

State Board of Land Commissioners Open Meeting Checklist

Meeting Date: March 17, 2020

Regular Meetings

2/26/2020	Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) or more calendar days before meeting.
2/26/2020	Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) or more calendar days before meeting.
2/26/2020	Notice of Meeting posted in prominent place at meeting location five (5) or more calendar days before meeting.
2/26/2020	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.
2/26/2020	Notice of Meeting posted electronically on IDL's public website www.idl.idaho.gov five (5) or more calendar days before meeting.
3/12/2020	Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting.
3/12/2020	Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting.
3/12/2020	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
3/12/2020	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
3/12/2020	Agenda posted electronically on IDL's public website www.idl.idaho.gov forty-eight (48) hours before meeting.
12/9/2019	Land Board annual meeting schedule posted – Boise Director's office, Coeur d'Alene staff office, and IDL's public website www.idl.idaho.gov

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 www.idl.idaho.gov 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 www.idl.idaho.gov 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

March 12, 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

NOTICE OF PUBLIC MEETING MARCH 2020

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, March 17, 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).

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.

First Notice Posted: 2/26/2020-IDL Boise; 2/26/2020-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 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

State Board of Land Commissioners Regular Meeting
March 17, 2020 – 9:00 AM (MT)
Final Agenda
Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise

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

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

Trust Land Revenue

- A. Timber Sales – February 2020
- B. Leases and Permits – February 2020

Status Updates

- C. Legislative Summary

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. Timber License Plate Fee Recommendation** – *Presented by Jennifer Okerlund, Director, Idaho Forest Products Commission*
- 4. Results of February 2020 Grazing Live Auctions** – *Staffed by Jason Laney, Program Manager-Grazing, Ag, Conservation*
- 5. Approval of Minutes** – February 18, 2020 Regular Meeting (Boise)

State Board of Land Commissioners
Final Agenda
Regular Meeting – March 17, 2020
Page 1 of 2

Regular—Action Item(s)

None

Information

6. Central Idaho Land Exchange Update – *Presented by Dustin Miller, Director*

Executive Session

None

CANCELLED

State Board of Land Commissioners Open Meeting Checklist

Meeting Date: March 17, 2020

Regular Meetings

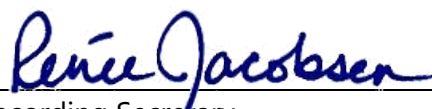
2/26/2020	Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) or more calendar days before meeting.
2/26/2020	Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) or more calendar days before meeting.
2/26/2020	Notice of Meeting posted in prominent place at meeting location five (5) or more calendar days before meeting.
2/26/2020	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.
2/26/2020	Notice of Meeting posted electronically on IDL's public website www.idl.idaho.gov five (5) or more calendar days before meeting.
3/12/2020	Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting.
3/12/2020	Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting.
3/12/2020	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
3/12/2020	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
3/12/2020	Agenda posted electronically on IDL's public website www.idl.idaho.gov forty-eight (48) hours before meeting.
12/9/2019	Land Board annual meeting schedule posted – Boise Director's office, Coeur d'Alene staff office, and IDL's public website www.idl.idaho.gov

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 www.idl.idaho.gov 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 www.idl.idaho.gov 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

March 12, 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

NOTICE OF PUBLIC MEETING MARCH 2020

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, March 17, 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).

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.

First Notice Posted: 2/26/2020-IDL Boise; 2/26/2020-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

State Board of Land Commissioners Regular Meeting

March 17, 2020 – 9:00 AM (MT)

Final Agenda

Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise

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

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

- A. Timber Sales – February 2020
- B. Leases and Permits – February 2020

Status Updates

- C. Legislative Summary

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. Timber License Plate Fee Recommendation – Presented by Jennifer Okerlund, Director, Idaho Forest Products Commission
- 4. Results of February 2020 Grazing Live Auctions – Staffed by Jason Laney, Program Manager-Grazing, Ag, Conservation
- 5. Approval of Minutes – February 18, 2020 Regular Meeting (Boise)

State Board of Land Commissioners
Final Agenda
Regular Meeting – March 17, 2020
Page 1 of 2

Regular—Action Item(s)

None

Information

6. Central Idaho Land Exchange Update – *Presented by Dustin Miller, Director*

Executive Session

None





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

March 17, 2020
Trust Land Revenue

Timber Sales

During February 2020, the Department of Lands sold two endowment timber sales at auction. The endowment net sale value represents a 0.0% up bid over the advertised value. Due to full log yards and no up bid on sales the past two months, the supervisory areas decided to suspend sale auctions until the second quarter to see if prices improve. As a result, no sales were scheduled for auction in March.

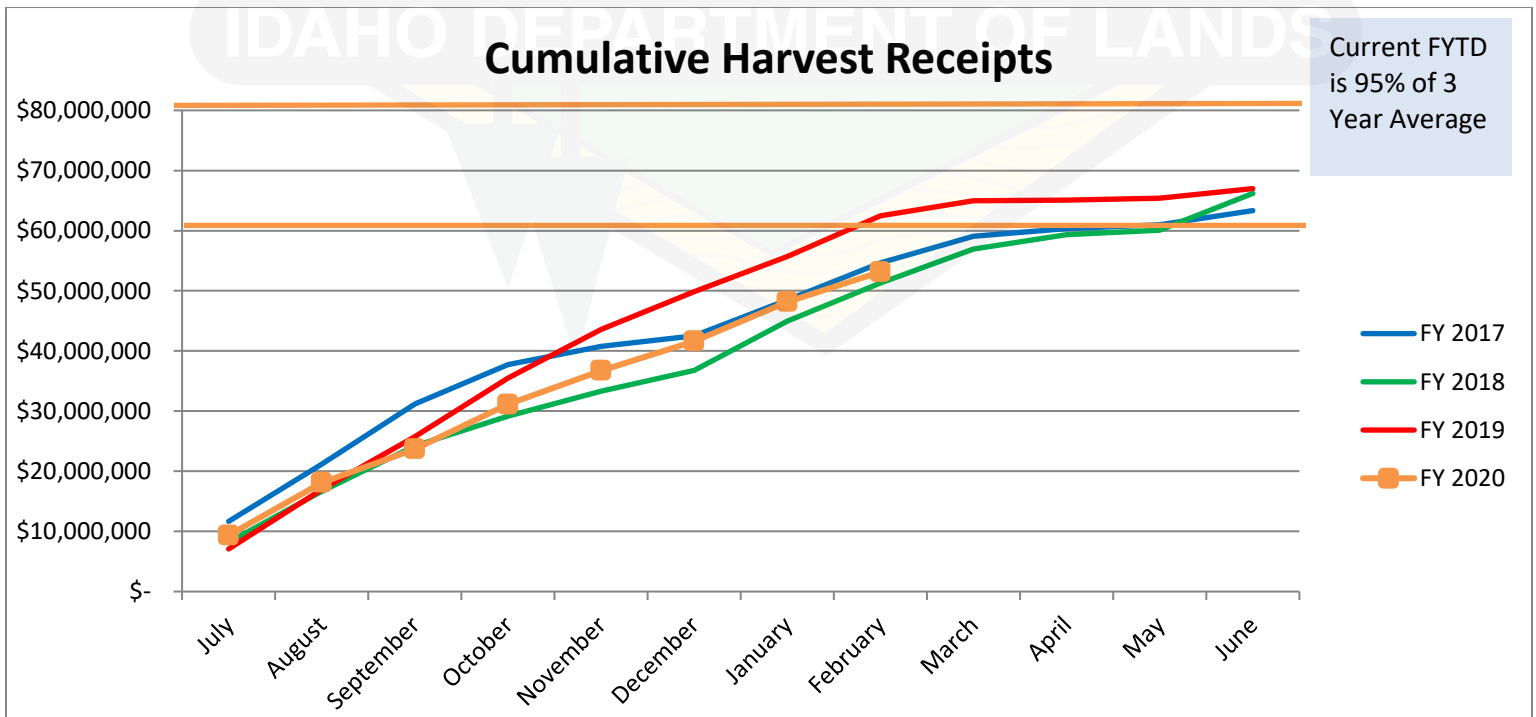
TIMBER SALE AUCTIONS								
Sale Name	Area	Sawlogs MBF	Cedar Prod MBF	Pulp MBF	Appraised Net Value	Sale Net Value	Net \$/MBF	Purchaser
South Boehls	SJ	6,325			\$ 906,047	\$ 906,047.00	\$143.25	Stimson
Scolytus and Rice	MC	1,455			\$ 168,955	\$ 168,955.00	\$116.12	IFG Timber LLC
Endowment		7,780	0	0	\$1,075,002	\$ 1,075,002.00	\$138.18	

PROPOSED TIMBER SALES FOR AUCTION				
Sale Name	Volume MBF	Advertised Net Value	Area	Estimated Auction Date
North Operations				
None	0	0		
South Operations				
None	0	0		

VOLUME UNDER CONTRACT as of February 29, 2020				
	Public School	Pooled	Total	3 Year Avg.
Active Contracts			159	159
Total Residual MBF Equivalent	345,508	195,732	541,240	466,640
Estimated residual value	\$88,360,915	\$52,042,921	\$140,403,836	\$133,612,941
Residual Value (\$/MBF)	\$255.74	\$265.89	\$259.41	\$286.22

	TIMBER HARVEST RECEIPTS									
	February				FY to Date		March Projected			
	Stumpage		Interest		Harvest Receipts		Stumpage		Interest	
Public School	\$	2,209,188.74	\$	342,165.12	\$	34,710,502.07	\$	3,154,104.18	\$	312,904.96
Pooled	\$	2,199,192.97	\$	209,495.63	\$	18,425,260.07	\$	2,108,247.70	\$	220,080.06
General Fund	\$	722.69	\$	61.75	\$	1,263.25	\$	2,552.84	\$	230.37
TOTALS	\$	4,409,104.40	\$	551,722.50	\$	53,137,025.39	\$	5,264,904.72	\$	533,215.39

