Sussex County Council
Public/Media Packet

MEETING:
AUGUST 21, 2012

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Sussex County Council
2 The Circle | PO Box 589
Georgetown, DE 19947
(302) 855-7743

SUSSEX COUNTY COUNCIL

AGENDA

AUGUST 21, 2012

10:00 A.M.

Call to Order

Approval of Agenda

Approval of Minutes

Reading of Correspondence

Todd Lawson, County Administrator

1. **Delaware State Police Contract**

2. **Delaware Department of Transportation 2013 – 2018 Capital Transportation Program Request (Draft)**

3. **Administrator's Report**

Susan Webb, Finance Director

1. **Pension Recommendations**

Julie Wheatley, Director of Economic Development

1. **Economic Development Department Update**

Hal Godwin, Deputy County Administrator

1. **Wastewater Agreement – Swann Cove**

Julie Cooper, Project Engineer

1. **Greenwood Library – Moving Services**

   A. **Bid Award**

Grant Requests

1. **Rehoboth Summer Children's Theatre for program expenses.**

2. **Rehoboth Cooperative Preschool for operating expenses and field trip expenses.**

Introduction of Proposed Zoning Ordinances

Any Additional Business Brought Before Council

Executive Session – Job Applicants′ Qualifications, Personnel, Pending/Potential Litigation, and Land Acquisition pursuant to 29 Del. C. §10004(b)

Possible Action on Executive Session Items

1:30 p.m. Public Hearings

Conditional Use No. 1933 filed on behalf of Mark A. Giblin
"AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT FOR A TOWING SERVICE AND LANDSCAPING TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN BALTIMORE HUNDRED, SUSSEX COUNTY, CONTAINING 3.374 ACRES, MORE OR LESS" (land lying southeast of Route 17 (Roxana Road), 1,185 feet northeast of Road 382 (Zion Church Road) (Tax Map I.D. # 5-33-6.00-60.02)

Conditional Use No. 1935 filed on behalf of John Herholdt
"AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT FOR A WORKSHOP FOR A FAMILY ELECTRICAL BUSINESS AND A BUTCHER SHOP TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN CEDAR CREEK HUNDRED, SUSSEX COUNTY, CONTAINING 2.347 ACRES, MORE OR LESS" (land lying east of Route 42 (North Union Church Road) 900 feet north of Road 207 (Fitzgerald Road) (Tax Map. I.D. # 1-30-6.00-45.02)

Conditional Use No. 1936 filed on behalf of Chester Townsend, IV

"AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT FOR A FOOD VENDOR TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN BALTIMORE HUNDRED, SUSSEX COUNTY, CONTAINING 1.0 ACRES, MORE OR LESS" (land lying north of Route 26, 0.2 mile northeast of Road 342 (Sandy Lane Road) (Tax Map I.D. # 1-34-11.00-3.00)

Conditional Use No. 1941 filed on behalf of Delaware Electric Cooperative, Inc.
"AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT FOR A SOLAR ELECTRIC GENERATION FACILITY TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN GEORGETOWN HUNDRED, SUSSEX COUNTY, CONTAINING 40 ACRES, MORE OR LESS" (land lying southeast of East Trap Road (Route 62) approximately 840 feet northeast of Road 518 (Substation Road) (Tax Map I.D. # 1-35-22.00-23.00 (Part Of)

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Sussex County Council meetings can be monitored on the internet at www.sussexcountyde.gov.

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In accordance with 29 Del. C. §10004(e)(2), this Agenda was posted on August 14, 2012 at 4:00 p.m., at the time it was prepared by the County Administrator and at least seven (7) days in advance of the meeting. This Agenda is subject to change to include the addition or deletion of items, including Executive Sessions, which arise at the time of the Meeting.

Agenda items listed may be considered out of sequence.

SUSSEX COUNTY COUNCIL - GEORGETOWN, DELAWARE, AUGUST 14, 2012

A regularly scheduled meeting of the Sussex County Council was held on Tuesday, August 14, 2012, at 10:00 a.m., in the Council Chambers, Sussex County Administrative Office Building, Georgetown, Delaware, with the following present:

Michael H. Vincent	**President**
Samuel R. Wilson, Jr.	**Vice President**
George B. Cole	**Councilman**
Joan R. Deaver	**Councilwoman**
Vance Phillips	**Councilman**
Todd F. Lawson	**County Administrator**
Susan M. Webb	**Finance Director**
Everett Moore	**County Attorney**

The Invocation and Pledge of Allegiance were led by Mr. Vincent.

Call to Order

Mr. Vincent called the meeting to order.

M 428 12 Amend and Approve Agenda

A Motion was made by Mr. Phillips, seconded by Mr. Wilson, to amend the Agenda by deleting "Executive Session - Job Applicants' Qualifications, Personnel, Pending/Potential Litigation, and Land Acquisition" and "Possible Action on Executive Session Items"; and to approve the Agenda, as amended.

Motion Adopted: 5 Yeas.

Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Phillips, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea

Minutes

The minutes of August 7, 2012 were approved by consent.

Corre-spondence

Mr. Moore read the following correspondence:

VILLAGE IMPROVEMENT ASSOCIATION OF REHOBOTH BEACH, DELAWARE.
RE: Letter in appreciation of donation.

ETHEL TRIPP, DAGSBORO, DELAWARE.
RE: Letter in appreciation of the repairs made to her home.

First State Community Action

The County Council presented a check in the amount of $25,000 to First State Community Action Agency. Mr. Lawson advised that the $25,000 in funding represents the second in four contributions the County will make to

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First State Community Action Agency (continued)

First State Community Action Agency for its new building. Bernice Edwards, Executive Director, thanked the Council for its continued support. First State Community Action Agency, which was founded in 1966, works with individuals to improve their lives, focusing on overcoming the challenges of homelessness, substandard housing conditions, unemployment and hunger.

Delaware Bike Summit

Jim Westhoff, spokesperson for the Delaware Bike Summit and Community Relations Officer for DelDOT, announced that the Summit will be held on September 7, 2012 at Dover Downs Hotel & Casino. The goal of the annual summits (this will be the fourth year) is to make Delaware more bicycle friendly. He noted that the events have been a success; Delaware's bicycle ranking has been raised from 14th to 9th; Delaware is now in the top ten most bike friendly states in the country.

Mrs. Deaver commented on the lack of shoulders on Beaver Dam Road.

Mr. Cole suggested that some roads should be designated as too dangerous for bike traffic and that perhaps there should be signs putting people on notice that a road is dangerous.

Nanticoke Dredge Project

Mr. Lawson updated the Council on the Nanticoke Dredge Project. In February 2012, the U.S. Army Corps of Engineers announced its approval for $1.8 million in funding for the dredging of the Nanticoke River. The maintenance dredging will be performed on a stretch of the Nanticoke River extending from the Maryland-Delaware line eastward to the drawbridge at Seaford – Blades and will restore the main channel depth of 12 feet, ensuring safe passage for barges that now have to limit their loads to traverse the waterway. Mr. Lawson noted that, while this is an Army Corps project, the County was responsible for acquiring a suitable site for the dredge materials. In May 2010, the County purchased a 41 acre site near Woodland, west of Seaford.

The Army Corps held a Public Workshop in Seaford on July 17, 2012 to give the public an opportunity to review the specifics of the project and ask questions of the Army Corps officials. In an effort to assist the public's understanding of the project and to give citizens a single source of information, the County has created a special website containing all the documentation (that the County has) to date involving the dredging project. The website will continue to be updated as the County receives additional information from the stakeholders, including the U.S. Army Corps of Engineers. Any citizen who wishes to ask a question about the project or join the County's mailing list can do so by accessing the website; citizens can access the site via the County's website or by logging onto www.sussexcountyde.gov/projects.

Administrator's Report

Mr. Lawson read the following information in his County Administrator's Report:

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Administrator's (continued)

1. **<u>Airport Runway Groundbreaking</u>**

Sussex County will host a groundbreaking ceremony for the runway extension project at the Sussex County Airport at 10:00 a.m. on Friday, August 17. The groundbreaking marks the beginning of a $4.4 million construction project that will add 500 feet to the airport's main 5,000-foot-long runway. The event will be held at the end of Runway 4-22 at the airport just east of Georgetown. Several officials from the County, State, and Federal levels of government, as well as local business representatives, will be on hand as we break ground on this important project to improve safety and boost our local economy. Construction is expected to begin later this month and continue throughout 2013. The media are invited to attend.

Certificate of Achievement for Excellence in Financial Reporting

Mrs. Webb announced that for the tenth consecutive year, Sussex County has received the Certificate of Achievement for Excellence in Financial Reporting (CAFR) from the Government Finance Officers Association. This CAFR award recognizes the extra effort and quality of the annual financial report for the year ended June 30, 2011. Applying for this award requires additional work to be done to provide statistical information about Sussex County that is not normally required in annual reports. Mrs. Webb stated that this award is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment by a government and its management.

Mrs. Webb thanked Gina Jennings, Kathy Roth, Keith Moore, Louise Thompson, Jeffrey James, and everyone in the Accounting and Finance departments who helped prepare this report.

Housing Rehab Program

Brad Whaley, Brandy Bennett, and Mike Jones of the Community Development and Housing Department presented a Department update. Mr. Whaley reported that they are in the process of completing the Fiscal Year 2011 Housing Rehabilitation Program and he highlighted how the funding has been used. In 2011, the County received a total of $1,113,000 in funding: $833,000 in CDBG funding, $200,000 in HOME funding, $60,000 in County Council grants, and $20,000 in HPG funding. Areas targeted in FY 2011 were: Town of Delmar, Town of Ellendale, Town of Laurel, Town of Seaford, Town of Milford, Rural Ellendale, Lincoln/GreenTop, Rural Dagsboro/Millsboro, and scattered sites. With these rehab funds, the Department was able to assist 143 Sussex County households (270 residents). Examples of work include: windows, doors, handicap ramps, insulation, siding, roof, and wells. Mr. Whaley reported that approximately 70 percent of the work is performed by people in the moderate income range.

Mr. Whaley reported on the status of funding for Fiscal Year 2012: $997,790 in CDBG and HOME funding and $70,000 in grant funding from the County Council (a 60% increase over Fiscal Year 2011). The

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Housing Rehab Program (continued)

Department is still waiting to hear from the USDA regarding HPG funding (usually $20,000). Areas to be targeted in Fiscal Year 2012 are: Town of Bridgeville, Town of Milton, Town of Selbyville, Town of Georgetown, Cool Spring, Mount Joy, Coverdale Crossroads and scattered sites.

In response to questions, Mr. Whaley responded that a total of approximately 1,000 people are on the waiting list for assistance; over 800 people are on the Countywide waiting list and an approximate total of 200 people are on the lists for various communities.

Bernice Edwards, Executive Director of First State Community Action Agency, stated that First State has a weatherization program and that they partner with the County to work on housing rehab projects.

Grant Requests

Mrs. Webb presented grant requests for the Council's consideration.

M 429 12 Council-manic Grant

A Motion was made by Mr. Phillips, seconded by Mr. Cole, to give $500.00 ($100.00 from each Councilmanic Grant account) to Olde Tymers Softball League for operating costs.

Motion Adopted: 5 Yeas.

Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Phillips, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea

M 430 12 Council-manic Grant

A Motion was made by Mr. Wilson, seconded by Mr. Phillips, to give $500.00 ($250.00 each from Mr. Wilson's and Mr. Vincent's Councilmanic Grant Accounts) to the Sussex Tri-Community Coalition for Youth for the Bridgeville Community Block Party.

Motion Adopted: 5 Yeas.

Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Phillips, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea

M 431 12 Council-manic Grant

A Motion was made by Mrs. Deaver, seconded by Mr. Phillips, to give $500.00 from Mrs. Deaver's Councilmanic Grant Account to the Town of Ellendale for the *Back to School Bash* event.

Motion Adopted: 5 Yeas.

Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Phillips, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea

M 432 12 Grant

A Motion was made by Mr. Phillips, seconded by Mr. Wilson, to give $500.00 ($100.00 from each Councilmanic Grant Account) to the Delaware

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Lady Blue Hens Softball Team for travel tournament expenses.

M 432 12 Grant (continued)

Motion Adopted: **5 Yeas.**

Vote by Roll Call: **Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Phillips, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea**

M 433 12 Council-manic Grant

A Motion was made by Mrs. Deaver, seconded by Mr. Phillips, to give $2,000.00 ($1,000.00 each from Mrs. Deaver's and Mr. Wilson's Community Grant Accounts) to the Ellendale Volunteer Fire Company for construction of a new substation.

Motion Adopted: **5 Yeas.**

Vote by Roll Call: **Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Phillips, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea**

Additional Business/ Campaign Activities in County Building

Under Additional Business, Mrs. Deaver stated that she was informed that a candidate for County Council was campaigning in the County Administration Building and she questioned if this action is permitted.

Mr. Moore responded that it has been tradition that candidates have come into the Administration Building to meet employees/people. He stated that prohibiting this activity would be difficult to monitor; additionally, prohibiting it would be a free speech issue. Mr. Moore noted that if this is something the Council wishes to discuss further, it should be placed on a future agenda.

M 434 12 Adjourn

A Motion was made by Mr. Phillips, seconded by Mr. Wilson, to adjourn at 10:49 a.m.

Motion Adopted: **5 Yeas.**

Vote by Roll Call: **Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Phillips, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea**

Respectfully submitted,

Robin A. Griffith
Clerk of the Council

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TODD F. LAWSON
COUNTY ADMINISTRATOR

(302) 855-7742 T
(302) 855-7749 F
tlawson@sussexcountyde.gov

Sussex County
DELAWARE
sussexcountyde.gov

MEMORANDUM:

TO: The Honorable Michael H. Vincent
President, Sussex County Council

The Honorable Samuel R. Wilson, Jr.
Vice President, Sussex County Council

The Honorable George B. Cole
Sussex County Councilman

The Honorable Joan R. Deaver
Sussex County Councilwoman

The Honorable Vance C. Phillips
Sussex County Councilman

FROM: Todd F. Lawson
County Administrator

RE: ***Delaware State Police Contract Update***

DATE: August 17, 2012

On Tuesday, Susie Webb and I will provide you an update on the Delaware State Police (DSP) contract with Sussex County.

As you know, the DSP contract was initiated back in 1994 and currently provides 40 additional troopers to the County. The DSP deploys approximately 140 troopers in the County and combined with our additional 40 troopers brings the total coverage to 180 troopers in Sussex.

The current contract was suspended in 2009 due to the State and County's budget concerns. The terms of the contract are somewhat complicated, in sum, the County's share of the expenses begins at 100 percent and each year it is reduced as the State's share is increased. Eventually, the total cost share is 50 percent for both the State and the County.

During the State's budget process this year, Members of the General Assembly, namely Rep. Ruth Briggs-King, proposed to reinstate the contract and allocate State funding for the contract.

If you agree to reinstate the terms of the contract, that would add an additional 4 troopers to Sussex County's roster, totaling 44 additional troopers.

We have discussed the option with DSP's leadership and have agreed to the terms of the contract reinstatement, which you will need to approve.

The additional 4 troopers will cost the County, in the first year, $445,963 and will be paid for by excess funding from the fiscal year 2012 budget.

The County's updated contract for 44 troopers will cost $2,159,633 in fiscal year 2013.

If you have any questions, please let us know.

TFL/kac

pc: Ms. Susie M.Webb, Finance Director
Ms. Gina Jennings

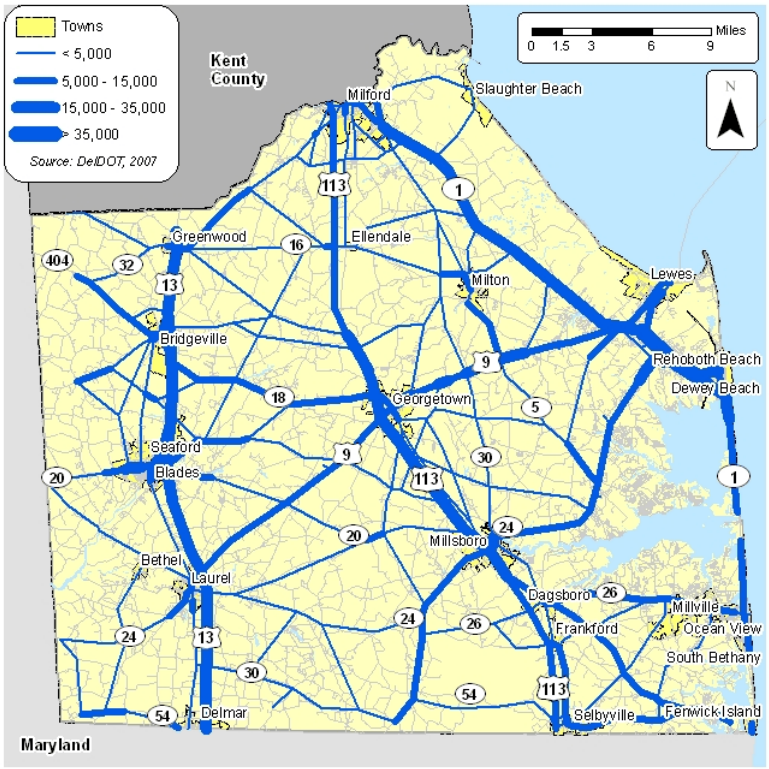
Sussex County 2013-2018 Capital Transportation Program Request

September 13, 2012

Sussex County

2013-2018 Capital Transportation Program Request

Average Annual Daily Traffic - 2005



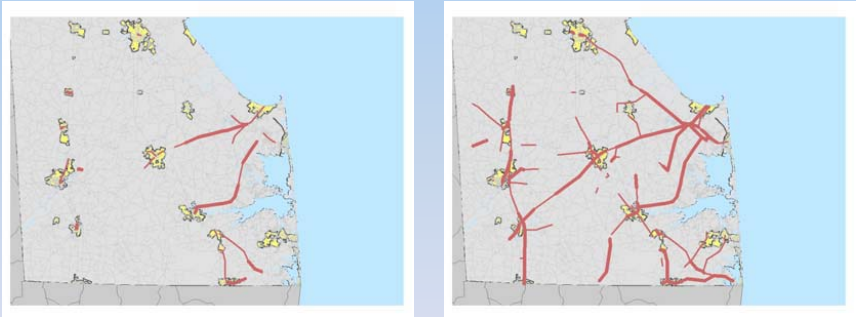
Source: Sussex County 2007 Comprehensive Plan Update

Sussex County is Delaware's largest county, with 938 square miles of land within its borders. Within that broad expanse is more than 37 percent of the State's 6,281 miles of public roadway.

In Sussex County, the most heavily traveled roadways are US 13 and SR 1 (each carrying more than 30,000 vehicles daily), followed by US 113 with more than 24,000 vehicles daily. At the same time, the major east-west routes also are heavily traveled, though these are less capable of extensive traffic. Congestion due to the movement of summer visitors often compounds traffic problems.

As noted in the charts below, congestion is expected to worsen by 2030, even assuming currently planned projects are completed.

2000 and 2030 Year-Round Congestion (Volume to Capacity Ration > 85%)



2000 and 2030 Summer Congestion (Volume to Capacity Ration > 85%)

Source: Sussex County 2007 Comprehensive Plan Update

Sussex County Priorities

2013-2018 Capital Transportation Program Request

The following items are Sussex County's transportation priorities for the 2013-2018 Capital Transportation Program. Each priority is explained in further detail in subsequent sections of this request:

- East-West Improvements
  - SR 24
  - SR 26
  - Routes 404/9
- Sussex County Airport
- Park Avenue/US 9 Truck Route
- Bicycling/Walking Trails
- North-South Highway Improvements
- SR 1 Improvements
- Local Roads
- Intersections, Signage & Signalization
- Alternative Transportation

East–West Corridors

2013-2018 Capital Transportation Program Request

The Capital Transportation Program budget in FY13 includes $100 million in State and federal funding for a number of improvements to portions of the county's network of east-west arteries. Projects targeted for funding include preliminary engineering work on SR 24, completion of the SR 26 detour routes, and preliminary engineering, right of way acquisition and initial construction of the mainline SR 26 improvements.

Sussex County appreciates the State's attention to these very critical links to the transportation system by budgeting for these current and future long-term projects.

However, substantially more funding will be needed in the years ahead, particularly for rights of way acquisitions, so improvements on other major east-west arteries can occur across the entire network. These improvements would include:

- Widening corridors to accommodate increased traffic volume;
- Resurfacing of shoulders to highway standards;
- Intersection upgrades such as the addition of left-turn lanes, increased illumination, and directional signage;
- Better coordination of traffic signals at identified choke points.

If current travel patterns continue as predicted, increased and frequent congestion will further interfere with local residents' mobility in many areas. Anticipating and funding necessary improvements such as these across the county's entire network of east-west arteries will better meet the travel needs of local residents and visitors for decades to come.

East–West Corridors

2013-2018 Capital Transportation Program Request

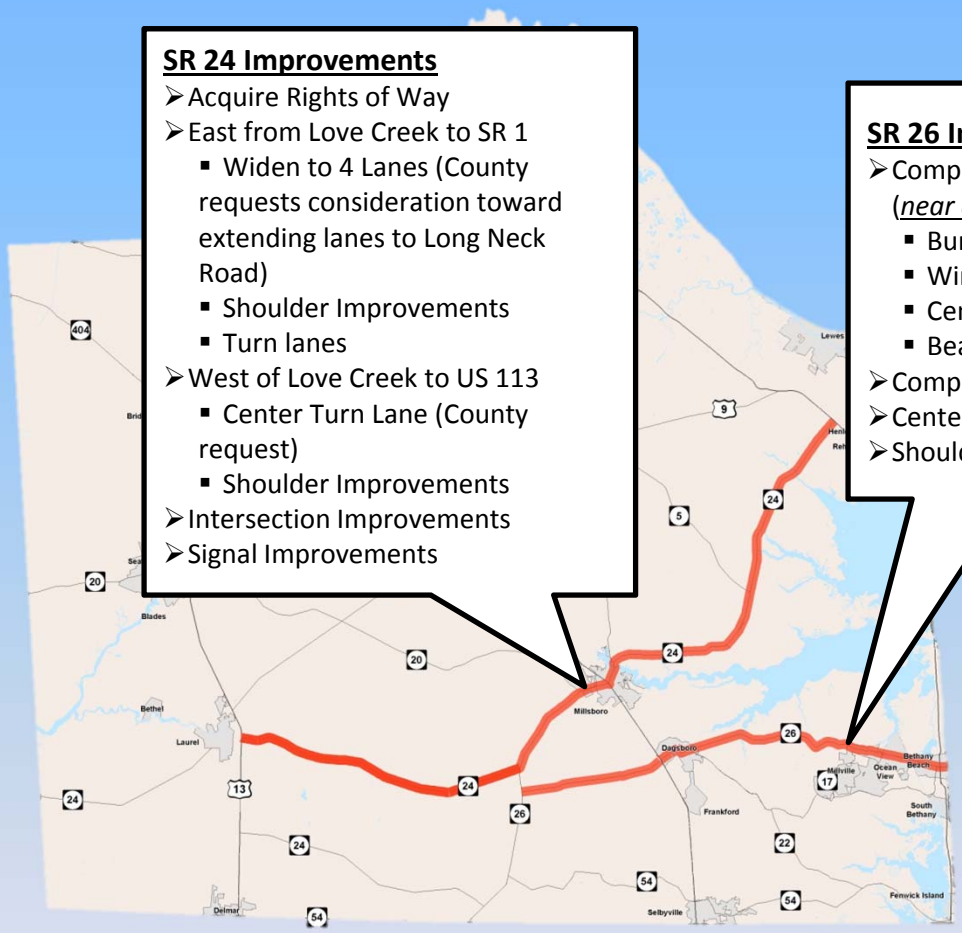
State Routes 24 and 26 are two of Sussex County's primary east-west corridors, allowing entry and egress from coastal communities. These routes are critical to allowing local motorists and destination drivers access to homes and commercial centers in the resort area. The routes in their current configuration, both two-lane roads, are currently insufficient to safely and efficiently move traffic into and out of the area, particularly during peak summer months and evacuations.

SR 24 Improvements

- Acquire Rights of Way
- East from Love Creek to SR 1
  - Widen to 4 Lanes (County requests consideration toward extending lanes to Long Neck Road)
  - Shoulder Improvements
  - Turn lanes
- West of Love Creek to US 113
  - Center Turn Lane (County request)
  - Shoulder Improvements
- Intersection Improvements
- Signal Improvements

SR 26 Improvements

- Complete Detour Routes (*near completion*)
  - Burbage Road
  - Windmill Road
  - Central Avenue
  - Beaver Dam Road
- Complete Rights of Way
- Center Turn Lane
- Shoulders



East–West Corridors

2013-2018 Capital Transportation Program Request

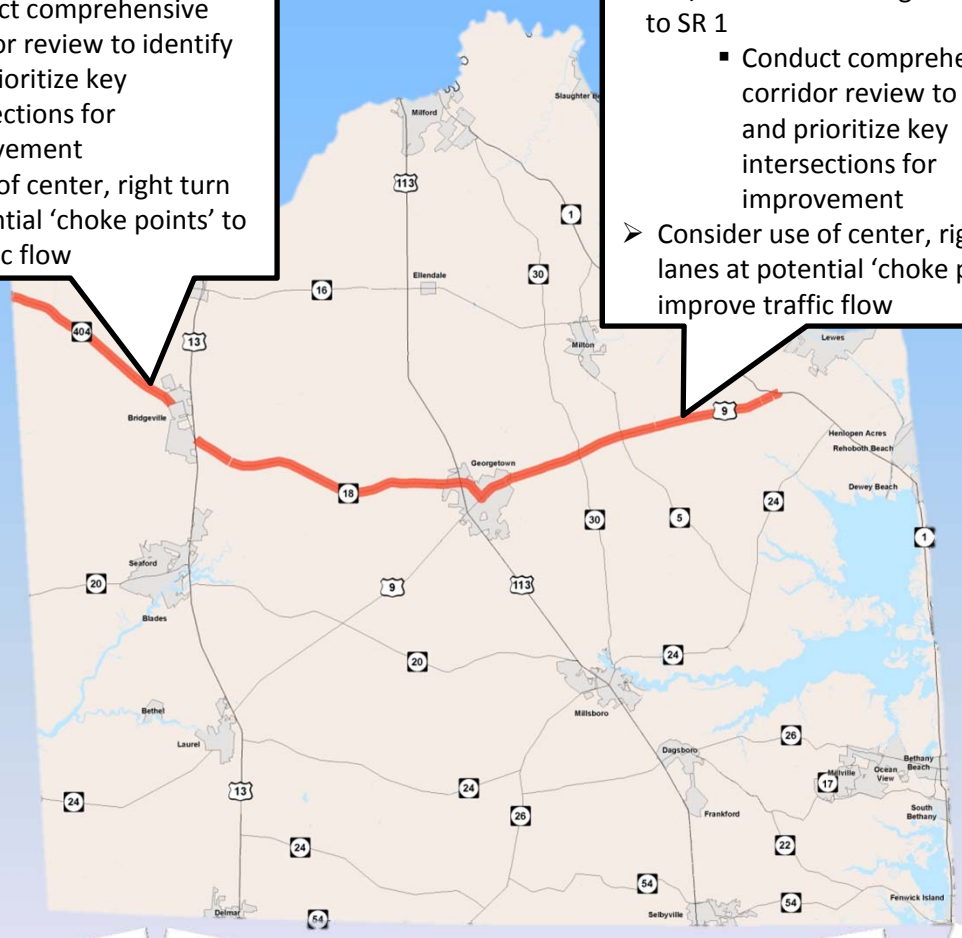
The SR 404/18 corridor, which connects with US 9 at Georgetown, is the principal means of east-west movement in Sussex County. This route, which connects to Route 404 in Maryland, is the gateway for beach-bound traffic during summer months. High traffic volume often limits this two-lane road's capacity; Maryland is widening its portion of the route to accommodate east-west traffic to and from Delaware.

SR 404/SR 18 Improvements

- Increase Capacity for SR 404/SR 18 from Maryland east to Georgetown
  - Conduct comprehensive corridor review to identify and prioritize key intersections for improvement
- Consider use of center, right turn lanes at potential 'choke points' to improve traffic flow

US 9/SR 404/SR 18 Improvements

- Increase Capacity for US 9/SR 404/SR 18 from Georgetown east to SR 1
  - Conduct comprehensive corridor review to identify and prioritize key intersections for improvement
- Consider use of center, right turn lanes at potential 'choke points' to improve traffic flow



Sussex County Airport

2013-2018 Capital Transportation Program Request

The Sussex County Airport near Georgetown is a critical link in Southern Delaware's transportation system, and the facility is equally vital to the local economy.

The airport records approximately 40,000 landings and takeoffs each year, and is home to a vibrant economic and educational base, including PATS Aircraft and its auxiliary fuel tank installation business and the DelTech airframe maintenance training program.

Currently, there are 16 employers and more than 900 jobs at the Sussex County Industrial Airpark, with an annual payroll of more than $36 million. Planned improvements, notably the extension of the main runway from 5,000 feet to 6,000 feet, will help retain well-paying jobs and attract new opportunities to the Sussex County Airport and the greater community.

Sussex County government estimates expenditures of more than $25 million from FY12 to FY16 for the Sussex County Airport & Industrial Park. The County estimates the local share of costs for the planned 1,000-foot runway extension to be approximately $12 million. This includes $6 million for the actual runway extension, and an additional $6 million for the necessary realignment of Park Avenue (see Page 7).

In August 2012, Sussex County broke ground on the first 500-foot extension, and is already planning for the second 500-foot extension to begin by 2014.

The County urges the Council on Transportation, the Department, and the State to continue their work with the County and Delaware's Congressional delegation to secure the necessary federal and state funding for the full 1,000-foot runway extension, which is critical to ensuring aviation safety and continued economic opportunities in Sussex County.

Park Avenue/US 9 Truck Route

2013-2018 Capital Transportation Program Request

As part of the planned main runway extension project at the Sussex County Airport, portions of Park Avenue – also known to travelers as the US 9 Truck Route – on the southeastern side of Georgetown would require relocation. Park Avenue is a local bypass for trucks, designated by the Department of Transportation, and is the sole route to the Sussex County Industrial Airpark. It also serves as a popular local route for motorists as they navigate through the Georgetown area.

As part of the road relocation project, the southern end of Park Avenue would shift from its current terminus at South Bedford Street to approximately one-half mile southward, to the intersection of South Bedford Street and Arrow Safety Road. The relocation is necessary to accommodate the County's goal of extending by 1,000 feet the main runway at the Sussex County Airport, as well as to provide a safer, more efficient route around Georgetown.

This project, estimated at approximately $6 million, would present an opportunity for other long-needed improvements to be made to Park Avenue, including the addition of shoulders and installation of turn lanes, as well as intersection modifications at Arrow Safety Road and US 113. State lawmakers budgeted $800,000 in this year's Bond Bill for DelDOT to begin design work in anticipation of this project.

County government requests that the Council on Transportation give thoughtful consideration toward allocating additional long-term funding for Park Avenue's realignment and other improvements, all of which would enable the runway project to move forward and guarantee a safer route for the traveling public.

Bicycling/Walking Trails

2013-2018 Capital Transportation Program Request

Source: Federal Highway Administration

Credit: Southern Delaware Tourism

Sussex County supports the recent attention placed on efforts to bring new Rails with Trails pathways to Southern Delaware.

In the 2013 State budget, the Delaware General Assembly set aside $13 million in funding for a new trails initiative that will link communities, parks, and other points of interest in the First State. One potential project that could benefit from this funding is the long proposed Georgetown-to-Lewes Rail Trail, which would stretch 17 miles alongside the Delaware Coastline Railroad line from the county seat to the beaches.

This proposed multi-use path would provide an alternate means for residents and visitors alike to navigate Sussex County, to access other trails, such as the Breakwater & Junction Trail between Lewes and Rehoboth Beach, and would promote a healthier lifestyle for users young and old. It could also retain the current rail line, providing a critical link for businesses to move products and keep the local economy strong.

Sussex County requests that the Council on Transportation and the Department evaluate proposals such as the Georgetown-to-Lewes Rail Trail when deciding how to allocate Delaware's annual share of federal matching funds, such as the Congestion Mitigation and Air Quality (CMAQ) and Surface Transportation Program (STP) grants.

Those dollars, in conjunction with the $13 million set aside in the 2013 State budget, could make alternative, multi-use paths a reality for bicyclists and pedestrians who want to connect with their communities and the natural beauty that makes Sussex County so special.

North-South Hwy Improvements

2013-2018 Capital Transportation Program Request

Improvements to Sussex County's major north-south corridors, specifically US 113, remain a significant transportation need in order to address local traffic requirements, seasonal demands and interstate travel. Public sentiment to preserve the existing highway with the least amount of impacts on properties has compelled the State to re-evaluate planned upgrades to this corridor.

US 113 is fed by SR 1 from the north, SR 404 from the west and the Maryland portion of US 113 from the south. Many travelers to the coastal areas of Sussex County already utilize US 113 to bypass the often congested SR 1 corridor.

Users have distinct, and in some cases, conflicting operational requirements. Local users prefer access to properties with relatively simple and safe traffic patterns. Trucks, vacationers, and long-distance commuters, on the other hand, desire high-speed traffic patterns with minimal interruptions. Intersection upgrades, additional travel lanes, and other modifications could satisfy travelers' needs, and ease demand on other north-south arteries, such as US 13 and SR 1.

Because of the project's potential costs and effects, the County believes improvements should be phased in, based on public consensus, and given high priority to move the project from concept to reality.

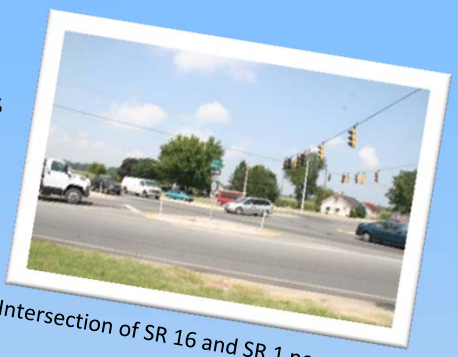
Del. Route 1 Improvements

2013-2018 Capital Transportation Program Request

Improvements along SR 1, especially near the beach area, must continue for the sake of improving safety and aiding in the reduction of traffic congestion.

SR 1 at Nassau Bridge, Five Points

- **Five Points Intersection/US 9 Realignment**
  Improvements are needed at the Five Points intersection to reduce accidents at this gateway to the resort area, which is often congested and confusing to motorists. Realignment of the US 9 connection at Five Points could help alleviate congestion and confusion.



Intersection of SR 16 and SR 1 near Milton

- **Intersections at SR 16 near Milton and SR 30 near Milford**
  Overpasses with exits at these intersections would improve safety. These are accident-prone and dangerous intersections. Overpasses also would eliminate the need for traffic signals.

- **Wescoats Corner Improvements**
  Alleviate confusion that can lead to accidents at this intersection.

- **Sidewalks**
  Additional sidewalks along SR 1, particularly in gaps that exist between Five Points to Dewey Beach, would improve safety for pedestrians and encourage walking to and from this busy commercial area.

Bicyclist crossing SR 1

- **Pedestrian Bridges and Crosswalks**
  Pedestrian/bicycle crosswalks at key locations would improve safety. Pedestrian bridges would further improve safety for those walking near the retails outlets by moving them above traffic.

- **Pedestrian/Bicycling Paths**
  Expanding the popular Rails with Trails concept along railway corridors, particularly between Georgetown and Lewes, could improve alternative movement to and along the SR 1 corridor.

Sidewalk ends along SR 1

- **Commercial Properties Interconnectivity**
  Connecting entrances/exits between adjoining commercial properties should be a priority, where possible, along the SR 1 corridor. This would allow those visiting stores the ability to move among the properties without having to re-enter and exit the highway. Such connectivity also should be used in commercial areas along the US 13 and US 113 corridors.

Local Roads

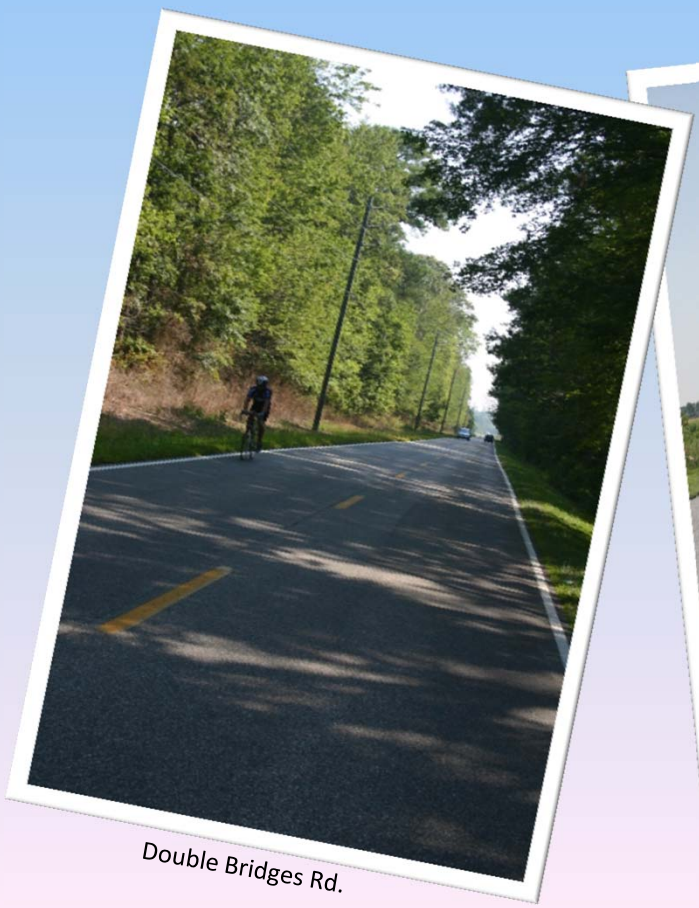
2013-2018 Capital Transportation Program Request

Routes such as SR 1, US 113 and US 13 serve as the major arteries of Sussex County's transportation network. Local roads, however, are the vessels that move traffic throughout all parts of the body.

The Sussex County Council submits the following list of local roads as those that should be targeted for upgrade and expansion. These roads are currently or soon will serve a growing population, which will result in added traffic. Many of these roads, either by State designation or through motorists' preference, are used as alternate routes for major thoroughfares.

Upgrades of these roadways includes paving of the surface, widening shoulders and/or installing turn lanes, as indicated. Upgrades also should include marking bicycle and pedestrian lanes, and illuminating key intersections.

The County recognizes it may be impractical to abandon the use of 'tar and chip' treatments on some roads. The County, however, encourages DelDOT to continue pursuit of its 10-year goal to pave all 'tar and chip' roads with an annual average daily traffic (ADT) count greater than 500 vehicles.



Double Bridges Rd.

'Tar & Chip' roadway west of Georgetown

Local Roads

2013-2018 Capital Transportation Program Request

Bethany Beach

RD 360 – Fred Hudson Road
(Flooding)

RD 363 – Double Bridges Road
(Shoulders)

Blades

RD 490 – River Road
(Shoulders)

Bridgeville

RD 40 – Redden Road
(Shoulders)

RD 525 – Coverdale Road
(Shoulders)

RD 583 – Adams Road
(Shoulders; Turn lane at RD 585)

RD 585 – Woodbridge Road
(Widen; Turn lane at sports complex)

RD 594 – Oak Road
(Pave)

Dagsboro/Frankford

RD 336 – Piney Neck Road
(Shoulders)

RD 402A – Fox Run Road
(Pave)

US 113 – DuPont Boulevard at Cricket Street
(Median crossover for EMS)

Georgetown

RD 48 – Zoar Road/Hollyville Road
(Shoulders; Intersections at Avalon Road and Hurdle Ditch Road)

RD 62 – East Trap Pond Road
(Shoulders)

RD 249 – Shingle Point Road
(Left-turn lane from US 9)

RD 318 – Park Avenue (Truck Route 9)
(Shoulders; Left-turn lane from US 9)

RD 324 – Railroad crossing on Sussex Pines Road
(Improve grade at crossover)

Georgetown (cont.)

RD 527 – Wilson Hill Road
(Pave)

US 113 – DuPont Boulevard at E. Trap Pond Road
(Median crossover for EMS)

US 113 – DuPont Boulevard at Speedway Road
(Intersection)

Greenwood

DE 36 – Scotts Store Road
(Widen shoulders)

RD 594 – Webb Farm Road
(Flooding at sharp turn)

Laurel

RD 446 – Beaver Dam Branch Road
(Pave & Widen)

RD 515 – Bacons Road
(Pave; Shoulders)

Local Roads

2013-2018 Capital Transportation Program Request

Lewes

RD 88 – Cave Neck Road
(Lengthen left-turn lane from SR 1)

RD 266 – New Road
(Shoulders; Bike path)

RD 270 – Wolfe Neck Road/Munchy Branch Road
(Bike/pedestrian path)

RD 275 – Plantations Road/Postal Lane
(Intersection signalization)

Millsboro

RD 288A – Dorman Road
(Pave)

RD 313 – Gull Point Road
(Flooding; Intersection)

RD 328A – Godwin School Road
(Pave)

Millville/Ocean View

RD 84 – Central Avenue
(Shoulders)

RD 349 – Old Mill Road
(Pave; Shoulders)

RD 350 – Railway Road
(Widen shoulders)

Milton

RD 38 – Prime Hook Road
(Flooding; Pave & Widen)

RD 88 – Cave Neck Road
(Widen shoulders)

Seaford

RD 535 – Middleford Road
(Gateway improvements)

US 13A – Bridgeville Highway
(Sidewalk connectivity)

Local Roads

2013-2018 Capital Transportation Program Request

Items highlighted in **RED** correspond with road improvement requests listed on Pages 12 and 13 of the Sussex County 2013-2018 Capital Transportation Program request.

Intersections, Signage & Signalization

2013-2018 Capital Transportation Program Request

Like a chain, a transportation network is only as strong as the intersections, signage and traffic signals that connect together the system of roads and highways. Routes that easily clog because of limited capacity, poorly timed signals and inadequate signage can impede the flow of traffic.

The County encourages the State to continue evaluating intersections along major routes, such as the US 9 corridor between Georgetown and Lewes, to determine the best means for improving traffic flow. The County supports the State's current effort to improve US 9 intersections at Gravel Hill, Hudson and Sweetbriar roads. Improvements at these and other intersections could include the installation of dedicated turn lanes and better coordination of traffic signals.

The County also encourages the State to improve signage along and near roads, such as SR 30 and SR 5 from Milford to Long Neck, that could serve as local bypass routes, thereby alleviating congestion on major highway corridors, including SR 1 and US 113.

An additional suggestion to improving mobility is to incorporate blinking red arrow, left-turn signals at key intersections. This type of signal, found in areas of Kent and New Castle counties, could ease congestion at Sussex intersections, such as those along SR 1, US 9, US 13 and US 113.

Transportation Alternatives

2013-2018 Capital Transportation Program Request

As high energy costs and economic uncertainty continue to weigh on household budgets, Delaware has the opportunity now to expand its transportation alternatives – particularly mass transit – to meet public demand, conserve resources and lessen the burden on highways. Stronger consideration toward various options, such as those listed below, could reduce traffic congestion on Sussex County's network of roads.

- **Bus Service**
  - *Fixed Route Service*
    Extending DART First State service to other areas, such as Selbyville, Millsboro, Long Neck and other job centers (based on requests)
  - *Private Partnerships*
    Encourage private mass transit providers to offer bus routes between urban centers and Sussex beaches
  - *Signage and Stops*
    Current bus stops should be evaluated to ensure pick-up and drop-off locations are optimal and not placed at out-of-the-way sites; larger signs at those locations could better draw public attention and boost ridership
  - *Coordinated ParaTransit Services*
    Helps the growing senior and disabled population with more efficient service
- **Passenger Rail Service**
  The County supports the ongoing effort by Delaware and Maryland to study the concept of passenger rail service on the Delmarva Peninsula
- **Expanded Park & Ride System**
  Offer public additional park & ride locations to encourage carpooling, improve use of mass transit
- **Bicycle and Pedestrian**
  Complement the popular Junction and Breakwater Trail with other rail trails (e.g. Georgetown to Lewes, as well as Ellendale to Milton); such interconnectivity of trails could allow cyclists to commute safely between coastal and inland portions of the county (see Bicycling/Walking Trails slide on Page 8).

Closing Remarks

2013-2018 Capital Transportation Program Request

Sussex County Council thanks the Department of Transportation and the Council on Transportation for considering its request for the 2013-2018 Capital Transportation Program.

As limited transportation funding is appropriated for various projects throughout the State of Delaware, particularly in these difficult economic times, the County Council trusts that DelDOT and the Council on Transportation recognize how vital the County's recommendations are to accommodating an increasing population, expansive geography and local economy.

Sussex County encompasses the largest geographic area in Delaware, occupying more than 46 percent of the area in the state. Additionally, nearly 37 percent of all State-maintained roads are in Sussex.

The Delaware Population Consortium estimates Sussex County's population will grow approximately 30 percent between 2010 and 2025. Despite a weaker national economy, tourism continues to thrive in Southern Delaware, and that causes additional demands on our transportation system.

Residents of Sussex County continue to express concerns regarding the maintenance and improvements needed to the local road system. As the county grows, these concerns will only increase. Waiting to plan and make needed roadway improvements after the fact will only make these improvements more expensive and difficult to implement.

Sussex County requests the State of Delaware weigh these factors as it allocates transportation funds. The State should also consider the economic impact as it relates to the County's request.

Closing Remarks

2013-2018 Capital Transportation Program Request

As noted in previous years, County Council encourages the State to consider adequate funding for needed improvements to the County's transportation system. Sussex County urges DelDOT to take the necessary steps now to make essential projects, particularly improvements to the network of east-west arteries, among its highest priorities.

In addition to improving mobility and safety, enhancing economic development opportunities in Sussex County should be a factor in determining transportation priorities and funding.

Rerouting Park Avenue and extending the main runway at the Sussex County Airport may preserve existing jobs at the County's Industrial Park, and spawn new employment opportunities in the near future. Meantime, providing a walking/bicycling trail between Georgetown and Lewes would increase tourism opportunities, especially in central Sussex County.

Overall improvements to the County's transportation system will ensure Sussex County and the State of Delaware can continue to serve our population, as well as attract and accommodate the millions of visitors who come to our state each year.

Again, Sussex County Council thanks the Department of Transportation and the Council on Transportation for allowing the County the opportunity to submit its yearly requests for the Capital Transportation Program. We expect this report will assist the Department in prioritizing which projects earn funding from DelDOT's limited resources.

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Sussex County

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MEMORANDUM:

TO: Sussex County Council
The Honorable Michael H. Vincent, President
The Honorable Samuel R. Wilson, Jr., Vice President
The Honorable George B. Cole
The Honorable Joan R. Deaver
The Honorable Vance C. Phillips

FROM: Susan M. Webb, CPA
Finance Director

RE: **PENSION FUND COMMITTEE RECOMMENDATIONS**

DATE: August 16, 2012

Attached please find a draft copy of the minutes of the August 2, 2012 Pension Fund Committee meeting, as well as the Performance Report for the Pension and OPEB Funds as of June 30, 2012. Also attached is the report on the OPEB U. S. Equity Large Cap Core manager search. As you recall, one of the goals of the Pension Committee for 2012 was to find more suitable investment managers that would decrease the volatility and complement our other OPEB investments. The minutes discuss in detail the recommendations by our pension consultant.

