

## 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 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, and, beginning in FY2008, 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 Spending 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*)

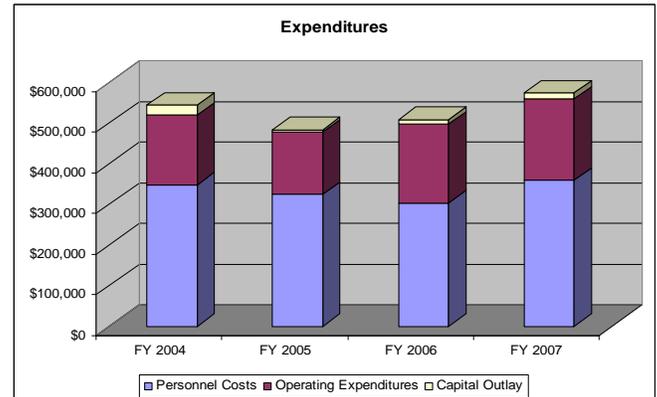
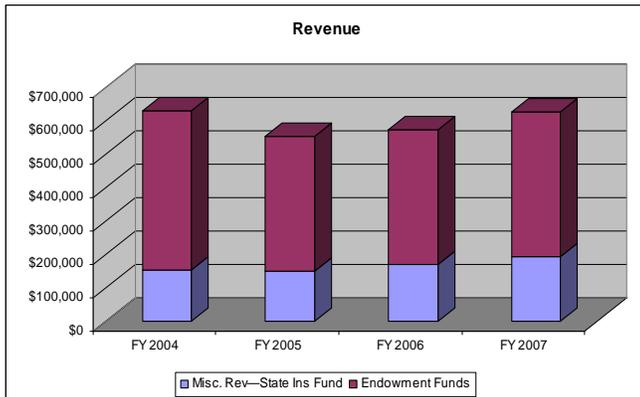
**Judges' Retirement Fund** – Under supervision of the Supreme Court, the EFIB oversees investment of a fund to pay retirement compensation to Supreme Court justices and judges of the Court of Appeals and District Courts. (Title 1, Chapter 20, *Idaho Code*)

**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 2004	FY 2005	FY 2006	FY 2007
Misc. Rev—State Ins Fund	\$ 154,400	\$ 151,000	\$ 170,800	\$ 192,900
Endowment Funds	\$ 475,900	\$ 402,000	\$ 404,000	\$ 434,900
<b>Total</b>	<b>\$ 630,300</b>	<b>\$ 553,000</b>	<b>\$ 574,800</b>	<b>\$ 627,800</b>

Expenditures	FY 2004	FY 2005	FY 2006	FY 2007
Personnel Costs	\$ 347,900	\$ 324,700	\$ 303,600	\$ 358,600
Operating Expenditures	\$ 172,000	\$ 153,600	\$ 193,900	\$ 200,700
Capital Outlay	\$ 24,600	\$ 5,200	\$ 11,200	\$ 14,400
<b>Total</b>	<b>\$ 544,500</b>	<b>\$ 483,500</b>	<b>\$ 508,700</b>	<b>\$ 573,700</b>



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

Cases Managed and/or Key Services Provided	FY 2004	FY 2005	FY 2006	FY 2007
<b>Key Financial Statistics</b>				
Endowment Distributions to Beneficiaries*	\$ 55,105,000	\$ 37,395,000	\$ 35,742,900	\$ 35,845,600
Revenue from Endowment Lands	63,893,000	57,493,000	68,812,351	76,820,424
Income from Investments	17,062,000	20,185,000	22,858,727	28,815,639
Continuously appropriated expenditures for manager fees, custodian fees (paid from trust funds)	2,178,500	2,542,700	3,205,758	3,861,545
<b>Total Market Value of Investments</b>				
Public School Endowment Funds	516,097,000	568,655,000	640,943,808	760,212,580
Other Funds	245,364,000	274,143,000	308,890,481	377,790,463
<b>Total Endowment Funds</b>	<b>\$761,461,000</b>	<b>\$842,798,000</b>	<b>\$949,834,289</b>	<b>\$1,138,003,043</b>
State Insurance Fund	357,817,000	413,369,000	472,941,092	555,775,311
Judges' Retirement Fund	51,190,000	53,720,471	57,285,483	65,058,082

