



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

September 17, 2024

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, September 17, 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 8:58 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 Land Board members were present. Governor Little, Secretary of State McGrane, Controller Woolf, and Superintendent Critchfield attended at the physical location. Attorney General Labrador attended via Zoom webinar.

Reports

1. **Department Reports** – Presented by Dustin Miller, Director
 - A. Timber Sales Revenue – August 2024
 - B. Leases/Permits Transactions and Revenue – August 2024
 - C. Fire Season Report

Discussion: Controller Woolf mentioned the two endowment timber sales that did not sell and asked if the Department receives feedback from purchasers in those instances and what are key causes. Director Miller replied the Department has conversations with purchasers and the mills to understand why sales do not sell and that factors in when reassessing and possibly reappraising sales. Jim Elbin, Trust Land Division Administrator, remarked that main reasons are sales are farther away from markets and have higher logging costs.

Secretary of State McGrane noted the Wapiti Fire is one for which the Department has cost sharing and asked if the Department will pick up a portion of that cost while an Incident Command team remains on the fire. Director Miller answered that the Department negotiated the cost share through September 8th; any firefighting efforts beyond that date are not part of the cost share.

Controller Woolf offered kudos to the entire fire team for the work that has been done to get fires on Department's protection out and asked about ways the Land Board can partner with the Forest Service to help them knock fires down quickly before they grow to the sizes they are. Director Miller recognized the importance of partnering with the Forest Service, as a large landowner in the state, and commented that the Forest Service prioritizes firefighting where life and property are at risk, including fires that are adjacent to private lands and endowment lands. Director Miller said the Department and Land Board can continue to advocate for sound land management, more work through shared stewardship and Good Neighbor Authority, expedited NEPA processes to get more work done on federal lands to deal with fuel loading, categorical exclusions; advocating for those types of things would be welcome to help federal partners with the wildfire crisis that exists on federal lands.

Secretary of State McGrane inquired if the Department had to tap into non-fire agency staff this season, and how is it with federal resources when they are being pulled to California and many other directions. Director Miller replied that the Department is a fire organization and relies heavily on non-fire staff to jump in on fires; a lot of folks in forestry and range drop everything and willingly participate. Josh Harvey, Fire Management Bureau Chief, addressed the resource question, saying this year started off with a bang, especially in Oregon and Washington, and immediately jumped to a scenario where firefighting agencies nationally were pulling resources off the east coast – Mississippi, New Jersey – crews were coming from all over the place to support that. North Idaho started late into the fire season; the Department was already behind the curve in terms of resources, but has strong relationships with the Forest Service, neighboring state partners, and staff could reach out to their counterparts and tap into whatever was coming available. North Idaho dodged a bullet this summer as far as large fire goes. South Idaho has been very active. Active military got pulled in for federal fires down south. That is a good baseline to understand: when active military gets pulled in, there is not much left in the system. At one point 37,000 wildland firefighters were on the fire line earlier this summer.

Governor Little wondered if any of the \$7 million remaining in the suppression fund would be left after the cost share. Director Miller responded that with the cost shares and being billed by the Forest Service it will take two or three years to get those paid. The Department's current obligation is roughly \$45 million, and it is likely costs will not go past the \$68 million amount that was pre-funded. The Department welcomes a conversation about pre-funding the suppression account again ahead of the next legislative session.

Governor Little asserted the Forest Service has to do more containment and more management and described two examples: one was all the lodge pole kill at Stanley; a small mill in Idaho wanted those dead trees, and the Forest Service would not sell them. The second is what the Department did collectively for Tussock moth on endowment ground, and that huge "nuclear bomb" cloud that happened when the Lava Fire burned into all those dead Tussock moth trees that were not on endowment ground. Governor Little stated the Land Board has to make a case to the public: if they do not like smoke, and they do not like mercury in the air, and they do not like fish habitat being destroyed, the Forest Service needs to up its management, including Good Neighbor Authority and shared stewardship.

