



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 16, 2019. The following members were present:

Jeff Cilek
 Joy Fisher
 Celia Gould
 Park Price

Executive Director Don Drum, Deputy Director Michael Hampton, Chief Investment Officer Bob Maynard, 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	Mark Osterkamp	Causeway
Casey Macomb	DB Fitzpatrick	Ann Mahrtdt	Empower
Robert Schmidt	Milliman	Amy McDuffee	Mosaic Governance Advisors
Julie Gschwind	Berkadia	Kelly Rowlands	PERSI
Bill Palumbo	Mountain Pacific	Adel Stacy	PERSI
Bruce Reeder	Mountain Pacific	Ed Humphreys	Retired Educators
Nate Oakley	Mountain Pacific	James Coleman	Retired Educators
Matt Lindstrom	Mountain Pacific	Brent Nye	Retired Educators
Rhet Hurlbert	Clearwater	Charlene Ripke	Public
Dan Bates	Clearwater	Tom Ripke	Public
Suzanne Guinard	Judicial		

At 8:35 a.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting.

Chairman Cilek passed the time to Investment Officer Richelle Sugiyama for an introduction. Ms. Sugiyama introduced Julie Gschwind with Berkadia who is working with DB Fitzpatrick to review the commercial mortgage program. The Berkadia report will be reviewed at the July Board meeting.

Approval of the Minutes: Trustee Fisher requested the minutes from March 19, 2019 be updated to reflect the attendance of former Governor C.L. Butch Otter and Governor Brad Little at the reception for former Trustee Kirk Sullivan. Trustee Fisher made a motion to approve the amended minutes of the March 19, 2019 meeting. Trustee Gould seconded the motion, which passed unanimously.

PORTFOLIO

Real Estate Update: Sally Haskins with Callan provided a review of the PERSI real estate portfolio. Ms. Haskins commended AEW on their performance and recommended that PERSI retain AEW.

Real Estate Review: Michael Byrne & Bob Norberg with AEW provided an update on the PERSI real estate portfolio performance.

Monthly Investment Report: Chief Investment Officer, Bob Maynard, gave the investment update; the first few days of April have seen the fund gain +1.7%, for a fiscal year to date return of +6.4% (a calendar YTD return of +10.75%) at \$18.297 billion. The sick leave fund is up +5.7% at \$552 million.

This month US equities (R3000) are up +2.8% for a fiscal year to date return of +7.6%, international developed markets (MSCI EAFE) are up +2.3% for a -0.7% fiscal year return, global equities (MSCI World) are up +2.6% for a +4.5% fiscal year, and bonds (BB Aggregate) are down -0.4% for a +4.2% fiscal year return. Emerging markets (MSCI Emerging) have risen +3.0% for a +3.6% fiscal year to date return, REITS are up +1.3% for a +10.3% fiscal year to date return, while TIPS have declined -0.3% to show a fiscal year to date gain of +1.6%. Private real estate has risen +9.4% this fiscal year while private equity is up +9.1%.

For the fiscal year, Peregrine has the best absolute return at +15.9% while BLS Global has the best relative return to benchmark at +14.0% which is +10.1% above their global equity benchmark. Bernstein Global has the worst absolute and relative performance against benchmark at -4.7%, which is -9.2% behind their benchmark. The fund as a whole is ahead of the 55% US equity, 15% EAFE, and 30% US Bond reference benchmark by +0.9%, due primarily to outperformance of private equity and real estate compared to the Russell 3000, emerging markets outperformance vs EAFE, and collective outperformance by active managers.

Investment Manager Comments: The Investment Managers who were present shared their opinions and predictions relative to the general market conditions.

EXECUTIVE DIRECTOR

Status Update: Prior to giving his status update, Executive Director Drum thanked Diane Kaiser, Choice Plan 401(k) manager, for her work on the Choice Plan since 2004. For the first time since inception, the plan reached over \$1 billion in assets (with an average account balance of \$24,000). Director Drum offered his congratulations to Mrs. Kaiser and Empower Retirement.

Director Drum provided a brief history on return to work starting with 2007 when the Idaho legislature (PERSI's plan sponsor) passed legislation allowing qualified educators to return to work if they met certain requirements. The State Board of Education has since broadened the positions which are eligible for return to work under the certified instructional staff & pupil service staff designation. Milliman provided an actuarial analysis finding that the return to work option for educators has changed the retirement pattern by approximately two years resulting in a cost of \$28,192 per member. Director Drum will travel the state starting April 29th to discuss return to work for this group with superintendents, directors and upper level management to make sure that employers understand the guidelines & requirements of return to work. Director Drum will also remind employers of the consequences should PERSI become aware of any situation that is not in compliance with the rules and regulations. PERSI will take any corrective action required to protect the fund and see that it remains whole. PERSI will look at bringing legislation next year to address the cost of return to work.

