

**MINUTES
BOARD OF TRUSTEES OF THE
INDIANA STATE TEACHERS' RETIREMENT FUND
150 West Market Street, Suite 300
Indianapolis, IN 46204**

December 16, 2009

EXECUTIVE SESSION

An Executive Session was held at 10:00 a.m. pursuant to IC 5-14-1.5-6.1(b)(2)(C). 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)(2)(C) was discussed.

REGULAR SESSION

Board Members Present

Ryan Kitchell, President
Don Bennett, Vice President
Cari Whicker, Secretary
Greg Hahn, Trustee
Steve Overmyer, Trustee
Bret Swanson, Trustee

Others Present

John Dowell, Nyhart
Andy Thomas, IRTA
Pete Keliuotis, SIS
Don Perault, BlackRock
Seth Whicker
Mike Zurich, Nyhart

TRF Staff Present

Steve Russo, Executive Director
Erin Hankins, Executive Assistant
Tom Davidson, General Counsel
Andrea Unzicker, Chief Compliance Officer
Jaclyn Brinks, Legal Services Provider
Tim Walsh, Chief Investment Officer
Stephen Wolff, Senior Investment Analyst
Bryan Martin, Director of Investments
Julia Pogue, Chief Financial Officer

Meeting called to order at 10:55 a.m. by President Kitchell.

I. **Financial Update and Actuary Report**

Julia Pogue presented the Financial Update. Ms. Pogue reviewed financial highlights for October 2009, the statement of fiduciary net assets, and actual and forecasted expenses compared to the budget. John Dowell of Nyhart presented the Actuary Report. Mr. Dowell addressed benefit changes that occurred in 2009, asset and liability reconciliation, TRF's ongoing liability funded status, and the contribution rate. The contribution rate of 7.5%, previously approved by the Board and effective July 1, 2010, remained unchanged.

II. **Approval of Minutes**

MOTION duly made and carried to approve the minutes from the November 4, 2009 board meeting.

Proposed by: Cari Whicker
Seconded by: Bret Swanson
Votes: 6 in favor, 0 opposed

III. **Voting Items**

TIPS

Tim Walsh presented the active TIPS report. Mr. Walsh reviewed the procedure for selecting BlackRock as the active TIPS manager and recommended that the Board approve a \$100 million investment in BlackRock active TIPS.

MOTION duly made and carried to approve a \$100 million investment in BlackRock active TIPS, subject to final due diligence, legal review, and TRF staff addressing Board questions regarding a reduction in the percentage of investments in non-TIPS from 20 to five, the presence of non-U.S. dollars in the portfolio, the review of ISDA agreements, and BlackRock's retained ability to hold a two percent position if the portfolio is downgraded below investment grade.

Proposed by: Greg Hahn
Seconded by: Bret Swanson
Votes: 6 in favor, 0 opposed

Board Governance Manual

Steve Russo presented the Board Governance Manual and recommended its adoption.

MOTION duly made and carried to adopt the Board Governance Manual.

Proposed by: Don Bennett
Seconded by: Greg Hahn
Votes: 6 in favor, 0 opposed

Investment Policy Statement

Steve Russo introduced the revised Investment Policy Statement (IPS), and Tim Walsh identified the key elements of its revisions. Mr. Walsh clarified that the Board would be delegating authority to staff to hire and terminate investment managers, within the limitations of three percent (public), 0.75 percent (alternative), and four percent (termination) of both the Annuity Savings Account and defined benefit assets. Mr. Russo recommended that the Board adopt the new IPS.

MOTION duly made and carried to adopt the revised IPS.

Proposed by: Greg Hahn
Seconded by: Bret Swanson
Votes: 6 in favor, 0 opposed

Risk Management Policy

Steve Russo presented the Risk Management Policy. Mr. Russo stated the staff's intention to regularly report to the Board on the implementation of the policy, which could include metrics and an annual written report to the Board.

MOTION duly made and carried to adopt the Risk Management Policy.

Proposed by: Bret Swanson
Seconded by: Cari Whicker
Votes: 6 in favor, 0 opposed

General Investment Consultant

Tim Walsh spoke to the selection process resulting in the recommended general consultant and introduced lead consultant Pete Keliuotis of Strategic Investment Solutions, Inc. (SIS). Mr. Keliuotis outlined his personal history and qualifications as well as the approach and qualifications of SIS. The selection sub-committee recommended that the Board hire SIS as TRF's general consultant, subject to final due diligence and legal review.

MOTION duly made and carried to hire SIS as TRF's general consultant, subject to final due diligence and legal review.

Proposed by: Greg Hahn
Seconded by: Ryan Kitchell
Votes: 6 in favor, 0 opposed

Indiana Administrative Code

Steve Russo gave a brief introduction to the Indiana Administrative Code (IAC) and Board responsibilities concerning it. Mr. Russo then presented Board Resolution No. 2009-12-01 to revise the IAC.

MOTION duly made and carried to adopt Board Resolution No. 2009-12-01.

Proposed by: Greg Hahn

Seconded by: Bret Swanson

Votes: 6 in favor, 0 opposed

IV. **Non-Voting Items**

Investments Update

Tim Walsh presented the Investments Update. Mr. Walsh reviewed the performance summary, manager performance detail, and Public Markets Manager Watch List. Mr. Walsh also discussed the current status of Aksia as TRF's hedge fund consultant.

Executive Director's Report

Steve Russo gave the Executive Director's Report and discussed metrics for the month of October 2009.

V. **Draft Agenda for Next Board Meeting**

Ryan Kitchell presented a draft agenda for the February 2010 Board meeting.

VI. **Proposed 2010 Board Meeting Dates**

Steve Russo discussed Board member availability for 2010 proposed meeting dates.

VII. **Adjournment**

Meeting adjourned at 1:19 p.m.