# Idaho State Board of Land Commissioners Open Meeting Checklist

Meeting Date: September 16, 2025

# **Regular Meetings**

Date	Action
9/4/2025	Meeting Notice posted in Idaho Department of Lands (IDL) Boise Director's office five (5) or more calendar days before meeting.
9/4/2025	Meeting Notice posted in IDL Coeur d'Alene staff office five (5) or more calendar days before meeting.
9/4/2025	Meeting Notice posted at meeting location five (5) or more calendar days before meeting.
9/4/2025	Meeting Notice posted electronically on <u>IDL website</u> (https://www.idl.idaho.gov) five (5) or more calendar days before meeting.
9/4/2025	Meeting Notice published on <u>Townhall Idaho website</u> (https://townhall.idaho.gov) five (5) or more calendar days before meeting.
9/11/2025	Agenda posted in IDL Boise Director's office forty-eight (48) hours before meeting.
9/11/2025	Agenda posted in IDL Coeur d'Alene staff office forty-eight (48) hours before meeting.
9/11/2025	Agenda posted at meeting location forty-eight (48) hours before meeting.
9/11/2025	Agenda posted electronically on <u>IDL website</u> (https://www.idl.idaho.gov) forty-eight (48) hours before meeting.
9/11/2025	Agenda published on <u>Townhall Idaho website</u> (https://townhall.idaho.gov) forty-eight (48) hours before meeting.
2/27/2025	Revised Land Board annual meeting schedule posted-Boise Director's office, Coeur d'Alene staff office, and <u>IDL website</u> (https://www.idl.idaho.gov).

# Certification

/s/ Renée Jacobsen	September 11, 2025	
Recording Secretary	Date	

# IDAHO DEPARTMENT OF LANDS

#### **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

# Notice of Public Meeting September 2025

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, September 16, 2025 in the **State Capitol**, **Lincoln Auditorium (WW02**), Lower Level, West Wing, 700 W. Jefferson St., Boise. The meeting is scheduled to begin at 9:00 AM (MT).

Please note meeting location.

The State Board of Land Commissioners will conduct this meeting in person and by virtual means. This meeting is open to the public. No public comment will be taken.

<u>Live streaming via Idaho Public Television</u> https://www.idahoptv.org/shows/idahoinsession/ww02

Register to attend the Zoom webinar https://idl.zoom.us/webinar/register/WN\_1-AQgx1ZSIe2wvjK-Lw8gA

Notice Posted: 9/4/2025 Boise; 9/4/2025 Coeur d'Alene

This notice is published pursuant to Idaho Code § 74-204. 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, 208.334.0200

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# Final Agenda

State Board of Land Commissioners Regular Meeting
September 16, 2025–9:00 AM (MT)
State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing,
700 W. Jefferson St., Boise, Idaho

Please note meeting location.

The State Board of Land Commissioners will conduct this meeting in person and by virtual means. This meeting is open to the public. No public comment will be taken.

<u>Live streaming via Idaho Public Television</u>: https://www.idahoptv.org/shows/idahoinsession/ww02

Register to attend the Zoom webinar:

https://idl.zoom.us/webinar/register/WN\_1-AQgx1ZSIe2wvjK-Lw8gA

# Reports

- 1. Department Reports—presented by Dustin Miller, Director
  - A. Timber Sales Revenue—August 2025
  - B. Leases/Permits Transactions and Revenue—August 2025
  - C. Fire Season Update
- 2. Endowment Fund Investment Board—presented by Chris Anton, EFIB Manager of Investments
  - A. Manager's Report
  - B. Investment Report

# Consent—Action Item(s)

- 3. August 6, 2025 Live Auction, Grazing Lease G700347—presented by Addie Faust, Program Manager-Natural Resources Leasing
- 4. Approval of Draft Minutes—August 19, 2025 Regular Meeting

# Regular—Action Item(s)

- 5. FY2027 Department of Lands Budget—presented by Dustin Miller, Director
- 6. August 5, 2025 Live Auction and Approval of Solar Lease M600110—presented by Jason Laney, Section Manager-Leasing

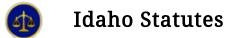
- 7. Leasing: Minimum Annual Rent and Assignment Fee Increases—presented by Jim Elbin, Division Administrator-Trust Lands
- 8. Approval of FY2026 Timber Sales with Clearcut Harvest Units: Bald Larch, Found It 40, Builda Burma, Divided Cedar—presented by Jake Strohmeyer, Division Administrator-Operations
- 9. Saraceno Land Exchange—presented by Zane Lathin, Section Manager-Real Estate
- 10. Adoption of Pending Rule IDAPA 20.03.08, Easements on State-Owned Lands—presented by Roger Hall, Bureau Chief-Real Estate

#### Information

- 11. FY2025 Gross Revenue Record—presented by Jim Elbin, Division Administrator-Trust Lands
- 12. Cottage Site Leasing and Disposition Update—presented by Jim Elbin, Division Administrator-Trust Lands

# **Executive Session**

None



# Idaho Statutes are updated to the website July 1 following the legislative session.

# 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 <a href="https://chapter.nc.nlm.nc.n
  - (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.]

September 16, 2025 Trust Land Revenue

# **Timber Sales**

During August 2025, the Idaho Department of Lands sold eight endowment timber sales at auction. Four of the sales had competitive bidding. The net sale value represents a 32% increase over the appraised price. Two endowment timber sales did not sell at auction.

# **TIMBER SALE AUCTIONS**

Sale Name	Area	Sawlog MBF	Cedar Prod MBF	Pulp MBF	Appraised Net Value	Sale Net Value	Net \$/MBF	Purchaser
Stick It	SJ	7,200			\$ 1,257,096.50	\$ 2,183,966.05	\$303.33	PotlatchDeltic
Benton Corner Cedar Salvage	CLWR	2,230			\$ 724,038.50	\$ 724,038.50	\$324.68	Alta Forest Products
Donner Ton	PAY	9,170			\$ 861,809.96	\$ 861,809.96	\$93.98	Woodgrain Inc
Upper Thomas	MICA	6,495			\$ 1,446,468.50	\$ 1,486,340.00	\$228.84	IFG Timber LLC
Mirkwood	MC	3,815			\$ 709,402.00	\$ 709,402.00	\$185.95	IFG Timber LLC
Not for Long	SJ	10,300			\$ 1,336,134.50	\$ 1,915,439.00	\$185.96	IFG Timber LLC
Aldridge Cedar	PON	7,570			\$ 2,278,152.00	\$ 3,632,049.00	\$479.80	IFG Timber LLC
Bannock Pine Ton	SW	7,010			\$ 418,757.92	\$ 418,757.92	\$59.74	Woodgrain Inc
Endowment		53,790	0	0	\$9,031,859.88	\$11,931,802.43	\$221.82	

# PROPOSED TIMBER SALES FOR AUCTION

Sale Name	Volume MBF	Α	dvertised Net Value	Area	Scheduled Auction Date
	N	orth	Operations		
Riley Cedar	3,560	\$	2,672,413.00	POL	9/17/2025
Almost Round Cedar	5,725	\$	3,167,045.00	POL	9/17/2025
No Idea	7,660	\$	1,320,702.00	SJ	9/23/2025
Never Summer	5,695	\$	1,450,531.00	POL	9/25/2025
Mow Caribou Cedar	2,705	\$	1,011,514.50	PL	9/30/2025
Cherry Crisp Salvage	535	\$	116,756.00	POND	9/16/2025
St. Joe Overlook	6,615	\$	1,159,966.00	SJ	9/29/2025
Totals	32,495	\$	10,898,927.50		
	Sc	outh	Operations		
Lava Roadside Salvage GNA Ton	1,525	\$	9,563.46	BNF	9/17/2025
Trail Ridge GNA Ton	4,810	\$	350,543.78	BLM	9/30/2025
Blazing Bliss Salvage	700	\$	51,121.50	PAY	9/15/2025
Totals	7,035	\$	411,228.74		

# **VOLUME UNDER CONTRACT as of AUGUST 31, 2025**

	Public School	Pooled	Total	3 Year Avg.
Active Contracts			179	175
Total Residual MBF Equivalent	325,474	169,167	494,641	515,471
Estimated residual value	\$94,315,856	\$53,194,563	\$147,510,419	\$148,053,790
Residual Value (\$/MBF)	\$289.78	\$314.45	\$298.22	\$287.22

# **TIMBER HARVEST RECEIPTS**

	AUG	UST	FY TO DATE	SEPTEMBER PROJECTED				
	Stumpage	Interest	Harvest Receipts	Stumpage	Interest			
Public School	\$ 7,282,169.69	\$ 802,965.46	\$13,775,249.25	\$ 5,351,189.99	\$ 452,127.51			
Pooled	\$ 5,308,463.52	\$ 421,150.21	\$ 8,738,547.84	\$ 2,723,101.36	\$ 217,431.82			
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -			
TOTALS	\$12,590,633.21	\$1,224,115.67	\$22,513,797.09	\$8,074,291.35	\$ 669,559.33			

# STATUS OF FY2025 TIMBER SALE PROGRAM

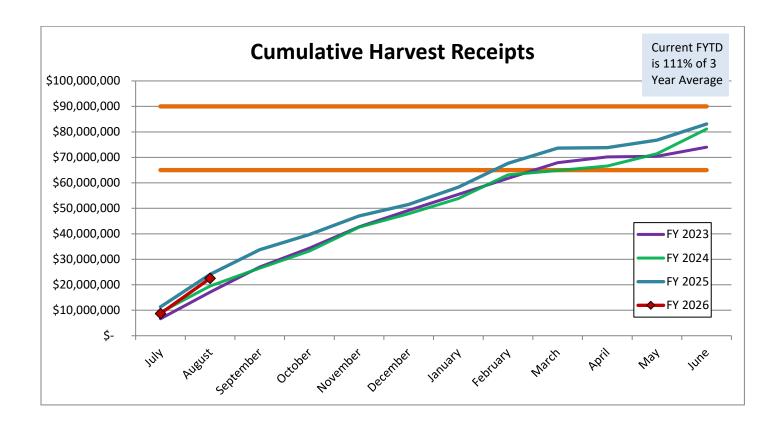
		MBF Saw	log	Number Poles					
	Public School	Pooled	AII Endowments	Public School	Pooled	AII Endowments			
Sold as of Aug. 31, 2025	168,018	136,691	304,709	16,434	15,221	31,655			
Currently Advertised	14,254	11	14,265	0	0	0			
In Review	9	2,326	2,335	0	0	0			
Did Not Sell*	4,775	0	4,775	0	0	0			
TOTALS	187,056	139,028	326,084	16,434	15,221	31,655			
FY2025 Sales Plan			328,000			20,000			
Percent to Date			99%			158%			

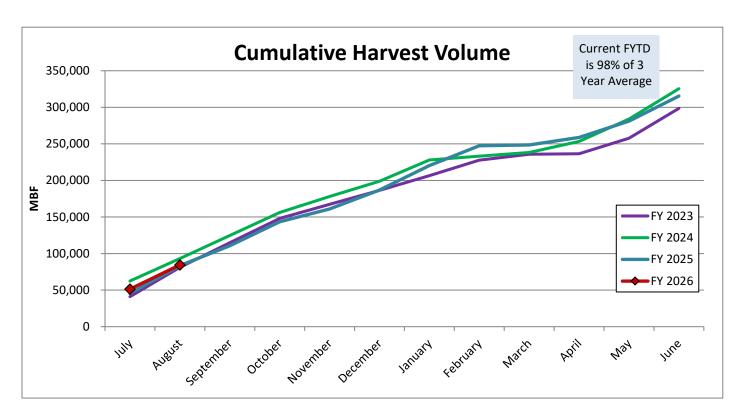
<sup>\*</sup> After three attempts at auction.

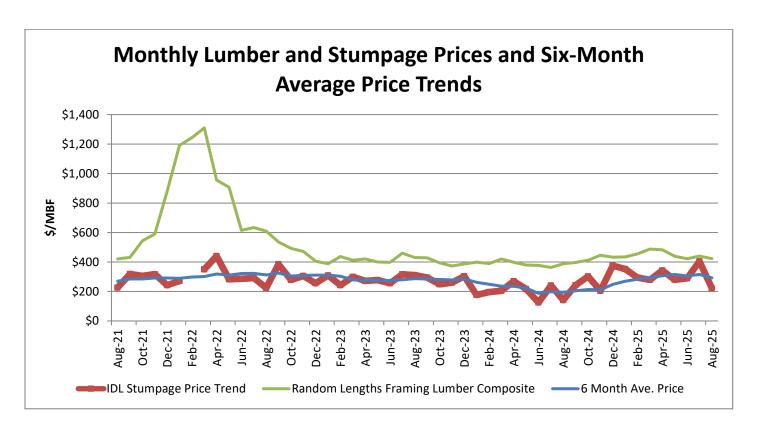
# STATUS OF FY2026 TIMBER SALE PROGRAM

		MBF Saw	log	Number Poles					
	Public School	Pooled	All Public Pooled Endowments School		AII Endowments				
Sold as of Aug. 31, 2025	11,271	9,676	20,947	3,218	562	3,780			
Currently Advertised	40,004	13,886	53,890	8,771	0	8,771			
In Review	9,669	1,461	11,130	800	0	800			
Did Not Sell*	0	0	0	0	0	0			
TOTALS	60,944	25,023	85,967	12,789	562	13,351			
FY2026 Sales Plan			333,000			20,000			
Percent to Date			26%			67%			

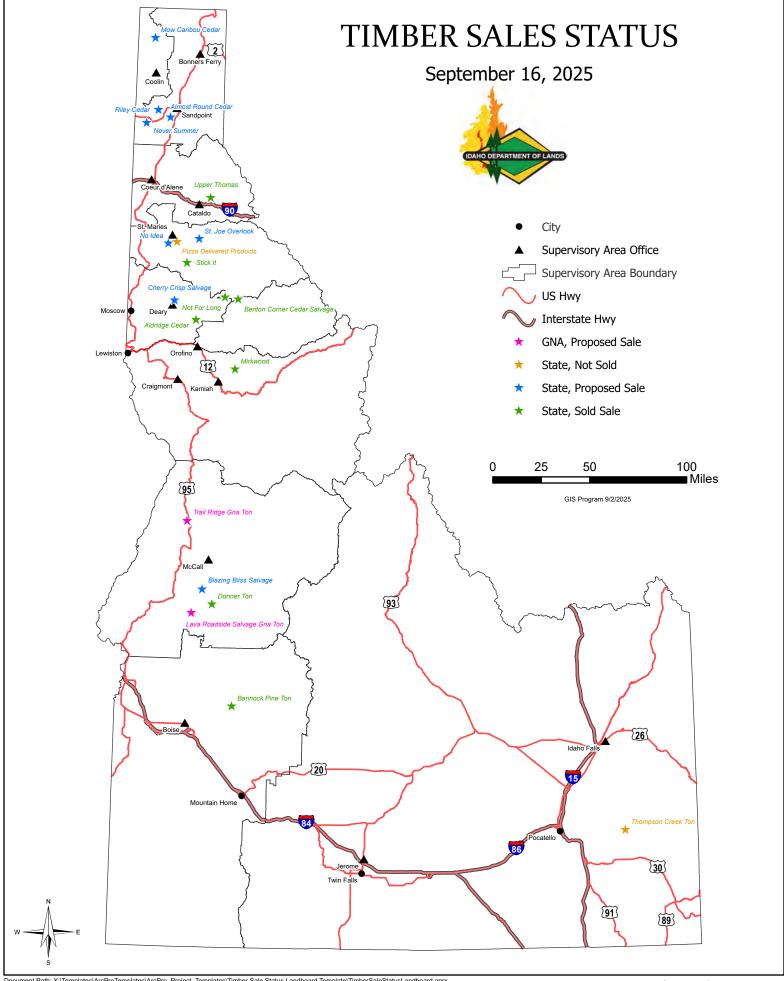
<sup>\*</sup> After three attempts at auction.







August 2025 6-month average price is \$292.43. August 2024 6-month average price was \$194.57.



September 16, 2025 Endowment Transactions

# **Leases and Permits**

FISCAL YEAR 2026-I	LEAS	ING	& PEI	RMIT	TING	TRA	NSA	СТІО	NS B	У МС	нти		
		t	hrou	gh A	ugus	t 31,	202	5	•				
ACTIVITY	INF	AUG	SEP	ОСТ	AON	DEC	JAN	FEB	MAR	APR	MAY	NOr	FYTD
SURFACE													
Agriculture	1	-	-	-	-	-	-	-	-	-	-	-	1
Assignments	-	-	-	-	-	-	-	-	-	-	-	-	0
Communication Sites	-	-	-	-	-	-	-	-	-	-	-	-	0
Assignments	-	-	-	-	-	-	-	-	-	-	-	-	0
Grazing	6	1	-	-	-	-	-	-	-	-	-	-	7
Assignments	1	4	-	-	-	-	-	-	-	-	-	-	5
Residential	-	-	-	-	-	-	-	-	-	-	-	-	0
Assignments	ı	-	ı	-	-	ı	-	-	-	-	-	ı	0
COMMERCIAL	COMMERCIAL												
Alternative Energy	ı	-	ı	-	-	1	-	-	-	-	-	ı	0
Industrial	1	-	-	-	-	-	-	-	-	-	-	-	1
Military	ı	-	ı	-	-	-	-	-	-	-	-	-	0
Office/Retail	ı	-	ı	-	-	-	-	-	-	-	-	ı	0
Recreation	2	-	ı	-	-	ı	-	-	-	-	-	-	2
Assignments	ı	-	ı	-	-	ı	-	-	-	-	-	ı	0
OTHER													
Conservation	ı	-	ı	-	-	-	-	-	-	-	-	ı	0
Geothermal	ı	-	ı	-	-	ı	-	-	-	-	-	ı	0
Minerals	2	-	-	-	-	-	-	-	-	-	-	-	2
Assignments	-	-	-	-	-	-	-	-	-	-	-	-	0
Non-Comm Recreation	-	-	-	-	-	-	-	-	-	-	-	-	0
Oil & Gas	-	-	-	-	-	-	-	-	-	-	-	-	0
PERMITS													
Land Use Permits	3	6	-	-	-	-	-	-	-	-	-	-	9
TOTAL INSTRUMENTS	16	11	0	0	0	0	0	0	0	0	0	0	27

# **Real Estate**

EISCAL VEAD 2026	FISCAL YEAR 2026-REAL ESTATE TRANSACTIONS BY MONTH												
	through August 31, 2025												
ACTIVITY	10r	AUG	SEP	ОСТ	NON	DEC	JAN	FEB	MAR	APR	MAY	NNr	FYTD
Deeds Acquired	ı	-	-	-	-	-	ı	ı	1	-	-	-	0
Deeds Granted	-	-	-	-	-	-	-	-	-	-	-	-	0
Deeds Granted - Surplus	-	-	-	-	-	-	-	-	-	-	-	-	0
Easements Granted	1	-	-	-	-	-	-	-	-	-	-	-	1
Easements Acquired	1	-	-	-	-	-	ı	ı	ı	-	-	ı	1
Easements Assigned	1	-	-	-	-	-	-	-	-	-	-	-	1
Notes:													

# Leases and Permits Page 2 of 4

# TRUST LAND MANAGEMENT DIVISION FY2026 GROSS REVENUE (non-timber) - ACTUAL AND FORECASTED through August 31, 2025

		/ENUE YTD F 08.31.2025		EX	REVENUE PECTED BY .31.2025*	REVENUE EXPECTED BY 06.30.2026
SURFACE	-					
AGRICULTURE	\$	152,973		\$	1,000	\$ 498,309
COMMUNICATION SITES	\$	41,372		\$	-	\$ 1,150,000
GRAZING	\$	150,410	1 [:	\$	30,526	\$ 2,344,734
RESIDENTIAL LEASES	\$	38,765		\$	-	\$ 1,293,052
COMMERCIAL						
COMMERCIAL ENERGY RESOURCES	\$	215,500		\$	-	\$ 421,000
COMMERCIAL INDUSTRIAL	\$	250	1 [	\$	-	\$ 160,000
COMMERCIAL MILITARY FACILITIES	\$	70,742	1 [	\$	-	\$ 125,000
COMMERCIAL OFFICE/RETAIL LEASES	\$	85,924		\$	50,000	\$ 1,050,000
COMMERCIAL RECREATION	\$	38,412		\$	40,000	\$ 1,250,000
OTHER						
CONSERVATION LEASES	\$	250		\$	-	\$ 105,741
GEOTHERMAL	\$	53,203		\$	50,000	\$ 55,072
MINERAL LEASES	\$	8,057	1 [:	\$	10,425	\$ 295,573
OIL AND GAS LEASES	\$	60		\$	-	\$ 4,148
Sub Total	\$	855,919		\$	181,951	\$ 8,752,628
REAL ESTATE SERVICES (ER)	\$	-	**			
Grand Total - Earnings Reserve	\$	855,919				
			7			

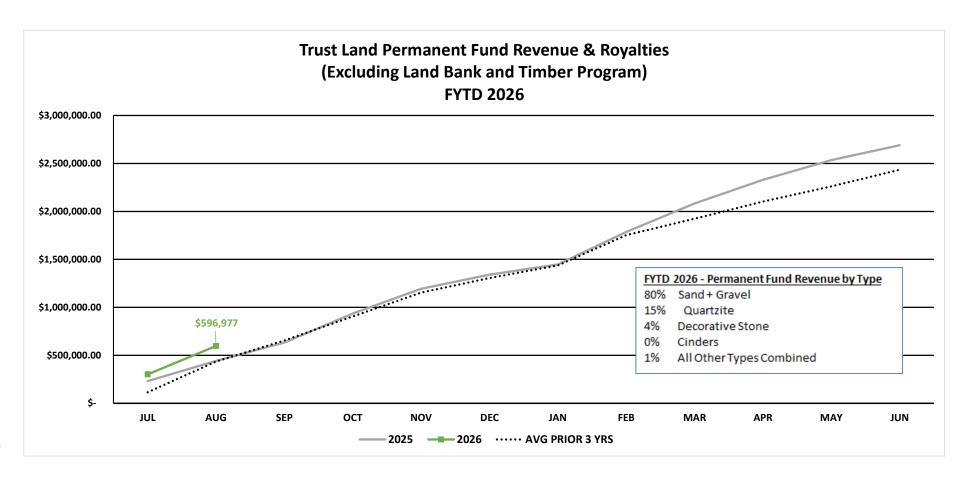
PERMANENT FUND REVENUE

MINERALS (PF) \$ 596,977 \*\*

<sup>\*</sup>These figures are based on historic timing of revenue/billing as well as estimates of upcoming lease and permit revenue.

<sup>\*\*</sup> This category is not included in the annual forecast.

<sup>\*\*\*</sup>This category is not included in the annual forecast and represents minerals revenue to the permanent fund.



September 16, 2025 Department Report

# Subject

Fire Season Update

# Background

As of September 10, Emergency Fire Suppression expenditures are estimated to be \$45,205,500. The suppression account will recover an estimated \$7,967,000 of reimbursable costs, for a net obligation of \$37,238,500. The total obligation includes the 2025 contracted aircraft costs and prepositioned contract engines to assist with a lack of qualified engine bosses. These engines are assigned across the state to boost initial attack resources.

# Discussion

On August 13, the Sunset Fire was reported 30 miles northeast of Coeur d'Alene. The fire burned 3,183 acres and is 100 percent contained. The fire burned a mixed ownership of private and US Forest Service land. The fire was suppressed by the North Idaho Type 3 Team and Northern Rockies Team 5 Complex Incident Management Team. It went back to the district on Friday, September 5.

# Fire Season Comparison to Date

# Number and Size of Fires (Year to Date)

Year	Human	Lightning	Total	Acres
2020	173	49	222	4,853
2021	227	154	381	141,883
2022	111	133	244	3,887
2023*	195	76	271	2,577
2024*	180	112	292	48,336
2025*	229	114	343	4,699
20-Yı	r. Average (2002-2	271	24,567	

<sup>\*2024</sup> and 2025 fires are calculated using the protection boundaries of the new Idaho Master Agreement which has increased the area in which IDL is the protecting agency. Therefore, there is an inconsistency between earlier numbers and 20-year averages.

September is predicted to have average fire potential for nearly the entire state. There is a small area in the southwest part of the state with above average wildland fire potential for September. The extended forecasts indicate slightly elevated temperatures with near normal precipitation. Drought remains present

throughout much of the state with north central Idaho being the most impacted. Fire season duration and severity will be dictated by a combination of weather and ignitions.

Stage 1 restrictions are in place for portions of south-central Idaho.

# Significant Idaho Fires Outside of IDL Protection

# **Island Creek Fire**

Agency/Management: Nez-Clearwater National Forest (USFS)

General Location: 14 miles east of Elk City, ID Acres Burned: 14,802 acres, 5 percent contained

# White Pine Fire

Agency/Management: Nez-Clearwater National Forest (USFS)

General Location: 44 miles north of Lewiston, ID Acres Burned: 797 acres, 10 percent contained

# **Rock Fire**

Agency/Management: Boise National Forest (USFS) General Location: 5 miles southwest of Donnelly, ID Acres Burned: 2,794 acres, 92 percent contained

# Total Acres Burned by Ownership as of 9/10/2025

Surface Owner	Acres
Bureau of Land Management	79,492
U.S. Forest Service	62,069
Other Federal	8,159
Tribal	1,257
Private	12,991
State Endowment	6,776
Other State	303
Other	184
Total Acres	171,231

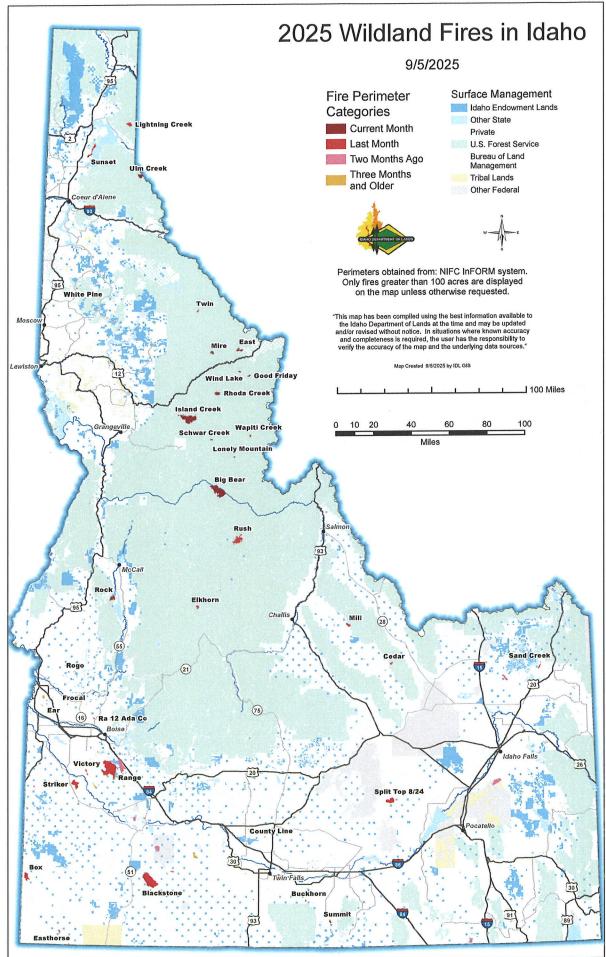
Only fires with perimeters in the Fire Enterprise Geospatial Portal have been included in the analysis.

