



Idaho State Board of Land Commissioners

Brad Little, Governor and President of the Board

Phil McGrane, Secretary of State

Raúl R. Labrador, Attorney General

Brandon D Woolf, State Controller

Debbie Critchfield, Superintendent of Public Instruction

Dustin T. Miller, Secretary to the Board

Be it remembered that the following proceedings were had and done by the State Board of Land Commissioners of the State of Idaho, created by Section Seven (7) of Article Nine (IX) of the Constitution.

Final Minutes

State Board of Land Commissioners Regular Meeting
November 18, 2025

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, November 18, 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

Four Land Board members were present at the physical location; Superintendent Critchfield joined via Zoom webinar. Governor Little, Attorney General Labrador, Controller Woolf, and Superintendent Critchfield constituted a quorum to start the meeting. Secretary of State McGrane arrived after the meeting started.

Reports

1. Department Reports—presented by Dustin Miller, Director
 - A. Timber Sales Revenue—October 2025
 - B. Leases/Permits Transactions and Revenue—October 2025
 - C. Fire Season Update—Final
 - D. Land Bank Fund

Discussion: Governor Little asked why reported timber volumes appeared behind expectations. Director Miller explained that timber volume remains "on the stump," noting that harvest typically occurs two to three years after a sale is executed. Governor Little questioned how approximately \$100,000 in additional grazing-related revenue was classified, asking whether the income stemmed from traditional grazing activities or from right-of-way and commercial uses, such as cell towers, located on

grazing lands. Director Miller explained that such uses occur on rangeland assets but deferred to staff with greater expertise. Jim Elbin, Trust Land Division Administrator, explained that the Department reports revenue in two ways: by activity and by asset class. While right-of-way permits function as commercial real estate activities, the income is credited back to the underlying asset class—such as grazing land—because those uses do not interfere with the primary land management purpose. Governor Little asked whether this practice was longstanding, and Mr. Elbin confirmed it was. Governor Little remarked that this accounting approach could inadvertently suggest grazing productivity increases due to unrelated commercial uses.

Governor Little asked for a "net, net, net" assessment of fire suppression finances after reimbursements and obligations. Director Miller reported that approximately \$15 million remained in the suppression account after settling partner obligations and reimbursements. Governor Little then asked about fixed, pre-season fire costs incurred before any fires occur. Director Miller estimated those at roughly \$4.5 million, covering pre-positioned engines and contracted aircraft. Governor Little recalled previous years with much higher upfront costs and expressed concern that actual fixed costs may exceed \$10 million once full aircraft and crew contracts are considered. Director Miller acknowledged the complexity of the accounting, including factors such as the Fire Cache, and agreed to review the figures further offline.

Controller Woolf asked whether total fire season costs—estimated at \$59 million—were likely to increase. Director Miller said some 2025 costs remain unreconciled, particularly cost-share calculations with partners, and emphasized that current figures represent best estimates subject to further adjustment.

For the record, Secretary of State McGrane arrived at approximately 9:11 a.m., as the presentation of agenda item 1D began.

2. Endowment Fund Investment Board—presented by Tom Wilford, EFIB Board Chair, and Chris Anton, EFIB Manager of Investments
 - A. FY2025 Annual Report
 - B. Land Board Audit Committee Report
 - C. Manager's Monthly Report

Discussion: Tom Wilford, Chairman of the Endowment Fund Investment Board (EFIB), introduced EFIB board members Jerry Aldape, Bob Donaldson, Joseph Forney, Irv Littman, Mary Pat Thompson, Senator Jim Woodward, Representative James Petzke, and Dave Dean, as well as consultants in attendance: Bobby Lawrence (Eide Bailly), Alex Browning and Evan Williams (Callan). Mr. Wilford acknowledged EFIB staff, Chris Anton, Chris Halvorson, and Liz Wieneke, and gave special recognition to Ms. Wieneke, who is retiring at the end of November. Controller Woolf expressed appreciation for Ms. Wieneke's years of service and wished her the best.

