

State Board of Land Commissioners Open Meeting Checklist

Meeting Date: March 19, 2024

Regular Meetings

| | |
|------------|---|
| 3/7/2024 | Meeting Notice posted in prominent place in IDL's Boise Director's office five (5) or more calendar days before meeting. |
| 3/7/2024 | Meeting Notice posted in prominent place in IDL's Coeur d'Alene staff office five (5) or more calendar days before meeting. |
| 3/7/2024 | Meeting Notice posted in prominent place at meeting location five (5) or more calendar days before meeting. |
| 3/7/2024 | Meeting Notice posted electronically on IDL's public website https://www.idl.idaho.gov five (5) or more calendar days before meeting. |
| 3/7/2024 | Meeting Notice published on Townhall Idaho website https://townhall.idaho.gov five (5) or more calendar days before meeting. |
| 3/14/2024 | Agenda posted in prominent place in IDL's Boise Director's office forty-eight (48) hours before meeting. |
| 3/14/2024 | Agenda posted in prominent place in IDL's Coeur d'Alene staff office forty-eight (48) hours before meeting. |
| 3/14/2024 | Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting. |
| 3/14/2024 | Agenda posted electronically on IDL's public website https://www.idl.idaho.gov forty-eight (48) hours before meeting. |
| 3/14/2024 | Agenda published on Townhall Idaho website https://townhall.idaho.gov forty-eight (48) hours before meeting. |
| 12/28/2023 | Land Board annual meeting schedule posted – Boise Director's office, Coeur d'Alene staff office, and IDL's public website https://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 posted electronically on IDL's public website https://www.idl.idaho.gov twenty-four (24) hours before meeting. |
| | Meeting Notice and Agenda published on Townhall Idaho website https://townhall.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 posted at meeting location twenty-four (24) hours before meeting. |
| | Meeting Notice and Agenda posted electronically on IDL's public website https://www.idl.idaho.gov twenty-four (24) hours before meeting. |
| | Meeting Notice and Agenda published on Townhall Idaho website https://townhall.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

March 14, 2024

Date



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

NOTICE OF PUBLIC MEETING MARCH 2024

The Idaho State Board of Land Commissioners will hold a Regular Meeting on Tuesday, March 19, 2024 in the **Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise**. The meeting is scheduled to begin at 9:00 AM (Mountain).

Directions: Enter City Hall from Capitol Blvd.; take the Capitol Boulevard elevators to the 3rd floor; Council Chambers are directly across from the elevators.

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 YouTube: <https://www.youtube.com/watch?v=CFpmi037Dvs>

Members of the public may register to attend the Zoom webinar through this link:
https://idl.zoom.us/webinar/register/WN_E-VgZlISRa9MqKhZsWV2w

First Notice Posted: 3/7/2024-IDL Boise; 3/7/2024-IDL CDA

This notice is published pursuant to Idaho Code § 74-204. For additional information regarding Idaho's Open Meeting law, please see Idaho Code §§ 74-201 through 74-208.

Idaho Department of Lands, 300 N 6th Street, Suite 103, Boise ID 83702, 208.334.0242



Idaho State Board of Land Commissioners

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State Board of Land Commissioners Regular Meeting

March 19, 2024 – 9:00 AM (MT)

Final Agenda

Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise

Directions: Enter City Hall from Capitol Blvd.; take the Capitol Boulevard elevators to the 3rd floor; Council Chambers are directly across from the elevators.

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https://idl.zoom.us/webinar/register/WN_E_-VgZlISRa9MqKhZsWV2w

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

- A. Timber Sales – February 2024
- B. Leases and Permits – February 2024

Status Updates

- C. Legislative Summary

2. Endowment Fund Investment Board – Presented by Chris Halvorson, Investment Officer

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

Consent—Action Item(s)

3. Timber License Plate Fund – Presented by Jennifer Okerlund, Idaho Forest Products Commission

4. Forest Legacy Program—MRC-JTO and East Dawson Easements – Presented by Archie Gray, Bureau Chief-Forestry Assistance

State Board of Land Commissioners

Final Agenda

Regular Meeting – March 19, 2024

Page 1 of 2

5. **Approval of Draft Minutes** – February 20, 2024 Regular Meeting (Boise)

Regular—Action Item(s)

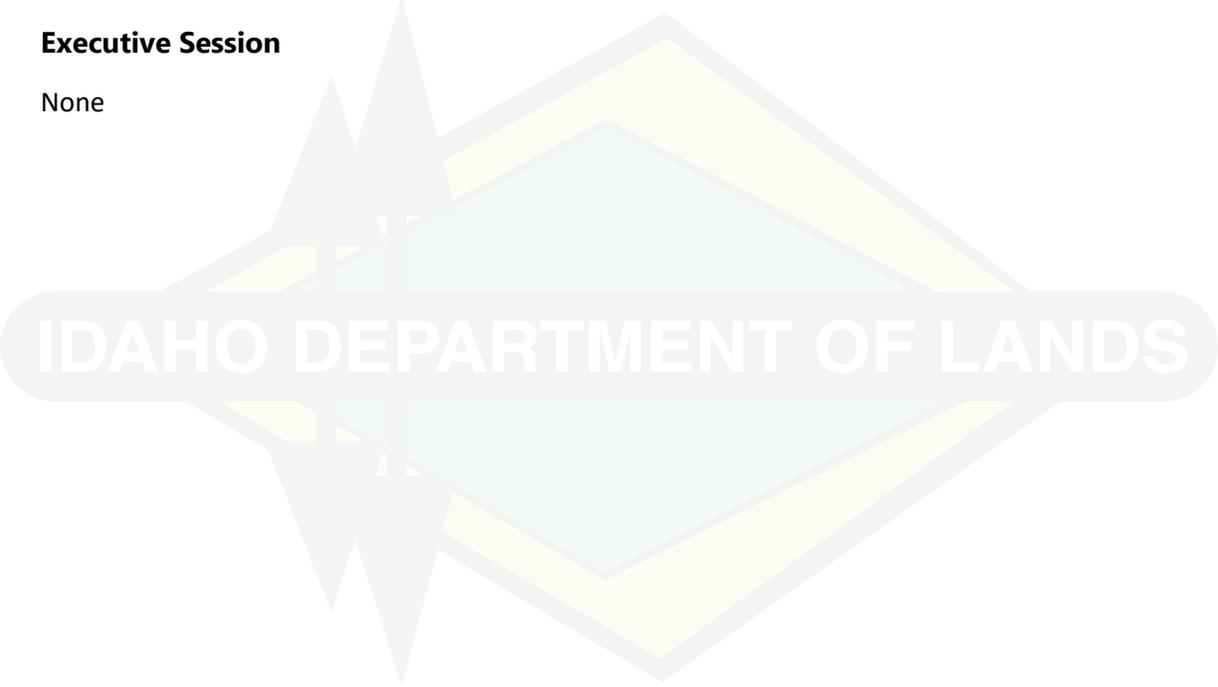
6. **Approval to Proceed with Due Diligence for Saraceno Land Exchange** – *Presented by Zane Lathim, Section Manager-Real Estate*
7. **Approval of West Latour Timber Sale with Clearcut Harvest Unit** – *Presented by Jeremy Shawver, Section Manager-Timber Sales and Contract Administration*

Information

8. **Endowment Land Alternative Energy Leasing Policy** – *Presented by Roger Hall, Bureau Chief-Real Estate*
9. **2025 Grazing Lease Rate** – *Presented by Addie Faust, Program Manager-Natural Resources Leasing*

Executive Session

None

The logo for the Idaho Department of Lands is centered on the page. It features a stylized mountain range in shades of green and yellow, with a blue sky and a white sun. The text "IDAHO DEPARTMENT OF LANDS" is written in a bold, white, sans-serif font across a dark blue horizontal bar that spans the width of the logo.

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

March 19, 2024

Trust Land Revenue

Timber Sales

During February 2024, the Department of Lands sold three endowment timber sales at auction. Two sales had competitive bidding. One endowment timber sale, Stateline Cable, did not sell at auction. It was reappraised for a second auction attempt in March. The net sale value represents a 16% up bid over the appraised value.

| TIMBER SALE AUCTIONS | | | | | | | | |
|-----------------------------|------|---------------|----------------|----------|------------------------|------------------------|-----------------|----------------|
| Sale Name | Area | Sawlog MBF | Cedar Prod MBF | Pulp MBF | Appraised Net Value | Sale Net Value | Net \$/MBF | Purchaser |
| Two Bear Over | PL | 3,000 | | | \$ 579,680.00 | \$ 718,075.00 | \$239.36 | IFG Timber LLC |
| Snake Farm Cedar | CLW | 9,345 | | | \$ 2,167,089.00 | \$ 2,611,318.85 | \$279.43 | Empire Lumber |
| Meadow Handle Ton | PAY | 9,435 | | | \$ 941,998.40 | \$ 941,998.40 | \$99.84 | IFG Timber LLC |
| Endowment | | 21,780 | 0 | 0 | \$ 3,688,767.40 | \$ 4,271,392.25 | \$196.12 | |

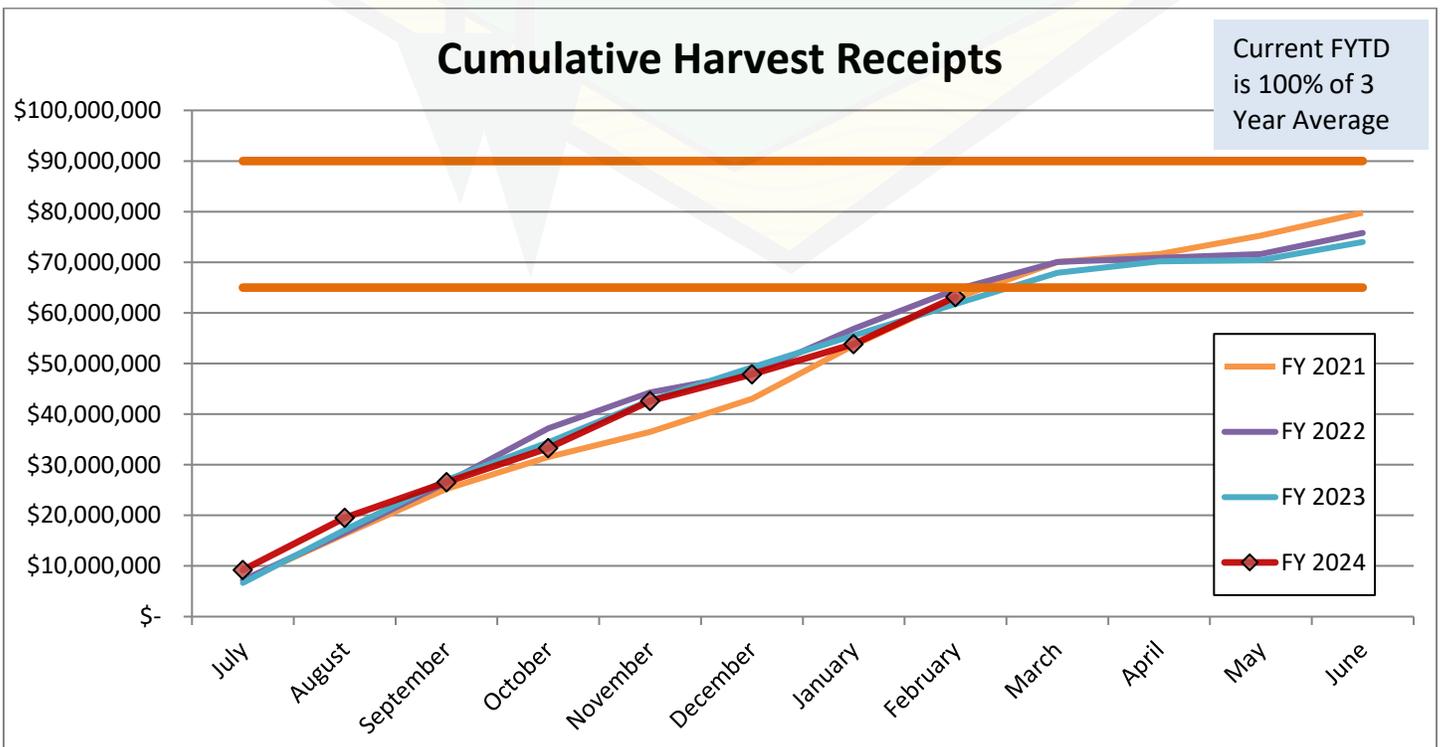
| PROPOSED TIMBER SALES FOR AUCTION | | | | |
|--|---------------|------------------------|--------------|------------------------|
| Sale Name | Volume MBF | Advertised Net Value | Area | Estimated Auction Date |
| North Operations | | | | |
| Retired Sawing | 8,525 | \$ 1,945,719.50 | St. Joe | 3/6/2024 |
| Smith Sandwich Cedar | 7,815 | \$ 1,164,071.00 | St. Joe | 3/6/2024 |
| Steep Ranger | 2,495 | \$ 532,363.00 | Pend Oreille | 3/12/2024 |
| Stateline Cable | 2,930 | \$ 421,447.00 | Mica-CAT | 3/13/2024 |
| Y Schwartz Cedar | 5,120 | \$ 1,420,126.50 | POND | 3/20/2024 |
| Totals | 26,885 | \$ 5,483,727.00 | | |
| South Operations | | | | |
| Model T Coulee | 6,190 | \$ 979,113.00 | Maggie Creek | 3/19/2024 |
| Jungle Badger | 9,670 | \$ 860,515.20 | Nez Clear | 3/14/2024 |
| Upper Reeds Creek | 7,205 | \$ 1,207,900.00 | CLWR | 3/26/2024 |
| Totals | 23,065 | \$ 3,047,528.20 | | |

