

Idaho Endowment Trust Management: Asset Management Plan Update

*Managing Our Endowment
Assets Today and...*



*for the Future
of Idaho*

Goal of Endowment Management:

(Prudent Investor Standard of Care, Idaho Code Title 68, Chapter 5)

- ❖ Maximize financial returns over time (proper financial stewardship)
- ❖ Maintain or improve revenue generating capacity of assets (proper land stewardship)
- ❖ Provide a stable and perpetual distribution of income to the trust beneficiaries

What is an asset management plan & why is it important?

- ❖ Document used to ensure assets can be managed, preserved and protected for long-term goals and strategy
- ❖ Defines over-arching beliefs and philosophy about a set of collective investments
- ❖ Includes elements of financial analysis, asset selection (and divestiture), asset allocation (diversification), plan implementation and ongoing monitoring of the investments/assets

General Character of Asset Management Plan Revisions

1. Updates due to ongoing work with other western states to better define asset classifications for comparable analysis
2. Land Board policy changes since original plan adoptions i.e. unify title in the Residential Asset Class
3. General clarification of Land Board asset management and investment philosophy commensurate with its constitutional directive and the Prudent Investor standard of care.

Updates to the plan “Overview” and “Financial Trust Assets” section

❖ **Primarily clarification changes**

Designed to aid reader understanding of asset management philosophy given constitutional directive and trust law.

❖ **“Distribution Policy” language changes**

(page 11)

Reflects Land Board policy change since original plan adoption and demonstrates the fact that each of the 9 trusts is unique in its earning capacity based on asset composition

Updates to the “Land Trust Assets” section

❖ **Primarily clarification changes**

Designed to aid reader understanding of asset management philosophy given constitutional directive and trust law.

❖ **The “Asset Classification and Description” table changes** *(page 17)*

Reflects ongoing work with similar trust managers across the West

Updates to the “Land Trust Assets” section (continued)

❖ **Residential Real Estate Assets** *(page 23)*

Changes reflect the land board desire to unify the cottage site estate and the steps necessary to implement that decision in a business savvy manner

❖ **Commercial Real Estate Assets** *(page 24)*

Designed to aid reader understanding of asset management philosophy given constitutional directive, trust law, etc.

Updates to the “Land Trust Assets” section (continued)

❖ **Recreation** (incidental use)

Removed as an asset class, with continued recognition of its challenges

❖ **Exhibits and Appendices** (pages 35-77)

Updates from previous plan; draft report formats replaced with actual report samples

❖ **Glossary of Terms** (pages 78-82)

Designed to aid reader understanding; definitions sourced from industry standards, case law or Idaho Code

Summary

- ❖ The foundation of the Asset Management Plan is the Land Board's constitutional directive and the Prudent Investor standard of care applicable to all trusts in Idaho.
- ❖ The Asset Management Plan serves as a guideline for day-to-day trust managers to ensure asset protection in perpetuity through management as a whole trust (financial and land trust assets).
- ❖ Secondarily, the Asset Management Plan provides an educational tool to communicate roles and responsibilities to trust beneficiaries, the public, etc.

Questions
