

## State Board of Land Commissioners Open Meeting Checklist

Meeting Date: May 16, 2023

### Regular Meetings

5/4/2023	Meeting Notice posted in prominent place in IDL's Boise Director's office five (5) or more calendar days before meeting.
5/4/2023	Meeting Notice posted in prominent place in IDL's Coeur d'Alene staff office five (5) or more calendar days before meeting.
5/4/2023	Meeting Notice posted in prominent place at meeting location five (5) or more calendar days before meeting.
5/4/2023	Meeting Notice published on Townhall Idaho website <a href="https://townhall.idaho.gov">https://townhall.idaho.gov</a> five (5) or more calendar days before meeting.
5/4/2023	Meeting Notice posted electronically on IDL's public website <a href="https://www.idl.idaho.gov">https://www.idl.idaho.gov</a> five (5) or more calendar days before meeting.
5/12/2023	Revised Agenda posted in prominent place in IDL's Boise Director's office forty-eight (48) hours before meeting.
5/12/2023	Revised Agenda posted in prominent place in IDL's Coeur d'Alene staff office forty-eight (48) hours before meeting.
5/12/2023	Revised Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
5/12/2023	Revised Agenda published on Townhall Idaho website <a href="https://townhall.idaho.gov">https://townhall.idaho.gov</a> forty-eight (48) hours before meeting.
5/12/2023	Revised Agenda posted electronically on IDL's public website <a href="https://www.idl.idaho.gov">https://www.idl.idaho.gov</a> forty-eight (48) hours before meeting.
1/3/2023	Land Board annual meeting schedule posted – Boise Director's office, Coeur d'Alene staff office, and IDL's public website <a href="https://www.idl.idaho.gov">https://www.idl.idaho.gov</a> .

### Special Meetings

	Meeting Notice and Agenda posted in a prominent place in IDL's Boise Director's office twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted in a prominent place in IDL's Coeur d'Alene staff office twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted at meeting location twenty-four (24) hours before meeting.
	Meeting Notice and Agenda published on Townhall Idaho website <a href="https://townhall.idaho.gov">https://townhall.idaho.gov</a> twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted electronically on IDL's public website <a href="https://www.idl.idaho.gov">https://www.idl.idaho.gov</a> twenty-four (24) hours before meeting.
	Emergency situation exists – no advance Meeting Notice or Agenda needed. "Emergency" defined in Idaho Code § 74-204(2).

### Executive Sessions *(If only an Executive Session will be held)*

	Meeting Notice and Agenda posted in IDL's Boise Director's office twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted in IDL's Coeur d'Alene staff office twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted at meeting location twenty-four (24) hours before meeting.
	Meeting Notice and Agenda published on Townhall Idaho website <a href="https://townhall.idaho.gov">https://townhall.idaho.gov</a> twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted electronically on IDL's public website <a href="https://www.idl.idaho.gov">https://www.idl.idaho.gov</a> twenty-four (24) hours before meeting.
	Notice contains reason for the executive session and the applicable provision of Idaho Code § 74-206 that authorizes the executive session.

  
Recording Secretary

May 12, 2023

Date



## Idaho State Board of Land Commissioners

Brad Little, Governor and President of the Board

Phil McGrane, Secretary of State

Raúl R. Labrador, Attorney General

Brandon D Woolf, State Controller

Debbie Critchfield, Superintendent of Public Instruction

Dustin T. Miller, Secretary to the Board

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# NOTICE OF PUBLIC MEETING MAY 2023

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, May 16, 2023 in the **State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W. Jefferson St., Boise**. The meeting is scheduled to begin at 9:00 AM (Mountain).

*Please note location.*

**The State Board of Land Commissioners will conduct this meeting in person and by virtual means. This meeting is open to the public. No public comment will be taken.**

Meeting will be streamed live via IPTV: <https://www.idahoptv.org/shows/idahoinsession/>

Members of the public may register to attend the Zoom webinar through this link:  
[https://idl.zoom.us/webinar/register/WN\\_Ezjv0IJas12Dw-YoWGz34w](https://idl.zoom.us/webinar/register/WN_Ezjv0IJas12Dw-YoWGz34w)

First Notice Posted: 5/4/2023-IDL Boise; 5/4/2023-IDL CDA

This notice is published pursuant to Idaho Code § 74-204. For additional information regarding Idaho's Open Meeting law, please see Idaho Code §§ 74-201 through 74-208.

Idaho Department of Lands, 300 N 6th Street, Suite 103, Boise ID 83702, 208.334.0242



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State Board of Land Commissioners Regular Meeting

May 16, 2023 – 9:00 AM (MT)

Revised Final Agenda

Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W. Jefferson St., Boise, Idaho

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### **1. Department Report** – Presented by Dustin Miller, Director

#### **Trust Land Revenue**

- A. Timber Sales – April 2023
- B. Leases and Permits – April 2023

#### **Status Updates**

- C. Pre-Season Fire Brief

### **2. Endowment Fund Investment Board** – Presented by Tom Wilford, EFIB Chairman, and Chris Anton, EFIB Manager of Investments

- A. Manager's Report
- B. Investment Report
- C. Semi-Annual Report

### **Consent—Action Item(s)**

### **3. Greer Access Site Surplus Property (Idaho Fish & Game)** – Presented by Zane Lathim, Program Specialist-Real Estate

### **4. Results of April 12, 2023 Crop Lease Live Auction** – Presented by Addie Faust, Program Manager-Natural Resources Leasing

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State Board of Land Commissioners

Final Agenda-v0512

Regular Meeting – May 16, 2023

Page 1 of 2

5. **Forest Legacy—South Dawson Conservation Easement** – *Presented by Archie Gray, Bureau Chief-Forestry Assistance*

6. **Approval of Draft Minutes** – April 18, 2023 Regular Meeting (Boise)

**Regular—Action Item(s)**

7. **Old Penitentiary MOU** – *Presented by Bill Haagenon, Deputy Director*

**Information**

None

**Executive Session**

None

The logo for the Idaho Department of Lands is centered on the page. It features a stylized mountain range in shades of green and yellow, with a central blue diamond shape. A horizontal banner with rounded ends is overlaid across the middle of the logo, containing the text "IDAHO DEPARTMENT OF LANDS" in white, uppercase letters.

IDAHO DEPARTMENT OF LANDS



# Idaho Statutes

Idaho Statutes are updated to the web July 1 following the legislative session.

TITLE 74  
TRANSPARENT AND ETHICAL GOVERNMENT  
CHAPTER 2  
OPEN MEETINGS LAW

74-206. EXECUTIVE SESSIONS – WHEN AUTHORIZED. (1) An executive session at which members of the public are excluded may be held, but only for the purposes and only in the manner set forth in this section. The motion to go into executive session shall identify the specific subsections of this section that authorize the executive session. There shall be a roll call vote on the motion and the vote shall be recorded in the minutes. An executive session shall be authorized by a two-thirds (2/3) vote of the governing body. An executive session may be held:

(a) To consider hiring a public officer, employee, staff member or individual agent, wherein the respective qualities of individuals are to be evaluated in order to fill a particular vacancy or need. This paragraph does not apply to filling a vacancy in an elective office or deliberations about staffing needs in general;

(b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student;

(c) To acquire an interest in real property not owned by a public agency;

(d) To consider records that are exempt from disclosure as provided in chapter 1, title 74, Idaho Code;

(e) To consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations;

(f) To communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. The mere presence of legal counsel at an executive session does not satisfy this requirement;

(g) By the commission of pardons and parole, as provided by law;

(h) By the custody review board of the Idaho department of juvenile corrections, as provided by law;

(i) To engage in communications with a representative of the public agency's risk manager or insurance provider to discuss the adjustment of a pending claim or prevention of a claim imminently likely to be filed. The mere presence of a representative of the public agency's risk manager or insurance provider at an executive session does not satisfy this requirement; or

(j) To consider labor contract matters authorized under section 74-206A (1) (a) and (b), Idaho Code.

(2) The exceptions to the general policy in favor of open meetings stated in this section shall be narrowly construed. It shall be a violation of this chapter to change the subject within the executive session to one not identified within the motion to enter the executive session or to any topic for which an executive session is not provided.

(3) No executive session may be held for the purpose of taking any final action or making any final decision.

(4) If the governing board of a public school district, charter district, or public charter school has vacancies such that fewer than two-thirds (2/3) of board members have been seated, then the board may enter into executive session on a simple roll call majority vote.

History:

[74-206, added 2015, ch. 140, sec. 5, p. 371; am. 2015, ch. 271, sec. 1, p. 1125; am. 2018, ch. 169, sec. 25, p. 377; am. 2019, ch. 114, sec. 1, p. 439.]

## STATE BOARD OF LAND COMMISSIONERS

May 16, 2023  
Trust Land Revenue

### Timber Sales

During April 2023, the Department of Lands sold eight endowment timber sales at auction. Five sales had competitive bidding. The net sale value represents a 25% up bid over the appraised value.

TIMBER SALE AUCTIONS								
Sale Name	Area	Sawlog MBF	Cedar Prod MBF	Pulp MBF	Appraised Net Value	Sale Net Value	Net \$/MBF	Purchaser
Snake 36	CLW	9,835			\$ 1,686,286.00	\$ 2,345,205.00	\$238.46	IFG Timber LLC
Independence OSR	MC	2,645			\$ 561,478.00	\$ 563,856.00	\$213.18	IFG Timber LLC
White Cedar	CLW	4,775			\$ 1,375,746.50	\$ 1,375,746.50	\$288.11	Stella-Jones.
Upper Twentymile	POL	3,820			\$ 1,162,357.00	\$ 1,162,357.00	\$304.28	IFG Timber LLC
Coolin OSR Cedar	PL	2,275			\$ 780,542.00	\$ 780,542.00	\$343.10	IFG Timber LLC
High Valley	SWI	7,120			\$ 684,261.50	\$ 1,059,965.10	\$148.87	Woodgrain Inc
Golden Cedar	SJ	6,670			\$ 1,661,320.50	\$ 2,409,410.00	\$361.23	Stella-Jones
Goldilogs	SJ	3,825	45		\$ 1,013,662.00	\$ 1,438,942.75	\$371.82	Stimson Lumber
<b>Endowment</b>		<b>40,965</b>	<b>45</b>		<b>\$ 8,925,653.50</b>	<b>\$11,136,024.35</b>	<b>\$271.54</b>	

PROPOSED TIMBER SALES FOR AUCTION				
Sale Name	Volume MBF	Advertised Net Value	Area	Estimated Auction Date
<b>North Operations</b>				
Elk Hyde	6,740	\$ 1,841,888.00	POND	5/10/2023
Moose Drool	2,915	\$ 509,289.50	POND	5/10/2023
Milwaukee Line	10,520	\$ 3,045,903.00	POND	5/10/2023
Hoodoo Valley GNA Ton	10,300	\$ 1,107,121.89	IPNF-GNA	5/30/2023
Poutine Cedar	3,660	\$ 1,344,483.00	POL	5/24/2023
Big Fork Cedar	3,825	\$ 1,591,911.00	POL	5/24/2023
<b>TOTALS</b>	<b>37,960</b>	<b>\$ 9,440,596.39</b>		
<b>South Operations</b>				
Pierce Shanghai OSR Cedar	1,540	\$ 315,508.50	CLWR	5/4/2023
Upper McKinnon	6,435	\$ 882,169.50	CLWR	5/4/2023
Log Cabin Cedar	3,270	\$ 744,478.00	MC	5/8/2023
Mussel Sprouts Cedar	6,775	\$ 1,231,317.00	MC	5/15/2023
Benton West Cedar Salvage	4,090	\$ 650,270.76	CLWR	5/16/2023
Benton Lookout Salvage	1,560	\$ 192,926.50	CLWR	5/16/2023
<b>TOTALS</b>	<b>23,670</b>	<b>\$ 4,016,670.26</b>		

**VOLUME UNDER CONTRACT as of April 30, 2023**

	Public School	Pooled	Total	3 Year Avg.
Active Contracts			<b>157</b>	165
Total Residual MBF Equivalent	359,098	170,899	<b>529,997</b>	559,236
Estimated Residual value	\$100,852,789	\$48,269,180	<b>\$149,121,969</b>	\$139,956,616
Residual Value (\$/MBF)	\$280.85	\$282.44	<b>\$281.36</b>	\$250.26

	TIMBER HARVEST RECEIPTS				
	April		FY to date	May Projected	
	Stumpage	Interest	Harvest Receipts	Stumpage	Interest
<b>Public School</b>	\$ 1,223,343.96	\$ 82,791.18	\$ 41,839,374.20	\$ 87,616.72	\$ 5,935.28
<b>Pooled</b>	\$ 900,486.68	\$ 46,491.69	\$ 28,354,815.49	\$ 53,260.01	\$ 4,014.44
<b>General Fund</b>	\$ 0.52	\$ 0.00	\$ 244.95	\$ 0.52	\$ 0.00
<b>TOTALS</b>	<b>\$ 2,123,831.16</b>	<b>\$ 129,282.87</b>	<b>\$ 70,194,434.64</b>	<b>\$ 140,877.25</b>	<b>\$ 9,949.72</b>

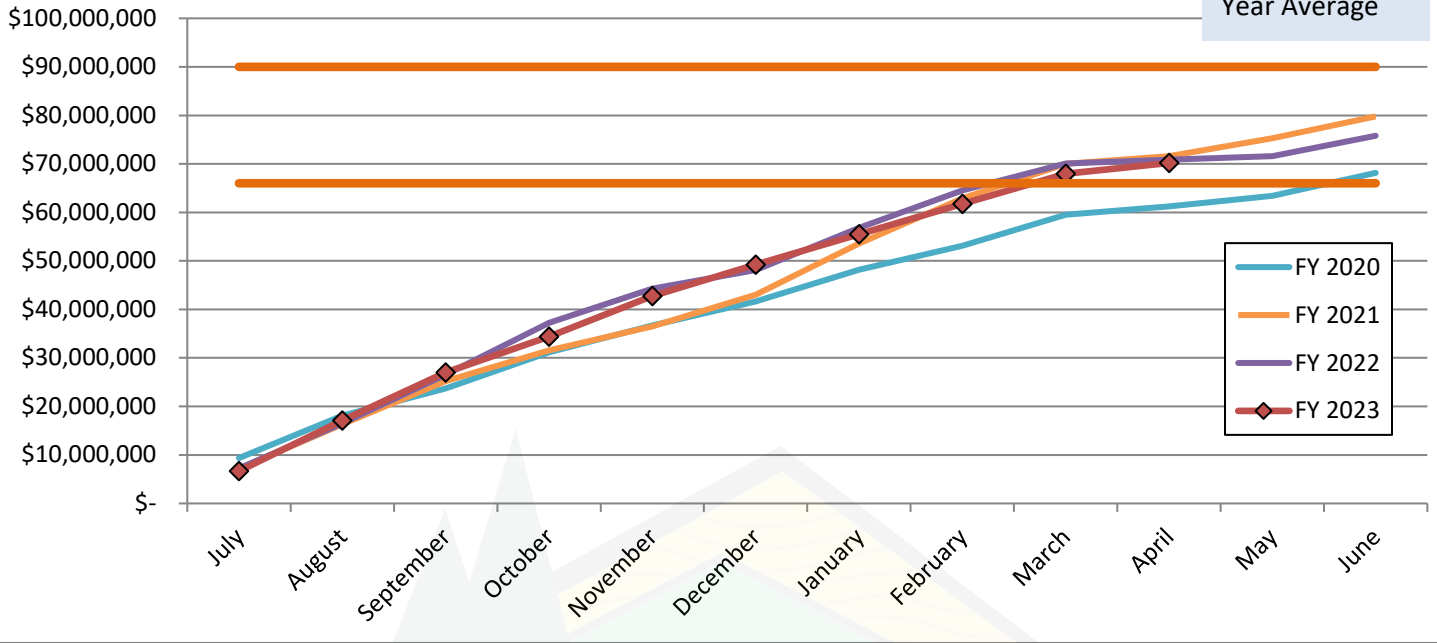
IDAHO DEPARTMENT OF LANDS

	Status of FY2023 Timber Sale Program					
	MBF Sawlog			Number Poles		
	Public School	Pooled	All Endowments	Public School	Pooled	All Endowments
Sold as of April 30, 2023	141,259	56,123	197,382	11,962	2,428	14,390
Currently Advertised	22,464	37,461	59,925	1,800	0	1,800
In Review	43,641	5,549	49,190	7,100	0	7,100
Did Not Sell*	0	0	0	0	0	0
<b>TOTALS</b>	<b>207,364</b>	<b>99,133</b>	<b>306,497</b>	<b>20,862</b>	<b>2,428</b>	<b>23,290</b>
FY2023 Sales Plan			326,000			20,000
Percent to Date			94%			116%

\* After three attempts at auction.

