



**Final Minutes**  
Endowment Fund Investment Board  
Regular Board Meeting  
February 15, 2024

A regular meeting of the Endowment Fund Investment Board (“Board”) was held at 816 W. Bannock Street, Suite 301, Boise, Idaho and via Zoom teleconference starting at 9:00 a.m. The Chairman recognized that a quorum was present.

**Member’s Present:**

Tom Wilford  
Robert M. Donaldson  
Joe Forney  
Irv Littman  
Mary Pat Thompson  
Senator Charles Winder  
Brian Yeargain

**Members Absent:**

Jerry Aldape  
Representative Kenny Wroten

**Staff Present:**

Chris Anton  
Chris Halvorson  
Kathy Van Vactor  
Liz Wieneke

**Guests:**

Janet Becker-Wold, Callan  
Julia Moriarty, Callan  
Clay Lindsey, Eagle Asset Management  
David Cavanaugh, Eagle Asset Management  
Eric Mintz, Eagle Asset Management  
Chris Sassouni, Eagle Asset Management  
John Bellows, Western Asset Management  
Frances Coombes, Western Asset Management  
Rhet Hulbert, Clearwater Advisors  
Dan Bates, Clearwater Advisors  
Justin Slaughter, NP News

Board materials were distributed 5 days prior to the meeting and a meeting notice and agenda were posted on EFIB’s office door and website on February 7th.

**Board Meeting Minutes\* (Tom Wilford)**

Ms. Thompson moved to approve the minutes as amended from the Regular Meeting held on November 21, 2023. The motion was seconded by Mr. Forney and approved unanimously.

**Presentation by Eagle Asset Management (Eric Mintz, Clay Lindsey, David Cavanaugh, Chris Sassouni)**

Eagle Asset Management has managed a small cap growth strategy for EFIB since December of 2007. They apply proprietary screens and fundamental research to identify companies that are likely to see step-changes in their earnings growth rates and tend to stick with winners. They continuously gather industry data to support their investment thesis and have no significant sector over or underweights relative to the benchmark.

### **Approve New Distribution Rate for State Hospital South\* (Julia Moriarty, Callan)**

The annual distribution rate for State Hospital South is 7% of the three-year average fiscal year-end permanent fund balance, which is higher than the 5% rate used for all other beneficiaries because historically State Hospital South has generated considerable income from cabin site leases. Over recent years many of the cabin sites have been sold and, as a result, Callan was engaged to conduct an analysis to determine whether the distribution should be modified. Callan's analysis resulted in a recommendation to reduce the distribution rate from 7% to 5%.

Mr. Littman moved to lower the annual distribution rate for State Hospital South from 7% to 5%. The motion was seconded by Senator Winder.

After considerable discussion the motion was tabled.

Senator Winder moved to have staff engage in conversations with the Governor's Office and State Hospital South to establish an implementation plan that would limit the impact of a distribution rate change before adopting a new policy. The motion was seconded by Mr. Yeagain and approved unanimously.

### **Annual Capital Market Assumptions and Asset Allocation Review (Janet Becker-Wold, Callan)**

Every year Callan publishes its capital market projections which represent their best thinking for long-term (10 year) returns for various asset classes. The biggest change was that the expected return for core fixed income increased by 1.00% to 5.25%. Expected U.S. large-cap public equity returns increased by 0.25% to 7.50%. The expected return for EFIB's portfolio increased from 7.0% to 7.4%. There were no recommended changes to the asset allocation.

### **Endowment Fund Performance Janet Becker-Wold, Callan)**

The Endowment Fund had investment returns of 8.6% and 13.2% during the quarter and twelve months ended December 31, 2023. The Fund's performance ranked in the 25<sup>th</sup> and 43<sup>rd</sup> percentiles in the Callan Public Funds Sponsor Database. Performance was 0.3% and 1.5% below the benchmark during the quarter and last twelve months.

### **State Insurance Fund ("SIF") Performance (Janet Becker-Wold, Callan)**

The State Insurance Fund had investment returns of 6.0% and 6.6% during the quarter and twelve months ended December 31, 2023.

### **Audit Committee Update (Chris Anton)**

Mr. Anton informed the Board that the Land Board Audit Committee voted to engage Eide Bailly as the new external auditor.

### **Macro-Economic Outlook (John Bellows and Frances Coombes, Wester Asset Management)**

Mr. Bellows indicated that core inflation has dropped considerably and is approaching the Fed's target of 2%. The Fed's tone has become less hawkish and FOMC discussions have turned toward rate cuts starting in mid-2024.

### **Foreign Adversary Divestment Act (Chris Anton)**

Mr. Anton made the Board aware of draft legislation that, if passed, would prevent investments in countries considered "foreign adversaries" such as China, Hong Kong, Russia, Iran, North Korea, Cuba, Venezuela and Syria.

### **EFIB Staff Reports**

Ms. Van Vactor presented the financial update.

Mr. Anton and Ms. Van Vactor presented the budget update.

Mr. Anton presented the rule update.

Mr. Anton presented the gift log.

Mr. Anton and Ms. Wieneke presented the annual independence statements.

Mr. Anton reviewed the calendar for upcoming meetings.

**Adjournment**

Mr. Yeargain moved to adjourn the meeting at 12 p.m. The motion was seconded by Mr. Donaldson and approved unanimously.