



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

Telephone (302) 739-4208
FAX # (302) 739-6129
www.delawarepensions.com

BOARD OF PENSION TRUSTEES
MEETING MINUTES OF MAY 31, 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 (via phone)
Art Agra
Tom Shaw

Trustees Absent

Mike Jackson

Others Present

Dave Craik, Pension Office
Joanna Adams, 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
Jennifer Dilworth, Pension Office
Josh Hitchens, Pension Office
Jim Testerman, Pension Advisory Council
Paul Roth, TBV Advisors (via phone)

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the Public Minutes of the April 26, 2019 meeting.

MOTION made by T. Shaw and seconded by A. Agra 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 April 26, 2019 meeting.

MOTION made by N. Shevock and seconded by H. Foster to approve the Executive Minutes, as amended, of the April 26, 2019 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. PENSION AUDIT REPORT

S. Tatman stated that the Audit Committee accepted the Cash Management Audit. Working on Audit Plan for FY20, which will be approved in July. Department of Corrections and University of Delaware is on the list as the next employers to visit.

There has been no activity on fraud hotline.

K. Makanjuola reported that the Cash Management Audit report released on liabilities did not come across anything. FY19 Audit planning should be the same except for the addition of the OPEB audit.

4. GOVERNANCE COMMITTEE

D. Craik reported that for the Board Self-Assessment there was still one Board member that had not completed the survey.

5. PENSION ADVISORY COUNCIL REPORT

Nothing to report.

6. PENSION ADMINISTRATOR REPORT

Risk Management

Nothing to report.

Positions

D. Craik reported we have two new employees starting June 10th, a HRIS Administrator and a Human Resource Specialist III. An offer has been made for the Administrative Specialist II position. Interviews have been scheduled for two Human Resource Specialist I positions. The Pension Office will be requesting a re-class of the Senior Human Resource 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.

Best Practices

No other action at this time.

Legislation

D. Craik reported SB 76 has been assigned to a House Committee. The Committee Hearing is scheduled for Wednesday.

HB 168, this Act increases the burial benefit upon the death of an individual receiving an pension under the State Employees' Pension Plan from \$7,000 to \$8,000.

Actuarial Audit

D. Craik reported the actuarial firm GRS would be at the June meeting to walk the Board through the results of the actuarial audit.

7. DEPUTY ATTORNEY GENERAL REPORT

Nothing to report.

8. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that global equity markets continued their 2019 rally and moved broadly higher in April. Improving global economic data, better-than-expected corporate earnings results and ongoing accommodative monetary policy helped stock prices extend their recovery from the fourth quarter sell-off. US equities, as measured by the S&P 500 index, posted a 4.0% gain for the month and hit a new all-time high. International equity performance lagged US equities as the MSCI EAFE index advanced 2.8% and the MSCI Emerging Markets index was up 2.1%. In fixed income markets, yields moved modestly higher (prices lower) and credit spreads narrowed, resulting in a small 0.1% gain for the Bloomberg Barclays Universal bond index. For the month, the Bloomberg Barclays TIPS index was up 0.3%, while the riskier Bloomberg Barclays High Yield index was up 1.4%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$10,566.0 million at April 30, 2019, representing a net increase of \$142.2 million during the month. Estimated returns through April 30, 2019 are as follows:

<u>Fund</u>	<u>April-19</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	1.7%	5.6%	6.6%
S & P 500 Index	4.0%	10.1%	13.5%
60/35/5*	2.5%	8.2%	10.4%
Delaware	2.1%	5.9%	6.6%
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 at its May 14th meeting, the Investment Committee reviewed and discussed:

- A review of the Northern Trust STIF portfolio
- A presentation by Bridgewater Associates on their Pure Alpha Major Markets strategy
- The Private Investment Quarterly Review
- The Private Program Annual Audited Financial Statement Review
- A presentation on Private Equity Cost Structures
- A presentation on Public Equity Exposure in the Private Program
- The First Quarter 2019 Investment Review

No actions were taken by the Investment Committee at its May meeting. The next meeting of the Investment Committee is scheduled for Tuesday, June 11th.

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 H. Foster and seconded by T. Shaw to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

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**

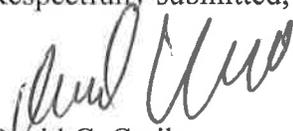
There was no new business.

11. **ADJOURNMENT**

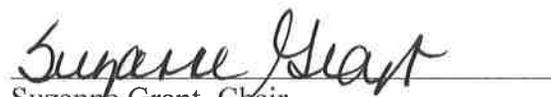
At 10:18 a.m., there being no further business, MOTION was made by N. Shevock and seconded by H. Foster to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



David C. Craik
Pension Administrator



Suzanne Grant, Chair
Board of Pension Trustees