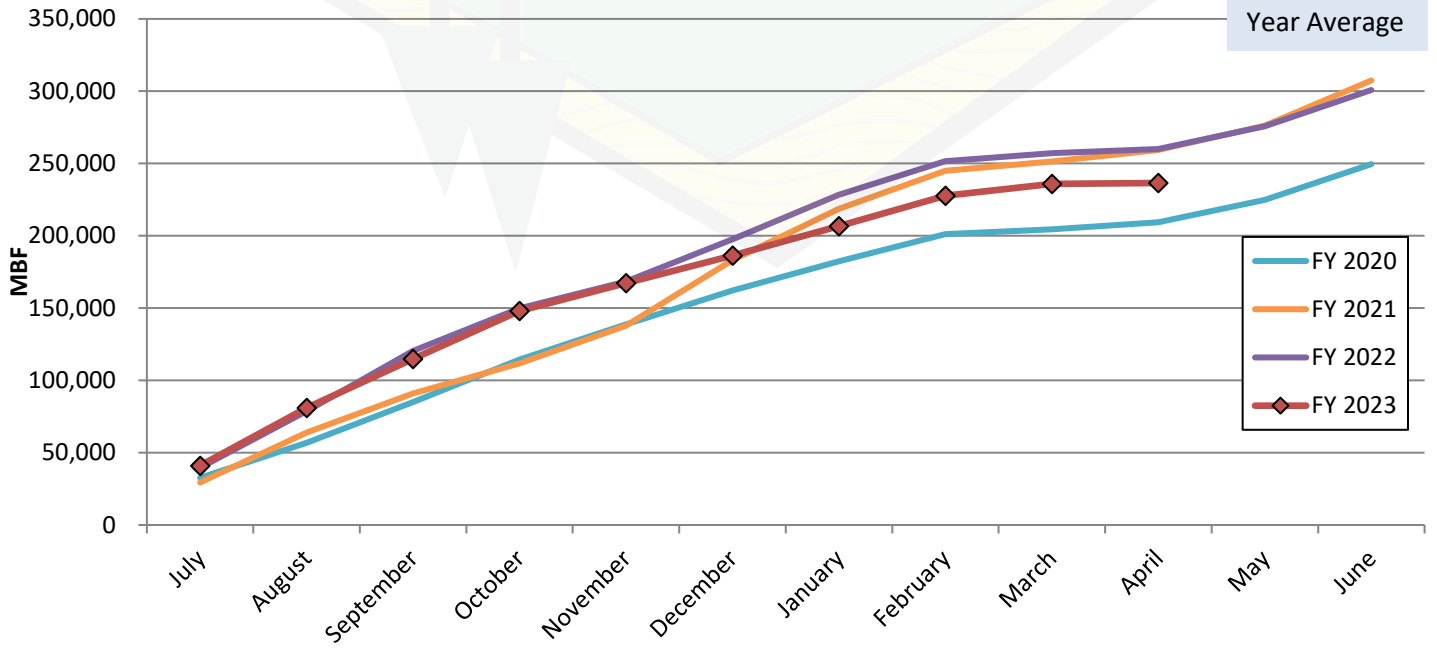
## Cumulative Harvest Receipts

Current FYTD is 103% of 3 Year Average



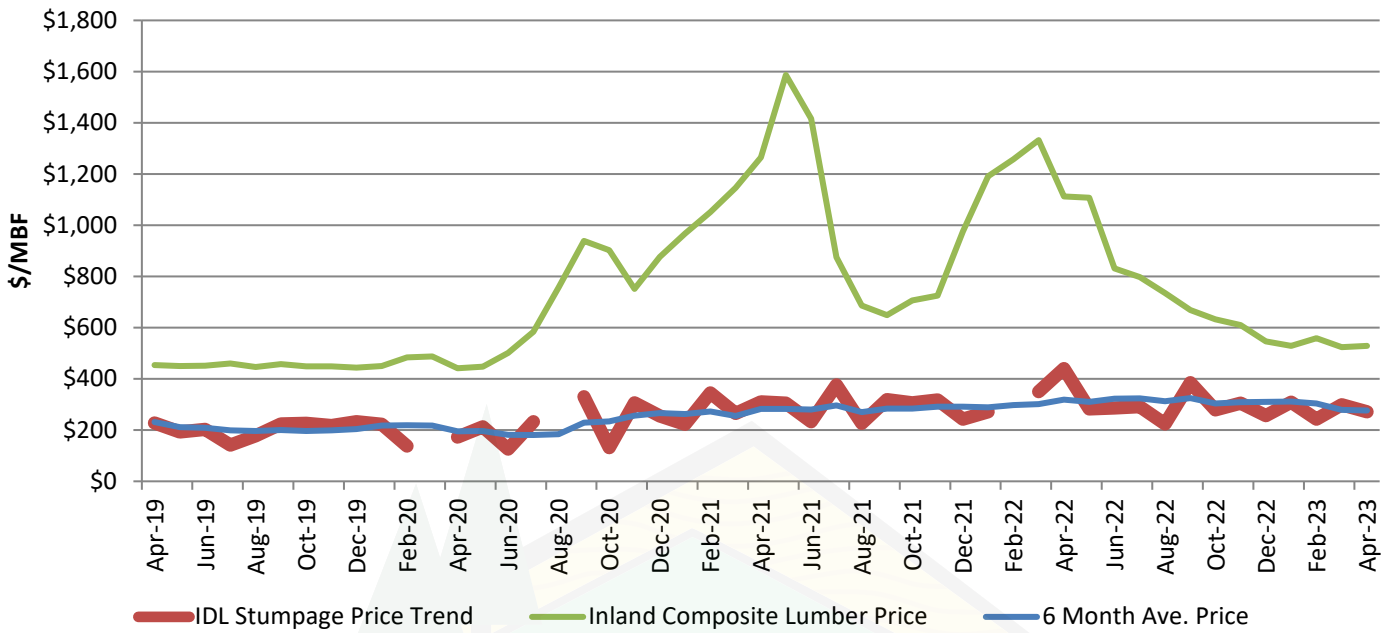
## Cumulative Harvest Volume

Current FYTD is 97% of 3 Year Average





## Monthly Lumber and Stumpage Price



April 2023 6-month average price is \$276.51.

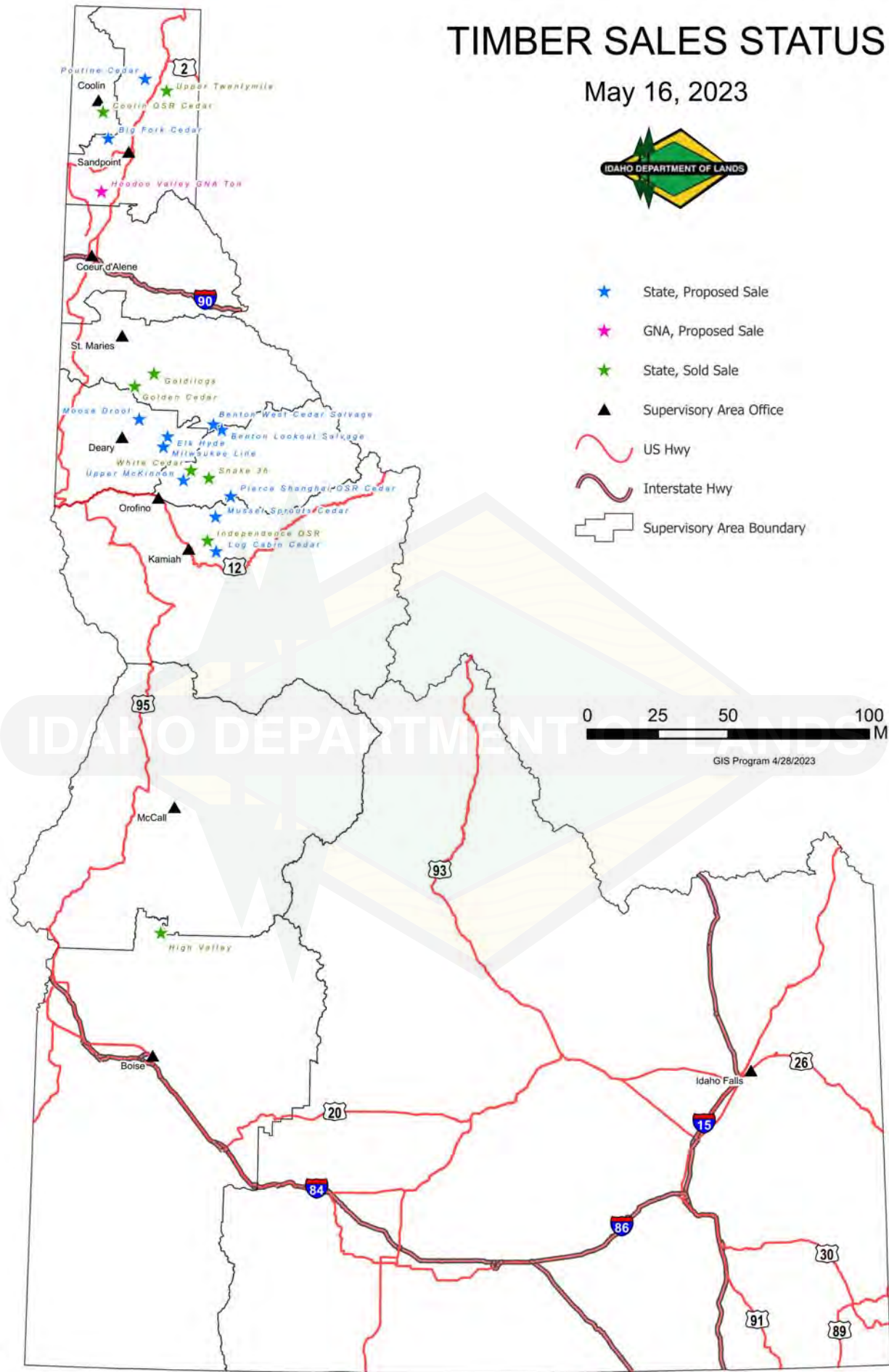
April 2022 6-month average price was \$318.79.

# TIMBER SALES STATUS

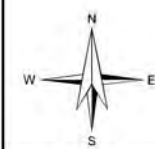
May 16, 2023



- ★ State, Proposed Sale
- ★ GNA, Proposed Sale
- ★ State, Sold Sale
- ▲ Supervisory Area Office
- ~ US Hwy
- ~ Interstate Hwy
- ☐ Supervisory Area Boundary



IDAHO DEPARTMENT OF LANDS  
GIS Program 4/28/2023



**STATE BOARD OF LAND COMMISSIONERS**

May 16, 2023

Endowment Transactions

**Leases and Permits**

<b>FISCAL YEAR 2023 – LEASING &amp; PERMITTING TRANSACTIONS BY MONTH – through April 30, 2023</b>													
<b>ACTIVITY</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>	<b>FYTD</b>
<b>SURFACE</b>													
Agriculture	-	1	-	-	1	-	-	-	1	-			3
<i>Assignments</i>	-	-	-	-	-	-	-	-	-	1			1
Communication Sites	-	-	-	1	-	-	-	1	1	2			5
<i>Assignments</i>	1	2	-	-	-	-	-	-	-	-			3
Grazing	-	-	-	7	1	-	-	3	-	-			11
<i>Assignments</i>	3	2	-	1	-	-	5	2	-	3			16
Residential	-	4	-	1	-	-	-	2	-	-			7
<i>Assignments</i>	-	-	-	-	-	-	-	-	-	-			0
<b>COMMERCIAL</b>													
Alternative Energy	-	-	-	-	1	-	-	-	-	-			1
Industrial	-	-	-	-	-	-	-	7	-	-			7
Military	-	-	-	-	-	-	-	-	-	-			0
Office/Retail	1	-	-	-	-	-	-	-	-	1			2
Recreation	-	-	-	-	-	-	-	1	-	-			1
<b>OTHER</b>													
Conservation	-	-	-	2	-	-	-	-	-	-			2
Geothermal	-	-	-	-	-	-	-	-	-	-			0
Minerals	2	2	1	-	-	-	-	4	1	-			10
<i>Assignments</i>	1	-	-	-	-	-	1	-	-	-			2
Non-Comm Recreation	-	-	-	-	-	-	-	-	-	-			0
Oil & Gas	-	-	-	-	-	-	-	1	-	-			1
<b>PERMITS</b>													
Land Use Permits	6	5	4	6	2	3	7	5	4	2			44
<b>TOTAL INSTRUMENTS</b>	<b>14</b>	<b>16</b>	<b>5</b>	<b>18</b>	<b>5</b>	<b>3</b>	<b>13</b>	<b>26</b>	<b>7</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>116</b>

**Real Estate**

<b>FISCAL YEAR 2023 – REAL ESTATE TRANSACTIONS BY MONTH – through April 30, 2023</b>													
<b>ACTIVITY</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>	<b>FYTD</b>
Deeds Acquired	-	-	-	-	-	-	7	-	3	-			10
Deeds Granted	-	-	5	3	1	1	-	-	4	-			14
Deeds Granted - Surplus	-	-	-	-	-	-	-	-	-	-			0
Easements Acquired	-	1	-	-	-	-	-	-	-	-			1
Easements Granted	2	1	-	-	-	-	-	-	-	-			3

**Notes :**

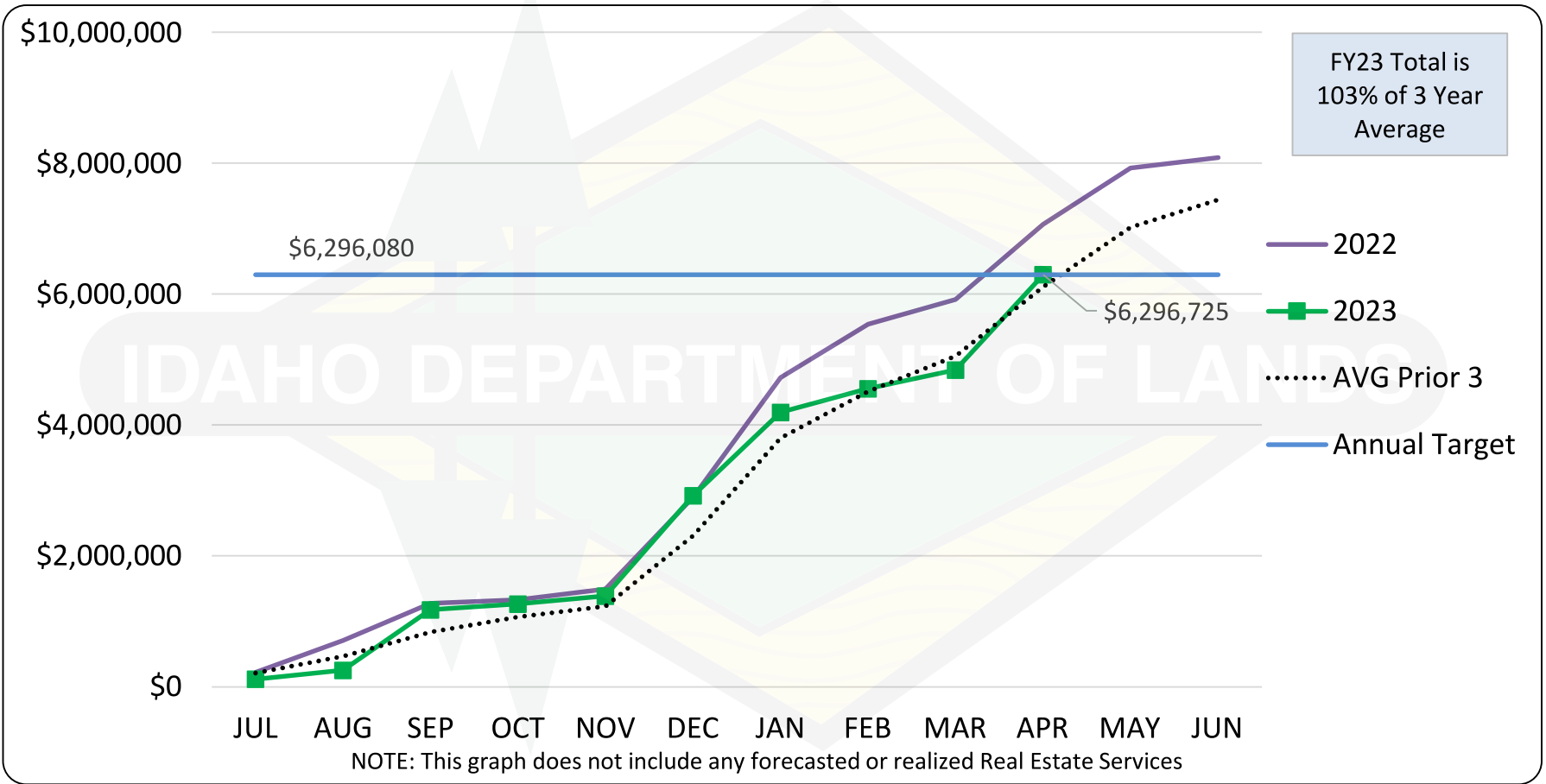
**TRUST LAND MANAGEMENT DIVISION**  
**FY2023 GROSS REVENUE (non-timber) - ACTUAL AND FORECASTED**  
**through April 30, 2023**

	ACTUAL RECEIPTS AS OF 4.30.2023	REVENUE EXPECTED BY 4.30.2023**	REVENUE EXPECTED BY 06.30.2023
<b>SURFACE</b>			
AGRICULTURE	\$ 613,924	\$ 505,000	\$ 505,000
COMMUNICATION SITES	\$ 1,031,422	\$ 910,035	\$ 1,009,239
GRAZING	\$ 1,430,954	\$ 1,305,000	\$ 1,870,000
RESIDENTIAL LEASES	\$ 789,143	\$ 937,162	\$ 1,095,851
<b>COMMERCIAL</b>			
COMMERCIAL ENERGY RESOURCES	\$ 54,670	\$ 47,763	\$ 47,763
COMMERCIAL INDUSTRIAL	\$ 158,630	\$ 71,350	\$ 74,504
COMMERCIAL MILITARY FACILITIES	\$ 168,078	\$ 58,542	\$ 91,117
COMMERCIAL OFFICE/RETAIL LEASES	\$ 772,465	\$ 493,352	\$ 527,352
COMMERCIAL RECREATION	\$ 1,110,640	\$ 882,360	\$ 899,978
<b>OTHER</b>			
CONSERVATION LEASES	\$ 70,285	\$ 65,000	\$ 65,000
GEOHERMAL	\$ (5,339)	\$ -	\$ -
MINERAL LEASES	\$ 97,010	\$ 105,403	\$ 105,403
OIL AND GAS LEASES	\$ 4,842	\$ 2,774	\$ 4,874
<b>Sub Total</b>	<b>\$ 6,296,725</b>	<b>\$ 5,383,739</b>	<b>\$ 6,296,081</b>
REAL ESTATE SERVICES	\$ 183,632 *		
<b>Grand Total</b>	<b>\$ 6,480,357</b>		

