

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

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

September 13, 2013

Board Members Present

Ken Cochran, Chairman
Brian Abbott
Chris Atkins
Steve Daniels

Michael Pinkham
Kyle Rosebrough
Bret Swanson

Guests Present

Jason Parks, Loop Capital Markets
Richie Halfacre, AFSCME
Mark St. John, AFSCME
Sally Sloan, AFT Indiana
Gail Zeheralis, ISTA
Richard Dabrowski, Strategic
Investment Solutions (SIS)
Steve Beebe, IRTA
Ray Jones, IRTA
Nancy Tolson, IRTA

Bruce Hopkins, CEM Benchmarking
Colleen Williamson, Unity Team (UAW)
Patrick Cunningham, IHOR
David B. Girton, Liger/Andes
Jim Ridly, Liger
Lisa Harrison, Ice Miller
Brandon Robertson,
PricewaterhouseCoopers
Marco Merz, BlackRock

Staff Present

Steve Russo, Executive Director
David Cooper, Chief Investment Officer
Tom Farrer, Director of Quality Management
Tony Green, Chief Legal and Compliance Officer
Donna Grotz, Director of Strategic Initiatives and Administration
Erin Hankins, Executive Assistant
Mike Himeline, Chief Information and Technology Officer
Jeff Hutson, Chief Communication Officer
Julia Pogue, Chief Financial Officer
Teresa Snedigar, Director of Internal Audit
Scott Davis, Investments, Director of Public Equity
Brian Rogers, Investments, Director of Real Assets
Katie Williams, Legal Analyst

Meeting called to order at 9:04 a.m. by Chairman Cochran.

Chairman Cochran introduced Steve Daniels, Deputy Auditor of the State, who is now serving on the INPRS Board of Trustees.

In accordance with normal practice, written materials for the following matters were provided to the Board members by mail in advance of the meeting.

I. New Business

A. Financial Update

Julia Pogue presented the INPRS financial update to the Board. This update included financial highlights as of June 2013. She reviewed the Fiscal Year 2013 outcomes compared to the budget. She also discussed the forecast for Fiscal Year 2014 financials.

B. Investments Update

David Cooper was joined by Rich Dabrowski, from Strategic Investment Solutions (SIS), to present the investment update to the Board. Mr. Cooper began with a review of his team imperatives. He then presented the portfolio review to the Board, which included highlights of INPRS investments, DB performance, an economic and market update, asset allocations, fiscal year 2013 performance, various time period returns, and asset class and individual fund performance. He concluded with a review of new investments and terminations and a discussion of the watch list.

Steve Russo noted that the INPRS investment group was selected as one of six finalists for recognition among public funds.

II. Approval of Minutes from July 30, 2013 Board of Trustees Meeting

MOTION duly made and carried to approve the minutes from the July 30, 2013 Board meeting.

*Proposed by: Bret Swanson
Seconded by: Mike Pinkham
Votes: 6 in favor, 0 opposed, 1 abstention*

III. Required Business

A. ASA Annuity Implementation Date

At the July 30, 2013 meeting of the INPRS Board of Trustees, the Board voted to pursue ASA Annuity Option 4 and the solicitation and contract with a 3rd Party Annuity Provider. Steve Russo provided information to the Board regarding the

estimated financial impact of Option 4 (the estimated sunk cost of approximately \$181 Million NPV and cost savings of approximately \$343 Million NPV). He reviewed the project timeline and stated that staff was close to choosing a consultant to help draft a RFP for a 3rd party provider. Mr. Russo also informed the Board that meetings with stakeholders had been planned and a public hearing would take place on September 23, 2013 to discuss the new ASA Annuity Option chosen by the INPRS Board. He provided an update on the plan for communication about the decision to members and employers.

Mr. Russo then presented a staff recommendation to change the implementation date for the new Annuity option from August 1, 2014 to a new date determined by the Board. A discussion was had regarding implications of changing the date and the desire to accommodate teachers with varying last-day dates. Chairman Cochran asked the Board to choose a new implementation date. October 1, 2014 was unanimously agreed upon by the Board as the recommended date.

MOTION duly made and carried to adopt October 1, 2014 as the implementation date of Annuity Savings Account Annuity Option 4 and replace the July 1, 2014 implementation date as determined in the July 30, 2013 meeting of the INPRS Board of Trustees.

Proposed by: Chris Atkins
Seconded by: Brian Abbott
Votes: 7 in favor, 0 opposed, 0 abstentions

B. Internal Audit Update and Plan Approval

Teresa Snedigar reviewed the Fiscal Year 2013 audit results and identified audits still in process and those that were rescheduled. She then presented the Fiscal Year 2014 Audit Plan to the Board for their approval.

MOTION duly made and carried to approve the Fiscal Year 2014 Audit Plan.

Proposed by: Brian Abbott
Seconded by: Chris Atkins
Votes: 7 in favor, 0 opposed, 0 abstentions

IV. New Business Continued

A. Executive Director's Report

Steve Russo presented the Executive Director's report. He offered highlights of the presentation he gave to the Pension Management Oversight Committee (PMOC) on August 27, 2013, which included a Fiscal Year 2013 summary of INPRS. Mr. Russo then reviewed the agenda for the September 23, 2013 PMOC meeting.

Mr. Russo presented metrics highlights for the Governor's and Board

Dashboards. Scorecard details were provided to the Board for their review.

B. Other Business as Requested by the Board

No other business was requested.

V. Preliminary Agenda for October 25, 2013 Board Meeting

Mr. Russo gave copies of the preliminary agenda for the October 2013 meeting to the board members.

VI. Board Education

A. Defined Benefit Pension Plan Administration Benchmarking

Bruce Hopkins, from CEM Benchmarking Inc., educated the Board on the topic of Pension Fund Administration Benchmarking. The report compared INPRS to its peers in the areas of service, cost, performance, and communication.

B. Trends in the Defined Contribution Industry

Marco Merz, from BlackRock, educated the Board on trends in the Defined Contribution industry. He explained the effect of design and investment choices on participant outcomes.

C. GASB Account Changes & Pension Funding Policies

Brandon Robertson, from PricewaterhouseCoopers, educated the Board on the new standards required by the Governmental Accounting Standards Board ("GASB") and the changes that would impact stakeholders and INPRS. He identified actions taken and next steps for implementation.

D. Federal Law Update

Lisa Harrison, from Ice Miller, educated the Board on recent Federal Law changes. She described the importance of and requirements for Cycle C-2 filing with the IRS. She also provided information on the following topics: governmental plan definition, normal retirement age, definition of retirement, elective contributions, and 1099-R reporting.

VII. Adjournment

MOTION duly made and carried to adjourn the September 13, 2013 Board meeting at 2:34 p.m.

Proposed by: **Bret Swanson**
Seconded by: **Chris Atkins**
Votes: **7 in favor, 0 opposed, 0 abstentions**