

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF MAY 29, 2020

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9: 05 a.m. via-video and tele-conferencing.

Trustees Present

Suzanne Grant
Art Agra
Harold Stafford
Tom Shaw
Nancy Shevock
Rick Geisenberger

Trustees Absent

Mike Jackson

Others Present

Joanna Adams, Pension Administrator
Terri Timmons, Pension Office
Jodie Wedel, Deputy Pension Administrator
Ann Marie Johnson, Deputy Attorney General
Ryan Connell, Deputy Attorney General
Khariat Makanjuola, Pension Office
Josh Hitchens, Pension Office
Joe Molloy, Pension Advisory Council
Stephenie Tatman, Pension Office
Mary Wood, Pension Office
Sara Williams, Windmark
Rob Gooderham, Windmark
Mark Finfrock, Chair, Audit Committee
Eddie Sparpaglione, Pension Office
Amy Cole, Pension Office
Lindsey Saienni, Financial Investment News
Mary Wood, Pension Office
Robin Hartnett-Sterner, Pension Office
Dyice Beckham, Invesco

Mike DiVitas, KPMG
Jason Freund, KMG

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the Public Minutes of the April 24, 2020 meeting.

MOTION made by N. Shevock and seconded by R. Geisenberger to approve the Public Minutes of the April 24, 2020 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the April 24, 2020 meeting.

MOTION made by N. Shevock and seconded by H. Stafford to approve the Executive Minutes of the April 24, 2020 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. PENSION AUDIT REPORT

H. Stafford reported that the Audit Committee met on Friday, May 8, 2020. During the meeting, the Audit Committee reviewed and discussed the Audit Resolution. The Committee discussed its recommendations regarding the Resolution, and several matters were raised. Term limits for the Chair and Committee members were discussed but no recommendation was made at this time.

R. Geisenberger asked H. Stafford to expand on the concerns regarding the Board member voting requirement in paragraph #4. Mr. Stafford indicated that in the rare situation in which the Committee was not in agreement, the matter would go to the Board for discussion and decision. The Board would give full weight to the Committees' consensus recommendation in its decision.

The Audit Committee further recommended that paragraph #7 be amended to "Review DPERS and OPEB operational risk management practices."

S. Grant welcomed Mark Finfrock, Chair of the Audit Committee, to the meeting. M. Finfrock noted that the Audit Committee wanted to be certain that the Resolution was not overbroad and reflected the audit expertise of the Committee.

Fraud

S. Tatman reported that we did receive one fraud submission. This was researched and found to be in reference to a nursing home in Florida. S. Tatman has forwarded this to the proper authorities in Florida.

4. GOVERNANCE COMMITTEE

Nothing to report.

5. PENSION ADVISORY COUNCIL REPORT

J. Malloy stated that the Council has not had a meeting for quite some time, as there has not been a quorum. Mr. Malloy stated that due to COVID-19 the Council is not asking for anything at this time.

6. PENSION ADMINISTRATOR REPORT

Employee Recognition

J. Adams recognized the Investments Section for their work to implement the auto-debit feature. The auto-debit feature allows the Pension Office to withdrawal employer payments directly from the external entities' bank accounts. This enhancement has been crucial especially since Northern Trust is currently telecommuting, and only processing checks 1-2 times per week. J. Hitchens says everything is going smoothly, and K. Makanjuola stated that Northern Trust is very excited about this this process. Kudos to the Manual Load section for their efforts who have assisted in onboarding 9 entities for auto-debit thus far.

Positions

Ms. Adams introduced Eddie Sparpaglione, who is our new IT Supervisor. Mr. Sparpaglione began with the Office of Pensions three weeks ago. He comes to the office with a tremendous amount of IT experience. Ms. Adams has great expectations for this position.

Ms. Adams reported that our vacant Training Administrator has been filled with an internal candidate. We currently have 4 vacation positions which will grow, as we have received 2 new upcoming internal retirements, which are key positions in the office.