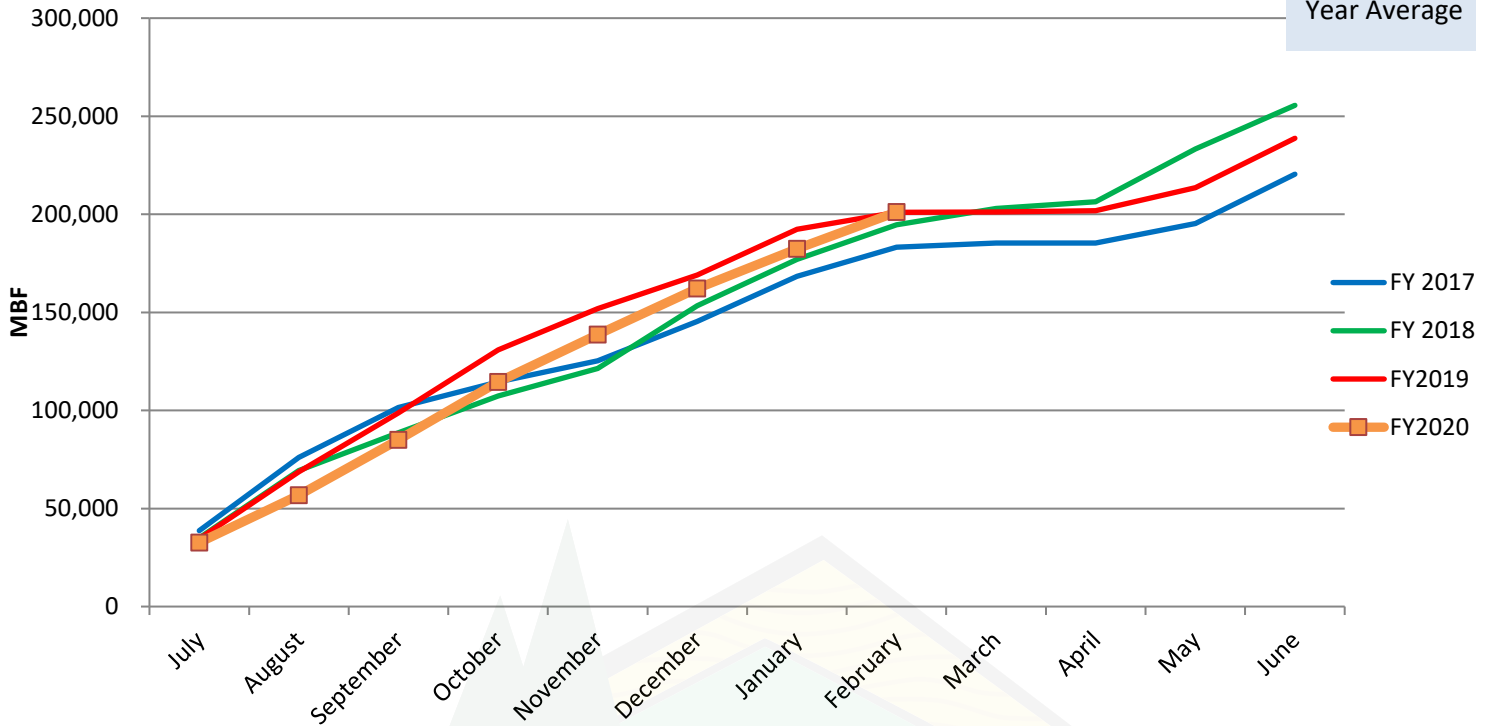
Status of FY 2020 Timber Sale Program							
	MBF Sawlog				Number Poles		
	Public School	Pooled	All Endowments		Public School	Pooled	All Endowments
Sold as of February 29, 2020	98,596	42,954	141,549		2,003	5,650	7,653
Currently Advertised	0	0	0		0	0	0
In Review	37,125	22,941	60,066		4,800	0	4,800
Did Not Sell ¹	0	0	0		0	0	0
TOTALS	135,720	65,894	201,615		6,803	5,650	12,453
FY-2020 Sales Plan			267,395				17,953
Percent to Date			75%				69%



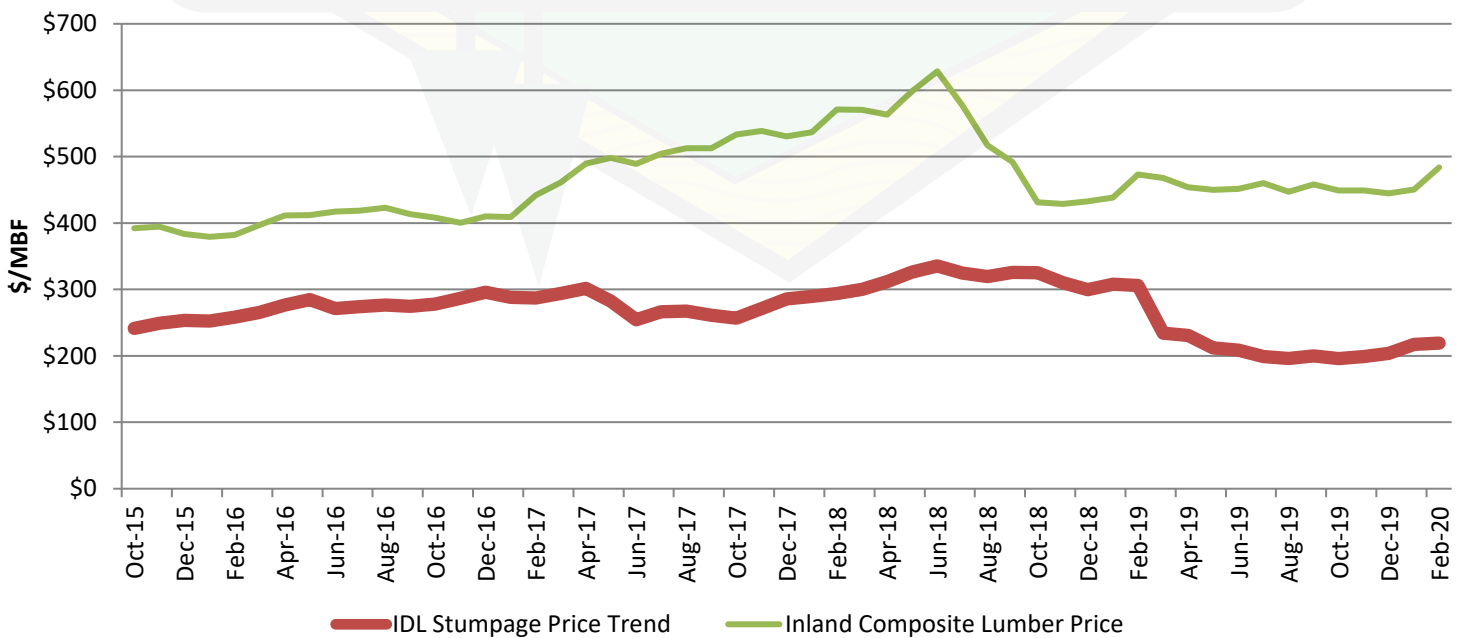
¹ After three attempts at auction.

Cumulative Harvest Volume

Current FYTD
is 104% of 3
Year Average



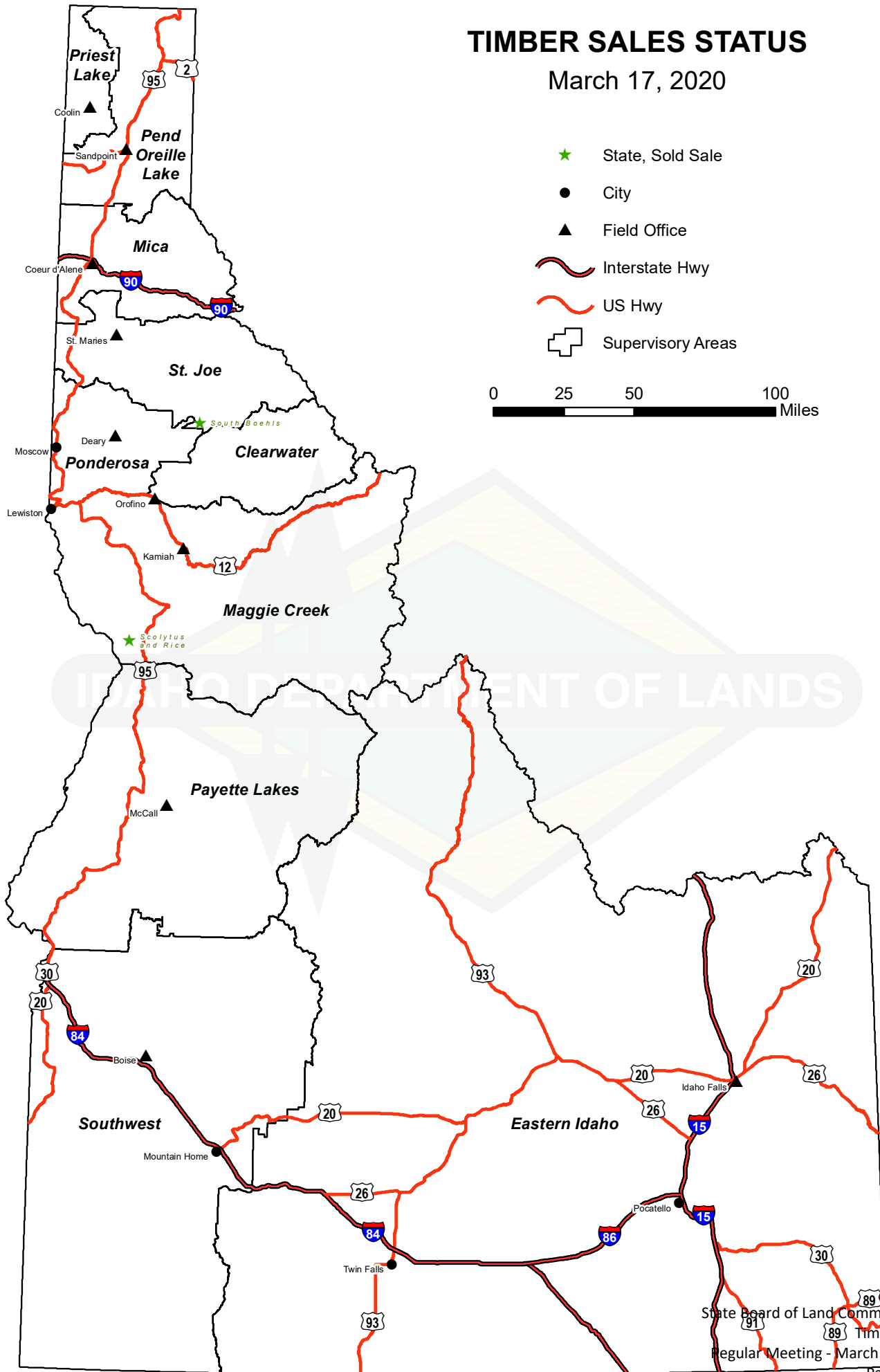
Monthly Lumber and Stumpage Price



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

TIMBER SALES STATUS

March 17, 2020



State Board of Land Commissioners
Timber Sales
Regular Meeting - March 17, 2020

STATE BOARD OF LAND COMMISSIONERS

March 17, 2020
Trust Land Revenue

Leases and Permits

FISCAL YEAR 2020 – LEASING & PERMITTING TRANSACTIONS BY MONTH – through February 29, 2020														
ACTIVITY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	EST	FYTD
SURFACE														
Agriculture	-	-	-	-	-	-	2	-	-	-	-	-	12	2
<i>Assignments</i>	-	-	-	-	-	-	-	1	-	-	-	-	-	1
Communication Sites	-	-	-	-	-	-	-	-	-	-	-	-	5	0
Grazing	-	-	-	-	-	-	37	15	-	-	-	-	142	52
<i>Assignments</i>	2	1	1	2	1	1	6	1	-	-	-	-	-	15
Residential	-	-	-	-	-	-	-	8	-	-	-	-	15	8
<i>Assignments</i>	-	1	1	1	-	-	1	1	-	-	-	-	-	5
COMMERCIAL														
Alternative Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Industrial	-	-	-	-	-	-	-	-	-	-	-	-	1	0
Military	-	-	-	-	-	-	-	-	-	-	-	-	3	0
Office/Retail	-	-	-	-	-	2	-	-	-	-	-	-	4	2
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	4	0
<i>Assignments</i>	-	-	-	-	-	-	1	-	-	-	-	-	-	1
OTHER														
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
PERMITS														
Land Use Permits	14	5	8	9	2	5	2	6	-	-	-	-	NA	51
TOTAL INSTRUMENTS	17	7	10	13	6	8	49	32	-	-	-	-	NA	142

Real Estate

FISCAL YEAR 2020 – REAL ESTATE TRANSACTIONS BY MONTH – through February 29, 2020													
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	1	1	-	-	-	-	38
Deeds Granted - Surplus	-	-	-	-	-	-	-	-	-	-	-	-	0
Easements Acquired	-	1	3	-	-	-	1	2	-	-	-	-	7
Easements Granted	1	1	2	2	-	2	-	1	-	-	-	-	9

As reported in January, a significant number of the re-advertised 2020 leases have been processed. The Department continues to work on getting the leases processed and complete.

One deed was granted in February for the sale of 13.96 acres of grazing land in Custer County. The land was bisected by Highway 75 leaving an approximate 100' x 5,275' strip of endowment land. The strip was also encumbered by numerous easements and highway setbacks. The property was nominated for sale and sold to the adjacent landowner for the appraised value of \$53,746.

The Department acquired an easement for 2,782 linear feet of access to 160 acres of School of Science endowment timberland, at no cost.

