MINUTES
BOARD OF TRUSTEES OF THE
INDIANA PUBLIC RETIREMENT SYSTEM

Meeting held at:
One North Capitol
Conference Room 315
Indianapolis, Indiana 46204

April 26, 2013

Board Members Present
Ken Cochran, Chairman
Brian Abbott
Tim Berry
Jodi Golden
Kyle Rosebrough
Bret Swanson

Others Present
Ray Jones, IRTA
Nancy Tolson, IRTA
Clayton Jue, Leading Edge
Michael Arpey, The Carlyle Group
Randal Quarles, The Carlyle Group
Curt Rossman, AlpInvest Partners, Inc.
Jeff MacDonald, AlpInvest Partners, Inc.

Staff Present
Steve Russo, Executive Director
Julia Pogue, Chief Financial Officer
Jeff Hutson, Chief Communication Officer
Teresa Snedigar, Director of Internal Audit
Steven Barley, Chief Operations Officer & Deputy Director
David Cooper, Chief Investment Officer
Brian Rogers, Investments, Director of Fixed Income and Real Assets
Scott Davis, Investments, Director of Public Equity
Erin Hankins, Executive Assistant
Lindsay Knowles, Staff Attorney

Meeting called to order at 9:05 a.m. by Chairman Cochran.

I. Approval of Minutes from February 22, 2013 Board of Trustees Meeting

MOTION duly made and carried to approve the minutes from the February 22, 2013 Board meeting.

Proposed by:	***Bret Swanson***
Seconded by:	***Tim Berry***
Votes:	***6 in favor, 0 opposed, 0 abstentions***

II. Required Business

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

A. FY14 Member Crediting Rate Approvals

Steve Russo introduced the topic and provided an overview of the two presentations.

1. Guaranteed Fund Rate Approval

David Cooper presented the background, definition, and key features of INPRS Guaranteed Fund ("GF"). Mr. Cooper stated that INPRS staff will seek guidance from PMOC in August 2013 regarding the definition and construct of the Fund as requested by the Board at the September 2012 meeting. Mr. Russo noted that a bill recently signed by the Governor includes language urging this discussion. Mr. Cooper reviewed the Indiana Code that references the GF: IC 5-10.2-2-3 and IC 5-10.2-2-4(a). He then explained the approved GF Rate Methodology approved by the Board at the April 27, 2012 meeting. Mr. Cooper then discussed the U.S. Treasury Note yield history and how it is used in the calculation of the GF rate. Mr. Cooper stated that over the last 12 months interest rate have declined, therefore the rate for the next fiscal year with be calculated in line with the "current yield" calculation as presented to the Board. INPRS staff recommended a 0.26% Guaranteed Fund crediting rate for fiscal year 2014.

MOTION duly made and carried to adopt the staff recommended 0.26% Guaranteed Fund crediting rate for fiscal year 2014.

Proposed by:	***Tim Berry***
Seconded by:	***Jodi Golden***
Votes:	***6 in favor, 0 opposed, 0 abstentions***

2. Interest Rates Credited to the Non-PERF/TRF Employee DB Contributions

Mr. Cooper introduced Brian Rogers, Director of Fixed Income and Real Assets, to present recommendations for the methodology and interest crediting rate for Non-PERF/TRF Employee DB Contributions. Mr. Rogers began by defining the

“Non-PERF/TRF Funds”, which include the 1977 Police Officers' and Firefighters' Pension and Disability Fund (“77 Fund”), Judges' Retirement System (“Judges”), Prosecuting Attorneys’ Retirement Fund (“PARF”), and State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan (“CG&E”), and explaining the differences between those plans and PERF and TRF. Key characteristics of the Non-PERF/TRF Funds is that members participate in a defined benefit (“DB”) only plan design (do not have an Annuity Savings Account); employers and employees contribute to the DB benefit (CG&E employees contribute 4% of salary and 77 Fund, Judges, and PARF employees contribute 6% of salary); and employees are eligible to withdrawal their employee contributions plus interest upon pre-vested separation from employment.

