



Draft Minutes
Endowment Fund Investment Board
Regular Board Meeting
May 19, 2020

A regular meeting of the Endowment Fund Investment Board (“Board”) was held via teleconference starting at 10:32am. The Chairman recognized that a quorum was present. Prior to commencement of the meeting, the Board presented its semi-annual report to the Idaho Board of Land Commissioners.

Member’s Present:

Dean Buffington
Jerry Aldape
Warren Bakes
Representative Steven Harris
Irv Littman
Gary Mahn
Richelle Sugiyama
Tom Wilford
Senator Charles Winder

Staff Present:

Chris Anton
Chris Halvorson
Kathy Van Vactor
Liz Wieneke

Legal Counsel:

Julie Weaver, Deputy Attorney General

Guests:

Janet Becker-Wold, Callan

Meeting held via teleconference.

Board materials were distributed 5 days prior to the meeting and a meeting notice was posted on EFIB’s website and on the office door on May 12, 2020.

Board Meeting Minutes:

Mr. Aldape moved that the minutes of the Regular meeting held on February 13, 2020, be approved as amended. The motion was seconded by Ms. Sugiyama and approved unanimously.

Investment Performance Review (Janet Becker-Wold, Callan)

The Endowment Fund posted losses of 15.4% and 5.8% for the quarter and twelve months ended March 31, 2020, respectively, which are 1.6% below and 1.2% below the benchmark. The fund’s performance ranked 89th and 77th percentile of the Callan Public Fund Sponsor Database for the quarter and twelve months ended March 31, 2020.

The State Insurance Fund posted losses of 0.8% and gains of 4.9% for the quarter and twelve months ended March 31, 2020, respectively, which are 0.10% over and 0.10% below the benchmark.

Idaho State Insurance Fund (“SIF”) Assets Liability Study and Revised Asset Allocations* (Janet Becker-Wold, Callan)

Callan conducted an in-depth review of the SIF portfolio. The review included an analysis of the long-term strategic asset allocation, fixed income portfolio structure and a peer group comparison to other workers compensation funds. Callan recommended portfolio contains a slightly more aggressive asset allocation and a fixed income structure that seeks higher return and yield. The recommended changes move the SIF portfolio closer to its peers. The new asset allocation and fixed income structure were approved by the SIF Board on April 23, 2020.

Mr. Aldape moved to approve SIF Liability Study and Revised Asset Allocation as presented. The motion was seconded by Mr. Littman and approved unanimously.

SIF Investment Policy Update*

The staff revised the SIF investment policy statement to reflect the new asset allocation and fixed income structure. Staff indicated that there would be a delay in the addition of real assets to the portfolio to ensure private asset valuations were fully adjusted to reflect the economic impact of COVID-19.

Mr. Aldape moved to approve the amendments to the SIF Investment Policy. The motion was seconded by Mr. Littman and approved unanimously.

Infrastructure Investment Opportunities* (Janet Becker-Wold, Callan)

Ms. Becker-Wold provided an overview of investment opportunities in private infrastructure. She discussed the types of infrastructure investments and role infrastructure investments can play in a portfolio – enhanced yields in a low interest rate environment, portfolio diversification, downside protection and inflation protection.

Mr. Bakes moved that we arrange for resources to provide further education on investment opportunities in infrastructure. The motion was seconded by Mr. Mahn and approved (7 yes votes and 1 no vote).

Approval of the Capitol Permanent Fund FY2021 Distribution* (Kathy Van Vactor)

Ms. Van Vactor presented the Capitol Permanent Endowment Fund distribution recommendation. The staff recommended a distribution of \$1,561,900 in FY2021, which is consistent with the 5% distribution policy.

Senator Winder, who serves on the Capitol Commission, provided examples of improvement projects taking place in the Capitol building.

Ms. Sugiyama moved to approve a transfer of \$1,561,900 from the Capitol Permanent Fund to the Capitol Maintenance Fund at the beginning of the new fiscal year. The motion was seconded by Senator Winder and approved unanimously.

Review Preliminary Estimate of FY2022 Beneficiary Distributions (Chris Anton)

Mr. Anton reviewed the process of calculating beneficiary distributions. He indicated that historically EFIB had recommended the Land Board keep beneficiary distributions flat year-over-year if earnings reserve fund balances are below target years of reserves at fiscal year-end. At the end of April, earnings reserve fund balances were below target years of reserves.

Review draft of EFIB's Strategic Plan (Chris Anton)

Mr. Anton presented the draft of EFIB's Strategic Plan FY2021 – FY2025. The Board reviewed and discussed the Strategic Plan and provided feedback. The Board asked that the plan reflect Mr. Wilford's appoint to Chair of the Audit Committee and reflect the new SIF asset allocation.

Land Board Audit Committee Update (Gary Mahn)

Mr. Mahn provided a summary of the Land Board Audit Committee Meeting held on May 14, 2020. Mr. Mahn indicated that CliftonLarsenAllen began the interim audit remotely in May and will continue through June. The final audit work will be conducted July 27-31, 2020. This schedule will allow the Land Board Audit Committee to approve the financial statements at their meeting on August 12, 2020 and present them to the EFIB on August 13, 2020. Mr. Mahn announced that he would like to remain on the Audit Committee but step down as Committee Chair. He nominated Mr. Wilford as Chair of the Audit Committee and it was approved unanimously.

EFIB Staff Reports

Mr. Anton presented the gift log.

Ms. Van Vactor presented the financial update.

Mr. Anton presented upcoming meetings.

Executive Session (Chairman Buffington)

Idaho Code §74-206(1) authorizes the board to enter into Executive Session for the purpose of discussing certain issues concerning personnel or agents (a), records exempt from public disclosure (d), or possible legal actions (f). Any resulting action will take place when the board resolves back into regular session.

Mr. Bakes moved to approve going into Executive Session per *Idaho Code §74-206(1)* authorizes the board to enter into Executive Session for the purpose of discussing certain issues concerning personnel. The motion was seconded by Ms. Sugiyama and approved unanimously via a roll call vote. EFIB entered the Executive Session at 12:50 pm.

Mr. Bakes moved to return to the Regular Session. The motion was seconded by Ms. Sugiyama and approved unanimously via a roll call vote. EFIB moved into the Regular Session at 1:40 pm.

Compensation Committee Update (Warren Bakes)

Mr. Bakes explained that no compensation increases were anticipated in fiscal 2021 due to budget pressure related to COVID-19. He asked Mr. Anton to prepare a memo for the Compensation Committee and EFIB that recommends compensation for fiscal 2022.

Adjournment

Mr. Bakes moved to adjourn the meeting at 1:42 p.m. The motion was seconded by Mr. Mahn and approved unanimously.