

STATE OF DELAWARE

INVESTMENT COMMITTEE MEETING MINUTES

September 27, 2005

The Investment Committee met at Walker's Mill at 8:30 a.m. on September 27, 2005. Present were Committee members Jan M. King, Chair, A. Dale Stratton, Philip S. Reese and Mark Stalnecker. Also present were Helen Foster, Robert D. Gooderham, David C. Craik, Alice L. Simon, Kathy Kunkle, Garry A. Musto and Linda M. Drew. In Mr. Ashford's absence, Mr. Gooderham was appointed to serve as acting Secretary of the meeting.

It was moved by Ms. Stratton, seconded by Mr. Reese, and unanimously approved that the Investment Committee go into executive session to discuss the qualifications of Mercantile-Safe Deposit & Trust including their account personnel and confidential financial information.

The Committee then returned to open session. On the motion of Ms. Stratton, seconded by Mr. Stalnecker, the Committee unanimously voted to recommend the following actions to the full Board:

- 1) Termination of the small cap domestic equity account managed by Granahan Investment Management
- 2) Add Granahan proceeds to OFI small cap equity account
- 3) Use OFI to liquidate Granahan portfolio and transition proceeds to OFI account


Mr. Gooderham reviewed the Committee's email notification of the change in new investors' status and subsequent approval by email of the Flagship 2004 amendment. On the motion of Ms. Stratton and seconded by Mr. Reese, the Committee reconsidered the amendment and ratified the email approval.

The Committee, under its authority to make changes in the Schedule D's which cover individual manager fee schedules, voted to approve a change in the OFI Institutional Schedule D to add a new break point.


Mr. Gooderham distributed copies of the Derivatives Report for the period ended 6/30/05 and reviewed the amount and types of derivatives held by those managers whose Schedule A's permit use of derivatives for specific purposes.

There being no further business to come before the Committee, the meeting was on motion adjourned.

Respectfully submitted,



Robert D. Gooderham
Acting Secretary



Jan M. King, Chairperson