

## **SCHOOL TRUST INVESTMENT TASK FORCE**

### **Minutes**

May 29, 2013

Attending: Jennifer Johnson, David Hemingway, Sterling Jenson, Kent Misener, Rich Cunningham, and David Damschen, Task Force Members. Bruce Williams, Margaret Bird, Tim Donaldson, Paula Plant, USOE. Betsy Ross, Allen Rollo, Treasurer's Office. Kristina Kindl, Attorney General's Office. Karen Peterson, Utah PTA. Jill Flygare, GOMB.

Excused: Elizabeth Tashjian

#### Future Task Force Meetings

June 6, 8-10 AM

June 21, 12-2 PM

#### Welcome and Introduction, Kevin Carter, Director of SITLA

SITLA Director Kevin Carter introduced himself to the Task Force members. Kevin said that he has been working on trust lands since 1981, and he explained that it made a clear difference to change the focus of trust lands management in 1994. Total revenues had been \$10-15 million a year through the mid 1990s, but that dramatically improved when a governing board was set up, comprised of private sector business leaders with required qualifications. SITLA has an at-will employment system, which allows more flexibility in terminating non-producing employees, and allows more aggressive compensation to compete with the private sector for talent. The Task Force members asked Kevin to explain the core focus areas of his board, which are policy governance, budget, and adjudicative.

#### Discussion of Pension Fund Best Practices

Kent Misener explained the 1 page memo he wrote for the Task Force, about best practices in pension fund structures. Kent explained that the research indicates that it is best to have the structure separated into a governing fiduciary, a managing fiduciary, and an operating fiduciary. Sterling Jenson said that is a good framework for a division of duties, as a policy board, a CIO, and a staff would fit that model and separate those functions. Kent said that it is important to have good communication and collaboration between those three levels.

#### Discussion of a Board of Investment Professionals: Pros and Cons

The Task Force discussed extensively the details on how a board of investment professionals would need to be structured. The State Treasurer should automatically be a member of the board. The rest of the board members should be volunteers, without compensation other than per diems. Board members should be appointed by the Governor, from a list submitted by beneficiary groups, and confirmed by the Senate. The new board should hire and fire a Director/CIO, who would run a small office. The issue of potential cost increases was discussed.

Adjourned 2:00 p.m.