OTHER POST-EMPLOYMENT BENEFITS (OPEB) BOARD AGENDA

AUGUST 15, 2012 - 3:00 P.M.

CITY HALL COUNCIL CHAMBERS
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at CityClerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Adoption of Minutes - OPEB Board Meeting of February 8, 2012

2. Organizational Issues - Election of Chair

3. Quarterly Performance Review *(Quarter Ending June 30, 2012) (Milliman, Inc.)*

4. Discussion - Liability to Asset Allocation Study *(Milliman, Inc.)*

5. Scheduling of Future Meeting Dates

6. Adjournment by 3:30 p.m.

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TO ASSURE THAT THERE WILL BE A QUORUM,
PLEASE RSVP BY CONTACTING THE CITY CLERK'S OFFICE
BY EMAIL AT CITYCLERK@DOVER.DE.US OR BY CALLING 736-7008
AS SOON AS POSSIBLE.

THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

OTHER POST-EMPLOYMENT BENEFITS (OPEB) BOARD

The Other Post-Employment Benefits (OPEB) Board met on February 8, 2012, at 3:45 p.m., with Mr. Hare presiding in the absence of Chairwoman Williams. Members present were Mrs. Hawkins, Mr. Koenig, and Mrs. Mitchell. Councilman Bonar and Mayor Carey were also present.

AGENDA ADDITIONS/DELETIONS

Mr. Koenig moved for approval of the agenda as presented, seconded by Mrs. Mitchell and unanimously carried.

INVESTMENT PERFORMANCE ANALYSIS REPORT - PRESENTED BY PEIRCE PARK GROUP

Mr. Lee Martin, Principal and Senior Investment Consultant, Peirce Park Group, reviewed the City of Dover OPEB Trust Investment Performance Report dated December 31, 2011. He noted that the OPEB fund increased by 7.5% during the quarter, gaining over $450,000 and outperforming the policy index. He attributed this gain to the value tilt of the portfolio and favorable returns from the PIMCO Total Return Fund. He noted that the OPEB Fund balance was over $8M in 2012.

Mr. Martin explained that the OPEB fund is designed to capture more of the up market than the Pension Funds as it is a long-term liability with a lower funded ratio. Although the OPEB fund is a little more aggressive on asset allocation, defensive-minded managers are utilized. Mr. Martin noted that during the quarter to date, the fund was up 4.1%, which is 0.5% above the index. He mentioned that the Fund's volatility could be reduced by indexing in the core area and managing the value area actively and he stated that this would be a topic of discussion later in the meeting.

In reviewing individual funds, Mr. Martin stated that American Funds Fundamental Investors underperformed last year but did well in the last quarter and the current year to date. Against its peer group it was just below median, but over three (3) and five (5) years has done very well. The Vanguard Mid Cap Index Fund did well in the last quarter and increased by 12.1%. He advised members that the Target Small Cap Value Fund was included for down side protection.

Mr. Martin noted that global funds are performing exceptionally well in the quarter to date at 2%. Performance in the last quarter was quite strong but was slightly behind the index because riskier, low-quality growth did better last quarter; however, he emphasized that it is best to invest in high quality over the long term.

In terms of fixed income investments, Mr. Martin stated that the Vanguard Total Bond Index Fund performed exceptionally well last year, ranking in the 15th percentile at 7.7%. He explained that PIMCO was included in the portfolio to capture more return than the index; however, it is slightly more volatile. Mr. Martin noted that two-thirds of the OPEB Fund's fixed income assets are held in the Vanguard Total Bond Index Fund and one-third in the PIMCO Total Return. He stated that PIMCO's correlation to the index is currently .85 and he suggested that this be monitored to ensure that it does not continue to diverge. Should this divergence increase, he suggested that some of the investments in PIMCO be placed back into the Vanguard Total Bond Index Fund.

ADJUSTMENTS TO PORTFOLIO - VALUE AND CORE STOCKS - PRESENTED BY PEIRCE PARK GROUP

During the Joint Civilian and Police Pension Boards and OPEB Trust Board Meeting held on November 9, 2011, members requested Peirce Park Group to provide additional information at a subsequent meeting in regard to making adjustments to the OPEB portfolio by switching its value and core stocks. Peirce Park Group previously suggested that the City's American Funds Fundamental Investors funds (a large core manager) be switched to the Washington Mutual Fund (a value fund) and the Vanguard Value Index Fund to the Vanguard S&P Fund. This would allow the OPEB Trust funds to remain with the same mutual fund companies currently being utilized but switch specific funds.

Mr. Lee Martin, Principal and Senior Investment Consultant, Peirce Park Group, reviewed the City of Dover OPEB Portfolio Changes - February 2012. He advised members that after analyzing the approach that was previously suggested, it was determined that this strategy would not achieve the value tilt desired for the City's portfolio. For this reason, it was suggested that mid cap value index funds be added to the portfolio to restore the value tilt. Mr. Martin reviewed Portfolio Allocations (Page 1) that compared the original proposal (Switch) to the modified suggestion (MidVal). He indicated that Peirce Park Group suggested the mid-value approach.

Mrs. Mitchell moved to reallocate the City's OPEB portfolio according to the Mid-Value Option listed under Portfolio Allocations, Page 1 of the the City of Dover - OPEB Portfolio Changes Report *(Attachment #1)*, seconded by Mr. Koenig and unanimously carried.

By unanimous consent, the meeting adjourned at 4:01 P.M.

William F. Hare
Acting Chairman

WPM/JS/dd/tm
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Attachment
Attachment #1 - Portfolio Allocations - City of Dover - OPEB Portfolio Changes Report

Portfolio Allocations (%)

	Current Portfolio	Switch*	MidVal**
Vanguard Value Index Signal	21.6%	-	-
American Funds Fundamental Investors R6	8.7%	-	-
Vanguard Mid Cap Index Signal	8.3%	10.8%	-
Target Small Capitalization Value	7.3%	7.3%	7.0%
American Funds New Perspective R6	13.0%	13.0%	13.0%
Harding Loevner Global Equity Inst'l	9.6%	12.6%	12.7%
Vanguard Total Bond Market Index Signal	18.7%	18.7%	18.7%
PIMCO Total Return Inst'l	12.8%	12.8%	12.8%
American Funds Washington Mutual R6	-	10.0%	10.0%
Vanguard 500 Index Signal	-	14.8%	15.8%
Vanguard Mid Cap Value Adm Index	-	-	10.0%
Total Cost	0.35%	0.38%	0.38%

**Terminates Value Index and American Funds Fundamental Investors. 3% to Harding Loevner Global and 2.5% to Mid Cap Index. Add American Funds Washington Mutual at 10% and balance to S&P 500 Index.*

***Terminates Value Index and Fundamental Investors. Switches the Mid Cap index to the Mid Cap Value Index and invests 10%. 3% to Harding Loevner Global – Redeem some from Target Small Cap Value. Adds American Funds Washington Mutual at 10% and balance to S&P 500 Index.*

ATTACHMENT #1
OPEB Board Meeting of February 8, 2012

250 Washington Ave Ext
Albany, NY 12203
USA

Tel +1 518 514 7157
Fax +1 518 514 7200

milliman.com

MEMO

August 2, 2012

To:	City of Dover, DE – OPEB Board
From:	Jeff Marzinsky/Milliman
Re:	Meeting Notes – 8/15/2012

Enclosures: Milliman Quarterly Investment Monitor Report and Asset Liability Study

1. Investment Performance Review as of June 30, 2012 – See Quarterly Investment Monitor Report
    a. Plan assets have changed from $8.43 million at the beginning of the period to $10.48 million at the end of the period. After contributions of approximately $2.15 million, the plan had a net gain/loss of 2.45%.
    b. The majority of plan investments have returns that are exceeding their respective benchmarks and rank well within their asset categories over three and five year time periods.
    c. The passive-index investments are following their respective benchmarks.
    d. No changes to funds at this time. Milliman will be completing an asset allocation review and changes to asset classes and fund may be forthcoming.

2. Asset Liability Study – See Asset Liability Study
    a. Background:
        i. Plan is active and has recently begun to fund future benefits from the plan.
        ii. The plan has a 30-year amortization schedule to fund projected benefits.
        iii. Target actuarial interest rate is set at 7.00%.
    b. Milliman has conducted an asset liability study to determine the duration of plan cash flows in comparison to the duration of plan assets.
        i. The study determined approximate cash flow duration on plan liabilities of approximately 25 years, while current plan assets have a fixed income duration of approximately 5.88 years and an overall plan asset duration of 1.72 years.
        ii. By adding longer duration bond investments, the plan could increase the duration of fixed income assets (and the overall plan).
    c. The expected return on plan assets, based on the current allocation is approximately 7.00%, with a standard deviation of 13.16. The allocation is approximately 68% equity and 32% fixed income.
        i. It could be possible to produce an expected return slightly higher then the actuarial target return of 7.00%, provide more diversification, provide a slightly better match of plan liabilities to assets and lower expected standard deviation (~13.02) by adding additional asset classes to the plan. The allocation would be approximately 66% equity and 34% fixed income.

