



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 23, 2012. The following members were present:

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

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

Bruce Reeder	MPIA	Diane Kaiser	PERSI
Mark Olleman	Milliman	Erin Duran	PERSI
Jeff Bradley	Milliman	Debbie Buck	PERSI
Mary Lou Taylor	REAL	Wayne Ellis	PERSI
Dennis Fitzpatrick	DBF	Mike Young	PERSI
Alex Hamm	DBF	Cecile McMonigle	PERSI
Brandon Fitzpatrick	DBF	Patrice Perow	PERSI
Charlie Brown	REAL	Rose Marie Sawicki	PERSI
Donna Yule	IPEA	Daryl King	PERSI
Drew Black	DBF		
James Coleman	REAL		
Larry Johnson	EFIB		
Robin Nettinga	IEA		
Rod MacKinnon	MPIA		
Robert Schmidt	Milliman		
Chris Halvorson	EFIB		
Trevr Blum	Delaware Investments		

MINUTES

Approval of the Minutes: Trustee Cilek made a motion to approve the minutes of the September 25, 2012 meeting as written. Trustee Deal seconded the motion, which passed unanimously.

## PORTFOLIO

Monthly Investment Report: Chief Investment Officer Bob Maynard gave an update on the status of the Fund. The markets so far this month have continued the general themes of the new fiscal year: reduced fear, adequate but stumbling economic growth, earnings less disappointing than feared earlier in the summer, simmering but not heart-stopping European news, with a backdrop of potential but not yet realized disasters in Europe, China, and the U.S. (led by the looming "fiscal cliff"). Some, but not complete, clarity still awaits the upcoming holiday season (as has been the case for the past 3 years). Equity markets have continued their stumbling advance, and bond markets have held generally steady.

As a result, PERSI has gained 0.4% so far this month, and 4.2% for the fiscal year to date, at \$12.392 billion.

Trends in the portfolio from the last fiscal year generally continue, with Bernstein (both global and emerging markets) the manager we are watching most closely. PERSI is behind the 55-15-30 strategic policy by -0.9%, with the major drag coming from the lagged valuations in private equity and private real estate. Western continues its streak of outperformance and positive returns, while TIPS continue to defy gravity. As a result, PERSI's fixed income overall continues its recent multi-year excellent absolute and relative returns. The equity portion of the portfolio is lagging so far this fiscal year. Besides delayed valuations in private assets, REITs are having a poor fiscal year after the previous year's rapid advance. After REITs, Zesiger is having the worst absolute and relative performance of all accounts.

Private Real Estate Program: The Board made the decision to transfer the contract for management of the program to AEW. The AEW staff introduced themselves and talk about their backgrounds and experience in the real estate markets.

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

## DIRECTOR UPDATES

Actuarial Valuation: The final Valuation was presented to the Board for approval. Chairman Olson asked Mark Olleman with Milliman to give a brief overview of the findings. Trustee Deal made the motion to accept the Valuation for FY2012. Trustee Fisher seconded the motion which passed unanimously.

Executive Director's Update: Director Drum reviewed his Status Update dated October 17, 2012. The update included a recommendation to hold off a couple of years on the new office building, an update on quarterly operational metrics and meetings with legislators and employers. Mr. Drum also reviewed options for COLA and contribution rates which will be further discussed and voted on at the December meeting.

Disability Appeal: DeLeaina Baker has filed an appeal of the final decision denying her disability application. A contested case hearing was held and the Recommended Order recommends approval of the members disability claim. However, the Recommended Order also makes certain conclusions of law in regards to Disability Retirement Rule 204 which PERSI does not agree with. Trustee Deal made a motion to accept the Final Decision and Order adopting the Recommended Order of the hearing officer with the exception noted therein regarding the hearing officer's conclusion of law. Trustee Cilek seconded the motion which was approved unanimously.

New Employers: Trustee Fisher made a motion to approve admittance of both Minidoka County Fire Protection District and Paradise Valley Fire District effective November 1, 2012. Trustee Sullivan seconded the motion which passed unanimously.

## FISCAL

Brad Berls with Eide Bailly reported to the Board that the FY 2012 audit has been completed and there were no significant findings. Trustee Sullivan made a motion to accept the FY2012 Audit Report. Trustee Cilek seconded the motion which was approved unanimously.

Trustee Fisher offered high praise to the Fiscal for their work on the audit. Chairman Olson thanked Trustee Fisher for serving as Chair of the Audit Committee.

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated October 17, 2012. He reviewed and commented on the August expense reports for administration and portfolio and the quarterly travel report. He also updated the Board on the calendar year 2013 interest rates. Regular interest rate effective January 1, 2013 will be 1.04% and reinstatement rate will be 4.25%.

## EXECUTIVE SESSION

Trustee Deal made a motion to go into executive session citing Idaho Code 67-2345(1)(b). The motion was seconded by Trustee Cilek and approved unanimously via roll call vote.

The Board reconvened into general session at 10:50. During the executive session the annual performance evaluation for Bob Maynard was discussed. Trustee Sullivan made a motion to give Mr. Maynard a 15% annual bonus based on current salary and a 5% salary increase going forward. The motion was seconded by Trustee Fisher and approved unanimously.

Adjournment: There being no further business to come before the Board, meeting adjourned at 10:50 a.m.

Donald D. Drum  
Executive Director

Jody B. Olson  
Chairman