

State Board of Land Commissioners Open Meeting Checklist

Meeting Date: January 19, 2021

Regular Meetings

1/8/2021	Revised Meeting Notice posted in prominent place in IDL's Boise Director's office five (5) or more calendar days before meeting.
1/8/2021	Revised Meeting Notice posted in prominent place in IDL's Coeur d'Alene staff office five (5) or more calendar days before meeting.
1/8/2021	Revised Meeting Notice posted in prominent place at meeting location five (5) or more calendar days before meeting.
1/8/2021	Revised Meeting Notice emailed/faxed to list of media and interested citizens who have requested such notice five (5) or more calendar days before meeting.
1/8/2021	Revised Meeting Notice posted electronically on IDL's public website www.idl.idaho.gov five (5) or more calendar days before meeting.
1/13/2021	Agenda posted in prominent place in IDL's Boise Director's office forty-eight (48) hours before meeting.
1/13/2021	Agenda posted in prominent place in IDL's Coeur d'Alene staff office forty-eight (48) hours before meeting.
1/13/2021	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
1/13/2021	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
1/13/2021	Agenda posted electronically on IDL's public website www.idl.idaho.gov forty-eight (48) hours before meeting.
1/5/2021	Land Board annual meeting schedule posted – Boise Director's office, Coeur d'Alene staff office, and IDL's public website www.idl.idaho.gov

Special Meetings

	Meeting Notice and Agenda posted in a prominent place in IDL's Boise Director's office twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted in a prominent place in IDL's Coeur d'Alene staff office twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted at meeting location twenty-four (24) hours before meeting.
	Meeting Notice and Agenda emailed/faxed to list of media and interested citizens who have requested such notice twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted electronically on IDL's public website www.idl.idaho.gov twenty-four (24) hours before meeting.
	Emergency situation exists – no advance Notice of Meeting or Agenda needed. "Emergency" defined in Idaho Code § 74-204(2).

Executive Sessions *(If only an Executive Session will be held)*

	Meeting Notice and Agenda posted in IDL's Boise Director's office twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted in IDL's Coeur d'Alene staff office twenty-four (24) hours before meeting.
	Meeting Notice and Agenda emailed/faxed to list of media and interested citizens who have requested such notice twenty-four (24) hours before meeting.
	Meeting Notice and Agenda posted electronically on IDL's public website www.idl.idaho.gov twenty-four (24) hours before meeting.
	Notice contains reason for the executive session and the applicable provision of Idaho Code § 74-206 that authorizes the executive session.



Recording Secretary

January 13, 2021

Date



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

REVISED PUBLIC MEETING NOTICE JANUARY 2021

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, January 19, 2021 at Idaho Department of Lands, Garnet Conference Rooms, 300 N 6th Street, Suite 103, Boise. The meeting is scheduled to begin at 9:00 AM (Mountain).

**The State Board of Land Commissioners will conduct this meeting by virtual means;
at least one Board member will attend the meeting at the physical location.**

This meeting is open to the public. Due to the Governor's [Stage 2 Stay Healthy Order](#), dated 11/13/2020, gatherings, including public meetings, are limited to 10 persons or less in physical attendance. Individuals are highly encouraged to watch online or via webinar.

Meeting will be streamed live at <https://www.idahoptv.org/shows/idahoinsession/>
or via Facebook: <https://www.facebook.com/IdahoDepartmentofLands>

Members of the public may register to attend the meeting via Zoom by clicking on the following link:
https://idl.zoom.us/webinar/register/WN_6YgDyGSiQ7yN0cZ2TN7JLA

All in-person attendees must comply with current COVID-19 safety protocols for public gatherings in the City of Boise, including but not limited to wearing face coverings and observing physical distancing. Physical distancing measures reduce the meeting room's normal attendance capacity.¹

Public comment will be accepted. Advanced sign-up is required. See details on page 2.

¹ www.cityofboise.org/departments/mayor/coronavirus-covid-19-information/ AND www.cdhd.idaho.gov/dac-coronavirus

Second Notice Posted: 1/8/2021-IDL Boise; 1/8/2021-IDL CDA

First Notice Posted: 1/7/2021-IDL Boise; 1/7/2021-IDL CDA

This notice is published pursuant to § 74-204 Idaho Code. 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, 208.334.0242

Public Comment Procedure

Agenda Item(s) – Owyhee Land Exchange only

Public comment may be submitted in the following manner:

- In writing prior to the meeting. Written comments will be included in the meeting record.
 - Email: comments@idl.idaho.gov
 - Mail: Idaho Department of Lands
Attn: Land Board Secretary
PO Box 83720
Boise ID 83720-0050
- By Zoom webinar during the Land Board meeting.
 - Advanced sign-in is required, *no later than Thursday, January 14, 2021 at 3 PM (MT)*.
 - Notify Renée Jacobsen (rjacobsen@idl.idaho.gov) if you wish to provide comment.
 - Complete Zoom registration:
 - https://idl.zoom.us/webinar/register/WN_6YgDygSiQ7yN0cZ2TN7JLA
 - Please submit registration no later than 3:00 PM (MT) on January 14th.
- A measured amount of time will be allocated for public comment.
- Remarks will be limited to 3 minutes per individual or group representative.
 - Groups, associations, organizations, etc. with multiple members in attendance must select one individual as spokesperson.
- The Land Board may conclude testimony at its discretion, in consideration of Board members' time.

Second Notice Posted: 1/8/2021-IDL Boise; 1/8/2021-IDL CDA

First Notice Posted: 1/7/2021-IDL Boise; 1/7/2021-IDL CDA

This notice is published pursuant to § 74-204 Idaho Code. 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, 208.334.0242



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

State Board of Land Commissioners Regular Meeting

January 19, 2021 – 9:00 AM (MT)

Final Agenda

Idaho Department of Lands, Garnet Conference Rooms, 300 N 6th Street, Suite 103, Boise, Idaho

**The State Board of Land Commissioners will conduct this meeting by virtual means;
at least one Board member will attend the meeting at the physical location.**

This meeting is open to the public. The Governor's [Stage 2 Stay Healthy Order](#), dated 11/13/2020, limits gatherings, including public meetings, to 10 persons or less in physical attendance. Individuals are highly encouraged to watch online or via webinar.

Public comment will be accepted via Zoom webinar for agenda item 5. Advanced sign-up is required, no later than 1/14/2021 @ 3 PM (MT). See details on page 2.

Meeting will be streamed live at <https://www.idahoptv.org/shows/idahoinsession/>
or via Facebook: <https://www.facebook.com/IdahoDepartmentofLands>

Members of the public may register to watch the meeting via Zoom webinar through this link:
https://idl.zoom.us/webinar/register/WN_6YgDyGsiQ7yN0cZ2TN7JLA

All in-person attendees must comply with current COVID-19 safety protocols for public gatherings in the City of Boise, including but not limited to wearing face coverings and observing physical distancing.

Physical distancing measures reduce the meeting room's normal attendance capacity.¹

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

- A. Timber Sales – December 2020
- B. Leases and Permits – December 2020

Status Updates

- C. Land Bank Fund

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

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

¹ www.cityofboise.org/departments/mayor/coronavirus-covid-19-information/ AND www.cdhd.idaho.gov/dac-coronavirus

Consent—Action Item(s)

3. **Approval of Draft Minutes** – December 15, 2020 Regular Meeting (Boise)

Regular—Action Item(s)

4. **Due Diligence for Eastern Idaho Regional Solid Waste District Land Exchange** – *Presented by Josh Purkiss, Program Manager-Real Estate, and Cameron Arial, District Municipal Advisor*
5. **Final Approval for Owyhee Land Exchange** – *Presented by Ryan Montoya, Bureau Chief-Real Estate Services*

Information

None

Executive Session

None

Public Comment Procedure – Agenda Item 5 Only (Owyhee Land Exchange)

Public comment may be submitted in the following manner:

- In writing prior to the meeting. Written comments will be included in the meeting record.
 - Email: comments@idl.idaho.gov
 - Mail: Idaho Department of Lands
Attn: Land Board Secretary
PO Box 83720
Boise ID 83720-0050
- By Zoom webinar during the Land Board meeting.
 - Advanced sign-in is required, *no later than Thursday, January 14, 2021 at 3 PM (MT)*
 - Notify Renée Jacobsen (rjacobsen@idl.idaho.gov) if you wish to provide comment.
 - Complete Zoom webinar registration:
 - https://idl.zoom.us/webinar/register/WN_6YgDygSiQ7yN0cZ2TN7JLA
 - Please submit registration no later than 3:00 PM (MT) on January 14th.
- A measured amount of time will be allocated for public comment.
- Remarks will be limited to 3 minutes per individual or group representative.
 - Groups, associations, organizations, etc. with multiple members in attendance must select one individual as spokesperson.
- The Land Board may conclude testimony at its discretion, in consideration of Board members' time.



Idaho Statutes

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 chapter 1, title 74, Idaho Code;

(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.]

STATE BOARD OF LAND COMMISSIONERS

January 19, 2021
Trust Land Revenue

Timber Sales

During December 2020, the Department of Lands sold nine endowment timber sales at auction. The endowment net sale value represents a 42% up bid over the advertised value. The Pocono Poke Cedar sale, as indicated, was a cedar sale that had competitive bidding. The Cloverfield, Lights Out, Downfall OSR, and Springboard sales were sawlog sales that had competitive bidding. The Pokey Teepee and Jump Start sales sold at the appraised value with only one bidder present. The Black Olive Salvage sale was a fire sale from the Woodhead Fire and had competitive bidding from IFG Timber LLC and Tamarack Mills. The Caribou Conks Pulp sale sold at the third auction attempt to a private logging company. Salvage sale minimum prices were used, and the sale sold with a 108% up bid over the advertised value. The Hello Elk sale did not sell at auction due to an abundance of ponderosa pine on the sale and a low appraised logging allowance. The sale will be reappraised and reoffered for auction in February.

TIMBER SALE AUCTIONS								
Sale Name	Area	Sawlogs MBF	Cedar Prod MBF	Pulp MBF	Appraised Net Value	Sale Net Value	Net \$/MBF	Purchaser
Pocono Poke Cedar	SJ	9,485	245		\$ 2,083,514.00	\$ 4,241,945.00	\$435.97	IFG Timber LLC
Cloverfield	POND	6,455			\$ 1,570,051.50	\$ 1,726,453.00	\$267.46	IFG Timber LLC
Pokey Teepee	SJ	8,420			\$ 1,903,948.50	\$ 1,903,948.50	\$226.12	Stimson Lumber
Lights Out	SJ	7,270	110		\$ 742,130.50	\$ 1,233,981.00	\$167.21	IFG Timber LLC
Jump Start	SJ	4,260			\$ 1,208,007.00	\$ 1,208,007.00	\$283.57	Stimson Lumber
Black Olive Salvage	PAY	3,430			\$ 251,427.00	\$ 749,777.00	\$218.59	IFG Timber LLC
Caribou Conks Pulp	PL	1,200		2,450	\$ 54,685.50	\$ 113,839.80	\$31.19	Timber Logging
Downfall OSR	POL	3,250			\$ 545,361.00	\$ 660,705.00	\$203.29	IFG Timber LLC
Springboard	POL	1,075			\$ 203,455.00	\$ 349,375.00	\$325.00	IFG Timber LLC
		44,845	355	2,450	\$ 8,562,580.00	\$ 12,188,031.30	\$255.78	

PROPOSED TIMBER SALES FOR AUCTION				
Sale Name	Volume MBF	Advertised Net Value	Area	Estimated Auction Date
North Operations				
Atlasta Jungle	4,100	\$ 660,780	Priest Lake	1/21/2021
Father Roothaan	3,260	\$ 328,708	Priest Lake	1/21/2021
Lower Falls Cedar	5,440	\$ 1,734,715	Ponderosa	1/26/2021
Totals	12,800	\$ 2,724,202		
South Operations				
Woodhead Johnson Salvage	11,995	\$ 928,415	Payette Lakes	1/28/2021
Totals	11,995	\$ 928,415		

VOLUME UNDER CONTRACT as of December 31, 2020				
	Public School	Pooled	Total	3 Year Avg.
Active Contracts			174	170
Total Residual MBF Equivalent	352,798	223,369	576,167	508,355
Estimated residual value	\$86,683,244	\$63,620,800	\$150,304,044	\$145,294,862
Residual Value (\$/MBF)	\$245.70	\$284.82	\$260.87	\$286.67

	TIMBER HARVEST RECEIPTS				
	December		FY to date	January Projected	
	Stumpage	Interest	Harvest Receipts	Stumpage	Interest
Public School	\$ 3,286,204.38	\$ 316,497.94	\$ 29,372,220.98	\$ 4,886,988.85	\$ 517,749.71
Pooled	\$ 2,616,669.31	\$ 323,511.98	\$ 13,668,991.12	\$ 5,022,712.81	\$ 556,411.13
General Fund	\$ 1,864.06	\$ 252.43	\$ 13,088.42	\$ 0.46	\$ 0.00
TOTALS	\$ 5,904,737.75	\$ 640,262.35	\$ 43,054,300.52	\$ 9,909,702.12	\$ 1,074,160.84

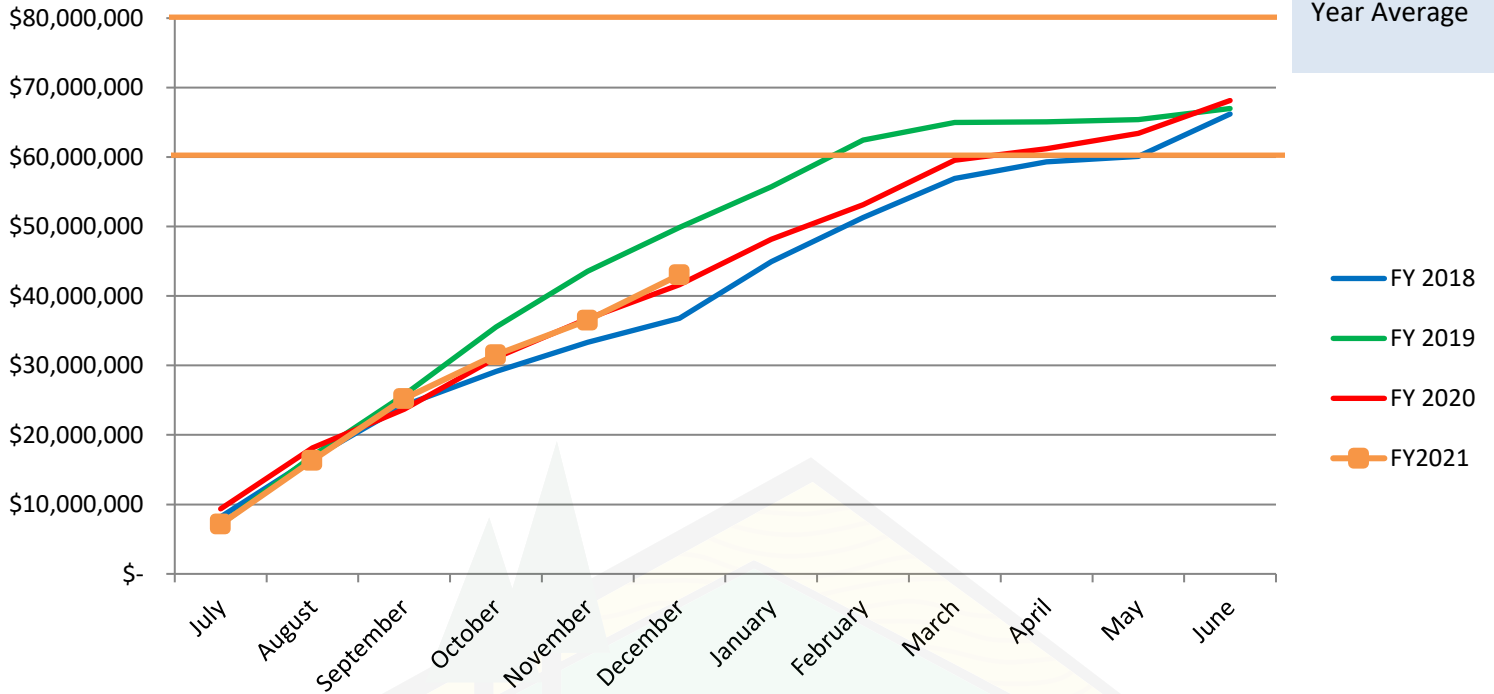
IDAHO DEPARTMENT OF LANDS

	STATUS OF FY 2021 TIMBER SALE PROGRAM					
	MBF Sawlog			Number Poles		
	Public School	Pooled	All Endowments	Public School	Pooled	All Endowments
Sold as of December 31, 2020	80,529	51,717	132,246	15,084	8,989	24,073
Currently Advertised	20,361	7,299	27,660	1,785	1,215	3,000
In Review	6,873	17,901	24,774	1,107	2,050	3,157
Did Not Sell ¹	0	0	0	0	0	0
TOTALS	107,763	76,917	184,680	17,976	12,254	30,230
FY2021 Sales Plan			284,238			28,810
Percent to Date			65%			105%

¹ After three attempts at auction.

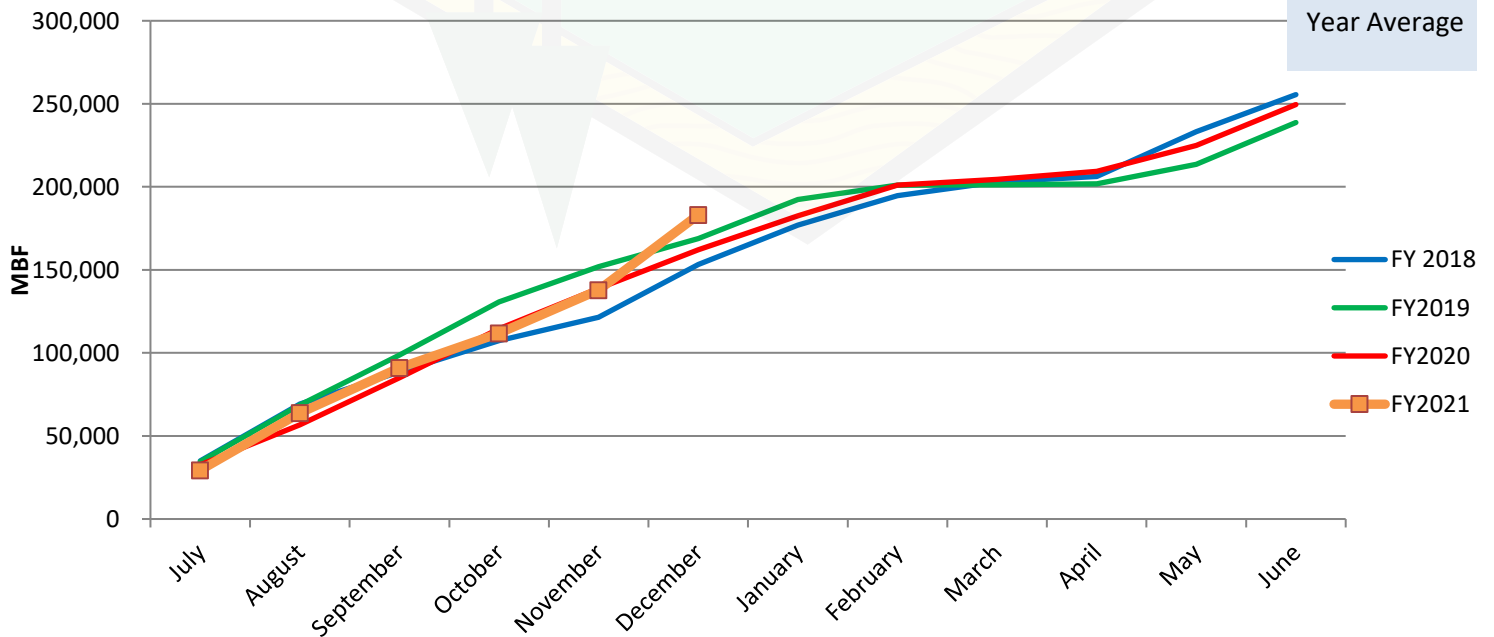
Cumulative Harvest Receipts

Current FYTD
is 101% of 3
Year Average

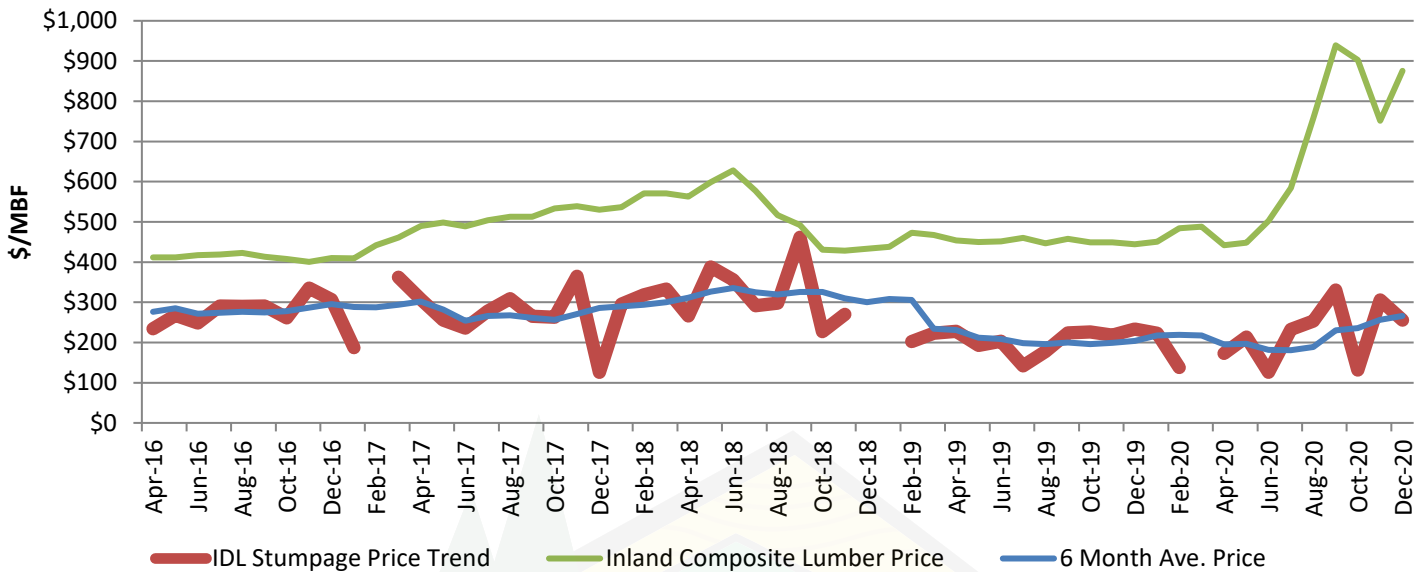


Cumulative Harvest Volume

Current FYTD
is 113% of 3
Year Average



Monthly Lumber and Stumpage Price



TIMBER SALE AGING REPORT				
Fiscal Year	Volume MBF	% of Volume	# of Sales	% of Sales
16	3815	0.66%	1	0.64%
17	9121	1.58%	5	3.18%
18	82729	14.38%	27	17.20%
19	128670	22.36%	41	26.11%
20	212384	36.90%	53	33.76%
21	138784	24.12%	30	19.11%
Totals	575503		157	

