

## ***Part 1 – Agency Profile***

### **Agency Overview**

The Idaho Endowment Fund Investment Board (EFIB) is responsible for managing approximately \$1.9 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, the assets of the Trail of the Coeur d'Alenes endowment and the assets of the Ritter Island Endowment Fund.

The EFIB 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 EFIB has four employees in its Boise office, including a Manager of Investments who oversees day-to-day operations. Periodic reports of the EFIB'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 (Parks & Rec).

The EFIB's expenses are not paid from General Funds, but are reimbursed by the land grant endowment funds, the State Insurance Fund, the Judges' Retirement Fund, the Ritter Island Endowment Fund and the Trail of the Coeur d'Alenes endowment.

### **Core Functions/Idaho Code**

***Land Grant Endowment Funds*** – Essentially all revenue from state endowment lands are transferred to the EFIB by the Idaho Dept. of Lands 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*).

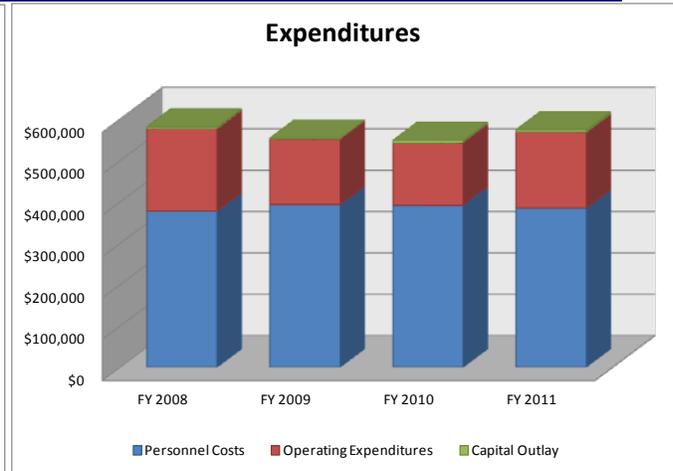
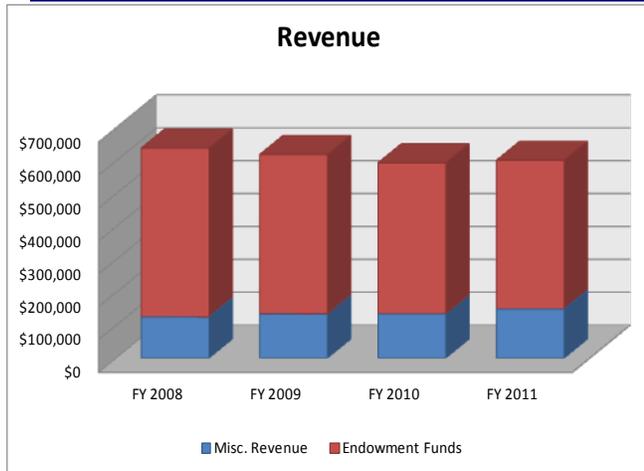
***State Insurance Fund*** – The EFIB, under policies approved by the State Insurance Fund, invests the surplus and reserve funds established to pay worker's compensation claims insured by the State Insurance Fund. (Title 72, Chapter 9, *Idaho Code*)

***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*)

***Parks & Rec Endowment Funds*** – The EFIB oversees investment of an endowment that supports the maintenance of the Trail of the Coeur d'Alenes, a recreational rail trail, and one that supports management of the Ritter Island Unit of the Thousands Springs State Park. Asset mix and distributions of income are determined by Parks & Rec. (Title 57, Chapter 7, *Idaho Code*).

### Revenue and Expenditures:

Appropriated Revenue	FY 2008	FY 2009	FY 2010	FY 2011
Misc. Revenue	\$125,000	\$134,500	135,300	149,100
Endowment Funds	<u>514,000</u>	<u>484,800</u>	<u>458,900</u>	<u>452,900</u>
<b>Total</b>	<b>\$639,000</b>	<b>\$619,300</b>	<b>\$594,200</b>	<b>\$602,000</b>
Expenditures	FY 2008	FY 2009	FY 2010	FY 2011
Personnel Costs	377,500	393,300	391,200	384,700
Operating Expenditures	199,300	157,300	150,300	183,300
Capital Outlay	<u>4,200</u>	<u>3,000</u>	<u>6,800</u>	<u>5,900</u>
<b>Total</b>	<b>\$581,000</b>	<b>\$553,600</b>	<b>\$548,300</b>	<b>\$573,900</b>



