

The
INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND
and the
INDIANA STATE TEACHERS' RETIREMENT FUND

BOARD GOVERNANCE MANUAL

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Table of Contents

A. Introduction	4
1. Purpose of this Board Governance Manual	4
2. Mission Statement	4
3. Principles Statement	4
4. Indiana Code and Indiana Administrative Code	5
B. Overview of the Funds	5
1. Description of TRF	5
2. Description of PERF	6
3. Administrative Integration of the Funds	7
4. Governing Law	7
5. Board Composition and Delegation	8
6. External Service Providers	9
C. Board Duties and Responsibilities	9
1. Fiduciary Duty of the Boards	9
2. Compliance with Code of Ethics	9
3. Conflict of Interest Rules	11
a. Contact with Vendors	12
b. Speaking Engagements	12
4. Board Member Financial Reporting	12
5. Strategic Planning	13
6. Board Policy Development	13
7. Board Education	13
8. Board Communications	14
D. Board Procedure and Positions	15
1. Meetings	15
2. Board Positions and Committees	16
3. Board Travel and Reimbursement	17
E. Board Policies	18
F. Other Appendices	51

Appendices of Board Policies

Appendix A. Investment Policy Statements 18
Appendix B. Investment Committee Charter..... 19
Appendix C. Internal Audit Department Charter 21
Appendix D. Internal Audit Committee Charter 25
Appendix E. Risk Management Policy 27
Appendix F. Procurement Policy 31
Appendix G. Board Trading Policy..... 42
Appendix H. Board Self-Evaluation Policy 43
Appendix I. Board Retained and Delegated Duties 44
Appendix J. Executive Director Profile and Evaluation..... 48

Other Appendices

Appendix K. Robert’s Rules of Order..... 51
Appendix L. Fund Information..... 54
Appendix M. Oath of Office Format 65

A. Introduction

1. Purpose of this Board Governance Manual

Members of the Board of Trustees of the Indiana Public Employees' Retirement Fund ("PERF") and members of the Board of Trustees of the Indiana State Teachers' Retirement Fund ("TRF" and, together with PERF, the "Funds") are fiduciaries and are subject to the statutory and common law duties of a fiduciary, as well as policies adopted by the boards governing their conduct, including this Board Governance Manual and the Funds' Investment Policy Statement (Appendix A). The PERF and TRF boards of trustees (individually, a "Board" and together the "Boards") acknowledge their role as fiduciaries to the Funds administered by PERF and TRF and, specifically, that the PERF Board must prudently administer PERF assets for the exclusive benefit of PERF members and their beneficiaries; the PERF board must prudently administer the assets of each of the other PERF-administered Funds (listed below) for the benefit of the members and beneficiaries of each of those Funds; and the TRF Board must prudently administer TRF assets for the exclusive benefit of TRF members and their beneficiaries. The purpose of this Board Governance Manual is:

- a) To set forth the Boards' responsibilities provided in the Indiana Code, the Indiana Administrative Code, and Board-approved policies, as well as the Board duties and proscriptions provided under federal law;
- b) To set forth those responsibilities that have been delegated by the Board; and
- c) To facilitate the organized, efficient, and cohesive functioning of the Board.

This Board Governance Manual and all attached policies and documents shall be reviewed and amended by the Boards whenever circumstances warrant action. This Manual is intended to be in harmony with applicable laws; however, should there be any discrepancies, the law prevails. Any questions regarding this Board Governance Manual should be directed to the executive director of the Funds.

2. Mission Statement

We advance the achievement of retirement security for current and future retirees and beneficiaries through our delivery of operational and investment excellence, exemplary customer service, and trusted stakeholder communication.

3. Principles Statement

Stewardship. We prudently invest and manage the assets held in trust for current and future retirees. We rigorously identify, measure, and manage risk.

Best in Class Operations. We efficiently deliver accurate, timely retirement benefit payments and related services with attentiveness to high quality customer service.

Trusted Source. We are our stakeholders' trusted source of reliable, comprehensive information about retirement security and the role that Indiana TRF-PERF plays in the delivery of that security.

Collaboration and Shared Purpose. We value professionalism, teamwork and operational excellence to consistently improve the quality and sustainability of our services.

4. Indiana Code and Indiana Administrative Code

The Indiana Code (IC) sections referenced in this document are available online at <http://www.in.gov/legislative/ic/code/>. The Indiana Administrative Code (IAC) is available at <http://www.in.gov/legislative/iac/>.

B. Overview of the Funds

1. Description of TRF

The Indiana General Assembly created the Indiana State Teachers' Retirement Fund in 1921 as a "pay-as-you-go" defined benefit ("DB") retirement system to provide pension and disability benefits to its members and their survivors/beneficiaries who meet the statutory requirements for such benefits. *Pay-as-you-go means that the State did not to pre-fund the teachers' retirements through employer contributions while the members were actively teaching. Instead, the State appropriated money for the retirement benefits as they became due for payment.* Upon reaching age and service eligibility requirements, members are entitled to a monthly DB pension payment based in part upon a formula that takes into account the member's years of service and the average of the member's highest five years of salary. An annuity savings account ("ASA") was also established in 1921 to supplement the DB plan with member contributions.

Since its establishment, the laws governing the administration of TRF have changed and expanded in response to the needs of its members, employers and citizens. In 1955, ASA accounts were established in their current form, requiring a percentage contribution based on member salary. This benefit is currently funded by a 3% member contribution and, under certain limitations, additional voluntary contributions of up to 10% of salary; by statute, employers are allowed to make the 3% contribution on behalf of the member. Members are immediately vested in their ASA accounts. Upon retirement, members can withdraw their ASA balance in a lump sum or they can convert their balance into an annuitized amount that is added to their monthly defined benefit.

In 1995, legislation was passed that closed the pay-as-you-go plan (named the "Pre-1996 Account") to newly hired members and created a new account for teachers hired after June 30, 1995 (the "1996 Account"). The 1996 Account was established to be actuarially pre-funded by requiring school corporations to set aside a fixed percentage of payroll for teacher retirements. Also in 1995, the General Assembly passed legislation creating the Pension Stabilization Fund ("PSF"), designed to partially fund TRF's unfunded liability of the Pre-1996 Account. The PSF was initially funded from \$425 million of employer reserves from the Pre-1996 Account and, since that time, has received contributions from the Indiana State General Fund, contributions from the Indiana State Lottery, and interest earned from the investment of PSF assets.

2. Description of PERF

The Public Employees' Retirement Fund was created in 1945, with the passage of the Public Employees' Retirement Act, to provide defined benefit retirement, disability, and death benefits to members and their survivors/beneficiaries who meet the statutory requirements for such benefits. Members of the PERF plan ("PERF Plan") include employees of the State and employees of other governmental units who have adopted resolutions joining PERF (including cities, towns, counties, and other governmental units). Since then, the PERF Fund has grown from the single PERF Plan to a retirement system of six separately managed pension plans serving a broad spectrum of public employees.

The period from the 1950s through the 1980s was a time of great change for PERF. As noted above, the scope of the Fund was expanded to cover more and more employees, and many important changes were made to the operation of the Fund. In the 1950s and 60s, the Fund saw the creation of the first Judges' Retirement System. In the 1970s, the Excise Police and Conservation Enforcement Officers' Retirement Plan and the 1977 Police Officers' and Firefighters' Pension and Disability Fund were created to cover local units. (State police pensions, however, are not administered by PERF.) The Pension Relief Fund was created to assist cities and towns with the unfunded liability of the locally administered 1925 Police Pension Fund,¹ 1937 Firefighters Pension Fund,² and 1953 Police Pension Fund.³ It was also the time that PERF initiated a formal program to systematically amortize unfunded accrued liability, which was the foundation by which PERF's current fiscal stability was built. In the 1980s, the newest of the plans administered by PERF, the Legislators' Retirement System and the Prosecuting Attorneys' Retirement Fund in 1989, were created, as well as the Special Death Benefit Fund.

Like TRF, the PERF plan provides that Annuity Savings Accounts are accounts established for each member of PERF. The member's account is credited with the member's 3% contribution (whether paid by the member or "picked-up" by the employer), and under certain limitations, members may also voluntarily contribute

¹ See IC 36-8-6.

² See IC 36-8-7.

³ See IC 36-8-7.5.

up to an additional 10% of salary. The member has the opportunity to direct their accounts to a number of alternative investment options or may direct their account to the "guaranteed fund" earning interest at a rate determined by the Boards each year. These accounts produce an additional separate benefit from the fixed-formula employer-funded pension benefit.

A public referendum held in 1996 approved an amendment to the Indiana Constitution to allow TRF and PERF to invest in equities. Since that time, the Funds have been able to diversify their asset classes and grow their asset base. In 2000, legislation established that TRF and PERF were no longer to be state agencies but "independent bodies corporate and politic," meaning they are not departments or agencies of the state but are independent instrumentalities exercising essential government functions.

3. Administrative Integration of the Funds

Effective July 1, 2010, the Board of PERF and the Board of TRF were required to jointly appoint and fix the compensation of a common director. Each Fund is required to cooperate to the extent practicable and feasible in administering and investing the assets of the Funds and in hiring investment managers, investment advisors, and other service providers. This required change was not a merger of PERF and TRF and neither the assets nor the liabilities of one Fund become the assets and liabilities of the other.

The TRF Board provides fiduciary oversight to the Indiana State Teachers' Retirement Fund, and oversees the investment of the Pension Stabilization Fund.⁴ The PERF board provides fiduciary oversight to the following funds: Public Employees' Retirement Fund,⁵ 1977 Police Officers' and Firefighters' Pension and Disability Fund,⁶ Judges' Retirement System (which includes the 1977 Benefit System and the 1985 Benefit System),⁷ Legislators' Retirement System (which includes the Legislators' Defined Benefit Plan and the Legislators' Defined Contribution Plan),⁸ State Excise Police and Conservation Enforcement Officers' Retirement Plan,⁹ and Prosecuting Attorneys' Retirement Fund.¹⁰ Additionally, the PERF Board is charged with administering the Pension Relief Fund, which receives proceeds from the state, including lottery proceeds and cigarette and alcohol taxes.

4. Governing Law

PERF and TRF administer defined benefit plans under Internal Revenue Code Section 401(a) and are governed by federal law, the Indiana Constitution, Indiana

⁴ See IC 5-10.4-2-1 and IC 5-10.4-2-5.

⁵ See IC 5-10.3-2-1.

⁶ See IC 36-8-8.

⁷ See IC 33-38-6, 33-38-7, and 33-38-8.

⁸ See IC 2-3.5, 2-3.5-4, and 2-3.5-5.

⁹ See IC 5-10-5.5.

¹⁰ See IC 33-39-7.

Code, Indiana Administrative Code, and policies set by the Boards. Pursuant to Indiana law and the Internal Revenue Code, PERF and TRF must be operated for the exclusive benefit of, and solely in the interest of, each Fund's members and their beneficiaries. In order to provide the ensuing tax advantages to its members, PERF and TRF are required by Indiana law to meet all rules applicable to qualified plans under Section 401 of the Internal Revenue Code. In addition, PERF and TRF are trusts, exempt from taxation under Section 501 of the Internal Revenue Code and as an instrumentality of the State of Indiana. PERF and TRF do not fall under the Department of Labor and are not governed by ERISA, but as best practice try to follow ERISA.

Many of the statutes governing PERF and TRF are found in Title 5, Articles 10.2 (governing both Funds), 10.3 (PERF) and 10.4 (TRF) of the Indiana Code, and the rules promulgated by the Boards which are published in Title 35 (PERF) and Title 550 (TRF) of the Indiana Administrative Code.

