

# BOARD OF TRUSTEES MEETING MINUTES

**Tuesday, March 5, 2024**

**Location:** 310 S. Main Street., Ste. 1250, Salt Lake City, UT 84101

**Board Attendees:** Marlo Oaks, David Nixon, Jason Gull, Mark Siddoway, David Zucker

**Other Attendees:** Peter Madsen, SITFO; Scott Day, SITFO; Ryan Kulig, SITFO; Johnny Lodder, SITFO; Hayden Bergeson, SITFO; Kirti Nair, SITFO; Tatiana Devkota, SITFO; Rainey Cornaby, SITFO; John Sorensen, SITFO; Jace Richards, SITFO; Rodney Tran, SITFO; Kim Christy, LTPAO; Jessie Stuart; LTPAO; Elliott Clark, AG; Jeremy Miller, RVK; Matthias Bauer, RVK; James Walsh, Albourne; Ryan Fitzgerald, Albourne; Stephen Kennedy, Albourne; Paula Plant, SCT; Margaret Bird, Community Member; Kirt Slaugh, Treasurer Office; John Kevin Balaod, Community Member; Matthias Boone, Legislative Audit; Abigaile Jacobsen, Legislative Audit; Additional community members.

1. **Open Session** – Call the Meeting to Order

- a. Chair Oaks called the meeting to order at 9:00 AM, on the 5th day of March. Each attendee in the room proceeded to state their name for the record. Ryan Kulig stated the names of those joining virtually.

2. **Administrative** – SITFO Introductions

- a. SITFO's two new hires, Rainey Cornaby and Rodney Tran, introduced themselves and provided a brief background.

3. **Administrative** – Recap and Approval of Minutes from August 29, 2023; December 5, 2023; and January 9, 2024 (action item)

a. Ryan Kulig provided a recap of the December and January board meetings, noting the August recap had been provided in the prior meeting. Chair Oaks opened the floor to discuss the board meeting minutes. Trustee Nixon made suggestions for 2 changes in the August minutes to clarify the Systematic Convexity benchmark change. Chair Oaks entertained a motion to approve the August minutes as amended, and December and January minutes as is. Trustee Gull moved to approve, and Trustee Nixon seconded. The motion passed unanimously.

b. **Record of Vote:**

i. Trustee Oaks: Yes

ii. Trustee Nixon: Yes

iii. Trustee Gull: Yes

iv. Trustee Siddoway: Yes

v. Trustee Zucker: Yes

4. **Administrative** – Board of Trustees 2024 Meeting Schedule Changes

a. Mr. Kulig reviewed the upcoming Board meeting schedule for the remainder of FY24 and FY25, noting the cancellation of the April 2, 2024 meeting, and the proposal to move the June 11, 2024 meeting to June 4, 2024.

5. **Administrative** – Land Trusts Protection & Advocacy Office Update

a. Kim Christy provided an update on the SITFO Board Nominating Committee, which will kick off on March 19 to begin the replacement process of Trustee Gull, whose term ends in June 2024. He also noted a legislative bill passed which ended the additional appropriation granted to the School Fund last fiscal year at approximately half the original amount. A legislative audit is working on a best practices

handbook in strategic planning for uniformity across independent state agencies.

6. **Finance** – Finance Committee Update

- a. Tatiana Devkota provided insight into the quarterly budget to date, noting Q2 came in under forecast and budget appropriation. Q3 is projected to be under forecast and budget appropriation, as is the annual projection.

7. **Finance** – Title and Salary Range Changes (action item)

- a. Mr. Kulig reviewed the title and salary range changes put forward by SITFO to be more in line with peers. He noted that the Senior Finance and Operations Analyst position was the only new position with a new salary range, while the Administrative Assistant was the only other position with a new job description. Chair Oaks entertained a motion to approve the titles and salary ranges as noted within the packet. Trustee Zucker motioned to approve, and Trustee Gull seconded. The motion passed unanimously.

b. **Record of Vote:**

- i. Trustee Oaks: Yes
- ii. Trustee Nixon: Yes
- iii. Trustee Gull: Yes
- iv. Trustee Siddoway: Yes
- v. Trustee Zucker: Yes

8. **Finance** – Investment Consultant Contracts (action item)

a. Ms. Devkota informed the group that the current consultants' contracts are expiring. SITFO proposed to renew both vendors on the second of two one-year contract extensions. Chair Oaks entertained a motion to approve both contract extensions. Trustee Gull motioned to approve, and Trustee Nixon seconded. The motion was passed unanimously.

b. **Record of Vote:**

i. Trustee Oaks: Yes

ii. Trustee Nixon: Yes

iii. Trustee Gull: Yes

iv. Trustee Siddoway: Yes

v. Trustee Zucker: Yes

9. **Investments – Asset Allocation**

a. Hayden Bergeson set the stage for a discussion on asset allocation, noting the expected arithmetic return is above the long-term return objective (CPI + 5%) while the expected geometric return is slightly below. Expected risk as measured by volatility is within compliance.

b. Jeremy Miller presented RVK's independent analysis. He touched on the construction of each asset class assumption, and the resulting return, risk, and correlations used in the model. He noted year over year beta changes were minimal and there were no changes to the assumption methodology. RVK tested hypothetical portfolios with increased allocations to private markets.

c. James Walsh provided Albourne's analysis, which considers SITFO's current allocations and their path to target allocations. Their model analyzes payout risk, portfolio loss risk, and liquidity/rebalancing risk.

