



**MINUTES  
PUBLIC MEETING  
September 21, 2012  
9:00 am  
IGCS Rm. 19**

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

Auditor Tim Berry called the meeting to order at 9:07 am. Other committee members present were, Jon Vanator, Deputy Budget Director, Mike Frick, Chief Deputy Treasurer, Steffanie Rhinesmith and Martha Lake. Also present were Kirke Willing; Deputy Auditor, Jaimie Beisel & Shari Condon 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, Amanda Black 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 August 17, 2012 meeting. Martha Lake moved to approve the minutes. Mike Frick seconded. The minutes were approved unanimously.

**III. Administrators Report**

Auditor Berry reminded the committee that Jean Chatzkey is the key note speaker for the fall educational dinner. The break-out sessions will be about the investment portfolio and the other on Long Term Care Insurance. The Indianapolis dinner is on October 11, 2012. Auditor Berry also announced the new Hoosier S.T.A.R.T. web site that will be launched in the upcoming weeks. It's believed the site will be user friendly. Also, the new educational video has been completed. The video will debut at the fall dinners but will be presented to new hires at their New Employee On-Board event.

**IV. Management Consultants Report**

**Unconstrained Fixed Income Manager Search Book**

During the May 2012 meeting the Committee elected to conduct an Unconstrained Fixed Income Search for a new option to be included in the Tier III Specialty Options and as a component of the Tier I Lifestyle Funds. Capital Cities conducted a search with 36 firms responding. Unconstrained Fixed Income could represent \$25 million within the combined target date options. The stand-alone Unconstrained Fixed Option would initially have no assets, as this will be a new option.

Capital Cities gave a brief overview of the search process which requires, complex reviews, screening, & rankings so the selections can be presented as a finalist to the Committee.

The four finalist: Lazard, Loomis, PIMCO, Reams could be considered to be grouped in various complementary combinations, given their unique approaches to the asset class. The ultimate decision should be based on the Committee's manager preferences.

Amanda Black gave a description of each finalist with their strategy. After listening to the details it prompted much discussion from the Committee. An overview was also given that stated the advantages and considerations if the managers were combined.

After reviewing the scenarios the Committee opted to create combination they felt would be the most beneficial to Participants. Reams, Lazard & PIMCO was the combination the Committee felt would best compliment the Plan, allocating 1/3 to each manager. To prevent Participant confusion due to the new changes being rolled out, the Committee agreed to delay until the first quarter of 2013 so communication is clear.

Stephanie Rhine-Smith made the motion to select the combination of the three managers. Mike Frick seconded. The change was approved unanimously.

#### **Target Date Funds Review: Alternatives Discussion**

Tiffany Spudich presented a Target Date Funds review. She explained that an allocation to Alternatives and the strategies that could be utilized will be dependent upon the search findings presented at the November meeting. Different Alternative Strategies have provided varying degrees of diversification benefit to public stocks and bonds.

The current portfolio construction of the Target Date Funds includes traditional stocks & bonds. Alternatives would have generally decreased the risk taken within the target Date Funds, while providing returns in line with the current Funds.

Given the challenging environment of both equities and fixed income markets, capital markets expectations have been reduced across all asset classes while volatility has increased.

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

No old business needed to be addressed.

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

No new business was reported.

#### **VI. Adjournment**

There being no further business before the Committee the meeting was adjourned at 9:59 a.m. Next scheduled meeting will be on November 16, 2012.