The report is very detailed in making these selections. In summary, I will be making the following recommendations to Council:

1. Liquidate all assets of Vanguard Value Index
2. Liquidate all assets of Allianz RCM Disciplined Equity
3. Redeem $1,600,000 from Ridgeworth Small Cap Value

With the proceeds from these sales, we would then purchase:

1. $5,000,000 of Vanguard Russell 1000 Index
2. $1,000,000 of Vanguard Dividend Growth
3. $1,000,000 of BlackRock Equity Dividend

At the Council meeting, I will be discussing the Performance Reports for June 30, 2012 for both funds, as well as the OPEB investment manager selection.

SMW/nc

Attachments

xc: Mr. Todd F. Lawson

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PENSION FUND COMMITTEE

Minutes of Meeting

August 2, 2012

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The Sussex County Pension Fund Committee met on August 2, 2012, at 10:00 a.m. in the County Council Chambers, Georgetown, Delaware. Those in attendance included members: Susan Webb, Todd Lawson, Jeffrey James, David Baker, and Hugh Leahy. Also attending were Michael Shone of Peirce Park Group, the County's Pension Investment Consultant; Gina Jennings, Sussex County Director of Accounting; as well as David Craik, the Pension Administrator for the State of Delaware. Committee members Lynda Messick and Karen Brewington were unable to attend.

On July 25, 2012, the Agenda for today's meeting was posted in the County's locked bulletin board located in the lobby of the County Administrative Office Building, as well as posted on the County's website.

The May 3, 2012 minutes were approved (by email) as follows:

5 Yea; 1 Not Voting; 1 Absent

Ms. Webb, Yea; Mr. Lawson, Yea; Mr. James, Yea; Ms. Messick, Yea; Mr. Leahy, Yea; Mr. Baker, Not Voting; Ms. Brewington, Absent.

1. **State of Delaware – State Pool Presentation**

Mr. Craik reviewed two handouts entitled, "Total Fund Composition – Asset Allocation" and "Fifteen Year Total Investment Rates of Return". Mr. Craik explained that the State is currently putting together their annual report for June 30, 2012 so the numbers presented reflect returns as of June 30, 2011. Below are the State's investment rates of return for the last 15 years:

	Total Investment Portfolio Fair Value (in millions)	Fair Value Annual Rate of Return	Annual Consumer Price Index	Real Rate of Return
2002	$4,857.7	(6.3%)	1.0%	(7.3%)
2003	$4,880.7	3.4%	2.2%	1.2%
2004	$5,521.2	16.3%	3.2%	13.1%

2005	$5,928.0	10.0%	2.5%	7.5%
2006	$6,527.0	12.4%	4.3%	8.1%
2007	$7,406.2	15.9%	2.7%	13.2%
2008	$7,089.2	(1.3%)	4.5%	(5.8%)
2009	$5,785.0	(15.5%)	(1.4%)	(14.1%)
2010	$6,362.1	14.4%	1.1%	13.3%
2011	$7,638.1	24.3%	3.6%	20.7%
5 Year		6.6%	2.2%	4.4%
10 Year		6.7%	2.4%	4.3%
15 Year		8.3%	2.5%	5.8%

Mr. Craik further explained that the annual rate of return for the year ending June 30, 2012 was 2 percent, which would lower the return of 8.3 percent (for the 15 year period) to 7.6.

The "Total Fund Composition" represents the various asset classifications included in the State's fund as of March 31, 2012. Mr. Craik noted the State has made some conservative changes since March 30, 2012; namely, $250 million was moved out of international equity into domestic equity and fixed income. The State's Plan is presently at 22 percent in nontraditional assets (private program). As an example, Mr. Craik explained that the State was a big investor in Facebook at its inception and purchased stocks at 6 cents a share. When Facebook went public earlier this year, the State sold 30 percent of their holdings and made a profit of $50 million. This $50 million will not be reflected in the State's numbers until the September 30th quarter, and is also not reflected in the 2 percent return for the year ended June 30, 2012.

A question and answer period followed.

Mr. Craik was questioned about the State's Pension Board. He noted that the State has an Investment Committee, which is a subcommittee of their Pension Board. The Committee meets 17 to 18 times a year and is comprised of investment professionals who are appointed by the board. The State's Pension Board consists of 7 members, 5 of which are appointed by the Governor. Two members - Ann Visalli, Director of the State's Office of Management and Budget, and Thomas Cook, Delaware's Secretary of Finance - serve by nature of their position. The Investment Committee makes recommendations to the board and the board then approves those recommendations. The Board meets once a month, with the exception of August (if investment action is required, a poll vote is taken and then ratified at the next board meeting). The investment committee meetings are open to the public, with an executive session also being held during each meeting.

The State's Pension Fund includes approximately $7.5 billion in total assets and Ashford Capital Management, of Wilmington, Delaware, serves as investment

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advisor for the Investment Committee. As of June 2011, the actuarial assumed rate of return was reduced from 8 percent to 7.5. Mr. Craik noted that the State may now comingle Pension and OPEB assets, with the State having approximately $150 million in their OPEB Trust. Although comingling with the Pension Fund is planned in the near future, the two funds are separate at the present time. Mr. Craik concurred that the County, if desired, could invest a portion of their OPEB money with the State.

When asked, Mr. Craik explained that additional Private Program Investments – in addition to Facebook – include IT related investments, China and India funds, Bio-tech, several hedge funds, with most being private partnerships. With these private partnerships, minimum investments are typically $100 million. The State's actuary is Cheiron, of Washington, D.C. Mr. Shone also confirmed that Peirce Park Group (PPG) has several clients who use Cheiron and noted their satisfaction.

Mr. Shone distributed copies of an article entitled, 'More state plans cutting assumed return rates', dated July 23, 2012. Examples given included: Baltimore County Employees' Retirement System reduced their assumed rate of return to 7.25 percent from 7.875, California Public Employees' Retirement System lowered its rate to 7.5 percent from 7.75, California State Teachers' Retirement System dropped their rate to 7.5 percent from 8 in 2011, and the Virginia Retirement System decreased their assumed rate of return twice since 2005 – now at 7 percent. The article goes on to state that 'assumed rates of returns among corporate pension funds have been declining since their peak of 9.17% on average in 2000 … At year end 2011, the average rate was 7.6 percent.'

Mr. Craik noted that his office administers 9 pension plans. Of the ones funded by the State, all but one, the State has always made 100 percent of their annual required contribution. The State has a closed State Police Plan (for officers hired before 1980), which is a pay-as-you-go plan. Mr. Craik noted that State employees have always contributed to their pension plan. As a result of pension reform that took place last year, State employees hired before January 2012, pay 3 percent of their salary above $6,000. Employees hired after January 1, 2012, pay 5 percent of their salary above $6,000.

Mr. Craik stated that for FY 2013, the State made a $26 million allocation to their OPEB Fund, $11 million of which was transferred from the health fund ($15 million reflects approximately .9 percent of payroll); with an 8.9 percentage rate of payroll for the regular pension for FY 2013.

In comparing Delaware to other state funds, Delaware was the number one fund for the 7-year return at the end of calendar year 2011. As of June 30, 2011, Mr.

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Craik stated that Delaware was in the top quartile; for longer periods of time – 10 to 15 years – the State had attained a higher quartile for their returns.

Ms. Webb thanked Mr. Craik for his very informative presentation. For future presentations, Mr. Craik noted that the Committee may want to keep in mind that the State's annual report is typically completed by the end of October of each year.

2. **Performance Reports – Peirce Park Group**

Mr. Shone, again, mentioned the article presented and noted past discussions regarding the implications of reducing the actuarial assumed rate of return and its impact on the annual required contribution. He noted that other PPG clients have reduced their rate of return to 7.5 percent, with some at 7. In addition to assets, Mr. Shone stated that the committee needs to consider its liabilities, including mortality assumptions that may need to be updated. It was suggested that the actuary should provide the necessary information to allow the Committee to see the impact to the County in differing markets (i.e., reducing the assumed rate of return, updating mortality assumptions, and the impact of assumed rates of return versus actual returns). It was noted that GASB requirements will impact the way in which liabilities will be recorded. These requirements will increase liabilities on financial statements, which will have the greatest impact on those plans not fully funded. The requirements could also impact credit ratings when borrowing money. Due to the County's pension funding levels, Mr. Shone noted that Sussex should be significantly less impacted as a result of these new requirements.

Mr. Shone distributed copies of a booklet entitled, "Sussex County Investment Performance Report – June 30, 2012". It should be noted that the report was not reviewed in its entirety.

Market Environment – 2nd Quarter 2012 (Pension Plan):

- Stock market was down – gave back some of 2012's gains

  In comparison, the first quarter had very strong equity returns, with better than double digit returns.

- Euro-zone worries weigh heavily on the world economy
- Potential Euro break up increases debt risks
- Risk avoidance lowers yields and increases fixed income spreads abroad and in the U. S.
- Fed continues "Operation Twist" (attempt to keep long-term yields low)

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- Banks lend only to best risks, weakening Fed's policy
- Energy prices fall on economic weakness, reducing the consumer price index, but core CPI inflation rate remains stable
- Unemployment rate constant as employment growth lags
- Current market prices reflect increased risk and some probability of another recession
- Bonds outperformed stocks
- Year to date – equities outperformed

  U. S. Fixed Income was up 1.1 percent, International Bonds up 2.1, and Emerging Market Bonds up 2.5. Stock markets were down, with U. S. Equities down 3.1 percent, Emerging Markets down 8.9, and International Markets down 7.1. These numbers reflect the entire U. S. Market – the Russell 3000 – which includes large, medium, and small cap stocks. When equity markets are down, the emerging markets tend to be hit the hardest. Over longer periods of time, it is expected that the emerging market equities would be one of the best performers, if not the best.

- U. S. equities outperforming International markets (the U. S. market was up 9.3 percent)
- Emerging market bonds did well
- Value stocks outperformed growth during the quarter

  Value stocks tend to be higher dividend paying than growth stocks; they tend to include the areas of energy, finance, and utilities; growth stocks include technology and healthcare. Mr. Shone noted that people are typically willing to pay more for growth stocks due to the expectation that there should be greater earnings in the future. Growth stocks tend to be more volatile – higher highs and lower lows. Across the board, it has been value stocks that have outperformed the growth stocks. For the year, the opposite is true – growth outperformed value.

- 2nd quarter – large cap value protected the best
- YTD – large cap outperformed small and mid cap
- Large cap growth best returns year-to-date
- Treasury yields declined during the second quarter

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- Longer duration (bonds) outperformed shorter duration for quarter and year-to- date

  Mr. Shone noted that the County's portfolio had very little in long-term bonds; for the quarter, long-term treasuries (with longer than a 20-year maturity) had a return of 11.8 percent.

- Corporate bond spreads widened during the quarter
- TIPS (Treasury Inflation-Protected Securities) outperformed, due in part to their longer duration
- YTD – high yield bonds outperformed investment grade bonds

Observations for Sussex County Pension

- Fund continues to do 'very' well, especially in down markets
- Fund ranks in top 8 percentile this quarter
- Strong performance by State Pool
- Terminated Vanguard Global - helped lower overall allocation to international stocks

Looking Ahead for Sussex County Pension

- No need for investment changes
- Need to consider reducing actuarial return assumptions

In looking at the County's overall portfolio, Mr. Shone explained that the State's plan is more aggressive than the County's conservative approach, but that the two complement each other – the County has a conservative equity manager and a very conservative fixed income manager.

Mr. Shone reported that the overall year-to-date return for the entire Pension Fund was 5.3 percent. He explained that the 'Upside capture ratio vs. downside capture ratio (page 9) reflected the County's performance during a quarter versus the policy index; the County's investment strategy had protected itself significantly in the down markets. According to the chart, Mr. Shone explained that the County had outperformed its policy index 75 percent of the time when the market was down, and outperformed its index 30 percent of the time when the market was up. Since the third quarter of 2009, there have been three periods where the policy index has been negative. In all three of those quarters, the County outperformed its policy index; this past quarter – by about 1 percent, third quarter of last year – by 2 percent, and the second quarter of 2010 – by 1.75 percent.

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The "Total Plan Performance" (page 10) shows that the County ranked in the top 8 percent for the past quarter, year to date – in the top 39 percent, and for the one year – in the top 24 percent (the lower the number the better). Over the last three years, the County was in the top 45 percent, which is consistently above average. Mr. Shone offered that due to the County's defensive nature and the State's strong performance for the quarter, the combination of the two is what ranked the County so high. There are other periods of time – the third quarter of 2011 – that the State did not have as strong a quarter. When the market is down, Mr. Shone explained that the County's plan does better than the State's. When the market is up, then the State performs better than the County, which is why the two plans blend so well.

Mr. Shone stated that the County pension plan had performed consistently above average, but when the market performs very strongly, the County will struggle to do as well as the average plan due to the County's very conservative investment strategy.

Mr. Shone reported that the one-year returns for DuPont Capital were in the top 10 percent**.**

Performance Report – OPEB Fund

Mr. Shone explained that PPG will be presenting the names of three possible OPEB investment managers for the Committee's consideration.

Observations for Sussex OPEB

- S & P down 2.8 percent this quarter; the County's plan was down 2.5 percent;
- Plan up 3.8 percent year-to-date
- Asset allocations close to targets
- Allianz RCM Disciplined Equity below benchmark (again)
- Harding Loevner continues to do very well

Looking ahead for Sussex OPEB

- Fund Changes (Recommendations):
  - Terminate Allianz RCM Disciplined Fund
  - Terminate Vanguard Value Index (recommends using a different Vanguard Index)

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- Add Core Index Fund
- Add Active Core Manager
- Reduce allocation to Ridgeworth

Mr. Shone explained that he would like the County to have additional exposure to mid-cap companies, which PPG refers to as the 'goldilocks' - not too big and not too small.

Mr. Shone noted that PPG's three recommendations/candidates all specialize in the down markets.

The County's current overall investment management fee is .47 percent (page 31); Peirce Park's average client expense ratio is approximately 40 basis points. Mr. Shone explained that given the size of Sussex's OPEB Fund, the County's fee should be approximately 48 basis points.

3. **OPEB Investments**

Mr. Shone referenced the booklet entitled, "Sussex County OPEB – U. S. U.S. Equity Large Cap Core Manager Search, August 2012".

Peirce Park Group is making the following recommendations:

In order to initiate the purchase in three mutual funds not currently held by the OPEB portfolio, the following sales need to occur:

- Liquidate all assets of Vanguard Value Index
- Liquidate all assets of Allianz RCM Disciplined Equity
- Redeem $1,600,000 from Ridgeworth Small Cap Value

and

With the proceeds from the above sales, purchase (with same trade date):

- $5,000,000 of Vanguard Russell 1000 Index
- $1,000,000 of Vanguard Dividend Growth
- $1,000,000 of BlackRock Equity Dividend

Currently, the County's portfolio is overallocated in small cap. In PPG's recommendation, two funds would be added – Vanguard Russell 1000 Index and the selection of a new large cap core manager. Mr. Shone estimated that these changes could save the County approximately $25,000 annually in fees.

Overview:

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Purpose:

- Decrease volatility in the overall portfolio
- Reduce overweight to value equities

Current position:

- Domestic large cap value – Vanguard Value Index Fund
- Large cap core (Allianz RCM Disciplined Equity) – active management

PPG suggests:

- Replace RCM with another large core manager
- Replace large value index with large core index

PPG believes a high quality equity strategy can offer better downside protection.

Process – Selection Criteria

- Offer better downside protection
- Lower portfolio volatility
- Lower portfolio beta
- Increase risk-adjusted returns
- Complement existing managers

As a result of this criteria, PPG is recommending the following possible investment strategies:

- BlackRock – Equity Dividend
- Legg Mason Clearbridge – Appreciation
- Vanguard – Dividend Growth

Goal – put together managers that complement one another:

- Enhance Diversification
- Lower portfolio volatility

All three candidates provide core or core/value approaches.

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Mr. Shone and the Committee continued discussion regarding the various options and strategies for the County to consider in the selection of OPEB managers. If all managers look fairly consistent, Mr. Shone noted that price then might be a strong consideration. Mr. Shone did note that the Vanguard had performed the best in the down markets, while BlackRock had performed the best in up markets.

A Motion was made by Mr. James, seconded by Mr. Leahy, that the Pension Committee make recommendation to the Sussex County Council to close both the Vanguard Value Index Fund ($2,000,000) and the Allianz RCM Disciplined Fund ($3.4 million), and to lessen its current position in Ridgeworth Small Cap Value Fund by $1.6 million, and to then reallocate those funds into three new funds: Vanguard Russell 1000 Index Fund ($5 million) and to split the investment of $2,000,000 into two new funds: BlackRock Equity Dividend Fund and Vanguard Dividend Growth Fund.

Motion Adopted: 5 Yea.

Vote by Roll Call: Mr. Leahy, Yea; Mr. Lawson, Yea;
Mr. Baker, Yea; Mr. James, Yea;
Ms. Webb, Yea

(These recommendations will be brought before Council on Tuesday, August 21, 2012).

4. **Additional Business**

Ms. Webb reported that there would be a change in the way future meeting minutes are approved. The minutes will still be sent out in draft format for initial comment by members, but formal approval will not take place until the next meeting.

Ms. Webb noted that members will be sent copies of PPG's draft review of the Pension Plan Investment Policy Statement for possible discussion at November's meeting.

Ms. Webb thanked everyone for their attendance. The next meeting of the Pension Committee is scheduled for Wednesday, November 7, at 10:00 a.m.

The meeting was adjourned at 11:55 a.m.

Respectfully submitted,

Nancy J. Cordrey

Nancy J. Cordrey
Administrative Secretary

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PEIRCE PARK GROUP

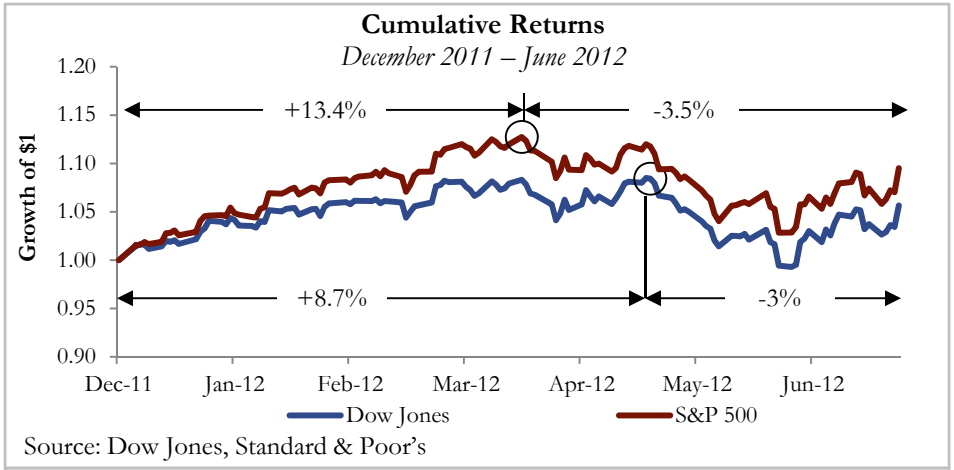
PERFORMANCE EVALUATION AND REPORTING SERVICES INFORMATION DISCLAIMER

Peirce Park Group has exercised reasonable professional care in the preparation of this performance report. Peirce Park Group relies on the client's custodian for market values and transaction dates – both of which may differ from investment manager records. **Returns are calculated using the custodian statements. Every effort is made to identify and reconcile discrepancies.** There may be discrepancies in asset values and returns with managers, due to different values or methodologies used by the managers and/or custodians. When the manager(s) and the custodian are one and the same, we have no ability to determine the accuracy of the asset values put forth. Information in this report on market indices, security characteristics, and universe comparisons is received from InvestorForce. Therefore, we can make no guarantee as to the completeness or accuracy of the report.

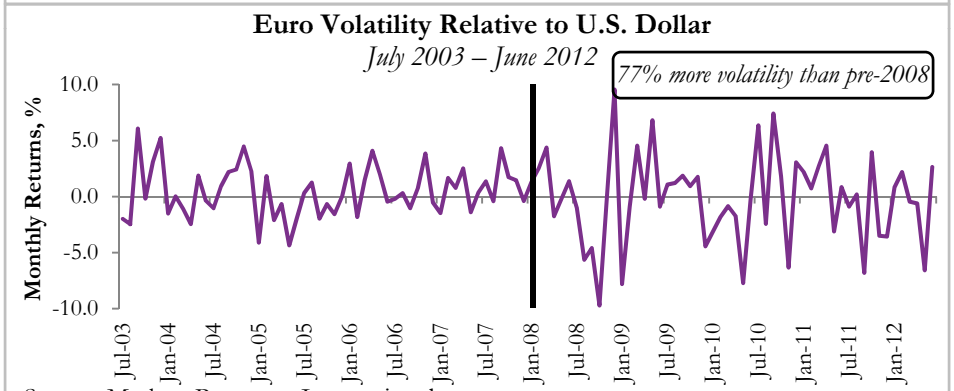
Total fund universes are generally comprised of gross of management fee return calculations. When clients have investment managers that provide net of fee return calculations or asset values (e.g. mutual funds), we increase (gross) the total fund return by an amount that reflects the internal costs of the manager or fund (internal costs include, but are not limited to, management fees, advisory/subadvisory fees, administrative fees, interest expenses and fee reimbursements). In determining a manager or fund's cost, we use the best available information to determine a figure which may differ from other reported sources. Therefore, we can make no guarantee as to the accuracy of fee calculations. Total Plan returns are derived from InvestorForce.

Market Environment – 2nd Quarter 2012

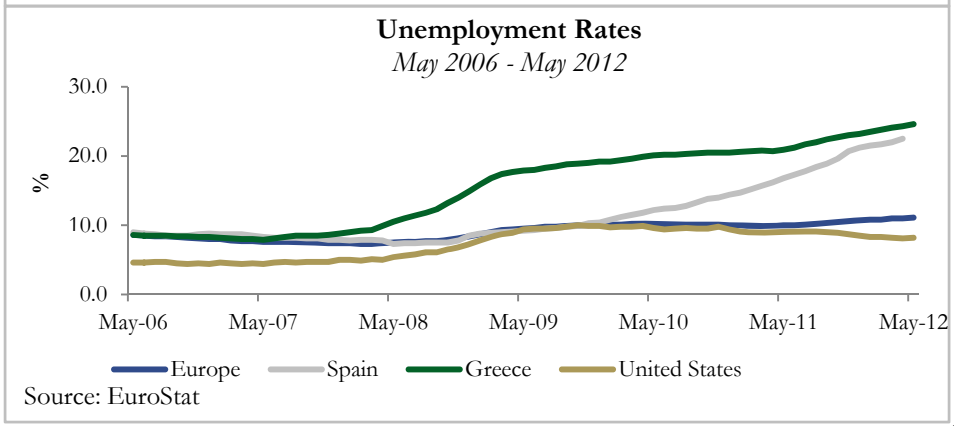
- Stock market gives back some of 2012's gains
- Euro-zone worries weigh heavily on the world economy
- Potential Euro break up increases debt risks
- Risk avoidance lowers yields and increases fixed income spreads abroad and in the U.S.
- Fed continues 'Operation Twist'
- Banks lend only to best risks, weakening Fed's policy
- Energy prices fall on economic weakness, reducing the consumer price index, but core CPI inflation rate remains stable
- Unemployment rate constant as employment growth lags
- Current market prices reflect increased risk and some probability of another recession



Source: Dow Jones, Standard & Poor's



Source: Markov Processes International

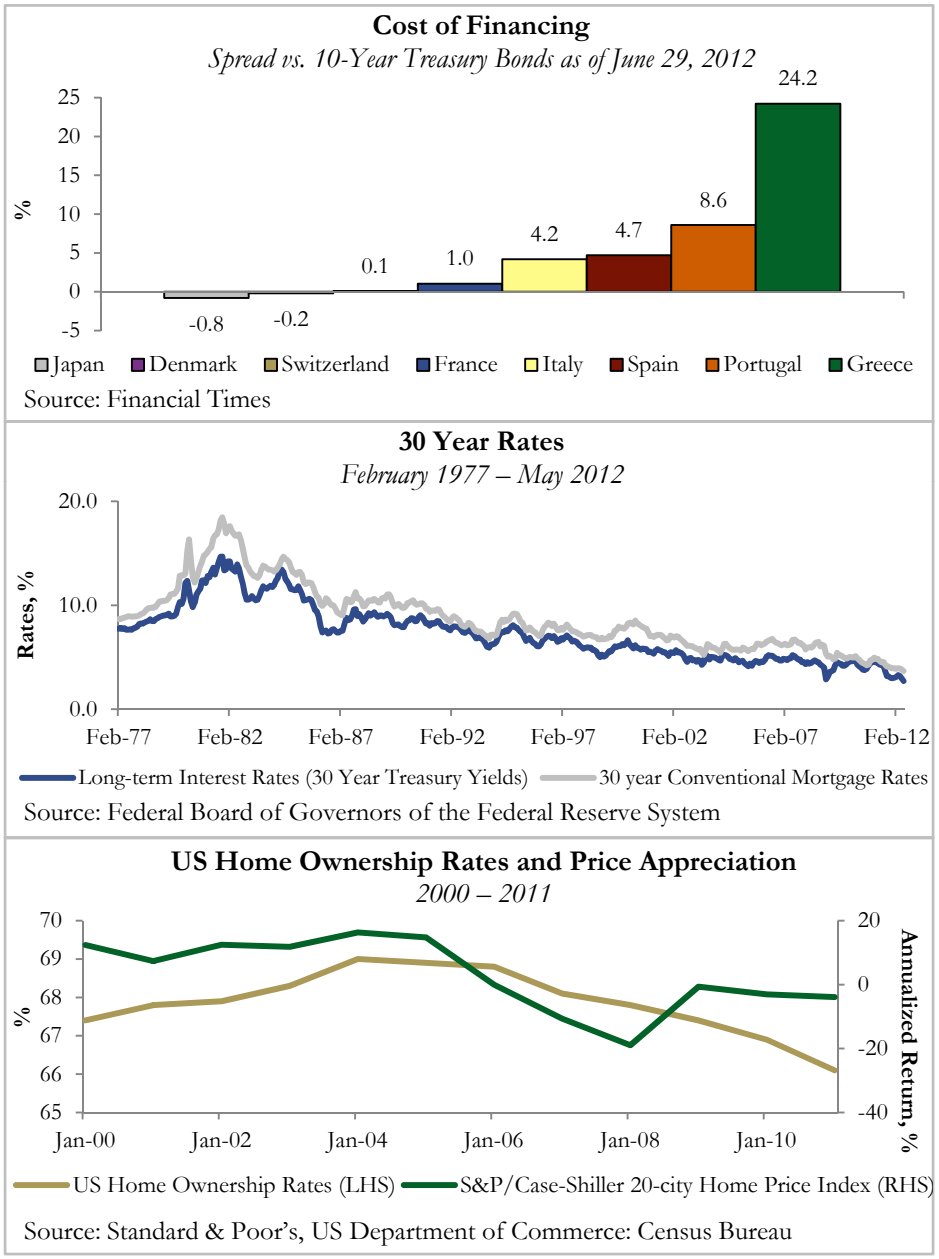


Source: EuroStat

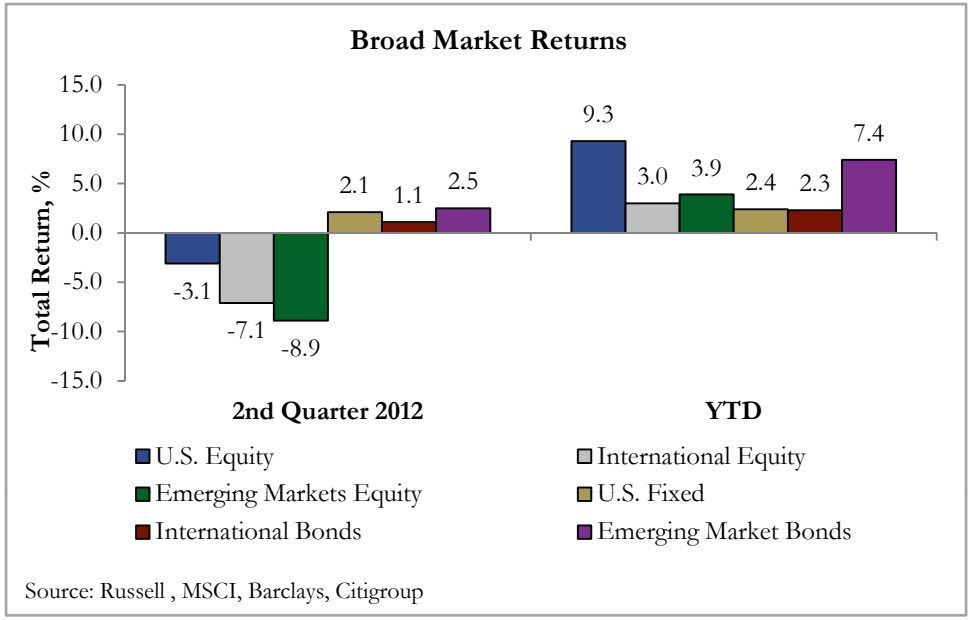
Market Environment – 2nd Quarter 2012

Looking Ahead…

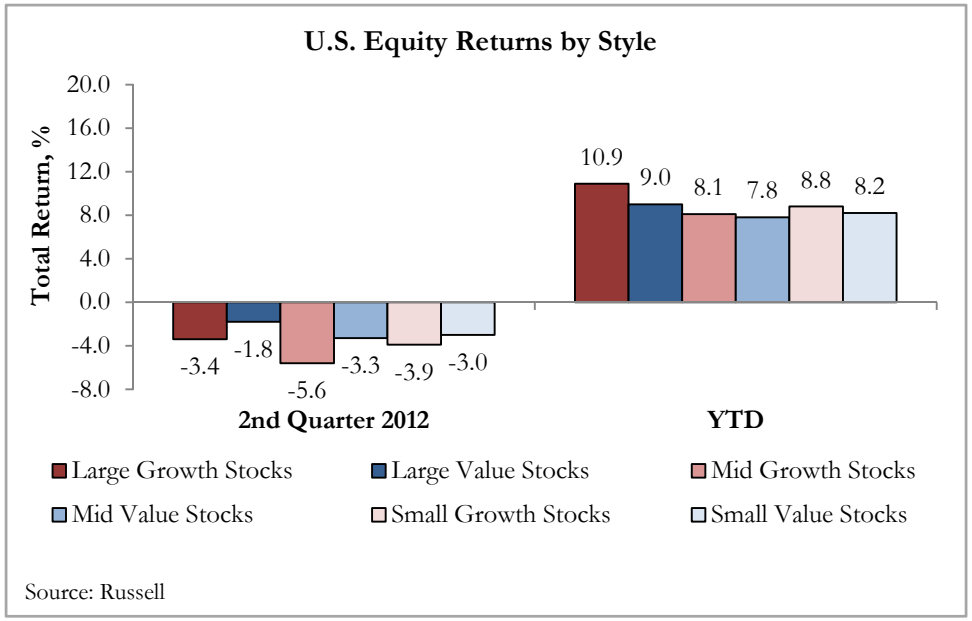
- Are a financial crisis and recession imminent?
- Will Eurozone volatility continue? Will it increase?
- Will the Fed's policy of lowering long-term rates be effective?
  - What are the long term implications?
- Are we at the beginning stage of a U.S. housing recovery?



Market Environment – 2nd Quarter 2012

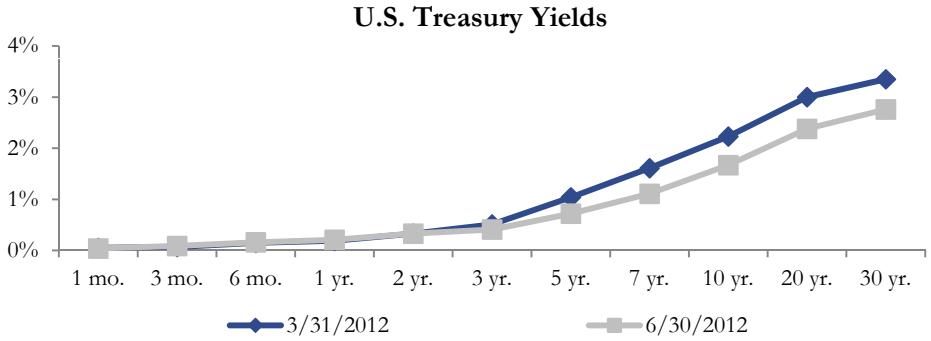


- 2nd quarter – bonds outperformed stocks
- YTD – equities outperformed
- U.S. equities outperforming International markets
- Emerging market bonds did well

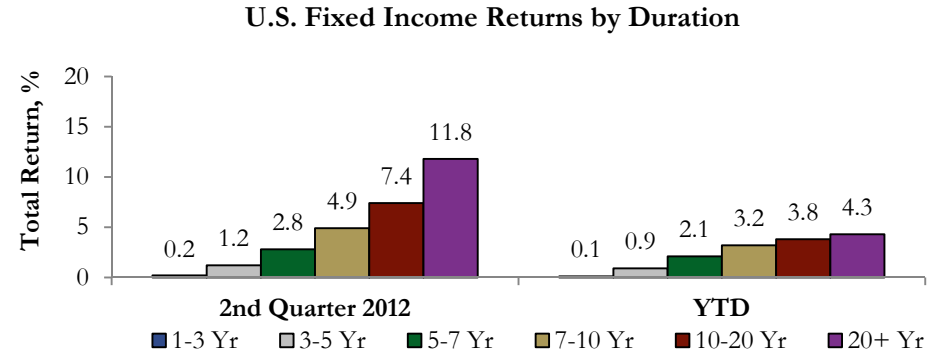


- Value outperformed growth during the quarter
- 2nd quarter – large cap value protected the best
- YTD – large cap outperformed small and mid cap
- Large cap growth best returns year-to-date

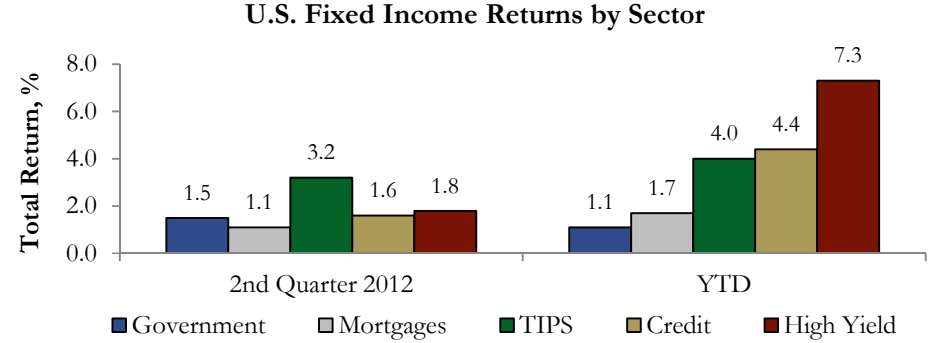
Market Environment – 2nd Quarter 2012



Source: U.S. Department of the Treasury



Source: Morningstar



Source: Morningstar

- Treasury yields declined during the second quarter
- Longer duration outperformed shorter duration for quarter and year-to-date
- Corporate bond spreads widened during the quarter
- TIPS outperformed, due in part to their longer duration
- YTD – High yield outperformed investment grade bonds

Market Environment – 2nd Quarter 2012

DOMESTIC EQUITY	QTR	YTD	1 Year	3 Year	5 Year	10 Year
Russell 3000 Index	(3.1)	9.3	3.8	16.7	0.4	5.8
Russell 3000 Growth Index	(4.0)	10.0	5.0	17.5	2.8	6.1
Russell 3000 Value Index	(2.3)	8.6	2.6	15.9	(2.1)	5.4
S&P 500 Index	(2.8)	9.5	5.4	16.4	0.2	5.3
Russell 1000 Index	(3.1)	9.4	4.4	16.6	0.4	5.7
Russell 1000 Growth Index	(4.0)	10.1	5.8	17.5	2.9	6.0
Russell 1000 Value Index	(2.2)	8.7	3.0	15.8	(2.2)	5.3
Russell TOP 200 Index	(2.6)	10.0	7.0	15.6	0.2	4.7
Russell TOP 200 Growth Index	(3.4)	10.9	9.7	17.1	3.4	5.4
Russell TOP 200 Value Index	(1.8)	9.0	4.5	14.1	(3.0)	4.1
Russell Mid-Cap Index	(4.4)	8.0	(1.7)	19.4	1.1	8.5
Russell Mid-Cap Growth Index	(5.6)	8.1	(3.0)	19.0	1.9	8.5
Russell Mid-Cap Value Index	(3.3)	7.8	(0.4)	19.9	(0.1)	8.2
Russell 2000 Index	(3.5)	8.5	(2.1)	17.8	0.5	7.0
Russell 2000 Growth Index	(3.9)	8.8	(2.7)	18.1	2.0	7.4
Russell 2000 Value Index	(3.0)	8.2	(1.4)	17.4	(1.0)	6.5
DOMESTIC EQUITY BY SECTOR						
MSCI US Consumer Discretionary	(3.9)	12.4	7.8	25.9	3.3	6.5
MSCI US Consumer Staples	2.4	8.4	13.6	18.3	8.1	7.8
MSCI US Energy	(7.1)	(3.2)	(9.8)	12.7	0.8	11.4
MSCI US Financials	(5.2)	13.5	(1.0)	10.8	(11.5)	(0.7)
MSCI US Health Care	2.0	12.7	9.4	16.5	4.7	6.4
MSCI US Industrials	(4.2)	7.3	(2.0)	19.8	(0.2)	6.5
MSCI US Information Technology	(7.1)	12.3	9.7	18.3	4.4	7.7
MSCI US Materials	(5.2)	6.5	(7.4)	16.8	0.6	7.7
MSCI US REITs	3.8	14.9	13.2	33.1	2.6	10.3
MSCI US Telecommunication Services	12.6	16.3	13.4	18.1	0.6	7.7
MSCI US Utilities	5.9	4.2	13.4	14.9	2.9	8.7

Market Environment – 2nd Quarter 2012

DOMESTIC FIXED INCOME	QTR	YTD	1 Year	3 Year	5 Year	10-Year
Merrill Lynch 3-month T-Bill	0.0	0.0	0.1	0.1	1.0	1.9
Barclays Govt/Credit 1-3 Yr	0.2	0.6	1.1	2.3	3.7	3.4
Barclays Intermediate Government/Credit	1.5	2.1	5.4	5.8	6.0	5.1
Barclays Long Government/Credit	7.3	5.0	24.6	14.4	11.0	8.7
Barclays Government	2.6	1.5	8.3	5.6	6.6	5.4
Barclays Credit Bond	2.5	4.5	9.5	10.1	7.6	6.5
Barclays Aggregate Bond	2.1	2.4	7.5	6.9	6.8	5.6
Barclays Mortgage Backed Securities	1.1	1.7	5.0	5.4	6.7	5.4
Barclays High Yield Corporate Bond	1.8	7.3	7.3	16.3	8.4	10.2
Barclays TIPS	3.2	4.0	11.7	9.6	8.4	7.2
Consumer Price Index	0.4	2.1	2.1	2.2	2.0	2.5
INTERNATIONAL/GLOBAL EQUITY						
MSCI EAFE (Net)	(7.1)	3.0	(13.8)	6.0	(6.1)	5.1
MSCI EAFE Growth (Net)	(7.3)	3.9	(12.6)	7.6	(4.6)	4.9
MSCI EAFE Value (Net)	(7.1)	2.0	(15.2)	4.2	(7.7)	5.3
MSCI EAFE Small Cap (Net)	(8.6)	4.9	(15.1)	9.2	(5.3)	8.5
MSCI AC World Index (Net)	(5.6)	5.7	(6.5)	10.8	(2.7)	5.7
MSCI AC World Index Growth (Net)	(5.8)	6.7	(5.3)	11.9	(1.2)	5.7
MSCI AC World Index Value (Net)	(5.4)	4.6	(7.8)	9.6	(4.3)	5.7
MSCI Europe ex UK (Net)	(9.3)	1.9	(22.1)	3.6	(8.2)	4.8
MSCI United Kingdom (Net)	(4.0)	3.4	(4.6)	11.6	(4.5)	5.8
MSCI Pacific ex Japan (Net)	(4.9)	5.8	(10.0)	13.1	0.5	12.1
MSCI Japan (Net)	(7.3)	3.1	(7.2)	1.8	(6.5)	2.5
MSCI Emerging Markets (Net)	(8.9)	3.9	(16.0)	9.8	(0.1)	14.1
FTSE EPRA/NAREIT Global Real Estate	1.5	15.2	1.1	18.3	(2.9)	-
SPECIALTY						
S&P GSCI Gold	(4.2)	1.9	6.0	19.2	18.6	16.8
S&P GSCI	(12.4)	(7.2)	(10.7)	2.1	(5.5)	3.4

Source: Russell, S&P, MSCI, Merrill Lynch, Barclays Capital, FTSE

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Observations For Sussex County Pension

- Fund continues to do well, especially in down markets
- Fund ranks in top 8 percentile this quarter
- Strong performance by State Pool
- Terminated Vanguard Global – helped lowered allocation to international

Looking Ahead for Sussex County Pension

- No need for investment changes

- Need to consider reducing actuarial return assumptions.

Total Fund Composite

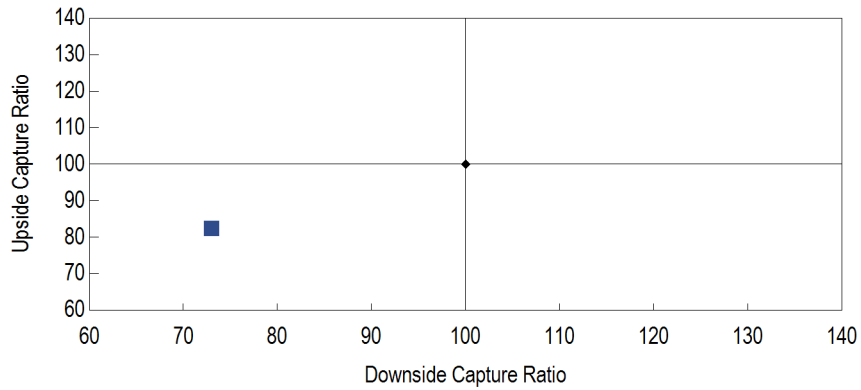
Total Plan Information

As of June 30, 2012

Summary of Cash Flows

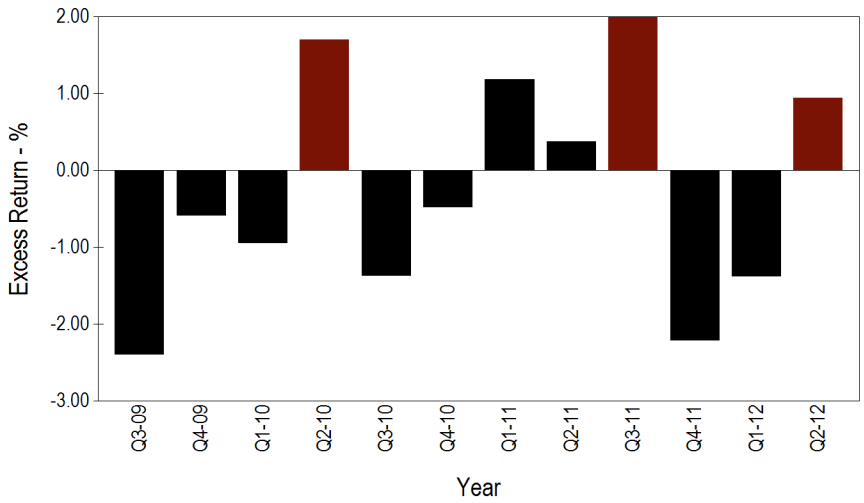
	Last Three Months	Year-To-Date
Beginning Market Value	**$54,521,415.1**	**$52,366,508.0**
- Withdrawals	-$3,343,220.4	-$4,030,800.9
- Fees	-$18,807.9	-$32,634.4
+ Contributions	$834,808.0	$834,808.0
= Net Cash Flow	-$2,508,412.5	-$3,195,992.9
+ Net Investment Change	$1,330,261.1	$4,172,748.7
= Ending Market Value	**$53,343,263.8**	**$53,343,263.8**
Time Weighted Return	-0.8%	5.3%

Upside Capture Ratio vs. Downside Capture Ratio
3 Years Ending June 30, 2012



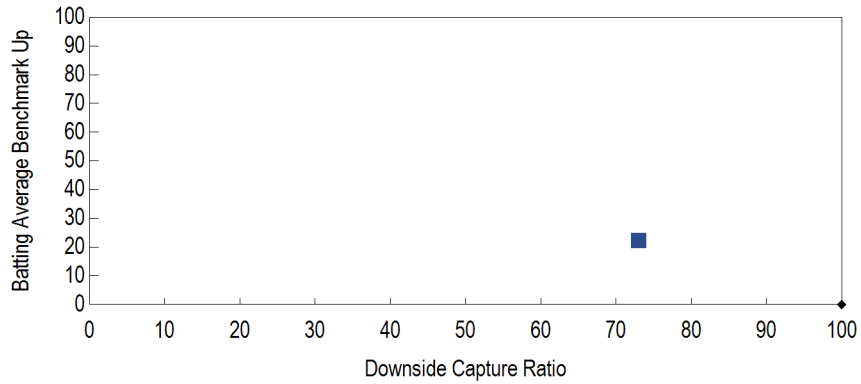
■ Total Fund Composite
◆ Sussex County Pension Policy Index

Quarterly Excess Performance



Quarterly Out/Under Performance, Rising Market
Quarterly Out/Under Performance, Falling Market

Batting Average Benchmark Up vs. Downside Capture Ratio
3 Years Ending June 30, 2012

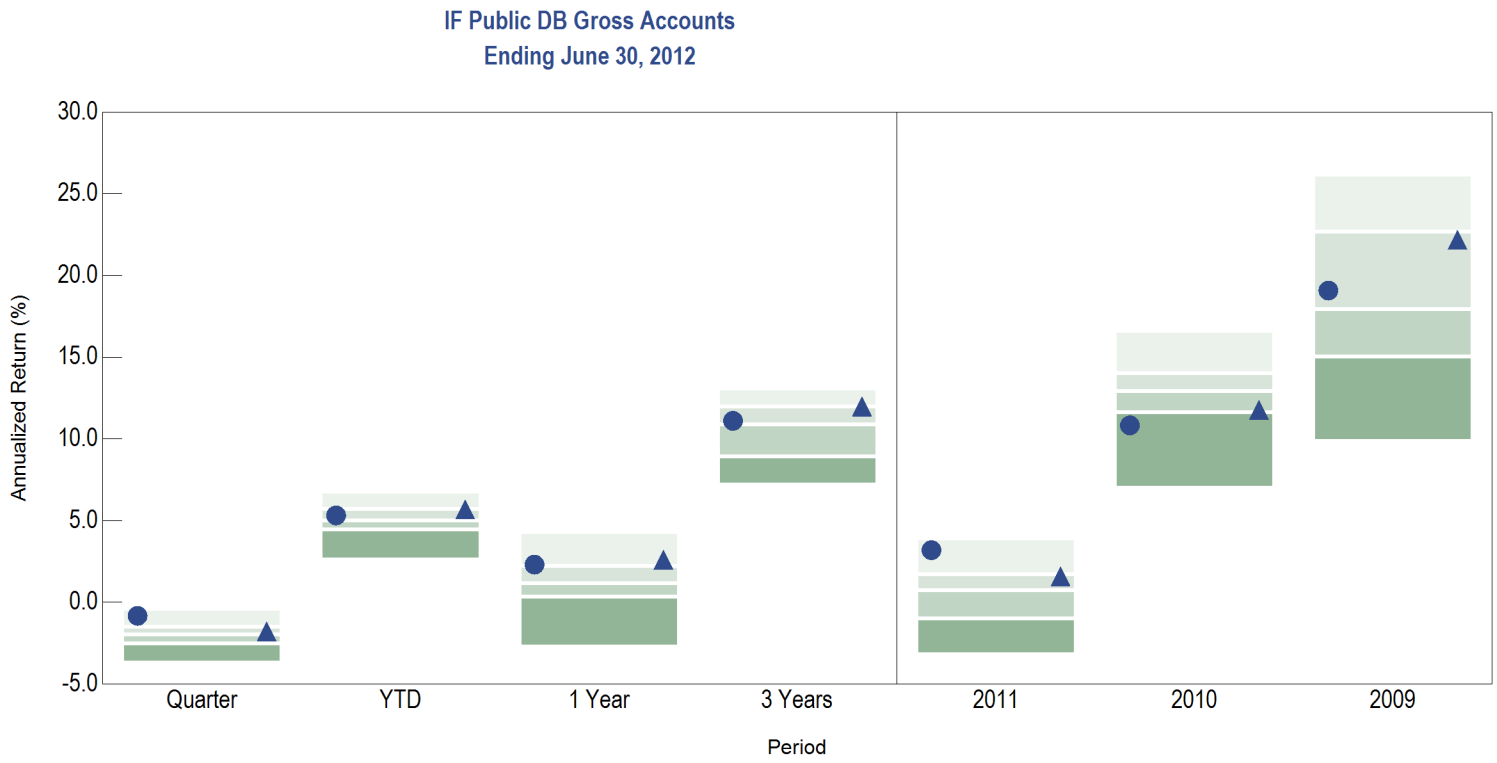


■ Total Fund Composite
◆ Sussex County Pension Policy Index

Total Fund Composite

Total Plan Performance

As of June 30, 2012



	Return (Rank)													
5th Percentile	-0.4		6.7		4.3		13.1		3.9		16.6		26.2	
25th Percentile	-1.5		5.7		2.2		12.0		1.8		14.0		22.7	
Median	-1.9		5.0		1.2		10.9		0.8		13.0		17.9	
75th Percentile	-2.5		4.5		0.4		9.0		-1.0		11.6		15.1	
95th Percentile	-3.7		2.7		-2.7		7.2		-3.1		7.0		9.9	
# of Portfolios	107		106		101		79		39		37		34	
● **Total Fund Composite**	-0.8	(8)	5.3	(39)	2.3	(24)	11.1	(45)	3.2	(11)	10.8	(77)	19.1	(41)
▲ **Sussex County Pension Policy Index**	-1.8	(43)	5.7	(27)	2.6	(21)	12.0	(26)	1.6	(28)	11.8	(74)	22.2	(28)

Total Fund Composite

Performance Summary

As of June 30, 2012

	2012 Q2	YTD	1 Yr	3 Yrs	Ending June 30, 2012 Market Value	Ending June 30, 2012 % of Portfolio	Inception Return	Inception Since
Total Fund Composite	**-0.8**	**5.3**	**2.3**	**11.1**	**53,343,264**	**100.0**	**--**	**Nov-08**
Sussex County Pension Policy Index	*-1.8*	*5.7*	*2.6*	*12.0*			*--*	*Nov-08*
Equity Composite	**-3.8**	**8.7**	**--**	**--**	**11,830,737**	**22.2**	**21.3**	**Sep-11**
80% Russell 3000 / 20% EAFE	*-3.9*	*8.1*	*--*	*--*			*19.2*	*Sep-11*
Dupont Capital Investment	-3.1	9.2	6.7	--	8,489,182	15.9	--	Apr-10
S&P 500	*-2.8*	*9.5*	*5.4*	*--*			*--*	*Apr-10*
Fidelity Low Price Stock	-5.5	8.0	-0.2	18.2	3,341,555	6.3	10.9	Sep-08
Russell 2000	*-3.5*	*8.5*	*-2.1*	*17.8*			*5.9*	*Sep-08*
Fixed Income Composite	**1.6**	**1.3**	**--**	**--**	**6,012,512**	**11.3**	**--**	**Sep-10**
Barclays Int Govt.	*1.5*	*1.1*	*--*	*--*			*--*	*Sep-10*
Wilmington Trust Bonds	1.6	1.3	5.1	--	6,012,512	11.3	3.2	Sep-10
Barclays Int Govt.	*1.5*	*1.1*	*5.0*	*--*			*3.1*	*Sep-10*
Cash & Equivalents	**0.0**	**0.0**	**--**	**--**	**1,210,054**	**2.3**	**0.0**	**Sep-11**
91 Day T-Bills	*0.0*	*0.0*	*--*	*--*			*0.0*	*Sep-11*
Wilmington Trust Operating Account	0.0	0.0	--	--	1,210,054	2.3	0.0	Sep-11
91 Day T-Bills	*0.0*	*0.0*	*--*	*--*			*0.0*	*Sep-11*
State of Delaware Investment Pool	-0.4	6.6	2.1	13.1	34,289,962	64.3	--	
Balanced Pooled Fund Policy Index	*-1.8*	*5.4*	*1.8*	*11.2*			*--*	

Please note: All returns shown are gross of fees, including mutual funds.