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

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

Discussion: Mr. Anton stated the portfolio was up 1.9% during the month of August, up 3.8% fiscal year-to-date, and through yesterday up 3.9%. Those numbers, just looking at points in time, make the market appear stable but there has been a significant amount of volatility in the financial markets. In early August financial markets sold off significantly as the data pointed to the labor markets beginning to soften. The unemployment rate ticked up from 4.1% to 4.3%; a year ago it was at 3.4%, steadily moving up as the Federal Reserve hiked interest rates. There was concern about softening labor markets, then later in the month inflation data came out: CPI rose 2.9% year over year and PCE [Personal Consumption Expenditures], the Federal Reserve's measure for inflation, rose 2.6%. This combination of softening labor markets and improving inflation positioned the Federal Reserve to think about cutting rates; when the Federal Reserve met on August 23rd in Jackson Hole, Chairman Jerome Powell gave a strong signal about beginning to cut rates. The Federal Reserve is meeting today, and the expectation is at least a 0.25% cut in interest rates. The market did come back late in August when that information came out and is hanging in there assuming rates will be cut tomorrow. The fund is in a good place, off to a good start for the new fiscal year.

Superintendent Critchfield inquired how interest rate cuts will affect the endowment portfolio. Mr. Anton explained that many things are tied to interest rates. The fund has an allocation to fixed income, the bond market, and when interest rates go down bond prices tend to go up; it is positive for bonds. When interest rates go down, equity prices tend to go up, because the cost of capital to run businesses goes down, borrowing costs go down, so lower rates are stimulative to the economy. Many financial markets are driven by the cost of money and the interest rates.

Consent—Action Item(s)

3. Energy Lease M600099 – Presented by Jason Laney, Section Manager-Endowment Leasing

Discussion: Controller Woolf asked several questions: is there any solar on state endowment lands that are being leased; did the first lease for this project in November 2022 come before the Lands Board; was there ample time and notification given for the public and county to comment on the project? Mr. Laney responded that there is no solar expected on endowment lands; the first lease was not presented to Land Board because that was prior to the energy leasing policy; the Department advertised the public meeting for 45 days, area office staff spoke with adjacent landowners, and the county held a public meeting as well. Secretary of State McGrane was curious how does the energy leasing policy change the terms in this lease compared to the lease issued in November 2022. Mr. Laney said the new policy really beefs up terms and conditions when it comes to decommissioning and reclamation. The first lease has robust terms regarding decommissioning and reclamation; very little changes were needed to bring this new lease into compliance with the policy. Superintendent Critchfield noted the memo indicates no significant concerns were raised and asked if any concerns were raised. Mr. Laney replied that one person showed up at the Department's public meeting and expressed concerns, not about this project specifically, but about other energy projects going on in the state and energy in general. Attorney General Labrador wondered about the \$15,000 in revenue; is that annual revenue or total revenue? Mr. Laney answered it is annual revenue once the lease is in production phase. Controller Woolf asked if the different project phases are tied to timelines and what annual

estimated revenue is tied to those phases. Mr. Laney responded that the phases are directly related to project development. Phase 1 is the development phase, finishing up due diligence, impact studies, and determining where the wind turbines or solar fields are going to be placed and sited. Phase 2 is a construction phase, generally about 2 years, and then Phase 3 is the production phase where the bulk of the revenue is earned. Governor Little inquired how much revenue the property generates per acre now. Mr. Laney said total annual revenue is about \$243 per year.

Recommendation: Direct the Department to move forward with lease execution, pending update of the energy lease template.

4. **Approval of Draft Minutes** – August 20, 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. Secretary of State McGrane seconded the motion. The motion carried on a vote of 5-0.

Regular—Action Item(s)

5. **FY2026 Department of Lands Budget** – *Presented by Dustin Miller, Director*

Recommendation: Approve the Department's FY2026 budget request as submitted to Division of Financial Management and Legislative Services Office on Friday, August 30, 2024.

Discussion: Secretary of State McGrane offered his appreciation to the Department for adding the Timber Protective Associations (TPA) in the budget. Director Miller indicated there were minimal costs this year, no equipment needs provided by the TPAs for FY26 and it was a good move to roll them into the budget. Governor Little asked if either TPA was going to raise its fees. Director Miller observed that the chief fire wardens for both TPAs were sitting in the audience and responding no to the Governor's question.

Board Action: A motion was made by Controller Woolf that the Land Board approve the Department's FY2026 budget request as submitted to Division of Financial Management and Legislative Services Office on Friday, August 30, 2024. Superintendent Critchfield seconded the motion. Governor Little abstained from voting. The motion carried on a vote of 4-0.