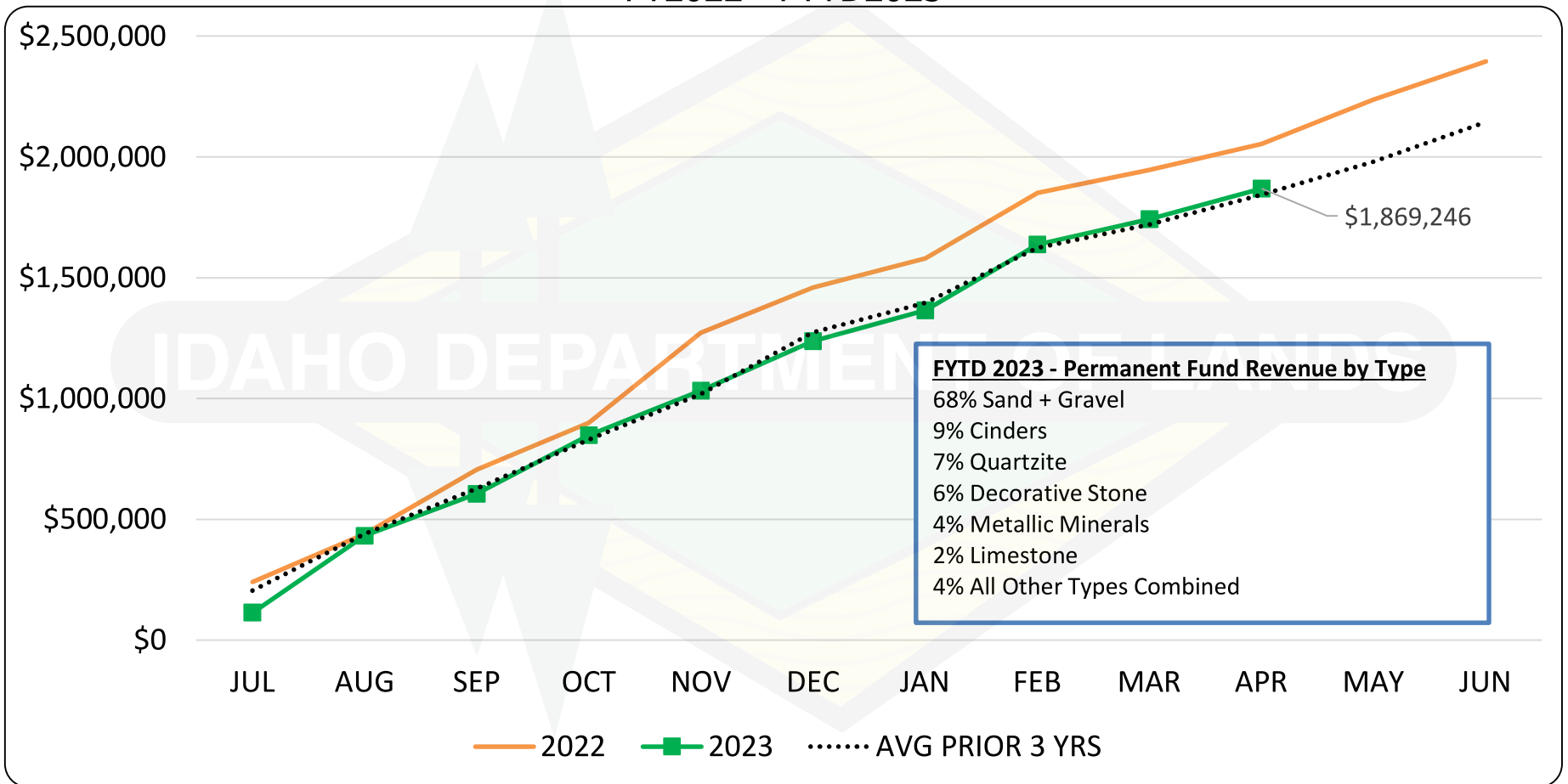
\* This category is not included in the annual forecast.

\*\* These figures are based on "normal" timing of revenue/billing throughout the year.

## Cumulative Trust Land Program Receipts Earnings Reserve - All Programs excluding Timber FY 2022 - FYTD 2023



## Cumulative Trust Land Permanent Fund Revenue/Royalties (Does NOT include Land Bank or Timber Program Revenue) FY2022 - FYTD2023



# STATE BOARD OF LAND COMMISSIONERS

May 16, 2023  
Department Report

## Pre-Season Fire Brief: May-July 2023

Although the South Idaho and Great Basin region received 130%+ of its normal snowpack, much of North Idaho, western Montana, and Washington remain in drought conditions with some areas receiving less than 70% of normal snowpack for this year. The forecast through spring and into July is for normal temperatures and slightly above normal precipitation, transitioning into normal temperatures and below normal precipitation for summer months.

Considering snowpack, moisture, and temperature forecasts, IDL's outlook is that southern Idaho will have a slower start to fire season due to heavy green up and grass growth. As this summer warms up and fuel load dies, the potential for significant fire activity is expected to be high. North Idaho is going into this fire season with below normal moisture in the ground and warmer conditions; the expectation is that heavy fuels will dry out quickly and may contribute to a significant fire potential earlier in the season than normal.

As of this past weekend, IDL had 39 fires for over 200 acres, mostly due to debris burning and grass burning. Hotshot Crews and Incident Management Teams from the U.S. have already responded to large incidents in Alberta, Canada.

### IDL Resources

- 2 medium helicopters staffed 7 days a week coming on contract at the end of June: 1 ship and crew in CDA, 1 ship and crew in Lewiston
- 2 Water scoopers (Fire Bosses) based in CDA
- 4 SEATS, 2 based in McCall
- Teakean 20-person hand crew based in Deary
- 6-person Fire Suppression Module based in Sandpoint (formally known as the North Idaho booster crew)
- 2 Zone Fire Managers: 1 based in North Idaho, 1 based in Lewiston
- 28 engines at the district offices

IDL expects to bring on 8 contract engines to assist with the additional acres and workload this year due to changes in the Master Agreement.

Due to supply chain issues, IDL has not been able to build the recently approved engines and command vehicles; waiting on cab/chassis from Ford as well as the utility bodies and will begin building the engines as soon as the trucks arrive.



Thomas J. Wilford :: Chairman  
Jerry F. Aldape            Irving Littman  
Bob Donaldson            Richelle A. Sugiyama  
Joseph Forney            Chuck Winder  
Steven C. Harris           Brian Yeargain  
  
Chris J. Anton :: Manager of Investments

## Monthly Report to the Board of Land Commissioners

### Investment performance through April 30, 2023

**Month: 0.4%      Fiscal year: 7.9%**

Financial markets were up modestly in April as large technology and energy companies reported strong first quarter earnings. The Federal Reserve increased interest rates by 0.25% to a target range of 5% to 5.25% in early May and hinted it may be the last increase in its aggressive campaign to fight inflation. Investors are hoping that the U.S. economy will remain resilient as inflation continues to decline toward the Fed's target of 2%. While the perfect landing scenario anticipated by financial markets is possible, the growing impact of restrictive interest rates and tighter financial conditions due to stress in the banking system have increased the likelihood of a U.S. recession.

### Status of endowment fund reserves

Distributions for FY2022 and FY2023 are well secured.

### Significant actions of the Endowment Fund Investment Board

None.

### Compliance/legal issues, areas of concern

**Material deviations from Investment Policy:** None.

**Material legal issues:** None.

**Changes in board membership or agency staffing:** None.

### Upcoming issues/events

Board Meeting – August 14, 2023

Board Meeting – November 21, 2023

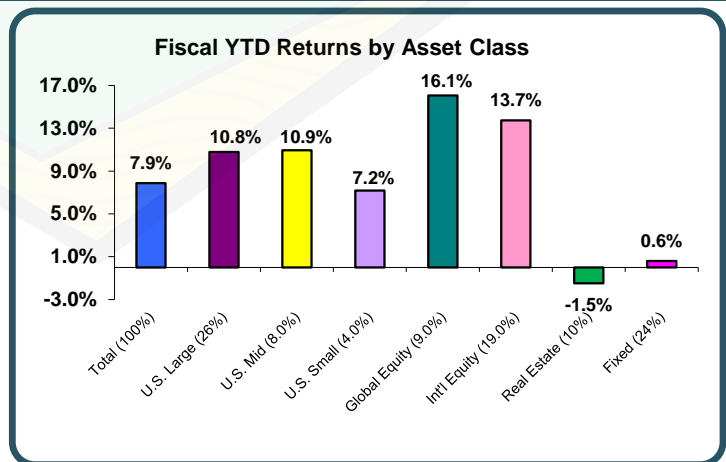


	<u>Month</u>	<u>FYTD</u>
<b>Beginning Value of Fund</b>	<b>2,877,914,393</b>	<b>\$ 2,707,410,665</b>
Distributions to Beneficiaries	(8,359,583)	(83,845,830)
Land Revenue net of IDL Expenses	3,930,948	57,690,969
Change in Market Value net of Investment Mgt. Expenses	16,515,875	208,745,829
<b>Current Value of Fund</b>	<b>\$ 2,890,001,633</b>	<b>\$ 2,890,001,633</b>

	<u>Current Month</u>	<u>Calendar Y-T-D</u>	<u>Fiscal Y-T-D</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
<b>Gross Returns</b>							
<b>Total Fund</b>	0.4%	5.0%	7.9%	1.3%	9.2%	6.9%	7.5%
<i>Total Fund Benchmark*</i>	1.0%	5.9%	7.8%	2.2%	8.3%	6.4%	7.1%
<b>Total Fixed</b>	0.6%	3.7%	0.6%	-1.0%	-1.8%	1.5%	1.4%
<i>BBG U.S. Agg. (Ag)</i>	0.6%	3.6%	0.5%	-0.4%	-2.5%	1.5%	1.4%
<b>Total Equity</b>	0.4%	7.2%	12.2%	2.5%	13.8%	8.8%	9.7%
<i>57% R3 29% Ax 14% AC</i>	1.3%	8.5%	11.4%	2.1%	12.6%	7.8%	9.2%
<b>Domestic Equity</b>	-0.3%	5.3%	10.4%	0.7%	14.4%	9.8%	11.5%
<i>Russell 3000 (R3)</i>	1.1%	8.3%	10.9%	1.5%	14.1%	10.6%	11.7%
<b>Global Equity</b>	2.1%	9.6%	16.1%	6.2%	13.5%	9.6%	7.7%
<i>MSCI ACWI (AC)</i>	1.4%	8.8%	11.3%	2.1%	12.0%	7.0%	7.9%
<b>Int'l. Equity</b>	1.1%	9.7%	13.7%	4.2%	12.5%	6.4%	6.1%
<i>MSCI ACWI ex-US (Ax)</i>	1.7%	8.7%	11.9%	3.0%	9.7%	2.5%	4.0%
<b>Real Estate</b>			-1.5%	-1.1%	7.6%	7.2%	

\* Benchmark: 38% Russell 3000 19% ACWI ex-US 9% AC 24% BB Agg. 10% OD

	<u>Mkt Value</u>	<u>Allocation</u>
<b>Domestic Equity</b>	<b>\$ 1,068.2</b>	<b>37.0%</b>
Large Cap	731.5	25.3%
Mid Cap	222.9	7.7%
Small Cap	113.8	3.9%
<b>Global Equity</b>	<b>270.8</b>	<b>9.4%</b>
<b>Int'l Equity</b>	<b>584.1</b>	<b>20.2%</b>
<b>Fixed Income</b>	<b>659.8</b>	<b>22.8%</b>
<b>Real Estate</b>	<b>287.2</b>	<b>9.9%</b>
Cash	20.8	0.7%
<b>Total Fund</b>	<b>\$ 2,890.0</b>	<b>100.0%</b>



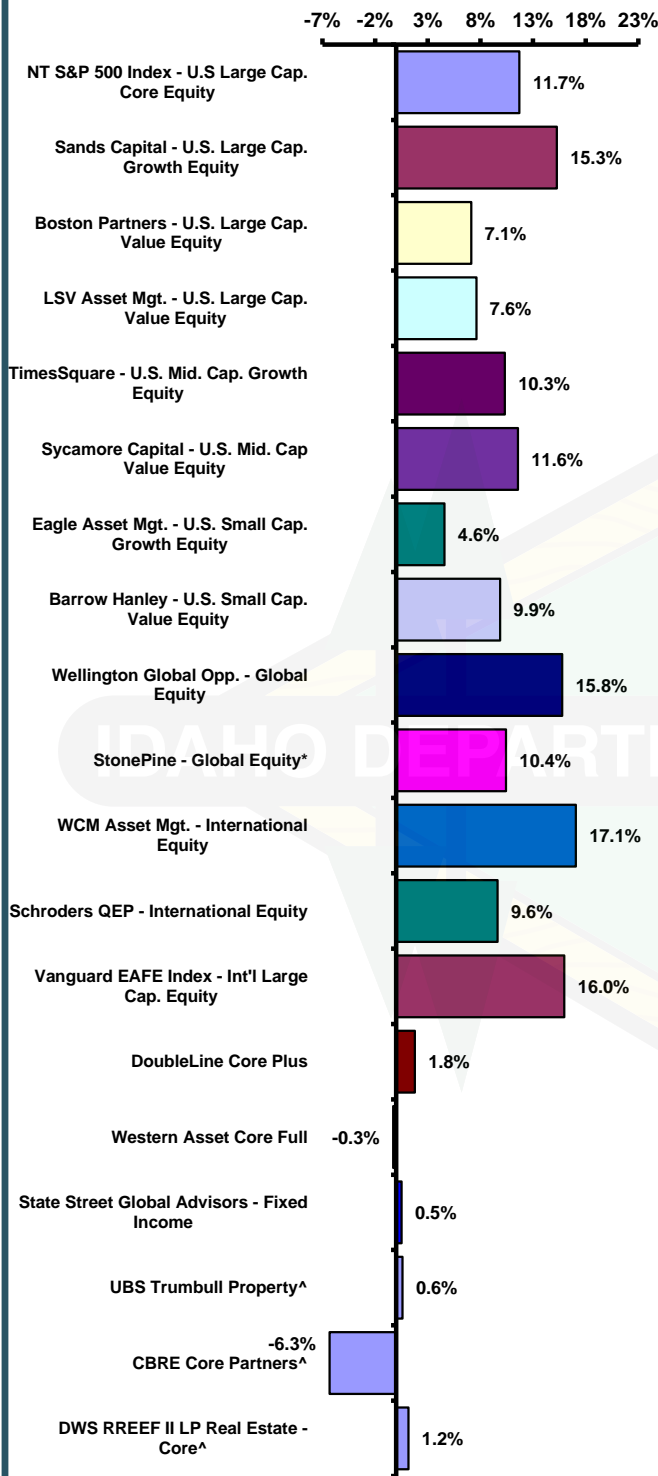
### Endowment Fund Staff Comments:

Financial markets were up modestly in April as large technology and energy companies reported strong first quarter earnings. The Federal Reserve increased interest rates by 0.25% to a target range of 5% to 5.25% in early May and hinted it may be the last increase in its aggressive campaign to fight inflation. Investors are hoping that the U.S. economy will remain resilient as inflation continues to decline toward the Fed's target of 2%. While the perfect landing scenario anticipated by financial markets is possible, the growing impact of restrictive interest rates and tighter financial conditions due to stress in the banking system have increased the likelihood of a U.S. recession.

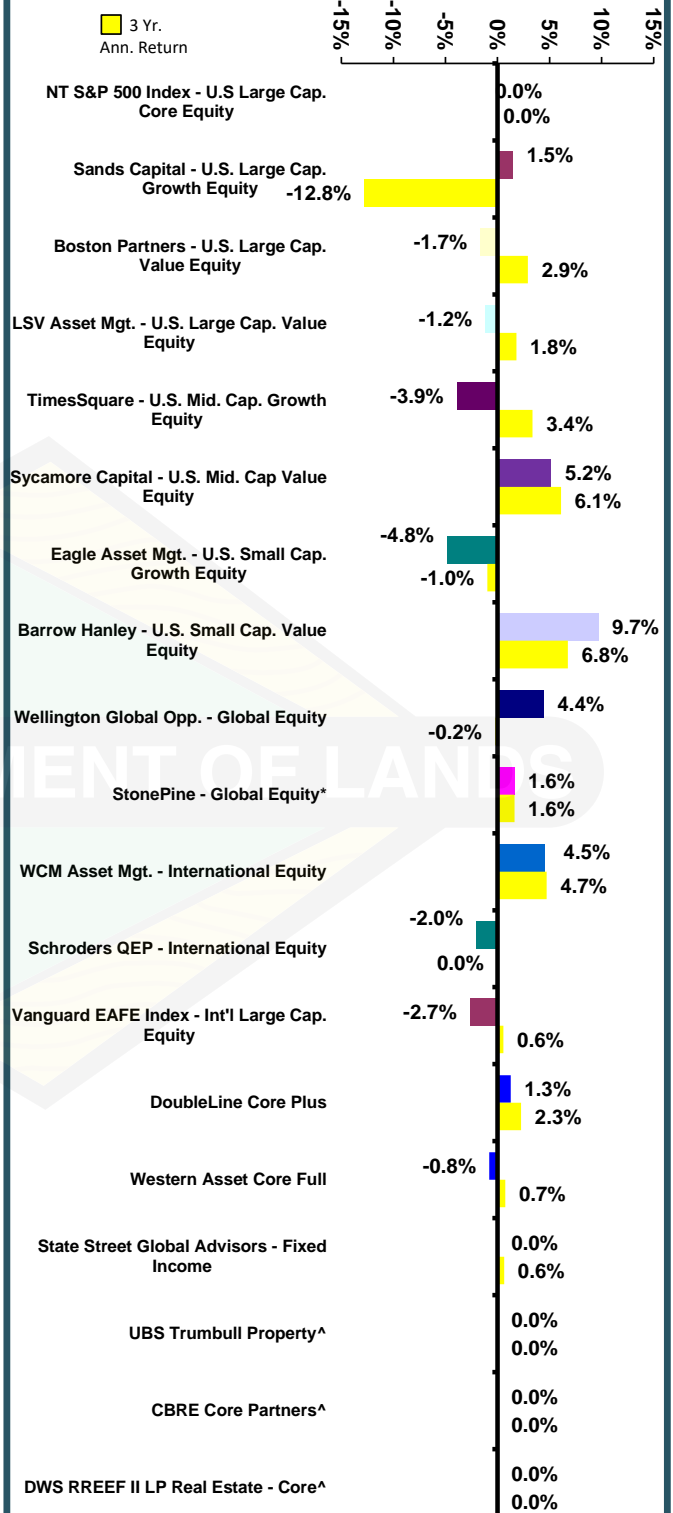
April 30, 2023

# INVESTMENT REPORT

## FYTD Manager Returns



## Manager Relative Returns Fiscal YTD and 3-Yr Ave\*



^ Most recent valuation. \* I-T-D

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# Semi-Annual Report to the Board of Land Commissioners

IDAHO DEPARTMENT OF LANDS

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Endowment Fund Investment Board  
May 16, 2023



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# Mission:

## Endowment Fund Investment Board

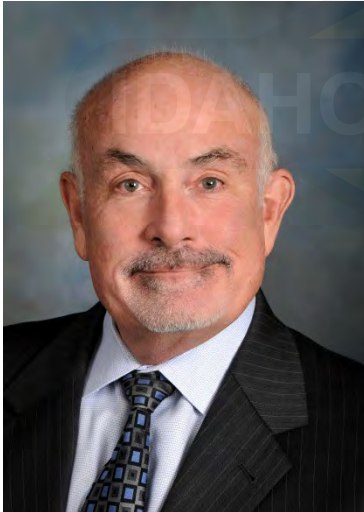
Provide outstanding investment management services to our stakeholders consistent with our constitutional and statutory mandates.

