



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., February 19, 2020. The following members were present:

Jeff Cilek
Joy Fisher
Park Price
Darin DeAngeli

Executive Director Don Drum, Deputy Director Michael Hampton, Chief Investment Officer Bob Maynard, Investment Officer Richelle Sugiyama, Deputy Attorney General Cheryl George, and Management Assistant Lena Rupp were also in attendance.

Other persons attending all or portions of the meeting were:

Ann O'Bradovich Callan Associates Amy McDuffee Mosaic Governance

At 12:20 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting. Trustee Gould was absent and excused.

Amy McDuffee of Mosaic Governance Advisors opened the discussion with the list of agenda items to be addressed. Investment staff researched information from historical discussions between PERSI and the Department of Administration (2006 – 2008 time period) regarding Directors and Officers Insurance. The resulting information supports PERSI's ability to self-insure and purchase external insurance. Director Drum to meet with prior PERSI Executive Director to get additional historical context. Director Drum will also meet with the new Director of the Department of Administration to review information provided to date. Director Drum will work with the Director of Admin to schedule a time to meet with the Attorney General's office to clarify remaining areas. Documentation will be referenced in the Board's Policy Manual which currently in the drafting and review process.

PERSI budget setting meeting with the Joint Finance and Appropriations Committee is scheduled for March 4th. There are no indications of any issues with the budget being approved. Director Drum met with Senator Bair & Senator Johnson to discuss the removal of the statutory "notwithstanding" language in our appropriation bill. At this point in time legislators are uncomfortable with the concept of not making an appropriation to PERSI. The suggestion was made that language be crafted to enable PERSI to, between Legislative sessions, exceed the appropriated amount by a certain percentage. The Legislature would then later confirm the amount. Director Drum and staff will explore this concept for the FY 20/21 budget cycle but will continue conversations with legislators in the meantime.

A general discussion was had about obtaining the services of a special DAG or a second DAG. A special DAG would be through an external law firm. The Board could have some input in the selection and evaluation of the attorney and firm for the special DAG position. This is similar to other special Deputy Attorney Generals currently used by PERSI for investment related and tax issues. A second DAG would be a staff attorney through the AG's office assigned to PERSI matters. The second DAG would be located within the PERSI office and work full-time on PERSI matters. The Board would most likely also have some influence in the selection of the attorney. The second DAG position would also need to go through the regular appropriation process with the state. A special DAG would not be appropriated and utilized on an as needed basis only. The goal is to have a second or special DAG who is educated on PERSI specific code, statute and issues. Director Drum to keep working with the AG's office and provide information at a future governance meeting.

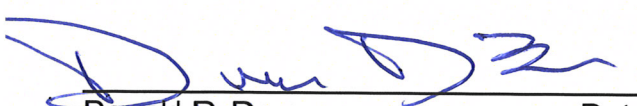
The investment staff position is currently in the recruiting stage and posted on the Division of Human Resources site. If the position is not filled before the next budget year, PERSI staff will bring additional information to JFAC for consideration on how to move forward with recruitment. The internal actuary position is included in the fiscal year 2020/2021 budget. PERSI may seek permission through DHR to begin recruitment for the actuary position before the start of the fiscal year.

The legislature has until the 45th legislative day to either amend, deny or approve the COLA as moved by the Board. HCR30 was proposed to amend the COLAs. If no action is taken on HCR30 by the end of today, the COLA goes into effect March 1. HB448 is currently in the House Commerce & Human Resources Committee awaiting a hearing. As it is current written, there is a requirement of a minimum 100% funded status, an employer contribution of 10% or less and an employee contribution of 6% or less before COLAs are granted. The notwithstanding language in the bill also negates the mandatory COLA.

The Board reviewed the most up to date draft of the funding guidelines. The revisions requested by the Board will be added into the next draft and included in the March agenda for discussion and review. Historical decisions and examples for each section will be removed to create new supplemental documents. PERSI has not received any further requests for information regarding the Legislative inquiry into how money could be withdrawn from the Sick Leave Trust Fund. This topic will be removed from the list of future agenda items unless PERSI receives further notice that issue is active again.

The Board read for the third time the first group of policies to be included in the new Board policy manual which is currently in the drafting stage. The requested revisions will be added in and reviewed at the next governance meeting. The Board read for the first time the second group of policies to be included in the Board policy manual. During the review of the second group of policies the Board discussed class action lawsuits and how those are handled internally. The Board authorized the Executive Director to be able to sign class action documents other than those involving the PERSI as the lead plaintiff, opting out of a lawsuit or any unusual circumstances.

Adjournment: No other decisions were made, and there being no further business to come before the Board, the meeting adjourned at 4:55 p.m.


Donald D. Drum
Executive Director

Date

3-11-2020


Jeff Cilek
Chairman

Date

3-11-20