

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

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

**April 20, 2018**

**Board Members Present**

Michael Pinkham  
Brian Abbott  
Connie Plankenhorn  
Ken Cochran

Tera Klutz  
Kelly Mitchell  
David Frick  
Micah Vincent

**Guest Presenters**

Jeff MacLean, Verus

**Staff Presenters**

Steve Russo, Executive Director  
Steve Barley, Chief Operations Officer  
Donna Frank, Benefits Attorney

Donna Grotz, Chief Finance and  
Administration Officer  
Scott Davis, Chief Investment Officer

**Meeting called to order at 10:00 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 February 23, 2018, Board of Trustees Meeting**

**MOTION** duly made and carried to approve the Board of Trustees Meeting minutes from the February 23, 2018, Board meeting.

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

**II. Unfinished Business**

**A. FY19 Actuarial Assumptions & Methods**

Steve Russo gave an overview of the actuarial assumptions and methods discussed at the February 23, 2018 Board meeting, the potential impacts of the post retirement benefit adjustment assumption (PBA) due to SB 373, and the

summary of major actuarial valuation assumptions and methods for each DB fund. Mr. Russo discussed SB 373 and the assumptions impact in more detail.

**MOTION** duly made and carried to adopt the actuarial assumptions and methods used for the June 30, 2018 actuarial valuations. This includes changing the PBA assumption from 1% per year to the following:

Fiscal Year Beginning July 1	Assumed PBA Granted
2021 – 2032	0.40%
2033 – 2037	0.50%
2038 – 2046	0.60%
Beyond 2046	0.60%

*Proposed by:* Brian Abbott  
*Seconded by:* David Frick  
*Votes:* 8 in favor, 0 opposed, 0 abstentions

### III. Required Business

#### A. FY19 Member Crediting Rate Approvals

Steve Russo presented the FY19 Member Crediting Rates for the PARF, Judges, 1977 Police and Fire and CG&E funds. Mr. Russo started with a background of the crediting rate and the rate-setting methodology. Mr. Russo presented the FY19 crediting rate recommendation based upon the established rate-setting methodology.

Interest Credit Rate Calculation	
1/31/18 10-yr Treasury Yield	2.72%
2/28/18 10-yr Treasury Yield	2.87%
3/31/18 10-yr Treasury Yield	2.74%
<b>Average Yield</b>	<b>2.78%</b>

Source: U.S. Department of Treasury

**MOTION** duly made and carried to maintain the methodology and the FY19 interest credit rate for each of the PARF, Judges, 1977 Police & Fire, and CG&E funds be set at 2.78%.

*Proposed by:* Mike Pinkham  
*Seconded by:* Tera Klutz  
*Votes:* 8 in favor, 0 opposed, 0 abstentions

#### IV. New Business

##### A. Operations Update

Steve Barley summarized the Operation department's performance, the amount of retirements received by fund, call center volume, complaints, retirement satisfaction and call center satisfaction. Mr. Barley also discussed key events during the last quarter of FY18. Mr. Barley gave a brief overview of the old and new retirement process.

##### B. Financial Update

Donna Grotz presented the INPRS financial update to the Board. Ms. Grotz summarized the financial results and the contributions scorecard as of the end of March 2018. Ms. Grotz also discussed the administrative and investment expenses July 2017 through March 2018.

##### C. Investment Update

Scott Davis talked about the defined benefit ("DB") and defined contribution ("DC") team imperatives as well as recent market volatility. Mr. Davis summarized the DB portfolio and performance as of March 31, 2018. Mr. Davis also gave an overview on the DC performance as of March 31, 2018.

Jeff MacLean discussed the primary drivers of DB portfolio risk, active risk, and liquidity coverage as of February 28, 2018.

##### D. Preliminary FY19 Budget & Strategic Plan

Steve Russo presented the Preliminary FY 2019-2021 Strategic Plan and Budget Highlights. Mr. Russo discussed the strategic planning process and timing. Mr. Russo gave an overview of the FY 2019-2021 strategic goals with no material changes recommended and the FY 2019 top priorities. Mr. Russo also talked about the preliminary FY2019 budget and the key drivers.

##### E. 2018 Legislative Session Summary

Donna Frank presented the 2018 Legislative Session summary. Ms. Frank summarized the bills presented, the ones that died, and the bills signed or awaiting signature. Ms. Frank also discussed in greater detail house enrolled act 1109 and several senate enrolled acts.

F. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo talked about the Indiana Transparency Portal. Mr. Russo also summarized the Balance Scorecard and escalated measures post transition to the new Recordkeeper.

V. Other business as requested by the Board

No other business as requested by the Board was discussed.

VI. Preliminary Agenda for June 22, 2018 Board Meeting

A copy of the preliminary agenda for the June 22, 2018, meeting was included in materials provided electronically to Board members.

VII. Adjournment

**MOTION** duly made and carried to adjourn the April 20, 2018 Board meeting at 12:17 p.m.

*Proposed by: Kelly Mitchell*  
*Seconded by: Tera Klutz*  
*Votes: 8 in favor, 0 opposed, 0 abstentions*