

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF JUNE 20, 2003

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

Trustees Present

Ralph J. Adkins
Jan M. King
Robert W. Allen
David W. Singleton
Lisa Blunt-Bradley
Nancy J. Shevock
Helen Foster Parson

Trustees Absent

None

Others Present

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

1. OPENING COMMENTS

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

2. APPROVAL OF THE MINUTES

The Trustees reviewed the minutes of the May 30, 2003 meeting.

MOTION was made by D. Singleton and seconded by J. King to approve the minutes of the May 30, 2003 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. INVESTMENT COMMITTEE REPORT

INVESTMENT PERFORMANCE – MONTH ENDING MAY, 31 2003

<u>Fund</u>	<u>Previous Month</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	4.3%	2.1%	(1.0)%
S & P 500 Index	5.3%	(1.0)%	(8.1)%
60/35/5*	4.2%	4.7%	0.5%
Delaware Benchmark**	5.2%	4.9%	1.5%

*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.

4. INVESTMENT COMMITTEE REPORT (CONTINUED)

T. Rowe Price High Yield Bond managers provided a presentation to the Investment Committee at its last meeting. The investment in high yield was opportunistic and the Committee will most likely recommend the investment in this asset class be lightened over the coming months. Oaktree Capital International Managers will give a presentation at the next Investment Committee meeting.

5. PENSION ADVISORY COUNCIL

Mr. Testerman will be unable to attend the July 18, 2003 Board meeting. The Pension Advisory Council has held its final meeting for this fiscal year. The next meeting will be held on November 18, 2003. The Council is anticipating the passage of Senate Bill 163 that will allow members of the City of Wilmington Firefighters to be represented on the Pension Advisory Council.

6. PENSION ADMINISTRATOR'S REPORT

Medical Report

There were fifteen new disability cases approved for the month of June 2003. D. Craik informed the Board that of the four disability staff members, two are currently out on extended medical leave. Dorothy Clemente will be out of the office for over a month. Due to the shortage of staff, there may be some future lapsing on aging list.

Legislation

- SB 90 – regarding permitting a service pension after 25 years of credited service, regardless of age, without actuarial reduction was tabled in the Senate Finance Committee.
- SB 163 – has been introduced to allow members of the City of Wilmington Firefighters' Union to have representation on the Pension Advisory Council
- SB 143 – has been introduced regarding military service compensation used in an employee's final average compensation. D. Craik explained the intent of the bill and how it is related to the upcoming appeal hearing decision that will be voted on at this meeting.
- HB 251 – is being reintroduced to move the Board of Pension Trustees from under the Department of Finance to the State Personnel Office.
- HB 12 – allowing police officers covered under the County and Municipal Police/Firefighter pension plan to purchase previous police service at their expense has been signed by the Governor.
- HB 87 – allowing disabled police officers in the State Employees' Pension Plan to earn up to previous salary has been signed by the Governor.

Legislation (continued)

- A Post Retirement Increase estimate with a September 2003 effective date is being reviewed.

Communications

The Request For Information (RFI) for the disability project still pending. There are a number of vendors who are interested in participating. Once a report is finalized, it will be made available to the Board and its committees.

The Pension Office has received approximately 300 pension applications for the August payroll. The staff has already begun working on completion of the August payroll applications.

Carolyn Williams is retiring effective August 1, 2003 thus leaving the Deputy Pension Administrator position vacant. The hiring review for this position has been approved and the posting is opening today.

DTI is working in coordination with the Pension Office on placing new hardware enabling the PeopleSoft upgrade to Version 8.8.

7. AUDIT COMMITTEE REPORT

Joel Pooreman has recruited Mr. Harold Smith to serve on the Audit Committee. A copy of his resume was presented to the Board. Mr. Smith is expected to be in attendance at the July Board meeting.

MOTION was made by R. Allen and seconded by J. King to approve the appointment of Harold D. Smith, II to the Audit Committee.

MOTION ADOPTED UNANIMOUSLY

The EDP Auditors will begin their audit next week.

8. PENDING ITEMS

No action taken.

9. DEPUTY ATTORNEY GENERAL REPORT

Two appeal cases were deferred to Executive Session.

10. EXECUTIVE SESSION

MOTION was made by B. Allen and seconded by N. Shevock, 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.

MOTION was made by L. Blunt Bradley and seconded by R. Allen to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

11. APPEAL CASES

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

MOTION was made by J. King and seconded by R. Allen to accept the decision of the hearing officers in the case of Stanley G. Lakey to deny inclusion of his military salary in the Final Average Compensation.

MOTION ADOPTED UNANIMOUSLY

MOTION was made by J. King and seconded by R. Allen, to accept the decision of the hearing officers in the case of Russell F. Dennis that the request for the recalculation of his service credit be denied.

MOTION ADOPTED UNANIMOUSLY

12. ADJOURNMENT

The next Pension Board meeting will be held on July 18, 2003 in the McArdle Building Delaware Conference Room in Dover, Delaware. Members of the Pension Advisory Council and the Audit Committee will be in attendance for a presentation by Ashford Capital Management.

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

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator

Ralph J. Adkins, Chair
Board of Pension Trustees