



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF APRIL 26, 2019

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:00 a.m. in the Delaware Conference Room.

Trustees Present

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

Trustees Absent

Mike Jackson

Others Present

Dave Craik, Pension Office
Joanna Adams, Pension Office
Terri Timmons, Pension Office
Ann Marie Johnson, Deputy Attorney General
Jamie Mayan, Pension Office
Khairat Makanjuola, Pension Office
Jeff Johnson, Pension Office
Stephenie Tatman, Pension Office
Rob Gooderham, Windmark
Seth Yablonovitz, Windmark
Joe Malloy, Pension Advisory Council
Charlotte Lister, Pension Advisory Council
Paul Roth, TBV Advisors

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the Public Minutes of the March 29, 2019 meeting.

MOTION made by T. Shaw and seconded by N. Shevock to approve the Public Minutes of the March 29, 2019 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the March 29, 2019 meeting.

MOTION made by N. Shevock and seconded by H. Foster to approve the Executive Minutes, as amended, of the March 29, 2019 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. PENSION AUDIT REPORT

D. Craik reported that the next Audit Committee meeting will be held on May 3rd. This will be the Entrance Audit provided by BDO.

There has been no activity on fraud hotline.

4. GOVERNANCE COMMITTEE

Nothing to report.

5. PENSION ADVISORY COUNCIL REPORT

J. Malloy stated he had met with Senator McDowell to discuss the possibility of having a Post Retirement Increase (PRI) for retirees.

6. PENSION ADMINISTRATOR REPORT

Risk Management

Nothing to report.

Positions

D. Craik reported we had filled one of the vacant H.R. Specialist I positions; have Requested to Hire for the HRIS Administrator; 2nd interviews will be held today for the vacant H.R. Specialist III position; and have received a referral list for the vacant Administrative Specialist II position.

Pension Activities

D. Craik stated that there was little change in the quarterly activities. The Pension Office is busy preparing for August payroll and as of today we have 300 pension applications, which is expected to grow.

Disability Report

D. Craik reported that we had three new disability cases this past quarter. He stated that this is average.

Reporting Schedule

D. Craik stated nothing has changed. There will be a meeting between the Pension Office and Windmark staff to review the Investment Flowcharts.

Best Practices

Two items have been completed.

- Providing electronic access to active employees to view their active member annual statements online through a secure member account.
- We now have the capabilities of online scheduling system used for employer training to handle member counseling and education.

Legislation

SB 76 was introduced last Tuesday and on Wednesday was voted on and passed in the Senate. It will now be assigned to a House Committee.

CBT Training

D. Craik reminded A. Agra and H. Foster to complete their CBT training.

Board Self-Assessment

D. Craik reviewed the questions from Funston Advisory Services. The next step would be to contact the Board Members to do an on-line survey. Funston will collect all information and deliver a presentation to the Board in July or September.

7. DEPUTY ATTORNEY GENERAL REPORT

Nothing to report.

8. INVESTMENT COMMITTEE REPORT

<u>Fund</u>	<u>Mar-19</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	0.7%	3.8%	5.7%
S & P 500 Index	1.9%	5.9%	9.5%
60/35/5*	1.9%	5.6%	7.7%
Delaware	1.4%	3.7%	4.6%
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

Mr. Gooderham reported that the global equity markets finished a strong first quarter with modest gains in March. Signs of progress in trade negotiations between the US and China and a more dovish stance than expected from the Federal Reserve overshadowed concerns over slowing global growth. Similar to the trend so far in 2019, US equities outperformed as the Russell 3000 index gained 1.5%. Developed international stocks as measured by the MSCI EAFE index were up 0.6%, while emerging markets stocks gained 0.8%, as measured by the MSCI Emerging Markets index. The dovish shift in the Federal Reserve's interest rate outlook and some signs of slowing economic growth sent interest rates lower, resulting in a 1.8% gain for the Bloomberg Barclays Universal bond index. For the month, the Bloomberg Barclays TIPS index was up 1.8%, while the riskier Bloomberg Barclays High Yield index was up 0.9%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$10,423.8 million at March 31, 2019, representing a net increase of \$49.1 million during the month. Estimated returns through March 31, 2019 are as follows:

	Month Ended 03-31-19	Calendar YTD 03-31-19	Fiscal YTD 03-31-19	1 Year Ended 03-31-19
Total Fund	0.7	4.6	3.8	5.7
DPERS Policy Benchmark**	1.4	8.7	3.7	4.6
S&P 500 Index	1.9	13.6	5.9	9.5

** Benchmark mix of: 38% Russell 3000 Index, 20% MSCI ACWI ex US(Net), 40.0% Bloomberg Barclays Universal Bond Index, 2% T-bills. Prior to 7/1/18 - 38% Russell 3000 Index, 20% MSCI ACWI ex US(Net), 38.5% Bloomberg Barclays Universal Bond Index, 1.5% Bloomberg Barclays TIPS Index, 2% T-bills

Mr. Gooderham reported that the Investment Committee had met twice since the last Board meeting. At its April 9th meeting, he noted that the Committee reviewed and discussed:

- A presentation by T. Rowe Price on their Asia Opportunities strategy
- A presentation by Marcus Partners on their firm and Fund III
- A recommendation to commit to Marcus Partners Fund III

He also reported that the Investment Committee had approved, under the authority granted to them by the Board, an amendment to the limited partnership agreement for Summit Subordinated Debt Fund III, L.P. In addition, the Committee had approved an amendment to the Schedule D to the investment management agreement for the Wellington Dividend Growth equity account.

Mr. Gooderham reported that, at its April 23rd meeting, the Investment Committee reviewed and discussed presentations on:

- A presentation on What We Believe -Investment Outlook
- A presentation on What We Believe – Asset Class Analysis
- An asset allocation recommendation
- The Annual Manager Fee Review
- A Governance Committee Update

He also reported that the Investment Committee had approved, under the authority granted to them by the Board, an amendment to the limited partnership agreement for Summit Subordinated Debt Fund V, L.P.

The next meeting of the Committee is scheduled for Tuesday, May 14th.

MOTION made by N. Shevock and seconded by T. Shaw 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 H. Foster and seconded by T. Shaw to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by N. Shevock and seconded by T. Shaw to commit \$25 million to Marcus Capital Partners Fund III, L.P., subject to legal review of the documents.

MOTION ADOPTED UNANIMOUSLY

MOTION made by T. Shaw and seconded by H. Foster to withdrawal \$100 million from the Sanderson International Equity fund with proceeds allocated to the T. Rowe Price Asia Opportunities fund.

MOTION ADOPTED UNANIMOUSLY

MOTION made by N. Shevock and seconded by T. Shaw 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 H. Foster and seconded by T. Shaw to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

9. PENDING ITEMS

There were no pending items.

10. **NEW BUSINESS**

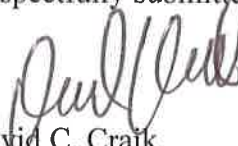
There was no new business.

11. **ADJOURNMENT**

At 11:28 a.m., there being no further business, MOTION was made by N. Shevock and seconded by H. Foster to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



David C. Craik
Pension Administrator



Suzanne Grant, Chair
Board of Pension Trustees