

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

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

June 20, 2014

Board Members Present

Ken Cochran, Chair
Bret Swanson, Vice Chair
Brian Abbott
Suzanne Crouch

Jodi Golden
Sarah Beth Murphy
Michael Pinkham
Kyle Rosebrough

Guests Presenting

Pete Keliuotis, Strategic Investment
Solutions (SIS)

Tiffany Spudich, CapitalCities
Amanda Black, CapitalCities

Staff Presenting

Steve Russo, Executive Director
Donna Brown, Chief Financial Officer
David Cooper, Chief Investment Officer
Tony Green, Chief Legal & Compliance
Officer

Lindsay Knowles, Staff Attorney
Sanjay Patel, Director of Absolute
Return
Bo Ramsey, Director of Private Equity

Meeting called to order at 10:08 a.m. by Vice Chairman Swanson.

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

I. Approval of Minutes from April 24, 2014 Board of Trustees Meeting

MOTION duly made and carried to approve the minutes from the April 24, 2014 board meeting.

*Proposed by: Suzanne Crouch
Seconded by: Kyle Rosebrough
Votes: 7 in favor, 0 opposed, 0 abstentions*

II. Required Business

A. FY 2015 – FY 2017 Strategic Plan Approval

Steve Russo presented the FY 2015 – FY 2017 INPRS Strategic Plan to the Board. He reviewed updates made to the overall plan and summarized revision of the goals. Staff recommended Board approval of the FY 2015 – FY 2017 INPRS Strategic Plan.

MOTION duly made and carried to adopt the FY 2015 – FY 2017 INPRS Strategic Plan.

Proposed by: Kyle Rosebrough
Seconded by: Jodi Golden
Votes: 7 in favor, 0 opposed, 0 abstentions

B. FY 2015 Budget Approval

Mr. Russo summarized changes made to the FY 2015 budget since the April presentation to the Board. Donna Brown and David Cooper answered questions from the Board about project costs and investment expenses. Staff recommended Board approval of the FY 2015 INPRS Budget.

MOTION duly made and carried to adopt the FY 2015 INPRS Budget.

Proposed by: Brian Abbott
Seconded by: Kyle Rosebrough
Votes: 7 in favor, 0 opposed, 0 abstentions

C. Indiana Administrative Code (IAC) Adoption

Tony Green introduced Lindsay Knowles who then presented proposed updates to the Indiana Administrative Code and gave a brief summary of each change. A written executive summary of the changes was given to the board for review. New rules and changes were proposed in the areas of annuity interest, contributions, 401(h), reemployment, service purchase, ASA-Only, PARF, disability benefits, and calculation of service.

MOTION duly made and carried to adopt the staff recommended changes to the Indiana Administrative Code as captured in Resolution No. 2014-06-01.

Proposed by: Bret Swanson
Seconded by: Sarah Beth Murphy
Votes: 8 in favor, 0 opposed, 0 abstentions

D. Board Governance Manual Updates

Tony Green reviewed proposed updates to the Board Governance Manual. An executive summary of the changes, a red-line version and a final version of the

Manual were provided to the Board for their review. Board members requested clarification of the Fiduciary Duty section on page 12 of the new version. Staff agreed to make changes and present the revised Fiduciary Duty section to the Board for their review and approval at the September 2014 meeting.

MOTION duly made and carried to adopt the staff recommended changes to the Board Governance Manual, except the Fiduciary Duty section.

Proposed by: **Bret Swanson**
Seconded by: **Sarah Beth Murphy**
Votes: **8 in favor, 0 opposed, 0 abstentions**

III. New Business

A. Private Equity and Absolute Return Consultants

David Cooper introduced the topic and reviewed the RFP process and schedule to select a private equity consultant for INPRS. Bo Ramsey provided an overview of TorreyCove Capital Partners LLC and answered questions from the Board. The contract term is five years. Staff recommended the selection of TorreyCove Capital Partners LLC as INPRS' Private Equity Consultant. Staff from TorreyCove joined the meeting via telephone, introduced themselves to the Board, and reviewed the services they offer.

