

STATE BOARD OF LAND COMMISSIONERS OPEN MEETING CHECKLIST

FOR MEETING DATE: February 20, 2018

Regular Meetings

1/24/18	Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) calendar days before meeting.
1/24/18	Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) calendar days before meeting.
1/24/18	Notice of Meeting posted in prominent place at meeting location five (5) calendar days before meeting.
1/24/18	Notice of Meeting emailed/faxed to list of media and interested citizens who have requested such notice five (5) calendar days before meeting.
2/14/18	Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting.
2/14/18	Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting.
2/14/18	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
2/14/18	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
12/22/17	Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA

Special Meetings

	Notice of Meeting and Agenda posted in a prominent place in IDL's Boise Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted in a prominent place in IDL's Coeur d'Alene Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted at meeting location twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda emailed/faxed to list of media and interested citizens who have requested such notice twenty-four (24) hours before meeting.
	Emergency situation exists – no advance Notice of Meeting or Agenda needed. "Emergency" defined in Idaho Code § 74-204(2).

Executive Sessions

	If Executive Session only to be held, Notice of Meeting and Agenda posted in IDL's Boise Headquarters office twenty-four (24) hours before meeting.
	If Executive Session only to be held, Notice of Meeting and Agenda posted in IDL's Coeur d'Alene Headquarters office twenty-four (24) hours before meeting.
	If Executive Session only to be held, Notice of Meeting and Agenda emailed/faxed to list of media and interested citizens who have requested such notice 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

February 14, 2018

DATE



IDAHO 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

David Groeschl, Secretary to the Board

NOTICE OF PUBLIC MEETING FEBRUARY 2018

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, February 20, 2018 in the **Borah Building, 2nd Floor Courtroom (Room 214), 304 N. 8th Street, Boise, Idaho**. The meeting is scheduled to begin at 9:00 AM (MST).

Please note meeting location.

First Notice Posted: 1/24/2018-IDL Boise; 1/24/2018-IDL CDA

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

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



STATE BOARD OF LAND COMMISSIONERS

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Amended Final Agenda
State Board of Land Commissioners Regular Meeting
February 20, 2018 – 9:00 AM (MT)
Borah Building, 2nd Floor Courtroom, Room 214, 304 North 8th Street, Boise

*Please note change in venue. Regular Land Board meetings
will be at this location while the 2018 Legislature is in session.*

For the record, pursuant to Idaho Code Section 74-204(4)(c), Attorney General Wasden amended the published agenda at the beginning of this February 20, 2018 meeting. Refer to meeting minutes for detailed information regarding the amendment motion.

1. Director's Report

- A. Interest Rate on Department Transactions – Final Report
- B. Timber Sale Activity and Information Report – January 2018
- C. Division of Lands and Waterways Activity and Information Report – January 2018
- D. Legislative Update

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

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

• **CONSENT**

3. Albeni Falls Dam (Lake Pend Oreille) Endowments – Presented by Chris Anton, EFIB Manager of Investments

4. Approval of Minutes – January 16, 2018 Regular Meeting (Boise)

State Board of Land Commissioners
Final Agenda-amend-0220
Regular Meeting (Boise) – February 20, 2018
Page 1 of 2

- **REGULAR**

5. **Recruiting Process for Department of Lands' Director** – *Presented by Andrea Ryan, Human Resource Officer*

- **INFORMATION**

6. **Legislation Proposed by Flood Control District No. 10 - Boise River** – *Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance, and Daniel Steenson, Attorney, Sawtooth Law Offices, PLLC*

- **EXECUTIVE SESSION**

NONE



IDAHO DEPARTMENT OF LANDS



STATE BOARD OF LAND COMMISSIONERS

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Final Agenda

State Board of Land Commissioners Regular Meeting

February 20, 2018 – 9:00 AM (MT)

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State Board of Land Commissioners

Final Agenda

Regular Meeting (Boise) – February 20, 2018

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- **INFORMATION**

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- **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.





Idaho Statutes

TITLE 74 TRANSPARENT AND ETHICAL GOVERNMENT

CHAPTER 2 OPEN MEETINGS LAW

74-206. EXECUTIVE SESSIONS -- WHEN AUTHORIZED.[EFFECTIVE UNTIL JULY 1, 2020] (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 which is 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 67-2345A [[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 act 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.

History:

[74-206, added 2015, ch. 140, sec. 5, p. 371; am. 2015, ch. 271, sec. 1, p. 1125.]

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IDAHO DEPARTMENT OF LANDS

STATE BOARD OF LAND COMMISSIONERS
February 20, 2018

SUBJECT

Interest Rate on Department Transactions – Final Report

BACKGROUND

Historically, the Idaho Department of Lands (Department), on behalf of the State Board of Land Commissioners (Land Board), offered annual installment contracts to purchasers of land sales. On December 15, 1986 the Land Board approved the Department recommendation to use the average monthly rate for conventional mortgages as quoted in the Federal Reserve statistical release as a basis for setting interest rates on departmental transactions. The rate was rounded down to the nearest one-quarter percent on the tenth of the month following the statistical releases. The Department has since been reporting monthly interest rates at regular Land Board meetings (Attachment 1).

DISCUSSION

According to Department records, State of Idaho Land Sale Certificates 24797 and 24798 are the Department's last remaining land sale certificates.

The land sale certificates were for the purchase of two Indemnity School (Public School) parcels located in Fremont County, one-half mile southeast of Island Park. The properties were sold at public auction on October 26, 1973 in the Fremont County Courthouse, St. Anthony, Idaho.

Land Sale Certificate 24797 represents the sale of 11.63 acres located in a portion of Sec. 30, T14N, R44E. The property was appraised for \$20,934 and sold for \$38,000. Land Sale Certificate 24798 represents the sale of 10.97 acres located in a portion of Sec. 30, T14N, R44E. The property was appraised for \$19,746 and sold for \$41,000. The winning bidder for both parcels was Vernon E. Obrey.

Mr. Obrey has been steadily paying, with supplemental deferrals, since his purchase in 1973. In January 2018, the Department received Mr. Obrey's final payments and the State Deeds were executed on February 8, 2018.

Now that the Department has received final payment on the two remaining land sale certificates, there is no longer a need to set and report monthly interest rates for departmental transactions. As such, this is the final Interest Rate on Department Transactions report to be submitted by the Department.

ATTACHMENTS

1. February 20, 2018 Interest Rate on Department Transactions Report

STATE BOARD OF LAND COMMISSIONERS

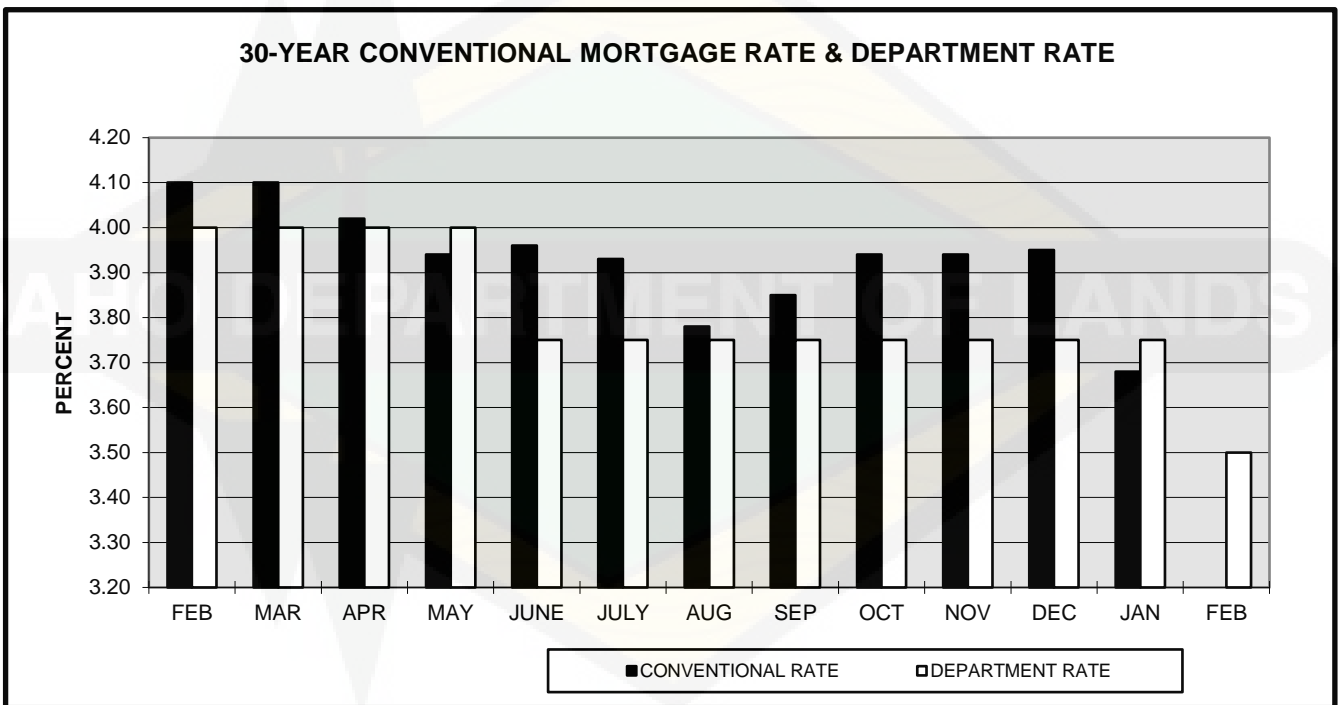
February 20, 2018

SUBJECT: Interest Rate on Department Transactions

BACKGROUND: On December 15, 1986 the Board approved the Department recommendation that the Department use the average monthly rate for conventional mortgages as quoted in the federal reserve statistical release as a basis for setting interest rates on departmental transactions. The rate is rounded down to the nearest one-quarter percent on the tenth of the month following the statistical releases.

DISCUSSION: The interest rate on Department transactions is **3.50%** effective February 10, 2018

The graph and chart compare the average conventional rate to the Department rate for the preceding calendar year. As shown on the graph, the Department rate lags the conventional rate by one month since the implementation of this policy.



	2017 FEB	2017 MAR	2017 APR	2017 MAY	2017 JUNE	2017 JULY	2017 AUG	2017 SEP	2017 OCT	2017 NOV	2017 DEC	2018 JAN	2018 FEB
CONVENTIONAL RATE	4.10	4.10	4.02	3.94	3.96	3.93	3.78	3.85	3.94	3.94	3.95	3.68	
DEPARTMENT RATE	4.00	4.00	4.00	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.50

Information Posted on Intranet (Programs / Land Board)

email: D Caldwell; D Buck; K Miller; W Kimball; C Woodworth; M Major

R Farmer; B Rheinschmidt; D Barbour; R King; M Sanborn; R Miller, D Griffin

STATE BOARD OF LAND COMMISSIONERS
February 20, 2018
Director's Timber Sale Report

TIMBER SALE TRANSACTIONS AND ACTIVITY

During January 2018, the Department of Lands sold eight endowment timber sales at auction. The endowment net sale value represents a 24% up bid over the advertised value.

TIMBER SALE AUCTIONS								
SALE NUMBER	SAWLOGS MBF	POLES LF	POLES MBF	CEDAR PROD MBF	PULP MBF	APPRAISED NET VALUE	SALE NET VALUE	NET \$/MBF
TS414269	4,070			55		\$ 1,616,388.50	\$ 1,616,388.50	\$391.85
TS404270	8,625					\$ 2,268,174.00	\$ 3,047,356.00	\$353.32
TS204271	2,100					\$ 479,696.50	\$ 740,288.00	\$352.52
TS204272	175					\$ 90,422.50	\$ 90,422.50	\$516.70
TS504273	3,510					\$ 417,468.87	\$ 472,897.80	\$134.73
TS204274	2,980					\$ 817,166.00	\$ 1,201,885.00	\$403.32
TS104275	3,200					\$ 307,617.00	\$ 307,617.00	\$96.13
TS424276	1,470					\$ 250,573.00	\$ 250,573.00	\$170.46
	26,130	0	0	55	0	\$ 6,247,506.37	\$ 7,727,427.80	\$295.11

PROPOSED TIMBER SALES FOR AUCTION				
North Operations				
Sale Name	Volume MBF	Advertised Net Value	Area	Estimated Auction Date
Jasper II GNA West	3,500	\$ 594,245	GNA	3/1/2018
Middle Fork Breaks	4,400	\$ 1,275,332	PL	3/13/2018
Curtis Saddle	5,105	\$ 916,776	POL	2/8/2018
Canyon OSR	835	\$ 85,990	POL	2/27/2018

VOLUME UNDER CONTRACT as of January 31, 2018			
	Total	Public School	Pooled
Active Contracts	164		
Estimated residual volume (MBF)	358,296	221,649	136,647
Estimated residual length (LF)	805,190	524,772	280,418
Estimated residual weight (Ton)	569,392	351,666	217,726
Total Residual MBF Equivalent	465,778	288,154	177,624
Estimated residual value	\$ 134,859,466	\$ 81,893,511	\$ 52,965,955
Residual Unit Value (\$/MBF)	\$ 289.54	\$ 284.20	\$ 298.19

	TIMBER HARVEST RECEIPTS				
	January		FY to date	February Projected	
	Stumpage	Interest	Harvest Receipts	Stumpage	Interest
Public School	\$ 4,023,789.32	\$ 663,151.83	\$ 24,911,749.37	\$ 3,274,897.11	\$ 516,987.22
Pooled	\$ 2,930,555.62	\$ 422,015.03	\$ 19,764,188.51	\$ 2,465,943.84	\$ 294,899.40
General Fund	\$ 116,046.25	\$ 8,088.25	\$ 286,837.84	\$ 50,298.83	\$ 3,762.06
TOTALS	\$ 7,070,391.19	\$ 1,093,255.11	\$ 44,962,775.72	\$ 5,791,139.78	\$ 815,648.68

