

**NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of September 16, 2015**

The regular meeting of the Board of Trustees was held on September 16, 2015 in the Government Center (Manager's Conference Room), 87 Reads Way, New Castle, DE 19720.

The meeting was called to order at 8:10 a.m.

<p align="center"><u>BOARD MEMBERS PRESENT:</u></p> <p>Christine Dunning, CHRO Daniel McFadden, Chairperson Douglas Merrill, FOP Lodge #5 Kenneth Porter, Trustee Michael Coupe, CFO 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</p>	<p align="center"><u>BOARD MEMBERS ABSENT:</u></p> <p>Saul Polish, Trustee, Local #3911 Terry Stone, Trustee</p> <p align="center"><u>STAFF PRESENT:</u></p> <p>Susan Lawler, Pension/Benefits Coordinator Judi Mitchell, First Asst. County Attorney Rowena P. Liles, Administrative Aide</p>
<p align="center"><u>OTHERS PRESENT:</u></p> <p>Maria Scarpa, NCC/Finance Joe Dudzinsky, Local 3109</p>	<p align="center"><u>INVITED GUESTS:</u></p> <p>Kevin Leonard, NEPC</p>
<p align="center">The meeting was called to order at 8:10 a.m.</p>	

8:10 a.m. APPROVAL OF THE MINUTES

The minutes from the August 19, 2015 meeting are attached for approval.

A motion was made by Paul Frese and seconded by Mike Finnigan to approve the minutes from the August 19, 2015 meeting.

*THE MOTION WAS PASSED UNANIMOUSLY.

8:11 a.m. APPROVAL OF THE INVOICES

Boomershine Consulting Group	\$4,390.00	July, 2015
Income Research & Mgt.	\$41,079.62	3 rd Quarter 2014
NAPPA	\$450.00	Membership Fee
NEPC	\$55,125.25	2 nd Quarter Fees
State Street Corp.	\$10,717.81	May, 2015
State Street Corp.	\$375.00	July, 2015
State Street Corp.	\$11,587.09	July, 2015
State Street Corp.	\$250.00	Class Action Admin Fees

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

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NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of September 16, 2015

8:00 a.m. COORDINATOR'S REPORT by Susan Lawler

- **Report of Pension Buy-in** – *I just want to report that we had a pension buy-in. Of course, just be clear we do not have an opening. We had a gentlemen exercise his rights under USERRA to capture his military time that's interrupted his service here at the County. He picked up his military time as credited service towards his pension and made the appropriate contributions for that.*
- **Gross Payroll and Employer Contribution for the Month of August 31, 2015** – *As requested, the County's contributions to the Pension Trust for August was distributed. We will try to get that from a timing perspective so it arrives as part of the agenda for those purposes.*

Under a separate page 3 on the agenda, we've listed the capital calls and distribution of capital. These seem to be occurring with greater frequency. We just want to make sure that they are clear and out there just for your purposes and they are not buried within the agenda.

Dan – *Kevin is there anything going on there that is out of the ordinary?*

Kevin – *It's good news. Obviously, I'm going to review your partnerships but you are getting to the point where you are starting to move more and more money that way.*

8:13 a.m. CAPITAL CALLS

- | | | |
|--------------------------------|--------------|--------------------|
| ➤ HarbourVest Partners | \$225,000.00 | August 31, 2015 |
| ➤ Northstar Mezzanine Partners | \$8,620.00 | August 20, 2015 |
| ➤ Lexington Partners | \$33,209.00 | August 20, 2015 |
| ➤ Crescent Direct Lending | \$205,573.00 | September 22, 2015 |

8:13 a.m. DISTRIBUTION OF CAPITAL

- | | | |
|----------------------|--------------|-----------------|
| ➤ Lexington Partners | \$102,474.00 | August 28, 2015 |
|----------------------|--------------|-----------------|

8:13 a.m. APPROVAL OF THE APPLICATIONS FOR BENEFITS

Service Retirements

Kenneth N. Dunn, Sr.	\$7,667.68	October 5, 2015
Juan Sanchez	\$130.00	September 1, 2015

A motion was made by Doug Merrill and seconded by Mike Finnigan to approve the service retirements.

***THE MOTION WAS PASSED UNANIMOUSLY.**

8:14 a.m. APPROVAL OF THE BENEFIT CONVERSION

Kenneth Shortess, Jr.	\$3,365.94	August 30, 2015
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A motion was made by Rich Piekarski and seconded by Mike Finnigan to approve the benefit conversion.

***THE MOTION WAS PASSED UNANIMOUSLY.**

NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of September 16, 2015

8:15 a.m. APPROVAL OF THE LUMP SUM BENEFIT

Jennifer Kaczmarczyk (Herbert Chapman) \$1,384.25

A motion was made by Ken Porter and seconded by Mike Finnigan to approve the lump sum benefit.

***THE MOTION WAS PASSED UNANIMOUSLY.**

8:15 a.m. APPROVAL OF THE REFUND BENEFITS

Rachel Stemerman \$5,442.35 PlnAMD

A motion was made by Regis Yurcich and seconded by Mike Finnigan to approve the refund benefit.