The analysis in this report was prepared utilizing data from third parties and other sources including but not limited to internal computer software and databases, including among others mpiStylus Pro©,, software designed by Markov Processes International. Reasonable care has been taken to assure the accuracy of the data contained herein, and comments are objectively stated and are based on facts gathered in good faith. These reports do not constitute investment advice with respect to the sale or disposition of individual securities. Milliman disclaims responsibility, financial or otherwise, for the accuracy or completeness of this report.

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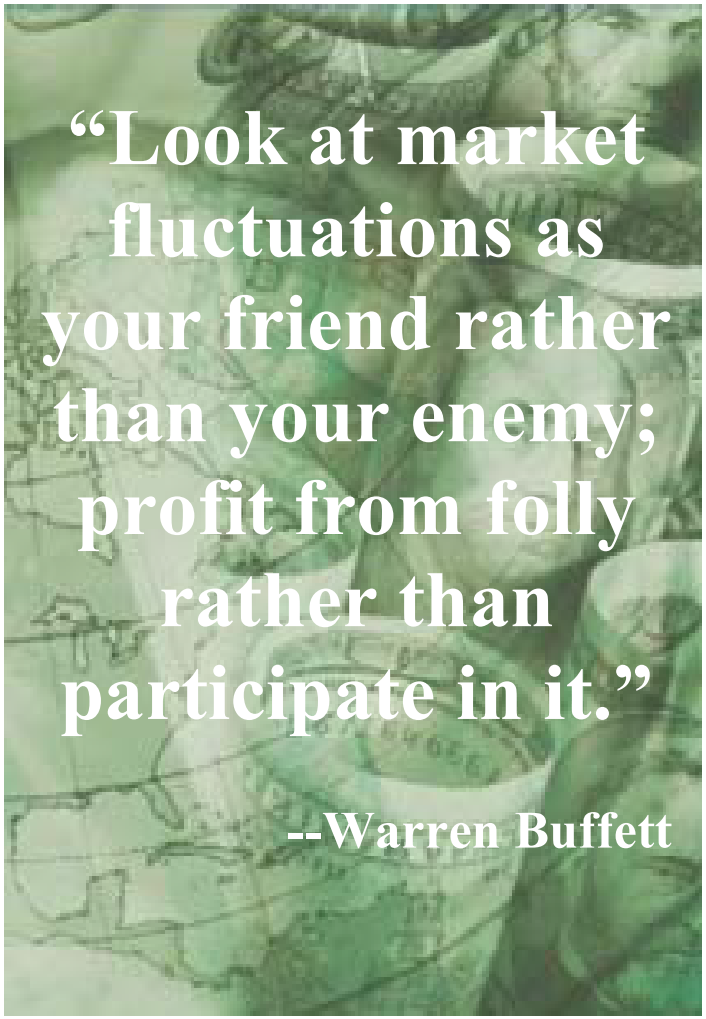
Past performance is no guarantee of future results.

Unless explicitly stated in your Service Agreement, there should be no reliance on Milliman services to provide analysis or reporting on a daily basis, the changes to manager rankings, ratings or opinions thereon.

Unless explicitly stated in your Service Agreement, Milliman services are not intended to monitor investment manager compliance with individual security selection criteria, limits on security selection, and/or prohibitions to the holding of certain securities or security types.

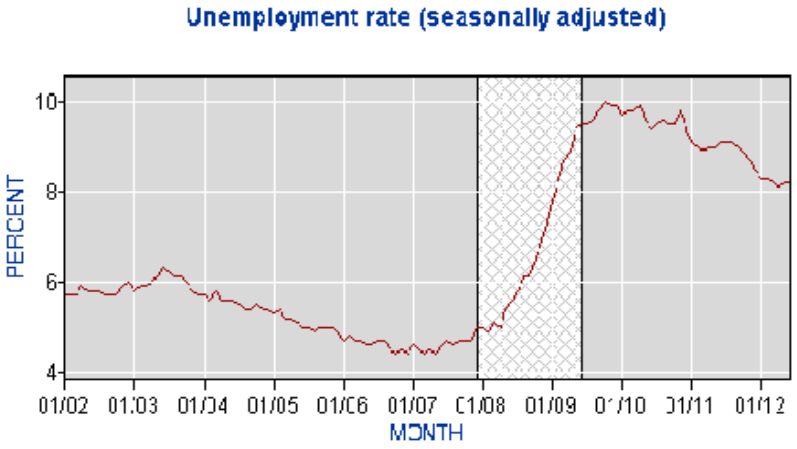
Milliman provides a copy of its SEC Form ADV Part II to clients without charge upon request.

Market Commentary - 2nd Quarter 2012

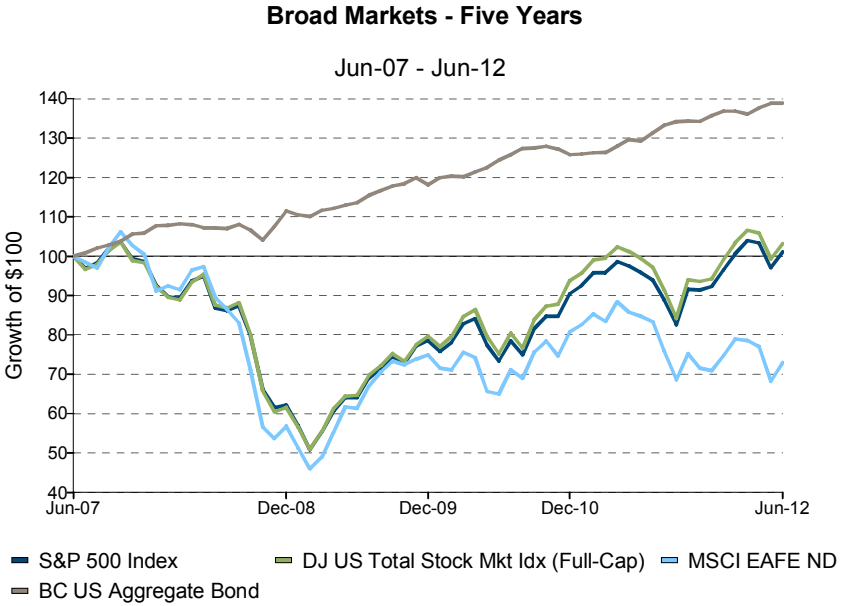


	Qtr	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500 Index	-2.75	5.45	16.40	0.22	5.33
DJ US Total Stock Mkt Idx (Full-Cap)	-3.21	3.78	16.84	0.63	6.16
Russell 1000 Index	-3.12	4.37	16.64	0.39	5.72
Russell 1000 Value Index	-2.20	3.01	15.80	-2.19	5.28
Russell 1000 Growth Index	-4.02	5.76	17.50	2.87	6.03
Russell 2000 Index	-3.47	-2.08	17.80	0.54	7.00
Russell 2000 Value Index	-3.01	-1.44	17.43	-1.05	6.50
Russell 2000 Growth Index	-3.94	-2.71	18.09	1.99	7.39
MSCI EAFE ND	-7.13	-13.83	5.96	-6.10	5.14
MSCI EAFE Small Cap ND	-8.65	-15.06	9.17	-5.32	8.49
MSCI Europe ND	-7.47	-16.48	6.29	-6.97	5.09
MSCI Japan ND	-7.30	-7.23	1.85	-6.51	2.50
MSCI EM ND	-8.90	-15.95	9.77	-0.09	14.08
DJ World Real Estate	1.89	0.76	17.36	-3.58	9.13
DJ US Select REIT Index	3.75	13.29	33.52	1.97	10.27
ML 3-month T-Bill	0.03	0.06	0.12	0.98	1.87
BC US Gov 1-3Y Bonds	0.20	0.86	1.69	3.40	3.14
BC US Gov/Corp Bonds	2.56	8.78	7.34	6.90	5.79
BC US Aggregate Bond	2.06	7.47	6.93	6.79	5.63
BC US Gov Long Bonds	10.32	31.42	13.51	11.92	8.92
BC US Corp Long Bonds	5.12	18.74	15.10	9.85	8.45
BC US High Yield Bonds	1.83	7.27	16.28	8.45	10.16
BC TIPS	3.15	11.66	9.63	8.44	7.23

Market Commentary - 2nd Quarter 2012



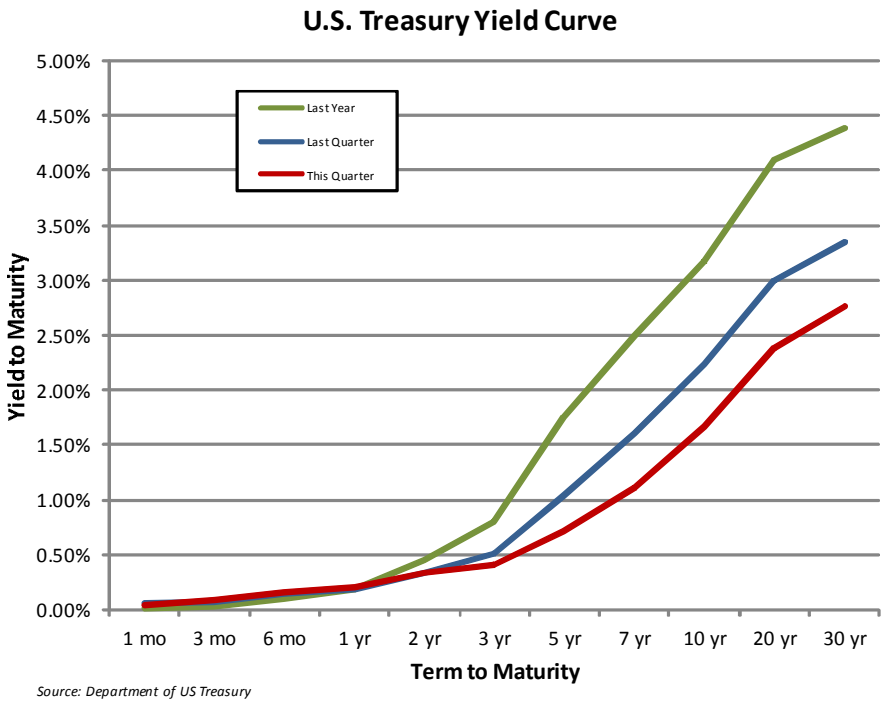
Note: Cross-hatched area represents recession.



