



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 in-person and via Zoom at 12:00 p.m., August 16, 2021. 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	Janelle White	DHR
Ann O'Bradovich	Callan Associates	Lori Wolff	DHR
Robert Klausner	Klausner, Kaufman, Jensen & Levinson		

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

Amy McDuffee of Mosaic Governance briefly reviewed points of the meeting agenda.

Ethics and Conflict of Interest Policies: Ms. McDuffee reviewed elements the Board may want to consider for incorporation into the first draft of the Ethics and Professional Conduct Policy. Having an ethics policy, built upon State law, is to addresses specific risks that PERSI faces and to have a reference document that is in line with industry best practices. The Board reviewed proposed aspects of the draft policy as well as a proposed draft of the introduction and purpose section of the policy. Mr. Klausner provided comments regarding the state statute on ethics and ethics practices within other systems. He believes an internal ethics policy is good practice to make sure trustees are protected. Ms. O'Bradovich stated that Callan are fiduciaries and act as a fiduciary. Callan has their own ethics policy and will also support a separate policy by PERSI. Ms. O'Bradovich also provided general comments regarding the proposed draft of the introductions and purpose section. The feedback provided will be incorporated into the updated draft.

Discussion was held on the conflict of interest policy and principles that may be included. The Board also discussed the recusal process including special situations that may arise as a result of the nature of a conflict, such as the loss of quorum due to multiple trustees being conflicted out. Director Drum stated that state code is the basis for internal handling of potential conflicts of

interest and that PERSI staff and management always err on the side of caution by not participating in anything that could be perceived as conflict. It was noted by Mr. Klausner that generally by law, the governing body makes a determination in recusal and loss of quorum per the rule of necessity. The Board provided feedback on the format and policy language. Ms. McDuffee gave a brief overview of the proposed timeline for policy development. The Board directed a more accelerated approach and requested full first drafts to be reviewed at the next meeting.

Governance Roadmap: At the July governance meeting the Board reviewed the governance roadmap identifying compensation and compensation philosophy as a discussion topic for the August meeting. Mosaic presented information on the range of peer practices related to public pension operating models and associated compensation programs. The intention of the discussion over the next few meetings is to provide clarity on what is applicable to PERSI so there is clear understanding on what the parameters are around compensation.

Janelle White, of the Division of Human Resources (DHR), spoke about the approach to a PERSI-wide compensation study and what that process would look like. DHR would like to understand what goals PERSI would like to achieve so they are able to assist PERSI in navigating compensation issues while also complying with statutes and rules. The Board discussed DHR's process for selecting entities for the compensation study. Ms. White stated the Board may also make suggestions to DHR on the entities to include. Ms. O'Bradovich commented on the division of responsibilities within PERSI's model and how that differs from other public pensions of similar size. More discussion on policies, practices, and processes applicable to PERSI is scheduled for the next governance session.

Governance Policy Manual: Ms. McDuffee presented an overview of the amendments made to the draft Succession Planning Policy consistent with the Board's direction from the July meeting. The Board provided feedback and Trustees were invited to provide any additional feedback to Mosaic prior to the next meeting. The Succession Planning Policy is set for tentative approval at the September governance session.

Statutory Matters: Director Drum provided an update on the internal actuary position, noting the intent to identify external actuarial firms to potentially source the needed duties. DHR is aware of the plans to initiate an RFI (Request for Information) for all contractual services, including existing and new ad hoc actuarial duties. DHR has agreed that the best way to establish the cost for actuarial services is the RFI. This information will be used in determining the most appropriate path for moving forward for actuarial services. Director Drum is expecting to have more information to share with the Board by the October governance session. The Board approved Director Drum to continue moving forward with the RFI process.

Director Drum reminded the Board that in the Tuesday meeting they will need to vote on approving to go forward with the proposed legislative ideas. A new legislative idea that was not previously included is for members participating in return to work to begin paying contributions. As of right now only the employer pays contributions for employees participating in return to work. PERSI staff consulted with Mr. Klausner who stated it is not yet within Board fiduciary duty until the results of the Milliman study are available showing what the actual return to work costs. At this point in time it is only an idea for the Board to consider for inclusion with the legislative ideas to be submitted.

Executive Session: At 2:50 p.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code §74-206(1)(b).

Trustee Fisher made a motion to go into executive session in accordance with Idaho Code §74-206(1)(b) to consider personnel matters. Trustee Price 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 Gould seconded the motion, which passed unanimously.

Regular Session: The Board returned to regular session at 5:35 p.m. Chairman Cilek stated that during executive session the Board discussed personnel matters. No decisions were made.

Recess: The Board recessed at 5:40 p.m.

Reconvene: The Board reconvened at 6:00 p.m. at 1137 W. River Street, Boise Idaho for an informal dinner. No decisions were made.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 8:30 p.m.


Donald Drum _____ Date
Executive Director

 10-1-21
Jeff Cilek _____ Date
Chairman