



Idaho State Board of Land Commissioners

Brad Little, Governor and President of the Board

Phil McGrane, Secretary of State

Raúl R. Labrador, Attorney General

Brandon D Woolf, State Controller

Debbie Critchfield, Superintendent of Public Instruction

Dustin T. Miller, 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.

Final Minutes

State Board of Land Commissioners Regular Meeting

June 18, 2024

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, June 18, 2024 at the State Capitol, House Hearing Room EW42, Lower Level, East Wing, 700 W. Jefferson Street, Boise, Idaho, and via webinar. The meeting began at 9:01 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Governor Brad Little

Honorable Secretary of State Phil McGrane

Honorable Attorney General Raúl Labrador

Honorable State Controller Brandon Woolf

Honorable Superintendent of Public Instruction Debbie Critchfield

All members were present at the physical location.

Director Miller introduced and welcomed Shannon Chollett, the Department's new Division Administrator over Minerals, Navigable Waterways, and Oil and Gas. Director Miller acknowledged the attendance of U.S. Forest Service Forest Supervisors from all seven national forests in Idaho, and recognized Allison Ginn, Idaho State Liaison for the Forest Service, for her efforts in bringing the forest supervisors to Boise for a series of meetings with state natural resource agency directors. Director Miller expressed his appreciation for the partnership work with these national forests, on fire, Good Neighbor Authority, and recreation, to name a few, and thanked everyone for coming.

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

A. Timber Sales – May 2024

B. Leases and Permits – May 2024

Discussion: None.

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

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

Discussion: Mr. Anton remarked that inflation fell in April to 3.4% after increasing slightly the first three months of 2024, and fell slightly more in May to 3.3%. This news helped boost the markets; during the month of May the portfolio was up 3.3%, and 10.7% fiscal year-to-date. Through yesterday [6/17] the fund is up 11.8% and will hopefully finish strong the next two weeks and end the fiscal year in a very healthy place. The economy was expected to slow as the Federal Reserve's higher interest rates raised borrowing costs, but consumer spending is strong, and people continue to be optimistic. There is positive growth, rising wages, inflation continues to come down and financial markets are strong. Overall, a very good year for the endowments.

Consent—Action Item(s)

3. Greer Access Site Surplus Property Negotiated Sale (Idaho Fish & Game) – Presented by Zane Lathim, Section Manager-Real Estate

Recommendation: Direct the Department to complete the surplus land sale of the Greer Site to Clearwater County as proposed.

Discussion: Controller Woolf clarified that for regular Department of Lands' dispositions, the minimum appraised value must be met, at the very least, but for this sale with the Department acting on behalf of Fish & Game, the minimum appraisal does not have to be met and therefore \$50,000 is acceptable. Mr. Lathim said that is correct; this is not endowment land.

4. Results of May 16, 2024 Mineral Lease Live Auction – Presented by Jason Laney, Section Manager-Leasing

Recommendation: Direct the Department to award mineral lease E200009 to Premier, LLC, the high bidder at the auction.

Discussion: None.

5. Forest Legacy Program—Dawson and Skin Creek Easements – Presented Jennifer Barker, Program Manager-Forest Legacy

Recommendation: Authorize the Idaho Department of Lands to accept the Dawson and Skin Creek tracts into the Forest Legacy Program by way of conservation easements.

Discussion: Governor Little noted that each of these parcels is isolated by Forest Service ground, and asked if old rights-of-way across Forest Service ground were given commensurate value for the access. Ms. Barker replied that access is taken into consideration, whether there is or is not legal access, because the appraiser looks at the highest and best use for the parcels. Access is taken into consideration as far as the easement value and as far as access for the public as well. When the public has opportunity to recreate on these parcels it opens up that land for everyone. Secretary of State McGrane commented that the easement provides non-motorized public access in perpetuity and inquired if that is part of the Forest Legacy program or just being applied

to this particular easement. Ms. Barker answered that non-motorized public access is access that the Department is guaranteeing in perpetuity. The property owners have the option to open it for motorized access if they choose. That tends to open up problems for the property owners, such as tree damage, especially as people go off-roading when they should not. Some property owners open it up to motorized access on the existing roads and some of them do not.

6. Strategic Plan FY2025-FY2028 – Presented by Dustin Miller, Director

Recommendation: Direct the Department to submit its FY2025-FY2028 Strategic Plan to the Division of Financial Management by July 1, 2024.

