



**INVESTMENT BOARD MEETING MINUTES**

Video / Telephonic Meeting

IPERS Conference Room A

December 2, 2021

The following people attended the IPERS Investment Board Meeting held on Friday, December 2, 2021.

**Members of the Board – Present**

Phyllis Peterson, Chair

Justin Kirchhoff, Vice Chair

Bill Bemis

Mike Duncan

Treasurer Michael Fitzgerald

Kris Rowley

Lisa Stange

Representative Mary Mascher

Senator Pam Jochum

Senator Tim Goodwin

**Members of the Board – Absent**

Representative Brian Lohse

**Administration and Staff**

Greg Samorajski, Chief Executive Officer

Karl Koch, Chief Investment Officer

Sriram Lakshminarayanan, Risk & Asset Allocation Officer

Sheldon Lien, Senior Investment Officer

Pat Reinhardt, Senior Investment Officer

Keith Scholten, Senior Investment Officer

Marcus Dong, Investment Officer

Kevin Terdal, Investment Officer

Melinda McElroy, Executive Assistant

David Martin, Chief Benefits Officer

Elizabeth Hennessey, General Counsel

Shawna Lode, Director of Communications

Rick Hindman, Chief Information Officer

**Consultant – Wilshire**

Rose Dean

Ali Kazemi

**Actuary – Cavanaugh Macdonald**

Patrice Beckham

Brent Banister

**Benefits Advisory Committee**

Len Cockman

Lowell Dauenbaugh

Sue Cave

Erin Mullenix

Melissa Peterson

## Call to Order

Chair Phyllis Peterson called the meeting to order at 8:30 a.m.

## Approval of Minutes from the Previous Meetings

Justin Kirchhoff made the motion to approve the meeting minutes from the September 15, 2021, and September 16, 2021, Board meetings. Lisa Stange seconded. The motion carried by unanimous roll call vote.

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

**Nays:** None

**Absent:** Bill Bemis and Kris Rowley

**MOTION PASSED**

## CEO's Report

Greg Samorajski reported IPERS (and the other State pension systems) will appear before the legislative Public Retirement Systems Committee on December 8, 2021. He then briefly reviewed a study Cavanaugh Macdonald completed that considers how the selection of the investment return assumption and the choice of risk/return characteristics affect the contribution requirements and funding progress of IPERS over time. He concluded by giving the Board an update on the CIO search progress.

## 2021 Actuarial Valuation Report

Patrice Beckham and Brent Banister of Cavanaugh Macdonald presented the results of the 2021 actuarial valuation report. Due to the exceptionally strong investment return of 29.63%, IPERS' funded status increased from 84% to 88.3% and the unfunded actuarial liability decreased \$1.627 billion to \$4.960 billion. The 2021 valuation report sets the required contribution rates for FY2023. Contribution rates will remain unchanged for the Regular membership and Protection Occupation members. Contribution rates for Sheriffs and Deputy Sheriffs will decrease 0.50%.

## IPERS Investment Staff Reports

### *Beta Report*

Karl Koch reviewed the Fund's asset allocation and reported all asset classes were within their established policy ranges. The estimated market value of the IPERS Trust Fund is \$44.48 billion.

### *Alpha Report*

The investment team reviewed the alpha report noting underperformance issues for domestic equity manager Janus. Core-plus fixed-income managers TCW and Prudential were flagged for staffing issues and Mackay Shields was flagged for minor organizational issues.

### *Risk Report*

Sriram Lakshminarayanan reviewed IPERS' standard risk reports.

***CY2022 Private Markets Commitments***

Pat Reinhardt reviewed the private market capital commitments noting in calendar year 2022, IPERS plans to make \$3.125 billion in commitments. Private equity to receive \$1 billion, private credit to receive \$1.325 billion and \$800 million to private real assets.

***FY2021 Investment Management Expenses***

Karl Koch reported IPERS’ preliminary investment management expenses for fiscal year 2021 were \$68.1 million, a 35.5% increase from FY2020. The increase is mainly due to high levels of outperformance from active managers.

***CIO Updates***

Karl Koch updated the Board on investment division staff changes. He introduced Marcus Dong who was hired as an Investment Officer to assist with the alternatives asset class and noted Luca Rassenti, Quantitative Investment Officer resigned. He ended his report with an update on the two RFP searches in progress: real assets credit strategies and the search for absolute return investment products.

**Investment Policy & Goal Statement – Proposed Revision**

Karl Koch reported IPERS has used the Wilshire 5000 Index as its domestic equity asset class benchmark for over 25 years. Based on an evaluation of the current benchmark and other indices available, staff recommended the Board revise the Asset Allocation Policy making the Russell 3000 Index the Policy Benchmark Index for the domestic equities asset class effective April 1, 2022. Phyllis Peterson made the motion to approve the recommendation. Justin Kirchhoff seconded. The motion carried by unanimous roll call vote.

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

**Nays:** None

**MOTION PASSED**

**Closed Session for CIO Performance Evaluation and CEO Compensation**

Phyllis Peterson made the motion that the IPERS Investment Board go into a closed session of this public meeting to discuss the annual performance evaluation of the CIO and to also discuss CEO compensation as authorized by Iowa Code section 21.5(1)(i). Lisa Stange seconded. The motion carried by unanimous roll call vote.

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

**Nays:** None

**MOTION PASSED**

Phyllis Peterson made the motion that the IPERS Investment Board end its closed session and resume the open session of this meeting. Kris Rowley seconded. The motion carried by unanimous roll call vote. The Board took no action during its closed session.

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

**Nays:** None

**MOTION PASSED**

Phyllis Peterson made the motion that the IPERS Investment Board recommend to the Iowa Department of Administrative Services a change in the IPERS CEO's pay grade from 49 to 53 and that the CEO's salary be set at \$225,000 per year effective with the beginning of the pay period following the pay grade change. Bill Bemis seconded the motion. The motion carried by unanimous roll call vote.

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

**Nays:** None

**MOTION PASSED**

**Public Comments**

None

**Confirm Next Meeting Date and Adjournment**

The Investment Board's next meeting date is Friday, March 25, 2022. With no further business to come before the Board, the meeting adjourned at 11:51 a.m.