

State Board of Land Commissioners Open Meeting Checklist

Meeting Date: August 17, 2021

Regular Meetings

7/27/2021	Meeting Notice posted in prominent place in IDL's Boise Director's office five (5) or more calendar days before meeting.
7/27/2021	Meeting Notice posted in prominent place in IDL's Coeur d'Alene staff office five (5) or more calendar days before meeting.
7/27/2021	Meeting Notice posted in prominent place at meeting location five (5) or more calendar days before meeting.
7/27/2021	Meeting Notice emailed/faxed to list of media and interested citizens who have requested such notice five (5) or more calendar days before meeting.
7/27/2021	Meeting Notice posted electronically on IDL's public website www.idl.idaho.gov five (5) or more calendar days before meeting.
8/12/2021	Agenda posted in prominent place in IDL's Boise Director's office forty-eight (48) hours before meeting.
8/12/2021	Agenda posted in prominent place in IDL's Coeur d'Alene staff office forty-eight (48) hours before meeting.
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8/12/2021	Agenda posted electronically on IDL's public website www.idl.idaho.gov forty-eight (48) hours before meeting.
5/6/2021	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

August 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 AUGUST 2021

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, August 17, 2021 in the **State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W. Jefferson St., Boise, Idaho**. The meeting is scheduled to begin at 9:00 AM (Mountain).

Please note location.

The State Board of Land Commissioners will conduct this meeting in person and by virtual means. This meeting is open to the public. No public comment will be taken.

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

Members of the public may register to attend the Zoom webinar through this link:

https://idl.zoom.us/webinar/register/WN_FnQzHzR8QYOQErzfaRHY8g

The Governor's [Stage 4 Stay Healthy Guidelines](#) dated 5/11/2021 allows for public meetings of any size with adherence to physical distancing and sanitation requirements. Individuals are 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 guidance regarding face coverings and 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



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
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Sherri Ybarra, Superintendent of Public Instruction
Dustin T. Miller, Secretary to the Board

State Board of Land Commissioners Regular Meeting

August 17, 2021 – 9:00 AM (MT)

Final Agenda

Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W. Jefferson St., Boise, Idaho

**The State Board of Land Commissioners will conduct this meeting in person and by virtual means.
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Physical distancing measures reduce the meeting room's normal attendance capacity.¹

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

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

Status Updates

- C. Fire Season Report
- D. Land Revenue Forecast
- E. Resource Protection and Assistance Report

Consent—Action Item(s)

2. Strategic Plan FY2022-FY2025 – Presented by Dustin Miller, Director

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

3. Disclaimer of Interest Request DI600258-Frank and Sandra Fenton, Payette River – *Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance*

4. Approval of Draft Minutes – July 20, 2021 Regular Meeting (Boise)

Information

5. Fire Program 3-Year Development – *Presented by Josh Harvey, Bureau Chief-Fire Management*

Regular—Action Item(s)

6. FY2023 Department of Lands Budget Enhancements – *Presented by Debbie Buck, Financial Officer*

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

- A. Manager's Report
- B. Investment Report
- C. FY2023 Distributions and Transfers

8. DeAtley Land Exchange – *Presented by Zane Lathim, Program Specialist-Real Estate*

Executive Session

None

IDAHO DEPARTMENT OF LANDS



Idaho Statutes

Idaho Statutes are updated to the web July 1 following the legislative session.

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

August 17, 2021
Trust Land Revenue

Timber Sales

During July 2021, the Department of Lands sold one endowment timber sale at auction. The endowment net sale value represents a 0% up bid over the advertised value. The Trapper Shelter sale sold on August 3rd to IFG Timber LLC with competitive bidding from Empire Lumber Company. The Department of Lands also sold two Good Neighbor Authority sales at auction. The GNA net sale value represents a 2% up bid over the advertised value.

For FY21, the Department still has two timber sales to auction even though we have met our volume target. Additionally, FY22 will have several fire salvage sales to sell that will require an adjustment to the FY22 timber sales plan.

TIMBER SALE AUCTIONS								
Sale Name	Area	Sawlogs MBF	Cedar Prod MBF	Pulp MBF	Appraised Net Value	Sale Net Value	Net \$/MBF	Purchaser
Lookout Above	SJ	4,010			\$ 1,508,039.00	\$ 1,508,039.00	\$376.07	PotlatchDeltic
Endowment		4,010	0	0	\$ 1,508,039.00	\$ 1,508,039.00	\$376.07	
Tripod GNA Ton	Boise	3,835			\$ 539,795.92	\$ 539,795.92	\$140.76	Woodgrain Inc
Pats Blowdown GNA Salvage	IPNF	215			\$ 24,007.46	\$ 34,615.00	\$161.00	Timber Logging Co LLC
Non-Endowment		4,050	0	0	\$ 563,803.38	\$ 574,410.92	\$141.83	

PROPOSED TIMBER SALES FOR AUCTION				
Sale Name	Volume MBF	Advertised Net Value	Area	Estimated Auction Date
North Operations				
Careywood GNA Ton Salvage	1,280	\$ 39,068.28	Idaho Panhandle (IPNF)	8/17/2021
Patty Fry	7,075	\$ 1,846,106.00	Ponderosa	8/25/2021
TOTALS	8,355	\$ 1,885,174.28		
South Operations				
Trapper Shelter	8,250	\$ 1,273,422.50	Clearwater	8/3/2021
Swamp Engraver Ton	5,025	\$ 910,385.50	Maggie Creek	8/10/2021
Southside GNA Salvage	1,900	\$ 59,515.00	Boise NF	8/12/2021
TOTALS	15,175	\$ 2,243,323.00		

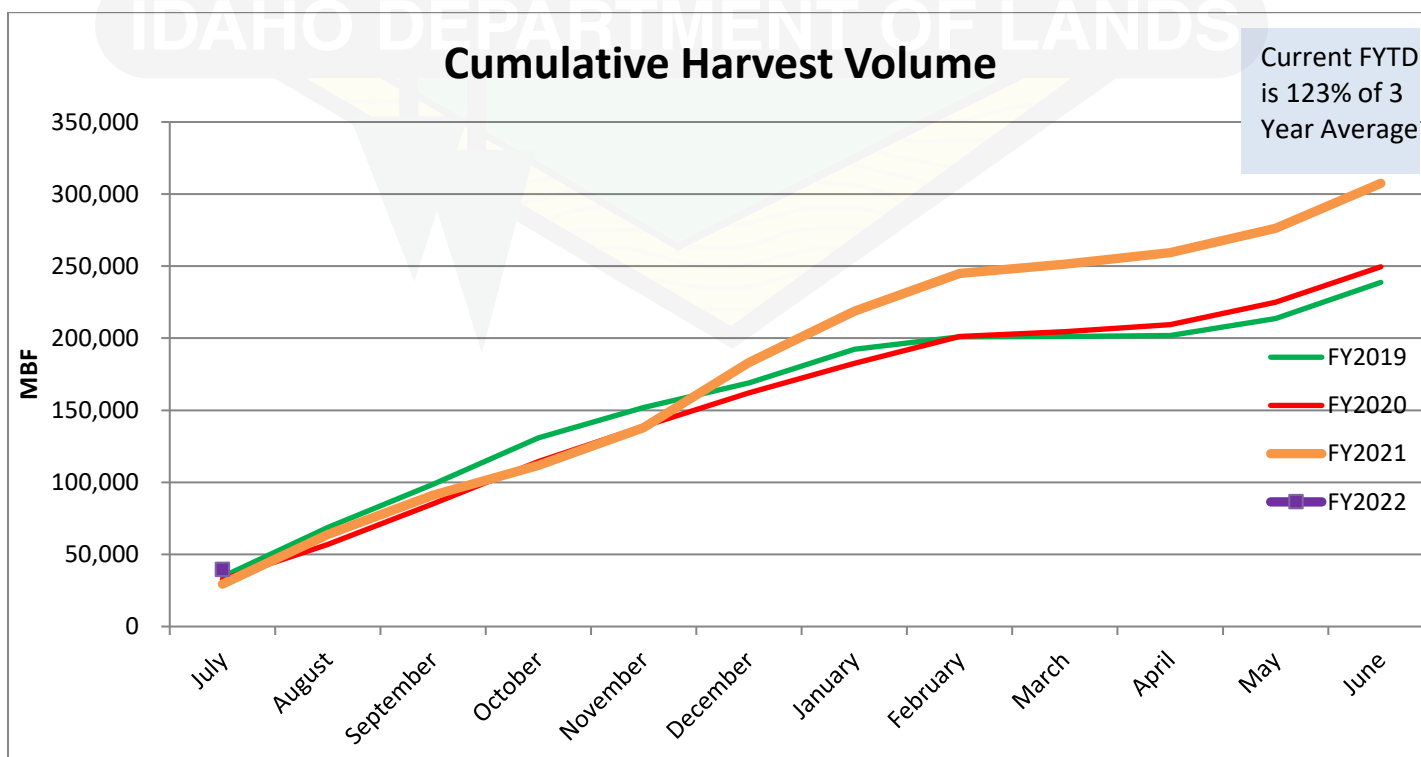
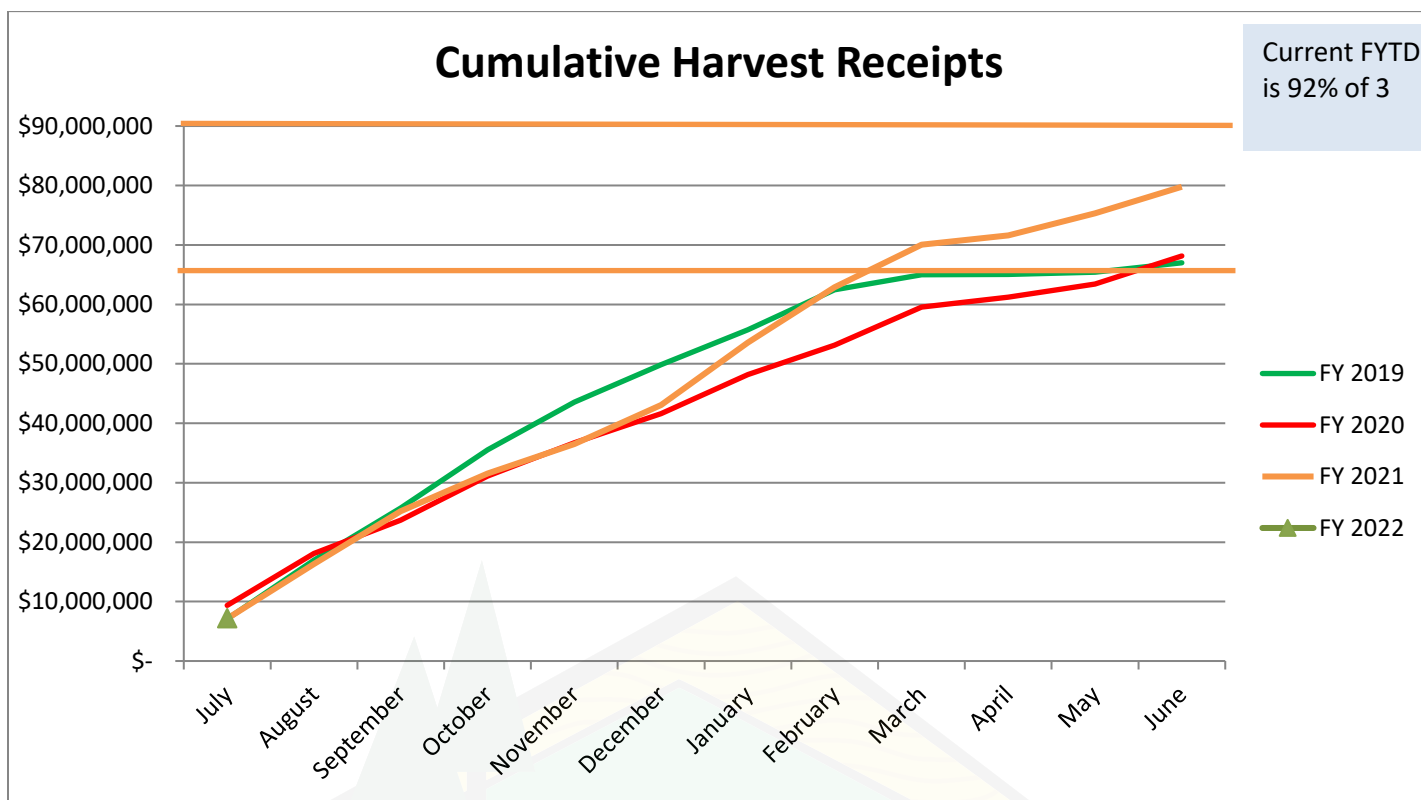
VOLUME UNDER CONTRACT as of July 31, 2021				
	Public School	Pooled	Total	3 Year Avg.
Active Contracts			180	176
Total Residual MBF Equivalent	344,864	213,496	558,360	563,132
Estimated residual value	\$86,099,020	\$58,582,422	\$144,681,442	\$153,372,884
Residual Value (\$/MBF)	\$249.66	\$274.40	\$259.12	\$272.56

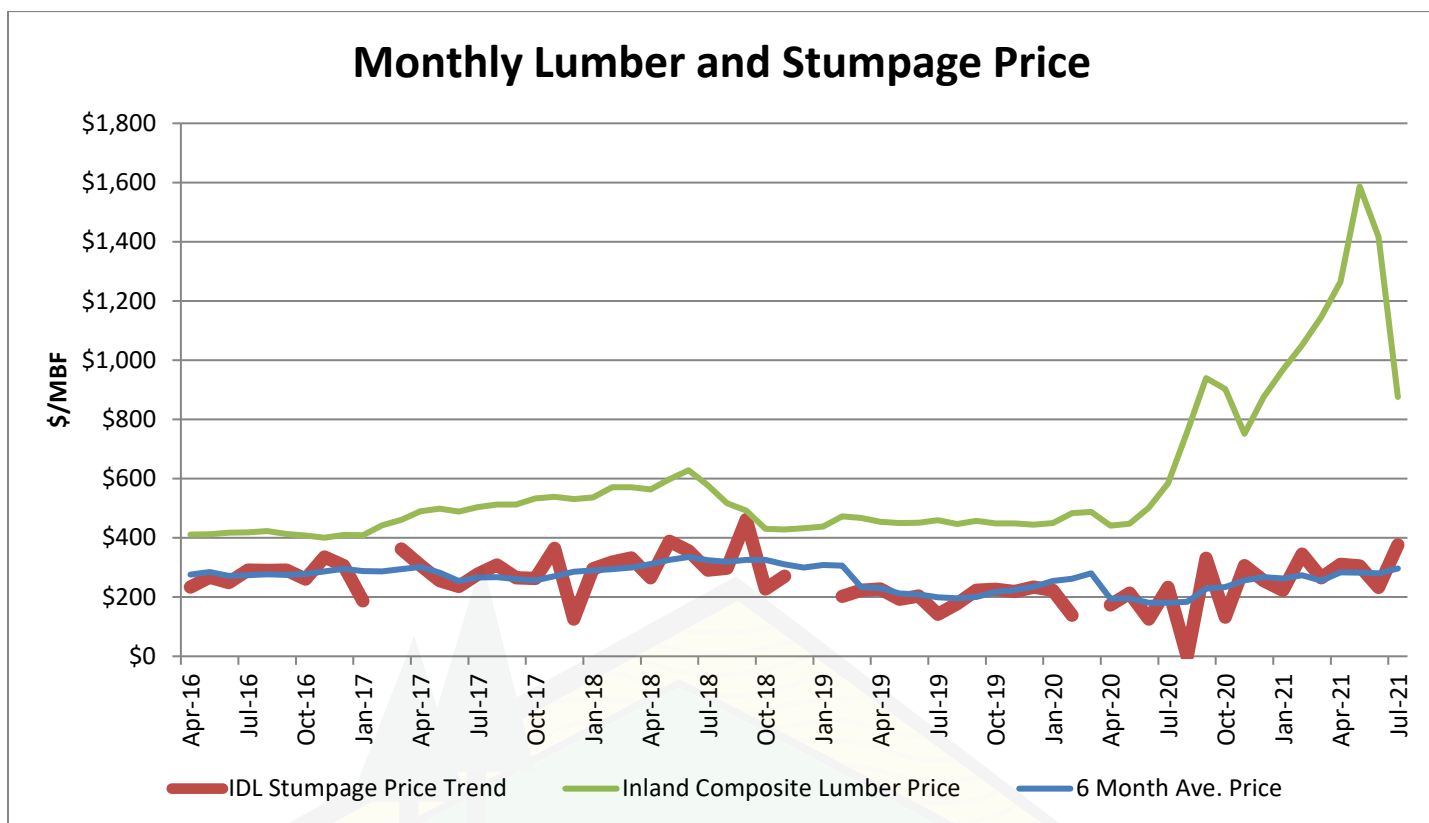
	TIMBER HARVEST RECEIPTS				
	July		FY to date	August Projected	
	Stumpage	Interest	Harvest Receipts	Stumpage	Interest
Public School	\$ 3,784,728.58	\$ 476,972.30	\$ 4,261,700.88	\$ 5,821,067.99	\$ 798,567.38
Pooled	\$ 2,643,067.47	\$ 323,780.87	\$ 2,966,848.34	\$ 2,370,682.45	\$ 250,303.76
General Fund	\$ 1.44	\$ 0.00	\$ 1.44	\$ 1.44	\$ 0.00
TOTALS	\$ 6,427,797.49	\$ 800,753.17	\$ 7,228,550.66	\$ 8,191,751.88	\$ 1,048,871.14

	Status of FY2021 Timber Sale Program					
	MBF Sawlog			Number Poles		
	Public School	Pooled	All Endowments	Public School	Pooled	All Endowments
Sold as of July 31, 2021	162,599	109,249	271,847	17,976	12,254	30,230
Currently Advertised	1,075	3,950	5,025	0	0	0
In Review	6,910	0	6,910	0	0	0
Did Not Sell ¹	0	0	0	0	0	0
TOTALS	170,584	113,198	283,782	17,976	12,254	30,230
FY2021 Sales Plan			284,238			28,810
Percent to Date			100%			105%

	Status of FY2022 Timber Sale Program					
	MBF Sawlog			Number Poles		
	Public School	Pooled	All Endowments	Public School	Pooled	All Endowments
Sold as of July 31, 2021	3,222	1,875	5,097	0	0	0
Currently Advertised	0	7,075	7,075	0	0	0
In Review	12,473	6,003	18,476	780	0	780
Did Not Sell ¹	0	0	0	0	0	0
TOTALS	15,695	14,953	30,648	780	0	780
FY2022 Sales Plan			311,195			20,600
Percent to Date			10%			4%

¹ After three attempts at auction.

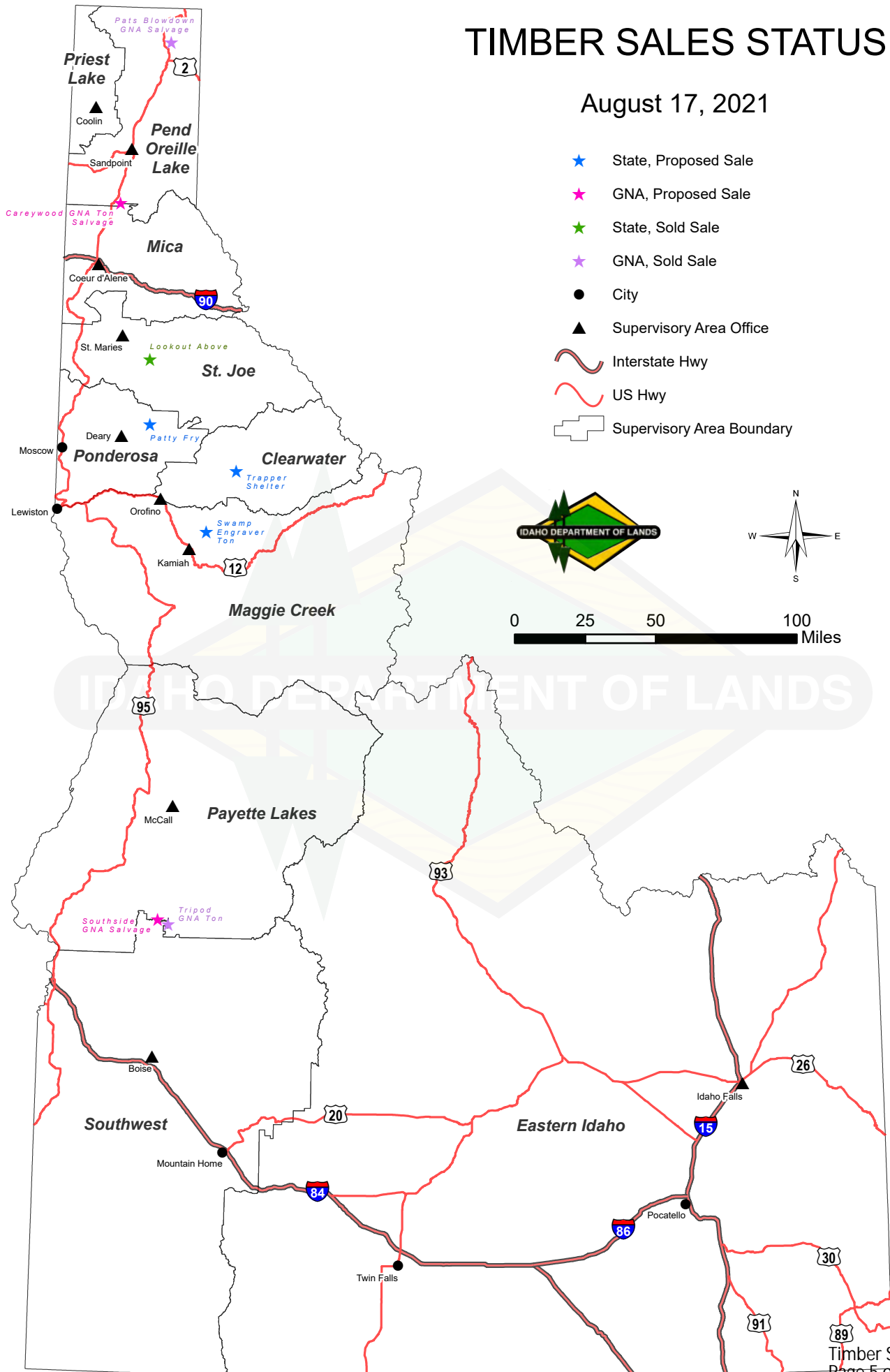




July 2021 6-month average price is \$296.94.
 July 2020 6-month average price was \$180.87.

TIMBER SALES STATUS

August 17, 2021



STATE BOARD OF LAND COMMISSIONERS

August 17, 2021
Endowment Transactions

Leases and Permits

FISCAL YEAR 2022 – LEASING & PERMITTING TRANSACTIONS BY MONTH – through July 31, 2021													
ACTIVITY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD
SURFACE													
Agriculture	-												0
Assignments	-												0
Communication Sites	-												0
Grazing	-												0
Assignments	2												2
Residential	1												1
Assignments	-												0
COMMERCIAL													
Alternative Energy	-												0
Industrial	-												0
Military	-												0
Office/Retail	-												0
Recreation	-												0
Assignments	-												0
OTHER													
Conservation	-												0
Assignments	-												0
Geothermal	-												0
Minerals	-												0
Assignments	-												0
Non-Comm Recreation	-												0
Oil & Gas	-												0
PERMITS													
Land Use Permits	9												9
TOTAL INSTRUMENTS	12	0	0	0	0	0	0	0	0	0	0	0	12

Real Estate

FISCAL YEAR 2022 – REAL ESTATE TRANSACTIONS BY MONTH – through July 31, 2021													
ACTIVITY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD
Deeds Acquired	-												0
Deeds Granted	-												0
Deeds Granted - Surplus	-												0
Easements Acquired	-												0
Easements Granted	-												0

Land Exchange Update

[Deatley LEX](#) - Presenting at the August Land Board.

