

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

**Meeting held at:
One N. Capitol
1st Floor Conference Room
Indianapolis, Indiana 46204**

April 29, 2016

Board Members Present

Sarah Beth Murphy	Deanna Oware
Michael Pinkham (via conference call)	Jillean Battle
Kyle Rosebrough	Brian Abbott
Mike Cunningham	
Ken Cochran	

Guest Presenters

Brandon Robertson, PricewaterhouseCoopers (via conference call)	DeWitt Miller, Verus Howard Marks, Oaktree Capital Management
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Staff Presenters

Steve Russo, Executive Director	Steven Barley, Chief Operations Officer
Scott Davis, Interim Chief Investment Officer	Tony Green, Chief Legal and Compliance Officer
Donna Brown, Chief Financial Officer	

Meeting called to order at 10:04 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 February 26, 2016, Board of Trustees Meeting

MOTION duly made and carried to approve the Board of Trustees Meeting minutes from the February 26, 2016, Board meeting.

<i>Proposed by:</i>	<i>Brian Abbott</i>
<i>Seconded by:</i>	<i>Sarah Beth Murphy</i>
<i>Votes:</i>	<i>8 in favor, 0 opposed, 0 abstentions</i>

II. Board Education

Howard Marks from Oaktree Capital Management discussed investments and what makes the markets work. Mr. Marks talked about the past and present economy and markets. Mr. Marks also spoke about risk management within an investment portfolio.

III. Unfinished Business

A. FY16 Actuarial Assumptions & Methods

Donna Brown presented an annual review of actuarial assumptions. Ms. Brown also discussed actuarial valuation assumptions, methods, and typical review timetables. Ms. Brown recommended no changes to the actuarial assumptions, but did recommend changes to two of the major actuarial methods. Ms. Brown talked about retroactively lengthening the smoothing period to five years, shortening the amortization period, and the impacts associated with the changes.

MOTION duly made and carried to adopt the recommended actuarial assumption changes noted and the associated revision to the Funding Policy effective for the actuarial valuations as of June 30, 2016.

Proposed by: Brian Abbott
Seconded by: Jillean Battle
Votes: 8 in favor, 0 opposed, 0 abstentions

B. ASA Annuities

Steve Russo presented the ASA Annuity Timeline and current status. Mr. Russo started with a recap from the February 26, 2016 Board meeting. Mr. Russo informed the Board of the current status, implementation date considerations, Indiana Statutes governing ASA annuities, and statutory considerations. Mr. Russo talked about in house management of ASA annuities versus outsourcing to MetLife. Mr. Russo also discussed interest rate setting methodology and recommended next steps.

MOTION duly made and carried to authorize the Executive Director to if necessary, execute a letter of intent to MetLife which excludes liability language.

Proposed by: Sarah Beth Murphy
Seconded by: Ken Cochran
Votes: 8 in favor, 0 opposed, 0 abstentions

IV. Required Business

A. FY 17 Member Crediting Rate approvals

Scott Davis presented fiscal year 2017 member crediting rates for the funds. Mr. Davis talked about the INPRS Guaranteed Fund interest rate and methodology as well as the non PERF/TRF funds interest crediting rate. Mr. Davis also talked about staff recommendations for the interest credit rate for the INPRS Guaranteed Fund interest rate and the non PERF/TRF funds.

MOTION duly made and carried to set the Guaranteed Fund interest credit rate for fiscal year 2017 at 0.66%.

Proposed by: Jillean Battle
Seconded by: Sarah Beth Murphy
Votes: 8 in favor, 0 opposed, 0 abstentions

MOTION duly made and carried to maintain the interest rate credit methodology for non PERF/TRF funds and to set the interest credit rate for fiscal year 2017 at 1.82%.

Proposed by: Jillean Battle
Seconded by: Sarah Beth Murphy
Votes: 8 in favor, 0 opposed, 0 abstentions

V. New Business

A. Board Governance Manual Review & Update

Tony Green presented revisions made to the Board Governance Manual. Mr. Green noted updates to the INPRS vision, mission, and principle statements. Mr. Green also talked about revised descriptions of the PERF ASA-only plan, revision of Director of Enterprise Risk Management duties, revision of Statement of Enterprise Risk Appetite, and technical corrections based on language in the Indiana Code. Mr. Green asked the Board to vote on the recommended changes at the next Board meeting in June.

B. Operations Update

Steve Barley presented an overview of the Operations department. Mr. Barley summarized the 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. Mr. Barley also talked about activities planned within the department in the next 45 days.

C. Financial Update

Donna Brown presented the INPRS financial update to the Board. Ms. Brown began with a summary of the financial highlights as of end of March 2016. Ms. Brown reviewed the March financials, then talked about past due employer contributions. Ms. Brown discussed fiscal year 2016 actual and forecast change in net position and expenses compared to budget.

D. Investments Update

Scott Davis presented the INPRS investment update to the Board. He started with a review of team imperatives, provided highlights of INPRS investments, and a portfolio review. Mr. Davis talked about INPRS asset allocation as of March 31st, defined benefit performance, and ASA funds' performance. Mr. Davis also discussed the current managers on the watch list.

E. Preliminary FY17 Budget & Strategic Plan

Steve Russo presented the preliminary fiscal year 2017-2019 strategic plan and fiscal year 2017 budget. Mr. Russo informed the Board of no changes to the vision, mission, and principles as well as strategic goals. Mr. Russo also discussed the draft top five fiscal year strategic objectives, budget drivers, strategic planning and budgeting next steps.

F. 2016 Legislative session Summary

Tony Green presented a summary of the 2016 Legislative session. Mr. Green talked about the five bills signed into law and the various pension matters related to House Bill 1032. Mr. Green also spoke about Senate Bill 148, the Public Employees Defined Contribution Plan.

G. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo also summarized the Balance Scorecard. Details were provided to the Board for review.

VI. **Other Business as requested by the Board**

No other business was requested by the Board.

VII. **Preliminary Agenda for June 24, 2016 Board Meeting**

A copy of the preliminary agenda for the June 24, 2016, meeting was included in materials provided electronically to Board members.

VIII. Adjournment

MOTION duly made and carried to adjourn the April 29, 2016, Board meeting at 2:15 p.m.

Proposed by: Sarah Beth Murphy
Seconded by: Mike Cunningham
Votes: 8 in favor, 0 opposed, 0 abstentions