

Part 1 – Agency Profile

Agency Overview

The Idaho Endowment Fund Investment Board (EFIB) is responsible for managing approximately \$1.7 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*).

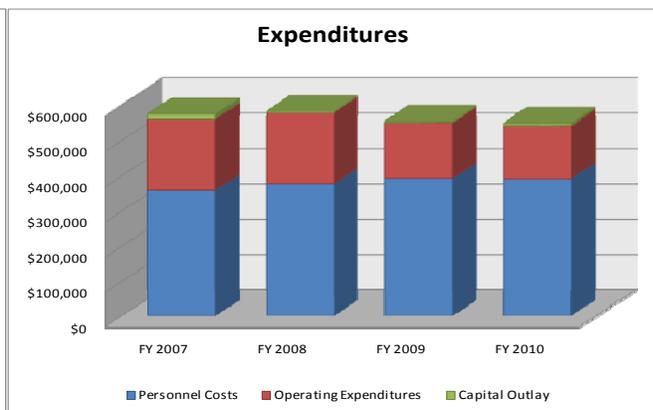
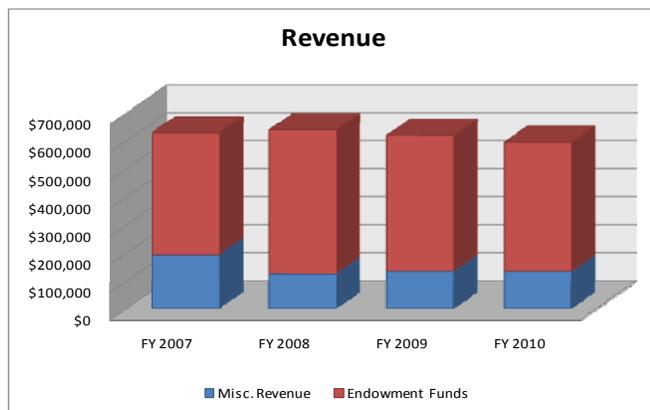
State Insurance Fund – The EFIB, under policies approved by the State Insurance Fund, invests the surplus and reserve funds established to pay worker's compensation claims insured by the State Insurance Fund. (Title 72, Chapter 9, *Idaho Code*)

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 2007	FY 2008	FY 2009	FY 2010
Misc. Revenue	\$193,000	\$125,000	\$134,500	135,300
Endowment Funds	<u>435,000</u>	<u>514,000</u>	<u>484,800</u>	<u>458,900</u>
Total	\$628,000	\$639,000	\$619,300	\$594,200
Expenditures	FY 2007	FY 2008	FY 2009	FY 2010
Personnel Costs	358,600	377,500	393,300	391,200
Operating Expenditures	200,700	199,300	157,300	150,300
Capital Outlay	<u>14,400</u>	<u>4,200</u>	<u>3,000</u>	<u>6,800</u>
Total	\$573,700	\$581,000	\$553,600	\$548,300



Profile of Cases Managed and/or Key Services Provided:

Cases Managed and/or Key Services Provided	FY 2007	FY 2008	FY 2009	FY 2010
Key Financial Statistics				
Endowment Distributions to Beneficiaries*	\$ 35,845,600	\$ 38,617,000	\$ 42,413,100	\$ 45,955,200
Revenue from Endowment Lands	76,820,400	75,088,000	62,577,900	48,023,900
Income from Investments	28,815,600	33,057,100	27,462,200	23,203,500
Continuously appropriated expenditures for manager fees, custodian fees (paid from trust funds)	3,861,500	3,823,100	3,157,000	3,892,400
Total Market Value of Investments				
<i>Public School Endowment Funds</i>	760,213,000	738,907,000	599,238,200	674,196,600
<i>Other Funds</i>	377,790,000	386,710,000	321,185,700	366,653,000
Total Land Grant Endowment Funds	\$1,138,003,000	\$1,125,617,000	\$ 920,423,900	\$1,040,849,600
<i>Judges' Retirement Fund</i>	65,058,000	59,726,000	48,301,900	52,965,900
<i>State Insurance Fund</i>	555,775,000	602,447,000	571,682,400	575,286,400
<i>Parks & Rec. Endowment Funds</i>	0	976,000	3,040,500	3,301,400
Total Market Value of Investments	\$1,758,837,000	\$1,788,766,000	\$1,543,448,700	\$1,672,403,300