# Fire Deficiency Warrant Spending—2025 Fire Season YTD

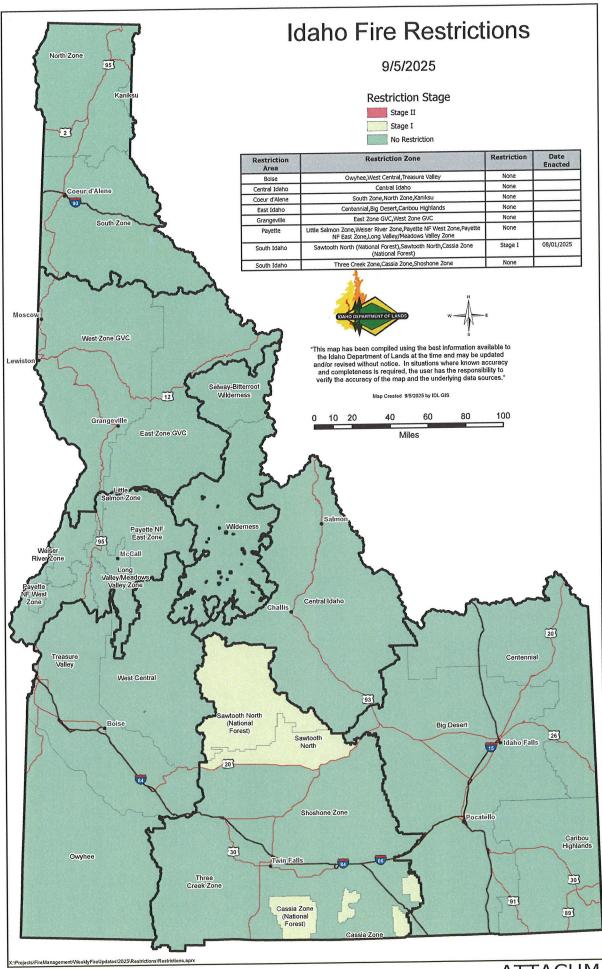
Category	Estimated Costs	Notes
Aviation Resources	\$3,500,000	4 SEATS, 4 Single Engine Water Scooper (Fire Boss), 1 Type 1 UH-60 Blackhawk
Prepositioned Engines	\$1,012,500	5 Type 6 Exclusive Use Contract Engines July 14-Sept. 15 (45 days guaranteed)
IDL Non-Team Fires	\$8,814,000	IDL/Assn fires including pre-positioning. Based on estimates and actuals.
IDL Team Fires	\$22,750,000	Nettleton Gulch (T3@MIS); Cherry (T3@PDS); Sunset (CIMT@POS)
Other Suppression/Non-reimbursable	\$1,162,000	Coeur d'Alene Cache: incoming and outgoing supplies not yet billed; Dispatch/Bureau cost when supporting multiple incidents.
Other Suppression/Reimbursable	\$7,967,000	Reimbursable—IDL and Fire Department resources supporting non-IDL fires.
Total Estimate YTD	\$45,205,500	Does not include Cost Share Fires which will be reported in October.

# **Attachments**

- 1. Map-Wildland Fires
- 2. Map-Fire Restrictions



X:\Projects\FireManagement\WeeklyFireUpdates\2025\AutomateWeeklyFireMap\AutomateWeeklyFireMap.aprx





Thomas J. Wilford :: Chairman

Jerry F. Aldape Irving Littman
David Dean James Petzke
Robert M. Donaldson Mary Pat Thompson
Joseph Forney Jim Woodward

Chris J. Anton :: Manager of Investments

# **Monthly Report to the Board of Land Commissioners**

# **Investment performance through August 31, 2025**

Month: 2.0% Fiscal year: 2.4%

Equity markets continued to experience record highs during August as tech companies reported strong second quarter earnings and the Fed hinted at a potential interest rate cut in September. Apple's stock surged after it pledged to invest \$600 billion in the U.S. over four years. Softening labor data and relatively stable inflation led Fed Chair Jerome Powell to signal an interest rate cut may be considered at their next meeting. The implementation of new tariffs has raised concerns about the potential impact on economic growth and inflation, but so far economic data has been generally positive.

# Status of endowment fund reserves

Distributions for FY2026 and FY2027 are well secured.

# **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**

Board Meeting - November 18, 2025

816 West Bannock Street :: Suite 301 :: Boise, Idaho 83702 p: 208.334.3311 f: 208.334.3786 www.efib.idaho.gov



# IDAHO ENDOWMENT FUND INVESTMENT REPORT

Preliminar	y Report	(Land	Grant	<b>Fund</b>
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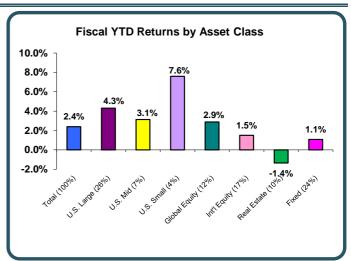
August 31, 2025

	<u>Month</u>	<u>FYTD</u>
Beginning Value of Fund	3,585,497,267	\$ 3,588,670,608
Distributions to Beneficiaries	9,197,600	18,645,200
Land Revenue net of IDL Expenses	4,713,205	4,713,205
Change in Market Value net of Investment Mgt. Expenses	58,218,644	45,597,703
Current Value of Fund	\$ 3,657,626,716	\$ 3,657,626,716

	Current	Calendar	Fiscal	One	Three	Five	Ten
Gross Returns	<u>Month</u>	<u>Y-T-D</u>	<u>Y-T-D</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>
Total Fund	2.0%	10.8%	2.4%	10.2%	11.4%	8.4%	8.9%
Total Fund Benchmark*	2.0%	10.7%	2.9%	11.3%	11.8%	8.2%	8.7%
Total Fixed	1.3%	5.3%	1.1%	3.7%	3.4%	0.0%	2.1%
BBG U.S. Agg. (Ag)	1.2%	5.0%	0.9%	3.1%	3.0%	-0.4%	2.0%
Total Equity	2.7%	14.6%	3.4%	14.3%	17.1%	12.6%	12.1%
56% R3 25.8% Ax 18.2% AC	2.6%	14.1%	4.1%	15.9%	17.7%	12.4%	11.8%
Domestic Equity	2.3%	9.5%	4.4%	12.5%	16.8%	13.5%	13.2%
Russell 3000 (R3)	2.3%	10.6%	4.6%	15.8%	18.8%	14.1%	14.0%
Global Equity	3.0%	12.9%	2.9%	11.2%	16.4%	10.8%	11.2%
MSCI ACWI (AC)	2.5%	14.3%	3.9%	15.8%	17.7%	12.0%	11.1%
Int'l. Equity	3.2%	27.3%	1.5%	19.9%	18.2%	11.7%	10.1%
MSCI ACWI ex-US (Ax)	3.5%	21.6%	3.2%	15.4%	15.1%	8.9%	7.3%
Real Estate	0.0%	0.2%	-1.4%	-0.1%	-6.1%	1.8%	
NCRIEF ODCE Index		1.8%	0.0%	1.1%	-5.1%	2.0%	

<sup>\*</sup> Benchmark:37% Russell 3000 17% ACWI ex-US 12% AC 24% BB Agg. 10% OD

	Mkt Value A	<u>Allocation</u>
<b>Domestic Equity</b>	\$ 1,358.4	37.1%
Large Cap	962.5	26.3%
Mid Cap	252.7	6.9%
Small Cap	143.2	3.9%
<b>Global Equity</b>	449.2	12.3%
Int'l Equity	631.4	17.3%
Fixed Income	853.9	23.3%
Real Estate	348.2	9.5%
Cash	15.7	<u>0.4%</u>
Total Fund	\$ 3,657.6	<u>100.0%</u>

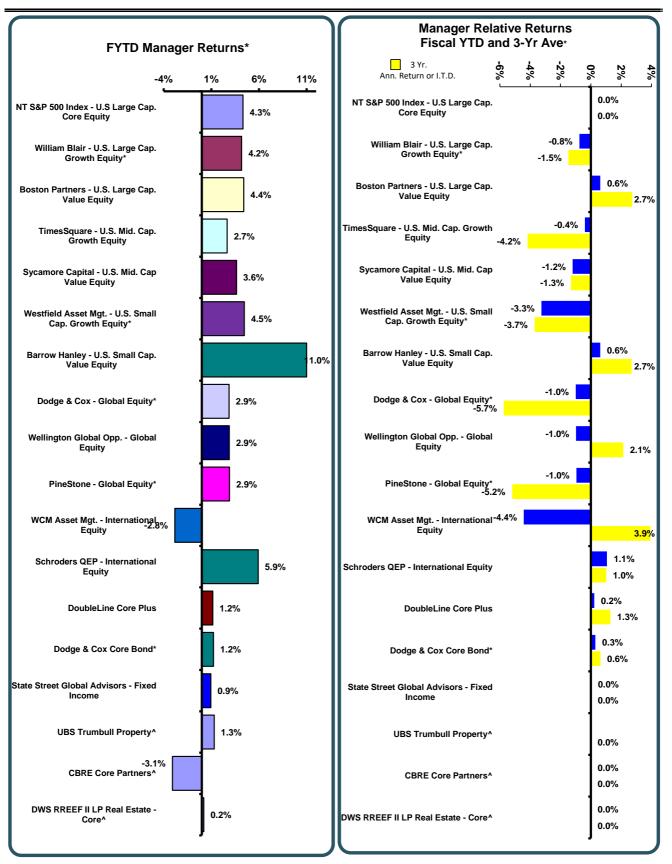


# **Endowment Fund Staff Comments:**

Equity markets continued to experience record highs during August as tech companies reported strong second quarter earnings and the Fed hinted at a potential interest rate cut in September. Apple's stock surged after it pledged to invest \$600 billion in the U.S. over four years. Softening labor data and relatively stable inflation led Fed Chair Jerome Powell to signal an interest rate cut may be considered at their next meeting. The implementation of new tariffs has raised concerns about the potential impact on economic growth and inflation, but so far economic data has been generally positive.

# August 31, 2025

# **INVESTMENT REPORT**



September 16, 2025 Consent Agenda

# Subject

Grazing Lease Live Auction—August 6, 2025

## **Question Presented**

Shall the Land Board direct the Department to award a grazing lease to the high bidder at the live auction?

# **Background**

During the open application period for expiring grazing lease G700347, the Idaho Department of Lands (Department) received three applications for this lease. 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 a live auction and determined the high bidder for this lease in accordance with existing statutes, rules, and procedures.

# Discussion

The live auction was held in the Jerome Field Office on August 6, 2025. The premium bid for the auction of lease G700347 was \$4,500. This lease was offered on a 5-year lease term. Attachment 1 is a summary of the results of the live auction.

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.

Upon approval, the new number for this lease will be GR70000678.

# Recommendation

Direct the Department to award the new grazing lease, GR70000678, to Gerald Martens.

# **Board Action**

# **Attachments**

1. Auction Summary

# ATTACHMENT 1

# **Summary of August 2025 Grazing Live Auction**

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 2026 AUM Rate*	High Bidder
Eastern-Jerome	G700347	PS	5	116	1164	\$0.00	3	13	\$4,500.00	\$7.76	\$16.74	Gerald Martens

Total: \$4,500.00

2025: 10%, or 1 out of 10 expiring grazing leases went to live auction

10 Year Average: 7% of expiring grazing leases go to live auction

<sup>\*</sup> Effective 2026 AUM Rate is calculated by adding the 2026 AUM Rate (\$8.98) and the High Bid per Year, per AUMs.

# **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.

# **Draft Minutes**

State Board of Land Commissioners Regular Meeting August 19, 2025

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, August 19, 2025 at the State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W. Jefferson St., Boise, Idaho, and via webinar. The meeting began at 8:59 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.

# Reports

- 1. Department Reports—presented by Dustin Miller, Director
  - A. Timber Sales Revenue—July 2025
  - B. Leases/Permits Transactions and Revenue—July 2025
  - C. Fire Season Update
  - D. Land Revenue Forecast
  - E. Resource Protection and Assistance Report

Discussion: Governor Little asked which two sales did not sell, as referenced in the Timber Sales Revenue report. Jim Elbin, Division Administrator-Trust Lands, said he would provide those names following the meeting.

Regarding the Land Revenue Forecast, Controller Woolf commended the Department's strong performance and suggested reviewing expenditures alongside revenues to identify efficiencies and cost savings. Director Miller responded that efficiency is a priority in both timber and land leasing operations and is central to strategic planning. He affirmed the Department's commitment to minimizing costs while maximizing returns for the endowments.

# Consent—Action Item(s)

2. July 2, 2025 Live Auction, Mineral Lease E600126—presented by Jason Laney, Section Manager-Leasing

Recommendation: Direct the Department to award mineral lease E600126 to Desert View, LLC, the high bidder at the auction.

Discussion: Governor Little opened the discussion by asking whether county-level hearings are held on gravel lease auctions. Mr. Laney responded that none are typically held but offered to verify. The Governor then asked about public notification, noting that beyond the mailing list of 30–40 people, few may be aware. Mr. Laney explained that auctions are posted on the Department's website, advertised in the county newspaper, and circulated to mineral developers. Governor Little directed staff to begin posting the advertisements on Townhall Idaho. Mr. Laney agreed.

Attorney General Labrador then sought clarification on the highest bid, that it was \$1,000. He asked how such bids compare with private lease arrangements and whether the state is undervaluing its resources. Mr. Laney replied that private leases are usually negotiated confidentially, making direct comparisons difficult, but noted that limited auction activity generally indicates state rates are aligned with market. Attorney General Labrador requested that Mr. Laney gather information on private lease rates and clarify what the \$1.05 per short ton royalty typically yields. Mr. Laney said this depends on the quality and size of the resource, often unknown before extraction, but committed to provide additional information. Attorney General Labrador expressed surprise at the low figures and reiterated his request for further detail.

Director Miller asked whether lease payments could be adjusted by the Board. Mr. Laney indicated that lease rates are reviewed annually by staff and may be adjusted to reflect market conditions. Governor Little pressed further, questioning whether changes could occur after bids are accepted, and asked what criteria govern such adjustments. Mr. Laney stated that leases contain provisions allowing adjustments and that bidders accept these risks when entering into contracts, with rates generally informed by local area staff's knowledge of market conditions. The Governor expressed concern that this uncertainty could discourage competitive bidding and noted the annual lease fee appeared low compared to the potential value of the property.

Governor Little also asked whether this policy of post-bid adjustments has been longstanding, which Mr. Laney confirmed. The Governor noted that any change in approach would require deliberate action by the Board. Mr. Laney added that while some smaller leases draw minimal bids, recent auctions for larger resources have attracted significant offers, including two leases that reached over half a million dollars each. Governor Little closed by aligning with the Attorney General's concern, stressing the importance of comparing state lease rates with federal and private benchmarks.

3. Updated Strategic Plan FY2026-FY2029—presented by Dustin Miller, Director

Recommendation: Direct the Department to submit its FY2026-FY2029 Strategic Plan as updated to the Division of Financial Management by August 29, 2025.

Discussion: Controller Woolf recommended that future strategic plan appendices include an additional column showing how the Department performed against its stated goals, objectives, benchmarks, and performance measures, to provide clearer accountability and review. Director Miller agreed, noting that annual performance reporting to the legislature already captures this information. He committed to incorporating such results into the strategic plan so the Board can readily see how prior-year targets were met.

4. Approval of Draft Minutes—July 15, 2025 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 each seconded the motion. The motion carried on a vote of 5-0.

# Regular—Action Item(s)

- 5. Endowment Fund Investment Board—presented by Chris Anton, EFIB Manager of Investments
  - A. Manager's Report
  - B. Investment Report
  - C. FY2027 Beneficiary Distributions and Transfers

Recommendation: The Endowment Fund Investment Board recommends that the State Board of Land Commissioners (Land Board) approve FY2027 beneficiary distributions of \$117,278,400 and transfers to the Permanent Fund of \$206,370,000. The transfers to the Permanent Fund will not be included in the Gain Benchmark.

Discussion: Chris Anton presented two items to the Land Board: the standard investment performance report and a recommendation for fiscal year 2027 beneficiary distributions and transfers. He reported that the portfolio was up 0.3% for the month and 1.9% fiscal year-to-date, noting a strong start to the year. Market improvements were attributed to solid corporate earnings and optimism around U.S. trade policy. Technology stocks, particularly semiconductor companies such as NVIDIA, TSMC, and Micron, continued to drive gains for the third consecutive quarter, supported by demand in artificial intelligence and cloud computing. On trade, the U.S. secured agreements with the EU, UK, and Japan, and extended negotiations with China without significant retaliation or inflationary impact. Labor markets remained strong, with unemployment at 4.2%. The Federal Reserve held interest rates steady despite pressure to cut, with expectations of a possible rate reduction in September. Mr. Anton concluded that the fund was off to a positive start for the fiscal year.

Governor Little asked about underperforming sectors, particularly international equities, and whether the Investment Board or its consultant, Callan, was considering changes. Mr. Anton replied that managers are monitored regularly and noted that active managers faced challenges last year as speculative sectors such as AI startups and crypto companies rallied. He explained that while these firms are included in

indices, the Investment Board's managers typically focus on more financially sound companies, creating a drag relative to benchmarks.

Mr. Anton highlighted that international managers overall had strong long-term records. He cited WCM, which had a weak start to the current year but last year outperformed its benchmark by 8% and delivered over 20% returns, adding roughly \$300 million in value since inception. He emphasized that while managers go in and out of favor, the Investment Board takes a long-term view and monitors closely.

Governor Little pointed out that Dodge & Cox and PineStone had underperformed for three consecutive years. Mr. Anton acknowledged this was correct and assured that those managers were being closely watched.

Board Action: A motion was made by Secretary of State McGrane that the Land Board increase the distribution to the beneficiaries to \$117,278,400 as recommended by the Endowment Fund Investment Board. Superintendent Critchfield seconded the motion. The motion carried on a vote of 5-0.

A separate motion was made by Secretary of State McGrane that the Land Board approve the transfer of the \$206,370,000 to the Permanent Fund as recommended by the Endowment Fund Investment Board. Superintendent Critchfield seconded the motion. The motion carried on a vote of 5-0.

6. FY2027 Department of Lands Budget Enhancements—presented by Dustin Miller, Director

Recommendation: Direct the Department to include the enhancement requests as outlined in Attachment 1 in the Fiscal Year 2027 budget proposal due on August 29, 2025.

Discussion: Governor Little asked about the pay difference between state firefighters and those employed by timber protection districts. Director Miller responded that the rates are nearly the same, with only minimal difference. Controller Woolf then inquired whether TPA funding had always come from the General Fund. Director Miller explained it had not; the current General Fund allocation was a placeholder to move the item forward.

Superintendent Critchfield asked about deferred maintenance and whether the presented items represented only new needs. Director Miller clarified that the discussion pertained to the maintenance budget, which for the next fiscal year includes the 1% CEC placeholder, health insurance increases, variable benefits, contract inflation, and replacement items. He noted a detailed replacement list is available and confirmed those costs are built into the base budget.

Board Action: A motion was made by Controller Woolf that the Land Board direct the Department to include the enhancement requests as outlined in Attachment 1 in the Fiscal Year 2027 budget proposal due on August 29, 2025. Superintendent Critchfield seconded the motion. For the record, Governor Little abstained from voting. The motion carried on a vote of 4-0.

# Information

7. Proposed Rule IDAPA 20.03.02, Rules Governing Mined Land Reclamation—presented by Andy Mork, Program Manager-Minerals Regulatory

#### **Executive Session**

None

At the close of the meeting agenda, Director Miller requested a brief moment to share a historical reflection. This week marked the 115th anniversary of the Great Fires of 1910, which burned 3 million acres across northwestern Montana, the Idaho Panhandle, and eastern Washington, and claimed 87 lives, many of them firefighters and civilians. Director Miller emphasized the fires' role in shaping modern fire suppression policy and the foundation of today's wildland firefighting practices. He cited excerpts from the 1910 annual report of the State Land Board and State Land Department, which recorded that the State spent more than \$50,000 on fire protection and lost \$75,000 worth of timber, significant sums at the time. The report credited the efforts of state fire wardens and cooperation with Timber Protective Associations for preventing even greater losses.

Director Miller went on to recount the story of Ed Pulaski, a newly appointed U.S. Forest Service ranger, who led his men into a mining tunnel during the fire, forcing them to stay inside under threat to save their lives. Most survived, though many suffered lasting injuries. Director Miller described a recent visit with State Forester Julia Lauch and the Cataldo fire crew to the Pulaski Trail near Wallace, Idaho, calling it a meaningful experience and an important site of reflection for the firefighting community. He emphasized the importance of remembering lessons from the past, supporting Idaho's wildland fire program, and modernizing training and tools to meet the challenges of a changing fire regime.

Governor Little acknowledged his past criticism of federal firefighting agencies but commended the marked improvement in strong initial attack and coordination among the State, BLM, and Forest Service. The Governor stressed the importance of shared stewardship, particularly active forest management on roaded lands, to sustain constitutionally required revenue. He complimented the efforts of Director Miller's team.

There being no further business before the Land Board, at 10:00 a.m. a motion to adjourn was made by Controller Woolf. The motion carried on a vote of 5-0.

September 16, 2025 Regular Agenda

# **Subject**

Fiscal Year 2027 Idaho Department of Lands (Department) Budget Request

## **Question Presented**

Shall the Land Board approve the Department's FY2027 budget request as submitted to Division of Financial Management (DFM) and Legislative Services Office (LSO) on Friday, August 29, 2025?

# Discussion

The budget was developed in accordance with guidelines provided by DFM that prescribe a 1% change in employee compensation (CEC), 25% estimated variable benefit rate, and \$17,770 health benefit per full-time employee for the agency. The request does not include new FTP, bringing the agency's total FTPs to 334.93.

On August 19, 2025, the State Board of Land Commissioners (Land Board) approved the Department's FY2027 enhancement decision units (Attachment 1). The Department's budget submittal included the following revision to enhancement requests:

Line item 5 Original request was a fund shift from Earnings Reserve dedicated funds to Navigable Waterways dedicated funds for \$147,500 (net zero transfer); revised request is for \$147,200 (net zero transfer).

With the revision noted above and outlined in Attachment 2, the Department's FY2027 total budget request by funding source is as follows:

FUND TYPE	AMOUNT
General Fund	\$12,068,200
Earnings Reserve Fund	\$38,722,400
Federal Funds	\$12,353,800
Other Dedicated Funds	\$17,118,200
TOTAL REQUEST	\$80,262,600

The FY2027 budget request reflects the following increases compared to the FY2026 original ongoing appropriation:

FUND TYPE	\$ CHANGE	% Change
General Fund	\$16,600	.14%
Earnings Reserve Fund	\$72,000	.20%
Federal Funds	\$0	.00%
Other Dedicated Funds	\$372,200	2.35%
TOTAL	\$460,800	.60%

# Recommendation

Approve the Department's FY2027 budget request as submitted to Division of Financial Management and Legislative Services Office on Friday, August 29, 2025.

# **Attachments**

- 1. Approved Board Memo-August 19, 2025
- 2. Revised FY2027 Budget Enhancements

August 19, 2025 Regular Agenda

# **Subject**

Fiscal Year 2027 Department of Lands Budget Enhancements

## **Question Presented**

Shall the Land Board direct the Department to include the enhancement requests as outlined in Attachment 1 in the Fiscal Year 2027 budget proposal due on August 29, 2025?

# **Background**

The Idaho Department of Lands (Department) is requesting concurrence on the proposed FY2027 Enhancement Decision Units. Pursuant to Idaho Code § 67-3502, agencies must submit their budget request to the Division of Financial Management (DFM) and the Legislative Services Office by August 29, 2025. The State Board of Land Commissioners' (Land Board) briefing and meeting schedules prevent the Department from having the budget request ready for the August meeting. The complete budget will be presented for Land Board approval at its September meeting.

#### Discussion

Prior to meeting with DFM, the Department's proposed budget included enhancements of \$1.9 million in general funds. These included 3 FTP and \$1.25 million for fire radio equipment. After discussing these proposed enhancements with DFM, the Department revised the budget and removed all proposed general fund decision units.

The Department is asking for consideration of the attached decision units. The proposed decision units align with the strategic goals that are detailed in the Department's strategic plan document. The strategic plan is organized around four foundational Department-wide goals: (1) Financial Stewardship—Maximize returns though prudent management of resources and funds, (2) Customer Focus—Exemplary professional service to all customers, (3) People—A well-trained high performing workforce, and (4) Process—Effective policies, procedures, and systems to drive informed decision making. Additionally, the Department has outlined six future-proofing goals to include: (1) Classification & Compensation, (2) Office Facilities, (3) Seasonal Housing Facilities, (4) Fire Program Modernization, (5) Fund Integrity, and (6) Policy & Procedures.

The Department is developing a budget submission for FY2027 that will advance efforts to meet these Department goals. In Attachment 1, the Department's proposed enhancements are listed in order of priority.

The enhancements in the Department's budget request reflect the following increases over the FY2026 ongoing appropriation:

# Increase from FY2026 Base Budget

Fund Type	All Ongoing <u>and</u> One-Time Requests Total	All Ongoing Requests Total
General Fund	\$16,600 (.14%)	\$16,600 (.14%)
Earnings Reserve Fund	\$71,700 (.19%)	\$-147,500 (40%)
Lands Dedicated Fund	\$372,500 (2.35%)	\$147,500 (.93%)
Federal Funds	\$0 (0%)	\$0 (0%)

The Department worked with the DFM Administrator and Governor's office contact in developing its budget request as outlined in the May 29, 2025, FY2027 Budget Framework memo from DFM. As the Department moves through the rest of the budgeting submission process, staff will continue to follow DFM guidelines.

# Recommendation

Direct the Department to include the enhancement requests as outlined in Attachment 1 in the Fiscal Year 2027 budget proposal due on August 29, 2025.

# **Board Action**

A motion was made by Controller Woolf that the Land Board direct the Department to include the enhancement requests as outlined in Attachment 1 in the Fiscal Year 2027 budget proposal due on August 29, 2025. Superintendent Critchfield seconded the motion. For the record, Governor Little abstained from voting. The motion carried on a vote of 4-0.

