



*Final Minutes*  
Endowment Fund Investment Board Regular Board Meeting  
November 19, 2019

A regular meeting of the Endowment Fund Investment Board (“Board”) was held in the Conference Room at 816 W. Bannock Street, Ste. 301, Boise, Idaho, on November 19, 2019. Chairman M. Dean Buffington called the meeting to order at 9:00 a.m. and recognized that a quorum was present.

**Member’s Present:**

Dean Buffington  
Warren Bakes\*  
Representative Steven Harris  
Irv Littman  
Gary Mahn  
Richelle Sugiyama  
Tom Wilford

**Staff Present:**

Chris Anton  
Chris Halvorson  
Kathy Van Vactor  
Liz Wieneke

**Legal Counsel:**

None

**Member’s Absent:**

Jerry Aldape  
Senator Chuck Winder

**Guests:**

Janet Becker-Wold, Callan  
John Bellows, Western Asset  
Frances Coombes, Western Asset  
Bill Haagenson, IDL  
Caroline Miller, BCA\*  
Matthew Reiber, DFM

\* *Via Phone*

Hard copies of board materials were mailed and delivered 5 days prior to the scheduled board meeting and a meeting notice and agenda were posted on EFIB’s office door and website on November 14, 2019.

**Board Meeting Minutes:**

Ms. Sugiyama moved that the minutes of the special meeting held on September 19, 2019 be approved as amended. The motion was seconded by Mr. Wilford and approved unanimously.

**Western Asset Management Presentation (Frances Coombes, John Bellows)**

Ms. Frances Coombes provided a performance update for the core-plus fixed income strategy managed by Western Asset Management. Since inception on December 31, 2019 through October 31, 2019, the strategy is up 11.5% compared to the benchmark of 8.8%.

Mr. John Bellows reviewed their economic outlook. He provided the following observations;

- Downside risks have risen, but global growth should prove to be resilient.
- U.S. and global inflation rates continue to moderate.
- Aggressive central bank easing is designed to truncate downside risks.
- Central bank focus on core inflation outcome suggest “low for long.”

- Trade friction will be an ongoing source of risk.
- Spread products should outperform government bonds.
- Emerging markets, though volatile, should outperform.

### **Investment Performance Review (Janet Becker-Wold, Callan)**

Ms. Becker-Wold provided an update on the economy and financial markets and reviewed the performance of the Endowment Fund and State Insurance Fund.

For the period ended September 30, 2019, the Endowment Fund portfolio posted gains of 0.4% for the quarter and 4.4% for the twelve months ended. The fund ranked in the 86<sup>th</sup> percentile for the quarter and 41<sup>th</sup> percentile for the year in the Callan Public Fund Sponsor Database. Over the past 15 years the fund ranked in the 5<sup>th</sup> percentile in the Callan Public Fund Database.

The State Insurance Fund posted gains of 1.4% and 7.1% for the quarter and twelve months ended September 30, 2019. Ms. Becker-Wold indicated that Callan is working on an asset liability study for the State Insurance Fund. It is anticipated the study will be complete in March 2020.

### **Strategic Reinvestment Subcommittee Update (Irv Littman)**

The Land Board, at the request of the Governor, established the Strategic Reinvestment Subcommittee to evaluate whether proceeds from the sale of cabin sites around Payette and Priest Lakes should be invested in timber land, invested in the endowment fund or some combination of these options. The Strategic Reinvestment Subcommittee has held several meetings to investigate the merits of the investment options and is likely to review their findings and make a recommendation to the Land Board in early 2020.

### **BCA Research Presentation (Caroline Miller)**

Ms. Caroline Miller presented BCA's "Global Macro and Market Outlook: Navigating Late Cycle and Policy Uncertainty." BCA indicated that global economic growth is improving. Full employment, a resilient consumer, low inflation and low interest rates should extend the business cycle in the U.S. Easy financial conditions and reviving global trade should boost growth in Europe. Stimulus is likely to stabilize growth in China.

BCA believes global equities will outpace bonds over the next year. They favor international equity over domestic equity and high yield bonds over governments.

### **EFIB Committees (Dean Buffington)**

Chairman Buffington announced that Representative Harris agreed to participate on the compensation committee with Senator Winder, Mr. Bakes and Mr. Littman.

### **EFIB Staff Reports**

Mr. Anton presented the gift log.

Ms. Van Vactor presented the Financial Performance and Budget

Mr. Anton and Ms. Wieneke presented an overview of the State of Idaho's new cybersecurity policy.

Mr. Anton and Ms. Wieneke presented the FY19 CCR. Ms. Van Vactor added that she has submitted the FY19 CCR to AGA and that it was awarded a Certificate of Excellence.

There being no further business to come before the Board, Mr. Littman moved to adjourn, which was seconded by Ms. Sugiyama and passed unanimously.

The meeting adjourned at 1:15 p.m.