

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

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

October 26, 2018

Board Members Present

Ken Cochran	Tera Klutz
Brian Abbott	Kelly Mitchell
Connie Plankenhorn	David Frick
Michael Pinkham	Micah Vincent

Guest Presenters

Jeff MacLean, Verus	Brent Banister, Cavanaugh Macdonald
Pat Beckham, Cavanaugh Macdonald	

Staff Presenters

Steve Russo, Executive Director	Andy Blough, Director of Actuarial Analysis
Scott Davis, Chief Investment Officer	Donna Grotz, Chief Finance and Administration Officer
Tony Green, Chief Legal & Compliance Officer	

Meeting called to order at 10:00 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 14, 2018, Board of Trustees Meeting

MOTION duly made and carried to approve the Board of Trustees Meeting minutes from the September 14, 2018, Board meeting.

*Proposed by: David Frick
Seconded by: Kelly Mitchell
Votes: 7 in favor, 0 opposed, 0 abstentions, (Micah Vincent was absent)*

II. Unfinished Business

A. Proposed Board Governance Manual Updates

Tony Green presented revised proposed updates to the Governance Manual. A copy was provided to the Board electronically for their review. Recommended revisions were discussed at the September 14, 2018 meeting.

MOTION duly made and carried to approve all of the changes to the Board Governance Manual.

*Proposed by: Michael Pinkham
Seconded by: David Frick
Votes: 7 in favor, 0 opposed, 0 abstentions, (Micah Vincent was absent)*

III. Required Business

A. Funding Policy Update

Andy Blough presented the INPRS Funding Policy and changes.

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

*Proposed by: Michael Pinkham
Seconded by: David Frick
Votes: 7 in favor, 0 opposed, 0 abstentions, (Micah Vincent was absent)*

B. Actuarial Valuation & Contribution Rates

Pat Beckham and Brent Banister from Cavanaugh Macdonald spoke about actuarial valuation results for PERF, the 1977 Fund, JRS, EG&C, PARF, and LEDB funds as of July 1, 2018. Ms. Beckham and Mr. Banister also discussed the summary of COLA legislation and funding issues with new legislation. Ms. Beckham and Mr. Banister also talked about current and projected funded status, and the current and projected calculation of the actuarial required contribution rate. Mr. Banister provided information about the pre and post 96 TRF Fund status.

Andy Blough summarized the information presented by Ms. Beckham and Mr. Banister. Mr. Blough also discussed the following recommendations for contribution rates, lottery revenue allocations to the supplemental reserve accounts, and requests for appropriations from the General Assembly during the next biennium (FY2020 and FY2021).

INPRS Staff Recommended Total Contribution Rates for Fiscal Year 2020	
PERF (State)	11.2%
TRF 1996 Defined Benefit Account	7.5%
State My Choice Member Crediting Rate	3%
State My Choice Total Employer Rate	11.2%

INPRS Staff Recommended Total Contribution Rates for Calendar Year 2020	
PERF (PSD Composite Rate)	11.2%
'77 Fund	17.5%
EG&C Plan	20.75%
LE DC Plan	14.2%

INPRS Staff Recommended Supplemental Reserve Account (SRA) Surcharge Rates for Calendar Year 2019	
PERF	0.43%
TRF Pre-'96	N/A
TRF '96	0.14%
EG&C	0.73%
LE DB	N/A

INPRS Staff Recommended Supplemental Reserve Account (SRA) Lottery Revenue Allocation for Fiscal Year 2019	
PERF	N/A
TRF Pre-'96	30,000,000.00
TRF '96	N/A
EG&C	N/A
LE DB	N/A

MOTION duly made and carried to approve staff recommended contribution rates and supplemental reserve account contributions.

*Proposed by: David Frick
 Seconded by: Tera Klutz
 Votes: 7 in favor, 0 opposed, 0 abstentions, (Micah Vincent was absent)*

IV. New Business

B. Financial Update

Donna Grotz presented the INPRS financial update to the Board. Ms. Grotz provided a summary of the financial results as of September 2018. Ms. Grotz also talked about the administrative and investment expenses September 2018.

C. Investments Update

Scott Davis presented the INPRS investment update to the Board. He discussed team imperatives and provided highlights as of September 30, 2018. Mr. Davis reviewed the INPRS' investment portfolio and performance as of September 30, 2018. Mr. Davis talked about asset allocation for the supplemental reserve account. Mr. Davis also provided a passive provider update. Mr. Davis summarized assets invested in passive strategies, manager selection rationale, defined benefit and defined contribution mandates, and estimated annual fee reduction.

Jeff MacLean provided a summary about INPRS portfolio risk and the economy. Mr. MacLean also discussed portfolio risks, main drivers in the market, global activity, and volatility.

D. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo mentioned two Line of Duty deaths. Mr. Russo summarized the Balance Scorecard. Mr. Russo also gave a summary of recommendations. Lastly, Mr. Russo provided an update on the Pension Management Oversight Committee (PMOC) meetings for 2018.

V. Other business as requested by the Board

No other business was requested by the Board.

VI. Preliminary Agenda for December 14, 2018 Board Meeting

A copy of the preliminary agenda for the December 14, 2018, meeting was included in materials provided electronically to Board members.

VII. Preliminary 2019 Board Meeting Schedule

A copy of the proposed 2019 Board Meeting schedule was included in materials provided electronically to Board members.

VIII. Board Education

A. Actuarial Standards of Practice Updates

Andy Blough presented to the Board background information on the Actuarial Standards Board (ASB), and Actuarial Standards of Practice (ASOPs). Mr. Blough summarized finalized and proposed updates made to four ASOPs.

IX. Adjournment

MOTION duly made and carried to adjourn the October 26, 2018 Board meeting at 1:10 p.m.

*Proposed by: Kelly Mitchell
Seconded by: Michael Pinkham
Votes: 8 in favor, 0 opposed, 0 abstentions*