

# NEW CASTLE COUNTY GOVERNMENT EMPLOYEES' PENSION PROGRAM MINUTES of April 17, 2019

The regular meeting of the Board of Trustees was held on April 17, 2019 in the Government Center (Manager's Conference Room), 87 Reads Way, New Castle, DE 19720.

**The meeting was called to order at 8:24 a.m.**

<p><b><u>TRUSTEES PRESENT:</u></b>          Daniel McFadden, Chairperson          David Gregor, CFO          Douglas Merrill, FOP Lodge #5          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          Stephanie Tickle, Acting CHRO          Terry Stone, Trustee</p>	<p><b><u>TRUSTEES ABSENT:</u></b>          Daryl Brown, Trustee          Michael Finnigan, Trustee, Retirees</p> <p><b><u>OTHERS PRESENT:</u></b>          Karen Brown, NCC/HR          Bob Wasserbach, County Auditor          Lynne McIntosh, NCC/Audit</p>
<p><b><u>STAFF PRESENT:</u></b>          Frank Benevento, Pension Program Analyst          Sanjay Bhatnagar, Asst. County Attorney I          Nick Brannick, Asst. County Attorney I          Rowena P. Liles, Program Analyst</p>	<p><b><u>INVITED GUESTS:</u></b>          Will Forde, NEPC          Fred Sweeney, Loomis Sayles          Michael Finocchi, Loomis Sayles</p>

**A motion was made by Terry Stone and seconded by Paul Frese to move into Executive Session to discuss the current litigation in the Re-Tribune case.**

\*THE MOTION WAS ADOPTED UNANIMOUSLY.

**EXECUTIVE SESSION (8:25 a.m.)**

➤ A strategy session to include advice and/or opinion from counsel regarding current litigation in the Tribune case (Nick Brannick).

**A discussion was held on the current litigation in the Tribune case.**

**A motion was made by Doug Merrill and seconded by Saul Polish to move out of Executive Session.**

\*THE MOTION WAS ADOPTED UNANIMOUSLY.

**The meeting reconvened at 9:17 a.m.**

**A motion was made by Terry Stone and seconded by Doug Merrill to accept the recommendation of counsel to accept the settlement offer in the Tribune Litigation.**

\*THE MOTION WAS ADOPTED UNANIMOUSLY.

**APPROVAL OF THE MINUTES (9:18 a.m.)**

The minutes from the March 20, 2019 meeting are attached for approval.

**A motion was made by Saul Polish and seconded by Terry Stone to approve the minutes from the March 20, 2019 meeting.**

**\*THE MOTION WAS ADOPTED UNANIMOUSLY.**

**APPROVAL OF THE INVOICES (9:19 a.m.)**

Boomershine Consulting Group	\$19,920.00	Date & Valuation
Boomershine Consulting Group	\$705.00	2019 Statement
CoHo Partners	\$24,737.85	1 <sup>st</sup> Quarter 2019
Eaton Vance	\$21,067.98	1 <sup>st</sup> Quarter 2019
Loomis Sayles	\$62,037.52	1 <sup>st</sup> Quarter 2019
Peregrine Capital Mgt.	\$29,726.71	1 <sup>st</sup> Quarter 2019
Real Estate Management	\$9,707.00	1 <sup>st</sup> Quarter 2019
Systematic Financial Mgt.	\$30,548.86	1 <sup>st</sup> Quarter 2019

**A motion was made by Rich Piekarski and seconded by Saul Polish to approve the payment of invoices.**

**\*THE MOTION WAS ADOPTED UNANIMOUSLY.**

**COORDINATOR'S REPORT by Frank Benevento (9:19 a.m.)**

- ❖ Gross Payroll and Employer Contributions for the month of February 2019.
- ❖ Pension Trust Asset Summary – February 2019
- ❖ Pension Payments - March 2019
  - Payees for March 1,473
  - Active Participants 1,044
    - DelPen 386
    - DelPen (ret) 48
  - Benefits total \$3,592,298.21

