



Semi-Annual Report to the Board of Land Commissioners

From the Endowment Fund
Investment Board

May 19, 2009

Mission

Endowment Fund Investment Board

Provide professional investment management services to our stakeholders consistent with our constitutional and statutory mandates.

Endowment Fund Investment Board

Endowment responsibilities

- Determine investment policy
 - Asset mix
 - Allowed and prohibited investments
- Recommend allocation of Earnings Reserve (i.e. Distribution Policy) to the Land Board
- Select and monitor investment managers, consultants and custodian
- Select and direct staff

Who is the Endowment Fund Investment Board?

- Nine members, appointed by the Governor, confirmed by the Senate
 - One Senator, one representative
 - One professional educator
 - Six members of the public familiar with financial matters
- Meets at least quarterly
- Full-time staff of four

Endowment Fund Investment Board members

**Dean
Buffington**

**Partner,
investment firm**



Gavin Gee

**Director, Dept.
of Finance**

Max Black

**Retired
Insurance
agent,
legislator**



Endowment Fund Investment Board members (page 2)

Vaughn Heinrich

**Retired Supt. Of
Vallivue School
District**



**Tom
Kealey**

**Business-
man,
investor,
former MK
CFO**

**Sue
Simmons
Financial
Planner,
former
Administrator,
Trans. Dept.**



Endowment Fund Investment Board members (page 3)

**Richelle
Sugiyama**

**Investment
Officer, PERSI**



**John
Taylor**

**Insurance
company
executive**

**Chuck
Winder**

**Senator,
Businessman,
former Transp.
Board member**



Financial Summary

Nine Months Fiscal Year-to-Date 2009

Compared to the previous year end:

- Total fund balances decreased \$302 million, or 27%, to \$823 million
- Earnings reserve balances decreased \$45 million, or 24%, to \$146 million

Receipts from endowment lands for the first nine months declined to \$59 million, a 15% decrease over the same period of FY2008

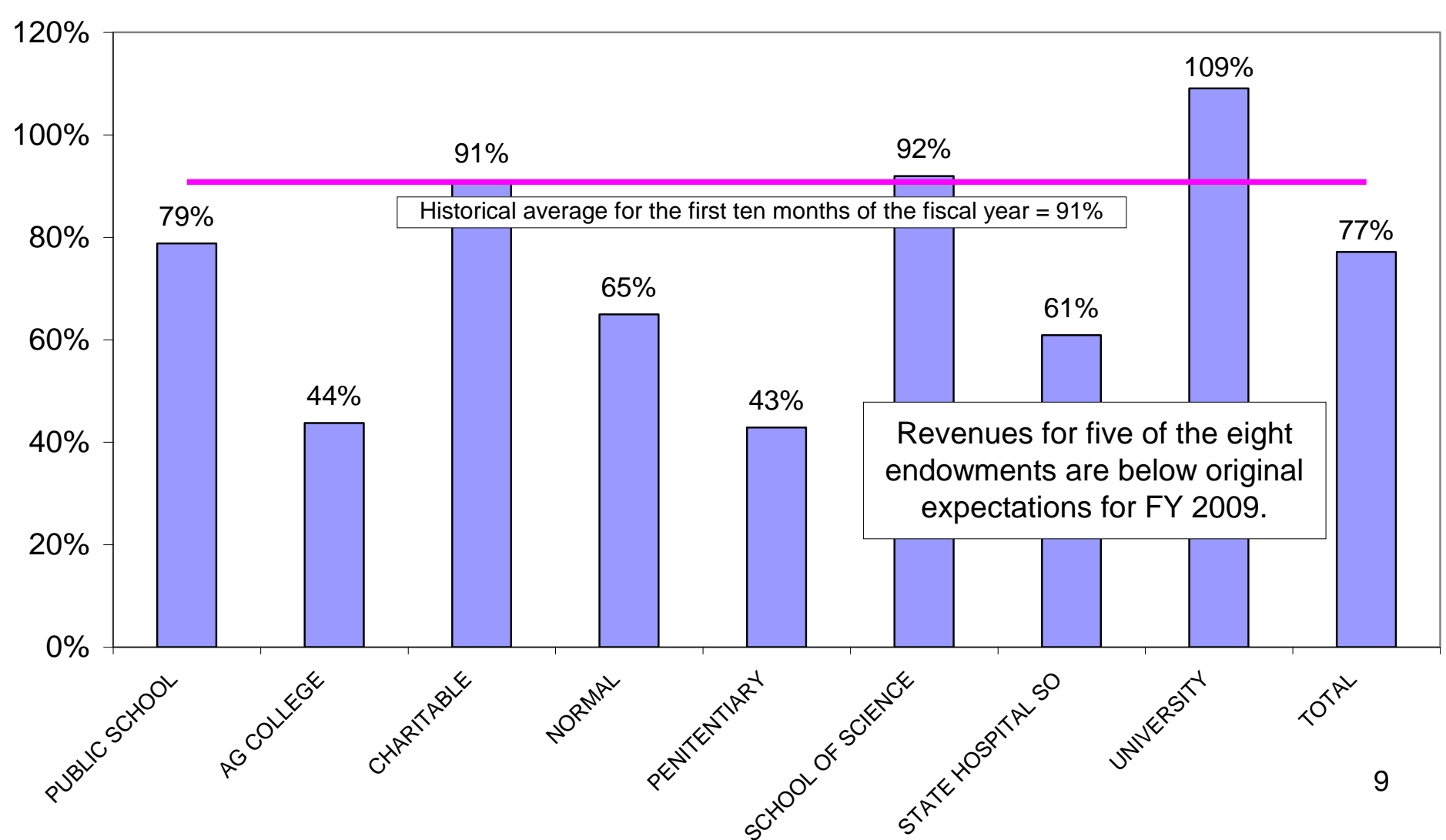
Total investment return, net of fees, was (27.3%) for the first nine months and 0.2% annualized for the last five years. This is 50 basis points ahead of benchmark for the first nine months and 130 ahead for the last five years.

