

NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of June 17, 2015

The regular meeting of the Board of Trustees was held on June 17, 2015 in the Government Center (Manager's Conference Room), 87 Reads Way, New Castle, DE 19720.

The meeting was called to order at 8:10 a.m.

<p align="center"><u>BOARD MEMBERS PRESENT:</u></p> <p>Christine Dunning, CHRO Daniel McFadden, Chairperson Douglas Merrill, FOP Lodge #5 Kenneth Porter, Trustee Michael Coupe, CFO Michael Finnigan, Trustee, Retirees Paul Frese, Trustee Non-Union Members Regis Yurcich, Trustee, Local #1607 Rich Piekarski, Jr., Trustee, Local #3109 Terry Stone, Trustee</p>	<p align="center"><u>BOARD MEMBERS ABSENT:</u></p> <p>Robert Barczak, Trustee, Local #459 Saul Polish, Trustee, Local #3911</p> <p align="center"><u>STAFF PRESENT:</u></p> <p>Susan Lawler, Pension/Benefits Coordinator Judi Mitchell, First Asst. County Attorney Rowena P. Liles, Administrative Aide</p> <p align="center"><u>INVITED GUESTS:</u></p> <p>Kevin Leonard, NEPC</p>
<p align="center"><u>OTHERS PRESENT:</u></p> <p>Maria Scarpa, NCC/Finance Nicole Racine, Local 3109 Lynne McIntosh, NCC/Audit</p>	

8:11 a.m. APPROVAL OF THE INVOICES

Boomershine Consulting Group	\$2,750.00	April, 2015
Mellon Capital	\$97,060.21	1 st Quarter 2015
State Street Corp.	\$250.00	Class Action Admin Fees
State Street Corp.	\$12,050.97	April, 2015
State Street Corp.	\$125.00	Class Action Admin Fees

A motion was made by Ken Porter and seconded by Doug Merrill to approve the payment of invoices.

*THE MOTION WAS PASSED UNANIMOUSLY.

8:11 a.m. APPROVAL OF THE MINUTES

The minutes from the May 20, 2015 meeting are attached for approval.

Christine – *On Pg. 4, the first sentence under Old Business a typographical error was made. It should be thing and not think.*

A motion was made by Rich Piekarski and seconded by Doug Merrill to approve the minutes from the May 20, 2015 meeting with the noted change above being made.

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8:12 a.m. APPROVAL OF THE APPLICATIONS FOR BENEFITS

Service Retirements

Steven Andrews	\$2,021.81	July 1, 2015
Margaret Ellwein	\$4,324.76	May 23, 2015
Sandra H. Gardner	\$1,199.11	June 8, 2015

8:12 a.m. Survivor Benefits

Kathleen F. Moon for Clyde W. Moon	\$1,332.76	May 11, 2015
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8:12 a.m. Lump Sum Benefits

R. Drew Timmins, Jr. for Edith Timmins	\$1,609.41
Steven J. Timmins for Edith Timmins	\$1,609.42
Herbert F. Chapman for Herbert A. Chapman	\$1,384.25

8:12 a.m. Refund Benefits

Thomas Hobbs	\$6,817.26	RetAMD
Shawn Gaines	\$1,106.80	CPEMS

A motion was made by Doug Merrill and seconded by Terry Stone to approve the service benefits, survivor benefit, lump sum benefits and refund benefits.

*THE MOTION WAS PASSED UNANIMOUSLY.

8:13 a.m. COORDINATOR'S REPORT by Susan Lawler

❖ Potential Revisions for the 2011 Pension Plan (For informational purposes only) – *A memo was distributed by email or hardcopy the information from an employee who submitted some suggestions to potentially change some provisions to the County 2011 Plan. We often get unsolicited recommendations with respect to changes people want to make to the plan. I just think it important that the Board be aware of it. Obviously, we don't send out requests and we are not actively seeking to make changes. So this is what was presented for informational purposes. We will put it into a file so in the future, if the Board chooses to make revisions, you can do so. There are some inaccuracies with some statements presented, but I don't think, in light of the fact that we are not looking to make changes at this point, that that really deserves a response other than to accept it as a Board for future reference if necessary.*

❖

A discussion was held on the information provided, but no action will be taken at this time.

