



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., November 7, 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 were:

Robert Schmidt	Milliman	Michael Kennedy	KornFerry
Brad Berls	Eide Bailly	Abbie Belthoff	Eide Bailly
Nadim Rizk	PineStone Asset Mgmt.	Tom Clancy	PineStone Asset Mgmt.

At 8:36 a.m., Chairman Cilek called the meeting to order.

APPROVAL OF MINUTES Trustee Fisher moved to approve the minutes of the September 18 & 19 and October 9 & 10 meetings. Trustee Price seconded the motion. The motion passed unanimously with those present.

PORTFOLIO

Monthly Portfolio Update

Chief Investment Officer, Richelle Sugiyama, presented the PERSI Investment Report as of November 6, 2023 and monthly report as of October 31, 2023, highlighting the contributors to and detractors from performance.

Investment Manager Presentation

Tom Clancy and Nadim Rizk with PineStone Asset Management provided an update on their firm, including the evolution from Fiera, investment philosophy, and investment process. Mr. Rizk discussed the inflationary environment and pricing power, as it relates to the portfolio assets.

Investment Recommendation

Deputy Chief Investment Officer Chris Brechbuhler provided a quick recap of the October meetings. Mr. Brechbuhler referred to the Investment Manager Implementation Recommendation memo dated October 31, 2023 and recommended the Board approve the following staff recommendations:

Authorize Staff discretion to obtain Russell 3000 exposure managed by Mellon through the use of (new) Russell 1000 and (existing) Russell 2000 index funds:

- o Hire Mellon to obtain Russell 3000 exposure
- o Terminate the S&P 500 index fund
- o Terminate the Mid Cap Completer fund

Implement transition from Fiera to PineStone

- o Terminate Fiera
- o Hire PineStone

Trustee Fisher moved to adopt the Staff recommendation to change to Russell 3000 and transition from Fiera to Pinestone. Trustee DeAngeli seconded the motion. The motion passed with those in attendance.

EXECUTIVE DIRECTOR AND DEPUTY DIRECTOR

Executive Director Status Update

Director Drum informed the board of the meeting PERSI held with Retirees. Director Drum informed the board of the excellent turnout, explanation of the board stance in protecting the fund and benefit, discretionary COLA challenges, and market performances. He recommended the continuance of education on contribution rates and discretionary COLAs.

Director Drum updated the board on his final employer meetings and the feedback on contribution rates increases due to challenges in the market and other factors. He informed the Board of employers' concerns that these increases may be a challenge for some employer budgets. Director Drum recommended PERSI staff continue having open lines and meetings with employers as needed to help with communication.

Director Drum informed the Board of the upcoming meetings with Legislators via the Legislative Showcase, due to start next week. He will provide an update at next month's meetings.

Actuarial Valuations

Robert Schmidt with Milliman presented the final valuation reports for each of the plans and discussed the requirements of ASOP 4 that were implemented in the FY 2023 valuations and provided a brief explanation of low default risk obligation measure (LDRM).

Staff recommended the Board adopt the actuarial valuations reports as presented for FY 2023.

Trustee Fisher moved to adopt the valuations report as presented for FY 2023. Trustee DeAngeli seconded the motion. The motion passed with those in attendance.

PERSI Rules

Deputy Director Update

Deputy Hampton reviewed both the PERSI rules and Judge's Retirement Fund (JRF) Rules and the submission deadlines with the Board.

After a lengthy discussion, the Board would like to reevaluate the JRF Rules. Deputy Hampton and DAG George let the Board know they are available for additional review and explained the JRF Rules would need to be submitted by November 27, 2023. Trustee DeAngeli will meet with PERSI Staff for additional review and call for a special meeting if needed for approval of JRF Rules to meet the deadline.

Deputy Hampton presented PERSI staff's recommendation and asked for the Board to adopt the PERSI Rule changes as presented, and asked for authority to make non-substantive changes, technical in nature only, as may be required by the Regulatory and Legislative Affairs Bureau, without further Board review and approval.

Trustee Price moved to approve to proceed with PERSI rules changes as presented and for Staff to make non-substantive changes if needed. Trustee Fisher seconded the motion, which passed unanimously.

PERSI staff will continue to work with Trustee DeAngeli on JRF Rules.

Contested Case – French, Sherry

Deputy 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.

Trustee DeAngeli made a motion to issue a Final Order accepting the Hearing Officer's Recommended Order, that the application for disability retirement be denied. Trustee Price seconded the motion, which passed unanimously.

New Employer

Deputy Hampton introduced two new employers: Bonneville County Library District – Ammon effective October 1, 2023, with eight full time employees and Joplin Cemetery Maintenance District – effective November 1, 2023, with one full time employee. Both employers meet the definition of an Employer/Governmental Entity under 59-1302 (15).

Internal Audit Update

Trustee Fisher provided a quick update on the RFP process for an Internal Audit, explaining the process has been narrowed down to two firms and will provide more information in next month's meeting.

FISCAL

Fiscal Update/Travel/Expense Report

Chief Financial Officer, Alex Simpson provided the fiscal update, informed the Board all is running favorably, and explained fiscal does not have travel reporting just yet but continues to work to accumulate monthly reports.

Trustee Fisher asked Mr. Simpson about an update on Luma. Mr. Simpson explained there are still items that need to be worked out, running reports and time frame are still tweaked but getting better, still running into issues with payroll; but PERSI Staff continues to communicate with users, SCO, and Luma personnel to get reports and issues resolved.

Trustee Wolff stated it's a statewide system, the state has met with other states to try to get things stabilized as we are four months into this process, and the Governor's office is working to prioritize by needs and resources. She explained conversion from the old system will take time, there will be issues, and there is a statewide approach and the Governor's office, SCO, and Legislature are very much involved in this process.

FY2023 Financial Audit Results

Brad Berls and Abbie Belthoff with Eide Bailly provided a background on Eide Bailly and presented a summary of the five audits processed which included the main financial statements audit, two GASB 68 audits, and two allocations for the OPEB asset.

The Board thanked both Mr. Berls and Ms. Belthoff for their time and work.

Trustee Price moved to approve the audit results as presented. Trustee Fisher seconded the motion, which passed unanimously.

Chairman Cilek asked Chief Financial Officer, Alex Simpson for an update on investments. Mr. Simpson explained PERSI staff are working on opening the accounts and will be open contingent on receiving the agreements. Thereafter, the packet will be sent out to the manager. Mr. Simpson and CIO Sugiyama held a brief discussion on the timeframe and if there would be a delay for opening accounts. Chairman Cilek asked to be taken offline. Mr. Simpson clarified that the accounts will be opened once the agreements are signed and no delay is expected.

BOARD

Agenda Review

Chairman Cilek asked the lunch/dinner and advisor comments be added to the December calendar. CIO Sugiyama stated the lunch is scheduled for Monday the 4th and Staff Advisors will provide comments on the 5th. Chairman Cilek requested the governance policies 5 and 6 be reviewed, completed, and available for discussion for the December meeting. Trustee Fisher asked the internal audit also be added for discussion during the December meeting. Ms. Storms will add items to the December agenda.

Executive Session


At 11:11 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 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, 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 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 12:08 p.m. No decisions were made.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 12:09 p.m.



Don Drum
Executive Director

12-5-23
Date



Jeff Cilek
Chairman

12-5-23
Date