



IDAHO DEPARTMENT OF LANDS

TRUSTED STEWARDS OF IDAHO'S RESOURCES, FROM MAIN STREET TO MOUNTAIN TOP

2017 ANNUAL REPORT



MESSAGE FROM THE DIRECTOR

Four values are central to the daily work performed by IDL employees – **stewardship, service, accountability, and cohesiveness.**

All our core values are paramount to effectively carrying out our duties, but **stewardship** is a term that takes on special meaning at IDL today because we are demonstrating its importance in new ways.

We are embracing a new mission through **Good Neighbor Authority**, a pioneering concept that enables states and the federal government to work together to better manage federal lands. Our contributions are helping the U.S. Forest Service launch additional management activities on national forests. We are supporting our federal partners like never before in their mission to be good stewards of public lands.

A continued focus on aggressive initial attack kept Idaho's 2017 **fire season** moderate on lands protected by IDL and the timber protective associations. There were no catastrophic fires on forested endowment lands in 2017, so IDL did not offer any fire salvage sales. Many Idahoans entrust their lands to IDL for wildfire protection, and we are poised to implement even more improvements over the next year to an already solid program.

In the regulation of Idaho's **oil and gas** industry, the State of Idaho is now outfitted with a new commission and expanded staff support in a new oil and gas division within IDL. We continue to work with a range of stakeholders to improve the effectiveness and transparency of Idaho's oil and gas regulatory program.

Every single day of the year, Idahoans and visitors to the state enjoy **recreational access** on endowment lands. Of course, our priority is and always will be to maximize long-term financial returns to public schools and other endowment beneficiaries. But with a recent analysis showing nearly

all endowment lands are accessible for recreation, we are demonstrating that providing public access and securing financial returns from the use of endowment lands are not mutually exclusive. We can be good stewards of our constitutional mandate while supporting Idaho's culture and economy through continued recreational access on endowment lands. We are heading into the future with a greater focus on finding ways for revenue generation and recreation to coexist on endowment lands.

I am proud of the enthusiasm and hard work shown by the employees of IDL. They continually exhibit a commitment to performing our many duties with a mindfulness toward stewardship so that we can best serve the endowment beneficiaries and the citizens who call Idaho home.



TOM SCHULTZ | Director

A handwritten signature in black ink that reads "Thomas M. Schultz Jr." The signature is written in a cursive, flowing style.

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PHILOSOPHY

The Idaho Department of Lands: Trusted stewards of Idaho's resources, from main street to mountain top

OUR VISION

The Idaho Department of Lands will be the premier organization for trust management and resource protection in the western United States.

OUR VALUES

The Idaho Department of Lands believes in...

Stewardship by making decisions and taking actions that positively affect long-term financial returns for the trust beneficiaries and enhance the health and resilience of Idaho's natural resources.

OUR MISSION

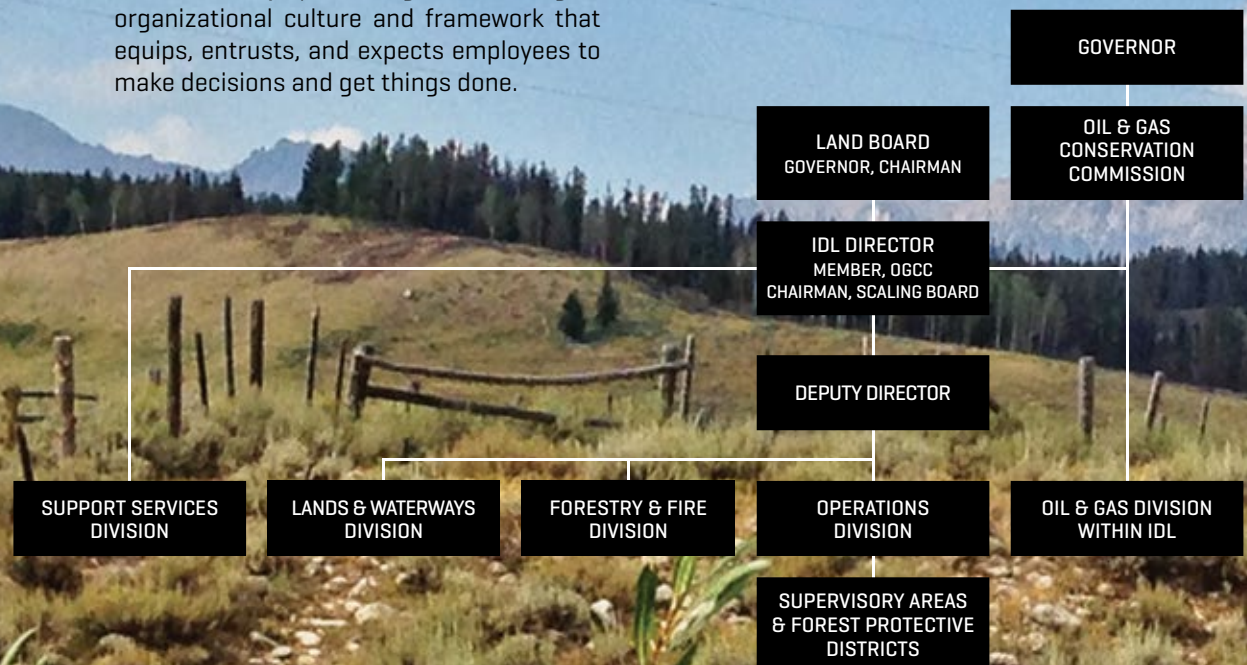
To professionally and prudently manage Idaho's endowment assets to maximize long-term financial returns to public schools and other trust beneficiaries and to provide professional assistance to the citizens of Idaho to use, protect and sustain their natural resources.

Service by providing exemplary service and delivering programs with professionalism and integrity to both internal and external customers.

Accountability by investing in and having an organizational culture and framework that equips, entrusts, and expects employees to make decisions and get things done.

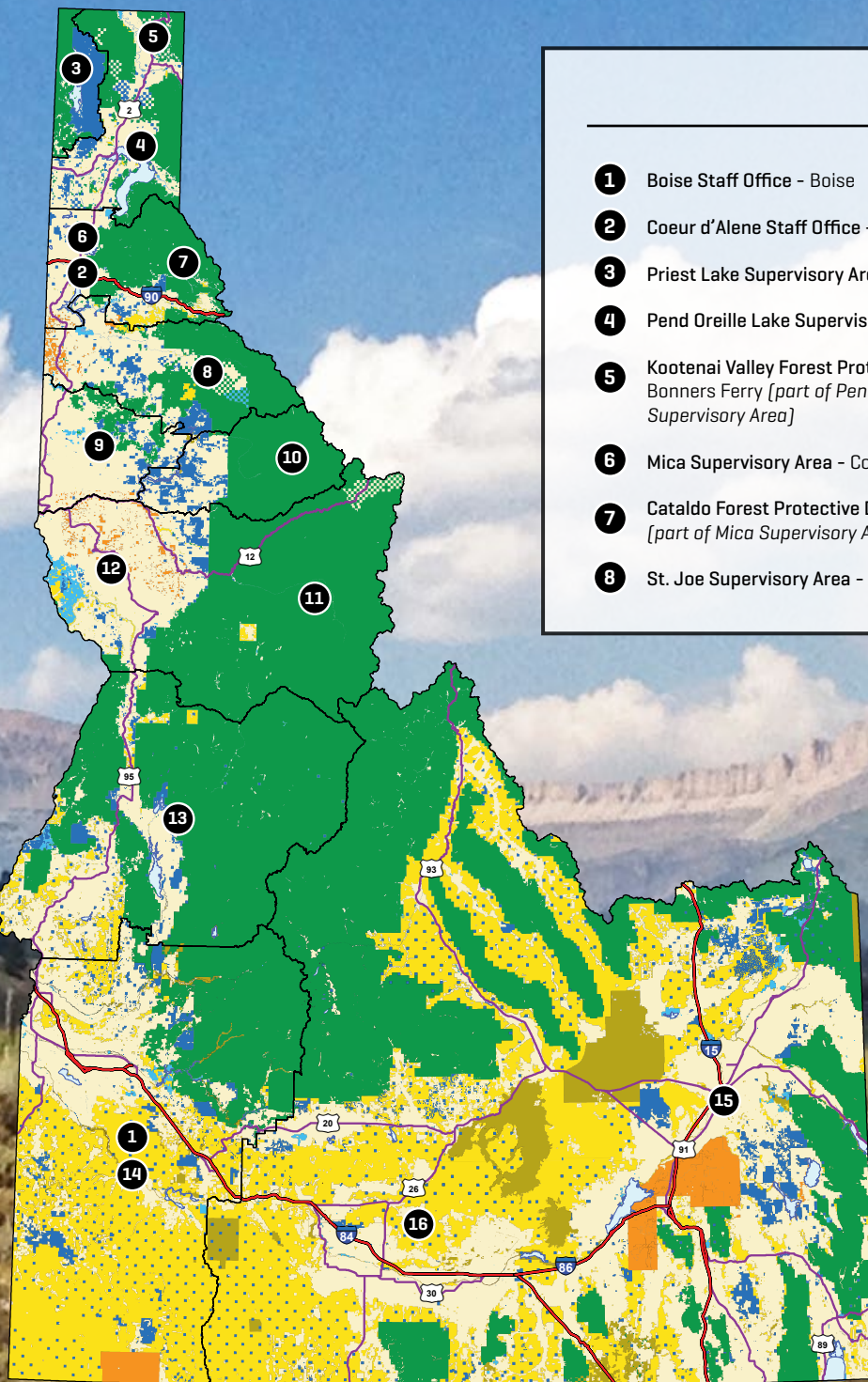
Cohesiveness by working as a unified organization in which all employees participate in constructive communication to fully meet our mission.

IDL ORGANIZATIONAL STRUCTURE



View from endowment lands leased for grazing in the IDL Payette Lakes Supervisory Area. Council Mountain is shown to the northeast. Photo was taken during the spring of 2017 before cattle turnout.

LAND OWNERSHIP



OFFICE LOCATIONS

- | | |
|---|--|
| 1 Boise Staff Office - Boise | 9 Ponderosa Supervisory Area - Deary |
| 2 Coeur d'Alene Staff Office - Coeur d'Alene | 10 Clearwater Supervisory Area - Orofino |
| 3 Priest Lake Supervisory Area - Coolin | 11 Maggie Creek Supervisory Area - Kamiah |
| 4 Pend Oreille Lake Supervisory Area - Sandpoint | 12 Craig Mountain Forest Protective District -
Craigmont [part of Maggie Creek and
Clearwater Supervisory Areas] |
| 5 Kootenai Valley Forest Protective District -
Bonners Ferry [part of Pend Oreille Lake
Supervisory Area] | 13 Payette Lakes Supervisory Area - McCall |
| 6 Mica Supervisory Area - Coeur d'Alene | 14 Southwest Supervisory Area - Boise |
| 7 Cataldo Forest Protective District - Kingston
[part of Mica Supervisory Area] | 15 Eastern Supervisory Area - Idaho Falls |
| 8 St. Joe Supervisory Area - St. Maries | 16 Jerome Field Office [part of Eastern
Supervisory Area] |

MAJOR LAND OWNERSHIP & BREAKDOWN

OWNERSHIP CATEGORY & ACREAGE*

Forest Service: 38.2%	Bureau of Land Management: 22.1%
Private: 30%	State IDL Endowment Land: 4.6%
Federal Other: 2.9% **	State Other: 0.5% ****
Tribal: 1.7% ***	

TOTAL ACRES IN IDAHO - 53,130,860

OTHER / STATEWIDE HIGHWAYS

Major Lakes	Interstate
IDL Supervisory Areas	US Highway

*Acreages may differ compared to land ownership analyses conducted by other organizations because of differences in spatial projections and how ownership categories are defined. In this analysis, acreages are rounded to the nearest 100 for all categories except State-IDL. Lands located beneath lakes and streams are not included in this analysis. **Includes 11 other classifications of federal land. ***Includes lands managed by U.S. Bureau of Indian Affairs and lands within an Indian Reservation boundary that are managed by a Tribe. ****Includes lands managed by Idaho Department of Fish and Game, Idaho Department of Parks and Recreation, and other State ownership.

IDAHO STATE BOARD OF LAND COMMISSIONERS

The Idaho State Board of Land Commissioners (*Land Board*) consists of Idaho's Governor, Secretary of State, Attorney General, Superintendent of Public Instruction, and State Controller.

In 1890, Idaho became the forty-third state of the Union. At that time, Congress granted millions of acres of land to the new State of Idaho for the sole purpose of funding specified beneficiaries, primarily the state's public schools.

The mandate was included in the Idaho Constitution, which states the lands will be managed "in such a manner as will secure the maximum long-term financial return" to the beneficiary institutions.

The Land Board members are the stewards of state endowment trust lands in Idaho and the tens of millions of dollars in revenue that are generated for the trust beneficiaries from the use of the lands, along with nearly two billion dollars of endowment funds.

The Idaho Department of Lands and the Endowment Fund Investment Board carry out the executive directives of the Land Board to meet its constitutional trust mandate and other duties.

Under the direction of the Land Board, the Idaho Department of Lands also administers Idaho's public trust lands - the lands beneath the beds of Idaho's navigable lakes and rivers - for the benefit of all Idahoans; ensures protection of water quality and other resources by overseeing forest and mining practices; remediates abandoned mine lands; and provides service and assistance to Idahoans through forestry and fire management programs.

The Land Board also oversees the Idaho Board of Scaling Practices, the Clearwater-Potlatch Timber Protective Association, and the Southern Idaho Timber Protective Association.

C.L. "BUTCH" OTTER
GOVERNOR OF IDAHO



LAWRENCE DENNEY
SECRETARY OF STATE



LAWRENCE WADSEN
ATTORNEY GENERAL



SHERRI YBARRA
SUPERINTENDENT OF PUBLIC INSTRUCTION



BRANDON WOOLF
STATE CONTROLLER



TOM SCHULTZ
SECRETARY TO THE BOARD



ENDOWMENT FUND INVESTMENT BOARD

The nine-member Endowment Fund Investment Board (EFIB) manages, on behalf of the Land Board, the investment of a perpetual endowment fund whose original source is land sale proceeds and the reinvestment of income generated by Idaho endowment trust lands. A staff of four people in Boise assists the EFIB in overseeing the fund and the outside investment managers who make the day-to-day investment decisions. Members of the EFIB are appointed by the Governor and confirmed by the Senate.