# **Attachments**

1. FY2027 Enhancement Decision Unit Requests



		IDL DRAFT ENHANCEMENT BUDG	SET REQUE	STS - FY2027		
	Budget			Object	Funding Source (%)	FTPs
No.	Unit	Enhancement Description	Amount	Ongoing or One-Time	GF/DED/ER/FED	Requested
1	LAAD	Fire Radio Equipment	\$225,000	TOTAL		
	Fire	Cache Radio Replacement	\$125,000			
	0	Interoperability and Base Station Radio Upgrades	\$100,000		100% DED	0.00
2	LAAO	Personnel Fund Shift from AML to Navigable Waterways	\$0	TOTAL		
		Reduce Abandoned Mine Dedicated Authority Due to HB226	-\$160,000	PC - Ongoing	100% DED	0.00
		Increase Navigable Waterways Dedicated Authority	\$160,000	PC - Ongoing	100% DED	0.00
	LAAC	Covered Vehicle Storage Facility - Priest Lake	\$195,000	TOTAL	Ī	
	Ops	Covered Vehicle Storage Shed 30'x100'x12' (one end includes 12' enclosed bay with garage door)	\$195,000	CO - One Time	100% ER	0.00
_		Turns con Maria	404.000	TOTAL		
	LAAC	UTV for Mica Utility vehicle with 3-passenger ability and tracks for snow removal	\$24,200		100% ER	0.00
	Ops	Othicy vehicle with 3-passenger ability and tracks for show removal	\$24,200	CO - One Time	100% ER	0.00
5	LAAA	Legal Counsel Fund Shift	\$0	TOTAL		
		25% Reduction in Earnings Reserve Authority	-\$147,500	PC - Ongoing	100% ER	0.00
		25% Increase in Navigable Waterways Dedicated Authority	\$147,500	PC - Ongoing	100% DED	0.00
	LAAD	Timber Protective Association Adjustments	\$16,600			
	Fire	CPTPA - 1% CEC and Inflation	\$9,600	I NB - Ondoind	100% GF	0.00
		SITPA - 1% CEC and Inflation	\$7,000			
SUM	ΜΔΡΥ ΝΔ	<b>ΝΤΔ</b>	40	One Time GF Requested		
SUM	MARY DA	ATA	· ·	One Time GF Requested		
SUM	MARY DA	ATA	\$16,600	Ongoing GF Requested	Requested	
SUM	MARY DA	ATA	\$16,600 \$444,200	•	•	

		IDL ENHANCEMENT BUDGE	T REQUESTS-FY	/2027		
					Funding	
	Budget			Object	Source (%)	FTPs
No.	Unit	Enhancement Description	Amount	Ongoing or One-Time	GF/DED/ER/FED	Requested
1 1	.AAD	Fire Radio Equipment	\$225,000	ΤΟΤΔΙ		
	ire	Cache Radio Replacement	\$125,000	CO - One Time	100% DED	0.00
ľ	116	Interoperability and Base Station Radio Upgrades	\$100,000	CO - One Time	100% DLD	0.00
		interoperability and base station radio opgrades	\$100,000	co - one mile		
2 L	AAO	Personnel Fund Shift from AML to Navigable Waterways	\$0	TOTAL		
		Reduce Abandoned Mine Dedicated Authority Due to HB226	-\$160,000	PC - Ongoing	100% DED	0.00
		Increase Navigable Waterways Dedicated Authority	\$160,000	PC - Ongoing	100% DED	
3 L	.AAC	Covered Vehicle Storage Facility - Priest Lake	\$195,000	TOTAL		
C	Ops	Covered Vehicle Storage Shed 30'x100'x12' (one end includes 12'	\$195,000	CO - One Time	100% ER	0.00
		enclosed bay with garage door)				
4 li	.AAC	UTV for Mica	\$24,200	ΤΟΤΔΙ		
	Ops	Utility vehicle with 3-passenger ability and tracks for snow removal	\$24,200	CO - One Time	100% ER	0.00
	<b>7</b>	other vehicle with 5 passenger ability and tracks for show removal	Ş2 <del>4</del> ,200	co one fine	10070 EIX	0.00
5 L	.AAA	Legal Counsel Fund Shift	\$0	TOTAL		
R	REVISED	25% Reduction in Earnings Reserve Authority	-\$147,200	PC - Ongoing	100% ER	0.00
		25% Increase in Navigable Waterways Dedicated Authority	\$147,200	PC - Ongoing	100% DED	<u> </u>
<u> </u>	A A D	Timber Destruction Association Adjustments	¢46.600	TOTAL		
	AAD	Timber Protective Association Adjustments	\$16,600		1000/ 05	1 0.00
ĮF	ire	CPTPA - 1% CEC and Inflation	\$9,600	T&B - Ongoing	100% GF	0.00
		SITPA - 1% CEC and Inflation	\$7,000			<u> </u>
UMMA	ARY DATA		\$0 (	One Time GF Requested		
			\$16,600	Ongoing GF Requested		
			\$444,200	One Time "Other" Funds Rec	quested	
			\$0 (	Ongoing "Other" Funds Requ	iested	

\$460,800 Total Requested

0.00 New FTPs

## STATE BOARD OF LAND COMMISSIONERS

September 16, 2025 Regular Agenda

# **Subject**

Energy Lease Auction Results and Final Approval of Energy Lease M600110.

#### **Question Presented**

Shall the Land Board approve auction results for lease M600110, provide final approval of lease M600110, and direct the Department to award the lease to the high bidder at the live auction?

# **Background**

Lease M600110 is a pending solar lease, also known as the Hornstone Solar Project, covering approximately 5,233 acres of marginal grazing land in what is known as the Orchard Block (Attachment 1). The lease is expected to bring between \$3-5 million in revenue once in full production. On April 15, 2025, the State Board of Land Commissioners (Land Board) provided initial approval to finalize and advertise lease M600110.

During the advertisement of lease M600110, the Idaho Department of Lands (Department) received two additional applications. Pursuant to Idaho Code 58-310 and Department procedure, 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 auction and determined the high bidder for this lease in accordance with existing statutes, rules, and procedures.

# Discussion

For the purpose of securing a single lessee for lease M600110, a live auction was held in the Boise Staff Office on August 5, 2025, with a total of three applicants. The successful premium bid for this auction was \$215,000 made by D.E. Shaw Renewable Investments (DESRI). Attachment 2 summarizes the results of the live auction.

Auction participants were notified of a 20-day period to make an appeal to the Land Board. The 20-day appeal period has expired, and no appeals were received by the Department.

Idaho Code § 58-310(4) provides that the Land Board has the right to reject any bid made at a live auction where fraud or collusion is present, or for any reason, all within the sole discretion of the Land Board. 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.

Ada County Commissioners were given the opportunity to consult with the Department, which was waived. Commissioners instead requested that the Department attend an upcoming public hearing about the project.

Upon the Land Board's approval, lease M600110 is ready to be finalized and executed.

# M600110 Solar Lease Stats

Developer DESRI (D.E. Shaw Renewable Investments)

Project Name Hornstone Solar

Location Ada County, Orchard Block (14 miles SE of Boise)

Type Solar (Photovoltaics)
Acres Approximately 5,233

#### **Estimated Annual Revenue**

Phase 1 (Development) \$156,000, with annual escalation, and a

commencement fee of \$52,000

Phase 2 (Construction) \$375,000, with annual escalation
Phase 3 (Production) \$3-5 million, with annual escalation
Phase 4 (Decommissioning) \$3-5 million, with annual escalation

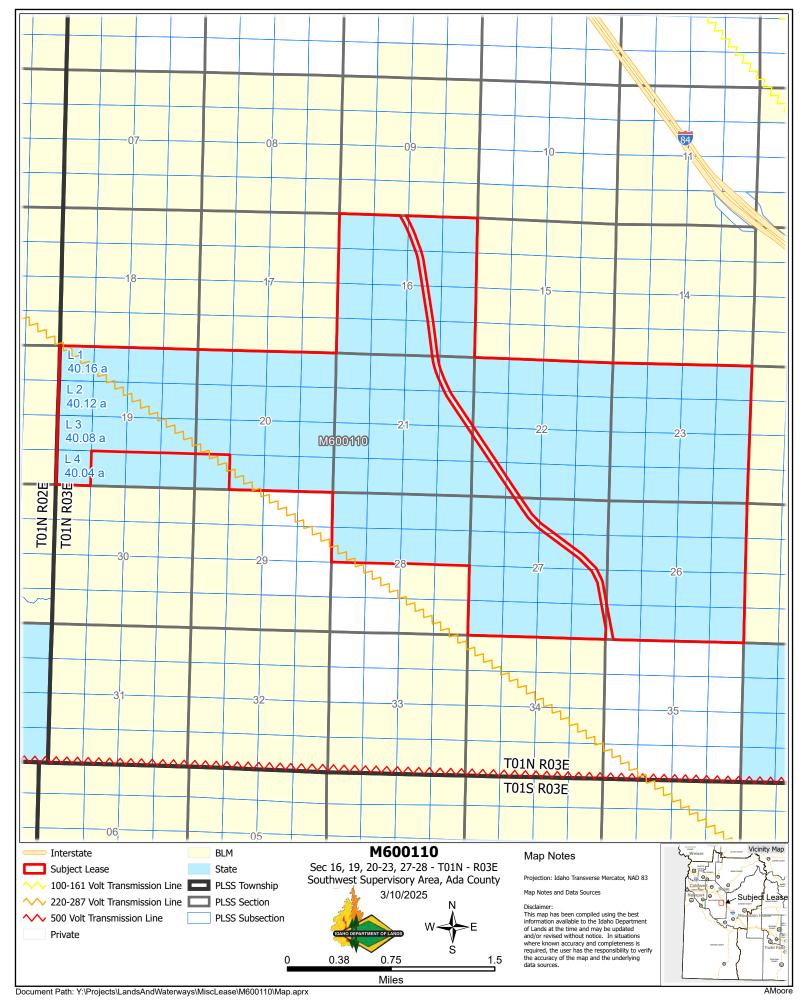
#### Recommendation

Approve auction results for lease M600110, provide final approval of lease M600110, and direct the Department to award the lease to D.E. Shaw Renewable Investments.

# **Board Action**

# **Attachments**

- 1. Lease Map
- 2. Auction Summary



# ATTACHMENT 2

# Summary of August 5, 2025 Solar Lease Live Auction

Supervisory Area	Lease Number	Endowment	Lease Term (Years)	Acres	Lease Type	# of Participants	# of Bids	High Bid Amount	High Bidder
Southwest Area	M600110	PS and CI	49	5,288	Solar	3	9	\$215,000.00	DESRI (Hornstone Solar, LLC)

# STATE BOARD OF LAND COMMISSIONERS

September 16, 2025 Regular Agenda

# **Subject**

Increase in Minimum Rent and Assignment Fees

## **Question Presented**

Shall the Land Board approve an increase in minimum rent and lease assignment fees?

# **Background**

In 1971, the State Board of Land Commissioners (Land Board) set the minimum lease rent at \$25. The 1971 decision was the last Land Board action taken for setting a minimum rental rate. In 1997, the Idaho Department of Lands (Department) increased the minimum rent to \$50 in Operations Memorandum 1530, and this remains the current minimum. In 2009, the Land Board approved an increase in lease application fees from \$10 to \$250 for all leasing types to better recover costs incurred and to create consistency across leasing programs. This was the last Land Board action taken regarding lease administration fees and the remaining fees have gone unchanged since the 1990s. Pursuant to Idaho Code § 58-127, and IDAPA 20.03.14.60, the Land Board is empowered to set the fees related to the administration of leases including minimum rent and assignment fees.

Following a comprehensive review and analysis of the current lease administration costs associated with assignments, amendments, and ongoing lease compliance, the Department has identified the need to increase certain leasing fees in order to capture operational expenses, ensuring sustainable lease administration practices and alignment with the Department's fiduciary obligation to the endowments.

#### Discussion

Lease administration costs vary greatly depending on the lease type, extent of lease negotiations, and management considerations. For this purpose, the Department conducted a cost analysis for a simple Department lease. The cost analysis tracks expenses incurred to advertise the lease, application processing, lease drafting and execution, and annual administration costs throughout the lifetime of the lease. The average cost for administration of a lease of low complexity was calculated to be \$361.06 a year, with more complex leases increasing significantly in cost due to increased staff hours to initiate and maintain the lease.

The Department is proposing an increase in minimum rent from the current \$50 to \$300 across all leasing programs (except Oil and Gas, which is set in rule) to better reflect administrative costs of the various programs.

An increase in assignment fees is also being proposed. The process of an assignment is similar in cost to lease administration, minus initial costs of lease negotiations and setup. Over the last 5 years, including the first half of 2025, there were 266 assignments performed across all leasing programs statewide. By applying the estimated cost found using this analysis, the total time spent on each of these transactions is about 29 hours including annual maintenance. Each of these assignments has at least four employees involved throughout the process with varying pay scales. The baseline, full assignment analysis estimate shows that each assignment costs the Department an average of \$570. When that is divided over the length of the lease, which is also variable dependent on the time of assignment, the assignment costs the Department between \$32 and \$285 annually. Because of the variability, the Department is proposing increasing the assignment fees to better recover costs for many programs.

Partial assignments are significantly more complex and time-consuming than a regular assignment. The proposed increase to \$200 would not cover all costs associated with most partial assignments but would result in an increased ability to recover costs compared to the current fee of \$25.

Outreach letters have been drafted to inform all lessees of the proposed changes. Versions of this letter, varying by program, will be sent upon the Land Board's approval of the increase. Attachment 1 is a sample outreach letter that includes a table of current and new assignment fees.

Research was conducted to determine how Idaho minimum rent and fees compared to other western states. The proposed increases would put Idaho right at the average of the 10 surrounding states with similar leasing activities (Attachment 2).

# Recommendation

Approve the increases in the minimum rent and lease assignment fees.

# **Board Action**

#### Attachments

- 1. Outreach Letter
- 2. Western States Minimums and Fees

#### **Idaho Department of Lands**

Trust Lands Management Div. Real Estate Services Bureau 300 N. 6th Street, Suite 103 P.O. Box 83720 Boise, ID 83720-0050 Phone (208) 334-0200



Dustin T. Miller, Director Working Lands, Trusted Stewards

State Board of Land Commissioners

Brad Little, Governor Phil McGrane, Secretary of State Raúl R. Labrador, Attorney General Brandon D Woolf, State Controller Debbie Critchfield, Sup't Public Instruction

August 28, 2025

Name Address City, ST ZIP

via email: xxx@xxx.gov (Delete this line if not sending by email.)

Re: Minimum Rent and Assignment Fee Increase

Dear Mr. Jones:

In September 2024, the Idaho Department of Lands (IDL) conducted analysis to determine the actual cost of administration and maintenance of endowment leases. This exercise was initiated with the intent of evaluating the minimum rent of these leases to, at minimum, recover the cost of lease administration, in accordance with our mission.

Based on our analysis, the Department intends to increase the minimum annual rent for all lease types (except Oil and Gas, which is set in rule) to \$300 in efforts to better recover costs associated with the lease administration.

As a result of the IDL's cost analysis, other fees associated with all IDL leasing activities are also being reevaluated. The anticipated increase in fees will focus mainly on assignment fees and the proposed programmatic increases can be found in the table below:

Program	Current	Full Assignment	Partial Assignment	Point of Contact
Grazing/Crop/Conservation	\$25	\$100	\$200 plus app fee	afaust@idl.idaho.gov
Commercial Ground	\$20	\$750	N/A	kesmith@idl.idaho.gov
Industrial	\$25	\$250	N/A	kesmith@idl.idaho.gov
Commercial Recreation	\$25	\$250	\$250 plus app fee	kesmith@idl.idaho.gov
Communication Site	\$20/\$25	\$250	N/A	kesmith@idl.idaho.gov
Residential	\$50	\$250	N/A	kesmith@idl.idaho.gov
Energy	\$20/\$25	\$750	N/A	jlaney@idl.idaho.gov
Minerals	\$50	\$150	\$150 plus app fee	mmurphy@idl.idaho.gov
Oil and Gas	\$100	\$150	\$150 plus app fee	mmurphy@idl.idaho.gov
Geothermal	\$150	\$150	\$150 plus app fee	mmurphy@idl.idaho.gov
Other Lease Types/Minimum	\$25	\$100	\$100 plus app fee	jlaney@idl.idaho.gov

Recipient Name in italics and Verdana 9 pt (1 point less than font on letter) Month Day, Year Page 2

If you have any questions, or would like additional information regarding these changes, please reach out to the point of contact for the program listed in the table.

Sincerely or Respectfully, (choose one)

Sender's Name Sender's Title

# **Western States Comparison**

State	Minimum Rent	Assignment Fees	
Oregon	\$250	\$250	
Washington	\$500	\$25	
Montana	No official minimum. Current AUM rate is \$23.00	\$50	
Utah	No official minimum, but rent is a bid \$/AUM opposed to a premium. Leases are not considered if the rent does not cover administration costs.	\$30 for family, \$10/AUM otherwise	
New Mexico	\$50	\$100	
Wyoming	No minimum	\$40	
Colorado	No official minimum, but rent is a bid \$/AUM opposed to a premium. Leases are not considered if the rent does not cover administration costs.	\$100 + consideration fee (50% of current rent)	
Arizona	\$100	\$2,000	
California	\$799	\$1,000	
Average	\$340	\$456*	
Average <u>EX</u> CA & AZ	\$225	\$108	

<sup>\*</sup>Average does not include AUM charge or consideration fee portion of CO and UT fees.

## STATE BOARD OF LAND COMMISSIONERS

September 16, 2025 Regular Agenda

# **Subject**

Update to Fiscal Year 2026 Timber Sales with clearcut harvest units exceeding 100 acres.

# **Questions Presented**

Shall the Land Board approve the Bald Larch, Found It 40, Builda Burma, and Divided Cedar Timber Sales with clearcut harvest units exceeding 100 acres?

# **Background**

At its December 15, 2014, meeting, the Land Board adopted a timber sale governance structure whereby the Department would only present individual proposed timber sales for Land Board approval that fall outside of established Land Board policies. Timber sales with clearcut harvest units exceeding 100 acres are one type of sale to be submitted for approval.

## **Discussion**

The Fiscal Year 2026 Timber Sales Plan (FY26 Sales Plan) originally featured ten timber sales requiring Land Board approval. To streamline the approval process and improve planning efficiency for the upcoming fiscal year, the Department has tried to present all sales requiring approval alongside the FY26 Sales Plan whenever possible. However, refinements to the FY26 Sales Plan have been made resulting in the addition of four clearcuts that exceed 100 acres that require Land Board approval. The table in Attachment 1 outlines the supervisory area, sale name, acreage, general location of each sale unit, and the primary rationale for selecting the clearcut prescription. Attachments 2-5 include detailed maps, clearcut justifications, and Timber Management Bureau review documents for each sale.

Clearcutting, rather than relying on natural regeneration, offers several advantages on most sites. It promotes optimal forest regeneration, improves stocking, and accelerates growth. By reducing competition through site preparation and planting seedlings, clearcutting establishes vigorous, uniform stands that maximize timber yields. In areas with high logging costs, it is the most cost-effective approach, allowing for a single, efficient harvest that minimizes equipment mobilization, road maintenance, and administrative expenses associated with multiple harvests under shelterwood or seed tree methods. Additionally, clearcuts eliminate the need to protect residual trees, which can be particularly challenging and costly in difficult terrain or high-wind areas where retained trees are prone to damage or blowdown.

All proposed clearcuts comply with the Idaho Forest Practices Act and have undergone thorough review to ensure they are both silviculturally and economically justified. Each clearcut has been evaluated and approved by the Timber Management Bureau, confirming that the prescription aligns with sustainable forest management practices, promotes healthy regeneration, and provides the greatest long term economic return to the beneficiaries.

## Recommendation

Approve the Bald Larch, Found It 40, Builda Burma, and Divided Cedar Timber Sales.

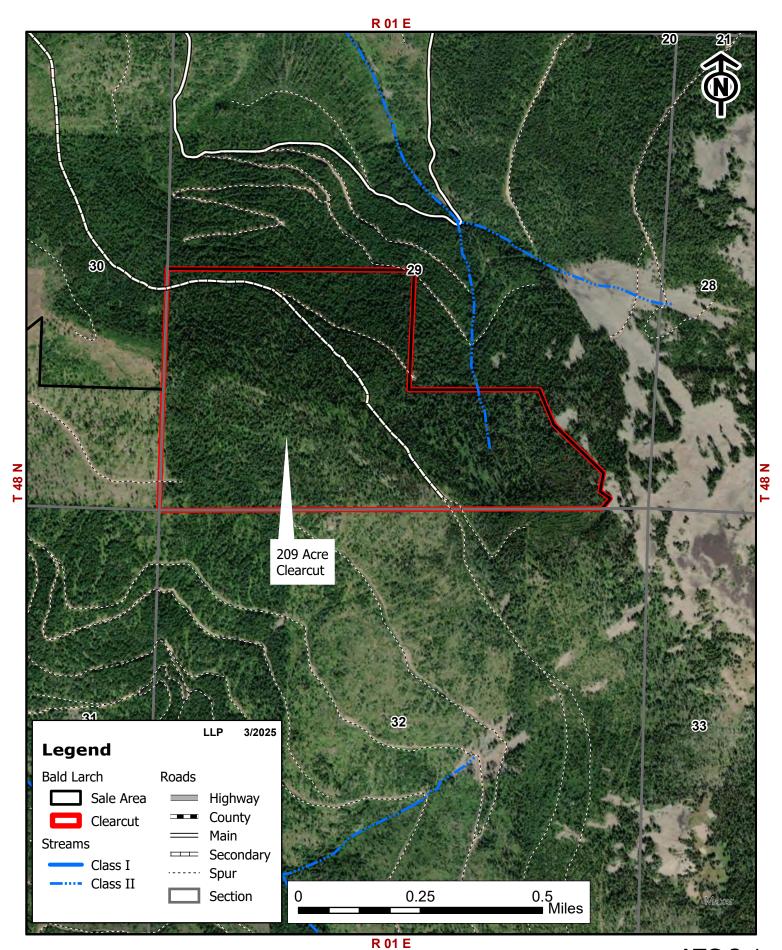
# **Board Action**

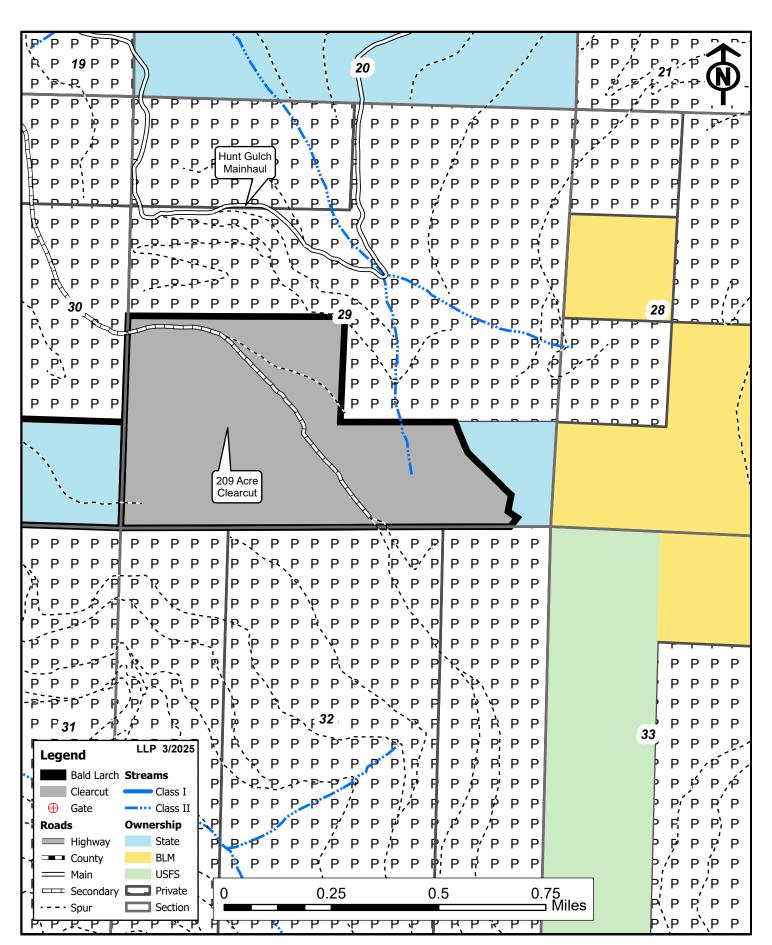
## **Attachments**

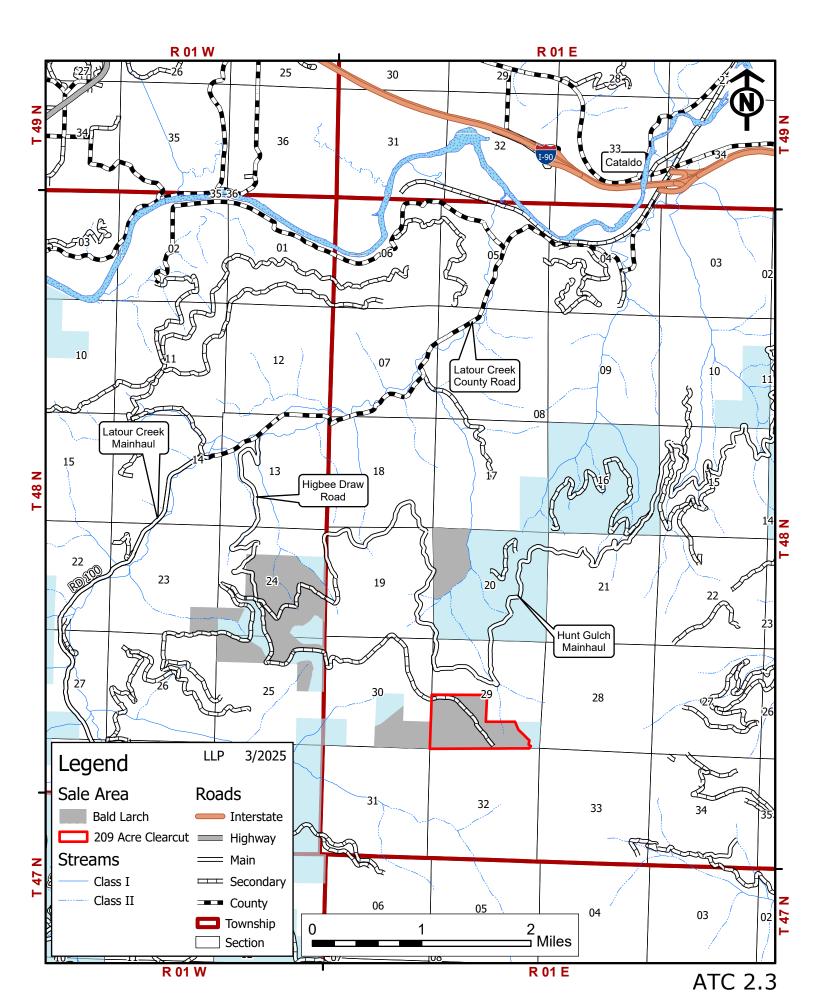
- 1. Clearcut Sales Summary
- 2. Bald Larch Details
- 3. Found It 40 Details
- 4. Builda Burma Details
- 5. Divided Cedar Details

# Fiscal Year 2026 Timber Sale Clearcuts Update

Supervisory Area	Timber Sale Name	Acres	Location (Air Miles)	Primary Justification
Mica	Bald Larch	209	4 Southwest Cataldo, ID	Increased Regeneration Success, Disease, High Logging Costs
St. Joe	Found It 40	215	16 East Clarkia, ID	Increased Regeneration Success
St. Joe	Builda Burma	153	12 Northeast Elk River, ID	Increased Regeneration Success, High Logging Costs
St. Joe	Divided Cedar	141	16 Southeast Clarkia, ID	Increased Regeneration Success, High Logging Costs







## **Bald Larch Clearcut Justification**

# 1. Treatment Description:

a) This stand is primarily composed of overmature Douglas-fir and grand fir. Englemann spruce, subalpine fir, western larch, western hemlock, western redcedar, lodgepole pine and ponderosa pine comprise minor components of the stand. This stand will be clearcut and planted following harvest.

