

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 15, 2013. The following members were present:

- J. Kirk Sullivan
- Joy Fisher
- Bill Deal
- Jeff Cilek

Chairman Jody Olson was absent and excused. Trustee Kirk Sullivan is the acting Chair until Chairman Olson's return. 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 Guilfooy and Management Assistant Miho Reed were also in attendance. Other persons attending portions of the meeting were:

Eoin Gill	BNY Mellon	Mike Mitchell	PERSI
Brent Nye	Boise Schools	Diane Kaiser	PERSI
Dave Boren	Clearwater	Melody Hodges	PERSI
Don Streett	Clearwater	Kelly Cross	PERSI
Chris Brechbuhler	Clearwater	Wayne Ellis	PERSI
Brandon Fitzpatrick	DBF	Cecile McMonigle	PERSI
Drew Black	DBF	Debbie Buck	PERSI
Dennis Fitzpatrick	DBF	Cheri Campbell	PERSI
David Hahn	DFM	Kimberlee Hall	PERSI
Tom Kealey	EFIB	Larry Sweat	PERSI
Larry Johnson	EFIB	Rose Marie Sawicki	PERSI
Robyn Lockett	LSO		
Jeff Bradley	Milliman		
Mark Olleman	Milliman		
Rod MacKinnon	MPIA		
Bruce Reeder	MPIA		
James Coleman	REAI		
Mary Lou Taylor	REAI		
James Doherty	SSGM		

MINUTES

Approval of the Minutes: Trustee Cilek made a motion to approve the minutes of the September 17, 2013 meeting as written. Trustee Fisher seconded the motion, which passed unanimously.

## PORTFOLIO

Monthly Investment Report: Chief Investment Officer Bob Maynard presented the investment report. Dysfunctional government has been the main (and expected) topic of October, with the shutdown in effect, and the prospect of default on the near horizon. Glimmers of hope that default may be averted have kept the world capital markets relatively resilient, with US equity markets up 1.3%, EAFE up 0.6%, and fixed income flat for the month to date. Emerging markets are up 3.7% for the month.

As a result, the fund as a whole is up 0.9% for the month to date and is up 5.9% for the new fiscal year to date at \$13.468 billion.

PERSI's relative returns to the strategic benchmark are driven by basic policy allocations away from the S&P 500 and Barclay's Aggregate and toward emerging markets, private equity, REITS, private real estate, and TIPS. Because of emerging market outperformance (9.8% for the fiscal year to date vs. 7.1% for the S&P 500), for the first time in quite some while the overall fund was ahead of the 55-15-30 benchmark until a late week rally in the S&P 500 dropped the relative performance to -0.3%.

Zesiger has the second worst absolute and worst relative performance to benchmarks, while private real estate has been beating its benchmark for the first time in quite a while. Bernstein Global, Bernstein Emerging, Brandes, and Longview are the best performing accounts, both in return and relative performance. Bernstein Emerging, in particular, has made a recent major advance.

October is not yet over, and will see the continuation of the Washington Wars on the government shutdown and the debt ceiling, and still has a number of other interesting events through more definitive economic numbers (once those numbers are produced), continuing Middle Eastern dramas, and ongoing tapering debates. The next few weeks will probably set the tone for the remainder of the calendar year.

Mr. Maynard also reviewed PERSI's strategic biases and returns compared to benchmarks.

Staff Advisor Activity Update: Investment Officer Richelle Sugiyama introduced the Portfolio Staff Advisors: Bill Raver, Dwight Churchill, Robert Storer, and Mike O'Leary and provided a brief update on their meetings and discussions. The Staff Advisors will return again for the December Board meeting.

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

## DIRECTOR UPDATES

FRF COLA Assumption/Valuation: Mark Olleman from Milliman recommended the Board approve a 1% FRF PERSI COLA assumption. Trustee Fisher made a motion to accept the 1% FRF PERSI COLA assumption. Trustee Deal seconded the motion which passed unanimously.

Actuarial Valuation: Mark Olleman presented the final valuation to the Board for approval and gave a brief overview of the findings. Trustee Cilek made the motion to accept the Valuation for FY2013. Trustee Fisher seconded the motion which passed unanimously.

Executive Director's Update: Executive Director Drum revisited contribution rates and COLA with the Board and asked for approval to postpone increasing contribution rates. Trustee Cilek made the motion to postpone the contribution rate increase. Trustee Deal seconded the motion which passed unanimously.

The Director advised the Board has time to make a decision regarding COLA and can postpone until the next Board meeting in December. Trustee Fisher made the motion to postpone the COLA decision. Trustee Cilek seconded the motion which passed unanimously.

The Director provided an update on the prospects and needs of a new building versus remodeling the current office space. The recommendation by the Director is to postpone building a new building and evaluate the current office space for remodeling. Trustee Deal made the motion to postpone building the new building. Trustee Cilek seconded the motion which passed unanimously. The Director updated the Board on his travel throughout Idaho and his meeting with Legislators and Employers.

Trustee Sullivan commented the Board appreciates Director Drum traveling and having to be away from his family and miss special events and such.

Building Space Planning Update: Financial Officer Jim Monroe presented his findings for remodeling the current office space and increasing security access at PERSI.

Deputy Director Update: Deputy Director Lisa Steele introduced the new Public Information Officer, Kelly Cross, and welcomed him to PERSI. The Deputy Director provided a status update on the IRIS project and challenges the project team has overcome, but assured the Board they are still on track to meet the targeted completion date. The Deputy Director reviewed the third quarter FY2013 metrics and discussed trends of retired and active members over the past 5 years, a continued trend in the increase number of employers, an increase in the number of retirees coupled with a decline in the number of active members and an upward trend in member participants in the PERSI Choice 401K plan.

#### FISCAL

Lealan Miller with Eide Bailly reported to the Board that the FY2013 audit has been completed and there were no significant findings. Trustee Fisher made the motion to accept the FY2013 Audit Report. Trustee Cilek seconded the motion which passed unanimously.

Trustee Fisher commended the staff for all their efforts on the Audit Report.

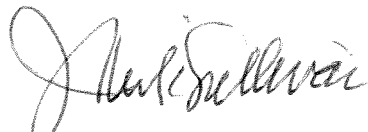
Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated October 9, 2013. He reviewed and commented on the September expense reports for administration and portfolio and the quarterly travel report. He also updated the Board on the calendar year 2014 interest rates. Regular interest rate effective January 1, 2014 will be 7.77% and the reinstatement interest rate will be 4.25%.

Comments: Trustee Sullivan commented Chairman Olson says hello and things are going well.

ADJOURNMENT: There being no further business to come before the Board, meeting adjourned at 10:25 a.m.



Donald D. Drum  
Executive Director



J. Kirk Sullivan  
Acting Chairman