

NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of June 18, 2014

The regular meeting of the Board of Trustees was held on June 18, 2014 in the Government Center (Manager's Conference Room), 87 Reads Way, New Castle, DE 19720.

<p align="center"><u>BOARD MEMBERS PRESENT:</u></p> <p>Christine Dunning, CHRO Douglas Merrill, FOP Lodge #5 Kenneth Porter, Trustee Michael Coupe, CFO Michael Finnigan, Trustee(Ret), Acting Chairperson Paul Frese, Trustee Non-Union Members Regis Yurcich, Trustee, Local #1607 Rich Piekarski, Jr., Trustee, Local #3109 Robert Barczak, Trustee, Local #459 Saul Polish, Trustee, Local #3911</p>	<p align="center"><u>BOARD MEMBERS ABSENT:</u></p> <p>Daniel McFadden, Chairperson Terry Stone, Trustee</p>
<p align="center"><u>OTHERS PRESENT:</u></p> <p>Nicole Racing, Secretary Local 3019 Christine Piekarski, NCC/Finance Bob Wasserbach, County Auditor Linda Reed, NCC/Finance Lynne McIntosh, NCC Audit Dept. Ed Milowicki, NCC/Finance Steven Cunliffe, NCC/Treasury</p>	<p align="center"><u>STAFF PRESENT:</u></p> <p>Tammi Martin, Pension and Benefits Administrator Marlaine White, Asst. County Attorney II Rowena P. Liles, Pension Board Secretary</p>
<p align="center"><u>INVITED GUESTS:</u></p> <p align="center">Kevin Leonard, NEPC Chris Lazzaro, Loomis Sayles</p>	

The meeting was called to order at 8:04 a.m.

8:04 a.m. MINUTES

The minutes from the May 21, 2014 meeting are attached for approval.

Saul Polish made a motion to approve the minutes from the May 21, 2014 meeting.

*The motion was seconded by Christine Dunning and approved.

For: (8) Barczak, Dunning, Finnigan, Frese, Merrill, Piekarski, Polish and Porter

Against: (0)

8:05 a.m. INVOICES APPROVED

Boomershine Consulting Group	\$7,340.00	April, 2014
------------------------------	------------	-------------

Paul Frese made a motion to approve the invoice payment.

*The motion was seconded by Saul Polish and approved.

For: (8) Barczak, Dunning, Finnigan, Frese, Merrill, Piekarski, Polish and Porter

Against: (0)

NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of June 18, 2014

8:05 a.m. COORDINATOR'S REPORT by Tammi Martin

- ❖ Crescent Lending Capital Call – *We received a Capital Call from Crescent Lending in the amount of \$2.5 million dollars on May 29, 2014.*
- ❖ Lexington Partners Distribution – *We received a distribution from Lexington Partners on May 30, 2014 for \$40,990.*
- ❖ Pension Trust Asset Summary – *The Pension Trust Asset Summary will be sent to you electronically, as the books for May haven't closed.*

8:06 a.m. APPLICATIONS FOR BENEFITS APPROVED

Service Retirements

Thomas L. Peralta	\$5,500.27	June 7, 2014
Robert Becker	\$6,534.40	July 9, 2014
Mildred Emerich	\$470.00	June 7, 2014

Rich Piekarski made a motion to approve the service benefits.

*The motion was seconded by Paul Frese and approved.

For: (9) Barczak, Dunning, Finnigan, Frese, Merrill, Piekarski, Polish, Porter and Yurcich

Against: (0)

8:06 a.m. Benefit Conversion

Mark D. Tobin	\$3,618.32	May 10, 2014
James C. Armstrong	\$4,557.07	May 16, 2014

Christine Dunning made a motion to approve the service benefits.

*The motion was seconded by Paul Frese and approved.

For: (9) Barczak, Dunning, Finnigan, Frese, Merrill, Piekarski, Polish, Porter and Yurcich

Against: (0)

8:06 a.m. Survivor Benefits

Patricia McCafferty	\$1,543.36	May 25, 2014
---------------------	------------	--------------

Doug Merrill made a motion to approve the survivor benefits.

*The motion was seconded by Ken Porter and approved.

For: (9) Barczak, Dunning, Finnigan, Frese, Merrill, Piekarski, Polish, Porter and Yurcich

Against: (0)

8:06 a.m. Lump Sum Benefits

Greene Walls	\$629.10
--------------	----------

Rich Piekarski made a motion to approve the lump sum benefits.

*The motion was seconded by Paul Frese and approved.

For: (9) Barczak, Dunning, Finnigan, Frese, Merrill, Piekarski, Polish, Porter and Yurcich

Against: (0)

8:07 a.m. OLD BUSINESS

- Discussion on House Bill No. 279 – *Mike Finnigan informed the Board that he reached out to Senator Blevins, President Pro-Temp asking for clarification on exactly what this was. She in turn reached out to David Craik, Pension Coordinator from the State Pension Office.*

NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of June 18, 2014

OLD BUSINESS (Cont'd)

One of his questions was the legislation. It is an enabling legislation. It doesn't mean we move forward on it unilaterally. I mean this is something we have to make a decision on. His fear was that this was going to take existing members out of the plan and move them to the State plan. David Craik from his email to Senator Blevins said that wasn't his understanding of the legislation. That is the only thing I have to offer on this. One thing I am disappointed in is that this legislation was proposed in Dover in March 2014 and we didn't find out until May 2014. I'm a little disappointed that we weren't included in the loop.