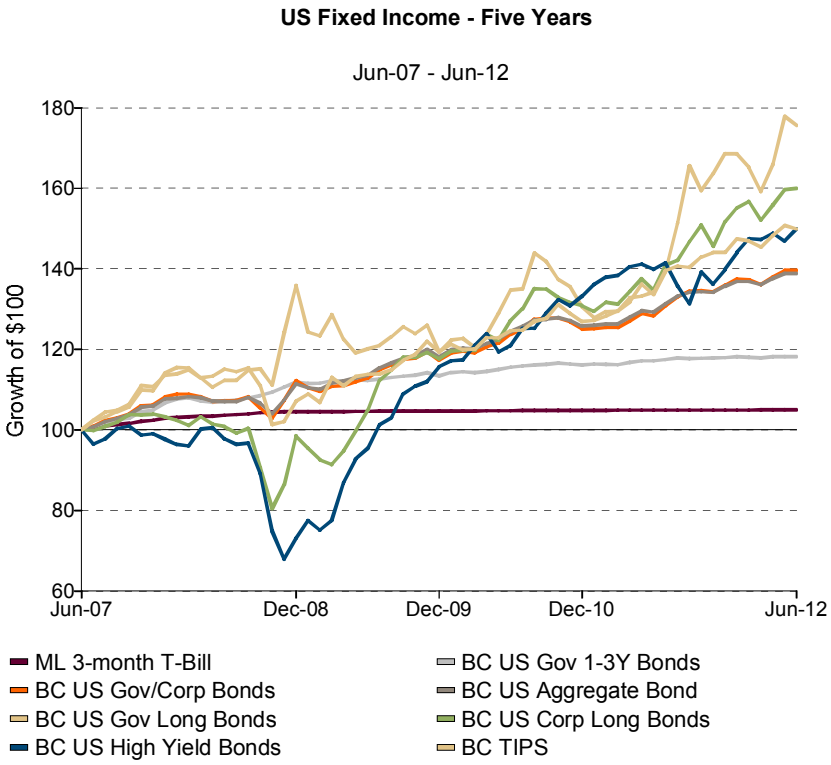
Market Commentary

- The U.S. stock market declined on worries about the European debt crisis, weaker economic data in the U.S. and China, and concerns about the oncoming "fiscal cliff" in the U.S.
- The international equity markets fell in response to slowing global economic growth and fear that the European debt crisis could cause the Euro zone to break up.
- The Federal Reserve Bank continued to sell shorter-term U.S. Treasuries and buy longer-term bonds, with the goal of pushing down long-term interest rates to stimulate borrowing and spending.
- As the quarter ended, mutual fund investors increased their holdings in bonds and decreased their holdings in stocks. For the quarter, bond funds had net inflows of $58.8 billion, while stock funds had net outflows of $19.2 billion. Total money market mutual fund assets decreased by $66.90 billion to $2.538 trillion.
- The unemployment rate remained at 8.2%, as total employment increased by 225,000 jobs.
- The price of oil decreased from $106 per barrel to $82 during the quarter, a decrease of 22.6%.
- For the three months ending June 30, 2012, annualized seasonally adjusted CPI – U was -0.8%. Falling prices for fuel oil and gasoline drove the decrease.

Market Commentary - 2nd Quarter 2012



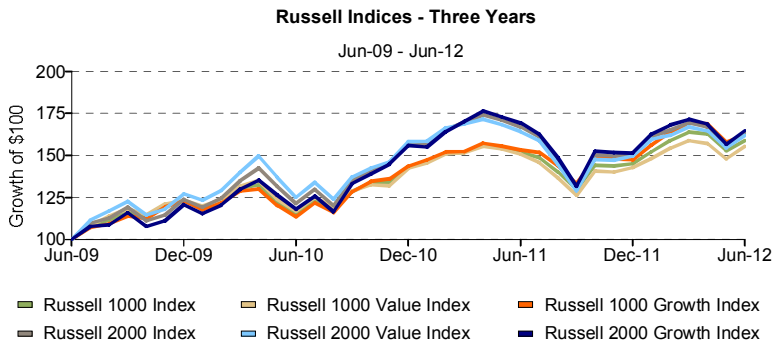
Source: Department of US Treasury

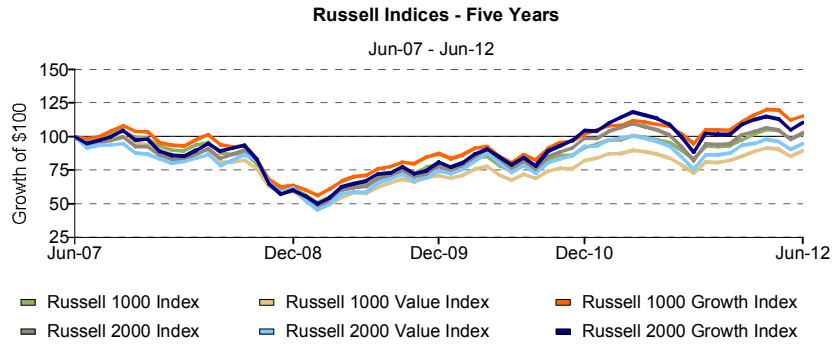


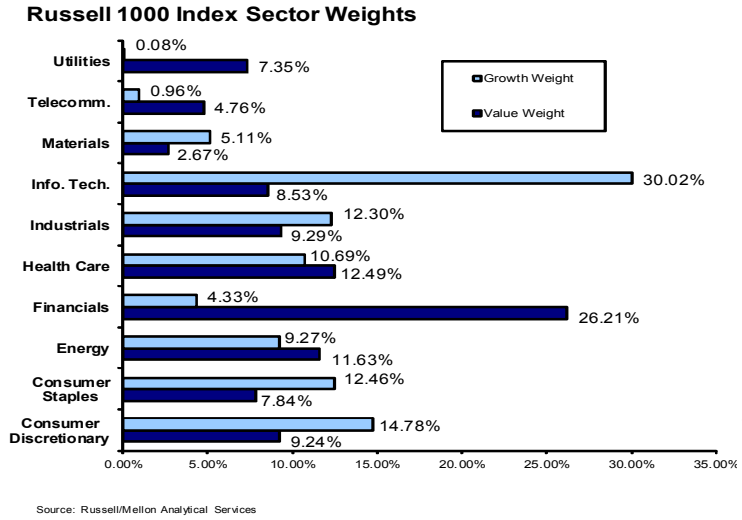
US Bond Market

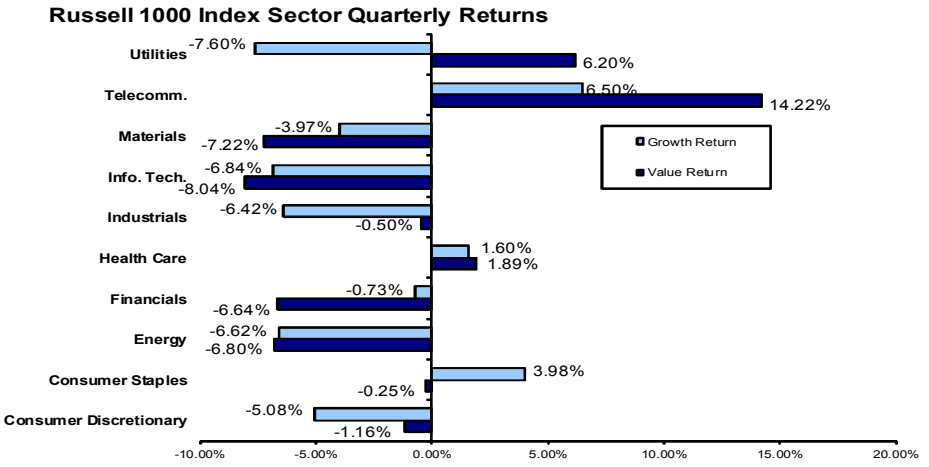
- Most fixed income markets rose in the 2nd quarter, as investors shifted from lower quality bonds to higher quality bonds.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- Interest rates moved decidedly lower in the 10- and 30-year Treasury rates.
- Long-term government bonds were the best performing sector this quarter, up 10.32%, as investors sought the safety of government bonds.
- Long-term corporate bonds also performed well this quarter, up 5.12%, as long-term corporate rates fell sharply.
- Mortgage-backed securities were the worst performing sector this quarter, up 1.08%, as heavy refinancing activity dampened mortgage returns.
- 91-Day T-Bill returned 0.03% in the second quarter as compared with 0.01% in the first quarter.

