



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., January 21, 2020. 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, 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	Ben Taylor	Callan Associates
Amy McDuffee	Mosaic Governance		

At 12:05 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting. Amy McDuffee of Mosaic Governance Advisors opened the discussion with the list of agenda items to be addressed.

The budget request for general counsel for the Board is pended for the current budget cycle. PERSI staff will continue discussions with the Governor's office and may include this as a line item for next year's budget request. The potential conflict of interest with representation through the attorney general's office continues to be of significant concern to the Board.

PERSI Staff met with the Department of Administration to discuss Directors and Officers Insurance. In this meeting the Department of Administration verbally acknowledged that PERSI Board and Staff are covered in the event of a claim through Risk Management. The Board directed Staff to seek clarity, in writing, about the process and procedures that govern in the event of a claim including who determines coverage and how, when coverage becomes available, who determines choice of legal representation and what the defendant's involvement in determining/directing defense strategy would be. The Board requested that Director Drum and Bob Maynard meet with the Department prior to February Board meeting to highlight historical issues and to address the questions raised by the Board in regard to coverage and what the process would look like through Risk Management. Director Drum will also request through the National Association of State Retirement Administrators (NASRA) the indemnification practices of peer retirement systems for Board review and discussion at a future meeting.

The request for an internal actuary is included in the Governor's recommendation. The open position for an additional investment officer has not yet been posted. Portfolio staff has been working with the Division of Human Resources (DHR) and this should be posted within the next week or so. There has been back and forth discussion between PERSI staff, DHR and the Idaho State Police on the process for background checks. The Board will be provided any updates and information on this process as it becomes available. The budget item request for a salary enhancement for this open position was not included in the Governor's budget recommendation for this year.

Director Drum and Chairman Cilek met with a small group of legislators on January 15th to discuss the Sick Leave Fund and the Cost of Living Adjustment (COLA). There is some discussion about the current funded status of the Sick Leave Fund and if any of that money could be moved out to other state funds. PERSI staff has consulted with Milliman to discuss what funding level would need to be obtained in order for the fund to withstand market downturn. Milliman recommends a funded status of 175% or more for both plans. Currently the state Sick Leave Fund is 225% and the school Sick Leave Fund is 137% funded. If both funds are individually at 175%, the rate holiday currently in effect could potentially stay in place beyond the 18-month time holiday period. Legislation would be required in order to move money out of the Sick Leave fund for other state expenditures. During the meeting it was also discussed that a House concurrent resolution is likely to be presented to address the COLA decision made by the Board. The concern addressed by some legislators present at the meeting is that a higher COLA was passed by the Board rather than a reduction in active member rates and when the fund is not at a 100% funded level. Director Drum is working on composing an email to address all of the questions and concerns brought forward at the meeting. How the COLA will be handled by the Board moving forward is something that will be addressed during the drafting stage of the funding guidelines for the base plan. The current 1998 guidelines are what the new draft will be built from and discussed during future governance meetings.

Ben Taylor of Callan Associates joined the meeting telephonically. Deputy Director Hampton, Jon Wald and Mr. Taylor presented an update on the Choice Plan 401(k) RFP that has been underway for the last 18-months. PERSI staff, the Division of Purchasing and Callan experts have all been involved in the RFP process. The main role of Callan Associates has been as a consultant including provide access to their large database of information as well as additional insight and experience based on being involved with other RFPs. Callan Associates is not part of the scoring team and has not been involved in the scoring portion of the process. The RFP review and scoring process has been comprehensive and appropriate to the needs of the Choice Plan and PERSI membership. The next steps include contract review and negotiation, reference checks of the finalists and, lastly, a recommendation to the Executive Director and Board. PERSI staff will follow up on specific negotiation points raised by investments staff and the Board. Mr. Wald stated that he has been involved in the RFP process for other agencies and this has by far been the best one he has experienced. The expertise and collaboration with Callan has been very positive. Chairman Cilek expressed his appreciation to everyone that has been involved with this RFP.

Deputy Director, Michael Hampton, presented information on the Governor-mandated strategic plan for the agency as well as the internal strategic plan that is currently being drafted by PERSI staff. The Board directed PERSI staff to create the in-house strategic plan with focus on a 5-10 year period as well as leveraging commonalities with the strategic plan submitted by PERSI to the Division of Financial Management, where possible. Staff was also directed to explore retaining an expert to assist with creation and drafting. This process should coordinate with the Board's governance sessions where appropriate.


The Board provided additional feedback on first tranche of Group 1 priority policies (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). Ms. McDuffee will work with PERSI staff to incorporate the feedback received for a third reading of the policies and responsibilities framework at the February 2020 governance session. Ms. McDuffee and PERSI staff will also begin work on next tranche of Group 1 policies for a first reading at the February 2020 governance session.

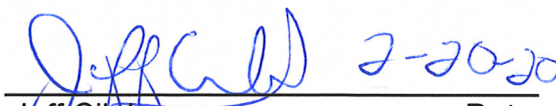
Mr. Maynard and Ms. Sugiyama stated that Berkadia Commercial Mortgage LLC has elected to not to continue on with PERSI. Portfolio staff will work on a replacement for the services that Berkadia was offering and will provide updates to the Board as needed.

Recess: The Board recessed at 4:05 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

 2-20-20
Jeff Cilek _____ Date
Chairman