Discussion: Governor Little requested a redline copy of last year's plan versus this year's. Secretary of State McGrane asked Director Miller to highlight some of the substantive changes. Director Miller indicated that the Department is now protecting 9 million acres with changes in the fire master agreement; adding the Eastern Idaho District; increasing the Department's target of fires suppressed at 10 acres or less from 94% to 95%; focusing on leadership development and encouraging staff to work on leadership and trainings. The Department hired a new Facilities and Fleet Manager and is pushing its facilities plan, looking at seasonal housing facilities, which are few, as well as existing facilities; working with the Permanent Building Fund for funding to make necessary upgrades to Department buildings, trying to stay ahead of some deferred maintenance. Also looking at other options for funding seasonal facilities, revisiting the Land Bank and exploring if Land Bank funds can be used to purchase seasonal housing where the Department can demonstrate the return. Director Miller said fund integrity is another priority, ensuring that Earnings Reserve funds and Dedicated funds are paying the way for appropriate programs, bringing the programs into alignment with the correct funding sources; changes to the funding structure are well underway for maintaining that fund integrity. The Department is starting a rigorous planning effort on the fire program, making a lot of progress with modernization thanks to the help of the Land Board and the legislature, incrementally making improvements to funding the fire program, paying for firefighters, hazard pay, equipment, training, additional personnel. Due to some significant changes to the entire fire community and partner agencies, the Department is providing long-term vision, long-term planning to make sure fire staff can continue to maintain a high success rate on initial attack, given many changes, a growing Idaho, more human caused fires, and more development in the wildland urban interface.

7. State Membership in Timber Protective Associations – Presented by Dustin Miller, Director

Recommendation: Authorize state participation as a member of the Clearwater-Potlatch Timber Protective Association and Southern Idaho Timber Protective Association.

Discussion: Governor Little asked if this is a change from status quo. Director Miller replied it is a routine item every year, pursuant to statute. Controller Woolf inquired if the Eastern Idaho District will fall under this Idaho code section when it becomes operable. Director Miller responded that the Eastern Idaho District is a new Department district and will have readiness reviews in the future along with existing Department districts. The Eastern Idaho District is expected to be fully staffed for next year's fire season; a fire warden was hired, and the Department is in the process of hiring two assistant fire wardens.

8. Deficiency Warrant Authority for FY2025 Fire Suppression – Presented by Dustin Miller, Director

Recommendation: Authorize issuance of deficiency warrants to pay the fire suppression costs in FY2025.

Discussion: Superintendent Critchfield inquired what amount of money is currently in the fund. Director Miller answered that it is between \$66-68 million right now. Superintendent Critchfield asked Governor Little if that is a request in his budget. Governor Little said it is in conjunction with the Department's budget request. Secretary of State McGrane asked if the \$68 million, or whatever it ends up costing, is all General Fund dollars. Director Miller replied yes.

9. Approval of Draft Minutes – May 21, 2024 Regular Meeting (Boise)

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

Regular—Action Item(s)

10. Endowment Land Energy Leasing Policy – Presented by Roger Hall, Bureau Chief-Real Estate

Recommendation: Approve the Energy Leasing Policy.

Discussion: Superintendent Critchfield noted that the policy applies to leases of endowment land for an electric energy production facility with a gross rated capacity of at least 10 MW and wondered what happens if a facility is under 10 MW. Mr. Hall responded that the Department would follow normal procedures for commercial leasing and added that 10 MW is where the Department considers it to be an energy production facility for commercial use as opposed to a windmill to power a small shop, for example. Superintendent Critchfield clarified it is based on capacity rather than the term of the lease or the type of energy. Mr. Hall said yes. Controller Woolf offered his appreciation to the Attorney General's office, Mr. Stover from the Office of Energy and Mineral Resources, and Department staff for working on this policy and ironing out many questions and concerns to bring it together.

Board Action: A motion was made by Controller Woolf that the Land Board approve the Department's recommendation for this Energy Leasing Policy. Secretary of State McGrane seconded the motion.

Additional Discussion: Attorney General stated he opposes this. However, Attorney General Labrador stated he is proud of the work that his office did in making sure that most legal issues were resolved, proper legal advice was given to the Land Board, and necessary language was included in the policy. Attorney General Labrador expressed his concern, given what is happening in Lava Ridge, and now the Land Board is thinking about putting windmills on state lands; this is not the right policy for the state. Regardless of it making more money for the state, the Land Board does not know what the consequences are for the future for those where windmills are sited. Secretary of State McGrane commented the Land Board has its fiduciary duty to the beneficiaries of the endowment, but also the intention of this policy is not in pursuing these projects rather putting in sideboards such that in the event a lease proposal is submitted the Department has guidelines to follow to evaluate that lease. The Lava Ridge situation likely

triggered the discussion, that this could come to the Department just as it came to the federal government. Secretary of State McGrane observed that Scott Campbell recognized these projects could be lasting, and if a project failed, what are the bonds that need to be put in place. Secretary of State McGrane clarified his understanding is not that the Land Board is seeking out energy leases instead putting in place parameters for how to evaluate those. Mr. Hall concurred.

