



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

October 17, 2023

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, October 17, 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, Controller Woolf, and Superintendent Critchfield attended at the physical location. Secretary of State McGrane was absent, administering other state business.

Director Miller welcomed ten Department employees in the audience who are participating in new employee onboarding, interacting with the executive team. These employees are from diverse parts of the state and operate in varied programs. Director Miller asked them to stand and be recognized and thanked them for being here. Governor Little greeted everyone.

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

Trust Land Revenue

A. Timber Sales – September 2023

B. Leases and Permits – September 2023

Discussion: None.

Status Update

C. Fire Season Report-Final

Discussion: Controller Woolf expressed kudos to the Department's fire team and their work keeping it to 2,600 acres burned; that is incredible. Controller Woolf mentioned the master agreement, recognizing this is the first year the Department can track and know the impact of it, and asked if the federal partners track what happened on their side based on this master agreement? Controller Woolf inquired if the Department could get that data and data analytics going forward. Director Miller replied that the Department tends to track things more closely than federal agencies do, which is not to say that they are not tracking this. Director Miller commented that there were some big fires in Idaho this year on Forest Service lands, on the Salmon-Challis Forest and on the main Salmon River, and others on the federal side that got quite large. The Department will ask the federal partners what their metrics look like this year, can they do a cost benefit analysis to see if they had any savings on their end.

Superintendent Critchfield thanked the Director for the breakdown of costs shown on the bottom table of page 2; she understood the \$4.6 million is reimbursable to the State, but where does the \$17 million come from? How is that addressed? Director Miller explained the \$4.6 million is reimbursable costs to the Department for sending Department resources off-district to places where the host district pays for those costs, it could be Forest Service, Bureau of Land Management (BLM), or another state. The rest of the cost breakdown includes prepayment for aviation resources based on the estimated number of days aircraft will be needed. The Department employs additional contract engines to help with resource scarcity. In the 2021 fire season when everything north of the Salmon River was burning, the Department and federal agencies had several large fires, and having those extra engines helped greatly with resource scarcity and providing that quick initial attack. Director Miller said Type 3 team fires are going to see more costs because firefighters are working longer trying as quickly as possible to suppress the fires. Governor Little clarified that the Superintendent's question might be about the money in the fire account that is already appropriated by the legislature; the Governor asked how much money is left in that fund. Director Miller responded that the legislature prefunded the fire suppression account to \$100 million last year. In 2023, the Department spent \$17 million of that, after the \$4.6 million reimbursement. Governor Little calculated there is \$83 million left. Director Miller indicated the Department has some outstanding payments that are either owed by or owed to the Department from previous fire seasons; that total is around \$35 million and includes the \$4.6 million reimbursable. Governor Little asked what the fund will have going into next fire season. Director Miller replied roughly \$64 million in the suppression account. Governor Little recalled that was more or less what the State spent in 2021. Governor Little asked if any land assets are doing prescribed burns this fall. Director Miller answered the Department conducts prescribed burns every year, and the BLM and Boise National Forest are doing a significant amount of burning as well. Governor Little commented that the Department's prescribed burns are paid for from operations, not the suppression account. Director Miller confirmed that is correct.

D. Land Bank Fund

Discussion: None.

For the record, Scott Campbell, Division Chief-Energy and Natural Resources, Office of the Attorney General, introduced Allison Olson to Land Board members. Ms. Olson is a new deputy attorney general who will assist the Department with legal services.

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

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

Discussion: Mr. Anton stated that September was a challenging month for the Endowment Fund portfolio, both bonds and stocks declined during the month. Stocks suffered their worst month of 2023 as the S&P 500 was down 4.9%. Overall, the portfolio was down 3.3% for the month, and down 3.4% fiscal year-to-date. Through yesterday [10/16], the fund moved up a little, but still down 2.9%. Mr. Anton described the decline in both stocks and bonds beginning with good news that inflation continues to moderate. Peak inflation rate was slightly above 9%. Last month's headline inflation and PCE [Personal Consumption Expenditures] inflation was at 3.7% and 3.9% respectively; they continue to decline. Mr. Anton shared the bad news is that inflation remains above the Federal Reserve's target of 2%. The Federal Reserve communicated that they are going to keep rates higher for longer, to continue to try to bring inflation down to 2%. As a result, bond yields went up, which pushed bond prices down. The treasury rate is at a 10-year high as of this morning; the yield on 10-year treasuries is about 4.85%. That increase in rates put pressure on stocks and caused investors to be concerned that the higher interest rates would continue to slow the economy and put pressure both on corporations that have to refinance their debt as well as consumers that have to borrow. Mr. Anton mentioned another challenge in September was an increase in oil prices of approximately 10%, which put further pressure on inflation and increased the odds that the Federal Reserve would keep rates higher for longer. Governor Little noted there is no bogey for real estate in the EFIB Investment Report and suggested a discussion with the Investment Board. Mr. Anton explained there is a benchmark for real estate; it is difficult to report on it due to the sizable lag in when that is published. There are times when the benchmark comes out six months late; it makes the numbers look rather odd. Mr. Anton said he and the Investment Board will give some thought on how to best report that.

Consent—Action Item(s)

- 3. **Approval of Draft Minutes** – September 1, 2023 Special Meeting (Boise)
- 4. **Approval of Draft Minutes** – September 19, 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. Superintendent Critchfield seconded the motion. The motion carried on a vote of 4-0.

Regular—Action Item(s)

5. Commercial Real Estate Advisor – Presented by Bill Haagenson, Deputy Director

Recommendation: Authorize the Department and the Investment Subcommittee to develop and issue an RFP for a commercial real estate advisor, review the responses, interview candidate firms, and make a recommendation to the Land Board.

Discussion: None.

Board Action: A motion was made by Controller Woolf that the Land Board authorize the Department and Investment Subcommittee to develop and issue an RFP for a commercial real estate advisor, review the responses, interview candidate firms, and make a recommendation to the Land Board. Superintendent Critchfield seconded the motion. The motion carried on a vote of 4-0.

6. IT Modernization – Presented by Dustin Miller, Director

Recommendation: Approve the transfer of Department IT resources to ITS in fiscal year 2025, with the following conditions:

- The Department and ITS enter into an agreement that provides certainty regarding support for Department IT needs.
- Service level agreements are adequate for support of special needs, such as during fire season.
- The Department's application development team will remain assigned to the existing project backlog for the next three years or until completed, if beyond three years.
- The Department will continue to receive a similar level of application development support beyond the three-year term.

Discussion: None.

Board Action: A motion was made by Controller Woolf that the Land Board approve the transfer of the Department IT resources to ITS in fiscal year 2025, with the four conditions listed as bullet items under the recommendation on page 2 of the Land Board memo. Superintendent Critchfield 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 9:30 a.m. a motion to adjourn was made by Controller Woolf. Superintendent Critchfield 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

The above-listed final minutes were approved by the State Board of Land Commissioners at the November 21, 2023 Land Board meeting.