

**MINUTES
BOARD OF TRUSTEES OF THE
INDIANA PUBLIC RETIREMENT SYSTEM**

**Meeting held at:
One N. Capitol
9th Floor Conference Room
Indianapolis, Indiana 46204**

October 27, 2017

Board Members Present

Michael Pinkham
Ken Cochran
Micah Vincent
Brian Abbott
Connie Plankenhorn

Bret Swanson
Tera Klutz
Kelly Mitchell
David Frick

Guest Presenters

Jeff MacLean, Verus
Brandon Robertson,
PricewaterhouseCoopers (PWC)
Antonio DeSario,
PricewaterhouseCoopers (PWC)

Danielle Winegardner, Nyhart
Mike Zurek, Nyhart

Staff Presenters

Steve Russo, Executive Director
Scott Davis, Chief Investment Officer
Andy Blough, Actuary
Teresa Snedigar, Chief Financial Officer

Steven Barley, Chief Operations Officer
Jim Cullen, Director Financial Planning
& Analysis

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

In accordance with normal practice, Board members were provided electronically written materials in advance of the meeting.

I. Approval of Minutes from September 15, 2017, Board of Trustees Meeting

MOTION duly made and carried to approve the Board of Trustees Meeting minutes from the September 15, 2017, Board meeting.

*Proposed by: Micah Vincent
Seconded by: Brian Abbott
Votes: 9 in favor, 0 opposed, 0 abstentions*

II. Board Education

A. Asset Allocation

Scott Davis and Jeff MacLean (Verus) discussed asset allocation principles, process history, and expected returns. Mr. MacLean covered Board related asset-liability decisions, the importance of asset allocation, the difficulty in knowing which asset class is going to perform well ahead of time, and asset diversification versus risk diversification. While, Mr. Davis discussed INPRS' asset allocation process, the Board's views from the 2015 risk tolerance survey, the impact of large drawdowns on the plan, and INPRS' allocation history.

Mr. Davis talked about the effects of low interest rates on expected returns, INPRS' projected returns over a 30 year timeframe, and the largest risks to INPRS' current portfolio.

B. Governance

Teresa Snedigar discussed the importance of governance, overall governance activities, the governance model, Board governance roles, management governance roles, external auditing role, internal auditing and risk management roles, and assessing overall governance.

C. Actuarial Valuations, Introduction to Actuarial Methods

Andy Blough presented to the Board background information on actuarial roles, actuarial assumptions, and actuarial valuations. Mr. Blough also discussed the INPRS funding policy and how it operates once liabilities are determined in order to develop the actuarially determined contributions and employer contribution rates.

III. Required Business

A. Defined Contribution Member Administrative Fee

Steve Russo talked about the DC retirement plans member administrative fee and how the fee was determined.

MOTION duly made and carried to approve staff recommended administrative fee of \$36.00 per year for the members of Public Employees' Hybrid Members Defined Contribution Account, Teachers' Hybrid Members Defined Contribution Account, and Legislator's Defined Contribution Fund. Members of the My Choice: Retirement Savings Plan for Public Employees will not have an administrative fee.

Proposed by: Bret Swanson
Seconded by: Brian Abbott
Votes: 9 in favor, 0 opposed, 0 abstentions

B. Funding Policy Update

Steve Russo presented a technical correction to the INPRS Funding Policy. He discussed the Funding Policy and proposed a correction.

MOTION duly made and carried to approve correction to the INPRS Funding Policy.

Proposed by: Mike Pinkham
Seconded by: Micah Vincent
Votes: 9 in favor, 0 opposed, 0 abstentions

C. Actuarial Valuation & Contribution Rates

Andy Blough presented INPRS funding objectives, FY2017 in review, significant changes since June 30, 2016 valuation, INPRS participant information, member demographics, asset reconciliation, actuarial accrued liability reconciliation, and funded status and ASA for all plans in total. Andy also talked about New Units and Enlargements effective July 1, 2017, as well as one employer that withdrew effective December 31, 2016.

Brandon Robertson of PricewaterhouseCoopers spoke about actuarial results for PERF, the 1977 Fund, JRS, EG&C, PARF, and LEDB funds. Mr. Robertson also discussed the current and projected funded status, and the current and projected calculation of the actuarial required contribution rate.

Danielle Winegardner and Mike Zurek from Nyhart provided information about the pre and post 96 TRF Fund status. Mr. Zurek also talked about the current and projected funded status, and the current and projected calculation for the actuarial contribution rate.

INPRS Staff Recommended Contribution Rates for Fiscal Year 2019	
PERF (State)	11.2%
TRF 1996 Account	7.5%
State ASA-Only Member Crediting Rate	3.4%
State ASA-Only Total Employer Rate	11.2%

INPRS Staff Recommended Contribution Rates for Calendar Year 2019	
PERF (PSD Composite Rate)	11.2%
1977 Fund	17.5%
E,G,&C Plan	20.75%
LEDC Plan	14.2%

MOTION duly made and carried to approve staff recommended contribution rates.

Proposed by: Bret Swanson
Seconded by: Micah Vincent
Votes: 9 in favor, 0 opposed, 0 abstentions

IV. Unfinished Business

The Board did not have any unfinished business.

V. New Business

A. Operations Update

Steve Barley summarized the Operation department's performance, the amount of retirements received by fund, and retirement satisfaction. Mr. Barley gave an overview on the Call Center, which included call center volume, service level, complaints summary, and call center satisfaction.

B. Financial Update

Jim Cullen presented the INPRS financial update to the Board. Mr. Cullen began with a summary of the financial results as of September 2017. Mr. Cullen reviewed the administrative and investment expenses July 2017 through September 2017. Mr. Cullen also talked about the contributions scorecard as of September 2017.

C. Investments Update

Scott Davis presented the INPRS investment update to the Board. He discussed team imperatives and provided highlights as of September 30, 2017. Mr. Davis also reviewed the INPRS' investment portfolio and performance as of September 30, 2017.

D. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo mentioned the Line of Duty deaths and summarized the meeting with the Pension Management Oversight Committee. Mr. Russo also discussed the Recordkeeper and ASA Annuity Update and summarized the Balance Scorecard.

VI. Other Business as requested by the Board

No other business was requested by the Board.

VII. Preliminary Agenda for December 15, 2017 Board Meeting

A copy of the preliminary agenda for the December 15, 2017, meeting was included in materials provided electronically to Board members.

VIII. Preliminary 2018 Board Meeting Schedule

A copy of the proposed 2018 Board Meeting schedule was included in materials provided electronically to Board members.

IX. Adjournment

MOTION duly made and carried to adjourn the October 27, 2017, Board meeting at 2:37 p.m.

Proposed by: Mike Pinkham
Seconded by: Kelly Mitchell
Votes: 9 in favor, 0 opposed, 0 abstentions