

THE INDIANA PUBLIC RETIREMENT SYSTEM

BOARD GOVERNANCE MANUAL

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A. Introduction

1. Purpose of this Board Governance Manual

Members of the Board of Trustees of the Indiana Public Retirement System (“INPRS” or the “System”) are fiduciaries and are subject to the statutory and common law duties of a fiduciary, as well as policies adopted by the board governing their conduct, including this Board Governance Manual and the System’s Investment Policy Statement ([Appendix A](#)). Members of the board of trustees (the “Board”) acknowledge their role as fiduciaries to the funds administered by INPRS and, specifically, that the INPRS Board must prudently administer the assets of each of the INPRS-administered Funds (listed below) for the exclusive benefit of the members and beneficiaries of each of those Funds. The purpose of this Board Governance Manual is:

- a) To set forth the Board’s responsibilities provided in the Indiana Code, the Indiana Administrative Code, and Board-approved policies, as well as the Board duties and proscriptions provided under federal law;
- b) To set forth those responsibilities that have been delegated by the Board; and
- c) To facilitate the organized, efficient, and cohesive functioning of the Board.

This Board Governance Manual and all attached policies and documents shall be reviewed biennially and will be amended by the Board whenever circumstances warrant action. This Manual is intended to be in harmony with applicable laws; however, should there be any discrepancies, the law prevails. Any questions regarding this Board Governance Manual should be directed to the executive director of the System.

2. Mission Statement

We advance the achievement of retirement security for current and future retirees and beneficiaries through our delivery of operational and investment excellence, exemplary customer service, and trusted stakeholder communication.

3. Principles Statement

- **Stewardship.** We prudently invest and manage the assets held in trust for current and future retirees. We rigorously identify, measure, and manage risk.
- **Best in Class Operations.** We efficiently deliver accurate, timely retirement benefit payments and related services with attentiveness to high quality customer service.

- **Trusted Source.** We are our stakeholders' trusted source of reliable, comprehensive information about retirement security and the role that INPRS plays in the delivery of that security.
- **Collaboration and Shared Purpose.** We value professionalism, teamwork and operational excellence to consistently improve the quality and sustainability of our services.

4. Indiana Code and Indiana Administrative Code

The Indiana Code (IC) sections referenced in this document are available online at <http://www.in.gov/legislative/ic/code/>. The Indiana Administrative Code (IAC) is available at <http://www.in.gov/legislative/iac/>.

B. Overview

1. Description of the Funds

On July 1, 2011, the Indiana General Assembly created the board of trustees of the Indiana Public Retirement System to administer the following Indiana public employee retirement plans (hereinafter the "Funds"):

- Indiana State Teachers' Retirement Fund (TRF)
- Public Employees' Retirement Fund (PERF)
- Prosecuting Attorneys' Retirement Fund (PARF)
- 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund)
- Legislators' Retirement System (LRS)
- Judges' Retirement System (JRS)
- State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan (EPCEP)

The INPRS board also oversees three non-retirement funds including the Pension Relief Fund, the Public Safety Officers' Special Death Benefit Fund, and the State Employees' Death Benefit Fund. These ten funds are further described below.

Prior to July 1, 2011, the retirement plans for Indiana public employees were administered by two separate boards of trustees, the Public Employees' Retirement Fund board (which also managed PARF, 1977 Fund, LRS, JRS, EPCEP, and the non-retirement funds) and the Indiana State Teachers' Retirement Fund board. This administrative merger began in 2010 with the adoption of legislation requiring the two boards to name a common executive director.

Despite the creation of the unified INPRS board, each retirement fund continues as a separate fund under the oversight of the combined board of trustees. INPRS is not a merger of PERF and TRF plans and neither the assets nor the liabilities of one fund become the assets or liabilities of the other. Individual funded status for each fund will continue to be calculated separately.

INPRS is governed by a nine-member Board of Trustees, six of whom are appointed by the Governor pursuant to the following criteria:

- one trustee with experience in economics, finance, or investments;
- one trustee with experience in executive management or benefits administration;
- one trustee who is an active or retired member of the 1977 fund;
- two trustees who are TRF members with at least 10 years of creditable service;
- one trustee who is a PERF member with at least 10 years of creditable service;

As well as three ex officio members:

- the Director of the State Budget Agency, or designee;
- the Auditor of the State, or designee; and
- the Treasurer of the State, or designee.

The Indiana Code enumerates the duties and powers of the Board, which include promulgating rules to administer the Funds, adopting an annual budget, and the ability to exercise all powers necessary, convenient, or appropriate to carry out and effectuate the Board's public and corporate purposes and to conduct the Board's business.¹ To this end, the Board has delegated the day-to-day operations to the executive director and staff of the Funds, though oversight of the Funds remains with the Board of Trustees.²

The executive director carries out the policies set by the Board and administers the Funds on a daily basis. The executive director acts on behalf of the Board, and is responsible for performing duties as assigned by the Board, as well as maintaining a record of the Board's proceedings and being responsible for the safekeeping of the books and records of the Funds, among other duties.³

a. State Teachers' Retirement Fund

The Indiana State Teachers' Retirement Fund is a multiple-employer retirement fund established to provide pension benefits for teachers and their supervisors in the State's public schools. Membership in TRF is required for all legally qualified and regularly employed public school teachers. TRF provides retirement benefits, as well as death and disability benefits.

¹ See IC 5-10.3-3 and 5-10.4-3.

² See IC 5-10.5-4.

³ See IC 5-10.5-6-2.

The TRF benefit consists of (1) a defined benefit ("DB") based upon years of service and final average salary and (2) an additional benefit based upon the member's annuity savings account ("ASA") balance, derived from member contributions. The mandatory member contribution rate to his or her TRF ASA is defined by law as 3.0% of each member's salary. Each employer is authorized to elect to pick up the member contribution.

The Indiana General Assembly created TRF in 1921 as a "pay-as-you-go" DB retirement system to provide pension and disability benefits to its members and their survivors/beneficiaries who meet the statutory requirements for such benefits. *Pay-as-you-go* means that the State did not pre-fund the teachers' retirements through employer contributions while the members were actively teaching. Instead, the State appropriated money for the retirement benefits as they became due for payment.

Since its establishment, the laws governing the administration of TRF have changed and expanded in response to the needs of its members, employers and citizens. In 1955, ASA accounts were established in their current form, requiring a percentage contribution based on member salary. Upon retirement, members can withdraw their ASA balance in a lump sum or they can convert their balance into an annuitized amount that is added to their monthly defined benefit.

In 1995, legislation was passed that closed the pay-as-you-go plan (named the "Pre-1996 Account") to newly hired members and created a new account for teachers hired after June 30, 1995 (the "1996 Account"). The 1996 Account was established to be actuarially pre-funded by requiring school corporations to set aside a fixed percentage of payroll for teacher retirements. Also in 1995, the General Assembly passed legislation creating the Pension Stabilization Fund ("PSF"), designed to partially fund TRF's unfunded liability of the Pre-1996 Account. The PSF was initially funded from \$425 million of employer reserves from the Pre-1996 Account and, since that time, has received contributions from the Indiana State General Fund, contributions from the Indiana State Lottery, and interest earned from the investment of PSF assets.

b. Public Employees' Retirement Fund

The Public Employees' Retirement Fund is a multiple-employer plan created in 1945, with the passage of the Public Employees' Retirement Act, to provide defined benefit retirement, disability, and death benefits to members and their survivors/beneficiaries who meet the statutory requirements for such benefits. Members of the PERF plan include employees of the State and employees of other governmental units who have adopted resolutions joining PERF (including cities, towns, counties, and other governmental units).

The PERF benefit consists of (1) a pension formula benefit, based upon years of service and an average of the member's annual compensation as defined by statute, and (2) an additional benefit, based upon the member's annuity savings

account balance, derived from employee contributions (“PERF ASA”). The employee contribution rate is defined by law as 3.0% of each employee’s salary. For State employees, the law requires the State to pick up the employee’s contributions to PERF.

Contributions are made to PERF by the State and local units determined by normal cost and amortizing the unfunded accrued liability of each unit during periods established pursuant to statute. Contribution rates are set by the Board based on annual actuarial valuations.

c. 1977 Police Officers’ and Firefighters’ Pension and Disability Fund

The 1977 Police Officers’ and Firefighters’ Pension and Disability Fund provides pension and disability benefits for local police officers and firefighters hired after April 30, 1977. Benefits for the members of this plan have been funded on an actuarial basis through contributions from cities and towns and from plan members. In addition, the INPRS Board of Trustees administers a Pension Relief Fund for local police and fire units whose employees participate in the 1925 police pension fund, the 1937 firefighters’ pension fund and the 1953 police pension fund (the “Old Funds”). Benefits for the members who participate in the Old Funds have been funded on a “pay-as-you-go” basis, under which benefits are paid from current revenue of cities and towns and by plan members’ contributions. The state reimburses cities and towns for their entire pension benefit expenditure under the Old Funds via the Pension Relief Fund. To provide such pension relief, the State has dedicated a portion of the State’s cigarette tax revenue, liquor tax revenue, Hoosier Lottery profits, and investment earnings on the Public Deposit Insurance Fund. From time to time, the General Assembly has also appropriated general and dedicated funds to pension relief.

The 1977 Fund pension benefit consists of a pension formula benefit based upon years of service and the first-class salary as defined by statute. The employee contribution rate is defined by law as 6% of first-class salary. Contributions are made to the 1977 Fund by the participating employer units as determined by INPRS. Contribution rates are set by the Board based on annual actuarial valuations.

d. Judges’ Retirement System

The Judges’ Retirement System has been in existence since 1953 to provide retirement, disability and survivor benefits for Judges. All judges and magistrates in covered positions are required to join the JRS. The pension benefit consists of a pension formula benefit based upon years of service and the member’s salary as defined by statute. The employee contribution rate is defined by law as 6% of each employee’s salary. Contributions are made to the JRS by the State as determined by INPRS. Contribution rates are set by the Board based on the annual actuarial valuation.

e. Prosecuting Attorneys' Retirement Fund

The Prosecuting Attorneys' Retirement Fund has been in existence since 1990 to provide retirement, disability and survivor benefits for Prosecuting Attorneys, Chief Deputy Prosecuting Attorneys and Deputy Prosecuting Attorneys, who are required to join PARF. PARF members are also required to join PERF. The PARF benefit consists of a pension formula benefit based upon years of service and the member's annual compensation as defined by statute. The employee contribution rate is defined by law as 6% of each employee's salary. The employer may pick up the employee's contributions to PARF. Contributions are made to PARF by the State determined by normal cost and amortizing the unfunded accrued liability during periods established pursuant to statute. Contribution rates are set by the Board based on annual actuarial valuations.

f. Legislators' Retirement System

The Legislators' Retirement System has been in existence since 1989 to provide retirement, disability and survivor benefits for members of the General Assembly. The LRS includes two plans: The Legislators' Defined Benefit Plan ("LEDBP") and the Legislators' Defined Contribution Plan ("LEDPC"). The LEDBP includes only legislators of the state of Indiana who were serving on April 30, 1989, and elected participation. Legislators elected or appointed after April 30, 1989 participate in the LEDCP.