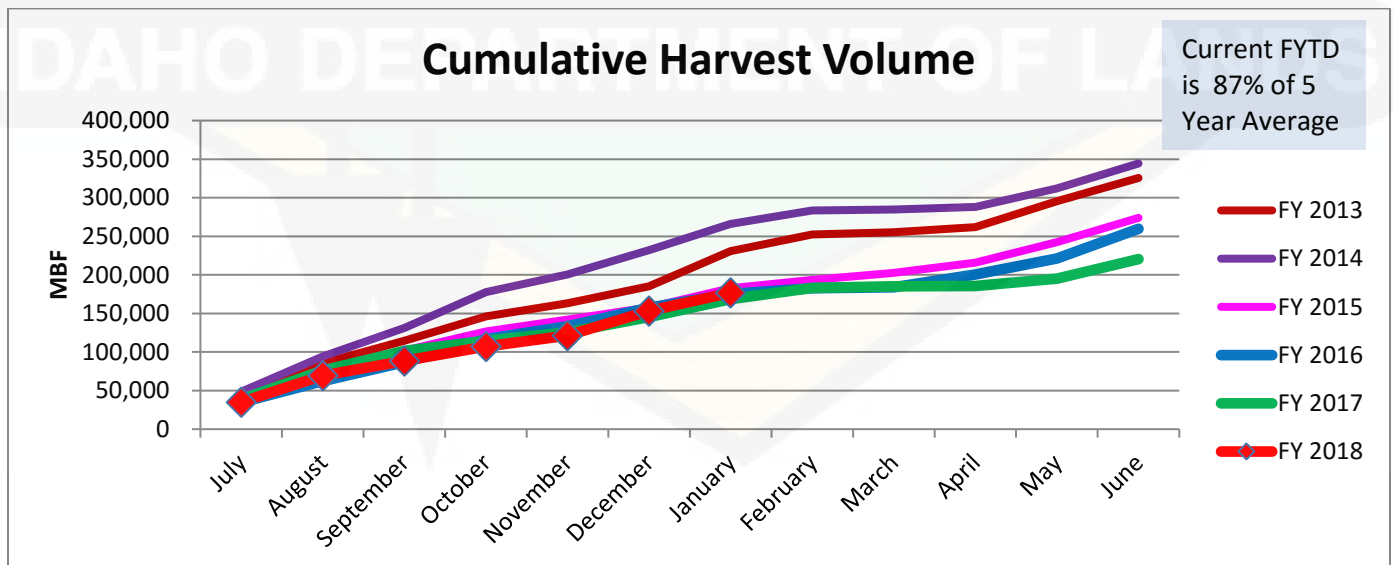
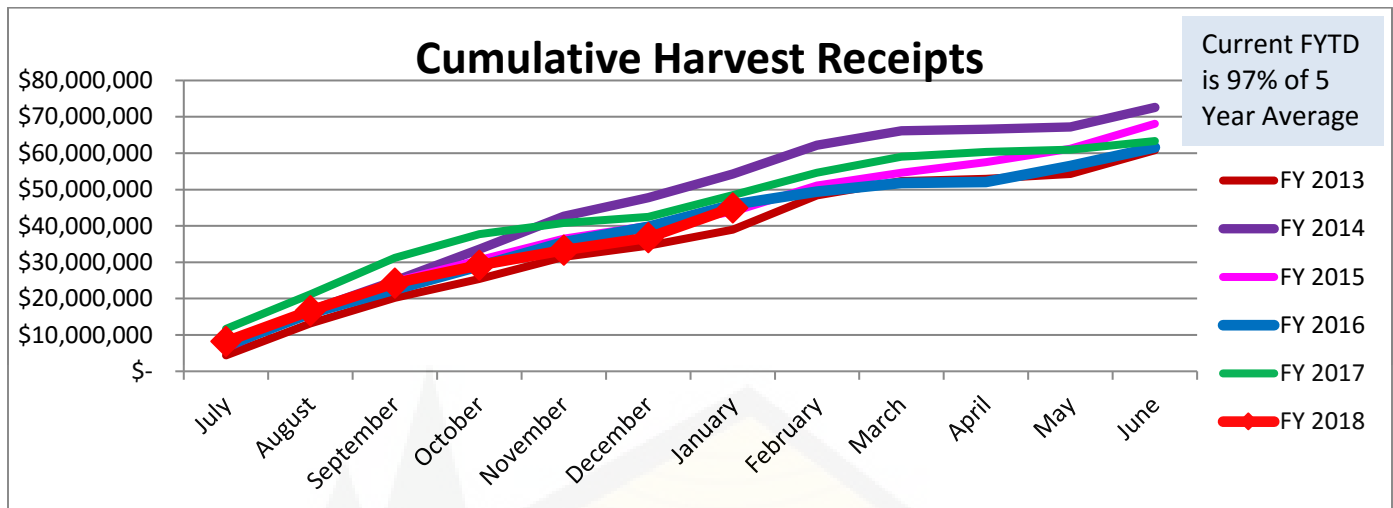
MARKET TRENDS AND GENERAL OUTLOOK

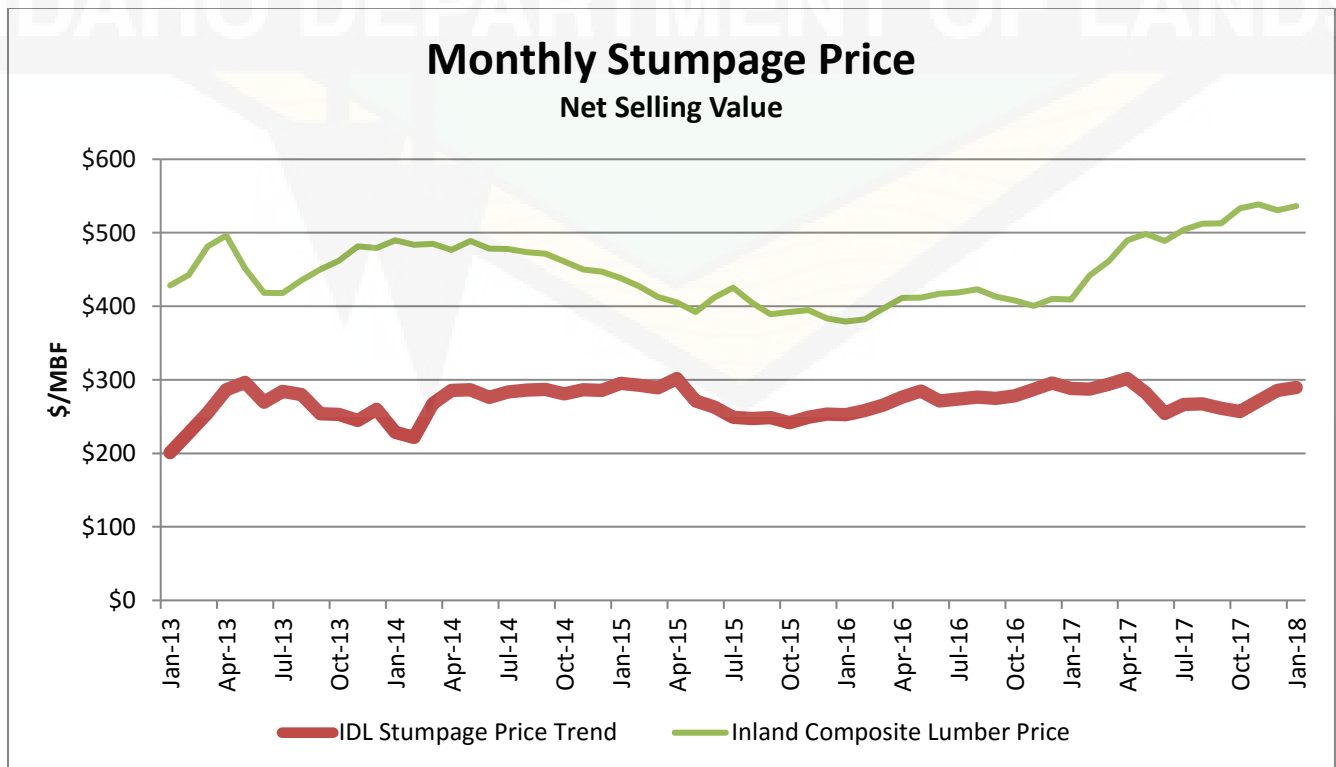
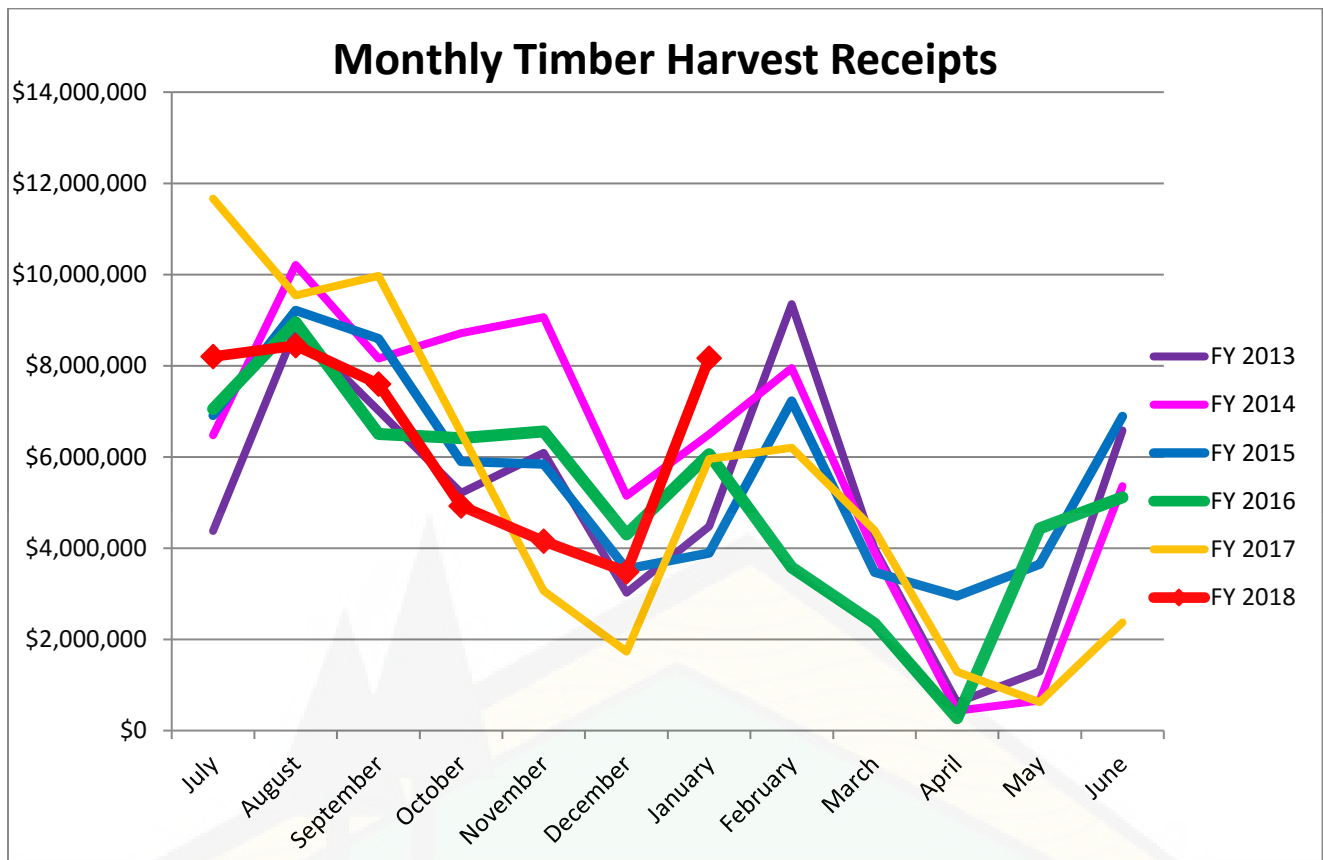
Log deliveries have tapered off due to warm weather, softening road conditions and the beginning of road postings. Most area saw mills are well stocked looking toward break-up. Industry representatives have met with state employees concerning options to extend the logging season.

From the Oregon News, the Japanese Multi-National firm of Itochu Corp. Tokyo and Itochu International Inc., New York have bought Alta Forest Products, including their plant in Naples, Idaho. Alta is the largest wood fence board manufacturer in North America, producing 360 million board feet annually in its four manufacturing plants located in the Pacific Northwest of the United States. Alta has established a leading position in the market for Western Red Cedar fence boards, a premium product, through outstanding production efficiency driven by its specialized manufacturing process.

From Random Lengths, housing starts in the U.S. fell in December from an elevated reading in November, but total starts for 2017 finished at a preliminary 1.202 million units, a 2.4% increase over 2016. The single-family sector fueled the market in 2017, with a total of 848,000 units, an 8.5% increase over the previous year. That offset a 9.8% decrease in the multi-family sector, which finished 2017 with a preliminary 353,000 units.

Status of FY 2018 Timber Sale Program						
	MBF Sawlog			Number Poles		
	Public School	Pooled	All Endowments	Public School	Pooled	All Endowments
Sold as of January 31, 2018	61,250	52,949	114,200	4,318	1,337	5,655
Currently Advertised	20,310	4,910	25,220	0	0	0
In Review	16,709	2,861	19,570	0	0	0
Did Not Sell	0	0	0	0	0	0
TOTALS	98,269	60,720	158,990	4,318	1,337	5,655
FY-2018 Sales Plan			247,000			20,790
Percent to Date			64%			27%





STATE BOARD OF LAND COMMISSIONERS

SUBJECT

Division of Lands and Waterways Activity and Information Report for the month of January 2018.

New Instruments

Endowment Programs	Instrument No.	Name	Area
Conservation	M800139	Idaho Department of Fish and Game	Eastern
Farming	C800049	James F. And Colleen O. Mayer	Eastern
Farming	C800042	WWWDF, INC.	Eastern
Grazing	G430023	Andy Goeckner	Craig Mountain
Grazing	G800379	Loren P. McGarry	Eastern
Grazing	G800363	G. David Dalling & Theresa Dalling	Eastern
Grazing	G800366	G. David Dalling & Theresa Dalling	Eastern
Grazing	G800378	Gregory Brown	Eastern
Grazing	G800369	Loveland Family Trust	Eastern
Grazing	G800374	Royd T. Haroldsen	Eastern
Grazing	G800364	Salvador E. Longo	Eastern
Grazing	G800385	Brent R. Dalling	Eastern
Grazing	G800372	Siddoway Sheep Company, Inc.	Eastern
Grazing	G800375	Day Mountain Ranch	Eastern

New Instruments

Regulatory Programs	Instrument No.	Name	Area
Exploration Location	L500024	Jason Williamson	Payette Lakes
NavWaters	B220119	Daniel and Susan Kirkpatrick	Mica
NavWaters	B220094	Park Addition to Rockford Bay Summer Homes, Inc.	Mica
NavWaters	B500013	Brightwater I Homeowners' Association, Inc.	Payette Lakes
NavWaters	B200022	Wendlemere Dock Inc.	Pend Oreille Lake

STATE BOARD OF LAND COMMISSIONERS

New Instruments

Regulatory Programs	Instrument No.	Name	Area
NavWaters	B500014	The Crystal Beach Condominium Association, Inc.	Payette Lakes
NavWaters	B220134	Dennis and Joanie Franz	Mica
Reclamation Plan	S302916	Potlatch Corporation	St. Joe

Assignments

Endowment Programs	Instrument No.	Assignor	Assignee	Area
Residential	R100336	Deborah J Keith	Barbara J Barry	Priest Lake
Grazing	G700280	Timmerman Grazing Association	E & J Operations, LLC	South Central

Assignments

Regulatory Programs	Instrument No.	Assignor	Assignee	Area
NavWaters	B220087	Tyrus Tenold	Rock Creek Idaho Holdings LLC	Mica
Reclamation Plan	S02058	Timber Savers Inc.	Solid Rock Gravel Company	Maggie Creek
Reclamation Plan	S02745	Calvin Adams	Kloepfer Inc.	South Central
Reclamation Plan	S02650	Thorn Springs Ranch Inc.	Van Orden Brothers Land LLC	Eastern
Reclamation Plan	S02716	Suncor Idaho Inc.	Avimor Partners LLC.	Southwest

Terminations

Regulatory Programs	Instrument No.	Name	Month Terminated	Area
Reclamation Plan	S02675	Brad L Condie	Jan	Southwest
Reclamation Plan	S602935	Young's Riverfront Ranch, LP	Jan	Southwest
Reclamation Plan	S602934	Young's Riverfront Ranch, LP	Jan	Southwest
Reclamation Plan	S02567	Rock Works Mining Company	Jan	Eastern Idaho

STATE BOARD OF LAND COMMISSIONERS

Easements Cancelled

Transaction Type	Instrument No.	Name	County	Area
Cancelled Esmt	ES6200	Vivki Donaldson	Kootenai	MICA



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IDAHO DEPARTMENT OF LANDS

STATE BOARD OF LAND COMMISSIONERS
February 20, 2018

2018 Legislative Session – Status of Legislation Monitored by the Department of Lands

IDL LEGISLATION

BUDGET

IDL and EFIB budget presentations were before JFAC, Tuesday, February 6.

