MINUTES
PUBLIC MEETING
November 21, 2008
9:00 am
Indiana Government Center South
Conference Room 6

I. Call to Order/Roll Call

Auditor Tim Berry called the meeting to order at 9:05am. Ryan Kitchell, Judy Rhoads and Steffanie Rhinesmith were present. Richard Mourdock arrived shortly thereafter, prior to the reading of the minutes.

II. Reading of the Minutes

Judy Rhoads moved to approve the August 15, 2008 Public Meeting minutes. Ryan Kitchell seconded the motion, the minutes were approved unanimously.

III. Administrator's Report

Auditor Berry announced that the Terry Savage Seminar was a great success. Over five hundred Hoosier Start participants attended the informational dinner. Prior to the dinner, retirees and participants who were nearing retirement were invited to attend an informational session on Preparing for Retirement with Ron Nichols of Great West.

In addition, it was announced in the participants' third quarter statements that they will receive a fee holiday for the fourth quarter administrative fee. In addition, for anyone 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 another quarter administrative fee holiday for the 1st Quarter 2009.

IV. Management Consultant's Report

Janet Sweet with Capital Cities Investment Consultants began her report with an overview of the last quarter. Amid the continued financial crisis, some of the largest losses occurred in September, causing all Domestic equity style groups to post returns in the red for the quarter, with the exception of Small Cap Value. During the third quarter, Value notably outpaced Growth. Small Value now leads its Domestic and International equity counterparts for the last one-year period. The sub-prime crisis that began in the summer of 2007 has morphed into a worldwide financial crisis of unprecedented scope and severity. The extreme stock market decline of the past 12-months, particularly the past 60 days, understandably has caused great concern. From the peak in October 2007 through October 2008 stocks were off 47%. Janet Sweet reiterated to the Board that they are fulfilling their fiduciary obligation to the Deferred Compensation Plan by how they are managing the plans assets.

AllianceBernstein Growth & Income Fund was replaced due to product and performance concerns. BlackRock Large Cap Value Fund was implemented October 21, 2008. This required a change to Appendix B in the Investment Policy Statement. Two other index changes to note in Appendix B are, Ironbridge SMID Cap Equity II from the Russell 2000 to the Russell 2500 and Artio International Equity II changed to MSCI ACWI. Richard Mourdock moved to approve the changes to Appendix B in the Investment Policy Statement. Steffanie Rhinesmith seconded, the motion was unanimously approved.

Well Fargo Adv. Capital Growth has had an organizational change and short-term underperformance. Capital Cities LLC will closely monitor the merger and performance.

Artio International Equity II (formerly known as "Julius Baer") filed a registration statement with the SEC for a proposed initial public offering. While the IPO was expected to be completed towards the end of the year, extreme market volatility has caused Julius Baer to delay the IPO. Capital Cities will continue to monitor the IPO progression.

Indiana Stable Value Fund/Logan Circle Partners has contracted with Aegon to provide Global Wrap services similar to those that Dwight was providing. The transition was completed on June 1, 2008. Previously the Board had discussed adding more latitude with Logan portfolio to invest more in high yield. These discussions have been tabled at this time because Wrap providers don't want to add more risk at this time.

Logan Circle Partners is on a Watchlist for organizational, personnel and performance issues. In November 2008, Logan announced the addition of a ten-person team from Bear

Stearns to focus on enhanced cash and short duration strategies. The Logan Core Plus strategy has experienced underperformance vs. the Index. Illiquidity and spread widening in fixed income markets has caused the portfolio's holdings in corporate bonds, structured securities and high yield to underperform vs. the Treasury-heavy index.

Fidelity Low-Priced Stock closed to participants on December 31, 2003, and is currently closed to all participants in the INDC Plans. In May, 2008 Fidelity Low-Priced Stock Fund re-opened to existing Retirement Plans who held the option on their platform. Given asset size and current holdings, significant style drift concerns continue to exist with the Fund. In August, 2008 the Investment Committee conducted a thorough review of the classification and benchmarking of the Fund. Beginning with the third quarter of 2008, the Funds classification was changed to a "Specialty" option and performance benchmarking changes were made to compare the Fund to the Total Domestic Equity database and a blended index that would more closely reflect the "go-anywhere" style. It was discussed by the Board, but no action has been taken at this time.

During the August 15, 2008, Deferred Compensation meeting, the Board Members instructed Capital Cities to research the Plans Current Funds for the possibility of obtaining Cheaper Share Classes. Capital Cities found that both Wells Fargo Advantage Capital Growth and Janus Adviser Mid Cap Value offered Cheaper Share Classes. In addition, both Funds are available on the Great West platform and can be offered at any time. Auditor Berry explained that these Cheaper Share Classes are new to the Fund and were not available when the Board originally chose to invest in these Funds.
Auditor Tim Berry made a motion to make these Cheaper Share Class changes, Treasurer Richard Mourdock seconded and the motion was unanimously approved.

Judy Rhoads asked if the Deferred Compensation Plan has a policy in place to inquire and annually monitor for Cheaper Share Classes. She then moved to approve a motion to communicate with firms that now have administrative service fees and don't allow us to opt out, to communicate that our preferences are to have that option. Ryan Kitchell seconded the motion. Tim Berry questioned how this should be communicated to the participants? Judy Rhoads suggested a suitable way to communicate this would be through the Investment Advisors. Tim Berry called for a vote. The motion was approved unanimously.

V. Old Business

Michael Paton with Barnes and Thornburg submitted for approval a revised version of the State of Indiana Deferred Compensation Matching Plan. It was revised to incorporate four amendments that have been adopted since January 1, 2002. Also, it was revised to reflect certain changes that are required in connection with the submission of the Matching Plan to the Internal Revenue Service. Auditor Tim Berry motioned to approve the changes to State of Indiana Deferred Compensation Matching Plan. Judy Rhoads seconded and the motion was approved unanimously.

VI. New Business

VII. Adjournment

There being no further business before the Committee the meeting was adjourned at 10:23am.