5. Board Composition and Delegation

Indiana Code sections 5-10.3-3 (PERF) and 5-10.4-3 (TRF) establish the six-member boards of trustees, of which five trustees are appointed by the governor to serve four-year terms, and one trustee is the director of the State Budget Agency or the director's designee. At least two TRF trustees must be members of TRF. For PERF, at least one Board member must be a Fund member with at least ten years of service; at least one Board member must be a member of the Fund or a retired member of the Fund, or a member of a collective bargaining unit of state employees represented by a labor organization, or an officer or member of a local, national or international labor union that represents state or university employees and an Indiana resident; and not more than three PERF Board members may be members of the same political party.

The Indiana Code enumerates the duties and powers of the Boards, which include promulgating rules to administer the Funds, adopting an annual budget, and the ability to exercise all powers necessary, convenient, or appropriate to carry out and effectuate the Boards' public and corporate purposes and to conduct the Boards' business.¹¹ To this end, the Boards have delegated the day-to-day operations to the executive director and staff of the Funds, though oversight of the Funds remains with the Boards of Trustees.

The common executive director, jointly appointed by the two Boards, carries out the policies set by the Boards and administers the Funds on a daily basis. The executive director acts on behalf of the Boards, and is responsible for performing duties as assigned by the Boards, as well as maintaining a record of the Boards' proceedings and being responsible for the safekeeping of the books and records of the Funds, among other duties.¹²

¹¹ See IC 5-10.3-3 and 5-10.4-3.

¹² See IC 5-10.3-3-9, IC 5-10.4-3-5, and 550 IAC 2-1-4.6.

See Appendix J for the delegated duties of the Executive Director.

6. External Service Providers

PERF and TRF may hire outside advisors to assist in carrying out Fund responsibilities and to fulfill fiduciary duties. Such advisors may include but are not limited to: actuaries, custodians, investment consultants, investment managers, external legal counsel, annuity savings account recordkeeper, human resource consultants, information technology support, and other technical experts.

C. Board Duties and Responsibilities

1. Fiduciary Duty of the Boards

The members of the Boards of Trustees recognize that they serve as fiduciaries of their respective Funds. One of their primary responsibilities, in this regard, is the prudent investment of Fund assets. In addition, the Boards shall exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. Relatedly, the Boards must diversify the investments of the Funds in accordance with prudent investment standards.¹³

The Boards have a duty of undivided loyalty, and must be impartial in the exercise of such duty, to the members of their Funds, as all Fund assets must be used for the exclusive benefit of each Fund's covered members and their beneficiaries. No part of the corpus or income of the trust may be used for or diverted to any purpose other than for the exclusive benefit of the members or their beneficiaries of each Fund.¹⁴ Further, the Boards may not engage in any transactions prohibited by Internal Revenue Code Section 503(b).¹⁵ Board members or anyone acting on their behalf must comply with these provisions.

2. Compliance with Code of Ethics

Board members recognize that they are governed by a strict code of ethics. Because they believe that public confidence in the Board's integrity is essential not only for members of the Fund, but also for the public and taxpayers of the State of Indiana as well, they wish to ensure that their actions conform not only with the letter of the law but also with the spirit of the law. In accordance with the authority provided by IC 5-10.3-3-7(15) and IC 5-10.4-3-6(16), the Boards hereby reaffirm their intent to place the Funds under the jurisdiction of the State Ethics Commission

¹³ See IC 5-10.3-5-3 and 5-10.4-3-10.

¹⁴ See IC 5-10.2-2-1.5.

¹⁵ See IC 5-10.2-2-1.5(9). In general, a prohibited transaction under IRC 503(b) means any transaction which results in a diversion of the income or corpus of the trust to a trustee, a family member of the trustee, or a corporation controlled by the trustee.

and to be governed by the State Ethics Commissions rules. The Indiana Code of Ethics covers members of the Boards, Fund employees, other Fund staff, and some vendors (including, but not limited to, Consultants, Custodians, Investment Managers), and supersedes previous ethics policies adopted by the Boards. However, the executive director may adopt additional ethics-related policies covering the personnel of the Funds.

Below is a brief summary of the Indiana Code of Ethics promulgated pursuant to IC 4-2-6.¹⁶ A Board member is considered a special state appointee (“appointee”) for purposes of compliance with state ethics rules. For specific questions, Board members should consult with the executive director of the Funds.

- An appointee or former appointee shall not accept compensation from any employment, transaction, or investment which was entered into or made as a result of material information of a confidential nature.
- An appointee shall not knowingly accept a gift, favor, service, entertainment, food, drink, travel expenses, or registration fees from a person who has a business relationship with the appointee’s agency or is seeking to influence an action by the appointee, except as allowed by law.
- An appointee shall not engage in political activity, including solicitation of political contributions, from another when acting in an official capacity or from persons who have a business relationship with the appointee’s agency.
- An appointee shall not knowingly accept employment involving compensation of substantial value if the responsibilities are inherently incompatible with the responsibilities of the public office, or that would require the appointee to discuss confidential information.
- An appointee may not participate in any decision or vote that would financially benefit the appointee, the appointee’s immediate family, business organizations related to the appointee, or any person or organization with whom the appointee is negotiating prospective employment.
- An appointee shall not pay or accept compensation for the performance of official duties, except as provided by law.
- An appointee shall not divulge nor benefit from confidential information, except as provided by law.
- An appointee shall not use state materials, funds, property, personnel, facilities or equipment for a purpose other than official state business.

¹⁶ See 42 IAC 1.

- An appointee shall not accept employment or compensation as a lobbyist within 365 days after leaving the appointment.
- An appointee shall not accept employment or compensation from an employer within 365 days after leaving the appointment if the appointee in his/her capacity as an appointee engaged in contract negotiations or administration of the contract with the employer.
- Appointees shall be properly trained in the code of ethics by participating in ethics training within six weeks of appointment, and at least every two years during the appointee's tenure.

In addition to Indiana's Code of Ethics, there are similar ethics-related rules in the Funds' own governing statutes regarding self-dealing and conflicts of interest¹⁷, including the proscription that a trustee may not have any direct interest in the income of an investment made by the Board and may not receive any compensation for services connected with any investment made by the Board. State criminal law similarly addresses bribery, official misconduct, and conflicts of interest.¹⁸ Though Board members should not participate in a discussion or vote on a matter in which they have a financial interest, a trustee is not required to recuse themselves in a case where the connection with a matter affects the trustee only as a member of the general public or of a subgroup of the general public, such as members of a Fund as a whole. The above is intended as a summary and does not affect board members' rights or obligations under the law, including under the Indiana Code of Ethics.

3. Conflict of Interest Rules

Board members recognize that all Fund transactions and selections are to be based on the integrity and competence of the parties with whom the Fund is dealing and upon financial merit and benefit to Fund members and their beneficiaries, and not on personal relationships. Board members shall never act where there may be a conflict of interest or the appearance of a conflict of interest. They realize they occupy special positions of fiduciary trust and confidence such that each member must studiously and conscientiously avoid any reasonable appearance of conflict. A conflict of interest is understood to be presented in a situation wherein a relationship exists which could reasonably be expected to diminish independence or judgment in their performance of official responsibilities as a Board member. Accordingly, a Board member shall not engage in conduct that constitutes or involves a conflict of interest. It is the Board member's duty to determine if a potential conflict of interest exists, to avoid the conflict, if possible, or, where applicable, to disclose a conflict. If a Board member determines that a conflict of interest or potential conflict of interest exists, that individual shall have an

¹⁷ See IC 5-10.2-2-1.5 and IC 5-10.4-3-15.

¹⁸ See IC 35-44.

obligation to recuse themselves from participating in the matter. As provided above, the Board member should consult with the executive director on any specific questions.

In furtherance of the general principles stated above, the Board has adopted the following specific rules.

a. Contact with Vendors

It is the Board's policy that all contact with Investment Managers or others seeking a business relationship with the Fund should be directed to the executive director and staff, not to individual Board members. For example, during a manager, consultant or other professional search process, it is the Board's policy that no contact with prospective bidders and individual Board members is appropriate. However, the Board recognizes three exceptions to this general rule. First, this rule is not applicable to circumstances arising in the ordinary course of business of an individual that is unrelated to the individual's status as a Board member. Second, this rule is not applicable to contacts relating to Board business with vendors with whom the Board has a current existing fiduciary relationship. For example, Board members may contact an existing Investment Manager with any questions or concerns they might have with respect to a specific investment directed by that Investment Manager. Third, any other casual incidental contact with an existing or prospective vendor that a Board member has, not directed to specific Fund matters, will not pose a conflict but should be immediately disclosed to the executive director.

b. Speaking Engagements

A Board member may not accept any expenses, reimbursement, or honorarium for any speeches or presentations made in his or her capacity as a Board member. This rule does not apply to circumstances where the individual is speaking or presenting in a capacity unrelated to Board membership or as to which Board membership is simply recognized as a part of such member's professional experience. See *Section 8, Board Communications*, below for guidance on board communications generally.

4. Board Member Financial Reporting

PERF and TRF received an Advisory Opinion dated November 9, 2006, from the Indiana State Ethics Commission that board members are not required to file financial disclosure statements under IC 4-2-6-8 in their capacity as Board members.

5. Strategic Planning

To systematically plan for the immediate and long-term challenges and needs of the Funds, the staff and Boards will engage in a strategic planning process resulting in a strategic plan covering a three- to five-year timeframe. The executive director will initiate the strategic planning process and report to the Boards. The Boards will be responsible for:

- 1) Providing management with input on the strategic plan, including goals and strategic initiatives;
- 2) Approving the final strategic plan and operating budget to support the plan; and
- 3) Monitoring the implementation of the strategic plan.

Strategic planning is a continuous process; therefore the resulting strategic plan may be modified by the Boards as needed. The strategic plan should be revisited by staff at least annually, and an update should be provided to the Boards in advance of the Boards' annual approval of the budget.

6. Board Policy Development

Policy development should be a deliberate and proactive process. The general role of the executive director in the process is to assist the Boards in identifying the need for Board policy, to provide the Boards with analysis of the policy issues, and to develop proposed policy documents for the Boards' consideration. Policies regarding matters which have been delegated to the executive director and staff pursuant to Indiana Code and Appendix I do not require board approval and may be developed and approved by the executive director. Approval of a board policy will require a formal motion of the applicable Board, to be carried by a majority of voting Board members present.

Policies are to be formally reviewed as needed, or within the timeframe appropriate for each policy.

7. Board Education

Each Board member should complete a Board orientation when first appointed to the Board. Board members are also encouraged to complete twelve hours of education annually. Topics may include the following:

- 1) Fiduciary duties and responsibilities of a trustee;
- 2) Ethics;
- 3) Governance process and procedure;
- 4) Retirement plan design and administration;
- 5) Investments; and
- 6) Actuarial principles and methods.

It is the intent of the Boards to meet annually for an educational retreat organized by the executive director. Board members may also participate in education programs conducted by staff, approved representatives, and/or external organizations. Subject to the executive director's advance approval, each trustee is entitled to reimbursement for reasonable educational expenses actually incurred. See section *Board Travel and Reimbursement* for reimbursement procedures.

Finally, as noted above, all special state appointees must complete ethics training within six weeks of appointment and every two years during their tenure.¹⁹ The on-line training can be found at www.in.gov/ethics/training.

8. Board Communications

Board members should refrain from advising Fund members as to the rights and benefits to which a member or beneficiary may be entitled under the Funds, to the extent the trustee does not have such information. In cases where a member or beneficiary contacts a Board member with questions pertaining to personal situations or benefits matters, the member or beneficiary may be referred directly to the executive director and/or appropriate staff member to handle the issue.

In external communications, Board members should:

- Limit commentary in public settings to existing board policies or decisions;
- Speak on behalf of the Board only when explicitly authorized to do so by the Board;
- Clearly indicate when he or she is representing a personal position, opinion or analysis that is not necessarily a Board-approved position; and
- Indicate if he or she is speaking in a capacity other than that of a Board member.