Market Commentary - 2nd Quarter 2012









Source: Russell/Mellon Analytical Services

US Stock Market

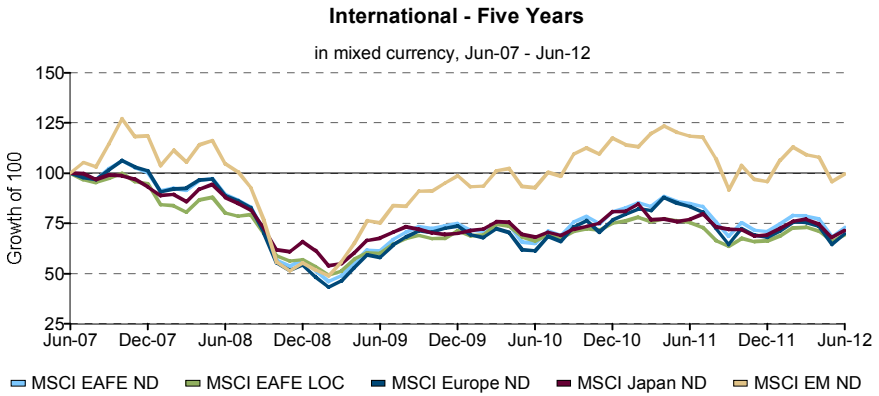
- Most major domestic equity indices posted a loss for the quarter. The large-cap Russell 1000 Value Index had the best return, down 2.2%.
- Large-cap stocks outperformed small-caps, down 3.1% vs. -3.5%.
- In comparing styles, value stocks did better than growth stocks.
- REITs had a strong quarter, up 3.75%, due to solid fundamentals, including growing cash flow and improving occupancy and rental rates. The best performing sectors were infrastructure and health care.
- Telecommunication services were the best performing sector, up 13.07%, on better-than-expected earnings from AT&T and Verizon.
- Info technology was the worst performing sector, down 7.11%, as corporate IT spending slowed significantly.

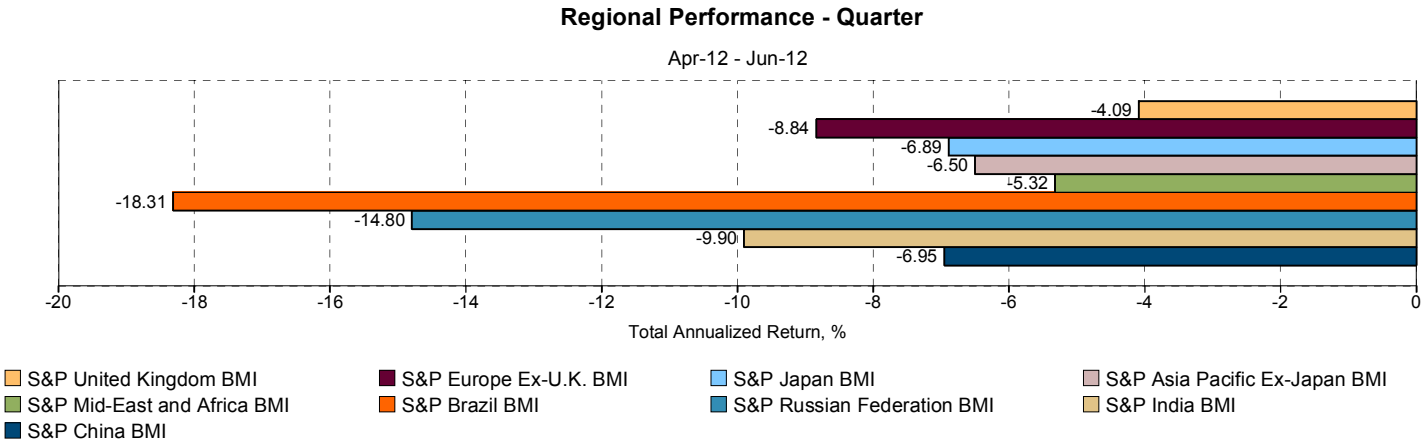
Market Commentary - 2nd Quarter 2012

Currency Exchange Rates

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Brazil Reais	2.01	1.83	10.00%
China Yuan Renminbi	6.36	6.30	0.88%
Euro	0.79	0.75	5.22%
India Rupees	55.57	50.87	9.24%
Japan Yen	79.81	82.87	-3.69%
Mexico Pesos	13.41	12.81	4.71%
Russia Rubles	32.42	29.32	10.56%
United Kingdom Pounds	0.64	0.62	2.84%

Source: www.xe.com





International Markets

- The dollar was up against the euro and pound, but down against the yen.
- For the quarter, the EAFE Index was down 7.13% and Emerging Markets were down 8.90%. Local currency returns for the EAFE Index and Emerging Markets were -5.43% and -5.26%, respectively.
- Among the major international regions, Brazilian stocks had the lowest return (-18.31%) on concerns about the country's future economic growth.
- Stocks in Russia also fell substantially (-14.80%), as a result of lower oil prices and a reduction in gas exports to Europe.
- Small-cap stocks, down 8.7%, underperformed large-cap stocks.

City of Dover
OPEB Trust
Quarterly Return Summary

Month End	BMV	Contribution	Withdrawls	Fees	Gain	EMV	OPEB-NET RETURN	OPEB-GROSS RETURN
4/30/2012	$ 8,434,713.73	$ -	$ -	$ 1,250.00	$ 10,300.57	$ 8,444,180.97	0.12%	0.15%
5/31/2012	$ 8,444,180.97	$ 2,150,000.00	$ -	$ -	$ (34,875.37)	$ 10,200,972.27	-0.41%	-0.38%
6/30/2012	$ 10,200,972.27	$ -	$ -	$ -	$ 280,823.56	$ 10,481,795.83	2.75%	2.78%
		$ 2,150,000.00	$ -	$ 1,250.00	$ 256,248.77	Quarterly Return	2.45%	2.55%

Monthly Returns are calculated with a mid month weighting on cash flows.

Performance Summary

Milliman | Quarterly Investment Monitor

Data as of 06/30/2012

Asset Allocation

	Balances As of 06/30/2012	Percent As of 06/30/2012	Balances As of 03/31/2012	Percent As of 03/31/2012	Notes
Wells Fargo Advantage Cash Inv MMkt I	$315,935	3.01%	$109,869	1.30%	
PIMCO Total Return Instl	$1,280,295	12.21%	$1,016,933	12.05%	
Vanguard Total Bond Market Index Signal	$1,868,340	17.83%	$1,446,449	17.15%	
American Funds Washington Mutual R6	$1,033,832	9.86%	$837,534	9.93%	
Vanguard 500 Index Signal	$1,518,956	14.49%	$1,347,271	15.97%	
Vanguard Mid Cap Index Adm	$1,100,867	10.50%	$832,669	9.87%	
Target Small Capitalization Value T	$742,595	7.08%	$623,517	7.39%	
American Funds New Perspective R6	$1,334,316	12.73%	$1,150,048	13.63%	
Harding Loevner Global Equity Inst	$1,286,406	12.27%	$1,071,653	12.70%	
Plan Total	**$10,481,542**		**$8,435,942**		

Investment Policy Review - Active Management

Fund Name	Return Rank 3Y	Return Rank 5Y	Excess Return 3Y	Excess Return 5Y	Relative StdDev 3Y	Relative StdDev 5Y	Alpha Rank 3Y	Sharpe Rank 3Y	Alpha Rank 5Y	Sharpe Rank 5Y
PIMCO Total Return Instl	38	2	2.87	3.21	1.40	1.30	45	65	4	6
American Funds Washington Mutual R6	14	15	1.48	2.86	0.82	0.83	11	9	18	16
Target Small Capitalization Value T	49	16	-2.57	0.13	0.91	0.91	21	19	21	19
American Funds New Perspective R6	28	19	1.97	3.30	0.97	0.93	26	24	19	19
Harding Loevner Global Equity Inst	29	11	1.82	3.94	0.95	0.94	24	23	14	12

Definitions

Return Rank - Fund's category percentile return rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Excess Return - Fund's excess return over its becnchmark, a value greater than 0 implies the fund's return is higher than its benchmark.

Relative StdDev - Fund's standard deviation relative to its benchmark, a value less than 1 implies the fund's standard deviation is lower than its benchmark.