The LEDBP benefit consists of a pension formula benefit based upon the lesser of \$40 per month multiplied by the years of service in the General Assembly prior to November 8, 1989 or the highest consecutive three-year average annual salary at termination, divided by twelve. Contributions are made to the LEDBP by the State determined by normal cost and amortizing the unfunded accrued liability during periods established pursuant to statute. Contribution rates are set by the Board based on annual actuarial valuations.

The LEDCP employee contribution rate is defined by law as 5%. State contributions are made to the LEDCP based on a rate determined by the Board and confirmed by the budget agency not to exceed the total contribution rate paid that year by the state to INPRS for state employees.

g. State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan

The State Excise Police and Conservation Enforcement Officers' Retirement Plan has been in existence since 1972 to provide retirement, disability and survivor benefits for Excise Police, Gaming Agents, Gaming Control Officers and Conservation Enforcement Officers, who are required to join EPCEP. The EPCEP benefit consists of a pension formula benefit based upon years of service and the member's annual compensation as defined by statute. The employee contribution rate is defined by law as 4% of each employee's salary. The employer may pick up the employee's contributions to EPCEP.

Contributions are made to EPCEP by the State determined by normal cost and amortizing the unfunded accrued liability during periods established pursuant to statute. Contribution rates are set by the Board based on annual actuarial valuations.

2. Governing Law

INPRS administers the Funds under Internal Revenue Code Section 401(a) and is governed by federal law, the Indiana Constitution, Indiana Code, Indiana Administrative Code, and policies set by the Board. Pursuant to Indiana law and the Internal Revenue Code, INPRS must be operated for the exclusive benefit of, and solely in the interest of, each Fund's members and their beneficiaries. In order to provide the ensuing tax advantages to its members, INPRS is required by Indiana law to meet all rules applicable to qualified plans under Section 401 of the Internal Revenue Code. In addition, the Funds are trusts, exempt from taxation under Section 501 of the Internal Revenue Code and as an instrumentality of the State of Indiana. INPRS does not fall under the Department of Labor and is not governed by ERISA, but as best practice tries to follow ERISA.

Many of the statutes governing INPRS are found in Title 5, Articles 10.2 (governing both PERF and TRF), 10.3 (PERF), 10.4 (TRF) and 10.5 (governing the board) of the Indiana Code, as well as 36-8-8 (1977 Fund), 33-38-6 (JRS), 33-39-7 (PARF), 5-10-5.5 (EPCEP), 2-3.5 (LRS), and the rules promulgated by the Boards which are published in Title 35 of the Indiana Administrative Code.

3. Board Delegation

Indiana Code 5-10.5 enumerates the duties and powers of the Board, which include promulgating rules to administer the Funds, adopting an annual budget, and the ability to exercise all powers necessary, convenient, or appropriate to carry out and effectuate the Board's public and corporate purposes and to conduct the Board's business.⁴ To this end, the Board has delegated the day-to-day operations to the executive director and staff of the Funds, though oversight of the Funds remains with the Board of Trustees.

The executive director carries out the policies set by the Board and administers the Funds on a daily basis. The executive director acts on behalf of the Board, and is responsible for performing duties as assigned by the Board, as well as maintaining a record of the Board's proceedings and being responsible for the safekeeping of the books and records of the Funds, among other duties.⁵

See [Appendix K](#) for the delegated duties of the Executive Director.

⁴ See IC 5-10.5-4-2.

⁵ See IC 5-10.5-6-2 and 35 IAC 14-1-12.

4. External Service Providers

INPRS may hire outside advisors to assist in carrying out Fund responsibilities and to fulfill fiduciary duties. Such advisors may include but are not limited to: actuaries, auditors, custodians, investment consultants, investment managers, external legal counsel, annuity savings account recordkeeper, human resource consultants, information technology support, and other technical experts.

C. Board Duties and Responsibilities

1. Fiduciary Duty of the Boards

The members of the Board of Trustees recognize that they serve as fiduciaries of the respective Funds. One of their primary responsibilities, in this regard, is the prudent investment of Fund assets. In addition, the Board shall exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. Relatedly, the Board must diversify the investments of the Funds in accordance with prudent investment standards.⁶

The Board has a duty of undivided loyalty, and must be impartial in the exercise of such duty, to the members of the Funds, as all Fund assets must be used for the exclusive benefit of each Fund's covered members and their beneficiaries. No part of the corpus or income of the trust may be used for or diverted to any purpose other than for the exclusive benefit of the members or their beneficiaries of each Fund.⁷ Further, the Board may not engage in any transactions prohibited by Internal Revenue Code Section 503(b).⁸ Board members or anyone acting on their behalf must comply with these provisions.

2. Compliance with Code of Ethics

Board members recognize that they are governed by a strict code of ethics. Because they believe that public confidence in the Board's integrity is essential not only for members of the System, but also for the public and taxpayers of the State of Indiana, they wish to ensure that their actions conform not only with the letter of the law but also with the spirit of the law. The Indiana Code of Ethics covers members of the Board, System employees, other System staff, and some vendors (including, but not limited to, Consultants, Custodians, and Investment Managers), and supersedes previous ethics policies adopted by the Board. However, the executive director may adopt additional ethics-related policies covering the personnel of the System.

⁶ See IC 5-10.3-5-3 and 5-10.4-3-10.

⁷ See IC 5-10.2-2-1.5.

⁸ See IC 5-10.2-2-1.5(9). In general, a prohibited transaction under IRC 503(b) means any transaction which results in a diversion of the income or corpus of the trust to a trustee, a family member of the trustee, or a corporation controlled by the trustee.

Below is a brief summary of the Indiana Code of Ethics promulgated pursuant to IC 4-2-6.⁹ A Board member is considered a special state appointee (“appointee”) for purposes of compliance with state ethics rules. For specific questions, Board members should consult with the executive director of the Funds.

- An appointee or former appointee shall not accept compensation from any employment, transaction, or investment which was entered into or made as a result of material information of a confidential nature.
- An appointee shall not knowingly accept a gift, favor, service, entertainment, food, drink, travel expenses, or registration fees from a person who has a business relationship with the appointee’s agency or is seeking to influence an action by the appointee, except as allowed by law.
- An appointee shall not engage in political activity, including solicitation of political contributions, from another when acting in an official capacity or from persons who have a business relationship with the appointee’s agency.
- An appointee shall not knowingly accept employment involving compensation of substantial value if the responsibilities are inherently incompatible with the responsibilities of the public office, or that would require the appointee to discuss confidential information.
- An appointee may not participate in any decision or vote that would financially benefit the appointee, the appointee’s immediate family, business organizations related to the appointee, or any person or organization with whom the appointee is negotiating prospective employment.
- An appointee shall not pay or accept compensation for the performance of official duties, except as provided by law.
- An appointee shall not divulge nor benefit from confidential information, except as provided by law.
- An appointee shall not use state materials, funds, property, personnel, facilities or equipment for a purpose other than official state business.
- An appointee shall not accept employment or compensation as a lobbyist within 365 days after leaving the appointment.
- An appointee shall not accept employment or compensation from an employer within 365 days after leaving the appointment if the appointee

⁹ See 42 IAC 1.

in his/her capacity as an appointee engaged in contract negotiations or administration of the contract with the employer.

- Appointees shall be properly trained in the code of ethics by participating in ethics training within six weeks of appointment, and at least every two years during the appointee's tenure.

In addition to Indiana's Code of Ethics, there are similar ethics-related rules in the Funds' own governing statutes regarding self-dealing and conflicts of interest¹⁰, including the proscription that a trustee may not have any direct interest in the income of an investment made by the Board and may not receive any compensation for services connected with any investment made by the Board. State criminal law similarly addresses bribery, official misconduct, and conflicts of interest.¹¹ Though Board members should not participate in a discussion or vote on a matter in which they have a financial interest, a trustee is not required to recuse themselves in a case where the connection with a matter affects the trustee only as a member of the general public or of a subgroup of the general public, such as members of a Fund as a whole. The above is intended as a summary and does not affect board members' rights or obligations under the law, including under the Indiana Code of Ethics.

3. Conflict of Interest Rules

Board members recognize that all Fund transactions and selections are to be based on the integrity and competence of the parties with whom the Fund is dealing and upon financial merit and benefit to Fund members and their beneficiaries, and not on personal relationships. Board members shall never act where there may be a conflict of interest or the appearance of a conflict of interest. They realize they occupy special positions of fiduciary trust and confidence such that each member must studiously and conscientiously avoid any reasonable appearance of conflict. A conflict of interest is understood to be presented in a situation wherein a relationship exists which could reasonably be expected to diminish independence or judgment in their performance of official responsibilities as a Board member. Accordingly, a Board member shall not engage in conduct that constitutes or involves a conflict of interest. It is the Board member's duty to determine if a potential conflict of interest exists, to avoid the conflict, if possible, or, where applicable, to disclose a conflict. If a Board member determines that a conflict of interest or potential conflict of interest exists, that individual shall have an obligation to recuse themselves from participating in the matter. As provided above, the Board member should consult with the executive director on any specific questions.

¹⁰ See IC 5-10.2-2-1.5 and IC 5-10.4-3-15.

¹¹ See IC 35-44.

