



**MINUTES
PUBLIC MEETING
November 20, 2009
9:00 am
Auditor of State
Conference Room 17**

I. 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, 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 to the Plan Administrator and Committee), Joe Bill Wiley, Janet Sweet and Amanda Black with Capital Cities (Investments Consultants to the Committee), Derek Tubbs, Mike Harris, & Tom Pence with Wells Capital Management 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 per the amendment. Judy Rhodes moved to approve the August 21, 2009 Public Meeting minutes. Richard Mourdock seconded. The minutes were approved unanimously.

III. Administrator's Report

Auditor Berry reported there were full houses at the educational dinner tour through-out the state; in Ft. Wayne, Evansville, Henryville, Merrillville, and Indianapolis. All were well received and considered a success. More outreach events are being considered for the near future. Auditor Berry also announced that for any participant who meets with a Hoosier Start representative to discuss their account or if a participant makes a change to their deferral, or enrolls in the plan, then they will receive an administrative fee holiday for the 1st Quarter 2010. This is the second year the plan has offered this incentive to its participants.

IV. Management Consultant's Report

Third Quarter Economic Report

Joe Bill Wiley began with positive news reporting that Equities continued to post double digit returns during the third quarter. Small to mid-capitalization stocks generally outpaced Larger-capitalization stocks with Value outperforming Growth. Due to the decline in the U.S. dollar, International equities earned 19.5% over the last quarter. The Bond markets also showed positive results across the board. On the down side, the high and continual rise of the unemployment rate (crept over 10%) brings concern for the potential for inflation. Unemployment is expected to climb in 2010. The CPI remains negative (-1.3%) but is expected to turn positive near year-end due to increasing commodity prices. The GDP for the first time in awhile ended positive (3.5 %) due in part to the federal stimulus money. Also, Treasury's ended positive at just over 2%.

Performance & Evaluation Report

Janet Sweet indicated due to the gray shaded background of the plan summary there haven't been any status changes. A few funds continue to operate with yellow lights: Domini Social Equity, Wells Fargo Advantage Capital Growth, Fidelity Low-Priced Stock, and Artio International Equity II are all being monitored. Note the fund Black Rock Large Cap Value (they merged with Barclays Global Investors) had originally wanted to be called Black Rock Global Investors but now is referred to as only Black Rock. Janet also updated the Committee on the ISFV letting them know that the Market/Book Ratio had grown to 98% in the 3rd quarter, up from 95.2% in the 2nd quarter.

Wells Fargo Advantage Capitol Growth Presentation

Derek Tubbs introduced himself as having joined Wells Fargo in the summer of '08. The institutional side of the business (Wells Capital) is fully merged with Evergreen but the mutual side (Wells Fargo Advantage) is taking longer but is scheduled for sometime in 2010. This should not affect Wells Capitol because of their multi-critiqued structure and since they operate separate they have not been involved with administrative issues which allows time for them to focus on our plan's portfolio.

Mr. Tubbs brought attention to the Fundamental Growth Equity and the Distinguishing Characteristics to help address the firm's Investment Process. How they construct their portfolio is also outlined in their Investment Process Highlights and they construct their Portfolio around 3 tiers; Core Holdings, Developing Situations and Valuation Opportunities allowing them to balance risk and return. WF Adv. Capital Growth Fund: I performance since September 30, 2009 brought the portfolio a return of 7.7% versus the Russell 1000 Growth Index at 7.5%. (YTD it is up 34.77)

Next, Mike Harris; Managing Director who has been on their team since 1999 addressed the committee's concern about Eric Goss's departure in 2006 and reassured that the transition has been successful. Mr. Harris then proceeded to give an overview pertaining to the market dynamics of the past decade, which Wells Fargo labeled as the "Worst

Decade of Equity Returns”, why returns have been so poor and what to expect in the year ahead. The second half of 2009 has seen a “V” shaped recovery in Equity Valuations Resulting in a “P/E Rally” in the 3rd quarter.

In closing, Mr. Harris stated the unemployment rate and the unprecedented corporate cost cutting were huge factors in the past few years but the magnitude & sustainability of corporate earnings growth is the key variable as we enter the 4th quarter. Also, historically the next 10 years might not be as tough and we could be set up for the next investment return opportunity and our strategy usually performs well in a recovering economy.

Investment Policy Statement Review-

Janet Sweet provided the committee with an update on the revised Investment Policy Statement (IPS) incorporating the new Investment Option Structure guidelines and the three broad asset categories it covers. The revised IPS also incorporates the new Indiana Stable Value Fund guidelines under Attachment C of the IPS. Judy suggested that she would like to have the entire agreement for the wrapped accounts included in attachment C of the IPS and not just the Modification of the Investment Guidelines as outlined in attachment 1 of the agreement. Judy asked to also have the historical record updated in the IPS to reflect the recent changes with the ISVF. Cap Cities agreed to look at these concerns being raised and will report back with changes at the February meeting.

V. Old Business

No old business to address

VI. New Business

No new business to address.

VI. Adjournment

There being no further business before the Committee the meeting was adjourned at 10: a.m. Next scheduled meeting is February 19, 2010