



## 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

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

Final Minutes  
State Board of Land Commissioners Regular Meeting  
April 19, 2022

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, April 19, 2022 at the Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 West Jefferson, Boise, Idaho, and via webinar. The meeting began at 9:03 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Governor Brad Little  
Honorable Secretary of State Lawrence Denney  
Honorable Attorney General Lawrence Wasden  
Honorable State Controller Brandon Woolf  
Honorable Superintendent of Public Instruction Sherri Ybarra

For the record, all Land Board members were in attendance. Four Land Board members were present at the physical location, and Superintendent Ybarra joined via Zoom webinar.

Director Miller recognized a number of Department employees, from multiple area offices around the state, who were in Boise participating in an onboarding event. Director Miller asked them all to stand and thanked everyone for being here. Director Miller remarked that these employees, representing numerous disciplines, do a phenomenal job for the Department.

*[Editor's note: the Discussion portions, if any, for all agenda items are written in first-person format. This is not a verbatim transcript.]*

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

**Trust Land Revenue**

A. Timber Sales – March 2022

**Discussion:**

**Attorney General Wasden:** On the map, Clear Creek salvage ton sale. Where are they transporting those logs? Where is the mill?

**Governor Little:** Is that Bald Mountain?

**Director Miller:** Governor, General Wasden, yes that is just south of Bald Mountain. It is one parcel that we have some insect and disease issues we are trying to clean up. I am not sure where those logs will be transported.

**Jim Elbin:** It has not sold yet.

**Attorney General Wasden:** So, they are not being transported; in other words, they are still standing and falling down. Thank you.

B. Leases and Permits – March 2022

**Discussion:** None.

#### **Status Updates**

C. Legislative Summary – Final

**Discussion:**

**Attorney General Wasden:** I want to thank the Department for carrying that matter forward [HB588] and Governor, thank you for supporting that and signing the bill; I really appreciate it.

D. Land Bank Fund

**Discussion:** None.

For the record, Director Miller provided a brief overview of how the Department is preparing for the upcoming fire season acknowledging that this item is not in the Land Board members' binders.

**Discussion:**

**Director Miller:** Governor and Land Board members this is not in your binder, but given the recent request from the Governor, I wanted to provide you with a brief overview of how we are preparing for fire season. As customary in the spring, we brought together our IDL leadership, fire managers, and line officers for our spring fire meeting in Coeur d'Alene earlier this month. At this meeting we covered a variety of topics, everything from the FY23 line item implementation to communications, fire investigations, operations, and many other items. Currently our fire staff are busy either taking or teaching fire and fire line leadership courses, training, and completing hiring for seasonal fire positions. Many are involved in the multitude of geographic area meetings as well. Our returning seasonal firefighters are starting work again, and our fire refresher courses and pack tests have been scheduled to take place in many locations next month. Our fire staff are excited about the future of IDL fire and are ready to make us proud again this fire season. In June, the Department will provide you with our fire season outlook and additional details about our fire preparedness moving into the fire season.

Real quick, Governor, just an update on the FY23 line item implementation. The engine bosses, those 10 positions hired at 0.83 FTE each, will be advertised in the coming weeks. Fire business system – fire bureau and IT staff will meet with our procurement staff to initiate the acquisition, and timing must be coordinated between the vendor, IDL fire business staff, and IDL IT staff.

Seasonal firefighter pay increase – seasonal firefighter hiring is in process. All new hires are being brought in at a minimum of \$15 an hour and higher depending on qualifications and experience as provided through increased appropriations. This puts us on more of a level *paying* field with what the federal agencies are providing their firefighters. The fire management officers, those are two FTPs, we will begin advertising and filling those positions in the fall of 2022. We anticipate strong interest from our pool of qualified fire wardens, and we want to avoid creating vacancies within our forest protective districts immediately prior to or during the 2022 fire season. The North Idaho booster crew, we are in the process of hiring seasonal crew members. The current plan is to locate the crew out of the Pend Oreille District which is in the Sandpoint/Bonnars Ferry area, and we will hire six to eight seasonal staff.

**Controller Woolf:** Director, how has the recruitment and retention been for all these wildland firefighters for the Department, and how does the outcome look going forward into the season?

