

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

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

February 21, 2014

Board Members Present

Ken Cochran, Chairman
Bret Swanson, Vice Chair
Brian Abbott
Suzanne Crouch
Jodi Golden

Sarah Beth Murphy
Deanna Oware
Michael Pinkham
Kyle Rosebrough

Guests Presenting

John Dowell, Nyhart

Pete Keliuotis, Strategic Investment
Solutions (SIS)

Staff Presenting

Steve Russo, Executive Director
David Cooper, Chief Investment Officer

Julia Pogue, Chief Financial Officer
Donna Brown, Controller

Meeting called to order at 10:02 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.

Chairman Cochran welcomed Suzanne Crouch, Auditor of the State and the newest member of the INPRS Board of Trustees.

I. Approval of Minutes from December 13, 2013 Board of Trustees Meeting

MOTION duly made and carried to approve the minutes from the December 13, 2013 Board meeting.

*Proposed by: Michael Pinkham
Seconded by: Jodi Golden
Votes: 9 in favor, 0 opposed, 0 abstentions*

II. Required Business

No required business was discussed.

III. Unfinished Business

No unfinished business was discussed.

IV. New Business

A. FY 14 Actuarial Assumptions & Methods

Steve Russo presented the topic of major actuarial valuation assumptions and methods to be used for June 30, 2014 to the Board. Mr. Russo explained why INPRS has an actuary and the impact of GASB changes on actuarial assumptions and methods. He reviewed the timetables for actuarial studies.

Mr. Russo stated that INPRS staff has not seen any significant changes in the demographic experience to justify any demographic assumption changes for the June 30, 2014 valuation. Staff did not recommend any changes to the actuarial cost methods for funding policy purposes. The creation of a formal funding policy is underway. Staff recommended a cursory review of the key economic assumptions (investment rate of return, inflation and wage growth, and COLA) for board review at the April 2014 meeting.

Additional information about major actuarial valuation assumptions and methods was given the Board for their review.

B. Funding Policy

Julia Pogue was joined by John Dowell, from Nyhart, to present the updated funding policy to the Board. Ms. Pogue began with a brief history and definition of funding policies. She summarized the primary objectives and key elements of funding policies in general, then presented an overview of the content of the new INPRS' funding policy.

Ms. Pogue stated that staff will solicit comments or questions of the proposed funding policy from INPRS board members before the April 2014 board meeting. Staff will request further discussion and board approval at the April 2014 meeting.

C. ASA Annuity Update

Steve Russo presented an update on the ASA Annuity topic to the Board. He began with a review of two bills filed with the General Assembly that impact ASA

Annuities. Mr. Russo then reviewed the implementation timeline and stated that the RFP process is on track with no changes since the last board meeting.

D. Financial Update

Donna Brown presented the INPRS financial update to the Board. She began with a summary of the financial highlights as of January 2014. Ms. Brown reviewed the Fiscal Year 2014 actual and forecast expenses compared to budget and change in net position.

E. Investments Update

David Cooper was joined by Pete Keliuotis, from Strategic Investment Solutions (SIS), to present the investment update to the Board. Mr. Cooper began with highlights of the INPRS investment program. He then provided a portfolio review, which included a summary of DB performance, asset allocations as of January 31, 2014, fiscal year 2014 performance, monthly returns, and asset class and individual fund performance. He then reviewed new investments, new terminations, rebalancing activity and the watch list.

F. Executive Director Report

Steve Russo presented the Executive Director's report. He began by notifying the Board of two line of duty deaths: Officer Rod Bradway, from the Indianapolis Metropolitan Police Department, died September 20, 2013, and Firefighter Donald Hochstetler, from the Wayne Township Fire Department, died November 17, 2013.

Mr. Russo provided an update on various bills moving through the State Legislature that effect INPRS.

Mr. Russo provided an update on two IT Modernization projects: Employer Reporting and Maintenance (ERM) and Indiana Pension Administration System (INPAS). He then discussed past due employer contributions and provided details about total amounts and specific employers with past due payments. Mr. Russo explained the newly developed notification and collection process for delinquent employers. Information about the new process would be sent to employers and posted on the INPRS website.

Mr. Russo presented performance metrics and a summary of imperatives to the Board. Scorecard details were provided to the Board for their review.

V. **Preliminary Agenda April 25, 2014 Board Meeting and Retreat**

Mr. Russo gave copies of the preliminary agenda for the April 2014 meeting to the board members.

VI. Executive Session

An Executive Session was held at 12:15 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.

VII. Other business as requested by the Board

Board members moved to increase Steve Russo's annual salary by 8%. The Board wishes to create a plan for regular and more frequent evaluation of the executive director's compensation. Mr. Russo stated that he would provide the Board with information about the benchmarking study done on peer pension plan executive compensation.

MOTION duly made and carried to increase the salary of INPRS Executive Director Steve Russo by 8%.

Proposed by: Bret Swanson
Seconded by: Michael Pinkham
Votes: 9 in favor, 0 opposed, 0 abstentions

VIII. Adjournment

MOTION duly made and carried to adjourn the February 21, 2014 Board meeting at 12:58 p.m.

Proposed by: Jodi Golden
Seconded by: Brian Abbott
Votes: 9 in favor, 0 opposed, 0 abstentions