❖ JP Morgan Chase announcement resolution of respective foreign-exchange inquiries (Kevin Leonard) - *JP Morgan is a Real Estate Manager in your portfolio. They issued a letter to all of their clients letting everyone know that they settled a lawsuit along with other major financial institutions with regards to anti-trust violations and foreign exchange. You probably heard way too much about foreign exchange where traders were doing unethical trades. JP Morgan obviously one of many was just letting all clients know it doesn't hurt their business and everything is going to be fine. In your case, the Real Estate portfolio has nothing to do with what they do for you. There is no concern there.*

❖ Northstar Mezzanine Partners Final Closings Return of Capital and Capital Call #14 (Susan Lawler) – *Northstar Mezzanine Partners there was a Return of Capital and a Capital Call actually the Return of Capital covered the Capital Call. That was number 14 for the year and it was an add-on investment for Integrated Cable Assembly Holdings. Again we had a net return once there was a return of capital and covering that call.*

COORDINATOR'S REPORT (Cont'd)

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- ❖ Crescent Direct Lending Statement of Capital Activity (Susan Lawler) – *What I need to understand, and I apologize when I sound like I'm really fumbling, in a sense I am, the next thing on the list is the Crescent Direct Lending Statement of Capital Activity. We get statements from every single manager and I'm trying to understand of what importance that may be on a monthly or quarterly basis. It's a lot of paperwork and if it's important that you guys see each and every one, that's fine we will make sure to distribute it, in an agreed upon manner, but I'm not sure what you want to see. I know we've talked about obviously wanting to see the capital calls, but do you want to see monthly statements, quarterly statements or is what Kevin provides in the monthly flash report sufficient for our needs?*

Dan – *From my perspective what Kevin provides is sufficient and you're correct the capital calls are a little bit different because it's money going out of the plan or coming back into the plan. At some level, there was a concern that we would be aware of that activity, but monthly activity for a manager that we've given ex amount of dollars to and nothing is coming in and out of the plans other than their normal buy and sell activity, in my opinion, the Board doesn't need to see it.*

Ken – *It's good to know you have them in case we ever need them.*

- ❖ Gross Payroll and Employer Contributions for Month of May 31, 2015 (Susan Lawler) – *The last thing under the Coordinator's Report is the standard May information as it relates to the employee and employer contributions to the trust, in accordance with what the code requires. Again this is just to assure that the County is doing their part in making their contributions.*

Dan – *I'm sorry, but I missed last month's meeting. This is a sheet that I've not seen.*

Susan – *This is a sheet that is an indication of the calculation related to contributions to the trust from both the employees and the employer. I think Paul had asked that this be provided. So we are very clear the County is doing their part in making their contributions. This is a sheet pulled together by the Budget Analyst and the department and is part of the bill or the invoice related to those contributions on a monthly basis.*

Doug – *Will we see this every month now?*

Susan – *Yes.*

Dan – *This is a continuation of the many conversations we've had. Paul it sounds like based on Susan's comments and previous conversation this came from you or a collective. Does this satisfy your needs?*

Paul – *Yes it does.*

Mike F. – *Can we add year-to-date on the spreadsheet?*

Susan – *Yes. We will ask Marzena to amend the spreadsheet, but will that be fiscal or calendar?*

Mike F. – *Fiscal.*

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8:22 a.m. Disability Retirement - The Board may go into Executive Session to discuss the disability retirement application. Susan Lawler will provide the recommendations and medical information at the June 17, 2015 Board meeting.

Robert Weeks has made application for a non-service connected disability pension as a participant in the New Castle County Employees' Pension Plan. If approved, he shall be entitled to a non-service connected disability benefit, in the amount of **\$1,801.80 per month effective July 1, 2015.**

A motion was made by Ken Porter and seconded by Terry Stone to move into Executive Session to discuss the disability application of Robert Weeks.

***THE MOTION WAS PASSED UNANIMOUSLY.**

The meeting reconvened at 8:40 a.m.

Susan – The disability application reviewed in Executive Session we're going to request a motion that it be tabled until further information is available to properly evaluate the request.

A motion was made by Terry Stone and seconded by Mike Finnigan to table the consideration of the disability application until further information is available.

***THE MOTION WAS PASSED UNANIMOUSLY.**

8:41 a.m. OLD BUSINESS

➤ Update – HB#279 (Mike Coupe) – *The update will be that hopefully at the next meeting we will have a good update from Dave Boomershine because we have issued a purchase order now so it can move forward. We can get some analysis done.*

A discussion was held on the topic.