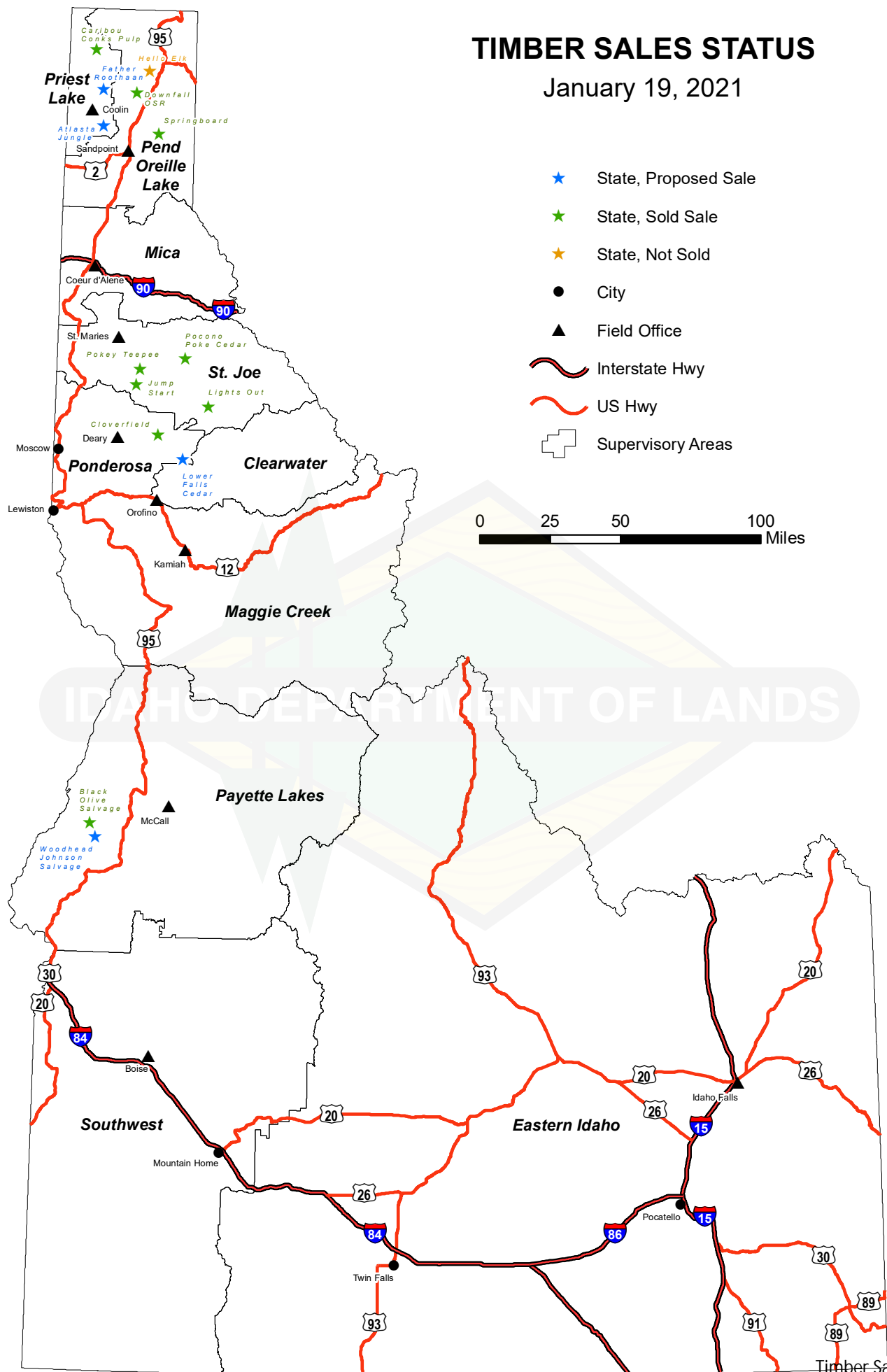
The differences in volume and number of sales from the Volume Under Contract table on page 2 are due to the following:

- 6 active sales have more volume scaled than cruised and were not included
- 11 sales are in the completion process and no more volume is expected to be hauled

Due to software limitations on current reporting, creating this data is a very manual process that requires duplicative data entry from multiple existing data sources. The overall percentages will not change month to month other than an increase in volume under contract for FY21 as more sales are sold through the spring breakup season that typically occurs from March through May. This information will be updated again in April and presented when the FY22 Timber Sales Plan is presented for Land Board approval. The information would then be updated on a yearly basis at that time moving forward until better reporting capabilities are developed.

TIMBER SALES STATUS

January 19, 2021



STATE BOARD OF LAND COMMISSIONERS

January 19, 2021
Endowment Transactions

Leases and Permits

FISCAL YEAR 2021 – LEASING & PERMITTING TRANSACTIONS BY MONTH – through December 31, 2020														
ACTIVITY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	EST	FYTD
SURFACE														
Agriculture	-	-	-	-	-	-							1	0
Assignments	-	-	-	-	-	1							1	1
Communication Sites	-	-	-	-	-	-							31	0
Grazing	7	2	1	1	1	1							14	13
Assignments	-	3	4	-	2	-							32	9
Residential	-	2	4	-	-	-							18	6
Assignments	-	1	1	2	-	1							18	5
COMMERCIAL														
Alternative Energy	-	-	-	-	-	-							1	0
Industrial	-	-	-	-	-	-							6	0
Military	-	-	-	-	-	-							4	0
Office/Retail	-	-	-	-	-	-							2	0
Recreation	-	-	-	-	-	-							11	0
Assignments	-	-	-	-	-	1							-	1
OTHER														
Conservation	-	-	-	-	-	-							0	0
Assignments	-	-	-	-	-	-							-	0
Geothermal	-	-	-	-	-	-							4	0
Minerals	13	-	-	1	-	-							57	14
Assignments		-	-	-	3	1							-	4
Non-Comm Recreation	-	-	-	-	-	-							-	0
Oil & Gas	-	-	-	-	-	-							0	0
PERMITS														
Land Use Permits	10	5	12	6	7	1							NA	41
TOTAL INSTRUMENTS	30	13	22	10	13	6							NA	94

Real Estate

FISCAL YEAR 2021 – REAL ESTATE TRANSACTIONS BY MONTH – through December 31, 2020														
ACTIVITY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD	
Deeds Acquired	-	-	-	-	-	-							0	
Deeds Granted	-	-	9	6	3	-							18	
Deeds Granted - Surplus	-	-	-	-	-	-							0	
Easements Acquired	-	-	-	-	-	-							0	
Easements Granted	-	-	-	-	-	-							0	
Assignments	-	1	-	-	-	-							1	

Land Exchanges:

Avimor, IFG, and DeAtley Land Exchanges : IDL is in the procurement process for the contracting of certain due diligence items .

TRUST LAND MANAGEMENT DIVISION
2021FYTD GROSS REVENUE (non-timber) - ACTUAL AND FORECASTED
through December 31, 2020

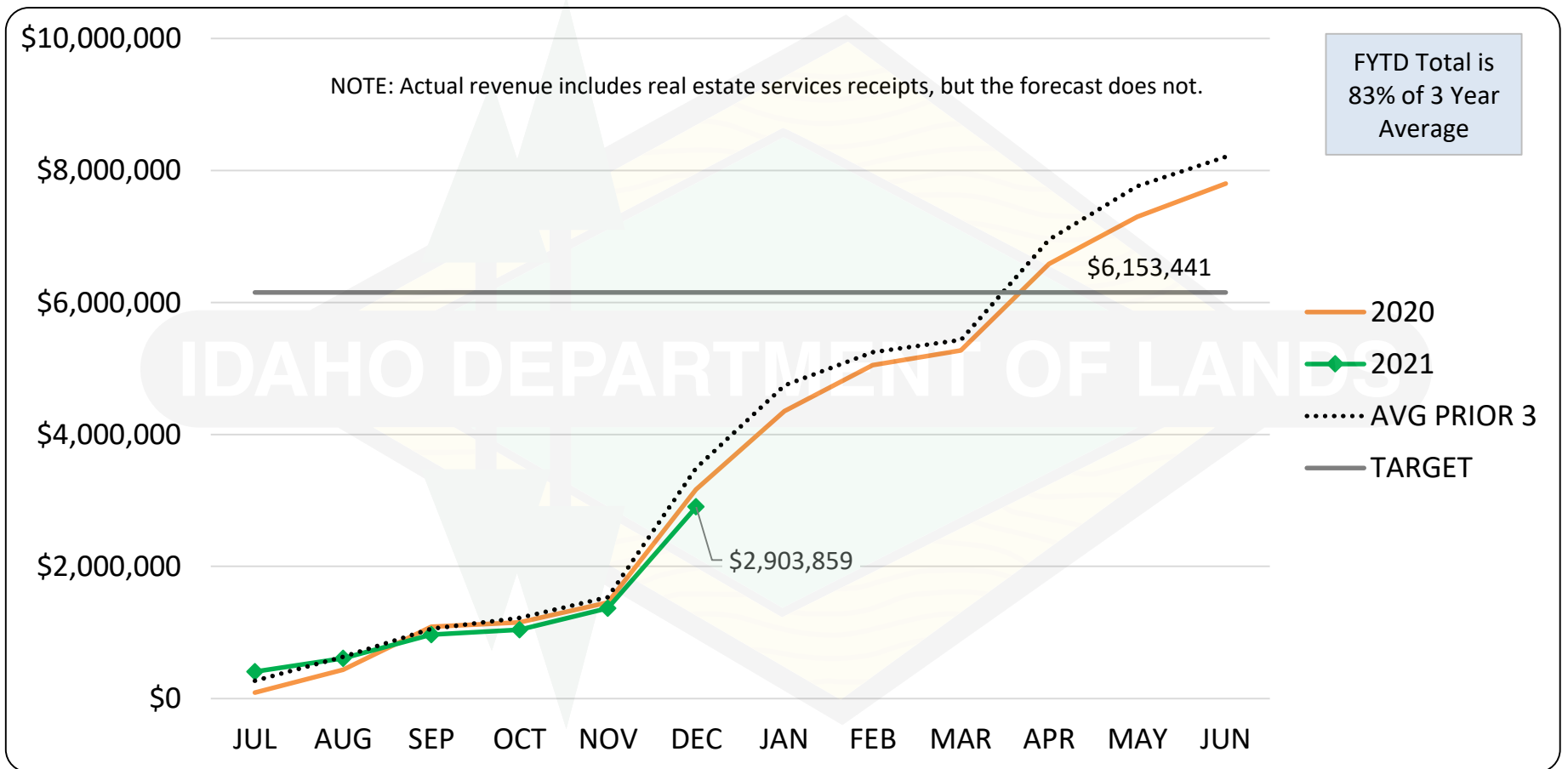
	ACTUAL RECEIPTS AS OF 12.31.2020	REVENUE EXPECTED BY 12.31.2020**	REVENUE EXPECTED BY 06.30.2021
SURFACE			
AGRICULTURE	\$ 355,988	\$ 341,985	\$ 471,740
COMMUNICATION SITES	\$ 385,779	\$ 331,169	\$ 548,359
GRAZING	\$ 32,173	\$ 24,982	\$ 1,822,510
RESIDENTIAL	\$ 778,237	\$ 753,053	\$ 1,450,328
COMMERCIAL			
COMMERCIAL ENERGY RESOURCES	\$ 4,364	\$ -	\$ 12,715
COMMERCIAL INDUSTRIAL	\$ 80,227	\$ 42,525	\$ 73,313
COMMERCIAL MILITARY	\$ -	\$ -	\$ 62,438
COMMERCIAL OFFICE/RETAIL	\$ 628,155	\$ 666,764	\$ 997,011
COMMERCIAL RECREATION	\$ 280,920	\$ 270,573	\$ 470,323
OTHER			
CONSERVATION LEASES	\$ 61,168	\$ 64,746	\$ 103,951
GEOTHERMAL	\$ (1,000)	\$ 2,000	\$ 5,000
MINERAL	\$ 19,798	\$ 11,886	\$ 70,492
NON-COMMERCIAL RECREATION	\$ 93,433	\$ 51,171	\$ 52,129
OIL AND GAS LEASES	\$ 7,319	\$ 13,133	\$ 13,133
Sub Total	\$ 2,726,562	\$ 2,573,987	\$ 6,153,441
*LAND SALES/RECORDS	\$ 177,297		
*REAL ESTATE SERVICES	\$ -		
Grand Total	\$ 2,903,859		

* These categories are not included in the annual forecast.

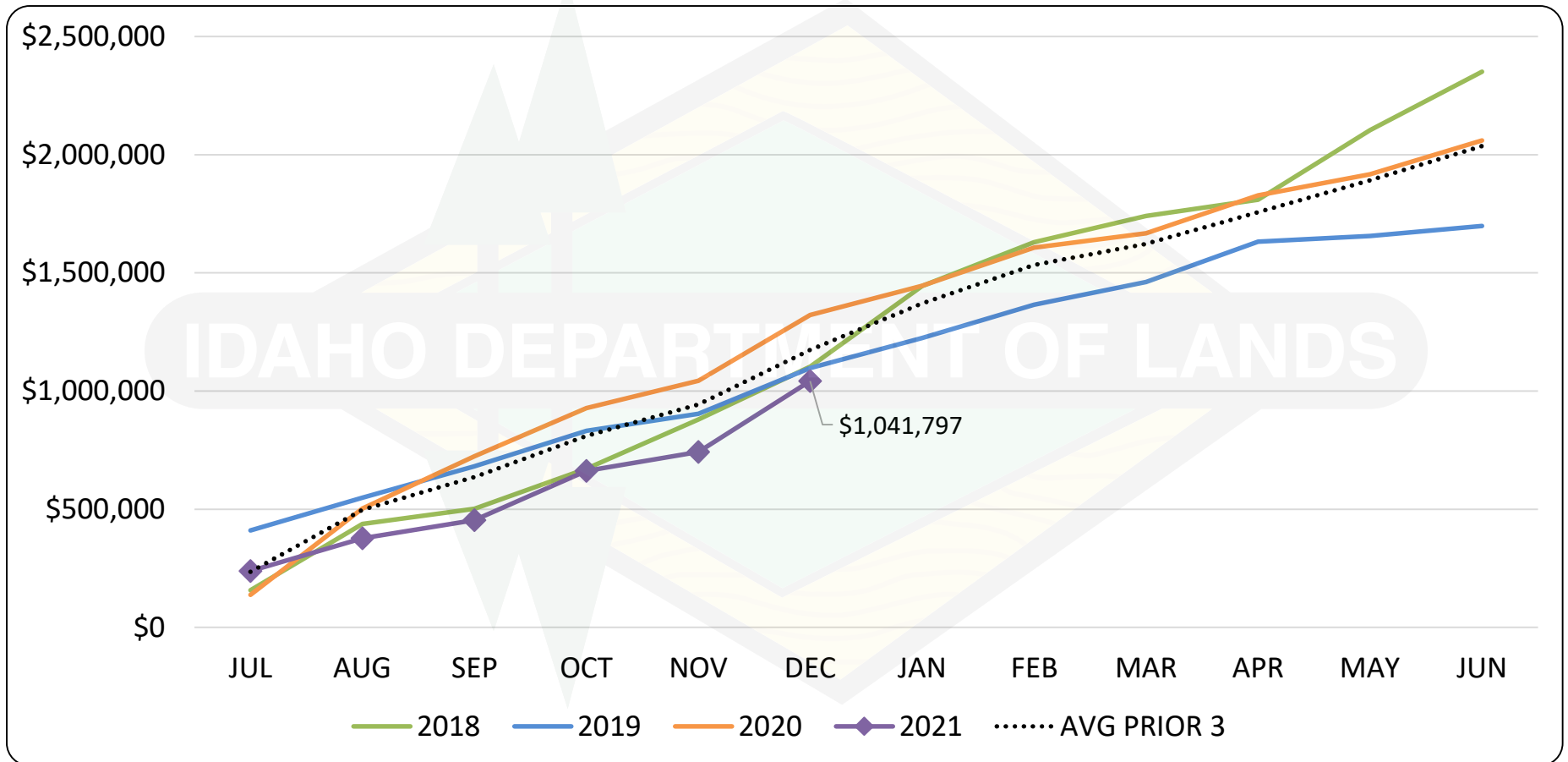
** These figures are based on "normal" timing of revenue/billing throughout the year.

NOTE: The Department prepares the annual endowment revenue forecast by ASSET CLASS (not by Program). For this table, we have attempted to further breakdown the forecast by program by applying trend data.

Cumulative Trust Land Program Receipts - Earnings Reserve - All Programs excluding Timber FY2020 - FYTD2021



Cumulative Trust Land Permanent Fund Revenue/Royalties
(Does NOT include Land Bank Revenue)
FY18 - FYTD21



LAND BANK AGING REPORT

Current Remaining Principal Balance By Quarter Received - As of December 31, 2020

FY Quarter IN	Public Schools	Normal Schools	State Hospital South	University of Idaho	All Endowments	FY Quarter EXPIRES
2017-02	\$ 2,291,792	\$ 2,161,254	\$ 9,515,446	\$ -	\$ 13,968,492	2022-02
2017-03	\$ 5,766,250	\$ 10,431,970	\$ 1,593,780	\$ -	\$ 17,792,000	2022-03
2017-04	\$ -	\$ 25,100	\$ -	\$ -	\$ 25,100	2022-04
2018-01	\$ -	\$ 3,331,000	\$ 4,439,000	\$ -	\$ 7,770,000	2023-01
2018-02	\$ 27,869,832	\$ -	\$ 125,500	\$ -	\$ 27,995,332	2023-02
2018-03	\$ -	\$ 2,000,712	\$ 829,888	\$ 5,650,029	\$ 8,480,629	2023-03
2018-04	\$ 10,500	\$ -	\$ -	\$ -	\$ 10,500	2023-04
2019-01	\$ -	\$ 2,428,000	\$ 1,442,000	\$ -	\$ 3,870,000	2024-01
2019-02	\$ 25,136,124	\$ -	\$ -	\$ -	\$ 25,136,124	2024-02
2019-03	\$ -	\$ -	\$ -	\$ -	\$ -	2024-03
2019-04	\$ -	\$ -	\$ -	\$ -	\$ -	2024-04
2020-01	\$ -	\$ 2,582,500	\$ 1,670,000	\$ -	\$ 4,252,500	2025-01
2020-02	\$ 12,793,400	\$ -	\$ -	\$ -	\$ 12,793,400	2025-02
2020-03	\$ 866,000	\$ -	\$ -	\$ -	\$ 866,000	2025-03
2020-04	\$ 52,134	\$ -	\$ -	\$ -	\$ 52,134	2025-04
2021-01	\$ 5,159,720	\$ -	\$ -	\$ -	\$ 5,159,720	2026-01
2021-02	\$ 6,595,000	\$ -	\$ -	\$ -	\$ 6,595,000	2026-02
TOTAL PRINCIPAL REMAINING	\$ 86,540,752	\$ 22,960,536	\$ 19,615,614	\$ 5,650,029	\$ 134,766,932	

LAND BANK CASH BALANCE (with Interest)	\$ 91,679,388	\$ 24,288,157	\$ 20,985,021	\$ 5,938,666	\$ 142,891,232
---	----------------------	----------------------	----------------------	---------------------	-----------------------



M. Dean Buffington :: Chairman
Jerry F. Aldape Gary L. Mahn
Warren R. Bakes Richelle A. Sugiyama
Steven C. Harris Thomas J. Wilford
Irving Littman Chuck Winder
Chris J. Anton :: Manager of Investments

Monthly Report to the Board of Land Commissioners

Investment performance through December 31, 2020

Month: 3.7% Fiscal year: 18.2% Calendar year: 16.3%

As we look back at calendar year 2020, the performance of our portfolio stands in stark contrast to the impact the COVID-19 virus has had on our lives. In March, financial markets declined sharply as communities were isolated or quarantined to limit the spread of the virus. As economies around the world came to a halt, unemployment increased and GDP contracted dramatically. The Federal Reserve enacted emergency programs in March and April to provide liquidity to financial markets and breathe life into the employment market. Congress enacted the CARES Act which provided \$2.2 trillion in funding to individuals and small businesses most effected by the crisis. This was supplemented by another \$900 billion in stimulus at the end of the year. This support and extraordinary efforts to develop vaccines gave investors hope that over time the economy would heal and we would return to a more normal way of living.

