



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., December 6, 2022. The following members were present:

Jeff Cilek
Joy Fisher
Darin DeAngeli
Park Price

Executive Director Don Drum, Deputy Director Michael Hampton, Deputy Attorney General Cheryl George, Chief Investment Officer Richelle Sugiyama, and Management Assistant Eliza Storms were also in attendance. Trustee Celia Gould was absent and excused.

Along with members of the public, some PERSI staff, and other persons attending all or portions of the meeting in person or via zoom were:

Ann O'Bradovich	Callan Associates	Larry Sweat	PERSI
Alex Simpson	PERSI	Patrick McLaughlin	AEW
Robert Schmidt	Milliman	Bill Raver	Staff Advisor
Bob Storer	Staff Advisor	Garrett Walls	Staff Advisor
John Jenks	Staff Advisor	John Skjervem	Staff Advisor
Tom Lee	Staff Advisor	Ash Williams	Staff Advisor
Mike Anderson	PERSI		

At 8:33 a.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting, reviewed the objectives and agenda of the meeting.

Approval of the Minutes Trustee Fisher made a motion to approve the minutes of the September 19th and 20th and October 17th meetings. Trustee DeAngeli seconded the motion. The motion passed unanimously with Trustees present.

Trustee Fisher amended the October 18th meeting minutes to reflect motions passed unanimously with Trustees present.

PORTFOLIO

Quarterly Update

Ann O'Bradovich with Callan reviewed the Third Quarter 2022 Performance Evaluation. Total Fund ended the 3rd quarter 2022 with \$19.6B, a net decrease of \$1.2B. For the 3rd quarter 2022, PERSI Total Fund earned a return of -5.38% exceeding the Policy Target return of -5.87%. Over the last 20 years, the Total Fund has provided an average annual return of 7.83% exceeding both the Policy Target return of 7.74% and the Long-Term Target return of 7.53%.

Ms. O'Bradovich provided a review of the PERSI Choice 401(k) Plan. As of September 30, 2022, the total assets totaled \$1.3B. The Total Return Fund had the largest inflow (+\$2.4M) followed by Vanguard G&I and PERSI STIP (both at +\$.09M). In addition, she provided a review of the sick leave fund performance in which the Sick Leave Funds fell short of the Target by 3bps during the quarter, passive funds lagged their benchmark by 2bps, and rebalancing to Target weights cost 1bp.

Monthly Portfolio Update

Chief Investment Officer, Richelle Sugiyama, provided a review of the interim report. PERSI is up +5.9% for the month for a fiscal year-to-date return of +3.4% at \$21.4 billion. The sick leave funds are up +2.7% for the fiscal year-to-date at \$606 million. This month US equities (R3000) are up +5.2% for a fiscal year +8.8%. International developed markets (MSCI EAFE) are up +11.3% for a fiscal year-to-date of +6.4%. Global equities (MSCI World) are up +7.0% for a +7.7% fiscal year. Investment grade bonds (Aggregate) are up +3.7% but down -2.5% year-to-date. Emerging markets (MSCI Emerging) are up +14.9% for a fiscal year loss of -1.4%. REITs (DJ Select REIT) are up +5.8% for a -0.9% fiscal year loss. TIPS are up +1.8% for a fiscal year return of +2.2%. Private real estate has a gain of +8.1% and private equity has a loss of -4.2% for the fiscal year. Donald Smith has the best equity return and relative return to benchmark at +29.8% which is +21% ahead of the Russell 3000 benchmark. Bernstein Emerging had the worst absolute return at -3.2%. The total fund is up +3.4% for the fiscal year behind the +1.6% the 55-15-30 broad policy benchmark due to private equity and REITS trailing the R3000 and Emerging Markets.

Ms. Sugiyama presented Patrick McLaughlin with AEW.

Real Estate Portfolio Update

Patrick McLaughlin with AEW thanked the Board for the opportunity to present the Real Estate Portfolio to the Board. Mr. McLaughlin's presentation covered debt markets, apartment rent growth, portfolio snapshot and portfolio performance.