Mr. Rogers reviewed the current crediting rates for the different funds, which varied, and noted that the recommendation is to have one crediting rate for all funds to create consistency. The Indiana Administrative Code (35 IAC 1.2-1-6) was amended in December 2012 to allow for this change. Mr. Rogers presented the options considered in determining the staff recommendation: 1) use the same rate as the long-term actuarial DB rate of return assumption (currently 6.75%); 2) use the same rate as the INPRS’ Guaranteed Fund (0.28% for FY13 and 0.26% for FY14); and 3) identify an alternative option. Mr. Rogers stated that staff chose the third option; he then provided an explanation for why they did not choose either of the first two options. Mr. Rogers provided the criteria used to determine an alternative methodology and rate: 1) seek a methodology and a rate that is simple and consistent across all four funds; 2) seek an easily identifiable market rate; and 3) seek a rate that limits risk, but better matches the duration of the DB assets.

Mr. Rogers presented the staff and consultant recommendation for the rate setting methodology: The Employee DB Contributions interest credit rate will be established annually by the Board, normally at the Board’s April/May meeting, but no later than June 30th. The rate will be based on the following:

> “10-Year Treasury Yield”= Average of January, February and March month-end 10-year US Treasury Note yields in the current year.

Based on the above methodology, Mr. Rogers stated that staff recommend that the Board establish an interest credit rate of 1.90% for FY14 for each of the PARF, Judges, 77 Fund, and CG&E funds.

A discussion was had on the interest credit rate methodology and the new proposed rate. A board member asked why the months of January, February and March were chosen for the methodology calculation. Mr. Rogers replied that three months allow for more consistency and smoothing. Mr. Cooper added that these months allow for the rate to be calculated and approved by the Board as close as possible to the new fiscal year while also leaving enough time for any necessary member communications and operational adjustments and implementation. A board member asked about the methodology used for past rate calculations. Mr. Rogers explained that past rates had been determined and approved at different times using various methodologies. Another board member noted that the new rate would increase the rate for two funds and lower the rate for the other two funds. Mr. Russo explained that these rates only affect a subset of the overall membership: those who separated from employment before becoming vested. Mr. Rogers discussed the data surrounding the members who withdraw their contributions: number of participants, their years of service, and total funds withdrawn in FY12.

MOTION duly made and carried to adopt the staff recommended methodology for determining the interest credit rate for Non-PERF/TRF [1977 Police Officers' and Firefighters' Pension and Disability Fund ("77 Fund"), Judges' Retirement System ("Judges"), Prosecuting Attorneys' Retirement Fund ("PARF"), and State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan ("CG&E")] Employee DB Contributions: *The Employee DB Contributions interest credit rate will be established annually by the Board, normally at the Board's April/May meeting, but no later than June 30th. The rate will be based on the following: "10-Year Treasury Yield"= Average of January, February and March month-end 10-year US Treasury Note yields in the current year".*

Proposed by: ***Bret Swanson***
Seconded by: ***Jodi Golden***
Votes: ***6 in favor, 0 opposed, 0 abstentions***

MOTION duly made and carried to adopt the staff recommended interest credit rate of 1.90% for FY14 for Non-PERF/TRF [1977 Police Officers' and Firefighters' Pension and Disability Fund ("77 Fund"), Judges' Retirement System ("Judges"), Prosecuting Attorneys' Retirement Fund ("PARF"), and State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan ("CG&E")] Employee DB Contributions.