Manager Roster

As of June 30, 2012

Managers as of June 30, 2012

	Account Type	Benchmark	Universe	Market Value	Allocation	Inception
Dupont Capital Investment	Domestic Equity	S&P 500	US Large Cap Equity	$8,489,182	15.9%	4/30/2010
Fidelity Low Price Stock	Domestic Equity	Russell 2000	Small Blend MStar MF	$3,341,555	6.3%	9/30/2008
State of Delaware Investment Pool		Balanced Pooled Fund Policy Index		$34,289,962	64.3%	
Wilmington Trust Bonds	Domestic Fixed Income	Barclays Int Govt.	Intermediate-Term Bond MStar MF	$6,012,512	11.3%	9/30/2010
Wilmington Trust Operating Account	Cash	91 Day T-Bills		$1,210,054	2.3%	9/30/2011
Total Plan		**Sussex County Pension Policy Index**	**IF Public DB Gross**	**$53,343,264**	**100.0%**	**11/30/2008**

U.S. Equities

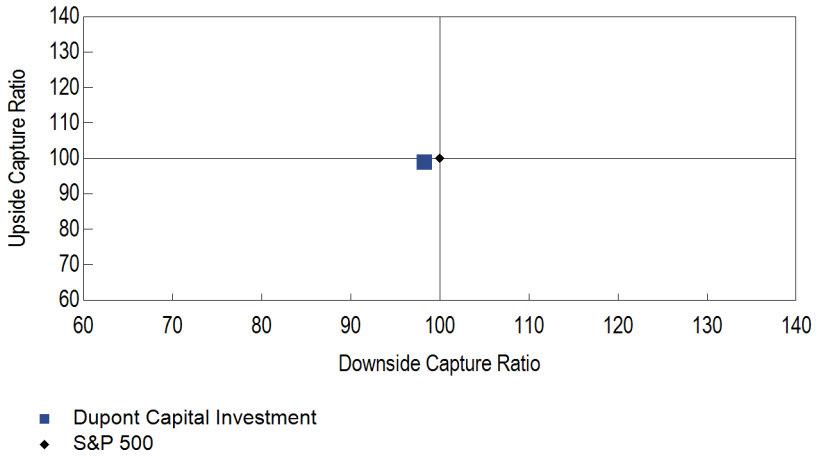
Dupont Capital Investment

As of June 30, 2012

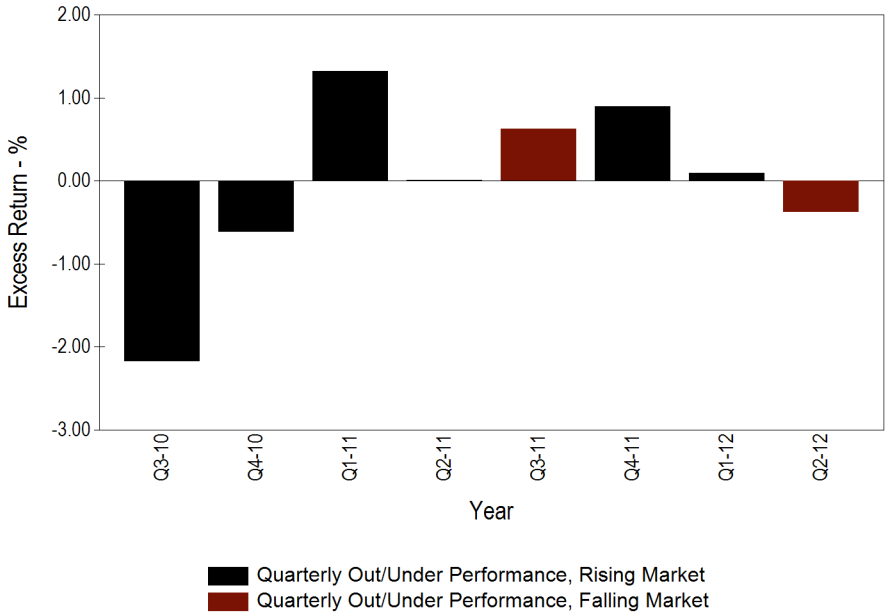
Summary of Cash Flows

	Second Quarter	Year-To-Date
Beginning Market Value	**$6,164,250**	**$5,470,554**
- Withdrawals	-$1,202	-$1,202
- Fees	-$7,384	-$12,592
+ Contributions	$2,583,725	$2,583,725
= Net Cash Flow	$2,582,523	$2,582,523
+ Net Investment Change	-$257,591	$436,105
= Ending Market Value	**$8,489,182**	**$8,489,182**

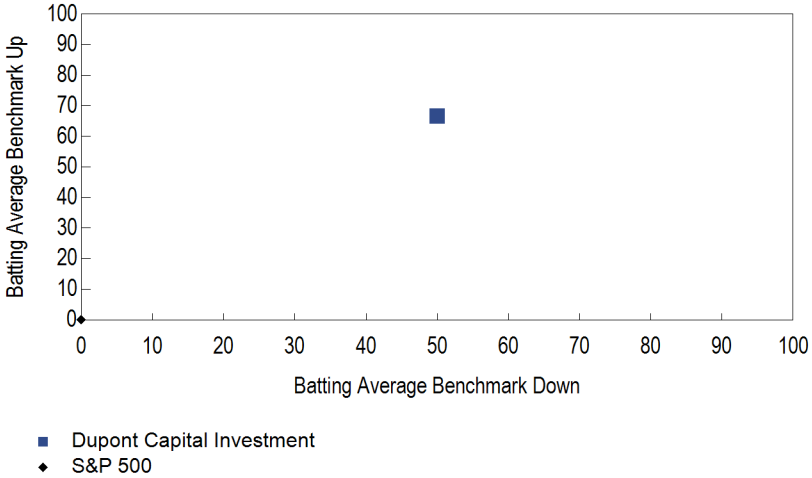
Upside Capture Ratio vs. Downside Capture Ratio
2 Years Ending June 30, 2012



Quarterly Excess Performance



Batting Average Benchmark Up vs. Batting Average Benchmark Down
2 Years Ending June 30, 2012



Dupont Capital Investment

As of June 30, 2012

Asset Allocation

US Equity	$8,421,981	99.5%
Non-US Equity	$0	0.0%
US Fixed Inc.	$0	0.0%
Non-US Fixed Inc.	$0	0.0%
Alternative	$0	0.0%
Real Estate	$0	0.0%
Cash	$38,948	0.5%
Other	$0	0.0%

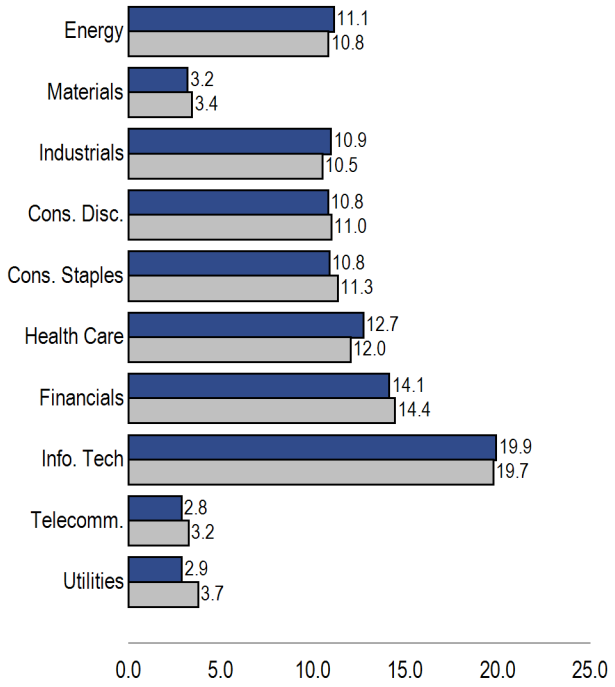
Portfolio Information

	Portfolio	S&P 500
Number of Holdings	150	500
Weighted Avg. Market Cap. ($B)	113.83	108.04
Median Market Cap. ($B)	23.38	11.90
Price To Earnings	15.02	16.90
Price To Book	2.96	3.63
Price To Sales	1.81	2.11
Return on Equity (%)	22.02	20.79
Yield (%)	2.30	2.20
Beta		1.00

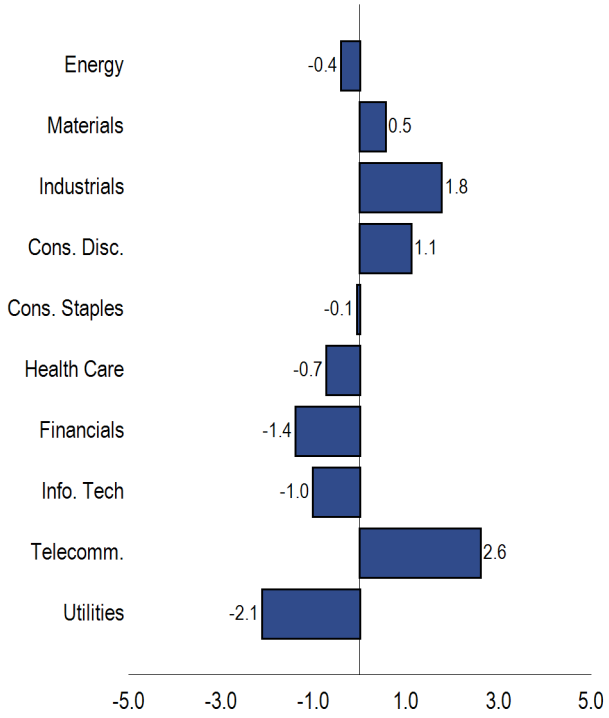
Top Ten Holdings

APPLE	4.9%
EXXON MOBIL	3.2%
MICROSOFT	2.5%
CHEVRON	2.4%
PFIZER	2.2%
WELLS FARGO & CO	2.1%
INTEL	2.0%
INTERNATIONAL BUS.MCHS.	1.9%
PHILIP MORRIS INTL.	1.9%
GENERAL ELECTRIC	1.8%
Total For Top Ten Holdings	**24.9%**

Sector Allocation (%) vs S&P 500



Sector Excess Returns (%) vs S&P 500



Best Performers

	Weight %	Return %
EXPEDIA (EXPE)	0.7%	44.0%
VERIZON COMMUNICATIONS (VZ)	1.4%	17.8%
SEMPRA EN. (SRE)	0.5%	15.9%
AT&T (T)	1.4%	15.8%
WHOLE FOODS MARKET (WFM)	0.4%	14.9%

Worst Performers

	Weight %	Return %
CLIFFS NATURAL RESOURCES (CLF)	0.0%	-28.2%
WESTERN DIGITAL (WDC)	0.5%	-26.4%
HESS (HES)	0.1%	-26.1%
CITIGROUP (C)	0.7%	-25.0%
DELL (DELL)	0.6%	-24.6%

Dupont Capital Investment

As of June 30, 2012

	Return (Rank)							
5th Percentile	-1.3		11.9		7.6		5.9	
25th Percentile	-3.0		9.5		4.3		1.9	
Median	-4.3		8.3		1.6		-0.7	
75th Percentile	-5.7		6.8		-1.2		-3.8	
95th Percentile	-8.1		4.2		-6.7		-8.7	
# of Portfolios	921		915		889		879	
● **Dupont Capital Investment**	-3.2	(30)	9.0	(40)	6.3	(10)	4.6	(9)
▲ **S&P 500**	-2.8	(18)	9.5	(26)	5.4	(14)	2.1	(21)

Fidelity Low Price Stock

As of June 30, 2012

Fund Information as of 06/30/2012

Fund Name	Fidelity Low-Priced Stock Fund
Ticker	FLPSX
Category	Mid-Cap Blend
Benchmark	Russell 2000
Expense Ratio	0.83%
Fund Assets ($mm)	23,569.40
Share Class Inception Date	12/27/1989
Manager Tenure	23

Fund Characteristics as of 04/30/2012

Sharpe Ratio (3 Year)	1.05
Average Market Cap ($mm)	4,013.67
Price/Earnings	10.27
Price/Book	1.30
Price/Sales	0.37
Price/Cash Flow	3.32
Dividend Yield	1.91
Number of Equity Holdings	943
R-Squared (3 Year)	0.92
Alpha (3 Year)	0.34%

Sector Allocation as of 04/30/2012

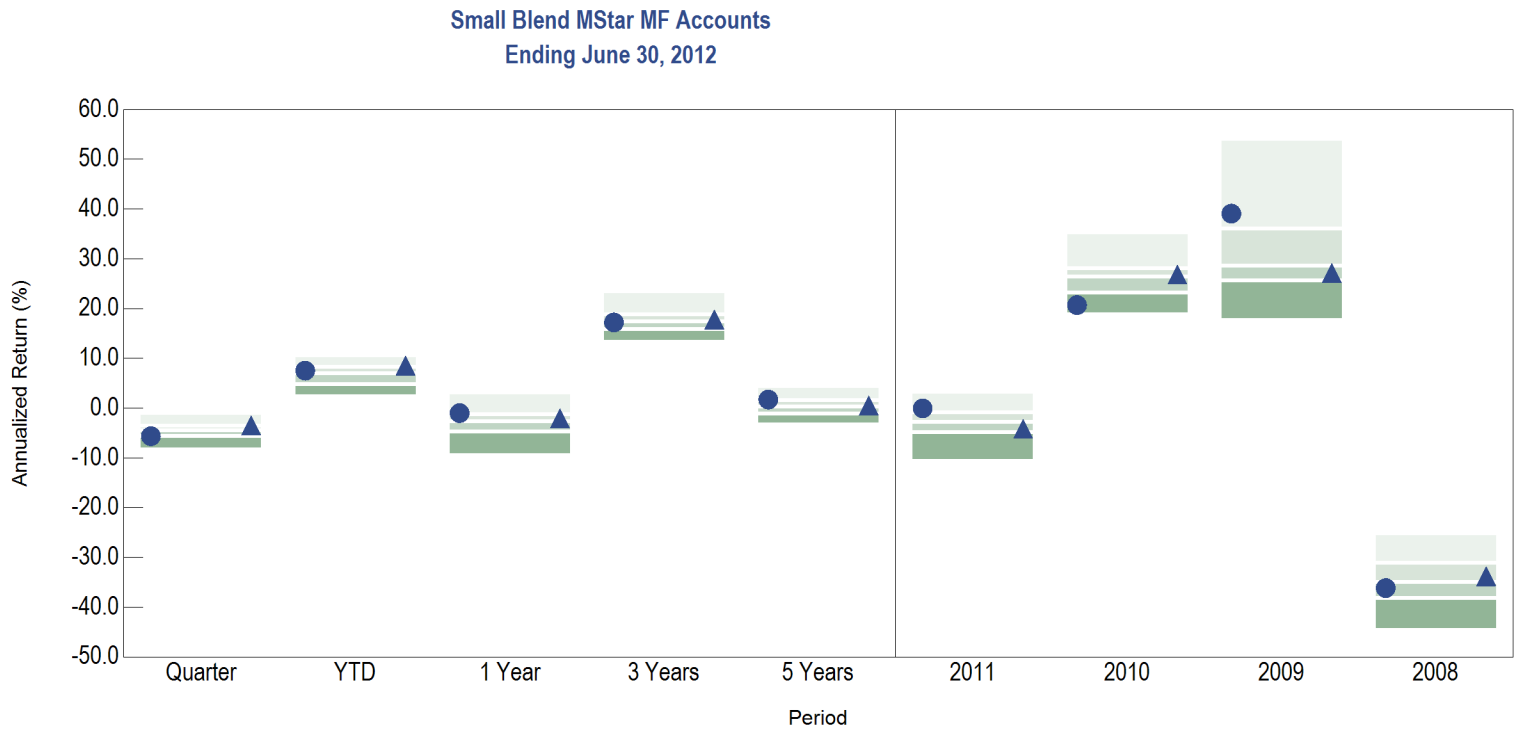
BASIC MATERIALS	3.81%
COMMUNICATION SERVICES	0.64%
CONSUMER CYCLICAL	27.06%
CONSUMER DEFENSIVE	8.87%
ENERGY	5.47%
FINANCIAL SERVICES	8.39%
HEALTHCARE	11.91%
INDUSTRIALS	10.49%
REAL ESTATE	0.18%
TECHNOLOGY	17.06%
UTILITIES	0.17%

Top Holdings as of 04/30/2012

UNITEDHEALTH GROUP INC	3.61%
MICROSOFT CORPORATION	3.09%
SEAGATE TECHNOLOGY PLC	2.71%
NEXT PLC	2.21%
ROSS STORES, INC.	2.15%
METRO INC.	1.69%
ENI SPA	1.31%
BED BATH & BEYOND, INC.	1.30%
BEST BUY CO INC	1.28%
COVENTRY HEALTH CARE, INC.	1.24%

Fidelity Low Price Stock

As of June 30, 2012



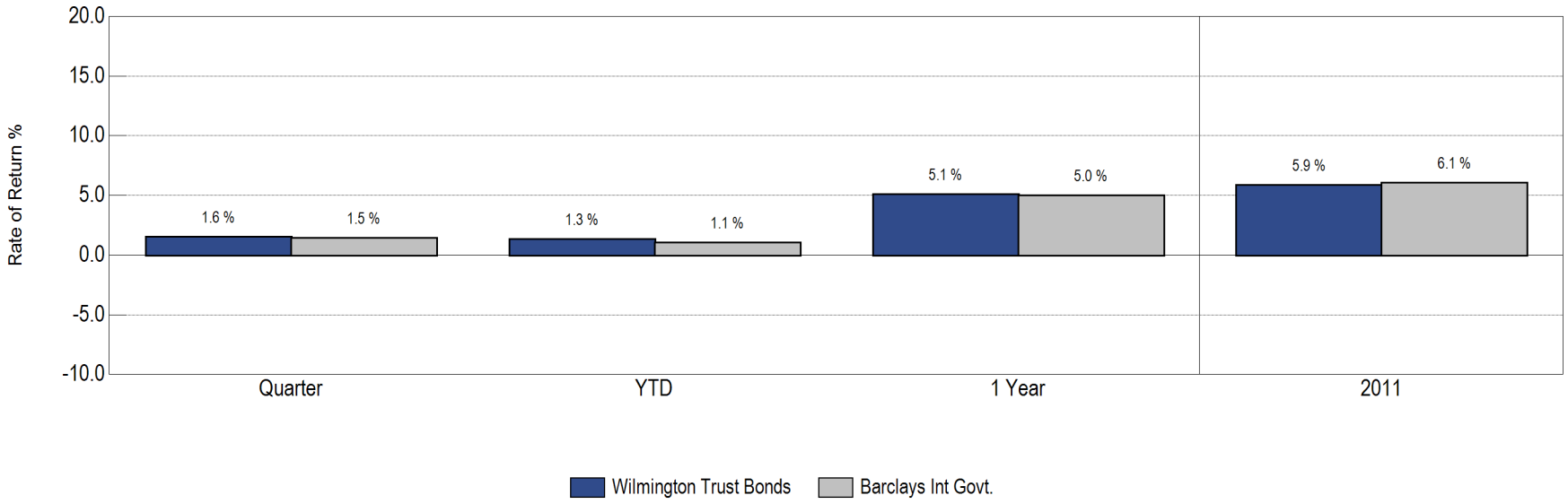
	Return (Rank)								
5th Percentile	-1.1	10.5	3.1	23.5	4.4	3.2	35.3	54.0	-25.2
25th Percentile	-3.4	8.3	-1.2	18.9	1.7	-0.8	28.2	36.1	-31.1
Median	-4.4	7.1	-2.5	17.5	0.4	-2.7	26.6	28.7	-34.9
75th Percentile	-5.5	4.9	-4.6	15.9	-1.0	-4.8	23.3	25.7	-38.0
95th Percentile	-8.3	2.4	-9.4	13.3	-3.2	-10.5	19.0	17.8	-44.5
# of Portfolios	151	151	144	138	128	140	142	140	144
● **Fidelity Low Price Stock**	-5.6 (78)	7.5 (40)	-1.0 (24)	17.2 (54)	1.7 (25)	-0.1 (22)	20.7 (88)	39.1 (19)	-36.2 (63)
▲ **Russell 2000**	-3.5 (27)	8.5 (20)	-2.1 (42)	17.8 (41)	0.5 (46)	-4.2 (66)	26.9 (47)	27.2 (67)	-33.8 (44)

U.S. Fixed Income

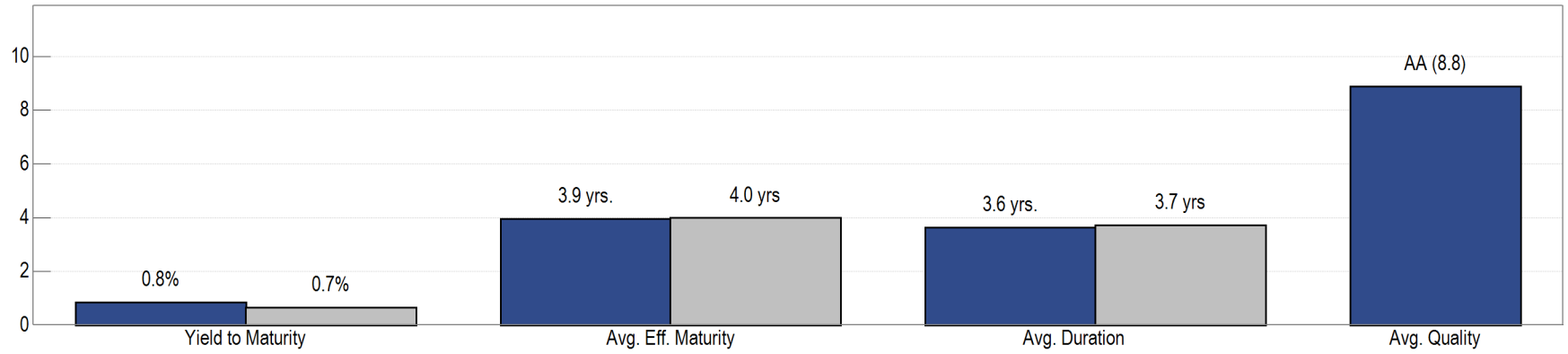
Wilmington Trust Bonds

As of June 30, 2012

Return Summary

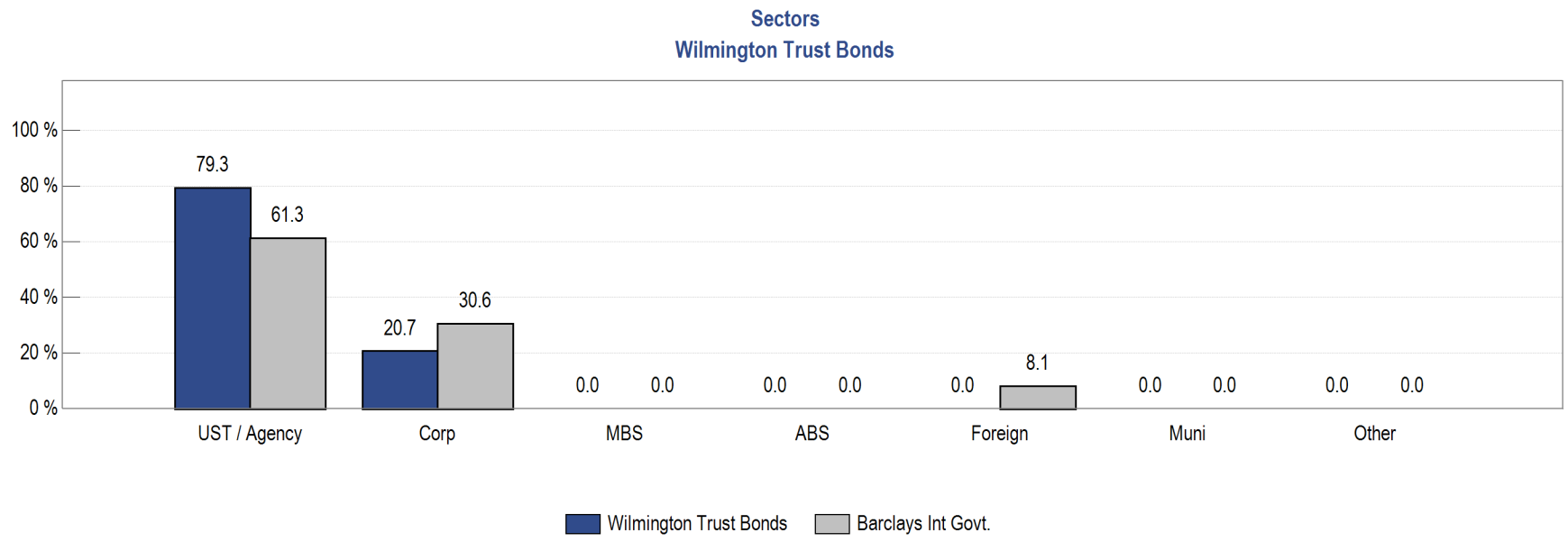


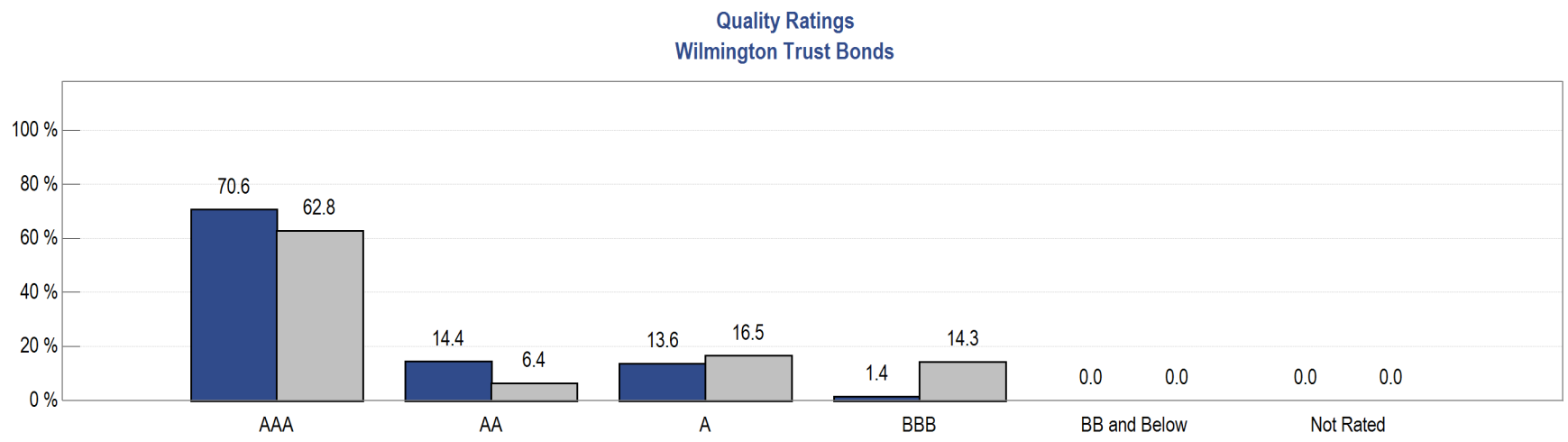
Characteristics
Wilmington Trust Bonds



Wilmington Trust Bonds

As of June 30, 2012





Observations For Sussex OPEB

- S&P 500 down 2.8% this quarter. Your plan down 2.5%
- Plan up 3.8% Year-to-Date
- Asset Allocations close to targets
- Allianz RCM Disciplined Equity below benchmark (again)
- Harding Loevner continues to do very well

Looking Ahead for Sussex OPEB

- Fund Changes:
  - Terminate Allianz RCM Disciplined Fund
  - Terminate Vanguard Value Index
  - Add Core Index Fund
  - Add Active Core Manager
  - Reduce allocation to Ridgeworth

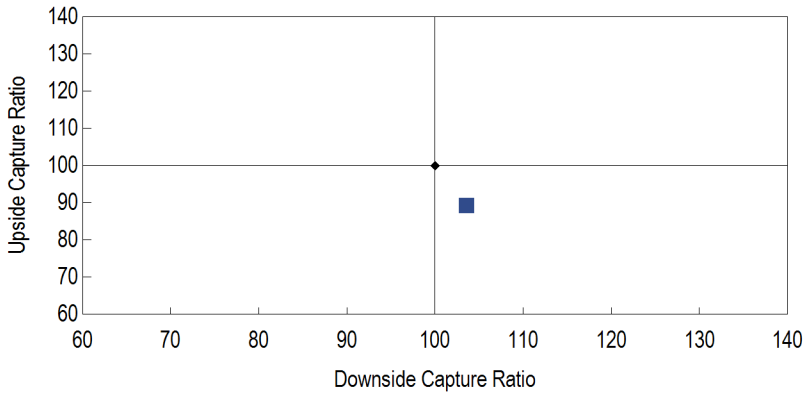
Sussex County OPEB Trust

As of June 30, 2012

Summary of Cash Flows

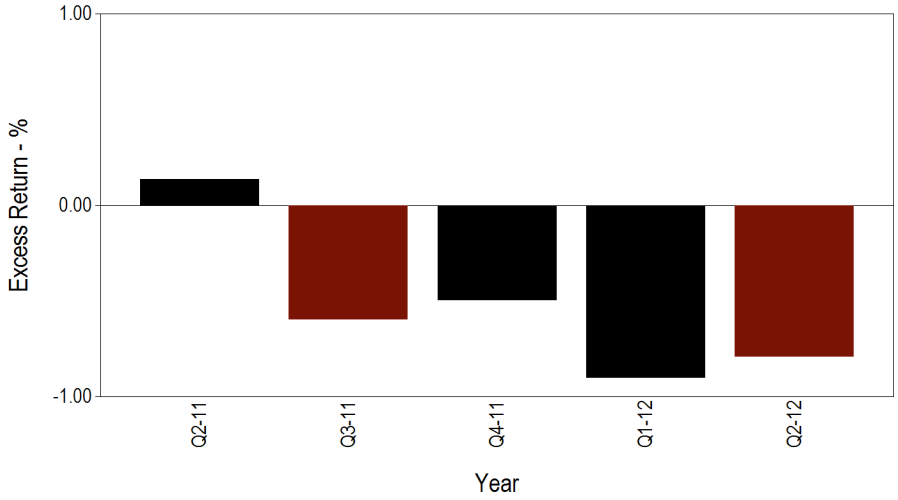
	Second Quarter	Year-To-Date
Beginning Market Value	**$24,284,540.0**	**$23,502,150.8**
- Withdrawals	-$413,910.8	-$1,136,180.3
+ Contributions	$0.0	$0.0
= Net Cash Flow	-$413,910.8	-$1,136,180.3
+ Net Investment Change	-$602,762.9	$901,895.7
= Ending Market Value	**$23,267,866.3**	**$23,267,866.3**
Time Weighted Return	-2.5%	3.8%

Upside Capture Ratio vs. Downside Capture Ratio
1 Year 4 Months Ending June 30, 2012



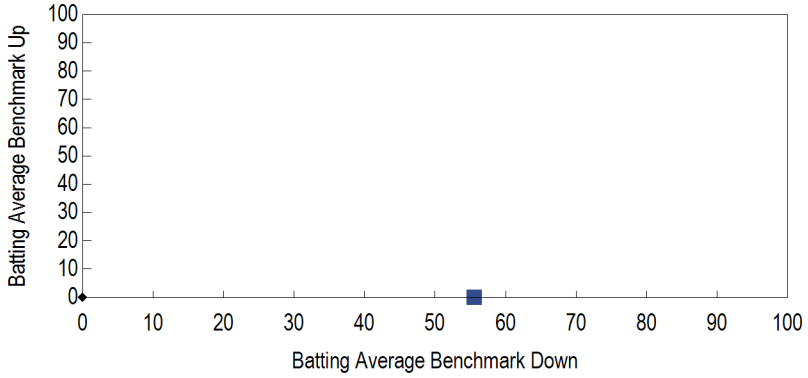
■ Total Fund Composite
◆ Sussex OPEB Policy Index

Quarterly Excess Performance



Quarterly Out/Under Performance, Rising Market
Quarterly Out/Under Performance, Falling Market

Batting Average Benchmark Up vs. Batting Average Benchmark Down
1 Year 4 Months Ending June 30, 2012

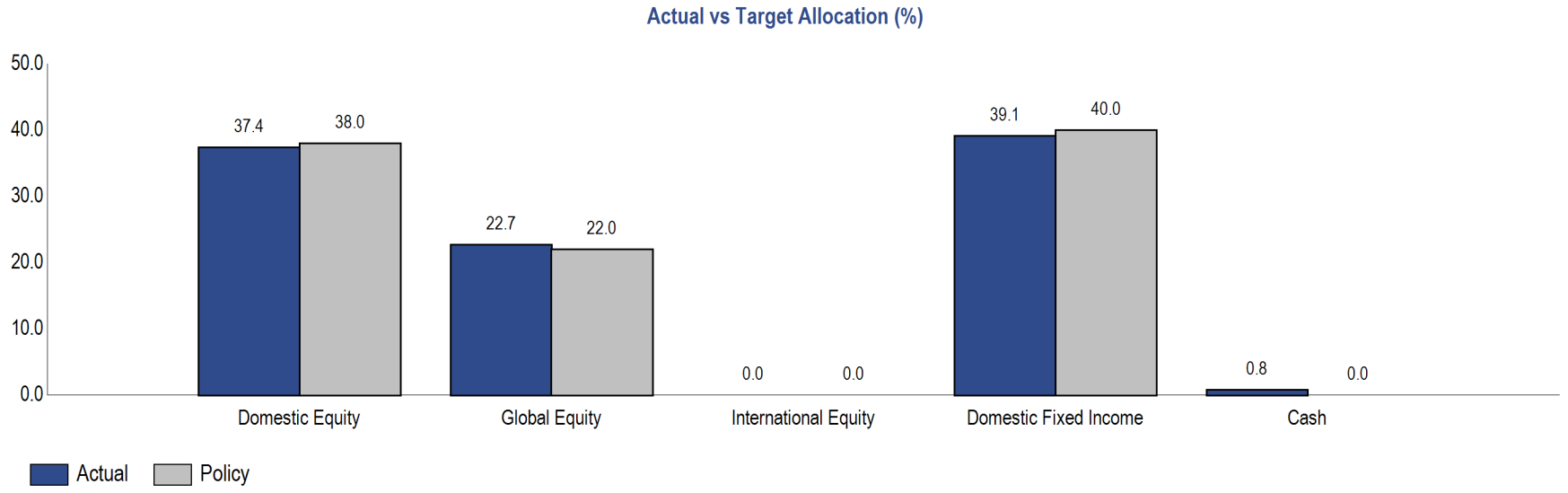


■ Total Fund Composite
◆ Sussex OPEB Policy Index

Total Fund Composite

Asset Allocation vs. Target Policy

As of June 30, 2012



Asset Allocation vs. Target

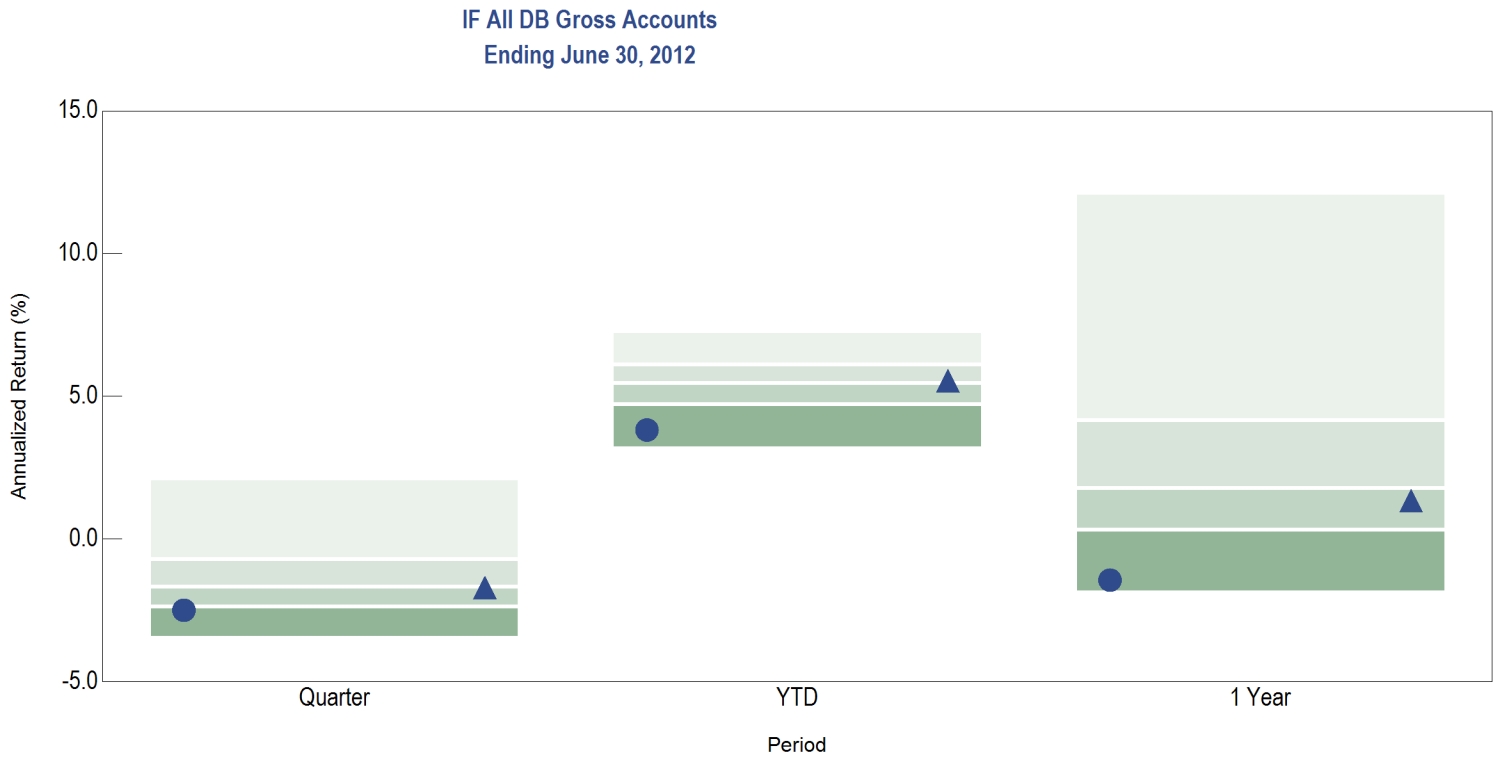
As Of June 30, 2012

	Policy Range	Current	Within Range
Domestic Equity	33.0% - 43.0%	37.4%	**Yes**
Global Equity	17.0% - 27.0%	22.7%	**Yes**
International Equity	0.0% - 0.0%	--	**Yes**
Domestic Fixed Income	35.0% - 50.0%	39.1%	**Yes**
Cash	0.0% - 10.0%	0.8%	**Yes**
Total		**100.0%**	

Total Fund Composite

Total Plan Performance

As of June 30, 2012



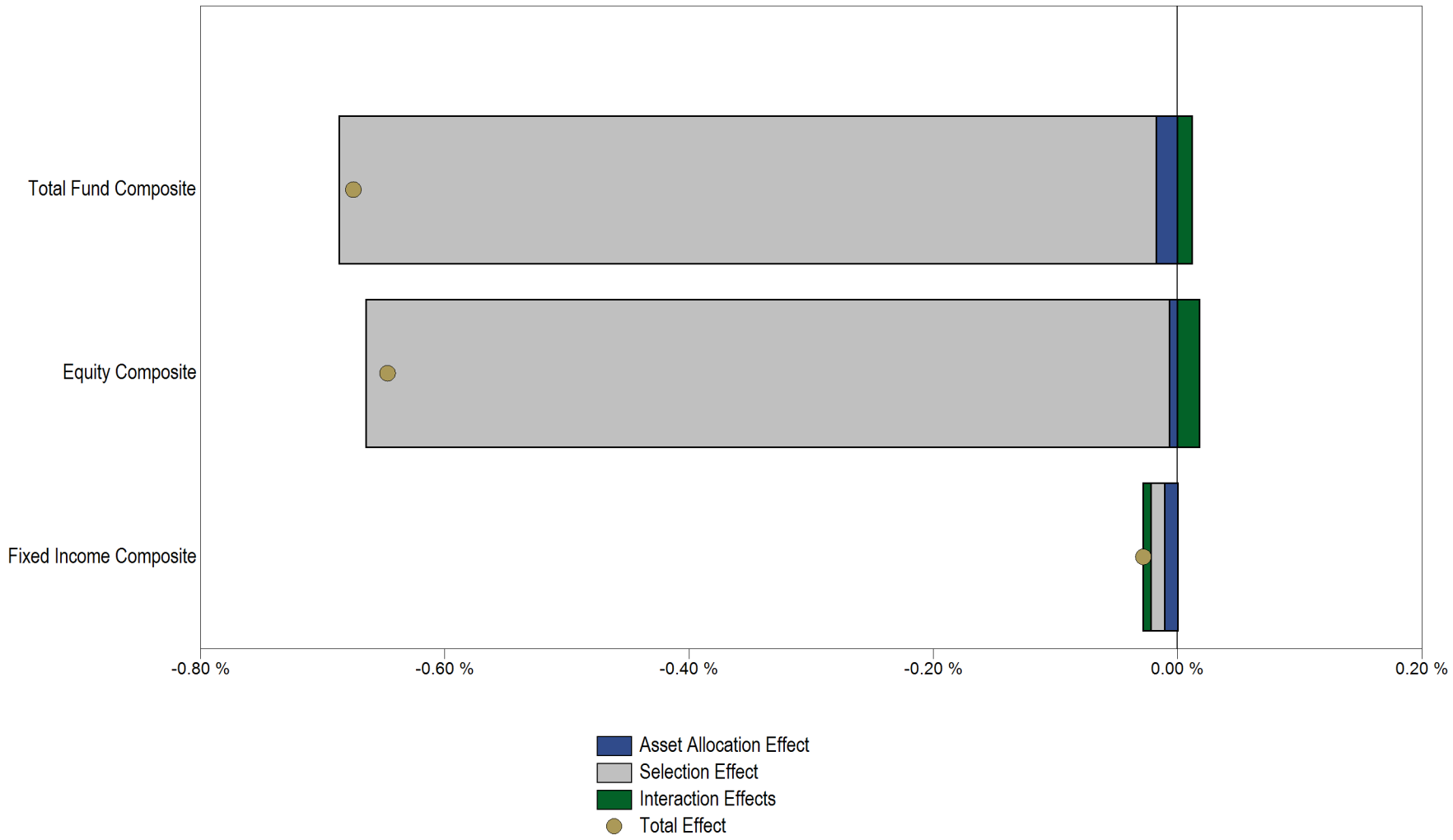
	Return (Rank)					
5th Percentile	2.1		7.3		12.1	
25th Percentile	-0.7		6.1		4.2	
Median	-1.7		5.5		1.8	
75th Percentile	-2.3		4.7		0.3	
95th Percentile	-3.4		3.2		-1.8	
# of Portfolios	535		532		517	
● **Total Fund Composite**	-2.5	(79)	3.8	(92)	-1.4	(94)
▲ **Sussex OPEB Policy Index**	-1.7	(52)	5.6	(49)	1.3	(58)