[Avimor LEX](#) - The due diligence for this exchange is complete. Finalizing the exchange agreement and will present it to Land Board in September.

[EIRSWD LEX](#) - The Department is working with EIRSWD to finalize the exchange agreement and resolve outstanding title issues.

[Owyhee LEX](#) - The BLM and the Department are continuing to work on closing this transaction.

[Idaho Forest Group LEX](#) - The LEX is going through the closing process.

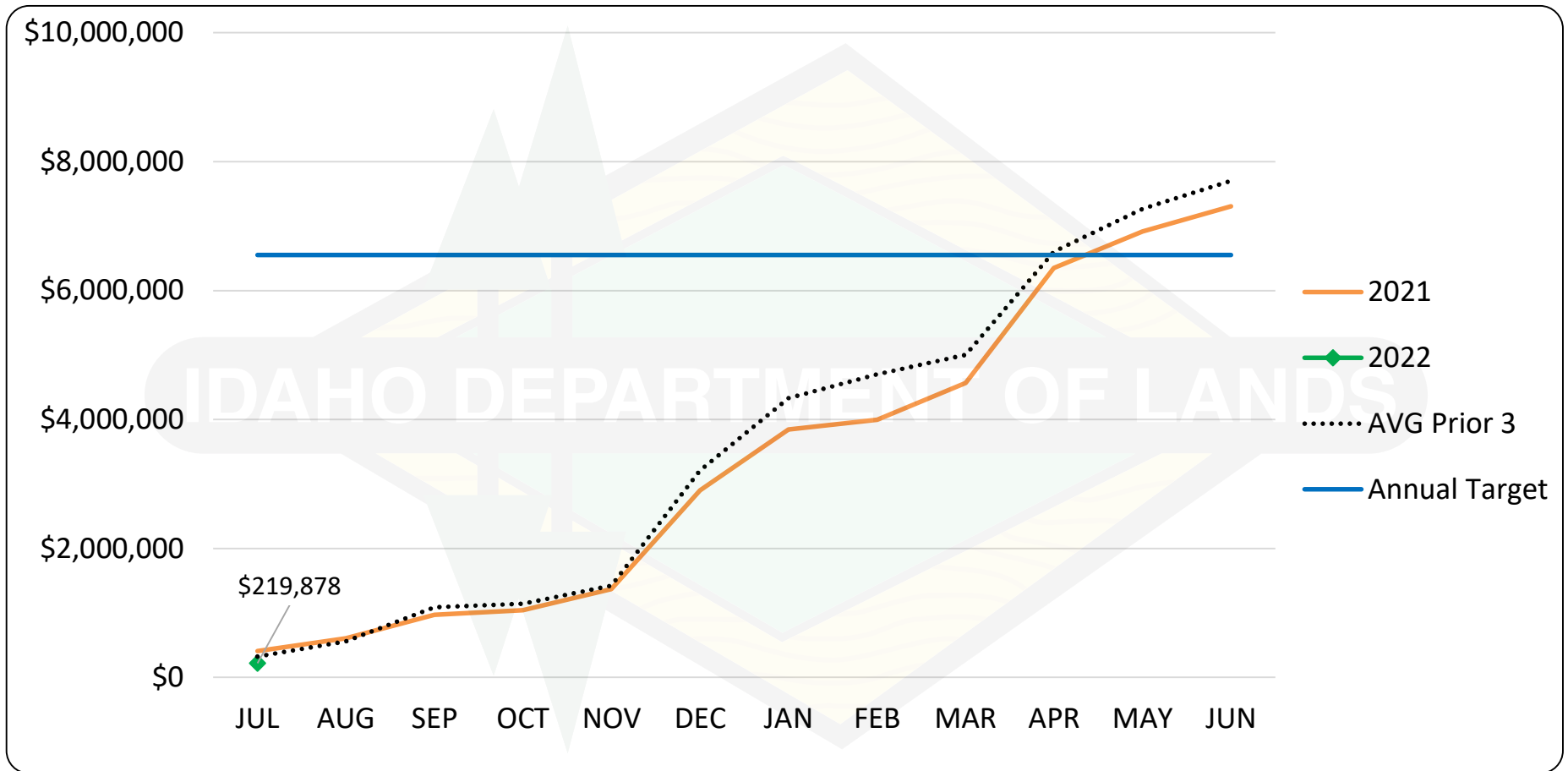
TRUST LAND MANAGEMENT DIVISION
FY2022 GROSS REVENUE (non-timber) - ACTUAL AND FORECASTED
through July 31, 2021

	ACTUAL RECEIPTS AS OF 07.31.2021	REVENUE EXPECTED BY 07.31.2021**	REVENUE EXPECTED BY 06.30.2022
SURFACE			
AGRICULTURE	\$ 1,500	\$ 2,200	\$ 491,700
COMMUNICATION SITES	\$ 102,241	\$ 15,165	\$ 1,011,000
GRAZING	\$ 19,840	\$ 30,000	\$ 1,817,000
RESIDENTIAL	\$ 25	\$ 1,200	\$ 1,303,345
COMMERCIAL			
COMMERCIAL ENERGY RESOURCES	\$ -	\$ -	\$ 21,859
COMMERCIAL INDUSTRIAL	\$ 3,111	\$ 1,143	\$ 84,967
COMMERCIAL MILITARY	\$ -	\$ -	\$ 91,463
COMMERCIAL OFFICE/RETAIL	\$ 69,264	\$ 36,354	\$ 923,859
COMMERCIAL RECREATION***	\$ 19,846	\$ 2,000	\$ 531,800
OTHER			
CONSERVATION LEASES	\$ -	\$ -	\$ 65,000
GEO THERMAL	\$ -	\$ -	\$ -
MINERAL	\$ 860	\$ 987	\$ 105,403
NON-COMMERCIAL RECREATION	\$ 2,750	\$ 500	\$ 98,452
OIL AND GAS LEASES	\$ 440	\$ -	\$ 6,473
Sub Total	\$ 219,878	\$ 89,549	\$ 6,552,321
*LAND SALES/RECORDS	\$ -		
*REAL ESTATE SERVICES	\$ -		
Grand Total	\$ 219,878		

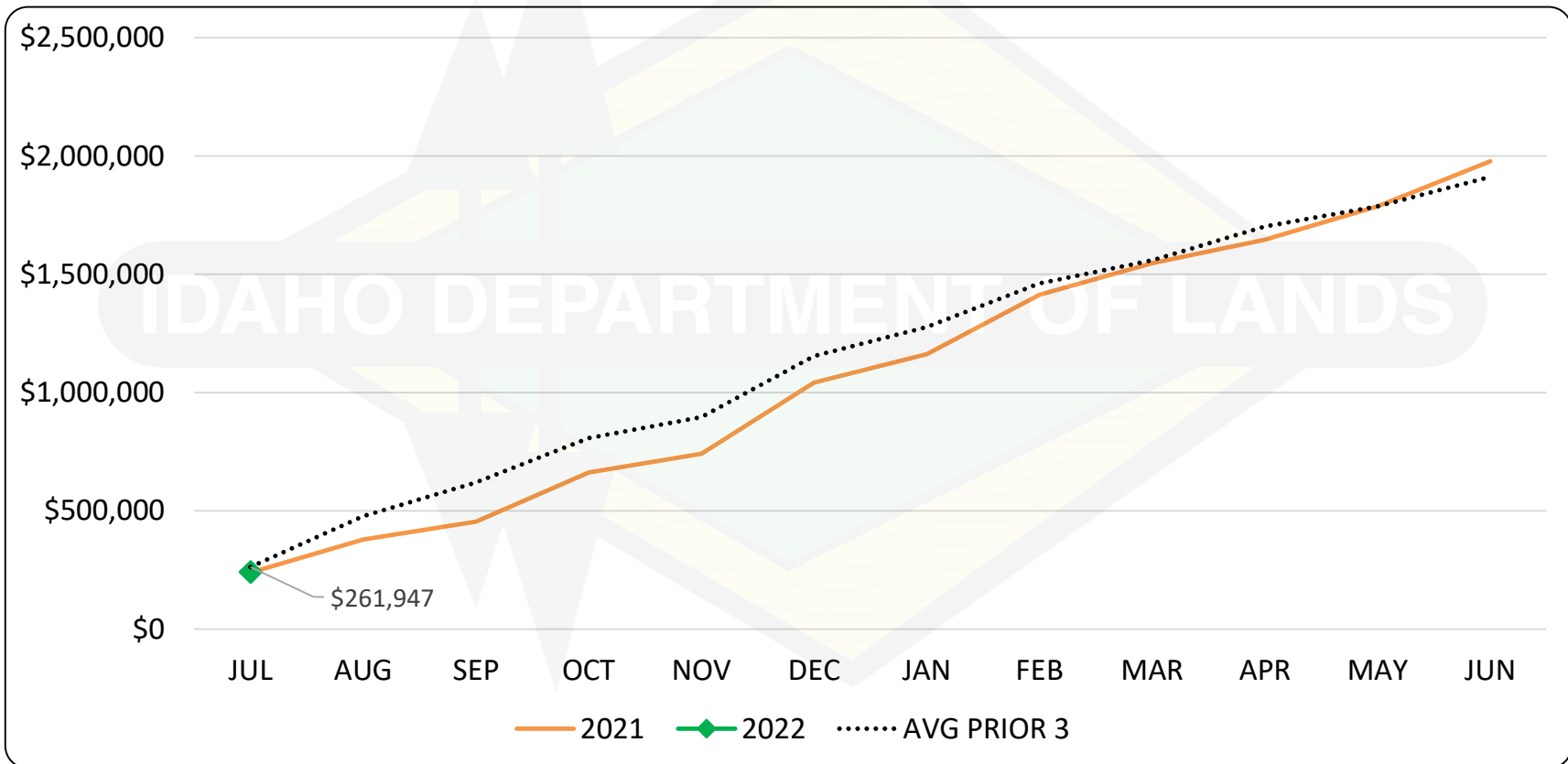
* These categories are not included in the annual forecast.

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

Cumulative Trust Land Program Receipts - Earnings Reserve - All Programs excluding Timber FY2021 - FY2022



Cumulative Trust Land Permanent Fund Revenue/Royalties
(Does NOT include Land Bank or Timber Program Revenue)
FY 2021 - FYTD 2022



STATE BOARD OF LAND COMMISSIONERS

August 17, 2021
Department Report

Subject

Fire Season Update

Background

As of August 11, Emergency Fire Suppression expenditures are estimated to be \$51,800,000. The Suppression Account will recover an estimated \$1,600,000 of reimbursable costs, for a net obligation of \$50,200,000. The total obligation includes the 2021 contracted aircraft costs, prepositioned contract engines and crews to assist with resource scarcity. These engines are assigned across the state to boost initial attack resources.

Discussion

On July 29, the Pioneer Fire was detected 2 miles north of Priest River. The fire has burned 355 acres and is 100 percent contained. The fire was managed by an interagency type 3 team.

The Leland Complex is burning 5 miles southwest of Deary and has burned 3,514 acres. The fire is 92 percent contained and was managed by the IDL type 3 team.

The Cougar Rock Complex is burning 17 miles northeast of Elk River and has burned 8,079 acres. The fire is 42 percent contained and is being managed by two type 3 teams from Maine and Pennsylvania.

The Bedrock Fire started August 11. It is burning near the town of Lenore and is about 6,000 acres. The fire is 0 percent contained and an ad hoc type 3 team is being mobilized.

As shown by the table below, fire occurrence to date for 2021 is 161 percent of the 20-year average, while the acres burned is 578 percent of the 20-year average.

Fire Season Comparison to Date

# of Fires				
Year	Lightning	Human	Total	Acres
2018	37	140	177	7,367
2019	56	98	154	1,213
2020	20	80	100	742
2021	113	175	288	115,971
20 Yr. Average			178	20,049

Numbers in table are YTD for prior years and YTD for the current year.

For the past several months, weather conditions in IDL fire protection have been far warmer and drier than normal creating historically dry fuels. The weather forecast is for hot and dry conditions to continue. Fire danger is forecasted to be above average in northern and southwest Idaho during August and September.

Significant Fires Outside of IDL Protection

Character Complex

Agency/Management: Idaho Panhandle National Forest

General Location: 8 miles north of Kellogg

Acres burned: 8,178 acres

Dixie-Jumbo Fires

Agency/Management: Nez Perce-Clearwater National Forests

General Location: Just north of Dixie

Acres burned: 45,893 acres

Total Acres Burned by Ownership 8/11/2021	
Surface Owner	Acres
Idaho Department of Lands	13,153
Other State Lands	63,718
Private	17,606
Bureau of Land Management	40,425
Other Federal	4,850
U.S. Forest Service	141,547
Total Acres	281,299

Only fires with perimeters in the Fire Enterprise Geospatial Portal and the IDL Lands Resource Manager system have been included in the analysis.

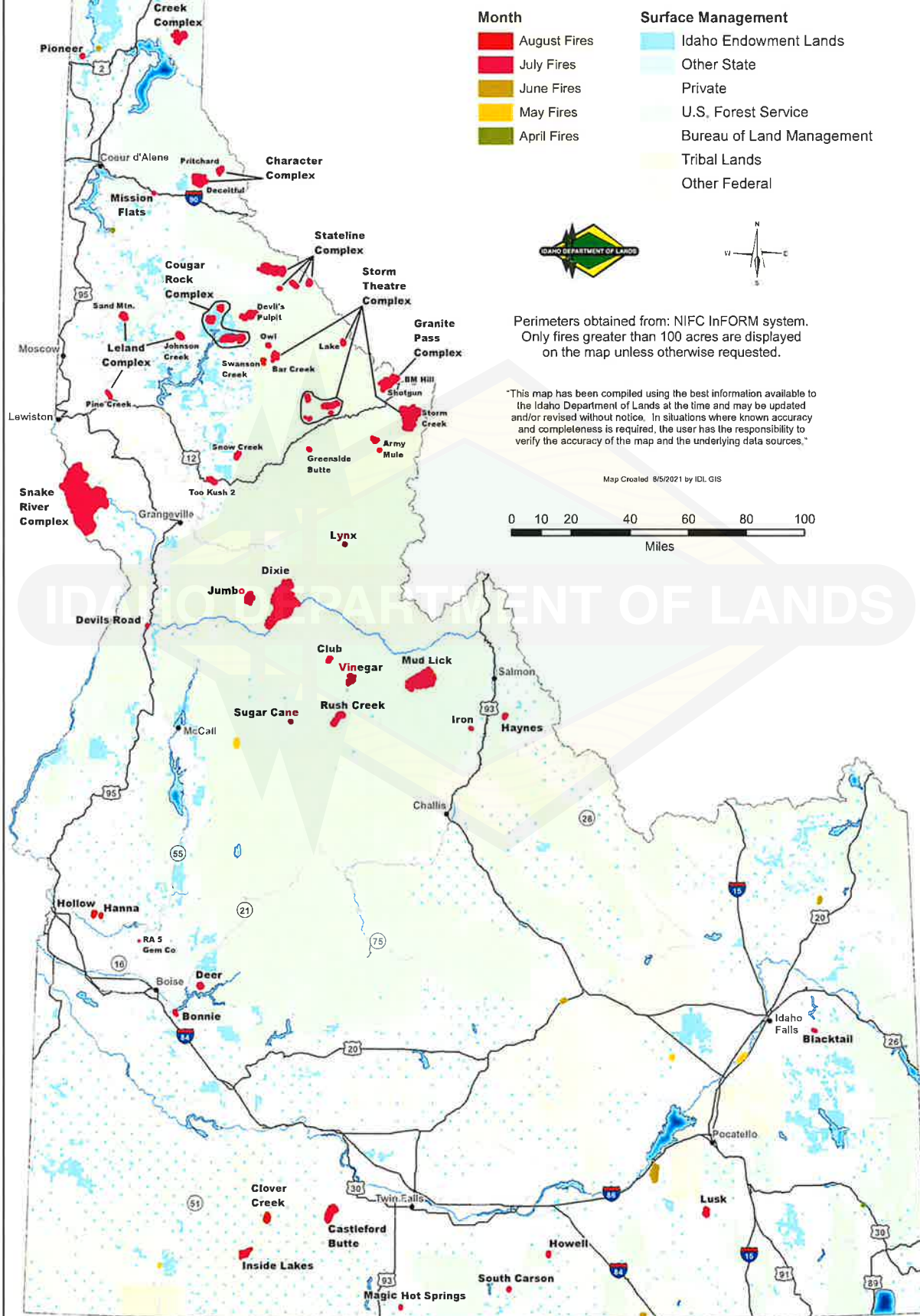
Fire Deficiency Warrant Spending - 2021 Fire Season YTD		
Category	Estimated Costs	Notes
Aviation Resources	\$2,000,000	4 SEATS, 2 Fire Bosses, 2 Type 2 Helicopters
Prepositioned Engines	\$800,000	Contract engines statewide to boost IA
Prepositioned Hand Crews	\$400,000	20-person Hand Crew to boost IA
IDL Team Fires	\$39,500,000	Type 2 and Type 3 Fires
IDL Non-Team Fires	\$6,000,000	IDL/Assn. fires including prepositioning
Other Suppression	\$3,100,000	Reimbursable (IDL and Fire Department resources supporting non-IDL fires), Coeur d'Alene Cache, Dispatch
Total Estimate YTD	\$51,800,000	

Attachments

1. Map—Significant Fires Throughout Idaho
2. Map—Current Fire Restrictions

2021 Wildland Fires in Idaho

8/5/2021



Idaho Fire Restrictions

August 6th, 2021

Restriction Stage

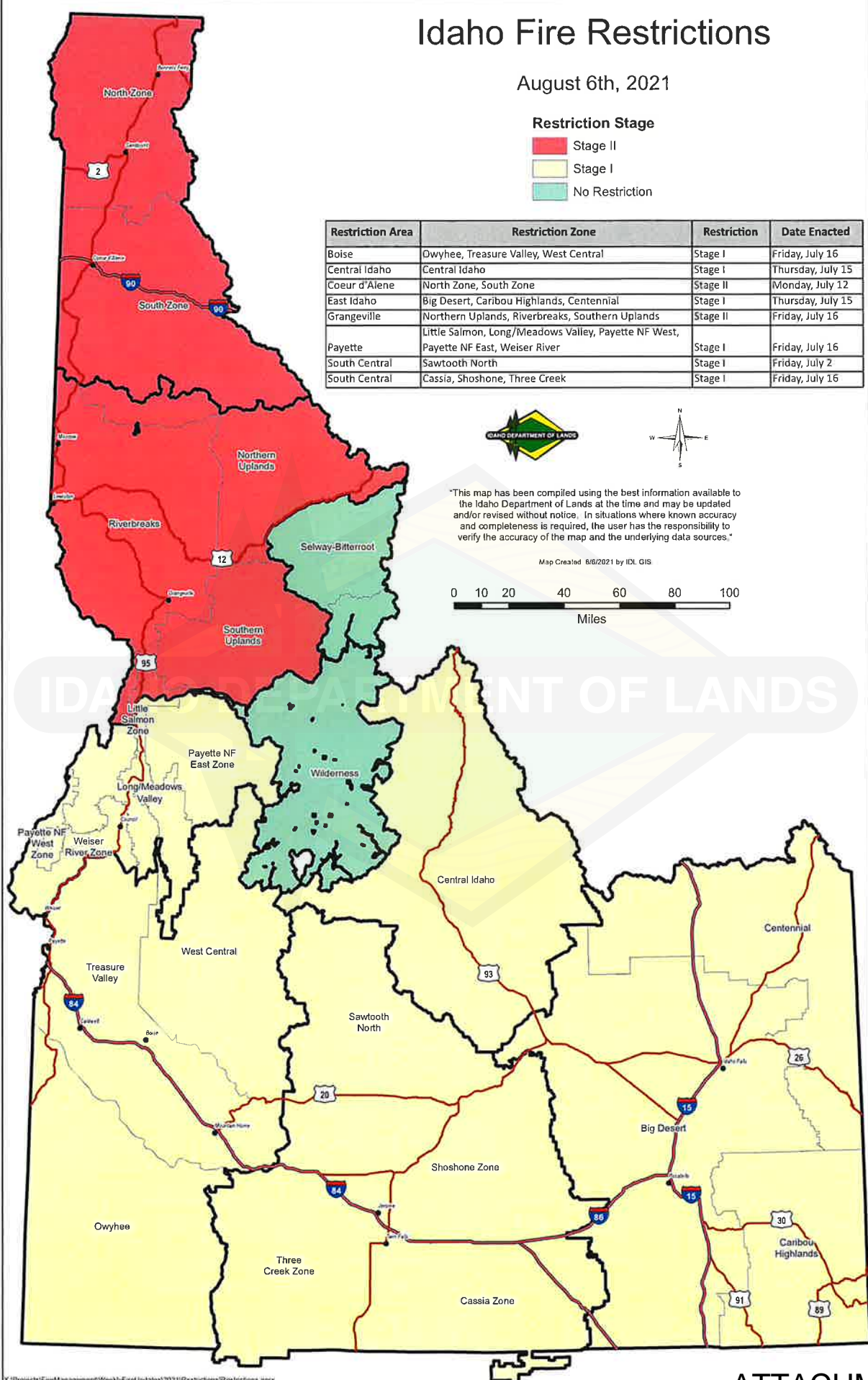
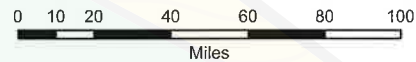


Restriction Area	Restriction Zone	Restriction	Date Enacted
Boise	Owyhee, Treasure Valley, West Central	Stage I	Friday, July 16
Central Idaho	Central Idaho	Stage I	Thursday, July 15
Coeur d'Alene	North Zone, South Zone	Stage II	Monday, July 12
East Idaho	Big Desert, Caribou Highlands, Centennial	Stage I	Thursday, July 15
Grangeville	Northern Uplands, Riverbreaks, Southern Uplands	Stage II	Friday, July 16
Payette	Little Salmon, Long/Meadows Valley, Payette NF West, Payette NF East, Weiser River	Stage I	Friday, July 16
South Central	Sawtooth North	Stage I	Friday, July 2
South Central	Cassia, Shoshone, Three Creek	Stage I	Friday, July 16



"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 Created: 8/6/2021 by IDL GIS



STATE BOARD OF LAND COMMISSIONERS

August 17, 2021
Department Report

Subject

Land Revenue Forecast

Background

Each year, the Idaho Department of Lands (Department) provides a revenue forecast showing a predicted range of revenue by endowment for the next four fiscal years. The forecast is based on expected levels of operations, prices of existing timber sales under contract, and expected changes in lease revenues and agency expenditures. The four-year net income forecast table is provided as Attachment 1.

An income range is shown for each endowment primarily due to variability in timber markets and the duration of timber sale contracts. Most leasing returns are relatively stable from year to year; however, leasing revenue has declined in recent years due to the sale of residential and commercial real estate.

Discussion

The Department's gross land management revenue was \$87.3 million in FY2021, approximately \$11.4 million more than FY2020 and \$11.9 million more than the 10-year average. The \$87.3 million total is approximately \$5.3 million below last year's forecasted high and \$15.1 million above the forecasted low. Gross revenue forecasts compared to actual returns are provided as Attachment 2.

The Department's net land management income was over \$60.4 million in FY2021, approximately \$12.9 million more than FY2020 and \$11.2 million more than the 10-year average. The \$60.4 million total is approximately \$3.4 million below last year's forecasted high and \$18.2 million above the forecasted low. Net income forecasts compared to actual returns are provided as Attachment 3.

The timberland asset class accounted for approximately 93% of the total gross land management revenue and about 99% of the total net income from land management in FY2021. If timber stumpage prices remain stable, timber revenue is expected to increase as the Forest Asset Management Plan is fully implemented.

Attachments

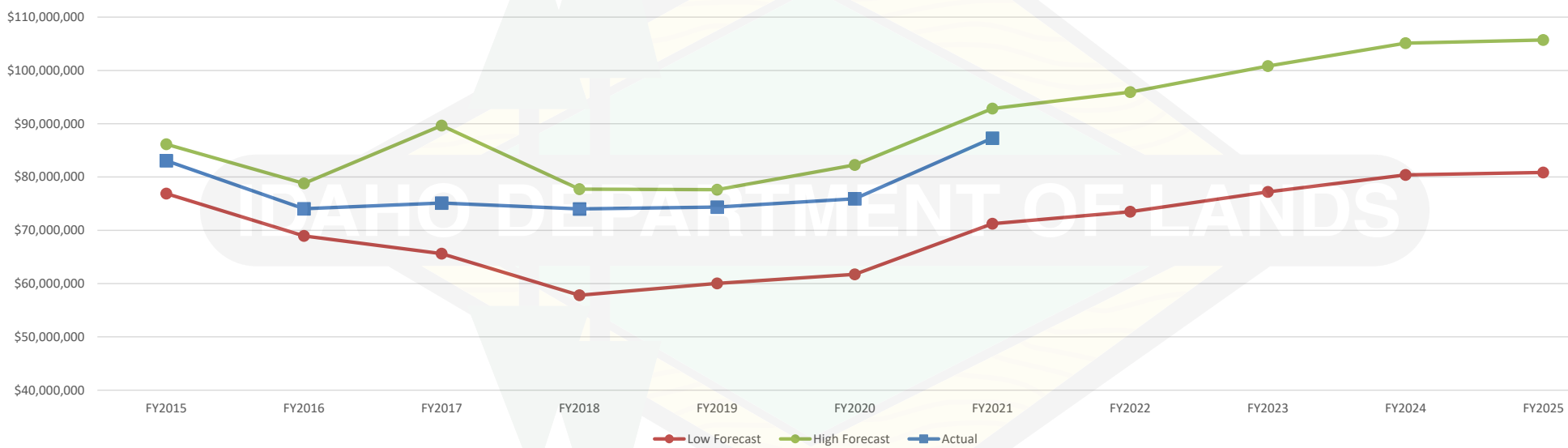
1. Four-Year Net Income Forecast Table (by Endowment)
2. Gross Revenue: Past and Four-Year Forecast Graph
3. Net Income: Past and Four-Year Forecast Graph

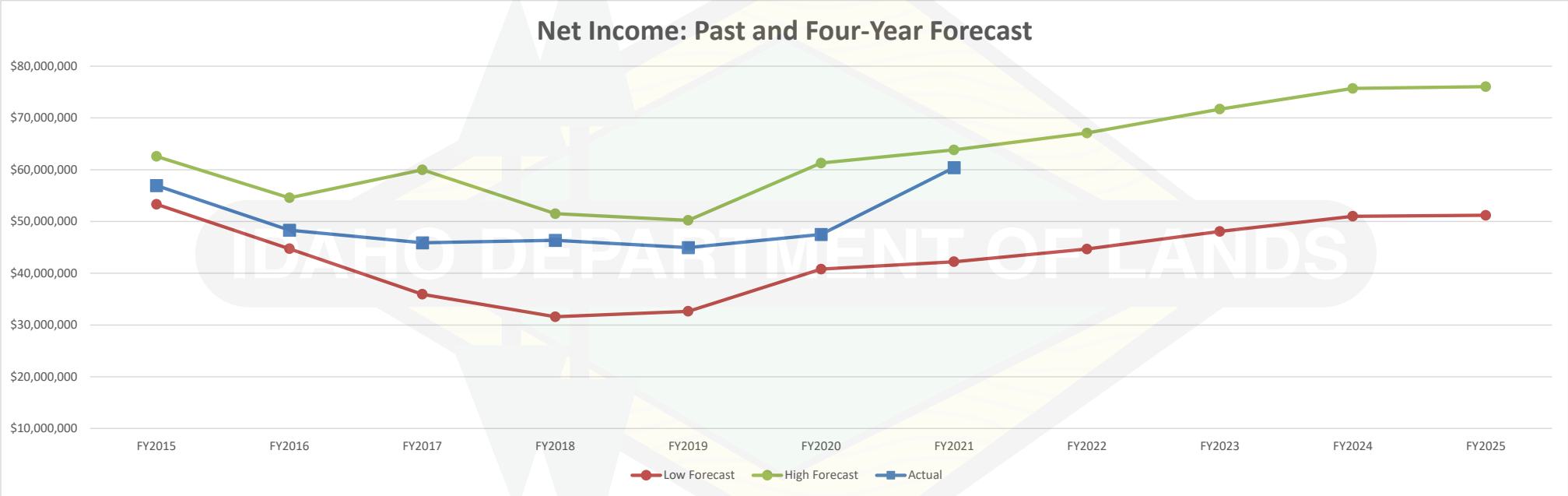
Four-Year Net Income Forecast

Fiscal Year	Net Income	Public School	Ag College	Charitable Institutions	Normal School	Penitentiary	School of Science	State Hospital South	University	Capitol*	Total
2022	Low	\$ 28,024,637	\$ 209,370	\$ 3,567,050	\$ 3,935,408	\$ 1,413,484	\$ 3,203,950	\$ 963,586	\$ 3,054,885	\$ 289,998	\$ 44,662,368
	High	\$ 42,108,643	\$ 329,770	\$ 5,436,402	\$ 5,825,501	\$ 2,152,428	\$ 4,886,299	\$ 1,236,234	\$ 4,672,068	\$ 444,937	\$ 67,092,282
2023	Low	\$ 29,589,956	\$ 209,573	\$ 3,846,929	\$ 4,782,203	\$ 1,944,034	\$ 2,743,896	\$ 1,546,504	\$ 3,034,866	\$ 368,722	\$ 48,066,684
	High	\$ 44,145,536	\$ 327,283	\$ 5,815,799	\$ 7,060,714	\$ 2,939,078	\$ 4,148,515	\$ 2,108,357	\$ 4,603,150	\$ 560,593	\$ 71,709,026
2024	Low	\$ 31,343,476	\$ 512,528	\$ 3,741,705	\$ 5,042,269	\$ 2,091,661	\$ 2,935,201	\$ 1,586,177	\$ 3,581,296	\$ 165,341	\$ 50,999,654
	High	\$ 46,532,738	\$ 781,709	\$ 5,621,686	\$ 7,408,307	\$ 3,143,656	\$ 4,411,369	\$ 2,154,312	\$ 5,398,364	\$ 250,731	\$ 75,702,871
2025	Low	\$ 32,235,145	\$ 839,481	\$ 3,990,008	\$ 3,400,909	\$ 2,021,875	\$ 2,724,892	\$ 1,918,909	\$ 2,886,039	\$ 1,170,079	\$ 51,187,337
	High	\$ 47,920,639	\$ 1,275,278	\$ 5,999,590	\$ 4,934,944	\$ 3,040,562	\$ 4,097,072	\$ 2,654,425	\$ 4,353,829	\$ 1,765,768	\$ 76,042,107

*Capitol revenue accrues to the permanent fund rather than the reserve.

Gross Income: Past and Four-Year Forecast





STATE BOARD OF LAND COMMISSIONERS

August 17, 2021

Resource Protection and Assistance Bureau Biannual Report

The Resource Protection and Assistance (RPA) Bureau houses the non-endowment regulatory functions within the Division of Minerals, Public Trust, and Oil and Gas. The Public Trust Program administers mostly lake encroachment permits and submerged lands leases, and the Minerals Program administers the surface mining reclamation plans, dredge and placer permits, and abandoned mine land projects. The Public Trust Program is self-supported through a dedicated account, and the Minerals Program is supported through a mixture of general fund and dedicated fund sources.

Public Trust Program

PAST 6-MONTH HIGHLIGHTS

- **Instrument Activity.** Instruments issued FY2014 through FY2021:

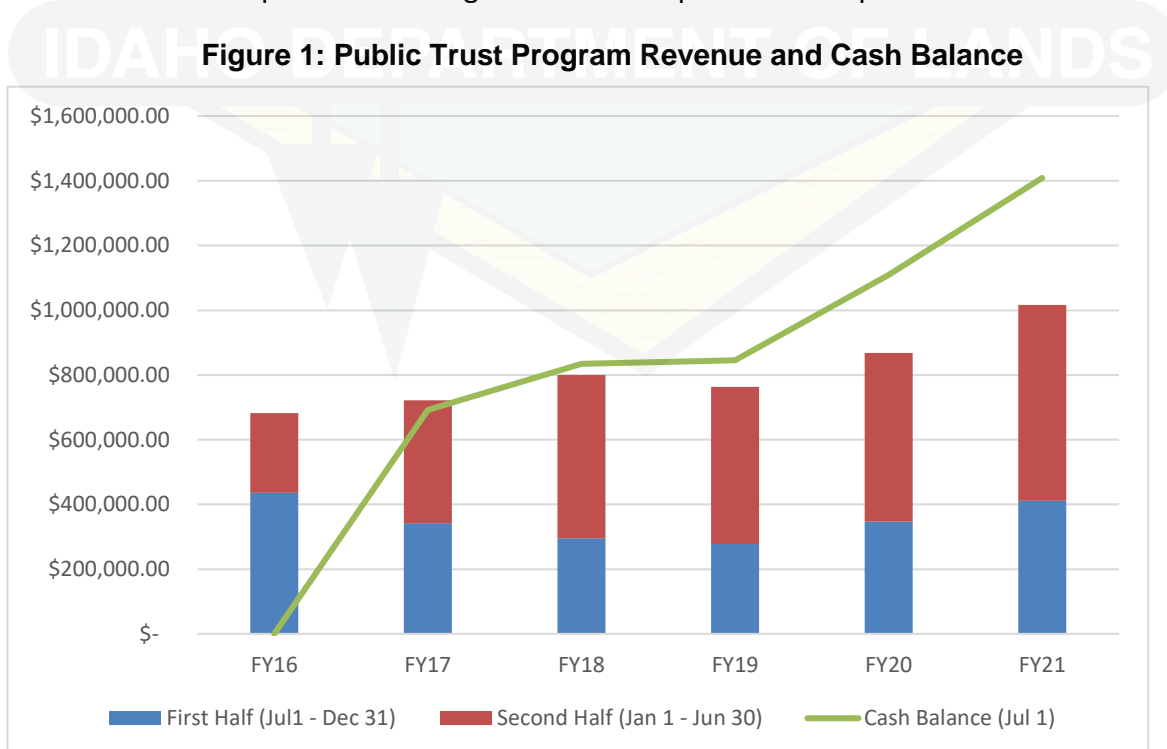
Table 1: Public Trust Historical Instrument Numbers								
Instrument Type	2014	2015	2016	2017	2018	2019	2020	2021
Encroachment Permits Issued	208	282	327	289	338	412	383	542
Active Submerged Land Leases	182	179	185	192	180	172	179	176
New Submerged Land Leases	12	26	11	8	36	48	24	17
Active Riverbed Mineral Leases	4	3	2	2	2	2	3	1
New Riverbed Mineral Leases	0	0	1	0	0	0	0	0
Active Exploration Locations	14	10	2	3	4	2	3	5
New Exploration Locations	0	2	0	1	2	4	0	0
New Submerged Land Easements	13	11	27	6	2	3	2	3
New Disclaimers of Interest	9	2	2	1	3	0	1	2

- **Lake Protection Act (LPA) Inspection Goal.** Department staff completed 111 more inspection reports from the 2020 inspections, for a total of 214 inspection reports. Permit violations were found on 93 encroachments. There were 39 Notices of Noncompliance sent out, and about 25 of the recipients have responded.
- **Dock Storage.** The Department has been working with three marine contractors over the last two years to bring their winter dock storage areas into compliance. Four storage areas are on Lake Coeur d'Alene and one is on Hayden Lake. The Department offered a lease for one site in Cougar Bay and is setting up public meetings for two other sites on Lake Coeur d'Alene and the one on Hayden Lake.

- **Administrative Hearings.** Between January 1, 2021 and June 30, 2021, the Department ordered three public hearings and two contested case hearings on encroachment permit applications. One application was conditionally approved, one was denied, two have a decision pending, and one was vacated.
- **Rulemaking.** In compliance with Executive Order 2020-01, the administrative rule "Easements on State-Owned Submerged Lands and Formerly Submerged Lands," IDAPA 20.03.09, was negotiated from April through June. A proposed rule was completed and will be published in the September Bulletin for the 2022 legislative session.

NEXT 6 MONTHS

- **Program Manager Vacancy.** Andrew Smyth gained a promotion as the Mica Area Manager. The Department is having three Program Manager details of internal staff. Each detail has a four-week length. At the end of those details the hiring process for a permanent replacement will begin.
- **2021 Lake Protection Act Inspection & Enforcement Goal.** Issue Notices of Noncompliance for the remaining 54 violations identified in 2020 and work toward resolution of all 93 violations identified. Inspect an additional 78 encroachments in 2021 and have reports completed within 2 weeks of each inspection. Follow up work on those inspections will begin as soon as reports are completed.



FINANCIAL UPDATE

- The Department had yearly revenue over \$1 million in this program for the first time. Total revenue for FY21 was \$1,016,121.89. This is a 17% increase over last year.

Regulatory Minerals Program

PAST 6-MONTH HIGHLIGHTS

- **Large Mine Reviews.** Interagency review of Perpetua Resources' Stibnite Gold Project is ongoing with a Supplemental EIS currently being prepared. The Department also reviewed materials for the Draft EIS on Itafos' Husky 1 North Dry Ridge phosphate mine.

LOOKING FORWARD

- **Inspection Schedules.** An inspection prioritization and five-year schedule is being reviewed with Operations staff. Implementation will start this year.
- **Implementation of Financial Assurance Calculators.** Researching updates for the Cost Data File is ongoing. This data is needed to obtain Idaho wage and cost data to replace the Nevada data used in the software.

TOTAL PERMITS AND BONDING

The Department currently administers 1,574 active mine sites covered by reclamation plans and 29 covered by dredge and placer permits. The mines are presented in Table 2 by area and category, and Table 3 has historical plan numbers.

Table 2: Current Mine Permit Categories by IDL Supervisory Area				
IDL Area	Sand and Gravel Mines (IDAPA 20.03.02.069)	Hardrock, Phosphate & Complex Industrial (IDAPA 20.03.02.070)	Cyanidation Mines (IDAPA 20.03.02.071)	Dredge and Placer Permits (IDAPA 20.03.01)
Clearwater	33	-	-	-
Eastern	719	21	-	2
Maggie Creek	59	3	-	2
Mica	33	1	-	6
Payette Lakes	111	2	-	2
Pend Oreille Lake	128	-	-	-
Ponderosa	58	1	-	-
Priest Lake	15	-	-	-
Southwest	309	3	-	1
St. Joe	67	-	-	16
TOTAL	1,543	31	-	29

Table 3: Regulatory Minerals Historical Instrument Numbers										
Instrument Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Mined Land Reclamation										
New Reclamation Plans	36	20	20	25	36	24	18	28	17	10
Retirements	23	7	17	14	36	15	22	9	13	7
Total Reclamation Plans	1,496	1,536	1,537	1,528	1,530	1,542	1,540	1,561	1,580	1574
Dredge and Placer										
New/Amended Permits	4	1	0	1	3	3	1	2	0	1
Retirements	-	-	-	-	-	2	0	1	0	0
Total Permits	24	25	25	25	25	26	27	28	28	29
Note: Inspections, Amendments, and Non-compliance are not currently tracked but will be with the implementation of the Land Information Management System (LIMS)										

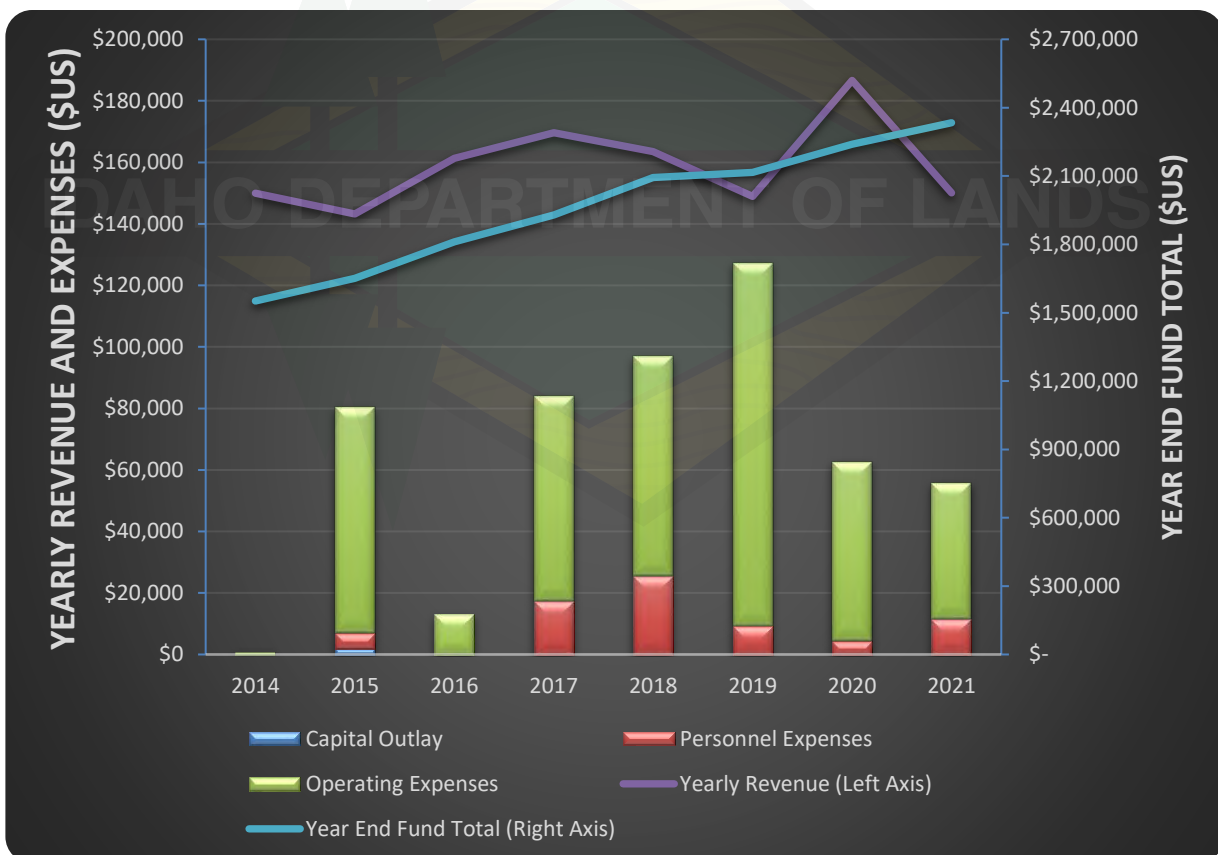
Mine operators are eligible to provide bonding through traditional methods or the Bond Assurance Fund (BAF). Tables 4 and 5 list the acres and bond amounts currently in place for different types of mining operations. Created in 2006, the BAF provides another reclamation bonding option for small operators on private and state lands. This is a dedicated account with revenue from annual fees of approximately \$158,000 per year. Billings are mailed in September with a November 1 due date. Table 6 has revenue from the FY2021 billing. Figure 2 illustrates the revenue, expenditures, and balance for this fund.

Table 4: Bonding for Sand and Gravel, Light Industrial, and Placer Permits								
	Reclamation Plans (IDAPA 20.03.02.069)				Dredge and Placer Permits (IDAPA 20.03.01)			
	Plans	Permitted Acres	Total Bond	Bond/Acre	Permits	Affected Acres	Total Bond	Bond/Acre
Traditional Bond ¹	297	20,280	\$16.9 Million	\$834	22	157	\$223K	\$1,420
Bond Assurance Fund	614	31,900	n/a	n/a	7	53	n/a	n/a
¹ Surety Bond, Letter of Credit, Certificate of Deposit, or Cash								

Table 5: Bonding for Hardrock, Phosphate & Complex Industrial				
	Reclamation Plans (IDAPA 20.03.02.070)			
	Permits	Permitted Acres	Total Bond	Bond/Acre
Traditional Bond ¹	31	21,920	\$114 Million	\$5,179
¹ Surety Bond, Letter of Credit, Certificate of Deposit, or Cash				

Table 6: Bond Assurance Fund Billing (for FY2021)				
Disturbance (ACRES)	Annual Fee Schedule (\$)	Total Permits Distribution	Total Annual Fees Due (\$)	Annual Fees Collected
2 acres or less	\$100	153	\$15,300	\$13,900
> 2 acres ≤ 5 acres	\$200	155	\$31,000	\$28,600
> 5 acres ≤ 10 acres	\$250	141	\$35,250	\$33,750
> 10 acres ≤ 15 acres	\$300	58	\$17,400	\$15,300
> 15 acres ≤ 20 acres	\$350	41	\$14,350	\$13,650
> 20 acres ≤ 25 acres	\$400	27	\$10,800	\$10,800
> 25 acres ≤ 30 acres	\$450	19	\$8,550	\$8,550
> 30 acres ≤ 35 acres	\$500	7	\$3,500	\$3,500
> 35 acres ≤ 40 acres	\$550	13	\$7,150	\$6,600
TOTAL		614	\$143,300	\$134,650

Figure 2: Bond Assurance Fund - Revenue, Expenditures, and Fund Balance

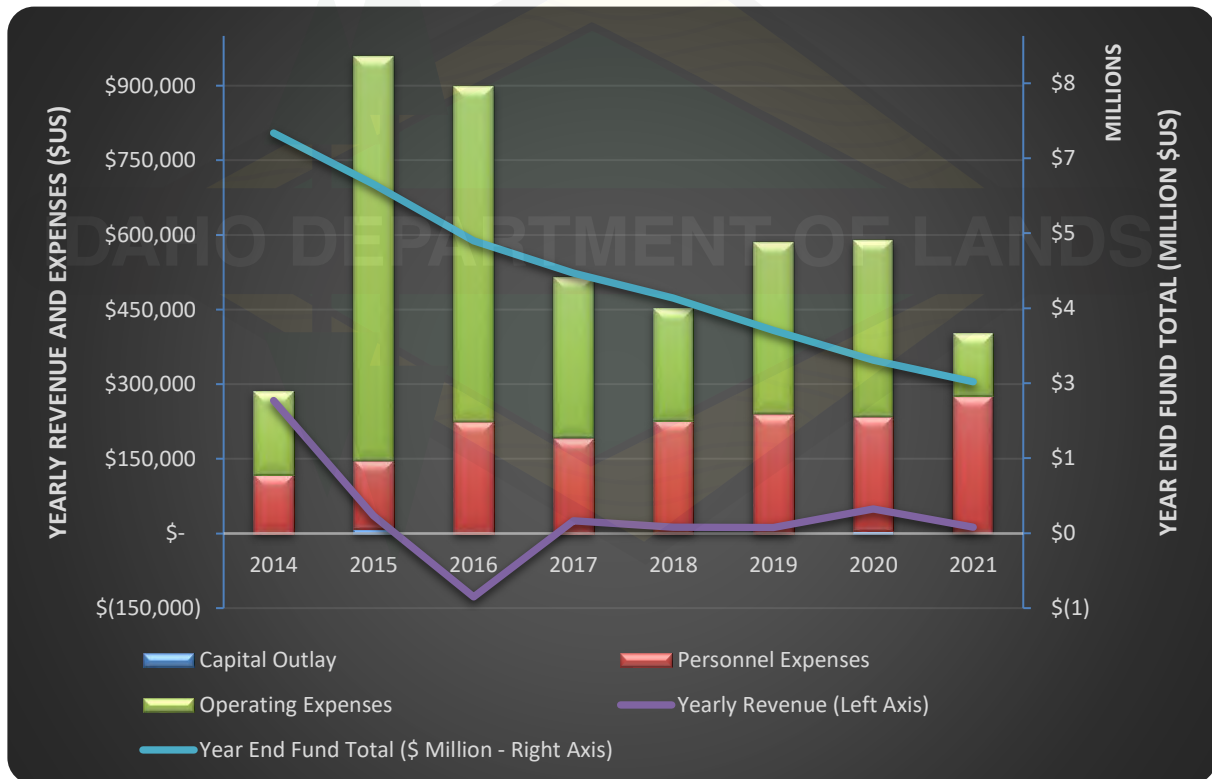


ABANDONED MINE LANDS

The abandoned mine lands (AML) program is funded through 34% of Idaho's Mine License Tax, a 1% net tax of Idaho's mining industry (excluding sand and gravel as described in Idaho Code § 47-1205). The Department's share of income for FY21 was \$12,338. Table 7 lists the projects worked on in the second half of FY2021. Figure 3 illustrates the revenue, expenditures, and balance for this fund.

Table 7: Abandoned Mine Lands Projects January through July, 2021	
Project Name	Project Description
Triumph Mine	Sampling, ground water modeling, site drainage, NPDES permitting.
Idaho Geological Survey	AML information compilation and digitization.

Figure 3: AML Fund - Revenue, Expenditures, and Fund Balance



STATE BOARD OF LAND COMMISSIONERS

August 17, 2021

Consent Agenda

Subject

Department of Lands FY2022-FY2025 Strategic Plan

Question Presented

Shall the Land Board direct the Department to submit the FY2022-FY2025 Strategic Plan to the Division of Financial Management by August 27, 2021?

Background

Each year the Division of Financial Management (DFM) collects agency strategic plans in accordance with Idaho Code §§ 67-1901–1904. This year's deadline for submittal is August 27, 2021.

Discussion

Under the overarching theme of "mission driven, customer focused," four high-level agency-wide goals were established for the Department:

1. **Financial Stewardship:** Fulfill the Land Board's fiduciary duties by maximizing long-term financial returns from the endowment lands and through prudent management of state funds and resources.
2. **Customer Focused:** Deliver programs with professionalism and integrity, providing exemplary service to external and internal customers.
3. **People:** Develop a well-trained, high-performing workforce focused on carrying out the Department's mission.
4. **Process:** Implement policies and procedures through the use of integrated systems that support effective and informed decision-making.

Strategies intended to achieve each of these goals were identified, and subsequently, tasks and performance measures aimed at tracking progress toward achieving each goal were developed.

The Department ensures that the identified strategic tasks are incorporated appropriately into all employees' objectives as a part of their annual performance evaluation in I-PERFORM. Each employee's annual work objectives must be linked specifically to one of the Department's strategic goals. This alignment ensures all efforts are focused on the most important goals and that each employee can more clearly see how his or her role directly links to the goals and mission of this organization.

The current strategic plan structure, which includes the Department's mission, vision, values, goals, and strategies is provided as Attachment 1. The complete listing of FY2022-FY2025 goals, strategies, tasks, and performance measures is provided as Attachment 2. Due to the COVID-19 pandemic during FY2021, some tasks were not completed as planned and have been rolled into FY2022. For instance, many tasks that required in-person stakeholder meetings, coordination with outside entities, or employee attendance in training programs were postponed as necessary.

The Department's final strategic plan submission on or before August 27, 2021 will meet all of the required elements as outlined by DFM.

Recommendation

Direct the Department to submit its FY2022-FY2025 Strategic Plan to the Division of Financial Management by August 27, 2021.

Attachments

1. Strategic Plan Structure
2. FY2022-FY2025 Strategic Plan



IDAHO DEPARTMENT OF LANDS



STRATEGIC PLAN STRUCTURE

Mission

To professionally and prudently manage Idaho's endowment assets to maximize long-term financial returns to public schools and other trust beneficiaries and to provide professional assistance to the citizens of Idaho to use, protect and sustain their natural resources.

Vision

The Idaho Department of Lands will be the premier organization for trust management and resource protection in the western United States.

Values

- **STEWARDSHIP** – Making decisions and taking actions that positively affect long-term financial returns for the trust beneficiaries and enhance the health and resilience of Idaho's natural resources.
- **SERVICE** – Providing exemplary service and delivering programs with professionalism and integrity to both internal and external customers.
- **ACCOUNTABILITY** – Investing in and having an organizational culture and framework that equips, entrusts, and expects employees to make decisions and get things done.
- **COHESIVENESS** – Working as a unified organization in which all employees participate in constructive communication to fully meet our mission.

Goal #1

FINANCIAL STEWARDSHIP – *Fulfill the Land Board's fiduciary duty by maximizing long-term financial returns from the endowment lands and through prudent management of state funds and resources.*

1. **BUDGET** – Effectively manage the budget through regular communications, reporting, and analysis.
2. **TRUST** – Monitor whole trust performance and pursue reinvestment opportunities.
3. **EFFICIENCY** – Explore and pursue potential efficiencies and sources of grant funding.
4. **IMPLEMENT PLANS/POLICIES** – Implement endowment land asset management plans and other agency plans and policies.

Goal #2

CUSTOMER FOCUSED – *Deliver programs with professionalism and integrity, providing exemplary service to external and internal customers.*

1. **EXTERNAL** – Identify methods for improving and expanding customer service through outreach and clear, consistent messaging.
2. **INTERNAL** – Strengthen internal communication channels through regular engagements and planning.
3. **CUSTOMER SATISFACTION** – Measure and evaluate internal and external customer service feedback and pursue improvement.

Goal #3

PEOPLE – *Develop a well-trained, high-performing workforce focused on carrying out IDL's mission.*

1. TRAIN – Train and develop staff to be successful in their roles.
2. ONBOARD – Familiarize new staff with agency values and outline clear expectations.
3. RECRUIT/RETAIN – Develop guidelines and strategies for recruiting and retaining staff well-suited for the agency.
4. DEVELOP – Recognize and develop leaders from within.
5. ALIGN – Create a culture of alignment through clear expectations and coordination between programs.

Goal #4

PROCESS – *Implement policies and procedures through the use of integrated systems that support effective and informed decision making.*

1. ENTERPRISE SYSTEMS/SECURITY – Integrate and improve business processes with secure technology systems and infrastructure.
2. DEVELOP GOVERNANCE/POLICIES – Establish and update governance, policies, and procedures to direct agency operations.



IDAHO DEPARTMENT OF LANDS

Idaho Department of Lands
FY2022- FY2025 Strategic Plan

FY	Group	Division	Group Leader	Goal	Strategy	Task Description
2022	HR	Business Services	Andrea Ryan	3-People	3.1-Train	Review the primary objectives of the safety program with input from stakeholders and develop a three-year plan to meet those objectives.
2022	HR	Business Services	Andrea Ryan	3-People	3.3-Recruit & Retain	Implement new look and feel of job postings that are more social media ready and mainstream to enhance employee recruiting efforts.
2022	HR	Business Services	Andrea Ryan	3-People	3.4-Develop	Continue to design and implement the three-pronged approach for supervisory training and incorporate the executive team into in-person training.
2022	HR	Business Services	Andrea Ryan	3-People	3.3-Recruit & Retain	Develop a multi-year compensation plan including a schedule for compensation committee to meet throughout the year and set interim goals for the fiscal year.
2022	HR	Business Services	Andrea Ryan	3-People	3.2-Onboard	Solicit feedback from participants in the onboarding and new employee mentorship program. Analyze themes and provide recommendations for improvements.
2022	Forestry Asst & SS	Forestry & Fire	Archie Gray/ Ara Andrea	1-Financial Stewardship	1.3-Efficiency	Build and implement improved processes and databases to gain efficiencies in landowner tracking, project monitoring, and accomplishment reporting.
2022	Forestry Asst & SS	Forestry & Fire	Archie Gray/ Ara Andrea	1-Financial Stewardship	1.3-Efficiency	Prepare and submit applications/budget requests seeking to facilitate implementation of targeted cross-boundary projects focused on prioritized Shared Stewardship project areas. Apply for two new funding opportunities.
2022	Forestry Asst & SS	Forestry & Fire	Archie Gray/ Ara Andrea	2-Customer Focused	2.1-External	Use targeted outreach strategies to reach and educate private forestland owners in targeted Shared Stewardship project areas. Apply one new outreach/educational program to reach targeted cross-boundary forestland owners.
2022	Forestry Asst & SS	Forestry & Fire	Archie Gray/Ara Andrea	2-Customer Focused	2.2-Internal	Build more integration between USFS National Forests, IDL Shared Stewardship staff, IDL Supervisory Area staff (Operations), IDL Forestry Assistance Bureau, IDL GNA staff, NRCS District Conservationists, and external partnering agencies/entities in implementing cross-boundary treatment projects. Implement one fuels-reduction or forest-restoration project with a cross-ownership-boundary focus.
2022	IT	Business Services	Dan Raiha	2-Customer Focused	3.1-Train	Collaborate with TRSs and program staff to provide responsive support to external customers via Access IDL for public-facing components of the Landfolio system.

Idaho Department of Lands
FY2022- FY2025 Strategic Plan

FY	Group	Division	Group Leader	Goal	Strategy	Task Description
2022	IT	Business Services	Dan Raiha	2-Customer Focused	3.1-Train	Complete core M-Files implementation across agency. Complete Purchasing go-live in FY22 and update records management governance to account for system changes.
2022	IT	Business Services	Dan Raiha	4-Process	4.1-Enterprise Systems & Security	Assess and improve security posture of IDL systems. Continue implementation of additional CIS controls as recommended by the state Security Technical Working Group by 6/30/22.
2022	IT	Business Services	Dan Raiha	4-Process	4.1-Enterprise Systems & Security	Continue LIMS LW implementation. Iteration A go-live Q2 FY22. Continue "just in time" training to maximize value delivery.
2022	IT	Business Services	Dan Raiha	4-Process	1.3-Efficiency	Continue DevOps program implementation to streamline operational support and enhancement to enterprise systems. 9/30/21: Ongoing refinement to Change Management List. 12/31/21: Complete review of automated configuration management tools. 3/31/22: Select tool for late FY22/early FY23 implementation.
2022	Timber	Trust Land	David Greenwood	1-Financial Stewardship	1.4-Implement Plans & Policies	Develop and improve reports that best meet internal and external customer needs.
2022	Timber	Trust Land	David Greenwood	1-Financial Stewardship	1.4-Implement Plans & Policies	Utilize annual KPI analysis to improve process, procedures, and financial/management decisions.
2022	Timber	Trust Land	David Greenwood	1-Financial Stewardship	1.4-Implement Plans & Policies	Reevaluate sale volume targets by supervisory area after land acquisitions, catastrophic events, and at scheduled FAMP updates.
2022	Timber	Trust Land	David Greenwood	2-Customer Focused	2.3-Customer Satisfaction	Utilize meetings, technology, and appropriate media to prioritize operational and procedural issues for improvement. Includes visits focused on specific issues with personnel from various areas who face similar issues.
2022	Timber	Trust Land	David Greenwood	4-Process	4.2-Develop Governance/Policies	Thorough sale and project review (100% review of sales and projects). Train area staff on project review process to improve submission quality.
2022	Fiscal	Business Services	Debbie Buck	4-Process	4.1-Enterprise Systems & Security	Support LUMA implementation for finance and purchasing (go live July 2022-FY23).
2022	Fiscal	Business Services	Debbie Buck	4-Process	4.1-Enterprise Systems & Security	Support LIMS LW implementation. Project completion Fall 2021.
2022	Fiscal	Business Services	Debbie Buck	4-Process	4.1-Enterprise Systems & Security	Support and plan Navision enhancements for LIMS and fire receivables.
2022	North Ops	Operations	TBD	1-Financial Stewardship	1.3-Efficiency	MICA: Coordinate Forest Stewardship and funding strategies with fire hazard reduction priority locations across the Mica Area.

Idaho Department of Lands
FY2022- FY2025 Strategic Plan

FY	Group	Division	Group Leader	Goal	Strategy	Task Description
2022	North Ops	Operations	TBD	1-Financial Stewardship	1.4-Implement Plans & Policies	MICA: Complete 10-year plan to gain access to all harvest acres and improve secondary roads to standards identified in forest management manual or designate those acres that will not meet the standards.
2022	North Ops	Operations	TBD	1-Financial Stewardship	1.4-Implement Plans & Policies	PONDEROSA: Achieve 75% survival on plantations and achieve a minimum 85% regeneration stocking index (RSI) on artificial and naturally regenerated stands at age 5. Regeneration/re-establishment should be focused on preferred species. Develop a survival and stocking survey plan.
2022	North Ops	Operations	TBD	3-People	3.4-Develop	PONDEROSA: Focus on succession planning. Complete 1 ENGB(T) to ENGB in calendar year 2021 and initiate ENGB task book for one other crew member.
2022	North Ops	Operations	TBD	1-Financial Stewardship	1.1-Budget	PONDEROSA: Warden and Assistant Warden work with the Fire Management Bureau and Operations Chief to develop a budget request for securing long-term funding for the Teakean Hand Crew (General Fund, Dedicated, Grant Opportunities).
2022	North Ops	Operations	TBD	3-People	3.1-Train	POL: Provide in-house training for new compliance and notification system to staff and supervisors.
2022	North Ops	Operations	TBD	2-Customer Focused	2.1-External	POL: Take the lead in establishing process and procedures for the Shared Stewardship's focal area in southern Bonner County. Use IDL contacts with local resources, government agencies, and landowners to deliver and coordinate Shared Stewardship projects and programs.
2022	North Ops	Operations	TBD	3-People	3.5-Align	POL: Plan annual employee activity day.
2022	North Ops	Operations	TBD	1-Financial Stewardship	1.1-Budget	POL: Maintain written 5-year facility plan for each POL Administrative site KV, Shiloh, Sandpoint.
2022	North Ops	Operations	TBD	3-People	3.1-Train	POL: Integrate the use of mobile technology and mobile data field collection using tablets, incorporated into daily process through annual one day area trainings with Forestry and Fire personnel on Collector and Mobile Cruise applications.
2022	North Ops	Operations	TBD	2-Customer Focused	2.1-External	ST JOE: Establish one (1) "Firewise" Community within the West St. Joe FPD.
2022	North Ops	Operations	TBD	1-Financial Stewardship	1.4-Implement Plans & Policies	ST. JOE: Achieve 75% survival on plantations and achieve a minimum 85% regeneration stocking index (RSI) on artificial and naturally regenerated stands at age 5. Regeneration/re-establishment should be focused on preferred species. Status is 70% survival on plantations.

Idaho Department of Lands
FY2022- FY2025 Strategic Plan

FY	Group	Division	Group Leader	Goal	Strategy	Task Description
2022	North Ops	Operations	TBD	2-Customer Focused	2.1-External	PRIEST LAKE: Work with local entities to transfer 2.5 miles of existing IDL main haul road (East Shore Road) to the local county highway district. Establish temporary crossing for installation of new bridge on East Shore Road/Lion Creek crossing. Develop MOU for the transfer of Right-of-Way and sharing of costs between parties.
2022	North Ops	Operations	TBD	1-Financial Stewardship	1.4-Implement Plans & Policies	PRIEST LAKE: For all identified commercial activities occurring on public trust lands within the area establish proper instruments and inspect for compliance. Develop educational material with bureau and PIOs to educate business owners and Chamber of Commerce on public trust use and leasing.
2022	North Ops	Operations	TBD	1-Financial Stewardship	1.4-Implement Plans & Policies	PRIEST LAKE: Develop knowledge to utilize UAS & LiDAR to improve timber management activities and forest inventory. Utilize the information with the FM bureau to update growth and harvest models.
2022	RPA	MPOG	Eric Wilson	1-Financial Stewardship	1.1-Budget	Develop strategies to enhance revenues, revenue generating activity, and reduce bond liability to the State within the Mining Regulatory and Public Trust programs. Cost recovery fees and dedicated fund revenues that replace general fund revenues are vital for continued implementation of professional and fully functional programs.
2022	RPA	MPOG	Eric Wilson	1-Financial Stewardship	1.4-Implement Plans & Policies	Align current statutes and rules with modern technology use, dedicated fund cost-recovery fee schedules, and improve clarity in language and definition. Pursue Statute and Rules changes by program to enhance program performance.
2022	RPA	MPOG	Eric Wilson	2-Customer Focused	2.1-External	Inform and educate the public on current RPA program regulations. Develop and distribute brochures, FAQs, and updates to IDL webpage.
2022	RPA	MPOG	Eric Wilson	4-Process	4.1-Enterprise Systems & Security	Support the development and implementation of the new Land Information Management System (LW LIMS) - Trimble Landfolio.
2022	RPA	MPOG	Eric Wilson	4-Process	4.2-Develop Governance & Policies	Address public safety by providing a focused effort on the Abandoned Mine Lands program through project closure and inspection procedures defined, developed, and implemented.
2022	RPA	MPOG	Eric Wilson	4-Process	4.2-Develop Governance & Policies	Increase RPA bureau revenue, reduce potential State liability, and reduce the RPA inspection and compliance backlog, by developing an area inspection schedule in coordination with area staff. Programs include Public Trust and Mining Regulatory.

Idaho Department of Lands
FY2022- FY2025 Strategic Plan

FY	Group	Division	Group Leader	Goal	Strategy	Task Description
2022	South Ops	Operations	Jay Hein	2-Customer Focused	2.1-External	PAYETTE LAKES: As part of the Highway 95 corridor SS Project, the area will perform the following: Meet, educate, solicit participation, and assist with federal grant applications and project administration with the Circle C subdivision for a pilot project to demonstrate the process and benefits of landscape level management. Complete by July 1st, 2022. Coordinate with the Payette NF Brush Mountain fuels project, as well as IDL and DF Devt projects within the project area.
2022	South Ops	Operations	Jay Hein	2-Customer Focused	2.1-External	EASTERN: Work cooperatively with Bear Lake County and other interested parties to complete development of a joint plan to improve management of the bed of Bear Lake when exposed by low water levels that embraces the Public Trust Doctrine and public use while also protecting the resource.
2022	South Ops	Operations	Jay Hein	1-Financial Stewardship	1.3-Efficiency	SOUTHWEST: Complete and implement a rewrite of Supplement 1 to the USFS/IDL Cost Share Road Agreement. Assess the Scriver Creek area on the East side of our Packer John block.
2022	South Ops	Operations	Jay Hein	1-Financial Stewardship	1.4-Implement Plans & Policies	MAGGIE CREEK: Work with Real Estate Services Bureau and other areas (as appropriate) to secure 25% of identified priority easements for accessing state lands in the Joseph Plains region of the Maggie Creek Area by June 30th, 2023.
2022	South Ops	Operations	Jay Hein	3-People	3.5-Align	MAGGIE CREEK: Develop and implement a plan by June 30th, 2023, to consolidate the current split operations of the former Craig Mountain Area in order to efficiently manage endowment lands, regulatory obligations, personnel, budgets, and facilities.
2022	South Ops	Operations	Jay Hein	3-People	3.4-Develop	CLEARWATER: Mentor and develop temporary employees with the intent of them pursuing careers within IDL. The TM technician will serve under the guidance of a senior resource specialist with a primary objective of developing experience and knowledge regarding contract administration and timber sale preparation work.
2022	South Ops	Operations	Jay Hein	2-Customer Focused	2.1-External	CLEARWATER: Craig Mountain Fire District personnel will improve and promote relationships and cooperation with all FSOs within the Craig Mountain Fire District by conducting in-person annual meetings with FSOs within COVID protocol. These meetings will review MOUs, MOAs, and local operating plans in preparation for upcoming fire season as well as fostering better relationships and cooperation.

Idaho Department of Lands
FY2022- FY2025 Strategic Plan

FY	Group	Division	Group Leader	Goal	Strategy	Task Description
2022	South Ops	Operations	Jay Hein	1-Financial Stewardship	1.2-Trust	CLEARWATER: The Orofino office of the Clearwater will work to develop income for the endowments in other programs besides forestry. Unit foresters will work with the regional Lands and Waterway Resource Specialist Sr. and the Bureau's Minerals Program Specialist to identify any additional rock pit sources in the Dent Bridge area for county or commercial production. Area will review feasibility and then if deemed fiscally justified, will run through the process of advertisement and auctioning the lease per new rules. Complete by 2024.
2022	GNA	Forestry & Fire	Jon Songster	1-Financial Stewardship	1.4-Implement Plans & Policies	Provide planning and support for at least 5 forest restoration projects through field reconnaissance, data collection, and contracted services to accelerate restoration project planning in compliance with National Forest Management, Historic Preservation, Endangered Species, and National Environmental Planning Acts.
2022	GNA	Forestry & Fire	Jon Songster	1-Financial Stewardship	1.4-Implement Plans & Policies	Award a minimum of 4 GNA timber sale contracts on federal lands to implement vegetation treatments to improve forest health and provide forest products to support the forest products industry.
2022	GNA	Forestry & Fire	Jon Songster	1-Financial Stewardship	1.4-Implement Plans & Policies	Plan and implement a minimum of 3 non-commercial restoration projects on federal lands to improve forest, watershed, or rangeland health under GNA.
2022	GNA	Forestry & Fire	Jon Songster	1-Financial Stewardship	1.4-Implement Plans & Policies	Plan and implement a minimum of 2 projects on federal lands to reduce hazardous fuels.
2022	Fire	Forestry & Fire	Josh Harvey	3-People	3.4-Develop	Annually conduct a review of employee IQS records to ensure maintenance of qualifications and to identify critical positions needed in the fire management organization.
2022	Fire	Forestry & Fire	Josh Harvey	4-Process	4.1-Enterprise Systems & Security	Work with the IT and Tech Services Bureaus to deploy data enabled tablets in each IDL Engine, Warden and Assistant Warden and Helitack Module to take advantage of the InFORM fire data collection systems and fire reporting and mapping applications.
2022	Fire	Forestry & Fire	Josh Harvey	1-Financial Stewardship	1.1-Budget	Increase the assessment of forest land throughout the state of Idaho.
2022	Fire	Forestry & Fire	Josh Harvey	2-Customer Focused	2.2-Internal	Work with regional ops chiefs to identify a consistent and replicable method of identifying area pool cost and the appropriate percentage of fire funding. After identifying pool cost, establish appropriate method of determining additional OE for training, equipment, maintenance, etc. to reevaluate area OE allocation methodology.

Idaho Department of Lands
FY2022- FY2025 Strategic Plan

FY	Group	Division	Group Leader	Goal	Strategy	Task Description
2022	Fire	Forestry & Fire	Josh Harvey	4-Process	4.2-Develop Governance & Policies	Complete Master Agreement 12/31/2021.
2022	Fire	Forestry & Fire	Josh Harvey	4-Process	4.2-Develop Governance & Policies	Educate stakeholders (Land Board, Legislature) on the findings of the Fire Program Review to gain their support in increased funding and modernization of the fire program.
2022	Oil & Gas	MPOG	Mick Thomas	4-Process	4.2-Develop Governance & Policies	Develop interagency partnerships, policies, and procedures to enable the effective dissemination of well data to the public.
2022	Oil & Gas	MPOG	Mick Thomas	4-Process	4.2-Develop Governance & Policies	Work with State and Federal Agencies to ensure the CLASS II injection well permit is evaluated and processed in a timely manner.
2022	Oil & Gas	MPOG	Mick Thomas	1-Financial Stewardship	1.1-Budget	Increase operator reporting accuracy to improve revenue streams. Provide detailed reporting requirements and instruction to oil and gas operators. Cross-check reported data with certified well data examinations.
2022	Real Estate	Trust Land	Josh Purkiss	4-Process	4.2-Develop Governance & Policies	Final Right-of-Way procedures posted to SharePoint. Bureau provides outreach, communication, and area operations training on procedures. One ROW procedure training facilitated by ROW Program Manager. ROW Project Evaluation Committee develops ROW project scoring matrix to evaluate and prioritize ROW acquisition projects. PEC meets quarterly.
2022	Real Estate	Trust Land	Josh Purkiss	4-Process	4.1-Enterprise Systems & Security	Assist with the LW LIMS implementation by providing bureau input on vision, input, and participation in planning development, data clean-up and migration, pilot-project, and Go-Live iterations. Bureau and staff are expected to actively participate in iterations and provide full support as needed for implementation of Trimble Landfolio/Land Records systems, ECM system, and Mobile Technology system.
2022	Real Estate	Trust Land	Josh Purkiss	1-Financial Stewardship	1.2-Trust	Align leases and processes with current statutes and rules.
2022	Real Estate	Trust Land	Josh Purkiss	1-Financial Stewardship	1.4-Implement Plans & Policies	Fully implement the Land Board directed estate unification of cottage sites at Priest and Payette lakes. Implement the divestiture of cottage sites through the voluntary auction for ownership process. Execute the 2019 Land Board approved plan. Develop a 2024 VAFO plan that outlines the Department's direction after 2024.
2022	Real Estate	Trust Land	Josh Purkiss	1-Financial Stewardship	1.2-Trust	Through prioritization of ROW acquisition projects, secure access to 10,000 acres of state endowment trust lands or 50 miles.

Idaho Department of Lands
FY2022- FY2025 Strategic Plan

FY	Group	Division	Group Leader	Goal	Strategy	Task Description
2022	Real Estate	Trust Land	Josh Purkiss	1-Financial Stewardship	1.2-Trust	Reinvest Land Bank funds on appropriate transactions. If acquisitions are not available, make recommendations semi-annually to move Land Bank funds to the permanent endowment fund.
2022	Real Estate	Trust Land	Josh Purkiss	4-Process	4.2-Develop Governance & Policies	Provide area operations staff with updated program procedures that will allow staff to more efficiently and strategically manage endowment lands and enhance revenue production.
2022	Real Estate	Trust Land	Josh Purkiss	4-Process	4.1-Enterprise Systems & Security	Develop and implement new LW LIMS - Trimble Landfolio. This system will facilitate strategic management of state endowment trust lands including improvement of administrative process efficiencies, analysis and reporting capabilities, and customer service.
2022	Real Estate	Trust Land	Josh Purkiss	1-Financial Stewardship	1.2-Trust	Execute program level activities that enhance the endowment leasing gross revenue through achieving market rates; improving program execution; achieving cost recovery on administrative processes; identification of new marketing and leasing opportunities. Improve the net income ratio of existing assets.
2022	Tech Services	Trust Land	Tom Kearns	4 - Process	4.1 Enterprise systems	Manage, assemble, and distribute required data and processes as requested for LIMS (LRM and Landfolio) specific rollouts; meet all agreed to timelines.
2022	Tech Services	Trust Land	Tom Kearns	4- Process	4.1 Enterprise systems	Develop, support, and enhance statewide enterprise datasets.
2022	Tech Services	Trust Land	Tom Kearns	2 – Customer Focused	2.1 External	Improve external information sharing and data dissemination.
2022	Tech Services	Trust Land	Tom Kearns	2 – Customer Focused	2.2 Internal	ID Team internal outreach.

STATE BOARD OF LAND COMMISSIONERS

August 17, 2021

Consent Agenda

Subject

DI600258, Disclaimer of Interest for the former bed of the Payette River, in Boise County, Idaho.

Question Presented

Shall the Land Board approve Disclaimer of Interest DI600258?

Background

Idaho holds title to the beds and banks of navigable waterways below the ordinary high water mark (OHWM). The State Board of Land Commissioners (Land Board) is the statutorily designated trustee of these lands. When a river moves due to accretion (the natural, gradual process whereby deposited material causes the river to move), title to the riverbed moves as well. Idaho Department of Lands (Department) issues disclaimers of interest to clear title to the accreted land.

Discussion

Frank and Sandra Fenton of Horseshoe Bend, Idaho have applied for a disclaimer of interest for one parcel of accretion land totaling approximately 0.456 acres. This parcel is located within the original surveyed river meander lines of the Payette River adjacent to the applicants' deeded property in Government Lot 4, Section 34, Township 7 North, Range 2 East (Attachment 1-Map).

The Department identified the OHWM on site, which was then surveyed by a licensed surveyor for the applicant. The Department reviewed the survey, deeds, and tax documents and determined that the subject property is above the OHWM of the Payette River.

Frank W. Fenton and Sandra L. Fenton will grant the State of Idaho an easement 25 feet in width for a public use right of way along, and adjacent to, the OHWM of the Payette River.

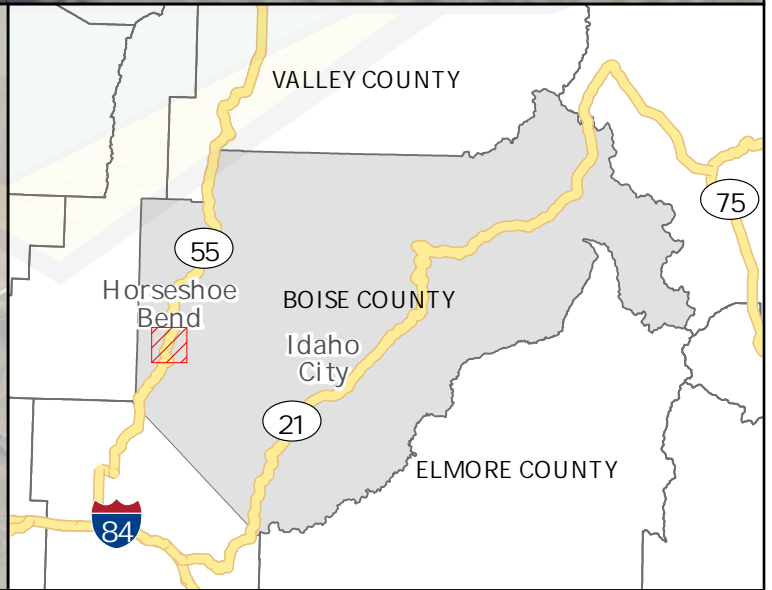
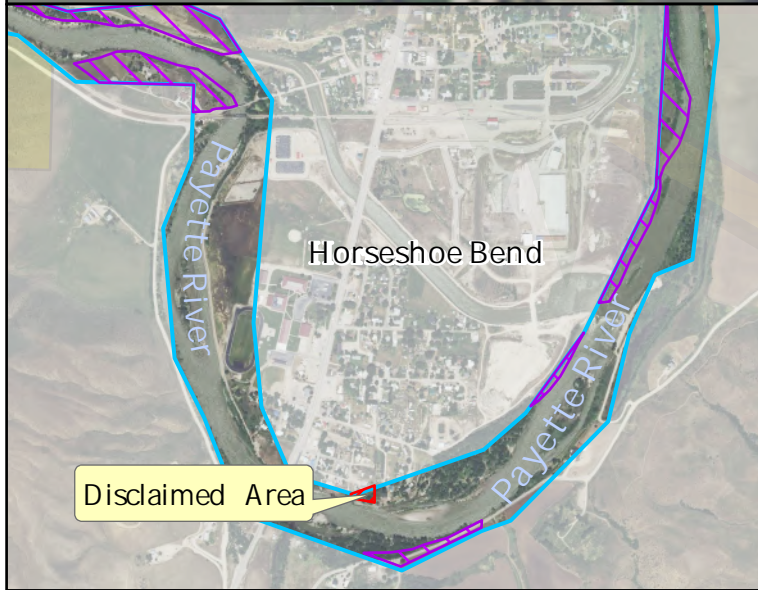
Recommendation

Direct the Department to issue Disclaimer of Interest DI600258 for one parcel totaling 0.456 acres of the former bed of the Payette River to Frank and Sandra Fenton following their payment to the Department of the remaining processing fee of \$300.

Board Action

Attachments

1. Map



Disclaimer DI600258

S34 - T07N - R02E



8/5/2021

Map Notes

Projection: Idaho Transverse Mercator, NAD 83

Map Notes and Data Sources

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.

ATTACHMENT 1



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

July 20, 2021

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, July 20, 2021 in the Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W Jefferson St., Boise, Idaho, and via webinar. The meeting began at 9:01 a.m. The Honorable Secretary of State Lawrence Denney presided in place of Governor Brad Little who joined via webinar. 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 4 Stay Healthy Guidelines, dated 5/11/2021, allowed for public meetings of any size with adherence to physical distancing and sanitation requirements. Four Land Board members were present at the physical meeting location, and Governor Brad Little joined via Zoom webinar for a period of time while he was on business out of state.

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

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

Discussion: Regarding the chart on page 4 of the Leases and Permits report, Attorney General Wasden relayed his understanding that essentially the percentages are changing because of the reduction in residential real estate, which was an intentional choice by the Land Board, as well as a reduction in commercial properties which, again, was a deliberate choice by the Land Board. Attorney General Wasden asked for clarification that this is reflective of gross receipts, not net income. Director Miller said that is correct.

Status Updates

C. Fire Season Report

D. Land Bank Fund

Discussion: In reference to the Fire Season Report, Attorney General Wasden noticed that in terms of the numbers of fires, recognizing drier than normal conditions, the lightning strikes are 200-300% of normal, but human-caused fires are also 250-300% more than normal. Attorney General Wasden inquired about the Department's actions to try and reduce human-caused fires in the future. Director Miller responded that the Department has significantly ramped up its prevention messaging, on social media outlets and through other sources, to educate the public on the severity of the situation and conditions out there. The best thing that the Department can do is continue to push the prevention messaging, educate folks on the risk out there, and provide information on what sort of things can start fires. Director Miller stated a prime example on roadways is dragging chains. Educating folks to make sure that chains are shortened up on trailers, wrapped and not dragging, helps prevent unwanted fires, as does making sure people are smart with the activities that they are doing on endowment lands and public lands. Director Miller remarked that fire restrictions are in effect for most of the state. In the northern part of the state, north of the Salmon River, Stage 2 fire restrictions are in place and in the lower, southern part of the state Stage 1 fire restrictions are in effect. The Department created a fire restrictions page on its website for the public to view and understand where the restrictions are and what it means to be in Stage 1 and Stage 2 restrictions. The Department is working to educate folks on being smart with their activities whether it is on public lands, private lands, or state endowment lands.

Superintendent Ybarra extended her thanks to the Department for that website; it is huge to educate the public on fire restrictions. Superintendent Ybarra recognized it was probably a heavy lift and it is going to be a long season. The Superintendent mentioned folks sometimes ask her what restrictions the state is under; it will be nice to just send them to that website. Director Miller thanked Superintendent Ybarra and remarked the health and safety of firefighters is a top priority. The Department is closely monitoring fatigue and burnout, making sure that its firefighters are obtaining their work-to-rest ratios, and finding fresh replacements for them whether it is hand crews or engines. Director Miller reiterated this is going to be a long season as Madam Superintendent indicated.

Controller Woolf mentioned he had the opportunity to attend the Leland Complex last week with the Director, the Governor, and others. Controller Woolf commented on the amazing job that Mike [McManus] and his team are doing there at the incident command post, noting they answered a lot of questions from the group. Controller Woolf asked if there is anything more the Land Board can assist the Department and others with through this unprecedented season. Director Miller replied that the Land Board is cognizant and responsive to the needs of the Department's fire program and extended his appreciation for Land Board members' focus and attention on the Department's needs. The Department will continue to communicate with members regularly as the season continues to unfold and bring any requests for assistance as needed. Right now, things are in hand, but the Department is buckling in for the remainder of the season which is going to be a long one.

Governor Little referred to an aviation fuel issue that was brought up at the NIFC press conference on July 13th and asked if all the aircraft used by the Department have a secure,

adequate supply of fuel. Director Miller replied aircraft are getting the fuel needed right now; certainly the fuel shortage is an ongoing issue for the Department, federal resources, and everybody else, but Department aircraft are flying. The National Guard brought fuel with them to supply their Black Hawks. Director Miller added that yesterday [July 19th] there were no aircraft flying on fires under the Department's control given conditions and visibility. The whole region was socked in with some pretty dense smoke. Director Miller recapped that the Department is getting the fuel it needs now and is planning and working with partners to ensure it gets fuel needed for the future. Governor Little inquired if the Department can still fly unmanned aerial to do reconnaissance through the smoke when aircraft are locked down. Director Miller responded yes; the Department has the capability to fly unmanned aircraft when visibility is such that manned aircraft cannot go up in the air.

For the record, Governor Little left the meeting at approximately 9:27 a.m. to attend other business.

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

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

Discussion: Mr. Anton reported that the endowment fund was up 29.7% during FY2021 which is 3.8% above benchmark. In terms of dollars, investment gains were slightly north of \$700 million; this surpasses the fund's previous record of 24.6% that took place in FY2011 as financial markets recovered from the great financial crisis. Looking back at the year, Mr. Anton mentioned that large growth stocks outperformed early in the fiscal year, as big technology companies were best positioned to support new ways of living and working from home due to COVID-19-induced quarantines. Small and value-oriented stocks outperformed in the second half of the fiscal year as effective vaccination efforts enabled a gradual and more broadly dispersed reopening of the economy. The endowment fund's modest overweight in the portfolio toward mid- and small-cap stocks was beneficial to fund results during the year. Mr. Anton commented that the incredible speed of the financial market recovery would not have been possible without extraordinary monetary and fiscal support and outstanding efforts by the biotech and health care communities. Despite these outstanding results there were some challenges in the portfolio. The retail and office sectors of the fund's real estate assets were hit hard by COVID-19 quarantines but recovered and posted positive results overall for the year and in the last two quarters. EFIB just recently received performance reports for the second calendar quarter (fourth fiscal quarter) for both real estate funds and both were up nearly 4% during the quarter. Those gains are not reflected in these numbers, but it is nice to see that healthy recovery in the real estate sector. Mr. Anton noted that fixed income struggled as well because interest rates increased after being at all-time lows just prior to the beginning of the fiscal year. The credit and TIPS [Treasury Inflation Protected Securities] portion of the fund's fixed income portfolio performed relatively well, as spreads tightened and inflation expectations escalated, but it was a difficult year for treasuries given the rising rate environment. Mr. Anton said EFIB's investment performance was complemented by strong and outstanding performance by the team at Idaho Department of Lands. As Director Miller indicated in his report, timber revenue was about 20% above average due to strong lumber markets, a good operating season, solid stumpage prices, and increasing volume of timber under contract as specified by the Forest Asset Management Plan. Additionally,

\$31.8 million was transferred into the permanent fund from the Land Bank. Mr. Anton shared that strong investment performance combined with strong lands revenue will allow EFIB and the Land Board to increase beneficiary distributions in FY2023, maintain solid reserves, and grow the permanent fund. Mr. Anton conveyed the order of magnitude of what EFIB will be presenting to the Land Board in terms of beneficiary distributions for FY2023: it is anticipated that distributions will increase from about \$88 million in current fiscal year, FY2022, to around \$100 million in FY2023. In addition to that, it is exciting to see the fund surpass \$3 billion for the first time during the fiscal year. Mr. Anton remarked that he could not close without noting that capital market assumptions for Callan, and many other organizations, universally suggest investment returns face stiff headwinds due to the low interest rate environment, high equity valuations, and the likelihood that central banks both in the U.S. and around the world will begin the delicate process of scaling back accommodations and potentially increasing interest rates. Mr. Anton observed that he is not sure in his career if the fund will see another year of 29.7%; enjoy it now. Mr. Anton concluded the investment overview and stated at this point EFIB staff is focused on closing the books and preparing for audit. The Land Board Audit Committee meeting is August 11th, the Investment Board meeting is the following day, and the next week is the Land Board meeting. During that Land Board meeting, EFIB will present its recommendations for beneficiaries for FY2023. Superintendent Ybarra extended her thank you to Mr. Anton and his team on behalf of the beneficiaries, specifically public school kids; it has been an historic year.

Consent—Action Item(s)

3. Disclaimer of Interest Request DI600302-6 Point Teaser Investments, LLC, Boise River –

Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance

Discussion: Mr. Wilson reviewed Board memos for all three disclaimers (items 3-5), then answered questions from Land Board members. Controller Woolf asked if the 25-foot public use rights of way are along the greenbelt, on the south side of the river. Mr. Wilson responded that the easements are actually a little bit waterward of where the greenbelt exists now. Mr. Wilson noted that there are some existing easements that the City of Boise has along the river there. These disclaimers are going to be conditioned on the applicants honoring those existing easements for a sewer pipe and for the greenbelt through this area. Mr. Wilson did not anticipate that the greenbelt would be affected by these transactions.

Recommendation: Direct the Department to issue Disclaimer of Interest DI600302 for one parcel totaling 0.61 acres of the former bed of the Boise River to 6 Point Teaser Investments, LLC following their payment to the Department of the remaining processing fee of \$300.

4. Disclaimer of Interest Request DI600307-Crispy Investments, LLC, Boise River – Presented by

Craig Foss, State Forester/Division Administrator-Forestry and Fire

Discussion: See item 3 above.

Recommendation: Direct the Department to issue Disclaimer of Interest DI600307 for one parcel totaling 3.17 acres of the former bed of the Boise River to Crispy Investments, LLC following their payment to the Department of the remaining processing fee of \$300.

5. **Disclaimer of Interest Request DI600314-U Got Action Investments, LLC, Boise River** – *Presented by Craig Foss, State Forester/Division Administrator-Forestry and Fire*

Discussion: See item 3 above.

Recommendation: Direct the Department to issue Disclaimer of Interest DI600314 for one parcel totaling 0.04 acres of the former bed of the Boise River to U Got Action Investments, LLC following their payment to the Department of the remaining processing fee of \$300.

6. **Approval of Draft Minutes** – June 15, 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 4-0.

Regular—Action Item(s)

7. **Acquisition of Title: Idaho Fish and Game Regional Office Administrative Sites in Jerome and Idaho Falls** – *Presented by Josh Purkiss, Bureau Chief-Real Estate Services, and Michael Pearson, Division Administrator, Idaho Department of Fish and Game*

Recommendation: Approve acquisition of the two IDFG regional office properties in Jerome and Idaho Falls with title to be held by the Land Board for the benefit and use of IDFG, with all necessary funds and expenses for the purchase to be paid by IDFG.

Discussion: None.

Board Action: A motion was made by Attorney General Wasden that the Land Board approve the recommendation that is approve acquisition of the two Idaho Fish and Game regional office properties in Jerome and Idaho Falls with the title to be held by the Land Board for the benefit and use of Idaho Fish and Game, with all necessary funds and expenses for the purchase to be paid by Idaho Fish and Game. Controller Woolf seconded the motion. The motion carried on a vote of 4-0.

8. **Land Bank Fund: Transfer of Past Earned Interest to Permanent Fund** – *Presented by Dustin Miller, Director*

Recommendation: Authorize the State Treasurer to transfer \$4,021,508 in interest from the Land Bank to the appropriate endowments' permanent funds for investment by the Endowment Fund Investment Board.

Discussion: Attorney General Wasden stated this project has presented some accounting and auditing challenges; he appreciated the effort by the Department to make this recommendation and noted that Director Miller discussed a couple of other alternatives. Attorney General Wasden professed he is not an accountant or an auditor but put forth that the Land Board will want to consider some sort of requirements and, at some point, the Department will want to make a recommendation. Attorney General Wasden suggested that it would be appropriate to have folks with accounting and auditing experience help devise a proper process. Director Miller thanked the Attorney General for the advice and affirmed the Department will do that.

Controller Woolf asked Director Miller to confirm that the recommendation from the Department today is only to move this \$4 million, though other recommendations or options were touched on, and in the future the Land Board can have the discussion that Attorney General Wasden mentioned. Director Miller replied that is correct.

Board Action: A motion was made by Attorney General Wasden that the Land Board adopt the Department recommendation that is authorize the State Treasurer to transfer \$4,021,508 in interest from the Land Bank to the appropriate endowments' permanent funds for investment by the Endowment Fund Investment Board. Controller Woolf seconded the motion. The motion carried on a vote of 4-0.

9. Proposed Legislation-2022 Session – Presented by Scott Phillips, Policy and Communications Chief

Recommendation: Approve the bill language for the Department's five 2022 legislative priorities.

[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:

Controller Woolf: Mr. Phillips, back on the rest and recuperation, where it talks about up to 2 days, is that payment based on what their work schedule would have been on those two scheduled workdays, meaning whether it was eight, 10, or 12 – whatever their work schedule was for those two days is that what their payment would be?

Mr. Phillips: That is correct. Let's say if their normal work schedule is Monday through Friday and they finish a 14-day fire assignment on Wednesday, they would be eligible for rest and recuperation leave on Thursday and Friday. But if they get back in on Thursday, they would only be eligible for one day of recuperation leave under the model.

Controller Woolf: After being up at the incident command post there in Deary, seeing that and knowing what our department is up against for this summer, for Josh Harvey and the team there, being able to have this rest and recuperation and hazard pay are two great things to help our firefighters be equal to the federal, BLM, and U.S. Forest Service firefighters that are fighting on our fires. I fully support these and appreciate the staff working with this. I am grateful for deputy attorneys general and their work in putting the language together. I look forward to supporting these.

Secretary of State Denney: Scott, on the sign that you showed us, it says you need a firewood permit for state lands. Are those signs going to be put up everywhere where you can enter state land on a road? Is that the thought?

Mr. Phillips: Mr. Chairman, Land Board members, our intention is to use them strategically. There are parcels of endowment land that really don't see a lot of recreational pressure, so it wouldn't make sense to spend the resources on those. However, on areas that do see the pressure, the signage is critical for ensuring the public is aware of what they can and cannot do. It will be a more targeted approach.

Secretary of State Denney: I guess that the average person does not know when they cross onto state land and that they need a permit different than their Forest Service wood permit.

Mr. Phillips: Mr. Chairman and Land Board members, that is our assumption as well. On the website, we will have what I anticipate as being some GIS enabled maps to help people really dive into and understand where restriction boundaries are, where endowment land is. And of course to comply with code, we will use the appropriate signage.

Director Miller: Mr. Chairman, Land Board members, I would echo Mr. Phillips' thank you and in particular being fire season and our focus on taking care of our wildland firefighters, the legislation for both hazard pay and the leave after a 14-day roll is vitally important for our program. I appreciate the recognition of wanting to get our firefighters closer to what other agencies are paying and helping us address that inequity. This is going to be a great tool for recruitment and retention of our highly skilled and trained firefighting force. All these pieces of legislation are very important to the Department, but being fire season, I just wanted to say thank you for your help and assistance with taking care of our firefighters

Board Action: A motion was made by Attorney General Wasden that the Land Board adopt and approve the Department recommendation that is approve the bill language for the Department's five 2022 legislative priorities. Controller Woolf seconded the motion. The motion carried on a vote of 4-0.

Information

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

10. Proposed Rule 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

11. Draft Grazing Rate Methodology Proposal – Presented by Dustin Miller, Director

[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:

Superintendent Ybarra: Normally, you give us the comments from the public. I am assuming we will get those here soon; do we have anything yet? I think I heard you say you are collecting that and putting it together. If we do, do you have a tone and tenor of that right now? Are there specific concerns yet?

Director Miller: Mr. Chairman and Madam Superintendent, we've begun getting some comments in. I don't know if they've been fully analyzed yet. I could bring Scott up here to talk about the tone and tenor of those comments. What we plan to do is ensure that we provide ample information and heads up to the Land Board, so you can review those comments.

Mr. Phillips: Mr. Chairman, Land Board members, to date via the online form that we've launched, we've received nine public comments. We've also had conversations with numerous stakeholders over the telephone. The tenor of the comments...one of the themes I am starting to see is concerns about the timing of this change vis-à-vis the economic conditions of the ranching industry and drought on lands that they would normally graze. Our intention is to compile those

comments. We're looking for good suggestions; part of our public outreach was a request to help us look for other data sources we may not be aware of because we base the model on the best available data sources we could find. We're confident in that research but we're willing to listen to stakeholders and our customers and see if they have some different ideas they can share with us that may help us refine the model even further.

Secretary of State Denney: I've gotten a few calls and I have tried to increase your business by directing them to your website and asking them to make their comments to you. One of the comments that I've heard that I don't have an answer to is it seems like this new rate is tied to the NASS private rate. The NASS private rate takes into account, not only native rangeland, but also improved crop aftermath and irrigated pasture. Have we removed those out of that NASS formula so that we are more comparing apples to apples, the native rangeland...I would guess that is the majority of our leases is native rangeland?

Director Miller: Mr. Chairman, I appreciate the comment. This actually came up when we were meeting with the Idaho Cattle Association in Salmon, concerns over the components of what goes into the development of that NASS private rate. We still have more work to do to make sure we're capturing everything and looking at the right components of that NASS rate. That's been a helpful comment for us that we were not aware of prior to having those conversations, so we will keep working through that.

Secretary of State Denney: The other comment that I've heard quite a bit is thinking that we need a tiered system or something of the nature. Are you comfortable that the difference in carrying capacity, the number of AUMs, takes care of that tiered system rather than having actual different prices per AUM?

Director Miller: Mr. Chairman, that is something that we've been looking at as well. I am confident that the carrying capacity is addressing that when you can put more AUMs on a piece of ground say over in Eastern than you can on some of our rangelands here at Southwest and out in the Owyhees. I know that's come up in the past, having a conversation about a two-tiered system. I believe some states possibly do a two-tiered system that we are looking at. But I do feel comfortable, Mr. Chairman that carrying capacity of some of those more productive rangelands, and the increase in AUMs on those rangelands, is addressing that. Certainly there's going to be a lot more robust dialogue surrounding that issue moving forward.

Secretary of State Denney: I would suggest that since we know the carrying capacity on most of these leases, if it comes down to a tiered system, we know where those breaks are, where we need to put those. That is just a suggestion from me.

Executive Session

None

There being no further business before the Land Board, at 10:08 a.m. a motion to adjourn was made by Attorney General Wasden. Controller Woolf seconded the motion. The motion carried on a vote of 4-0.

Fire Program 3-Year Development

IDAHO DEPARTMENT OF LANDS



StarFire Report

- ▶ The StarFire analysis began in 2018 and completed in 2019. This was an independent analysis conducted utilizing the BLM system and the University of Colorado.
- ▶ This system analyzes fuel types, fuel density/load, fire occurrence, population density, resource locations, resource response times and numerous other variables.
- ▶ The system reports out an estimated cost to protect the identified assets (WUI, timber, infrastructure, etc.). Based on those values and current funding levels it provides recommendations for funding levels and compares those funding levels with the effectiveness of fuels management work.



Current Funding

- ▶ Total appropriation \$10,400,000
 - Dedicated (60%) \$5,098,706
 - General (27%) \$2,180,388 (Preparedness for unassessed acres)
 - Grant (13%) \$1,056,424
 - Trust & Beneficiaries (T&Bs) \$2,128,561
- ▶ Total IDL Preparedness = \$10.4m – T&B \$2,128,561 = \$8,335,518
 - \$835,518 (~10%) – non suppression related costs (facilities, admin staff, professional services, etc.)
 - Approximately \$7.5 million – ground suppression resources
- ▶ IDL Working Budget \$7,500,000
- ▶ StarFire Analysis \$10,380,330
- ▶ Deficit of **\$2.88M** to achieve a fully mature fire preparedness budget (on the ground)



Risk Analysis

	ASSESSED 3,712,012 acres	UNASSESSED 2,526,795 acres
Land Protected by IDL	59%	41%
Fire Risk Origin	35%	65%
Percent of fires under IDL protection	92%	8%
Acres burned under IDL protection (i.e., Snake River Complex)	41%	59%

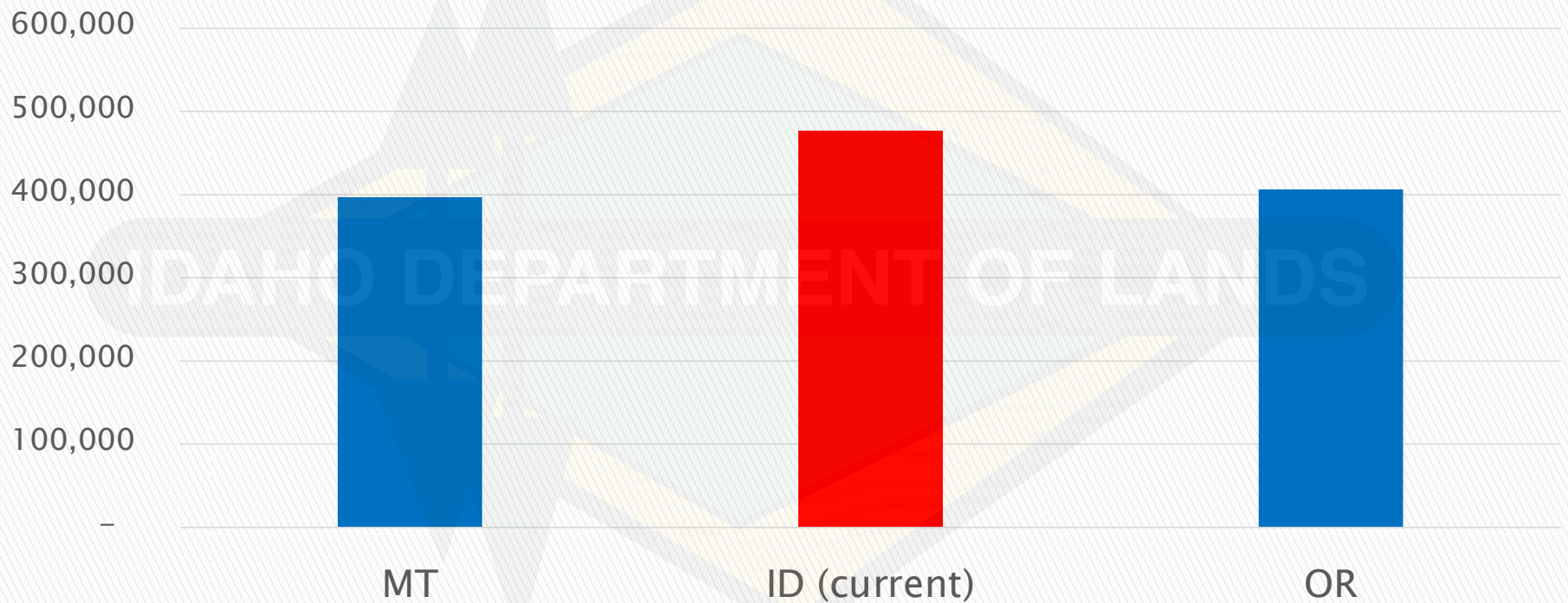


Assets Being Protected

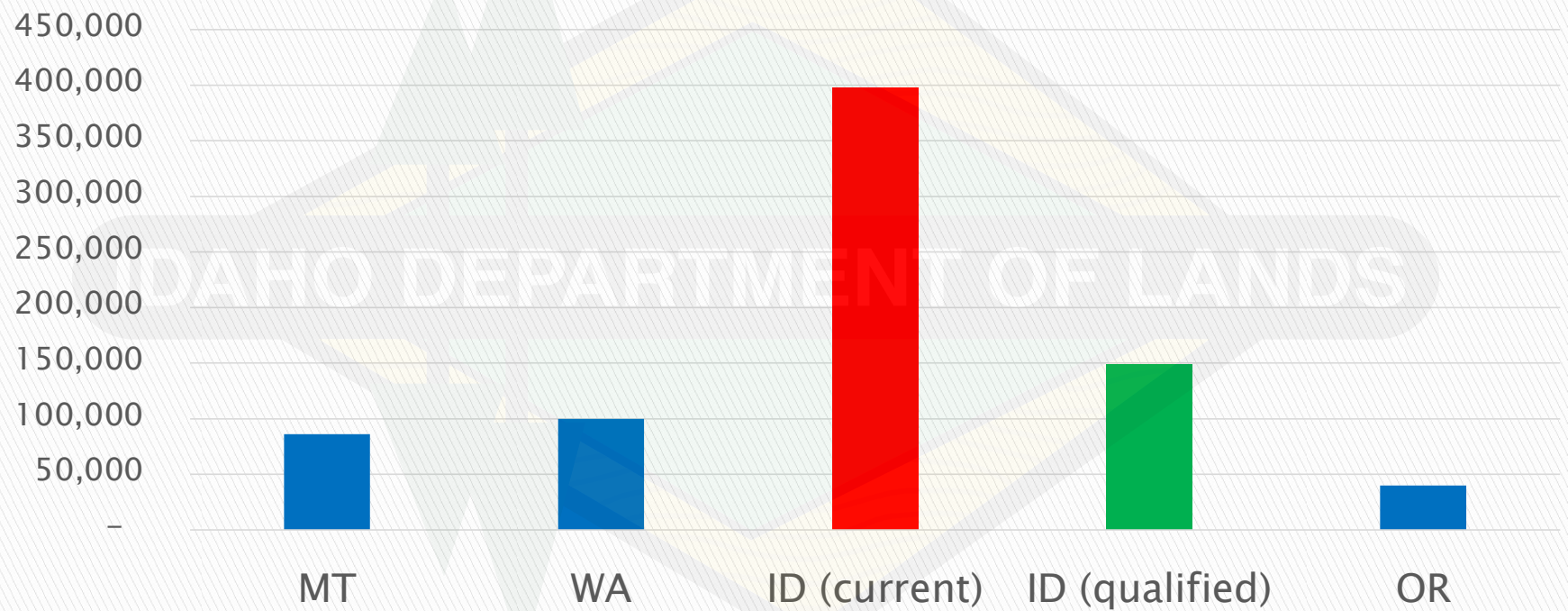
- ▶ Idaho's Forest Products Industry contributes \$2.4 Billion to ID Gross State Product.
- ▶ Endowment timber comprises 23% of Idaho's timber harvest, and generated \$69.2 million for Education in 2020
- ▶ Industrial timber comprises 44% of Idaho's timber harvest
- ▶ Small private timber landowners comprise 20% of Idaho's timber harvest
- ▶ Wildland Urban Interface – a growing challenge
- ▶ State parks; Infrastructure



Average District Size (No Associations)



Acres Per Engine



National Resources and Regional Support

- ▶ National resources such as Handcrews and Engine availability have greatly declined in recent years
- ▶ Incident Management Teams struggle to fill the roster
- ▶ Competition for resources has increased dramatically
- ▶ Long-term weather trends show continuing moisture issues
- ▶ Based on 20-year statistics, Idaho can expect to see a continued upswing in activity
- ▶ WUI continues to grow exponentially



Fire Program FY23, FY24, FY25 plan

General Fund

Resources Needed	FY23	FY24	FY25
(10) .83 Engine Captains \$540,000 ongoing	X		
Pay Adjustment Firefighters \$250,000 ongoing	X		
(10) Seasonal Firefighters \$250,000 ongoing	X		
(3) Fire Management Officers \$300,000 ongoing		X	
Cottonwood FPD \$1,500,000 (\$750,000 WERF & \$750,000 PC ongoing)		X	
(5) Strategic Engine IA Modules \$850,000 (\$575,000 WERF & \$275,000 TPC ongoing)		X	
Northern Booster Crew \$80,000 ongoing		X	
Fire Program Review \$250,000 ongoing			X



STATE BOARD OF LAND COMMISSIONERS

August 17, 2021

Regular Agenda

Subject

Fiscal Year 2023 Department of Lands Budget Enhancements

Question Presented

Shall the Land Board Direct the Department to include the enhancement requests as outlined in Attachment 1 in the Fiscal Year 2023 budget proposal due on September 1, 2021?

Background

The Idaho Department of Lands (Department) is requesting concurrence on the proposed FY2023 Enhancement Decision Units. Pursuant to Idaho Code § 67-3502, agencies must submit their budget request to the Division of Financial Management (DFM) and the Legislative Services Office (LSO) by September 1, 2021. The Land Board briefing and meeting schedules prevent the Department from having the full budget request ready for the August meeting. The complete budget will be presented for Land Board approval at its September meeting.

Discussion

The Department is asking for consideration of the attached decision units. The proposed decision units align with the strategic goals that are detailed in the Department's strategic plan document. The strategic plan is organized around four major Department-wide goals: (1) Financial Stewardship – Maximize returns through prudent management of resources and funds, (2) Customer Focus – Exemplary professional service to all customers, (3) People – A high performing workforce, and (4) Process – Effective policies, procedures, and systems to drive informed decision making.

The Department is developing a budget submission for FY2023 that includes enhancements that will further efforts to meet these Department goals. In Attachment 1, the Department's proposed enhancements for the FY2023 budget are listed in order of priority.

The enhancements in the Department's budget request reflect the following increases over the FY2022 ongoing appropriation:

Fund Type	Increase from FY2022 Base Budget	
	Ongoing & One Time Requests Combined	Ongoing Requests Only
General Fund	\$346,300 (4.9%)*	\$343,300 (4.9%)*
Earnings Reserve Fund	\$455,975 (1.5%)	\$216,975 (0.7%)
Lands Dedicated Fund	\$1,473,125 (8.3%)	\$120,925 (0.7%)
Federal Funds	\$0 (0%)	\$0 (0%)

**After the \$250,000 general fund base reduction in GNA that the Department is requesting, the net percent general fund increase from the FY2022 base budget is approximately 1.4% rather than the 4.9% displayed above.*

The Department received authorization from DFM to submit the budget with an additional \$346,300 in general funds requested above the 3.1% cap.

Throughout the rest of the budgeting submission process, the Department will follow DFM guidelines.

Recommendation

Direct the Department to include the enhancement requests as outlined in Attachment 1 in the Fiscal Year 2023 budget proposal due on September 1, 2021.

Board Action

Attachments

1. FY2023 Enhancement Decision Unit Requests

IDL DRAFT ENHANCEMENT BUDGET REQUESTS – FY2023

	Budget Unit	Enhancement Description	Amount	Object Ongoing or One-Time FTEs Requested	Funding Source (%) GF/DED/ER
1	LAAD: Fire	Resource Foreman (Engine Boss) • 5 positions at .83 (Grade J)	\$284,500	PC – Ongoing 4.15 FTE	100/0/0
2	LAAD: Fire	Fire Business Billing System	\$973,000 \$40,000	CO – One-Time OE – Ongoing License, Maint & Cloud Hosting	0/100/0
3	LAAA: Business Services	Program Spec – Procurement • (Grade M) • Workload expansion due to GNA/SS contracting	\$86,900 \$3,000	PC – Ongoing CO – One-Time Workstation 1.00 FTE	0/75/25 (GNA DED)
4	LAAD: Fire	Technical Records Specialist 2 • (Grade I) • Supports Fire Business Billing System	\$58,800 \$3,000	PC – Ongoing CO – One-Time Workstation 1.00 FTE	100/0/0
5	LAAB: Forestry Asst	Program Spec – Forest Legacy • Convert to Full Time	\$0	0.33 FTE	FED FUNDS
6	LAAC: Trust Land Mgt	Program Mgr – Rangeland • (Grade N) • No new FTE required	\$94,000 \$12,000 \$3,000 \$42,000	PC – Ongoing OE – Ongoing Travel & Training CO – One-Time Workstation CO – One-Time ½ Ton Pickup 0.00 FTE	0/0/100
7	LAAA: Business Services	Microsoft Priority Support	\$20,000	OE – Ongoing New Features	0/15/85
		Licensing – ESRI	\$40,000	OE – Ongoing New Features	0/15/85
		Licensing – Mobile Iron	\$15,000	OE – Ongoing Licensing	0/15/85
		Licensing – M-Files	\$15,000	OE – Ongoing Licensing	0/15/85
		Phone System Support (ITS)	\$15,000	OE – Ongoing	0/15/85
8	LAAC: Trust Land Mgt	Three Small SUV – Timber Mgt Specialists	\$80,000	CO – One-Time	0/0/100
		One ½ Ton Pickup – Technical Services	\$42,000	CO – One-Time	0/0/100
		One ½ Ton Pickup – ROW Spec	\$42,000	CO – One-Time	0/0/100
		One Drone & Operating Tablet	\$30,000	CO – One-Time	0/0/100
9	LAAB: Forestry Asst	One ½ Ton Pickup – GNA	\$42,000	CO – One-Time	0/100/0
		Two ATVs with Tracks and Trailers – GNA	\$40,000	CO – One-Time	GNA DED
		Two Relascopes – GNA	\$3,200	CO – One-Time	
10	LAAD: Fire	Type 5 Engine – Pend Oreille Lake FPD	\$109,000	CO – One-Time	0/100/0 WERF
		Two ½ Ton Pickups – Fire Bureau Command	\$97,400	CO – One-Time	0/100/0 WERF
		Five Drones	\$39,000	CO – One-Time	0/100/0
		One Drone Platform	\$28,600	CO – One-Time	WERF
		One UTV – Kootenai Valley FPD	\$17,000	CO – One-Time	0/100/0 WERF
SUMMARY			\$3,000 \$343,300 (\$250,000) \$1,591,200 \$337,900 \$2,025,400	One-Time GF Requested Ongoing GF Requested Ongoing GF Base Reduction (GNA) One-Time “Other” Funds Requested Ongoing “Other” Funds Requested Total Requested (Net of Base Reduction)	
			6.48	New FTEs Requested	



Thomas J. Wilford :: Chairman
Jerry F. Aldape Gary L. Mahn
Warren R. Bakes Richelle A. Sugiyama
Steven C. Harris Chuck Winder
Irving Littman

Chris J. Anton :: Manager of Investments

Monthly Report to the Board of Land Commissioners

Investment performance through July 31, 2021

Month: 1.4% Fiscal year: 1.4%

The new fiscal year started in positive territory as strong consumer demand drove up corporate profits. Despite evidence the U.S. economy continues to strengthen and recent inflationary pressures, concerns over the Delta variant of COVID-19 increased demand for safe-haven government bonds which generated positive returns and lower yields for fixed income. Chinese stocks suffered losses, as their economy showed signs of slowing and as investors have become increasingly concerned about human rights abuses and dramatic regulatory tightening that has come at the expense of shareholders.

Status of endowment fund reserves

Distributions for FY2022 and FY2023 are well secured.

Significant actions of the Endowment Fund Investment Board

None.

Compliance/legal issues, areas of concern

Material deviations from Investment Policy: None.

Material legal issues: None.

Changes in board membership or agency staffing: None.

Upcoming issues/events

EFIB Board Meeting – November 16, 2021

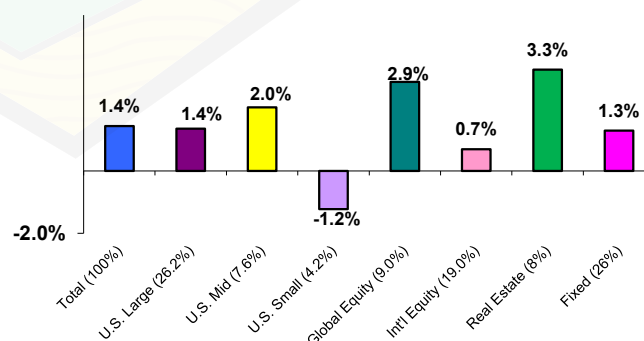
	Month	FYTD
Beginning Value of Fund	\$ 3,107,842,560	\$ 3,107,842,560
Distributions to Beneficiaries	(7,339,708)	(7,339,708)
Land Revenue net of IDL Expenses	12,018,683	12,018,683
Change in Market Value net of Investment Mgt. Expenses	44,752,933	44,752,933
Current Value of Fund	\$ 3,157,274,468	\$ 3,157,274,468

<u>Gross Returns</u>	<u>Current Month</u>	<u>Calendar Y-T-D</u>	<u>Fiscal Y-T-D</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Total Fund	1.4%	11.3%	1.4%	26.5%	13.5%	12.4%	10.2%
<i>Total Fund Benchmark*</i>	0.7%	9.0%	0.7%	22.0%	11.8%	11.0%	9.4%
Total Fixed	1.3%	0.5%	1.3%	1.7%	6.1%	3.4%	3.4%
<i>85% BB Agg, 15% TIPS</i>	1.4%	0.2%	1.4%	0.4%	6.0%	3.3%	3.3%
Total Equity	1.3%	16.4%	1.3%	40.0%	17.1%	16.6%	12.9%
<i>38% R3 19% Ax 9% AC</i>	0.6%	13.7%	0.6%	34.8%	14.6%	14.7%	12.0%
Domestic Equity	1.2%	17.9%	1.2%	43.5%	18.3%	18.2%	15.5%
<i>Russell 3000 (R3)</i>	1.7%	17.1%	1.7%	38.7%	18.1%	17.4%	15.2%
Global Equity	2.9%	15.3%	2.9%	34.9%	17.6%	15.2%	10.1%
<i>MSCI ACWI (AC)</i>	0.7%	13.1%	0.7%	33.2%	13.7%	13.8%	10.2%
Int'l. Equity	0.7%	13.8%	0.7%	35.8%	14.5%	13.6%	7.4%
<i>MSCI ACWI ex-US (Ax)</i>	-1.6%	7.4%	-1.6%	27.8%	7.9%	9.6%	5.4%
Real Estate			3.2%	2.4%	5.3%		
			3.9%	2.3%	4.9%		

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

	<u>Mkt Value</u>	<u>Allocation</u>
Domestic Equity	\$ 1,213.4	38.4%
Large Cap	832.2	26.4%
Mid Cap	248.4	7.9%
Small Cap	132.8	4.2%
Global Equity	300.2	9.5%
Int'l Equity	604.0	19.1%
Fixed Income	800.2	25.3%
Real Estate	203.4	6.4%
Cash	37.4	1.2%
Total Fund	\$ 3,157.3	100.0%

Fiscal YTD Returns by Asset Class



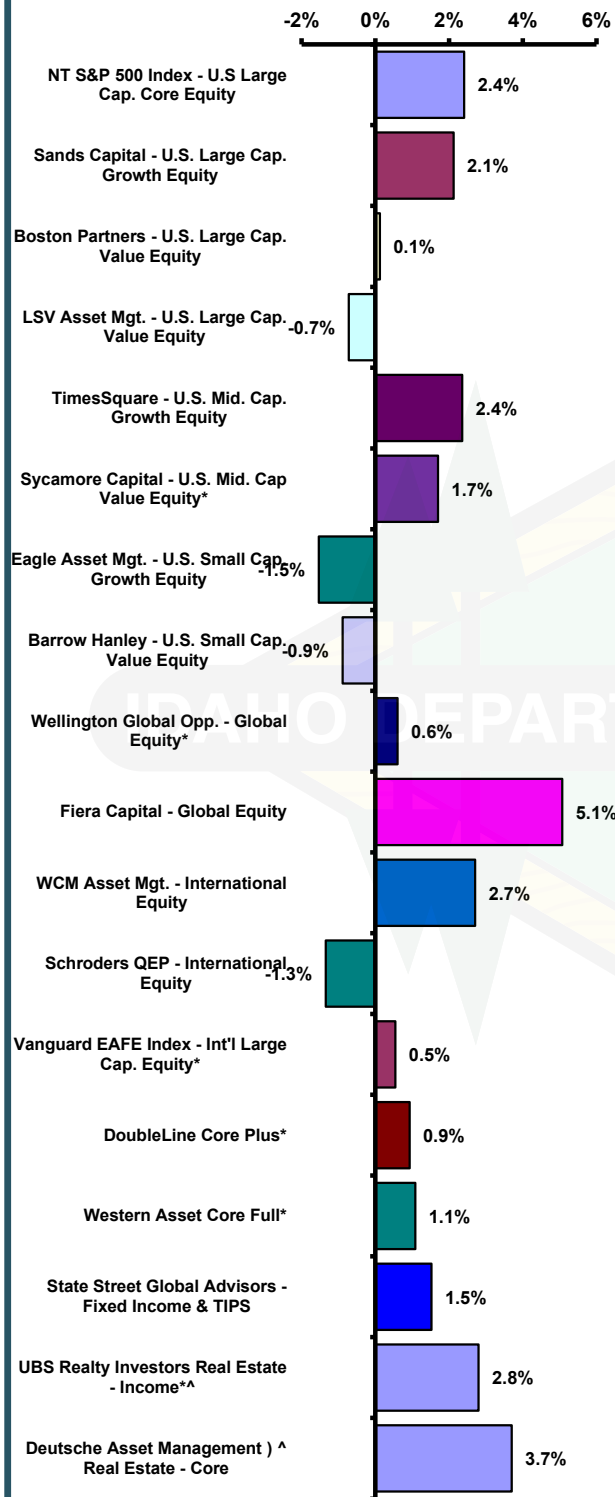
Endowment Fund Staff Comments:

The new fiscal year started in positive territory as strong consumer demand drove up corporate profits. Despite evidence the U.S. economy continues to strengthen and recent inflationary pressures, concerns over the Delta variant of COVID-19 increased demand for safe-haven government bonds which generated positive returns and lower yields for fixed income. Chinese stocks suffered losses, as their economy showed signs of slowing and as investors have become increasingly concerned about human rights abuses and dramatic regulatory tightening that has come at the expense of shareholders.

