PUBLIC EMLOYEE 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., October 19, 2010. The following members were present:

Jody Olson
J. Kirk Sullivan
Bill Deal
Jeff Cilek
Joy Fisher

Executive Director Don Drum, Chief Investment Officer Bob Maynard, Investment Officer Richelle Sugiyama, Deputy Director William Oldham, Chief Financial Officer Jim Monroe, Deputy Attorney General Joanna Guilfoy 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
James Coleman  REAI
Geoff Bridges  Milliman
Brent Nye  Boise Schools
Tim Dunn  Clearwater
Erik Jensen  Clearwater
Karl Malott  ID Fire Chiefs
Jay Kealey  MPIA
Bruce Reeder  MPIA
Cody Barney  DBF
Drew Black  DBF
Tom Kealey  EFIB
Robin Nettinga  IEA
Dustin Hurst  ID Reporter.com
Larry Sweat  PERSI
Ray Polzin  PERSI
Jami Davis  PERSI
MINUTES
Approval of the Minutes: Trustee Deal made a motion to approve the minutes of the September 28, 2010 meetings as written. Trustee Sullivan seconded the motion, which passed unanimously.

PORTFOLIO
Monthly Investment Report: October has continued September's strong rebound in the world capital markets, led by U.S. equities, as fears of a "double dip" recession begin to recede, and China has started to demonstrate that they may be able to engineer a "soft landing" in their efforts to control inflation. Global equity markets are up 3%-5% for the month, and fixed income markets are up slightly. PERSI is up 2.9% for the month to date, and 12.5% for the fiscal year to date, at $11.310 billion.

As is normally the case when equity markets show a strong rise, PERSI has fallen behind its strategic benchmarks by 0.41%, as private assets lag the valuation gains. TIPS, on the other hand, are showing strong relative gains. Overall the PERSI portfolio is performing exactly as expected (and, for the long term, desired) given the markets.

For the fiscal year to date the Adelante REIT account, the Bernstein Emerging and Global accounts, Genesis, and Peregrine have the best absolute and relative returns. Western also has very good relative returns in the first months of the new fiscal year. Donald Smith has the poorest relative returns for the fiscal year to date.

CHOICE PLAN
Choice Plan Update: Choice 401(k) Plan Manager Diane Kaiser gave an update on the fund option changes and asked for approval of the revised Choice Plan Investment Policy and mapping instructions for the SEI Stable Asset fund.

Chairman Olson asked CIO Bob Maynard why we are not offering a US Treasury fund instead of the STIP fund. Mr. Maynard responded that there are not many Treasury funds available and that the PERSI STIP fund is similar to a Treasury and is something we are already monitoring in our portfolio.

Trustee Deal made a motion to approve the revised Investment Policy and to accept the staff recommendation for the mapping instructions for the SEI Stable Asset fund. Trustee Fisher seconded the motion which passed unanimously.

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

DIRECTOR UPDATES
Actuarial Valuation: Geoff Bridges with Milliman presented the final valuation results. Trustee Sullivan made a motion to accept the Valuation for FY2010. The motion was seconded by Trustee Deal and approved unanimously.

Trustee Fisher made a motion to accept the Sick Leave Fund Valuation for FY2010. Trustee Sullivan seconded the motion which passed unanimously.

Executive Director Status: Director Drum reviewed his status report dated October 14, 2010 that was previously provided to the Board. Mr. Drum gave an update on his testimony over the phone at the public hearing on GASB Pension Accounting and Financial Reporting by Employers. He also gave an update on the education video that PERSI is working on for Legislators.
New Employers: Trustee Fisher made a motion to accept Lewiston-Nez Perce Co Airport Authority as a PERSI employer effective November 1, 2010. Trustee Cilek seconded the motion which passed unanimously.

Trustee Deal made a motion to accept South Fremont Fire Protection District as a PERSI employer effective November 1, 2010. The motion was seconded by Trustee Sullivan and passed unanimously.

Deputy Director Status Report: Deputy Oldham presented the third quarter Operating Statistics to the Board.

FISCAL
FY10 Audited Financial Statement: Lee Miller from Eide Bailly presented the audit report to the Board. It was a clean opinion and they have no recommendations from the FY 2010 audit. Trustee Fisher, the Board representative on the Audit Committee, made a motion to accept the FY10 Audited Financial Statements. Trustee Cilek seconded the motion, which passed unanimously

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated October 13, 2010. He reviewed and commented on the year to date expense reports and quarterly travel and training report.

Mr. Monroe reviewed the CY 2011 interest rates. The regular interest rate January 1, 2011 though December 31, 2011 will be 10.74% The reinstatement rate for the same period will be 4.83%.

Adjournment: There being no further business to come before the Board, meeting adjourned at 10:00.

Donald D. Drum     Jody B. Olson
Executive Director   Chairman