The motion carried on a vote of 4-1; Attorney General Labrador cast the opposing vote.

Information

[Editor's note: The Discussion portion of agenda item 11 is written in first-person format. This is not a verbatim transcript.]

11. Pre-Season Fire Forecast/Update – Introduction by Craig Foss, State Forester/Division Administrator-Forestry and Fire

- A. Predictive Services Forecast – Jim Wallmann, Meteorologist, BLM
- B. Resource Readiness – Josh Harvey, Bureau Chief-Fire Management
- C. Rangeland Fire Protection Associations – Josh Harvey, Bureau Chief-Fire Management

Discussion:

Secretary of State McGrane: How many firefighters are you short if you were able to ideally staff?

Mr. Harvey: To ideally staff, those 31 engines would each have a qualified engine boss. Currently we have 18 temporary engine foremen to staff those engines.

Secretary of State McGrane: Is that the specific area where we are struggling the most is those experienced people to run the engines?

Mr. Harvey: That is our highest priority. Oftentimes our engine bosses are also qualified as a Type 4 incident commander. Those emerging incidents really need an experienced individual serving as the incident commander.

Secretary of State McGrane: Is it harder to bring our folks back when there is the lure of the federal jobs?

Mr. Harvey: It is a niche job; we are also competing with our neighboring states and contractors for folks that want to get into that position.

Governor Little: Who provides fire suppression on both Fort Hall and Duck Valley Sho-Pai?

Mr. Harvey: For Hall does it themselves; it is the BLM for Duck Valley.

Governor Little: When we have one of those fire years where we get close to tapping that \$60-\$70 million, when we have all kinds of fires, what is the capacity of the Forest Service, the BLM, National Guard. You are doing great work with the logging industry, the timber industry, the RFPAs, but it would be nice if we had an overall barometer of where we are in fire preparedness of all the agencies, including our Department of Corrections people that get deployed sometimes. In other words, if we have some bad fires in Nevada or Utah then federal resources go there including heavy aircraft capacity. Who has that national barometer of fire readiness? Right out here at the National Interagency Fire Center?

Mr. Harvey: NIFC plays a big part for that, Governor. There are several tiers in coordination across the nation. Currently Idaho works in that middle tier with the Northern Rockies and the Great Basin Coordinating Groups. Those two coordinating groups are working under NMAC, the national multi-agency coordination group. That group maintains situational awareness across the entire nation, on a day-to-day basis, the number of resources that are available, resources that are assigned, what those types of resources are. Through the coordination groups, through monthly meetings, more frequent meetings in fire season, we get daily updates on what is available, what is not, and where those resources are located, down to the point where we know when certain types of resources are coming available from days off, the number of days they have spent on fires so we can understand what fatigue levels look like, how much work our folks have been putting in on the ground and monitoring, depending on that whole situation.

Governor Little: In good years we are at 80% of IDL capacity. Where are we this year relative to what would be the norm?

Mr. Harvey: We are relatively normal as far as personnel in seats. It is that leadership role where we are behind significantly, and that is the draw on the rest of the agency to support and fill those positions.

Governor Little: Forest Service Chief Moore is interested in aggregating that data for everybody to share, maybe we will talk to Interior.

Secretary of State McGrane: What could the Land Board do to support you in terms of staffing?

Mr. Harvey: Steps are being taken in education with the CTE (Career & Technical Education) program. I sit on the school board in St. Maries, SD41; we are currently working on putting our building in place, using grant funds for CTE, and establishing a forestry and fire program along with diesel mechanics, welding, and what else is going to be hosted there. The intent is to have high school kids entering the work force already qualified. They essentially would have to take their pack test and they are good to go. Beyond that, the University of Idaho hosts a degree in fire management; they are well known for their forestry degree and natural resources degree. They also have a fire ecology and management degree. If there is a way to assist in getting high school kids, whether it is scholarships or grants, directly from high school, offer them employment, or our partners offer them employment, but to continue their education, move them towards those management-level positions is a really good idea.

Secretary of State McGrane: In recent years the federal agencies have extended benefits throughout the year, making that shift from seasonal work to the person who is staying. Is that something we also need to be evaluating, that staying capacity.