The executive director and chief communication officer and/or their designees will serve as the primary contacts for media and other public inquiries and will serve as spokespersons for the Funds. When Board members are speaking on behalf of the Funds, the topic and speech notes should be reviewed and approved by the executive director. If a Board member is contacted by the media, an investment professional, or other member of the public, the trustee shall direct such individual to the executive director and notify the executive director immediately. If a Board member is interviewed by the media, the Board member should clarify that they are speaking as an individual Board member and not on behalf of the Board.

Confidentiality of Member Information: Board members may, from time to time, have access to personal data pertaining to PERF, TRF and other Fund

¹⁹ See 42 IAC 1-4-1.

members. Board members will not divulge or communicate such information to any person or organization, except as permitted by law.²⁰

D. Board Procedure and Positions

1. Meetings

Attendance at board meetings is considered to be an essential element of a Board member's fiduciary duty. Therefore, members are expected to attend all meetings unless there are extenuating circumstances that prevent such attendance.

The Boards determine and approve a regular meeting schedule on an annual basis in advance of each calendar year. Changes in the approved schedule may be made by agreement of the Boards, and special meetings may be called by the chairperson/president or by written request of at least three trustees. A quorum (four members) must be present in person, or participating by means allowing simultaneous communication,²¹ to take final action. Each member is entitled to one vote, and final action can be taken on a majority vote of the trustees present (or participating by means allowing simultaneous communication²²) at the meeting.

Generally, the executive director will distribute meeting agendas and materials in advance of the meeting. Further, the executive director will have the investment staff and finance staff provide routine reports to the Boards at regular board meetings.

The PERF and TRF Boards of Trustees are subject to Indiana's Open Door Law.²³ Therefore, when a quorum of trustees is present, the meeting must be open to the public and must follow prescribed rules on public notice and memoranda. The Boards, however, may convene an executive session under a limited set of exceptions,²⁴ where attendance is closed to the public, though any final action must be taken at a meeting open to the public.

A series of meetings among board members may constitute a meeting in violation of the Open Door Law if the board members meet in a series of at least two gatherings and the gatherings meet the following criteria: (1) One of the gatherings is attended by at least three board members but less than four members (a quorum) and the other gathering(s) include at least two board members; (2) The sum of the attending board members equals at least a quorum (four members); (3) All the gatherings concern the same subject matter and are held within a period of not more than seven consecutive days; and (4) The gatherings are held to take "official action" on public business. A gathering can occur by telephone or other

²⁰ See IC 5-10.2-2-17 and 550 IAC 2-9-6.4.

²¹ See IC 5-10.2-2-16.

²² See IC 5-10.2-2-16.

²³ Indiana's Open Door Law is outlined at IC 5-14-1.5.

²⁴ See IC 5-14-1.5-6.1.

electronic means, excluding electronic mail.²⁵ "Official action" means not only making decisions, but also includes the receipt of information and deliberation.

The rules contained in the current edition of *Robert's Rules of Order* should generally guide all proceedings of the board insofar as they are applicable and not inconsistent with any of the laws or policies governing the Boards. Special note should be made of the rules providing for procedure in small boards. Since Robert's Rules is a guide, minor violations of strict and formal adherence to these rules will not invalidate action or decisions made by the Boards. See Appendix K for a brief summary of *Robert's Rules of Order Newly Revised*.

2. Board Positions and Committees

At a board meeting held on or before September, the TRF Board shall annually elect a president, vice president, and secretary from among its trustees to serve as officers of the Board. The TRF officers shall serve terms of one year or until the officers' successors are elected and qualified.²⁶

The PERF Board shall hold an annual meeting each November.²⁷ PERF Board members shall elect a chairperson and vice-chairperson at or before the annual meeting to serve a term of one year or until successors are elected by the PERF Board. For both Funds, officers are elected by a majority of the applicable Board members present (or participating by means allowing simultaneous communication²⁸) at the annual meeting.

The following are the duties of each officer:

PERF Chairperson/TRF President: This officer shall conduct all meetings, may assist the executive director in preparing the agenda, and has the ability to call special meetings.

PERF Vice-Chairperson/TRF Vice President: This officer shall conduct board meetings in the absence of the chairperson/president.

TRF Secretary: This officer shall review the memoranda of the TRF board meeting in advance of the next meeting of the TRF Board.

Committees of the PERF and TRF Boards

The PERF Board and the TRF Board shall have the following joint committees: Investment Committee and Audit Committee. Please see Appendices B and D for the Charter of each committee.

²⁵ See IC 5-14-1.5-3.1.

²⁶ See IC 5-10.4-3-3.

²⁷ See IC 5-10.3-3-5.

²⁸ See IC 5-10.2-2-16.

3. Board Travel and Reimbursement

PERF Board trustees are entitled to receive reimbursement for necessary and reasonable expenses actually incurred through service on the Boards.²⁹ TRF Board trustees receive the same per diem, mileage, and travel allowances paid to members of the general assembly serving on interim study committees established by the legislative council, except the budget agency trustee is only entitled to reimbursement for necessary expenses actually incurred through service on the TRF Board.³⁰ When the same individual is named to both the PERF and TRF Boards, each individual is only entitled to a single reimbursement per expense (for example, for parking costs and mileage expenses), and the expense will be shared by the two Funds. Further, when the same individual is named to both Boards, any meals separately purchased by a trustee will come out of his/her TRF per diem. Board members are subject to the reimbursement procedures contained in the *PERF and TRF Travel Policy*, which are as follows:

A Request For Travel Approval form must be completed and approved by the executive director prior to travel. This does not apply to anticipated travel to board meetings and retreats.

An *Expense Report* with itemized original receipts or other supporting documentation, such as Mapquest.com distance maps, must be submitted for travel reimbursement.

Original receipts are required for all reimbursable expenses, though the Funds will allow reimbursement of incidental expenses under \$25.00.

Registration fees for educational conferences should be billed to the Funds directly, when possible.

If renting a car, trustees should request insurance coverage, unless the travel begins and ends in Indiana and the trustee is using an approved state of Indiana vendor, as coverage is already provided under a contract with the State of Indiana.

Board members may consult with the executive director for guidance on specific questions, and the executive assistant to the executive director may assist with the completion of travel forms.

²⁹ See IC 5-10.3-3-4.

³⁰ See IC 5-10.4-3-4.

E. Board Policies

The appendices provided hereafter are additional policies approved by the Boards. Board policies may be added below by separate adoption of the individual policy by the Boards.

Appendix A. Investment Policy Statements

Investment Policy Statements currently exist separately for PERF and TRF.

Appendix B. Investment Committee Charter

**Indiana Public Employees' Retirement Fund
and
Indiana State Teachers' Retirement Fund**

Investment Committee Charter

A. Purpose of Investment Committee

The purpose of the Indiana Public Employees' Retirement Fund ("PERF") and Indiana State Teachers' Retirement Fund ("TRF", and together with PERF, the "Funds") Investment Committee (the "Committee") is designed to provide additional oversight through more in-depth deliberations on topics specifically pertaining to the investment portfolio and department, so as to allow the PERF Board of Trustees and the TRF Board of Trustees (together, the "Boards") the ability to better carry-out their fiduciary duties. The Committee has not been delegated any authority to take official action, and as such, will merely be a vehicle for designated board members to serve as well-informed liaisons between the Investment Department and the PERF and TRF Boards of Trustees.

B. Roles and Responsibilities of the Investment Committee

The list of roles and responsibilities below is meant to capture the type of issues the Committee may consider, but is not meant to be an exhaustive list of topics or to require consideration of these topics.

1. The Committee may examine externally managed portfolios, individual investments, correlation among portfolios, and such other matters as the Committee deems appropriate for the purpose of understanding, measuring, controlling, monitoring, and reporting investment exposure.
2. The Committee may review investment manager selections under consideration by Investment Department Staff, as well as reductions or increases in allocations to existing managers.
3. The Committee may examine existing investment managers, consultants and custodians.
4. The Committee may review requests from portfolio managers for waivers from requirements of their Management Agreements and/or the PERF/TRF Investment Policy Statement.
5. The Committee may review potential termination recommendations prepared by the Investment Department.

6. The Committee may review brokerage executions, as well as portfolio transitions and the effectiveness of the transition managers.
7. The Committee may review internal investment procedures and external investment manager guidelines.
8. The Committee may review the Investment Department implementation of risk mitigation strategies, tools, and procedures.
9. The Committee may review the Funds' rebalancing policy, securities lending program, proxy voting policy, and potential securities litigation.
10. The Committee may assist with establishing procedures for the methodology and frequency of review of i) fund, asset class, and portfolio performance, ii) performance attribution, iii) allocation within asset classes, and iv) risk levels.
11. The Committee members may report back to the Boards as appropriate.
12. The Committee may conduct periodic round table discussions of the economic and investment environment and Fund investment strategy.
13. The Committee may review potential investment initiatives, as well as newly-implemented initiatives and other programs in place within the Investment Department.

C. Membership

No more than three members of the Boards shall serve on the Investment Committee or be present at a Committee meeting. The Chairman of the Boards shall designate who will serve on the Committee. The Chief Investment Officer (CIO), or his designee, will be present at all Committee meetings. The Executive Director (ED) may also be present, as well as other members of the Funds' Staff as directed by the CIO or ED. Investment consultants, investment managers, and other advisors may also be invited to provide educational or Fund-specific information.

D. Meetings

The Committee shall meet on an ad hoc basis as requested by the Executive Director or at the request of two members of the Committee.

Because no authority for official action has been delegated to the Investment Committee, all meetings will be held for the purpose of information sharing only and no meeting shall include a quorum of Board members. As such, all duties retained by the Boards as outlined in the Board Governance Manual remain unchanged, and all duties delegated by the Boards to the Executive Director and Staff are likewise unaffected by the creation and functioning of the Investment Committee.

Appendix C. Internal Audit Department Charter

**Indiana Public Employees' Retirement Fund
and
Indiana State Teachers' Retirement Fund**

**Internal Audit Department Charter
First Approved on November 19, 2010**

Purpose:

The Internal Audit Department is an analytical and evaluative function established by the Boards of Trustees ("Boards") of the Indiana Public Employees' Retirement Fund and the Indiana State Teachers' Retirement Fund to independently examine and evaluate the activities and conditions of the Funds as a service to the Boards in particular and to fund management in general. The Internal Audit Department is to assist the Funds in accomplishing its objectives primarily through risk analysis; examining and evaluating the adequacy and effectiveness of internal controls implemented by the Funds' management; and evaluating the effectiveness of processes and procedures.

The Internal Audit Department is functionally responsible to the Boards and, for administrative purposes, will report to the Executive Director of the Funds. The Internal Audit Department will have no executive or managerial powers or duties at the Funds except those relating to the management of the Internal Audit operation.

Authority:

Subject to the approval of the Boards, and in conjunction with the Executive Director, the Internal Audit Department is authorized to:

Conduct a broad, comprehensive risk assessment;

Decide on the nature, scope, and timing of audits;

Enter all premises of the Funds, subject to reasonable security procedures, and have access to and inspect all systems, accounts, documents, and records;

Require any employee of the Funds to supply such information and explanations relevant to the performance of an audit as may be needed;

Have discussions with employees of the Funds at any reasonable time; and

Assist in the selection and coordinate specialized services for audits requiring these services.

The Internal Audit Department will have authority to review all areas related to the Funds operations. There will be no unreasonable limitations on the scope of the duties exercised by the Internal Audit Department. Where the need is indicated, special arrangements will be made for the examination of confidential information. Internal auditors will exercise due diligence in the safeguarding and use of these resources.

Except as required by law, all information gathered and workpapers generated shall be held in confidence by the Internal Audit Department. Dissemination, except under extraordinary circumstances, shall be limited to the reports or other memoranda issued by the Internal Audit Department.

Professional Standards and Ethics:

The Internal Audit Department will operate under the guidelines of the Institute of Internal Auditors' *Code of Ethics and International Standards for the Professional Practice of Internal Auditing* and these standards are incorporated by reference.

