



INVESTMENT BOARD MEETING MINUTES

Video / Telephonic Meeting

September 16, 2021

The following people participated in the IPERS Investment Board meeting held on Thursday, September 16, 2021.

Members of the Board – Present

Lisa Stange, Chair

Bill Bemis

Mike Duncan

Treasurer Michael Fitzgerald

Justin Kirchhoff

Phyllis Peterson

Kris Rowley

Representative Mary Mascher

Senator Pam Jochum

Members of the Board – Absent

Representative Brian Lohse

Senator Tim Goodwin

Administration and Staff

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

Elizabeth Hennessey, General Counsel

Shawna Lode, Communications Director

Darla Iverson, Chief Financial Officer

Rick Hindman, Chief Information Officer

Jon Nelson, Retirement Services Bureau

Consultant – Wilshire Associates

Rose Dean

Ali Kazemi

Ned McGuire

Presenter - CEM Benchmarking

Michael Reid

Proceedings

Chair Lisa Stange called the meeting to order at 8:30 a.m. The Board welcomed its newest member, Bill Bemis, who serves as a public member on the Investment Board.

Approval of Minutes

Treasurer Fitzgerald made the motion to approve the meeting minutes from the June 17, 2021, and August 5, 2021, Investment Board meetings. Justin Kirchhoff seconded. The motion carried by roll call vote.

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

Nays: None

Abstain: Bill Bemis

Absent: None

MOTION PASSED

IPERS CEO Salary Increase

Greg Samorajski reported that Governor Reynolds has authorized a pay increase for state of Iowa non-contract employees to equalize the non-contract pay plan and the AFSCME pay plan. Equalizing these plans increases the IPERS CEO salary from \$211,764.80 to \$218,129.60. Treasurer Fitzgerald made the motion to approve the pay increase for the IPERS CEO position retroactive to the August 5, 2021, pay period. Phyllis Peterson seconded. The motion carried by unanimous roll call vote.

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

Nays: None

Absent: None

MOTION PASSED

IPERS FY2023 Budget

Greg Samorajski and Darla Iverson reviewed IPERS' proposed FY2023 budget noting that all IPERS expenditures are paid from the Trust Fund and no state general funds are appropriated to or spent at IPERS. The budget request represents a status quo budget. If approved by the Governor, IPERS plans to seek an additional appropriation of \$4.5 million and 13 additional staff. The budget increase includes \$2.9 million to hire six new investment staff members and creates an incentive compensation plan; \$500,000 to hire four additional benefit counselors and three staff members to provide technical support to IPERS members; \$1 million to engage a consultant to create a technology roadmap for IPERS' pension administration system; and \$100,000 to increase the salaries for six essential staff members.

Lisa Stange made the motion that the Investment Board go into a closed session of this public meeting to discuss personnel and proposed compensation matters as authorized by Iowa Code §97B.8A(5), 21.5(1)(a), 21.5(1)(i) and 22.7(60). Kris Rowley seconded. The motion carried by unanimous roll call vote.

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

Nays: None

Absent: None

MOTION PASSED

Lisa Stange made the motion that the Investment Board end its closed session and resume the open session of this public meeting. No action was taken by the Board in closed session. Bill Bemis seconded. The motion carried by unanimous roll call vote.

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

Nays: None

Absent: None

MOTION PASSED

CEM Investment Benchmarking Review for CY2020

Michael Reid of CEM Benchmarking reviewed IPERS' investment benchmarking results for the 5-year period ending December 31, 2020. IPERS once again ranked as a low-cost fund based on CEM's analysis for the calendar year and reported its 5-year net value added was 0.9% which was greater than the peer median of 0.4% over that time period.

Investment Performance Review for FY2021

Ali Kazemi of Wilshire Associates presented IPERS' investment performance for the fiscal year ended June 30, 2021. The portfolio returned 29.63% (net of fees) for FY2021, exceeding its policy benchmark return of 28.83%.

Annual Asset Allocation Review

Rose Dean and Ned McGuire of Wilshire presented the annual asset allocation review, including three alternate policy portfolios for the Board's consideration, while recommending maintaining the current policy allocations. The Board did not make any changes to the existing asset allocation policy.

Annual Review of Investment Policy and Goal Statement

Karl Koch reported that the IPERS staff was not proposing revisions to the Investment Policy & Goal Statement, or the other policies named as appendices.

IPERS Investment Staff Reports

Beta Report

Karl Koch reported that all asset classes were within acceptable policy ranges as of September 3, 2021, and the Total Fund market value estimate was \$43.5 billion on that date.

Alpha Report

The Investment staff reviewed the alpha report. Domestic equity manager Janus was flagged for underperformance; core-plus fixed-income managers Principal Global Investors, TCW, and Prudential were flagged for staffing issues and Mackay Shields was flagged for minor organizational concerns.

Risk Report

Sriram Lakshminarayanan presented IPERS' risk monitoring reports.

CIO Updates

CIO had no updates to provide, no additional discussion held.

Election of Chair and Vice Chair

Lisa Stange nominated Phyllis Peterson for the Investment Board chairperson. Treasurer Fitzgerald seconded the nomination. The motion carried by unanimous roll call vote.

Ayes: Lisa Stange, Bill Bemis, Mike Duncan, Treasurer Fitzgerald, Justin Kirchhoff and Kris Rowley

Nays: None

Absent: Phyllis Peterson

MOTION PASSED

Lisa Stange nominated Justin Kirchhoff for vice chairperson of the Investment Board. Kris Rowley seconded the nomination. The motion carried by unanimous roll call vote.

Ayes: Lisa Stange, Bill Bemis, Mike Duncan, Treasurer Fitzgerald, Justin Kirchhoff and Kris Rowley

Nays: None

Absent: Phyllis Peterson

MOTION PASSED

Public Comments

Former Senator Patrick Deluhery commented on how well IPERS has progressed towards reaching its goal of being 100% funded. He questioned the need for additional active investment management strategies and the IPERS budget proposal to hire additional Investment staff.

Confirm Next Meeting Date and Adjournment

The next meeting date of the IPERS Investment Board is Thursday, December 2, 2021. With no further business to come before the Board, the meeting adjourned at 12:25 p.m.