

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF FEBRUARY 24, 2012

The meeting of the Board of Pension Trustees was called to order by S. Grant, at 9:03 a.m. in the Delaware Conference Room of the Pension Office.

Trustees Present

Suzanne Grant
Ann Visalli
Nancy Shevock
Helen Foster
Arturo Agra (attended via telephone)

Trustees Absent

Tom Shaw
Tom Cook

Others Present

Cindy Collins, DAG
Terri Timmons, Pension Office
Wade Sallings, Pension Office
Rob Gooderham, Ashford Consulting Group
Sarah Williams, Ashford Consulting Group
Joseph Malloy, PAC Chair
Charlotte Lister, PAC
Jim Testerman, PAC

1. **OPENING COMMENTS**

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant.

2. **APPROVAL OF THE MINUTES**

MOTION made by N. Shevock and seconded by H. Foster to enter into Executive Session to consider pension 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 made by H. Foster and seconded by N. Shevock to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Public Minutes of the January 27, 2012 meeting.

MOTION made by N. Shevock and seconded by H. Foster to approve the Public Minutes of the January 27, 2012 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the January 27, 2012 meeting.

MOTION made by N. Shevock and seconded by A. Visalli to approve the Executive Minutes of the January 27, 2012 Board of Pension Trustees' meeting with noted changes.

MOTION ADOPTED UNANIMOUSLY

3. INVESTMENT COMMITTEE REPORT

Investment Committee Performance Report as of 1/31/12

<u>Fund</u>	<u>Jan-12</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	3.0%	(1.5)%	4.8%
S & P 500 Index	4.5%	0.6%	4.2%
60/35/5*	3.1%	3.1%	6.3%
Delaware	3.7%	0.1%	3.4%
Benchmark**			

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

**Benchmark mix of 38% Russell 3000 Index, 20% MSCI ACWI exUS, 38.5% Barclays Universal Bond Index, 1.5% Barclays TIPS Index, 2% T-bills

Total assets in the Fund at the end of January totaled \$7,365MM. The Fund's January return of 3.0% underperformed the Delaware Benchmark return. For the fiscal year-to-date, the total Fund is down 1.5%, 1.6 percentage points below the Delaware Benchmark.

Equity markets were strong in the month of January. The S&P 500 was up 4.5%, while small cap stocks, as measured by the Russell 2000, gained 7.1%. International stocks also were strong as the MSCI EAFE international stock index was up 5.3%. The broader MSCI All-Country World ex-U.S. stock index (which includes emerging markets) increased 6.8% in January. Fixed income market returns also were positive in January. The Barclays LT Govt/Credit Index was up 1.3%, while the JP Morgan Global High Yield index gained 3.1% for the month. The Barclays TIPS index was up 2.3% in January.

The Investment Committee has met once since January. At its meeting on February 14th, the Investment Committee received a presentation from existing manager T. Rowe Price and reviewed the Fund's natural resources equity account.

The Investment Committee reviewed fourth quarter reporting for the Fund, the Volunteer Fireman's Fund, the Non-Traditional assets, the First State Independence Fund, and derivative positions.

Under its authority to execute documents relating to partnerships over which it exercises authority, the Investment Committee approved an extension to Advanced Technology Ventures VII, and also approved the dissolution of a Carlyle II co-investment partnership.

The Investment Committee voted to recommend to the Board the redemption of 25% of the Fund's holding in the Oaktree Emerging Markets Absolute Return Fund.

The Board then turned its attention to an educational presentation by Ashford Consulting Group on the nature of investing in private equity partnerships, including an overview of their risks and merits. The next meeting of the Investment Committee will be held on March 13, 2012.

MOTION made by N. Shevock and seconded by H. Foster to enter into Executive Session to consider pension 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 made by H. Foster and seconded by N. Shevock to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by N. Shevock and seconded by H. Foster to ratify the poll vote authorizing the redemption of 25% of the Fund's holding in the Oaktree Emerging Markets Absolute Return Fund.

MOTION ADOPTED UNANIMOUSLY

4. **AUDIT COMMITTEE REPORT**

No report.

5. **PENSION ADVISORY COUNCIL REPORT**

J. Malloy reported that he had attended the JFC Hearings held earlier this month. He urged that the PRI's and the OPEB contributions continue.

6. **STATE PENSION ADMINISTRATOR'S REPORT**

No report.

7. **DEPUTY ATTORNEY GENERAL REPORT**

QEBA Trust

C. Collins has filed the QEBA trust document with the Delaware Secretary of State and received a Certificate of Trust for the QEBA Trust. She has coordinated the establishment of the account for the Trust that is now fully operational with PNC and it is hoped that the QEBA Trust will be in place for the March 2012 pension benefit payment.

Custodian RFP

C. Collins stated that all responses to the RFP should be submitted to the Pension Office by the end of February. The RFP Committee will continue to report to the Board during the process and anticipates a report about the RFP for the Global Custodian at the Board's March meeting.

Return to Work

C. Collins reported that the Rules and Regulations for Return to Work is still a work in progress.

8. **PENDING ITEMS**

There were no new pending items.

9. **NEW BUSINESS**

There was no new business.

10. **ADJOURNMENT**

The next Pension Board meeting is scheduled to be held on March 30, 2012, at 9:00 a.m., in the Delaware Conference Room of the Office of Pensions.

At 10:55 a.m., there being no further business, MOTION was made by H. Foster and seconded by N. Shevock to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator

Suzanne B. Grant
Chair for the Board of Pension Trustees