Internal auditors will have sufficient knowledge, skills, and training to effectively meet the requirements of this Charter.

Independence:

Internal auditors are and will remain independent of the Funds' activities or operations they review, and will not be involved in the day-to-day operations of the Funds. The Internal Audit Department will not be involved in the implementation of internal control systems, processes or procedures; however, it may be consulted on the adequacy of these items.

Responsibilities:

The Internal Audit Department is entrusted with the responsibility and duties listed below and will be accountable to the Boards with oversight from the Executive Director to carry out duties and responsibilities within the context of audits performed:

- Review annually the Internal Audit Charter for any significant changes in policies and current audit practices, and obtain the Boards' approval.
- Perform, or assist in the performance of, a Risk Assessment annually to determine the exposure of the Funds to risk and establish the direction and approach of audits. Based on the results of the risk assessment, prepare a detailed annual Audit Plan for submission to the Boards for approval.

- Prepare proposed budget and staffing needs for the Internal Audit Department for management to present to the Boards for fiscal year budget approval.
- Develop and establish policies and procedures as needed for conducting internal audit activities and reporting.
- Review the policies, procedures and management controls of the Funds to ensure that activities are properly managed and fulfilled in a cost-effective manner representing the best interests of members.
- Review systems and operations to assess the extent to which organizational objectives are achieved, and the adequacy of controls over activities leading to achievement of these objectives.
- Evaluate the relevance, reliability and integrity of financial and management information.
- Evaluate the use of resources with regard to economy, efficiency and effectiveness.
- Assess the means of safeguarding assets and verifying their existence.
- Ascertain the extent of compliance with internal controls, fiduciary standards, policies, procedures, laws and regulations.
- Recommend improvements in procedures and systems to prevent waste, extravagance and fraud or to improve efficiency and effectiveness.
- Provide counsel and advice to management and the Boards on appropriate systems of controls and other accounting and operational matters in a consulting capacity.
- Participate as an advisor in the planning, design, development, and implementation phases of manual and automated systems to determine whether:
 - Adequate controls are incorporated in the system;
 - Thorough systems testing is performed at appropriate stages; and
 - Systems documentation is maintained, complete, and accurate.
- Carry out ad hoc appraisals, inspections, investigations, examinations or reviews requested by the Boards or management.
- Contract with external service providers regarding assistance with specialized audit-related activities (e.g., specialized audits, investigations, consulting engagements, etc.).
- Coordinate with the Funds external auditors to ensure all significant risks are addressed.
- Facilitate the work of any external (contracted) auditors hired by the Funds.
- Follow-up on audit findings identified by both internal and external audits and report to management the status of these findings.

- Draw attention and report to management and the Boards on failure to take remedial action.

Reporting:

The Internal Audit Department will report the following:

- Results of the annual Risk Assessment and resultant Audit Plan to the Boards for approval.
- Any changes to the annual Audit Plan and projects requested by management to the Boards for approval.
- A draft written report of audit results to the auditee as soon as practicable upon completion of each audit and produce a final report for the auditee and Executive Director.
- A Dashboard Report to the Boards providing a summary of the audit scope and the findings, as well as, a detailed Project Report, including the background of the project, procedures performed, and where applicable, management's action plans. Additionally, a copy of the Observation Tracking log will be provided on a semi-annual basis.

Appendix D. Internal Audit Committee Charter

**Indiana Public Employees' Retirement Fund
and
Indiana State Teachers' Retirement Fund**

Internal Audit Committee Charter

A. Purpose of Audit Committee

The purpose of the Indiana Public Employees' Retirement Fund ("PERF") and Indiana State Teachers' Retirement Fund ("TRF", and together with PERF, the "Funds") Audit Committee is to provide an opportunity to provide more in-depth oversight of the PERF/TRF Internal Audit Department processes and procedures, so as to allow the PERF Board of Trustees and the TRF Board of Trustees the ability to better carry-out their fiduciary duties. The Committee has not been delegated any authority to take official action, and as such, will merely serve as a vehicle for designated board members to serve as well-informed liaisons between the Internal Audit Department and the PERF and TRF Boards of Trustees.

B. Roles and Responsibilities of the Audit Committee

The list of roles and responsibilities below is meant to capture the type of issues the Committee may consider, but is not meant to be an exhaustive list of topics or to require consideration of these topics.

1. The Committee may review the draft Internal Audit Plan and any proposed changes to the Plan.
2. The Committee may review completed Internal Audit reports.
3. The Committee may monitor the overall tone of the quality of financial reporting, the soundness of business risk practices, and the level of ethical behavior.
4. The Committee may discuss the Funds' risk management program and processes.
5. The Committee may review the Funds' anti-fraud programs and internal controls.

6. The Committee may discuss the progress of the annual external audit by the State Board of Accounts, as well as any resulting Independent Auditor's Report or Internal Control Report (SAS115).
7. The Committee may review the annual audited financial statements of the Funds.
8. The Committee may review the overall functioning of the Internal Audit Department, including the Department's staffing.
9. The Committee members may report back to the Boards as needed.
10. The Committee may conduct periodic round table discussions of national trends in the field of internal audit, and initiatives of the Institute of Internal Auditors and other industry groups.
11. The Committee endeavors to review this Internal Audit Committee Charter on an annual basis.

C. Membership

No more than three members of the Boards of Trustees shall serve on the Audit Committee or be present at an Audit Committee meeting. The Chairman/President of the Boards shall designate who will serve on the Committee. The Chief Internal Audit (CIA), or her designee, will be present at all Internal Audit Committee meetings. The Executive Director (ED) may also be present, as well as other members of the Funds' Staff as directed by the CIA or ED. Internal Audit consultants and other advisors may also be invited to provide educational or Fund-specific information.

D. Meetings

The Internal Audit Committee shall meet on an ad hoc basis as requested by the Executive Director or at the request of two members of the Committee.

Because no authority for official action has been delegated to the Internal Audit Committee, all meetings will be held for the purpose of information sharing only and no meeting shall include a quorum of board members. As such, all duties retained by the Boards as outlined in the Board Governance Manual remain unchanged, and all duties delegated by the Boards to the Executive Director and Staff are likewise unaffected by the creation and functioning of the Internal Audit Committee.

Appendix E. Risk Management Policy

Indiana Public Employees' Retirement Fund and Indiana State Teachers' Retirement Fund

Risk Management Policy

Intent

The Indiana Teachers' Retirement Fund and Public Employees' Retirement Fund ("TRF/PERF") Boards of Trustees have approved the introduction and embedding of risk management into the key controls and approval processes of all major business processes and functions of TRF/PERF.

Risk is inherent in all administrative and investment activities, and every TRF/PERF Trustee, TRF/PERF employee, and TRF/PERF service provider continuously manages risk. TRF/PERF recognizes that the aim of risk management is not to eliminate risk totally, but rather to provide the structural means to identify, prioritize, and manage the risks involved in all TRF/PERF activities. It requires a balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

TRF/PERF acknowledges that risk management is an essential element in the framework of good governance and is an integral part of good management practice. The intent is to embed risk management in a very practical way into business processes and functions via key approval processes, review processes and controls—not to impose risk management as an extra requirement.

TRF/PERF acknowledges that risk can fall into many categories such as, but not limited to, market, credit, legal, regulatory, political, operational, strategic, headline, reputational, event, country, and model.

TRF/PERF recognizes that the implementation of this policy is an on-going process and that the treatment of risks can change over time.

Policy objectives

The Risk Management Policy has been created to:

Protect TRF/PERF from those risks of significant likelihood and consequence in the pursuit of TRF/PERF's stated strategic goals and objectives;

Provide a consistent risk management framework in which the risks concerning business processes and functions of TRF/PERF will be identified, considered and addressed in key approval, review and control processes;

Encourage pro-active rather than re-active management;

Provide assistance to and improve the quality of decision making throughout TRF/PERF;

Assist in safeguarding TRF/PERF assets—people, finance, property and reputation.

Policy statement

TRF/PERF adopts the Risk Management approach and general methodology specified in the ISO31000:2009 Risk Management Standard.

All TRF/PERF business processes and functions will adopt a risk management approach consistent with the ISO31000:2009 Risk Management Standard in their approval, review and control processes. The generic TRF/PERF risk management approach and methodology for this purpose is as set out in the TRF/PERF Risk Management Handbook, as approved by the Executive Director from time-to-time.

The responsible manager for each TRF/PERF business process and function shall develop a form of risk management approach and associated documentation appropriate to their domain, which will be approved by the Executive Director.

Policy scope

This policy is applicable to all areas of TRF/PERF, including:

Investment Management

Finance

Benefits

Communications

Administration

Compliance, Legal and Audit

Responsibilities

Overall

Everyone in TRF/PERF has a role in the effective management of risk. All staff should actively participate in identifying potential risks in their area and contribute to the implementation of appropriate treatment actions.

Governance

The Executive Director will be responsible on behalf of the Board of Trustees for ensuring that a risk management system is established, implemented and maintained in accordance with this policy.

The Compliance function will be responsible to the Executive Director and the Board of Trustees for oversight and assurance of the processes for the identification and assessment of the strategic-level risk environment.

Operational

The TRF/PERF Boards of Trustees have delegated responsibility for oversight and implementation of this policy to the Executive Director.

The Executive Director will ensure risk management is embedded into the key controls and approval processes of all major business processes and functions. Department officers and directors will be responsible to the Executive Director for the implementation of this policy within their respective areas of responsibility.

Department officers and directors will be responsible for insuring that all third party service parties to TRF/PERF have the appropriate level of risk management policies implemented within their respective entities. Wherever practical, risk management capabilities will be a required element of vendor responses to RFP's and will be a criterion when selecting third party service providers.

The Compliance function will provide reports to department officers/directors, the Executive Director, and the TRF/PERF Boards of Trustees on the status of risk management implementation and effectiveness across TRF/PERF; and will periodically report on the identification and assessment of major, strategic risk levels.

Communication

This policy is to be made available to all TRF/PERF staff and observed by all members of staff.

This policy will be made available to the public and will accessible on the TRF/PERF website.

There will be an ongoing professional development and educational strategy to accompany the implementation of this policy.

Definitions

Definitions are taken from the ISO31000:2009 Risk Management Standard, with some modifications as appropriate to the particular TRF/PERF context.

A complete listing of methodology definitions related to risk management at TRF/PERF is included in the ISO31000:2009 Risk Management Standard.

Key definitions are:

Risk - The effect of uncertainty on objectives.

Risk Management - Coordinated activities to direct and control an organization with regard to risk.

Risk Management Framework - Set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

Risk Management Policy - Statement of overall intentions and direction of an organization related to risk management.

Risk Management Plan – Scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk.

Risk Management Process - The systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring, and reviewing risk.

Risk Assessment - The overall process of risk identification, risk analysis and risk evaluation.

Exclusions

There are no exclusions. This policy applies to all areas of TRF/PERF.

Appendix F. Procurement Policy

**Indiana Public Employees' Retirement Fund
and
Indiana State Teachers' Retirement Fund**

GENERAL, INVESTMENT AND REAL ESTATE PROCUREMENT POLICY

The Boards of Trustees (the "Board(s)") of the Public Employees' Retirement Fund and the Indiana State Teachers' Retirement Fund (hereinafter referred to collectively as "Fund(s)") are committed to utilizing a public and competitive process in making their general procurement decisions whenever a public process is feasible and does not conflict with the purposes of the Funds. The Boards of Trustees intend to review this policy and make any necessary changes at least every three (3) years.

Procurement Authority

(a) The Executive Director shall have the full and complete authority to enter into all contracts on behalf of the Fund for the procurement of goods and services pursuant to this policy.

(b) The Executive Director may appoint one (1) or more persons employed by the Funds to supervise and manage the procurement of goods and services. This person shall have such authority as may be set forth in this policy or as may be delegated by the Executive Director.

