

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF FEBRUARY 28, 2014

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, at 9:04 a.m. in Delaware Conference Room in the Pension Office.

Trustees Present

Nancy Shevock
Tom Shaw (via phone)
Ann Visalli
Helen Foster
Suzanne Grant
Ann Visalli

Trustees Absent

Art Agra
Tom Cook

Others Present

Dave Craik, Pension Office
Terri Timmons, Pension Office
Kathy Kunkle, Pension Office
Wade Sallings, Pension Office
Lincoln Nathan, Pension Office
Rob Gooderham, Ashford Consulting Group
Ann Marie Johnson, DAG
Courtney Stewart, Controller Generals Office
Joe Malloy, PAC
Charlotte Lister, PAC
Jen Rani, Delaware State News
Astrid Colon, UOD
Tim Lewis, UOD

1. **OPENING COMMENTS**

S. Grant thanked everyone for attending today's meeting. S. Grant introduced Lincoln Nathan who is the newest addition to the Investment Section as Investment Financial Manager. Mr. Nathan is a Delaware State graduate and has experience in investments, and mortgage industries.

2. **APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the January 31, 2014 meeting.

MOTION made by N. Shevock and seconded by H. Foster to approve the Public Minutes of the January 31, 2014 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the January 31, 2014 meeting.

MOTION made by H. Foster and seconded by N. Shevock to approve the Executive Minutes of the January 31, 2014 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. **AUDIT COMMITTEE REPORT**

No report.

4. **INVESTMENT COMMITTEE REPORT**

<u>Fund</u>	<u>JAN-14</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	-1.1%	8.4%	12.2%
S & P 500 Index	-3.5%	12.3%	21.5%
60/35/5*	-1.6%	8.0%	12.5 %
Delaware	-1.6%	8.0%	9.6%
Benchmark**			

*Benchmark mix of 60% S&P500 Index, 35% Barclays Government and Credit Bond Index, 5% T-bills.

**Benchmark mix of 38% Russell 3000 Index, 20% MSCI ACWI exUS, 38.5% Barclays Universal Bond Index, 1.5% Barclays TIPS Index, 2% T-bills

Assets in the Fund at the end of January totaled \$8,603 million. The Fund's January return of -1.1% outperformed the Delaware Benchmark return. For the fiscal year-to-date, the total Fund is up 8.4%, 0.4 percentage points about the Delaware Benchmark.

Both domestic and international equity markets plunged in January responding to concerns regarding emerging markets growth and domestic economic indicators. For January, the broad Russell 3000 index lost 3.2%, while the MSCI EAFE international stock index was down 4.0%. The broader MSCI All-Country World ex-U.S. stock index (which includes emerging markets) declined 4.5%. Contrary to equity markets, fixed income markets experienced positive returns. The Barclays Universal bond index gained 1.3%, while the JP Morgan Global High index was up 0.7% for the month. The Barclays TIPS index was up 2.0% in January.

The Investment Committee has met once since the Board's last meeting.

At the Investment Committee meeting held on February 26th (rescheduled from the 18th due to inclement weather), the Investment Committee discussed, reviewed and approved for recommendation to the Board revision to the Fund's investment policy.

The Investment Committee voted to recommend to the Board a commitment of up to \$50 million each to both Accel XII and Accel Growth Fund III subject to counsel's review and approval of documents.

The Investment Committee, under its authority to execute documents relating to manager and custodian schedules and contracts over which it exercises authority, approved T. Rowe Price's request for a country opening for DPERS' Global Equity account.

The next meeting of the Investment Committee will be on March 18, 2014.

5. PENSION ADVISORY COUNCIL REPORT

J. Malloy attended the JFC Hearings, and requested a post retirement increase for pensioners. He stated that across the board increases will have to change in the future. C. Lister also stated that the Advisory Council is also very supportive of funding OPEB.

6. PENSION ADMINISTRATOR REPORT

D. Craik reported that during the JFC hearing there was a proposal for an increase in the burial benefit to \$10,000.

PeopleSoft Upgrade –

- There were six vendors to review and two finalists which gave presentations this week. The panel identified a vendor and will now be turning it over to D.A.G. for review of contracts. The upgrade will cost approximately \$2 million.

Staffing Update –

- Investment Financial Manager position will be re-posted
- Sr. Application Support Specialist position – selected candidate declined offer. We are now conducting reference checks on next candidate and 2nd interviews will be scheduled

Article – Success Strategies for Well-Funded Pension Plans written by the Center for State & Government Excellence

- There were 6 different pension systems reported in article. D. Craik reported that there were errors in the report and he has notified the Center for State & Government Excellence so that errors can be corrected.

7. **DEPUTY ATTORNEY GENERAL REPORT**

A.M. Johnson recently attended the NAPPA Winter Conference. This conference conducted sessions on fiduciary duties, investment contracts, benefits issues (benefit calculation for overtime and hourly employees, and DOMA changes), tax changes and legislative agendas.

MOTION made by N. Shevock and seconded by H. Foster to enter into Executive Session to consider pension personnel matters, and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

The Board then moved into Executive Session to discuss pending personnel matters, and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

MOTION made by A. Visalli and seconded by N. Shevock to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by S. Grant and seconded by H. Foster to commit up to \$50 million each to both Accel XII and Accel Growth Fund III subject to counsel's review and approval of documents.

MOTION ADOPTED UNANIMOUSLY

8. **PENDING ITEMS**

There were no pending items.

9. **NEW BUSINESS**

There was no new business.

10. **ADJOURNMENT**

The next Pension Board meeting is scheduled to be held on March 28, 2014, at 9:00 a.m., at the Delaware Conference Room of the Office of Pensions.

At 10:34 a.m., there being no further business, MOTION was made by N. Shevock and seconded by A. Visalli to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator

Suzanne B. Grant
Chair for the Board of Pension Trustees