*Excludes Capitol Permanent Fund

Part II – Performance Measures

Performance Measure/Benchmark	2007	2008	2009	2010	4-Year Avg.
1. ABSOLUTE RETURN (net of fees):					
A. LAND GRANT ENDOWMENT FUND - Real Return (net of inflation) greater than 4%	13.3%	-4.7%	-16.8%	14.4%	0.7%
B. JUDGES' RETIREMENT FUND - Total Return greater than 7.75% net of fees	16.0%	-5.2%	-14.6%	13.1%	1.5%
C. RITTER ISLAND ENDOWMENT FUND – Total Return greater than 6.25% annually	--	-1.8%	-9.8%	10.6%	--
1. RITTER ISLAND ENDOWMENT FUND – Real return (net of inflation) greater than 4%	--	-4.3%	-8.4%	9.6%	--
2. RETURN VS. BENCHMARK (net of fees):					
A. LAND GRANT ENDOWMENT FUND - Total Return	16.2%	-2.4%	-18.2%	15.5%	1.7%
Benchmark	16.7%	-6.7%	-17.7%	13.4%	0.4%
Excess	-0.5%	4.3%	-0.5%	2.1%	1.3%
<i>Exceed benchmark (54% Russell 3000, 16% MSCI EAFE, 30% Barclays Capital Aggregate) on a risk-adjusted basis</i>					
B. JUDGES' RETIREMENT FUND – Total Return	16.0%	-5.5%	-16.0%	14.2%	1.3%
Benchmark	16.7%	-6.7%	-17.6%	13.6%	0.5%
Excess	-0.7%	1.2%	1.6%	0.6%	0.8%
<i>Exceed benchmark (49% Russell 3000, 21% MSCI ACWI ex-US, 30% Barclays Capital Aggregate) + 0.5% on a risk-adjusted basis</i>					
C. STATE INSURANCE FUND - Total Return	7.5%	5.7%	0.7%	8.2%	5.5%
Benchmark	7.7%	5.4%	0.4%	8.8%	5.5%
Excess	-0.2%	0.3%	0.3%	-0.6%	0.0%
<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>					

3. RETURN VS. PEERS (gross of fees):

A1. LAND GRANT ENDOWMENT FUND - Total Return

16.6%	-2.1%	-18.0%	15.8%	2.0%	
Endowment/Foundation Universe median	18.1%	-4.9%	-18.6%	12.4%	0.7%
Excess	-1.5%	2.8%	0.6%	3.4%	1.3%

Exceed the median of peers on a risk adjusted basis

A2. LAND GRANT ENDOWMENT FUND - Total Return

16.6%	-2.1%	-18.0%	15.8%	2.0%	
Public Funds Universe median	17.4%	-4.8%	-18.1%	12.6%	0.8%
Excess	-0.8%	2.7%	0.1%	3.2%	1.2%

Exceed the median of peers on a risk-adjusted basis

B1. JUDGES' RETIREMENT FUND - Total Return

16.3%	-5.2%	-15.8%	14.5%	1.5%	
Asset Allocation Adjusted Ranking	17.4%	-6.9%	-16.5%	14.5%	1.1%
Excess	-1.1%	1.7%	0.7%	0.0%	0.4%

Exceed the median of peers on a risk-adjusted basis

B2. JUDGES' RETIREMENT FUND - Total Return

16.3%	-5.2%	-15.8%	14.5%	1.5%	
Public Funds Universe median	17.4%	-4.8%	-18.1%	12.6%	0.8%
Excess	-1.1%	-0.4%	2.3%	1.9%	0.7%

Exceed the median of peers on a risk-adjusted basis

4. CONSECUTIVE YEARS THE PUBLIC SCHOOL PERMANENT FUND IS BELOW THE LOSS BENCHMARK:

0 yrs	0 yrs	1 yr	0 yrs	
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Less than 10 years below the cumulative loss benchmark

Performance/Benchmark	2007	2008	2009	2010	4-Year Avg.
5. CHANGE IN DISTRIBUTIONS TO LAND GRANT BENEFICIARIES:					\$67.8M 2011
<i>A. No reduction in the total Endowment Distribution</i>	\$35.8 M	\$38.6 M	\$42.4 M	\$46.0 M	\$46.0M 2012
<i>B. Land Grant Endowment Earnings Reserves at least 500% of next year's approved distribution</i>					
Number of endowments below 500%	Five	Two	Six	Four	
Average for all endowments	414%	450%	336%	313%	
<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>	2005-2010E	2006-2011E	2007-2012E		
Change in Distribution	4.1%	5.1%	5.1%		
Inflation	2.5%	2.1%	2.8%		
Population growth	1.8%	1.6%	1.6%		
Excess	-0.2%	1.4%	0.7%		
6. GROWTH IN CORPUS:					
<i>A. Land Grant Endowment growth in Permanent funds to exceed the rate of inflation and population growth</i>					
Annual growth in corpus	14.0%	-4.4%	-17.9%	14.1%	0.5%
Annual rate of Inflation	2.7%	5.0%	-1.4%	1.0%	2.0%
Annual population growth	2.4%	1.8%	1.0%	1.7%	1.7%
Excess	8.9%	-11.2%	-18.3%	11.4%	-3.2%
<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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