

**MINUTES
BOARD OF TRUSTEES OF THE
INDIANA PUBLIC RETIREMENT SYSTEM
1 N. Capitol, Indianapolis, IN 46204
1st Floor Conference Room and Virtual Webcast**

October 28, 2022

Board Members Present

Bret Swanson
Brian Abbott
Tera Klutz
Kelly Mitchell

Justin McAdam
Michael Pinkham
Vivienne Ross
David Frick

Guest Speakers

Mike Heale, CEM Benchmarking Inc.
Mark Brubaker, Verus Investments

Ed Koebel, Cavanaugh Macdonald
Brent Banister, Cavanaugh Macdonald

Staff Presenters

Steve Russo, Executive Director
Robert Corne, Chief Financial Officer
Andy Blough, Chief Actuary

Jeff Gill, Chief Legal, Compliance &
Procurement Officer
Scott Davis, Chief Investment Officer

Meeting called to order at 10:00 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 September 9, 2022, Board of Trustees Meeting

MOTION duly made and carried to approve the Board of Trustees Meeting minutes from the June 24, 2022, Board meeting.

*Proposed by: Justin McAdam
Seconded by: Brian Abbott
Votes: 8 in favor, 0 opposed, 0 abstentions*

II. Unfinished Business

None

III. Required Business

A. Defined Contribution Fee Review & CY23 Fee

Robert Corne recommended that we maintain the \$3.75/month per member DC administrative fee for Calendar Year 2023. The fee covers the cost of third-party recording keeping services from Voya plus the allocated INPRS internal administrative costs. As compared to peers, the fee is lower than the average and is closer to the lowest 25th percentile.

MOTION duly made and carried to approve the \$3.75 monthly DC fees per member.

Proposed by: Michael Pinkham
Seconded by: Kelly Mitchell
Votes: 8 in favor, 0 opposed, 0 abstentions

B. Actuarial Valuation & Contribution Rates

Ed Koebel and Brent Banister discussed the overview of valuation results and the demographic aggregated experience. There was no impact from the new funding policy adopted in June of this year based on funded levels. The investment return was -6.7% and there was an extra \$2.5 billion in one-time funding for TRF Pre-'96. Ed and Brent reviewed sources of gains and losses for the funds in total as well as the actuarially determined contribution for each fund.

Andy Blough recommended and the board approved DB employer contribution rates for PERF, TRF '96 and the EG&C funds remain the same as current. Andy recommended and the board approved the '77 Fund rate effective CY24 at 19.1%, an increase from the 18.0% rate that becomes effective CY23. This fund remains more sensitive to change than the other DB plans. The recommended allocation of the DB rates to fund the supplemental reserve accounts AKA "the surcharge" is based upon the assumption that the legislature is more likely to award a 13th check in lieu of a COLA this next budget cycle. The board approved SRA surcharge rates of 0.66%, 0.21% and 1.0% for PERF, TRF '96, and EG&C, respectively. The recommended DC/MyChoice member crediting rates also remain unchanged as does the Legislator DC plan contribution rate. Andy also presented the recommended appropriations for TRF Pre-'96, JRS, PARF, LE DB, and the Local Public Safety Pension Relief Fund.

MOTION duly made and carried to approve staff recommended contribution rates, supplemental reserve account contributions, appropriation requests, and My Choice DC crediting rates.

Proposed by: Bret Swanson
Seconded by: Brian Abbott
Votes: 8 in favor, 0 opposed, 0 abstentions

IV. New Business

A. Proposed Indiana Administrative Code (IAC)

Jeff Gill discussed administrative code changes. INPRS IAC was updated to reflect the latest actuarial assumptions for administrative purposes. Actuarial factors are embedded in how we calculate some of our benefits. The assumed rate of investment return was changed to 6.25%, mortality rates are updated, along with factors used in the calculation of certain EG&C and '77 Fund benefits. IAC was also updated to reflect a federal IRS change to the de minimis amount that requires INPRS to seek collection of overpayments. The amount has been increased from \$100 to \$250.

MOTION duly made and carried to approve the administrative rule changes.

Proposed by: Michael Pinkham
Seconded by: Brian Abbott
Votes: 7 in favor, 0 opposed, 1 abstentions

B. Financial Update

Robert Corne presented financial updates.

C. CEM Investment Benchmarking Review

Mike Heale of CEM reviewed INPRS's investment fees, returns, and risk versus a peer group of similar pension plans.

D. Investments Update

Scott Davis talked about the DB & DC accounts and noted that we've had one of the largest interest rate increases in history.

E. Executive Director Report

Steve Russo discussed the Working Balanced Scorecard.

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

There was no other business as requested by the Board.

VI. **Preliminary Agenda for December 9, 2022, Board Meeting**

A copy of the preliminary agenda for the December 9, 2022, meeting was included in materials provided electronically to Board members.

VII. **Preliminary 2023 Board Meeting Schedule**

A copy of the proposed INPRS Board meetings for 2023 was included in materials provided electronically to Board members.

VIII. **Adjournment**

MOTION duly made and carried to adjourn the October 28, 2022 Board meeting and adjourned at 12:02 p.m.