



STATE BOARD OF LAND COMMISSIONERS

C. L. "Butch" Otter, Governor and President of the Board
Lawrence E. Denney, Secretary of State
Lawrence G. Wasden, Attorney General
Brandon D. Woolf, State Controller
Sherri Ybarra, Superintendent of Public Instruction

Tom Schultz, Secretary to the Board

FINAL Minutes
State Board of Land Commissioners Regular Meeting
October 20, 2015

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, October 20, 2015, in the State Capitol, Lincoln Auditorium (WW02), at 700 West Jefferson Street, Boise, Idaho. The meeting began at 9:00 a.m. The Honorable Governor C. L. "Butch" Otter presided. The following members were present:

Honorable Secretary of State Lawrence Denney
Honorable Attorney General Lawrence Wasden
Honorable State Controller Brandon Woolf
Honorable Superintendent of Public Instruction Sherri Ybarra

For the record, Governor Otter recognized the presence of all Board members. Also for the record, Bob Brammer, Chief Operations Officer, served as Secretary to the Board at this meeting.

1. Director's Report

- A. Interest Rate on Department Transactions – October 2015
- B. Timber Sale Activity and Information Report – September 2015
DISCUSSION: Governor Otter asked if the Department will be able to catch up on harvest volume due to restrictions on harvest operations that were in place during wildfires. Mr. Brammer replied that it is very probable; the Department is moving quickly to recover a significant volume of black wood as part of fire salvage operations.
- C. Division of Lands and Waterways Activity and Information Report – September 2015
- D. Cottage Site Voluntary Auction for Ownership Update
- E. Fire Season Update
DISCUSSION: A verbatim transcript is available by request to the Department of Lands, Attn: Land Board Recording Secretary, PO Box 83720, Boise, Idaho 83720-0050 or by email to public_records_request@idl.idaho.gov.

2. Endowment Fund Investment Board Manager's Report – Presented by Larry Johnson, EFIB Manager of Investments

A. Manager's Report

DISCUSSION: Mr. Johnson stated that distributions for 2016 and 2017 are well-secured, with sufficient reserves. Mr. Johnson reported that the Investment Board met on October 9th to interview real estate investment managers and voted to invest \$150 million, split equally with the Trumbull Property Income Fund and the RREEF America II Fund. After implementation, which is anticipated to take one year, the asset mix of the Endowment Fund will be 66% equity, 26% fixed income, and 8% U.S. commercial real estate. Mr. Johnson mentioned that the Investment Board will attend the November regular Land Board meeting and present its annual report, which will include a report on the financial statements. Mr. Johnson noted the Investment Board will also discuss two pieces of draft legislation that the Board has been composing. One would increase the amount of school bonds that can be guaranteed by the Public School Endowment Fund and the second would clarify that the Treasurer has the authority to continue the past practice of investing idle endowment funds as requested by the EFIB. Mr. Johnson commented that in the last month EFIB completed the 2015 Citizen-Centric Report, a copy of which was given to each Land Board member. The report covers many endowment activities; the Board may find it useful when talking about endowment lands and the Fund with stakeholders.

B. Investment Report

DISCUSSION: Mr. Johnson reported that equities were down almost 4% in September, which reduced the Fund value by 2.5% over the month. October has been more positive; through yesterday the Fund is up 4.4%. Fiscal year-to-date the Fund is at -2.1%.

Attorney General Wasden observed that the monthly report states Endowment Reserves are at least 4.8 times the size of the 2017 distributions and inquired which of the reserves are not at the five-year mark. Mr. Johnson stated he did not have the data with him, but believed it to be State Hospital South. Mr. Johnson said he would confirm and provide that information following the meeting.

- **CONSENT**

3. Approval of Minutes – September 15, 2015 Regular Meeting (Boise)

CONSENT AGENDA BOARD ACTION: Controller Woolf commented on an apparent proofing error in the Draft Minutes, on page 3 of 7, item number 4; it appears the same Recommendation was copied and pasted from item number 3 on page 2. Controller Woolf asked that the error be corrected. A motion was made by Attorney General Wasden that the Board adopt and approve the Consent Agenda with the understanding the Draft Minutes will be corrected as noted. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

- **REGULAR**

NONE

Background information was provided by the presenter indicated below. No Land Board action is required on the Information Agenda.

- **INFORMATION**

4. Grazing Review Subcommittee Update – Presented by Mike Murphy, Bureau Chief-Endowment Leasing

DISCUSSION: Controller Woolf asked if the Department has any estimated costs related to Subcommittee activities. Mr. Murphy replied the Department is in the process of developing a budget and is trying to keep costs low. There will be some travel costs for consultants. The Department will keep the Land Board informed of costs as they are estimated or known.

At 9:43 a.m. a motion was made by Attorney General Wasden to resolve into Executive Session pursuant to Idaho Code § 74-206(1) subsection (f) to communicate with legal counsel regarding legal ramifications of and legal options for pending litigation, or controversies not yet being litigated that are imminently likely to be litigated. Attorney General Wasden requested that a roll call vote be taken and that the Secretary record the vote in the minutes of the meeting. Controller Woolf seconded the motion. Roll Call Vote: *Aye:* Denney, Wasden, Woolf, Ybarra, Otter; *Nay:* None; *Absent:* None.

- **EXECUTIVE SESSION**

- A. 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. [TOPIC: Bear Lake Reserve]
- B. 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. [TOPIC: Cape Horn Fire, Municipal Fire]

At 10:27 a.m. the Board resolved out of Executive Session by unanimous consent. No action was taken by the Board during the Executive Session.

There being no further business before the Board, at 10:28 a.m. a motion to adjourn was made by Attorney General Wasden. Controller Woolf seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.

