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RETIREMENT BOARD DISCUSSES DEBT CEILING ISSUES Boise, Idaho - July 27, 2011

At yesterday's Retirement Board meeting, trustees discussed issues relating to the deadlock in Washington D.C. over raising the debt ceiling. Specifically they reviewed what might happen if Congress does not raise the debt ceiling by the August 2nd deadline. Clearwater Advisors outlined possible fiscal/deficit scenarios for the Board in a 20-minute presentation. At the end of the discussion, the PERSI investment staff and outside investment managers expressed confidence the government will do something, at least short term, to head off a "crisis." Several managers are closely watching the situation, looking for signs the market is reacting to the stalemate; so far it seems markets are holding steady.

According to PERSI's Chief Investment Officer Bob Maynard, "If the market does temporarily collapse, we are very comfortable that, as in 2008-2009, it would cause no stress on the fund or any disruption in activity." PERSI has always had a conservative investment policy and is situated to rebalance quickly if necessary. Because PERSI follows a conservative philosophy, it is positioned to weather these types of situations better than most. Should the deadline for raising the debt ceiling pass without a solution, PERSI can and will continue to pay retirement benefits on time.

PERSI wants to remind members with Choice 401(k) Plan accounts, any market fluctuations — which are beyond PERSI's control — can affect their balance.

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