



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
February 18, 2025

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, February 18, 2025 at the Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise, Idaho, and via webinar. The meeting began at 9:31 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 at the physical location.

Director Miller recognized two members of his executive leadership team: Michele Andersen promoted to Deputy Director-Policy and Administration. Julia Lauch promoted to Division Administrator-Forestry and Fire and State Forester. Director Miller said he is excited to have them in their new positions on the team.

Reports

1. Department Reports—presented by Dustin Miller, Director
 - A. Timber Sales Revenue—January 2025
 - B. Leases/Permits Transactions and Revenue—January 2025

Discussion: Controller Woolf mentioned one endowment sale did not sale, Big Creek, and asked if the Department has a good understanding of why and what is next with that sale. Director Miller replied that industry representatives told Department staff that the sale was not big enough given the road developments needed, that development credits were not sufficient. Logging costs were low due to those developments needed to harvest the sale. The Department believes the prices and the logging costs were adequate; staff continue to have conversations with potential

purchasers. Next steps, staff will evaluate the composition of the sale; it may be included in a future sale, expand a particular sale to include this one, or there may be an option to do a non-competitive direct sale. Attorney General Labrador asked about parameters of a non-competitive sale. Jim Elbin, Trust Lands Division Administration, clarified that a sale the size of Big Creek would not be sold by non-competitive sale. The Department might, if there are disease problems on the timber, hold a salvage sale and go to lower minimums, but the Department will invite competition at the auction. Controller Woolf noticed the Monthly Stumpage Price graph [p. 3] used to include the Inland Composite lumber price, and wondered why the green lumber price line was removed. Director Miller explained that staff discussed this; it was an expensive subscription to get that data. The Department decided it was not necessary to renew the high-priced subscription; staff will continue to get that data in other ways. Superintendent Critchfield inquired, on the same graph, why is the fluctuation so much on the IDL Stumpage Price Trend. Director Miller answered fluctuations are based on complexity of a particular sale, logging operations, distance to market, composition of the sale, and other market factors.

C. Land Bank Aging

Discussion: Secretary of State McGrane asked about projects in the queue. Specifically, \$8 million is set to expire in about a year from now. Are there projects the Department is evaluating to use that \$8 million? Mr. Elbin responded potential projects are timberland properties. The Department does not have any 100% agreements in place and those are protected by non-disclosure agreements; specifics cannot be shared here.

D. Legislative Summary

E. Resource Protection & Assistance Report

Discussion: Governor Little observed the Abandoned Mine Land Fund (AML Fund) is almost headed upside down [chart, p. 8], and wondered what the solution is. Mr. Chollett replied that House Bill 226 was proposed and will be reviewed by the legislature; that will likely start several conversations. The Department is currently working on solutions with Idaho Geologic Survey to shore up this fund. Governor Little asked who pays the cost if the fund goes underwater. Mr. Chollett stated the Department would not be able to perform any more abandoned mine land projects; there would be a hiatus for whatever term the fund was underwater. Director Miller added, regarding the bill Mr. Chollett mentioned, the Idaho Mining Association is working on a solution to help with this particular program where, based on draft language, more money would come to the Abandoned Mine Land Fund for the reclamation projects. There are nearly 9,000 abandoned mines that the Department is required to close. The bill would provide more money into that Abandoned Mine Land Fund and also set up a structure for prioritization for those mine closures. Director Miller said he appreciates the industry being at the forefront of this. Attorney General Labrador inquired where that money will come from; is it taken from another fund or is it new revenue. Director Miller replied that his understanding of the language is that a larger percentage of the mine license tax would go into the Abandoned Mine Land Fund. Governor Little commented that it would be General Fund. Mr. Chollett indicated the mine license tax is currently set at 66% to the General Fund and 34% to the Abandoned Mine Land Reclamation Fund. The proposal

is 50% to the General Fund and 50% to the AML Fund. Superintendent Critchfield remarked there are many changes coming from the federal government which has a part in many of the operations regarding mining, and asked if any of those changes are expected to immediately impact the mining business on the state level. Governor Little stated the short answer is yes; the new Interior Secretary is interested in increasing the speed at which mines are permitted.