Total Fund Composite

Attribution Analysis

As of June 30, 2012

Attribution Effects Relative to Sussex OPEB Policy Index
3 Months Ending June 30, 2012

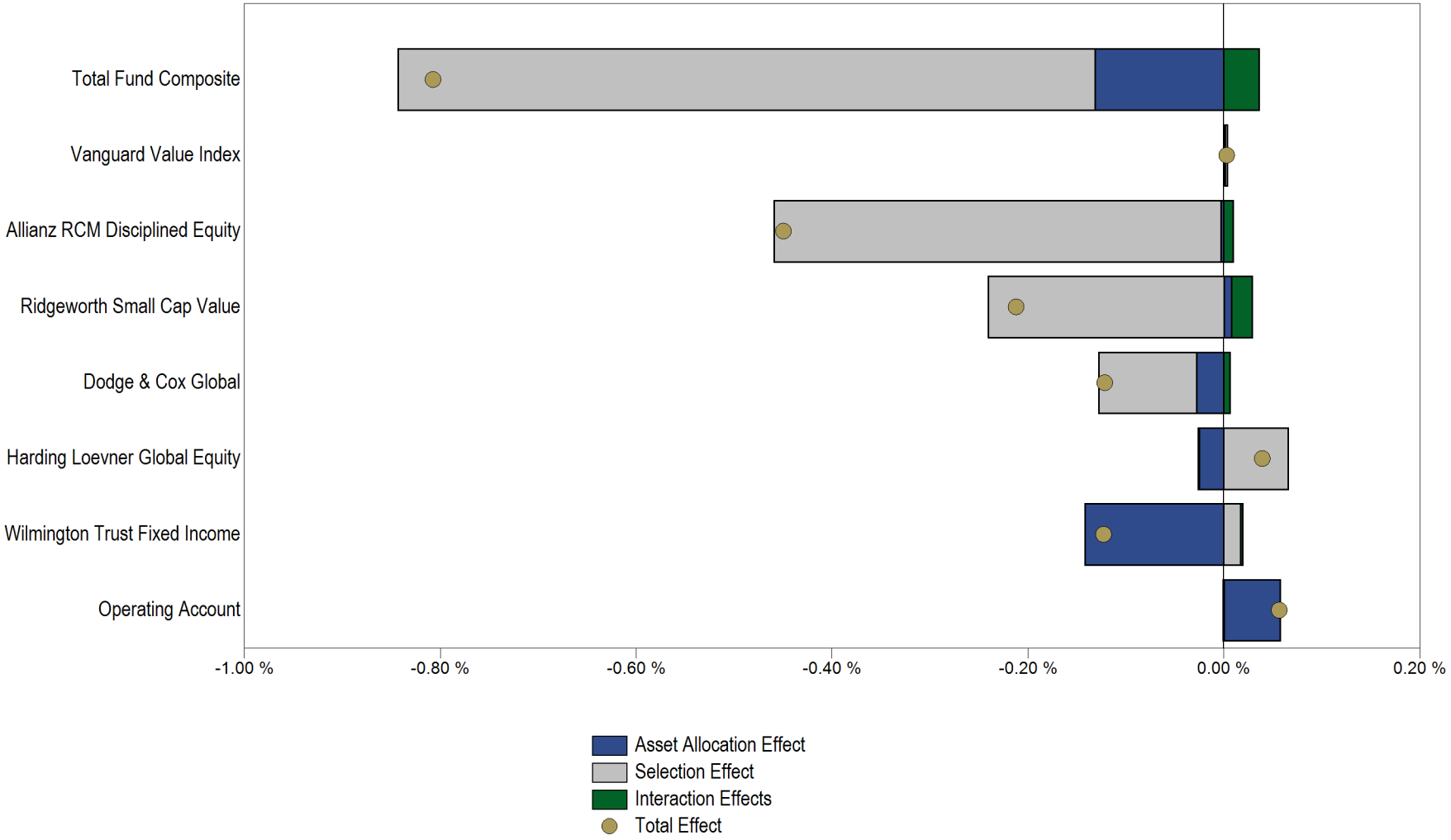


Total Fund Composite

Attribution Analysis

As of June 30, 2012

Attribution Effects Relative to Sussex OPEB Policy Index
3 Months Ending June 30, 2012



Total Fund Composite

Performance Summary

As of June 30, 2012

	2012 Q2	YTD	1 Yr	3 Yrs	5 Yrs	Ending June 30, 2012 Market Value	% of Portfolio	Policy %	Inception Return	Since
Total Fund Composite	**-2.5**	**3.8**	**-1.4**	**--**	**--**	**23,267,866**	**100.0**	**100.0**	**-0.8**	**Mar-11**
Sussex OPEB Policy Index	*-1.7*	*5.6*	*1.3*	*--*	*--*				*1.1*	*Mar-11*
Equity Composite	**-5.0**	**7.2**	**--**	**--**	**--**	**13,987,746**	**60.1**	**60.0**	**18.4**	**Sep-11**
80% Russell 3000 / 20% EAFE	*-3.9*	*8.1*	*--*	*--*	*--*				*19.2*	*Sep-11*
Vanguard Value Index	-2.4	8.0	2.7	15.4	-2.0	2,020,945	8.7	9.0	1.7	Feb-11
MSCI US Prime Market Value Gross	*-2.4*	*7.9*	*2.6*	*15.3*	*-2.1*				*1.6*	*Feb-11*
Allianz RCM Disciplined Equity	-5.8	5.2	0.3	14.6	--	3,453,249	14.8	15.0	-1.1	Feb-11
S&P 500	*-2.8*	*9.5*	*5.4*	*16.4*	*--*				*4.2*	*Feb-11*
Ridgeworth Small Cap Value	-4.5	6.8	-4.0	19.5	3.1	3,233,650	13.9	15.0	0.3	Feb-11
Russell 2000 Value	*-3.0*	*8.2*	*-1.4*	*17.4*	*-1.0*				*-2.0*	*Feb-11*
Dodge & Cox Global	-6.4	6.7	-8.6	12.8	--	2,113,774	9.1	8.0	-7.2	Feb-11
MSCI World	*-5.1*	*5.9*	*-5.0*	*11.0*	*--*				*-4.1*	*Feb-11*
Harding Loevner Global Equity	-5.0	10.4	-1.8	13.7	2.2	3,166,128	13.6	13.0	-0.8	Feb-11
MSCI ACWI	*-5.6*	*5.7*	*-6.5*	*10.8*	*-2.7*				*-4.8*	*Feb-11*
Fixed Income Composite	**1.4**	**1.1**	**--**	**--**	**--**	**9,280,120**	**39.9**	**40.0**	**1.2**	**Sep-11**
Fixed Income Composite Policy Index	*1.5*	*1.5*	*--*	*--*	*--*				*1.5*	*Sep-11*
Wilmington Trust Fixed Income	1.5	--	--	--	--	9,100,286	39.1	40.0	1.5	Mar-12
Barclays Int Govt.	*1.5*	*--*	*--*	*--*	*--*				*1.5*	*Mar-12*
Operating Account						179,834	0.8	0.0		

Please note: All returns shown are gross of fees, including mutual funds.

Total Fund Composite

Fee Schedule

As of June 30, 2012

Account	Fee Schedule	Market Value As of 6/30/2012	% of Portfolio	Estimated Annual Fee ($)	Estimated Annual Fee (%)
Vanguard Value Index	0.12% of Assets	$2,020,945	8.7%	$2,425	0.12%
Allianz RCM Disciplined Equity	0.70% of Assets	$3,453,249	14.8%	$24,173	0.70%
Ridgeworth Small Cap Value	1.21% of Assets	$3,233,650	13.9%	$39,127	1.21%
Dodge & Cox Global	0.69% of Assets	$2,113,774	9.1%	$14,585	0.69%
Harding Loevner Global Equity	0.95% of Assets	$3,166,128	13.6%	$30,078	0.95%
Wilmington Trust Fixed Income	No Fee	$9,100,286	39.1%	--	--
Operating Account	No Fee	$179,834	0.8%	--	--
Investment Management Fee		**$23,267,866**	**100.0%**	**$110,388**	**0.47%**

U.S. Equities

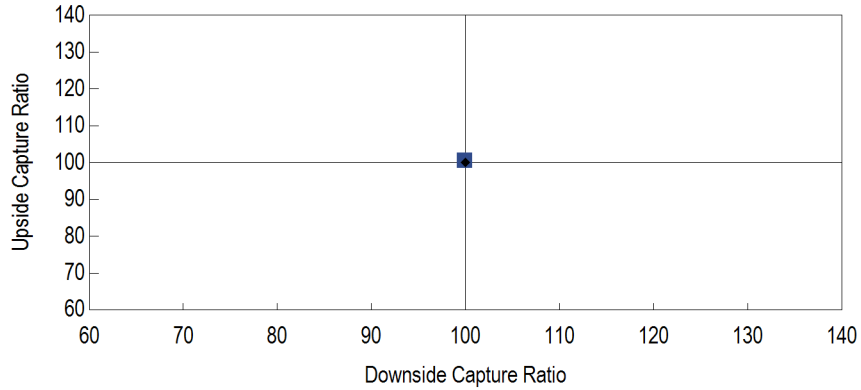
Vanguard Value Index

As of June 30, 2012

Summary of Cash Flows

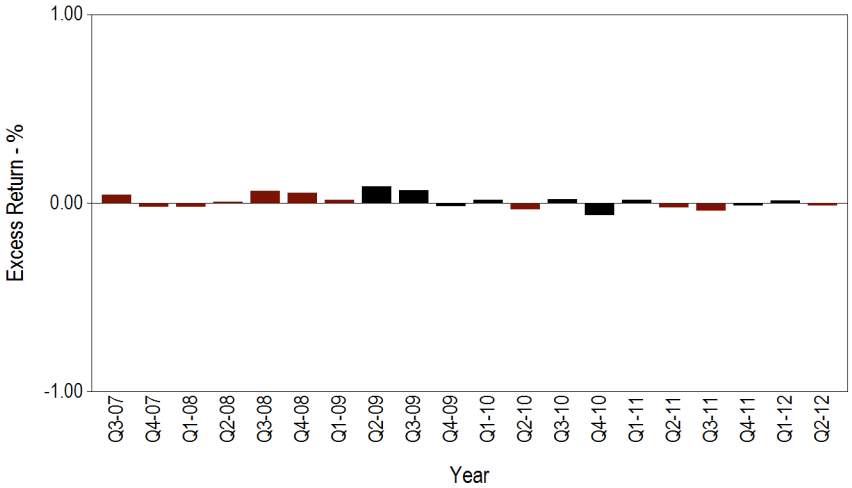
	Second Quarter	Year-To-Date
Beginning Market Value	**$2,071,290**	**$1,872,604**
- Withdrawals	$0	$0
- Fees	-$600	-$1,202
+ Contributions	$0	$0
= Net Cash Flow	$0	$0
+ Net Investment Change	-$50,345	$148,341
= Ending Market Value	**$2,020,945**	**$2,020,945**

Upside Capture Ratio vs. Downside Capture Ratio
5 Years Ending June 30, 2012



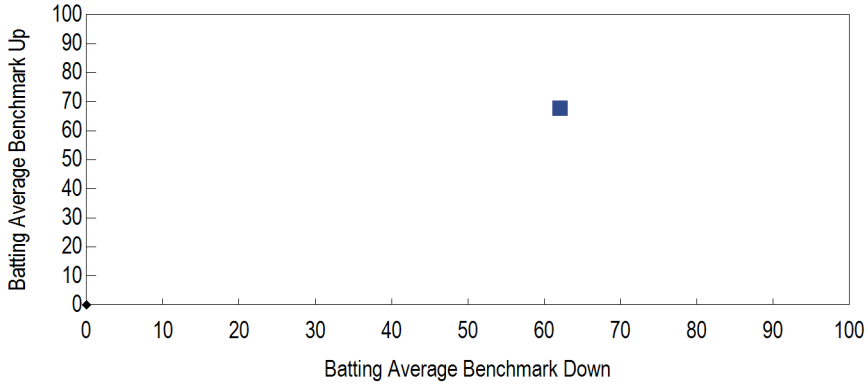
■ Vanguard Value Index
◆ MSCI US Prime Market Value Gross

Quarterly Excess Performance



Quarterly Out/Under Performance, Rising Market
Quarterly Out/Under Performance, Falling Market

Batting Average Benchmark Up vs. Batting Average Benchmark Down
5 Years Ending June 30, 2012



■ Vanguard Value Index
◆ MSCI US Prime Market Value Gross

Vanguard Value Index

As of June 30, 2012

Asset Allocation

US Equity	$2,008,977	99.4%
Non-US Equity	$695	0.0%
US Fixed Inc.	$0	0.0%
Non-US Fixed Inc.	$0	0.0%
Alternative	$0	0.0%
Real Estate	$0	0.0%
Cash	$11,267	0.6%
Other	$0	0.0%

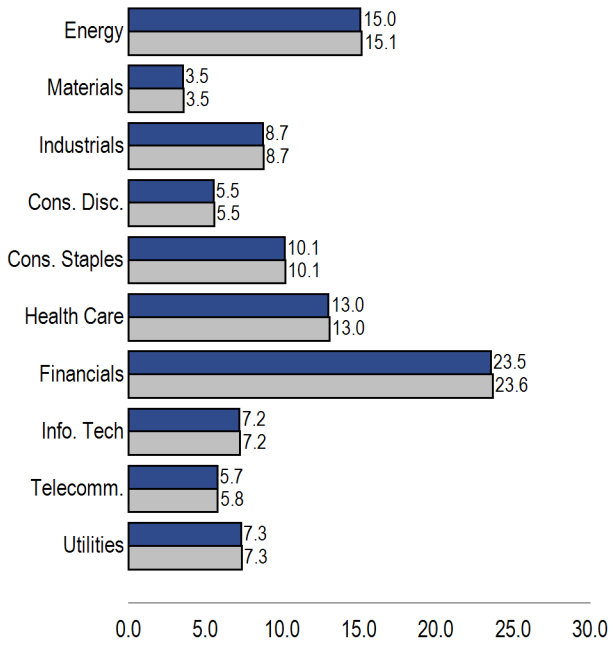
Portfolio Information

	Portfolio	MSCI US Prime Market Value Gross
Number of Holdings	432	430
Weighted Avg. Market Cap. ($B)	96.40	96.43
Median Market Cap. ($B)	6.86	7.00
Price To Earnings	15.85	15.89
Price To Book	2.08	2.05
Price To Sales	1.70	1.61
Return on Equity (%)	15.54	14.34
Yield (%)	2.98	2.93
Beta	1.00	1.00

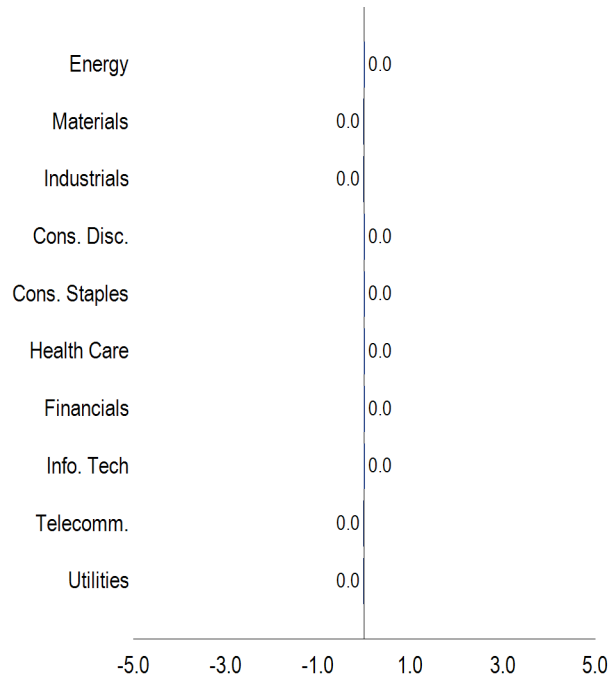
Top Ten Holdings

EXXON MOBIL	6.0%
GENERAL ELECTRIC	3.3%
AT&T	3.1%
CHEVRON	3.1%
JOHNSON & JOHNSON	2.8%
PFIZER	2.6%
PROCTER & GAMBLE	2.5%
WELLS FARGO & CO	2.5%
JP MORGAN CHASE & CO.	2.0%
INTEL	2.0%
Total For Top Ten Holdings	**29.8%**

Sector Allocation (%) vs MSCI US Prime Market Value Gross



Sector Excess Returns (%) vs MSCI US Prime Market Value Gross



Best Performers

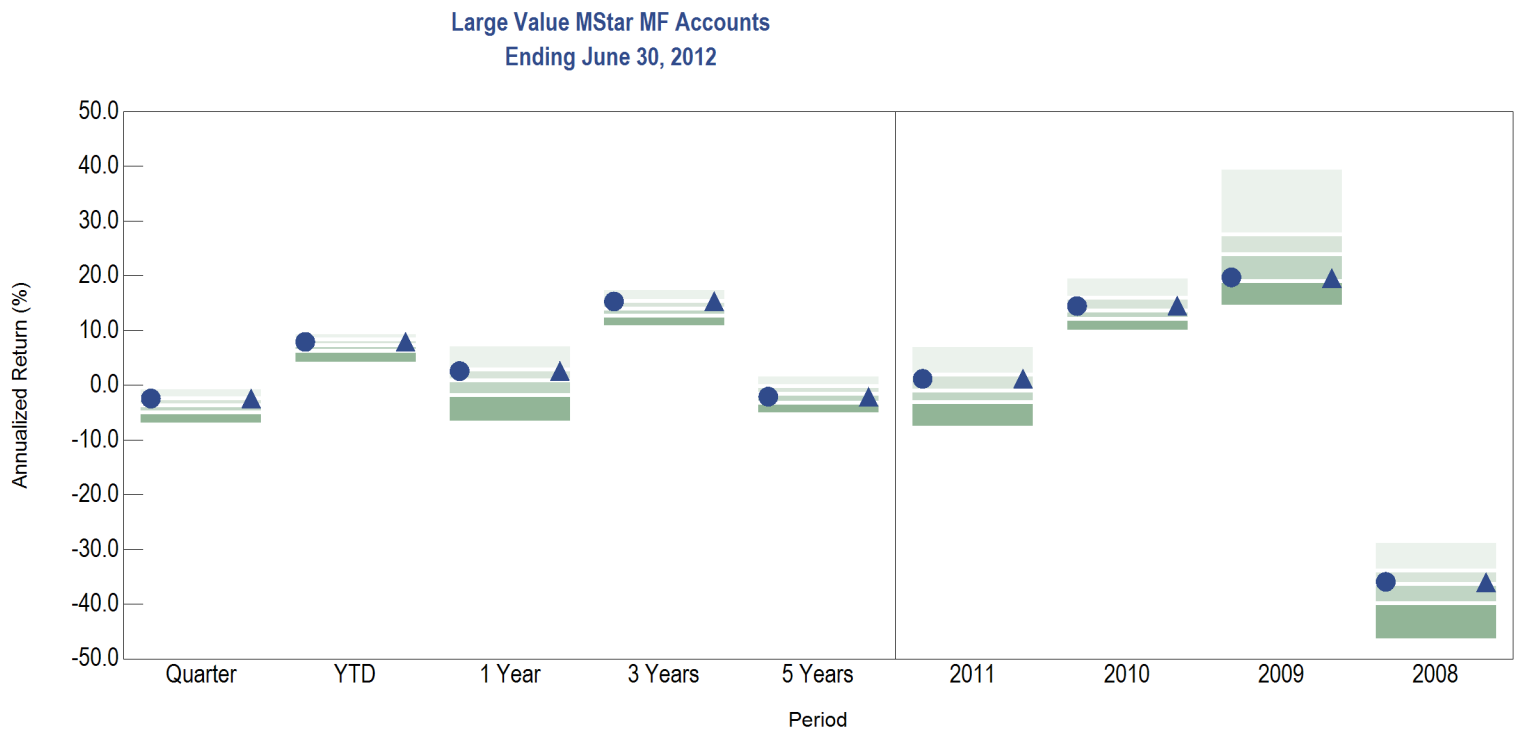
	Weight %	Return %
DEAN FOODS NEW (DF)	0.0%	40.6%
LINCARE HOLDINGS (LNCR)	0.0%	32.5%
TOLL BROS. (TOL)	0.0%	23.9%
D R HORTON (DHI)	0.1%	21.4%
PULTEGROUP (PHM)	0.0%	20.9%

Worst Performers

	Weight %	Return %
ZYNGA 'A' (ZNGA)	0.0%	-58.6%
ALPHA NATURAL RESOURCES (ANR)	0.0%	-42.7%
FIRST SOLAR (FSLR)	0.0%	-39.9%
ARCH COAL (ACI)	0.0%	-35.4%
PENNEY JC (JCP)	0.1%	-33.8%

Vanguard Value Index

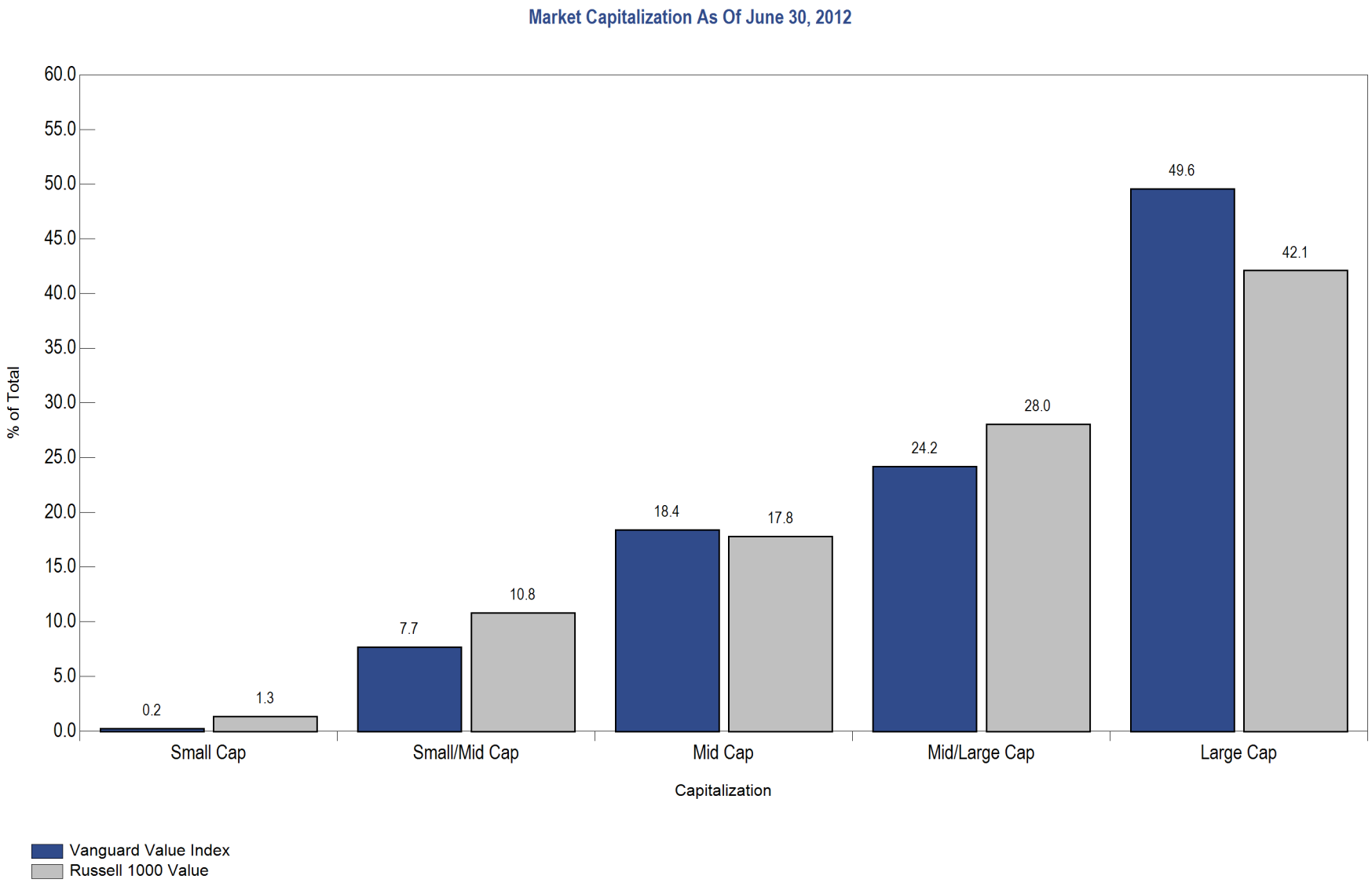
As of June 30, 2012



	Return (Rank)								
5th Percentile	-0.5	9.6	7.4	17.6	1.8	7.3	19.8	39.7	-28.5
25th Percentile	-2.4	8.4	3.0	15.5	-0.1	2.0	16.0	27.6	-33.8
Median	-3.7	7.4	0.9	14.1	-1.5	-1.0	13.7	24.0	-36.2
75th Percentile	-4.9	6.3	-1.7	12.8	-3.1	-3.1	12.2	19.1	-39.8
95th Percentile	-7.1	4.0	-6.8	10.7	-5.2	-7.7	9.9	14.4	-46.5
# of Portfolios	242	241	233	222	211	230	235	234	246
● **Vanguard Value Index**	-2.4 (28)	7.9 (40)	2.6 (32)	15.3 (28)	-2.1 (56)	1.2 (31)	14.5 (41)	19.7 (73)	-35.9 (47)
▲ **MSCI US Prime Market Value Gross**	-2.4 (27)	7.9 (40)	2.6 (32)	15.3 (27)	-2.1 (58)	1.2 (30)	14.5 (39)	19.5 (73)	-36.0 (47)

Vanguard Value Index

As of June 30, 2012



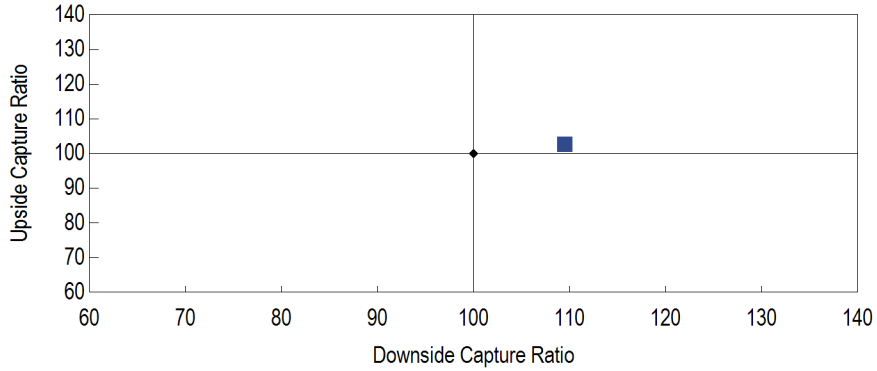
Allianz RCM Disciplined Equity

As of June 30, 2012

Summary of Cash Flows

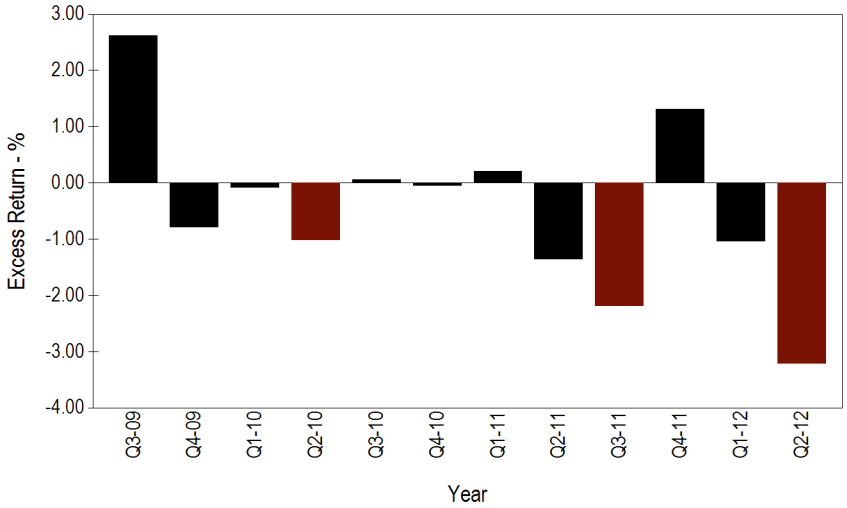
	Second Quarter	Year-To-Date
Beginning Market Value	**$3,424,222**	**$3,069,852**
- Withdrawals	$0	$0
- Fees	-$6,066	-$11,905
+ Contributions	$250,000	$250,000
= Net Cash Flow	$250,000	$250,000
+ Net Investment Change	-$220,973	$133,396
= Ending Market Value	**$3,453,249**	**$3,453,249**

Upside Capture Ratio vs. Downside Capture Ratio
3 Years Ending June 30, 2012



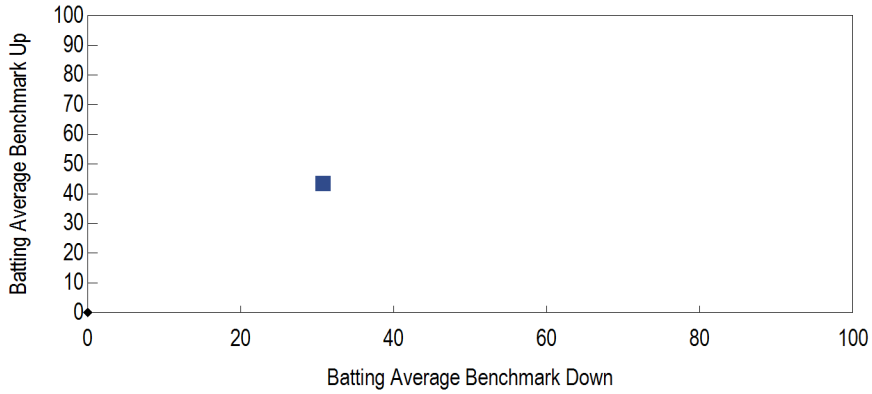
■ Allianz RCM Disciplined Equity
◆ S&P 500

Quarterly Excess Performance



Quarterly Out/Under Performance, Rising Market
Quarterly Out/Under Performance, Falling Market

Batting Average Benchmark Up vs. Batting Average Benchmark Down
3 Years Ending June 30, 2012



■ Allianz RCM Disciplined Equity
◆ S&P 500

Allianz RCM Disciplined Equity

As of June 30, 2012

Asset Allocation

US Equity	$3,453,245	100.0%
Non-US Equity	$0	0.0%
US Fixed Inc.	$0	0.0%
Non-US Fixed Inc.	$0	0.0%
Alternative	$0	0.0%
Real Estate	$0	0.0%
Cash	$0	0.0%
Other	$0	0.0%

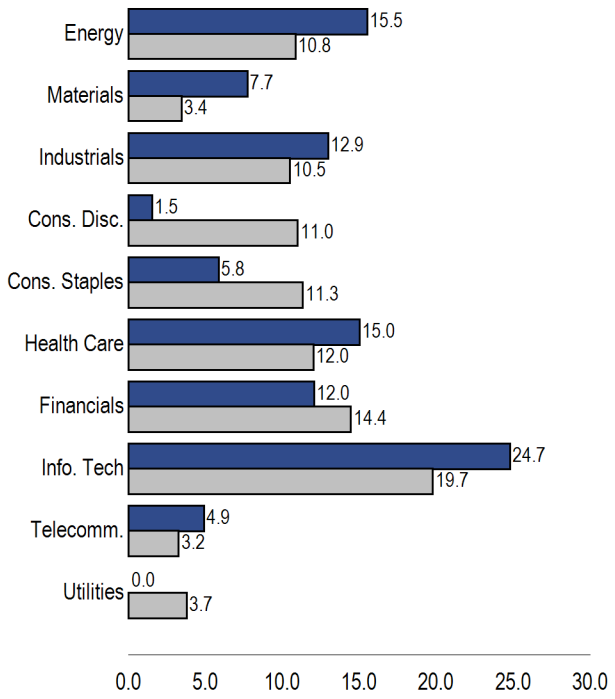
Portfolio Information

	Portfolio	S&P 500
Number of Holdings	54	500
Weighted Avg. Market Cap. ($B)	99.83	108.04
Median Market Cap. ($B)	30.58	11.90
Price To Earnings	17.74	16.90
Price To Book	2.87	3.63
Price To Sales	2.25	2.11
Return on Equity (%)	18.35	20.79
Yield (%)	2.10	2.20
Beta	1.07	1.00

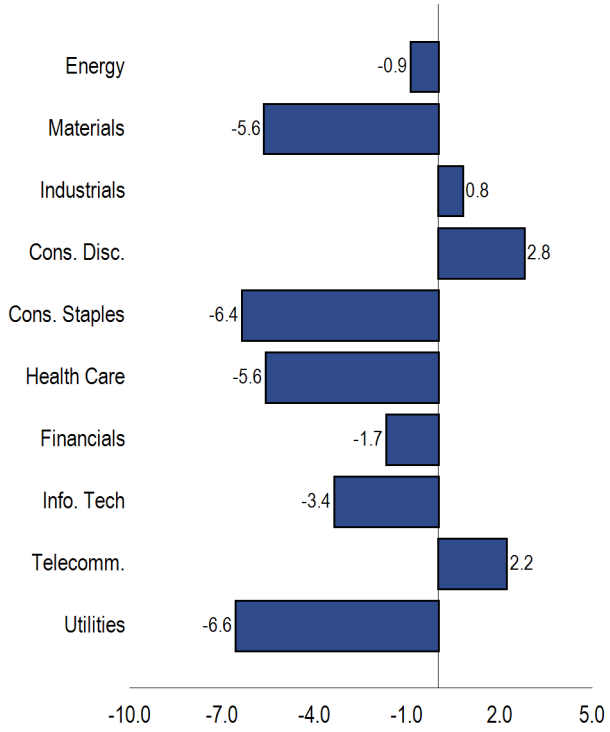
Top Ten Holdings

GENERAL ELECTRIC	4.6%
BOEING	4.5%
EXXON MOBIL	4.3%
AT&T	3.4%
SCHLUMBERGER	3.0%
PFIZER	2.8%
INTEL	2.7%
WELLS FARGO & CO	2.6%
VARIAN MED.SYS.	2.6%
ADOBE SYSTEMS	2.6%
Total For Top Ten Holdings	**33.1%**

Sector Allocation (%) vs S&P 500



Sector Excess Returns (%) vs S&P 500



Best Performers

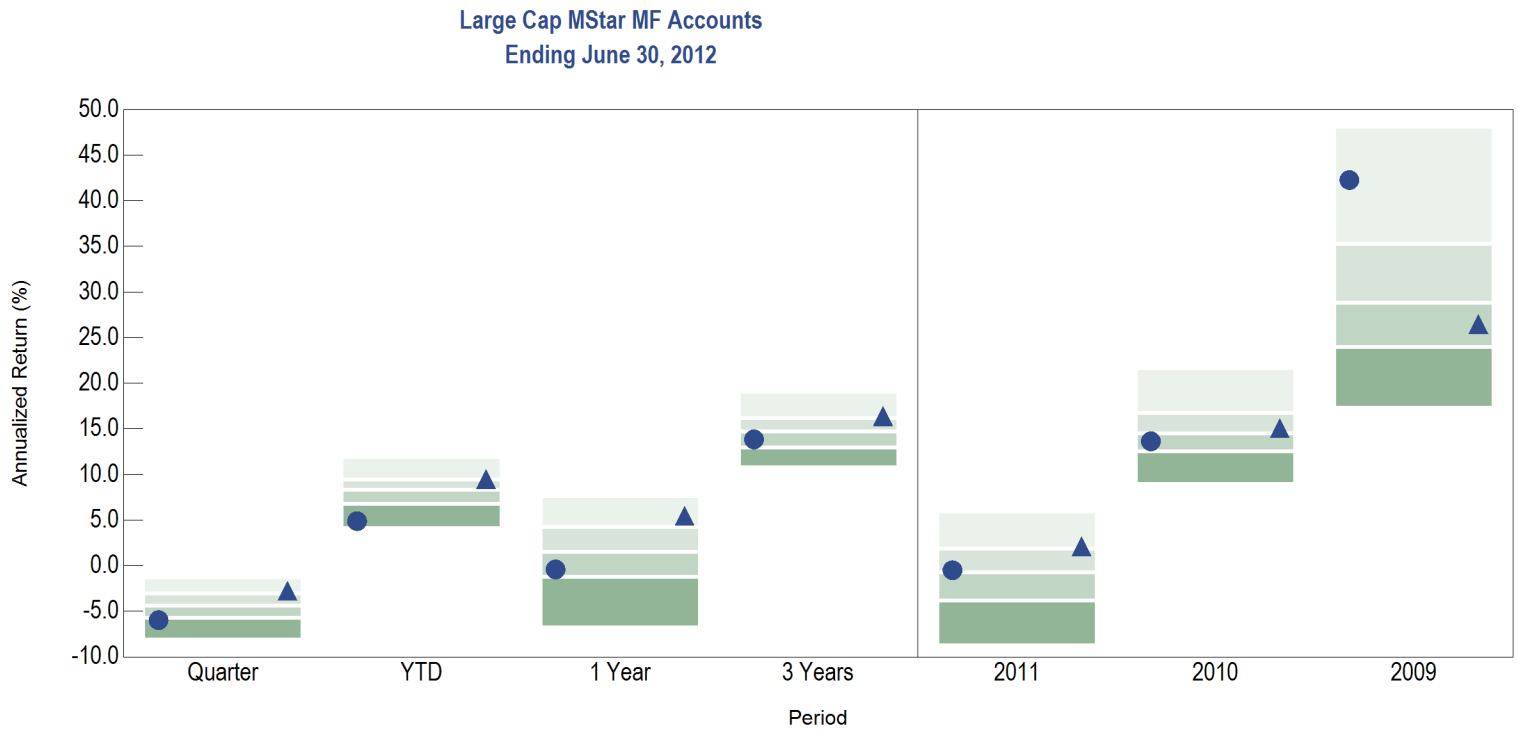
	Weight %	Return %
VERIZON COMMUNICATIONS (VZ)	1.5%	17.8%
AT&T (T)	3.4%	15.8%
EBAY (EBAY)	1.5%	13.8%
AMGEN (AMGN)	2.1%	7.8%
PEPSICO (PEP)	1.8%	7.3%

Worst Performers

	Weight %	Return %
CLIFFS NATURAL RESOURCES (CLF)	0.8%	-28.2%
MARVELL TECH.GROUP (MRVL)	0.7%	-27.9%
MORGAN STANLEY (MS)	0.6%	-25.5%
ELECTRONIC ARTS (EA)	0.7%	-25.1%
FLIR SYS. (FLIR)	0.0%	-22.7%

Allianz RCM Disciplined Equity

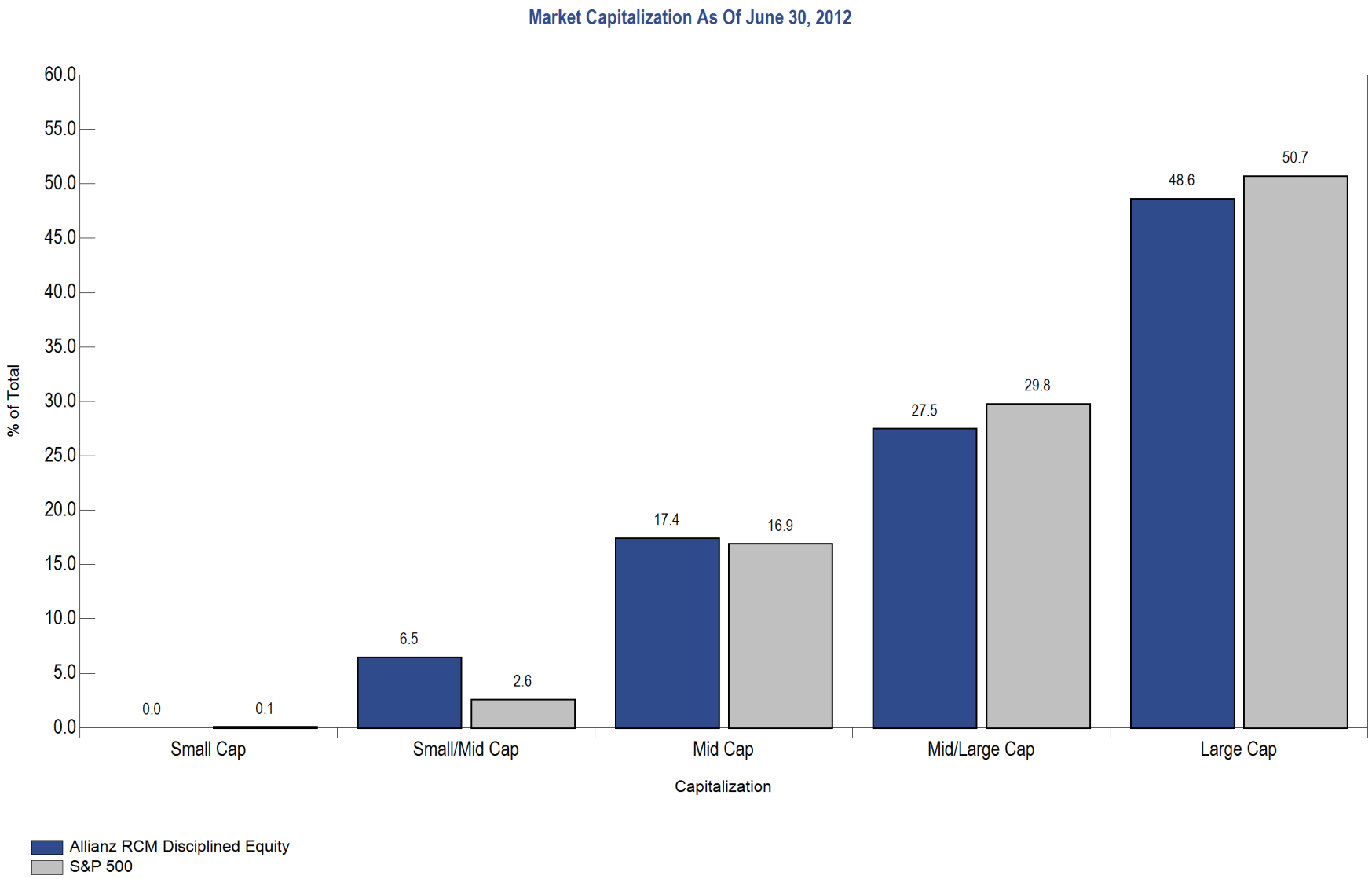
As of June 30, 2012



	Return (Rank)													
5th Percentile	-1.3		11.9		7.6		19.0		5.9		21.6		48.1	
25th Percentile	-3.0		9.5		4.3		16.2		1.9		16.8		35.3	
Median	-4.3		8.3		1.6		14.7		-0.7		14.5		28.8	
75th Percentile	-5.7		6.8		-1.2		13.0		-3.8		12.6		24.0	
95th Percentile	-8.1		4.2		-6.7		10.8		-8.7		9.0		17.4	
# of Portfolios	921		915		889		832		879		930		961	
● **Allianz RCM Disciplined Equity**	-6.0	(79)	4.9	(93)	-0.4	(69)	13.8	(63)	-0.5	(49)	13.6	(62)	42.3	(12)
▲ **S&P 500**	-2.8	(18)	9.5	(26)	5.4	(14)	16.4	(21)	2.1	(21)	15.1	(41)	26.5	(61)

Allianz RCM Disciplined Equity

As of June 30, 2012



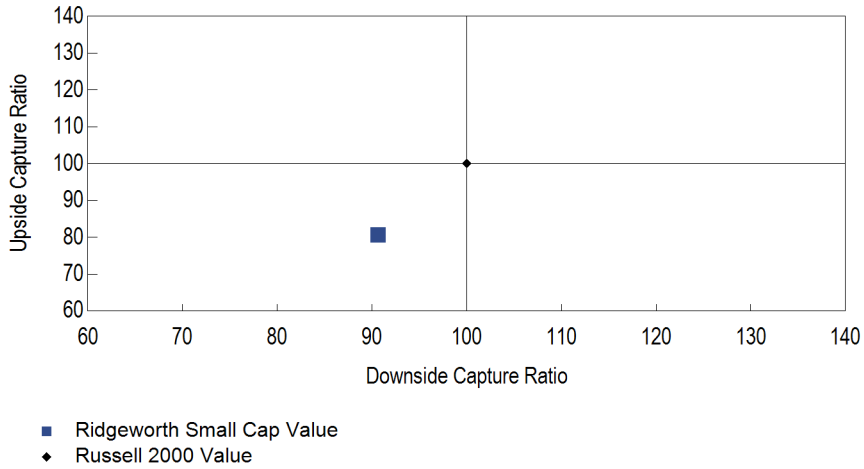
Ridgeworth Small Cap Value

As of June 30, 2012

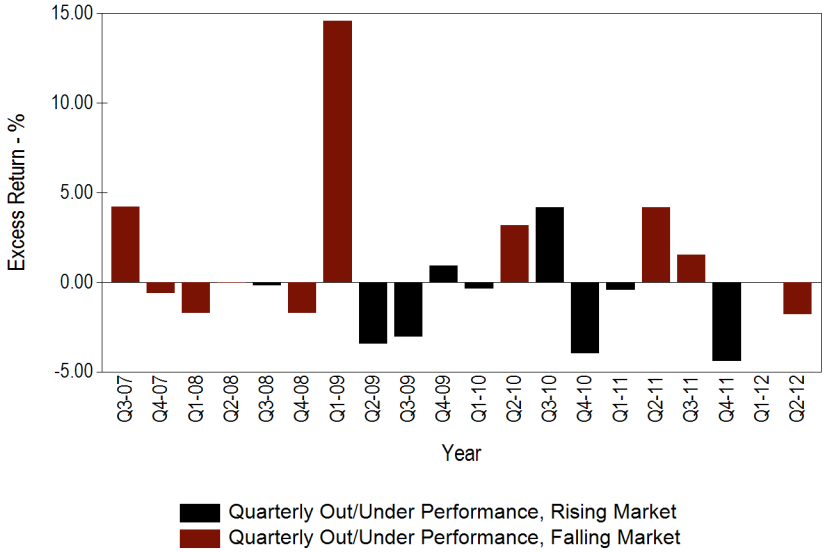
Summary of Cash Flows

	Second Quarter	Year-To-Date
Beginning Market Value	**$3,397,050**	**$3,045,909**
- Withdrawals	$0	$0
- Fees	-$9,821	-$19,806
+ Contributions	$0	$0
= Net Cash Flow	$0	$0
+ Net Investment Change	-$163,400	$187,741
= Ending Market Value	**$3,233,650**	**$3,233,650**