### Profile of Cases Managed and/or Key Services Provided:

Cases Managed and/or Key Services Provided	FY 2008	FY 2009	FY 2010	FY 2011
<b>Key Financial Statistics</b>				
Endowment Distributions to Beneficiaries*	\$38,617,000	\$42,413,100	\$45,955,200	\$67,786,600
Revenue from Endowment Lands	75,088,000	62,577,900	48,023,900	69,298,000
Income from Investments	33,057,100	27,462,200	23,203,500	27,465,800
Continuously appropriated expenditures for manager fees, custodian fees (paid from trust funds)	3,823,100	3,157,000	3,892,400	4,750,600
<b>Total Market Value of Investments</b>				
<i>Public School Endowment Funds</i>	738,907,000	599,238,200	674,196,600	808,158,800
<i>Other Funds</i>	386,710,000	321,185,700	366,653,000	459,644,000
<b>Total Land Grant Endowment Funds</b>	<b>\$1,125,617,000</b>	<b>\$ 920,423,900</b>	<b>\$1,040,849,600</b>	<b>\$1,267,802,800</b>
<i>Judges' Retirement Fund</i>	59,726,000	48,301,900	52,965,900	62,851,500
<i>State Insurance Fund</i>	602,447,000	571,682,400	575,286,400	574,710,300
<i>Parks &amp; Rec. Endowment Funds</i>	<u>976,000</u>	<u>3,040,500</u>	<u>3,301,400</u>	<u>3,398,700</u>
<b>Total Market Value of Investments</b>	<b>\$1,788,766,000</b>	<b>\$1,543,448,700</b>	<b>\$1,672,403,300</b>	<b>\$1,908,763,300</b>

\*Excludes Capitol Permanent Fund

### Part II – Performance Measures

Performance Measure/Benchmark	2008	2009	2010	2011	4-Year Avg.
<b>1. RETURN VS. BENCHMARK (net of fees):</b>					
<b>A. LAND GRANT ENDOWMENT FUND - Total Return</b>	<b>-2.2%</b>	<b>-18.2%</b>	<b>15.5%</b>	<b>24.2%</b>	<b>3.5%</b>
Benchmark	-6.7%	-17.7%	13.4%	22.9%	1.7%
<b>Excess</b>	<b>4.5%</b>	<b>-0.5%</b>	<b>2.1%</b>	<b>1.3%</b>	<b>1.8%</b>
<i>Exceed benchmark ( 49% Russell 3000, 16% MSCI EAFE, 30% Barclays Capital Aggregate) on a risk-adjusted basis</i>					
<b>B. JUDGES' RETIREMENT FUND – Total Return</b>	<b>-5.5%</b>	<b>-16.0%</b>	<b>14.2%</b>	<b>23.2%</b>	<b>2.8%</b>
Benchmark	-6.7%	-17.6%	13.6%	22.9%	1.8%
<b>Excess</b>	<b>1.2%</b>	<b>1.6%</b>	<b>0.6%</b>	<b>0.3%</b>	<b>1.0%</b>
<i>Exceed benchmark (49% Russell 3000, 21% MSCI ACWI ex-US, 30% Barclays Capital Aggregate) by 0.5% on a risk-adjusted basis</i>					
<b>C. STATE INSURANCE FUND - Total Return</b>	<b>5.7%</b>	<b>0.7%</b>	<b>8.2%</b>	<b>7.1%</b>	<b>5.4%</b>
Benchmark	5.4%	0.4%	8.8%	7.2%	5.4%
<b>Excess</b>	<b>0.3%</b>	<b>0.3%</b>	<b>-0.6%</b>	<b>-0.1%</b>	<b>0.0%</b>
<i>Meet or exceed the benchmark (12% Russell 3000, 29.8% Barclays Capital Aggregate, 29.8% Barclays Capital Govt. Credit, 17% M/L 1-3 yr. Treasury, 8.5% TIPS, 3% M/L 3 mo. T-Bill)</i>					

