

## State Board of Land Commissioners Open Meeting Checklist

Meeting Date: January 21, 2020

### Regular Meetings

1/3/20	Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) or more calendar days before meeting.
1/3/20	Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) or more calendar days before meeting.
1/3/20	Notice of Meeting posted in prominent place at meeting location five (5) or more calendar days before meeting.
1/3/20	Notice of Meeting emailed/faxed to list of media and interested citizens who have requested such notice five (5) or more calendar days before meeting.
1/3/20	Notice of Meeting posted electronically on IDL's public website <a href="http://www.idl.idaho.gov">www.idl.idaho.gov</a> five (5) or more calendar days before meeting.
1/15/20	Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting.
1/15/20	Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting.
1/15/20	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
1/15/20	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
1/15/20	Agenda posted electronically on IDL's public website <a href="http://www.idl.idaho.gov">www.idl.idaho.gov</a> forty-eight (48) hours before meeting.
12/9/20	Land Board annual meeting schedule posted – Boise Director's office, Coeur d'Alene staff office, and IDL's public website <a href="http://www.idl.idaho.gov">www.idl.idaho.gov</a>

### Special Meetings

	Notice of Meeting and Agenda posted in a prominent place in IDL's Boise Director's office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted in a prominent place in IDL's Coeur d'Alene staff 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.
	Notice of Meeting and Agenda posted electronically on IDL's public website <a href="http://www.idl.idaho.gov">www.idl.idaho.gov</a> 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 only an Executive Session will be held)*

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

Renée Jacobsen

Recording Secretary

January 15, 2020

Date



## Idaho State Board of Land Commissioners

Brad Little, 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

Dustin T. Miller, Secretary to the Board

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# NOTICE OF PUBLIC MEETING JANUARY 2020

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, January 21, 2020 in the **Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise**. The meeting is scheduled to begin at 9:00 AM (Mountain).

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***Please note meeting location.***

***Directions: Enter City Hall from Capitol Blvd.; take the Capitol Boulevard elevators to the 3rd floor; Council Chambers are directly across from the elevators.***

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First Notice Posted: 1/3/2020-IDL Boise; 1/3/2020-IDL CDA

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.

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



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

Brad Little, 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  
Dustin T. Miller, Secretary to the Board

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State Board of Land Commissioners Regular Meeting  
January 21, 2020 – 9:00 AM (MT)  
Final Agenda  
Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise

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***Please note meeting location.***

***Directions: Enter City Hall from Capitol Blvd.; take the Capitol Boulevard elevators to the 3rd floor; Council Chambers are directly across from the elevators***

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

**Endowment Transactions**

- A. Timber Sales – December 2019
- B. Leases and Permits – December 2019

**Status Updates**

- C. Land Bank Fund

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

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

**Consent—Action Item(s)**

- 3. Disclaimer of Interest Request DI500270-Cascade River, LLC, North Fork of the Payette River**  
– *Presented by Andrew Smyth, Program Manager-Public Trust*
- 4. Disclaimer of Interest Request DI600282-Mianco Limited Partnership, Boise River** – *Presented by Andrew Smyth, Program Manager-Public Trust*
- 5. Approval of Minutes** – December 17, 2019 Regular Meeting (Boise)

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State Board of Land Commissioners  
Final Agenda  
Regular Meeting – January 21, 2020  
Page 1 of 2

## **Regular—Action Item(s)**

### **6. Department of Lands Organizational Restructure** – *Presented by Dustin Miller, Director*

#### **Information**

None

#### **Executive Session**

None

The logo of the Idaho Department of Lands is a large, stylized diamond shape. It features a light green mountain peak on the left, a yellow sun with rays on the right, and a blue river winding through the center. The text "IDAHO DEPARTMENT OF LANDS" is written in white, bold, capital letters across the middle of the diamond.

**IDAHO DEPARTMENT OF LANDS**



# Idaho Statutes

TITLE 74  
TRANSPARENT AND ETHICAL GOVERNMENT  
CHAPTER 2

OPEN MEETINGS LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

History:

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

# STATE BOARD OF LAND COMMISSIONERS

January 21, 2020

Endowment Transactions

## Timber Sales

During December 2019, the Department of Lands sold five endowment timber sales at auction. The endowment net sale value represents a 2.6% up bid over the advertised value. The South Boehls timber sale did not sell at auction. Potential purchasers expressed concerns over the amount of over-sized material, soft market conditions, and the large road development package. The road development package has been reduced, the sale reappraised, and is scheduled for a second auction on February 6th.

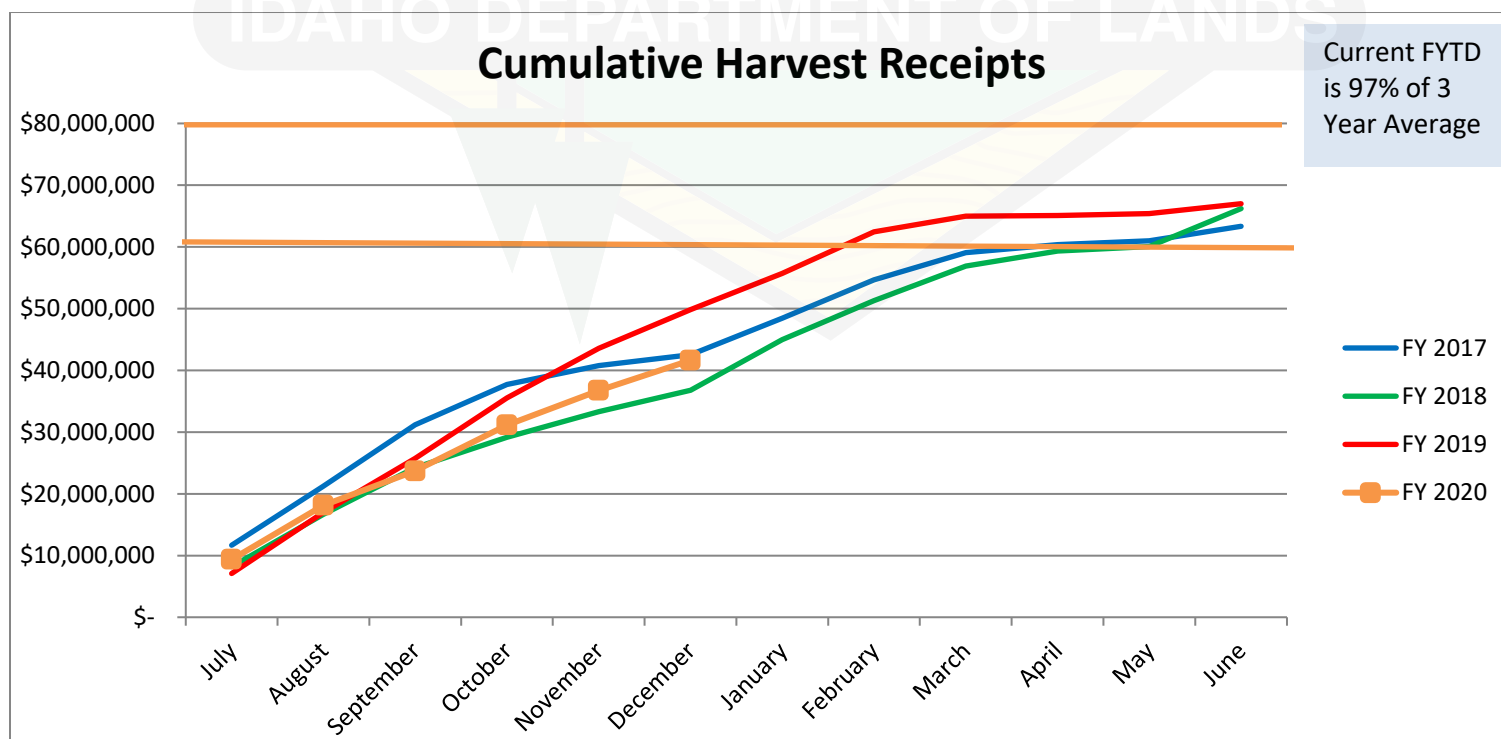
TIMBER SALE AUCTIONS								
Sale Name	Area	Sawlogs MBF	Cedar Prod MBF	Pulp MBF	Appraised Net Value	Sale Net Value	Net \$/MBF	Purchaser
Eastside School	MC	6,585			\$ 1,718,143.50	\$ 1,718,143.50	\$260.92	IFG Timber LLC
Pierce Poke	SJ	2,485	90		\$ 642,041.00	\$ 740,063.10	\$287.40	Stimson Lumber
Misplaced 40	SJ	6,010	90		\$ 1,073,334.00	\$ 1,122,990.25	\$184.10	McFarland
Lower Cranberry	CLW	7,385	185		\$ 1,163,176.50	\$ 1,163,176.50	\$153.66	IFG Timber LLC
Camp R Cedar	CLW	2,130			\$ 1,078,956.00	\$ 1,078,956.00	\$506.55	McFarland
<b>Endowment</b>		<b>24,595</b>	<b>365</b>	<b>0</b>	<b>\$ 5,675,651.00</b>	<b>\$ 5,823,329.35</b>	<b>\$233.31</b>	