# Assets Overseen by the Investment Board April 30, 2023

	<b>Assets</b>	
	<b>(\$ Million)</b>	<b>% of Total</b>
<b>Land Grant Endowment</b>	<b>\$ 2,890.00</b>	<b>72.4%</b>
<b>State Insurance Fund</b>	<b>\$ 930.30</b>	<b>23.3%</b>
<b>DEQ</b>	<b>\$ 116.20</b>	<b>2.9%</b>
<b>Fish &amp; Game</b>	<b>\$ 49.70</b>	<b>1.2%</b>
<b>Parks &amp; Recreation</b>	<b>\$ 5.50</b>	<b>0.1%</b>
<b>ID Department of Lands</b>	<b>\$ 0.70</b>	<b>0.0%</b>
<b>Total</b>	<b>\$ 3,992.40</b>	<b>100.0%</b>

# Endowment Fund Investment Board Members

**Jerry Aldape**



**Tom Wilford**

**Chairman**

**Robert Donaldson**



# Endowment Fund Investment Board Members

**Joseph Forney**



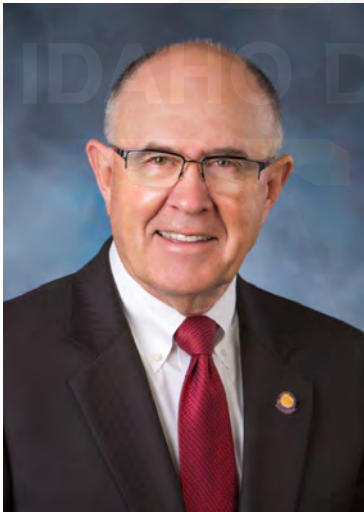
**Irv Littman**

**Richelle Sugiyama**



# Endowment Fund Investment Board Members

**Senator  
Chuck Winder**



**Brian Yeargain**

**Representative  
Kenny Wroten**



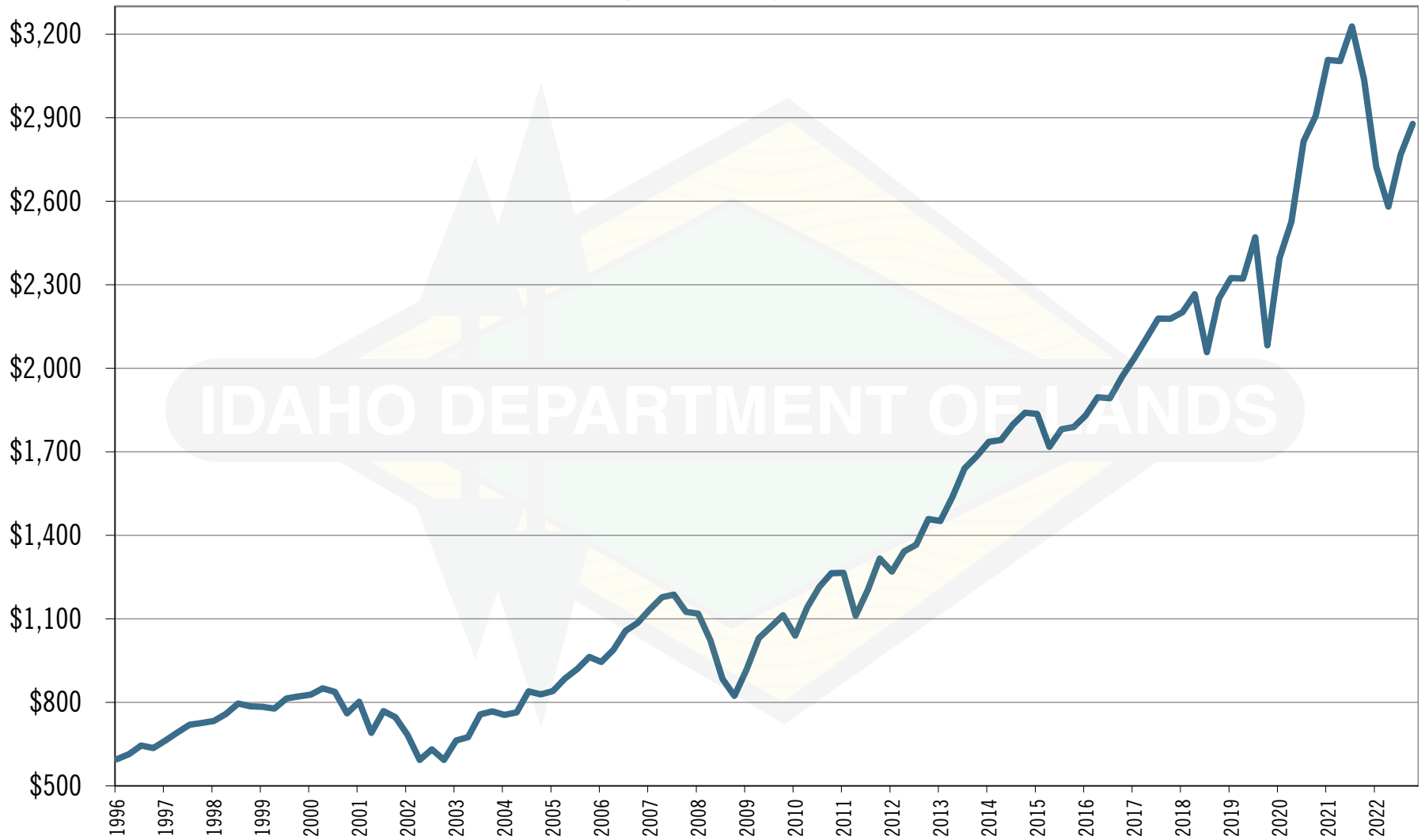


# Financial Summary – Land Grant Endowments

## Ten Months Fiscal Year-to-Date 2023

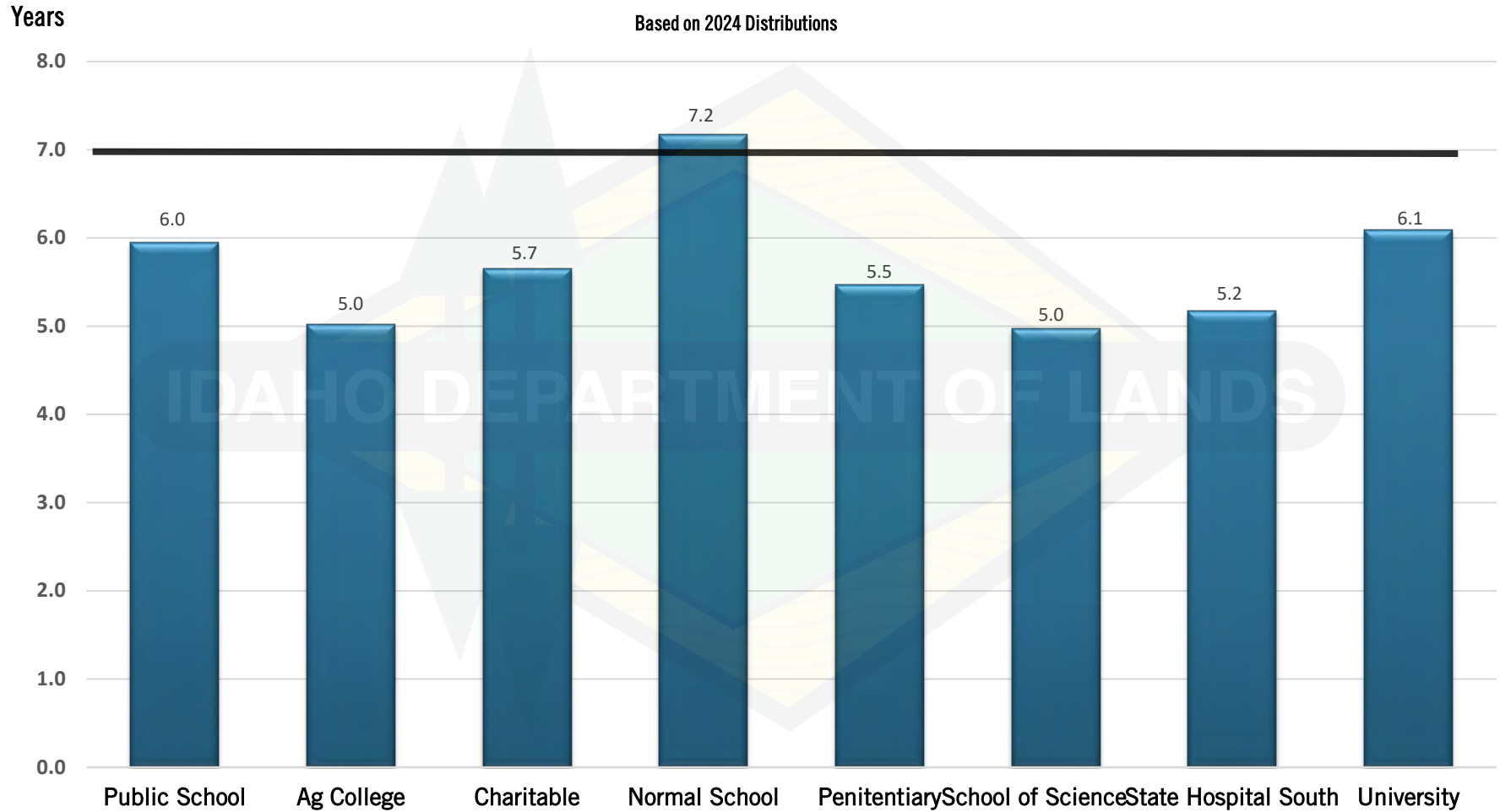
- Total investment return is 7.9% for the first ten months of fiscal 2023.
- Compared to the previous fiscal year end:
  - Total land grant endowment fund balance has increased \$183 million.

**Total Land Grant Endowment Fund Assets**  
*June 1996 - March 2023*  
*(in millions)*



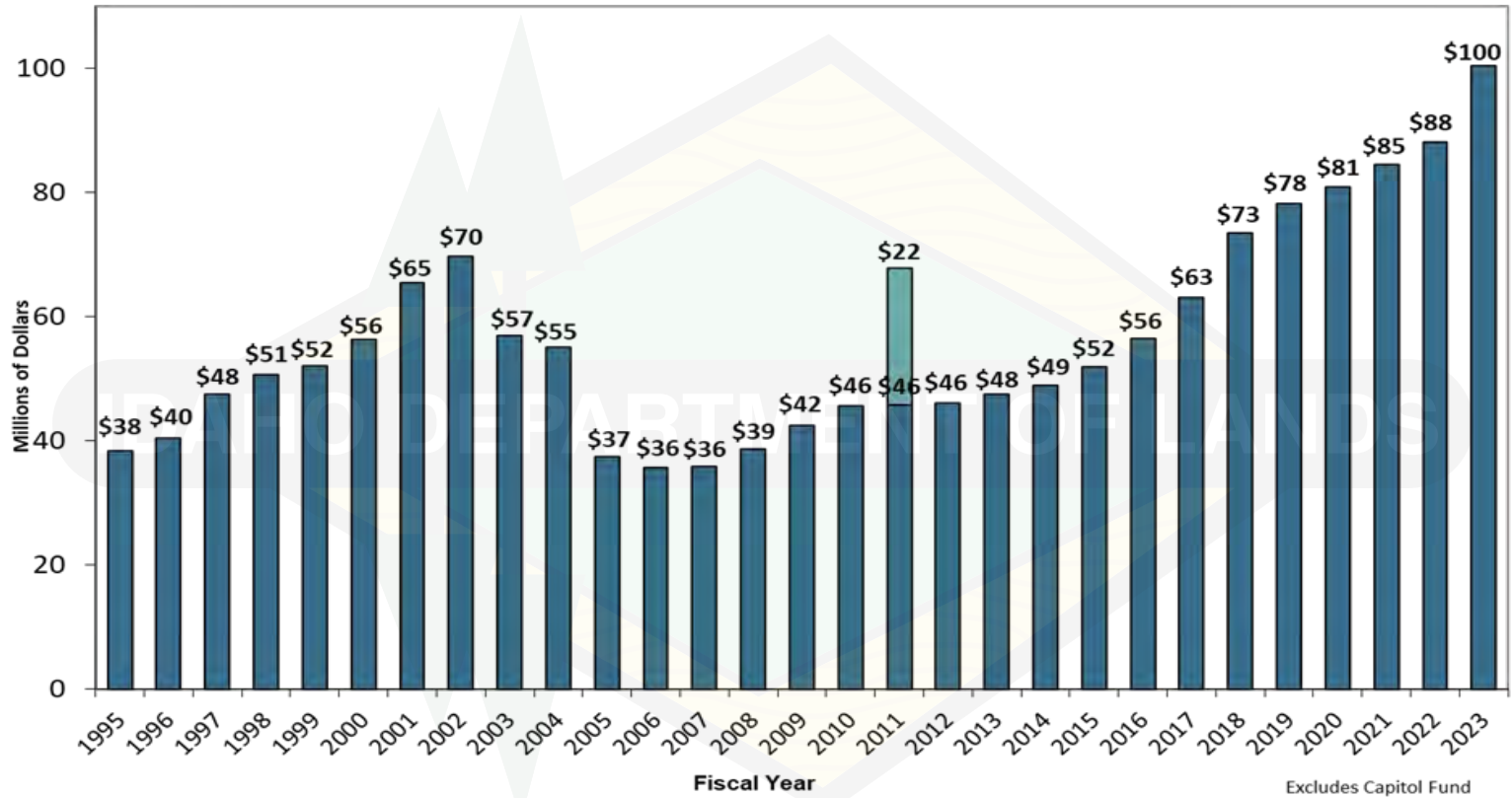
# Years of Reserve and Desired Target as of March 2023

Based on 2024 Distributions



# Beneficiary Distributions 1995-2023

(includes special Public School distribution in 2011 of \$22M)



# School Bond Credit Enhancement Program

EFIB administers a Credit Enhancement program that allows eligible voter-approved school bonds to be issued with a Aaa rating by Moody's. While the State of Idaho is rated Aaa, bonds issued by school districts through the Idaho Bond Bank Authority without EFIB's credit enhancement are rated Aa1.

- EFIB will provide credit enhancement on up to \$1.2 billion in bonds. Currently, \$540 million in outstanding commitments.
- The limit per school district is \$40 million.
- Backed by \$300 million in Public School Endowment Fund assets.
- Aaa rating currently lowers the issuer's interest rates approximately 0.05% points annually (material savings on multi-million dollar issues).

# STATE BOARD OF LAND COMMISSIONERS

May 16, 2023  
Consent Agenda

## Subject

Request to declare and dispose of surplus property owned by the Idaho Department of Fish and Game and the Idaho Fish and Game Commission

## Question Presented

Shall the Land Board authorize the Idaho Department of Lands (Department) to declare and dispose of the Idaho Fish and Game Department property known as the Greer Access Site (Greer Site) as surplus property?

## Background

The Idaho Department of Fish and Game (IDFG) requested approval via letter dated December 23, 2022, for the State Board of Land Commissioners (Land Board) to declare its ownership interest in the Greer Site as surplus property, pursuant to the Surplus Property Act, Idaho Code §§ 58-331–335 (Attachment 1).

The Greer Site consists of approximately 0.86 acres of land, split between two non-contiguous parcels located in Clearwater County, near the town of Greer. For purposes of this memo, the northern parcel of the Greer Site will be referred to as "Parcel 1" (0.36 acres), and the southern parcel will be referred to as "Parcel 2" (0.50 acres). Parcel 1 is unimproved. Parcel 2 is improved with a gravel parking lot and a concrete vault toilet. A map of the property is included as Attachment 2; a vicinity map is Attachment 3.

Parcel 1 was acquired by IDFG in 1987, and Parcel 2 was acquired in 1989, using dedicated funds from the sale of salmon and steelhead fishing permits. The Greer Site was acquired and used to provide fishing access for anadromous-species anglers. The entirety of the IDFG property contains three parcels: Parcel 1, Parcel 2, and a western parcel; however, IDFG wishes to retain the western parcel that lies adjacent to the river and continues to provide fishing access. Parcel 1 and Parcel 2 are not critical to angler access and therefore have been identified as surplus to the needs of IDFG.

The Greer Site was appraised by Stephen Agen of Valbridge Property Advisors on March 22, 2023, and has an "as-is" market value of \$150,000.

## Discussion

Pursuant to Idaho Code § 58-331, custody and control of the Greer Site will be transferred to, and title will be vested in, the Land Board for disposition. Per Idaho Code § 58-332, the Department, on behalf of the Land Board, will notify other state agencies to determine if any

are interested in purchasing the property. If no other state agencies express interest in the property, the Department will offer the property to tax-supported agencies, including city, county, and federal agencies, to determine if there is any interest in purchasing it. If no tax-supported entity expresses interest, the Department will offer the Greer Site at public auction in Clearwater or Ada County, with Parcel 1 and Parcel 2 being auctioned and sold either individually or combined. If the Greer Site parcels do not sell at auction, the Department will advertise any unsold parcels and accept adequate and valuable consideration in a negotiated sale.

### **Recommendation**

Direct the Department to offer the Greer Site parcels for disposition in accordance with the Surplus Property Act, Idaho Code §§ 58-331–335, and authorize the Department to offer the Greer Site parcels at public auction in Clearwater or Ada County.

### **Board Action**

### **Attachments**

1. IDFG Surplus Request, dated December 23, 2022
2. Parcel Map
3. Vicinity Map

IDAHO DEPARTMENT OF LANDS



**IDAHO DEPARTMENT OF FISH AND GAME**

600 S Walnut / P.O. Box 25  
Boise, Idaho 83707

Brad Little / Governor  
Ed Schriever / Director

December 23, 2022

State Board of Land Commissioners  
954 West Jefferson Street  
P.O. Box 83720  
Boise, ID 83720-0050

RE: Request for Surplus Land Sale

Dear Ladies and Gentlemen:

The Idaho Department of Fish and Game and its Commission (IDFG) declared as surplus to its needs, the following property:

**1. Greer Access Site: ~1 acre split between 2 parcels, Clearwater County**

**Parcel 1:** T 35 N, R 2 E, BM.

Sec. 11, Northerly 90 feet of Lots 3, 4, 5, 6, 7, 8, and 9, Block 9, townsite of Greer, & Tax No. 597 (parcel of land lying between the rail road right of way and the Clearwater River directly opposite Blocks 5, 7, 9 and 11 of the townsite of Greer).

