



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., January 22, 2013. The following members were present:

- Jody Olson
- Kirk Sullivan
- Joy Fisher

Trustees Jeff Cilek and Bill Deal were absent and excused. Executive Director Don Drum, Deputy Director Lisa Steele, 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:

Mark Olleman	Milliman	Mike Young	PERSI
Robert Schmidt	Milliman	Mike Mitchell	PERSI
Dennis Fitzpatrick	DBF	Carmen Brooks	PERSI
Brandon Fitzpatrick	DBF	Debbie Buck	PERSI
Drew Black	DBF	Diane Kaiser	PERSI
Charlie Brown	REAL	Patrice Perow	PERSI
James Coleman	REAL	Cecile McMonigle	PERSI
Mary Lou Taylor	REAL	Daryl King	PERSI
Philip Bartlett	Clearwater	Wayne Ellis	PERSI
Doug Bates	Clearwater	Rose Marie Sawicki	PERSI
Kaci Guthrie	Xerox		
Chris Halvorson	EFIB		
Cynthia Yee-Wallace	DAG		

MINUTES

Approval of the Minutes: Trustee Fisher made a motion to approve the minutes of the December 4, 2012 meeting as written. Trustee Sullivan seconded the motion, which passed unanimously.

PORTFOLIO

Monthly Investment Report: Investment Officer Richelle Sugiyama gave an update on the status of the Fund at calendar year end and also January 19, 2013. The markets in January so far have continued their recent advance of the past few months. The main themes have been constant: stumbling but noticeable US economic growth, decelerating earnings growth, simmering European news (with some declarations that "the worst is behind us" on the financial crisis, but not on EU economic growth), and indications of recovery in China. "Fiscal cliff" and other budget issues still

await full resolution, which will drag on for some more months. Equities are up around 3.5%-4.5% for the month, while fixed income is slightly down (about a quarter of a percent).

As a result, PERSI has gained 1.8% for the month, and is now up 7.9% for the fiscal year to date, at \$12.771 billion. In addition, the fund reached all time return and asset level highs at various points during the month.

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: Director Drum updated the Board on legislative activities that affect PERSI. Presentations have been made to JFAC regarding the PERSI budget and both House and Senate Commerce and Human Resource committees regarding the contribution rate rules. He has been invited to House Commerce and Human Resources again this week to give a general PERSI update and answer questions.

New Employer: Bannock Planning Organization has applied to join PERSI effective February 1, 2013. Trustee Fisher made a motion to approve admittance of the Bannock Planning Organization effective February 1st, 2013. Trustee Sullivan seconded the motion which passed unanimously.

Signature Authorization: An updated signature authorization document was presented to the trustees. Since last updated there has been a change in authorized staff. Trustee Sullivan made a motion to approve and sign the updated Acknowledgment of Specimen Signatures of Retirement Board Members and Individuals Designated by the Retirement Board as Authorized Signers. Trustee Fisher seconded the motion which passed unanimously.

Disability Retirement Appeals:

Gerald Fairbanks – This is an appeal of the final decision denying Mr. Fairbanks' application for disability retirement. On December 4, 2012 the hearing officer in the contested case hearing issued a Recommended Order that the denial be upheld. Trustee Sullivan made a motion to accept the hearing officers Recommended Order and issue a Final Order.

Michael Graham – This is an appeal of a final decision denying Mr. Graham's application for disability retirement benefits. On October 25, 2012 the hearing officer issued a Recommended Order recommending that the Board approve Mr. Graham's disability application. PERSI staff do not object to approval of the application, however, the Recommended Order contains commentary of the hearing officer to which PERSI took exception. Trustee Sullivan made a motion to adopt the Recommended Order with the exception specifically noted therein. Trustee Fisher seconded the motion which passed unanimously.

Deputy Director Update: Deputy Director Lisa Steele reviewed the status of the IRIS project and the quarterly operating statistics. The IRIS project is progressing in four main areas: employer training, user acceptance testing, data reconciliation and lifecycle testing. All areas are seeing substantial progress and improvement.

FISCAL

Audit Service Renewal: Chief Financial Officer Jim Monroe recommended the Board extend the contract for audit services with Eide Bailly for three years subject to annual approval by the Board. He also reported that Eide Bailly has agreed to a 10% reduction in set fees. Trustee Fisher made a motion to approve the staff recommendation and extend the contract with Eide Bailly. Trustee Sullivan seconded the motion which passed unanimously.

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated January 15, 2013 and reviewed and commented on the December expense reports for administration and portfolio and the quarterly travel report.

EXECUTIVE SESSION

Citing Idaho Code 67-2345(1)(f) Trustee Sullivan made a motion to go into executive session. The motion was seconded by Trustee Fisher and approved unanimously via roll call vote. There were no decisions made during the session.

Adjournment: There being no further business to come before the Board, meeting adjourned at 10:30 a.m.

Donald D. Drum
Executive Director

Jody B. Olson
Chairman