

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF APRIL 25, 2003

The meeting of the Board of Pension Trustees was called to order by N. Shevock at 9:00 a.m. in the Delaware Conference Room of the McArdle Building.

Trustees Present

Nancy J. Shevock, Acting Chair
Jan M. King
Robert W. Allen
Helen Foster Parson

Trustees Absent

Ralph J. Adkins
David W. Singleton
Lisa Blunt-Bradley

Others Present

Jim Testerman, Pension Advisory Council
Charlotte Lister, Pension Advisory Council
David C. Craik, Pension Office
Christy L. Ulmer, Pension Office
Alice L. Simon, Pension Office
Marsha Kramarck, DAG
Steve Kubico, Deputy Controller General

1. OPENING COMMENTS

The meeting of the Board of Pension Trustees was called to order at 9:05 a.m. by N. Shevock in the Delaware Conference Room of the McArdle Building.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the minutes of the March 28, 2003 meeting.

MOTION was made by R. Allen and seconded by J. King to approve the minutes of the March 28, 2003 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. DEPUTY ATTORNEY GENERAL REPORT

One appeal case was deferred to Executive Session.

4. INVESTMENT COMMITTEE REPORT

INVESTMENT PERFORMANCE – MONTH ENDING MARCH, 31 2003

<u>Fund</u>	<u>Previous Month</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	0.5%	(6.9)%	(11.0)%
S & P 500 Index	1.0%	(13.1)%	(24.8)%
60/35/5*	0.5%	(4.6)%	(11.2)%
Delaware Benchmark**	0.3%	(5.0)%	(9.4)%

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

**Benchmark mix of 45% Russell 3000, 10% EAFE (international), 43% Lehman Bond aggregate and 2% T-bills.

The Board has previously authorized liquidation of \$60 Million from the Mellon Tactical Allocation Fund to meet the cash needs of pension payments. The Investment Committee recommended reducing the Global Asset Allocation Fund and requested that the Board approve liquidation of \$60 Million of the GTAA fund quarterly for cash needs on an ongoing basis until further notice.

MOTION was made by R. Allen and seconded by J. King to approve the liquidation of \$60 Million from the Mellon TAA or GTAA Funds quarterly for cash needs on an ongoing basis until further notice.

MOTION ADOPTED UNANIMOUSLY

4. INVESTMENT COMMITTEE REPORT

Lincoln Capital Management will be working with counsel to recover investment funds from the National Premier Financial Trust Floating Rate Note (NPF 12) that is currently in bankruptcy proceedings. Board approval was recommended to authorize to Lincoln Capital Management to hire Gibbs & Bruns to represent DPERs in this issue.

MOTION was made by J. King and seconded by H. Parson to allow Lincoln Capital Management to retain Gibbs & Bruns to act on the Board's behalf to recover investment funds from National Premier Financial Trust.

MOTION ADOPTED UNANIMOUSLY

The Investment Committee will be reviewing DPERs relationship with Ashford Capital Management at the next meeting.

Mount Lucas product still working as anticipated.

5. PENSION ADVISORY COUNCIL

Three pension workshops were held in coordination with the Pension Office. The workshops were well attended with approximately 263 employees in attendance. Two additional workshops are scheduled for May.

The Pension Advisory Council is anticipating a meeting with the Pension Benefits Review Committee.

6. PENSION ADMINISTRATOR'S REPORT

Communications

The E-Cris project went smoothly. The next anticipated upgrade will be to PeopleSoft Version 8.8. If a contract is approved prior to June 30, 2003 there will be a cost savings toward next upgrade. This upgrade is expected to be completed within approximately four or five months.

Legislation

HB 110 – This bill was introduced to allow employees who participated in Jobs for Delaware Graduates to purchase service. This legislation passed last year, but was vetoed by the Governor.

HB 116 – This bill would reinstate survivors' benefits to the survivors in the SEPP who lost benefits upon remarriage. This was tabled in Committee.

D. Craik is working with Sen. Cook on drafting a bill that will allow an employee to purchase credited service for accumulated sick leave.

6. PENSION ADMINISTRATOR'S REPORT (CONTINUED)

Legislation (Cont.)

There will be two bills introduced for employees called into active military service. There is one appeal pending relation to this legislation.

D. Craik is working with representatives from the Budget Office and Sen. Cook in preparing and reviewing calculations for a Post Retirement Increase (PRI.)

Medical Report

Twenty-three disability cases were approved for the month of April 2003. Two cases are currently in the over 90 day category. One will be denied and the second is an appeal waiting on additional medical information. The Medical Committee held two meetings and is now current on reviewing the continuance cases.

7. AUDIT COMMITTEE REPORT

The Audit Committee met on April 7, 2003 with representatives from Mt. Lucas who provided a presentation on commodities. The annual entrance audit meeting will be held on May 8, 2003.

R. Allen read the note of appreciation received from Mrs. Ethel Hofmann. See attachment.

8. PENDING ITEMS

Reference to Item #4: D. Craik will schedule Ashford Capital Management to attend the July 25, 2003 Board meeting to provide an informational presentation of investment practices. The Pension Advisory Council is invited to attend.

Reference to Item #5 & 6: M. Kramarck will work with D. Craik on completing Items 5 & 6 on the Pending List.

9. EXECUTIVE SESSION

MOTION was made by R. Allen and seconded by H. Parson, that the Board go into Executive Session to consider legal advice and to consider pending personnel matters and confidential medical records.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters and confidential medical records.

9. EXECUTIVE SESSION (CONTINUED)

MOTION was made by R. Allen and seconded by H. Parson to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

10. APPEAL CASES

Following a discussion in Executive Session, the following motion was made:

MOTION was made by R. Allen and seconded by J. King, to accept the decision of the hearing officers in the case of Raymond P. Morrison, Jr. as referenced in the report.

MOTION ADOPTED UNANIMOUSLY

11. ADJOURNMENT

The next Pension Board meeting will be held on May 30, 2003 in the McArdle Building Delaware Conference Room in Dover, Delaware.

At 10:00 a.m. there being no further business,
MOTION was made by R. Allen and
seconded by H. Parson to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator

Nancy J. Shevock, Acting Chair
Board of Pension Trustees