Proposed by: ***Bret Swanson***
Seconded by: ***Tim Berry***
Votes: ***6 in favor, 0 opposed, 0 abstentions***

III. Unfinished Business

A. PERF & TRF ASA Annuity Rates & Options

Mr. Russo introduced the topic and stated that ASA annuity option was currently being discussed in the state legislative session. He provided a brief overview of the ASA annuity program and the options available to members at retirement. Mr. Russo then explained how language ending the option to annuitize the ASA became part of the State Senate's Budget Bill in the 2013 session. A board member asked whether the bill language still allowed the option to leave the ASA invested with INPRS. Tom Davidson provided more details about the language in the proposed bill, which if passed, would go into effect January 1, 2014. A discussion was had regarding the possible intent of the proposed legislative change and the impact of the change on members. Mr. Russo offered suggestions for investigating INPRS' future options should the bill pass. In light of the uncertainly of the future of the ASA Annuity Program, Mr. Russo asked if Board would like to continue with the ASA Annuity presentation as planned or wait. Chairman Cochran stated that the Board would wait to discuss the ASA Annuity after the 2013 Legislative Session had ended.

A board member asked if INPRS had the capacity to adjust the rate in the short-term as a good faith effort to encourage further discussion in PMOC. Mr. Russo stated that making that change would be difficult operationally. A discussion was had among the board members on what members understand about the annuity rate and the impact on their benefit.

A board member requested that the Board be notified of the outcome of the vote. Mr. Russo stated that he would send prompt notice to the Board.

B. ASA, ASA-Only & 401(h) Administrative Fees

Mr. Russo introduced the topic by informing the Board that the latest Budget Bill includes language that delays the implementation date for 401(h) accounts until July 1, 2014. This delay will allow INPRS and the State to determine the best way to implement 401(h), consider other medical benefit account management options, and request changes to the law in 2014 if needed. Mr. Russo also mentioned that the Budget Bill includes language urging a study committee on the topic of overall state employee compensation and benefits. INPRS will work closely with the State Personnel Department, who will take the lead on proposed changes. Mr. Russo stated that one of the proposed changes to the Indiana Administrative Code that would be discussed later in the meeting covers 401(h) administrative fees. The Board could choose to delay discussion of that rule due to the change of the program implementation start date.

A board member asked for clarification on what party initiated the discussion of the necessity of the 401(h) accounts. Mr. Russo explained that in the process of engaging SPD and OMB on the topic of implementation and fees, their mutual questions surrounding 401(h) were taken to people working on the Budget Bill.

Mr. Russo gave an update to the Board on ASA fees. He informed the Board that SB228 requests the legislative council to assign PMOC the task of studying the Guaranteed Fund, which will include ASA fees as part of the study. Mr. Russo will provide updates to the Board as the study progresses. A board member asked about the average cost of investment management fees that are currently charged to member ASAs. Ms. Pogue replied that fees average 0.1% to 1.0%. Mr. Russo stated that fees are charged per investment option; members do incur the cost of the investment money manager fees, but do not bear the cost of recordkeeping fees and administrative costs to INPRS. Record keeping fees total $5.6 million annually. Mr. Russo stated that INPRS is charged $18 per member per year by the recordkeeper. DB assets and employers currently absorb recordkeeping fees. A brief discussion was had on options to transfer the recordkeeper costs to the member and how to determine the fee structure with the implementation of the ASA-Only plan.

C. <u>PERF & TRF Actuarial Factors</u>

Julia Pogue presented an update to the Board regarding Actuarial Factors for Calculating Member Benefit Payments. She reviewed the September 2012 board meeting discussion on the topic. At that meeting the Board agreed that they would like more information to better understand the financial impact of each option discussed before making a decision.

Ms. Pogue explained the impact of actuarial factors on a PERF or TRF member's defined benefit ("DB") pension payment and the cost to purchase service credit. She reviewed several of the DB benefits options other than normal retirement (5-Year Certain & Life) available to PERF and TRF members, which are impacted by actuarial factors, such as Straight Life (i.e. no guarantee), Joint-and-Survivor options, and Social Security Integration. Ms. Pogue explained that these DB benefit options require an actuarial equivalence calculation. Interest Rate assumptions and Mortality assumptions play key roles in determining the magnitude of the actuarial equivalence factors.

