

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

May 13, 2009

Board Members Present

Dave Adams, President
Don Bennett, Vice President
Cari Whicker, Secretary
Ryan Kitchell, Trustee
Greg Hahn, Trustee
Steve Overmyer, Trustee

Board Members Absent

Others Present

Ken Brunke, Callan & Associates
Karen Harris, Callan & Associates
Andy Thomas, Indiana Retired Teachers Association
Dan Krivinskas, RV Kuhns & Associates
Roman Nemtsov, RV Kuhns & Associates
Mike Paolucci, RV Kuhns & Associates

TRF Staff Present

Steve Russo, Executive Director
Tom Davidson, General Counsel
Tim Walsh, Chief Investment Officer
Julia Pogue, Chief Financial Officer
Erin Hankins, Executive Assistant
Bethaney Matlock, Legal Administrator
Molly Deuberry, Director of Outreach and Communications
Bryan Martin, Director of Investments
JR Burch, Chief Technology Officer
Crystal Lawson, Chief Benefits Officer

Meeting called to order at 10:00 a.m. by President Adams.

I. Approval of Minutes

MOTION duly made and carried to approve the minutes from March 18, 2009 Board of Trustees meeting.

Proposed by: Ryan Kitchell
Seconded by: Steve Overmyer
Votes: 6 in favor, 0 opposed

II. Old Business

III. New Business

CEM Presentation

Steve Russo presented the CEM Pension Administration Benchmarking Survey to the board. Mr. Russo highlighted the results that show TRF as a lower cost, higher service fund as compared to its peers. Mr. Russo commended the efforts of staff in this accomplishment. The board encouraged staff to supplement its benchmarking efforts through further research of "best in class" characteristics.

Financial Update

Julia Pogue presented the financial update to the board. Ms. Pogue discussed the financial highlights for March 2009 and entertained questions from the board.

Investments Update

Tim Walsh presented the investments update, reviewed the manager watch list, and entertained questions from the board.

A. Guaranteed Fund Rate

Steve Russo presented the guaranteed fund history to the board.

TRF staff recommended board approval of the guaranteed fund rate setting methodology that includes a 10 year historical rolling average of underlying calendar year asset returns, a 1 year change not to exceed +/- 2.00%, and new rates set in increments of .25%.

MOTION duly made and carried to approve staff's recommendation.

Proposed by: Don Bennett
Seconded by: David Adams
Votes: 5 in favor, 1 opposed

TRF staff recommended board approval of the guaranteed fund credited rate of 3.50% for fiscal year 2010.

MOTION duly made and carried to approve staff's recommendation.

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| <i>Proposed by:</i> | <i>Ryan Kitchell</i> |
| <i>Seconded by:</i> | <i>Don Bennett</i> |
| <i>Votes:</i> | <i>4 in favor, 0 opposed, 2 abstentions</i> |

The board recommended developing a risk management policy in conjunction with a review of the asset allocation of the underlying guaranteed fund assets for consideration at or prior to the August board meeting.

B. Asset Liability Study

Tim Walsh introduced Karen Harris from Callan & Associates. Ms. Harris presented the asset liability study and entertained questions from the board. The board will revisit the asset allocation discussion at a future meeting.

C. RV Kuhns & Associates Introduction

Tim Walsh introduced Dan Krivinskas, Roman Nemtsov, and Mike Paolucci from RV Kuhns & Associates. Mr. Krivinskas, Mr. Nemtsov, and Mr. Paolucci reviewed their real estate consulting services presentation and entertained questions from the board.

D. ASA Consultant Selection

Steve Russo presented the ASA consultant search, evaluation criteria, selection, and implementation timeline to the board. Staff recommended that the board approve hiring Capital Cities to act as a consultant to the ASA plan to evaluate and implement the member investment options, conduct a new manager RFP process, and lead the asset transition.

MOTION duly made and carried to approve staff's recommendation.

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| <i>Proposed by:</i> | <i>Greg Hahn</i> |
| <i>Seconded by:</i> | <i>David Adams</i> |
| <i>Votes:</i> | <i>6 in favor, 0 opposed</i> |

Executive Director's Report

Mr. Russo presented the executive director's report to the board. Mr. Russo reviewed the IT update, the legislative summary, discussed the agency's metrics, and entertained questions from the board.

IV. Date of Next Meeting

June 24, 2009 at 10:00 a.m.

V. Adjournment

Adjourned at 2:10 p.m.