



PUBLIC EMPLOYEE RETIREMENT SYSTEMS OF IDAHO
607 North 8th Street, Boise, Idaho 83702

MINUTES OF MEETINGS OF RETIREMENT BOARD

The Board of the Public Employee Retirement System of Idaho met in-person at 12:00 p.m., May 16, 2022. The following members were present:

Jeff Cilek
Joy Fisher
Park Price
Celia Gould
Darin DeAngeli

Executive Director Don Drum, Deputy Director Michael Hampton, Deputy Attorney General Cheryl George, Chief Investment Officer Bob Maynard, Investment Officer Richelle Sugiyama, 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 in person or via zoom were:

Amy McDuffee	Mosaic Governance	Branden Kennah	PERSI
Alex Simpson	PERSI	Robert Klausner	Klausner, Kaufman
Jenny Flint	PERSI		Jensen & Levinson

At 12:08 p.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting, reviewed the objectives and agenda of the meeting. Mr. Chairman turned it over to Amy McDuffee to discuss the highlights of Draft Ethics Policy updated and changes.

Amy McDuffee of Mosaic Governance briefly reviewed meeting agenda and materials attached. Ms. McDuffee stated she received great commentary from the Trustees and took the feedback to update and focus on the principals for a common set of expectations.

Governance Policy Manual

Amy McDuffee gave an overview of the PERSI Draft Governance Policy Manual, updates and changes. The draft has been significantly streamlined to better align with a principle-based approach, have flexibility, and focus on very routine and common principles around ethics. Ms. McDuffee thanked all the Trustees for all the input received and all their participation.

Chairman Cilek opened the room for comments.

Trustee Price indicated he found it to be very helpful, tells where to go if you have questions, reasonable guardrails, and well done.

Trustee Fisher stated this was much improved.

Trustee Price made a motion to approve the Ethics Policy as presented. Trustee DeAngeli seconded the motion, which passed unanimously. No discussion.

Ms. McDuffee reviewed the Draft Governance Policy Manual Review Cycle, which depicts a schedule for how these policies now put into place by the Board get reviewed on a periodic bases. Set up an anticipated review cycle. For example, policies adopted in 2020 would come up for review in 2023 or polices adopted in 2021 would come up in 2024. The Board would like to discuss the calendar items and their review dates. Ms. McDuffee proposed reformatting the calendar items and review dates so they are more balanced. PERSI staff can sketch out over the course of 2023 how the items are handled by the Board and not all completed in one sitting.

Trustee DeAngeli would like PERSI staff to think of the applicable policy for every item on every agenda and if there were an applicable policy would like for it provided as part of that agenda item.

Chairman Cilek stated he would like to have a hard copy of policies, statutes, and rules available. Director Drum informed Chairman Cilek PERSI staff could provide a hard copy of policies, statutes, and rules and make available to the Board.

DEPUTY DIRECTOR

Board Calendar Deputy Hampton presented the Board with a calendar breakdown by month for Governance, Investments, Funding, Financial, and PERSI staff.

Trustee DeAngeli suggested a review of busy agenda items in the month of December. Chairman Cilek moved the funding guidelines to be completed in the month of October and calendar to be added to Board Manual.

EXECUTIVE DIRECTOR

Enterprise Risk Management

Director Drum presented an internal risk report showing what PERSI Leadership team developed as risks being seen. The internal report is focusing on the internal controls and risk A through C from the ICCE process. Director Drum has reached out to Eide Bailly, they stated they could modify their approach to the ICCE process based on what the Board determines is needed; such as possible interview of managers, and can then provide a bid. Director Drum discussed some of the high risks, such as staff retention, succession, and legislation. Director Drum explained Eide Bailly can come in and can see if there are other possible risks that PERSI has not thought of or seen.

Amy McDuffee stated this report was a great starting point. Ms. McDuffee stated it might be helpful, in terms of scope for Eide Bailly, initially to see how PERSI staff went about creating this document and maybe have other process related recommendations for PERSI staff to set up a routine to produce this document on an ongoing basis. She stated this can be a routine report put into place and added to the Board work plan for every quarter or every six months as information that is to be provided to the Board.

Director Drum stated he would like Board approval to have Eide Bailly come in to review and refine the list. They can then provide the three four top enterprise risk and give PERSI a bid to present to the Board in June.

Chief Investment Officer Bob Maynard stated this would be a good idea. Eide Bailly may come in and see another category of risk that PERSI staff may not have thought of, can take action and take care of. State the outside view is essential.

Director Drum will reach out to Eide Bailly and present information to Board in June.

Statutory Matters

Director Drum provided an update on the internal actuary position. The internal actuary position was re-approved for \$160k. When position is authorized by DHR, PERSI will then post to begin the recruitment process.

Director Drum provided an update on the firms PERSI has been working with on RFP to do some internal actuarial services. There were two finalists, Cavanaugh Macdonald Consulting, LLC and Cheiron, who gave their oral presentation last week. One firm provided a cost of \$200k. Director Drum explained contracting this particular firm for internal actuarial services; the firm would provide 2080 hours of actuarial work in a year for that cost and can start July 1, 2022 if approved. Director Drum stated Deputy Hampton will be providing more information in tomorrow's Board meeting and the Board may decide to move forward with approval of process.

Director Drum provided an update on his last meetings covering H555 return to work effective April 1, 2022 and teacher new class. He explained he would be visiting several locations in June to discuss the changes and address the fairness adjustment.

June Agenda: The Board reviewed the draft governance agenda for June. Enterprise Risk Management to be added to the Governance section.

Executive Session: At 1:48 p.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code §74-206(1)(a)(b).

Trustee Price 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 and Idaho Code §74-206(1)(b) to consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent. Trustee DeAngeli seconded the motion and the Board voted unanimously via roll call vote.

Upon conclusion of the executive session, Trustee Fisher made a motion to return to regular session. Trustee DeAngeli seconded the motion, which passed unanimously.

Regular Session: The Board returned to regular session at 3:38 p.m.

The Board recommended the Executive Director's salary increase as outlined in governors' guidelines. The Board appreciates all of Director Drum's hard work and would like to thank him for such.

Trustee Price moved to approve the salary increase. Trustee Gould seconded the motion, which passed unanimously.

Reconvene: The Board reconvened at 4:00pm at 1137 W. River Street, Boise Idaho for an informal dinner. No decisions were made.

