

**NEW CASTLE COUNTY GOVERNMENT EMPLOYEES' PENSION PROGRAM
MINUTES of April 18, 2018**

The regular meeting of the Board of Trustees was held on April 18, 2018 in the Government Center (Manager's Conference Room), 87 Reads Way, New Castle, DE 19720.

The meeting was called to order at 8:19 a.m.

<p><u>TRUSTEES PRESENT:</u> Helen McKinley, Acting CHRO Daniel McFadden, Chairperson Douglas Merrill, FOP Lodge #5 Brian Maxwell, CFO Paul Frese, Trustee Non-Union Members Regis Yurcich, Trustee, Local #1607 Robert Barczak, Trustee, Local #459 Terry Stone, Trustee</p>	<p><u>TRUSTEES ABSENT:</u> Daryl Brown, Trustee Michael Finnigan, Trustee, Retirees Rich Piekarski, Jr., Trustee, Local #3109 Saul Polish, Trustee, Local #3911</p> <p><u>OTHERS PRESENT:</u> Lynn McIntosh, NCC/Audit Bob Wasserbach, County Auditor</p>
<p><u>STAFF PRESENT:</u> Susan Lawler, Pension/Benefits Coordinator Frank Benevento, Pension Program Analyst Sanjay Bhatnagar, Asst. County Attorney I Rowena P. Liles, Program Analyst</p>	<p><u>INVITED GUESTS:</u> Will Forde, NEPC</p>

APPROVAL OF THE MINUTES (8:19 a.m.)

The minutes from the March 21, 2018 meeting are attached for approval.

A motion was made by Doug Merrill and seconded by Paul Frese to approve the minutes from the March 21, 2018 meeting.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

APPROVAL OF THE INVOICES (8:19 a.m.)

Boomershine Consulting Group	\$8,560.00	February, 2018
Eaton Vance	\$14,673.33	1 st Quarter 2018
Peregrine Capital Mgt.	\$32,142.33	1 st Quarter 2018
Real Estate Mgt.	\$19,314.21	1 st Quarter 2018

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

*THE MOTION WAS ADOPTED UNANIMOUSLY.

COORDINATOR'S REPORT by Susan Lawler (8:20 a.m.)

- ❖ Gross Payroll and Employer Contributions for the month of February.
- ❖ Pension Trust Asset Summary – February, 2108
- ❖ Pension Payments – March, 2018
 - Payees for March 1,452
 - Active Participants 1,059
 - DelPen 377
 - Benefits total \$3,542,262.54

COORDINATOR’S REPORT (Cont’d) (8:20 a.m.)

*Note we currently have more payees than active participants in our plan and the State pension plan. We are shy of 1,500 on both sides.

CAPITAL CALLS (8:20 a.m.)

➤ None

DISTRIBUTION OF CAPITAL (8:20 a.m.)

➤ Crescent Direct Lending	\$142,479.00	March 21, 2018
➤ Lexington Partners	\$74,132.00	March 29, 2018

APPROVAL OF THE APPLICATIONS FOR BENEFITS (8:20 a.m.)

(05655)	\$5,561.22	04/10/2018	RetGen
(10397)	\$1,061.22	03/31/2018	RetGen
(06675)	\$864.75	04/05/2018	RetGen
(08991)	\$1,168.76	05/05/2018	PenPln
(08991) age 62 reduction	\$926.90		
(05941)	\$2,525.50	04/25/2018	PenPln
(05941) age 62 reduction	\$2,003.59		

APPROVAL OF THE LUMP SUM BENEFITS (8:20 a.m.)

(13942)	\$1,311.44	04/01/2018	RetGen
(13943)	\$2,304.08	04/01/2018	RetGen
(13944)	\$3,235.84	04/01/2018	RetGen

APPROVAL OF THE REFUND BENEFITS (8:20 a.m.)

(13192)	\$1,790.46	04/01/2018	CPMS
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A motion was made by Terry Stone and seconded by Helen McKinley to approve the service retirements, lump sum and refund benefits.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

Brian – *Susan can you just give the board an update on the fact that we received a rather large payment from the State. I know about it, but for the benefit of the rest of the members that would be good.*

Susan – I’m sorry. I don’t have the exact amount.

Brian – It’s about \$2.9 million dollars.

Susan – *It is the contribution from the State of Delaware towards the COLA that is paid to police officers that are retired out of the plan administered by New Castle County. It encompasses at least 3 to 4 years retro pay. That was received in the trust account last week.*

A brief discussion was held on the receipt of COLA monies.

OLD BUSINESS (8:21 a.m.)