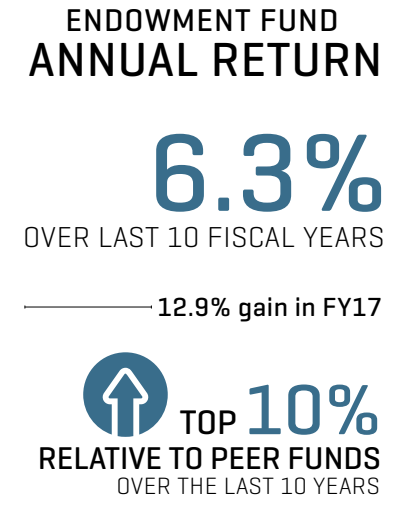
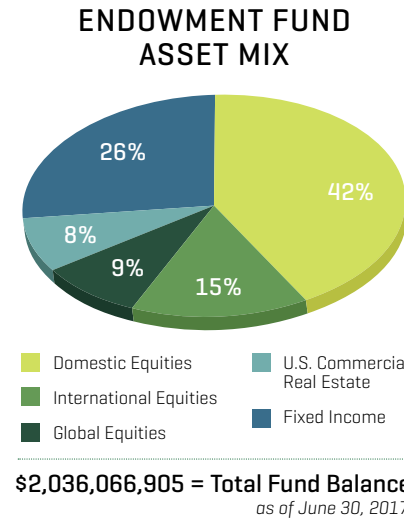
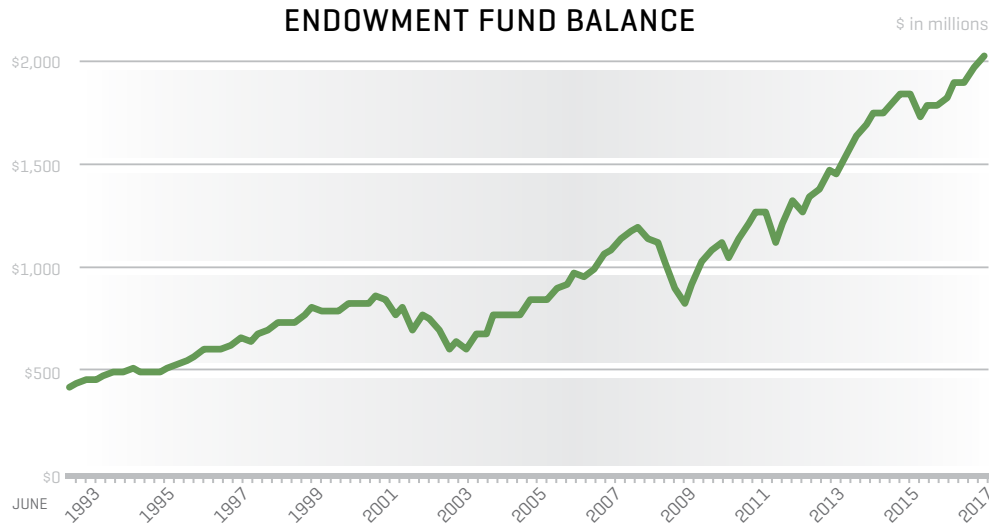


DEAN BUFFINGTON
BOARD CHAIRMAN



CHRIS J. ANTON
MANAGER OF INVESTMENTS

Chris Anton took over as Manager of Investments in November 2017 following the retirement of Larry Johnson.



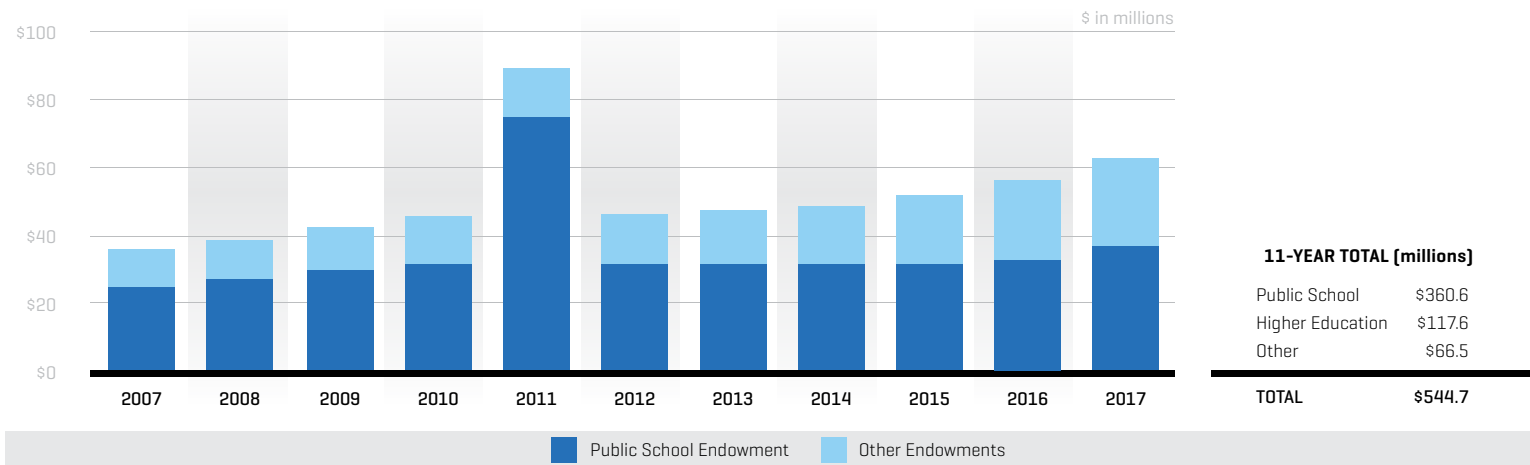
POLICY FOR ENDOWMENT FUND INVESTMENTS AND BENEFICIARY DISTRIBUTIONS

In overseeing the \$2.0 billion Endowment Fund, it is the policy of the EFIB to make long-term strategic allocations and avoid making tactical shifts. The strategic asset mix of the fund is 66% stocks, 26% bonds, and 8% U.S. commercial real estate. The expected long-term return of this asset mix, after inflation, is approximately 4% and historically market losses have occurred in one year out of three.

In determining distributions, a trustee must balance the needs of current and future beneficiaries. It is the Land Board's policy to distribute a conservative estimate of long-term sustainable income, from both the fund and the land, and hold sufficient reserves of undistributed income to absorb predictable down cycles in endowment earnings. It is a priority to avoid reductions in distributions because most beneficiaries depend on them to fund ongoing operations.

THE ENDOWMENT BENEFICIARIES

HISTORY OF ENDOWMENT DISTRIBUTIONS



Idaho's public school system is the primary beneficiary of state endowment trust lands.

All constitutionally designated funds and their beneficiaries are:

- Public School Endowment Fund
- Agricultural College Fund *[at the University of Idaho]*
- Charitable Institutions Fund *[benefiting Idaho State University, State Juvenile Corrections Center, State Hospital North, Idaho State Veterans Homes, and Idaho School for the Deaf and Blind]*
- Penitentiary Fund
- School of Science Fund *[at the University of Idaho]*
- State Hospital South Fund
- University Fund *[at the University of Idaho]*
- Normal School Fund *[benefiting the Idaho State University Department of Education and Lewis-Clark State College]*
- Capitol Permanent Fund *[Capitol building – major maintenance]*



LEASES & PERMITS

22		Conservation leases
175		Commercial leases (industrial, military, recreation, communication sites, office/retail)
245		Residential leases
163		Mineral leases
22		Alternative energy leases (21 geothermal, 1 wind)
566		Oil and gas leases
8		Oil and gas wells producing
189		Active submerged land leases [e.g. marinas]
12,021		Active encroachment permits [e.g. docks]
14,140		Fire safety burn permits issued
70		Farming leases
1,139		Grazing leases



302
252

PERMANENT EMPLOYEES

TEMPORARY EMPLOYEES (INCLUDES SEASONALS)

2,506 FOREST PRACTICES NOTIFICATIONS



1,454 FOREST PRACTICES INSPECTIONS



2,959,205
TREE SEEDLINGS
PLANTED



219.2 MMBF*
TIMBER
HARVESTED

* million board feet

176 ACTIVE
TIMBER SALES

2,445,400 acres
ENDOWMENT TRUST LAND

\$ 63,158,400
ENDOWMENT DISTRIBUTIONS

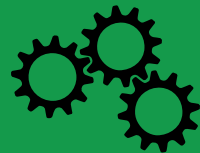
86 MINERAL
EXPLORATION
LOCATION PERMITS

3,330,339 acres
ENDOWMENT MINERAL



6,300,000 acres
PROTECTED FROM FIRE

75
COTTAGE SITES
SOLD
IN FY17



1,075
TECHNICAL ASSISTS TO PRIVATE LANDOWNERS

EXECUTIVE LEADERSHIP

TOM SCHULTZ – Director // DAVID GROESCHL – State Forester, Deputy Director // ANDREA RYAN – Human Resource Officer

DIVISION ADMINISTRATORS:

BILL HAAGENSON – Operations // CRAIG FOSS – Forestry & Fire // DONNA CALDWELL – Support Services // DIANE FRENCH – Lands & Waterways // MICK THOMAS – Oil & Gas



SUPPORT FUNCTIONS

Vital to the smooth operation of the entire department — including the Land Board and the Oil and Gas Conservation Commission — are the dedicated people who perform functions that support all divisions and operations within the agency.

SUPPORT SERVICES

INFORMATION TECHNOLOGY: The Information Technology (IT) team supports agency operations by implementing and supporting cutting edge internal and public-facing enterprise systems. The IT team also manages the agency's computing infrastructure and records management functions.

FISCAL MANAGEMENT: Under the supervision of the financial officer, the fiscal section provides oversight and policy direction for all accounting functions within IDL, including accounts payable and receivable, payroll and internal auditing.

PROCUREMENT: There are few other State of Idaho agencies that rely more heavily on the private sector to complete its work than IDL. Procurement staff in FY17 solicited, evaluated, and awarded approximately \$12.6 million in contracts and purchase orders with the private sector to carry out the agency's work.

STRATEGIC PLANNING: The Strategic Planning Manager coordinates the process for developing and formally documenting the strategies, priorities, and governance policies for IDL. During FY17, the Strategic Planning Manager facilitated updates to the Statement of Investment Policy, reaffirmed recommendations in the Strategic Reinvestment Plan, streamlined the IDL Strategic Plan, and supported other strategic initiatives for executive and leadership teams.

TECHNICAL SERVICES

LAND RECORDS: Land Records staff members maintain the property ownership databases and records for lands under IDL management.

GEOGRAPHIC INFORMATION SYSTEMS: A team of Geographic Information System (GIS) analysts design, develop and implement GIS applications, geodatabases and process-automation tools to provide IDL managers with working solutions to their spatial data collection, analysis and reporting needs.

INTERDISCIPLINARY TEAM: The Interdisciplinary Team is the cadre of scientists with expertise in hydrology, water rights, fish and wildlife biology, and geology that provide recommendations and technical assistance to endowment trust land managers across Idaho. They help ensure that management activities maintain wildlife habitats, protect ecological integrity, comply with water quality standards, and work in harmony with diverse geological settings.

ENDANGERED SPECIES: IDL weighs in on any proposed federal listings of species in Idaho that will affect management of endowment lands. Species listings can present constraints and uncertainty in land management. IDL is proactive in providing researched, science-based reviews and inputs to help ensure sustainable active management is supported on state endowment lands in compliance with needed habitat protections.

REAL ESTATE SERVICES

LAND TRANSACTIONS: Real Estate Specialists work to identify underperforming assets in the endowment land portfolio, which are then evaluated for potential disposal. Land that has been identified as underperforming may be traded in a land exchange or sold at auction to the highest bidder.

The team actively analyzes and pursues acquisition of properties that meet investment criteria for inclusion in the endowment land portfolio. Potential acquisitions are vetted through a stringent due diligence process.

Land exchanges are used to trade underperforming or otherwise undesirable property for property that can be better utilized by IDL to provide a revenue stream for the endowments. Potential trade properties also are evaluated using the stringent due diligence process. Land is exchanged on a dollar-for-dollar basis, not on an acre-by-acre basis.

The team manages the process of disposing surplus state land owned by State of Idaho agencies other than IDL.

APPRAISAL: An appraiser coordinates and oversees contracts with third-party appraisers and review appraisers to evaluate and determine the market value of endowment lands as well as potential acquisition properties. The appraiser provides information and direction to third-party appraisers and coordinates cooperation between appraisers and review appraisers. The appraiser also prepares appraisal reports for properties when it is determined that a third-party appraiser is not necessary.

RIGHT-OF-WAY: Right-of-way agents secure rights-of-way and easements to improve access to endowment lands statewide. They evaluate applications and issue right-of-way permits and easements to third parties that need to

cross endowment lands to access private property. Right-of-way agents also administer three major cooperative easement agreements between IDL, the BLM and private forest products entities.

DIRECTOR'S OFFICE

DIRECTOR'S STAFF: Staff members who provide administrative support in the Director's Office are responsible for a variety of duties including assisting the director and executive staff, facilitating responses to public records requests, and coordinating details and materials related to Land Board and Oil and Gas Conservation Commission meetings.

HUMAN RESOURCES: The Human Resources (HR) team delivers professional assistance to the agency in the areas of recruiting, employee development, benefits management, compensation analysis, employee relations, and safety. They ensure compliance with federal and state employment laws and provide value-added services in the areas of meeting facilitation, training, and job design. In FY17, the HR team piloted the enterprise content management system, started the second cohort of the Leadership Development Program, implemented an electronic evaluation system, and supported the IDL strategic plan.

PUBLIC INFORMATION: Two Public Information Officers enhance transparency and manage the agency's many communication needs for internal and external audiences, including the news media. They also oversee the dissemination of public information for wildfires burning in State of Idaho protection areas.

