

**MINUTES
BOARD OF TRUSTEES OF THE
PUBLIC EMPLOYEES' RETIREMENT FUND**

and

INDIANA STATE TEACHERS' RETIREMENT FUND

**Meeting held at:
150 West Market Street, Suite 300
Indianapolis, Indiana 46204**

December 17, 2010

EXECUTIVE SESSION

An Executive Session was held at 10:00 a.m. pursuant to IC 5-14-1.5-6.1(b)(2)(B) and IC 5-14-1.5-6.1(b)(2)(C). As required by IC 5-14-1.5-6.1(d), the board hereby certifies that only subject matter related to IC 5-14-1.5-6.1(b)(2)(B) and IC 5-14-1.5-6.1(b)(2)(C) was discussed.

JOINT SESSION

Board Members Present

Ken Cochran, Chairman/President
Greg Hahn
Chris Ruhl
Bret Swanson
Cari Whicker

Others Present

Andy Thomas, Indiana Retired Teachers' Association (IRTA)
Stephanie Snow, Indiana Retired Teachers' Association (IRTA)
John Dowell, Nyhart (TRF Consultant)
Mike Zurek, Nyhart (TRF Consultant)
Joe Bill Wiley, Capital Cities (PERF/TRF Consultant)
Tiffany Spudich, Capital Cities (PERF/TRF Consultant)
Amanda Black, Capital Cities (PERF/TRF Consultant)
Brandon Robertson, PricewaterhouseCoopers (PERF Consultant)
Cindy Fraterrigo, PricewaterhouseCoopers (PERF Consultant)

Staff Present

Steve Russo, Executive Director
Erin Hankins, Executive Assistant
Andrea Unzicker, Chief Legal and Compliance Officer

Jaclyn Brinks, Staff Attorney
Allison Murphy, Legislative Director
Teresa Snedigar, Director of Internal Audit
Julia Pogue, Chief Financial Officer
David Cooper, Chief Investment Officer
David Jacobs, Senior Investment Analyst – Fixed Income and Real Assets
Jeff Hutson, Chief Communication Officer

Meeting called to order at 10:56 a.m. by Chairman/President Ken Cochran.

I. Approval of Minutes from November 19, 2010 Joint Board of Trustees Meeting

MOTION duly made and carried to approve the minutes from the November 19, 2010 joint Board meeting.

<i>Proposed by:</i>	<i>Greg Hahn</i>
<i>Seconded by:</i>	<i>Bret Swanson</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed, 0 abstentions</i>

II. New Business

In accordance with normal practice, written materials for the following matters were provided to the Board members by mail in advance of the meeting.

Financial Update

Julia Pogue presented the financial update and reviewed PERF and TRF financial highlights for October 2010, actual expenses compared to budget, and a statement of fiduciary net assets.

Budget Forecast

Julia Pogue presented the PERF and TRF budget forecast for fiscal year 2011. PERF and TRF are projected to finish 4.6%, or \$9.7 million, below budget in 2011 due to savings in integration and modernization projects, disaster recovery, and investment management fees.

Investments Update

David Cooper presented the investments update and discussed the status of departmental goals, current and historic PERF and TRF market values, total returns, asset allocations, and new investments and terminations. Mr. Cooper reviewed the TRF Watch List and stated that Taplin, Canida, and Habacht will be removed from the list because the company's three-year performance return more closely matches TRF's benchmark at the present time.

In the June 2010 regular meeting, the Board requested a staff report on a PERF and TRF annuity savings account (ASA) rebalancing policy. Tiffany Spudich of Capital Cities led the discussion, stating that for small/mid-cap equity, international equity, and fixed income options, the rebalancing will occur systematically on a monthly basis, unless the underlying investment managers' allocations are within +/- 100 basis points of the strategic targets. For target date options, rebalancing will occur systematically on a monthly basis, unless the underlying investment options' allocations are within +/- 50 basis points of the strategic targets. The Board requested and received additional information on the procedure for rebalancing, including oversight of underlying managers and policy compliance.

