



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, Director and 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

June 18, 2019

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, June 18, 2019, in the State Capitol, Lincoln Auditorium (WW02), 700 W Jefferson Street, Boise, Idaho. The meeting began at 9:01 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Secretary of State Lawrence Denney

Honorable State Controller Brandon Woolf

Honorable Superintendent of Public Instruction Sherri Ybarra (*via teleconference*)

For the record, four Board members were present, with Superintendent Ybarra joining via conference call. Attorney General Wasden was not present due to business responsibilities out-of-state.

Director Miller introduced Betty Coppersmith, Chair of the Idaho Oil and Gas Conservation Commission, who was a guest in the audience. Director Miller stated his pleasure in serving with Ms. Coppersmith on the Commission.

1. Department Report – Presented by Dustin Miller, Director

Endowment Transactions

A. Timber Sales – May 2019

Discussion: None.

B. Leases and Permits – May 2019

Discussion: None.

C. Commercial Auction Results

Discussion: Superintendent Ybarra asked which endowment was the beneficiary of the auction. Mr. Sid Anderson answered that it was the Normal School endowment. Governor Little inquired about the number of bidders at auction. Mr. Anderson responded that the lots were offered through a parcel auction, which is an auction where lots are offered individually, and also in combination. The three lots which Idaho State Police was the winning bidder had one other bidder that bid on a single lot. The four lots which were won by Meridian Fire Department had three other bidders competing on those lots.

Status Updates

D. Cottage Sites Auction – Priest Lake VAFO/Payette Lake Auction Results

Discussion: None.

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

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

Discussion: Mr. Anton remarked that the strong rebound experienced in the financial markets over the last four months came to an end in May as it became clear there was no imminent resolution to the trade agreement with China, and tensions began to escalate through heightened tariffs and the threat of a trade war. Mexico was also threatened with tariffs to force a change in immigration policy. As a result, investors became concerned that the tariffs would slow down the overall economy and offset some of the efforts by central banks to stimulate the economy. Investors watched money really move out of the equity markets into the fixed-income markets which are much safer, which drove up bond prices during the period.

Mr. Anton reported the fund was down 3.5% in the month of May; fiscal year-to-date the portfolio was up 2.6%. Since the end of May, the Federal Reserve has indicated that if it starts to see the economy slow as a result of the tariffs, it will consider cutting rates, and that gave the market some reassurance. The United States has also reached resolution with Mexico and the threat of those tariffs has gone away. Investors started to see recovery in the market and then this morning there was an announcement that Trump and Xi would meet at the G20 and the markets are up considerably this morning. Through the close of the markets yesterday, June 17th, however, the portfolio was up 5.6%, and with the gains in the market today the fund is probably closer to 6%. Hopefully the last couple weeks of the fiscal year will end with a strong push and be around 6% for the year.

Mr. Anton stated that reserves at the end of April were in very good shape, with 5.9 years for Public School, and between 6.4 and 8.3 years for the other endowments. The reserves dipped in May but to date are back at about the same levels. Reserves are anticipated to be very strong at year-end.

Mr. Anton mentioned that the first phase of the RFP process for investments consultants is complete. The proposals were due on Friday, June 14th; eleven proposals were received. The next step is to review those proposals with all three organizations that are affected—the Land Board, Department of Lands, the State Insurance Fund, and EFIB. The plan would be to have all those organizations provide input to narrow the list, and then invite finalists in and give everyone an opportunity to meet with those finalists. A timeline has not yet been established, but EFIB did receive some very good proposals and looks forward to working with all those organizations to complete the review and select the best candidate.

Governor Little observed that when EFIB is beating the calendar year-to-date in domestic equity by 200 basis points, the right investment managers are in place, and congratulations are in order.

Consent—Action Item(s)

3. Strategic Plan FY2020-FY2023 – Presented by Dustin Miller, Director

Recommendation: Direct the Department to submit the FY2020-FY2023 Strategic Plan to the Division of Financial Management by July 1, 2019.

Discussion: None.

4. State Participation as a Member of Clearwater-Potlatch Timber Protective Association (CPTPA) and Southern Idaho Timber Protective Association (SITPA) – Presented by Craig Foss, Division Administrator-Forestry and Fire

Recommendation: The Department recommends that the State continue to participate as a member of the Clearwater-Potlatch Timber Protective Association and Southern Idaho Timber Protective Association.

Discussion: None.

5. Authorization for Issuance of Deficiency Warrants to Pay Fire Suppression Costs in FY2020 – Presented by Craig Foss, Division Administrator-Forestry and Fire

Recommendation: Authorize the Department to issue deficiency warrants necessary to pay the fire suppression costs beyond the \$151,600 appropriation for fiscal year 2020.

Discussion: Controller Woolf expressed his understanding that with the \$20 million that the legislature put in this session, that brings the current balance in the fire suppression fund to \$32 million. Mr. Foss said that is correct. Governor Little quipped that the Board would prefer the Department only spend \$151,600; Mr. Foss heartily agreed.