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

**Part II – Performance Measures**

<b>Performance Measure/Benchmark</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>4-Year Average</b>
<b>1. ABSOLUTE RETURN (net of fees):</b>					
<b>A. Endowment Fund - Real Return</b> <i>Real return (net of inflation) greater than 4%</i>	13.5%	7.0%	6.5%	13.5%	10.1%
<b>B. JUDGES' RETIREMENT FUND - Total Return</b> <i>Annual total return to exceed 7.75%</i>	12.6%	7.7%	9.2%	16.0%	11.4%

<b>2. RETURN VS. BENCHMARK (net):</b>					
<b>A. ENDOWMENT FUND - Total Return</b>	16.8%	9.6%	10.8%	16.2%	13.3%
<b>Benchmark</b>	14.9%	8.6%	8.6%	16.7%	12.2%
<b>Excess</b>	1.9%	1.0%	2.2%	-0.5%	1.1%
<i>Exceed benchmark ( 56% Russell 3000, 14% EAFE, 30% Lehman Aggregate) on a risk-adjusted basis</i>					
<b>B. JUDGES' RETIREMENT FUND - Total</b>	12.6%	7.7%	9.2%	16.0%	11.4%
<b>Benchmark</b>	14.2%	8.6%	8.6%	16.7%	12.0%
<b>Excess</b>	-1.6%	-0.9%	0.6%	-0.7%	-0.7%
<i>Exceed benchmark on a risk-adjusted basis</i>					
<b>C. STATE INSURANCE FUND - Total Return</b>	4.2%	5.4%	1.2%	7.5%	4.6%
<b>Benchmark</b>	2.9%	5.6%	1.1%	7.7%	4.3%
<b>Excess</b>	1.3%	-0.2%	0.1%	-0.2%	0.3%
<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>					

<b>3. RETURN VS. PEERS:</b>					
<b>A1. ENDOWMENT FUND - Total Return</b>	17.1%	9.9%	11.2%	16.6%	13.7%
<b>Asset Allocation Adjusted Ranking</b>	16.5%	9.0%	9.2%	17.2%	13.0%
<b>Excess</b>	0.6%	0.9%	2.0%	-0.6%	0.7%
<i>Exceed the median of peers on a risk adjusted basis</i>					
<b>A2. ENDOWMENT FUND - Total Return</b>	17.1%	9.9%	11.2%	16.6%	13.7%
<b>Public Funds Universe</b>	15.1%	9.3%	10.4%	17.2%	13.0%
<b>Excess</b>	2.0%	0.6%	0.8%	-0.6%	0.7%
<i>Exceed the median of peers on a risk adjusted basis</i>					
<b>B1. JUDGES' RETIREMENT FUND -</b>					
<b>Total Return</b>	12.9%	8.1%	9.5%	16.3%	11.7%
<b>Asset Allocation Adjusted Ranking</b>	12.7%	8.3%	9.6%	17.4%	12.0%
<b>Excess</b>	0.2%	-0.2%	-0.1%	-1.1%	-0.3%
<i>Exceed the median of peers on a risk adjusted basis</i>					
<b>B2. JUDGES' RETIREMENT FUND -</b>					
<b>Total Return</b>	12.9%	8.1%	9.5%	16.3%	11.7%
<b>Public Funds Universe</b>	15.1%	9.3%	10.4%	17.2%	13.0%
<b>Excess</b>	-2.2%	-1.2%	-0.9%	-0.9%	-1.3%
<i>Exceed the median of peers on a risk adjusted basis</i>					

<b>Performance Measure/Benchmark</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>4-Year Average</b>
<b>4. The length of time that the Public School Permanent Fund is below the loss benchmark</b> <i>Less than 10 years below the cumulative loss benchmark</i>	4 yrs	5 yrs	0 yrs	0 yrs	
<b>5. The quality of recommendations to the Land Board regarding the level of distributions</b> <i>No reduction in the total Endowment Distribution</i>	\$55.1 M.	\$37.4 M.	\$35.7 M.	\$36.3 M.	2008: \$38.6 M. 2009: \$42.4 M.
<i>Within 10 years increase distributons for each Beneficiary to 4% of the value of its endowment fund plus the average of the last five years' cash earnings from its endowment lands</i>					<b>New Measure</b>

**For More Information Contact**

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