Ms. Pogue presented several reasons for reviewing the factors. Factors have not been changed since 2001: long-term interest rate expectations are lower and the current INPRS mortality tables used for factors are outdated. Ms. Pogue stated that assumptions used in factors should be periodically reviewed to ensure the cost of the benefit payments is assess fairly and to closely mirror the actuarial assumptions used to develop contribution rates. Reviewing factors would also align PERF and TRF benefit payments on a consistent basis. Ms. Pogue noted that, currently, a PERF benefit recipient who elects a "Joint and Survivor" DB pension option receives from 2.5%-5.5% less than a TRF benefit with the same age, pay and service demographics.

Ms. Pogue provided information on changes to actuarial factors in the private and public sectors.

Ms. Pogue presented two options that are under consideration and the potential results of each option. The first option is "do nothing", which is permissible by Indiana law, is consistent with ERISA and most other public plans, and adds long term cost and risk to the employer.

The second option is to "match actuarial assumptions for DB pension options": use interest rate at 6.75% and use the 2013 IRS Static Mortality Table projected an additional five (5) years to 2018. This option aligns projected income streams to payment streams (helps stabilize cost to employers); would result in PERF and TRF DB option payments being calculated consistently; and would not change current retiree benefits. Ms. Pogue explained the impact to an average member's DB payments for PERF and TRF using this method. The impact on PERF benefits ranges from a decrease of 1.0%, or $16 per month, to an increase of 4.4%, or $60 per month. The impact on TRF benefits ranges from a decrease of 0.1% to 1.1%, or $2 per month to $15 per month. Ms. Pogue also provided a detailed hypothetical example showing the impact on one member's monthly benefit using the interest rate of 6.75%.

To answer the question raised at the September board meeting, Ms. Pogue described the financial impact of the second option. She presented the impact of the proposed interest rate and mortality actuarial factors on the "Present Value of Future Benefits" for PERF, TRF and total combined. The total impact of the changing factors on the PVFB would be an increase of 0.2% overall. Ms. Pogue noted that the calculations are estimates.

Ms. Pogue reviewed the pros and cons for both options. She then discussed implementation considerations for changing the actuarial factors. Updating factors in the existing system would be laborious and costly and would delay the start of the new system. The new system is designed for changes and multiple factor effective dates; it is anticipated to go-live in September or October of 2013. Members need an implementation date for retirement planning. Therefore, Ms. Pogue offered the staff recommendation for a January 1, 2014 implementation date to allow for a date that can be reasonably met with the new system implementation.

In conclusion, Ms. Pogue presented the staff recommendation to change the actuarial factors for calculating a member's defined benefit pension payment and purchase of service credit effective January 1, 2014 as follows:

- Interest rate – 6.75%
- Mortality – 2013 IRS Static Mortality Table Projected an Additional Five (5) Years to 2018.

A discussion was had among board members and staff about the impact on member benefits, specifically those of teachers; the benefits of aligning the funds; and the necessity for updating the actuarial factors.

MOTION duly made and carried to adopt the staff recommendation to change the actuarial factors for calculating a member's defined benefit pension payment and purchase of service credit effective January 1, 2014 as follows:

- Interest rate – 6.75%
- Mortality – 2013 IRS Static Mortality Table Projected an Additional Five (5) Years to 2018.

Proposed by: ***Tim Berry***
Seconded by: ***Brian Abbott***
Votes: ***6 in favor, 0 opposed, 0 abstentions***

IV. <u>New Business</u>

A. <u>Indiana Administrative Code Adoption</u>

Mr. Russo introduced the topic and the methods for compiling and crafting proposed changes to the Indiana Administrative Code ("IAC") affecting INPRS.

