



INVESTMENT BOARD MEETING MINUTES
IPERS Board Room
7401 Register Drive, Des Moines, Iowa
March 27, 2020

The following people participated in the telephonic IPERS Investment Board meeting held on Friday, March 27, 2020.

Members of the Board – Present

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

Representative Mary Mascher
Representative Mary Ann Hanusa
Senator Pam Jochum
Senator Mark Lofgren

Administration

Donna Mueller, CEO
Karl Koch, CIO
Sriram Lakshminarayanan, CRO
Pat Reinhardt, Senior Investment Officer
Keith Scholten, Senior Investment Officer
Kevin Terdal, Investment Officer

Melinda McElroy, Executive Assistant
David Martin, Chief Benefits Officer
Darla Iverson, Chief Financial Officer
Rick Hindman, Chief Information Officer
Shawna Lode, Director of Communications

Consultants and Presenters

Rose Dean, Wilshire Associates
Ali Kazemi, Wilshire Associates
David Kausch, Gabriel, Roeder, Smith & Company

Call to Order

Lisa Stange, chair, called the meeting to order at 8:35 a.m. She began the meeting welcoming Kris Rowley, Dickinson County Treasurer, to the Board.

Approval of Minutes from Previous Meeting

David Creighton made the motion to approve the December 6, 2019, and January 13, 2020, Investment Board meeting minutes. Justin Kirchoff seconded. The minutes were approved by unanimous voice vote.

IPERS CEO Appointment and Salary Recommendation - Paul Trombino

Paul Trombino, Governor Reynolds' chief operating officer, announced the Governor's decision to appoint Gregory Samorajski as IPERS' next CEO. Mr. Samorajski's appointment begins May 1, 2020 and requires senate confirmation. Paul recommended the Investment Board approve the salary of \$205,150. Lisa Stange made the motion to approve the salary recommendation. Marlene Sprouse seconded. The motion carried by unanimous roll call vote.

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

Nays: None

Absent: None

MOTION PASSED

Actuarial Audit Report - David Kausch

David Kausch of Gabriel, Roeder, Smith & Company presented their report of an audit of the IPERS' June 30, 2019, actuarial valuation. The report concluded that the actuarial valuation results are correct within acceptable tolerance and that the actuarial assumptions and methods are reasonable and comply with generally accepted actuarial principles. The report made various recommendations and suggestions relating to data reporting, valuation explanations and potential review of economic assumptions which the Board and IPERS administration will review.

CEO Report - Donna Mueller

Donna Mueller reported that Cavanaugh Macdonald provided their response to the audit report and reviewed IPERS' response and recommendations. It was recommended to continue to separate the economic and demographic experience studies and upon the completion of the June 30, 2020, valuation IPERS should initiate an economic experience study. She next asked the Investment Board to approve extending the actuarial consulting services contract with Cavanaugh Macdonald Consulting through June 30, 2023. David Creighton made the motion to approve extending the contract with Cavanaugh Macdonald Consulting subject to successful fee negotiations. Marlene Sprouse seconded. The motion carried by unanimous roll call vote.

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

Nays: None

Absent: None

MOTION PASSED

Donna concluded her report by updating the Board on the safety measures IPERS is taking in delivering member services in response to COVID-19.

IPERS Investment Staff Reports

Beta Report

Karl Koch reviewed the beta report, noting the Fund's estimated market value had decreased about 17% from December 31, 2019, through March 20, 2020, the date of the report. However, he also noted that in the week since the report date most markets had posted large gains due to fiscal and monetary policy responses, so some of those losses had been recovered as of the Board meeting. All asset classes were within policy ranges and staff is taking an incremental approach to rebalancing to policy targets as market conditions stabilize. He explained that a cash reserve has been established within the core-plus portfolio to enable future rebalancing and ensure adequate liquidity for benefit payments and potential increases in capital calls from private equity and private credit.

Alpha Report

The investment staff reviewed the alpha report noting the only new development was a cautionary flag on Western Asset Management due to the recent acquisition of Western's parent Legg Mason. Staff will monitor to ensure there are no negative impacts on Western's ability to manage IPERS' portfolio.

Risk Report

Sriram Lakshminarayanan presented IPERS' risk monitoring reports. He noted that market and active risk had spiked recently due to the large increase in volatility. Active risk is still within budget.

Investment Consulting Services - Karl Koch

Karl Koch reported the current contract with Wilshire Associates expires September 30, 2020, and an RFP will need to be issued per state of Iowa procurement rules. He asked the Board for input into what they would like the RFP to address. Several Board members expressed concern about conducting a consultant search at a time when staff is dealing with volatile investments and when IPERS is transitioning to a new CEO. Treasurer Michael Fitzgerald made the motion directing staff to request a temporary waiver of the procurement rules to allow a one-year extension of the contract with Wilshire Associates due to extenuating circumstances. David Creighton seconded.

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

Nays: None

Absent: None

MOTION PASSED

Confirm Next Meeting Date

The next regularly scheduled Investment Board meeting is Thursday, June 18, 2020, beginning at 8:30 a.m.

Adjourn

With no further business to come before the Investment Board, the meeting adjourned at 10:14 a.m.