

REGULAR BOARD OF TRUSTEES MEETING MINUTES

Tuesday, November 28, 2006

Don Bennett called the meeting to order at 10:02 a.m. Other Board members present included Kevin Boehnlein, Karen Davis, Cari Whicker and Chuck Schalliol.

TRF staff present included Cristy Wheeler, Bob Newland, Tom Abbett, Crystal Lawson, Phil Barnes, Amy Maynard, Steffanie Rhinesmith, Tom Davidson and Dan Diebolt. Also in attendance were Steve Moberly of IRTA, Tony Armstrong from the Budget Agency, Marilyn Edwards of ISTA and Adam VanOsborne from Indiana Education Insight.

The Agenda was presented.

Chuck Schalliol moved to approve the agenda. Cari Whicker seconded the motion. The motion carried.

The minutes of the October 31, 2006 meeting were presented.

Chuck Schalliol moved to approve the minutes. Kevin Boehnlein seconded the motion. The motion carried.

Cristy Wheeler handed out the COLA assumptions from her meeting with Gabriel, Roeder, Smith and Company last week. Staff recommends setting a 1% COLA assumption for the fiscal year 2006 valuation. This would make the employer rate approximately 7.14% for fiscal year 2008. Chuck Schalliol expressed his concern of not raising the amount all at once for the schools; this should be a gradual incline to reach the recommended final COLA assumption of 1.5%.

Chuck Schalliol moved to adopt a 1% COLA assumption for the fiscal year 2006 valuation. Karen Davis seconded the motion. The motion carried. The employer rate is scheduled to be set in March 2007.

Cristy recommended the Board make a decision on the IIF proposal made by staff last month.

Kevin Boehnlein moved to accept the IIF participants proposals. Cari Whicker seconded the motion. The motion carried.

Phil Barnes handed out recommended changes to the guidelines for Real Estate to allow flexibility and diversification into co-mingled accounts.

Phil Barnes provided the Board with a Memorandum on Real Estate Guidelines, Structure and Investments. To begin the process of diversification and additional allocation, the investment staff recommends investing \$60 Million in RREEF'S Global Real Estate Fund (commingled funds). As RREEF is one of our current managers, this additional investment can be made in January 2007.

Chuck Schalliol moved to approve staff's recommendation for the Real Estate guidelines and investing an additional \$60 Million in RREEF. Kevin Boehnlein seconded the motion. The motion carried.

Steffanie Rhinesmith spoke on Domestic Equities. Staff would like to maintain Large Cap equities where they currently are (passive 30% and enhanced 40%). Staff would like to add 6 new Small to Mid Cap managers and begin this search in early 2007.

Cristy Wheeler noted Steve Moberly (IRTA) will retire in December and that it has been a pleasure working with him and we wish him all the best in his retirement.

Chuck Schalliol departed the meeting at 10:55 a.m. designating Tony Armstrong to conduct his business.

Dan Diebolt presented retiree payments for the month of December 2006 noting we had 2,361 new retirements this year.

Karen Davis moved to approve the payments. Cari Whicker seconded the motion. The motion carried.

Tom Abbett presented the expenditures for October 2006.

The Board requested a 5 minute break

The meeting resumed at 11:05 a.m.

Cristy Wheeler presented the director's report by sharing her budget committee presentation with the Board. Cristy noted that Tim Walsh moved to a new Board and we should have a replacement for him in January 2007. At that time, we will elect a new Vice President.

Cristy Wheeler communicated to the Board that she will be attending the Superintendents' meeting on Friday with Tom Davidson (General Counsel) and will update you at the next meeting.

Cristy Wheeler advised the Board of the need for an Executive Session prior to the next Board meeting to discuss performance management results and potential litigation matters.

The Board requested materials to be voted on at a meeting be sent to them in advance of the meetings.

The December meeting was tentatively set for January 9, 2007 at 10:00 a.m. The January meeting was tentatively set for January 30, 2007.

Kevin Boehnlein moved to adjourn this meeting. Don Bennett seconded the motion. The motion carried.

There being no additional business, the meeting adjourned at 1:05 p.m.