

Part 1 – Agency Profile

Agency Overview

The Idaho Endowment Fund Investment Board (the EFIB) is responsible for managing approximately \$1.8 billion of investments consisting of state land grant endowment funds, the financial assets of the State Insurance Fund, the assets of the Judges’ Retirement Fund, and the assets of the Ritter Island Endowment Fund.

The Board consists of nine individuals appointed by the Governor, including one state senator, one state representative, a public education administrator, and six members of the public “knowledgeable and experienced in financial matters.” The Board has four employees in its Boise office, including a Manager of Investments who oversees day-to-day operations. Periodic reports of the Board’s activities and investment performance are made to the Board of Land Commissioners, the manager of the State Insurance Fund, representatives of the Supreme Court, and the Department of Parks and Recreation.

The Board’s expenses are reimbursed by the endowment funds, the State Insurance Fund, the Judges’ Retirement Fund, and the Ritter Island Endowment Fund.

Core Functions/Idaho Code

Endowment Funds – Essentially all revenues from state endowment lands are transferred to the EFIB for investment under policies established by the Board of Land Commissioners. In turn, the EFIB, based on a Distribution Policy approved by the Board of Land Commissioners, makes monthly distributions to thirteen beneficiaries, the largest of which is a public school fund (Title 57, Chapter 7, *Idaho Code*). Annual distributions of income for a fourteenth beneficiary, the Capitol Commission, are determined by the EFIB (Title 67, Chapter 16, *Idaho Code*).

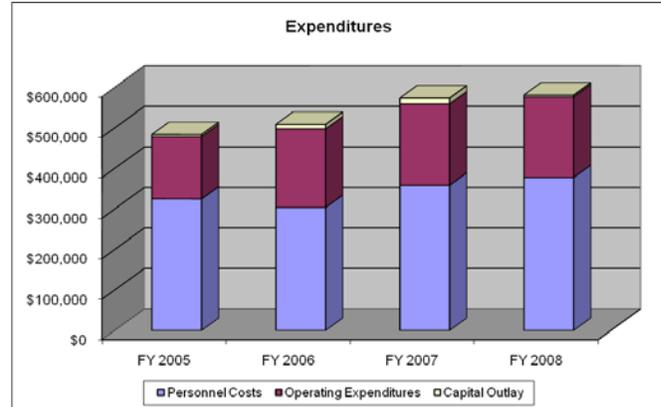
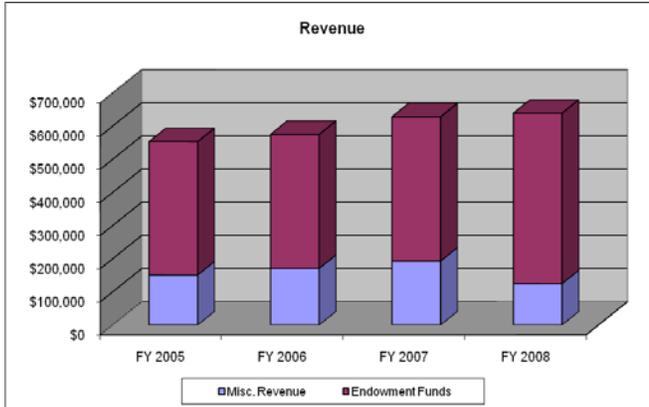
State Insurance Fund – The EFIB, under policies approved by the State Insurance Fund, invests the surplus and reserve funds established to pay worker’s compensation claims insured by the State Insurance Fund. (Title 72, Chapter 9, *Idaho Code*)

Judges’ Retirement Fund – Under supervision of the Supreme Court, the EFIB oversees investment of a fund to pay retirement compensation to Supreme Court justices and judges of the Court of Appeals and District Courts. (Title 1, Chapter 20, *Idaho Code*)

Ritter Island Endowment Fund – In FY2008, the EFIB began overseeing investment of a fund to support the management of the Ritter Island Unit of the Thousands Springs State Park. Distributions of income are determined by the Department of Parks and Recreation. (Title 57, Chapter 7, *Idaho Code*)

