



**MINUTES  
PUBLIC MEETING  
May 21, 2020  
9:00 a.m.  
Virtual Meeting**

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

State Auditor Tera Klutz called the meeting to order at 9:00 a.m. Committee members present were Lisa Acobert (Appointee, Board of Finance), Mike Frick (Appointee, Treasurer of State), and Deanna Oware (Appointee, Board of Finance). Staci Schneider (Chief of Staff to the Auditor of State), Jared Bond, Kim Diller and Britton Stucker (Auditor of State); Ann Mahrtdt and Jaimie Beisel (Empower Retirement, Third Party Administrator to the Plans); Mike Paton (Barnes & Thornburg, Counsel to the Committee and the Administrator); and, Joe Bill Wiley, Tiffany Spudich, and Nathan Kinney (Capital Cities, L.L.C., Investment Consultant to the Committee) were also present.

**II. Live-Streaming Disclaimer**

The meeting was live-streamed. Joe Bill Wiley, of Capital Cities, provided the live-streaming disclaimer.

**III. Approval of the Previous Minutes**

State Auditor Tera Klutz asked for a motion to approve the minutes from the February 13, 2020 meeting. **Ms. Acobert moved to approve the minutes. Mr. Frick seconded. The minutes were unanimously approved.**

**IV. Administrator's Report**

State Auditor Tera Klutz thanked Lisa Acobert for her service as a Committee member. Ms. Acobert completed her second term. Deanna Oware, Appointee, Board of Finance, was introduced to the Committee.

Staci Schneider highlighted that a Plan audit is currently being conducted by Crowe. Ms. Schneider also gave an update on the educational VIP Open Houses, which has pivoted to webinars. The first VIP Open House had 80 attendees, while the second had 180. Ms. Schneider indicated they are looking to expand the virtual webinars/conferences given the COVID pandemic. New Castle School Corporation and Northern Indiana Commuter signed up for the Plan. Hancock County Library is converting all of their participants to the Plan as well. In addition, Ms. Schneider informed the Committee that the Auditor's Office has been working with Empower to ensure the Plan is in compliance with the CARES Act.

## **V. Third-Party Administrator's Report**

Ann Mahrtdt, of Empower, gave an update, on the CARES Act, which included waiving required minimum distributions (“RMDs”) for 2020. Coronavirus-related withdrawals, up to \$100,000, are also allowed, in the Plan, under the CARES Act provisions. Empower is monitoring the withdrawal activity, which included 58 participants having made withdrawals to-date. Ms. Mahrtdt indicated that Regulation Best Interest goes into effect June 30<sup>th</sup>. There is no impact to the Plan; however, Retirement Advisors are updating their recommendation process to be in compliance with the regulation. Ms. Mahrtdt also previewed Empower's enhanced managed account platform, My Total Retirement, which should be launched in the fourth quarter of 2020/first quarter of 2021.

## **VI. Great West Trust Resolution**

State Auditor Tera Klutz proposed replacing Wells Fargo with Great West as the Plan's Trustee/Custodian. **Mike Frick motioned to approve the replacement. Ms. Acobert seconded. The decision was unanimously approved.**

## **VII. Investment Consultant's Report**

### **Market Review**

Nathan Kinney, of Capital Cities, gave a COVID-19 market update, to the Committee, that covered the effects of the pandemic on the economy, markets, and the subsequent fiscal/monetary policy response.

### **1Q20 Performance & Evaluation Report**

Ms. Spudich presented the 1Q20 Performance & Evaluation Report to the Committee. As part of the discussion, Ms. Spudich highlighted that the total Plan assets stood at \$1,248,523,506, as of March 31, 2020. A summary qualitative and quantitative review (“stoplight grid”) of each of the investment options was also provided to the Committee. All of the investment options are in good/excellent standing, with the exception of the Fidelity Low-Priced Stock Fund. This Fund continues to be monitored, for relative underperformance, over the last three-year time period, which was largely due to the Fund holding out-of-benchmark international stocks.

The Report included manager updates. The Vanguard FTSE Social Index Fund enhanced its screening process to include fossil fuels' screen. The Carillon Reams Unconstrained Bond Fund, which serves as an underlying component of the Indiana Flexible Bond Fund, had a personnel update. Tom Fink, portfolio manager and member of the investment committee at Reams, retired at the end of April 2020. Todd Thompson, head of the credit research team and a 20-year veteran of the firm, was named Managing Director and appointed to the investment committee. Separately, Reams' operating agreement with Carillon Tower has been modified. It has been extended from late 2022 to “perpetuity,” and has shifted from a profit-sharing arrangement to a revenue sharing-arrangement, consistent with Carillon Tower's other affiliates. New employment contracts have been put in place for senior professionals. Overall, Capital Cities is comfortable with the changes, at Reams, but will continue to monitor the organization and personnel.

### **Investment Policy Statement**

Ms. Spudich presented a review of the Plan's Investment Policy Statement (IPS). The IPS Appendices were updated as part of the review.

### **VIII. Investment Management Consultant Search Recommendation**

State Auditor Tera Klutz discussed the RFP process for the Plan's Investment Consultant. Capital Cities, L.L.C. was recommended to be retained based on the RFP responses and subsequent scoring. **Mike Frick motioned to approve Capital Cities as the Plan's Investment Consultant. Ms. Acobert seconded. The decision was unanimously approved.**

### **IX. Old Business**

None.

### **X. New Business**

State Auditor Tera Klutz discussed the Third Party Administrator contract is scheduled to expire in April 2021.

### **XI. Adjournment**

There being no further business before the Committee, the meeting was adjourned at 9:41 a.m. **Lisa Acobert motioned for adjournment. Mike Frick seconded the motion.** The next quarterly meeting is scheduled for Thursday, August 13, 2020 at 9:00 a.m.