

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

**Meeting held via Virtual Webcast  
[Pursuant to Executive Order 20-09 and extensions]**

**February 26, 2021**

**Board Members Present**

Michael Pinkham

Brian Abbott

Connie Plankenhorn

Bret Swanson

Vivienne Ross

Tera Klutz

Kelly Mitchell

David Frick

Justin McAdam

**Guest Presenters**

Jeff MacLean, Verus

Mark Brubaker, Verus

Edward Koebel, Cavanaugh Macdonald

Brent Banister, Cavanaugh Macdonald

John Schembari, Kutak Rock

**Staff Presenters**

Steve Russo, Executive Director

Tony Green, Chief Legal and

Compliance Officer

Donna Frank, Deputy Compliance

Officer and Counsel

Andy Blough, Chief Actuary

Scott Davis, Chief Investment Officer

Cheryl Drummer, Director of Strategic

Initiatives

Donna Grotz, Chief Finance and

Administration Officer

**Meeting called to order at 10:18 a.m. by Chairman Swanson.**

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

**I. Approval of Minutes from December 11, 2020, Board of Trustees Meeting**

**MOTION** duly made and carried to approve the Board of Trustees Meeting minutes from the December 11, 2020, Board meeting.

<i>Proposed by:</i>	<i>Justin McAdam</i>
<i>Seconded by:</i>	<i>Tera Klutz</i>
<i>Votes:</i>	<i>9 in favor, 0 opposed, 0 abstentions</i>

## II. Required Business

There was no required business discussed by the Board.

## III. Unfinished Business

### Lottery Contributions to Supplemental Retirement Accounts

Andy Blough discussed lottery revenue allocation. Mr. Blough presented a brief recap of Supplemental Reserve Account (SRA) funding and how lottery allocations work. Mr. Blough discussed House Bill (HB) 1227, its impacts, and anticipated timing. Mr. Blough offered an allocation recommendation.

**MOTION** duly made and carried to approve staff recommendation. If HB 1227 becomes law, allocate the \$7.5 million to be received on April 15 to TRF Pre-96 defined benefit SRAs. If HB 1227 does not become law, delegate the allocation of the \$7.5 million to be received on April 15 to the Executive Director.

*Proposed by: David Frick*  
*Seconded by: Justin McAdam*  
*Votes: 9 in favor, 0 opposed, 0 abstentions*

## IV. New Business

### A. DC Annuity Alternative Option

Tony Green briefly discussed broadening annuitization options. He reviewed the prior law and new law under SEA 10 passed in 2020.

**MOTION** duly made and carried to approve staff recommendation to offer alternative options of annuity payments that does not include the minimum death benefit as permitted by Indiana law.

*Proposed by: Justin McAdam*  
*Seconded by: Tera Klutz*  
*Votes: 9 in favor, 0 opposed, 0 abstentions*

### B. 2021 Actuarial Assumptions & Methods

Brent Banister and Ed Koebel of Cavanaugh Macdonald presented the INPRS Assumptions for the 2021 Actuarial Valuations. Mr. Koebel gave an overview of the actuarial assumptions and methods, demographic assumptions, and economic assumptions, including future inflation expectations. Mr. Banister talked about the Post-retirement Benefit Increase (PBI) assumption after SEA 373-2018, PBI assumption for 2021 and how it will align with the 2021 legislation.

### C. Asset Liability Study

Jeff MacLean presented the INPRS Asset-Liability study and Board responsibilities and timeline. Mr. MacLean also spoke about key philosophies used to develop INPRS's asset allocation, enterprise risk tolerance, willingness of the Board to accept risk, and the drivers of return. Mr. MacLean summarized the current allocation and two new options.

Mark Brubaker talked in more detail about the two new options, comparison to peers, and asset-liability models which utilize each defined benefit plans' existing contribution policy. Mr. Brubaker also discussed the twenty (20) year outlook for each of the defined benefit plans.

Scott Davis summarized key metrics, cash usage compared to economic exposure, and implementation considerations.

Brent Banister discussed the results of alternative assumption scenarios for each fund.

John Schembari spoke about the fiduciary duties of the Board related to selecting an appropriate asset allocation and target rate of return. Mr. Schembari also provided a general fiduciary duties refresher.

### D. Investments Update

Scott Davis presented the INPRS investment update to the Board. Mr. Davis provided highlights of INPRS' investments and reviewed the INPRS investment portfolio as of January 31, 2021. Mr. Davis provided a brief overview about asset allocation, defined benefit performance, and defined contribution funds' performance.

### E. Proposed Indiana Administrative Code (IAC)

Donna Frank presented proposed updates to the IAC. A copy was provided to the Board electronically for their review. Ms. Frank provided a brief overview of the proposed rules and explained that they would be posted on the INPRS website for public comment for thirty (30) days. Ms. Frank asked the Board to review and provide any feedback before the next board meeting. Ms. Frank said that the Board would be voting on the recommended changes at the next Board meeting in May.

### F. Proposed Board Governance Manual Updates

Tony Green presented revised proposed updates to the Governance Manual. A copy was provided to the Board electronically for their review. Mr. Green discussed two changes in Appendix B. Mr. Green asked the Board to review and provide any

feedback to him before the next board meeting. Mr. Green said that the Board would be voting on the recommended changes at the next Board meeting in May.

G. Financial Update

Donna Grotz presented the INPRS financial update. Ms. Grotz summarized the financial results, administrative and investment expenses as of the end of January 2021. Ms. Grotz also talked about the expense forecast for fiscal year 2021 and Supplemental Reserve Accounts (SRAs).

H. Strategic Plan Update

Cheryl Drummer provided a mid-year update. Ms. Drummer summarized FY2021 strategic plan results and strategic planning for fiscal year 2022-2024.

I. Executive Director Report

Steve Russo presented the Executive Director's report. Mr. Russo noted one line of duty death. Mr. Russo provided an update on the 2021 Legislative Session and gave a brief summary of the Balance Scorecard.

V. **Preliminary Agenda for May 7, 2021 Board Meeting**

A copy of the preliminary agenda for the May 7, 2021, meeting was included in materials provided electronically to Board members.

VI. **Other business as requested by the Board**

There was no other business as requested by the Board discussed.

VII. **Adjournment**

**MOTION** duly made and carried to adjourn the February 26, 2021 Board meeting adjourned at 12:59 p.m.

*Proposed by: Tera Klutz  
Seconded by: Kelly Mitchell  
Votes: 9 in favor, 0 opposed, 0 abstentions*

VIII. **Executive Session**

A brief Executive Session was held at 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.