



## INVESTMENT BOARD MEETING MINUTES

IPERS Headquarters

7401 Register Drive, Des Moines, Iowa

June 15, 2023

The following people participated in the IPERS Investment Board Meeting held on Thursday, June 15, 2023.

### Members of the Board – Present

Justin Kirchhoff, Chair

Bill Bemis

Tami Loge

Kris Rowley

Treasurer Roby Smith

Matt Watters

Representative Amy Nielsen

Representative Martin Graber

Senator Mark Lofgren

Senator Pam Jochum

### Members of the Board – Absent

None

### Administration and Staff

Greg Samorajski, CEO

Sriram Lakshminarayanan, CIO

John Fujiwara, Head of Strategy

Sheldon Lien, Senior Investment Officer

Pat Reinhardt, Senior Investment Officer

Keith Scholten, Senior Investment Officer

Marcus Dong, Retirement Investment Officer

Kate Fishman, Retirement Investment Officer

Kevin Terdal, Retirement Investment Officer

Melinda McElroy, Executive Assistant

Elizabeth Hennessey, General Counsel

Shawna Lode, Director of Communications

Tara Hagan, Chief Financial Officer

Linda Guffey, Deputy Chief Operations Officer

### Wilshire Associates

Thomas Toth

Ali Kazemi

Marc Friedberg

## **Proceedings**

Justin Kirchhoff, chair, called the meeting to order at 8:30 a.m.

## **Approval of Minutes of Previous Meeting**

Kris Rowley made the motion to approve the March 24, 2023, Investment Board meeting minutes. Bill Bemis seconded. The minutes were approved by unanimous voice vote.

## **CEO Report**

Greg Samorajski introduced the new Board members: Matt Watters, Representative Amy Nielsen and Representative Martin Graber. He next reported on the disaster recovery exercise IPERS recently completed where IPERS successfully transitioned mission-critical applications from the IPERS headquarters to the disaster recovery site and back without any loss of data or functionality. Shawna Lode reported on the 2023 Legislative session and the bills impacting IPERS.

## **Contribution Rate Funding Policy**

Greg Samorajski reported that a COLA working group consisting of Investment Board and Benefits Advisory Committee (BAC) members met and reviewed the history of the Favorable Experience Dividend (FED) and the Supplemental Accounts for Active Members (SAAM) programs. At their May 22, 2023, meeting, BAC members voted to recommend to the legislature eliminating the FED/SAAM programs and replacing them with a possible expansion of the November Dividend program. To address the expected liabilities the FED/SAAM could create prior to legislation being enacted, the Investment Board approved revising the Contribution Rate Funding Policy. For the purposes of calculating potential transfers to member FED/SAAM accounts the term fully funded as specified in Iowa Code and Administrative Rules shall mean: the funding percentage, not less than 100%, determined by the System's actuary when calculating transfers to FED/SAAM accounts will not result in a material probability that the System will fall below 100% funded. Kris Rowley made the motion to approve the policy change. Matt Watters seconded. The motion carried by unanimous roll call vote.

**Ayes:** Justin Kirchhoff, Bill Bemis, Treasurer Smith, Tami Loge, Kris Rowley and Matt Watters

**Nays:** None

**MOTION PASSED**

## **IPERS Investment Staff Reports**

### ***Beta Report***

Sriram Lakshminarayanan reviewed the Fund's asset allocation and stated that all asset classes were within policy ranges as of June 9, 2023. The Total Fund market value estimate on that date was \$40.7 billion.

### ***Alpha Report***

The Investment staff reviewed the alpha report, noting minor performance and process concerns with international equity manager Columbia.

### ***Private Markets Program***

Pat Reinhardt reviewed the three private markets investment management firms currently being monitored for performance issues: Clarion Partners, Forest Investment Associates and UBS Farmland.

### ***Risk Report***

Sriram Lakshminarayanan presented IPERS' risk monitoring report, noting plan-level total active risk remained unchanged at 0.32%. Active risk is expected to remain range-bound for the new few months.

### ***CIO Updates***

Sriram Lakshminarayanan introduced Kate Fishman who was recently hired as a quantitative investment officer. He also discussed his plans to fill the six additional investment staff positions the legislature recently approved and reorganizing the team into three functional areas: operations, private markets and public markets. He updated the Board on the status of the three open RFPs which include absolute return strategies, non-core real asset equity products and FCM and Margin Management services.

### **Private Markets Overview and Outlook**

Marc Friedberg of Wilshire provided the Board with a general overview and outlook for private markets.

### **Private Markets Program Annual Review**

Pat Reinhardt presented the annual review of IPERS' private markets program. The program consists of three main portfolios: private equity, private credit and private real assets; no changes were recommended to the portfolios. Pat concluded his report by noting portfolio structuring decisions around the private real assets portfolio will be part of the calendar year 2024 investment plan that will be presented to the Board in December.

### **Private Market Co-Investment Programs**

Sriram Lakshminarayanan and Pat Reinhardt presented the advantages of and the next steps to introduce a co-investment program in the IPERS portfolio. In September, investment staff plan to recommend changes to the private markets investment policy. If service providers can be secured, a small internal co-investment allocation will be incorporated into the calendar year 2024 commitments that will be presented to the Board in December.

### **Securities Litigation Report**

Elizabeth Hennessey reported on the status of each case in which IPERS is serving in an active role and provided the total funds recovered from monitored cases from June 2, 2022, through April 30, 2023.

**Public Comments**

Public comments were heard from former Senator Pat Deluhery.

**Other Business**

None

**Confirm Next Meeting Dates**

The next regularly scheduled meetings of the Investment Board are Wednesday, September 27 and Thursday, September 28, 2023.

**Adjourn**

With no further business to come before the Investment Board, Kris Rowley made a motion to adjourn. Treasurer Smith seconded. The motion was approved by unanimous voice vote. The meeting adjourned at 12:05 p.m.