**Parcel 2:** T 35 N, R 2 E, BM.

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12, Block 7, Town of Greer, excepting: an irregular parcel of land lying situate on both sides of the centerline of the highway as surveyed and shown on the official plat of the Clearwater AS-4780(4) Highway Survey on file in the office of the Department of Highways of the State of Idaho, and lying over and across Lots 1, 2, and 3 of Block 7 of the Village of Greer, Idaho, according to the official plat thereof on file and of record in the office of the Recorder of Clearwater County, Idaho, as described as follows, to-wit: Beginning at a point coincident with the SW corner of Block 7 of the Village of Greer, Idaho, according to the official plat thereof on file and of record in the office of the Recorder of Clearwater County, Idaho; thence Northerly along the Westerly boundary of said Block 7 a distance of 75.0 ft, more or less, to a point; thence Easterly along a curve right of 183.24 ft radius 40.0 ft distant Northerly from and parallel to the center line of the Clearwater AS-4780(4) Highway Survey a distance of 95.0 ft, more or less, to a point on the Easterly boundary of said Block 7; thence Southerly along the Easterly boundary of said Block 7 a distance of 41.0 ft, more or less, to the Southeasterly corner of said Block 7; thence Westerly along the Southerly boundary of said Block 7 a distance of 86.0 ft to the point of beginning. Also excepting: a strip of land 10 ft wide, being the Southwesterly 10 ft of Lots 4

*Keeping Idaho's Wildlife Heritage*

Equal Opportunity Employer • 208-334-3700 • Fax: 208-334-2114 • Idaho Relay (TDD) Service: 1-800-377-3529 • <https://idfg.idaho.gov>



through 12, both inclusive, Block 7 of the Village of Greer, Idaho, as shown on the official plat thereof.

The property was originally acquired and used to provide fishing access for anadromous-species anglers. The entirety of the property contains 3 small parcels (Attachment A). IDFG wishes to retain the western most parcel that lies adjacent to the river and continues to provide fishing access. The two eastern parcels are not critical to angler access and therefore have been identified as surplus to the needs of IDFG. IDFG has confirmed with Clearwater County that no zoning actions will need to be taken to split the western river access parcel from the two proposed disposal parcels.

The properties were acquired by IDFG in 1987 (parcel 1) and 1989 (parcel 2) using dedicated funds from the sale of Salmon and Steelhead fishing permits. IDFG is aware of the following special features of the property:

1. Known hazards:
2. Existing utilities: There are no utilities that service the parcels, however a powerline does run adjacent to the parcels providing access to power.
3. Leasehold interests and existing leases: There are no existing leases.
4. Mineral and Water Rights: There are no water rights associated with the parcels. IDFG. IDFG will relinquish mineral rights with the sale of the parcels.
5. Improvement: A CXT vault toilet and gravel parking lot are present on the southern parcel (parcel 2).
6. Easements and encumbrances: There are no easements or encumbrances that IDFG is aware of currently on the parcel. In order to retain public access options to the western river parcel, IDFG may wish to reserve an easement for parking at the southern parcel (parcel 2) upon sale. This decision is contingent upon discussion with Clearwater County about legal access options to the IDFG river parcel. IDFG shall instruct the property appraiser to include any easements IDFG plans to retain in their assessment and valuation of the property.

We hereby request that the above described lands be approved for sale. If you have any questions, please feel free to contact Lands Program Coordinator Casey Pozzanghera at 208-287-2713. I thank you in advance for your time.

Sincerely,

Michael S Pearson, CGFM,  
CPA Chief, Bureau of Administration

Digitally signed by  
Michael S Pearson,  
CGFM, CPA Chief, Bureau  
of Administration  
Date: 2022.12.22  
13:00:50 -07'00'

Michael S. Pearson, CGFM, CPA

MSP/CBP

**Attachments**

1. Map of Greer Access Site Parcels
2. Warranty Deed- Parcel 1
3. Warranty Deed- Parcel 2



**GREER ACCESS SITE (X = DISPOSAL)**



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Attachment 2: Warranty Deed- Parcel 1

RECEPTION   
INDEXED   
FILMED   
DELIVERED   
MAILED

*Novell*

148417  
WARRANTY DEED

1 In consideration of the sum of Ten Dollars (\$10.00) and other good  
2 and valuable consideration, Timberline Lumber, Inc., an Idaho corporation,  
3 the Grantor, does hereby convey, grant and warrant unto Idaho Department  
4 of Fish and Game, P.O. Box 25, Boise, Idaho 83707, the Grantee, the  
5 following described real property situate in the County of Clearwater,  
6 State of Idaho, to-wit:

7 The Northerly 90 feet of Lots 3, 4, 5, 6, 7, 8, and 9, Block 9,  
8 Townsite of Greer, according to the recorded plat thereof.

9 ALSO  
10 Tax No. 597, more particularly described as follows:

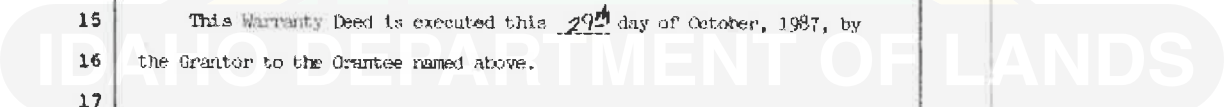
11 All that certain piece or parcel of land lying between the  
12 right of way of the Clearwater Shortline or Northern Pacific  
13 Railroad right of way and the Clearwater River, directly  
14 opposite Blocks 5, 7, 9 and 11, of the Townsite of Greer,  
15 according to the recorded plat thereof, all situate in lot 2,  
16 Section 11, Township 35 North, Range 2 E.B.M.

17 Subject to easements and restrictions of record.

18 This Warranty Deed is executed this 29<sup>th</sup> day of October, 1987, by  
19 the Grantor to the Grantee named above.

20 Timberline Lumber, Inc.  
21 BY  
22 *Lawrence O. Hutchins*  
23 President

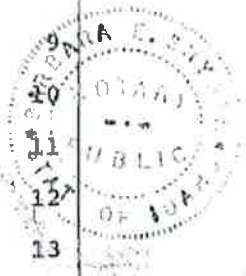
24 Filed and recorded at the request of INTERMOUNTAIN TITLE CO  
25 at 10:48 o'clock A.M., this 5th day of November, 1987  
Allen Madden By: Robin Christensen  
County Auditor-Recorder Deputy  
Clearwater County, Idaho  
Fee: 6.00 Returns: \_\_\_\_\_



1 STATE OF IDAHO )  
2 County of Clearwater)

3 On this 29 day of October 1987, before me, a notary public in and  
4 for the State of Idaho, personally appeared Lawrence A. Hutchins known to me  
5 to be the president of Timberline Lumber, Inc., the corporation that  
6 executed the within instrument or the person who executed the instrument  
7 on behalf of said corporation, and acknowledged to me that such corporation  
8 executed the same.

9 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official  
10 seal the day and year in this certificate first above written.



Barbara E. Snyder  
Notary public in and for the State of  
Idaho, residing at Opalino, therein  
blttype



Attachment 3: Warranty Deed- Parcel 2

RECEPTION *W*  
INDEXED *W*  
FILMED *W*  
DELIVERED *W*  
MAILED *(1)*

153175

WARRANTY DEED

DARREL E. OLSON, a married man, GRANTOR of Orofino, County of Clearwater, State of Idaho hereby CONVEYS, GRANTS and WARRANTS TO: Idaho Fish & Game Department, GRANTEE, whose current address is Box 25, Boise, Idaho 83707, for the sum of -----Ten and no/100-----(\$10.00)Dollars, the following described tracts of land in Clearwater County, State of Idaho:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12, . Block 7, Town of Greer, according to the recorded plat thereof.

EXCEPTING

An irregular parcel of land lying situate on both sides of the centerline of the highway as surveyed and shown on the official plat of the Clearwater AS-4780 (4) Highway Survey on file in the office of the Department of Highways of the State of Idaho, and lying over and across Lots 1, 2, and 3 of Block 7 of the Village of Greer, Idaho, according to the official plat thereof on file and of record in the office of the Recorder of Clearwater County, Idaho, described as follows, to-wit:

Beginning at a point coincident with the Southwest corner of Block 7 of the Village of Greer, Idaho, according to the official plat thereof on file and of record in the office of the Recorder of Clearwater County, Idaho; thence Northerly along the Westerly boundary of said Block 7 a distance of 75.0 feet, more or less, to a point; thence Easterly along a curve right of 183.24 foot radius 40.0 feet distant Northerly from and parallel to the center line of the Clearwater AS-4780(4) Highway Survey a distance of 95.0 feet, more or less, to a point on the Easterly boundary of said Block 7; thence Southerly along the Easterly boundary of said Block 7 a distance of 41.0 feet, more or less, to the South-easterly corner of said Block 7; thence Westerly along the Southerly boundary of said Block 7 a distance of 86.0 feet to the point of beginning.

ALSO EXCEPTING:

A strip of land 10 feet wide, being the Southwesterly 10 feet of Lots 4 through 12, both inclusive, Block 7 of the Village of Greer, Idaho, as shown on the official plat thereof.

WITNESS the hand of said Grantors this 10<sup>th</sup> day of October, 1989.

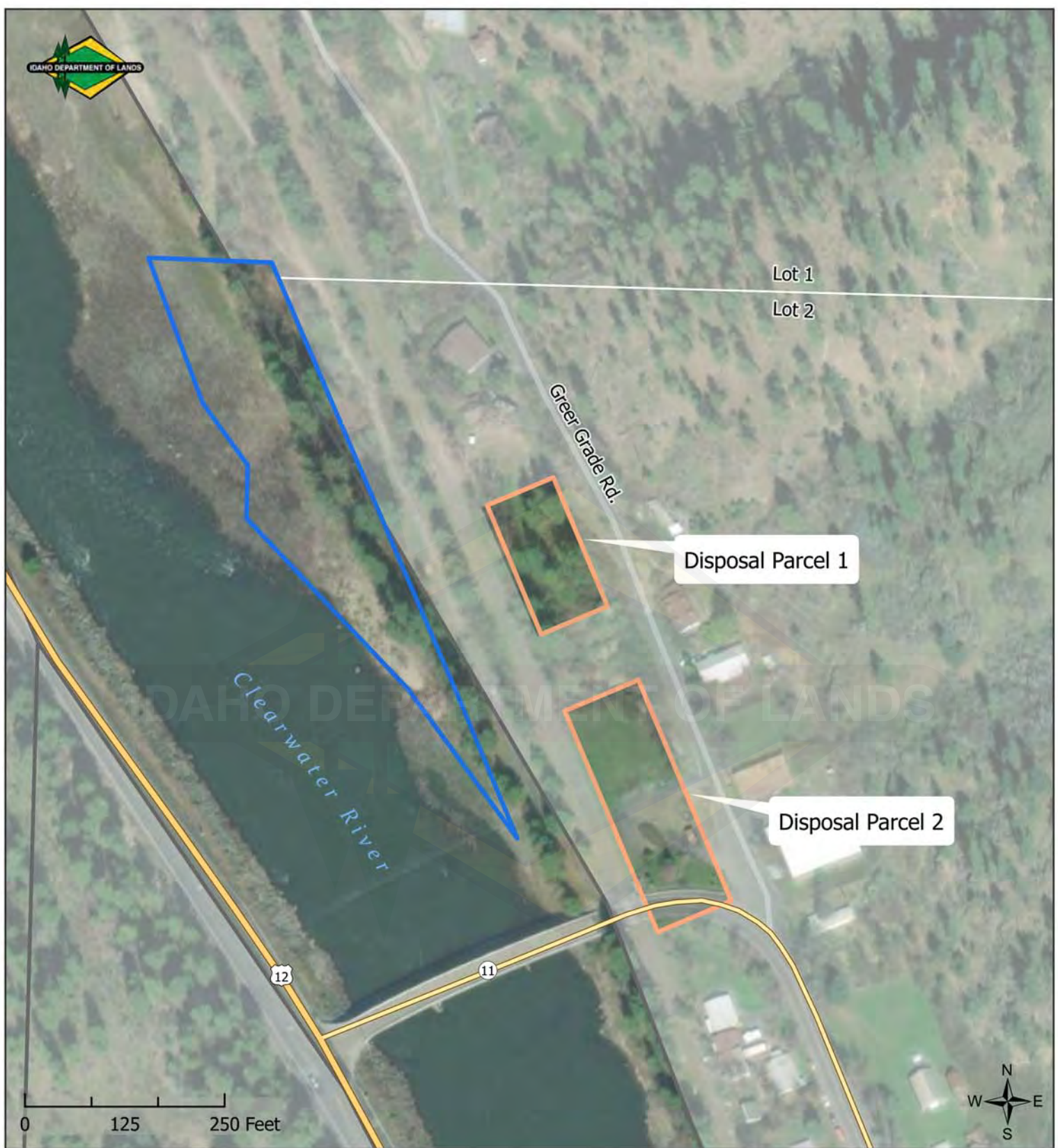
*Frances D. Olson*  
Frances D. Olson

*Darrel E. Olson*  
Darrel E. Olson

STATE OF IDAHO }  
County of *Clearwater* } ss.

I, *the undersigned*, a notary public in and for the State of Idaho, do hereby certify that on this 10<sup>th</sup> day of October, 1989, personally appeared Darrel E. Olson & Frances D. Olson, *husband & wife* known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF



Lot 1  
Lot 2

Greer Grade Rd.

Disposal Parcel 1

Disposal Parcel 2

Clearwater River

12

11

0 125 250 Feet



-  Disposal Parcels
-  Retain - River Access Parcel
-  US Highway
-  State Highway
-  Private
-  Section
-  Subsection

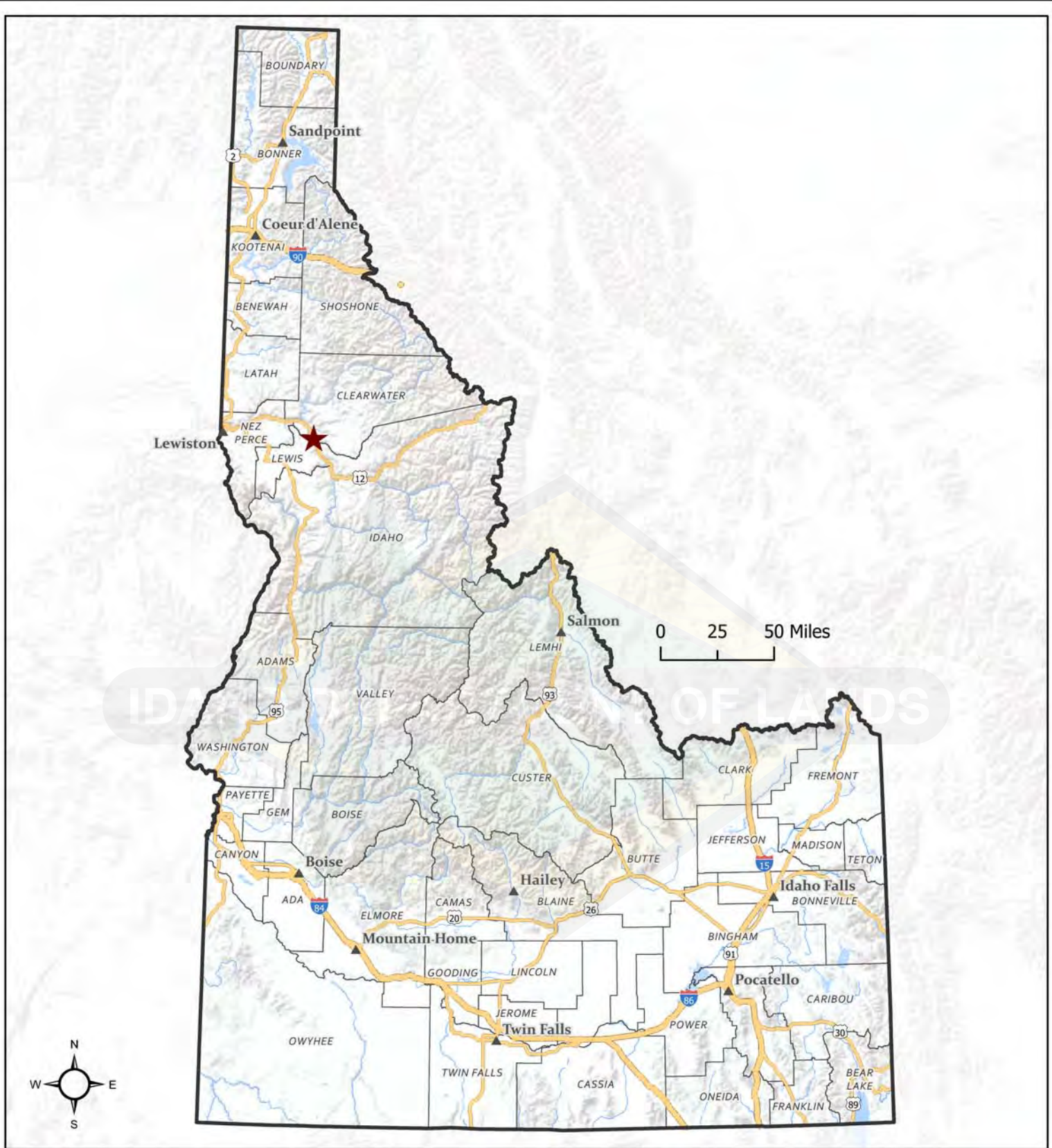
**IDFG Surplus Disposition**  
**Greer Access Site**  
 T35N - R02E - Sec. 11  
 Clearwater County, Idaho

5/2/2023



**Disclaimer:**  
 This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.

**ATTACHMENT 2**



- ★ IDFG Surplus Parcels
- ▲ Cities
- 🛣 Interstate
- 🛣 US Highway
- 🗺 County
- 🗺 Idaho Boundary

**IDFG Surplus Disposition**  
**Greer Access Site Overview**  
 T35N - R02E - Sec. 11  
 Clearwater County, Idaho

5/2/2023



**Disclaimer:**  
 This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.



# STATE BOARD OF LAND COMMISSIONERS

May 16, 2023  
Consent Agenda

## Subject

Results of April 2023 Crop Lease Live Auction

## Question Presented

Shall the Land Board direct the Department to award the lease to the high bidder at the live auction?

