



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., July 24, 2012. The following members were present:

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

Executive Director Don Drum was absent. 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	Philip Bartlett	Clearwater
Mark Olleman	Milliman	Tom Kealey	EFIB
Michael McHargue	CS Capital Mgmt.	Robyn Lockett	LSO
Jake Henning	CS Capital Mgmt.	Donna Yule	IPEA
Dennis Fitzpatrick	DBF	Melody Hodges	PERSI
Alex Hamm	DBF	Erin Duran	PERSI
Sam DePoy	The Koll Co.	Patrice Perow	PERSI
Charlie Brown	REAI	Debbie Buck	PERSI
Jim Coleman	REAI	Mike Young	PERSI
Drew Black	DBF	Cecile McMonigle	PERSI
Larry Johnson	EFIB	Rose Marie Sawicki	PERSI
Dean Buffington	EFIB	Wayne Ellis	PERSI
Shanna Pippy	DBF	Daryl King	PERSI
M.F. Hotchkiss	Sands Cap.	Diane Kaiser	PERSI
Eoin Gill	BNY		

MINUTES

Approval of the Minutes: Trustee Deal made a motion to approve the minutes of the June 26, 2012 meeting as written. Trustee Cilek seconded the motion, which passed unanimously.

PORTFOLIO

Monthly Investment Report: Chief Investment Officer Bob Maynard presented the current status of the Fund.

Instead of "Groundhog Day", the world capital markets seem to in a "Groundhog Year", where for the third year in a row the calendar year starts out with a sense of optimism, peaks by early May, gets hit with the same European crisis, followed by a slowdown in the U.S. plodding economic growth. As a result the capital markets stall and fall.

PERSI is basically flat so far for this first month of the new fiscal year, with returns of 0.3% for the month and new fiscal year to date, at \$11.988 billion.

As has been the case for the entire three year period, the markets are dominated by the twists and turns of three big macro issues (a stumbling but advancing US economy, European near-chaos, and China's successful attempt to slow growth to combat inflation, and current subsequent battle to prevent a "hard landing") and generally supported by strong corporate earnings and balance sheets. These same issues promise to be around for the start of this new fiscal year, along with the prospect of political confrontations, a "fiscal cliff" at the end of this year, and the recent talk of a renewed stalemate on US debt ceilings.

And, like the last few years, we can expect stumbling and potentially volatile markets through the Fall with little long term sense of clarity until between Thanksgiving and New Year's, where some sense of consumer Holiday spending shows up and the consequences of the U.S. election become clearer (particularly the resolution of the "fiscal cliff" issue).

Trends in the portfolio from the last fiscal year generally continue, with Bernstein the manager we are watching most closely.

Real Estate Program: Michael McHargue with CS Capital Management and Sam Depoy with The Koll Company gave updates on the current state of the nationwide real estate market.

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

DIRECTOR UPDATES

Executive Director's Update: Chief Investment Officer Bob Maynard gave the Board an update on behalf of Executive Director Drum regarding the firefighter referendum. As only six of the twenty-two fire districts participating in the election voted to remain in Social Security, Director Drum continues to work with employers to assist them in understanding the limitations, ramifications and contributions associated with the distribution of the employers refund to the employees. The quarterly operating metrics were also presented.

LEGAL

Legal Update: Deputy Attorney General Joanna Guilfooy recommended that the Board expand the hearing officer registry by adding the name of Karen Sheehan and authorize the Executive Director to execute the contract for hearing officer services on behalf of the Board. Trustee Deal made a motion to approve the recommendation. The motion was seconded by Trustee Cilek and passed unanimously.

FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated July 18, 2012. He reviewed and commented on the June expense reports for administration and portfolio and the quarterly travel and training report. He also updated the Board on the FY2012 audit activities and fiscal year end activities. Mr. Monroe presented the preliminary FY14 budget request. The final request will be brought to the Board for final approval next month.

EXECUTIVE SESSION

Citing Idaho Code 67-2345(1)(b) and 67-2345(1)(d) Trustee Deal made a motion to go into Executive Session. Trustee Sullivan seconded the motion which was approved unanimously via roll call vote. There were no decisions made during the executive session.

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

Donald D. Drum
Executive Director

Jody B. Olson
Chairman