

**STATE OF DELAWARE**  
**STATE BOARD OF PENSION TRUSTEES**  
**AND**  
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**BOARD OF PENSION TRUSTEES**  
**AUDIT COMMITTEE**  
**MEETING MINUTES OF JANUARY 14, 2011**

Audit Committee Members Present

Suzanne Grant, Chair  
Mark Finfrock  
Susan Herrmann

Audit Committee Members Not Present

Harold Smith  
Araya Debessay

Others Present

David Craik, Pension Office  
Wade Sallings, Pension Office  
Jeffrey Hoover, Pension Office  
Cindy Collins, DAG  
Garry Musto, Ashford Consulting Group

1. OPENING COMMENTS

The meeting of the Audit Committee of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:30 a.m.

2. APPROVAL OF THE MINUTES

The Audit Committee reviewed the public minutes of the September 17, 2010 meeting.

MOTION made by M. Finfrock and seconded by S. Herrmann to approve the public minutes of the Audit Committee Meeting on September 17, 2010 as amended.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee reviewed the executive minutes of the September 17, 2010 meeting.

MOTION made by M. Finfrock and seconded by S. Herrmann to approve the executive minutes of the Audit Committee Meeting on September 17, 2010.

MOTION ADOPTED UNANIMOUSLY

3. PENDING ITEMS (OLD BUSINESS)

No items to report.

4. DEPUTY ATTORNEY GENERAL REPORT

The Tax Plan Qualification project is still undergoing final IRS compliance review.

As of January 14, 2011, C. Collins stated the IRS issued guidance to governmental pension plans, which will now allow governmental entities to co-invest OPEB Trust funds alongside qualified governmental pension funds so long as certain requirements are met. Prior, to making any recommendation to co-invest the OPEB funds into the DPERS portfolio a review of funding, legal and investment issues needs to be completed and reported back to the Board.

C. Collins stated that a new SEC rules which went into effect as of October 1, 2010, may require governmental Board members who advise governmental entities with respect to investments and financial matters to register as municipal advisors with the SEC. The SEC has initiated a comment period and C. Collins will submit a comment letter to the SEC objecting to this requirement for appointed board members. C. Collins stated pending the outcome of the comment period she does not recommend that the Pension Board members and the Investment Committee members register as municipal advisors..

5. REVIEW FY10 CAFR

W. Sallings reviewed FY10 CAFR and proposed improvements for upcoming FY11 CAFR.

MOTION made by S. Herrmann and seconded by M. Finfrock to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, and proprietary business information.

6. ADJOURNMENT

At 11:30 a.m. there being no further business,  
MOTION was made by S. Herrmann and  
seconded by M. Finfrock to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Jeffrey L. Hoover  
Investment Financial Manager

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Suzanne Grant  
BOPT Audit Committee Chair

cc: Audit Committee Members  
Phil Reese  
David Craik  
Wade Sallings  
Cindy Collins