Also, a reciprocal easement project with Stimson Lumber resulted in access easements being granted to each other through the 1994 Cooperative Agreement. This is an exchange where the Department acquired 17.05 miles of access and granted 16.05 miles. There are six (6) endowments benefiting from this acquisition: Public Schools, Agricultural College, Charitable Institutions, State Hospital South, University of Idaho, and Capitol Permanent. The benefitting acres accessed are 74,730 acres of Public Schools; 240 acres of Agricultural College; 2,300 acres of Charitable Institutions; 66 acres of State Hospital South; 480 acres of University of Idaho; and 679 acres of Capitol Permanent. Totaling approximately 78,395 acres of permanently accessible endowment lands.

The logo of the Idaho Department of Lands is a large, stylized diamond shape. It features a green mountain peak in the center, with yellow and white horizontal stripes on either side, representing a river or a field. The words "IDAHO DEPARTMENT OF LANDS" are written in white, bold, capital letters across the middle of the diamond.

IDAHO DEPARTMENT OF LANDS

TRUST LAND DIVISION
2020 FYTD GROSS REVENUE - ACTUAL AND FORECASTED
through February 29, 2020

	ACTUAL RECEIPTS AS OF 02.29.2020	REVENUE EXPECTED BY 02.29.2020**	REVENUE EXPECTED BY 06.30.2020
SURFACE			
AGRICULTURE	\$ 337,885	\$ 259,807	\$ 308,786
COMMUNICATION SITES	\$ 918,993	\$ 886,093	\$ 937,019
GRAZING	\$ 651,828	\$ 241,237	\$ 1,818,574
RESIDENTIAL	\$ 1,093,088	\$ 1,324,526	\$ 1,820,796
COMMERCIAL			
COMMERCIAL ENERGY RESOURCES	\$ 19,448	\$ 20,336	\$ 22,812
COMMERCIAL INDUSTRIAL	\$ 125,845	\$ 65,255	\$ 82,308
COMMERCIAL MILITARY	\$ 110,436	\$ 56,742	\$ 139,976
COMMERCIAL OFFICE/RETAIL	\$ 773,703	\$ 821,879	\$ 964,519
COMMERCIAL RECREATION	\$ 385,671	\$ 309,030	\$ 322,031
OTHER			
CONSERVATION LEASES	\$ 180,938	\$ 144,703	\$ 148,078
GEOTHERMAL	\$ -	\$ 3,303	\$ 4,117
MINERAL	\$ 46,888	\$ 57,337	\$ 73,453
NON-COMMERCIAL RECREATION	\$ 91,201	\$ 76,033	\$ 80,496
OIL AND GAS LEASES	\$ 13,133	\$ 13,232	\$ 29,096
Sub Total	\$ 4,749,058	\$ 4,279,513	\$ 6,752,062
*LAND SALES/RECORDS	\$ 298,132	***	
*REAL ESTATE SERVICES	\$ 1,627		
Grand Total	\$ 5,048,817		

* These categories are not included in the annual forecast.

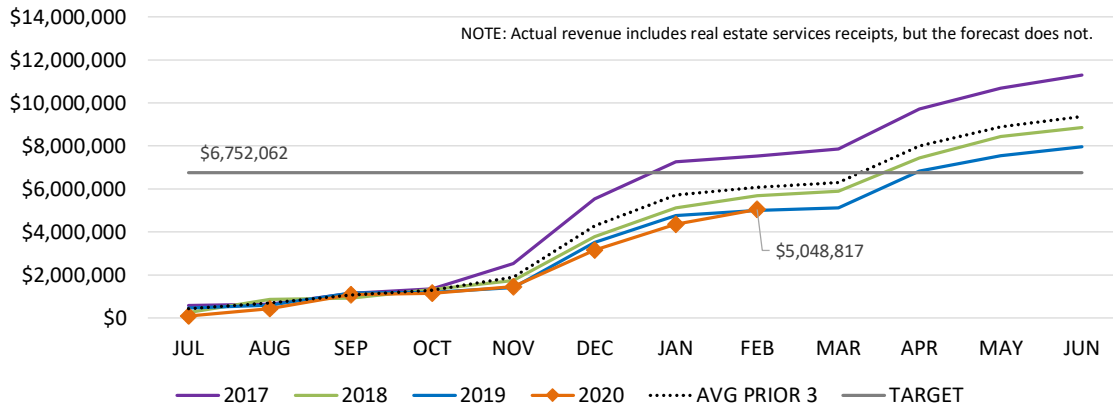
** These figures are based on "normal" timing of revenue/billing throughout the year.

*** \$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.

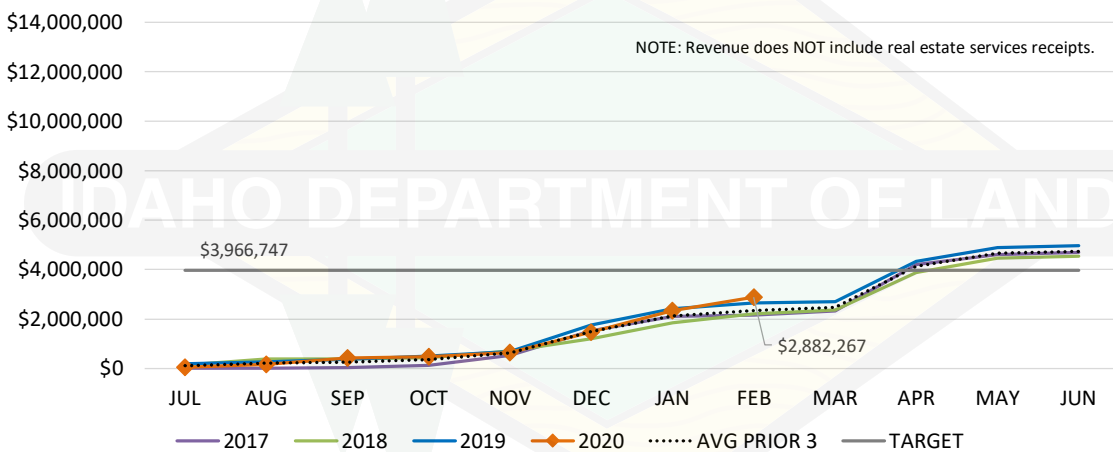
Cumulative Trust Land Program Receipts - Earnings Reserve ALL PROGRAMS FY17 - FYTD20

FYTDTotal is 83%
of 3 Year Average



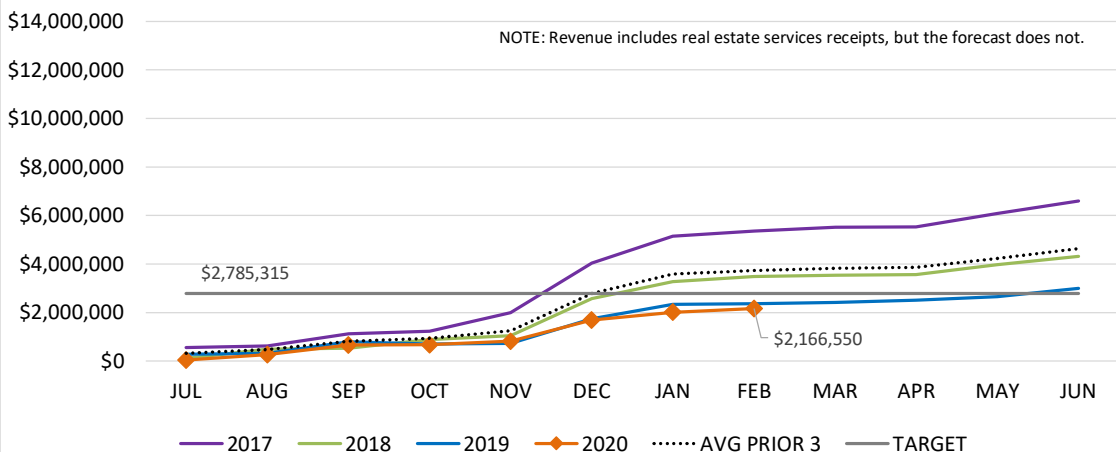
Cumulative Trust Land Program Receipts - Earnings Reserve NO COMMERCIAL RETAIL OR RESIDENTIAL REVENUE* INCLUDED FY17 - FYTD20

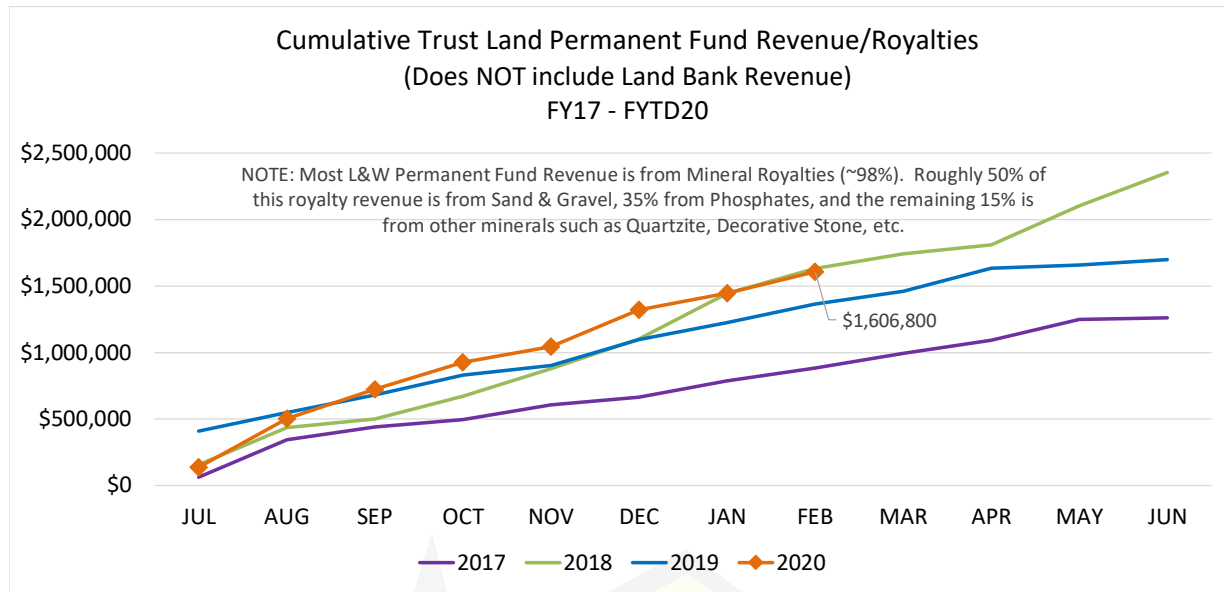
NOTE: Revenue does NOT include real estate services receipts.



Cumulative Trust Land Program Receipts - Earnings Reserve ONLY COMMERCIAL RETAIL AND RESIDENTIAL REVENUE* INCLUDED FY17 - FYTD20

NOTE: Revenue includes real estate services receipts, but the forecast does not.





IDAHO DEPARTMENT OF LANDS

STATE BOARD OF LAND COMMISSIONERS

March 17, 2020
2020 Legislative Summary

Status of legislation monitored by the Department of Lands

IDL Pending Rules

[20-0000-1900 - Omnibus Non-Fee](#)

Status: House Resources and Conservation Committee - Approved; Senate Resources and Environment Committee – Approved.

[20-0000-1900F - Omnibus Fee](#)

Status: House Resources and Conservation Committee – Approved; Senate Resources and Environment Committee – Approved.

[IDAPA 20.03.02](#) – Rules Governing Mined Land Reclamation.

HB 141 required a temporary rule to be in place by August 1, 2019. The purpose of these changes was to more accurately reflect current industry and regulatory practices. Negotiated rulemaking continues for a permanent rule.

Status: House Resources and Conservation Committee – Approved; Senate Resources and Environment Committee – Approved.

[IDAPA 20.03.03](#) – Rules Governing Administration of the Reclamation Fund.

Removes the mandatory requirement that all eligible operators participate in the Reclamation Fund, expands the acreage and reclamation cost liability limits, and allows more operations to use the fund for financial assurance.

