

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

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

September 12, 2014

Board Members Present

Ken Cochran, Chair
Brian Abbott
Suzanne Crouch
Jodi Golden

Sarah Beth Murphy
Deanna Oware
Michael Pinkham
Kyle Rosebrough

Guests Presenting

Allison Yager, Mercer
Paul Kolevsohn, Mercer

Barry Dennis, Strategic Investment
Solutions (SIS)

Staff Presenting

Steve Russo, Executive Director
DeAndra Ballard, Investment Analyst
Donna Brown, Chief Financial Officer
David Cooper, Chief Investment Officer

Tony Green, Chief Legal & Compliance
Officer
Teresa Snedigar, Director of Internal
Audit

Meeting called to order at 10:04 a.m. by Chairman Cochran.

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

I. Approval of Minutes from June 20, 2014 Board of Trustees Meeting

MOTION duly made and carried to approve the minutes from the June 20, 2014 board meeting.

*Proposed by: Suzanne Crouch
Seconded by: Kyle Rosebrough
Votes: 8 in favor, 0 opposed, 0 abstentions*

II. Unfinished Business

A. Board Governance Manual

Tony Green briefly reviewed the Board Governance Manual that was approved at the June Board meeting except for a paragraph in the Fiduciary Duty section on page 12 of the Board Governance Manual. The revised paragraph was reviewed and discussed.

MOTION duly made and carried to adopt the staff recommended change to the Fiduciary Duty section on page 12 and the Board Governance Manual as a whole.

Proposed by: Michael Pinkham
Seconded by: Kyle Rosebrough
Votes: 8 in favor, 0 opposed, 0 abstentions

III. Required Business

A. Internal Audit Update and Plan Approval

Teresa Snedigar presented the Internal Audit update to the Board. She reviewed the results of FY 2014 audits and projects. She then presented the Internal Audit plan for FY 2015. Staff recommended Board approval of the FY 2015 INPRS Internal Audit Plan as presented.

MOTION duly made and carried to adopt the FY 2015 INPRS .

Proposed by: Brian Abbott
Seconded by: Michael Pinkham
Votes: 8 in favor, 0 opposed, 0 abstentions

IV. New Business

A. PERF Employer Contribution Rate Adjustment

Steve Russo presented an issue with eight employers having their employer contribution rates increased at a rate greater than what they had expected. As INPRS has moved employer contribution rates toward a composite rate, some employers have seen their contribution rates increase. INPRS Board had previously limited any annual increase in contribution rates to 1.5%, but removed that limitation this year. Eight employers were informed by INPRS that their contribution rates would increase by greater than 1.5% for this year and subsequently requested a waiver by the INPRS Board. INPRS recommended that the waiver be granted for these eight employers.

MOTION duly made and carried to approve the waiver for the eight employers.

Proposed by: Sarah Beth Murphy
Seconded by: Jodi Golden
Votes: 8 in favor, 0 opposed, 0 abstentions

B. ASA Rollovers

Steve Russo briefed the board on the increased activity regarding members rolling over funds to annuitize. INPRS Board has discretion in statute to allow members to rollover funds into a rollover savings account (RSA). If rollovers are allowed, INPRS Board does not have discretion on whether members can annuitize their RSA. Consequently, if members are allowed to rollover funds to an RSA they will also be able to annuitize those funds. Steve Russo discussed the risk in allowing members to annuitize their RSAs and the increased activity. The INPRS Board decided to take the information under advisement.

C. FY 2014 – A Look Back

Steve Russo presented the key points of FY 2014 INPRS Strategic Plan and the FY Performance Scorecard to discuss INPRS overall performance during the past year.

D. Real Estate Consultant

David Cooper and DeAndra Ballard reviewed the process in procuring a Real Estate Consultant. David Cooper introduced staff from Mercer LLC, recently selected through a RFP process. Allison Yager and Paul Kolevsohn discussed Mercer's company and capabilities.

MOTION duly made and carried to select Mercer LLC as INPRS' Real Estate Consultant.

Proposed by: Michael Pinkham
Seconded by: Brian Abbott
Votes: 8 in favor, 0 opposed, 0 abstentions

E. Investments Update

David Cooper, joined by Barry Dennis of Strategic Investment Solutions (SIS), provided the Board with highlights of the INPRS investment program. Mr. Cooper presented a portfolio review, which included a summary of DB performance, asset allocations as of August 30, 2014, fiscal year to date 2014 performance, monthly returns, and asset class and individual fund performance. He reviewed new investments and stated there were some changes in the watch list.

F. Financial Update

Donna Brown presented the INPRS financial update to the Board. She began with a summary of the financial highlights as of June 2014. Ms. Brown reviewed the fiscal year 2014 actual and forecast expenses compared to budget and change in net position. She also provided a contribution accrual analysis for past-due contributions from employers as of June 2014.

G. Executive Director Report

Steve Russo provided an update on current actions to support legislative direction for implementation of ASA Annuity changes. He reviewed the topics covered at the first Pension Oversight Management Committee (PMOC) that took place on August 26, 2014. Mr. Russo discussed PMOC's focus on political subdivisions no longer enrolling new hires into PERF and the impact on employer contribution rates. Mr. Russo also discussed the posted agenda for the second PMOC meeting scheduled for September 16, 2014. Mr. Russo informed the board that INPRS has received letters of determination from the IRS for PERF, 1996 TRF, and pre-1996 Fund. Mr. Russo finished his report covering the INPRS performance metrics and the Imperatives Summary.

V. Other business as requested by the Board

A board member proposed holding the INPRS board meetings at a location that would allow for live video streaming of the meetings to allow the public to watch the meetings online if they are unable to attend in person. The board agreed to discuss the matter at the October board meeting.

A separate discussion was had on the matter of members or other individuals addressing the Board. Staff confirmed that Board members have the discretion to add individuals to the meeting agenda or to hold a public forum.

VI. Preliminary Agenda October 2014 Board Meeting

A copy of the preliminary agenda for the October 31, 2014 meeting was included in materials provided electronically to board members.

VII. Executive Session

An Executive Session was held at 12:15 p.m. 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.

VIII. Adjournment

MOTION duly made and carried to adjourn the September 12, 2014 Board meeting at 1:43 p.m.

Proposed by: Michael Pinkham
Seconded by: Brian Abbott
Votes: 6 in favor, 0 opposed, 0 abstentions