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., March 26, 2013. The following members were present:

Jody Olson
Kirk Sullivan
Bill Deal
Joy Fisher

Trustee Jeff Cilek was absent and excused. Executive Director Don Drum, Deputy Director Lisa Steele, Chief Investment Officer Robert Maynard, Investment Officer Richelle Sugiyama, 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:

- Jeff Bradley
  - Milliman
  - Katherine Guthrie
  - Xerox

- Karl Mallot
  - ID Fire Chiefs Assoc
  - Mike Young
  - PERSI

- Mwamba Chanda
  - DBF
  - Daryl King
  - PERSI

- Brandon Fitzpatrick
  - DBF
  - Debbie Buck
  - PERSI

- Drew Black
  - DBF
  - Diane Kaiser
  - PERSI

- Alan Pritchett
  - Retired Teachers
  - Patrice Perow
  - PERSI

- Tom Kealey
  - Montlake Cap.
  - Cecile McMonigle
  - PERSI

- Jesse Fogarty
  - Cutwater Asset Mngt
  - Wayne Ellis
  - PERSI

- Charlie Hannigan
  - Cutwater
  - Rose Marie Sawicki
  - PERSI

- Jason Cameron
  - Cutwater

- Dave Boren
  - Clearwater

- Rhet Hulbert
  - Clearwater

- Rod Mackinon
  - MPIA

- Larry Johnson
  - EFIB

- Bill Palumbo
  - MPIA

- Bruce Reeder
  - MPIA

- Lars Sandven
  - MPIA

**AMEND AGENDA**

Trustee Sullivan made a motion to amend the agenda to remove the schedule executive session. Trustee Fisher seconded the motion which passed unanimously.
MINUTES
Approval of the Minutes: Trustee Sullivan made a motion to approve the minutes of the February 26, 2013 meeting as written. Trustee Deal seconded the motion, which passed unanimously.

PORTFOLIO
Monthly Investment Report: The markets in March have so far continued the excellent overall returns, but poor relative returns for the fund against the 55-15-30 strategic benchmark. The main themes have remained consistent: slow but steadier US economic growth, adequate corporate earnings, potential turmoil in Europe, and the appearance that China has avoided a “hard landing” (although with mixed signals). Washington gridlock has now moved on to simply keeping the government running, and has actually temporarily moved toward the back of the list of big macro concerns. US equity markets are up 3.0% for the month, international stocks are up 1.4%, and bond markets are flat. Emerging markets are still a disaster this calendar year, and are down another-3.6% this month.

As a result, PERSI has gained 1.1% for the month, and is now up 9.4% for the fiscal year to date, at $12.897 billion. The return and asset levels for the fund reached all time highs during the month, and has fallen back slightly as the Cyprus crisis unfolds.

PERSI is lagging the 55-15-30 strategic policy by -3.5%, with almost all of that lag coming since the start of the calendar year. The major drag is coming from the lagged valuations in private equity along with private real estate and REIT underperformance. Emerging markets (-3.4%) has also noticeably underperformed both EAFE (+5.8%) and US equities (+10.1%) since the start of 2013, adding substantially to the underperformance. Western continues its streak of outperformance and positive returns, while TIPS have given back their previous advantage. The equity portion of the portfolio is lagging so far this fiscal year. Zesiger, Mondrian, and Barings are having the worst relative performance to benchmarks of all accounts. Cap Guardian, Longview, and Donald Smith are having the best absolute and relative returns. Brandes, Bernstein Global, and Donald Smith have had the best performance since the rebalance in December.

Private Real Estate
Bob Plumb with AEW gave a presentation on the nationwide real estate market outlook.

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: Executive Director Don Drum updated the Board on conferences he had recently attended and presentation he has been giving.

New Employer
The Lost River Highway District has applied for membership in PERSI effective April 1, 2013. Trustee Fisher mad a motion to accept the application into PERSI. The motion was seconded by Trustee Deal and approved unanimously.

Choice Plan Review: Fiscal Officer Jim Monroe gave an overview of fees for the Choice Plan including a history of how it was developed. Staff will continue to research this subject. Trustee Fisher asked the staff keep mind that the Board would like to keep fees to a minimum to encourage participants to save more money. Chairman Olson also stated that the Board is aware of its fiduciary responsibility to the Base Plan and they need to look at the current structure that involves the Base Plan paying Choice Plan fees.
FISCAL
Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated March 20, 2013 and reviewed and commented on the February expense reports for administration and portfolio.

FUTURE BOARD DATES: Trustee Olson asked Management Assistant Cheri Campbell to contact each Trustee to explore options for other Board dates.

ADJOURNMENT: There being no further business to come before the Board, meeting adjourned at 10:20 a.m.

Donald D. Drum                Jody B. Olson
Executive Director            Chairman