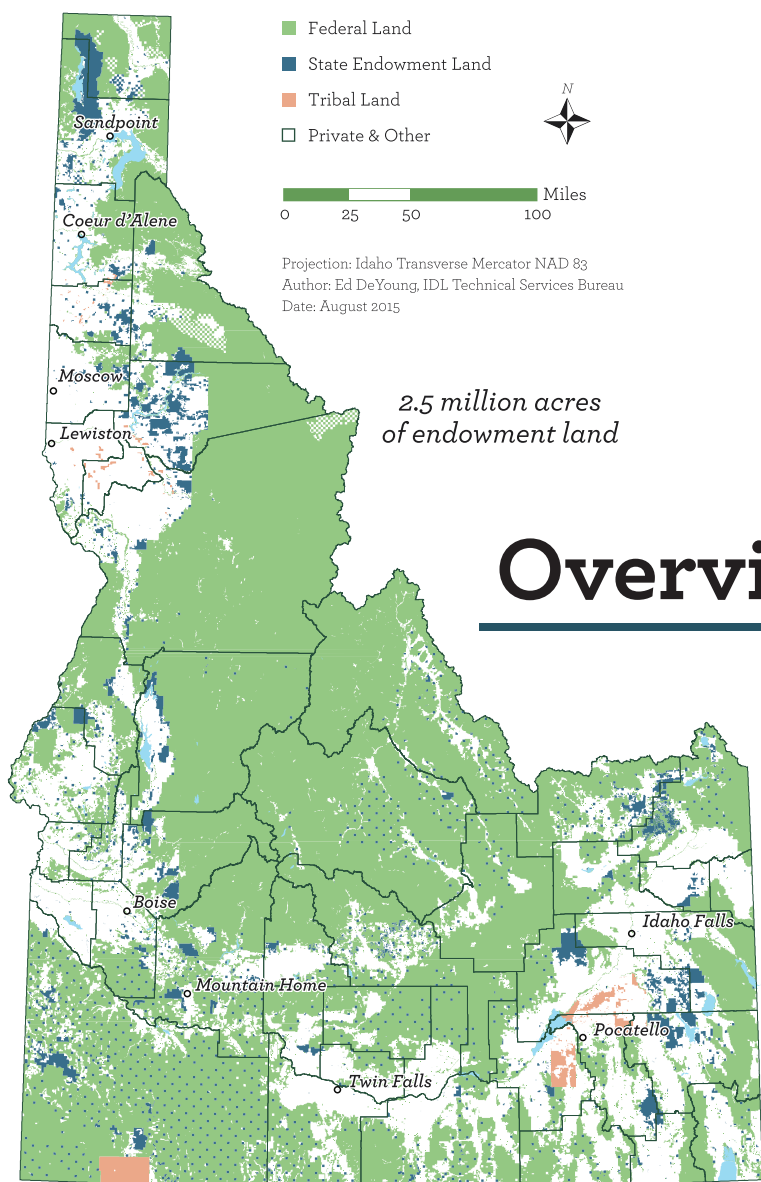


Idaho Land Grant Endowment

A Report to the Citizens – 2019

LAND OWNERSHIP & MANAGEMENT



IDAHO ENDOWMENT TRUST MISSION STATEMENT

Provide a perpetual stream of income to the beneficiaries by: maximizing long-term financial return at a prudent level of risk; providing relatively stable and predictable distributions; constraining distributions to protect future generations' purchasing power; and maintaining sufficient liquidity for anticipated expenditures.

Overview of Trust Assets

When Idaho became the 43rd state in 1890, the Congress of the United States endowed certain lands to be used to generate income for education and other purposes. At statehood, 3.6 million acres of land were granted to the state by the federal government and **2.5 million** acres remain. Certain proceeds from the sale of land and reinvested income have been accumulated in the endowment fund, which totaled **\$2.3 billion** as of June 30, 2019.

Per the Idaho Constitution, the State Board of Land Commissioners (**Land Board**) oversees the state's endowment assets. The Land Board is comprised of five elected officials: Idaho's Governor, Secretary of State, Attorney General, Superintendent of Public Instruction and State Controller. Under the direction of the Land Board, endowment lands are managed by the **Idaho Department of Lands** and the funds are managed by the **Endowment Fund Investment Board**, nine members appointed by the Governor and confirmed by the Senate.

ENDOWMENT GOVERNANCE: IDAHO LAND BOARD



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The Beneficiaries

Endowment assets are assigned by law to specific beneficiaries and income from those assets can only be spent for the support of those beneficiaries.

