



PUBLIC EMPLOYEE RETIREMENT SYSTEMS OF IDAHO  
607 North 8<sup>th</sup> 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., February 27, 2024. The following Trustees were present:

Jeff Cilek  
Joy Fisher  
Park Price  
Darin DeAngeli – *Via Zoom*  
Lori Wolff

Executive 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.

Presenters in attendance in-person or via Zoom were:

Rhonda Berger	Brandes	Ann O'Bradovich	Callan
Glenn Carlson	Brandes	Ken Little	Brandes
Eric Dellet	Plante Moran	Gabrielle Wafer	Plante Moran

At 8:32 a.m., Chairman Cilek called the meeting to order.

Approval of the Minutes Trustee Fisher moved to approve the minutes of the January 11<sup>th</sup> and 17<sup>th</sup> meetings. Trustee Wolff seconded the motion. The motion passed unanimously.

PORTFOLIO

Callan Quarterly Report

Ann O'Bradovich presented the 4<sup>th</sup> Quarter 2023 Performance Evaluation report, highlighting the Total Fund one-year return of +13.3% and the 10-and 20-year return of +7.4% as of December 31, 2023. Ms. O'Bradovich provided an economic summary and highlighted drivers/detractors of return for the quarter. Ms. O'Bradovich also provided quarterly reviews for the PERSI DC Plan and Sick Leave Funds.

Trustee Price asked if the TIPS exposure was still appropriate or be revisited. Ms. O'Bradovich noted the sector's returns hadn't been a positive driver of performance while Chief Investment Officer Sugiyama noted that the allocation was appropriate, is in line with our investment policy and related asset allocation, and that the fund does not tactically allocate.

Chairman Cilek highlighted possible legislation that could cause divestment and/or PERSI to get out of certain markets. He asked about Callan's view on divestment. Ms. O'Bradovich noted

that these types of actions aren't new. Further, she stated that the economic argument must be addressed before restricting investments. Restrictions will impact the return and risk profile of the fund and have a cost. Further, if restrictions are put into place, they should be specific – vague terms are bad.

#### Monthly Portfolio Update

Chief Investment Officer Richelle Sugiyama discussed focusing on the long term and consistent management noting the performance data within Callan's report. She presented the performance reports as of February 22<sup>nd</sup> and 26<sup>th</sup>, 2024. As of February 26<sup>th</sup>, the Total Fund had a FYTD return of +6.2% and a five-year return of 7.8%. Ms. Sugiyama explained that diversification away from the Russell 3000 index is hurting performance. The Fund is structured to keep up, not beat, markets when they're up and protect on the downside.

Deputy Chief Investment Officer Chris Brechbuhler provided an update on the new manager transitions and the broader implementation process. The operational timeline should be more certain in the next week or two.

Ms. Sugiyama introduced Glenn Carlson, Executive Officer with Brandes Investment Partners.

#### Investment Manager Market Overview

Glenn Carlson, Executive Officer with Brandes provided an overview of the firm, including firm highlights and leadership transitions, and introduced his team. Further, he highlighted that the firm will celebrate its 50<sup>th</sup> anniversary this week.

Kenneth Little, Managing Director with Brandes, discussed the portfolio performance and provided an overview of market highlights, including a summary of the post-COVID period, the Magnificent 7, and how technology stocks are dominating the market. Mr. Little also discussed the value vs growth index performance, both in the United States and abroad. He thanked the Board for the long-term relationship with PERSI.

Chairman Cilek and the Board thanked the Brandes team for attending.

#### New Executive Director Introduction

Chairman Cilek introduced and welcomed Mike Hampton as the new Executive Director.

#### **EXECUTIVE DIRECTOR**

##### Status

Director Hampton provided an update on his first month as Executive Director which included meeting with legislative committee chairs and legislators to introduce himself as the new Director to facilitate an open dialog. He informed the Board he has met with internal leadership and staff as well. Current planned actions include a communication plan for membership on Arrivos upgrades and planned outreach to member representative groups.

Director Hampton provided a brief update on the search for a Deputy Director. He outlined the timeline and process and was pleased with the number and quality of applicants so far. He will continue to update the Board as he continues the search.

Director Hampton gave an update on current recruitment and retention efforts and provided an update on the CEC recommendation proposed by the legislature. He also confirmed the FY2025 budget approved by the Board was approved by the JFAC committee, without change.

#### Legislative Tracking Update

Director Hampton provided an update on proposed legislation that impacts PERSI statute and other legislation that may impact PERSI operations. PERSI staff is closely monitoring the progress of these bills. Director Hampton provided a brief update on each piece of legislation that could impact PERSI or its operations.

PERSI staff will continue to monitor and keep the Board updated.

#### Internal Audit Update

Director Hampton gave a brief introduction to PERSI's new internal audit firm, Plante Moran. Jennifer Zanone, Plante Moran's IT Principal, provided a quick overview of their team. She handed over the presentation to Plante Moran's manager, Gabrielle Wafer. Ms. Wafer informed the Board of the estimated timeline to complete the initial risk assessment. She explained their process and progress, which included conducting surveys and interviews. It is their intent to present the results to the Board along with their internal audit plan at the March 19<sup>th</sup> Board meeting.

The Board thanked Plante Moran for attending.

#### Contested Case – #01-23

Director Hampton presented to the Board its options in this case which included: schedule oral arguments by the parties before the Board prior to issuing final order, remand the matter for further evidentiary hearings or vocational assessment if further factual development is needed, or issue a final order accepting, rejecting, or modifying the Recommended Order from the Hearing Officer. PERSI staff is requesting the Board act on this matter.

After discussion, Trustee DeAngeli made a motion to accept the Hearing Officer's Recommended Final Order, that the application for disability retirement be denied. Trustee Wolff seconded the motion, which passed unanimously.

#### FISCAL

Chief Financial Officer, Alex Simpson provided a quick update on Luma indicating performance is getting better, becoming a better tool to use, and heading in the right direction.

#### Fiscal Update/Travel/Expense Report/Quarterly Financial Statements

Chief Financial Officer, Alex Simpson provided the Board with an update on expense reports and financial statements.

#### BOARD

March Agenda: The Board reviewed the March agenda, no additions or changes were made at this time.

Executive Session: At 10:54 a.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 Fisher moved to return to regular session. Trustee Price seconded the motion, which passed unanimously.

Regular Session: The Board returned to regular session at 12:05 p.m.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 12:06 pm.

  
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Michael Hampton  
Executive Director

3/19/2024  
Date

  
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Jeff Gilek  
Chairman

3-19-24  
Date