Status: House Resources and Conservation Committee – Approved; Senate Resources and Environment Committee – Approved.

[IDAPA 20.03.04](#) – Rules for the Regulation of Beds, Waters, and Airspace Over Navigable Lakes in the State of Idaho.

Allows the fee for encroachment permits to cover the actual processing cost.

Status: House Resources and Conservation Committee – Approved; Senate Resources and Environment Committee – Approved.

IDL Legislation

Budget

[S1390 Appropriations-Department of Lands](#) – Relates to the appropriation to the Department of Lands for fiscal year 2021.

Status: Senate Passed 34-0-1.

[H0536 Appropriations-Endowment Fund Investment Board](#) – Relates to the appropriation to the Endowment Fund Investment Board for fiscal year 2021.

Status: House Passed 69-0-1; Senate Passed 32-0-3.

Other Legislation Being Monitored

Mining

[H0547 Mineral Rights-Leases](#) – Amends existing law to revise provisions regarding work and the lease of certain mineral rights in state lands and to provide the terms and conditions of certain mineral leases.

Status: House Passed 70-0-0; Senate Second Reading.

[HJM011 Itafos Conda](#) – Stating findings of the Legislature, supporting the Itafos Conda project, and requesting that the federal government commit adequate personnel and resources to the project.

Status: House Adopted; Senate Adopted.

[S1216 Cyanidation Facilities](#) – Amends existing law to require permanent closure plans for cyanidation facilities prior to the issuance of permits and to prohibit the construction and operation of a cyanidation facility until the permittee submits proof of financial assurance for its permanent closure plan.

Status: LAW.

Miscellaneous

[H0359 Taxes](#) – Amends existing law to repeal the property tax and to increase the sales tax.

Status: House Ways and Means Committee – pending a hearing.

[H0553 Taxation of Forest Land](#) – Amends and adds to existing law to provide for the assessment and taxation of forest land.

Status: House Passed 49-1-20; Senate Second Reading.

[H0557 Appropriations-Omnibus](#) – Reduces appropriations for fiscal year 2020.

Status: House Passed 56-2-12; Senate Passed 29-1-5.

[H0560 Taxation](#) – Amends existing law to provide for the valuation of agricultural land.

Status: House Passed 67-1-2; Senate Local Government and Taxation Committee – pending a hearing.

[H0617 Idaho Administrative Procedure Act](#) – Amends existing law to revise provisions regarding expiration of administrative rules and to remove provisions regarding expiration of administrative rules.

Status: House State Affairs Committee hearing on March 11, 2020.

[HJR005 Constitutional Amendment](#) – Proposing an amendment to Article 7, Section 4 of the Idaho Constitution to provide for the taxation of public property leased to private entities if authorized by statute.

Status: House Unanimous Consent, returned to House Revenue and Taxation Committee – pending a hearing.

[S1283 Administrative Rules](#) – Amends existing law to provide for a petition for a waiver or variance from an administrative rule.

Status: Senate Passed 32-3-0; House Judiciary, Rules and Administration Committee hearing on March 11, 2020.

[S1311 Exploding Targets](#) – Adds to existing law to provide restrictions.

Status: Senate State Affairs Committee – pending a hearing.

[S1317 Fish and Game](#) – Adds to existing law to prohibit interference with certain lands, highways, and navigable streams.

Status: Senate Resources and Environment Committee – pending a hearing.

[S1344 State Budgets](#) – Amends existing law to revise requirements for reports by state agencies receiving federal funds.

Status: Senate Passed 34-1-0; House Passed 61-6-3.

[S1363aa Idaho Administrative Procedure Act](#) – Amends and adds to existing law to revise procedures for contested cases and hearing officers.

Status: Senate Failed 15-19-1.

[S1368 Idaho Roadless Rule](#) – Amends existing law to revise provisions regarding the Idaho Roadless Rule Implementation Commission.

Status: Senate Passed 34-1-0; House Resources and Conservation Committee hearing on March 11, 2020.

[S1372 Fire Protection Districts](#) - Adds to existing law to provide for the division of a fire protection district and to provide for elections for division of a district.

Status: Senate Passed 30-2-3; House State Affairs Committee – pending a hearing.

[SCR134 Interim Committee on Property Tax](#) – Stating findings of the Legislature and authorizing a legislative interim study committee on property taxes.

Status: Senate Adopted 34-0-1; House Third Reading.



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 February 29, 2020

Month: -4.8% Fiscal year: 1.6%

In late January the world began to learn about the coronavirus (COVID-19) that originated in Hubei province in China. Financial markets sold off modestly in late January as China imposed strict quarantines and their economy began to slow, but rebounded through the middle of February as investors essentially disregarded the risks associated with the virus. Through the market's peak on February 19th the endowment fund was up 9.8% fiscal year-to-date. As cases of the virus were identified in Japan, South Korea, Italy, Iran and the United States fears grew that the virus could spread to the rest of the world and bring the global economy to a halt. To date 109,000 cases have been identified and the death toll now exceeds 3,800. Cases have been identified in 85 countries. Given a fatality rate of around 2%, some have estimated that under an extreme case scenario the number of deaths could approach 20 million world-wide, which would be a tragic loss of life and certainly result in a global recession. The OECD expects global growth this year to be the slowest since 2009. To complicate matters further, OPEC met to consider reducing oil production in response to softening demand for oil due to coronavirus induced travel restrictions. They were unable to reach an agreement due to dissension from Russia, and Saudi Arabia responded by cutting oil prices dramatically. Oil prices dropped from around \$50 to \$34 per barrel in two days. The price cuts place significant stress on U.S. oil producers because our production costs are considerably higher than those of Saudi Arabia. Oil price reductions will place considerable pressure on the profit margins of oil producers and could make debt service very difficult. As these issues have unfolded over the last couple of weeks, the financial markets experienced the sharpest correction in history. Major equity indices are down 19% since February 19th and the yields on U.S. Treasury bonds are at all-time lows (dipped below 0.5% on the 10 year and 0.9% on the 30 year).

Governments around the world are working to contain the virus and last week the Fed cut interest rates 0.5% to boost the economy and strengthen household and business confidence. The Fed meets again next week and will likely cut interest rates further, but monetary policy cannot repair supply chains or cause anxious people to venture out. It is difficult at this time to predict where we are headed. One can only hope that we are close to finding a bottom and that we will experience a rapid recovery like we did with both

SARS and the swine flu (S1N1 virus). Only time will tell if these are short-lived events or this marks the beginning of a more difficult time for the global economy.

Through March 9, 2020, the endowment fund was down 3.4% fiscal year-to-date as reflected in the attached file. Fixed income and real estate have had positive returns which has helped soften the blow in the equity markets.

Status of endowment fund reserves

Distributions for FY2020 and FY2021 are well secured. Estimated reserves as of January 2020, were 6.3 years for public schools and 6.9 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

EFIB Board Meeting – May 19th

Preliminary Report (Land Grant Fund, excluding accruals)

February 29, 2020

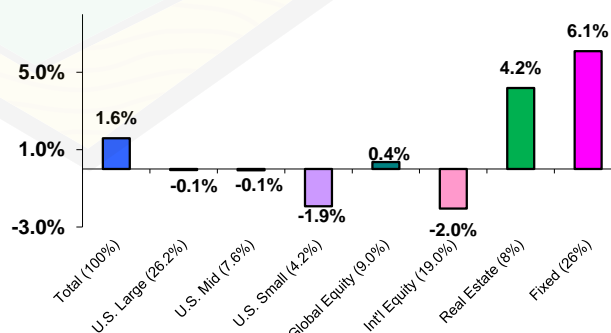
	Month	FYTD
Beginning Value of Fund	\$ 2,461,898,842	\$ 2,318,780,865
Distributions to Beneficiaries	(6,743,167)	(53,945,336)
Land Revenue net of IDL Expenses	5,840,196	60,084,612
Change in Market Value net of Investment Mgt. Expenses	(123,514,939)	12,560,791
Current Value of Fund	\$ 2,337,480,932	\$ 2,337,480,932

	Current Month	Calendar Y-T-D	Fiscal Y-T-D	One Year	Three Year	Five Year	Ten Year
Gross Returns							
Total Fund	-4.8%	-5.0%	1.6%	7.0%	7.7%	6.1%	8.9%
Total Fund Benchmark*	-4.9%	-5.0%	1.5%	6.5%	6.9%	5.8%	8.3%
Total Fixed	1.3%	3.3%	6.1%	11.6%	5.0%	3.5%	3.9%
85% BB Agg, 15% TIPS	1.7%	3.7%	6.2%	11.5%	4.9%	3.5%	3.9%
Total Equity	-7.6%	-8.8%	-0.7%	4.9%	8.4%	6.8%	10.5%
38% R3 19% Ax 9% AC	-8.1%	-9.0%	-0.6%	4.3%	7.4%	6.6%	9.9%
Domestic Equity	-8.0%	-8.7%	-0.3%	4.2%	9.1%	8.3%	12.8%
Russell 3000 (R3)	-8.2%	-8.3%	1.2%	6.9%	9.3%	8.7%	12.5%
Global Equity	-6.8%	-6.9%	0.4%	8.1%	8.5%	5.3%	
MSCI ACWI (AC)	-8.1%	-9.1%	-1.0%	3.9%	7.0%	5.5%	
Int'l. Equity	-7.3%	-9.7%	-2.0%	5.0%	7.6%	4.1%	5.4%
MSCI ACWI ex-US (Ax)	-7.9%	-10.4%	-4.1%	-0.7%	4.2%	2.2%	4.3%
Real Estate			4.2%	5.7%	6.8%		
				4.6%	6.3%		

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

	Mkt Value (\$M)	Allocation
Domestic Equity	\$ 874.4	37.4%
Large Cap	591.6	25.3%
Mid Cap	179.7	7.7%
Small Cap	103.2	4.4%
Global Equity	211.4	9.0%
Int'l Equity	432.7	18.5%
Fixed Income	605.2	25.9%
Real Estate	196.5	8.4%
Cash	17.3	0.7%
Total Fund	\$ 2,337.5	100.0%

Fiscal YTD Returns by Asset Class



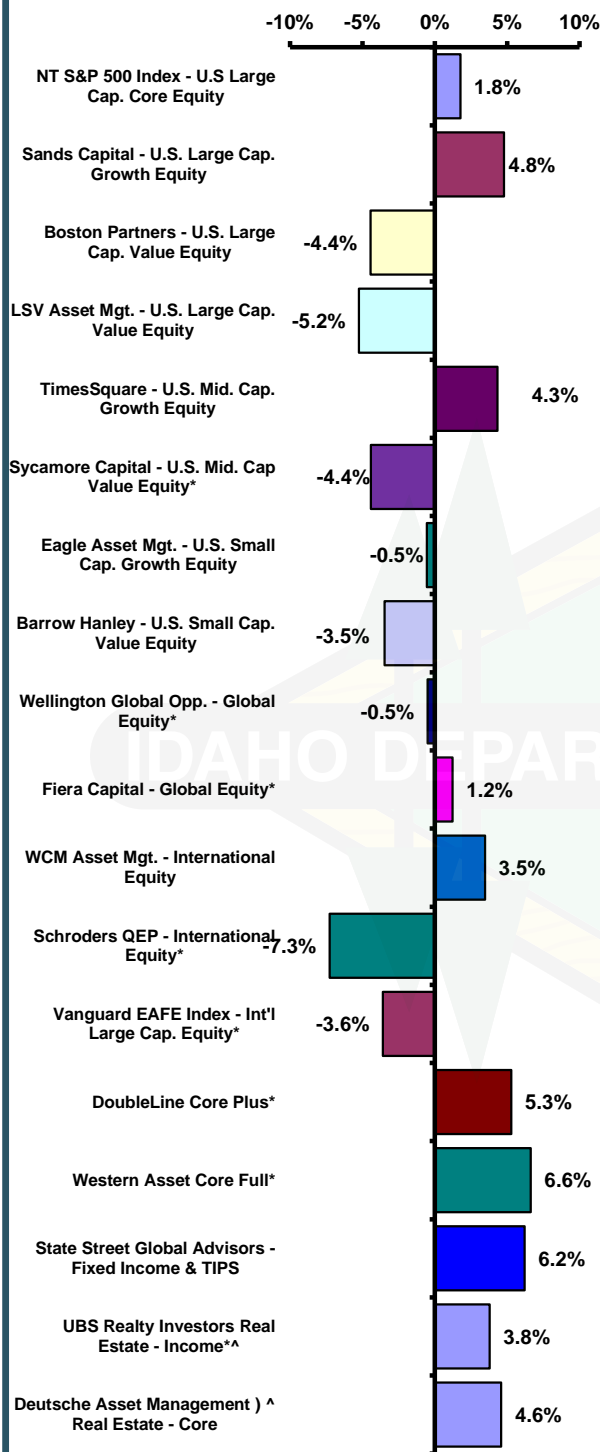
Endowment Fund Staff Comments:

