

SCHOOL AND INSTITUTIONAL TRUST FUND  
BOARD OF TRUSTEES  
350 N STATE ST STE 170  
SALT LAKE CITY, UT  
MAY 8, 2015

Pending Minutes

Board Members Attending: Richard Ellis, John Lunt, Kent Misener and David Nixon.

Board Member Excused: Duane Madsen.

Others Attending: Allen Rollo, SITFO; Susan Eisenman, OAG; Tim Donaldson, USOE; Mary Hobson and Dan Cummings, EFL Associates.

**1. Call Meeting to Order**

Mr. Ellis called the meeting to order. Mr. Ellis introduced Ms. Hobson and Mr. Cummings from EFL Associates.

**2. Approval of Minutes**

The first item of business was the approval of the minutes from the March 30, 2015 meeting. Mr. Lunt made a motion to approve the minutes, Mr. Misener seconded the motion. The motion to approve the March 30, 2015 minutes passed unanimously.

**3. Review Potential Candidates for Director/CIO (Closed Session)**

Mr. Ellis noted that the board will review potential candidates for the Director/CIO position in a closed session. Mr. Misener made a motion to go into a closed session to discuss the character or professional competence of potential candidates, Mr. Nixon seconded the motion. The board voted and unanimously approved the motion by roll call vote.

The closed session began at 1:36 pm and ended at 3:02 pm. The board members in attendance were joined by Ms. Hobson, Mr. Cummings, Ms. Eisenman and Mr. Donaldson. Ms. Eisenman remarked after the meeting was reopened, that Mr. Donaldson was invited to the closed session and agreed to keep the information discussed confidential.

**4. Other Items for Discussion**

Ms. Hobson noted that board will have to meet again to review additional candidates and narrow the list of candidates selected for first interviews. The board will hold a telephonic meeting on May 18, 2015 to consider additional candidates.

Mr. Rollo reviewed the Permanent Funds (the "Funds") Summary of Beneficiaries' Investment Balances at March 31, 2015 and noted that the Funds had increased by \$128 million over the last nine months to \$2.126 billion. The \$128 million increase consisted of contributions of \$71 million, reinvested capital gains of \$2 million and market gains of \$55 million.

Mr. Rollo noted that the Colony Realty Partners IV and Long Wharf Real Estate Partners IV funds had outstanding commitments of \$23 million and \$11 million respectively, constituting the majority of the remaining commitments of \$36 million. The Fund's quarterly real estate activity

consisted of a capital calls and return of capital amounting to \$7.8 million and \$1.9 million, respectively.

Mr. Rollo noted that the Fund's income and capital gains for the first nine months of the year totaled \$40.6 million. The School Fund has earned \$38.6 million for the nine month period, consisting of dividends and interest of \$37 million and \$1.6 million of capital gains. The School Fund is expected to earn approximately \$45 million of dividends and interest for the fiscal year ending June 30, 2015.

Mr. Rollo mentioned that Callan has provided a draft report, which is missing information for one Vanguard fund. The completed Callan report will be distributed as soon as it is available. The Fund's had a return of 2.55% for the quarter, 23 basis points above the benchmark target of 2.32%. The Fund's one- year return of 9.01% exceeded the benchmark target return of 8.05% by 96 basis points. The School Fund was ranked in the 38<sup>th</sup> and 5<sup>th</sup> percentile, respectively for the quarter and one-year period ending March 31, 2015, compared to the public fund large universe (>\$1B).

Mr. Donaldson distributed a resolution adopted by the State School Board regarding an amendment to the Utah Enabling Act allowing Utah to set the distribution policy for its permanent State School Fund. Mr. Donaldson requested the board to consider a similar resolution in the future.

There were no other items of business, so Mr. Misener made a motion to adjourn, Mr. Nixon seconded the motion. The board voted unanimously to adjourn the meeting.