Allison Karns presented proposed updates to the IAC. Ms. Karns stated that the resolution was drafted with two main themes: alignment of PERF and TRF provisions and compliance with state and federal law. The changes were grouped in four categories: benefits, federal compliance, technical corrections, and definitions. Ms. Karns reviewed the proposed changes to administrative code affecting benefits: (1) Reemployment after termination (35 IAC 1.2-3-2; 35 IAC 14-3-2); (2) Service credit for injured employees (35 IAC 1.2-3-7; 35 IAC 1.2-5-2); (3) Service for disability and survivor benefits (35 IAC 1.2-5-7; 35 IAC 14-9-6); (4) Beneficiary designation (35 IAC 1.2-5-13); (5) ASA and RSA annuity interest (35 IAC 1.2-5-26; 35 IAC 14-2-17); (6) Withdrawal of political subdivisions and charter schools (35 IAC 1.2-6-12); (7) Refund of contributions following election to begin receiving benefits (35 IAC 1.2-6-12.1; 35 IAC 14-3-9); (8) Death benefits (35 IAC 2-4-1); (9) Retirement benefits (35 IAC 4-3-1); (10) Disability retirement (35 IAC 14-9-3); and (11) 401(h) Medical Benefit Account Administration Costs (35 IAC 20-1-14).

In light of the delay of 401(h) implementation, Mr. Russo suggested that the Board wait and discuss the rule affecting 401(h) Medical Benefit Account Administration Costs (35 IAC 20-1-14) at a later time. The Board agreed to remove the provision from the resolution.

Ms. Karns stated that INPRS staff worked with outside counsel to update language in the IAC to ensure that PERF and TRF are in compliance with the most recent changes to federal code. Ms. Karns reviewed the proposed changes to the IAC in the area of federal compliance: (12) Actuarial assumptions (35 IAC 2-2-3; 35 IAC 4-4-3); (13) Death in service; Heroes Earnings Assistance and Relief Tax (HEART) Act (35 IAC 1.2-5-9.1; 35 IAC 1.2-6-15; 35 IAC 2-4-3; 35 IAC 4-1-2; 35 IAC 14-6-3); (14) Required minimum distributions (35 IAC 1.2-6-16); (15) POST-EGTRRA Compliance Definitions (35 IAC 15-1-1); (16) Compliance with Code Section 401(a)(31) for eligible rollover distributions (35 IAC 15-1-2); and (17) Rollovers, service purchases, and enhanced retirement savings opportunities (35 IAC 18-1-1; 35 IAC 18-1-2; 35 IAC 18-1-3).

Ms. Karns reviewed the proposed changes to the IAC in the areas of technical corrections and definitions: (18) JRS Service Credit (35 IAC -1.2-5-25); (19)

Employer payments (35 IAC 14-7-10); (20) INPRS reference (35 IAC 1.2-2-1); and (21) “In service,” “active service,” or “serve” defined (35 IAC 14-1-13).

Ms. Karns gave a written Executive Summary of these changes to the Board for review.

Chairman Cochran clarified and confirmed that the section regarding 401(h) Medical Benefit Account Administration Costs (35 IAC 20-1-14) would be discussed at a later time and not adopted at this time. Mr. Russo stated that a revised resolution had been prepared without that provision for the Board’s approval.

MOTION duly made and carried to adopt the staff recommended changes to the Indiana Administrative Code as captured in Resolution No. 2013-4-01.

Proposed by:	***Jodi Golden***
Seconded by:	***Tim Berry***
Votes:	***6 in favor, 0 opposed, 0 abstentions***

B. Financial Update

Julia Pogue presented the INPRS financial update to the Board. This update included financial highlights as of March 2013. She summarized the Fiscal Year 2013 forecasted net position compared to the budget and provided an annual variance analysis for four specific areas: administration, projects, investments, and capital. Ms. Pogue gave an overview of the chart showing INPRS FY2013 Actual and Forecasted Change in Net Position; the information is updated quarterly and used to give a review of the whole income statement. She stated that the forecast will be adjusted to reflect positive investment returns.