Alpha Rank - Fund's category percentile Alpha rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Sharpe Rank - Fund's category percentile Sharpe Ratio rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Investment Policy Review - Passive Management

Fund Name	Excess Return 3Y	Excess Return 5Y	Beta 3Y	Tracking Error 3Y	Beta 5Y	Tracking Error 5Y	Expense Ratio
Vanguard Total Bond Market Index Signal	-0.17	NA	1.03	0.31	NA	NA	0.10
Vanguard 500 Index Signal	-0.01	0.02	1.00	0.02	1.00	0.04	0.05
Vanguard Mid Cap Index Adm	-0.08	-0.03	1.00	0.02	1.00	0.04	0.10

Definitions

Excess Return - Fund's excess return over its becnchmark, a value greater than 0 implies the fund's return is higher than its benchmark.

Beta - Fund's Beta or sensitivity to movements compared to its benchmark, a value of 1 implies its moving in sync with its benchmark.

Tracking Error - Fund's Tracking Error versus its benchmark, a value of 0 implies the Fund's ups and downs are the same size as its benchmark.

Investment Option Return Summary

Asset Class	Fund Name	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Ticker	Mstar Rating	Expense Ratio
Taxable Money Market	Wells Fargo Advantage Cash Inv MMkt I	0.01	0.02	0.04	0.12	1.23	1.98	WFIXX	NA	0.20
	BofA ML 3-month T-bill total return Index	*0.03*	*0.04*	*0.06*	*0.12*	*0.98*	*1.87*	*N/A*	*NA*	*NA*
Intermediate-term Bond	PIMCO Total Return Instl	2.79	5.75	6.96	8.68	9.23	6.98	PTTRX	5.00	0.46
Intermediate-term Bond	Vanguard Total Bond Market Index Signal	2.16	2.43	7.57	6.85	6.82	5.50	VBTSX	3.00	0.10
	BC Intermediate Government/Credit	*1.48*	*2.10*	*5.42*	*5.81*	*6.01*	*5.08*	*N/A*	*NA*	*NA*
	Barclays US Agg Float Adj TR USD	*2.12*	*2.42*	*7.62*	*7.02*	*NA*	*NA*	*N/A*	*NA*	*NA*
Large Value	American Funds Washington Mutual R6	(0.45)	7.33	6.43	16.80	0.17	5.00	RWMGX	5.00	0.31
	S&P 500 Value	*(3.58)*	*8.92*	*3.00*	*15.32*	*(2.68)*	*4.90*	*N/A*	*NA*	*NA*
Large Blend	Vanguard 500 Index Signal	(2.76)	9.47	5.42	16.39	0.24	5.29	VIFSX	4.00	0.05
	S&P 500 Index	*(2.75)*	*9.49*	*5.45*	*16.40*	*0.22*	*5.33*	*N/A*	*NA*	*NA*
Mid-Cap Blend	Vanguard Mid Cap Index Adm	(5.46)	7.21	(2.77)	19.59	0.65	7.81	VIMAX	4.00	0.10
	MSCI US Mid Cap 450 Index USD	*(5.46)*	*7.23*	*(2.71)*	*19.68*	*0.68*	*8.24*	*N/A*	*NA*	*NA*
Small Value	Target Small Capitalization Value T	(5.05)	4.75	(2.79)	17.20	1.96	9.68	TASVX	4.00	0.71
	S&P 600 Index	*(3.58)*	*7.98*	*1.43*	*19.78*	*1.83*	*7.92*	*N/A*	*NA*	*NA*
World Stock	American Funds New Perspective R6	(4.06)	9.22	(3.12)	12.77	0.60	7.89	RNPGX	4.00	0.46
World Stock	Harding Loevner Global Equity Inst	(5.22)	9.85	(2.76)	12.61	1.25	7.40	HLMVX	4.00	0.95
	MSCI AC World Index ND USD	*(5.56)*	*5.65*	*(6.49)*	*10.80*	*(2.70)*	*5.73*	*N/A*	*NA*	*NA*
Total Plan	OPEB-GROSS RETURN	2.55	11.82	6.40	NA	NA	NA	N/A	NA	NA
Total Plan	OPEB-NET RETURN	2.45	11.61	5.98	NA	NA	NA	N/A	NA	NA
	OPEB Plan Policy Index	*(2.15)*	*6.24*	*2.13*	*12.03*	*1.73*	*5.87*	*N/A*	*NA*	*NA*

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City of Dover, DE - OPEB
Asset Liability Study

Date Prepared: July 31, 2012

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Optimization Input Review

	Expected Annual Return	Annual Standard Deviation	Sharpe Ratio
Cash	2.50%	1.20	0.00
ML U.S. Treasuries, Inflation-Linked	2.35%	4.45	-0.03
Barclays Capital Interm U.S.Govt/Credit	2.65%	3.95	0.04
Barclays Capital Long Gov/Credit Index	3.90%	9.50	0.15
Russell 1000 Value Index	8.30%	17.75	0.33
Russell 1000 Growth Index	9.15%	21.25	0.31
Russell Midcap Index	9.10%	20.85	0.32
Russell 2000 Index	9.70%	23.55	0.31
FTSE NAREIT REIT: Equity	8.30%	22.50	0.26
MSCI EAFE (Net) Index	9.10%	21.45	0.31
MSCI EM (Emerging Markets) Index	11.30%	30.40	0.29

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Input Correlation

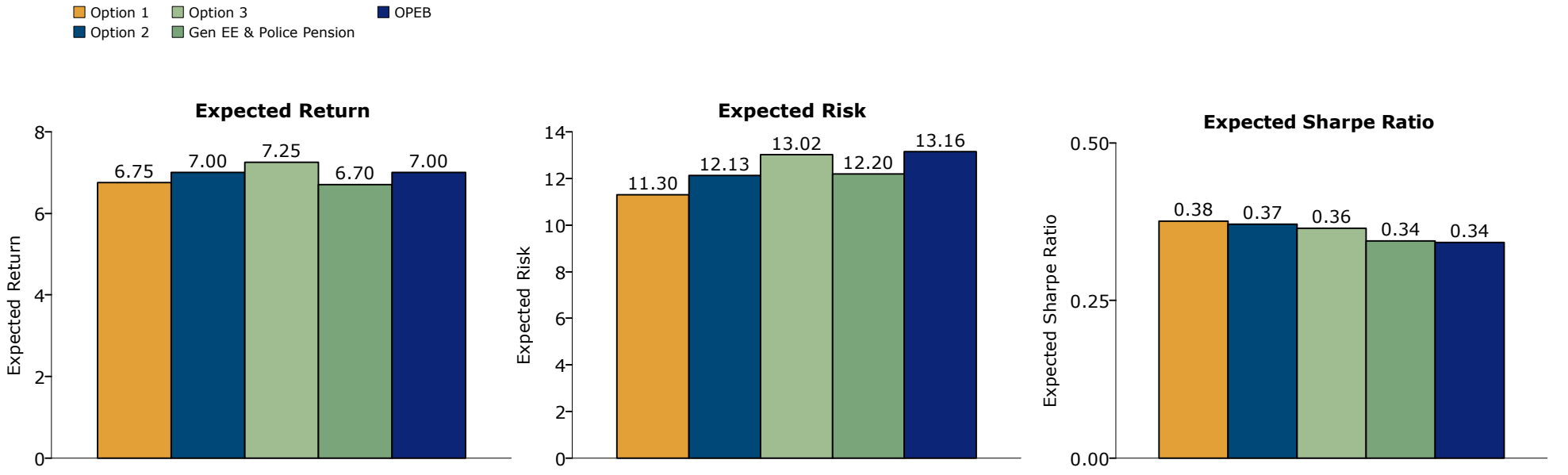
	Corr with Cash	Corr with ML US Treas Infl-Linked	Corr with Barclays Capital Interm U.S.Govt/Credit	Corr with Barclays Capital Long Gov/Credit Index	Corr with Russell 1000 Value Index	Corr with Russell 1000 Growth Index	Corr with Russell Midcap Index	Corr with Russell 2000 Index	Corr with FTSE NAREIT REIT: Equity	Corr with MSCI EAFE (Net) Index	Corr with MSCI EM (Emerging Markets) Index
Cash	1.00	0.03	0.24	0.03	0.07	0.06	-0.01	-0.03	-0.05	-0.08	-0.11
ML U.S. Treasuries, Inflation-Linked	0.03	1.00	0.63	0.56	-0.22	-0.25	-0.19	-0.26	0.05	-0.19	-0.15
Barclays Capital Interm U.S.Govt/Credit	0.24	0.63	1.00	0.86	-0.08	-0.18	-0.17	-0.23	0.04	-0.10	-0.25
Barclays Capital Long Gov/Credit Index	0.03	0.56	0.86	1.00	-0.06	-0.13	-0.12	-0.17	0.04	-0.07	-0.24
Russell 1000 Value Index	0.07	-0.22	-0.08	-0.06	1.00	0.79	0.93	0.87	0.72	0.80	0.61
Russell 1000 Growth Index	0.06	-0.25	-0.18	-0.13	0.79	1.00	0.89	0.83	0.45	0.79	0.68
Russell Midcap Index	-0.01	-0.19	-0.17	-0.12	0.93	0.89	1.00	0.95	0.68	0.83	0.73
Russell 2000 Index	-0.03	-0.26	-0.23	-0.17	0.87	0.83	0.95	1.00	0.70	0.76	0.75
FTSE NAREIT REIT: Equity	-0.05	0.05	0.04	0.04	0.72	0.45	0.68	0.70	1.00	0.58	0.45
MSCI EAFE (Net) Index	-0.08	-0.19	-0.10	-0.07	0.80	0.79	0.83	0.76	0.58	1.00	0.70
MSCI EM (Emerging Markets) Index	-0.11	-0.15	-0.25	-0.24	0.61	0.68	0.73	0.75	0.45	0.70	1.00