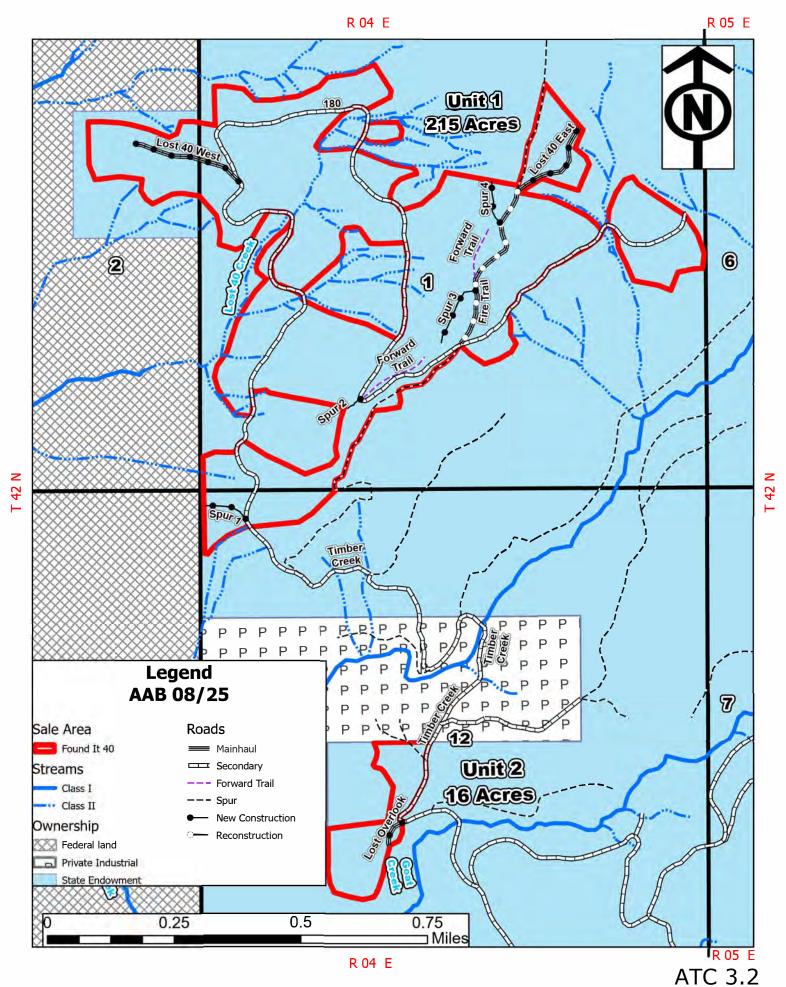
# b) Clearcut Justification:

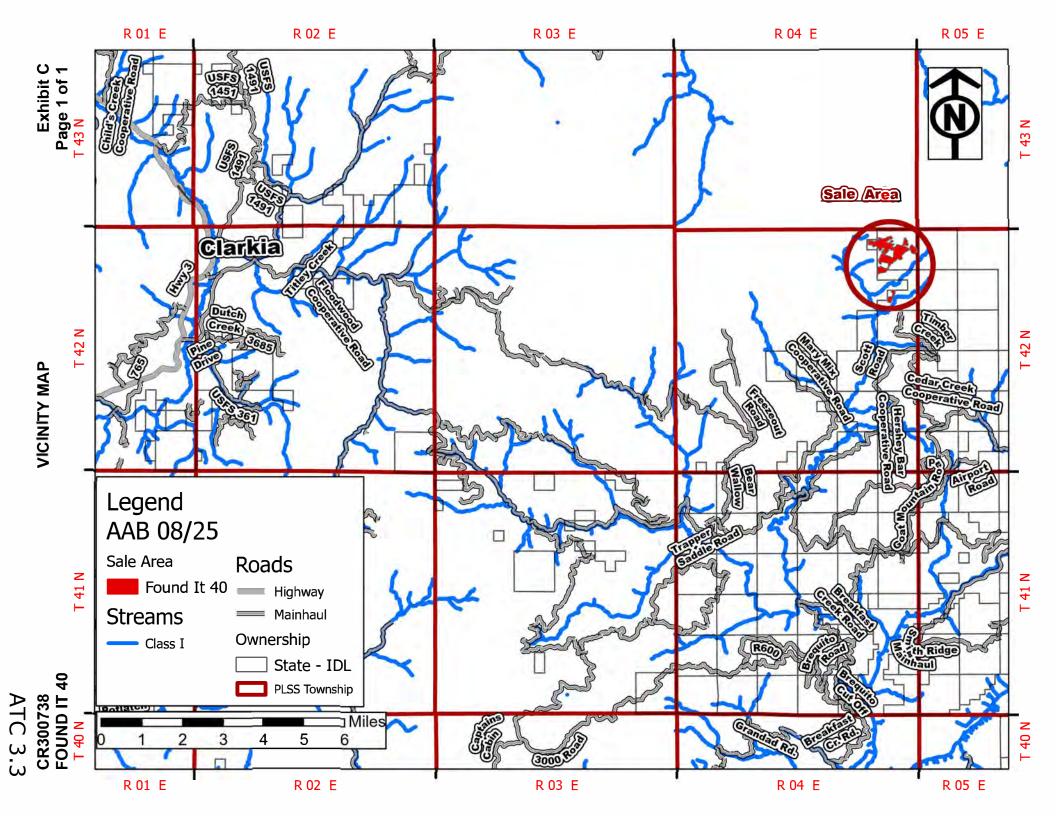
This clearcut will help achieve Desired Future Conditions outlined in the Mica Supervisory Area's Forest Asset Management Plan. This Clearcut Unit (209 acres) is silviculturally and economically justified and complies with the Idaho Forest Practices Act. A clearcut prescription will be used to harvest the existing stand and re-establish seral and intermediate species on the site. Natural regeneration will not accomplish this for the following reasons:

- This stand is dominated by climax species including Douglas-fir and grand fir, with a significant component of subalpine fire and Englemann spruce. The average stand age of dominant trees are over 100 years old. Due to the age and phenotypic characteristics of the seral species on site, these trees are not expected to produce the seed necessary to fully regenerate these stands.
- 2) This clearcut unit is a remote and isolated parcel located at the end of a road system. The slope and terrain will require cable yarding systems which results in an increased logging cost. The haul route is over 12 miles to Interstate 90. The units high elevation creates access constraints due to snowpack.
- 3) The heavy brush and bear grass component already established in the understory limits the potential for natural regeneration. Schweinitzii (*Phaeolus schweinitzii*) and Armillaria (*Armillaria ostoyae*) root disease are present, reducing the number of available seed trees. Insects are also present within the stand at moderate levels.
- 4) Clearcutting will minimize the number of entries into the area, reduce harvest costs and maximize revenue to the Endowments, reduce disturbance and erosion, minimize the spread of disease, and expedite regeneration through planting.

# c) Forest Improvement Activity:

This clearcut unit will receive a site prep herbicide application and will be planted with a mix of high elevation western larch, western white pine, Douglas-fir and Englemann spruce determined by the aspects present within the clearcut unit. 1 and 5-year stocking surveys will be conducted following planting to determine survival rates and evaluate the need for follow-up herbicide treatments.





#### Found It 40 Clearcut Justification

# 1. Treatment Description:

a) Stands associated with the Found It 40 timber sale are composed of mature grand fir and Englemann spruce with lesser components of Douglas-fir, western larch, western white pine, subalpine fir, mountain hemlock, western red cedar, and lodgepole pine. These stands will be clearcut and planted following harvest.

# b) Clearcut Justification:

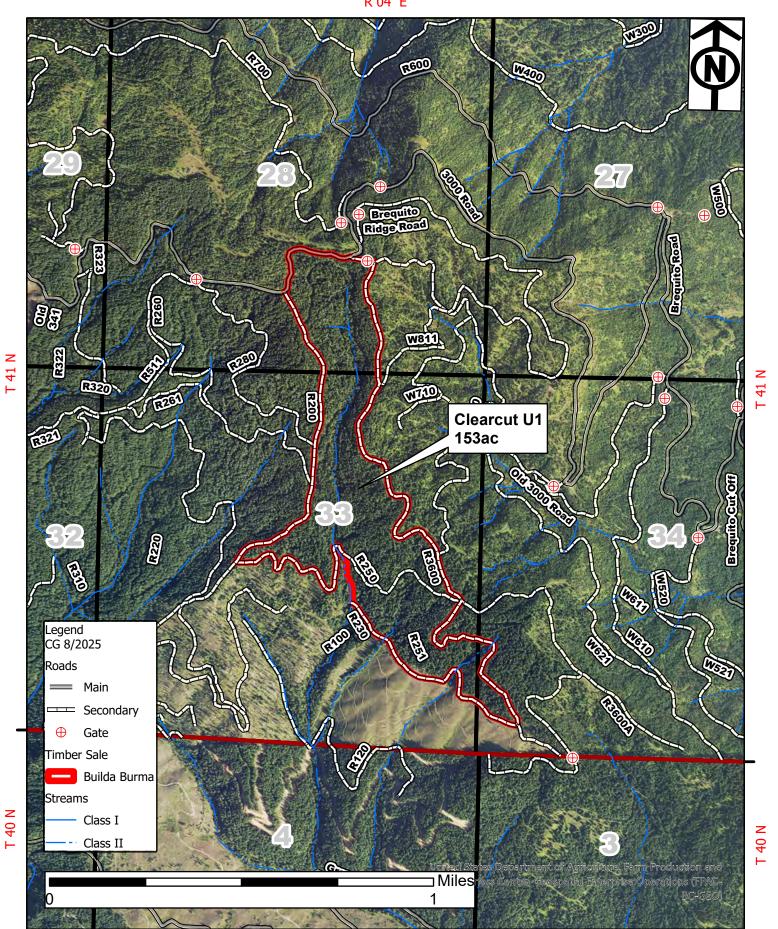
Clearcuts help to achieve Desired Future Conditions outlined in the St. Joe Supervisory Area's Forest Asset Management Plan. Clearcutting Unit 1 (215 acres) is silviculturally and economically justified and complies with the Idaho Forest Practices Act. A clearcut prescription will be used to harvest existing stands and re-establish site specific species on the site. This prescription will be used for the following reasons:

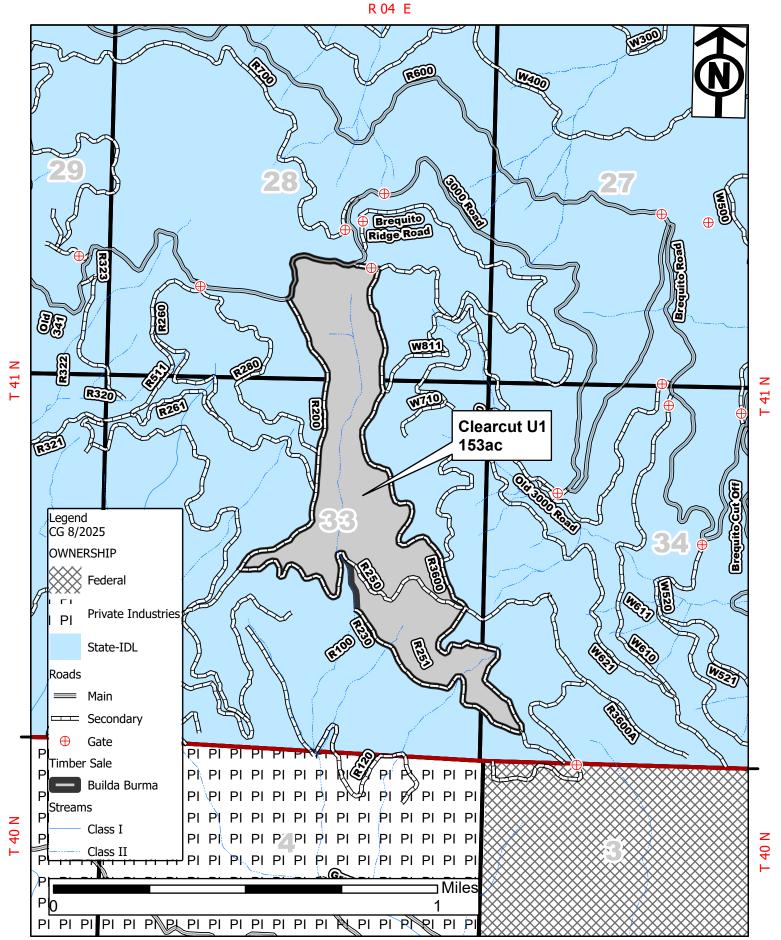
- This stand is dominated by climax species. The age of dominant trees ranges from 70-100 years. Due to the age and phenotypic characteristics of the seral species on site, these trees are not expected to produce the seed necessary to fully regenerate the stand.
- 2) The average elevation for this stand is 4,840' with a maximum of 5,280'. Relying on natural regeneration would be infeasible to restock the site within an economical timeframe due to the shorter growing seasons and harsh climatic conditions. Reestablishing the stand with planted nursery stock will establish a higher relative stocking of the site and shorten the harvest rotation.
- 3) Heavy brush along with mixed bracken fern and cone flower glades within the stand further reduce the likelihood of naturally regenerating the site.
- 4) Clearcutting will minimize the number of entries into the area, reduce disturbance and erosion, and expedite regeneration by planting site specific trees.

# c) Forest Improvement Activity:

This clearcut unit will require a waving wand herbicide application to minimize vegetative competition prior to planting. Once sprayed, the unit will be planted with a mix of Douglas-fir, western larch, and Englemann spruce at approximately 436 trees per acre.

R 04 E





#### **Builda Burma Clearcut Justification**

# 1. Treatment Description:

a) The stand is composed of primarily grand fir second growth timber with lesser components of Douglas-fir and western red cedar. The stand will be clearcut and planted following harvest.

# b) Clearcut Justification:

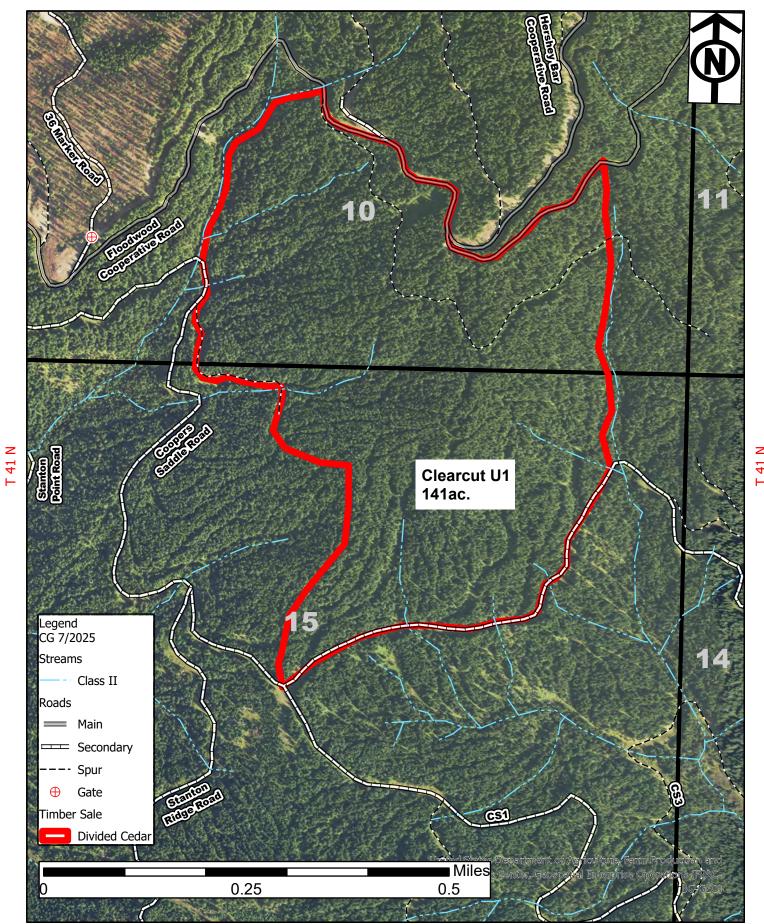
Clearcuts will help achieve Desired Future Conditions outlined in the St. Joe Supervisory Area's Forest Asset Management Plan. Clearcutting U1 (153 acres) is silviculturally and economically justified and complies with the Idaho Forest Practices Act. This prescription will be used for the following reasons:

- This stand is dominated by climax species. The age of dominant trees is approximately 66 years. There is a heavy brush component in the understory that will be released if the stand was treated with a selective harvest. Herbicide site preparation and re-establishing the stand with planted nursery stock will create higher relative stocking of the site and shorten the next rotation.
- 2) Clearcutting will minimize the number of entries into the area, reduce disturbance and erosion and expedite regeneration establishment. Fewer entries to the sale area also reduces equipment mobilization costs and simplifies reforestation logistics.
- 3) The Floodwood State Forest has a short logging season due to its remote location. Sales with fewer units and clearcut prescriptions have a higher likelihood of being harvested in a single season due to increased logging production over selective harvest prescriptions. Sales that are less complicated and smaller could be more competitive at the bidding table.

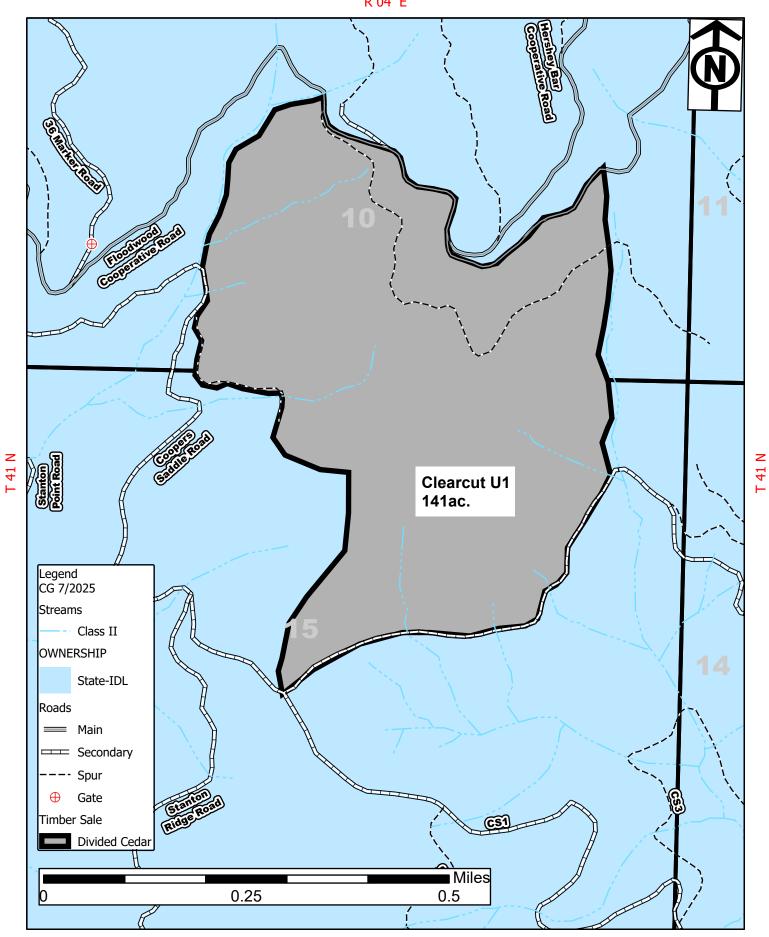
# c) Forest Improvement Activity:

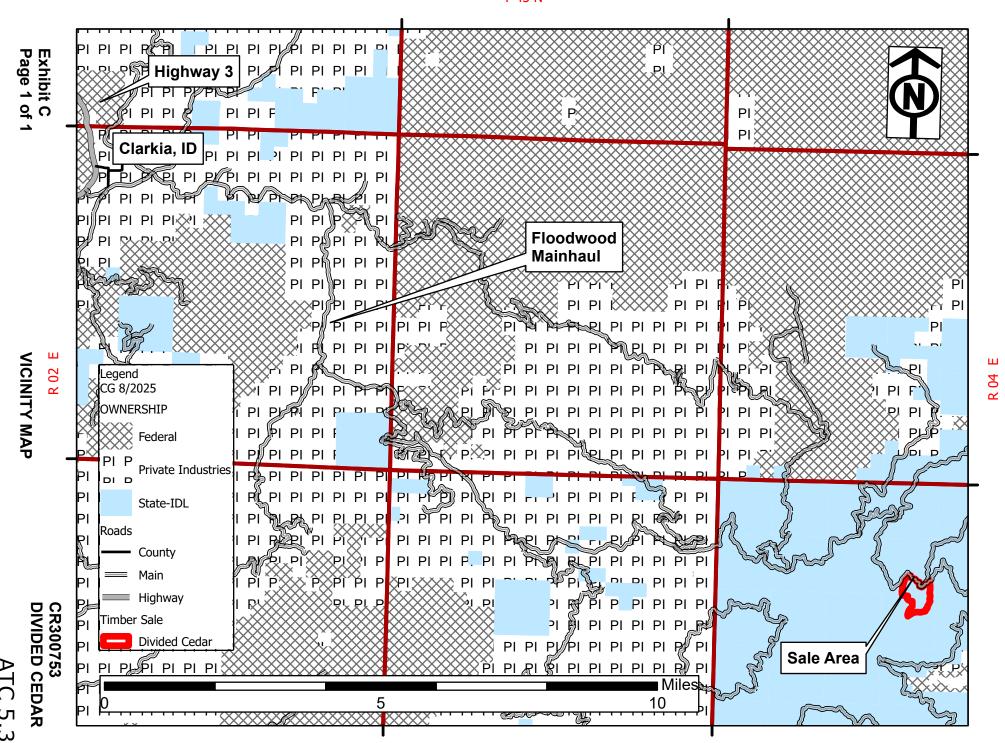
The unit will require an herbicide application prior to planting. Once sprayed the unit will be planted with a mix of primarily Douglas-fir with smaller components of western larch and western white pine at approximately 436 total trees per acre.

R 04 E



R 04 E





T 41 N

## **Divided Cedar Clearcut Justification**

# 1. Treatment Description:

a) The stand is composed of primarily grand fir second growth timber with lesser components of western redcedar and Douglas-fir. The stand will be clearcut and planted following harvest.

# b) Clearcut Justification:

Clearcuts will help achieve Desired Future Conditions outlined in the St. Joe Supervisory Area's Forest Asset Management Plan. Clearcutting U1 (141 acres) is silviculturally and economically justified and complies with the Idaho Forest Practices Act. This prescription will be used for the following reasons:

- 1) This stand is dominated by climax species. The age of dominant trees ranges is approximately 60 years. Average merchantable height is 68 feet. Re-establishing the stand with planted nursery stock will create higher relative stocking of the site and shorten the next rotation.
- 2) Clearcutting will minimize the number of entries into the area, reduce disturbance and erosion and expedite regeneration establishment. Fewer entries to the sale area also reduces equipment mobilization costs and simplifies reforestation logistics.
- 3) The Floodwood State Forest has a short logging season due to its remote location. Sales with fewer units and clearcut prescriptions have a higher likelihood of being harvested in a single season due to increased logging production over selective harvest prescriptions. Sales that are less complicated and smaller could be more competitive at the bidding table.

# c) Forest Improvement Activity:

The unit will require an herbicide application prior to planting. Once sprayed the unit will be planted with a mix of primarily Douglas-fir with smaller components of western larch and western white pine at approximately 436 total trees per acre.

## STATE BOARD OF LAND COMMISSIONERS

September 16, 2025 Regular Agenda

# **Subject**

Final Approval of the Saraceno Land Exchange

#### **Question Presented**

Shall the Land Board authorize the Department to complete the land exchange with Don and Kerri Saraceno?

# **Background**

In January 2024, the Idaho Department of Lands (Department) received an application for a land exchange from Don and Kerri Saraceno (Saraceno). The proposed exchange would trade approximately 241 acres of Saraceno-owned timberlands for approximately 120 acres of endowment lands. The two Saraceno parcels involved in this proposed land exchange are located in Clearwater County and the endowment parcel is located in Idaho County.

On March 19, 2024, the State Board of Land Commissioners (Land Board) approved the Department to proceed with due diligence on the proposed exchange by unanimous vote (Attachment 1).

Following Land Board approval, the Department initiated due diligence including:

- Access Review
- Encumbrance review
- Environmental Site Assessment
- Member of the Appraisal Institute (MAI)-certified appraisals
- MAI-certified appraisal reviews
- Third-party review by timberland advisor Vaden Bloch of Northwest Management, Inc. (Attachment 2)

Mr. Bloch's analysis highlighted several benefits: future timber revenue potential, consolidation of endowment lands, elimination of inholdings, and improved management efficiency. He concluded, "I recommend that the Land Board approve the proposed land exchange."

# **Discussion**

# **Existing Endowment Land**

The 120 acre-parcel Public School endowment land is located 9 miles northeast of Kamiah, in Idaho County. The endowment land involved in this exchange is an isolated parcel and is not contiguous to any other endowment land, nor any federally managed lands. The parcel was surveyed in 2020 and logged in 2021. The endowment property currently has a grazing lease, with the lessee being land exchange applicants, Don and Kerri Saraceno. There are no other leases, permits or encumbrances on the endowment land involved in the exchange. A map of the endowment land is included as Attachment 3.

Gem Valley Appraisal Services (Ruby M. Stroschein, MAI) appraised the endowment land at \$361,500. The highest and best use was determined to be Rural Recreation / Development.

## Saraceno Land

The Saraceno lands are comprised of two timberland parcels, a 159-acre parcel ("Floodwood"), and an 82-acre parcel ("Fidler"). The Floodwood parcel is 44 miles northeast of Kamiah, Idaho and is surrounded by approximately 27,000 contiguous acres of core endowment timberlands. The Fidler parcel is located 9 miles north of Kamiah and is bordered on three sides by endowment timberlands, where the Department manages approximately 33,670 contiguous acres of core endowment timberlands in its Weippe block. There are no leases on the Saraceno land. Maps of the Saraceno timberlands are included as Attachment 4, as well as an overview map of all parcels as Attachment 5.

The Saraceno land was appraised at \$361,600 by the same appraiser, with the highest and best use cited as Timber Production and Recreation.