Chris Anton presented highlights from the Fiscal Year 2025 Annual Report. He reported that the endowment fund grew by 10.3%, increasing by \$335 million to a total value of approximately \$3.59 billion. EFIB transferred \$206.4 million from earnings reserves into the permanent fund, strengthening future beneficiary distributions. Mr. Anton reported fiscal year returns of 11.7%, placing the fund in the upper tiers of comparable public funds. Over the last three years, average annual returns exceeded 11%. He noted that total management costs remained low at

0.33% of fund value. Transfers from the Department of Lands totaled \$61.6 million net of expenses, and \$103.2 million was distributed to beneficiaries during the year. The Land Board has already approved distributions of \$110.4 million for FY2026 and \$117.3 million for FY2027.

Mr. Anton presented the Land Board Audit Committee report. The Audit Committee members are Jerry Aldape, Robyn Lockett, from the Attorney General's Office, Mary Pat Thompson, Tom Wilford and State Controller Brandon Woolf. Mr. Anton explained the committee's role in overseeing EFIB's independent audit and reviewing agreed-upon procedures related to the Department of Lands' revenue recognition. He reported that the independent auditors, Eide Bailly, issued an unmodified opinion on EFIB's June 30, 2025 financial statements. No deficiencies were identified in internal controls, compliance, or revenue reporting. Agreed-upon procedures conducted for the Department of Lands also resulted in no findings.

Mr. Anton reported that the endowment fund gained 1.1% in October, bringing fiscal year-to-date returns to 5.9% at month end, though returns had moderated slightly amid recent market volatility. He attributed October's performance to strong corporate earnings, particularly in the technology sector, optimism surrounding artificial intelligence, a Federal Reserve interest rate cut of 0.25%, and improved sentiment toward emerging markets following trade developments with China. He noted some market pullback due to valuation concerns but stated that overall economic conditions remained healthy.

Superintendent Critchfield thanked EFIB for its performance and remarked on the significance of continued endowment growth for beneficiaries. She also noted that the Investment Board, at its meeting later today, is willing to discuss a potential small change in the distribution model which could be really meaningful to the recipients.

3. Performance Review of Total Endowment—presented by Dustin Miller, Director

Discussion: None.

Consent—Action Item(s)

4. August 13, 2025 Live Auction, Geothermal Lease H800110—presented by Mike Murphy, Program Manager-Minerals Leasing

Recommendation: Direct the Department to award geothermal lease H800110 to Velikan Renewables LLC, the high bidder at the auction.

Discussion: Governor Little asked whether the Department consulted with the Department of Water Resources or the local groundwater district regarding a geothermal lease. Mr. Murphy explained that while coordination generally occurs during project development, formal consultation is not required at the auction stage. Governor Little requested that future geothermal protocols explicitly include outreach to groundwater districts and the Department of Water Resources due to water resource concerns in certain regions. Mr. Murphy clarified in brief that conventional geothermal does not consume water and agreed to follow through as directed.

Attorney General Labrador asked how geothermal lease rates were determined. Mr. Murphy explained that current rent is approximately \$8 per acre, with a minimum of \$3 per acre, based on market comparisons in western states. He noted this was Idaho's first geothermal lease issued in over 20 years.

Attorney General Labrador and the Governor questioned why only one bid was received. Mr. Murphy explained that two companies participated in the auction but that one elected not to bid due to geological and water considerations. He described differences between conventional geothermal systems and enhanced geothermal systems, noting that water availability influenced bidder interest.

Further discussion addressed how geothermal revenues are classified and whether they accrue to the permanent fund or earnings reserve. Mr. Murphy said the Department now treats geothermal as a renewable resource and anticipates directing future revenues to the earnings reserve.

5. Emmett Airport Pond Surplus Property (Idaho Fish and Game)—presented by Jessica Hale, Program Manager-Real Estate

Recommendation: Direct the Department to offer the Airport Pond property for disposition in accordance with the Surplus Property Act, Idaho Code §§ 58-331–335; and, if public auction is ultimately necessary, authorize the Department to offer the Airport Pond at public auction in Gem or Ada County.

Discussion: Attorney General Labrador questioned whether a proposed \$50,000 price for a 16-acre parcel near Emmett Airport adequately reflected market value. Staff explained the property was appraised without legal access and has limited use. Governor Little noted access constraints and limited utility as mitigating factors.

6. Approval of Draft Minutes—September 16, 2025 Regular Meeting

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

Regular—Action Item(s)

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

Recommendation: Adopt the pending rule with changes to the proposed rule text for IDAPA 20.03.02, Rules Governing Mined Land Reclamation.

