



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., May 21, 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:

Brent Nye	REAI	Robert Schmidt	Milliman
Barbara Blasch	REAI	Bret Linton	Milliman
Ed Humphries	Student	Brad Berls	Eide Bailly
Chris Brechbuhler	Clearwater	John Stegner	Idaho Supreme Court
Chela Mitchell	Carillon Tower	Andrea Patterson	Idaho Supreme Court
Bill Palumbo	Mountain Pacific	Maggie Smith	Legislative Services
Chelsie Wasden	Mountain Pacific	Adel Stacy	PERSI
Bruce Reeder	Mountain Pacific	Kelly Rowlands	PERSI
Nate Oakley	Mountain Pacific	Ray Mikus	PERSI
Matt Lindstrom	Mountain Pacific		

At 8:30 a.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting.

Chairman Cilek welcomed Darin DeAngeli who is the new Trustee appointed by Governor Little at the beginning of May. Trustee DeAngeli thanked Chairman Cilek and stated that he is honored to serve on the Board.

Approval of the Minutes: Trustee Fisher made a motion to approve the minutes of the April 15 workshop and the April 16 regular meeting. Trustee Gould seconded the motion, which passed unanimously.

## PORTFOLIO

Quarterly Update - Callan: Ann O'Bradovich gave a brief overview of who Callan Associates is and the services they provide to the Board and PERSI. Ms. O'Bradovich then presented an overall market review and summary for national and global markets. Ms. O'Bradovich provided an update on the PERSI fund performance of the defined benefit (DB), defined contribution (DC) and sick leave funds for Q1 2019.

The DB fund ended Q1 with \$17.97B. The fund earned a return of 8.9% (policy target return of 8.1%). The five-year return was 7.1% (policy target return of 6.3%) and over the last 20 years the fund has provided an average annual return of 6.7% which outpaced the long-term target of 6.0%. The fund outperformed the policy target by 73 basis points during the past quarter and by 48 basis points for the past 12 months. The DC fund ended Q1 with \$995M in assets. Ms. O'Bradovich also gave a general overview of current legislation that may impact defined contribution trends. The sick leave fund posted a 10.08% return for the quarter. The fund underperformed the historical target by 0.14% for the quarter and by 0.17% for the year.

Monthly Investment Report: Chief Investment Manager, Bob Maynard, gave a brief investment update. The fund has a fiscal year to date return of +5.0% (a calendar YTD return of +9.3%) at \$18.025 billion. The sick leave fund is up +4.6% at \$547 million. Mr. Maynard presented information to the Board regarding the PERSI investment philosophy of simple, transparent, focused and patient. Mr. Maynard also discussed the processes the Portfolio group including information about the investment managers and what PERSI does & doesn't do in regard to investments.

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

## EXECUTIVE DIRECTOR

Signature Authority: Director Drum presented the updated acknowledgement of specimen signatures document to the Board for review and approval. Trustee Gould made a motion to reaffirm the agreement with the individuals designated as authorized signers and that the document be executed. Trustee Fisher seconded the motion, which passed unanimously.

Status Update: Director Drum recently returned from a state-wide tour meeting with employers regarding return to work for certified school teachers and school administrators. He traveled over 2000 miles, held 12 different meetings and met with over 250 members representing education based employers. In 2007 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. Director Drum addressed the eligibility requirements for return to work as well as the consequences of non-compliance. PERSI has asked our actuaries to do an in-depth analysis regarding the cost of return to work. There may be adjustments needed in the future to make sure other members are not subsidizing those who return to work.

Governance: Director Drum presented feedback from Amy McDuffee of Mosaic Governance regarding the recent Board meetings addressing governance as well as the official governance roadmap produced by Mosaic Governance laying out a tentative timeframe for possible initiatives. Director Drum asked the Board for direction on moving forward with governance discussions and facilitation. The Board was in agreement that Amy McDuffee should be asked to facilitate the discussions and that the Board would meet in July to begin the process. Director Drum will follow

