



Public Employee Retirement System of Idaho

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 at the PERSI Administration Building, 607 North Eighth Street in Boise, Idaho at 8:30 a.m., August 24, 2010. The following members were present:

Jody Olson  
Jeff Cilek  
Bill Deal  
Joy Fisher (via telephone)

J. Kirk Sullivan was absent and excused. Executive Director Don Drum, Investment Officer Richelle Sugiyama, Deputy Director William Oldham, Chief Financial Officer Jim Monroe, and Management Assistant Cheri Campbell were also in attendance. Betsy Griffith handled the electronic projection of materials and documents discussed in the meeting. Other persons attending portions of the meeting were:

Rod MacKinnon	MPIA
Dennis Fitzpatrick	DBF
Charlie Brown	REAI
James Coleman	REAI
Brent Nye	Boise Schools
Robin Nettinga	IEA
Geoff Bridges	Milliman
Jay Kealey	MPIA
Bruce Reeder	MPIA
Cody Barney	DBF
Drew Black	DBF
Brad Berls	Eide Bailly
David Hahn	DFM
Jane Buser	BSU
Tom Kealey	EFIB
Diane Kaiser	PERSI
Cecile McMonigle	PERSI
Mike Young	PERSI
Kimberlee Hall	PERSI
Debbie Buck	PERSI
Ray Polzin	PERSI
Shawnda Kasma	PERSI

## MINUTES

Approval of the Minutes: Trustee Cilek made a motion to approve the minutes of the July 27, 2010 meetings with an addition of listing Tom Kealey in attendance. Trustee Deal seconded the motion, which passed unanimously.

## PORTFOLIO

Callan Quarterly Update: Michael O'Leary presented the quarterly performance update. PERSI exceeded its target policy index for the June quarter but lagged the index over the trailing twelve-month period. The trailing full-year result ranked in the 54<sup>th</sup> percentile of Callan's Public Fund database.

On balance, the Board's important strategic decisions had mixed impacts for both the quarter and the full year. Global portfolios lagged pure domestic equity portfolios in the quarter and lagged public equities for the fiscal year. Emerging Markets exposure through the global and dedicated emerging markets managers was beneficial as emerging markets had better returns than public domestic and developed international equities in the quarter and over the last year. The recovery in private real estate has lagged diversified domestic equities. The direct real estate allocation helped total fund results in the quarter, but was a major detractor for the fiscal year. The REITS portfolio helped results in the quarter and over the trailing one-year period. Private Equity allocation posted strong results for the quarter and trailing twelve-months, outperforming the Russell 3000 benchmark for both periods. TIPS allocation was additive to the returns of your total fixed income program in the quarter and the full fiscal year.

Monthly Investment Report: Investment Officer Richelle Sugiyama presented the update previously provided to the Board. August has seen generally wandering capital markets as concerns about the strength of the global recovery occasionally rear their head. After a strong July rebound, most equity markets are down for the month to date. The fund is down 0.8% for the month to date and is up 3.8% for the new fiscal year to date at \$10.467 billion.

PERSI's performance against strategic benchmarks is even with strategic benchmarks. In general, PERSI daily and monthly returns will generally be around 80% of whatever movement (both positive and negative) the 55-15-30 benchmark would produce, with quarterly adjustments as private assets are revalued. Overall the PERSI portfolio is performing exactly as expected (and, for the long term, desired) given the markets.

The Adelante REIT account, Bernstein Emerging, and Genesis have the best absolute and relative return. Peregrine and Bernstein Global also have good relative and absolute returns in the first weeks of the fiscal year. All accounts are showing positive absolute returns for the fiscal year to date.

Investment Manager Comments: The Investment Managers who were present shared their opinions and predictions for the current market situation.

## CHOICE PLAN

Fund Change Update: Choice Plan Manager Diane Kaiser reported that she is working with ASC HR Solutions, BNY Mellon and PERSI staff to finalize a project plan for implementing the new fund option as approved at last month's meeting. The new fund is scheduled to be available to participants on October 30, 2010.

## DIRECTOR UPDATES

Executive Director Status: Director Drum reviewed his status report dated August 18, 2010 that was previously provided to the Board. Mr. Drum updated the Board on the retiree payroll issue in July and on GASB preliminary views on proposed changes to pension accounting standards.

Deputy Director Status Report: Deputy Oldham briefed the Board on the disaster recovery test which is scheduled for the week of September 27, 2010. This test is being held in conjunction with the State Controllers Office.

Two proposals have been received in response to PERSI's request for Disability Retirement Services. They expect to have a vendor selected by September 15<sup>th</sup>.

## LEGAL

Approval of Legislation: Proposed legislation and Statement of Purpose/Fiscal Notes (SOP) was presented to the Board. Trustee Deal made a motion to approve the legislation as written and authorize submission of the legislation and SOP to DFM. Trustee Cilek seconded the motion which passed unanimously.

## FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated August 17, 2010. He reviewed and commented on the year to date expense reports. There were no questions regarding the reports.

FY 2012 Budget Request: Mr. Monroe presented the final FY 2012 budget request for approval. Trustee Cilek made a motion to approve the budget request and submit to DFM. Trustee Deal seconded the motion which passed unanimously.

FY 2010 Financial Statements: Sr. Accountant Debbie Buck presented the FY10 Unaudited Financial Statements. There were no questions from the Trustees regarding the statements.

Adjournment: There being no further business to come before the Board, meeting adjourned at 10:15.

Donald D. Drum  
Executive Director

Jody B. Olson  
Chairman