Mr. Harvey: That is an excellent idea to continue to explore. Extending those benefits, keeping people in our organization does require being able to provide those folks 23-30 years old who are starting families, competitive pay, competitive benefits. We are actively working on advancing fuels management within the state, working with Idaho's Prescribed Fire Council; if things continue in that direction there is the opportunity for more extended work into the fall, earlier in the season, doing hazardous fuels work across the state. Opportunities to gainfully employ people and put them to work on meaningful projects are in the near future. If we put all these pieces together, it is not any one specific problem, pay is always an issue, the benefits, making sure we have meaningful work for those tax dollars, putting them to work on the ground in those shoulder seasons, it is going to help us take strides towards improving our staffing.

Secretary of State McGrane: One additional question, do we track endowment land assets that are burned. We do not earn much from grazing; we earn a lot on timber. Almost the worst type of asset we can have as a Land Board is acreage in northern Idaho that was scorched just enough to be unusable but scorched to where you cannot recover because it is too expensive to remove all the dead timber. Suddenly it is not valuable, and we cannot sell the land because no one wants that type of land. The Department's fire division handles fire at mass, for safety and protecting assets universally, but as members of the Land Board do we quantify our losses specific to where the beneficiaries are losing money. Quantifying makes a big impact on how we make ROI (return on investment) decisions as it relates to fire protection.

Mr. Harvey: When it comes to fire, we look at the value and the assets that are being threatened by individual fires. For example, in 2021, the Big Rock Fire out of CPTPA, we could not get that fire identified as a priority in the region until a report from our timber folks said there was \$110 million worth of standing value within a half mile of this incident. That fire became number one. Damages to an endowment piece of ground is on a case-by-case basis, but for quantifying and tracking it, I will turn that over to Craig Foss.

Mr. Foss: When we have fires and we have resources threatened, our endowment folks are in the loop with us on what specifically is threatened. When resources burn, we are in there oftentimes before the smoke is settled putting together salvage sales. We are also concerned when we get fires through plantations, because that is our future income on those forests. We have those numbers in real time in fire season but putting together the benefit of our fire program to our endowment, we know our overall value of endowment timber, we do not know what will work in any given year.

Secretary of State McGrane: What I am asking is for the timber division, at the end of fire season, to come back and say on our timberland we had this number of fires, this many acres burned, but the additional component to say we estimate that we lost X number of board feet that we would value at Y. To Josh's example from 2021, if we lose \$100 million worth of timber, we should be taking note of that as fiduciaries, whether it is salvage sales or to replant, some of it we might just lose, and it is no longer productive land anymore. I understand the idiosyncratic nature of each of the fires, that is why we have the initial attack, but I think it is a good metric for us to be looking at the end. If it is \$10 million, we might evaluate it one way versus a really bad fire year and we lose \$150 million of timber, the next fire season how do we make sure we are responding adequately or putting pressure on our partners to also put the resources towards protecting our timber. When we talk about fire, because it is General Fund funded, it is more of the general government function versus the Land Board as fiduciaries for the endowment land; we are operating as a business, and we have a strong incentive to protect our assets. I understand the cost of fire, but how do we quantify the asset loss.

Mr. Foss: That is a great question, and we will work on that.

Director Miller: If we have endowment timber that burns, we act very quickly to sell that timber at salvage, to get something out of that timber depending on the severity of the burn. It is impressive how fast our foresters can sell a salvage sale and get the loggers in there to remove that wood.

Secretary of State McGrane: Brandon and I went up and visited the Benton Ridge salvage sale, and that is really good work. Still, if you have a really bad fire, you just burn assets. You cannot salvage something that is ashes, so there is loss. It is good for us to start measuring that loss and

to be able to highlight the salvage sales: we lost this much but we were able to recover a certain portion of that. It helps make the case for the department, depending on what those losses are, in terms of how we invest in protecting those assets. Any good company will invest to protect their assets. Some of it is inevitable; a lightning strike is what it is, or some recreator doing something careless.

Governor Little: Sometimes we make money on fire sales. It just moves it up, and we have to shuffle sales around. It depends on the species, depends on how hot it burns, there are sometimes after a fire we come out money ahead.

Secretary of State McGrane: I am not being critical, I want to support it, this seems to be a valuable metric.

Jim Elbin: To Secretary McGrane's question, we do not report on that, but we very much keep track of the numbers. The impetus on Benton Butte was to get the cedar out because we had the most value there; we probably did lose some value long-term on the other sawlog but because we were able to act so quickly, we were able to capture that cedar value. We have a good idea historically where we have spent extra money. We are a really good initial attack fire agency, and we manage our forests; managed forests are much easier to fight fire in. When you do lose the plantation, odds are good, as long as it is not a major wind and weather driven event, that is where you can make the stand and stop the fire. Our best defense is continued good management.

