



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., September 28, 2010. The following members were present:

- Jody Olson
- J. Kirk Sullivan
- Jeff Cilek
- Bill Deal
- 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 Guilfooy 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	Bill Palumbo	MPIA
Dennis Fitzpatrick	DBF	Larry Johnson	EFIB
Charlie Brown	REAI	Wayne Ellis	ACS
James Coleman	REAI	Jean Cassanos	ACS
Geoff Bridges	Milliman	Keith Kotfica	ACS
Mark Olleman	Milliman	Eion Gill	BNY Mellon
Robert Schmidt	Milliman	Diane Kaiser	PERSI
Michael Iacoboni	Milliman	Cecile McMonigle	PERSI
Bill Raver	Staff Advisor	Rose Marie Sawicki	PERSI
Robert Storer	Staff Advisor	Melody Holdges	PERSI
Dwight Churchill	Staff Advisor	Lisa Conn	PERSI
Paul Yett	Hamilton Lane	Mike Mitchell	PERSI
Mario Giannini	Hamilton Lare	Mike Young	PERSI
Jay Kealey	MPIA	Kimberlee Hall	PERSI
Bruce Reeder	MPIA	Shawnda Kasma	PERSI
Cody Barney	DBF	Patrice Perow	PERSI
Drew Black	DBF		
Tom Kealey	EFIB		
Brandon Fitzpatrick	DBF		

EXECUTIVE SESSION

Trustee Deal made a motion to go into Executive Session under Idaho Code 67-2345 for discussion of personnel matters. Trustee Sullivan seconded the motion which passed unanimously.

Upon reconvening into general session, Trustee Deal made a motion to award Chief Investment Officer Bob Maynard a bonus of 85% of the maximum 30% of annual salary. The motion was seconded by Trustee Fisher and approved unanimously.

MINUTES

Approval of the Minutes: Trustee Sullivan made a motion to approve the minutes of the August 24, 2010 meetings as written. Trustee Cilek seconded the motion, which passed unanimously.

PORTFOLIO

Private Equity Quarterly Update: Paul Yett and Mario Giannini presented the PERSI private equity (PE) first quarter update and a general market update. The first quarter represents the fourth consecutive positive quarterly performance for the PE Portfolio, which has led to a continually increasing since-inception IRR for the PE Portfolio over the last year.

Trustees Cilek and Fisher asked about the due diligence process when Hamilton Lane recommends their own funds for the PERSI portfolio. Hamilton Lane funds proposed are reviewed by both Callan and Foster Pepper prior to being approved. This was confirmed by Mike O'Leary from Callan.

Monthly Investment Report: September has started out with a 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 7% - 7.5% for the month to date, and fixed income markets are off slightly as yields show a moderate rise. PERSI through mid-month (September 16) is up 3.8% for the month to date, and 7.2% for the fiscal year to date, at \$10.791 billion.

As is normally the case when equity markets show a strong rise, PERSI has fallen behind its strategic benchmarks, as private assets lag the valuation gains. 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. In addition, and unusually, emerging markets are relative laggards this month, hampering relative returns. 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, Bernstein Emerging, and Genesis 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 and all of the global equity managers are lagging the World Index for the fiscal year to date.

Staff Advisor Contract Renewal: Chief Investment Officer Bob Maynard introduced and gave a short bio on each of the three staff advisors present. Trustee Fisher made a motion to accept the staff recommendation that the Board approve one-year agreements for investment staff advisor services with Robert Storer, Alban Row, LLC

and Chartwell Consulting, LLC and authorize Director Drum to execute the agreements. 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.

CHOICE PLAN

FY10 Choice Plan Update: Jean Cassanos and Keith Kotfica with ACS presented the Second Quarter Plan Review, Fiscal Year Ending Report and Financial Summary for the Choice Plan. Mr. Kotfica introduced Wayne Ellis as the new Trainer that ACS has hired to help educate PERSI employers on the DC plan.

Trustee Fisher requested a report on the percentage of people participating by age.

DIRECTOR UPDATES

Preliminary Actuarial Valuation: Robert Schmidt, Mark Olleman and Geoff Bridges with Milliman presented a preliminary report on the valuation results. The final report will be submitted for approval at the October meeting.

Executive Director Status: Director Drum reviewed his status report dated September 22, 2010 that was previously provided to the Board. Mr. Drum provided the Board with a copy of PERSI's response to GASB regarding preliminary views on proposed changes to pension accounting standards. He also, updated the Trustees on his efforts to meet with employers and Legislators prior to the legislative session.

Bureau of Services for Deaf and Blind: The Idaho Bureau of Educational Services for the Deaf and the Blind requested that PERSI enter an MOU to maintain current operations pending its seeking some clarifying legislation in the 2011 session.

After some discussion of the reasons for the request, Trustee Sullivan made a motion to hold the MOU for one month for further clarification. The motion was seconded by Trustee Deal and approved unanimously.

New Employers: Trustee Deal made a motion to accept both Consolidated Free Library District and Greater Middleton Parks and Rec District into PERSI with an effective date of October 1, 2010. Trustee Sullivan seconded the motion which was approved unanimously.

Deputy Director Status Report: Deputy Oldham updated the Trustees on the contract for third party disability services. The contract was awarded to United Review Services on September 21, 2010. Peggy Barron, URS Chief Operating Officer is on site to work with staff to ensure a smooth transition.

FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated September 21, 2010. He reviewed and commented on the year to date expense reports and gave an update on the FY12 budget request and annual audit update. There were no questions regarding the reports.

Chairman Olson recessed the meeting until 11:30 when the Trustee and Staff Advisors reconvened the meeting for a market discussion.

Adjournment: There being no further business to come before the Board, meeting adjourned at 2:30.

Donald D. Drum
Executive Director

Jody B. Olson
Chairman