

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., December 2, 2019. The following members were present:

Jeff Cilek Joy Fisher Celia Gould Park Price Darin DeAngeli

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:

| Paul Yett | Hamilton Lane | John Jenks | Advisor |
|-----------------|-------------------|---------------|---------|
| Bert Roberts | Sorenson Capital | Garrett Walls | Advisor |
| Luke Sorenson | Sorenson Capital | Tom Lee | Advisor |
| Ann O'Bradovich | Callan Associates | Bill Raver | Advisor |
| Amy McDuffee | Mosaic Governance | Bob Storer | Advisor |

At 12:05 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting.

Chairman Cilek turned the time over to Paul Yett with Hamilton Lane to present an overview of Sorenson Capital Partners IV, LP as a potential investment for PERSI. Hamilton Lane recommends a commitment of \$50 million.

Luke Sorenson with Sorenson Capital provided a summary their organization including their investment strategy. Mr. Sorenson, along with Bert Roberts, answered individual questions from the Board and were excused from the meeting.

Amy McDuffee of Mosaic Governance Advisors led the discussion on the agenda items to be addressed during the meeting. Chairman Cilek, Trustee DeAngeli met with the risk management at the Department of Administration as well as Nate Fisher from the Governor's office to discuss directors and officers insurance. Risk management stated that a policy is already in place for the trustees which addresses statutory requirements and reinsurance, however, they are unable to make rules to clarify the procedural and process aspects of the coverage. The Board requested a comparison between what the State provides versus what a commercial insurance policy would provide. Director Drum will explore a request for information from an insurance broker/expert in D &

O insurance. Director Drum will also work with his contacts at NASRA to glean information on the indemnification practices of peer retirement systems. This information will be provided to the Board at a future meeting. PERSI staff along with Governor's office staff are working on the budget line items. The PERSI budget hearing is expected to occur sometime mid-January. Director Drum will send updates to the Board as needed.

The PERSI funding guideline was last updated in 1998. With the current markets and the ongoing increase in the cost of COLA now is a good time for the Board to consider adopting an updated guideline for moving forward. The Board will review the current guideline, draft and GFOA best practices and provide any feedback to PERSI staff for the final draft. The Board will continue to discuss the funding guidelines at future governance meetings.

The Board reviewed the list of policies to be included in the governance policy manual. The Board provided feedback on the first group of policies to be addressed including: Introduction and Purpose of the Governance Policy Manual, PERSI Organizational Accountability, Board Authority, Role and Responsibilities, Trustee Responsibilities, Board Chair Responsibilities, Executive Director Responsibilities, and Statement of Delegation. These policies are still in the drafting stages and will continue to be reviewed by the Board. Ms. McDuffee will work with PERSI staff to incorporate all feedback into the second revision of the policies which will be reviewed at a future governance meeting.

Good progress is being made in regard to the governance roadmap which was initially provided to the Board back in July. Chairman Cilek invited the trustees to share their feedback with him going forward as it pertains his role as Chair as well as the Board's operations in general.

At the conclusion of the meeting, Director Drum reminded the Board that Milliman will present information on the Fireman's Retirement Fund (FRF) at tomorrow's meeting. This is a decision item before the Board in regard to FRF excess contributions. Kuna Rural Fire District (KRFD) has been in contact with PERSI in regard to the FRF contributions. Deputy Attorney General, Cheryl George, will reach out to the attorney for KRFD to let them know of this agenda item.

Recess: The Board recessed at 4:35 and moved locations to 1137 W River Street, Boise Idaho,

Reconvene: The Board reconvened at 5:30 for an informal dinner. There were no deliberations and no PERSI business was discussed.

Adjournment: No other decisions were made, and there being no further business to come before the Board, the meeting adjourned at 8:00 p.m.

Donald D. Drum Date

Executive Director

Chairman

2