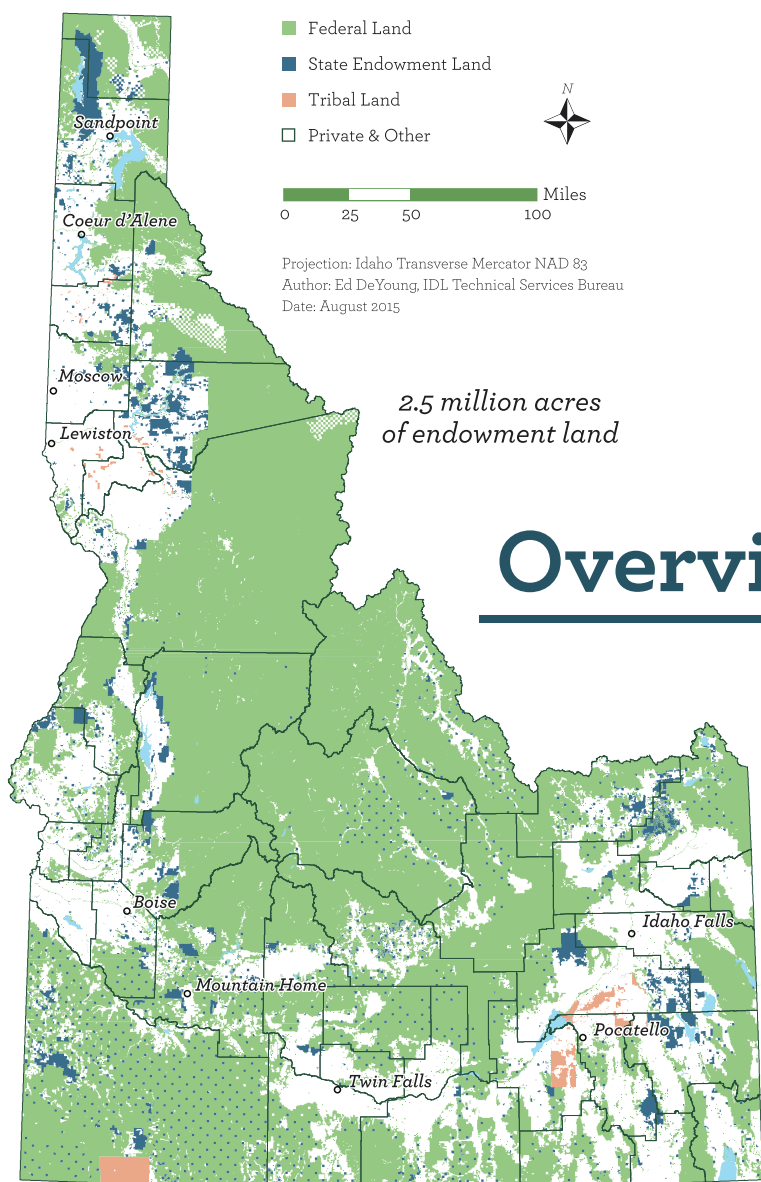


Idaho Land Grant Endowment

A Report to the Citizens – 2021

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 \$3.1 billion as of June 30, 2021.

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 endowment fund is managed by the Endowment Fund Investment Board, consisting of nine members appointed by the Governor and confirmed by the Senate.

ENDOWMENT GOVERNANCE: IDAHO LAND BOARD



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- 02 The Beneficiaries Trust Highlights
- 03 Distributions Net Land Income
- 04 Endowment Fund

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 2021

\$ in millions

BY ENDOWMENT	ACRES	PERMANENT FUND	EARNING RESERVES	FUND \$ OWNERSHIP
Public School	2,103,036	\$1,173	\$708	\$1,881
Agricultural College	33,527	\$37	\$24	\$61
Charitable Institutions	77,245	\$131	\$87	\$218
Normal School	61,021	\$131	\$81	\$212
Penitentiary	28,915	\$56	\$43	\$99
School of Science	75,493	\$123	\$86	\$209
State Hospital South	35,941	\$108	\$83	\$191
University of Idaho	55,091	\$108	\$76	\$184
Capitol Permanent	7,283	\$42	\$10	\$52
TOTALS	2,477,552	\$1,909	\$1,198	\$3,107

