The Board of the Public Employee Retirement System of Idaho met in-person and via Zoom at 8:30 a.m., March 30, 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 Sugiymama, Financial Executive Officer Alex Simpson, 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:

Liz Smith  Alliance Bernstein  Ann O’Bradovich  Callan
Henry D’Auria  Alliance Bernstein

At 8:38 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 17 and February 18 meetings. Trustee Price seconded the motion, which passed unanimously.

PORTFOLIO
Monthly Portfolio Update: Chief Investment Officer, Bob Maynard, provided the investment update including comments on current market reactions and activity. March has seen a PERSI month gain of +1.9% and a fiscal year-to-date return of +20.2% at $22.247 billion (with an estimated funding level of the main plan at 100.4%). The sick leave fund is up +17.0% at $675 million. This month US equities (R3000) are up +3.6% for a FYTD return of +33.2%, international developed markets (MSCI EAFE) have risen +2.6% for a fiscal year gain of +26.4%, global developed market equities (MSCI World) are up +3.4% to +29.5% for the fiscal year, and investment grade bonds (BB
Aggregate) are off -1.1% for a fiscal year return of -2.0%. Emerging markets (MSCI Emerging) have lost -2.2% for a fiscal year return of +33.5%, REITs (DJ Select REIT) are up +6.3% for a fiscal year +27.2%, while TIPS have gained +0.2% to change the fiscal year return to +3.5%. Private real estate has a gain of +0.8% and private equity has gains of +31.0% for the fiscal year to date. For the fiscal year, Brandes has the best absolute return at +43.6% and also has the highest relative return to benchmark which is +14.1% above their MSCI World benchmark. Peregrine has the lowest equity return of +12.0% while Donald Smith has the worst relative return at +21.9% which is -27.9% behind their mid/small domestic equity benchmark. The fund as a whole is behind the 55-15-30 reference benchmark by -0.7% due primarily to the underperformance of private real estate compared to the public US markets. Investment Officer, Richelle Sugiymama, provided general comments on market challenges, investments and the economy.

Investment Manager Market Commentary: Ms. Sugiymama introduced Liz Smith, Senior Managing Director for public funds, and Henry Mallari-D’Auria, Chief Investment Officer for emerging markets value and equities, who have been with Alliance Bernstein for over 30 years. PERSI has worked with Alliance Bernstein since 2004. Mr. Mallari-D’Auria provided a general overview of the global economy including current market challenges and opportunities.

EXECUTIVE DIRECTOR
Legislative Update: Executive Director Drum gave an update on the current legislative session and the status of bills. S1007 affects local salary schedules for public schools would adjust potentially the career ladder to some extent. In House Education committee. PERSI staff track any bills that could potentially impact schools, school salaries and school benefits due to the potential of impacting contribution rates. If this bill passes the information within it will be included in the upcoming Milliman study regarding teacher rates.

S1009 affects state fire marshals to add them to rule of 80. This was signed on the Governor on March 18th. S1082 is from the State Insurance Fund (SIF) regarding a sick leave program for SIF employees hired after a certain date. This bill passed the Senate and is currently in the House Commerce and Human Resources committee. S1095 is the Board compensation bill. It has passed the Senate and was on the 3rd reading calendar in the House when the legislature went to recess. There has been no major opposition to the bill. S1096 establishes a catastrophic line of duty benefit for public safety officers. It has passed both bodies and is awaiting final signature by the Governor. H101 revises the duties of the Attorney General's office. It is undetermined how this bill will impact PERSI if it passes both bodies and is signed. It has passed the House and is in the Senate State Affairs committee.

H203 provides that individuals qualified to be a school bus driver are eligible to retire and be rehire to work while still receiving benefits. This further broadens the use of return to work which is only available to educational entities (not including higher education). In 2019 there was an indication that there would be a broadening of return
to work, however, after discussion of associated costs the groups outside of schools interested in the program have not taken any additional steps to extend the program. There has been a shift in the retirement patterns for educators which is one of the reasons why PERSI staff has requested the Milliman study. The request was approved by the Board at the Monday meeting. H248 is in regard to taking a portion of career ladder salary apportionment given to school districts and use these funds to pay for OGI health insurance benefits. The bill is currently in the Senate Education committee. If this bill passes it could potentially create a greater surplus in the school sick leave fund and possibly eventually end in the school and state sick leave plans merging. H334 is the PERSI appropriation and has passed the House. It is currently on the 3rd reading calendar in the Senate. S1086 is an anti-Israel bill which would restrict contracting with vendors who boycott Israel. All contracts would have to have special language prohibiting the boycott of Israel. PERSI staff would have to review all contracts to include the special language.

There is discussion that rather than sine die, the legislature may instead recess to come back at a future date to complete their work. There are bills including budgets that are in a holding pattern waiting to make their way through the process. Any bills not brought back up are considered dead.

CEC has been outlined and includes the 2% held back last year, the additional 2% this year and if the agency has salary savings they are able to early implement. However, CEC is tied to the appropriation bills and some of those have not made their way through the approval and signing process.

**DEPUTY DIRECTOR**

**Employer Update:** Deputy Director Hampton provided an update regarding employers who have recently entered and withdrawn from the PERSI system. IDAWY Solid Waste District out of Soda Springs has 23 full time and 13 part time employees. They entered into PERSI under Idaho Statute Title 31, Chapter 49 as of March 1st. Doumeeq Highway District out of White Bird has 5 full time employees and entered into PERSI under Idaho Statute Title 40, Chapter 13 as of March 1st. The City of Grand View, which has 7 active employees, has completed the withdrawal process effective March 1st. They have paid the actuarial determined withdrawal liability in full. Since none of the employees were vested prior to the withdrawal, they do not currently qualify for a benefit but they are able to apply the service accrued to any PERSI employment in the future.

The funds approved by the American Rescue Act passed by congress do not apply to public pension funds. The act applies to private pension funds given they meet certain conditions and requirements.

**FISCAL**

**Update/Expense Reports/Travel:** Financial Executive Officer, Alex Simpson, gave the fiscal update and presented the expense reports. There are no significant concerns for the administration or portfolio budgets and the budgets are running favorably. There is no out of state travel currently being conducted.
BOARD
The Board reviewed the draft agenda for the April. The real estate workshop will be
moved to the Tuesday meeting and will be a brief update instead. Portfolio will schedule
individual briefings with Trustees. This will be the same process for the commercial
mortgage program. The Board moved the July meeting to accommodate the Callan
conference and added a June meeting date. No additional changes were requested.

No executive session was held.

Adjournment: There being no further business to come before the Board, the meeting
adjourned at 10:45 a.m.

Donald D. Drum    Date    Jeff Cilek    Date
Executive Director    Date    Chairman