

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

**and**

**INDIANA STATE TEACHERS' RETIREMENT FUND**

**Meeting held at:  
One North Capitol  
3rd Floor Conference Room  
Indianapolis, Indiana 46204**

**June 24, 2011**

**JOINT SESSION**

**Board Members Present**

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

**Others Present**

Tim Berry, Indiana State Auditor  
Jodi Golden, Office of the Indiana State Treasurer  
Michael Pinkham, Fort Wayne Fire Department  
John Meier, Strategic Investment Solutions (SIS)

**Staff Present**

Steve Russo, Executive Director  
Erin Hankins, Executive Assistant  
Kelly Doria, Investments Counsel  
Jaclyn Brinks, Staff Attorney  
Teresa Snedigar, Director of Internal Audit  
Julia Pogue, Chief Financial Officer  
David Cooper, Chief Investment Officer  
Bob Clone, Investments – Director of Private Equity  
Scott Davis, Investments – Director of Public Equity  
Katie Stanutz, Investments – Senior Investment Analyst – Private Equity

Meeting called to order at 10:03 a.m. by Chairman/President Cochran.  
Chairman/President Cochran recognized Tim Berry, Jodi Golden, and Michael Pinkham, who have been nominated to serve as members of the Indiana Public Retirement System (INPRS) Board of Trustees.

## **I. Approval of Minutes from April 29, 211 Joint Board of Trustees Meeting**

**MOTION** duly made and carried to approve the minutes from the April 29, 2011 joint Board meeting.

*Proposed by: Greg Hahn  
Seconded by: Bret Swanson  
Votes: 4 in favor, 0 opposed, 0 abstentions*

## **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.

### **Strategic Plan**

Steve Russo presented the INPRS Strategic Plan, which establishes organizational strategic objectives, service level expectations, and a roadmap for stakeholders and the Board to measure organizational performance. The Plan covers a three-year time horizon and will be updated annually. The Board requested and received additional information regarding the establishment of a single optimized currency policy, rebalancing policy, and formal securities litigation monitoring process.

### **Compensation Committee Establishment**

Steve Russo presented a staff proposal to establish a Compensation Committee to consolidate PERF and TRF job classifications and banding structures, make equity adjustments, create a compensation policy and promotion/demotion policy, and direct INPRS's relationship with the State Personnel Department. Mr. Russo further proposed a Compensation Committee Charter to amend the PERF and TRF Board Governance Manual. The Board requested and received additional information regarding statutory authority for the Compensation Committee in recent legislation, efforts at limiting staff turnover, and the development of a staff incentive structure.

### **Financial Update**

Julia Pogue presented the financial update and reviewed PERF and TRF financial highlights for April and May 2011, actual and forecasted expenses compared to budget, and a statement of fiduciary net assets. Forecast budget savings were driven primarily by lower personnel and benefit costs, lower IT services due to strategic changes, and efficiency resulting from integration and price negotiation, including investment management fees.

### FY 2012 Budget

Ms. Pogue presented the Fiscal Year 2012 Budget, including goals, budget drivers, a summary of expenses by category, and capital expenditures. The Board requested and received additional information on staffing and modernization budgeting.

### Investments Update

David Cooper presented the investments update and discussed items delivered to the Investment Committee at the June 17 meeting, current and historic market values, investment returns, asset allocations, new investments and terminations, watch lists, and the conversion to BNY Mellon as PERF and TRF's custodian. John Meier of Strategic Investment Solutions (SIS), PERF and TRF's investment consultant, was present to answer questions from the Board. The Board requested and received additional information on key drivers of private equity differentials and leverage under PERF total real assets.

### Internal Audit Update

Teresa Snedigar presented the internal audit update and discussed staff additions; the role of Internal Audit in custodian, modernization, and ACL implementation; interaction with the State Board of Accounts; and the Audit Committee meeting held June 22, 2011.

### Executive Director's Report

Steve Russo presented the Executive Director's report and reviewed metrics, reputation management and integration progress. Mr. Russo discussed the action item tracking list and recommended closure of Item 13 due to the completion of a white paper draft that has been distributed to media as part of PERF and TRF's reputation management strategy. The Board recognized David S. Moore, an officer with the Indianapolis Metropolitan Police Department, who died in the line of duty on January 23, 2011. The Board requested copies of a Boston College article citing PERF and TRF unfunded liability data.

## **III. Adjournment**

**MOTION** duly made and carried to adjourn the June 24, 2011 joint Board meeting at 11:41 a.m.

<i>Proposed by:</i>	<i>Bret Swanson</i>
<i>Seconded by:</i>	<i>Chris Ruhl</i>
<i>Votes:</i>	<i>4 in favor, 0 opposed, 0 abstentions</i>