RECREATION ACCESS



Idaho's endowment lands contain some of the most diverse landscapes in the Pacific Northwest. They include lakes, mountains, high forests, desert lands, rugged breaklands, and river valleys. Thousands of people use endowment lands each year for hunting, fishing, off-highway vehicle (OHV) use, snowmobiling, camping, hiking, bicycling, berry picking, mushroom picking, and other recreational activities. While endowment lands exist specifically for the long-term financial benefit of various beneficiaries, they continue to provide varied recreational opportunities as well.

OHV FUND

In 2009, the Idaho Legislature directed one dollar from every OHV registration to IDL to provide OHV opportunities and repair damage directly related to OHV use on endowment lands. During FY17, IDL spent more than \$98,000 of the OHV Fund on projects for repairs and OHV recreation enhancements.

OHV ENHANCEMENT PROJECTS

PRIEST LAKE SUPERVISORY AREA (BASED IN COOLIN)

Trail maintenance improvements :: OHV banners :: Security patrol contract

PEND OREILLE LAKE SUPERVISORY AREA (BASED IN SANDPOINT)

Kiosk materials, labor and installation :: Security patrol contract

MICA SUPERVISORY AREA (BASED IN COEUR D'ALENE)

Gate repair, replacement and locks :: Recreation signs :: Security patrol contract

SOUTHWEST SUPERVISORY AREA (BASED IN BOISE)

Materials, rentals and labor for building and installing kiosks, fencing & trail markers ::
Design and printing of maps for Thorn Creek area and Danskin area



96% OF ENDOWMENT LANDS ARE ACCESSIBLE
via one or more transportation methods, including vehicle, foot,
or watercraft



In September 2017, IDL HIRED an.....
OHV/RECREATION SPECIALIST
to help provide direction for recreation on
endowment lands

IDL has begun drafting
a recreation policy for
endowment lands for future
Land Board consideration



STRATEGIC REINVESTMENT

The makeup of the endowment land portfolio continued to evolve in 2017 with the auctioning of cottage sites and commercial properties and the acquisition of 3,773 acres of timberland in northern Idaho.

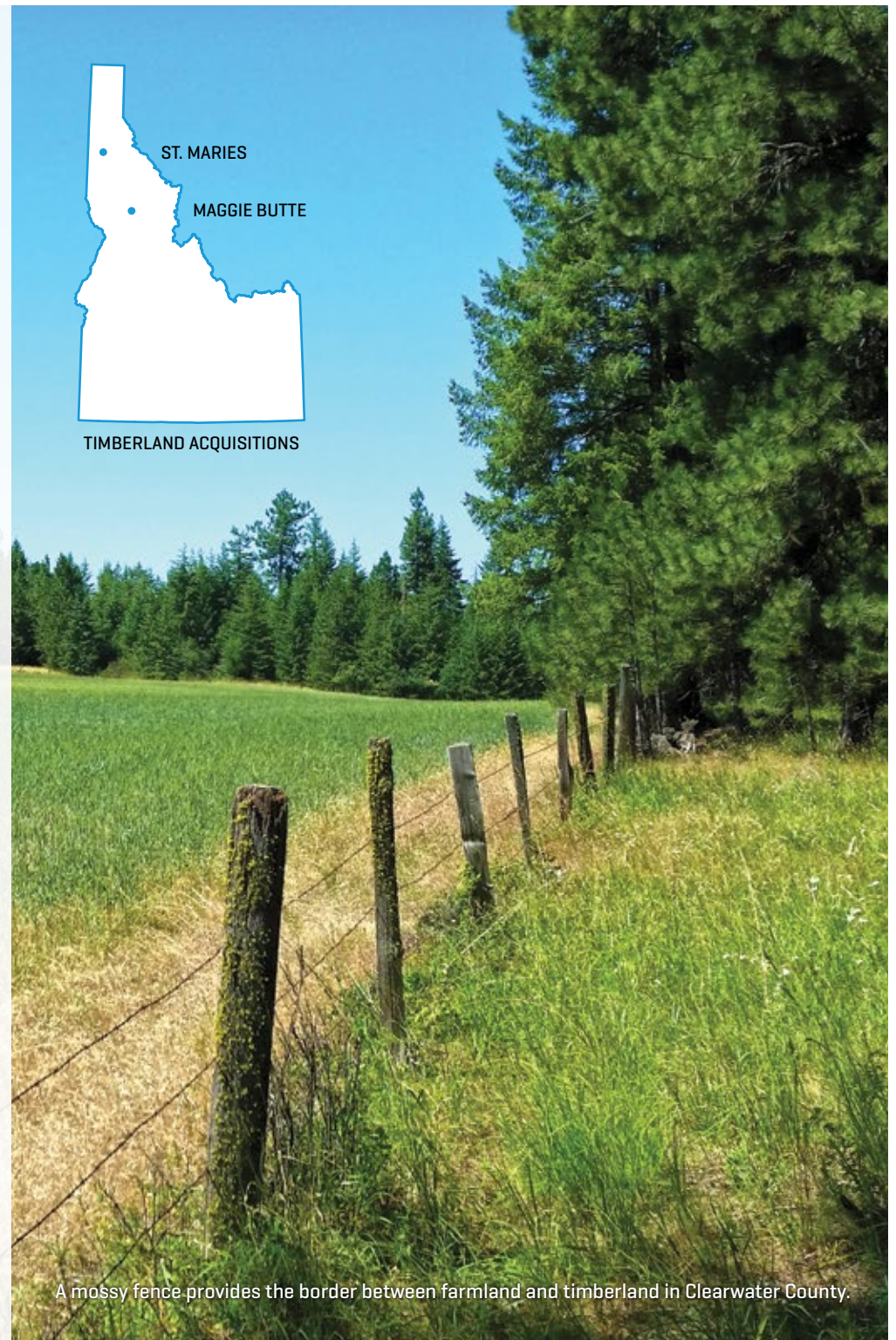
In May of 2016, after a public comment period and meetings with a wide range of stakeholders, the Land Board approved the Strategic Reinvestment Plan, which enables the consideration of strategic acquisitions of timberland and, on a more limited basis, farmland using the proceeds from the sale of residential and commercial buildings and lots.

A Timberland Acquisition Advisor (TAA) was selected to assist IDL in sourcing, vetting and performing due diligence functions on potential acquisitions of timberland. Efforts are underway to secure the services of a Farmland Acquisition Advisor (FAA) to assist in the acquisition of Idaho farmland as well. Acquisition of timberland and farmland must exceed established investment hurdles in order to increase long-term revenue for endowment beneficiaries. The TAA and the FAA assist IDL efforts by providing revenue forecast models and other data analysis.

FY17 TIMBERLAND ACQUISITIONS

PROPERTY NAME	ACRES	ACQUISITION COST
St. Maries	1,398.40	\$4,320,000
Maggie Butte	2,374.51	\$2,501,777

The Maggie Butte parcel is located in Clearwater County approximately 10 miles east of Kamiah. The St. Maries parcel is located in Benewah County approximately 6 miles south of the town of St. Maries. Acquisition of the two properties added valuable timber producing acres to the endowment portfolio, blocked up existing endowment land and provided alternate means of access to existing endowment timberlands.



A mossy fence provides the border between farmland and timberland in Clearwater County.



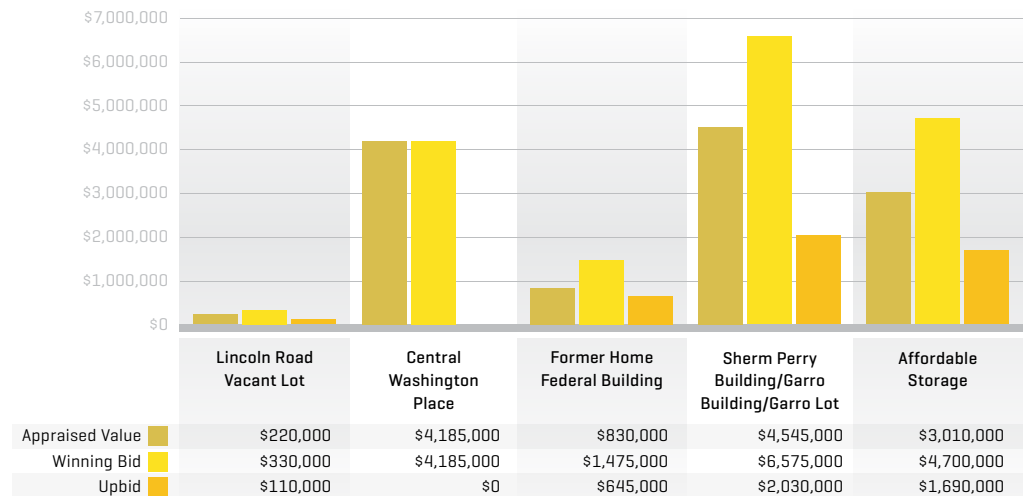
View of Priest Lake from a cottage site.

COTTAGE SITE AUCTIONS

COMMERCIAL AUCTIONS

In February 2016, the Land Board cleared the path for the auction of more leased cottage sites at Priest Lake and Payette Lake before the end of calendar year 2019, and the auction of nearly all endowment-owned commercial buildings and lots before the end of calendar year 2017. Closing occurred in FY17 for Payette Lake cottage sites that were sold at auctions held in Boise on August 9, 2016, and June 23, 2017. Closing occurred in FY17 for Priest Lake cottage sites that were sold at auctions held in Coeur d'Alene on June 25, 2016, and September 23, 2016. The FY17 commercial property auction was held in Meridian on December 1, 2016.

FY17 COMMERCIAL PROPERTY AUCTION \$17,265,000 IN TOTAL SALES

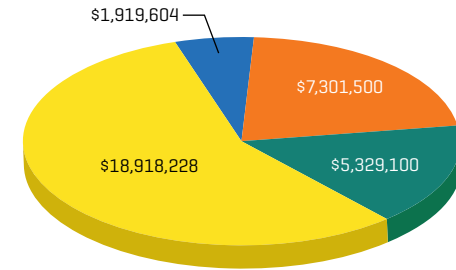


The FY17 commercial property auction was held on December 1, 2016. All properties with the exception of Central Washington Place had winning bids above the appraised value (reserve price). The total upbid was \$4,475,000 above the appraised values.



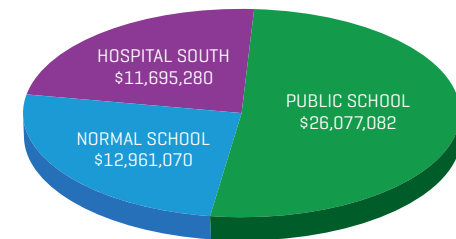
Downtown Boise

FY17 COTTAGE SITE SALES \$33,468,432 IN TOTAL SALES



- PAYETTE LAKE COTTAGE SITES (25 LEASED SITES)
- PAYETTE LAKE COTTAGE SITES (7 UNLEASED SITES)
- PRIEST LAKE COTTAGE SITES (39 LEASED SITES)
- PRIEST LAKE COTTAGE SITES (4 UNLEASED SITES)

FY17 COTTAGE SITE & COMMERCIAL PROPERTY DISPOSITION PROCEEDS: \$50,733,432 IN TOTAL SALES



FY18 COMMERCIAL PROPERTY AUCTION

IDL held a commercial property auction on Dec. 6, 2017. The following properties sold:

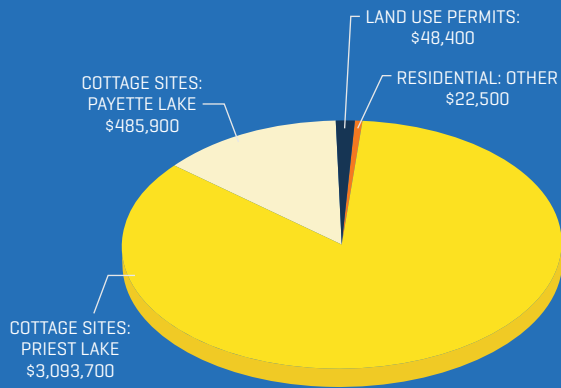
Property	Appraised Value	Winning Bid Amt.
595 University Blvd, Idaho Falls	\$5,175,000	\$5,300,000
590 W Washington St, Boise	\$810,000	\$1,600,000
211 N 5th St, Boise	\$355,000	\$612,150
401 W Bannock St, Boise	\$335,000	\$580,350
417 W Jefferson St, Boise	\$230,000	\$397,500

COTTAGE SITE LEASING

The State of Idaho owns hundreds of acres of endowment land on the shores and uplands of two of Idaho's most beautiful lakes – Priest Lake in northern Idaho and Payette Lake in west central Idaho.

At the end of FY17, more than 240 cottage sites were leased from IDL.

FY17 RESIDENTIAL PROGRAM REVENUE



END OF FY17

ACTIVE COTTAGE

199
PRIEST
LAKE



SITE LEASES

46
PAYETTE
LAKE



View of Priest Lake from a communication site lease on endowment lands.

COMMERCIAL LEASING



Income from commercial uses is reported across multiple asset classes in the endowment lands income statement.

	# OF ACTIVE LEASES	# OF ACRES	ANNUAL INCOME	USES
RECREATION COMMERCIAL	25	321,800	\$340,800	Outfitter & guide, trails, sledding hill, RV park, horse trail riding, airstrip, ski resort, ice cave recreation, state park
RECREATION NON-COMMERCIAL	24	211,700	\$87,600	Warming hut, campground, day use fishing, shooting range and wildlife winter range, gun club, snowmobile hut, sportsmen access area
MILITARY	5	11,000	\$402,250	Operations readiness training complex, mobile radar and radio equipment, small arms training range
INDUSTRIAL	39	670	\$83,800	Air strip, cloud seeding facility, transfer station, gravel storage, fire protection district, water system, GPS station
ENERGY RESOURCES	1	360	\$36,000	Wind, solar
COMMUNICATION	71	42	\$804,200	Cellular towers, private mobile radio service, billboard advertising
OFFICE / RETAIL	35	23	\$2,138,700	Community civic center, office/retail, commercial parking
LAND USE PERMITS	84	-	\$46,391	Billboards, kiosk, archery club, bike club, seismographic complex, groundwater monitoring wells and others



SAGE-GROUSE

In April of 2015, the Land Board adopted the Land Board Greater Sage-Grouse Conservation Plan that established conservation measures for Greater Sage-grouse on endowment lands. The plan addresses conservation mitigation for sage-grouse habitat including wildfire prevention and suppression, management of invasive species, sage-steppe habitat restoration, proper livestock management and targeted grazing to control fine fuels.

