



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., October 25, 2011. The following members were present:

- Jody Olson
- Bill Deal
- Joy Fisher
- Kirk Sullivan
- Jeff Cilek

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. Other persons attending portions of the meeting were:

Robin Nettinga	IEA	Mike Young	PERSI
Charlie Brown	REAI	Cecile McMonigle	PERSI
Bruce Reeder	MPIA	Patrice Perow	PERSI
Mark Olleman	Milliman	Rose Marie Sawicki	PERSI
Robert Schmidt	Milliman	Kimberlee Hall	PERSI
Brent Nye	Boise School Dist	Daryl King	PERSI
Jay Kealey	MPIA	Diane Kaiser	PERSI
Dennis Fitzpatrick	DBF	Debbie Buck	PERSI
Brandon Fitzpatrick	DBF	Wayne Ellis	PERSI
Drew Black	DBF	Lisa Conn	PERSI
Bill Palumbo	MPIA		
Tom Kealey	EFIB		
Eoin Gill	BNY Mellon		
Jane Buser	BSU Emeritus Guild		
Chris Halverson	EFIB		
Gary Bruebaker	WA State Investment Board		
Paul Yett	Hamilton Lane		

MINUTES

Approval of the Minutes: Trustee Deal made a motion to approve the minutes of the October 25, 2011 meeting as written. Trustee Cilek seconded the motion, which passed unanimously.

## PORTFOLIO

Monthly Investment Report: Bob Maynard, Chief Investment Officer, reviewed his month to date report. October is, so far, providing some relief from the market collapse that began in August. The same three main issues continue to dominate market movements: Europe, U.S. economic slowdown, and overheating in China. This month the economic news from the US, for the first time in months, began exceeding (although slightly) expectations. China's inflation appears to be moderating, as does its economy. Europe, while still a mess, occasionally shows some sign of movement. All three issues, however, are still far from being resolved. As Churchill once said, we are not at the beginning of the end, but we may be at the end of the beginning. With the "super committee" due to report in a few weeks, the Christmas shopping season approaching, and with Europe continuing their interminable series of summits, a clearer idea of the general market direction still is a few months off, at least.

The equity markets are up 7%-10% for the month to date, while fixed income is off slightly. PERSI is up 3.6% for the month to date, reducing fiscal year to date losses to -5.2%, at \$11.312 billion.

Mr. Maynard reviewed historical numbers for the private equity and private real estate programs

Private Equity Update: Paul Yett with Hamilton Lane reviewed the private equity results for the first half of 2011. As overall equity markets continued to appreciate through the end of the second quarter of 2011, the private equity portfolio's one year IRR increased to 20.41%.

Gary Bruebaker, CIO with the Washington State Investment Board, gave an additional update on the current status of the private equity market.

Investment Policy Updates: Investment Officer Richelle Sugiyama asked the Board to approve the updates to the Investment Policy that were presented for review in September. Trustee Sullivan made a motion to adopt the revised policy. The motion was seconded by Trustee Fisher and approved unanimously.

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

## DIRECTOR UPDATES

Actuarial Valuation: Mark Olleman and Robert Schmidt with Milliman were present to answer any questions regarding the final 2011 Actuarial Valuation. Trustee Fisher made a motion to accept the 2011 Actuarial Valuation as presented. Trustee Cilek seconded the motion which was approved unanimously.

Executive Director Status: Director Drum reviewed his status report dated October 21, 2011 which had been previously provided to the Board. Mr. Drum updated the Trustees on the GASB Exposure Draft on Financial Reporting for Pension Plans. Mr. Drum gave a brief update and reviewed the timeline for the contribution rate and COLA decisions. The Trustee's will review the information and make the decision at the December meeting.

Deputy Director Status Report: Deputy Director Ray Polzin gave an updated on the IRIS project. Finalist interviews and demonstrations are taking place this week and site visits are scheduled for November.

FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated October 18, 2011. He reviewed and commented on the September 2011 expense reports for administration and portfolio and the quarterly travel and training report. He also updated the Board on the PERSI interest rates for calendar year 2012. The regular interest rate will be 18.16%. The reinstatement rate will be 4.25%.

FY11 Annual Audit: Lee Miller with Eide Baily presented the results of the FY 2011 Annual Audit. There were no significant findings to report. Mr. Miller thanked the PERSI staff for their assistance and cooperation during the audit.

Adjournment: There being no further business to come before the Board, meeting adjourned at 11:00 p.m.

Donald D. Drum  
Executive Director

Jody B. Olson  
Chairman