FY 2021 Endowment Trust Highlights

- Annual net income from endowment land was \$60.4 million.
- 302 million board feet of timber, valued at \$80 million, was harvested on endowment lands. Private contractors and IDL foresters planted 2.0 million tree seedlings on 5,238 acres to keep the forests growing for future generations.
- 18 cottage sites at Priest Lake were auctioned for \$12 million. Since 2011, approximately \$244 million has been generated from these sales for reinvestment in the fund or additional Idaho land.
- The Land Board approved record distributions of \$88.1 million and \$100.3 million for all endowments in FY 2022 and FY 2023, respectively.
- The Fund's investment returns were in the top 11th percentile relative to peers over the last 10-year period.

HARVESTED
\$80 million
 of **Timber** FY21

- 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)

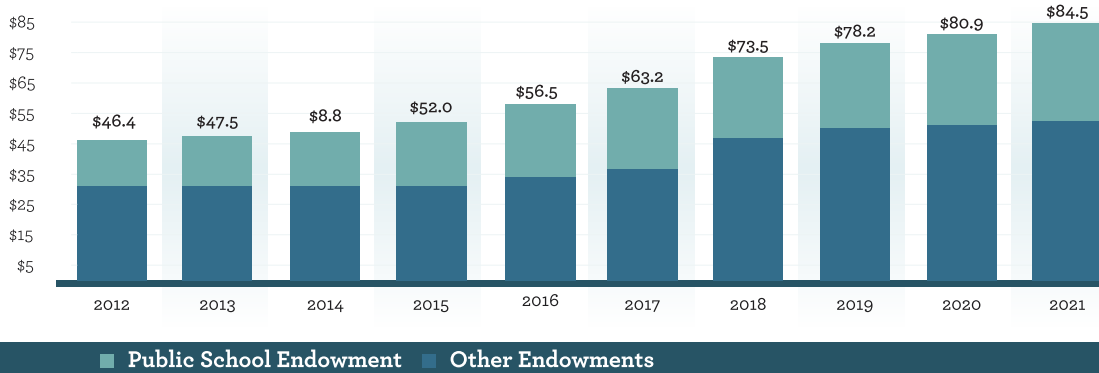
All nine endowment funds are pooled together for investment purposes.

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 82% over the last ten years.

10 YEAR TOTAL (millions)

Public School	\$396
Higher Education	\$141
Other	\$95
TOTAL	\$632

Net Land Income

NET LAND INCOME BY ASSET CLASS

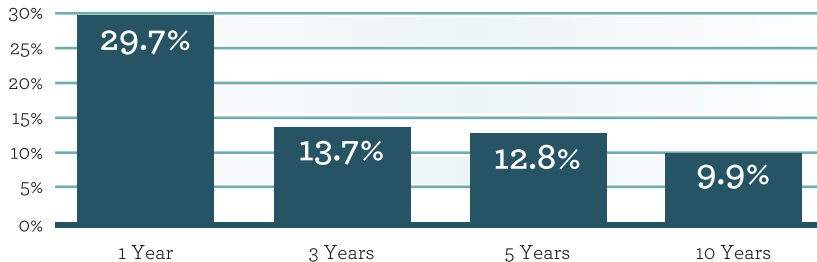
BY ASSET CLASS	ACRES	2021 INCOME*	2020 INCOME*
Rangeland	1,426,758	\$0.7	\$1.2
Forest	1,030,469	\$59.7	\$46.5
Agriculture	19,093	\$0.3	\$0.2
Commercial	988	\$0.3	\$0.5
Residential	244	\$0.0	(\$0.3)
Other	0	(\$0.6)	(\$0.6)
TOTAL	2,477,552	\$60.4	\$47.5

*Net income in \$ millions

Endowment Trust activities are overseen by a staff of approximately 326 permanent and 285 seasonal/temporary employees at the Department of Lands and a staff of 4 employees at the Idaho Endowment Fund Investment Board.

