



Final Minutes
Endowment Fund Investment Board
Regular Board Meeting
August 12, 2021

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, and via Zoom video conference on August 12, 2021. Chairman Tom Wilford called the meeting to order at 9:00 a.m. and recognized that a quorum was present.

Member’s Present:

Tom Wilford
Jerry Aldape
Warren Bakes
Representative Steven Harris
Irv Littman
Richelle Sugiyama
Senator Chuck Winder

Staff Present:

Chris Anton
Chris Halvorson
Kathy Van Vactor
Liz Wieneke

Legal Counsel:

Julie Weaver

Guests:

Bob Donaldson, New EFIB Appointment by Governor
Joseph Forney, New EFIB Appointment by Governor
Brian Yeargain, New EFIB Appointment by Governor
Janet Becker-Wold, Callan
Eric Mueller, IR+M
Mike Sheldon, IR+M
Paul Niedermuller, CliftonLarsonAllen
Connor Eakin, CliftonLarsonAllen
Maeve McGuire, CliftonLarsonAllen
Rob Sepich, LSO
Edelene Ohman, STO
Dan Bates, Clearwater
Rhet Hulbert, Clearwater

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 August 6, 2021.

Board Meeting Minutes

Mr. Aldape moved that the minutes of the regular meeting held on May 18, 2021, be approved as amended. The motion was seconded by Mr. Littman and approved unanimously.

Presentation by IR+M, Active Core Fixed Income (Eric Mueller, Mike Sheldon)

Mr. Mueller and Mr. Sheldon provided an overview of IR+M and discussed the active core fixed income portfolio they are managing for the State Insurance Fund. IR+M is based in Boston and has been managing fixed income for institutional clients for over 30 years. They currently have \$95.1 billion in assets under management. Mr. Mueller and Mr. Sheldon reviewed the process they use for managing client portfolios. Portfolios are duration neutral relative to the strategy benchmark and use fundamental and relative value analysis that incorporates credit, structure and price factors to select securities.

Endowment Fund Performance (Janet Becker-Wold, Callan)

The Endowment Fund had investment gains of 6.0% and 29.7% for the quarter and twelve months ended June 30, 2021, respectively, which are 0.6% and 3.7% better than the benchmarks. The fund's performance ranked in the top 8th and 15th percentile in the Callan Public Fund Sponsor Database for the quarter and twelve months ended June 30, 2021.

State Insurance Fund ("SIF") Portfolio Update

The State Insurance Fund ("SIF") had investment gains of 2.5% and 5.3% for the quarter and twelve months ended June 30, 2021, respectively, which are 0.3% and 0.1% above the benchmark.

Real Asset performance Update (Janet Becker- Callan)

Ms. Becker-Wold reviewed the real asset monitoring worksheet. Over the time periods evaluated, infrastructure and real estate provided investment returns between those of fixed income and equities with standard deviations of returns only modestly higher than fixed income.

Review FY2021 Audited Financial Statements (Paul Niedermuller, Jerry Aldape, Chris Anton, Kathy Van Vactor)

Mr. Niedermuller introduced the team from CliftonLarsonAllen and discussed recent organizational changes. Mr. Niedermuller outlined their audit process and the importance of communication and governance. Mr. Niedermuller indicated there were no findings, recommendations, or material weaknesses identified during their evaluation of EFIB internal controls. Mr. Niedermuller reviewed GASB updates. The Agreed Upon Procedures for the Department of Lands will be ready to be reviewed by the Land Board Audit Committee Meeting in approximately one week.

Mr. Aldape, Chair of the Land Board Audit Committee, indicated that the Committee met with representatives from CliftonLarsonAllen and both EFIB and IDL. The Committee approved EFIB's audited financial statements and anticipated completion of the agreed upon procedures for IDL within the next week. Mr. Aldape recognized Ms. Van Vactor and the EFIB staff for their outstanding efforts. Mr. Aldape and Mr. Wilford expressed some thoughts about this year's audit process.

Mr. Aldape moved to approve the FY2021 Audited Financial Statements. The motion was seconded by Mr. Bakes and approved unanimously.

Approval of FY2023 Beneficiary Distributions and Transfers (Chris Anton)

Mr. Anton reviewed the Land Board's policies for calculating beneficiary distributions and earnings reserves. He asked the Board to approve, for recommendation to the Land Board, increasing the earnings reserve level to 7 years for the Public School fund, beneficiary distributions of \$100.3 million in FY2023, the transfer of \$486.4 million from earnings reserves into the permanent fund and treatment of the transfer in the permanent fund as

an addition to the Gain Benchmark. The recommended beneficiary distributions represent an increase of 13.9% from \$88.1 million in FY2022.

Ms. Sugiyama moved to approve the increase in target reserves for the Public School fund to 7 years, FY2023 beneficiary distributions and transfers as proposed and recommend presenting the recommendation to the Land Board for final approval. The motion was seconded by Senator Winder and approved unanimously.

Approve FY2023 EFIB Budget (Kathy Van Vactor, Chris Anton)

Mr. Anton requested the Board approve an FY2023 budget of \$794,900 which includes \$611,300 in personnel costs, \$181,600 in operating expenses and \$2,000 in capital expenses. This represents a modest increase over the FY2022 budget of \$788,800. The final FY2023 budget will be adjusted for the approved change in employee compensation and other state allocations.

Mr. Bakes, Chair of the Compensation Committee, expressed disappointment that EFIB was unable to obtain the Governor’s full support for its compensation recommendation for the Manager of Investments.

Ms. Sugiyama moved to approve the FY2023 EFIB Budget as recommended. The motion was seconded by Senator Winder and approved unanimously.

EFIB Staff Reports

Mr. Anton presented the gift log.

Mr. Anton reviewed upcoming meetings.

There being no further business to come before the Board, Mr. Aldape moved to adjourn the meeting, which was seconded by Mr. Littman and approved unanimously.

The meeting adjourned at 11:58 a.m.