**Director Miller:** Controller Woolf, hopefully it is improving now thanks to your help and the help of the legislature. We have seen with our seasonal staff about a 40% turnover year after year given the multitude of challenges that we discussed throughout the course of our budget discussions during the legislative session. We have heard through the grapevine that many of our firefighters, our seasonal staff, are coming back because of what we are able to offer – the increase in pay, the paid rest and recuperation policy that we have in place now that allows our firefighters to have two paid days off, after a 14-day roll, as long as they do not fall on their normal days off. That is consistent with the federal agencies. Then the wildland firefighter hazard pay, that 25% premium on top of their hourly rate when they are on the fire line or active helibase. Those are all things that are going to play in our favor with regard to recruitment. Certainly, there are other places where you can make more than \$15 an hour and not have to dig fire line for 16 hours or sleep in the dirt or eat MREs. We are seeing that a lot of folks are not as interested in taking fire jobs as they were 10, 15, 20 years ago. Recruitment is a little challenging, but it is no different than the BLM or Forest Service right now so we will keep after it. These things that you helped us with in the budget are going to make us more attractive for people to either stick around and keep fighting fire for us or come to us as a brand new firefighter.

**Governor Little:** Director Miller, I know you are procuring helicopters and airplanes. For personnel do you have a number and expectation about staffing level, because the fire season is going to start here in about 40 or 50 days, and they have to go through that onboarding. I think that is what Controller Woolf was getting to; how close are we to that number?

**Director Miller:** I know we push our recruiting very strongly in the wintertime and try to have our ranks filled early in the spring. I will turn it over to Craig to see if he has some additional details.

**Craig Foss:** Thank you Director, Governor, members of the Land Board. I do not have specific numbers, but we can get you the specific numbers. My understanding is it depends on geographic area; we have some areas that historically are really difficult to fill. I am not hearing any concerns in terms of us not being able to staff the crews that we need to put on board, but I can get you the specific numbers.

**Governor Little:** What happens if we do not have firefighters?

**Mr. Foss:** That is a conversation we are having internally, working to expand our non-fire staff recruitment because that is a problem all across the country, both in the federal agencies as well as state.

**Governor Little:** I think both Controller Woolf and I are interested in the fire readiness dashboard and where we are.

**Mr. Foss:** When we come before you in June, we will have the map of Idaho and outline where all of our resources are located, our helicopters and single-engine air tankers and our FireBosSES, but also all of our staff and our crews. We will have those specific numbers. In the meantime, we can get you a number with regard to where we currently are with our recruitment.

**Director Miller:** There are a few permanent staff in the agency that are red-carded. We encourage our non-fire staff to participate, Governor, and we do not have a problem getting our non-fire staff involved in fire. Folks really step up when we ask them to.

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

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

### **Discussion:**

**Chris Anton:** Governor, members of the Land Board, good morning. The March U.S. employment report reflected the addition of 431,000 non-farm jobs which pushed the unemployment rate down by 0.2% to 3.6%. This strong labor market has allowed the Federal Reserve to telegraph its plans to increase interest rates and reduce its balance sheet to begin the important fight against inflation. The Federal Reserve increased the federal funds rate by 0.25% in March and many anticipate they will increase the rate by 0.5% when they meet again on May 4th. Financial markets currently anticipate that the Federal Reserve will increase rates to 3-3.25% by mid to late 2023. If they are successful, and that is a challenge in getting inflation under control, they will bring the rate down after that to 2.25-2.4% which they are calling the neutral rate. Even though they have only increased rates one time by 0.25%, the bond market has already reflected those increases, and bonds have performed poorly as yields have moved up in anticipation of aggressive Federal Reserve tightening. For example, the 10-year treasury yield now is at 2.92% and the short-term rates are similarly as high. In fact, during the month of March, the yield curve was inverted meaning the yield on shorter term treasuries is higher than the yield on longer term treasuries. That is often an indication of a future recession, not necessarily set in stone, but typically it foreshadows a recession in 18-24 months. Many are concerned that the Federal Reserve's effort to fight inflation could result in slowing the economy and moving us into a recession. They have to act, but if they push rates too quickly it will slow things down and we will move into a recession.

