



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

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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.*

FINAL Minutes  
State Board of Land Commissioners' Regular Meeting  
March 15, 2016

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, March 15, 2016, in the Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol, Boise, Idaho. The meeting began at 9:16 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.

**1. Director's Report**

- A. Interest Rate on Department Transactions – March 2016
- B. Timber Sale Activity and Information Report – February 2016
- C. Division of Lands and Waterways Activity and Information Report – February 2016

D. Legislative Update

*DISCUSSION:* Governor Otter referred to HCR 53 and asked if it was the correct instrument "to encourage the Land Board to preserve and promote reasonable equitable access to the state endowment trust lands for Idaho citizens." Governor Otter questioned if it would require a change to the Constitution. Attorney General Wasden stated that a constitutional change would be required because this imposes a burden on the fiduciary duty of the Land Board to obtain the maximum long-term financial return as outlined in Article IX, Section 8. Secretary Denney commented that a concurrent resolution is just a recommendation. Attorney General Wasden agreed, noting that HCR 53 is not a proposed amendment, simply a recommendation by the legislative body.

E. Revenue Update

**2. Endowment Fund Investment Board Manager's Report** – Presented by Chris Halvorson, EFIB Investment Officer

A. Manager's Report

*DISCUSSION:* Mr. Halvorson reported that fiscal year-to-date through February 29 the Fund is around -7.0%, although February did have a slightly positive return. Mr. Halvorson noted that through March 14, the Fund is up about 3.4%, making fiscal year-to-date return -3.9%. Despite the negative returns, distributions for FY16 and FY17 are well secured; strong land revenues have offset weak market returns somewhat. Mr. Halvorson stated there were no significant actions taken by the Investment Board since the last report. There are no compliance or legal issues of concern, and no changes to EFIB or Investment Board staff.

Mr. Halvorson shared news that EFIB received its first call on capital since hiring two real estate managers and will start investing into its commercial real estate program on April 1; the first payment will be \$37.5 million. Mr. Halvorson noted that Director Schultz had already covered legislative updates relating to the EFIB.

B. Investment Report

*DISCUSSION:* Mr. Halvorson reported that the current value of the Fund is approximately \$1.82 billion. All investment managers are performing as expected in this type of market volatility.

Governor Otter asked what 11 basis points is on \$10,000. Mr. Halvorson replied it is \$11.

• **CONSENT**

**3. Timber License Plate Fee Recommendations** – Staffed by Betty Munis, Director, Idaho Forest Products Commission

*RECOMMENDATION:* Direct the Department to proceed with the recommended educational projects developed jointly with the Forest Products Commission and listed in Attachment 1.

*DISCUSSION:* Controller Woolf asked for clarification on dollar amounts in the memo, noting that there is \$46,320 in the account and \$50,000 is planned in expenditures. Controller Woolf asked if the account will continue to accrue money over the year. Director Schultz responded that the account will continue to collect fees through both new sales and renewals of the license plates and assured that there will not be more spent than what is in the fund.

**4. Disclaimer of Interest, Boise River, Canyon County, Roche** – Staffed by Andrew Smyth, Program Manager-Public Trust

*RECOMMENDATION:* Direct the Department to issue a disclaimer of interest for three parcels totaling 38.03 acres of the former bed of the Boise River, and to require Mr. Roche to pay the remaining processing fee of \$300 or actual cost, whichever is greater, to the Department of Lands for this transaction.

*DISCUSSION:* Governor Otter asked if this land conveyance falls under the requirement for public auction. Director Schultz replied that this is public trust land, not endowment land, and because the river channel moved the state no longer owns the land. Director Schultz explained that in essence this process negates the need to have a quiet title action filed to have a court determine who owns that property. The Department is in agreement that the state does not own this land. Mr. Roche has made a claim to that property; the Department agrees that Mr. Roche's claim is valid. The 38.03 acres will transfer to Mr. Roche and then he is transferring a piece that is owed to the state.

**5. Commercial Real Estate Advisor (CenturyPacific) Agreement Amendment – Staffed by Ryan Montoya, Program Manager-Real Estate**

*RECOMMENDATION:* Authorize the Director, as Secretary to the Land Board, to enter into the First Amendment to Commercial Real Estate Advisor Agreement shown here as Attachment 1.

*DISCUSSION:* None.

**6. Approval of Minutes – February 16, 2016 Regular Meeting (Boise)**

*CONSENT AGENDA BOARD ACTION:* A motion was made by Attorney General Wasden that the Board adopt and approve the Consent Agenda. 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 Commission action is required on the Information Agenda.*

- **INFORMATION**

**7. 2017 Grazing Lease Rate – Presented by Diane French, Deputy Director-Lands and Waterways Division**

**8. Draft Investment Policy Statement – Presented by Bill Haagenson, Strategic Planning Manager, and Sally Haskins, Senior Vice President-Real Assets Consulting, Callan Associates**

**9. Draft Asset Management Plan – Presented by Bill Haagenson, Strategic Planning Manager**

**10. Draft Strategic Reinvestment Plan – Presented by Bill Haagenson, Strategic Planning Manager, and Sally Haskins, Senior Vice President-Real Assets Consulting, Callan Associates**

*DISCUSSION:* Verbatim transcripts for Items 8, 9 and 10 are 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](mailto:public_records_request@idl.idaho.gov).

- **EXECUTIVE SESSION**

NONE

There being no further business before the Board, at 10:20 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.

IDAHO STATE BOARD OF LAND COMMISSIONERS

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*/s/ C. L. "Butch" Otter*

C. L. "Butch" Otter  
President, State Board of Land Commissioners and  
Governor of the State of Idaho

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*/s/ Lawrence E. Denney*

Lawrence E. Denney  
Secretary of State

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*/s/ Thomas M. Schultz, Jr.*

Thomas M. Schultz, Jr.  
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the April 19, 2016 regular Land Board meeting.