



INVESTMENT BOARD MEETING MINUTES
Video / Telephonic Meeting
March 26, 2021

The following people participated in the telephonic IPERS Investment Board meeting held on Friday, March 26, 2021.

Members of the Board - Present

Lisa Stange, Chair
David Creighton, Vice Chair
Mike Duncan
Treasurer Michael Fitzgerald
Justin Kirchhoff
Phyllis Peterson
Kris Rowley

Representative Brian Lohse
Representative Mary Mascher
Senator Pam Jochum
Senator Mark Lofgren

Administration

Greg Samorajski, CEO
Karl Koch, CIO
Sriram Lakshminarayanan, CRO
Sheldon Lien, Senior Investment Officer
Pat Reinhardt, Senior Investment Officer
Keith Scholten, Senior Investment Officer

Luca Rassenti, Investment Officer
Kevin Terdal, Investment Officer
Melinda McElroy, Executive Assistant
David Martin, Chief Benefits Officer
Rick Hindman, Chief Information Officer
Shawna Lode, Director of Communications

Consultants and Presenters

Rose Dean, Wilshire Associates
Ali Kazemi, Wilshire Associates
Shawn Quinn, Wilshire Associates

Call to Order

Lisa Stange, chair, called the meeting to order at 8:30 a.m. She began the meeting welcoming Representative Brian Lohse to the Board.

Approval of Minutes from Previous Meeting

David Creighton made the motion to approve the December 3, 2020, Investment Board meeting minutes. Phyllis Peterson seconded. The minutes were approved by unanimous roll call vote.

Ayes: Lisa Stange, David Creighton, Mike Duncan, Treasurer Michael Fitzgerald, Justin Kirchhoff, Phyllis Peterson and Kris Rowley

Nays: None

Absent: None

MOTION PASSED

CEO Report – Greg Samorajski

Greg Samorajski reported that the IPERS building continues to be closed to the public due to the COVID-19 pandemic and most employees are still working remotely. He next reviewed that IPERS has requested an incremental appropriation of \$1.135 million in FY2022 and FY2023 to hire four new investment professionals. Governor Reynolds supported IPERS' request, the next step is to get legislative support.

Calendar Year 2020 Investment Performance Review – Rose Dean and Ali Kazemi

Rose Dean and Ali Kazemi of Wilshire Associates reported that at December 31, 2020, the Total Fund performance for the calendar year was 13.5%, underperforming the policy benchmark return of 13.9%. The presentation also included a return/risk ranking, sources of risk and a performance review of each publicly traded asset class and the managers within each class.

Internal Equity Management Update

Discussions were held regarding developing an internal equity management program with a portion of IPERS' assets. The Board will revisit the issue in September.

IPERS Investment Staff Reports

Beta Report

Karl Koch reviewed the beta report, noting the Fund's estimated market value of \$39.528 billion as of March 12, 2021, the date of the report. All asset classes were within policy ranges.

Alpha Report

The investment staff reviewed the alpha report noting minor performance concerns continue with Janus Capital, a domestic equity manager, and IPM Informed Portfolio Management, a liquid absolute return strategy manager.

Risk Report

Sriram Lakshminarayanan presented IPERS' risk monitoring reports. He noted that active risk is back down to normal levels.

CIO Updates

Karl Koch updated the Board on several matters including the status of implementing ARP strategies and two upcoming RFPs. The first RFP will be for private markets investment tracking software, and the second for investment consulting services. The investment consultant search is required because the contract with Wilshire Associates expires September 30, 2021.

Opportunistic Private Credit Manager Hiring Recommendations – Pat Reinhardt

Pat Reinhardt explained that the opportunistic private credit search is being completed in two parts. In the first part of the search, multi-strategy and mezzanine submissions were evaluated. In the second part, the remainder of the submissions (specialty finance, real assets, special situations and other) will be evaluated. Staff requested the Investment Board approve the following hiring recommendations for the first part of the search:

- Hire Marathon Asset Management and Crestline Investors each for \$250 million allocations in multi-strategy opportunistic credit mandates subject to final due diligence and successful contract negotiations. Magnetar, CarVal Investors and Varde Partners will serve as bench managers for potential future funding if authorize by the Board at some future date.
- Hire Ares Management and Audax Group each for \$100 million allocations in mezzanine opportunistic credit mandates (and up to \$25 million co-investment allocations for each), subject to final due diligence and successful contract negotiations. Blackstone (GSO) will serve as a bench manager for potential future funding if authorized by the Board at some future date.

David Creighton made the motion to approve the hiring recommendations. Treasurer Fitzgerald seconded.

Ayes: Lisa Stange, David Creighton, Treasurer Michael Fitzgerald, Justin Kirchhoff, Phyllis Peterson and Kris Rowley

Nays: None

Absent: Mike Duncan

MOTION PASSED

IPERS Staff Updates

David Martin reviewed the member demand measures report for February 2021 and noted that member annual benefit statements will begin mailing on Monday, March 29.

Shawna Lode reported on the 2021 Legislative session.

Public Comments

Pat Deluhery inquired if IPERS was seeing an increase in member's double dipping due to the COVID-19 pandemic. David Martin answered no and explained that double dipping is a term used to describe the act of receiving pension benefits while also accepting a salary, oftentimes from the same employer.

Confirm Next Meeting Date

The next regularly scheduled Investment Board meeting is Thursday, June 17, 2021, beginning at 8:30 a.m.

Adjourn

With no further business to come before the Investment Board, the meeting adjourned at 11:38 a.m.