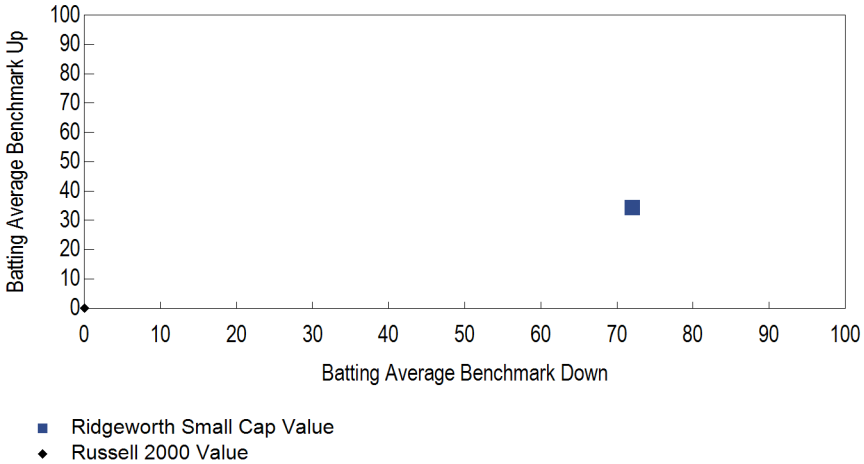
Upside Capture Ratio vs. Downside Capture Ratio
5 Years Ending June 30, 2012



Quarterly Excess Performance



Batting Average Benchmark Up vs. Batting Average Benchmark Down
5 Years Ending June 30, 2012



Ridgeworth Small Cap Value

As of June 30, 2012

Asset Allocation

US Equity	$2,810,110	89.1%
Non-US Equity	$220,910	7.0%
US Fixed Inc.	$0	0.0%
Non-US Fixed Inc.	$0	0.0%
Alternative	$0	0.0%
Real Estate	$0	0.0%
Cash	$123,917	3.9%
Other	$0	0.0%

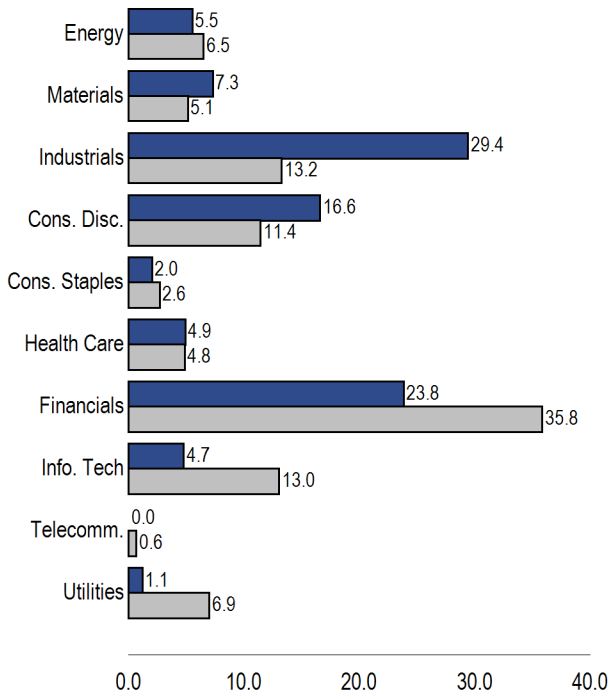
Portfolio Information

	Portfolio	Russell 2000 Value
Number of Holdings	86	1,419
Weighted Avg. Market Cap. ($B)	1.88	1.03
Median Market Cap. ($B)	1.54	0.42
Price To Earnings	16.03	11.40
Price To Book	2.25	1.32
Price To Sales	1.44	1.67
Return on Equity (%)	12.12	5.67
Yield (%)	2.34	1.89
Beta	0.83	1.00

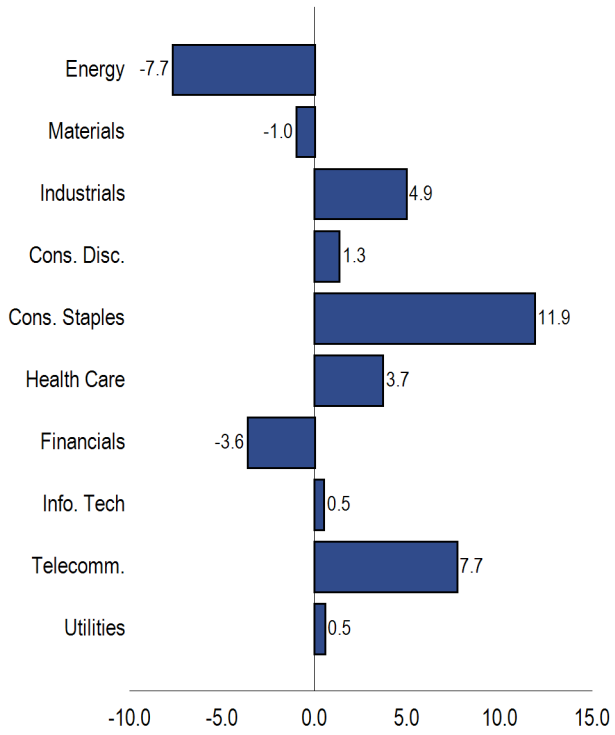
Top Ten Holdings

SMITH (AO)	4.0%
WF SHORT-TERM INVESTMENT FUND N	3.9%
HSN	3.2%
HCC INSURANCE HDG.	2.6%
PROGRESSIVE WASTE SLTN.	2.6%
CASH AM.INTL.	2.6%
SOTHEBY'S	2.6%
SNAP-ON	2.5%
ARCOS DORADOS HOLDINGS	2.5%
CARBO CERAMICS	2.5%
Total For Top Ten Holdings	**29.1%**

Sector Allocation (%) vs Russell 2000 Value



Sector Excess Returns (%) vs Russell 2000 Value



Best Performers

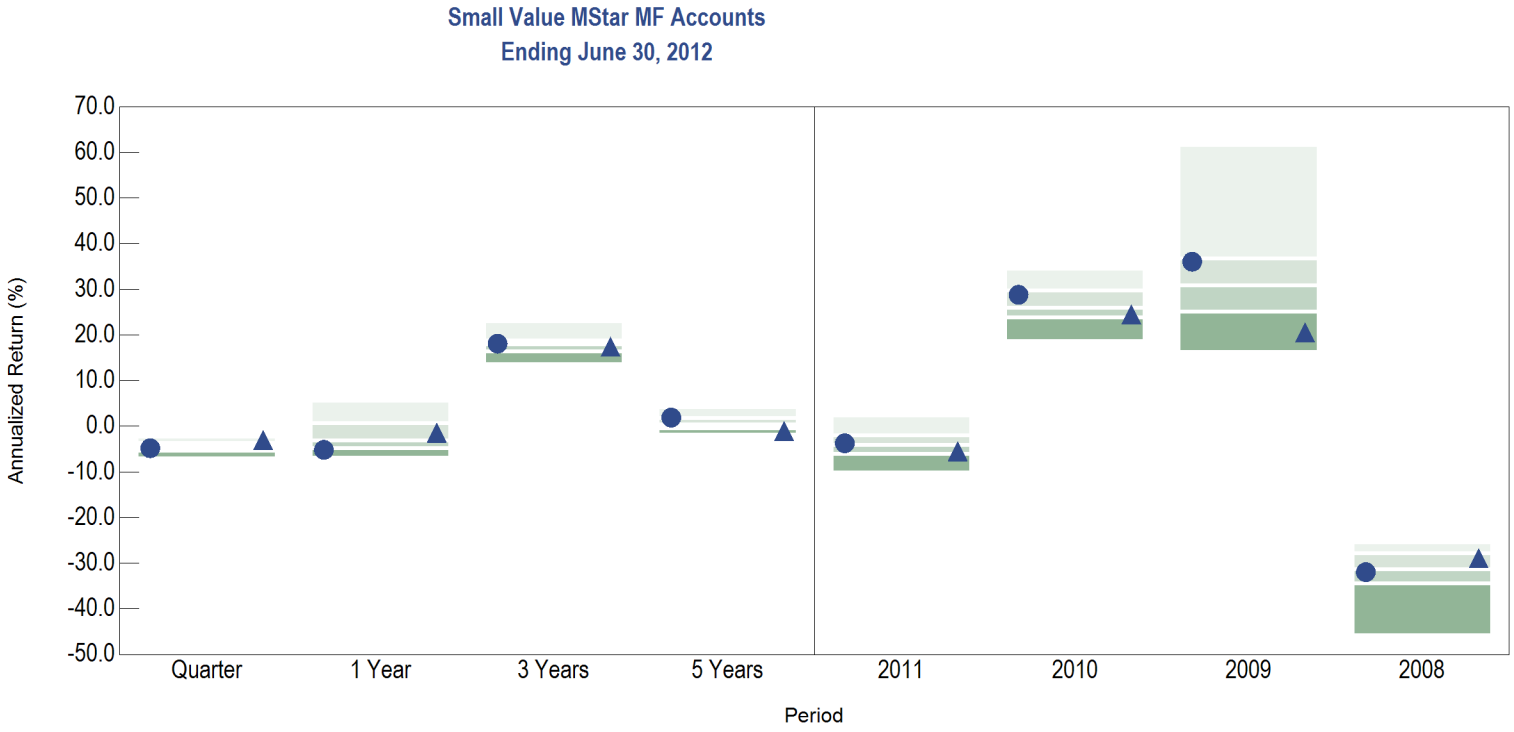
	Weight %	Return %
MDC HDG. (MDC)	0.0%	27.8%
MONMOUTH REIT. (MNR)	0.1%	22.1%
EINSTEIN NOAH RSTR.GP. (BAGL)	0.3%	18.6%
DESTINATION MATERNITY (DEST)	0.3%	17.4%
LENNOX INTL. (LII)	2.1%	16.2%

Worst Performers

	Weight %	Return %
GAFISA SA ADR 1:2 (GFA)	0.1%	-46.2%
RYDER SYSTEM (R)	0.6%	-31.3%
SCHNITZER STL.INDS. (SCHN)	0.0%	-29.4%
CARBO CERAMICS (CRR)	2.5%	-27.0%
SCHULMAN A (SHLM)	0.7%	-26.0%

Ridgeworth Small Cap Value

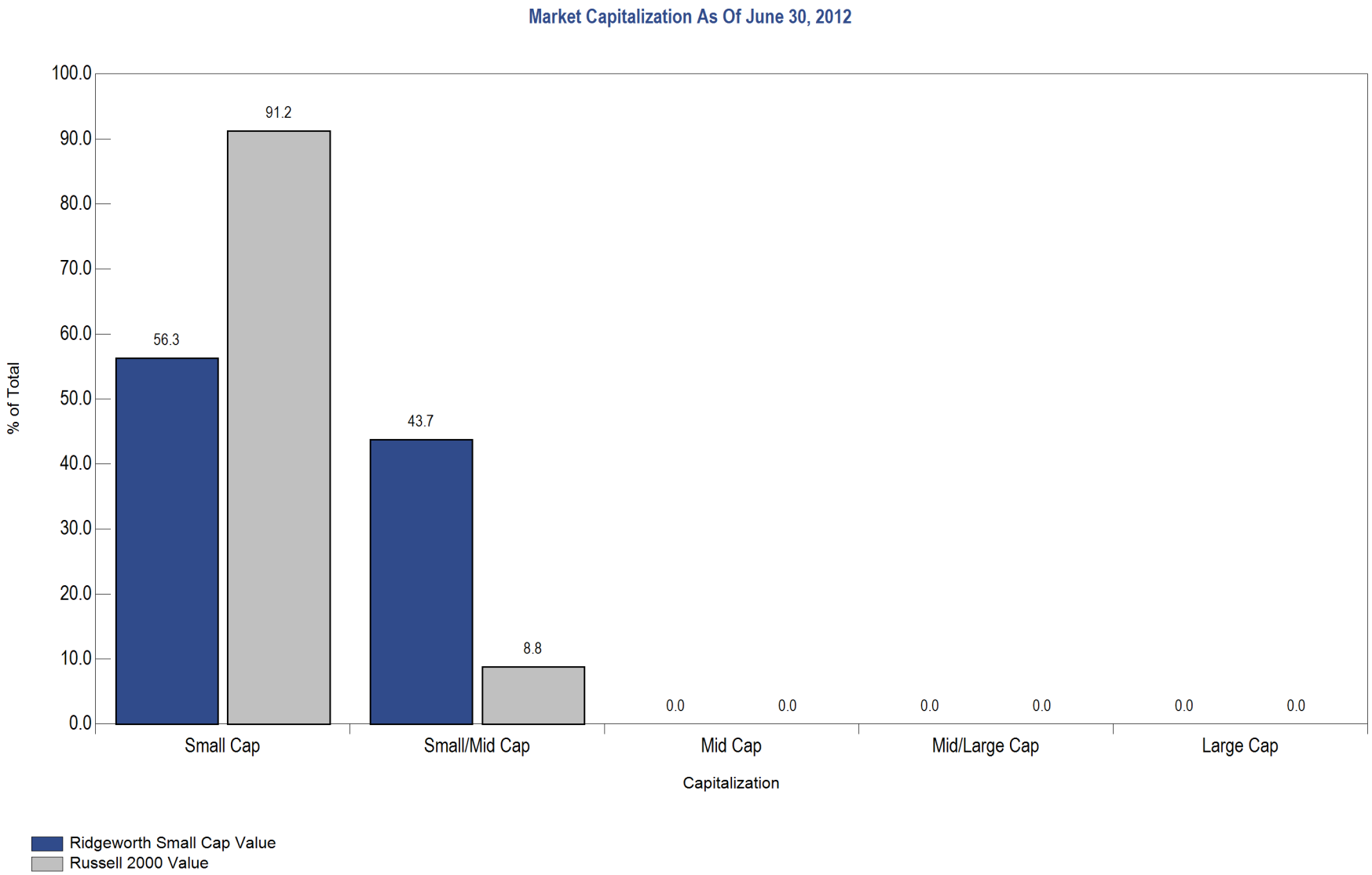
As of June 30, 2012



	Return (Rank)															
5th Percentile	-2.3		5.6		23.0		4.1		2.3		34.5		61.5		-25.4	
25th Percentile	-3.6		0.7		18.8		1.9		-1.9		29.8		36.8		-27.8	
Median	-4.4		-3.0		18.0		0.5		-4.0		26.1		30.9		-31.2	
75th Percentile	-5.2		-4.7		16.5		-0.3		-6.0		23.9		25.2		-34.4	
95th Percentile	-7.0		-6.8		13.7		-1.8		-10.0		18.7		16.4		-45.7	
# of Portfolios	75		72		63		62		69		66		71		81	
● **Ridgeworth Small Cap Value**	-4.8	(64)	-5.2	(79)	18.1	(48)	1.9	(25)	-3.7	(47)	28.8	(30)	36.0	(29)	-32.0	(59)
▲ **Russell 2000 Value**	-3.0	(16)	-1.4	(40)	17.4	(62)	-1.0	(84)	-5.5	(63)	24.5	(72)	20.6	(91)	-28.9	(35)

Ridgeworth Small Cap Value

As of June 30, 2012



Global Equities

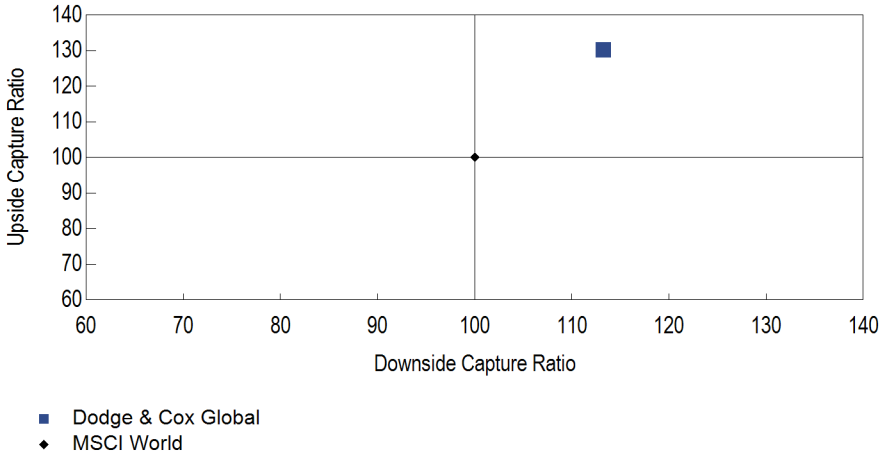
Dodge & Cox Global

As of June 30, 2012

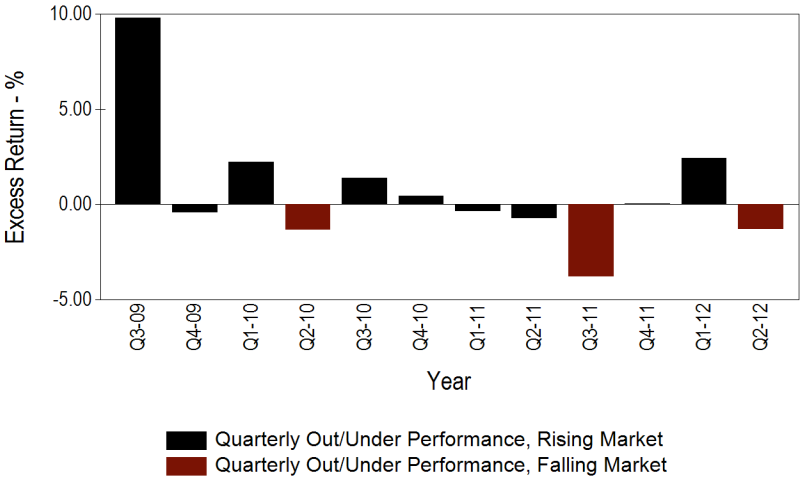
Summary of Cash Flows

	Second Quarter	Year-To-Date
Beginning Market Value	**$1,666,014**	**$1,463,957**
- Withdrawals	$0	$0
- Fees	-$3,639	-$6,434
+ Contributions	$600,000	$600,000
= Net Cash Flow	$600,000	$600,000
+ Net Investment Change	-$152,240	$49,817
= Ending Market Value	**$2,113,774**	**$2,113,774**

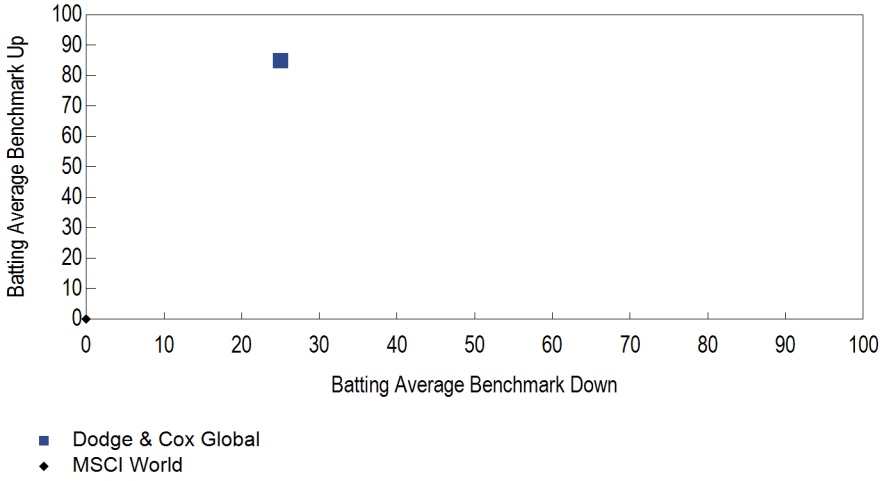
Upside Capture Ratio vs. Downside Capture Ratio
3 Years Ending June 30, 2012



Quarterly Excess Performance



Batting Average Benchmark Up vs. Batting Average Benchmark Down
3 Years Ending June 30, 2012



Dodge & Cox Global

As of June 30, 2012

Asset Allocation

US Equity	$953,356	45.1%
Non-US Equity	$1,107,140	52.4%
US Fixed Inc.	$0	0.0%
Non-US Fixed Inc.	$0	0.0%
Alternative	$0	0.0%
Real Estate	$0	0.0%
Cash	$53,282	2.5%
Other	$0	0.0%

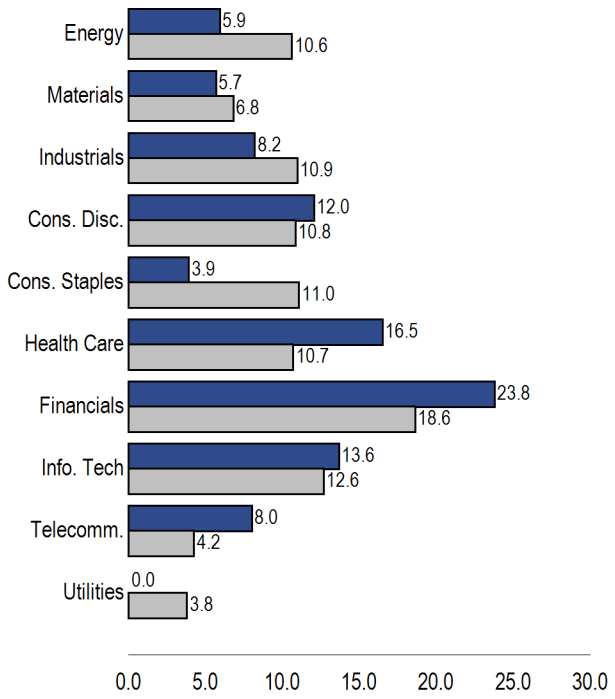
Portfolio Information

	Portfolio	MSCI World
Number of Holdings	101	1,626
Weighted Avg. Market Cap. ($B)	62.15	76.86
Median Market Cap. ($B)	21.55	7.90
Price To Earnings	13.17	15.72
Price To Book	2.20	3.05
Price To Sales	1.58	1.95
Return on Equity (%)	14.77	16.71
Yield (%)	2.85	2.79
Beta	1.17	1.00

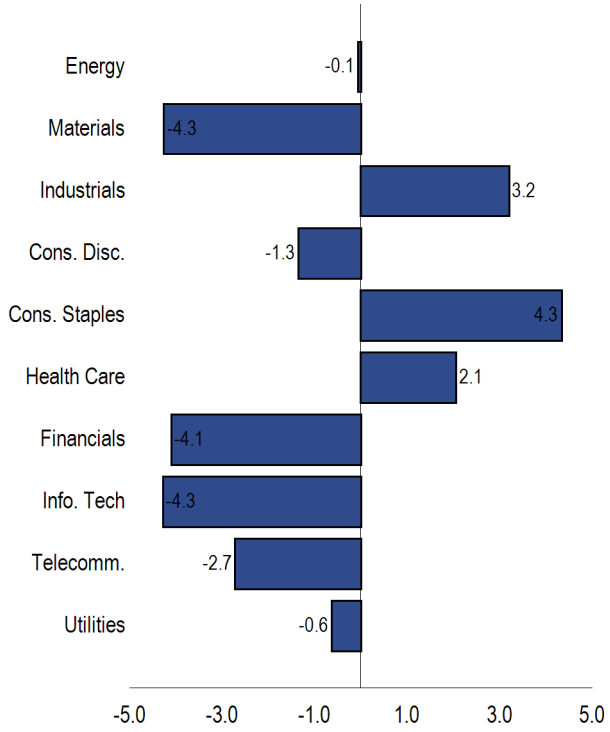
Top Ten Holdings

SANOFI	2.9%
ROCHE HOLDING	2.8%
WELLS FARGO & CO	2.8%
MERCK & CO.	2.7%
HEWLETT-PACKARD	2.6%
WF SHORT-TERM INVESTMENT FUND N	2.5%
MICROSOFT	2.5%
GENERAL ELECTRIC	2.2%
NASPERS	2.1%
CAPITAL ONE FINL.	1.9%
Total For Top Ten Holdings	**25.0%**

Sector Allocation (%) vs MSCI World



Sector Excess Returns (%) vs MSCI World



Best Performers

	Weight %	Return %
AOL (AOL)	1.1%	48.0%
TELEKOMUNIKASI INDO.SPN. ADR 1:40 (TLK)	1.1%	20.5%
WAL MART STORES (WMT)	1.2%	14.7%
SPRINT NEXTEL (S)	1.3%	14.4%
EBAY (EBAY)	0.9%	13.8%

Worst Performers

	Weight %	Return %
NOKIA (M:NOK1)	0.6%	-59.0%
LI NING (K:LNIN)	0.3%	-47.4%
CREDIT SUISSE GROUP N (S:CSGN)	1.5%	-33.5%
SONY (J:SO@N)	0.3%	-32.0%
BARCLAYS (UKIR:BARC)	1.4%	-31.7%

Dodge & Cox Global

As of June 30, 2012

	Return (Rank)													
5th Percentile	-0.2		10.2		3.5		17.9		5.8		26.1		57.2	
25th Percentile	-4.1		7.2		-3.5		13.3		-2.9		16.1		39.9	
Median	-5.9		5.7		-7.2		11.2		-7.7		12.9		31.5	
75th Percentile	-7.7		4.3		-10.6		9.2		-10.8		10.2		27.2	
95th Percentile	-10.8		0.9		-16.6		6.0		-17.9		5.9		20.6	
# of Portfolios	186		180		165		140		162		160		135	
● **Dodge & Cox Global**	-6.5	(61)	6.4	(39)	-9.2	(70)	12.0	(37)	-11.4	(77)	13.5	(45)	49.2	(9)
▲ **MSCI World**	-5.1	(36)	5.9	(47)	-5.0	(33)	11.0	(52)	-5.5	(36)	11.8	(59)	30.0	(60)

Dodge & Cox Global

As of June 30, 2012

Country Allocation

Versus MSCI World - Quarter Ending June 30, 2012

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Americas		
Brazil*	2.3%	0.0%
Mexico*	2.6%	0.0%
United States	45.1%	54.3%
Total-Americas	**50.0%**	**59.2%**
AsiaPacific		
Hong Kong	1.5%	1.2%
India*	0.4%	0.0%
Indonesia*	1.1%	0.0%
Japan	5.5%	8.9%
Korea*	0.3%	0.0%
Total-AsiaPacific	**8.9%**	**14.5%**

Country Allocation

Versus MSCI World - Quarter Ending June 30, 2012

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Europe		
Austria	0.7%	0.1%
Finland	0.6%	0.3%
France	5.9%	3.7%
Germany	2.1%	3.3%
Italy	1.5%	0.9%
Netherlands	4.6%	1.0%
Norway	0.3%	0.4%
Spain	1.1%	1.1%
Sweden	0.6%	1.3%
Switzerland	8.1%	3.5%
United Kingdom	8.0%	9.5%
Total-Europe	**33.5%**	**26.1%**
Other		
South Africa*	3.5%	0.0%
Turkey*	1.7%	0.0%
Total-Other	**5.1%**	**0.2%**

Country Allocation

Versus MSCI World - Quarter Ending June 30, 2012

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	85.6%	100.0%
Emerging*	11.9%	0.0%
Cash	2.5%	

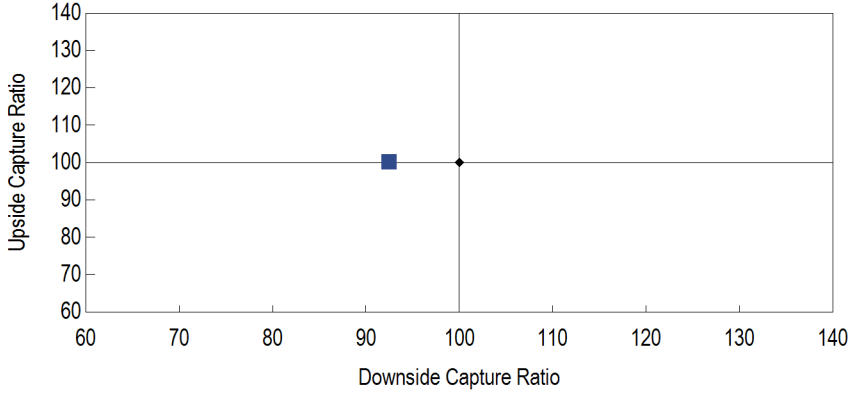
Harding Loevner Global Equity

As of June 30, 2012

Summary of Cash Flows

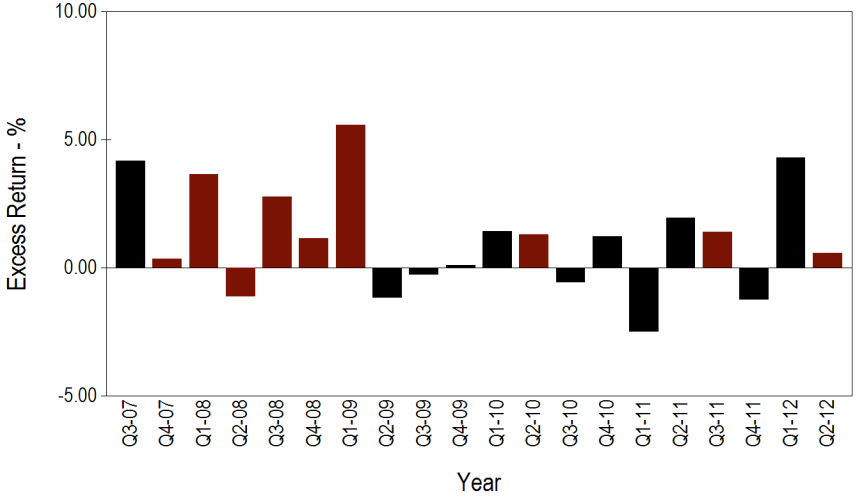
	Second Quarter	Year-To-Date
Beginning Market Value	**$2,943,825**	**$2,539,995**
- Withdrawals	$0	$0
- Fees	-$7,534	-$14,276
+ Contributions	$400,000	$400,000
= Net Cash Flow	$400,000	$400,000
+ Net Investment Change	-$177,697	$226,133
= Ending Market Value	**$3,166,128**	**$3,166,128**

Upside Capture Ratio vs. Downside Capture Ratio
5 Years Ending June 30, 2012



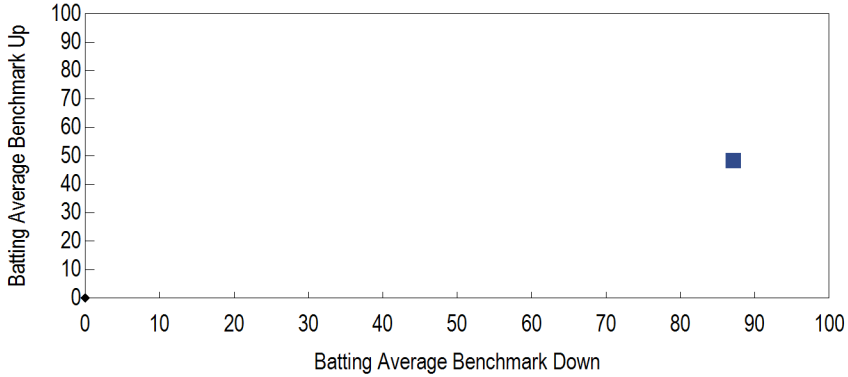
■ Harding Loevner Global Equity
◆ MSCI ACWI

Quarterly Excess Performance



Quarterly Out/Under Performance, Rising Market
Quarterly Out/Under Performance, Falling Market

Batting Average Benchmark Up vs. Batting Average Benchmark Down
5 Years Ending June 30, 2012



■ Harding Loevner Global Equity
◆ MSCI ACWI

Harding Loevner Global Equity

As of June 30, 2012

Asset Allocation

US Equity	$1,669,186	52.7%
Non-US Equity	$1,365,095	43.1%
US Fixed Inc.	$0	0.0%
Non-US Fixed Inc.	$0	0.0%
Alternative	$0	0.0%
Real Estate	$0	0.0%
Cash	$131,850	4.2%
Other	$0	0.0%

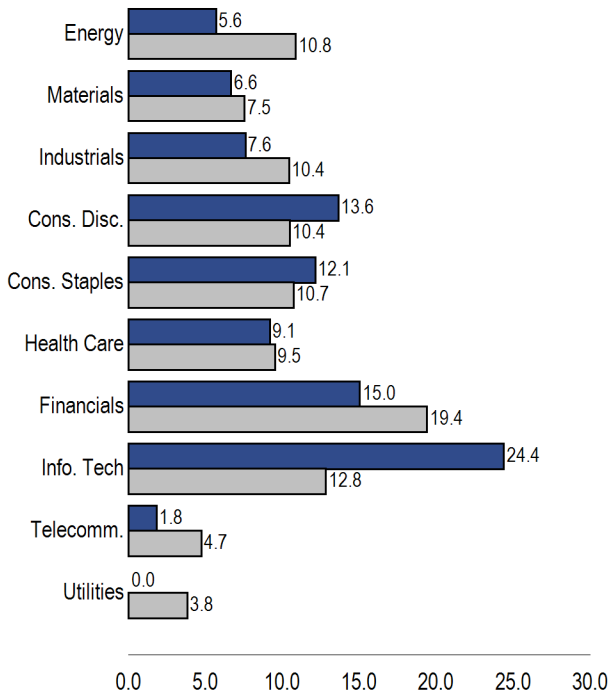
Portfolio Information

	Portfolio	MSCI ACWI
Number of Holdings	68	2,445
Weighted Avg. Market Cap. ($B)	68.90	71.33
Median Market Cap. ($B)	16.87	6.56
Price To Earnings	20.82	15.49
Price To Book	4.12	3.02
Price To Sales	3.07	1.93
Return on Equity (%)	22.56	18.31
Yield (%)	1.72	2.81
Beta	0.94	1.00

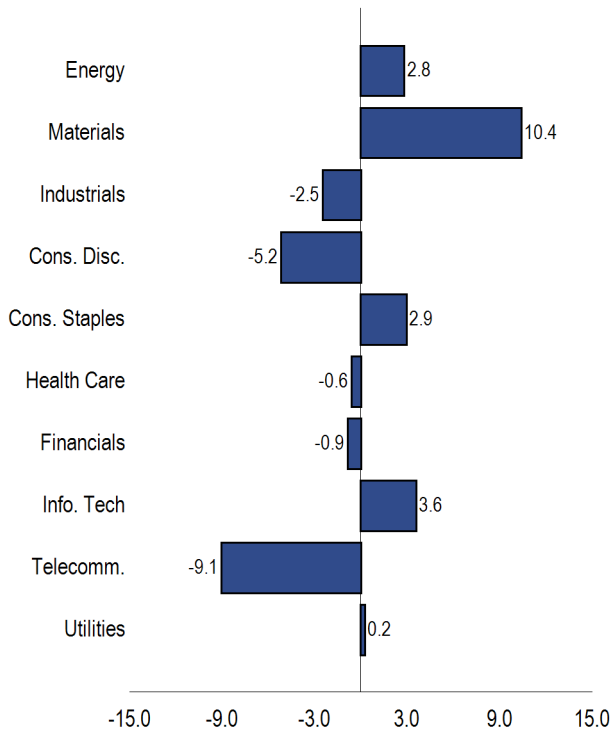
Top Ten Holdings

WF SHORT-TERM INVESTMENT FUND N	4.2%
WELLS FARGO & CO	3.7%
UNI CHARM	3.4%
EBAY	3.3%
NESTLE SPN.ADR.REGD.SHS. ADR 1:1	2.8%
FANUC	2.6%
EMC	2.6%
SCHLUMBERGER	2.5%
CITRIX SYS.	2.3%
SIGMA ALDRICH	2.2%
Total For Top Ten Holdings	**29.5%**

Sector Allocation (%) vs MSCI ACWI



Sector Excess Returns (%) vs MSCI ACWI



Best Performers

	Weight %	Return %
M3 (J:SNET)	1.1%	31.0%
COCA-COLA FEMSA SAB DE CV SR.L ADR 1:10 (KOF)	1.1%	25.8%
EBAY (EBAY)	3.3%	13.8%
AMAZON.COM (AMZN)	1.5%	12.8%
INDITEX (E:IND)	1.3%	9.3%

Worst Performers

	Weight %	Return %
ANTA SPORTS PRODUCTS (K:ANIT)	0.4%	-40.3%
F5 NETWORKS (FFIV)	1.6%	-26.2%
COACH (COH)	1.1%	-24.0%
COGNIZANT TECH.SLTN.'A' (CTSH)	0.8%	-22.0%
JP MORGAN CHASE & CO. (JPM)	1.7%	-21.8%

Harding Loevner Global Equity

As of June 30, 2012

	Return (Rank)								
5th Percentile	-0.2	10.2	3.5	17.9	2.4	5.8	26.1	57.2	-28.9
25th Percentile	-4.1	7.2	-3.5	13.3	-0.4	-2.9	16.1	39.9	-38.3
Median	-5.9	5.7	-7.2	11.2	-2.3	-7.7	12.9	31.5	-41.4
75th Percentile	-7.7	4.3	-10.6	9.2	-4.5	-10.8	10.2	27.2	-45.1
95th Percentile	-10.8	0.9	-16.6	6.0	-6.0	-17.9	5.9	20.6	-53.0
# of Portfolios	186	180	165	140	103	162	160	135	122
● **Harding Loevner Global Equity**	-5.2 (37)	9.8 (7)	-2.8 (23)	12.6 (32)	1.2 (12)	-8.2 (53)	15.6 (31)	40.2 (24)	-38.3 (25)
▲ **MSCI ACWI**	-5.6 (42)	5.7 (51)	-6.5 (46)	10.8 (57)	-2.7 (55)	-7.3 (47)	12.7 (52)	34.6 (39)	-42.2 (57)

Harding Loevner Global Equity

As of June 30, 2012

Country Allocation
Versus MSCI ACWI - Quarter Ending June 30, 2012

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Americas		
Mexico*	1.9%	0.6%
United States	52.7%	47.5%
Total-Americas	**54.7%**	**54.5%**
AsiaPacific		
Australia	1.4%	3.1%
China*	2.0%	2.2%
Hong Kong	1.9%	1.1%
India*	2.2%	0.8%
Indonesia*	0.8%	0.3%
Japan	9.5%	7.8%
Total-AsiaPacific	**17.7%**	**20.2%**

Country Allocation
Versus MSCI ACWI - Quarter Ending June 30, 2012

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Europe		
France	4.4%	3.3%
Netherlands	1.1%	0.8%
Russia*	0.9%	0.7%
Spain	1.3%	1.0%
Sweden	0.9%	1.1%
Switzerland	7.6%	3.0%
United Kingdom	5.2%	8.3%
Total-Europe	**21.3%**	**23.8%**
Other		
South Africa*	0.9%	1.0%
Turkey*	1.3%	0.2%
Total-Other	**2.2%**	**1.5%**

Country Allocation
Versus MSCI ACWI - Quarter Ending June 30, 2012

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	85.9%	87.5%
Emerging*	9.9%	12.5%
Cash	4.2%	

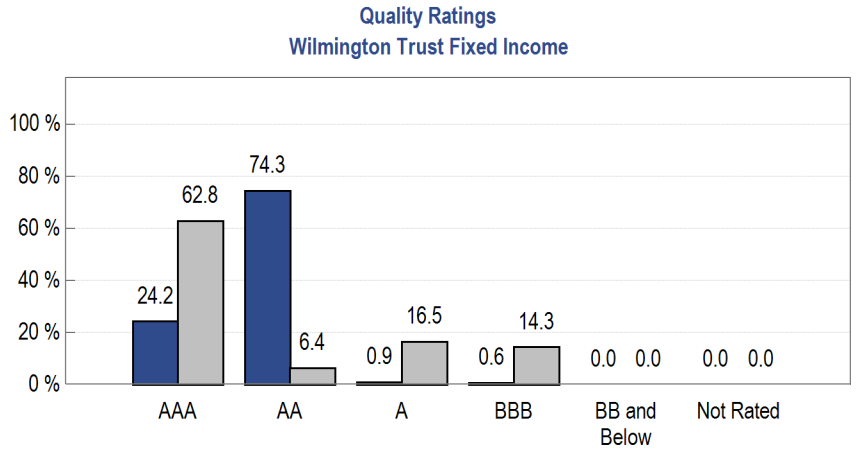
U.S. Fixed Income

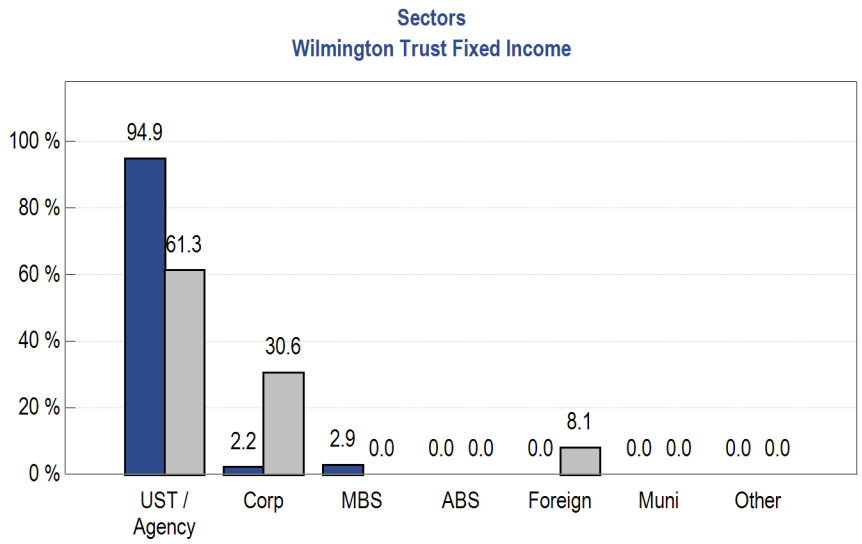
Wilmington Trust Fixed Income

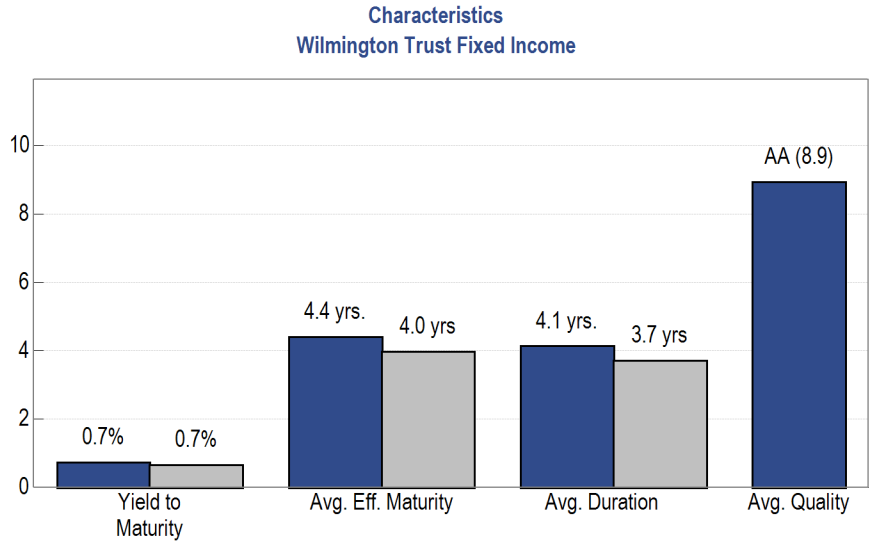
As of June 30, 2012

Summary of Cash Flows

	Second Quarter	Year-To-Date
Beginning Market Value	**$8,966,197**	**--**
- Withdrawals	$0	$0
- Fees	$0	$0
+ Contributions	$0	$9,000,000
= Net Cash Flow	$0	$9,000,000
+ Net Investment Change	$134,089	$100,286
= Ending Market Value	**$9,100,286**	**$9,100,286**







Wilmington Trust Fixed Income Barclays Int Govt.

