



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., September 17, 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:

Mike Boren	Clearwater	Mike Mitchell	PERSI
Philip Bartlett	Clearwater	Diane Kaiser	PERSI
Brandon Fitzpatrick	DBF	Mike Young	PERSI
Drew Black	DBF	Patrice Perow	PERSI
Dennis Fitzpatrick	DBF	Wayne Ellis	PERSI
Humberto Arechiga	DBF	Cecile McMonigle	PERSI
Prabhob Banskota	DBF	Erik Brischler	PERSI
Harriet Jacobs	Great-West Financial	Debbie Buck	PERSI
Robin Nettinga	IEA	Cheri Campbell	PERSI
Karl Malott	IFCA		
Robyn Lockett	LSO		
Jeff Bradley	Milliman		
Mark Olleman	Milliman		
Rod MacKinnon	MPIA		
Bruce Reeder	MPIA		
Mary Lou Taylor	REAL		
Katherine Guthrie	Xerox		

MINUTES

Approval of the Minutes: Trustee Cilek made a motion to approve the minutes of the August 20, 2013 meeting as written. Trustee Deal seconded the motion, which passed unanimously.

PORTFOLIO

Monthly Investment Report: Chief Investment Officer Bob Maynard presented the investment report. The capital markets appear to be weathering uncertainty over Syria, choppy economic waters, and murky tapering prospects. After a disappointing August, September has opened on mildly positive economic news and at least a pause in the Syrian crisis, with US equity markets rising 3.6%, international equity markets rising 4%-5% (and emerging markets up 6.5%), and fixed income markets dropping -0.5%.

As a result, the fund as a whole is up 2.7% for the month to date and is up 4.0% for the new fiscal year to date at \$13.248 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. For the fiscal year to date REITs and private assets are trailing the S&P 500 - consequently, PERSI returns trail the 55-15-30 reference benchmark by 55 basis points. The current month, however, has seen some stabilization in the emerging markets due, in part, to some encouraging news out of China. TIPS and REITs, however, are continuing their relative underperformance.

Zesiger has the worst absolute and relative performance to benchmarks, while private real estate has been added to relative returns for the first time in quite a while. Bernstein Global, Brandes, Longview, and Peregrine are the best performing accounts, both in return and relative performance.

September still has a number of interesting events remaining, from Federal Reserve meetings, through more definitive economic numbers, to the drama of the debt ceiling debate. "Interesting" is usually not a positive word in the world of finance and capital markets. Mr. Maynard also reviewed PERSI's strategic biases and returns compared to benchmarks.

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

DIRECTOR UPDATES

Actuarial Valuation: Mark Olleman and Jeff Bradley from Milliman presented the preliminary findings for the FY13 Valuation. The fund ended the fiscal year at 85.3% funded and an amortization period of 13 years. These numbers take into account the reduced investment return assumption of 7%. The final report will be presented at the October meeting.

Executive Director's Update: Executive Director Don Drum discussed the options for COLA and contribution rate increases and introduced the new Management Assistant, Miho Reed.

Appeal - Mecham: Mrs. Mecham is appealing the Director's decision that she cannot apply for disability retirement because she did not apply within the one (1) year time frame required by law. Trustee Deal made a motion to affirm the Director's decision to deny the request of Mrs. Mecham. Trustee Cilek seconded the motion which passed unanimously.

New Employer: The City of Bellevue has requested admittance into the PERSI system. Trustee Deal made a motion to accept the application effective October 1, 2013. Trustee Cilek seconded the motion which passed unanimously.

FISCAL

Fiscal Update: Chief Financial Officer Jim Monroe reviewed his Fiscal Update memo dated September 11, 2013. He reviewed and commented on the August expense reports for administration and portfolio. He also updated the Board on the FY2013 audit activities. The Audit Committee will meet on September 30th to review a draft report and the final report will be presented at the October Board meeting.

The FY2015 budget request was submitted on September 3rd, and PERSI also submitted a zero-based budget this year, per Governor Otter's initiative to promote responsible government. This budget operates on a 6 year cycle.

Comments: Trustee Cilek offered well wishes for a speedy recovery to Chairman Olson while he is on personal leave and thanked Trustee Sullivan for stepping in as acting Chair and offered full support from the Board.

Executive Director Don Drum acknowledged and thanked Jim Monroe and Debbie Buck for their assistance and advised the Board of Patrice Perow's upcoming retirement. The Board provided well wishes and thanked Patrice for her time and efforts as the PIO. Patrice also commented and thanked the Board.

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

Donald D. Drum
Executive Director

J. Kirk Sullivan
Acting Chairman