



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 1:30 p.m., December 4, 2023. The following Trustees were present:

Jeff Cilek
Joy Fisher
Park Price
Darin DeAngeli
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 as presenters were:

Larry Sweat PERSI Paul Yett Hamilton Lane

At 1:34 p.m., Chairman Cilek called the meeting to order and welcomed everyone.

DEPUTY DIRECTOR

Staff Presentation: Information Technology (IT) Department

Deputy Director Hampton reviewed last year's approval of the Rapid 7 monitoring services. He introduced IT Manager, Larry Sweat, to provide an update on the Rapid 7 solution.

Mr. Sweat provided the Board with a quick background of Rapid 7 as a top-rated security solutions provider and presented them with the Rapid 7 Compromise Assessment results. He explained the benefits PERSI has seen since its implementation in January.

Mr. Sweat was pleased to report to the Board that no residual indicators of malware were found by Rapid 7 through their in-depth review of the PERSI system. While Mr. Sweat and his team believed this was the case, it was reassuring to have a third-party professional service confirm this.

Trustee Fisher asked for some clarification on the "Best Practices" section of the report. Mr. Sweat will provide the Board with further information on these best practices.

State Agencies: SCO Entering of Agreements

Deputy Hampton reviewed House Bill 97, which was passed by the legislature last year. He informed the Board that SCO has now provided the agencies with their policy on providing a complete list of agreements. He explained PERSI Deputy Attorney General (DAG) has reviewed the information provided and asked that she provide her input on the SCO Policy and the corresponding legislation.

Deputy Attorney General, Cheryl George, confirmed the need to provide a listing of all contracts. Ms. George further explained the need for clarification on what qualifies or constitutes an exempt contract. Ms. George indicated this is also being reviewed by DAGs in other agencies.

Trustee DeAngeli and PERSI staff held a brief discussion on what contracts PERSI has with members and asked PERSI staff continue to work together to determine what needs to be provided per SCO policies while fulfilling fiduciary responsibilities.

Trustee Fisher questioned the possible cost and time for completing this task. Ms. George indicated this could take some time to complete. Both Trustee Fisher and Trustee DeAngeli asked that PERSI staff keep track of time and possible cost of doing this work.

Executive Director, Don Drum, recommended PERSI staff continue to work on the list of agreements, contracts, and any other items listed. He explained PERSI staff can get clarification on what is needed to meet the requirements and return to the Board with a proposed list at a future meeting. Trustee Wolff asked that PERSI staff confirm how the statute should be interpreted prior to the Board approving anything that will be submitted.

Chairman Cilek asked PERSI staff to continue working on a list, track the cost and time, and come back at a future Board meeting to present to the Board.

Investment Policy Statement Discussion

No discussion was held. Chairman Cilek, Trustee Price, and PERSI staff will continue further review.

PORTFOLIO

Private Equity Update

Paul Yett with Hamilton Lane provided input on contract disclosure requirements, stating PERSI has active and legacy partners, and expressed intent to assist staff.

Mr. Yett provided the performance update as of 2Q 2023, citing the strong performance of the portfolio, the legacy, active, and core general partners, and the portfolio benchmark. He also discussed commitment pacing and portfolio diversification. Mr. Yett explained the Horizon Model and the process of identifying new managers, reviews, and feedback they provide to PERSI staff.

Chairman Cilek asked if there is a private equity-specific benchmark and requested a comparison of portfolio performance of against a private equity benchmark. Mr. Yett will provide that to the Board.

Mr. Yett provided a private equity market update. He explained that global fundraising is down, over allocation by investors is pulling back, and that the current market reflects caution, but is expected to continue to grow.

Market Update

Mr. Yett provided a quick market update. He explained that the managers are staying in the market longer, so global fundraising is down a bit, over allocation by investors in private equity is pulling back, and stated the current market reflects caution in the market as people are holding back a bit but feels it will continue to grow. Mr. Yett said purchase price multiples is the challenge today, buyers and sellers, and discussed the possibilities of adding venture or others over the years as a thought to keep in mind.

Chief Investment Officer Richelle Sugiyama provided the background, advantage, and practical application of the Russell 3000 index as the relevant benchmark for our private equity allocation.

Chairmen Cilek thanked Mr. Yett for his time.

Executive Session: At 2:55 p.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code §74-206(1)(a) and (b).

Trustee Fisher 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. Trustee Price seconded the motion and the Board voted unanimously via roll call vote.

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

Regular Session: The Board returned to regular session at 4:29 p.m. No decisions were made.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 4:30 p.m.


Don Drum
Executive Director

1-18-24
Date


Jeff Cilek
Chairman

1-17-24
Date