

**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 JUNE 28, 2018**

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

Trustees Present

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

Trustees Absent

Mike Jackson

Others Present

Dave Craik, Pension Office  
Joanna Adams, Pension Office  
Terri Timmons, Pension Office  
Khairat Makanjuola, Pension Office  
Jeff Johnson, Pension Office  
Jennifer Dilworth, Pension Office  
Stephenie Tatman, Pension Office  
Josh Hitchens, Pension Office  
John McCartney, Pension Office  
Paul Roth, TVB Advisors  
Garry Musto, 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

**2. APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the May 18, 2018 meeting.

MOTION made by N. Shevock and seconded by T. Shaw to approve the Public Minutes of the May 18, 2018 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the May 18, 2018 meeting.

MOTION made by T. Shaw and seconded by A. Agra to approve the Executive Minutes, as amended, of the May 18, 2018 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 July 20<sup>th</sup>. KPMG and S. Tatman will present their final findings on benefit payments. They will also give an update the internal audit plan.

**4. GOVERNANCE COMMITTEE**

T. Shaw reported that the next Governance Committee meeting would be held on July 9<sup>th</sup>.

**5. PENSION ADVISORY COUNCIL REPORT**

J. Malloy stated that the Council would have liked to see a 2% raise for retirees but it looks like it will just be a one-time pension supplement.

**6. PENSION ADMINISTRATOR REPORT**

Risk Management

Nothing to report.

### Positions

Last month we had six vacancies and since then three positions have been filled, with two of those hired from within the office. This leaves three H.R. Specialist I positions available and have been approved to post one of these positions. This also may create other vacancies if we hire from within the office.

### Activities Report

There will be four workshops during the month of July. We do have three dates of training in July to agency HR Representatives. Group counseling, which was previously suspended, will now be re-opened with the first date of July 3<sup>rd</sup>. Group counseling sessions are for active employees who are within five years of retirement.

### Reporting Schedule

The Code of Conduct policy will be discussed and voted on today. The Investment policy is still being worked on.

### Website Review

D. Craik introduced John McCartney, who is the Information Systems Manager for the Office of Pensions. Mr. McCartney demonstrated the new look of the Pensions website, which became active as of this past Monday. The new look was completed to help with navigation and resemble other state agency websites. The Board discussed the changes and also made some suggestions but overall appreciated the work that was put into the new look and feel of DPERS website.

### Cyber Security

D. Craik reported that Elaine Starkey, with the Department of Technology and Information (DTI), is retiring. Once Ms. Starkey has retired and her replacement is hired, Mr. Craik will reach out to DTI in reference to attending our Board meetings on a regular basis for Cyber Security educational purposes.

DTI recently performed a penetration test, where they tried to hack into our system along with others in the state. There were two parts to the test and this happened over a 6-week period. DTI reported they were not able to hack into any of the systems and there were zero high risk findings. DTI is cautioned us that we need to continue to work on our security.

### Legislative Update

HB 312 – Passed both the House and Senate. This Act includes “emergency medical technicians” within the definition of employee under the County/Municipal Police/Firefighter Pension Plan.

SB11 – Passed both the House and Senate. This Act relates to police and fire pension funds created under Title 18 of the Delaware Code. The General Assembly created a special fund in the hopes of ensuring adequate pensions for affected police officers and firefighters, and their surviving spouses. The Act would allow for an additional manner of providing distributions from the related special fund established for Police and Fire pensions.

SB 236 – Passed both the House and Senate. This Act provides a \$500 one-time salary supplement to full-time and part-time employees, and also a \$400 pension supplement to pensioners.

HB179 - Has passed the House. 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.

SB7 – Passed the Senate. This Act provides county and municipal police and firefighters with the same pension burial benefit that is provided to state employees effective July 1, 2016. This Act is named for Wilmington Firefighters Captain Christopher M. Leach, Lieutenant Jerry W. Fickes, and Lieutenant Ardythe D. Hope, who lost their lives fighting a house fire on September 24, 2016.

SB95 – This Bill is not going anywhere at this time.

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

Nothing to report.

## **8. INVESTMENT COMMITTEE REPORT**

Mr. Gooderham reported that U.S. earnings and economic data exceeded already elevated expectations, sending the Russell 3000 index higher by 2.8% in May. However, geopolitical concerns, trade tensions and a stronger dollar weighed on international equity markets as the MSCI All-Country World ex-U.S. stock index (which includes emerging markets) was down 2.3%. In fixed income markets, yields declined from the recent highs, pushing the Barclays Universal bond index up by 0.5%, while the Barclays TIPS index was up 0.4%, but the Barclays High Yield index was flat.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$9,917.3 million at May 31, 2018, representing a net increase of \$64.05 million during the month. Estimated returns through May 31, 2018 are as follows:

<b><u>Fund</u></b>	<b><u>May-18</u></b>	<b><u>Fiscal Year To Date</u></b>	<b><u>12-Month</u></b>
<b>Total Fund</b>	1.0%	8.4%	8.8%
<b>S &amp; P 500 Index</b>	2.4%	13.7%	14.4%
<b>60/35/5*</b>	1.7%	8.0%	8.4%
<b>Delaware</b>	0.8%	7.1%	7.5%
<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 June 12<sup>th</sup> meeting, the Investment Committee reviewed and discussed:

- Equity Peer Group Study
- DLx Law on Digital Currency
- DPERS Investment Policy Statement
- Riverstone and their private investment funds
- GASB Expected Returns for the Pension Fund and OPEB Trust

Mr. Gooderham then noted that the Investment Committee's June 26<sup>th</sup> meeting focused on review and discussion of two presentations:

- Windmark's analysis of the US Economic Cycle
- A proposed manager change for the Volunteer Firemen's fund.

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 Advanced Technology Ventures VIII.

Mr. Gooderham then reported that the OPEB Trust Investment Committee also met on June 26<sup>th</sup> to review and discuss:

- OPEB First Quarter 2018 Investment Review
- A presentation on OPEB Active Strategy Options

MOTION made by T. Shaw and seconded by A. Agra 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 T. Shaw and seconded by A. Agra to accept the revised Code of Conduct.

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Foster and seconded by A. Agra to approve the Volunteer Firefighters Fund, the redemption of the BNY Mellon Bond Market Index Fund and appointment of the Vanguard Total Bond Market Index Fund as investment manager for the Aggregate Bond Index mandate.

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 H. Foster and seconded by N. Shevock 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