



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
July 16, 2024

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, July 16, 2024 at the State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W. Jefferson Street, Boise, Idaho, and via webinar. 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 State Controller Brandon Woolf
Honorable Superintendent of Public Instruction Debbie Critchfield

Three members constituted a quorum, and all were present at the physical location.

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

Trust Land Revenue

- A. Timber Sales – June 2024
- B. Leases and Permits – June 2024

Discussion: Governor Little asked if the Department knows how much lower a timber sale reappraisal will be when it does not sell. Governor Little noted the mills are losing money and wondered if there is any indication from the mills about their ability to keep purchasing if the lumber market does not turn around. Director Miller said the Department works with potential purchasers, has regular conversations with the mills, and looks at delivered log prices to ensure the Department is getting best possible value from the sales.

Prior to presenting the fire season report, Director Miller spoke about the tragedy the Department and the wildland fire community experienced last Wednesday, July 10th, when the news was shared that one of the Department's contracted aircrafts, a FireBoss 205 on loan to the Forest Service, crashed in Montana. Sadly, pilot Juliana Turchetti was killed in that crash. Director Miller noted that misfortune happens in wildland fire, but this one deeply hit Department staff. He expressed appreciation for the extensive support being provided to staff affected by the tragedy and the support offered to Juliana's family, as well as the aircraft contractor, Dauntless Aviation. Hearts are heavy in the wildland fire community, and Juliana will not be forgotten.

Josh Harvey, Fire Management Bureau Chief, extended his appreciation for Director Miller's words regarding Juliana and remarked that this last week was pretty tough for his staff. Mr. Harvey acknowledged and thanked the State of Montana and the State of Washington, both provided great assistance in backfilling aircraft, and he noted that pilots did a brief voluntary stand down the day of the accident, and they took 24 hours for themselves. Mr. Harvey commended his staff and mentioned that a couple of folks are still in Helena assisting with Dauntless and liaising as the family moves into the country to take Juliana home to Brazil.

Controller Woolf mentioned that Land Board members will send letters of condolence to Juliana's family and her colleagues.

Status Updates

- C. Fire Season Report
- D. Land Bank Aging Report

Discussion: Controller Woolf asked if the \$7 million listed in the Land Bank Aging report for Agriculture College is what is available for the University of Idaho's CAFE project in Rupert. Director Miller replied that is correct; there was initially \$23.25 million available for CAFE and the balance of \$7.2 million is what remains for the dairy facility expenditures.

2. Endowment Fund Investment Board Report – Presented by Chris Halvorson, EFIB Investment Manager

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

Discussion: Mr. Halvorson reported that the fund was up 1.1 % for June, making fiscal year return just shy of 12%, quite well for the year. To date in July the fund is up another 2.28%; some good news in the market spurred a bit of a rally early in July. For fiscal year, large cap equities led the way, up about 31%. Mr. Halvorson recalled that EFIB replaced a large cap growth manager this year; William Blair replaced Sands Capital. The narrative shows mid-cap stock were up 14.3%, small cap up 11.4%, and fixed income up 3%. Mr. Halvorson remarked that the market is still hoping for interest rate cuts, and expects those will come later this year or first thing next year. Real estate was down about 10%, but through the first calendar quarter, indications are that it will be up about 1 or 2% for this current quarter; that will be reported later in July or first part of August. Mr. Halvorson stated that the equities' themes for the year were all about artificial intelligence. Nvidia was up over 149%, Google up 30%, Microsoft up over 20%, but there are other innovators like Eli Lilly which was up over 56% with an anti-obesity drug. Banks and finance also did well, and some of the energy stocks. Controller Woolf noted that real estate declined a second year in a row and inquired about the Investment Board's direction with the real estate portfolio. Mr. Halvorson responded that it seems to be the end of the real estate markdowns. The real estate portfolio is seeing a positive return for the coming quarter report, and the Investment Board is considering adding to the real estate allocation. As the report shows, the fund is significantly underweighted in that allocation, waiting for things to calm down with real estate. Real estate in general is doing well; the office sector has been the factor that weighed on what is called the odyssey index [ODCE – Open End Diversified Core Equity].

Consent—Action Item(s)

3. Approval of Draft Minutes – June 18, 2024 Regular Meeting (Boise)

Consent Agenda Board Action: A motion was made by Superintendent Critchfield that the Land Board approve the Consent Agenda. Controller Woolf seconded the motion. The motion carried on a vote of 3-0.