Status: JFAC budget setting for IDL is Tuesday, February 27.

MINERAL LEASING

[H0373 - Mineral Rights in State Lands](#) – Amends existing law to remove a provision regarding the rental paid for any year being deducted from the royalties as they accrue for that year.

Status: Did not pass out of committee. The Department has withdrawn this legislation.

MINING

[H0374 - Mining](#) – Amends existing law to revise notification provisions regarding placer and dredge exploration and regarding exploration operations to locate minerals.

Status: House PASSED – 69-0-1. Awaiting hearing in Senate Resources & Environment Committee.

OTHER LEGISLATION BEING MONITORED

EFIB

[H0460 - Public Funds Investment](#) – Amends existing law to authorize the investment board or investment managers to take certain actions with respect to the investment of certain public funds with the approval of the State Board of Land Commissioners.

Status: House Second Reading.

[S1213 - Endowment Fund Investment Board](#) – Amends existing law to revise compensation provisions regarding board members.

Status: Senate PASSED – 34-1-0. Awaiting hearing in House State Affairs Committee.

MISCELLANEOUS

[H0418 - Lobbyists](#) – Adds to existing law to prohibit state agencies from taking certain actions regarding lobbying.

Status: Awaiting hearing in House State Affairs Committee.

[H0420 - Public Notices](#) – Adds to existing law to provide for electronic publication of legal notices on government websites.

Status: Awaiting hearing in House State Affairs Committee.

[H0424 - State Funds](#) – Adds to existing law to require the consent of the Legislature to enter into certain cost-sharing agreements and grants.

Status: Awaiting hearing in House Ways & Means Committee.

[H0506 - Motor Vehicles](#) – Adds to existing law to establish provisions regarding the registration and use of military vehicles.

Status: Awaiting hearing in House Transportation & Defense Committee.

[S1264 - Motor Vehicles](#) – Amends and adds to existing law to provide that former military vehicles may be titled and registered under certain circumstances.

Status: Senate Third Reading.



M. Dean Buffington :: Chairman
Jerry F. Aldape Irving Littman
Neil A. Anderson Gary L. Mahn
Warren R. Bakes Richelle A. Sugiyama
Gavin M. Gee Chuck Winder

Chris J. Anton :: Manager of Investments

Monthly Report to the Board of Land Commissioners

Investment performance through January 31, 2018

Month: **3.6%** Fiscal year: **12.1%**

Global equity markets continued their strong march forward in January. Strong wage figures in the monthly U.S. jobs report, concerns about inflation and increases in interest rates resulted in some profit taking in the equity markets in late January and early February. It is anticipated that interest rates will continue to normalize as the economy expands. Corporate earnings remain very solid, with 75% of the S&P500 companies surpassing earnings estimates and 80% beating sales estimates during the fourth quarter.

Status of endowment fund reserves

Distributions for FY 2018 and FY 2019 are **well secured**. For all endowments, estimated reserves as of January 2018 were at least **5 times** the size of the approved FY 2019 distributions.

Significant actions of the Endowment Fund Investment Board

Meetings: **None**.

Compliance/legal issues, areas of concern

Material deviations from Investment Policy or compliance guidelines for investment managers:
None.

Material legal issues: **None**.

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

Upcoming issues/events

The Endowment Fund Investment Board seeks approval from the Land Board to provide investment management services for two endowment funds for the Department of Fish & Game. The endowments consist of \$6,700,000 for the operation and maintenance of existing mitigation properties and 1,100,000 for operations and maintenance of restored habitats impacted by the Albeni Falls Dam.

EFIB's budget setting meeting is scheduled on **February 20, 2018**.

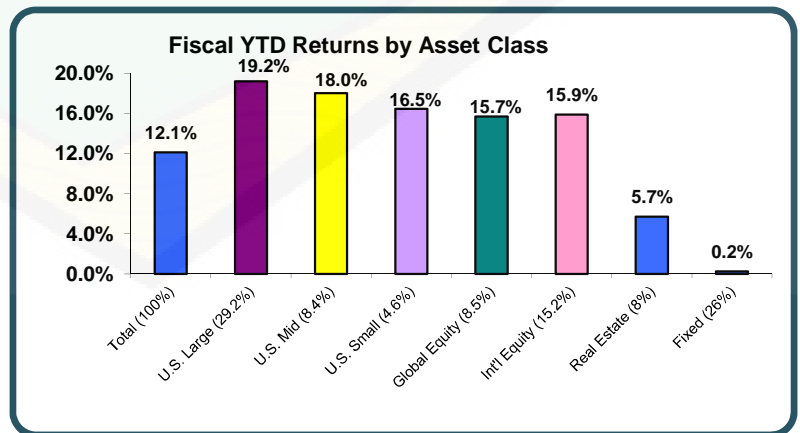
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IDAHO DEPARTMENT OF LANDS

	<u>Month</u>	<u>FYTD</u>
Beginning Value of Fund	2,262,453,815	2,107,702,271
Distributions to Beneficiaries	(6,123,600)	(42,865,200)
Land Revenue net of all Expenses	(821,599)	5,931,643
Change in Market Value	81,895,131	266,635,032
Current Value of Fund	2,337,403,747	2,337,403,747

<u>January-18</u>	<u>Fiscal Year to Date</u>	<u>Last Five Years</u>
Total Fund 42.3% R3 15.2% Ax 8.5% AC 26% BB 8% OD	3.6% 3.3% 42.3% R3 15.2% Ax 8.5% AC 26% BB 8% OD	12.1% 11.5%
Total Fixed 85% BB Agg, 15% TIPS	-1.1% -1.1%	0.2% 0.3%
Total Equity 70% R3, 30% Ax	5.7% 5.4%	17.7% 17.3%
Domestic Equity Russell 3000 (R3)	5.9% 5.3%	18.7% 17.1%
Global Equity MSCI ACWI (AC)	5.7% 5.6%	15.7% 17.5%
Int'l. Equity MSCI ACWI ex-US (Ax)	5.2% 5.6%	15.9% 17.7%
Real Estate Real Estate Index (OD)	3.2% 3.1%	

	<u>Mkt Value</u>	<u>%</u>
Domestic Equity	\$ 1,053.2	45.1%
Large Cap	726.4	31.1%
Mid Cap	217.0	9.3%
Small Cap	109.9	4.7%
Global Equity	207.7	8.9%
Int'l Equity	374.4	16.0%
Fixed Income	535.4	22.9%
Real Estate	161.6	6.9%
Cash	5.0	0.2%
Total Fund	\$ 2,337.4	100.0%

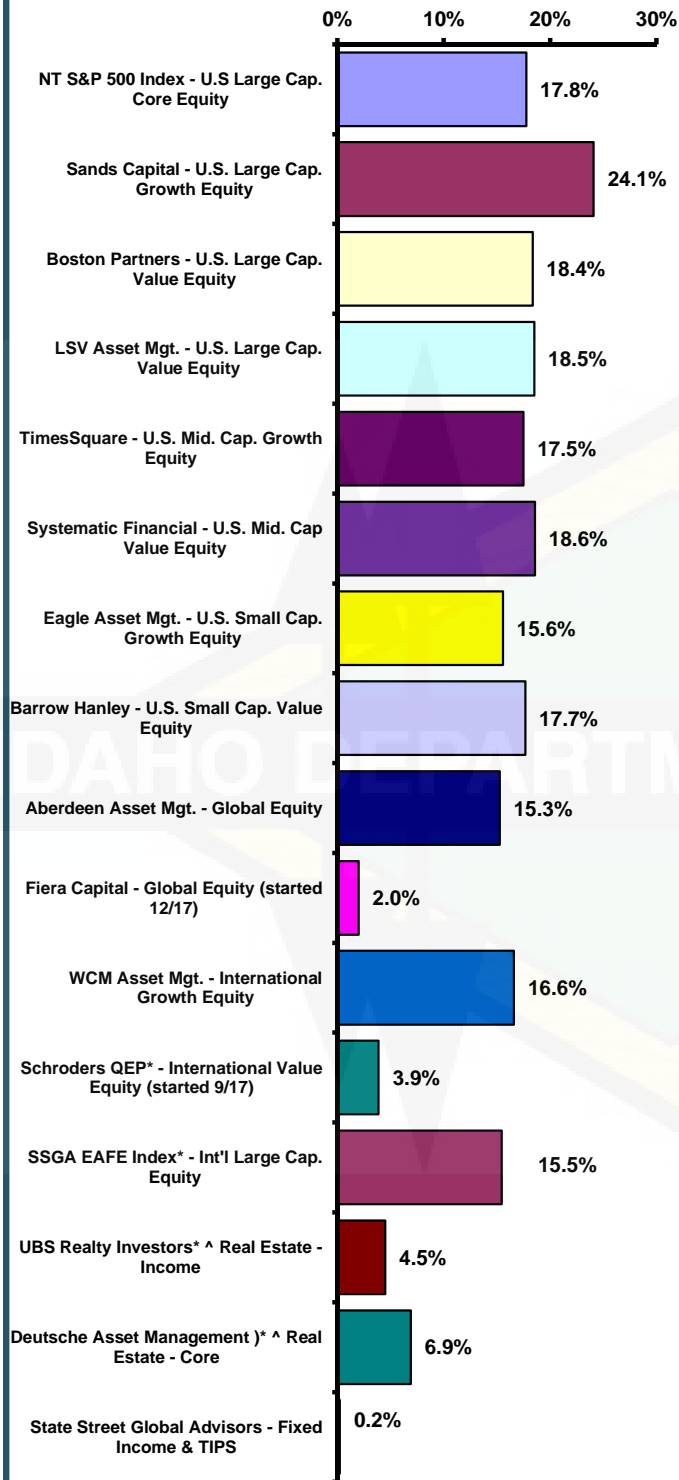


Endowment Fund Staff Comments:

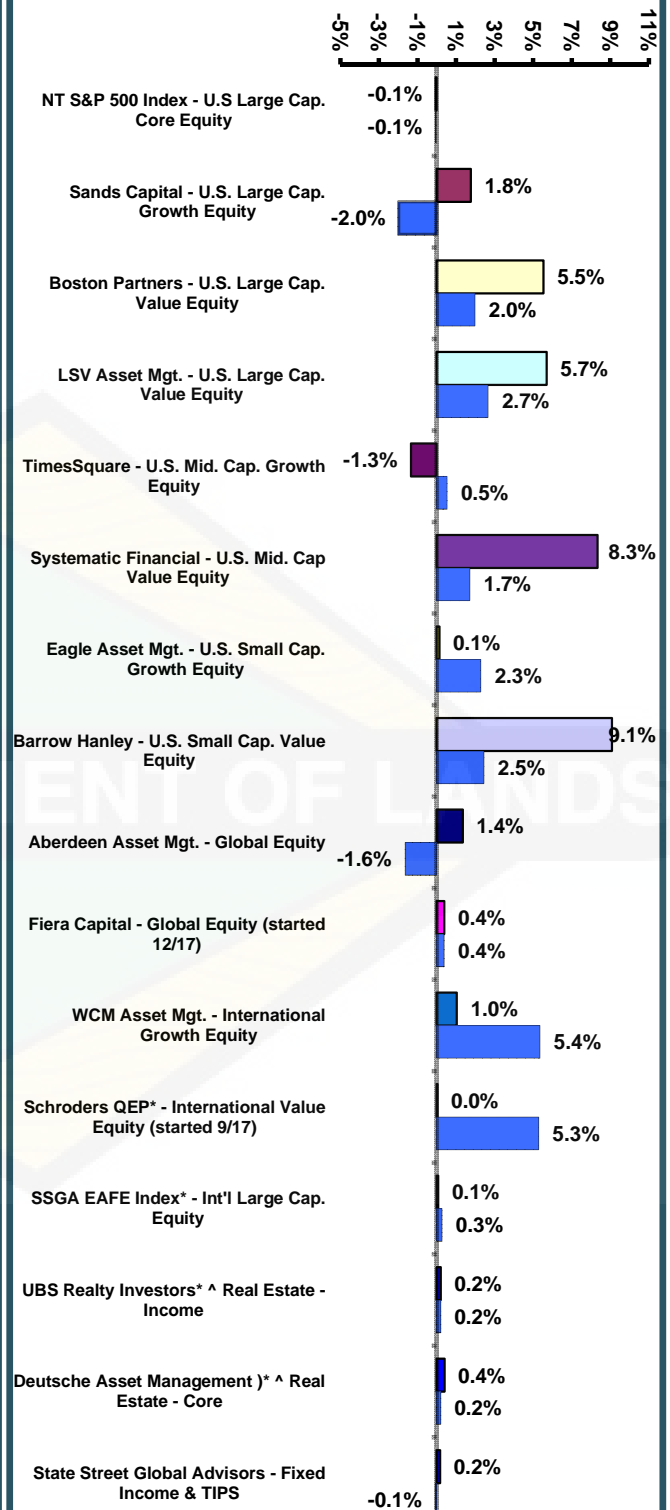
The fund was up 3.6% for the month, 0.3% over the benchmark. The Russell 3000 index was up 5.3%, Russell Midcap up 3.8% and Russell 2000 (small cap) up 2.6%. International equities (MSCI ACWI ex-US) were up 5.6%. Value outperformed Growth, while Domestic equity outperformed International equity. Bonds, as measured by the BBC Aggregate index, were down 1.2% and TIPS were down 0.9%. 10 of 13 active managers beat their benchmark this month. On a fiscal Y-T-D basis, the fund is up 12.1%, 0.6% over benchmark, and 12 of 13 active equity managers beat their benchmark.