Revenue and Expenditures:

Appropriated Revenue	FY 2005	FY 2006	FY 2007	FY 2008
Misc. Revenue	\$ 151,000	\$ 170,800	\$ 193,000	\$ 125,000
Endowment Funds	402,000	404,000	435,000	514,000
Total	\$ 553,000	\$ 574,800	\$ 628,000	\$ 639,000
Expenditures	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$ 324,700	\$ 303,600	\$ 358,600	\$ 377,500
Operating Expenditures	153,600	193,900	200,700	199,300
Capital Outlay	5,200	11,200	14,400	4,200
Total	\$ 483,500	\$ 508,700	\$ 573,700	\$ 581,000



Profile of Cases Managed and/or Key Services Provided:

Cases Managed and/or Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Key Financial Statistics				
Endowment Distributions to Beneficiaries*	\$ 37,395,000	\$ 35,742,900	\$ 35,845,600	\$ 38,618,000
Revenue from Endowment Lands	57,493,000	68,812,351	76,820,424	54,837,000
Income from Investments	20,185,000	22,858,727	28,815,639	33,057,000
Continuously appropriated expenditures for manager fees, custodian fees (paid from trust funds)	2,542,700	3,205,758	3,861,545	3,823,000
Total Market Value of Investments				
<i>Public School Endowment Funds</i>	568,655,000	640,944,000	760,213,000	738,907,000
<i>Other Funds</i>	274,143,000	308,891,000	377,790,000	386,710,000
Total Land Grant Endowment Funds	\$842,798,000	\$949,835,000	\$1,138,004,000	\$1,125,617,000
<i>Judges' Retirement Fund</i>	53,720,000	57,285,000	65,058,000	59,726,000
<i>State Insurance Fund</i>	413,369,000	472,941,000	555,775,000	602,447,000
<i>Ritter Island Endowment Fund</i>				976,000
Total Market Value of Investments	\$1,309,887,000	\$1,408,061,000	\$1,758,837,000	\$1,788,766,000

*FY 2006 distribution is net of a \$4,600,000 transfer from the General Fund to two endowments.

Part II – Performance Measures

Performance Measure/Benchmark	2005	2006	2007	2008	4-Year Avg.
1. ABSOLUTE RETURN (net of fees):					
A. LAND GRANT ENDOWMENT FUND - Real Return (net of inflation) greater than 4%	6.2%	7.6%	13.3%	-4.7%	5.4%
B. JUDGES' RETIREMENT FUND - Total Return greater than 7.75% net of fees	7.7%	9.2%	16.0%	-5.2%	6.6%
C. RITTER ISLAND ENDOWMENT FUND - Total Return greater than 6.25% annually				-1.8%	'08 returns from 9/07-6/08
C1. RITTER ISLAND ENDOWMENT FUND - Real return (net of inflation) greater than 4%				-4.3%	'08 returns from 9/07-6/08

Performance Measure/Benchmark	2005	2006	2007	2008	4-Year Avg.
2. RETURN VS. BENCHMARK (net of fees):					
A. LAND GRANT ENDOWMENT FUND - Total Return	9.6%	10.8%	16.2%	-2.4%	8.3%
Benchmark	8.6%	8.6%	16.7%	-6.7%	6.4%
Excess	1.0%	2.2%	-0.5%	4.5%	1.9%
<i>Exceed benchmark (56% Russell 3000, 14% MSCI EAFE, 30% Lehman Aggregate) on a risk-adjusted basis</i>					
B. JUDGES' RETIREMENT FUND - Total Return	7.7%	9.2%	16.0%	-5.5%	6.6%
Benchmark	8.6%	8.6%	16.7%	-6.7%	6.5%
Excess	-0.9%	0.6%	-0.7%	1.2%	0.1%
<i>Exceed benchmark (56% Russell 3000, 14% MSCI EAFE, 30% Lehman Aggregate) on a risk-adjusted basis</i>					
C. STATE INSURANCE FUND - Total Return	5.4%	1.2%	7.5%	5.7%	4.9%
Benchmark	5.6%	1.1%	7.7%	5.4%	4.9%
Excess	-0.2%	0.1%	-0.2%	0.3%	0.0%
<i>Meet or exceed the benchmark (12% Rus 3000, 29.8% Leh Agg, 29.8% Leh Gov. Credit, 17% M/L 1-3 yr. Treas, 8.5% TIPS, 3% M/L 3 mo. T-Bill)</i>					