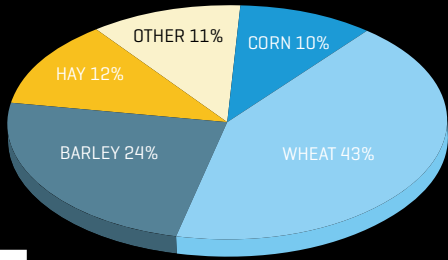
During FY17, IDL completed a variety of habitat restoration and preventative wildfire projects within Priority and Important Habitat Management Areas.

IDL is an active participant in the Idaho Sage Grouse Action Team, a collaboration of stakeholders that includes the Governor's Office of Species Conservation, the Bureau of Land Management, Idaho Department of Fish and Game, The Nature Conservancy, U.S. Fish and Wildlife Service, USDA Natural Resources Conservation Service and others to implement landscape-level habitat conservation and restoration in Idaho.



State grazing leases near Bear, Idaho, approximately 30 miles northwest of Council in Adams County.

CROPS GROWN ON STATE ENDOWMENT TRUST LAND



257,370 AUMS

27,183 farming acres



1,779,554 grazing acres

1,139 grazing leases



GRAZING, AGRICULTURE & CONSERVATION LEASING

The IDL manages 1,139 grazing leases that cover 1,779,554 acres of endowment land located primarily across the southern two-thirds of Idaho.

These leases contributed an estimated 257,370 animal unit months [AUM] of forage to livestock operations in FY17.

In addition, IDL administers a portfolio of farming and conservation leases that total approximately 46,629 acres. Crops grown on endowment lands include alfalfa hay, barley, beans, corn, potatoes, safflower, wheat and organic crops. In addition, portions of agricultural endowment lands are managed within the USDA Conservation Reserve Program [CRP]. Some conservation leases are administered for recreation, big game, and wildlife habitat in conjunction with Wildlife Management Areas.



MINERAL LEASING

OIL & GAS LEASING

FY17

\$1.25 MILLION IN ROYALTY

\$90,000 IN RENT AND FEES

\$1.3 MILLION IN TOTAL REVENUE

83,000 ACRES UNDER LEASE & PERMIT

163 MINERAL LEASES

\$1.18 MILLION IN ROYALTY

\$44,000 IN RENT AND FEES

36,320 ACRES

566 OIL & GAS LEASES

\$26,240 IN ROYALTY

\$28,020 IN RENT AND FEES

39,180 ACRES

17 MINERAL LAND
USE PERMITS

7 PERMITS GENERATED

\$30,640 IN ROYALTY

21 GEOTHERMAL
LEASES

\$15,120 IN RENT AND FEES

7,400 ACRES

86 MINERAL EXPLORATION LOCATION PERMITS

\$1,800 IN RENT AND FEES

1,670 ACRES

Idaho Transportation Department explores endowment minerals as a potential source of gravel for highway maintenance near the Idaho-Wyoming-Montana border.



IDL MANAGES
3.3 million acres OF
ENDOWMENT OWNERSHIP
IN IDAHO

ACTIVE MINERAL LEASE ■
STATE MINERAL OWNERSHIP ■

ENDOWMENT TRUST MINERAL COMMODITIES

76 AGGREGATE LEASES (SAND, GRAVEL, CRUSHED STONE)

\$700,500 IN ROYALTY
\$16,350 IN RENT AND FEES
10,600 ACRES

24 PHOSPHATE LEASES

\$345,500 IN ROYALTY
\$7,240 IN RENT AND FEES
5,660 ACRES

HIGH-PURITY SILICA

MINED FROM ONE LEASE
\$50,470 IN ROYALTY
USED TO HELP PROCESS ONE MILLION TONS OF PHOSPHATE ROCK

METALLIC MINERALS

9 GOLD AND SILVER LEASES
\$8,000 IN ROYALTY
\$4,140 IN RENT AND FEES
3,004 ACRES

13 DECORATIVE STONE LEASES

\$47,150 IN ROYALTY
\$2,920 IN RENT AND FEES
2,910 ACRES

IDAHO PRODUCES HYDROCARBONS

2 WELLS ON 2 LEASES PRODUCE RAW HYDROCARBONS PROCESSED INTO MARKETABLE PRODUCTS
73% PIPELINE QUALITY NATURAL GAS (METHANE)
14% NATURAL GAS PLANT LIQUIDS (ETHANE, PROPANES, BUTANES)
13% CONDENSATE (LIQUIDS WITH PENTANES PLUS HEAVIER HYDROCARBONS)

7 DECORATIVE STONE LAND USE PERMITS

\$20,640 IN ROYALTY



Decorative stone mined from endowment lands on the northeast side of Payette Lake. The stone was used in a home on Payette Lake.



South Rasmussen phosphate mine near Soda Springs.

MINING REGULATION & ASSISTANCE

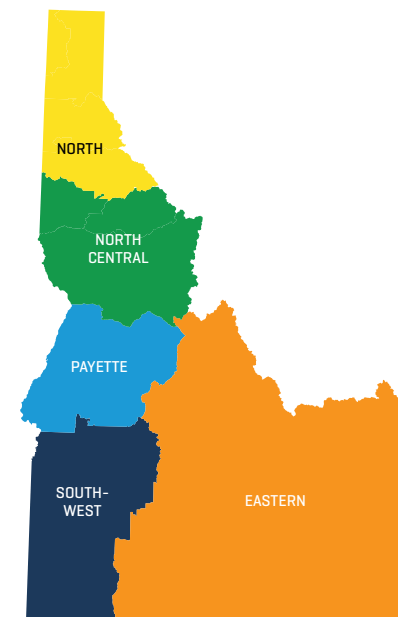
Mining has played an significant role in Idaho's history. The discovery of gold resulted in the establishment of the Idaho territory in 1863. Today, mining in Idaho provides jobs and materials that are important to the economy. Demonstrating sustainable mining practices is an important part of a beneficial mining community.

To ensure responsible mining in Idaho, the citizens of Idaho passed the Idaho Dredge and Placer Mining Protection Act by an initiative vote in 1954, and the Idaho Legislature created the Idaho Surface Mining Act in 1971. IDL is responsible for administering both laws. Regulatory oversight serves as the catalyst to promote effective, environmentally responsible mining.

IDL is responsible for overseeing 1,542 active surface mines and 28 active dredge and placer operations. To regulate all 1,570 of the mining permits, IDL divides Idaho into five mineral zones based on staffing availability.

RECLAMATION FUND

The Idaho Surface Mining Act requires all mines in Idaho to perform reclamation at the end of mining. Until final reclamation, the mining operators provide a financial assurance to cover the costs of reclamation. The State of Idaho offers a Reclamation Fund administered by IDL that provides bonding at a fraction of the cost of regular methods to small surface mine operations. Of the 1,570 mining permits issued by IDL, 626 permits (nearly 40 percent) are bonded through the State Reclamation Fund. This form of financial assurance allows operators to comply with regulatory requirements, promotes the effective and environmentally responsible use of Idaho's lands, and promotes the success of small businesses.



MINERAL STATISTICS	NORTH	NORTH CENTRAL	PAYETTE	SOUTH-WEST	EASTERN
RECLAMATION PLANS	248 0 new 3 retired	154 4 new 1 retired	110 1 new 0 retired	293 8 new 13 retired	736 5 new 7 retired
DREDGE & PLACER PERMITS	20 1 new 0 retired	3 2 new 2 retired	2 0 new 0 retired	1 0 new 0 retired	2 0 new 0 retired

ABANDONED MINE LANDS

The Idaho Geological Survey estimates there are approximately 8,500 abandoned mines in Idaho. The Idaho Legislature created the Abandoned Mine Lands Reclamation Act in order to reclaim lands affected by mining in Idaho.

The IDL Abandoned Mine Lands (AML) program promotes public safety by identifying and ranking dangerous conditions at mines that are no longer operating, and by securing dangerous orphaned mine openings. In FY17, IDL performed dozens of AML inspections, performed 10 orphaned mine closures, and advanced the environmental characterization of two potential large cleanup projects.

PUBLIC TRUST LAND MANAGEMENT

For more than 1,400 years, governments have recognized that certain natural resources, such as waterbodies, belong to the public. Lakes and rivers have played an important role in Idaho's history by providing not only water but transportation, commerce, and recreation. In Idaho, the Land Board and IDL are responsible for protecting the public's use of 61 navigable lakes covering 183,000 acres and 30 navigable rivers stretching 2,500 miles.

Under the Public Trust Doctrine, the State holds title to the beds of these navigable waterways in trust for the public and regulates the use and disposition of these lands to provide for their commercial, navigational, recreational and other public purposes.

Waterfront property owners have the right to wharf out and maintain their adjacency to the water, but that right is limited by the Public Trust Doctrine. In an attempt to balance these competing interests on lakes, IDL administers several statutes and rules to assist individuals who want to encroach on these public trust lands.

This service is completely funded by the fees and rents collected from the permits, easements, and leases IDL administers on lakes and rivers. General tax dollars are not used to support this work. In addition, mineral royalties received from these lands are deposited into the public school permanent fund to provide perpetual funding of our public schools.

FY17 HIGHLIGHTS

ENCROACHMENT PERMITS: **289** ISSUED, **12,021** ACTIVE

SUBMERGED LAND LEASES: **8** NEW, **189** ACTIVE

SUBMERGED LAND EASEMENTS: **6** NEW, **1,316** ACTIVE

RIVERBED MINERAL LEASES: **0** NEW, **2** ACTIVE

RIVERBED EXPLORATION LOCATIONS: **1** NEW, **3** ACTIVE



Log drives were used to transport harvested timber to saw mills. Idahoans historically used waterways as highways for commerce.

“

The increased technical expertise of the Oil and Gas Conservation Commission and IDL staff will help us better handle our growing oil and gas industry. We now have improved transparency as the passage of House Bill 301 allows for greater data sharing between industry, the public and the State.

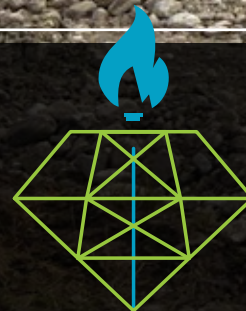
”

CHAIRMAN KEVIN DICKEY
IDAHO OIL AND GAS CONSERVATION COMMISSION



A separate annual report for the Oil and Gas Conservation Commission was created for 2017. Visit www.ogcc.idaho.gov to view the report.

The Idaho Oil and Gas Conservation Commission regulates the exploration, drilling and production of oil and gas resources to ensure the conservation of oil and gas and the protection of correlative rights and surface and groundwater.



IDAHO OIL & GAS
CONSERVATION COMMISSION



FY17 OIL & GAS WELL HIGHLIGHTS

8 IN PRODUCTION (2 PRODUCING IN TWO SEPARATE ZONES)

7 SHUT IN GAS (6 MONTHS NO PRODUCTION)

3 PERMITTED - NOT DRILLED

1 EXPIRED PERMIT - NEVER DRILLED

2 PLUGGED AND ABANDONED

(as of June 30, 2017)

A new Oil and Gas Conservation Commission was established July 1, 2017 [House Bill 301 as amended] and now includes the Idaho Department of Lands director, one county commissioner, and three Governor-appointed technical experts who initially will serve staggered terms.