Procurement Policy

(a) In all procurement decisions, the Executive Director shall take into account the particularly sensitive nature of the Funds and shall consider the competence, quality of product, experience, and timely performance of the vendors in order to promote and ensure security, fairness, and integrity in the procurement process.

(b) All decisions made under this policy by the Executive Director or the Executive Director's designee shall be final except as otherwise specifically set forth in this policy.

(c) The Boards intend to operate with written contracts whenever feasible.

(d) While this policy is intended to control the procurement of investment consulting, custodian, and investment management services, the Funds' Investment Policy Statement ("IPS") shall control in circumstances where a conflict exists, including alternative investment agreement contract terms.

A. **GENERAL PROCUREMENT**

Applicability

The procurement methods described in this Section A, *General Procurement*, apply to every expenditure of the Funds under any contract or licensing agreement for the procurement of goods or services, except for the following:

- (1) Contracts for the acquisition, leasing, or disposition of real property, including goods or services provided as part of, or related to, a lease of real property. (For non-investment real property procurement, see Section B, *Lease/Purchase of Real Property*, below.)
- (2) Any contract or memorandum of understanding with a state agency, state official, or any other body corporate and politic of this state, unless special procurement is determined necessary. (For procurement from state agencies, see Section C, *Contracts with State Agencies*, below.)
- (3) Employment contracts with individuals.
- (4) Amendments, modifications, or extensions of existing contracts, unless the predominate purpose of an amendment or modification is to avoid the applicability of this policy.
- (5) Contracts for employee benefit/plans and related services for employees of the Funds.
- (6) Contracts for maintenance agreements for products previously contracted where there is a single source of service for a fixed amount.
- (7) For investment consulting, custodian, and investment management services, these general procurement policies shall apply, unless otherwise indicated. If an emergency exists with respect to any Fund assets, the Executive Director or the Board of Trustees may take any actions they deem necessary and appropriate to safeguard the assets for a temporary period, until permanent disposition of those assets can be made under this policy.

General Procurement Methods

Except as provided above, the Executive Director or the Executive Director's designee shall procure goods or services through the use of one of the following procurement methods or any combination thereof:

- (1) Request for Information & Proposals.
- (2) Special procurement.
- (3) Small purchases.
- (4) Shared List.
- (5) Any other method or process which is approved by the Board(s) of Trustees of the Fund(s) for a specific contract, or series of contracts, for goods or services, including, but not limited to, use of requests for information or prequalification.

Request for Proposals

(a) The Executive Director may award a contract using the procedure in this section.

(b) Unless one of the other methods applies, proposals shall be solicited through a request for proposals (RFP) or a request for proposal after issuing a request for information (RFI). A RFP must include the following:

- (1) Factors or criteria that will be used in evaluating the proposals.
- (2) General statement concerning the relative importance of price and the other evaluation factors.

(c) It is the intent of the Boards of Trustees of the Funds to promote the purchase of supplies manufactured in the United States, unless the supplies are not manufactured in the United States in reasonably available quantities, the price of supplies manufactured in the United States exceeds by an unreasonable amount the price of available and comparable supplies manufactured outside the United States, the quality of the supplies is substantially less than the quality of comparably priced available supplies manufactured outside the United States, or the purchase of supplies manufactured in the United States is not in the public interest, or the interest of the Funds.

(d) Public notice shall be given in the manner described in this policy.

(e) Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of negotiation.

(f) A register of proposals shall be prepared and must be open for public inspection after contract award. The register of proposals must contain the following:

- (1) Copy of the request for proposals.
- (2) Listing of all proposals received.
- (1) General basis on which award was made.
- (2) Entire contents of the contract file except for proprietary information or financial information which was not required to be made public by the terms of the request for proposal itself.

(g) If a RFI is utilized, then the following procedure will be used:

- (1) The Fund will publish the RFI pursuant to procedures set out in subsection (k).
- (2) The Fund will review all RFI responses received.
- (3) The Fund will determine the general basis on which an RFP will be issued.
- (4) The Fund will issue an RFP in accordance with the provisions of this policy.
- (5) The Fund will develop a register of proposals, as required in subsection (f).

(h) The request for proposal will contain a clear statement as to whether or not any communication with the Fund(s) may be initiated by a respondent after publication of the request for proposal and before final selection, what may be contained in such communication, whom the respondent may contact, and whether or not the Fund(s) will respond. However, the Fund(s) reserves the right to discuss any part of any response at any time for the purpose of clarification. Except for the purpose of clarification and as otherwise provided in the request for proposal, no member of the Boards of Trustees, employee of the Fund(s), or consultant or advisor to the Fund(s) shall have any communications with a respondent or a representative of the respondent about the respondent's proposal or the request for proposal after publication and before final selection. Respondents must be given equal access to any communications about the request for proposal between the Fund(s) and other respondents. The Fund(s) will make available a recapitulation of the subject matter of any communication and the response of the Fund(s). The

Fund(s) may make such information available by posting it on the internet. Respondents must be accorded fair and equitable treatment with respect to any opportunity for discussion and revision of proposals. In conducting any communications, there must be no disclosure of any information derived from proposals submitted by competing respondents.

(i) Award shall be made to the responsible respondent whose proposal is determined in writing to be most advantageous to the Fund(s), taking into consideration price and other evaluation factors set forth in the request for proposal.

(j) The only factors or criteria that may be used in the evaluation of proposals are those specified in the request for proposal.

(k) Public notice of a request for proposal shall be made by publication at least five days in one (1) newspaper of general circulation in Marion County, Indiana. The Executive Director may designate additional newspapers or publications for the publication of notice according to the nature of the procurement. The Executive Director may send notices or requests for proposals by mail to prospective bidders or offerors known to the Executive Director to be reasonably susceptible to award of the contract. However, failure to give notice to a particular bidder or offeror does not invalidate a procurement under this policy.

Special Procurement

(a) Notwithstanding any other provision of this policy, the Executive Director may make, or authorize others to make, special procurements:

- (1) when the compatibility of equipment, accessories, replacement parts, or the current business process/continuation of flow is a substantial consideration in the procurement and only a limited number of sources meet the Fund's reasonable requirements;
- (2) when time is of the essence due to an exigency or emergency when the urgency for the requirement will not permit a delay incident to competitive solicitation;
- (3) when the Executive Director, or the Executive Director's designee, states in writing the determination that there is only one (1) appropriate or viable source for the required supply or service. A copy of such determination shall be made a part of the contract file;
- (4) when after solicitation of a number of sources, competition is determined inadequate;

- (5) when there exists a unique opportunity to obtain supplies or services at a substantial savings;
- (6) when supplies can be purchased at prices equal to or less than prices stipulated in current federal supply service schedules established by the federal General Services Administration and it is advantageous to the Fund's interest in efficiency and economy; or
- (7) when there is a reallocation of investment services within a current service provider's contract.

(b) A special procurement must be made with such competition (if any) as is practicable under the circumstances as determined by the Executive Director.

(c) Any time the special procurement process is used, a written determination identifying the basis for the special procurement, signed by the Executive Director, must be included in the contract file.

Small Purchases

The Procurement Department with approval from the Legal Department may recommend in writing to the Executive Director that a contract in an amount which does not exceed one hundred thousand dollars (\$100,000) (based on the total length of the contract including renewal options) be entered into without utilizing the competitive bidding process. The written recommendation must include information regarding the reasons why engaging in a competitive bidding process would not be cost effective; in addition, more than one (1) price quote must be obtained for any procurement valued in excess of twenty-five thousand dollars (\$25,000) where practicable. This small purchase provision shall not apply to the acquisition of goods or services under a series of contracts if the predominate purpose of the series of contracts is to avoid otherwise applicable provisions of this policy. The written recommendation must be included in the contract file if a contract is executed based on the recommendation.

Shared List

(a) When the Executive Director determines that it is in the best interest of the Fund(s), the Executive Director may, or authorize others to, enter into a contract with a vendor selected by another state agency, state official or any other body corporate or politic of the state, following a request for proposal process similar to the Fund's, taking into account timing (RFP issuance not to exceed 12 months prior to the contract date), and nature of the request for proposal process conducted by such other state agency, state official or any other body corporate or politic of the state.

(b) When the Executive Director determines that it is in the best interest of the Fund, the Executive Director may, or authorize others to, enter into a contract with a vendor listed on the state's quantity purchase agreement (QPA) list.

Cancellation; Rejection; Amendment of Solicitations

(a) When the Executive Director determines that it is in the best interests of the Fund(s), any request for proposal may be withdrawn or canceled. Additionally, the Executive Director may reject in whole or in part any bids, proposals, or offers that have been submitted at any time prior to the effective date of the resulting contract.

(b) The reasons for the withdrawal, cancellation or rejection must be made a part of the record.

(c) The Executive Director may amend any solicitation in any manner provided that notice is given in a manner reasonably calculated by the Executive Director to provide fair and equitable notice to the potential vendors.

Disclosure Requirements for Procurements

(a) All respondents shall submit the information required by the process at the time of submission of its bid, proposal, or offer. Immediately prior to execution of a contract by a vendor, the vendor shall update the disclosures. The vendor shall be under a continuous duty to correct any such information as may be later found to have been incorrect or incomplete when submitted, in accordance with the provisions of the vendor's contract.

(b) The Executive Director may require such additional disclosures as may be desired for the purpose of enforcing, auditing, investigating, or confirming the accuracy of the disclosures or for any proper purpose.

Contract Terms

No initial term of contract shall obligate the Fund for a period in excess of five (5) years. That said, a contract may contain one (1) or more option periods or provisions for extensions of the contract term, provided that:

- (1) any individual option period or extension does not exceed five (5) years in duration; and
- (2) any individual option period or extension may become effective only upon the specific, affirmative exercise of the option, or the specific, affirmative agreement to the extension, by the Executive

Director; and

- (3) the total length including renewals of any contract shall not exceed ten (10) years.

This provision only applies to agreements for alternative investments, such as private equity, private real estate, and hedge funds, to the extent contract terms are not otherwise addressed in the IPS.

B. LEASES/PURCHASE OF REAL PROPERTY

Authority to Lease or Purchase Real Property

(a) The Executive Director of the Fund(s) shall have the authority to lease, sublease or purchase any real property necessary for the efficient operation of the Fund(s) and for conducting of the business of the Fund(s) including, but not limited to, office space, warehouse facilities, parking facilities, and fixtures and improvements related thereto and services related to the use and occupancy of the property.

(b) The term of a lease may not exceed four (4) years without the prior approval of the Board(s) of Trustees of the Fund(s).

(c) The lease may contain option periods or extensions of the lease term provided that:

- (1) no individual option period or extension period may be more than four (4) years in duration; and
- (2) the option period or extension period becomes effective only upon the specific, affirmative exercise of the option period, or the specific, affirmative agreement to the extension, by the Executive Director.

C. CONTRACTS WITH STATE AGENCIES

Authority to Contract with State Agencies

The Funds may contract with any state agency, state official, or any other body corporate and politic of this state, provided that the term of such contract or memorandum of understanding does not exceed five (5) years. That said, a contract may contain one (1) or more option periods or provisions for extensions of the contract term, provided that:

- (1) any individual option period or extension does not exceed five (5)

years in duration; and

- (2) any individual option period or extension may become effective only upon the specific, affirmative exercise of the option, or the specific, affirmative agreement to the extension, by the Executive Director; and
- (3) the total length including renewals of any contract shall not exceed ten (10) years.

D. **GENERAL PROVISIONS**

This Section D is applicable to all types of procurement outlined above.

Contract Clauses

No contract with the Fund(s) may contain terms or provisions which are prohibited by Indiana or federal law. If it is determined that any term or provision is invalid or unenforceable, such term or provision, will be severed from the contract. The remaining terms and provisions shall be unimpaired and interpreted as if such invalid provisions were not contained in the contract.

Public Records

(a) Except as provided in subsection (b) and except to the extent the disclosure is prohibited by law, all procurement records shall be available for public inspection following award of the contract or cancellation of the procurement.

