



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 meeting scheduled at 1137 W. River Street, Boise ID 83702 with a start time of 5:30 p.m. on October 26th, 2020 was canceled.

The Board of the Public Employee Retirement System of Idaho met via Zoom at 9:30 a.m., October 27, 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.

Along with members of the general public, other persons attending all or portions of the meeting were:

Amy McDuffee	Mosaic Governance	Ann O'Bradovich	Callan
Keith Reynolds	Dept of Admin	Ben Taylor	Callan

At 9:40 a.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting.

DEPUTY DIRECTOR

Contested Case – David Gunter: Deputy Director, Michael Hampton, presented the Board their options for case 05-18 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, 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 with exceptions. The Board rejects the burden of proof standard set forth in the Second Decision on Remand to the extent it implies Petitioner's burden of proof is by a preponderance of the evidence for purposes of Idaho Code Section 59-1302(12)(b). To the extent further qualification of the burden of proof is needed, the appropriate threshold is "reasonable medical certainty" for purposes of Idaho Code Section 59-1302(12)(b) when the applicable PERSI disability statutes and rules are considered together. Trustee Gould seconded the motion, which passed unanimously.

GOVERNANCE

Amy McDuffee of Mosaic Governance reviewed the agenda items for the governance portion of the meeting.

Ann O'Bradovich of Callan reviewed the most recent draft of the Choice Plan 401(k) Policy Statement which includes both investment and administrative items. The reviewed draft shows an adoption date of October 20, 2020, however, this document is still in draft form and has not yet been adopted by the Board. The goal of the updated policy statement is to reflect current practices. Callan will incorporate feedback received from the Board and will circulate an updated document for review and possible adoption at the next Board meeting. Director Drum will clarify with the Attorney General's office regarding the selection of an Investment Consultant for operations as operations is not subject to the investment exemption for certain procurements. Director Drum will get more information on whether or not operation has the ability to use the exemption or if it must be a bid through the RFP process. Callan is included in the exemption as a consultant for investments and not operations.

Ms. O'Bradovich, along with Ben Taylor also of Callan, provided an education session pertaining to default investment options within the Choice 401(k) Plan. The Board requested that Callan seek additional information from Empower, the Choice Plan record keeper, so that a more detailed analysis may be conducted to support the Board's discussion of the goals and objectives for the default fund. Callan will use the data to conduct an analysis and provide a recommendation to the Board.

Ms. McDuffee led the Board through a review of the most current draft of the funding guidelines which were last adopted in 1998. The new draft is a reflection of the updated viewpoint of the Board as it currently stands. The Board provided additional feedback which will be incorporated and a new draft to be presented at the next governance meeting which will also restate COLA expectations going forward.

Deputy Director Hampton gave a brief update on the tentative 8-month seasonal employee legislation. Director Hampton stated that based on feedback that PERSI staff has received from discussions with employers and stakeholders around the state, this legislation will be pulled back from the proposed legislative ideas list for further review and may be resubmitted for a future legislative session. Specifically problematic for seasonal firefighters in the Eastern part of the state as well as noxious weed and invasive species positions. The Board agreed to withdraw the legislative idea regarding 8-month seasonal employees.

Executive Director Drum stated that Director Reynolds with the Department of Administration has sent over the Memorandum of Understanding regarding Board insurance. Director Reynolds stated that any defense of a Board member or employee, unless there is a legal ruling that defense falls outside of the statutory obligation, will be covered by the Office of the Attorney General. Board members are defined in statute as employees. Trustee DeAngeli stated that the MOU doesn't necessarily cover perceived conflict of interest cases or if the Office of the Attorney General will not defend but the Board has access to use funds to cover defense in those cases. The concepts included in the MOU will be added to the Governance Policy Manual.

Deputy Hampton provided an update on the open internal actuary position. The posting has closed and no qualified applications were received. Deputy Hampton is working with the Division of Human Resources on reposting the position using the data and response information received from the original posting. Deputy Hampton is also looking into additional ways to post the new listing to capture a larger actuary audience. Chairman Cilek stated a second candidate is being

interviewed today for the open investment officer position. No additional updates regarding the investment position were provided by PERSI staff.

Ms. McDuffee reviewed the final draft of the Chief Investment Officer Responsibilities policy as well as the Chief Investment Officer Evaluation policy. CIO Maynard and the Board did not have any additional updates for this policy. Trustee Gould made a motion to approve both policies as written. Trustee DeAngeli seconded the motion which passed unanimously.

Chairman Cilek stated that the Board, to remain true to the draft funding guideline criteria, will not be taking any action regarding discretionary COLA. Since no action was taken a vote regarding the COLA was not required.

Executive Session: At 12:45 p.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code 74-206(1)(a) and section 74-206(b).

Trustee Gould made a motion to go into executive session in accordance with Idaho Code 74-206(1)(a) to consider hiring a public officer, employee, staff member or individual agent and section 74-206(b) to consider personnel matters. Trustee DeAngeli seconded the motion and the Board voted unanimously via roll call vote.

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

Regular Session: The Board returned to regular session at 1:45 p.m. Chairman Cilek stated during executive session no decisions were made.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 1:45 p.m.


Donald D. Drum
Executive Director
12-1-2020
Date


Jeff Cilek
Chairman
12-1-20
Date