APPOINTED COMMISSION MEMBERS

CHAIRMAN KEVIN DICKEY
PETROLEUM ENGINEER



VICE CHAIRMAN MARC SHIGETA
PAYETTE COUNTY COMMISSIONER



TOM SCHULTZ
IDAHO DEPARTMENT OF LANDS DIRECTOR



DR. RENEE BREEDLOVESTROUT
GEOLOGIST



JAMES CLASSEN
GEOLOGIST



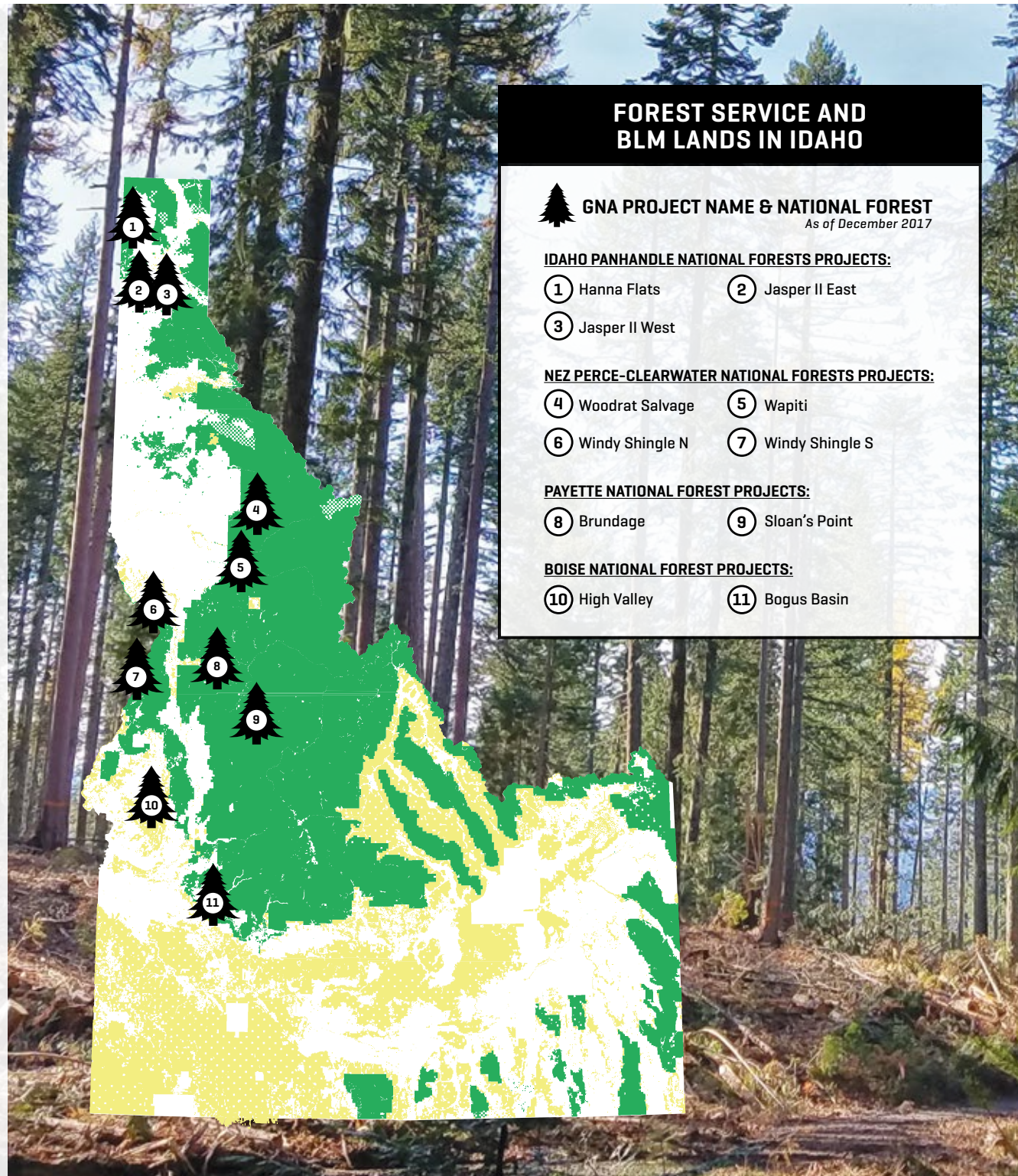
GOOD NEIGHBOR AUTHORITY

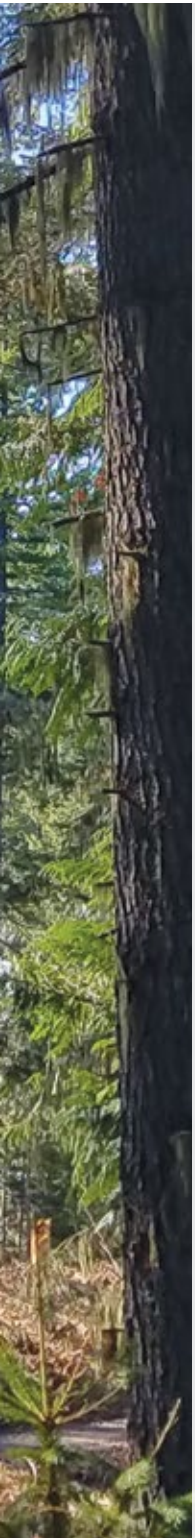
The IDL is working with the U.S. Forest Service to carry out more forest and watershed restoration projects on federal lands through the “Good Neighbor Authority” granted under the 2014 Farm Bill. The partnership is increasing the pace and scale of restoration on federal lands.

Revenues generated from GNA projects, including the sale of timber, will offset costs incurred by the state and fund additional management activities such as environmental planning, prescribed fires, habitat improvements, or road and trail maintenance.

GNA agreements are now in place with four National Forests and include 11 projects that are expected to treat up to 10,000 acres and generate up to 65 million board feet of fiber over the next three to five years.

IDL services include project development, timber cruising and marking, boundary establishment, and contract development and administration. GNA requires that all projects are consistent with each National Forest’s Land and Resource Management Plan, follow a collaborative planning process, and abide by all federal laws.





NEPA PLANNING, ANALYSIS, AND MONITORING

The National Environmental Policy Act of 1970 (NEPA) requires federal agencies to assess environmental effects of their proposed actions prior to making decisions. Several National Forests identified the NEPA planning process as the key bottleneck to increasing the pace and scale of restoration on the ground. To assist, IDL worked with federal partners to develop a three-year master contract with the private sector to provide environmental planning services to National Forests in Idaho.

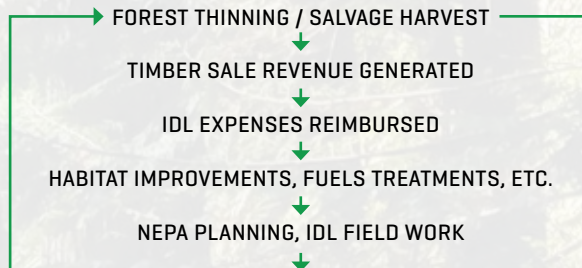
IDL GNA foresters are beginning to work in partnership with forest collaborative groups to offer expertise on forest health, fire and fuels management, transportation/logging systems, and forest economics and markets. IDL brings a unique perspective that enriches the local collaborative process, which provides a balance of perspectives and advice to the Forest Service throughout the NEPA project development process.

Professional services provided by IDL in 2017 include:

- Botany field surveys
- Fisheries field surveys
- Soils field surveys
- Transportation analysis
- Hydrology field surveys and analysis
- Wildlife field surveys and analysis

BUILDING A SELF-SUSTAINING PROGRAM

The Forest Service is supporting GNA activities in Idaho through a State and Private Forestry (S&PF) grant to IDL for \$900,000 over three years and through direct appropriated funds. The State of Idaho is contributing \$250,000 through general state operating funds. The Idaho forest products industry is contributing \$1 million over three to five years. Program income generated from project implementation will help create a self-sustaining GNA program to reinvest in future restoration work.



Post-harvest on the Woodrat Salvage Sale, a GNA project on the Nez Perce-Clearwater National Forests.



Timber harvesting on the Wapiti timber sale, a GNA project in the Nez Perce-Clearwater National Forests.

GOOD NEIGHBOR AUTHORITY 2017 PROJECT IMPLEMENTATION:

WAPITI THIN

- 200-acre forest thinning project on the Nez-Perce Clearwater National Forests
- Project goals: reduce wildfire and forest health risks
- Estimated to generate more than 4 million board feet of timber, \$1.5 million in GNA program income and \$3 million in wages and salaries
- Project operations are approximately 50 percent complete as of October 1, 2017, and have generated 2 million board feet of timber and \$680,000 in gross program revenues

WOODRAT SALVAGE

- 350-acre fire salvage harvest on the Nez-Perce Clearwater National Forests
- Project goals: reduce wildfire and forest health risks
- Estimated to generate more than 7 million board feet of timber, \$1.5 million in GNA program income and \$4.5 million in wages and salaries
- Project operations are approximately 45 percent complete as of October 1, 2017, and have generated 3.4 million board feet of timber and \$870,000 in gross program revenues



First load of logs hauled off the Woodrat Salvage Sale, a GNA timber sale on the Nez Perce-Clearwater National Forests.

FOREST MANAGEMENT



998,281 acres OF ENDOWMENT FORESTS = **5%** OF FORESTED LAND BASE IN IDAHO

FY17 TIMBER HARVEST & RECEIPTS



219.2 MMBF
TIMBER = **\$63.6** million HARVESTED
harvested by professional logging contractors



Revenue mostly supports public schools



Accounts for more than one-quarter of the total amount of timber harvested across ownerships in Idaho in one year



Supported 4,400 jobs, \$146 million in wages and salaries, and more than \$847 million in goods and services*



41,069 TRUCKLOADS OF FOREST PRODUCTS HAULED

6,061 TRUCKLOADS MEASURED BY IDL SCALERS

MMBF = MILLION BOARD FEET

*Numbers derived from report by Universities of Idaho and Montana that states every million board feet of timber harvested and processed in Idaho provides about \$667,000 in wages and salaries, \$3.85 million in sales of goods and services, and provides about 20 jobs - 12 directly in the industry and 8 in supporting industries.

2,959,205 tree seedlings GROWN AND PLANTED ON **9,924** ACRES
by IDL foresters and private contractors



Pre-commercially thinned 3,388 overstocked acres

Prepared 5,051 acres for future regeneration efforts

Sample measured timber on 8,497 plots on 52,738 acres for Stand Based Inventory, in order to estimate volume and growth on all forested acres managed by IDL

Collected 160 bushels of lodgepole cones to grow seedlings

END OF FY17



HARVEST + REFORESTATION

RENEWABLE RESOURCE

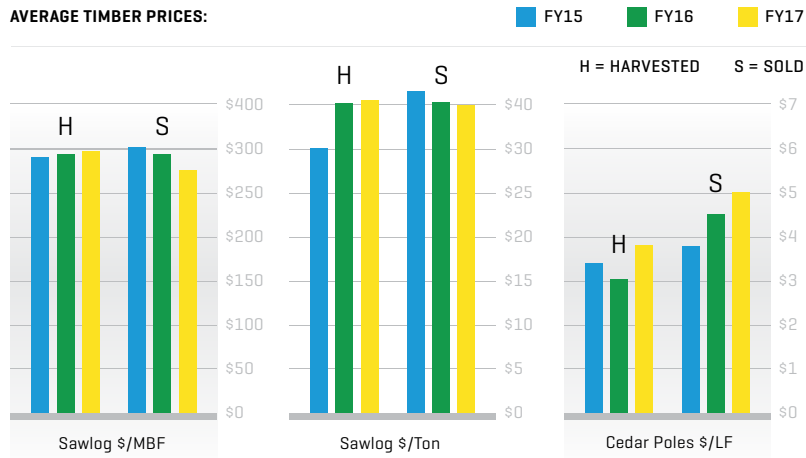
Benefits wildlife, promotes clean air and clean water, and ensures revenues for today's students as well as future generations.

- 176 -
ACTIVE TIMBER SALES

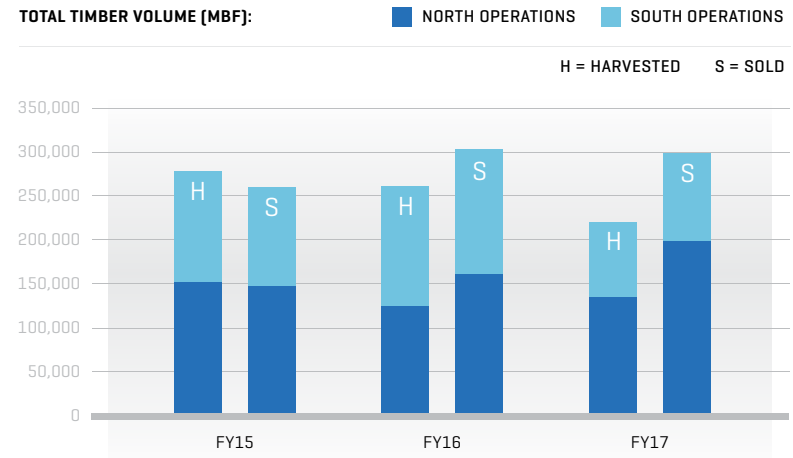
- 495 -
MMBF UNDER CONTRACT

- 44 -
PURCHASERS OF TIMBER SALES

AVERAGE TIMBER PRICES:



TOTAL TIMBER VOLUME (MBF):



TIMBER HARVESTED - FY17

North Operations	Sawlogs (MBF)	Sawlogs (TON)	Cedar Poles (LF)	Other Products (MBF)	Pulp (MBF)
Priest Lake	10,827	2,017	127,610	160	3,002
Pend Oreille	9,344	8,896	45,080	86	165
Mica	11,238	15,255	75,425	35	65
St. Joe	29,211	43,773	0	784	2,665
Cataldo	0	0	0	0	0
Ponderosa	41,351	13,665	621,990	327	2,494
Subtotal	101,971	83,605	870,105	1,391	8,392

South Operations	Sawlogs (MBF)	Sawlogs (TON)	Cedar Poles (LF)	Other Products (MBF)	Pulp (MBF)
Clearwater	26,434	8,068	194,375	227	1,585
Maggie Creek	27,840	0	0	256	4,624
Payette Lakes	101	65,354	0	0	0
Southwest	104	23,851	0	0	0
Eastern Idaho	210	31,985	0	0	0
Subtotal	54,689	129,258	194,375	483	6,208

Total	Sawlogs (MBF)	Sawlogs (TON)	Cedar Poles (LF)	Other Products (MBF)	Pulp (MBF)
Total	156,659	212,864	1,064,480	1,874	14,600

Total Harvest Volume - All product types - 219,234 MBF

Average Harvest Prices	FY15	FY16	FY17
Sawlog \$/MBF	\$279.05	\$282.02	\$295.54
Sawlog \$/Ton	\$30.16	\$41.56	\$42.25
Cedar Poles \$/LF	\$3.45	\$3.01	\$3.89

TIMBER SOLD - FY17

North Operations	Sawlogs (MBF)	Sawlogs (TON)	Cedar Poles (LF)	Other Products (MBF)	Pulp (MBF)
Priest Lake	24,267	5,033	0	0	2,580
Pend Oreille	32,195	13,500	113,245	0	31
Mica	13,089	3,397	0	0	0
St. Joe	65,603	77,900	0	987	247
Ponderosa	35,197	0	527,360	120	9
Subtotal	170,350	99,830	640,605	1,107	2,867

South Operations	Sawlogs (MBF)	Sawlogs (TON)	Cedar Poles (LF)	Other Products (MBF)	Pulp (MBF)
Clearwater	41,214	0	252,820	80	74
Maggie Creek	22,292	0	0	1,034	12,040
Payette Lakes	101	85,596	0	0	0
Southwest	104	0	0	0	0
Eastern Idaho	148	20,047	0	38	0
Subtotal	63,859	105,643	252,820	1,152	12,114

Total	Sawlogs (MBF)	Sawlogs (TON)	Cedar Poles (LF)	Other Products (MBF)	Pulp (MBF)
Total	234,208	205,473	893,425	2,260	14,981

