

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

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

September 11, 2015

Board Members Present

Ken Cochran, Chairman
Sarah Beth Murphy
Michael Pinkham
Bret Swanson

Courtney Everett
Brian Abbott
Deanna Oware
Jillean Battle (via conference call)

Guest Presenters

Brandon Robertson,
PricewaterhouseCoopers (via phone)

Jeff MacLean, Verus

Staff Presenters

Steve Russo, Executive Director
David Cooper, Chief Investment Officer
Scott Davis, Deputy Chief Investment
Officer
Donna Grotz, Director of Strategic
Initiatives and Administration

Steve Barley, Chief Operations Officer
Teresa Snedigar, Director Internal Audit
Donna Brown, Chief Financial Officer
Lindsay Knowles, Benefits Attorney
Tony Green, Chief Legal & Compliance
Officer

Meeting called to order at 9:55 a.m. by Chairman Cochran.

In accordance with normal practice, Board members were provided electronically written materials in advance of the meeting.

I. Executive Session

A brief Executive Session was held at pursuant to 5-14-1.5-6.1(b)(2)(B) and 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.

II. Approval of Minutes from June 26, 2015, Board of Trustees Meeting

MOTION duly made and carried to approve the corrected minutes from the June 26, 2015, Board meeting.

Proposed by: *Brian Abbott*
Seconded by: *Bret Swanson*
Votes: *8 in favor, 0 opposed, 0 abstentions*

III. Required Business

A. Funding Policy Update

Donna Brown proposed revisions to the INPRS funding policy. Proposed revisions to the policy address the determination of contribution rates for plans that reach a funded status of 100% or more, including the calculation of the ADC. Ms. Brown discussed the different approaches that can be used to calculate the ADC and the different ways to determine contribution rates. The Board will be asked to approve the revised funding policy at the October 2015 meeting.

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

Scott Davis discussed the Investment Policy Statement and recommended changes to the IPS. The Board will be asked to approve the revised IPS at the October 2015 meeting.

C. Internal Audit Update and Plan Approval

Teresa Snedigar presented the Internal Audit update. She reviewed the results of FY 2015 audits and projects. She talked about the Internal Audit plan for FY 2016. Staff recommended Board approval of the FY 2016 INPRS Internal Audit Plan as presented.

MOTION duly made and carried to adopt the FY 2016 INPRS Internal Audit Plan.

Proposed by: *Brian Abbott*
Seconded by: *Deanna Oware*
Votes: *8 in favor, 0 opposed, 0 abstentions*

D. Indiana Administrative Code (IAC) Adoption

Tony Green presented IAC changes. A written executive summary of the changes was given to the board for review. Mr. Green discussed IAC changes due to HEA 1466 ASA Only Expansion. Mr. Green talked about IAC changes for requiring PERF employers to pay their share of unfunded liabilities when they freeze participation in PERF. Mr. Green also spoke about IAC changes involving A1A Recordkeeping and Annuity RFP as well as other administrative and technical changes.

Lindsay Knowles presented proposed updates to the Indiana Administrative Code and gave a brief summary of each change. New rules and changes were proposed in the areas of retirement benefits, withdrawal of ASA, PARF disability benefits, Judges disability reexamination, disability retirements, and technical corrections.

MOTION duly made and carried to approve all of the changes to the IAC presented in Board Resolution No. 2015-9-1.

Proposed by: Jillean Battle
Seconded by: Deanna Oware
Votes: 8 in favor, 0 opposed, 0 abstentions

IV. New Business

A. FY15 – A look back

Donna Grotz presented the INPRS FY15 Performance Scorecard and overall performance during the past year. Ms. Grotz also summarized Strategic Plan accomplishments during the past year.

B. Operations Review

Steve Barley presented an overview of the Operations department. Mr. Barley summarized the functions, organizational design, and future strategy design. Mr. Barley gave an overview on the Call Center and key changes made. Mr. Barley provided statistical analysis on retirements and call center data.

C. Investments Update

David Cooper presented the INPRS investment update to the Board. He started with a portfolio review and highlights of INPRS investments. Mr. Cooper also talked about INPRS asset allocation, INPRS defined benefit performance, target date funds performance, and fiscal year performance. Mr. Cooper also discussed the current managers on the watch list.

Jeff MacLean from Verus talked about the impact of inflation and global markets on asset performance.

A Board member initiated a discussion on the status of the investment incentive plan for FY15.

MOTION duly made and carried to adopt an exception to the investment incentive plan discussed during the Board meeting.

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

Having been previously notified by the Executive Director of David Cooper's resignation effective October 2, 2015, Board members expressed their gratitude to David Cooper for his years of service to INPRS

MOTION duly made and carried to approve Board Resolution No. 2015-9-2, honoring David Cooper's service to INPRS and wishing him well in his future endeavors.

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

D. Investments Delegation of Authority

Steve Russo presented a Resolution to the Board wherein he and the Interim Chief Investment Officer, Scott Davis, would have authority to sign and approve certain investment transactions on behalf of INPRS. Mr. Russo explained that under provisions of the INPRS Board Governance Manual, delegation authority of certain investment transactions shall be reviewed upon the departure of the Executive Director or the Chief Investment Officer.

MOTION duly made and carried to confirm delegation of investment manager selection presented in Board Resolution No. 2015-9-3.

Proposed by: Sarah Beth Murphy
Seconded by: Bret Swanson
Votes: 7 in favor, 0 opposed, 0 abstentions

E. 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 June 2015. Ms. Brown reviewed the July financials, then talked about past due employer contributions. Ms. Brown also discussed fiscal year 2015 actual and forecast change in net position and expenses compared to budget. Ms. Brown also presented the INPRS FY16 Income Statement Forecast.

F. Executive Director Report

Steve Russo presented the Executive Director's report. He talked about the topics discussed at the Pension Management Oversight Committee meeting on August 26, 2015. Imperative metrics were provided to the Board electronically for their review. Mr. Russo summarized the Imperative metrics.

V. Other business as requested by the Board

No other business was requested by the Board.

VI. Preliminary Agenda for October 30, 2015 Board Meeting

A copy of the preliminary agenda for the October 30, 2015, meeting was included in materials provided electronically to board members. The board also requested that Mr. Russo look into changing the date of the next board meeting to October 23, 2015.

VII. Adjournment

MOTION duly made and carried to adjourn the September 11, 2015, Board meeting at 1:46 p.m.

Proposed by: Brian Abbott
Seconded by: Deanna Oware
Votes: 7 in favor, 0 opposed, 0 abstentions