

NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of July 20, 2016

The regular meeting of the Board of Trustees was held on July 20, 2016 in the Government Center
(Manager's Conference Room), 87 Reads Way, New Castle, DE 19720.

BOARD MEMBERS PRESENT:

Christine Dunning, CHRO
Daniel McFadden, Chairperson
Douglas Merrill, FOP Lodge #5
Daryl Brown, Trustee
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

BOARD MEMBERS ABSENT:

Michael Coupe, CFO
Saul Polish, Trustee, Local #3911
Terry Stone, Trustee

OTHERS PRESENT:

Ken Porter, NCC/Treasury
Lynne McIntosh, NCC/Audit
Bob Wasserbach, County Auditor

STAFF PRESENT:

Susan Lawler, Pension/Benefits Coordinator
Frank Benevento, Pension Program Analyst
Judi Mitchell, First Asst. County Attorney
Rowena P. Liles, Program Analyst

INVITED GUESTS:

Kevin Leonard, NEPC
Mark Herrell, Appex Capital Mgt.
Michael Kalbfleisch, Appex Capital Mgt.
Chirag Goyanka, Appex Capital Mgt.
Floyd Dukes, Artisan Partners
Steven Butler, Artisan Partners
Bryan Griffin, Elk Creek Partners
Ruthann Defrang, Peregrine Capital Mgt.
William Grierson, Peregrine Capital Mgt.

The meeting was called to order at 8:03 a.m.

8:03 a.m. APPROVAL OF THE MINUTES

The minutes from the June 15, 2016 meeting are attached for approval.

A motion was made by Paul Frese and seconded by Daryl Brown to approve the minutes from the June 15, 2016 meeting.

***THE MOTION WAS PASSED UNANIMOUSLY.**

8:03 a.m. APPROVAL OF THE INVOICES

Boomershine Consulting Group	\$4,210.00	May, 2016
Cupps Capital Mgt.	\$22,690.64	2 nd Quarter 2016
REMS Group	\$19,834.27	2 nd Quarter 2016
Systematic Financial Mgt.	\$36,210.11	2 nd Quarter 2016
Eaton Vance	\$14,136.21	2 nd Quarter 2016
Alliance Bernstein L.P.	\$24,125.86	2 nd Quarter 2016
Loomis Sayles	\$62,895.39	2 nd Quarter 2016

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APPROVAL OF THE INVOICES (Cont'd)

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

*THE MOTION WAS PASSED UNANIMOUSLY.

8:04 a.m. COORDINATOR'S REPORT by Susan Lawler

❖ Gross Payroll and Employer Contributions for the month of June 30, 2016.

8:05 a.m. PREAUTHORIZED ITEMS APPROVED BY PENSION BOARD

❖ PBI Death Audit Invoice for \$565.00 – This is strictly for informational purposes only. It is an indication that we are going with a second year with PBI the death audit company. They daily evaluates our database against death reports nationwide.

Dan – *Can I ask a question about that?*

Susan - *Sure.*

Dan – *How has that service been and are you guys satisfied with that?*

Susan – *I think we have been. We repeatedly get emails that say they have a hit. PBI indicated that the business as it is with privacy rules nationwide is more and more difficult.*

Dan – *I've been told that the success rate for these services like PBI is a lot less effective today than it used to be. So I was just curious as to whether PBI was still providing us that type of service.*

Susan – *We are still getting hits. Ro I don't know whether you would agree that we are not getting any hits that we may not be already aware of, at this point, but that's not to say that won't happen in the future.*

Dan – *So it's typically confirmation of something that you already know?*

Susan – *Yes. So that just means we've been informed by the family or we have access to the same obits. Ro looks at the obituaries and I look at the obituaries and even though we have 1,500 retirees you recognize names over time. At least it is confirming in that sense.*

Dan – *If we've overpaid somebody, what is the process there and how does that work?*

Susan – *It's varied over time. It's obviously a recovery which we would have to send a letter to the family indicated an overpayments been made and sometimes it's happened over a long period of time and there is negotiation other times it's a shorter time and the family writes us a check or we make an adjustment to the death benefit.*

Doug – *Under that circumstance do you suspend their spousal benefit until that money is paid back?*

Susan – *Absolutely, you are basically using ongoing spousal benefits to offset what you are not getting back.*

8:08 a.m. APPROVAL OF THE APPLICATIONS FOR BENEFITS

Service Retirements

Jeffrey M. Foraker	\$1,681.44	July 2, 2016	RetGen
Michael Croson	\$180.00	April 7, 2016	SCGPen
Robert Abbott	\$4,870.61	July 16, 2016	RetPol
Janice Everingham	\$1,185.43	July 2, 2016	RetGen
Richard W. Saltsman	\$2,673.08	July 9, 2016	RetGen
Garry Caulk	\$2,351.25	July 16, 2016	PenPln

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APPROVAL OF THE APPLICATIONS FOR BENEFITS (Cont'd)

Susan – Two notes in the applications for benefits. 1) Mr. Croson we are withdrawing the application he is deceased. That will be processed as a Death Benefit and 2) Mr. Abbott's application was previously approved at last month's Board meeting. Mr. Abbot signed an application without taking note of the date he was claiming to be retired; which is not, in fact, the day he wanted to retire. We are asking for a re-approval with a new date and no new amount from June 6th to July 17th.