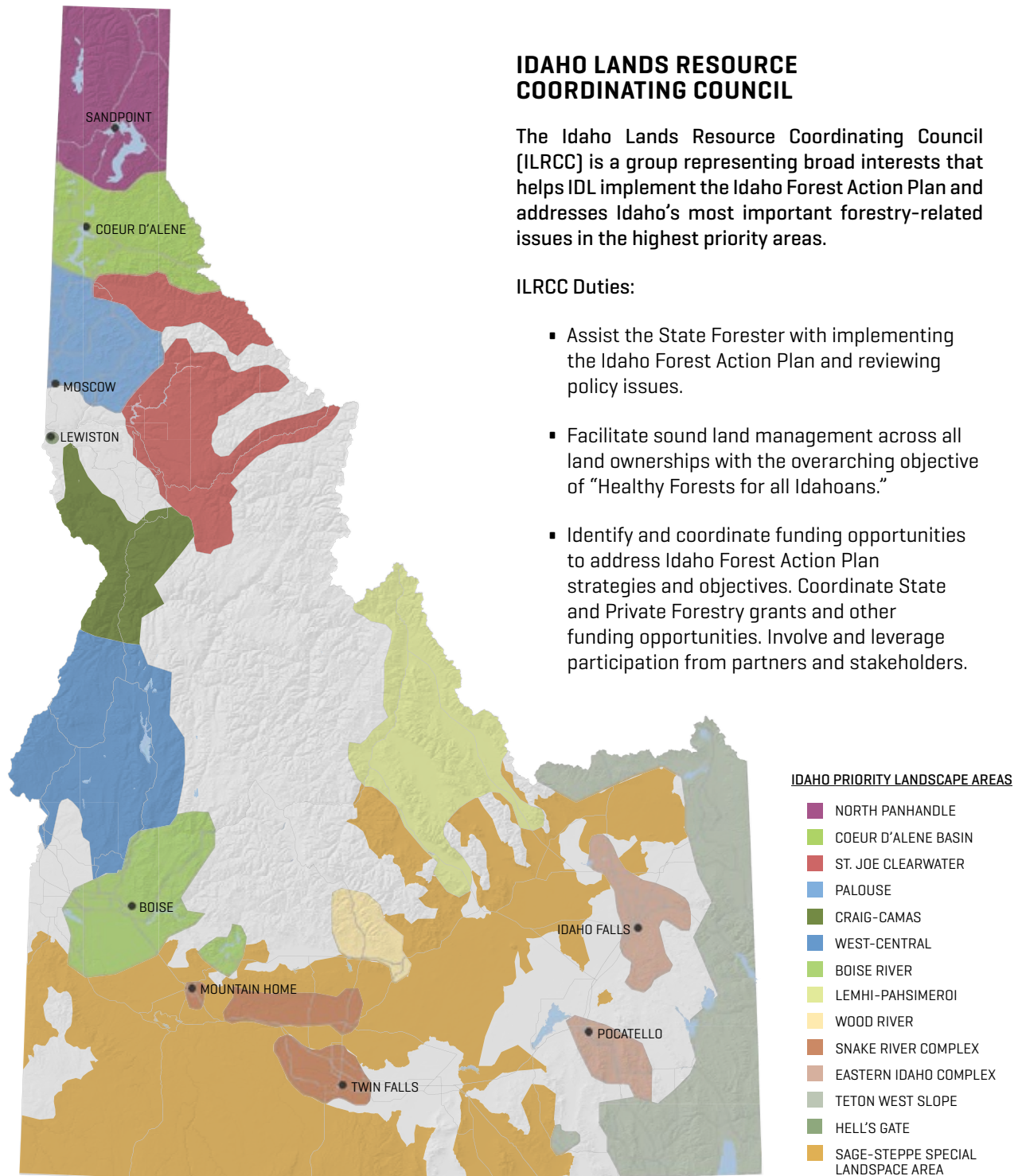
Total Sale Volume - All product types - 297,753 MBF

Average Sale Prices	FY15	FY16	FY17
Sawlog \$/MBF	\$304.56	\$285.45	\$269.11
Sawlog \$/Ton	\$44.05	\$42.70	\$40.96
Cedar Poles \$/LF	\$3.84	\$4.47	\$5.11

FORESTRY ASSISTANCE AND REGULATION

IDL staff members provide technical assistance to forest landowners, IDL land managers, forest management organizations, and other local, state and federal agencies.

These specialists in forest stewardship, entomology, pathology, urban forestry, fire risk mitigation, and forestry regulations advise and assist forestland owners, managers, operators and communities across the state. The regulatory program ensures that harvesting operations on Idaho forestlands are carried out in compliance with the water-protective standards set forth by the Idaho Forest Practices Act. Many Forestry Assistance programs are funded through partnerships with the USDA Forest Service.

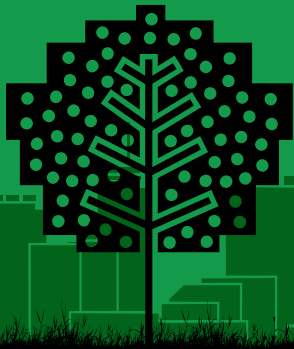


IDAHO LANDS RESOURCE COORDINATING COUNCIL

The Idaho Lands Resource Coordinating Council (ILRCC) is a group representing broad interests that helps IDL implement the Idaho Forest Action Plan and addresses Idaho's most important forestry-related issues in the highest priority areas.

ILRCC Duties:

- Assist the State Forester with implementing the Idaho Forest Action Plan and reviewing policy issues.
- Facilitate sound land management across all land ownerships with the overarching objective of "Healthy Forests for all Idahoans."
- Identify and coordinate funding opportunities to address Idaho Forest Action Plan strategies and objectives. Coordinate State and Private Forestry grants and other funding opportunities. Involve and leverage participation from partners and stakeholders.



URBAN AND COMMUNITY FORESTRY

In our communities, trees reduce air and noise pollution, conserve water, save energy, reduce soil erosion, beautify areas, enhance economic vitality, and improve human health. IDL staff members support and assist communities that want to develop or improve a community forestry program.

33 cities
WITH MANAGED PROGRAMS
TOTAL
POPULATION: **824,033**

74 cities
WITH DEVELOPING PROGRAMS
TOTAL
POPULATION: **207,673**

7,500+
ENERGY SAVING TREES PLANTED
in targeted locations in partnership with Idaho Power.

TECHNICAL ASSISTANCE TO **90 cities**



22 cities ARE USING IDAHO TREE PLOTTER (ITP) INVENTORY SOFTWARE to manage public trees.

IDL developing geospatial urban tree canopy assessments for an additional 16 Idaho cities, bringing the total number to 25.

A Canopy Planner module is being added to ITP to help cities better manage for specific benefits, such as energy, stormwater and human health.



FOREST STEWARDSHIP

Across the state, IDL's Forestry Assistance Staff provided advice to private family forest landowners on management planning, timber harvest, reforestation, thinning and many other forest issues.

- 938** TECHNICAL ASSISTS TO LANDOWNERS
- 162** NEW OR REVISED FOREST STEWARDSHIP PLANS FOR LANDOWNERS ON 83,890 ACRES
- 520** ACRES OF PRIVATE FORESTLAND IMPROVED
- 446** STUDENTS PARTICIPATED IN IDAHO STATE FORESTRY CONTEST
- 4,776** FOREST LANDOWNERS AND MANAGERS PARTICIPATED IN EDUCATIONAL WORKSHOPS OR FIELD DAY TRAININGS



FOREST HEALTH

Insects and diseases can present major health problems for Idaho forests. IDL staff members provide technical assistance and training to forest landowners and managers to minimize risks and hazards from insects and diseases. Focus is on prevention, suppression, and restoration of forests before, during, and after an insect or disease outbreak.

60 CONDUCTED **training sessions** EDUCATING 2,024 PARTICIPANTS in partnership with the USDA Forest Service and the University of Idaho Forestry Extension.

TOTAL ACRES SURVEYED:
11,588,206

 **Aerial Detection**
10,686,601 ACRES

 **Gypsy Moth Survey**
813,565 ACRES

 **Douglas-Fir Tussock Moth Survey**
88,040 ACRES



315 RESPONDED TO
REQUESTS FOR
Forest Health Information



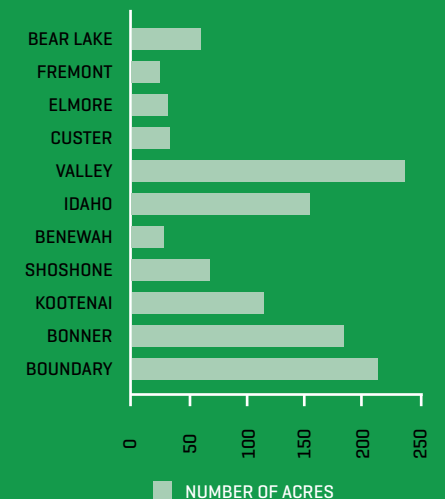
WILDFIRE RISK MITIGATION

Fire resiliency not only applies to the vegetative components associated with the many landscapes found throughout Idaho, but also to the communities and individuals that call these same areas home. IDL supports a wide range of activities related to modifying vegetation, planning, and education to reduce wildfire impacts on communities.

ACTIVE FIRE MITIGATION PROJECTS BY COUNTY

Acres treated to-date [10/2/2017] with Federal Fiscal Year 2011 through Federal Fiscal Year 2016 Federal Grant Funding

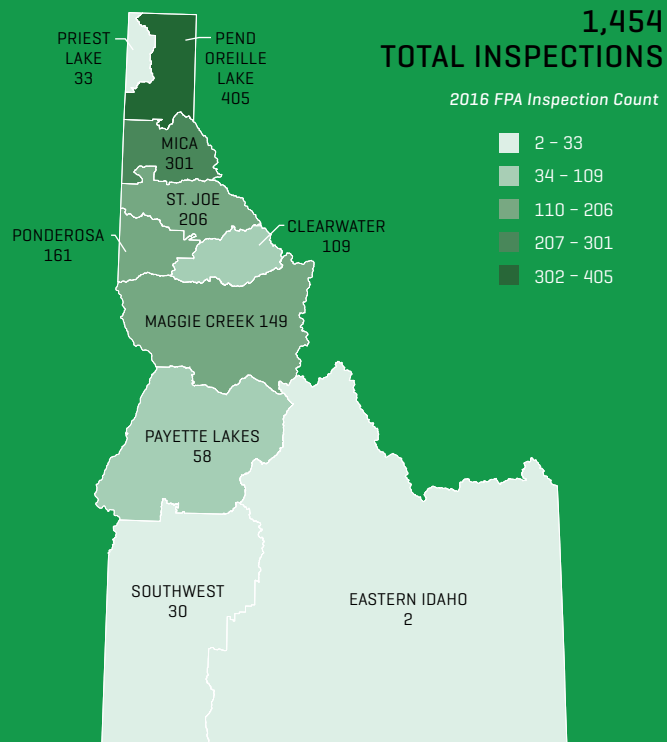
Western Fire Manager, Hazard Fuel Reduction Regions 1 & 4, and Cohesive Strategy grants



IDAHO FOREST PRACTICES ACT ADMINISTRATION

The IDL administers the Idaho Forest Practices Act (FPA), a law created in 1974 to promote active forest management and ensure the health of forest soil, water, vegetation, wildlife, and aquatic habitat is maintained during the growing and harvesting of forest trees in Idaho.

- 2,506 Forest Practices notifications submitted to IDL for harvesting operations on state and private forestlands
- Over 97.8% of all inspections in compliance with the Forest Practices Act rules
- A total of 1,454 inspections conducted on 1,228 distinct operations

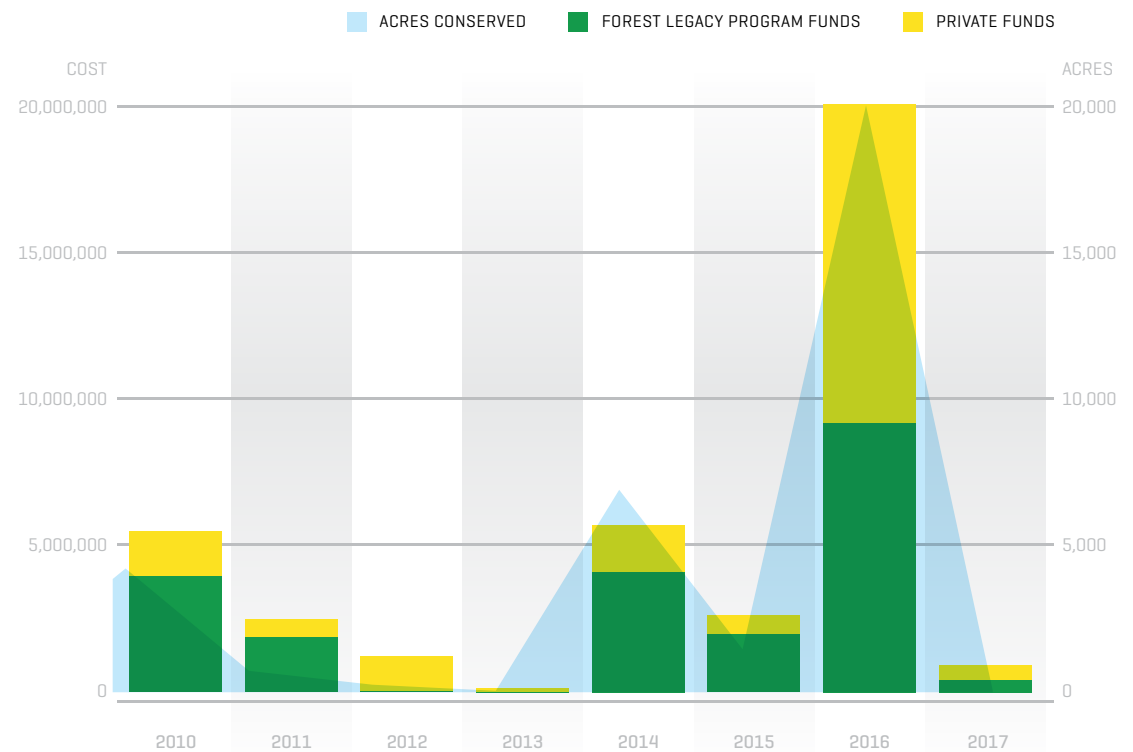


FOREST LEGACY

Many private forest landowners face economic pressure to convert their lands to uses that will forever remove them from the forested land base. The IDL administers a federally-funded Forest Legacy Program, providing funds to purchase conservation easements on private lands that might otherwise be developed and lost as productive forests. The primary objective is to keep working forests working.

- Secured 3 conservation easements in 2017, covering 560 acres of private forest land.
 - Hall Creek Forest – 317 acres
 - Kilroy Bay – 79 acres
 - Cedar Springs – 164 acres

ACRES CONSERVED & ASSOCIATED COSTS OVER TIME

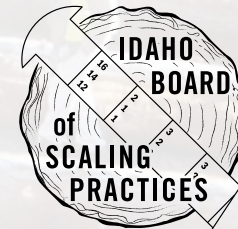


34,829 ACRES CONSERVED SINCE 2009

New and current log scalers participate in a scaling workshop.