Large cap growth/technology stocks rallied first because they were best positioned to support the new home centered way of living and working. This can be seen in the performance of our large cap growth manager Sands who was up 72.8% during the year. Late in the calendar year, as new vaccines demonstrated effectiveness and were ultimately approved for distribution, small cap stocks began to rally as investors gained confidence in a broader economic recovery.

We enter 2021 knowing we have challenges ahead, but with optimism that vaccines will be deployed extensively the during the winter and spring.

I would like to recognize the passing of our dear friend and colleague, Mr. Dean Buffington. Dean served on the Endowment Fund Investment Board for 19 year and as its chairman for 17 years. Dean enjoyed working closely with the Governor, Land Board, Idaho Department of Lands and the Endowment Fund Investment Board. He played an instrumental role in EFIB's success. His obituary can be found at <https://summersfuneral.com/tribute/details/204544/Melvin-Buffington/obituary.html>

Status of endowment fund reserves

Distributions for FY2021 and FY2022 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

JFAC Budget Presentation – February 5, 2021

EFIB Board Meeting – February 11, 2021

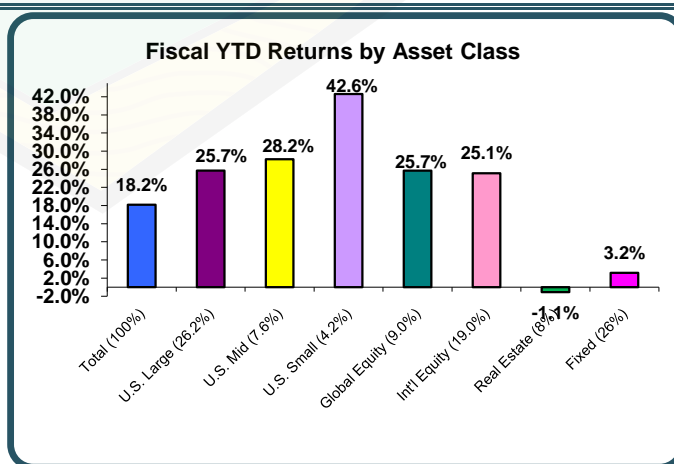


	<u>Month</u>	<u>FYTD</u>
Beginning Value of Fund	\$ 2,707,886,401	\$ 2,395,398,968
Distributions to Beneficiaries	(7,043,400)	(42,260,400)
Land Revenue net of IDL Expenses	7,330,483	27,691,602
Change in Market Value net of Investment Mgt. Expenses	100,462,246	427,805,560
Current Value of Fund	\$ 2,808,635,730	\$ 2,808,635,730

<u>Gross Returns</u>	<u>Current Month</u>	<u>Calendar Y-T-D</u>	<u>Fiscal Y-T-D</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Total Fund	3.7%	16.3%	18.2%	16.3%	10.8%	11.3%	9.5%
Total Fund Benchmark*	3.2%	14.1%	16.3%	14.1%	9.5%	10.5%	8.9%
Total Fixed	0.5%	7.1%	3.2%	7.1%	5.4%	4.5%	3.8%
85% BB Agg, 15% TIPS	0.3%	8.0%	1.8%	8.0%	5.4%	4.5%	3.8%
Total Equity	5.4%	21.6%	26.9%	21.6%	13.3%	14.3%	11.7%
38% R3 19% Ax 9% AC	4.8%	17.3%	24.8%	17.3%	11.1%	13.2%	11.0%
Domestic Equity	5.2%	23.4%	28.1%	23.4%	14.9%	15.7%	14.1%
Russell 3000 (R3)	4.5%	20.9%	25.2%	20.9%	14.5%	15.4%	13.8%
Global Equity	4.5%	23.3%	25.7%	23.3%	13.2%	13.8%	9.0%
MSCI ACWI (AC)	4.6%	16.3%	24.0%	16.3%	10.1%	12.3%	9.1%
Int'l. Equity	6.0%	17.6%	25.1%	17.6%	10.2%	11.6%	6.3%
MSCI ACWI ex-US (Ax)	5.4%	10.7%	24.3%	10.7%	4.9%	8.9%	4.9%
Real Estate			-1.1%	1.8%	5.0%		
			-1.8%	1.3%	4.2%		

* Benchmark: 38% Russell 3000 19% ACWI ex-US 9% AC 26% BB Agg. 8% ODCE

	<u>Mkt Value (\$M)</u>	<u>Allocation</u>
Domestic Equity	\$ 1,083.4	38.6%
Large Cap	744.5	26.5%
Mid Cap	217.7	7.8%
Small Cap	121.2	4.3%
Global Equity	263.5	9.4%
Int'l Equity	550.8	19.6%
Fixed Income	713.5	25.4%
Real Estate	190.3	6.8%
Cash	9.9	0.4%
Total Fund	\$ 2,808.6	100%



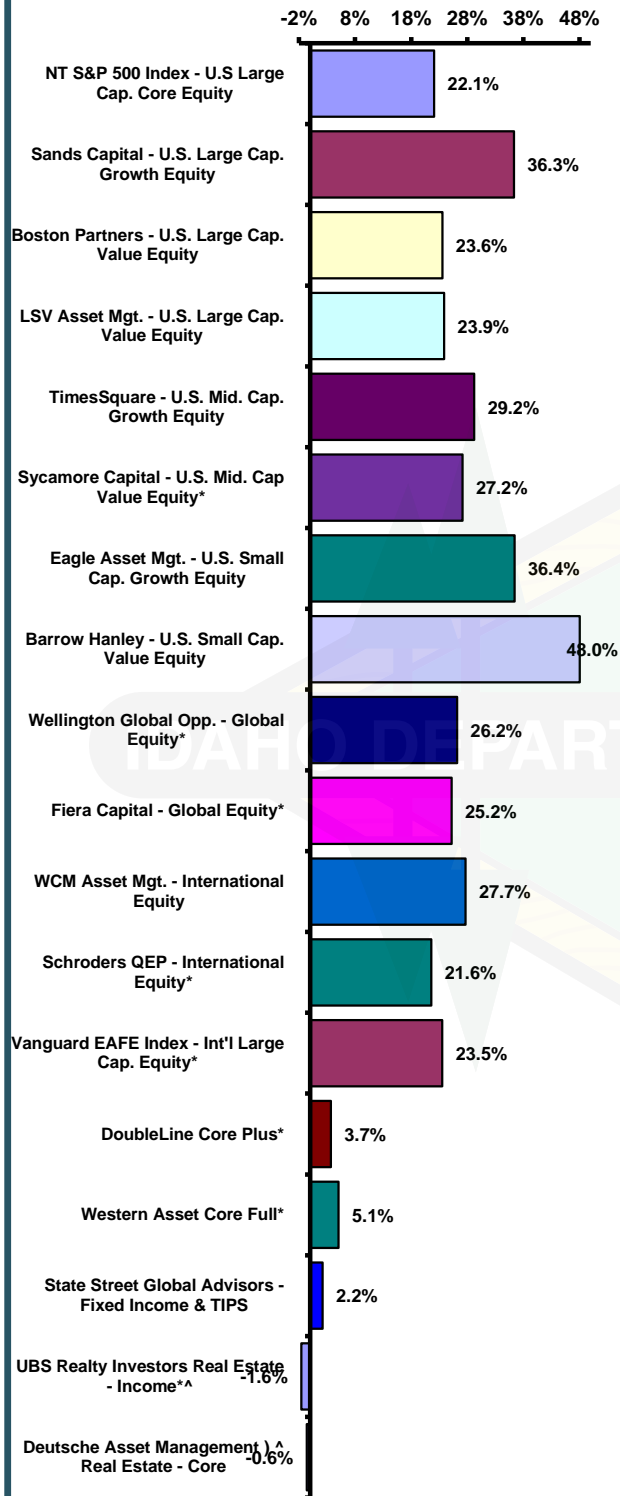
Endowment Fund Staff Comments:

As we look back at calendar 2020, the performance of our portfolio stands in stark contrast to the impact the COVID-19 virus has had on our lives. In March, financial markets declined sharply as communities were isolated or quarantined to limit the spread of the virus. As economies around the world came to a halt, unemployment jumped and GDP contracted dramatically. The Federal Reserve enacted emergency programs in March and April to provide liquidity to financial markets and breath life into the employment market. Congress enacted the CARES Act which provided \$2.2 trillion in funding to individuals and small businesses most effected by the crisis. This was supplemented by another \$900 billion in stimulus at the end of the year. This support and extraordinary efforts to develop vaccines gave investors hope that over time the economy would heal and we would return to a more normal way of living. Large-cap growth/technology stocks rallied first because they were best positioned to support the new home centered way of living and working. This can be seen in the performance of our large-cap growth manager Sands who was up 72.8% during the year. Late in the calendar year, as new vaccines demonstrated effectiveness and were ultimately approved for distribution, small cap stocks began to rally as investors gained confidence in a broader economic recovery. We enter 2021 knowing we have challenges ahead, but with optimism that vaccines will be deployed extensively the during the winter and spring.

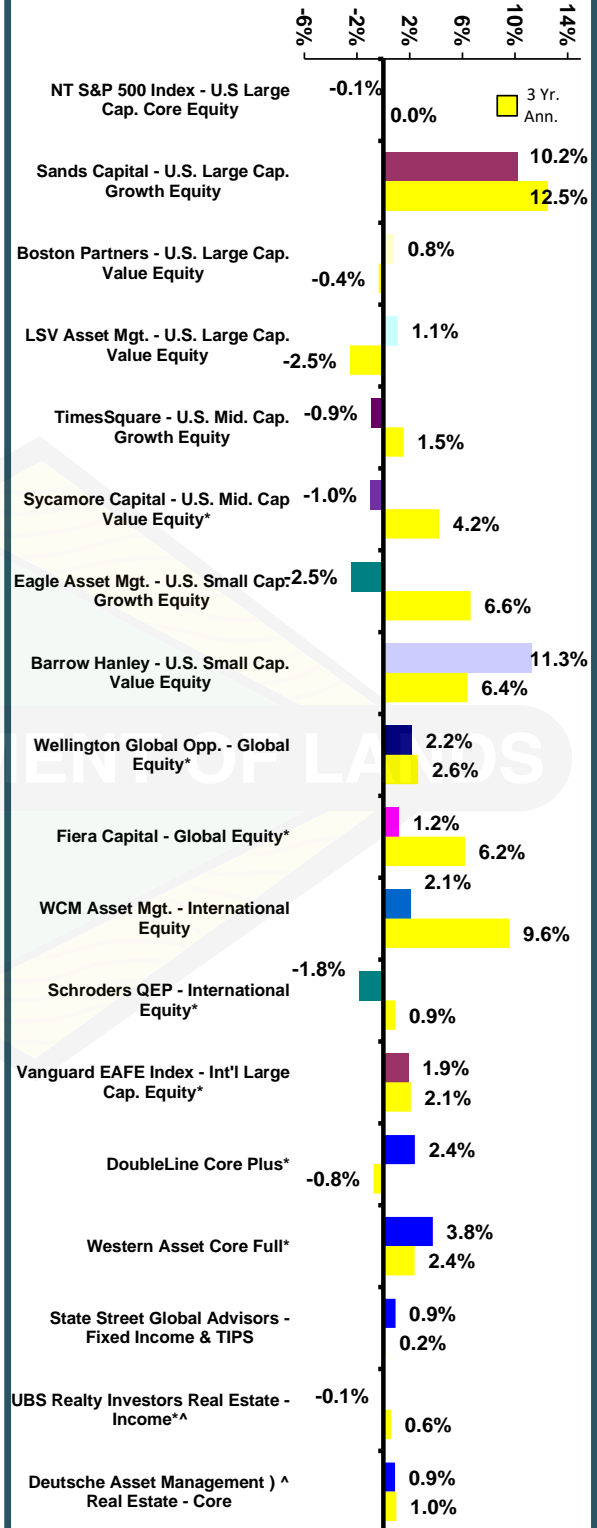
December 31, 2020

INVESTMENT REPORT

FYTD Manager Returns



Manager Relative Returns Fiscal YTD and 3-Yr Ave*



*ITD return used when manager has less than 3 years. ^ Most recent valuation.



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.

Draft Minutes

State Board of Land Commissioners Regular Meeting

December 15, 2020

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, December 15, 2020 in the State Capitol, Lincoln Auditorium (WW02), 700 W Jefferson Street, Boise, Idaho, and via webinar. The meeting began at 9:00 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Governor Brad Little
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, due to the Governor's Stage 2 Stay Healthy Order, dated 11/13/2020, gatherings, including public meetings, are limited to 10 persons or less in physical attendance. Secretary of State Denney and Controller Woolf were present at the physical meeting location with all other Board members joining via Zoom webinar.

Director Miller commented that as is done every December, the Department has two presentations to make at this meeting. First was a virtual big check presentation to Superintendent Ybarra for more than \$52.5 million.

- Big Check: Public School Endowment FY2021 Distributions

Director Miller mentioned the second presentation is the Department's annual year in review video of activities which showcases many of the things the agency does to generate income for endowment beneficiaries, and to manage the state's natural resources.

- Department of Lands' Year-in-Review

Director Miller remarked that folks like those seen in the video make this agency a great agency. It is because of their hard work, passion, and dedication that more than \$52 million was allocated to public schools this year. Director Miller thanked the Department of Lands staff for their hard work and all that they do for making this year and every other year a success. Director Miller said he is proud of the employees in the Department. Director Miller thanked Scott Phillips, Robbie Johnson,

and others on the communication team for putting this video together. Governor Little noted that at this time of the year the state is past the fire season; all of those firefighters not only stayed safe but were on those fires early and kept everybody safe. Governor Little expressed appreciation for the fire crews and all the people that were out in the field prepping timber sales, doing forest health projects, and generating cash for Idaho public schools, teachers, and students.

1. Department Report – *Presented by Dustin Miller, Director*

Trust Land Revenue

- A. Timber Sales – November 2020
- B. Leases and Permits – November 2020

Discussion: None.

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

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

Discussion: Mr. Anton reported that equity markets had one of the strongest months ever during November and pushed all-time highs as Pfizer, Moderna and AstraZeneca all demonstrated during trials that their vaccines were more than 90% effective in preventing COVID-19. The portfolio was up 8.8% for the month and at the end of November was up 13.9%. Through yesterday [November 14] the fund was up 15.6%; a heck of a start for the fiscal year. Mr. Anton mentioned the Food and Drug Administration did approve earlier this week emergency distribution of Pfizer's vaccine and is considering Moderna's today. The first vaccinations in Idaho were yesterday. People are feeling very positive that process is underway. Mr. Anton noted that one of the things seen during the month of November was that small cap and value stocks finally started to participate in the rally that has been previously dominated by large cap and technology companies. Historically all the online retailers, the companies like Zoom that permit individuals to work from home, have done really well. A lot of the smaller companies just did not participate in the rally, but are finally starting to as investors look out and have hope that by spring and summer the vaccine will be distributed, the economy will begin to move more toward normal, and everyone will participate in the economic recovery. Mr. Anton commented the other thing that happened obviously during November was the presidential and congressional elections. While not everyone may be excited about the outcome, there is some relief that it appears there will likely be a divided Congress which will help create some balance in the process. Discussions are currently taking place among both the House and the Senate for a modest stimulus package. It will likely be \$750-900 billion, which is a lot of money, but modest relative to what was being considered before the election. Hopefully something will be passed because it is important to have some support for these smaller businesses to carry them through into the summer when things begin to return more to normal. Governor Little said he likes to see all the green ink. Mr. Anton stated it has been a good start to the year. Mr. Anton noted there were no significant decisions in terms of changes in the portfolio. EFIB's budget hearing is scheduled on February 5, 2021 and the next Investment Board meeting is on February 11, 2021. Governor Little thanked Mr. Anton and the Investment Board for their service.

Consent—Action Item(s)

3. Forest Legacy-Fleming West and Fleming East Conservation Easements – *Presented by Craig Foss, State Forester and Division Administrator-Forestry and Fire*

Recommendation: Authorize the Department to acquire the Fleming West and Fleming East conservation easements.

Discussion: Governor Little referenced passage of the Great Outdoors Act and asked about any indication that the amount of revenue available for Forest Legacy projects is going to go up or down given the expectations of people all over the United States having access to that land water conservation fund which Forest Legacy has had an inside track on. Mr. Foss replied that program staff have been in contact with the Forest Service and staff is hearing it is likely that funding for the Forest Legacy Program will go up. It is possible that the ceiling will be raised on the size of projects that can be submitted. The Department has been working with its project partners trying to prepare for that; no specifics yet. Mr. Foss agreed with the Governor's comment; there are many folks that have an eye on those increased funds, but the Department fully expects funding for Forest Legacy to increase.

4. Jerome Surplus Property (Idaho Military Division) – *Presented by Josh Purkiss, Program Manager-Real Estate*

Recommendation: Direct the Department to sell the Property to Jerome County for the price of \$28,500 as proposed.

Discussion: Governor Little inquired if this is related to the new National Guard facility that is going to be adjacent to the freeway. Mr. Purkiss clarified that this is a vacated road adjacent to the Jerome Readiness Center, about half an acre; the City of Jerome vacated it about a year and a half ago to the Idaho Military Division. Governor Little commented that National Guard facility is going to be shut down and there is going to be a new one next to the freeway exit. Governor Little asked if the Land Board did something with this alley issue at a previous Board meeting. Mr. Purkiss responded yes. The Surplus Property Act requires that any time a surplus property is sold to a tax-supported agency the Department come back to the Land Board with public comment, but none was received. The Department is asking permission to sell this surplus property to Jerome County. It is the same property brought to the Land Board in August.

5. Approval of Draft Minutes – November 17, 2020 Regular Meeting (Boise)

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

Regular—Action Item(s)

6. **Contested Case Hearing Request for Lease M700086** – Presented by Darrell Early, Division Chief-Natural Resources, Office of the Attorney General

[Editor's note: The Discussion portion of this item is written in first-person format. This is not a verbatim transcript.]

Discussion:

Darrell Early: Governor, members of the Land Board, for the record my name is Darrell Early. I'm the Division Chief of the Natural Resources Division for the Office of the Attorney General and counsel to the Land Board. You have before you two requests submitted by the Idaho Conservation League and the Sawtooth Interpretive and Historical Association, dated October 22, 2020 and October 24, 2020, respectively, related to lease number M700086. As the Director described, this relates to the lease that was awarded pursuant to public auction to New Cingular Wireless in the vicinity of Stanley, Idaho and Redfish Lake. This issue was presented to the Land Board as an information item at its July 21, 2020 meeting. During that meeting, Mr. Montoya from the Department of Lands described the auction process that was used, the location of the lease, etc. as information. The Board also heard public testimony related to this issue from a number of people including representatives of New Cingular Wireless and Custer Telephone Company and the FirstNet entity that is coordinating the overall national effort for cellular connection. The Board also took testimony from the mayor of Stanley, Idaho; Jonathan Oppenheimer from Idaho Conservation League; Mr. Paul Hill, a board member of the Sawtooth Interpretive and Historical Association; and Mr. Laird Lucas, representative of Advocates for the West. Also at the time of that July 21, 2020 meeting, the Board was in receipt of voluminous written comments related to this lease. I counted up the pages of comments in preparation for this meeting; there were roughly 262 pages of written comments received at that time. Subsequent to that meeting the Board received additional written comments totaling roughly 67 pages, all of which relate to concerns about the location of this particular cellular tower. The requests by Idaho Conservation League and the Historical Association seek a contested case related to the issuance of this lease. I am here today to talk a little bit about the standards that the Board should consider in deciding whether or not to grant that contested case. Contested cases are available under Idaho law and are mandatory where provided by statute; however, this is not a case where a contested case is mandatory by statute. In fact, Idaho Code Section 58-122 makes it clear that when acting in its proprietary capacity, with respect to the disposition of lands, the Board is not required to conduct a contested case. The statute provides that concerning the direction, control, or disposition of public lands of the state pursuant to Sections 7 and 8 of Article IX of the Idaho Constitution, such actions shall not be considered contested cases unless the Board, in its discretion, determines that a contested case hearing would be of assistance to the Board in the exercise of its duties and authorities. I'll note for the record, that the Board's rules in IDAPA 20.01.01.104.02 [Idaho Administrative Procedure Act] also provide that using the contested case process is a discretionary function by the Board. The Board's discretion is exercised consistently with its constitutional obligations under Article IX Section 8 of the Idaho Constitution which provide that it is the duty of the State Board of Land Commissioners to provide for the location, protection, sale, and rental of all lands in such manner as will secure the maximum long-term financial return to the institution to which granted. That's just a paraphrase of that section. Those are the legal standards that are applicable to this decision. It's

important to note for your benefit that because this is a matter of discretion of the Board, it is essential that the Board recognizes that it is such an exercise of discretion and that it recognizes the legal standards governing that. One more aspect that I would note for purposes of the legal process and the legal discussion is the function of a contested case. Under the Idaho Administrative Procedure Act, a contested case is defined as a proceeding which will result in an order, and likewise an order is defined as a decision that affects the legal rights, obligations, privileges, and immunities of specific persons and individuals. Those are the legal standards that are applicable to this decision. With that, the question before you and before the Board is whether or not in the exercise of your discretion you believe that conducting a contested case with respect to this particular issue would provide additional information or assistance to you in the exercise of your duties. Towards that end, I will point out a few facts that are related to this issue. The leasing of lands such as this is an item that the Board has delegated to the Department of Lands pursuant to its delegation policies. The Department, in executing those policies, including the recently revised leasing process, followed all of those applicable leasing procedures, including advertising of the lease in the local paper, putting it up on its website, and providing ample time. The lease was actually advertised and put up for lease in December 2019 and ultimately the auction occurred in January 2020 and closed. There was only one bidder at that time. At the close of that lease advertising process, the lease was awarded to the one applicant that participated in the lease application process. I think the other piece that is relevant is that the Board has received significant public comment on this process both before the July 21, 2020 information hearing that you held and then subsequently afterwards. We have looked at the issues raised in the contested case petitions that have been filed, the two documents, and the issues they have pointed out as requiring or reflecting a need for a contested case, and those issues are largely consistent with the written public comments that the Board has received throughout this process as well as the information that we received both from ICL and the Historical Association at the July 21, 2020 hearing; they don't raise any issues that have not been presented to the Board already at this point. Moreover, the issues raised are largely related to the effects on the Sawtooth National Recreation Area values and the viewshed, the effects on the Central Idaho Dark Sky Reserve, and raising issues about co-location or other locations without any specific information being offered by any of the comments received to date. All of these issues have been presented to the Board previously, including during that July 21, 2020 meeting. The Board received and saw a PowerPoint presentation from the FirstNet and New Cingular folks showing how this tower would be located and what it would look like. The contested case requests don't identify any specific information that would be added by virtue of the contested case proceedings at this time. With that, I will stand for any further questions about the contested case petitions, and/or the process, and if you have no questions, I will return it to you to discuss and exercise your discretion with respect to this decision.

