



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 8:30 a.m., August 22, 2023. The following Trustees were present:

Jeff Cilek
Joy Fisher
Darin DeAngeli
Park Price
Lori Wolff

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

In attendance in-person or via zoom were:

Ann O'Bradovich
Rhet Hulbert

Callan
Clearwater Advisors

Catherine Atchison
Dan Bates

PERSI
Clearwater Advisors

At 8:33 a.m., Chairman Cilek called the meeting to order.

Approval of the Minutes Trustee Fisher moved to approve the minutes of the July 17th and July 18th meetings. Trustee Price seconded the motion. The motion passed unanimously.

PORTFOLIO

Callan Quarterly Update

Ann O'Bradovich presented the Fiscal Year 2023 Performance Evaluation, which included an overview of the markets and updates on the DB Plan and Sick Leave Funds.

Monthly Portfolio Update

Chief Investment Officer, Richelle Sugiyama commented on PERSI's Fiscal Year returns, referring to the Callan report and June month-end reports, and presented portfolio updates as of August 10th and August 21st.

CIO Sugiyama provided an update on the manager search process, including the plan to conduct interviews on October 9-10, in addition to an overview of our manager line-up, as requested by the Board.

Investment Manager Market Overview

Deputy Chief Investment Officer Chris Brechbuhler presented Rhet Hulbert with Clearwater Advisors. Mr. Hulbert provided a summary of the Fitch downgrade of the US government rating and its implications.

EXECUTIVE DIRECTOR AND DEPUTY DIRECTOR

Re-Employment Update

Director Drum provided an update on the re-employment meetings he held throughout the state and informed the Board of the feedback and questions he received, which included a lot of interest in the financial impact of the Senate Bill 1054. He explained the possibility of Senate Bill 1054 being revisited again in legislation next year.

Return to Work Educational Presentation

Deputy Hampton introduced Catherine Atchison, PERSI Business Analyst who provided an informational presentation explaining the exceptions to PERSI's eligibility under Idaho Code 59-1356 sections (4) school employees, (5) return-to-work statute passed in 2022, (6) return-to-work for Public Safety and Fire.

Internal Audit Update

Director Drum provided an update on the status of the internal audit RFP. All proposals are due from respondents by September 5, 2023. Staff anticipates a total of up to five bids. After receipt of bids PERSI staff will begin the review and evaluation process and provide the Board with an update at the September board meeting.

Rules

Deputy Hampton presented a summary of proposed rule changes which include amendments to Rules 59.01.01.508.02 amending the required minimum distribution language and 59.01.01.544 deleting the actuarial assumption tables from rules. Trustee DeAngeli recommended adding "as now in effect and hereafter amended" to the rule 59.01.01.508.02 language.

Deputy Hampton requested an approval for both rule changes to 59.01.01.508.02 and 59.01.01.544. Trustee DeAngeli moved to adopt the rule changes to 59.01.01.508.02 and 59.01.01.544 as presented with the addition of Trustee DeAngeli's recommended language modification, and authorizes staff to make non-substantive changes, technical in nature only, that may be required by the Regulatory and Legislative Affairs Bureau, without further Board review and approval. Trustee Fisher seconded the motion. The motion passed unanimously.

Deputy Hampton provided a draft of changes to the JRF rules - 59.02.01. He explained an internal revision has been made but I.C. 1-2002(4) requires the board to consult with the administrative director of the courts concerning any prospective changes to rules relating to the judges' retirement fund. Trustee DeAngeli recommended PERSI staff complete the revisions and then schedule a meeting with Judges to review all contemplated changes to the JRF Rules. PERSI staff will continue to work on the JRF Rules and follow up as recommended by the Board.

Legislative Ideas

Deputy Hampton briefly provided an overview of each of the proposed legislative ideas previously discussed with the Board. After a discussion, PERSI staff recommended adoption of the proposed legislative ideas as presented.

Trustee DeAngeli moved to adopt legislative ideas 183-01, 183-02, 183-03 and 183-04 as presented and authorizes staff to make non-substantive changes, technical in nature only, that may be required by the Regulatory and Legislative Affairs Bureau, without further Board review and approval. Trustee Fisher seconded the motion. The motion passed unanimously.

IPS Discussion

No discussion was held.

FISCAL

Fiscal Update/Travel/Expense Report

Chief Financial Officer, Alex Simpson provided fiscal reports, charts, and updates.

FY25 Budget Proposal

Chief Financial Officer, Alex Simpson presented the FY 2025 proposed budget request, which included the base budget, replacement items, and line-item requests for the upgrade to Arrivos 2.0 and refurbished office cubicles.

Trustee Fisher moved to approve the Proposed Budget Request as presented. Trustee Wolff seconded the motion. The motion passed unanimously.

BOARD

September Agenda

The Board reviewed the draft agenda for September. The IPS Discussion and Internal Audit Update are to be added to the September agenda.

Executive Session

At 10:52 a.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code §74-206(1)(a)(b) and (f).


Trustee Wolff moved to enter 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, and Idaho Code §74-206(1)(f) to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. Trustee Fisher seconded the motion and the Board voted unanimously via roll call vote.


Upon conclusion of the executive session, Trustee Fisher moved to return to regular session. Trustee Price seconded the motion, which passed unanimously.

Regular Session: The Board returned to regular session at 11:20 a.m.

Trustee DeAngeli moved to accept the Alexion class action case settlement presented in which PERSI was a co-lead plaintiff. Trustee Wolff seconded the motion, which passed unanimously.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 11:25 a.m.


Don Drum
Executive Director
Date 9/19/23


Jeff Cilek
Chairman
Date 9-19-23