INVESTMENT REPORT

FYTD Manager Returns



Manager Relative Returns Fiscal YTD and 3-Yr Ave. Annualized*



* ITD return used when manager has less than 3 years. ^ Most recent valuation.

STATE BOARD OF LAND COMMISSIONERS
February 20, 2018
Consent Agenda

SUBJECT

The Idaho Department of Fish & Game (Fish & Game) has requested authorization for the Endowment Fund Investment Board (EFIB) to manage two new perpetual endowment funds totaling approximately \$7,800,000 (Albeni Falls Dam Endowments) (Attachment 1).

BACKGROUND

The Bonneville Power Administration is providing mitigation to the state of Idaho for losses due to the construction, inundation and operation of the Albeni Falls Dam on Lake Pend Oreille. The endowments will consist of \$6,700,000 for the operation and maintenance of existing mitigation properties owned and managed by the Idaho Department of Fish and Game and \$1,100,000 for operation and maintenance of restored habitats impacted by Albeni Falls Dam.

Distributions from the Albeni Falls Dam Endowments will be used for such things as fencing, weed spraying, building maintenance, permits, public access management, environmental studies and monitoring, and salaries.

Idaho Code § 57-720 authorizes the EFIB to invest funds "exempt from section 67-1210" with the "approval of EFIB and the State Board of Land Commissioners." In this case, the endowment funds are tied to agreements with Bonneville Power Administration and used exclusively for maintenance and preservation of habitats. Therefore, the endowment funds are not subject to Idaho Code § 67-1210, which specifically exempts "moneys in public endowment funds." Pursuant to § 57-720, the EFIB already oversees three endowment funds for the Department of Fish & Game (related to wildlife habitat), two endowments for the Department of Parks and Recreation (Ritter Island and Trail of the Coeur d'Alenes), and an endowment for the Department of Environmental Quality (Bunker Hill Water Treatment).

DISCUSSION

The Idaho Department of Fish & Game believes the investment strategy used by EFIB is suitable for management of the Albeni Falls Dam Endowments and they have the ability to reduce distributions during times of poor investment returns.

The EFIB has agreed to manage these endowment funds, pending approval of the State Board of Land Commissioners and the finalization of contractual agreements. The agreement between the EFIB and Fish & Game will provide that all costs of investment, including a proportionate share of the EFIB's cost of oversight, will be deducted from the assets of the endowments. Fish & Game will determine the amount and timing of distributions from the endowment funds.

The EFIB's management of land grant endowment funds controlled by the State Board of Land Commissioners will not be affected. The EFIB anticipates these new endowments will be invested in the same pool as the land grant funds, which should benefit both parties through economies of scale.

RECOMMENDATION

Authorize the EFIB to provide investment management for the Albeni Falls Dam Endowments under such terms as the EFIB and the Department of Fish & Game determine are appropriate.

BOARD ACTION

ATTACHMENTS

1. Feb. 1, 2018 Fish & Game Memo to EFIB

The logo for the Idaho Department of Lands is centered on the page. It features a stylized mountain range in the background, with a large, light blue diamond shape in the center. Overlaid on the diamond is a horizontal banner with the words "IDAHO DEPARTMENT OF LANDS" in white, bold, sans-serif capital letters. The banner has a slight 3D effect with a grey shadow on its bottom edge.



Memo

February 1, 2018

TO: EFIB Members

FROM: EFIB Staff

SUBJECT: Proposed Fish and Game Endowments

The Department of Fish and Game has two existing perpetual endowment funds, totaling approximately \$24 million that the Investment Board has managed since their establishment in 2014. The Department of Fish and Game is requesting establishment of two additional endowments. Representatives of Fish and Game will be at our meeting on February 12th to explain the program.

The endowments are intended to fund the management of wildlife habitat. The source of the funds is the Bonneville Power Administration (BPA) and are being provided as mitigation to the state of Idaho for losses due to the construction, inundation, and operation of the Army Corps of Engineers Albeni Falls dam on Lake Pend Oreille.

The initial endowments will consist of:

- \$6.7 million for the operation and maintenance of existing mitigation properties owned and managed by the Idaho Department of Fish and Game.
- \$1.1 million, to be received over a period of 10 years as restoration is completed, for operation and maintenance of restored habitats to address operational losses due to Albeni Falls dam.
- These endowments are intended to provide funding in perpetuity for habitat management by the Idaho Department of Fish and Game. Disbursements from these accounts will be at the discretion of the Director of the Department and will be according to agreement signed by the state of Idaho and Bonneville Power Administration.
- Idaho Department of Fish and Game believes the investment strategy used by EFIB for the endowment fund is suitable for the management of these new endowments.

The distributions from the endowments will fund such things as fencing, weed spraying, building maintenance, permits, public access management, environmental studies and monitoring, and salaries.

It is not anticipated that additional deposits will be made to the funds. Fish and Game would have discretion to scale back spending and reduce distributions during times of poor return. EFIB staff's initial take is that the risk/return profile of the land grant Endowment Fund would be appropriate for these endowments, but it may be prudent for Fish and Game to retain an asset consultant to confirm this.

The agreements with BPA that would permit the funds to move to the EFIB's oversight are in the process of being finalized and are expected to be signed after agreement by EFIB's Board, the Land Board, and public comment.

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IDAHO DEPARTMENT OF LANDS



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

David Groeschl, Secretary to the Board

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
January 16, 2018

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, January 16, 2018, in the Borah Building, 2nd Floor Courtroom, Room 214, 204 North 8th 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.

• **REGULAR**

1. Appointment of Agency Acting Director

BOARD ACTION: A motion was made by Attorney General Wasden in light of the resignation of Director Tom Schultz effective January 15, 2018, that the Board appoint current Deputy Director David Groeschl to be the Acting Director of the Idaho Department of Lands pending the hiring and appointment of a permanent Director; establish the temporary rate of compensation for the Acting Director at the rate of \$64.95 per hour, \$135,096 per year, commencing upon the pay period beginning January 14, 2018 and continuing until such time as a Permanent Director assumes office; and direct the Idaho Department of Lands' Human Resources Officer to prepare the necessary documents to solicit applications for the position of a permanent Director of the Idaho Department of Lands and present those documents for approval to the State Board of Land Commissioners at its next regularly scheduled meeting. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

- **UPDATE**

2. Director's Report

- A. Interest Rate on Department Transactions – January 2018
- B. Timber Sale Activity and Information Report – December 2017
- C. Division of Lands and Waterways Activity and Information Report – December 2017
- D. Land Bank Fund
- E. Cottage Site Update

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

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

DISCUSSION: Mr. Anton reported that the equity markets continue to march forward and that the S&P 500 was up a record 14 consecutive months through December. For the month of December, the endowment portfolio had a 1% return, a fiscal year-to-date return of 8.1%, and for calendar year 2017, the Fund was up 17.1%. Through the prior Friday, the Fund was up 11.1% fiscal year-to-date. Mr. Anton described the performance for the endowment portfolio as outstanding and explained it is driven by synchronized global growth. Interest rates remain low and corporate profits remain strong in a period referred to as the "Goldilocks period." Mr. Anton said the U.S. equity markets had a very strong fourth quarter as a result of anticipated economic stimulus from the recent tax reform. He explained that while equity valuations seem stretched by historical standards and the Federal Reserve started increasing interest rates and reducing their balance sheet, things look good.

Mr. Anton stated reserves are well-secured and distributions are safeguarded for FY 2018 and FY 2019; there are at least five years of reserves for all of the endowment portfolios. Mr. Anton reported the Endowment Fund Investment Board plans to present its budget to the Joint Finance-Appropriations Committee on February 6. It will also include a report on the distributions the Land Board approved for FY 2019.

Governor Otter asked Mr. Anton if he regularly measured the price-earnings ratio against the value of the market. Mr. Anton replied yes, EFIB looks at a variety of different measures. Governor Otter inquired what the price-earnings ratio was. Mr. Anton said it depends on which markets are being looked at. The U.S. equity markets are close to 19 times earnings on average and some of the other markets, particularly the emerging markets, are almost half of that. Mr. Anton said that is why the portfolio is diversified and contains a fair amount of international investments, as the value is a little more attractive in the international markets. Governor Otter commented that 19 is huge. Mr. Anton responded that 19 is high by historical standards, but profits continue to grow; the Investment Board believes profit growth will continue with recent tax cuts. The Investment Board is close to doing a rebalancing of the portfolio because equity values have moved up; the Investment Board is somewhat cautious, but the economy seems strong.

- **CONSENT**

4. Approval of Minutes – December 19, 2017 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.

- **INFORMATION**

NONE

- **EXECUTIVE SESSION**

NONE

There being no further business before the Board, at 9:13 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 DEPARTMENT OF LANDS

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IDAHO DEPARTMENT OF LANDS

STATE BOARD OF LAND COMMISSIONERS

February 20, 2018

Regular Agenda

SUBJECT

Idaho Department of Lands Director Recruiting Process

BACKGROUND

The Idaho Department of Lands Director, Tom Schultz, resigned effective February 23, 2018 (final day in office was January 15, 2018). On January 16, 2018 the State Board of Land Commissioners (Land Board) established an Acting Director and directed the preparation of the necessary documents to solicit applications for a permanent Director of the Idaho Department of Lands (IDL).

In 2011, the Department recruited through an open competitive process. The announcement was advertised from May 1, 2011, through June 30, 2011, for a total of sixty-one (61) days. The recruitment attracted over one hundred fifty (150) applications and the Land Board interviewed the top four (4) applicants. Mr. Schultz was hired on September 26, 2011.

DISCUSSION

The recruiting process comprises the following elements:

1. Recruiting
 - a. Time frame for open recruitment
 - b. Pay range to post
 - c. Recruiting sources
 - d. Announcement language
2. Applicant Screening
 - a. Process
3. Interviews
 - a. Process
 - b. Venue
 - c. Dates
 - d. Interview questions
4. References
 - a. Process
5. Offer
 - a. Presentation of the job offer
6. Background Checks
 - a. Process
7. Announcements
 - a. Press release
 - b. Internal announcements
8. Overall Timeline
 - a. Dates approved

RECOMMENDATION

The Department recommends the following process and timeline for conducting an open, competitive recruitment for the Director of the Idaho Department of Lands.

1. Recruiting

- a. Time Frame: March 1, 2018 – April 15, 2018
- b. Pay Range: \$129,000 – \$139,000 (\$62.02 – \$66.83)
- c. Recruiting Sources:
 - i. Passive Advertising
 1. Standard Boards: DHR, IDL, and DOL websites
 2. Social Media: Facebook, LinkedIn, and Twitter
 3. Specialty Boards: TheLadders, Indeed, SAF
 - ii. Active Search
 1. Leverage Current Leadership: Leverage current leadership connections on LinkedIn
 2. Seek Referrals: Internal and external outreach
 3. Specialty Resume Databases: Indeed, TheLadders, and eforester.org, to build targeted recruitment campaigns
- d. Announcement Language: Recommended language (Attachment 1)

2. Applicant Screening

- a. Idaho Department of Lands Human Resources receives the applicants' resumes and cover letters, tracks them, and conducts a pre-assessment based on defined criteria. Applicants who meet criteria will be provided to the Land Board to select interviewees.
 - i. Recommended Criteria:
 1. Total years of management experience
 2. Total years of experience in natural resources field
 3. Highest position held
 - a. Company size
 4. Degree(s) attained

3. References

- a. IDL Human Resources will conduct reference checks for all selected interviewees and will provide a written report for the Land Board prior to the interview date.

4. Interviews

- a. IDL Human Resources will schedule interviews for the selected applicants on May 22, 2018 in the Garnet Conference room in the IDL Staff office. IDL Human Resources will provide recommendations for interview questions.

5. Post Interview

- a. IDL Human Resources will provide the Land Board with an offer letter to present to the chosen applicant.
- b. Prior to announcing, IDL Human Resources will conduct a background check and credit check of the applicant who is offered the position.
- c. Prior to announcing, IDL Human Resources will notify all unsuccessful interviewed applicants.
- d. IDL Human Resources and IDL Public Information Officers will draft and distribute a press release for the Land Board. Concurrently, an internal announcement will be drafted and distributed to agency personnel.

6. Recruiting Timeline

Action

Recruiting Plan Approved
Open Recruitment
Applicant Screening
Schedule Interviews/Reference Checks
Interviews

Dates

February 20
March 1 – April 15
April 15 – April 30
April 30 – May 18
May 22

BOARD ACTION

IDAHO DEPARTMENT OF LANDS

ATTACHMENTS

1. IDL Director Announcement

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IDAHO DEPARTMENT OF LANDS

Director - Idaho Department of Lands

Non-Classified Classification

Department of Lands

Open for Recruitment: Dates**Announcement #** NONCLS#####**Salary Range:** ### to ### D.O.E. -Plus Competitive Benefits!**Location(s):** Boise

SPECIAL NOTIFICATION: This position is exempt from classified state service and the rules of the Division of Human Resources and the Idaho Personnel Commission.

The Idaho State Board of Land Commissioners seeks an experienced leader, who will communicate a sense of vision to Department of Lands' (IDL) employees while working toward established goals and objectives. Under the direction of the [Idaho State Board of Land Commissioners](#), IDL manages more than 2.4 million acres of state endowment trust land under a constitutional mandate to maximize long-term financial returns to a number of State institutions, mainly public schools. The Director of IDL has two primary roles. First, the Director, under the direction of the Idaho State Board of Land Commissioners, oversees the management of Idaho's endowment trust land assets. Second, the Director is responsible for the administration of natural resource regulatory programs to protect water quality, fish, wildlife habitat, and recreation on public trust lands, and ensure the protection of other public resources by overseeing forestry and some regulation of mining practices across all ownerships in the state. One of IDL's most important resource protection responsibilities is fire prevention and suppression on more than 6 million acres in Idaho. IDL also is the administrative arm of the Idaho Oil and Gas Conservation Commission.

The Director, or his delegate, also serves as the Idaho State Forester, Chair of the Board of Scaling Practices, a Commissioner on the Idaho Oil and Gas Conservation Commission, and a member of the University of Idaho Policy Analysis Group. As secretary to the State Board of Land Commissioners, the Director, or his delegate, represents the Board with the Western States Land Commissioners Association. Finally, the Director oversees delivery of landowner and community assistance programs, which include, among others, the Forest Stewardship Program, the Community and Urban Forestry Program, the Forest Health Initiative, and the National Fire Plan.