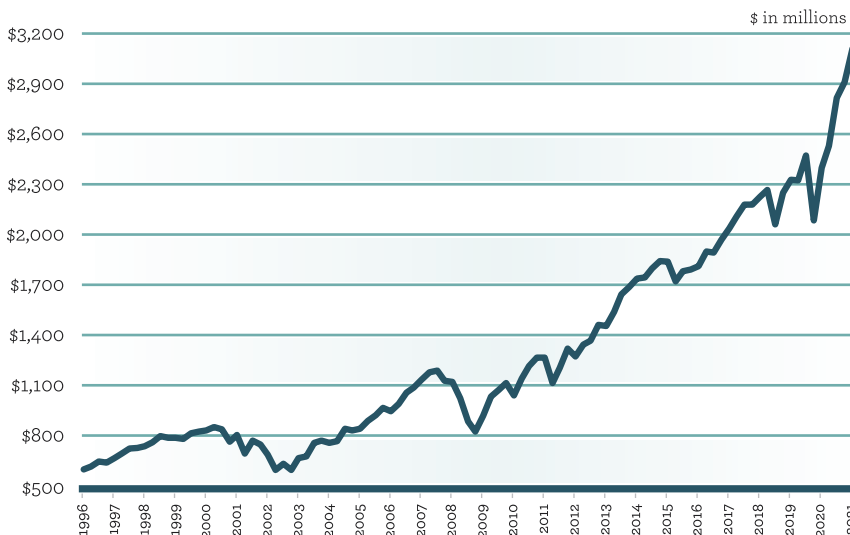
Endowment Fund

ANNUALIZED RETURNS FOR THE PERIODS ENDED JUNE 30, 2021



ENDOWMENT FUND BALANCE

Total Land Grant Endowment Fund Assets – June 1996 Thru June 2021



INVESTMENT BOARD MEMBERS

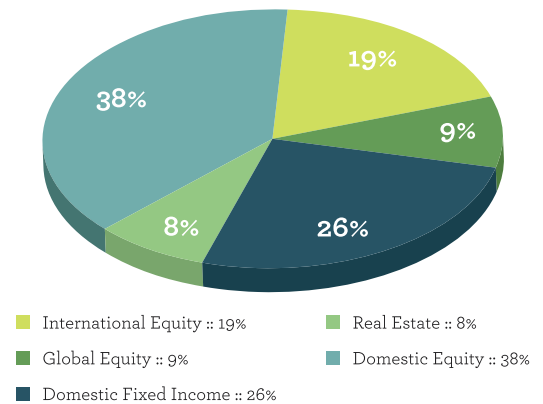
THOMAS J. WILFORD :: Chairman

JERRY F. ALDAPE	ROBERT M. DONALDSON, PhD
JOSEPH FORNEY	STEVEN HARRIS
IRVING LITTMAN	RICHELLE A. SUGIYAMA
BRIAN YEARGAIN	CHUCK WINDER

CHRIS J. ANTON :: Manager of Investments

All Fund assets are managed by 18 outside investment managers.

ENDOWMENT FUND ASSET MIX



TOTAL VALUE = \$3.1 billion

IDAHO SCHOOL BOND CREDIT ENHANCEMENT PROGRAM



59 SCHOOL DISTRICTS
HAVE PARTICIPATED
IN THE PROGRAM

On July 1, 2002, the State of Idaho launched the Credit Enhancement Program to support school district bond financing. The Credit Enhancement Program allows eligible voter-approved school bonds to be issued with a AAA rating, which is above the State's AA+ rating. The enhanced credit rating lowers

borrowing costs for Idaho school districts. EFIB has committed to provide credit enhancement on up to \$1.2 billion in school bonds, with a limit of \$40 million per school district. As of June 30, 2021, there were 59 school districts participating in the program and \$608.1 million in bonds outstanding.