(b) The Executive Director may except from public disclosure, at any time, procurement records which are exempt from mandatory disclosure under IC 5-14-3-4(b).

Contract Signing Authority

The Executive Director alone is authorized to sign any document that creates an obligation or undertaking on behalf of the Fund, unless otherwise delegated in writing and signed by the Executive Director or as provided in the Signature Authority Policy.

Vendor Payment

When applicable, a purchase order is created based on payments owed under a contract. The purchase order is routed for approval based on the financial system

approval workflow: Department managers have approval up to \$1,000; the Chief Financial Officer must approve any payments equal to or over \$1,000; and the Executive Director must approve any payments equal to or over \$10,000.

E. **PROCUREMENT CLAIMS AND APPEALS**

Application

Pursuant to IC 4-21.5-2-5(11), procurement decisions by the Fund(s) or the Executive Director are not subject to IC 4-21.5. In lieu thereof, vendors or prospective vendors, shall follow the procedures of and have the remedies available under this policy in the event of a protest of any procurement decision of the Executive Director or his designee.

Appeal of Award or Decision to Award a Contract

(a) Any prospective vendor may appeal the award or decision to award a contract by filing a written appeal within seventy-two (72) hours after the award, after receipt of notice of the award, or after the announcement of the decision to award is posted or published, whichever occurs first.

(b) The only grounds for filing an appeal under this policy are as follows:

- (1) A procurement decision was not made in compliance with the procedures required by this policy; or
- (2) A procurement decision was made in violation of any rules regarding ethics promulgated by the Fund.

(c) The appeal shall be in writing and shall state the following: the decision which is being appealed, the grounds for the appeal, and any other information necessary to identify the contract, bid, or request involved in the appeal.

(d) No appeal shall be made under this policy on the grounds that the prospective vendor was not determined to be a responsible bidder.

Notice

A notice of appeal shall be filed by mailing the notice to the Executive Director at the principal office of the Executive Director in Indianapolis by registered or certified mail, return receipt requested, or by delivering the notice of appeal to the principal office of the Executive Director in Indianapolis. Filing by registered or certified mail shall be effective upon mailing.

Executive Director's Review of an Appeal

The Executive Director shall issue a decision on a claim within thirty (30) days after the claim was filed, which shall be final. The Executive Director shall state the reasons for denial of any appeal filed under this policy. A copy of the decision shall be mailed by certified or registered mail, return receipt requested, to the entity who filed the claim. The decision may order such relief (if any) as is in the best interests of the Fund(s). Relief may include, but is not limited to, voiding the selection and redoing the process.

Appendix G. Board Trading Policy

**Indiana Public Employees' Retirement Fund
and
Indiana State Teachers' Retirement Fund**

Board Trading Policy

Board members who come into possession of material non-public information concerning a publicly traded company must safeguard the information and not intentionally or inadvertently communicate it to any person unless the person needs to know for legitimate fund-related reasons. Any Board member who improperly reveals material non-public information to another person may be held liable under the anti-fraud provisions of the federal securities laws. The person with whom the Board member shares the information may also be held liable under the anti-fraud provisions of the federal securities laws. To avoid even the appearance of impropriety, Board members should refrain from providing advice or making recommendations regarding the purchase or sale of any securities knowingly traded by the Funds.

The anti-fraud provisions of the federal securities laws generally prohibit persons who have a duty not to disclose material non-public information from trading securities on the basis of such information. Board members shall not trade securities on the basis of such information. In addition, these anti-fraud provisions prohibit fraudulent, manipulative, or deceptive trading practices. Persons who violate these prohibitions are subject to potential civil damages and criminal penalties. A Board member should contact the Fund's Chief Legal and Compliance Officer immediately if he/she has questions, becomes the subject of a securities-related investigation, or becomes aware of the possibility of a violation of insider trading laws.

Information regarding a publicly traded company is deemed "material" if it would be considered important by a reasonable investor in deciding whether to buy, sell, or refrain from any activity regarding that company's securities. Further, such information would be material if it were likely to have a significant impact on the market price of that company's securities. So long as the information remains material and non-public, it must be maintained in strict confidence and not used for trading purposes.

Appendix H. Board Self-Evaluation Policy

**Indiana Public Employees' Retirement Fund
and
Indiana State Teachers' Retirement Fund**

Board Self-Evaluation Policy

The objective of this policy is to provide a process whereby the Board may engage in self-analysis and discussion for the purposes of improving its own effectiveness as a fiduciary body. Through this process, the Board demonstrates its intention to establish a process for Board members to consider overall Board performance with candor and objectivity.

In order to carry out this process, the Board will, on preferably a biennial basis, schedule a specific time period during which members of the Board may share their thoughts with one another on the Board's effectiveness and ways to improve the Board's operation and effectiveness. Board members may work with the Chairperson/President, or outside facilitator if one is retained, to complete a written self-evaluation form prior to the self-evaluation meeting.

Appendix I. Board Retained and Delegated Duties

Indiana Public Employees' Retirement Fund and Indiana State Teachers' Retirement Fund

Board Retained and Delegated Duties

Retained Board Member Duties and Responsibilities

To fulfill its fiduciary and administrative responsibilities, the Boards of Trustees shall perform the following duties:

1. Approve the overall mission of the Funds. Approve the strategic plan and objectives of the Funds. The Boards' focus is the long-term objectives of the Funds, not the operational means of achieving those objectives.
2. Establish and amend rules and regulations under the Indiana Administrative Code without adopting a rule under IC 4-22-2 (Adoption of Administrative Rules).³¹ All administrative rules adopted under the Indiana Administrative Code shall be forwarded to the Legislative Services Agency for printing.
3. Adopt a budget on a calendar year or fiscal year basis that is sufficient, as determined by the Boards, to perform the Boards' duties and, as appropriate and reasonable, draw upon Fund assets to fund the budget.³²
4. Appoint a joint Executive Director.³³ The Boards shall evaluate the performance of the Executive Director annually and fix the compensation of the Executive Director.
5. With the advice of the actuary, establish employer contribution rates;³⁴ establish the amortization of the unfunded actuarial accrued pension liability;³⁵ adopt actuarial tables;³⁶ and establish other policy-driven actuarial assumptions as determined by the Board.

³¹ See IC 5-10.3-3-8 and IC 5-10.4-3-8.

³² See IC 5-10.3-3-7(11) and IC 5-10.4-3-6(12).

³³ See IC 5-10.3-3-7(1) and (3) and IC 5-10.4-3-5.

³⁴ See IC 5-10.3-3-8(7).

³⁵ See IC 5-10.3-3-8(8).

³⁶ See IC 5-10.3-3-7(7) and IC 5-10.4-3-6(11).

⁵³ See IC 5-10.3-3-7(2), IC 5-10.3-3-7(16), IC 5-10.4-3-6(5) and IC 5-10.4-3-6(17).

6. Approve the engagement of investment managers, investment consultants and custodian banks, unless such approval has been specifically delegated to the Executive Director and/or Staff by the Investment Policy Statement or Board Resolution.³⁷
7. Delegate duties to the Executive Director or other employees of the Funds.³⁸

Delegated Responsibilities to Executive Director and Staff

The Executive Director is the executive officer in charge of the administration of the Funds' detailed affairs and operations, makes eligibility and other determinations on application to the Boards and shall cause all necessary persons to be notified of any determinations made concerning such applications, and makes periodic reports to the Boards.³⁹ To this end, all operational duties are delegated by the Boards to the Executive Director, to be further delegated, as determined by the Executive Director, to the staff of the Funds. All operational matters provided for in the Indiana Code and the Indiana Administrative Code that reference the Boards of the Fund shall be delegated to and carried out by the Executive Director and staff of the Funds.

The following list of responsibilities is intended to provide a general description of the duties that are delegated by the Boards to the Executive Director which may be carried out by Fund staff at the direction of the Executive Director. This list is intended to provide a general description of staff responsibilities and shall not be interpreted to be an exhaustive list of such duties.

1. Appoint an actuary and employ or contract with employees, auditors, technical experts, legal counsel, medical experts and other service providers as necessary to transact the business of the Funds; fix the compensation or consideration for those engaged by the Funds; and monitor the performance of such service providers.
2. Prepare job descriptions for Fund staff and fix compensation of staff (except as to the Executive Director, as described under Board Responsibilities).
3. Establish and enforce personnel programs and policies, and establish administrative policies and procedures to carry out fund operations generally.

³⁸ See IC 5-10.3-3-8(3).

³⁹ See IC 5-10.3-3-9 and 35 IAC 1.2-1-2.

4. Provide for a report at least annually, before June 1, to each member of the amount credited to him or her in the annuity savings account in each investment program under IC 5-10.2-2.
5. Act on applications for benefits and claims of error filed by members, beneficiaries and survivors. Set all policies and procedures relative to Annuity Savings Accounts, employers and their contributions, purchases of service, and the processing of member benefits, pursuant to the Indiana Code and the Indiana Administrative Code. Act on special death benefit claims, with a report to the applicable Board of such initiated benefits.
6. Have the accounts of the Funds audited annually by the State Board of Accounts, and/or an outside auditor as directed by the Boards.
7. Publish for the members a summary of the Funds' condition.
8. Expend money, including income from the Funds' investments, for effectuating the Funds' purposes.
9. Provide regular reports to the Boards relative to the operations and investments of the Funds.
10. Submit an electronic report of the Funds' previous year's activities to the Governor, the Pension Management Oversight Commission, and the Budget Committee as described in IC 5-10.3-3-7(14) and IC 5-10.4-3-6(15).
11. Represent the Funds before the Indiana General Assembly and its Pension Management Oversight Commission.
12. Correct and revise any previously-approved PERF employer contribution rate where such rate is incorrect due to calculation error or incorrect data inputs, provided that the Executive Director shall report the change to the Board.
13. Negotiate and execute all contracts, agreements and memorandums of understanding made by the Funds pursuant to the Funds' Procurement Policies and Investment Policy Statement.
14. Deduct and remit to the appropriate entities any authorized amounts from the benefits of members of the Funds, including the 1977 Police Officers' and Firefighters' Pension and Disability Fund and pursuant to IC 36-8-8-17.2. No further written agreement by the Board is required.
15. Recover payments made under false or fraudulent representation.

16. Administer all litigation and issue final determinations on decisions that have been appealed through the Indiana Administrative Orders and Procedures Act. Make all determinations relative to benefit forfeitures and reimbursements.
17. Review all disability impairment awards and default disability impairment awards.
18. Exercise all powers necessary, convenient, or appropriate to carry out and effectuate the Funds' public and corporate purposes and to conduct its business (including all funds and accounts administered by the Boards).
19. Perform any and all additional duties assigned by the Boards.

Appendix J. Executive Director Profile and Evaluation

**Indiana Public Employees' Retirement Fund
and
Indiana State Teachers' Retirement Fund**

Executive Director Profile and Evaluation

Executive Director Profile and Specifications

Profile: An experienced and successful leader of staff and manager of internal systems who will place a high priority on developing staff resources, collective expertise and the management systems. The Executive Director will have respect for and experience working with governing bodies that assert their policy role, their fiduciary responsibilities to members, and oversight of the Funds through the Executive Director. Accordingly, the Executive Director must establish a relationship with the Board that has complete transparency and accountability.

Characteristics and abilities of the Executive Director include:

- Outstanding personal leadership, administrative and management skills.
- A commitment to providing the highest level of customer service to employers and members.
- High personal energy, a positive approach, self-confidence and a sense of humor.
- Outstanding ability to communicate in oral, written or formal presentation settings in a variety of venues, including with state and national organizations, in media interviews and with staff.
- The capacity to absorb complex issues and disparate information and provide clear, concise briefings and presentations.
- The ability to solve problems and provide a range of alternatives to the Board as they consider issues affecting the Funds and the Funds' investments.
- An approachable, friendly, open and participatory management style open to and respecting input from others.
- A willingness to appropriately confront issues and make tough recommendations and decisions.
- A willingness to maintain a high level of professional networking to remain aware of cutting edge thinking relative to public sector pension plan practices.