FY2009 financial statements of the endowment funds will be distributed to the Land Board in October and the results of the independent audit presented at the November meeting.

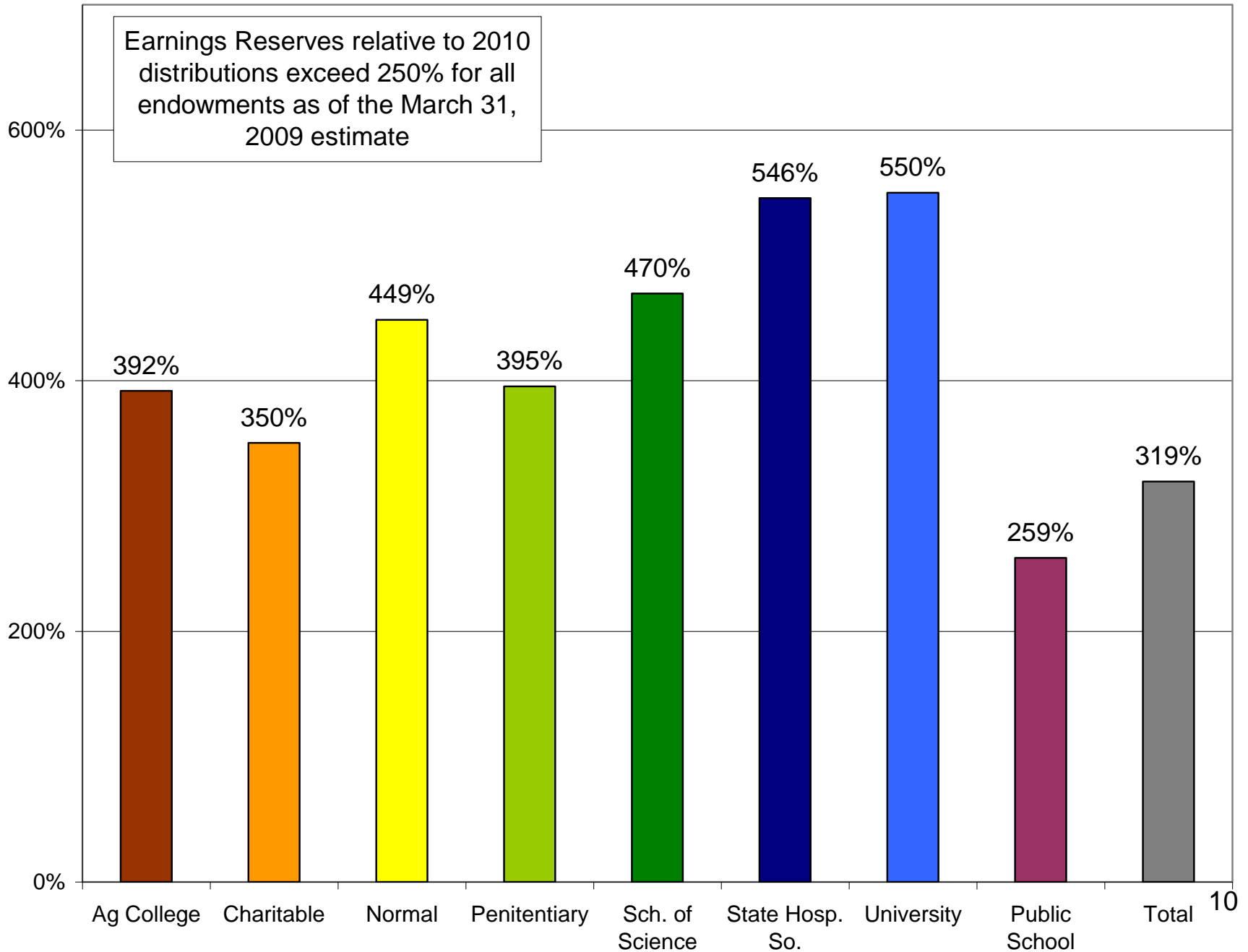
YTD Land Revenues As % Of Forecast*

Fiscal Year Thru April 2009