Benefits Package: Health and dental insurance, retirement pension, vacation leave, sick leave, and holidays (for more information please click on the "*Plus Competitive Benefits!*" link above).

Agency Mission:

IDL's mission is 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. View a recap of IDL accomplishments in 2017 [here](#).

Leadership:

- Communicate effectively with the State Board of Land Commissioners, Executive Staff, staff, beneficiaries, and the public utilizing various techniques and methods to disseminate information including written, oral, and visual media skills.
- Maintain excellent working relationships with the State Board of Land Commissioners by making recommendations and keeping them fully informed.
- Act as department spokesperson to the Legislature.

- Lead Executive Team and key staff in providing a work product that is consistent with best management practices.
- Lead and positively inspire others as well as oneself by building partnerships and relationships, understanding others' roles and perspectives, and soliciting feedback.
- Deliver formal and informal presentations, build consensus when appropriate, motivate and encourage others.
- Bring simplicity, clarity, and meaning to the strategic direction of the agency and maintain a customer-focused, transparent culture.

Principal Responsibilities as Senior Adviser:

- Collaborate with other senior executives to provide the State Board of Land Commissioners, and the department as a whole, with advice, direction, cross-program continuity, and unity of approach on all department programs.
- Advocate for and assist in long-range strategic planning, and develop outside connections that facilitate keeping abreast of, or ahead of, state, national, and global trends and events that present threats or opportunities to the department.

Minimum Qualifications:

- An applicant must have significant senior executive level management experience, which includes managing senior leaders, strategic thinking and planning, leading change, and leading people; the ability to develop intergovernmental relationships through building strong relationships and credibility; and excellent communication and presentation skills to communicate and influence.
- An applicant must have professional training and knowledge in natural resource management principles and practices.
- In addition, an applicant must demonstrate professional experience and knowledge in business and public administration.

Successful Candidates will have:

- A proven track record of demonstrated leadership, vision, and innovation for delivering results, building accountability for staff, and creating a positive work environment.
- Proven experience with management practices, organizational development, and performance management.
- Demonstrated ability to carry out the agency's core competencies as follows:
 - Contribute to sustaining the ecological health and economic productivity of Idaho's natural resources and endowment trust lands for today and tomorrow and to support long-term sustainable results.
 - Create a vision for the future and a pathway to achieve the vision; demonstrate a passion for achieving goals, generate enthusiasm in others; think strategically, focusing on solutions; take initiative in tackling and solving tough problems; adapt to changing needs and circumstances; mentor others and encourage their growth and development.
 - Communicate intentions and rationale for inclusive decision-making; use transparent decision-making processes; invite participation of beneficiaries and stakeholders; Encourage and recognize the input of others; seek diverse viewpoints and representation.
 - Demonstrate a positive orientation for action, innovation, and informed risk-taking; move beyond the obvious to develop new and innovative approaches; be receptive to new ideas; improvise when faced with unexpected situations or new information.
 - Treat all people with dignity and respect; maintain constructive relationships; preserve the self-confidence and self-esteem of others; focus on the situation, issues, or behavior, not on the person; take initiative to make things better; model appropriate behaviors for others.
 - Demonstrate integrity, honesty, and ethical behavior; take responsibility for efficient, effective use of time, equipment, and resources.

Directions on How to Apply, Background and Reference Checks and ADA information will be contained here.

STATE BOARD OF LAND COMMISSIONERS
February 20, 2018
Information Agenda

SUBJECT

Legislation Proposed by Flood Control District 10

BACKGROUND

At statehood, and pursuant to the equal footing doctrine, Idaho acquired title to the beds of navigable waters, below the ordinary high watermark, within its borders. Idaho Forest Indus., Inc. v. Hayden Lake Watershed Imp. Dist., 112 Idaho 512, 515, 733 P.2d 733, 736 (1987). That ownership is "subject to a public trust which 'preserves the public's right of use in such land and, as a result, restricts the state's ability to alienate any of its public trust land.'" Mesenbrink v. Hosterman, 147 Idaho 408, 411, 210 P.3d 516, 519 (2009). The public trust uses include navigation, fish and wildlife habitat, recreation, aesthetic beauty and water quality. The State Board of Land Commissioners (Land Board) has administrative authority over these lands under Idaho Code § 58-104(9). The Idaho Supreme Court held that specific actions on Public Trust lands must comport with the Public Trust Doctrine (Kootenai Env't'l. All, Inc. v. Panhandle Yacht Club, Inc., 105 Idaho 622, 671 P.2d 1085 (1983)). The KEA court further held that

". . . mere compliance by [IDL or the Land Board] with their legislative authority is not sufficient to determine if their actions comport with the requirements of the public trust doctrine. The public trust doctrine at all times forms the outer boundaries of permissible government action with respect to public trust resources."

Id. at 632, 671 P.2d at 1095.

The Land Board is authorized to lease the beds of navigable rivers for mining purposes under Title 47, Chapter 7 and Title 58, Chapter 1, Idaho Code, and IDAPA 20.03.05. The Boise River is a state owned navigable river.

Mineral extraction from the beds of navigable waters is a permanent removal from the body of public trust lands. Idaho Code § 47-701 requires that royalty be paid for mineral extraction from state owned lands, and Idaho Code § 47-704 sets a minimum royalty rate of two and one-half percent (2.5%). As required by Idaho Code § 58-104(9)(c), royalties on minerals removed from the state owned beds of navigable waters are deposited into the public school permanent endowment fund. Fees, rents, and other payments collected for permit and lease administration purposes of state owned lands beneath navigable waters are deposited into the navigable waterways dedicated fund as required by Idaho Code § 58-104(9)(b).

An exception to the collection of royalty payments for mineral extraction from the beds of navigable waters is provided for, however, in Idaho Code § 42-3119(2). If a flood control district removes gravel from a navigable river, no royalties are paid to the state if the material is used for flood control district purposes or donated to a public agency. District purposes is defined

as "construction or reconstruction of dikes, levees, and related access facilities." Public agency is defined as "a state agency, county, municipality, or highway district." If, however, aggregate is sold through commercial sales or used for non-flood control related improvements on private land, royalties must be paid to the state, for deposit into the public school permanent endowment fund.

DISCUSSION

Flood Control District 10 operates on the Boise River from Plantation Golf Course down to approximately the I-84 Bridge in Caldwell, as well as the Dry Creek area through Eagle. Attachment 1 is a map of Flood Control District 10. Flood control districts are authorized under Title 42, Chapter 31, Idaho Code, and Attachment 2 is a list of the 13 active flood control districts within the state. Flood control districts have the power and duty to undertake flood-control related activities within their district, including removing debris, repairing and stabilizing stream banks, and improving natural streams for use as a flood control structure. I.C. § 42-3115(14). Districts are funded through property tax assessments within their district boundaries, with a cap of six (6) one hundredths of one percent of the market value. Flood Control District 10 currently assesses 1.26056 hundredths of one percent of the market value of properties within their district.

The high floodwater in 2017 resulted in a number of projects for Flood Control District 10. Applications were approved for about 15 bank repair projects on a 50/50 cost share with the adjacent upland owners. In addition, District 10 contracted for the removal of approximately 7,500 cubic yards of gravel from the head of Eagle Island at a cost of over \$100,000. This area requires gravel removal about every seven to ten years, and ensures the correct distribution of flow and delivery of irrigation waters to the north and south channels of the Boise River.

The Department has not issued a permit for commercial sale of aggregate by a Flood Control District since 1998. The Department's current royalty rate for aggregate in the Boise area is \$1.15 per loose cubic yard, or \$0.75 per ton. For the recent work at Eagle Island, this would have resulted in state royalties of \$8,625 if the material had not been donated to another public agency. Flood Control District 10 has indicated that additional gravel removal projects are needed, but they do not have sufficient funds to complete those projects at this time. If they were to remove similar amounts of gravel in subsequent years, then a similar amount of royalties would be required unless the material was donated to a public agency.

In order to generate additional funding for repair projects, District 10 is exploring legislation that potentially expands the definition of "district purposes" (Attachment 3). District purposes would be expanded to include "commercial sales of aggregate removed by the District for flood control purposes to defray District expenses, and commercial sales of aggregate removed by District contractors in lieu of payment by the District for the contractors' removal of aggregate for the District for flood control purposes." While the proposed legislation would generate additional revenue for flood control districts and potentially reduce their costs, it would also result in a potential loss of revenue to the public school permanent endowment fund. The permanent removal of minerals from the body of public trust lands would not have a corresponding permanent benefit to the state as a whole.

Attachment 4 is a summary of royalty rates used to determine the Department's \$1.15/yd royalty rate, and some hypothetical royalty scenarios based on District 10's gravel removal history.

Another proposal by Flood Control District 10 that could potentially address district funding needs is a general fund appropriation for Idaho Department of Water Resources (IDWR) that could be distributed to flood control districts on a project cost-share basis.

While the Department supports the mission of the flood control districts, the changes proposed by Flood Control District 10 to Idaho Code § 42-3119(2) would impact the public school permanent endowment fund. The Department is willing to continue discussions with the flood control districts regarding potential statute changes that do not impact the public school permanent endowment fund.

ATTACHMENTS

1. Map of Flood Control District 10
2. List of all Flood Control Districts in Idaho
3. Flood Control District 10 Proposed Legislation
4. Summary of Gravel Royalty Rates

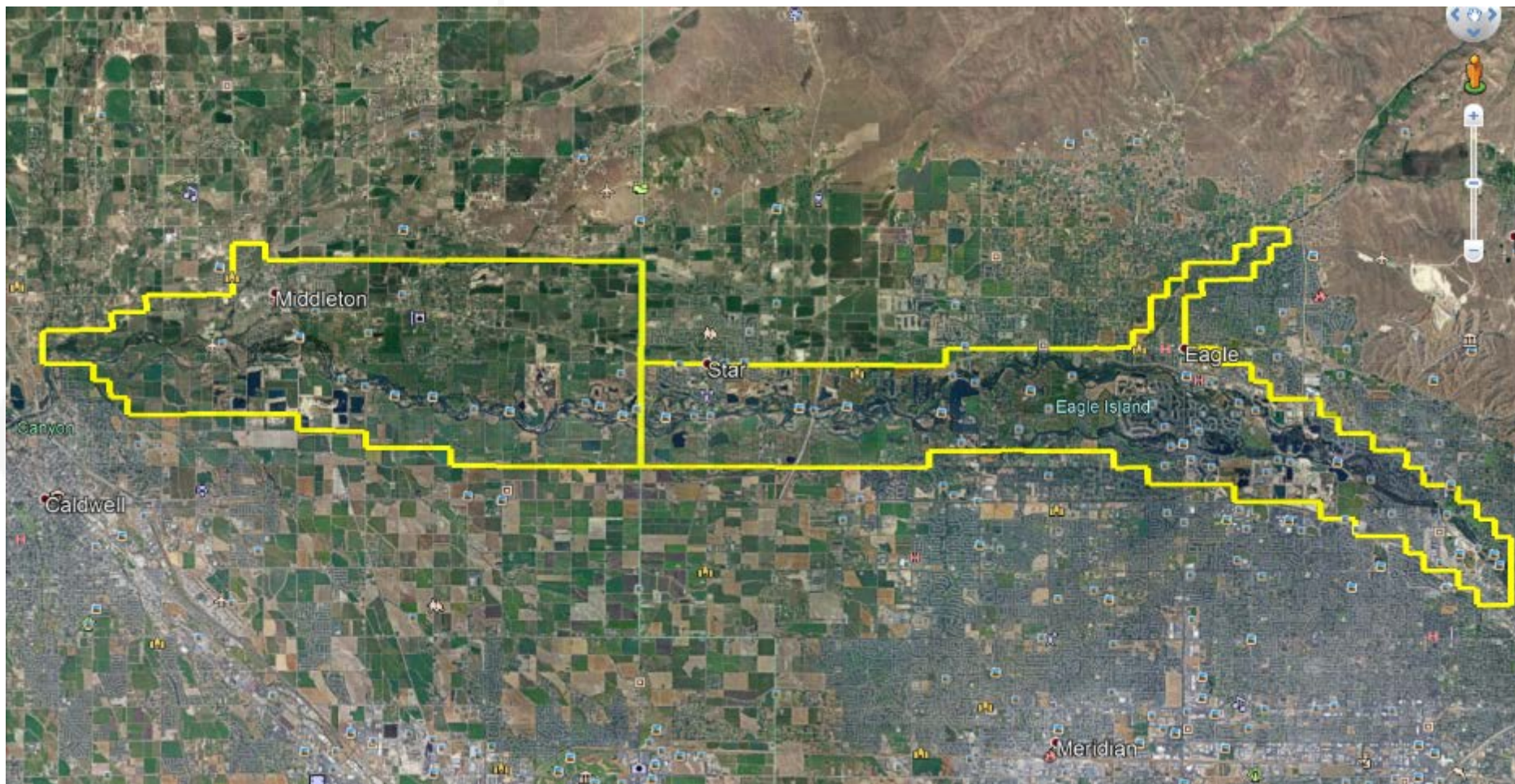
The logo of the Idaho Department of Lands is a large, stylized shield. It features a central light blue triangle pointing downwards, surrounded by yellow and white geometric shapes. A horizontal banner across the middle of the shield contains the text "IDAHO DEPARTMENT OF LANDS" in white capital letters.

IDAHO DEPARTMENT OF LANDS

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IDAHO DEPARTMENT OF LANDS

Flood Control District 10



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IDAHO DEPARTMENT OF LANDS

Idaho Flood Control Districts

District	Water Body	IDWR Region
1.	Snake River	Eastern
2.	Little Wood River	Southern
3.	Washington County	Western
5.	Mud Lake	Eastern
6.	White Bird	Western
7.	Blackfoot River	Eastern
9.	Big Wood River	Southern
10.	Boise River (Plantation Golf Course to Caldwell)	Western
11.	Boise River (Caldwell to Snake River)	Western
15.	Raft River	Southern
16.	Goose Creek	Southern
17.	Twin Lakes-Rathdrum Creek	Northern
18.	Teton Creek	Eastern

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IDAHO DEPARTMENT OF LANDS

Legislation Proposed by Flood Control District 10

§ 42-3119. Title to and sale of waters -- Disposition of aggregate

(1) The commissioners of any flood control district may in the manner provided by law obtain title to any unappropriated waters which said district has developed, conserved, or stored and said commissioners may sell, dispose, or use said waters within or without the said district in any manner which the commissioners shall decide is of the greatest advantage to the district. The powers herein granted to the commissioners shall not be denied them by reason of contrary provisions of any other statute, except that the district may not obtain title to any waters previously appropriated.