In furtherance of the general principles stated above, the Board has adopted the following specific rules.

a. Contact with Vendors

It is the Board's policy that all contact with Investment Managers or others seeking a business relationship with the Fund should be directed to the executive director and staff, not to individual Board members. For example, during a manager, consultant or other professional search process, it is the Board's policy that no contact with prospective bidders and individual Board members is appropriate. However, the Board recognizes three exceptions to this general rule. First, this rule is not applicable to circumstances arising in the ordinary course of business of an individual that is unrelated to the individual's status as a Board member. Second, this rule is not applicable to contacts relating to Board business with vendors with whom the Board has a current existing fiduciary relationship. For example, Board members may contact an existing Investment Manager with any questions or concerns they might have with respect to a specific investment directed by that Investment Manager. Third, any other casual incidental contact with an existing or prospective vendor that a Board member has, not directed to specific Fund matters, will not pose a conflict but should be immediately disclosed to the executive director.

b. Speaking Engagements

A Board member may not accept any expenses, reimbursement, or honorarium for any speeches or presentations made in his or her capacity as a Board member. This rule does not apply to circumstances where the individual is speaking or presenting in a capacity unrelated to Board membership or as to which Board membership is simply recognized as a part of such member's professional experience. See *Section 7, Board Communications*, below for guidance on board communications generally.

4. Board Member Financial Reporting

PERF and TRF received an Advisory Opinion dated November 9, 2006, from the Indiana State Ethics Commission that board members are not required to file financial disclosure statements under IC 4-2-6-8 in their capacity as Board members.

5. Strategic Planning

To systematically plan for the immediate and long-term challenges and needs of the Funds, the staff and Board will engage in a strategic planning process resulting in a strategic plan covering a three- to five-year timeframe. The executive director will initiate the strategic planning process and report to the Board. The Board will be responsible for:

- 1) Providing management with input on the strategic plan, including goals and strategic initiatives;
- 2) Approving the final strategic plan and operating budget to support the plan; and
- 3) Monitoring the implementation of the strategic plan.

Strategic planning is a continuous process; therefore the resulting strategic plan may be modified by the Board as needed. The strategic plan should be revisited by staff at least annually, and an update should be provided to the Board in advance of the Board's annual approval of the budget.

6. Board Policy Development

Policy development should be a deliberate and proactive process. The general role of the executive director in the process is to assist the Board in identifying the need for Board policy, to provide the Board with analysis of the policy issues, and to develop proposed policy documents for the Board's consideration. Policies regarding matters which have been delegated to the executive director and staff pursuant to Indiana Code and Appendix K do not require board approval and may be developed and approved by the executive director. Approval of a board policy will require a formal motion of the Board, to be carried by a majority of voting Board members present.

Policies are to be formally reviewed as needed, or within the timeframe appropriate for each policy.

7. Board Communications

Board members should refrain from advising Fund members as to the rights and benefits to which a member or beneficiary may be entitled under the Funds, to the extent the trustee does not have such information. In cases where a member or beneficiary contacts a Board member with questions pertaining to personal situations or benefits matters, the member or beneficiary may be referred directly to the executive director and/or appropriate staff member to handle the issue.

In external communications, Board members should:

- Limit commentary in public settings to existing board policies or decisions;
- Speak on behalf of the Board only when explicitly authorized to do so by the Board;
- Clearly indicate when he or she is representing a personal position, opinion or analysis that is not necessarily a Board-approved position; and
- Indicate if he or she is speaking in a capacity other than that of a Board member.

The executive director and chief communication officer and/or their designees will serve as the primary contacts for media and other public inquiries and will serve as spokespersons for the Funds. When Board members are speaking on behalf of the Funds, the topic and speech notes should be reviewed and approved by the executive director. If a Board member is contacted by the media, an investment professional, or other member of the public, the trustee shall direct such individual to the executive director and notify the executive director immediately. If a Board member is interviewed by the media, the Board member should clarify that they are speaking as an individual Board member and not on behalf of the Board.

Confidentiality of Member Information: Board members may, from time to time, have access to personal data pertaining to Fund members. Board members will not divulge or communicate such information to any person or organization, except as permitted by law.¹²

D. Board Procedure and Positions

1. Meetings

Attendance at board meetings is considered to be an essential element of a Board member's fiduciary duty. Therefore, members are expected to attend all meetings unless there are extenuating circumstances that prevent such attendance.

The Board determines and approves a regular meeting schedule on an annual basis in advance of each calendar year. Changes in the approved schedule may be made by agreement of the Board, and special meetings may be called by the chairperson or by written request of at least four trustees. A quorum (five members) must be present in person, or participating by means allowing simultaneous communication,¹³ to take final action. Each member is entitled to one vote, and final action can be taken on a majority vote of the trustees present (or participating by means allowing simultaneous communication¹⁴) at the meeting.

Generally, the executive director will distribute meeting agendas and materials in advance of the meeting. Further, the executive director will have the investment staff and finance staff provide routine reports to the Board at regular board meetings.

The INPRS Board of Trustees is subject to Indiana's Open Door Law.¹⁵ Therefore, when a quorum of trustees is present, the meeting must be open to the public and must follow prescribed rules on public notice and memoranda. The Board, however, may convene an executive session under a limited set of

¹² See IC 5-10.5-6-4 and 35 IAC 14-9-8.

¹³ See IC 5-10.5-3-9.

¹⁴ See IC 5-10.5-3-8.

¹⁵ Indiana's Open Door Law is outlined at IC 5-14-1.5.

exceptions,¹⁶ where attendance is closed to the public, though any final action must be taken at a meeting open to the public.

A series of meetings among board members may constitute a meeting in violation of the Open Door Law if the board members meet in a series of at least two gatherings and the gatherings meet the following criteria: (1) one of the gatherings is attended by at least three board members but less than five members (a quorum) and the other gathering(s) include at least two board members; (2) the sum of the attending board members equals at least a quorum (five members); (3) all the gatherings concern the same subject matter and are held within a period of not more than seven consecutive days; and (4) the gatherings are held to take "official action" on public business. A gathering can occur by telephone or other electronic means, excluding electronic mail.¹⁷ "Official action" means not only making decisions, but also includes the receipt of information and deliberation.

The rules contained in the current edition of *Robert's Rules of Order* should generally guide all proceedings of the board insofar as they are applicable and not inconsistent with any of the laws or policies governing the Board. Special note should be made of the rules providing for procedure in small boards. Since Robert's Rules is a guide, minor violations of strict and formal adherence to these rules will not invalidate action or decisions made by the Board. See Appendix M for a brief summary of *Robert's Rules of Order Newly Revised*.

2. Board Positions and Committees

At a board meeting held on or before June 30, the Board shall annually elect a chairperson and vice-chairperson to serve a term of one year or until successors are elected by the Board. Officers are elected by a majority of the applicable Board members present (or participating by means allowing simultaneous communication¹⁸) at the annual meeting.

The following are the duties of each officer:

Chairperson: This officer shall conduct all meetings, may assist the executive director in preparing the agenda, and has the ability to call special meetings.

Vice-Chairperson: This officer shall conduct board meetings in the absence of the chairperson.

¹⁶ See IC 5-14-1.5-6.1.

¹⁷ See IC 5-14-1.5-3.1.

¹⁸ See IC 5-10.5-3-9.

Committees of the INPRS Board

The INPRS Board shall have the following committees: Investment Committee, Audit Committee, and Compensation Committee. Please see Appendices for the Charters of each committee.

3. Board Travel and Reimbursement

Board trustees are entitled to receive reimbursement for necessary and reasonable expenses actually incurred through service on the Board.¹⁹ Board members are subject to the reimbursement procedures contained in the *INPRS Travel Policy*, which are as follows:

- A *Request For Travel Approval* form must be completed and approved by the executive director prior to travel. This does not apply to anticipated travel to board meetings and retreats.
- An *Expense Report* with itemized original receipts or other supporting documentation, such as Mapquest.com distance maps, must be submitted for travel reimbursement.
- Original receipts are required for all reimbursable expenses, though the System will allow reimbursement of incidental expenses under \$25.00.
- Registration fees for educational conferences should be billed to the System directly, when possible.
- If renting a car, trustees should request insurance coverage, unless the travel begins and ends in Indiana and the trustee is using an approved state of Indiana vendor, as coverage is already provided under a contract with the State of Indiana.

Board members may consult with the executive director for guidance on specific questions, and the executive assistant to the executive director may assist with the completion of travel forms.

¹⁹ See IC 5-10.5-3-6.

E. Board Policies

The appendices provided hereafter are additional policies approved by the Board. Board policies may be added below by separate adoption of the individual policy by the Board.

Appendix A. Investment Policy Statements

Investment Policy Statements currently exist separately for PERF Funds and TRF.

Appendix B. Investment Committee Charter

Indiana Public Retirement System

Investment Committee Charter

A. Purpose of Investment Committee

The Indiana Public Retirement System (“INPRS”) Investment Committee (the “Committee”) is designed to provide additional oversight through more in-depth deliberations on topics specifically pertaining to the investment portfolio and department, so as to allow the INPRS Board of Trustees (the “Board”) the ability to better carry-out their fiduciary duties. The Committee has not been delegated any authority to take official action, and as such, will merely be a vehicle for designated board members to serve as well-informed liaisons between the Investment Department and the INPRS Board of Trustees.

B. Roles and Responsibilities of the Investment Committee

The list of roles and responsibilities below is meant to capture the type of issues the Committee may consider, but is not meant to be an exhaustive list of topics or to require consideration of these topics.

1. The Committee may examine externally managed portfolios, individual investments, correlation among portfolios, and such other matters as the Committee deems appropriate for the purpose of understanding, measuring, controlling, monitoring, and reporting investment exposure.
2. The Committee may review investment manager selections under consideration by Investment Department Staff, as well as reductions or increases in allocations to existing managers.
3. The Committee may examine existing investment managers, consultants and custodians.
4. The Committee may review requests from portfolio managers for waivers from requirements of their Management Agreements and/or the PERF/TRF/INPRS Investment Policy Statement.
5. The Committee may review potential termination recommendations prepared by the Investment Department.
6. The Committee may review brokerage executions, as well as portfolio transitions and the effectiveness of the transition managers.

7. The Committee may review internal investment procedures and external investment manager guidelines.
8. The Committee may review the Investment Department implementation of risk mitigation strategies, tools, and procedures.
9. The Committee may review the Funds' rebalancing policy, securities lending program, proxy voting policy, and potential securities litigation.
10. The Committee may assist with establishing procedures for the methodology and frequency of review of i) fund, asset class, and portfolio performance, ii) performance attribution, iii) allocation within asset classes, and iv) risk levels.
11. The Committee members may report back to the Board as appropriate.
12. The Committee may conduct periodic round table discussions of the economic and investment environment and Fund investment strategy.
13. The Committee may review potential investment initiatives, as well as newly-implemented initiatives and other programs in place within the Investment Department.