Staff Advisor Comments

Ms. Sugiyama presented the Staff Advisors: Bill Raver, Bob Storer, Garrett Walls, John Jenks, John Skjervem, Tom Lee, and Ash Williams. Each advisor gave brief statements on topics such as the Fund, fixed income, external management, risks, and selection of firms. The Staff Advisors expressed their appreciation to the Board on being able to serve PERSI as well as working with PERSI staff.

Chairman Cilek thanked all the advisors for coming, their comments, and their service.

EXECUTIVE DIRECTOR

2023 Legislation

Director Drum briefly discussed the upcoming legislation session with an estimated forty-three (43) new legislators. He explained PERSI staff will be working on educating more on contribution rates. Director Drum stated he will be providing more updates on the legislative session during the January and/or February's meeting.

Internal Actuary

Director Drum provided a quick update on the internal actuary and introduced John Garrett and Aaron Chochon with Cavanaugh Macdonald. Mr. Garrett stated he was happy to join the team and looking forward to working with PERSI staff and Milliman.

DEPUTY DIRECTOR

Remote Locations

Deputy Hampton provided an update on both the Coeur d' Alene and Pocatello office possible relocations as well as the growth this may accommodate.

Charter School Status

Deputy Hampton informed the Board PERSI staff has been working closely and developing a good relationship with the Idaho Public Charter Schools Commissions (IPCSC) to increase communications between the two systems.

PERSI staff will continue to work with IPCSC in an attempt to be prepared for a closure of a charter school and the impact that could have on the system and its membership.

FISCAL

Annual Comprehensive Financial Report

Financial Executive Officer Alex Simpson presented the FY2022 annual comprehensive financial report (ACFR) to the Board. He thanked Milliman and Eide Bailly for their assistance.

Chairman Cilek thanked all PERSI staff, Milliman, and Eide Bailly for all their help and support with the ACFR.

Quarterly Financial Statement

Financial Executive Officer Alex Simpson updated the Board on the quarterly financial statements for the first quarter of FY2023.

Fiscal Update/Travel/Expense Report

Fiscal Executive Officer, Alex Simpson provided the Quarterly Financial Statements, Fiscal Reports and Fiscal Charts. There were no additional discussions or questions.

Clearwater

Portfolio Accounting Manager, Mike Anderson gave a brief update on the status of the Clearwater project. He stated Clearwater is currently working on building nightly reports and NAV reports. PERSI staff continues to work closely with Clearwater. Ms. Sugiyama included that Clearwater is focusing on risk controls.

DC Update Fees

Portfolio Accounting Manager, Mike Anderson presented the Board with Choice Plan Fees structure scenarios which included expanding the free tier to 3k, addition of 3k-5k tier, adjustment of annual fees for the 10k-30k tier and setting of the annual fee for the 5k-10k tier.

Trustee DeAngeli made a motion to adopt the 3k expanded free structure and new 3k-5k tier structure as the new 401K Choice Plan Fee structure. Trustee Fisher seconded the motion, which passed unanimously.

BOARD

January Agenda: The Board reviewed the agenda for January Board Meeting. The Board would like an update on the internal audit.

2023 Board Meeting Dates The Board reviewed the proposed 2023 Board meeting dates. The Board made final day selections for the months January through September 2023 Board meetings. They will continue to discuss and confirm dates for October and December meetings.


Executive Session: At 11:16 a.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code §74-206(1)(a)(b).

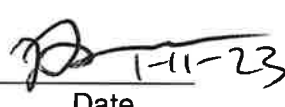
Trustee Fisher made a motion to go into executive session in accordance with Idaho Code §74-206(1)(a) to consider hiring a public officer, employee, staff member or individual agent and Idaho Code §74-206(1)(b) to consider the evaluation, dismissal or disciplining of, or to hear complaints or charges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


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

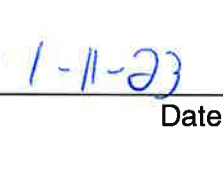
Regular Session: The Board returned to regular session at 12:17 p.m. No decisions were made.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 12:20 p.m.


Donald Drum
Executive Director


Date 1-11-23


Jeff Cilek
Chairman


Date 1-11-23