



Idaho State Board of Land Commissioners

Brad Little, 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
Dustin T. Miller, Secretary to the Board

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

Final Minutes
State Board of Land Commissioners Regular Meeting
February 19, 2019

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, February 19, 2019, in the Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise, Idaho. The meeting began at 9:00 a.m. The Honorable Governor Brad Little presided. The following members were present:

Honorable Secretary of State Lawrence Denney
Honorable Attorney General Lawrence Wasden (*via teleconference*)
Honorable State Controller Brandon Woolf
Honorable Superintendent of Public Instruction Sherri Ybarra

For the record, Governor Little recognized the presence of all Board members, and noted that Attorney General Wasden was joining via conference call.

Governor Little acknowledged that many audience members were interested in the last item on the agenda. Governor Little explained that Land Board guidelines allow for testimony from both sides on any issue, comments should be consolidated and presented by a single representative when possible, and testimony will be limited to three minutes per party. A sign-in sheet was provided for individuals wanting to provide comment.

1. Department Report

Endowment Transactions

- A. Timber Sales – December 2018/January 2019
- B. Leases and Permits – December 2018/January 2019

Discussion: None.

Status Updates

- C. Land Bank Fund
- D. Legislative Summary
- E. Resource Protection and Assistance Bureau

Discussion: None.

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

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

Discussion: Mr. Anton remarked that the portfolio experienced a significant amount of volatility in the financial market since the December Land Board meeting. Domestic and foreign markets were down in December but rebounded in January. More specifically, the endowment portfolio was down 4.8% in December and up 6.3% in January, which put the fund down slightly at -0.2% for fiscal year-to-date at the end of January. Mr. Anton indicated there have been some gains in the financial markets and through the close of the markets yesterday the portfolio was up 1.6%.

Mr. Anton noted that the December equity decline was the worst since the Great Depression, driven by concerns about trade friction with China, a moderating Chinese economy, Brexit, declining oil prices, and signs that GDP and profit growth in the U.S. were slowing. The Federal Reserve came to the rescue of financial markets when in early January it indicated postponement of future rate increases until there were signs it was really necessary; that was after nine straight interest increases. In addition to the Federal Reserve's action, the central banks in China and in Europe are both trying to stimulate their economies and there are signs for more positive growth in the second half of 2019. Mr. Anton commented that while markets are likely to experience some continued volatility, the U.S. economy remains very strong, at full employment, low inflation, and very few signs of a recession in 2019.

Mr. Anton reported that reserves were down somewhat at the end of January. Public School was at 5.5 years, below its target of 6 years, and other endowments were at 6 years or just above, slightly below their target of 7 years. Mr. Anton said markets have rebounded since the end of December, and reserves should be at target levels today. The Endowment Fund Investment Board met last week. One major item discussed was Systematic Financial, EFIB's mid-cap value manager, which recently lost its portfolio manager; the Investment Board agreed to a mid-cap value manager search and will be interviewing managers next month.

Consent—Action Item(s)

3. Proposed Stormwater Treatment Facility on City of McCall's Central Idaho Historical Museum Property – Staffed by Ryan Montoya, Bureau Chief-Real Estate Services, and Nathan Stewart, Public Works Director, City of McCall

Recommendation: Approve the City of McCall and St. Luke's McCall proposed stormwater treatment facility and multi-modal pathway on City-owned CHIM property.

Discussion: Governor Little asked who pays for this project. Mr. Stewart replied that St. Luke's will be paying for the infrastructure, and the City and St. Luke's will be paying for maintenance over the life of the project.

4. Hancock Easement Transaction – Staffed by Lawson Tate, Program Manager-Right of Way

Recommendation: Direct the Department to grant easements 1-7 to Hancock.

Discussion: Controller Woolf noted that Mr. Tate alluded to the scope of the easements in his presentation and asked that Mr. Tate talk about the recreation aspect—how does that work with the Department both selling and buying easements. Mr. Tate responded that these are not

all-lawful-purpose easements; these are specific to the activities that the Department conducts. If the Department had a lessee that was a recreational lessee, this easement would serve the lessee, but these are not public roads.

5. Approval of Minutes – December 18, 2018 Regular Meeting (Boise)

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

Regular—Action Item(s)

None

Information

Background information was provided by the presenter indicated below. No Land Board action is required on the Information Agenda.

6. Commercial Recreation Lease M500031, Request for Audience

Discussion: The Land Board heard comments from thirteen individuals:

- Travis Leonard, in support.
- Deborah Nelson, in opposition.
- Steve Millemann, in opposition.
- Brian Thom, in opposition.
- Debbie Fereday, in opposition.
- Ellen Ganz, in opposition.
- Jim Laski, in opposition.
- Jon Watson, in opposition.
- Dave Edmark, in opposition.
- Jonathan Oppenheimer, in opposition.
- Manley Briggs, in opposition.
- Kristin Hoff-Sinclair, in opposition.
- Ed Allan, in opposition.

For the record, at 9:57 a.m. Attorney General Wasden excused himself from the meeting to attend to other business.

At 10:13 a.m. a motion was made by Controller Woolf to resolve into Executive Session pursuant to Idaho Code § 74-206(1)(f) to communicate with legal counsel for the Land Board to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. Controller Woolf requested that a roll call vote be taken and that the Secretary record the vote in the minutes of the meeting. Secretary of State Denney seconded the motion. *Roll Call Vote:* *Aye:* Denney, Woolf, Ybarra, Little; *Nay:* None; *Absent:* Wasden.

