

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF MARCH 30, 2012

The meeting of the Board of Pension Trustees was called to order by S. Grant, at 9:04 a.m. in the Delaware Conference Room of the Pension Office.

Trustees Present

Suzanne Grant
Ann Visalli
Nancy Shevock
Helen Foster
Arturo Agra
Tom Shaw
Tom Cook

Trustees Absent

Others Present

Dave Craik, Pension Office
Cindy Collins, DAG
Terri Timmons, Pension Office
Wade Sallings, Pension Office
Jeff Hoover, Pension Office
Garry Musto, Ashford Consulting Group
Seth Yablonovitz, Ashford Consulting Group
Joseph Malloy, PAC Chair
Charlotte Lister, PAC
Jim Testerman, PAC
Courtney Stewart, Controller Generals Office

1. **OPENING COMMENTS**

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

2. APPROVAL OF THE MINUTES

The Trustees reviewed the Public Minutes of the February 24, 2012 meeting.

MOTION made by N. Shevock and seconded by T. Cook to approve the Public Minutes of the February 24, 2012 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the February 24, 2012 meeting.

MOTION made by N. Shevock and seconded by H. Foster to approve the Executive Minutes of the February 24, 2012 Board of Pension Trustees' meeting with noted changes.

MOTION ADOPTED UNANIMOUSLY

3. INVESTMENT COMMITTEE REPORT

Investment Committee Performance Report as of 2/29/12

<u>Fund</u>	<u>Feb-12</u>	<u>Fiscal Year To Date</u>	<u>12-Month</u>
Total Fund	3.0%	1.5%	4.7%
S & P 500 Index	4.3%	5.0%	5.1%
60/35/5*	2.6%	5.8%	6.7%
Delaware	2.8%	3.0%	4.2%
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 February totaled \$7,555MM. The Fund's February return of 3.0% outperformed the Delaware Benchmark return of 2.8%. For the fiscal year-to-date, the total Fund returned 1.5%, 1.5 percentage points below the Delaware Benchmark.

Equity markets continued to show strength in the month of February. The S&P 500 was up 4.3%, while small cap stocks, as measured by the Russell 2000, gained 2.4%. International stocks also were strong as the MSCI EAFE international stock index was up 5.7%. The broader MSCI All-Country World ex-U.S. stock index (which includes emerging markets) increased 5.6% in February.

Fixed income market returns also were mixed in February. The Barclays LT Govt/Credit Index declined 0.4%, while the JP Morgan Global High Yield index gained 2.6% for the month. The Barclays TIPS index was down 0.3% in February.

The Investment Committee has met once since February. At its meeting on March 13th, the Investment Committee received a presentation from existing manager Daruma and reviewed the Manager's small cap equity account.

The Investment Committee reviewed a presentation by FX Transparency which reported on the methodology and results of its review of DPERS' foreign exchange transactions.

Under its authority to execute documents relating to partnerships over which it exercises authority, the Investment Committee approved an extension to Summit Ventures V, L.P.

The Investment Committee, under its authority to invest up to \$10 million in individual limited partnership follow-on investments, approved the investment of up to \$400,000 in a secondary interest in Accel VIII, L.P., subject to counsel's review of the documents.

The next meeting of the Investment Committee will be held on April 3, 2012.

MOTION made by N. Shevock and seconded by T. Cook 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 N. Shevock and seconded by T. Shaw to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

4. **AUDIT COMMITTEE REPORT**

No report.

5. PENSION ADVISORY COUNCIL REPORT

J. Malloy reported that he had attended the Pre-Retirement Pension Workshop held last night at Brandywine High School. He stated that 175 people attended that workshop. There are more workshops scheduled throughout the state in the upcoming months.

6. STATE PENSION ADMINISTRATOR'S REPORT

D. Craik stated that there are 23 up-coming Pre-Retirement Workshops including the 5 workshops sponsored by the Pension Advisory Council.

Courtney Stewart, Legislative Analyst with the Controller Generals Office, was introduced by D. Craik.

D. Craik reported on pending legislation.

7. DEPUTY ATTORNEY GENERAL REPORT

C. Collins reported that the Ice Miller, DPERS outside tax counsel, contract expires at the end of April, and recommended that the contract be extended for one additional year pending receipt of DPERS determination letter from the Internal Revenue Service. The extension of the contract will require approval of the Attorney General and the Governor. It is anticipated that DPERS will prepare and issue an RFP for tax counsel sometime during 2013.

MOTION made by H. Foster and seconded by N. Shevock to approve the 1-year extension of the Ice Miller contract.

MOTION ADOPTED UNANIMOUSLY

MOTION made by A. Agra 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 N. Shevock and seconded by T. Shaw to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

Ms. Collins discussed the successful resolution of the Daruma transaction initiated in November of 2011 and requested a resolution authorizing David C. Craik, Executive Director, to execute documents in order to complete the transaction. A discussion of the transaction ensued.

MOTION made by N. Shevock and seconded by T. Shaw to authorize David C. Craik to execute documents to complete the Daruma transaction.

MOTION ADOPTED UNANIMOUSLY

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 April 27, 2012, at 9:00 a.m., in the Delaware Conference Room of the Office of Pensions.

At 11:34 a.m., there being no further business, MOTION was made by A. Agra and seconded by T. Shaw to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

David C. Craik
Pension Administrator

Suzanne B. Grant
Chair for the Board of Pension Trustees