The appraised values of the properties involved in the proposed exchange indicate a difference in land value of \$100 in favor of Saraceno. The difference in land values will be paid at closing utilizing Land Bank Funds from the Public School endowment.

Saraceno and the Department are in principal agreement regarding the terms and conditions outlined in the draft Land Exchange Agreement (Attachment 6).

# **Benefits to the Endowment**

This proposed land exchange would improve the long-term value to the endowment and help block up existing endowment timberland.

Specific benefits of the exchange include:

 Return on Asset (ROA): The long-term ROA for the Saraceno property as timberland will be equal to or higher than the timber revenue on the endowment land.

- The proposed land exchange will improve legal and physical access to existing endowment land in both the Floodwood and the Weippe areas.
- The proposed land exchange will block up existing endowment lands which will provide increased efficiency with regard to forest management and timber harvest activities.
- The proposed land exchange will eliminate inholdings in endowment land which leads to increased management efficiency and eliminates the uncertainty of incompatible land uses.
- The proposed land exchange will dispose of a relatively small, isolated parcel of endowment land. Management of small, isolated parcels is less efficient and more costly than managing larger blocks of land.

#### Recommendation

Approve the exchange and direct the Department to complete and close the asproposed Saraceno land exchange, including using Land Bank funds to offset the difference in values.

## **Board Action**

## **Attachments**

- 1. March 19, 2024 Approved Memo
- 2. Northwest Management Review
- 3. Map-Endowment Land
- 4. Map-Saraceno Land
- 5. Overview Map
- 6. Draft Land Exchange Agreement

## STATE BOARD OF LAND COMMISSIONERS

March 19, 2024 Regular Agenda

# **Subject**

Request approval to proceed with due diligence for Saraceno Land Exchange.

# **Question Presented**

Shall the State Board of Land Commissioners (Land Board) authorize the Department to proceed with due diligence for the proposed Saraceno land exchange?

# **Background**

In January 2024, the Idaho Department of Lands (Department) received an application for a land exchange from Don and Kerri Saraceno (Saraceno) (Attachment 1). The proposed exchange would trade approximately 241 acres of Saraceno-owned timberlands for approximately 120 acres of endowment lands. The two Saraceno parcels in this proposed land exchange are located in Clearwater County and the endowment parcel is located in Idaho County. An overview map of the project is included as Attachment 2.

The Saraceno lands are comprised of two timberland parcels, a 159-acre parcel (Floodwood), and an 82-acre parcel (Fidler). The Floodwood parcel is 44 miles northeast of Kamiah, Idaho and is surrounded by approximately 27,000 contiguous acres of core endowment timberlands. The Fidler parcel is located 9 miles north of Kamiah and is bordered on three sides by endowment timberlands, where the Department manages approximately 33,670 contiguous acres of core endowment timberlands in its Weippe block. Maps of the Saraceno timberlands are included as Attachment 3.

The 120 acre-parcel of Public-School endowment land is located 9 miles northeast of Kamiah, in Idaho County. The endowment land involved in this exchange is an isolated parcel and is not contiguous to any other endowment land, nor any federally managed lands. The parcel was surveyed in 2020 and logged in 2021. The endowment property currently has a grazing lease, with the lessee being land exchange applicant Saraceno. There are no other leases, permits or other encumbrances on the endowment land involved in the exchange. A map of the endowment land is included as Attachment 4.

Saraceno and the Department have agreed to split the costs of due diligence evenly. Both parties desire an equal value exchange. One party may make a cash payment at closing to balance any appraised value difference, up to 10% of the transaction value. If the Saraceno parcels' value substantially exceeds (>10%) the value of the endowment lands, and all parcels otherwise satisfy the Department's due diligence requirements, the Department will ask the Land Board to consider approving the exchange and approving the use of Land Bank funds to offset the more valuable Saraceno lands.

# **Discussion**

This proposed land exchange would improve the long-term value to the endowment and help block up existing endowment timberland.

Specific benefits of the exchange include:

- Return on Asset: While a return on asset (ROA) cannot be finalized until due diligence work is completed, it is anticipated that the long-term ROA for the Saraceno property as Department-managed timberland will be higher than the ROA of the identified endowment land.
- The Floodwood (Saraceno) parcel that the Department would manage is some of the
  most productive timberlands in the state, a predominantly cedar habitat. This parcel
  has long been an acquisition goal for the Department, and it has been included on
  the Department's acquisition pipeline list since at least 2018.
- The proposed land exchange will improve legal and physical access to existing
  endowment land in the Floodwood drainage and the Department's Weippe block as
  the Department needs access through the Fidler parcel in question. The Department
  originally built and surfaced Fidler Road and the land exchange would remove an
  easement gap, allowing the Department full utility to use the road system.
- The proposed land exchange will block up existing endowment lands which will provide increased efficiency with regard to forest management and timber harvest activities.
- The proposed land exchange will eliminate in-holdings within Department timberlands, eliminating foreseeable conflicting uses and related issues.
- The proposed land exchange will simplify road system use and maintenance logistics.
- The proposed land exchange would eliminate approximately six miles of property boundaries (at \$3,000/mi) and 20 survey monuments (at \$250/pin), resulting in notably less maintenance and expense. Based on recent survey contracts, this cost-savings is approximately \$23,000.

Upon Land Board approval, the next steps for the land exchange would be for the Department to perform due diligence consistent with the following and as listed in Attachment 5:

- Meet and discuss the proposed land exchange with county commissioners from Clearwater and Idaho Counties and provide commissioners the opportunity to comment on the proposed land exchange.
- Order a preliminary title report to review the legal descriptions and the current exceptions to title on the properties.
- Complete a Phase 1 Environmental Site Assessment to review the environmental history of the property. The report is intended to identify actual and potential problems based on a review of historical documentation, regulatory agency databases, and a physical on-site investigation.

- Verify the properties have legal access.
- The properties with merchantable timber will require a timber cruise to determine the species, quality, and quantity of harvestable timber. Sufficient data must be obtained to create a statistically reliable sample for the timber modeling.
- Review the existence of any endangered species at the site. The presence of threatened/endangered species can significantly reduce the value of a property.
- A real estate appraisal will be completed by a Member of the Appraisal Institute
  (MAI) appraiser to determine the market value for each property. Appraisals will be
  reviewed by a second MAI appraiser to verify the report meets Uniform Standards of
  Professional Appraisal Practice (USPAP).
- Review any recorded surveys, verify survey pins are placed at the corners, and determine if there is a need to commission a survey.

Based on the review of the due diligence, Department leadership will approve or terminate the land exchange for further consideration. If Department leadership approves, it will be brought back to the Land Board for final approval to complete the transaction.

# Recommendation

The Department recommends the Land Board approve proceeding with due diligence for the Saraceno land exchange proposal.

# **Board Action**

A motion was made by Controller Woolf that the Land Board approve the Department's recommendation to proceed with due diligence for the Saraceno land exchange proposal. Superintendent Critchfield seconded the motion. The motion carried on a vote of 5-0.

#### Attachments

- 1. Saraceno LEX Application
- 2. Overview Map
- 3. Saraceno Floodwood and Fidler Parcel Maps
- 4. Endowment Land Parcel Map
- 5. Due Diligence Checklist





233 E Palouse River Dr. Moscow, ID 83843
PO Box 9748 · Moscow, ID 83843
Phone: (208) 883-4488 · Fax: (208) 883-1098
nwmanage@northwestmanagement.com
www.northwestmanagement.com

# **MEMORANDUM**

Date: July 24, 2025

To: Idaho Department of Lands, Real Estate Services Bureau

From: Vaiden Bloch, Timberland Advisor, Northwest Management Inc.

Subject: Review of Due Diligence Package for Proposed Land Exchange: IDL-Owned Glenwood

Parcel (120.46 Acres, Idaho County) for Saraceno Fiddler (80 Acres) and Saraceno Floodwood

(158.82 Acres) Parcels in Clearwater County

At your request, I have reviewed the due diligence package associated with the proposed land exchange, which has already been evaluated and approved by the Idaho Department of Lands (IDL). Based on my review, I find the materials to be comprehensive, well-documented, and supportive of the proposed action.

# **Key Considerations**

# • Timber Revenue Potential

The Saraceno Fiddler (80 acres) and Saraceno Floodwood (158.82 acres) parcels are recently harvested timberlands containing residual seed trees, along with viable advanced regeneration and seedlings. The Fiddler parcel has little to no merchantable timber, while the Floodwood parcel is estimated to contain approximately 4 MBF per acre of merchantable seed trees. These conclusions are supported by recent aerial imagery, timber cruise data, and site photographs. Both properties demonstrate strong site potential for future timber growth. Prior harvests were conducted in compliance with the Idaho Forest Practices Act, ensuring sustainable forest management practices that protect soil, water, and wildlife habitat. If acquired, these parcels have the potential to generate future timber revenue for the endowment.

#### Land Consolidation Benefits

The Fiddler parcel is bordered on three sides by IDL-managed lands, and IDL-managed lands entirely surround the Floodwood parcel. Acquiring these in-holdings would consolidate endowment ownership, eliminate management inefficiencies, and improve access and oversight.

# Forest Management Advantages

IDL employs active forest management strategies to enhance forest health, mitigate wildfire risk, and boost ecological resilience. These include timber harvesting, stand improvement, and reforestation. Acquiring the Saraceno parcels would provide IDL with full management control over a contiguous land base, enabling more coordinated and effective forest management. The



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consolidation also reduces issues related to fragmented ownership and enhances the long-term productivity and revenue potential of endowment lands.

# • Compliance with Statutory Requirements

According to Idaho Code 58-138(5), all state endowment land exchanges must be supported by both an appraisal and a review appraisal, each prepared by an MAI-designated appraiser. These appraisals must conform to Uniform Standards of Professional Appraisal Practice (USPAP) and establish the fair market value of the properties involved.

For this exchange, the following steps have been taken:

- **Ruby Miles Stroschein, MAI**, of Gem Valley Appraisal Services, completed the original appraisal in accordance with professional and USPAP standards.
- **Sam Langston, MAI**, of Langston & Associates, Inc., conducted the review appraisal under USPAP Standards Rules 3 and 4, which govern appraisal review reporting.

These evaluations fully meet the statutory and professional requirements for a land exchange of this nature.

#### Recommendation

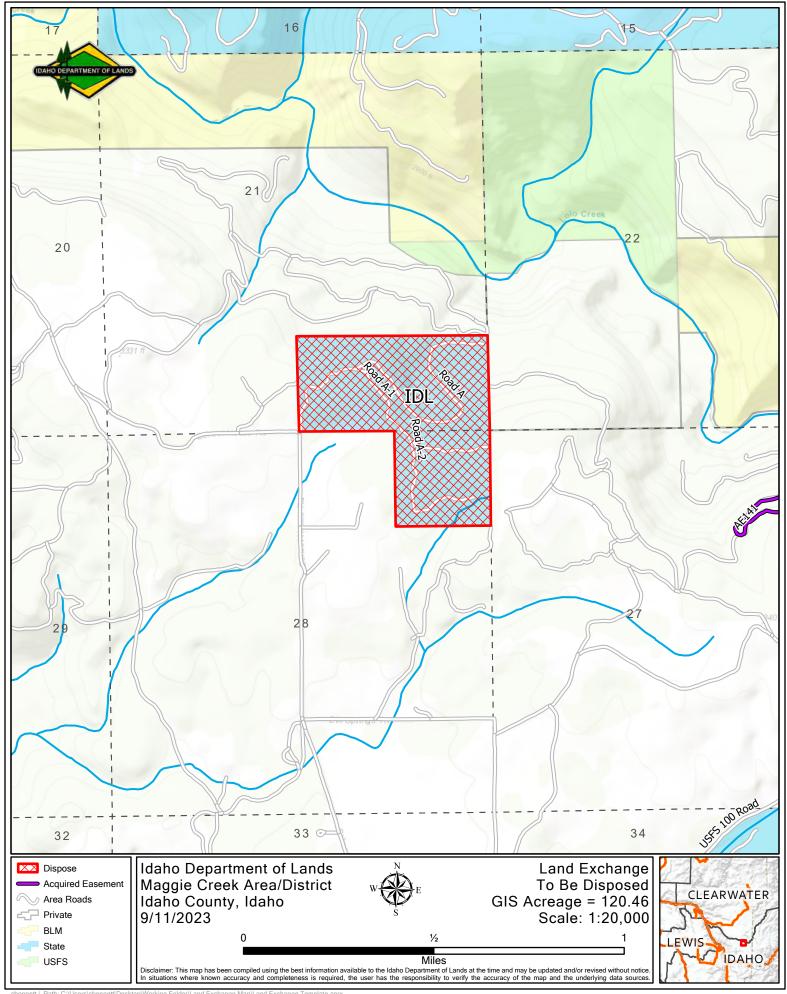
Based on the review and findings summarized above, I recommend that the Land Board approve the proposed land exchange.

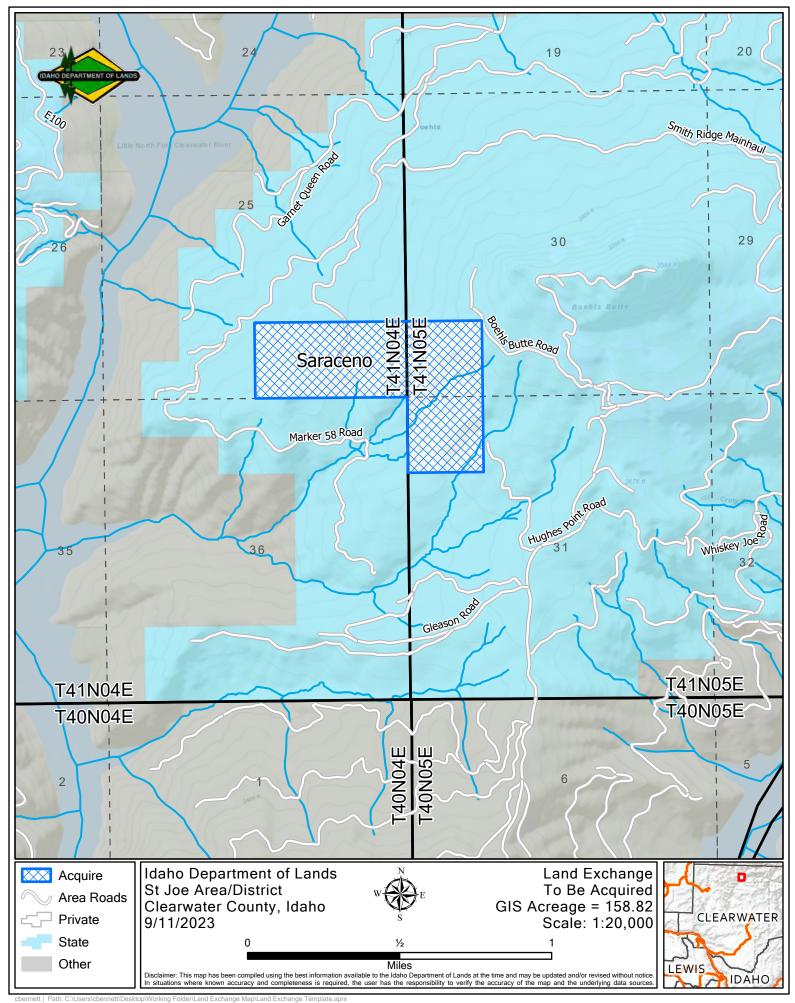
Sincerely,

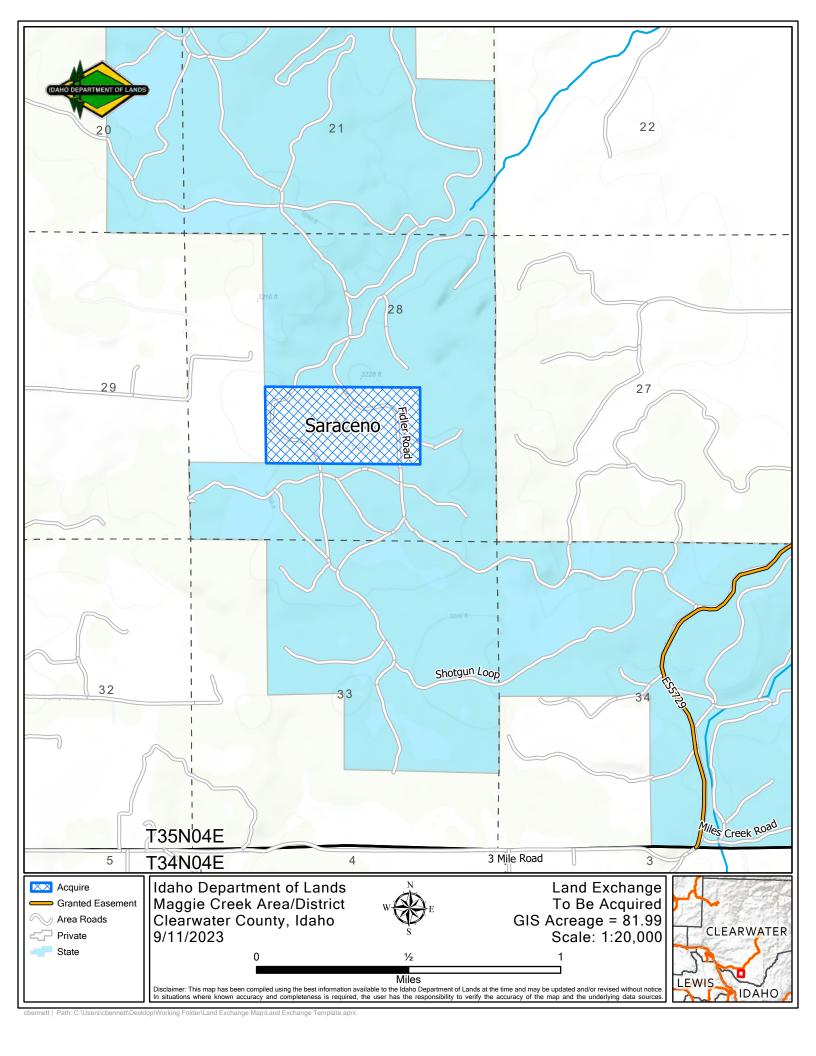
Vaiden Bloch

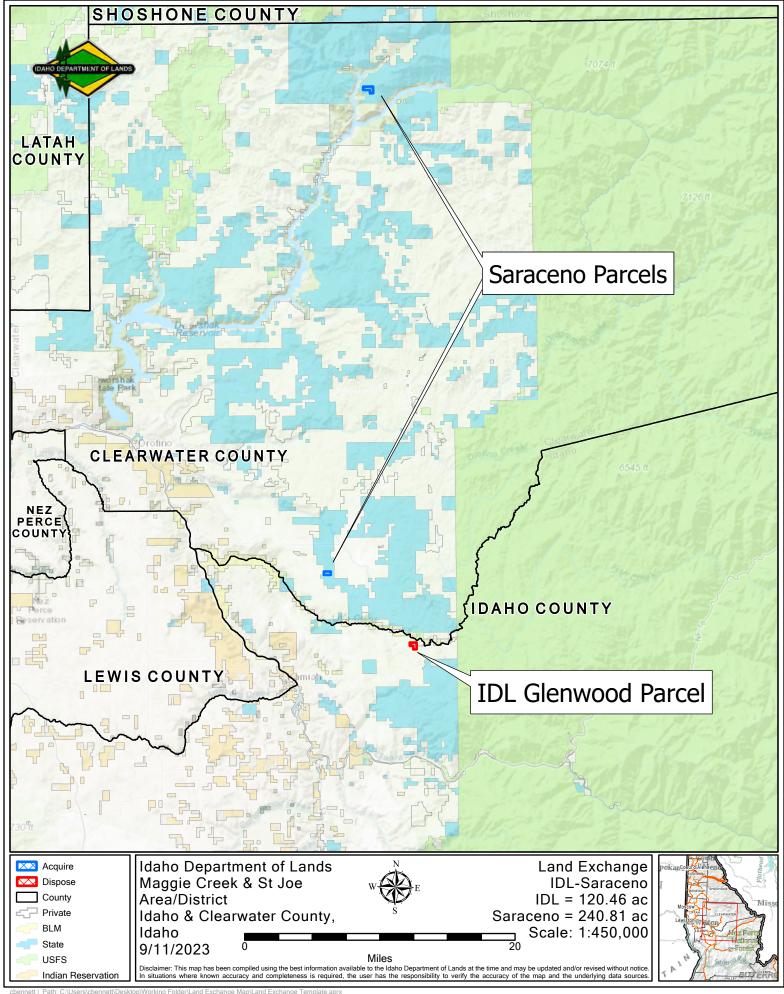
Timberland Advisor
Northwest Management, Inc.

Vail Ben









# LAND EXCHANGE AGREEMENT SARCENO LAND EXCHANGE

This Land Exchange Agreement ("Agreement") is entered this \_\_\_\_ day of \_\_\_\_, 2025, by and among the STATE BOARD OF LAND COMMISSIONERS, acting by and through the IDAHO DEPARTMENT OF LANDS (the "Department"), and DON SARACENO, JR and KERRI LEE SARACENO, husband and wife ("Saraceno"). The Department and Saraceno are sometimes collectively referred to herein as the "Party" or "Parties", as the context may require.

WHEREAS, the Department currently manages on behalf of the State Board of Land Commissioners (the "Land Board") certain parcels of State endowment land, some of which are the subject of the exchange set forth in this Agreement. A list of State endowment land parcels to be exchanged in this transaction is more particularly described in **Exhibit A**, attached hereto and incorporated herein by reference ("Endowment Land"); and

WHEREAS, it is the desire of the Department and the Land Board to exchange the Endowment Land for other suitable property of substantially equal value, in this case timberland. The properties acquired will add to the forestland portfolio and improve management efficiency, increase the primary timber base, and achieve a rate of return consistent with the required return identified for the asset type; and

WHEREAS, Saraceno is currently the owner of certain real property more particularly described in **Exhibit B**, attached hereto and incorporated herein by reference ("The Saraceno Property"); and

WHEREAS, the Endowment Land has an appraised value, as if vacant and unimproved, of Three Hundred Sixty-One Thousand Five Hundred Dollars (\$361,500.00); and

WHEREAS, The Saraceno Property has an appraised value, as if vacant and unimproved, of Three Hundred Sixty-One Thousand Six Hundred Dollars (\$361,600.00); and

WHEREAS, Saraceno desires to exchange The Saraceno Property for the Endowment Land, and the Department desires to exchange the Endowment Land for The Saraceno Property.

NOW THEREFORE, for and in consideration of the mutual promises, covenants and conditions set forth herein, the Parties agree as follows:

- 1. The above recitals are incorporated into this Agreement as if fully set forth herein and are contractual in nature and not mere recitals.
- 2. Equal Value Exchange.
  - a. The intent of each of the Parties to this Agreement is to exchange real property of relatively equal value in order for the State of Idaho to meet its constitutional and statutory duties for an exchange.
  - b. Saraceno is not an agent of the Department.
  - c. The appraised value of the Saraceno Property in the Appraisal Report performed by Ruby Stroschein, MAI of Gem Valley Appraisal with effective

- dates of September 10, 2024 and October 26, 2024, will be the value used for the purposes of this exchange.
- d. The appraised value of the Endowment Land in the Appraisal Report performed by Ruby Stroschein, MAI of Gem Valley Appraisal effective September 10, 2024 will be the value used for the purposes of this exchange.
- 3. As the appraised value of the Saraceno Property exceeds the appraised value of the Endowment Land by One Hundred Dollars (\$100.00), the Parties agree that the Department shall pay the difference in the amount of \$100.00 to Saraceno at closing to equalize the exchange.
- 4. Due Diligence and Expenses. This Agreement is contingent upon the Department's acceptance of studies, reports, and other items related to the Department's due diligence, which may include, but is not limited to, Phase I Environmental Site Assessment, timber cruise, appraisal, and appraisal review (the "Due Diligence Items").
- 5. The Parties have previously entered into a due diligence cost sharing agreement dated August 8, 2024 (**Exhibit C**). The costs of the due diligence will be divided between the parties as follows:
  - i. The total cost of the Appraisal Reports dated September 10 and October 26, 2024, prepared by Ruby Stroschein, MAI of Gem Valley Appraisal for the Endowment Land and The Saraceno Property was Eleven Thousand Five Hundred Dollars (\$11,500.00) Saraceno paid the appraisal fee in full at the time of service. As per the due diligence cost share agreement, the Department will be debited half that amount, Five Thousand Seven Hundred Fifty Dollars (\$5,750.00) at closing for the appraisals.
  - ii. The total cost of the Review Appraisal Reports dated January 15, 2025, prepared by Sam Langston, MAI of Langston & Associates Inc. for the Endowment Land and The Saraceno Property was Seven Thousand Dollars (\$7,500.00). Saraceno paid the appraisal review fee in full at the time of service. As per the due diligence cost share agreement, the Department will be debited half that amount, Three Thousand Seven Hundred Fifty Dollars (\$3,750.00) at closing for the appraisals.
  - The total cost of the Environmental Assessment, Phase 1 report prepared by 191 North for the Saraceno; dated May 27, 2025, and June 26, 2025, was Four Thousand Nine Hundred Dollars (\$4,900.00). The Department paid in full for the ESA at the time of service. As per the due diligence cost share agreement, Saraceno will be debited half that amount, One Thousand One Hundred Fifty Dollars (\$2,450.00) at closing for the ESAs.
- 4. Due Diligence and Expenses. This Agreement is contingent upon Saraceno's approval before Closing of studies, reports, and other items related to Saraceno's due diligence investigation of the Endowment Land, which may include the same investigations as the Due Diligence Items defined above.
- 5. Lease Terminations. The Endowment Land is currently the subject of one grazing lease. This Agreement is contingent upon the execution prior to or at Closing by the Department and the lessees of the Endowment Land of an agreement for cancellation

- of state lease due to land exchange terminating such lease in the forms attached hereto as **Exhibit D.** The Saraceno Property is not subject to any lease.
- 6. Access and Inspections. The Department hereby authorizes Saraceno and its agents, access to the Endowment Land; and, Saraceno hereby authorizes the Department and its agents, access to the Saraceno Property, each for all reasonable inspections related to the Due Diligence Items.
- 7. "AS-IS" Exchange. With the exception of any covenant or warranty in any deed of the Endowment Land to Saraceno, Saraceno hereby specifically agrees to take and accept the Endowment Land "AS IS", subject to its approval before Closing of its due diligence investigation as described above. With the exception of any covenant or warranty in any deed of the Saraceno Property to the Department, the Department hereby specifically agrees to take and accept The Saraceno Property "AS IS", subject to its approval before Closing of its due diligence investigation as described above.
- 8. Termination for Hazardous Material. Prior to Closing, either Party may terminate this Agreement following the completion of any inspection if either Party determines there is an unacceptable level of risk for hazardous material or solid waste present upon any portion of any property which is the subject of this exchange demonstrated by any such inspection or test.
- 9. Legal Access. The Saraceno Property shall have legal access for the purpose of resource management.
- 10. Appurtenances and Water Rights Generally. Water rights, water right permits, claims to water rights and all other appurtenances associated with The Saraceno Property shall be transferred to the State of Idaho. All water rights, water right permits, claims to water rights and all other appurtenances associated with the Endowment Land shall be transferred to Saraceno.
- 11. Mineral rights. Mineral rights, permits, and claims to mineral rights associated with The Saraceno Property shall be transferred to the Department, and all mineral rights associated with the Endowment Land shall be transferred to Saraceno.
- 12. Title Commitment. Each party may obtain at any time a preliminary title commitment relating to the real property it will acquire in this transaction and may request at any time before Closing that the other party cause the applicable title insurance company to modify or remove any of the title exceptions disclosed therein, which request the other party may comply with or not, in its sole discretion.
- 13. Title Insurance. Each party may obtain at its sole cost any title insurance policy it desires at or after closing, in such form and subject to such exceptions as it may approve; provided however, that neither party shall be obligated to remove any exceptions from its respective real property before Closing except leases and mortgages; and, provided further, that Closing is contingent upon each parties acceptance of the status of title and encumbrances which may appear of record. Before Closing, each party shall execute and deliver to any title insurance company that has issued a preliminary title commitment relating to the real property that such party is exchanging to the other party an owner's affidavit and other instruments to the extent requested or required by the title insurance company in order for it to issue a title insurance policy to the other party at Closing without including exceptions for mechanics' liens and rights of parties in possession.

