



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.

Final Minutes
State Board of Land Commissioners Regular Meeting
October 18, 2022

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, October 18, 2022 at the State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 West Jefferson, Boise, Idaho, and via webinar. The meeting began at 9:00 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

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

For the record, all Land Board members were present. Governor Little and Secretary of State Denney were present at the physical location; Attorney General Wasden, State Controller Woolf, and Superintendent Ybarra joined by Zoom webinar.

[Editor's note: the Discussion portions, if any, for agenda items may be 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 – September 2022
- B. Leases and Permits – September 2022

Discussion: None.

Status Updates

- C. Fire Season Report
- D. Land Bank Fund

Discussion: Director Miller thanked the Land Board for their support of the Department's wildland fire management program and most importantly for their support of the men and women on Department staff out there fighting fires on the fire line every summer. Department firefighters work hard and believe in the mission. Director Miller remarked that he is proud of their efforts and the commitment to safety and the protection of life, property, and Idaho's natural resources.

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 broad sell-off that we saw in financial markets that started in late August carried over into September as central banks delivered outsized interest rate hikes and signaled more increases were forthcoming to combat inflation. Global equity markets fell 9.5% during September and are now down over 25% calendar year-to-date. Rising borrowing rates and a very strong dollar have tightened financial conditions and harmed economic activity around the world. We are starting to see contraction in manufacturing activity and real estate prices have stalled as mortgage rates have nearly doubled. Higher interest rates are definitely beginning to have an impact, but despite signs of initial slowing the U.S. economy has remained fairly strong. Employment remains strong so far. Time will tell if the central banks' efforts to combat inflation will cure the cancer without impairing the health of the patient. During the month of March, the portfolio was down 7.1% which left us down 4.4% fiscal year-to-date. Through yesterday we were down 3.3%; we are up a little bit so far in October. The market is up again today; we are probably down closer to 2% fiscal year-to-date.

Attorney General Wasden: Mr. Anton, I wanted to make a comment. My time serving on the Land Board will end within a short period of time. Please convey to the members of your Investment Board, my sincere gratitude for their service to the state. I have watched this process for 20 years and we have made significant gains based upon the exercise of their expertise to be able to support Idaho education and the other endowments. I just wanted to say thank you for that and ask you to convey that to the Investment Board members for me.

Mr. Anton: Governor, Mr. Attorney General, I appreciate your comments and will certainly pass them along to the Investment Board. It is nice to hear that, it has been a tough year. There are times when it feels pretty painful so it is nice to hear your good words and I will pass them along.

Attorney General Wasden: Thank you.

Consent—Action Item(s)

3. Forest Legacy—Hartland Conservation Easement – Presented by Craig Foss, Division Administrator-Forestry and Fire

Recommendation: Authorize the Department to acquire the Hartland conservation easement.

Discussion:

Governor Little: Mr. Foss on attachment 3, the last line, it starts off saying the commissioners are neutral. There are three of them, two of them are for it; that sounds like not neutral, but that is just me. But they view the easements as private property rights that do not warrant government interference. Did you talk to the commissioners or is this through a third party, this analysis of the commissioners' view?

Mr. Foss: Governor, members of the Land Board typically the land trust, and in this case, it is The Nature Conservancy, meets with landowners in the area to determine interest. They meet with the county commissioners and talk to them about what they are working on. If the project is submitted and funded, they let them know it has been funded. They typically try to gauge whether there is going to be support or opposition to the projects. What we are hearing specifically, especially in light of all of the development that is taking place, is there has been an attitude shift about legacy and that it is keeping working forests working as opposed to continuing to see fragmentation of the landscape and often times a lot of that ownership going out of the local area to out of state interests.

Governor Little: Specifically, who wrote the last sentence?

Mr. Foss: The last sentence would have been written by our forest legacy program manager.

Governor Little: The issue is it just does not quite connect; the dots do not quite connect that the view of conservation easements as private property rights does not warrant government interference. This is government interference; government is buying this ground.

Craig Foss: True. We will take a look at that sentence and maybe just indicate that it is a private property right and leave it at that.

Governor Little: I fully understand the fragmentation, I fully understand that part. I will probably hear from the commissioners anyway.

Mr. Foss: Understood.

4. Disclaimer of Interest Request DI800275-Stillwater Holdings, LLC, Henrys Fork Snake River –
Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance

Recommendation: Direct the Department to issue a Disclaimer of Interest for one parcel totaling 0.84 acres of the former bed of the Henrys Fork of the Snake River, to Stillwater Holdings LLC following their payment to the Department of the remaining processing fee of \$300.

