



PUBLIC EMPLOYEE RETIREMENT SYSTEMS OF IDAHO
607 North 8th Street, Boise, Idaho 83702

RETIREMENT BOARD MEETING MINUTES

The Board of the Public Employee Retirement System of Idaho met in-person at 2:00 p.m., April 29, 2024. The following Trustees were present:

Jeff Cilek
Joy Fisher
Park Price
Darin DeAngeli
Lori Wolff

Executive Director Michael Hampton, Deputy Director Alex Simpson, General Counsel 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 were:

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|---------------------|----------------|--------------------|--------|
| Sally Haskins | Callan | Michael Bryne | AEW |
| Jonathan Gould | Callan | Patrick McLaughlin | AEW |
| Brandon Fitzpatrick | DB Fitzpatrick | Ann O'Bradovich | Callan |
| Casey Macomb | DB Fitzpatrick | | |

At 2:01 p.m., Chairman Cilek called the meeting to order.

Real Estate Program Review

Chief Investment Officer, Richelle Sugiyama provided an overview of the real estate program review agenda in addition to a summary of the structure, roles, and history of PERSI's real estate portfolio.

Callan

Sally Haskins, Senior Vice President, and Co-Manager of Callan's Real Asset Consulting team provided an overview of PERSI's real estate portfolio and Callan's oversight of the portfolio.

Jonathon Gould, Senior Vice President, presented the real estate portfolio overview, and discussed the details of PERSI's real estate portfolio, including the underlying objectives and performance of each manager.

Mr. Gould stated AEW remains very stable, and their performance has been strong. Callan recommends PERSI continue to retain AEW.

AEW

AEW's Chief Investment Officer, Michael Byrne, provided an update on AEW, including recent management changes.

Patrick McLaughlin presented the Real Estate Market Update, including their views on market cycles, recession fears, sector and geographical diversification, and performance. He provided a conclusion of the market section indicating property repricing is still underway and AEW remains focused on assets and market quality.

Trustee Price asked AEW if industrials represent the most significant risk in the portfolio. Mr. Byrne stated that our industrial portfolio is well positioned at this time.

Mr. McLaughlin presented the Portfolio Overview, including performance, portfolio allocation, operations, budget and occupancy, and portfolio management. He stated from a portfolio management standpoint they are focused on business plan execution and risk management as it relates to the portfolio.

Mr. McLaughlin gave an overview of the 2023 year and highlighted the industrial portfolio properties and occupancies. Further, he discussed properties sold as well as those that will be a focus for 2024.

Idaho Commercial Mortgage Program (CMP) Review

Chief Investment Officer Richelle Sugiyama provided a historical background of the Idaho Commercial Mortgage Program (CMP).

Callan

Jonathon Gould provided an overview of the Idaho CMP Review, including Callan's due diligence review of D.B Fitzpatrick and the CMP. He provided a summary of Callan's process that included conducting in-person meetings and property tours in Coeur d'Alene, Post Falls, and Lewiston.

Mr. Gould presented an overview of the Idaho CMP objectives and parameters, underwriting approval processes and procedures, and a snapshot of the CMP portfolio as of March 31, 2024. He noted that excess returns are good in comparison to the respective public market mortgage index with no historical principal losses.

Mr. Gould concluded that D.B Fitzpatrick remains a stable organization, heavily focused on the CMP, and the portfolio continues to be well-diversified and has provided competitive relative performance. Callan's recommendation was to continue the program with D.B. Fitzpatrick.

Chief Investment Officer Richelle Sugiyama stated it was an extremely unique portfolio that also contributes to the Idaho economy.

D.B Fitzpatrick

Brandon Fitzpatrick, Chief Executive Officer with D.B. Fitzpatrick, provided an overview of the firm's team, noting it was Casey Macomb's ten-year anniversary. He provided a summary of the firm's specialized strategy, including the program objective of only funding Idaho-based commercial mortgages, D.B. Fitzpatrick's discretion regarding loan originations, and the consistent and conservative underwriting standards. Mr. Fitzpatrick provided a market update and outlook for the medium term. He touched on performance breakdown, portfolio growth, diversification, characteristics, and delinquencies. He commented briefly on mortgage rates and fees and Idaho economic status including job/population growth. Mr. Fitzpatrick stated they remain optimistic about the market.

Board

The board dinner was cancelled due to unforeseen Board calendar challenges.

Executive Session:

At 4:32 p.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 Price moved to return to regular session. Trustee Fisher seconded the motion, which passed unanimously.

Regular Session: The Board returned to regular session at 4:20 p.m. No decisions were made.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 5:32 p.m.



Michael Hampton
Executive Director

5/27/24
Date 

Jeff Cilek
Chairman

5-27-24
Date