Sussex County OPEB

U.S. Equity Large Cap Core Manager Search

August 2012

DATA ◆ KNOWLEDGE ◆ WISDOM ◆ RESULTS

PEIRCE PARK GROUP
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II. Detailed Fund Information

III. Return Comparisons

IV. Historic Portfolio Returns

V. Summary & Disclosures

Overview

Overview

Purpose:

- Decrease volatility in the overall portfolio
- Reduce overweight to value equities

Current position:

  - Domestic large cap value – Vanguard Value Index Fund
  - Large cap core (Allianz RCM Disciplined Equity) – Active management

PPG suggests:

  - Replace RCM with another large core manager
  - Replace large value index with large core index

- We believe a high quality equity strategy can offer better downside protection

Process – Selection Criteria

PPG analyzed a universe of investment strategies to determine which products could best:

- **Offer better downside protection** ✓
- **Lower portfolio volatility** ✓
- **Lower portfolio beta** ✓
- **Increase risk-adjusted returns** ✓
- **Complement existing managers** ✓

After extensive analysis, PPG is pleased to present for consideration, the following investment strategies:

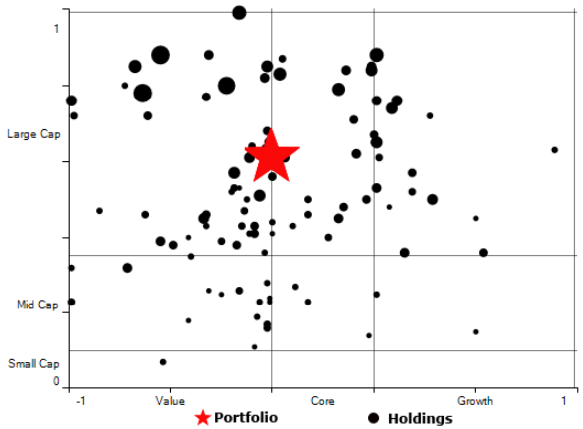
BlackRock ***Equity Dividend***	Legg Mason Clearbridge ***Appreciation***	Vanguard (subadvised by Wellington) ***Dividend Growth***

Market Capitalization & Style

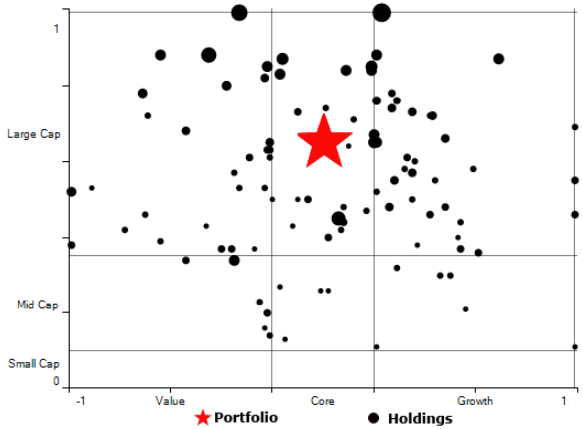
- Goal - put together managers that compliment one another:
  - Enhance diversification
  - Lower portfolio volatility
- All three candidates provide core or core/value approaches

Candidates

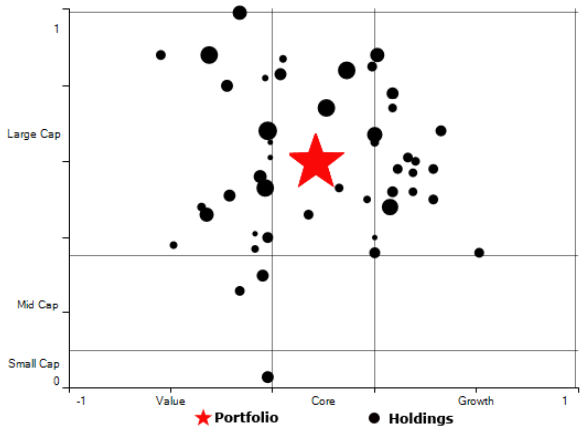
BlackRock Equity Dividend



Legg Mason Clearbridge Appreciation



Vanguard Dividend Growth



Portfolio holdings as of March 31, 2012

Detailed Fund Information

Vanguard Russell 1000 Index Fund - Summary Information

	Vanguard Russell 1000 Index Fund
Strategy Type	Large Cap Core
Strategy Assets ($B)	0.4
Strategy Inception	2010
Ticker	VRNIX
Expense Ratio	0.08%

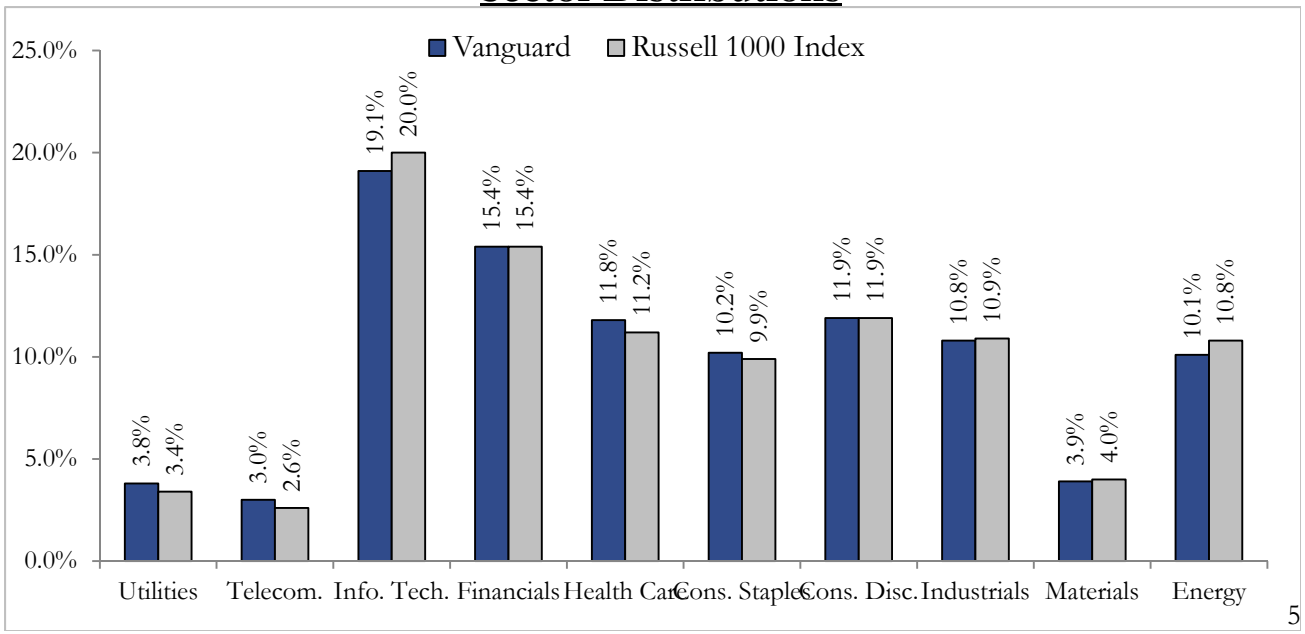
Description:
The fund is designed to track the performance of the Russell 1000 Index. It remains fully invested and employs a passively-managed, full replication strategy.

	Vanguard Russell 1000 Index Fund	Russell 1000 Index
# of Holdings	992	991
Median Mkt. Cap ($B)	40.2	40.2
P/E Ratio	15.8	15.8
P/B Ratio	2.2	2.2
Tracking Error	0.02%	-

Top 10 Holdings, %	
Apple Inc.	3.8
Exxon Mobil	3.0
IBM	1.7
Microsoft Corp.	1.7
Chevron Corp.	1.5
General Electric Co.	1.5
Procter & Gamble	1.3
AT&T Inc.	1.3
JPMorgan Chase & Co.	1.3
Johnson & Johnson	1.3
TOTAL	**18.3**

Portfolio characteristics as of June 30, 2012

Sector Distributions



Fund Information

	BlackRock Equity Dividend	Legg Mason Clearbridge Appreciation	Vanguard Dividend Growth (Wellington)
Strategy Type	Large Cap Core/Value	Large Cap Core	Large Cap Core
Firm Assets ($B)	3,864	57	1,919 (719)
Strategy Assets ($B)	30	7	10 (11)
Strategy Inception	1987	1970	2002
Portfolio Managers	3	2	3
Ticker	MADVX	LMESX	VDIGX
Expense Ratio	0.76%	0.61%	0.31%
# of Holdings	112	102	49
Turnover Ratio	5%	27%	13%

Portfolio characteristics as of March 31, 2012

BlackRock Equity Dividend

Portfolio Management:

- Team-oriented (led by 3 managers) approach with focus on equity dividend securities

Looking for companies with…

- Conservative balance sheets
  - Low debt levels
- History of dividend payments
  - Ability to pay
- Strong management teams
  - Consistency

- Believe that dividend-paying securities act as a buffer against market volatility

Legg Mason Clearbridge Appreciation

Portfolio Management:

- Led by 2 portfolio managers supported by a firm-wide fundamental research team

Looking for…

- High quality, blue-chip companies with dominant market positions
  - Recognized industry leadership
- Effective management teams
  - Exhibit desire to earn consistent returns for shareholders
- Superior balance sheets
  - Strong or rapidly improving
- Sustained earnings growth

Vanguard Dividend Growth

Portfolio Management:

- Wellington Management Co. is the subadvisor for the portfolio
- 1 lead portfolio manager supported by 2 senior portfolio managers and 3 senior research analysts
  - Team leverages the firm-wide resources of Wellington's global reach, including over 100 analysts and traders

Looking for companies that…

- Are expected to consistently return cash to shareholders in the form of a growing dividend
  - Emphasize stable operating characteristics over long periods
- Possess the following characteristics:
  - Below average debt-to-capital
  - Above average and improving return on capital
  - Strong operations and effective management
  - High quality business

Top 10 Holdings[1] (%)

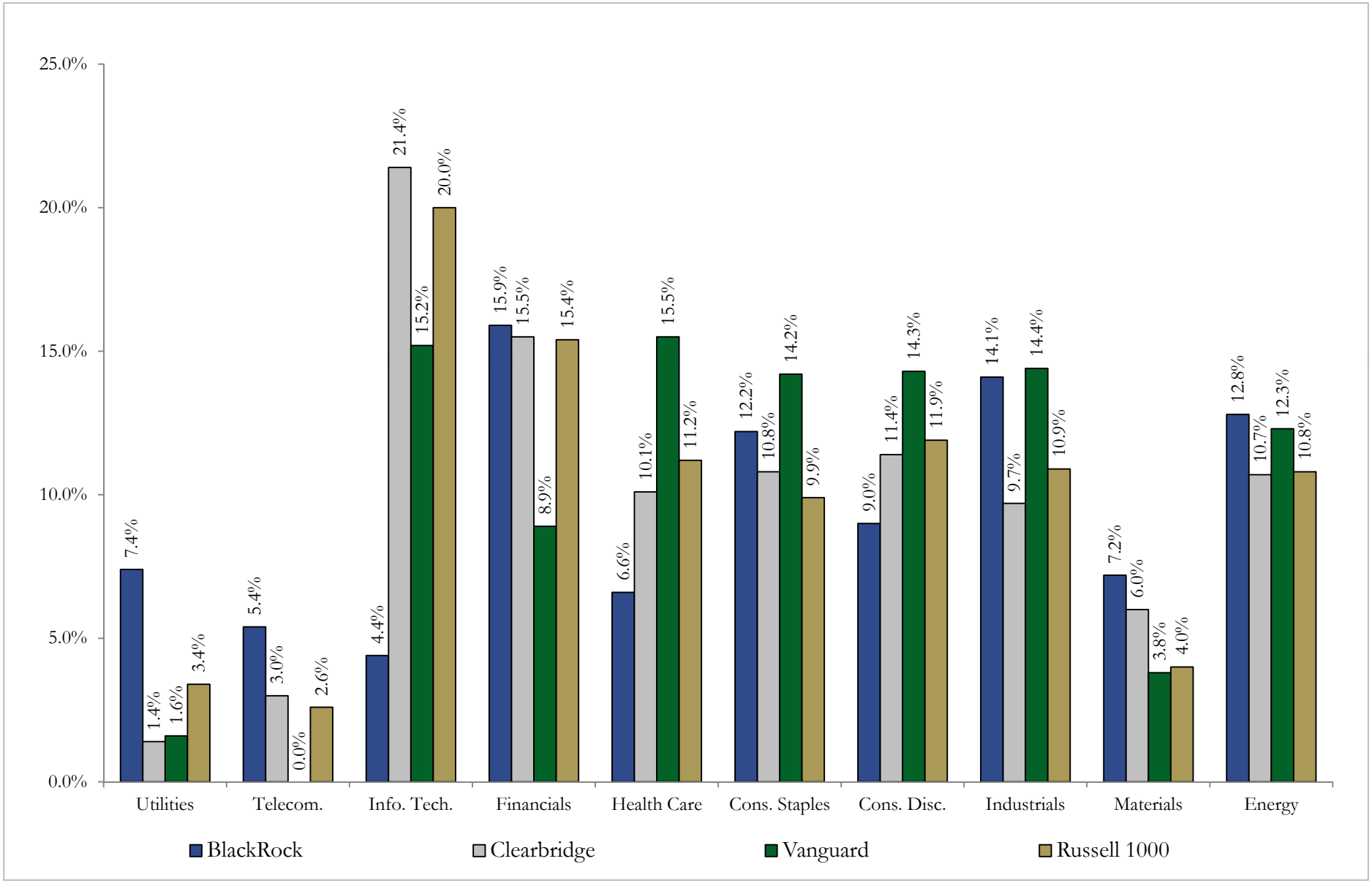
BlackRock	
Proshares Ultra Semiconductors	4.9
JP Morgan Chase & Co	3.0
Chevron	3.0
Wells Fargo & Co	2.8
Exxon Mobil	2.1
IBM	2.0
Caterpillar	2.0
Philip Morris Int'l	1.9
BHP Billiton	1.8
Pfizer	1.8
TOTAL	**25.3**

Clearbridge	
Cash	4.4
Apple	4.0
Exxon Mobil	3.5
Microsoft	3.0
Travelers Cos	2.9
Comcast 'A'	2.4
Walt Disney	2.3
Procter & Gamble	2.2
Wal-Mart Stores	2.1
United Parcel Service	1.9
TOTAL	**28.7**

Vanguard	
Occidental Petroleum	3.4
Johnson & Johnson	3.3
Pepsico	3.3
Target	3.3
Microsoft	3.2
Automatic Data Proc.	3.0
Cash	2.9
United Parcel Service	2.8
General Dynamics	2.7
Exxon Mobil	2.7
TOTAL	**30.6**

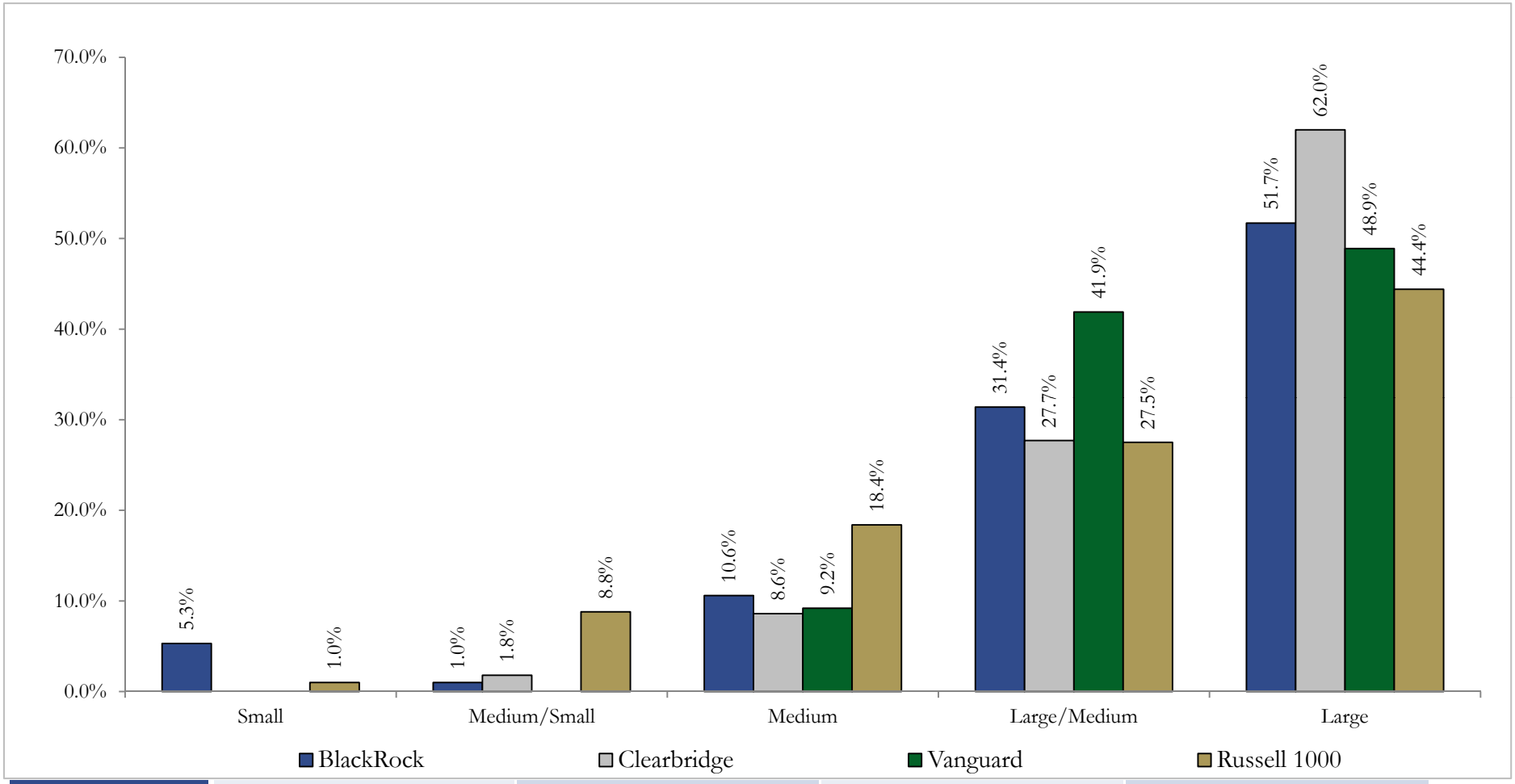
[1]Portfolio characteristics as of March 31, 2012

Fund Comparison – Sector Distributions as % of total portfolio



Portfolio characteristics as of March 31, 2012

Fund Comparison – Market Capitalization as % of total portfolio



Weighted Avg Mkt Cap ($B)	**87.4**	**124.0**	**91.4**	**97.6**
Median Mkt Cap ($B)	**29.4**	**39.0**	**48.6**	**5.7**

Key Observations: Legg Mason Clearbridge Appreciation has a high weighted average market capitalization. Vanguard Dividend Growth has no exposure to smaller companies.

Portfolio characteristics as of March 31, 2012

Fund Comparison – Valuation Metrics

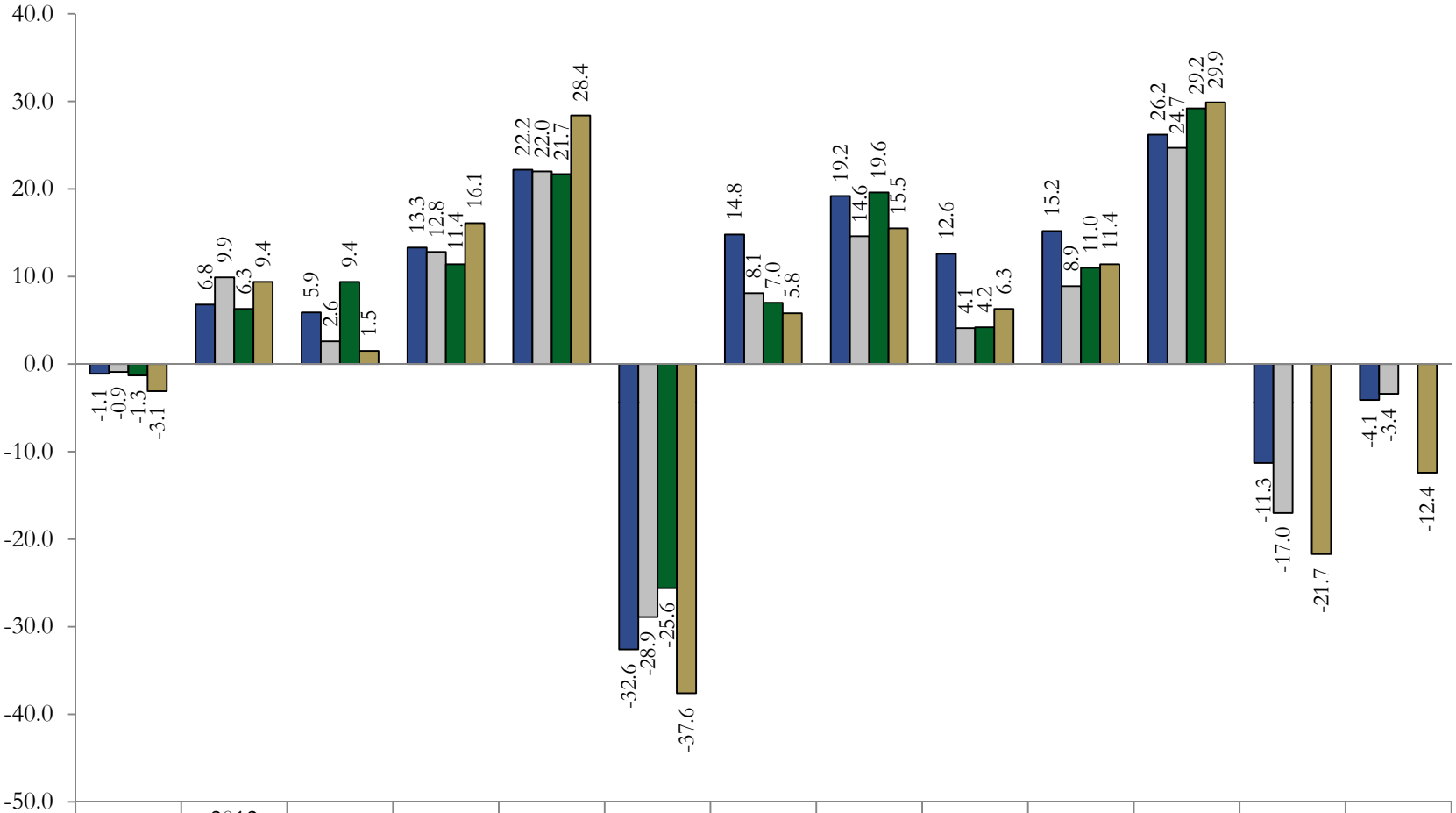
	BlackRock	Clearbridge	Vanguard	Russell 1000
P/E (Mean)	17.3	17.8	16.5	17.8
P/E (Median)	16.2	17.1	16.5	17.2
P/B (Mean)	3.1	3.5	4.4	3.7
P/B (Median)	2.2	2.7	2.9	2.3
Price to Cash Flow	9.5	10.7	10.7	10.9
EPS Growth (last 5Yrs.)	5.2	5.2	7.1	7.4
Dividend Yield (%)	2.9	2.2	2.5	1.9
Key Observations	**Lowest Price/Book**	**Highest Price/Earnings**	**Highest Earnings Growth**	

Price to Earnings – Price per share divided by earnings per share.
Price to Book – Price per share divided by book value per share.
Price to Cash Flow – Price per share divided by cash flow per share.
Dividend Yield – A valuation ratio calculated as annualized dividend per share divided by price per share.
Earnings Per Share – The weighted average of the income earned per share of common stock over a 5 year period.

Portfolio characteristics as of March 31, 2012

Return Comparisons

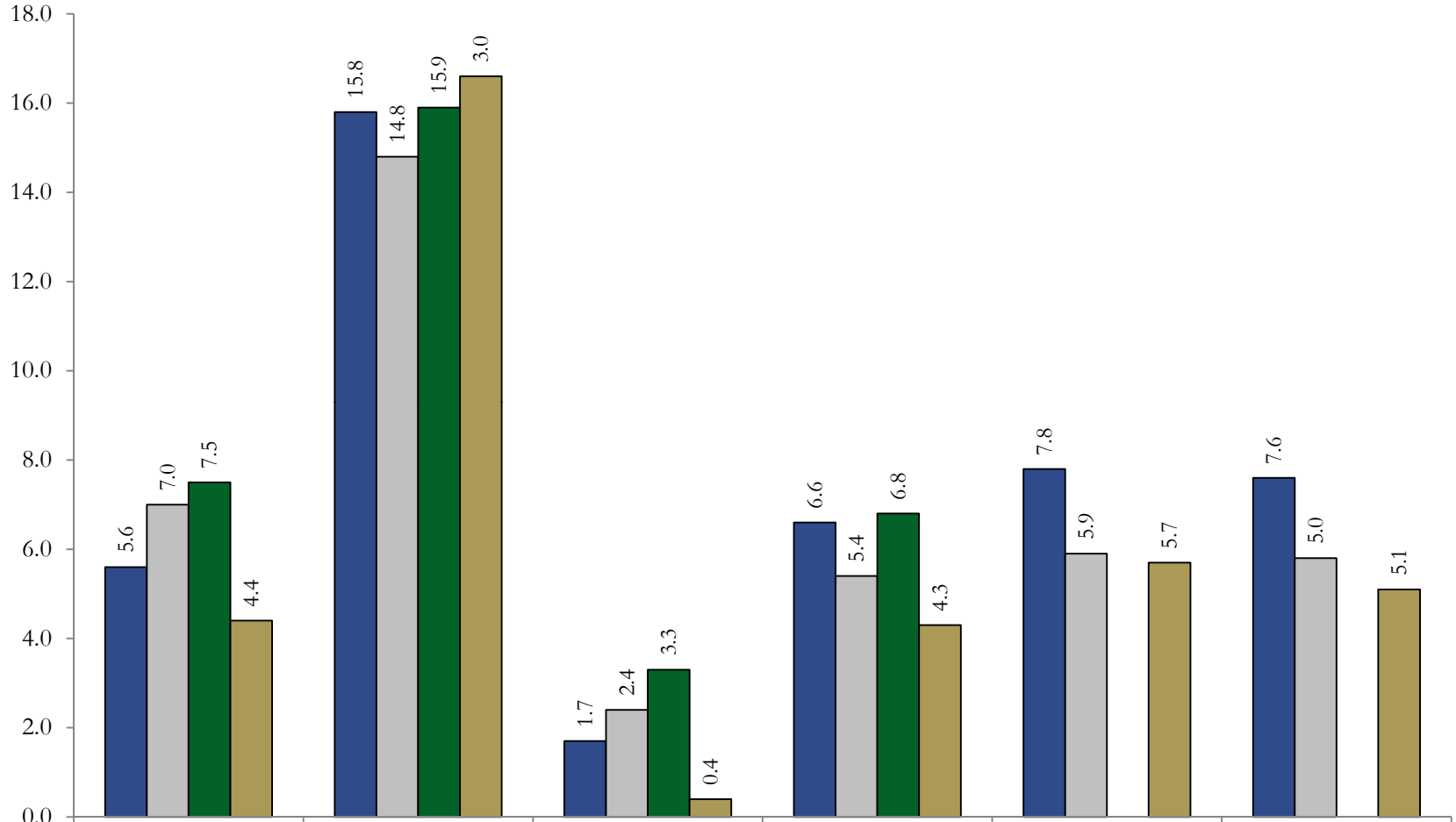
Yearly Returns (%)



	QTR	2012 YTD	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
BlackRock	-1.1	6.8	5.9	13.3	22.2	-32.6	14.8	19.2	12.6	15.2	26.2	-11.3	-4.1
Clearbridge	-0.9	9.9	2.6	12.8	22.0	-28.9	8.1	14.6	4.1	8.9	24.7	-17.0	-3.4
Vanguard	-1.3	6.3	9.4	11.4	21.7	-25.6	7.0	19.6	4.2	11.0	29.2		
Russell 1000	-3.1	9.4	1.5	16.1	28.4	-37.6	5.8	15.5	6.3	11.4	29.9	-21.7	-12.4

Fund returns are net of investment management fees

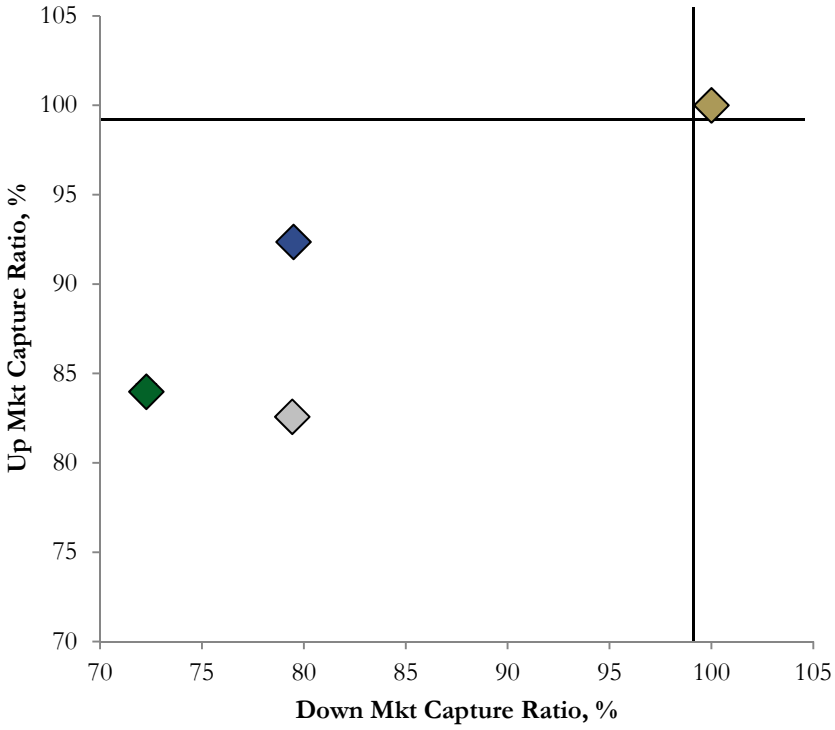
Cumulative Returns (Annualized %)

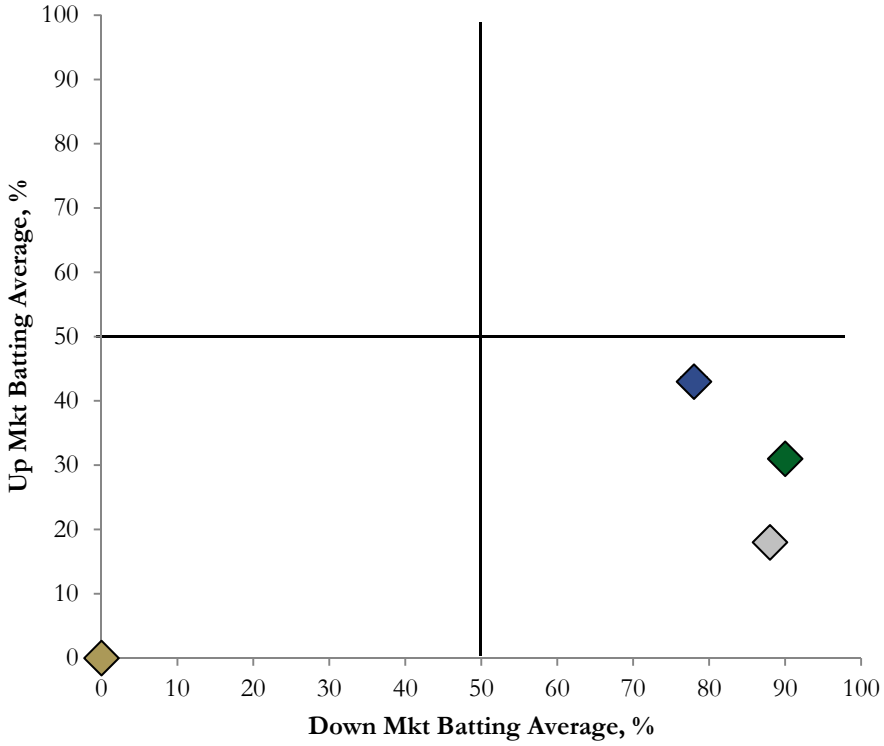


	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
BlackRock	5.6	15.8	1.7	6.6	7.8	7.6
Clearbridge	7.0	14.8	2.4	5.4	5.9	5.8
Vanguard	7.5	15.9	3.3	6.8		
Russell 1000	4.4	16.6	0.4	4.3	5.7	5.1

Fund returns are net of investment management fees through June 30, 2012

Up/Down Market Participation – Dec. 31, 2002 - June 30, 2012



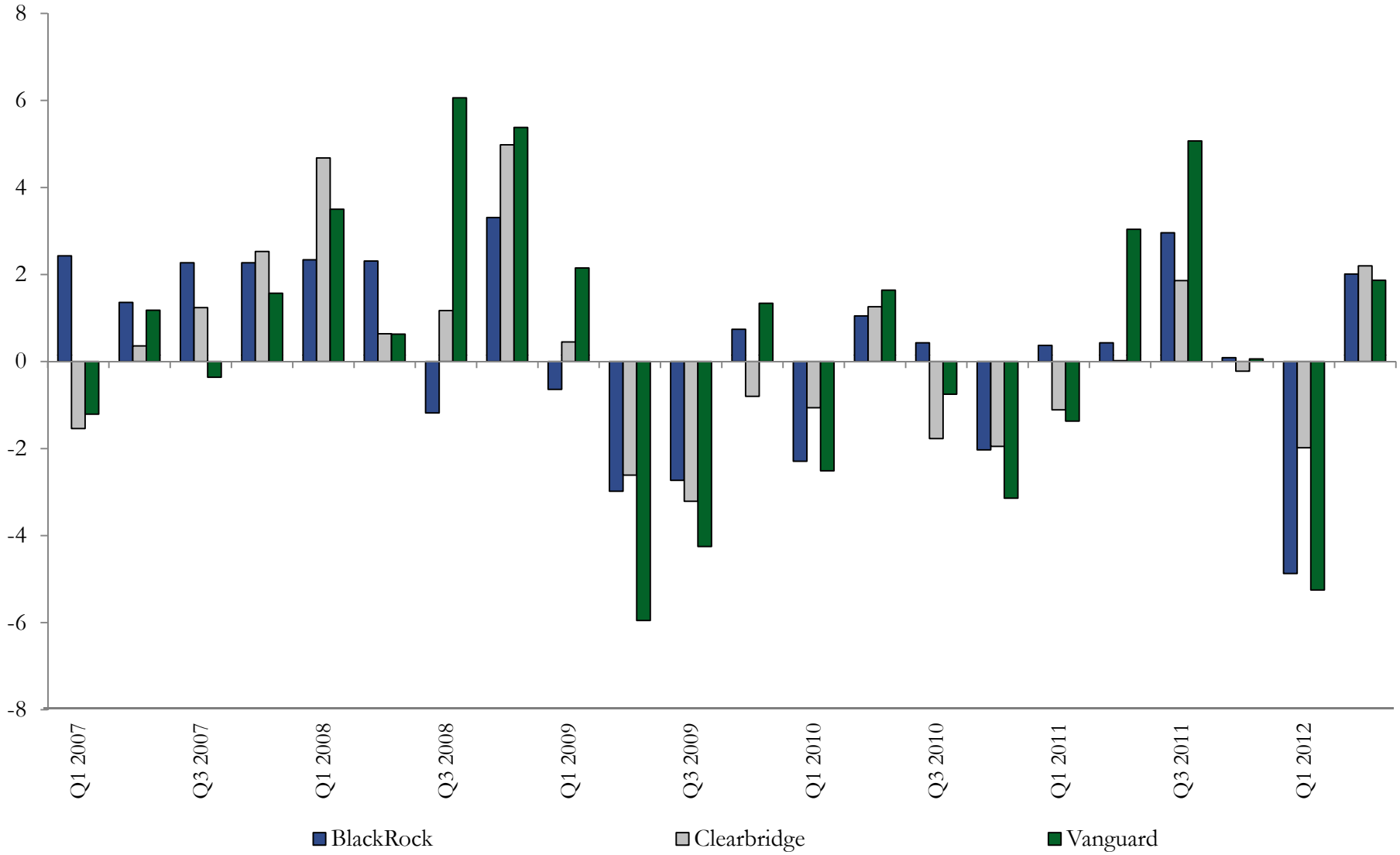


BlackRock Clearbridge Vanguard Russell 1000

Up Market Capture Ratio – Average return of portfolio calculated using only periods with positive market return. Capture ratio of greater than 100% is considered desirable.
Down Market Capture Ratio – Average return of portfolio calculated using only periods with negative market return. Capture ratio of less than 100% is considered desirable.
Batting Average – Measures the percentage frequency with which the manager has beaten benchmark over a given time frame. Ratio between number of periods where the manager outperforms benchmark and total number of periods.

Fund returns are net of investment management fees through June 30, 2012. Common time period is Dec. 31, 2002 – June 30, 2012

Quarterly Returns in Excess of Russell 1000 (%)



Fund returns are net of investment management fees through June 30, 2012

Risk/Return Statistics – Dec. 31, 2002 - June 30, 2012

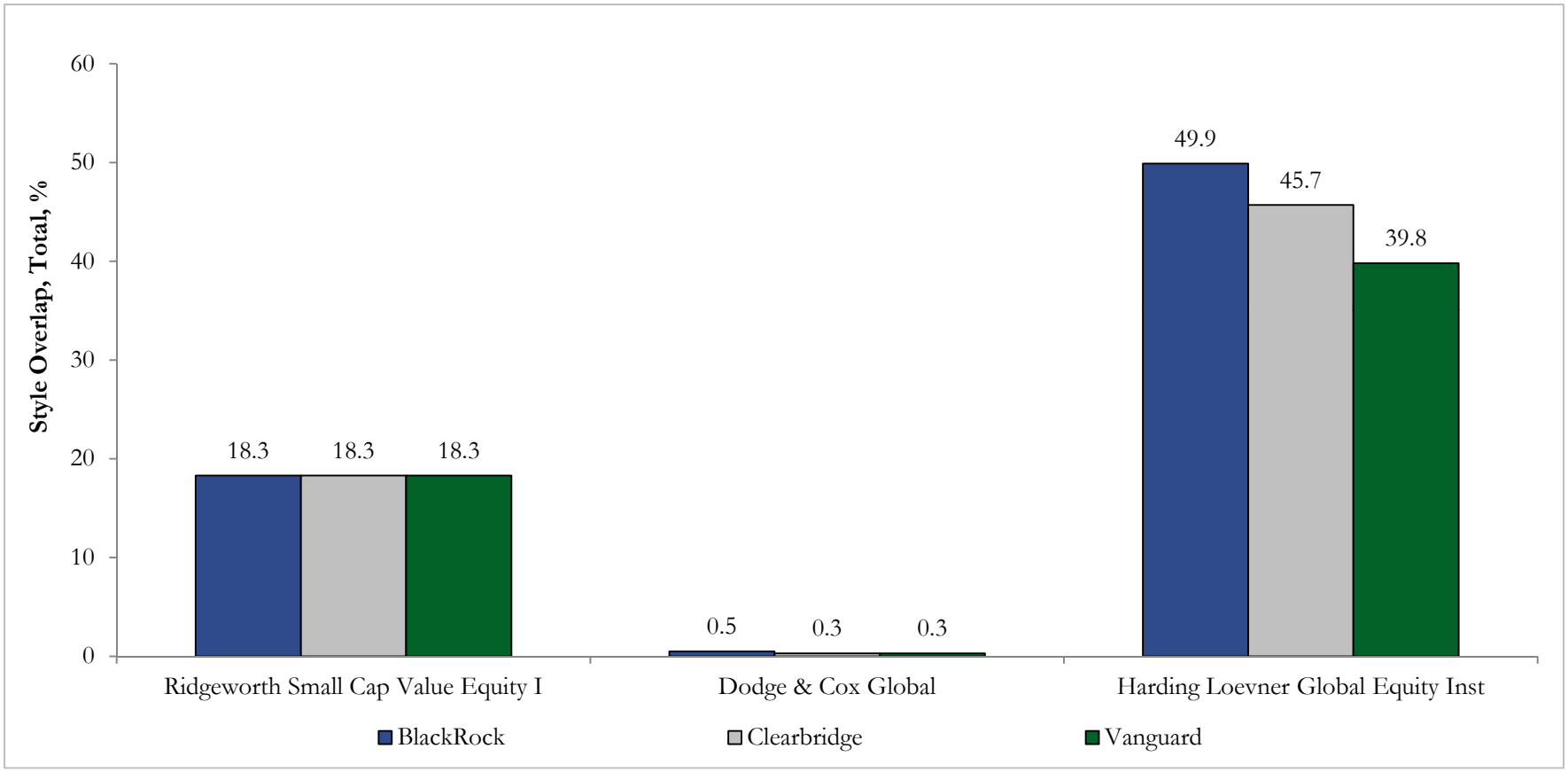
	BlackRock	Clearbridge	Vanguard	Russell 1000
Annualized Return, %	**9.5**	**7.2**	**8.9**	**7.2**
Annualized Std. Dev., %	**13.8**	**12.8**	**12.5**	**15.4**
Best 3 Month Return, %	**22.9**	**21.7**	**19.8**	**26.4**
Worst 3 Month Return, %	**(25.9)**	**(24.3)**	**(22.6)**	**(31.0)**
Max Drawdown Return	**(46.0)**	**(41.8)**	**(38.0)**	**(51.1)**
Beta	**0.85**	**0.82**	**0.79**	**1.00**
Tracking Error, %	**4.87**	**3.39**	**4.59**	**0.00**
Key Observations	• **Highest returns** • **Highest volatility**	• **Lowest tracking error** • **Low volatility**	• **Lowest volatility** • **Best drawdown return**	

Beta – Measures portfolio's sensitivity to market movements and used to evaluate market related risk. Beta greater than 1 indicates greater volatility than the market. Beta lower than 1 indicates lower volatility than the market.
Tracking Error –Standard deviation of excess returns. Describes extent to which manager's performance varies from benchmark. The higher, the more it varies.
Standard Deviation – Measures volatility of manager's returns. Extent to which returns vary from average return.

Fund returns are net of investment management fees through June 30, 2012. Common time period is Dec. 31, 2002 – June 30, 2012

Style Overlap – 5 Years through June 30, 2012

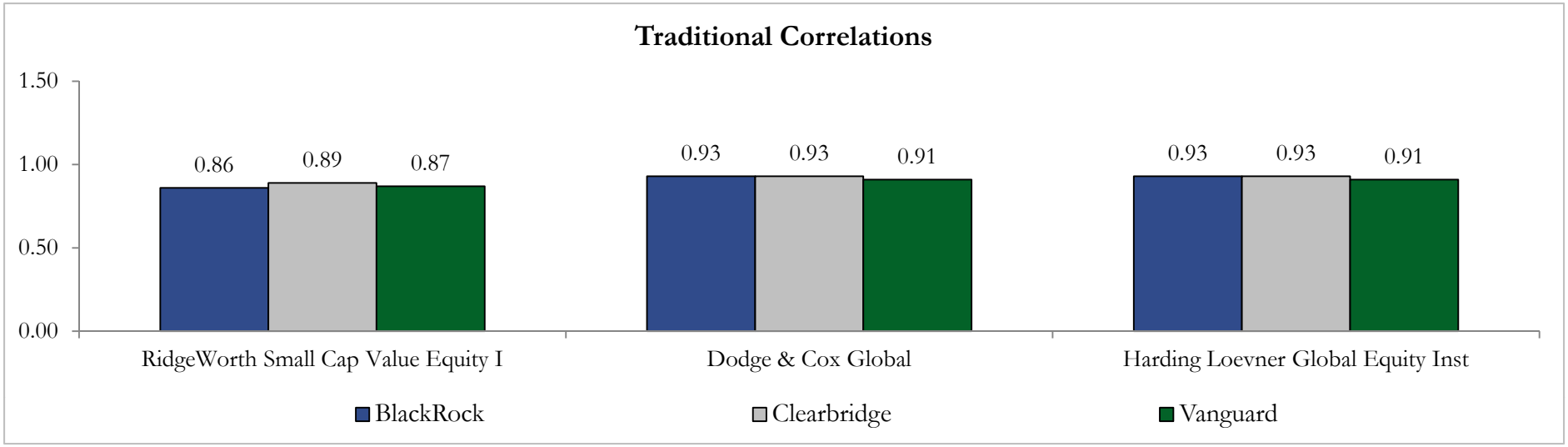
Chart below measures amount of overlap between new managers and current managers investment style.

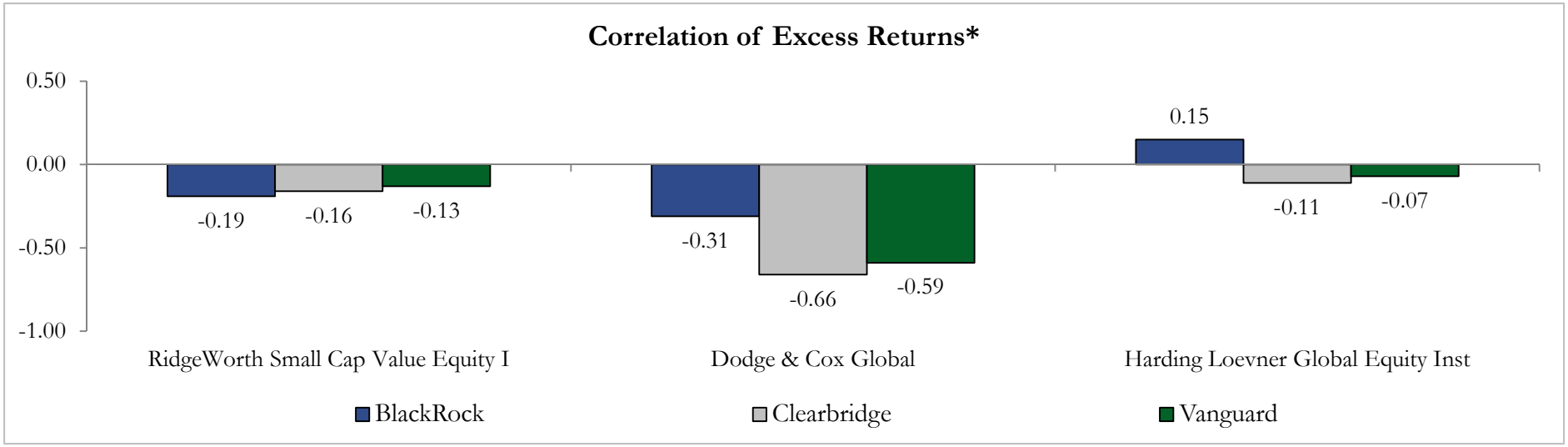


Example: between BlackRock and Ridgeworth, 18.3% of their portfolios overlap investment styles. A lower number is desirable for purposes of diversification.

Please note: Dodge & Cox Global inception date is May 2008. Prior to that period, we blended two of their existing products – US equity and International Equity in proportion to their average global equity exposure since inception. This gives us a representative style and return pattern prior to May 2008.

Correlations – Dec. 31, 2002 - June 30, 2012





*Measures the correlation of returns in excess of Sussex OPEB's equity portion of policy index (48% Russell 3000, 12% MSCI EAFE).

Key Observations: Clearbridge and Vanguard: substantial negative correlation of excess returns with Dodge & Cox Global.
All managers have low-to-negative correlation of excess returns with existing managers.

Please note: Dodge & Cox Global inception date is May 2008. Prior to that period, we blended two of their existing products – US equity and International Equity in proportion to their average global equity exposure since inception. This gives us a representative style and return pattern prior to May 2008.

