



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 24, 2012. The following members were present:

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

Executive Director Don Drum, Deputy Director Ray Polzin, Chief Investment Officer Bob Maynard, Investment Officer Richelle Sugiyama, Financial Officer James Monroe and Management Assistant Cheri Campbell were also in attendance. Other persons attending portions of the meeting were:

Bruce Reeder	MPIA	Robert Schmidt	Milliman
Mark Olleman	Milliman	Jeff Bradley	Milliman
Brent Nye	Boise Schools	Jan Hartford	CEM
Cody Barney	DBF	Cecile McMonigle	PERSI
Mike Boren	Clearwater	Patrice Perow	PERSI
Dave Boren	Clearwater	Rose Marie Sawicki	PERSI
Brandon Fitzpatrick	DBF	Mike Mitchell	PERSI
Charlie Brown	REAL	Daryl King	PERSI
Jim Coleman	REAL	Diane Kaiser	PERSI
Drew Black	DBF	Melody Hodges	PERSI
Jay Kealey	MPIA		
Bill Palumbo	MPIA		
Tom Kealey	EFIB		
Larry Johnson	EFIB		
Phil Bartlett	Clearwater		
Mark Olleman	Milliman		
Robyn Lockett	LSO		

MINUTES

Approval of the Minutes: Trustee Cilek made a motion to approve the minutes of the March 27, 2012 meeting as written. Trustee Deal seconded the motion, which passed unanimously.

PORTFOLIO

Monthly Investment Report: Chief Investment Officer Bob Maynard presented the current status of the Fund and an overview of the private equity allocation and returns.

April has seen a pause in recent capital market advances, with equities down -2% to -2.5% for the month to date. Fixed income is up around 1%. As a result, the fund has lost -0.8% so far this month, dropping the fund to a positive 2% for the fiscal year to date and \$12.086 billion.

In general, nagging continued concern about Europe (now led by doubts about Spain), slowing corporate earnings growth (Intel and IBM most recently disappointing), and uncertainty about the extent of the Chinese slowdown all have contributed to this month's so far mixed results. On the other hand, current concerns do not seem to be as serious as those of late last year, with US economic recovery, at least, seeming to be broad based although tepid.

For the fiscal year to date, the major theme continues to be the severe disparity of performance between US equities (+5%) and international equities (-9%). This 14% difference particularly exacerbates the impact of global equity on our performance against our strategic policy benchmark, accounting for all of our -1.2% lagging of that policy. All of our global managers with the exception of Longview have lost money so far this fiscal year, with Bernstein "leading" with losses of over -10%. Our performance against peers, however, seems to be around median or slightly above.

Our two best returning accounts for the fiscal year are our REIT manager Adelante (12.5%), and our SSGA TIPS account (17.4%). They are also our two best performances against benchmarks Private assets are lagging slightly due to their natural delay in valuation changes.

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

DIRECTOR UPDATES

Economic Assumptions: Mark Olleman, Robert Schmidt and Jeff Bradley with Milliman presented a review of current economic assumptions and options for the Trustees to consider. The final decision will be made at the June Board meeting.

CEM Benchmarking Update: Jan Hartford with CEM Benchmarking presented the results of the FY2011 annual study. PERSI's total score of 81 is in top quartile of all North American systems Service scores were equal to or higher than the peer median in 12 of 15 activities measured

Hearing Officer Appointment - Sanders: Trustee Deal made a motion to authorized the Executive Director to appoint a hearing officer to hold a contested case hearing and issue a recommended decision in the case of Gordon Sanders. Trustee Fisher seconded the motion which passed unanimously.

Deputy Director Update: Deputy Director Ray Polzin reviewed the quarterly operational statistics and gave an update on the IRIS project. It is anticipated that all employers will be converted to the new system by June 2013.

Mr. Polzin also shared some of the compliments that PERSI staff have received from members recently.

FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated April 18, 2012. He reviewed and commented on the March expense reports for administration and portfolio and also the quarterly travel report. He also updated the Board on the FY2012 audit activities.

EXECUTIVE SESSION

Citing Idaho Code 67-2345(1)(b) Trustee Cilek made a motion to go into Executive Session Trustee Deal seconded the motion which was approved unanimously via roll call vote.

Upon returning to regular session Trustee Cilek stated that Executive Director Don Drum has shown excellence in each area of review and made a motion to increase his annual salary by \$10,000.00 effective immediately. Trustee Sullivan seconded the motion which was approved unanimously.

Adjournment: There being no further business to come before the Board, meeting adjourned at 10:55 a.m.

Donald D. Drum
Executive Director

Jody B. Olson
Chairman