C. Investments Update

David Cooper stated that several guests would present to the Board about the Emerging Manager Program and Indiana Investment Funds.

- Emerging Manager Program – Leading Edge Investment Advisors, LLC

Mr. Cooper introduced Clayton Jue, President of Leading Edge Investment Advisors, LLC. Mr. Jue provided an overview of Leading Edge: history, client list, organizational structure, and investment philosophy. He described their Manager-of-Managers process of sourcing, discovering, evaluating and developing emerging investment managers. Leading Edge provides a program that allows INPRS to maintain a portfolio of Emerging Managers with high-potential, risk-adjusted return characteristics. Mr. Jue reviewed the INPRS program in detail covering the following topics: investment managers, asset allocation, cumulative growth from April 2008 to February 2013, performance summary, fundamental characteristics, and fund risk profile. Mr. Jue concluded his presentation with a summary of the fund.

A board member asked about the mandate for the program over time, how many managers would be added, and if is stable. Mr. Cooper stated that the program is currently being monitored. A discussion was had on the history of the program. Mr. Cooper stated that the program was initiated by PERF and now includes TRF funds as well. TRF did not have a dedicated Emerging Manager program before the merger. A board member asked if Leading Edge had received inquiries from other Indiana investment managers about joining their program. Mr. Jue stated that they had not. Mr. Russo stated that INPRS has had opportunities to inform local investment managers about the program.

- Indiana Investment Fund – The Carlyle Group

Mr. Cooper introduced representatives from The Carlyle Group, Michael Arpey and Randal Quarles, to provide information on private equity and the Indiana Investment Funds. Curt Rossman and Jeff MacDonald, from AlpInvest Partners, Inc., joined them. Mr. Arpey introduced himself, the team, and The Carlyle Group. The Carlyle Group manages INPRS' existing in-state programs and the new Indiana Investment Fund II ("IIF II" or collectively the "Progam"). The Program is coordinated by the Carlyle's Solutions Group ("CSG"), which is comprised of investment professionals from Carlyle and AlpInvest.

Mr. Rossman provided an overview of the Program and management method. He offered detailed information on the funds in the pre-existing program: IIF II, Indiana Future Fund ("IFF"), and INext Fund ("INext"). Mr. Rossman discussed investment opportunities in Indiana, resource sharing within CSG, the CSG management team, and CSG's business presence and involvement in Indiana. He provided an update on the transfer of IIF from Credit Suisse to CSG.

The group provided information about the CSG investment process, their integrated team, the Carlyle approach and process (developing customized value creation models), how they leverage the Carlyle Program to optimize performance, and their investment committees. They described the Indiana Program structure and explained how the Program will have the involvement and resources of two teams: primary funds team and co-investment team. They provided details of the investment process; criteria for selecting and rejecting investors; and post-investment involvement with and monitoring of co-investors.

Materials were provided to the Board with details of the IIF Investments.

- INPRS Investment Update

David Cooper presented the investment update to the Board. He provided highlights of INPRS investments and the market. Mr. Cooper informed the Board that the ASA merger is complete and all fund options have been merged. He then reviewed the INPRS portfolio and discussed the DB performance. From a cash flow perspective, INPRS is strong and better than peers. He offered a brief economic and market update and reviewed asset allocation as of March 31, 2013. Mr. Cooper discussed FY13 performance as of March 31, 2013 and noted that every asset class is currently offering positive returns. He reviewed a chart comparing monthly returns from January 2009 through March 2013.

Mr. Cooper reviewed the total DB net of fee performance and answered questions about individual fund performance. A board member asked about how the watch list is developed and Mr. Cooper explained the process.

Mr. Cooper discussed performance of the following: private asset class, risk parity, ASA, target date funds, and pension relief and special death fund. He reviewed the list of recent investments and terminations. Mr. Cooper concluded with an update on the Watch List.