Putting the Pieces Together

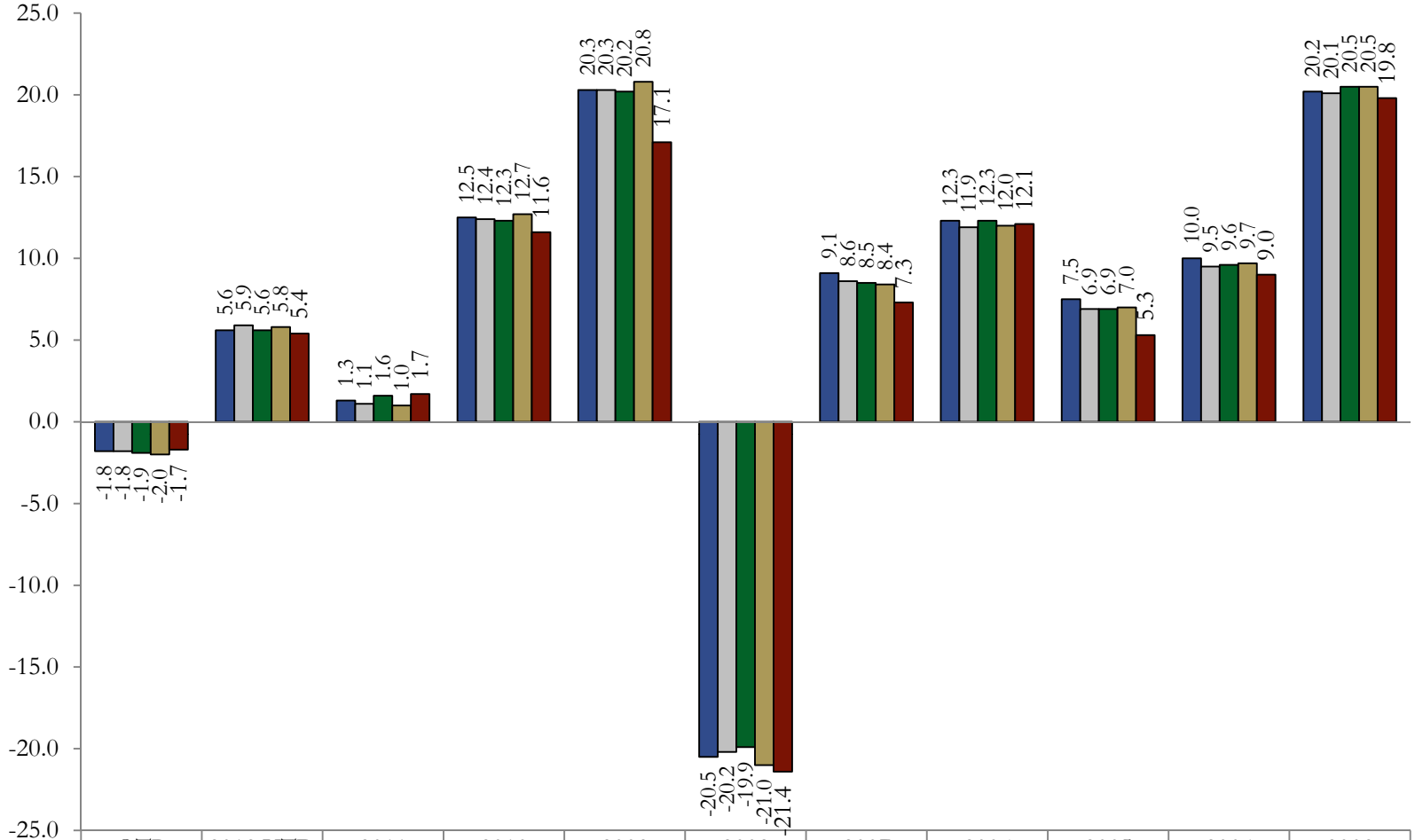
Historic Portfolio Returns

Portfolio Mixes

	w/ BlackRock	w/ Clearbridge	w/ Vanguard	Indexing
BlackRock Equity Dividend	**8**	**-**	**-**	**-**
Legg Mason Clearbridge Appreciation	**-**	**8**	**-**	**-**
Vanguard Dividend Growth	**-**	**-**	**8**	**-**
Vanguard Russell 1000 Index Fund	**22**	**22**	**22**	**30**
Ridgeworth Small Cap Value	**7**	**7**	**7**	**7**
Dodge & Cox Global	**9**	**9**	**9**	**9**
Harding Loevner Global Equity	**14**	**14**	**14**	**14**
Intermediate Gov't Bonds	**40**	**40**	**40**	**40**

Portfolios assume quarterly rebalancing

Yearly Returns (%)

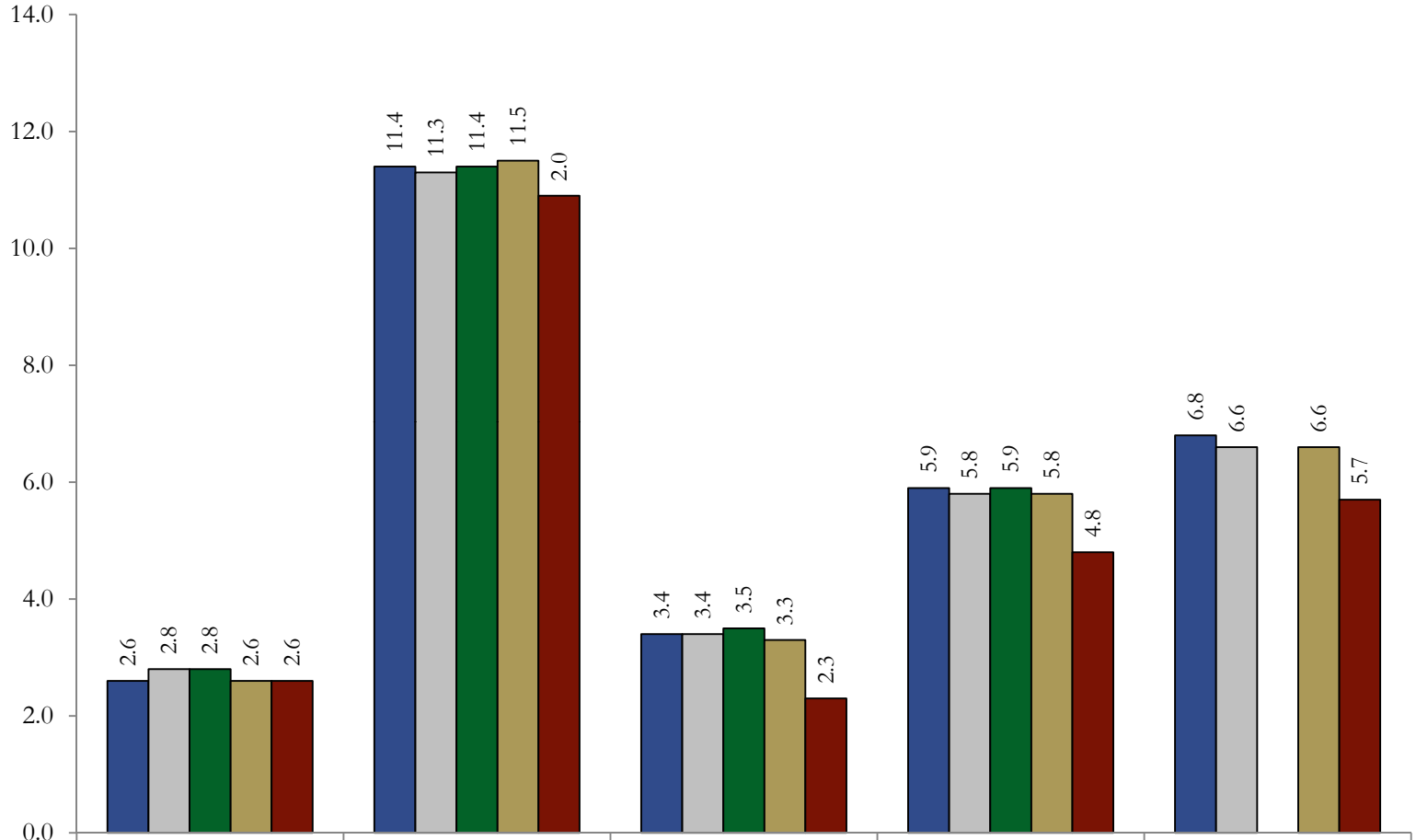


	QTR	2012 YTD	2011	2010	2009	2008	2007	2006	2005	2004	2003
w/ BlackRock	-1.8	5.6	1.3	12.5	20.3	-20.5	9.1	12.3	7.5	10.0	20.2
w/ Clearbridge	-1.8	5.9	1.1	12.4	20.3	-20.2	8.6	11.9	6.9	9.5	20.1
w/ Vanguard	-1.9	5.6	1.6	12.3	20.2	-19.9	8.5	12.3	6.9	9.6	20.5
w/ Just Index	-2.0	5.8	1.0	12.7	20.8	-21.0	8.4	12.0	7.0	9.7	20.5
Sussex OPEB Policy Index	-1.7	5.4	1.7	11.6	17.1	-21.4	7.3	12.1	5.3	9.0	19.8

Fund returns are net of investment management fees

Please note: Dodge & Cox Global inception date is May 2008. Prior to that period, we blended two of their existing products – US equity and International Equity in proportion to their average global equity exposure since inception. This gives us a representative style and return pattern prior to May 2008.

Cumulative Returns (Annualized %)

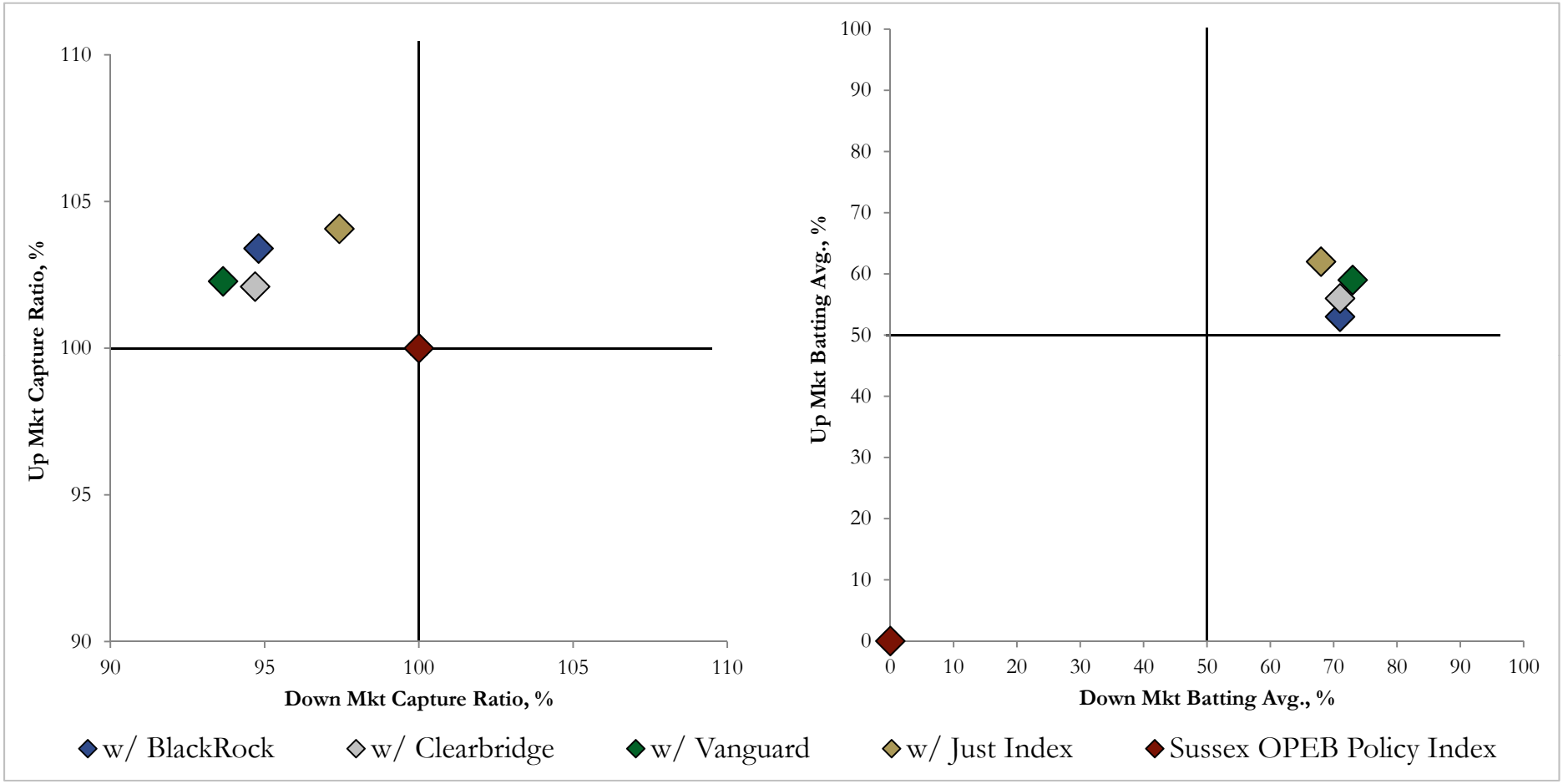


	1 Year	3 Years	5 Years	7 Years	10 Years
w/ BlackRock	2.6	11.4	3.4	5.9	6.8
w/ Clearbridge	2.8	11.3	3.4	5.8	6.6
w/ Vanguard	2.8	11.4	3.5	5.9	
w/ Just Index	2.6	11.5	3.3	5.8	6.6
Sussex OPEB Policy Index	2.6	10.9	2.3	4.8	5.7

Fund returns are net of investment management fees through June 30, 2012

Please note: Dodge & Cox Global inception date is May 2008. Prior to that period, we blended two of their existing products – US equity and International Equity in proportion to their average global equity exposure since inception. This gives us a representative style and return pattern prior to May 2008.

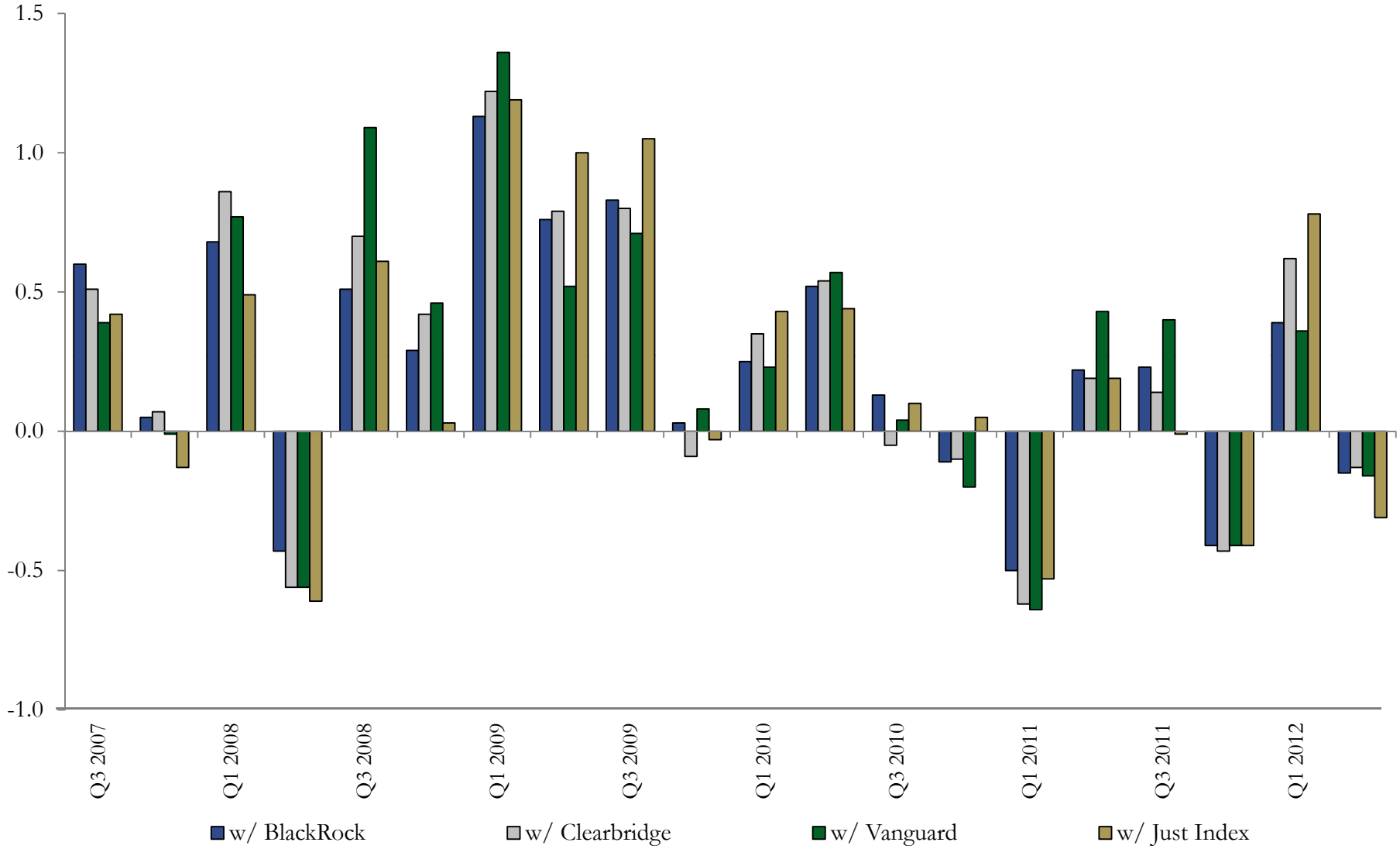
Up/Down Market Participation – Dec. 31, 2002 - June 30, 2012



Fund returns are net of investment management fees.

Please note: Dodge & Cox Global inception date is May 2008. Prior to that period, we blended two of their existing products – US equity and International Equity in proportion to their average global equity exposure since inception. This gives us a representative style and return pattern prior to May 2008.

Quarterly Returns in Excess of Policy Index (%)



Fund returns are net of investment management fees.

Please note: Dodge & Cox Global inception date is May 2008. Prior to that period, we blended two of their existing products – US equity and International Equity in proportion to their average global equity exposure since inception. This gives us a representative style and return pattern prior to May 2008.

Risk/Return Statistics – Dec. 31, 2002 - June 30, 2012

	w/ BlackRock	w/ Clearbridge	w/ Vanguard	w/ Just Index	Sussex OPEB Policy Index
Annualized Return, %	7.6	7.4	7.5	7.4	6.5
Annualized Std. Dev., %	9.4	9.4	9.3	9.6	9.4
Best 3 Month Return	17.8	17.7	17.6	18.1	16.4
Worst 3 Month Return	(18.5)	(18.4)	(18.2)	(18.9)	(18.8)
Max Drawdown Return	(30.4)	(30.0)	(29.7)	(30.9)	(32.0)
Beta	1.00	0.99	0.99	1.01	1.00
Tracking Error, %	0.92	0.83	0.88	0.84	-

Fund returns are net of investment management fees.

Key Observations:

- **Lowered the portfolio's overall beta** ✓
- **Lowered the portfolio's volatility** ✓
- **Offered better downside protection** ✓
- **Increased risk-adjusted returns** ✓

Please note: Dodge & Cox Global inception date is May 2008. Prior to that period, we blended two of their existing products – US equity and International Equity in proportion to their average global equity exposure since inception. This gives us a representative style and return pattern prior to May 2008.

Summary & Disclosures

Summary

BlackRock	• Best 10 year return • Distinct value tilt • Highest tracking error • Highest cost
Clearbridge	• Lowest tracking error • Highest weighted average market capitalization • Strongest negative correlation of excess returns with existing managers. • Highest price/earnings
Vanguard	• Lowest cost • Lowest volatility • Best 2008 return and lowest maximum loss • Highest historical earnings growth • Relatively concentrated (40-60 holdings)

PEIRCE PARK GROUP

REPORTING SERVICES INFORMATION DISCLAIMER

Peirce Park Group has exercised reasonable professional care in the preparation of this report. Peirce Park Group relies on various sources and database. Information in this report on investment returns, market indices, and security characteristics is received from various databases. Therefore, we can make no guarantee as to the completeness or accuracy of that information. This report analysis does not constitute a recommendation to invest with any of the firms.

SUSSEX COUNTY ECONOMIC DEVELOPMENT

Presentation to Sussex County Council
August 21, 2012

Activity Update & Business Development Package

Recent Activity

Jobs and Housing

Healthcare

Quality of Life

New Business

Business Expansion

Financial Assistance

Jobs and Housing

- 1,225 net new jobs created in Sussex between April 2011 and 2012. These jobs are mainly in Hospitality and Healthcare according to the U.S. Department of Housing and Urban Development*
- Existing home sales up 50.3% over June 2011, year over year sales price up 13.5% according to Trend MLS/SCAOR

Healthcare

- Healthier Sussex County collaboration announced in July
- Bayhealth, Beebe and Nanticoke work together
- Education
- Health behaviors
- Differences in care

Quality of Life

- Quality of Life Designations
- Cleanest Beaches – Natural Resources Defense Council #1 Water Quality
- Best Places to Retire – AARP, Wall Street Journal, Where to Retire magazine

New Business

- Binkley & Hurst – Agricultural Equipment Retail and Service Center
- The PeteStore – Peterbilt Truck Dealership
- Tech World Industries – NasalCleanse Pharmaceuticals Corporate Offices

Business Expansion

- Sea Watch International – New line of soups
- Craig Technologies – 60,000 SF expansion
- Cooper Bearings – Rail Suspension Systems in Sussex County Industrial Park

Financial Assistance

- SBA breaking all records - 36 loans totaling
- over $13M
- Nanticoke River Dredge Project – USACE
- approve grant for $1.8M
- Sussex County's Airport - FAA and DEDO
- approve runway extension

Recent Improvements

New web design with County information

Web Portal to access the Economic Development Options

Elements of the Package

Economic Development Incentives

Economic Development Loan

Incentive Package

Announced November 23, 2011

The County's goal is to provide incentives for businesses based on new employment. The amount of the incentive is based primarily on additional County revenues generated by the expansion of a business. The incentive amount is limited to a maximum of $800 per new full time job; and the company must provide a minimum of 10 new jobs to qualify.

Incentives

- Maximum $800 per new job created
- Minimum 10 full time jobs created
- Assistance offered
  - Graduated property tax abatement
  - Possible school tax abatement
  - Fee reduction
  - Expedited County reviews

Loan Package

This program is available to assist businesses with low-interest rate loans for the development of economically beneficial programs and in particular new job creation. The maximum amount to be loaned to any business or municipality would be $250,000 per project.

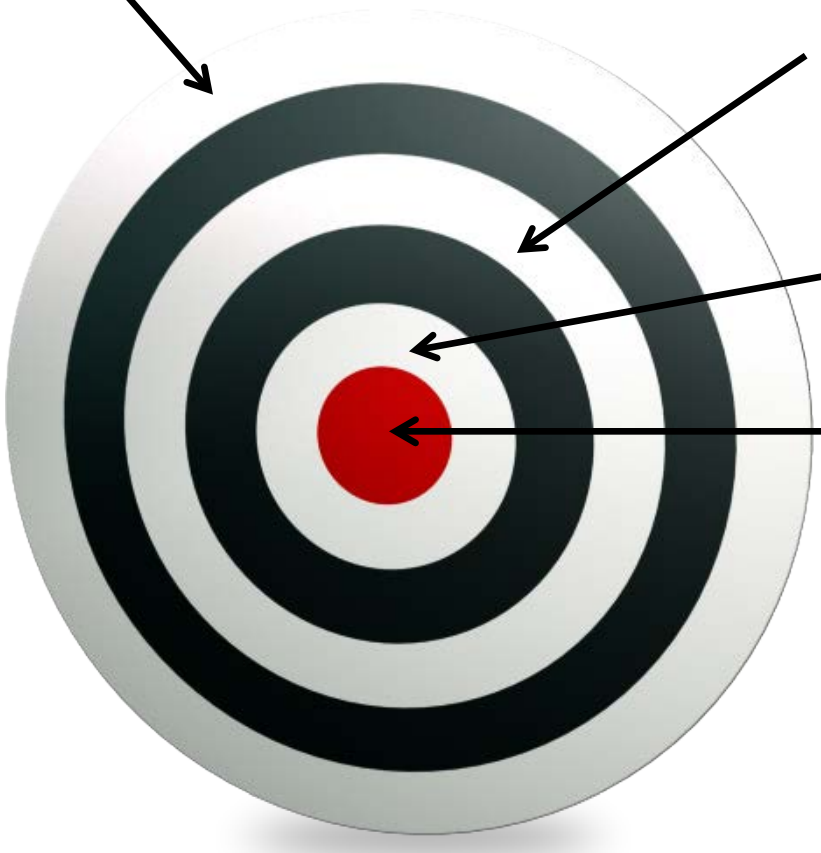
Loan

Assistance offered:

- Favorable interest rate
- Expedited review
- Up to $250,000 per project

Application Process

1. Go to Economic Development Website



2. Submit Pre-Application Form

3. Committee Review and Recommendation to County Council

4. County Council Approval

Contact Information

Julie Wheatley, Director

Economic Development

http://www.sussexcountyde.gov/dept/econdev/

E-Mail: Julie Wheatley
jwheatley@sussexcountyde.gov

302-855-7793

Sussex County
Engineering Department

MICHAEL A. IZZO, P.E.
County Engineer

2 THE CIRCLE
P.O. BOX 589
GEORGETOWN, DELAWARE 19947

Administration	302-855-7718
Airport & Industrial Park	302-855-7774
Environmental Services	302-855-7730
Public Works	302-855-7703
Records Management	302-854-5033
Utility Engineering	302-855-7717
Utility Permits	302-855-7719
Utility Planning	302-855-1299

Fax: 302-855-7799

August 02, 2012

FACT SHEET

SUSSEX COUNTY PROJECT 81-04
SWANN COVE - PHASES IV
AGREEMENT NO. 896

DEVELOPER:

Mr. James E. Swann III
Swann Cove Limited Partnership
37124 Saw Mill Lane
Selbyville, DE 19975

LOCATION:

Intersection Rt 54 and RD 381

SANITARY SEWER DISTRICT:

Fenwick Island Sanitary Sewer District

TYPE AND SIZE DEVELOPMENT:

Sanitary Sewer for 83 Single Family Lots. Roads are DEL DOT. 51 lots in phase 4

SYSTEM CONNECTION CHARGES:

$262,701.00

SANITARY SEWER APPROVAL:

Sussex County Engineering Department Plan Approval
05/26/11

Department Of Natural Resources Plan Approval
06/02/11

SANITARY SEWER CONSTRUCTION DATA:

Construction Days – 50
Construction Admin And Construction Inspection Cost – $23,583.45
Proposed Construction Cost – $157,223.00

Sussex County
Engineering Department

MICHAEL A. IZZO, P.E.
County Engineer

2 THE CIRCLE
P.O. BOX 589
GEORGETOWN, DELAWARE 19947

Administration	302-855-7718
Airport & Industrial Park	302-855-7774
Environmental Services	302-855-7730
Public Works	302-855-7703
Records Management	302-854-5033
Utility Engineering	302-855-7717
Utility Permits	302-855-7719
Utility Planning	302-855-1299

Fax: 302-855-7799

August 21, 2012

PROPOSED MOTION

BE IT MOVED THAT BASED UPON THE RECOMMENDATION OF THE SUSSEX COUNTY ENGINEERING DEPARTMENT, FOR SUSSEX COUNTY PROJECT NO. 81-04, AGREEMENT NO. 896, THAT THE SUSSEX COUNTY COUNCIL EXECUTE A CONSTRUCTION ADMINISTRATION AND CONSTRUCTION INSPECTION AGREEMENT BETWEEN SUSSEX COUNTY COUNCIL AND "SWANN COVE WEST LLC", FOR WASTEWATER FACILITIES TO BE CONSTRUCTED IN "(SWANN COVE)" LOCATED IN THE FENWICK ISLAND SANITARY SEWER DISTRICT.

ORDINANCE NO. 38
AGREEMENT NO. 896

TODD LAWSON
COUNTY ADMINISTRATOR

Sussex County
Engineering Department

MICHAEL A. IZZO, P.E.
County Engineer

2 THE CIRCLE
P.O. BOX 589
GEORGETOWN, DE 19947

Administration	302-855-7718
Environmental Services	302-855-7730
Public Works	302-855-7703
Utility Engineering	302-855-7717
Utility Permits	302-855-7719
Utility Planning	302-855-1299

FAX: 302-855-7799

RESULTS OF PROPOSALS FOR MOVING SERVICES

GREENWOOD LIBRARY

Sussex County Project No. 07-05
ADM 2.11-I.10

COMPANY NAME AND ADDRESS	MOVE OUT-EXISTING	MOVE IN-NEW	TOTAL BID
1. Bates Moving & Storage Co., Inc. 815 Benny Street Salisbury, Maryland 21804	$14,781.00	$13,881.00	**$28,662.00**
2. Berry Van Lines, Inc. 602 Pear Street Dover, Delaware 19904	$15,125.00	$13,580.00	$28,705.00
3. Bayshore Transportation System, Inc. 901 Dawson Drive Newark, Delaware 19713	$14,273.00	$14,701.19	$28,974,19
4. Delaware Moving & Storage, Inc. 214 Bear Christiana Road Bear, Delaware 19701	$18,435.50	$15,806.00	$34,241.50

REHOBOTH SUMMER CHILDREN'S THEATRE

PO BOX 871. REHOBOTH BEACH, DE 19971

302-227-6766 duetpros@aol.com www.rehobothchildrenstheatre.org

August 10, 2012

The Honorable George B. Cole
Sussex County Council
PO Box 589
Georgetown, DE 19947

Dear Mr. Cole

The Rehoboth Summer Children's Theatre is celebrating our 30th Anniversary this year. Through the years our theater has become an essential part of the cultural life of the community.

Our activities include a series of family-friendly mainstage performances in Rehoboth, Lewes and Dewey Beach. We also conduct and extensive outreach tour, performing our plays in libraries and community centers throughout Sussex and Kent Counties.

For the past two years we have partnered with The First State Community Action Agency to provide a week-long summer camp for the children in their program.

Several times over the past few years, the Sussex County Council has assisted the Rehoboth Summer Children's Theatre with a $500 grant. As we begin our preparations for the next 30 years, we encourage you make a similar grant for 2012.

Our mission is to provide programs of entertainment, enrichment and education to audiences of all ages. We rely upon assistance from the community to make this all happen. We encourage you to support RSCT again this year.

Thanks for your consideration.

Yours truly,

Steve Seyfried
Co-founder, Managing Director, RSCT

Board of Directors

Matt Haley	*Rehoboth Beach*
Gary Grunder	*Lewes*
Katie Daniello	*Lewes*
Kathryn Welch	*Milford*
Sharon Crampton	*Lewes*

Rehoboth Cooperative Preschool
P.O. Box 352
Rehoboth Beach, DE. 19971
302.227.2242
www.rehobothcooperativepreschool.com
Tax ID # 51-0108653

Dear Potential Donor,

For over 40 years, Rehoboth Cooperative Preschool has been educating the young children of Rehoboth Beach and other surrounding communities; the preschool has prided itself on being a community based and a high quality learning institution for the youngest of students.

As Rehoboth Cooperative Preschool must change with the times; the times have changed for Rehoboth Cooperative Preschool over the last few years. As most non-profit entities have struggled in the last years due to the economy, Rehoboth Cooperative Preschool is no exception. Because of these difficult times, Rehoboth Cooperative Preschool has elected to continue its "Annual Giving Campaign" in order to maintain daily operations of the facility and provide field trips for our students.

Recent studies have shown that "High Quality" Early Education is overwhelmingly beneficial to children throughout their lifetime. Research has been preformed to show the effectiveness of high quality early education settings. Research has shown that for every dollar invested into preschool programs the public sees a return of $7.16, when the participants become adults. Rehoboth Cooperative Preschool has high regard for research and, as a result, is a member and active participant of the Delaware Stars for Early Success Program.

Rehoboth Cooperative Preschool offers a unique service to its families. Rehoboth Cooperative Preschool is open from September to May providing a traditional half-day program for children ages 2, 3, and 4. As a "Cooperative" preschool, parents are encouraged to participate in their young child's learning endeavors. Families of Rehoboth Cooperative Preschool volunteer their time on our "Board of Directors", organize fundraisers, and are offered the opportunity to visit or help in their child's classroom. Additionally, families and teachers volunteer as representatives of the school during community events, such as The Rehoboth Beach Chocolate Festival and the Rehoboth Beach Art Festival.

The 3rd Annual Giving Campaign for Rehoboth Cooperative Preschool will kick-off on June 15th 2012. In order to maintain daily operations and generate funds for field trips for Rehoboth Cooperative Preschool; this campaign must generate $5000.00. Rehoboth Cooperative Preschool has never been able to raise this kind of funds and has never been in this much need for these funds in the years past. We have continually relied on alumni and the support of current families of Rehoboth Cooperative Preschool. RCP must reach beyond our past resources at this time because of the desire to maintain our operation and service to our students, families, and community for the 2012/2013 school year.

Rehoboth Cooperative Preschool is counting on your support. **Please return your annual campaign donation form in the enclosed envelope or visit our website to make an on-line contribution. Your contribution to Rehoboth Cooperative Preschool is tax-deductible.**

Every donation makes a difference, regardless of size. Thank you in advance for your commitment to support the efforts of Rehoboth Cooperative Preschool to continue making a difference in the early education of young children.

Regards,

Jill Mitchell

Jill Mitchell
Director; Rehoboth Cooperative Preschool

Rehoboth Cooperative Preschool
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Regards,

Jill Mitchell

Jill Mitchell
Director; Rehoboth Cooperative Preschool

PUBLIC HEARINGS
August 21, 2012

This is to certify that on July 26, 2012 and on August 9, 2012 the Sussex County Planning and Zoning Commission conducted public hearings on the below listed applications for Conditional Use. At the conclusion of the public hearings, the Commission moved and passed that these applications be forwarded to the Sussex County Council with the recommendations as stated.

Respectfully submitted:

COUNTY PLANNING AND ZONING
COMMISSION OF SUSSEX COUNTY

Lawrence B. Lank
Director of Planning and Zoning

The attached comments relating to the public hearings are findings of the Planning and Zoning Commission based on a summary of comments read into the record, and comments stated by interested parties during the public hearings.

C/U #1933 – application of **MARK A. GIBLIN** to consider Conditional Use of land in an AR-1 Agricultural Residential District for a towing service and landscaping to be located on a certain parcel of land lying and being in Baltimore Hundred, Sussex County, containing 3.374 acres, more or less, lying southeast of Route 17 (Roxana Road), 1,185 feet northeast of Road 382 (Zion Church Road) (Tax Map I.D. 5-33-6.00-60.02).

The Commission found that the Applicant submitted a survey/site plan with his application.

Mr. Lank advised that Commission that this application originated due to violations being issued for the business activities on the site, and that the Applicant has been to Magistrate Court and pleaded guilty to one count each of violation of conditional use for operating the towing service and the landscaping service without approval, and that two other counts were nolle prosed.

The Commission found that on December 8, 2011 DelDOT submitted comments in the form of a Support Facilities Report which references that a traffic impact study is not recommended and that the current Level of Service "C" of Roxana Road will not change as a result of this application.

The Commission found that on July 19, 2012 the County Engineering Department Utility Planning Division submitted comments in the form of a Memorandum which references that the site is located in the Roxana Planning Area; that use of an on-site septic system is proposed; that conformity to the South Coastal Area Planning Study, 2005 Update will be required; that the

proposed use is not in an area where the County has a schedule to provide sewer at this time; that when the County provides sewer service, it is required that the on-site system be abandoned and a connection made to the central sewer system; and that a concept plan is not required.

The Commission found that the Mark A. Giblin was present on behalf of his application and stated in his presentation and in response to questions raised by the Commission that he has been operating the towing business for 12 to 13 years; that employees work from their homes since they are on call; that he thought that he had previously been approved; that since he found out that he had not been approved, he made application to get compliant; that he lives on the site and has an office on the site; that the towing business is on call 24 hours per day; that 85% of his hauls go to other sites, primarily in the Ocean City area; that he may have 7 to 10 vehicles in impound on the site; that the site is wooded behind the shop; that security lighting will not be directed toward neighboring properties; that the landscaping business is an occasional use, which primarily provides topsoil and stones; that there are no automobile sales performed on the site; that all storage is to the rear of the residence; that there will not be any activities in front of the residence; that a bait and tackle shop exists on the adjacent property; that an air conditioning service business and other businesses exists in close proximity; and that his application includes towing, service, and landscaping.

The Commission found that James Mershon, an adjacent property owner, was present and expressed concerns that the Applicant has been operating several businesses before obtaining approval; that he opposes the impound yard use and the repair/service use; that he is concerned about the safety of his children; that vehicle owners have come knocking on his door trying to locate the impound lot; and that he does not have a problem with the towing service or the landscaping service, only the impound yard use and the repair/service use.

At the conclusion of the public hearings the Commission discussed this application.

On July 26, 2012 a motion was made by Mr. Ross, seconded by Mr. Burton, and carried with three (3) votes, to defer action for further consideration. Motion carried 3 – 0. Mr. Smith was absent during the vote.

On August 9, 2012 the Commission discussed this application under Old Business.

Mr. Smith asked the Commission if they had any concerns; that he would like to make a recommendation of approval, but with conditions; that he would like to limit the number of vehicles that can be impounded to 18 vehicles; and that there should not be any display or storage of vehicles between the residence and the public road.

Mr. Ross stated that there should be no vehicles sales on premises.

Mr. Smith added that the opponent referenced that people have been knocking on his door looking for the impound area; and that a sign should eliminate that problem.

Mr. Smith stated that he would move that the Commission recommend approval of C/U #1933 for Mark A. Giblin for a towing, service and landscaping business in an AR-1 Agricultural Residential District based upon the record made at the public hearing and for the following reasons:

1) The use has been in existence for 12 to 13 years and was recently violated for operating without an approval. This Conditional Use, with stipulations and conditions placed upon it, will regulate the use of the business and mitigate any adverse effects on the neighboring or adjacent properties.
2) The use is on a 3.374 acre tract where the Applicant currently resides.
3) Although the towing business operates from the site, the employees mostly work from their homes, since they are on call. As a result, there is not a great deal of traffic that is generated to or from the site.
4) The only opposition came from a next door neighbor who only opposed the impound yard use and repair/service use. This objection seemed to rise out of uncertainty from people looking for their cars about where the impound yard was located. This concern can be alleviated with the conditions we shall place upon this recommendation. The next door neighbor did not oppose the towing service or the landscaping service.
5) The use is consistent with other small scale business uses in the area, including a bait and tackle shop on the adjacent property, an air conditioning service business, and other uses in close proximity to the site.
6) This recommendation is subject to the following conditions:
    A. The impound yard shall be surrounded by a fence with landscaping to screen it from neighboring and adjacent properties.
    B. No more than 18 vehicles shall be permitted on the property besides the Applicant's own vehicles.
    C. No permanently disabled or abandoned vehicles shall be allowed to remain on the property.
    D. There shall be one lighted sign which shall not exceed 32 square feet in size to identify the towing service and the impound lot. The sign shall include a phone number to call for information about vehicles impounded and for other information about the service.
    E. No vehicles shall be displayed for sale.
    F. All security lighting shall be downward screened so that it does not shine on neighboring or adjacent properties.
    G. The Final Site Plan shall clearly depict the areas set aside for parking of impounded vehicles, vehicles that are being serviced, and towing equipment.
    H. The area set aside for the landscaping business, including equipment storage and any bins for materials such as topsoil, mulch, etc. shall clearly be depicted on the Final Site Plan.
    I. The service business hours of operation shall be limited to 7:00 a.m. to 6:00 p.m. Monday through Friday, and 8:00 a.m. to 12:00 noon on Saturdays, with no Sunday hours.
    J. The Final Site Plan shall include a landscaping plan for the area surrounding the impound yard screening it from neighboring or adjacent properties.

K. The Final Site Plan shall be subject to the review and approval of the Sussex County Planning and Zoning Commission.

Motion by Mr. Smith, seconded by Mr. Ross, and carried unanimously to forward this application to the Sussex County Council with the recommendation that the application be approved for the reasons and with the conditions stated. Motion carried 4 – 0.

C/U #1935 – application of **JOHN HERHOLDT** to consider the Conditional Use of land in an AR-1 Agricultural Residential District for a workshop for a family electrical business and a butcher shop to be located on a certain parcel of land lying and being in Cedar Creek Hundred, Sussex County, containing 2.347 acres, more or less, lying east of Route 42 (North Union Church Road) 900 feet north of Road 207 (Fitzgerald Road)(Tax Map I.D. 1-30-6.00-45.02).

The Commission found that the Applicant provided a survey/site plan with the application.

The Commission found that on February 29, 2012 DelDOT submitted comments in the form of a Support Facilities Report which references that a traffic impact study is not recommended and that the current Level of Service "A" of North Union Church Road will not change as a result of this application.

The Commission found that on July 19, 2012 the County Engineering Department Utility Planning Division submitted comments in the form of a Memorandum which references that the site is located in the Western Sussex Planning Area #1; that use of an on-site septic system is proposed; that conformity to the Western Sussex Planning Study will be required; that the proposed use is not in an area where the County has a schedule to provide sewer at this time; and that a concept plan is not required.

The Commission found that John Herholdt was present and stated in his presentation and in response to questions raised by the Commission that this is a family owned site; that they plan on moving Satterfield Electric to the site and to open a small seasonal butcher shop (deer butchering only); that there will not be any other retail sales in the butcher shop; that the butcher shop would be open 7 days per week during hunting season; that the family electric business would allow for a warranty center for electric generators with minimal repairs and storage of electrical supplies; that the electrical business is proposed to be open during normal daytime business hours Monday through Friday; that he would like to erect a lighted sign, no larger than 32 square feet per side; that just north of the site the family has a Conditional Use for a maintenance and dispatch office; that other business uses located in the immediate area include a concrete company, a power washing service, and home offices; and that Fitzgerald Salvage is in close proximity.

The Commission found that there were no parties present in support of or in opposition to this application.

At the conclusion of the public hearings the Commission discussed this application.

Mr. Burton stated that he would move that the Commission recommend approval of C/U #1935 for John Herholdt for a family electrical business and butcher shop based on the record made at the public hearing and for the following reasons:

1) Both uses will have little or no impact on the neighborhood. The butcher shop is seasonal, and the electrical business is basically for storage of generators.
2) The use for an electrical business is a minor expansion of the Applicant's nearby electrical business, which already has its own Conditional Use approval.
3) There are other small businesses in the area, and this use will be consistent with those other uses.
4) No parties appeared in opposition to the application.
5) This recommendation is subject to the following conditions:
    a. The butcher shop shall be seasonal, from September 1 through March 1.
    b. No retail sales shall occur from the butcher shop.
    c. There shall not be any outside storage of electrical equipment, and all work shall occur inside.
    d. One lighted sign, not to exceed 32 square feet in size, shall be permitted.
    e. The hours of operation for the electrical business shall be Monday through Friday from 7:00 a.m. to 6:00 p.m.
    f. The Final Site Plan shall be subject to the review and approval of the Planning and Zoning Commission.

Motion by Mr. Burton, seconded by Mr. Ross, and carried with three (3) votes to forward this application to the Sussex County Council with the recommendation that the application be approved for the reasons and with the conditions stated. Motion carried 3 – 0. Mr. Smith was absent during the vote.

C/U #1936 – application of **CHESTER TOWNSEND, IV** to consider the Conditional Use of land in an AR-1 Agricultural Residential District for a food vendor to be located on a certain parcel of land lying and being in Baltimore Hundred, Sussex County, containing 1.0 acre, more or less, lying north of Route 26, 0.2 mile northeast of Road 342 (Sandy Lane Road)(Tax Map I.D. 1-34-11.00-3.00).

The Commission found that the Applicant submitted a survey/site plan with the application.

Mr. Lank advised that Commission that this application originated due to a violation being issued for the business activities on the site. Letters of violation were forwarded on March 30, 2012 and on June 19, 2012.

The Commission found that on May 1, 2012 DelDOT submitted comments in the form of a Support Facilities Report which references that a traffic impact study is not recommended and that the current Level of Service "D" of Vines Creek Road (Route 26) will not change as a result of this application.

The Commission found that on July 19, 2012 the County Engineering Department Utility Planning Division submitted comments in the form of a Memorandum which references that the

site is located in the Vines Creek Planning Area: that use of an on-site septic system is proposed; that when the County provides sewer service, connection to the system is mandatory; that the County does not have a firm schedule to provide sewer service at this time; and that a concept plan is not required.

The Commission found that Shirley Townsend was present on behalf of the application and stated in her presentation and in response to questions raised by the Commission that this will be their 4th summer season that they have conducted business in the area; that they originally setup on a commercial site near the Vines Creek Bridge; that they operate a neat/clean business; that Chester is a fisherman and enjoys cooking seafood; that they recently purchased this site; that the business is seasonal and that they are only open on Thursday, Friday and Saturday from 11:00 a.m. until 8:00 p.m.; that the business is primarily carry-out; that they have placed a few picnic tables outside; that restrooms are available; that no one occupies the dwelling on site, it is only used for storage, not a restaurant; that they live within one mile of the site; that other business uses in the area include, but is not limited to, landscaping, restaurant equipment sales, day care, etc.; and that they sell lobsters, soft crab, chicken and fish products.

Mr. Lank advised the Commission that the use of the trailer for the on-premise business, will require approval from the Board of Adjustment; that the 32 square foot requirement for signs with Conditional Use applications is actually a policy and not a regulation; that the Code would allow up to 200 square foot of signage for an on-premise ground sign for a Conditional Use; and that if the dwelling is converted to a restaurant for the business, a new Conditional Use application would be required.

The Commission found that there were no parties present in support of or in opposition to this application.

At the conclusion of the public hearings, the Commission discussed this application.

On July 26, 2012 there was a motion by Mr. Ross, seconded by Mr. Burton, and carried with three (3) votes to defer action for further consideration. Motion carried 3 – 0. Mr. Smith was absent during the vote.

On August 9, 2012 the Commission discussed this application under Old Business.

Mr. Smith asked the Commission if they had any concerns; added that the business has been given a violation for this site and a previous site; that the Applicant filed this application to bring the business into compliance; that he is concerned about signage advertising the business in the area, with small signs along roadways and even in the marsh near Vines Creek Bridge; and that he is concerned about parking in the front yard setback.

Mr. Ross asked Mr. Smith if he needed more time to work on a motion.

The Commission discussed signage.

Motion by Mr. Smith, seconded by Mr. Ross, and carried unanimously to defer action for further consideration. Motion carried 4 – 0.

C/U #1941 – application of **DELAWARE ELECTRIC COOPERATIVE, INC.** to consider the Conditional Use of land in an AR-1 Agricultural Residential District for a solar electric generation facility, to be located on a certain parcel of land lying and being in Georgetown Hundred, Sussex County, containing 40 acres, more or less, lying southeast of Trap Pond Road (Route 62) approximately 840 feet northeast of Road 518 (Substation Road)(Tax Map I.D. 1-35-22.00-23.00 (Part of).

The Commission found that the Applicants submitted surveys/site plans of the property and project along with an Exhibit Booklet with their application, and that the Exhibit Booklet contains a summary of proposed construction, references to existing site conditions, references to a wetlands and water of the United States investigation, agency review coordination, an aerial map of existing conditions, a photo location map, photos of the site, a minor subdivision plan, a preliminary site plan depicting proposed construction, solar panel information sheets, photos of similar solar electric sites, a letter from DNREC Division of Soil and Water Conservation, a letter from DNREC Division of Water, a letter from the U.S. Army Corps. of Engineers, an aerial map of the Water of the United States, and suggested proposed Findings of Fact and Conditions of Approval.

Mr. Lank advised the Commission that an email was received from the Applicant's Attorney, Terry Jaywork, advising that there is an error on Page 35 of the Exhibit Booklet in reference to the number of homes that could be served by the project, and that Phase I of the project could serve the referenced 500 homes, and that a total of 870 homes could be served by Phase I and Phase II of the project; that the Cooperative held an open house on July 30, 2012 to provide information to the residents of the area; that invitations were sent to approximately 37 property owners, and that only 4 property owners attended; and that no one expressed any opposition.

The Commission found that the County Engineering Department Utility Planning Division provided comments on August 3, 2012 in the form of a memorandum referencing that the site is located in the Western Sussex Planning Area #4; that an individual on-site septic system is proposed; that conformity to the Western Sussex Planning Study will be required; that the proposed use is not in an area where the County currently has a schedule to provide sewer service; and that a concept plan is not required.

The Commission found that on August 6, 2012 the Sussex Conservation District provided comments in the form of a memorandum which references that the site contains six soil types; that the Applicant will be required to follow recommended erosion and sedimentation control practices during construction and to maintain vegetation; that no storm flood hazard areas are affected; that off-site drainage improvements will not be necessary; that it is very likely that on-site drainage improvements will be required; and that tax ditches are evident, and that the scope of the project will determine the effect on the tax ditches.

The Commission found that Terry Jaywork, Attorney for the Delaware Electric Cooperative, Inc., Mark Neilson, Vice President of Delaware Electric Cooperative, Inc., and Walt Hoey, Professional Engineer with Century Engineering, were present on behalf of this application and stated in their presentations and in response to questions from the Commission that the site is surrounded by farm land and a small tract of woodland; that the renewable energy statute mandates that the Cooperative meet 25% of their overall demand with green infrastructure; that the project should provide for good environmental use of the site and should be good for the economy; that the solar panels are proposed to be manufactured in Newark and should create a minimum of 40 jobs; that the solar farm will be less impacting on the area residents than agricultural uses; that the solar farm will not require any chemical uses, and should not create any dust, odors or noises once completed; that the Cooperative held a public meeting at the Cheer center on July 30, 2012 to get comments from area residents; and that they had sent out notices to approximately 37 landowners, but only four area residents attended.

Mr. Jaywork presented the Commission with a map of the area depicting parcels in colors for properties owned by area residents that were invited and attended the workshop; property owners that were invited to the workshop; property owners that were within 200 feet of the solar farm site that were invited and attended or did not attend; a copy of the list of 37 property owners that were invited; a draft copy of the letter sent to the 37 property owners notifying them of the workshop; and a copy of the sign-in sheet for attendance at the workshop.
Mr. Jaywork asked that their Exhibit Booklet, surveys/site plans, and the information and map relating to the workshop be made a part of the record for this public hearing.