Controller Woolf: The item on today's agenda then is not an up or down vote, it's truly only respective to the contested case, is that correct?

Darrell Early: The issue before you is whether or not to grant a contested case to consider additional information related to the award of this lease. The issue of whether or not to award this lease is not before you; it is just the issue of whether to hear a contested case and take additional information.

Attorney General Wasden: What I would like to do is talk about my view. I do have a motion, but I'd like to talk about our responsibilities here for a moment. First, under Article IX Section 8 of the Idaho Constitution, we are required to obtain the maximum long-term financial return to these lands. That duty is not dissipated in any way. Further, with regard to this lease, we've had a request by two entities, the Idaho Conservation League and the Sawtooth Interpretative and Historical Association, for a contested case hearing. Those requests are made in good faith and I certainly applaud them for their effort. However, in this matter, whether we hold a contested case is within our discretion. We cannot abuse that discretion, but we have to exercise that discretion appropriately. In this instance, Idaho Code Section 58-122 says that we determine whether a contested case hearing would be of assistance to the Board in the exercise of its duties and authorities. Here, since that question is will it assist us, my view of this is that it will not assist us in our efforts and here's the reason why. We have heard from all of these respective groups. We've heard from the Idaho Conservation League. We've heard from the SIHA. We've heard from Advocates of the West. We've had many written comments from a variety of people. We've received all of that information; we already had that in this process. In taking a look at what this process has been, this is a matter that was submitted to the Director of the Department of Lands for his exercise of his authority; to the best of my knowledge they've applied the appropriate leasing procedures. The application for the lease was in December 2018, the property was offered for lease in December 2019, the advertising process was closed in January 2020, the lease was awarded in January 2020. We received comments in opposition after that lease was already offered and prepared. Now a year later, we've heard these comments. The question is would additional comments be of assistance to us? In my view, they would not be of assistance to us because they would simply be cumulative – we've already heard these comments. I am not saying they're not important, but I am saying most of them as I have seen them have been contrary to fulfilling our constitutional duty to obtain the maximum long-term return. Based upon that, essentially what they're saying is that the values and viewshed of the SNRA would be diminished; they're saying that there would be a negative effect to the Idaho Dark Sky Reserve; they've also suggested alternatives including a co-location with Custer Tel. All of those things have been considered. I do not believe that repetition of that information would be of assistance to us. From my perspective, having a contested case proceeding would not assist us in fulfilling our duties. I am interested if other members have other ideas or thoughts. I am certainly willing to hear them. The most important thing is a contested case is not intended to be a public comment process; we've already engaged in the public comment process. A contested case is intended to end up in an order. That is not a helpful process to us. We've already received the public comments, repeating that will not get us any closer to the end of this process. It won't give us any new insight because we've already received all that. Our constitution provides that we offer lands for disposition via a public auction, that public auction has occurred. Therefore, in my view, I don't think receiving additional information or a repetition of this information would be of assistance. I am interested what other Board members may have to say.

Board Action: A motion was made by Attorney General Wasden that the Land Board, in the exercise of discretion given to the Land Board by Article IX Section 8 of the Idaho Constitution and Idaho Code § 58-122, deny the requests for a contested case hearing made by the Idaho Conservation League and Sawtooth Interpretive and Historical Association dated October 22, 2020 and October 24, 2020, respectively. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

Information

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

7. Payette Endowment Lands Strategy – Written Proposal – Presented by Ryan Montoya, Bureau Chief-Real Estate Services

[Editor's note: The Discussion portion of this item is written in first-person format. This is not a verbatim transcript.]

Discussion:

Ryan Montoya: First, I would like to thank Department staff for the time and commitment to get this strategy before the Land Board today. This morning I am presenting the draft written Payette Endowment Lands Strategy. I will provide a quick background and then provide some additional details of the strategy. Part of that will be pointing attention to some of the pages of the strategy itself. At the Land Board meeting on June 16, 2020, the Land Board directed the Department to prepare a plan for management of endowment lands in the vicinity of the City of McCall. At the November 17, 2020 meeting the Department presented a concept of the strategy with the written strategy to follow. The written strategy aligns with the presentation last month. It seems like there may be some misinformation or misunderstandings of the Department and what this strategy is. There has been continued reference to 28,000 acres. That number is tied to a proposal that we heard last month from a third party, not the Department. Also, I have received feedback that some people have read this plan and interpret it as a disposition or development plan. I have also read that this plan will outline the agency's preferred outcome. This strategy is a management plan for the approximate 5,500 acres of endowment land in McCall's area of impact. The strategy outlines how the Department will implement endowment land management within the area of impact for the next 20 years. The property outside of the area of impact will be managed through other Land Board-approved plans including the Statement of Investment Policy, Asset Management Plan, Strategic Reinvestment Plan, and the Forest Asset Management Plan. Those plans can be found on the Department's website. This plan is a strategy that explains a situation that the Department is in and actions for potential resolution. The Department has identified concerns it needs to address. Without action, there will continue to be a need to seek opportunities to maximize revenue through revenue-producing activities. As I have explained in previous meetings, there is a gap between revenue and value for certain lands around McCall. One way to explain this is to look at a parcel of endowment land in an isolated area of St. Maries, Idaho. That parcel is valued as timberland. The activity is timberland management and the associated revenue is commensurate as timberland. Accordingly there would be no financial revenue gap. Now, take a parcel of land on the frontage of Payette Lake. The endowment land is timberland but has a value of 5 to 10 times the value of timberland and revenue that can be produced by that timberland. That parcel is considered to be underperforming and therefore has a gap, specifically in the revenue it could be producing. What this plan does is identify parcels the Department has recognized as having high value that should be evaluated to minimize the gap. The goal is to identify the gap and discuss a process to find revenue-producing activities for those lands. In certain situations the gap is large and others marginal. For example, in the Tier 4 properties. Each situation requires different actions, resources, and evaluation. There are many resolutions to the gap including repositioning of

lands, which includes land exchanges; disposition for reinvestment, which includes investment of the proceeds in financial assets or other land assets; and leasing. The Department is not saying that one is better than the other, or to dispose of the lands, only that something needs to happen. Each option depends on the situation of that property. For example, if there is no application or opportunities for revenue-producing activities over an extended period of time, the Department may propose a land exchange or disposition of a certain parcel. However, if there is a revenue-producing activity on that parcel, at the rate of return needed, there would be little reason to dispose of the property or take alternative action by the Department. The strategy seeks to guide land management and growth patterns influencing the Department's ability to implement traditional land management and take advantage of opportunities for higher revenue production. The strategy explores short-, mid-, and long-term time frames on certain properties. The strategy is intended to be an adaptive management plan that will be reviewed and updated regularly as community development, land use patterns, and market trends develop over time. While the Department may be the instrumentality of the Land Board, it is ultimately up to the Land Board to decide what is in the best interest of the endowment.

Attachment 1 is the written draft of the strategy. I will be turning to that in a second. Please note that the values provided in the strategy are only preliminary. The properties will need to have formal appraisals prior to any final value allocated to a certain property. Only three properties have had appraisals, which are parcel G, Shellworth Island, and Cougar Island. Otherwise these values are used for informational purposes only. If Land Board members could turn to page 8, this begins the tier designation. You will see certain classifications of the properties as well as management strategies for each of the tiered properties. You will notice that in Tier 1 these are planned lands that have a 1-5 year expected transition time frame. Part of the strategies for the Department includes working with third party advisors to develop preliminary site scenarios, performing preliminary and formal valuations of the property, as well as working with third party brokers to market the property within appropriate markets for leasing or sale of the properties. This is similar and goes through Tier 2 and Tier 3 properties, as well as the Tier 4 Transition not Planned properties. Turning to page 10, you will see that there is a table outlining what we're calling the transition lands matrix. This provides a baseline for us to evaluate certain properties against, on where they are in terms of having certain conditions for transition. You will see that some of these categories include a final plat, how they're zoned, whether they're current leasing, whether or not they are utilities, and so forth. Turning to page 12, this is where we start talking about individual parcels. You will see that these parcels are broken down into certain designated letters; parcels A through M is what we've designated the properties. For example, parcel A, which is the Deinhard commercial property. That's where our Payette Lakes area office is currently located. You will see within that table that there's certain elements within the designated categories: acreage, current asset class, current leasing activity, and then some financial evaluation. On this parcel there's current annual revenue of \$28,750, current estimated value of \$1.1 million, target rental rate based on a commercial use of 4-8%, target yearly revenue which would be \$69,000, which provides a revenue gap of roughly \$40,000. That's where we're talking about making up that gap and providing some sort of target for us to get to which is that yearly revenue gap. As I mentioned before, we have Tier 1 through Tier 4. On page 16 we talk about the Tier 4 properties. These properties are more northern on the area of impact. For example, parcel H, we have current annual revenue of \$48,000, with a target yearly revenue of \$62,000, which would be a gap of roughly \$13,000; the difference is not as drastic as a Tier 1 property. Page 14 is the implementation strategies. These are the actions the Department will

take for each property type. Appendix A is a more detailed property profile. We will be including in the Appendix a map that outlines the ownership. Many of these lands were acquired in different means. For example, land exchanges, the land grants – multiple different ownership endowments which means that there are different grants through time for ownership – and we also have in lieu land selections. We will be providing a map that shows those different designations of ownership. We understand that there has been public review of the strategy presented today. I would ask that those who are going to provide comment visit our website and a specific page that we have developed that has the plan as well as the presentation. This afternoon an updated strategy will be available for download as well as the presentation from November. Those documents are available for comment on our website. The updated strategy is merely formatting and other grammatical updates; the substance has not been materially changed. The Department has already received comments from several stakeholders; those comments will be added to the comments that will be accepted from the strategy web page. There will be an area on the webpage to provide comments. The Department will accept comments until February 12 that will be added to the record and included with the final strategy anticipated to be presented in March of 2021. You will see on the second page of the Land Board memo the anticipated schedule moving forward. Again, this is anticipated based on where we see the comments coming in from and determine whether or not there needs to be additional revisions to the strategy. The Department will be posting the written draft of this plan on its website for public comment. That concludes my presentation and I am happy to answer any questions.

Attorney General Wasden: Mr. Montoya, I just have done a quick calculation: Tier 1 Planned Transition on page 12, parcels A, K, and M totals about 38 acres give or take, and that's within the short range 1-5 years. I just want to confirm that is what we're talking about. Tier 2 is 5-10 years and about 130 acres give or take; Tier 3 which is 10-20 years looks like about 240-acre range. Am I reading that correctly?

Ryan Montoya: Yes, that's correct. We actually point out that there's roughly 390 acres that's affected in this plan.

Controller Woolf: I have several questions. Thank you to you and the Department for all of your work on this. At the first you mentioned this PELS plan only is reviewing 5,478 acres and not the other 23,000 acres in the whole Payette Lakes area. Can you expand on what you mean by that, and why this plan is only dealing with these 5,000 acres? And maybe a supplemental to the Attorney General's question of just the 300-plus acres.

Ryan Montoya: If you will turn to page 3 of the plan, under Roman numeral II – Planning Area, you will notice that the supervisory area manages 183,411 acres. Within there is 105,229 timber acres with the remaining 78,182 acres classified as non-timber. When we're managing these areas, we look at the whole management under a certain area office. As we have explained before, a majority of that ground is timberland. Coming back to that 28,000 acres that everybody's talking about – that number is only relevant because Trident keeps saying it. However, we're really talking about 183,000 acres that is under Payette Lakes area management. We're talking about areas that we see growth, and that growth being due to increasing populations around McCall, specifically within the area of impact. That's where we see the highest growth potential, where we can focus our efforts to try and plan accordingly. Additionally, many of those other areas that we are talking about outside of the area of impact

are classified and designated as timberland. Those will be managed under the other plans that we've talked about today. We don't see any other management regimes being applicable unless there's a specific application for a use within those areas. If there were an application within those areas, we would bring that to the Land Board after evaluation from the Department. What I am saying isn't that we will not look at applications or other opportunities in the area outside of the impact, but we would be changing the scope of this plan to account for 183,000 acres of a plan compared to a manageable area within the area of impact that we can see growth patterns and other uses besides just timber management.

Controller Woolf: On page 2, and a couple of other places – you also mentioned it in your presentation – you talked about a 20-year time horizon for this plan. Can you explain your thought process behind the 20-year plan; why not more or less?

Ryan Montoya: The reason for a 20-year plan is we wanted to identify parcels that span from immediately being right for some sort of transition to those that we see moving into the future. We didn't want to lock in a certain timeframe that would prohibit us from acting. The difficulty with a plan like this is that based on the constitutional mandate, we have to maximize revenue for the endowments which means that anytime the Department receives a proposal, it needs to evaluate that proposal, bring it forward to the Land Board if it has merit, and make a determination based on that proposal itself. We can make plans that go 50 years into the future, however it really depends on what the use and proposed application is for any one given parcel. That means that if we're saying that a parcel is only going to be looked at in 50 years, but tomorrow we get an application for a land exchange out there, or let's just say a commercial recreation activity for a zipline. We didn't foresee that coming and nor was it in the plan that this is going to happen in 50 years. What we've identified is to look at those parcels that we see in a growth area that we believe within 20 years the Department needs to focus on in order to maximize revenue and be ahead of the discussion, as opposed to being here where we are at today saying we need to do something. That is why we're looking at a 20-year spectrum where we see growth and also the alignment with other jurisdictional plans like the City of McCall's annexation plan and comprehensive plan and seeing where they're prioritizing the growth.

Controller Woolf: Staying on page 2, in the footnote, it talks about your review and what took place in Whitefish, Montana. You go on to talk about a comprehensive plan. Share your thoughts about the concern of having a comprehensive plan versus the plan you put together here.

Ryan Montoya: We did look at a comprehensive plan. Some of the Department staff made an alternate presentation regarding a comprehensive plan. When we started to look at the time that would be required, the necessity to hire additional experts, and the costs associated with that, we looked at that in context of how Montana performed theirs and what some of our constitutional differences are. Montana has a different set of rules and laws that it works within for its own management of the endowment lands, which have more impact from the public and other concerns. For us, we looked at that in the context of maximizing revenue and what type of properties that we're looking at. There were similarities between the plan Montana had for Whitefish and ours; however, we do have different mandates that we have to live within. When we looked at the comprehensive plan, we thought while that plan may be appropriate in a given set of circumstances it may not be in the best interest of the endowments in this situation where we have unique rules and laws that require us to auction off leases, and other constraints that are really driven to property by property opportunities. Let's just say we have White Pine Heights

that we've talked about which is off of Lick Creek Road. That is in an area that's timbered right now. We put out an RFP for that property because we're looking for opportunities and we get an RFP that's for a commercial use for a hotel, we get another that's for residential use, and we get another one for a high-end RV park. We have to take those plans and those applications and review them based on what the highest revenue is and other factors and present that to the Land Board. A plan that is comprehensive and says you can only do this activity on this ground, or this activity on this ground, can potentially limit the ability for the Land Board to act and make decisions that are in the best interest and produce the maximum revenue. If we went through a comprehensive plan and said this parcel is only used for residential because it aligns with the jurisdiction zoning of the City of McCall, that would limit other opportunities for us to seek higher revenue-producing opportunities. These challenges are a little distinct from other jurisdictions who can make decisions based on other parameters. I am not saying that we can't do that, I am just saying that for us to be able to act in a way that maximizes the revenue there has to be the flexibility on the ground to do so. There would be a potential conflict with a comprehensive plan that is very rigid that says this is only what you can do on these pieces of property.

Controller Woolf: You've talked in your presentation today about putting [the plan] on the website and seeking comment, and we have received quite a bit of stakeholder engagement and communication. Could you elaborate anything further...what are we working towards? On page 19, you have the implementation strategies for the different tiers. For example, on Tier 1 you have 1.3 to convene a stakeholder group to review proposed strategies and garner feedback for consistency with community vision within IDL's constitutional limitations and mandate. Maybe you could talk a little bit further and explain what the Department's plans are from the stakeholder engagements, those in McCall and Valley County, as well as those throughout Idaho.

Ryan Montoya: We've heard from the Land Board and staff the importance of engaging with the public. We have been engaging with the public regarding the presentation and this strategy, and we will continue to do so. That's why we have from this meeting until February 12th to take comment. The first phase of the stakeholder engagement...internally the Department has been discussing a focus group. The focus group would have multiple levels – one would be for educational purposes to discuss our endowment missions and some of the rules and policies that we work within. The other part of the stakeholder group would be to have them review the plan and provide us with feedback on how they see the community needs and issues that we're dealing with and potential changes to the plan. That focus group would be a moderated focus group; we would have a Land Board agreed-upon moderator, Land Board staff, but also leaders in the community. We would like to have a broad range of involvement including NGO [non-governmental organization] groups, different agencies, other private owner leaders in the McCall industry, as well as potentially some of the local representatives of that community. If we could have the moderated group to review the plan that would be the first step, to get through this planning session and then see if there's any additional areas that we need to improve within the plan. The second phase is convening with stakeholder groups throughout this strategy – working with different interest groups that can help us champion these properties and these plans. Without any proposals, the Department, unless it's going to be on its own initiative to do some sort of activity on the ground, is really relying on proposals and applications from the community. We would be working with stakeholders to try to find where those opportunities are. We don't have that in a concrete decision at this point, but I see us having advisory groups that help us work through some of these properties and look for opportunities and discuss ways that the

Department may not be thinking of as best use but may look at other opportunities. For example, we've had discussions with certain interest groups who are positioning for potentially long-term conservation easements, wanting to discuss whether or not we can do conservation easements and what does that look like. So some of those ideas we need to talk about. If we can get support of the community and also the revenue to fill that gap and bring that to the Land Board for a potential solution, then that would be how we would see it as a benefit to the endowments, and that's how we're trying to work with stakeholders for that type of activity.

Controller Woolf: This is more philosophical and is maybe a follow up for what Governor Little asked last month. This is a plan for the Payette Lake area. You look at our thoughts or plans for Henry's Lake and Henry's Fork and Priest Lake, etc., the rest of our state endowment lands, do we have a plan going forward of how we can maximize the long-term revenue for all state endowment lands, not just McCall. I just want to know your thoughts and the Director's thoughts on that.

Ryan Montoya: The agency looked at having a plan that could be implemented and shared across the different areas within the state. Controller, you very pointedly asked a question that we've been asking ourselves during this whole planning process: how we can create a plan that we can use in multiple different areas that we're not having to redesign and retool each time. That was one of the decisions with the comp plan as well...if we're going to have a comp plan specific to McCall, does that really help us with decision making in Priest Lake. We've seen growth not only in Boise and McCall but areas in eastern Idaho that are having high-growth rates as well as in northern Idaho. We wanted to be efficient and effective with our strategy. That's why if you look at this strategy beyond page 11, the front end of it is applicable to our other lands; it's just you're changing an area office, you're changing some of the numbers regarding that management land, and recalculating it based on the current situation on that area. We see a plan like this being used in areas like Priest Lake and other areas around the state. With that I will turn it over to the Director to provide any additional comments to your question.

Director Miller: Thank you, Ryan, for your presentation. Ryan and his team have done a remarkable job with this strategy. This has been one with a great deal of complexity, making sure that we are looking at these lands and areas where we need to close that gap between the value of the lands and the income from those lands, in this case in particular in McCall, and come up with strategies and options for the Land Board to move forward with to help us close that gap and meet our constitutional mandate. Certainly the McCall lands are front and center; there's been a lot of attention; there's been a proposal for a pretty large-scale land trade which has generated a lot of concern and a lot of opinions. This is our opportunity to take a look at where we need to put our emphasis and make sure we are looking at these lands in a way we are coming up with solutions here to provide to the Land Board for consideration again to meet that mandate. We've got other areas of the state where, as Mr. Montoya mentioned, we could engage in a similar planning effort. This being the first plan can serve as a foundation and sort of a template for how we do this in other areas where we are seeing some similar problems, again where we need to try to find a way to close the gap between land values and income off of those lands. The public engagement and outreach are important as we move forward. We want to make sure we are meeting our mandate and we are getting this plan right and we are considering opinions from leaders and folks in the community. However, it is vitally important to me and the Department that we preserve the Land Board's decision-making authority and

remain compliant with our constitutional mandate. I do believe that this plan can be used as a foundation to assist us in other areas where we are seeing similar challenges.

Governor Little: You talked about platting and zoning. Have we got other places in the state where your division shows up at the planning and zoning meeting, and the platting, and sits there on the bench with other people that are doing developments?

Ryan Montoya: Yes, we do. We've done that through the Lot Solution process that was part of the cottage sites. We've done that up at Priest Lake, we've done that in McCall, and we've also done that in other jurisdictions including most recently in Elmore County when we had the alternative energy proposal. We met with the commissioners as well as P&Z. We've met with the City of McCall and planning and zoning when we've looked at annexation for White Pine and other parcels and shown them conceptual plans that we've worked through. We have gone through that process in different instances.

