

**STATE OF DELAWARE**  
**STATE BOARD OF PENSION TRUSTEES**  
**AND**  
**OFFICE OF PENSIONS**  
MCARDLE BUILDING  
860 SILVER LAKE BLVD., SUITE 1  
DOVER, DE 19904-2402

**When Calling Long Distance**  
**Toll Free Number 1-800-722-7300**  
**E-mail: [pensionoffice@state.de.us](mailto:pensionoffice@state.de.us)**

**Telephone (302) 739-4208**  
**FAX # (302) 739-6129**  
**[www.delawarepensions.com](http://www.delawarepensions.com)**

**BOARD OF PENSION TRUSTEES**  
**AUDIT COMMITTEE**  
**MEETING MINUTES OF SEPTEMBER 23, 2011**

Audit Committee Members Present

Suzanne Grant, Chair  
Mark Finfrock  
James Burke  
Araya Debessay

Audit Committee Members Not Present

Susan Herrmann

Others Present

David Craik, Pension Office  
Wade Sallings, Pension Office  
Garry Musto, Ashford Consulting Group  
Cindy Collins, DAG, Attorney General's Office  
Ratana Kong, Paralegal, Attorney General's Office  
Thomas Wagner, Auditor State of Delaware  
Andrena Hurley, Auditor's Office

KPMG

Joseph Seibert  
Brian Lyman  
Matthew Hutchison

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 April 15, 2011 meeting.

MOTION made by S. Grant and seconded by A. Debessay to approve the public minutes of the Audit Committee Meeting from April 15, 2011.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee reviewed the executive minutes of the April 15, 2011 meeting.

MOTION made by S. Grant and seconded by A. Debessay to approve the executive minutes of the Audit Committee Meeting on April 15, 2011.

MOTION ADOPTED UNANIMOUSLY

3. PENDING ITEMS (OLD BUSINESS)

No items to report.

4. DEPUTY ATTORNEY GENERAL REPORT

C. Collins reported there are proposed changes in the financial reporting requirements for governmental pension fund being proposed by several organizations, GASB, the National Bond Lawyers Group ("NABL") accounting and potentially from Congress. C. Collins, in conjunction with a working group from the National Association of Public Pension Attorney's, submitted a comment letter to NABL in response to proposed financial reporting requirements related to State Bond Issuance. Comment letters in response to GASB's are due October 15, 2011.

5. KPMG Report

KPMG advised the Audit Committee that it intended to issue an unqualified audit opinion for DPERS' FY 2011 pending confirmation letters. KPMG reviewed the draft FY 2011 CAFR with the Audit Committee. KPMG highlighted several sections in the CAFR including a fiscal year return on investments of 24% and the funding ratio of the various funds in DPERS. KPMG also noted in the funding section that the State of Delaware continues its established discipline of funding its pension obligations at 100%. A discussion of the audit results followed.

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

6. CLOSING COMMENTS

Suggestions were presented for the agenda for the next audit committee meeting to determine whether to have representatives from Ashford to present the investment process

and a representative from Cheiron to present the actuarial process for the Office of Pensions. The dates for the next meeting were proposed.

7. ADJOURNMENT

At 11:00 a.m. there being no further business,  
MOTION made by S. Grant and seconded by A.  
Debassay to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Wade Sallings  
Cash/Debit Manager

---

Suzanne Grant  
BOPT Audit Committee Chair

cc: Audit Committee Members  
Phil Reese  
David Craik  
Cindy Collins