



Idaho State Board of Land Commissioners

Brad Little, Governor and President of the Board

Phil McGrane, Secretary of State

Raúl R. Labrador, Attorney General

Brandon D Woolf, State Controller

Debbie Critchfield, 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 September 19, 2023

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, September 19, 2023 at the State Capitol, Lincoln Auditorium WW02, Lower Level, West Wing, 700 West Jefferson St., 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 Attorney General Raúl Labrador
Honorable State Controller Brandon Woolf
Honorable Superintendent of Public Instruction Debbie Critchfield

For the record, Governor Little, Attorney General Labrador, and Controller Woolf attended at the physical location; Superintendent Critchfield attended via Zoom webinar. Secretary of State McGrane was absent, administering other state business.

Director Miller recognized 11 Department employees in the audience who were participating in new employee onboarding, meeting Boise staff personnel and learning functions of the staff office. These employees are from various parts of the state and operate in diverse programs. Director Miller said that he appreciates these employees being here today and asked them to stand. Governor Little welcomed everyone.

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

Trust Land Revenue

- A. Timber Sales – August 2023
- B. Leases and Permits – August 2023

Discussion: None.

Status Update

- C. Fire Season Report
- D. Resource Protection and Assistance Report

Discussion: None.

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

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

Discussion: Mr. Anton reported that during the month of August the fund was down 2.3%, essentially breaking even fiscal year-to-date. Through yesterday [September 18] the fund was down 1%; the market has been moving sideways. In May, the Investment Board approved restructuring the portfolio, including replacing one large cap growth manager, Sands Capital. A search was conducted with the support of Callan; the Investment Board interviewed J.P. Morgan, Loomis Sayles, and William Blair, and selected William Blair. William Blair is also a large cap growth manager; their approach is differentiated in that they look at quality growth companies, companies with strong balance sheets that are growing their profits as opposed to companies focused on growing the top line. Mr. Anton explained the reason for this change is to reduce the volatility in that area. In calendar year 2022, William Blair was half as volatile as Sands. Because Sands was so volatile, EFIB had two value managers for one growth manager. The Investment Board elected to eliminate LSV Asset Management, even though they are a good manager, and make small reductions in mid-cap allocations. All that money went into the S&P 500.

Mr. Anton mentioned that EFIB has a bit of overweight to small and mid-cap compared to its benchmark, which is the Russell 3000. There have been times in the past several months when the fund has underperformed the benchmark even though managers have outperformed their benchmark. In addition to replacing Sands, EFIB moved the capitalization up slightly to large cap. On the global side EFIB has two managers, Wellington and PineStone; both managers have a growth bias and EFIB thought it would be helpful to add a manager with more of a value tilt. Again with Callan's support, EFIB conducted a search; the Investment Board interviewed Artisan, Barrow Hanley, and Dodge & Cox, and selected Dodge & Cox. The funding for that came primarily from the Vanguard EAFE Index, an international index, which allows EFIB to have active management for all its international and global strategies; this is an area where active managers can add good value.

Consent—Action Item(s)

3. Approval of Draft Minutes – August 15, 2023 Regular Meeting (Boise)

Consent Agenda Board Action: A motion was made by Controller Woolf that the Land Board approve and adopt the Consent Agenda. Attorney General Labrador seconded the motion. The motion carried on a vote of 4-0.

Regular—Action Item(s)

4. **FY2025 Department of Lands Budget** – *Presented by Dustin Miller, Director*

Recommendation: Approve the Department's FY2025 budget request as submitted to Division of Financial Management and Legislative Services Office on Friday, September 1, 2023.

Discussion: Controller Woolf noted there is a placeholder in the budget for IT consolidation and asked how that will be determined. Is that a recommendation from ITS to the Department, or will the Department decide it is a good idea and bring a recommendation to the Land Board. Director Miller replied that ITS will provide information from the discovery phase to the Department. The Department will review, then based on the Department's needs will bring a recommendation for Land Board approval.

Board Action: A motion was made by Controller Woolf that the Land Board approve the Department's FY2025 budget request as submitted to the Division of Financial Management and Legislative Services Office on Friday, September 1, 2023. Attorney General Labrador seconded the motion. For the record, Governor Little recused himself from this vote. The motion carried on a vote of 3-0.

5. **Approval of Dry Sky Ton Timber Sale with Clearcut Harvest Unit(s)** – *Presented by David Greenwood, Bureau Chief-Forest Management*

Recommendation: Approve the Dry Sky Ton Timber Sale.

Discussion: Governor Little inquired, in these clearcuts, if the Department always plants a monoculture or does the Department ever put larch or Douglas fir. Mr. Greenwood answered that it depends on the site. This site is dry; the Department is leaning towards ponderosa pine which is a faster growing species for this site. If the site had more moisture, the Department would plant more western larch. Insects and disease play a part. Given conditions at the Packer John site, the Department is shying away from Douglas fir and planting more western larch and ponderosa pine.

Board Action: A motion was made by Controller Woolf that the Land Board approve the Dry Sky Ton Timber Sale. Attorney General Labrador seconded the motion. The motion carried on a vote of 4-0.

6. **Modification of Disclaimers of Interest Delegation of Authority** – *Presented by Mick Thomas, Division Administrator-Minerals, Navigable Waterways, Oil and Gas*

Recommendation: Modify the April 18, 2023 policy for disclaimer delegation of authority by replacing the public use right-of-way condition with the following:

"For navigable rivers, the proposed public use right-of-way is not less than or greater than twenty-five feet (25') in width. For navigable lakes, a public use right-of-way is not required."

Discussion: None.

Board Action: A motion was made by Controller Woolf that the Land Board adopt the Department's recommendation and modify the April 18, 2023 policy for disclaimer delegation of authority by replacing the public use right-of-way condition with the following: for navigable rivers, the proposed public use right-of-way is not less than or greater than 25 feet in width; for navigable lakes, a public use right-of-way is not required. Attorney General Labrador 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 9:32 a.m. a motion to adjourn was made by Controller Woolf. Attorney General Labrador 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/ Phil McGrane

Phil McGrane
Secretary of State

/s/ Dustin T. Miller

Dustin T. Miller
Director

<p>The above-listed final minutes were approved by the State Board of Land Commissioners at the October 17, 2023, 2023 Land Board meeting.</p>
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