

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF MAY 30, 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

Others Present

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

1. OPENING COMMENTS

The meeting of the Board of Pension Trustees was called to order at 9:03 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 April 25, 2003. One revision was noted in the investment report the motion should read liquidation for \$60 Million to be liquidated as needed on an ongoing basis from Mellon TAA or GTAA.

MOTION was made by J. King and seconded by N. Shevock to approve the minutes of the April 25, 2003 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. DEPUTY ATTORNEY GENERAL REPORT

Two appeal cases were deferred to Executive Session.

4. INVESTMENT COMMITTEE REPORT

INVESTMENT PERFORMANCE – MONTH ENDING APRIL 30, 2003

<u>Fund</u>	<u>Previous Month</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	5.2%	(2.1)%	(5.3)%
S & P 500 Index	8.2%	(5.0)%	(13.3)%
60/35/5*	5.3%	.5%	(3.8)%
Delaware Benchmark**	5.0%	(.2)%	(3.5)%

*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)

The return on the Mt. Lucas commodities program is 2.1% since inception.

5. PENSION ADVISORY COUNCIL

J. Testerman reported that the workshops were well attended with approximately 415 employees in attendance. He expressed gratitude to Carolyn Williams, Caroline Jones and Diane Johnson for their participation in making these workshops a success.

6. PENSION ADMINISTRATOR'S REPORT

- Communications

Beginning on July 1, 2003, the Pension Office will begin working toward the next PeopleSoft upgrade to Version 8.8 similar to the upgrade that PHRST will be completing. Hardware for another server will need to be purchased at a cost of \$25,000. The Pension Office will use the additional server for the disaster recovery box to be stored off site, which will address one of the ongoing audit comments. The hardware will be purchased in the new fiscal year so this audit comment will not be addressed until next year. C. Lister mentioned compliments she received from PeopleSoft vendors regarding the Pensions Office.

Continuing to work in coordination with the Employee Benefits Committee toward the implementation of a disability program. The implementation of a disability program would take disability provisions out of the pension plan.

Over 200 applications have been received for the August pension payroll.

Trustees were informed that they are eligible to participate in the State's life insurance and blood bank programs. Trustees who were automatically enrolled will need to opt out if do not want to participate.

D. Craik provided an overview of the funding for the Special Pension Fund (See attachment.) In the FY03 Budget the funding for the Closed State Police Plan was reduced by \$750,000. This difference is to be funded from the reversion of assets from the Special Fund in FY03 as outlined in section 58 of the Budget Epilogue. This will leave the Special Pension Fund at a funding ratio of 131.7% above the 120% limit as set by the Budget Act.

MOTION was made by R. Allen and seconded by H. Parson to transfer \$750,000 from the Special Pension Fund to the Closed State Police Pension Plan as directed in the FY03 Budget Act.

MOTION ADOPTED UNANIMOUSLY

6. PENSION ADMINISTRATOR'S REPORT (CONTINUED)

- Legislation

SB 90 relating to a 25-year service pension without actuarial reduction has been tabled in the Senate Finance Committee

SB 110 relating to the purchase of sick leave has been tabled in the Senate Finance Committee.

D. Craik provided an Post Retirement Increase estimate based on a September 2003 date where .12% of payroll would need to be added to the PRI funding rate in order to finance an increase.

- Medical Report

Sixteen disability cases were approved for the month of May 2003.

7. AUDIT COMMITTEE REPORT

The annual Entrance Audit Committee meeting was held on May 8, 2003. The draft audit report will be forwarded on August 18th and presented at the September 26, 2003 Board meeting.

There is a potential nominee for the Audit Committee. A resume will be forwarded for review upon receipt.

8. PENDING ITEMS

Reference to Item #4: D. Craik scheduled Ashford Capital Management to attend the *July 25, 2003 Board meeting to provide an informational presentation of investment practices. The Pension Advisory Council and the Audit Committee has been invited to attend. * Note. This meeting has been rescheduled for July 18, 2003.

9. EXECUTIVE SESSION

MOTION was made by D. Singleton and seconded by R. Adkins, 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 L. Blunt-Bradley to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

10. APPEAL CASES

Following a discussion in Executive Session, the following motions were made:

MOTION was made by R. Allen and seconded by J. King to accept the decision of the hearing officers in the appeal of Joan Sciple for pension credit for recalculation of her final average compensation be denied.

MOTION ADOPTED UNANIMOUSLY

MOTION was made by R. Allen and seconded by J. King, to accept the decision of the hearing officers in the case of Raymond Stewart for pension credit for recalculation of his final average compensation be denied.

MOTION ADOPTED UNANIMOUSLY

11. ADJOURNMENT

The next Pension Board meeting will be held on June 20, 2003 in the McArdle Building Delaware Conference Room in Dover, Delaware. (Note: The July Board meeting has been rescheduled for July 18, 2003.)

At 10:15 a.m. there being no further business,
MOTION was made by R. Allen and
seconded by N. Parson to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator

Ralph J. Adkins, Chair
Board of Pension Trustees