(2) If in the operation of the works of the flood control district or in the removal of natural obstructions from the beds of navigable lakes, rivers, and streams between the ordinary high water marks, the district acquires rock, sand or gravel aggregates, the district may dispose of such aggregate not needed for district purposes through commercial sales or by donation to public agencies. District purposes as used in this section shall include: (1) construction or reconstruction of dikes, levees, and related access facilities; (2) commercial sales of aggregate removed by the District for flood control purposes to defray District expenses, and (3) commercial sales of aggregate removed by District contractors in lieu of payment by the District for the contractors' removal of aggregate for the District for flood control purposes. If the aggregate is sold through commercial sales for non-District purposes, or is used for non-flood control related improvements on private land, the fees required by chapter 7, title 47, Idaho Code, shall apply and shall be paid to the state board of land commissioners. If the aggregate is sold through commercial sales for District purposes, or is donated to any public agency for use by that public agency, no fees shall be imposed or collected.

(3) As used in this section, public agency means a state agency, county, municipality, or highway district.

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IDAHO DEPARTMENT OF LANDS

Gravel Royalty Rate Data – Boise Area

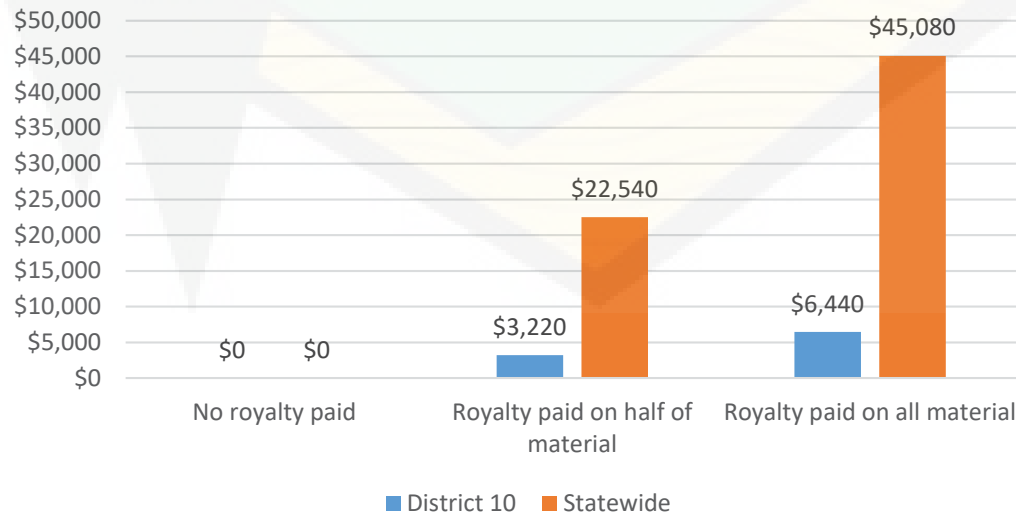
Used to determine Department's \$1.15/Yard royalty

Location	Notes	Royalty Rate per Loose Cubic Yard
Star	Hard gravel suitable for all uses	\$1.60
Star		\$3.04
Star		\$2.28
South Boise	Soft gravel not suitable for concrete	\$1.15
South Boise		\$0.99
Overall Avg		\$1.81
IDL Rate		\$1.15

Modeled Yearly Royalties

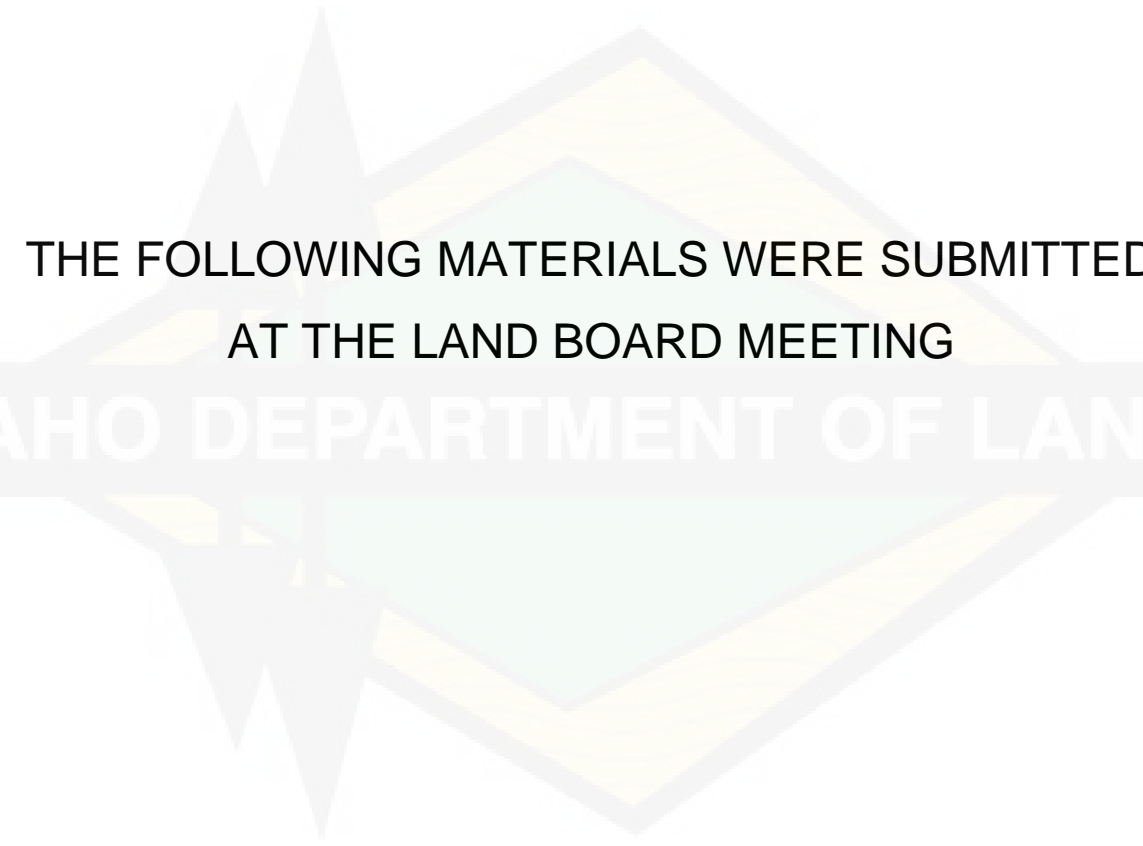
Yearly volume of 5,600 loose cubic yards removed by District 10 is based on a 10-year average. This volume is then extrapolated statewide to 39,200 yards based on the seven districts with navigable rivers. Gravel royalties do vary statewide, so this is only an approximation. Three scenarios are depicted that assume no royalty paid, royalty paid on half the gravel with the other half used by the Districts, and royalty paid on all the gravel.

Royalty Scenarios



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IDAHO DEPARTMENT OF LANDS



THE FOLLOWING MATERIALS WERE SUBMITTED
AT THE LAND BOARD MEETING

IDAHO DEPARTMENT OF LANDS

IN THE _____
BILL NO. _____
BY _____

AN ACT

RELATING TO FLOOD CONTROL DISTRICTS: AMENDING SECTION 42-3119, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE USE AND DISPOSAL OF AGGREGATE REMOVED FROM NAVIGABLE LAKES, RIVERS AND STREAMS BY FLOOD CONTROL DISTRICTS AND TO PROVIDE FOR THE APPLICABILITY OF CERTAIN LEASE, RENTAL, ROYALTY AND FEE PROVISIONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 42-3119, Idaho Code, be, and the same is hereby amended to read as follows:

§ 42-3119. Title to and sale of waters -- Disposition of aggregate.
(1) The commissioners of any flood control district may in the manner provided by law obtain title to any unappropriated waters which said district has developed, conserved, or stored and said commissioners may sell, dispose, or use said waters within or without the said district in any manner which the commissioners shall decide is of the greatest advantage to the district. The powers herein granted to the commissioners shall not be denied them by reason of contrary provisions of any other statute, except that the district may not obtain title to any waters previously appropriated.

~~(2) If in the operation of the works of the flood control district or in the removal of natural obstructions from the beds of navigable lakes, rivers, and streams between the ordinary high water marks, the district acquires rock, sand or gravel aggregates, the district may dispose of such aggregate not needed for district purposes through commercial sales or by donation to public agencies. District purposes as used in this section shall include construction or reconstruction of dikes, levees, and related access facilities. If sold through commercial sales or used for nonflood control related improvements on private land, the fees required by chapter 7, title 47, Idaho Code, shall apply and shall be paid to the state board of land commissioners. If the aggregate is donated to any public agency for use by that public agency, no fees shall be imposed or collected. A flood control district may remove rock, sand or gravel aggregates from the beds of navigable lakes, rivers, and streams between the ordinary high water marks for the purposes of removing natural obstructions that may cause flooding and conducting the flood control projects authorized by section 42-3115(14), Idaho Code, without securing a lease from the state board of land commissioners pursuant to chapter 7, title 47, Idaho Code.~~

1 Rentals, royalties and fees shall not be imposed or collected
2 pursuant to chapter 7, title 47, Idaho Code when the district:

3 (a) uses the removed aggregate to construct or reconstruct
4 dikes, levees, and other flood control projects authorized by
5 section 42-3115(14), Idaho Code, and related access
6 facilities;

7 (b) donates the removed aggregate to any public agency for use
8 by that public agency;

9 (c) sells the removed aggregate to defray district expenses in
10 conducting its flood control projects; or

11 (d) sells aggregate to be removed as part of a flood control
12 project to its contractors in lieu of payment or as partial
13 payment for the contractors' removal of the aggregate.

14 Any other use or disposition of removed aggregate shall be subject
15 to the applicable rentals, royalties and fees of chapter 7, title
16 47, Idaho Code.

17 (3) As used in this section, public agency means a state agency,
18 county, municipality, or highway district.

19

20

STATEMENT OF PURPOSE

21

22 Removing or reducing the size of gravel bars and other
23 accumulations of aggregate that obstruct water flows in river
24 channels, particularly after flood events, is often necessary to
25 restore and preserve the public uses of Idaho rivers and reduce the
26 risk of flooding. Flood control districts are authorized by Idaho
27 Code section 42-3115 to remove such obstructions, but gravel
28 removal costs are often prohibitive. This legislation reduces
29 those costs by exempting sales of aggregate removed from river
30 channels by flood control districts and their contractors for flood
31 control purposes from royalty payments to the State Board of Land
32 Commissioners. This legislation will thus facilitate flood control
33 district aggregate removal operations.

34

35

FISCAL NOTE

36

37 There have been no sales of aggregate by flood control districts
38 during the past eighteen (18) years, and therefore no royalty
39 payments to the State Board of Land Commissioners. The future
40 potential for all Idaho flood control district sales of aggregate
41 is estimated to be 22,000 cubic yards to 32,000 cubic yards per
42 year. At a current royalty rate of \$1.15 per cubic yard, the
43 potential future impact to the public school permanent endowment
44 fund would be approximately \$25,700 to \$37,000 per year. The cost
45 savings for flood control districts resulting in increased river
46 channel maintenance, flood risk reduction and flood damage
47 prevention are expected to exceed these values.

48

49 Contact: Daniel Steenson, Sawtooth Law Offices (208) 629-7447.

50

IN THE _____
BILL NO. _____
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RELATING TO FLOOD CONTROL DISTRICTS: AMENDING SECTION 42-3119, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE USE AND DISPOSAL OF AGGREGATE REMOVED FROM NAVIGABLE LAKES, RIVERS AND STREAMS BY FLOOD CONTROL DISTRICTS AND TO PROVIDE FOR THE APPLICABILITY OF CERTAIN LEASE, RENTAL, ROYALTY AND FEE PROVISIONS.

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(2) ~~If in the operation of the works of the flood control district or in the removal of natural obstructions from the beds of navigable lakes, rivers, and streams between the ordinary high water marks, the district acquires rock, sand or gravel aggregates, the district may dispose of such aggregate not needed for district purposes through commercial sales^{DS1} or by donation to public agencies. District purposes as used in this section shall include construction or reconstruction of dikes, levees, and related access facilities. If sold through commercial sales or used for nonflood control related improvements on private land^{DS3}, the fees^{DS4} required by chapter 7, title 47, Idaho Code, shall apply and shall be paid to the state board of land commissioners. If the aggregate is donated to any public agency for use by that public agency, no fees shall be imposed^{DS5} or collected.~~

1 A flood control district may remove rock, sand or gravel aggregates
 2 from the beds of navigable lakes, rivers, and streams between the
 3 ordinary high water marks for the purposes of removing natural
 4 obstructions that may cause flooding and conducting the flood
 5 control projects authorized by section 42-3115(14)[DS6], Idaho Code,
 6 without securing a lease from the state board of land commissioners
 7 pursuant to chapter 7, title 47, Idaho Code[DS7]. Rentals, royalties
 8 and fees shall not be imposed or collected pursuant to chapter 7,
 9 title 47[DS8], Idaho Code when the district:

10 (a) uses the removed aggregate to construct or reconstruct
 11 dikes, levees, and other flood control projects authorized by
 12 section 42-3115(14), Idaho Code, [DS9]and related access
 13 facilities;

14 (b) donates the removed aggregate to any public agency for use
 15 by that public agency;[DS10]

16 (c) sells the removed aggregate to defray district expenses in
 17 conducting its flood control projects; or

18 (d) sells aggregate to be removed as part of a flood control
 19 project to its contractors in lieu of payment or as partial
 20 payment for the contractors' removal of the aggregate.[DS11]

21 Any other use or disposition of removed aggregate shall be subject
 22 to the applicable rentals, royalties and fees of chapter 7, title
 23 47, Idaho Code.[DS12]

24 (3) As used in this section, public agency means a state agency,
 25 county, municipality, or highway district.

28 STATEMENT OF PURPOSE

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 31 accumulations of aggregate that obstruct water flows in river
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Fiscal Calculation

Assume

1. One-third of the flood control districts have no annual maintenance activities.
2. One-third of the flood control districts have a moderate amount (50% of that by FCD10) annual maintenance activities.
3. One-third of the flood control districts have annual maintenance activities at the rate of FCD 10.