C. Membership

No more than four members of the Board shall serve on the Investment Committee or be present at a Committee meeting. The Chairman of the Board shall designate who will serve on the Committee. The Chief Investment Officer (CIO), or his/her designee, will be present at all Committee meetings. The Executive Director (ED) may also be present, as well as other members of the System's Staff as directed by the CIO or ED. Investment consultants, investment managers, and other advisors may also be invited to provide educational or System-specific information.

D. Meetings

The Committee shall meet on an ad hoc basis as requested by the Executive Director or at the request of three members of the Committee.

Because no authority for official action has been delegated to the Investment Committee, all meetings will be held for the purpose of information sharing only and no meeting shall include a quorum of Board members. As such, all duties retained by the Board as outlined in the Board Governance Manual remain unchanged, and all duties delegated by the Board to the Executive Director and Staff are likewise unaffected by the creation and functioning of the Investment Committee.

Appendix C. Internal Audit Department Charter

Indiana Public Retirement System

Internal Audit Department Charter

First Approved on November 19, 2010

Purpose:

The Internal Audit Department is an analytical and evaluative function established by the Board of Trustees (“Board”) of the Indiana Public Retirement System to independently examine and evaluate the activities and conditions of the Funds as a service to the Board in particular and to fund management in general. The Internal Audit Department is to assist the System in accomplishing its objectives primarily through risk analysis; examining and evaluating the adequacy and effectiveness of internal controls implemented by the System’s management; and evaluating the effectiveness of processes and procedures.

The Internal Audit Department is functionally responsible to the Board and, for administrative purposes, will report to the INPRS Executive Director. The Internal Audit Department will have no executive or managerial powers or duties at the System except those relating to the management of the Internal Audit operation.

Authority:

Subject to the approval of the Board, and in conjunction with the Executive Director, the Internal Audit Department is authorized to:

- Conduct a broad, comprehensive risk assessment;
- Decide on the nature, scope, and timing of audits;
- Enter all premises of the System, subject to reasonable security procedures, and have access to and inspect all systems, accounts, documents, and records;
- Require any employee of the System to supply such information and explanations relevant to the performance of an audit as may be needed;
- Have discussions with employees of the System at any reasonable time; and
- Assist in the selection and coordinate specialized services for audits requiring these services.

The Internal Audit Department will have authority to review all areas related to the System’s operations. There will be no unreasonable limitations on the scope of the duties exercised by the Internal Audit Department. Where the need is

indicated, special arrangements will be made for the examination of confidential information. Internal auditors will exercise due diligence in the safeguarding and use of these resources.

Except as required by law, all information gathered and workpapers generated shall be held in confidence by the Internal Audit Department. Dissemination, except under extraordinary circumstances, shall be limited to the reports or other memoranda issued by the Internal Audit Department.

Professional Standards and Ethics:

The Internal Audit Department will operate under the guidelines of the Institute of Internal Auditors' *Code of Ethics and International Standards for the Professional Practice of Internal Auditing* and these standards are incorporated by reference.

Internal auditors will have sufficient knowledge, skills, and training to effectively meet the requirements of this Charter.

Independence:

Internal auditors are and will remain independent of the System's activities or operations they review, and will not be involved in the day-to-day operations of the System. The Internal Audit Department will not be involved in the implementation of internal control systems, processes or procedures; however, it may be consulted on the adequacy of these items.

Responsibilities:

The Internal Audit Department is entrusted with the responsibility and duties listed below and will be accountable to the Board with oversight from the Executive Director to carry out duties and responsibilities within the context of audits performed:

- Review annually the Internal Audit Charter for any significant changes in policies and current audit practices, and obtain the Board's approval.
- Perform, or assist in the performance of, a Risk Assessment annually to determine the exposure of the System to risk and establish the direction and approach of audits. Based on the results of the risk assessment, prepare a detailed annual Audit Plan for submission to the Board for approval.
- Prepare proposed budget and staffing needs for the Internal Audit Department for management to present to the Board for fiscal year budget approval.
- Develop and establish policies and procedures as needed for conducting internal audit activities and reporting.

- Review the policies, procedures and management controls of the Funds to ensure that activities are properly managed and fulfilled in a cost-effective manner representing the best interests of members.
- Review systems and operations to assess the extent to which organizational objectives are achieved, and the adequacy of controls over activities leading to achievement of these objectives.
- Evaluate the relevance, reliability and integrity of financial and management information.
- Evaluate the use of resources with regard to economy, efficiency, and effectiveness.
- Assess the means of safeguarding assets and verifying their existence.
- Ascertain the extent of compliance with internal controls, fiduciary standards, policies, procedures, laws, and regulations.
- Recommend improvements in procedures and systems to prevent waste, extravagance, and fraud, or to improve efficiency and effectiveness.
- Provide counsel and advice to management and the Board on appropriate systems of controls and other accounting and operational matters in a consulting capacity.
- Participate as an advisor in the planning, design, development, and implementation phases of manual and automated systems to determine whether:
 - Adequate controls are incorporated in the system;
 - Thorough systems testing is performed at appropriate stages; and
 - Systems documentation is maintained, complete, and accurate.
- Carry out ad hoc appraisals, inspections, investigations, examinations or reviews requested by the Board or management.
- Contract with external service providers regarding assistance with specialized audit-related activities (e.g., specialized audits, investigations, consulting engagements, etc.).
- Coordinate with the System's external auditors to ensure all significant risks are addressed.
- Facilitate the work of any external (contracted) auditors hired by the System.
- Follow-up on audit findings identified by both internal and external audits and report to management the status of these findings.
- Draw attention and report to management and the Board on failure to take remedial action.

Reporting:

The Internal Audit Department will report the following:

- Results of the annual Risk Assessment and resultant Audit Plan to the Board for approval.
- Any changes to the annual Audit Plan and projects requested by management to the Board for approval.
- A draft written report of audit results to the auditee as soon as practicable upon completion of each audit and produce a final report for the auditee and Executive Director.
- A Dashboard Report to the Board providing a summary of the audit scope and the findings, as well as, a detailed Project Report, including the background of the project, procedures performed, and where applicable, management's action plans. Additionally, a copy of the Observation Tracking log will be provided on a semi-annual basis.

Appendix D. Internal Audit Committee Charter

Indiana Public Retirement System

Internal Audit Committee Charter

A. Purpose of Audit Committee

The purpose of the Indiana Public Retirement System (“INPRS”) Audit Committee (“Committee”) is to provide an opportunity to provide more in-depth oversight of the INPRS Internal Audit Department processes and procedures, so as to allow the Board of Trustees the ability to better carry-out their fiduciary duties. The Committee has not been delegated any authority to take official action, and as such, will merely serve as a vehicle for designated board members to serve as well-informed liaisons between the Internal Audit Department and the Board of Trustees.

B. Roles and Responsibilities of the Audit Committee

The list of roles and responsibilities below is meant to capture the type of issues the Committee may consider, but is not meant to be an exhaustive list of topics or to require consideration of these topics.

1. The Committee may review the draft Internal Audit Plan and any proposed changes to the Plan.
2. The Committee may review completed Internal Audit reports.
3. The Committee may monitor the overall tone of the quality of financial reporting, the soundness of business risk practices, and the level of ethical behavior.
4. The Committee may discuss the System’s risk management program and processes.
5. The Committee may review the System’s anti-fraud programs and internal controls.
6. The Committee may discuss the progress of the annual external audit by the State Board of Accounts, as well as any resulting Independent Auditor’s Report or Internal Control Report (SAS115).

7. The Committee may review the annual audited financial statements of the System.
8. The Committee may review the overall functioning of the Internal Audit Department, including the Department's staffing.
9. The Committee members may report back to the Board as needed.
10. The Committee may conduct periodic round table discussions of national trends in the field of internal audit, and initiatives of the Institute of Internal Auditors and other industry groups.
11. The Committee endeavors to review this Internal Audit Committee Charter on an annual basis.

C. Membership

No more than four members of the Board of Trustees shall serve on the Audit Committee or be present at an Audit Committee meeting. The Chairman of the Board shall designate who will serve on the Committee. The Chief Internal Auditor (CIA), or his/her designee, will be present at all Internal Audit Committee meetings. The Executive Director (ED) may also be present, as well as other members of the System Staff as directed by the CIA or ED. Internal Audit consultants and other advisors may also be invited to provide educational or Fund-specific information.

D. Meetings

The Internal Audit Committee shall meet on an ad hoc basis as requested by the Executive Director or at the request of three members of the Committee.

Because no authority for official action has been delegated to the Internal Audit Committee, all meetings will be held for the purpose of information sharing only and no meeting shall include a quorum of board members. As such, all duties retained by the Board as outlined in the Board Governance Manual remain unchanged, and all duties delegated by the Board to the Executive Director and Staff are likewise unaffected by the creation and functioning of the Internal Audit Committee.

Appendix E. Compensation Committee Charter

Indiana Public Retirement System

Compensation Committee Charter

A. Purpose of Compensation Committee

The purpose of the Indiana Public Retirement System (“INPRS”) Compensation Committee is to provide oversight of the strategic hiring of employees and the setting of employee compensation, as well as consideration of other personnel matters, so as to allow the INPRS Board of Trustees (the “Board”) the ability to better carry-out their duties under the Indiana Code, which provides the Board shall:

Employ or contract with employees as it considers necessary to transact the business of the fund, without the approval of any state officer, and fix the compensation of those persons. (IC 5-10.5-4-1)

The Committee has not been delegated any authority to take official action, and as such, will merely serve as a vehicle for designated Board members to serve as dedicated advisors to the Human Resources Department and the Executive Director on matters of strategic hiring and compensation.

B. Roles and Responsibilities of the Compensation Committee

The list of roles and responsibilities below is meant to capture the type of issues the Committee may consider, but is not meant to be an exhaustive list of topics or to require consideration of these topics.

1. Committee members may consider current or proposed compensation, sourcing, and retention plans, policies, structures and procedures.
2. Committee members may review all job postings proposed by the Human Resources Department relative to new and vacant employment positions.
3. Committee members may review the compensation range proposed by the Human Resources Department for the proposed job posting.

4. Committee members may review the applicants selected by the Human Resources Department to fill new and vacant employment positions.
5. Committee members may review the goals and objectives of the Executive Director and act as a liaison with the full Board on issues related to the annual Executive Director performance appraisal, performance issues, and Executive Director compensation.
6. Committee members may consider personnel policies, procedures and programs of the organization.
7. Committee members may consider current or proposed benefits provided to or considered for employees (e.g. health care insurance, tuition reimbursement, etc.).
8. Committee members may report back to the Board as needed.
9. Committee members may conduct periodic round table discussions of national trends in compensation and retention.
10. Committee members may review the advice of compensation consultants and advisors.
11. The Committee endeavors to review this Compensation Committee Charter on an annual basis.

