



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., March 11, 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:

Brandon Fitzpatrick	DB Fitzpatrick	Chris Wester	PERSI
Justin Packard	DB Fitzpatrick	Sharon Simon	PERSI
Nate Oakley	MPIA	Kelly Rowlands	PERSI
Bruce Reeder	MPIA	Larry Sweat	PERSI
Matt Lindstrom	MPIA	Lisa Conn	PERSI
Bill Palumbo	MPIA	Adel Stacy	PERSI
Dan Bates	Clearwater	Mike Anderson	PERSI
Chris Brechbuhler	Clearwater	Diane Kaiser	PERSI
Tom Lofton	Clearwater	Kelly Cross	PERSI
Mike Boren	Epic Ventures	Gary Fletcher	Public
Brent Bannister	Cavanaugh Macdonald	Susan Buxton	DHR
John Garrett	Cavanaugh Macdonald	Leslie Hayes	Attorney General
Bret Linton	Milliman	Scott Zanzig	Attorney General
Ann Mahrdt	Empower Retirement	Nate Fisher	Governor's Office
James Coleman	REAI	Brian Wonderlich	Governor's Office
Andrea Patterson	ID Supreme Court		

At 8:35 a.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting.

Approval of the Minutes: Trustee Fisher made a motion to approve the minutes of the February 19 and February 20 meetings. Trustee Price seconded the motion, which passed unanimously.

PERSI Staff Highlight: The Board recognized Sharon Simon, Financial Support Technician in the Fiscal Department, for a recent bi-weekly state payroll project involving paper warrants issued by the State Controller's Office. Ms. Simon was integral in changing the process that the Fiscal Department goes through to an electronic based system thus increasing efficiency within the

department. The Board thanked Ms. Simon for her almost 17 years of dedication and loyalty to PERSI. Ms. Simon was also presented a certificate of appreciation.

PORTFOLIO

Monthly Investment Report: Investment Officer, Richelle Sugiyama, provided the investment update. Ms. Sugiyama stated the focus of her update would be in regard to the fund in general and how the portfolio is holding up through the current market volatility. Ms. Sugiyama provided a brief overview of the markets since our last meeting. The fund is behaving just as expected given current market conditions and is currently ahead of policy benchmarks. Our investment strategy of simple, transparent, focused and patient is a long-term approach which stresses calm during difficult times and it has weathered worse storms. There will be no action taken unless the fund reaches its rebalancing thresholds. Should a fund rebalancing become necessary, investment staff will communicate the plan for moving forward to the Board.

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

EXECUTIVE DIRECTOR

Legislative Update: Executive Director, Don Drum, updated the Board on the current legislative session. Director Drum met with the Governor's office to discuss the career ladder moves for educators. There may be a need to reassess educator contribution rates as well as cost distribution over membership as the educator wage adjustments are outside of what was projected for. There may also come a time that PERSI will need to look at possibly creating a new class for educators. Director Drum has been communicating this in his statewide tours as well as in individual meetings with education leadership. There will be further analyses done in the coming months. The 45th day of the Legislature passed with no action taken on HCR30, therefore, the Board's COLA recommendation went into effect March 1st. Director Drum and Quality Assurance Manager, Lisa Conn, gave a presentation at the Professional Fire Fighters of Idaho (PFFI) convention on February 24th in Boise. The PFFI was very active in organizing a phone and email campaign prior to the COLA going into effect. They are strong PERSI supporters. HB370, HB371 and HB372 were passed with no dissenting votes and are waiting for the Governor's signature. On February 25th, 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. Director Drum attended the winter meeting for National Association of State Retirement Administrators (NASRA) February 28th through March 2nd in Washington D.C. Director Drum is part of the Executive Committee for NASRA. On March 3rd 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 was mention of a joint meeting with both the House and Senate committees but there have been no additional updates received in regard to that. The PERSI budget setting through JFAC was March 4th and passed through without objection. Trustee Fisher and Trustee DeAngeli were also confirmed by the Senate for their Board terms on February 20th.

DEPUTY DIRECTOR

Actuarial Audit: 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. Past practices cannot continue indefinitely and an Asset Liability Management (ALM) study is recommended.

Contested Case – Sandy Boyer: Deputy Director, Michael Hampton, presented the Board their options for case 05-19 which are schedule oral arguments by the parties before the Board prior to issuing final order, remand the matter for further evidentiary hearings or vocational assessment if further factual development is needed, or issue a final order accepting, rejecting or modifying the Recommended Order from the Hearing Officer.

Trustee DeAngeli made a motion to adopt the Hearing Officer's Recommended Order that the application for disability retirement be denied. Trustee Fisher seconded the motion, which passed unanimously.

Deputy Director Hampton informed the Board that PERSI staff is changing the notification process for contested cases. This change is to provide more time to the Board for identifying any legal conflicts of interest prior to delivery of the contested case information. Notification of new cases will be sent to all Board members 2-3 weeks ahead of the full packet with only basic case information including the name of the party, where they live and employer information. There is no requirement of the Board to respond if no conflict is present. If PERSI staff does not hear back from individual Board members, full case information will be forwarded as per the existing process. Trustee DeAngeli stated that this practice should also be rolled into the governance manual work that is currently being done by the Board as a standard policy. There are currently three outstanding disability cases with no new cases filed as of November 2019. Any new cases received will follow this new Board notification process.

FISCAL UPDATE

Quarterly Financial Statements/Expense Reports/Travel: Financial Executive Officer, Alex Simpson, updated the Board on year-to-date expense reports and financial statements. The Board reviewed the out-of-state travel report.

BOARD

Executive Session: At 10:05 a.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 and 74-206(1)(f) to communicate with legal counsel to discuss legal ramifications of and legal options for pending litigations or controversies.

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 Gould seconded the motion, which passed unanimously.

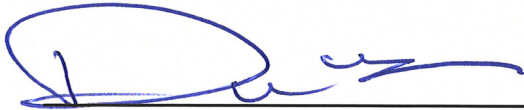
REGULAR SESSION

The Board returned to regular session at 11:50 am. Chairman Cilek stated during Executive Session no decisions were made.

Trustee DeAngeli made a motion to oppose the appeal received from Robert Elgee in regard to case CV01-2018-24003 and to appeal the issues in the district court judgement by Judge Barton. Trustee Price seconded the motion, which passed unanimously.

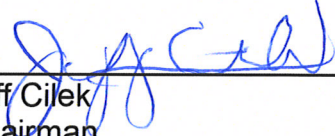
The Board reviewed the draft agenda for April. Chairman Cilek requested another executive session to be added to the April agenda. He also requested that an afternoon governance session be added to the May 19th regular meeting.

Adjournment: No other decisions were made, and there being no further business to come before the Board, the meeting adjourned at 11:55 am.



Donald D. Drum
Executive Director

Date



Jeff Cilek
Chairman

4-21-2021

Date