IDAHO BOARD OF SCALING PRACTICES



The Idaho Board of Scaling Practices enforces log scaling [*measurement*] standards prescribed by statute and regulation, to ensure professional quality log scaling for the benefit of Idaho timber interests. The board tests and licenses log scaling practitioners and subjects them to routine, unannounced check scales to assure proficiency. The board also administers log brand registrations and the disposition of prize [*abandoned*] logs.

An executive director and check scaler, headquartered in the Idaho Department of Lands Coeur d'Alene Staff Office, carry out the board's directives. Funding for the board is derived from assessment fees levied on the scale of forest products harvested within the state and from licensing and registration fees.

Appointed by the Governor, board members represent industry, logging, and private landowner interests.

Current Board Members:

TOM SCHULTZ | Chairman

JACK BUELL | Vice Chairman

H. LARRY STEWART | Secretary

ROBERT E. BOEH

GERRY IKOLA

TREVOR STONE

BRETT BENNETT

Executive Director:

RUSSEL (RUSS) HOGAN

2017 FIRE SEASON

213 FIRES

70 PERCENT OF 20-YEAR AVERAGE

2017 FIRE SEASON COST

\$16,449,000

General Fund Net Obligation

+ \$5,632,000

Reimbursable Expenses for assisting on fires managed by other agencies

\$22,081,000

TOTAL COSTS*

*Estimates as of October 2, 2017. Due to billing cycles across fire protection agencies, the true cost of a single fire season is not known for several years.



52,930 acres
BURNED IN IDL PROTECTION

237 PERCENT OF 20-year average

MORE THAN 95 PERCENT OF ACRES BURNED ON IDL PROTECTION IN 2017 WERE ON THE CRAIG MOUNTAIN COMPLEX FIRE

90% of  < 10 acres

IDL FIRES BY REGION / DISTRICT



PANHANDLE DISTRICTS

- PRIEST LAKE FPD - COOLIN
- KOOTENAI VALLEY FPD - BONNERS FERRY
- MICA FPD - COEUR D'ALENE
- PEND OREILLE FPD - SANDPOINT
- CATALDO FPD - KINGSTON
- WEST ST. JOE FPD - ST. MARIES

NORTH CENTRAL DISTRICTS

- PONDEROSA FPD - DEARY
- MAGGIE CREEK FPD - KAMIAH
- CRAIG MOUNTAIN FPD - CRIAGMONT
- CPTPA - OROFINO

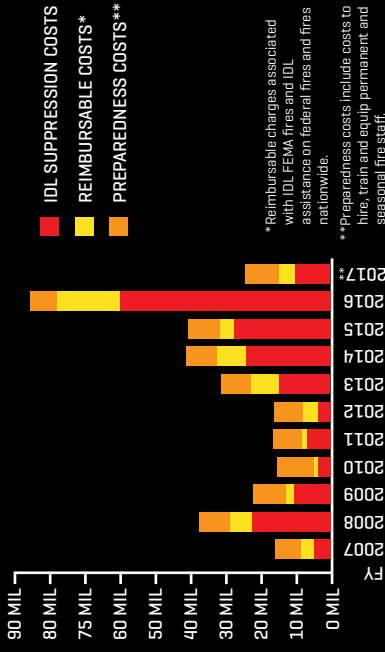
SOUTHERN DISTRICTS

- SOUTHWEST IDAHO FPD - BOISE
- SITPA - MCCALL

IDL FIRES BY CAUSE



HISTORIC FIRE PROGRAM COSTS



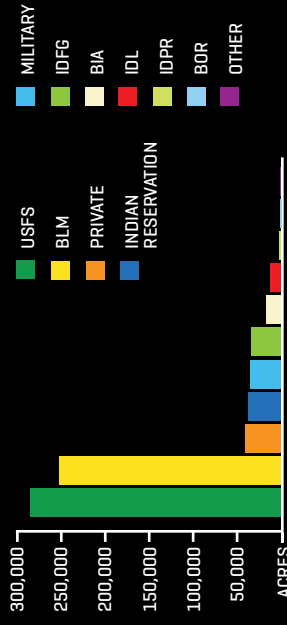
*Reimbursable charges associated with IDL FEMA fires and IDL assistance on federal fires and fires nationwide.

**Preparedness costs include costs to hire, train and equip permanent and seasonal fire staff.

STATEWIDE ACRES BURNED: PROTECTION AGENCY*



STATEWIDE ACRES BURNED: OWNERSHIP*













*Includes only larger fires reported by GEOMAC


FOREST PROTECTIVE DISTRICTS

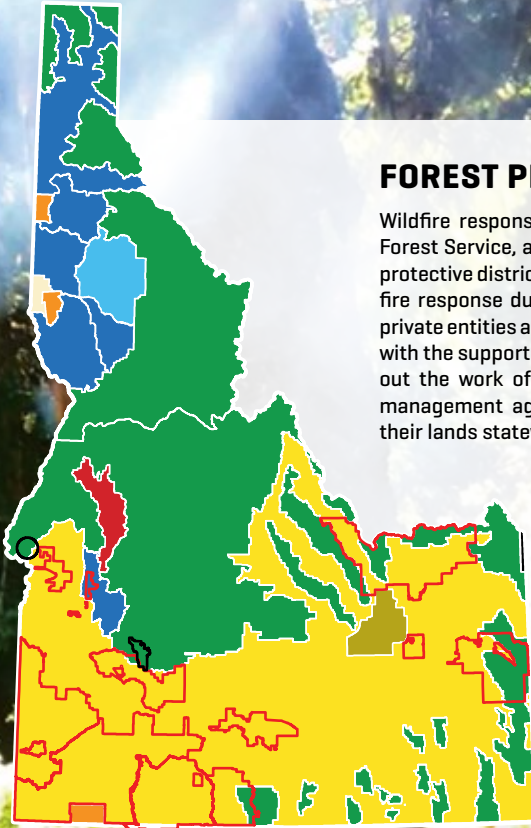
Wildfire response in Idaho is primarily organized by IDL, the U.S. Forest Service, and the Bureau of Land Management. Ten IDL forest protective districts and two timber protective associations have lead fire response duties on 6.3 million acres of land owned mostly by private entities and the State of Idaho. The districts and associations, with the support of the Fire Management Bureau, promote and carry out the work of the IDL fire management program. Federal land management agencies provide fire protection on the majority of their lands statewide.

FOREST PROTECTIVE DISTRICTS

 IDL	 DOE-INL	 CPTPA
 BLM	 NPS	 SITPA
 USFS	 OTHER	 NOT PROTECTED
 TRIBE		

RANGELAND FIRE PROTECTION ASSOCIATIONS

 EXISTING	 PROPOSED
--	--



FIRE MANAGEMENT

Fire management responsibilities are one of the most visible of our functions.

On a day-to-day basis IDL establishes and implements policies to prevent, prepare for, and fight wildland fires on more than six million acres of state, private, and federal forests and rangelands in Idaho.

These responsibilities include regulating the elimination of fire hazards caused by timber harvesting on state and private lands. Between January 1 and October 27, 2017, IDL issued 1,831 compliances related to this responsibility. Our duties also include issuing fire safety burn permits to individuals living outside city limits anywhere in Idaho, who plan to burn for any reason—including crop residue burning and excluding recreational campfires—during closed fire season. In calendar year 2017, IDL issued more than 14,140 fire safety burn permits with the help of the online resource: BurnPermits.Idaho.gov

IDL's work in fire management helps protect and preserve important endowment timber assets as well as millions of acres of private forestland and some federal lands.

IDL enhances forest and rangeland management on state endowment trust lands by utilizing fire as a management tool, while protecting local communities from wildfire by reducing fuels.

IDL also supports and helps facilitate the creation of rangeland fire protection associations in Idaho, made up of ranchers who are professionally trained and legally allowed to utilize interagency fire suppression resources.

CHIEF FOCUS OF IDL MANAGED FIRES IS INITIAL ATTACK

PUT OUT FIRES
AS QUICKLY AS
POSSIBLE

PROTECT
RESOURCES

MINIMIZE
SUPPRESSION
COSTS

An IDL firefighter falling a hazard tree on a fire in the Craig Mountain Forest Protective District in 2017.

ACCOUNTANT'S STATEMENT

We have examined and prepared the data presented in this annual report in accordance with generally accepted accounting standards and affirm it is true and accurate and reflects the activity of the Idaho Department of Lands and the State Board of Land Commissioners during fiscal year 2017.



DEBBIE BUCK | Financial Officer

* Earnings Reserve Fund revenue is generated from activities on endowment land that do not permanently deplete the resource such as timber sales and land leases.

** Permanent Fund revenue is generated from activities on endowment land that results in the permanent disposal of a non-renewable asset such as mineral extraction, perpetual easements, or land sales.

ACCOUNTS AND FUNDING REVENUE AND EXPENDITURES BY FUND TYPE FY17

	Revenue	Expenditures
General Fund	129,883	5,649,284
Misc Pass Through Funds	870,502	0
Dedicated Land Funds:		
Forest Resources	842,753	1,454,406
Lands & Waterways	914,056	1,354,358
Fire Management	6,726,475	5,876,683
Board of Scaling	250,399	221,626
Support Services	9,893	1,017,042
Indirect Cost Recovery	341,663	496,468
Community Forestry Trust	13,777	13,294
Subtotal Dedicated Funds	9,099,015	10,433,877
Fire Suppression	4,872,018	24,418,254
Federal Funds	8,418,428	8,784,362
Endowment Funds:		
*Earnings Reserve	74,682,023	29,237,695
**Permanent by Endowment		
Public School	1,138,094	0
Agricultural College	2,400	0
Charitable Institutions	25,032	0
Normal School	77,870	0
Penitentiary	680	0
School of Science	19,240	0
State Hospital South	10,852	0
University of Idaho	7,397	0
Capitol Permanent	440,122	0
**Permanent Sub-Total	1,721,689	0
Subtotal Endowment Funds	76,403,712	29,237,695
Grand Total	99,793,558	78,523,471

ENDOWMENT FUNDS

PERMANENT FUND REVENUE BY ENDOWMENT, BY ASSET CLASS

	Public School	Agricultural College	Charitable Institutions	Normal School	Penitentiary	School of Science	State Hospital South	University	Capitol	Total by Asset Class
Timber	24,250	0	0	0	84	625	479	0	437,616	463,054
Rangeland	850	0	0	0	0	0	0	0	2,471	3,321
Residential	0	0	0	0	0	0	0	0	1	1
Oil and Gas Royalties	25,140	2,400	0	0	0	0	0	0	0	27,540
Minerals Royalties	1,086,076	0	25,032	77,870	596	18,616	10,373	7,397	34	1,225,995
Interest on Land Sales	1,778	0	0	0	0	0	0	0	0	1,778
Total by Endowment	1,138,094	2,400	25,032	77,870	680	19,240	10,852	7,397	440,122	1,721,689

LAND BANK REVENUE BY ENDOWMENT

	Public School	Agricultural College	Charitable Institutions	Normal School	Penitentiary	School of Science	State Hospital South	University	Capitol	Total by Asset Class
Total by Endowment	26,389,550	0	0	13,338,169	0	0	11,433,605	0	0	51,161,324

ENDOWMENT LAND STATUS

SURFACE ACRES BY ASSET CLASS

Endowment	Rangeland	Timberland	Farmland	Commercial	Residential	Grand Total
Agricultural College	17,957.78	15,216.18	352.24	0	0	33,526.20
Capitol Permanent	36.76	7,227.85	8.44	9.80	0	7,282.85
Charitable Institutions	14,033.67	63,157.93	46.42	2.87	0	77,240.89
Normal School	15,746.88	43,653.82	62.16	162.13	14.46	59,639.45
Penitentiary	1,293.54	27,134.84	477.41	8.78	0	28,914.57
Public School	1,350,358.17	707,941.68	17,484.71	665.94	378.30	2,076,828.80
School of Science	11,530.23	63,637.97	192.35	136.67	0	75,497.22
State Hospital South	3,660.77	27,678.60	18.10	1.14	17.86	31,376.47
University of Idaho	11,900.99	42,632.32	547.83	12.90	0	55,094.04
Total	1,426,518.79	998,281.19	19,189.66	1,000.23	410.62	2,445,400.49

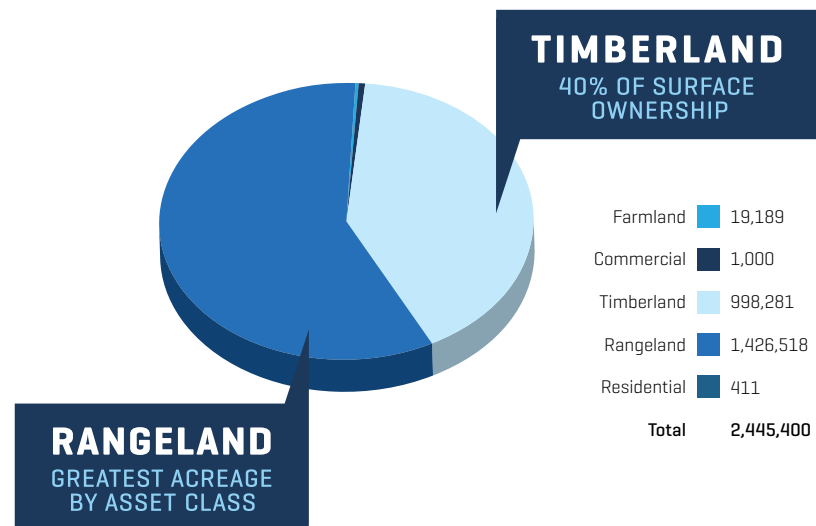
LAND INCOME BY ASSET CLASS

By Asset Class	Acres	2017 Income
Farmland	19,190	\$310,000
Commercial	1,000	\$1,060,000
Timberland	998,281	\$40,490,000
Rangeland	1,426,519	\$990,000
Residential	411	\$2,950,000
Total	2,445,400	\$45,800,000

ENDOWMENT LANDS AND FUND – FY17 VALUES & NET RETURNS

	FY17 Value	FY17 Net Return
Endowment Lands	\$1,451,356,412	3.69%
Endowment Fund	\$2,036,066,905	12.50%
Combined	\$3,487,423,317	8.59%

SURFACE ACRES BY ASSET CLASS



ENDOWMENT TRUST LANDS INCOME STATEMENT

	Public School	Agricultural College	Charitable Institutions	Normal School	Penitentiary
Asset Class/Endowment Revenue *					
Timberland	\$37,502,643	\$409,455	\$5,319,120	\$5,136,654	\$3,708,324
Farmland	406,530	1,200	2,447	8,664	20,600
Rangeland	2,535,056	33,822	87,341	47,014	6,995
Residential Real Estate	3,533,248	2	8	282,304	1
Commercial Real Estate	343,621	1	12	1,055,978	1
Oil and Gas Rentals and Bonuses	18,328	114	4,186	2,289	94
Minerals Rentals and Bonuses	56,614	896	8,303	5,751	450
Total Revenue	44,396,040	445,489	5,421,417	6,538,655	3,736,464
Less: Expenses**					
Timberland	16,459,051	294,939	1,581,423	1,268,033	720,388
Farmland	134,158	396	808	2,859	6,798
Rangeland	1,767,461	16,781	43,336	23,327	3,470
Residential Real Estate	919,530	0	0	130,933	0
Commercial Real Estate	373,313	0	589	558,192	0
Oil and Gas Rentals and Bonuses	59,846	371	13,668	7,476	307
Minerals Rentals and Bonuses	271,995	4,303	39,891	27,629	2,160
Total Expense	19,985,355	316,791	1,679,714	2,018,449	733,123
Net Income by Asset Class					
Timberland	21,043,592	114,516	3,737,697	3,868,622	2,987,937
Farmland	272,372	804	1,640	5,805	13,802
Rangeland	767,595	17,041	44,006	23,687	3,524
Residential Real Estate	2,613,717	1	7	151,371	1
Commercial Real Estate	(29,692)	1	(577)	497,786	1
Oil and Gas Rentals and Bonuses	(41,519)	(257)	(9,482)	(5,186)	(213)
Minerals Rentals and Bonuses	(215,381)	(3,407)	(31,588)	(21,878)	(1,711)
Total Net Income	\$24,410,685	\$128,698	\$3,741,703	\$4,520,207	\$3,003,341

*Direct program revenue includes only Earnings Reserve funds. **Includes all expenses related to Permanent Fund proceeds.