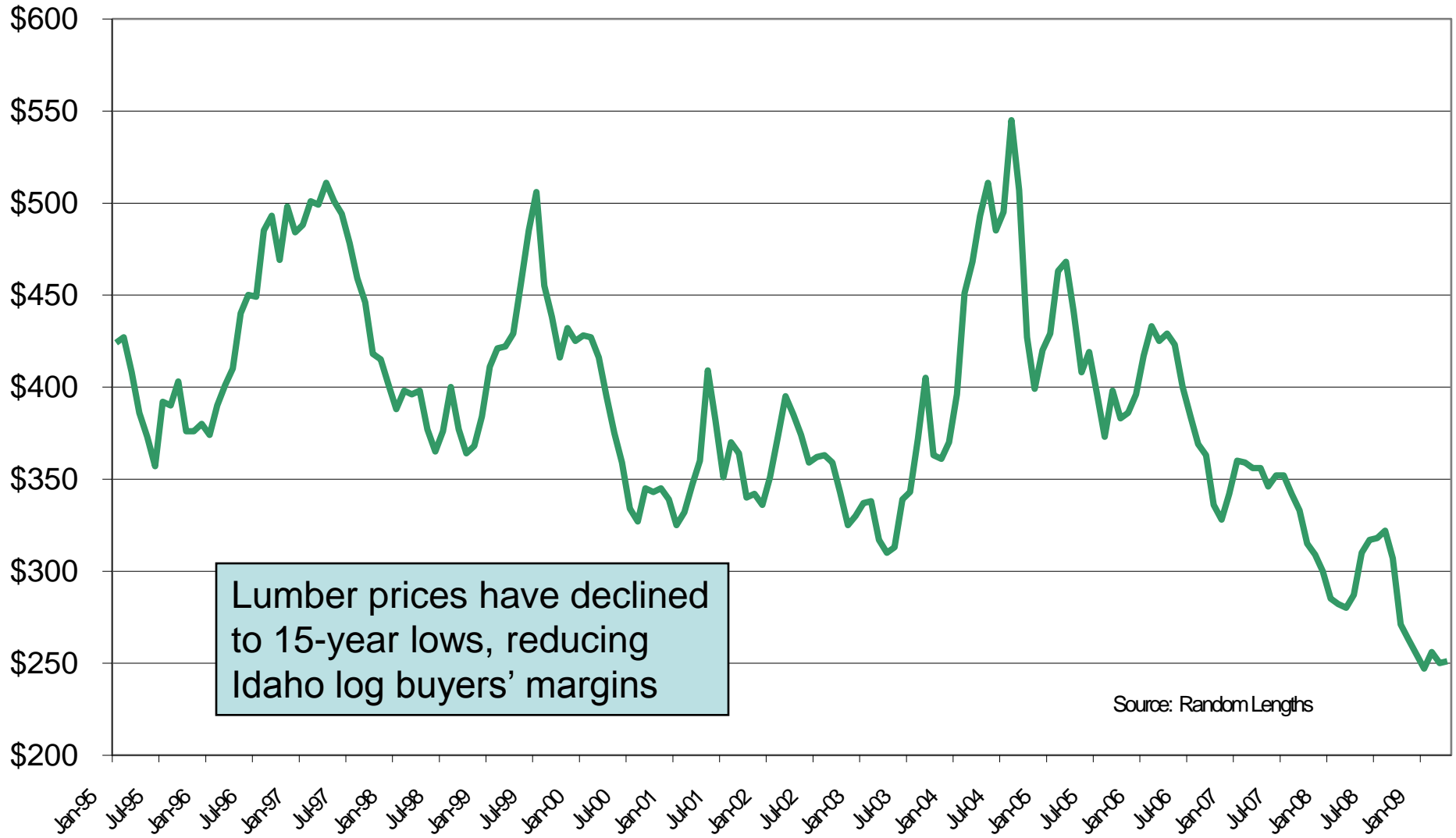
*Original August '08 forecast. Revised December '08 forecast update reduced revenues 7%



Coverage Ratio March 31, 2009



Inland Lumber Price 1995 Thru April 2009 (\$/MBF)



Lumber prices have declined to 15-year lows, reducing Idaho log buyers' margins

Source: Random Lengths