



**Final Minutes
Endowment Fund Investment Board (EFIB) Special Meeting
April 6, 2005**

The Endowment Fund Investment Board called for a special meeting on Wednesday, April 6, 2005. Chairman M. Dean Buffington called the meeting to order at 9:00 a.m. and recognized that a quorum was present.

Members Present:

M. Dean Buffington
Representative William W. Deal
Gavin M. Gee
Thomas F. Kealey
Senator Brad J. Little
William D. Mitchell
R. John Taylor (Via Telephone)

Staff Present:

Connie M. Eshelman
Andrew M. Potter

Members Absent:

Parker G. Woodall

Guests:

Julie Weaver, Attorney General's Office
Brian B. Benjamin, Attorney General's Office
John Pickett, RBC Dain Rauscher (Via Telephone)
Brian Hayes, RBC Dain Rauscher (Via Telephone)

1. Minutes of the February 15, 2005 Regular Meeting: Approved

A motion was made by Representative William Deal, second by Gavin Gee to approve the February 15, 2005 meeting minutes. The motion carried unanimously.

Minutes of the March 24, 2005 Special Meeting: Approved

A motion was made by Representative William Deal, second by William Mitchell to approve the March 24, 2005 meeting minutes. The motion carried unanimously.

Chairman Dean Buffington noted that he and Parker Woodall engaged in a long conversation regarding all aspects of the special meeting and clearly understood the issues at hand. Parker Woodall at that time indicated that he would not participate at the April 6, 2005 special meeting.

2. Increased Distribution Payments from Pooled Endowment Beneficiaries for FY2005: Approved

Mr. Potter reported that Senate Bill 1162 passed the House and the Senate and was signed by the Governor on March 15, 2005 and having an emergency clause became effective on that date. To comply with the new law, an increase in distribution payments from the Normal School, Penitentiary, State Hospital South and University Endowments need to occur for

April, May and June in order to bring the total appropriated amount for the Pooled Endowment to the original amount allocated for FY2005.

A motion was made by Senator Brad Little, second by Representative William Deal to recommend to the Land Board to increase distributions for the Pooled Endowment beneficiaries as presented above. The motion carried unanimously.

Senator Brad Little expressed that the Endowment Fund Investment Board should continue to pursue the pooling of the assets held by the Department of Lands. Pooling the assets would be consistent with the goal of the changes to the constitution ratified in 2000, which was to provide growth and a consistent income stream to the beneficiaries.

3. Manager Recommendations: Approved

Mr. Hayes of RBC Dain Rauscher reported that he, EFIB staff and the EFIB executive committee interviewed two large cap managers (Intech and Sands Capital) on March 24, 2005. From that meeting, EFIB staff and RBC Dain Rauscher recommend to the EFIB Board that Intech and Sands Capital be obtained as large cap growth managers. EFIB staff and RBC Dain also recommend that Artisan Partners be terminated and Mastrapasqua be moved from a large cap growth manager to a mid cap growth manager. The funding of Mastrapasqua will come from assets currently held in the Mastrapasqua portfolio and part of the assets will come from the Artisan Partners portfolio with possibly some cash. Intech and Sands Capital will be funded by cash and/or assets from reducing the Northern Trust R1000 Growth Index Fund. Lastly, to recommend transferring assets and/or cash from the Northern Trust R1000 Value Index Fund to the existing large cap value manager, LSV Asset Management. These changes will reduce overlapping in the total Endowment portfolio and rebalance the portfolio closer to policy. Chairman Dean Buffington expressed that the executive committee was comfortable with the recommendations.

A motion was made by Thomas Kealey, second by Representative William Deal to approve the recommendations for rebalancing the Endowment portfolio as presented above.

4. Executive Session: *Idaho Code § 67-2345* authorizes the board to enter into Executive Session for the purpose of discussing possible legal actions *§ 67-2345(1)(f)* or personnel issues *§ 67-2345(1)(b)*. Any resulting action will take place when the board resolves back into regular session.

The motion was made by Representative William Deal, second by Gavin Gee to enter into Executive Session at 9:20 a.m. The roll call vote was as follows:

Senator Brad Little - Aye

Representative William Deal – Aye

William Mitchell – Aye

Gavin Gee – Aye

John Taylor – Aye

Thomas Kealey - Aye

Chairman Dean Buffington – Aye

The motion carried unanimously.

Regular Session convened at 10:23 a.m.

The motion was made by Representative William Deal, second by Thomas Kealey to accept the resignations of Matthew Haertzen and Angela Zirschky. The motion carried unanimously.

The motion was made by Gavin Gee, second by Thomas Kealey to approve expense voucher dated March 11, 2005 for Matthew Haertzen and to reimburse Angela Zirschky for an accounting course upon completion. The motion carried unanimously.

The motion was made by Thomas Kealey, second by Gavin Gee to open a search for the Manager of Investments position. The motion carried unanimously.

There being no further business to come before the Board, the meeting adjourned at 10:35 a.m.