



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 1:30 p.m., January 25th, 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:

Ann O’Bradovich	Callan	Amy McDuffee	Mosaic Governance
Greg Allen	Callan	Robert Schmidt	Milliman
Nate Fisher	Governor’s Office		

At 1:35 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting.

Amy McDuffee of Mosaic Governance briefly reviewed the agenda. Chairman Cilek that when the Board started on the review of the funding guidelines a few months ago he didn’t anticipate that the funding level would be near the 100% mark and his perspective has shifted slightly. His thought process regarding the funding guidelines relates to the COLA, contributions, and economic assumptions among other things which have become more important than ever. He is looking forward to discussing the funding guidelines further.

Capital Market Projections: Greg Allen with Callan Associates presented the Callan 10-Year Capital Market Projections. Callan produces annual capital market expectations that are used for strategic planning for their clients. The same market assumptions are used for all clients which are then utilized in guiding asset allocation and funding decisions.

Mr. Allen reviewed the process Callan uses for the projections, the current economic & capital market environment, the summary of the 2021 projections, and projected return & risk for the PERSI policy portfolios. The projections are updated each year in December/January and are used for the full year with all clients. Long term relationships and current market conditions are also reflected in the projections. This process hasn’t fundamentally changed since Mr. Allen has been involved over the last four decades.

PERSI Funding: Robert Schmidt of Milliman reviewed historical information regarding the PERSI plan funding and previous actions taken. The Board requested more information on actions they should consider when the funded ratio goes above 100%. Important considerations are contribution rates, the cost of discretionary COLAs, PERSI's economic assumptions and market volatility. Mr. Schmidt reviewed the proposed priorities that the Board may consider which are defining what "well-funded" means, potentially adopting more conservative actuarial assumptions & contribution rate decreases, granting future discretionary COLAs and gainsharing. Milliman sent a proposal for text which is included in the draft funding guidelines regarding defining parameters for the definition of "sustainably funded". Mr. Schmidt recommended that Milliman do an asset/liability study which would provide a way to assess and refine the definition of "sustainably funded" moving forward.

The Board was provided the most up-to-date draft of the funding guidelines which incorporates all of the changes requested during the October meeting. In addition to the comments provided by the Board during the meeting, PERSI staff will work with Mosaic on the draft and will submit any additional changes to be incorporated into the document prior to the February meeting.

Long Range Planning: Ms. McDuffee gave an update on the progress of the long range plan which includes working sessions with PERSI senior staff as well as feedback from the Board. The purpose of the long range plan is to support the Board and PERSI staff in setting, implementing, measuring progress against and periodically reevaluating organizational priorities. The final long range plan will work off of a 3-year cycle. This document is separate from the strategic plan required by the Governor's office. Ms. McDuffee reviewed the vision and mission statements prepared by PERSI staff and will incorporate the feedback received from the Board in the next working sessions with staff. Ms. McDuffee also reviewed critical themes that were identified through results of the S.W.O.T. analysis as well as the goals and objectives for the next 3-year period associated with the themes. Mosaic will continue working with senior staff on development of the draft plan which will be presented at an upcoming governance meeting.

Ms. McDuffee, as well as Chairman Cilek, extended thanks to PERSI staff for all of their time and work on the development of the long range plan.

Governance Policy Manual: Ms. McDuffee reviewed draft two of the Trustee Travel and Expense Reimbursement policy which incorporates the previously requested changes from the Board during the September meeting. Ms. Sugiyama and Mr. Maynard stated this policy is in conflict with historical practice and previously established protocols and requested further review of the policy. Director Drum will also review the Board of Examiners rules to make sure the policy is in line with those. An updated draft will be presented at a future governance meeting.

The Board Self-Evaluation policy was reviewed. Trustee DeAngeli requested that the self-evaluation be placed on an annual review cycle. Trustee Price made a motion to adopt the policy with the change as requested by Trustee DeAngeli. Trustee DeAngeli seconded the motion which passed unanimously.

The Board Consultant Selection and Evaluation policy was reviewed and no changes were requested. Trustee DeAngeli made a motion to adopt the policy as presented. Trustee Price seconded the motion which passed unanimously.


The first draft of the Board Communication Policy was reviewed and changes requested by the Board in regard to *Section d. Trustee Communication with PERSI Staff*. An updated draft will be presented at a future governance meeting.

Statutory Matters: Due to the reduced time remaining in the meeting, the update on PERSI staffing matters has been moved to the Tuesday meeting.

Ms. McDuffee briefly reviewed the February governance agenda which will include the Callan presentation on the Default Investment Fund for the Choice 401(k) Plan, review of the updated draft of the Funding Guidelines, and the policy carryovers from today's meeting. There will also be additional policies for review.

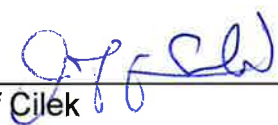
Nate Fisher from the Office of the Governor gave an update regarding upcoming executive legislation proposed by PERSI concerning Board appointments. The Governor's office is willing and available to work through any succession planning conversations with the Board and how Board appointments are impacted by the succession process. The Governor's office is working through a few more items which will be incorporated into the draft legislation. There are no concerns that would eliminate the ability for the Governor's office to come to a consensus with PERSI staff and the Board. Trustee DeAngeli will work with Mr. Fisher through the final drafting stages.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 4:45 p.m.



Donald D. Drum
Executive Director

2-18-21
Date



Jeff Cilek
Chairman

2-18-21
Date