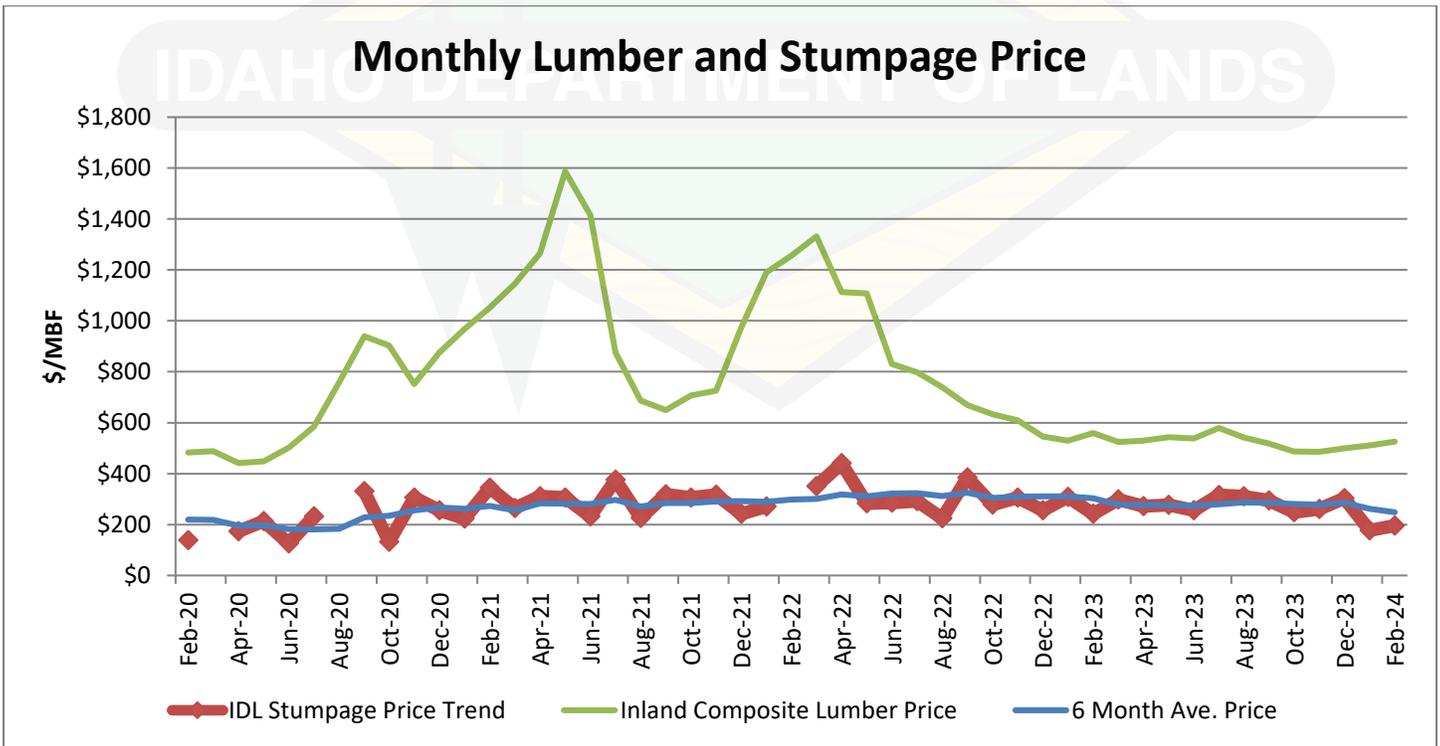
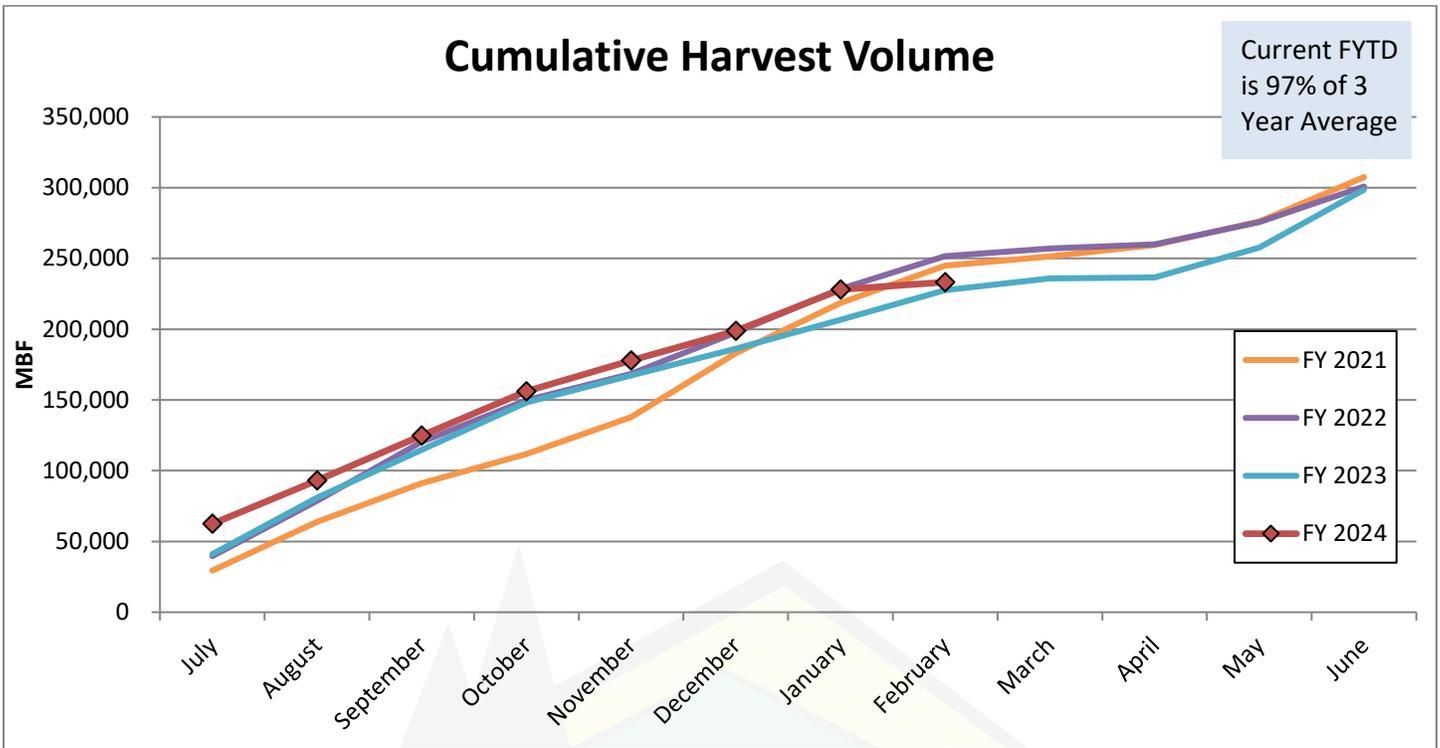
| VOLUME UNDER CONTRACT as of February 29, 2024 | | | | |
|--|---------------|--------------|----------------------|---------------|
| | Public School | Pooled | Total | 3 Year Avg. |
| Active Contracts | | | 149 | 158 |
| Total Residual MBF Equivalent | 358,799 | 162,848 | 521,647 | 509,142 |
| Estimated residual value | \$98,605,786 | \$49,380,439 | \$147,986,225 | \$136,294,306 |
| Residual Value (\$/MBF) | \$274.82 | \$303.23 | \$283.69 | \$267.69 |

| | TIMBER HARVEST RECEIPTS | | | | |
|---------------|-------------------------|----------------------|-------------------------|------------------------|----------------------|
| | February | | FY to date | March Projected | |
| | Stumpage | Interest | Harvest Receipts | Stumpage | Interest |
| Public School | \$ 5,187,906.87 | \$ 272,860.16 | \$ 40,070,060.98 | \$ 624,218.00 | \$ 44,583.62 |
| Pooled | \$ 3,564,777.24 | \$ 280,580.22 | \$ 23,082,635.48 | \$ 862,225.56 | \$ 59,394.55 |
| General Fund | \$ 2.72 | \$ 0.00 | \$ 8.05 | \$ 2.72 | \$ 0.00 |
| TOTALS | \$ 8,752,686.83 | \$ 553,440.38 | \$ 63,152,704.51 | \$ 1,486,446.28 | \$ 103,978.17 |

| | Status of FY2024 Timber Sale Program | | | | | |
|------------------------------|--------------------------------------|---------------|----------------|---------------|--------------|----------------|
| | MBF Sawlog | | | Number Poles | | |
| | Public School | Pooled | All Endowments | Public School | Pooled | All Endowments |
| Sold as of February 29, 2024 | 112,034 | 53,910 | 165,944 | 15,425 | 5,200 | 20,625 |
| Currently Advertised | 28,741 | 11,274 | 40,015 | 5,258 | 0 | 5,258 |
| In Review | 42,372 | 3,753 | 46,125 | 1,637 | 117 | 1,754 |
| Did Not Sell* | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTALS | 183,147 | 68,937 | 252,084 | 22,320 | 5,317 | 27,637 |
| FY2024 Sales Plan | | | 328,000 | | | 20,000 |
| Percent to Date | | | 77% | | | 138% |

* After three attempts at auction.