Attorney General Labrador: Josh, going back to your CTE training, when a student leaves high school and has been trained in a program like that, what is their starting salary, and after starting salary, do they have other prospects at the Department to stay.

Mr. Harvey: Our entry level firefighters come in just under \$16/hour. In the last few years, we have developed a progressive career ladder that moves them from that Firefighter 2 to within a few years they can be a temporary employee working a 5-month plus season, benefitted, to a permanent engine foreman position; at that point they should be grooming to move into an assistant fire warden position and then into a fire warden position. The career ladder is there, our challenge is getting the folks into our program and keeping them there. It is very competitive. The State of Montana moved their starting firefighter pay to \$19.05/hour. With the support of the Land Board and the legislature in developing our zone fire manager positions, which is the next step up from our fire wardens, then deputy chiefs, and then my position, we have a full career ladder for people that are interested in wildland fire within our agency.

Attorney General Labrador: How does it compare to the federal government?

Mr. Harvey: I would have to ask my partners that are here to speak directly to that.

Governor Little: I think they offered a \$20,000 bonus last year, but in fairness, there is a lot of uncertainty. They are at the whim of Congress on funding, and I think that is probably one of the things that are helping the states is the surety of the change in pay. You are better off with the state than with the federal government. That is why I asked Chief Moore about their readiness; a \$20,000 signing bonus is a pretty good deal for a kid from St. Maries High School.

Mr. Harvey: It definitely grabs attention. I believe they are operating on a continuing resolution.

Secretary of State McGrane: Does Craig mind speaking to it? How competitive are you Craig?

Craig Glazier: That remains to be seen. Good morning, Governor, and Land Board. My name is Craig Glazier, and I am the Fire and Aviation Director from the Northern Region of the U.S. Forest Service based out of Missoula. For a starting hourly wage, you have us beat. We consider our GS9 and below production firefighters. A GS9 is a little over \$28/hour starting and an entry level firefighter is a little over \$15/hour. We do currently have a pay incentive. It is not \$20,000 across the board for everybody; it is either 50% of their current income or \$20,000, whichever is less. That has been very helpful for us, but it is not permanently funded at this point; there is some uncertainty there.

Director Miller: We have made strides to catch our federal friends where we can on pay. The hazard pay that passed through the legislature with support of the Land Board, paid days off to rest and recuperate before the next roll, the boot policy, and some other incentives. We keep looking at pay structures and it is paramount for us. This will all be factored into our long-range planning for the fire program, and we will be briefing the Land Board along the way. We will bring forward our enhancement requests for FY26 in August and will include a few elements for the fire program.

At 10:35 a.m., a motion was made by Controller Woolf that the Land Board resolve into Executive Session pursuant to Idaho Code § 74-206(1)(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 the vacancy in an elective office or deliberations about staffing needs in general. Controller Woolf stated the second reason the Land Board is resolving into executive session is per Idaho Code § 74-206(1)(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. Controller Woolf requested that a roll call be taken, and that the Secretary record the vote in the minutes of the meeting. Attorney General Labrador seconded the motion. *Roll Call Vote: Aye:* McGrane, Labrador, Woolf, Critchfield, Little; *Nay:* None; *Absent:* None.

Executive Session

A. General Counsel, Department of Lands

Idaho Code § 74-206(1)(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. Performance Evaluation – Director, Department of Lands

Idaho Code § 74-206(1)(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.

At 11:09 a.m., a unanimous consent motion was made by Controller Woolf that the Land Board resolve out of Executive Session and let the record reflect that no action was taken by the Land Board during Executive Session.

Regular—Action Item(s)

12. Personnel Matter – No Board Materials

Board Action: A motion was made by Controller Woolf that the Land Board increase Director Dustin Miller's pay rate by 4% based upon his agency's budget that is available, effective the first pay period in the new Fiscal Year 2025 [June 9th for the July 5th, 2024 pay date]. Superintendent Critchfield seconded the motion. The motion carried on a vote of 5-0.

There being no further business before the Land Board, at 11:10 a.m. a motion to adjourn was made by Superintendent Critchfield. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

Idaho State Board of Land Commissioners

/s/ Brad Little

Brad Little
President, State Board of Land Commissioners and
Governor of the State of Idaho

/s/ Phil McGrane

Phil McGrane
Secretary of State

/s/ Dustin T. Miller

Dustin T. Miller
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the July 16, 2024 Land Board meeting.