C. Membership

No more than four members of the Board of Trustees shall serve on the Compensation Committee or be present at a Compensation Committee meeting or discussion conducted via other means of communication. The Chairman of the Board shall designate who will serve on the Committee. The Director of Administration and Enterprise-wide Initiatives (DAE), or his/her designee, will be present at all Compensation Committee meetings. The Executive Director (ED) may also be present, as well as other members of the System's Staff as directed by the DAE or ED. Compensation consultants and other advisors may also be invited to provide educational or System-specific information.

D. Meetings

The Compensation Committee shall meet on an ad hoc basis as requested by the Executive Director or at the request of three members of the Committee. Further, materials may be distributed, reviewed or discussed via other means of communication such as electronic mail and telephone, and recommendations may be made through these other means.

Because no authority for official action has been delegated to the Compensation Committee, all meetings and discussions will be held for the purpose of information sharing only and no meeting or discussion shall include a quorum of Board members. As such, all duties retained by the Board as outlined in the Board Governance Manual remain unchanged, and all duties delegated by the Board to the Executive Director and Staff are likewise unaffected by the creation and functioning of the Compensation Committee.

Indiana Public Retirement System

Risk Management Policy

Intent

The Indiana Public Retirement System Board of Trustees has approved the introduction and embedding of risk management into the key controls and approval processes of all major business processes and functions of INPRS.

Risk is inherent in all administrative and investment activities, and every INPRS Trustee, INPRS employee, and INPRS service provider continuously manages risk. INPRS recognizes that the aim of risk management is not to eliminate risk totally, but rather to provide the structural framework to identify, prioritize, and manage the risks involved in all INPRS activities so that the residual risk is aligned with the risk appetite of INPRS. It requires a balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

INPRS acknowledges that risk management is an essential element in the framework of good governance and is an integral part of good management practice. The intent is to embed risk management in a very practical way into business processes and functions via key approval processes, review processes and controls—not to impose risk management as an extra requirement.

INPRS acknowledges that risk can fall into many categories such as, but not limited to, market, credit, legal, regulatory, political, operational, strategic, headline, reputational, event, country, and model.

INPRS recognizes that the implementation of this policy is an on-going process and that the treatment of risks can change over time.

Policy objectives

The Risk Management Policy has been created to:

- Protect INPRS from those risks of significant likelihood and consequence in the pursuit of INPRS' stated strategic goals and objectives;
- Identify opportunities where the assumption of additional appropriate levels of risk could provide significant benefits to stakeholders;
- Provide a consistent risk management framework in which the risks concerning business processes and functions of INPRS will be

identified, considered, and addressed in key approval, review, and control processes;

- Encourage pro-active rather than re-active risk management;
- Provide assistance to and improve the quality of decision making throughout INPRS;
- Assist in safeguarding INPRS assets—people, finance, property and reputation, as well as the delivery of exemplary customer service;

Policy statement

INPRS adopts the Risk Management approach and general methodology specified in our internally developed Enterprise Risk Management (ERM) framework that draws heavily from principles contained in well know frameworks such as the COSO Integrated Framework and the ISO31000:2009 Risk Management Standard.

All INPRS business processes and functions will adopt a risk management approach consistent with our ERM standards in their approval, review and control processes.

The responsible manager for each INPRS business process and function shall develop an enterprise risk management approach and associated documentation appropriate to their domain through collaboration with INPRS' Enterprise Risk Manager, which will be approved by the Executive Director.

Policy scope

This policy is applicable to all areas of INPRS, including:

- Investment Management
- Finance
- Operations
- Technology
- Communications
- Administration
- Compliance, Legal, and Audit

Responsibilities

Overall

Everyone in INPRS has a role in the effective management of risk. All staff should actively participate in identifying potential risks in their area and contribute to the implementation of appropriate treatment actions.

Governance

The Executive Director will be responsible on behalf of the Board of Trustees for ensuring that a risk management system is established, implemented and maintained in accordance with this policy.

The Enterprise Risk Management function will be responsible to the Executive Director and the Board of Trustees for oversight and assurance of the processes for the identification and assessment of the strategic-level risk environment.

Operational

The INPRS Board of Trustees has delegated responsibility for oversight and implementation of this policy to the Executive Director.

The Executive Director will ensure risk management is embedded into the key controls and approval processes of all major business processes and functions. Department officers and directors will be responsible to the Executive Director for the implementation of this policy within their respective areas of responsibility.

Department officers and directors will be responsible for insuring that all third party service parties to INPRS have the appropriate level of risk management policies implemented within their respective entities. Wherever practical, risk management capabilities will be a required element of vendor responses to RFP's and will be a criterion when selecting third party service providers.

The Enterprise Risk Management function will provide reports to department officers/directors, the Executive Director, and the INPRS Board of Trustees on the status of risk management implementation and effectiveness across INPRS; and will periodically report on the identification and assessment of major, strategic risk levels.

Communication

This policy is to be made available to all INPRS staff and observed by all members of staff.

This policy will be made available to the public and will be accessible on the INPRS website.

There will be an ongoing professional development and educational strategy to accompany the implementation of this policy.

Definitions

Definitions are taken from the ISO31000:2009 Risk Management Standard, with some modifications as appropriate to the particular INPRS context.

Key definitions are:

- **Risk** - The effect of uncertainty on objectives.
- **Risk Appetite** - Amount and type of risk that an organization is willing to pursue or retain.
- **Risk Management** - Coordinated activities to direct and control an organization with regard to risk.
- **Risk Management Framework** - Set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.
- **Risk Management Policy** - Statement of overall intentions and direction of an organization related to risk management.
- **Risk Management Plan** – Scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk.
- **Risk Management Process** - The systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring, and reviewing risk.
- **Risk Assessment** - The overall process of risk identification, risk analysis and risk evaluation.
- **Risk Treatment** – Process to modify risk.

Exclusions

There are no exclusions. This policy applies to all areas of INPRS.

Indiana Public Retirement System

GENERAL, INVESTMENT AND REAL ESTATE PROCUREMENT POLICY

The Board of Trustees (the “Board”) of the Indiana Public Retirement System (“System”) is committed to utilizing a public and competitive process in making their general procurement decisions whenever a public process is feasible and does not conflict with the purposes of the System. The Board intends to review this policy and make any necessary changes at least every three (3) years.

Procurement Authority

(a) The Executive Director shall have the full and complete authority to enter into all contracts on behalf of the System for the procurement of goods and services pursuant to this policy.

(b) The Executive Director may appoint one (1) or more persons employed by the System to supervise and manage the procurement of goods and services. This person shall have such authority as may be set forth in this policy or as may be delegated by the Executive Director.

Procurement Policy

(a) In all procurement decisions, the Executive Director shall take into account the particularly sensitive nature of the System and shall consider the competence, quality of product, experience, and timely performance of the vendors in order to promote and ensure security, fairness, and integrity in the procurement process.

(b) All decisions made under this policy by the Executive Director or the Executive Director’s designee shall be final except as otherwise specifically set forth in this policy.

(c) The Board intends to operate with written contracts whenever feasible.

(d) While this policy is intended to control the procurement of investment consulting, custodian, and investment management services, the System’s Investment Policy Statements (“IPS”) shall control in circumstances where a conflict exists, including alternative investment agreement contract terms.

A. GENERAL PROCUREMENT

Applicability

The procurement methods described in this Section A, *General Procurement*, apply to every expenditure of the System under any contract or licensing agreement for the procurement of goods or services, except for the following:

- (1) Contracts for the acquisition, leasing, or disposition of real property, including goods or services provided as part of, or related to, a lease of real property. (For non-investment real property procurement, see Section B, *Lease/Purchase of Real Property*, below.)
- (2) Any contract or memorandum of understanding with a state agency, state official, or any other body corporate and politic of this state, unless special procurement is determined necessary. (For procurement from state agencies, see Section C, *Contracts with State Agencies*, below.)
- (3) Employment contracts with individuals.
- (4) Amendments, modifications, or extensions of existing contracts, unless the predominate purpose of an amendment or modification is to avoid the applicability of this policy.
- (5) Contracts for employee benefit/plans and related services for employees of the System.
- (6) Contracts for maintenance agreements for products previously contracted where there is a single source of service for a fixed amount.
- (7) For investment consulting, custodian, and investment management services, these general procurement policies shall apply, unless otherwise indicated. If an emergency exists with respect to any System assets, the Executive Director or the Board of Trustees may take any actions they deem necessary and appropriate to safeguard the assets for a temporary period, until permanent disposition of those assets can be made under this policy.

General Procurement Methods

Except as provided above, the Executive Director or the Executive Director's designee shall procure goods or services through the use of one of the following procurement methods or any combination thereof:

- (2) Request for Information & Proposals.

- (3) Special procurement.
- (4) Small purchases.
- (5) Shared List.
- (6) Any other method or process which is approved by the Board of Trustees for a specific contract, or series of contracts, for goods or services, including, but not limited to, use of requests for information or prequalification.

Request for Proposals

(a) The Executive Director may award a contract using the procedure in this section.

(b) Unless one of the other methods applies, proposals shall be solicited through a request for proposals (RFP) or a request for proposal after issuing a request for information (RFI). A RFP must include the following:

- (1) Factors or criteria that will be used in evaluating the proposals.
- (2) General statement concerning the relative importance of price and the other evaluation factors.

(c) It is the intent of the Board of Trustees to promote the purchase of supplies manufactured in the United States, unless the supplies are not manufactured in the United States in reasonably available quantities, the price of supplies manufactured in the United States exceeds by an unreasonable amount the price of available and comparable supplies manufactured outside the United States, the quality of the supplies is substantially less than the quality of comparably priced available supplies manufactured outside the United States, or the purchase of supplies manufactured in the United States is not in the public interest, or the interest of the System.

(d) Public notice shall be given in the manner described in this policy.

(e) Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of negotiation.

(f) A register of proposals shall be prepared and must be open for public inspection after contract award. The register of proposals must contain the following:

- (1) Copy of the request for proposals.
- (2) Listing of all proposals received.

- (1) General basis on which award was made.
- (2) Entire contents of the contract file except for proprietary information or financial information which was not required to be made public by the terms of the request for proposal itself.

