension Advisory Council

1. OPENING COMMENTS

N. Shevock, acting Chair, welcomed everyone to the meeting. She then introduced Mark Finfrock, who is the Chair of DPERS Audit Committee.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the Public Minutes of the January 25, 2019 meeting.

MOTION made by H. Foster and seconded by R. Geisenberger to approve the Public Minutes of the January 25, 2019 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the January 25, 2019 meeting.

MOTION made by R. Geisenberger and seconded by H. Foster to approve the Executive Minutes, as amended, of the January 25, 2019 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

MOTION made by R. Geisenberger and seconded by H. Foster 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 R. Geisenberger and seconded by H. Foster to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

3. PENSION AUDIT REPORT

S. Tatman stated that we have not had any reports regarding fraud as of yet. Ms. Tatman is hoping to get more communication out about this Hotline.

4. GOVERNANCE COMMITTEE

D. Craik stated that the Governance Committee met on February 14th and discussed the Board Self-Assessment process. The next meeting has been scheduled for March 14th.

D. Craik and A. Johnson are finalizing the draft legislation to amend Title 11 and Title 29. Once completed Mr. Craik will meet with the co-chairs of the JFC to sponsor the bill.

5. PENSION ADVISORY COUNCIL REPORT

J. Malloy reported that he spoke during the JFC hearing and requested a 2% PRI for those retirees who have been retired under 20 years and a 3% PRI for those who have been retired over 20 years.

6. PENSION ADMINISTRATOR REPORT

Risk Management

P. Roth presented the dashboard reports. He stated that there is a backlog of vested pension applications. J. Adams stated that the backlog was due mainly because of our vacant positions at that time. She stated another issue is we are receiving vested pension applications faster than we use to. A future goal is to verify service throughout an employee's career so this will not be an issue when they retire.

P. Roth reported that the percentage of missed calls is down below 10%. This is due to J. Adams managing this.

Positions

D. Craik reported that the Pension Office is currently down to three vacant full-time positions. We recently filled the IT Manager position this week with an internal promotion.

Diamond State Port Pension Plan

The termination valuation has been completed. As of the transition, the unfunded liability is \$1.1 million. For FY19 there have been contributions into the plan, which totaled \$310,000. R. Geisenberger thanked D. Craik and his staff for all their hard work during this transition.

2019 CBT Training

D. Craik reminded the Board that this training must be completed before June.

Best Practices Open Items List

D. Craik reported that this list would be provided on a monthly basis.

Activities Report

D. Craik reported that the Pre-Retirement workshops would begin in March.

D. Craik reported that employees who are paid through PHRST could now view their Active Comprehensive Annual Statements on-line. Other county & municipal entities Comprehensive Annual Statements are still being mailed.

Reporting Schedule

D. Craik stated that the Boards Self-Assessment is moving along. Future meetings will be held to discuss.

7. DEPUTY ATTORNEY GENERAL REPORT

Nothing to report.

8. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that, following a turbulent close to 2018, global equity markets staged a strong rebound in January as guidance from the Federal Reserve indicated a more flexible and patient approach to future monetary policy actions. Optimism surrounding ongoing trade negotiations between the US and China also contributed to the positive sentiment during the period. US equities as measured by the broad Russell 3000 index rallied 8.6%, nearly reversing the 9.3% loss experienced in December. International equities also posted strong returns as the MSCI EAFE index was up 6.6% and the MSCI Emerging Markets index gained 8.8%. In fixed income markets, diminished expectations for future interest rate hikes helped push yields lower (prices higher), and corporate bonds rallied alongside stocks. For the month, the Bloomberg Barclays Universal bond index was up 1.4%, the Bloomberg Barclays TIPS index advanced 1.3%, while the riskier Bloomberg Barclays High Yield index rallied 4.5%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$10,368.1 million at January 31, 2019, representing a net increase of \$313.2 million during the month. Estimated returns through January 31, 2019 are as follows:

<u>Fund</u>	<u>Jan-19</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	3.5%	2.7%	1.7%
S & P 500 Index	8.0%	0.6%	-2.3%
60/35/5*	5.2%	1.7%	-0.3%
Delaware Benchmark**	5.3%	0.5%	-2.3%

*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, at its January 29th meeting, the Investment Committee reviewed and discussed:

- Year-end performance
- What We Believe Investment Outlook
- A Review of Private Investment Assumptions
- The Third Quarter Private Investment Report
- Recommendations for Summit Growth Equity Fund X, Accel XIV, Accel Growth V and Accel Leaders Fund II.

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 Summit Subordinated Debt V and Summit Partners Private Equity VII-A.

Mr. Gooderham noted that the Investment Committee meeting scheduled for February 12th had been canceled, as had a rescheduled meeting for February 20th. The next meeting of the Investment Committee is scheduled for Tuesday, March 12th.

MOTION made by R. Geisenberger and seconded by M. Jackson 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 R. Geisenberger and seconded by H. Foster to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Foster and seconded by R. Geisenberger to approve a commitment of up to \$30 million in Summit Growth Equity Fund X, pending legal review.

MOTION ADOPTED UNANIMOUSLY

MOTION made by R. Geisenberger and seconded by H. Foster to approve the combined commitments totaling up to \$75 million among Accel XIV, Accel Growth Fund V, and Accel Leaders Fund II, pending legal review.

MOTION ADOPTED UNANIMOUSLY

MOTION made by R. Geisenberger and seconded by H. Foster to approve the Board recommendation to deny Ms. Smith's request to be treated as eligible for *29 Del C. § 5202(b)(1)* treatment, with amended language.

MOTION ADOPTED UNANIMOUSLY

9. **PENDING ITEMS**

There were no pending items.

10. **NEW BUSINESS**

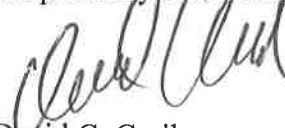
There was no new business.

11. **ADJOURNMENT**

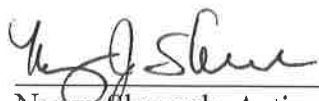
At 10:50 a.m., there being no further business, MOTION was made by H. Foster and seconded by R. Geisenberger to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



David C. Craik
Pension Administrator



Naney Shevock, Acting Chair
Board of Pension Trustees