

**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**

**June 28, 2019**

**Board Members Present**

Michael Pinkham  
Brian Abbott  
Connie Plankenhorn  
Bret Swanson

Kelly Mitchell  
David Frick  
Micah Vincent

**Guest Presenters**

Jeff MacLean, Verus  
Sandy Halim, CEM Benchmarking

**Staff Presenters**

Steve Russo, Executive Director  
Teresa Snedigar, Chief Audit and Risk  
Officer  
Donna Grotz, Chief Finance and  
Administration Officer

Steven Barley, Chief Operations Officer  
& Deputy Director  
Scott Davis, Chief Investment Officer

**Meeting called to order at 10:01 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 May 3, 2019 Board of Trustees Meeting**

**MOTION** duly made and carried to approve the Board of Trustees Meeting minutes from the May 3, 2019, Board meeting.

*Proposed by: Mike Pinkham  
Seconded by: Brian Abbott  
Votes: 7 in favor, 0 opposed, 0 abstentions*

## II. Unfinished Business

There was no unfinished business discussed by the Board.

## III. Required Business

### A. Investment Policy Statement Update

Scott Davis presented a revision to Addendum 4 Cash Overlay Policy within the Investment Policy Statement. Mr. Davis summarized what would change in the implementation of the cash overlay and the objectives of such changes. A copy of the revised Addendum was provided to the Board prior to the meeting.

**MOTION** duly made and carried to adopt the recommended Investment Policy Statement, Addendum 4 Cash Overlay Policy.

*Proposed by: Kelly Mitchell*  
*Seconded by: Brian Abbott*  
*Votes: 7 in favor, 0 opposed, 0 abstentions*

### B. FY20-FY22 Strategic Plan Approval

Steve Russo discussed the Preliminary FY 2020-2022 Strategic Plan presented at the May 3, 2019 Board meeting. Mr. Russo talked about the top priorities for FY20 as well as the risks. Minimal changes were made to the material reviewed at the May 3<sup>rd</sup> meeting.

**MOTION** duly made and carried to approve recommendation of FY20 – FY22 Strategic Plan.

*Proposed by: Micah Vincent*  
*Seconded by: Mike Pinkham*  
*Votes: 7 in favor, 0 opposed, 0 abstentions*

### C. FY20 Budget Approval

Steve Russo discussed the 2020 fiscal year budget. Mr. Russo summarized the key changes to the administrative budget and investment expense budget. Mr. Russo also talked about the impact of the Retirement Medical Benefit Account to the budget.

**MOTION** duly made and carried to approve recommendation of FY20 budget as presented.

*Proposed by: David Frick*  
*Seconded by: Kelly Mitchell*  
*Votes: 7 in favor, 0 opposed, 0 abstentions*

#### D. FY20 Internal Audit Plan Approval

Teresa Snedigar presented FY19 audit results. Thirteen audits were completed out of twenty-one planned and five are in progress. Ms. Snedigar also presented the FY20 audit plan.

**MOTION** duly made and carried to approve the audit plan as presented.

*Proposed by: David Frick*  
*Seconded by: Mike Pinkham*  
*Votes: 7 in favor, 0 opposed, 0 abstentions*

#### E. Asset-Liability Study Kickoff

Scott Davis and Jeff MacLean presented an introduction to INPRS's FY2020 Defined Benefit asset-liability study. Mr. Davis gave a brief history of INPRS's Defined Benefit asset-liability studies and presented the timeline of key dates for the FY2020 study. Mr. Davis summarized the roles, responsibilities, and objectives of the upcoming study.

Jeff MacLean reviewed enterprise risk tolerance and asset allocation concepts. Mr. MacLean discussed the upcoming enterprise risk tolerance survey that would be sent to the Board members as well as how the survey responses would be used to identify the ability of the defined benefit plans to assume investment risk and the Board's willingness to accept this risk. Mr. MacLean spoke about the various ways that the assets and liabilities would be analyzed together and presented to the Board.

### IV. New Business

#### A. CEM Benchmarking Review

Sandy Halim from CEM Benchmarking presented the INPRS Pension Administration Benchmarking results for fiscal year 2018. Ms. Halim started by providing an overview about CEM Benchmarking. Ms. Halim talked about total pension administration cost, the average, and reasons why the total cost was below peer average. Ms. Halim discussed transaction volumes per member, cost trends, and total service score in comparison to peer median.

#### B. Operations Update

Steve Barley summarized the Operation department's key performance metrics including call center, retirements, complaints, and satisfaction scores. Mr. Barley also discussed key items challenges within the department.

### C. Investments Update

Scott Davis presented the INPRS investment update to the Board. Mr. Davis provided highlights and reviewed the INPRS investment portfolio as of May 31, 2019. Mr. Davis talked about the asset allocation, defined benefit funds' performance, and defined contribution funds' performance. Mr. Davis also summarized the new investments and terminations.

Mr. Davis mentioned to the Board that two recent developments had caused the Investment Staff to re-evaluate INPRS's Indiana-focused private markets investment activities:

- The most recent externally-managed Indiana-focused fund-of-fund within INPRS' Private Markets portfolio, Indiana Investment Fund II, committed its last remaining capital and reached the end of its investment period.
- The Indiana Next Level Fund, L.P., a fund with committed capital from a charitable trust established by the Indiana Finance Authority, began the process of allocating \$250 million over five years to various private markets opportunities—providing Indiana managers and companies with another potential source of capital that had not been previously available.

Mr. Davis explained that, as a result of these developments and the internal re-evaluation, INPRS's Investment Staff has decided to forego the opportunity to commit capital to an externally-managed Indiana-focused private markets fund-of-funds vehicle. Going forward, INPRS's Investment Staff will internally evaluate Indiana private markets opportunities in a manner consistent with which it evaluates all other private markets opportunities.

Mr. Davis also mentioned that INPRS's Investment Staff had conducted an RFP to identify a fund-of-funds manager with the expertise, track record, and resources to manage an emerging manager program within the Public Equity portfolio. Following the evaluation of the RFP responses, Leading Edge Investment Advisors was selected to continue as the manager of the program.

### D. 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 May 2019.

E. 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. Preliminary Agenda for September 13, 2019 Board Meeting

A copy of the preliminary agenda for the September 13, 2019, meeting was included in materials provided electronically to Board members.

VI. Other business as requested by the Board

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

VII. Adjournment

**MOTION** duly made and carried to adjourn the June 28, 2019 Board meeting at 1:10 p.m.

*Proposed by: Kelly Mitchell*  
*Seconded by: David Frick*  
*Votes: 7 in favor, 0 opposed, 0 abstentions*