

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF NOVEMBER 17, 2015

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, at 12:00 p.m. at the Greenville Country Club.

Trustees Present

Suzanne Grant
Nancy Shevock
Tom Shaw
Art Agra
Helen Foster
Ann Visalli
Tom Cook

Trustees Absent

Others Present

Dave Craik, Pension Office
Kathy Kunkle, Pension Office
Terri Timmons, Pension Office
Ann Marie Johnson, Deputy Attorney General's Office
Josh Hitchens, Pension Office
Khairat Makanjuola, Pension Office
Jennifer Dilworth, Pension Office
Lincoln Nathan, Pension Office
Paul Roth, TBV Advisors
Rob Gooderham, Ashford Consulting Group
Mark Finfrock, Audit Committee Chair
Joe Seibert, KPMG
Arthur Ayers, KPMG

1. **OPENING COMMENTS**

S. Grant welcomed everyone to the meeting and thanked one and all for agreeing to change the venue for this meeting.

The December Investment Committee and Board meetings will be held on December 15, 2015 at the Greenville Country Club. The Investment Committee meeting will begin at 9:00 a.m. and the Board meeting will begin at 1:30 p.m. The CEO of T. Rowe Price will be presenting to both the Investment Committee and the Board.

2. **RISK TOLERANCE STUDY**

MOTION made by A. Visalli and seconded by A. Agra 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.

3. **APPROVAL OF THE MINUTES**

The Trustees reviewed the Public Minutes of the October 30, 2015 meeting.

MOTION made by T. Shaw and seconded by A. Agra to approve the Public Minutes of the October 30, 2015 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the October 30, 2015 meeting.

MOTION made by T. Cook and seconded by N. Shevock to approve the Executive Minutes of the October 30, 2015 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

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

MOTION ADOPTED UNANIMOUSLY

MOTION made by N. Shevock and seconded by T. Shaw to accept the Comprehensive Annual Financial Report (CAFR) contingent on finalization by KPMG.

MOTION ADOPTED UNANIMOUSLY

4. AUDIT COMMITTEE REPORT

D. Craik stated that KPMG met with DPERS Audit Committee and that Management Comments were discussed. M. Finfrock reported that the Audit Committee will begin meeting on a quarterly basis.

5. PENSION ADVISORY COUNCIL REPORT

D. Craik reported that the Pension Advisory Council met in November and held the annual elections. The same members were re-elected for 2016. The Council will meet in January to create their annual goals.

6. PENSION ADMINISTRATOR REPORT

Risk Management

P. Roth reported that the Pension Office COOP project is on schedule with an onsite test on December 2nd.

Governance Report

T. Shaw reported that the Governance Committee met last week and reviewed the latest draft of the Best Practices Review report. Going forward there will be a conference call on December 1st with the Committee and AON Hewitt for finalization. D. Craik will share the report with the Board prior to the next meeting and during the December 15th Board meeting, AON Hewitt will present their findings and recommendations. The Board will need to prioritize the recommendations and then move forward.

7. **DEPUTY ATTORNEY GENERAL REPORT**

Nothing to report.

8. **INVESTMENT COMMITTEE REPORT**

<u>Fund</u>	<u>Oct-14</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	2.8%	-1.8%	1.8%
S & P 500 Index	8.4%	1.5%	5.2%
60/35/5*	5.1%	1.4%	4.0%
Delaware	4.6%	1.1%	7.8%
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

Estimated assets in the Fund at the end of October totaled \$9,021 million. The Fund's estimated October return of 2.8% underperformed the Delaware Benchmark return of 4.6%. For the fiscal year to date, the total Fund was down 1.8%, versus the Delaware Benchmark return of -0.6%.

Equities rebounded across the globe in October including the natural resources and MLP sectors which were hard hit in previous months. U.S. equities as measured by the Russell 3000 index gained 8.4%, while the MSCI EAFE returned 7.8% and the MSCI All-Country World ex-U.S. stock index (which includes emerging markets) was up 7.4%. High quality fixed income was flat with a 0.0% return for the Barclays Aggregate, while the riskier JP Morgan Global High Yield index moved higher by 2.8% for the month.

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

At its meeting on November 17, 2015, the Investment Committee heard a presentation by Cheiron, to review results of the latest actuarial valuation as previously presented to the Board.

The next meeting of the Investment Committee will be held on Tuesday, December 15th.

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 N. Shevock and seconded by H. foster to exit Executive Session.

9. **PENDING ITEMS**

There were no pending items.

10. **NEW BUSINESS**

There was no new business.

11. **ADJOURNMENT**

At 3:36 p.m., there being no further business, MOTION was made by A. Agra and seconded by N. Shevock to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator