

State Board of Land Commissioners Open Meeting Checklist

Meeting Date: March 16, 2021

Regular Meetings

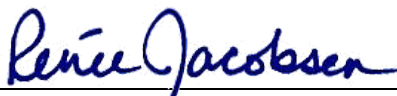
3/4/2021	Meeting Notice posted in prominent place in IDL's Boise Director's office five (5) or more calendar days before meeting.
3/4/2021	Meeting Notice posted in prominent place in IDL's Coeur d'Alene staff office five (5) or more calendar days before meeting.
3/4/2021	Meeting Notice posted in prominent place at meeting location five (5) or more calendar days before meeting.
3/4/2021	Meeting Notice emailed/faxed to list of media and interested citizens who have requested such notice five (5) or more calendar days before meeting.
3/4/2021	Meeting Notice posted electronically on IDL's public website www.idl.idaho.gov five (5) or more calendar days before meeting.
3/12/2021	Agenda posted in prominent place in IDL's Boise Director's office forty-eight (48) hours before meeting.
3/12/2021	Agenda posted in prominent place in IDL's Coeur d'Alene staff office forty-eight (48) hours before meeting.
3/12/2021	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
3/12/2021	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
3/12/2021	Agenda posted electronically on IDL's public website www.idl.idaho.gov forty-eight (48) hours before meeting.
3/4/2021	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 Meeting Notice 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

March 12, 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

NOTICE OF PUBLIC MEETING MARCH 2021

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, March 16, 2021 in the **Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise**. The meeting is scheduled to begin at 9:00 AM (Mountain).

Directions: Enter City Hall from Capitol Blvd.; take the Capitol Boulevard elevators to the 3rd floor; Council Chambers are directly across from the elevators.

The State Board of Land Commissioners will conduct this meeting by virtual means; Board members will attend the meeting in person. This meeting is open to the public.

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

Meeting will be streamed live via IPTV: <https://www.idahoptv.org/shows/idahoinsession/>
and via Facebook: <https://www.facebook.com/IdahoDepartmentofLands>
and via YouTube: https://youtu.be/mDi_KGoc4dY

Members of the public may register to attend the Zoom webinar through this link:
https://idl.zoom.us/webinar/register/WN_2PKvUstuRHOvaNVOjx0idg

The Governor's [Stage 3 Stay Healthy Order](#) dated 2/2/2021 allows for gatherings, including public meetings, of up to 50 persons in physical attendance. Total audience capacity in this meeting room due to social distancing measures is approximately 30 people. **Individuals are highly encouraged to watch online or via webinar.** 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 social distancing. Physical distancing measures reduce the meeting room's normal attendance capacity.¹

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

First Notice Posted: 3/4/2021-IDL Boise; 3/4/2021-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 – Payette Endowment Lands Strategy Final Approval

Public comment may be submitted in the following manner:

- Written comments were accepted from December 15, 2020 through March 1, 2021. The comment period is now closed. Written comments received will be included in the meeting record.
- In person at the Land Board meeting.
 - Audience capacity due to physical distancing measures is approximately 30 people. Participation by webinar is highly encouraged.
- By Zoom webinar during the Land Board meeting.
 - Advanced sign-up is required, *no later than Friday, March 12, 2021 at 2 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_2PKvUstuRHOvaNVOjx0idg
 - Submit registration no later than 2:00 PM (MT) on March 12th.
- A **total of 40 minutes** is allocated for public comment.
- Remarks will be limited to **2 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 public comment at its discretion, at any time.

First Notice Posted: 3/4/2021-IDL Boise; 3/4/2021-IDL CDA

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Dustin T. Miller, Secretary to the Board

State Board of Land Commissioners Regular Meeting

March 16, 2021 – 9:00 AM (MT)

Final Agenda

Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise

Directions: Enter City Hall from Capitol Blvd.; take the Capitol Boulevard elevators to the 3rd floor; Council Chambers are directly across from the elevators.

The State Board of Land Commissioners will conduct this meeting by virtual means; Board members may attend the meeting in person. This meeting is open to the public.

Public comment will be accepted for agenda item 6 only.

Advanced sign-up is required, no later than 3/12/2021 @ 2 PM (MT). See details on page 2.

Meeting will be streamed live via IPTV: <https://www.idahoptv.org/shows/idahoinsession/>

and via Facebook: <https://www.facebook.com/IdahoDepartmentofLands>

and via YouTube: https://youtu.be/mDi_KGoc4dY

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1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

- A. Timber Sales – February 2021
- B. Leases and Permits – February 2021

Status Updates

- C. Legislative Summary

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

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

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

Consent—Action Item(s)

3. Timber License Plate Fund – Presented by Dustin Miller, Director, and Jennifer Okerlund, Idaho Forest Products Commission

4. Approval of Draft Minutes – February 16, 2021 Regular Meeting (Boise)

Regular—Action Item(s)

5. Approval to Dispose of Agricultural College Endowment Land (Caldwell Area Property Assemblage) – Presented by Josh Purkiss, Program Manager-Real Estate, and Kent Nelson, Special Associate General Counsel, University of Idaho

6. Payette Endowment Lands Strategy (PELS) Final Approval – Presented by Jim Elbin, Division Administrator-Trust Land Management

7. House Bill 118—Department Legal Representation – Presented by Dustin Miller, Director

Information

None

Executive Session

None

Public Comment Procedure – Agenda Item 6 Only

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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

March 16, 2021
Trust Land Revenue

Timber Sales

The Department attempted to fill the Delivered Product Program Specialist position in the fall of CY2020 but was unsuccessful in the effort. Since that time, a planning effort was undertaken due to agency turnover and the implementation of the FY2019 FAMP, to restructure the Timber Bureau to better meet the needs of the Department and its customers. Timber Sales and Contract Administration will be under one Section Chief. This position is being advertised now and will have the responsibility of developing the delivered product sales process, procedures, and contracts while working with internal staff. The first sale is listed in the FY2022 draft sales plan under the name Middle Fork DP (Delivered Product).

During February 2021, the Department of Lands sold four endowment timber sales at auction. The endowment net sale value represents a 24% up bid over the advertised value. All four sales had competitive bidding. The Hello Elk sale contained mostly ponderosa pine sawlog, which led to the low sale value of \$191.30.

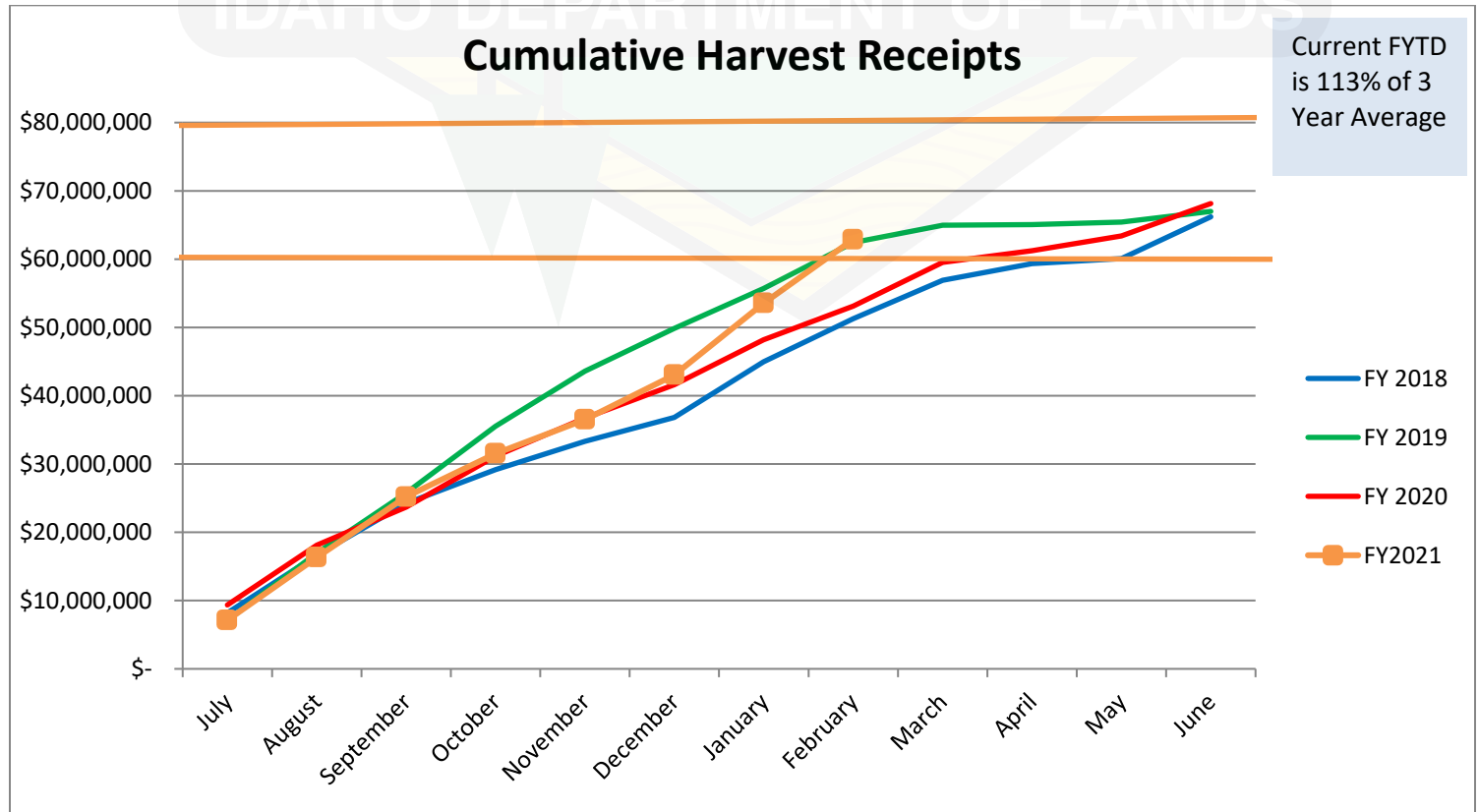
TIMBER SALE AUCTIONS								
Sale Name	Area	Sawlogs MBF	Cedar Prod MBF	Pulp MBF	Appraised Net Value	Sale Net Value	Net \$/MBF	Purchaser
Big Face	CLW	11,670			\$3,120,849.50	\$4,373,722.00	\$374.78	Empire Lumber
Baldy Bear Cedar	CLW	7,555			\$2,713,184.50	\$2,714,416.50	\$359.29	IFG Timber LLC
Big Bear	POL	4,060			\$1,035,165.00	\$1,492,350.00	\$367.57	IFG Timber LLC
Hello Elk	POL	3,625			\$ 610,616.50	\$ 693,454.00	\$191.30	IFG Timber LLC
		26,910	0	0	\$7,479,815.50	\$9,273,942.50	\$344.63	

PROPOSED TIMBER SALES FOR AUCTION				
Sale Name	Volume MBF	Advertised Net Value	Area	Estimated Auction Date
North Operations				
Renfro Conversion	3,240	\$ 652,829	St. Joe	3/11/2021
Totals	3,240	\$ 652,829		
South Operations				
Midas Touch GNA	4,900	\$ 1,054,907	Nez-Clear NF	3/4/2021
Totals	4,900	\$ 1,054,907		

VOLUME UNDER CONTRACT as of February 28, 2021				
	Public School	Pooled	Total	3 Year Avg.
Active Contracts			168	159
Total Residual MBF Equivalent	349,830	214,191	564,021	494,538
Estimated residual value	\$82,536,658	\$60,607,067	\$143,143,725	\$138,510,650
Residual Value (\$/MBF)	\$235.93	\$282.96	\$253.79	\$281.11

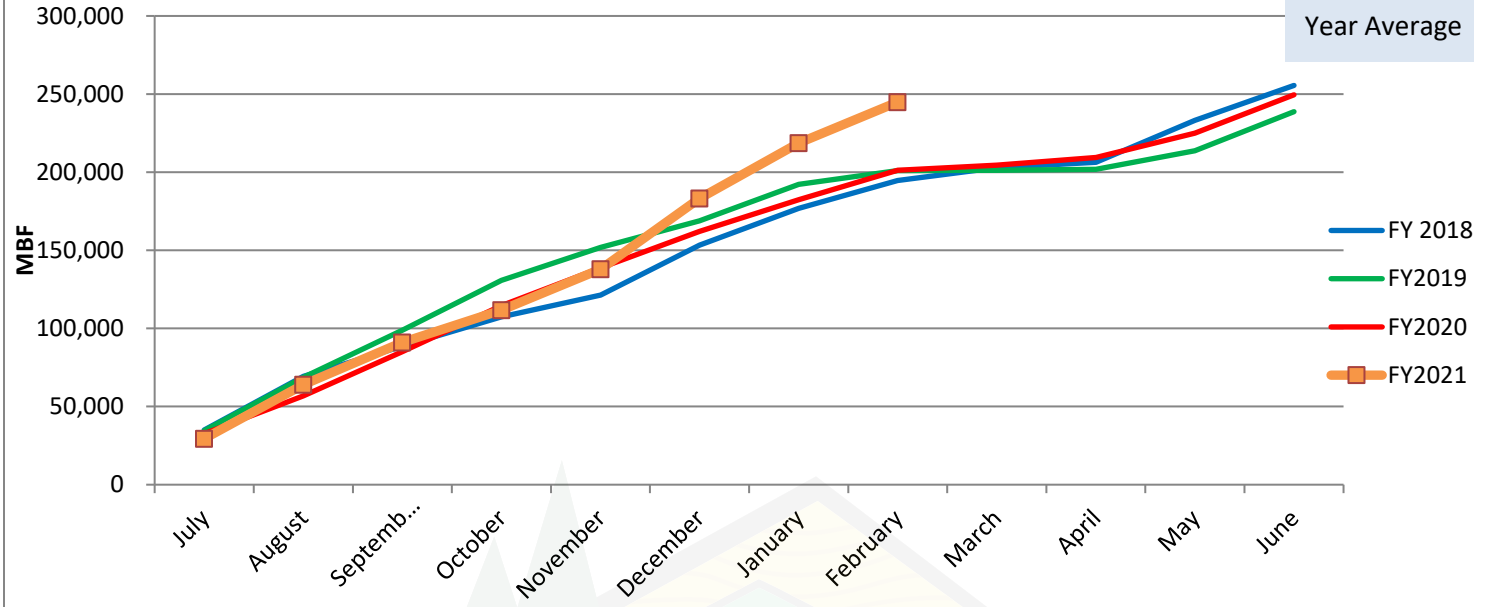
	TIMBER HARVEST RECEIPTS									
	February					FY to date		March Projected		
	Stumpage		Interest		Harvest Receipts		Stumpage		Interest	
Public School	\$	3,010,824.55	\$	289,627.50	\$	37,771,462.86	\$	2,699,824.27	\$	287,797.92
Pooled	\$	5,522,194.05	\$	497,112.13	\$	25,100,308.64	\$	3,833,488.90	\$	320,085.02
General Fund	\$	0.38	\$	0.00	\$	13,089.08	\$	0.38	\$	0.00
TOTALS	\$	8,533,018.98	\$	786,739.63	\$	62,884,860.58	\$	6,533,313.55	\$	607,882.94

	Status of FY 2021 Timber Sale Program					
	MBF Sawlog			Number Poles		
	Public School	Pooled	All Endowments	Public School	Pooled	All Endowments
Sold as of February 28, 2021	105,761	80,722	186,483	17,976	12,254	30,230
Currently Advertised	3,200	0	3,200	0	0	0
In Review	6,934	5,816	12,750	0	0	0
Did Not Sell ¹	0	0	0	0	0	0
TOTALS	115,895	86,538	202,433	17,976	12,254	30,230
FY-2021 Sales Plan			284,238			28,810
Percent to Date			71%			105%

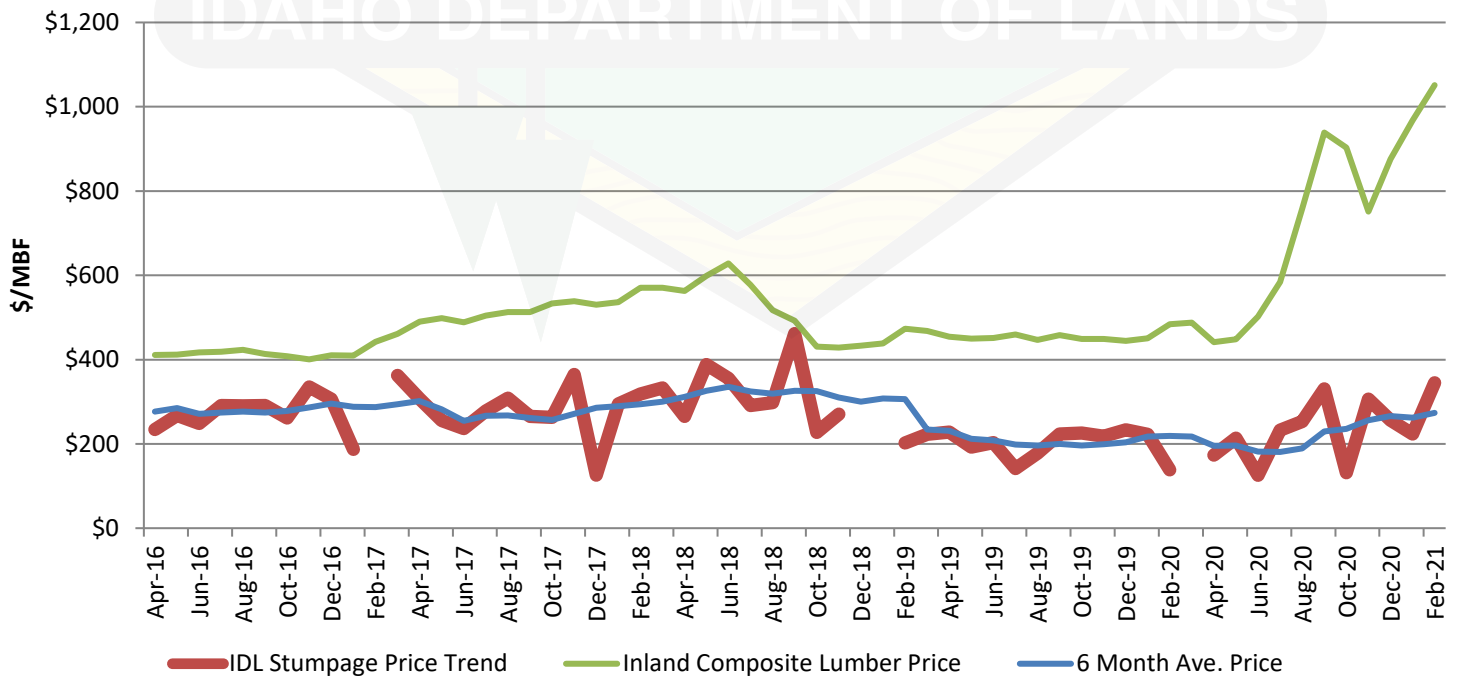


¹ After three attempts at auction.

Cumulative Harvest Volume



Monthly Lumber and Stumpage Price

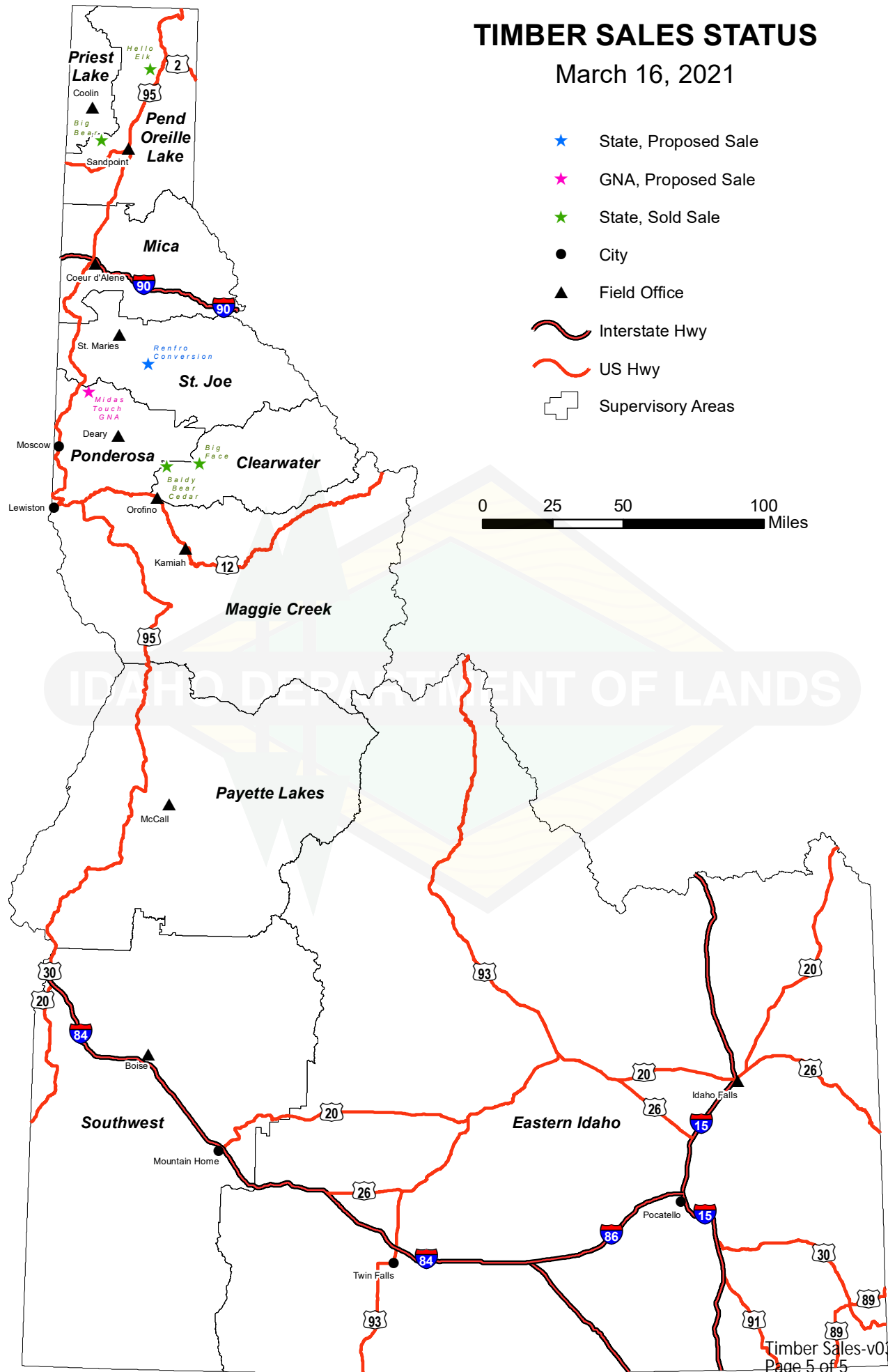


Comparison of prices for all sales versus salvage and pulp sales removed:

	All Sales		No Pulp or Salvage Sales		Delta	
	Monthly Average	Six-month Average	Monthly Average	Six-month Average	Monthly	Six-Month
Jul-19	\$141.48	\$198.76	\$208.21	\$208.60	\$66.73	\$9.85
Aug-19	\$177.67	\$196.18	\$225.49	\$210.19	\$47.83	\$14.01
Sep-19	\$223.44	\$200.01	\$304.29	\$221.04	\$80.84	\$21.03
Oct-19	\$226.01	\$195.93	\$226.01	\$219.63	\$0.00	\$23.71
Nov-19	\$218.16	\$198.99	\$218.16	\$226.80	\$0.00	\$27.81
Dec-19	\$233.31	\$203.67	\$233.31	\$240.39	\$0.00	\$36.72
Jan-20	\$223.05	\$217.45	\$223.05	\$240.85	\$0.00	\$23.40
Feb-20	\$138.18	\$219.28	\$138.18	\$234.84	\$0.00	\$15.56
Mar-20	\$0.00	\$217.68	\$0.00	\$217.68	\$0.00	\$0.00
Apr-20	\$173.09	\$195.16	\$173.09	\$195.16	\$0.00	\$0.00
May-20	\$213.34	\$196.47	\$213.34	\$196.47	\$0.00	\$0.00
Jun-20	\$125.86	\$181.37	\$125.86	\$181.37	\$0.00	\$0.00
Jul-20	\$232.35	\$180.87	\$232.35	\$180.87	\$0.00	\$0.00
Aug-20	\$253.17	\$189.14	\$268.90	\$189.69	\$15.73	\$0.55
Sep-20	\$330.61	\$229.91	\$398.55	\$240.91	\$67.94	\$11.00
Oct-20	\$131.92	\$235.37	\$178.18	\$266.12	\$46.26	\$30.75
Nov-20	\$306.04	\$256.11	\$306.04	\$290.98	\$0.00	\$34.87
Dec-20	\$255.78	\$266.08	\$279.13	\$302.90	\$23.35	\$36.82
Jan-21	\$223.16	\$262.07	\$281.54	\$305.59	\$58.38	\$43.52
Feb-21	\$344.63	\$273.37	\$344.63	\$313.80	\$0.00	\$40.44

TIMBER SALES STATUS

March 16, 2021



STATE BOARD OF LAND COMMISSIONERS

March 16, 2021
Endowment Transactions

Leases and Permits

FISCAL YEAR 2021 – LEASING & PERMITTING TRANSACTIONS BY MONTH – through February 28, 2021														
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
Assignments	-	-	-	-	-	-	1	-					1	1
Grazing	7	2	1	1	1	1	-	2					14	15
Assignments	-	3	4	-	2	-	1	6					32	16
Residential	-	2	4	-	-	-	1	-					18	7
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	3	10					NA	54
TOTAL INSTRUMENTS	30	13	22	10	13	6	6	18					NA	118

Real Estate

FISCAL YEAR 2021 – REAL ESTATE TRANSACTIONS BY MONTH – through February 28, 2021														
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	-	-	-	-	-	-	-	1					1	
Easements Acquired	-	-	-	-	-	-	-	-					0	
Easements Granted	-	-	-	-	-	-	-	-					0	
<i>Assignments</i>	-	1	-	-	-	-	-	-					1	

Land Exchange Update :

Owyhee : The Department is working with the BLM on the closing process.

Avimor : The property is in the appraisal process.

IFG : The Department is working on the due diligence.

DeAtley : The Department is working on the due diligence.

Eastern Idaho Solid Waste : The Department is working on the due diligence.

The Department assisted the Idaho Military Division with its Jerome surplus property. The property was sold to Jerome County.

TRUST LAND MANAGEMENT DIVISION
2021FYTD GROSS REVENUE (non-timber) - ACTUAL AND FORECASTED
through February 28, 2021

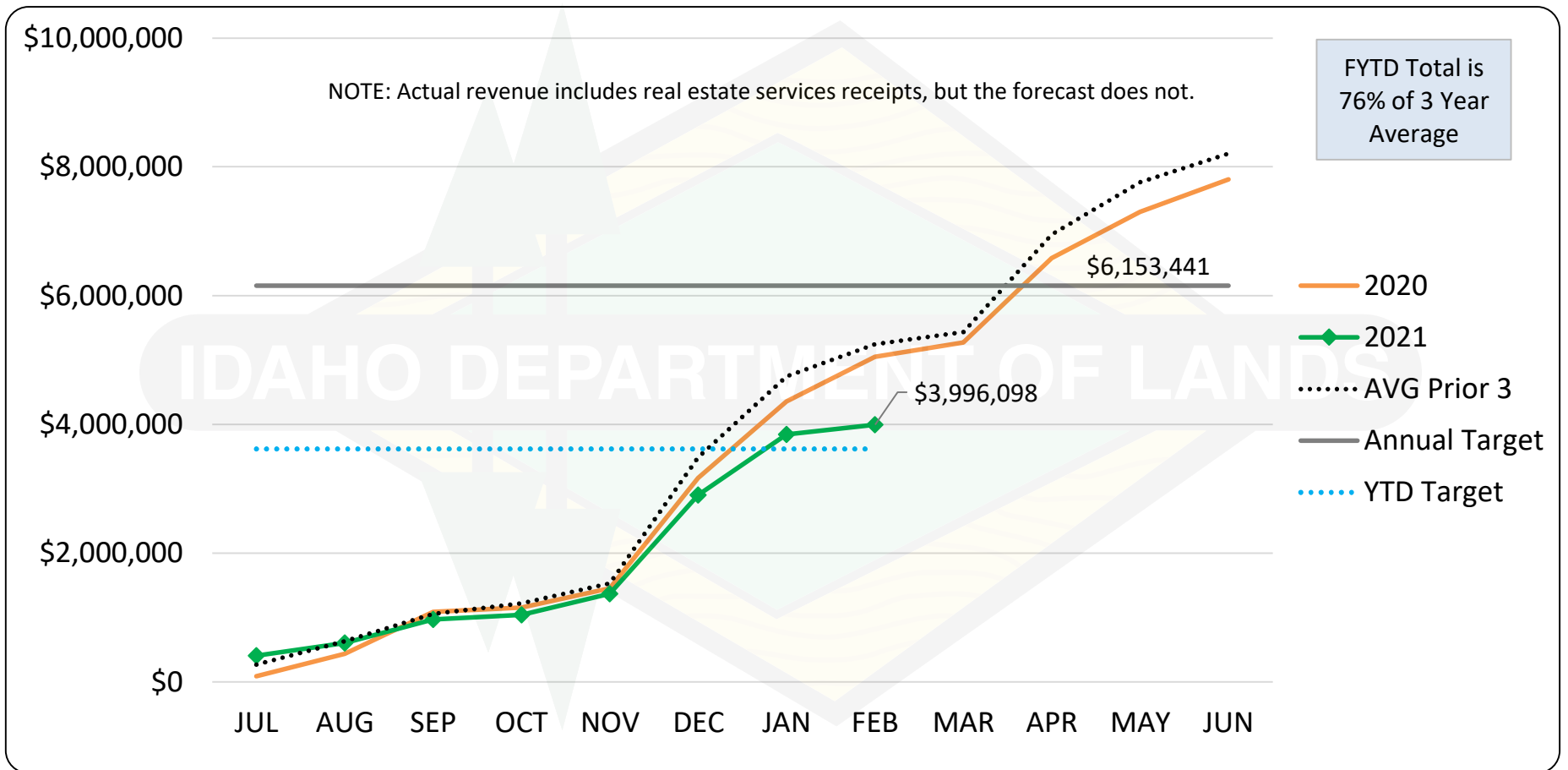
	ACTUAL RECEIPTS AS OF 2.28.2021	REVENUE EXPECTED BY 2.28.2021**	REVENUE EXPECTED BY 06.30.2021
SURFACE			
AGRICULTURE	\$ 453,350	\$ 414,624	\$ 471,740
COMMUNICATION SITES	\$ 867,307	\$ 513,533	\$ 548,359
GRAZING	\$ 35,351	\$ 82,205	\$ 1,822,510
RESIDENTIAL	\$ 1,041,301	\$ 1,045,066	\$ 1,450,328
COMMERCIAL			
COMMERCIAL ENERGY RESOURCES	\$ 30,995	\$ 10,634	\$ 12,715
COMMERCIAL INDUSTRIAL	\$ 109,939	\$ 73,313	\$ 73,313
COMMERCIAL MILITARY	\$ -	\$ 62,438	\$ 62,438
COMMERCIAL OFFICE/RETAIL	\$ 681,244	\$ 755,237	\$ 997,011
COMMERCIAL RECREATION	\$ 350,733	\$ 441,517	\$ 470,323
OTHER			
CONSERVATION LEASES	\$ 65,331	\$ 101,951	\$ 103,951
GEOTHERMAL	\$ (1,000)	\$ 2,000	\$ 5,000
MINERAL	\$ 77,500	\$ 52,359	\$ 70,492
NON-COMMERCIAL RECREATION	\$ 99,433	\$ 51,171	\$ 52,129
OIL AND GAS LEASES	\$ 7,319	\$ 13,133	\$ 13,133
Sub Total	\$ 3,818,801	\$ 3,619,181	\$ 6,153,441
*LAND SALES/RECORDS	\$ 177,297		
*REAL ESTATE SERVICES	\$ -		
Grand Total	\$ 3,996,098		

* These categories are not included in the annual forecast.

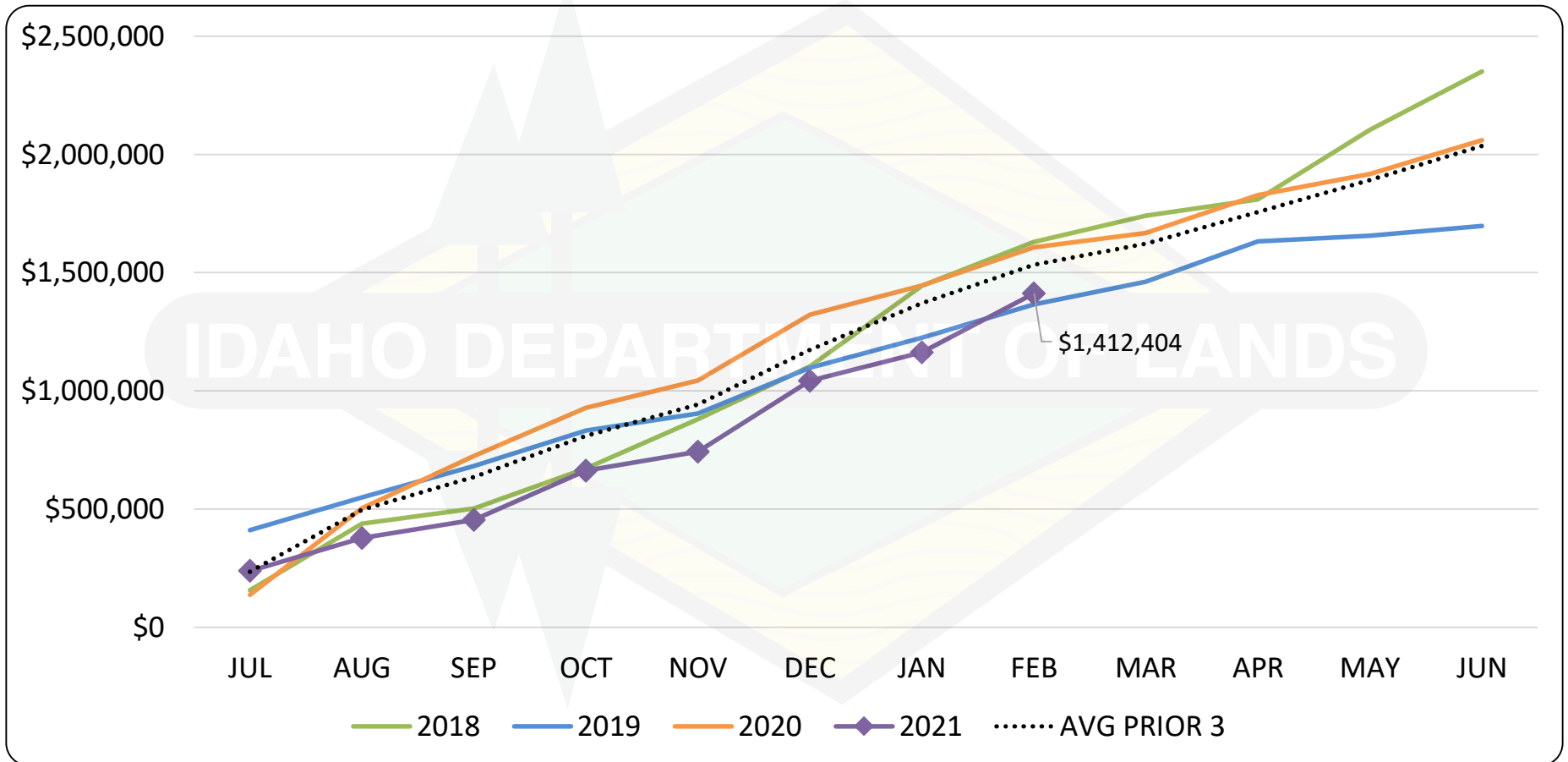
** These figures are based on "normal" timing of revenue/billing throughout the year.

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



STATE BOARD OF LAND COMMISSIONERS

March 16, 2021
2021 Legislative Summary

Status of legislation monitored by the Department of Lands

IDL Pending Rules

[20-0000-2000F](#) – Omnibus Fee

Status: Senate Resources and Environment – Approved. House Resources and Conservation – Approved.

Budget

EFIB budget setting held March 9 – do pass recommendation.

[S1160 APPROPRIATIONS – DEPARTMENT OF LANDS](#) – Relates to the appropriation to the Department of Lands for fiscal year 2022.

Status: Senate passed 35-0-0; House – Third Reading.

IDL Legislation

[H0023 ENDOWMENT LAND](#) – Repeals existing law relating to the exchange of certain lands.

Status: House passed 69-0-1; Senate passed 35-0-0.

[H0024 IDAHO BOARD OF SCALING PRACTICES](#) – Amends existing law to revise provisions regarding board compensation.

Status: House passed 69-0-1; Senate passed 35-0-0.

Other Legislation Being Monitored

Miscellaneous

[H0053 PUBLIC NOTICES](#) – Amends and adds to existing law to provide for the electronic publication of public notices by a governmental entity on the entity's website.

Status: House failed 32-38-0.

[H0061 RECREATIONAL ACTIVITIES](#) – Amends existing law to increase fees for snowmobile use and to allocate such funds regarding snowmobile use and opportunities.

Status: Returned to House Transportation and Defense.

[H0086 TRANSPORTATION](#) – Amends existing law to provide for revised snowmobile and off-highway vehicle licensing and oversight.

Status: House passed 66-0-4; Senate – Second Reading.

[H0093 PARKS AND RECREATION](#) – Amends existing law to revise provisions regarding certain fees.

Status: House passed 57-11-2; Senate – Third Reading.

[H0101 ATTORNEY GENERAL](#) – Amends existing law to revise the duties of the Attorney General's office and to provide that state departments and agencies may contract for legal services outside of the Attorney General's office.

Status: House passed 54-15-1; Senate State Affairs – hearing pending.

[H0112 SALES TAX](#) – Adds to existing law to provide a sales tax rebate on certain road construction materials.

Status: House passed 64-3-3; Senate Local Government and Taxation – hearing pending.

[H0113 BIG PAYETTE AND CASCADE LAKES](#) – Repeals and adds to existing law to provide for the Big Payette and Cascade Lakes Water Quality Act.

Status: House Environment, Energy and Technology – hearing pending.

[H0118 DEPARTMENT OF LANDS](#) – Amends existing law to prohibit the Department of Lands from engaging legal counsel from the Attorney General's office.

Status: House passed 57-13-0; Senate Resources and Environment – hearing pending.

[H0143 BUILDING CODE ACT](#) – Adds to existing law to require the Building Code Board to adopt certain International Building Code provisions allowing for the use of mass timber.

Status: House passed 68-0-2; Senate Commerce and Human Resources – hearing pending.

[H0163 TRANSPORTATION](#) – Amends existing law to increase fees for snowmobile use and to allocate such funds regarding snowmobile use and opportunities and to establish a state snowmobile avalanche fund

Status: House Transportation and Defense – hearing pending.

[H0187 FISH AND GAME](#) – Adds to existing law to provide for motorized use restrictions in recreational access agreements.

Status: House passed 50-19-1; Senate Resources and Environment – hearing pending.

[HCR7 NATURAL RESOURCE ISSUES STUDY](#) – States findings of the Legislature and authorizes the Legislative Council to appoint a committee to undertake and complete a study of natural resource issues.

Status: House adopted 70-0-0; Senate adopted 34-0-1.

[HCR8 PAYMENTS IN LIEU OF TAXES](#) – States findings of the Legislature and directs the Committee on Federalism to study the fair taxable value of certain federal lands.

Status: House adopted 55-13-2; Senate State Affairs – hearing pending.

[S1009 STATE FIRE MARSHAL](#) – Amends existing law to clarify that the state fire marshal and the state fire marshal's deputies are considered firefighters for purposes of the Public Employee Retirement System (PERSI) and certain worker's compensation benefits for first responders.

Status: Senate passed 32-1-2; House – Third Reading.

[S1020 LANDOWNERS](#) – Amends existing law regarding the limitation of liability of landowners toward persons entering land for recreational purposes.

Status: Senate passed 30-3-2; House – Third Reading.

[S1031 STATE DISASTER EMERGENCY ACCOUNT](#) – Amends existing law to revise provisions regarding the Disaster Emergency Account.

Status: Senate State Affairs – hearing pending.

[S1042aa PUBLIC CONTRACTS](#) – Amends existing law to revise provisions regarding professional service contracts.

Status: Senate passed 34-0-1; House Business – hearing pending.

[S1090 DEPARTMENT OF LANDS](#) – Amends existing law to revise provisions regarding legal representation of the Idaho Department of Lands.

Status: Senate Resources and Environment – hearing pending.



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 February 28, 2021

Month: 2.3% Fiscal year: 20.4%

In February we saw COVID-19 infections recede, vaccination campaigns accelerate and the approval of Johnson & Johnson's vaccine. The positive progress battling COVID-19, combined with the likelihood of another large stimulus program, resulted in greater optimism about economic growth. The question investors are grappling with is what impact will the economic recovery have on inflation. Fed Chairman Jerome Powell has argued that we are on a path to reflate the economy at a healthy annual rate of inflation of around 2%. It is normal to have mild inflation and modestly higher interest rates as economic growth improves. Others are concerned that lockdowns have given rise to pent-up demand and extra savings and that when combined with another round of stimulus could result in a larger than expected sustained rise in inflation. Higher-than-anticipated levels of inflation could force the Fed to increase interest rates which would likely hurt tech and growth stocks that tend to underperform in a rising interest rate environment. These concerns resulted in an increase in interest rates, with the yield on the 10-year U.S. Treasuries ending the month at 1.4%

Status of endowment fund reserves

Distributions for FY2021 and FY2022 are well secured.

Significant actions of the Endowment Fund Investment Board

Tom Wilford was appointed Chairman of the Board.

Compliance/legal issues, areas of concern

Material deviations from Investment Policy: None.

Material legal issues: None.

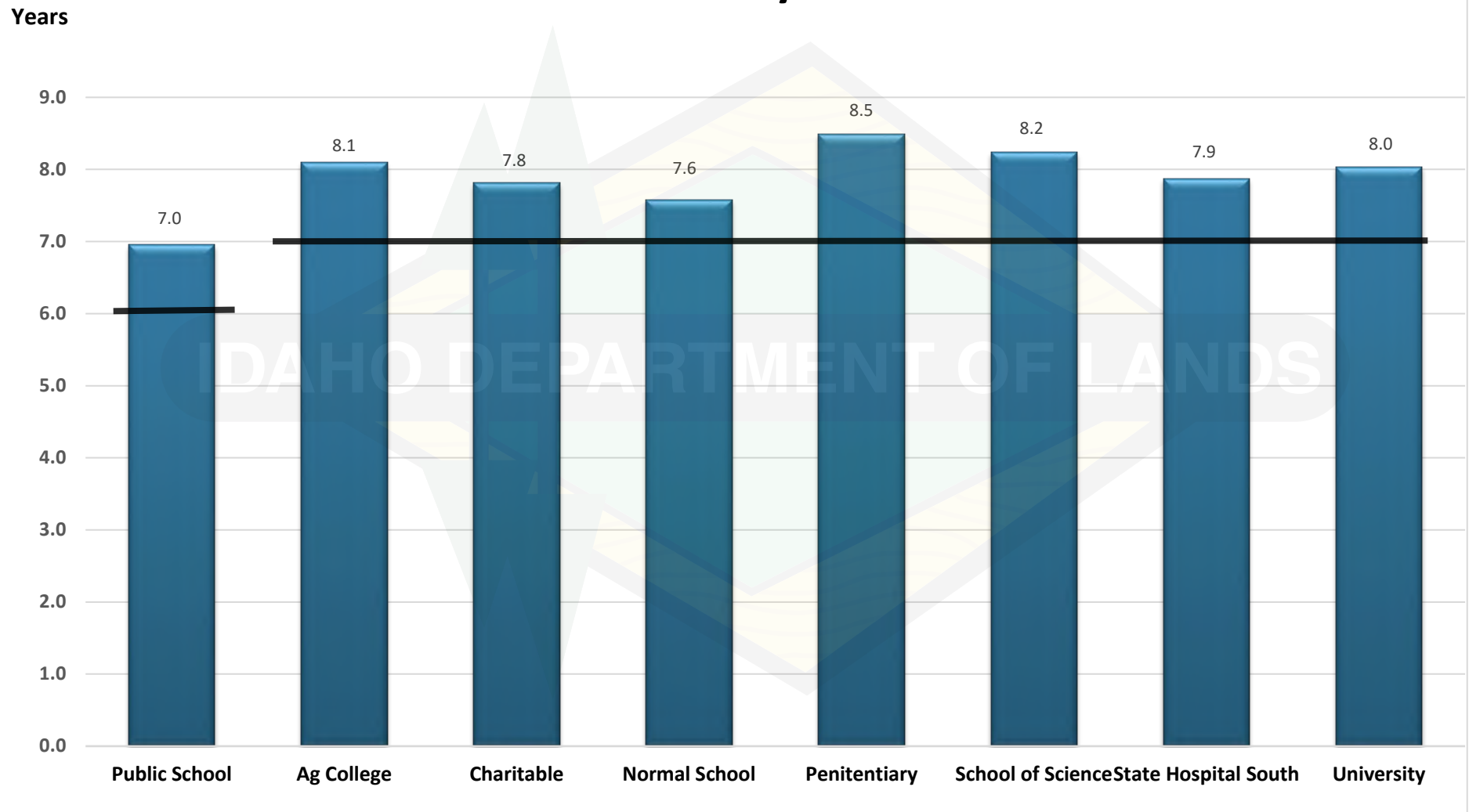
Changes in board membership or agency staffing: None.

Upcoming issues/events

JFAC Budget Setting – March 9, 2021

EFIB Board Meeting – May 18, 2021

Years of Reserve and Desired Target as of January 2021

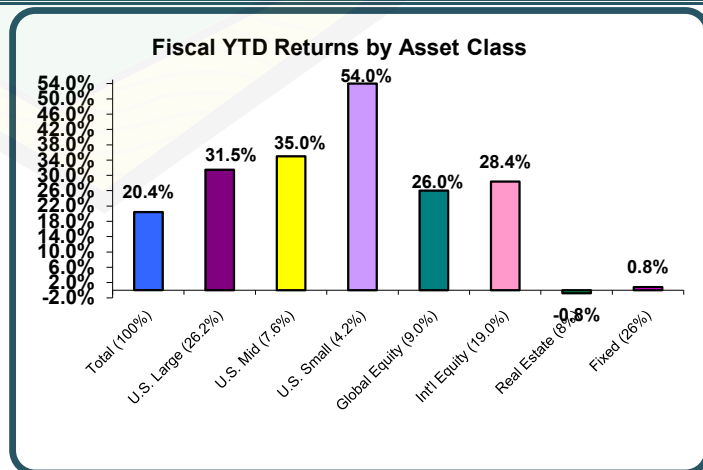


	Month	FYTD
Beginning Value of Fund	\$ 2,801,817,291	\$ 2,395,398,968
Distributions to Beneficiaries	(7,293,400)	(58,797,200)
Land Revenue net of IDL Expenses	(3,966,443)	38,879,338
Change in Market Value net of Investment Mgt. Expenses	75,701,641	490,777,983
Current Value of Fund	\$ 2,866,259,089	\$ 2,866,259,089

	Current Month	Calendar Y-T-D	Fiscal Y-T-D	One Year	Three Year	Five Year	Ten Year
Gross Returns							
Total Fund	2.3%	1.8%	20.4%	24.6%	11.2%	12.7%	9.3%
Total Fund Benchmark*	1.4%	1.0%	17.5%	21.4%	9.7%	11.6%	8.6%
Total Fixed	-1.8%	-2.3%	0.8%	1.3%	5.3%	3.6%	3.6%
85% BB Agg, 15% TIPS	-1.5%	-2.0%	-0.3%	2.0%	5.4%	3.7%	3.6%
Total Equity	4.3%	3.7%	31.6%	38.3%	14.0%	16.8%	11.6%
38% R3 19% Ax 9% AC	2.7%	2.4%	27.8%	32.0%	11.6%	15.3%	10.7%
Domestic Equity	5.7%	5.2%	34.7%	42.1%	15.9%	18.6%	14.0%
Russell 3000 (R3)	3.1%	2.7%	28.6%	35.3%	15.0%	17.4%	13.4%
Global Equity	2.4%	0.3%	26.0%	32.8%	13.0%	15.0%	8.8%
MSCI ACWI (AC)	2.3%	1.9%	26.3%	30.2%	10.3%	14.2%	8.8%
Int'l. Equity	2.5%	2.6%	28.4%	33.7%	10.8%	13.9%	6.3%
MSCI ACWI ex-US (Ax)	2.0%	2.2%	27.1%	26.2%	5.4%	11.2%	4.8%
Real Estate			-0.8%	0.2%	4.8%		
			-1.5%	0.5%	4.2%		

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

	Mkt Value	Allocation
Domestic Equity	\$ 1,110.9	38.8%
Large Cap	757.2	26.4%
Mid Cap	229.2	8.0%
Small Cap	124.5	4.3%
Global Equity	259.3	9.0%
Int'l Equity	541.3	18.9%
Fixed Income	738.3	25.8%
Real Estate	190.8	6.7%
Cash	11.6	0.4%
Total Fund	\$ 2,866.3	100%



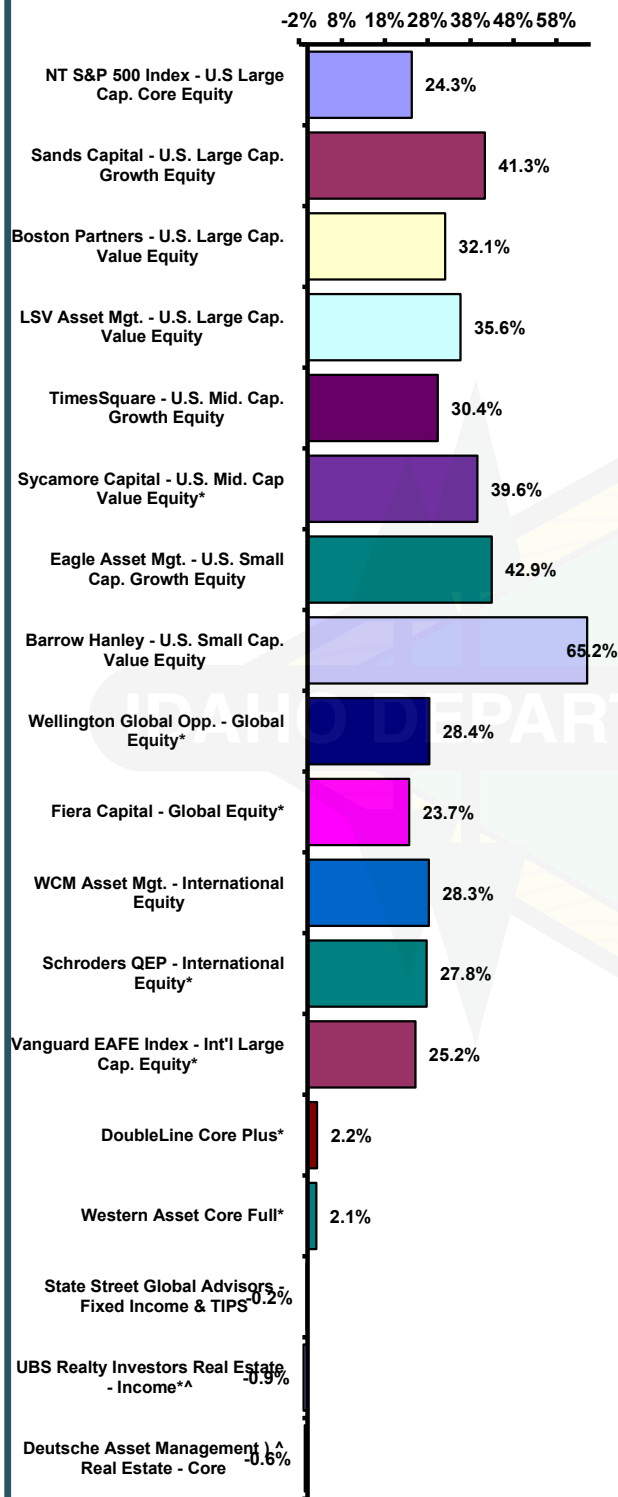
Endowment Fund Staff Comments:

In February we saw COVID-19 infections receded, vaccination campaigns accelerate and the approval of Johnson & Johnson's vaccine. The positive progress battling COVID-19 combined with the likelihood of another large stimulus program resulted in greater optimism about economic growth. The question investors are grappling with is what impact will the economic recovery have on inflation. Fed Chairman Jerome Powell has argued that we are on a path to reflate the economy at a healthy annual rate of inflation of around 2%. It is normal to have mild inflation and modestly higher interest rates as economic growth improves. Others are concerned that lockdowns have given rise to pent-up demand and extra savings and that when combined with another round of stimulus could result in a larger than expected sustained rise in inflation. Higher-than-anticipated levels of inflation could force the Fed to increase interest rates which would likely hurt tech and growth stocks that tend to underperform in a rising interest rate environment. These concerns resulted in an increase in interest rates, with the yield on the 10-year U.S. Treasuries ending the month at 1.4%

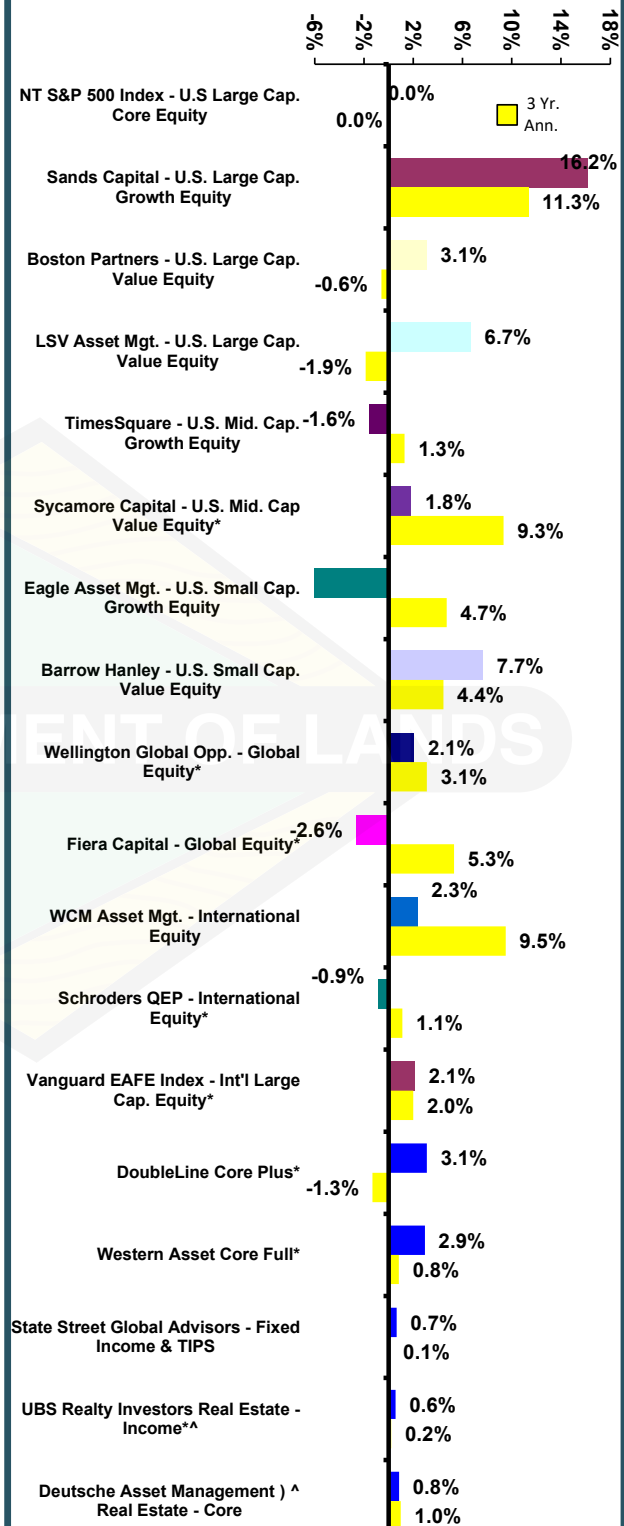
February 28, 2021

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.

STATE BOARD OF LAND COMMISSIONERS

March 16, 2021

Consent Agenda

Subject

Timber License Plate Fund Projects

Question Presented

Shall the Land Board direct the Department to proceed with the recommended educational projects developed with the Idaho Forest Products Commission?

Background

Idaho's timber license plate is established in Idaho Code § 49-417A and has been available since 1997. Twenty-five dollars of each initial fee and fifteen dollars of each renewal fee are deposited in the Idaho Department of Lands fund for reforestation activities or for education. Educational efforts must help build public understanding of reforestation or the management and conservation of forest resources on public and private lands in Idaho. Such funds are to be expended as agreed by the State Board of Land Commissioners upon recommendations developed jointly by the Idaho Department of Lands (Department) and the Idaho Forest Products Commission (IFPC).

Discussion

In calendar year 2020, a total of 3,218 timber plates were sold, transferred, or renewed. As of February 17, 2021, there is \$48,435.74 of unobligated funds in this account. The Department and Idaho Forest Products Commission have jointly agreed on a plan to expend \$50,000 on educational efforts for calendar year 2021 (Attachment 1). Fees from new and renewal license plates continue to accrue monthly and the Department anticipates \$50,000 will be in place by the time those funds are needed. Funds will only be withdrawn if available.

Recommendation

Direct the Department to proceed with the recommended educational projects developed jointly with the Idaho Forest Products Commission.

Board Action

Attachments

1. IFPC/Department Project Recommendations



**IDAHO FOREST
PRODUCTS
COMMISSION**

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District 3 - (208) 848-2301

Mark Mahon
District 4 - (208) 741-9067

Trevor Stone
At-Large - (208) 748-2038

Jennifer Okerlund
Director

Michelle Youngquist
Education Coordinator

TO: State Board of Land Commissioners

FROM: Jennifer Okerlund - Director, Idaho Forest Products Commission
Dustin Miller – Director, Idaho Department of Lands

RE: Timber License Plate Fee Recommendations

Idaho's Timber License Plate has been available since 1997. In the year 2020, a total of 3,218 timber plates were sold, transferred or renewed. Twenty-five dollars of each initial fee and fifteen dollars of each renewal fee are available for educational efforts or reforestation activities.

The following list of educational projects is recommended by the Idaho Forest Products Commission and the Idaho Department of Lands to be supported by Timber License Plate fees as authorized in Section 49-417A, Idaho Code:

1. Arbor Day Billboard Campaign

Background: Arbor Day is a special holiday set aside to appreciate and plant trees. This project would provide an educational statewide billboard campaign in conjunction with the Arbor Day celebration. The billboards would target the general public with a positive message about Idaho forests. This campaign would be part of a statewide Arbor Day 2021 project.

Plate Fees:	\$ 17,000
Total Project Estimated Costs:	\$ 27,000

2. Seedlings

Background:

This project would provide 20,000 seedlings for the Arbor Day 2021 celebration and educational expos. The seedlings are grown at the University of Idaho and packaged with information about reforestation and an educational brochure with information about Arbor Day and Idaho's forests will also accompany seedlings. The seedlings would be available throughout the state at various points of distribution.

