



Public Employee Retirement System of Idaho

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO
607 North 8th Street
BOISE, IDAHO 83702

MINUTES OF
MEETING OF RETIREMENT BOARD

The Board of the Public Employee Retirement System of Idaho met at the PERSI Administration Building, 607 North Eighth Street in Boise, Idaho at 8:30 a.m., April 17, 2018. The following members were present:

- Jeff Cilek
- Joy Fisher
- Park Price

Trustee Sullivan and Trustee Gould were absent and excused. Executive Director Don Drum, Chief Investment Officer Bob Maynard, Deputy Director Michael Hampton, Investment Officer Richelle Sugiyama, Financial Executive Officer Alex Simpson, Deputy Attorney General Cheryl George, and Management Assistant Lena Rupp were also in attendance. Other persons attending all or portions of the meeting were:

Brandon Fitzpatrick	DB Fitzpatrick	Kris Colt	PERSI
Dennis Fitzpatrick	DB Fitzpatrick	Adel Stacy	PERSI
Jeff Bradley	Milliman	Kelly Rowlands	PERSI
Mark Olleman	Milliman	Cecile McMonigle	PERSI
Robert Schmidt	Milliman	Kelly Cross	PERSI
Chris Brechbueler	Clearwater	Jenny Flint	PERSI
Don Streett	Clearwater	Diane Kaiser	PERSI
Bill Palumbo	MPIA	Lisa Conn	PERSI
Matt Lindstrom	MPIA	Andrea Patterson	ID Supreme Court
Bruce Reeder	MPIA	Ed Humphreys	
Ted Kunz	GMC		
Brad Berls	Eide Bailly		
John Borne	Prudential		

Chairman Cilek called the meeting to order at 8:35 AM. He welcomed everyone to the meeting.

Approval of the Minutes: Trustee Price made a motion to approve the minutes of the March 20, 2018 meeting. Trustee Fisher seconded the motion, which passed unanimously.

PORTFOLIO

Monthly Investment Report: Chief Investment Officer Bob Maynard updated the Board regarding Year-to-Date and Month-to-Date returns.

US equities rose +0.6% raising the fiscal year to date return to +11.2%, international developed markets are up +2.0% to +10.4%, global equities are up 1.2% to 10.8%, while bonds have dropped -0.2% for a -0.5% loss for the fiscal year to date. Emerging markets flat remaining at +17.9%, REITS are down -0.8% to increase their losses to -6.0%, and TIPS are up +0.2% to +1.5% for the fiscal year. Private real estate remains at +10.6% while private equity gained +5.9% this month (due to a substantial gain in Highway 12) and is now up +15.8% for the fiscal year so far. Growth continues to substantially outperform value both in the US and overseas.

As a result, April has seen the fund gain +0.8% to \$17.480 billion, for a fiscal year to date return of +8.3%. The sick leave fund is +8.2% at \$511 million.

BLS has the best relative and absolute performance with a return of +19.9% being +9.1% above their World benchmark. The Mellon REIT index has the worst performance at -6.7%, while Bernstein Emerging has the poorest relative performance at +15.0%, which is -3.1% behind their benchmark. The fund as a whole is ahead of the 55% US equity, 15% EAFE, and 30% US Bond reference benchmark by +0.7% due primarily to the outperformance of emerging markets, private equity, global equity, TIPS, and rebalancing.

EXECUTIVE DIRECTOR

Executive Director Status Update:

Director Drum reviewed the anticipated assumptions timelines for the remainder of the year. The Board meeting in May will cover economic assumptions. A final decision on economic assumptions is due in July. The funding guideline is still being reviewed and a final decision on the guideline is due in August. Contribution rates need to be decided by October and a final decision on the COLA is due in December.

Director Drum turned the time over to Milliman for their presentation.

Jeff Bradley, Mark Olleman and Robert Schmidt with Milliman provided to the Board a review of the active member, retired member mortality and economic assumption study for dates of July 1, 2011 to June 30, 2017. Milliman proposed that PERSI update from the 2000 mortality tables to the most recently updated tables which are the 2014 tables, adjusting the 2014 tables to approximate PERSI's actual experience over the last four years and updating the assumption for future mortality improvement to be based on the average improvement over the last 60 years.

The Board gave direction to Milliman to stay with the current tables being used by PERSI and to use this information for the Board presentation in May.

Director Drum continued with his executive director status update. Director Drum discussed different assumptions scenarios for the Board to consider before the meeting in May. Callan and Milliman will both give presentations at the May meeting in regard to economic assumptions. The Board will then have the majority of information needed to narrow down options in order to make a final decision by July. Director Drum will be focusing on meeting with mayors, commissioners, and council members during his summer employer tour where he will discuss contribution rates and the impact on employers.

DEPUTY DIRECTOR

Deputy Director Status Update:

Deputy Director Hampton presented to the Board three rules for review and approval.

Rule 59.01.03 (contributions) is to make permanent the temporary rule delaying the July 1, 2018 contribution rate increase to July 1, 2019. Trustee Price made a motion to adopt/approve and publish the rule as proposed and that the rule be approved as pending, conditioned on no comments received by the comment deadline. Trustee Fisher seconded the motion, which passed unanimously.

Rule 59.01.05.126 (required minimum distributions) is to add two sections to the rule in regard to how PERSI handles required minimum distributions. Trustee Price made a motion to adopt/approve and publish the rule as proposed and that the rule be approved as pending, conditioned on no comments received by the comment deadline. Trustee Fisher seconded the motion, which passed unanimously.

Rule 59.01.05.122 (spousal consent) removes conflicting language that will now exist in 59.01.05.126. Trustee Price made a motion to adopt/approve and publish the rule as proposed and that the rule be approved as pending, conditioned on no comments received by the comment deadline. Trustee Fisher seconded the motion, which passed unanimously.

FISCAL

Fiscal Update / Expense Reports: Financial Executive Officer Alex Simpson updated the Board on PERSI's year-to-date expense reports for the Administrative/ Portfolio funds as well as the out-of-state travel and training for the quarter ending March 1, 2018 and projected expenses for the 4th quarter of fiscal year 2018.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 10:30 a.m.



Don Drum, Executive Director Date



Jeff Citek, Chairman Date