



INVESTMENT BOARD MEETING MINUTES
IPERS Headquarters, 7401 Register Drive, Des Moines, Iowa
Virtual Meeting
June 17, 2021

The following people participated in the IPERS Investment Board Meeting held on Thursday, June 17, 2021.

Members of the Board – Present

Lisa Stange, Chair	Kris Rowley
Mike Duncan	Representative Brian Lohse
Treasurer Michael Fitzgerald	Senator Pam Jochum
Justin Kirchhoff	Senator Mark Lofgren
Phyllis Peterson	

Members of the Board – Absent

Representative Mary Mascher

Administration and Staff

Greg Samorajski, CEO	Luca Rassenti, Retirement Investment Officer
Karl Koch, CIO	Melinda McElroy, Executive Assistant
Sriram Lakshminarayanan, CRO	Elizabeth Hennessey, General Counsel
Pat Reinhardt, Senior Investment Officer	Shawna Lode, Director of Communications
Keith Scholten, Senior Investment Officer	David Martin, Chief Benefits Officer
Sheldon Lien, Senior Investment Officer	Rick Hindman, Chief Information Officer
Kevin Terdal, Retirement Investment Officer	

Wilshire Associates

Rose Dean
Ali Kazemi
Shawn Quinn

Pathway Capital Management

Doug LeBon
Richard Mazer
Jason Jenkins

Proceedings

Lisa Stange, chair, called the meeting to order at 8:30 a.m.

Approval of Minutes of Previous Meeting

Justin Kirchhoff made the motion to approve the March 26, 2021, Investment Board meeting minutes. Kris Rowley seconded. The minutes were approved by unanimous voice vote.

CEO Report

Greg Samorajski reported that on June 14, 2021, the IPERS building opened to members and the public. The Governor's office has empowered agencies to be flexible and offer hybrid work schedules for employees.

CEO Across-the-Board Salary Adjustment

For fiscal years 2022 and 2023, Governor Reynolds authorized an across-the-board salary increase of 1.10% for state of Iowa employees. Treasurer Fitzgerald made the motion that the Investment Board approve the across-the-board salary increase for IPERS' CEO. Mike Duncan seconded the motion. The motion was approved by unanimous voice vote.

IPERS Investment Staff Reports

Beta Report

Karl Koch reviewed the Fund's asset allocation and stated that all asset classes were within policy ranges as of June 4, 2021. The Total Fund market value estimate on that date was \$41.7 billion.

Alpha Report

The investment staff reported on the three investment management firms they are monitoring: Janus for performance issues, BMO for organizational issues and Prudential for staff turnover.

Risk Report

Sriram Lakshminarayanan presented IPERS' risk monitoring reports noting active risk is at normal pre-pandemic levels. Core plus and international equity managers are the largest contributor to the active risk.

CIO Updates

Karl Koch reported that seven firms responded to IPERS' RFP for investment consulting services and that LP Analyst was awarded the contract for private markets investment software services. He concluded his report stating that two LARS managers are in the process of being on boarded and gave an update on the internal ARP program.

Private Markets Overview and Outlook

Shawn Quinn of Wilshire Associates provided the Board with a general overview of private markets noting that most asset classes have rebounded since the market downturn during the Covid-19 pandemic.

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. Priorities for the program are to complete contracts and operational due diligence for approved managers from the opportunistic private credit search, initiate a search for private real assets credit and initiate a private real assets equity search.

Private Equity Program Review

Doug LeBon, Richard Mazer and Jason Jenkins of Pathway Capital Management provided a presentation that reviewed the investment plan and performance for the private equity account they manage on behalf of IPERS.

Proposed Private Markets Investment Policy Revisions

Staff recommended several changes to the Private Markets Investment Policy that impacts the private credit portfolio. Justin Kirchhoff made the motion to approve the policy changes. Kris Rowley seconded. The motion carried by unanimous roll call vote.

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

Nays: None

MOTION PASSED

Opportunistic Private Credit Manager Hiring Recommendations

Pat Reinhardt reviewed for the Board hiring recommendations for the second part of the opportunistic private credit search which includes proposals received in the specialty finance, real assets, special situations and other categories. The Board requested to act on the hiring recommendations one investment manager at a time.

1. Staff recommended the Investment Board approve the hiring of Kartesia for a \$100 million allocation for a special credit strategy, subject to final due diligence and successful contract negotiations. Kris Rowley made the motion to approve the hiring recommendation. Phyllis Peterson seconded. Not receiving a majority vote, the motion failed.

Ayes: Treasurer Fitzgerald, Phyllis Peterson and Kris Rowley

Nays: Lisa Stange, Mike Duncan and Justin Kirchhoff

MOTION FAILED

2. Staff recommended the Investment Board approve the hiring of ArrowMark for a \$100 million allocation for a specialty finance strategy, subject to final due diligence and successful contract negotiations. Lisa Stange made the motion to approve the hiring recommendation. Justin Kirchhoff seconded. The motion carried by unanimous roll call vote.

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

Nays: None

MOTION PASSED

3. Staff recommended the Investment Board approve the hiring of CapitalSpring for a \$50 million allocation for a special credit strategy, subject to final due diligence and successful contract negotiations. Kris Rowley made the motion to approve the hiring recommendation. Justin Kirchhoff seconded. Not receiving a majority vote, the motion failed.

Ayes: Justin Kirchhoff, Phyllis Peterson and Kris Rowley

Nays: Lisa Stange, Mike Duncan and Treasurer Fitzgerald

MOTION FAILED

4. Staff's recommendation for ASI Hark to serve as a bench manager for potential future funding in the specialty finance credit category and the hiring recommendation for ITE Management for a \$100 million allocation in a real assets credit mandate was tabled.
5. Staff recommended the Investment Board approve the hiring of HPS Investment Partners for a \$100 million allocation for a real assets credit strategy, subject to final due diligence and successful contract negotiations. Lisa Stange made the motion to approve the hiring recommendation. Kris Rowley seconded. The motion carried by roll call vote.

Ayes: Lisa Stange, Mike Duncan, Treasurer Fitzgerald and Kris Rowley

Abstain: Justin Kirchhoff

Absent: Phyllis Peterson

MOTION PASSED

Securities Lending Program Review

Jina Bresson of the State Treasurer's Office provided an overview of the securities lending program and the earnings received.

Securities Litigation Report

Elizabeth Hennessey reported on the status of each case IPERS is serving in an active role and provided the total funds recovered during the period of March 1, 2019, through June 4, 2020, from monitored cases.

Public Comments and Other Business

None

Confirm Next Meeting Dates

The next regularly scheduled meetings of the Investment Board are Wednesday, September 15 and Thursday, September 16, 2021.

Adjourn

With no further business to come before the Investment Board, the meeting adjourned at 12:21 p.m.