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Portfolio Options

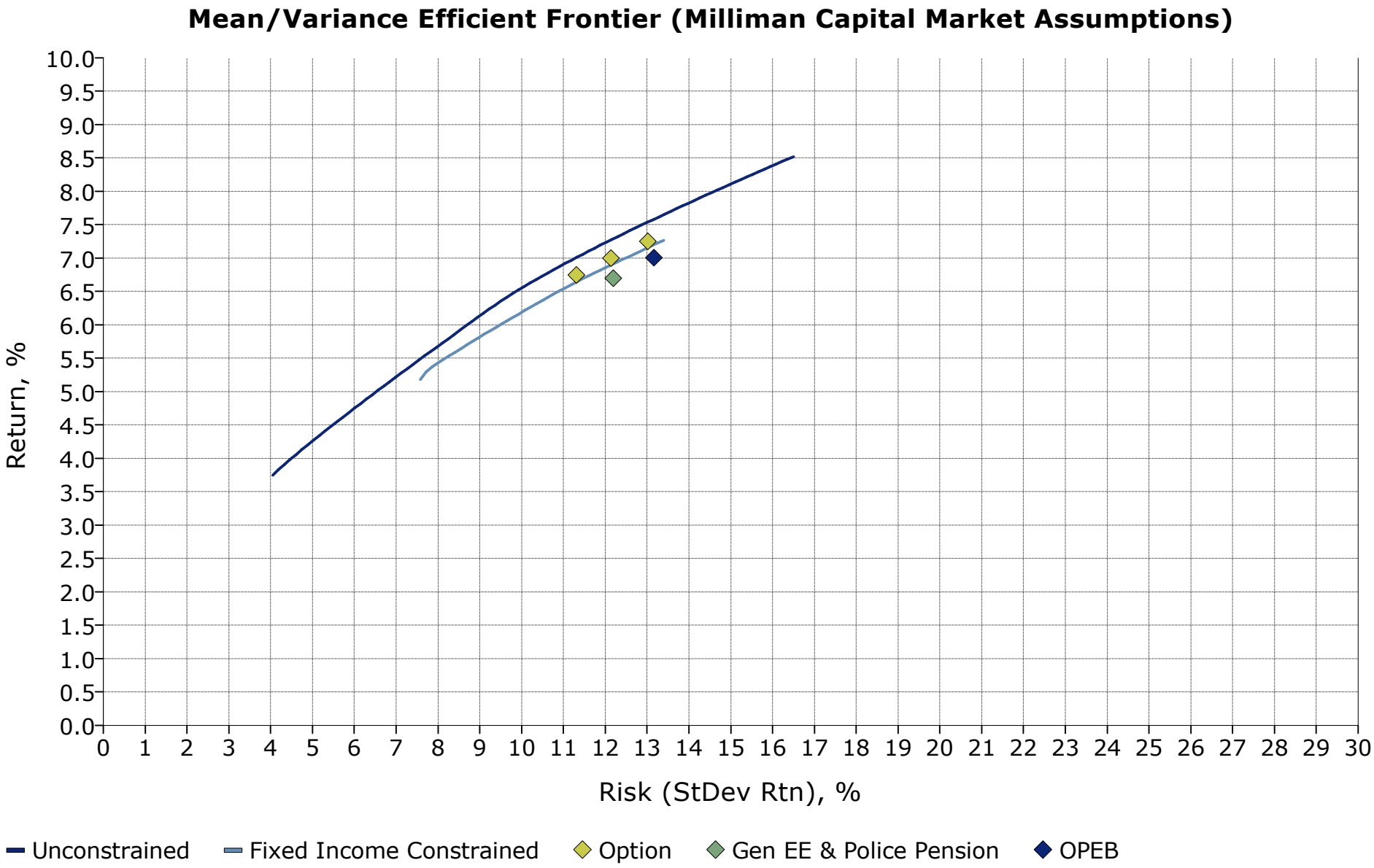
	Option 1	Option 2	Option 3	Gen EE & Police Pension	OPEB
Cash	5.000	5.000	5.000	2.000	1.000
ML U.S. Treasuries, Inflation-Linked	7.000	7.000	7.000	0.000	0.000
Barclays Capital Interm U.S.Govt/Credit	10.000	10.000	10.000	34.000	31.000
Barclays Capital Long Gov/Credit Index	20.000	17.268	12.287	0.000	0.000
Russell 1000 Value Index	12.117	10.000	11.344	14.000	10.000
Russell 1000 Growth Index	10.000	10.738	14.369	14.000	15.000
Russell Midcap Index	5.000	5.000	5.000	8.000	11.000
Russell 2000 Index	5.000	5.000	5.000	5.000	7.000
FTSE NAREIT REIT: Equity	5.000	4.994	5.000	0.000	0.000
MSCI EAFE (Net) Index	10.000	10.000	10.000	23.000	25.000
MSCI EM (Emerging Markets) Index	10.883	15.000	15.000	0.000	0.000
Fixed Income	**42.00%**	**39.27%**	**34.29%**	**36.00%**	**32.00%**
Equity	**58.00%**	**60.73%**	**65.71%**	**64.00%**	**68.00%**

	Option 1	Option 2	Option 3	Gen EE & Police Pension	OPEB
Expected Return	6.75%	7.00%	7.25%	6.70%	7.00%
Expected Standard Deviation	11.3045	12.1307	13.0225	12.1951	13.1609
Expected Sharpe Ratio	0.3760	0.3710	0.3648	0.3444	0.3422



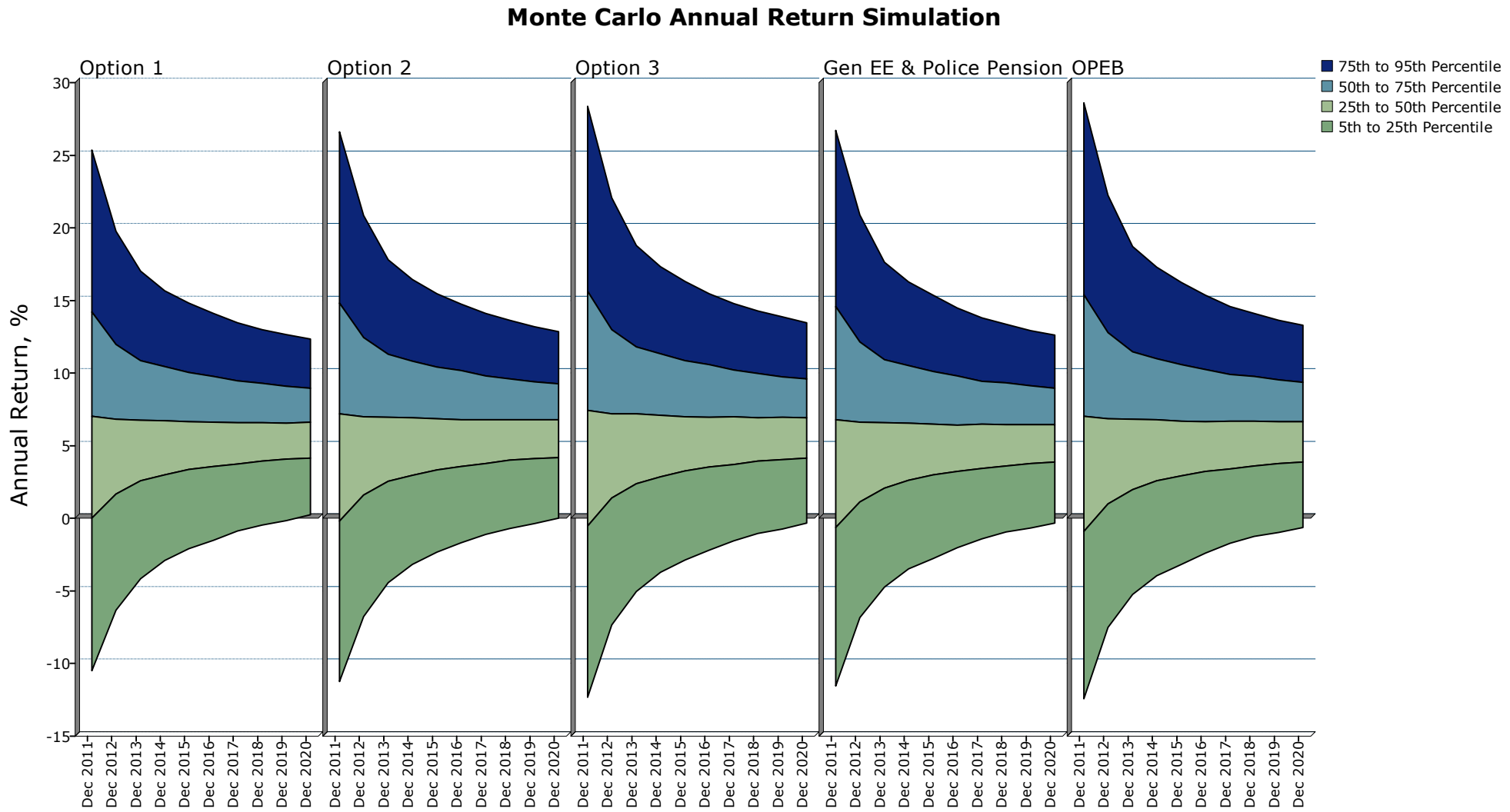
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Efficient Frontier