(g) If a RFI is utilized, then the following procedure will be used:

- (1) The System will publish the RFI pursuant to procedures set out in subsection (k).
- (2) The System will review all RFI responses received.
- (3) The System will determine the general basis on which an RFP will be issued.
- (4) The System will issue an RFP in accordance with the provisions of this policy.
- (5) The System will develop a register of proposals, as required in subsection (f).

(h) The request for proposal will contain a clear statement as to whether or not any communication with the System may be initiated by a respondent after publication of the request for proposal and before final selection, what may be contained in such communication, whom the respondent may contact, and whether or not the System will respond. However, the System reserves the right to discuss any part of any response at any time for the purpose of clarification. Except for the purpose of clarification and as otherwise provided in the request for proposal, no member of the Board of Trustees, employee of the System, or consultant or advisor to the System shall have any communications with a respondent or a representative of the respondent about the respondent's proposal or the request for proposal after publication and before final selection. Respondents must be given equal access to any communications about the request for proposal between the System and other respondents. The System will make available a recapitulation of the subject matter of any communication and the response of the System. The System may make such information available by posting it on the internet. Respondents must be accorded fair and equitable treatment with respect to any opportunity for discussion and revision of proposals. In conducting any communications, there must be no disclosure of any information derived from proposals submitted by competing respondents.

(i) Award shall be made to the responsible respondent whose proposal is determined in writing to be most advantageous to the System, taking into consideration price and other evaluation factors set forth in the request for proposal.

(j) The only factors or criteria that may be used in the evaluation of proposals are those specified in the request for proposal.

(k) Public notice of a request for proposal shall be made by publication at least five days in one (1) newspaper of general circulation in Marion County, Indiana. The Executive Director may designate additional newspapers or publications for the publication of notice according to the nature of the procurement. The Executive Director may send notices or requests for proposals by mail to prospective bidders or offerors known to the Executive Director to be reasonably susceptible to award of the contract. However, failure to give notice to a particular bidder or offeror does not invalidate a procurement under this policy.

Special Procurement

(a) Notwithstanding any other provision of this policy, the Executive Director may make, or authorize others to make, special procurements:

- (1) when the compatibility of equipment, accessories, replacement parts, or the current business process/continuation of flow is a substantial consideration in the procurement and only a limited number of sources meet the System's reasonable requirements;
- (2) when time is of the essence due to an exigency or emergency when the urgency for the requirement will not permit a delay incident to competitive solicitation;
- (3) when the Executive Director, or the Executive Director's designee, states in writing the determination that there is only one (1) appropriate or viable source for the required supply or service. A copy of such determination shall be made a part of the contract file;
- (4) when after solicitation of a number of sources, competition is determined inadequate;
- (5) when there exists a unique opportunity to obtain supplies or services at a substantial savings;
- (6) when supplies can be purchased at prices equal to or less than prices stipulated in current federal supply service schedules established by the federal General Services Administration and it is advantageous to the System's interest in efficiency and economy; or
- (7) when there is a reallocation of investment services within a current service provider's contract.

(b) A special procurement must be made with such competition (if any) as is practicable under the circumstances as determined by the Executive Director.

(c) Any time the special procurement process is used, a written determination identifying the basis for the special procurement, signed by the Executive Director, must be included in the contract file.

Small Purchases

The Procurement Department with approval from the Legal Department may recommend in writing to the Executive Director that a contract in an amount which does not exceed one hundred thousand dollars (\$100,000) (based on the total length of the contract including renewal options) be entered into without utilizing the competitive bidding process. The written recommendation must include information regarding the reasons why engaging in a competitive bidding process would not be cost effective; in addition, more than one (1) price quote must be obtained for any procurement valued in excess of twenty-five thousand dollars (\$25,000) where practicable. This small purchase provision shall not apply to the acquisition of goods or services under a series of contracts if the predominate purpose of the series of contracts is to avoid otherwise applicable provisions of this policy. The written recommendation must be included in the contract file if a contract is executed based on the recommendation.

Shared List

(a) When the Executive Director determines that it is in the best interest of the System, the Executive Director may, or authorize others to, enter into a contract with a vendor selected by another state agency, state official or any other body corporate or politic of the state, following a request for proposal process similar to the System's, taking into account timing (RFP issuance not to exceed 12 months prior to the contract date), and nature of the request for proposal process conducted by such other state agency, state official or any other body corporate or politic of the state.

(b) When the Executive Director determines that it is in the best interest of the System, the Executive Director may, or authorize others to, enter into a contract with a vendor listed on the state's quantity purchase agreement (QPA) list.

Cancellation; Rejection; Amendment of Solicitations

(a) When the Executive Director determines that it is in the best interests of the System, any request for proposal may be withdrawn or canceled. Additionally, the Executive Director may reject in whole or in part any bids, proposals, or offers that have been submitted at any time prior to the effective date of the resulting contract.

(b) The reasons for the withdrawal, cancellation or rejection must be made a part of the record.

(c) The Executive Director may amend any solicitation in any manner provided that notice is given in a manner reasonably calculated by the Executive Director to provide fair and equitable notice to the potential vendors.

Disclosure Requirements for Procurements

(a) All respondents shall submit the information required by the process at the time of submission of its bid, proposal, or offer. Immediately prior to execution of a contract by a vendor, the vendor shall update the disclosures. The vendor shall be under a continuous duty to correct any such information as may be later found to have been incorrect or incomplete when submitted, in accordance with the provisions of the vendor's contract.

(b) The Executive Director may require such additional disclosures as may be desired for the purpose of enforcing, auditing, investigating, or confirming the accuracy of the disclosures or for any proper purpose.

Contract Terms

No initial term of contract shall obligate the System for a period in excess of five (5) years. That said, a contract may contain one (1) or more option periods or provisions for extensions of the contract term, provided that:

- (1) any individual option period or extension does not exceed five (5) years in duration; and
- (2) any individual option period or extension may become effective only upon the specific, affirmative exercise of the option, or the specific, affirmative agreement to the extension, by the Executive Director; and
- (3) the total length including renewals of any contract shall not exceed ten (10) years.

This provision only applies to agreements for alternative investments, such as private equity, private real estate, and hedge funds, to the extent contract terms are not otherwise addressed in the IPS.

B. LEASES/PURCHASE OF REAL PROPERTY

Authority to Lease or Purchase Real Property

(a) The Executive Director of the System shall have the authority to lease, sublease or purchase any real property necessary for the efficient operation of the

System and for conducting of the business of the System including, but not limited to, office space, warehouse facilities, parking facilities, and fixtures and improvements related thereto and services related to the use and occupancy of the property.

(b) The term of a lease may not exceed four (4) years without the prior approval of the Board of Trustees of the System.

(c) The lease may contain option periods or extensions of the lease term provided that:

- (1) no individual option period or extension period may be more than four (4) years in duration; and
- (2) the option period or extension period becomes effective only upon the specific, affirmative exercise of the option period, or the specific, affirmative agreement to the extension, by the Executive Director.

Where the System is acting as a lessor and not in a procurement capacity, this Procurement Policy shall not apply.

C. **CONTRACTS WITH STATE AGENCIES**

Authority to Contract with State Agencies

The System may contract with any state agency, state official, or any other body corporate and politic of this state, provided that the term of such contract or memorandum of understanding does not exceed five (5) years. That said, a contract may contain one (1) or more option periods or provisions for extensions of the contract term, provided that:

- (1) any individual option period or extension does not exceed five (5) years in duration; and
- (2) any individual option period or extension may become effective only upon the specific, affirmative exercise of the option, or the specific, affirmative agreement to the extension, by the Executive Director; and
- (3) the total length including renewals of any contract shall not exceed ten (10) years.

D. **GENERAL PROVISIONS**

This Section D is applicable to all types of procurement outlined above.

Contract Clauses

No contract with the System may contain terms or provisions which are prohibited by Indiana or federal law. If it is determined that any term or provision is invalid or unenforceable, such term or provision, will be severed from the contract. The remaining terms and provisions shall be unimpaired and interpreted as if such invalid provisions were not contained in the contract.

Public Records

(a) Except as provided in subsection (b) and except to the extent the disclosure is prohibited by law, all procurement records shall be available for public inspection following award of the contract or cancellation of the procurement.

(b) The Executive Director may except from public disclosure, at any time, procurement records which are exempt from mandatory disclosure under IC 5-14-3-4(b).

Contract Signing Authority

The Executive Director alone is authorized to sign any document that creates an obligation or undertaking on behalf of the System, unless otherwise delegated in writing and signed by the Executive Director or as provided in the Signature Authority Policy.

Vendor Payment

When applicable, a purchase order is created based on payments owed under a contract. The purchase order is routed for approval based on the financial system approval workflow: Department managers have approval up to \$1,000; the Chief Financial Officer must approve any payments equal to or over \$1,000; and the Executive Director must approve any payments equal to or over \$10,000.

E. PROCUREMENT CLAIMS AND APPEALS

Application

Pursuant to IC 4-21.5-2-5(11), procurement decisions by the System or the Executive Director are not subject to IC 4-21.5. In lieu thereof, vendors or prospective vendors, shall follow the procedures of and have the remedies available under this policy in the event of a protest of any procurement decision of the Executive Director or his/her designee.

Appeal of Award or Decision to Award a Contract

(a) Any prospective vendor may appeal the award or decision to award a contract by filing a written appeal within seventy-two (72) hours after the award,

after receipt of notice of the award, or after the announcement of the decision to award is posted or published, whichever occurs first.

(b) The only grounds for filing an appeal under this policy are as follows:

- (1) A procurement decision was not made in compliance with the procedures required by this policy; or
- (2) A procurement decision was made in violation of any rules regarding ethics promulgated by the System.

(c) The appeal shall be in writing and shall state the following: the decision which is being appealed, the grounds for the appeal, and any other information necessary to identify the contract, bid, or request involved in the appeal.

(d) No appeal shall be made under this policy on the grounds that the prospective vendor was not determined to be a responsible bidder.

Notice

A notice of appeal shall be filed by mailing the notice to the Executive Director at the principal office of the Executive Director in Indianapolis by registered or certified mail, return receipt requested, or by delivering the notice of appeal to the principal office of the Executive Director in Indianapolis. Filing by registered or certified mail shall be effective upon mailing.

