

**MINUTES
BOARD OF TRUSTEES OF THE
INDIANA PUBLIC RETIREMENT SYSTEM
5830 N. Post Road, Indianapolis, IN 46216
Roosevelt Room and Virtual Webcast
[Pursuant to Executive Order 20-09 and extensions]**

June 25, 2021

Board Members Present

Michael Pinkham

Brian Abbott

Connie Plankenhorn

Tera Klutz

Kelly Mitchell

Vivienne Ross

Bret Swanson

Justin McAdam

Guest Presenters

Sandy Halim, CEM Benchmarking

Jeff MacLean, Verus

Staff Presenters

Steve Russo, Executive Director

Keith Hall, Interim Chief Audit and Risk Officer

Donna Grotz, Chief Financial Officer

Cheryl Harding, Director of Strategic Initiatives

Scott Davis, Chief Investment Officer

Tony Green, Chief Legal & Compliance Officer

Donna Frank, Deputy Compliance Officer and Counsel

Meeting called to order at 10:22 a.m. by Chairman Swanson.

In accordance with normal practice, Board members were provided electronically written materials in advance of the meeting.

I. Executive Session

A brief Executive Session was held at pursuant to IC 5-14-1.5-6.1(b)(9).

As posted, the Board discussed personnel matters as authorized pursuant to IC 5-14-1.5-6.1(b)(9).

As required by IC 5-14-1.5-6.1(d), the Board hereby certifies that only subject matter related to IC 5-14-1.5-6.1(b)(9) was discussed.

II. Approval of Minutes from May 7, 2021 Board of Trustees Meeting

MOTION duly made and carried to approve the Board of Trustees Meeting minutes from the May 7, 2021, Board meeting.

Proposed by: Brian Abbott
Seconded by: Kelly Mitchell
Votes: 8 in favor, 0 opposed, 0 abstentions

III. Unfinished Business

There was no unfinished business discussed by the Board.

IV. Required Business

A. Chief Audit and Risk Officer Hiring

Chairman Swanson gave an overview of the process to hire a Chief Audit and Risk Officer. Vice Chairman Abbott provided a summary of qualifications for the candidate selected, Keith Hall, and recommended Mr. Hall for position of Chief Audit and Risk Officer.

MOTION duly made and carried to approve Keith Hall as Chief Audit and Risk Officer.

Proposed by: Tera Klutz
Seconded by: Brian Abbott
Votes: 8 in favor, 0 opposed, 0 abstentions

B. FY21 Internal Audit Plan Approval

Keith Hall presented FY21 audit results. Nineteen audits were completed out of twenty-three planned and three are in progress. Mr. Hall also presented the FY22 audit plan and discussed consolidated residual risk profile.

MOTION duly made and carried to approve the audit plan as presented.

Proposed by: Mike Pinkham
Seconded by: Connie Plankenhorn
Votes: 8 in favor, 0 opposed, 0 abstentions

C. Investment Policy Statement (IPS) Updates

Scott Davis presented a revised Investment Policy Statement. A copy was provided to the Board prior to the meeting. Mr. Davis discussed the changes to the defined benefit plans, defined contribution plans and other plans and noted specific sections of the Investment Policy Statement.

MOTION duly made and carried to adopt the revised INPRS Investment Policy Statement.

Proposed by: Kelly Mitchell
Seconded by: Brian Abbott
Votes: 8 in favor, 0 opposed, 0 abstentions

D. Proposed Expanded Use of Investment Manager

Scott Davis discussed expanded use of investment manager. Mr. Davis discussed the current language in the Investment Policy Statement and increasing the allocation to Bridgewater's risk parity fund (All Weather II) from 6.2% to 10% of the total DB Plan. Mr. Davis summarized manager concentration. All Weather II has been INPRS's best performing risk parity manager. Staff recommended increasing the allocation to Bridgewater All Weather II up to 15% (with target allocation of 10%), thus exceeding 6% of retirement fund assets.

MOTION duly made and carried to adopt increasing the allocation to Bridgewater All Weather II up to 15% (with target allocation of 10%) of the total DB Plan.

Proposed by: Mike Pinkham
Seconded by: Brian Abbott
Votes: 8 in favor, 0 opposed, 0 abstentions

E. FY22-FY24 Strategic Plan Approval

Cheryl Harding presented the FY2022-2024 Strategic Plan. Ms. Harding summarized the strategic planning process along with the INPRS vision, mission and values statement. Ms. Harding discussed the changes to the Strategic Plan and top priorities for FY22.

MOTION duly made and carried to approve recommendation of FY22 – FY24 Strategic Plan.

Proposed by: Justin McAdam
Seconded by: Kelly Mitchell
Votes: 8 in favor, 0 opposed, 0 abstentions

F. FY21 Budget Approval

Steve Russo discussed the 2022 fiscal year budget. Mr. Russo provided an overview of administrative and investment expenses, administrative and investment headcount trend, and explanations for the increases. Mr. Russo also provided the comparison of DB expenses to peers by sharing the CEM cost per member graph. Mr. Russo noted that INPRS's DC administrative fees are low compared to peers.

MOTION duly made and carried to approve recommendation of FY22 budget as presented.

Proposed by: Brian Abbott
Seconded by: Mink Pinkham
Votes: 8 in favor, 0 opposed, 0 abstentions

G. Proposed Indiana Administrative Code (IAC) Changes

Donna Frank proposed updates to the IAC. Ms. Frank provided a brief overview of the proposed rules. A copy was provided to the Board electronically for their review, and the Board was informed that the rules would be posted on the INPRS website for public comment for thirty (30) days. Ms. Frank asked the Board to review and provide any feedback before the next board meeting. Ms. Frank indicated that the Board would be voting on the recommended changes at the next Board meeting in September.

V. New Business

A. CEM DB Administration Benchmarking Review

Sandy Halim presented the CEM pension administration benchmarking results for FY2020. Ms. Halim talked about administration cost and service. Ms. Halim summarized where INPRS ranked compared to peers. Ms. Halim explained the reasons why INPRS has lower cost and highest service score compared to the peer average. A copy of the CEM DB Administration Benchmarking Review was provided to the Board prior to the meeting.

B. Investments Update

Scott Davis presented the INPRS investment update to the Board. Mr. Davis provided highlights of INPRS' investments and reviewed the INPRS investment portfolio as of May 31, 2021. Mr. Davis provided a brief overview about asset allocation, defined benefit performance, defined contribution funds' performance and INPRS watch list.

C. Financial Update

Donna Grotz presented the INPRS financial update. Ms. Grotz summarized the financial results, administrative and investment expenses as of the end of May 2021. Ms. Grotz also talked about the Supplemental Reserve Accounts (SRAs).

D. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo noted one line of duty death. Mr. Russo provided an overview of the INPRS return to office timeline. Mr. Russo summarized escalated measures and gave a brief summary of the Balance Scorecard.

VI. Preliminary Agenda for September 10, 2021 Board Meeting

A copy of the preliminary agenda for the September 10, 2021, meeting was included in materials provided electronically to Board members.

VII. Other business as requested by the Board

There was no other business as requested by the Board discussed.

VIII. Adjournment

MOTION duly made and carried to adjourn the June 25, 2021 Board meeting at 1:06 p.m.

Proposed by: Tera Klutz
Seconded by: Kelly Mitchell
Votes: 7 in favor, 0 opposed, 0 abstentions (Bret Swanson was absent.)