MOTION duly made and carried to select TorreyCove Capital Partners LLC as INPRS' Private Equity Consultant.

Proposed by: **Jodi Golden**
Seconded by: **Brian Abbott**
Votes: **8 in favor, 0 opposed, 0 abstentions**

Sanjay Patel reviewed the RFP process and schedule for the selection of an absolute return consultant for INPRS. He compared the candidates and then explained the strengths and merits of Aksia LLC. Staff recommendation the retention of Aksia LLC as INPRS' Absolute Return Consultant. Staff from Aksia LLC joined the meeting via telephone, introduced themselves to the Board, and provided a history and overview of Aksia.

MOTION duly made and carried to retain Aksia LLC as INPRS' Absolute Return Consultant.

Proposed by: **Bret Swanson**
Seconded by: **Sarah Beth Murphy**
Votes: **8 in favor, 0 opposed, 0 abstentions**

B. Investments Update

David Cooper provided the Board with highlights of the INPRS investment program. He then gave an update on the requests for proposal (RFPs) for new consultants in the areas of real estate and general investments.

Mr. Cooper was joined by Tiffany Spudich and Amanda Black from CapitalCities to provide a review of the Target Date Funds. Mr. Cooper introduced the topic, provided background on target dates funds and explained the appeal to members. Ms. Spudich commented on the reason for the Fund's conservative design and updated the Board on the required annual adjustment along the glide path. Ms. Black reviewed the Target Date Funds' portfolio construction, including asset class exposures, investment managers, and expense reports.

Mr. Cooper was then joined by Pete Keliuotis, from Strategic Investment Solutions (SIS), to continue the investment update to the Board. Mr. Cooper presented a portfolio review, which included a summary of DB performance, asset allocations as of April 30, 2014, fiscal year to date 2014 performance, monthly returns, and asset class and individual fund performance. He reviewed new investments and stated there was no change in the watch list.

C. Financial Update

Donna Brown presented the INPRS financial update to the Board. She began with a summary of the financial highlights as of April 2014. Ms. Brown reviewed the fiscal year 2014 actual and forecast expenses compared to budget and change in net position. She also provided a contribution accrual analysis for past-due contributions from employers as of May 2014.

D. Executive Director Report

Steve Russo began his executive director's report with a final review and recommendation for INPRS' external auditor. Mr. Russo provided background of the search and reviewed the RFP process. He confirmed that the independent auditor would audit INPRS as well as the census data of employers. INPRS staff and the Indiana State Board of Accounts recommended that McGladery LLP be contracted as INPRS' independent auditor.

MOTION duly made and carried to select McGladery LLP as Independent Auditor for INPRS.

Proposed by: Jodi Golden
Seconded by: Brian Abbott
Votes: 8 in favor, 0 opposed, 0 abstentions

Mr. Russo continued his presentation with an update on current actions to support legislative direction for implementation of ASA Annuity changes. He

reviewed the summer study topics assigned to the Legislative Council. Mr. Russo then presented performance metrics and a summary of imperatives to the Board. Scorecard details were provided to the Board for their review.

IV. Other business as requested by the Board

No other business was requested.

V. Preliminary Agenda September 2014 Board Meeting

A copy of the preliminary agenda for the September, 2014 meeting was included in materials provided electronically to board members.

VI. Executive Session

An Executive Session was held at 12:15 p.m. pursuant to IC 5-14-1.5-6.1(b)(9).

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)(9) was discussed.

VII. Adjournment

MOTION duly made and carried to adjourn the June 20, 2014 Board meeting at 1:01 p.m.

Proposed by: Michael Pinkham
Seconded by: Sarah Beth Murphy
Votes: 7 in favor, 0 opposed, 0 abstentions