Board Governance Manual

Andrea Unzicker presented the Board Governance Manual and stated that the goal and purpose of the Manual is to align the PERF and TRF Board Governance Manuals, provide written documentation of Board-approved policies, and provide guidance to the Board members. Ms. Unzicker provided the Board with copies of the aligned Manual and guided the Board through changes made since the previous Board meeting, including a clarification of the statutory origins of the fiduciary and prudent person standards. Staff recommended the adoption of the aligned Manual.

Indiana Administrative Code Updates

Allison Murphy presented Indiana Administrative Code updates addressing de minimis overpayments, stale checks, and inactive membership.

Reputation Management

Jeff Hutson provided the reputation management report and reviewed the historical evolution of PERF member communication, as well as current PERF and TRF efforts, opportunities, risks, and recommendations. The Board requested and received additional information on PERF customer service surveys, suggested a tracking system for member concerns, and inquired about use of social media. PERF-TRF communication will coordinate the creation of an information document regarding unfunded liability.

Executive Director's Report

Steve Russo presented the Executive Director's report, reviewed PERF and TRF metrics, and gave an integration and strategic planning update, including a proposed mission statement and principles. Mr. Russo discussed the action item tracking list and recommended closure of Item 8 as a result of the ASA rebalancing policy presented earlier in the meeting. The Board honored Robert

E. Pitcher and William E. Phillips, members of the 1977 Police and Fire Retirement Fund who recently died in the line of duty. The Board also received for consideration copies of a PERF and TRF presentation given to the Indiana General Assembly Budget Committee on December 8, 2010.

III. Adjournment

MOTION duly made and carried to adjourn the December 17, 2010 joint Board meeting at 12:29 p.m.

<i>Proposed by:</i>	<i>Bret Swanson</i>
<i>Seconded by:</i>	<i>Cari Whicker</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed, 0 abstentions</i>

**MINUTES
BOARD OF TRUSTEES OF THE
INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND**

**Meeting held at:
150 West Market Street, Suite 300
Indianapolis, Indiana 46204**

December 17, 2010

REGULAR SESSION

Board Members Present

Ken Cochran, Chairman
Greg Hahn
Chris Ruhl
Bret Swanson
Cari Whicker

Others Present

Andy Thomas, Indiana Retired Teachers' Association (IRTA)
Stephanie Snow, Indiana Retired Teachers' Association (IRTA)
John Dowell, Nyhart (TRF Consultant)
Mike Zurek, Nyhart (TRF Consultant)
Brandon Robertson, PricewaterhouseCoopers (PERF Consultant)
Cindy Fraterrigo, PricewaterhouseCoopers (PERF Consultant)
Sheldon Gamzon (via telephone), PricewaterhouseCoopers (PERF Consultant)

Staff Present

Steve Russo, Executive Director
Erin Hankins, Executive Assistant
Andrea Unzicker, Chief Legal and Compliance Officer
Jaclyn Brinks, Staff Attorney
Teresa Snedigar, Director of Internal Audit
Julia Pogue, Chief Financial Officer
David Cooper, Chief Investment Officer
David Jacobs, Senior Investment Analyst – Fixed Income and Real Assets
Jeff Hutson, Chief Communication Officer

Meeting called to order at 12:42 p.m. by Chairman Ken Cochran.

I. Approval of Minutes from November 19, 2010 Board of Trustees Meeting

MOTION duly made and carried to approve the minutes from the November 19, 2010 Board meeting.

*Proposed by: Greg Hahn
Seconded by: Bret Swanson
Votes: 5 in favor, 0 opposed, 0 abstentions*

II. New Business

Board Governance Manual Adoption

Andrea Unzicker presented the Board Governance Manual. Staff recommended the adoption of the Manual by adoption of Board Resolution No. 2010-12-01.

MOTION duly made and carried to approve Board Resolution No. 2010-12-01.

*Proposed by: Chris Ruhl
Seconded by: Bret Swanson
Votes: 5 in favor, 0 opposed, 0 abstentions*

Ms. Unzicker then distributed to the Board a memorandum on Board educational opportunities and encouraged each Board member to select an opportunity to attend.