PROPOSED TIMBER SALES FOR AUCTION				
Sale Name	Volume MBF	Advertised Net Value	Area	Estimated Auction Date
North Operations				
Riley Pine Over	3,120	\$ 745,454	POL	1/14/2020
Carey West	4,310	\$ 882,692	POL	1/14/2020
Sandy Bear	5,565	\$ 1,270,326	POND	1/8/2020
<b>Total</b>	<b>12,995</b>	<b>\$ 2,898,471</b>		

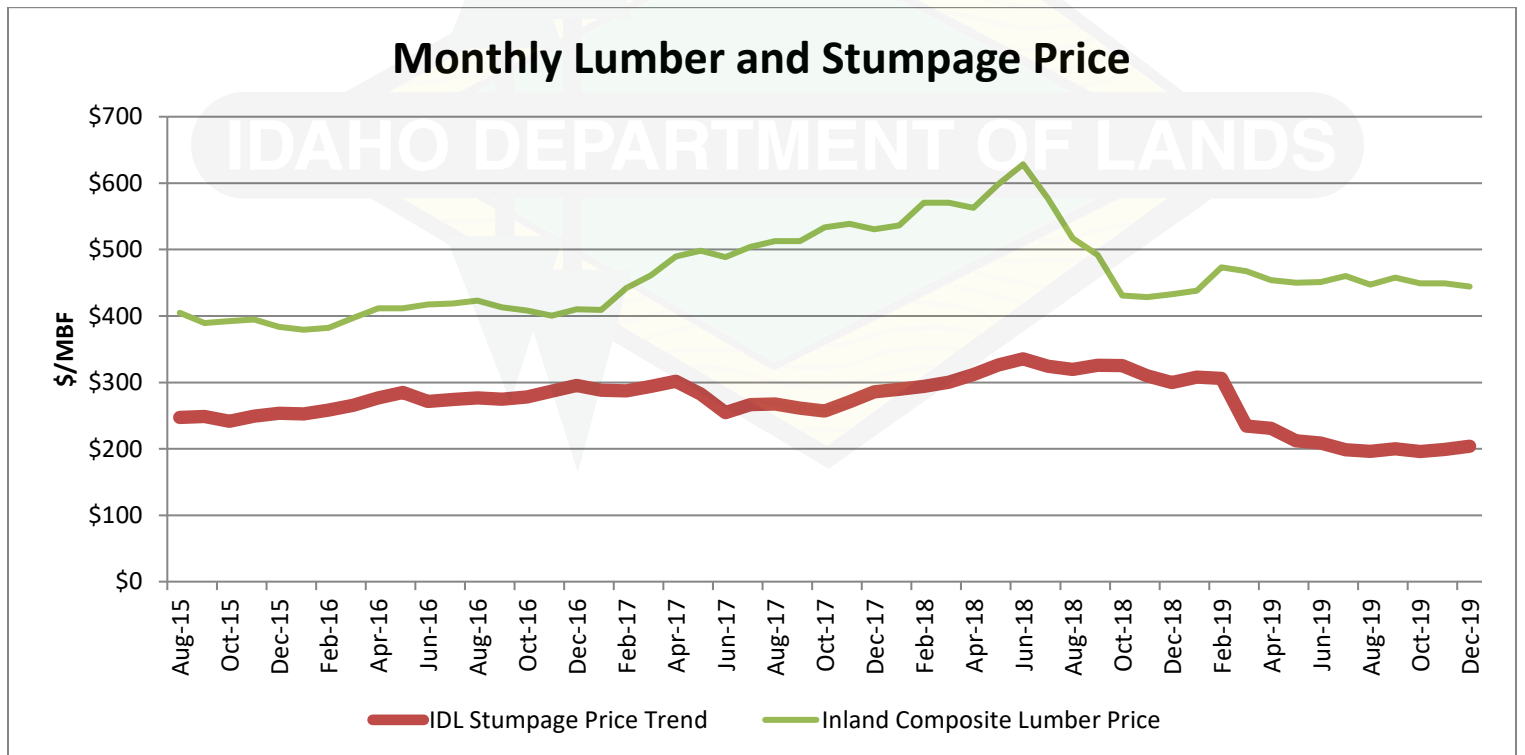
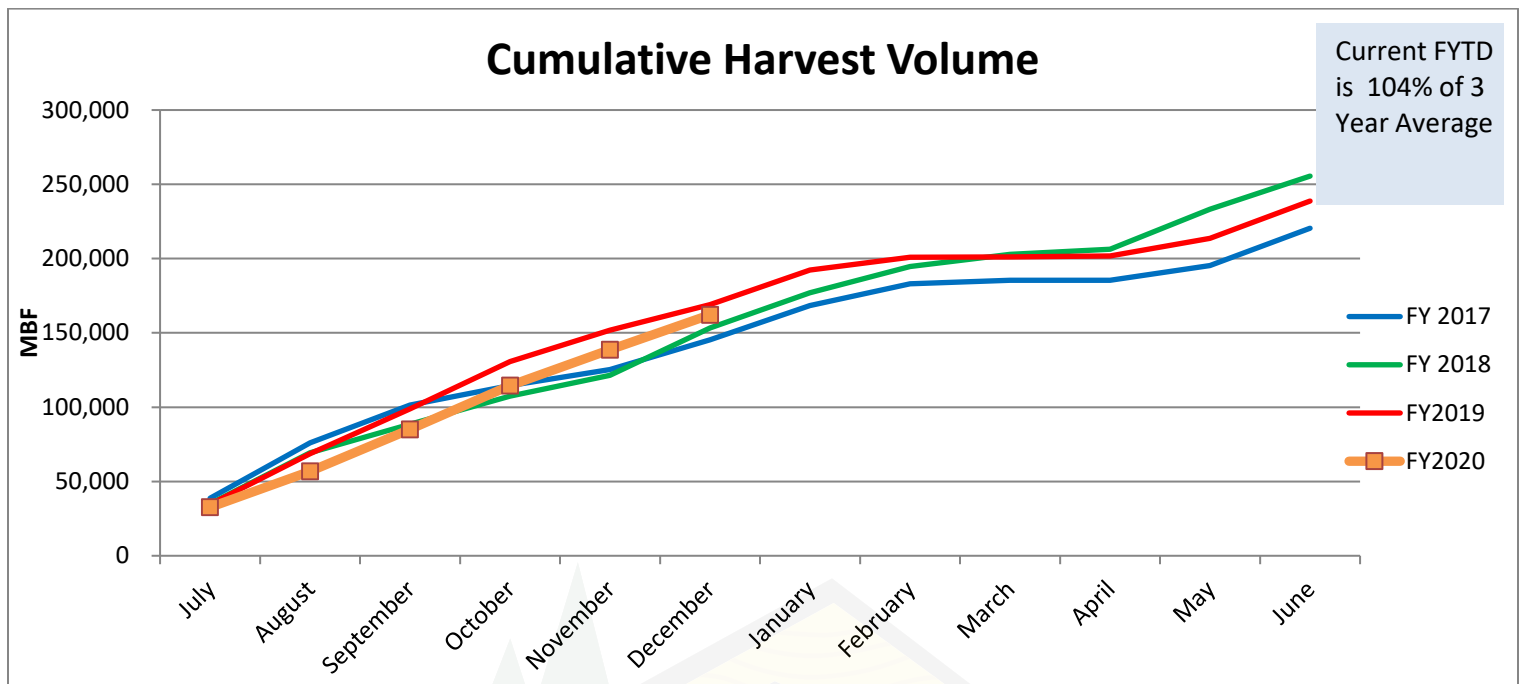
VOLUME UNDER CONTRACT as of December 31, 2019				
	Public School	Pooled	Total	3 Year Avg.
Active Contracts			<b>163</b>	172
Total Residual MBF Equivalent	348,361	208,067	<b>556,428</b>	482,323
Estimated residual value	\$91,251,252	\$56,290,421	<b>\$147,541,673</b>	\$140,134,558
Residual Value (\$/MBF)	\$261.94	\$270.54	<b>\$265.16</b>	\$290.31

	TIMBER HARVEST RECEIPTS									
	December				FY to date		January Projected			
	Stumpage		Interest		Harvest Receipts		Stumpage		Interest	
Public School	\$	3,310,028.76	\$	294,388.75	\$	28,359,550.58	\$	3,410,263.11	\$	320,083.39
Pooled	\$	1,183,983.52	\$	115,915.82	\$	13,271,166.13	\$	2,485,755.67	\$	226,430.07
General Fund	\$	365.82	\$	27.53	\$	473.03	\$	5.39	\$	0.42
TOTALS	\$	4,494,378.10	\$	410,332.10	\$	41,631,189.74	\$	5,896,024.17	\$	546,513.88

Status of FY 2020 Timber Sale Program						
	MBF Sawlog			Number Poles		
	Public School	Pooled	All Endowments	Public School	Pooled	All Endowments
Sold as of December 31, 2019	80,199	40,477	120,676	2,003	5,650	7,653
Currently Advertised	11,492	1,503	12,995	0	0	0
In Review	18,175	13,013	31,188	2,800	0	2,800
Did Not Sell <sup>1</sup>	0	0	0	0	0	0
<b>TOTALS</b>	109,866	54,993	164,859	4,803	5,650	10,453
FY-2020 Sales Plan			267,395			17,953
Percent to Date			62%			58%



<sup>1</sup> After three attempts at auction.