Governor Little: What if they tell you no?

Ryan Montoya: If they tell us no then we probably need to have a conversation with the Land Board to make sure that it's what the Land Board is wanting us to do to move forward in certain situations.

Governor Little: McCall is kind of our beta test model on how we handle the revenue gap and the transition lands. I think the big issues are the revenue gap in those transition lands and then what we decide to put together as a model for perhaps better public input. Do you think that we can vet a model for better input in what we do on transition lands by February; is that enough time?

Ryan Montoya: Are you asking as part of this plan, or are you referring to all transition lands in general and the public participation for transition lands in general, or is it specific to this plan?

Governor Little: Kind of all of the above. As I said, if McCall is the beta test model on how we address areas where we have a significant gap, that we shouldn't set policy here in a vacuum. I think it's fair for other stakeholders around the state to say we did this special deal for McCall because it's a big area, why won't you do it for us? Whether it is addressing the gap or a model for input, it looks to me like you're kind of proposing, and maybe I don't have this correct, that we set an example of how we do this in McCall with the expectation that if there's other areas where there's transition lands and a revenue gap, we make it applicable there. We've got to think about those other areas.

Ryan Montoya: Yes, that is fair, and if we were looking at this in totality for the entire state and a comprehensive strategy for stakeholder input, I don't believe the two months would be adequate. We would need to work towards a more in depth and vast scale of who we're looking at in those certain communities to make sure that we're not missing certain stakeholders, which may be different from McCall. The idea with what we're looking at in McCall was more of a tiered approach where we would start off with a focus group to look at the plan individually to make sure that we weren't missing anything with how we were evaluating the plan. Then when we get into the property discussion itself, once the Land Board has approved the strategy, to then have a different stakeholder group that would effectively help us with evaluating the different uses on those grounds. That would be different in my mind than what you're talking about.

Governor Little: Have we got applications on either Deinhard or White Pine right now? I know we've got applications on Shellworth and Cougar, but do we have applications on that commercial and those residential blocks?

Ryan Montoya: We do not have any active applications on Deinhard. There have been applications in the past submitted on White Pine for commercial recreation purposes; that is a different topic. Not for Deinhard; we have in the past for White Pine.

Governor Little: But we do have applications for Cougar and Shellworth.

Ryan Montoya: Shellworth currently has a cottage site on it that is leased; the lessee is currently the occupant. I believe that their lease extends until the end of the cottage site lease cycle which is 2024. On Cougar, we also have a lessee. We were working with that lessee to bring that property to sale as part of the cottage site sale process which has been approved. There was a window that was missed. The lessee still has applied, and we are working through that currently to determine how we're going to process that application.

Governor Little: If first thing we do is place this where we have legitimate applications, that might change your Tier 1 a little bit because we do have applications.

Ryan Montoya: Yes, that would definitely change the way that we categorize that property.

Governor Little: This is part of the discussion that is in the [last month's] minutes that we approved, and I still have a hard time getting my head around the fact that the previous Board basically made the determination to get out of residential cabin sites, to get out of commercial property, and I know there's a definitional issue of whether leasing the land for the commercial or the residential is different than being in the commercial and residential; I have a hard time drawing that dark line that the Land Board's direction was to get out of commercial property and residential property and it's a little bit in the gray area to me that taking a piece of ground and doing all of the work and making it available for residential and commercial isn't being in the residential and commercial. That's one of my fundamental problems, particularly to Tier 1 projects that we're talking about.

Ryan Montoya: The Department is not proposing residential or commercial leasing. And I believe last time you said if it walks like a duck..., right. I truly understand that. Ultimately it is the Land Board's decision how far the Department goes within some of those activities. Some of the proposals that we've explained, for example going through an annexation and rezone process for residential purposes, that looks a lot like we're prepping it for residential use and probably would fall under any other definition for residential. However, the activity that we would be doing is adding value to the property for potential transition. If the Land Board wanted to get back into cottage site leasing or we want to make land available for people to put an improvement on this ground for commercial or residential purposes and directed the Department to do that, then we would certainly look at doing that and start implementing that policy and plan, just the same way that we were instructed to dispose of the cottage sites. We look at opportunities to maximize revenue through value-add situations where we can do that in a way that we believe doesn't limit the Department to having to exercise practices that have been avoided in the past like residential leasing. For us to go and meet with the city and pre-fly a potential residential development where we can then provide a conceptual plan that's been improved and effectively entitled, that adds value where we can then say that we've increased the revenue and the

potential for monetizing that asset. That's really what we're looking at as opposed to going through a process to prep, install utilities, develop the roads, and go through that process where we are then acting like the developer and going in and making the site improvements itself.

Governor Little: If you would humor me...to my way of thinking, if you go in and negotiate with the city on what the conditions are going to be on a piece of property, some future possible buyer, somebody that came in and applied for it, might not be very excited about the limitations we put on the property that they might buy. Let's do a little exercise in that, and maybe even get some outside people to look at it. If I recall, Callan, when they were looking at the commercial property, made a recommendation to the Board that we just didn't have enough critical mass to be fast enough on our feet to compete with the commercial market in Boise. That's what's ringing in the back of my mind in this particular instance where we're given the commercial business; we may not be getting into it, but we're getting awful close to the edge as you alluded to. I worry if we get into the zoning process and then we preclude some opportunity to some future person that might add more value and they might bid more...we don't have time to do that today, but that would be a good exercise.

Ryan Montoya: Understood; thank you, Governor.

Secretary Denney: The Governor made some very good points and got me to thinking; if we're missing our target income by \$2 million on an annual basis, how can we justify stretching this process out for 10 or 20 years, or not considering a proposal like the one that we have from Trident, if the money were right?

Ryan Montoya: The Department works in a special box. That box is surrounded by the constitution and the statutes. We can change those, potentially, if we go through the legislative process, etc. Let's say today we're living in a world that we just live in that box. There is a revenue gap like we've alluded to within this document as you correctly point out. What we're identifying is the obvious. Obviously, there's growth in McCall; obviously there's certain properties that have higher value and that are highly desired and highly desirable. What we are saying is that if we had a crystal ball, we would say there is going to be growth in these areas, and this is where we should focus our attention to be able to transition these lands into producing higher revenue. When we do that, we're acting unilaterally based on what the Land Board has directed us to do. Compare that with the situation where Trident is involved; they come to the Department, they go to your offices, and they make a proposal based on 28,000 acres. Now, they are doing that without solicitation from the Department. We haven't received an application, so it is hard for us to evaluate. We don't know what lands that they potentially have to trade. We're trying to look at the situation as there are this many applications on these lands and how can we process those applications. Without an application, without any other information, we're trying to make the best use of that ground which in the past has been timber management. With the growth, learning that there's a need both on the private side – people who would like to own the property – and on the other side who want to conserve the property. We're saying we're in a situation where we have to make money. Unless there's an opportunity to make money, or unless there's some direction from the Land Board to unilaterally act, which is to dispose or go find a land exchange or go get out of the ground or do something, we are waiting for people to apply for these grounds. We aren't out there saying we have 28,000 acres or we have 51,000 acres or we have "X" acres, someone please come to us from anywhere in the world and use those or exchange those or come up with an idea. What we're trying to say is we

have a problem, we're trying to have bite size pieces of this elephant to try and logically progress through the growth where we see that we can maximize our efforts on grounds that we know will be valuable in the future in certain timeframes. A lot of the ground that we're talking about outside of the area of impact doesn't have access, it doesn't have utilities, it's in areas that are very hard to get through. I have no idea what someone would want to do out there. Someone may have an idea for ziplines, for snowmobiles, and that's great. They can come to us. Every time they come to us, that minimizes that gap. We have 2.5 million acres of land in Idaho that we're trying to maximize every acre for. The reason why we're looking at it as 1 to 20 years, the comprehensive plan is for the City of McCall that shows growth patterns, that identifies the anticipated infrastructure that can handle the growth. That's what we're trying to model around. Otherwise at the Payette Lakes area office we've got to figure out something to do with on an acre by acre basis and that is a pretty difficult task.

Secretary Denney: I understand the political ramifications, but still I wonder about our fiduciary responsibility and whether we should even be concerned about what the City of McCall thinks in their impact area, if that fits into our fiduciary responsibility.

Ryan Montoya: You're one hundred percent correct. The reason why we look towards the City of McCall's comprehensive plan is because that's what the private industry is going to be working towards to adhere to. As the Governor mentioned, you can have a conditional use process that you can change the zoning, but for us to just guess what someone would want in those areas, we would be guessing all day long. What we've done is identified what the city and other local jurisdictions are putting in place for their population to grow as and saying okay this is a logical next step use. However, let's just say you have a residential area, but we get an application for a high-end RV park. We would take that to the Land Board and say here's the anticipated revenue on that property; it's not aligning with the zoning and the comp plan for the City of McCall – you're exempt from that zoning requirement – here's the revenue; do you accept the Department's recommendation to move forward on that based on the revenue. If the Land Board says yes, then we move forward with that. We're just trying to align with those different rules that the private side has to work in as a guiding barometer for us to act within.

Governor Little: Why did Callan recommend to the Board that they get out of commercial real estate because we didn't have expertise, and then we're talking about having expertise to run an RV park; what am I missing?

Ryan Montoya: The distinction there is the Department wouldn't be proposing to be the owner/operator of an RV park; it would be proposing the use of a ground lease. Ultimately, what the Department would be doing is leasing the ground to an RV park operator and getting certain revenue based on the conditions within that lease – a percentage of gross receipts or base land value. It would be similar to the situation at Tamarack. We're not running Tamarack; we're leasing the ground and Tamarack has its ski operations. The same principle would apply there. And the distinction is, if you remember Affordable Self-Storage, where we actually owned the business itself and ran it. We're not proposing to do that in the commercial area. We're just wanting to own the ground and rent that.

Governor Little: Affordable Storage was a triple-net lease where we had a lessee and all we did was clip a coupon. We got a check every month or every year, whatever it was, with somebody to operate it. Granted, we had the title not only to the ground but the buildings on top of it. The

only difference between Affordable Storage, and I was not on the Land Board when Affordable Storage was there, and I hate to pick that scab, but in essence, we owned the ground and the buildings on top of it with a triple-net lease with somebody that did everything. In this instance, you're talking about an RV park where we own the ground and we're doing the permitting for it. I just have a hard time drawing a hard line between those two things because, as you said quoting me, it kind of looks like a duck and quacks like a duck.

Ryan Montoya: Understood, Governor, and if we have a proposal in that nature we will want to discuss that with Land Board and walk through some of those gray areas to make sure that the decision by the Land Board to move forward with that type of proposal would be in its best interest and desires.

Governor Little: I totally agree with that. I think it's a great idea to put some meat on the bones...we spend so much time, you do, and we do, on public input into some of these decisions that are sometimes very difficult to make. I think we do want the local people involved, but I also think we need an education component. We almost need some outside people to look at it and say we've got to fulfill our trust responsibility of return; if you let every local group talk about every parcel of state land there'd be a natural tendency to say we just want that to be open space that we can all enjoy for our own benefit, and we lose that trust doctrine. I would ask the other Land Board members if maybe we ask the Department to put some meat on the bones of how we do this, not only with McCall in mind as our beta test model, but also looking at the whole state. I think there's great merit in that given a lot of things we have to do on this Land Board, and I would be interested in any other Board members' thoughts on that. *[lengthy pause]* Or maybe we won't do that.

Controller Woolf: Governor, you're not making a motion?

Governor Little: No, this goes to the issue...if you look at the very beginning of Ryan's proposal, it talked about our June [16th] Land Board meeting. The request from us to the Department was look at this proposal and come back to this. Subsequent to that, we've had multiple meetings where we've had input from the public, and we always come this tipping point of how we maximize our constitutional responsibility and our trust responsibility with basically being good neighbors; I think that's the issue. Sometimes we do it at our Land Board meetings and sometimes we don't. Given the residential aspect, the commercial aspect, this is one that we ought to try and develop a public input plan that takes into account our trust responsibility...or we can do like we've always done and say the door is open, come in and apply to buy it.

Controller Woolf: My thoughts on that are...it kind of alludes to my question of what a stakeholder engagement was for all of this. I think my mindset is being collaborative. At the end of the day, our beneficiaries have to win. I think there are opportunities where we can have win-win situations. With that, I think being able to hear the input from stakeholders and have some type of engagement is beneficial. At the end of the day, it's an opportunity that we make sure still that our constitutional mandate is the first and foremost. That is where I stand.

Attorney General Wasden: I am not sure we can resolve that issue today. First of all, this matter is on the informational agenda; it's not an action item therefore we can't take that kind of action. Second, the overarching responsibility we have is to obtain the maximum long-term financial return. I understand the issues of good neighbor and I think we can work with folks, but again it

is our constitutional responsibility that outweighs everything else, including previous statements by previous Boards, and all the rest of it. It is based upon the facts we have in front of us: what is in the best interest of the beneficiaries. That essentially is a case by case approach. I don't know that we are here today setting a precedent as to how we have to deal with things. I think we always have to be cognizant of that, but I am not sure we can resolve that here today.

Governor Little: Well, my interpretation of the information item we have is we've got a report back from the Department based on our request to the Department to give us a timeline of what they want to do. I assume, and Ryan and Dustin can respond to this, that they want some indication from us whether we think their proposal should go on as it was drafted and as Ryan explained it.

Ryan Montoya: Through this whole process our intention has been to get to a plan that the Land Board believes is in the best interest of the endowment. We are always open to the Land Board's feedback. This isn't an action item; it is an information item. I would defer to legal counsel on what can and can't be decided during the meeting. We want to make sure that the Land Board stands behind this plan. We want to have the ability to move forward with the Land Board's support, so if there is additional direction or information that the Department needs to consider from the Land Board, it is always open and welcome to that feedback.

Director Miller: To add onto what Ryan has said, we've been working through this process and building this out in close dialogue with each individual Land Board staff member, having conversations, making sure we are on the right track in developing this strategy and now the draft plan. We certainly want to continue operating in a fashion where, as always, we're transparent, we're not building this plan in a vacuum, and we are engaged with people in dialogue. I appreciate the Attorney General's reminder of our focus on the beneficiaries and our constitutional obligation. It is our intent to continue to be transparent and work through this planning strategy in the appropriate fashion. I appreciate the work and the advice of Land Board staff members as we've gone through this process. As Ryan has indicated, input from the Land Board at any time is always welcome.

Executive Session

None

Prior to adjournment, Superintendent Ybarra remarked that the celebration around the endowment check is a big deal for the Department of Education every year and is actually referred to as the "big check celebration." Even though the big celebration with the school choir could not be held this year, Superintendent Ybarra expressed tremendous gratitude on behalf of every educator in the state of Idaho, for all of the hard work on behalf of Idaho's schools for the Public School Endowment check.

There being no further business before the Land Board, at 11:02 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.

STATE BOARD OF LAND COMMISSIONERS

January 19, 2021

Regular Agenda

Subject

Request approval to proceed with due diligence for the Eastern Idaho Regional Solid Waste District Land Exchange.

Question Presented

Shall the Land Board authorize the Department to proceed with due diligence for the proposed land exchange?

Background

The Idaho Department of Lands (Department) was first contacted by the Eastern Idaho Regional Solid Waste District (Proponent) on October 23, 2019. The Department received an application (Attachment 1) for a land exchange from the Proponent in December 2020. The Proponent is proposing an exchange of approximately 1,200 acres of land that it is under contract to purchase, depicted with a blue outline and cross hatching (Attachments 2 and 3). That land would be exchanged for 1,200 acres of endowment land located 18 miles to the northeast, depicted with a red outline and cross hatching (Attachments 2 and 4). If the exchange is completed, the Proponent will build a regional landfill that will serve Madison, Fremont, Clark, and Jefferson counties. Area staff and IDL leadership have reviewed the proposal and believe it warrants further formal evaluation via the due diligence process.

Both the endowment land and the Proponent's land are located in Madison County. The Proponent's land is adjacent to existing endowment land and would consolidate endowment land.

Discussion

This proposed land exchange would increase the annual revenue to the endowments and would add to an existing block of 12,300 acres of endowment land.

Specific benefits of the exchange to the endowment 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 exchange will be higher based on an increase of annual revenue to the Public School Endowment.
- Real Estate Contribution Value: The Proponent is open to contributing 200 additional acres to the Public School Endowment, estimated at \$413,000.

- Lease Revenues: The Proponent anticipates continuing the existing lease on the endowment land with the lessee and would be willing to direct these annual revenues to the Public School Endowment for a fixed term.
- Conservation Reserve Program (CRP) Revenues: A portion of the Proponent's land is currently under the federal CRP and generates \$33,300 annually. Upon completion of the exchange, the Public School Endowment will receive the income during the remaining term of the CRP lease.

The Department has received letters of recommendation from Madison County Commissioners, Fremont County Commissioners, Teton County Commissioners, Eastern Idaho Public Health, and Idaho Department of Environmental Quality (Attachment 5).

Upon Land Board approval, the next steps for the land exchange would be for the Department to perform due diligence consistent with the following (also listed in Attachment 6):

- Order a preliminary title report to review the legal descriptions and the current exceptions to title on the properties.
- Review the Phase 1 Environmental Site Assessment provided by the Proponent.
- Verify that the Proponent's property has legal access.
- Review the existence of any endangered species at the Proponent's property. The presence of threatened/endangered species can significantly reduce the value of the Proponent's property.
- A real estate appraisal will be completed by a Member of the Appraisal Institute (MAI) appraiser to determine the market value for both properties. Appraisals will be reviewed by a second MAI appraiser to verify the report meets Uniform Standards of Professional Appraisal Practice (USPAP).
- A Land Board approved farmland advisor will review the reports and make a recommendation to approve or deny the exchange.
- Review the record of survey provided by the Proponent.

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

Recommendation

Direct the Department to proceed with due diligence for the Eastern Idaho Regional Solid Waste District land exchange proposal.

Board Action

Attachments

1. Eastern Idaho Regional Solid Waste District Application
2. Proposed Land and Endowment Land Map
3. Proposed Land for Exchange Map
4. Existing Endowment Land Map
5. Letters of Recommendation
6. Due Diligence Checklist



EXCHANGE APPLICATION

Land exchange process is used by Idaho Department of Lands to evaluate land exchange proposals for Endowment Lands. Please provide all information to ensure that the Exchange Application is complete.

Exchange Application Instructions:

- Meet with the appropriate Area Manager prior to filing a Exchange Application (See list of Area Offices on Page 3)
 - Submit a completed Exchange Application and \$1,000 Application Fee to the appropriate Supervisory Area Office
- Note: Please read Exchange Application Information carefully for additional terms and conditions prior to filing

Exchange Application Fee: \$1,000.00 (Nonrefundable)

APPLICANT DATA: The full legal name of the Applicant or the business entity name on file with the Idaho Secretary of State. Certificate of Good Standing must be provided for all business entities.

Applicant or Business Name: Eastern Idaho Regional Solid Waste District (EIRSWD)	Contact Name: Jon Weber and Darby Pozenel
Street Address: 530 Airport Rd.	Position or Title: District President, Solid Waste Administrator Mailing Address (if different from Street Address): 530 Airport Rd.
City: Rexburg	PO Box (if applicable) NA
State: ID	Zip +4: 83440
Email Address(es): dpozenel@co.madison.id.us	Work Phone: 208-356-3102
Website Address(es): www.co.madison.id.us/departments/solid-waste Fax: 208-356-3193	Cell/Mobile: 208-716-5724 Home Phone: NA

The applicant must provide the following information:

- Describe and list Idaho Department of Lands parcels and Applicant's parcels on Attachment A.
- Provide maps showing or portraying the IDL and Applicant's parcels listed on Attachment A.

I hereby certify that I am the Applicant or the Authorized Representative of the Applicant and that the information contained in the Exchange Application is true and correct to the best of my knowledge, and acknowledge that falsification of any information contained herein, or provided herewith, will be grounds for rejection of the Exchange Application and forfeiture of any fees paid.

Jon O Weber
Signature

12/9/20
Date

Jon Weber
Print/Type Name

District Chairman and Madison County
Commissioner
Title (if applicable)

IDL Staff Use Only

Instrument # _____ Project # _____ \$ _____ TC: 104 PCA: 11487 Subsidiary: 3204750

SUPERVISORY AREA

- ☐ Exchange Application Reviewed
☐ Exchange Application for Submittal
☐ Exchange Application Denied

OPERATIONS CHIEF

- ☐ Exchange Application Reviewed
☐ Exchange Application Authorized for Submittal
☐ Exchange Application Denied

Area Manager _____ Date _____

Operations Chief _____ Date _____

Attach III Exchange Application

EXCHANGE APPLICATION TERMS AND CONDITIONS

(Please read carefully before completing)

IMPORTANT CONSIDERATIONS:

All endowment land transactions must be in accordance with the Idaho Department of Lands (IDL) mandate to assure the highest and best use of the land and to act in the best interest of the endowments.

Endowment land exchange is subject to the following Idaho Constitution or statutory reference:

1. Idaho Constitution - Article IX, Sections 8 and 10
2. Idaho Admissions Act - Section 5 (b)
3. Idaho Code Sections 58-104 (8), 58-138, 58-505

Submission of this application does not guarantee that the land will be exchanged. The Land Board or Director may determine that a land exchange would not be in the best interest of the endowments at any point prior to the execution of a Final Land Exchange Agreement; at which point the application would be denied.

Prior to filing an Exchange Application, the applicant is required to schedule a pre-application meeting with the Area Supervisor in the appropriate area. See list of area offices on Page 3 of the Exchange Application.

TRANSACTION COSTS BORNE BY THE APPLICANT

1. Exchange Application Fee: \$1,000.00 The Exchange Application Fee is nonrefundable.
2. Transaction costs such as appraisal, survey, or Phase 1 Environmental Site Assessment (ESA) necessary to exchange properties are generally borne by the applicant but may be negotiated subject to Asset Management Steering Committee direction.
3. All endowment land will be appraised as though with all purpose legal access.