Discussion: Controller Woolf asked whether the Department encountered difficulties responding to public comments during rulemaking. Mr. Mork reported that the 56 submitted questions were constructive and that concerns were resolved through this collaborative two-year process.

Board Action: A motion was made by Secretary of State McGrane that the Land Board adopt the pending rule changes proposed to the text of IDAPA 20.03.02, Rules Governing Mined Land Reclamation. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

8. Adoption of Pending Rule IDAPA 20.03.04, Rules for the Regulation of Beds, Waters, and Airspace Over Navigable Lakes in Idaho—presented by Marde Mensinger, Program Manager-Navigable Waters

Recommendation: Adopt the pending rule with changes to the proposed rule text for IDAPA 20.03.04, Rules for the Regulation of Beds, Waters, and Airspace Over Navigable Lakes in the State of Idaho.

Discussion: None.

Board Action: A motion was made by Controller Woolf that the Land Board adopt the pending rule with changes to the proposed rule text for IDAPA 20.03.04, Rules for the Regulation of Beds, Waters, and Airspace Over Navigable Lakes in the State of Idaho. Secretary of State McGrane seconded the motion. The motion carried on a vote of 5-0.

9. Statement of Investment Policy Annual Review—presented by Jim Elbin, Division Administrator-Trust Lands

Recommendation: Approve the revised Statement of Investment Policy.

Discussion: Governor Little questioned how the expected net return assumption in the investment policy was calculated. Mr. Elbin said the figure was developed with the investment consultant, Callan, and agreed to follow up with additional detail. Controller Woolf commented on the need for continued discussion around asset allocation targets for non-financial assets such as timberland and rangeland.

Attorney General Labrador raised concerns that proposed language allowing reclassification of timberland conflicted with statutory requirements. He stated his intention to vote against the policy on that basis. Mr. Elbin acknowledged the concern and noted prior Land Board discussions on asset reclassification authority.

Board Action: A motion was made by Controller Woolf that the Land Board approve the revised Statement of Investment Policy. Governor Little seconded the motion. The motion carried on a vote of 4-1, with Attorney General Labrador voting in opposition.

10. Reconsideration of Disposition of Driggs 160 Endowment Parcel—presented by Jim Elbin, Division Administrator-Trust Lands

Recommendation: Proceed with the disposition of 160 acres of rangeland near Driggs (Driggs 160) through public auction.

Discussion: Secretary of State McGrane opened discussion by noting the substantial public and local government feedback received regarding the proposed disposition of the 160-acre parcel near Driggs, including formal correspondence from county commissioners and significant media coverage. He clarified that the purpose of the agenda item was not to recommend a change in direction by the Department but to allow the Land Board to determine whether to proceed with the disposition following completion of the statutory notice period to county officials.

Secretary of State McGrane expressed particular concern with how the existing grazing lessee learned of the proposed sale, noting reports that the lessee first became aware of the action through social media rather than direct communication. While acknowledging that existing leases allow for sale or disposition during their term, he

emphasized the importance of improving communication with lessees and neighboring landowners. As a means of addressing those concerns in this instance, he proposed proceeding with the disposition while honoring the existing grazing lease for its full remaining term as a condition of sale. Secretary of State McGrane asked staff to comment on the potential fiscal impact of requiring the lease to be honored. Mr. Elbin responded that adding such a condition would likely affect valuation and bidder interest, as prospective purchasers would factor the encumbrance and associated risk into their bids. He cautioned that some developers might prefer the Department delay a sale under those circumstances. Secretary of State McGrane replied that the Land Board could mitigate this by setting a minimum bid at the unencumbered, fee-simple appraised value and reconsidering once the auction results were known.

Controller Woolf noted that today's decision was limited to whether the Department should continue forward with disposition, which he supports, but asked about details such as price, conditions, and sale structure. Mr. Elbin offered that those details will be determined as part of the due diligence process. Controller Woolf further asked whether real estate professionals had provided advice on how best to market or structure the sale. Mr. Elbin stated that the Department had obtained a broker's opinion of value considering various development scenarios and risks, but that additional due diligence would be needed depending on Land Board direction.

