

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

**and**

**INDIANA STATE TEACHERS' RETIREMENT FUND**

**Meeting held at:  
143 West Market Street  
Indianapolis, Indiana 46204**

**November 19, 2010**

**JOINT SESSION**

**Board Members Present**

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

**Others Present**

Pete Keliuotis, Strategic Investment Solutions  
Cathie Eitelburg, The Segal Group  
Paul Joyce, State Board of Accounts  
Beth Kelley, State Board of Accounts  
Dawn Anderson, State Board of Accounts

**Staff Present**

Steve Russo, Executive Director  
Erin Hankins, Executive Assistant  
Andrea Unzicker, Chief Legal Counsel and Compliance Officer  
Jaclyn Brinks, Staff Attorney  
Allison Murphy, Legislative Director  
Teresa Snedigar, Director of Internal Audit  
Ali Blackburn, Interim Director of Internal Audit  
Julia Pogue, Chief Financial Officer  
Todd Williams, Director of Administration and Enterprise Initiatives  
David Cooper, Chief Investment Officer  
Scott Davis, Director, Public Equity  
Brian Rogers, Director, FI & RA  
Jeff Hutson, Chief Communication Officer

Meeting called to order at 10:03 a.m. by Chairman/President Ken Cochran.

**I. Approval of Minutes from September 16, 2010 Joint Board of Trustees Meeting**

**MOTION** duly made and carried to approve the minutes from the September 16, 2010 joint Board meeting.

<i>Proposed by:</i>	<i>Bret Swanson</i>
<i>Seconded by:</i>	<i>Allen Clark</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstentions</i>

**II. New Business**

In accordance with normal practice, written materials for the following issues 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 as of September 2010, August and September 2010 monthly highlights, actual expenses to date, and total net assets.

**Investments Update**

David Cooper presented the investments update and discussed PERF and TRF market values, investment returns, asset allocations, watch lists, environmental biases, new investments and terminations, a plan for a restructured investments division, and a two-year plan of departmental priorities. Mercer, PERF's general consultant, is no longer advising public fund clients. PERF staff recommended the hiring of Strategic Investment Solutions (SIS), PERF's private equity consultant and TRF's private equity and general investment consultant, as PERF's new general investment consultant subject to final contract negotiation and legal review. Pete Keliuotis of SIS reiterated SIS's commitment to acting as a co-fiduciary of its pension fund clients.

**Strategic Planning Update**

Todd Williams and Cathie Eitelburg of The Segal Group presented the strategic planning update and introduced a draft PERF-TRF mission statement and principles, which state that the organization aims to serve current and future retirees, act as stewards of organizational assets, and be a trusted source of information for members. The Board requested and received confirmation that it would be involved in strategic decision-making when implementing the mission and principles.

### Enterprise Risk Management Update

Todd Williams presented the enterprise risk management update and reviewed the results of an organizational risk survey and management risk workshop and next steps the organization will take to address risk. The Board requested and received further information on the results of the survey, including the presence of market risk in survey results and the correlation between survey results and risks identified by organizational management in the risk workshop.

### Audit Update

Teresa Snedigar and Ali Blackburn presented the audit update and discussed the function of internal audit, results of last year's audit, an audit plan for fiscal year 2011, and combined areas of risk and risk factors. Paul Joyce, Beth Kelley, and Dawn Anderson of the State Board of Accounts (SBOA) presented the results of the PERF and TRF fiscal year 2010 audits. Mr. Joyce stated that PERF has implemented significant controls in response to previous SBOA audits and both PERF and TRF are moving forward in a solid manner.

### Board Governance Manual

Andrea Unzicker introduced a combined board governance manual and guided the Board through the Manual, including the sections on ethics, education, new committee charters, and a combined procurement policy. Ms. Unzicker stated that staff intends to recommend a final draft of the manual for approval at the next Board meeting.

### Indiana Administrative Code Updates

Allison Murphy proposed Indiana Administrative Code changes aligning PERF and TRF provisions and addressing administrative issues, providing a summary of the effect of each change. The Board requested and received clarification on provisions addressing excludable conditions in the 1977 Fund for Policemen and Firefighters and Social Security integration.

### Executive Director's Report

Steve Russo presented the executive director's report and reviewed Annuity Savings Account (ASA) system statistics, metric highlights, an integration update, administrative changes, and the results of an employee satisfaction survey. Mr. Russo also reviewed the action item tracking list and recommended the closure of an open item requesting a future discussion on TRF's assumed rate of return, which was completed at the September Board meeting.

### **III. New Business**

#### **Response to Research on Unfunded Liabilities**

The Board raised and then discussed recent research published by Northwestern University and Pew Research on PERF and TRF unfunded liability and requested further action be taken to develop a response.

### **IV. Adjournment**

**MOTION** duly made and carried to adjourn the November 19, 2010 joint Board meeting at 1:35 p.m.

*Proposed by: Greg Hahn*

*Seconded by: Bret Swanson*

*Votes: 6 in favor, 0 opposed, 0 abstentions*

**MINUTES  
BOARD OF TRUSTEES OF THE  
INDIANA STATE TEACHERS' RETIREMENT FUND**

**Meeting held at:  
143 West Market Street  
Indianapolis, Indiana 46204**

**November 19, 2010**

**REGULAR SESSION**

**Board Members Present**

Ken Cochran, President  
Greg Hahn, Vice President  
Cari Whicker, Secretary  
Allen Clark  
Chris Ruhl  
Bret Swanson

**Others Present**

Pete Keliuotis, Strategic Investment Solutions  
Cathie Eitelburg, The Segal Group  
Paul Joyce, State Board of Accounts  
Beth Kelley, State Board of Accounts  
Dawn Anderson, State Board of Accounts

**Staff Present**

Steve Russo, Executive Director  
Erin Hankins, Executive Assistant  
Andrea Unzicker, Chief Legal Counsel and Compliance Officer  
Jaclyn Brinks, Staff Attorney  
Teresa Snedigar, Director of Internal Audit  
Ali Blackburn, Interim Director of Internal Audit  
Julia Pogue, Chief Financial Officer  
Todd Williams, Director of Administration and Enterprise Initiatives  
David Cooper, Chief Investment Officer  
Scott Davis, Director, Public Equity  
Brian Rogers, Director, FI & RA  
Jeff Hutson, Chief Communication Officer

Meeting called to order at 1:48 p.m. by President Ken Cochran.

## **I. Approval of Minutes from September 16, 2010 Board of Trustees Meeting**

**MOTION** duly made and carried to approve the minutes from the September 16, 2010 Board meeting.

*Proposed by: Bret Swanson*  
*Seconded by: Chris Ruhl*  
*Votes: 6 in favor, 0 opposed, 0 abstentions*

## **II. New Business**

### **Audit Plan Adoption**

**MOTION** duly made and carried to approve the audit plan as presented in the Joint Board of Trustees meeting.

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

### **Indiana Administrative Code Adoption**

Andrea Unzicker presented Resolution No. 2010-11-01, which adopts changes to the Indiana Administrative Code to align PERF and TRF provisions and address administrative issues.

**MOTION** duly made and carried to approve Resolution No. 2010-11-01.

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

## **III. Adjournment**

**MOTION** duly made and carried to adjourn the November 19, 2010 Board meeting at 1:49 p.m.

*Proposed by: Greg Hahn*  
*Seconded by: Cari Whicker*  
*Votes: 6 in favor, 0 opposed, 0 abstentions*