APPLICATION PROCESS

Each Exchange Application is reviewed on a case by case basis. Evaluation of the application includes but is not limited to an analysis of: income potential to the endowment; proposed use; impact to adjacent endowment lands, access, proximity to existing development; parcel size; and conformance with local regulations are taken into consideration when evaluating the merits of each application.

Endowment lands shall be exchanged only after completion of a comprehensive staff evaluation and an agreement to initiate has been executed; a formal appraisal has been prepared and accepted; a satisfactory exchange package has been negotiated between IDL and the applicant; receipt of State Land Board approval and completion of a Land Exchange Agreement has been executed.

The Department will strive to process Exchange Applications through close of escrow within 6 months after an Agreement to Initiate the Exchange has been executed. However, the time frame will vary depending on the complexity of the exchange transaction and Department priorities as defined by the Asset Management Plan and the Land Board.

IDL Property

Parcel	Twp	Rge	Section	County Parcel No.	Acres	County	Type of Land (forest, range, agriculture, commercial, residential)	Name and street address of adjacent property owners	Fund (IDL Staff)
A				RP06N42E30ST00	425.406	Madison	Agriculture		
B				SC06N42E293001	79.125	Madison	Agriculture		
C				SC06N42E295401	39.561	Madison	Agriculture		
D				SC06N42E290601	237.419	Madison	Agriculture		
E				SC06N42E290001	118.742	Madison	Agriculture		
F				SC06N42E297200	158.276	Madison	Agriculture		
G				RP06N42E310001	74.322	Madison	Agriculture		
H				RP06N42E324000	114.182	Madison	Agriculture		
I				SC06N42E326000	202.838	Madison	Agriculture		
J				SC06N42E322000	316.821	Madison	Agriculture		

Applicant's property interest offered for Exchange

- ☐ **Yes** ☐ **No** **Fee simple: surface plus subsurface**
☐ **Yes** ☐ **No** **Subsurface minerals only**
☐ **Yes** ☐ **No** **Surface only**
☐ **Yes** ☐ **No** **Other** _____

Current use:

A - J	Agriculture
-------	-------------

Provide additional information about parcels.

A	
---	--

Applicant's Property

Parcel	Twp	Rge	Section	Subdivision	Acres	County	County Parcel No.	Type of Land (forest, range, agriculture, commercial, residential)	Name and street address of adjacent property owners
A	05N	41E	35	NA	479	Madison	RP05N41E354801	Agriculture	
B	05N	41E	36	NA	80	Madison	RP05N41E362401	Agriculture	
C	05N	41E	36	NA	80	Madison	RP05N41E363601	Agriculture	
D	04N	41E	02	NA	161.9	Madison	RP04N41E020001	Agriculture	
E					120	Madison	RP05N41E350001	Agriculture	
F					80	Madison	RP05N41E347201	Agriculture	
G					80	Madison	RP05N41E349001	Agriculture	
H					80	Madison	RP05N41E268401	Agriculture	

Applicant's property interest offered for Exchange

☐ **Yes** ☐ No **Fee simple: surface plus subsurface**
☐ Yes ☐ No **Subsurface minerals only**
☐ Yes ☐ No **Surface only**
☐ Yes ☐ No **Other** _____

Current use and surrounding uses:

A	Agriculture
B	Agriculture
C	Agriculture
D	Agriculture
E	Agriculture
F	Agriculture
G	Agriculture
H	Agriculture

Are you willing to obtain any required land and/or mineral interest application at your expense? ☐ Yes ☐ No

Are you currently leasing the property for any use? ☐ Yes ☐ No

If yes, please describe lease. Yes, it is leased for agricultural purposes and has some acreage under the Federal CRP program. Annual revenues from these activities is approximately \$39,550 (\$33,300 CRP, \$6,250 agricultural lease).

Provide a complete listing of improvements/structures for the applicant's property.

Please see Attachment XX – Appraisal; Attachment XX – Phase 1 Environmental Site Assessment

Stone Residential Dwelling, Wooden Residential Dwelling, Wooden Barn, Workshop, Grain silo, Stone Chicken Coop, Collapsed Wooden Structure, 3 Fuel Cistern

Provide an estimated market value for the applicant's property.

Please see Attachment XX - Appraisal

The estimated market value of the Parkinson Lands is \$2,480,000.00.

Provide a complete listing of any dumps or other hazmat issues for the applicant's property.

Please see Attachment XX – Phase 1 Environmental Site Assessment

Old burn sites, old farm equipment, old fuel cisterns

NOTE: The District has taken proactive steps to remedy many of these issues such as removed some buildings, garbage, hazardous materials.

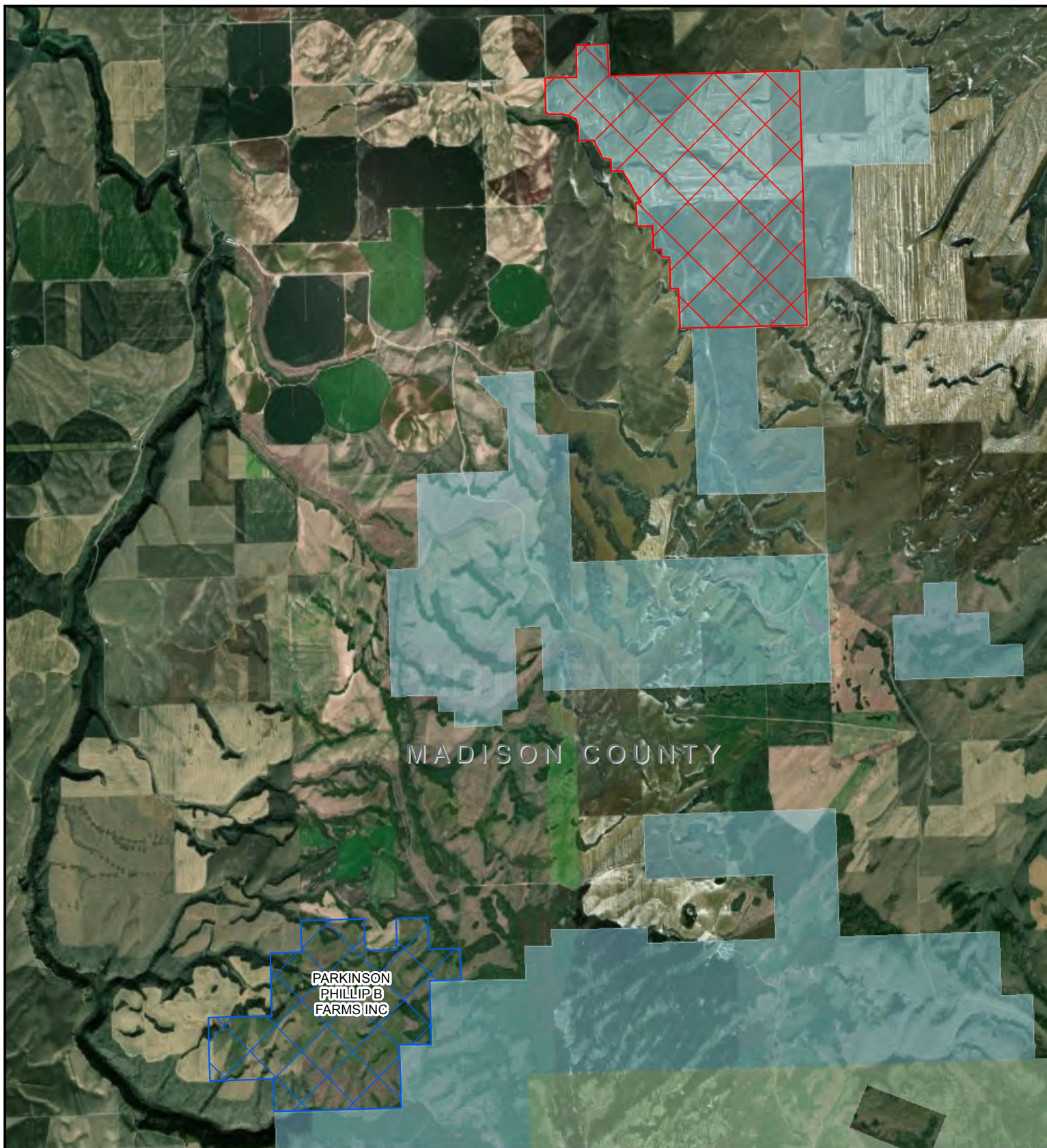
Provide a complete listing of any easements that affect the applicant's property title.

Does applicant's property have legal access? ☐ Yes ☐ No

If yes, please describe access Access is directly of Country Roads. There are multiple.

Does applicant's property have any water rights? ☐ Yes ☐ No

If yes, please list water right numbers that apply.



Eastern Idaho Regional Solid Waste District Land Exchange

-  IDL to Dispose
-  IDL to Acquire
-  State Endowment Land
-  US Forest Service
-  Private

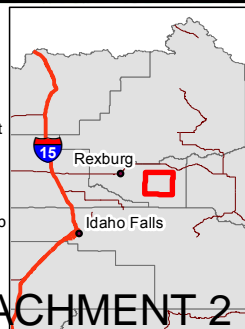
1/5/2021
Scale 1:65,049



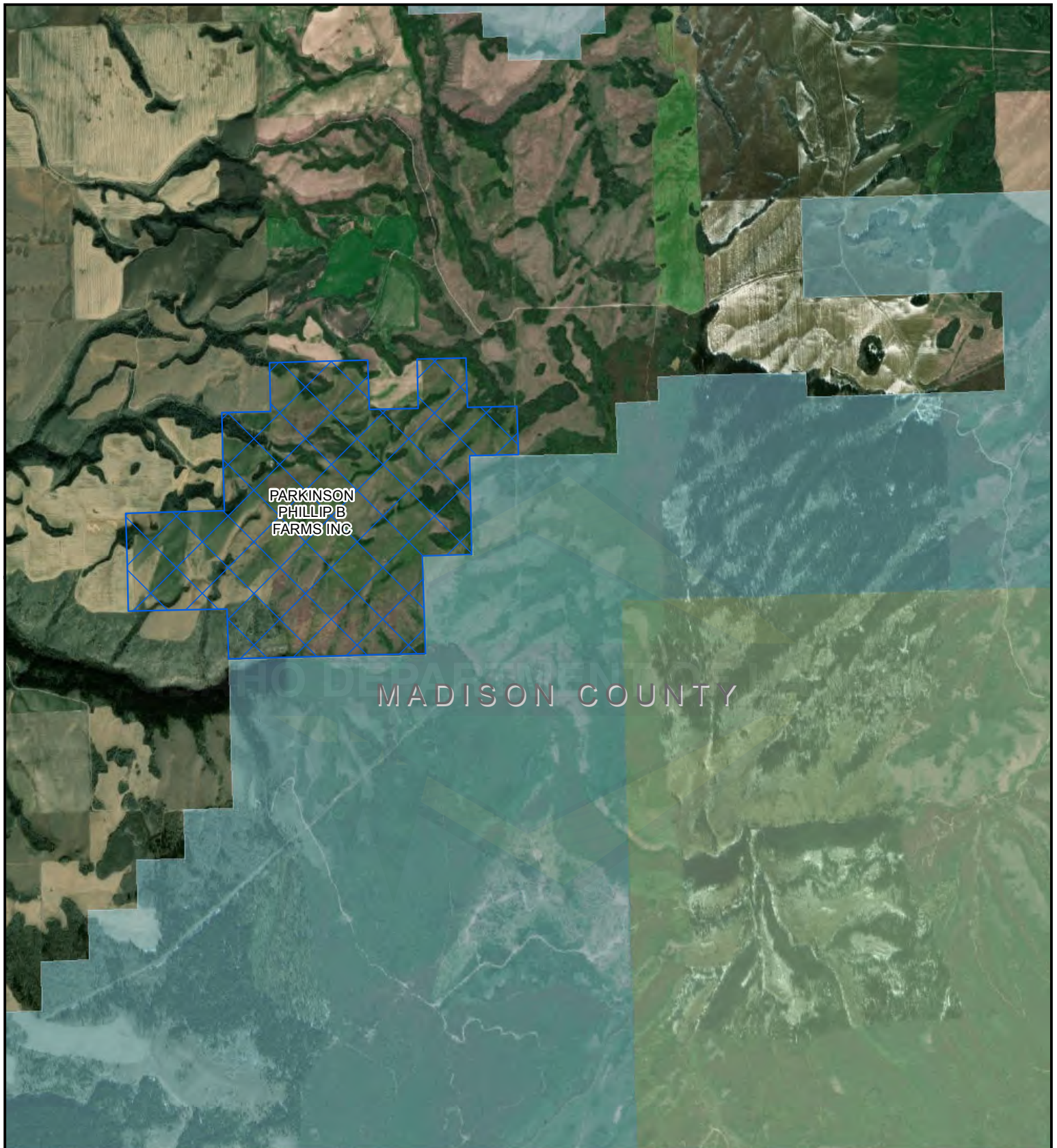
0 1 2 Miles

Disclaimer:
This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.





Map Author - kallen



ATTACHMENT 2



Eastern Idaho Regional Solid Waste District Land Exchange

-  IDL to Acquire
-  State Endowment Land
-  US Forest Service
-  Private

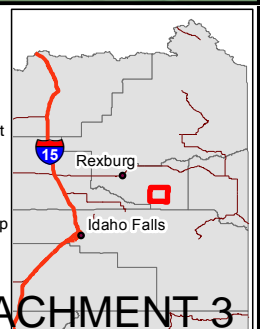
1/5/2021
Scale 1:41,958



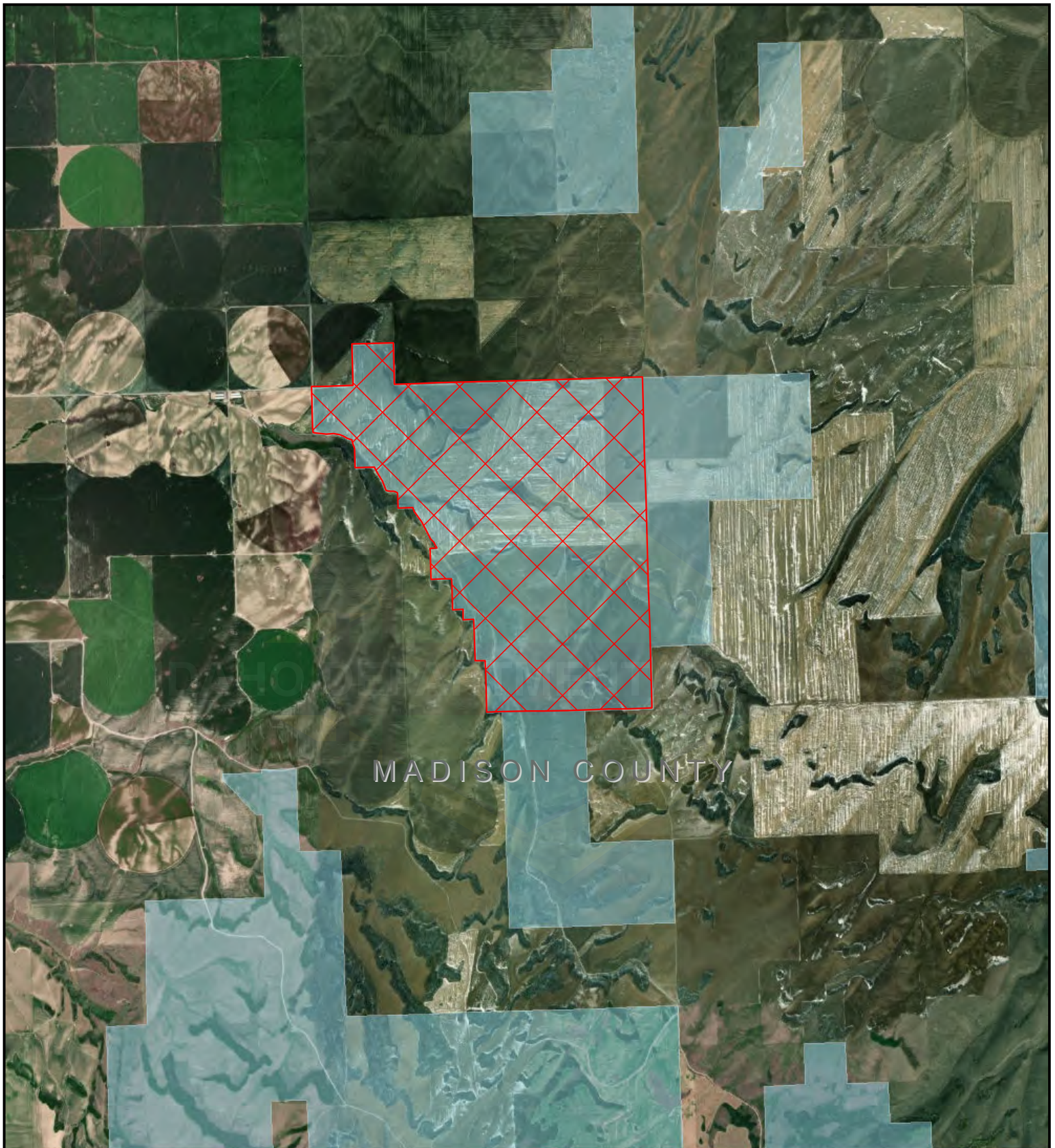
0 1 2 Miles

Disclaimer:
This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.

Map Author - kallen



ATTACHMENT 3



Eastern Idaho Regional Solid Waste District Land Exchange

1/5/2021

Scale 1:50,000



IDL to Dispose



State Endowment Land



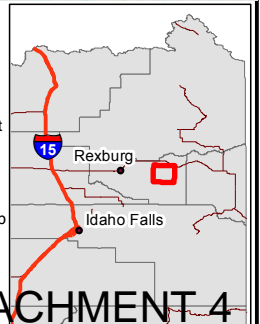
Private



0 1 2 Miles

Disclaimer:
This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.

Map Author - kallen



ATTACHMENT 4

Telephone (208) 359-6200
Fax (208) 356-8396



P.O. Box 389 / 134 E Main
Rexburg, ID 83440

December 17, 2020

To: Honorable State Land Board and Idaho Department of Lands (IDL)
From: Board of County Commissioners (BOCC), Madison County
Re: Eastern Idaho Regional Solid Waste District (EIRSWD and District) Land Exchange Letter of Support

As a founding member of the District and the host county for the exchange, the BOCC of Madison County is supportive of the proposed EIRSWD land exchange with the IDL and endorses the efforts of the District to establish a regional landfill service for the northeast Idaho region. We are appreciative of the Land Board's consideration of the proposal and look forward to working toward a successful exchange for all involved.

- **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 Parkinson Lands as agricultural land will be higher than the Endowment Lands since it is closer to an established road system, populated areas and is a more pristine location.
- **Real Estate Contribution Value:** The District is open to contributing 200 additional acres to IDL estimated at \$413,000.
- **Lease Revenues:** The District anticipates continuing the lease with the farmers and would be willing to have these annual revenues of approximately \$6,250 go to IDL for a fixed term. The IDL would have the ability to negotiate this lease in the future.
- **CRP Revenues:** A portion of the Parkinson Lands is currently under the federal CRP. \$33,300 in annual revenues are generated from this. Once the LEX is complete the IDL can anticipate continuing to receive these funds.
- **Block up Endowment Land:** Currently, the Endowment Land is an approximately 1,200-acre block that is surrounded by private land. The proponent's land (Parkinson Lands) will add 1,200 acres to a much larger block of land already adjacent to state endowment lands on both the south and east.

Additional considerations:

- **Ideal Location for Landfill Use:** The Endowment Lands are ideal for the District's intended use, that of a regional landfill. The topographical orientation of natural valleys on the Endowment Lands allow the landfill cells to build up and provide additional capacity to the District. The soil content is also ideal for reducing seepage.
- **Central Location:** The Endowment Lands are centrally located to the counties belonging to the EIRSWD. It falls in northeast Madison County. To the west is Jefferson County. To the east is Teton County. To the North are Fremont and Clark Counties. To the south is Bonneville County. This central location will provide efficiencies to the transport of waste to the site. The site is also further away from populated areas than the Parkinson Lands.
- **DEQ and DFG Support:** The District has conducted a physical site visit with the Department of Environmental Quality (DEQ) and the Department of Fish & Game (DFG). This also included digging necessary trenches to view soils and depths. It is staff's understanding that both the DEQ and DFR are supportive of this application for its regionalization efforts for Eastern Idaho citizens and Idaho's air, land and water resources (Letter of Recommendation – DEQ).
- **EIPH Support:** Eastern Idaho Public Health who is responsible for the daily operational inspection of landfills in the eight-county area is supportive of the District's proposal (Letter of Recommendation – EIPH).
- **Regional Taxpayer Benefit:** This project will directly benefit the taxpayers of Madison, Fremont, Clark, Teton, and Bonneville Counties by reducing land fill costs and consolidate services regionally. It will also provide a convenience and time saving element to taxpayers because of its centralized location.
- **Reclaim Site:** At the completion of each cell the EIRSWD will reclaim the land to equal to or better than current conditions. The land will be able to be leased for farming once it is reclaimed.
- **Counties Support:** The County commissioners of each county in the District are highly supportive of the LEX and the regional landfill.
- The land swap will provide a long-term solution to the region's solid waste needs for years to come.
- The District has contacted the neighboring property owners to identify any concerns. No concerns were identified.
- **County Tax Assessments:** As a result of the proposed exchange, there would be an estimated annual reduction of tax revenues to Madison County of \$6,000.
- The District has provided a legal description of the Parkinson Lands for staff to review (Legal Description).
- The District has completed a Phase 1 Environmental Site Assessment on the Parkinson Lands for staff to review the environmental history of the property. The report has identified actual and potential problems based on a review of historical documents, regulatory agency databases, and a physical on-site

investigation. The District has taken proactive steps to remediate issues mentioned in the report (Phase 1 Environmental Site Assessment).