2. Endowment Fund Investment Board—presented by Chris Anton, EFIB Manager of Investments
 - A. Manager's Report
 - B. Investment Report

Discussion:

Mr. Anton recalled that last month the portfolio was down close to 3% as the Federal Reserve indicated that progress with inflation had stalled out at about 3%, and the goal is 2%. While the Federal Reserve cut interest rates by 0.25% in December, just the message that rates are on hold spooked the markets. The focus now has shifted towards fiscal policy and trying to understand the policies being put in place by President Trump and Secretary of Treasury Bessent. Those policies are more pro-growth, and there was positive momentum in the market. The portfolio rebounded, up 3% during the month, up 6.3% fiscal year-to-date, and through Friday up 7.5%; a good start in the first half of the fiscal year. There were moments of significant volatility in the market. The first was when President Trump indicated he was imposing tariffs, and the initial plan was 25% with Canada and Mexico and 60% with China. However, the tariffs with Canada and Mexico were postponed as negotiations took place over immigration and stopping the illegal flow of drugs; China's tariffs were set at 10% and the market rebounded right back. The other area was the Chinese company DeepSeek; it is an artificial intelligence (AI) company. DeepSeek became the most downloaded AI app, exceeded the downloads for Chat GPT, and showed that DeepSeek could perform as well or better on certain metrics using older generation NVIDIA chips. The U.S. government restricted the flow of high-end chips to China and there was concern that NVIDIA sales would slow, that there would be a slowdown in building huge data centers to support AI; however, things have come back. If the cost of these AI apps came down, that will help the market, help adoption, help grow demand on the AI side. It is yet to be determined how that will work out, but there has been some recovery in the tech stocks. Mr. Anton remarked that the portfolio is in a good place for the fiscal year; reserves are well-funded. EFIB completed the transition from Western Asset Management to Dodge & Cox on the fixed income side. The Investment Board at its meeting last week approved hiring Clearwater Advisors for a portion of the State Insurance Fund portfolio. Clearwater Advisors will not be used in the Endowment Fund at this time, merely in the State Insurance Fund portfolio. The Investment Board welcomed two new members: Senator Jim Woodward and Representative James Petzke; those nominations by the Governor are appreciated, and both were able to attend their first Investment Board meeting last week.

Consent—Action Item(s)

3. December 18, 2024 Live Auction, Mineral Lease E700065—presented by Jason Laney, Section Manager-Leasing

Recommendation: Direct the Department to award mineral lease E700065 to North Side Canal Company, the high bidder at the auction.

Discussion: None.

4. Approval of Draft Minutes—December 17, 2024 Regular Meeting

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

Regular—Action Item(s)

5. Land Acquisition for Idaho Division of Veterans Services (IDVS)—presented by Mark Tschampl, Chief Administrator, IDVS

Recommendation: As land trustee, approve the land acquisition on behalf of the Idaho Division of Veterans Services.

Discussion: Attorney General Labrador asked where the parcel is located. Mr. Tschampl answered it is on the lower level, approximately east of the current cemetery. The upper levels are too hilly and do not meet federal requirements.

Board Action: A motion was made by Controller Woolf that the Land Board adopt and approve this recommendation to approve the land acquisition on behalf of the Idaho Division of Veterans Services. Secretary of State McGrane seconded the motion. The motion carried on a vote of 5-0.

6. Land Board Support Letter to JFAC—Funding Fire Suppression Deficiency Fund

Discussion: Attorney General Labrador inquired how much it cost last year for fire suppression. Director Miller responded that numbers are roughly \$55 million for suppression costs. That does not include all of the cost shares with federal partners yet to be determined; those are getting reconciled right now. It takes several months post fire season to dial that in, but at a minimum \$55 million was the price tag for the State last year. Attorney General Labrador noted that cost included some federal lands as well. Director Miller replied yes, lands were protected under the offset agreement with the federal government. Attorney General Labrador mentioned a news article which quoted Director Miller as saying that if Idaho took over federal lands, the State could not afford it, but right now in state lands and even some responsibilities with federal lands, the State is able to afford it at the same time that the Department is making profit off of endowment lands. Attorney General Labrador asked the Director to explain the difference. Director Miller communicated that he heard the price tag for the Forest Service alone to fight fires in Idaho was about \$300 million. The Forest Service has a large estate to manage and fight fire, and there were significant fire costs this summer. The southern part of the state saw most of the lightning activity; a lot of that occurred on federal land. The Department can