## Background

In December 2022, the Idaho Department of Lands (Department) initiated advertising on unleased endowment crop land (Attachment 1) obtained through the Eastern Idaho Regional Solid Waste District (EIRSWD) land exchange, which closed in March 2022. During the advertising period the Department received six applications. In accordance with IDAPA 20.03.14.105.01, when two or more eligible applicants apply to lease the same state endowment trust land, the Department shall hold a live auction. Department staff conducted the live auction and determined the high bidder for the lease in accordance with existing statutes, rules, and procedures.

## Discussion

The live auction was held in Idaho Falls at the Eastern Supervisory Area office on April 12, 2023. The premium bid for the new crop lease was \$93,000. This lease is offered for a 20-year term. Attachment 2 is a summary of the result of the live auction.

The Department informed all auction participants they had 20 days from the date of the auction to file an appeal with the State Board of Land Commissioners (Land Board). The 20-day appeal period expired on May 2nd and no appeals were received by the Department.

According to IDAPA 20.03.14.106, a review and approval of live auction results by the Land Board is required prior to lease issuance. Idaho Code § 58-310(4) provides that the Land Board has the right to reject any and all bids made at the live auctions when there has been fraud or collusion, or for any reason, which in the judgment of the Land Board justifies the rejection of the bids. The Department completed the lease auction process in accordance with existing statutes, rules, and procedures and did not observe any indication of fraud or collusion related to this process.

## Recommendation

Direct the Department to award the crop lease CR8000145 to Evan Wood Farms, LLC.

## **Board Action**

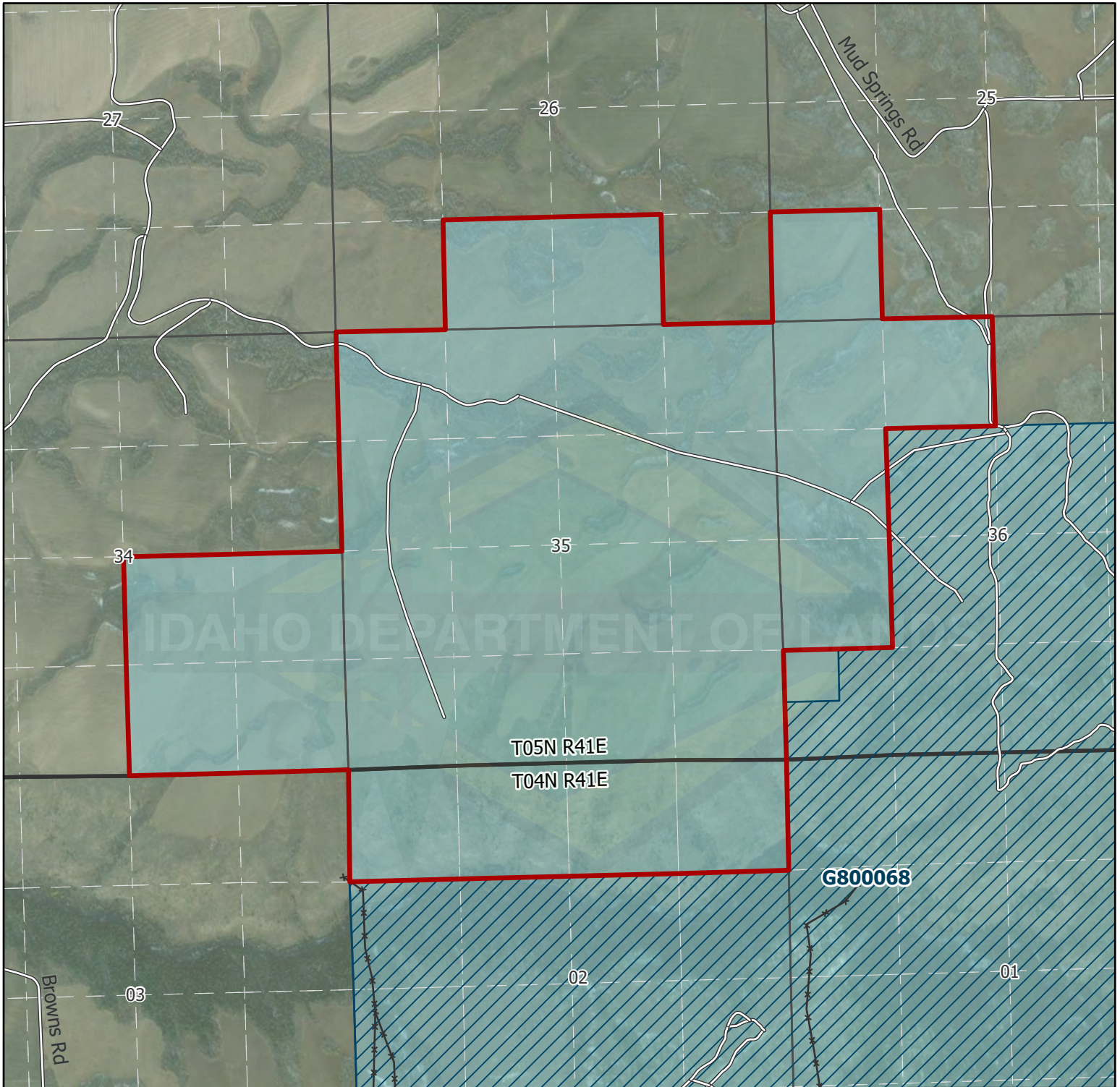
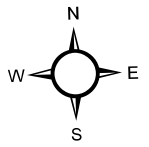
## **Attachments**

1. Parcel Map
2. Summary of April 2023 Crop Live Auction





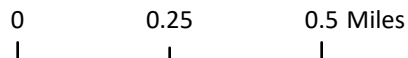
**CR80000145**  
**T04N R41E Section 2**  
**T05N R41E Sections 25-26, 34-36**



- Subject Lease
- Roads
- Fence
- Other Active Leases
- PLSS Township
- PLSS Section
- PLSS Subsection
- State
- Private

**Idaho Department of Lands**  
**Eastern Supervisory Area**  
**Madison County, Idaho**

5/9/2023  
 1:20,000



Disclaimer: Easements are intended to benefit land under the State of Idaho's Control now and in the future. This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.

Summary of April 2023 Crop Live Auction

Supervisory Area	Lease Number	Endowment	Lease Term (Years)	Farmable Acres	Improvement Value	# of Participants	# of Bids	High Bid Amount	High Bidder
Eastern - Idaho Falls	CR8000145	PS	20	651.00	\$0.00	6	53	\$93,000.00	Evan Wood Farms, LLC

**Total : \$93,000.00**



# STATE BOARD OF LAND COMMISSIONERS

May 16, 2023  
Consent Agenda

## Subject

Authorization to purchase one Forest Legacy Program conservation easement, known as South Dawson, comprising 655 acres of privately-owned forestland in Boundary County

## Question Presented

Shall the Land Board authorize the Department to acquire the South Dawson conservation easement?

## Background

- The Idaho State Board of Land Commissioners authorizes the Idaho Department of Lands to acquire such interests by voluntary, cooperative means and to create a conservation easement pursuant to Idaho Code Title 55, Chapter 21.
- The Cooperative Forestry Assistance Act (the "Act") of 1978 (16 U.S.C. 2101 et. seq.), as amended by Section 1217 and Title XII of the Food, Agriculture, Conservation Trade Act of 1990 (16 U.S.C. 2103c), established the federal Forest Legacy Program to protect environmentally important forestlands threatened with conversion to non-forest use.
- The Forest Legacy Program is funded through the Land and Water Conservation Fund, which was established by Congress in 1965, in part, to assist states in conserving vital working lands, wildlife habitats, and outdoor recreation. These funds come from a small portion of the royalties paid by energy companies drilling for oil and gas on public land on the Outer Continental Shelf.

## Discussion

The Forest Legacy Program (FLP)—a federal program in partnership with states—seeks to keep working forests working (Attachment 1-FLP Fact Sheet). Through a federal grant, Idaho's FLP purchases conservation easements (CEs) on private forestlands that might otherwise be converted to non-forest uses. Idaho's FLP CEs are designed to conserve the economic and environmental values that forestlands provide without removing the property from private ownership.

The FLP is an entirely voluntary program that offers willing landowners the opportunity to capture part of the "development value" of their land while receiving assurance that the forestland will remain a working forest forever. Idaho's FLP CEs restrict development and subdivision, require sustainable forestry practices through the implementation of a Forest Stewardship Plan, and protect other environmental values. Federal grant funds provide up to

75% of the program costs for the purchase of CEs on private forestlands with a 25% non-federal match requirement. Eligible program costs include conservation easement value as well as associated due diligence expenses. Eligible non-federal cost-share includes fully donated CEs, bargain sale CEs, in-kind services, and non-federal cash contributions.

The South Dawson CE is part of the Moyie River Corridor FLP Project (Attachment 2- Map). There are seven properties in this project; this would be the first to close. Molpus Woodlands Group, on behalf of its client landowners Nordic Crystal Falls LLC, wishes to convey this CE to the Idaho Department of Lands to conserve this forestland in perpetuity, thereby protecting the economic and environmental values while keeping the property in private ownership. This CE acquisition will be a bargain sale in which the 25% non-federal match will consist of donated easement value. The table below summarizes the conservation easement costs.

Landowner	Appraised CE Value	Landowner Donation	FLP Contribution
South Dawson	\$2,072,000	\$506,000	\$1,566,000

The South Dawson conservation easement is consistent with the goals and objectives of Idaho's FLP and will protect the following significant conservation values:

- **Timber:** Idaho's Forest Action Plan identifies the area where the project lands are located as one of the highest priority areas for forestland protection in the state. According to Boundary County's Comprehensive Plan, the harvest of timber and other products from forestland in Boundary County is essential to the local economy.
- **Wildlife Habitat:** Project lands contain some of the most valuable wildlife habitat in Idaho, supporting an abundant assortment of game and non-game species including federally-listed threatened species such as grizzly bear and Canada lynx.
- **Public Recreation:** The conservation easement terms ensure that these lands will remain accessible to the general public for non-commercial recreational uses including hunting, trapping, fishing, biking, hiking, cross-country skiing, and wildlife viewing.
- **Landscape Scale Conservation Impact:** The Moyie River Corridor project is located in an area of high conservation priority. Over twenty existing FLP conservation easements are located within 10 miles of this property.

The project has garnered broad public support by various public and private entities (Attachment 3-Public Support). These forestlands have substantial and significant conservation and economic values that are of great importance to the people of Idaho. The protection of these values will yield a significant public benefit.

## **Recommendation**

Authorize the Idaho Department of Lands to acquire the South Dawson conservation easement.

## **Board Action**

## **Attachments**

1. Forest Legacy Program Fact Sheet
2. Map
3. Public Support





# Forest Legacy Program

## Fact Sheet

The Forest Legacy Program (FLP) is a program that seeks to protect privately owned, economically and environmentally important forestlands that are threatened by conversion to non-forest uses. FLP is a voluntary program that, through the purchase of conservation easements, operates on the “willing buyer, willing seller” principle. Lands covered by a FLP conservation easement stay in private ownership and continue to be managed for traditional uses such as forest management.

### 1. What is a conservation easement?

A legal instrument through which certain rights, such as subdivision and development, are transferred from a landowner to a non-profit organization or government agency.

The grantee organization does not gain the right to subdivide or develop; rather, it holds those restrictions “in trust” and ensures that no one uses the rights restricted by the grantor.

A conservation easement is perpetual and runs with the land. Idaho Code Title 55, Chapter 21 is Idaho’s Uniform Conservation Easement Act.

### 2. Where does FLP funding come from?

- FLP is funded through the Land and Water Conservation Fund (LWCF), which was established in 1965, in part, to assist states in conserving vital working lands, wildlife habitats and outdoor recreation.
- Each year, a small percentage of royalties paid by energy companies drilling for oil and gas on public land on the Outer Continental Shelf is deposited into the LWCF account in the federal treasury. The premise of LWCF is essentially to protect one natural resource in exchange for the depletion of another.
- The U.S. Forest Service (USFS) administers the program at the national level and provides grants from LWCF to states to carry out the FLP.

### 3. What qualifies projects for consideration?

- Meets FLP’s primary objective to keep working forests working
- 75% forested
- Privately owned
- Includes a minimum 25% non-federal match
- Must be within a Priority Landscape Area as identified in Idaho’s Forest Action Plan
- Must be carried out in partnership with another state agency or land trust organization



#### **4. How are projects evaluated and selected?**

- Projects are evaluated using the following criteria:
  - Importance: criteria reflect the environmental, economic and social values the forest provides
  - Threat: criteria evaluate the likelihood of conversion from forest to non-forest uses that would result in a loss of forest values and public benefits
  - Strategic: criteria reflect the relevance to conservation efforts in a broader perspective (contributes to a conservation strategy and complements other intact forests)
- Projects are evaluated and ranked by a national review panel in Washington DC. The review panel, comprised of 6 state agency representatives and 6 USFS representatives from across the U.S., is tasked with ranking all projects submitted nationwide.

#### **5. How are conservation easement values determined?**

- A conservation easement purchase price is determined by an appraisal which conforms to the guidelines of two professional appraisal standards: the Uniform Standards of Professional Appraisal Practice (USPAP) and the Uniform Appraisal Standards of Federal Land Acquisitions (UASFLA or “Yellow Book”). Prior to the acquisition, the FLP requires an independent appraisal review.
- Appraisers meet rigorous private and federal appraisal standards, education, and training and must have considerable experience appraising projects of the same type and complexity.

#### **6. How are federal funds conveyed for Forest Legacy acquisitions?**

- Federal funds are directly distributed by the USFS to a title company that handles the closing transaction and recording of the conservation easement.
- The federal funding used to purchase a conservation easement cannot be higher than the appraised fair market value.

#### **7. Who holds title to the FLP easement?**

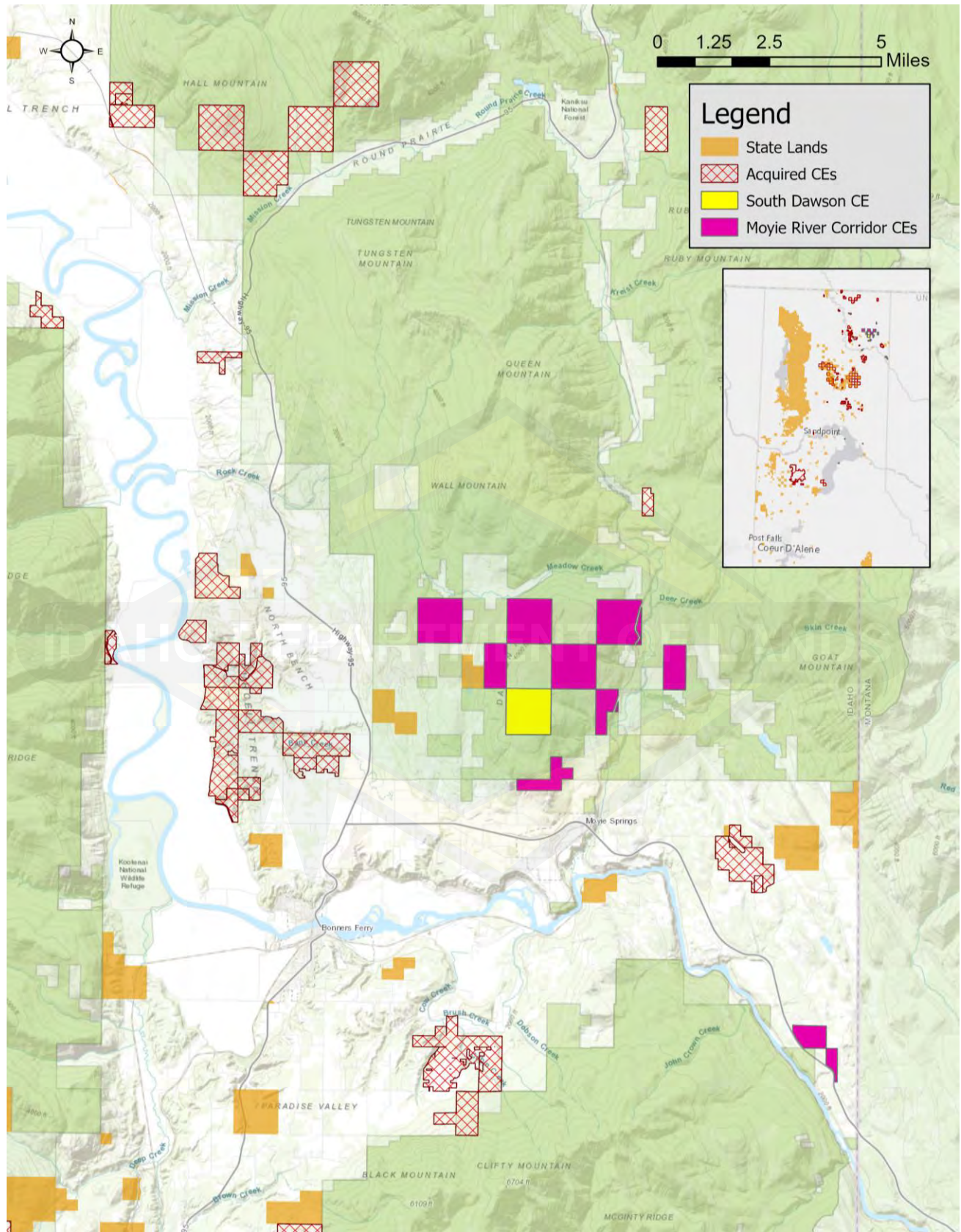
The State of Idaho

#### **8. How do conservation easements impact property taxes?**

The property is still in private ownership and taxed as such. Current property taxes are not impacted.

