

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

**Meeting held at:
One N. Capitol
9th Floor Conference Room
Indianapolis, Indiana 46204**

October 23, 2015

Board Members Present

Ken Cochran, Chairman
Sarah Beth Murphy
Michael Pinkham
Kyle Rosebrough

Mike Cunningham
Brian Abbott
Jillean Battle

Guest Presenters

Brandon Robertson,
PricewaterhouseCoopers (PWC)

DeWitt Miller, Verus
Mike Zurek, Nyhart Group

Staff Presenters

Steve Russo, Executive Director
Scott Davis, Interim Chief Investment
Officer

Donna Brown, Chief Financial Officer

Meeting called to order at 10:05 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 September 11, 2015, Board of Trustees Meeting

MOTION duly made and carried to approve the corrected minutes from the September 11, 2015, Board meeting.

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

II. Required Business

A. Board Governance Manual / Investment Policy Statement (IPS)

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 September 11, 2015, meeting.

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

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

B. Funding Policy Update

Donna Brown presented the revised INPRS Funding Policy. Proposed revisions were discussed at the September 11, 2015, meeting. Ms. Brown also discussed revisions that address the determination of contribution rates for plans that reach a funded status equal to or greater than 105%. For such plans, the rate shall decrease by 25% of the difference between the existing rate and the employer normal cost until the plan reaches 120% funded status. When the plan reaches 120% funded status, the rate will decrease to equal normal cost. A copy of the revised INPRS Funding Policy was provided to the Board electronically for their review.

MOTION duly made and carried to adopt the revised INPRS Funding Policy.

Proposed by: Brian Abbott
Seconded by: Jillean Battle
Votes: 7 in favor, 0 opposed, 0 abstentions

C. Actuarial Valuation & Contribution Rates

Donna Brown, Mike Zurek, and Brandon Robertson discussed the actuarial valuation as of June 30, 2015. Ms. Brown reviewed the funding objectives and noted changes since the June 30, 2014 evaluation.

Mr. Zurek from Nyhart provided information about the pre and post 96 TRF Fund status. He talked about the current and projected funded status, and the current and projected calculation for the actuarial contribution rate.

Mr. Robertson from PricewaterhouseCoopers followed with information regarding PERF, the 1977 Fund, JRS, EG&C, PARF, and LEDB funds. He discussed the current and projected funded status, and the current and projected calculation of the actuarial required contribution rate. Then he compared last year's valuation to this year's valuation for each fund.

Ms. Brown finished with a review of the overall fund status of INPRS, interest rate sensitivities, and a summary of the ARC (Annual Required Contribution). She discussed the contribution rate development for political subdivisions in PERF. Based on actuarial valuations as of June 30, 2015, the Composite Rate Group (CRG) contribution rate for political subdivisions included in the CRG was recommended by staff to be continued at 11.2% effective January 1, 2017. Staff also recommended to include nineteen (19) new employers in the CRG and to maintain a maximum year-over-year rate increase of 1.5% for all other political subdivision employers.

INPRS Staff Recommended Contribution Rates for Fiscal Year 2017	
PERF State	11.2%
TRF 1996 Account	7.5%
ASA-Only Member Crediting Rate	3.3%
ASA-Only Total Employer Rate	11.2%

INPRS Staff Recommended Contribution Rates for Calendar Year 2017	
PERF PSD (CRG Rate)	11.2%
1977 Fund	17.5%
E,G,&C Plan	20.75%
LEDC Plan	14.2%

MOTION duly made and carried to adopt the staff recommended Contribution Rates including individual Political Subdivision Employer Rates reflected in the attachments provided to the Board.

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

III. New Business

A. 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 September 2015. Ms. Brown reviewed the September financials, then talked about past due employer contributions. Ms. Brown discussed fiscal year 2016 actual and forecast change in net position and expenses compared to budget. Ms. Brown also informed the Board about the timeline for closing the ledger.

B. Investments Update

Scott Davis presented the INPRS investment update to the Board. He started with a review of team imperatives, then provided highlights of INPRS investments and a portfolio review. Mr. Davis talked about INPRS asset allocation, defined benefit performance, and Annuity Savings Account (ASA) funds' performance. Mr. Davis also discussed the current managers on the watch list.

C. Executive Director Report

Steve Russo presented the Executive Director's report. He informed the Board about a line of duty death. Imperative metrics were provided to the Board electronically for their review. Mr. Russo summarized the Imperative metrics.

IV. 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 litigation as authorized pursuant to IC 5-14-1.5-6.1(b)(2)(B).

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.

V. Other Business as requested by the Board

Board members moved to increase the Executive Director's annual salary.

MOTION duly made and carried to give a salary increase to the Executive Director.

Proposed by: Brian Abbott
Seconded by: Mike Pinkham
Votes: 7 in favor (6 present, 1 via teleconference), 0 opposed, 0 abstentions

VI. **Adjournment**

MOTION duly made and carried to adjourn the October 23, 2015, Board meeting at 3:55 p.m.

Proposed by: Jillean Battle
Seconded by: Mike Cunningham
Votes: 7 in favor (6 present, 1 via teleconference), 0 opposed, 0 abstentions