**CAPITAL CALLS (9:19 a.m.)**

➤ Vista Equity Partners	\$213,299.00	03/29/2019
➤ Vista Equity Partners	\$190,512.00	04/17/2019
➤ TSSP Opp Partners IV(A), LP	\$172,129.00	04/19/2019

**DISTRIBUTION OF CAPITAL (9:19 a.m.)**

➤ Vista Equity Partners	\$3,290.00	03/08/2019
➤ HarbourVest Partners	\$217,539.00	03/26/2019
➤ Brookfield Capital Partners	\$41,070.06	03/26/2019
➤ Lexington Partners	\$55,729.00	03/28/2019
➤ TPG Opp Partners II(A), LP	\$107,412.00	03/29/2019
➤ Crescent Direct Lending	\$63,470.00	04/05/2019

**APPROVAL OF THE APPLICATIONS FOR BENEFITS (9:20 a.m.)**

Pursuant to the provision of the New Castle County Employees' Retirement System, "New Castle County Code, 26.04.108(A)(4) benefits for the retiree named below will be converted from a disability pension to a service pension coincident with his 65<sup>th</sup> birthday.

## **APPROVAL OF THE APPLICATIONS FOR BENEFITS (Cont'd)**

### **Benefit Conversion (9:20 a.m.)**

(01392)	\$3,055.27	04/25/2019	RetGen
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### **Service Retirements (9:20 a.m.)**

(05892)	\$2,037.96	04/20/2019	PenPln
(05663)	\$3,351.04	03/30/2019	PenPln
(05575)	\$1,818.90	03/30/2019	PenPln
(08546)	\$1,522.28	07/05/2019	RetGen

### **DelPen Retirements (9:20 a.m.)**

(06702)	n/a	03/18/2019	
(06975)	n/a	04/08/2019	

### **Lump Sum Benefit (9:20 a.m.)**

(14355)	\$3,772.60	04/01/2019	RetGen
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### **Refund Benefits (9:20 a.m.)**

(13165)	\$3,535.84	04/01/2019	CPGen
(13543)	\$1,560.57	04/01/2019	CPGen
(13493)	\$4,639.52	04/01/2019	CPGen
(13760)	\$2,564.16	04/01/2019	CPGen

**A motion was made by Saul Polish and seconded by Rich Piekarski to approve the benefit conversion, service retirements, lump sum and refund benefits.**

**\*THE MOTION WAS ADOPTED UNANIMOUSLY.**

## **OLD BUSINESS (9:20 a.m.)**

- (Frank Benevento) Update – Actuarial Audit – *A question around during last month's Pension Board meeting March 20, 2019 during our discussion on hiring an actuary to provide for an audit of our actuarial valuations and if we could utilize the services of Procurement here at New Castle County. I've provided a copy of Section 2.05.502 subsection B.2 of the New Castle County Code regarding "Purchasing of supplies and contractual services". The language in the Code doesn't specifically condemn Procurement from assisting or providing RFP services for the Board, but Procurement is not an expert in actuarial RFP services and would rely on our staff, who are also not experts in actuarial RFP services, to provide them with the technical specifications. We are asking the Board to make a motion to hire an agent to provide RFP services for the Pension Board to hire an actuary to perform a level one, or full scope, actuarial audit.*

**A discussion was held on the actuarial audit process, cost and vendor selection.**

*The Board recommended the pension staff ask Boomershine and the other actuary who bid for our services, and the pension organizations that we have memberships with regarding the audit and come back to the board with the findings.*

- (Frank Benevento) Update – Pension Software – I’ve just wanted to provide an update for this since we talked about it last year. I think we truly need to go in the direction that the County has done and most agencies due when they consider implementing pension software administration.

### **OLD BUSINESS (Cont’d)**

The County has hired a consultant (third party) to come in and assist with the process of the pension administration software selection. What the consultants do is come in and review our plans they spend 6 to nine months to see what is wanted, needed and what is chosen. They will assist with the RFP process, but they won’t specifically say who should be chosen. I think this is a good time to begin that type of research. The County is doing their research for potentially replacing their existing software and I think it would be a great time to also be considering our inaugural pension administration software.