Total Miles: 558 MI

Current Royalty \$ 1.15 /CY

FCD10 Average: 160 CY/MI Use this as the basis for prototypical channel activity

State Wide Gravel Activity through Districts	District Participation Activity		Potential Revenue			
	Low	High	Low	High		
No Activity	0%	0%	\$ -	\$ -		
Moderate Activity	25%	33%	\$ 8,600	\$ 11,300		
Active	50%	75%	\$ 17,100	\$ 25,700		
			\$ 25,700	\$ 37,000		

Cubic Yards Removed 22,000 CY 32,000 CY

		Low	High
Commercial sales	80%	\$ 20,560	\$ 29,600
Used By Districts	10%	\$ 2,570	\$ 3,700
Used by another public agency	10%	\$ 2,570	\$ 3,700
	100%	\$ 25,700	\$ 37,000



Flood Control District	Waterway Name (River, Creek, etc.)	River Distance
FCD 01	Snake River	86.1
	Dry Bed	32.7
	Willow Creek	47.4
FCD 02	Wood River (West Canal)	9.5
FCD 03	Weiser River	69.8
	Little Weiser River	30.5
	Middle Fork Weiser River	8.1
	West Fork Weiser River	5.0
	Crane Creek	2.1
FCD 05	Camas Creek	4.8
FCD 06	White Bird Creek	6.0
FCD 07	Blackfoot River	13.9
FCD 08	Portneuf River	15.9
FCD 09	Big Wood River	42.5
FCD 10	Boise River, Dry Creek	35.1
FCD 11	Boise River	22.0
FCD 12	Thomas Fork	24.0
FCD 15	Various	68.4
FCD 16	Sawmill Creek (?)	24.0
FCD 17	Rathdrum Creek (?)	4.3
FCD 18	Teton Creek	6.0
Total Miles		558.1

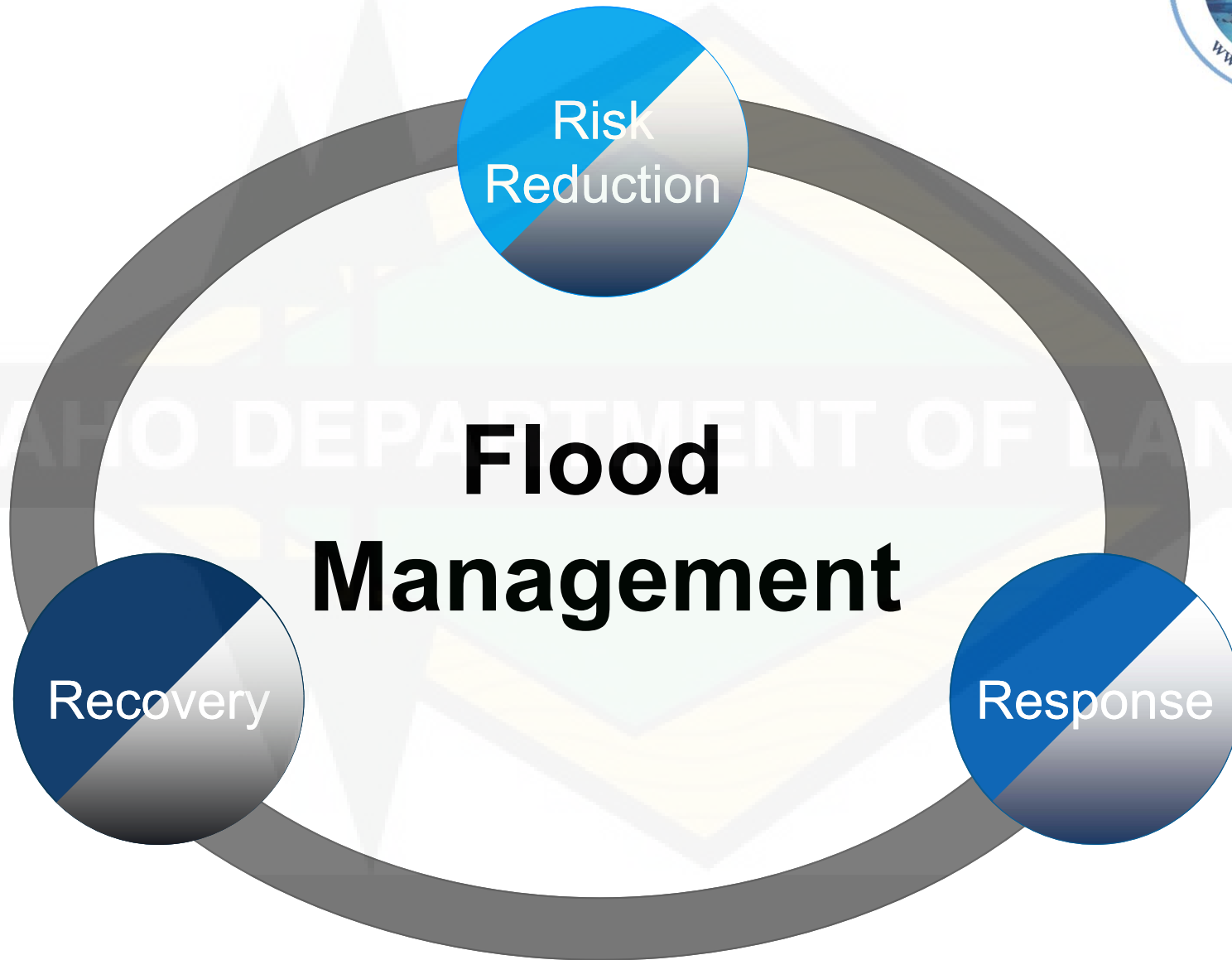


Boise River Flood Control District #10

Flood Management

- **Bill Clayton, Chairman**
- **Mike Dimmick, District Manager**

Flood Management is On-Going





Flood Management Phases

1. Before the Flood - Flood Risk Reduction

- Flood Risk Assessment
- Planning & Implementation
 - River Channel Maintenance
 - Obstruction Removal
 - Bank Stability
 - Flood-Wise Development
- Flood Readiness
- Public Information and Outreach

Flood Management Phases



2. During the Flood - Flood Response

- Flood Assessment
- Public Information and Outreach
- Flood Fight
 - Mitigate/Reduce Flows (Damage & Extent Possible)
 - Temporary Structures
 - Remove Obstructions

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Flood Management Phases



3. *After the Flood - Flood Recovery*

- Flood Damage Assessment
- Prioritization
 - Immediate
 - Next season
 - Long term
 - On-going
- Public Information and Outreach
- Implement Repairs



Flood Management Requires Coordination & Funding

1. Local Role

- County, Municipal, **Flood Districts**
- Local Declarations

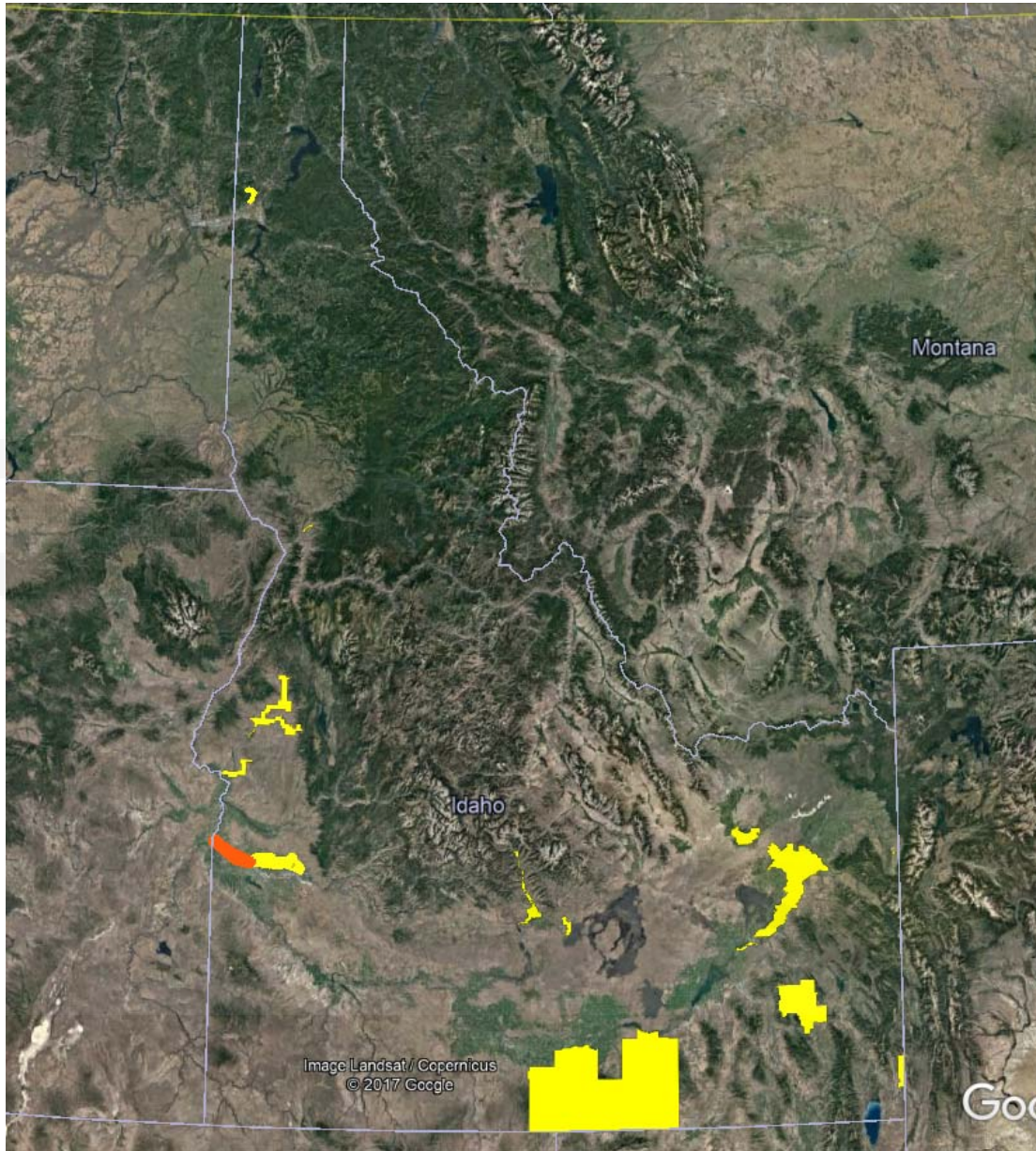
2. State Role

- IHS, IOEM, IDWR, IDL
- Gubernatorial Declaration

3. Federal Role

- FEMA, USACE, USBR, NRCS
- Presidential Declaration

Idaho Flood Control Districts



FCD 1: Snake River
(Madison, Jefferson, Bonneville, & Bingham Counties)

FCD 2: Little Wood River

FCD 3: Washington County

FCD 5: Mud Lake

FCD 6: White Bird

FCD 7: Blackfoot River

FCD 9: Big Wood River

FCD 10: Boise River
(Plantation Golf Course to Caldwell)

FCD 11: Boise River
(Caldwell to Snake River)