6. Approval of Minutes – May 21, 2019 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 4-0.

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.

7. Pre-Season Fire Forecast/Update – Presented by Fire Bureau

A. Predictive Services Forecast – Bryan Henry, Meteorologist, NIFC

Synopsis from Mr. Henry's presentation: Vegetation across northern Idaho is beginning to show the initial signs of drought stress. Central Idaho is losing snowpack at an average rate. This, coupled with occasional precipitation events may allow for the high elevations to enter fire season slightly later than normal. Intense heat events are expected to be less frequent and

possibly of shorter duration this summer. Weather and fuel conditions thus far have allowed for a delayed, gradual entry into the season. The grass crop across southern Idaho is heavy and continuous. These fuels will become receptive by late June/early July and could become problematic.

Discussion: None.

B. Resource Readiness – *JT Wensman, Bureau Chief-Fire Management, IDL*

Summary of the presentation given by Mr. Wensman: The first attachment for this item lists Department aviation resources and their locations. The second attachment is a map depicting where resources are located across the state. There was really no change on aviation resources from last year to this year.

The Fire Bureau conducted fire readiness reviews at both SITPA and CPTPA, as well as the Department's forest protective districts. At these readiness reviews, firefighters were drilled on engine use, fire engine operations, hose lays, small portable pumps, chainsaw, as well as overall physical fitness; all districts and the associations exceeded the minimum standards. Since changing the format of readiness reviews the last two years the Department has seen an overall increase in proficiency at the districts, which is a good trend. During the week of June 3-7, 2019, the Department held the north Idaho guard school; there were more than 150 participants from the Department, the U.S. Forest Service, and the Bureau of Land Management (BLM). This school was for individuals to receive their basic wildland fire red card certification, and some advanced classes were also offered. Of those 150 participants, 85 firefighters were from the Department; about 40 of those were first-year firefighters, and about 45 were in the advanced guard school. On June 10-13, 2019, the Department conducted its engine academy in Kamiah, Idaho. This mentorship program helps develop firefighters, and there were 22 Department staff who participated. The academy provided training for individuals working towards engine boss qualification; they worked hands-on, both classroom and field time, with experienced engine bosses conducting field exercises.

Within Idaho there are over 300 pieces of heavy equipment that include dozers, excavators, feller bunchers, water tenders, and engines. Through Virtual Equipment Procurement (VIPR) agreements with the Forest Service and federal counterparts, contractors can work for the Forest Service, BLM, any of the federal agencies, as well as the state. Over the past several years, the Department has been reaching out to various operators and contractors to do pre-season agreements. The Department has found that the preferred method for many operators is to have an incident-only agreement, or an Emergency Equipment Rental Agreement (EERA), meaning the operator is just signed up locally to work on a fire. It works well for operators and the Department. The Department still has access to all 300 pieces of equipment through the federal VIPR agreement.

In 2016 the Department started working through the Idaho Fire Chiefs Association to update cooperative fire agreements with fire departments; 2018 was the first year that agreements were fully implemented. The Forest Service has a great number of local agreements with local fire departments—nationwide, not just in Idaho—and the U.S. Office of the Solicitor General made the determination that those local agreements made by the Forest Service with fire departments are not the appropriate instruments to mobilize fire departments off of local

districts or jurisdictions. This is not an issue for the Department; local fire departments can be mobilized through the Department's cooperative fire agreements.

As of yesterday, the Department had 48 fires on its protection area, which is 161% of the 20-year average. Those fires burned 520 acres, which is almost 300% of the 20-year average. That high percentage is due to a 350-acre fire on the Ponderosa Forest Protective District. Canada is having a pretty robust fire season already, too, and to date the Department has sent about 25 folks there to help out.

Discussion: Governor Little asked if the 350-acre fire was a controlled burn. Mr. Wensman replied that it started as a controlled burn.

Controller Woolf inquired, after the Department's fire review last fall, if there was anything from that review that the Department is applying to this year. Mr. Wensman responded that the Department is always learning and evolving. One significant factor for Department success is to try to be proactive, not reactive. Wildland fire can be very dynamic and move very quickly, and to wait for an incident to occur oftentimes puts firefighters behind the curve. What the Department has done in the last few years, with success, is strategically move resources around the state where fire is anticipated, and also bring in outside resources to help boost Department staff when there is a known event, whether that is a lightning storm or just a hot and dry, red-flag warning condition. Getting the appropriate bodies in place for quick response should an event occur has been an overall good success. Controller Woolf wondered that if the Department had more than \$151,600 in the suppression fund to spend, what the Department would need to have full staffing and resources. Mr. Wensman said that the Department is finishing up an analysis using a program called STARFire on which the Idaho BLM has been assisting. The program is taking the Department's fire occurrence data, treatments, and fuels, and the analysis will help the Department reassess and reprioritize—looking at the state holistically—not only where is the right resource, but also what is the right resource. For example, an engine crew staffed with three people is really conducive in some fuel types and some locations, but in others, six bodies in a pickup truck is more conducive because the engine would simply be transportation to drive to a hill that the firefighters would have to walk. The Department is finalizing that analysis, and that data will really help staff take a larger, strategic look at the fire program.

