

## ***Part I – Agency Profile***

### **Agency Overview**

The Idaho Endowment Fund Investment Board (EFIB) is responsible for managing over \$2.5 billion of investments consisting of state land grant endowment funds, the financial assets of the State Insurance Fund, assets of the Parks and Recreation endowment funds, assets of the Department of Environmental Quality endowment fund (Bunker Hill Water Treatment), and assets of two Fish & Game wildlife mitigation endowment funds.

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, and other clients. The EFIB’s expenses are not paid from General Funds but are reimbursed by its clients.

### **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 13 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*)

***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*)

***Department of Environmental Quality (Bunker Hill Water Treatment Endowment)*** – In FY 2015, the EFIB began overseeing investment of an endowment to support perpetual operation of a water treatment plant and related collection systems. It is part of the Bunker Hill Superfund site and is designed to remove heavy metals from the groundwater. Asset mix and distributions of income are determined by the Department of Environmental Quality. (Title 57, Chapter 7, *Idaho Code*)

***Department of Fish & Game Wildlife Mitigation Endowment Funds*** – In FY 2015, the EFIB began overseeing investments of two public endowments, Stewardship Account and Trust Fund, which fund the maintenance of land acquired to enhance wildlife habitat. Asset mix and distributions of income are determined by the Department of Fish and Game. (Title 57, Chapter 7, *Idaho Code*)

**Revenue and Expenditures**

Revenue	FY 2012	FY 2013	FY 2014	FY 2015
Misc. Revenue	153,700	123,600	126,700	133,000
Endowment Funds	<u>449,000</u>	<u>484,000</u>	<u>498,100</u>	<u>497,300</u>
<b>Total</b>	<b>\$602,700</b>	<b>\$607,600</b>	<b>\$624,800</b>	<b>\$630,300</b>
Expenditure	FY 2012	FY 2013	FY 2014	FY 2015
Personnel Costs	389,000	402,300	423,700	430,300
Operating Expenditures	180,400	201,500	150,100	164,700
Capital Outlay	<u>3,800</u>	<u>1,800</u>	<u>6,600</u>	<u>900</u>
<b>Total</b>	<b>\$573,200</b>	<b>\$605,600</b>	<b>\$580,400</b>	<b>\$595,900</b>

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

Cases Managed and/or Key Services Provided	FY 2012	FY 2013	FY 2014	FY 2015
<b>Key Financial Statistics</b>				
Endowment Distributions to Beneficiaries*	\$46,425,000	\$47,508,600	\$48,844,800	\$52,078,200
Revenue from Endowment Lands	65,551,000	77,318,800	90,172,300	132,228,900
Income from Investments	29,084,600	31,121,300	32,907,600	36,527,200
Continuously appropriated expenditures for manager fees, custodian fees (paid from trust funds)	5,156,000	5,444,400	6,641,000	7,236,100
<b>Total Market Value of Investments</b>				
<i>Public School Endowment Funds</i>	808,563,900	914,939,700	1,086,172,100	1,137,651,600
<i>Other Funds</i>	<u>471,914,600</u>	<u>545,733,300</u>	<u>658,596,300</u>	<u>705,087,800</u>
<b>Total Land Grant Endowment Funds</b>	<b>\$1,280,478,500</b>	<b>\$1,460,673,000</b>	<b>\$1,744,768,400</b>	<b>\$1,842,739,400</b>
<i>Judges' Retirement Fund</i>	60,387,200	66,438,900	75,065,300	--
<i>State Insurance Fund</i>	592,204,800	594,437,500	630,220,600	621,540,200
<i>Parks &amp; Rec. Endowment Funds</i>	3,251,700	3,441,200	3,690,500	3,658,800
<i>Dept. of Environmental Quality</i>	0	0	0	53,725,400
<i>Fish &amp; Game Mitigation Funds</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,433,400</u>
<b>Total Market Value of Investments</b>	<b>\$1,936,322,200</b>	<b>\$2,124,990,600</b>	<b>\$2,453,744,800</b>	<b>\$2,539,097,200</b>

\*Excludes Capitol Permanent Fund

\*\*Transferred to the oversight of the Public Employees Retirement System of Idaho on July 1, 2014.