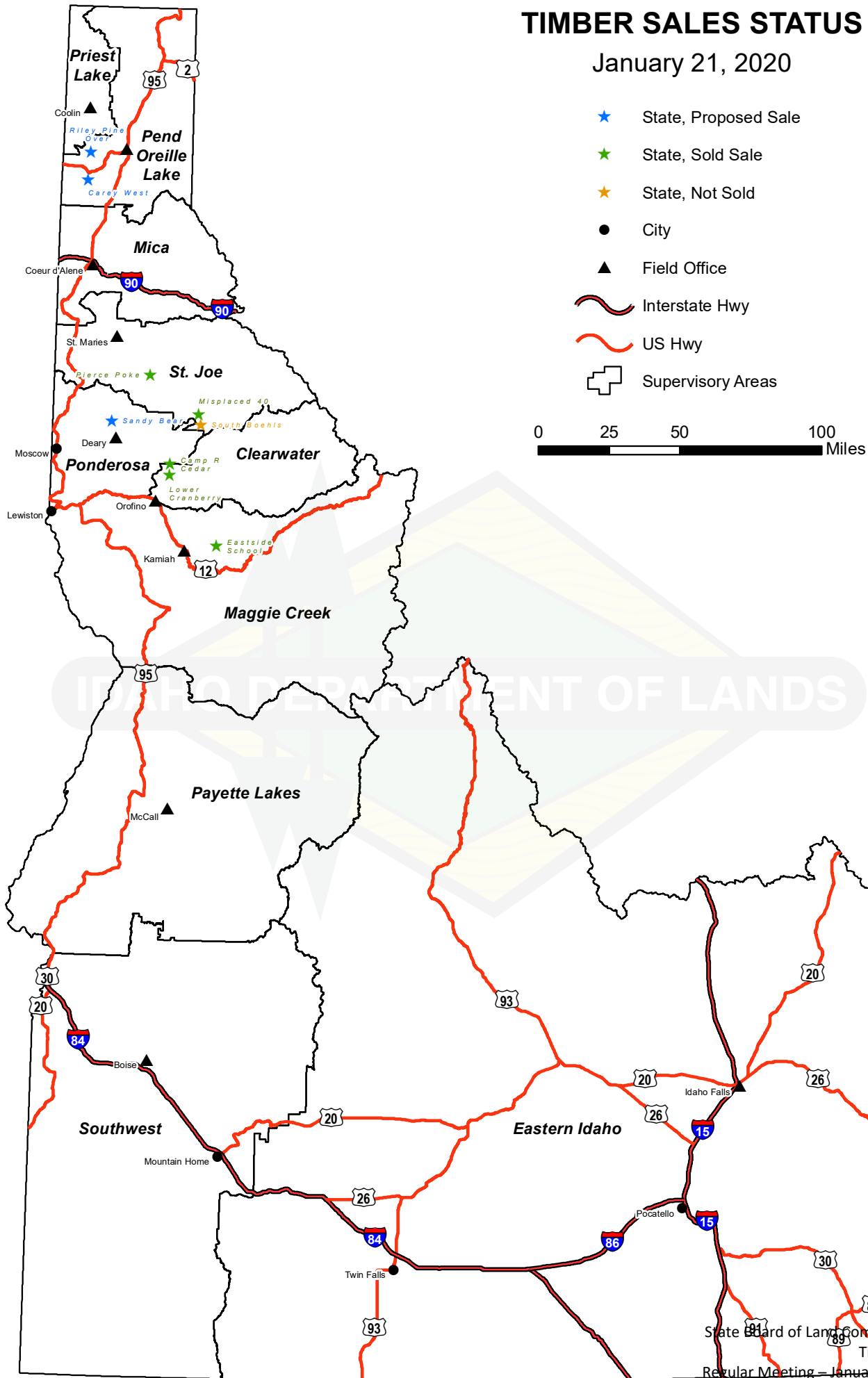


IDL Stumpage Price Line is a 6 month rolling average of the net sale price.



# TIMBER SALES STATUS

January 21, 2020



State Board of Land Commissioners  
Timber Sales  
Regular Meeting - January 21, 2020

# STATE BOARD OF LAND COMMISSIONERS

January 21, 2020  
Endowment Transactions

## Leases and Permits

FISCAL YEAR 2020 – LEASING & PERMITTING TRANSACTIONS BY MONTH – through December 31, 2019														
ACTIVITY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	EST	FYTD
<b>SURFACE</b>														
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	12	0
Communication Sites	-	-	-	-	-	-	-	-	-	-	-	-	5	0
Grazing	-	-	-	-	-	-	-	-	-	-	-	-	142	0
<i>Assignments</i>	2	1	1	2	1	1	-	-	-	-	-	-	-	8
Residential	-	-	-	-	-	-	-	-	-	-	-	-	15	0
<i>Assignments</i>	-	1	1	1	-	-	-	-	-	-	-	-	-	3
<b>COMMERCIAL</b>														
Alternative Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Industrial	-	-	-	-	-	-	-	-	-	-	-	-	1	0
Military	-	-	-	-	-	-	-	-	-	-	-	-	3	0
Office/Retail	-	-	-	-	-	2	-	-	-	-	-	-	4	2
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	4	0
<b>OTHER</b>														
Conservation	-	-	-	-	-	-	-	-	-	-	-	-	1	0
<i>Assignments</i>	-	-	-	1	-	-	-	-	-	-	-	-	-	1
Geothermal	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Minerals	-	-	-	-	-	-	-	-	-	-	-	-	9	0
<i>Assignments</i>	1	-	-	-	3	-	-	-	-	-	-	-	-	4
Non-Comm Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Oil & Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	0
<b>PERMITS</b>														
Land Use Permits	14	5	8	9	2	5	-	-	-	-	-	-	NA	43
<b>TOTAL INSTRUMENTS</b>	<b>17</b>	<b>7</b>	<b>10</b>	<b>13</b>	<b>6</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>NA</b>	<b>61</b>

## Real Estate

FISCAL YEAR 2020 – REAL ESTATE TRANSACTIONS BY MONTH – through December 31, 2019														
ACTIVITY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD	
Deeds Acquired	-	-	-	-	-	-	-	-	-	-	-	-	0	
Deeds Granted	6	1	11	14	1	3	-	-	-	-	-	-	36	
Deeds Granted - Surplus	-	-	-	-	-	-	-	-	-	-	-	-	0	
Easements Acquired	-	1	3	-	-	-	-	-	-	-	-	-	4	
Easements Granted	1	1	2	2	-	2	-	-	-	-	-	-	8	
<i>Two commercial leases were issued at the staff office in Boise, including IDL's lease. Three deeds were issued as part of the Priest Lake Cottage Site program.</i>														