Regular—Action Item(s)

None

Information

4. Forest Asset Management Plan and Timber Program Update – Presented by Jim Elbin, Division Administrator-Trust Lands

Discussion: Governor Little questioned how the Department's old modeling, going out and measuring in the field, matches up with the LiDAR. Mr. Elbin replied that the Department is moving away from continuous forest inventory but still does stand-based on the ground cruising; in hindsight had those been done as fixed radius plots they would be really useful for LiDAR. The LiDAR training plots are fixed radius. LiDAR is good and only getting better, especially at predicting species, and it provides a census versus a sample.

Superintendent Critchfield noted the model projections are in 5-year increments and inquired what is the age of a tree when it is ready to be harvested. Mr. Elbin answered that it depends on the location, but in general on the best sites it is 45-50 years, and on drier sites, in southern and eastern portions of the state, it is around 75 years. Superintendent Critchfield summarized that the modeling projections are comparing when trees are ready with how quickly the Department is cutting them down. Mr. Elbin said yes; the model is showing that if the inventory is balanced, around 220-240 MMBF is roughly what will be growing. Looking further out in the modeling, the cut goes back up, reflecting faster growth due to management strategies. Superintendent Critchfield asked if part of the overall planning, depending on the species of trees, includes what can be done with the genetics of the trees to make them faster growing. Mr. Elbin said that is correct. The Department still collects seed from its forest stands, but also participates in multiple cooperatives doing tree improvement programs through breeding, the same concept as garden plants, and results are yields of plus-10 to plus-30 percent.

Controller Woolf wondered what percentage of the 1 million acres of endowment timberland has been digitized through LiDAR. Mr. Elbin said that 85% has been flown and modeled. A few hard to get areas are being worked on and some areas were re-flown. The Department's GIS staff have done a great job with the re-flying. Originally, the goal was better mapping data of the bare ground, but LiDAR also shows the tree heights, and now having mapped sites for the second time, the height difference is plainly evident. LiDAR is a powerful tool; the Department is looking at it becoming the primary bulk data source and relying on foresters for specifics in the field.

Governor Little queried where all that data is kept and if there is capacity as LiDAR is expanded. The Governor mentioned that some commercial industrial companies are utilizing data farms,

because there are so many ones and zeros in the LiDAR for that big of landscape. Mr. Elbin replied that the Department owns and has the data; it is backed up in multiple ways. As the technology improves, the Department will have data processed faster, not just storing the bulk but keeping the data that is useful for inventory or for bare ground mapping. Governor Little asked if there is any change, from a climate standpoint, for fire resiliency. The Governor referred to the map around Payette Lakes, noting there is some timber not yet scheduled for harvest, and wondered if it is all silvicultural and industrial timber related or if some is forest health and fire related. Mr. Elbin responded that the map is pure optimization, and foresters will weigh all of that. Those green plots are not necessarily what the sales plan will be over the next 10 years. The Department is continually trying to reduce risk. There is always going to be some risk, but managed forests have a better chance of making a stand against fire. The Department wants to make sure to look at the full landscape and not purely economics.

Controller Woolf inquired if there are opportunities with the private sector when they do LiDAR work on their parcels that neighbor endowment timberland. Mr. Elbin stated that for its first maiden flight, the Department worked with a wide variety of landowners, and it lowered the cost of the data acquisition tremendously. The Department continues to look for those opportunities.

At 9:38 a.m., a motion was made by Controller Woolf that the Land Board resolve into Executive Session pursuant to 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. Controller Woolf requested that a roll call vote be taken, and that the Secretary record the vote in the minutes of the meeting. Superintendent Critchfield seconded the motion. *Roll Call Vote: Aye: Woolf, Critchfield, Little; Nay: None; Absent: McGrane, Labrador.*

Executive Session

A. Heyburn State Park

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. The mere presence of legal counsel at an executive session does not satisfy this requirement.

At 10:00 a.m., a motion was made by Controller Woolf that the Land Board resolve out of Executive Session and that the record reflects that no action was taken by the Land Board during Executive Session. Superintendent Critchfield seconded the motion. A roll call vote was taken. *Roll Call Vote: Aye: Woolf, Critchfield, Little; Nay: None; Absent: McGrane, Labrador.*

There being no further business before the Land Board, at 10:01 a.m. a motion to adjourn was made by Superintendent Critchfield. Controller Woolf seconded the motion. The motion carried on a vote of 3-0.

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 August 20, 2024 Land Board meeting.