

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF JULY 31, 2020

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:02 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
Mary Wood, Pension Office
Khairat Mankanjuola, Pension Office
Josh Hitchens, Pension Office
Stephenie Tatman, Pension Office
Rob Gooderham, Windmark
Garry Musto, Windmark
Cindy Starr, Pension Office

1. **OPENING COMMENTS**

S. Grant welcomed everyone to the meeting and hopes everyone is staying healthy and safe.

2. **APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the June 26, 2020 meeting.

MOTION made by N. Shevock and seconded by H. Stafford to approve the Public Minutes of the June 26, 2020 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the June 26, 2020 meeting.

MOTION made by H. Stafford and seconded by A. Agra to approve the Executive Minutes of the June 26, 2020 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. **AUDIT COMMITTEE UPDATE**

The next Audit Committee meeting will be held on November 13, 2020.

J. Adams reported that we are planning for the external audit. Preplanning CAFR preparations and everything we could do in advance has been extremely helpful. Ms. Adams stated we do not anticipate any issues. S. Grant stated that J. Adams and her team have done a great job with all of the challenges we have had due to COVID-19.

4. **GOVERNANCE COMMITTEE UPDATE**

Nothing to report.

5. **PENSION ADVISORY COUNCIL UPDATE**

Nothing to report.

6. PENSION ADMINISTRATOR UPDATE

Employee Recognition

J. Adams announced the Employees of the Quarter for the Office of Pensions.

Congratulations to Duana Sauls and Kari Overington! They are the newest employees of the quarter. Duana Sauls was nominated for automatically stepping up when R. Ridley-Martin transferred to Training & Development. She is currently managing her job plus many Medicare duties that Ms. Ridley-Martin was responsible for. Medicare tasks are much more complicated these days since the Social Security Administration offices are currently closed to the public. Kari was nominated for her work with the City of Wilmington. The City of Wilmington data is current for the first time in over 3 three years. Kari played a key role in that process plus switched to the Pension Calculation section during this time. She continued to meet the demands of her new role in Pension Calculation during this time and took on the additional task of training Jodie Wedel on the 2nd check process. Additionally, Ms. Overington identified an issue from the 2009 compensation solution when salaries were temporarily decreased resulting in saving the pension fund money as several retirees would have erroneously received a higher pension benefit than they should have due to overinflated creditable compensation.

Positions

Ms. Adams reported that 10 out of 60 positions are vacant. Second interviews were completed for our vacant Human Resources Specialist V. We have also received approval to fill 4 positions. Three of the four positions will work in our Pension Administration Section. Ms. Adams stated that the amount of time for a new employee to be fully trained is one to two years. We also have 3 vacant casual seasonal positions.

Office Activities

J. Adams reported that the office is maintaining business as usual. Group Counseling and Training activity was stopped due to COVID-19. Incoming phone calls have also increased a bit.

Monthly Activities

The Pension Office will be offering in-person training with a limit of two attendees.

The first virtual Pre-Retirement Workshop will be held live via Webex on Friday, August 7th. An email has been distributed to all State employees. Our IT staff will be available to support connection issues if members contact the Pension Office for support.

Ms. Adams stated that there is a lot of uneasiness with the education sector. Calls from teachers have increased and we have received a few more pension applications. We expect to see an increase in retirements the closer we get to the beginning of the new school. As of today, we are nearing 400 pension applications. We continue to watch closely and are prepared for an increase in September.

Disability Report

Ms. Adams reported that we have 3 new disability cases for the past quarter. There is nothing out of the ordinary.

Reporting Schedule

Ms. Adams reported that the meeting dates have been updated and that we are lagging on a lot of the items due to COVID-19.

Other

J. Adams reminded the Board that the Cyber Security Training needs to be completed by September.

7. DEPUTY ATTORNEY GENERAL UPDATE

Nothing to report.

8. INVESTMENT COMMITTEE UPDATE

Mr. Gooderham reported that global equity markets finished a strong second quarter with gains in June. Despite rising coronavirus cases in parts of the US, the gradual reopening of economies in the US and abroad as well as stimulative monetary and fiscal conditions helped stocks move higher for the period. Growth continued to outperform value, while international and emerging markets outpaced domestic stocks in the month. The Russell 3000 index gained 2.3%, while the MSCI EAFE index advanced 3.4% and MSCI Emerging Markets index rallied 7.4%. In fixed income markets, yields were little changed, while credit-oriented fixed income rallied alongside stocks. For the month, the broad Bloomberg Barclays Universal bond index was up 0.8% and the riskier Bloomberg Barclays High Yield index gained 1.0%.

Mr. Gooderham reported DPERS Fund assets are estimated to be \$10,883.1 million at June 30, 2020, representing a net increase of \$193.3 million during the month. Estimated returns through June 30, 2020 are as follows:

<u>Fund</u>	<u>Jun-20</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	2.1%	0.5%	6.0%
S & P 500 Index	2.0%	-3.1%	7.5%
Delaware 7.3% Benchmark**	2.1%	-1.3%	5.1%

*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, .5% Barclays TIPS Index, 2% T-bills

Mr. Gooderham reported that at the June 14th Investment Committee meeting the Committee reviewed and discussed the following:

- Fiscal Year End Performance
- Other Business Items
 - ATV VIII Term Extension
- Private Investments Review
- Investment Policy
 - Policy Review
 - Policy Implementation Follow Up
- Opportunities in Health Care
- Market Outlook

Mr. Gooderham reported that the Committee had approved under its authority to amend documents relating to manager schedules and contracts over which it exercises authority:

- A term extension for Advanced Technology Ventures VIII, L.P.

The next meeting of the Investment Committee will be held Tuesday, August 18, 2020.

MOTION made by A. Agra 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 ADOPTED UNANIMOUSLY

MOTION made by H. Stafford and seconded by N. Shevock to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by A. Agra and seconded by H. Stafford to approve the amended Statement of Investment Policies and Objectives as of July 31, 2020.

MOTION ADOPTED UNANIMOUSLY

S. Grant thanked the Audit Committee Members who are retiring from the Audit Committee and from the University of Delaware, for their time and commitment to the Board of Pension Trustees.

MOTION made by S. Shevock and seconded by H. Stafford 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

At this point in the meeting everyone was excused except for the Board and Deputy Attorney General, Ann Marie Johnson.

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

MOTION ADOPTED UNANIMOUSLY

MOTION made by T. Shaw and seconded by H. Stafford to approve the Panel's recommendation that the Board remand the appeal to the Office of Pensions to take further action consistent with the Recommendation, and report to the Board within 90 days.

MOTION ADOPTED UNANIMOUSLY

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 12:16 p.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,

Joanna M. Adams

Joanna M. Adams (Sep 28, 2020 10:49 EDT)

Joanna M. Adams
Pension Administrator

Suzanne Grant

Suzanne Grant (Sep 30, 2020 15:00 EDT)

Suzanne Grant, Chair
Board of Pension Trustees