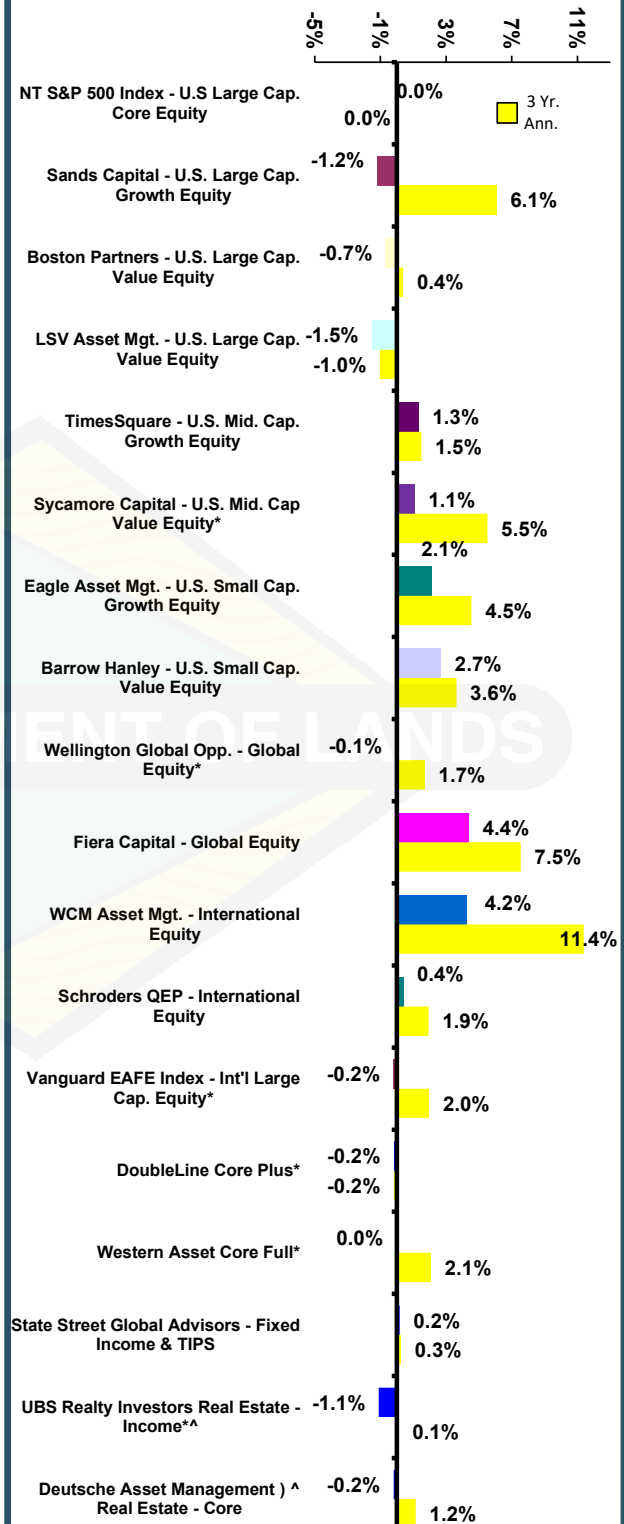
July 31, 2021

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

August 17, 2021

Regular Agenda

Subject

Public School target earnings reserve level, fiscal year 2023 beneficiary distributions, the transfer of earnings reserve funds exceeding target levels into permanent funds, and the designation of the transfers as increases in the gain benchmark (or permanent corpus).

Question Presented

Shall the Land Board approve increasing the target earnings reserve level for Public School from 6 to 7 years, approve beneficiary distributions, transfer "excess" earnings reserves into the permanent fund, and treat the transfers as additions to the gain benchmark?

Discussion

The Endowment Fund generated investment returns of 29.7% (27.4% real return, net of 2.3% inflation) during fiscal year 2021. Investment gains allowed all permanent funds to be well above their inflation-adjusted targets, or gain benchmarks, as of June 30, 2021. FY2022 and FY2023 beneficiary distributions are well-secured. Idaho Department of Lands generated \$59.5 million in net revenue in fiscal year 2021 and \$149.7 million of timber was presold as of June 30, 2021. Outstanding investment and operational performance resulted in significant excess reserves and the ability to materially increase beneficiary distributions in fiscal year 2023.

Recommendation

The Endowment Fund Investment Board recommends that the Land Board increase the earnings reserve target for Public School from 6 to 7 years; increase beneficiary distributions from \$88.1 million in fiscal 2022 to \$100.3 million in fiscal year 2023; transfer \$486.4 million from earning reserves into permanent funds and treat the transfers as additions to the gain benchmark. The distributions and transfers for each beneficiary are outlined in more detail in the attached document.

Board Action

Attachments

1. Proposed FY2023 Distributions and Transfers

Proposed Fiscal Year 2023 Distributions and Transfers

IDAHO DEPARTMENT OF LANDS

*Land Board Meeting
August 17, 2021*



Distribution Policy Summary

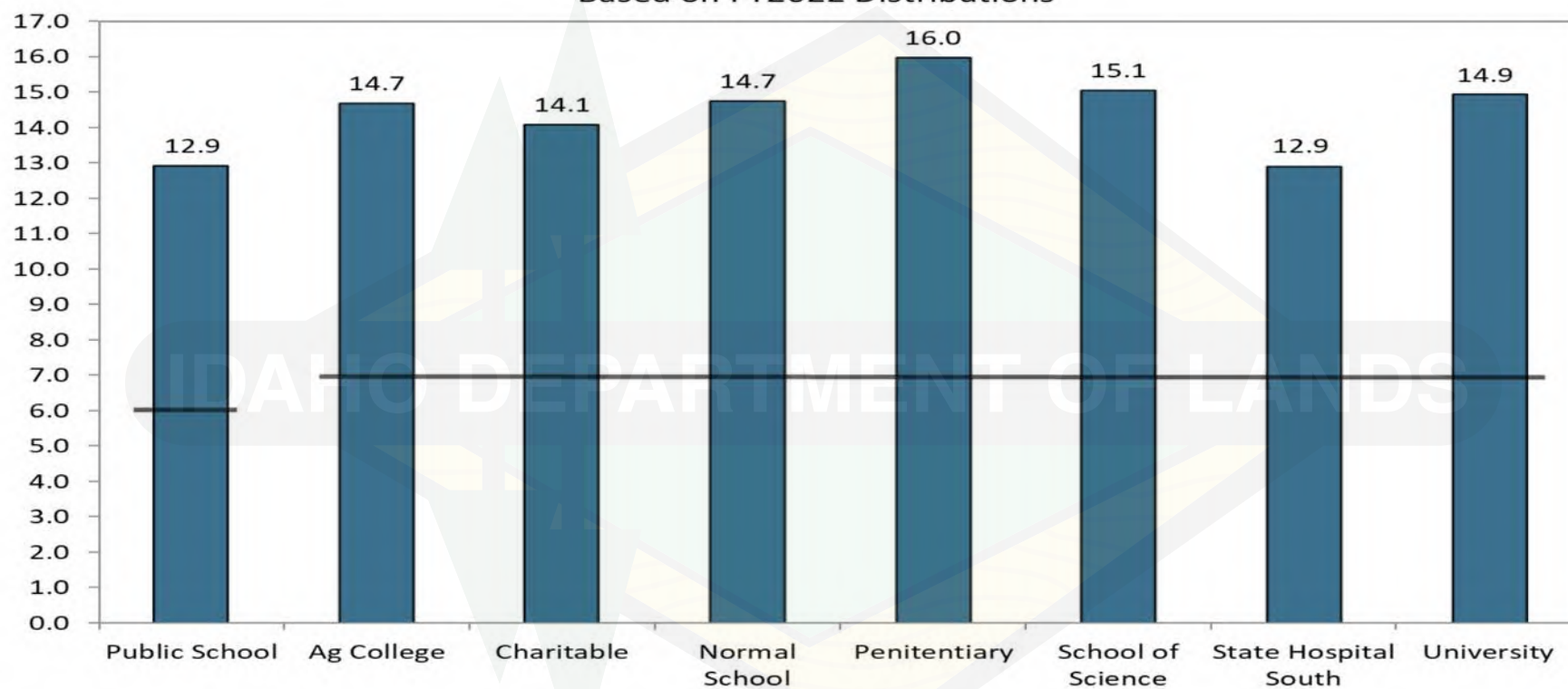
The Land Board has adopted the following principles:

- Distribute 5% of the 3-year average value of each Permanent Fund annually (7% for State Hospital)
 - Adjusted for reserves, transfers and any other relevant factors
- Maintain Earnings Reserves at target levels based on years of beneficiary distributions
- Consider transferring any excess Earnings Reserves back to the Permanent Fund

Current Situation

- The Endowment Fund generated a 29.7% return (27.4% real return, net of 2.3% inflation) in FY 2021, which pushed all Permanent Funds above their inflation-adjusted targets (the “Gain Benchmark”)
- IDL generated \$59.5 million in net revenue in FY 2021 and \$149.7 million of timber was presold as of June 30, 2021
- Outstanding investment and operational performance resulted in significant excess reserves and the ability to materially increase beneficiary distributions in FY 2023

Coverage Ratio June 30, 2021
Based on FY2022 Distributions



RECOMMENDED ENDOWMENT DISTRIBUTIONS - FY 2023

(Based On June 30, 2021 Balances - \$ Millions)

	Total	Public School	Ag College	Charitable	Normal Schools	Penitentiary	School of Science	State Hospital South	University
FY 2017 Distribution	\$ 63.2	\$ 36.7	\$ 1.3	\$ 5.5	\$ 4.3	\$ 2.0	\$ 4.7	\$ 4.6	\$ 4.0
FY 2018 Distribution	\$ 73.5	\$ 47.0	\$ 1.3	\$ 5.5	\$ 4.3	\$ 2.0	\$ 4.7	\$ 4.6	\$ 4.0
FY 2019 Distribution	\$ 78.2	\$ 50.3	\$ 1.4	\$ 5.8	\$ 4.4	\$ 2.2	\$ 4.8	\$ 5.0	\$ 4.2
FY 2020 Distribution	\$ 80.9	\$ 51.3	\$ 1.5	\$ 5.8	\$ 4.9	\$ 2.2	\$ 4.9	\$ 6.0	\$ 4.4
FY 2021 Distribution	\$ 84.5	\$ 52.6	\$ 1.6	\$ 6.0	\$ 5.3	\$ 2.5	\$ 5.4	\$ 6.4	\$ 4.8
FY 2022 Distribution	\$ 88.1	\$ 54.8	\$ 1.7	\$ 6.2	\$ 5.5	\$ 2.7	\$ 5.7	\$ 6.4	\$ 5.1
FY 2023 Distribution	\$ 100.3	\$ 61.5	\$ 1.9	\$ 7.0	\$ 6.6	\$ 3.1	\$ 6.7	\$ 7.6	\$ 5.9

% Change: 2023 vs. 2022 Distribution	13.9%	12.3%	16.1%	13.4%	19.7%	16.7%	16.3%	18.1%	15.2%
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Earnings Reserves status (as of 6/30/21)

Years of reserves, after transfer	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
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Earnings Reserve Balance (6/30/21)	\$ 1,188.6	\$ 707.8	\$ 24.4	\$ 87.1	\$ 80.9	\$ 43.0	\$ 86.4	\$ 82.9	\$ 76.2
Recommended Transfer to Perm Fund	\$ 486.4	\$ 277.1	\$ 10.9	\$ 38.0	\$ 34.9	\$ 21.0	\$ 39.7	\$ 29.8	\$ 35.1
Earnings Reserve Balance After Transfer	\$ 702.2	\$ 430.7	\$ 13.5	\$ 49.1	\$ 46.0	\$ 22.0	\$ 40.2	\$ 53.1	\$ 41.2

Land Board Recommendation

- Approve increasing the target earnings reserve level to 7 years for Public School, the beneficiary distributions, the transfers, and the treatment of the transfers as additions to the Gain Benchmark

	<i>Distributions To Beneficiaries</i>				<i>Transfer To Permanent Fund*</i>	<i>Added to Gain Bench- mark**</i>
	<i>Approved</i>	<i>Proposed</i>	<i>%</i>	<i>\$</i>		
	<u><i>FY2022</i></u>	<u><i>FY2023</i></u>	<u><i>Change</i></u>	<u><i>Change</i></u>		
Public School	54,798,000	61,532,200	12.3%	6,734,200	277,103,000	277,103,000
Ag College	1,660,000	1,927,500	16.1%	267,500	10,885,000	10,885,000
Charitable Institution	6,179,000	7,008,000	13.4%	829,000	38,014,000	38,014,000
Normal School	5,487,500	6,568,700	19.7%	1,081,200	34,934,000	34,934,000
Penitentiary	2,689,500	3,139,600	16.7%	450,100	20,980,000	20,980,000
School of Science	5,735,500	6,672,700	16.3%	937,200	39,675,000	39,675,000
State Hosp. South	6,425,000	7,586,400	18.1%	1,161,400	29,764,000	29,764,000
University	5,102,000	5,879,900	15.2%	777,900	35,054,000	35,054,000
	<u>88,076,500</u>	<u>100,315,000</u>	<u>13.9%</u>	<u>12,238,500</u>	<u>486,409,000</u>	<u>486,409,000</u>

* Amount of Earnings Reserve in excess of what is deemed adequate relative to the 2023 distribution. The adequate reserve level for all endowments is set at seven years.

** Amount of the transfer that will be considered a permanent increase in original corpus. No endowment had past losses at the end of FY 2021, so all the transfer can be considered corpus/principal and added to the Gain Benchmark.

All calculations subject to adjustment pending final audit of fiscal year 2021 results.

Appendix

IDAHO DEPARTMENT OF LANDS

Additional Information

- The table below reflects beneficiary distributions and transfers if the earnings reserve target for Public School remains at 6 years.

	<i>Distributions To Beneficiaries</i>				<i>Transfer To Permanent Fund*</i>	<i>Added to Gain Bench- mark**</i>
	<i>Approved</i>	<i>Proposed</i>	<i>%</i>	<i>\$</i>		
	<i><u>FY2022</u></i>	<i><u>FY2023</u></i>	<i><u>Change</u></i>	<i><u>Change</u></i>		
Public School	54,798,000	62,464,500	14.0%	7,666,500	333,042,000	333,042,000
Ag College	1,660,000	1,927,500	16.1%	267,500	10,885,000	10,885,000
Charitable Institution	6,179,000	7,008,000	13.4%	829,000	38,014,000	38,014,000
Normal School	5,487,500	6,568,700	19.7%	1,081,200	34,934,000	34,934,000
Penitentiary	2,689,500	3,139,600	16.7%	450,100	20,980,000	20,980,000
School of Science	5,735,500	6,672,700	16.3%	937,200	39,675,000	39,675,000
State Hosp. South	6,425,000	7,586,400	18.1%	1,161,400	29,764,000	29,764,000
University	5,102,000	5,879,900	15.2%	777,900	35,054,000	35,054,000
	<u>88,076,500</u>	<u>101,247,300</u>	<u>15.0%</u>	<u>13,170,800</u>	<u>542,348,000</u>	<u>542,348,000</u>

* Amount of Earnings Reserve in excess of what is deemed adequate relative to the 2023 distribution. The adequate reserve level for Public School is six years and all others are set at seven years.

** Amount of the transfer that will be considered a permanent increase in original corpus. No endowment had past losses at the end of FY 2021, so all the transfer can be considered corpus/principal and added to the Gain Benchmark.

All calculations subject to adjustment pending final audit of fiscal year 2021 results.

STATE BOARD OF LAND COMMISSIONERS

August 17, 2021

Regular Agenda

Subject

Final approval of the DeAtley Land Exchange

Question Presented

Shall the Land Board authorize the Department to complete the land exchange with DeAtley?

Background

In February 2020, the Idaho Department of Lands (Department) received an application for a land exchange from the Lodge at Lolo Creek, LLC (Lodge). Brien DeAtley, managing partner of the Lodge, proposed exchanging 629 acres of land it owns near Weippe in Clearwater County for 568 acres of endowment land located 9 miles to the south in Idaho County.

On November 17, 2020, the State Board of Land Commissioners (Land Board) approved the request to proceed with due diligence 5-0. (Attachment 1).

Upon receiving approval from the Land Board, the Department completed the due diligence analysis required for the DeAtley land exchange. The analysis of the exchange was prepared and contains information including financial analysis, encumbrance review, public comment, Member of the Appraisal Institute (MAI) appraisals, review MAI appraisals, and the independent third-party analysis completed by a Callan recommended timberland advisor, Mason, Bruce & Girard (MB&G). The analysis completed by MB&G (Attachment 2) recommends the land exchange and notes, "I recommend that the State of Idaho complete the proposed land exchange, primarily because of the overall benefit to the State Endowment that arises from blocking up endowment lands. Secondly, there is at least a marginal benefit in terms of an incremental increase in total endowment acreage."

Discussion

Existing Endowment Land

The Charitable Institutions' endowment land proposed for the exchange is 568 acres, primarily Douglas-fir and ponderosa pine (Attachment 3). It has had three timber sales since 1978; two of the timber harvests took place in 2012. The harvests in 2012 left seed trees, but no other regeneration efforts have taken place. In addition, the endowment land is not part of a larger block, and the exchange will add to existing blocks of endowment land.

Appraisals were completed by Gem Valley Appraisal Services. Ruby M. Stroschein, MAI, estimated the market value of both properties. The appraisal shows the endowment land to be worth \$1,012,000. The appraiser notes the highest and best use for the endowment land is merch timberland and varied ages of mixed conifer regeneration timberland with interim use as recreation or livestock grazing.

DeAtley Proposed Land

The DeAtley land proposed in the exchange consists of 629 contiguous acres located in Clearwater County (Attachment 4). It is comprised mainly of grand fir, Douglas-fir, and lodgepole pine. The appraised value for the DeAtley property is \$1,039,250. The appraiser concluded that the highest and best use of the DeAtley property is merch timberland and varied ages of mixed conifer pre-merch timberland with interim use as recreation if the dirt berms are removed.

During the due diligence, the Department met with the impacted county commissioners at Idaho and Clearwater counties. Clearwater County commissioners took a neutral stance on the exchange but did cite their concerns regarding the loss of tax revenue. Idaho County commissioners supported the exchange because of the increase in the tax base.

At the Governor's request, the Department contacted all of the surrounding landowners to inform them of the exchange. None of the adjacent landowners submitted comments or opinions on the land exchange. The Department notified the existing lessee of the potential exchange. The lessee understands that his grazing lease will be canceled, but he will also have an opportunity to lease the exchange land near Weippe after it enters the endowment land portfolio.

Benefits to the Endowment

Block up existing endowment lands—The proposed exchange would replace the remotely located, isolated endowment land with a parcel that blocks up a large area of existing endowment land (Attachment 5). This leads to increased management efficiency and better all-around access options to the existing endowment lands.

Closer proximity to lumber mills—The DeAtley property is closer to the Empire Mill at Weippe, where the predominant species will be hauled. Closer proximity to the mill provides lower haul costs, which increase timber revenues versus land with a longer haul.

Added value to the endowment—The value of the DeAtley property is \$27,250 higher than the value of the endowment land. Mr. DeAtley intends to donate the difference in land values to the endowment. This means that there is \$27,250 of added value to the endowment, which will be recognized immediately upon closing the land exchange transaction.

Recommendation

Approve the exchange and direct the Department to complete and close the as-proposed DeAtley land exchange.

Board Action

Attachments

1. November 17, 2020 Approved Memo
2. MB&G Memo Recommending the Land Exchange
3. Endowment Land Map
4. DeAtley Land Map
5. Vicinity Map

The logo of the Idaho Department of Lands is a large, stylized diamond shape. It features a light green central area with a darker green outline, surrounded by a yellow border with a wavy pattern. The entire logo is set against a light gray background with a subtle mountain range silhouette. A horizontal white bar with rounded ends is superimposed across the center of the logo, containing the text "IDAHO DEPARTMENT OF LANDS" in a bold, white, sans-serif font.