Amount Requested from Timber Plate Fees:	\$ 4,500
Total Project Estimated Costs:	\$ 13,750

(Over)

ATTACHMENT 1

3. Arbor Day 2021

Background: Each year the last Friday in April is designed as Arbor Day, a special holiday celebrating trees. The Arbor Day 2021 project includes promotional materials, brochures and posters with information about Idaho's forests and reforestation, a seedling give-away, television and radio public service announcements, social media postings, a special Arbor Day t-shirt and event at the statehouse on Arbor Day. There will also be programs for Idaho educators focusing on the many things renewable trees bring to our lives and need for good forest stewardship, management and reforestation.

Amount Requested from Timber Plate Fees:	\$ 2,000
Total Project Estimated Costs:	\$ 10,500

4. Arbor Day Photo Contest

Background: In 2011, IFPC began a statewide photo contest providing an opportunity for Idaho students to engage in Arbor Day and consider the role trees as a renewable resource play in their daily lives. The project has been a true success with hundreds of 5th to 12th grade students participating each year. The contest was developed with input from the Idaho Department of Education and asks students to show what they see when they "Look to the Forest" through a photograph and to describe their work in an artist statement. Cash prizes are awarded to the winners of three age categories. One grand prize is honored at the state Arbor Day Celebration. Winning photos are used to promote Arbor Day and forest education in Idaho.

Amount Requested from Timber Plate Fees:	\$ 500
Total Project Estimated Costs:	\$ 1,000

5. Arbor Day Tree Planting Effort

Background: Attached

Amount Requested from Timber Plate Fees:	\$ 2,000
Total Project Estimated Costs:	\$ 2,000

6. Teachers= Sustainable Forest Tours

Background: This project brings provides forty-three educators with an exceptional hands-on opportunity to learn about sustainable forest management and the forest products industry during a 4-day forest tour. Its goal is to provide an opportunity for educators to talk directly with the people that grow, manage, harvest and process trees into useful wood products as well as the managers who care for the air, water, soil, fish and wildlife. In 2021, two, smaller scale Sustainable Forest Tours will be scheduled to accommodate COVID-19 and social distancing requirements.

Amount Requested from Timber Plate Fees:	\$ 1,500
Total Project Estimated Costs:	\$ 45,000

(Over)

7. Forest Tour

Background: This project provides an on-the-ground educational opportunity for Idaho leaders to learn about the forests of Idaho and gain a first-hand understanding of forest management. In the past, *Miracle at Work Forest Tours* have been conducted in central and north Idaho and feature private, state and federal forest managers and resource professionals.

Amount Requested from Timber Plate Fees:	\$ 2,500
Total Project Estimated Costs:	\$ 24,000

8. Project Learning Tree

Background: Project Learning Tree is a nation-wide, award winning environmental education program. PLT is based on the principles of teaching youths how to think, not what to think@ and preparing students to make wise decisions about resource use and conservation. Since 1994, over 9,600 teachers have participated in PLT workshops with the potential to reach thousands of Idaho students *each* year.

Amount Requested from Timber Plate Fees:	\$ 20,000
Total Project Estimated Costs:	\$ 150,000

Total License Fee Appropriation Request	<u>\$ 50,000</u>
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Coeur d'Alene Staff Headquarters

3284 W. Industrial Loop, Coeur d'Alene, ID 83815

Telephone: Michael Beaudoin - (208) 666-8621

Joyce S. Jowdy - (208) 666-8622

Fax No. (208) 769-1524

Memorandum

TO: Dustin T. Miller, Director, IDL
Jennifer Okerlund, Director, IFPC

FROM: Michael Beaudoin, UCF Program Manager

SUBJECT: Arbor Day Funding Request

DATE: February 1, 2021

CC: Craig Foss, State Forester/Forestry & Fire Division Administrator and Archie Gray, Chief Forestry Assistance Bureau

I am writing to request \$2,000 from the Idaho Timber Special License Plates program to assist Idaho Department of Lands area offices in promoting tree planting on public and private lands in and around Idaho communities. This funding request is for FY 2021, as Timber license plate funds are available.

The Department of Lands will use the \$2,000 to encourage IDL area field offices to help communities plan and conduct local Arbor Day celebrations. Similar projects conducted in past years received outstanding support from IDL field offices and the communities they assisted. Funds were used to purchase trees, Arbor Day T-shirts, and other educational materials for communities throughout Idaho. In 2020 due to the pandemic, the IDL field offices could not offer assistance to communities in the manner of the past. But it is my expectation that for 2021 this project will resume and thus again require funding.

The Arbor Day project provides many opportunities for partnerships between urban and rural forestry interests. IDL foresters work with local governments, schools, service clubs, businesses, USFS offices, and forest products companies to plan and conduct local celebrations.

Thank you for your consideration of this request. I will be glad to provide additional information as needed, and look forward to your response.



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

February 16, 2021

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, February 16, 2021 at the Idaho Department of Lands, Garnet Conference Rooms, Suite 103, 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, the Governor's Stage 3 Stay Healthy Order, dated 2/2/2021, allowed for gatherings, including public meetings, of 50 persons or less in physical attendance; however, this meeting location was selected while the state was under a Stage 2 order; therefore the room capacity was limited to 10 persons or less. Governor Little was present at the physical meeting location with all other Board members joining via Zoom webinar.

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

- A. Timber Sales – January 2021
- B. Leases and Permits – January 2021

Discussion: In the Timber Sales report, Attorney General Wasden amusingly wondered if there was an uptick of interest by elk hunters in the Hello Elk timber sale. Director Miller replied that timber sales are named by the Department's foresters and speculated that this may be a spot where a lot of elk are seen. Controller Woolf referred to page 2 of the Leases and Permits report, noticing that several of the receipts are way ahead of expected targets, but several are lacking. Controller Woolf asked if it is timing, are receipts being paid off, or what is contributing to that. Director Miller responded that payments for various leases do come in a staggered fashion. Many come in early in the year and there is an uptick in those payments. A few are lagging, as the Department works to get a few leases issued. The Department is on track to meet its revenue

goal by the end of the fiscal year. Governor Little referenced the Monthly Lumber and Stumpage Price chart on page 3 of the Timber Sales report and suggested that salvage should be removed from it for the next Land Board meeting to see if the chart more accurately reflects prices. The Department has had record high prices this year and that should show up somewhere; if there is an inordinate amount of salvage that may explain it.

For the record, at approximately 9:11 a.m. Attorney General Wasden followed up on a statement from the recording secretary that some attendees of the Zoom webinar reported the audio was hard to hear. Attorney General Wasden asked for confirmation that members of the public were able to hear the meeting, in compliance with the Open Meeting Law. Mr. Scott Phillips checked the Zoom webinar feed and Facebook Live stream and verified that both had very good audio quality.

Status Updates

- C. Legislative Update
- D. Resource Protection and Assistance Report

Discussion: Governor Little pointed out the last graph of the Resource Protection and Assistance Report; the legend shows two blue lines, one for Capital Outlay and one for Year End Fund Total. Governor Little saw only one blue line, unless one was obscured by the black background; is there zero revenue coming in? Mr. Thomas replied it is very nearly zero revenue coming in currently. Given the three mines that are in the queue, Governor Little asked is there a date that the fund is going to be depleted and what plans should the Land Board put in place, particularly when the legislature is in town, to address that. Mr. Thomas said the Department does not have a date as to when that fund may be depleted since it is closely tied to the activity in Idaho which is pretty unpredictable at times. If the three large projects do not come online, which would be highly unlikely, the Department would reduce project activity to near nothing and moving forward may ask for some other funding source, first looking for other dedicated sources of revenue to fund the program; that would be the first option. If those do not work, then there may be a legislative ask, but that is for future and not anything the Department is planning on right now because staff knows historically that this activity is very cyclical. Controller Woolf mentioned the graph at the top of page 3 on the same report and for clarification inquired if the red and blue bars represent revenue or receipts coming in on the public trust program. Mr. Thomas replied that is correct. Controller Woolf asked if there is sufficient funds here, or is the Department over-recovering with the current cash balance? Controller Woolf noted in fiscal year 2016 there was no cash balance and in fiscal year 2021 it is approaching \$1.2 million. Mr. Thomas responded that it is a fine line. The Department increased inspections for the submerged land leases up north as activity continues to grow on Lake Coeur d'Alene and other lakes. Department staff wants to get out there and at least stay in pace with it. That is one of the reasons why the bureau started working with operations staff to get boots on the ground. The Department also brought an additional FTE online to help with these projects and thankfully the fund is matching the need right there. Mr. Thomas expects over the next several years to stay in that sweet spot. This increase in funding enables the Department to provide additional support and services to the public around the lakes up north.

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 the portfolio was up most of the month of January but retreated modestly the last few days of the month. The fund ended down 0.5% for the month of January and up 17.6% fiscal year-to-date. Through the close of the markets on Friday [February 12] the fund continued to rally, up 23.7%. Mr. Anton commented it is pretty hard to believe the remarkable year the fund has had. Equity markets had an incredible rebound since the COVID-induced sell-off in March; it was not surprising to see some profit taking. Just to reiterate the rebound, March 23rd [2020] was the low and the overall portfolio on that day, for one day, dipped below \$2 billion. As of the close of the markets last Friday it was at \$3,000,112,000. That includes about \$175 million for the non-land grant/other state agency endowments, but the total portfolio was still over \$3.1 billion compared to just slightly below \$2 billion on March 23rd [2020]. Corporate profits for the fourth quarter have been very strong. Most of the companies, the vast majority, have announced earnings in excess of what was projected. However, valuations are starting to feel a little bit stretched given the run the markets have had. Vaccine deployment has had some challenges, and all are aware that there have been some potentially dangerous mutations of the virus. Overall, markets continue to be an environment where there is support both from fiscal and monetary policy, and as corporations are doing well markets continue to have this strong rebound. Mr. Anton stated reserve funds are well secured. All of the endowments are above target reserve levels. The Investment Board met on February 11th. The main decision made, based on the Governor's recommendation, is the Investment Board elected Tom Wilford as the new chairman; board members and staff are pleased to have Tom in that position. EFIB had its budget presentation on February 5th and as Director Miller indicated earlier, has its budget setting scheduled for March 9th.

Consent—Action Item(s)

3. Approval of Draft Minutes – January 19, 2021 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)

4. Tidwell Idaho Foundation Appeal of Auction for Communication Site Lease No. M700084 and Auction Results – Presented by Steve Strack, Deputy Attorney General, Office of the Attorney General, and Dylan Lawrence, Principal, Varin Wardwell LLC

Recommendation: The Foundation's appeal should be rejected, and the results of the auction for Lease M700084 should be affirmed by the Land Board.

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

Discussion:

Mr. Steve Strack: In 2018, the Department received an application to lease approximately a quarter-acre in what is commonly called the Buttercup parcel which is located in Blaine County just north of Hailey. The parcel itself has about 106.6 acres of land. In 2018, the Department received an application to lease a quarter acre as a cell tower site. The site is located at the southern tip of the parcel which is roughly triangular in shape. There is a map that accompanies our supplemental memorandum that kind of shows the location of the three things we're talking about here which is the parcel itself, the land that the Foundation applied to lease, and the location of the cell tower site. The application for the cell tower site was advertised in December 2019 and January 2020; the Department received three applications. One of those eventually dropped out and on December 3rd of last year, the Department held a virtual auction with the two remaining applicants. The winner of the auction was Newmax LLC which will pay a premium bid of \$15,500 and an annual rent of \$18,969 and that rent will go up 3% per year for the 20 year life of the lease and it will also go up if there are co-locators on the cell tower. On December 21st [2020], Tidwell Idaho Foundation filed a notice of appeal of the conflict auction, but they were not a bidder at the auction; that makes this appeal a little bit unusual and why we have to explain why exactly they're not entitled to pursue this appeal, in the Department's recommendation. The only issue before the Board to decide today, and it is a very limited issue, is whether or not to accept or reject the appeal. If the Board accepts the appeal, then the award of the cell tower lease would be stayed while the Board appoints the hearing officer or a subcommittee to hear the appeal on the merits. If you reject the appeal, then the award of the cell tower lease is confirmed, and it will go forward. In order to decide whether to accept or reject the appeal the Board has to make a threshold determination as to whether or not the Foundation has been aggrieved or injured by the award of the lease or by the conduct of the auction. I say that because the rules itself provide that only an aggrieved party can file an appeal of an auction result. So in order to be aggrieved or injured, a person has to be deprived of a legally protected right. Simply being unhappy with a cell tower lease in your neighborhood is not a sufficient basis for an appeal. If it was, then basically every cell tower lease the Department has issued in the last few years would be appealed. Here, the Foundation is alleging that it has a legally protected right in the conduct of the auction because it asserts that it was a conflict applicant. The issue of whether to accept or reject the appeal turns on the issue of whether or not the Foundation is a conflict applicant. In order to be a conflict applicant as defined in the rules, in this leasing rule 10.05, you have to be an applicant for the same parcel of state endowment trust land. At this initial stage – again the question is whether to accept or reject the appeal – the question is whether the Foundation has applied to lease the same parcel of endowment land that is the subject of this cell tower lease. If we were just to focus on the cell tower lease itself the answer is clearly no, because the Foundation did not apply for the cell tower lease itself, the one-quarter acre that we are talking about. Instead, the Foundation argues that it is a conflict applicant because it applied to lease a different portion of the Buttercup parcel and it intended to use that portion for a low-income housing development that would be supported by a solar farm which would supply power to the homes. To understand why there is no conflict, we have to go back to the Foundation's original application which was filed in June 2019. If you look at the map – it is part of the application, it is in the record, it's part of our

supplemental memorandum – you can see that the Foundation applied to lease 80 acres of land within the Buttercup parcel. That was the pink outline in this application; the Department helped them make the map. That 80 acres does not include the one-quarter acre that is the cell tower site. They are separated by a few hundred feet and by an Idaho Power transmission line that runs through the property pursuant to an easement with Idaho Power. There is no overlap between the land that the Foundation originally applied to lease and the cell tower site itself. The Foundation proposed to use that 80 acres for low-income housing development. They proposed to pay a rental rate initially of \$3,500 per year; they raised that a couple of months later to around \$25,000 a year, for a starting lease rate based on \$2,500 for every acre that they intended to develop. The Department has not really moved the application forward because it's been concerned about whether or not that proposed lease rate made a lot of sense given that this is a multi-million-dollar property. But for purposes of the appeal, we assume that the Foundation's application is still active. The Department has never expressly rejected it. So we treat them as an applicant for that property for purposes of this appeal. While the Foundation's application to lease that 80 acres was pending, the Department moved forward with the cell tower lease to auction. Again the initial application for the cell tower was filed in September 2018. The application was held up while the Department went through its lease review process that the Land Board ordered. The Foundation filed its application in June 2019. The cell tower was advertised as available for conflict applications in December 2019 and January 2020. There was an application deadline in the advertisements of January 10, 2020. Now because the Department knew the Foundation was interested in the Buttercup parcel itself, it provided actual notice of the application deadline to the Foundation. The Foundation initially indicated that it would like to bid on this site but eventually did not file an application and instead just protested the Department moving forward with the cell tower. That's really one of the critical facts here that I want to highlight. The Foundation had actual notice of the application deadline, they did not apply to bid on the cell tower site, and at no point prior to the January 10, 2020 deadline did they attempt to amend their existing application to include the cell tower site, that happened much later and we will discuss that in a few minutes. At the January 10th application deadline, there were three applicants to lease the cell tower site itself, none of them were the Foundation. Fast forward ten months and three weeks later on November 27, 2020, this was 6 days before the auction, and at that point the Foundation sent an email to Josh Purkiss stating that it wanted to amend its application for the 80 acres to include all 106 acres within the Buttercup parcel including the cell tower site, and that email indicated that it would increase its rental offer to \$250,000 per year. So it is questionable whether or not you can amend an application through that kind of email, but let's treat it as an amended application to lease the cell tower site itself. The only problem here is that it was sent 6 days before the auction deadline, nearly 11 months after the application deadline of January 10, 2020. One basis for rejecting their appeal is that, even if we treat their application as including the cell tower site, simply untimely. You can't file an application 6 days before an auction, you can't file an application 11 months after an application deadline. The Department has clear authority under the leasing rules to set deadlines for applications, so there's no question here that this was untimely. The Foundation has an alternative argument, which I will address now, and their argument is that all applications for the same quote unquote parcel – and here we're talking about the Buttercup parcel, the 106.6 acres – they argue that any application within that larger parcel is entitled to participate in the conflict auction for the cell tower site because even though they're for different parts of the same parcel, they interpret the rule to mean that any applications within the same larger parcel are in conflict.

Their argument would essentially require the Department to treat the application for one part of the parcel as an application for the entire parcel. There is nothing in the statutes and there is nothing in the leasing rules that really require that. The leasing rules require the applicant to provide a legal description of the specific lands that they wish to lease. Those specific lands are then made available by advertisement for conflict applications, which is what happened here. The advertisement for the cell tower lease was very clear that it was for a 0.23-acre site within the Buttercup parcel. So if someone applies to lease that same 0.23 acres, they are a conflict applicant. But if there's an application to lease a different portion within the parcel, the Department does not consider that a conflict. That is an important concept because most endowment parcels are 640 acres, a mile by mile section of land. If someone had a pending application to lease one-quarter of an acre in a 640-acre parcel, that does not mean that someone applying to lease a different quarter acre nearly a mile away but within that same parcel is in conflict. It's not an either-or proposition. Multiple applications can move forward for lands within a larger parcel. If the Board was to adopt the Foundation's arguments, that these two applications within the larger parcel are in conflict, then by law you could only award one of those leases. You can't award multiple leases in conflict if there is a conflict. I am giving you an extreme example by talking about the 640 acres, but the same principle applies to the Buttercup parcel; there is no support for the Foundation's interpretation that by applying for this land within the pink outline back in 2019 that they were in fact applying for the same parcel and that any other lease within the larger parcel would be in conflict. Again, the Foundation is an applicant for nearby lands and they're clearly unhappy with the cell tower and that unhappiness or dissatisfaction may cause them to withdraw their application, but, and this is critical, that is their choice. The Department is not depriving them of any rights. The Department by auctioning off the cell tower site does not take anything away from the Foundation; it is not depriving the Foundation of any property rights; it is not depriving the Foundation of its right to pursue the still pending lease application for those 80 acres. The Foundation has not been deprived of any rights; there is no basis for accepting the appeal. It's our recommendation that the Board reject it. Let's talk shortly about their alternative argument, about the Board violating its fiduciary duties if it does go forward with the cell tower lease knowing that the Foundation would then withdraw its application for the larger parcel. If that's true, and we don't know whether or not the Foundation will actually do that, the loss of potential endowment income does not deprive the Foundation of any rights, so again we're looking at whether or not the Foundation can pursue an appeal. They have to be injured. They're not injured by this alleged loss of endowment income. Our Supreme Court has said that only the endowment beneficiaries have standing to challenge financial decisions of the Board because they're the only parties that are injured. The Foundation can't claim to be injured or aggrieved by the alleged loss of endowment income. They are concerned about income not on grounds on which the Foundation can move forward on an appeal. Just to wrap this up...the Department followed its rules in identifying the two entities that qualified as conflict applicants for the cell tower site; it properly rejected as untimely the Foundation's last minute attempt to create a conflict by amending its application for the larger site. At the end of the day, all the Foundation is able to prove is that it is unhappy or dissatisfied with a cell tower being located near property that they wanted to lease, but unhappiness is not injury. Therefore, it is the Department's recommendation that the appeal be rejected, that the auction results for cell tower lease M700084 be accepted by the Board and the lease be awarded to Newmax LLC. That is all I had; I will be glad to stand for questions.

Attorney General Wasden: Steve, I also understand that in the process of the Foundation's amending its lease proposal, that there was a contingency attached to that – that if the auction occurred that they withdrew their application. Can you take me through that please?

Mr. Strack: That is correct. In their email to Josh Purkiss, again 6 days before the auction, they indicated that they would be willing to pay \$250,000 per year for the larger site, all 106 acres, but they would withdraw that offer if the cell tower lease moves forward. So it is a contingent...when you go back to the original lease application it was for \$2,500 per year. Two months later they upped that to \$25,000 per year. Six days before the auction they increased that to \$250,000 per year. There are no financials or anything attached that would support that offer so that's also another form of contingency.

Governor Little: Mr. Lawrence we've got a pretty limited time frame here, but I understand you're representing the appellant so if you can be brief, we'd appreciate it.

Mr. Dylan Lawrence: Okay, thank you Governor. Am I coming through okay?

Governor Little: Yes.

Mr. Lawrence: Okay. I represent the Tidwell Idaho Foundation who applied to lease a portion of this Buttercup parcel. And that Buttercup parcel, as we outlined in the briefing and we attached maps and all that, is made up of three distinct parcels of state-owned land. Our contention is that the Foundation had an application on file to lease a portion of one of those parcels of state-owned land and that under the wording of the Board's own leasing rules when it defines what a conflict application is, its basically three things: it's that you've got a use that's within the purview of the Board's leasing rules, and that you've got applications to lease the same parcel of land, and that's what the rule says. Typically when you use that word parcel, that's referring to a legal parcel of land. Our contention is that the Foundation's application was inherently a conflict application under the Board's own rules, and it should have gone through the process of developing the lease and lease terms. Under the rules that's what happens when it qualifies as a conflict application is that there are then additional procedures for developing lease terms and ultimately having a lease that everybody can look at and evaluate. But that didn't happen here. Some of Mr. Strack's argument is related to the fact that we have to piece a lot of this stuff together through emails and email chains and all of that, but I think that emphasizes the point that the record is a little messy because that process was never followed in terms of the Foundation's application. There's another piece that Mr. Strack didn't go into as much detail on, but in terms of the Foundation's application qualifying as a conflict application the other important point here is that fairly early on in the process, the Department's staff identified it as an application that's commercial in nature, and that's important because under the statutes a commercial application is out of the conflict auction procedure, out of the leasing rules, and it is treated more on an individual ad-hoc basis. We don't think that it really does qualify as a commercial application; we think the Department staff made that conclusion because there is a solar component to the application but really the solar component is ancillary to the single-family residential use that's proposed by the Foundation's application. We believe that it is a use that's within the purview of the Land Board's leasing rules. In terms of Mr. Strack's comments and the Department's arguments about standing, we've dealt with those pretty comprehensively in the written materials, but I think that the main take away on that point is the fact that we believe that the Foundation's application is a conflict application under the rules and so the rules itself

confer standing as an applicant to lease a portion of the same parcel of state-owned land. It's not a situation where there's an environmental organization who's opposing a lease because of some ancillary concern. The Foundation's application is an application to lease a portion of the same parcel of state-owned land that comprises that larger Buttercup parcel. Those are the high-level comments I wanted to make and I'm of course happy to stand for any questions. Governor, you referenced having limited time, I just want to say for the record that before the hearing the Foundation's president Ms. Tidwell asked me to inquire if she could have an opportunity to address anything I may have left out.

Governor Little: Ms. Tidwell, just briefly.

Ms. Kiki Tidwell: Thank you, Governor Little and Land Board. We're a small family foundation but we have had a mission of prevention of child abuse in Idaho for about 26 years, along with rural economic development through renewable energy. We have given quite a bit of funds over many years to those two purposes, and we have a real desire to demonstrate a renewable energy community where more affordable housing can be supplied by energy generated on site. We've spent considerable funds on attorneys to attempt to discern what Idaho Department of Lands wanted in an application. We've hired land surveyors and investigated current costs from a solar developer, a storage battery provider, from experienced subdivision developers, and we worked with engineers to model the septic and water requirements. I think several things happened at the same time when we came in with our application that created confusion in the Department. A new Land Board convened with a new Governor, the IDL Board had to revamp its leasing processes as required by an Idaho Supreme Court decision, the new leasing processes actually set all applicants back to starting over after the October 17, 2019 Land Board meeting. At the time that we were attempting to learn about how to lease from the Idaho Department of Lands, field staff such as Meribeth Lomkin were unsure of the new rules and were awaiting direction. There are emails where she is very unclear about what is happening at the main IDL offices. Both Lomkin and central staff office Josh Purkiss, however, did make an initial judgement and told us that it was classifying it as a commercial project applicant and that is not correct because it is a home site leases project and not commercial. We were going with the guidance that IDL staff was giving us. Lomkin, believing that new rules were being made for commercial leases felt that the Tidwell Idaho Foundation application was on hold. It seems like Lomkin did not know of the October 17th reset for leases and that all existing leases had to reapply. We were never told that we needed to reapply. We had a valid application with an application fee. Lomkin understood the Buttercup communication site applications to have been only delayed, or frozen from an earlier time period, not a complete reset. Therefore, she gave these applicants priority in an auction, when all applicants for the same parcel should have been an equal reset starting line with all conflicting uses allowed to bid; we relied on the direction from staff of how the application process worked and what it was supposed to do when. We believe that its application was actively being considered all these many months, and still believe that it has a valid application currently in with IDL along with its fee paid. Let me say that only our updated offer of the increased rent was withdrawn if the cell tower site went through. Our amended application was still on file. Staff did not tell us that we needed to supply additional financial performance when we amended any application, we weren't notified that an email amendment may not have been valid, we weren't notified of meetings when our application might be presented to the Board, and we were given no opportunity to attend to answer questions. IDL staff Josh Purkiss did not inform us of the existence of a recently completed appraisal on the parcels for five months. We

struggled to understand what IDL would consider as a good application and we needed this vital information of the appraisal. Staff never informed us that our application would not be moving forward. That is a falsehood presented to you. Staff did not follow IDL's procedures as outlined in the IDL application website. IDL should have advertised the prior James Miser's lease expiring as well as should have advertised a new proposed use of public lands once we submitted our first application. We believe that we are going to do a really good job in Blaine County to satisfy very vital needs of more affordable housing on smaller pad sites and very sustainable housing with energy that can be more resilient in the face of severe climate events; we're going to have backup power. We were never given directions of how we could bid for the parcel beyond being directed to look for an advertisement on a communications site. We believe that we could really do a good job on this parcel if given a chance to compete on bidding on the entire parcel. I thank you very much for considering our application.

Governor Little: Thank you, Ms. Tidwell. Further questions from Board members.

Attorney General Wasden: Unfortunately, I had some kind of a technological glitch when Mr. Lawrence was speaking, and I did not get to ask him a question. I wondered if he was still present and would yield to a question.

Governor Little: I believe he will, go ahead General.

Attorney General Wasden: Mr. Lawrence I am trying to figure out in the original application by the Foundation if it included the 0.23 acres for what is known as the cell site or the communications site?

Mr. Lawrence: Governor and Attorney General Wasden, honestly that might be a question better posed to Ms. Tidwell because she is more familiar with the ins and outs of the actual application.

Ms. Tidwell: I can answer that. Yes, it did. It included the blue outline of the entire parcel, our original application. Then we got feedback from Lomkin that we needed to exempt the existing radio tower, which is not the communications site but another site, and so we amended it to kind of maybe carve out that existing lease, but you know we've always been looking for direction from IDL about what we were supposed to be doing. It's very important that the entire parcel be seen as one piece because those house sites depend on the whole parcel vision. At various times we also went back to that larger blue outline with Josh Purkiss in various configurations. You can see I sent pieces like this that took it back in and asked him does this work for you, does this work for you? We were really trying to do something that worked for IDL and for our purposes but we did include it in the first application. Unfortunately, what I did is I amended the first application on top of the original one so there is two different printouts, but you know the amendment has the same date as the original application.

Attorney General Wasden: Kiki, you and I know each other; I will call you Kiki and you can call me Lawrence. So your original application, in your view, included it but then you removed that 0.23 acres at some point? Correct?

Ms. Tidwell: We were shifting around trying to see what IDL wanted from us. I knew that they wanted the original radio tower site out of there. So we kind of went with that. But the radio tower doesn't impact the whole property like a cell tower does.

Attorney General Wasden: Okay, but that 0.23 acres was then at some point excluded from your application, correct?

Ms. Tidwell: I am not really sure, because we never got anywhere, you know, with consideration.

Attorney General Wasden: Okay, alright.

Governor Little: Further discussion.

Attorney General Wasden: My question has been answered, Governor.

Governor Little: Mr. Strack do you have any brief, very brief, closing comments?

Mr. Strack: Thank you, Governor. I just want to reiterate that for purposes of the appeal, we are assuming that the Foundation's application remains on file and is active. We are assuming that it is subject to the same rules that apply to the cell tower lease. So all of this discussion about whether or not it was a commercial application really kind of falls away for purposes of the appeal. We are basically making all the assumptions in favor of the Foundation and still concluding that they don't have a basis, under the rules, for contesting the cell tower application. Thank you.

Board Action: A motion was made by Attorney General Wasden that the Tidwell Idaho Foundation's appeal be rejected and the results of the auction for lease M700084 be confirmed by the Land Board. Controller Woolf seconded the motion. Attorney General Wasden commented that based upon the entirety of this discussion this motion is proper, the Foundation did not timely submit a lease application regarding this 0.23 acres, and the Land Board should then confirm the results of the bid. The motion carried on a vote of 5-0.

5. Omnibus Rulemaking – Adoption of Temporary Fee Rules – Presented by Scott Phillips, Policy and Communications Chief – Presented by Scott Phillips, Policy and Communications Chief

Recommendation: Adopt as conditional temporary rules all of the Department's administrative fee rules, as set forth in Attachment 2. The rules will become effective only if the pending fee rules are not otherwise approved or rejected by the 2021 Idaho Legislature and/or not extended pursuant to the Idaho Administrative Procedure Act.

Discussion: None.

Board Action: A motion was made by Attorney General Wasden that the Land Board adopt the Department recommendation that is that the Land Board adopt as conditional temporary rules all of the Department's administrative fee rules, as set forth in Attachment 2. The rules will become effective only if the pending fee rules are not otherwise approved or rejected by the 2021 Idaho Legislature and/or not extended pursuant to the Idaho Administrative Procedure Act. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

6. Negotiated Rulemaking IDAPA 20.03.09, Easements on State-Owned Submerged Lands and Formerly Submerged Lands – *Presented by Mick Thomas, Division Administrator-Minerals, Public Trust, Oil and Gas* – *Presented by Mick Thomas, Division Administrator-Minerals, Public Trust, Oil and Gas*

Recommendation: Authorize the Department to initiate negotiated rulemaking for IDAPA 20.03.09 *Easements on State-Owned Submerged Lands and Formerly Submerged Lands*.

Discussion: None.

Board Action: A motion was made by Attorney General Wasden that the Land Board adopt the Department recommendation that is the Land Board authorize the Department to initiate negotiate rulemaking for IDAPA 20.03.09 Easements on State-Owned Submerged Lands and Formerly Submerged Lands. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

7. Negotiated Rulemaking IDAPA 20.02.01, Rules Pertaining to the Idaho Forest Practices Act – *Presented by Craig Foss, Division Administrator-Forestry and Fire*

Recommendation: Authorize the Department to initiate negotiated rulemaking for IDAPA 20.02.01 *Rules Pertaining to the Idaho Forest Practices Act*.

Discussion: None.

Board Action: A motion was made by Attorney General Wasden that the Land Board adopt the Department recommendation that is the Land Board authorize the Department to initiate negotiated rulemaking for IDAPA 20.02.01 Rules Pertaining to the Idaho Forest Practices Act. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

Information

None

Executive Session

None

There being no further business before the Land Board, at 10:16 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

March 16, 2021

Regular Agenda

Subject

Approval to offer for auction Agricultural College endowment (Agricultural Endowment) land, known as the Caldwell Area Property Assemblage (Property), located at East Homedale Road and South 10th Avenue, Caldwell, Idaho

Question Presented

Shall the Land Board direct the Department to dispose of the Property?

Background

In September 2016, the Idaho Department of Lands (Department) met with representatives from the University of Idaho (University) seeking consideration from the Department and eventually, the State Board of Land Commissioners (Land Board), to dispose of the Property.

The Property considered for disposition is approximately 282 acres, divided into two separate legal lots of 161.73 and 120.25 acres, located in Canyon County (Attachment 1). The land came into state endowment ownership through the "in-lieu" land process. The State of Idaho and the General Land Office (federal land office) worked together to identify these lands for addition to the Agricultural Endowment portfolio. The Property was subsequently transferred into State of Idaho ownership with Clear List AC018BOI (Attachment 2) on January 31, 1908.

On land adjacent to the Property, the University built and maintained a veterinarian training facility commonly known as the Caine Veterinary Teaching Facility (CVTF). In addition, the University housed staff in structures on the Property and allowed the Idaho Department of Fish and Game to use a portion for storage and big game studies.

In 2020 the University sold the CVTF facility and the approximately 40 acres of land it owned adjacent to the Property. The University determined that the Property no longer serves the best interest of the University and would like to dispose of the Property.

The University requested and was granted an easement (Attachment 3) for the Property in 1947 to use as an "experimental farm and improvements thereon" for \$1. As part of the disposition process, the Department will require the easement to be released or terminated before the Property's marketing begins.

Discussion

As part of the due diligence process, the Department sought guidance from CenturyPacific LLLP (CenturyPacific), the Land Board's real estate advisor, to determine if it is in the best interest of the Agricultural Endowment to divest of the Property. CenturyPacific completed a business plan (Attachment 4) that recommends "the Property should be aggressively marketed and sold pursuant to a sale process that is consistent with the State of Idaho constitution."

Over the past five years, the Department completed the necessary due diligence to prepare the Property for disposition which included appraisals, review appraisals, title commitment, ALTA survey, conceptual land-use plan, and an environmental site assessment. Upon Land Board approval, the Department will begin the process of hiring a real estate broker to market and facilitate the auction. The broker will post all due diligence materials for interested parties, including property-specific appraisals, review appraisals, environmental assessments, and preliminary title commitments. After the marketing period, the Department will offer the property for sale at auction in one or more parcels with the combined auction price beginning at the appraised value of \$5,726,000. The Department will follow the statutory requirements for the disposition of endowment land as provided in Idaho Code § 58-313 *et seq.*

The proposed schedule:

- Create a Property Information Portal for due diligence: 3/16/21
- Contract a real estate broker: 3/18/21 – 5/1/21
- Release or termination of easement executed
- Market the Property for a minimum of 60 days
- Advertise the legal notice for the public auction in the Idaho Statesman for five weeks prior to the auction
- Auction held between 7/15/21 – 8/30/21
- Closing to be held within 60 days of the auction

The terms of the sale will include:

- Live public auction held in Ada or Canyon County
- Starting bid not less than appraised value
- Bidders required to post a nonrefundable bid deposit equal to the greater of 3% of the appraised value or \$10,000, unless otherwise approved by the Department
- A buyer's premium of 3% added to the successful bid price
- No contingencies
- Buyer responsible for all closing costs and title insurance
- Closing within 60 days after close of auction

Recommendation

Direct the Department to offer the Caldwell Area Property Assemblage for sale at auction in Ada or Canyon County upon confirmation of the University of Idaho's relinquishment of the 1947 easement.

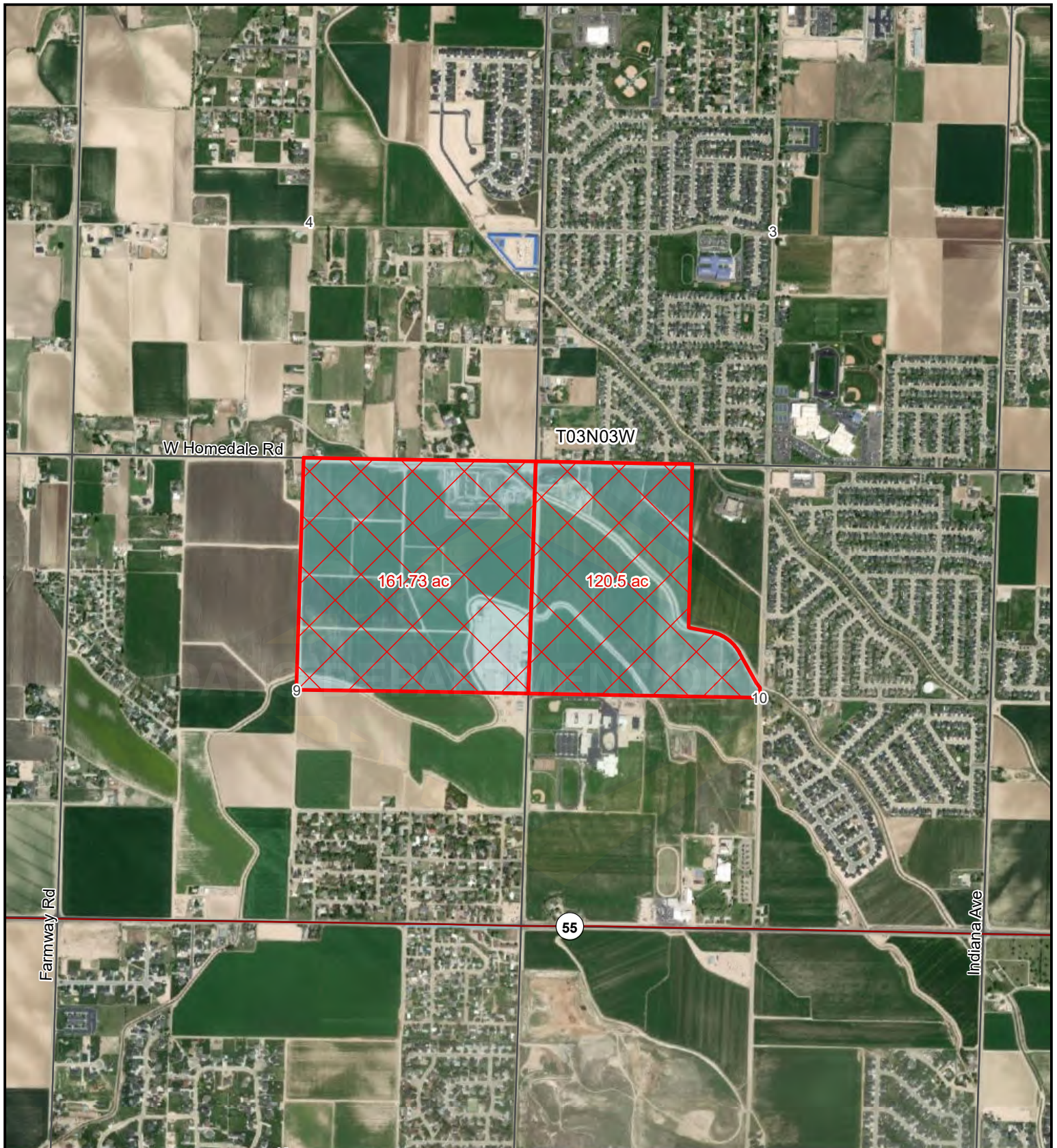
Board Action

Attachments




1. Caldwell Area Property Assemblage map
2. Clear List Deed
3. University of Idaho Easement
4. Property Business Plan by CenturyPacific

The logo of the Idaho Department of Lands is a large, stylized diamond shape. It features a light green center with a white outline, surrounded by a yellow border with a wavy pattern. The entire logo is set against a light gray background. A horizontal white bar with rounded ends is superimposed across the middle of the logo, containing the text "IDAHO DEPARTMENT OF LANDS" in bold, black, uppercase letters.

IDAHO DEPARTMENT OF LANDS



Caldwell Area Assemblage

-  Highway
-  IDL to Dispose
-  State Endowment Land

3/1/2021

Scale 1:18,000



0 0.5 1 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 1

Agricultural College
C.L. #18.

SELECTION LIST.

IDAHO STATE LAND DEPARTMENT

GRANT, Act of July 3, 1890, SECTION

No. _____

LAND DISTRICT.

Filed _____ 190 _____ Accepted _____ 190 _____

Rejected _____ 190 _____

Appealed _____ 190 _____

Fees Paid _____ 190 _____ Amount \$ _____

Fees Tendered _____ 190 _____

Posted on Adjustment Sheets _____ by _____

Posted on Plat Book { Selections _____ by _____

Losses _____ by _____

Recorded

Checked: 8-21-02
EF

"G"

R.C.M.

Department of the Interior,
GENERAL LAND OFFICE,

J.R.C.

Washington, D. C., January 31, 1908.

I hereby certify that the annexed transcript of List No. 18, approved January 27, 1908, embracing 320 acres in the Boise land district, selected by the State of Idaho under its grant for an Agricultural College,

is a true and literal exemplification of said approved list on file in this office.

In testimony whereof I have hereunto subscribed my name, and caused the Seal of this Office to be affixed, at the City of Washington, on the day and year above written.

R. A. Bacon

Commissioner of the General Land Office.

12314bSm2-04

84928

W S
to
Public

IDAHO DEPARTMENT OF LANDS

STATE of IDAHO }
COUNTY of CANYON }

I hereby Certify that this instrument was filed
for record at the request of J. A. Smoot
State Land Commissioner
at 22 minutes past 10 o'clock a M.,
this 22 day of Dec, 1917
in my office, and duly recorded in book 6 of

Misc at page 532
R. Knowlton
Ex-Officio Recorder.
G. B. Parsons Deputy

W. C. M. C. M. C.
RECORDED

INDEXED.

LIST NO. 18, exhibiting the tracts of public land situated in the district of lands subject to sale at POISR, which have been selected for the State of Idaho, under the provisions of the 10th Section of the Act of Congress approved July 3, 1890 (26 Stats., 216), in part satisfaction of its grant of 90,000 acres for an AGRICULTURAL COLLEGE.

List No. 4, filed April 27, 1907.

	Sec.	Twp.	Rge.	Area.
NE $\frac{1}{4}$ of	9	3 N.	3 W.	160.00
NW $\frac{1}{4}$ of	10	"	"	<u>160.00</u>
	Total,			320.00

IDAHO DEPARTMENT OF LANDS
DEPARTMENT OF THE INTERIOR,
GENERAL LAND OFFICE,

Washington, D. C., January 24, 1908.

THIS CERTIFIES that the tracts of land described in the foregoing list have been carefully examined and compared with the township plats and tract books in this office, and the same have been found to inure to the State of Idaho under its grant for the purpose stated, being free from conflicts or other adverse claims of record; that the same were not returned by the Surveyor General as mineral, and are not within mineral areas as shown by map furnished by the Geological Survey.

Rosetta C. Mayhew
Examiner.

Approved:

p 4 of 5 S. W. Williams,
Chief of Division "G".

DEPARTMENT OF THE INTERIOR,

GENERAL LAND OFFICE,

Washington, D. C., January 27, 1908.

It is hereby certified that the tracts described in this list No. 18, are embraced in the original list, now on file in this office, of lands selected by the State of Idaho, pursuant to the laws of said State, in the Boise land district, in part satisfaction of the grant to said State for the purpose and under the provisions of the act of Congress cited.

It is further certified that the said tracts are unreserved, unappropriated, surveyed public lands of the United States within the limits of said State, free from adverse claims of record, and not mineral in character.

The quantity of land heretofore certified to the State under this grant is 84,955.78 acres, which with the 320.00 acres embraced herein aggregate 85,275.78 acres.

It is therefore recommended that the selections be approved, subject to any valid interfering rights existing at date of selection.

R. A. Ballinger,
Commissioner.

DEPARTMENT OF THE INTERIOR,

Office of the Secretary,

Washington, D. C., January 27, 1908.

The foregoing selections, embracing 320.00 acres, are hereby approved subject to any valid interfering rights existing at date of selection.

Frank Pierce,
First Assistant Secretary.

E A S E M E N T

No. 819

THIS INDENTURE, made this 27th day of January, 1947, by and between the State of Idaho, acting through the State Board of Land Commissioners, as party of the first part, and the University of Idaho, Moscow, Idaho, as party of the second part;

WITNESSETH: That for and in consideration of the sum of One and no/100 (\$1.00) Dollars, lawful money of the United States, receipt whereof is hereby acknowledged, the party of the first part does hereby convey and grant an easement unto the University of Idaho, its successors or assigns, for an experiment farm and improvements thereon, the following described land situated in Canyon County, State of Idaho, to-wit:

NE $\frac{1}{4}$ Sec. 9 and NW $\frac{1}{4}$ Sec. 10, Twp. 3 N.,
Rge. 3 W., B. M.

IN WITNESS WHEREOF, the State Board of Land Commissioners has caused these presents to be executed by its President, the Governor of the State of Idaho, and countersigned by the Secretary of State and State Land Commissioner.

STATE BOARD OF LAND COMMISSIONERS


President

and Governor of the State of Idaho

Countersigned:

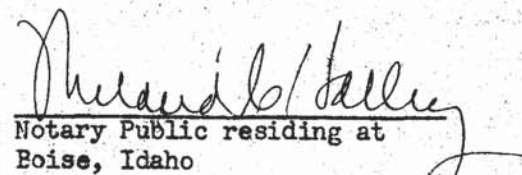

Secretary of State


State Land Commissioner

State of Idaho)
) ss.
County of Ada)

On this 27th day of January, 1947, before me, a Notary Public, in and for said County and State, personally appeared C. A. Robins, Governor of the State of Idaho and President of the State Board of Land Commissioners, J. D. "Cy" Price, Secretary of State and Robert Coulter, State Land Commissioner, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.


Notary Public residing at
Boise, Idaho

My commission expires
November 5, 1947

ATTACHMENT 3

**CALDWELL AREA PROPERTY ASSEMBLAGE
BUSINESS PLAN**

Prepared for:
Idaho Department of Lands

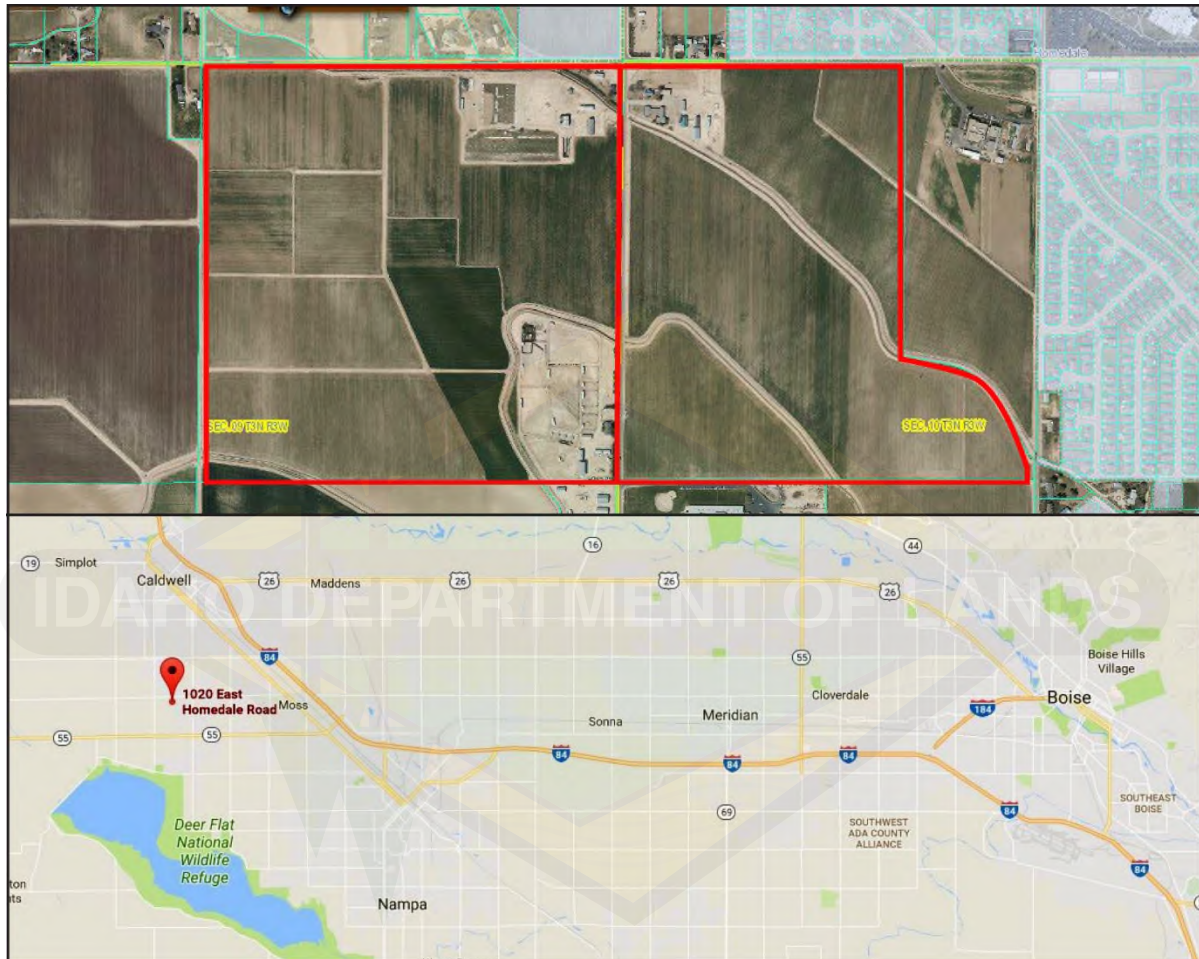
IDAHO DEPARTMENT OF LANDS

Updated March 2, 2021

**CENTURY
PACIFIC**

CALDWELL AREA PROPERTY ASSEMBLAGE
CANYON COUNTY, IDAHO

2021 **DRAFT** PROPERTY BUSINESS PLAN



EXECUTIVE SUMMARY

The Caldwell Area Property Assemblage consists of approximately 282-acres in Canyon County ("Property", see Exhibit A). The Agricultural College Endowment owns the Caldwell Area Property Assemblage and the State Board of Land Commissioners ("Land Board"), working thru the Department of Lands ("IDL"), has historically managed the property on behalf of the Endowment. The Property is largely undeveloped, with the exception two vacant residences and a number of livestock, agricultural, and legacy structures on both parcels. The Forest and Deer Flat Caldwell canals cross the Property.

The Property is in unincorporated Canyon County and is immediately adjacent to the municipal boarder of the City of Caldwell (to the north and east). Downtown Caldwell, located approximately 27-miles west of Boise, defines the westernmost edge of the Boise City-Nampa MSA. Since evaluating this property in 2017, Caldwell area demand factors

have improved consistent with close-in submarkets across the Treasure Valley, including a strengthening local housing market, reductions in unemployment (3.2% at the end of 2019ⁱ), and steady population growth. Caldwell is home to approximately 60,000 residents and is Idaho's 6th largest city.

The Property is currently zoned for agricultural uses ("Ag", Canyon County). While agricultural zoning has historically been a logical and appropriate use, given the immediate proximity to higher density land uses, annexation into the city of Caldwell and a change in zoning is contextual and anticipated. Adjacent and nearby uses include single family residential subdivisions, schools, a small neighborhood commercial development, farming and grazing. The assemblage is located between public middle and high schools (to the southwest and northeast, respectively). Access is good, as the property is approximately five miles from I-84, is less than four miles to downtown Caldwell, is eleven miles to Nampa, and is within 30-miles to downtown Boise.

Given adjacent and area development patterns, and assuming no functional or legal impediments to redevelopment, the highest and best use of the property includes annexation into the City of Caldwell and development of single family homes of a modest density generally consistent with the City of Caldwell R-1 zone and existing nearby subdivisions. It is anticipated that a developer would seek to phase development of the property so as to efficiently align project costs and housing supply with forecasted absorption demand.

At present, the Property generates no annual revenue and annual ownership expenses are nominal. If the assemblage is held and sold 10-years in the future, based on reasonable financial modeling assumptions (land value appreciation, time value of money), the estimated present value of the unencumbered assemblage today is \$3,320,000. If sold, CenturyPacific estimates the assemblage is currently worth \$5,410,000, or \$19,200 per acre (up from our previous estimate of \$4,025,000 in 2017). Based on CenturyPacific's financial analyses (Exhibits B1, B2), the property is worth more if sold in the current real estate market than if held by the Land Board.

Developers of scale will be attracted to the opportunity to subdivide and develop the Property. While smaller, infill development opportunities continue to exist and may attract a premium on a "per lot" basis, the market for large, single-family subdivision opportunities has materially improved in recent years. If held for sale at auction, appropriately positioning the property, transaction terms, and pricing will be critical to a successful sale and the maximization of sale proceeds to the Endowment. Given the large size of the assemblage, CenturyPacific recommends exploring the potential for marketing and selling the two parcels individually, in a phased manner, or via parcel auction in order to achieve the highest value to the Land Board. CenturyPacific recommends the Property should be aggressively marketed and sold pursuant to a sale process that is consistent with the State of Idaho constitution.

Recommendation:

Timeframe:

Estimated Fair Market Value:

Estimated "If-Held" Net Present Value:

DIVEST

2021

\$5,410,000 (\$19,200/acre)

\$3,320,000 (\$11,800/acre)

EXHIBITS

- A: Location Maps and Images
- B: (1) Pro Forma Analysis & Valuation
(2) Residual Land Value Analysis
- C: Comparable Properties & Transactions (2019-2020)
- D: ALTA Survey (2017)
- E: Conceptual Master Plan
- F: Conceptual Utility Plan
- G: Phase I Environmental Site Assessment (Executive Summary)
- H: Preliminary Title Report (2020)
- I: University of Idaho Easement (1947)



Property Addresses	Parcel No.	Land Areaⁱⁱ	Owner
TBD S. 10 th Street	R3272000000	120.255 acres	AgCollegeEnd
16569 S. 10 th Street	R3267800000	<u>161.726 acres</u>	AgCollegeEnd
	TOTAL:	281.981 acres	

Property Improvements:

See Exhibits D, G. Existing property improvements have nominal economic value given age and condition. Considering the highest and best use of the property, current improvements will be evaluated as a demolition cost and will ultimately be removed.

Land Board Investment Type:

The parcels generate no annual income and are subject to an unrecorded use easement in favor of the University of Idaho (see "Property Encumbrances", p. 5).

Quality, Condition, Amenities, Services:

Minimally-improved land, agricultural outbuildings, two canals (Deer Flat Caldwell, Forest), two vacant and functionally obsolete residential structures, staging/stockpiling.

Services available are located along public rights of way (E. Homedale, S. Montana) and include storm sewer, water, sanitary sewer, power, natural gas. Service capacities, in support of greater than current use intensities are unknown, however based on the residential development on the site of the former Caine Veterinary Center and the residential developments to the east of the Property, utility capacity does not appear to be a constraint to development consistent with the City of Caldwell R-1 (detached single family residential) standards.

Age of Building(s):

The two existing residential structures and one agricultural complex of unknown ages, but appear to be at least 30-years old.

Zoning (Use):

Ag (Agriculture), Canyon County.

Highest and best use is annexation into the City of Caldwell as R-1 (Single family detached residential, 8,000 SF lot minimum).

Ownership Percentage, Acquisition Date, and Initial Investment:

100% Fee Ownership: Agricultural College Endowment (Land Board): 281.981 acres.

Property ownership was obtained under the federal Morrill Land-Grant Colleges Act of 1862 (established 1889).

PROPERTY ENCUMBRANCES

The entire Caldwell Area Property Assemblage (approx. 282-acres) is subject to an unrecorded easement in favor of the University of Idaho (UI). On January 27, 1947, for consideration of \$1.00, the State Board of Land Commissioners granted an easement over the entire property for “an experiment farm and improvements thereon” (Exhibit I).

In addition to the aforementioned lease, license, and easement, the Property is subject to a number of recorded easements in favor of Idaho Power, Mountain States Telephone and Telegraph Company, and Canyon County Highway District No. 4. The parcels are subject to Wilder Irrigation District liens and assessments (see Exhibit H). These utility and irrigation easements are commonplace for parcels similar to the Caldwell Area Property Assemblage and should not be an impediment to value or redevelopment.

PROPERTY MANAGEMENT

Historically, the Property has been managed by the University of Idaho in connection with the 1947 easement. In recent years, IDL has taken an increasingly active role in managing certain aspects of the Property.

PROPERTY MARKETING

As of January 2021, the Property is not currently listed as available for lease or for sale.

In 2020, the University of Idaho sold approximately 40-acres immediately adjacent to the east of the Property (former 13-acre Caine Veterinary Center property and 26.9-acres of adjacent land between the Deer Flat Caldwell Canal and South Montana Avenue). The 26.9-acre property was purchased by Hayden Homes for \$19,990/acre (\$537,740) and land development and sales are currently underway to create 99 single family lots, in two phases, consistent with the City of Caldwell R-2 zoning requirements.

SWOT ANALYSIS

The SWOT diagram, supported by a narrative below, is intended as a subjective planning tool to efficiently understand property-level characteristics and dynamics that may impact the asset objective: to maximize the value of the property to the property owner. As used herein, this SWOT analysis seeks to identify specific competitive advantages (strengths, “S”) and vulnerabilities (weaknesses, “W”), as well as prospective ways to improve the property’s position (opportunities, “O”) and potential challenges to property performance and/or value (threats, “T”).

OBJECTIVE: MAXIMIZE VALUE UPON SALE



Strengths:

The Caldwell Area Property Assemblage, based on property characteristics, enjoys an **average position** in the market with regard to the competing properties. The following are positive property attributes:

1. **Assemblage Size:** At a total of just over 280-acres, the Property represents a long-term development opportunity at an efficient scale that, if met with adequate

demand absorption, will support multi-year, phased development and sell-out. The size of the assemblage provides developers with the opportunity to phase investments in the subdivision and could either partner with cooperative developers or efficiently deploy their own resources over potentially multiple cycles.

2. Topography: While the site does have a modest slope (rising approximately 100' from the northeast corner to the south-southwest of the site) and two separate canals crossing the property, the topography is generally conducive to efficient development.
3. Access: The property is approximately five miles to I-84 (Karcher exit), less than 4 miles to downtown Caldwell, and is within a reasonable commuting range to downtown Boise. The Property has the potential for multiple access points along East Homedale Road, South 10th Avenue and South Montana Avenue. It is worth noting, however, that some uncertainty exists about the existence of legal public access along the alignment of South 10th – a road that currently bifurcates the Property (see Exhibit D: ALTA Survey).
4. Adjacencies: The adjacent land uses support a development of the Caldwell Area Property Assemblage. Single family residential subdivisions – both completed and under development – to the east and north provide direct proof of product demand and the property's location directly between two public schools ([Vallivue Middle](#), [Vallivue High](#)) and a quarter-mile from the [Gem State Academy](#) provide education options to support single family residential. The [College of Idaho](#) is three miles from the property. [Lake Lowell](#), less than two miles from the property, provides a number of recreational opportunities.

Weaknesses:

The primary weaknesses of the Caldwell Area Property Assemblage are:

1. 1947 Easement: The property is encumbered by a 1947 easement granted by the Land Board in favor of the University of Idaho that allows UI to use the entire Property as an experimental farm (Exhibit J). Assuming the easement runs with the land, this easement essentially eliminates all value of the property to any buyer other than to the University of Idaho. Without a termination of this easement, the property has little-to-no value to potential developers or investors.
2. Assemblage Size: While a large assemblage provides for scale efficiencies, including the potential to attract and retain talented labor, it would be unusual for a developer in any market to develop a +280-acre assemblage in a single development phase. Developers often negotiate phasing agreements with property sellers such that developers close on portions of an assemblage over time (often based on the passage of time and/or absorption of previous phases). If the Land Board's commercial divestiture process requires a buyer to close on the entire property within a couple of months following an auction, the large size of the assemblage may narrow the universe of potential purchasers and potential purchasers will account for holding costs when valuing the property – negatively impacting property value. CenturyPacific's residual land value analysis assumes an annual absorption of 75-

- lots per year (Exhibit B2). The Land Group, an experienced and well-regarded civil engineering firm, estimates the assemblage could yield eleven phases – with each phase ranging from 43 to 112 lots (Exhibit E).
3. **Legacy Improvements:** Across both parcels, there are over a dozen legacy buildings and miscellaneous land improvements, at least two different septic systems and the potential for hazardous materials that will require removal and/or remediation prior to development.ⁱⁱⁱ While many of the agricultural improvements are minor and should not negatively impact value, costs associated with demolishing the residential structures will have a modest, negative impact on value. Furthermore, due to the age and former use of many of the structures, it is possible that lead-based paint and other contaminants may be present. For the purposes of this Property Business Plan, CenturyPacific has estimated total property demolition costs at approximately \$200,000 (see Exhibit B(2)).
 4. **No Current Income:** The 282-acre assemblage generates no annual income.

Opportunities:

While it is not always possible to materially improve the position of under-improved real estate, there are a few key factors to explore that may solidify and enhance the value of the Caldwell Area Property Assemblage.

1. **Interim Uses:** Given that predevelopment activities for the initial development phase could take over a year, the current or future owners could explore short or flexible term interim uses on portions of the Property that will be developed in future phases to partially off-set carry costs in advance of active development.
2. **Creation of Information Baseline:** While development of the Property as a single-family residential community is the long-term highest and best use, moving from the current low intensity agricultural-related uses to a final residential plat involves material expense and risk. In an attempt to partially address risk factors and appropriately position the property (for sale, or as prudent asset managers), CenturyPacific recommends establishing a property information baseline to include a Phase I Environmental Site Assessment (Exhibit G), an ALTA survey (Exhibit D), and property condition report, a close evaluation of title matters (Exhibit H), and an analysis of unrecorded encumbrances (Exhibits I, J, K). In light of the Land Board's auction divestiture process and anticipating any buyer's basic underwriting requirements, the creation of an information baseline should increase the likelihood of an accurate appraisal and should materially improve prospects for a competitive and successful sale at auction. Much of this work is complete or is in process.
3. **Predevelopment Planning:** Evaluating the Caldwell Area Property Assemblage in such a way to understand likely development scenarios is an important step in valuing and positioning the property for future sale and ultimate development. In an effort to understand potential development yield, phasing, and other feasibility factors (annexation, zoning, density, utilities), CenturyPacific retained a land planner to objectively evaluate the property and its development potential. The resulting

work product (Exhibits E, F) include a conceptual development plan consistent with the Canyon County comprehensive plan and speculatively consistent with City of Caldwell land use requirements for the R-1 zone.

Threats:

Even the best-positioned assets are subject to external threats to performance and value. As a result of the location and size of the Caldwell Area Property Assemblage and the uncertainty of the residential market cycle, the following are direct threats to near-term value:

1. **Market Competition:** This area of the broader Caldwell housing market continues to expand, as projects by Hayden Homes, Hubble Homes, CBH Homes and others are in active development and sell-out. While these developments provide a “proof of concept” for both developers and their investors and lenders, market competition may impact finished home exit pricing as well as overall absorption. As of late December 2020, there were few active listings in the area, however, recently sold (2nd generation) homes in the immediate vicinity ranged from \$220,000 to \$320,000. New homes in the greater Caldwell market are currently available, with pricing ranging from \$270,000 to \$470,000. Hayden Homes, a regional developer, is in active development of a 99 home subdivision immediately to the east of the Property, with finished home asking prices starting around \$275,000.
2. **Development Costs:** Despite the impacts of the COVID-19 pandemic on the broader US economy in mid-2020, in general terms, the housing market has continued to strengthen since evaluating this property in 2017. With a growing demand for new single family homes in the Treasure Valley – and in the broader geographic area of the Mountain and Pacific Northwest regions – development costs have steadily increased. With both labor and material pricing near historic highs, should demand or finished home pricing flatten, there is a possibility that a change in costs could narrow developers’ profit margins to the point of reductions in supply. Compromised profit margins will impact developer demand for new project sites and will stagnate or drive down land values – especially for large, unentitled land holdings.
3. **Entitlement Risk:** Obtaining entitlements to redevelop the property is not without risk. Despite the proximity to Caldwell city limits and the rational path to annexation and residential rezoning, risks involved with entitling the property include material time delays, fees, and the possibility of offsite improvements ranging from utility extensions to traffic and roadway modifications. Prospective developers can mitigate some level of risk by performing significant due diligence in advance of a divestiture auction, but given the uncertainty of the auction outcome, developers will likely defer certain predevelopment costs (traffic study, preliminary plat application) until they prevail as the buyer. Annexation, while contemplated, logical, and relatively commonplace, will require an unavoidable, time-intensive process that may result in requirements to invest in off-site improvements as a result of increased density (utility upgrades, investment in traffic management improvements).

4. **General Economic Risk:** A slowing of the general economy would have a negative impact on new home sales and, as a result, the value and liquidity of the Caldwell Area Property Assemblage. Should the economy cool significantly prior to divestiture, given the unentitled nature of the land and associated low fixed operating expenses, IDL can (and may be required to) offer portions of the property for sale or carry the property until economic conditions improve to support a successful sale at auction.



FINANCIAL EXPRESSIONS, ANALYSES AND VALUATION

Operating Budget:

CenturyPacific is unaware of any IDL operating budget related to the Caldwell Area Property Assemblage, as current encumbrances grant operational control of the property to the University of Idaho.

Capital Budget:

There are no known scheduled capital expenditures for 2020-2021. No historical capital expenditure information was provided.

Valuation: Pro Forma Analysis & Valuation - Exhibit B(1)

Please see the attached valuation analysis, reflecting a near-term sale (2021) as well as a long-term (10-year) hold. Due to the current underutilization of the property, a near-term sale is based on comparable property data (closed sales and available properties) as opposed to a capitalized income approach. Broadly comparable property values range from \$15,000/acre to \$40,000/acre. After narrowing the data to comparable transactions closed in 2019 and 2020, the range of values tightens to \$15,000/acre to \$29,000/acre. Based on property-level characteristics, taking into account the large nature of the assemblage, and off-setting value by anticipated demolition expenses, CenturyPacific estimates the adjusted value of the Caldwell Area Property Assemblage to be \$5,410,000 (\$19,200/acre).

Valuation: Residual Land Value Analysis - Exhibit B(2)

Based on our review of comparable sales, independent research, and discussions with real estate brokers and single-family developers, housing prices for new single family residential product in the vicinity of the Caldwell Area Property Assemblage should sell in the range of \$300,000 to \$350,000. In general terms, homebuilders can typically pay approximately 25% of the completed home sales price for a finished lot within a completed plat. This suggests a finished lot value in the range of \$75,000 to \$87,500. From this amount the residual land value is calculated by deducting lot development costs and a developer profit. Based on the simplified financial expression below, a residential developer should be able to pay \$15,000 to \$25,000 per unentitled lot:

Finished Lot	\$75,000	\$87,500
Infrastructure/Permitting	<u>(\$45,000)</u>	<u>(\$45,000)</u>
	\$30,000	\$42,500
Developer Profit (est. @ 25%)	<u>(\$15,000)</u>	<u>(\$17,500)</u>
Residual Value per Lot	\$15,000	\$25,000

Assuming a lot yield of 2.91 lots per acre (consistent with City of Caldwell R-1 development standards), the Caldwell Area Property Assemblage is estimated to accommodate approximately 821 lots after accounting for internal plat circulation, topographical features, and required open space amenities. While developers should appreciate the benefits of the scale of the 282-acre Property, experienced developers understand that a reasonable absorption of finished product is likely in the range of 50-100 homes annually. Assuming absorption of 75 homes per year, it will take nearly 11-years to completely develop and sell the assemblage. Assuming developers place a high value on invested capital (as their capital structure is often a combination of their own opportunistic funds, third party investors, and

debt) and offset by the costs to demolish and remediate existing improvements, the adjusted assemblage value is \$5,890,000 (\$20,900/acre). See Exhibit B(2) for a detailed residual land value analysis, including parcel specific value estimates.

Conclusion – CenturyPacific’s Opinion of Value: Taking into account both a comparative and a residual value approach to current fair market value, CenturyPacific estimates the current value of the Caldwell Area Property Assemblage to be \$5,410,000 (\$19,200/acre). See Exhibits B(1) and B(2) for a parcel-specific analysis, including a discrete allocation of anticipated demolition expenses.^{iv}

Timing:

It is likely that if the Land Board pursues a sale in 2021, taking into account the sale process^v and closing periods consistent with previous commercial property auctions, ownership of the Caldwell Area Property Assemblage could be conveyed in late-2021.

HOLD/SELL ANALYSIS

As a basic premise, a hold/sell financial analysis presupposes that ownership of the subject asset is consistent with client investment objectives and ownership is potentially appropriate for the client’s portfolio. In the case of the Land Board’s ownership of the Property, a hold/sell analysis is most relevant if the Land Board is interested in holding vacant agriculturally-zoned assemblage in Canyon County. As a financial investment – based on the current status and the highest and best use of the parcels (assuming the 1947 Easement is terminated) – there are likely other investment vehicles offering greater portfolio diversification, improved management efficiencies, with equal or better risk-adjusted expected returns.

➤ **Value if Held: \$3,320,000**

If held, CenturyPacific estimates the net present value of a future sale of the assemblage at the end of a 10-year holding period to be \$3,320,000 (\$ 11,800/acre).

➤ **Value if Sold: \$5,410,000**

If the entire 282-acre assemblage is sold in the current market, we estimate the value to be approximately \$5,410,000 (\$19,200/acre).

Assuming the property is no longer subject to the 1947 Easement, upon completion of basic property studies and receipt of anticipated work product, CenturyPacific recommends the Land Board pursue a near-term sale of the Caldwell Area Property Assemblage due to the current, favorable environment for new single family homes, strong real estate market dynamics and no foreseeable plan to put the properties into higher and better economic use. Factors supporting a sale include:

- **Strong Real Estate Market:** Consumer interest rates remain near historic lows, regional population growth, and continued strengthening of the regional economy continues to support the market for new construction single family homes within the Treasure Valley, including areas around Caldwell. The residential real estate market

is in a mature position in the cycle and fundamentals appear to be at or near their strongest levels in over a decade.

- Attractive Property Characteristics: As outlined in the SWOT analysis, the properties offer good proximity to Boise and area employment centers, education, recreation and access to I-84. The Caldwell Area Property Assemblage should attract experienced and active buyers in the current strong real estate investment and development market.
- A History of No Operating Income: CenturyPacific understands that the Land Board-owned parcels have not enjoyed any operating income over the last several years (and possibly since the execution of the 1947 Easement with UI). Assuming the 1947 Easement is terminated, monetizing the Caldwell Area Property Assemblage will provide the opportunity to reinvest the sale proceeds into one or more higher-yielding, risk-adjusted investment vehicles.
- Market Timing: The broader real estate market – and particularly the homebuilding industry – is a historically cyclical market. Fortunately, the market appears to be mature for the sale of unentitled land best suited for the development of single family homes. Conversely, negative changes in lending rates, a cooling of the economy (broad or localized), erosion of consumer confidence, increases in development costs, higher investor-sought yield requirements, or a surge of competing new product could lead to softening demand and a reduction in value or liquidity.

DISPOSITION & MARKETING STRATEGY

It is recommended that the Land Board divest of the Caldwell Area Property Assemblage and prepare for a near-term property sale as follows:

Pre-Marketing Preparation Activities:

- **KEY ISSUE:** Reconcile property encumbrances. Specifically, it is critically important to terminate the 1947 Easement with the University of Idaho that encumbers the entirety of the Land Board-owned parcels. This is a gating issue, as the current easement provides operational control and exclusive use of the property assemblage to UI. If marketed for sale with the easement in-place, prospective purchasers could not develop the property to highest and best use and, as a result, the property would have little to no value. If this easement remains in-place, CenturyPacific does not recommend marketing the Property for sale.
- Explore the annexation process with the City of Caldwell *prior to* marketing the property. Annexation – the certainty, process timing, and potential costs – will have an impact on buyer demand and market value. IDL should seek to gain as much information about the annexation process as possible in advance of a property auction so as to provide to prospective buyers and increase the certainty surrounding annexation into the City of Caldwell under the R-1 zone. Greater certainty related to the process, timing, and costs associated with annexation may have a positive impact on Property value.

- Consider offering the Caldwell Area Property Assemblage to the market in two offerings – potentially in two transactions. Rather than marketing and auctioning the Property as a single 282-acre opportunity, offering the assemblage in the existing individual parcel configurations (±120 acres, ±162 acres) – potentially with different sale timing – may result in a greater number of prospective purchasers and/or improved pricing.
- Following (i) the termination of all encumbrances restrictive to redevelopment and (ii) exploration of the annexation process and implications, CenturyPacific recommends that IDL seek and retain a qualified commercial real estate appraiser with appropriate experience appraising similar properties in and around Canyon County. Due to the requirement that any Land Board-controlled property be sold at or above fair market value, an appropriate appraisal is critical to a successful auction sale. The appraiser should specifically take into consideration the size of the assemblage and evaluate whether to phase a potential sale based on the current parcels or some other market-driven delineation. While a low appraisal may result in prospective purchasers bidding-up the property at auction, an appraisal that overstates the market value will result in a failed auction. The chosen appraiser should be an experienced and well-credentialed (MAI) appraisal company that has been active in the greater Treasure Valley market for multiple cycles.
- Ensure appropriate property-level documents are in order and have been vetted by IDL, CenturyPacific and IDL's appointed legal advisor. This process has commenced and is ongoing.
- Divest of the properties pursuant to the sales process that was developed and successfully deployed in 2016 and 2018. The sale process includes cooperation and collaboration between IDL, the Idaho Attorney General's office, CenturyPacific and various subject matter experts (as prudent). In addition to required sale noticing and advertising, IDL (or a vetted, selected real estate broker) should use an electronic document library with all documents so as to facilitate buyers' ability to efficiently underwrite the property. Documents specific to these properties should include a preliminary title report and supporting documents, the ALTA survey, the Phase I environmental report, the conceptual land plan, and any additional information (information on supportive comparable transactions, utility information, positive correspondence with Canyon County and/or the City of Caldwell, etc.). CenturyPacific understands that preparation for a potential property auction is ongoing.

Disposition Timeframe:

- Assuming continued strength in the marketplace for properties like the Caldwell Area Property Assemblage and all pre-marketing activities are complete, CenturyPacific recommends divestiture at a Land Board auction in 2021. The Property assemblage could be offered for auction with other opportunistic property offerings or, due to the uniqueness and size of the Property, it could be auctioned at a stand-alone event. Given the recommended activities and considerations as well as the minimum four (4) week noticing period as required under Idaho Statute 58-313, marketing the property for sale in early-to-mid-2021 is a reasonable expectation.

Given the “raw” land nature of the offering, it may be beneficial for IDL or IDL’s broker to advertise the offering in the marketplace for a period of several months so as to attract the greatest purchase interest and auction participation.

Marketing and Sale Auction Considerations:

- Targeted, Intentional Marketing: Marketing of the Caldwell Area Property Assemblage should be targeted, with a focus on directly contacting the top development companies and [builders in Idaho](#) as well a regional and national companies looking for a position in the greater Boise area. Given the asset characteristics (highest and best use, potential Caldwell annexation, general location, assemblage size, adjacencies), there should be interest in purchasing the asset from a variety of investors and builders, including potential teaming of builders.

Action Items:

- Terminate, or make terminable upon sale, the 1947 Easement between the Land Board (grantor) and the University of Idaho (grantee).
- Comprehensively characterize property attributes, with specific attention to legal encumbrances, potential access issues, potential environmental issues (ACM, LBP, septic systems, etc.), zoning (zoning code) and land use (comprehensive plan), and understanding utilities available to the parcels within the assemblage (including capacity).
- Evaluate property-related issues that may require attention prior to marketing for sale. Ensure significant debris, potentially including hazardous materials, is removed from the site and appropriately discarded. Consider retaining a subject matter expert to perform a good faith hazardous building materials survey and accompanying remediation cost estimates.
- Review title information and clear any potential deficiencies or encumbrances (including easements) that could negatively impact value or liquidity.
- Consider obtaining updated estimates to demolish and remove the current, legacy improvements.
- Comprehensively understand the City of Caldwell annexation process in advance of marketing, as providing process certainty to potential Property purchasers will bolster property pricing and auction participation.
- Work with endowment stakeholders and the divestiture team of consultants (appraiser, auctioneer, broker, real estate advisor) to explore a phased sale, a sale of the individual parcels, and a parcel auction in an effort to achieve the greatest value.
- Should a partial sale or a phased sale of the assemblage be determined as advantageous or necessary, IDL should explore potential intermediate-term absolute net lease opportunities so as to preserve future divestiture and redevelopment options.
- Develop a plan to maintain the property, including controlling trespass situations, in advance of a sale.
- Vet the information and assumptions in this Property Business Plan with relevant IDL staff and subject matter experts.
- Populate an online information library to facilitate buyer underwriting.
- Complete a comprehensive marketing plan to target discrete potential buyers as well as the broader market audience for large land offerings.

ⁱ www.cityofcaldwell.org/departments/economic-development/community-data.

ⁱⁱ Canyon County Assessor (gis.canyonco.org/flexviewers/test/)

ⁱⁱⁱ University of Idaho Summary List of Suspect Asbestos Materials, date unknown.

^{iv} All value estimates assume the 1947 Easement is terminated.

^v Idaho Statute Title 58 "Public Lands", Chapter 3. Discussion w/E. Pacillo, R. Follett, October 23, 2015.



IDAHO DEPARTMENT OF LANDS

STATE BOARD OF LAND COMMISSIONERS

March 16, 2021

Regular Agenda

Subject

Payette Endowment Lands Strategy – Written Plan Approval and Next Steps

Question Presented

Shall the Land Board approve the Payette Endowment Lands Strategy?

Background

At the State Board of Land Commissioners' (Land Board) regular meeting on June 16, 2020, the Idaho Department of Lands (Department) was directed to prepare a plan for the management of endowment lands in the vicinity of the City of McCall in Valley County, Idaho. At the December 15, 2020 Land Board meeting, the Department presented a written draft of the Payette Endowment Land Strategy (PELS). In that presentation, the Department explained that it would provide time for public comment, including the formation of a focus group to review and provide comments on the PELS itself.

The PELS is a management strategy for approximately 5,500 acres of endowment land within the City of McCall's Area of Impact ("AOI"). The PELS outlines the Department's strategy for managing endowment trust land within the AOI over the next 20 years. Unless directed otherwise, the remainder of the endowment trust land in Valley County lying outside the AOI will be managed through other policies adopted by the Land Board including the Forest Asset Management Plan, Statement of Investment Policy, Strategic Reinvestment Plan, and Asset Management Plan.

The PELS seeks to guide land management decisions within the AOI as growth patterns influence the Department's ability to implement traditional land management and take advantage of opportunities for higher revenue generation. The PELS explores strategies across short, mid, and long-term timeframes on certain properties located within the AOI. Specifically, the PELS examines approaches to transition endowment lands to higher and better uses where land values are significantly higher than traditional asset classifications, and revenue generation is either not commensurate with values or is impaired by surrounding urbanized uses.

The PELS is intended to be an adaptive management plan that will be reviewed and updated as community development, land use patterns, and market trends develop over time. The PELS will also be evaluated for alignment and consistency with Land Board direction, as necessary.

Since the December 2020 presentation, the Department has updated the PELS (Attachment 1) based on technical feedback from the City of McCall and included an appendix that provides a history on the parcels within the AOI.

Discussion

Comment Period:

The Department afforded time for public comment and completed the focus group meetings. Additionally, a webpage on the Department website provided the PELS, the PELS presentation, opportunity for comment, links to the focus group meetings, focus group agendas, comments, and other Department information (Attachment 2).

The Department virtually hosted three 3-hour focus group meetings (Attachment 3). In attendance at each meeting was Department staff, including the Director and Deputy Director, Office of the Attorney General staff, and Land Board staff. Each focus group meeting was broadcast to allow for public viewing by others outside of the focus group.

Aside from discussion and remarks during the focus group, the Department received over 600 written comments (Attachment 4). The following are common observations:

- General appreciation of opening the process and plan up for public involvement.
- The Land Board should slow down and not rush the process.
- Advisory groups should be assembled to review applications and plans specific to each parcel.
- Explore new asset classes that include conservation and recreation.
- Explore recreation opportunities.
- Extend the moratorium.
- Consider conservation easements.
- Consider other strategies beyond disposal.
- Consider the environmental impact of disposal.
- Do not just focus on the cash yield but look at appreciation.
- Coordinate with citizens and the community regarding adequate time for development of a community strategy that meets the constitutional obligations.

Additionally, the Department received comments from the Payette Lakes Recreational Water and Sewer District regarding density and capacity limits that should be considered in the PELS. Valley County provided feedback including slowing the process down, allowing time to investigate conservation easements, shifting thinking from economic to recreation-dependent, and granting access easements on endowment lands that are disposed. The City of McCall emphasized the need to consider drinking water as part of the plan, prioritize the "State 80" for entry- to mid-level priced housing, use conservation easements to protect sensitive parcels, and continue to provide stakeholder engagement throughout the process. The City of McCall also provided technical comments regarding some of the parcels identified in the PELS.

Next Steps:

The Department has received applications for endowment lands within the PELS. It has notified the applicants that it would not begin reviewing applications until the Land Board approved the PELS and lifted the previous direction to suspend leasing and disposition of certain lands within the vicinity of McCall. The Department expects there will be additional applications filed once the PELS is approved. Once the leasing suspension is lifted, there is a need to allow time for new or conflicting applications to be submitted.

Approving the PELS and providing for application submissions will allow the Department to work with the Office of Attorney General regarding any legal questions stemming from applications. The application period would be of a sufficient length to allow for applications but be limited in length to preclude a situation where the Department's processing of applications could be delayed due to serial application submittals. The Department will continue to review and accept applications after the application period, however, there is potential for a rush to file applications due to the PELS and suspension of certain applications. The Department will work with the Land Board and Land Board staff to address issues such as cost allocation to applicants, necessity of third-party expertise, and other related application matters.

Therefore, the Department recommends the following timeline:

- March 16, 2021 – Land Board approves the PELS
- March 16, 2021 – June 30, 2021 – Department works with the Office of Attorney General and Land Board staff to establish application evaluation criteria

Recommendation

The Department recommends the Land Board:

1. Approve the Payette Endowment Lands Strategy as provided herein.
2. Direct the Department to lift the existing restriction on certain leasing and disposition activities in the vicinity of McCall as directed at the June 16, 2020, Land Board meeting.
3. Direct the Department to begin accepting applications for lease, easement, land exchange, and disposition of lands in the McCall Area of Impact.
4. Direct the Department to begin the process of vetting applications immediately, including the Trident proposal, and hiring third party experts and negotiating for their payment with applicants, as needed, to assist in the evaluation and/or recommendation of applications.

Board Action

Attachments

1. Payette Endowment Lands Strategy – Written Plan
2. PELS webpage printout
3. PELS Focus Group agendas
4. Written Comments



Idaho Department of Lands

Payette Endowment Land Strategy



~~December 2020~~ March 2021

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IDAHO DEPARTMENT OF LANDS

Executive Summary

The Payette Endowment Land Strategy (“Plan”) is a management plan for the approximately 5,500,478 acres of endowment land surrounding and within the City of McCall (“McCall”) in Valley County, Idaho. The Plan outlines how the Idaho Department of Lands (“Department”) will implement management of endowment trust land within the McCall’s Area of Impact (“Area of Impact”) over the next 20 years. The remainder of the endowment trust land outside of the Area of Impact will be managed through other policies adopted by the Idaho State Board of Land Commissioners including the Forest Asset Management Plan, Statement of Investment Policy, Strategic Reinvestment Plan, and Asset Management Plan.

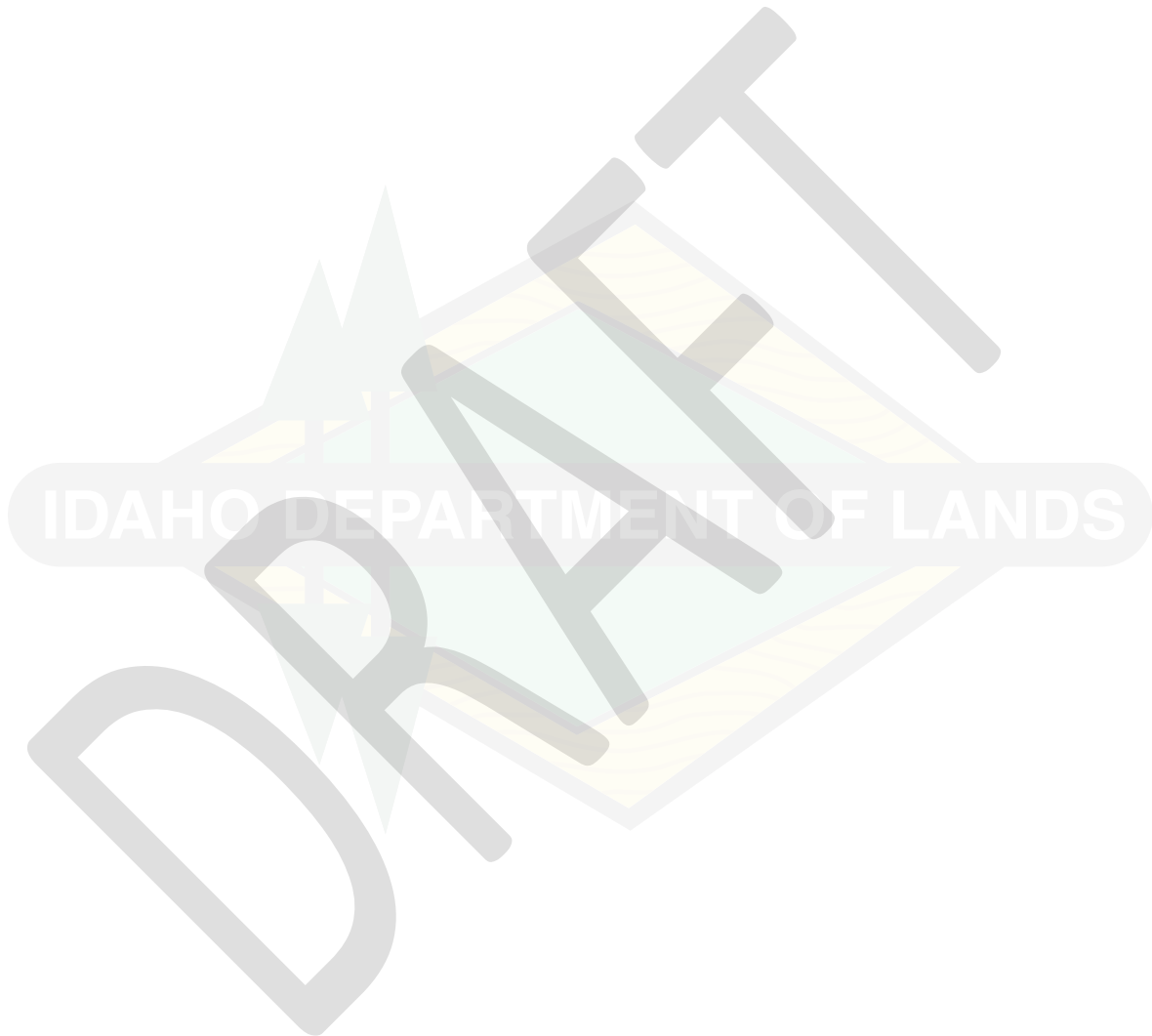
Historically, the Department has implemented land asset plans based on specific asset classifications (e.g., Cottage Site Disposition Plan). Unlike asset-specific plans, this Plan identifies the risks and opportunities of maximizing financial returns and management efficiencies for endowment trust lands within the geographic scope of a growing community. The Plan seeks to guide land management decisions within the City of McCall’s Area of Impact as growth patterns influence the Department’s ability to implement traditional land management and take advantage of opportunities for higher revenue generation.

This Plan explores strategies across short (Tier I), mid (Tier II), and long-term (Tiers III and IV) timeframes on certain properties located within the Area of Impact. Specifically, the Plan examines approaches to transition lands to higher and better uses where land values are significantly higher than traditional asset classifications and revenue generation is either not commensurate with values or is impaired by surrounding urbanized uses.

The Plan 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. The Plan will also be evaluated for alignment and consistency with the Land Board’s policy and plans as necessary.

Information Disclaimer

The facts and figures presented in this document are preliminary and for discussion purposes only. Any site-specific data including values and acreage are estimates based on market data, trends, and best available information. Implementation of this plan will require additional analysis and due diligence, such as site plans and USPAP compliant appraisals.



I. Introduction

Mission and Management Directives of State Endowment Trust Lands

Upon statehood in 1890, Idaho received a total of 3,650,000 acres of land in trust from the federal government as a means for generating revenue for specific public services and institutions, or “endowment beneficiaries.” The State Constitution establishes the State Board of Land Commissioners (“Land Board”) as the trustee over the assets of the nine endowments. Through Idaho Code § 58-101, the Land Board created the Idaho Department of Lands (“Department”) to manage the land assets of the trust “in such manner as will secure the maximum long-term financial return.”

Over time, the Department has leased, sold, acquired, and exchanged endowment lands. Today, the Department manages 2,500,000 acres of state endowment trust land prudently, efficiently, and with accountability to the beneficiaries. To achieve this, the Department has established general operating expectations including:

- Preserving land holdings where leasing will generate a competitive rate of return.
- Seeking to enhance land values before considering sale or exchange of underperforming land assets.
- Acquiring lands, structures, and resources when the acquisition will add value or diversification to the overall trust portfolio.
- Selling lands, structures, and resources when the outcome adds value to the overall trust portfolio.
- Exchanging lands and resources when the exchange will add value or diversification to the overall trust portfolio.

The land management strategies of the Land Board and the Department are guided first by the Idaho Constitution and the requirement to “secure the maximum long-term financial return to the institution to which granted...” This guiding principle is further detailed in Land Board approved management strategies including the Statement of Investment Policy, which establishes a basis for evaluating investment and management results, and a relevant time horizon for which assets will be managed. The Department’s specific management strategies are further defined by the Asset Management Plan, which among other things, provides staff guidance on decision making across land asset classes.

Purpose and Need

The original federal land grants in Idaho were based on the land allocation of the Public Lands Survey System (“PLSS”). The federal grant of endowment trust land to the state of sections 16 and 36 inherently created challenges associated with non-contiguous land ownership patterns. In other words, the state

was granted endowment lands in a “checkerboard” pattern across the state. As a result, the Department has worked, through time, to consolidate the lands into large blocks.¹

Trust land assets are classified according to their “primary” use; while other uses may be allowed, the primary use drives much of the management decisions for those lands. Of the approximate 2,850,000 acres of endowment land managed by the Department, there are two major asset classes, rangeland and timberland (1,758,213 acres and 1,030,498 acres, respectively). Endowment land management does not occur in isolation.

Many endowment lands face management challenges where the primary use classification is in conflict or in some way impeded by surrounding uses and ownership (for example, timber management within city boundaries). Historically, this conflict was minimal due to limited development and growth. However, the population of Idaho has grown over the last few decades, and areas once primarily used, valued, and assessed as timberlands or grazing are now in the highest growth areas in the state. The result is endowment lands in areas surrounded by and intermingled with residential and commercial development. This creates a situation where the land is classified by the Department as its historical use, which does not align with the current market value, use, and/or designation. The overarching effect is revenue that is not commensurate with the Department’s “primary” use of that asset.

As defined by the Land Board approved Statement of Investment Policy, “lands within traditional asset classes already owned by the Endowment may become suitable for a higher and better use than the current asset classification. Often these properties exhibit high property values and low annual revenues (underperforming), and may be encroached upon by urban development.” The Department considers these lands as “transition lands.” Transition lands require broader planning in the context of surrounding uses and market conditions but will be specific to individual sites. As market and regional conditions are not static, it is necessary to develop transition strategies that provide for long-term time horizons.

Therefore, the following Plan considers both the current and future trends of the McCall area and provides a suite of strategies to maximize revenue generation over a 20-year time horizon.² The following are the goals of this Plan:

1. Describe the current situation of endowment trust land in the vicinity of McCall.
2. Identify endowment trust lands characterized as “transition lands.”
3. Determine the timeframe/tier the property falls within for next steps.

¹ The endowment trust land in this plan was consolidated through the lieu land selection process and numerous land exchanges.

² The Department considered developing the Payette Endowment Land Strategy as a comprehensive plan. It even reviewed and inquired into Montana’s Department of Natural Resources’ study on Whitefish, MT as a comparison for a comprehensive plan. However, due to the time, costs, and rapidly changing market conditions in McCall, it was determined that a plan that evaluated specific individual sites would be applicable and accurate. Additionally, the Department was concerned that a comprehensive plan could limit the flexibility and accuracy of specific property conditions at a given time, for example, property values.

4. Describe the next steps the Department will take to transition the lands to align with Land Board direction and constitutional requirements.

II. Planning Area

Payette Lakes Area Management

The endowment lands identified in this Plan are managed by the Payette Lakes Supervisory Area ("Supervisory Area"). The Supervisory Area is responsible for the management of 183,411 acres of endowment land within Adams, Washington, Valley, Idaho, and Gem counties. The Supervisory Area manages 105,229 timbered acres with the remaining 78,182 acres classified as non-timber, primarily rangeland.

City of McCall and Valley County Planning

McCall is a mountain community located along the shores of Payette Lake in Valley County. McCall has a long history as a destination/resort town surrounded by the West Central Mountains, Payette National Forest, and close proximity to two major ski resorts. These outdoor amenities and relative proximity to the population center of Boise have made McCall a recreational destination, which is both a major driver of its economy and land development pattern. As such, much of the community's comprehensive plan is focused on promoting land uses that support the community and preserve the surrounding natural amenities, particularly viewsheds, open space, and recreational opportunities.

While the City of McCall is the jurisdiction for its city limits, it also does the planning, building administration and reviews in ~~has the authority over~~ the Area of Impact, which is outside of the city boundary. Valley County's population growth and increase in recreational-tourism has brought with it changes in use and development patterns as well as priorities of community values. These changes affect the use of endowment lands.

Endowment lands located adjacent to or in proximity to urban development exhibit characteristics of high market value relative to traditional revenue generation (timber management). In addition, adjacent uses such as residential or commercial development may inhibit or prevent the maximum revenue generation of a property due to limitations of certain uses or opposition to such uses as intensive timber management. For these reasons, there is a continuing need to evaluate and discuss future endowment lands within and immediately outside of McCall's city limits and Area of Impact.

Land use in the region of focus is guided by the ~~Valley County Comprehensive Plan and City of~~ McCall Comprehensive Plan, which was adopted by the City of McCall and Valley County both updated in 2018. ~~Both plans~~ This document serves as a guiding documents for McCall and Valley County's future development within the city and the area of impact. Idaho law requires that cities and counties designate areas of city impact as a basis for planning to anticipate future growth needs. The management of endowment lands in the vicinity of the ~~City of~~ McCall area is one example of conflicting uses and ownership.

Payette Endowment Lands Planning Area

There are approximately 5,500,478 acres of endowment lands within the Area of Impact (Figure 1). While state endowment trust lands are not subject to local zoning ordinances, lands within local jurisdictions are likely to be impacted by local land-use decisions and decisions on adjacent private lands. The majority of endowment lands within the planning area are classified as timberland. Residential and commercial endowment lands make up the small portion of remaining lands (0.94%). Although timber management is the primary management activity on the majority most of these endowment lands, secondary leasing activities occur on 3,668 acres, which include communications, grazing, minerals, residential, and other activities.

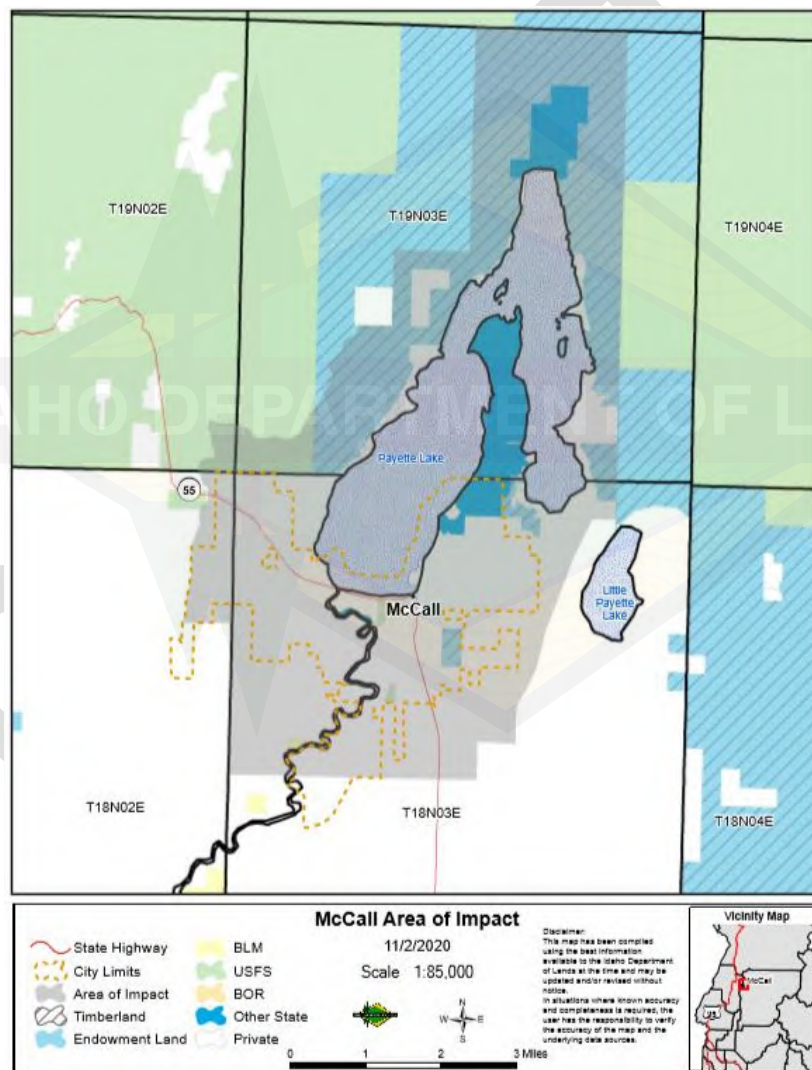


Figure 1. Payette Endowment Land Strategy Planning Area

III. Land Asset Management

Through the direction of the Land Board, the Department manages endowment land assets to capture full potential economic value for the beneficiaries. As outlined in the Asset Management Plan, the general operating expectations by which endowment lands are managed include but are not limited to the following:

- Preserving land holdings where leasing will generate a competitive rate of return.
- Seeking to enhance land values before considering sale or exchange of underperforming land assets.
- Acquiring lands and resources within traditional asset classes when the acquisition will add value or diversification to the overall trust portfolio.
- Selling lands, structures, and resources when the outcome adds value to the overall trust portfolio.
- Exchanging lands and resources when the exchange will add value or diversification to the overall trust portfolio.

Timber Management

Timberland assets are guided by the Forest Asset Management Plan, which provides the tactical and strategic direction for timber management over a 25–410-year time horizon with updates completed every five years. The Forest Asset Management Plan also provides a planning structure by which each supervisory area develops a specific localized plan. The Payette Lakes Forest Asset Management Plan, which was finalized in 2019, considered nine alternative strategies to explore the costs and benefits of various management approaches and limitations. The preferred management strategy for the Payette Lakes region focuses on reducing standing volume at a reasonable pace by implementing the following four five strategies:

- Increasing harvest levels from 17 MMBF to 21 MMBF
- Reduction of large diameter volume
- Reduction of over mature volume
- Harvest volume levels with low risk of age class gaps and near future volume reduction
- Allow increase in growth resulting in more resilient, healthy forests

Land Leasing

Pursuant to Article IX Section 8 of the Idaho Constitution, the Land Board is required to “provide for the location, protection, sale or rental of all the lands heretofore” and, with specific regard to leasing activities, “contract with private entities to operate business activities upon the land trust assets.” One of the primary strategies by which the Land Board and the Department generate revenues on endowment lands is through leasing contracts. Leasing activities are allowed on all endowment lands so long as they generate a competitive rate of return, do not degrade the land asset, and do not adversely affect the primary use of the land asset.

For each of the major leasing types, the Asset Management Plan identifies specific strategies to achieve the overall management goals identified therein. The following leasing types are those currently and most commonly occurring in the planning area:

Residential

- For the duration of the cottage site leasing program, develop and manage residential leases that appropriately compensate the endowments.³

Commercial

- Develop and manage commercial leases that achieve a rate of return consistent with objectives in the Statement of Investment Policy.
- Ensure lease terms and conditions comport with industry standards.

Grazing

- Develop and manage long-term grazing leases that achieve a rate of return consistent with the objectives in the Statement of Investment Policy.
- Minimize contractual and environmental risks.

Minerals

- Lease lands for potential mineral products that capitalize on market demands.
- Minimize contractual and environmental risks associated with extractive industries.

Table 1. Current Leasing Activity in the McCall AOI (As of December 2020)

Lease Activity	Number of Leases	Acres Leased
Commercial- Communications	1	4
Grazing	3	2,090
Minerals	4	400
Miscellaneous	6	1,145
Residential	20	10

Disposition

From the initial granting of state endowment lands, disposition has been considered a potential management strategy towards achieving the constitutional mandate as described in Article IX Section 48 of the Idaho Constitution. In accordance with the Asset Management Plan, disposition of endowment lands should be considered when the result adds value to the overall trust portfolio, either through reinvestment or reduction of risk. The Asset Management Plan further identifies specific management objectives for disposition, including:

- Increase long-term financial return at a prudent level of risk.

³The Land Board approved Voluntary Auction For Ownership properties are not included in this strategy, as they have already been approved for disposition under another plan.

- Reduce cost through improved management efficiency.
- Adjust land holdings based on current and projected market conditions to capture value in excess of target returns.
- Evaluate and prioritize proposed transactions.

Residential

- Execute the approved Cottage Site Plan to unify the estate in a business savvy manner to maximize return to the trust beneficiaries.

Land Exchange

The land asset portion of the endowment trust has been maintained to generate revenues for the beneficiaries as well as reduce overall risk by providing diversification from the financial assets portion of the trust portfolio. Management risk associated with the land asset is due in part to the allocation of endowment lands when first granted. While efficient for distribution of the large amount of land to western states, the PLSS system created a “checkerboard” pattern of ownership, with endowment lands being intermingled with both private and federal lands. As stated in the Asset Management Plan, a primary management philosophy is to “seek to reposition parcels to reduce risk, lower management costs.” Land exchanges with private owners and other public agencies provide an opportunity to reposition land assets.

While land exchanges may be proposed by private landowners and public agencies, the outcome of the exchange must meet specific criteria set out by the Land Board including, but not limited to:

- **Equal or greater value.** Land to be acquired by the state must be at least as valuable as the state land being exchanged.
- **Consolidation of state lands.** Consideration will be given to a land exchange that results in the consolidation of existing state lands.
- **Access.** Consideration will be given to a land exchange whose acquisition will improve access to existing state lands.
- **Equal or greater income to the trust.** Consideration will be given to a land exchange that results in the state receiving equal or greater income for the endowment beneficiaries.

IV. Transition Lands

As stated in the Asset Management Plan, “[I]and asset classifications can be changed to meet changing markets or to capitalize on emerging alternative opportunities.” The Land Board approved Statement of Investment Policy and Asset Management Plan direct the Department to identify potential lands that should be classified as transition lands. The Department has identified certain properties as transitional and the respective next steps based on a “Tier” designation.

Lands within the Tier I-III designation have been identified for transition due to their underperformance in terms of revenue generation relative to their estimated land value. Much of this financial gap is caused by higher land values associated with urban development and growth rather than traditional asset classifications such as timberland. In other instances, properties may have commercial and residential classifications, but little to no current revenue generating activities occur on these properties. As a result, the lands within the planning area generate approximately \$257,000~~535~~ annually and have an estimated total land value ~~of over~~ \$53,000,000~~080,952~~ or 0.49% return on value. Thus, using a 4% return rate as a benchmark, there is a gap of approximately \$~~1,900,000~~~~1,888,703~~ in annual revenue.

Again, the revenue gap is based on estimated values of the land in the impact area that has increased in value due to the market. The land, which is predominantly ~~t~~timberland, has value that is not commensurate with the Department's classification of timberland. The result is the need to increase revenue on the high value lands. Increasing revenue can be accomplished through leasing, ~~or~~ repositioning of the assets into new revenue producing assets, or disposition.

Implementation of this Plan will impact approximately 373 acres or 6.9% of the endowment lands within the Area of Impact while addressing 88.0% of the land value held by the endowments within the Area of Impact over the next 20 years.

The following outlines those parcels within the planning area by their transition tier designation. Each profile provides a snapshot of the parcel, its current use and revenue generation, as well as the zoning and future land-use designations identified by McCall as part of its comprehensive planning process. Although endowment trust lands are not subject to these zoning designations, it does provide the reader an understanding of current and potential surrounding land uses in which the parcel is located. More in-depth descriptions and information regarding the transition potential for each parcel can be found in the Appendix.

Tier I – Planned Transition

Lands identified in the Tier I classification are those that have a high probability of transitioning within the next 1-5 years. Such parcels typically have a high land value relative to current revenue generation, typical of lands within or adjacent to urbanized areas. Tier I lands also have features necessary for the facilitation of transitions to higher and better uses, such as on-site utilities, road frontage, platted, annexed within city limits, and within sewer and water capacities. Such characteristics allow a parcel to be transitioned in the near future, which means they are able to maximize favorable market conditions.

Management strategies for Tier I parcels include:

- Work with third-party advisor to develop preliminary site scenario.
- Perform preliminary valuation of property.
- Work with third-party brokers to market property within appropriate markets for leasing or sale of property.

Tier II – Probable Transition

Lands classified as Tier II are similar to Tier I in that urban growth has influenced either current management or is likely to in the near future. These changes are reflected in the disparate land value to current revenue generation, ~~similar to Tier I~~. Also, ~~similar to~~ like Tier I properties, Tier II lands may possess some attributes favorable to transition, such as being located within or adjacent to city limits, on-site or adjacent utilities, and access. However, unlike Tier I parcels, additional planning processes are necessary to move forward with a transition. Such steps may include final platting or sewer and water capacity determination. Also, like Tier I parcels, the Tier II classification has a market element. Markets or demand for Tier II parcels may not be favorable currently or in the near term due to the availability of other lands.

Management strategies for Tier II parcels include:

- Gain jurisdictional approvals, such as annexation, utility access, or subdivision platting.
- Perfect legal access, if not already available.
- Continue or seek leasing opportunities until market conditions for transition are more favorable.
- ~~In a manner consistent with the authority of the Land Board and the constitutional mandate for endowment lands, inform and communicate with stakeholders to identify opportunities to enhance long term returns. Facilitated discussions with stakeholders to establish coordination and cooperation within constitutional limitations and mandate.~~
In a manner consistent with the authority of the Land Board and the constitutional mandate for endowment lands, inform and communicate with stakeholders to identify opportunities to enhance long term returns.

Tier III – Feasible Transition

Tier III parcels are those within the Area of Impact that are not currently impacted by urban uses but may be transitioned over the next 10-20 years. Therefore, within the context of this Plan, endowment lands identified as Tier III will continue to be managed in accordance with their current asset classification so long as they do not meet the criteria of Tier I or Tier II. However, as with the City's ~~and County's~~ comprehensive plans, these lands will be continuously reviewed during the timeframe and management strategies and adjusted as growth occurs.

Management strategies for Tier III parcels include:

- Continue or seek leasing opportunities until market conditions for transition are more favorable.
- Review property and market conditions every 1-5 years for conditions and potential for transition.
- Participate in City and County planning processes to ensure mission and objectives for state endowment land management are incorporated into comprehensive planning processes.
- Work with local land use jurisdictions to assure endowment lands are appropriately zoned and understood.
- ~~In a manner consistent with the authority of the Land Board and the constitutional mandate for endowment lands, inform and communicate with stakeholders to identify opportunities to enhance long term returns. Facilitated discussions with stakeholders to establish coordination and cooperation within constitutional limitations and mandate.~~
In a manner consistent with the authority of the Land Board and the constitutional mandate for endowment lands, inform and communicate with stakeholders to identify opportunities to enhance long term returns.

Tier IV – Transition not Planned

All lands outside of the city limits and that do not meet the criteria of Tier I-III lands and are likely to continue under current asset management strategies in the next 10-20 years are considered Tier IV.

Although these lands may be reconsidered in the future, there are no expected or intended management changes for these lands.

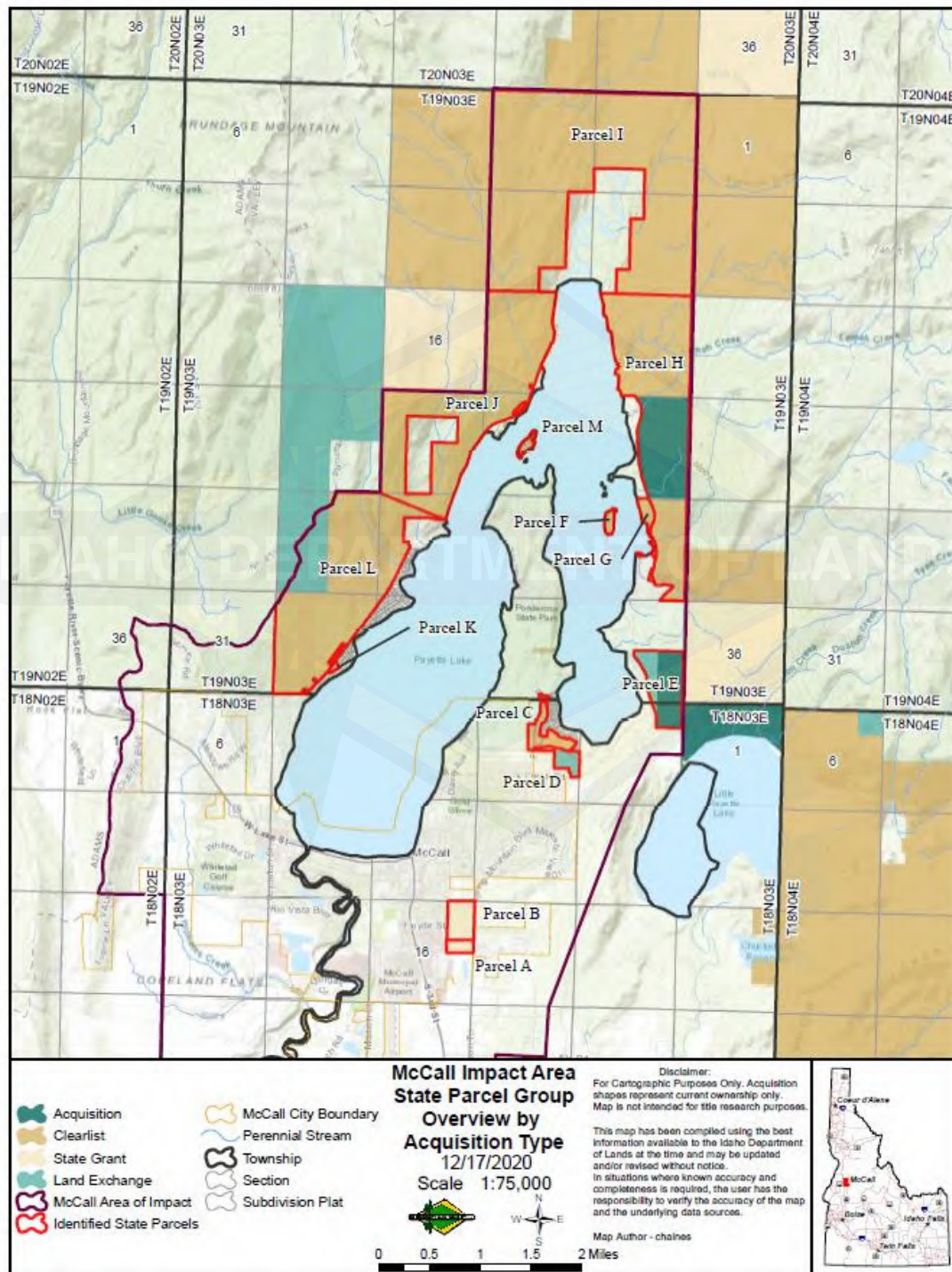
Management strategies for Tier IV parcels include:

- Continue current land management strategies and seek opportunities to enhance revenue potential for individual sites.
- Participate in City and County planning processes to ensure mission and objectives for state endowment land management are incorporated into comprehensive planning processes X.

	Tier I	Tier II	Tier III	Tier IV
Primary/Secondary Timber Base			❖	❖
Planned Timber Harvest			❖	❖
Grazing/Mineral/Recreation Lease			❖	❖
Water/Sewer/Electric Utilities On Site	❖	❖	❖	
Preliminary Plat	❖	❖		
<u>Proposed Zoned Zoning</u> R4 or Greater Density	❖	❖		
Residential/ Commercial Lease	❖	❖		
<u>Proposed Zoned Zoning</u> CC or I	❖			
Final Plat	❖			


V. Payette Endowment Land Strategy Analysis

The Department has identified certain parcels within the Area of Impact to be included and identified in the Plan. Those parcels have corresponding letter designations as Plan identifiers. Below and in the Appendix is a description of each parcel with the corresponding Tier designation.




Tier I Planned Transition (1-5 years) – Parcels A, K and M

Parcel A - Deinhard Commercial

	Acreage	+20
	Current Asset Class	Commercial Real Estate
	Current Leasing Activity	Office/Retail, Communication
	Current Annual Revenue	\$28,750
	Current Estimated Value	\$1,150,000
	Target Rental Rate	4%-8% based on Commercial HBU
	Target Yearly Revenue	\$69,000
	Yearly Revenue Gap	(\$40,250)
	Current Proposed Zoning	CC- Community Commercial
	Future Land Use Plan Designation	Commercial/ <u>Mixed Use Development</u>
	Access	Deinhard Lane and Spring Mountain Boulevard
	Utilities	Water, Sewer, Electric

Parcel K - Syringa Park

	Acreage	+3.56
	Current Asset Class	Residential Real Estate
	Current Leasing Activity	Residential
	Current Annual Revenue	\$0
	Current Estimated Value	\$240,000 based on 3-4 acres
	Target Rental Rate	4% Based on Residential HBU
	Target Yearly Revenue	\$9,600
	Yearly Revenue Gap	(\$9,600)
	Current Proposed Zoning	R4- Low Density Residential
	Future Land Use Plan Designation	Medium Density Residential
	Access	Warren Wagon Road and Payette Drive
	Utilities	Sewer, Electric

Parcel M - Cougar Island



Acreage	+14. 21
Current Asset Class	Residential Real Estate
Current Leasing Activity	Residential
Current Annual Revenue	\$32,440
Current Estimated Value	\$4,795,000
Target Rental Rate	4% Based Upon Residential HBU
Target Yearly Revenue	\$191,800
Yearly Revenue Gap	(\$159,360)
Current Proposed Zoning	RR- Rural Residential
Future Land Use Plan Designation	Large Residential
Access	Boat only
Utilities	Lake water, solar electric, drainfield for existing leased lot


Tier II Probable Transition (5-10 years) – Parcels B, C and F

Parcel B - Deinhard Residential

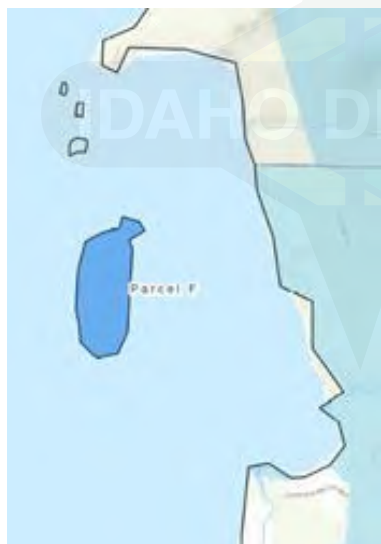


Acreage	+60
Current Asset Class	Residential Real estate/Timberland
Current Leasing Activity	None
Current Annual Revenue	\$0
Current Estimated Value	\$595,000
Target Rental Rate	4% Based Upon Residential HBU
Target Yearly Revenue	\$23,800
Yearly Revenue Gap	(\$23,800)
Proposed Current Zoning	R4 Low High Density Residential
Future Land Use Plan Designation	Rural Residential
Access	Deinhard Lane, Spring Mountain Boulevard, 3 rd Street
Utilities	Water, Sewer, Electric

Parcel C - White Pine


	Acreage	+56
	Current Asset Class	Residential Real Estate/Timberland
	Current Leasing Activity	None
	Current Annual Revenue	\$0
	Current Estimated Value	\$21,750,000 Potential of 150 lots
	Target Rental Rate	4% based on Residential HBU
	Target Yearly Revenue	\$870,000
	Yearly Revenue Gap	(\$870,000)
	Proposed Current Zoning	R4- Low Density <u>RR- Residential</u>
	Future Land Use Plan Designation	Rural <u>R4- Low Density</u> Residential
	Access	Pilgrim Cove Road, John Alden Road, Miles Standish Road
	Utilities	Water, Sewer, Electric

Parcel F - Shellworth Island

	Acreage	+13.1
	Current Asset Class	Residential Real estate
	Current Leasing Activity	Residential
	Current Annual Revenue	\$11,070
	Current Estimated Value	\$2,400,000
	Target Rental Rate	4% based on Residential HBU
	Target Yearly Revenue	\$96,000
	Yearly Revenue Gap	(\$84,930)
	Proposed Current Zoning	RR- Rural Residential
	Future Land Use Plan Designation	Ag-Forest Conservation <u>RR- Rural Residential</u>
	Access	Boat only
	Utilities	Lake water, solar electric, drainfield for existing leased lot

Tier III Feasible Transition (10-20 years) – Parcels D, E, and G

Parcel D - Lick Creek

	Acreage	+29
	Current Asset Class	Timberland
	Current Leasing Activity	Communication
	Current Annual Revenue	\$10,850
	Current Estimated Value	\$6,000,000
	Target Rental Rate	4% based on Residential HBU
	Target Yearly Revenue	\$240,000
	Yearly Revenue Gap	(\$229,150)
	Proposed Current Zoning	R4- Low Density Residential
	Future Land Use Plan Designation	Low Density Residential
	Access	Lick Creek Road, Pilgrim Cove Road, Miles Standish Road, Shady Lane
	Utilities	Water, Sewer, Electric

Parcel E – Eastside Drive

	Acreage	+160
	Current Asset Class	Timberland
	Current Leasing Activity	Grazing, Commercial Recreation
	Current Annual Revenue	\$14,167
	Current Estimated Value	\$400,000
	Target Rental Rate	4% based on Residential HBU
	Target Yearly Revenue	\$16,000
	Yearly Revenue Gap	(\$1,833)
	Proposed Current Zoning	RR- Rural Residential
	Future Land Use Plan Designation	Ag-Forest Conservation
	Access	Eastside Drive and Fall Creek Road
	Utilities	Sewer, Electric

Parcel G – East Shoreline



Acreage	+21
Current Asset Class	Timberland
Current Leasing Activity	None
Current Annual Revenue	\$0
Current Estimated Value	\$9,700,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$388,000
Yearly Revenue Gap	(\$388,000)
Proposed Current Zoning	RR- Rural Residential
Future Land Use Plan Designation	Low Density Residential
Access	Eastside Drive
Utilities	Sewer, Electric

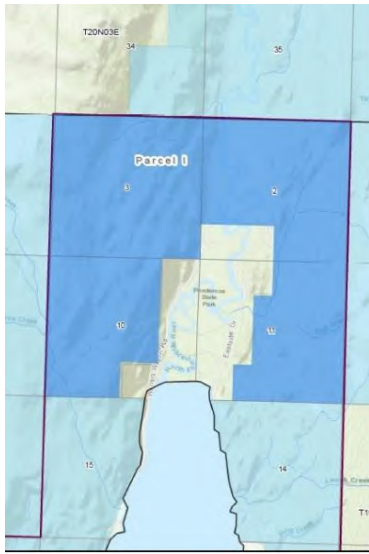
Tier IV Transition Not Planned – Parcels H, I, J, and L

Parcel H - East of Eastside Drive to Tip




Acreage	+1040
Current Asset Class	Timberland
Current Leasing Activity	Grazing, Mineral
Current Annual Revenue	\$48,739
Current Estimated Value	\$1,560,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$62,400
Yearly Revenue Gap	(\$13,661)
Proposed Zoning	RR- Rural Residential
Future Land Use Plan Designation	Ag-Forest Conservation
Access	Eastside Drive
Utilities	Sewer, Electric

Parcel I – Tip

	Acreage	+2040
	Current Asset Class	Timberland
	Current Leasing Activity	Grazing, Mineral, Noncommercial Recreation
	Current Annual Revenue	\$28,257
	Current Estimated Value	\$570,000
	Target Rental Rate	4% based on Residential HBU
	Target Yearly Revenue	\$22,800
	Yearly Revenue Gap	\$5,457
	Proposed Current Zoning	RR- Rural Residential
	Future Land Use Plan Designation	Ag-Forest Conservation
	Access	Eastside Drive, Warren Wagon Road
	Utilities	None

Parcel J - Northwest Warren Wagon

	Acreage	+380
	Current Asset Class	Timberland
	Current Leasing Activity	Grazing
	Current Annual Revenue	\$28,135
	Current Estimated Value	\$880,952
	Target Rental Rate	4% based on Residential HBU
	Target Yearly Revenue	\$35,238
	Yearly Revenue Gap	(\$7,103)
	Proposed Current Zoning	RR- Rural residential
	Future Land Use Plan Designation	Ag-Forest Conservation
	Access	Warren Wagon Road
	Utilities	Sewer, Electric

Parcel L – Southwest Warren Wagon



Acreage	+1520
Current Asset Class	Timberland
Current Leasing Activity	Grazing, Mineral, Commercial Recreation
Current Annual Revenue	\$98,637
Current Estimated Value	\$3,040,000
Target Rental Rate	4% based on Residential HBU
Target Yearly Revenue	\$121,600
Yearly Revenue Gap	(\$22,963)
Current Proposed Zoning	RR- Rural Residential
Future Land Use Plan Designation	Low-Density Residential Ag/Forest
Access	Warren Wagon Road, Green Gate Road
Utilities	Sewer, Electric

IDAHO DEPARTMENT OF LANDS

VI. Implementation Strategies (IS)

Transition Strategies

Tier I

IS-1.1 Perform full USPAP compliant appraisals for Tier I properties identified herein. Appraisal will be used to set base rent or disposition value.