continue to work with federal partners to get a more detailed number, but about \$300 million is what it cost the Forest Service to fight fires this last summer. Director Miller stated the way the Department manages is to focus on forest health and timber production on endowment lands. It generally costs less to fight fires in those areas because they are well managed, there is less fuel loading, better roads, the firefighters can get in there and be aggressive on those fires and get them out. It is different for the federal government given rules and regulations that they need to operate under. Again, the Department focuses on managed timberlands under its protection; staff fight fire, fight those fires aggressively, and really work to minimize costs. Director Miller did not know what the price tag would be for the State to fight those fires, but to hear that the Forest Service spent about \$300 million this last summer on fire suppression was staggering. Attorney General Labrador summarized his understanding that under State management practices the cost would be less because the lands are better managed, and the Department would make profits off of endowment lands, so it is not known what the ultimate cost is and what the benefit would be to the State. Director Miller said yes, if those lands came to the State, they would be managed by the Department just as it does on endowment lands for maximizing revenue for the endowment beneficiaries. The timber stands would be managed for production, minimize fuels, ensure access into those places to take care of insects and disease issues, access for fire suppression, and that could yield more revenue through timber sales and other activities for the endowments.

Controller Woolf inquired what the current balance is in the fire suppression account fund. Director Miller remarked about \$35-36 million is the current balance in the suppression account. The Department has outstanding obligations, a good portion of the money is obligated, and without prefunding the account it looks to be somewhere between \$12-13 million for next fiscal year, FY26, which is not a lot of money. Even though the Department does things inexpensively, fire suppression is costly, and that does not leave much money in the account for suppression. The Department wants to avoid similar situations like what occurred in Oregon; the Oregon Department of Forestry ran out of money part way through fire season, and they could not pay their contractors. They had to seek funds from their emergency board and the Governor called a special session to bring the legislature together to appropriate additional funds. Prefunding the suppression account has been a great thing for the Department knowing that the money is there; contractors can be paid, and firefighters can do what they do best, fight fires aggressively, keep them small, and minimize costs.

Governor Little pondered, when all bills are paid and accrual accounting is done, if it is fair to say that the amount left will not pay the fixed costs for next fire season. A couple of years ago the state had a very light fire year; the Department's fixed costs were almost \$20 million with hardly any fires. Director Miller acknowledged the Department does have a lot of fixed costs, upfront costs, that are paid out of that suppression account, particularly contracted resources; aviation contracts are big contracts which are very necessary pieces of equipment that must be kept at the ready. The Department would be put in a challenging situation to have to pay those fixed costs, and have little left in the account for suppression.

Controller Woolf noted there is an estimated \$34-35 million in the fund now; the proposal from the Department of Lands and the Governor's recommendation for their budget was to supplement \$60 million into this current FY25 and then \$40 million ongoing. Is that correct? Director Miller answered yes.

Board Action: A motion was made by Controller Woolf that the Land Board support the Department's budget recommendation and send this letter to JFAC [Joint Finance-Appropriations Committee]. Superintendent Critchfield seconded the motion. Controller Woolf spoke to his motion, saying he appreciates the opportunity to support this and, seeing what is taking place in neighboring states, this is great insurance and wise to go forward. The motion carried on a vote of 5-0.

Information

7. Modernizing Wildland Fire Operations Facilities—presented by Michele Andersen, Deputy Director-Policy and Administration

Discussion: Governor Little presumed a concurrent resolution would not happen this year, so the Department will be doing all the things listed on that last slide, it will come back to the Board, then it will go to the legislature, and the Department will work with Wayne Meuleman and the Idaho State Building Authority; is that the anticipated course. Ms. Andersen replied that process is correct, and remarked it is possible the Department could seek a concurrent resolution in the current legislative session although that would be extremely ambitious. Governor Little asserted the issue is the long-term cash flow. The Department builds \$5 million worth of buildings, what is the cash flow, because these bonds will be 15 years? 10 years? Mr. Meuleman indicated the bonds will be anywhere from 20-30 years, depending on who bankrolls the funds. Governor Little commented that it would be nice if the buildings lasted as long as the debt and stated the cash flow will have to be examined.

Executive Session

None

There being no further business before the Land Board, at 10:30 a.m. a motion to adjourn was made by Controller Woolf. 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 March 18, 2025 Land Board meeting.