Secretary of State McGrane stated that he believes pursuing disposition is in the best interest of the beneficiaries, but the lease needs to be recognized in what the Land Board does. Secretary of State McGrane made a motion that the Land Board continue to proceed with the disposition, and that the Land Board add the condition of honoring the full term of the lease to the initial auction and set the minimum bid price at the current valuation that was provided to the Idaho Department of Lands. Controller Woolf seconded the motion for discussion.

Governor Little questioned whether a fee-simple appraisal would remain valid if the property were sold subject to a grazing lease or other conditions. Mr. Elbin replied that a new appraisal would likely be required. Governor Little asked for a general comparison between annual revenue generated by the current grazing lease and potential sale proceeds. Mr. Elbin stated that grazing revenue was approximately \$1,000 per year, while a sale would generate proceeds in the millions.

Governor Little reviewed the historical evolution of state lease language, commenting that earlier leases had effectively prevented sale or exchange during the lease term, but that modern leases explicitly allow sale, exchange, or disposition by the State. Mr. Elbin confirmed this understanding. Governor Little emphasized that lessees sign leases with knowledge of that risk. Secretary of State McGrane clarified that his motion was not intended to revert to historic practices but rather to recognize the unique circumstances of this case and reinforce the importance of transparent communication. He suggested that honoring the lease might still allow a sale, given strong real estate demand in the Driggs area, while demonstrating responsiveness to community concerns. Governor Little asked staff to confirm the remaining term of the grazing lease, which was estimated to extend through approximately 2032. Members discussed the practical implications of a multi-year encumbrance on title.

Attorney General Labrador acknowledged the communication concerns raised by the Secretary of State but expressed the view that the lessee had now been fully informed and had ample opportunity to participate in the process. He stated that while the situation was unfortunate, the existing lease terms allow for disposition and that the Land Board should proceed accordingly.

Governor Little suggested that unwinding the current process was undesirable, but the Land Board should consider future policy discussions focused on balancing fiduciary obligations with community impacts, particularly in smaller counties where state land plays a significant role. He also raised questions regarding mineral rights, emphasizing the importance of clearly defining all conditions of sale in advance to avoid uncertainty for prospective buyers and reduce perceptions of arbitrariness.

Secretary of State McGrane echoed that both buyers and lessees benefit from explicit disclosure of conditions such as retained mineral rights and lease obligations. Mr. Elbin stated that no sale terms had yet been finalized or advertised and that the Department would bring those details back to the Land Board once policy direction was established.

The Land Board discussed the specificity of the motion under consideration, which proposed honoring the grazing lease as a condition of sale and setting the minimum bid at the fee-simple appraised value, with the understanding that future adjustments could be made if the property did not sell.

Board Action: Regarding the motion made by Secretary of State McGrane that the Land Board continue to proceed with the disposition, with the condition that the Land Board add the condition of honoring the full term of the lease to at least the initial auction and set the minimum bid price at the current valuation that was provided to the Idaho Department of Lands, which motion was seconded by Controller Woolf for discussion. Voice vote: Aye—McGrane, Woolf; Nay—Critchfield, Little, Labrador. The motion failed on a vote of 2-3.

A motion was made by Controller Woolf that the Land Board proceed with the disposition of the 160 acres of rangeland near Driggs, the Driggs 160, through public auction, but also request that the Department have a real estate expert review and come back to the Land Board with a plan that goes through all of these steps. Attorney General Labrador seconded the motion. The motion carried on a vote of 4-1, with Secretary of State McGrane voting in opposition.

For the record, Superintendent Critchfield exited the meeting's Zoom webinar at approximately 10:16 a.m., at the conclusion of agenda item 10.

11. USFS/IDL Land Exchange Concept—presented by Bill Haagenon, Deputy Director-Resource Management

Recommendation: Direct the Department to continue evaluating a potential exchange of endowment land around Payette Lake for federal land.

Discussion: Secretary of State McGrane inquired what staff meant by "continuing to evaluate" a potential land exchange concept involving a significant number of state and federal acres near Payette Lake. He asked what level of work and commitment would be required and what direction the Department was seeking from the Land Board.