➤ Update – (Frank Benevento) - Pension Section staffing - *Everyone received a copy of the Staff Funding Ratios document for review. At our March 28, 2018 pension board meeting a discussion was held regarding the pension section staffing.*

OLD BUSINESS (Cont'd)

- *The Pension Board agreed to fund the additional staff member Pension Program Analyst the same title as mine. Contingent on the review of the current staffing ratios with finance. Between the last meeting and today we've had the opportunity to meet with the Brian (CFO) and went into great detail of the HR budget and the funding ratios that the board participates in funding. What we have in the spreadsheet is a list of titles, salaries and the current ratios for fiscal year 2019 that the board funds. If you look at the bottom, you see an understanding and a review of a meeting with the CHRO those in charge of staff in our office and the responsibility of those staff. What we determined is there should be a slight shift in responsibility of the board from a funding perspective due to the responsibilities of these staff members. In all fairness we believe it can be done by phasing in over two years. Currently right now if you look at the six employees that we fund with varying ratios the average is 80%. The board is funding 80% of their salaries and fringe. In the two years; which we plan to phase it in FY 2020 and 2021 we are going to shift and reduce the responsibility to the board to 60%. Again we reviewed this with the CFO and he does recognize and understand what we presented. If there is anything that Brian would like to add or discuss he is okay with. Are there any questions with the spreadsheet?*

A brief discussion was held on the pension section staffing.

A motion was made by Terry Stone and seconded by Doug Merrill to approve the addition of the second Pension Program Analyst position based on the information presented to the Board.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

NEW BUSINESS (8:34 a.m.)

- (Will Forde, NEPC) - Review of NEPC's Meeting Material Booklet; which consist of the Pacing Plan, Private Equity & Debt and the Preliminary Investment Performance "Flash" report for the period ending March 31, 2108.
 - Consider \$12 million dollar allocation for vintage year 2018 funds with \$7 million to private equity and \$5 million to private debt.
 - Monitor Entrust Capital
- (Frank Benevento) - Class action filing services – *We distributed a letter we received from State Street our former custodial bank dated 3/26/18 it's a notice to discontinuation of class action services. State Street was NCC's custodial bank from 12/18/06 through 11/30/15. We hired Northern Trust 12/1/15 through present. I reached out to State Street and they decided to change their business model and will no longer provide class action filing services for their former clients. When we hired Northern Trust we contracted with State Street to continue to provide services for class action for the period we were under contract with them. They've notified us of their intent to discontinue that service. For a little background, State Street has filed 180 class actions on our behalf since 2009. This is a unique situation to all pension board programs and investment managers. Our services will be terminated effective June 18, 2018. We had a conversation with NEPC and our current custodial bank Northern trust and our representative there trying to come up with a solution.*

A discussion was held on the class action services.

Frank – *We have asked State Street for an extension, but have not heard back. We are also looking at a third party administrator.*

Will Forde – *NEPC will do a little more homework on law firms that may assist with this service and come back to the board with a recommendation.*

- (Susan Lawler) - Annual review of Pension Board of Trustees By-laws. *Sanjay had identified as part of the NCC Code that all boards are required to annually review their By-laws. They were distributed to you electronically. In 2014 was the last time we did anything with them. A motion would only be required if anybody were to anticipate they be changed, at this point in time. We are looking to satisfy the requirement.*

NEW BUSINESS (Cont'd)

Sanjay – *It doesn't require that the board change the By-laws, but look at them and determine if any updates are necessary. That is why the By-laws were circulated. In my view I've seen that the board meetings run very smoothly. I personally didn't see any changes, but the board may.*

The board recommended adding a reviewed on date to the document.

A motion was made by Terry Stone and seconded by Doug Merrill to move into Executive Session.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

EXECUTIVE SESSION (9:29 a.m.)

- The minutes from the March 21, 2018 meeting are attached. **Approval is requested.**
- Discussion on service-connected disability pension applications.

A discussion was held on the service-connected disability application.

A motion was made by Terry Stone and seconded by Paul Frese to move out of Executive Session.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

The meeting reconvened at 9:34 a.m.

A motion was made by Terry Stone and seconded by Brian Maxwell to approve the minutes of March 28, 2018 Executive Session minutes.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

A motion was made by Terry Stone and seconded by Doug Merrill that based on the New Castle County Code Section 26.04.108 and the discussion in Executive Session, we follow the Human Resources recommendation that the application be denied based on not meeting the plan criteria.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

ADJOURNMENT (9:36 a.m.)

A motion was made by Terry Stone and seconded by Paul Frese to adjourn the meeting at 9:36 a.m.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**