- 14. Documents Transferring Title. Saraceno shall transfer title to The Saraceno Property to the Department via Warranty Deed in the form of **Exhibit E**, attached hereto. The Department shall transfer title to the Endowment Land to Saraceno via State of Idaho Deed in the form of **Exhibit F**, attached hereto. Saraceno shall bear the costs to record the deeds of the Endowment Land in the county in which such property is located. The Department is exempt from paying any cost to record the deed to the Saraceno Property in the county in which such property is located.
- 15. Real Estate Commissions. Each party represents and warrants that it has not contracted with, or otherwise engaged, any broker, agent, or finder to act in their behalf in connection with this transaction.
- 16. Representation and Warranties. Each Party warrants and represents it is the owner of the respective property which is the subject of this exchange and has full power and authority to enter into this exchange transaction and to transfer title to the respective properties. Saraceno is not aware of any encroachment, adverse interest or prescriptive easement claimed by any person or entity on any portion of the Saraceno Property. The person or persons executing this Agreement on behalf of each Party has full power to execute all related instruments and to perform all obligations of each Party under this Agreement.
- 17. Ad Valorem Taxes and Assessments. Saraceno shall be responsible for, and shall pay all real property ad valorem taxes; any taxes or deferred taxes by virtue of the designation of The Saraceno Property, or any portion thereof, as Forest Lands as provided by Idaho Code § 63-1701; and assessments, if any, accrued on The Saraceno Property up to the date of Closing.
- 18. Prorations. Taxes and assessments for the current year; collected rents; interest; prepaid premiums for insurance to be assigned to the Department, if any; utilities; and all other items of income and direct expense relating to The Saraceno Property (including without limitation existing service or supply contracts, owner's association dues, etc., if any) shall be prorated as of the date of Closing.
- 19. State Board of Land Commissioners' Approval; Date and Place of Closing. Closing is contingent upon the Land Board's approval of this fully executed Agreement. Closing shall occur within a mutually agreed upon commercially reasonable amount of time after Land Board approval, but in no event later than ninety (90) days following said approval, at the office of First American Title Company, 2150 S. Bonito Way, Meridian, ID 83642 (the "Closing"). Closing shall be deemed complete upon the recordation of all deeds for the Endowment Land and The Saraceno Property. In the event the Land Board rejects approval of the exchange contemplated herein or the Closing does not occur within the time specified above, this Agreement shall terminate with no further obligation by either Party other than the payment of all costs and expenses incurred up to the point of such termination, to be paid by the Party incurring any such cost or expense, or the Party obligated to pay any such cost or expense as provided for herein. Prior to Closing, either Party may terminate this Agreement, and the payment of all costs and expenses incurred up to the point of such termination shall be paid by the Party incurring any such cost or expense, or the Party obligated to pay any such cost or expense as provided for herein.
- 20. Closing Costs. Except as otherwise specified herein, the Parties shall share equally in all costs of closing, including, but not limited to, any closing agent and escrow fees.

- 21. Possession. The Department shall be entitled to possession of The Saraceno Property upon Closing. Saraceno shall be entitled to possession of the Endowment Land upon Closing.
- 22. Survival of Terms. The terms and conditions of this Agreement shall survive the Closing and transfer of the respective properties between the Parties.
- 23. Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be deemed an original, but all of which together shall constitute one and the same instrument
- 24. Modifications. This Agreement may only be modified in writing by mutual written agreement of the Parties prior to Closing, and any such modification shall be attached hereto. Amendments may require Land Board approval as determined by the Department.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement.

(The rest of this page has been intentionally left blank, signatures on the next page)



## IDAHO DEPARTMENT OF LANDS

Dated:	
	DUSTIN MILLER, Director
Date:	
	DON SARACENO, JR
Date:	
·	KERRI LEE SARACENO

## **Exhibit A**

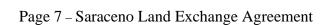
(Legal description of Endowment Land)

The Land referred to herein below is situated in the County of Idaho, State of Idaho, and is described as follows:

Township 34 North, Range 5 East Boise Meridian, Idaho County, Idaho Section 21: S1/2SE<sup>1</sup>/<sub>4</sub>

**AND** 

Township 34 North, Range 5 East Boise Meridian, Idaho County, Idaho Section 28: NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>



## Exhibit B

(Legal Description of The Saraceno Property)

The Land referred to herein below is situated in the County of Clearwater, State of Idaho and is described as follows:

## Property 1

Township 41 North, Range 4 East Boise Meridian, Clearwater County, Idaho Section 25: South One-Half Southeast Quarter (S 1/2 SE 1/4)

## Property 2

Township 41 North, Range 5 East Boise Meridian, Clearwater County, Idaho Section 31: Government Lot 1

## Property 3

Township 41 North, Range 5 East Boise Meridian, Clearwater County, Idaho Section 30: Government Lot 4

## Property 4

Township 35 North, Range 4 East, Boise Meridian, Clearwater County, Idaho Section 28: NE1/4 SW1/4, NW1/4 SE1/4

#### **Exhibit C**

## (Due Diligence Agreement)

# Saraceno Land Exchange Due Diligence Cost Sharing Agreement

This Due Diligence Cost Sharing Agreement is entered into this and among the IDAHO STATE BOARD OF LAND COMMISSIONERS ("Land Board"), acting by and through its administrative state agency, the IDAHO DEPARTMENT OF LANDS ("IDL"), and Don and Kerri Saraceno ("Saraceno"). The Parties are sometimes collectively referred to herein as the "Party" or "Parties", as the context may require.

WHEREAS, at the Regular Meeting of the State Board of Land Commissioners held on March 19, 2024, the Land Board approved the due diligence phase of a land exchange between the Land Board and Saraceno; and

WHEREAS, the Land Board and Saraceno desire to share the cost of the due diligence items equally, except as noted below;

NOW THEREFORE, for and in consideration of the mutual promises, covenants, and conditions set forth herein; the Parties agree as follows:

- The Parties shall share equally the cost of any Litle reports or Litle investigations necessary
  for the land currently owned by the state endowment ("State Land") and the land currently
  owned by the County.
- The Parties shall share equally the cost of the appraisal report and appraisal review report for the State Land. The parties understand and agree that multiple appraisal and appraisal review reports may be necessary.
  - The Parties shall share equally the cost of the appraisal report and appraisal review report
    for the land currently owned by Saraceno ("Saraceno Land"). The parties understand and
    agree that multiple appraisal and appraisal review reports may be necessary.
  - The Parties shall share equally the cost of the Environmental Site Assessment, Phase 1, and
    any additional reports that may be required or recommended by the ESA Phase 1 report for
    Saraceno Land.
  - The Parties shall share equally the cost of the Environmental Site Assessment, Phase 1, and any additional reports that may be required or recommended by the ESA Phase 1 report for the State Land.
  - b. The Parties shall share equally the cost of any boundary survey or surveys necessary for either the land currently owned by the state endowment, or Saraceno Land.
  - The Parties shall share equally the cost of any other study required by IDL or by Saraceno.
  - 8. The Parties shall share equally the cost of closing agent or escrow fees.
  - IDL shall be solely responsible for the cost of any timber croise and/or evaluation necessary for the timber resources on Saraceno Land.
  - IDL shall be solely responsible for the cost of third-party due diligence review performed by Mason, Bruce, and Gerard, LLC.

 Saraceno shall be solely responsible for the cost of any timber cruise and/or evaluation necessary for the timber resources on State Land.

The Parties understand and agree that either Party may elect to cancel the land exchange at any point in the process. In the event that one or both Parties decide to cancel the land exchange project, the cost of the due diligence performed to that point in time will be allocated as shown above.

(the rest of this page has been intentionally left blank)

IDAHO DEPARTMENT OF LANDS.

SARACENO

Date

Don Saraceno

Kerri Saraceno

IN WITNESS	WHEREOF, the parties have duly execu	ted this agreement.
		DEPARTMENT OF LANDS
4	Date Dustin i	Miller, Director
	SARACE Don Sar	Saidens
	7/30 Date Kerri Sa	4 Otacano

# Exhibit D Form of Lease Cancellation

AGREEMENT FOR CANCELLATION OF STATE LEASE DUE TO LAND EXCHANGE (Grazing Lease #G420024)

The undersigned Lessee of lands owned by the State of Idaho more particularly described below, hereby agrees with the State of Idaho that State of Idaho Lease Number G420024 of the below described real property currently in force and effect between lessee and the State of Idaho is terminated and of no further force and effect by reason of the land exchange transaction between the State of Idaho and Don and Kerri Saraceno.

The State and the Lessee hereby waive, each as against the other, and for their respective successors and assigns any and all claims, causes of action related to the lease, if any, and further do hereby release the other from any and all obligations or duties under and pursuant to the terms of the lease.

This Agreement shall become effective contemporaneously with the closing of the land exchange between the State of Idaho and the Saraceno under which the described below real property is exchanged. In the event that the below described real property is not exchanged, this Agreement shall be null and of no force and effect.

Real Property Description – See Exhibit A attached hereto. [The rest of this page has been intentionally left blank]

DUSTIN T. MILLER, Director	-
Date:	
LESSEE	
Don Saraceno, Jr	
Date	
Kerri Lee Saraceno	
Date	

# EXHIBIT A to Lease Cancellation Agreement

## **Legal Description**

Township 34 North, Range 5 East Boise Meridian, Idaho County, Idaho Section 21: S1/2SE<sup>1</sup>/<sub>4</sub>

**AND** 

Township 34 North, Range 5 East Boise Meridian, Idaho County, Idaho Section 28: NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>



## Exhibit E

Form of Warranty Deed The Saraceno Property

Recording Requested By and When Recorded Return to:

STATE OF IDAHO, IDAHO DEPARTMENT OF LANDS, 300 North 6<sup>th</sup> Street, Suite 103 Boise, Idaho 83720-0050

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Deed No.

## WARRANTY DEED

THIS WARRANTY DEED is made this _	day of _		<u>,</u> 2025, by	DON SAI	RACENO,
JR. and KERRI LEE SARACENO, husband and v	wife, whose	mailing a	ddress is 31	2 School H	ouse Road,
Kamiah, ID 83536, ("Grantor"), and the STATE I	BOARD O	F LAND	COMMISS	SIONERS,	through its
administrative agency, the IDAHO DEPARTMEN	NT OF LA	NDS, who	se mailing	address 30	0 North 6th
Street Boise ID 83720-0050 ("Grantee")					

**WITNESSETH**, that Grantor, for good and valuable consideration, the receipt whereof is hereby acknowledged, has granted, bargained, sold, and by these presents does grant, bargain, sell, convey and confirm unto Grantee, and to Grantee's heirs and assigns forever, all of the following described property in the County of Clearwater, State of Idaho, which property is legally described as follows, to-wit:

## Clearwater County

## Property 1

Township 41 North, Range 4 East Boise Meridian, Clearwater County, Idaho Section 25: South One-Half Southeast Quarter (S 1/2 SE 1/4)

## Property 2

Township 41 North, Range 5 East Boise Meridian, Clearwater County, Idaho Section 31: Government Lot 1

## Property 3

Township 41 North, Range 5 East Boise Meridian, Clearwater County, Idaho Section 30: Government Lot 4

## Property 4

Township 35 North, Range 4 East, Boise Meridian, Clearwater County, Idaho Section 28: NE1/4 SW1/4, NW1/4 SE1/4

**TOGETHER WITH** any reversions, any remainders, rents, issues and profits therefrom; and all estate, right, title and interest in and to the timber rights, as well in law as in equity, of Grantor.

TO HAVE AND TO HOLD the premises and the appurtenances unto Grantee, and to Grantee's

Page 16 – Saraceno Land Exchange Agreement

heirs and assigns forever. Grantor and Grantor's heirs shall warrant and defend the premises in the quiet and peaceable possession of Grantee and Grantee's heirs and assigns, against Grantor and Grantor's heirs, and against every person whomsoever who lawfully holds (or who later lawfully claims to have held) rights in the premises as of the date hereof.

In construing this Warranty Deed and where the context so requires, the singular includes the plural.

[remainder of page left intentionally blank]



Date: DON SARACENO, JR Date: KERRI LEE SARACENO STATE OF IDAHO )ss. COUNTY OF \_\_\_\_\_\_) On this \_\_\_ day of \_\_\_\_\_, 2025, before me a Notary Public in and for said State, personally appeared **DON SARACENO**, **JR.**, known or identified to me to be person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same. IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal the day and year first above written. Notary Public Residing at: (SEAL) My Commission Expires: STATE OF IDAHO )ss. COUNTY OF \_\_\_ On this \_\_\_\_ day of , 2025, before me a Notary Public in and for said State, personally appeared KERRI LEE SARACENO, known or identified to me to be person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same. IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal the day and year first above written. Notary Public Residing at: \_\_\_\_\_\_\_ My Commission Expires: \_\_\_\_\_\_ (SEAL)

IN WITNESS WHEREOF, Grantor has executed the within instrument the day and year first

above written.

## Exhibit F

## Form of State Deed

Recording Requested By and When Recorded Return to:

STATE OF IDAHO, IDAHO DEPARTMENT OF LANDS, 300 North 6<sup>th</sup> Street, Suite 103 Boise, Idaho 83720-0050

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

DEED NO.

## STATE OF IDAHO DEED

THIS STATE DEED ("Deed") is made to	this day of	, 2025, by and
between the STATE BOARD OF LAND COM	IMISSIONERS, who	se mailing address is P.O.
Box 83720, Boise, Idaho 83720-0050 (herein	nafter referred to as	s "Grantor"), and DON
SARACENO, JR and KERRI LEE SARACEN	IO, husband and wife	, whose mailing address is
312 School House Road, Kamiah, ID 83536 (here	einafter referred to as	"Grantee").

**WITNESSETH**: That Grantor, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby transfer, sell, convey and release unto Grantee all of Grantor's right, title and interest in and to the following described real property (the "**Property**") situated in Idaho County, State of Idaho, to-wit:

Idaho County

Township 34 North, Range 5 East Boise Meridian, Idaho County, Idaho Section 21: S1/2SE<sup>1</sup>/<sub>4</sub>

AND

Township 34 North, Range 5 East Boise Meridian, Idaho County, Idaho Section 28: NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>

**TOGETHER WITH** the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining.

**RESERVING THEREFROM** a right of way for ditches constructed by authority of the United States as identified in Idaho Code § 58-604.

THE PROPERTY IS CONVEYED "AS IS", with no representation or warranty of any

Page 19 – Saraceno Land Exchange Agreement

kind as to the fitness of the Property for any particular purpose.

**TO HAVE AND TO HOLD**, all and singular, the Property unto the said Grantee and its successors and assigns forever.

(The rest of this page has been left blank intentionally. Signatures on next page.)



## STATE BOARD OF LAND COMMISSIONERS

	President of the State Board of Land Commissioners and Governor of the State of Idaho
Countersigned:	
Secretary of the State of Idaho	
Director of the Idaho Department of	Lands
STATE OF IDAHO )	
Commissioners and Governor of the acknowledged to me that he executed Board of Land Commissioners and the commissioners and commissioners and commissioners and commissioners and commissioners are compared to the commissioners and commissioners and commissioners and commissioners are compared to the commissioners and commissioners are compared to the commissioners and commissioners and commissioners are compared to the commissioners and the commissioners are compared to the commissioners are compared to the commissioners and commissioners are compared to the commissioners and commissioners are compared to the commissioners are commissioners.	
(seal)	Notary Public for State of Idaho My Commission Expires:
STATE OF IDAHO ) )ss. COUNTY OF ADA )	
	, 2025, before me, a Notary Public in and for said State, NE, as Secretary of the State of Idaho, that executed the

within instrument, and acknowledged to me that he executed the within instrument as said Secretary of State and that the State Board of Land Commissioners and the State of Idaho executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

(seal)	Notary Public for State of Idaho
	My Commission Expires:
STATE OF IDAHO )	
)ss.	
COUNTY OF ADA )	
	, 2025, before me, a Notary Public in and for said State,
	MILLER, the Director of the Idaho Department of Lands and
•	and Commissioners, and acknowledged to me that he executed
	ctor and Secretary, and that the State Board of Land
Commissioners and the State of Io	daho executed the same.
	F, I have hereunto set my hand and seal on the day and year last
above written.	
(seal)	Notary Public for State of Idaho
(Scur)	My
Commission Expires:	

## STATE BOARD OF LAND COMMISSIONERS

September 16, 2025 Regular Agenda

## **Subject**

Adoption of Pending Rule, IDAPA 20.03.08, Easements on State-Owned Lands

## **Question Presented**

Shall the Land Board adopt the pending rule for IDAPA 20.03.08?

## **Background**

IDAPA 20.03.08 provides guidance for rights-of-way for public utility lines, highway, and other purposes. The State Board of Land Commissioners (Land Board) is empowered to grant, over and upon any land owned or controlled by the State of Idaho, rights-of-way for railroad, telegraph, telephone and electric lines, pipelines for natural and manufactured gas, rights-of-way for highway purposes, and rights-of-way for any other public or private purpose or beneficial use.

The Idaho Department of Lands (Department) administers IDAPA 20.03.08 Easements on State-Owned Lands on behalf of the Land Board. The Right of Way program is responsible for granting and acquiring easements on state endowment lands. Activities are authorized by Idaho Code Title 58, Chapter 6–Rights of Way Over State Lands.

Negotiated rulemaking for these rules was approved by the Land Board on December 17, 2024. Following Executive Order 2020-01, Zero-Based Regulation, this rule chapter is scheduled to be repealed and replaced in 2025 for review during the 2026 legislative session.

## **Discussion**

Outreach by the Department for negotiated rulemaking included the following:

- Published the Notice of Negotiated Rulemaking in the Idaho Administrative Bulletin
- Created a <u>rulemaking webpage</u> to post documents, scheduling information, and comments (https://www.idl.idaho.gov/rulemaking/docket-20-0308-2501)
- Cooperative Road Use Agreement members, and Cost Share ROW partners
- Posted meeting notices to Townhall Idaho

The Department held three public negotiated rulemaking meetings in 2025 with options for in-person or virtual participation. These meetings were held on March 20 (Coeur D'Alene), March 25 (Idaho Falls), and April 10 (Boise). There was some discussion and oral public comments provided during the meetings. The initial written comment period ended April 16. Two written comments were

received from The Idaho Conservation League and PotlatchDeltic. A summary of negotiated rulemaking is included in Attachment 1.

The Notice of Proposed Rulemaking was published in the August 6, 2025, Idaho Administrative Bulletin (Attachment 2). No public hearing was requested or held. There were no written comments received during the open comment period.

Upon further review, staff noticed the inadvertent deletion of the words "and survey" in section 21.05. Minimum Compensation. Attachment 3 has the draft Pending Rule consisting of the Proposed Rule with the engrossed changes highlighted in yellow.

The proposed rule reduces the overall regulatory burden by reducing the total word count (14.3% reduction) and the number of restrictive words. The proposed rule includes the following changes:

- Supplements definition of "Endowment Lands" to include historical context and constitutional purpose.
- Defines "Assignment:" Assignment of a valid easement in good standing is the administrative transfer of the instrument, its rights and obligations.
- The minimum compensation for any easement is at the discretion of the Land Board, not including appraisal and survey costs. Applicant shall bear the cost of appraisal and survey.
- Supplements definition of "Emergency Work" to incorporate vandalism as an emergency situation.
- Deletes easement assignment fee of \$50.00.
- Deletes easement application fee of \$100.00.
- Inserts the following language related to compensation for easements: "a
  commensurate portion of the value created by the right-of-way, as
  determined by the director or supported by specific data such as an
  appraisal."

If approved by the Land Board, the Department will submit the attached Notice of Adoption of Pending Rule (Attachment 4) to the Office of the Administrative Rules Coordinator for the 2026 legislative session.

## Recommendation

Adopt the pending rule for IDAPA 20.03.08 Easements on State Owned Land.

## **Board Action**

## **Attachments**

- 1. Negotiated Rulemaking Summary
- 2. Notice of Proposed Rulemaking with Text
- 3. Draft Pending Rule
- 4. Draft Notice of Adoption of Pending Rule

## **Negotiated Rulemaking Summary**

## IDAPA 20.03.08, Easements on State-Owned Lands

Docket No. 20-0308-2501

Following Executive Order 2020-01: Zero-Based Regulation, this rule chapter is scheduled for review during the 2026 legislative session.

IDAPA 20.03.08, under authority of Idaho Code § 58-603, provides guidance for rights of way for public utility lines, highway, and other purposes. The state board of land commissioners is empowered to grant, over and upon any land owned or controlled by the state of Idaho, rights of way for railroad, telegraph, telephone and electric lines, pipelines for natural and manufactured gas, rights of way for highway purposes, and rights of way for any other public or private purpose or beneficial use.

Negotiated rulemaking for these rules was approved by the Land Board on December 17, 2024. The Notice of Intent to Promulgate Rules – Zero-Based Regulation Negotiated Rulemaking was published in the Idaho Administrative Bulletin on March 5, 2025.

#### Stakeholder Outreach

The Idaho Department of Lands' (IDL) outreach for negotiated rulemaking included the following:

- Published the Notice of Negotiated Rulemaking in the Idaho Administrative Bulletin
- Created a rulemaking webpage to post documents, scheduling information, and comments (https://www.idl.idaho.gov/rulemaking/docket-20-0308-2501)
- Cooperative Road Use Agreement members, and Cost Share ROW partners
- Posted meeting notices to Townhall Idaho

## **Negotiated Rulemaking Public Meetings**

Negotiated rulemaking meetings were held on March 20, March 25, and April 10, 2025. A total of 11 non-Department affiliated people attended these meetings.

The Idaho Conservation League (ICL) initiated discussion during the negotiated rulemaking meeting held on March 20, 2025, regarding the proposed amendment to the definition of Endowment Lands. ICL recommended keeping the current expanded definition of Endowment Lands. After consideration of the comment, IDL has decided to retain the current expanded definition of Endowment Lands. During the same meeting, ICL recommended referencing "vandalism" in the Emergency Work section. IDL agrees and has added reference to vandalism to further clarify the intentions of the Emergency Work section.

In the meeting held on April 10, 2025: Ben Ballard, Potlatch-Deltic commented that the minimum compensation going from \$500 to \$10,000 is a substantial increase. IDL provided clarity the change is for easements and not permits, and that appraisal or negotiated easement project determines the consideration charged for an easement. Further, IDL provided clarity there are no proposed changes to the Rules section on Co-op Agreements in which all the sections on appraisal, applications and fees do not apply. IDL recommends the following language: "the minimum compensation for any easement is at the discretion of the Land Board, not including appraisal and survey costs." Applicant shall bear the cost of appraisal and survey.

Additionally, Ben Ballard, Potlatch Deltic commented easements (035.040) need to be transferable to be an easement and proposed Assignments are the only transferable instrument. IDL does not propose any changes within Rule regarding Assignments yet has decided to provide brief clarification within a definition stating "Assignment is the complete transfer of rights and obligations of an easement in good standing from holder to succeeding right holder (assignor), acknowledged by IDL (servient estate)."

Next, Brant Steigers, Potlatch Deltic, had questions about new paragraph 021.02. He understands receiving compensation for the increase in property value generated by the easement is common practice. Brant asked what the percentage would be tied to and if it would be codified? Zane Lathim, IDL, commented it would probably be tied to an appraisal. Brant Steigers asked if it could be negotiated. Zane Lathim replied, "Yes." IDL recommends the following language "A commensurate portion of the value created by the right of way, as determined by the Director and supported by specific data such as an appraisal."

#### **Written Comments**

Two written comments were received during the open comment period.

- 1. The Idaho Conservation League submitted a written comment supporting the current definition of Endowment Lands in IDAPA 20.03.08 "Land grants made to the state of Idaho by the Congress of the United States, or real property subsequently acquired through land exchange or purchase, for the sole use and benefit of the public schools and certain other institutions of the state, comprising nine (9) grants all together" instead of the proposed definition of "Lands held in trust by the State of Idaho and managed for the benefit of specific endowment beneficiaries."
- 2. Brant Steigers, Potlatch Deltic, expressed concern about new paragraph 021.02. stating he "understand[s] that receiving compensation for the increase in property value generated by the easement is common practice, but not codifying what that percentage would be in advance will make this process risky and unpredictable for the grantee. Is it 5% or 50%? For a large development, it could equate to a substantial sum of money."

These comments were posted for public review.

## **Concluding Negotiated Rulemaking**

IDL concluded the negotiated rulemaking process and submitted the rule changes for publication as a proposed rule in the August 6, 2025, edition of the Idaho Administrative Bulletin. Key documents from the rulemaking record are available at <a href="https://www.idl.idaho.gov/rulemaking/docket-20-0308-2501/">https://www.idl.idaho.gov/rulemaking/docket-20-0308-2501/</a>, including research materials, and the proposed rule text in track changes format to allow the reader to easily identify changes.

