

NEW CASTLE COUNTY GOVERNMENT EMPLOYEES' PENSION PROGRAM MINUTES of December 19, 2018

The regular meeting of the Board of Trustees was held on December 19, 2018 in the Government Center (Large Executive Conference Room), 87 Reads Way, New Castle, DE 19720.

The meeting was called to order at 8:18 a.m.

<p><u>TRUSTEES PRESENT:</u> Daniel McFadden, Chairperson Daryl Brown, Trustee David Gregor, CFO Deloris Arrington, CHRO Douglas Merrill, FOP Lodge #5 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</p>	<p><u>TRUSTEES ABSENT:</u> Terry Stone, Trustee</p> <p><u>OTHERS PRESENT:</u> Bob Wasserbach, County Auditor Christine Piekarski, NCC/Finance</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> Kevin Leonard, NEPC Will Forde, NEPC Gregory Stump, Boomershine Consulting Group</p>

APPROVAL OF THE MINUTES (8:18 a.m.)

The minutes from the November 14, 2018 meeting are attached for approval.

A motion was made by Doug Merrill and seconded by Daryl Brown to approve the minutes from the November 14, 2018 meeting.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

COORDINATOR'S REPORT by Susan Lawler (8:18 a.m.)

- ❖ Gross Payroll and Employer Contributions for the month of October 2018.
- ❖ Pension Trust Asset Summary – October 2018
- ❖ Pension Payments - November 2018
 - Payees for November 1,468
 - Active Participants 1,047
 - DelPen 376
 - DelPen(ret) 49
 - Benefits total \$3,506,031.60

Susan – Going through the Coordinators Report in response to a request you will note under active participants we've added participants in the DelPen plan; which are those police officers covered by the State plan as well as those retirees for which we are still responsible for administrative purposes. We've added those to our numbers.

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

Boomershine Consulting Grp	\$7,195.00	Assumption Review/Experience Study
Int'l Foundation of Emp Ben PI (IFEBP)	\$1,635.00	CY 2019 Annual Dues
NEPC	\$57,376.00	3 rd Quarter Fees

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

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

CAPITAL CALLS (8:19 a.m.)

➤ Brookfield Capital Partners	\$78,056.65	12/11/2018
➤ Northstar Mezz Partners	\$41,625.00	12/18/2018

DISTRIBUTION OF CAPITAL (8:19 a.m.)

➤ Lexington Partners	\$22,134.00	11/29/2018
➤ Northstar Mezz Partners VI L.P.	\$177,990.00	12/07/2018
➤ Crescent Direct Lending	\$77,717.00	12/12/2018

APPROVAL OF THE APPLICATIONS FOR BENEFITS (8:19 a.m.)

Service Retirements

(08437)	\$1,423.14	12/22/2018	RetGen
(06971)	\$1,573.96	11/07/2018	RetGen
(08643)	\$1,170.43	12/22/2018	RetGen
(05294)	\$4,995.24	01/01/2019	RetGen
(10391)	\$1,922.27	12/01/2018	RetGen
(05561)	\$4,655.39	12/07/2018	RetGen
(10659)	\$786.98	11/07/2018	RetGen

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

(14268)	\$66,979.62	12/01/2018	RetGen
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APPROVAL OF THE REFUND BENEFITS (8:20 a.m.)

(13111)	\$2,784.94	12/01/2018	CPEMS
(11777)	\$14,663.23	12/01/2018	RetAMD
(13855)	\$466.32	12/01/2018	CPEMS
(11918)	\$4,701.15	12/01/2018	CPGen

A motion was made by Daryl Brown and seconded by Doug Merrill to approve the service retirements, lump sum and refund benefits.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

Susan – *We have selected a new employee in our department. It is a young lady by the name of Grace Dehel and she's currently working in the Office of Finance and she's accepted the position of Pension Program Analyst; which was the position we've been waiting to add to staff.*

Susan (Cont'd) – *She will be joining us after the first of the year. She comes with a really strong financial background and ranked in the top five the last time we interviewed for this position. We are happy to have her on board.*

Susan – Everyone should have the 2019 Pension Board meeting schedule which was distributed electronically by Rowena recently. It is our intent to have the meetings in this room (Large Executive conference) when it is available, if we get kicked out, we'll advise where the location is. Contrary to what you may have heard we are going to continue at 8:15 a.m. unless there is an objection to that. It seems to allow the best access for the building.

In anticipation for January, I believe the auditors will be giving their report in January 2019.

OLD BUSINESS (8:22 a.m.)