IS-1.2 Work with a third-party advisor to develop individual transition plans for each Tier I property identified herein.

IS-1.3 In a manner consistent with the authority of the Land Board and the constitutional mandate for endowment lands, inform and communicate with stakeholders to identify opportunities to enhance long term returns. ~~Convene a key stakeholder group to review proposed strategies and garner feedback for consistency with community vision, within the Department's constitutional limitations and mandate.~~

IS-1.4 Market Tier I properties based on third-party recommendations and timeframe.

IS-1.5 Evaluate alternative actions (land exchange or disposition) if IS-1.4 marketing is unsuccessful.

Tier II

IS-2.1 Work with a third-party advisor to develop individual transition plans for each Tier II property identified herein.

IS-2.2 Complete platting and annexation processes with the City of McCall for Parcels B and C.

IS-2.3 Utilities, sewer and water

IS-2.4 In a manner consistent with the authority of the Land Board and the constitutional mandate for endowment lands, inform and communicate with stakeholders to identify opportunities to enhance long term returns. ~~Conduct public outreach and presentations to Valley County and City of McCall Commissioners regarding transition plans.~~

IS-2.5 Seek short-term leasing opportunities on Parcels B and C to generate interim revenues while not prohibitively encumbering future transition potential.

IS -2.6 Lease Parcel F under conditional provisions that will allow for the eventual transition of the parcel.

Tier III

IS-3.1 Seek leasing opportunities on Parcel G that generate mid-term revenues and that do not hinder future transition potentials.

IS-3.2 Seek new or additional leasing opportunities on Parcels D and E that increase revenue generation relative to property values.

IS-3.2 Participate in City and County planning processes to ensure mission and objectives of endowment land management are incorporated into planning processes.

IS-3.3 Conduct annual and five-year reviews of land development and market conditions.

Tier IV

IS-4.1 Continue current land management strategies and seek opportunities to enhance revenue potential for Parcels H, I, J, and L.

IS-4.2 Participate in City and County planning processes to ensure mission and objectives of endowment land management are incorporated into comprehensive planning processes.

Adaptive Management

The Plan is not intended to be a static plan, but rather provide guidance to decision making on state endowment lands in the Area of Impact. The Department recognizes that factors such as market conditions, population growth, and even community vision are dynamic processes that change over time. As such, the Plan will be reviewed over the course of the planning horizon to consider changing conditions and future trends.

All lands under Department management will continue to be managed in compliance with Federal laws of the United States, rules and regulations of the State Board of Land Commissioners and all State laws and rules including without limitation the following:

- a. The Idaho Forestry Act, Idaho Code, Title 38, Chapter 1.
- b. The Idaho Forest Practices Act, Idaho Code, Title 38, Chapter 13.
- c. The Idaho Stream Channel Alteration Act, Idaho Code, Title 42, Chapter 38.
- d. The Standard Log Scaling Law, Idaho Code, Title 38, Chapter 12.

Appendix –~~Transition~~ Land Profiles

Parcel A - Deinhard Commercial

Legally Permissible: Parcel A is currently located in McCall's Community Commercial ("CC") zoning designation. There are multiple permitted uses in this zoning designation, as well as use-based conditional use approval. Permitted development includes a wide variety of industrial and commercial uses (agriculture or garden use, amusement facility, bank, night club, care center, local housing unit, lumber supply store, laundry mat, nursery, retirement home, studio, automobile service, bar, brew pub, church, medical clinic, hotel, professional offices, package delivery service, retail store, R&D facility, restaurant, theater, and vocational school). McCall's land use plan designates the property as likely use being commercial development. The property would likely be allowed a variety of general commercial uses.

Physically Possible: Parcel A is approximately 20 acres, and has existing improvements, including the Payette Lakes Supervisory Area office facilities and a leased communication site. There is an easement for a walking path that traverses the frontage. The topography is generally level and configured to allow for development alternatives. The size allows for development scenarios of a mid-sized general commercial, light industrial, or retail use. The property has accessibility off of East Deinhard Lane and Spring Mountain Blvd. Municipal utilities are immediately available including water, sewer, and power. The property's physical characteristics do not restrict development potential.

Financially Feasible: Transitioning of the property should include considerations of the probability of attaining a maximum return on investment. Any proposal should consider the marketable attributes of the property and local market including strengthening rents, buyer demand, and vacancy. A number of local agents reported lease rate improvement upon renewals and new leases. Recent commercial construction activity is expanding in the immediate area, including Idaho First Bank, McCall Design & Planning (architect), Ridley's Family Market, and Legend CrossFit. Given these trends, commercial development appears to be financially feasible.

Maximally Productive: Approximately 20 acres of general commercial use.

Most probable buyer/tenant: Commercial owner/occupant, build-to-suit developers, or commercial recreation.

Current Revenue: \$28,750 from three (3) Office Leases and a Communication Site Lease.

Tier Category: Tier I – Planned Transition.

Parcel B - Deinhard Residential

Legally Permissible: Parcel B is currently located in McCall's Low Density Residential ("R4") zoning designation. R4 restricts development of property to low-density single-family residential neighborhoods with a maximum density of four dwelling units per acre. A subdivision in this zoning designation would likely consist ~~of larger single family home sites~~ of minimum lot sizes of 10,000 square feet. A conceptual development plan would need to be provided to develop a more comprehensive understanding of what is legally permissible on this site.

Physically Possible: Parcel B is approximately 60 acres, located to the north of Parcel A. The property is located in an area adjacent to residential development. Access is off of East Deinhard Lane and Spring Mountain Blvd. The shape of the parcel is rectangular with road frontage, width, and depth to allow for residential uses. The site topography is gentle to flat, conducive for a residential construction. Public utilities are available to the property including water, sewer, and electricity.

Financially Feasible: The ultimate determination of financial feasibility of any proposed subdivision development is whether the present value of the anticipated income stream over time exceeds the cost to create (including raw land value) by a sufficient amount to attract equity capital and profit to the development. Overall, a well-planned single-family subdivision is believed to be a financially feasible undertaking in the prevailing market conditions. Several existing and new single-family subdivisions are located within close proximity. However, market absorption will also need to be considered.

Maximally Productive: Under present land zoning and adjacent residential development, the most probable use of the property is residential development.

Most probable buyer/tenant: The most probably buyer/tenant for Parcel B is an investor/developer interested in acquiring and developing the property into a residential subdivision and selling the lots for profit. Other potential uses could be for commercial, recreational, or conservation.

Current Revenue: None

Tier Category: Tier II – Probable Transition

Parcel C - White Pine

Legally Permissible: Parcel C is currently located in McCall's Low Density Residential ("R4") zoning designation. R4 restricts development of property to low-density single-family residential neighborhoods with a maximum density of four dwelling units per acre. The Department preliminarily platted and recorded the White Pine Heights Subdivision in 2014. Considering the City's R4 zoning allows a maximum density of four dwelling units per acre, a conceptual development plan would be needed to further subdivide the larger lots and blocks into smaller residential lots to maximize returns and to be concurrent with local zoning. Currently, the property is not incorporated within McCall, and after discussions with McCall staff, it would be beneficial for McCall and the Department to annex the entire 56.81-acre aggregate tract before platting. A conceptual development plan has not been performed.

Physically Possible: Parcel C is irregularly shaped, somewhat like a boot, and consists of five preliminary lots ranging in size (18.3 acres, 8.99 acres, 0.62 acres, 0.59 acres, 25.31 acres), for a combined size of 56.81 acres (excluding the roads from White Pine Heights Subdivision Plat). The site topography is gentle to flat, conducive for residential construction. Currently, water is available with the potential to tap into Payette Lakes Water and Sewer District ("PLWSD") sewer. The Department is not aware of concerns that PLWSD is at capacity in the immediate area. Access is a triad of roadways including Miles Standish Road, Pilgrim Cove Road, and John Alden Road with other ancillaries to the lake (Water Lily Lane and Plymouth Road).

Financially Feasible: The ultimate determination of financial feasibility of any proposed subdivision development is whether the present value of the anticipated income stream over time exceeds the cost to create (including raw land value) by a sufficient amount to attract equity capital and profit to the development. Based upon typical auction lot absorption periods, the property's neighborhood represents an average supply of potential inventory. Overall, a well-planned single-family subdivision may be a financially feasible undertaking in the prevailing market conditions. However, several existing and new single-family subdivisions are located within close proximity.

Maximally Productive: Under McCall's current zoning regulations and in light of development trends located in the immediate neighborhoods, the most probable development of the property is single-family residential development.

Most probable buyer/tenant: The most probable buyer is an investor/developer interested in acquiring and developing the property into a residential subdivision and selling the lots for profit.

Current Revenue: None

Tier Category: Tier II – Probable Transition

Parcel D - Lick Creek

Legally Permissible: Parcel D is currently located in McCall's Low Density Residential ("R4") zoning designation. R4 restricts development of property to low-density single-family residential neighborhoods with a maximum density of four dwelling units per acre. The Department preliminary platted and recorded this parcel as part of the White Pine Heights Subdivision along with Parcel C. Currently the property is not incorporated within McCall. It would be beneficial for McCall to annex the entire 30-acre parcel (aggregate parcel). A conceptual development plan has not been performed.

Physically Possible: Parcel D is located to the south of Parcel C in an area designated residential, close to Payette Lake and near the McCall public golf course. Primary access is from Lick Creek Road, Pilgrim Cove Road, and Miles Standish Road. The shape is somewhat rectangular with road frontage, width, and depth to allow for residential uses. The site topography is gentle to flat, thereby beneficial for residential use. Public water and sewer are available to the property from Miles Standish Road.

Financially Feasible: The feasibility determination of any proposed subdivision development is whether the present value of the anticipated income stream over time exceeds the cost to create (including raw land value) by a sufficient amount to attract equity capital and profit to the development. Based upon typical auction lot absorption periods, the property's neighborhood represents an average supply of potential inventory. Overall, a well-planned single-family subdivision may be financially feasible in the prevailing market conditions. Several existing and new single-family subdivisions are located within close proximity.

Maximally Productive: Under McCall's zoning regulations and adjacent residential development, the most probable use of the property is single-family residential development.

Most probable buyer/tenant: An investor/developer interested in developing the property into a residential subdivision and selling the lots for profit. Other potential uses could be for recreational or conservation.

Current Revenue: \$10,850 from a Communication Site Lease.

Tier Category: Tier III – Feasible Transition.

Parcel E - Eastside Drive

Legally Permissible: Parcel E is currently located in McCall's Rural Residential ("RR") zoning designation and Future Land Use Plan designation as Ag-Forest-Conservation. RR restricts development to a density of one dwelling unit per ten acres. Currently the property is not incorporated within McCall. A boundary survey or conceptual development plan has not been performed.

Physically Possible: Parcel E is approximately 160 acres with Eastside Drive bordering the property along the western edge. Fall Creek Road is the access from the south that splits in a "Y" shape and extends through the northeastern portion of the property. The site is irregularly shaped with heavy tree cover. Parcel E is large enough to accommodate many uses. The topography varies from 5,258 feet to 5,086 feet generally sloping towards the lake. Sewer and electricity are available at Eastside Drive; however, they have not been extended onto the parcel.

Financially Feasible: The current zoning allows for single-family residential use with ancillary improvements including garage, storage buildings, guest cabin, boathouse, etc. The highest and best use is for development to the maximum density allowed under current zoning, which is one residential building site or three dwelling units per 10-acres (roughly residential 15 lots). The feasibility of any proposed subdivision development is whether the present value of the anticipated income stream over time exceeds the cost to create (including raw land value) by a sufficient amount to attract equity capital and profit to the development.

Maximally Productive: Under McCall's current zoning, the most probable development of the property is single family residential development.

Most likely buyer/tenant: An investor/developer interested in developing the property into a residential subdivision and selling the lots for profit. Other potential uses could be for commercial, recreation, or conservation.

Current Revenue: \$14,167 from Timber Sales, Grazing, and a Commercial Recreation Lease.

Tier Category: Tier III – Feasible Transition.

Parcel F - Shellworth Island

Legally Permissible: Parcel F is located in McCall's Rural Residential ("RR") zoning designation. RR restricts development to a density of one dwelling unit per ten acres. The Department has a preliminary plat that has not been recorded. A conceptual development plan has not been completed. However, given the total acreage is 13.13, only one residential unit would be legally permissible

Physically Possible: Parcel F is an island; therefore, there is no road frontage or wheeled vehicular access, and access is via boat only. There are seasonal limitations for boat only access given lake levels, lake freezing, etc.

The topography of the property is predominantly level with the central portions raising approximately 50 feet. The property has knoll like characteristic which rise from the lake on both the south and west sides, with rocky hillsides. The western shoreline is exposed granite, which limits or prohibits use. The south portion of the shoreline has a small cove-like feature, with a rocky and sandy shoreline/beach area. The approximate shoreline is 3,699 linear feet with native ground cover (as opposed to development challenges due to rock outcroppings). The island has moderate tree coverage.

There are no public utilities known to serve the property. Any development requiring water and waste will require lake water extraction and decomposing septic systems.

Financially Feasible: The zoning limits the use to a single residential unit with ancillary improvements including garage, storage buildings, guest cabin, boathouse, etc. The site is physically capable of providing for residential use but with limitations due to the exposed bedrock and limited access to utilities. Uses are expected to be seasonal due to winter conditions and lack of road access. However, when the lake freezes over access from the mainland using snowmobiles may be a possibility but that is not a reliable and consistent means of access.

Maximally Productive: The property's highest and best use is as a single residential unit together with ancillary improvements. However, it is worth noting that this property has high recreational value that could provide for alternative or additional revenue.

Most likely buyer/tenant: Potential uses could be for recreational, residential, or for conservation.

Current IDL Revenue: \$11,070 from a Residential Lease.

Tier Category: Tier II – Probable Transition.

Parcel G – East Shoreline

Legally Permissible: Parcel G is currently located in McCall’s Rural Residential (“RR”) zoning designation. RR restricts development to a density of one dwelling unit per ten acres. Currently the parcel is not incorporated within McCall. A boundary survey or conceptual development plan has not been performed to maximize current zoning density. Parcel G is currently vacant and unimproved.

Physically Possible: Parcel G has 3,100 lineal feet of shoreline and a general east to west slope towards the lake. The tract is elongated and irregularly shaped with a “neck” near the central portion of the property. Access is off of Eastside Drive. Utilities consist of electricity, telephone, cable service, and limited access to PLWSD’s sewer.

Financially Feasible: The zoning limits use to single-residential with ancillary improvements including garage, storage buildings, guest cabin, boathouse, etc. The highest and best use is for development to the maximum density. The feasibility of any proposed development is whether the present value of the anticipated income stream over time exceeds the cost to create (including raw land value) by a sufficient amount to attract equity capital and profit to the development.

Maximally Productive: The property’s highest and best use is as a single residential unit together with ancillary improvements. However, it is worth noting that this property has high recreational value that could provide for alternative or additional revenue. Additionally, there is endowment land adjacent to Parcel G that will need to be considered with any proposed use.

Most likely buyer/tenant: Potential uses could be for recreational, residential, or for conservation.

Current IDL Revenue: None

Tier Category: Tier III – Feasible Transition

Parcel H - East of Eastside Drive to Tip

Legally Permissible: Parcel H is located in McCall's Rural Residential ("RR") zoning designation. RR restricts development to a density of one dwelling unit per ten acres. Currently, the property is not incorporated within McCall. A boundary survey or conceptual development plan has not been performed.

Physically Possible: Parcel H is approximately 1,040 acres with shoreline development potential which could be increased significantly if Eastside Drive was relocated inland from its current location. Electric and sewer utilities are available but would have to be extended. Additional sewer capacity would most likely require upgrading the line to accommodate increased density.

The topography of the property at its steepest points has building limitations. Typical topographic issues include slope, waterfront qualities, lake depth qualities, and overall usability. However, recreational cabin site owners tend to build on this type of challenging topography to protect their lake front view. The property is irregularly shaped; however, it is large enough to accommodate many uses. Access is off of Eastside Drive. Physical limitations may be present including areas containing hard rock.

Financially Feasible: Parcel H will require city approval, surveying, platting, feasibility studies, subdivision analysis, and other development due diligence. Some of the steeper property may not be suited for cabin site development. Portions of the property are leased for grazing and mineral extraction. Recreational, conservation, and residential uses coupled with additional timber sales and grazing leases could be financially feasible.

Maximally Productive: Parcel H has unique characteristics including lake frontage, lake views, appealing aesthetics, and recreation. There are also conservation, timber sales, and grazing lease opportunities. The maximum productivity of each individual site would be the ability to incorporate residential and recreational aspects of land use.

Most probable buyer/tenant: Potential uses could be for recreation, residential, or for conservation.

Current IDL Revenue: \$48,739 from Timber Sales, Grazing, and Mineral Leasing.

Tier Category: Tier IV – Transition Not Planned.

Parcel I - Tip

Legally Permissible: Parcel I is currently located in McCall's Rural Residential ("RR") zoning designation. RR restricts development to a density of one dwelling unit per ten acres. Currently, the property is not incorporated within McCall. A boundary survey or conceptual development plan has not been completed.

Physically Possible: Parcel I is located adjacent to Ponderosa State Park, which is a public recreation area occupying the meandering inlet of the Payette River and the northern extremity of Payette Lake. Access is off of Eastside Drive and Warren Wagon Road. The property size is approximately 2,040 acres. The steepest portions of the property may have building limitations. Western elevations rise 500 feet and are heavily timbered. Typical topographic issues include slope and overall usability. The property is rectangular shaped, however, is large enough to accommodate many uses. The property does not have lake frontage. Certain higher elevations have lake views.

Financially Feasible: The steep nature of portions of the property may not be suited for cabin site development. Currently, the property is leased for grazing and mineral extraction.

Maximally Productive: Parcel I has unique characteristics including lake views, appealing aesthetics, and recreation. There are also conservation, timber sales, and grazing lease opportunities. The maximum productivity of each individual site would be the ability to incorporate residential and recreational aspects of land use.

Most probable buyer/tenant: Potential uses could be for recreation, residential, or for conservation.

Current IDL Revenue: \$28,257 from Timber Sales, Grazing, Mineral, Noncommercial Recreation Leasing.

Tier Category: Tier IV – Transition Not Planned.

Parcel J - Northwest Warren Wagon

Legally Permissible: Parcel J is currently located in McCall's Rural Residential ("RR") zoning designation. RR restricts development to a density of one dwelling unit per ten acres. Currently, the property is not incorporated within McCall. A boundary survey or conceptual development plan has not been performed.

Physically Possible: Parcel J is approximately 380-acres of wooded timberland. Electric is available but would have to be extended. The topography of the property at its steepest points has building limitations. Typical topographic issues include slope, waterfront qualities, lake depth qualities, and overall usability. However, recreational cabin site owners tend to build on this type of challenging topography to protect their lakefront view. The property is irregularly shaped; however, it is large enough to accommodate many uses. Access is off of Warren Wagon Road.

Financially Feasible: Values for residential leases, private cabin sites, and recreational uses exceed those prices warranted for agricultural or forest land. Based increased community development and high demand for lake front property, recreation, conservation, and residential uses coupled with additional timber sales and grazing leases could be financially feasible.

Maximally Productive: Parcel J has unique characteristics including lake views, appealing aesthetics, and recreation. There are also conservation, residential, and recreation lease opportunities. The maximum productivity of each individual site would be the ability to incorporate residential and recreational aspects of land use.

Most probable buyer/tenant: Potential uses could be for recreation, residential, or for conservation.

Current IDL Revenue: \$28,135 from Timber Sales and a Grazing Lease.

Tier Category: Tier IV – Transition Not Planned.

Parcel K - Syringa Park

Legally Permissible: Parcel K is located in McCall's Low Density Residential ("R4") zoning designation. R4 restricts development to low-density single-family residential, with a maximum density of four dwelling units per acre. A subdivision in this zoning designation would likely consist of ~~larger~~ single-family home sites. A conceptual development plan would need to be provided to develop a more comprehensive understanding of what would be legally permissible on this site. The parcel is part of the platted and recorded Syringa Park Subdivision. Further subdivision is needed to maximize the density of Parcel K.

Physically Possible: Parcel K is 3.58 acres of vacant non-lakefront property surrounded by leased and deeded quarter-acre cottage sites in the Syringa Park Subdivision. The terrain is generally level and varies with drainage easterly to the lake. Access is off of Warren Wagon Road with Syringa Way and Payette Drive as ancillary roads. Utilities are available in the area. Parcel K is triangular; however, it is large enough for single-family residential use.

Financially Feasible: The current zoning limits the use to single-residential with ancillary improvements such as garage, storage buildings, guest cabin, boathouse, etc. The highest and best use is for development to the maximum density allowed under current zoning.

Maximally Productive: Under the City's current zoning regulations and in light of development trends located in the immediate neighborhoods, it is concluded the most probable speculative development of the property is for single family residential subdivision development with allowable density restriction.

Most probable buyer/tenant: A potential buyer is an investor/developer developing the property into a residential subdivision and selling the lots.

Current IDL Revenue: None.

Tier Category: Tier I – Planned Transition.

Parcel L – Southwest Warren Wagon

Legally Permissible: Parcel L is currently located in McCall's Rural Residential ("RR") zoning designation. RR restricts development to a density of one dwelling unit per ten acres. Currently, the property is not incorporated within McCall. A boundary survey or conceptual development plan has not been performed. The property has lake frontage along the west side of Payette Lake.

Physically Possible: Electric is available, however, would have to be extended throughout the parcel. The topography of the property at its steepest points has building limitations but offers great views. The property is generally a bench sloping towards the lake with moderate elevation change. The parcel is irregularly shaped, but large enough to accommodate many uses. Access is off of Warren Wagon Road. The property's size is approximately 1,520 acres of wooded timberland.

Financially Feasible: While vacant land remains at high demand for residential and recreational use, the size of this property requires significant due diligence including city approvals, surveying, platting, feasibility studies, and subdivision analysis. The Value of residential leases, private cabin sites, and recreational uses exceed that of agricultural or forest land uses. Recreation, residential, timber sales, and grazing leases would be financially feasible.

Maximally Productive: Parcel L has unique characteristics including lake views, appealing aesthetics, and recreation. There are also conservation, residential, and recreation lease opportunities. The maximum productivity of each individual site would be the ability to incorporate residential and recreational aspects of land use.

Most probable buyer/tenant: A potential buyer is an investor/developer developing the property into a residential subdivision and selling the lots. Potential uses could also be for recreation, residential, or for conservation.

Current IDL Revenue: \$98,637 from Timber Sales, Grazing, Mineral, Commercial Recreation Leasing.

Tier Category: Tier IV – Transition Not Planned.

Parcel M - Cougar Island

Legally Permissible: Parcel M is located in McCall's Rural Residential ("RR") zoning designation. RR restricts development to a density of one dwelling unit per ten acres. The Department preliminary platted and recorded the Cougar Island Subdivision, which includes five residential lots; one of which is improved and currently leased. McCall staff have indicated the lots are non-conforming to the current RR zoning designation. However, the five lots are buildable tracts, which cannot be further subdivided. The Conditions, Covenants & Restrictions (CC&Rs) prohibit further subdivision as well. ~~McCall staff explained there are no prohibitions on obtaining a building permit for any of these lots and, should a structure be destroyed or demolished, there is no prohibition upon re-building~~ There is a shoreline overlay that requires review by the City of McCall's Planning and Zoning Commission. ~~Therefore, the key point here is compliance with the current zoning and CC&Rs.~~

Physically Possible: Parcel M is an island and accessible by boat only. In addition, boat access is seasonal due to ice and lake levels during the winter months. The site reflects a knoll characteristic which rises from the lake on all sides with basalt hillsides. The total aggregate size is 14.21 acres with the combination of five platted lots: 3.47, 2.52, 2.94, 3.35, and 1.93 acres all with a mixture of lake frontage containing 4,320 linear feet of shoreline. There are no known characteristics that would eliminate the legally identified use of the property with the exception of limited desirable septic drainfield locations. There has been a classification of the site qualities which includes size, waterfront, if any, topography, ground cover, access, soils (as pertinent primarily where the site might have development challenges due to rock outcroppings).

Financially Feasible: The zoning and the CC&Rs limit use to single-residential with ancillary improvements including garages, storage buildings, guest cabins, boathouses, etc. The site is physically capable of providing for the use but with limitations due to the exposed bedrock characteristics. Uses are expected to be seasonal due to winter conditions and the lack of road access. However, when the lake freezes over access from the mainland may be possible but that may not be a reliable and consistent form of access. The property has a highest and best use for five single-residential units together with ancillary improvements.

Most probable buyer/tenant: Potential uses could be for recreational, residential, or for conservation.

Current IDL Revenue: \$32,440 from a Residential Lease.

Tier Category: Tier I – Planned Transition.

Appendix II – Parcel History

Parcel A - Deinhard Commercial

Parcel A is held by the Public School Endowment and was part of the original endowment granted to the State.

Parcel B - Deinhard Residential

Parcel B is held by the Public School Endowment and was part of the original endowment granted to the State.

Parcel C - White Pine

Parcel C is held by the Normal School Endowment and were selected by the State as *in-lieu* lands as part of the Idaho Admission Act.

Parcel D - Lick Creek

Parcel D is held by the Hospital South Endowment and was conveyed to the State in 1989 as part of a land exchange by William and Anna Tuller, and Bill and Katherine Chronic.

Parcel E - Eastside Drive

There are two sub-sections that make up Parcel E. 44.5 acres are held by the Hospital south Endowment and was conveyed to the State in 1989 by William and Anna Tuller, and Bill and Katherine Chronic. The remaining 120 acres of Parcel E are held by the Normal School Endowment and was acquired through purchase and conveyance by the Boise Payette Lumber Company in 1939.

Parcel F - Shellworth Island

Parcel F is held by the Public School Endowment and was part of the original endowment granted to the State.

Parcel G - East Shoreline

Parcel G is held by the Normal School Endowment and was selected by the State as *In-lieu* lands as part of the Idaho Admission Act.