	School of Science	State Hospital South	University	Capitol***	Total
Asset Class/Endowment Revenue *					
Timberland	\$3,925,553	\$6,653,105	\$1,894,167	0	\$64,549,022
Farmland	11	263	18,955	0	458,670
Rangeland	124,219	106,814	34,834	0	2,976,094
Residential Real Estate	159	372,433	1	0	4,188,155
Commercial Real Estate	6	439,981	567,530	0	2,407,130
Oil and Gas Rentals and Bonuses	1,087	434	1,490	0	28,022
Minerals Rentals and Bonuses	1,436	499	981	0	74,930
Total Revenue	4,052,470	7,573,529	2,517,958	0	74,682,023
Less: Expenses**					
Timberland	1,481,078	1,173,215	934,946	149,747	24,062,821
Farmland	3	87	6,255	0	151,365
Rangeland	61,633	52,997	17,283	135	1,986,423
Residential Real Estate	9	187,615	0	0	1,238,088
Commercial Real Estate	0	234,560	180,851	0	1,347,506
Oil and Gas Rentals and Bonuses	3,550	1,417	4,867	2	91,504
Minerals Rentals and Bonuses	6,900	2,397	4,713	0	359,988
Total Expense	1,553,175	1,652,289	1,148,914	149,884	29,237,695
Net Income by Asset Class					
Timberland	2,444,474	5,479,889	959,222	(149,747)	40,486,200
Farmland	7	176	12,700	0	307,305
Rangeland	62,586	53,817	17,551	(135)	989,671
Residential Real Estate	150	184,818	1	(0)	2,950,067
Commercial Real Estate	5	205,422	386,679	0	1,059,625
Oil and Gas Rentals and Bonuses	(2,463)	(983)	(3,376)	(2)	(63,482)
Minerals Rentals and Bonuses	(5,464)	(1,898)	(3,732)	0	(285,059)
Total Net Income	\$2,499,296	\$5,921,240	\$1,369,044	(\$149,884)	\$45,444,328

***Unlike the other endowments, timber sale revenues accrue to the permanent fund rather than the reserve.

ENDOWMENT FUND

Annual distributions to endowment beneficiaries come from land revenues and earnings on the investment of those revenues. While Idaho Department of Lands manages the land assets, the Idaho Endowment Fund Investment Board manages the invested funds.

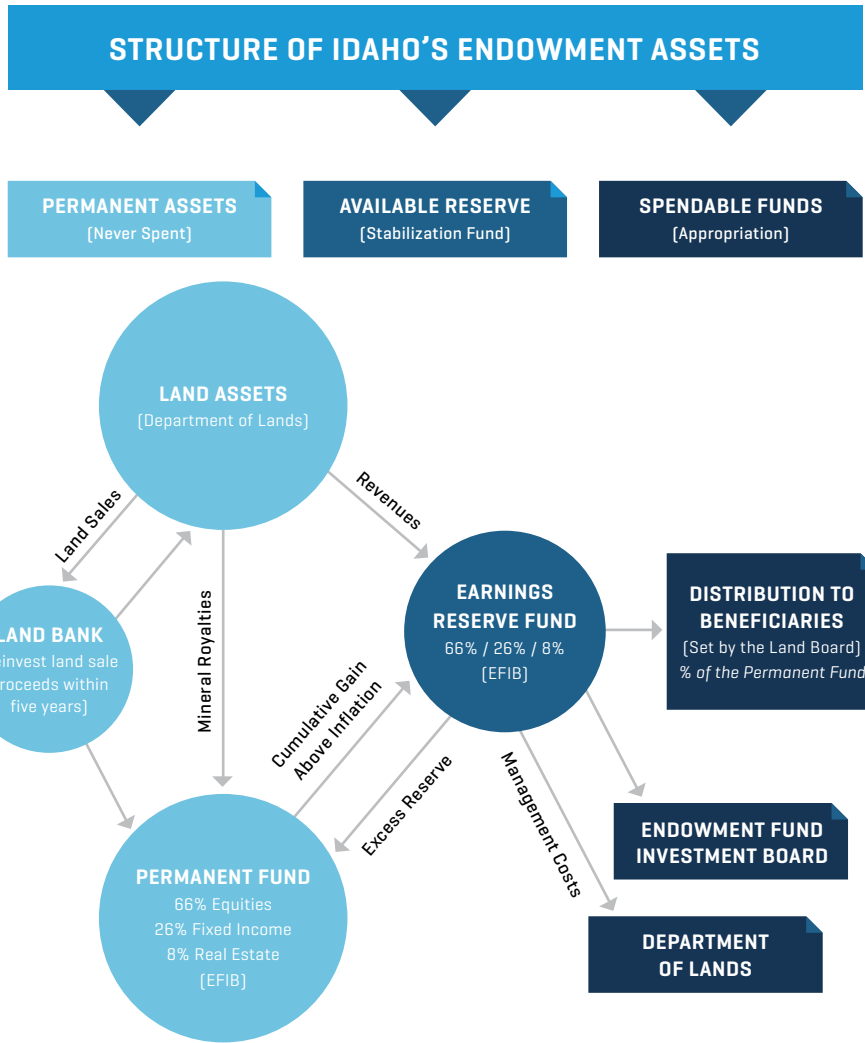
The financial information below is excerpted from the audited financial statements located at www.efb.idaho.gov

STATE OF IDAHO ENDOWMENT FUNDS – STATEMENT OF ACTIVITIES – FOR THE YEAR ENDED JUNE 30, 2017

	Public School	Agricultural College	Charitable Institutions	Normal School	Penitentiary
Permanent Net Position					
Permanent Net Position, beginning of year	\$847,412,996	\$27,147,006	\$104,851,786	\$90,158,144	\$39,600,483
Program Revenues:					
Receipts from Dept. of Lands	1,175,108	2,400	25,032	77,172	727
Income from Investments	15,578,983	721,762	2,722,127	2,362,543	1,052,458
Total Program Revenue	16,754,091	724,162	2,747,159	2,439,715	1,053,185
Transfer to Earnings Reserve	0	0	0	0	0
Transfer from Earnings Reserve	47,395,000	0	0	0	0
Increase (Decrease) in Net Position	64,149,091	724,162	2,747,159	2,439,715	1,053,185
Permanent Net Position, end of year	911,562,087	27,871,168	107,598,945	92,597,859	40,653,668
Earnings Reserve Net Position					
Earnings Reserve Net Position, beginning of year	282,645,411	9,231,420	25,594,592	25,583,661	12,199,038
Program Revenues:					
Receipts from Dept. of Lands	41,357,872	418,303	6,221,281	5,873,780	4,192,830
Income from Investments	128,637,217	3,825,137	13,985,686	12,529,505	5,798,658
Total Program Revenues	169,995,089	4,243,440	20,206,967	18,403,285	9,991,488
Program Expenses:					
Distribution for Expenses-IDL	19,985,355	316,791	1,679,714	2,018,448	733,123
Distribution for Expenses-EFIB	4,823,826	153,301	558,272	497,395	225,100
Distributions to Beneficiaries	36,724,800	1,347,600	5,544,000	4,262,400	1,965,600
Total Program Expenses	61,533,981	1,817,692	7,781,986	6,778,243	2,923,823
Net Program Revenue	108,461,108	2,425,748	12,424,981	11,625,042	7,067,665
Transfer to Permanent Fund	(47,395,000)	0	0	0	0
Transfer from Permanent Fund	0	0	0	0	0
Increase in Net Position	61,066,108	2,425,748	12,424,981	11,625,042	7,067,665
Earnings Reserve Net Position, end of year	343,711,519	11,657,168	38,019,573	37,208,703	19,266,703
TOTAL NET POSITION	\$1,255,273,606	\$39,528,336	\$145,618,518	\$129,806,562	\$59,920,371

	School of Science	State Hospital South	University of Idaho	Capitol	Total
Permanent Net Position					
Permanent Net Position, beginning of year	\$88,746,026	\$82,209,410	\$78,962,016	\$26,888,592	\$1,385,976,459
Program Revenues:					
Receipts from Dept. of Lands	42,642	10,567	7,372	604,936	1,945,956
Income from Investments	2,338,206	2,198,323	2,110,639	3,378,012	32,463,053
Total Program Revenue	2,380,848	2,208,890	2,118,011	3,982,948	34,409,009
Transfer to Earnings Reserve	0	0	0	(1,375,701)	(1,375,701)
Transfer from Earnings Reserve	0	0	0	0	47,395,000
Increase (Decrease) in Net Position	2,380,848	2,208,890	2,118,011	2,607,247	80,428,308
Permanent Net Position, end of year	91,126,874	84,418,300	81,080,027	29,495,839	1,466,404,767
Earnings Reserve Net Position					
Earnings Reserve Net Position, beginning of year	30,671,267	28,679,099	26,110,626	3,684,419	444,399,533
Program Revenues:					
Receipts from Dept. of Lands	4,032,383	5,728,898	2,770,241	71,900	70,667,488
Income from Investments	12,792,887	12,066,416	11,140,952	566,367	201,342,825
Total Program Revenues	16,825,270	17,795,314	13,911,193	638,267	272,010,313
Program Expenses:					
Distribution for Expenses-IDL	1,553,174	1,652,289	1,148,914	149,885	29,237,693
Distribution for Expenses-EFIB	505,594	478,069	443,510	147,249	7,832,316
Distributions to Beneficiaries	4,708,800	4,562,400	4,042,800	500,000	63,658,400
Total Program Expenses	6,767,568	6,692,758	5,635,224	797,134	100,728,409
Net Program Revenue	10,057,702	11,102,556	8,275,969	(158,867)	171,281,904
Transfer to Permanent Fund	0	0	0	0	(47,395,000)
Transfer from Permanent Fund	0	0	0	1,375,701	1,375,701
Increase in Net Position	10,057,702	11,102,556	8,275,969	1,216,834	125,262,605
Earnings Reserve Net Position, end of year	40,728,969	39,781,655	34,386,595	4,901,253	569,662,138
TOTAL NET POSITION	\$131,855,843	\$124,199,955	\$115,466,622	\$34,397,092	\$2,036,066,905

ENDOWMENT FUNDS



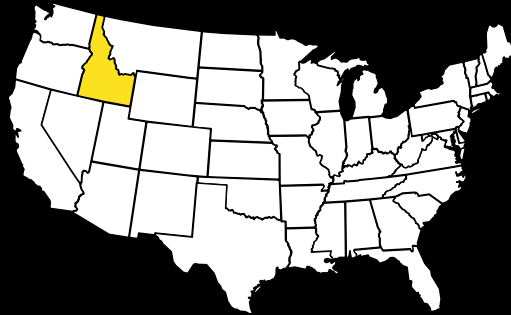
STATE OF IDAHO ENDOWMENT FUNDS GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES - JUNE 30, 2017

Current Assets:	
Cash with the State Treasurer	\$0
Investments, at Fair Value	2,026,026,928
Receivable for Unsettled Trades	10,796,964
Receivable From Idaho Department of Lands	7,996,077
Accrued Interest and Dividends Receivable	7,417,788
Prepaid Expenses to the Department of Lands	3,326,580
Total Assets	2,055,564,337
Current Liabilities:	
Payable for Unsettled Trades	17,685,812
Investment Manager Expenses Payable	1,811,620
Total Liabilities	19,497,432
Fund Balances:	
Nonspendable - Permanent Funds	1,466,404,767
Restricted - Earnings Reserve	569,662,138
Total Fund Balances	2,036,066,905
Total Liabilities and Fund Balances	2,055,564,337
Statement of Net Position:	
Restricted for Permanent Trust - Nonexpendable	1,466,404,767
Restricted for Permanent Trust - Expendable	569,662,138
Total Net Position - Governmental Activities	\$2,036,066,905



View of endowment forests in Shoshone County looking east from Blackdome Peak, the highest point in the Floodwood State Forest.

www.idl.idaho.gov



IDAHO DEPARTMENT OF LANDS

300 North 6th Street, Suite 103, Boise, Idaho 83702

P.O. Box 83720, Boise, Idaho 83720-0050

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Cover Photo: A load of logs is topped off from the Wapiti timber sale on the Nez Perce-Clearwater National Forests, the first sale sold and administered by IDL under the Good Neighbor Authority [GNA].