Executive Director's Review of an Appeal

The Executive Director shall issue a decision on a claim within thirty (30) days after the claim was filed, which shall be final. The Executive Director shall state the reasons for denial of any appeal filed under this policy. A copy of the decision shall be mailed by certified or registered mail, return receipt requested, to the entity who filed the claim. The decision may order such relief (if any) as is in the best interests of the System. Relief may include, but is not limited to, voiding the selection and redoing the process.

Appendix H. Board Trading Policy

Indiana Public Retirement System

Board Trading Policy

Board members who come into possession of material non-public information concerning a publicly traded company must safeguard the information and not intentionally or inadvertently communicate it to any person unless the person needs to know for legitimate fund-related reasons. Any Board member who improperly reveals material non-public information to another person may be held liable under the anti-fraud provisions of the federal securities laws. The person with whom the Board member shares the information may also be held liable under the anti-fraud provisions of the federal securities laws. To avoid even the appearance of impropriety, Board members should refrain from providing advice or making recommendations regarding the purchase or sale of any securities knowingly traded by the System.

The anti-fraud provisions of the federal securities laws generally prohibit persons who have a duty not to disclose material non-public information from trading securities on the basis of such information. Board members shall not trade securities on the basis of such information. In addition, these anti-fraud provisions prohibit fraudulent, manipulative, or deceptive trading practices. Persons who violate these prohibitions are subject to potential civil damages and criminal penalties. A Board member should contact the System's Chief Legal and Compliance Officer immediately if he/she has questions, becomes the subject of a securities-related investigation, or becomes aware of the possibility of a violation of insider trading laws.

Information regarding a publicly traded company is deemed "material" if it would be considered important by a reasonable investor in deciding whether to buy, sell, or refrain from any activity regarding that company's securities. Further, such information would be material if it were likely to have a significant impact on the market price of that company's securities. So long as the information remains material and non-public, it must be maintained in strict confidence and not used for trading purposes.

Indiana Public Retirement System

Board Education Policy

To ensure that members of the Indiana Public Retirement System (“INPRS”) Board of Trustees (the “Board”) are adequately equipped to carry out their duties as trustees, and pursuant to Indiana Code 5-10.5-3-2, staff of INPRS is asked to provide, and Board members agree to participate in, educational opportunities on the following topics, annually, two hours on each topic:

1. Fiduciary duties and responsibilities of a trustee;
2. Ethics;
3. Governance process and procedure;
4. Retirement plan design and administration;
5. Investments; and
6. Actuarial principles and methods.

To fulfill these educational goals, the following may be provided each year:

1. One or more educational retreats (typically in the Spring and Fall), provided by INPRS staff, addressing one or more of the topics outlined above;
2. A list of pre-approved educational conferences (provided annually before the start of the calendar year);
3. Articles and reading materials addressing the topics outlined above or other topics related to the governance of a retirement system; and
4. Any other resources or materials deemed by the Executive Director to be valuable to the educational goals of Board members.

The INPRS Chief Legal & Compliance Officer will coordinate the above educational opportunities for Board members and will track the participation of Board members in appropriate and sufficient educational opportunities. Subject to the Executive Director’s advance approval, each trustee is entitled to reimbursement for reasonable educational expenses actually incurred. See section *Board Travel and Reimbursement* for reimbursement procedures.

Each Board member should complete a Board orientation when first appointed to the Board. The Board orientation should provide an introduction to INPRS’ processes, roles and responsibilities, including the responsibilities of key outside consultants, as well as information on retirement system concepts; fiduciary duties; and the Indiana Code of Ethics governing INPRS. Prior to attending

the first meeting as a trustee, in-coming Board members should be invited to attend a meeting of the Board.

Finally, all Board members, as “special state appointees,” must complete ethics training within six weeks of appointment and every two years during their tenure.²⁰ The on-line training can be found at www.in.gov/ethics/training.

²⁰ See 42 IAC 1-4-1.

Appendix J. Board Self-Evaluation Policy

Indiana Public Retirement System

Board Self-Evaluation Policy

The objective of this policy is to provide a process whereby the Board may engage in self-analysis and discussion for the purposes of improving its own effectiveness as a fiduciary body. Through this process, the Board demonstrates its intention to establish a process for Board members to consider overall Board performance with candor and objectivity.

In order to carry out this process, the Board will, on preferably a biennial basis, schedule a specific time period during which members of the Board may share their thoughts with one another on the Board's effectiveness and ways to improve the Board's operation and effectiveness. Board members may work with the Chairperson, or outside facilitator if one is retained, to complete a written self-evaluation form prior to the self-evaluation meeting.

Appendix K. Board Retained and Delegated Duties

Indiana Public Retirement System

Board Retained and Delegated Duties

Retained Board Member Duties and Responsibilities

To fulfill its fiduciary and administrative responsibilities, the Board of Trustees shall perform the following duties:

1. Approve the overall mission of the System. Approve the strategic plan and objectives of the System. The Board's focus is the long-term objectives of the System, not the operational means of achieving those objectives.
2. Establish and amend rules and regulations under the Indiana Administrative Code without adopting a rule under IC 4-22-2 (Adoption of Administrative Rules).²¹ All administrative rules adopted under the Indiana Administrative Code shall be forwarded to the Legislative Services Agency for printing.
3. Adopt a budget on a calendar year or fiscal year basis that is sufficient, as determined by the Board, to perform the Board's duties and, as appropriate and reasonable, draw upon Fund assets to fund the budget.²²
4. Appoint an Executive Director.²³ The Board shall evaluate the performance of the Executive Director annually and fix the compensation of the Executive Director.
5. With the advice of the actuary, establish employer contribution rates;²⁴ establish the amortization of the unfunded actuarial accrued pension liability;²⁵ adopt actuarial tables;²⁶ and establish other policy-driven actuarial assumptions as determined by the Board.
6. Approve the engagement of actuary(ies), outside fiduciary counsel, investment managers, investment consultants and custodian banks, unless such approval has been specifically delegated to the Executive

²¹ See IC 5-10.5-4-2(a)(1).

²² See IC 5-10.5-4-1(10).

²³ See IC 5-10.5-4-1(1).

²⁴ See IC 5-10.5-4-2(7).

²⁵ See IC 5-10.5-4-2(8).

²⁶ See IC 5-10.5-4-1(6).

Director and/or Staff by the Investment Policy Statement or Board Resolution.²⁷

7. Adopt an Investment Policy Statement, including an asset allocation.
8. Delegate duties to the Executive Director or other employees of the System.²⁸

Delegated Responsibilities to Executive Director and Staff

The Executive Director is the executive officer in charge of the administration of the System's detailed affairs and operations, makes eligibility and other determinations on application to the Board and shall cause all necessary persons to be notified of any determinations made concerning such applications, and makes periodic reports to the Board.²⁹ To this end, all operational duties are delegated by the Board to the Executive Director, to be further delegated, as determined by the Executive Director, to the staff of the System. All operational matters provided for in the Indiana Code and the Indiana Administrative Code that reference the Board of the System shall be delegated to and carried out by the Executive Director and staff of the System.

The following list of responsibilities is intended to provide a general description of the duties that are delegated by the Board to the Executive Director which may be carried out by System staff at the direction of the Executive Director. This list is intended to provide a general description of staff responsibilities and shall not be interpreted to be an exhaustive list of such duties.³⁰

1. Employ or contract with employees, auditors, technical experts, legal counsel, medical experts and other service providers as necessary to transact the business of the System; fix the compensation or consideration for those engaged by the System; and monitor the performance of such service providers.
2. Prepare job descriptions for System staff and fix compensation of staff (except as to the Executive Director, as described under Board Responsibilities).
3. Establish and enforce personnel programs and policies, and establish administrative policies and procedures to carry out System operations generally.
4. Provide for a report at least annually to each member of the amount credited to him or her in the annuity savings account in each investment program under IC 5-10.2-2.

²⁷ See IC 5-10.4-1(2).

²⁸ See IC 5-10.5-4-2(3).

²⁹ See IC 5-10.5-6-1 and IC 5-10.5-6-2.

³⁰ See IC 5-10.5-4-1 and IC 5-10.5-4-2.

5. Act on applications for benefits and claims of error filed by members, beneficiaries and survivors. Set all policies and procedures relative to Annuity Savings Accounts, employers and their contributions, purchases of service, and the processing of member benefits, pursuant to the Indiana Code and the Indiana Administrative Code. Act on special death benefit claims, with a report to the Board of such initiated benefits.
6. Have the accounts of the Funds audited annually by the State Board of Accounts, and/or an outside auditor as directed by the Board.
7. Publish for the members a summary of the Funds' condition.
8. Expend money, including income from the Funds' investments, for effectuating the System's purposes.
9. Provide regular reports to the Board relative to the operations and investments of the funds.
10. Submit an electronic report of the System's previous year's activities to the Governor, the Pension Management Oversight Commission, and the Budget Committee as described in IC 5-10.5-4-1(13).
11. Represent the System before the Indiana General Assembly and its Pension Management Oversight Commission.
12. Correct and revise any previously-approved employer contribution rate where such rate is incorrect due to calculation error or incorrect data inputs, provided that the Executive Director shall report the change to the Board.
13. Negotiate and execute all contracts, agreements and memorandums of understanding made by the System pursuant to the System's Procurement Policies and Investment Policy Statement(s).
14. Deduct and remit to the appropriate entities any authorized amounts from the benefits of members of the Funds, including the 1977 Police Officers' and Firefighters' Pension and Disability Fund and pursuant to IC 36-8-8-17.2. No further written agreement by the Board is required.
15. Recover payments made under false or fraudulent representation.
16. Administer all litigation and issue final determinations on decisions that have been appealed through the Indiana Administrative Orders and Procedures Act. Make all determinations relative to benefit forfeitures and reimbursements.
17. Review all disability impairment awards and default disability impairment awards.
18. Exercise all powers necessary, convenient, or appropriate to carry out and effectuate the System's public and corporate purposes and to conduct its business (including all funds and accounts administered by the Board).

19. Perform any and all additional duties assigned by the Board.

Roles and Reporting

The following positions directly report (a solid line) to the Board of Trustees: The Executive Director and the Director of Internal Audit.

The following position indirectly reports (a dotted line) to the Board of Trustees: The Chief Legal and Compliance Officer.

The following positions directly report (a solid line) to the Executive Director: The Chief Operations Officer, Chief Investment Officer, Chief Financial Officer, Chief Legal and Compliance Officer, Chief Technology Officer, Director of Administration and Enterprise Initiatives, and Chief Communication Officer.

The following position administratively reports (a dotted line) to the Executive Director: The Chief Internal Auditor.