**LANDS AND WATERWAYS DIVISION**  
**2020FYTD GROSS REVENUE - ACTUAL AND FORECASTED**  
**through December 31, 2019**

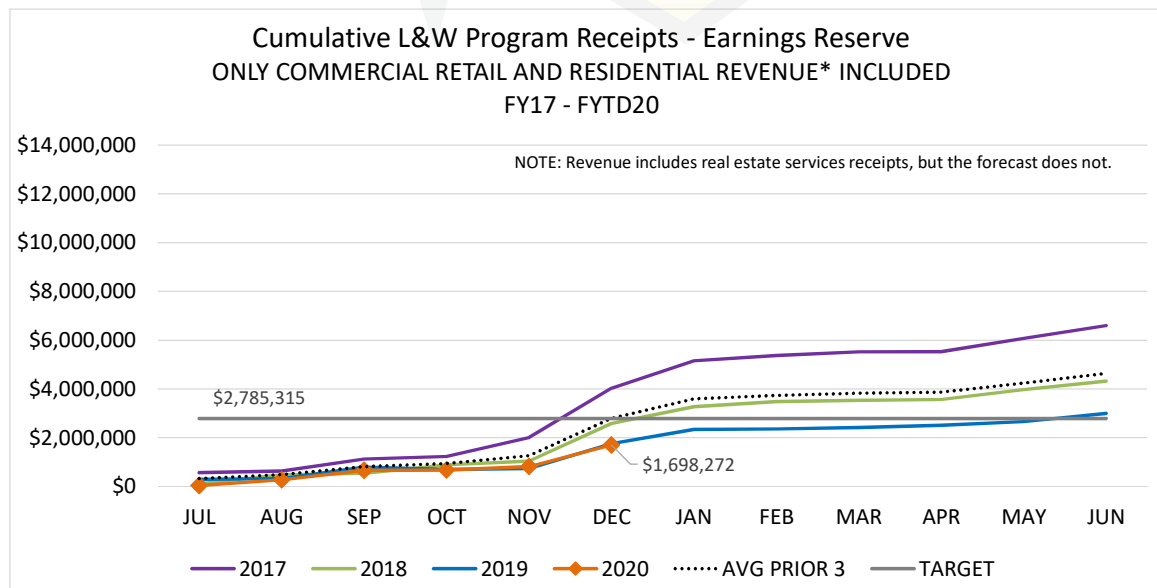
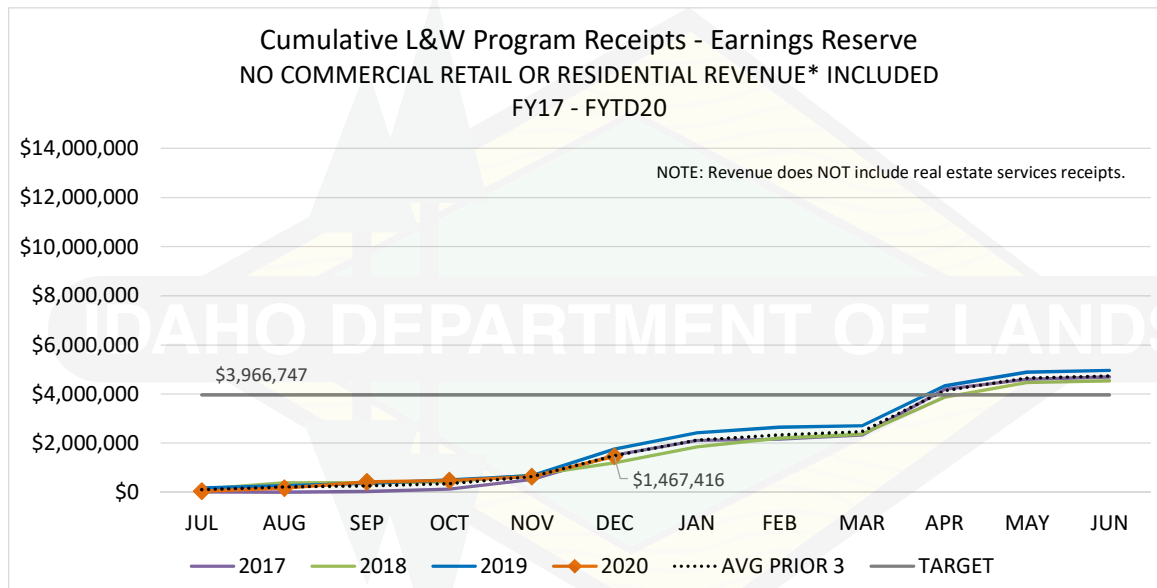
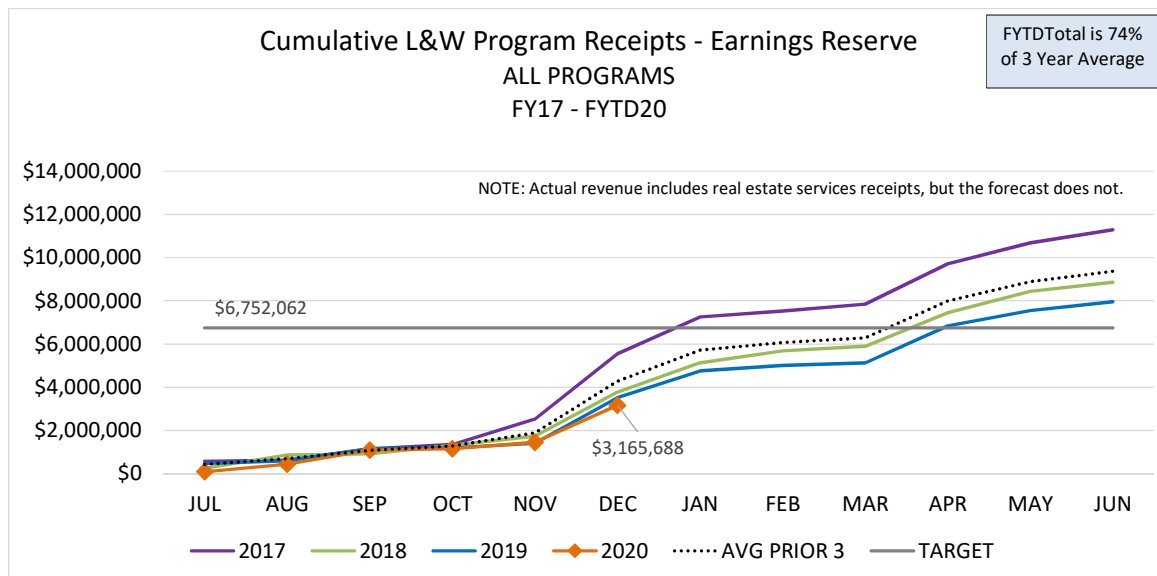
	ACTUAL RECEIPTS AS OF 12.31.2019	REVENUE EXPECTED BY 12.31.2019**	REVENUE EXPECTED BY 06.30.2020
<b>SURFACE</b>			
AGRICULTURE	\$ 278,254	\$ 248,500	\$ 308,786
COMMUNICATION SITES	\$ 509,784	\$ 493,926	\$ 937,019
GRAZING	\$ 257,995	\$ 234,814	\$ 1,818,574
RESIDENTIAL	\$ 745,819	\$ 761,830	\$ 1,820,796
<b>COMMERCIAL</b>			
COMMERCIAL ENERGY RESOURCES	\$ 1,000	\$ 9,866	\$ 22,812
COMMERCIAL INDUSTRIAL	\$ 80,001	\$ 49,930	\$ 82,308
COMMERCIAL MILITARY	\$ 29,914	\$ 19,945	\$ 139,976
COMMERCIAL OFFICE/RETAIL	\$ 683,066	\$ 694,847	\$ 964,519
COMMERCIAL RECREATION	\$ 68,855	\$ 186,562	\$ 322,031
<b>OTHER</b>			
CONSERVATION LEASES	\$ 123,875	\$ 85,160	\$ 148,078
GEOTHERMAL	\$ -	\$ 1,349	\$ 4,117
MINERAL	\$ 13,803	\$ 17,281	\$ 73,453
NON-COMMERCIAL RECREATION	\$ 90,801	\$ 52,393	\$ 80,496
OIL AND GAS LEASES	\$ 13,133	\$ 8,471	\$ 29,096
<b>Sub Total</b>	<b>\$ 2,896,301</b>	<b>\$ 2,864,875</b>	<b>\$ 6,752,062</b>
*LAND SALES/RECORDS	\$ 269,372	***	
*REAL ESTATE SERVICES	\$ 15		
<b>Grand Total</b>	<b>\$ 3,165,688</b>		

\* These categories are not included in the annual forecast.

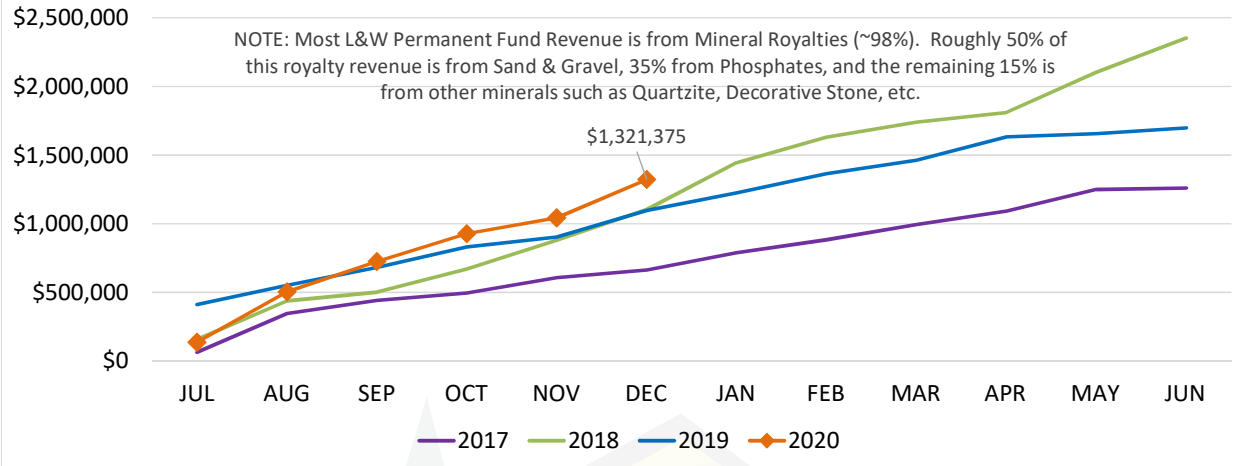
\*\* These figures are based on "normal" timing of revenue/billing throughout the year.

