



**MINUTES  
PUBLIC MEETING  
June 18, 2012  
9:00 am  
Conference Room 18**

**I. Call to Order/Roll Call**

Auditor Tim Berry called the meeting to order at 9:02 am. Other committee members present were, Jon Vanator, Deputy Budget Director, Mike Frick, Chief Deputy Treasurer, Stefanie Rhinesmith and Martha Lake. Also present were Kirke Willing; Deputy Auditor, Jaimie Beisel with Great-West Retirement Services (Third Party Administrator to the Plan), Mike Paton of Barnes & Thornburg (Counsel to the Committee and the Administrator), Janet Sweet and Tiffany Spudich with Capital Cities (Investments Consultants to the Committee) and Erin Sheridan with the Auditor of State's Office.

**II. Reading of the Minutes**

Tim Berry asked for a motion to approve the minutes from the May 18, 2012 meeting. Martha Lake moved to approve the minutes. Jon Vanator seconded. The minutes were approved unanimously.

**III. Management Consultants Report**

**Investment Structure Review Follow Up:**

As discussed in the May meeting, Tier II is structured utilizing the traditional "style box" approach, which has historically been adopted by investors as a methodology to ensure proper diversification. Given the headwinds facing equities and the difficult environment for fixed income, alternative ways to construct the investment structure should be considered. In addition, an international equity search is currently underway to replace Artio International Equity II which also has implications for the plans' line-up.

The decision to change the investment structure falls into four areas. Ultimately the best structure balances the benefits and considerations of each area.

**International:** replace Artio in Tier II with a new Core international Equity option. Consider replacing Artio inside the Target Date Funds with a blend of unconstrained equity managers.

**Unconstrained:** Add an unconstrained fixed income option as a Tier III Specialty option; consider the benefits and costs of constructing multi-manager options; and use unconstrained equity and fixed income

inside the Target Date Funds.

**White Label:** Consider the merits of white Labeling Tier II & Tier III at this time versus in the future.

**Target Date Funds:** Conduct a Target Date Fund study to determine whether to incorporate non-Tier II & III strategies into the Target Date Options (including unconstrained, additional passive, and alternatives).

The summary of issues addressed has prompted Capital Cities to recommend Investment structure Option #1 of the 4 Options offered. Option #1 maintains the existing line-up for participants, while replacing Artio International Equity II with a new manager within the Tier II Core options with future consideration being given to replacing Artio inside the Target Date Funds with a blend of unconstrained managers. Capital Cities also recommends adding an unconstrained fixed income option as a Tier III Specialty Option.

Upon these recommendations from Capital Cities the committee addressed and discussed concerns about the length of time for the implementation, communication to participants as the potential exists for confusion or misuse on their part.

After much discussion, Tim Berry asked for any other questions and then a motion to approve an Unconstrained Fixed Income Search to be conducted by Capital Cities. Mike Frick moved to approve the search. Stefanie Rhinesmith seconded. The motion was approved unanimously.

#### **International Equity Manager Search Book:**

Upon Capital Cities recommendation above to replace Artio with a new core International Equity option and upon conclusion of interviews during the Initial Quantitative screening process, Capital Cities provided the committee with three Core International Equity manager finalists:

Capital Group: American Funds Euro Pacific Growth Fund  
Wellington: International Opportunities Fund  
Waddell & Reed: International Core Equity Fund

After further discussion between the committee and Capital Cities, Stefanie Rhinesmith moved to approve the American Funds Euro Pacific Growth to replace the Artio International Equity II Fund. Mike Frick seconded the motion. The motion was approved unanimously.

#### **IV. Old Business**

#### **V. New Business**

No new business was reported.

#### **VI. Adjournment**

There being no further business before the Committee the meeting was adjourned at 10:08 a.m. Next scheduled meeting will be August 17, 2012.