



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., March 22, 2011. 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 Ray Polzin, Financial Officer James Monroe, Deputy Attorney General Joanna Guilfoy and Management Assistant Cheri Campbell were also in attendance. Larry Sweat handled the electronic projection of materials and documents discussed in the meeting. Other persons attending portions of the meeting were:

Rod MacKinnon	MPIA	Diane Kaiser	PERSI
Charlie Brown	REAI	Cecile McMonigle	PERSI
James Coleman	REAI	Patrice Perow	PERSI
Robert Schmidt	Milliman	Kimberlee Hall	PERSI
Brandon Fitzpatrick	DBF	Mike Young	PERSI
Jay Kealey	MPIA	Shawnda Kasma	PERSI
Bill Palumbo	MPIA	Rose Marie Sawicki	PERSI
Bruce Reeder	MPIA		
Cody Barney	DBF		
Drew Black	DBF		
Robin Nettinga	IEA		
Paul Yett	Hamilton Lane		
Tom Kealey	EFIB		
Brent Nye	Boise School Dist		
Chris Halvorson	EFIB		
Larry Johnson	EFIB		
Mike Boren	Clearwater		

MINUTES

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

PORTFOLIO

Monthly Investment Report: Our general stance on the markets for the past year and a half has been that prospects are "reasonable but fragile". This month is testing that fragility. A disaster of biblical proportions in Japan, revolutions in the oil producing Middle East, and continued sovereign debt concerns in Europe have all combined to put a halt to the market advance that began last summer. On the other hand, the recovery in the US appears to be fairly well grounded, and core Europe (particularly Germany) seems in good shape.

The fund has dropped -1.6% since the beginning of the month. The fiscal year to date return is now 15.9% at \$11.576 billion which should bring the current funding status at market value to around 86%.

The PERSI portfolio is behaving exactly as we would expect given the markets. As designed, when markets drop our relative performance against our 55-15-30 benchmark improves, with the total fund gaining 0.98% in relative returns for the month to date. Private assets, because of valuation lags, actually have gained a slight amount for the month, and emerging markets have recently done much better than developed markets (particularly since the Asian portion of the developed markets index has a high weighting to Japan). TIPS have also held up well both as real returns have fallen and as a government bond "safe haven".

Thus, for the fiscal year, PERSI now trails the reference 55-15-30 benchmark by 3.1%. For the fiscal year Bernstein emerging markets and Western have the best relative returns to benchmark and Donald Smith has the poorest returns compared to benchmark.

Chief Investment Officer Bob Maynard also walked through a presentation entitled, "Basic Portfolio Management, Then and Now".

Private Equity Update: Paul Yett with Hamilton Lane reviewed the 2010 third quarter private equity results. The third quarter represented the sixth consecutive positive quarterly performance for the private equity portfolio.

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 the topics discussed at the NASRA Winter Conference. He also provided an update on State and Federal legislation that could affect PERSI.

Signature Authorization: The Acknowledgment of Specimen Signatures of Retirement Board Members and Individuals Designated by the Retirement Board as Authorized Signers was updated to reflect personnel and Trustee changes. Each Trustee indicated their approval of the authorization by their signature on the document.

New Employers: Trustee Deal made a motion to accept the City of Cambridge as a PERSI employer effective April 1, 2011. Trustee Cilek seconded the motion which passed unanimously.

Deputy Director Status Report: Deputy Director Ray Polzin provided a status update on the IRIS vendor selection process and the data cleansing project. A refreshed PERSI website is also being developed to provide for some of the common features found on the Idaho.gov site.

Trustee Sullivan asked that the selection team for the IRIS project interview the staff who will work on the project not just the executives from the vendors.

FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated March 16, 2011. He reviewed and commented on the year to date expense reports for Administration and Portfolio. He also informed the Board that the fiscal department will be upgrading their accounting software in the near future.

Mr. Monroe provided an update on the 2012 budget request which has passed in the House and is on 2nd reading in the Senate.

The audit engagement letter has been received from Eide Bailly and is being reviewed by fiscal.

Comments: Charlie Brown with RIEA thanked the Board for the 1% COLA given this year and reiterated how this helps the Idaho economy.

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

Donald D. Drum
Executive Director

Jody B. Olson
Chairman