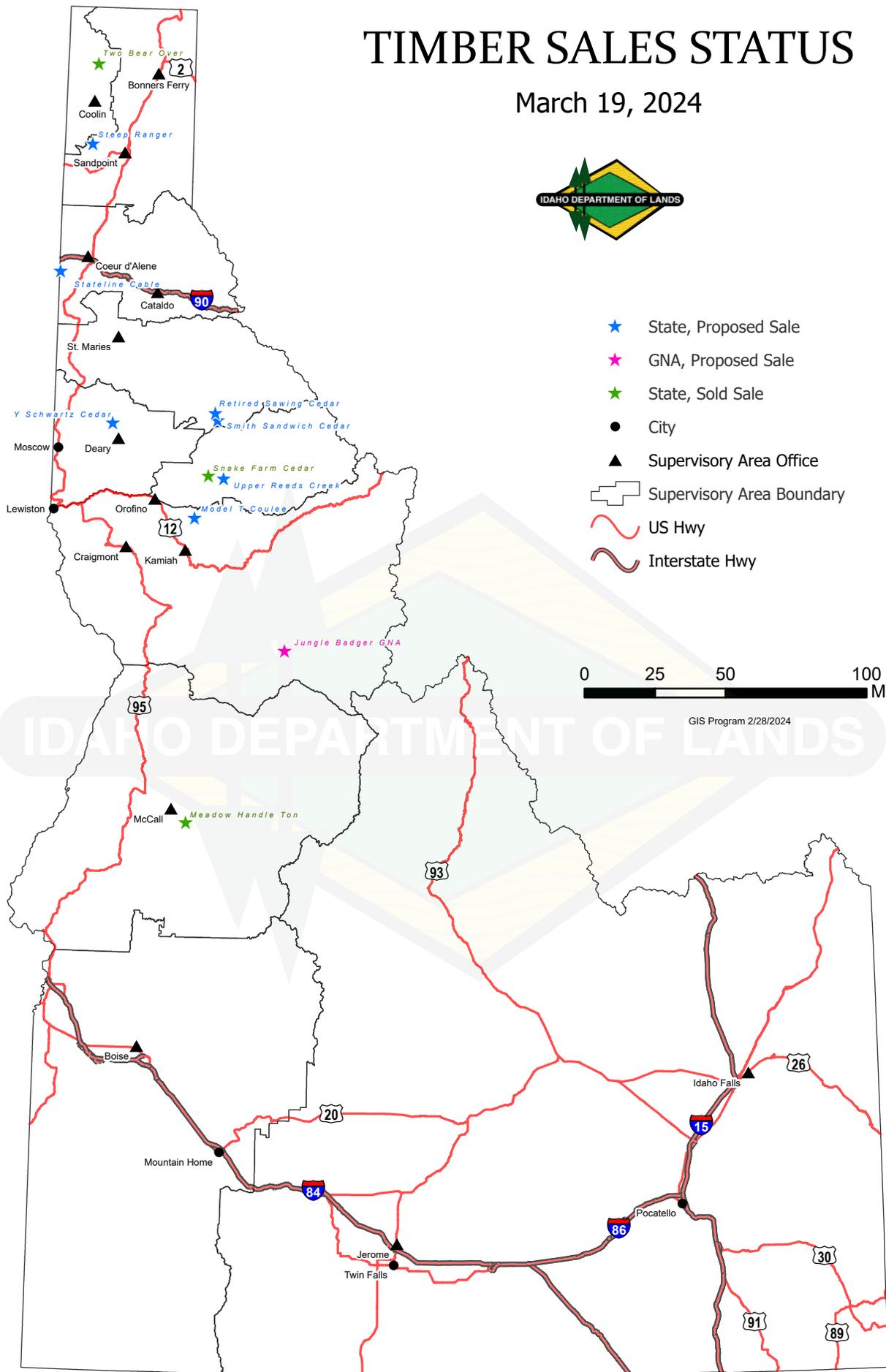




February 2024 6-month average price is \$248.68.
 February 2023 6-month average price was \$303.68.

TIMBER SALES STATUS

March 19, 2024



IDAHO DEPARTMENT OF LANDS

GIS Program 2/28/2024

STATE BOARD OF LAND COMMISSIONERS

March 19, 2024

Endowment Transactions

Leases and Permits

| FISCAL YEAR 2024 – LEASING & PERMITTING TRANSACTIONS BY MONTH | | | | | | | | | | | | | |
|---|----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|----------|----------|----------|----------|------------|
| through February 29, 2024 | | | | | | | | | | | | | |
| ACTIVITY | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FYTD |
| SURFACE | | | | | | | | | | | | | |
| Agriculture | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 |
| <i>Assignments</i> | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Communication Sites | 1 | 2 | - | - | 2 | 1 | - | - | - | - | - | - | 6 |
| <i>Assignments</i> | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 |
| Grazing | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 |
| <i>Assignments</i> | - | 3 | - | - | 2 | 2 | 5 | 5 | - | - | - | - | 17 |
| Residential | - | - | - | 7 | 3 | - | 2 | - | - | - | - | - | 12 |
| <i>Assignments</i> | 1 | - | - | 3 | - | 1 | 1 | 1 | - | - | - | - | 7 |
| COMMERCIAL | | | | | | | | | | | | | |
| Alternative Energy | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Industrial | 1 | - | - | - | - | - | 1 | - | - | - | - | - | 2 |
| Military | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 |
| Office/Retail | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Recreation | - | - | - | - | - | - | 2 | - | - | - | - | - | 2 |
| <i>Assignments</i> | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 |
| OTHER | | | | | | | | | | | | | |
| Conservation | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| <i>Assignments</i> | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 |
| Geothermal | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Minerals | 2 | 1 | 1 | - | 2 | 1 | - | 2 | - | - | - | - | 9 |
| <i>Assignments</i> | - | - | - | 2 | - | - | - | - | - | - | - | - | 2 |
| Exploration Location | - | - | 32 | - | - | - | - | - | - | - | - | - | 32 |
| Non-Comm Recreation | 2 | - | - | - | - | - | - | - | - | - | - | - | 2 |
| Oil & Gas | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| PERMITS | | | | | | | | | | | | | |
| Land Use Permits | 1 | 9 | 10 | 9 | 2 | 2 | 8 | 4 | - | - | - | - | 45 |
| TOTAL INSTRUMENTS | 9 | 15 | 43 | 23 | 11 | 7 | 21 | 13 | 0 | 0 | 0 | 0 | 142 |

Real Estate

| FISCAL YEAR 2024 – REAL ESTATE TRANSACTIONS BY MONTH – through February 29, 2024 | | | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| ACTIVITY | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FYTD |
| Deeds Acquired | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 |
| Deeds Granted | - | - | 4 | 3 | - | - | - | - | - | - | - | - | 7 |
| Deeds Granted - Surplus | - | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Easements Acquired | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 |
| Easements Granted | - | - | 1 | - | 1 | - | 3 | - | - | - | - | - | 5 |
| <i>Notes: None.</i> | | | | | | | | | | | | | |

TRUST LAND MANAGEMENT DIVISION
FY2024 GROSS REVENUE (non-timber) - ACTUAL AND FORECASTED
through February 29, 2024

| | REVENUE YTD AS OF 02.29.2024 | REVENUE EXPECTED BY 02.29.2024* | REVENUE EXPECTED BY 06.30.2024 |
|---------------------------------------|---------------------------------|---------------------------------------|-----------------------------------|
| SURFACE | | | |
| AGRICULTURE | \$ 513,971 | \$ 526,625 | \$ 592,000 |
| COMMUNICATION SITES | \$ 1,300,691 | \$ 1,060,000 | \$ 1,190,000 |
| GRAZING | \$ 91,606 | \$ 18,200 | \$ 1,680,200 |
| RESIDENTIAL LEASES | \$ 946,351 | \$ 835,000 | \$ 1,017,395 |
| COMMERCIAL | | | |
| COMMERCIAL ENERGY RESOURCES | \$ 2,250 | \$ 95,840 | \$ 95,840 |
| COMMERCIAL INDUSTRIAL | \$ 184,025 | \$ 107,000 | \$ 142,000 |
| COMMERCIAL MILITARY FACILITIES | \$ - | \$ 141,000 | \$ 151,000 |
| COMMERCIAL OFFICE/RETAIL LEASES | \$ 727,578 | \$ 790,000 | \$ 991,600 |
| COMMERCIAL RECREATION | \$ 726,759 | \$ 994,000 | \$ 1,014,000 |
| OTHER | | | |
| CONSERVATION LEASES | \$ 71,196 | \$ 73,000 | \$ 73,000 |
| GEOTHERMAL | \$ 250 | \$ - | \$ 5,012 |
| MINERAL LEASES | \$ 676,282 | \$ 89,750 | \$ 113,000 |
| OIL AND GAS LEASES | \$ 8,223 | \$ 2,076 | \$ 3,926 |
| Sub Total | \$ 5,249,182 | \$ 4,732,491 | \$ 7,068,973 |
| REAL ESTATE SERVICES (ER) | \$ - | ** | |
| Grand Total - Earnings Reserve | \$ 5,249,182 | | |

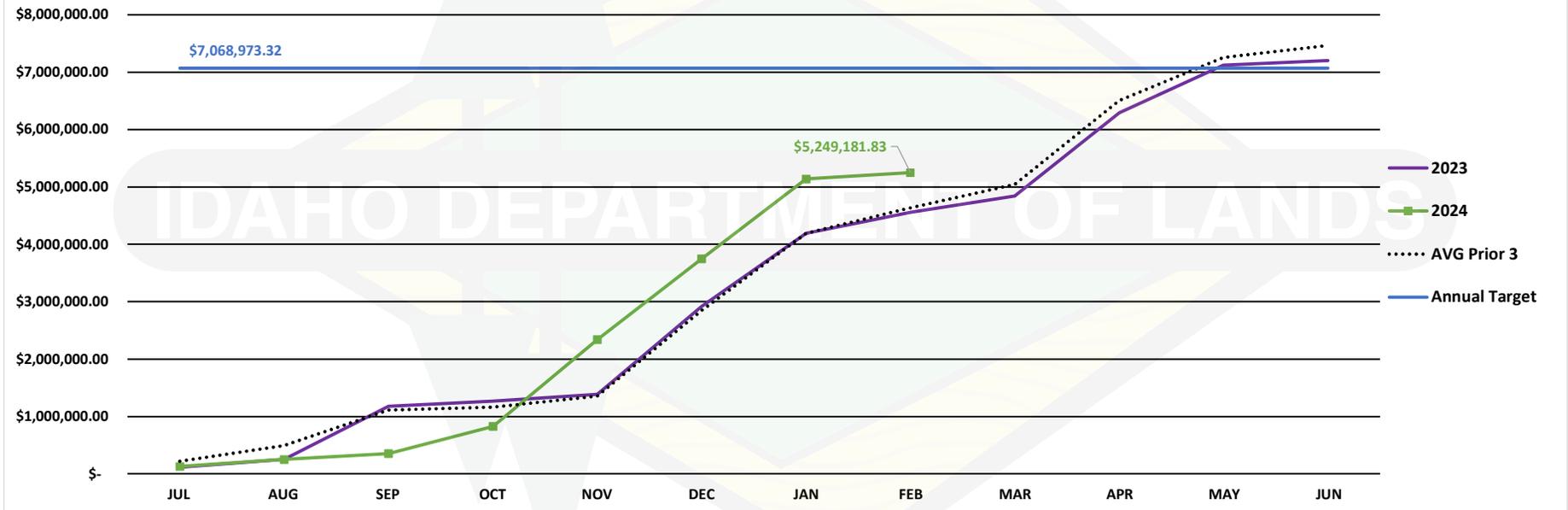
| | |
|-------------------------------|-------------------------|
| PERMANENT FUND REVENUE | |
| MINERALS (PF) | \$ 1,835,983 *** |

*These figures are based on historic timing of revenue/billing as well as estimates of upcoming lease and permit revenue.

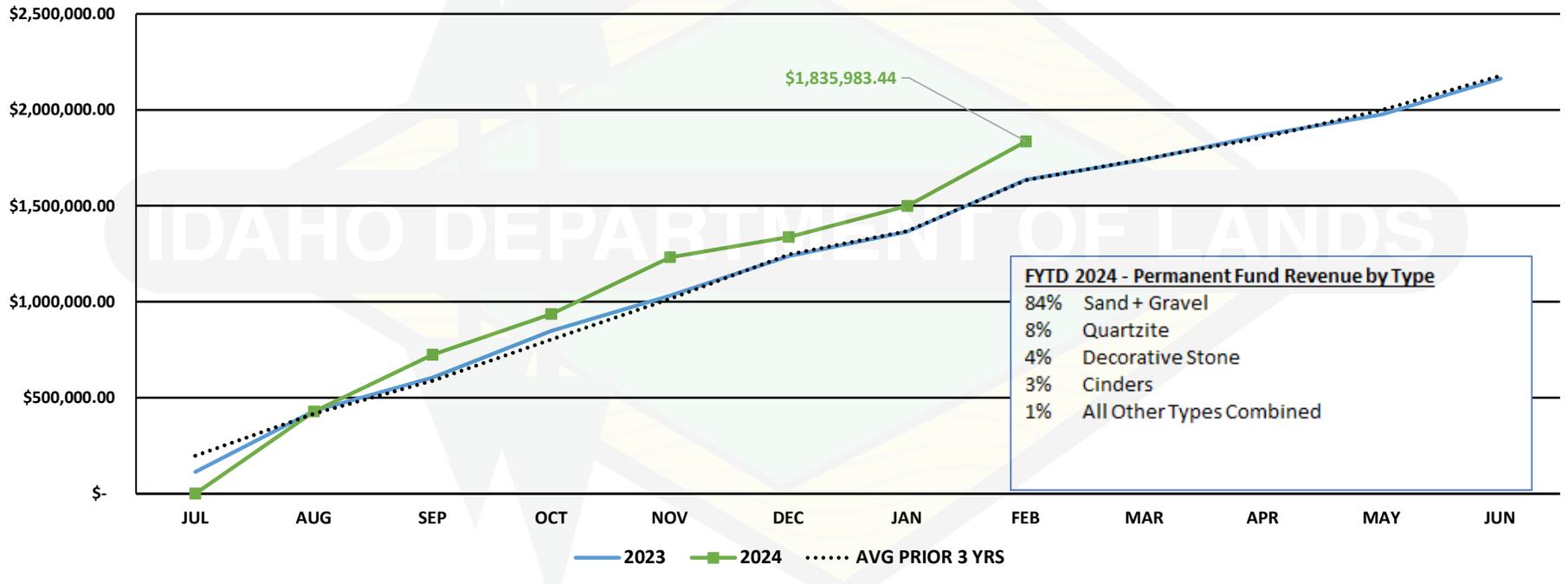
** This category is not included in the annual forecast.

***This category is not included in the annual forecast and represents minerals revenue to the permanent fund.

**Cumulative Trust Land Program Receipts
Earnings Reserve - All Programs Excluding Timber
FY 2023 - FYTD 2024**



**Trust Land Permanent Fund Revenue & Royalties
(Excluding Land Bank and Timber Program)
FY2023 - FYTD2024**



STATE BOARD OF LAND COMMISSIONERS

March 19, 2024
2024 Legislative Summary

Status of legislation monitored by the Department of Lands

IDL Pending Rules

Non-Fee Rules

[Docket No. 20-0101-2301](#) (p.59) – Rules of Practice and Procedure Before the State Board of Land Commissioners

Status Senate Resources and Environment – approved. House Resources and Conservation – approved.

[Docket No. 20-0501-2301](#) (p.153) – Rules Pertaining to the Recreational Use of Endowment Land

Status Senate Resources and Environment – approved. House Resources and Conservation – approved.

Fee Rules

[Docket No. 20-0301-2301](#) (p.85) – Rules Governing Dredge and Placer Mining Operations in Idaho

Status Senate Resources and Environment – approved. House Resources and Conservation – approved with the exception of section 051.01.a

[Docket No. 20-0303-2301](#) (p.131) – Rules Governing Administration of the Reclamation Fund

Status Senate Resources and Environment – approved. House Resources and Conservation – approved.

[Docket No. 20-0305-2301](#) (p.142) – Riverbed Mineral Leasing in Idaho

Status Senate Resources and Environment – approved. House Resources and Conservation – approved.

IDL Legislation

Budget

[S1269 APPROPRIATIONS-NATURAL RESOURCES](#) – Relates to the maintenance appropriation to Natural Resources for fiscal year 2025.

Status LAW

[S1410 APPROPRIATIONS-STATE BOARD OF LAND COMMISSIONERS](#) – Relates to the appropriation to the Department of Lands and the Endowment Fund Investment Board for fiscal year 2025.

Status Senate – passed 22-13-0. House – Second Reading.

Other Legislation Being Monitored

Endowment Land

[H0434 STATE LAND LEASES](#) – Adds to existing law to provide for standard maintenance and repair terms and conditions and to provide for remediation.

Status Referred to House Resources and Conservation.

[H0507 TIMBER](#) – Amends existing law to revise provisions regarding security requirements in certain actions or proceedings involving the sale of timber.

Status House – passed 65-0-5. Senate – passed 32-1-2.

[S1243 GRAZING](#) – Adds to existing law to provide for permits.

Status Senate – passed 31-4-0. House – passed 66-2-2.

Good Neighbor Authority

[H0614 FORESTS](#) – Amends and adds to existing law to provide for duties and authority of the Idaho Department of Lands and to provide for good neighbor authority accounts.

Status House – passed 66-0-4. Senate – Third Reading.

Navigable Waters

[S1257 NAVIGATIONAL ENCROACHMENTS](#) – Amends existing law to define a phrase and to revise a provision regarding certain documentation.

Status Referred to Senate Resources and Environment.

[S1279 NAVIGATIONAL ENCROACHMENTS](#) – Amends existing law to define a phrase.

Status Senate – passed 34-0-1. House – Second Reading.

Miscellaneous

[H0409 STATE GOVERNMENT](#) – Amends and repeals existing law relating to the sale, transfer, or disposition of state administrative facilities.

Status House – passed 70-0-0. Referred to Senate State Affairs.

[S1223 STATE PROCUREMENT ACT](#) – Amends existing law to revise a provision regarding notice of a solicitation.

Status Senate – passed 33-0-2. Referred to House Commerce and Human Resources.

[S1261 STATE EMPLOYEE TELEWORK](#) – Adds to existing law to establish provisions regarding state employee telework.

Status Senate – passed 19-16-0. Referred to House State Affairs.

[S1292 LANDS](#) – Amends, repeals, and adds to existing law to provide for legal representation.

Status Senate – passed 32-3-0. Referred to House Resources and Conservation.

[S1342 GRAZING LEASES](#) – Amends existing law to exclude grazing leases from certain hearing requirements and to provide that all state lands may be leased for a period of up to forty years for grazing leases.

Status Senate – passed 33-0-2. House – Third Reading.



Thomas J. Wilford :: Chairman
Jerry F. Aldape Mary Pat Thompson
Robert M. Donaldson Chuck Winder
Joseph Forney Kenny Wroten
Irving Littman Brian Yeargain

Chris J. Anton :: Manager of Investments

Monthly Report to the Board of Land Commissioners

Investment performance through February 29, 2024

Month: 3.1% Fiscal year: 8.3%

The S&P500 and Nasdaq pushed to new highs as technology stocks posted strong earnings and the frenzy around artificial intelligence intensified. Strong labor markets, a re-accelerating U.S. economy and a smaller than anticipated deceleration in inflation have extended the expected timeline for Fed rate cuts. Atlanta Fed President Raphael Bostic reiterated he wants to wait to start cutting interest rates until inflation recedes further so the central bank does not have to go back and reverse course.

Status of endowment fund reserves

Distributions for FY2024 and FY2025 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

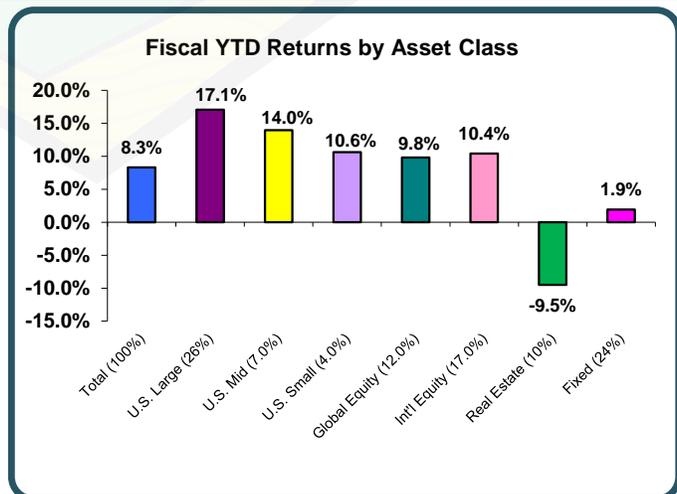
Board Meeting – May 21, 2024

| | <u>Month</u> | <u>FYTD</u> |
|--|-------------------------|-------------------------|
| Beginning Value of Fund | 3,075,742,467 | \$ 2,947,604,447 |
| Distributions to Beneficiaries | (8,359,583) | (67,126,664) |
| Land Revenue net of IDL Expenses | (6,286,026) | 38,387,825 |
| Change in Market Value net of Investment Mgt. Expenses | 109,378,477 | 251,609,727 |
| Current Value of Fund | \$ 3,170,475,335 | \$ 3,170,475,335 |

| <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 | 3.1% | 3.2% | 8.3% | 13.6% | 4.0% | 8.5% | 7.3% |
| <i>Total Fund Benchmark*</i> | 2.6% | 2.9% | 8.3% | 14.3% | 4.5% | 8.1% | 7.1% |
| Total Fixed | -1.3% | -1.4% | 1.9% | 3.6% | -2.5% | 0.9% | 1.6% |
| <i>BBG U.S. Agg. (Ag)</i> | -1.4% | -1.7% | 1.6% | 3.3% | -2.7% | 0.9% | 1.6% |
| Total Equity | 5.1% | 6.2% | 13.2% | 21.6% | 6.8% | 12.0% | 9.8% |
| <i>57% R3 29% Ax 14% AC</i> | 4.4% | 4.9% | 12.7% | 23.1% | 7.0% | 11.0% | 9.4% |
| Domestic Equity | 5.9% | 7.1% | 15.8% | 24.6% | 8.1% | 13.3% | 11.5% |
| <i>Russell 3000 (R3)</i> | 5.4% | 6.6% | 15.6% | 28.6% | 9.9% | 13.9% | 12.0% |
| Global Equity | 3.5% | 3.9% | 9.8% | 20.9% | 7.1% | 12.0% | 8.4% |
| <i>MSCI ACWI (AC)</i> | 4.3% | 4.9% | 12.5% | 23.1% | 6.8% | 10.5% | 8.4% |
| Int'l. Equity | 4.6% | 5.8% | 10.4% | 16.4% | 4.1% | 9.6% | 6.6% |
| <i>MSCI ACWI ex-US (Ax)</i> | 2.5% | 1.5% | 7.2% | 12.5% | 1.3% | 5.4% | 4.0% |
| Real Estate | | | -9.5% | -13.2% | 2.5% | 2.9% | |
| <i>NCREIF ODCE Index</i> | | | -4.9% | -12.9% | 6.1% | 4.7% | |

* Benchmark: 38% Russell 3000 19% ACWI ex-US 9% AC 24% BB Agg. 10% OD

| | <u>Mkt Value</u> | <u>Allocation</u> |
|------------------------|-------------------|-------------------|
| Domestic Equity | \$ 1,222.6 | 38.6% |
| Large Cap | 860.4 | 27.1% |
| Mid Cap | 232.6 | 7.3% |
| Small Cap | 129.5 | 4.1% |
| Global Equity | 385.8 | 12.2% |
| Int'l Equity | 551.9 | 17.4% |
| Fixed Income | 754.0 | 23.8% |
| Real Estate | 241.8 | 7.6% |
| Cash | 15.8 | 0.5% |
| Total Fund | \$ 3,170.5 | 100.0% |

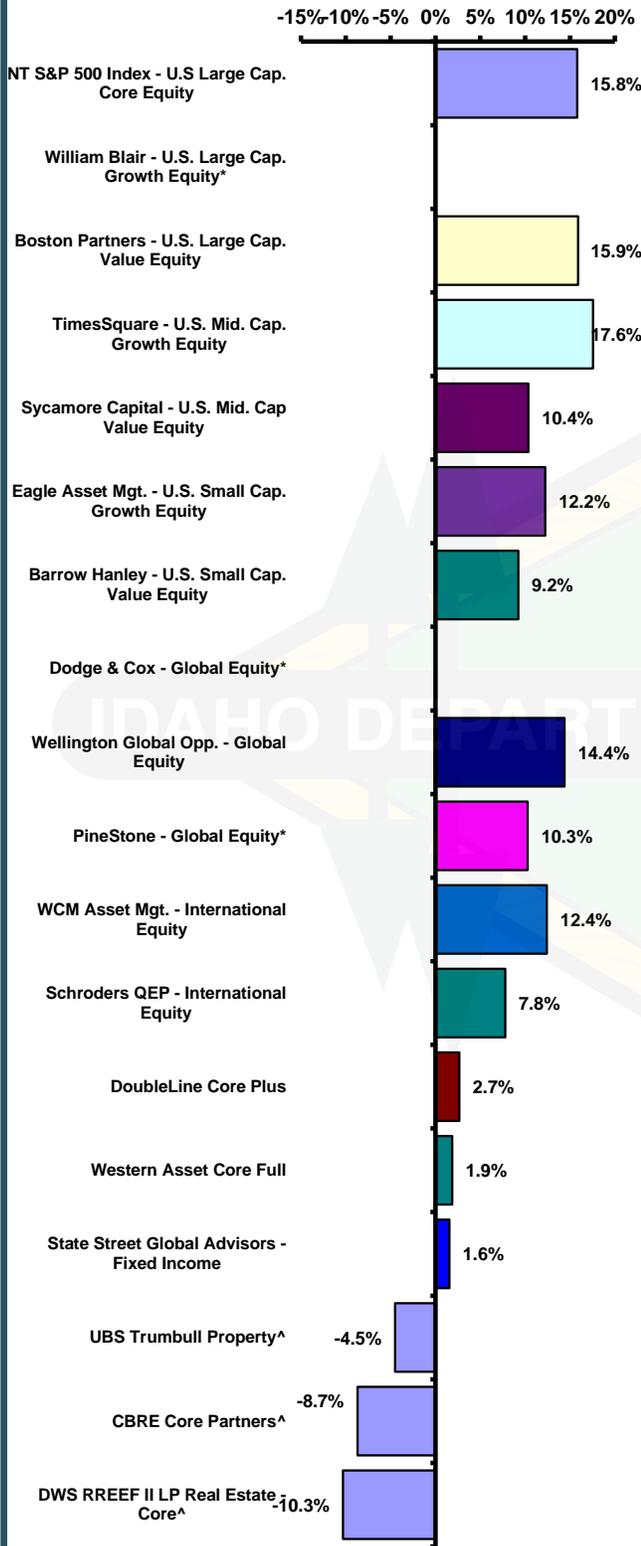


Endowment Fund Staff Comments:

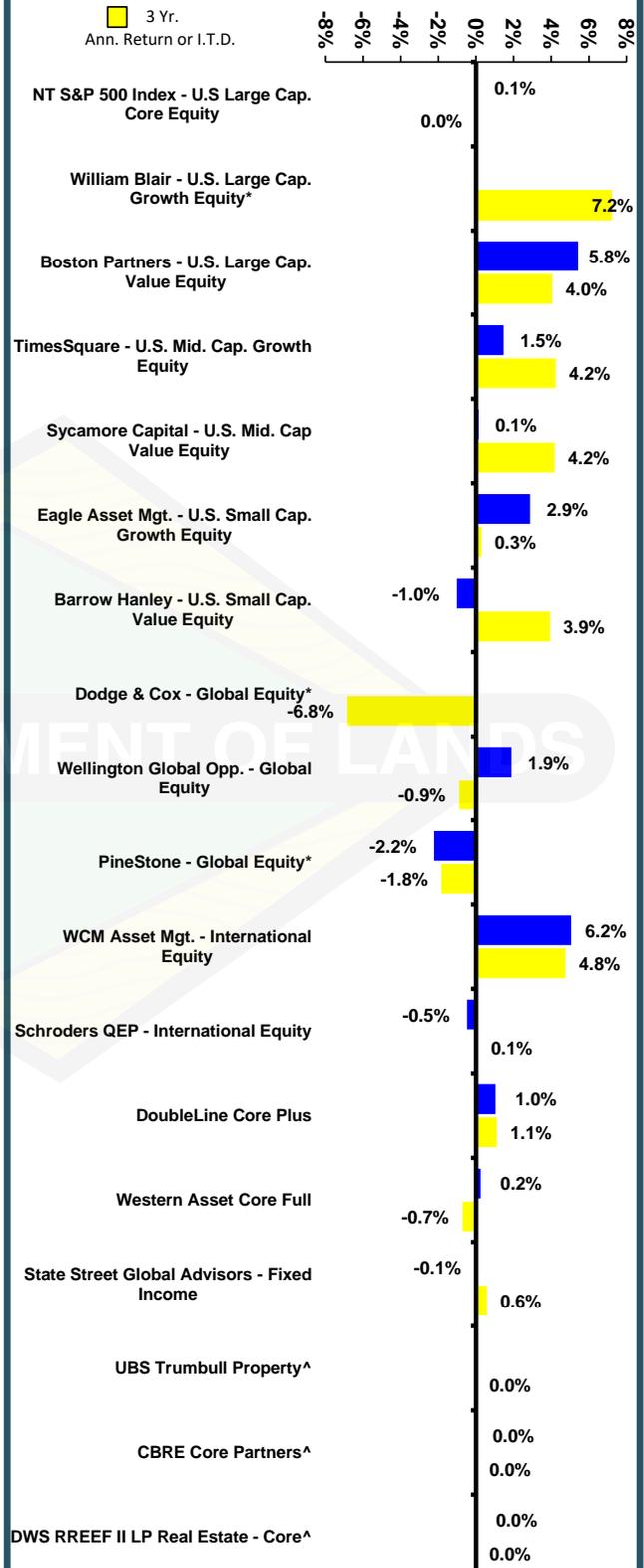
The S&P500 and Nasdaq pushed to new highs as technology stocks posted strong earnings and the frenzy around artificial intelligence intensified. Strong labor markets, a re-accelerating U.S. economy and a smaller than anticipated deceleration in inflation have extended the expected timeline for Fed rate cuts. Atlanta Fed President Raphael Bostic reiterated he wants to wait to start cutting interest rates until inflation recedes further so the central bank does not have to go back and reverse course.

INVESTMENT REPORT

FYTD Manager Returns



Manager Relative Returns Fiscal YTD and 3-Yr Ave*



^ Most recent valuation. * I-T-D if no 3-yr. history

STATE BOARD OF LAND COMMISSIONERS

March 19, 2024
Consent Agenda

Subject

Timber License Plate Fund Projects

Question Presented

Shall the Land Board direct the Department to proceed with the recommended educational projects developed with the Idaho Forest Products Commission?

Background

Idaho's timber license plate is established in Idaho Code § 49-417A and has been available since 1997. Twenty-five dollars of each initial fee and fifteen dollars of each renewal fee are deposited in the Idaho Department of Lands fund for reforestation activities or for education. Educational efforts must help build public understanding of reforestation or the management and conservation of forest resources on public and private lands in Idaho. Such funds are to be expended as agreed by the State Board of Land Commissioners (Land Board) upon recommendations developed jointly by the Idaho Department of Lands (Department) and the Idaho Forest Products Commission (IFPC).

Discussion

In calendar year 2023, there were 4,024 timber plates sold, transferred, or renewed, an increase of 10% over the prior year. As of February 28, 2024, there is \$95,283.15 of unobligated funds in this account. The Department and IFPC have jointly agreed on a plan to expend \$68,500 on educational efforts for calendar year 2024 (Attachment 1). Fees from new and renewal license plates continue to accrue monthly in the fund. The Department and Idaho Forest Products Commission will only expend money from the fund if available.

Recommendation

Direct the Department to proceed with the recommended educational projects developed jointly with the Idaho Forest Products Commission.

Board Action

Attachments

1. IFPC/Department Project Recommendations



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Boise, Idaho 83701
Tel: (208) 334-3292
Toll Free: 800-ID-WOODS
Edu. (208) 334-4061
Fax (208) 334-3449
email: ifpc@idahoforests.org
plt@idahoforests.org
www.idahoforests.org

**IDAHO FOREST
PRODUCTS
COMMISSION**

TO: State Board of Land Commissioners
FROM: Jennifer Okerlund - Director, Idaho Forest Products Commission
Dustin Miller - Director, Idaho Department of Lands
RE: Timber License Plate Fee Recommendations

David Gabrielsen
District 1 - (208) 660-3701

Jack A. Buell
District 2 - (208) 245-2501

Jesse D. Short
District 3 - (208) 848-2301

Erika Sussi
District 4 - (208) 271-6591

Trevor Stone
At-Large - (208) 748-2038

Jennifer Okerlund
Director

Michelle Youngquist
Education Coordinator

Idaho's Timber License Plate has been available since 1997. In the year 2023, a total of 4,024 timber plates were sold, transferred, or renewed. Twenty-five dollars of each initial fee and fifteen dollars of each renewal fee are available for educational efforts or reforestation activities. As of March 4, 2024 there was \$95,283.15 of unobligated funds in this account.

The following list of educational projects is recommended by the Idaho Forest Products Commission and the Idaho Department of Lands to be supported by Timber License Plate fees as authorized in Section 49-417A, Idaho Code:

1. Arbor Day Billboard Campaign

Background: Arbor Day is a special holiday set aside to appreciate and plant trees. This project would provide an educational statewide billboard campaign in conjunction with the Arbor Day celebration. The billboards would target the general public with a positive message about Idaho forests. This campaign would be part of a statewide Arbor Day 2024 project.

Plate Fees: \$ 15,000
Total Project Estimated Costs: \$ 22,000

2. Seedlings

Background: This project would provide 20,000 seedlings for the Arbor Day 2024 celebration and educational expos. The seedlings are grown at the University of Idaho and packaged with information about reforestation and an educational brochure with information about Arbor Day and Idaho's forests will also accompany seedlings. The seedlings would be available throughout the state at various points of distribution.

Amount Requested from Timber Plate Fees: \$ 6,000
Total Project Estimated Costs: \$ 17,000

(Over)

3. Arbor Day 2024

Background: Each year the last Friday in April is designed as Arbor Day, a special holiday celebrating trees. The Arbor Day 2024 project includes promotional materials, brochures and posters with information about Idaho's forests and reforestation, a seedling give-away, digital and radio public service announcements, social media postings, a special Arbor Day t-shirt and event at the state historic museum on Arbor Day. There will also be programs for Idaho educators focusing on the many things renewable trees bring to our lives and need for good forest stewardship, management and reforestation.

Amount Requested from Timber Plate Fees: \$ 2,000
Total Project Estimated Costs: \$ 12,000

4. Arbor Day Photo Contest

Background: In 2011, IFPC began a statewide photo contest providing an opportunity for Idaho students to engage in Arbor Day and consider the role trees as a renewable resource play in their daily lives. The project has been a true success with hundreds of 5th to 12th grade students participating each year. The contest was developed with input from the Idaho Department of Education and asks students to show what they see when they "Look to the Forest" through a photograph and to describe their work in an artist statement. Cash prizes are awarded to the winners of three age categories. One grand prize is honored at the state Arbor Day Celebration where a tree is planted in their honor. Winning photos are used to promote Arbor Day and forest education in Idaho.

Amount Requested from Timber Plate Fees: \$ 500
Total Project Estimated Costs: \$ 1,000

5. Teachers= Sustainable Forest Tour

Background: This project provides dozens of educators with an exceptional hands-on opportunity to learn about sustainable forest management and the forest products industry during a forest tour. Its goal is to provide an opportunity for educators to talk directly with the people that grow, manage, harvest and process trees into useful wood products as well as the managers who care for the air, water, soil, fish and wildlife. The 2024 Sustainable Forest Tour is scheduled for the week of June 25-28.

