INDIANA PUBLIC RETIREMENT SYSTEM

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To: Indiana Legislative Services Agency

From: Scott Davis, Chief Investment Officer

Date: February 15, 2023

Subject: Amended HB 1008 Fiscal Impact

Based on initial indications, INPRS estimates that the prior fiscal note, including $6.7 billion in estimated lower returns across INPRS's Defined Benefit and Defined Contribution plans, is no longer applicable to HB 1008 (as amended in the attached revisions to HB 1008 from February 13, 2023). This is because the prior iteration of HB 1008 is believed to effectively eliminate private market investments and any active investment managers, which have historically outperformed more traditional public market indices in INPRS's portfolios over the past 10 years.

With regards to proxy voting requirements, sections 12, 13, and 14 effectively require INPRS to hire a third-party proxy voting firm to vote certain investment managers' proxies. For impacted investment managers, INPRS would revoke existing delegated proxy voting authority and vote such proxies internally. Furthermore, Sections 12, 13, 14, and 15 would require INPRS to hire additional staff to oversee any internal proxy voting program, as well as implement the annual reporting thereof. INPRS estimates that the impacts of Sections 12, 13, 14, and 15 could increase administrative costs by $550,000 per year for the Defined Benefit and Defined Contribution plans.

Administrative Impacts	**Annual Cost**
Custom Proxy Voting Policy and Infrastructure	$200k
Additional Investment Staff to Manage Proxy Voting	$350k
ESTIMATED TOTAL ADMINISTRATIVE IMPACTS:	**$550k DB/DC**