Mission Statement and Principles Adoption

Steve Russo presented the Mission Statement and Principles. Staff recommended the approval of the Mission Statement and Principles by adoption of Board Resolution No. 2010-12-02.

MOTION duly made and carried to approve Board Resolution No. 2010-12-02.

*Proposed by: Greg Hahn
Seconded by: Bret Swanson
Votes: 5 in favor, 0 opposed, 0 abstentions*

Actuarial Valuation and Contribution Rates

Steve Russo presented the actuarial valuation and contribution rates report and stated that it is the duty of the Board to set employer contribution rates to be paid into the funds. Cindy Fraterrigo, Sheldon Gamzon (via telephone), and Brandon Robertson of PricewaterhouseCoopers reviewed actuarial valuation results as of June 30, 2010 and recommended approval of a revised contribution rate for the state effective July 1, 2011; approval of state appropriation monies for the Judges, Prosecuting Attorneys, and the Legislators DB funds for FY12, and approval of revised contribution rates for the 1977, Excise, and the Legislators

DC plans effective January 1, 2012. The PERF Political Subdivision rates will be approved at the next Board meeting.

Julia Pogue presented Resolution No. 2010-12-05, stating that the resolution clarifies unclear language in Resolution No. 07-12; updates the description of smoothing rules in Resolution Nos. 99-07, 01-02, and 07-12; and clarifies that Resolution Nos. 99-07, 01-02, 07-12, and 2010-12-05 also apply to the 1977 Police Officers' and Firefighters' Fund; the Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan; and the Prosecuting Attorney's Fund.

MOTION duly made and carried to approve Resolution No. 2010-12-05.

Proposed by: Greg Hahn
Seconded by: Bret Swanson
Votes: 5 in favor, 0 opposed, 0 abstentions

Ms. Pogue then distributed a staff proposal for approval of employer contribution rates. Staff recommended Board approval of the following contribution rates, effective January 1, 2011:

LEDC Plan, 10.00%;

New units:

- Town of McCordsville, 8.50%;
- Paramount School of Excellence, 7.00%;
- Discovery Charter School, 7.25%;
- Charter School of the Dunes, 6.75%;

Enlargements:

- Hamilton Community Schools, 8.00%;
- Delaware County, 10.25%.

Staff recommended Board approval of the following contribution rate, effective July 1, 2011:

PERF State, 8.60%.

Staff recommended Board approval of the following state appropriation monies for fiscal year 2012:

Judges Plan, \$18,909,921;

PARF Plan, \$1,838,908;

LEDB Plan, \$113,099.

Staff recommended Board approval of the following contribution rates effective January 1, 2012:

1977 Plan, 19.70%;

Excise Plan, 20.75%;

LEDC Plan, 11.60%.

MOTION duly made and carried to adopt the above-stated employer contribution rates and state appropriation monies, as recommended by staff.

Proposed by: Greg Hahn
Seconded by: Bret Swanson
Votes: 5 in favor, 0 opposed, 0 abstentions

Indiana Administrative Code Adoption

Andrea Unzicker presented the Indiana Administrative Code changes. Staff recommended the adoption of the Indiana Administrative Code rules by adoption of Resolution No. 2010-12-03.

MOTION duly made and carried to approve Resolution No. 2010-12-03.

Proposed by: Greg Hahn
Seconded by: Chris Ruhl
Votes: 5 in favor, 0 opposed, 0 abstentions

ASA Rebalancing Policy

David Cooper presented the Annuity Savings Account (ASA) Rebalancing Policy. Investment staff and Capital Cities recommended the Board adopt Resolution No. 2010-12-04 for establishing targets and guidelines for rebalancing investment options under the PERF ASA and Legislators' Defined Contribution Plan.

MOTION duly made and carried to approve Resolution No. 2010-12-04.

Proposed by: Chris Ruhl
Seconded by: Bret Swanson
Votes: 5 in favor, 0 opposed, 0 abstentions

III. Adjournment

MOTION duly made and carried to adjourn the December 17, 2010 Board meeting at 1:45 p.m.

Proposed by: Bret Swanson
Seconded by: Greg Hahn
Votes: 5 in favor, 0 opposed, 0 abstentions