ENDOWMENT OWNERSHIP FY 2019

\$ in millions

BY ENDOWMENT	ACRES	PERMANENT FUND	EARNING RESERVES	FUND \$ OWNERSHIP
Public School	2,103,130	\$1,068	\$353	\$1,421
Agricultural College	33,527	\$32	\$11	\$43
Charitable Institutions	77,241	\$122	\$43	\$165
Normal School	61,033	\$110	\$41	\$151
Penitentiary	28,915	\$51	\$21	\$72
School of Science	75,498	\$111	\$45	\$156
State Hospital South	35,942	\$93	\$45	\$138
University of Idaho	55,091	\$99	\$38	\$137
Capitol Permanent	7,283	\$33	\$8	\$41
TOTALS	2,477,660	\$1,719	\$605	\$2,324

FY 2019 Endowment Trust Highlights

- Annual net income from endowment land was \$45.0 million.
- 239 million board feet of timber, valued at \$77 million, was harvested on endowment lands. Private contractors and IDL foresters planted 1.64 million trees seedlings on 5,100 acres to keep the forests growing for future generations.
- 59 cottage sites at Priest Lake and Payette Lake were auctioned for \$29 million. Since 2011, approximately \$214 million has been generated from these sales for reinvestment in the fund or additional Idaho land.
- The Land Board approved record distributions of \$80.9 million and \$84.5 million for all endowments in FY 2020 and FY 2021, respectively.
- Relative to both public fund and endowment fund peers, the Fund's investment returns were in the top quartile over the last 5 and 10-year periods.

HARVESTED
\$77 million
of Timber FY19

- Public School Fund – K-12 Education
- Agricultural College Fund – University of Idaho
- Charitable Institutions Fund – Idaho State University, State Juvenile Corrections, State Hospital North, Idaho Veterans Homes and the School for the Deaf & Blind
- Normal School Fund – Idaho State University, Department of Education and Lewis-Clark State College
- Penitentiary Fund – Idaho Department of Correction
- School of Science Fund – University of Idaho
- State Hospital South Fund – Psychiatric Inpatient Care
- University of Idaho Fund – Idaho's Land Grant University
- Capitol Permanent Fund – Capitol building (major maintenance)

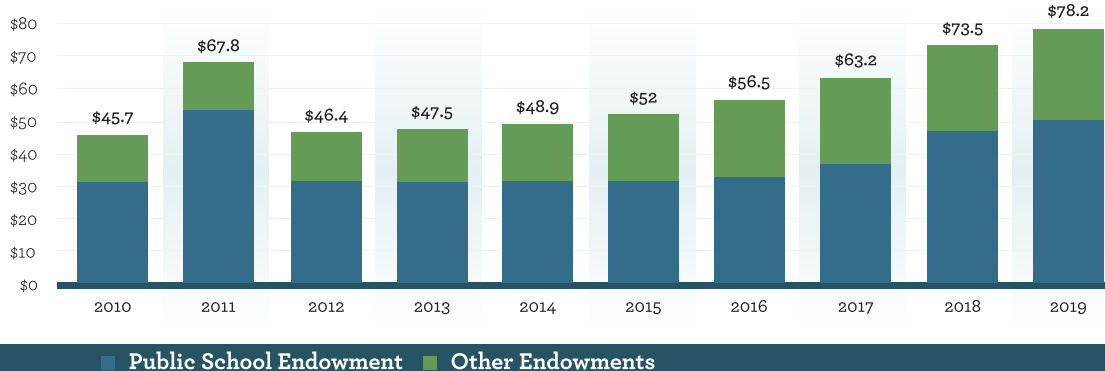
All nine endowment funds are pooled together for investment purposes.

Distributions can only be made from earnings and are determined annually by the Land Board based on permanent fund balances, amount in earnings reserves, and expected future income.

Land Board policy calls for distributions to be raised only when the increase is expected to be sustainable in the future.

HISTORY OF ENDOWMENT DISTRIBUTIONS

\$ in millions



Annual distributions increased by 71% over the last ten years.

10 YEAR TOTAL (millions)

Public School	\$377
Higher Education	\$124
Other	\$79
TOTAL	\$580

Net Land Income

NET LAND INCOME BY ASSET CLASS

BY ASSET CLASS	ACRES	2019*	2018*
Rangeland	1,426,782	\$1.2	\$1.3
Forest	1,030,492	\$43.7	\$43.7
Agriculture	19,093	\$0.2	\$0.2
Commercial	994	\$0.3	\$0.4
Residential	299	(\$0.0)	\$1.2
Other	0	(\$0.4)	(\$0.4)
TOTAL	2,477,660	\$45.0	\$46.4

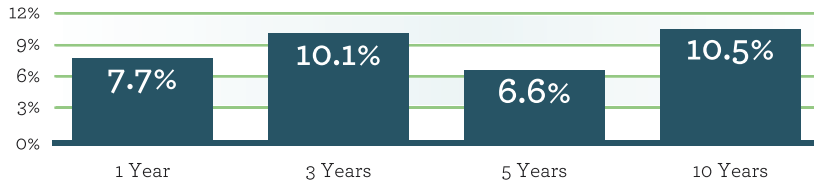
*Net income in \$ millions

Endowment Trust activities are overseen by a staff of 4 employees at the Idaho Endowment Fund Investment Board and a staff of 310 permanent and 231 seasonal/temporary employees at the Department of Lands.

