

NEW CASTLE COUNTY GOVERNMENT EMPLOYEES' PENSION PROGRAM MINUTES of June 20, 2018

The regular meeting of the Board of Trustees was held on June 20, 2018 in the Government Center (Manager's Conference Room), 87 Reads Way, New Castle, DE 19720.

The meeting was called to order at 8:20 a.m.

<p><u>TRUSTEES PRESENT:</u> Daniel McFadden, Chairperson Daryl Brown, Trustee David Gregor, CFO Deloris Arrington, CHRO Michael Finnigan, Trustee, Retirees Paul Frese, Trustee Non-Union Members Rich Piekarski, Jr., Trustee, Local #3109 Robert Barczak, Trustee, Local #459 Saul Polish, Trustee, Local #3911</p>	<p><u>TRUSTEES ABSENT:</u> Douglas Merrill, FOP Lodge #5 Regis Yurcich, Trustee, Local #1607 Terry Stone, Trustee</p> <p><u>OTHERS PRESENT:</u> Bob Wasserbach, County Auditor</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> Will Forde, NEPC Danielle Hootnick and Ben Harrild, Bluebay Asset Mgt. (teleconference) Cheryl Cecchini, TPG Sixth Street Partners (teleconference) Christine Pastore, Vista Equity Partners</p>

APPROVAL OF THE MINUTES (8:20 a.m.)

The minutes from the May 16, 2018 meeting are attached for approval.

A motion was made by Daryl Brown and seconded by Rich Piekarski to approve the minutes from the May 16, 2018 meeting.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

APPROVAL OF THE INVOICES (8:20 a.m.)

Boomershine Consulting Group	\$1,875.00	April, 2018
NEPC	\$56,153.94	1 st Quarter 2018

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

*THE MOTION WAS ADOPTED UNANIMOUSLY.

COORDINATOR'S REPORT by Susan Lawler (8:21 a.m.)

- ❖ Gross Payroll and Employer Contributions for the month of April, 2018.
- ❖ Pension Trust Asset Summary – April, 2108
- ❖ Pension Payments - May, 2018
 - Payees for May 1,447
 - Active Participants 1,063
 - DelPen 377
 - Benefits total \$3,454,811.14

Introduction of David Gregor the new Chief Financial Officer to the Board of Trustees

CAPITAL CALLS(8:23 a.m.)

➤ Northstar Mezzanine Partners	\$183,150.00	06/14/2018
➤ Brookfield Capital Partners Fund IV	\$379,437.04	06/25/2018

DISTRIBUTION OF CAPITAL(8:23 a.m.)

➤ Lexington Partners	\$37,505.00	05/31/2018
➤ Crescent Direct Lending	\$246,101.00	05/31/2018
➤ Northstar Mezzanine Partners	\$121,025.00	06/08/2018
➤ TPG Opportunities Partners II	\$63,980.00	06/13/2018

APPROVAL OF THE APPLICATIONS FOR BENEFITS (8:23 a.m.)

(09527)	\$1,182.51	05/20/2018	RetGen
(09497)	\$1,584.46	06/03/2018	RetGen
(08176)	\$1,498.57	07/05/2018	RetGen
(05776)	\$2,452.44	11/15/2017	RetGen
(00000)	\$1,150.98	06/09/2018	RetGen

DelPen Retirements(8:24 a.m.)

(09008)		06/12/2018
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APPROVAL OF THE SURVIVOR BENEFITS (8:24 a.m.)

(14002)	\$787.09	05/31/2018	RetGen
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APPROVAL OF THE LUMP SUM BENEFITS (8:24 a.m.)

(13966)	\$1,546.32	06/01/2018	RetGen
(13967)	\$1,546.32	06/01/2018	RetGen
(13968)	\$451.60	06/01/2018	RetGen
(13969)	\$451.60	06/01/2018	RetGen
(13970)	\$451.60	06/01/2018	RetGen
(13980)	\$2,792.83	06/01/2018	RetGen
(13997)	\$2,062.22	06/01/2018	RetGen

APPROVAL OF THE REFUND BENEFITS (8:24 a.m.)

(13116)	\$5,913.07	06/01/2018	CPGen
(12623)	\$5,037.09	06/01/2018	CPEMS

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

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

NEW BUSINESS (8:25 a.m.)

- Investment Manager Presentations - Will Forde provided a brief summary of the firms and the allocation to each manager.
- Review the Preliminary Investment Performance "Flash" report for the period ending May 31, 2108 – (NEPC).

NEW BUSINESS (Cont'd)

- Presentations by
 1. Danielle Hootnick and Ben Harrild, BlueBay Asset Mgt. (teleconference)
 2. Cheryl Cecchini, TPG Opportunities Fund (teleconference)

A motion was made by Daryl Brown and seconded by David Gregor to commit to Bluebay Fund III Levered for a \$5 million dollar allocation pending contraction negotiations.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

A motion was made by Daryl Brown and seconded by Mike Finnigan to take a five minute break.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

The meeting reconvened at 10:10 a.m.

NEW BUSINESS (Cont'd)

- Presentation by
 3. Christine Pastore, Vista Equity Partners

Will provided a recap on Vista's presentation.

A motion was made by Daryl Brown and seconded by Deloris Arrington to make two commitments of \$5 million dollars each to TPG Fund IV and Vista Equity Partners pending contract negotiations.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**

OLD BUSINESS (11:14 a.m.)