A motion was made by Mike Finnigan and seconded by Daryl Brown to approve the service retirements.

***THE MOTION WAS PASSED UNANIMOUSLY.**

8:09 a.m. APPROVAL OF THE LUMP SUM BENEFITS

Stephen Stoprya (<i>Rose Stoprya</i>)	\$1,379.14	RetGen
Daniel Bacon (<i>Virginia Crow</i>)	\$2,084.54	RetGen
Mark Olazagasti (<i>Marjorie Olazagasti</i>)	\$3,821.31	RetGen

SURVIVOR BENEFIT

Bruce Keller (<i>Patricia Keller</i>)	\$1,491.85	July 1, 2016	RetGen
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Susan – This is not a Lump Sum Benefit as indicated on the agenda. It is an ongoing Survivor entitlement.

REFUND BENEFITS

Paula Gonce	\$540.00	SCGPen
Sharon Landry	\$3,191.41	CPGen
Mark C. Irwin	\$14,201.13	RetGen

A motion was made by Paul Frese and seconded by Mike Finnigan to approve the lump sum benefits.

***THE MOTION WAS PASSED UNANIMOUSLY.**

8:10 a.m. OLD BUSINESS

- Update –Pension Section staffing (Susan Lawler) – *We are still in kind of the table process here. We are continuing to attempt to research what industry wide is the appropriate staffing level of the size we serve both on an active basis and retiree basis. We will continue to leave that tabled.*

Dan – *Do you have an open request out there for positions?*

Susan – *Yes, but we want to be able to make sure the Board is comfortable that there is a necessity because the funding for staffing to the Benefits Unit comes primarily from the Pension Trust funds.*

8:11 a.m. NEW BUSINESS

- Review the Preliminary Investment Performance “Flash” report for the period ending June 30, 2016 – *Kevin distributed copies of the Preliminary Investment Performance Report for June 30, 2016 for review and discussion.*

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NEW BUSINESS (Cont'd)

- State Street Brokerage for the commission recapture is still in effect. NEPC recommends terminating this service. It was a separate contract from the State Street Custodian contract.

After a discussion the Board recommended that Kevin ask the current custodian Northern Trust what they offer and report the findings back to the Board. If the Board decides to stay with State Street Brokerage, Kevin will work with Frank on cleaning up the contract.

- Discussion on Hedge Fund managers – *Kevin gave a recap of what has already taken place.*

A motion was made by Mike Finnigan and seconded by Paul Frese to take a 5 minute break.

***THE MOTION WAS PASSED UNANIMOUSLY.**

The meeting reconvened at 9:14 a.m.

- Small Cap Growth Investment Manager Presentations
- *Fiera Apex Capital Management, Inc. presentation by Mark Herrell, Michael Kalbfleisch and Chirag Goyanka.*
 - *Artisan Partners Limited Partnership presentation by Floyd Dukes and Steve Butler.*
 - *Elk Creek Partners LLC presentation by Bryan Griffin.*

A motion was made by Mike Finnigan and seconded by Doug Merrill to take a 5 minute break.

***THE MOTION WAS PASSED UNANIMOUSLY.**

- Small Cap Growth Investment Manager Presentations (Cont'd)
- *Peregrine Capital Management presentation by Ruthann Defrang and William Grierson.*

Kevin reviewed the Small Cap Growth Manager Search booklet with the Board.

- *NEPC will continue to watch Cupps Capital Mgt. The Board can move forward today with hiring a new manager or see where Cupps is with their assets.*

A motion was made by Paul Frese and seconded by Doug Merrill to enter into contract negotiations with Peregrine Capital Management.

***THE MOTION WAS PASSED UNANIMOUSLY.**

Dan – Doug, Saul, Regis, Rich, Bob and myself fairly recently have all been re-appointed to the Board. Congratulations to you all and thank you for continuing to serve. The re-appointments are official for three more years.

12:04 a.m. ADJOURNMENT

A motion was made by Daryl Brown and seconded by Doug Merrill to adjourn the meeting at 12:04 p.m.

***THE MOTION WAS PASSED UNANIMOUSLY.**