



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., March 10, 2020. The following members were present:

Jeff Cilek  
Joy Fisher  
Celia Gould  
Park Price  
Darin DeAngeli

Executive Director Don Drum, Deputy Director Michael Hampton, 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 Bannister	Cavanaugh Macdonald	Leslie Hayes	Office of the Attorney General
John Garrett	Cavanaugh Macdonald	Amy McDuffee	Mosaic Governance
Robert Schmidt	Milliman		

At 12:15 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting.

Chief Investment Officer, Bob Maynard, and Ann O'Bradovich of Callan Associates attended the meeting telephonically.

John Garrett & Brent Banister of Cavanaugh Macdonald Consulting (CMC) presented results of their audit of Milliman's actuarial work for PERSI. The replication audit performed for PERSI included a review of Milliman's actuarial assumptions and methods in addition to replication of the 2019 valuation results. The results of the audit resulted in no material findings and the actuarial work provided by Milliman is actuarially sound. The current assumptions are within a reasonable range and are consistent with that observed by other large public retirement systems.

Approximately 40 specific requirements of the applicable Actuarial Standards of Practice (ASOP) were examined and Milliman was found to be in compliance with all. The replication of the 2019 valuation resulted in a 0.06% variance between the Milliman and CMC reports and which is well within acceptable thresholds for replication results. One recommendation made by CMC relates to studying discretionary COLAs as granting these will create future challenges. PERSI is well funded, providing great discretion in decisions and is still proving a good COLA. However, past COLA practices cannot continue indefinitely and a future Asset Liability Management (ALM) study is recommended.

Amy McDuffee of Mosaic Governance led the governance discussion. Director Drum provided an update on ongoing topics from the last meeting. He met with risk management in regard to



Directors & Officers Insurance. Risk management is available to participate in the May governance meeting. They will provide Director Drum with risk retention information which will then be forwarded to the Board. The budget hearing for the PERSI appropriation was conducted without any objections to the Governor's recommendation. It should move through the rest of the process without any issues. The "notwithstanding" language was left in the appropriation bill. Director Drum will meet with JFAC leadership in the coming months to start discussions before next session. Chairman Cilek is also available to meet with legislators as needed. On February 25<sup>th</sup>, Director Drum gave a presentation to the House Commerce and Human Resource Committee on the History of COLA decisions. Chairman Cilek accompanied him to this meeting. On March 3<sup>rd</sup>, the House Commerce and Human Resources Committee held a regularly scheduled committee meeting, however, PERSI was not notified that the agenda was going to be modified and PERSI topics discussed. Thus, no PERSI staff were in attendance. The original agenda was never posted for reference prior to the start of the meeting. The PERSI topics discussed include HB448, contribution rates, the Sick Leave Fund and the creation of new guidelines for PERSI for moving forward. There appears to be confusion among legislators as to what would happen to the mandatory 1% COLA should HB448 pass as written. There is also confusion about the differences between the Sick Leave Trust Fund and the Base Plan. There was mention of a joint meeting with both the House and Senate committees to review and discuss PERSI but no additional updates have been received. Director Drum plans to focus even more on legislator education during his summer tours this year. The Board suggested that a one-page matrix highlighting the different funds and plans within PERSI be created to help in these education efforts. This newly created matrix will be included in the materials already sent out to legislators each year.

Director Drum will continue his work with the Attorney General's office and the Division of Financial Management (DFM) on the PERSI request for a second DAG. He will provide an update on the status of this request at the next governance meeting. The open position for an additional investment staff person is still in the recruiting phase. If PERSI staff is unable to recruit an appropriate candidate, they will go back to the legislature with next fiscal year's budget as it was not included this year. The internal actuary position will be open for recruitment as soon as approved to post on the Division of Human Resources website. Director Drum plans to meet with Alex Adams of DFM after session adjourns sine die to begin budget discussions for next year.

The Board will continue to develop its Funding Guidelines, which, once approved, may be a tool to aid PERSI staff in the education process with legislators. Ms. McDuffee and PERSI staff will incorporate the Board's requested changes and will send out the updated draft to the Board for review prior to the May governance meeting. The Board reviewed the first tranche of policies to be included in the Board Policy Manual. This group of policies is almost complete and may be included on the April agenda for final Board approval. The Board would like Ms. McDuffee to assist PERSI staff in the agency internal strategic plan update process.

Executive Session: At 3:10 p.m. Chairman Cilek stated the Board intended to move to Executive Session in accordance with Idaho Code 74-206(1)(b) to convene in executive session 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 Fisher made a motion to return to regular session. Trustee Price seconded the motion, which passed unanimously.

## REGULAR SESSION

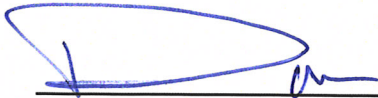



The Board returned to regular session at 4:10 p.m. Chairman Cilek stated during Executive Session no decisions were made.

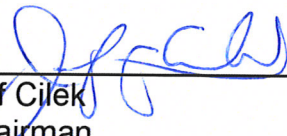
Recess: The Board recessed at 4:20 p.m. and moved locations to 1137 W River Street, Boise Idaho.

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  
Executive Director

  
Date

  
Jeff Cilek  
Chairman

4-21-2020  
Date