Financial markets largely ignored the risk of the coronavirus (COVID-19) through February 19th, but experienced the sharpest correction in history over the next nine days (approximately 15%) as fears grew that virus would spread to the rest of the world and bring global economic growth to a halt. It is too early to predict the duration and magnitude of the impact from the virus. Should this become a full-blown pandemic, a fatality rate of 2% could lead to 20 million deaths world-wide. This extreme case would most certainly result in a global recession. China's efforts, however, have demonstrated that quarantines are effective as Hubei province has seen a significant drop in new infections. Governments around the world are working to contain the virus and the Fed cut interest rates 0.5% to boost the economy and strengthen household and business confidence. One can only hope that as the infection rates peak and begin to decline, financial markets will rebound as they did after both the SARS and H1N1 (swine flu) outbreaks.

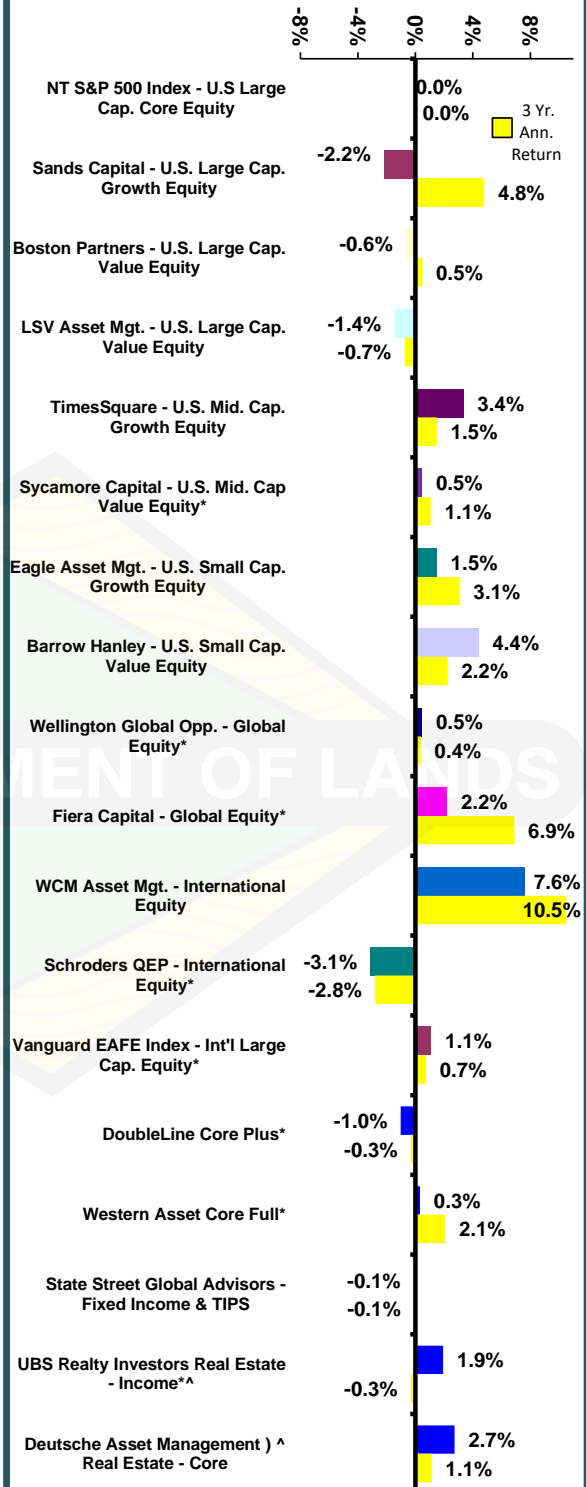
February 29, 2020

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

March 17, 2020

Consent Agenda

Subject

Timber License Plate Fee Recommendations

Question Presented

Shall the Board direct the Department to proceed with the recommended educational projects developed with the Idaho Forest Products Commission?

Background

Idaho's timber license plate is established in Idaho Code § 49-417A, and has been available since 1997. Twenty-five dollars of each initial fee and fifteen dollars of each renewal fee are deposited in the Idaho Department of Lands fund for reforestation activities or for education. Educational efforts must help build public understanding of reforestation or the management and conservation of forest resources on public and private lands in Idaho. Such funds are to be expended as agreed by the State Board of Land Commissioners upon recommendations developed jointly by the Idaho Department of Lands (IDL) and the Idaho Forest Products Commission (IFPC).

Discussion

In calendar year 2019, a total of 2,590 timber plates were sold, transferred or renewed. As of March 2, 2020, a total of \$42,115 unobligated funds is in this account. The Department and Idaho Forest Products Commission have jointly agreed on a plan to expend \$50,000 on educational efforts for calendar year 2020 (Attachment 1). Fees from new and renewal license plates continue to accrue monthly and the Department anticipates \$50,000 will be in place by the time those funds are needed. Funds will only be withdrawn if available.

Recommendation

Direct the Department to proceed with the recommended educational projects developed jointly with the Idaho Forest Products Commission.

Board Action

Attachments

1. IDL/IFPC Recommendations



Post office Box 855
Boise, Idaho 83701
Tel: (208) 334-3292
Toll Free: 800-ID-WOODS
Edu. (208) 334-4061
Fax (208) 334-3449
email: ifpc@idahoforests.org
plt@idahoforests.org
www.idahoforests.org

**IDAHO FOREST
PRODUCTS
COMMISSION**

TO: State Board of Land Commissioners

David Gabrielsen
District 1 - (208) 660-3701

FROM: Jennifer Okerlund - Director, Idaho Forest Products Commission
Dustin Miller – Director, Idaho Department of Lands

Jack A. Buell
District 2 - (208) 245-2501

RE: Timber License Plate Fee Recommendations

Jesse D. Short
District 3 - (208) 848-2301

Mark Mahon
District 4 - (208) 741-9067

Idaho's Timber License Plate has been available since 1997. In the year 2019, a total of 2,590 timber plates were sold, transferred or renewed. Twenty-five dollars of each initial fee and fifteen dollars of each renewal fee are available for educational efforts or reforestation activities.

Trevor Stone
At-Large - (208) 748-2038

Jennifer Okerlund
Director

The following list of educational projects is recommended by the Idaho Forest Products Commission and the Idaho Department of Lands to be supported by Timber License Plate fees as authorized in Section 49-417A, Idaho Code:

Michelle Youngquist
Education Coordinator

1. Arbor Day Billboard Campaign

Background: Arbor Day is a special holiday set aside to appreciate and plant trees. This project would provide an educational statewide billboard campaign in conjunction with the Arbor Day celebration. The billboards would target the general public with a positive message about Idaho forests. This campaign would be part of a statewide Arbor Day 2020 project.

Plate Fees: \$ 17,000

Total Project Estimated Costs: \$ 27,000

2. Seedlings

Background:

This project would provide 20,000 seedlings for the Arbor Day 2020 celebration and educational expos. The seedlings are grown at the University of Idaho and packaged with information about reforestation and an educational brochure with information about Arbor Day and Idaho's forests will also accompany seedlings. The seedlings would be available throughout the state at various points of distribution.

Amount Requested from Timber Plate Fees: \$ 4,500

Total Project Estimated Costs: \$ 13,750

(Over)

3. Arbor Day 2020

Background: Each year the last Friday in April is designed as Arbor Day, a special holiday celebrating trees. The Arbor Day 2020 project includes promotional materials, brochures and posters with information about Idaho's forests and reforestation, a seedling give-away, television and radio public service announcements, social media postings, a special Arbor Day t-shirt and event at the statehouse on Arbor Day. There will also be programs for Idaho educators focusing on the many things renewable trees bring to our lives and need for good forest stewardship, management and reforestation.

Amount Requested from Timber Plate Fees:	\$ 2,000
Total Project Estimated Costs:	\$ 10,500

4. Arbor Day Photo Contest

Background: In 2011, IFPC began a statewide photo contest providing an opportunity for Idaho students to engage in Arbor Day and consider the role trees as a renewable resource play in their daily lives. The project has been a true success with hundreds of 5th to 12th grade students participating each year. The contest was developed with input from the Idaho Department of Education and asks students to show what they see when they "Look to the Forest" through a photograph and to describe their work in an artist statement. Cash prizes are awarded to the winners of three age categories. One grand prize is honored at the state Arbor Day Celebration. Winning photos are used to promote Arbor Day and forest education in Idaho.

Amount Requested from Timber Plate Fees:	\$ 500
Total Project Estimated Costs:	\$ 1,000

5. Arbor Day Tree Planting Effort

Background: Attached

Amount Requested from Timber Plate Fees:	\$ 2,000
Total Project Estimated Costs:	\$ 2,000

6. Teachers= Sustainable Forest Tour

Background: This project brings provides forty-three educators with an exceptional hands-on opportunity to learn about sustainable forest management and the forest products industry during a 4-day forest tour. Its goal is to provide an opportunity for educators to talk directly with the people that grow, manage, harvest and process trees into useful wood products as well as the managers who care for the air, water, soil, fish and wildlife. The 2020 Sustainable Forest Tour is scheduled for June 22-26.

Amount Requested from Timber Plate Fees:	\$ 1,500
Total Project Estimated Costs:	\$ 45,000

(Over)

7. Forest Tour

Background: This project provides an on-the-ground educational opportunity for Idaho leaders to learn about the forests of Idaho and gain a first-hand understanding of forest management. In the past, *Miracle at Work Forest Tours* have been conducted in central and north Idaho and feature private, state and federal forest managers and resource professionals.

Amount Requested from Timber Plate Fees:	\$ 2,500
Total Project Estimated Costs:	\$ 24,000

8. Project Learning Tree

Background: Project Learning Tree is a nation-wide, award winning environmental education program. PLT is based on the principles of teaching youths how to think, not what to think@ and preparing students to make wise decisions about resource use and conservation. Since 1994, over 9,600 teachers have participated in PLT workshops with the potential to reach thousands of Idaho students *each* year.

Amount Requested from Timber Plate Fees:	\$ 20,000
Total Project Estimated Costs:	\$ 150,000

Total License Fee Appropriation Request	<u>\$ 50,000</u>
--	-------------------------



Coeur d'Alene Staff Headquarters

3284 W. Industrial Loop, Coeur d'Alene, ID 83815

Telephone: Michael Beaudoin - (208) 666-8621

Joyce S. Jowdy - (208) 666-8622

Fax No. (208) 769-1524

Memorandum

TO: Dustin T. Miller, Director, IDL
Jennifer Okerlund, Director, IFPC

FROM: Michael Beaudoin, UCF Program Manager *MB*

SUBJECT: Arbor Day Funding Request

DATE: February 5, 2020

CC: Craig Foss, Forestry & Fire Division Administrator and Ara Andrea, Chief Forestry Assistance Bureau

I am writing to request \$2,000 from the Idaho Timber Special License Plates program to assist Idaho Department of Lands area offices in promoting tree planting on public and private lands in and around Idaho communities. This funding request is for FY 2020, as Timber license plate funds are available.

