



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., March 23, 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, Deputy Attorney General Cheryl George, and Management Assistant Lena Rupp were also in attendance. Bob Maynard, Chief Investment Officer, was absent and excused.

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

Amy McDuffee	Mosaic Governance	Eliza Storms	PERSI
Ann O'Bradovich	Callan Associates	Branden Kennah	PERSI
Robert Klausner	Klausner, Kaufman, Jensen & Levinson		

At 12:20 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting, reviewed the objectives and agenda of the meeting.

Governance Policy Manual: The Board reviewed the drafts of the Budget Approval Process Policy as well as the Monitoring Routing Reporting Policy.

Trustee DeAngeli requested one update to the footnote of the Budget Approval Process Policy and moved to adopt the policy reflecting this change. Trustee Fisher seconded the motion, which passed unanimously.

The Board also discussed the internal audit process including what is an internal audit, what does it do, how it fits into the governance process and audit staffing models. Director Drum reviewed the current internal practices for PERSI staff including services provided by CEM Benchmarking, Eide Bailly audits and the Information Technology processes. Director Drum stated that he believes that an expanded internal audit process and policy would be good to enhance services provided to internal and external users. Hiring an internal audit staff person would be similar to hiring the internal actuary and would be subject to the budget and appropriation process. Using an audit firm would allow PERSI staff to contract for these services faster and would also allow for more control over the scope and audit schedule.

Deputy Hampton and Director Drum spoke with Brad Berls at Eide Bailly regarding Enterprise Risk Management (ERM) and Internal Audits. Mr. Berls agrees with Director Drum's recommendation to use a third party audit firm who specializes in these areas as the services provided by Eide Bailly may be too general in scope. Eide Bailly will be doing a presentation at the April Board meeting which will include more information on Enterprise Risk Management and Internal Audits. PERSI staff will also work with Eide Bailly to schedule to do a review (including interviewing the Board and PERSI staff) which would help with moving towards developing a heat map for enterprise risk and also identify areas that could benefit from a full internal audit.

The Board discussed the benefits of a Monitoring Routing Reporting Policy which primarily focuses on compliance. This policy would provide the roadmap for monitoring the routine reports and policies adopted by the Board as well as any statutorily required or routinely provided to the Board by PERSI staff for review. The Board requested a list, and subsequent review calendar, of reports or policies that PERSI staff currently tracks which will be reviewed at a future Board meeting.

Data Aggregator: Ann O'Bradovich with Callan Associates provided an update on the data aggregator procurement process to hire a third-party data aggregator service provider. The data aggregator will help with streamlining the process to perform an independent check on the daily NAV as well as other reports, supplemental data and reconciliations. The data aggregator will also provide the daily investment reporting that is currently manually created by CIO Maynard and Ms. Sugiyama. The portfolio and fiscal departments have been actively involved with Callan in the review and interviewing process which will continue into April. Callan tentatively plans to provide a recommendation at the April Board meeting for moving forward with a service provider. Full implementation (including a signed contract) is tentatively planned for completion by September.

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.

Statutory Matters: Director Drum provided an update on the open internal actuary position. The Request for Proposals (RFP) process is still underway and bids are due from contractor applicants by next week. In conjunction with the RFP process, PERSI staff will also continue with the process to hire an internal actuary staff person at the newly appropriated salary amount of \$160,000/annual effective at the start of the new fiscal year. If the recruiting process is unsuccessful, the Board will need to make a budget decision whether or not to include a line item to request additional pay for the position. The industry standard salary for an experienced pension actuary is greater than the current and newly appropriated amount. PERSI staff hopes to be able to announce at the May Board meeting who has won the RFP bid and have them ready to start the first of the year.

April Agenda: The Board reviewed the draft governance agenda for April. Eide Bailly will be added as well as the initial discussion for the Executive Director's performance evaluation. The portfolio real estate workshop will also be conducted in April.

Executive Session: At 2:40 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.