**Part II – Performance Measures**

Performance Measure/Benchmark	2012	2013	2014	2015	4-Year Avg.	
<b>1. RETURN VS. BENCHMARK (net of fees):</b>						
<b>A. LAND GRANT ENDOWMENT FUND</b>	<b>Total Return</b>	<b>0.6%</b>	<b>13.9%</b>	<b>18.4%</b>	<b>2.6%</b>	<b>8.6%</b>
	Benchmark	1.3%	12.8%	18.0%	3.1%	8.6%
	<b>Excess</b>	<b>-0.7%</b>	<b>1.1%</b>	<b>0.4%</b>	<b>-0.5%</b>	<b>0.0%</b>
<i>Exceed benchmark (49% Russell 3000, 21% MSCI EAFE, 30% Barclays Capital Aggregate) on a risk-adjusted basis</i>						
<b>B. STATE INSURANCE FUND</b>	<b>Total Return</b>	<b>6.2%</b>	<b>1.7%</b>	<b>6.0%</b>	<b>1.8%</b>	<b>3.9%</b>
	Benchmark	5.0%	1.8%	5.7%	1.6%	3.5%
	<b>Excess</b>	<b>1.2%</b>	<b>-0.1%</b>	<b>0.3%</b>	<b>0.2</b>	<b>0.4%</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>						
<b>2. RETURN VS. PEERS (gross of fees):</b>						
<b>A. LAND GRANT ENDOWMENT FUND</b>	<b>Total Return</b>	<b>1.0%</b>	<b>14.4%</b>	<b>18.8%</b>	<b>3.0%</b>	<b>9.0%</b>
	Endowment/Foundation Universe median	0.8%	12.1%	15.6%	2.3%	7.5%
	<b>Excess</b>	<b>0.2%</b>	<b>2.3%</b>	<b>3.2%</b>	<b>0.7%</b>	<b>1.5%</b>
<i>Exceed the median of peers on a risk adjusted basis</i>						
<b>B. LAND GRANT ENDOWMENT FUND - Total Return</b>		<b>1.0%</b>	<b>14.4%</b>	<b>18.8%</b>	<b>3.0%</b>	<b>9.0%</b>
	Public Funds Universe median	1.2%	12.0%	16.1%	3.2%	7.9%
	<b>Excess</b>	<b>-0.2%</b>	<b>2.4%</b>	<b>2.7%</b>	<b>-0.2%</b>	<b>1.1%</b>
<i>Exceed the median of peers on a risk-adjusted basis</i>						

Performance Measure/Benchmark	2012	2013	2014	2015	4-Year Avg.
<b>3. GROWTH IN CORPUS:</b>					
<i>A. Land Grant Endowment: growth in Permanent funds to exceed the rate of inflation and population growth</i>					
Annual growth in corpus	1.8%	11.8%	15.6%	3.9%	8.1%
Annual rate of Inflation	2.9%	1.6%	1.6%	0.7%	1.7%
Annual population growth	0.8%	1.1%	1.4%	1.6%	1.2%
<b>Excess</b>	<b>-1.9%</b>	<b>9.1%</b>	<b>12.6%</b>	<b>1.6%</b>	<b>5.2%</b>
<i>B. Ritter Island Endowment Fund: growth in corpus in excess of the rate of inflation over a five-year period</i>					
Five-year growth in corpus				3.8%	
Five-year rate of Inflation				1.8%	
<b>Excess</b>				<b>2.0%</b>	
<i>C. Trail of the Coeur d'Alenes Endowment Fund: growth in corpus in excess of the rate of inflation over a five-year period.</i>					
Five-year growth in corpus				1.2%	
Five-year rate of Inflation				1.8%	
<b>Excess</b>				<b>-0.6%</b>	
<b>4. CHANGE IN DISTRIBUTIONS TO LAND GRANT BENEFICIARIES:</b>					
	\$ 46.4 M	\$ 47.5 M	\$ 48.8 M	\$ 52.1 M	2016 \$ 56.5 M (est.)
					2017 \$ 63.2 M (est.)
<i>A. No reduction in the total Endowment Distribution</i>					
<i>B. Land Grant Endowment Earnings Reserves at least 500% of next year's approved distribution</i>					
Number of endowments below 500%	Four	One	One	Zero	--
<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>					
Change in Distribution*	2.9%	2.7%	4.3%	6.3%	
Inflation	1.8%	1.8%	1.8%	1.7%	
Population growth	1.1%	1.1%	1.3%	1.4%	
<b>Excess</b>	<b>0.0%</b>	<b>-0.2%</b>	<b>1.2%</b>	<b>3.2%</b>	

**For More Information Contact**

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