Performance Measure/Benchmark	2008	2009	2010	2011	4-Year Avg.
<b>2. RETURN VS. PEERS (gross of fees):</b>					
<b>A1. LAND GRANT ENDOWMENT FUND - Total Return</b>	<b>-2.1%</b>	<b>-18.0%</b>	<b>15.8%</b>	<b>24.6%</b>	<b>3.7%</b>
Endowment/Foundation Universe median	-4.9%	-18.6%	12.4%	19.9%	1.1%
<b>Excess</b>	<b>2.8%</b>	<b>0.6%</b>	<b>3.4%</b>	<b>4.7%</b>	<b>2.6%</b>
<i>Exceed the median of peers on a risk adjusted basis</i>					
<b>A2. LAND GRANT ENDOWMENT FUND - Total Return</b>	<b>-2.1%</b>	<b>-18.0%</b>	<b>15.8%</b>	<b>24.6%</b>	<b>3.7%</b>
Public Funds Universe median	-4.8%	-18.1%	12.6%	21.6%	2.0%
<b>Excess</b>	<b>2.7%</b>	<b>0.1%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>1.7%</b>
<i>Exceed the median of peers on a risk-adjusted basis</i>					
<b>B1. JUDGES' RETIREMENT FUND - Total Return</b>	<b>-5.2%</b>	<b>-15.8%</b>	<b>14.5%</b>	<b>23.5%</b>	<b>3.1%</b>
Asset Allocation Adjusted Ranking	-6.9%	-16.5%	14.5%	24.2%	2.5%
<b>Excess</b>	<b>1.7%</b>	<b>0.7%</b>	<b>0.0%</b>	<b>-0.7%</b>	<b>0.6%</b>
<i>Exceed the median of peers on a risk-adjusted basis</i>					
<b>B2. JUDGES' RETIREMENT FUND - Total Return</b>	<b>-5.2%</b>	<b>-15.8%</b>	<b>14.5%</b>	<b>23.5%</b>	<b>3.1%</b>
Public Funds Universe median	-4.8%	-18.1%	12.6%	21.6%	2.0%
<b>Excess</b>	<b>-0.4%</b>	<b>2.3%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.1%</b>
<i>Exceed the median of peers on a risk-adjusted basis</i>					
<b>3. CONSECUTIVE YEARS THE PUBLIC SCHOOL PERMANENT FUND IS BELOW THE LOSS BENCHMARK:</b>					
	<b>0 yrs</b>	<b>1 yr</b>	<b>0 yrs</b>	<b>0 yrs</b>	
<i>Less than 10 years below the cumulative loss benchmark</i>					

<b>Performance/Benchmark</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>4-Year Avg.</b>
<b>4. CHANGE IN DISTRIBUTIONS TO LAND GRANT BENEFICIARIES:</b>					<b>\$46.4M</b> <b>2012</b>
<i>A. No reduction in the total Endowment Distribution</i>	<b>\$38.6 M</b>	<b>\$42.4 M</b>	<b>\$46.0 M</b>	<b>\$67.8 M</b>	<b>\$47.5M</b> <b>2013</b>
<i>B. Land Grant Endowment Earnings Reserves at least 500% of next year's approved distribution</i>					
<b>Number of endowments below 500%</b>	<b>Two</b>	<b>Six</b>	<b>Four</b>	<b>One</b>	<b>--</b>
<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>	<b>2005-2010E</b>	<b>2006-2011E</b>	<b>2007-2012E</b>	<b>2008-2013E</b>	
<b>Change in Distribution</b>	<b>4.1%</b>	<b>13.7%</b>	<b>5.3%</b>	<b>4.2%</b>	
<b>Inflation</b>	<b>2.5%</b>	<b>2.2%</b>	<b>1.9%</b>	<b>1.3%</b>	
<b>Population growth</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.5%</b>	<b>1.5%</b>	
<b>Excess</b>	<b>-0.3%</b>	<b>9.8%</b>	<b>1.9%</b>	<b>1.4%</b>	
<b>5. GROWTH IN CORPUS:</b>					
<i>A. Land Grant Endowment growth in Permanent funds to exceed the rate of inflation and population growth</i>					
<b>Annual growth in corpus</b>	<b>-4.4%</b>	<b>-17.9%</b>	<b>14.1%</b>	<b>21.5%</b>	<b>2.1%</b>
<b>Annual rate of Inflation</b>	<b>5.0%</b>	<b>-1.4%</b>	<b>1.0%</b>	<b>2.7%</b>	<b>2.0%</b>
<b>Annual population growth</b>	<b>1.8%</b>	<b>1.0%</b>	<b>1.7%</b>	<b>1.4%</b>	<b>1.5%</b>
<b>Excess</b>	<b>-11.2%</b>	<b>-18.3%</b>	<b>11.4%</b>	<b>17.4%</b>	<b>-1.4%</b>
<b>B. Ritter Island Endowment Fund growth in corpus in excess of the rate of inflation over a five-year period.</b>					<b>new measure</b>
<b>C. Trail of the Coeur d'Alenes Endowment Fund growth in corpus in excess of the rate of inflation over a five-year period.</b>					<b>new measure</b>

### For More Information Contact

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