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Monte Carlo Simulation



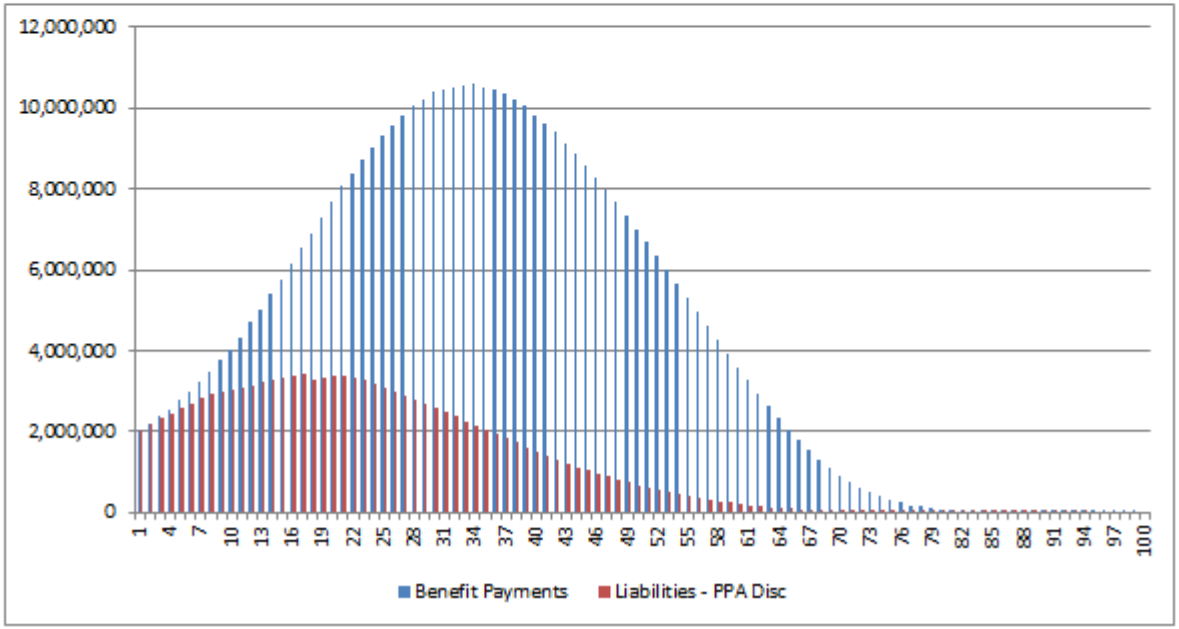
Monte-Carlo Downside Log-stable Simulations

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Liability Duration

City of Dover, Delaware Other Postemployment Benefit
Projected Cash Flows and Plan Liability Duration

ACTUAL PROJECTIONS				
Duration	Isolated Duration	Benefit Payments	Liabilities	%
Segment I (0-4 yrs)	2.576	11,990,949	11,618,753	9%
Segment II (5-19 yrs)	13.113	77,321,510	47,290,669	38%
Segment III (19+ yrs)	37.56	355,677,414	65,212,900	53%
	24.9709	**444,989,873**	**124,122,322**	**100%**



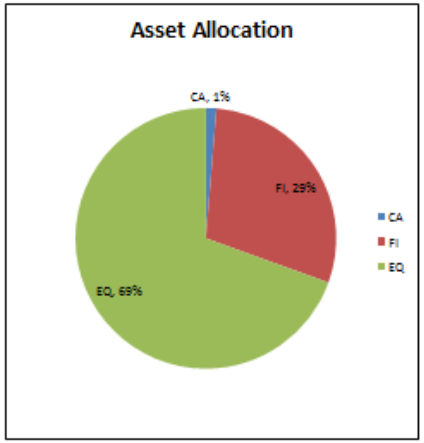
Asset Allocation Study

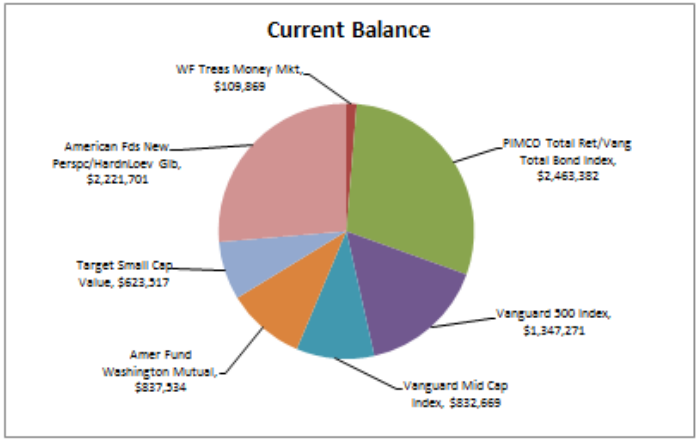
Liability Duration

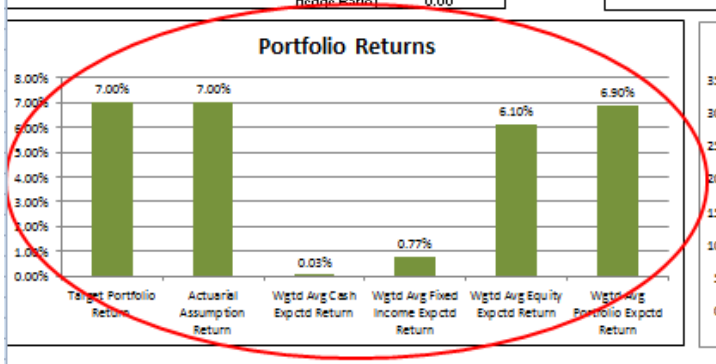
City of Dover – OPEB
Determination of Portfolio Expected Return and Asset Duration – CURRENT ALLOCATION

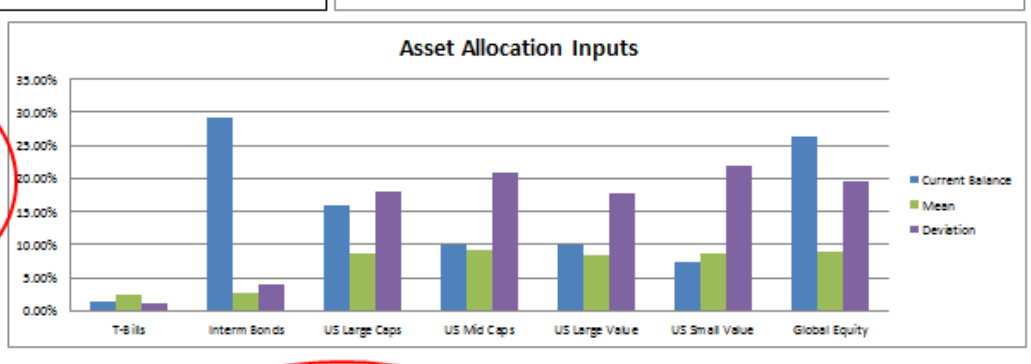
Category		Assets	Allocation
Total Cash Assets	CA	$ 109,869	1%
Total Fixed Income Assets	FI	$ 2,463,382	29%
Total Equity Assets	EQ	$ 5,862,692	69%
	Approx Assets	$ 8,435,943	
	Liability PV	$124,122,322	

