

**STATE OF DELAWARE**  
STATE BOARD OF PENSION TRUSTEES  
AND  
OFFICE OF PENSIONS  
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**BOARD OF PENSION TRUSTEES**  
**MEETING MINUTES OF MAY 18, 2018**

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

Trustees Present

Suzanne Grant  
Nancy Shevock  
Mike Jackson  
Rick Geisenberger

Trustees Absent

Art Agra  
Tom Shaw  
Helen Foster

Others Present

Dave Craik, Pension Office  
Joanna Adams, Pension Office  
Terri Timmons, Pension Office  
Ann Marie Johnson, Deputy Attorney General  
Khairat Makanjuola, Pension Office  
Jeff Johnson, Pension Office  
Jennifer Dilworth, Pension Office  
Stephenie Tatman, Pension Office  
Josh Hitchens, Pension Office  
Paul Roth, TVB Advisors  
Sara Williams, Windmark Investment Partners  
Sophia Smith, Windmark Investment Partners  
Rob Gooderham, Windmark Investment Partners  
Joe Malloy, Pension Advisory Council  
Charlotte Lister, Pension Advisory Council

**1. OPENING COMMENTS**

S. Grant welcomed everyone to the meeting. D. Craik introduced Amanda McAtee who works in our Health Benefits Section. Ms. McAtee was recently named the Employee of the 4<sup>th</sup> Quarter of 2017 and the Office of Management and Budget's Employee of the Year. Ms. McAtee was then nominated for the Delaware Award for Excellence and Commitment in State Services. Ultimately there were five employees selected to receive this award and Amanda McAtee was selected for the award.

The Board thanked Ms. McAtee for her service to the State of Delaware and congratulated her for receiving this award.

**2. APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the April 27, 2018 meeting.

MOTION made by N. Shevock and seconded by R. Geisenberger to approve the Public Minutes of the April 27, 2018 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the April 27, 2018 meeting.

MOTION made S. Grant by and R. Geisenberger seconded by to approve the Executive Minutes, as amended, of the April 27, 2018 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

**3. PENSION AUDIT REPORT**

D. Craik stated that the Audit Committee met on May 4<sup>th</sup>. This was the entrance audit meeting with BDO. J. Doyle, with BDO, reported that they have substantially completed their audit of the GASB 68 Schedules for the year ending June 30, 2017.

Mr. Craik stated that Stephenie Tatman and KPMG gave their update on the internal audit during this meeting. Based on their review of policy and procedural documentation, interviews with key personnel, internal control assessment, and performance of testing, the report rating is "Satisfactory." Finalized audit presentation will be at the July Audit Committee meeting. The next steps in the internal audit will be census data and then cash management.

The next Audit Committee meeting will be held on July 20<sup>th</sup>.

**4. GOVERNANCE COMMITTEE**

Nothing to report.

**5. PENSION ADVISORY COUNCIL REPORT**

J. Malloy reported that the turnout was good for the pre-retirement workshops last month.

**6. PENSION ADMINISTRATOR REPORT**

**Risk Management**

Nothing to report.

**Positions**

D. Craik reported that there are six positions not filled as of today. Second interviews will be scheduled next week for two H.R. Specialist V positions.

**Activities Report**

The Office of Pensions will hold an SEPP Workshop in June where we expect 80 attendees. There is also three Employer Trainings scheduled for June.

The Group Counseling sessions have been very well attended.

**Reporting Schedule**

This report have been updated and the Governance Committee will be working on some of these items.

**Actuarial RFP**

The contracts for the Actuarial RFP will be finalized next week. The actuarial audit will not begin until January 2019.

**7. DEPUTY ATTORNEY GENERAL REPORT**

Ms. Johnson reported that the Board Education Policy has been updated to reflect changes to be consistent with best practices by other public pension systems. The updated policy has been reviewed by the Governance Committee. Ms. Johnson stated that Cyber Risk and Security are the new areas added to this policy.

In order to build and maintain the level of understanding, Trustees will meet minimum educational goals. S. Grant suggested that the policy should reference “hours/segments” rather than

just “hours”, and that better documentation should be kept of the educational goals achieved each year.

S. Grant asked how the Trustees would be notified of upcoming educational events. Ms. Johnson & Mr. Craik will work together to notify Trustees of upcoming educational events.

It was suggested that DPERS have a separate policy on Cyber Security with DTI. Ms. Johnson stated she is working on an MOU with DTI with Mr. Craik and would work with Mr. Craik to propose a Cyber Security Policy for the Board’s consideration.

MOTION made by N. Shevock and seconded by S. Grant to approve the Board Education Policy with suggested changes.

MOTION ADOPTED UNANIMOUSLY

## 8. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that global stock markets posted modest gains in April, while fixed income markets were generally lower as interest rates continued their trend higher. Although corporate earnings exceeded even elevated expectations, fears of higher interest rates and continued trade tensions between the US and China dampened investor enthusiasm. For the month, US equities as measured by the Russell 3000 index produced a 0.4% gain. International markets provided higher returns as the MSCI EAFE index advanced 2.3% and the MSCI All-Country World ex-U.S. stock index (which includes emerging markets) was up 1.6%. With generally strong economic data and rising inflation expectations, interest rates hit multi-year highs. For the month, the Barclays Universal bond index fell 0.7%; the Barclays TIPS index was down 0.1%, while credit outperformed as the Barclays High Yield index managed a 0.7% gain.

DPERS Fund assets are estimated to be \$9,852.8 million at April 30, 2018, representing a net increase of \$29.0 million during the month. Estimated returns for through April 30, 2018 are as follows:

<b><u>Fund</u></b>	<b><u>Apr-18</u></b>	<b><u>Fiscal Year To Date</u></b>	<b><u>12-Month</u></b>
<b>Total Fund</b>	0.8%	7.3%	9.5%
<b>S &amp; P 500 Index</b>	0.4%	11.0%	13.3%
<b>60/35/5*</b>	-0.1%	6.2%	7.8%
<b>Delaware</b>	0.2%	6.3%	8.1%
<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, at the May 15<sup>th</sup> meeting, the Investment Committee reviewed and discussed:

- Quarterly review of Private Investments
- A presentation on Private Investment Asset Allocation and Investment Strategy
- First Quarter 2018 Investment Review

Mr. Gooderham 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 Carlyle Partners V.

The next meeting of the Investment Committee is scheduled for Tuesday, June 12, 2018.

MOTION made by N. Shevock and seconded by S. Grant 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 S. Grant and seconded by R. Geisenberger 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 11:20 a.m., there being no further business, MOTION was made by R. Geisenberger and seconded by S. Grant 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