Information

6. **Idaho Career Ready Students: Forestry** – *Presented by Superintendent Debbie Critchfield*

Discussion: *Superintendent Critchfield's oral presentation is provided here; it is not verbatim.*

Superintendent Critchfield: I want to share how we came about developing the Idaho Career Ready Students Grant. A couple of years ago while visiting Twin Falls High School, I asked the principal if he would take me to his most popular elective class. He said it is welding and I visited with the welding teacher. At the time they got about 80 students through the program in a year but turned away 100 students interested in taking welding including young women. It came down to a matter of resources, not enough shop space, the electrical would not support new welding machines, the venting, all of the precautions that go with that. The next day, I toured the Chobani warehouse in Twin Falls; this Chobani location is their global center for research and

development. The plant manager was explaining the variety of positions they look to hire, from an engineer to a biologist a welder. He said they could hire all the welders they could find. Twin Falls High School is 3 miles away, they are turning away 100 kids a year that would like to be in a welding class ,and we have a business that is ready and willing to hire. The Magic Valley has manufacturing, food processing, and the needs to support all of that. Now to the Magic Valley, manufacturing is a real economic driver. As I have toured the state, in different parts of the state there are different industries that have that same story. Here is the industry in our area, here are the local schools, here are jobs, here are kids, and we have a gap there. As I traveled to schools and talked to businesses in north central Idaho and north Idaho, everyone can use welders, it was less about food processing and manufacturing as it was around logging, working in the mills, and forestry. Spending time with the Associated Logging Contractors, along with the folks involved in the forest products industry, we started talking about how we take advantage of students who are living in the communities where in their own backyards they have an opportunity to get great jobs and stay at home. Many students are not looking at industries that their families have been a part of for a long time because the opportunities to get exposure and to get skills were prioritized out of the local high school.

There are two ways that districts receive money for career technical education, one is through the federal government: it is not enough money and lots of rules. The State has an amount of money, but it is prioritized around 179 local districts and charters; it does not go far. We were finding, in addition to this gap between what industry was ready to fill and the supply of students that were there, a predominant problem in our smaller communities to develop pathways that lead to employment in their own backyards. Putting together the Career Ready Students grant, we modeled it after what we would like to see other industries do, but we were using the forest industry to get us going. This grant, the "little brother" to Idaho LAUNCH, looked to prepare our students to take advantage of opportunities, monies available for students that were not going to college but were going right into careers; we are now about a year since the monies were available, and 17 percent of the grant money has been awarded to forestry and the forest products industry in high school. We were able as of today to stand up six completely new forest and forest products programs. Six are brand new, others either were expanding a shop or needed to add equipment. What I love about this particular model, we spend so much time talking about timber, and it is not lost on me that 90% of the endowment comes from the sale of timber. As we look to how this circle comes together, we feel excited and encouraged by what we are seeing.

The model that we are looking at for forestry, we went to industry and said we are going to stand up new programs. We are going to train kids, but we do not want a disconnect. When a student graduates they believe they have what industry wants; the kids show up and say I know how to do X, but the industry needed them to know how to do Y. We went to logging, timber, forest folks around the table and said what do you want our students to know; we are putting these new programs together and this is the materials that we will provide. With a \$50,000 Wood Innovations Grant awarded to the Idaho Forest Products Commission, we are developing Idaho-specific forest and forest products curriculum. The burden is not on the district to go buy or find curriculum and we are excited about the uniformity of what our students are going to be able to use. We are also collaborating with the University of Idaho and their College of Natural Resources; they have a 2-year and a 4-year program in forestry, and we can have students leave high school in a pathway that sets them up to immediately pursue a formal certificate in forestry. An important part of what is happening with the University of Idaho specifically, they are supporting and mentoring the instructors that are at the high school level. There is also a training

facility with the university that if high schools can get to it they will be able to use. We have someone from the U of I that is going and helping these new programs get stood up so that they know what to do.