Amount Requested from Timber Plate Fees: \$ 10,000
Total Project Estimated Costs: \$ 45,000

(Over)

6. Forest Tour

Background: This project provides an on-the-ground educational opportunity for Idaho leaders to learn about the forests of Idaho and gain a first-hand understanding of forest management. In the past, Miracle at Work Forest Tours have been conducted in central and north Idaho and feature private, state and federal forest managers and resource professionals.

| | |
|---|------------------|
| Amount Requested from Timber Plate Fees: | <u>\$ 10,000</u> |
| Total Project Estimated Costs: | \$ 25,000 |

7. Project Learning Tree

Background: Project Learning Tree is a nationwide, award winning environmental education program. PLT is based on the principles of teaching youths how to think, not what to think and preparing students to make wise decisions about resource use and conservation. Since 1994, over 11,000 teachers have participated in PLT workshops and programs with the potential to reach thousands of Idaho students *each* year.

| | |
|---|------------|
| Amount Requested from Timber Plate Fees: | \$ 25,000 |
| Total Project Estimated Costs: | \$ 180,000 |



IDAHO DEPARTMENT OF LANDS

| | |
|--|-------------------------|
| Total License Fee Appropriation Request | <u>\$ 68,500</u> |
|--|-------------------------|



Coeur d'Alene Staff Headquarters
3284 W. Industrial Loop, Coeur d'Alene, ID 83815
Telephone: Matthew Perkins- (208) 626-1779
Fax No. (208) 334-3698

Memorandum

TO: Dustin T. Miller, Director, IDL
Jennifer Okerlund, Director, IFPC

FROM: Matthew Perkins, Urban & Community Forestry Program Manager

SUBJECT: Arbor Day Funding Request

DATE: February 13, 2024

CC: Craig Foss, State Forester/Forestry & Fire Division Administrator
Archie Gray, Chief, Forestry Assistance Bureau

I am writing to request \$2,000 from the Idaho Timber Special License Plates program to assist Idaho Department of Lands area offices in promoting tree planting on public and private lands in and around Idaho communities. This funding request is for FY2024, as Timber license plate funds are available.

The Department of Lands will use the \$2,000 to encourage IDL area field offices to help communities plan and conduct local Arbor Day celebrations. Similar projects conducted in past years received outstanding support from IDL field offices and the communities they assisted. Funds were used to purchase trees, Arbor Day T-shirts, and other educational materials for communities throughout Idaho.

The Arbor Day project provides many opportunities for partnerships between urban and rural forestry interests. IDL foresters work with local governments, schools, service clubs, businesses, USFS offices, and forest products companies to plan and conduct local celebrations.

Thank you for your consideration of this request. I will be glad to provide additional information as needed, and look forward to your response.

STATE BOARD OF LAND COMMISSIONERS

March 19, 2024

Consent Agenda

Subject

Authorization to purchase the Forest Legacy Program easements known as MRC-JTO and East Dawson, comprising approximately 1,893 acres of privately-owned forestland in Boundary County.

Question Presented

Shall the Land Board authorize the Department to accept the MRC-JTO and East Dawson tracts into Idaho's Forest Legacy Program?

Background

- The Idaho State Board of Land Commissioners (Land Board) authorizes the Idaho Department of Lands (Department) to acquire such interests by voluntary, cooperative means and to create a Forest Legacy easement pursuant to Idaho Code Title 55, Chapter 21.
- The Cooperative Forestry Assistance Act (the "Act") of 1978 (16 U.S.C. 2101 et. seq.), as amended by Section 1217 and Title XII of the Food, Agriculture, Conservation Trade Act of 1990 (16 U.S.C. 2103c), established the federal Forest Legacy Program to protect environmentally important forestlands threatened with conversion to non-forest use.
- The Forest Legacy Program is funded through congressional authorizations and offshore oil drilling royalties.

The Forest Legacy Program (FLP) is a voluntary initiative. It empowers private landowners to safeguard their forestland for perpetual timber production. Under the program, they voluntarily sell their development rights at market value, but retain land ownership, management, and revenue from their land while continuing to pay property taxes. Federal grants allow Idaho's FLP to purchase the development rights, preventing the land being converted to non-forest uses. (Attachment 1-FLP Fact Sheet).

With a growing Idaho, many large tracts of forestland are threatened by subdivision and development. Forest Legacy helps prevent sprawl into the Wildland Urban Interface or WUI, while ensuring a steady, reliable sawlog and fiber supply for industry and future mill infrastructure investments.

All properties participating in the Forest Legacy Program have a Forest Stewardship Plan, keeping the forests healthy and managed, which helps mitigate wildfire risk.

The Forest Legacy projects are not funded through Idaho's General Fund. Funding stems from congressional authorizations and offshore oil drilling royalties. Idaho competes for the money in the form of grants that are passed through the U.S. Forest Service. Participating landowners contribute a 25% match, typically via tax-deductible donations.

The MRC-JTO tract is part of the Moyie River Corridor FLP Project. The Baldy tract that was approved by the Land Board in February 2024 is a part of this project. The East Dawson tract is part of the Boundary Connections 2 FLP Project, and this is the final tract to close for that project. (Attachment 2-Map). Molpus Woodlands Group, on behalf of its client landowners Jackson Timberland Opp-Tristar and Jamestown Forestlands LLC, wish to convey the development rights of their respective properties by way of conservation easements to the Department to conserve these forestlands in perpetuity, thereby protecting the economic and environmental values while keeping the property in private ownership. The 25% non-federal match for this acquisition will consist of donated easement value and additional match. The Idaho Department of Fish and Game and The Nature Conservancy have also contributed funds towards completion of this project. The table below summarizes the costs.

| Tract | Landowner | Appraised CE Value | Landowner Donation | FLP Contribution |
|-------------|--------------------------------|--------------------|--------------------|------------------|
| MRC-JTO | Jackson Timberland Opp-Tristar | \$4,357,000 | \$1,077,250 | \$3,279,750 |
| East Dawson | Jamestown Forestlands LLC | \$1,814,000 | \$441,500 | \$1,375,500 |

These acquisitions are consistent with the goals and objectives of Idaho's FLP and will protect the following significant conservation values:

- Timber:** Idaho's Forest Action Plan identifies the area where the project lands are located as one of the highest priority areas for forestland protection in the state. According to Boundary County's Comprehensive Plan, the harvest of timber and other products from forestland in Boundary County is essential to the local economy.
- Wildlife Habitat:** Project lands contain some of the most valuable wildlife habitat in Idaho, supporting an abundant assortment of game and non-game species including federally listed threatened species such as Canada lynx.
- Public Recreation:** The conservation easement terms ensure that these lands will remain accessible to the general public for non-commercial, non-motorized recreational uses including hunting, trapping, fishing, biking, hiking, cross-country skiing and wildlife viewing.

- **Landscape Scale Conservation Impact:** The Moyie River Corridor project is located in a high priority area. There are over 20 properties participating in the FLP within 10 miles of these properties.

The project has garnered broad public support by various public and private entities (Attachment 3-Public Support). The Boundary County Commissioners met on February 12, 2024 and expressed support for the project. These forestlands have substantial and significant conservation and economic values that are of great importance to the people of Idaho. The protection of these values will yield a significant public benefit.

Recommendation

Authorize the Idaho Department of Lands to accept the MRC-JTO and East Dawson tracts into the Forest Legacy Program by way of conservation easements.

Board Action

Attachments

1. FLP Fact Sheet
2. Map
3. Public Support

A large, semi-transparent watermark of the Idaho Department of Lands logo is centered on the page. The logo features a stylized mountain range in shades of green and yellow, with a white banner across the middle containing the text "IDAHO DEPARTMENT OF LANDS" in bold, white, uppercase letters.

IDAHO DEPARTMENT OF LANDS

FOREST LEGACY PROGRAM (FLP)

Helping private landowners keep their working forests working.

FLP, a voluntary initiative, enables landowners to safeguard their forestland for perpetual timber production, offering financial incentives similar to selling for development. Owners retain their land, pay property taxes, and manage timber harvesting.

What land qualifies for the Forest Legacy Program?

Eligible properties must be privately owned, over 5 acres, 75% forested, and within Idaho's priority landscape areas, as per the Idaho Forest Action Plan. Funding is awarded through a competitive, nationwide process.

Are Forest Legacy projects funded by Idaho's General Fund?

No. Funding stems from congressional authorizations and offshore oil drilling royalties. Participating landowners contribute a 25% match, typically via tax-deductible donations.

Will there be more working forestlands enrolled in Forest Legacy in the future?

Yes. Idaho's industrial forestland owners are eager to expand private land enrollment in FLP. Idaho is ready to compete for a share of the \$700 million national fund allocated for FLP projects.

How would a property owner start the process?

Reach out to your local land trust, a non-profit specializing in land acquisition for public benefit, as all FLP applications need a land trust sponsor.

Why is Forest Legacy important?

FLP ensures a steady supply of industry sawlogs and fiber, mitigates wildfire risks, and prevents sprawl in the Wildland Urban Interface (WUI). It bolsters local economies by safeguarding rural jobs and enhancing recreational access, while preserving wildlife habitat, water quality, and scenic landscapes.

How does FLP safeguard the supply of fiber for industry?

FLP keeps working forests working, helping to ensure a reliable fiber supply for industry and future mill infrastructure investments. Together with endowment forestland, FLP helps sustain long-term fiber availability for mill operations, as well as sustaining jobs within our communities.

How does Forest Legacy work?

Under FLP, forestland owners sell their development rights but retain ownership, management, and profits from their land, while reducing development in the WUI. Idaho holds these rights in trust and counties still receive tax revenues from these lands.

What does FLP do to help sustain wildlife habitat?

Priority areas in FLP often overlap with crucial habitats for threatened species. Maintaining forested land supports wildlife habitats and creates corridors for movement, aiding in the recovery of species like the Bull Trout. Fewer residential structures in these areas also minimize wildlife-human conflicts.

What does FLP have to do with mitigating fire risk?

FLP requires a Forest Stewardship Plan and sustainable management per Idaho's Forest Practices Act, which reduces vulnerability to catastrophic fires. By limiting WUI expansion, it helps ensure fire protection can be provided with fewer resources.

How does FLP improve recreational access?

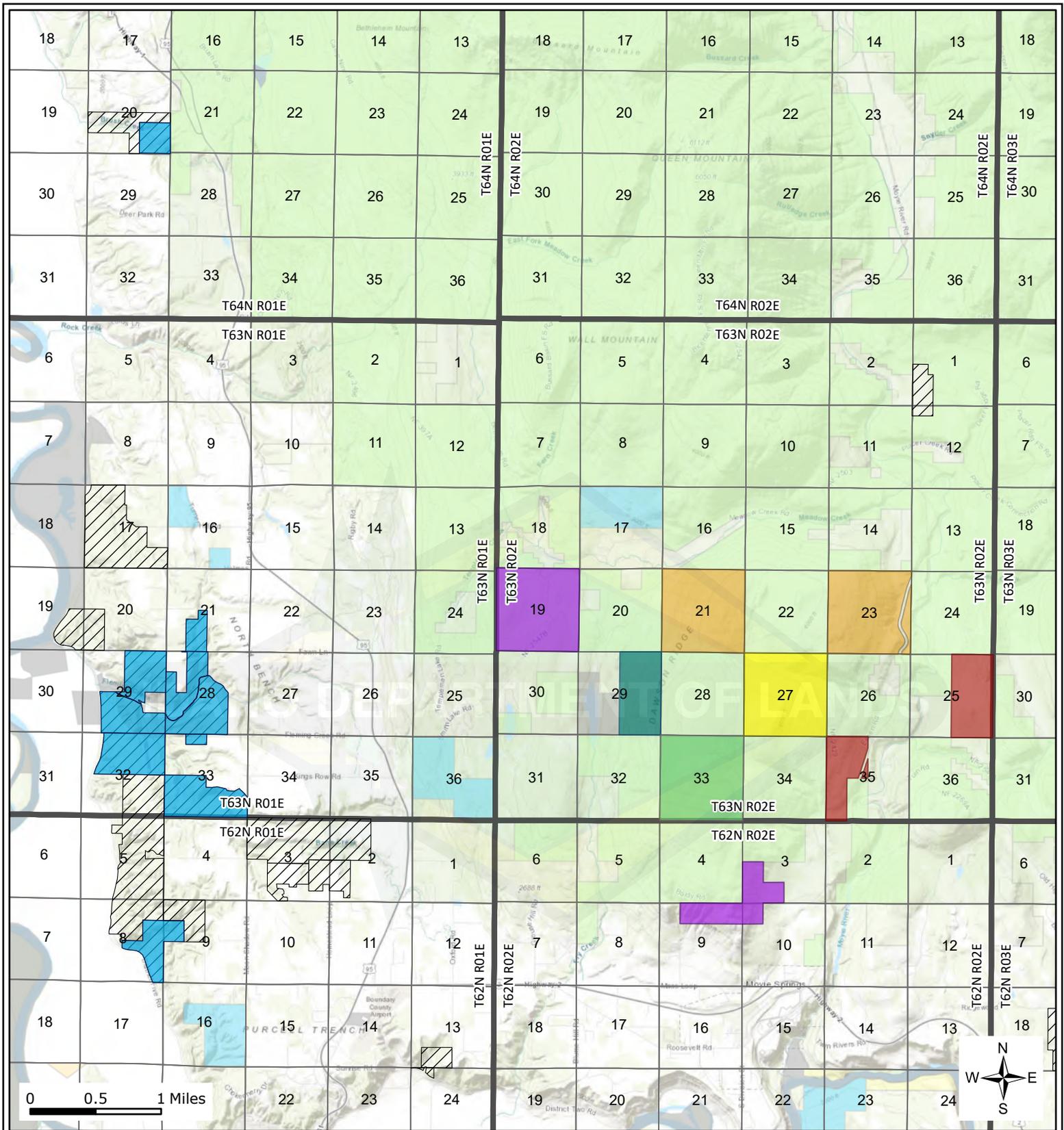
Since 2003, FLP has made 93,339 of its 103,252 timberland acres (90%) available for public recreation. As Idaho grows and demand for recreation access increases, FLP incentivizes private landowners to offer public access in line with their forest management goals.