The Board held a discussion on the matter. Several suggestions were made, but the Board requested that a letter be sent to the County Executive for clarification and the path forward on the issue.

- *Liquidity Study discussion – Kevin provided an overview from last month's meeting.*
- *Marlaine will not be able to attend the NAPAA conference and would like to get the conference materials.*
- *Marlaine has received the newly negotiated MetLife contracts, in the law department, for 457(b) and 401(a) Defined Contribution Benefit. The 457(b) that is the County and is not for the Board. The 401(a) Defined Contribution Benefit contract I will be discussing with the MetLife representative the changes that need to be made because that will be signed by Christine, as the signatory for the Board, because under the NCC Code the board is responsible for that which makes sense because it is the Hybrid Plan. I believe ICMA-RC they will cease to service the Defined Contribution accounts my understanding from the County Solicitor is July 1st. We will be hustling to just get the contract tided up because I think it was just an error, but they had everything out for New Castle County the employer, but the Defined Contribution portion of the Hybrid Plan is the Board's responsibility. You are separate and distinct as the trust from the County so that will be Christine. It will not have to go through contract tracking and we will get that done before July 1st. That is just an update on that. One other thing, Tammi and I discussed this briefly. I believe at one point prior to the winter NAPPA conference, we had discussed me giving a more in-depth fiduciary duty discussion. I think that got bumped off the agenda over time with different things. I think it is time we had that discussion. I should have all the NAPPA materials and we can put that on the July agenda.*

Rich asked what specifically is the Boards responsibility as code permits with the 401(a) accounts.

Marlaine referenced the NCC Code Section 26.04.717(C) "The defined contribution portion of the County 2011 Plan shall be an individual account plan. The Board shall establish and maintain an account in the name of each member to which shall be credited as of each valuation date, all amounts allocated to a particular account of each such member as set forth herein". There is other verbiage in that section, but not necessarily to your point, but MetLife will be performing that function for you. The Board doesn't have to establish accounts. The service provider should be doing that. We can get into the details of that later, if you feel it is necessary. NCC Code Section 26.04.717(D) "The assets in the accounts of the members shall be invested by the Board, unless the Board, at its discretion, permits the members to direct the Board, in writing (or in such other form which is acceptable to the Board), to invest their entire accounts in specific assets, specific funds or other investments selected at the discretion of the Board, subject to procedures established by the Board". I think we need to get this contract finalized and taken care of because of ICMA-RC's stopping servicing the account in July. We can work out particular details for Section D with MetLife. That's my anticipation.

NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of June 18, 2014

OLD BUSINESS (Cont'd)

A discussion was held on the 401(a) Defined Contribution Plan and the contract. The action items are listed as follows:

- 1. Marlaine will provide investment fund options electronically to the members.*
- 2. Quarterly performance review from MetLife*
- 3. Kevin Leonard will speak to Paul Perry (NEPC) on DC plans.*
- 4. Marlaine White will reach out to National Association of Public Pension Plan Attorneys for assistance.*
- 5. Ask MetLife to come in to make a presentation to the Board at the August 20th monthly meeting.*

Mike Coupe made a motion for a 5 minute break.

**The motion was seconded by Ken Porter and approved.*

For: (10) Barczak, Coupe, Dunning, Finnigan, Frese, Merrill, Piekarski, Polish, Porter and Yurcich

Against: (0)

The meeting reconvened at 9:35 a.m.

9:35 a.m. NEW BUSINESS

- Loomis Sayles portfolio review by Chris Lazzaro, VP Client Portfolio Manager.*
- Review the Preliminary Investment Performance "Flash" report for the period ending May 31, 2014 – Kevin distributed copies of the Preliminary Investment Performance "Flash" report for the period ending May 31, 2014 and the Weekly Markets & Indicators as of June 12, 2014 for review and discussion. NEPC will continue to monitor Cupps Capital Mtg. performance and send updates to the Board.*
- Council inquiry regarding addition of 2 Subject Matter Experts – Tammi received a phone call from Councilman Weiner with regards to whether or not the Board was interested in adding two additional subject matter experts to the Board. I know that this has come up before, and I wanted to find out what the interest was of the Board.*

The Board held a discussion on the issue. It was recommended that Tammi draft a letter to Councilman Weiner with the Boards feedback and Marlaine will clarify what the role would be of an advisory member.

Mike Coupe brought up the matter of changing the date of the Pension Board meetings, due to Pension Payroll being transitioned to the Finance department. Mike will do more research and analysis as to why the meeting date needs to be changed and report to the Board next month. The meeting date next month will remain the third Wednesday.

Rich asked for an electronic copy of the 2014 Actuarial Assumption Review report.

Mike Coupe made a motion to adjourn the meeting at 10:39 a.m.

** The motion was seconded by Saul Polish and approved.*

For: (10) Barczak, Coupe, Dunning, Finnigan, Frese, Merrill, Piekarski, Polish, Porter and Yurcich

Against: (0)