➤ Update – Age Limitation Legislation

Dan – *Who put that on the agenda?*

Susan – *I think it's just been dragging along and I don't know that there is anything is going on. I don't think that anything has actually been put in the form of a formal request. It's just continuing inquiries as it relates to employees requesting changes.*

Dan – *The call to action is what that there is no call to action.*

Susan – *I don't know that there is any reason to continue to update unless it is involved in the HB #279 and some other stuff.*

Terry – *There was discussion month's back where that was tied into HB #279.*

Christine – *The other thing is we have to do this actuary study. People have expressed some things, but I haven't seen any formalized thing about the County 2011 Plan changes. I don't know if that's worth throwing in the mix either.*

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OLD BUSINESS (Cont'd)

- Update - Posting meeting audio to New Castle County website (Christine Dunning) – *That at this point has been tabled for the Pension Board. We post our minutes monthly, once they are approved. If anything changes and they do decide to go that way like County Council does, I will let you know, but at this point Rowena has assured me that they put that aside for now.*

Terry – *Does that save Row any work to keep the audios posted?*

Christine – *It actually creates more work for Rowena because we have an FTR formation that we use. If we were to post the minutes audio, they would like people to do it freely without paying anything. I think for licensing for FTR someone would have to subscribe to it in order to listen to it and we would have to change the system and a few other things. There is work involved in trying to get this done. We are putting things up monthly and we meet monthly. I think part of this discussion was some boards they don't meet monthly. They meet quarterly or they have some problems with quorums and they go months before you see anything posted.*

Dan – *Just out of curiosity, who made the decision to not require us to do this?*

Christine – *Well the problem is the person coordinating the project is resigning shortly. That's why I said that I don't know where it's going to be or if the project will be given to somebody else. So for now it is tabled.*

8:52a.m. NEW BUSINESS

- Review the Preliminary Investment Performance "Flash" report for the period ending May 31, 2015 – (Kevin Leonard, NEPC).
 - *No recommendation of putting more money in Emerging Market Debt, at this time.*
 - *Mellon is doing really well now.*
 - *The Hedge Fund Portfolio we don't have final results as of May 31st so these numbers are all preliminary. The same thing for Opportunistic Debt and Private Equity side. Within the Real Estate Portfolio on a fiscal year basis is up 8.9%. You are overweight in REITS 3.6% vs. 2.5%. You are overweight to Real Estate as an asset class. This is something that we may want to talk about, if we decide we want to take some Fixed Income off the table, maybe Real Estate is a spot that we may want to increase.*
- Results of search for Custodial Services for Trust (Kevin Leonard) – *Kevin reviewed the NEPC Custodial Search booklet dated May, 2015. There were five candidates who responded to the RFI which were JP Morgan, Bank of NY Mellon, Northern Trust, Wells Fargo and State Street. JP Morgan and Bank of NY Mellon both declined. Bank of NY Mellon said they declined because of your size.*

Kevin recommends having Custodial Providers come in July for a service review. He also recommends knowing what we are looking for in the services and qualifications that the Board interview State Street and Northern Trust with the expectation to get State Street to look at their fees and servicing model and at this point depending on where it goes, if you are not happy with State Street or Northern Trust that we can bring in Wells Fargo down the road. Based off the qualifications of both State Street and Northern Trust we don't think at this point Wells Fargo brings all the services needed.

A motion was made by Regis Yurcich and seconded by Ken Porter to interview State Street and Northern Trust for fees and current service models based on their qualifications.

***THE MOTION WAS PASSED UNANIMOUSLY.**

Susan – *Two things for the Board 1) there's been some length of discussion about meeting start times. Is everybody still comfortable with 8:00 o'clock or would there be a preference for 8:30?*

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The Boards response was to keep the meetings at 8:00 a.m.

Susan – 2) with respect to education Ken and Doug, if we could get this approved from the perspective of the Board pay for it presuming it would be against ethical policy for us to allow them to pay for you guys to attend, they are asking that registration be completed by the end of June. I don't want to wait especially for employees because there is an extra level of approval that comes from the Executive Office that we really been running up very hard against registration times, hotel reservations and that kind of thing. Is there anybody else interested in attending?

A motion was made by Terry Stone and seconded by Regis Yurcich to approve Doug Merrill and Ken Porter to attend the 2015 Public Funds Forum on September 8-10, 2015 in Laguna Beach, CA.

***THE MOTION WAS PASSED UNANIMOUSLY.**

Dan – I was not here at the last meeting, but I know it came up in conversation; I received a separate letter as chairman about the Diversity Commission Survey. You all should have gotten an email, but they asked me to bring it up in the meeting, to encourage everyone who hasn't already responded to complete the survey.

9:54 a.m. ADJOURNMENT

A motion was made by Mike Finnigan and seconded by Regis Yurcich to adjourn the meeting at 9:54 a.m.

***THE MOTION WAS PASSED UNANIMOUSLY.**