

LAND BOARD

ENDOWMENT BOARD

Land Trust
Land Department

Financial Trust
Board Staff

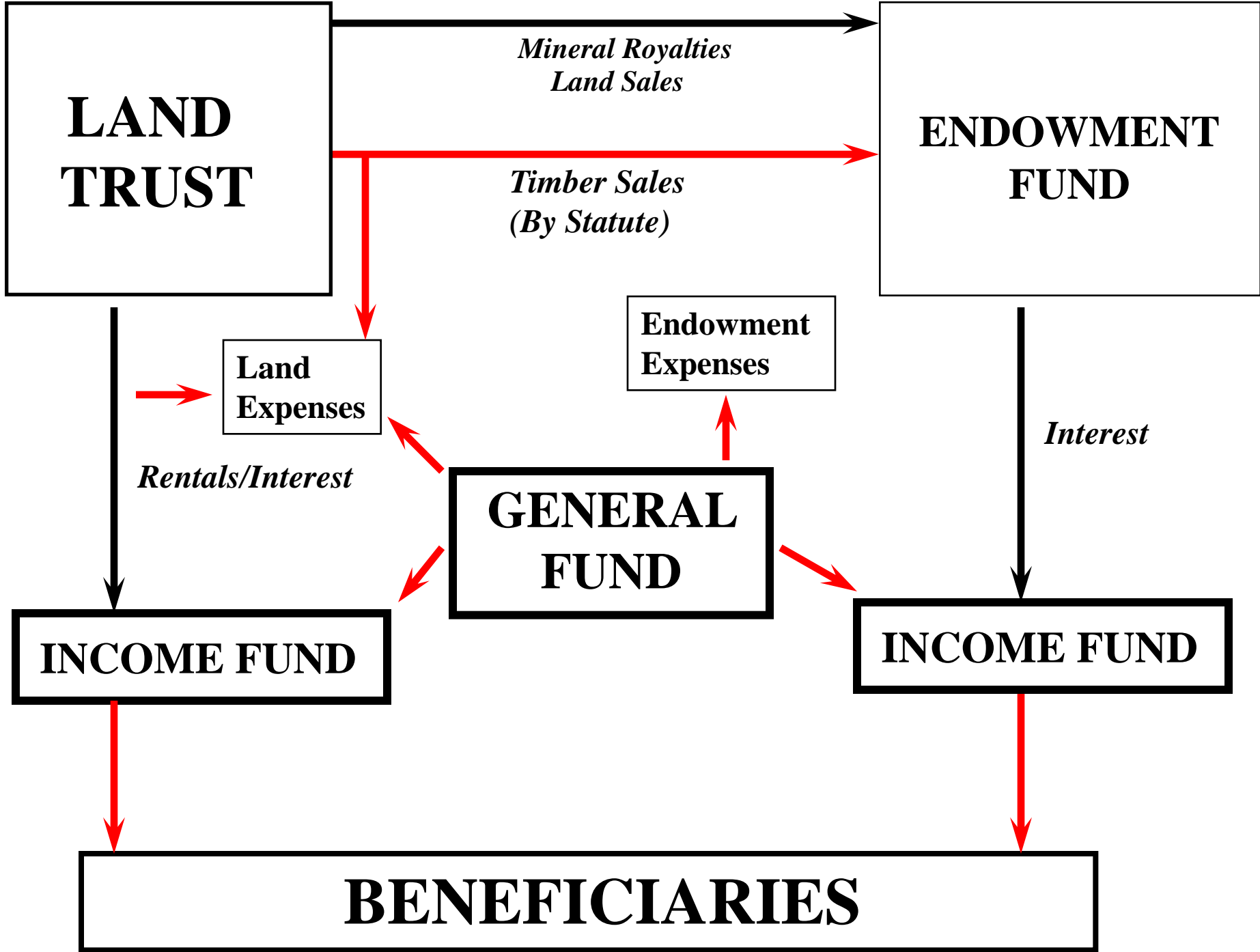
Timber

Cottage
Sites

Cropland
Grazing Land

Minerals,
etc.

Endowment



LAND TRUST

2.5 million acres

Distribution of Acres

Commercial Timberland	- 32.7%
Non-Commercial Timber	- 9.1%
Recreation and Cottage	- 0.1%
Grazing and Cropland	- 59.1%

\$2.7 Billion

ENDOWMENT FUND

Government Bonds	--	36.5%
Agency	--	15.5%
Convertibles	--	14.1%
Corporate Bonds	--	13.7%
Mortgages	--	10.0%
Cash and Other	--	10.3%

\$585 Million

\$55.5 Million



Timber Sales
Mineral Royalties
Land Sales

Rentals
\$11.5 million



Interest
\$35.9 million



BENEFICIARIES

Public School	Ag. College	Charitable Inst.
Normal School	Science School	Hospital South
University	Public Building	Penitentiary

TOTAL VALUE - \$3.3 Billion

TOTAL DISTRIBUTED - \$47.4 Million

PROBLEMS TO ADDRESS

- NO CENTRAL ORGANIZATION
- NO POLICY CONTROL OVER DISTRIBUTIONS OR CASH FLOW
- UNDERPERFORMING ASSETS
 - Endowment Fund
 - Cropland, Grazing Land, Cottage Sites
- LACK OF DIVERSIFICATION, EXPOSURE TO VOLATILITY
- SHORT-TERM ORIENTATION

PROPOSED SOLUTION

- **CENTRALIZE OVERALL TRUST MANAGEMENT**
 - Land Board Policy and Strategy Oversight
 - Endowment Board Report to Land Board
- **EXPAND INVESTMENT FLEXIBILITY**
 - Expand Endowment Beyond Fixed Income
- **EXPAND MANAGEMENT FLEXIBILITY**
 - Create Earnings Reserve As “Shock Absorber”
 - Use Timber Sale Money to Smooth Distributions
 - Create Land Bank for Land Management

LAND BOARD

Strategic Policy

Distribution Policy, Asset Allocation, Investment Policy, Monitoring

Land Trust

(Current Land Department)

Tactical Policy

Timber

Cropland
Grazing Land

Cottage
Sites

Minerals,
etc.

Financial Trust

(Current Endowment Board)

Tactical Policy

Earnings
Reserve

Endowment

Land
Bank

