

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 JANUARY 31, 2020

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
Mike Jackson
Art Agra
Tom Shaw (via phone)
Harold Stafford

Trustees Absent

Nancy Shevock
Rick Geisenberger

Others Present

Joanna Adams, Pension Office
Terri Timmons, Pension Office
Jamie Mayan, Pension Office
Ann Marie Johnson, Deputy Attorney General
Khairat Makanjuola, Pension Office
Jeff Johnson, Pension Office
Stephenie Tatman, Pension Office
Rob Gooderham, Windmark
Sara Williams, Windmark
Joe Malloy, Pension Advisory Council
Robin Hartnett-Sterner, Pension Office

Amy Cole, Pension Office
Mary Wood, Pension Office
Kristal Diaz, Pension Office

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting. J. Adams stated she wanted the Board to have more exposure to the managers of the office. She then introduced M. Wood, R. Hartnett-Sterner, K. Diaz and A. Cole.

2. **APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the December 6, 2019 meeting.

MOTION made by A. Agra and seconded by H. Stafford to approve the Public Minutes of the December 6, 2019 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the December 6, 2019 meeting.

MOTION made by H. Stafford and seconded by A. Agra to approve the Executive Minutes, as amended, of the December 6, 2019 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. **PENSION AUDIT REPORT**

S. Tatman reported that the next Audit Committee meeting will be held on February 21st. S. Tatman will report to the Board, during the April Board meeting, an update on the investment audit. S. Tatman thanked R. Gooderham and Windmark for their help with this audit.

The RFP Committee, for the External Audit RFP, will make a presentation to the Audit Committee and then to the Board. S. Tatman thanked H. Stafford for representing the Board on the RFP Committee.

4. **GOVERNANCE COMMITTEE**

Nothing to report.

5. **PENSION ADVISORY COUNCIL REPORT**

J. Malloy reported that there has been no quorum for the past few meetings. Because of this the Pension Advisory Council has not held elections, nor do they have any proposals at this time for a Post Retirement Increase (PRI), but would like to see legislation regarding a PRI. J. Malloy stated he would also like to see legislation for all public safety members concerning cancer. A. Johnson is looking into this, and J. Malloy has forwarded information to J. Adams.

6. PENSION ADMINISTRATOR REPORT

T. Timmons presented the Board with a PowerPoint presentation of the Support Services Section she manages. Topics included the following:

- Section Responsibilities
- Successes for 2019
- Goals for 2020
- Current Initiatives
- Major Challenges

Employee Recognition

J. Adams announced that Jamie Mayan was awarded the Employee for the 4th Quarter.

J. Mayan successfully completed her daily tasks in addition to much of her supervisor's responsibilities for almost 3 months while her supervisor was on an extended leave. During this period, Ms. Mayan coordinated all materials and communications for the Board of Pension Trustees, Audit and Governance Committee meetings in addition to drafting public and executive session minutes. Ms. Mayan also received, opened, forwarded, and sometimes handled, over 2,500 emails from the Pension Office email box. Ms. Mayan was the primary administrative support for the Pension Administrator and the Deputy Pension Administrator in addition to handling all the required processes for posting and hiring vacant positions within the office.

In addition to the additional duties of her supervisor that she completed, Ms. Mayan also was the primary liaison between Executive Management and the Property Manager as we entered building renovations. Ms. Mayan was also the primary trainer for 2 new hires supporting the front desk.

New Investment Committee Member

J. Adams reported that Donald T. Marchesiello has been nominated to become the newest member of the Investment Committee. S. Grant presented the Board with the background of Mr. Marchesiello.

MOTION made by A. Agra and seconded by H. Stafford to approve the nomination of Donald T. Marchesiello to become a member of DPERS Investment Committee.

MOTION ADOPTED UNANIMOUSLY

Positions

J. Adams reported that the following positions have interviews schedule:

- Deputy Pension Administrator
- Human Resources Specialist I

She noted that we have requested to fill 5 other vacancies.

County and Municipal Pension Plan

J. Adams reported that the Greenwood Volunteer Fire Company wishes to enter into a contract with the State Board of Pension Trustees to allow the Fire Company to participate in the County and Municipal General Employees' Pension Plan with an effective date of January 1, 2020.

After a brief discussion was held the following motion was set forth.

MOTION made by H. Stafford and seconded by A. Agra to allow the Greenwood Volunteer Fire Company to join the County and Municipal General Employees' Pension Plan, effective January 1, 2020.