For more info scan the code or visit

<https://www.idl.idaho.gov/about-forestry/forest-legacy-program/>





Boundary Connections 2

- East Dawson
- BC2 Conservation Easement (acquired)
- Moyie River Corridor**
- Baldy (approved)
- Dawson
- Skin Creek
- South Dawson Ridge
- MRC-JTO

- Acquired Conservation Easements
- Idaho Surface Management Agency**
- Private
- BLM
- State
- USFS
- Tribal
- Other

Moyie River Corridor Boundary Connections 2

3/13/2024



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.



Public Support of the FY 2020-21 Moyie River Corridor Project in Boundary County

The following local, state and federal governmental agencies and local, state and regional conservation organizations provided written letters in support of the purchase of the development rights, by way of conservation easement, on the Moyie River Corridor project properties:

- City of Bonners Ferry
- City of Moyie
- Foust Logging, Inc.
- Idaho Department of Fish and Game
- Idaho Forest Owner Association
- Idaho Forest Group
- Inland Forest Management
- Stimson Lumber Co.
- Trans-border Grizzly Bear Project
- US Fish and Wildlife Service
- US Forest Service – Idaho Panhandle National Forest
- Vital Ground Foundation
- Yellowstone to Yukon Conservation Initiative

IDAHO DEPARTMENT OF LANDS

The Boundary County Commissioners have received intermittent updates on the project through the process, with the most recent update given on February 12, 2024 by Kennon McClintock with The Nature Conservancy, and Jennifer Barker, the Forest Legacy Program Manager with IDL. Present were Commissioners Wally Cossairt and Tim Bertling, who expressed support for the project. Commissioner Ben Robertson was absent due to illness, however the materials were left for his review.

Commissioners' Meeting Minutes - Week of February 12, 2024

***Monday, February 12, 2024, at 9:00 a.m., Commissioners met in regular session with Chairman Tim Bertling, Commissioner Wally Cossairt, Clerk Glenda Poston, and Deputy Clerk Michelle Rohrwasser. Commissioner Ben Robertson was out of the office.

Commissioners said the Pledge of Allegiance.

9:00 a.m., Kennon McClintock with The Nature Conservancy and Idaho Department of Lands Forest Legacy Program Manager Jennifer Barker joined the meeting to update Commissioners on the Dawson Ridge conservation easement. This particular project started in year 2018. Mr. McClintock said the appraisals have been done and they're looking forward to closing those parcels. They will go to the Land Board in order to get approval and then the properties will be closed and protected. Those present reviewed a map of the project areas. The project size originally consisted of 6,000 acres, but it's now reduced to 4,400 acres left between Hancock and Molpus. These easements are working forest lands and they won't have buildings on them, according to Mr. McClintock.

Mr. McClintock pointed out area #33, which is the area that houses the communications tower on Molpus property. The tower can stay at that location as long as it needs to, according to Mr. McClintock. Mr. McClintock reviewed where logs came from in year 2022 with 40.4% coming from private industrial land, 22.5% comes from small private parcels and 2.4% comes from British Columbia. The State contributed 22.3% and it is mostly Idaho, but could also include Washington State and Montana. Federal logs are at 12.3%. Included in the chart are the following mills: Idaho Forest Group in Moyie Springs, LaCiede and Chilco, Alta in Naples, and Stimson in Priest River and Plummer. Mr. McClintock said the amounts have been dropping every year and we will see fewer logs coming off of industrial lands. State logs have increased from 13% in 2017 to 22% in 2022.

Ms. Barker asked Commissioners if they are okay if she informs the Land Board that Commissioners support the project. Chairman Bertling said yes.

The meeting with Mr. McClintock and Ms. Barker ended at 9:22 a.m.

<https://boundarycounty.us/site-page/board-commissioners>



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.

Draft Minutes State Board of Land Commissioners Regular Meeting February 20, 2024

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, February 20, 2024 at the Boise City Council Chambers, Boise City Hall, 3rd Floor, 150 N. Capitol Blvd., Boise, Idaho, and via webinar. The meeting began at 8:58 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Governor Brad Little
Honorable Secretary of State Phil McGrane
Honorable Attorney General Raúl Labrador
Honorable State Controller Brandon Woolf

Four members were present at the physical location: Governor Little, Secretary of State McGrane, Attorney General Labrador, and Controller Woolf. Superintendent Critchfield was attending to Department of Education business at the Legislature.

Director Miller announced the winner of the Department's 2023 Safety Award, Shannon McCormick, in recognition of outstanding contributions to the Department of Lands' safety culture, including identifying safety issues, mitigating safety issues, following through and completing actions needed, and consistently making safety a top priority. Shannon leads the timber measurement program and timber scalers that are pivotal in fulfilling the Department's mission; they are responsible for precisely measuring logs delivered to the mills for payment to the Department and thus to the beneficiaries. The Safety Committee selected Shannon based on the strength of nominations received and noted it was a high honor that scalers took time and effort to nominate her. Governor Little offered congratulations and remarked that the beneficiaries and all Idahoans pay if staff are not safe; it is good to recognize and incentivize safety as part of the ethos in the Department of Lands.

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

- A. Timber Sales – January 2024
- B. Leases and Permits – January 2024

Discussion: None.

Status Updates

- C. Legislative Summary
- D. Resource Protection and Assistance Report

Discussion: None.

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

- A. Manager's Report
- B. Investment Report
- C. Assets Overseen by Investment Board

Discussion: Mr. Anton recalled that December was a solid month in the financial markets as the Federal Reserve indicated that inflation was coming down more quickly than anticipated and that the Federal Reserve's fund rate would likely begin dropping in 2024. Equity markets were up slightly in January. Overall, the portfolio was up only 0.1% for the month and up 5% fiscal year-to-date. Mr. Anton noted the fund had gains in early February; through last Friday [2/16] the fund was up 6.9%. In January the U.S. unemployment report delivered a positive signal on labor conditions; 353,000 non-farm payroll jobs were added, and unemployment remained unchanged at 3.7%. Strong labor markets give the Federal Reserve time to make sure inflation is under control before beginning to reduce rates. The improvement in hiring was broad based across many industries and manufacturing turned the corner and showed improvement during the month. In addition, big tech earnings remained robust; 4th quarter profits were released and pushed the S&P500 to a new high during January. Financial markets have been strong again, driven by large tech companies.

Consent—Action Item(s)

3. Forest Legacy Program—Baldy Easement – Presented by Archie Gray, Bureau Chief-Forestry Assistance

Recommendation: Authorize the Idaho Department of Lands to accept the Baldy tract into the Forest Legacy Program by way of conservation easement.

Discussion: None.

4. Results of December 22, 2023 Commercial Recreation Lease Live Auction – Presented by Kemp Smith, Program Manager-Commercial/Residential Leasing

Recommendation: Direct the Department to award commercial recreation lease M100018 to the high bidder, Rocky Point Marina Corporation.

Discussion: Governor Little inquired if any renewals are built into the lease. Mr. Smith replied that there are not any renewals built into the lease itself. The five-year term was selected with an eye toward the future. The Department has a lot of inland holdings that border the lease area. Staff see the potential for a larger development and will review that in the next few years. Governor Little commented that explains the \$4,000 premium bid, because of the longevity. Mr. Smith said that is correct.

Secretary of State McGrane observed that effectively the lease is \$44,000 but the real revenue stream is from the percentages of yearly gross receipts. Mr. Smith clarified that the base rate for 2024 is \$40,000 with an annual 3% escalator over the course of the lease. In addition to that, each year the lessee pays the Department 5% of its yearly gross receipts generated from activities conducted under the land lease, and roughly 3.75% of yearly gross receipts for the moorage activities under the submerged land lease. Secretary of State McGrane asked if the Department has any sense of what those receipts may be each year. Mr. Smith responded it can be difficult to speculate, especially in this situation with a new lessee; their operation might be different than what has been traditionally operated. Mr. Smith estimated in the neighborhood of \$10,000/year from the land lease gross receipts and somewhere in the area of \$3,000/year for the submerged land lease receipts.

5. Approval of Draft Minutes – January 16, 2024 Regular Meeting (Boise)

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

Regular—Action Item(s)

6. Approval of Swamp Witch Timber Sale with Clearcut Harvest Unit(s) – Presented by David Greenwood, Bureau Chief-Forest Management

Recommendation: Approve the Swamp Witch Timber Sale.

Discussion: None.

Board Action: A motion was made by Controller Woolf that the Land Board approve the Swamp Witch Timber Sale with clearcuts on three units. Secretary of State McGrane seconded the motion. The motion carried on a vote of 4-0.

7. Negotiated Rulemaking for IDAPA 20.03.02, Rules Governing Mined Land Reclamation – Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance

Recommendation: Authorize the Department to initiate negotiated rulemaking for IDAPA 20.03.02 Rules Governing Mined Land Reclamation in Idaho.

Discussion: None.

Board Action: A motion was made by Controller Woolf that the Land Board authorize the Department to initiate negotiated rulemaking for IDAPA 20.03.02 Rules Governing Mined Land Reclamation in Idaho. Attorney General Labrador seconded the motion. The motion carried on a vote of 4-0.

8. Negotiated Rulemaking for IDAPA 20.03.04, Rules for the Regulation of Beds, Waters, and Airspace Over Navigable Lakes in the State of Idaho – Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance

Recommendation: Authorize the Department to initiate negotiated rulemaking for IDAPA 20.03.04 Rules for the Regulation of Beds, Waters, and Airspace Over Navigable Lakes in the State of Idaho.

Discussion: None.

Board Action: A motion was made by Secretary of State McGrane that the Land Board authorize the Department to initiate negotiated rulemaking for IDAPA 20.03.04 Rules for the Regulation of Beds, Waters, and Airspace Over Navigable Lakes in the State of Idaho. Controller Woolf seconded the motion. The motion carried on a vote of 4-0.

Information

9. History of Endowment Reform – Presented by Robert Maynard, Chief Investment Officer, PERSI-Retired, and Chris Anton, Manager of Investments, EFIB

Discussion: Audio and video recordings of this agenda item are available by request to the Department of Lands, Attn: Land Board Recording Secretary, PO Box 83720, Boise ID 83720-0050; or by email to public_records_request@idl.idaho.gov.