Governor Little inquired how many loggers have red cards. Mr. Wensman replied that, outside of the associations, he is not aware of any loggers that have red cards, but that does not mean the loggers cannot fight fire. If loggers are on the VIPR agreement through the Forest Service, they would be issued that documentation through the Forest Service. The Department is primarily doing the incident-only agreements, the EERAs, and is not issuing red cards. After the 2015 fire season, in the spring of 2016, the Department received a lot of interest in 2016 for heavy equipment classes, then very little interest in 2017, and even less interest in 2018. In fact, in 2018 the Department ended up cancelling all the classes for the loggers. Operators know that when the fires start, the Department will use them, and loggers would rather be out in the woods hauling logs than taking training. Governor Little asked if that is true even when break up is occurring and the loggers are not doing anything. Mr. Wensman indicated that is correct; after 2015, there was a great deal of interest, but every year since then that interest has waned.

Controller Woolf mentioned the coordination that Rangeland Fire Protection Associations (RFPAs) provide, between ranchers and the BLM; the RFPAs do great work helping put fires out quickly. Controller Woolf asked if there is opportunity with loggers to be the first on scene in a

similar effort. Mr. Wensman indicated that the opportunity is definitely there. The Department has been involved in programs such as the Logger Education to Advance Professionalism (LEAP) program, and logger safety, and trying to enhance participation there. Especially in north Idaho, the loggers truly are one of the Department's biggest assets; they become, in the core fire season of July and August, essentially a 911 system because loggers are out there hauling logs early in the morning. The Department will receive reports at 3, 4 o'clock in the morning. The loggers are generally more than willing to supply their equipment to the Department during fire season; the Department rarely has trouble getting heavy equipment.

C. Rangeland Fire Protection Associations – *Rick Finis, South Idaho Fire Liaison, IDL*

Summary of the presentation given by Mr. Finis: During the 2018 fire season, Idaho RFPAs responded to over 80 fires, including the 100,000-acre Grassy Ridge fire in Clark County. The Camas Creek RFPA provided ten members to that fire to assist the Bureau of Land Management (BLM). Some other RFPAs actually provided full suppression on fires when the BLM was too busy and not able to get resources on the fire. It was a pretty successful year with the RFPAs in southern Idaho. For the 2019 fire season, the RFPAs are prepared to provide fire protection assistance on nearly 9 million acres of private, federal, and state lands in southern Idaho. Currently in 2019 there are no reported fires in southern Idaho with the RFPAs, although the BLM has burned about 600 acres.

In November 2018 the annual fire season review for the RFPAs was held in Twin Falls. Approximately 50 folks attended, including board members from the RFPAs and agency officials. This meeting allowed the RFPAs and the agencies to share experiences, discuss what went well and what can be improved for the next year, and give ideas on how to run their operations. One of the issues encountered is getting fire reporting from the RFPAs. A new system was introduced at this meeting. The Department's GIS staff developed an online map that individuals can update by putting a dot on the map, and recording fire information: acres, number of RFPA members responding, what kind of equipment was on the fire. Updates can be made by computer, tablet, and smart phone, and it is really simple to use. There is also the ability to add water sources, which Three Creek and Saylor Creek have done. Other RFPAs will provide water sources as well. This map is active, online, and can be seen at any time. Fire managers from the BLM, Forest Service, and IDL can access these, too. Also, potential staging areas are listed. Hopefully in 2019, more RFPAs will have success using this map.

Since 2012, nearly 500 volunteers have been trained with the RFPAs in basic fire in southern Idaho; training is provided by the BLM with assistance from the Forest Service. Currently in 2019, 41 new members were trained, mainly in Dubois with the Camas Creek RFPA. The south central Idaho RFPAs combined in Twin Falls, and they had about 15 trained there. BLM also provided training to over 325 current members with their annual refresher. One of the problems the RFPA members experience is how to use a radio and talk fire on the radio; many of the RFPAs got together with the BLM and held some radio workshops for refreshers on how to use radios.

Starting in 2018, the U.S. Department of Interior started its Rural Fire Readiness program; it is similar to the old Rural Fire Assistance (RFA) grant program that provided funds directly to the fire service organizations. With the Rural Fire Readiness, the BLM spends the money and then equipment goes to the fire service organizations, including the RFPAs. Idaho BLM has eighteen type IV engines up for replacement in 2019, and five of those will be going to RFPAs. Owyhee RFPA has received theirs, and in line to receive an engine as they come available is