MOTION ADOPTED UNANIMOUSLY

Office Activities

J. Adams reported the FY20 2nd quarter activities of the Pension Office.

- Healthcare additions and changes dropped during the 2nd quarter due to activities related to Open Healthcare Enrollment in the 1st quarter
- New Pension Applications dropped due to August payroll is our busiest month
- Group Counseling sessions increased due to these sessions being terminated during the 1st quarter

Monthly Activities

Ms. Adams stated that Pension office is planning payroll and pension application trainings for the month of February. We also have two retirement group counseling sessions schedule for February.

The report on Disabilities by category reflects we have 3 new cases.

Retiree Annual Statements and year-end tax documents were mailed this week. Our phone calls and walk-in customers have increased due to the mailing.

Reporting Schedule

Ms. Adams reported that nothing has changed on this report. She noted that the upcoming meetings, on the bottom of the report, had been updated.

7. DEPUTY ATTORNEY GENERAL REPORT

Nothing to report.

8. INVESTMENT COMMITTEE REPORT

Global equity markets capped off a strong year with gains in December. Accommodative monetary policy and optimism over a “phase one” trade deal between the US and China helped equity markets move higher. US equities, as measured by the Russell 3000 index, posted a 2.9% gain for the month and hit new all-time highs. International equity performance was higher as the MSCI EAFE index advanced 3.3% and the MSCI Emerging Markets index rallied 7.5%. In fixed income markets, yields moved modestly higher and credit spreads narrowed. For the month, the broad Bloomberg Barclays Universal index was up 0.1% and the riskier Bloomberg Barclays High Yield index both posted a 2.0% gain.

DPERS Fund assets are estimated to be \$11,031.50 million at December 31, 2019, representing a net increase of \$112.4 million during the month. Estimated returns through December 31, 2019 are as follows:

<u>Fund</u>	<u>Dec-19</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	1.7%	5.5%	13.8%
S & P 500 Index	3.0%	10.9%	31.5%
Delaware	2.0%	6.4%	19.7%
Benchmark**			

**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

R. Gooderham reported that the Investment Committee, on January 14th, reviewed and discussed the following:

- A Fixed Income Strategy Review & Asset Allocation Recommendations
- A presentation on Peer Group Risk Analysis
- A presentation on Private Investments including:
 - Term Amendments & Fund Liquidations
 - 4Q19 Review
 - The Distribution Management Account
 - Outlook

Items that were approved under the Investment Committee’s authority was:

- The liquidation of the Loomis Sayles account (~\$407 million), \$75 million reduction of the Mellon TIPS strategy account, and \$50 million reduction of the T. Rowe Price Floating Rate account, with all proceeds to be allocated to the BlackRock Debt (Aggregate) Index fund.
- A schedule change to the Wellington Management contract.

R. Gooderham reported that the Investment Committee, on January 28th, reviewed and discussed the following:

- A presentation on the Fund's Equity Allocations
- A presentation from AJO on their Managed Volatility Strategy
- A research presentation on Active U.S. Large Cap Core Equity Mandates

The Investment Committee, under its authority, with at least two Board members voting in favor:

- An amendment to the Limited Partnership Agreement for Summit Partners Private Equity Fund VII-A, L.P.
- The movement of \$100 million from the AJO account with proceeds allocated \$50 million to each of the BlackRock S&P 500 Equity Index and the BlackRock Russell 1000 Value Index accounts.

The next meeting of the Investment Committee is scheduled for Tuesday, February 18, 2020.

MOTION made by H. Stafford 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 A. Agra and seconded by M. Jackson to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by A. Agra and seconded by M. Jackson to approve the Hearing Officers recommendation to affirm the decision and deny Mr. Perry Phelps' request to waive the \$4,407.34 in unpaid contribution.

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Stafford and seconded by A. Agra to approve DPERS Resolution to designate The Northern Trust Company as a depository in which funds of DPERS may be deposited for the purpose of ACH debit transactions in accounts of County Municipal employers for the remittance of employer and employee pension contributions.

MOTION ADOPTED UNANIMOUSLY

9. **PENDING ITEMS**

There were no pending items.

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 11:06 a.m., there being no further business, MOTION was made by A. Agra and seconded by H. Stafford to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Joanna M. Adams
Pension Administrator

Suzanne Grant, Chair
Board of Pension Trustees