



**MINUTES
PUBLIC MEETING
FRIDAY, November 16, 2007
9:00 AM
Auditor of State's Office Room 240**

I. Call to Order/Roll Call

Treasurer Richard Mourdock called the meeting to order at 9:00 AM.

Richard Mourdock, Judy Rhodes, Ryan Kitchell and Tony Armstrong were present.

II. Reading of the Minutes

Richard Mourdock moved to approve the August 24, 2007 Public Meeting minutes as amended, to reflect the change in time of Judy Rhodes' arrival being just prior to New Business at the last Board meeting. Tony Armstrong seconded the motion and the minutes were approved unanimously.

III. Administrators Report

Kirke Willing gave a quick update on the transfer of assets from Delaware Investments to Logan Circle Partners. Everything transpired on October 31, 2007 and per Logan Circle Partners, the transition has progressed smoothly.

The committee was briefly updated on automatic enrollment. For the month of September the plan had 387 employees enroll into the program with only seven employees opting out. For the month of October the plan had 563 employees enroll with twenty four opting out. That's a three percent opt out rate.

On October 24th, the The Department of Labor published it final regulations defining a Qualified Default Investment Alternative which becomes effective December 24, 2007. The Department of Labor approved three primary types of QDIA's: glidepath funds, managed accounts and balanced funds. Plan sponsors are responsible for the prudent selection and monitoring, but are not liable for any loss. Plan sponsors should document the rationale behind the QDIA. Also, Qualified Default Investment Alternatives should

provide long-term appreciation and capital preservation. Joe Bill Wiley with Capitol Cities Investments, LLC. feels everything the Board is doing complies with the new regulations and the Board is doing the right thing for the participants.

IV. Investment Management Consultant's Report

Investment Performance Report:

Janet Sweet of Capital Cities, LLC. gave a third quarter investment performance report...

Alliance Bernstein Growth & Income Fund has experienced short and long-term underperformance. Historically, the Fund's style has been out of favor due to its large cap relative value strategy that focuses on high quality stocks. Over the last quarter, the Fund decreased its mega cap bias to be inline with that of the Russell 1000 Value Index. It is recommend to continue Watchlist and closely monitor performance.

Wells Fargo Advantage Capital Growth Fund ranks in the top half of its peers for the time period since Erik Voss' Departure. It is recommended that they be removed from the Watchlist.

Goldman Sachs Structured Small Cap Equity Fund has displayed significant underperformance. Year-to-date the Fund has underperformed its benchmark by nearly 12 percentage points, ranking in the 97th percentile of its peers. Goldman attributes their underperformance to stocks chosen based on Momentum themes, as well as due to unfavorable market movement brought on by the subprime lending crisis. It is recommended that this Fund be Watchlisted.

PIMCO Total Return posted a 4.59% return, beating the Lehman Brothers Aggregate Index by 175 basis points and ranking in the 4th percentile of its Core Fixed Income peers. The strong showing this quarter improved the Fund's cumulative period rankings, with one-, three- and five-year numbers all falling within the top quintile of peers. PIMCO continues to benefit from the consulting relationship with Alan Greenspan, with the scope of the relationship exceeding initial expectations. Also, the news that Mohamed El-Erian will return to PIMCO as Managing Director, Co-CEO and Co-CIO from Harvard is quite positive.

V. New/Old Business

VI. Adjournment

There being no further business before the Committee the meeting was adjourned at 9:45am.