

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF DECEMBER 14, 2007

The meeting of the Board of Pension Trustees was called to order by P. Reese at 9:01 a.m. in the Delaware Conference Room of the Office of Pensions in Dover.

Trustees Present

Philip S. Reese
Nancy Shevock
Jennifer Davis
Jan King

Trustees Absent

Robert Allen
Richard Cordrey
Helen Foster

Others Present

David Craik, Pension Office
Terri Timmons, Pension Office
Cindy Collins, DAG
Jim Testerman, PAC
Charlotte Lister, PAC
Kathy Kunkle, Pension Office
Elaine Loboda, Pension Office
Dorothy Clemente, Pension Office
Mariah Krass, Pension Office
Fiona Liston, Cheiron
Margaret Tempkin, Cheiron
Dr. Shellenberger, Medical Committee
Dr. Del Duca, Medical Committee
Dr. Frelick, Medical Committee
Dr. Gelb, Medical Committee
Dr. Riegel, Medical Committee
Dr. Smoyer, Medical Committee
Dr. Weir, Medical Committee
Dr. MacEwen, Medical Committee

1. OPENING COMMENTS

The meeting of the Board of Pensions Trustees was called to order by P. Reese. Mr. Reese welcomed the members of the Medical Committee.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the public minutes of the November 16, 2007 meeting.

MOTION made by N. Shevock and seconded by J. Davis to approve the public minutes of the Board of Pension Trustees' November 16, 2007 meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the executive minutes of the November 16, 2007 meeting.

MOTION made by J. Davis and seconded by N. Shevock to approve the executive minutes of the Board of Pension Trustees' November 16, 2007 meeting.

MOTION ADOPTED UNANIMOUSLY

3. MEDICAL COMMITTEE REPORT

Dr. Frelick stated that the Committee had concerns about the Hartford Disability and would like to see any reports that we have. Dr. Frelick commented that they see a lot of employees who should not be on the Pension Disability and wants to know how well the Hartford is doing with certain cases. D. Craik told the Committee Members that he will share the 2007 Hartford Report with the Committee as soon as he gets it.

4. INVESTMENT COMMITTEE REPORT

<u>Fund</u>	<u>Previous Month</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	-1.6%	3.2%	10.8%
S & P 500 Index	-4.2%	-0.7%	7.7%
60/35/5*	-1.8%	1.8%	7.2%
Delaware Benchmark**	-2.0%	2.8%	9.6%

*Benchmark mix of 60% S&P500 Index, 35% Salomon Long Government and Corporate Bond Index, 5% T-bills.

**Benchmark mix of 37% Russell 3000, 1% NAREIT, 20% MSCIA, 38.5% Lehman Bond universal, 1.5% LBTIPS, 2% T-bills.

The Fund lost 1.6% for the month which compared positively to a benchmark return of negative 2.0% and also positively to the 60/35/5 benchmark which returned -1.8%.

November was a bad month for the markets as the credit markets continued to be unsettled. The Russell 3000 Stock Index was down 4.5%, Large Growth stocks lost 3.5% and the Large Value index was down 4.9% for the month. Small Cap stocks fared worse than large caps with the Russell 2000 Index experiencing a negative 7.2% return. The International Markets also experienced negative returns with the unhedged EAFE losing 3.3% for the month. The Bond Market experienced better returns with the Lehman LT Government/Corp Index producing a gain of 2.3%.

The fiscal year, (un-audited) year-to-date return for 5 months for the Fund, will be reported as a 3.2% gain, which compared positively to 2.8% for the benchmark. Year-to-date calendar returns are a positive 10.0% for the Total Fund which compares favorably to a benchmark gain of 8.6%.

The next Investment Committee meeting will be held on December 18th.

MOTION was made by J. King and seconded by N. Shevock that the Board go into Executive Session to consider legal advice and to consider pending personnel matters and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

The Board then moved into Executive Session to discuss pending personnel matters and confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

MOTION was made by J. Davis and seconded by N. Shevock to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by J. King and seconded by N. Shevock to commit up to \$200 million to Carlyle/Riverstone IV and up to \$50 million to Carlyle/Riverstone Alternative Energy.

MOTION ADOPTED UNANIMOUSLY

5. PENSION ADMINISTRATOR'S REPORT

Best Practices

D. Craik gave the Board an update on where we are with Best Practices. He stated that there were five areas that were being concentrated on and they are as follows:

- Board Performance
- Executive Secretary Performance
- Administrative Policy
- Administrative Performance Evaluation
- Service Provider Selection

Actuary

D. Craik stated that Fiona Liston, from Cheiron, had brought with her valuations for three plans (State Employees, New State Police, and Judiciary Plans). The electronic version will be available when all plans are completed.

6. PENSION ADVISORY COUNCIL REPORT

J. Testerman reported that the next Advisory Council meeting will take place in January at which time they will decide what their legislative agenda will be for the year. He announced that the Spring Pre-Retirement Workshops are being scheduled. He also wanted everyone to know how much he appreciates the efforts of the Pension Office Staff for preparing for these workshops. Mr. Testerman thanked the Board and the Pension Office Staff for the good working relationship PAC has with each.

The November PAC meeting did not have a quorum but there was a discussion on the 2008 issues.

7. DEPUTY ATTORNEY GENERAL REPORT

There was no Deputy Attorney General Report.

8. PENDING ITEMS

D. Craik stated that there were no new pending items.

9. NEW BUSINESS

There was no new business to discuss.

10. ADJOURNMENT

The next Pension Board meeting is scheduled to be held on January 25, 2008, at 9:00 a.m., in the Delaware Conference Room of the Office of Pensions.

At 11:02 a.m., there being no further business,
MOTION was made by J. King and seconded by
J. Davis to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator

Philip S. Reese
Board of Pension Trustees Chairman