Ultimately, Albourne determined the current strategic asset allocation is in line with SITFO’s objectives.

d. Mr. Bergeson concluded the discussion by noting the long-term target allocation has less drawdown risk than a 70/30 portfolio due to diversification. SITFO proposes no change to the current strategic asset allocation, which will be formally approved at the next board meeting.

i. Suggested language for the motion: *A motion to approve the asset allocation as stated in the investment policy statement and shown in the meeting minutes below:*

Level	Asset Class	Min	Target %	Max	Benchmark
2	Growth	38.5%	43.5%	48.5%	Composite of Public and Private, Pro-Rata
3	Public Equity	27.5%	30.5%	33.5%	ACWI IMI
3	Private Equity	10.0%	13%	16.0%	Cambridge Private Equity
2	Real Assets	12.5%	17.5%	22.5%	Composite of Public and Private, Pro-Rata
3	Public Real Assets	2.0%	5.0%	8.0%	S&P Real Assets Index
3	Private Real Assets	9.5%	12.5%	15.5%	30% Cambridge Private Natural Resources 30% Cambridge Private Infrastructure 40% Cambridge Real Estate
2	Income	22.0%	27.0%	32.0%	Composite of Public and Private, Pro-Rata
3	Public Income	14.0%	17.0%	20.0%	U.S. High Yield 1-3 Year Index
3	Private Income	7.0%	10.0%	13.0%	Cambridge Private Credit Index
2	Defensive	7.0%	12.0%	17.0%	Composite, Pro-Rata
3	GRIPs	2.0%	5.0%	8.0%	50% Bloomberg 20 - 30 Year STRIP 50% Bloomberg US TIPS 0 - 5 Year
3	Systematic Convexity	4.0%	7.0%	10.0%	40% SG Trend Index 40% HFRI Macro 20% EurekaHedge Long Vol
3	Cash	0.0%	0.0%	3.0%	3Mo U.S. T-Bill
1	Total Portfolio		100%		

## 10. Investments – Private Market Investing and Benchmarking

- a. Matthias Bauer, from RVK, and Ryan Fitzgerald from Albourne, presented on the merits of private market investing and benchmarking in private markets.
- b. James Walsh reviewed Albourne’s modeling increasing private investments by 10% at the total portfolio level, which suggested an increase in return, reduced downside risk, without significant liquidity risk.
- c. Mr. Bergeson presented SITFO’s current private market benchmarking, which is not uniform across reporting. Going forward, SITFO anticipates using pooled mean benchmarks across time-weighted, money weighted and risk reporting for consistency in reporting and better fit of vintage-year oriented data.

## 11. Investments – Executive Summary – Performance and Risk Reporting

- a. Mr. Bauer began reviewing compliance of each asset class. SITFO’s portfolio is closing the gap against CPI+5% performance while standard deviation is well below the 70/30 portfolio.
- b. Scott Day highlighted SITFO’s current portfolio, which is overweight growth, neutral real assets, overweight income, underweight defensive.

## 12. Closed Session – Investments & Chief Investment Officer Review

- a. Elliott Clark walked the board through closing the meeting for criteria detailed in Utah Code § 52-4-205(1)(a) and 53D-1-304(6). He confirmed these criteria were the only matters to be discussed during the closed session. As permitted by Utah Code § 52-4-206(6), the Board did not make an audio recording or take written minutes of the personnel portion of the closed session. Chair Oaks took a vote to close for these purposes and each Trustee stated their vote to approve.

b. **Record of Vote:**

- i. Trustee Oaks: Yes
- ii. Trustee Nixon: Yes
- iii. Trustee Gull: Yes
- iv. Trustee Siddoway: Yes
- v. Trustee Zucker: Yes

13. **Adjourn** (action item)

- a. The board meeting was reopened, and Chair Oaks entertained a motion to adjourn. Trustee Nixon motioned to adjourn. Trustee Zucker seconded. The motion passed unanimously.

b. **Record of Vote:**

- i. Trustee Oaks: Yes
- ii. Trustee Nixon: Yes
- iii. Trustee Gull: Yes
- iv. Trustee Siddoway: Yes
- v. Trustee Zucker: Yes