\*\*\* \$40,880 of "revenue" was removed from this total because it was passed through to a real estate broker.

NOTE: The Department prepares the annual endowment revenue forecast by ASSET CLASS (not by Program). For this table, we have attempted to further breakdown the forecast by program by applying trend data.



**Cumulative L&W Permanent Fund Revenue/Royalties**  
**(Does NOT include Land Bank Revenue)**  
**FY17 - FYTD20**



IDAHO DEPARTMENT OF LANDS

LAND BANK AGING REPORT						
Current Remaining Principal Balance By Quarter Received - As of December 31, 2019						
FY Quarter IN	Public Schools	Normal Schools	State Hospital South	University of Idaho	All Endowments	FY Quarter EXPIRES
2017-02	\$ 2,852,032	\$ 2,161,254	\$ 9,515,446	\$ -	\$ 14,528,732	2022-02
2017-03	\$ 5,766,250	\$ 10,431,970	\$ 1,593,780	\$ -	\$ 17,792,000	2022-03
2017-04	\$ -	\$ 25,100	\$ -	\$ -	\$ 25,100	2022-04
2018-01	\$ -	\$ 3,331,000	\$ 4,439,000	\$ -	\$ 7,770,000	2023-01
2018-02	\$ 27,869,832	\$ -	\$ 125,500	\$ -	\$ 27,995,332	2023-02
2018-03	\$ -	\$ 2,000,712	\$ 829,888	\$ 5,650,029	\$ 8,480,629	2023-03
2018-04	\$ 10,500	\$ -	\$ -	\$ -	\$ 10,500	2023-04
2019-01	\$ -	\$ 2,428,000	\$ 1,442,000	\$ -	\$ 3,870,000	2024-01
2019-02	\$ 25,136,124	\$ -	\$ -	\$ -	\$ 25,136,124	2024-02
2019-03	\$ -	\$ -	\$ -	\$ -	\$ -	2024-03
2019-04	\$ -	\$ -	\$ -	\$ -	\$ -	2024-04
2020-01	\$ -	\$ 2,582,500	\$ 1,670,000	\$ -	\$ 4,252,500	2025-01
2020-02	\$ 12,793,400	\$ -	\$ -	\$ -	\$ 12,793,400	2025-02
<b>TOTAL PRINCIPAL REMAINING</b>	<b>\$ 74,428,138</b>	<b>\$ 22,960,536</b>	<b>\$ 19,615,614</b>	<b>\$ 5,650,029</b>	<b>\$ 122,654,317</b>	

<b>LAND BANK CASH BALANCE (with Interest)</b>	<b>\$ 78,136,164</b>	<b>\$ 24,024,436</b>	<b>\$ 20,757,166</b>	<b>\$ 5,874,184</b>	<b>\$ 128,791,950</b>
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IDAHO DEPARTMENT OF LANDS



M. Dean Buffington :: Chairman  
Jerry F. Aldape      Gary L. Mahn  
Warren R. Bakes      Richelle A. Sugiyama  
Steven C. Harris      Thomas J. Wilford  
Irving Littman      Chuck Winder  
Chris J. Anton :: Manager of Investments

## Monthly Report to the Board of Land Commissioners

### Investment performance through December 31, 2019

**Month: 2.3%      Fiscal year: 6.9%**

At the end of calendar 2018, financial markets were in turmoil as investors grew concerned that interest rate hikes by the Fed and the trade war with China could stall the longest economic expansion in U.S. history. But the turbulence was short-lived. Financial markets staged a strong rebound in 2019 as the Fed and other central banks cut interest rates, global economic indicators showed signs of improvement, and trade talks with China became more conciliatory. The endowment portfolio was up 22.7% in calendar 2019 and is up 6.9% fiscal year-to-date.

### Status of endowment fund reserves

Distributions for FY2020 and FY2021 are well secured. Estimated reserves as of November 2019, were 6.2 years for public schools and 6.8 years or more for the other endowments based on anticipated FY2021 distributions.

### Significant actions of the Endowment Fund Investment Board

None.

### Compliance/legal issues, areas of concern

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

**Material legal issues:** None.

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

### Upcoming issues/events

JFAC Budget Hearing – January 31<sup>st</sup>

EFIB Board Meeting – February 13<sup>th</sup>

Preliminary Report (Land Grant Fund, excluding accruals)

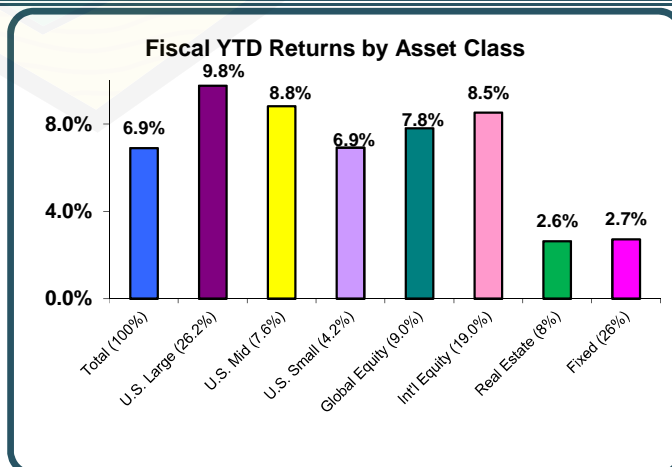
December 31, 2019

	<u>Month</u>	<u>FYTD</u>
<b>Beginning Value of Fund</b>	<b>\$ 2,410,047,858</b>	<b>\$ 2,318,780,865</b>
Distributions to Beneficiaries	(6,743,167)	(40,459,002)
Land Revenue net of IDL Expenses	6,318,798	45,863,555
Change in Market Value net of Investment Mgt. Expenses	57,261,786	142,699,857
<b>Current Value of Fund</b>	<b>\$ 2,466,885,275</b>	<b>\$ 2,466,885,275</b>

<u>Gross Returns</u>	<u>Current Month</u>	<u>Calendar Y-T-D</u>	<u>Fiscal Y-T-D</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
<b>Total Fund</b>	<b>2.2%</b>	<b>22.7%</b>	<b>6.9%</b>	<b>22.7%</b>	<b>11.0%</b>	<b>7.7%</b>	<b>9.4%</b>
<i>Total Fund Benchmark*</i>	2.3%	20.8%	6.8%	20.8%	10.2%	7.5%	8.8%
<b>Total Fixed</b>	<b>0.2%</b>	<b>9.6%</b>	<b>2.7%</b>	<b>9.6%</b>	<b>4.2%</b>	<b>3.1%</b>	<b>3.8%</b>
<i>85% BB Agg, 15% TIPS</i>	0.0%	8.7%	2.4%	8.7%	3.9%	3.0%	3.7%
<b>Total Equity</b>	<b>3.3%</b>	<b>29.9%</b>	<b>8.8%</b>	<b>29.9%</b>	<b>13.9%</b>	<b>9.5%</b>	<b>11.5%</b>
<i>38% R3 19% Ax 9% AC</i>	3.4%	27.6%	9.2%	27.6%	12.9%	9.4%	10.8%
<b>Domestic Equity</b>	<b>2.8%</b>	<b>30.7%</b>	<b>9.3%</b>	<b>30.7%</b>	<b>14.6%</b>	<b>10.9%</b>	<b>13.9%</b>
<i>Russell 3000 (R3)</i>	2.9%	31.0%	10.4%	31.0%	14.6%	11.2%	13.4%
<b>Global Equity</b>	<b>3.1%</b>	<b>30.7%</b>	<b>7.8%</b>	<b>30.7%</b>	<b>13.4%</b>	<b>7.4%</b>	
<i>MSCI ACWI (AC)</i>	3.5%	26.6%	8.9%	26.6%	12.4%	8.4%	
<b>Int'l. Equity</b>	<b>4.5%</b>	<b>28.0%</b>	<b>8.5%</b>	<b>28.0%</b>	<b>13.4%</b>	<b>7.2%</b>	<b>6.2%</b>
<i>MSCI ACWI ex-US (Ax)</i>	4.3%	21.5%	7.0%	21.5%	9.9%	5.5%	5.0%
<b>Real Estate</b>			<b>2.6%</b>	<b>5.7%</b>	<b>6.5%</b>		
			1.9%	4.6%	6.3%		

\* Benchmark: 38% Russell 3000 19% ACWI ex-US 9% AC 26% BB Agg. 8% ODCE

	<u>Mkt Value (\$M)</u>	<u>Allocation</u>
<b>Domestic Equity</b>	<b>\$ 961.8</b>	<b>39.0%</b>
Large Cap	657.7	26.7%
Mid Cap	198.8	8.1%
Small Cap	105.3	4.3%
<b>Global Equity</b>	<b>229.6</b>	<b>9.3%</b>
<b>Int'l Equity</b>	<b>489.3</b>	<b>19.8%</b>
<b>Fixed Income</b>	<b>577.6</b>	<b>23.4%</b>
<b>Real Estate</b>	<b>193.6</b>	<b>7.8%</b>
<b>Cash</b>	<b>15.0</b>	<b>0.6%</b>
<b>Total Fund</b>	<b>\$ 2,466.9</b>	<b>100.0%</b>



