



# Board of Trustees Meeting Minutes

Tuesday, August 30, 2022

Board Members Attending: David Nixon, Jason Gull, Kent Misener, Marlo Oaks, and John Lunt (via Zoom)

Other Attendees: Elliott Clark, AG Office; Jessie Stuart, LTPAO; Scott Day, SITFO; Peter Madsen, SITFO; Ryan Kulig, SITFO; Johnny Lodder, SITFO; Tatiana Makransky, SITFO; Symone Caldwell, SITFO; Sam Ragan, SITFO; Alex Riches, SITFO; John Sorenson, SITFO; McKinley Barlow, SITFO; Kirti Nair, SITFO; Ryan Fitzgerald, Albourne; Kirt Slaugh, Treasurer Office; Jeremy Miller, RVK; James Walsh, Albourne; Stephen Kennedy, Albourne; Jonathan Kowolik, RVK; Jonathon Koerner, Albourne; Paula Plant, SCT; Allen Rollo, OST; Heather Van Leeuwen, Trust Lands PTA; John Kevin Balaod, Community Member; Margaret Bird, U of U Beneficiary; Marla Kennedy, SITLA

## 1. Open Session – Call the Meeting to Order (Start at 9:00 AM)

Chair Oaks called the meeting to order at 9:04 am. He noted a quorum was present. Chair Oaks gave the floor to Peter Madsen who introduced the new SITFO Investment Analyst hire, Kirti Nair.

## 2. Administrative – Approval of Minutes from June 7, 2022 (action item)

Chair Oaks entertained a motion to approve the June 7, 2022, Board Meeting Minutes. Trustee Misener made the motion to approve the meeting minutes. Trustee Nixon seconded, and the motion passed unanimously.

Record of Vote:

Chairman Oaks: Yes  
Vice Chair Misener: Yes  
Trustee Lunt: Yes  
Trustee Gull: Yes  
Trustee Nixon: Yes

## 3. Administrative – Land Trusts Protection & Advocacy Office Update

LTPAO's Jessie Stuart reviewed legislative updates with the current Bears Ears bill that is awaiting the governor's signature. Additionally, the office is planning to host luncheons

with legislators to familiarize them with SITLA and SITFO. Ms. Stuart proceeded to provide a beneficiary spotlight on the Miners Hospital Trust.

**4. Administrative – Policy Governing LTPAO Advocacy Committee Member Appointment (action item)**

Tatiana Makransky introduced the policy draft and reviewed the committee’s purpose and composition.

Trustee Misener asked about the requirements for nominees. Margaret Bird provided insight into the verbiage of the statutes. Trustee Misener noted it would be useful for the verbiage to be updated to be less restrictive. AG Elliott Clark noted requirements listed in the SITFO policy draft reference statutes that would need to be amended ahead of any policy updates.

Trustee Nixon made the motion to approve the SITFO Board Policy Governing LTPAO Advocacy Committee Member Appointment and Trustee Gull seconded. The motion passed unanimously.

Record of Vote:

Chairman Oaks: Yes  
Vice Chair Misener: Yes  
Trustee Lunt: Yes  
Trustee Gull: Yes  
Trustee Nixon: Yes

**5. Administrative – LTPAO Advocacy Committee Member Nomination (action item)**

Ms. Makransky highlighted that the current SITFO appointed committee member’s term is expiring on August 31, 2022, and a new nomination from SITFO is needed. Per the policy just approved, SITFO Board had been asked to provide candidates ahead of the meeting. Brigham Tomco was the sole nominee from the Trustees. Trustee Gull moved to nominate Brigham Tomco to the LTPAO Advocacy Committee, and Trustee Nixon seconded the motion. The motion passed unanimously.

Record of Vote:

Chairman Oaks: Yes  
Vice Chair Misener: Yes  
Trustee Lunt: Yes

Trustee Gull: Yes

Trustee Nixon: Yes

## 6. Administrative – Finance Committee Update

### a. Fiscal Year 24 Budget Approval (action item)

Ryan Kulig reminded the board of the process for budget appropriation through the legislature. He presented the Fiscal Year 24 budget for approval, noting no changes from the Fiscal Year 23 budget.

Trustee Nixon reviewed the Finance Committee's recent discussion around the budget. Chair Oaks asked if inflation was taken into consideration for the budget. Trustee Nixon confirmed it was taken into consideration. Trustee Misener motioned to approve the budget, and Trustee Gull seconded. The motion passed unanimously.

Record of Vote:

Chairman Oaks: Yes

Vice Chair Misener: Yes

Trustee Lunt: Yes

Trustee Gull: Yes

Trustee Nixon: Yes

Mr. Kulig provided an update from the Finance Committee's discussion on exploring changes to SITFO's statutory designation. He noted that SITFO's budget is approved by the legislature which is set up to approve taxpayer funds and could present a conflict versus being dedicated fiduciaries to the trust. He noted the specific rules the current designation places around international travel and hosting a state-sponsored conference.