D. Executive Director Report

Steve Russo presented the Executive Director's report. He began with a report of two line of duty deaths: Steven Mitchell, Huntington Firefighter, died September 14, 2012, and Steven Overbay, INDOT employee, died September 18, 2012.

In his legislative update, Mr. Russo provided updates on the five bills signed by the Governor (HB 1148, SB228, SB249, SB499, and SB27). A board member asked for clarification on restitution laws included SB228. Tom Davidson, INPRS General Counsel, explained that that it applies to members who are convicted of the criminal taking of their employer's property; it aligns TRF with PERF. Mr. Russo reported on the two bills awaiting the Governor's signature (HB1080 and HB1561); four bills in Conference Committee (HB1001, HB1057, SB324, and SB526); and one bill that died in the second House reading (HB1175). The board had a brief discussion on the current death benefit available to Legislators who die in service. Mr. Russo complimented INPRS staff on their work during the 2013 legislative session.

Mr. Russo gave an update on the ASA-Only Plan to the Board. He stated that the Phase 1 go-live occurred as planned on March 1, 2013. The ERM ASA-Only enhancements identified for a Phase 2 implementation on or about July 1 are on track. Employers eligible for participation in the plan were clarified as part of SB499. All communication to new eligible employees with information about enrollment options is in place. Mr. Russo presented the initial enrollment statistics for new eligible Indiana state hires since March 1, 2013.

Mr. Russo praised Steven Barley, Deputy Executive Director and Chief Operations Officer, for his success in executing the INPRS Business Continuity Plan during the recent system outage. Mr. Russo then discussed the cause of the system outage and the impact on INPRS. The system outage was caused by a vendor environment failure that corrupted files on the vendor network, which had to be rebuilt. Mr. Russo stated that all applications and data were recovered as planned; however, the time for the vendor to recover was slower than expected. Mr. Russo reviewed the impact to INPRS members and employers: member benefits were not impacted, employers were delayed in submitting wages and contributions, and member ASA postings were delayed. He reported that the impact to INPRS staff was lost productivity (primarily in Operations, Finance, and IT). The impact on the INPAS implementation schedule was still being evaluated. Board members and staff had a brief discussion on the details of the impact. Mr. Russo stated that staff will learn from the event and refine IT and business recovery plans, as well as evaluate DR options and requirements for improvement.

Mr. Russo presented metrics highlights for the Governor's and Board Dashboards. The 10 year actual return verses the actuarial target remains above the target. Retirement processing and customer satisfaction remain in the green. Mr. Russo stated that the recent retiree satisfaction metric is subject to sample size variation. He mentioned that INPRS is issuing an RFP for next generation stakeholder satisfaction survey tools to increase and improve the sample size and gather better data.

Mr. Russo introduced Tony Green as the new Chief Legal and Compliance Officer for INPRS. He informed the Board of a new staff attorney position that was created and filled recently.

V. Other Business as Requested by the Board

No other business was requested by the Board.

VI. Board Education

A. INPRS Board Portal

Mr. Russo reviewed the decision to move to an electronic board portal for board materials and communication. A virtual training on the INPRS portal by a BoardEffect representative was planned for the meeting. Due to technical difficulties on the vendor's end, the training was postponed. Mr. Russo informed Board members that they would receive individual training on the portal and any assistance as needed.

B. Private Equity 101 – Carlyle Group

Michael Arpey and Randal Quarles, from The Carlyle Group, gave an educational presentation on private equity to the Board. They covered the basics of the private equity asset class, explained private equity fund dynamics, profiled the industry, and provided an overview of the market.

VII. Preliminary Agenda for June 2013 Board Meeting

Mr. Russo gave copies of the preliminary agenda for the June 2013 meeting to the Board members.

VIII. Adjournment

MOTION duly made and carried to adjourn the April 26, 2013 Board meeting at 2:15 p.m.

Proposed by:	***Tim Berry***
Seconded by:	***Bret Swanson***
Votes:	***6 in favor, 0 opposed, 0 abstentions***