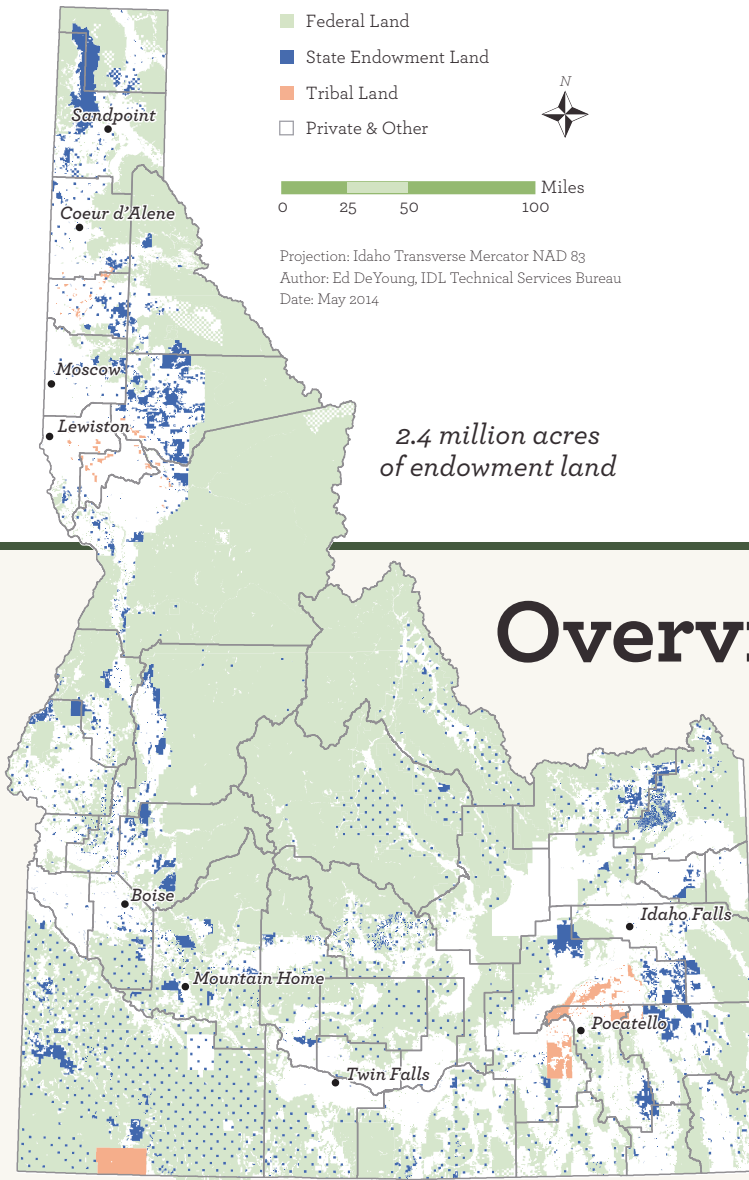


# Idaho Land Grant Endowments

A Report to the Citizens – 2014

## 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; protecting future generations' purchasing power; and providing a relatively stable and predictable payout.*

## Overview of Trust Assets

Endowment assets of the State of Idaho consist of both land and funds. At statehood, 3.6 million acres of land were granted to the state by the federal government and **2.4 million acres** remain. Certain proceeds from the sale of land and reinvested income have been accumulated in the endowment funds, which totaled **\$1.7 billion** as of June, 2014.

The Idaho Board of Land Commissioners oversees the state's endowment assets. 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**.

