



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., April 26, 2011. The following members were present:

Jody Olson
Bill Deal
Jeff Cilek
Joy Fisher

Kirk Sullivan was absent and excused.

Executive Director Don Drum, Chief Investment Officer Bob Maynard, Investment Officer Richelle Sugiyama, Deputy Director Ray Polzin, Financial Officer James 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:

Bill Palumbo	MPIA	Diane Kaiser	PERSI
Charlie Brown	REAI	Cecile McMonigle	PERSI
Bruce Reeder	MPIA	Patrice Perow	PERSI
Mark Olleman	Milliman	Rose Marie Sawicki	PERSI
Brandon Fitzpatrick	DBF		
Jay Kealey	MPIA		
Dennis Fitzpatrick	DBF		
Cody Barney	DBF		
Drew Black	DBF		
Robin Nettinga	IEA		
Tom Kealey	EFIB		
Brent Nye	Boise School Dist		
Larry Johnson	EFIB		
Eoin Gill	BNY Mellon		
Ward Parkinson			

MINUTES

Approval of the Minutes: Trustee Deal made a motion to approve the minutes of the March 22, 2011 meeting as written. Trustee Cilek seconded the motion, which passed unanimously.

PORTFOLIO

Monthly Investment Report: The markets continue to advance despite a number of headline events worldwide. A disaster of biblical proportions in Japan, revolutions and civil war in the oil producing Middle East, higher oil and other commodity prices, and continued sovereign debt concerns both in Europe and now the U.S. (through an S&P warning) have all combined to test the market advance that began last summer. On the other hand, the recovery in the US appears to be fairly well grounded, corporate earnings are still generally advancing, and core Europe (particularly Germany) seems in good shape.

The fund has gained 1.7% since the beginning of the month. The fiscal year to date return is now 20.9% at \$12.068 billion which should bring the current funding status at market value to 90%. This dollar amount also represents an all-time PERSI high value for the DB plan and Total Return Fund (PERSI had already passed the return highs for these funds in January).

The PERSI portfolio continues to behave exactly as we would expect given the markets, gaining 0.58% in relative returns for the month to date. Private assets have shown some valuation gains, TIPS have performed relatively well, and global equities have also outperformed the Russell 3000 recently. Thus for the fiscal year PERSI now trails the reference 55-15-30 benchmark by 2.5%.

For the fiscal year Bernstein emerging markets has the best absolute and the best relative returns to benchmark, and while Donald Smith and US active equity managers generally have the poorest returns compared to benchmark.

Investment Officer Richelle Sugiyama gave an update on the status of global equity investment manager search.

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

DIRECTOR UPDATES

Executive Director Status: Director Drum updated the Board on a request from Dept. of Fish and Game to review the classification of Conservation Enforcement Technicians. The Board members responded that they are not in favor of retroactive reclassifications and at this time they could not give an opinion or offer a position on the issue. The Director shared a final update on legislation that will affect PERSI.

New Employers: Trustee Fisher made a motion to accept the Lemhi County Fire Protection District as a PERSI employer effective May 1, 2011. Trustee Cilek seconded the motion which passed unanimously.

Appeal of Board Decision: This is an appeal of a final decision denying Ms. Lessor's application for disability retirement benefits. A hearing was held before Hearing Officer, Kenneth L. Mallea, on October 7, 2010. The Recommended Order recommends denial by the Board of Ms. Lessor's application for disability benefits. A request for reconsideration by the Hearing Officer was denied, by operation of law, after 21 days. The matter is now before the Board for a determination.

Trustee Cilek made a motion to adopt the Hearing Officers Recommended Order in its entirety and issue the Final Decision and Order. The motion was seconded by Trustee Fisher and approved unanimously.

Deputy Director Status Report: Deputy Director Ray Polzin reviewed the quarterly operating statistics.

LEGAL

Securities Litigation Monitoring Agreement

Deputy Attorney General Joanna Guilfooy, who had provided the Board a background memo related to securities litigation monitoring, presented to the Board the issue of authorizing the Executive Director to execute a securities litigation monitoring agreement with Kaplan Fox and with Labaton Sucharow, upon final review by staff and legal counsel. Trustee Deal moved to accept staff recommendation. Trustee Cilek seconded the motion which passed unanimously.

FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated April 18, 2011. He reviewed and commented on the year to date expense reports for Administration and Portfolio and the quarterly out of state travel report. .

The audit engagement letter which was approved at the February Board meeting was presented for Board signature. Chairman Olson asked that the letter be signed by Trustee Fisher, Chair of the Audit Committee. Mr. Monroe also reviewed the preliminary schedule for audit functions.

Adjournment: There being no further business to come before the Board, meeting adjourned at 9:50 a.m.

Donald D. Drum
Executive Director

Jody B. Olson
Chairman