- The District has conducted a real estate appraisal of the Parkinson Lands (Appraisal).
- The District has provided staff the record of survey of the Parkinson Lands (Record of Survey).

We appreciated the IDL and State Land Board's consideration of the land exchange proposal and would encourage the Board to be supportive of this long-term regional solution.

Sincerely,



Todd Smith
Madison County Commissioner



IDAHO DEPARTMENT OF LANDS



**Fremont County
Commission**

151 West 1st North
St. Anthony, ID 83445

DATE: December 21, 2020
To: Honorable Idaho State Land Board and Idaho Department of Lands
From: Fremont County Board of County Commissioners (BOCC)
Re: Eastern Idaho Regional Solid Waste District (EIRSWD) Land
Exchange Letter of Support

As a founding member of the EIRSWD who has been actively seeking to establish a regional solid waste solution for our county for many years, the BOCC of Fremont County would encourage the State Land Board to approve the proposed land exchange.

We understand the proposed land exchange will bring significant benefit to the state's endowment lands and Fremont County is committed to making sure this is the case. We also see that the proposed exchange will block up endowment lands with other adjacent endowment lands.

The County considers the proposed location as an ideal location for a landfill use for its central location, topographical orientation of natural valleys, soil content and environmental and regulatory considerations. The BOCC were on location when Department of Environmental Quality (DEQ) and the Department of Fish & Game (DFG) staff conducted a physical site visit. This included digging necessary trenches to view soils and depths. The County's understanding is that both the DEQ and DFR are supportive of this application for its regionalization efforts for Eastern Idaho citizens and Idaho's air, land and water resources.

We understand the State Land Board's prime directive of adding value to the endowment lands. The proposed exchange certainly adds value and will also be a significant regional solution to the areas solid waste needs. We appreciate your consideration of the District's land exchange proposal.

Sincerely,

LeRoy Miller, Chairman

Jordon Stoddard, Commissioner

Bill Baxter, Commissioner



12/30/2020

To: Idaho Department of Lands (IDL)
From: Teton County Board of County Commissioners (BOCC)
Re: Eastern Idaho Regional Solid Waste District (EIRSWD) Land Exchange
Letter of Support

Teton County is supportive of the proposed EIRSWD land exchange with the IDL and endorses the efforts of the District to establish a regional landfill service for the northeast Idaho region.

Teton County has been in communications with the District for many years now and is aware of its efforts to establish a regional solid waste facility in Madison County. Though not a member of the District at this time, Teton County applauds the efforts of the District and sees the central location, economies of scale and other positives as potential future benefits for our citizens. We also understand that the proposal adds value to the endowment lands of the state and is supported from an environmental and regulatory perspective by the State Departments of Environmental Quality, Fish & Game and Eastern Idaho Public Health District.

We appreciated the IDL and State Land Board's consideration of the land exchange proposal and would encourage the Board to be supportive of this long-term regional solution.

Sincerely,

A handwritten signature in black ink, reading "Cynthia J. Riegel".

Cindy Riegel
Teton Board of County Commissioner Chair

September 24, 2020

Josh Purkiss
Idaho Department of Lands
300 North 6th Street
Suite 103
Boise, ID 83702

RE: LETTER OF RECOMMENDATION

Dear Mr. Purkiss:


I am pleased to have been requested to write a Letter of Recommendation for the Eastern Idaho Regional Solid Waste Landfill. Eastern Idaho Public Health (EIPH) believes the regional landfill will be an asset to the counties that use the facility.

EIPH is responsible for daily operational inspections of landfills in the eight (8) counties in eastern Idaho. The cost of operating and maintaining a landfill is quite expensive and labor costs are high. With the collaborative effort of all the counties that take part in the Eastern Idaho Regional Solid Waste District (EIRSWD), sharing the costs will lessen the burden. This, in turn, will help the EIRSWD to have the funding required to meet all its regulatory requirements.

We believe the EIRSWD is committed to operating a state of the art landfill that will be protective to the environment and safely dispose of the waste generated by the public it serves. In addition, the proposed location (currently state lands) is a desirable location since it is centrally located to the four (4) main counties it will serve.

I am again pleased to write this letter for the EIRSWD. If you should have any questions, please contact me. My direct line is (208) 533-3127.

Sincerely,



Kellye Johnson, REHS
Environmental Health Administrator

CC: Geri Rackow, EIPH- District Director
Nathan Taylor, EIPH- EH Supervisor
Jon Weber, EIRSWD- President
Pat Brown, Idaho Department of Lands



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

1410 N Hilton Street, Boise, ID 83706
(208) 373-0502

Brad Little, Governor
Jess Byrne, Director

December 8, 2020

Subject: Regionalization and the Eastern Idaho Regional Solid Waste District

To Whom it may Concern:

The Idaho Department of Environmental Quality (DEQ), Solid Waste Program, supports efforts to regionalize solid waste services and disposal, especially in rural and less populated areas of the state. We support such efforts because greater resources can be brought to bear, resulting in better designed and operated facilities, more professional and dedicated solid waste facility staff and employees, and better environmental outcomes.

Regionalization opportunities are rare because it necessarily involves multiple counties to work together and share funds and resources. Opportunities are also limited because suitable solid waste disposal sites are difficult to locate due to logistical, public perception, and environmental factors. The Counties involved in the development of the Eastern Idaho Regional Solid Waste District appear to have made significant and difficult progress toward cooperatively managing a solid waste district and identifying a suitable location for a new regional facility.

DEQ hydrology and solid waste staff have visited the proposed facility location and, at the present time, without the benefit of full information that will be provided with a siting application, it appears to satisfy the siting conditions. It also appears to meet the various county's respective needs logistically, and the remote proposed facility location does not presently appear to be causing contentiousness or conflict.

The DEQ Solid Waste Program will continue to provide input and support for these regionalization efforts for the benefit of East Idaho citizens and for Idaho's air, land, and water resources. Please contact me if you have any questions regarding the benefits of regionalization and the importance of regionalization projects such as this.

Best regards,

A handwritten signature in blue ink, appearing to read "Matt Beeter".

Matthew Beeter
Solid Waste Program Manager
Idaho Department of Environmental Quality
(208) 373-0121

Due Diligence Checklist

“Due Diligence” is a broad term that business, real property professionals and real estate attorneys use. The term is used here to refer to the inspection and investigation of real property being considered for acquisition. Due diligence is conducted to assist the buyer in making an informed purchase decision. Items considered under due diligence vary with each property type. The following checklist is a reference used to identify documents and conditions that should be considered in the purchase of real property.

 Commitment for Title Insurance (All Properties). A commitment for title insurance (Preliminary Title Report) should be obtained soon after the Purchase Sale Agreement is executed. This document includes the legal description for the property and provides a list of all current exceptions to title on the property such as property owner, unpaid taxes, easements, options to purchase, judgments, mortgages, recorded liens, deed of trust, timber harvest rights, mineral rights, water rights. The title review process is used to determine the condition of the title to be transferred to the buyer at closing, as well as identifying any potential title problems.

 Phase One Environmental Site Assessment (Phase One ESA) (All Properties). The Phase One ESA provides the buyer an overview of the environmental condition and environmental history of the property. The report is intended to identify actual and potential problems (e.g. contamination by hazardous substances, leaking underground storage tanks, landfills, etc.) based primarily on a review of historical use documentation, regulatory agency databases and a physical on-site investigation. If environmental conditions or potential environmental conditions are discovered during the investigation, the report will generally recommend specific follow-up testing, remediation and/or studies. A Phase One ESA typically does not include specific inspections for asbestos, lead paint, mold, radon, or wetland delineation. The final report has four components including: Records Review; Site Reconnaissance; Interviews with present and past owners, operators, occupants of the property and local government officials; and a Narrative Report.

 Access (All Properties). Evaluate the adequacy of access and determine whether additional rights may be obtained as part of an exchange or purchase transaction at closing. There are five (5) access classifications:

- 1) **Public Use Access:** A permanent public access typically from a county road, state or Federal highway, which has an approved approach designated for the purpose of which the property is currently being used, or designated for its current zoning. Width of approach needs to be sufficient for the properties designated use.
- 2) **Full Legal Administrative Access:** A designated permanent easement specifically identified for access to property for all management activities and access is transferable.

- 3) **Limited Legal Administrative Access:** A designated temporary or permanent access limited for specific activities that would be non-transferable. (Such as Timber harvest, for maintenance access, irrigation.)
- 4) **Physical Access:** Properties where there is an existing road to or across the property, but no permanent legal access is recorded. The road may be designated on a county map. The existing road may be primitive, in poor condition, or currently unusable.
- 5) **No Access:** Property with no legal or physical access established or identified by a recorded document or a county map.

_____ **Utilities (All Properties).** Identify existing utility infrastructure located on or adjacent to property such as power, water/well, septic/sewer, phone, natural gas, hot water, solar, wind and if they are provided by city services or located on site. Identify the capacity of the utilities; are they major transmission facilities which would encumber future use or development of the property, or are they of a capacity which could enhance the property for future development

_____ **Production Data (All Properties).** Obtain production information associated with the property being considered for purchase. Examples of production data for some property types:

- 1) **Cropland.** Parcel acreage, farmable acres, non-farmable acres, commodities grown, yields, total production, price per unit, and crop rotation. If the property will be acquired subject to a lease; name of tenant, term of lease, and type of lease (i.e. cash or crop share).
- 2) **Timberland.** Total acreage; delineation of acreage used for commercial timber, plantation, non-commercial timberland, and non-stocked; estimated timber volumes by species (i.e. MBF), and mean annual increment (MAI).
- 3) **Rangeland.** Parcel acreage, animal unit months (AUM's) of forage, season of use.
- 4) **Commercial.** Property operating data including cash flow analysis, vacancy rates, operating costs, rent vs. market rent, existing leases and lease terms.

_____ **Mineral Rights (All Properties).** The terms "mineral lands," "mineral," "mineral deposits," "deposit," and "mineral right," as used herein is construed to mean and include all coal, oil, oil shale, gas, phosphate, sodium, asbestos, gold, silver, lead, zinc, copper, antimony, geothermal resources, salable minerals, and all other mineral lands, minerals or deposits of minerals of whatsoever kind or character. This includes "salable minerals," meaning a mineral substance that can be taken from the earth and that has a value in and of itself separate and apart from the earth. The potential of mineral lands should be evaluated on annual rental, the amount of royalty, the basis upon which the royalty shall be computed and such other details as necessary in the interest of the state.

Determine whether the property to be acquired excludes mineral rights. To the extent that the mineral rights have been severed from fee ownership, determine to what extent, if any, those severed rights affect the use and value of the property by the buyer. Prior to purchase, determine who owns the mineral rights and what the owner's intent is regarding use and development of the mineral estate.

_____ **Water Rights (All Properties).** The constitution and statutes of the state of Idaho declare all the waters of the state, when flowing in their natural channels, including the waters of all natural springs and lakes within the boundaries of the state, and ground waters of the state, to be public waters. A water right is the right to divert the public waters of the state of Idaho and put them to a beneficial use, in accordance with one's priority date. Beneficial uses include such uses as domestic use, irrigation, stock-watering, manufacturing, mining, hydropower, municipal use, aquaculture, recreation, fish and wildlife, among others. The amount of the water right is the amount of water put to beneficial use. Determine the scope and nature of any water rights related to the property. If a property is fully serviced by water and sewer utility service, water rights will not be an issue. If water rights for the property have been separated from the fee interest or come from an off-site source, the purchase and sale agreement must address the transfer of necessary rights to the buyer at closing. The Idaho Department of Water Resources maintains a website to research water rights within the state of Idaho.

_____ **Physical Improvements (All Properties).** Improvements include buildings, fences, ponds, spring developments, and real property fixtures that are permanently part of the land. Improvements are generally attached to, embedded in or permanently resting on the land and cannot be removed without substantially damaging an improvement or the real property with which it is being used. An inventory of physical improvements on the property and who owns or claims to own the improvements will be made prior to requesting an appraisal.

_____ **Approvals and Entitlements (All Properties).** Determine the regulatory status of proposed property, and if it is based on the type or types of uses currently being made of the land. Review the current zoning, potential zoning, areas of impact, proposed future growth, any restrictive covenants or proposed restrictions which would encumber the property and its utilization in its highest and best use. Confirm that the existing use of the property complies with applicable zoning, building and life safety codes. Determine which land use entitlements will be necessary for intended use of the property.

_____ **Personal Property (All Properties).** Identify within the Purchase Sale Agreement what personal or intangible property will be included in the purchase. For example, furniture, trade fixtures, equipment, sprinkler pipe, pumps, etc. that are necessary for the buyer's use of the property. Determine any third party security interest in any of the personal property. Assess the need to purchase or transfer permits or licenses required to operate the property or related equipment and fixtures (e.g. franchises, trademarks, patents, copyrights, liquor licenses, etc.)

_____ **Rights-of-Way (Easement) Impacts (All Properties).** Rights-of-way are temporary or permanent property rights that have been either granted or acquired, for roads, utilities, or public use access. These are often conveyed through an easement and may or may not be recorded. In addition to roads and utilities some more obscure examples include:

- 1.) Conservation easements – limits the amount and type of development that can occur on a property in order to preserve its productive capacity and open character while keeping the property in the landowner's ownership and control.
- 2.) Solar/Scenic easements – protect an owner's view shed or path of sunshine and generally restrict the height of building construction.
- 3.) Airspace easement – permits the area above the surface of property to permit an imposition upon such property from excessive noise, vibration, discomfort, inconvenience, etc. that consequently reduces market value. Generally used for airport impact areas but can also apply to bridges and walkways.
- 4.) Maintenance easement – permits an individual to cross onto the property of another for the purpose of maintaining something owned or controlled by the dominant estate owner, such as, irrigation ditches, canals, culverts, power lines, water lines, etc.

_____ **Endangered Species (All Properties).** The Endangered Species Act of 1973, as amended, is one of the most far-reaching wildlife conservation laws ever enacted by any nation. The presence of threatened/endangered or potentially threatened/endangered species may significantly restrict the development potential, other potential uses, and market value of a property.

_____ **Copies of all leases affecting the property (All Properties).** Review all leases having an effect on the future use of or income from the property. For state lands involved in an exchange, ensure a land exchange addendum is signed by the lessee.

_____ **Appraisals and Appraisal Review (All Properties).** A real estate appraisal is required for all property types to determine the market value for the property or property rights or interest being disposed or acquired. At a minimum the appraisal is prepared in compliance with the *Uniform Standards of Professional Appraisal Practice (USPAP)*. Appraisals will be independently reviewed by IDL or another appraiser to ensure compliance with USPAP and to determine the adequacy and appropriateness of the report.

_____ **Property Boundary Survey (Optional).** Obtain copies of recorded Records of Survey for the property, if available. If a survey is necessary it should be initiated immediately after the Purchase and Sale Agreement has been executed to allow time to address any potential title problems identified by the survey prior to closing.

_____ **Timber Rights (Timberland).** Determine who has the legal right to harvest the timber on a parcel of land. A seller of forestland can choose to include or exclude timber rights as part of a fee ownership sale. Such rights can be severed for a specific period of time or permanently transferred.

_____ **Timber Cruise/Harvest/Road analysis and Check Cruise (Timberland).** Forested properties with merchantable timber being considered for acquisition will require a timber cruise to determine the quality and quantity of harvestable timber. The cruise will identify tree species and measurements within each plot. Sufficient plots must be

measured to obtain a statistically reliable sample for estimated gross volume, defect, piece size, general stand information, net merchantable volume, etc.

 Conservation Reserve Program (Agriculture/Timberland). Determine if the property is eligible for and currently enrolled in a variety of farm and agriculture programs. What is the impact in ownership change to enrollment eligibility? There are currently five (5) areas which can receive payment, including:

- 1) Wildlife Habitat Incentives (WHIP)
- 2) Wetland Reserve Program (WRP)
- 3) Forestry Incentive Program (FIP)
- 4) Farmland Protection Program (FPP)
- 5) Environmental Quality Incentives Program (EQIP)

 Architecture/Engineering Analysis (Properties with Buildings). Acquisition of properties with business related structures requires an analysis by architectural and engineering professionals to determine the condition of the building and identify any potential problem areas, such as deferred maintenance and necessary repairs. Such analysis will typically consider, but is not limited to an analysis of: structural integrity; roof, electrical, plumbing and HVAC systems age and condition; Americans with Disabilities Act (ADA), fire and safety code compliance; general service and maintenance logs; parking area requirements and surface age and condition; review of Phase One Environmental Site Assessment; and testing for asbestos, lead paint, or mold issues. If work is performed on improvements prior to closing, obtain copies of any design and construction drawings and contracts and determine whether the seller's rights under those contracts are assignable to the buyer. Ensure proper lien waivers have been obtained by the seller for work performed prior to closing.

IDAHO STATE LAND BOARD

EASTERN IDAHO WASTE DISTRICT LAND EXCHANGE

Presented by Cameron Arial, District Municipal Advisor

January 19, 2021

Background

- ▶ The District is a municipal government, formed June 23, 2010 and whose member counties include Madison, Fremont, Clark, and Bonneville.
- ▶ Combined District population: 186,000; 6,500 miles.
- ▶ The District's purpose is to provide solid waste disposal services, facilities, and equipment in order to: reduce, transfer, and recycle solid waste.
- ▶ District is to a point where a landfill site is necessary.
- ▶ In partnership and with the support of Fish & Game and DEQ, an ideal site was located on endowment land.



Benefit to the Endowment

- ▶ **District understands and will ensure that the endowment is benefited**
 - ▶ Open to contributing additional acres to ensure benefit
 - ▶ Exchange desirable land for less desirable land
 - ▶ Lease revenue
 - ▶ Block up endowment lands



Other Benefits

- ▶ Location
- ▶ DEQ and Fish & Game Support
- ▶ Eastern Idaho Public Health Support
- ▶ Regional Taxpayer Benefit
- ▶ Reclamation
- ▶ Counties Support
- ▶ Long-Term Solution
- ▶ Considerable Work to Date

Next Steps

- ▶ The District appreciates the Board's consideration and if granted the ability to proceed with due diligence, the District will work with IDL staff to ensure the endowment is benefited and do all other required efforts to prepare the final exchange for the Board's consideration.
- ▶ Thank you for your time and consideration!
- ▶ Questions?

STATE BOARD OF LAND COMMISSIONERS

January 19, 2021

Regular Agenda

Subject

Owyhee Land Exchange – Final Approval

Question Presented

Shall the Land Board approve the exchange and direct the Department to complete and close the Owyhee Land Exchange?

Background

On December 16, 2008, the State Board of Land Commissioners (Land Board) directed the Idaho Department of Lands (Department) to enter into a land exchange agreement with the Bureau of Land Management (BLM). The intention for the exchange was to dispose of scattered endowment lands in Sage Grouse and wilderness areas for federal lands that would block-up and provide access to endowment land. The exchange was called the Owyhee Land Exchange. In February 2016, the Land Board approved an updated agreement between the Department and BLM containing additional agreed upon conditions of the exchange.

Since 2008, the Department has worked with the BLM on the Owyhee Land Exchange. During that time, a number of tasks and events occurred, including substantial public outreach. The public outreach included communicating with state lessees and federal permittees, onsite tours, and specific due diligence information gathering and analysis regarding the exchange and its effects.

Initially, the proposal for the Owyhee Land Exchange identified 11 parcels (32,793 acres) of federal land and 62 parcels (37,880 acres) of state land¹. In 2016, the Department removed approximately 10,200 acres of state land from the exchange in response to concerns expressed by affected lessees. These lessees were allowed to opt out of the exchange. In 2017, the BLM removed over 7,400 acres of federal land and the Department removed almost 3,800 acres of state land from the exchange to: 1) address Shoshone-Paiute Tribal concerns regarding potential impacts to cultural resources, and 2) aid in equalizing appraised values.

Discussion

The Principal Deputy Assistant Secretary of Lands and Minerals Management has concurred with the BLM's "Review of Proposed Records of Decision and Other Documents" (Attachment 1). The BLM is now prepared to issue the Notice of Decision upon the Land

¹ As referenced in this memo, state land is endowment land.

Board's final approval to complete the land exchange. The following is a summary of the due diligence analysis and the Department's recommendation.

Acreage Being Exchanged

The state lands proposed for exchange consist of 23,878.16 acres of Public School endowment lands located in Owyhee County, Idaho (Attachment 2). The state lands are made up of 40 scattered isolated parcels within, adjacent to, or near federally designated wilderness areas. The state acquired the endowment lands on March 3, 1863, via the Idaho Territorial Act (12 Stat. 808).

The federal lands proposed for exchange consist of 31,030.66 acres located in Owyhee County, Idaho. The federal lands are made up of 11 parcels throughout the Owyhee Mountains north of Mud Flat Road and located adjacent to existing state lands. One large block consisting of approximately 21,000 acres lies along Highway 51, 16 miles south of Bruneau, Idaho. The federal lands have always been owned by the United States of America and therefore have no sales history.

There is a total net gain to the Public School endowment of 7,152.5 acres (federal acreage being exchanged: 31,030.66 – state acreage being exchanged: 23,878.16).

Property Valuation

The appraisals are complete and conclude that the highest and best use of the subject lands is livestock grazing. The opinion of fee simple value for the cumulative lands proposed for exchange is:

State Lands:	\$5,331,000
Federal Lands:	\$5,361,000

The land exchange will be completed on an equal value basis (Idaho Code § 58-138). Both the federal and state lands were appraised. The appraisals were reviewed by the appropriate federal and state review appraisers and conform to state and federal rules. To the extent possible, value equalization was accomplished through acreage adjustment, leaving a cash equalization value of \$30,000 to be made by the Department.