R. Geisenberger stated that over next several months it will be interesting to see how many retirements we will have.

Office Activities

Any training will be limited to two members at a time. We are also looking at different types of virtual training. The Pre-Retirement Workshop has been canceled until further notice.

Preparing for Re-Opening

Construction in the McArdle Building is still on-going. The cafeteria is being worked on as well as completing the 1st floor bathrooms. The next step will be painting and carpeting, which will be the most disruptive phase of this process.

Ms. Adams stated that she will bring employees back into the office in a safe manner.

Reporting Schedule

Ms. Adams noted that the future meeting dates are listed on the bottom of this page. We do have an Appeal Hearing scheduled for June 10th that will be held virtually.

On behalf of the Board, S. Grant thanked J. Adams again for everything she is doing.

7. DEPUTY ATTORNEY GENERAL REPORT

Nothing to report.

8. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that following a steep sell-off in March, global equity markets rebounded in April as governments and central banks ramped up stimulus measures to cushion the economic impact of the coronavirus. While the virus continued to spread, signs the pace of infection was slowing in some regions helped boost stocks. US equity market performance led the way as the Russell 3000 index gained 13.2%, while the MSCI EAFE index advanced 6.5% and the MSCI Emerging markets index was up 9.2%. In fixed income markets, falling yields and tighter credit spreads helped produce broadly positive results. For the month, the broad Bloomberg Barclays Universal bond index was up 2.0% and the riskier Bloomberg Barclays High Yield index gained 4.5%.

DPERS Fund assets are estimated to be \$10,512.0 million at April 30, 2020, representing a net increase of \$510.4 million during the month. Estimated returns through April 30, 2020 are as follows:

<u>Fund</u>	<u>Apr-20</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	5.4%	1.8%	3.3%
S & P 500 Index	12.8%	0.6%	0.9%
Delaware 7.3% Benchmark**	7.3%	-0.3%	1.3%

*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 Investment Committee had met twice since the last Board meeting on April 29th and May 19th. He reported that, at the Investment Committee meeting on April 29th the Investment Committee reviewed and discussed the following:

- Private Investments 12/31/19 Program and Valuation Review.
- Private Investments First Quarter Portfolio Update.
- Windmark Market Outlook.
- Asset Allocation Review of Structured Debt, Small Cap & REIT's.

Mr. Gooderham reported that during the May 19th Investment Committee meeting the Committee reviewed and discussed the following:

- Angelo Gordon Superfund Election
- First Quarter 2020 Investment Review
- Presentation on Re-Thinking Risk Tolerance
- Asset Allocation Update
- Annual Flow Chart Review

Mr. Gooderham reported that the Investment Committee had approved under its authority:

- An amendment to the Limited Partnership Agreement for Marcus Capital Partners Fund III, subject to legal review of the documents.
- An amendment to the Limited Partnership Agreement for Summit Subordinated Debt Fund III-A, subject to legal review of the documents.
- An amendment to the redemption terms for Angelo Gordon Super Fund, L.P.

The next meeting of the Investment Committee is scheduled for Tuesday, June 9, 2020.

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 ADOPTED UNANIMOUSLY

MOTION made by H. Stafford and seconded by T. Shaw to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Stafford and seconded by T. Shaw to approve the Audit Resolution with Item #4 to stay as written and change the language in Item #7 to say to review DPERS and OPEB operational risk management practices.

MOTION ADOPTED UNANIMOUSLY

9. **PENDING ITEMS**

There were no pending items.

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 11:19 a.m., there being no further business, **MOTION** was made by T. Shaw and seconded by N. Shevock to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Joanna M. Adams
Joanna M. Adams (Jul 1, 2020 14:06 EDT)

Joanna M. Adams
Pension Administrator

Suzanne B. Grant
Suzanne B. Grant (Jul 2, 2020 09:10 EDT)

Suzanne Grant, Chair
Board of Pension Trustees