



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 at 12:00 p.m., April 18, 2022. The following members were present:

Jeff Cilek  
Joy Fisher  
Park Price  
Darin DeAngeli

Executive Director Don Drum, Deputy Director Michael Hampton, Deputy Attorney General Cheryl George, Bob Maynard, Chief Investment Officer, Investment Officer Richelle Sugiyama, and Management Assistant Eliza Storms were also in attendance. Trustee Gould, was absent and excused.

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

Ann O'Bradovich	Callan Associates	Scott Sisel	Eide Bailly
Bo Abesamis	Callan Associates	Alex Simpson	PERSI
Mark Kinoshita	Callan Associates	Brandon Fitzpatrick	DB Fitzpatrick
Alvaro Vega	Callan Associates	Casey Macomb	DB Fitzpatrick
Sally Haskins	Callan Associates	Kim Higgins	Eide Bailly
Jonathan Gould	Callan Associates	Eliza Storms	PERSI
Michael Bryne	AEW	Branden Kennah	PERSI
Patrick McLaughlin	AEW	Brad Berls	Eide Bailly

At 12:07 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting, reviewed the objectives and agenda of the meeting.

Data Aggregator: Investment officer, Richelle Sugiyama, presented to the Board the PERSI staff, in conjunction with Callan's, recommendation for approval of retaining Clearwater Analytics as the provider of Data Aggregation Services. Clearwater can provide the desired services of a Data Aggregator previously discussed with the Board including serving as a back up to the Investment Book of Records at BNYM, provide independent daily pricing sources, NAV validation, and help insulate the Fund from any catastrophic event and assist with potential recovery of data. Ms. Sugiyama reiterated BYN Mellon would remain custody book of record. In terms of timing and implementation, Clearwater expects to be largely completed within a year, with accessibility to key components of the daily report within three to four months.

Ann O'Bradovich with Callan Associates presented a final update on the data aggregator search and timeline. Chairman Cilek thanked Callan and PERSI staff for all their involvement.

Bo Abesamis with Callan Associates provided a review as to reasons Callan looked at Clearwater Analytics as the recommend provider. Stated Clearwater Analytics has done this before, as an asset owner and asset managers. Clearwater Analytics can cover parsimonious cloud; can cover both public and private markets, which PERSI has today. Because they have done this before, Clearwater Analytics has the platform, process, and the people behind the delivery. Clearwater Analytics are able not only to aggregate data but to crosscheck the aggregation of the data. In addition, they provide the local presence. Finally, Clearwater Analytic fees proposal is very competitive and reasonable.

Alex Simpson stated it is very helpful having the double checks, triple checks, and having shadow NAV. The availability to produce GASB reports instantly is of value. Both BYN Mellon and Clearwater would be getting the direct feed from the managers and theatrically be the same.

Ms. Sugiyama stated PERSI staff recommends the Board approve retaining Clearwater Analytics as Data Aggregators with Callan supporting the decision.

Trustee Fisher motioned to bring in Clearwater as Data Aggregator, seconded by Trustee Price. The motion passed by majority vote.

Chairman Cilek thanked all of the PERSI staff and Callan representatives for their hard work and dedication to finding a suitable data aggregator service provider.

Risk Procedures: Bob Maynard presented the Board with what the investment risk procedures are and how they can work with national standards. The presentation consisted of the risk, common practices, and PERSI practices. Bob does not believe there is any part of the risk that PERSI staff is not covering right now.

ICCE: Brad Berls, Kim Higgins, and Scott Sisel with Eide Bailly discussed governance expectations. Kim presented Eide Bailly's idea of direction for consulting type of engagement. Kim stated internal controls and risks, governance structure, and stakeholders are things to pursue to verify policies and procedures are appropriate.

Ms. Higgins explained interview process, consulting engagements, and an ICCE engagement to help determine what PERSI might need and what risk PERSI may have or may need improvement. She reiterated this process would allow PERSI to do just that and allow Eide Bailly to work on the search and come back to PERSI with results.

Director Drum stated involving a practice such as this could help verify accuracy. They will take all information PERSI will provided, assess, and give their opinion. This will give PERSI a step up moving forward with risk assessments, possible lead for internal auditor, and other functions.

Chairman Cilek thanked all Eide Bailly group. Will continue discussion and follow up.

Statutory Matters: Director Drum provided an update on the open internal actuary position. PERSI had seven or eight actuarial firms interested, only three bids, and two finalist Cavanaugh Macdonald Consulting, LLC and Cheiron. The two finalist are going through oral presentation the second week of May. Process of a bid, it may be extremely costly; Board will want to decide on moving forward. As soon as available, PERSI staff will post the internal actuary position at \$160,000/annual and start the recruitment process. PERSI staff will have some update at May

meeting after oral presentations. Will be able to decide before the end of fiscal year in which direction the Board would like to move forward.

May Agenda: The Board reviewed the draft governance agenda for May. Enterprise Risk Management and Internal Audit Next Steps will be placed on hold at this time for further discussion.

#### REAL ESTATE PORTFOLIO:

##### AEW Annual Review

Ms. Sugiyama introduced Michael Byrne, CIO with AEW. Mr. Byrne introduced Patrick McLaughlin, CFA Vice President with AEW, as part of the team and updates on organizational perspectives.

Patrick McLaughlin discussed annual review. Since taking over the portfolio in 2013, we have acquired 37 new deals and a net investment value of \$1.1 billion up from \$570 million at the time of transition. Mr. McLaughlin discussed the performance, portfolio, operations, and active management. Performance is outperforming benchmark over all, including last year, up 20% for the portfolio. Portfolio is diversified across geographies with strategic over-weights to industrial and multifamily property sectors those represent 75% of the portfolio. From an operational standpoint, NOI and occupancies are exceeding budgets. Occupancy for portfolio is 95%. The active management have been able to generate strong returns, sold five deals and acquired four deals in 2021. Two stable developments have reached stable occupancy.

##### Callan Real Estate Portfolio Review:

Sally Haskin, Senior Vice President and Co-Manager for Callan provided an outline Jonathon Gould's review. Ms. Haskin introduced Jonathan Gould, Senior Vice President. Mr. Gould provided additional comments on the real estate portfolio. PERSI is well-positioned. AEW remains stable, growing and is exceeding the objectives of the program. Callan recommends is that PERSI continue to retain AEW.

##### DBF Commercial Review:

Brandon Fitzpatrick reviewed the Idaho Mortgage Program Annual Review. No delinquencies today and none since pandemic began. Idaho commercial real estate market remains very active. Mortgages impacted by Covid-19 in March 2020 have all returned to regular payments by July 2021. During last two years, industrial and multifamily have performed best. Hotels are recovering as well. Loan production had slowed down in 2021; with payoffs also higher than normal and have continued into 2022. Net investments of \$79.3 million, plus investment returns of \$908.2 million for an ending balance (March 31, 2022) of \$987.5 million.

Executive Session: At 4:08 p.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code §74-206(1)(a).

Trustee Fisher 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. Trustee Price 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 Fisher seconded the motion, which passed unanimously.

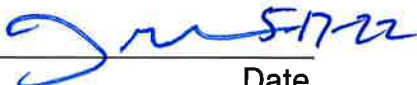
Regular Session: The Board returned to regular session at 4:55 p.m. No decisions were made.


Recess: The Board recessed at 5:05 p.m.


Reconvene: The Board reconvened at 6:00 p.m. at 1137 W. River Street, Boise Idaho for an informal dinner and general discussion. 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  
Executive Director

  
Date

  
Jeff Cilek  
Chairman

  
Date