## Endowment Fund Staff Comments:

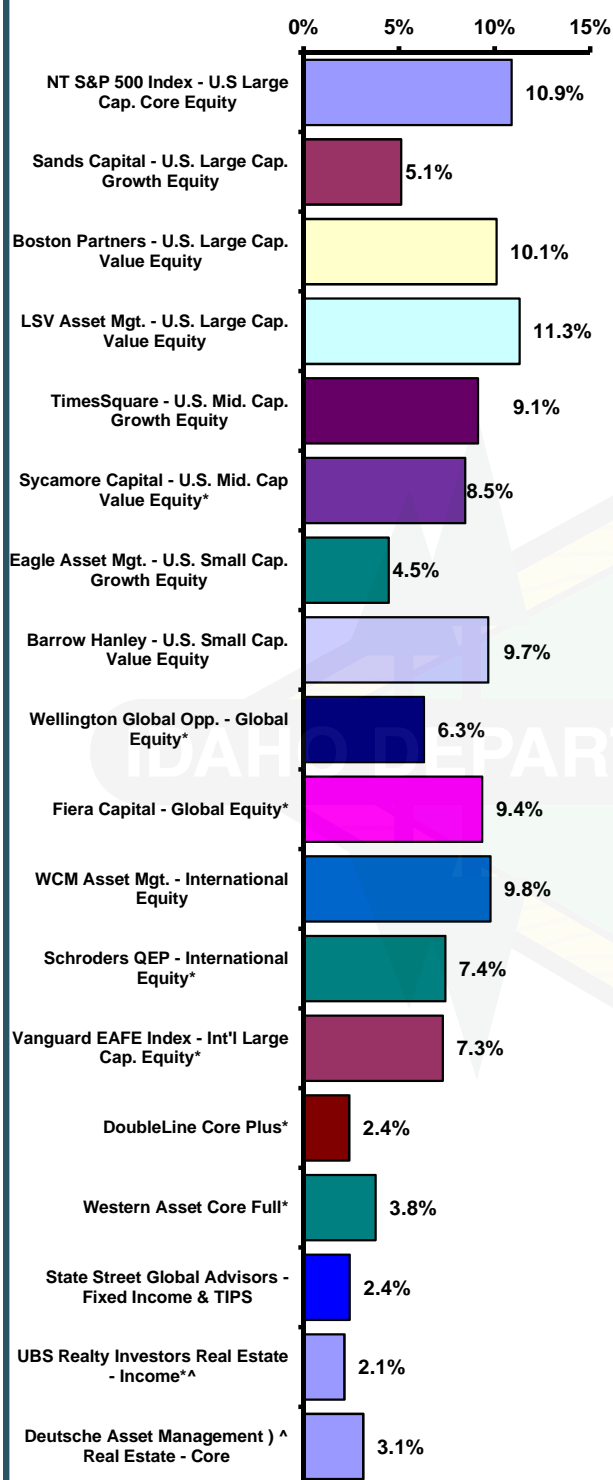
The fund was up 2.2% for the month, 0.1% under the benchmark. The Russell 3000 index was up 2.9%, Russell Midcap up 2.3% and Russell 2000 (small cap) up 2.9%. International equities (MSCI ACWI ex-US) were up 4.3%. Growth outperformed Value, while International equity outperformed Domestic equity. Bonds, as measured by the BBC Aggregate index, were down 0.1% and TIPS were up 0.4%. 6 of 15 active managers beat their benchmark this month. On a FYTD basis, the fund is up 6.9%, 0.1% over benchmark, and 11 of 15 active managers beat their benchmark.



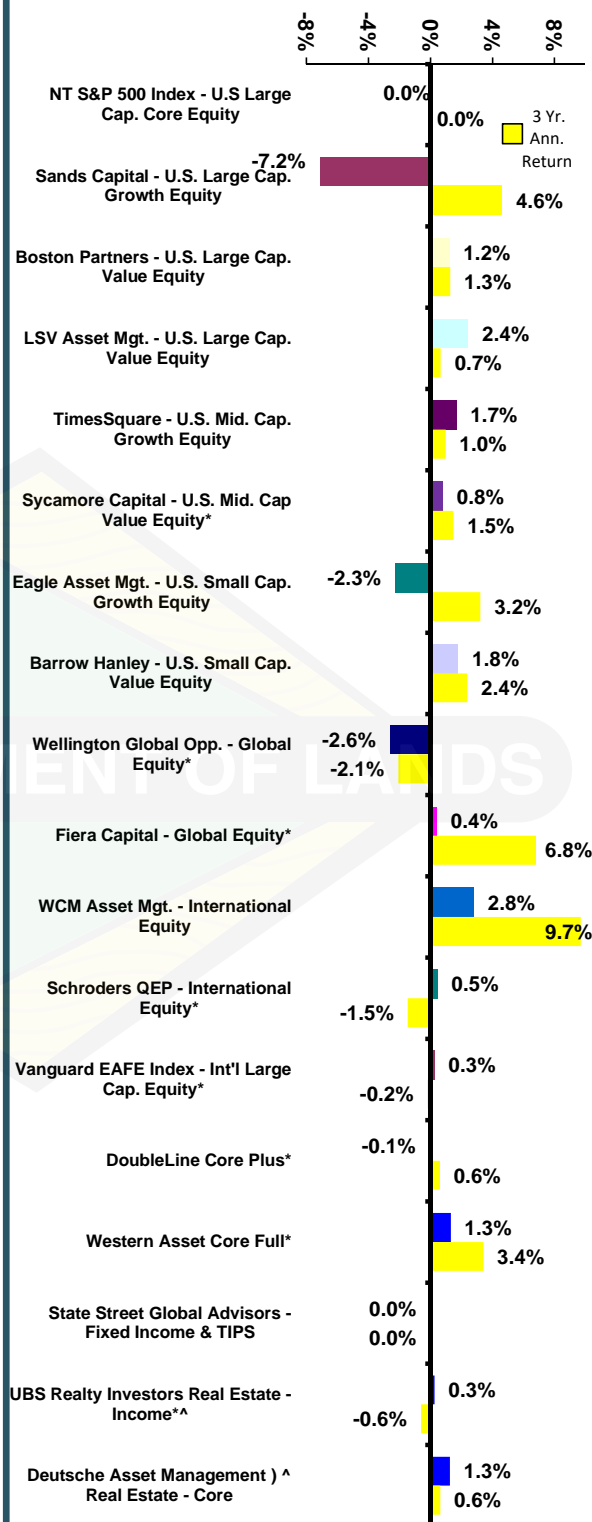
December 31, 2019

# 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

January 21, 2020

Consent Agenda

### Subject

DI500270, Disclaimer of Interest for the former bed of the North Fork of the Payette River, Valley County, Idaho.

### Question Presented

Shall the Board direct the Department to issue Disclaimer of Interest DI500270 on the North Fork of the Payette River in Valley County?

### Background

Upon statehood, Idaho gained title to the beds and banks of navigable waterways below the ordinary high water mark under the Equal Footing Doctrine. The state holds these lands in trust for the benefit of the public. The State Board of Land Commissioners (Land Board) is the statutorily designated trustee of these lands. When a river moves due to accretion (the natural, gradual process whereby deposited material causes the river to move), title to the riverbed moves as well. Idaho Department of Lands (Department) issues disclaimers of interest to clear title to the accreted land.

### Discussion

Cascade River, LLC has applied for a disclaimer of interest for two parcels of accretion land totaling 2.807 acres, more or less. These parcels are located within the original surveyed river meander lines of the North Fork of the Payette River adjacent to the applicant's deeded property. The land subject to this disclaimer is the former bed of the North Fork of the Payette River located adjacent to the southwest quarter of Section 31, Township 14 North, Range 4 East (Attachment 1-Map).

The Department identified the ordinary high water mark, which was then surveyed by a licensed surveyor for the applicants. The Department reviewed the survey, deeds, tax documents, and conducted a field inspection. The Department has determined that the subject property is above the ordinary high water mark of the North Fork of the Payette River.

Cascade River, LLC will grant the State of Idaho an easement 25 feet in width for a public use right of way along, and adjacent to, the existing ordinary high water line of the North Fork of the Payette River. In addition, Cascade River, LLC will also grant the State of Idaho a disclaimer of interest for two parcels of land located below the ordinary high water mark totaling 1.578 acres.

