



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., July 27, 2010. The following members were present:

Jody Olson
Joy Fisher
Bill Deal
J. Kirk Sullivan

Jeff Cilek was absent and excused. Executive Director Don Drum, Chief Investment Officer Robert Maynard, Investment Officer Richelle Sugiyama, Deputy Director William Oldham, Deputy Attorney General Joanna Guilfooy, 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:

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| Rod MacKinnon | MPIA |
| Eoin Gill | BNY Mellon |
| Heidi Simpson | BNY Mellon |
| Dennis Fitzpatrick | DBF |
| Charlie Brown | REAI |
| James Coleman | REAI |
| Brent Nye | Boise Schools |
| Toby Nangle | Barings |
| Louise Gates | GRS |
| Norm Jones | GRS |
| Robin Nettinga | IEA |
| Geoff Bridges | Milliman |
| Jay Kealey | MPIA |
| Bruce Reeder | MPIA |
| Bill Palumbo | MPIA |
| Cody Barney | DBF |
| Robert Schmidt | Milliman |
| Dave Boren | Clearwater Advisors |
| Susan Marshall | Barings |
| Tom Kealey | EFIB |
| Gary Johnston | |
| Diane Kaiser | PERSI |
| Patrice Perow | PERSI |

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| Rose Marie Sawicki | 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 Deal made a motion to approve the minutes of the June 10, 2010 and the June 22, 2010 meetings as written. Trustee Sullivan seconded the motion, which passed unanimously.

PORTFOLIO

Monthly Investment Report:

The new fiscal year is beginning with a strong capital market rebound as fears of a European financial meltdown faded and reported corporate earnings exceeded expectations. After a terrible May and a very weak June, world equity markets rose by 8% or more in the first weeks of July. The fund is up 4.6% for the month and new fiscal year to date at \$10.569 billion.

With double-digit returns of 12.4% for the end of FY10, investment gains of over \$1.1 billion, assets once again over \$10 billion, and market cycle peer comparisons (five years) still in the top 25% of institutional funds, Fiscal Year 2010 would objectively seem to be a cause for celebration.

Chief Investment Officer Robert Maynard also made a presentation on capital market projections for the next five years.

CHOICE PLAN

Fund Options:

Investment Officer Richelle Sugiyama asked the Board to approve the addition of a short-term fund option and to authorize the DC Plan Manager to proceed with the implementation of that option.

Trustee Sullivan made a motion to approve the staff recommendation. The motion was seconded by Trustee Deal and approved unanimously.

Investment Manager Comments:

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

MILLIMAN EXPERIENCE STUDY:

Robert Schmidt with Milliman presented the final Investigation of Experience Study and various options for actuarial economic assumption changes. Trustee Deal made a motion to set the Net Investment Return at 7.25% and the Salary Growth at 4.00%. The motion was seconded by Trustee Fisher and passed unanimously.

GRS ACTUARIAL REVIEW:

Louise Gates and Nom Jones with Gabriel Roeder Smith and Company presented their findings from their actuarial audit of Milliman's 2010 Draft and 2008 Final Experience Study Reports and the 2009 Actuarial Valuation. Their review shows that GRS believes the results provided by Milliman are overall reasonable. Their

recommendations would be to study the COLA assumption and to consider using alternate asset valuation methods (smoothing) for annual valuation

DIRECTOR UPDATES

Executive Director Status: Director Drum reviewed his status report dated July 22, 2010 that was previously provided to the Board. Mr. Drum updated the Board on his visits with employers the first of July and on national pension issues.

Employer Withdrawal:

Director Drum presented a memo from ESC Manager Debbie Buck notifying the Board that Blaine County Housing Authority intends to withdraw from PERSI. They have 2 active employees and there is not actuarial liability for this withdrawal.

Deputy Director Status Report:

Deputy Oldham reviewed the second quarter operational statistics that were provided to the Trustees.

LEGAL

Legislative Ideas: Deputy Attorney General Joanna Guilfooy presented idea for legislative changes in FY11. Most of the proposed changes are necessary to comply with the HEART and USERRA Acts.

Formal legislation proposal will be presented for Board approval at the August meeting.

FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated July 21, 2010. He reviewed and commented on the year to date expense reports and quarterly travel update. There were no questions regarding the reports.

Mr. Monroe gave the Board an update on the proposed FY12 budget request. A final request will be presented to the Board for approval at the August meeting.

Chairman Olson announced that PERSI has once again been awarded the Certificate of Achievement for Excellence in Financial Reporting plaque from GFOA. This award is the highest form of recognition in governmental accounting and financial reporting.

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