Mr. Haagenson explained that the Department was requesting permission to invest time and resources in determining whether a viable exchange could be structured. He noted that the concept involved a larger and more complex exchange than is typical, likely to include multiple parcels and coordination with federal agencies. He added that significant effort would be required before the Department could return to the Land Board with a concrete proposal for due diligence, and that early guidance would help avoid expending resources unnecessarily.

Secretary of State McGrane expressed general support for exploring the concept, particularly the core exchange idea that had prompted the discussion. However, he emphasized that any further work should include substantial public and community engagement, given the scale of the proposed exchange and its potential impacts on the Payette Lake community. He stated that land use considerations extend well beyond timber and include development potential, recreation, and long-term community effect.

Mr. Haagenson responded that meaningful public engagement typically occurs once there is a defined exchange proposal to evaluate. He referenced a recent community survey showing general receptiveness to the idea of an exchange, while acknowledging that it lacked specific details and should not be viewed as definitive. Secretary of State McGrane noted the importance of coordination with Valley County and the City of McCall, given land use planning implications. He expressed cautious interest, emphasizing the need to thoughtfully consider parcel boundaries rather than treating the exchange as a single, undifferentiated block of timberland.

Controller Woolf asked about the anticipated timeline for congressional involvement, recognizing that federal approval would be required. Attorney General Labrador stated that such exchanges are often accomplished through congressional legislation, typically as part of larger bills, and that success would depend on political support from Idaho's delegation.

Governor Little commented on the increasing difficulty of administrative land exchanges, noting that procedural challenges and litigation have made congressional authorization more common. He described the historical context of how certain state lands near Payette Lake were originally acquired and emphasized that modern processes are significantly more complex.

Attorney General Labrador raised concerns about transferring additional land into federal ownership, stating his general reluctance to expand federal land holdings, particularly in areas of high local value like McCall. Secretary of State McGrane echoed these concerns, noting that once land is conveyed to the federal government, recovery is unlikely and decisions have multi-generational consequences.

Mr. Haagenson assured the Land Board that any valuation would be conducted at highest and best use for both state and federal parcels involved. He emphasized that the current request was solely for authorization to explore options and return to the Land Board with a more refined concept for consideration. Land Board members generally agreed that further evaluation is warranted, provided that valuation rigor, community engagement, and long-term implications remain central to the process.

Board Action: A motion was made by Secretary of State McGrane that the Land Board direct the Department of Lands to continue the evaluation of a potential exchange of endowment land around Payette Lake for federal land, with all of the direction that was given through the conversation among the Land Board. Controller Woolf seconded the motion. The motion carried on a vote of 3-1, with Attorney General Labrador voting in opposition.

Information

12. USFS-IDL Joint Shared Stewardship Presentation—presented by Ara Andrea, IDL Shared Stewardship Coordinator; Jon Songster, IDL Bureau Chief-GNA; Jeff Lau, IDL-USFS North Idaho Shared Stewardship Coordinator; Brian Davis, IDL-USFS South Idaho Shared Stewardship Coordinator

Discussion: Department staff provided an update on Shared Stewardship and Good Neighbor Authority (GNA) activities, summarizing ongoing collaboration with federal agencies, counties, and other partners to implement forest health and fuels reduction projects across the state. Staff reported continued progress on projects located on both state and federal lands.

Per-acre treatment costs were discussed, with staff explaining that costs vary based on forest type, terrain, and access. Controller Woolf asked about the role of counties in funding or implementation, and how projects are prioritized across the forests. Staff explained that counties participate through federal funds and grants. Project selection considers wildfire risk, forest health needs, and partner readiness. Projects in areas with limited infrastructure, particularly parts of eastern Idaho, tend to be more costly due to access challenges and reduced market opportunities for forest products.

For the record, Secretary of State McGrane stepped out of the meeting at approximately 10:32 a.m. and returned at approximately 10:43 a.m., during the presentation of agenda item 12.

Executive Session

None

There being no further business before the Land Board, at 10:46 a.m. a motion to adjourn was made by Controller Woolf. The motion carried on a vote of 4-0.

Idaho State Board of Land Commissioners

/s/ Brad Little

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

/s/ Phil McGrane

Phil McGrane
Secretary of State

/s/ Dustin T. Miller

Dustin T. Miller
Director

The above-listed final minutes were approved by the State Board of
Land Commissioners at the December 16, 2025 Land Board meeting.