#### **A discussion was held on the pension software.**

*The Board recommended the pension staff research what Tyler Technologies can provide for the pension side of the software administration.*

### **NEW BUSINESS (9:52 a.m.)**

- Will Forde, (NEPC) discusses briefly the role of Loomis Sayles and why they are presenting today. NEPC is looking to change the allocation to Fixed Income portfolio.
- Loomis Sayles Investment Manager Presentation by Fred Sweeney and Michael Finocchi.
- Will Forde, (NEPC) - Review the Preliminary Investment Performance “Flash” report for the period ending March 31, 2109. *A copy of the “FLASH” report was distributed for review and discussion.*
  - *A formal asset allocation recommendation will be forth coming next month.*
  - *Potential replacements for Stone Harbor will be discussed at the next meeting.*
- Will Forde, (NEPC) - Coho Partners Fees - We worked with Coho to develop a lower fee structure for new clients. This new structure was effective April 1<sup>st</sup>, 2019. New Castle County Employees Pension Plan has the most-favored nation fee schedule currently in place, so your fees will be equal or lower.
- Sanjay Bhatnagar - Review of Annual Report (per *New Castle County Code § 02.04.001*) – *I wanted to update the board and bring it to their attention that there is a requirement under the NCC Code that all boards and commissions provide an annual report to County Council and the County Executive. That outlines the respective boards mission, its accomplishments, challenges to the performance of its functions and any suggestions for changes, for the board. It doesn’t appear that the board has been doing this annual report. My guess is that it’s been confusing the Pension Plan Summary that it provides in exchange for this report, but the bottom line is I wanted to get the board in compliance with this annual reporting requirement. A draft template was provided to Frank Benevento to distribute to the board.*

#### **A brief discussion was held.**

*Frank will provide the board members the outline to fill out for their input on actions, goals, etc. for 2018.*

- Sanjay Bhatnagar - Update on unclaimed Pension Checks – *I wants to provide the board with a brief update to the recent changes to the States abandon property laws. In 2017 the state overhauled its Abandon Property Laws. It allows entities who are undergoing an audit to convert its audit to a Voluntary Disclosure Agreement Program. In short, the County was undergoing an audit and the Finance Department agreed to be part of the Voluntary Disclosure Agreement Program. Prior to the 2017 change there was an ambiguity in the law where it was not clear whether government entities had to turn over unclaimed wages or pension checks. After 2017, that ambiguity has been resolved. It is*

*absolutely 100% clear that the government has to turn over unclaimed property. In connection with the new law and the VDAP with the State. The Finance Department will be turning over 34 checks for \$9,000 dollars by the end of the week.*

**NEW BUSINESS (Cont'd)**

- *There is not a decision the board needs to make, but just a change in practice. Historically, the County has always held on to unclaimed checks. I think this is an advantage administratively because it reduces the burden and at the end of the day the State holds these unclaimed checks in trust so ultimately the pensioner will have an opportunity to claim those checks, if they choose to seek them.*

**A brief discussion was held.**

*Frank – The minutes from the September 29, 2018 I will be asking the board to make a motion to amend the minutes specifically under New Business: the motion to hire Blackstone with the allocation of \$9.5 million dollars. That allocation was actually the liquidation amount of Entrust Permal, in order to put this back up to the target range of 5% we need to increase that amount to \$13 million.*

**A brief discussion was held.**

*The board attorney recommends this item be put on the May 15, 2019 pension agenda to be voted on, since it was not an item listed on the April 17<sup>th</sup> agenda for discussion and vote.*

**ADJOURNMENT (10:54 a.m.)**

**A motion was made by David Gregor and seconded by Terry Stone to adjourn the meeting at 10:54 a.m.**

**\*THE MOTION WAS ADOPTED UNANIMOUSLY.**