

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

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

**December 16, 2016**

**Board Members Present**

Michael Pinkham  
Ken Cochran  
Erin Sheridan  
Brian Abbott

Jillean Battle  
Deanna Oware

**Guest Presenters**

Jeff MacLean, Verus  
Tiffany Spudich, Capital Cities

Joseph Evans, RSM

**Staff Presenters**

Steve Russo, Executive Director  
Teresa Snedigar, Director Internal Audit  
Scott Davis, Chief Investment Officer

Jodi O'Neill, Deputy Compliance Officer  
Donna Brown, Chief Financial Officer  
Steven Barley, Chief Operations Officer

**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 November 4, 2016, Board of Trustees Meeting**

**MOTION** duly made and carried to approve the Board of Trustees Meeting minutes from the November 4, 2016, Board meeting.

*Proposed by: Deanna Oware  
Seconded by: Brian Abbott  
Votes: 6 in favor, 0 opposed, 0 abstentions*

**II. Unfinished Business**

The Board did not have any unfinished business

### III. Required Business

#### A. Election of Board Officers

Under Indiana Code 5-10.5-3-7, the Board shall elect a Chair and Vice Chair from its members to serve as officers. Officers shall serve for one year or until the officer's successor is elected and qualified. Chairman Cochran opened the floor for nominations.

**MOTION** duly made and carried to reelect Ken Cochran as Chair and Bret Swanson as Vice Chair of the INPRS Board of Trustees.

*Proposed by: Mike Pinkham*  
*Seconded by: Brian Abbott*  
*Votes: 6 in favor, 0 opposed, 0 abstentions*

#### B. Annual Independent External Audit Review

Teresa Snedigar and Joseph Evans from RSM US LLP presented the audit results for fiscal year 2016. Mr. Evans discussed management's judgment and accounting estimates. The auditors determined that INPRS met all appropriate standards. INPRS received an unmodified opinion, dated November 30, 2016.

#### C. Investment Policy Statement Revisions

Scott Davis presented a revised Investment Policy Statement. A copy was provided to the Board electronically for their review. Recommended revisions were discussed at the November 4, 2016 meeting.

**MOTION** duly made and carried to adopt the revised INPRS Investment Policy Statement.

*Proposed by: Mike Pinkham*  
*Seconded by: Brian Abbott*  
*Votes: 6 in favor, 0 opposed, 0 abstentions*

#### D. Annual ASA Funds Review

Scott Davis and Tiffany Spudich presented the annual Annuity Savings Account (ASA) plan overview. Related to the ASA, Ms. Spudich went on to discuss asset distribution as of September 30, 2016, INPRS' objectives, the investment structure, and the fund options available to members. Ms. Spudich also provided an overview of the ASA investment option fees. Scott Davis discussed the differences between money market funds and stable value funds.

#### IV. New Business

##### A. ASA/DC Administrative Fees

Steve Russo presented a history and background about the costs of administering ASA accounts. Donna Brown discussed the DC administrative fee benchmarking, nature of DC administrative expenses, how fees could be charged and paid by members. INPRS staff recommended a fixed amount per account as this option is the industry trend. Ms. Brown also talked about PERF DB plan to pay bills and DC plans to reimburse, PERF My Choice forfeitures, administrative fee disclosures, and DC plans member fee governance. Upon transition of recordkeeping services to VOYA and the outsourcing of ASA annuities to MetLife, INPRS staff recommends charging a fee to member DC accounts per the provided draft DC Retirement Plans Member Fee Policy. Board consideration of the policy will be sought at the next regularly scheduled board meeting.

##### B. Compliance Update

Jodi O'Neill presented the Ethics and Compliance Update. Ms. O'Neill discussed compliance status, education and training program, and corporate compliance and ethics week. Ms. O'Neill also talked about the next steps for the Ethics and Compliance program.

##### C. Operations Update

Steve 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.

##### 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 reviewed the INPRS investment portfolio. Mr. Davis talked about INPRS' asset allocation as of October 31<sup>st</sup>, defined benefit performance, and ASA funds' performance. Mr. Davis also discussed the current managers on the watch list.

##### E. 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 October 2016. Ms. Brown reviewed the October financials, then talked about past due employer

contributions. Ms. Brown discussed fiscal year 2017 actual and forecast change in net position and expenses compared to budget.

F. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo discussed the PERF and TRF ASA Guaranteed Fund to Stable Value Fund transition. Mr. Russo provided an ASA Recordkeeper and ASA Annuity update. Mr. Russo also summarized the Balance Scorecard.

V. Proposed 2017 Board Meeting Schedule

A copy of the proposed 2017 Board Meeting schedule was included in materials provided electronically to Board members.

**MOTION** duly made and carried to accept the 2017 Board Meeting schedule.

*Proposed by: Jillean Battle*  
*Seconded by: Brian Abbott*  
*Votes: 6 in favor, 0 opposed, 0 abstentions*

VI. Preliminary Agenda for March 3, 2017 Board Meeting

A copy of the preliminary agenda for the December 16, 2016, meeting was included in materials provided electronically to Board members.

VII. Executive Session

A brief Executive Session was held at pursuant to 5-14-1.5-6.1(b)(2)(B), IC 5-14-1.5-6.1(b)(2)(C) and IC 5-14-1.5-6.1(b)(9).

As posted, the Board discussed strategy implementation of security systems pursuant to IC 5-14-1.5-6.1(b)(2)(C).

As posted, the Board discussed personnel matters as authorized pursuant to IC 5-14-1.5-6.1(b)(9).

As required by IC 5-14-1.5-6.1(d), the Board hereby certifies that only subject matter related to IC 5-14-1.5-6.1(b)(2)(B), IC 5-14-1.5-6.1(b)(9) and IC 5-14-1.5-6.1(b)(2)(C) was discussed.

VIII. Other Business as requested by the Board

No other business was requested by the Board.

**IX. Adjournment**

**MOTION** duly made and carried to adjourn the December 16, 2016, Board meeting at 2:07 p.m.

*Proposed by:        Brian Abbott*  
*Seconded by:      Mike Pinkham*  
*Votes:                6 in favor, 0 opposed, 0 abstentions*