## ENDOWMENT GOVERNANCE: IDAHO LAND BOARD

C.L. "BUTCH" OTTER  
GOVERNOR OF IDAHO



LAWRENCE WARDEN  
ATTORNEY GENERAL



BRANDON WOOLF  
STATE CONTROLLER



BEN YSURSA  
SECRETARY OF STATE



TOM LUNA  
SUPERVISOR OF PUBLIC INSTRUCTION



TOM SCHULTZ  
DIRECTOR OF IDL - SECRETARY



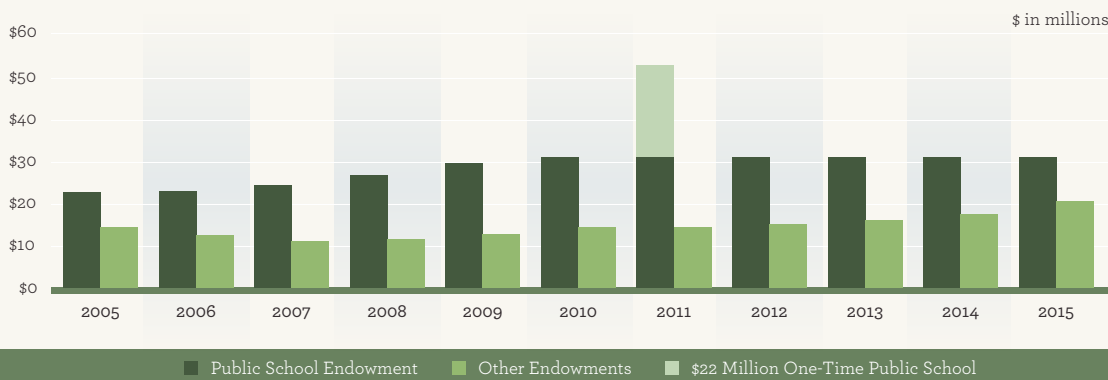
## INSIDE THIS REPORT

- 01 Overview of Trust Assets
- 02 The Beneficiaries, Endowment Fund
- 03 Revenues & Expenses
- 04 Returns & Highlights, Income History

# 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.

## HISTORY OF ENDOWMENT DISTRIBUTIONS



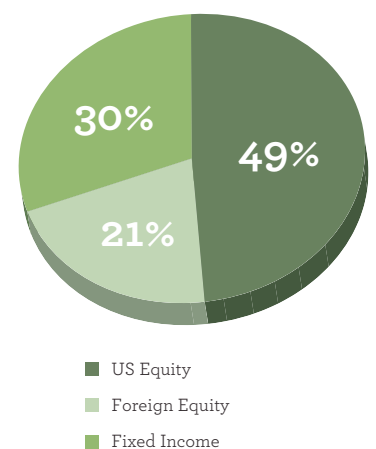
10 YEAR TOTAL (millions)	
Public School	\$337
Higher Education	\$103
Other	\$58
<b>TOTAL</b>	<b>\$498</b>

# Endowment Fund

## ENDOWMENT FUND BALANCE



## ENDOWMENT FUND ASSET TARGET



- Public School Fund - largest endowment beneficiary
- 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
- School of Science Fund - University of Idaho
- State Hospital South Fund

- University of Idaho Fund
- 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.

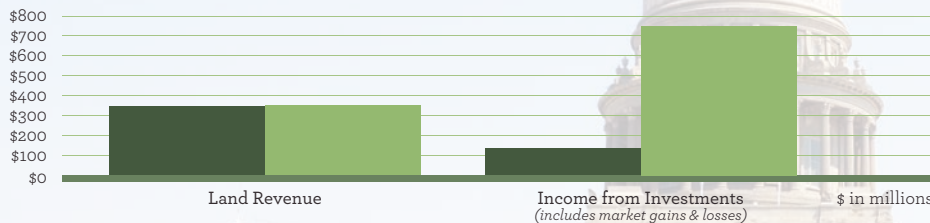
## ENDOWMENT OWNERSHIP FY 2014

\*\$ in millions

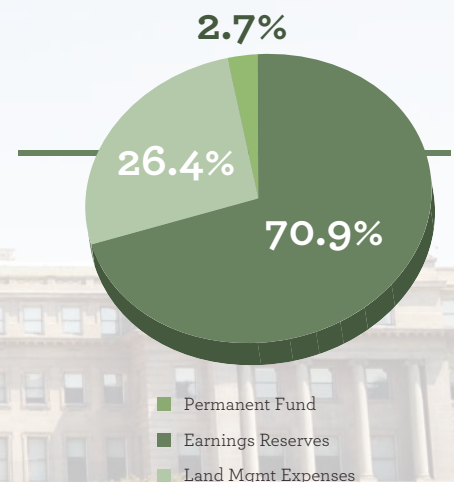
BY ENDOWMENT	ACRES	PERMANENT FUND*	EARNING RESERVES*	FUND \$ OWNERSHIP*
Public School	2,073,094	\$922	\$164	\$1,086
Agricultural College	33,503	\$23	\$12	\$35
Charitable	77,254	\$95	\$29	\$124
Normal School	59,655	\$81	\$23	\$104
Penitentiary	28,908	\$35	\$16	\$51
School of Science	75,490	\$96	\$23	\$119
State Hospital South	31,423	\$55	\$33	\$88
University of Idaho	55,180	\$64	\$42	\$106
Capitol Permanent	7,283	\$28	\$2	\$30
<b>TOTALS</b>	<b>2,441,790</b>	<b>\$1,400</b>	<b>\$345</b>	<b>\$1,744</b>