IDAHO DEPARTMENT OF LANDS

STATE BOARD OF LAND COMMISSIONERS

November 17, 2020

Regular Agenda

Subject

Request Approval to proceed with due diligence for DeAtley land exchange

Question Presented

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

Background

In February 2020, the Idaho Department of Lands (Department) received an application for a land exchange from the Lodge at Lolo Creek, LLC (Lodge). Brien DeAtley, managing partner of the Lodge, is proposing exchanging 629 acres of land it owns adjacent to Weippe for 568 acres of endowment land located 9 miles to the south (Attachment 1). Area staff and Department leadership have reviewed the proposal and believe it warrants further formal evaluation via the due diligence process.

The Charitable Institute endowment land, proposed for exchange, consists of approximately 568 acres, referred to as the "Endowment Lands". The Endowment Lands are located in Idaho County. The DeAtley property consists of 629 contiguous acres in Clearwater County. The land exchange would consolidate the endowment land adding to a block of approximately 33,000 acres of timberland. Attachment 2 shows both the Endowment Lands and the DeAtley property.

Discussion

This proposed land exchange would improve the long-term value and block up endowment grazing land.

Specific benefits of the exchange include:

- Block up Endowment Land: Currently, the Endowment Land is a 568-acre block that is surrounded by private land. The proponent's land will add 629 acres to a much larger block of land.
- Return on Asset: While a return on asset (ROA) cannot be finalized until due diligence work is completed, it is anticipated that the long-term ROA for the DeAtley property as timberland will be higher than the endowment property since it is larger in size and closer to an established road system.
- County Tax Assessments: As a result of the proposed exchange, there would be an estimated \$850 reduction to Clearwater County tax rolls due to the State's exemption from property taxes. As part of the due diligence process, the Department will seek

comments from the Clearwater County Commissioners. Conversely, Idaho County would add a parcel to its tax roll, forecasted to generate approximately \$750 per year.

Upon Land Board approval, the next steps for the land exchange would be for the Department to perform due diligence consistent with the following (also listed in Attachment 3):

- Order a preliminary title report to review the legal descriptions and the current exceptions to title on the properties.
- Complete a Phase 1 Environmental Site Assessment to review the environmental history of the property. The report is intended to identify actual and potential problems based on a review of historical documentation, regulatory agency databases, and a physical on-site investigation.
- Verify the properties have legal access.
- The property will require a timber cruise to determine the species, quality, and quantity of harvestable timber. Enough data must be obtained to create a statistically reliable sample for the timber modeling.
- Review the existence of any endangered species at the site. The presence of threatened/endangered species can significantly reduce the value of a property.
- A real estate appraisal will be completed by a Member of the Appraisal Institute (MAI) appraiser to determine the market value for the property. Appraisals will be reviewed by a second MAI appraiser to verify the report meets Uniform Standards of Professional Appraisal Practice (USPAP).
- Review the recorded surveys, verify survey pins are placed at the corners, and determine if there is a need to order a survey.

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

Recommendation

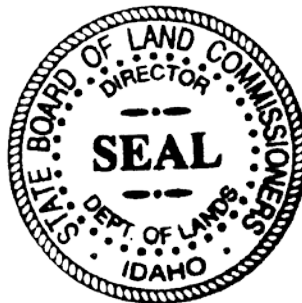
Approve proceeding with due diligence for the DeAtley land exchange proposal.

Board Action

A motion was made by Attorney General Wasden that the Land Board adopt and approve the Department's recommendation that is authorize the Department to proceed with due diligence for the DeAtley land exchange proposal. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

Attachments

1. DeAtley land exchange application
2. DeAtley land exchange parcel map
3. Due diligence checklist



Memo



To: Joshua Purkiss, Real Estate Services Bureau Chief, Idaho Dept. of Lands
From: Roger Lord, Timberland Advisor to IDL
Date: July 6, 2021
Re: Review and Recommendations Regarding the Proposed Lodge at Lolo Creek (DeAtley) Land Exchange

In accordance with the Scope of Work provided to me, I have performed a review of due diligence documents related to the proposed Lodge at Lolo Creek Land Exchange between the Idaho Department of Lands ("IDL") and the Lodge at Lolo Creek ("DeAtley").

The proposed value-for-value exchange will trade a 567.78-acre unimproved, state-owned timbered property located approximately 6 miles northeast of Kamiah for a 628.83-acre parcel of privately-owned, unimproved timberland located approximately 1.5 north of Weippe (Table 1). The appraised value of the IDL Caribel Timberland parcel was determined to be \$1,012,000. The appraised value of the DeAtley Haul Road Property was determined to be \$1,039,250.

Table 1 – Exchange parcel summary.

Owner	Parcel	County	Gross Acres	Market Value	\$/Acre
State of Idaho	Caribel Timberland	Idaho	567.78	\$1,012,000	\$1,782
Lodge at Lolo Creek, LLC	Haul Road Property	Idaho	628.83	\$1,039,250	\$1,653

I reviewed the following documents:

- Maps of each property.
- Appraisals of each property by Ruby Stroschein, MAI, of Gem Valley Appraisal Services.¹
- Review appraisals of each of the primary appraisals by John Arney, MAI, of Arney Appraisal Associates.
- Title reports for both properties, including any boundary surveys provided.
- A Phase I Environmental Site Assessment of the Haul Road Property by Seth Brundige, P.E., of 191 North, LLC.
- A water right report on the Caribel Timberland property prepared by the Idaho Dept. of Water Resources.

¹ Note: I have not performed USPAP-compliant reviews of the primary appraisals. This was the purpose of the reviews completed by Arney.

I did not find any inaccuracies in the documents reviewed that would lead me to believe additional due diligence is required.

Based on my review of the documents and evaluation of the proposed exchange, I recommend that the State of Idaho complete the proposed land exchange. The rationale for this recommendation is as follows:

- **The proposed exchange blocks up endowment lands.**
 - The Caribel Timberland block that will be given up by the State is a tract of land that is separated from other endowment lands by about one mile at the closest point. Access to the parcel is via an easement across adjoining land owned by the Lodge at Lolo Creek, LLC to the south.
 - The Haul Road Property is adjacent to a large block of existing endowment land on its western boundary and half of its southern boundary and, in addition, partially surrounds an outlying L-shaped endowment tract in Section 3. Acquiring the property would further block up endowment land and join the outlying L-shaped parcel with the larger block (Figure 1).
 - Blocking up the endowment lands enhances management efficiencies in several ways including but not limited to access, boundary maintenance, trespass control, and forest management efficiencies.

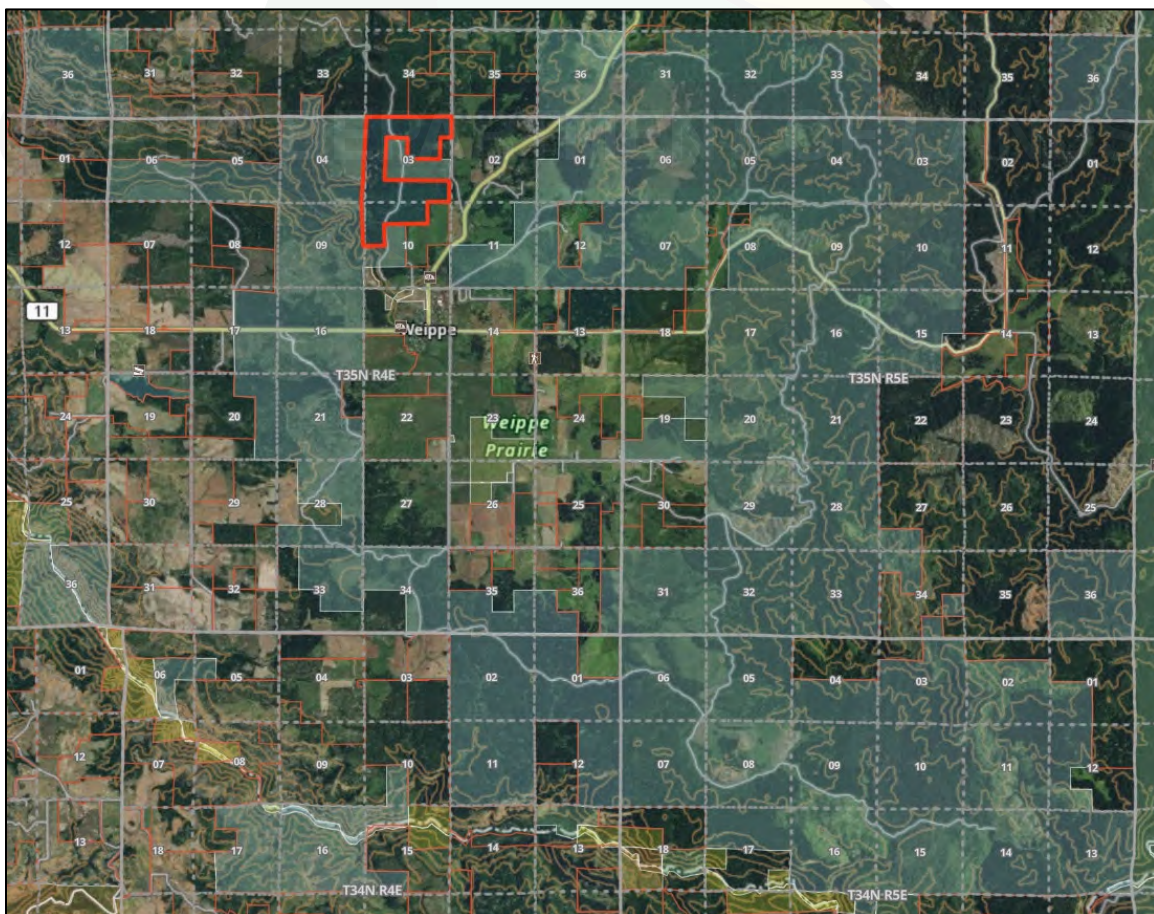


Figure 1 – Proposed parcel to be acquired (red outline) in relation to existing state endowment land (shaded blue).

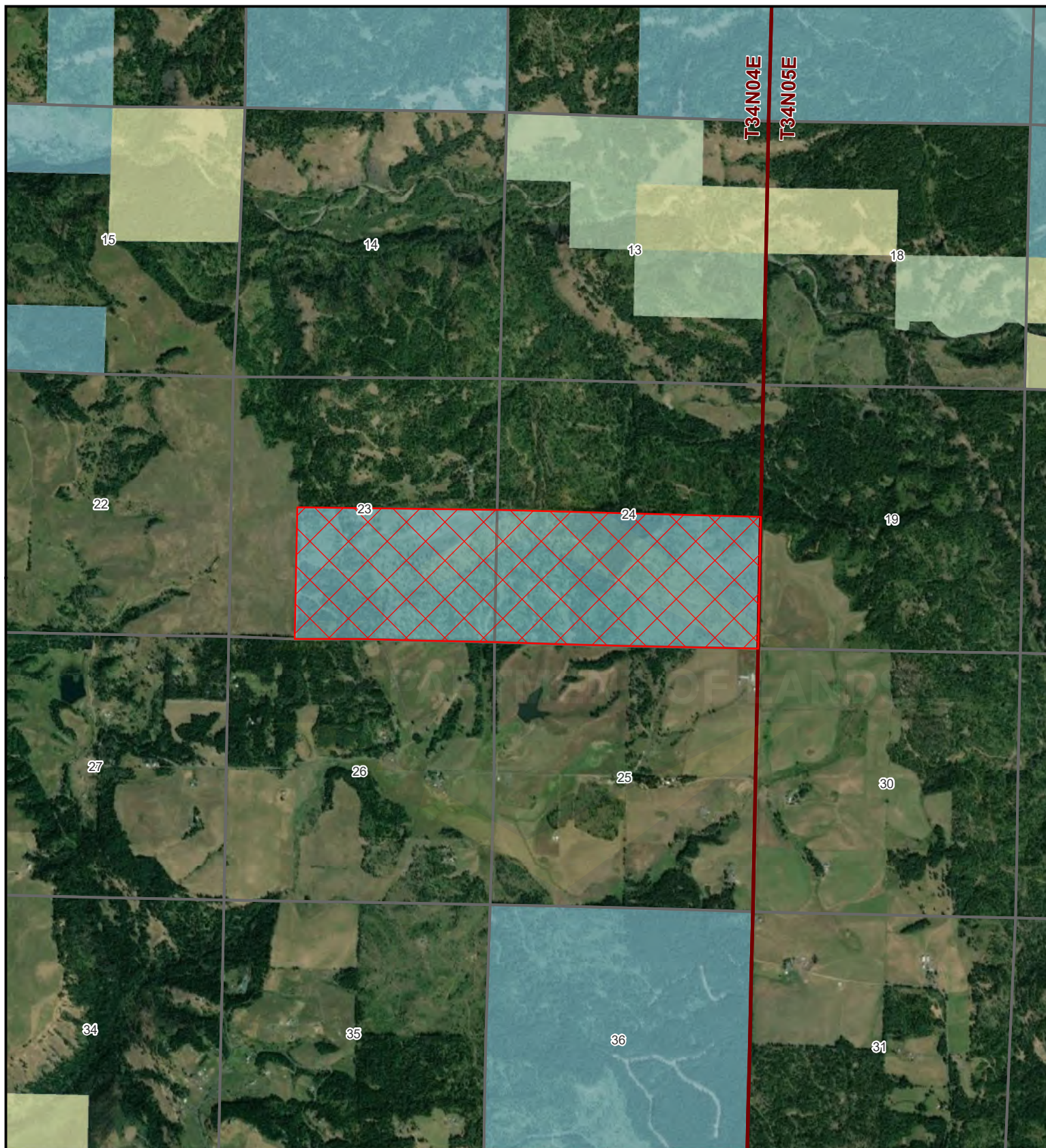
- **Although this is a value for value exchange, the Haul Road Property to be acquired by the State adds 61-acres to the endowment land base.**
 - Timber attributes across the properties are roughly the same, with 2,801 gross Mbf (4.9 Mbf/acre) present on the Caribel Timberland parcel to be exchanged for 2,988 gross Mbf (4.8 Mbf/acre) on the Haul Road Property to be acquired.
 - Site productivity, and therefore timber production potential, is considered equivalent.
 - The Haul Road Property has a small component of native pasture (45 acres) which could potentially be reforested to increase timber production or left “as is” for habitat diversity.

Conclusion

I recommend that the State of Idaho complete the proposed land exchange, primarily because of the overall benefit to the State Endowment that arises from blocking up endowment lands. Secondly, there is at least a marginal benefit in terms of an incremental increase in total endowment acreage.

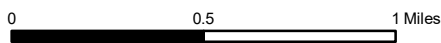


IDAHO DEPARTMENT OF LANDS

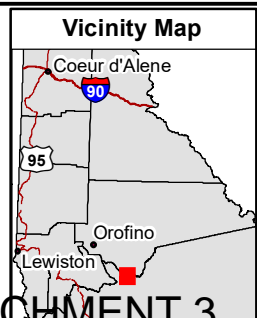


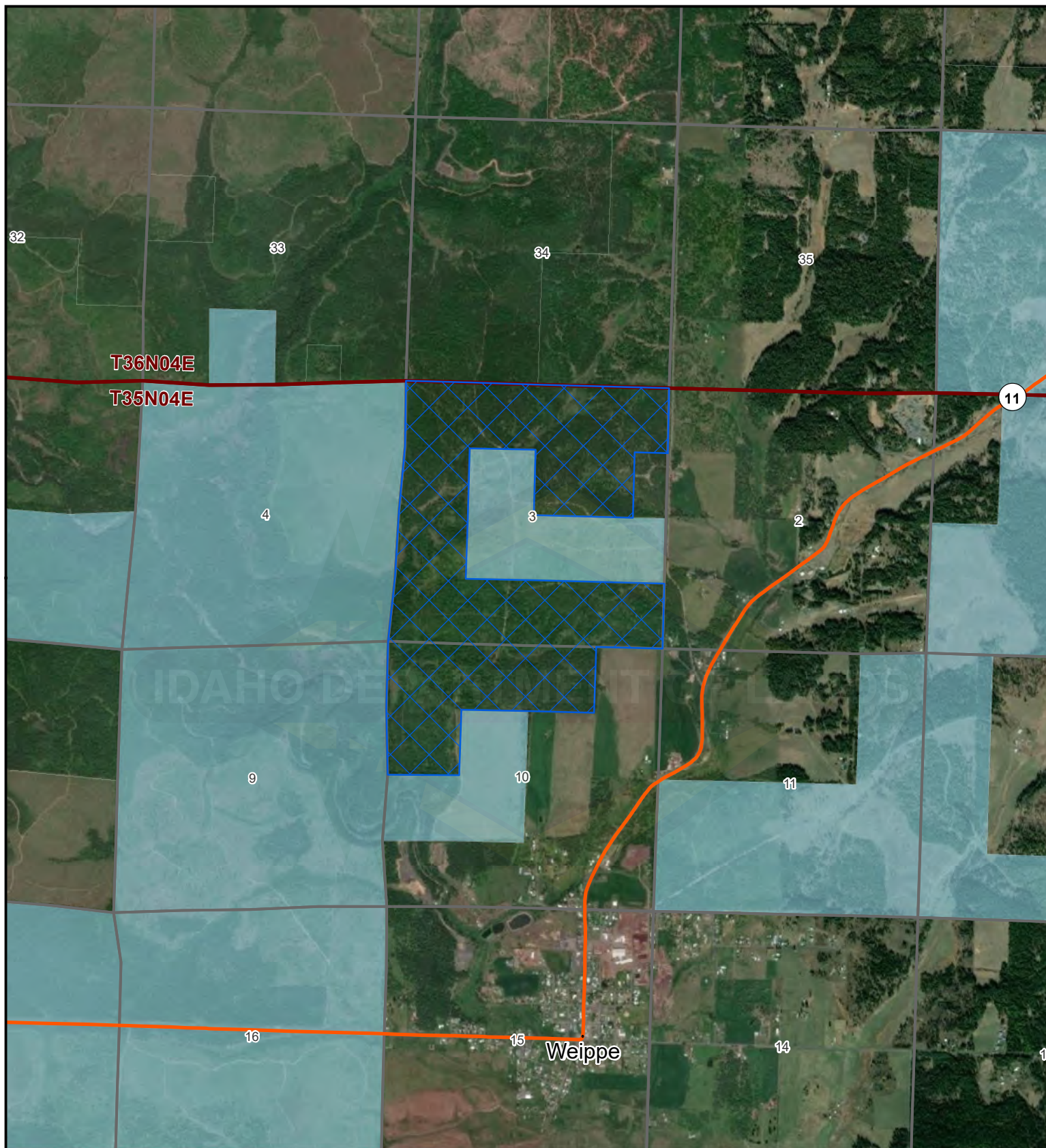
- IDL to Dispose
- Township
- Section
- Endowment Land
- Bureau of Land Management
- U.S. Forest Service
- Private







IDL Caribel Property Idaho County 8/2/2021



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.





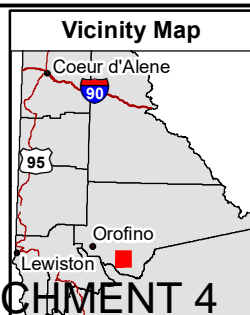
-  IDL to Acquire
-  Township
-  Section
-  State Highway
-  Endowment Land
-  Private

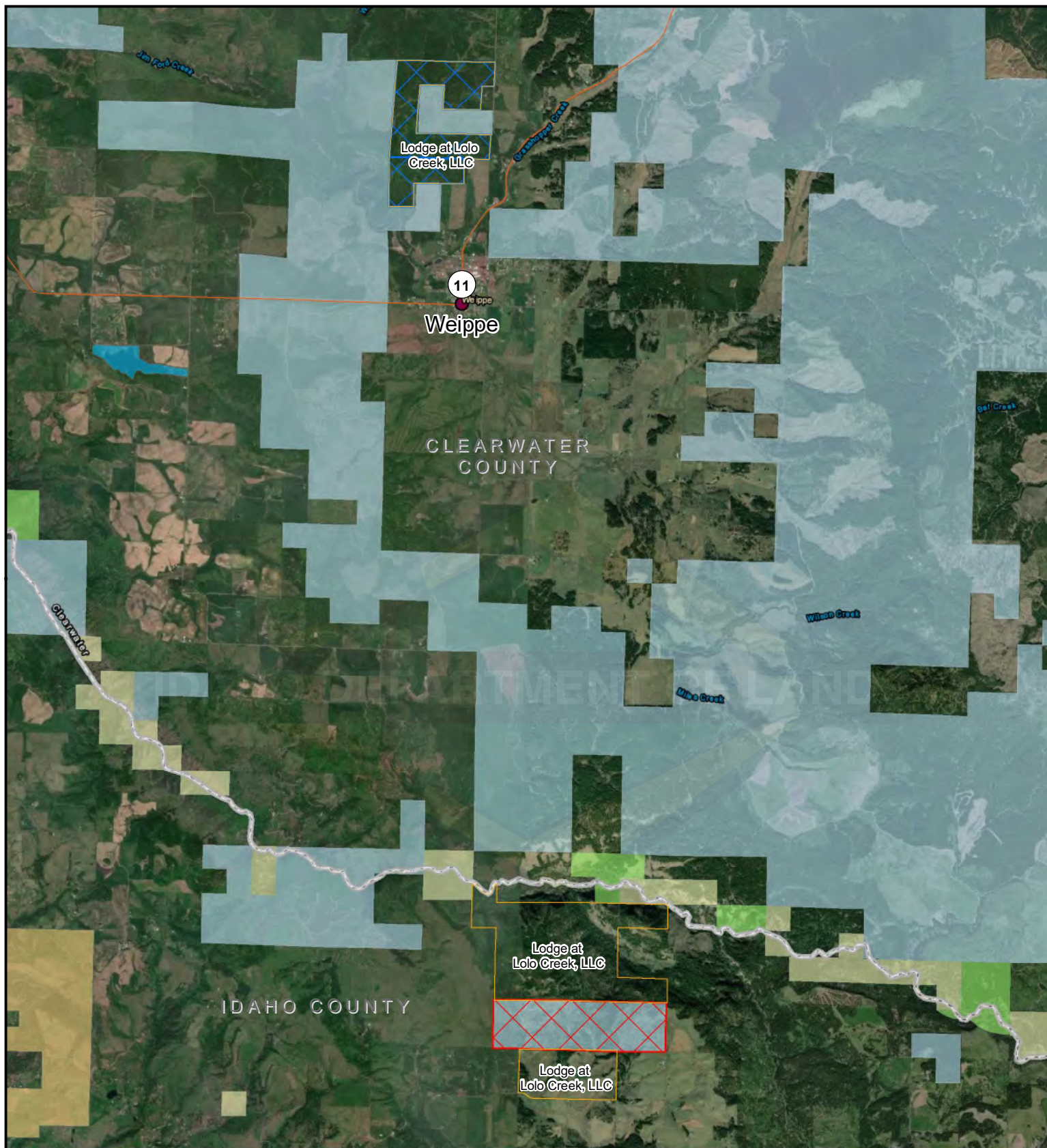
**DeAtley Haul Road
Property**
Clearwater County
8/2/2021



0 0.5 1 Miles

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- State Highway
- County
- IDL to Acquire
- IDL to Dispose
- Lodge at Lolo Creek LLC

- Endowment Land
- BLM
- Tribal
- Private
- Fish & Game
- USFS

DeAtley Land Exchange

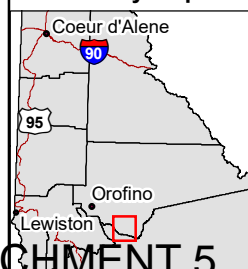
11/12/2020



0 1 2 Miles

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Vicinity Map



ATTACHMENT 5