## **Response to Comments on Negotiated Rule**

IDAPA 20.03.08, Rules Governing Easements on State Lands

## THESE ARE THE RESOLVED ITEMS

Commenter	Comment	Rule Section	Response
Idaho Conservation League	In Section 010. Definitions, the most significant proposed change is to the definition of "Endowment Lands," and the majority of the text that is redlined for removal refers to the history and background of endowment lands. As a member of United Payette, a coalition of individuals and organizations working to conserve the endowment lands that surround Payette and Little Payette Lakes, I know firsthand that despite our numerous efforts to help educate the public on the differences between endowment lands, state-owned lands, and public lands, many people still do not understand the intrinsic differences regarding land ownership and management in Idaho. While the proposed definition, "Lands held in trust by the State of Idaho and managed for the benefit of specific endowment beneficiaries," is wholly accurate, it does not provide the full context for the endowment lands, leaving many to believe that endowment lands are indistinguishable from stateowned lands, or even federally owned public lands. We recommend that IDL reincorporate a portion of the existing definition, with the updated version reading, "Lands granted to the State of Idaho by the United States Congress on statehood that are held in trust by the State of Idaho and managed for the benefit of specific endowment beneficiaries." We believe that reincorporating these few words can have an impact on land ownership and management comprehension for citizens or organizations considering an easement application.	010.06.	IDL agreed. The comments were meaningful and directly related to the Rules. The details provided were considered. The proposed Rules should retain the existing definition and include further clarity on Endowment Lands.  The definition should be thorough for the benefit of public, customers, and endowment trust beneficiaries. Retain and supplement the definition, including historical context and constitutional purpose. Attempt to add further distinction between public lands and endowment trust lands.

Commenter	Comment	Rule Section	Response
Idaho Conservation League	We also recommend that IDL add a definition for "Assignments", which is covered in Section 040. While many familiar with real estate terminology may possess a working knowledge of the term, many do not, and we did not find an associated definition	040.	Assignment definition: Assignment of a valid easement in good standing is the administrative transfer of the instrument, its rights and obligations.
	In Section 021. Fees and Compensation, in subsection 07, we note that the textual reference to "five hundred" remains in place, while the numerical reference (\$500) is redlined for removal. We recommend removing the textual reference for consistency and clarity.	021.07.	IDL agreed, incorporated.
	Regarding Section 030. Emergency Work, we recommend adding vandalism as an emergency situation that could require an easement grantee to access adjoining grantor-controlled lands. Examples could be damage to a trail or direction sign when repair/replacement is best accomplished by working from outside the easement (the emergency being public health and safety) or if a water/gas line within an easement develops a leak and repairs are best accomplished by working from outside the easement. Natural disasters such as wildfire and flood are certainly cause for providing emergency access.	030.	IDL agreed, incorporated vandalism as an emergency situation.
Potlatch- Deltic	Ben Ballard, Potlatch-Deltic, in-meeting comment regarding minimum compensation going from \$500 to \$10,000 as a substantial increase. IDL provided clarity the change is for easements and not permits, and that appraisal or negotiated easement project determines the consideration charged for an easement. Further, IDL provided clarity there are no proposed changes to the Rules section on Co-op Agreements in which all the sections on appraisal, applications and fees do not apply.	021.07.	IDL recommends the following language "the minimum compensation for any easement is at the discretion of the Land Board, not including appraisal and survey costs." Applicant shall bear the cost of appraisal and survey.

Commenter	Comment	Rule Section	Response
Potlatch- Deltic	Brant Steigers had concerns about the new paragraph 021.02. "I understand that receiving compensation for the increase in property value generated by the easement is common practice, but not codifying what that percentage would be in advance will make this process risky and unpredictable for the grantee. Is it 5% or 50%? For a large development, it could equate to a substantial sum of money."	021.02.	IDL recommends the following language: "A commensurate portion of the value created by the right of way, as determined by the Director or supported by specific data such as an appraisal."
	Deleting the \$50 assignment fee.  Deleting the \$100 Easement Application Fee		Assignment can be processed without a collected fee. A \$50 fee creates delays and requires customer and staff resources to process. Removing the fee is better business.  Applications can be processed without a collected fee. A \$100 fee is nominal and creates delays and requires customer and staff resources to process. Removing the fee is better business.

## Conclusion:

IDL concluded the negotiated rulemaking process and will submit the rule changes for publication as a proposed rule in the August 6, 2025, edition of the Idaho Administrative Bulletin. Key documents from the rulemaking record are available at <a href="https://www.idl.idaho.gov/rulemaking/docke20-0308-2501/">https://www.idl.idaho.gov/rulemaking/docke20-0308-2501/</a>, including research materials, and the proposed rule text in legislative format to allow the reader to easily identify changes.

## **IDAPA 20 – IDAHO DEPARTMENT OF LANDS**

## 20.03.08 - EASEMENTS ON STATE-OWNED LANDS DOCKET NO. 20-0308-2501 (ZBR CHAPTER REWRITE) NOTICE OF RULEMAKING - PROPOSED RULE

**AUTHORITY:** In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Section(s) 58-104 and 58-105, Idaho Code.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than August 20, 2025.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

**DESCRIPTIVE SUMMARY:** The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

The Idaho Department of Lands initiated this rulemaking in compliance with Executive Order 2020-01: Zero-Based Regulation. This rule chapter is scheduled for a comprehensive review in 2025 and legislative review in 2026 with the goal of simplifying and streamlining the rules for increased clarity and ease of use.

The regulatory burden has been reduced by decreasing both the total word count 14.3% and the number of restrictive words 26.7% in the proposed rule. No changes were made that changed the context of the previous rule.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased: N/A.

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking: N/A.

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220(1), Idaho Code, negotiated rulemaking was conducted. The Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in the March 5, 2025 Idaho Administrative Bulletin, Vol. 25-3, pages 19-21.

INCORPORATION BY REFERENCE: Pursuant to Section 67-5229(2)(a), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule: N/A.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the proposed rule, contact Lawson Tate at (208) 263-5104 or ltate@idl.idaho.gov.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before August 27, 2025.

DATED this 2nd day of July, 2025.

Lawson Tate, Right-of-Way Program Manager 2550 Highway 2 West Sandpoint, Idaho 83864 Phone: (208) 263-5104

ltate@idl.idaho.gov

## THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 20-0308-2501 (ZBR Chapter Rewrite.)

#### 20.03.08 - EASEMENTS ON STATE-OWNED LANDS

## 000. LEGAL AUTHORITY.

These rules are promulgated pursuant to and are to be construed in a manner consistent with the duties and responsibilities of the Idaho State Board of Land Commissioners as set forth in Idaho Code Title 58, Chapters 1 and 6, and Article IX, Sections 7 and 8 of the Idaho Constitution. <u>Title 58, Chapter 1, Idaho Code, Title 58, Chapter 3, Idaho Code</u>.

## 001. TITLE AND SCOPE.

- 01. Title. These rules are titled IDAPA 20.03.08, "Easements on State Owned Lands." (3 18 22)
- **Scope.** These rules set forth procedures concerning the issuance of easements on all lands within the jurisdiction of the Idaho State Board of Land Commissioners except for state-owned submerged lands and formerly submerged lands navigable waterways. Further, t These rules do not apply to easements for hydroelectric projects.

  (3-18-22)(

  )
  - 031. Valid Existing Rights. These rules are not to be construed as affecting any valid existing rights.

## 002. ADMINISTRATIVE APPEALS.

An applicant aggrieved by a decision of the Director under these rules may request a hearing before the Board, but must do so within thirty (30) days after receipt of written notice of the Director's decision.

## 003. -- 009. (RESERVED)

## 010. **DEFINITIONS.**

- <u>01.</u> <u>Assignment.</u> The complete transfer of rights and obligations of an easement in good standing from holder to succeeding right holder (assignor), acknowledged by the Department (servient estate).
- **012. Board.** The Idaho State Board of Land Commissioners or such representative as may be designated by the Board its designee. (3-18-22)(\_\_\_\_\_)
- **023. Damage or Impairment of Rights to the Remainder of the Property**. The diminution of the market value of the remainder area, in the case of a partial taking. (3-18-22)
  - 034. **Department**. The Idaho Department of Lands.
- 045. Director. The Director of the <u>Idaho</u> Department of Lands or <u>such representative as may be designated by the Director its designee</u>. (3-18-22)(\_\_\_\_\_)
- **056. Easement**. A non-possessory interest in land for a specific purpose. Such interest may be limited to a specified term. (3-18-22)
- 067. Endowment Lands. Land grants made to the state of Idaho by the Congress of the United States, or real property subsequently acquired through land exchange or purchase, for the sole use and benefit of the public schools and certain other institutions of the state, comprising nine (9) grants altogether Land grants made to the state

(3-18-22)

of Idaho by the Congress of the United States, or real property subsequently acquired through land exchange or purchase, for the sole use and benefit of the public schools and certain other institutions of the state, comprising nine (9) grants altogether.

- **Orantee.** The person or entity receiving the property right or permission.
- **09. Grantor.** The person or entity transferring, selling, or giving the property right or permission. Herein the Department or Board granting a right-of-way, easement or permit.
- equivalent to cash, for which that the property should bring in a competitive and open market under all conditions requisite to a fair sale an arm's length sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

  (3-18-22)(\_\_\_\_\_)
- 11. Right-of-Way. The area on, below, or above a road, highway, street, waterway, or utility easement over which a legal right of passage exists for the benefit of a specific purpose. Such passage and use rights may be limited as defined and limited to a specified term.
- **6812. State-Owned Lands.** All lands within the jurisdiction of the Idaho State Board of Land Commissioners except for state-owned-submerged lands or formerly submerged lands navigable waterways.

<del>(3-18-22)</del>(

6913. **Temporary Permit.** An instrument authorizing a specific use on state land usually issued for five (5) years or less, but that may be issued for up to ten twenty (1020) years.  $\frac{(3-18-22)(1-1)}{(3-18-22)(1-1)}$ 

011. -- 019. (RESERVED)

#### 020. POLICY.

- **01. Easements Required.** Easements are required for all rights-of-way of a permanent nature over state-owned land. Easements will not be granted when temporary permits-will serve the required intended purpose or when a lease is appropriate.

  (3 18 22)(\_\_\_\_)
- **02. Prior Grants.** The Director will recognize easements on state endowment lands by grant of the federal government, or subsequent landowners, prior to title vesting with the State or by eminent domain. (3-18-22)
- **03. Existing Easements.** These rules do not apply to any use, facility or structure described in an existing easement. For amendment of an existing easement, see Section 025. (3-18-22)
- **04. Director's Discretion**. The Director may grant—an\_a temporary permit or easement over state-owned land for any legitimate public or private purpose upon payment of appropriate compensation. (3 18 22)(\_\_\_\_\_)
- **05. Reciprocal Easements**. The Director may seek reciprocal easements for access to state-owned lands from applicants for easements over state-owned lands. The value of the easement acquired by the state may be applied towards the cost of the easement acquired from the state. (3-18-22)
- **06. Interest Granted.** An easement grants only such interest to the grantee as is specified in the instrument, including the right to use the property for the specified purpose without interference by the grantor. The right to use the property for all other purposes not inconsistent with aside from the grantee's limited interest remains with the grantor.

  (3 18 22)(\_\_\_\_\_)
- **O7. Limit of Director's Discretion.** The Director may grant and renew\_all easements in all eases except when the compensation will exceed twenty five thousand dollars (\$25,000) the limits as delegated by the Board exclusive of the value of timber and payment for any damage or impairment of rights to the remainder of the property.

  (3-18-22)(\_\_\_\_\_)
  - **08.** Width of Easement. The width of any easement granted may not be less than eight (8) feet.

(3-18-22)

- **09. Recordation**. The Department will record the easement, or easement release, with the appropriate county recorder's office. (3-18-22)
- 10. Term Easement. The Director may grant an easement that is issued for a specific time period of ten (10) to fifty-five (55) years.

### 021. FEES AND COMPENSATION.

- **O1.** Application Fee. The application fee for new, renewed, or amended easements is one hundred dollars (\$100) and is collected from all applicants. This application fee is in addition to the easement compensation and appraisal costs, and is non-refundable unless the Director determines that the land applied for is not under the jurisdiction of the Board.

  (3-18-22)
- **92.** Easement Fee. The compensation for permanent easements over state-owned lands covered by these rules is as follows:

	COMPENSATION
Highways, roads, railroads, reservoirs, trails, canals, ditches, or any other improvements that require long term, exclusive or near exclusive use and occupation of the right of way	Up to 100% of land value plus payment for any damage or impairment of rights to the remainder of the property as determined by the Director and supported by specific datasuch as an appraisal
Overhead transmission and power lines	Up to 100% of land value depending on the exclusivity of use as determined by the Director and supported by specific data such as an appraisal plus payment for any damage or impairment of rights to the remainder of the property as determined by the Director and supported by data such as an appraisal
Buried installations - cables, pipelines, sewerlines, waterlines	Up to 100% of land value, depending on the exclusivity use as determined by the Director and supported by specific data such as an appraisal plus payment for any damage or impairment of rights to the remainder of the property, as determined by the Director and supported by specific data such as an appraisal

(3 18 22)

- 03. Appraisal Required. An appraisal of an easement may be required where, in the opinion of the Director, the easement value will exceed the minimum compensation fee of five hundred dollars (\$500). (3-18-22)
- ercent (100%) of market value, plus payment for any damage or impairment of rights to the remainder of the property, and proportional payment for any existing improvements within the right-of-way, such as a road, road surfacing, culverts, and bridges, as determined by the Director and supported by specific data such as an appraisal.
- a. A commensurate portion of the value created by the right of way, as determined by the Director and supported by specific data such as an appraisal.
- **042. Performance of Appraisal.** The appraisal of the easement—will normally be <u>may be</u> performed by qualified dDepartment staff or as determined by the <u>Director</u>. If so desired by the applicant, and agreed to by the <u>Director</u>, the applicant may provide the appraisal that is acceptable to and meets the specifications set by the <u>Director</u>.
  - 053. Appraisal Costs. An Applicant shall bear the costs of an appraisal. Where the appraisal is

performed by the dDepartment staff, the appraisal is two hundred fifty dollars (\$250) for a market analysis, five hundred dollars (\$500) for a short form appraisal, and one thousand dollars (\$1,000) for appraisals of easements requiring Board approval. The appraisal cost is in addition to those costs outlined in Subsections 021.01 and 021.02. In no case will, an applicant will not be charged more than one thousand dollars (\$1000) for an appraisal of an easement conducted by departmental staff.

- 075. Minimum Compensation. The minimum compensation for any easement is five hundred dollars (\$500), at the discretion of the Land Board, not including the application fee and appraisal costs. (3 18 22)(\_\_\_\_\_)

### 022. -- 024. (RESERVED)

### 025. EASEMENT AMENDMENT.

Amendment of an existing easement must be processed in the same manner as a new application. Amendment includes change of use, widening the easement area, or changing the location of the easement area. Amendment does not include ordinary maintenance, repair, or replacement of existing structures such as poles, wires, cables, and culverts.

(3-18-22)

### 026. -- 029. (RESERVED)

### 030. EMERGENCY WORK.

The grantee is authorized to enter-upon endowment lands and other state-owned lands managed by the Department for the purpose of to performing emergency repairs on an easement for damage due to vandalism, floods, fire, high winds and other acts of God, provided that the grantee provides written notice to the Director Department within forty-eight (48) hours of the time work commences. Thereupon, t The Director is authorized to assess any damages to the state lands and seek reimbursement.

### 031. -- 034. (RESERVED)

### 035. COOPERATIVE USE AND RECIPROCAL USE AGREEMENTS.

- **01. Joint Agreements.** The Director may, subject to the approval of the Board, enter into joint ownership and use agreements with persons, entities, other state, federal, or tribal agencies for roads providing access to state endowment lands and other state-owned lands managed by the Department. Such agreements must provide that all landowners share proportionately in the cost of building and maintaining the shared road. The proportionate shares are calculated on timber volume, acreage or other unit of value.

  (3 18 22)(\_\_\_\_)
- **O2.** Reciprocal Use Agreements. The Director may enter into reciprocal use agreements with persons, entities, or other state agencies for existing roads where such agreements will enhance the management of endowment lands or other state-owned lands managed by the Department.
- **03. Applicability.** Where the Director has entered into such agreements mentioned in Subsections 035.01 and 035.02 above, Sections 021, 040, and 046 do not apply. (3-18-22)

### 036. -- 039. (RESERVED)

### 040. ASSIGNMENTS.

- **O1.** FeeForm. Easements issued by the Director or by the Board are assignable provided that the assignor and assignee complete the Department's standard assignment form—and forward it and the non-refundable assignment fee of fifty dollars (\$50) to any department office.

  (3-18-22)(\_\_\_\_\_)
- **02. Prior Written Consent**. An assignment is not valid without the prior written consent of the Director. Such consent will not be unreasonably withheld. (3-18-22)

03. Multiple Assignments.—If a All state easements held by a grantee—are may be assigned at one time, only one (1) assignment fee is required.

(3 18 22)(\_\_\_\_\_)

### 041. ABANDONMENT, RELINOUISHMENT, AND TERMINATION.

- **01. Section 58-603, Idaho Code**. The provisions of Idaho Code Section 58-603 apply to all easements over state-owned lands. (3-18-22)
- **Non-Use**. An easement not used for the purpose for which it was granted, for five (5) consecutive years, is presumed abandoned and automatically terminates. The Director will notify the grantee in writing of the termination. The grantee has thirty (30) days from the date of notification to reply in writing to the Director to show cause why the easement should be reinstated. Within sixty (60) days of receipt of the statement to show cause, the Director will notify the grantee in writing as to the Director's decision concerning reinstatement. The grantee has thirty (30) days of receipt of the Director's decision to appeal an adverse decision to the Board. (3-18-22)
- **03. Removal of Improvements**. Upon termination, the grantee has twelve (12) months from the date of final notice to remove any facilities and improvements. (3-18-22)
- **04. Voluntary Relinquishment**. The grantee may voluntarily relinquish the easement at any time by completing an easement relinquishment form <u>provided by the Department</u>. The Department will pay the grantee one dollar (\$1) for the relinquishment.

  (3-18-22)(\_\_\_\_\_)

### 042. -- 045. (RESERVED)

### 046. PROCEDURE.

way;

- 01. Contents of Application. An easement A right-of-way application contains: (3-18-22)(
- a. A letter of request <u>narrative description</u> stating <u>necessity and</u> the purpose of the <u>easement right-of-</u>
  (3-18-22)(\_\_\_\_\_\_)
  - **b.** A map of the requested right-of-way-in triplicate; and

- (3 18 22)(\_\_\_\_)
- c. One (1) copy of an acceptable An accurate written legal description based on a centerline survey or a metes and bounds survey of the perimeter of the easement tract. The applicant may also describe the area occupied by existing uses, facilities or structures by platting the state-owned land affected by and occupied by the proposed use and showing surveyed or scaled ties (to a legal corner) at the points where the use enters, occupies and leaves the parcel.
- **O2.** Engineer Certification. As required in Section 58-601, Idaho Code, for a Any application for a ditch, canal or reservoir, the plats and field notes must be certified by the engineer under whose direction such surveys or plans were made and four (4) copies filed with the Department and one (1) copy with the Director, Department of Water Resources as required in Section 58-601, Idaho Code.

  (3-18-22)(\_\_\_\_\_)
- **Where to Submit Application**. An easement application may be submitted to any office of the Department. (3-18-22)(\_\_\_\_\_)
- **Notification of Approval**. If approved, the applicant will be notified of the amount due to the Department. (3-18-22)
- **05. Notification of Denial**. If the application is denied, the applicant will be notified in writing of such decision. (3-18-22)

### 047. EASEMENTS ON STATE LAND UNDER LAND SALE CONTRACT.

01. Approval of Contract Purchaser. The Director will not approve an easement on lands under contract of sale (land sale certificate) without the approval of the contract sale purchaser or without reviewing the

### IDAHO DEPARTMENT OF LANDS Easements on State-Owned Lands

Docket No. 20-0308-2501 ZBR Proposed Rulemaking

consideration received to insure that the state's interests are protected.

(3-18-22)

**O2.** Compensation. The compensation for easements on lands under land sale contract will be as set out in Section 021 except that "land value" may be the sale value. These moneys will be applied to the principal balance on the land sale contract. Additionally, the Department will collect the one hundred dollar (\$100) application fee.

(3-18-22)

03. Co-Signature of Contract Purchaser. The contract sale purchaser must co sign the easement to validate the document.

04<mark>87</mark>. -- 999. (RESERVED)

### 20.03.08 - EASEMENTS ON STATE-OWNED LANDS

### 00. LEGAL AUTHORITY.

These rules are promulgated pursuant to and are to be construed in a manner consistent with the duties and responsibilities of the Idaho State Board of Land Commissioners as set forth in Idaho Code Title 58, Chapters 1 and 6, and Article IX, Sections 7 and 8 of the Idaho Constitution. <u>Title 58, Chapter 1, Idaho Code, Title 58, Chapter 3, Idaho Code</u>.

### 01. TITLE AND SCOPE.

- **01.** Title. These rules are titled IDAPA 20.03.08. "Easements on State Owned Lands." (3 18 22)
- 02. Scope. These rules set forth procedures concerning the issuance of easements on all lands within the jurisdiction of the Idaho State Board of Land Commissioners except for state-owned submerged lands and formerly submerged lands navigable waterways. Further, t These rules do not apply to easements for hydroelectric projects.
  - **Valid Existing Rights.** These rules are not to be construed as affecting any valid existing rights.

### 02. ADMINISTRATIVE APPEALS.

An applicant aggrieved by a decision of the Director under these rules may request a hearing before the Board, but must do so within thirty (30) days after receipt of written notice of the Director's decision. (3.18-22)

### 03. -- 009. (RESERVED)

### 10. **DEFINITIONS.**

- <u>01.</u> Assignment. The complete transfer of rights and obligations of an easement in good standing from holder to succeeding right holder (assignor), acknowledged by the Department (servient estate).
- **012. Board.** The Idaho State Board of Land Commissioners or such representative as may be designated by the Board its designee.
- **023. Damage or Impairment of Rights to the Remainder of the Property**. The diminution of the market value of the remainder area, in the case of a partial taking. (3-18-22)
  - **034. Department**. The Idaho Department of Lands.

(3-18-22)

- **056. Easement**. A non-possessory interest in land for a specific purpose. Such interest may be limited to a specified term. (3-18-22)
- 067. Endowment Lands. Land grants made to the state of Idaho by the Congress of the United States, or real property subsequently acquired through land exchange or purchase, for the sole use and benefit of the public schools and certain other institutions of the state, comprising nine (9) grants altogether Land grants made to the state

Pending Rule Changes Page 1 Docket No. 20-0308-2501

of Idaho by the Congress of the United States, or real property subsequently acquired through land exchange or purchase, for the sole use and benefit of the public schools and certain other institutions of the state, comprising nine (9) grants altogether. **Grantee**. The person or entity receiving the property right or permission. **08.** Grantor. The person or entity transferring, selling, or giving the property right or permission. Herein the Department or Board granting a right-of-way, easement or permit. **9710.** Market Value. The most probable price at a specified date, in cash, or on terms reasonably equivalent to cash, for which that the property should bring in a competitive and open market under all conditions requisite to a fair sale an arm's length sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Right-of-Way. The area on, below, or above a road, highway, street, waterway, or utility easement over which a legal right of passage exists for the benefit of a specific purpose. Such passage and use rights may be limited as defined and limited to a specified term. 9812. State-Owned Lands. All lands within the jurisdiction of the Idaho State Board of Land Commissioners except for state-owned submerged lands or formerly submerged lands navigable waterways Temporary Permit. An instrument authorizing a specific use on state land usually issued for five (5) years or less, but that may be issued for up to-ten twenty (1020) years. (3.18.22)(011. -- 019. (RESERVED) 20. POLICY. Easements Required. Easements are required for all rights-of-way of a permanent nature over state-owned land. Easements will not be granted when temporary permits-will serve the required intended purpose or when a lease is appropriate. Prior Grants. The Director will recognize easements on state endowment lands by grant of the federal government, or subsequent landowners, prior to title vesting with the State or by eminent domain. (3-18-22) Existing Easements. These rules do not apply to any use, facility or structure described in an existing easement. For amendment of an existing easement, see Section 025. (3-18-22)**Director's Discretion.** The Director may grant—an a temporary permit or easement over stateowned land for any legitimate public or private purpose upon payment of appropriate compensation. (3-18-22)(

- **Q5. Reciprocal Easements**. The Director may seek reciprocal easements for access to state-owned lands from applicants for easements over state-owned lands. The value of the easement acquired by the state may be applied towards the cost of the easement acquired from the state. (3-18-22)
- **96. Interest Granted.** An easement grants only such interest to the grantee as is specified in the instrument, including the right to use the property for the specified purpose without interference by the grantor. The right to use the property for all other purposes not inconsistent with aside from the grantee's limited interest remains with the grantor.

  (3 18 22)(\_\_\_\_)
- except when the compensation will exceed twenty five thousand dollars (\$25,000) the limits as delegated by the Board exclusive of the value of timber and payment for any damage or impairment of rights to the remainder of the property.

  (3 18 22)(\_\_\_\_\_)
  - **98.** Width of Easement. The width of any easement granted may not be less than eight (8) feet.

- **Recordation**. The Department will record the easement, or easement release, with the appropriate county recorder's office. (3-18-22)
- **10. Term Easement**. The Director may grant an easement—that is issued for a specific time period of ten (10) to fifty-five (55) years. (3 18 22)(\_\_\_\_\_)

### 21. FEES AND COMPENSATION.

01. Application Fee. The application fee for new, renewed, or amended easements is one hundred dollars (\$100) and is collected from all applicants. This application fee is in addition to the easement compensation and appraisal costs, and is non refundable unless the Director determines that the land applied for is not under the jurisdiction of the Board.

**02.** Easement Fee. The compensation for permanent easements over state owned lands covered by these rules is as follows:

	COMPENSATION
Highways, roads, railroads, reservoirs, trails, canals, ditches, or any other improvements that require long term, exclusive or near exclusive use and occupation of the right of way	Up to 100% of land value plus payment for any damage or impairment of rights to the remainder of the property as determined by the Director and supported by specific data such as an appraisal  Up to 100% of land value depending on the exclusivity of use as determined by the Director and supported by specific data such
Overhead transmission and power lines	as an appraisal plus payment for any damage or impairment of rights to the remainder of the property as determined by the Director and supported by data such as an appraisal
Buried installations - cables, pipelines, sewerlines, waterlines	Up to 100% of land value, depending on the exclusivity use as determined by the Director and supported by specific data such as an appraisal plus payment for any damage or impairment of rights to the remainder of the property, as determined by the Director and supported by specific data such as an appraisal

(3.18.22)

03. Appraisal Required. An appraisal of an easement may be required where, in the opinion of the Director, the easement value will exceed the minimum compensation fee of five hundred dollars (\$500). (3-18-22)

<u>ercent</u> <u>ercent</u> <u>ercent</u> <u>ercent</u> <u>ercent</u> <u>ercent</u> <u>ercent</u> (100%) <u>of market value, plus payment for any damage or impairment of rights to the remainder of the property, and proportional payment for any existing improvements within the right-of-way, such as a road, road surfacing, culverts, and bridges, as determined by the Director and supported by specific data such as an appraisal.</u>

**a.** A commensurate portion of the value created by the right of way, as determined by the Director and supported by specific data such as an appraisal.

**053.** Appraisal Costs. An Applicant shall bear the costs of an appraisal. Where the appraisal is

performed by the dDepartment staff, the appraisal is two hundred fifty dollars (\$250) for a market analysis, five hundred dollars (\$500) for a short form appraisal, and one thousand dollars (\$1,000) for appraisals of easements requiring Board approval. The appraisal cost is in addition to those costs outlined in Subsections 021.01 and 021.02. In no case will, an applicant will not be charged more than one thousand dollars (\$1000) for an appraisal of an easement conducted by departmental staff.

