

NEW CASTLE COUNTY GOVERNMENT EMPLOYEES' PENSION PROGRAM MINUTES of May 17, 2017

The regular meeting of the Board of Trustees was held on May 17, 2017 in the Government Center (Manager's Conference Room), 87 Reads Way, New Castle, DE 19720.

The meeting was called to order at 8:25 a.m.

<p><u>TRUSTEES PRESENT:</u> Vanessa S. Phillips, CHRO Daniel McFadden, Chairperson Brian Maxwell, CFO Michael Finnigan, Trustee, Retirees 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 Terry Stone, Trustee</p>	<p><u>TRUSTEES ABSENT:</u> Daryl Brown, Trustee Douglas Merrill, FOP Lodge #5</p> <p><u>OTHERS PRESENT:</u> Candy Boayue, NCC/Human Resources Christine Piekarski, NCC/Finance Bob Wasserbach, County Auditor Lynne McIntosh, NCC/County Audit Ken Porter, NCC/Finance</p>
<p><u>STAFF PRESENT:</u> Susan Lawler, Pension/Benefits Coordinator Frank Benevento, Pension Program Analyst Marlaine White, Asst. County Attorney Rowena P. Liles, Program Analyst</p>	<p><u>INVITED GUESTS:</u> Kevin Leonard, NEPC Ian Enverga, QMS Capital Mgt. Michael Brandt, QMS Capital Mgt. Graham Capital Mgt., Jennifer Whelen Matthew Wade, Caxton Associates Kelly Griffin, Caxton Associates</p>

APPROVAL OF THE MINUTES (8:25 a.m.)

The minutes from the April 19, 2017 meeting are attached. **Approval is requested.**

A motion was made by Paul Frese and seconded by Rich Piekarski to approve the minutes of April 19, 2017 meeting.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

APPROVAL OF THE INVOICES (8:25 a.m.)

Alliance Bernstein	\$26,725.24	1 st Quarter 2017
Boomershine Consulting Group	\$22,095.00	March, 2017
Eaton Vance	\$11,742.59	1 st Quarter 2017
Income Research & Mgt.	\$27,417.92	1 st Quarter 2017
Loomis Sayles	\$59,264.60	1 st Quarter 2017
Mellon Capital	\$79,643.78	1 st Quarter 2017
NEPC	\$2,204.70	1 st Quarter Expenses
Northern Trust Co.	\$17,018.43	1 st Quarter 2017

Agenda Pg. #1

This agenda shall be subject to change to include the addition or deletion of items received from Pension and Benefits Administrator and/or Pension Board members, including executive sessions, which arise at the time of the meeting. * The Board may go into Executive Session in accordance with Title 29 Delaware Code, Section § 10004(b)(6), (8), and (9).

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APPROVAL OF THE INVOICES (Cont'd)

A motion was made by Rich Piekarski and seconded by Mike Finnigan to approve the payment of invoices.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

COORDINATOR'S REPORT by Susan Lawler (8:26 a.m.)

- ❖ Gross Payroll and Employer Contributions for the month of March 31, 2017.
- ❖ Pension Trust Asset Summary – March 31, 2017.
- ❖ March Pension Payments
 - Payees for April 1,422
 - Benefits total \$3,344,055

A trustee asked to provide the total of active payees in the pension programs. Susan Lawler will provide that information to the Board.

CAPITAL CALLS (8:26 a.m.)

- None

DISTRIBUTION OF CAPITAL (8:26 a.m.)

- Lexington Partners \$41,142.00 April 28, 2017
- Northstar Mezzanine Partners \$172,256.00 May 1, 2017
- Brookfield Capital Partners \$180,092.88 May 9, 2017

APPROVAL OF THE APPLICATIONS FOR BENEFITS (8:27 a.m.)

Service Retirements

George H. Schafer, Jr.	\$1,139.72	June 24, 2017	RetGen
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APPROVAL OF THE SURVIVOR BENEFITS (8:27 a.m.)

Carmen J. Fahey (<i>Susan Fahey</i>)	\$1,151.66	March 31, 2017
John Mackey (<i>Faith Mackey</i>)	\$1,120.90	April 23, 2017

APPROVAL OF THE REFUND BENEFITS (8:27 a.m.)

