



Final Minutes Endowment Fund Investment Board Regular Board Meeting August 14, 2023

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 14, 2023. Chairman Tom Wilford called the meeting to order at 9:00 a.m. and recognized that a quorum was present.

Members Present:

Tom Wilford
Jerry Aldape
Bob Donaldson
Joe Forney
Irv Littman
Mary Pat Thompson
Representative Kenny Wroten
Brian Yeargain

Members Absent:

Senator Chuck Winder

**Joined via Zoom*

Staff Present:

Chris Anton
Chris Halvorson
Kathy Van Vactor
Liz Wieneke

Legal Counsel:

Julie Weaver

Guests:

Janet Becker-Wold, Callan
Wally Fikri, William Blair*
James Golan, William Blair*
Stephen Weeks, William Blair*
San Hellwege, CliftonLarsonAllen
Bill Haagenson, IDL
Janet Jessup, LSO*
Lisa Herriott, DFM*
Dan Bates, Clearwater Advisors
Kevin Balaod, With.Intelligence*
Justin Slaughter, NP News*

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 websites on August 9, 2023.

Board Meeting Minutes

Mr. Aldape moved that the minutes of the regular meeting held on May 16, 2023, be approved as submitted. The motion was seconded by Mr. Yeargain and approved unanimously.

Presentation by William Blair (Wally Fikri, James Golan, Stephen Weeks)

William Blair, who was recently selected as the U.S. Large Cap Growth manager, provided an overview of their firm, investment team, investment philosophy and performance. William Blair is an employee-owned firm based in Chicago. The firm manages \$64 billion in client assets. The Large Cap Growth strategy is co-managed by James Golan and David Ricci, who have overseen the strategy since 2005 and 2011, respectively. They seek to invest in “structurally advantaged” companies with strong management teams, prospects for strong profitable growth and solid financials. The portfolio typically holds 30-35 securities.

Endowment Fund Performance (Janet Becker-Wold, Callan)

The Endowment Fund had investment returns of 3.3% and 10.9% during the quarter and twelve months ended June 30, 2023. The Fund’s performance ranked in the 58th and 22nd percentiles in the Callan Public Funds Sponsor Database during these periods. Performance was 0.6% worse than the benchmark during the quarter and at the benchmark over the last twelve months.

State Insurance Fund (“SIF”) Portfolio Update (Janet Becker-Wold, Callan)

The State Insurance Fund had investment returns of 0.2% and 1.4% during the quarter and twelve months ended June 30, 2023.

Manager Search Update (Janet Becker-Wold, Callan)

Callan recently conducted two manager searches on behalf of the Endowment Fund.

The first search was for a U.S. Large Cap growth manager. The finalists included J.P. Morgan, Loomis Sayles and William Blair. William Blair was selected.

The second search was for a Global core/value manager. The finalists include Artisan, Barrow Hanley and Dodge & Cox. Interviews are scheduled to take place the week of August 20th.

EFIB Investment manager of the Year Award (Chris Halvorson)

The Board reviewed the absolute and relative performance of the investment managers during fiscal year 2023.

Mr. Aldape moved to recognize Barrow Hanley as the EFIB’s Investment Manager of the Year. The motion was seconded by Mr. Yeagain and approved unanimously.

Approve FY2023 Audited Financial Statements (Jerry Aldape, Sam Hellwege, Kathy Van Vactor)

Mr. Aldape informed the Board that the Land Board Audit Committee met on August 14, 2023, and approved EFIB’s audited financial statements for fiscal year 2023. He complimented CliftonLarsonAllen and the EFIB staff for their efforts. Mr. Hellwege indicated that CliftonLarsonAllen would be issuing an unmodified opinion and that there were no significant deficiencies or material weaknesses identified. He also indicated there were no audit adjustments or disagreements with management.

Mr. Aldape moved to approve the FY2023 Audited Financial Statements. The motion was seconded by Mr. Donaldson and approved unanimously.

Approve FY2025 Beneficiary Distributions (Chris Anton)

The Endowment Fund generated a 10.9% return in FY2023 and twelve-month average inflation was 6.3%. The Idaho Department of Lands generated net revenue of \$52.3 million and ended the fiscal year with \$167 million in presold timber. Earnings reserve levels exceeded target with the exceptions of Public School and State Hospital South.

Mr. Anton recommended the Board approve a 2.9% increase in annual beneficiary distributions to \$103.2 million in FY2025 compared to \$100.3 million in FY2024. He also recommended that the Board approve the transfer of \$28.1 million in earnings reserves into the permanent fund, but not include these transfers in the Gain Benchmark.

Mr. Aldape moved to approve the FY2025 Beneficiary Distributions of \$103,221,600 and transfers to the permanent fund of \$28,070,000 and to present EFIB's recommendation to the Land Board for final approval. The motion was seconded by Mr. Littman and approved unanimously.

Approval of FY2024 Budget (Chris Anton, Kathy Van Vactor)

Ms. Van Vactor recommended that the Board approve a FY2025 budget of \$899,850 plus any personnel cost adjustment that are required.

Mr. Aldape moved to approve to approve the FY2025 Budget as recommended. The motion was seconded by Mr. Littman and approved unanimously.

EFIB Staff Reports

Ms. Van Vactor and Ms. Wieneke provided LUMA implementation updates.

Mr. Anton reviewed upcoming meetings.

The Board recognized Richelle Sugiyama for her 17 years of service to the Endowment Fund Investment Board.

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

The meeting was adjourned at 11:45 a.m.