## **Recommendation**

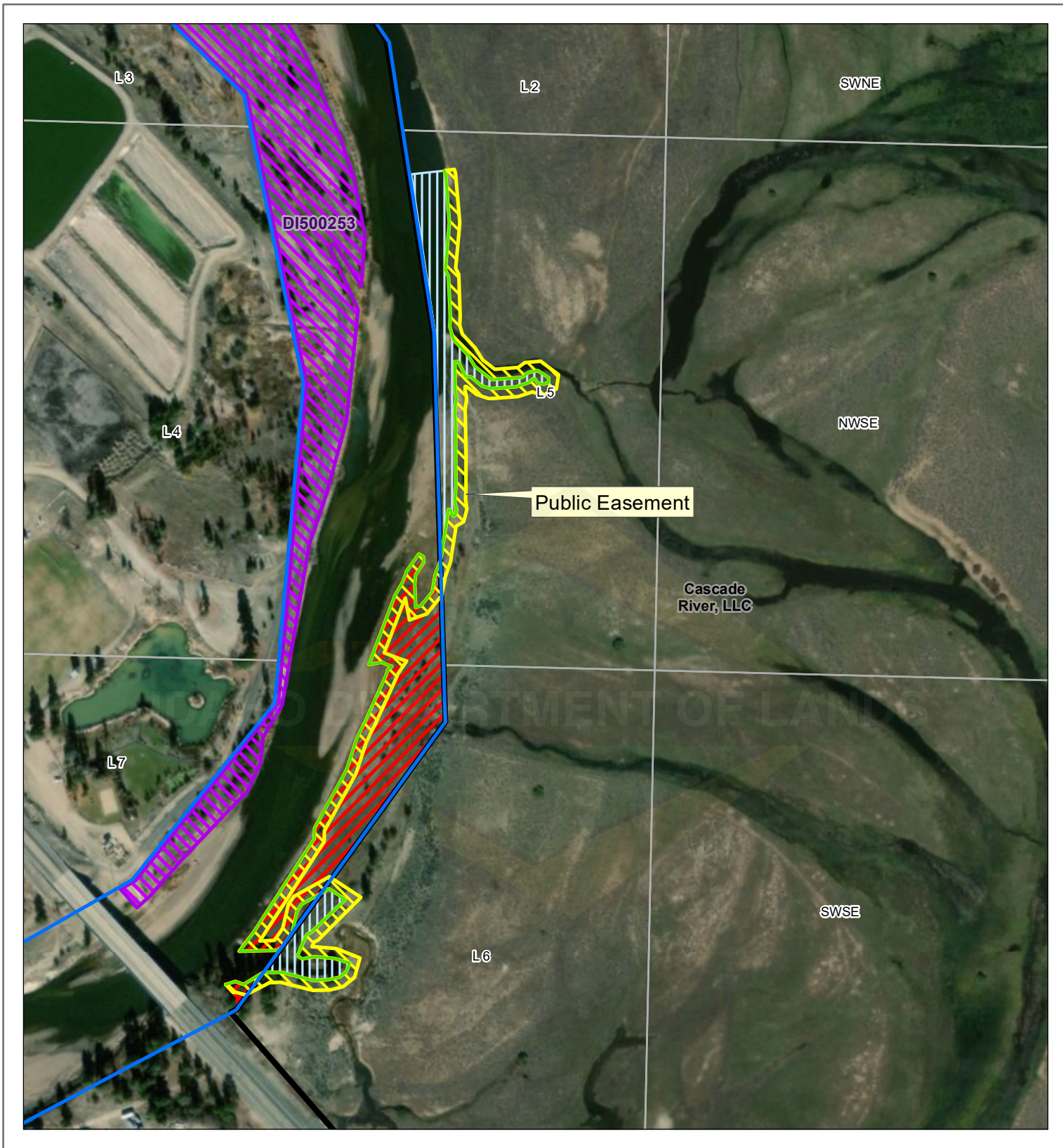
Direct the Department to issue a disclaimer of interest for the parcels totaling 2.807 acres of the former bed of the North Fork of the Payette River, and to require Cascade River, LLC to pay the remaining processing fee of \$300 to the Department for this transaction.

## **Board Action**

## **Attachments**

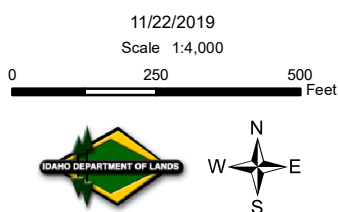
1. Map





- Meander Line
- Ordinary High Water Mark
- Public Easement
- Cascade River Ownership
- Existing Disclaimers
- Disclaim by Cascade River
- Disclaim by State of Idaho

**DI500270**  
**T14N04E Sec 31**

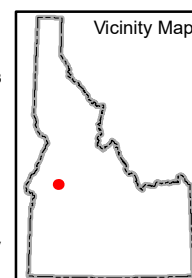


**Map Notes**

Projection: Idaho Transverse Mercator, NAD 83

Map Notes and Data Sources

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





## STATE BOARD OF LAND COMMISSIONERS

January 21, 2020

Consent Agenda

### Subject

DI600282, Disclaimer of Interest for the former bed of the Boise River, Canyon County, Idaho.

### Question Presented

Shall the Board direct the Department to issue Disclaimer of Interest DI600282 on the Boise River in Canyon County?

### Background

Upon statehood, Idaho gained title to the beds and banks of navigable waterways below the ordinary high water mark under the Equal Footing Doctrine. The state holds these lands in trust for the benefit of the public. The State Board of Land Commissioners (Land Board) is the statutorily designated trustee of these lands. When a river moves due to accretion (the natural, gradual process whereby deposited material causes the river to move), title to the riverbed moves as well. Idaho Department of Lands (Department) issues disclaimers of interest to clear title to the accreted land.

### Discussion

Mianco Limited Partnership has applied for a disclaimer of interest for two parcels of accretion land totaling 11.08 acres, more or less. These parcels are located within the original surveyed river meander lines of the Boise River adjacent to the applicant's deeded property. The land subject to this disclaimer is the former bed of the Boise River located adjacent to Government Lot 1 of Section 3, Township 4 North, Range 4 West and Government Lots 8 and 9 of Section 2, Township 4 North, Range 4 West (Attachment 1-Map).

The Department identified the ordinary high water mark, which was then surveyed by a licensed surveyor for the applicants. The Department reviewed the survey, deeds, tax documents, and conducted a field inspection. The Department has determined that the subject property is above the ordinary high water mark of the Boise River.

Mianco Limited Partnership will grant the State of Idaho an easement 25 feet in width for a public use right of way along, and adjacent to, the existing ordinary high water line of the Boise River. In addition, Mianco Limited Partnership will also grant the State of Idaho a disclaimer of interest for one parcel of land located below the ordinary high water mark totaling 16.728 acres.

## **Recommendation**

Direct the Department to issue a disclaimer of interest for two parcels totaling 11.08 acres of the former bed of the Boise River, and to require Mianco Limited Partnership to pay the remaining processing fee of \$300 to the Department for this transaction.

## **Board Action**

## **Attachments**

1. Map









## Idaho State Board of Land Commissioners

Brad Little, 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

Dustin T. Miller, Director and Secretary to the Board

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

### Draft Minutes

#### State Board of Land Commissioners Regular Meeting

December 17, 2019

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, December 17, 2019 in the State Capitol, Lincoln Auditorium WW02, 700 W Jefferson Street, Boise, Idaho. The meeting began at 9:00 a.m. The Honorable Secretary of State Lawrence Denney presided. The following members were in attendance:

Honorable Governor Brad Little (*via teleconference*)

Honorable Attorney General Lawrence Wasden

Honorable State Controller Brandon Woolf

Honorable Superintendent of Public Instruction Sherri Ybarra

For the record, all Board members were present, with Governor Little joining via conference call.

Director Miller recognized 20 Department employees, from multiple area offices around the state, who are in Boise participating in a quarterly onboarding event. Attorney General Wasden welcomed everyone.

Director Miller indicated that every December Land Board meeting, the Department presents a video that highlights activities that occurred throughout the year. This year's video was created by Robbie Johnson, one of the Department's public information officers. Director Miller really liked that the video highlights the people on the ground that, day in and day out, allow the Department to meet its mission.

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

##### Endowment Transactions

###### A. Timber Sales – October/November 2019

**Discussion:** None.

###### B. Leases and Permits – October/November 2019

**Discussion:** None.



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

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

**Discussion:** Mr. Anton stated that November was another strong month. The endowment fund was up 2.2% for the month and up 4.5% fiscal year-to-date through November 30. Through December 16, the fund was up 6.1%. Mr. Anton declared that returns on a calendar year basis are pretty spectacular, up 21.8% calendar year-to-date. Mr. Anton said it would be easy to take the view that the glass is half empty; there are plenty of challenges with the global economy, yet the financial markets are looking forward with cautious optimism in saying the glass is half full. There are many good things taking place. The U.S. economy overall has been slowing, struggling in terms of the manufacturing sector, and yet new home sales are picking up. Unemployment is near a 50-year low, the money supply is growing, and there is ample liquidity in the market for businesses and for individuals.