- **064. Term Easements.** Compensation for term easements will be established by appraisal or as determined by the Director. (3-18-22)(\_\_\_\_)
- **075. Minimum Compensation**. The minimum compensation for any easement is <u>five hundred dollars</u> (\$500), at the discretion of the Land Board, not including the <u>application fee and</u> appraisal <u>and survey</u> costs.

### 22. -- 024. (RESERVED)

### 25. EASEMENT AMENDMENT.

Amendment of an existing easement must be processed in the same manner as a new application. Amendment includes change of use, widening the easement area, or changing the location of the easement area. Amendment does not include ordinary maintenance, repair, or replacement of existing structures such as poles, wires, cables, and culverts.

(3-18-22)

### 26. -- 029. (RESERVED)

### 30. EMERGENCY WORK.

The grantee is authorized to enter—upon endowment—lands and other state—owned lands managed by the Department for the purpose of to performing emergency repairs—on an easement for damage due to vandalism, floods, fire, high winds and other acts of God, provided that the grantee provides written notice to the—Director Department within forty-eight (48) hours of the time work commences.—Thereupon, t\_The Director is authorized to assess any damages to the state lands and seek reimbursement.

(3–18–22)(

### 31. -- 034. (RESERVED)

### 35. COOPERATIVE USE AND RECIPROCAL USE AGREEMENTS.

- **01. Joint Agreements**. The Director may, subject to the approval of the Board, enter into joint ownership and use agreements with persons, entities, other state, federal, or tribal agencies for roads providing access to state endowment lands and other state-owned lands managed by the Department. Such agreements must provide that all landowners share proportionately in the cost of building and maintaining the shared road. The proportionate shares are calculated on timber volume, acreage or other unit of value.

  (3 18 22)(\_\_\_\_)
- **Reciprocal Use Agreements**. The Director may enter into reciprocal use agreements with persons, entities, or other state agencies for existing roads where such agreements will enhance the management of endowment lands or other state-owned lands managed by the Department.

  (3-18-22)(\_\_\_\_\_)
- **O3. Applicability**. Where the Director has entered into such agreements mentioned in Subsections 035.01 and 035.02 above, Sections 021, 040, and 046 do not apply. (3-18-22)

### **36.** -- **039.** (RESERVED)

### 40. ASSIGNMENTS.

- **O1.** FeeForm. Easements issued by the Director or by the Board are assignable provided that the assignor and assignee complete the Department's standard assignment form and forward it and the non refundable assignment fee of fifty dollars (\$50) to any department office.

  (3-18-22)(\_\_\_\_\_)
- **02. Prior Written Consent**. An assignment is not valid without the prior written consent of the Director. Such consent will not be unreasonably withheld. (3-18-22)

03. Multiple Assignments. If a All state easements held by a grantee are may be assigned at one time, only one (1) assignment fee is required.

### 41. ABANDONMENT, RELINQUISHMENT, AND TERMINATION.

- **01. Section 58-603, Idaho Code**. The provisions of Idaho Code Section 58-603 apply to all easements over state-owned lands. (3-18-22)
- **Non-Use**. An easement not used for the purpose for which it was granted, for five (5) consecutive years, is presumed abandoned and automatically terminates. The Director will notify the grantee in writing of the termination. The grantee has thirty (30) days from the date of notification to reply in writing to the Director to show cause why the easement should be reinstated. Within sixty (60) days of receipt of the statement to show cause, the Director will notify the grantee in writing as to the Director's decision concerning reinstatement. The grantee has thirty (30) days of receipt of the Director's decision to appeal an adverse decision to the Board. (3-18-22)
- **03. Removal of Improvements**. Upon termination, the grantee has twelve (12) months from the date of final notice to remove any facilities and improvements. (3-18-22)
- **04. Voluntary Relinquishment**. The grantee may voluntarily relinquish the easement at any time by completing an easement relinquishment form <u>provided by the Department</u>. The Department will pay the grantee one dollar (\$1) for the relinquishment.

  (3-18-22)(\_\_\_)
- 42. -- 045. (RESERVED)
- 46. PROCEDURE.
  - Ontents of Application. An easement A right-of-way application contains.: (3-18-22)(
- a. A-letter of request narrative description stating necessity and the purpose of the easement right-ofway;

  (3 18 22)(\_\_\_)
  - **b.** A map of <u>the requested</u> right-of-way <u>in triplicate</u>; and (3 18 22)(\_\_\_\_\_
- c. One (1) copy of an acceptable An accurate written legal description based on a centerline survey or a metes and bounds survey of the perimeter of the easement tract. The applicant may also describe the area occupied by existing uses, facilities or structures by platting the state-owned land affected by and occupied by the proposed use and showing surveyed or scaled ties (to a legal corner) at the points where the use enters, occupies and leaves the parcel.
- **O2.** Engineer Certification. As required in Section 58 601, Idaho Code, for a Any application for a ditch, canal or reservoir, the plats and field notes must be certified by the engineer under whose direction such surveys or plans were made and four (4) copies filed with the Department and one (1) copy with the Director, Department of Water Resources as required in Section 58-601, Idaho Code.

  (3-18-22)(\_\_\_\_)
- Where to Submit Application. An easement application may be submitted to any office of the Department.
- **04. Notification of Approval**. If approved, the applicant will be notified of the amount due to the Department. (3-18-22)
- **Notification of Denial**. If the application is denied, the applicant will be notified in writing of such decision.

### 47. EASEMENTS ON STATE LAND UNDER LAND SALE CONTRACT.

01. Approval of Contract Purchaser. The Director will not approve an easement on lands under contract of sale (land sale certificate) without the approval of the contract sale purchaser or without reviewing the

02. Compensation. The compensation for easements on lands under land sale contract will be as set out in Section 021 except that "land value" may be the sale value. These moneys will be applied to the principal balance on the land sale contract. Additionally, the Department will collect the one hundred dollar (\$100) application fee.

03. Co-Signature of Contract Purchaser. The contract sale purchaser must co sign the easement to validate the document.

04<mark>87</mark>. -- 999. (RESERVED)

### IDAPA 20.03.08 – Idaho Department of Lands

# 20.03.08 - RULES GOVERNING EASEMENTS ON STATE LAND DOCKET NO. 20-0308-2501

### NOTICE OF RULEMAKING - ADOPTION OF PENDING RULE

**EFFECTIVE DATE:** This rule has been adopted by the agency and is now pending review by the 2026 Idaho State Legislature and must be approved by concurrent resolution of the Legislature to go into effect, in accordance with Section 67-5224(2)(c), Idaho Code. Should the pending rule be approved, it will become final and effective on July 1 following the Second Regular Session of the Sixty-eighth Idaho Legislature, unless the concurrent resolution states a different effective date.

**AUTHORITY:** In compliance with Section 67-5224, Idaho Code, notice is hereby given that this agency has adopted a pending rule. The action is authorized pursuant to Section 58-104 and 58-105, Idaho Code, and Title 58 Chapter 6, Idaho Code.

**DESCRIPTIVE SUMMARY:** The following is a concise explanatory statement of the reasons for adopting the pending rule and a statement of any change between the text of the proposed rule and the text of the pending rule with an explanation of the reasons for the change:

The text of the pending rule has been amended in accordance with Section 67-5227, Idaho Code. Only those sections that have changes that differ from the proposed text are printed in this bulletin. The complete text of the proposed rule was published in the August 6, 2025, Idaho Administrative Bulletin, Vol. 25-8, pages 156-162.

The change in the pending rule was to correct an inadvertent deletion of the words "and survey" in section 21.05. Minimum Compensation.

**FEE SUMMARY:** Pursuant to Section 67-5224(2)(d), Idaho Code, a pending fee rule shall not become final and effective unless affirmatively approved by concurrent resolution of the Legislature. The following is a description of the fee or charge imposed or increased in this rulemaking: N/A

**FISCAL IMPACT:** The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year: N/A

**ASSISTANCE ON TECHNICAL QUESTIONS:** For assistance on technical questions concerning this pending rule, contact Lawson Tate at 208-920-6865.

DATED this October 3, 2025.

Lawson Tate, Right-of-Way Program Manager 2550 Highway 2 West Sandpoint, Idaho 83864 Phone: (208) 263-5104 Itate@idl.idaho.gov

### STATE BOARD OF LAND COMMISSIONERS

September 16, 2025 Information Agenda

### Subject

Gross Revenue Record for Fiscal Year 2025

### **Background**

Fiscal Year 2025 was a record year for revenue from endowment land activities. The \$91,772,231 was \$2.2 million higher than the previous record of FY2014 which holds the record for net revenue but comes with a caveat. FY2014, along with FY2013 and FY2015, had higher harvest levels due to wildfire activity and subsequent salvage sales that went over and above the annual sales plan targets. FY2014 also saw an additional \$2 million in premium bids on oil and gas lease auctions.

This is more than a financial milestone; it is a reminder of the unique role endowment lands play in Idaho. The state of Idaho is blessed with vast public lands; however, it is important to remember that endowment trust lands are different from multiple-use public lands.

Public lands, managed by agencies like the Forest Service and Bureau of Land Management, are designed to balance many purposes: recreation, wildlife habitat, grazing, watershed protection, and more. They are managed broadly for the benefit of all.

Endowment lands, by contrast, are held in trust with a single mission: to maximize long-term revenue for the beneficiaries. That means every timber sale, grazing lease, or commercial project is managed with one goal: supporting and strengthening several of Idaho's state institutions.

The State Board of Land Commissioners' (Land Board) oversight, the Idaho Department of Lands' (Department) professional land management, and the Endowment Fund Investment Board's financial acumen has been hugely successful since implementation of endowment reform in the late 1990s and early 2000s. Due to these factors Idaho's total trust value is one of the highest among states with trust lands and trails only those with significant oil or natural gas influences.

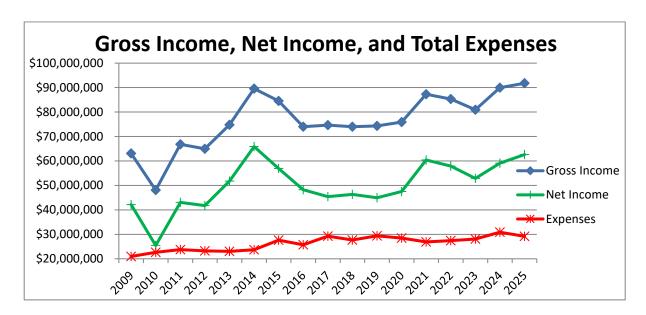
### Discussion

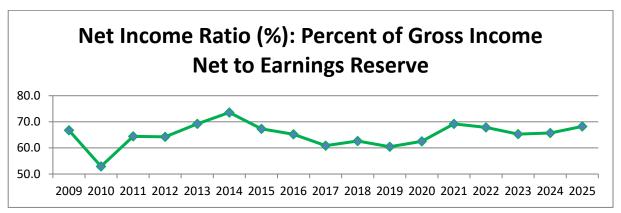
Several key factors have taken place to lead to the successes realized to this point. Within the last five years:

 Updated FAMP in FY2024 maintaining harvest levels of around 330 MMBF for next ten to twenty years

- Implementation of Delivered Log Sale program
- Gained efficiencies in land management through better planning tools in mapping and remote sensing
- Reallocation of six full-time positions to other programs and funding sources
- Increased investment in forest assets through early site treatments, genetically improved seed, etc.

The graphs below show the trends on income, expenses, and net income ratios since FY2009.





Regarding the increases in costs, around 2015, the Department reached full implementation of the first FAMP which increased harvest volumes from 212 MMBF to 247 MMBF (16.5% increase), then in 2019 another volume increase from 247 MMBF, with a tapered ramp up, to 328 MMBF (32.8% increase, 54.7%

increase from pre-2009). Both of those planning efforts recognized a need to invest more in early stand treatments and do more intensive management. The increase in harvest levels, commitment to do more intensive management, and significant increases in amount and cost of contracting has led to a 39.2% increase in costs compared to FY2009.

Since FY2009 there has been a 20% increase in gross income. Over the last ten years a 13% increase in income and over the last five years a 5% increase. In contrast, costs over the last five and ten years have remained fairly constant as shown in the graph above.

Finally, over the last couple of years, steps have been taken by the Department through guidance of the Land Board to put stronger commercial ground leasing policy in place. Early indications show high interest both in energy and some commercial retail leasing on endowment lands. This not only diversifies the endowment portfolio, but may replace and exceed income lost from commercial buildings and cottage site leasing moving into the future.

This record is not an end point; it is a milestone. It shows that Idaho's endowment lands are much more than just a legacy from statehood, but that they are a catalyst for better education and society, a basis for opportunity, and a promise to future generations.

### STATE BOARD OF LAND COMMISSIONERS

September 16, 2025 Information Agenda

### Subject

Cottage Site Leasing and Disposition Update

### **Background**

The leasing of state endowment trust land for use as residential sites, known as cottage sites, has been active since the early 1900s. In a typical cottage site lease the lessee has a leasehold interest in the cottage site land while owning and maintaining approved residential structures, creating a split estate.

On February 16, 2010, the State Board of Land Commissioners (Land Board) directed the Idaho Department of Lands (Department) to unify cottage site split estates. There are two types of lots, Voluntary Auction for Ownership (VAFO) and Unleased Land Auction (ULA). Since 2013, auction cycles have resulted in the transition of 503 lots (450 VAFOs and 53 ULAs) to private ownership (342 lots at Priest Lake and 161 lots at Payette Lake) resulting in approximately \$280 million either reinvested in land (or access), transferred to the permanent fund financial assets, or remaining in the Land Bank.

Multiple updates have occurred to the direction for cottage site leasing and disposition since 2010, most recently a Land Board decision from December 20, 2022 (Attachment 1). This decision allowed for lease terms of 5, 10, and 15 years before requiring an auction to unify the estate.

Currently, there are 17 active leases remaining at Priest Lake. Four are under a 15-year lease, two under a 10-year lease, and eleven under a 5-year lease. At Payette Lake, there are 13 active leases remaining: four with a 15-year lease, one with a 10-year lease, and eight with 5-year leases.

Of the proceeds made from disposition of cottage sites, as well as commercial buildings, approximately \$100 million has been reinvested in over 54,000 acres of productive timberland and in acquiring permanent legal access to endowment working forests. Another \$144 million has been transferred to the Permanent Fund and approximately \$85 million is in the Land Bank after the most recent cottage site sales at Priest Lake.

### Discussion

The path of ongoing leasing with dispositions chosen by the Land Board has produced a reasonable outcome for the beneficiaries. Depending on the assumptions used, this path may have produced a greater return than continued leasing without

disposition. This decision led to greater investment income and more income from land management through reinvestment. The staggered disposition approach has maintained a steady balance in the Land Bank for reinvestment in timberlands and improved endowment land access. Other reinvestment opportunities are pursued when rates of return can reasonably be met.

### **Attachments**

1. December 20, 2022 Approved Memo

### STATE BOARD OF LAND COMMISSIONERS

December 20, 2022 Regular Agenda

### Subject

Future of the Cottage Site Leasing Program

### **Question Presented**

Shall the Land Board adopt the Cottage Site Residential Leasing Plan Beyond 2024?

### **Background**

The leasing of State Endowment Trust Land for use as residential sites, known as cottage sites, has been active since the early 1900s. In a typical cottage site lease, the lessee has a leasehold interest in the cottage site land while owning and maintaining approved residential structures, creating a split estate.

On February 16, 2010, the State Board of Land Commissioners (Land Board) directed the Idaho Department of Lands (Department) to unify 523 cottage site split estates. Since 2011, the annual auction cycles have resulted in the transition of 481 cottage site lots to private ownership 156 lots at Payette Lake and 325 lots at Priest Lake) for a total of \$253,698,625 to the endowments.

On December 19, 2017, the Land Board approved the 2018 Cottage Site Leasing Plan. This plan provided lessees the option to continue participation in the Voluntary Auction for Ownership (VAFO) Program through December 31, 2024, with the goal of unifying the split estate on as many cottage sites as possible during that time.

Currently, there are 48 remaining cottage sites, with 19 cottage site lessees having expressed interest in upcoming VAFO cycles. An estimated remaining 29 cottage sites will need to be leased beyond the 2024 calendar year (Attachment 1).

### **Discussion**

In 2021, the Department began to plan and develop a path forward for the cottage site leasing program beyond 2024. The Department proposed three options for the future of cottage site leases:

Option 1 – Long-term ground lease (30 years) with improvements reverting to the State

Option 2 – Long-term lease (30 years) ending in auction of entire estate

Option 3 – Short-term lease (10 years) ending in auction of the lease

In February 2022, letters were sent to 43 cottage site lessees outlining the above options and requesting their feedback as to which options were of interest (Attachment 2). The Department received feedback from 15 lessees; their responses are shown in Table 1.

State Board of Land Commissioners Future of Cottage Site Leasing Regular Meeting – December 20, 2022

**Table 1 – Survey Results** 

Cottage Site Leasing Options	Number of Interested Lessees*
Option 1 – Long-term ground lease with improvements reverting to the State	2
Option 2 – Long-term lease ending in auction of estate	7
Option 3 – Short-term lease ending in auction of lease	6
Other/None of the proposed options	2

<sup>\*</sup>Some lessees indicated support for more than one option; a total of 15 lessees responded.

In addition to lessee surveys, the Department gathered information relating to residential leasing programs operated by other western states. A summation of that information is in Table 2.

Table 2 – Residential Leasing in the Western States

State	Lease Rate	Notes
Montana	5% of appraised land value	Lease fee determined at auction and is first year's rent. Each year thereafter rate increases by 2% for 15 years. Rent is adjusted at 15 years (or renewal) to 5% of appraised land value. 2% increase remains for life of lease.
Utah	5 times the value of the land	Utah's residential leasing portfolio is nearly all comprised of cow camp/ranch cabins along grazing routes on low value land. Most are 20-30 years in length. Minimum policy for rent is \$5,000/year.
Colorado	N/A	The few residential leases are handled as a commercial ground lease which includes annual base payments or gross receipt rent, escalations of rent of either flat percentage or CPI, lease length of 35-49 years, and the lessee owned improvement reverts to the State at the end of the lease.
Nevada	N/A	No equivalent program/leases.
New Mexico	N/A	No true analogue exists to cottage site leases. They do lease "Homestead" sites, which are residential improvements associated with a grazing or agricultural lease. Rent is negotiated on a case-by-case basis.
Wyoming	5.5% of appraised land value	Lease terms are generally 25 years with a 5-year reappraisal cycle. If able, they may use comparable properties to determine rent.

After considering lessee feedback, market information, and gauging lessee interest, the Department proposes offering the following options to cottage site lessees (Attachment 3).

Option 1 – Long-term Lease: 15-year lease, ending in auction of the entire estate, at the Department's discretion. Rent for this option would be 5% of appraised value with a 5-year re-appraisal cycle. Rent will also include an annual increase that is determined by CPI or a flat rate of 3%, whichever is greater.

Option 2 – Medium-term Lease: 10-year lease ending with the auction of the entire estate, at the Department's discretion. Rent will be 4.5% of appraised value with reappraisal occurring every 5 years. Rent will also include an annual increase that is determined by CPI or a flat rate of 3%, whichever is greater.

Option 3 – Short-term Lease: 5-year lease ending with the auction of the entire estate, at the Department's discretion. Rent will be 4% of appraised value with an annual increase that is determined by CPI or a flat rate of 3%, whichever is greater.

### Other Considerations:

Voluntary Auction for Ownership (VAFO) opportunities will still be available to all lessees, though not on an annual basis. The Department will determine future VAFO dates (likely every 3-5 years) to maximize revenue while balancing the costs of administering the auction. The level of lessee interest will also play a vital role in the frequency of VAFO cycles.

### Recommendation

Adopt the 2025 Cottage Site Leasing Plan

### **Board Action**

A motion was made by Controller Woolf that the Land Board adopt the 2025 Cottage Site Leasing Plan as recommended by the Department. Secretary of State Denney seconded the motion. The motion carried on a vote of 4-0.

### **Attachments**

- 1. VAFO/ULA History and 2024 Projections
- 2. February 2022 Cottage Site Leasing Options Letter
- 3. Cottage Site Leasing Options Chart



### 4

## **VAFO History / 2024 Projections**

As of 11/21/2022

Payette Lake Co	ttage S	Sites														
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Lots Sold / VAFO	0	2	0	13	21	51	30	14	9	8	0	0	2			156
Remaining Lots	168	166	166	153	132	81	51	37	28	20	20	20	18			
Expressed interest	in future	e VAFO	cycle											0	0	
Remaining Lots after	er future	9												18	18	
Priest Lake Cotta	age Sit	es														
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Lots Sold / VAFO	0	0	0	0	59	43	43	57	50	29	18	16	10			325
Remaining Lots	355	355	355	355	296	253	210	153	103	74	56	40	30			
Expressed interest	in future	e VAFO	cycle											10	9	
Remaining Lots after	er future	9												20	11	
Priest & Payette	Lake (	Cottag	e Sites	1				2017	2018	2019	2020	2021	2022	2023	2024	
Lots Sold	0	2	0	13	80	94	73	71	59	37	18	16	10			481
Remaining Lots	523	521	521	508	428	334	261	190	131	94	76	60	48			
Expressed interest	in future	e VAFO	cycle											10	9	
Remaining Lots afte	er future	cycles												38	29	

Payette 18 of 168 lots left =	11%	or	156 sold of 168	93%
Priest 30 of 355 lots left =	8%	or	325 sold of 355	92%
Both Lakes 48 of 523 lots left =	9%	or	481 sold of 523	92%

### TRUST LAND MANAGEMENT DIVISION IDAHO DEPARTMENT OF LANDS

300 N 6<sup>th</sup> Street Boise, ID 83702 Phone (208) 334-0200 Fax (208) 334-3698



### STATE BOARD OF LAND COMMISSIONERS

Brad Little, Governor Lawerence E. Denney, Secretary of State Lawrence G. Wasden, Attorney General Brandon D Woolf, State Controller Sherri Ybarra, Sup't of Public Instruction

### February 24, 2022

Re: Future of the Cottage Site Leasing Program

Dear Cottage Site Lessee:

On November 16, 2021, the Idaho Department of Lands (Department) received approval from the Idaho State Board of Land Commissioners (Land Board) to begin outreach to existing cottage site lessees to gauge interest in various leasing options for the future of cottage site leases.

Considering the approaching expiration of the leased cottage sites, the Department is considering three options for fulfilling the Land Board's directive to "unify the estate" of each site. Based on feedback received from existing lessees, the Department will present a plan to the Land Board in August 2022.

<u>Option One – Long-term Ground Lease:</u> The Department will offer a lease consistent with terms typically found in private ground leases. In particular, the lessee owns existing improvements or may elect to construct improvements on the leased cottage site for the duration of the lease, but the ownership interest in the improvements will revert to the endowment at the close of the lease term, thereby unifying the land estate.

The lease length (i.e., term) for cottage sites under Option One will be 30 years to provide long-term security to lessees while supporting the transition of full ownership to the endowment. A lease rate and reappraisal schedule will be established by the Department by working with third-party advisors and the Office of the Attorney General (OAG) to set a market rate and leasing structure in the endowment beneficiaries' best interests. In addition, this option will not allow for periodic Voluntary Auction for Ownership (VAFO) cycles.

Option Two – Long-term Lease ending in Auction of the Entire Estate: The Department will offer a 30-year lease term that eliminates the split estate through a mandatory auction for the improvements and real property at the end of the lease. Option Two will have the highest lease rate among the options because of the long-term security for the lessee and the possibility for lessee compensation for lessee made improvements at the end of the lease term. Lessees who are unsuccessful in winning the final auction for the entire estate, under this option, shall be compensated by the winning bidder for the value of improvements made by lessee, as valued by a third-party appraiser selected by the Department. This option will allow for periodic enrollment by lessees into the VAFO process, as determined by the Department.

<u>Option Three – 10-year Lease Ending in Auction of Lease:</u> A final option for the remaining lessees will be a 10-year lease term structured similarly to the current lease. Option Three will offer lessees a periodic option to participate in the VAFO process. This option provides flexibility to the lessee and will be offered at a slightly lower rate than Option Two. However, this lease structure provides more opportunities for interested parties to apply and participate in a lease auction at the end of the lease term and does not unify the estate.

IDL would appreciate your feedback on the proposed options as we gauge lessee interest in the proposed options. Please email your desired option and any comments to: <a href="mailto:comments@idl.idaho.gov">comments@idl.idaho.gov</a>, with the subject line "Future of Cottage Sites." Alternatively, you may provide feedback by completing and returning the comment form on page 3.

Respectfully,

Josh Purkiss Real Estate Services Bureau Chief

Enc.\1 - Cottage Site Lessee Comment Form

### **Cottage Site Lessee Comment Form**

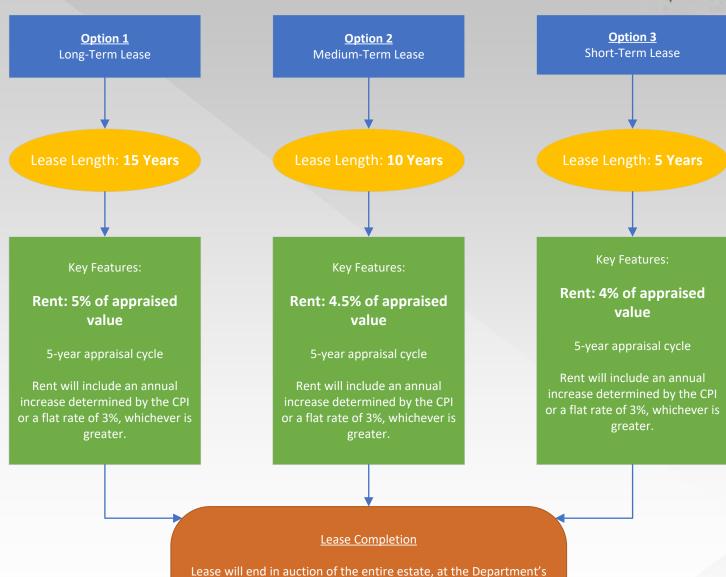
Please check which of the following options you support:
□OPTION ONE – Long-Term Ground Lease
□OPTION TWO – Long-Term Lease Ending in Auction of Entire Estate
□OPTION THREE – 10-year Lease Ending in Auction of Lease
☐ None of the Above - Please indicate an alternative solution in your comment below
Please provide any feedback or questions in the space provided below or attach a typed letter.
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Please return completed forms to: Idaho Department of Lands Attn: Real Estate Bureau 300 N 6<sup>th</sup> St Suite 103 Boise, ID 83720

or email to: comments@idl.idaho.gov

# 2025 Cottage Site Leasing Plan Options





discretion.

VAFO participation available throughout life of lease, the frequency of which will be determined by the Department.