The Department of Lands will use the \$2,000 to encourage IDL area field offices to help communities plan and conduct local Arbor Day celebrations. A similar project conducted in the spring of 2019 received outstanding support from IDL field offices and the communities they assisted. Funds were used to purchase trees, Arbor Day T-shirts, and other educational materials for communities throughout Idaho.

The Arbor Day project provided many opportunities for partnerships between urban and rural forestry interests. IDL foresters worked with local governments, schools, service clubs, businesses, USFS offices, and forest products companies to plan and conduct local celebrations.

Thank you for your consideration of this request. I will be glad to provide additional information as needed, and look forward to your response.

STATE BOARD OF LAND COMMISSIONERS

March 17, 2020

Consent Agenda

Subject

Results of February 2020 Grazing Lease Live Auctions

Question Presented

Shall the Board direct the Department to award grazing leases to the highest bidders at the live auctions?

Background

During the open application period for grazing leases G430031 and G430029, the Idaho Department of Lands (Department) received three applications for each of the expiring grazing leases. In accordance with IDAPA 20.03.14.105.01, when two or more eligible applicants apply to lease the same state endowment trust land, the Department shall hold a live auction. Department staff conducted the live auctions and determined the highest bidders for each of the leases in accordance with existing statutes, rules, and procedures.

Discussion

Two live auctions were held in the Maggie Creek Supervisory Area office on February 19, 2020. The premium bid for the auction of lease G430031 was \$77,000 and the premium bid for lease G430029 was \$351. Both grazing leases are offered on 10-year terms. Attachment 1 is a summary of the results of the live auctions. The Department informed all auction participants they had 20 days from the date of the auction to file an appeal with the State Board of Land Commissioners (Land Board). The 20-day appeal period has expired, and no appeals were received by the Department.

According to IDAPA 20.03.14.106, a review and approval of live auction results by the Land Board is required prior to lease issuance. Idaho Code § 58-310(4) provides that the Land Board has the right to reject any and all bids made at the live auctions when there has been fraud or collusion, or for any reason, which in the judgment of the Land Board justifies the rejection of the bids. The Department completed the lease auction process in accordance with existing statutes, rules, and procedures and did not observe any indication of fraud or collusion related to this process.

Recommendation

Direct the Department to award grazing leases to Whitebird Grazing Association (G430031) and Janet and Jason Klement (G430029).

Board Action

Attachments

1. Summary of February 2020 Grazing Live Auctions



Summary of February 2020 Grazing Live Auctions

Supervisory Area	Lease Number	Endowment	Lease Term (Years)	AUMs	Acres	Improvement Value	# of Participants	# of Bids	High Bid Amount	High Bid per Year, per AUM	Effective 2020 AUM Rate*	High Bidder
Maggie Creek	G430031	PS	10	803	9,269	\$27,640.00	3	33	\$77,000.00	\$9.59	\$16.91	Whitebird Grazing Association
Maggie Creek	G430029	PS	10	100	1,392	\$0.00	3	3	\$351.00	\$0.35	\$7.67	Janet and Jason Klement

Total : \$77,351.00

* Effective 2020 AUM Rate is calculated by adding the 2020 AUM Rate (\$7.32) and the High Bid per Year, per AUM.

2020: 8%, or 13 out of 168, expiring grazing leases were conflicted

Historical Average: 5% of expiring grazing leases are conflicted

IDAHO DEPARTMENT OF LANDS



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

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

February 18, 2020

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, February 18, 2020 in the Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise, Idaho. The meeting began at 9:00 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Governor Brad Little
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, all Board members were present.

1. Department Report – Presented by Dustin Miller, Director

Endowment Transactions

A. Timber Sales – January 2020

Discussion: Governor Little asked if the Department is forecast to be \$7 million below timber receipts from last year. Deputy Director Bill Haagenon said yes, the Department expects to be a bit below last year based on current figures. The two orange lines on the graph represent the potential low and high values for the forecast. The Department expects to be within that range, but behind last year. Governor Little asked if that is based on the new timber policy [Forest Asset Management Plan] that the Board adopted. There will not be yield off that increase this fiscal year, but there will be increase in outgoing years. Mr. Haagenon replied that is correct; it is a four-year ramp-up to the new volume level. The volume will start to increase beginning with fiscal year 2021. Governor Little noted that if the Department meets the minimum level it will be \$7 million short, but if it meets maximum level that could be as much as \$10 million more. Governor Little observed the fiscal year is half over and the Department should have a good idea which it will be. Mr. Haagenon indicated the Department will likely be closer to the low end of the range than to the high

end. Governor Little inquired if the Department is embedding that \$7 million shortage expectation in projections and return numbers, in conjunction with EFIB and budget staff. Mr. Haagenson replied that the Department does communicate the low end and high end of the forecast with EFIB; typically, EFIB bases assumption on the low end of the forecast.

B. Leases and Permits – January 2020

Discussion: None.

Status Updates

C. Legislative Summary

Discussion: Controller Woolf asked about direct sales; is that included in a rulemaking or legislation? Director Miller replied that direct sales, or delivered product sales, is currently a pilot program. Funding is being requested in the Department's budget for the next fiscal year, \$500,000, for a pilot program to determine whether offering the delivered product sales is going to be an additional revenue generator for the Department. In other states, Montana in particular, between 10-20% additional revenue has been generated through a delivered product sales program. This is just a pilot program; if that half million-dollar portion of the budget is approved for next fiscal year, the Department will evaluate moving forward.

Governor Little referred to the constitutional amendment and inquired if the Department has any leases that are triple net. How will that impact the Land Board's constitutional obligation on a high valued piece of property, for example, if a lessee did not anticipate paying taxes and suddenly, the lessee starts paying 1 or 2% property taxes on it. Does the Department's real estate division have a fiscal note impact as that constitutional amendment makes its way through the process? Director Miller responded that the Department has not discussed the proposed amendment in detail. If this constitutional amendment moves forward, Department staff will work with the Attorney General's office in addressing that issue. Governor Little suggested that the Department be prepared.

D. Resource Protection and Assistance Bureau Update

Discussion: Governor Little asked if the revenue number [page 2, last paragraph] is a 40% variation from normal. Mr. Thomas said yes. The Department is working with the Attorney General's office to update language in the lease templates and get submerged land leases back into effect.

Controller Woolf mentioned that many constituents that live on the Spokane River contact him about the buoys and wakes on the river. Is the Department continuing to work with the Kootenai County Sheriff's office and residents regarding the buoys on the river? Mr. Thomas said the buoy activity is much improved from 18-24 months ago. The Department found only four unpermitted buoys during an inspection in 2019. Two years ago, a significant number of buoys were discovered. That comes down to enforcement, working with Kootenai County authorities to ensure everyone knows the rules about where buoys may be placed. The Department enforces the law as it is written; there has been much better compliance with the whole population on the river.

Governor Little inquired about delinquencies on the bond assurance fund; there were payments due on November 1, 2019. Mr. Eric Wilson responded that the billing was sent last fall, with a November 1 due date. Mr. Wilson offered to provide information about delinquencies following the meeting.

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 recalled that prior to the last Land Board meeting, the portfolio was up about 9.9%. In late January, however, the market sold out sharply as the world learned of the coronavirus and became concerned that China would be closed off to world trade and affect the global economy. At the end of the month, the fund was down 0.2% for the month of January and the portfolio was up 6.6% fiscal year-to-date. Uncertainty over the virus, which has now affected more than 71,000 people and resulted in over 1800 deaths, has disrupted world trade, affected supply chains, depressed asset prices, and forced multinational companies to make tough decisions about how to operate in China with little information. The U.S. and Europe have both blocked visitors from returning to the country and have oftentimes held them in quarantine. OPEC¹ has called a meeting to scale back production because of soft demand for oil. Fortunately, financial markets over the last week or two have concluded that this is temporary, that for the most part the impact to the market should be the next quarter or two. Through the close of markets yesterday, the fund was up 9.7%.

Mr. Anton indicated that earnings reserves were fully funded as of the end of December: 6.3 years for public schools and 6.9 years or more for all the other funds. The Investment Board met last Thursday and approved, as temporary, EFIB's fee rule for the credit enhancement program for public schools should the legislature elect to adjourn without approving the rules. The Investment Board reviewed the status progress of Callan's effort to review the State Insurance Fund (SIF) portfolio, and at its May meeting plans to update the investment policy and make changes to the SIF portfolio. The Investment Board also looked at the performance of the endowment fund for the last calendar year; the fund ranked in the top 5th percentile of all public funds in the last calendar year. EFIB had its budget setting meeting with JFAC and the budget was approved.

Governor Little remarked that the international fund manager is knocking the cover off the ball. Mr. Anton agreed that WCM is really good; it is not often a manager is 6% above benchmark. Governor Little added particularly in a volatile market.

Consent—Action Item(s)

3. Approval of Minutes – January 21, 2020 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.

¹ Organization of the Petroleum Exporting Countries

Regular—Action Item(s)

4. Omnibus Rulemaking – Adoption of Temporary Rules – Presented by Dustin Miller, Director

Recommendation: Adopt as conditional temporary rules all of the Department's temporary and pending rules, as set forth in Attachment 2. The rules will become effective only if the temporary and pending rules are not otherwise approved or rejected by the 2020 Idaho Legislature and/or not extended pursuant to the Idaho Administrative Procedure Act.

Discussion: None.

Board Action: A motion was made by Attorney General Wasden to adopt the rules identified in Attachment 2 of the Department's memo as temporary rules to be effective *sine die* of the 2020 session of the Idaho Legislature. This approval and adoption is conditional and will only become effective if the rules previously adopted by this Board as final rules and currently pending before the Idaho Legislature are not otherwise effective upon *sine die* pursuant to Idaho Code § 67-5291 and § 67-5292. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

At 9:30 a.m. a motion was made by Attorney General Wasden to resolve into Executive Session pursuant to Idaho Code § 74-206(1)(f) to communicate with legal counsel for the Land Board to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. Attorney General Wasden requested that a roll call vote be taken and that the Secretary record the vote in the minutes of the meeting. Controller Woolf seconded the motion. *Roll Call Vote:* Aye: Denney, Wasden, Woolf, Ybarra, Little; Nay: None; Absent: None.

Executive Session

- A. Idaho Code § 74-206(1)(f) – to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. [TOPIC: GNA Timber Sale]
- B. Idaho Code § 74-206(1)(f) – to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. [TOPIC: Recommended Order]

At 10:06 a.m., a motion was made by Attorney General Wasden that the Board resolve out of Executive Session. Attorney General Wasden requested that the official minutes of the meeting reflect that no action was taken by the Board during the Executive Session. Attorney General Wasden asked for an opportunity to make a statement for the record after his motion was considered. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

For the record, Attorney General Wasden stated that during the Executive Session, the Board had a discussion on the Hanna Flats GNA² litigation. The Department advised the Board that it is planning on participating in that litigation by filing an amicus brief. Attorney General noted that a decision was not required of the Board, and the Board took no action during Executive Session.

² Good Neighbor Authority

Regular—Action Item(s)

5. **Review Recommended Decision and Order – Sharlie-Grouse Neighborhood Association v. State Board of Land Commissioners** – *Presented by Becky Ophus, Section Chief-Fair Hearings Unit, Office of the Attorney General*

Discussion: None.

Board Action: A motion was made by Attorney General Wasden that the Land Board issue a final order, without modification, that was recommended by the hearing officer, former Justice Jim Jones. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

Information

None

There being no further business before the Board, at 10:07 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.