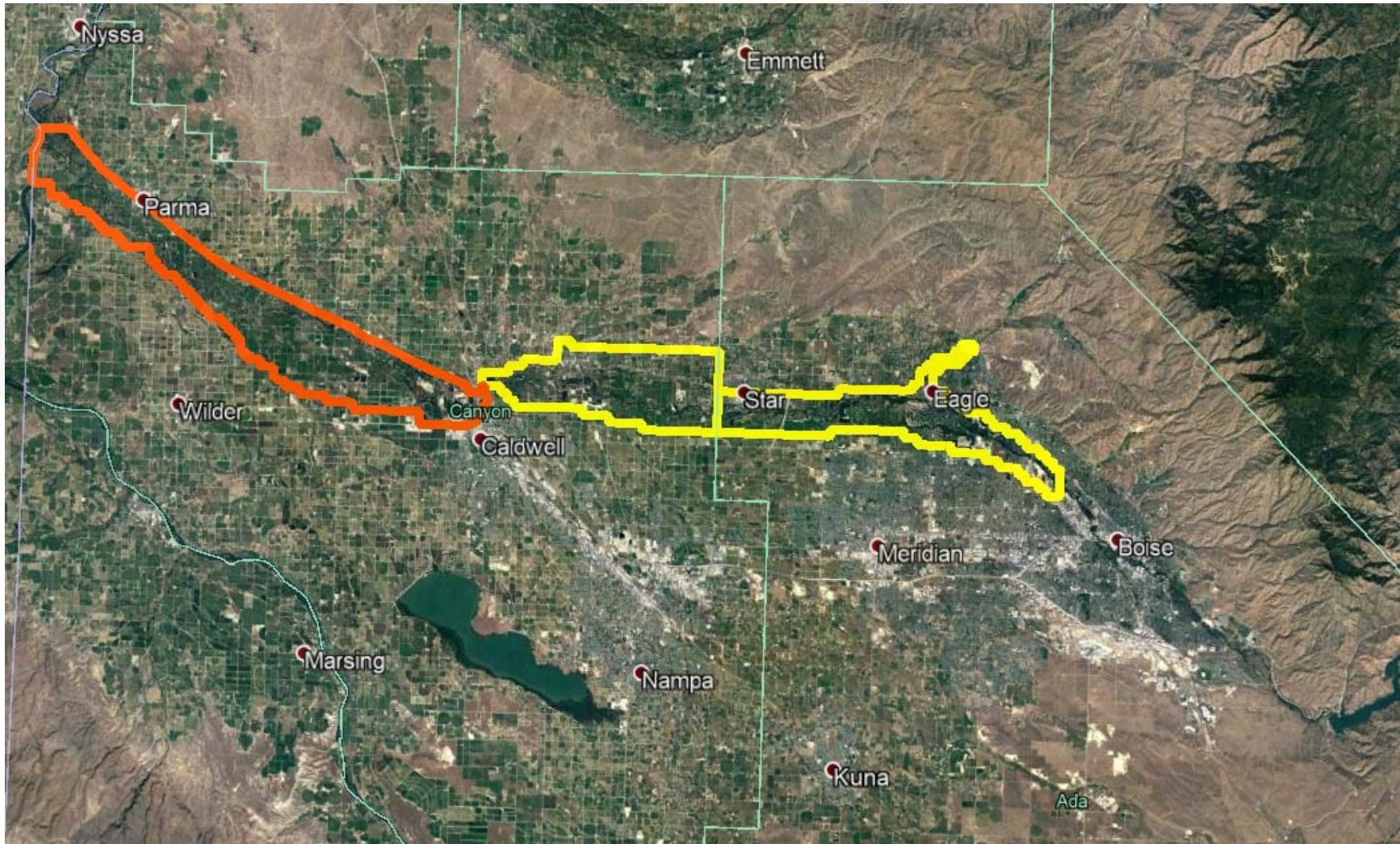
FCD 15: Raft River

FCD 16: Goose Creek

FCD 17: Twin Lakes-Rathdrum Creek

FCD 18: Teton Creek

Lower Boise River Watershed



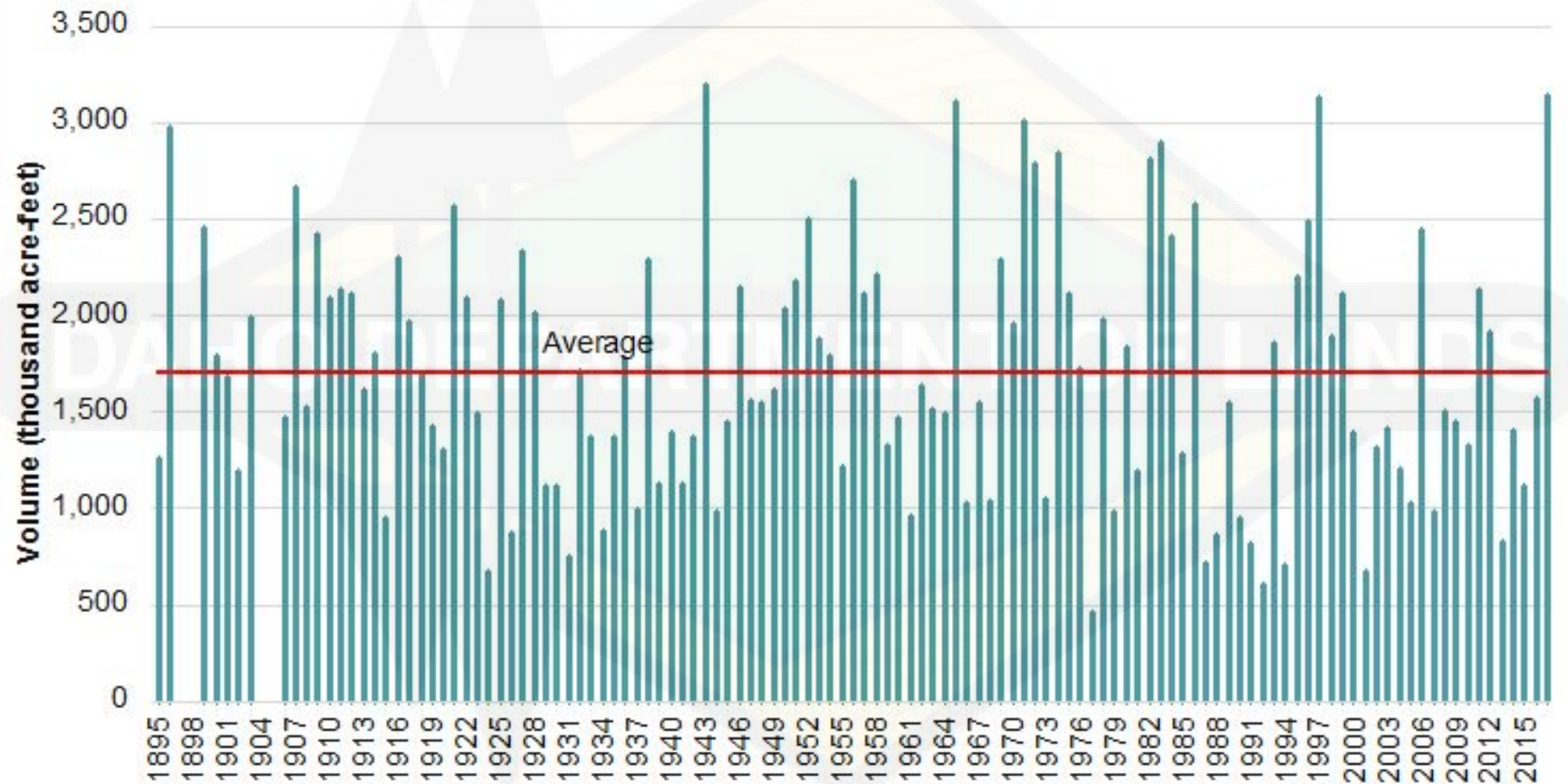
Flood Control District Authority



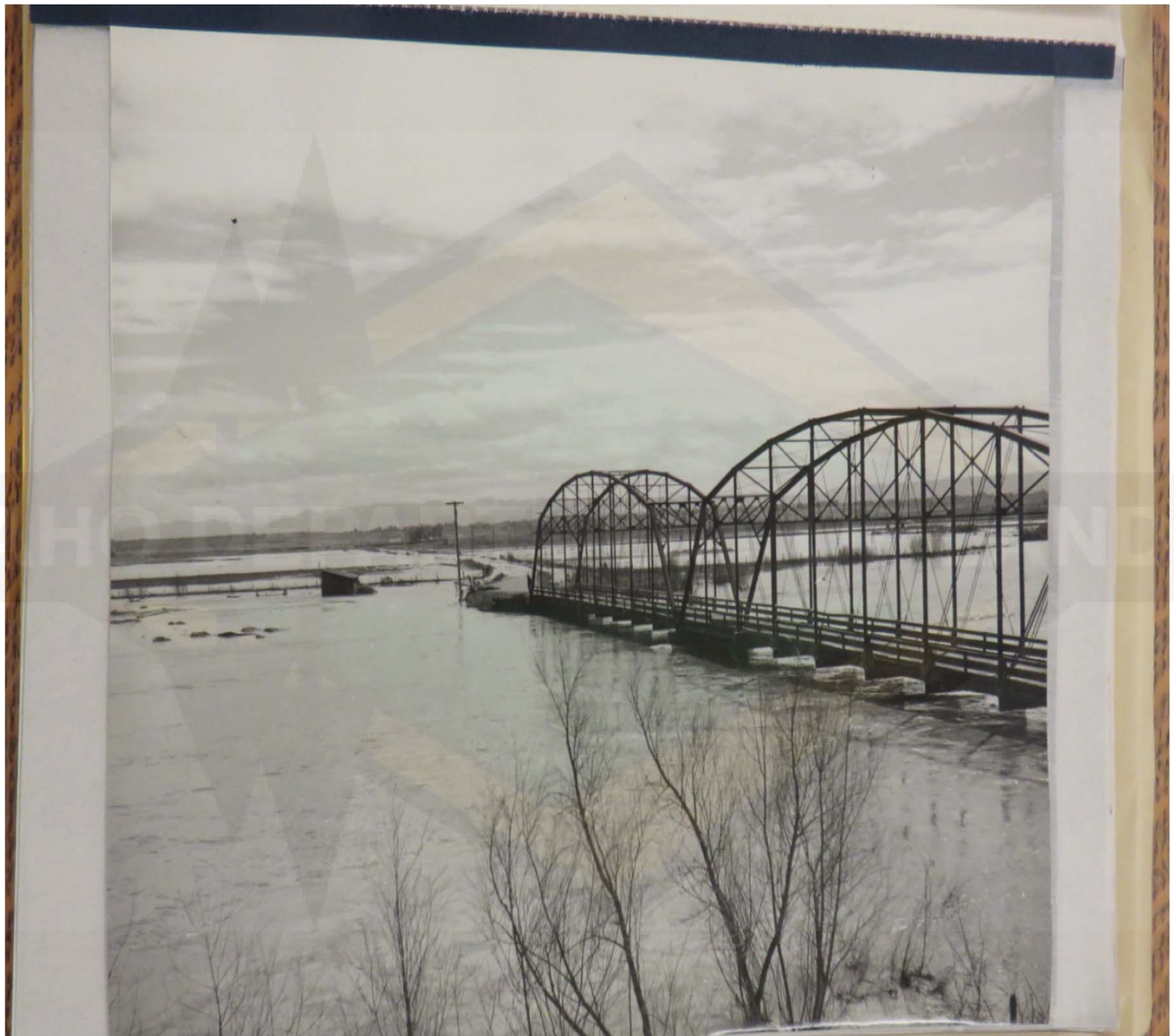
Idaho Code § 42-3115(14)

- Construct, operate & maintain flood control structures
 - Barbs, levees, gravel management
- Declare a flooding emergency and fight floods
- Repair and stabilize stream banks
- Remove debris
- Provide assistance to repair canal & ditch breaks

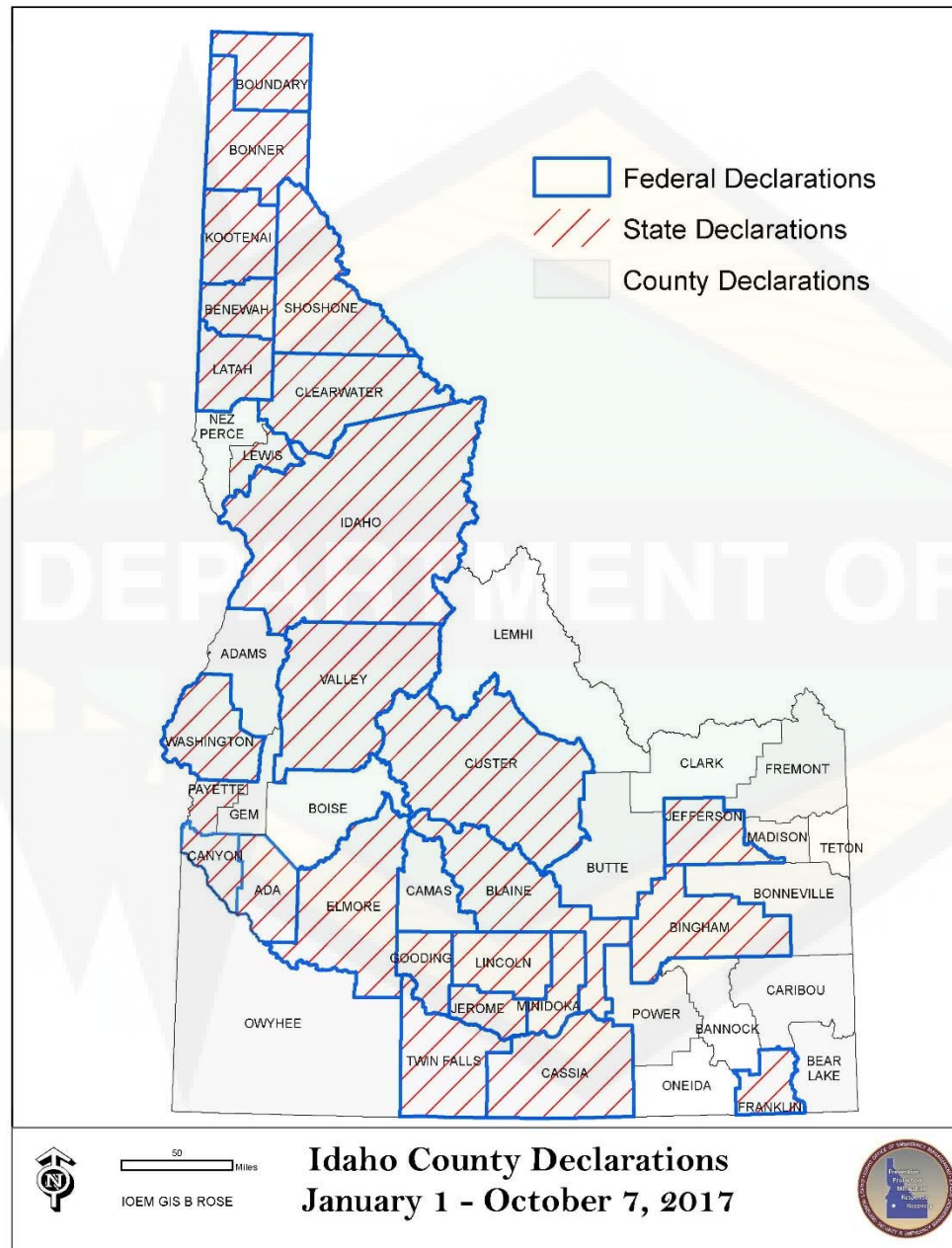
Boise River at Lucky Peak Unregulated Flow Volume Jan 1 - Jul 31, 1895-2017







2017 Flooding: a State-Wide Issue



Boise River 2017: 101 Days of Flood Releases



2017 Flood Flows



Summary of Boise River Flood - 2017



Date	Flood Control Release Cumulative Volume (AF)	Glenwood Gage (cfs) USGS	Comments
2/13/2017	-	506	Initiate Flood Control Releases
3/2/2017	136,301	6,530	Flows at Glenwood Exceed 6,500 cfs
3/7/2017	201,771	7,040	Official Flood Flow Reached at Glenwood
3/29/2017	★ 522,265	8,060	Emergency Declaration
4/4/2017	613,471	8,000	Stormwater Surge & Two Pit Captures
4/26/2017	948,085	8,780	Release Exceed Total Storage Threshold
4/30/2017	1,008,905	8,620	Over 1 Million Acre Feet of Flood Releases
6/5/2017	1,500,000	9,500	Maximum Season Discharge
6/15/2017	★ 1,739,557	7,300	Flood Declaration Ends
6/17/2017	1,762,581	6,350	Flows Reduced to Below 6,500 cfs
6/26/2017	★ 1,839,966	5,211	Approaching Double System Capacity Released

2017 Flood Damages



1. River Channel Damage

- Streambanks
- Gravel Deposits
- Major Woody Debris Accumulation
- Eagle Island Flow Split

2. Public Infrastructure

- Riverside Parks
- Green Belt Pathways
- Roads & Bridges
- Utilities

3. Private Property Damage

- Irrigation Facilities
- Subdivisions, Land & Homes

Flood Impacts



2017 Flood Impacts



2017 Flood Impacts







2017 Flood Impacts



2017 Flood Impacts



2017 Flood Impacts



2017 Flood Impacts



Flood Response



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2017 Interagency Flood Response



- Interagency Cooperation
 - Federal
 - State
 - County
 - Districts
- Risk Assessments
 - Communities
 - Eagle Island/Riviera
 - Pathway Locations



2017 Interagency Flood Response



FCD10 Recent Recovery Efforts



- FCD#10 Specific
 - Doubled Annual River Maintenance Efforts (Debris Clearing)
 - Gravel Removal at Head of Eagle Island
 - Options Limited to Public Entities
 - First-time Flood Recovery Assistance Program
- Interagency Efforts
 - Cooperative Funding
 - Government Grants

2017 Flood Recovery



2017 Flood Recovery



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2017 Gravel Removal



2017 Gravel Removal



September 2006



October 2013

2017 Gravel Removal



October 2017

2017 Gravel Removal





FCD10 – Future Projects

- “Geomorphic Hot Spots”
- Debris removal
- Gravel Removal
- Bank Repairs
- Others

Main Street (April 2016)



Main Street (June 2017)



Main Street (February 2018)



Eagle Bridge North Channel (June 2017)



Eagle Bridge North Channel (June 2017)



Eagle Bridge North Channel (Feb 2018)



Duck Alley Pit Capture (April 2016)



Duck Alley Pit Capture (April 2017)



Duck Alley Pit Capture (June 2017)



Geomorphic Nick Point (June 2017)



Geomorphic Nick Point (June 2017)

