



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING OF MARCH 30, 2001

The meeting of the Board of Pension Trustees was called to order by D. Stratton at 9:02 a.m. in 2nd floor conference room, Thomas Collins Building, Dover.

Trustees Present

A. Dale Stratton
Jan M. King
Robert W. Allen
Lisa Blunt-Bradley
David W. Singleton
Nancy J. Shevock

Trustees Absent

Keith Dorman

Others Present

Steve Kubico, Controller General's Office
James B. Testerman, Pension Advisory Council
Charlotte Lister, Pension Advisory Council
David C. Craik, Pension Office
Carolyn J. Williams, Pension Office
Calvin L. Scott, Jr., DAG
Christy L. Ulmer, Pension Office
Alice L. Simon, Pension Office

1. OPENING COMMENTS

D. Stratton opened the meeting by welcoming the new Trustee Nancy J. Shevock. Ms. Shevock is a State of Delaware retiree with a background in technology, finance and administration. She is currently a consultant for several state agencies.

D. Stratton reviewed the following Trustee assignments that will broaden the Board's participation in key areas.

- Robert Allen – Audit Committee Representative
- Jan King – Investment Committee Liaison
- Nancy Shevock – Liaison with the Pension Office Technology Section
- David Singleton and Lisa Blunt-Bradley – Executive Branch Liaisons

2. APPROVAL OF THE MINUTES

The Trustees reviewed the minutes of the January 12, 2001 meeting and the revised minutes of the December 15, 2000.

MOTION was made by J. King and seconded by D. Singleton to approve the minutes of the January 12, 2001 meeting and the minutes of the December 15, 2000 meeting as amended.

MOTION ADOPTED UNANIMOUSLY

3. DEPUTY ATTORNEY GENERAL REPORT

One appeal hearing decision is pending and will be discussed at the April meeting. Discussion regarding investment litigation was deferred to Executive Session. Trustees are asked to serve as hearing officers for the remaining appeal hearings.

4. INVESTMENT COMMITTEE REPORT

J. King will now provide the Investment Committee report.

- a. Fund performance for the 12-month period ended 2/28/01 is 5.6% vs 0.0% for a 60/35/5 benchmark and -0.8% for the Delaware benchmark.
- b. Fiscal year performance thru February is -3.4% vs -5.0% for the 60/35/5 benchmark and - 4.0% for the Delaware benchmark
- c. March will most likely have a negative return. The Fund will have a negative return for the fiscal year if the investment climate does not improve in the next quarter.

The Actuary will be attending the April 17th Investment Committee meeting to review actuarial projections. Trustees are encouraged to attend.

5. PENSION ADVISORY COUNCIL REPORT

J. Testerman reported on the record high numbers of attendees at this year's workshops.

- Stanton – 275 attendees
- Georgetown – 104 attendees
- Brandywine – 115 attendees
- Dover – 138 attendees

C. Williams reported that the majority of questions received at workshops were regarding healthcare.

6. PENSION ADMINISTRATORS' REPORT

Medical Report

A comprehensive annual report was distributed and discussed covering disability applications and pensions reviewed by the Medical Committee for the month of February and March 2001. There were 25 new disability cases processed in the month of February and 13 new cases processed in March.

Communications

D. Craik has requested that Milliman & Robertson, Inc. prepare a proposal for a one-year extension for their contract. A Request for Proposals for the actuary contract will be discussed later this calendar year.

The Joint Sunset Committee will issue a final report at a meeting on April 4, 2001. D. Craik will attend the meeting on behalf of the Board. D. Stratton was praised for her presentation to the Joint Sunset Committee.

The Pension Office is planning to relocate in July 2001. The lease has been signed for the new building. C. Williams and D. Craik are working to narrow the relocation cost.

Communications (Continued)

Pension Office representatives have been providing on site employee presentations at several State agencies. This effort to inform State employees of their pension benefits has been publicized in the recent DPERS employee newsletter. Trustees received copies of the newsletters recently distributed to active employees.

The Pension Office will unveil its updated web site. Discussion took place regarding the need for the web site to be more easily accessible and possibly have its own domain name.

The Pension Office in coordination with Moore Business Systems will be distributing the annual pension statements in April 2001.

Legislation

D. Craik summarized recent pending legislation:

- SB 7 – Would permit a service pension after 25 years of credited service without actuarial reduction.
- SB 44 - Would allow those who became employed by the State after June 30, 1976 and who served in full time active duty in the US armed forces during time of war or national emergency to receive up to one year of credited service toward pension eligibility. Currently, those who were employed prior to July 1, 1976 may be credited with up to five years.
- SB 49 – Act would change the multiplier used in calculating pension benefits in the SEPP from 1.8% to 2.0%
- SB 54 – Would increase pensioners' death benefit from \$6,000 to \$7,000 for the SEPP, Closed State Police and New State Police Plans.
- HB 17 w HA1 – Would increase the pool of substitute teachers by permitting retired teachers to be substitutes without adversely affecting their state pension.
- HB 63 – Would add a group disability insurance benefit to State employees at no cost to the State. Discussion took place regarding this bill. L. Blunt-Bradley reported that this bill has been tabled in order to allow the opportunity to be reviewed the Employee Benefits Review Committee.

7. AUDIT COMMITTEE

The Audit Committee met on March 29th to review proposals for services related to the financial audit of DPERS. Proposals from Ernst & Young and KPMG were reviewed. The Audit Committee recommended Ernest & Young receive the additional three year contract for the financial audit of DPERS. Ernst & Young's proposal presents a 60% cost savings over the KPMG proposal. The annual Entrance Audit will be soon be scheduled.

8. PENDING ITEMS

The Pending Items List will be reviewed at the April meeting.

9. EXECUTIVE SESSION

MOTION was made by R. Allen and seconded by D. Singleton, that the Board go into Executive Session to discuss pending investment litigation.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending investment litigation.

MOTION was made by R. Allen and seconded by D. Singleton to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

10. ADJOURNMENT

At 11:08 a.m., there being no further business,

MOTION was made by R. Allen and seconded by D. Singleton to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator

A. Dale Stratton, Chair
Board of Pension Trustees