- The ability to proactively anticipate problems and changes and their potential impact on the Funds.
- The ability to effectively delegate authority and responsibility while maintaining appropriate levels of accountability, operational control and personal involvement.

Specifications:

- Minimum of a Bachelor's Degree in business or public administration or a related field and a graduate degree is preferred.
- A minimum of five, and preferably ten, years of experience leading and managing an organization of comparable or larger size and complexity is required.
- While there is no requirement for specific experience in finance, investments, operations or actuarial science, it is imperative that the Executive Director be able to comprehend such disciplines and communicate effectively with experts on technical matters that affect the Funds.
- Experience with and knowledge of Indiana pension legislation and legislative relationships are not required, but could be beneficial. Pension plan administration experience is strongly preferred and candidates with records of achievement in this area will receive preference, but the Boards will consider other areas of professional achievement, to include the ability to build productive working relationships and a track record of leading and managing complex organizations.
- The Executive Director's public and private life must exemplify the highest standards of ethics, professional decorum and financial responsibility.

Executive Director Performance Evaluation Policy

The primary responsibility of the Executive Director is the efficient and effective management of the Funds' operations in accordance with Indiana statute, administrative rules and the policy direction established by the Boards. Accordingly, the quality of operations management constitutes the most relevant measure of performance, and should weigh heavily in the performance evaluation.

The process of evaluating the performance of the Executive Director should be free of real or perceived conflicts of interest and performed on a timely basis. To provide feedback and guidance to the Executive Director, the Boards have established the following procedures for annually evaluating the performance of the Executive Director.

The Executive Director, if requested by the Boards, will prepare a self-evaluation memo focused on the Funds' accomplishments and relevant performance issues for the previous year. Such performance criteria should be established in

advance of the year being evaluated, though flexibility in modifying them is important. This memo, if requested, may be submitted to the Boards at the October or November board meetings for review and discussion in Executive Session. A written summary of the discussion and final evaluation will be provided to the Executive Director. Any salary increase for the upcoming year may be determined through this review and discussion, or as otherwise determined by the Boards.

F. Other Appendices

Appendices below may be updated without formal action of the Boards.

Appendix K. Robert's Rules of Order

Summary of Robert's Rules of Order

What is Parliamentary Procedure?

It is a set of rules for meeting conduct that allows all participants to be heard and to make decisions in an effective and efficient manner. It allows for:

- Motions that are in order
- Members to obtain the floor properly
- Discussion of differing points of view
- Orderly and courteous debate

Why is Parliamentary Procedure important?

It provides a process by which issues can be addressed in a systematic fashion and increases the likelihood that satisfactory solutions can be identified. Parliamentary procedure can be adapted to fit the needs of any organization. When the basic rules are understood by all parties involved in the meeting, it can assist in effective decision making. Many boards of trustees have followed Robert's Rules of Order for their meetings.

Organizations using parliamentary procedure usually follow a fixed order of business. Below is a typical example:

- Call to order
- Roll call of members present
- Approval of the minutes of the last meeting
- Staff reports
- Board Chair report
- Unfinished business
- Presentations
- Other announcements
- Adjournment

Those participating in the meeting conduct business by “moving motions.” A motion is a proposal that the entire membership take action or a stand on an issue. Individual members can:

- Call to order
- Second motions
- Debate motions
- Vote on motions

There are four basic types of motions:

- 1) *Main Motions*: The purpose of a main motion is to introduce items to the board for consideration by all the members. Motions cannot be made when any other motion is on the floor, and yield to privileged, subsidiary, and incidental motions.
- 2) *Subsidiary Motions*: Their purpose is to change or affect how a main motion is handled, and is voted on before a main motion.
- 3) *Privileged Motions*: Their purpose is to address urgent issues about special or important matters unrelated to pending business.
- 4) *Incidental Motions*: Their purpose is to provide a means of questioning procedure concerning other motions and must be considered first.

How are motions presented?

The floor is obtained by a Board member

The Chair is addressed

The Board member making the motion waits to be recognized by the Chair

The motion is made. Motions are best when stated concisely and affirmatively.

Another Board member seconds the motion or the Chair will call for a second. If there is no second to the motion it is lost.

The Chair re-states the motion, thus placing the motion before the Board for consideration and action. The Board then either debates the motion, or may move directly to a vote.

Once the motion is presented to the Board by the Chair it becomes "assembly property," and cannot be changed without the consent of the members.

Expanding on a motion

A Board member may speak in favor of the motion after it is seconded and placed before the Board for consideration. The Board member who made the motion is always allowed to speak first. All comments and debate must be directed to the Chair. The Chair is also responsible for keeping any established time limits for speaking. The Board member who moved the motion may speak again only after other speakers are finished, unless called upon by the Chair.

Putting the question to the Board

The Chair will ask, "Are you ready to vote on the question?" If there is no more discussion, a vote is taken. When voting is complete, the Chair will announce the result.

Voting on a motion

The method of vote on any motion depends on the situation and the by-laws or policy of the Board. There are five methods used to vote by most organizations:

By Voice -- The Chair asks those in favor to say, "aye," those opposed to say "no." Any member may move for an exact count.

By Roll Call -- Each member answers "yes" or "no" as his name is called. This method is used when a record of each person's vote is required.

By General Consent -- When a motion is not likely to be opposed, the Chair says, "if there is no objection ...". The membership shows agreement by their silence, however if one member says, "I object," the item must be put to a vote.

By Division -- This is a slight verification of a voice vote. It does not require a count unless the Chair so desires. Members raise their hands or stand.

There are two other motions that are commonly used that relate to voting.

Motion to Table -- This motion is often used to delay a decision on a motion. The option is always present, however, to "take from the table," for reconsideration by the Board.

Motion to Postpone Indefinitely -- This is often used as a means of parliamentary strategy and allows opponents of motion to test their strength without an actual vote being taken. Also, debate is once again open on the main motion.

Appendix L. Fund Information

**Current PERF and TRF Fund Information
June 30, 2010**

Statistics

The following is the breakdown of the members and employers served by the Funds. These numbers are valid as of June 30, 2010.

Public Employees' Retirement Fund

Total number of members: 179,057
Members receiving monthly benefits: 70,368
Total number of employers: 1,194

Teachers' Retirement Fund

Total number of members: 72,872
Members receiving monthly benefits: 44,492
Total number of employers: 369

Members of the Boards

The following is the current composition of the Boards of Trustees:

Ken Cochran, President/Chairman
Greg Hahn, Vice President/Vice Chairman
Cari Whicker, Secretary
Chris Ruhl, Trustee
Bret Swanson, Trustee
Allen Clark, Trustee

Executive Staff

<u>Name</u>	<u>Title</u>	<u>Email</u>	<u>Telephone</u>
Steve Russo	Executive Director	sterusso@trf.in.gov	317-232-3864
Steven Barley	Chief Operations Officer & Deputy Director	sbarley@perf.in.gov	317-233-4184
David Cooper	Chief Investment Officer	dccooper@perf.in.gov	317-234-2370
David Huffman	Chief Technology Officer & Deputy Director	dhuffman@perf.in.gov	317-234-1283
Jeff Hutson	Chief Communication Officer	jhutson@perf.in.gov	317-234-3401

Julia Pogue	Chief Financial Officer	jpogue@trf.in.gov	317-234-1591
Teresa Snedigar	Director of Internal Audit	tsnedigar@perf.in.gov	317-234-5681
Andrea Unzicker	Chief Legal & Compliance Officer	aunzicker@trf.in.gov	317-234-7319
Todd Williams	Director of Administration & Enterprise Initiatives	towilliams@perf.in.gov	317-234-2075

Investment Managers

CUSTODIAN (PERF)

JP Morgan Chase
1 Chase Manhattan Plaza, 19th Floor
New York, NY 10005

CONSULTANTS (PERF)

Aksia
599 Lexington Avenue, 46th Floor
New York, NY 10022

Capital Cities
47 South Meridian, Suite 425
Indianapolis, IN 46204

Mercer Investment Consulting, Inc.
10 South Wacker Drive, Suite 1700
Chicago, IL 60606-7500

ORG Real Property
15305 SW Sequoia Parkway, Suite 195
Portland, OR 97224

Strategic Investment Solutions, Inc.
333 Bush Street, Suite 2000
San Francisco, CA 94104

CRIF DOMESTIC EQUITY (PERF)

Artisan Partners Limited Partnership
5 Concourse Parkway NE, Suite 2120
Atlanta, GA 30328

Barclays Global Investors –
Terminated 4/10
45 Fremont Street
San Francisco, CA 94105

Leading Edge Investment Advisors,
LLC
601 California Street, Suite 1250
San Francisco, CA 94108

Numeric Investors, LLC
470 Atlantic Avenue, 6th Floor
Boston, MA 02210
Rhumbline Advisors
30 Rowes Wharf, Suite 350
Boston, MA 02110

State Street Global Advisors
State Street Financial Center
One Lincoln Street, 33rd Floor
Boston, MA 02111

Times Square Capital Management,
LLC
1177 Avenue of Americas, 39th Floor
New York, NY 10036-9998

T. Rowe Price
100 East Pratt Street
Baltimore, MD 21202-1009

Wells Capital Management
900 East 96th Street, Suite 310
Indianapolis, IN 46240

GLOBAL EQUITY (PERF)

Brandes Investment Partners, LP –
Terminated 8/09
11988 El Camino Real, Suite 500
PO Box 919048
San Diego, CA 92191-9048

Invesco – Terminated 4/10
1360 Peachtree St., NE, Suite 100
One Midtown Plaza
Atlanta, GA 30309

INTERNATIONAL EQUITY (PERF)

Altrinsic Global Advisors, LLC
100 First Stamford Place
Stamford, CT 06902

GMO, LLC
40 Rowes Wharf
Boston, MA 02110

Arrowstreet Capital, LP
200 Claredon Street, 30th Floor
John Hancock Tower
Boston, MA 02116

Martin Currie Inc.
1350 Avenue of the Americas, Suite
3010
New York, NY 10019

Baillie Gifford & Company
Calton Square
1 Greenside Row
Edinburgh EH1 3AN
Scotland, United Kingdom

Mondrian Investment Partners, Inc.
Two Commerce Square
2001 Market Street, Suite 3810
Philadelphia, PA 19103-7039

BlackRock Financial Management, Inc.
40 East 52nd Street
New York, NY 10022

Schroders
875 Third Avenue
New York, NY 10022-6225

Earnest Partners, LLC
1180 Peachtree Street NE, Suite 2300
Atlanta, GA 30309

Wellington Management Company,
LLP
1230 Peachtree Street, Suite 2400
Atlanta, GA 30309

FIXED INCOME (PERF)

BlackRock Financial Management, Inc.
40 E. 52nd St., 6th Floor
New York, NY 10022

Bridgewater Associates, Inc.
One Glendinning Place
Westport, CT 06880

Goldman Sachs Asset Management,
L.P.
32 Old Slip, 32nd Floor
New York, NY 10005

Hughes Capital Management, Inc.
916 Prince Street, 3rd Floor
Alexandria, VA 22314

Loomis, Sayles & Company, L.P.
One Financial Center
Boston, MA 02111

Northern Trust Global Investments
50 South LaSalle Street
M4 Quant Management
Chicago, IL 60675

REAL ASSETS (PERF)

The Blackstone Group
345 Park Avenue
New York, NY 10154

Citadel Asset Management
131 South Dearborn Street
Chicago, Illinois 60603

Colony Capital, LLC
1999 Avenue of the Starts, Suite 1200
Los Angeles, CA 90067

European Investors Inc.
717 Fifth Avenue, 10th Floor
New York, NY 10022

Goldman Sachs Asset Management,
L.P.
32 Old Slip, 32nd Floor
New York, NY 10005

Gresham Investment Management LLC
67 Irving Place, 12th Floor
New York, NY 10003

H/2 Capital Partners
680 Washington Boulevard, 7th Floor
Stamford, CT 06901

Pacific Investment Management
Company
840 Newport Center Drive, Suite 100
Newport Beach, CA 92660

