

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

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

October 25, 2019

Board Members Present

Justin McAdam

Brian Abbott

Connie Plankenhorn

Bret Swanson

Tera Klutz

Kelly Mitchell

David Frick

Guest Presenters

Jeff MacLean, Verus

Pat Beckham, Cavanaugh Macdonald

Brent Banister, Cavanaugh Macdonald

David Dupont, CEM Benchmarking

Staff Presenters

Steve Russo, Executive Director

Scott Davis, Chief Investment Officer

Tony Green, Chief Legal & Compliance
Officer

Andy Blough, Chief Actuary

Donna Grotz, Chief Finance and
Administration Officer

Meeting called to order at 10:00 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 September 13, 2019, Board of Trustees Meeting

MOTION duly made and carried to approve the Board of Trustees Meeting minutes from the September 13, 2019, Board meeting.

*Proposed by: Brian Abbott
Seconded by: Justin McAdam
Votes: 7 in favor, 0 opposed, 0 abstentions*

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 13, 2019 meeting.

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

Proposed by: Justin McAdam
Seconded by: Kelly Mitchell
Votes: 7 in favor, 0 opposed, 0 abstentions

III. Required Business

A. Indiana Administrative Code (IAC) Adoption

Tony Green presented proposed updates to the IAC and new rules based on legislation. A copy along with a written executive summary was provided to the Board electronically for their review. The Board will be asked to review public comments and approve the proposed updates to the IAC at the meeting on December 13, 2019.

B. Actuarial Valuation & Contribution Rates

Pat Beckham and Brent Banister from Cavanaugh Macdonald spoke about actuarial valuation results for PERF, TRF, the 1977 Fund, JRS, EG&C, PARF, and LE DB funds as of June 30, 2019. Ms. Beckham and Mr. Banister also discussed the summary of legislation passed in the 2019 Indiana General Assembly. 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.

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 (FY2021 and FY2022).

INPRS Staff Recommended Total Employer DB Contribution Rates for Fiscal Year 2021	
PERF (State)	11.2%
TRF 1996 Defined Benefit Account	5.5%

INPRS Staff Recommended Total DB Contribution Rates for Calendar Year 2021	
PERF (PSD Composite Rate)	11.2%
'77 Fund	17.5% [Vote Tabled]
EG&C Plan	20.75%
LE DC Plan	14.2%

INPRS Staff Recommended Supplemental Reserve Account (SRA) Surcharge Rates for Calendar Year 2020	
PERF	0.44%
TRF Pre-'96	N/A
TRF '96	0.14%
EG&C	0.61%
LE DB	N/A

INPRS Staff Recommended Supplemental Reserve Account (SRA) Lottery Revenue Allocation for Fiscal Year 2020	
PERF	N/A
TRF Pre-'96	30,000,000.00
TRF '96	N/A
EG&C	N/A
LE DB	N/A

INPRS Staff Recommended My Choice DC Contribution Rates for Fiscal Year 2021	
PERF State My Choice Member Crediting Rate	3.2%
PERF State UAAL Contribution Rate for My Choice Members	8.0%
PERF State My Choice Total Contribution Rate	11.2%
PERF Political Subdivision My Choice Member Maximum Crediting Rate	4.0%
PERF Political Subdivision UAAL Contribution Rate for My Choice Members	7.2%
PERF Political Subdivisions My Choice Total Contribution Rate	11.2%
TRF '96 My Choice Member Contribution Rate	5.3%
TRF '96 UAAL Contribution Rate for My Choice Members	0.2%
TRF '96 My Choice Total Contribution Rate	5.5%

Additional analysis will be completed regarding the 1977 Fund employer contribution rate and presented at the next board meeting. The vote on the 1977 Fund contribution rate was tabled pending that analysis.

MOTION duly made and carried to approve staff recommended contribution rates and supplemental reserve account contributions with the exception of the 1977 Fund rate.

Proposed by: Tera Klutz
Seconded by: Kelly Mitchel
Votes: 7 in favor, 0 opposed, 0 abstentions

C. Defined Contribution Fee Policy Update and CY20 DC Administrative Fee

Donna Grotz presented the Defined Contribution Fee Policy Update. Ms. Grotz reviewed the policy. A copy was provided to the Board electronically for the Board to review. Ms. Grotz also discussed the DC administrative fees applied to all DC plan members, DC administrative fee timeline, fee variables, and need for fee revision. Ms. Grotz further spoke about the communication of DC administrative fee increase.

MOTION duly made and carried to approve staff recommended update to the Defined Contribution Administrative Fee Policy and administrative fee of \$3.75 per month for all DC funds administered except PERF My Choice.

Proposed by: Tera Klutz
Seconded by: Kelly Mitchel
Votes: 7 in favor, 0 opposed, 0 abstentions

IV. New Business

A. CEM Investment Benchmarking Review

David Dupont summarized the CEM investment benchmarking results for INPRS defined benefit and defined contribution plans. Mr. Dupont talked about the calendar year 2018 returns, value added, cost and cost effectiveness, and risk for the defined benefit plans. Mr. Dupont also discussed the investment line up, fees, and performance for the defined contribution plans.

B. Asset Liability Study

Scott Davis and Jeff MacLean from Verus, Inc., discussed the FY2020 asset-liability study. Mr. Davis reviewed imperatives and beliefs. Mr. Davis also talked about the asset-liability study timeline. Mr. MacLean reviewed the risk analysis survey and asset-liability study as well as the Board's objectives, drivers of risk, and governance. Mr. MacLean spoke about risk, and ways to increase returns under new portfolio mixes.

C. Financial Update

Donna Grotz presented the INPRS financial update to the Board. Ms. Grotz provided a summary of the financial results as of September 2019. Ms. Grotz also talked about the administrative and investment expenses September 2019.

D. Investments Update

Scott Davis presented the INPRS investment update to the Board. He discussed team imperatives and provided highlights as of September 30, 2019. Mr. Davis reviewed the INPRS' investment portfolio and performance as of September 30, 2019. Mr. Davis also talked about the presentation and discussions from the investment working group.

E. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo mentioned a Line of Duty death. Mr. Russo summarized the Balance Scorecard. Mr. Russo also provided an update on the Pension Management Oversight Committee (PMOC) meetings from 2019.

V. **Other business as requested by the Board**

No other business was requested by the Board.

VI. **Preliminary Agenda for December 13, 2019 Board Meeting**

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

VII. **Preliminary 2020 Board Meeting Schedule**

A copy of the proposed 2020 Board Meeting schedule was included in materials provided electronically to Board members.

VIII. **Executive Session**

A brief Executive Session was held at 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.

IX. Adjournment

MOTION duly made and carried to adjourn the October 25, 2019 Board meeting at 2:26 p.m.

Proposed by: Brian Abbott
Seconded by: Bret Swanson
Votes: 7 in favor, 0 opposed, 0 abstentions