

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**  
MCARDLE BUILDING  
860 SILVER LAKE BLVD., STE 1  
DOVER, DE 19904

When Calling Long Distance  
Toll Free Number 1-800-722-7300

Telephone (302) 739-4208  
FAX # (302) 739-6129

MINUTES OF THE STATE PENSION ADVISORY COUNCIL

1. The meeting was called to order on June 13, 2006, at approximately 1:40 p.m. in the Board Room on the 2<sup>nd</sup> floor of the McArdle Building, Suite 1, 860 Silver Lake Blvd., Dover, De.
2. Members present:

Joseph Malloy	IAF
Nancy Patterson	DNG
Joe Vrundy	DRSPA
Louise Cloutier	UDSSA
Jim Testerman	DSEA
3. Members absent:

Brian Douty	FOP, State Lodge
Charlotte Lister	At Large
Edward Seibert	DASA
Geraldine Gillespie	DSFSA
Larry Talley	DSTA
4. Approval of the minutes of 5/9/06. The minutes could not be approved due to the lack of a quorum.
5. Announcements and Correspondence. Letters from Representative Gerald Buckworth and Representative Gerald Hocker were circulated. These letters were in response to the letter from our Council on the pre-funding of medical benefits, a pension increase and early retirement without penalty. The both agreed with our position on these issues.

From the Board of Pension Trustees meeting of May 26, 2006: Jan King presided in the absence of Chairman Philip Reese. She reported 6.61 billion in the Pension Trust Fund, a 1.7% gain for April, 14.1% for the FY to date and 17.7% for the last 12 months. She went through a quarterly report on the Pension fund with some discussion and motions to invest, change or terminate managers. The change from Mercantile to Northern Trust as fund custodial bank is coming along but cooperation from Mercantile has slowed. After an Executive Session the Board selected Cherion as the Actuarial Firm for the Pension Fund. The firm is headed by ex-Milliman employees who worked with the Delaware Pension Office while they were with Milliman.

6. Legislative Issues. Chairman Testerman covered legislative achievements for the current session of the General Assembly. They were:
  - A world-class disability retirement system with short term disability paying 70% of salary and long-term disability paying 55% of salary. A person on disability retirement accrues pension credit for each year on disability retirement and would retire with a regular retirement at age 65 with accrued pension credit. The legislation also provides for back-to-work requirements.
  - In addition, state employees can buy up to one year of sick leave time beyond the 90 days for which they are paid by paying 5% of final compensation into the pension fund. All money paid out is recovered within 2 years from extra pension.
  - State employees are to get a 4% raise with those at the bottom of the scale getting over \$2,000 in addition.
  - Retirees are getting a 2% increase.
  - The fund to pre-fund medical benefits is getting 6 million dollars.
  
7. State Employees Pension Benefits Review Committee. There is not much chance of this Committee meeting this legislative session.
  
8. Adjournment. The meeting adjourned at 2:30 p.m.

Respectfully submitted,

Jim Testerman, Chairman