For more information, visit:

<http://www.idl.idaho.gov/forestry/forest-legacy-program>



## **Public Support of the FY2020-21 Moyie River Corridor Project in Boundary County**

The following local, state and federal government agencies and local, state and regional conservation organizations provided written letters in support of the purchase of a conservation easement on the Moyie River Corridor project lands:

- City of Bonners Ferry
- City of Moyie
- Foust Logging, Inc.
- Idaho Department of Fish and Game
- Idaho Forest Owners Association
- Idaho Forest Group
- Inland Forest Management
- Stimson Lumber Co.
- Trans-border Grizzly Bear Project
- US Fish & Wildlife Service
- US Forest Service – Idaho Panhandle National Forest
- Vital Ground Foundation
- Yellowstone to Yukon Conservation Initiative

The Boundary County Commissioner's received a project update on 11/7/2022.



## **Idaho State Board of Land Commissioners**

Brad Little, Governor and President of the Board

Phil McGrane, Secretary of State

Raúl R. Labrador, Attorney General

Brandon D Woolf, State Controller

Debbie Critchfield, Superintendent of Public Instruction

Dustin T. Miller, Secretary to the Board

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*Be it remembered, that the following proceedings were had and done by the State Board of Land Commissioners of the State of Idaho, created by Section Seven (7) of Article Nine (IX) of the Constitution.*

### Draft Minutes

State Board of Land Commissioners Regular Meeting

April 18, 2023

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, April 18, 2023 at the State Capitol, Room WW55, Lower Level, West Wing, 700 West Jefferson St., Boise, Idaho, and via webinar. The meeting began at 9:00 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Governor Brad Little

Honorable Secretary of State Phil McGrane

Honorable Attorney General Raúl Labrador

Honorable State Controller Brandon Woolf

Honorable Superintendent of Public Instruction Debbie Critchfield

For the record, all Land Board members were present. Governor Little, Secretary of State McGrane, Controller Woolf, and Superintendent Critchfield attended at the physical location; Attorney General Labrador attended via Zoom webinar.

For the record, Controller Woolf requested unanimous consent to amend the agenda pursuant to Idaho Code § 74-204(4)(c) to remove agenda item 3, the South Dawson Conservation Easement. Controller Woolf explained his reason for this amendment is that the Department of Lands received a request from Molpus and their client Nordic Crystal Falls to make a last-minute change to the conservation easement language, and the Department would like more time to review that. Governor Little stated that without objection the agenda will be modified.

Director Miller announced that a group of new employees was in town for onboarding which includes the opportunity to attend a Land Board meeting. Director Miller asked those employees to stand and be recognized. Governor Little welcomed everyone.

*[Editor's note: the Discussion portions, if any, for agenda items may be written in first-person format. This is not a verbatim transcript.]*

**1. Department Report** – Presented by Dustin Miller, Director

**Trust Land Revenue**

A. Timber Sales – March 2023

**Discussion:** Governor Little noted that interest rates are up and asked if interest rates for timber sales float. Director Miller said sales are assessed at 6% per year. David Greenwood elaborated that interest rates on sales are fixed at 6% by Idaho code. On timber sale extension contracts, the Department uses the average of the last four weeks' 30-year mortgage rate; that is also by code. Mr. Greenwood said the Department recently did an extension and the rate was 6.25%.

B. Leases and Permits – March 2023

**Discussion:** Governor Little inquired if the Department adjusts its forecasting, for instance forecasting less for residential lease revenue because the lots continue to be sold. Director Miller said that is correct.

**Status Updates**

C. Legislative Summary – Final

**Discussion:** None.

D. Land Bank Fund

**Discussion:**

**Superintendent Critchfield:** My question is related to an action later, it is the transfer, item number 8. Do you want me to ask now or later?

**Director Miller:** You could certainly ask now, Superintendent.

**Superintendent Critchfield:** It is just a procedural question. The action that is before us to take, is that something that is outside of that 5-year requirement of the transfer? Is that why there is something separate today?

**Director Miller:** There is about \$13,000 of principal in an account right now that we feel is appropriate to move over preemptively. We do not believe from a land acquisition standpoint that we can do much with that amount; that is in the Normal Schools fund. Our recommendation is to get those funds working for the beneficiary. The interest that we will be moving over follows the principal that we expended on a couple of acquisitions: the Vandals One acquisition, that 18,000-acre timberland acquisition up north, as well as the CAFE center. It is a routine thing if the Land Board chooses to authorize that transfer.

**Secretary of State McGrane:** A follow up question since we are open to it. I recognize the difference between the interest on those sales, but can we not use those funds to acquire new land, given there is an opportunity to do so?

**Director Miller:** We certainly could; I do not believe we have done that in the past. We have either rolled the principal and interest into the Land Bank together, or in this case where we have interest lagging principal that we have expended. It is an option for the Land Board to consider getting those dollars working for the endowments in the financial assets. With the transfers, we would still have sufficient funding available in the Land Bank to look at future acquisitions if they make sense for the endowments. We look at opportunities to acquire lands to provide us better access into existing endowment land inholdings. We have an acquisition pipeline report that we track very closely.

**2. Endowment Fund Investment Board Report – Presented by Chris Anton, EFIB Manager of Investments**

- A. Manager's Report
- B. Investment Report

**Discussion:**

**Mr. Anton:** The portfolio ended the month in positive territory despite considerable volatility during the month as both Silicon Valley Bank and Signature Bank collapsed, and Swiss authorities facilitated a marriage between UBS and Credit Suisse. The portfolio was up 1.5% for the month which left us up 7.4% fiscal year-to-date. Through April 17th, we were up 7.9%; we remain in a healthy place getting closer to year end. Silicon Valley Bank was the 16th largest bank in the United States; they provided a great deal of financing for high-tech start-up companies, particularly in the Bay Area. Swift action by the Federal Reserve, the FDIC, and the Treasurer to assure depositors were safe and guaranteed helped prevent a run on the banks. They also put in place a new bank term funding program to give investors comfort that even the smaller banks were comfortable because it allowed them to borrow money if they started to see a run on their bank. These actions provided investors with confidence that this was not going to become a systematic banking collapse issue like we saw during the great financial crisis. The markets were pleased by that and moved up late in the month. While the full-blown crisis was averted, the higher interest rate regime that the Federal Reserve has put in place to stem inflation is starting to cause cracks in the economy. First, we saw it in the real estate market with higher mortgage rates, we have seen it in the auto market with higher loan rates, the banks are having trouble, it is hard to say where we will see the problems next, but we are starting to have problems because of the higher rates. Overall, the fund is in good shape. Our distributions are well secured for this year and next. Our next Investment Board meeting will be on May 16th; that will be a joint meeting with the Land Board.

**Superintendent Critchfield:** One of your comments as it relates to the summary was ending "in a healthy place." How do you define a healthy place as it relates to this business?

**Mr. Anton:** In terms of the portfolio, we feel good to be up 7.4% fiscal year-to-date despite a very challenging year, a lot of volatility in the market. Two years ago, we had a great year coming out of the pandemic; the fund was up about 30%. Last year we were down -13.1%. It is nice to see a rebound this year on the positive front, that is what I was referring to.

**Superintendent Critchfield:** Anything that is in the positive, that is the range, so long as it is positive?

**Mr. Anton:** Our goal is to grow the fund in excess of inflation and our distribution rate to beneficiaries, and at 7.4% we are close to doing that. There have been concerns this year that we could see a recession. Many people talk about a recession given the higher interest rates and there is still potential that will happen. If that does happen, it will put downward pressure on our investments, particularly in the equity markets. The longer the economy stays healthy, and so far most of the economic indicators have been strong, we will end the year in positive territory. It does concern me that the indicators are slowing. I hope we can get through the year without a downturn is essentially what I was referring to.

**Superintendent Critchfield:** I appreciate the indulgence on learning. I do not know how excited to be about 7.4%. Is that great, is that moderate, I am just trying to understand the range.

**Mr. Anton:** The larger the better obviously in terms of returns. One of the things Callan does every year is their capital markets assumptions; they look at 10-year expected returns for different asset categories. If you look at our asset allocation and you apply that, it implies that our fund would make about 6.5% on average per year over the next 10 years. Some years are going to be better; some years are going to be worse. 7.4% is reasonable I would say.

**Governor Little:** We are going to have a joint meeting next Land Board meeting, maybe Chairman Wilford could talk about overall what the goal is for the Investment Board.

### **Consent—Action Item(s)**

#### **3. Clark Fork Hatchery Surplus Property (Idaho Fish & Game) – Presented by Zane Lathim, Program Specialist-Real Estate**

**Recommendation:** Direct the Department to offer the Hatchery property for disposition in accordance with the Surplus Property Act, Idaho Code §§ 58-331–335, and authorize the Department to offer the Hatchery at public auction in Bonner or Ada County.

#### **Discussion:**

**Secretary of State McGrane:** It sounds like the presumption is that no one is going to have an interest in this property and the best thing is to dispose of it through sale. The way the report is framed it seems implicit, from your analysis and evaluation, that it is likely going to go up for private sale. The land does not have much utility at this point, or am I misinterpreting?

**Mr. Lathim:** We are not aware of any other state uses for the property at this time.

**Governor Little:** In this instance, we are the state realtor. If it is surplus, it comes to us, and we dispose of it. If the timber division or the commercial people say there is value, then it is a transaction. The money is going to the Fish and Game, we are just the Fish and Game's realtor.

**Secretary of State McGrane:** This is an educational moment for me. Could the Land Board acquire the land from Fish and Game, if there was an interest and there is utility? As a member of the Land Board, I am curious if there is any potential value to that land.

**Mr. Lathim:** The Department looked at the land, in regard to employee housing, but the structures there are in poor condition. They have hazardous materials in the form of lead-based paint and asbestos-containing materials. The Fish and Game commissioned a report in 2016 and

at that time it was estimated about \$70,000 to remediate all the hazardous materials. The Department looked at it and it does not fit our needs at this time.

**Secretary of State McGrane:** Okay, that helps me.

#### 4. **Approval of Draft Minutes** – March 21, 2023 Regular Meeting (Boise)

**Consent Agenda Board Action:** A motion was made by Controller Woolf that the Land Board adopt and approve the Consent Agenda. Superintendent Critchfield seconded the motion. The motion carried on a vote of 5-0.

#### **Regular—Action Item(s)**

##### 5. **Approval of 3rd Extension, Chimney Sweep Pulp Timber Sale** – *Presented by Bill Haagenon, Deputy Director*

**Recommendation:** Approve the Chimney Sweep Pulp timber sale third extension under the following conditions:

1. The contract term is extended for three months from current expiration date of May 18, 2023 to August 18, 2023.
2. Clearwater Paper Corporation shall pay the estimated stumpage interest for the additional three month extension on May 18, 2023. This payment will not be added to the second extension pre-payment nor be applied to monthly statements. The current estimate is \$8,978.26. If Clearwater Paper Corporation removes some volume before May 18, 2023 then this may decrease based on the interest rate calculation on that date.
3. If Clearwater Paper Corporation does not meet contract requirements by August 18, 2023 all or a portion of the initial deposit, performance bond, and remaining second extension pre-payment will be forfeited as determined by the Department.

#### **Discussion:**

**Controller Woolf:** In my time here on the Land Board, I do not remember doing a third extension, is that correct? Have we done one since 2007?

**Mr. Haagenon:** I have been here for eight years, and I have not seen one; they are a rare occurrence. Going back before that I would have to look to be sure.

**Controller Woolf:** The previous two extensions were one-year extensions. This third extension, the Department's recommendation is for three months, waiting for roads to dry up and to be able to haul off those, because they are all decked already on the road, is that correct?

**Mr. Haagenon:** Yes, waiting for the load limits to come off the roads so that hauling can begin. Discussions with the purchaser indicate that a three-month period is not going to be problematic for them to get that accomplished.

**Board Action:** A motion was made by Superintendent Critchfield that the Land Board approve the request by Clearwater Paper Corporation for a third contract extension under the conditions stated in the recommendation. Secretary of State McGrane seconded the motion. The motion carried on a vote of 5-0.



6. **FY2024 Timber Sales Plan** – Presented by Bill Haagenon, Deputy Director

**Recommendation:** Direct the Department to proceed with implementation of the FY24 Timber Sales Plan.

**Discussion:**

**Controller Woolf:** One of the things has been the 20,000 cedar poles that has been in place for the last few years. Several timber industry members are particularly interested in the cedar, we had the dual entry, the single entry into the woods. This pilot program, is this to continue with 20,000 poles?

**Mr. Haagenon:** We are past the pilot program as it relates to cedar sales. We are now selling everything with more than 15% cedar volume as a cedar sale with a single entry; that is open to any bidder and the products can go where they see fit. That is doing a decent job for the endowments of capturing return on cedar products that are out there.

**Controller Woolf:** I appreciate the Department and the timber staff for their work, being able to increase our harvest. Being able to have a plan of a steady, stable market is helpful for us but it is helpful for all the industry. I look forward to next year and the new FAMP.

**Secretary of State McGrane:** How is the wildfire risk taken into consideration. You mentioned how we react to it when it catches fire, but how do we incorporate the risk profile of wildfires into this plan?

**Mr. Haagenon:** Endowment lands are intensively managed and well managed. While that does not remove the risk of wildfire, because those acres are going to burn at some point, they will burn in a different way in a well-managed forest. We have the unique ability to quickly move in and salvage any material that is affected. As a result, there is a limited impact on our need to plan for those losses of volume as part of this program. For example, back to the 2021 fire season where we had significant endowment lands affected, we were able to move in and harvest the salvage timber and move green sales into future years to offset that volume. We are a bit reactive in that way, but because of our inventory and our ability to manage quickly, that reactive approach works for us.

**Secretary of State McGrane:** I follow that, but when you substitute with the green sales, are we not just delaying future harvests? Are we robbing Peter to pay Paul because of the losses related to the fire? I got to tour Benton Ridge and see the cedar, the salvage, I can appreciate that reaction, but there was a lot of timber lost in that as well. I am wondering how we incorporate that into the overall plan because we are losing assets when they burn.

**Mr. Haagenon:** The loss that we take in those situations is actually the loss of value at the time that we are selling that damaged timber; that is a real risk for any manager of timberlands that we have to acknowledge. Our ability with the inventory that we have, to move in and harvest those affected areas and move those green sales into the future, that volume then continues to grow on the stump. We continue to add value on those acres that we are not treating until future years, provided they do not grow out of merchantability, rather they do not grow too big. There is not a significant hit for us other than the value that we lose when the burned acres go from green timber to dead timber.

**Secretary of State McGrane:** I have looked through the materials and you mentioned the letters of support, so I want to recognize the Associated Logging Contractors letter of support. But also, when I was speaking to some of the members, there was concern about us being overly aggressive in terms of our harvest. The Controller was highlighting the success of increasing it, but I am just wondering as we look at the long-term plan – and maybe this is education for me as we look at FY25, having more time in terms of what the plan is and how that fits in the long-term – part of me wants to share some of the concerns of the loggers throughout the forest that they think the projections are overly optimistic about the health of the forest and therefore what the yields will actually be. I do not know if you have any comments on that, but it was shared with me, part of my role is to share with you.

**Mr. Haagenon:** That is an excellent question and we have heard that concern. As we manage acres and do so more intensively, the trees that are established on those acres are growing faster, we are adding more volume on those younger stands than what the older stands are able to add. There is a management effect on growth that is really important. We also have an overabundance of inventory at this point. Some of that inventory, if we leave it out there, will grow out of merchantability and will start to lose value. Right now, as we did the 2019 FAMP, our estimate of our total inventory is around 10 billion board feet. We would like to see that number down much lower, more like 5 billion board feet on endowment lands. We still have lots of inventory to capture to get us down to where we need to be. What you are likely to see is this elevated harvest level for a period, perhaps 20-30 years, and then have it reset to a lower level as our endowment lands enter what we call a regulated forest condition where we are harvesting the growth. That is the plan, we feel good about that plan and the data that supports it.

**Secretary of State McGrane:** I welcome the opportunity for more education, for the FAMP next year for FY25, recognizing the long-term return, not just this year's coming return.

**Mr. Haagenon:** Important to us as well, thank you.

**Board Action:** A motion was made by Controller Woolf that the Land Board direct the Department to proceed with the implementation of the FY24 Timber Sales Plan. Superintendent Critchfield seconded the motion. The motion carried on a vote of 5-0.

**7. Land Bank Fund Transfer-Principal and Earned Interest** – *Presented by Dustin Miller, Director*

**Recommendation:** The Department recommends transfer of \$2,847,310 of principal and interest from the Land Bank to the permanent endowment fund.

**Discussion:**

**Secretary of State McGrane:** I just want to confirm what you were saying there. The first forced transfer will be the first quarter of FY26?

**Director Miller:** The first transfer, absent action by the Board, would be the first quarter in FY25. Nearly \$13,000 in Normal Schools would automatically expire the first quarter of FY25. We are not able to do a whole lot with that from a land acquisition side of things, so we might as well get the funds working for the endowments. The remaining interest from the Vandals One acquisition and the CAFE center, that interest would expire in the following quarters of FY25, this is just preemptively moving it. We typically move the interest along with the principal when moving

funds into the permanent fund. In this case, we expended those funds on land acquisitions and we have not done anything with the interest.

**Secretary of State McGrane:** You mentioned the history of the Land Board, but I have not sat on the Land Board previously. One of my priorities is, to the extent that we can, to invest in more land, because I think in the long term that is going to be in the best interest to the endowment. We use the principal to purchase land, why not use the interest to purchase land? I recognize there may not be any opportunities at this moment, but I look forward to trying to figure out ways to better leverage these funds to acquire land. When you look at the overall endowment, it continues to shrink over time, and I do not know that to be in the long-term interest of the beneficiaries. I guess I have a little rub with this. I get putting it in the market, although based on what is going on with the banking industry right now, we are betting on what the market will be here in the short term. Philosophically, I would like us to acquire more land.

**Controller Woolf:** Director, the policy was put in place to create the [Investment] Subcommittee, with Mr. Anton, yourself, and Mr. Wilford. Is there direction that the Investment Committee is discussing of how the interest would be handled? Keeping it and looking if there is potential in the pipeline report, or just sweeping it? At this point there is no set policy of how that interest should be handled. Is that something that we should look at as a Land Board?

**Director Miller:** I appreciate that question. To go along the lines of what Secretary McGrane was asking and where he is at on the timberland acquisition side of things, if we can find opportunities that make sense for the endowments or improve access to existing inholdings then there is no reason why we could not be using interest to secure those additional acres and that additional real estate. This is just something that we have gotten used to doing; we customarily move the interest into the Land Bank following the principal being expended on real estate transactions. I would entertain a conversation with my colleagues on the Investment Subcommittee to talk about this and provide some recommendations to the Board as we move forward. There is no reason we could not use the interest and the principal on acquisitions, or if it makes sense to roll it into the permanent fund preemptively, move it altogether.