***THE MOTION WAS PASSED UNANIMOUSLY.**

8:16 a.m. NEW BUSINESS

- Equipment Purchases for the Board (Susan Lawler) – *Saul was asked to look into it. I had a brief conversation. At the last meeting, for anybody who wasn't here there was a discussion about perhaps going to laptops for the Board so that we don't incur the cost and weight of things that come in from various managers and that sort of thing. Saul's actually looking into it because they recently purchased Surface Pads for Fireboard and such. I spoke briefly with Purchasing about hopping onto the Purchase Order for that and seeing what we need. So we should probably get a motion at some point not today once we have that information back for the Board to approve those purchases. I'm thinking something along the lines of 14 or 15 to cover the Board and staff members. Of course, they would be owned by the Board, on loan to the various memberships.*
- Custodial Services contract (Kevin Leonard) – *You as a Board voted to hire Northern Trust as your new custodian upon successful contract negotiations. We had a very good call from Northern Trust and they are beyond ecstatic. I can also tell you that they've seen other transitions over from State Street so that supports obviously the decision you all made and some of the services State Street has been giving their clients. The contract is in legal counsel's hands being reviewed, but nothing is signed off on. Northern Trust is flexible on when we can start. It is whenever we are comfortable and this will be a pretty easy transition. You don't have anything real difficult to move over. Our expectation is that State Street will remain extremely professional, in fact, the head of Consultant Relations for all of State Street contacted me and apologized to me and wanted to express apologies for putting you through with all you had to deal with and gave her word that State Street will do whatever is necessary to make it a smooth transition. The effective date will be December 1, 2015. If a problem arises, it will be pushed to February 1, 2016.*

Judy – I've done the preliminary review of the contract and it has the usual issues with Choice of Law and Indemnification provisions. Do you Susan have the contact information or Kevin who should I contact regarding making the changes?

Kevin – The gentleman we've been dealing with and I can't think of his name, but I will get it for you.

- First Quarter 2015 Private Markets Review was distributed to the Board for review and discussion.
- Private Equity & Private Debt 2015 Strategic Investment Plan Review was distributed to the Board for review and discussion. NEPC is recommending two funds for the Board to consider Brookfield Capital

NEW CASTLE COUNTY EMPLOYEES' PENSION PROGRAM
Minutes of September 16, 2015

Partners and Monomoy Capital Management L.P. *If you recall, last month we talked about a Private Equity Pacing Plan and a Private Debt Pacing Plan. What we're doing in these Pacing Plans is setting a budget of how much money we think you should be spending each year. We started this program and said we wanted you to make commitments in theory annually. To continue to make commitments over several vintage years for diversification purposes. If you had put all your 5% to work in 2007, you would have been extremely unhappy. So you want to diversify over what we call vintage years and diversity over different types of Private Equity and Private Debt. We run this report for you annually and make assumptions on where the portfolio will be in the future.*

The review and discussion continued on Private Equity & Private Debt.

- *On the Private Equity portfolio for 2015, the recommendation is a \$7 million dollar commitment. I've given you two funds Brookfield Capital Partners IV and Monomoy Capital Management Partners III to consider. I would recommend the Board invite Brookfield Capital Partners for the October 21st meeting.*
 - *NEPC recommends taking money from Income Research and Management.*
 - *Use Real Estate Management for liquidity sourcing for benefit payments.*
 - *NEPC will be publishing the 2016 Market Assumptions & Outlook in December 2015.*
- *NEPC's memo on Investment Thesis for Unconstrained Fixed Income was distributed to the Board.*
- *Review the Preliminary Investment Performance "Flash" report for the period ending August 31, 2015 – (Kevin Leonard, NEPC) - Distributed the report to the Board for review and discussion.*
- *NEPC Private Markets Investment Due Diligence Research Report (Kevin Leonard, NEPC) - Distributed the report to the Board for review and discussion.*

Ken- I have two things. 1) The last time we talked about putting an actuarial services sub-committee together, to look at possible actuarial firms, I have now narrowed the contacts down to four firms. We will be getting together for the sub-committee to review which ones we want pursue further. 2) I attended last week the 2015 Public Funds Forum in California. If anyone wants to consider the Public Funds Forum, I don't recommend anyone spend any money to attend this conference. It was a pep rally for shareholder activism in the environmental activist's space. They were trying to get funds to rally behind activism and get into shareholders lawsuits and everything else in support the cause of environmental change. They were so wedded to their belief that they totally discounted trustee oversight and viewed the trustee rules as being not relevant. They were only interested in having us be activists. They referenced all the refugees coming into Syria who many of whom are coming out because of religious persecution. They claimed the only reason they are leaving Syria is because climate change destroyed their farmlands. This was just kind of garbage coming out and this conference was a total waste of time.

Christine – I just want to thank the Board for approving my CAPPs education training, but unfortunately I will not be able to attend, due to Union negotiations going on. I will have to put off attending until the spring.

9:52 a.m. ADJOURNMENT

A motion was made by Mike Finnigan and seconded by Doug Merrill to adjourn the meeting at 9:52 a.m.

***THE MOTION WAS PASSED UNANIMOUSLY.**