



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 12:00 p.m., August 19, 2019. The following members were present:

Jeff Cilek
Joy Fisher
Celia Gould
Park Price
Darin DeAngeli

Executive Director Don Drum, Deputy Director Michael Hampton, Investment Officer Richelle Sugiyama, and Management Assistant Lena Rupp were also in attendance. Other persons attending all or portions of the meeting were:

Amy McDuffee	Mosaic Governance Advisors
Ann O’Bradovich	Callan Associates
Nate Fisher	Governor’s office

At 12:05 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting. Chairman Cilek then turned the time over to Amy McDuffee of Mosaic Governance Advisors.

Governance: Amy McDuffee opened the group discussion regarding governance. Ms. McDuffee did an overview of the meeting agenda and then turned the time over to Executive Director Drum to address the first item on the agenda.

Executive Director Drum started the discussion of PERSI statutory independence by briefly reviewing 59-1301 and highlighting the areas specifically pertaining to statutory independence. Director Drum stated that the most time consuming piece would be the legislative process to make changes to the statute. The Board will take the lead on the process once a plan for moving forward is in place. For now Director Drum will gather more information regarding exempted positions and the merit system to discuss at a future governance meeting.

Ms. McDuffee gave a brief overview of what other systems use a consent agenda for. At this time the Board does not see a benefit in utilizing a regular consent agenda but would like to have the facility to do so as needed. The approval of travel is something that could be added to a consent agenda in the future. The Board would like to have a more detailed internal travel policy in place including the process for approving Board, CIO and ED travel. This will be included as part of the

completed governance manual. The Board will further discuss the use of consent agendas at a future governance meeting.

Ann O'Bradovich of Callan Associates reviewed the current organizational structure relative to governance, the elements an Investment Policy Statement (IPS) should include, and the general roles and responsibilities of each party in regard to the DB, DC and Sick Leave Investment Policy Statements. The DB IPS was reviewed in detail, focusing on the necessary elements of an IPS which Ms. O'Bradovich highlighted. Investment staff previously requested feedback on the DB IPS from the Board and will incorporate any comments/suggestions in a revised draft, with the intent of finalizing the DB IPS. The revised DB IPS will be reviewed at the September Board meeting. Investment staff, along with Ms. O'Bradovich, are working on revising the Sick Leave IPS to ensure consistency with the DB plan policy, pending further clarification on the purpose and use of the SL fund. PERSI staff is currently going through a Request for Proposal (RFP) process for the DC plan record keeper. Once that process concludes, the DC IPS will also be revised. Investment staff will be responsible for all IPS going forward.

Director Drum presented an overview of PERSI Board level and executive level policies. He will work with Ms. McDuffee on a table of contents for the governance policy manual which will include a list of all policies. Director Drum and Ms. McDuffee will also formulate an approach for developing new and/or updating existing internal policies. This information will be presented at a future governance meeting.

The Board discussed adding consultants & service providers to the list of individuals who should make annual presentations to the Board including a summary of the scope of services provided and performance evaluations from staff. The Board would also conduct informal evaluations and a guideline of the evaluation process will be included in the governance policy manual. The Board would like more information on adding private general counsel for the Board. Director Drum and Ms. McDuffee will gather information from other systems who have a similar legal model in place. This information will be provided at a future governance meeting.

Director Drum provided a copy of the 2020-2023 PERSI strategic plan that was delivered to the Division of Financial Management and Office of the Governor in July. This strategic plan was created in accordance with the guidelines provided by the state. PERSI staff is working on developing a more comprehensive internal strategic plan. Once a preliminary draft of the updated PERSI mission statement and strategic plan is ready, Director Drum will present it to the Board for their input. The goal is to have draft materials ready to present by the first of the year.

In 2003 PERSI hired Clearwater Research to perform external surveys. In 2006 former PERSI Chairman Olson expressed he did not believe the product was worth the costs and asked if we could conduct a survey internally. In 2008 PERSI staff began presenting internal survey information to the Board. The Board expressed a concern about the objectivity of the internal data and there was discussion that perhaps PERSI staff should simply report negative feedback. Upon the rare occasion there were negative reports, those were provided to the Chairman and/or were discussed at Board meetings. Presently, PERSI staff use various internal feedback or survey processes and respond to issues as needed. Members are not shy about expressing gratitude or concerns to PERSI staff. Director Drum receives regular feedback during his yearly meetings around the state. Last year PERSI hired an internal trainer and established the employee engagement and training committee to develop a more robust internal training program and further build the culture of the organization. PERSI staff will reach out to other systems who have developed customer service and internal culture assessments and will report the findings back to the Board by no later than the December meeting. Moving forward, PERSI staff will also share the annual CEM Benchmarking reports with the Board. These reports include detailed cost and

