



**MINUTES  
PUBLIC MEETING  
FRIDAY, August 24, 2007  
9:00 AM**

**Indiana Government Center South Conference Room #26**

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

Tim Berry called the meeting to order at 9:00 AM.

Tim Berry, Richard Mourdock and Tony Armstrong were present. .

**II. Reading of the Minutes**

Tim Berry moved to approve the minutes for the May 25, 2007 Public Meeting. Richard Mourdock seconded the motion and the minutes were approved unanimously.

**III. Administrators Report**

Tim Berry announced that Bill L'Huillier, with Great West Retirement Services, will be moving to Maryland and thanked him for his dedication to the Deferred Compensation Plan.

Jim Higgins from London Witte Group, LLC presented their audit report of the financial statements of the Indiana Deferred Compensation Plan's Revenue Sharing Account for the twelve months ended December 31, 2006 and the nine months ended December 31, 2005. It was London Witte's opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Indiana Deferred Compensation Revenue Sharing Account as of December 31, 2006 and 2005, and results of its operations and cash flows for the twelve months ended December 31, 2006 and nine months ended December 31, 2005, in conformity with generally accepted accounting principles in the United States of America.

Mr. Higgins also presented a Reportable Condition Letter that identified certain

deficiencies in internal controls that they considered significant under standards established by the American Institute of Certified Public Accountants. The following are the deficiencies identified;

a.) Evidence of approval of expenses by Plan Administrator not done on a consistent basis.

b.) There were no copies of fund agreements kept on file at the onset of the engagement

c.) There has been no verification of revenue received from the funds of the revenue sharing account since the plan's inception

d.) There were no engagement letters on file for expenses for professional services.

It was reported that three of the four items have been dealt with and the fourth item is being corrected.

Richard Mourdock moved to approve the Audit Report and approve the Reportable Condition Letter. Tony Armstrong seconded and the motion was approved.

#### **IV. Investment Management Consultant's Report**

##### **Investment Performance Report:**

Janet Sweet of Capital Cities, LLC gave a second quarter investment performance report. Two funds were specifically brought to the attention of the Board.

Goldman Sachs had experienced underperformance versus its peers and index, particularly over the last two quarters. The Funds underperformance can be attributed to the portfolio's lack of exposure to the best performing stocks, specifically due to the model's interpretation of Momentum themes in the market. This Fund will be closely monitored for one more quarter. If the Fund sees no improvement, it will be put on a formal watchlist.

PIMCO Total Return Fund has been placed on a Managers Alert, this is not a watchlist. The Fund has experienced a short-term underperformance related to PIMCO's interest rate strategy. It is important to note that while PIMCO's performance has been disappointing, they have remained true to their philosophy and have not been afraid to admit the interest rate strategy was off-the-mark. They seem to have made the appropriate changes going forward, but time will tell whether these changes are both timely and correct.

## **V. New/Old Business**

Board Member Judy Rhoades arrived at this point in the meeting.

Jude Driscoll and Dan Perullo for Logan Circle Partners informed the Board of their separation from Delaware Investments and that most of their fixed income team was moving with them to Logan Circle Partners. They are partnering with Guggenheim Partners, LLC which has more than \$125 billion under supervision as of 12/31/06 and will provide administrative services to Logan Circle Partners including HR, Employee Benefits, IT, and an accounting platform. Their goal is to bring about \$12 billion of assets with them to Logan Circle Partners. They currently have about \$10 billion already assigned to be transferred to Logan Circle.

Richard Mourdock moved to prepare and sign an assignment letter to transfer the assets from Delaware Investments to Logan Circle Partners as of October 31, 2007 and to add a side letter for any new fee arrangement that may be negotiated to the existing contract. Tony Armstrong seconded the motion. The motion passed unanimously.

## **VI. Adjournment**

There being no further business before the Committee the meeting was adjourned at 10:10am.