The Commission found that Mr. Jaywork, Mr. Hoye, and Mr. Neilson continued with the presentations and stated that the Cooperative is only purchasing 40 acres of the larger acreage tract; that the site is approximately 0.5 mile from a Cooperative substation; that the use will create minimal impact on the area; that the project will be developed in two phases; that the first phase will include 16,000 solar panels on approximately 20 acres with access roads throughout; that the second phase will include 12,000 solar panels on 20 acres with additional access roads; that the phases will be fenced with chain-link fencing with barbwire on the top; that low growing plants will be planted for ground cover to eliminate weeds and help control grasses; that a similar solar farm exists in Kent County; that once completed, there should only be one maintenance vehicle checking the site per week; that there will be some small transformers on the site which may create a humming noise that should not be heard outside of the boundaries of the site; that two finger ditches on the site will be filled; that 6 ditches exists and are not jurisdictional; that there is a tax ditch on the farm, but it is outside of the construction area; that the first phase should require approximately 3 to 4 months of construction activities; that they hope to have the first phase completed by early 2013; that the second phase should be started within five years; that grasses and weeds will be maintained in the area of the solar panels and along fencing; and that the fence will be gated for access.

The Commission found that John Sergovic, Attorney with Sergovic, Carmean & Weidman, P.A. was present in support on behalf of his client, Heritage Lands, LLC, and stated that the contract allows the seller to possibly develop the residual lands for residential uses; that this facility should enhance the development of the residual lands due to the green infrastructure proposed.

The Commission found that Sondra Ware, Real Estate Broker, was present in support and stated that the use supports good stewardship of the land; that other project types could be detrimental to the area; that the green effect of solar panels creates an economic benefit for the area; and that there will be minimal run-off from the project.

The Commission found that Paul Reed, Donna Atkinson, and Carol Reed were present in opposition to this application and expressed concerns that they did not get notice of this public hearing; that they live within 200 feet of the property; that the use will destroy their property values; that they will lose the value on their homes; that they do support green energy; that the use will create a fenced-in eyesore; that there are other areas more suitable for this type of use, i.e. an industrial park; questioning the size of the transfer boxes referenced on the site plan; expressing concerns about lead leaching into the groundwater; questioning if a substation will be located on the site; questioning what happens if the project is abandoned; expressing concerns about the possible impact on health issues since there are records that indicate that electrical facilities cause cancers; and questioning what the four red poles are along Substation Road.

The Commission found that Mr. Neilson responded that the transformers on site measure approximately 4' by 4' and are 3' or 4' tall and will be set on concrete slabs; that the transformers are all located to the interior of the site; that there are four proposed transformers in the first Phase and three in the second Phase; that the red poles are location markers for future poles, or guide wires, that will support larger conductors; that solar panels create direct current and do not pose any hazards to area residents; that the height of the solar panels proposed are 5 feet 10 inches from grade to the top of the panel; and that they reviewed a number of sites for the solar farm, and that this site was chosen because it is within close proximity to a Cooperative substation.

At the conclusion of the public hearings, the Commission discussed this application.

Mr. Lank advised the Commission that the Applicants provided the list of property owners within 200' of the specific application site, not the entire property, which meets the requirement of the application process.

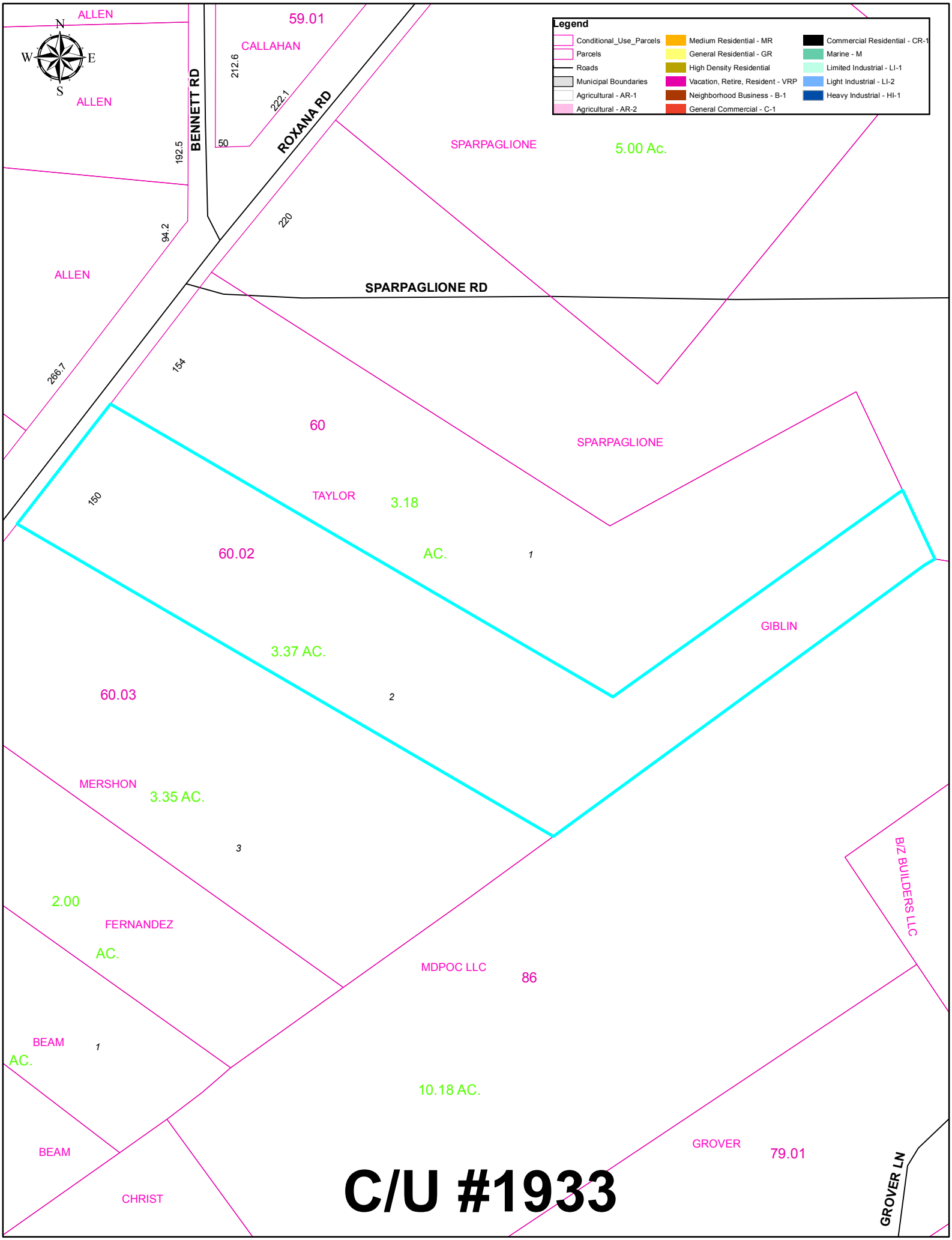
Mr. Ross stated that he would move that the Commission recommend approval of C/U #1941 for the Delaware Electric Cooperative, Inc. for a solar electric generating facility in an AR-1 District based upon the record made at the public hearing and for the following reasons:

1) The proposed facility is a public utility use under the Sussex County Zoning Code and it meets the purposes of a Conditional Use in that it is of a public or semi-public character that is essential and desirable for the general convenience and welfare of Sussex County residents.
2) The proposed use will not have any adverse impact on the neighboring or adjacent properties. It is bordered on the East by a collector ditch and an unoccupied wooded area, on the South by a tax ditch and a large tract of tilled agricultural land, on the West by East Trap Pond Road and another large tract of tilled agricultural land, and on the North by yet another large tract of tilled agricultural land. The nearest residence to the proposed

use, which appears to be unoccupied and abandoned, is approximately 0.1 mile from the proposed use. The nearest occupied residence is approximately 0.2 mile from the site.

3) The proposed solar electric generation facility will be constructed in two phases. The first phase will generate four megawatts of solar electric power and a second phase will add an additional three megawatts of solar electric power. The combined total of these two phases will provide sufficient renewable green energy for approximately 870 homes.
4) The proposed solar generation facility will not result in a noticeable increase in traffic on adjacent and neighboring roadways. It is expected that only one vehicle trip per week on average is anticipated for inspections, maintenance and repair of the solar panels.
5) The Delaware Department of Transportation has reviewed the proposed plan and has issued a "letter of no objection" with regard to the plan.
6) The facility will be "eco-friendly". In its first year of operation, it will decrease approximately 12, 641 pounds of carbon-based generated electricity. This is the equivalent of taking 1, 239 automobiles off the road.
7) This recommendation is subject to the following conditions:
   A. No storage facilities shall be constructed on the site.
   B. Lighting on the facility will consist only of perimeter lighting for security purposes. All lighting shall be downward screened so that it does not shine on neighboring properties or roadways.
   C. One unlighted sign, not to exceed 32 square feet in size, shall be permitted.
   D. The site shall be secured by fencing. A locked 38 foot wide gate will permit access to the site from East Trap Pond Road, with a "Knox Box" to accommodate emergency access by the local fire company.
   E. If the solar electric generation facility is non-operational for a period of 12 months, the Delaware Electric Cooperative, Inc. or assigns must return the site to its original state within a 12 month period.
   F. The Final Site Plan shall be subject to the review and approval of the Sussex County Planning and Zoning Commission.

Motion by Mr. Ross, seconded by Mr. Smith, and carried unanimously to forward this application to the Sussex County Council with the recommendation that the application be approved for the reasons and with the conditions stated. Motion carried 4 – 0.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Vacation, Retire, Resident - VRP
Neighborhood Business - B-1
General Commercial - C-1
Commercial Residential - CR-1
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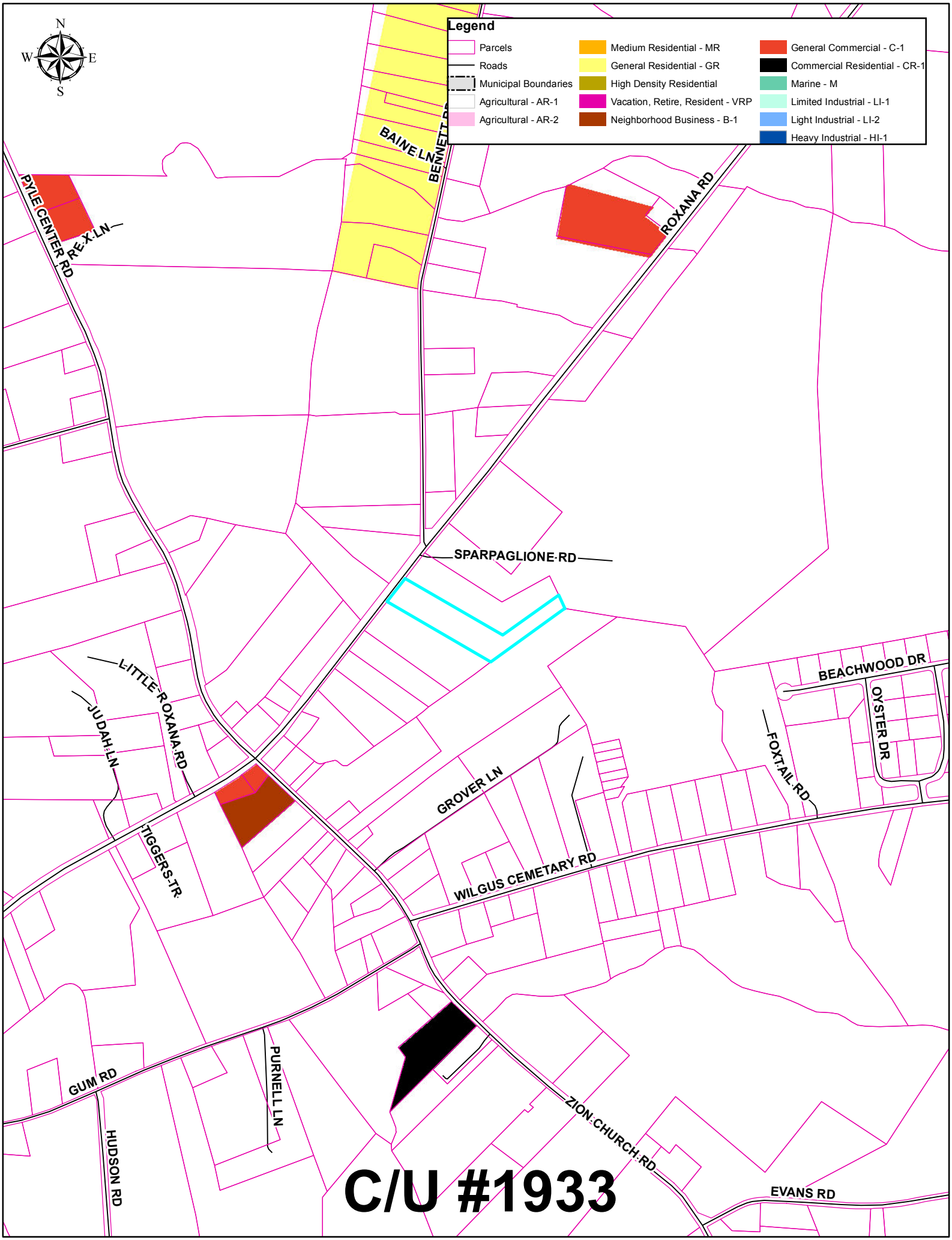
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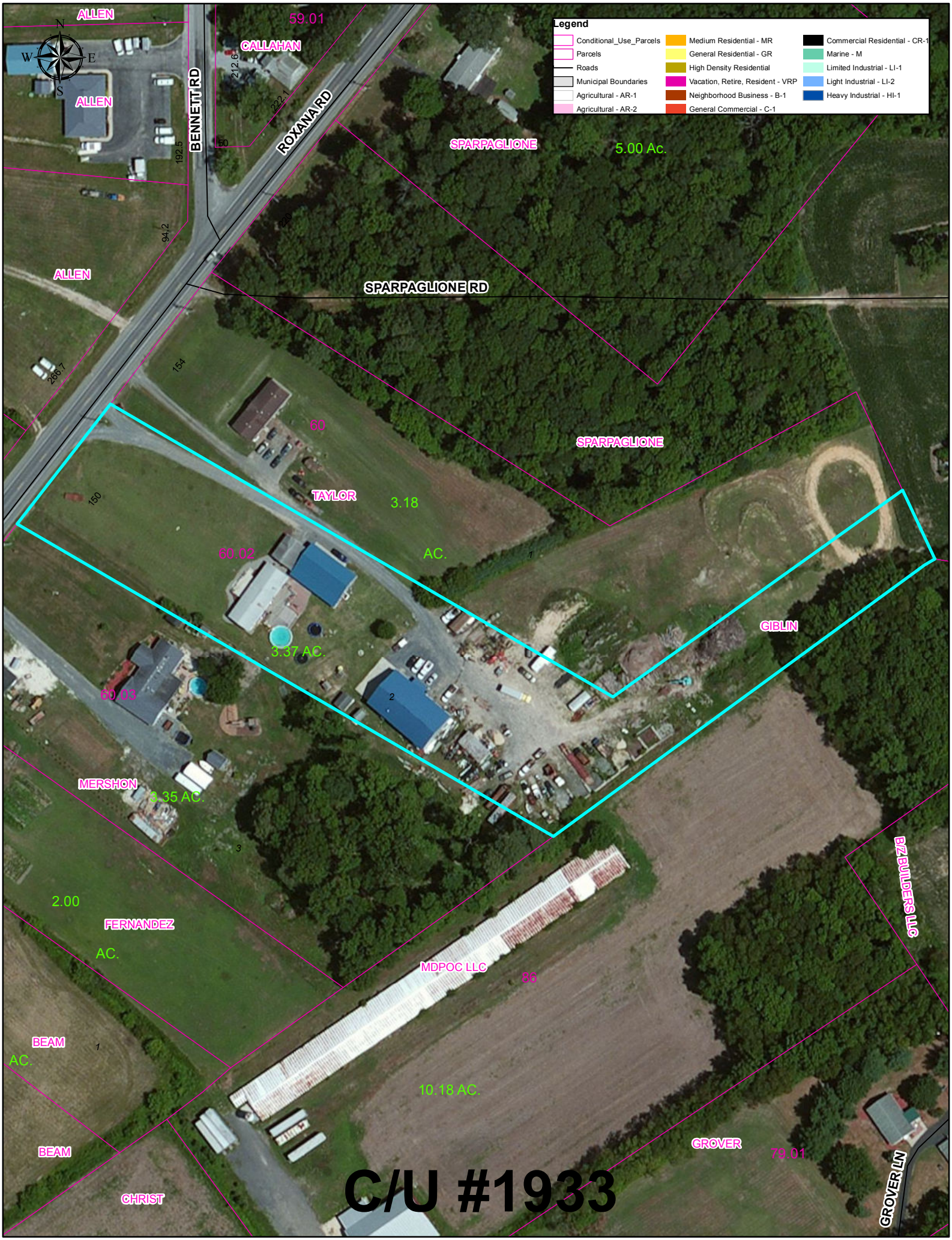
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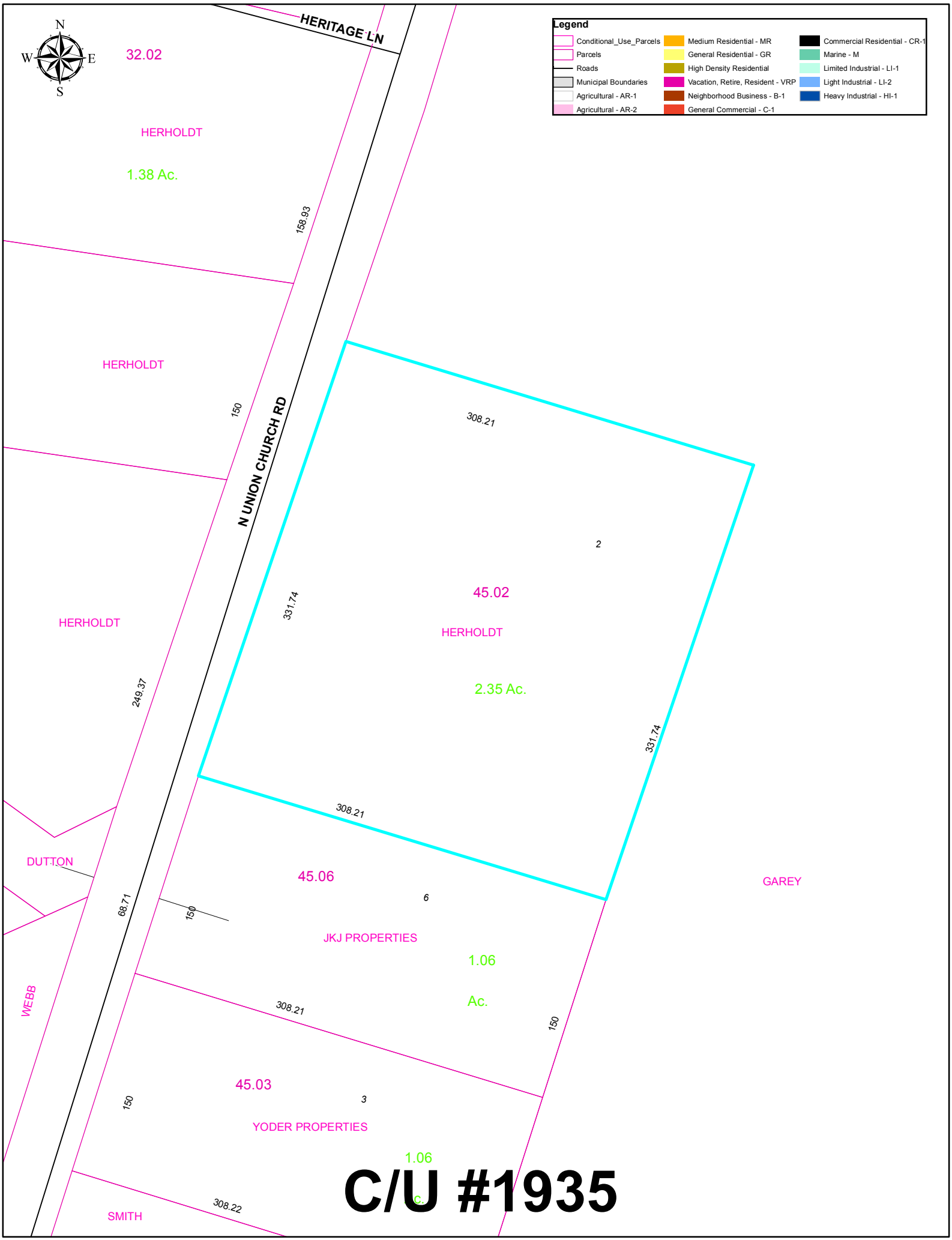
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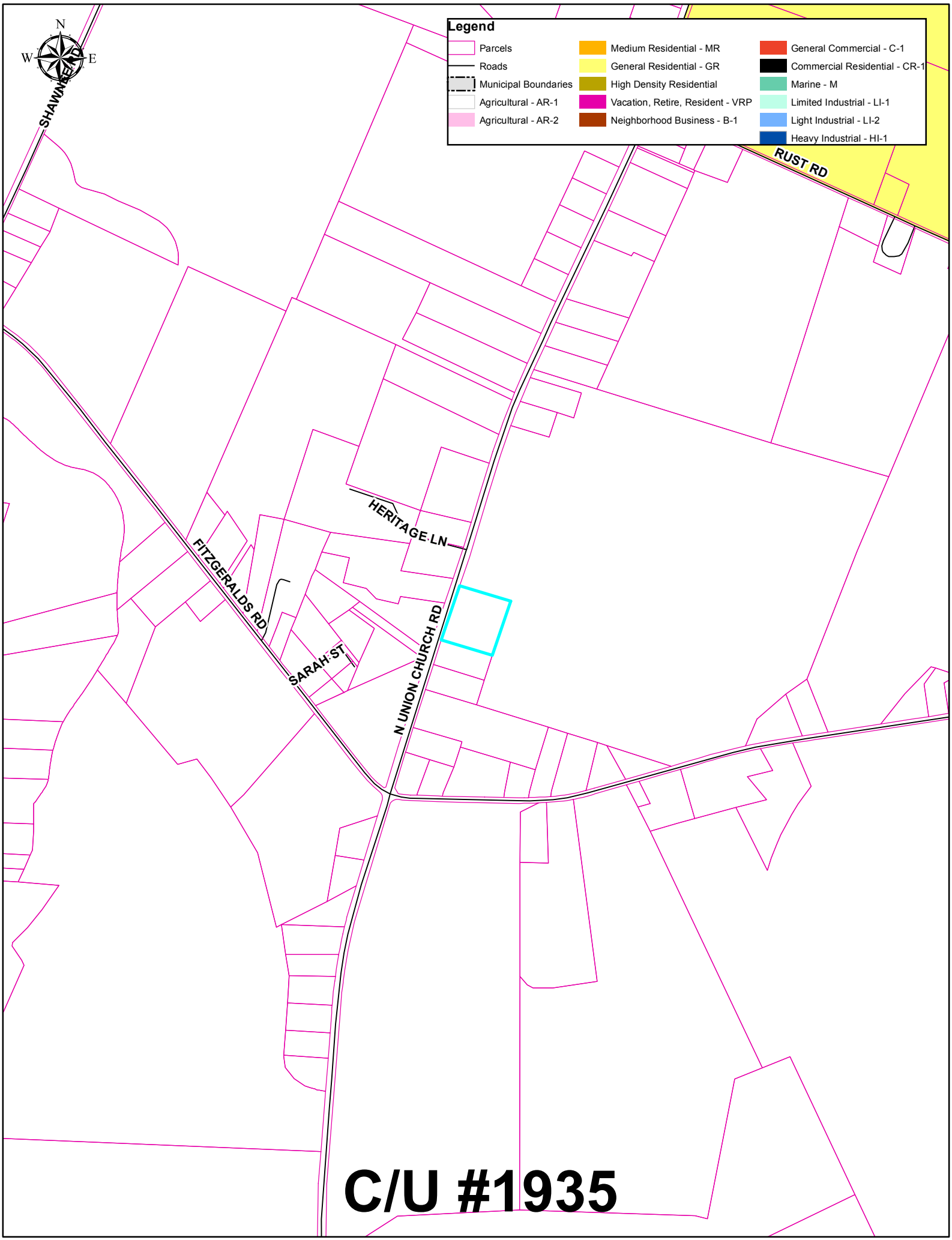
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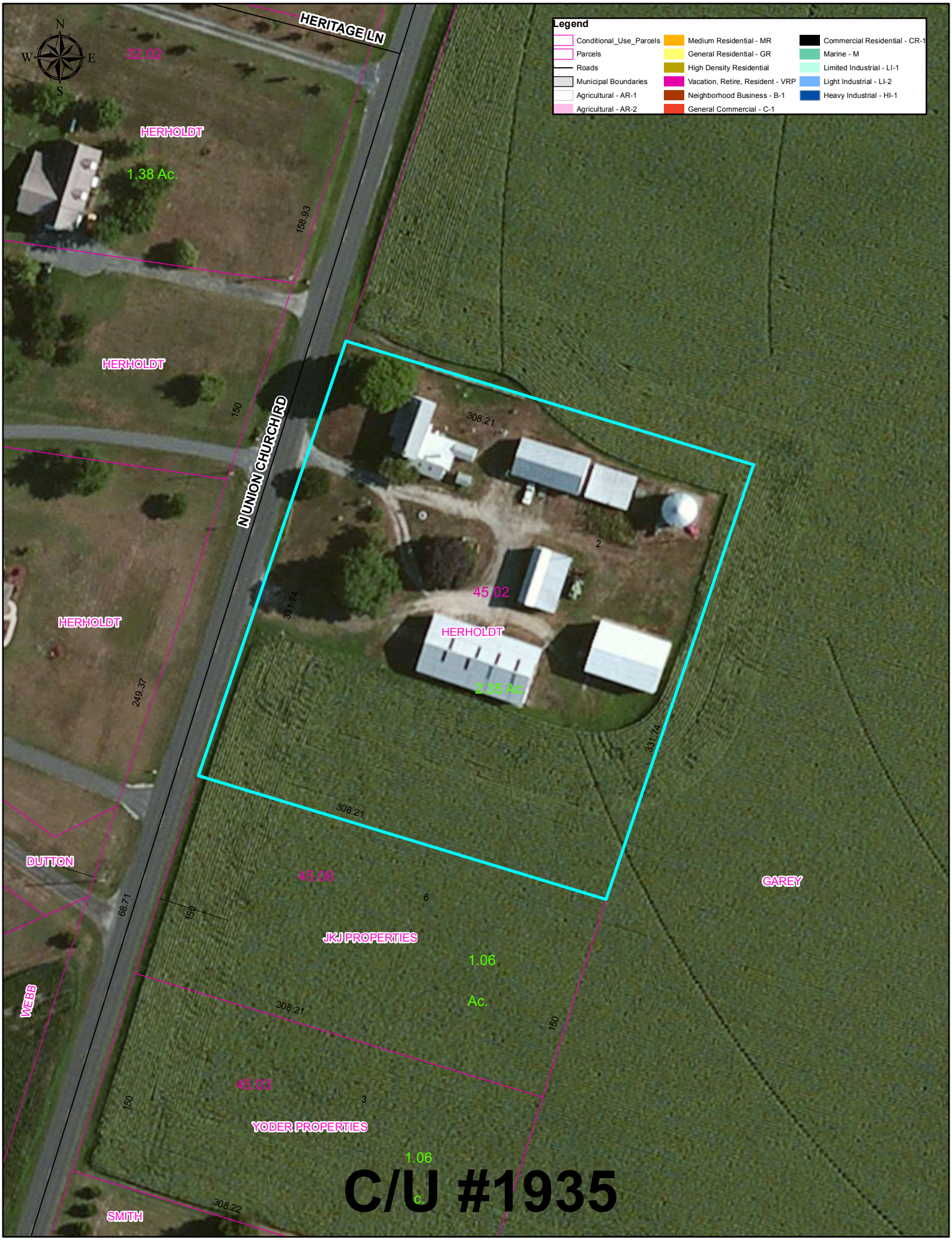
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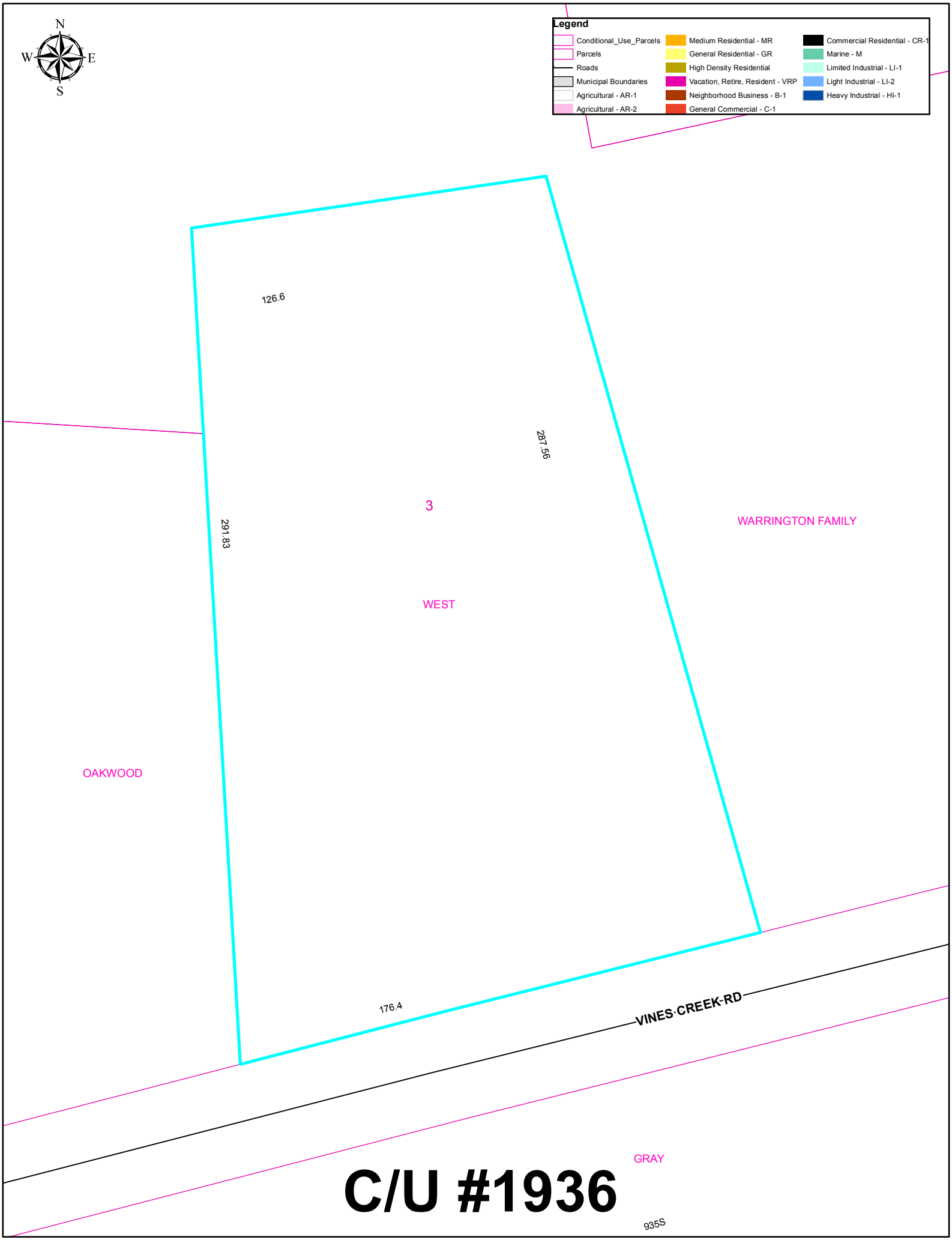
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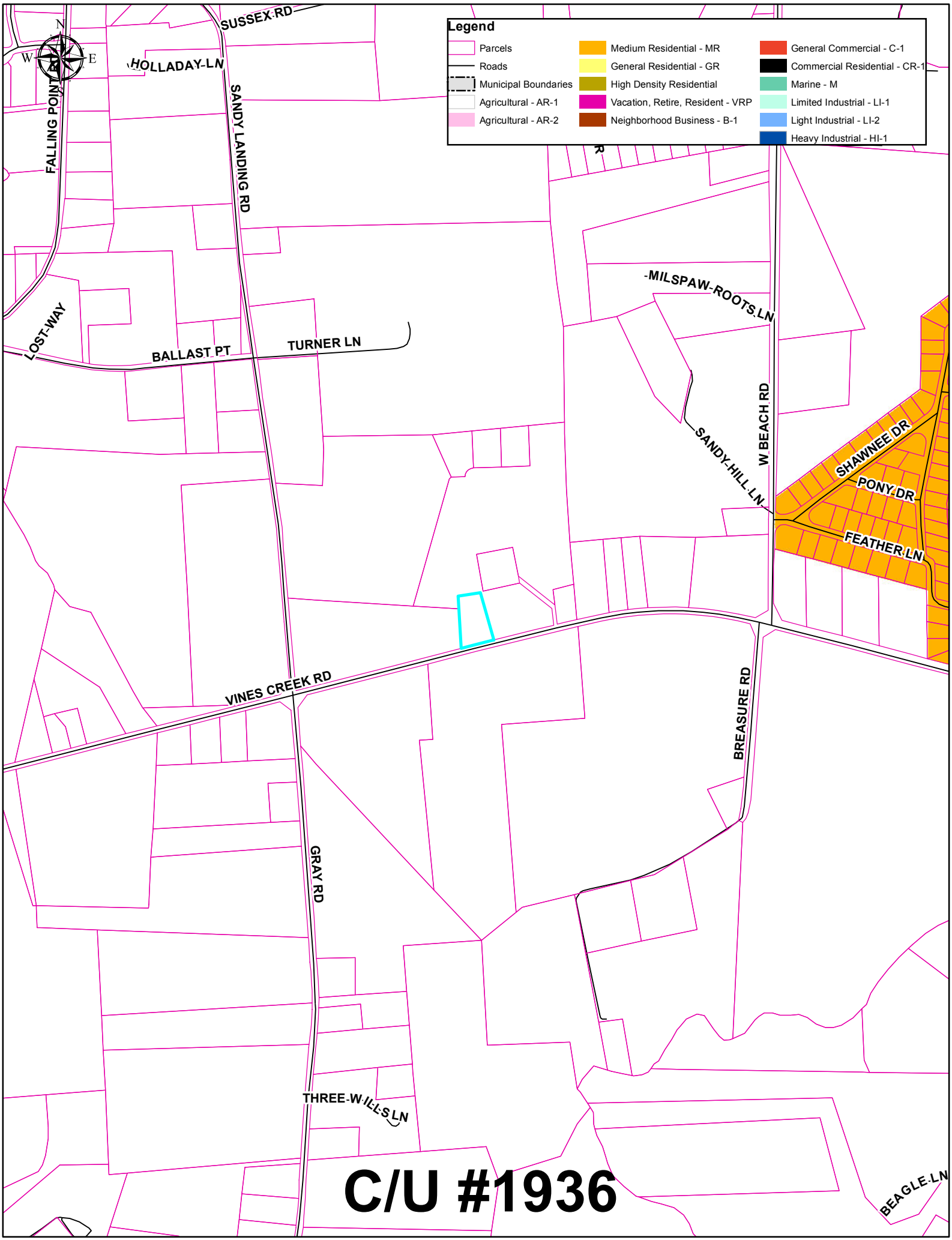
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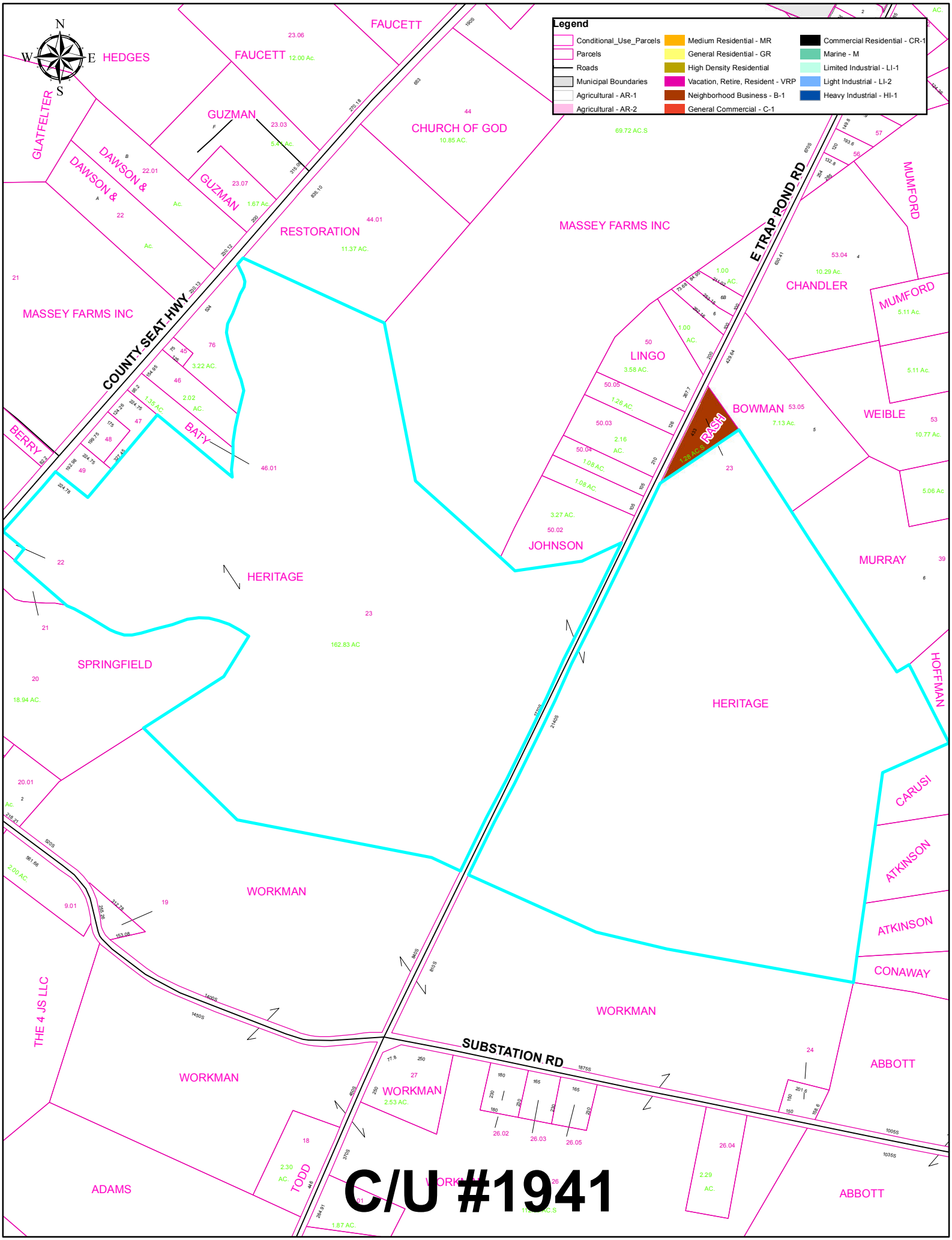
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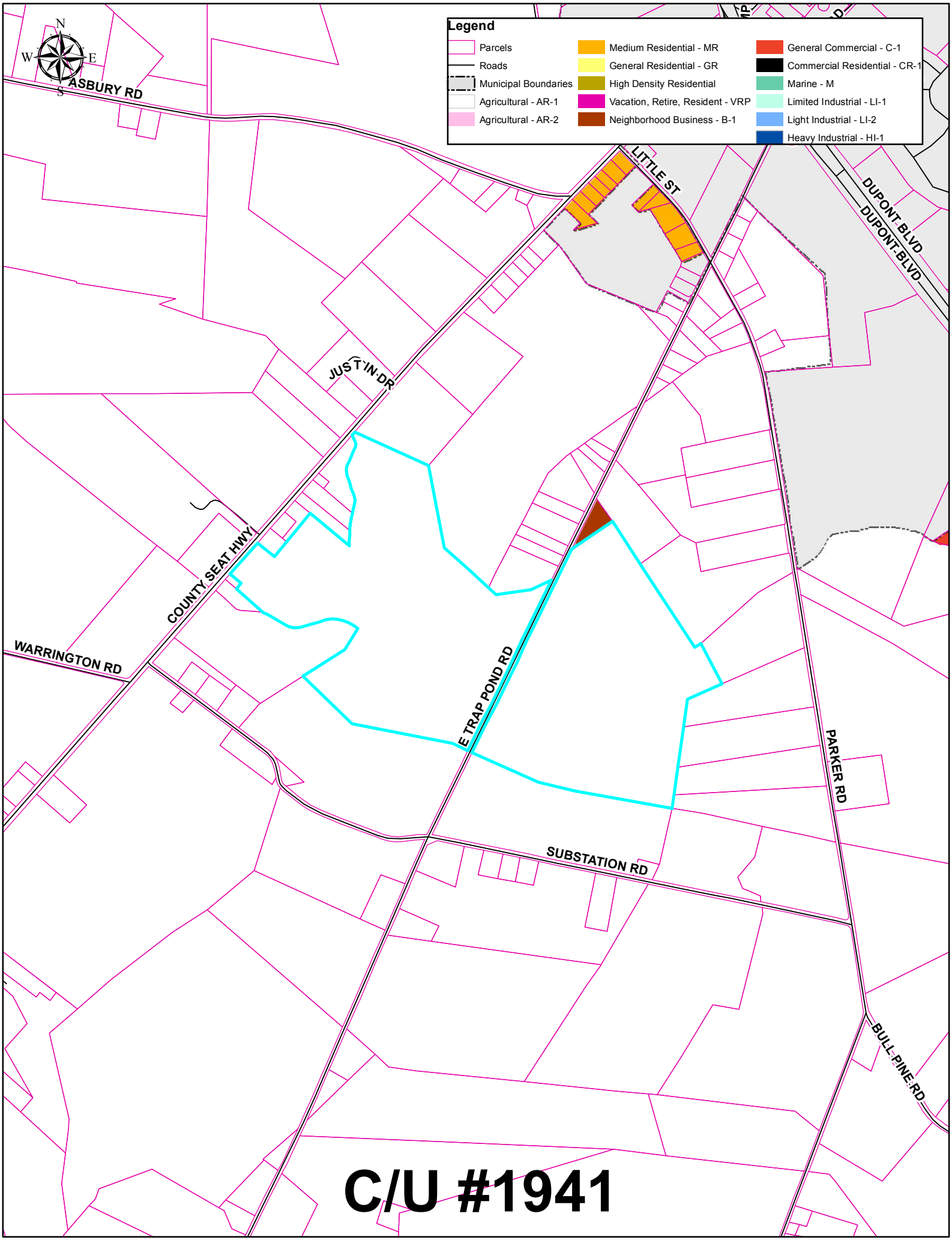
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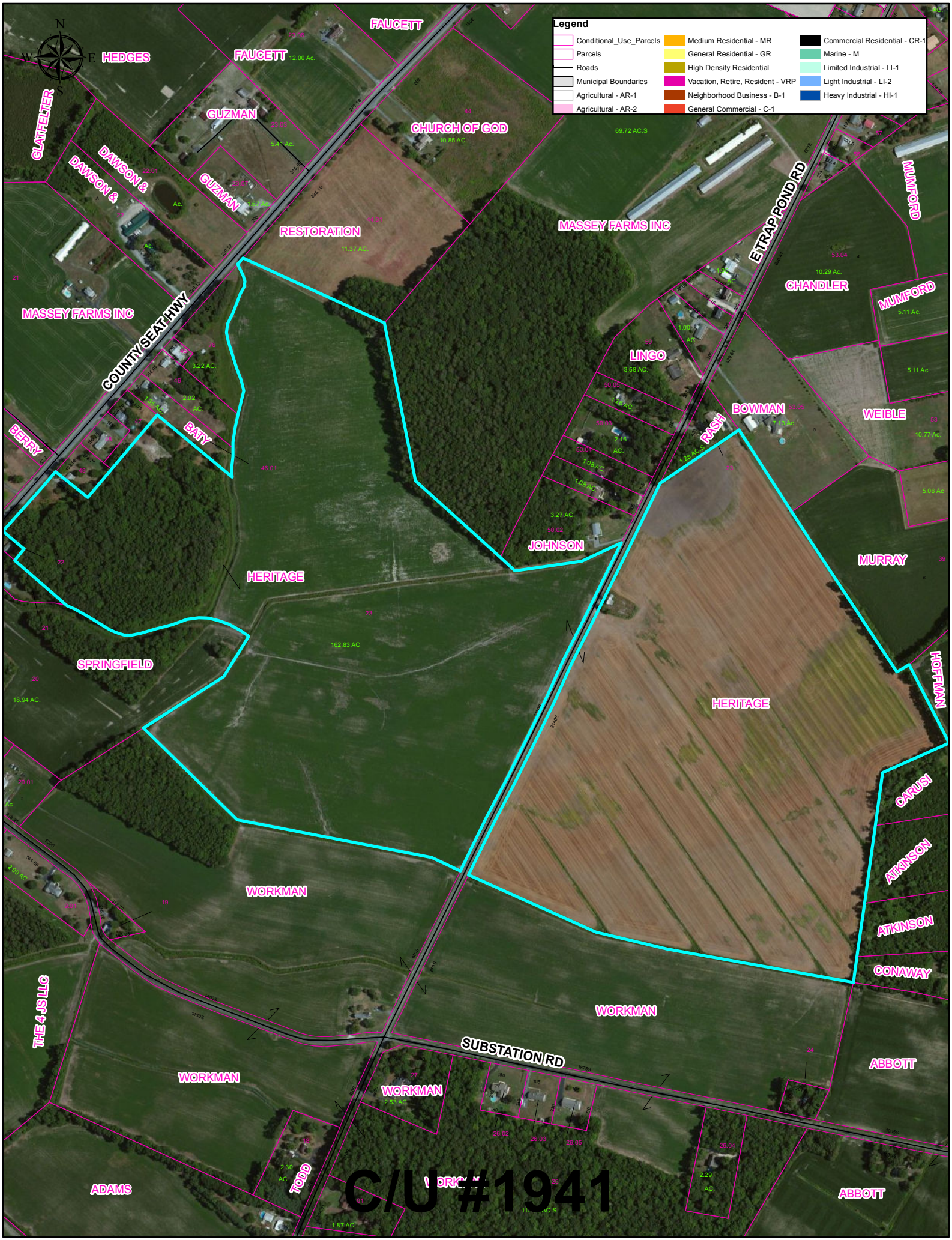
C/U #1941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RESTORATION
MASSEY FARMS INC
ETRAP POND RD
MUMFORD
CHANDLER
MUMFORD
MASSEY FARMS INC
COUNTY SEAT HWY
LINGO
BOWMAN
WEIBLE
BERRY
BATY
FASH
JOHNSON
MURRAY
HERITAGE
SPRINGFIELD
HERITAGE
HOFFMAN
CARUSI
ATKINSON
WORKMAN
ATKINSON
CONAWAY
THE 4 JS LLC
WORKMAN
SUBSTATION RD
ABBOTT
WORKMAN
WORKMAN
ADAMS
TODD
ABBOTT
C/U #1941