

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF JUNE 26, 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
Mike Jackson

Trustees Absent

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
Elaine Loboda, Pension Office
Mary Wood, Pension Office
Khairat Makanjuola, Pension Office
Josh Hitchens, Pension Office
Joe Molloy, Pension Advisory Council
Stephenie Tatman, Pension Office
Garry Musto, Windmark
Rob Gooderham, Windmark
Luther Yost, Clearwater Analytics
Thomas Lofton, Clearwater Analytics

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 May 29, 2020 meeting.

MOTION made by T. Shaw and seconded by A. Agra to approve the Public Minutes of the May 29, 2020 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the May 29, 2020 meeting.

MOTION made by H. Stafford and seconded by T. Shaw to approve the Executive Minutes of the May 29, 2020 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. **PENSION AUDIT REPORT**

Nothing to report.

4. **GOVERNANCE COMMITTEE**

Nothing to report.

5. **PENSION ADVISORY COUNCIL REPORT**

J. Malloy asked M. Jackson if there will be any significant changes for this next fiscal year. M. Jackson stated there would be no significant changes. On behalf of the Pension Advisory Council, Mr. Malloy thanked Mr. Jackson.

6. PENSION ADMINISTRATOR REPORT

Employee Recognition

Elaine Loboda's last day as an active employee before she joins the 30,000+ retirees is June 30th. Elaine is retiring with 28 ½ years of service, all but one of those in the Pension Office. Ms. Loboda always seemed to know that unique piece of knowledge that nobody else did. She truly cared about her responsibilities and was always willing to help in any way possible. Elaine's knowledge, professionalism and work ethic is invaluable. Ms. Adams thanked Ms. Loboda for her service. S. Grant, on behalf of the Board, thanked Ms. Loboda for her service and wished her the best.

Ms. Adams reported that DPERS has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for FY19, which marks the twenty-fourth consecutive year that the system has received this award for excellence in CAFR presentation.

FY19 was the first year of reporting after comingling the OPEB Trust Fund with the DPERS Pension Fund, which presented its own unique set of challenges. Investments & Accounting performed with its consistent excellence, and the DPERS FY19 audit had an unprecedented and positive report with no critical findings to report to the Audit Committee. This resulted in the CAFR excellence award.

Grades in all categories evaluated continues to be proficient, with the number of comments for improvement now down to one. Next year, we expect none.

Ms. Adams congratulated Josh Hitchens, Khairat Makanjuola and their teams.

Positions

Ms. Adams reported that we currently have one position posted, which is a supervisory position the Payroll Section.

Office Activities

Training has been halted. Pen-App class 2 day is scheduled for July. We are close to offering virtual training.

Reporting Schedule

Meeting dates have been updated.

Other

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

Ms. Adams stated that HB301 was signed by the Governor last week which eliminated the Business Enterprise Program within the Division of Visually Impaired as participants in the State Employees' Pension Plan (29 Delaware Code §5501(m)) effective January 1, 2020. The current participants will either retire, vest or withdrawal their contributions.

7. DEPUTY ATTORNEY GENERAL REPORT

Nothing to report.

8. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that during May, coronavirus infections rates declined, the oil price bounced, and unemployment data reached Depression levels. With expected earnings declines flattening out after first quarter reports, global equity markets continued to rebound in the month. Growth continued to outperform value, while small cap bounced, and international and emerging markets were weakest. The Russell 3000 index gained 5.3%, while the MSCI EAFE index advanced 4.4% and the MSCI Emerging Markets index was up 0.8%. In fixed income markets, credit did well, securitized debt recovered, and long-term Treasury bonds were weak. For the month, the broad Bloomberg Barclays Universal bond index was up 0.9% and the riskier Bloomberg Barclays High Yield index gained 4.4%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$10,689.8 million at May 31, 2020, representing a net increase of \$177.0 million during the month. Estimated returns through May 31, 2020 are as follows:

<u>Fund</u>	<u>May-20</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	2.0%	3.8%	6.9%
S & P 500 Index	4.8%	5.4%	12.8%
Delaware 7.3% Benchmark**	3.1%	3.0%	7.5%

*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 June 9th and June 23rd. He reported that, at its June 9th meeting, the Investment Committee reviewed and discussed:

- Other Business Items:
 - Viking Global Opportunities Lockup Expiry
 - Riverstone/Carlyle Renewable Energy II Consent
 - NT Prime Obligations Fund Follow Up
 - LIBOR / SOFR transition (education)
 - T. Rowe Price Floating Rate Schedule A Update
 - FX Transparency Follow Up
- Fiduciary Training
- Risk Tolerance Follow Up
- Asset Allocation
 - Risk Premium Analysis
 - Risk Index Update
- Annual Investment Manager Fee Study

He reported that, at its June 23rd meeting, the Investment Committee reviewed and discussed:

- Trident V Wind-up
- Policy Risk Tolerance Follow-Up:
 - Benchmark (Annual Review)
 - Portfolio Implications
- Long Term Return Assumption: Actuarial and GASB 67
- Asset Allocation Update

Mr. Gooderham reported that the Investment Committee had approved at its June 9th meeting, under its authority to amend documents relating to manager schedules and contracts over which it exercises authority:

- A consent request for Riverstone/Carlyle Renewable Energy Partners II.
- A Schedule change to the T. Rowe Price Floating Rate account, subject to legal review.

The next meeting of the Investment Committee is scheduled for Tuesday, July 14th, 2020.

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

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Stafford and seconded by T. Shaw that after thorough review, the Board will not change the 7% long-term return assumption used for GASB and actuarial purposes.

MOTION ADOPTED UNANIMOUSLY

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 10:41 a.m., there being no further business, **MOTION** was made by A. Agra and seconded by T. Shaw to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,


Joanna M. Adams (Aug 3, 2020 08:58 EDT)

Joanna M. Adams
Pension Administrator


Suzanne B. Grant (Aug 5, 2020 18:35 EDT)

Suzanne Grant, Chair
Board of Pension Trustees