3. RETURN VS. PEERS (gross of fees):					
A1. LAND GRANT ENDOWMENT FUND - Total Return	9.9%	11.2%	16.6%	-2.2%	8.6%
Endowment/Foundation Universe median	9.5%	11.1%	18.1%	-4.9%	8.1%
Excess	0.4%	0.1%	-1.5%	2.7%	0.5%
<i>Exceed the median of peers on a risk adjusted basis</i>					
A2. LAND GRANT ENDOWMENT FUND - Total Return	9.9%	11.2%	16.6%	-2.2%	8.6%
Public Funds Universe median	9.2%	10.4%	17.4%	-4.8%	7.7%
Excess	0.7%	0.8%	-0.8%	2.6%	0.9%
<i>Exceed the median of peers on a risk adjusted basis</i>					
B1. JUDGES' RETIREMENT FUND - Total Return	8.1%	9.5%	16.3%	-5.2%	6.9%
Asset Allocation Adjusted Ranking	8.3%	9.6%	17.4%	-6.9%	6.7%
Excess	-0.2%	-0.1%	-1.1%	1.7%	0.2%
<i>Exceed the median of peers on a risk adjusted basis</i>					
B2. JUDGES' RETIREMENT FUND - Total Return	8.1%	9.5%	16.3%	-5.2%	6.9%
Public Funds Universe median	9.2%	10.4%	17.4%	-4.8%	7.7%
Excess	-1.1%	-0.9%	-1.1%	-0.4%	-0.8%
<i>Exceed the median of peers on a risk adjusted basis</i>					
4. CONSECUTIVE YEARS THE PUBLIC SCHOOL PERMANENT FUND IS BELOW THE LOSS BENCHMARK:					
<i>Less than 10 years below the cumulative loss benchmark</i>					
	5 yrs	0 yrs	0 yrs	0 yrs	

Performance Measure/Benchmark	2005	2006	2007	2008	4-Year Avg.
5. CHANGE IN DISTRIBUTIONS TO BENEFICIARIES:					2009: \$42.4 M.
<i>A. No reduction in the total Endowment Distribution</i>	\$37.4 M.	\$35.7 M.	\$36.2 M.	\$39.1 M.	2010: \$45.6 M.
<i>B. Land Grant Earnings Reserve at least 500% of next year's approved distribution</i>					
Number of endowments below 500%	Eight	Seven	Five	Two	
Average for all endowments	151%	278%	414%	450%	
<i>C. Growth in Land Grant Endowment distribution exceeds Inflation and Population Growth over a five year period (average annual compound growth for all endowments)</i>					
	2003-2008	2004-2009E	2005-2010E		
Change in Distribution	-6.4%	-4.6%	4.4%		
Inflation	3.6%	3.7%	3.7%		
Population growth	2.5%	2.5%	2.3%		
Excess	-12.5%	-10.8%	-1.6%		
6. GROWTH IN CORPUS:					
<i>A. Land Grant Endowment growth in corpus to exceed the rate of inflation and population growth</i>					
Annual growth in corpus	6.5%	8.2%	15.8%	-4.4%	6.3%
Annual rate of Inflation	3.4%	3.2%	2.9%	2.5%	3.0%
Annual population growth	2.7%	2.6%	2.5%	2.2%	2.5%
Excess	0.4%	2.4%	10.4%	-9.1%	0.8%
<i>B. Ritter Island Endowment Fund growth in corpus in excess of the rate of inflation over a five-year period</i>					
					new measure

For More Information Contact

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