



**MINUTES
PUBLIC MEETING
February 11, 2021
9:00 a.m.
Virtual Meeting**

I. Call to Order/Roll Call

State Auditor Tera Klutz called the meeting to order at 9:00 a.m. Committee members present were Mike Frick (Appointee, Treasurer of State), Joseph Habig (Appointee, Governor), Nancy Marsh (Appointee, Board of Finance) and Deanna Oware (Appointee, Board of Finance). Staci Schneider (Chief of Staff to the Auditor of State), Kim Diller and Britton Stucker (Auditor of State); Ann Mahrtdt, Jaimie Beisel and Stephanie O'Dear (Empower Retirement, Third-Party Administrator to the Plans); Mike Paton (Barnes & Thornburg, Counsel to the Committee and the Administrator); and, Tiffany Spudich, Peter Harvey and Susan Somers (Capital Cities, L.L.C., Investment Consultant to the Committee) were also present.

II. Live-Streaming Disclaimer

The meeting was live-streamed. Susan Somers, of Capital Cities, provided the live-streaming disclaimer.

III. Approval of the Previous Minutes

State Auditor Tera Klutz asked for a motion to approve the minutes from the November 12, 2020 meeting. **Mr. Habig moved to approve the minutes. Mr. Frick seconded. The minutes were unanimously approved.**

IV. Administrator's Report

Ms. Schneider provided an update on the Third-Party Administrator Request for Proposal process. The due date for responses was December 18, 2020. The Request for Proposal responses are being evaluated and a recommendation is anticipated to be made in June. Ms. Schneider also highlighted updates to the online participant portal, participant outreach efforts and webinar participation.

V. Third-Party Administrator's Report

Ann Mahrtdt, of Empower, gave an update on the CARES Act, which included waiving required minimum distributions ("RMDs") for 2020. Coronavirus-related distributions, up to \$100,000, were also allowed, in 2020, under the CARES Act provisions. Empower monitored the distribution activity, which included 1,839 withdrawals during 2020, representing approximately 3% of the participant population.

VI. Investment Consultant's Report

2020 Review/2021 Outlook Presentation

Mr. Harvey delivered the 2020 Market Review/2021 Outlook presentation. He touched on the broad economy and the strong market performance for the calendar year 2020 time period. He noted that the Federal Reserve deployed an unprecedented amount of liquidity into the markets, along with lowering rates to a target range of 0% to 0.25%. The Treasury also deployed an unprecedented amount of fiscal support into the economy through programs including PPP grants and loans, direct payments to individuals, and increased lending programs to state governments. All styles of equities and fixed income were positive for the year, except Treasuries. Looking ahead, Capital Cities identified central bank activity, COVID-19, monetary policy and geopolitical uncertainty as potential forces impacting the investment markets in 2021. Capital Cities continues to recommend diversified investment menus to assist participants in weathering market volatility. Ms. Spudich also provided the Committee with Capital Cities' proposed fiduciary calendar of projects for 2021, including an Investment Policy Statement review at the May meeting, a comprehensive fee analysis in August, and an investment structure review in November.

4Q20 Performance & Evaluation Report

Ms. Spudich presented the 4Q20 Performance & Evaluation Report to the Committee. As part of the discussion, Ms. Spudich highlighted that the total Plan assets stood at \$1,681,297,310, as of December 31, 2020. A summary qualitative and quantitative review ("stoplight grid") of each of the investment options was also provided to the Committee. All of the investment options are in good/excellent standing, with the exception of the Fidelity Low-Priced Stock, Vanguard Capital Opportunity and T. Rowe Price Blue Chip Growth Funds. Capital Cities is currently monitoring performance for the Fidelity Low-Priced Stock and Vanguard Capital Opportunity Funds. T. Rowe Price Blue Chip Growth's qualitative stoplight was downgraded to yellow this quarter in light of a recent personnel announcement. In particular, Larry Puglia, the lead portfolio manager of the T. Rowe Blue Chip Growth Fund, intends to retire from the firm at the end of 2021. Capital Cities will continue to monitor the personnel transition.

Ms. Spudich also noted that the State Street Target Retirement Funds will be enhanced to include a Bloomberg Barclays US Intermediate Government Bond Index allocation in the wealth accumulation phase of the glide path effective April 1st.

In addition, Ms. Spudich highlighted recent share class exchanges in the Plan. In particular, the Committee previously voted to exchange three Funds to the least expensive share classes on a net cost basis: MFS Mid Cap Value, Fidelity Diversified International and PIMCO Total Return. The exchanges took place on October 23rd and are reflected in the 4th Quarter Performance & Evaluation Report.

Indiana Stable Value Fund Review

Ms. Spudich addressed the Indiana Stable Value Fund. Capital Cities and MetLife are exploring options to further enhance the Indiana Stable Value Fund. In particular, Capital Cities and MetLife are investigating the option of potentially reducing the Money Market allocation by five percentage points, given the low yield environment, to increase the Fund's return potential. Wrap contract fees will also be addressed for potential reductions with TransAmerica and Voya, allowing them and MetLife to bid.

VII. Old Business

None.

VIII. New Business

None.

IX. Adjournment

There being no further business before the Committee, the meeting was adjourned at 9:52 a.m. **Ms. Oware motioned for adjournment. Ms. Marsh seconded the motion.** The next quarterly meeting is scheduled for Thursday, May 13, 2021 at 9:00 a.m.