**Superintendent Critchfield:** From year to year, what kind of interest is deposited into the Land Bank as a total.

**Director Miller:** As a total, it is variable, it depends on what type of transactions we make on the real estate side of things, and what kind of interest remains. If there is nothing in the pipeline for us to purchase, then that interest would continue to accrue. I think it is more than 2.5% in the State Treasurer's office that it would accrue at. Bill might have a different number for me.

**Mr. Haagenon:** The current rate is 2.93% as of February for funds that are in the Treasurer's office. For years that number was much lower, 0.4% for example. So far, the Board has moved approximately \$130 million out of Land Bank and into the permanent fund. The amount that was interest, off the top of my head, was a little under \$10 million.

**Mr. Anton:** One comment. The interest is tied to the principal that comes into the Land Bank and is on the same aging schedule, so the interest expires at the end of five years. What you do not see on this schedule is that much of the money that was reinvested in timber was close to the expiration date. We are talking about moving interest on principal that has already been spent that was very close to expiration. If you look at the total interest in the fund, it is more than the

amount that is being transferred. The interest is remaining in the Land Bank on the remaining principal amounts, this is just the interest on the money that was already spent.

**Secretary of State McGrane:** Recognizing there is \$13,000 about ready to transfer, is there an extra year for most of the interest that we are talking about, the FY26 first quarter transfer?

**Mr. Haagenson:** The amounts that were in the Land Bank that were used for Vandals One in particular were some of the older amounts in the different endowments. We would have to look at an older version of the Land Bank aging report and we can certainly provide that information to the Board members on the exact timing of those different amounts, and the approximate associated interest with them, if that would help.

**Secretary of State McGrane:** I would at least like to propose the idea of just tabling this for a month to look at the aging report. If it is, as some of the money clearly is, going to be transferred relatively soon I have no problem with that, but if we have a year to look at potential purchase of land, a year is not an insignificant amount of time.

**Superintendent Critchfield:** I am less concerned about the timing and will be, should the motion come forward, supportive of the recommendation. If our Board wants to contemplate a different way to handle this moving forward, what kind of money are we talking about, does it make sense to even take the time to discuss it? It sounds like with \$10 million there is an opportunity to think differently. For today, I am satisfied with the recommendation.

**Secretary of State McGrane:** I move to postpone it for one month.

**Superintendent Critchfield:** May I ask a question of the motion-maker? What will change for you in a month? I am trying to understand the difference of now and a month related to this specific action.

**Secretary of State McGrane:** Good question. I think the aging report, if it is truly a year, I am inclined to wait to see if we can acquire land. If it is sooner, I would support it. The aging report may help me make a better-informed decision.

**Governor Little:** I would add that we do have a lot of money in the Land Bank. The one thing you have to do is match up the money that is in the pool. That is the problem with the Normal Schools, it is a small endowment, and even University of Idaho. Public School endowment is a different issue because it is a much bigger fund. These smaller funds, the practicality of government buying little parcels of land, overhead costs exceed return versus giving it to EFIB and having them earn a 5-7% return right away. Given the newness of some of the Board members, next month when Tom is here, we have that discussion about endowment investments versus land investments. You mentioned a lot of land we got rid of, if you look at a map of Idaho most of that land was in the wilderness area, we had no access. We went from 3.5 million to 2.5 million [acres]. You heard from Bill how we are actively managing the 2.5 million. We were not making any return off much of that extra million and that is part of the narrative about state lands. Any landowner has to have enough volume to cover their overhead to do the management and, in our instance, you need mills and loggers, which goes back to your other question. Some of these other states that have state land do not have any mills or loggers. They cannot do anything. We are very blessed here in Idaho. The Land Bank is in the constitution and there are certain things we have to do there. This is what we have done before. I understand

the question, it is a policy question and does not need to be made at this point, the whole theory of when do we buy land and when do we give it to the Endowment Fund Investment Board to make long, long term decisions with it. This is short-term money; at best we are going to get 3%. Their goal is to make so many basis points over the market, and that is what the people of Idaho did when they amended the constitution.

**Secretary of State McGrane:** I respect your experience both as a Land Board member and as a landowner. I recognize in the short term that the standard operating procedure does have embedded in it some philosophical undertones, and where I am coming at with this is just looking at it. We currently have land that is not that useful. I recognize your point that it may be less land but more beneficial, we are able to harvest trees versus some of the rangeland or others that we acquire. I understand not all land is created equal, but there is value in the long term to acquire land because it is something that you cannot get more of over time. I recognize the short-term investment component; I am just looking at the long term philosophically.

**Board Action:** A motion was made by Superintendent Critchfield that the Land Board approve the Department's recommendation related to this specific transfer with the expectation that at an upcoming meeting the Land Board will work through future policy discussions and issues. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

**8. Negotiated Rulemaking for IDAPA 20.05.01, Recreational Use of Endowment Land** – *Presented by Todd Wernex, Program Manager-Recreation*

**Recommendation:** Authorize the Department to initiate negotiated rulemaking for a new rule chapter related to recreational use of endowment land (IDAPA 20.05.01).

**Discussion:** None.

**Board Action:** A motion was made by Controller Woolf that the Land Board authorize the Department to initiate negotiated rulemaking for a new rule chapter related to recreational use of endowment land (IDAPA 20.05.01). Superintendent Critchfield seconded the motion. The motion carried on a vote of 5-0.

**9. Disclaimer of Interest Delegation of Authority** – *Presented by Mick Thomas, Division Administrator-Minerals, Navigable Waterways, Oil and Gas*

**Recommendation:** Delegate the approval of Disclaimers of Interest to the Director as long as the above six conditions are met.

**Discussion:**

**Governor Little:** If you have an agricultural building that is worth \$300,000, that is exempt. It says no structures and then it says non-agricultural. If somebody has a 24.9-acre parcel with a fancy outbuilding, that does not come to the Land Board?

**Mr. Thomas:** Here is the caveat, all of them are evaluated and come before Land Board staff, and the discretion is always up to staff or the Director to say this warrants bringing before the Land Board. The option is always there to bring everything before the Land Board.

**Superintendent Critchfield:** The memo states that requests from landowners have increased; is that 1 to 4 or is that 1 to 100, what does the increase look like? How often does this happen?

**Mr. Thomas:** Over the past 5-10 years, we have had approximately 40 disclaimers approved. Yet we have had 5 or 6 in the past two years, that is the increase we have seen. They are not knocking down any doors, but they have gone up and they have been an onerous part of Land Board meetings. We thought we would streamline your time a little bit.

**Governor Little:** I asked how many of these we have, they said thousands, and I said are we just going to be consumed at Land Board meetings doing these. This is the Department's very credible attempt to make it to where the Land Board is not spending all their precious time. Around 90% of these title issues are not debatable anyway. The river has moved, they own the land, and it is just perfunctory from a chain of title standpoint what we have to do.

**Superintendent Critchfield:** Along those lines of making our Board less about compliance and function like that, is 25 acres too limited, should that number be higher?

**Mr. Thomas:** I scanned a list of disclaimers we have done in the past 11 years, there were 2 or 3 that were over 25 acres, most of them are small parcels. Accretion does not happen over huge swaths of land suddenly. This is small little ebbs and flows that change in the river.

**Board Action:** A motion was made by Superintendent Critchfield that the Land Board approve delegation of disclaimers of interest contingent upon the conditions that are set forth in the Land Board materials. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

## Information

None

At 10:18 a.m., a motion was made by Controller Woolf to resolve into Executive session pursuant to Idaho Code § 74-206(1)(f) – to communicate with legal counsel for the Land Board to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. Controller Woolf requested that a roll call vote be taken, and that the Secretary record the vote in the minutes of the meeting. Superintendent Critchfield seconded the motion. *Roll Call Vote: Aye:* McGrane, Labrador, Woolf, Critchfield, Little; *Nay:* None; *Absent:* None.

## Executive Session

### A. State v. Garayalde

Idaho Code § 74-206(1)(f) – to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. The mere presence of legal counsel at an executive session does not satisfy this requirement.

For the record, Attorney General Labrador was present by phone for the duration of the Executive session and excused himself at its conclusion.

At 11:01 a.m., a motion was made by Controller Woolf to resolve out of Executive session. Superintendent Critchfield seconded the motion. A roll call vote was taken. *Roll Call Vote: Aye:* McGrane, Woolf, Critchfield, Little; *Nay:* None; *Absent:* Labrador. No action was taken by the Land Board during the Executive session.

There being no further business before the Land Board, at 11:01 a.m. a motion to adjourn was made by Controller Woolf. Superintendent Critchfield seconded the motion. The motion carried on a vote of 4-0.



# STATE BOARD OF LAND COMMISSIONERS

May 16, 2023  
Regular Agenda

## Subject

Old Penitentiary Historic District Memorandum of Understanding (MOU)

## Question Presented

Shall the Land Board authorize the Director to execute the revised MOU?

## Background

The Old Penitentiary Historic District (District) consists of approximately 161 acres of Penitentiary reserve land and approximately 129 acres of Penitentiary acquired land. These lands are shown on Attachment 1. About 189 acres of Penitentiary endowment land is adjacent to the Penitentiary reserve and acquired lands.

Idaho Code § 58-337 (Attachment 2) provides the authority and the mechanism for lease of lands within the District, including direction that the Land Board may relinquish control over all or part of the District to other state agencies willing to assume control.

A 1995 MOU provides the Idaho State Historical Society (ISHS) with the responsibility for security and maintenance of the District, plus the authority to authorize short-term uses of the property (5 years or less). Long-term uses of the property (more than 5 years) would be presented to the Land Board for approval.

Under the MOU the Idaho Department of Lands (Department) retained authority over all leases and permits on the adjacent Penitentiary endowment land.

## Discussion

The Department has worked with ISHS and the Office of the Attorney General to develop a revised MOU for Land Board consideration (Attachment 3). The intent of this revision is to update the MOU and provide clarity to ISHS for their administration of the District. The substantive changes proposed in the revised MOU are as follows:

1. The Land Board relinquishes and transfers jurisdiction and control over the District to ISHS.
2. ISHS is authorized to lease any part of the District for a term not to exceed fifty (50) years.
3. Neither the Land Board nor the Department will act as an advisor or have any right to approve any lease, permit, easement, or use agreement within the District, with the exception of geothermal and oil and gas leases which will be administered by the Department.



4. The Land Board retains jurisdiction and control of the adjacent Penitentiary endowment land.
5. The revised MOU is recommended for review at a 10-year recurring interval and is subject to termination with 90 days' written notice from either party.

### **Recommendation**

Authorize the Director to execute the revised memorandum of understanding with the Idaho State Historical Society for the management of the Old Penitentiary Historic District.

### **Board Action**

### **Attachments**

1. Map of Old Penitentiary Historic District and Vicinity
2. Idaho Code § 58-337
3. Proposed Revised MOU

The logo for the Idaho Department of Lands is centered on the page. It features a stylized mountain range in the background with a green diamond shape in the center. A horizontal banner across the middle contains the text "IDAHO DEPARTMENT OF LANDS" in white capital letters on a grey background.

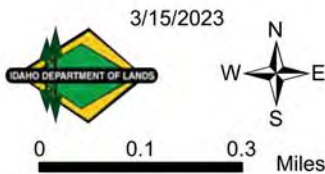
IDAHO DEPARTMENT OF LANDS



**HISTORIC PENITENTIARY DISTRICTS**

- ENDOWMENT LAND PARCEL
- RESERVE LANDS
- ACQUIRED LANDS

**Old Penitentiary Historic District**  
Sections: 12,13, 18 - T03N - R02N, R03E



**Map Notes**

Projection: Idaho Transverse Mercator, NAD 83  
Map Notes and Data Sources

**Disclaimer:**  
This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.





# Idaho Statutes

TITLE 58  
PUBLIC LANDS  
CHAPTER 3

APPRAISEMENT, LEASE, AND SALE OF LANDS

58-337. LEASE OF OLD PENITENTIARY SITE. To preserve and enhance the cultural, educational, recreational and scenic values of the old penitentiary site at Boise, the state board of land commissioners or any other state agency having jurisdiction and control over the site is authorized to lease any part of the site to private persons, firms, or corporations for a term not to exceed fifty (50) years. The board is also authorized to relinquish control and custody over any part of the old penitentiary site to other state agencies for use as building or office space. Unless otherwise prohibited by law, proceeds from the rental of the old penitentiary site beyond cost of maintenance and historic interpretation shall be credited to the permanent building fund. For purposes of this act [section], the old penitentiary site at Boise includes all penitentiary reserve and acquired lands owned by the state of Idaho in:

Sections 12 and 13, Township 3 North, Range 2 East, Boise Meridian, and the west half of Section 18, Township 3 North, Range 3 East, Boise Meridian.

History:

[58-337, added 1974, ch. 301, sec. 1, p. 1768.]

How current is this law?

**Search the Idaho Statutes and Constitution**

MEMORANDUM OF UNDERSTANDING  
IDAHO STATE HISTORICAL SOCIETY  
IDAHO DEPARTMENT OF LANDS, on behalf of the  
STATE BOARD OF LAND COMMISSIONERS

This MEMORANDUM OF UNDERSTANDING (“MOU”) is made and entered this \_\_\_\_ day of \_\_\_\_\_, 2023 (“Effective Date”), by and between the IDAHO STATE HISTORICAL SOCIETY (“ISHS”) and the STATE BOARD OF LAND COMMISSIONERS (“Board”), acting through the IDAHO DEPARTMENT OF LANDS (“IDL”), to transfer management and administration of the below-described lands from the Board to ISHS, and to clarify the relationship and responsibilities of each entity towards the other.

WHEREAS, under Section 9 of the Idaho Admission Bill, the United States granted the State of Idaho approximately 160 acres located in Sections 12 and 13, Township 3 North, Range 2 East, Boise Meridian, and the west half of Section 18, Township 3 North, Range 3 East, Boise Meridian for a state penitentiary (“Penitentiary Reserve Lands”);

WHEREAS, the State of Idaho acquired an additional approximately 148 acres also located in Sections 12 and 13, Township 3 North, Range 2 East, Boise Meridian, and the west half of Section 18, Township 3 North, Range 3 East, Boise Meridian, also for a state penitentiary (“Penitentiary Acquired Lands”);

WHEREAS, together the Penitentiary Reserve Lands and Penitentiary Acquired Lands constitute the lands referred to herein as the “Old Penitentiary Historic District”;

WHEREAS, under Section 11 of the Idaho Admission Bill, the United States granted the State of Idaho 50,000 acres of land for the support of the state penitentiary, including approximately 187.27 acres (the “Penitentiary Endowment Land Parcel”), which are adjacent to and on the east side of the Old Penitentiary Historic District, but are, by the terms of this Agreement, specifically excluded from such District;

WHEREAS, Idaho Code § 58-337 provides the authority and mechanism for lease of lands within the Old Penitentiary Historic District;

WHEREAS, Idaho Code § 58-337 contemplates that the Board may relinquish control over all or a portion of the Old Penitentiary Historic District to other state agencies willing to assume control under the terms and conditions expressed in Idaho Code § 58-337;

WHEREAS, the Board previously has transferred portions of the Old Penitentiary Historic District to other state agencies, including the Department of Agriculture and Health and Welfare, for the construction of facilities for the use of those state agencies;

WHEREAS, the Board and ISHS have entered prior agreements pertaining to management of the Old Penitentiary Historic District including a Memorandum of Agreement executed by the IDL Director on December 20, 1994, and the ISHS Director on July 27, 1995,

which superseded a Memorandum of Agreement between the parties dated September 10, 1985, which in turn superseded a Memorandum of Agreement between the parties dated February 2, 1976;

WHEREAS, ISHS agrees to assume all jurisdiction and control of the Old Penitentiary Historic District;

NOW THEREFORE, the parties agree as follows:

1. The Board, acting through IDL, hereby relinquishes and transfers jurisdiction and control over the Old Penitentiary Historic District to ISHS.
2. ISHS hereby accepts jurisdiction and control over the Old Penitentiary Historic District.
3. Pursuant to Idaho Code § 58-337, ISHS is authorized to lease any part of the Old Penitentiary Historic District to private persons, firms, or corporations for a term not to exceed fifty (50) years, with the exception of geothermal water leases or oil and gas leases, which will be administered by IDL.
4. Neither the Board nor IDL will act as an advisor or have the right to approve any lease, permit, easement, or use agreement into which ISHS may hereafter enter regarding the Old Penitentiary Historic District.
5. Nothing contained herein shall affect the Board's jurisdiction and control over the Penitentiary Endowment Lands Parcel. The Penitentiary Endowment Lands Parcel will be administered to secure the maximum long term financial return for the support and maintenance of the state penitentiary.
6. This MOU does not modify any existing agreement with third parties pertaining to use of the Old Penitentiary Historic District. Any rights reserved to the Board in such existing agreements are hereby assigned to ISHS. If ISHS wishes to renegotiate or renew any existing agreement pertaining to use of the Old Penitentiary Historic District, approval of the Board shall not be requested or required.
7. No waiver, modification, or amendment of this MOU or of any covenant or condition herein contained shall be valid unless in writing duly executed by both the Board and ISHS.
8. It is recommended that this MOU be reviewed and modified as deemed necessary on a 10-year recurring interval. Periodic review notwithstanding, this MOU shall remain in effect until terminated in accordance with Section Nine. The Board and ISHS both reserve the right to revisit and change the terms of the MOU at any time they deem necessary, in accordance with Section 7.

9. Either party hereto may terminate this MOU at any time by giving the other party written notice of such termination. Such termination shall be effective not earlier than ninety (90) days following the date of the party receiving said written notice, except by mutual agreement of both agencies.
  
10. This MOU supersedes and replaces all prior agreements between the parties regarding the Old Penitentiary Historic District.

STATE OF IDAHO,  
State Board of Land Commissioners, acting by and through:

Idaho Department of Lands

\_\_\_\_\_  
Dustin T. Miller  
Director

\_\_\_\_\_  
Date

STATE OF IDAHO,  
Idaho State Historical Society

\_\_\_\_\_  
Janet Gallimore  
Executive Director

\_\_\_\_\_  
Date