# Revenues & Expenses (Land & Fund)

## 5 YEAR HISTORY OF LAND REVENUE & INCOME FROM FUND INVESTMENTS



## USES OF LAND REVENUE FY 2014



## LAND INCOME BY ACTIVITY

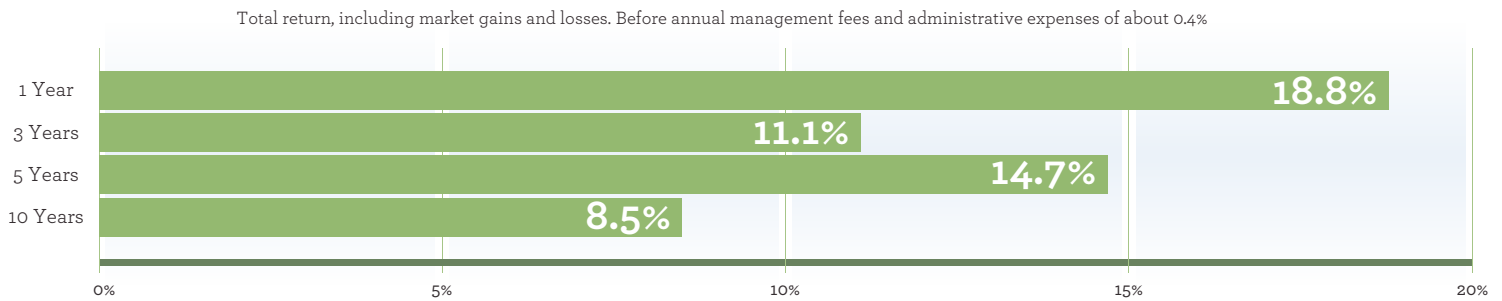
\*\$ in millions

BY ACTIVITY	ACRES	2014 INCOME*	2013 INCOME*
Rangeland	1,411,452	\$0.8	\$0.7
Forest	972,546	\$53.5	\$42.2
Agriculture	16,890	\$0.4	\$0.4
Commercial	15,437	\$3.8	\$1.4
Residential	726	\$4.2	\$5.0
Other	24,738	\$3.2	\$0.3
<b>TOTAL</b>	<b>2,441,789</b>	<b>\$65.9</b>	<b>\$50.0</b>

**FACT:** The construction of the Capitol in the 1920's was funded by the sale of endowment land.

# Returns & Highlights

## ANNUALIZED FUND RATE OF RETURN FOR YEARS ENDED JUNE 30, 2014



### FY 2014 ENDOWMENT TRUST HIGHLIGHTS

- Annual income from endowment land reached a 14-year high of \$66 million (*on record revenues of \$89 million*)
  - Record timber harvest of 347 million board feet, due in part to the response to limit losses from wildfire and insects
  - Public School endowment fund received close to \$1 million for lease of Snake River jump site
  - Cottage sites worth \$12 million were auctioned for private ownership
- Relative to peers, endowment fund returns were in the top 10% over the last two, five and ten year periods (*due in part to a higher commitment to U.S. stocks than most other institutional investors*)
- Land Board suspended plan to increase investment in Idaho commercial real estate and initiated a comprehensive strategy review due for completion in December, 2014

# Income History

■ Land Earnings    - - - Average Land  
■ Fund Earnings    - - - Average Fund

## ENDOWMENT INCOME 2005-2014 LAND AND FUND (NET OF EXPENSES)