Discussion:

Governor Little: Eric, the minutes from our last meeting did a good job of capturing our conversation. I thought it was interesting when I said how many more of these, you said thousands. When the new Land Board members come up, we need to have a bigger discussion on this disclaimer topic, these accreted lands and how we do it.

Mr. Wilson: Good enough, thank you Governor.

5. Approval of Draft Minutes – September 20, 2022 Regular Meeting (Boise)

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

Regular—Action Item(s)

6. Approval of Wildcat Cedar Timber Sale – Presented by Jeremy Shawver, Section Manager-Timber Sales

Recommendation: Approve the Wildcat Cedar Timber Sale.

Discussion:

Governor Little: Jeremy, for the other Land Board members, I asked the question given this policy what happens if we have a \$1 million sale, and the road costs are \$400,000 but then the sale only brings \$600,000. I have a response back; I think it is specific to this sale. I think it is a good policy and I think it is the right thing to do. This is a good project, but maybe for another Land Board meeting we will talk about that policy because this road and bridge is going to be there not only to serve maximizing the income off of that land, but also it will help access to the park, and they are paying. I am sure they could pay more but they are poorer than you are. This is a good project. Maybe you can talk to your fellow managers about when this happens, when it gets close, what do you do about it. I assume there are some instances where that has happened, where the development costs were forecast to be less than 50%, but then in actuarial either the cost of the project was higher or the revenue for the sale was lower. I think it would be good to add that on to our policy going forward.

Secretary of State Denney: I noticed that this bridge is not in the sale area. Is it needed to remove the timber from this sale?

Mr. Shawver: Governor, members of the Board, this specific project is an off-site development; it does not access this specific sale, that is correct. Due to forest planning and looking at development credits, this sale, because it was a cedar sale, had a lot of development allowance with very little work to be done to remove the timber from the sale area. So, looking forward into the future, the area planned to do this project with this sale for those 46,000 acres that it accesses for future sales.

Secretary of State Denney: Are the endowments the same?

Mr. Shawver: They are the same, correct.

Secretary of State Denney: Same ones; okay.

Governor Little: Good question.

Board Action: A motion was made by Attorney General Wasden that the Land Board approve the Wildcat Cedar Timber Sale as recommended. Secretary of State Denney seconded the motion. The motion carried on a vote of 5-0.

7. Adoption of Pending Rule IDAPA 20.02.14, Rules for Selling Forest Products on State-Owned Endowment Lands – Presented by Jeremy Shawver, Section Manager-Timber Sales

Recommendation: Adopt the pending rule for IDAPA 20.02.14 *Rules for Selling Forest Products on State-Owned Endowment Lands*.

Discussion: None.

Board Action: A motion was made by Attorney General Wasden that the Land Board adopt the pending rule for IDAPA 20.02.14 *Rules for Selling Forest Products on State-Owned Endowment Lands*. Secretary of State Denney seconded the motion. The motion carried on a vote of 5-0.

For the record, at approximately 9:33 a.m. Controller Woolf left the meeting to attend state business elsewhere.

8. Adoption of Pending Fee Rule IDAPA 20.03.17, Rules Governing Leases on State-Owned Navigable Waterways – Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance

Recommendation: Adopt the pending fee rule for IDAPA 20.03.17 *Rules Governing Leases on State-Owned Navigable Waterways*.

Discussion: None.

Board Action: A motion was made by Attorney General Wasden that the Land Board adopt the pending fee rule for IDAPA 20.03.17 *Rules Governing Leases on State-Owned Navigable Waterways*. Secretary of State Denney seconded the motion. The motion carried on a vote of 4-0.

Information

None

Executive Session

None

There being no further business before the Land Board, at 9:37 a.m. a motion to adjourn was made by Attorney General Wasden. Secretary of State Denney seconded the motion. The motion carried on a vote of 4-0.

Idaho State Board of Land Commissioners

/s/ Brad Little

Brad Little
President, State Board of Land Commissioners and
Governor of the State of Idaho

/s/ Lawrence E. Denney

Lawrence E. Denney
Secretary of State

/s/ Dustin T. Miller

Dustin T. Miller
Director

The above-listed final minutes were approved by the State Board of Land
Commissioners at the November 15, 2022 Land Board meeting.