



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 via Zoom at 12:00 p.m., July 20, 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, Financial Executive Officer Alex Simpson, Deputy Attorney General Cheryl George, and Management Assistant Lena Rupp were also in attendance via Zoom. Members of the public were allowed to listen to the meeting telephonically.

Other persons attending all or portions of the meeting via Zoom were:

Amy McDuffee	Mosaic Governance	Blake Roemer	Citizen
Ann O'Bradovich	Callan	Teddy Grant	Reporter
Nate Fisher	Governor's Office	Ben Taylor	Callan

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

Amy McDuffee of Mosaic Governance reviewed the agenda for the meeting.

Director Drum met with Information Technology Services (ITS) Administrator, Jeff Weak, to discuss the current information technology structure of PERSI and what the steps will be for moving forward with the state consolidation plan. Mr. Weak stated that ITS is comfortable with PERSI internally housing agency servers and will support PERSI regarding any future consolidation decisions. PERSI staff and the Board would like to keep all information technology services in-house for the foreseeable future. Eide Bailly will also make contact with ITS and include any findings in the IT audit that they are currently doing for PERSI.

Director Drum met with Director Reynolds and Faith Cox at the Department of Administration (Risk Management). They are available to assist PERSI staff with any needs in regard to additional insurance coverage for the Board. Risk Management is willing to document in a memorandum of understanding exactly what coverage is provided under the state. Director Drum will ask Risk Management to begin gathering estimates regarding cost of policies and what an additional policy would cover. PERSI staff will have the Office of the Attorney General review all of this information once it becomes available. Director Drum will also work with the AG's office on the memo regarding Board insurance that was issued by them to see if they would like to provide a more current document or affirm the exiting document. Final documentation will be included in the Board's governance policy manual.

Director Drum stated that Andy Snook with the Office of the Attorney General indicated that he has determined the PERSI Board does not fall under the same statutory restrictions that other agencies and, therefore, would be able to pursue hiring general counsel. The Governor's office is also amenable to the Board continuing to work with the AG's office on a resolution of this concern. Chairman Cilek and Trustee DeAngeli will work with Nate Fisher & Brian Wonderlich at the Governor's office as well as Andy Snook at the AG's office to move forward with next steps and ensure that all appropriate parties are communicated with and accepting of the general counsel proposal. Director Drum will follow up with the Division of Financial Management to confirm how this would be handled through the budget, whether appropriated or not, once Chairman Cilek & Trustee DeAngeli have gathered more information.

Deputy Director Hampton provided an update on the recruitment for the open internal actuary position. The Division of Human Resources (DHR) has established the actuary position within their system, including the position description and classification. Deputy Hampton is working with DHR to finalize the questions that will go along with the recruitment position thus allowing the position to be posted by the end of this week or beginning of next. Director Drum and Deputy Hampton explained the definition of an exempt position based on budget and time reporting definitions. Director Drum will follow up with the Board on the statutory language that specifies exempt positions for PERSI. Ms. Sugiyama stated the first round of virtual interviews for the open investment officer position are next week. Trustee Fisher is also participating in these interviews. There are five candidates to be interviewed.

Director Drum and PERSI staff have put together all of the legislative ideas that will be submitted for the upcoming session. The ideas may or may not end up as actual legislation but the ideas need to be submitted prior to the session. Should the Board decide to move forward with general counsel, staff will want to put together legislation in order to make sure it is structured correctly in statute and is also included in the governance policy manual that is currently being created. A statutory change will need to be submitted to allow PERSI to be included in the list of agencies that have authority to do full FBI background checks on applicants. Lastly is adjusting the requirements to be considered for appointment whenever there is an opening on the PERSI Retirement Board. These positions are appointed by the Governor. PERSI staff will share draft legislation with the AG's office as needed to make sure it is staying in line with the intended outcome.

Deputy Hampton provided information on the original intent of the Choice 401(k) Plan as well as some history of the plan. The review included how the plan has evolved to what it is today. The Board has an opportunity to make wanted adjustments including through the development of the updated Investment Policy Statement which is currently underway. The Board will decide on a member of the Board to be a Choice Plan liaison to work with staff and consultants moving forward. Ann O'Bradovich of Callan shared some brief opinions regarding the current Choice 401(k) Plan workgroup. Callan provided and reviewed a list of Choice Plan roles and responsibilities. The Board and PERSI staff will continue review of the list and provide comment for discussion at a future governance meeting. Ben Taylor with Callan added brief comments regarding the purpose of the roles and responsibilities spreadsheet.

Ms. McDuffee will send a survey to the Board to refresh governance initiative priorities moving forward. Results will be reviewed at the August governance meeting. The Board suggested minor changes to the first tranche of governance manual policies that have been in the drafting phase since March. These will be incorporated for review at the August governance session and if there are no additional changes will be ready for adoption. The first policy that the Board chose to focus on in the second tranche of policies is Board education including on-boarding and mentorship for new members. Ms. McDuffee will create the first draft of this policy for review in August incorporating the Board's input. Ms. McDuffee, in collaboration with PERSI staff and the Board, will

start working on updating the internal long-range strategic plan for the agency. This differs from the mandatory plan that is submitted to the State each year. Ms. McDuffee reviewed the key roles and responsibilities of the process of updating the strategic plan. The Board discussed what key goals and objectives they would like to focus on within the strategic plan. Once the strategic plan policy document is complete, it will be included in the governance policy manual that is currently in development. The goal for completion of the updated long-range strategic plan is the first part of 2021.

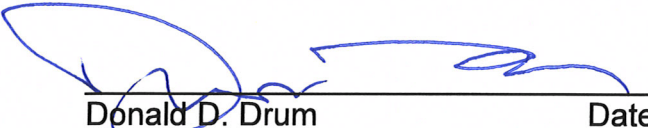
Executive Session: At 4:10 p.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code 74-206(1)(b) to consider personnel matters.

Trustee Gould made a motion to go into executive session. Trustee Fisher seconded the motion and the Board voted unanimously via roll call vote.

Upon conclusion of the executive session, Trustee Price made a motion to return to regular session. Trustee Fisher seconded the motion, which passed unanimously.

Regular Session: The Board returned to regular session at 5:27 p.m. Chairman Cilek stated during executive session no decisions were made.

Adjournment: No other decisions were made, and there being no further business to come before the Board, the meeting adjourned at 5:30 p.m.



Donald D. Drum
Executive Director

Date



Jeff Cilek
Chairman

9/15/20
Date