IDAHO DEPARTMENT OF LANDS

STATE BOARD OF LAND COMMISSIONERS

March 17, 2020
Information Agenda

Subject

Central Idaho Land Exchange Update

Background

More than 10 years ago, Western Pacific Timberland (WPT) proposed exchanging WPT's Upper Lochsa lands (~39,000 acres) for U.S. Forest Service (USFS) lands scattered across several Idaho counties. This exchange proposal met with significant opposition from various groups and ultimately failed. Other efforts were made to seek a federal appropriation or pursue conservation buyers to purchase the WPT lands and transfer them to USFS ownership. These efforts also ran into various roadblocks.

Following these efforts, and upon approval of the Land Board's Strategic Reinvestment Plan in 2016, several groups contacted the Department to explore options about facilitating a possible exchange of WPT and USFS lands. At the February 21, 2017 Land Board meeting, the Department provided an update on reinvestment efforts, which included an evaluation of federal timberlands for a possible acquisition or exchange with the Department.

In the fall of 2017, the Department completed an initial evaluation of the original 60,000 acres of federal land that was scoped in the failed WPT land exchange and found that approximately 37,000 acres met the Department's initial evaluation criteria (i.e. – adjacency, productivity, access, distance to markets, etc.) for possible acquisition or exchange.

After completing this initial evaluation, the Department met with several interest groups to discuss a possible three-way exchange and to gauge public support for the exchange concept, referred to as the "Central Idaho Land Exchange," outlined in Attachment 1 and summarized below:

- WPT would deed its Upper Lochsa lands to the USFS;
- USFS would deed selected USFS parcels of equal value to the Department;
- The Department would transfer Land Bank funds equal to the value of the exchange properties into escrow based on federal yellow book appraisals for both ownerships;
- WPT would receive the cash placed in escrow by the Department, less an agreed upon payment for the 5 years of taxes to Idaho County.

This informal outreach effort included numerous meetings and conference calls over an 18-month period with representatives from the Idaho Recreation Council, The Nature Conservancy, the Nez Perce Tribal Staff and Nez Perce Tribal Executive Committee, Idaho County Commissioners, Trout Unlimited, Idaho Wildlife Federation, The Wilderness Society, Idaho Conservation League, Rocky Mountain Elk Foundation, USFS, Western Pacific Timber, and others.

Conservation representatives expressed concerns with some of the federal parcels that met the Department's initial evaluation criteria. After a meeting with these groups, the total USFS parcels were reduced from 37,000 acres to approximately 30,000 acres to address fish habitat related concerns (Attachment 2).

The most recent update to the Land Board was in April 2019 (Attachment 3).

Discussion

Since the April 16, 2019 Land Board briefing on this topic, discussions with key partners have been ongoing. On June 13, 2019, the Department received a letter from the Nez Perce Tribal Executive Committee (NPTEC) (Attachment 4) that outlined the Tribe's concerns with the concept, including concerns over the loss of treaty rights on the lands that would be acquired by the Department from the USFS under the exchange. The Department, along with the Governor's Office, the Attorney General's Office, and the State Controller's Office, has since re-engaged the Tribe to discuss options for moving towards a workable solution. The Department hopes to come to an agreement with the Tribe in the very near future where both the Land Board's fiduciary obligation is preserved, and the Tribe's interests are recognized to the maximum extent practicable.

Summary

Several groups support the concept of WPT Upper Lochsa lands going into USFS ownership since these lands have significant ecological, historical and recreational values that are better managed under the USFS multiple-use mission. In addition, the WPT lands are intermingled and surrounded by USFS ownership.

Some groups oppose the transfer of USFS lands to the Department or any other entity. The Nez Perce Tribe has expressed concerns over the loss of tribal treaty rights on the USFS lands that would transfer to the Department under this exchange proposal.

The Department has worked closely with the Governor's Office, the Attorney General's Office, and the State Controller's Office to understand the Nez Perce Tribe's concerns with the Central Idaho Land Exchange concept and has engaged in dialog on resolving those issues to the maximum extent practicable. The Department will continue working with the Tribe and other key groups to find a path forward. If successful in that effort, the Department will bring this item back to the Land Board with next steps and recommended actions for a formal exchange process.

Attachments

1. Central Idaho Land Exchange Concept
2. Map
3. April 2019 Land Board memo
4. Letter from NPTEC



CENTRAL IDAHO LAND EXCHANGE

Fact Sheet | Updated April 2018

The **Central Idaho Land Exchange** is a concept the Idaho Department of Lands (IDL), U.S. Forest Service (USFS), and other parties are exploring that would transfer private lands in the upper Lochsa basin to the USFS to protect their special historical, ecological and recreational value. The land exchange would also bring federal forestland into Public School Endowment ownership, and the lands would be managed by the State for timber harvest and remain open for recreation. The IDL and others are currently reaching out to various stakeholder groups to gauge potential support for the proposal.

THE CONCEPT

It is a value-for-value land exchange involving IDL, USFS, and Western Pacific Timber (WPT).

IDL deposits money into escrow account based on the value of the lands exchanged.



WPT deeds ~38,000 acres of its land to USFS. The lands include important fish and wildlife habitat and hold historical value tied to the Lewis and Clark expedition.



USFS deeds selected federal lands to IDL. The value of the USFS lands transferred to IDL ownership equals the value of the lands USFS receives from WPT.



WPT receives cash in escrow account. WPT receives no land.



Idaho County receives funds equal to a certain number of years' worth of property taxes, to reduce short-term tax impacts.

BENEFITS

The lands in the upper Lochsa basin fit with surrounding USFS ownership and its multiple-use mission. The ecological, historical and recreational values of these lands are protected under USFS ownership.

USFS lands that go into IDL ownership would be managed for timber harvest to support Idaho's public school system. Activity on the lands supports local jobs and the economy, and the lands would remain open for recreational use. Endowment timberlands cannot be sold pursuant to Idaho Code 58-133(1).

Short-term property tax impacts are reduced for Idaho County.

What has to happen between USFS and IDL:

- IDL and USFS must mutually agree on USFS lands to be considered in the exchange.
- USFS must complete a final Environmental Impact Statement on the exchange properties.
- An independent third party appraisal of exchange properties must take place with adjustments made to the final exchange acres based on federal Yellow Book appraisal standards.

Gauging support: IDL will only pursue a land exchange if there is broad public support.

- The Idaho Recreation Council is discussing this exchange proposal with local recreation user groups
- The Nature Conservancy is discussing this exchange proposal with conservation groups.
- IDL is discussing the exchange proposal with the Nez Perce Tribe, Idaho County Commissioners, and others.

If broad support exists to pursue the land exchange:

- IDL will seek approval from the State Board of Land Commissioners (Land Board) to pursue the land exchange.
- If the Land Board approves, IDL will seek congressional support to finalize and pass federal legislation to authorize the exchange and provide the necessary resources for the USFS to complete the work to comply with the National Environmental Policy Act and complete the land exchange within a specific timeframe.

Vicinity Map

Ownership

- Other Federal
- Industrial Private
- Bureau of Land Management
- Indian Reservation
- National Park Service
- Private
- State
- Other State
- US Forest Service



County Boundry



Supervisory Area Boundry

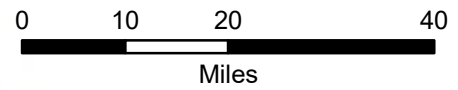


Not Selected Parcels



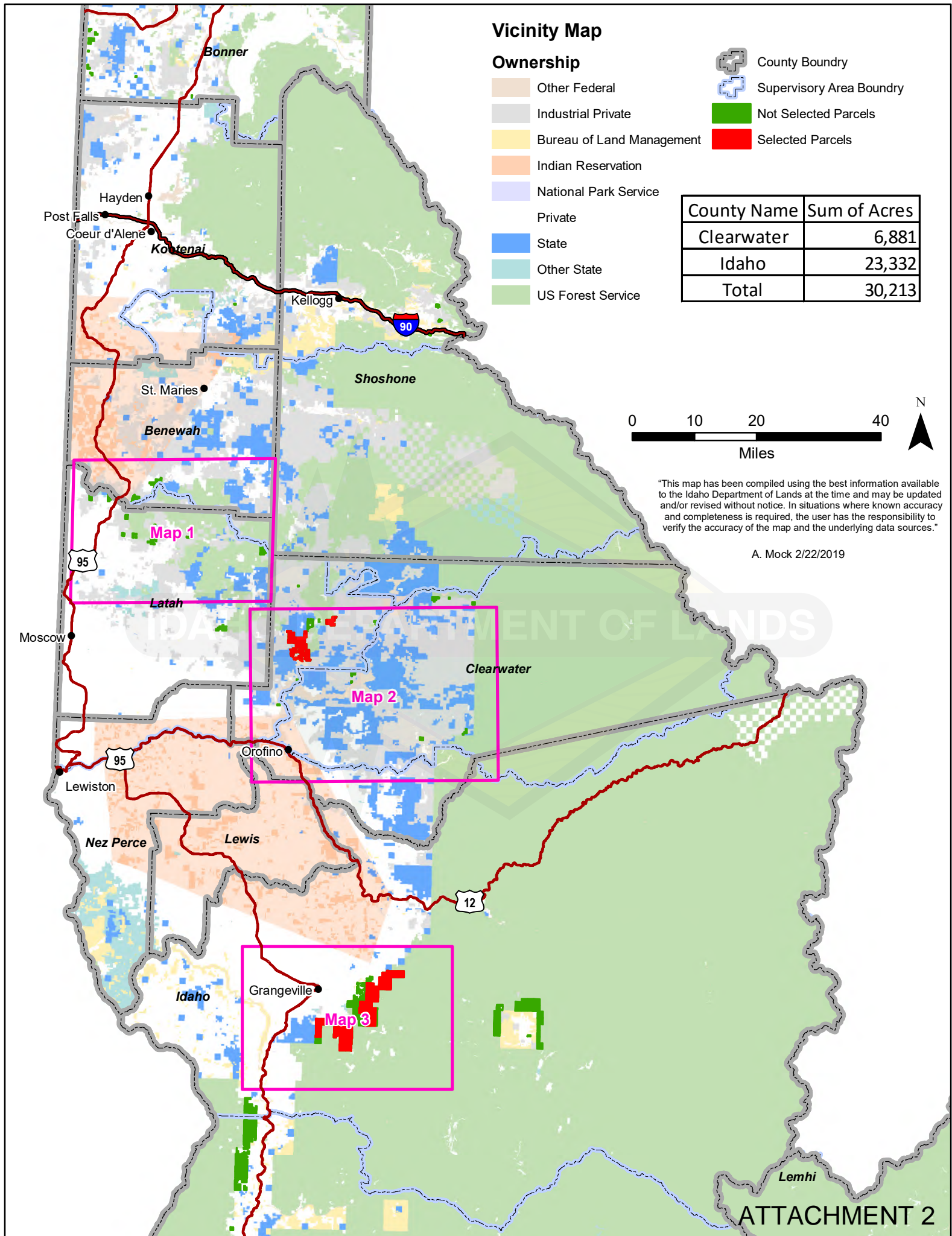
Selected Parcels

County Name	Sum of Acres
Clearwater	6,881
Idaho	23,332
Total	30,213



"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."

A. Mock 2/22/2019



STATE BOARD OF LAND COMMISSIONERS

April 16, 2019
Information Agenda

Subject

Strategic Reinvestment and Central Idaho Land Exchange

Background

In May 2014, the State Board of Land Commissioners (Land Board) retained Callan Associates (Callan) to conduct an asset allocation study for land and financial assets (whole trust analysis). After completing this analysis, Callan was retained by the Land Board as its general investment and governance consultant to provide the Land Board with options regarding the prudent investment of Land Bank funds from the sale of cottage site lots and commercial buildings.

Callan's recommendations are memorialized in the Strategic Reinvestment Plan approved by the Land Board in May 2016. The Department met with various stakeholder groups before bringing the Strategic Reinvestment Plan to the Land Board for approval. Callan updated the original asset allocation and distribution study and the associated Strategic Reinvestment Plan in 2018. Both were approved by the Land Board in July 2018 (Attachment 1).

