

James B. Testerman, Chairman
Delaware State Education Association

Lawrence Talley, 1st Vice Chairman
Delaware State Troopers' Association

Charlotte T. Lister, 2nd Vice Chairman
At-Large

Delaware Retired School Personnel Association
Delaware Association of School Administrators
Delaware School Food Service Association
Delaware National Guard
University of Delaware Salaried Staff Association
Delaware Fraternal Order of Police
(13) International Association of Firefighters
Local 1590 City of Wilmington Firefighters

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
PENSION ADVISORY COUNCIL
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MINUTES OF THE STATE PENSION ADVISORY COUNCIL – 5/9/06

1. The meeting was called to order at approximately 1:35 p.m. in the Board Room on the 2nd floor of the McArdle Building, Suite 1, 860 Silver Lake Blvd., Dover, De.

2. Members present:

Brian Douty	FOP, State Lodge
Joseph Malloy	IAF
Nancy Patterson	DNG
Charlotte Lister	At Large
Joe Vrundy	DRSPA
Jim Testerman	DSEA

3. Members absent:

Louise Cloutier	UDSSA
Edward Seibert	DASA
Geraldine Gillespie	DSFSA
Larry Talley	DSTA

4. Approval of the minutes of 4/11/06. After achieving a quorum, Charlotte Lister moved to approve the Minutes of 4/11/06. The motion was seconded by Nancy Patterson and passed.

5. Announcements and Correspondence:

- a. Jim Testerman reported from the April Board of Trustees meeting that the Pension Trust Fund contained 6.56 billion dollars and FY earnings to date were 10.2%, for 12 months, 9.8%. The Board devoted a considerable amount of time reviewing a draft Statement of Investment Policies and Objectives for the Delaware Public Employees' Retirement System. The document was adopted but will subsequently have some tweaking. Chairman Testerman was assured that sufficient flexibility exist in the document to keep from tying the Boards hands.
- b. He also reported successful Pension Workshops and thanked David Craik and Kim Vincent for their good presentations. Noting that the Kent Social Security presenter did not appear and that one of the New Castle Social Security presenters does not do a very good job. Numbers attending these workshops include: 59 at the Ken Workshop, 48 at Del Tech Sussex, 71 at Stanton Middle School, 30 at Brandywine High School and 31 at the second Stanton Middle School Workshop.
- c. The Town of Felton joined the County and Municipal Pension Plan as of April 1st.
- d. The Pension Board had six responses on the RFP for actuarial services. An Actuary will be selected at the May Board Meeting.
- e. The medical benefit reopening does not include any increases for employees or retirees. Medical benefit costs increased by 6% but the State did not pass any of this to employees or retirees.
- f. A 2% pension increase is likely but as of now the 6 million in the Governor's Budget appears to be the only contribution to pre-funding of retiree medical benefits this year. If the contributions continue to be this low, this fund will not mature in our life time. The estimated cost of pre-funding retiree medical benefits is 3 billion dollars.

6. Legislative Strategy – Members of the Council were urged to lobby for additional funds beyond 6 million dollars to the fund, pre-funding medical benefits.

The following legislation was reviewed: SB 14 (McBride) permitting 25-year retirement without penalty, SB 134 (Bonini) allows retroactive lag pay, SB 248 (Cook) adds return to work to the Disability Program and clarifies health insurance coverage for those on long-term disability, SB 258 (Cook) increases the State's match for Deferred Compensation Plan from \$10 to \$20 per pay period, HB 30 (Williams) removes the provision that a State employee who donates sick leave is required to lose an equal amount of annual leave. Also removes requirement to lose double the amount of accrued sick leave when donating sick leave, HB 249 (Valihura) provides that amount received by persons 60 or over as pension or retirement income are completely exempt from State personal income taxation effective January 1, 2006 and thereafter.

7. State Employees' Pension Benefits Review Committee – Larry Talley is not present but I see no evidence that a meeting of this Committee will be held this year.

8. Adjournment – The agenda being complete the Chairman declared the meeting adjourned at 2:15 p.m.

Respectfully submitted,

Jim Testerman, Chairman