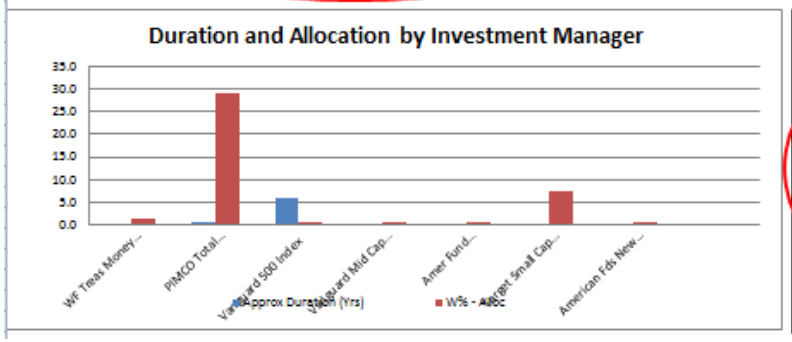
Approximate Plan Funded Status	11.00%
Target Portfolio Return	7.00%
Actuarial Assumption Return	7.00%
Wgtd Avg Cash Expctd Return	0.03%
Wgtd Avg Fixed Income Expctd Return	0.77%
Wgtd Avg Equity Expctd Return	6.10%
Wgtd Avg Portfolio Expctd Return	6.90%
Fixed Income Std Dev	1.15%
Equity Std Dev	12.88%
Portfolio Standard Deviation	12.76%
Weighted Average Portfolio Expense	0.36%
Approximate Cash Flow Duration	24.97
Wgtd Avg Duration of Fixed Income Assets	5.88
Proposed Portfolio Duration	1.72
Hedge Ratio	0.00

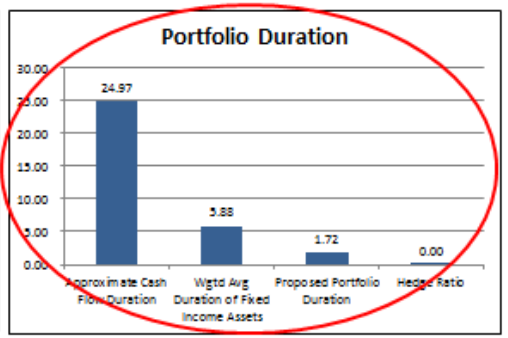


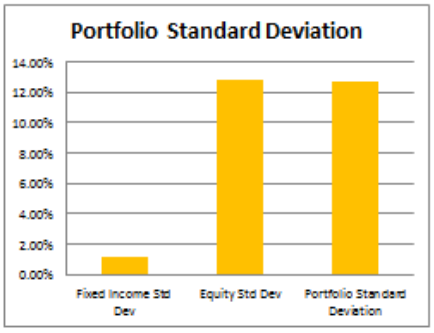












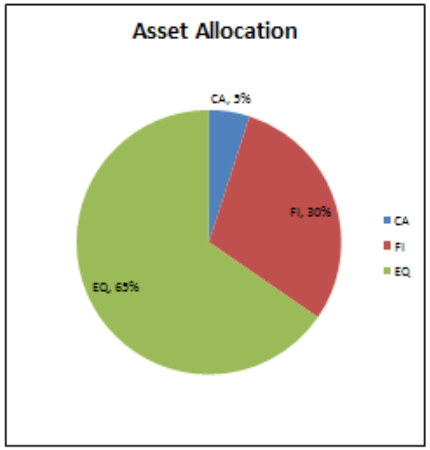
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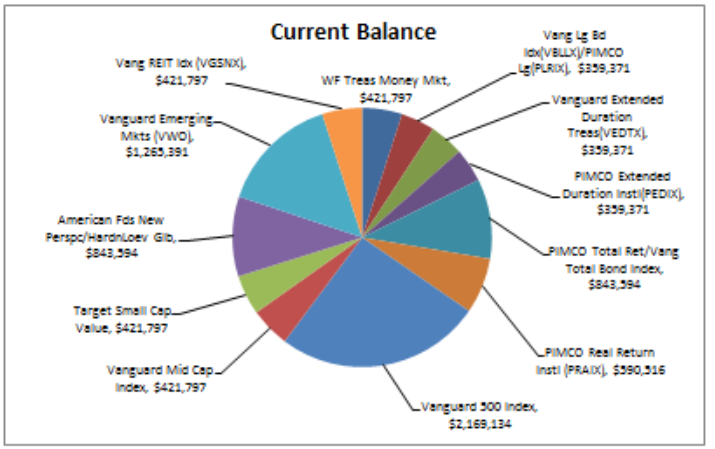
Liability Duration

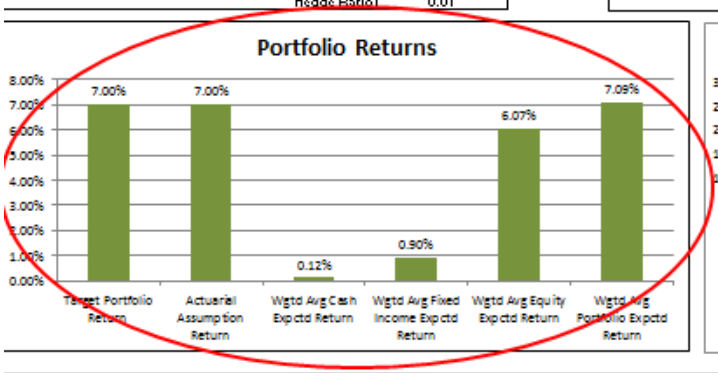
City of Dover – OPEB
Determination of Portfolio Expected Return and Asset Duration – ADDITIONAL ASSET CLASSES – 66/34 Allocation – 10–15 Year Fixed Income Duration

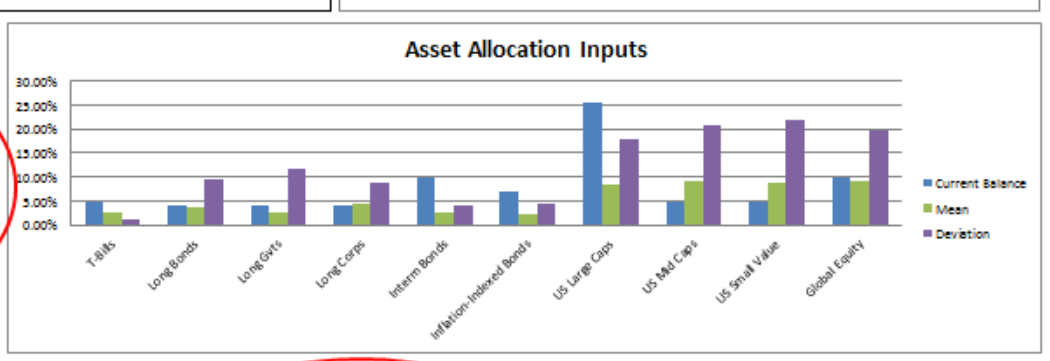
Category		Assets	Allocation
Total Cash Assets	CA	$ 421,797	5%
Total Fixed Income Assets	FI	$ 2,512,224	30%
Total Equity Assets	EQ	$ 5,543,511	65%
	Approx Assets	$ 8,477,532	
	Liability PV	$124,122,322	

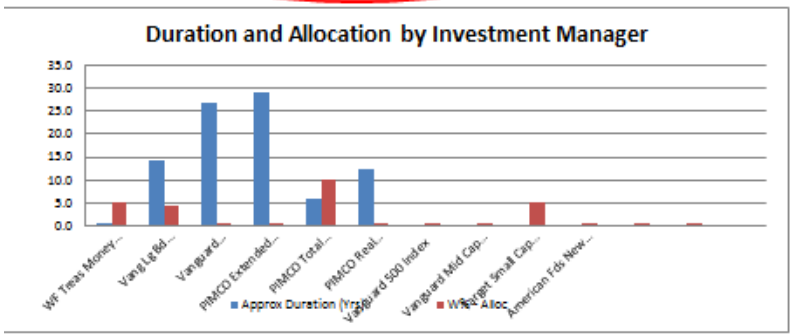
Approximate Plan Funded Status	11.00%
Target Portfolio Return	7.00%
Actuarial Assumption Return	7.00%
Wgtd Avg Cash Expctd Return	0.12%
Wgtd Avg Fixed Income Expctd Return	0.90%
Wgtd Avg Equity Expctd Return	6.07%
Wgtd Avg Portfolio Expctd Return	7.09%
Fixed Income Std Dev	1.74%
Equity Std Dev	12.81%
Portfolio Standard Deviation	12.60%
Weighted Average Portfolio Expense	0.28%
Approximate Cash Flow Duration	24.97
Wgtd Avg Duration of Fixed Income Assets	15.02
Proposed Portfolio Duration	4.45
Hedge Ratio	0.01

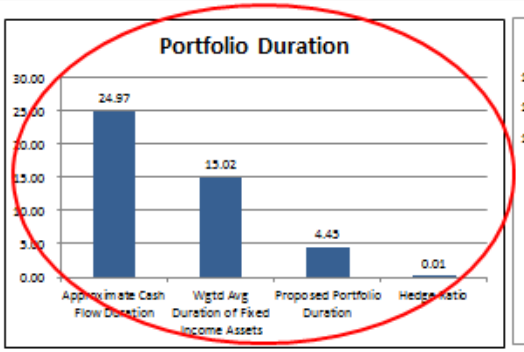


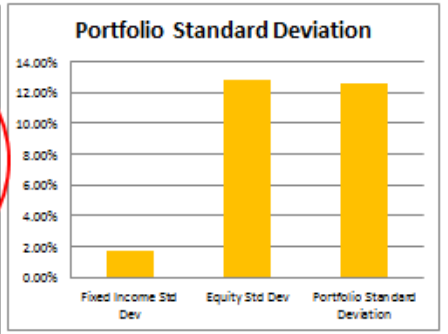












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