Benjamin Leo	\$173.88	CPEMS
Aaron Tarpine	\$33,148.48	RetGen
David Buswell	\$5,336.82	CPEMS

A motion was made by Saul Polish and seconded by Mike Finnigan to approve the service retirements, survivor and refund benefits.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

Agenda Pg. #2

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OLD BUSINESS (8:27 a.m.)

- (Frank Benevento) - MetLife Annual Plan Review recap document – *This was just a recap of Ray Abbruzzese's discussion from the March 29th board meeting. It was just a review to his peers and I thought everyone would like a copy as well. That is all that was for informational purposes only.*
- (Frank Benevento) - MetLife contractual status update– *There are a few items we should discuss regarding this. As you know, we are responsible for the 401(a) portion of the County 2011 Plan. MetLife is our Third Party Provider and we currently have a three-year contract with MetLife that expires June 30th of this year, in approximately 45 days. We have to discuss how we are going to move forward with this. I spoke to MetLife and the representatives and they explained to me that our contract is truly Evergreen which means that it will continue off our existing contract even after the expiration. I would recommend, at this point, since there is very little time to vet for an RFP before June 30th, that we put together a document to extend the contract with MetLife for one year with terms of cancellation at any time during that one year period. I did speak with MetLife regarding that and it is acceptable, but they would request a minimum 90-day notice, if we decided to change our provider. I will work with law to put together a one page document to have ready for review, signature and approval by next board meeting. There are a few other items that go along with MetLife that I've encountered throughout this process. The County Plan has an IPS (Investment Policy Statement) that must be renewed each year. That statement is currently being worked on by our staff and NEPC and that should be completed before our next meeting.*

Dan – *Frank can you elaborate on that for a minute. What do you mean being worked on? If we have an IPS in place today, I assume it's valid.*

Frank - *We are at the three year point where it just has to be updated on the investments. There are no policy changes it's just a matter of percentages for investments.*

The discussion continued on the MetLife contract and IPS document.

Frank recommends creating an IPS document for the 401(a) part of the County 2011 Plan and also a Third Party Administrator RFP.

A question and answer session was held on the MetLife contract.

- Update - (Vanessa Phillips) – Pension section staffing and cost allocation for staff personnel. – *The issue is still pending in the County Executives office.*

Agenda Pg. #3

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NEW BUSINESS (8:42 a.m.)

- (Kevin Leonard, NEPC) - Review the Preliminary Investment Performance "Flash" report for the period ending April 30, 2017. *The meeting materials were sent electronically to the trustees. NEPC made the following recommendations:*
 1. *Bringing in Mellon Global for performance review in July, 2017.*
 2. *Putting Alliance Bernstein & Co. on the watch list with possible replacement.*
- Request Board approval for Susan Lawler and Saul Polish to attend the 63rd Annual Employee Benefits Conference on October 22-24, 2017 in Las Vegas, NV - (Susan Lawler).

A motion was made by Terry Stone and seconded by Mike Finnigan to approve Susan Lawler and Saul Polish to attend the 63rd Annual Employee Benefits Conference on October 22-24, 2017 in Las Vegas, NV.

***THE MOTION CARRIED (9) YEAS (1) OPPOSE.**

- Investment Manager interviews with three (3) candidates:

Seth Bancroft with NEPC was on the conference call to provide the trustees with an introduction into Global Macro.

- QMS Capital Mgt., LP, presentation by Ian Enverga and Michael Brandt (telephone).

A motion was made by Terry Stone and seconded by Paul Frese to take a 5 minute break.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

The meeting reconvened at 10:10 a.m.

NEW BUSINESS (Cont'd) (10:10 a.m.)

- Investment Manager interviews continued:
 - Graham Capital Mgt., LP. presentation by Jennifer Whelen.

The meeting reconvened at 10:53 a.m.

- Caxton Associates, LP presentation by Matthew Wade and Kelly Griffin.

A question and answer session was held on the presentations and the target allocation for this asset class.

Agenda Pg. #4

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**NEW CASTLE COUNTY GOVERNMENT EMPLOYEES' PENSION PROGRAM
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NEW BUSINESS (Cont'd) (12:02 p.m.)

A motion was made by Terry Stone and seconded by Mike Finnigan to move forward to hire Graham Capital Management for the Global Macro with a 2% fund allocation.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

ADJOURNMENT (12:03 p.m.)

A motion was made by Mike Finnigan and seconded by Terry Stone to adjourn the meeting at 12:25 p.m.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**