I wanted to cover what is happening at the high schools where we are seeking to create more pathways and provide more interest and exposure for our students in these fields. On the screen, this is Potlatch, you can see the Wood Mizer sawmill that arrived; they have been excitedly waiting for it. This is where having connections to the U of I is so important because then we have an instructor that can come out and side-by-side with the high school instructor help do that. Potlatch is getting the sawmill, and they will have a brand-new program in forestry and natural resources. Orofino Junior/Senior High School, part of their grant is going towards wildlife and fishery, wood, metal shop programs and they will have a new pathway for natural resources; they also will be getting a sawmill. Timberline schools are getting equipment upgrades and enhancements that will directly go towards skilled workers in ag and timber. St. Maries, we are very excited about them considering they have a mill right there in their own backyard, new equipment for a forestry program that will also include a sawmill. Council High School will get a sawmill. Priest River High School is getting a sawmill and a drone; we are excited to see what they are doing adding on to the technology side of timber with GPS and GIS drones and mapping to help students be prepared if they want to pursue great careers in those industries. Kamiah will have a sawmill along with other tools associated with shop. Grangeville High School will get a sawmill as well. Lake Pend Oreille, they got a sizable amount from the grant, they are going to build an 11,000 square foot career tech center that in their area of north Idaho other schools will be able to take advantage of it. They are also part of the new forestry and natural resources pathways. In Lewiston at their DeAtley Career Tech Center, they are able to expand the enrollment in existing programs that they had. I mentioned LAUNCH earlier, the Workforce Development Council met last week in Coeur d'Alene. One of the gaps that we heard, from the U of I and from high schools, there was not specific policies around students who were leaving with a certificate or having participated in these classes that they would be able to access LAUNCH dollars and develop that any further, whether it was get industry required specific skills training or to the U of I. Just last Wednesday, Workforce Development voted to accept a matrix that would bring the forestry careers into the in-demand categories so that students will be able to take advantage of those dollars. We are very excited about what this will mean, not only for kids and communities, but for the state, for how we are continuing to sustain and grow these industries that ultimately contribute to the endowment which goes back to the schools. I have talked with Josh Harvey a little bit; he wears another hat as a school board member in St. Maries, and I know they are excited about what they are going to do. We are also talking about how we do this with other related industries, whether it is fire or other things where we can get exposure, training, access to our students in high school; they can then take advantage of LAUNCH dollars and be employed and contribute not only to the communities but for themselves and their families. I am appreciative of the opportunity to share this with you.

7. Energy Lease M800070 – *Presented by Jason Laney, Section Manager-Endowment Leasing*

Discussion: Controller Woolf asked if the adjoining neighbors on private land already have turbines or solar on their lands. Mr. Laney replied that he does not believe there is infrastructure on private land at this point. Secretary of State McGrane inquired about the community engagement efforts on this lease and if the Department received any feedback. Mr. Laney indicated that the Department's public engagement was similar to that for Lease M600099. The

Department advertised the public meeting at a venue open to the public, staff met with county commissioners, and Bingham County also held public meetings. Mr. Laney noted that the County gave their support, and they intend to move forward with the projects. No negative feedback was received by the public, probably because all of the Department's lessees in this area are involved with their private lands in the project, and all adjacent landowners are involved.

8. Memorandum of Agreement with Department of Parks and Recreation – Presented by Dustin Miller, Director

Discussion: Secretary of State McGrane asked if it would be possible as this proceeds to have Director Buxton address the Land Board, noting it would not change the course of anything but might be beneficial. Director Miller remarked that this memorandum was worked on between Department staff and Director Buxton's staff. Both he and Director Buxton reviewed this document. Director Miller indicated moving forward with the Outdoor Recreation Fund Advisory Council, and the projects slated for the Department to work on with Parks and Recreation, a conversation on progress of those projects and bringing in Director Buxton would be warranted.

Executive Session

None

Prior to adjournment, Director Miller recognized Craig Foss, an executive team member who is leaving the Department. Craig is from North Dakota and worked in various capacities in North Dakota in forestry, as well as for the Montana DNRC. He has been at Department of Lands for 29 years in numerous roles. Most recently in 2020, he was serving as the Division Administrator for Forestry and Fire and was asked to be Idaho's State Forester. A better man could not have been envisioned to take on that role for the Department and for the state of Idaho. Craig has been a remarkable leader. He has advanced many initiatives related to forestry in Idaho, from forest health, GNA, shared stewardship, as well as fire program modernization. He cares deeply about the state, about natural resources and the people of this organization, and he will be missed. Craig Foss said it has been a pleasure serving multiple governors, multiple Land Boards, multiple directors, back to Stan Hamilton. It has been a great career; a wonderful organization supported him through a lot of phases of life that happened over the course of a career. He is grateful for everything, not going to miss it though. Craig is going into retirement fully prepared for the next stage of life with a lot of great memories and looking forward to the next thing.

Controller Woolf recognized Shawn Keough with the Associated Logging Contractors who is finishing her career as well. Her service to the timber industry and to the state as an Idaho State Senator is greatly appreciated.

There being no further business before the Land Board, at 10:06 a.m. a motion to adjourn was made by Controller Woolf. Superintendent Critchfield 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 October 15, 2024 Land Board meeting.