

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 11/10/09

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, 860 Silver Lake Blvd., Suite 1, Dover, DE.

2. Members present:

Nancy Patterson	DNG
Edward Seibert	DASA
Jim Testerman	DSEA
Charlotte Lister	At Large
Joseph Malloy	IAF
Wayne Emsley	DRSPA

3. Members absent:

Mary Pat Urbanik	UDSSA
Brian Douty	FOP, State Lodge
Larry Talley	DSTA
Janice Vander Decker	DSFSA

4. Others present:

David Craik	State Pension Administrator
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5. Approval of the May 12, 2009 minutes: Charlotte Lister moved to approve the May 12, 2009 minutes, seconded by Joseph Malloy. The motion passed.
6. Announcements and Correspondence: Jim Testerman reported that the Delaware State Employees Coalition for a Better Delaware would be meeting at the State Trooper's Building on December 3rd at 3:00 p.m.
7. From the Board of Pension Trustees Meeting: The Trust Fund contained \$6.3 billion at the end of October. The 12 month return was -6.6% in September and 5.1% in October, a great increase in a short period of time. The OPEB fund contained \$83 million at the end of September and \$5.6 billion is needed for full funding. The cost of OPEB went up from just over \$3 billion to \$5.6 billion because the Governmental Accounting Standards Board would not let the Board use the 8% assumed interest rate that is used for the Trust Fund. Instead, they had to use 5%, which caused the actuarial increase to \$5.6 billion. The actuarial firm representative reported an increase in the contribution rate to the Trust Fund from 6.01% in 2010 to 7.40% of payroll for the 2011 state budget. The increase was adopted by the Board.

The DSEA-R President, Steve Smith, has put together a coalition of state retiree groups to follow the State Employee Benefits Committee (SEBC), to attend SEBC meetings and work together to preserve state employee medical benefits. Through legislation in 2008 (Section 27 of SB300) a Sub-committee of the SEBC was established to see if the cost of the OPEB Fund could be reduced. The Markell Administration took over this Sub-committee when he was elected Governor. The report was written after Mr. Markell was installed as Governor and the report conclusions reached were that the only way to reduce the cost of OPEB was to decrease benefits or increase costs to retirees.

The State Employees Coalition for a Better Delaware will try to add members to the SEBC but may have difficulty in this regard. There are rumors of the pay reduction for state employees staying at 2.5% or higher in the 2011 budget. Also rumored is an increase in the number of pupils in classrooms and further increases in the cost of medical benefits. Appropriate taxes should have been raised for the 2010 budget instead of using gimmicks because it will be very hard to raise taxes in an election year.

8. Election of Council Officers: Wayne Emsley moved to retain the current officers, seconded by Edward Seibert. The motion passed. The Council Officers for 2010 are Jim Testerman, Chairman, Larry Talley, 1st Vice Chairman and Charlotte Lister, 2nd Vice Chairman.
9. 2010 Legislative Program: Members of the Council looked over the Legislative Goals for 2009 and suggested some small changes. Insuring the continuation of medical benefits at the current level was to be moved to the 1st position and for retirees added at the end of the Goal. Council members are to discuss the Legislative Goals with their groups and be ready to adopt the Goals at the January meeting.

10. State Employee Benefits Committee (SEBC): This was discussed in the Chairman's Report from the Board.

11. Legislation:

- HB 126 Eliminates language in DE Code that prohibits a sitting judge of the State of Delaware from receiving his or her state pension upon resignation from the Delaware bench and appointed as a Federal Judge. No cost because money is already there.
- HB 128 Would allow the calculation of a retiree's final average compensation so that it does not result in a loss of pension due to mandatory leave without pay (furlough).
- SB 147 Provides two additional years of service credit for those retiring on 6/30/09. This bill went nowhere.
- SB 135 Protects retirement benefits of those State Troopers who take military leave prior to retirement.
- HB 290 Employees retiring in FY10 will have final average compensation calculated as if there were no 2.5% pay reduction.
- HB 295 Authorizes the Secretary of Finance to transfer \$10,000,000 of abandoned property receipts in excess of \$374,000,000 to the OPEB Fund.

12. Additions to the Agenda: There were no additions to the Agenda.

13. Adjournment: The meeting adjourned at approximately 2:20.

Respectfully submitted,

James B. Testerman, Chairman