

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

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

May 3, 2019

Board Members Present

Michael Pinkham
Brian Abbott
Connie Plankenhorn
Bret Swanson

Tera Klutz
Kelly Mitchell
David Frick
Micah Vincent

Guest Presenters

Jeff MacLean, Verus
Ben Taylor, Callan LLC

Staff Presenters

Steve Russo, Executive Director
Donna Frank, Benefits Attorney
Scott Davis, Chief Investment Officer
Donna Grotz, Chief Finance and
Administration Officer

Tony Green, Chief Legal and
Compliance Officer
Jeff Hutson, Chief Communications
Officer

Meeting called to order at 10:02 a.m. by Chairman Swanson.

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

I. Approval of Minutes from February 22, 2019 Board of Trustees Meeting

MOTION duly made and carried to approve the Board of Trustees Meeting minutes from the December, 2018, Board meeting.

*Proposed by: Micah Vincent
Seconded by: Brian Abbott
Votes: 8 in favor, 0 opposed, 0 abstentions*

II. Unfinished Business

A. Indiana Administrative Code (IAC) Adoption

Donna Frank presented proposed updates to the IAC and new rules based on legislation. A copy along with a written executive summary was provided to the Board electronically for their review. Recommended revisions and new rules were discussed at the February 22, 2019 meeting. No public comments were received.

MOTION duly made and carried to approve all of the changes and additions to the IAC presented in Board Resolution No. 2019-05-03.

*Proposed by: David Frick
Seconded by: Mike Pinkham
Votes: 8 in favor, 0 opposed, 0 abstentions*

B. FY20 Actuarial Assumptions & Methods

Steve Russo talked about FY 2020 actuarial valuation assumptions and methods. Mr. Russo provided a summary of the February 22, 2019 Board Meeting and actuarial valuation assumptions and methods. Supported by both internal and external actuary review, Mr. Russo recommended no changes to the existing actuarial assumptions and methods for FY2020 actuarial valuations.

MOTION duly made and carried to adopt the recommended actuarial assumption with no changes noted.

*Proposed by: Kelly Mitchell
Seconded by: Tera Klutz
Votes: 8 in favor, 0 opposed, 0 abstentions*

III. Required Business

A. FY20 Member Crediting Rate Approvals

Steve Russo presented the FY20 Member Crediting Rates for the PARF, Judges, 1977 Police and Fire and CG&E funds. Mr. Russo started with a background of the crediting rate and the rate-setting methodology. Mr. Russo presented the FY20 crediting rate recommendation based upon the established rate-setting methodology. Mr. Russo recommended the Board maintain the methodology and the interest credit rate for each of the 1977 Fund, JRS, EG&C, and PARF plans be set at 2.59%.

Interest Credit Rate Calculation	
1/31/19 10-yr Treasury Yield	2.63%
2/28/19 10-yr Treasury Yield	2.73%
3/29/19 10-yr Treasury Yield	2.41%
Average Yield	2.59%

Source: U.S. Department of Treasury

MOTION duly made and carried to adopt the recommended methodology and interest crediting rate for each of the 1977 Fund, JRS, EG&C, and PARF plans be set at 2.59%.

Proposed by: Mike Pinkham
Seconded by: Micah Vincent
Votes: 8 in favor, 0 opposed, 0 abstentions

B. TRF '96 Employer Contribution Rate & My Choice Member Crediting Rate Approval

Steve Russo presented a summary of House Enrolled Act 1001, Appropriation to TRF '96 and Contribution rate. Mr. Russo recommended the Board change the TRF '96 Contribution rate to 5.50% effective July 1, 2019 or the date of Budget allotment, whichever occurs later pursuant to HEA 1001.

Steve Russo presented a summary of TRF My Choice contribution rate and crediting rate to the member defined contribution account. Mr. Russo recommended the Board adopt the same rounding methodology used in the PERF My Choice for TRF My Choice. Mr. Russo also recommended the TRF My Choice member crediting rate be 5.3% effective July 1, 2019.

MOTION duly made and carried to adopt the recommended TRF '96 Contribution rate reduction to 5.50% effective July 1, 2019 or the date of Budget allotment, whichever occurs later pursuant to HEA 1001.

Proposed by: Brian Abbott
Seconded by: Micah Vincent
Votes: 8 in favor, 0 opposed, 0 abstentions

MOTION duly made and carried to adopt the recommended rounding methodology for TRF My Choice effective July 1, 2019.

Proposed by: David Frick
Seconded by: Micah Vincent
Votes: 8 in favor, 0 opposed, 0 abstentions

MOTION duly made and carried to adopt the recommended member crediting rate for TRF My Choice be 5.50% effective July 1, 2019.

Proposed by: Brian Abbott
Secoded by: Mike Pinkham
Votes: 8 in favor, 0 opposed, 0 abstentions

IV. New Business

A. Annual Defined Contribution Annuity Rate

Ben Taylor from Callan LLC, presented an annual review of MetLife. MetLife provides options to certain INPRS members who choose to convert DC account balances into an annuity. Mr. Taylor summarized the scope of the annual review, monitoring services provided by Callan, overview of calculation methodology, and oversight from INPRS. Mr. Taylor discussed the rates from the most recent three quarters. Mr. Taylor also talked about the quarterly and annual state of the current program.

B. Communications Update

Jeff Hutson presented the Outreach and Communications update. Mr. Hutson reviewed the results of an Employer Leaders survey. Mr. Hutson talked about the purpose, the questions asked, and the responses. Mr. Hutson also discussed member engagement, engagement driven initiatives, measuring engagement, and engagement ranking among peers, and the next steps for engagement and education.

C. Financial Update

Donna Grotz presented the INPRS financial update. Ms. Grotz summarized the financial results, net position, the supplemental reserve accounts, and the administrative and investment expenses as of the end of March 2019

D. Investments Update

Scott Davis presented the INPRS investment update to the Board. Mr. Davis provided highlights of INPRS' investments and reviewed the INPRS investment portfolio as of March 31, 2019. Mr. Davis also talked about asset allocation, defined benefit performance, and defined contribution funds' performance. Mr. Davis further provided an overview of the organization chart.

E. Preliminary FY20 Budget & Strategic Plan

Steve Russo presented the Preliminary FY 2020-2022 Strategic Plan and FY20 Budget Highlights. Mr. Russo discussed the strategic planning process and timing. Mr. Russo highlighted the proposed changes to the organization vision and

mission. Mr. Russo gave an overview of the FY 2020-2022 strategic goals with a few changes, and the preliminary FY 2020 top priorities. Mr. Russo also talked about the preliminary FY2020 budget and the key drivers.

F. 2019 Legislative Session Summary

Tony Green presented the 2019 Legislative Session summary. Mr. Green summarized each of the bills impacting INPRS.

G. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo noted one line of duty death. Mr. Russo also provided highlights of the Balance Scorecard and escalated BSC measures.

V. Other business as requested by the Board

There was no other business as requested by the Board discussed.

VI. Preliminary Agenda for May 3, 2019 Board Meeting

A copy of the preliminary agenda for the June 28, 2019, meeting was included in materials provided electronically to Board members.

VII. Adjournment

MOTION duly made and carried to adjourn the May 3, 2019 Board meeting at 1:14 p.m.

Proposed by: Kelly Mitchell
Seconded by: Tera Klutz
Votes: 8 in favor, 0 opposed, 0 abstentions