Reams Asset Management Co., LLC
227 Washington Street, PO Box 727
Columbus, IN 47201-0727

Taplin, Canida & Habacht
1001 Brickell Bay Drive, Suite 2100
Miami, FL 33131

House Investments
10401 North Meridian Street, Suite
275
Indianapolis, IN 46290-1090

Invesco Ltd.
One Midtown Plaza
1360 Peachtree Street, NE
Atlanta, GA 30309

Lone Star
2711 North Haskell Avenue, Suite
1700
Dallas, TX 75204

Mesa West
11755 Wilshire Blvd., Suite 1670
Los Angeles, CA 90025

Prima Capital Advisors, LLC
2 Overhill Road, Suite 340
Scarsdale, NY 10583

Walton Street Capital
900 North Michigan Avenue, Suite
1900
Chicago, IL 60611

ABSOLUTE RETURN (PERF)

Advent Capital Management, LLC
1065 Avenue of the Americas, 31st
Floor
New York, NY 10018

Brevan Howard Asset Management,
LLP
2nd Floor Almack House
28 King Street
London
SW1Y 6XA

Bridgewater Associates, Inc.
One Glendinning Place
Westport, CT 06880

Brigade Capital Management
399 Park Avenue, 16th Floor
New York, NY 10022

Brookside Capital, LLC
111 Huntington Ave., #3500
Boston, MA 02199

Caspian Capital Advisors, LLC
500 Mamaroneck Avenue, Suite 101
Harrison, NY 10528

Davidson Kempner Capital
Management
65 East 55th Street, 19th Floor
New York, NY 10022

Elm Ridge Capital Management, LLC
3 West Main Street, 3rd Floor
Irvington, NY 10533

PRIVATE EQUITY (PERF)

Actis
2 More London Riverside
London SE1 2JT
United Kingdom

King Street Capital Management, LLC
65 East 55th Street, 30th Floor
New York, NY 10022

Level Global
888 Seventh Avenue, 27th Floor
New York, NY 10019

Linden Advisors
590 Madison Avenue, 15th Floor
New York, NY 10022

Dorchester Capital Advisors, LLC –
Terminated 12/09
11111 Santa Monica Blvd., Suite 1250
Los Angeles, CA 90025

Pacific Alternative Asset Mgt. Co.
(PAAMCO)
19540 Jamboree Road, Suite 400
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Paulson and Co. Inc.
1251 Avenue of the Americas, 50th
Floor
New York, NY 10020

The Blackstone Group
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New York, NY 10154

Viking Global Investors
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New York, NY 10017

Advent International
111 Buckingham Palace Road
London SW1W 0SR
United Kingdom

Arch Venture Partners
8725 West Higgins Road, Suite 290
Chicago, IL 60631

Ares Management, LLC
1999 Avenue of the Stars, 19th Floor
Los Angeles, CA 90067

Avenue Capital Partners
535 Madison Avenue, 15th Floor
New York, NY 10022

Brentwood Associates
11150 Santa Monica Blvd., Suite 1200
Los Angeles, CA 90025

Cerberus Institutional Partners
299 Park Avenue
New York, NY 10171

Clarity China Partners
Capital Mansion, Suite #2101
6 Xin Yuan Nan Lu
Chaoyang District, Beijing, China
100004

Court Square Capital Partners
Park Avenue Plaza
55 E 52nd St., 34th Floor
New York, NY 10055

Credit Suisse
11 Madison Avenue, 16th Floor
New York, NY 10010

Crestview Capital
667 Madison Avenue, 10th Floor
New York, NY 10021

CVC Capital Partners
111 Strand
London WC2R 0AG
United Kingdom

Encap Investments
1100 Louisiana Street, Suite 1100
Houston, TX 77002

Energy Capital Partners
51 John F. Kennedy Parkway, Suite
200
Short Hills, NJ 07078

Falcon Investment Advisors
21 Custom House Street, 10th Floor
Boston, MA 02110

Greenpark Capital
2-5 Old Bond Street
London, W1S 4PD
United Kingdom

GSO Capital Partners
280 Park Avenue
New York, NY 10017

Hellman & Friedman Investors
One Maritime Plaza, 12th Floor
San Francisco, CA 94111

Herkules Capital
Strandveien 50
P.O. Box 34
1324 Lysaker Norway

Horsley Bridge Partners
505 Montgomery Street
San Francisco, CA 94111

JFM China Partners
Mackie Research Capital Corporation
1550, 335 – 8th Ave SW
Calgary, AB T2P 1C9

Lexington Partners
660 Madison Avenue
New York, NY 10021

Lindsay, Goldberg
630 Fifth Avenue, 30th Floor
New York, NY 10111

Lion Capital, LLP
21 Grosvenor Place
London SW1X 7HF
United Kingdom

MBK Partners
4th Floor, Aksaka Intercity,
1-11-44 Aksaka, Minato-ku
Tokyo, Japan 107-0052

Merit Capital Partners
303 West Madison Avenue, Suite 2100
Chicago, IL 60606

Mill Road Capital
2 Soundview Drive, Suite 300
Greenwich, Ct 06830

Natural Gas Partners
125 E. John Carpenter Freeway, Suite
600
Irving, TX 75062

Neuberger Investment Management
190 South LaSalle Street, 26th Floor
Chicago, IL 60603

New Mountain Capital
One Market Street, Spear Tower, Suite
1735
San Francisco, CA 94105

Oak Investment Partners
One Gorham Island
Westport, CT 06880

Oaktree Capital Management
333 S. Grand Avenue, 28th Floor
Los Angeles, CA 90071

PACVEN Walden Ventures
750 Battery Street, 7th Floor
San Francisco, Ca 94111

Panda Energy
4100 Spring Valley, Suite 1001
Dallas, TX 75244

Pappas Ventures
2520 Meridian Parkway, Suite 400
Durham, NC 27713

Scale Venture Partners
950 Tower Lane, Suite 700
Foster City, Ca 94404

Silver Lake Partners
2775 Sand Hill Road, Suite 100
Menlo Park, CA 94025

Technology Partners
550 University Avenue
Palo Alto, CA 94301

Terra Firma Capital Partners
2 More London Riverside
London SE1 2AP
United Kingdom

TowerBrook Investors
430 Park Avenue
New York, NY 10022

Triton Investment Advisors, LLC
18672 Florida Street, Suite 202B
Huntington Beach, California 92648

Vista Equity Partners
150 California Street, 19th Floor
San Francisco, CA 94111

Warburg Pincus
466 Lexington Avenue
New York, NY 10017-3147

Wayzata Investment Partners
701 East Lake Street, Suite 300
Wayzata, MN 55391

White Deer Energy Management LLC
700 Louisiana Street, Suite 4770
Houston, Texas 77002

York Capital Management
767 Fifth Avenue, 17th Floor
New York, NY 10153

WL Ross & Company
1166 Avenue of the Americas, 27th FI
New York, NY 10036

DEFINED CONTRIBUTION PLANS (PERF)

BlackRock Financial Management, Inc.
40 E. 52nd St., 6th Floor
New York, NY 10022

Dimensional Fund Advisors, Inc.
1299 Ocean Avenue
Santa Monica, CA 90401

Northern Trust Global Investments
50 South LaSalle Street
M4 Quant Management
Chicago, IL 60675

Royce & Associates, LLC
1414 Avenues of the Americas, Suite
900
New York, NY 10019

JP Morgan Chase
3 Metro Tech Center, Fl. 5
Brooklyn, NY 11245

PENSION RELIEF FUND (PERF)

Barclays Global Investors –
Terminated 1/10
45 Fremont Street
San Francisco, CA 94105

JP Morgan Chase
3 Metro Tech Center, Fl. 5
Brooklyn, NY 11245

SPECIAL DEATH FUNDS (PERF)

PNC Institutional Investments
101 West Washington Street, Suite 720
Indianapolis, IN

CUSTODIAN (TRF)

Northern Trust
50 South LaSalle Street
Chicago, IL 60675

CONSULTANTS (TRF)

Strategic Investment Solutions
333 Bush Street
Suite 2000
San Francisco, CA 94104

Aksia
599 Lexington Avenue
New York, NY 10022

RV Kuhns
190 South LaSalle Street
Suite 190
Chicago, IL 60603

DOMESTIC EQUITY (TRF)

Analytic Investors
500 South Grand Avenue
23rd Floor
Los Angeles, CA 90071

Barrow Hanley
2200 Ross Avenue
31st Floor
Dallas, TX 75201

Barclays
45 Fremont Street
San Francisco, CA 94014

Columbus Circle
Metro Center
One Station Place
Stamford, CT 06902

Cortina
330 East Kilbourn
Suite 850
Milwaukee, WI 53202

Earnest
1180 Peachtree Street
Suite 2300
Atlanta, GA 30309

INTECH
2401 P.G.A. Boulevard
Suite 100
P. Beach Gardens, FL 33410

INTERNATIONAL EQUITY (TRF)

Fisher
13100 Skyline Boulevard
Woodside, CA 94062

Gryphon
20 Bay Street
Suite 1905
Toronto, ON M5J2N8

Jacobs Levy
100 Campus Drive
Florham Park, NJ 07932

JP Morgan Asset Mgmt
245 Park Avenue
7th Floor
New York, NY 10167

QMA
Two Gateway Center
4th Floor
Newark, NJ 07102

Rhumblin
30 Rowes Wharf
Boston, MA 02110

Turner
1205 Westlakes Drive
Suite 100
Berwyn, PA 19312

Wells
3 Parkwood Crossing
Suite 310
Indianapolis, IN 46240

Manning & Napier
360 Central Avenue
Suite 1500
St. Petersburg, FL 33701

State Street Global
1 Lincoln Street
33rd Floor
Boston, MA 02111

FIXED INCOME (TRF)

Alliance Capital
1345 Avenue of the Americas
35th Floor
New York, NY 10105

Mondrian
2001 Market Street
Suite 3810
Philadelphia, PA 19103

PIMCO
840 Newport Center Drive
Newport Beach, CA 92658

Prudential
Two Gateway Center, 4th Floor
100 Mulberry Street
Newark, NJ 07102

Reams
227 Washington Street
Suite 666
Columbus, IN 47201

Taplin, Canida & Habacht
1001 Brickell Bay Drive
Suite 2100
Miami, FL 33131

BlackRock
OneFinancial Center
Boston, MA 00211

Logan Circle
1717 Arch Street
Suite 1500
Philadelphia, PA 19103

State Street Global
1 Lincoln Street
33rd Floor
Boston, MA 02111

ALTERNATIVES (TRF)

PRIVATE EQUITY

Credit Suisse
315 Park Avenue South
12th Floor
New York, NY 10010

Hamilton Lane
7777 Fay Avenue
Suite 206
La Jolla, CA 92037

REAL ESTATE (TRF)

RREEF
975 North Michigan Avenue
41st Floor
Chicago, IL 60611

Prudential Real Estate
8 Campus Drive
Parsippany, NJ 07054

TA Associates
200 Clarendon Street
56th Floor
Boston, MA 02116

LaSalle Investment Management
200 East Randolph Drive
Chicago, IL 60601

ABSOLUTE RETURN (TRF)

Bridgewater
1 Glendinning Place
Westport, CT 06880

GMO
40 Rowes Wharf
Boston, MA 02110

COMMODITIES (TRF)

Goldman Sachs
32 Old Slip Road
31st Floor
New York, NY 10005

INFLATION SENSITIVE (TRF)**TIPS**

State Street Global
1 Lincoln Street
33rd Floor
Boston, MA 02111
BlackRock
One Financial Center
Boston, MA 00211