Mr. Anton commented that Germany is in a recession; they have been hurt by the slowdown in China, by some of the Brexit challenges, and by tariff threats from the U.S. in terms of the auto sector. However, the trends are starting to turn; Germany is starting to show improvement and that is what the markets are seeing. Similarly, China has grown at an extremely rapid rate over the last 10 years and in doing so has accumulated a significant amount of debt, particularly in their financial sector. Over the last couple of years their economy has begun to slow as they have tried to restructure their banks and reduce their levels of debt, but China has realized with the tariff wars and some of those discussions that they have to shift gears, so they have moved toward trying to stimulate their economy. Things are starting to improve in China; recent announcements that the U.S. is not imposing tariffs as of December 15, and the U.S. trying to make progress with trade negotiations has also helped China's markets. Mr. Anton observed there is optimism that this long growth cycle is not at an end yet, and that there is still improvement to take place, so the markets have had a nice growth period.

Mr. Anton remarked that reserves are fully funded. At the end of October, there were 6 years of reserves for public schools and 6.8 years or more for all other endowments; a very healthy position. There have been no significant actions by the Investment Board since the last meeting. Mr. Anton noted that EFIB's budget hearing is scheduled on January 31, the same day as the Department of Lands. EFIB's next board meeting is February 13. Mr. Anton mentioned that EFIB typically presents its audit report at the November Land Board meeting; that meeting was cancelled, so EFIB will present the report today. Mr. Anton introduced Paul Niedermuller, a partner with CliftonLarsonAllen. Mr. Anton acknowledged staff at both the Department of Lands and EFIB, thanking Debbie Buck and her team for all of their efforts in preparing the agreed-upon procedures report, and Kathy Van Vactor, Liz Wieneke, and Chris Halvorson for their efforts on the EFIB audit. Mr. Anton then turned the podium over to Gary Mahn, chair of the Land Board audit committee.

- C. Annual Audit

**Discussion:** Mr. Mahn commented that he is chair of the audit committee and affirmed that EFIB had an excellent year, as described by Mr. Anton. Mr. Mahn indicated that it would be best to have Paul Niedermuller, a principal with CliftonLarsonAllen, report on the audit so Board members get a feel for what is going on financially and procedurally.

Mr. Niedermuller stated that CliftonLarsonAllen presented the results of the EFIB and the IDL agreed-upon procedures to the Land Board audit committee on August 15, 2019. The endowment fund financial statements and the audit report were reviewed and accepted by the Land Board audit committee. Each year EFIB commissions an independent audit of the financial results to ensure accurate financial reporting, solid internal controls, and transparency to the stakeholders. The audit committee was pleased with the results and accepted it at that meeting. CliftonLarsonAllen (CLA) has presented three formal reports: an unmodified opinion on the financial statements which represents that the financial statements presented fairly, in all material respects, the financial position of the State of Idaho Endowment Fund as of June 30, 2019 and 2018. Also, in accordance with governmental accounting auditing standards, CLA issued a report of its financial reporting and compliance with certain laws, provisions, regulations, and contracts and found no issues to report. Finally, CLA conducted certain agreed-upon procedures to the Idaho Department of Lands and again had no findings to report. CliftonLarsonAllen is a national firm with a local office here in Boise. CLA values its relationship with the State of Idaho, specifically the Endowment Fund Investment Board. Attorney General Wasden asked Mr. Niedermuller if in his view, and to his knowledge, the Endowment Fund Investment Board, the Department of Lands, all of the people with whom Mr. Niedermuller worked in terms of doing this audit, gave full access and truthful information. Mr. Niedermuller replied that is correct.

**3. Performance Review of Total Endowment** – *Presented by Dustin Miller, Director*

**Discussion:** None.

**Consent—Action Item(s)**

**4. Forest Legacy Project, Hall Mountain-Kootenai Valley: Lefebvre Family** – *Presented by Craig Foss, Division Administrator-Forestry and Fire*

**Recommendation:** Authorize the Idaho Department of Lands to acquire the Kootenai Valley–Lefebvre conservation easement comprising 107 acres.

**Discussion:** Controller Woolf asked if all parties, for the three forest legacy projects today, are in agreement and want to go forward with the projects. Mr. Foss replied yes, the program is entirely voluntary, with willing buyers and willing sellers. Controller Woolf recalled a previous time the Department brought forward conservation easements, that staff mentioned the commitment of public officials in north Idaho, and that the Boundary County commissioners were apprised. Controller Woolf inquired if there are any concerns, comments, or feedback from the county commissioners or any other public officials about supporting these projects. Mr. Foss responded that whenever the Department brings forward a project, staff communicates with all of the different parties and asks them for letters of support. When the Department put this project forward in 2016, it received that support. The Department has experienced other situations where time passes, elected officials change, and staff makes it a point to continue to communicate, particularly with the county commissioners. Commissioners have expressed concerns for projects going forward, but they have indicated that they will continue to support the projects for which the Department has received funding to date. The Department is going to continue to meet with commissioners because there continue to be land owners in Boundary County that are interested in participating in this program. Staff will continue to have dialogue with those folks and will continue to keep the Board apprised of those conversations.

5. **Forest Legacy Project, Hall Mountain-Kootenai Valley: Placer Creek** – *Presented by Craig Foss, Division Administrator-Forestry and Fire*

**Recommendation:** Authorize the Idaho Department of Lands to acquire the Kootenai Valley–Placer Creek conservation easement comprising 95 acres.

**Discussion:** None.

6. **Forest Legacy Project, Hall Mountain-Kootenai Valley: North Bench 9** – *Presented by Craig Foss, Division Administrator-Forestry and Fire*

**Recommendation:** Authorize the Idaho Department of Lands to acquire the Kootenai Valley–North Bench 9 conservation easement comprising 120 acres.

**Discussion:** None.

7. **Approval of Minutes** – October 17, 2019 Regular Meeting (Boise)

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

**Regular—Action Item(s)**

None

**Information**

None

**Executive Session**

None

There being no further business before the Board, at 9:45 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.

# STATE BOARD OF LAND COMMISSIONERS

January 21, 2020

Regular Agenda

## Subject

Idaho Department of Lands Organizational Restructure

## Question Presented

Shall the Board approve the organizational structure changes as proposed and authorize the Department to begin implementation during fiscal year 2020?

## Background

The Land Board reviewed and approved the Idaho Department of Lands' (Department) current organizational structure on February 19, 2013. Organizational structure changes made at that time came after a yearlong review of how to best align the Department to meet the two-fold 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."*

In February 2013, the Department's recommendation included creating an Endowment Division and a Regulatory and Assistance Division within the Department, but this portion of the original recommendation was never implemented due to other priorities, changes in leadership, and potential statutory concerns. Organizing the Department in this fashion has been an ongoing topic of discussion and a goal of the leadership staff for approximately ten years.

Recently, one of the Department's leadership development program capstone teams completed a project that reviewed financial stewardship issues. The capstone team also recommended reorganizing the department's divisions in the manner proposed in 2013.

Upon the conclusion of the capstone project, the executive team renewed its goal of aligning the Department's programs, bureaus, and divisions under its two-pronged mission.

The Department presented proposed organizational structure changes at the May 21, 2019 Land Board meeting. During this meeting, the Governor requested a review of the proposed changes by someone outside of the agency. After the May Land Board meeting, the Governor appointed two individuals to conduct the review.

## Discussion

The Department is recommending a new structure as outlined in the organizational chart in Attachment 1. These changes incorporate recommendations from the Governor's review team and will better align with the agency's mission, systems, budgets, staffing, and strategic goals, as well as create more balanced divisions and workloads. The changes include:

- A new Chief of Policy and Communication position to provide enhanced support to the Director.
- A new Trust Land Management Division comprised of three bureaus: Timber Management (formerly called Forest Management), Technical Services, and Real Estate Services. Endowment leasing functions will be handled under the Real Estate Services Bureau.
- The Oil, Gas and Minerals Division will be comprised of the Oil and Gas Regulatory Program and the Resource Protection and Assistance Bureau which includes the mineral regulatory and public trust programs.
- The Forestry and Fire Division will be comprised of three bureaus: Fire Management, Forestry Assistance, and Good Neighbor Authority.
- The Operations Division remains unchanged.
- The Business Services Division will include Financial and Procurement Services, Human Resources, and Information Technology.

The executive team has worked with the broader group of leaders in the organization to troubleshoot the implementation of this structure to ensure successful creation of the efficiencies and alignment sought. The Department has thoroughly discussed this organizational structure with the Division of Human Resources, the Division of Financial Management, the Office of the Attorney General and external stakeholders to ensure the new structure will be smoothly implemented. The new structure does not require new full-time equivalents (FTEs) or additional appropriation.

Implementation of this new structure would begin in January of 2020 with full budget alignment anticipated by July 1, 2021.

## Recommendation

Approve the new organizational structure as outlined in Attachment 1 and authorize the Department to begin implementation during fiscal year 2020.

## Board Action

## Attachments

1. Proposed Organizational Structure Chart

Idaho Department of Lands  
323.82 FTE