Appendix L. Executive Director Profile and Evaluation

Indiana Public Retirement System

Executive Director Profile and Evaluation

Executive Director Profile and Specifications

Profile: An experienced and successful leader of staff and manager of internal systems who will place a high priority on developing staff resources, collective expertise and the management systems. The Executive Director will have respect for and experience working with governing bodies that assert their policy role, their fiduciary responsibilities to members, and oversight of the Funds through the Executive Director. Accordingly, the Executive Director must establish a relationship with the Board that has complete transparency and accountability.

Characteristics and abilities of the Executive Director include:

- Outstanding personal leadership, administrative and management skills.
- A commitment to providing the highest level of customer service to employers and members.
- High personal energy, a positive approach, self-confidence and a sense of humor.
- Outstanding ability to communicate in oral, written or formal presentation settings in a variety of venues, including with state and national organizations, in media interviews and with staff.
- The capacity to absorb complex issues and disparate information and provide clear, concise briefings and presentations.
- The ability to solve problems and provide a range of alternatives to the Board as they consider issues affecting the Funds and the Funds' investments.
- An approachable, friendly, open and participatory management style open to and respecting input from others.
- A willingness to appropriately confront issues and make tough recommendations and decisions.
- A willingness to maintain a high level of professional networking to remain aware of cutting edge thinking relative to public sector pension plan practices.
- The ability to proactively anticipate problems and changes and their potential impact on the Funds.
- The ability to effectively delegate authority and responsibility while maintaining appropriate levels of accountability, operational control and personal involvement.

Specifications:

- Minimum of a Bachelor's Degree in business or public administration or a related field and a graduate degree is preferred.
- A minimum of five, and preferably ten, years of experience leading and managing an organization of comparable or larger size and complexity is required.
- While there is no requirement for specific experience in finance, investments, operations or actuarial science, it is imperative that the Executive Director be able to comprehend such disciplines and communicate effectively with experts on technical matters that affect the System.
- Experience with and knowledge of Indiana pension legislation and legislative relationships are not required, but could be beneficial. Pension plan administration experience is strongly preferred and candidates with records of achievement in this area will receive preference, but the Board will consider other areas of professional achievement, to include the ability to build productive working relationships and a track record of leading and managing complex organizations.
- The Executive Director's public and private life must exemplify the highest standards of ethics, professional decorum and financial responsibility.

Executive Director Performance Evaluation Policy

The primary responsibility of the Executive Director is the efficient and effective management of the System's operations in accordance with Indiana statute, administrative rules and the policy direction established by the Board. Accordingly, the quality of operations management constitutes the most relevant measure of performance, and should weigh heavily in the performance evaluation.

The process of evaluating the performance of the Executive Director should be free of real or perceived conflicts of interest and performed on a timely basis. To provide feedback and guidance to the Executive Director, the Board has established the following procedures for annually evaluating the performance of the Executive Director.

The Executive Director, if requested by the Board, will prepare a self-evaluation memo focused on the System's accomplishments and relevant performance issues for the previous year. Such performance criteria should be established in advance of the year being evaluated, though flexibility in modifying them is important. This memo, if requested, may be submitted to the Board at the October or November Board meetings for review and discussion in Executive Session. A written summary of the discussion and final evaluation will be provided to the Executive Director. Any salary increase for the upcoming year may be determined through this review and discussion, or as otherwise determined by the Board.

F. Other Appendices

Appendices below may be updated without formal action of the Board.

Appendix M. Robert's Rules of Order

Summary of Robert's Rules of Order

What is Parliamentary Procedure?

It is a set of rules for meeting conduct that allows all participants to be heard and to make decisions in an effective and efficient manner. It allows for:

- Motions that are in order
- Members to obtain the floor properly
- Discussion of differing points of view
- Orderly and courteous debate

Why is Parliamentary Procedure important?

It provides a process by which issues can be addressed in a systematic fashion and increases the likelihood that satisfactory solutions can be identified. Parliamentary procedure can be adapted to fit the needs of any organization. When the basic rules are understood by all parties involved in the meeting, it can assist in effective decision making. Many boards of trustees have followed Robert's Rules of Order for their meetings.

Organizations using parliamentary procedure usually follow a fixed order of business. Below is a typical example:

- Call to order
- Roll call of members present
- Approval of the minutes of the last meeting
- Staff reports
- Board Chair report
- Unfinished business
- Presentations
- Other announcements
- Adjournment

Those participating in the meeting conduct business by “moving motions.” A motion is a proposal that the entire membership take action or a stand on an issue. Individual members can:

- Call to order
- Second motions
- Debate motions
- Vote on motions

There are four basic types of motions:

- 1) *Main Motions*: The purpose of a main motion is to introduce items to the board for consideration by all the members. Motions cannot be made when any other motion is on the floor, and yield to privileged, subsidiary, and incidental motions.
- 2) *Subsidiary Motions*: Their purpose is to change or affect how a main motion is handled, and is voted on before a main motion.
- 3) *Privileged Motions*: Their purpose is to address urgent issues about special or important matters unrelated to pending business.
- 4) *Incidental Motions*: Their purpose is to provide a means of questioning procedure concerning other motions and must be considered first.

How are motions presented?

- The floor is obtained by a Board member
- The Chair is addressed
- The Board member making the motion waits to be recognized by the Chair
- The motion is made. Motions are best when stated concisely and affirmatively.
- Another Board member seconds the motion or the Chair will call for a second. If there is no second to the motion it is lost.
- The Chair re-states the motion, thus placing the motion before the Board for consideration and action. The Board then either debates the motion, or may move directly to a vote.
- Once the motion is presented to the Board by the Chair it becomes "assembly property," and cannot be changed without the consent of the members.

Expanding on a motion

A Board member may speak in favor of the motion after it is seconded and placed before the Board for consideration. The Board member who made the motion is always allowed to speak first. All comments and debate must be

directed to the Chair. The Chair is also responsible for keeping any established time limits for speaking. The Board member who moved the motion may speak again only after other speakers are finished, unless called upon by the Chair.

Putting the question to the Board

The Chair will ask, "Are you ready to vote on the question?" If there is no more discussion, a vote is taken. When voting is complete, the Chair will announce the result.

Voting on a motion

The method of vote on any motion depends on the situation and the by-laws or policy of the Board. There are five methods used to vote by most organizations:

- By Voice -- The Chair asks those in favor to say, "aye," those opposed to say "no." Any member may move for an exact count.
- By Roll Call -- Each member answers "yes" or "no" as his/her name is called. This method is used when a record of each person's vote is required.
- By General Consent -- When a motion is not likely to be opposed, the Chair says, "if there is no objection ...". The membership shows agreement by their silence, however if one member says, "I object," the item must be put to a vote.
- By Division -- This is a slight verification of a voice vote. It does not require a count unless the Chair so desires. Members raise their hands or stand.

There are two other motions that are commonly used that relate to voting.

- Motion to Table -- This motion is often used to delay a decision on a motion. The option is always present, however, to "take from the table," for reconsideration by the Board.
- Motion to Postpone Indefinitely -- This is often used as a means of parliamentary strategy and allows opponents of motion to test their strength without an actual vote being taken. Also, debate is once again open on the main motion.

Appendix N. System Information

Current INPRS Information June 30, 2011

Statistics

The following is the breakdown of the members and employers served by the System. These numbers are valid as of June 30, 2010. Information as of June 30, 2011 will be available in October, 2011.

TRF

- Total number of members: 162,048
- Members receiving monthly benefits: 45,659
- Total number of employers: 367

PERF

- Total number of members: 320,036
- Members receiving monthly benefits: 67,166
- Total number of employers: 1,222

1977 Fund

- Total number of members: 17,026
- Members receiving monthly benefits: 2,782
- Total number of employers: 164

JRS

- Total number of members: 693
- Members receiving monthly benefits: 298
- Total number of employers: 1

ENCEP

- Total number of members: 684
- Members receiving monthly benefits: 157
- Total number of employers: 1

PARF

- Total number of members: 526
- Members receiving monthly benefits: 58
- Total number of employers: 1

LRS

- Total number of members: 340
- Members receiving monthly benefits: 61
- Total number of employers: 1

Members of the Board

The following is the current composition of the Board of Trustees:

- Ken Cochran, Chairman
- Greg Hahn, Vice Chairman
- Tim Berry, Trustee
- Jodi Golden, Trustee
- Mike Pinkham, Trustee
- Chris Ruhl, Trustee
- Bret Swanson, Trustee
- Cari Whicker, Trustee

Executive Staff

<u>Name</u>	<u>Title</u>	<u>Email</u>	<u>Telephone</u>
Steve Russo	Executive Director	sterusso@inprs.in.gov	317-232-3864
Steven Barley	Chief Operations Officer & Deputy Director	sbarley@inprs.in.gov	317-233-4184
David Cooper	Chief Investment Officer	dccooper@inprs.in.gov	317-234-2370
Jeff Hutson	Chief Communication Officer	jhutson@inprs.in.gov	317-234-3401
Julia Pogue	Chief Financial Officer	jpogue@inprs.in.gov	317-234-1591
Teresa Snedigar	Director of Internal Audit	tsnedigar@inprs.in.gov	317-234-5681
Andrea Unzicker	Chief Legal & Compliance Officer	aunzicker@inprs.in.gov	317-234-7319
Donna Grotz	Director of Administration & Enterprise Initiatives	dgrotz@inprs.in.gov	317-234-1130

KEY SERVICE PROVIDERS

CUSTODIAN

BNY Mellon Asset Servicing
BNY Mellon Center
500 Grant Street
Pittsburgh, PA 15258

INVESTMENT CONSULTANTS

Aksia
599 Lexington Avenue, 46th Floor
New York, NY 10022

Capital Cities
47 South Meridian, Suite 425
Indianapolis, IN 46204

Hinkle Creek Consulting, Inc.
1220 Willow Way
Noblesville, IN 46062

ORG Portfolio Management
3733 Park East Drive, Suite 210
Cleveland, OH 44122

Strategic Investment Solutions, Inc.
333 Bush Street, Suite 2000
San Francisco, CA 94104

ACTUARIES

Pricewaterhouse Coopers (PERF Funds)
101 W. Washington Street, Suite 1300
Indianapolis, IN 46204

Nyhart (TRF)
8415 Allison Pointe Blvd.
Suite 300
Indianapolis, IN 46250

FIDUCIARY COUNSEL

Groom Law Group
1701 Pennsylvania Avenue, N.W.
Washington, DC 20006-5811

