



**MINUTES  
PUBLIC MEETING  
August 21, 2009  
9:00 am  
Indiana Government Center South  
Conference Room 17**

**Call to Order/Roll Call**

Auditor Tim Berry called the meeting to order at 9:00am. Committee members present were Chris Ruhl, Treasurer Richard Mourdock, Steffanie Rhinesmith and Judy Rhodes. 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), Joe Bill Wiley, Amanda Black and Tiffany Spudich with Capital Cities (Investments Consultants), Andrew Kronschnabel, Stephen Mullin, and Daniel Perullo with Logan Circle Partners and Erin Sheridan with the Auditor of State's Office.

**Reading of the Minutes**

Tim Berry asked for a motion to approve the minutes from the May 15, 2009 meeting. Judy Rhodes moved to approve the May 15, 2009 Public Meeting minutes. Chris Ruhl seconded the motion. The minutes were approved unanimously.

**Administrator's Report**

Auditor Berry welcomed Chris Ruhl who is replacing Ryan Kitchell to the committee. Chris Ruhl is the Director of the State Budget Agency and is Governor Daniels' appointee to the committee.

**Management Consultant's Report**

Joe Bill Wiley began his report with positive news reporting that Equities experienced the first positive quarter in a year. During the second quarter within domestic equities, Small Cap equities (20.69%) outperformed Large Cap Equities (15.93%), while International Equities, due to the weakening U.S. dollar, fared even better than its domestic counterparts, earning 25.43% in the

second quarter. Fixed Income assets also rose with the strongest gains coming from spread sectors, such as High Yield and Credit, which posted 23.07% and 8.81% respectively.

Amanda with Capital Cities continued the discussion with her report concerning the recent Watchlist Memo for Logan Circle Partners. Effective May 29, 2009 Chief Investment Officer & Lead Fixed Income Portfolio Manager Ryan Brist resigned. His resignation affects both portfolio management and new business development (potential impact to client growth and retention). Logan should be closely monitored; however the impact of the changes is mitigated by the diversification in underlying managers and the ongoing shift to more conservative investment guidelines. It is recommended that Logan be retained as an underlying Core Plus Manager in the Indiana Stable Value Fund (ISVF) with continued Watchlist status given the changes to the management team.

### Investment Policy Statement Review

Capitol Cities next went through their annual review of the Investment Policy Statement (IPS). The purpose of the statement is to provide both the committee and the consultant with a structure outlining their responsibilities, objectives, authority and guidelines for investment selection and monitoring. Capitol Cities is working on some enhancements to the current IPS to include changes (interim and permanent) required by Aegon and ING concerning the more conservative investment guidelines in the ISVF. Capitol Cities also proposes including comprehensive written records of all decisions and decision-making processes in Appendix A of the IPS, to establish and demonstrate procedural prudence on the part of the Committee as well as changing the Language structure for the investment options to better describe the plans asset allocation. Once finalized, the amended IPS will be brought back to the committee for their approval.

### Performance & Evaluation Report

Lastly Amanda went over the Considerations and Observations page with the committee noting that there were no real new changes other than the watchlist for Logan Circle Partners. They are continuing to monitor the IPO progression for Artio International Equity II. The IPO was originally scheduled for late 2008, but was delayed due to market volatility.

The Wells Fargo Advantage Capital Growth Fund continues to under perform vs. both its peers and the index. Capital Cities has asked the group at Wells Fargo to be present at the November investment committee meeting to present on and address the current under performance issues with the Advantage Capital Growth Fund.

Capitol Cities also mentioned the Indiana Income Fund has been renamed the “Indiana Retirement Fund”.

### **Old Business**

Dan Purello, Stephen Mullin and Andrew Kronschnabel with Logan Circle Partners were in attendance to give their annual report on the performance of the Indiana Stable Value Fund (ISVF). They provided the committee with an overview on the ISVF providing the committee

both a summary of the funds current structure as well as an update on the mandated changes concerning the Wrap providers to a more conservative Core Plus Portfolio. The funds current Market Value is at \$399 million and continues to provide participants with a high level of stable current income while providing preservation of capital. Dan also updated the committee on the transition of the portfolio to the new, more conservative guidelines. The goal is to create a more stable risk/return profile through higher quality and lower time duration. Dan stated that Logan has two years to phase in these changes which are a key component of the transition as it will minimize any forced sales of securities that might result in a realized loss.

### **New Business**

Auditor Tim Berry announced plans for a similar retirement dinner as last year's Terry Savage event. Last years event was a big hit with the participants who attended. It was such a success with "sold out" attendance that this year on October 14 there are 2 speakers that have been booked. Barbara Stanny and Dee Lee. The event will take place at the Marriott in downtown Indianapolis. There will also be four regional events taking place in the following weeks that will showcase the speakers from the main retirement dinner in Indianapolis. These events will take place in Ft. Wayne, Merrillville, Evansville and Henryville. Also, Auditor Berry announced that the plan will reinstate the administrative fee holiday again this year for those participants who elect to take a positive action with their plan. This could include changing your deferral to a percentage, increasing your deferral or scheduling an appointment with an account executive at Hoosier S.T.A.R.T. The fee holiday is designed to provide participants with an incentive to become more active in their retirement planning.

### **Adjournment**

There being no further business before the Committee the meeting was adjourned at 10:52 a.m. Next scheduled meeting is November 20, 2009.