Increased Endowment Revenue and Other Benefits

The exchange will involve 18 active state grazing leases that allow for 2,141 AUMs and 24 BLM permits that allow for 2,562 AUMs. The state will experience an increase of 421 AUMs. The Land Board's approved annual AUM lease rate for 2021 is \$7.07/AUM. Using the 2021 rate, the annual lease payments total \$18,113.34 with a net gain of \$2,976.47, due to the increase in AUMs. Additionally, the state acquired lands will increase revenue through increased opportunities for production enhancing range improvements, and ownership of planted crested wheatgrass parcels, which tend to be higher producing grazing lands than native rangeland. The state acquired lands will improve the Department's ability to achieve

its mission of maximizing returns to the endowment beneficiaries through increased revenue.

Currently, the state lands are single isolated parcels surrounded by federal lands and in many instances, located within a designated wilderness area. This isolation and scattered ownership limits access and makes management difficult and costly. The state acquired parcels will be blocked-up and will result in more efficient management and improved access. Consolidation of state lands and acquiring access are two of the goals established by the Land Board for pursuing land exchanges.

Improvements

The federal and state lands proposed for exchange have physical improvements associated with livestock grazing. Through the execution of the proposed exchange, each party will acquire title to existing range improvements owned by the other party. The range improvements owned by a state lessee will remain the property of the lessee unless separate arrangements are made between the BLM and state lessee.

Leases and Permits

The state lessees who transfer into a federal permit will be provided a 10-year permit. Those federal permittees transferring into a state permit will have the option of the duration of a state permit. Those who had a federal permit from 5-10 years will be granted a state permit for that duration. Those whose permits were less than 5 years will be allowed to choose a duration up to 5 years. The state permits, upon expiration, will then be available for lease and subject to the lease auction process.

New billing for the year's AUM rate will not begin until the next calendar year of the closing. In other words, if the closing occurs in 2021, the billings from the respective agency will begin in 2022.

Next Steps and Conclusion

The immediate next step includes sending the Department lessees and BLM permittees a letter updating them of the status and schedule of the exchange:

- Obtain Idaho Land Board approval;
- BLM – Sign Environmental Assessment Record of Decision;
- BLM – Publish Notice of Decision;
- BLM – 45-day public comment period;
- BLM – 60-day Governor's Office review;
- BLM – resolve any protests or appeals; and
- Close the exchange via escrow.

The Department will work with the Office of Attorney General on the closing documents and final process to complete the exchange.

In conclusion, the following benefits would be experienced by the Public School endowment if the land exchange is consummated:

- Efficient management of the asset;
- Reduced management costs;
- Acquisition of property with access;
- Blocking up of state land;
- Disposition of state land lacking access; and
- Increased return on investment.

Recommendation

The Idaho Department of Lands recommends that the Land Board approve the exchange and direct the Department to complete and close the Owyhee Land Exchange.

Board Action

Attachments

1. BLM Concurrence Memo
2. Map
3. BLM/IDL PowerPoint Presentation

IDAHO DEPARTMENT OF LANDS

REVIEW OF PROPOSED RECORDS OF DECISION AND OTHER DOCUMENTS

Date: June 30, 2020

To: Casey Hammond, Principal Deputy Assistant Secretary, Exercising the Authority of the Assistant Secretary - Land and Minerals Management

From: William Perry Pendley, Deputy Director, Policy and Programs, Exercising the Authority of the Director **WILLIAM PENDLEY** Digitally signed by WILLIAM PENDLEY
Date: 2020.06.30 11:40:07 -06'00'

Bureau/Office: Bureau of Land Management (BLM) – Idaho

Project/Title: Owyhee Land Exchange; IDI-36306 (DOI-BLM-ID-B000-2014-0001-EA)

One Paragraph Summary of Proposed Decision:

The BLM Idaho will convey 11 Federal parcels (31,030.66 acres) to the Idaho Department of Lands (IDL) in exchange for 40 parcels (23,878.16 acres) of non-federal (State) land. The Federal and non-federal lands are appraised at \$5,361,000 and \$5,331,000, respectively. On September 25, 2018, the parties signed a binding exchange agreement to hold the appraised values constant pending completion of the exchange. The State will issue the BLM a \$30,000 cash equalization payment at closing.

Need and Deadline for Issuance:

Environmental Site Assessments (ESA) for the Federal and non-federal lands were completed in 2013 and again in October 2019, finding no evidence that hazardous materials had been stored or released on the properties for one year or more. Prior to title closing, the ESAs will be reviewed to determine if the previous findings are still valid.

Positions of Affected Stakeholders:

The Notice of Exchange Proposal (NOEP), first published on June 13, 2012, identified 32,793 acres of Federal land and 37,880 acres of State land for exchange. Copies of the NOEP were sent to state and local governments, Congressional representatives, Native American tribes, adjacent landowners, right-of-way holders, grazing permittees, interested individuals, and organizations.

During the environmental analysis process, the Shoshone-Paiute Tribe, Shoshone-Bannock Tribe, and the State Historic Preservation Office (SHPO) were consulted. As a result of those consultations, over 3,100 acres of Federal land were dropped from the exchange in response to cultural concerns expressed by the Shoshone-Paiute Tribe. In addition, a Heritage Action Plan is currently being negotiated with the Shoshone-Bannock Tribe to address its concerns regarding potential loss of tribal access to historic homelands. Based on our consultation efforts, the two Tribes and the SHPO have expressed support for the exchange.

Over 10,000 acres of State land were deleted from the exchange in response to concerns expressed by affected grazing permittees and lessees. Additional acres were deleted to help equalize appraised values. Since the Federal and State lands lie within common grazing allotments, currently allocated livestock grazing Animal Unit Months (AUMs) and seasons of use will be unaffected by the exchange.

Following release of the Draft Environmental Assessment, the BLM received two letters asking that the exchange be conducted in a manner that preserves water rights for livestock and avoids administrative issues with maintaining grazing levels. State-decreed stockwater water rights held by the BLM on affected Federal lands will be transferred to the State at title closing. The State currently holds no water rights on the non-federal land.

Owyhee County, within which all Federal and State lands are located, supports the exchange. The Owyhee Initiative, a collaborative stakeholder group that includes conservation, commodity, government, recreation, and livestock grazing interests in Owyhee County, also supports the exchange.

On June 15, 2017, Congressional notification letters were sent to Senators Lisa Murkowski and Tom Udall and Representatives Betty McCollum and Ken Calvert, of the Subcommittees on Interior, Environment, and Related Agencies of the United States Senate and House of Representatives Appropriations Committees. The letters elicited no comments either during or after the 30-day review period.

Key Facts:

- The Federal lands are scattered and isolated parcels lying adjacent to existing blocks of State land. The non-federal lands are located within, adjacent to, and near wilderness areas and wild and scenic river corridors designated by the 2009 Omnibus Public Land Management Act (Public Law 111-11).
- The land exchange will not restrict access to formal recreation areas since no designated off-highway vehicle areas or vehicular trailheads exist on any of the Federal or State exchange parcels. In accordance with Secretarial Order 3373, vehicular access along existing routes on BLM and State parcels outside of wilderness would be unaffected by the exchange. Recreation in the area is limited principally to dispersed backcountry activities, including hunting, fishing, hiking, river floating, antler collecting, horseback riding, and bird watching. Some portions of the wilderness areas are considered prime trophy hunting areas for bighorn sheep. The quality of wilderness-based dispersed recreational experiences in a wild, undisturbed backcountry setting will be enhanced due to Federal land consolidation. Public access to some wilderness areas would be enhanced by acquiring State parcels that provide wilderness access.
- Vehicular access outside of wilderness would be unaffected by the exchange. Federal lands would be exchanged subject to valid existing rights, including U.S. Highway 95, State Highway 51, and county roads, including the Owyhee Uplands Backcountry Byway (Mud Flat Road), Triangle to Jordan Valley Road, Wickahoney Road, and Sommercamp

Road. The few primitive routes that traverse Federal and State parcels outside of wilderness would remain open following the exchange.

- The exchange will consolidate Federal and State land, which will result in more efficient and cost-effective management for both agencies, with no foreseeable change in existing land use.
- Since existing roads will remain open, the exchange could enhance public access to larger consolidated blocks of State land.
- The exchange will benefit the State of Idaho by enhancing opportunities for revenue generation on consolidated State lands. The exchange will increase public opportunities for wilderness-based dispersed backcountry recreation, including hunting, fishing, and river floating. The BLM will acquire nearly 16,000 acres within and abutting four wilderness areas, including 4.5 miles of Wild and Scenic River corridor, three miles of bull trout critical habitat, over 1,000 acres within a bighorn sheep habitat ACEC, and nearly 18,000 acres of priority greater sage-grouse habitat.

State Land Tenure Analysis: Since 2017, the Idaho State Office has issued patents totaling 625.54 acres under the following authorities:

Recreation and Public Purposes Act: 43.35 acres
Special Wilderness Act conveyances: 582.19 acres

Surface acres in Idaho managed by the BLM total 11,617,861 acres. Lands leaving BLM ownership since 2017 equate to the following percentages of the total BLM acres: 2017 – 0%; 2018 – 0.00526%; and 2019 – 0.00011%.

Other Relevant Considerations:

The 1983 Bruneau Management Framework Plan, the 1999 Owyhee Resource Management Plan (RMP), and the 2015 Jarbidge RMP classified the Federal parcels as suitable for disposal by exchange, and the non-federal lands as suitable for acquisition. Public access to some wilderness areas would be enhanced by acquiring State parcels that provide wilderness access. No jobs will be lost because of the exchange.

PRINCIPAL DEPUTY ASSISTANT SECRETARY, EXERCISING THE AUTHORITY OF THE ASSISTANT SECRETARY - LAND AND MINERALS MANAGEMENT REVIEW:

☒ CONCUR ☐ DO NOT CONCUR

COMMENT:

CASEY
HAMMOND

Digitally signed by
CASEY HAMMOND
Date: 2020.07.01
13:52:20 -04'00'

Principal Deputy Assistant Secretary, Exercising the Authority
of the Assistant Secretary - Land and Minerals Management

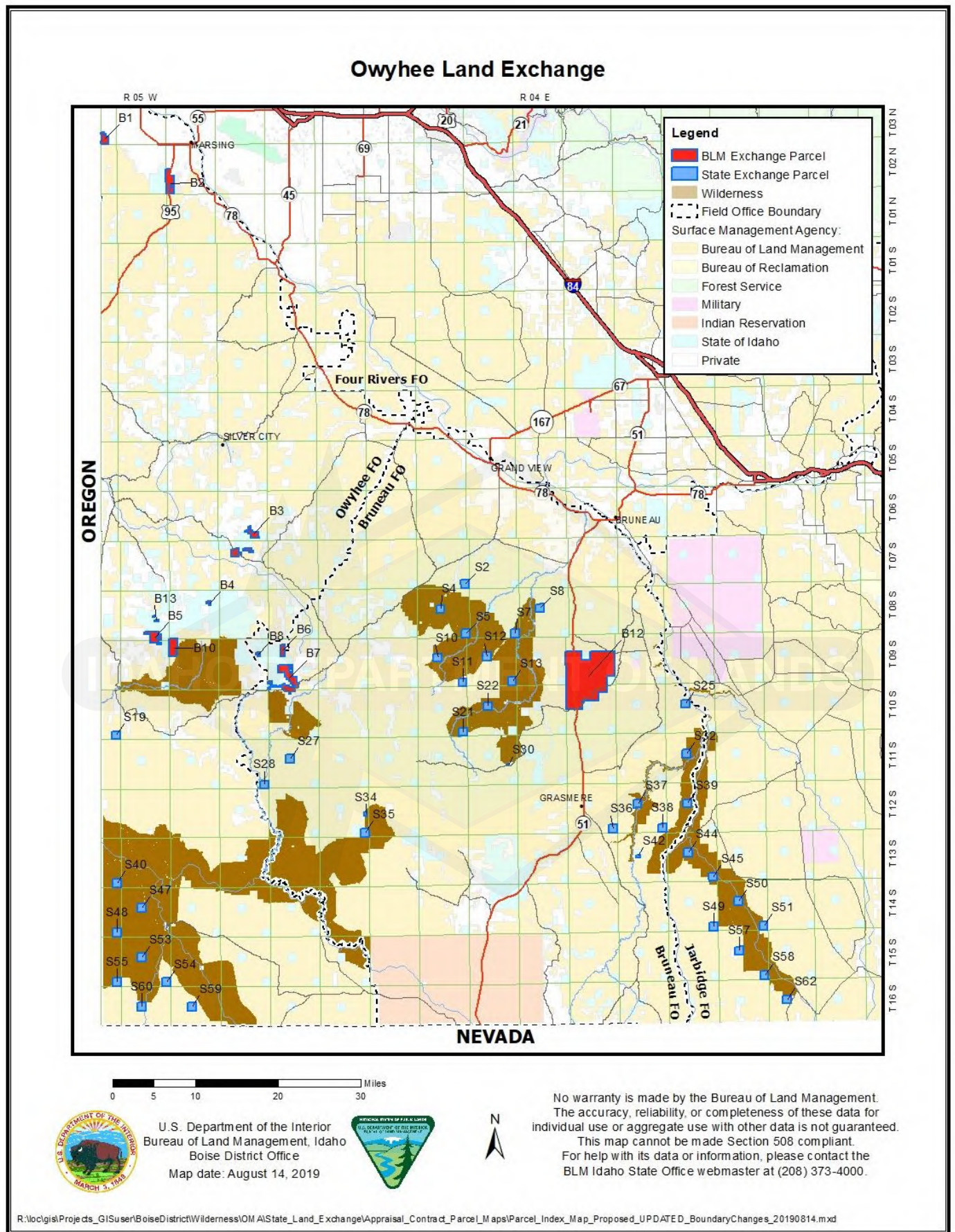


Figure 1. Proposed State and Federal Parcels for the Owyhee Land Exchange



Owyhee Land Exchange

January 19, 2021

Idaho State Board of Land Commissioners

Owyhee River Wilderness
NATIONAL LANDSCAPE CONSERVATION SYSTEM
Bureau of Land Management, Idaho





Purposes for the Owyhee Land Exchange

- Idaho Constitution Article 9 Sec. 8 and Idaho Code 58-138 provide IDL authority to acquire and dispose of lands
- Remove state inholdings from wilderness areas
- Consolidate federal and state lands
- Enhance IDL's ability to derive maximum returns from state land



Timeline and Outreach Process

- July 2008 - BLM and IDL began exchange discussions
- December 2008 - signed initial land exchange agreement
- June 2012 – published the Notice of Exchange Proposal (NOEP)
- Ongoing Agency and Partner Coordination
 - BLM / IDL
 - Owyhee County Commission
 - Owyhee Initiative Board of Directors
 - Grazing Permittees and Lessees
 - Shoshone-Paiute and Shoshone-Bannock Tribes
 - State Historic Preservation Office (SHPO)



Idaho Department of Lands

Concern:

- The constitutional mandate to maximize returns for endowment trust beneficiaries.
- Inability for the state to access and manage state-owned wilderness inholdings.
- Scattered parcels.

Resolution:

- State land is removed from wilderness and consolidated with existing blocks of state land.
- Increased state acreage and larger consolidated blocks of land reduces management costs and enhances the state's ability to maximize revenues.



Owyhee County Commissioners

Concerns:

- Minimize effects to the county economy.
- No impacts to the county's historic ranching heritage.
- The 45-day NOEP public comment period was insufficient.

Resolution:

- Negligible effects to county economy.
- Affected grazing permittees and lessees will be authorized the same number of AUMs and seasons of use.
- The NOEP public comment period was extended to 73 days.
- Commissioners submitted a July 15, 2019 letter supporting the exchange.



Grazing Permittees and Lessees

Concerns:

- Potential impacts to current AUMs and seasons of use.
- BLM permittees were concerned about having to bid for state grazing leases.
- State lessees were concerned about potential future BLM AUM reductions.

Resolution:

- AUMs and seasons of use are unaffected.
- The state will honor a permit with a term over 5 years and will issue permits for any term up to 5 years.
- BLM will incorporate current lease terms into 10-year BLM permits.
- State allowed grazing lessees to opt out of the exchange, affecting over 10,000 acres.



Native American Tribes

Concerns:

- Loss of federal lands that represent their tribal homelands.
- Loss of access to sacred sites.
- Loss of federal jurisdiction over cultural sites.
- Potential damage and vandalism to cultural sites.

Resolution:

- Most lands transferred to the State have been highly disturbed.
- Tribal members have full access to sites on both BLM and State lands.
- Sites located on lands transferred to the State will no longer be managed under the ARPA.
- BLM will acquire and manage lands under the ARPA that contain the highest cultural resource site potential and density.



State Historic Preservation Office

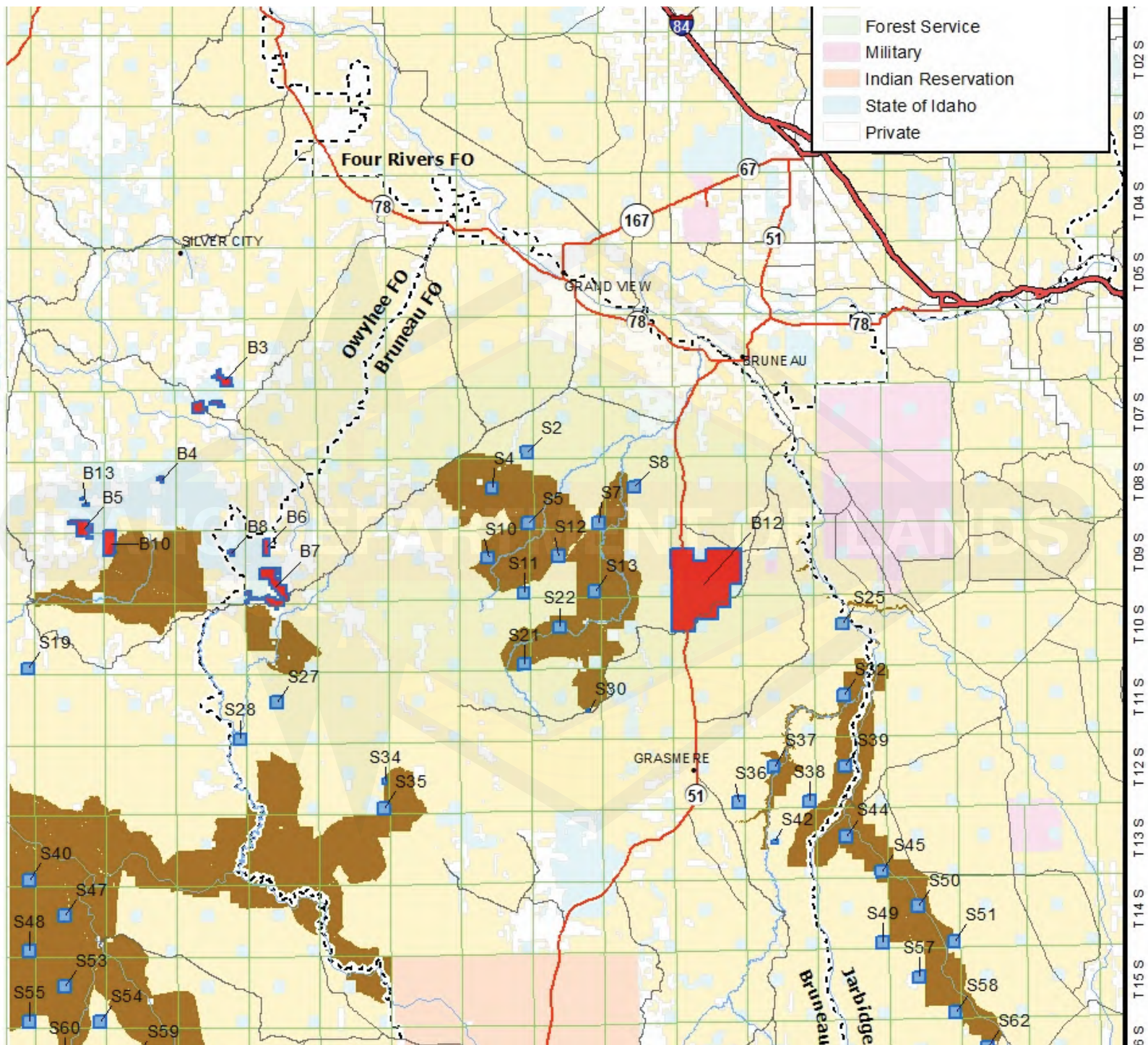
Concerns:

- Adequacy of the landscape-level stratified sampling of cultural resources.
- Ensure that BLM addressed tribal concerns.

Resolution:

- SHPO determined that the sampling strategy adequately identified existing cultural resources.
- Over 3,100 BLM acres were removed from the exchange in response to tribal concerns.
- SHPO issued a letter of concurrence to BLM's finding of "No Effect" to cultural resources.

OREGON





Final Exchange Acreage and Appraised Values

BLM land

- 31,030.66 acres (11 parcels)
- \$5,361,000

State land

- 23,878.16 acres (40 parcels)
- \$5,331,000
- IDL will remit a \$30,000 equalization payment.



Public Interest Determination

- IDL consolidated 40 smaller parcels into 11 larger parcels, most of which adjoin existing state lands
- IDL conveyed over 15,800 acres of wilderness inholdings and 4.5 miles of Wild and Scenic River
- BLM acquired a net increase of 17,825 acres of priority greater sage-grouse habitat
- BLM acquired a net increase of lands designated as high sensitivity for cultural resources
- The exchange enhanced dispersed backcountry recreational experiences, including hunting, fishing, and river floating
- Existing non-wilderness vehicular access routes were unaffected by the exchange



Remaining Exchange Processes

- Obtain Idaho State Board of Land Commissioners' approval
- Sign Environmental Assessment Record of Decision
- Publish Notice of Decision
 - 45-day public comment period
 - 60-day Governor's Office review
- Resolve any protests or appeals
- Close the exchange via escrow



Questions?

IDAHO DEPARTMENT OF LANDS