Parcel H - East of Eastside Drive to the Tip

Parcel I - Tip

Parcel I is held by the State Hospital South Endowment and was selected by the State as *In-lieu* lands as part of the Idaho Admission Act.

Parcel J - Northwest Warren Wagon Road

Parcel J is held by the State Hospital South Endowment and was selected by the State as *In-lieu* lands as part of the Idaho Admission Act.

Parcel K - Syringa Park

Parcel K is held by the State Hospital South Endowment and was selected by the State as *In-lieu* lands as part of the Idaho Admission Act.

Parcel L - Southwest Warren Wagon Road

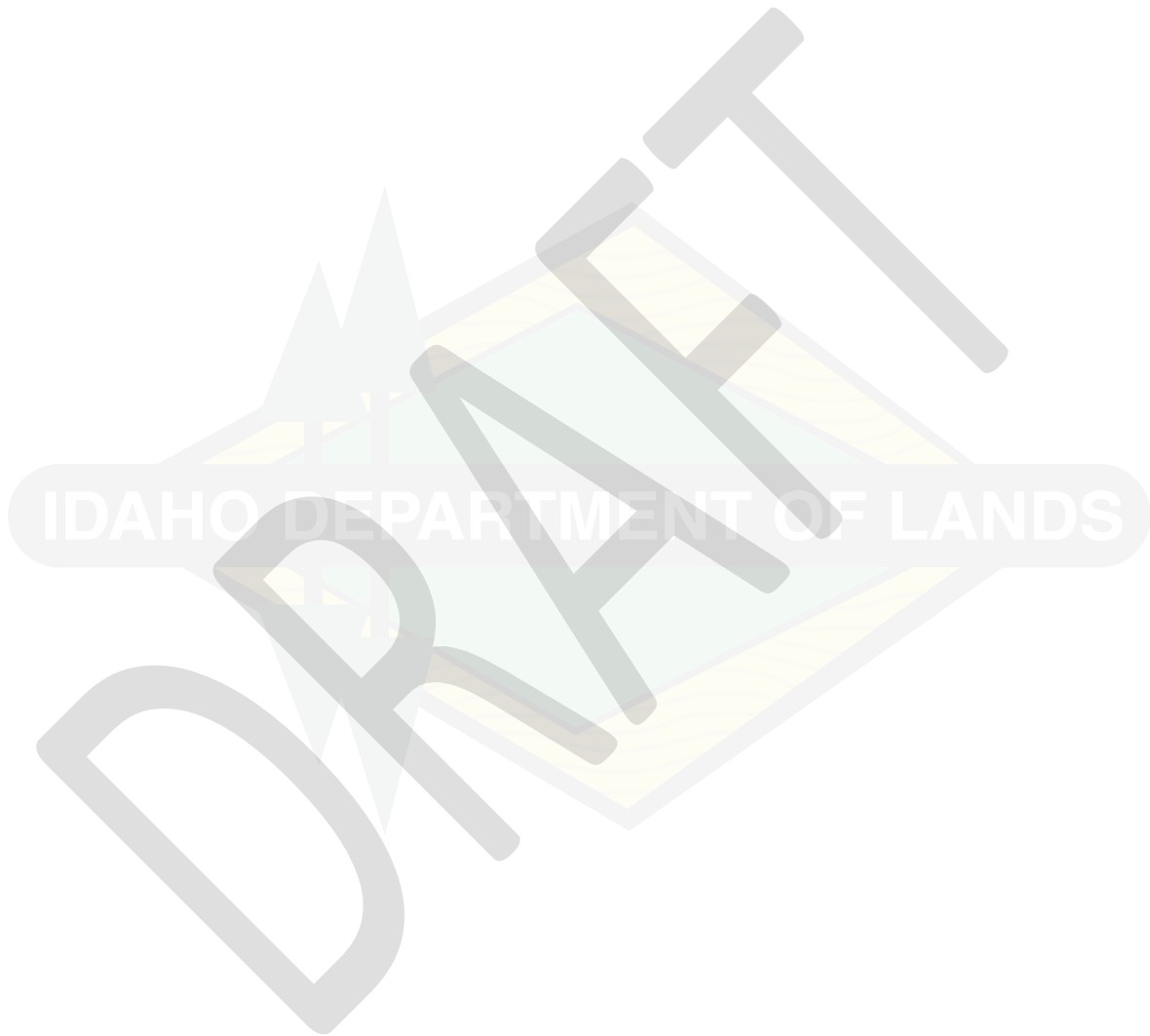
There are two subsections to Parcel L. 132.58 acres are held by the Public School Endowment and were

acquired through a land exchange in 2000 with the Bureau of Land Management. The remainder of Parcel L are held by the State Hospital South Endowment and were selected by the State as *In-lieu* lands as part of the Idaho Admission Act.

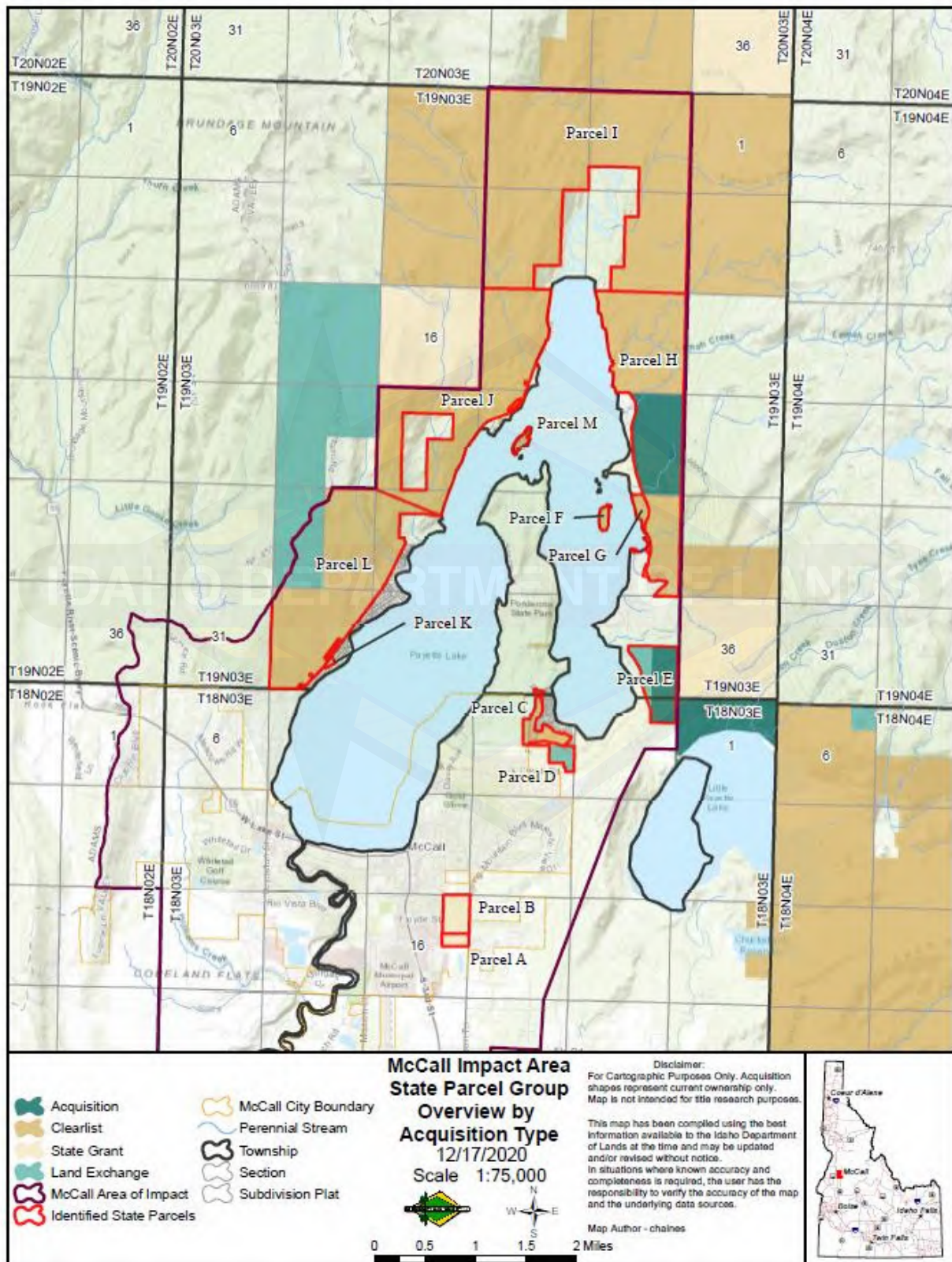
Parcel M - Cougar Island

Parcel M is held by the Public School Endowment and was part of the original endowment granted to the State.

[Transition Lands-Parcel History](#)



Appendix III – McCall Parcel Group Overview



Payette Endowment Land



There is a continued need to evaluate and discuss the future of endowment lands within and immediately outside of the City of McCall's growth and impact areas. While timber harvesting and cottage site leases and sales have been the most visible endowment land management approaches in McCall, new opportunities to generate income for the endowment beneficiaries are being considered. You will find the latest information, dates, and project proposals on this page.

Payette Endowment Lands Strategy (PELS) – Focus Group Meetings

The Idaho Department of Lands has organized a Payette Endowment Lands Strategy (PELS) Focus Group. This group will help the department review potential short, mid and long-term strategies designed to maximize revenue generated by endowment land located within McCall's area of impact.

Next Meeting

Thursday, February 25, 2021 from 1 to 4 p.m. MT

You are invited to join the Zoom webinar!

Topic: Payette Endowment Lands Strategy – Focus Group – Meeting #3

Register in advance for this webinar:

https://idl.zoom.us/webinar/register/WN_E6gPMe02St6n8_-wjJrLFQ
(https://idl.zoom.us/webinar/register/WN_E6gPMe02St6n8_-wjJrLFQ).

After registering, you will receive a confirmation email containing information about joining the webinar.

PELS Focus Group Meeting Agenda Feb. 25, 2021

(<https://www.idl.idaho.gov/wp-content/uploads/sites/2/2021/02/2021-02-25-PELS-Focus-Group-Meeting-Agenda.pdf>)

Previous Meetings

Materials – February 11, 2021

Materials – January 28, 2021

What is endowment land?

At statehood, Congress granted Idaho endowment trust land for the sole purpose of funding specified beneficiaries, which are largely public schools. How the Land Board must manage these lands is also written in the Idaho Constitution. Article IX, Section VIII mandates that they will be managed “...in such manner as will secure the maximum long-term financial return to the institution to which [it is] granted.”

(<https://www.idl.idaho.gov/wp-content/uploads/sites/2/2020/07/Endowment-Land-is-Different.png>) Different Managers Have Different Missions

If you've lived in the west, you've likely heard land managed by the United States Forest Service or the Bureau of Land Management described as “land of many uses.” Endowment land is different.

Contact

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Area Manager
Payette Lakes Supervisory Area
☎ (208) 634-7125
scorkill@idl.idaho.gov
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Public Comment

A department finalization of the plan and presentation to the Land Board is not expected until late winter/early spring 2021. If you have general comments or specific recommendations or thoughts for the plan, please let us know. The comment period is December 15, 2020 through March 1, 2021. All comments submitted by this date will be included in the Land Board memo for March 2021.

Submit a Comment

First name, last name, and city are required fields. If you are submitting a comment for inclusion in the record of a proceeding, all information you provide is subject to disclosure under Idaho's **Public Records Act** (<https://legislature.idaho.gov/statutesrules/idstat/Title74/T74CH1/>) and may be posted online.

First Name

Last Name

Contact Phone Number

Email

Mailing Address

City

ATTACHMENT 2



Zip Code

Your Comment

Send

Comments Received

Written comments received by Idaho Department of Lands to date are combined in the PDF below and are listed chronologically, oldest to newest:

📄 **2020-1121 through 2021-0202**

(<https://www.idl.idaho.gov/wp-content/uploads/sites/2/real-estate/comments-PELS-2020-1121-through-2021-0202-v0217.pdf>)

📄 **2021-0203 through 2021-0209**

(<https://www.idl.idaho.gov/wp-content/uploads/sites/2/real-estate/comments-PELS-2021-0203-through-2021-0209-v0217.pdf>)

📄 **2021-0210 through 2021-0217**

(<https://www.idl.idaho.gov/wp-content/uploads/sites/2/real-estate/comments-PELS-2021-0210-through-2021-0217-v0225.pdf>)

📄 **2021-0218 through 2021-0224**

(<https://www.idl.idaho.gov/wp-content/uploads/sites/2/real-estate/comments-PELS-2021-0218-through-2021-0224.pdf>)

Related Pages

Strategic Reinvestment

(<https://www.idl.idaho.gov/real-estate-services/strategic-reinvestment/>)

Understanding Endowment Land

(<https://www.idl.idaho.gov/about-us/understanding-endowment-land/>)

Draft Proposal

The final draft, which will include input from public comments, is planned for presentation to the **State Board of Land Commissioners** (<https://www.idl.idaho.gov/about-us/land-board/>) in March 2021.

📄 **Payette Endowment Land Strategy Draft** (<https://www.idl.idaho.gov/wp-content/uploads/sites/2/2020/12/Payette-Endowment-Land-Strategy-DRAFT-121520-rev-020921.pdf>)

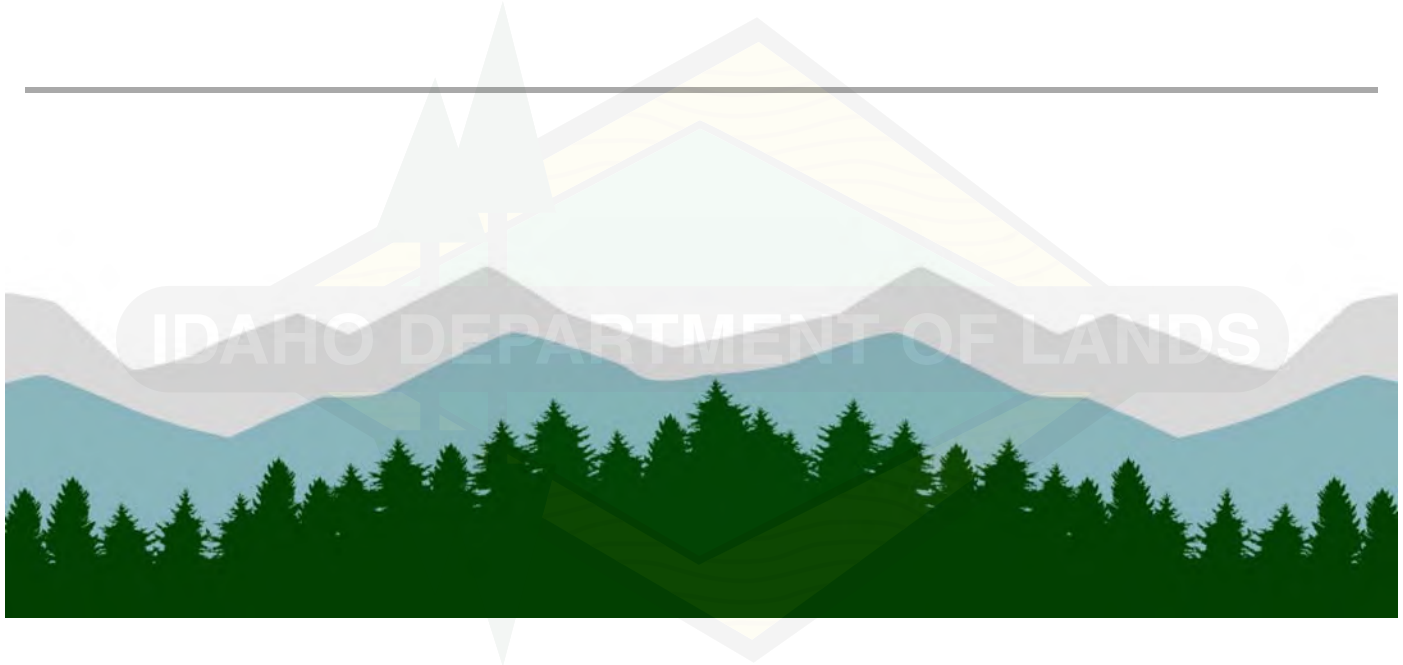
This revised version is due to the addition of Appendix II and III

- The plan discusses transition lands in a community context that require long-range evaluation.
- Immediate management decisions needed in the context of long-term community and market contexts.
- A phased approach that would allow revenue generation today, while considering potential future opportunities and trends.



“The concept is a result of internal guidance and historical plans, City of McCall comprehensive planning documents, other state endowment land plans addressing similar issues, and Idaho regulations and laws.”

FROM IDAHO DEPARTMENT OF LANDS PAYETTE ENDOWMENT LANDS STRATEGY



Attachment 3

EXHIBIT A

01-28-2021 AGENDA – PELS – FOCUS GROUP MEETING #1

PAYETTE ENDOWMENT LANDS STRATEGY FOCUS GROUP

AGENDA – Meeting #1

DATE: January 28, 2021

TIME: 1:00 PM – 4:00 PM [MST]

Moderator: Scott Phillips
(Alternate - Bill Haagenson)

Attendees: Focus Group Members: Annette Spikard, Brad Compton, Brian Scott, Clive Strong, Chris Anton, Craig Utter, Dave Bingaman, David Simmonds, Diana Plastino Graves, Jonathan Oppenheimer, Julie Manning, Kristin Sinclair, Matt Linde, Robert Looper, Tera King, Nick Harris
IDL Staff: Scott Phillips, Jim Elbin, Bill Haagenson, Dustin Miller, Ryan Montoya, Sid Anderson, Scott Corkill, Tammy Armstrong

1:00 – 1:15	I. Welcome and Introductions	Scott Phillips
	A. Introduction of Focus Group Members	
	B. Introduction of IDL Staff	
	C. Purpose of Focus Group	Dustin Miller
	II. Education and Plan Introduction	
1:15 – 1:35	A. Education component (30-minute review)	
	i. IDL and Land Board authority and mandate. Why IDL is different from other public land management agencies.	Angela Kaufmann (Items i & ii)
	ii. Laws, rules and case law that apply to the Plan and Endowment land.	
1:35 – 1:45	iii. IDL land management planning and strategies:	Jim Elbin
	1. Asset classification;	
	2. Timber management planning;	
	3. Leasing, land exchange, sales;	
	4. Existing Plans – Asset Management Plan (AMP), Forest Asset Management Plan (FAMP), Investment Policy, Strategic Reinvestment Plan, 1992 Plan (Draft)	
1:45 – 1:55	iv. Question and Answers	Scott Phillips
1:55 – 2:55	B. Plan component	Ryan Montoya
	i. Walk through of the Plan,	

- ii. Why the Plan exists (gap discussion),
- iii. What the Plan does,
- iv. What the Plan does not do v. Example of property planning (non-McCall lease example).

BREAK – 15 MINUTES

3:10 – 4:00

- C. Plan questions and discussion (30 minutes):
- i. Open discussion of the Plan and IDL helping to understand the Plan and what is written
 - ii. Next steps and next meeting topics and to-dos

Scott Phillips



IDAHO DEPARTMENT OF LANDS

EXHIBIT A – 01-28-21 AGENDA – PELS – FOCUS GROUP MEETING #1

ATTENDANCE: 30 Focus Group Members; 54 Public Attendees

Documents provided to Focus Group Members prior to Meeting #1

- 2011 – Idaho’s Endowment Lands – A Matter of Sacred Trust – O-Laughlin, Hamilton, and Cook Authors.pdf
- 2014 – Overview of Land Board Endowment Report – Strong (16 pages).pdf
- 2020 – Statement of Investment Policy.pdf
- Land Uses in Idaho
- Payette-Endowment Lands Strategy Plan – 11-17-2020
- Upload to YouTube - Idaho Endowment Lands – A Matter of Sacred Trust Video
- PELS-Focus Group Meeting #1 – Webinar invitation to attend meeting via Zoom
- Agenda

Additional Outreach

- Above documents made available on IDL’s webpage “Payette Endowment Land”
- Ninety-seven (97) e-mail invitations sent with Webinar Registration Information as interested parties that submitted comments prior to Focus Group Meetings from Nov/Dec 2020 comments.

Additional Documents provided after Focus Group Meeting #1

- Presentation Slides from Recorded Webinar:
 - Angela Kaufmann – Focus Group PowerPoint Presentation
 - Ryan Montoya - Payette Endowment Lands Strategy Plan – 11-17-2020
- 01-28-2021 Recorded Webinar

EXHIBIT B

02-11-2021 AGENDA – PELS – FOCUS GROUP MEETING #2

PAYETTE ENDOWMENT LANDS STRATEGY FOCUS GROUP

AGENDA – Meeting #2

DATE: February 11, 2021

TIME: 1:00 PM – 4:00 PM [MST]

Moderator: Scott Phillips

Attendees: Focus Group Members: Annette Spickard, Brad Compton, Brian Harris, Brian Scott, Chris Anton, Clive Strong, Craig Utter, Dave Bingaman, David Simmonds, Diane Plastino Graves, Jennifer Blake, Jonathan Oppenheimer, Julie Manning, Kristin Sinclair, Matt Linde, Michelle Groenevelt, Nick Harris, Robert Looper, Susan Buxton, Tera King

IDL Staff: Angela Kaufmann, Bill Haagenson, Dustin Miller, Jim Elbin, Ryan Montoya, Scott Corkill, Scott Phillips, Sid Anderson, Tammy Armstrong

Plan Discussion

1:00 – 1:20 PM	A. Review of previous meeting, after action items, and meeting materials.	Scott Phillips
1:20 – 1:30 PM	B. Purpose and intention of the focus group.	Dustin Miller
1:30 – 1:45 PM	C. City of McCall - Community vision and future land use plans and alignment with the Plan.	Annette Spickard
1:45 – 1:55 PM	D. Valley County - Community vision and future land use plans and alignment with the Plan.	Dave Bingaman
1:55 – 2:10 PM	E. EFIB – Comments regarding the entire trust and the applicability of lands and the financial assets.	Chris Anton
2:10 – 2:25 PM	BREAK – 15 MINUTES	
2:25 – 3:30 PM	F. Answer questions regarding the Plan. <ul style="list-style-type: none">• What did IDL miss with the Plan?• What should be changed in the Plan?• How to implement the Plan.	Scott Phillips

3:30 – 4:00 PM

G. Next Steps and To-Dos
Next Meeting – February 25, 2021
1:00 PM – 4:00 PM [MST]

Scott Phillips



EXHIBIT B – 02-11-21 AGENDA – PELS – FOCUS GROUP MEETING #2

ATTENDANCE: 32 Focus Group Members; 43 Public Attendees

Documents provided to Focus Group Members prior to Meeting #2

- Individual Parcel Maps
- Updated Payette-Endowment Lands Strategy Plan – 11-17-2020
- PELS-Focus Group Meeting #2 – Webinar invitation to attend meeting via Zoom
- Agenda

Additional Outreach

- Above documents made available on IDL's webpage "Payette Endowment Land"
- Ninety-seven (97) e-mail invitations sent with Webinar Registration Information as interested parties that submitted comments prior to Focus Group Meetings from Nov/Dec 2020 comments.

Additional Documents provided after Focus Group Meeting #2

- Presentation by Focus Group members at 02-11-2021 meeting
 - Presentation-02-11-21_Canton_Land Grant Endowment Struture.pptx
 - Presentation-02-11-21_DBingaman-Valley County-PELS Focus Group.pptx
 - Presentation-02-11-21-MGroenvelt_McCall Area Presentation.pdf
- E-mail - Notice of change to comment period deadline from February 11, 2021 to March 1, 2021.
- 02-11-2021 Meeting - Recorded Webinar posted on webpage

EXHIBIT C

02-25-2021 AGENDA – PELS – FOCUS GROUP MEETING #3

**PAYETTE ENDOWMENT LANDS STRATEGY
FOCUS GROUP**

AGENDA – Meeting #3

DATE: February 25, 2021

TIME: 1:00 PM – 4:00 PM [MST]

Moderator: Scott Phillips

Attendees: Focus Group Members: Anna Canning, Anette Spickard, Brad Compton, Brian Harris, Brian Scott, Chris Anton, Clive Strong, Craig Utter, Dave Bingaman, David Simmonds, Diane Plastino Graves, Jennifer Blake, Jonathan Oppenheimer, Julie Manning, Kristin Sinclair, Michelle Groenevelt, Nick Harris, Robert Looper, Susan Buxton, Tera King

IDL Staff: Angela Kaufmann, Bill Haagenson, Dustin Miller, Jim Elbin, Ryan Montoya, Scott Corkill, Scott Phillips, Sid Anderson, Tammy Armstrong

IDAHO DEPARTMENT OF LANDS

Plan Discussion – Meeting 3

Scott Phillips

- A. Review of previous meetings and answer final questions of 2/11/21 Meeting.
- B. Feedback – Plan Discussion
 - What was missed with the Plan?
 - What was good about the Plan?

BREAK – 15 MINUTES

- C. Comment Submissions
- D. Board Presentation
 - IDL summary to Land Board
 - Amended Payette Endowment Lands Strategy

EXHIBIT C – 02-25-21 AGENDA – PELS – FOCUS GROUP MEETING #3

ATTENDANCE: 33 Focus Group Members; 53 Public Attendees

Documents provided to Focus Group Members prior to Meeting #3

- PELS-Focus Group Meeting #3 – Webinar invitation to attend meeting via Zoom
- Agenda

Additional Outreach

- Above documents made available on IDL's webpage "Payette Endowment Land"
- Ninety-seven (97) e-mail invitations sent with Webinar Registration Information as interested parties that submitted comments prior to Focus Group Meetings from Nov/Dec 2020 comments.
- 02-25-2021 Meeting - Recorded Webinar posted on webpage



AGENDA ITEM 6

Payette Endowment Land Strategy (PELS)

WRITTEN COMMENTS

Due to volume, printed comments are provided in a separate packet.

Comments are posted on Department of Lands public website at:
<https://www.idl.idaho.gov/about-us/land-board/land-board-meeting-materials-minutes-archive/>

Click on **2021 Meetings** and scroll to March 16, 2021.

STATE BOARD OF LAND COMMISSIONERS

March 16, 2021

Regular Agenda

Subject

House Bill 118 – Department Legal Representation

Question Presented

Shall the Land Board take a position on House Bill 118?

Background

At the State Board of Land Commissioners' (Land Board) regular meeting on February 22, 1979, the Idaho Department of Lands (Department) was instructed to oppose or support legislation at the direction of the Board (Attachment 1).

Land Board staff requested the Department to include House Bill 118 as an item on the regular agenda for the March 16, 2021 meeting.

Discussion

House Bill 118 (Attachment 2) amends Idaho Code § 58-120 to prohibit the Department from using legal representation provided by the Office of the Attorney General. Currently, legal counsel is provided to the Department by three Deputy Attorneys General (DAG), with other DAGs providing specialized legal service as needed.

On average, about 52% of the billable hours of legal services supports endowment programs and 48% supports the agency's dedicated and general fund programs, including the public trust, oil and gas, minerals regulatory, and fire programs.

Like other state agencies, the Department pays for legal services through the Statewide Cost Allocation Plan. The number of hours of legal services used by the Department has remained relatively constant over the past decade, ranging between 6,500 hours and 8,000 hours per year. Over the past eight years, on average, the Department used 7,300 billable hours of legal support each year at an average rate of \$55 per hour. The Department's average annual total cost for legal services is currently \$405,000.

If House Bill 118 becomes law, the Department will need to contract for legal services with private firms, hire attorneys on staff, or employ a combination thereof. The Department estimates it may cost in excess of \$1.8 million to outsource legal services.

Recommendation

Provide direction to the Department regarding House Bill 118.

Board Action

Attachments

1. Policy Statement – Legislation Directly Affecting the Board (2/22/1979)
2. Text of House Bill 118



POLICY STATEMENT

LEGISLATION DIRECTLY AFFECTING THE BOARD

The Secretary shall promptly inform all members of the Board concerning any proposed legislation directly affecting the Board, or any matter directly within its duties and responsibilities, and as soon as practicable shall deliver a copy thereof to each Board member. The Secretary shall thereafter contact each Board member to ascertain his ^{or her} position regarding the proposed legislation. If the consensus of the Board is that the proposed legislation necessitates a special meeting, the Secretary shall arrange a time and place for a meeting at the earliest convenience of the Board.

Thereafter, the Secretary shall take such action or inaction on behalf of the Board concerning the proposed legislation as the Board shall direct. If the consensus of the Board is that a meeting is unnecessary, then the Secretary shall take such action or inaction on behalf of the Board as a majority thereof shall individually communicate to the Secretary.

LEGISLATURE OF THE STATE OF IDAHO
Sixty-sixth Legislature First Regular Session - 2021

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 118

BY RESOURCES AND CONSERVATION COMMITTEE

AN ACT

RELATING TO THE DEPARTMENT OF LANDS; AMENDING SECTION 58-120, IDAHO CODE, TO
REVISE PROVISIONS REGARDING LEGAL COUNSEL FOR THE DEPARTMENT OF LANDS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 58-120, Idaho Code, be, and the same is hereby
amended to read as follows:

58-120. ~~ATTORNEY GENERAL~~ LEGAL COUNSEL TO REPRESENT STATE. The
~~attorney general shall represent or department of lands shall cause the~~
state to be properly represented in all suits, actions, contests, or contro-
versies relating to or involving state lands or timber, before the several
land offices in this state, before the ~~general land office at Washington,~~
~~D.C.~~ federal bureau of land management or other federal land management
agencies, and before the courts and administrative tribunals of this state
and of the United States, and may employ a competent attorney or attorneys
for that purpose, who shall be paid out of the fund provided for the depart-
ment of lands. The department of lands may not employ legal counsel from the
office of the attorney general.