

**STATE OF DELAWARE**  
STATE BOARD OF PENSION TRUSTEES  
AND  
OFFICE OF PENSIONS  
MCARDLE BUILDING  
860 SILVER LAKE BLVD., SUITE 1  
DOVER, DE 19904-2402

**When Calling Long Distance**  
**Toll Free Number 1-800-722-7300**  
**E-mail: [pensionoffice@state.de.us](mailto:pensionoffice@state.de.us)**

**Telephone (302) 739-4208**  
**FAX # (302) 739-6129**  
**[www.delawarepensions.com](http://www.delawarepensions.com)**

**BOARD OF PENSION TRUSTEES**  
**MEETING MINUTES OF MAY 19, 2017**

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:04 a.m. in Delaware Conference Room in the Pension Office.

Trustees Present

Suzanne Grant  
Art Agra  
Mike Jackson  
Helen Foster  
Rick Geisenberger  
Tom Shaw  
Nancy Shevock

Trustees Absent

Others Present

Dave Craik, Pension Office  
Terri Timmons, Pension Office  
Ann Marie Johnson, Deputy Attorney General  
Khairat Makanjuola, Pension Office  
Josh Hitchens, Pension Office  
Jeff Johnson, Pension Office  
Paul Roth, TBV Advisors  
Rob Gooderham, Ashford Consulting Group  
Sara Williams, Ashford Consulting Group

1. **OPENING COMMENTS**

S. Grant welcomed everyone to the meeting.

2. **APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the April 28, 2017 meeting.

MOTION made by T. Shaw and seconded by N. Shevock to approve the Public Minutes of the April 28, 2017 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the April 28, 2016 meeting.

MOTION made by A. Agra and seconded by H. Foster to approve the Executive Minutes of the April 28, 2017 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. **PENSION AUDIT REPORT**

D. Craik stated that the Internal Auditor position was approved through HRM and has been sent to the Controller Generals office for final approval. D. Craik is working on the RFP for the Internal Auditor firm.

The next Audit Committee meeting is scheduled for July 21<sup>st</sup>.

4. **GOVERNANCE COMMITTEE**

Nothing to report.

5. **PENSION ADVISORY COUNCIL REPORT**

Nothing to report.

## **6. PENSION ADMINISTRATOR REPORT**

### Vacant Positions

D. Craik reported that we have two new upcoming vacancies. One is an H.R. Specialist IV, which is a retirement, and the other is an H.R. Specialist I, which employee has resigned.

### Reporting Schedule

The Investment policy is currently being worked on.

### Internal Training

D. Craik reported on the internal training dates for outside employers. Also, pre-retirement Group Counseling has been scheduled for June.

### Legislation

HB 41 – is an act to amend Title 29 of the Delaware Code relating to the State Employees' Pension Plan and Delaware State University Police. This bill is waiting for the Governor's signature.

HB43 – is an act to amend Title 29 of the Delaware Code relating to the State Employees' Pension Plan and Department of Corrections employees. This bill is waiting for the Governor's signature.

HB 179 – this act permits State Employees who are employed by the Delaware State Police and work in a variety of job titles, all of which are more commonly referred to as "9-1-1 Operators," to retire at 25 years without any reduction. Those employees will pay a higher employee contribution rate than other State Employees. The cost of the bill needs to be discussed with the Controller General's office.

SB22 – is an act to amend Title 29 of the Delaware Code relating to service pensions for certain State Employees. D. Craik reported that changes are being worked on and language has been added. A hearty discussion was held on this bill.

Pension Board Bill – will be introduced into legislation in two weeks.

## **7. DEPUTY ATTORNEY GENERAL REPORT**

Nothing to report.

## 8. INVESTMENT COMMITTEE REPORT

R. Gooderham reported that positive equity performance was helped by solid global economic data, a strong start to first quarter earnings season, and diminishing political risk in France. US equities as measured by the broad Russell 3000 index advanced 1.1% and have now posted positive performance in six consecutive months. International equity performance outpaced US equities as the MSCI EAFE index advanced 2.5% and the MSCI All-Country World ex-U.S. stock index (which includes emerging markets) was up 2.1%. Fixed income performance was positive across high quality and credit as interest rates were mostly lower (prices higher) and credit spreads narrowed modestly. Monthly performance of selected Bloomberg Barclays bond indices was as follows: the universal bond index gained 0.8%, while the U.S. TIPS index was up 0.6% and the US Corporate High Yield index gained 1.2%

DPERS Fund assets are estimated to be \$9,350 million at April 30, 2017, representing a net increase of \$71.9 million during the month. Estimated returns through April 30, 2017 are as follows:

<u>Fund</u>	<u>Apr-17</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
<b>Total Fund</b>	1.2%	9.3%	9.9%
<b>S &amp; P 500 Index</b>	1.0%	15.5%	17.9%
<b>60/35/5*</b>	0.9%	8.7%	10.9%
<b>Delaware</b>	1.2 %	9.4%	10.3 %
<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 at the May 16th meeting the Investment Committee reviewed and discussed the following:

- Non-Traditional Investment Review
- Recommendation to commit to IDG Venture Capital Fund V
- Presentation from Dimensional Fund Advisors on that firm's emerging market equity strategy
- Recommendation to invest in emerging and international equity markets and retain DFA as an emerging markets equity manager

The next meeting of the Investment Committee is scheduled for Tuesday, June 13, 2017.

MOTION made by H. Foster 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 T. Shaw and seconded by A. Agra to exit Executive Session.

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 N. Shevock and seconded by H. Foster to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by N. Shevock and seconded by A. Agra to approve a commitment of up to \$30 million to IDG Venture Capital Fund V, subject to execution of satisfactory documentation.

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Foster and seconded by T. Shaw to approve the investment of \$75 million with new manager Dimensional Fund Advisors in there Emerging Markets Core Equity I fund, funded by \$37.5 million from each of Focused Investors and Wellington Dividend Growth.

MOTION ADOPTED UNANIMOUSLY

MOTION made by N. Shevock and seconded by A. Agra that the Board approve the withdrawal of \$25 million from the Baillie Gifford account to be invested, along with the proceeds of liquidating the T. Rowe Price NRIS account, into the Dodge and Cox International Equity Fund.

MOTION ADOPTED UNANIMOUSLY

9. **PENDING ITEMS**

There were no pending items.

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 11:15 a.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