Endowment Fund

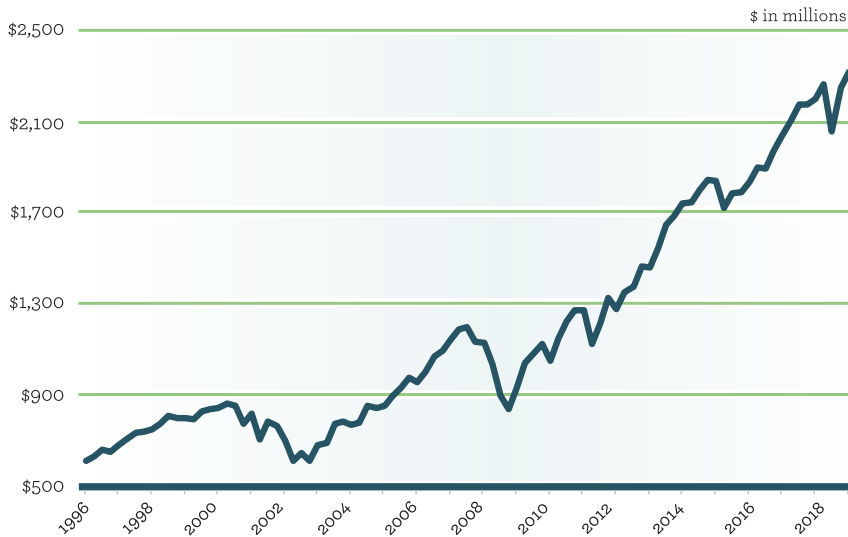
ANNUALIZED FUND RATE OF RETURN FOR YEARS ENDED JUNE 30, 2019

Total return, including market gains and losses. Before annual management fees and administrative expenses of about 0.4%.



ENDOWMENT FUND BALANCE

Total Land Grant Endowment Fund Assets – June 1996 Thru June 2019



INVESTMENT BOARD MEMBERS

M. DEAN BUFFINGTON :: Chairman

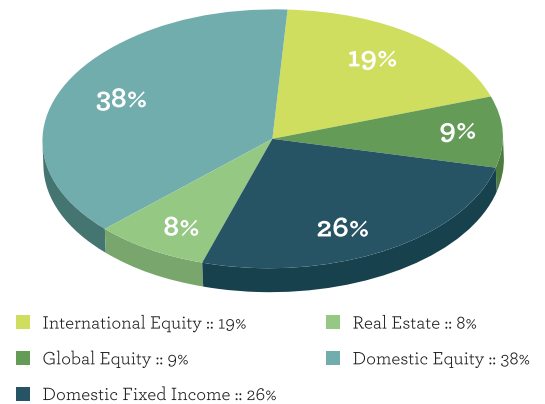
JERRY F. ALDAPE
WARREN R. BAKES
STEVEN HARRIS
IRVING LITTMAN

GARY L. MAHN
RICHELLE A. SUGIYAMA
THOMAS J. WILFORD
CHUCK WINDER

CHRIS J. ANTON :: Manager of Investments

*All Fund assets are managed by
19 outside investment managers.*

ENDOWMENT FUND ASSET MIX



TOTAL VALUE = \$2.3 billion

IDAHO SCHOOL BOND CREDIT ENHANCEMENT PROGRAM



80 SCHOOL DISTRICTS
HAVE PARTICIPATED
IN THE PROGRAM

The EFIB manages the credit enhancement program which is designed to reduce interest rates and borrowing costs on general obligation bonds of Idaho school districts. The lower interest rates are achieved by obtaining higher credit ratings. The Public School Endowment Fund provides a non-cancellable commitment to provide a loan to make a bond

payment in the unlikely event the school district and state is unable to.

80 school districts have issued over **\$1.6 billion** in bonds including **\$83 million** in FY 2019. **\$655.4 million** in outstanding bonds are currently protected by the program. It is estimated that the program will save school districts **\$4.6 million**.