



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 8:30 a.m., April 19, 2022. The following members were present:

Jeff Cilek
Joy Fisher
Celia Gould
Park Price
Darin DeAngeli

Executive Director Don Drum, Deputy Director Michael Hampton, Investment Officer Richelle Sugiyama, Financial Executive Officer Alex Simpson, Deputy Attorney General Cheryl George, and Management Assistant Eliza Storms were also in attendance.

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

Robert Schmidt	Milliman	Michael Bryne	AEW
Casey Hartwig	PERSI	Mary Holleron	PERSI
Alex Simpson	PERSI	Larry Sweat	PERSI
Branden Kennah	PERSI	Stacy Parr	PERSI
Brandon Fitzpatrick	DBF	Branden Kennah	PERSI
		Eliza Storms	PERSI

At 8:30 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 March 23 and March 24 meetings. Trustee DeAngeli seconded the motion, which passed unanimously.

PORTFOLIO

Monthly Portfolio Update Investment Officer, Richelle Sugiyama, provided the investment update including general commentary on market challenges, investments and the economy. PERSI is down -2.1% for the month for a fiscal year-to-date return of -1.4% at \$22.835 billion. The sick leave funds are down -5.0% for the fiscal year to date at \$657 million. This month US equities (R3000) are down -3.1% for a fiscal year +0.2%. International developed markets (MSCI EAFE) are off -3.0% for a FYTD loss of -6.4%. Global developed market equities (MSCI World) are losing -3.0% for a -0.5% fiscal year. Investment grade bonds (BB Aggregate) have dropped -2.2% for the month for a -8.0% fiscal year to date. Emerging markets (MSCI Emerging) are off -2.7% to increase the fiscal year loss to -17.7%. REITs (DJSelect REIT) are losing -0.2% to +14.0% for the fiscal year. TIPS are off -1.8% to -0.8% for the fiscal year. Private real estate has a gain of +25.4% and private equity has gains of +31.9% for the fiscal year. Adelante REIT portfolio has the best public market

return at +15.7%. Donald Smith has the best relative return to benchmark at +10.1% which is +18.2% above their U.S. benchmark. Genesis (Emerging) has the worst absolute return at -26.0%. Peregrine has the worst relative return at -19.5%, which is -19.3% behind their U.S. equity benchmark. The fund as a whole is +1.8% ahead of the 55-15-30 reference benchmark boosted by spectacular private equity and real estate returns assisted by TIPs relative returns to general investment grade bonds

Ms. Sugiyama stated while private real estate month return is flat at zero, we are looking at a 5 year return at a double digits return of 12.7%

Real Estate Market Outlook

Investment Officer, Richelle Sugiyama, introduced Michael Byrne (AEW Chief Investment Officer) who provided a general overview and remarks. To date, gross property value is at \$2.3 billion. Net investment value is at \$1.1 billion. Currently at 22 investments and 39 properties for a total of 8.1 million commercial square feet and 2,104 apartments with a 95% portfolio occupancy. PERSI portfolio well positioned with nearly 40% in industrial and 37% in multifamily properties.

EXECUTIVE DIRECTOR

New Class Discussion Director Drum discuss the benefits of delaying the effective date for any changes to contribution rates until July 1, 2023, the beginning of fiscal year 2024. This would be very beneficial for schools, cities, and counties as they develop their operating budgets.

Robert Schmidt of Milliman presented five new alternatives to the Board for review of the current contribution rates as well as the alternative rates. Alternatives A, B, and E keep total rates at 19.46% with no impact to amortization period. Alternatives C and D temporarily lower rates in 2022 but will raise it back to 19.46% in 2023 with negligible impact on amortization period.

Director Drum reviewed the grace periods that can be used in making decisions based on valuations. He noted that should the amortization rate be at twenty-five years or greater, the rate adjustment must occur no later than the second January 1 after the most recent valuation.

The Board discussed all the alternatives presented.

Trustee Price made a motion to adopt alternative B as presented. Trustee Fisher seconded the motion, which passed unanimously.

Chairman Cilek thanked everyone for all their hard work and patience.

DEPUTY DIRECTOR

New Employers Deputy Hampton introduced new employer Eastern Elmore County Recreation District effective May 1, 2022. New employer meets the definition of an Employer/Governmental Entity under §59-1321.

IT Department: Deputy Hampton recognized PERSI IT staff after this period of uncertainty. Branden Kennah and Stacy Parr introduced their respective staff and their roles at PERSI. Larry Sweat spoke of the PERSI IT staff efforts all while being short staffed.

Chairman Cilek thanked all the PERSI IT staff.

Long Range Plan: Casey Hartwig provided an update on the new initiative of providing on-site one-on-one retirement counseling at employer locations. PERSI held their first on-site retirement

session on December 1, 2021 and have since held 46 additional sessions on-site. During each session, PERSI is able to meet with at least 15 employees. Over the 46 sessions, Mary Holleron (PERSI staff) has met with at least 600 employees. Feedback from employers and employees have been very positive.

Mary Holleron provided the positive feedback she has received from both employers and employees.

Director Drum also provided the positive feedback the on-site has produced for PERSI.

FISCAL

Update/Expense Reports/Travel Financial Executive Officer, Alex Simpson, gave the fiscal update and presented the expense reports. Portfolio side is running on budget. PERSI staff is coming up on its audit season. There has been no out of state travel.

BOARD

The Board reviewed the draft agenda for the May Board meeting. New Class Discussion Continued* to be removed. No agenda items were added during the meeting.

EXECUTIVE DIRECTOR

Legislative Update: Director Drum presented an update on legislative update and challenges. The bills included H499 (dispatchers) H589 (juvenile detention officers, adult misdemeanor parole officers, and juvenile probation officers) were both approved. PERSI staff anticipates 850 people will join the public safety class.

Executive Session: At 10:40 a.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code §74-206(1)(a).

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. Trustee Fisher 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 11:45 a.m. No decisions were made.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 11:50 a.m.

  5/17/22

Don Drum
Executive Director
Date

 5-17-22

Jeff Cilek
Chairman
Date