- (Frank) - Follow-up on portfolio rebalancing – At the November meeting there was a recommendation from NEPC to rebalance the portfolio. I just wanted to update everyone to let you know that all our transactions internally/externally were completed, and we have completed that project.
- (Frank) - MetLife revenue sharing follow up – This is the second discussion regarding this spreadsheet here and it was in reference to the annual fees and the revenue sharing. If you look at this presentation, the actual 457(B) the County's revenue sharing plan. This is the question from the last meeting "the excess due". The difference is the amount the revenue sharing had earned. Based on these numbers the revenue sharing only generated 13% of the annual fees necessary to cover MetLife's costs. The remainder of that 87% is incurred by the membership. If we go to what we are responsible for the 401(a), the \$2,210 is the excess due obviously these amounts are much smaller due to the account being much smaller, since it is a small portion of the County 2011 plan. The revenue sharing from this account only generated about 1% of the cost that MetLife charges our membership. The remaining 99% is incurred by membership.

A brief discussion on the revenue sharing. There is no action for the board this is for informational purposes only.

NEW BUSINESS (8:27 a.m.)

- (Greg Stump, Boomershine Consulting) - Assumption Review/Experience Study 2018 was distributed for review and discussion.
 - **Summary of Recommendations**
 - Economic Assumptions
 - 2.75% inflation & wage growth
 - 7.00% investment return
 - Career Salaries 7.75% for 10 years, then 3.25% (2.75% XG)
 - Demographic Assumptions
 - RP 2014 + mortality generational improvements
 - New rates for retirement for each plan, indicating longer careers
 - New rates of termination for each plan, rates varying by service and decreasing with seniority
 - Adjust age 40+ disability assumption (from .4% to .2%)

A motion was made by Daryl Brown and seconded by Doug Merrill to adopt the summary of recommendations from page 36 for both economic and demographic from the Actuarial Assumption Review.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

NEW BUSINESS (Cont'd)

- (Kevin Leonard & Will Forde, NEPC) - Review the Preliminary Investment Performance “Flash” report for the period ending November 30, 2108. *A copy of the report was distributed for review and discussion.*
- For Informational Purposes only – Parametric Organizational Update. *NEPC discussed the change and informed the board that it will not affect our portfolio. The recommendation would be to wait and see before making any changes and most of NEPC’s clients have adopted that and continue to monitor Parametric. If any changes occur, they will come back to the board.*
- (Frank) - Trustee & Staff Training & Education for 2019 – *This proposed 2019 schedule is not set in stone but is based on the requests we received by last Friday. This can be modified at future meetings to add or subtract as we have in the past. See the attached document submitted for approval.*

A motion was made by Deloris Arrington and seconded by Daryl Brown to approve the Trustee & Staff Training & Education for 2019.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

Frank – *My understanding is that MetLife’s revenue requirement is 43 basis points (0.43%) of mutual fund plan assets per annum and is assessed quarterly at a rate of 10.75 basis points (0.1075%) to pay administrative expenses. Any revenue sharing generated by the mutual funds is allocated to the plans; Unallocated Plan Asset (UPA) account quarterly. Around the 15th of the third month of each calendar quarter, the UPA account is debited to cover administrative expenses incurred in that quarter. If the balance in the UPA account is insufficient to cover the fees for that quarter, then the shortfall is pro-rated across the participants’ plan accounts.*

A brief discussion was held.

Happy Holidays and Happy Healthy 2019!

ADJOURNMENT (10:10 a.m.)

A motion was made by Daryl Brown and seconded by Mike Finnigan to adjourn the meeting at 10:10 a.m.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

2019 Current Educational/Professional Development Requests

Dates: TBD	Northern Trust - Passport Training (Grace Dehel) (Staff Member)	Chicago, IL	\$3,000
May 7-8, 2019	NEPC's 24th Annual Investment Conference (Saul Polish) (Frank Benevento)	Boston, MA	\$ 3,000
May 19-22, 2019	NCPERS Annual Conference & Exhibition (ACE) (Susan Lawler) (Staff Member/Trustee)	Austin, TX	\$ 7,000
June 18-21, 2019	Certificate of Achievement in Public Plan Policy (CAPPP) (Grace Dehel)	Boston, MA	\$4,000
June 24-29, 2019	Certificate in Retirement Plans (International Foundation of Employee Benefit Plans) (Frank Benevento)	San Diego, CA	\$4,000
June 25-28, 2019	NAPPA Legal Education Conference (National Association of Public Pension Attorneys) (Sanjay Bhatnagar)	San Diego, CA	\$3,000
Oct 19-23, 2019	IFEBP 65 th Annual Employee Benefits Conference (TMP – Trustees Masters Program) (AMP – Administrators Masters Program) (Saul Polish) (Frank Benevento)	San Diego, CA	\$9,000
Materials/Exam	Certified Retirement Counselor (CRC) (International Foundation for Retirement Education)		\$950

2019 Projected Educational/Professional Development Expenses \$33,950

2012 - 2018 Educational/Professional Development Expenses

2012	Educational/Professional Development Expenses	\$25,000*
2013	Educational/Professional Development Expenses	\$3,000*
2014	Educational/Professional Development Expenses	\$7,000*
2015	Educational/Professional Development Expenses	\$8,000*
2016	Educational/Professional Development Expenses	\$33,500*
2017	Educational/Professional Development Expenses	\$21,000*
2018	Educational/Professional Development Expenses	\$28,000*

*(Rounded)