



STATE BOARD OF LAND COMMISSIONERS

C. L. "Butch" Otter, Governor and President of the Board  
Lawrence E. Denney, Secretary of State  
Lawrence G. Wasden, Attorney General  
Brandon D Woolf, State Controller  
Sherri Ybarra, Superintendent of Public Instruction

David Groeschl, 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  
January 16, 2018

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, January 16, 2018, in the Borah Building, 2nd Floor Courtroom, Room 214, 204 North 8th Street, Boise, Idaho. The meeting began at 9:00 a.m. The Honorable Governor C. L. "Butch" Otter presided. The following members were present:

Honorable Secretary of State Lawrence Denney  
Honorable Attorney General Lawrence Wasden  
Honorable State Controller Brandon Woolf  
Honorable Superintendent of Public Instruction Sherri Ybarra

For the record, Governor Otter recognized the presence of all Board members.

• **REGULAR**

**1. Appointment of Agency Acting Director**

**BOARD ACTION:** A motion was made by Attorney General Wasden in light of the resignation of Director Tom Schultz effective January 15, 2018, that the Board appoint current Deputy Director David Groeschl to be the Acting Director of the Idaho Department of Lands pending the hiring and appointment of a permanent Director; establish the temporary rate of compensation for the Acting Director at the rate of \$64.95 per hour, \$135,096 per year, commencing upon the pay period beginning January 14, 2018 and continuing until such time as a Permanent Director assumes office; and direct the Idaho Department of Lands' Human Resources Officer to prepare the necessary documents to solicit applications for the position of a permanent Director of the Idaho Department of Lands and present those documents for approval to the State Board of Land Commissioners at its next regularly scheduled meeting. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

- **UPDATE**

**2. Director's Report**

- A. Interest Rate on Department Transactions – January 2018
- B. Timber Sale Activity and Information Report – December 2017
- C. Division of Lands and Waterways Activity and Information Report – December 2017
- D. Land Bank Fund
- E. Cottage Site Update

**3. Endowment Fund Investment Board Manager's Report** – Presented by Chris Anton, EFIB Manager of Investments

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

*DISCUSSION:* Mr. Anton reported that the equity markets continue to march forward and that the S&P 500 was up a record 14 consecutive months through December. For the month of December, the endowment portfolio had a 1% return, a fiscal year-to-date return of 8.1%, and for calendar year 2017, the Fund was up 17.1%. Through the prior Friday, the Fund was up 11.1% fiscal year-to-date. Mr. Anton described the performance for the endowment portfolio as outstanding and explained it is driven by synchronized global growth. Interest rates remain low and corporate profits remain strong in a period referred to as the "Goldilocks period." Mr. Anton said the U.S. equity markets had a very strong fourth quarter as a result of anticipated economic stimulus from the recent tax reform. He explained that while equity valuations seem stretched by historical standards and the Federal Reserve started increasing interest rates and reducing their balance sheet, things look good.

Mr. Anton stated reserves are well-secured and distributions are safeguarded for FY 2018 and FY 2019; there are at least five years of reserves for all of the endowment portfolios. Mr. Anton reported the Endowment Fund Investment Board plans to present its budget to the Joint Finance-Appropriations Committee on February 6. It will also include a report on the distributions the Land Board approved for FY 2019.

Governor Otter asked Mr. Anton if he regularly measured the price-earnings ratio against the value of the market. Mr. Anton replied yes, EFIB looks at a variety of different measures. Governor Otter inquired what the price-earnings ratio was. Mr. Anton said it depends on which markets are being looked at. The U.S. equity markets are close to 19 times earnings on average and some of the other markets, particularly the emerging markets, are almost half of that. Mr. Anton said that is why the portfolio is diversified and contains a fair amount of international investments, as the value is a little more attractive in the international markets. Governor Otter commented that 19 is huge. Mr. Anton responded that 19 is high by historical standards, but profits continue to grow; the Investment Board believes profit growth will continue with recent tax cuts. The Investment Board is close to doing a rebalancing of the portfolio because equity values have moved up; the Investment Board is somewhat cautious, but the economy seems strong.

- **CONSENT**

**4. Approval of Minutes** – December 19, 2017 Regular Meeting (Boise)

*CONSENT AGENDA BOARD ACTION:* A motion was made by Attorney General Wasden that the Board adopt and approve the Consent Agenda. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

- **INFORMATION**

NONE

- **EXECUTIVE SESSION**

NONE

There being no further business before the Board, at 9:13 a.m. a motion to adjourn was made by Attorney General Wasden. Controller Woolf seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.

IDAHO STATE BOARD OF LAND COMMISSIONERS

\_\_\_\_\_  
*/s/ C. L. "Butch" Otter*

C. L. "Butch" Otter  
President, State Board of Land Commissioners and  
Governor of the State of Idaho

\_\_\_\_\_  
*/s/ Lawrence E. Denney*

Lawrence E. Denney  
Secretary of State

\_\_\_\_\_  
*/s/ David Groeschl*

David Groeschl  
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the February 20, 2018 regular Land Board meeting.