Fortunately, equity markets did recover some of the losses we had during the quarter late in the month of March despite the challenges and the ongoing war in Ukraine. We were up 0.3% for the month, down 1.5% fiscal year-to-date; through yesterday we were down 4.2% so the markets remained under pressure. These concerns about possibly having a recession have really weighed on the market. In terms of our earnings reserves, at the end of March the beneficiary reserves ranged from 6.4 years of distributions to 7.4 years; we were in solid shape. Just to give you some

sensitivity to how that moves, based on yesterday's number of -4.2%, the earnings reserves range from 6.2 years to 7.1 years; we are still in a strong position. Typically, as Director Miller indicated earlier, revenue from Lands comes down somewhat in the last quarter of the fiscal year. We may have some pressure from that on earnings reserves late in the fiscal year. But overall, we are in a healthy position. In terms of upcoming meetings, we have our Land Board Audit Committee meeting today to begin planning for fiscal year end of the audit.

### **Consent—Action Item(s)**

#### **3. Approval of Draft Minutes – March 15, 2022 Regular Meeting (Boise)**

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

### **Regular—Action Item(s)**

#### **4. Negotiated Rulemaking IDAPA 20.01.01, Rules of Practice and Procedure Before the State Board of Land Commissioners – Presented by Scott Phillips, Policy and Communications Chief**

**Recommendation:** Authorize the Department to initiate negotiated rulemaking for IDAPA 20.01.01 *Rules of Practice and Procedure Before the State Board of Land Commissioners*.

**Discussion:**

**Attorney General Wasden:** Thank you for the explanation on HB629. I am asking that you pay particular attention and inform us as to whether there will be a conflict or whether there will be a need to just dissipate pursuing these rules depending on the outcome of that statute.

**Scott Phillips:** We will definitely do that sir.

**Board Action:** A motion was made by Attorney General Wasden that the Land Board authorize the Department to initiate negotiated rulemaking for IDAPA 20.01.01 *Rules of Practice and Procedure Before the State Board of Land Commissioners*. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

#### **5. FY2023 Timber Sales Plan – Presented by David Greenwood, Bureau Chief-Forest Management**

**Recommendation:** Direct the Department to proceed with implementation of the FY23 Timber Sales Plan.

**Discussion:**

**Controller Woolf:** Thank you Mr. Elbin for that update. We have talked about this being the 4-year plan and we have gone from 247 MMBF up to this 326 MMBF in the future. Last year, and all of the previous years, we had a lot of salvage. What type of impact do salvage sales have, especially on that Benton Butte area where we have a large number of sales? What does that do to this fiscal year 23 timber sales plan? Do you have to adjust? Walk through that with us briefly.

**Mr. Elbin:** Governor, members of the Land Board, Controller Woolf, last year if you recall there was some concern from industry that we would far exceed our normal sales plan. Since all of that happened fairly early in the fiscal year for us, we decided and replaced our green sales with that salvage wood. I believe that was around 80 million in salvage, we replaced 80 million board feet of green sales. Those have been carried forward to this year. Long term, we are definitely going to be looking into that. When you look at Benton Butte, which was very mature, large timber, converting that back to faster growing will be a major consideration going forward with our new plan; how productive are those sites and how quickly can we get them regenerated. We treated so much so fast there, my estimate is we will not be back in that area for 40 to 80 years, but the increased growth that we are going to see there is actually a benefit long term for our sales plan.

**Controller Woolf:** Thank you, Jim. The 80 million in that example, do we include that in future years, like in fiscal year 24, or do we just keep where we are and maintain our plan as is.

**Mr. Elbin:** We would maintain the plan. Since we replaced that sales plan volume with the salvage, we will move forward as planned before, if that makes sense.

**Board Action:** A motion was made by Attorney General Wasden that the Land Board direct the Department to proceed with implementation of the FY23 Timber Sales Plan. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

## **Information**

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

- 6. 2023 Grazing Lease Rate** – Presented by Jason Laney, Section Manager-Real Estate Services/Leasing

## **Executive Session**

None

There being no further business before the Land Board, at 9:36 a.m. a motion to adjourn was made by Attorney General Wasden. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