The Strategic Reinvestment Plan recommends the Land Board pursue timberland and farmland acquisitions that meet minimum hurdle rates of 3.5% and 4.5% net real, respectively. Reinvesting in timberland and farmland that meet or exceed the recommended hurdle rates benefits the Endowments by:

1. Providing a buffer against the volatility of the financial investments in the stock market and a revenue stream that is generally counter-cyclical to stock market swings;
2. Replacing the lost lease revenue from the sale of cottage sites and commercial buildings with timber sale revenue that supports future endowment distributions that grow with inflation and population growth; and
3. Providing a mechanism to reinvest the value of land assets sold (cottage site lots and commercial buildings) in traditional land assets to maintain a range of land asset value within 30% to 50% of the whole trust as recommended by Callan.

Each potential acquisition is carefully analyzed and evaluated by outside experts and staff to determine the long-term financial benefit to each endowment. Final decisions on individual acquisitions are based solely on the Department's fiduciary duty to the endowment beneficiaries. At the same time, timberland acquisitions often provide ancillary benefits that the public appreciates. Some of these ancillary benefits include:

- Steadily increasing distributions to local school districts (Attachment 2);
- Ensuring certainty of ownership and access since Endowment timberlands are statutorily prohibited from being sold (Idaho Code § 58-133(1)) and are open for public recreation; and
- Sustaining local jobs. Every one million board feet of timber harvested from Endowment timberlands sustains 24 local jobs (direct and indirect), generates almost \$1 million in wages, and \$1.8 million in Gross State Product (GSP) (Attachment 3). Depositing Land Bank funds from the sale of cottage sites and commercial buildings into the Permanent Fund (financial assets) does not benefit local Idaho economies in the same manner as acquiring timberland and increasing sustainable harvest levels.

Since implementing the Land Board's Strategic Reinvestment Plan, the Idaho Department of Lands (Department) has made four timberland acquisitions and one right-of-way easement acquisition as shown in the table below.

Name	Fiscal Year	Closing Date	Asset Type	Acres	Miles	Cost
Maggie Butte	2017	12/19/2016	Timberland	2,374.51		\$2,501,777
Black's Creek	2017	3/31/2017	Timberland	1,398.40		\$4,320,000
Walton	2019	12/7/2018	Timberland	114.00		\$222,033
Molpus*	2019	12/21/2018	Timberland	32,159.95		\$42,848,195
Hancock AE	2019		Easements		36.23	\$318,781
TOTALS				36,046.86	36.23	\$50,210,786

*Attachment 4 is a letter dated February 14, 2019, from Molpus Woodlands Group supporting the Land Board's reinvestment of Land Bank funds into timberland and farmland.

Discussion

The Department continues to explore other possible timberland acquisitions and land exchanges, including the proposed Central Idaho Land Exchange (CILEX).

More than 10 years ago, Western Pacific Timberland (WPT) proposed exchanging WPT's Upper Lochsa lands (~39,000 acres) for U.S. Forest Service (USFS) lands scattered across several Idaho counties. This exchange proposal met with significant opposition from various

groups and ultimately failed. Other efforts were made to seek a federal appropriation or pursue conservation buyers to purchase the WPT lands and transfer them to USFS ownership. These efforts also ran into various roadblocks.

Following these efforts, and upon approval of the Land Board's Strategic Reinvestment Plan in 2016, several groups contacted the Department to explore options about facilitating a possible exchange of WPT and USFS lands. At the February 21, 2017 Land Board meeting, the Department provided an update on reinvestment efforts, which included an evaluation of federal timberlands for a possible acquisition or exchange with the Department.

In the fall of 2017, the Department completed an initial evaluation of the original 60,000 acres of federal land that was scoped in the failed WPT land exchange and found that approximately 37,000 acres met the Department's initial evaluation criteria (i.e., adjacency, productivity, access, distance to markets, etc.) for possible acquisition or exchange.

After completing this initial evaluation, the Department met with several interest groups to discuss a possible three-way exchange and to gauge public support for the exchange concept outlined in Attachment 5 and summarized below.

- WPT would deed its Upper Lochsa lands to the USFS;
- USFS would deed selected USFS parcels of equal value to IDL;
- IDL would transfer Land Bank funds equal to the value of the exchange properties into escrow based on federal yellow book appraisals for both ownerships;
- WPT would receive the cash placed in escrow by IDL, less 5 years of taxes to Idaho County.

This informal outreach effort included numerous meetings and conference calls over an 18-month period with representatives from Idaho Recreation Council, The Nature Conservancy, Nez Perce Tribal Executive Committee and Nez Perce Tribal Staff, Idaho County Commissioners, Trout Unlimited, Idaho Wildlife Federation, The Wilderness Society, Idaho Conservation League, Rocky Mountain Elk Foundation, USFS, Western Pacific Timber, and others.

Conservation representatives expressed concerns with some of the federal parcels that met the Department's initial evaluation criteria. After a meeting with these groups, the total USFS parcels were reduced from 37,000 acres to approximately 30,000 acres to address their fishery concerns (Attachment 6).

Summary

To date, the informal outreach efforts over the last 18 months are inconclusive at best. Some groups have expressed support to move forward with a more formal land exchange process while others are outright opposed (Attachment 7).

Several groups support the concept of WPT Upper Lochsa lands going into USFS ownership since these lands have significant ecological, historical, and recreational values that are better managed under the USFS multiple-use mission. In addition, the WPT lands are intermingled and surrounded by USFS ownership.

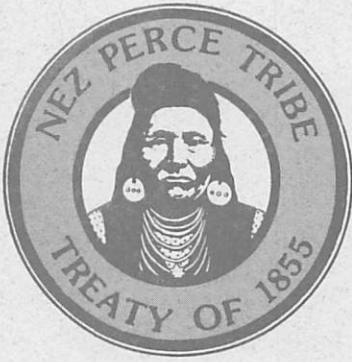
Some groups oppose the transfer of USFS lands to the State, or any other entity. The Nez Perce Tribe has also expressed concerns over the loss of tribal treaty rights on the USFS lands that would transfer to the State under this exchange proposal.

Over the next two months, the Department will continue working with a few key groups to try and find a path forward. If efforts are successful, then the Department will bring this item back to the Land Board with next steps and recommended actions for moving forward in a formal exchange process. If not, the Department will cease spending time on this effort.

Attachments

1. Strategic Reinvestment Plan
2. Earnings Reserve Distributions to Five Northern Idaho County School Districts
3. Policy Analysis Group (PAG) Report #39, December 2018
4. Molpus Letter to Land Board, February 14, 2019
5. Central Idaho Land Exchange Concept
6. Central Idaho Land Exchange Maps
7. Idaho County Commissioners Letter to Land Board, December 11, 2018

IDAHO DEPARTMENT OF LANDS



Nez Perce

TRIBAL EXECUTIVE COMMITTEE

P.O. BOX 305 • LAPWAI, IDAHO 83540 • (208) 843-2253

June 13, 2019

SENT VIA REGULAR MAIL & EMAIL TO: dmiller@idl.idaho.gov

Mr. Dustin Miller, Director
Idaho Department of Lands
300 N. 6th Street, Suite 103
Boise, ID 83702

Re: Proposed Central Idaho Land Exchange

Dear Director Miller:

The Nez Perce Tribe ("Tribe") has met several times with Deputy Director David Groeschl and Administrator of Forestry and Fire Craig Foss to discuss the Idaho Department of Land's ("IDL") proposed Central Idaho Land Exchange. The Tribe appreciates the time and effort Deputy Director Groeschl and Administrator Foss have both made to work with the Tribe to ensure we understand the details of the proposed Central Idaho Land Exchange and address the Tribe's questions about it.

The Tribe, after careful review of the proposed Central Idaho Land Exchange, has determined that it cannot support the proposal. Our understanding from Deputy Director Groeschl is that the state of Idaho has taken the position that the Tribe's treaty rights will not be acknowledged on the Forest Service lands once they are acquired by IDL. All of the Forest Service parcels under consideration for transfer to IDL in the proposed Central Idaho Land Exchange are subject to the Tribe's 1855 Treaty with the United States. Today, tribal members continue to rely on these National Forest lands to exercise Treaty-reserved rights. These rights include fishing, hunting, gathering, and pasturing and other cultural and spiritual practices. In addition, under the 1863 Treaty, the Tribe reserves access to all springs and fountains within areas ceded to the United States in this Treaty.

These lands and waters to which the Tribe attaches intrinsic cultural value and on which the Tribe has Treaty-reserved rights are not fungible or replaceable. Each acre of land has its own unique quality, value, and history. Such Treaty rights are affected by the quality and location of

ATTACHMENT 4

the land they are attached to and how the lands are managed. As the Tribe has previously stated in the context of the prior Western Pacific Timber land exchange proposal, land is not a fungible commodity that can be simply traded acre for acre, especially in the context of Treaty-reserved rights. The land that would be conveyed to the Forest Service has been heavily affected by past private resource extraction activities and would—in the Tribe's view as a co-manager of the resource—require tens of millions of dollars and decades to restore to a point of qualifying as a functioning watershed for fish and wildlife.

Over the last several years, the Tribe has implemented millions of dollars in restoration projects on Forest Service lands in the Upper Lochsa, and the Forest Service has invested nearly \$3 million in the restoration of the area. Since 1992, about 267 miles of roads have been decommissioned and nine culverts were removed on fish-bearing streams. Since 2000, 21 culverts were replaced with new culverts designed to allow fish passage. The removal or replacement of culverts provided access to 32 miles of historic habitat in the drainage for fish—including bull trout and steelhead. The Tribe believes that similarly extensive work would be required on the lands acquired by the Forest Service to improve watershed health and to benefit steelhead and bull trout.

The United States and the Tribe have also implemented millions of dollars in restoration work in areas adjacent to the lands targeted for transfer to IDL. For over 15 years, the Tribe has committed substantial time and resources to improve fish habitat in the areas near and directly adjacent to the parcels targeted to transfer from federal ownership. These areas include the American River, Red River, Newsome Creek, and Lower South Fork Clearwater River watersheds. These areas currently have high spawning and rearing potential for steelhead and Chinook salmon but are severely limited by sediment from high road densities. The Tribe has replaced culverts to improve fish passage, decommissioned roads, and improved riparian habitat which have collectively resulted in reduced harmful sediment delivery into streams.

The Tribe is concerned about the impacts IDL management will have on the extensive habitat restoration work performed by the Tribe on the Forest Service-managed properties. For example, increased timber harvest and associated road construction activities would have a direct impact on sediment production and delivery into steelhead spawning and rearing areas. These negative effects would be compounded by Forest Service timber management activities on lands near, or directly adjacent to, the parcels proposed for trade to IDL. The cumulative impacts from resource extraction on these lands will not be able to be easily addressed or mitigated for, and years of previous work could be compromised.

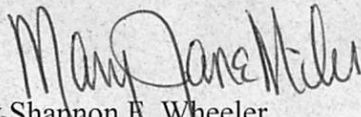
The Tribe strongly disagrees as a matter of law with the state of Idaho's assertion that the Tribe's treaty rights would no longer attach to the properties acquired by IDL. In addition, the Tribe is very concerned that IDL's acquisition of the Forest Service properties will significantly diminish

Mr. Dustin Miller
June 13, 2019
Page 3

the Tribe's ability to participate in management decisions that may affect access, exercise, and the quality of the Tribe's Treaty-reserved rights on those properties.

The Tribe has appreciated meeting with IDL on this issue and hopes to continue that relationship into the future. Thank you.

Sincerely,


For Shannon R. Wheeler
Chairman

cc (via email): David Groeschl, Idaho Department of Lands (dgroeschl@idl.idaho.gov)
Craig Foss, Idaho Department of Lands (cfoss@idl.idaho.gov)
Kurt Steele, Nez Perce-Clearwater National Forests (kurt.steele@usda.gov)

IDAHO DEPARTMENT OF LANDS