



Land Board adds oversight of investment decisions

December 17, 2013

(BOISE) - The State Board of Land Commissioners (Land Board) voted this morning to **add significant independent, third-party oversight and guidance to the Idaho Department of Lands (IDL) in its investment recommendations** involving State endowment trust lands.

The Board also directed IDL to **cease consideration of any acquisition** other than for the purposes of obtaining access to or consolidating ownership of existing endowment lands until a "comprehensive strategy review" of investment decisions is complete.

The additional monitoring and review standards will take at least 12 months to fully implement.

The Board's action is rooted in a report and recommendations presented by R.M. (Bob) Maynard, a leading member of the original endowment reform effort of the late 1990s and early 2000s. In September, the Land Board requested a progress report on how well endowment reform has been implemented. The goal of endowment reform was to shift from managing the lands and the funds they generate separately, and instead manage the trust as a whole in order to provide a more predictable and increasing stream of revenue to public schools and other financial beneficiaries of the lands. It took the form of legislative and constitutional changes, along with the development of new policies and plans for management of land assets.

Maynard highlighted areas in which favorable progress has been made to meet the goal of endowment reform, particularly in timber management, the remarkable performance of the Endowment Fund Investment Board (EFIB) to increase financial earnings on investments of land revenues, and others. In fact, the Endowment Fund's return for the last five years ranked number 1 among the 68 large foundations and endowments tracked by Mellon Trust and exceeded those of the endowment funds of Harvard, Yale and Stanford.

Maynard also pointed out ways in which the State could further improve upon the goals of endowment reform, particularly in providing outside expert monitoring of IDL recommendations on land exchanges and other acquisitions before they come to the Land Board for consideration.

[Read Maynard's full 15-page report here.](#)

As a result of the Board's decision, the following actions will take place:

- > A new Land Board Subcommittee on Endowment Fund Investment Governance Strategy will be established to recommend to the full Land Board a new governance structure for decisions that warrant outside expert review
- > EFIB will recommend an outside expert - an independent third-party consultant - to perform a "comprehensive strategy review" of the endowment trust
- > IDL will discontinue consideration of any acquisition other than for the purposes of obtaining access to or consolidating ownership of existing endowment lands until the "comprehensive strategy review" of investment decisions is complete
- > EFIB and IDL will jointly report to the Land Board twice a year on the status of implementing the recommendations and observations of Maynard's endowment reform progress report
- > EFIB will consult with the State Treasurer and provide recommendations to the Land Board on the optimal investment of endowment assets while they are held in the Land Bank, a fund that holds monies from the sale of state endowment trust lands for a period of time

The Land Board is comprised of five constitutional officers - Idaho's governor, attorney general, secretary of state, state controller, and superintendent of public instruction. The Land Board is the constitutionally designated body of trustees that oversee the management of millions of acres of state endowment trust lands that were granted to Idaho at statehood for the purpose of generating "long-term maximum financial returns" to public schools and other beneficiaries of the trust. The IDL is the state agency that handles the daily management of the lands and carries out the directives of the Land Board.

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News media contact:

Emily Callihan, Public Information Officer
(208) 334-0236 or ecallihan@idl.idaho.gov

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