- Update – (NEPC/Frank) - Class Action filings – *There were a couple of outstanding questions regarding the class action filing services. One of them Kevin identified in May. We received a stack of checks from State Street for dated class action settlements. I believe the board asked if there was any interest that accrued during that period. I reached out to State Street and I was informed that we purportedly didn't have a standing direction letter specifically for class action proceeds after the custodial transition, and it doesn't seem like a fight we are going to win. So I will have to leave that on the table for now. I think trying to argue payable interest on a small amount of class action settlement checks would not be cost effective. Going forward, I will reach out to State Street and coordinate a standing direction letter specifically for class actions and any periods that are covered. Class action services for the period no longer covered by State Street was the other question asked. We are working closely with NEPC on this. Will, Kevin and I received a great background on class action services from the vendors we interviewed. We had conference calls with FRT and ISS and both gave us an in-depth view of the class action filing services industry. Frankly I wasn't aware the class action filing service was so competitive. The understanding Will and I have from the vendor we interviewed was that FRT wanted to cover our prior coverage from State Street and our current coverage from Northern Trust. They did not want to separate the two and wanted both parts of our business for class action filing services. I spoke with Northern Trust regarding that and we've done an extensive amount of research with that and the value isn't there. If we had someone come in and take over Northern Trust class action services that would actually increase our cost with Northern Trust because when we hired Northern Trust we hired them for bundled services. Once we begin removing services from that bundle, it will increase our custodial fees. ISS was the second vendor we had a conversation with and they will offer to service our past class actions with State Street only and will not interfere with our Northern Trust services. They have annual fees and they would cover U.S. and Canada and then there is a fee for U.S., Canada and Global. Before that decision is made, we will have to take into consideration that we currently only have a few separately managed accounts with Northern Trust.*

OLD BUSINESS (Cont'd)

That reduces our global exposure to the class action suits that we need covered now, but prior we may have had a few more separately managed accounts that should be covered. ISS annual class action service fees to cover U.S., Canada & Global are \$12,500 and U.S. and Canada at \$7,500. This is something we will have to discuss with them if we choose ISS. I was also contacted by a sales representative from a company called BATTEA which is another class action filing service company. They provided me with a wonderful background of the whole class action industry from beginning to end and how it's all serviced. It was very interesting, but long story short, I think right now in our best interest it would be to only cover the period that State Street is no longer going to cover. I'm not sure if I can recommend, but I believe it's in our best interest now to contract with ISS to cover that period. NEPC also recommends moving forward with ISS and keep maintaining our current class action relationship with Northern Trust. Once an analysis is received from ISS, on global exposure, we will provide the board with an update.

A motion was made by Rich Piekarski and seconded by Daryl Brown to hire ISS to perform the class action services for previously held class actions.

(7) Yeas (1) abstain

*THE MOTION WAS CARRIED.

NEW BUSINESS (11:38 a.m.)

- (Frank) - CP 2011 Investment Services Provider contract (current MetLife extension expires 06/30/18) – *If we recall, the board is responsible for overseeing our 401(a) portion of our County 2011 Plan. Last year we filed a one-year extension agreement with MetLife in conjunction with the Deferred Compensation Committee and their one-year extension with the 457(b) agreement with MetLife. The one-year extension; which is the first of two, within that contract expires June 30, 2018. What I'm asking for is that the board make a motion to extend the one-year contract for the 401(a) County 2011 Plan with the third party administrator MetLife.*

A motion was made by David Gregor and seconded by Saul Polish to approve the second extension of the contractual agreement with third-party MetLife for the 401(a) portion of the County 2011 Plan.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

- (Frank) - MetLife Plan Review (Q2) – The MetLife representatives will present 2nd Quarter 2018 at the August 15, 2018 meeting.

EXECUTIVE SESSION (11:34 a.m.)

A motion was made by Daryl Brown and seconded by Rich Piekarski to move into Executive Session.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

- Disputed Invoices.

A discussion was held on the disputed invoices.

- To approve the minutes of May 16, 2018 Executive Session.

A motion was made by Daryl Brown and seconded by David Gregor to move out Executive Session.

*THE MOTION WAS ADOPTED UNANIMOUSLY

The meeting reconvened at 11:47 a.m.

A motion was made by Daryl Brown and seconded by David Gregor to approve the minutes from the May 16, 2018 Executive Session with correction to the title of the Chief Human Resources Officer to Acting CHRO.

*THE MOTION WAS ADOPTED UNANIMOUSLY.

NEW BUSINESS (Cont'd)

Saul – As is comes to MetLife and Local 3911; which represents the Paramedics and 911 personnel that work a special schedule of 2-2-4 there has been some conversation with some members that are covered by the County 2011 Plan about compensation as it goes to the 401(a). The president of Local 3911 would like to make a presentation at the August meeting. There are some concerns about the language that's in the code and what the intended language was supposed to be as far as compensation as it goes to overtime and scheduled overtime and what hours are covered. The special schedule of our 2-2-4 has built in overtime into and as you know the County 2011 Plan only covers base salary, but there was a carve out for the 2-2-4 scheduled people knowing they have built in overtime. Over the different payroll periods there has been some questions and concerns on what hours should be looked at and approved under that special code. Apparently it was brought to light and we've had a discussion with the pension administrator that it may cause a problem for what the code was referring to as to what should be covered and potentially either the right amount is not being compensated for or there is too much that is going to be coming out.

A brief discussion was held.

The board will defer this matter until next month to see what they need to do.

Frank – *The Eset security software has expired on the Surface Pro laptops and new software needs to be installed.*

ADJOURNMENT (11:56 a.m.)

A motion was made by Daryl Brown and seconded by David Gregor to adjourn the meeting at 11:56 a.m.

***THE MOTION WAS ADOPTED UNANIMOUSLY.**