Trustee Gull asked for clarification on the current processes to host a conference. Mr. Kulig expounded on the process to get quotes and work alongside the State Finance Department to sign off on the required forms, differing from the current process URS follows.

Trustee Misener commented on the current approval process for international travel, and that it is not conducive to managing a global portfolio. Trustee Nixon commented that the rules for URS should be similarly applied to SITFO.

### b. Compensation Survey

Mr. Kulig noted a draft of the compensation policy was previously shared by Mr. Madsen with Trustees. Mr. Madsen opened the floor for discussion and noted Trustees could also provide feedback directly on an interim call.

Mr. Kulig provided an update on the expiring contract with the current custodian. He noted the vendor exhibits operational excellence and recommended retaining for renewal. He highlighted that while the Board is responsible to hire and fire custodians, this contract renewal sits outside of that purview and the Board agreed.

## **7. Administrative – Review SITFO Summit Logistics**

Symone Caldwell reviewed the Summit 2022 agenda and gave an update that the Director of the Division of Finance has approved the location and expected budget. Ms. Caldwell asked that Trustees send her questions on any topics in advance, to ensure they are addressed at the Summit.

## **8. Operations – Overview of Back and Middle Office Operations**

Mr. Kulig introduced SITFO's operations with a reminder of the broader trust structure. He then focused on the team's organization, processes, and systems that help run back and middle office responsibilities. Ms. Makransky provided further detail into the day-to-day tasks and less frequent duties of the team.

Trustee Gull asked for an example of agency surveys to which Mr. Madsen and Ms. Makransky provided examples.

Jonathon Kowolik from RVK presented the past, present, and future support of SITFO operational processes by his team at RVK. Trustee Gull asked if there was a process or policy around in-kind distributions. Jonathan Koerner from Albourne and Mr. Kulig confirmed standard terms are negotiated with managers as a part of broader term negotiation. Mr. Kowolik moved on to review performance reporting updates that RVK assists with. Mr. Madsen volunteered that staff would follow up with details on the policy and process for in-kind distributions.

Mr. Kulig spoke on the day-to-day processes in place for investment monitoring, accounting, and onboarding. He highlighted the different phases of the onboarding process and ongoing monitoring.

Mr. Koerner provided insight into the terms of each investment and how each is properly negotiated and documented.

James Walsh from Albourne then provided insight into the Back Office support his team provides to SITFO. He discussed the current structures for data collection and reconciliation the team provides. He reviewed in depth the types of reporting provided monthly, quarterly, and by ad-hoc request.

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

Jeremy Miller noted the return objective of CPI+5% and informed the board that SITFO diversification has helped mitigate the impact of the falling market. He noted that the portfolio remains in compliance with Board's established allocation ranges.

Scott Day confirmed that since the last board meeting, SITFO has worked to consolidate GRIPs and Real Assets, which will be reflected in future reports starting with Q3 2022. Mr. Day proceeded to review the portfolio allocations, reorienting the group on recent reporting changes.

Trustee Misener inquired about how manager selection is measured versus style and tactical allocation. Mr. Miller provided insight into how each layer is calculated. Mr. Madsen noted a presentation on the background of this calculation exists and will be circulated to Trustees for clarification.

Mr. Madsen noted SITFO's definition of 1-quarter lag and asked for feedback on this. Trustee Misener responded that it made sense for private markets to be reported as of 3/31 while public markets are reported as of 6/30 and the two blended together as the current quarter in quarterly performance reporting.

Sam Ragan reviewed the Growth category of the portfolio highlighting the sources of outperformance.

Johnny Lodder reviewed Real Assets with Mr. Day noting tracking error in this asset class is currently higher than others but is underway of being reduced.

Mr. Day finished the Executive Summary Review by covering the Income and Defensive categories.

## 10. Closed Session (Start at 1:00 PM)(action Item)

- a. Chief Investment Officer Review
- b. Investments - Asset Class Structure Review



Elliott Clark walked the Trustees through the process of closing the meeting and named the reason due to Utah Code § 52-4-205(1)(a). Votes would be cast to close the meeting and then adjourned once both closed sessions were complete. Trustees each stated their names and cast their vote.

Record of Vote:

Chairman Oaks: Yes  
Vice Chair Misener: Yes  
Trustee Lunt: Yes  
Trustee Gull: Yes  
Trustee Nixon: Yes

**11. Adjourn** (action item)

Elliott Clark discussed pre-vote to adjourn the meeting after the closed sessions.