



## Fiscal Year 2015 an exceptional year for Idaho's endowments

July 30, 2015

(BOISE) - Managers of Idaho's endowment lands ended Fiscal Year 2015 with exceptional performances, and the endowment fund showed positive returns.

The Idaho Department of Lands generated **\$124 million from the use and sale of endowment lands** in the fiscal year ended June 30, 2015. Approximately \$39.5 million came from the sale of cottage sites, lots on the shores and upland of Priest Lake in northern Idaho and Payette Lake in west central Idaho. The revenue goes into funds that support Idaho's public school system, higher education, State hospitals for the mentally ill, State veterans homes, the Capitol Commission, Idaho School for the Deaf and Blind, and Idaho's juvenile corrections system and prison system.

The Idaho Endowment Fund Investment Board (EFIB) manages the investment of the land revenues. The EFIB had modest performance in FY15, earning a three percent return. **Assets are now \$1.8 billion. The fund's balance grew by approximately \$100 million over the last twelve months,** which includes revenue from land sales.

The fund's average annual return has been 12 percent

### Endowment Land Management Highlights from FY15:

**COTTAGE SITES:** To date, Idaho has sold 127 or almost one-fourth of its cottage site lots at Priest Lake and Payette Lake, and the Land Board approved a plan to auction more than 180 lots at both lakes over three years. The plan will result in the divestiture of approximately two-thirds of the State owned cottage sites by the end of 2017. [Read more.](#) Over the next couple of months IDL will auction 70 more leased and unleased lots at Priest Lake and Payette Lake that are expected to transition to private ownership.

**TIMBER:** More than 277 million board feet of timber valued at \$68.2 million were harvested on Idaho endowment lands in FY15. Reforestation and other expenses bring the net income from endowment forest management for FY15 to \$49 million. The harvest level was above average but isn't record breaking like the last two years when large salvage sales from fire and insect damage elevated the amount of timber harvested on endowment forests. Fortunately, higher average timber prices in FY15 enabled revenue to stay strong.

**GRAZING:** IDL spent most of the fiscal year engaging industry and the public in discussions related to a draft Grazing Program Business Plan. The final document was presented to the Land Board in May 2015. A subcommittee of Land Board members is expected to start work reviewing the grazing rate formula in the remainder of 2015. [Read more.](#)

**OIL AND GAS:** IDL auctioned more oil and gas leases on State owned lands and minerals in FY15, and another oil and gas lease auction is planned for this fall. To date, IDL manages 434 oil and gas leases that cover approximately 70,000 acres.

**SAGE GROUSE:** The Land Board adopted a plan to conserve sage grouse habitat on endowment range lands while ensuring the lands can still be utilized to maximize long term financial

over the last five years and 7.8 percent over the last ten years.

In addition, the fund's returns have modestly outpaced a passive index benchmark with the same asset mix target (70 percent equities or stocks and 30 percent fixed income or bonds). Relative to both public fund and endowment fund peers, Idaho was near average in the last year but in the top 20 percent over the last three, five, and 10 year periods ended June 2015.

Strong returns from both the land and the fund over the past five years permitted the Land Board to commit to higher future distributions to beneficiaries: \$56.5 million in FY16, up almost 9 percent from FY15.

returns to public schools and other beneficiaries in accordance with the Idaho Constitution. [Read more.](#) The plan is being considered as the U.S. Fish and Wildlife Service works toward making a decision on whether to list the species under the Endangered Species Act.

**NEW DIRECTION:** The Land Board approved a bundle of recommendations that enable its members to make better, more informed investment decisions and improve accountability, transparency, and oversight of those decisions. The Land Board retained a general investment consultant and recently approved the hiring of an advisor to put together a long-term plan to divest of most of the Idaho commercial buildings owned by the endowments. [Read more.](#)

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#### Idaho Endowment Fund Return History

| Fiscal Year Ended June 30                                 |               |                |                |                |                |                 |
|---|---------------|----------------|----------------|----------------|----------------|-----------------|
| <u>2015</u>   | <u>2014</u>   | <u>2013</u>    | <u>2012</u>    | <u>2011</u>    | <u>2010</u>    | <u>2009</u>     |
| 3.0%  | 18.8%         | 14.4%          | 1.0%           | 24.6%          | 15.8%          | -18.0%          |
| Cumulative Average Annual Returns for Years Ended June 30 |               |                |                |                |                |                 |
|   | <u>1 Year</u> | <u>2 Years</u> | <u>3 Years</u> | <u>5 Years</u> | <u>7 Years</u> | <u>10 Years</u> |
| Idaho Fund  | 3.0%          | 10.6%          | 11.8%          | 12.0%          | 7.7%           | 7.8%            |
| Benchmark*  | 3.1%          | 10.3%          | 11.2%          | 11.3%          | 6.9%           | 6.6%            |

\* The Benchmark is the return of market indexes with the same asset mix as the Endowment Fund. Both Fund and Benchmark returns are before investment management fees

**Total Endowment Fund Assets  
By Quarter -- June 2000 Thru June 2015**



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