Executive Session

None

There being no further business before the Land Board, at 10:38 a.m. a motion to adjourn was made by Controller Woolf. Secretary of State McGrane seconded the motion. The motion carried on a vote of 4-0.

STATE BOARD OF LAND COMMISSIONERS

March 19, 2024

Regular Agenda

Subject

Request approval to proceed with due diligence for Saraceno Land Exchange.

Question Presented

Shall the State Board of Land Commissioners (Land Board) authorize the Department to proceed with due diligence for the proposed Saraceno land exchange?

Background

In January 2024, the Idaho Department of Lands (Department) received an application for a land exchange from Don and Kerri Saraceno (Saraceno) (Attachment 1). The proposed exchange would trade approximately 241 acres of Saraceno-owned timberlands for approximately 120 acres of endowment lands. The two Saraceno parcels in this proposed land exchange are located in Clearwater County and the endowment parcel is located in Idaho County. An overview map of the project is included as Attachment 2.

The Saraceno lands are comprised of two timberland parcels, a 159-acre parcel (Floodwood), and an 82-acre parcel (Fidler). The Floodwood parcel is 44 miles northeast of Kamiah, Idaho and is surrounded by approximately 27,000 contiguous acres of core endowment timberlands. The Fidler parcel is located 9 miles north of Kamiah and is bordered on three sides by endowment timberlands, where the Department manages approximately 33,670 contiguous acres of core endowment timberlands in its Weippe block. Maps of the Saraceno timberlands are included as Attachment 3.

The 120 acre-parcel of Public-School endowment land is located 9 miles northeast of Kamiah, in Idaho County. The endowment land involved in this exchange is an isolated parcel and is not contiguous to any other endowment land, nor any federally managed lands. The parcel was surveyed in 2020 and logged in 2021. The endowment property currently has a grazing lease, with the lessee being land exchange applicant Saraceno. There are no other leases, permits or other encumbrances on the endowment land involved in the exchange. A map of the endowment land is included as Attachment 4.

Saraceno and the Department have agreed to split the costs of due diligence evenly. Both parties desire an equal value exchange. One party may make a cash payment at closing to balance any appraised value difference, up to 10% of the transaction value. If the Saraceno parcels' value substantially exceeds (>10%) the value of the endowment lands, and all parcels otherwise satisfy the Department's due diligence requirements, the Department will ask the Land Board to consider approving the exchange and approving the use of Land Bank funds to offset the more valuable Saraceno lands.

Discussion

This proposed land exchange would improve the long-term value to the endowment and help block up existing endowment timberland.

Specific benefits of the exchange include:

- 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 Saraceno property as Department-managed timberland will be higher than the ROA of the identified endowment land.
- The Floodwood (Saraceno) parcel that the Department would manage is some of the most productive timberlands in the state, a predominantly cedar habitat. This parcel has long been an acquisition goal for the Department, and it has been included on the Department's acquisition pipeline list since at least 2018.
- The proposed land exchange will improve legal and physical access to existing endowment land in the Floodwood drainage and the Department's Weippe block as the Department needs access through the Fidler parcel in question. The Department originally built and surfaced Fidler Road and the land exchange would remove an easement gap, allowing the Department full utility to use the road system.
- The proposed land exchange will block up existing endowment lands which will provide increased efficiency with regard to forest management and timber harvest activities.
- The proposed land exchange will eliminate in-holdings within Department timberlands, eliminating foreseeable conflicting uses and related issues.
 - The proposed land exchange will simplify road system use and maintenance logistics.
 - The proposed land exchange would eliminate approximately six miles of property boundaries (at \$3,000/mi) and 20 survey monuments (at \$250/pin), resulting in notably less maintenance and expense. Based on recent survey contracts, this cost-savings is approximately \$23,000.

Upon Land Board approval, the next steps for the land exchange would be for the Department to perform due diligence consistent with the following and as listed in Attachment 5:

- Meet and discuss the proposed land exchange with county commissioners from Clearwater and Idaho Counties and provide commissioners the opportunity to comment on the proposed land exchange.
- 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 properties with merchantable timber will require a timber cruise to determine the species, quality, and quantity of harvestable timber. Sufficient 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 each property. Appraisals will be reviewed by a second MAI appraiser to verify the report meets Uniform Standards of Professional Appraisal Practice (USPAP).
- Review any recorded surveys, verify survey pins are placed at the corners, and determine if there is a need to commission a survey.

Based on the 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 complete the transaction.

Recommendation

The Department recommends the Land Board approve proceeding with due diligence for the Saraceno land exchange proposal.

Board Action

Attachments

1. Saraceno LEX Application
2. Overview Map
3. Saraceno Floodwood and Fidler Parcel Maps
4. Endowment Land Parcel Map
5. Due Diligence Checklist

LAND EXCHANGE APPLICATION

The Land Exchange Application process is used by Idaho Department of Lands (IDL) to evaluate land exchange proposals for Endowment Lands. Please provide all information to ensure that the Land Exchange Application is complete. Incomplete applications will be returned to applicant without review.

Exchange Application Instructions:

- Meet with the Deputy Director or designee prior to filing a Land Exchange Application
 - Submit a completed Exchange Application and \$1,000 Application Fee to the Idaho Department of Lands.
- Note: Please read Exchange Application Information carefully for additional terms and conditions prior to filing.

Don Saraceno
Exchange Application Fee: \$1,000.00 (Nonrefundable)

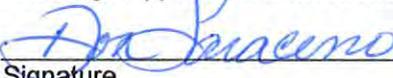
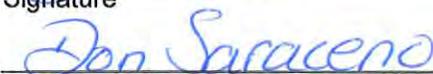
APPLICANT DATA: The full legal name of the Applicant or the business entity name on file with the Idaho Secretary of State. Certificate of Good Standing must be provided for all business entities.

| | |
|--|---|
| Applicant or Business Name: Don & Kerri Saraceno | Contact Name: |
| Street Address: 312 School House Road | Position or Title: |
| City: Kamiah | Mailing Address (if different from Street Address): |
| State: Id | PO Box (if applicable) |
| Email Address(es): saraceno@hotmail.com | Zip +4: 83536 |
| Website Address(es): | Work Phone: |
| Fax: | Cell/Mobile: 208-669-0052 |
| Broker Representation, If applicable Business Name: | Home Phone: 208-935-1341 |
| Broker's Name: | |
| Street Address: | Work Phone: |
| City: State | Cell/Mobile: |
| Email Address: | |

The applicant must provide the following information:

- A Property Information Packet that includes the items identified on Attachment A
- Describe and list Idaho Department of Lands parcels on Attachment B.

I hereby certify that I am the Applicant and the above listed broker is my Authorized Representative and that the information contained in the Land Exchange Application is true and correct to the best of my knowledge. I acknowledge that falsification of any information contained herein, or provided herewith, will be grounds for rejection of the Land Exchange Application and forfeiture of any fees paid.


 Signature _____ Date 1/16/24

 Print/Type Name _____ Title (if applicable) _____

IDL Staff Use Only

Instrument # _____ Project # _____ \$ _____ TC: 104 PCA: 11487 Subsidiary: 3204750

Exchange Application – Complete and in Review Exchange Application Denied
 Exchange Application – Incomplete, please complete and resubmit

 Deputy Director or Designee Date

LAND EXCHANGE APPLICATION TERMS AND CONDITIONS

(Please read carefully before completing)

IMPORTANT CONSIDERATIONS:

All endowment assets of the State of Idaho must, per the state Constitution, be managed "in such manner as will secure the maximum long term financial return" to the trust beneficiaries. Applicants are encouraged to review the Idaho State Board of Land Commissioner's Asset Management Plan (AMP) available at <http://www.idl.idaho.gov/am/amfiles/122011-AMP-final.pdf> prior to submission of an Application.

An endowment land exchange is subject to the following Idaho Constitution or statutory references:

1. Idaho Constitution - Article IX, Sections 8 and 10
2. Idaho Admissions Act - Section 5 (b)
3. Idaho Code Sections 58-104 (8), 58-138, 58-505

A land exchange is generally defined as an exchange between two owners of like-kind real property (including improvements, if any) where one party exchanges its real property for real property of equivalent value owned by the other party. It is expected that the Applicant is the owner of record of the property proposed for exchange at the time the application is submitted to IDL.

Submission of this application does not guarantee that the land will be exchanged. The Land Board or Director may determine that a land exchange would not be in the best interest of the Endowments at any point prior to Land Board approval and close of escrow.

Prior to filing an Exchange Application, the applicant is required to schedule a pre-application meeting with the Deputy Director or designee.

TRANSACTION COSTS BORNE BY THE APPLICANT

1. Exchange Application Fee: \$1,000.00 The Exchange Application Fee is nonrefundable.
2. Transaction costs are generally borne by the applicant but may be negotiated subject to Asset Management Steering Committee [AMSC] direction. Transaction costs include but are not limited to appraisals, land surveys, Environmental Site Assessment(s) and Property Condition Assessment Report.
3. An administrative fee will be negotiated with each Applicant.
4. All endowment lands will be appraised as though with all purpose legal access.

APPLICATION PROCESS

Each Exchange Application is reviewed on a case by case basis. Evaluation of the application includes but is not limited to an analysis of income potential to the endowment, proposed use and impact to adjacent endowment lands, access, and proximity to existing development, parcel size, and conformance with local regulations.

The application process is initiated with the submittal of a completed Land Exchange Application, non-refundable application fee of \$1,000, and the Property Information Package for the applicant's property. IDL will strive to determine whether or not the Land Exchange Application is accepted, denied or deemed incomplete within thirty (30) calendar days of receipt of the exchange application. The Land Exchange Applicant will be notified in writing of IDL's determination.

Transaction costs borne by the applicant will be negotiated prior to the commencement of due diligence activities. State Land Board approval of the Land Exchange Agreement will be requested after completion of due diligence. Close of escrow will occur after completion and satisfaction of all conditions and provisions in the Land Exchange Agreement.

Cottage Sites

Cottage sites eligible for exchange will be identified by IDL subsequent to the acceptance of the Application and prior to execution of a Land Exchange Agreement. Indicate the inclusion of Cottage Sites for this application on Attachment B.

The majority of the endowment owned cottage sites are currently encumbered by a state land lease and improvements owned by IDL lessees. The exchange is for the land only; current lessees would retain ownership of their improvements.

Applicant's Property

Submit a Property Information Package that includes the following (if applicable):

1. Financial Analysis
 - a. Identify all sources of Revenue for the Property and Provide two (2) years' Financial Statements
 - b. Provide a rent roll
 - c. Indicate an appropriate Vacancy Rate
 - d. Provide two (2) years' Operating Statements
 - e. List all capital improvements made during the life of the building
 - f. Provide a deferred maintenance schedule and an appropriate reserve account balance
2. Market Analysis
 - a. Identify supporting and competing properties in the surrounding market area
 - b. List growth industries in the surrounding market area and region
 - c. Provide population and employment projections
3. Describe the improvements
 - a. Year Built
 - b. Number of Stories
 - c. Gross Land Square Footage
 - d. Gross Building Square Footage
 - e. Gross Rentable Area per BOMA standards
 - f. Describe type of construction for the improvements,
 - g. Attach interior and exterior photos, including aerial photos of the buildings
4. Tenant Analysis
 - a. Describe the operational objectives of each tenant
 - b. Provide a Lease Abstract for each lease agreement
 - c. Provide a two year lease payment schedule, highlighting defaults, if any
5. Property Analysis
 - a. Provide site plan, map of the property and surrounding area, aerial photos and most recent survey of the subject property.
 - b. List any water rights affecting the property
 - c. List all utilities available to the property
 - d. Provide a complete listing of any waste dumps, landfills or other hazardous material issues on or near the applicant's property.
 - e. Provide other data relevant to the use of the site, i.e. timber cruise, site productivity data, site regeneration data

Applicant's property interest offered for Exchange

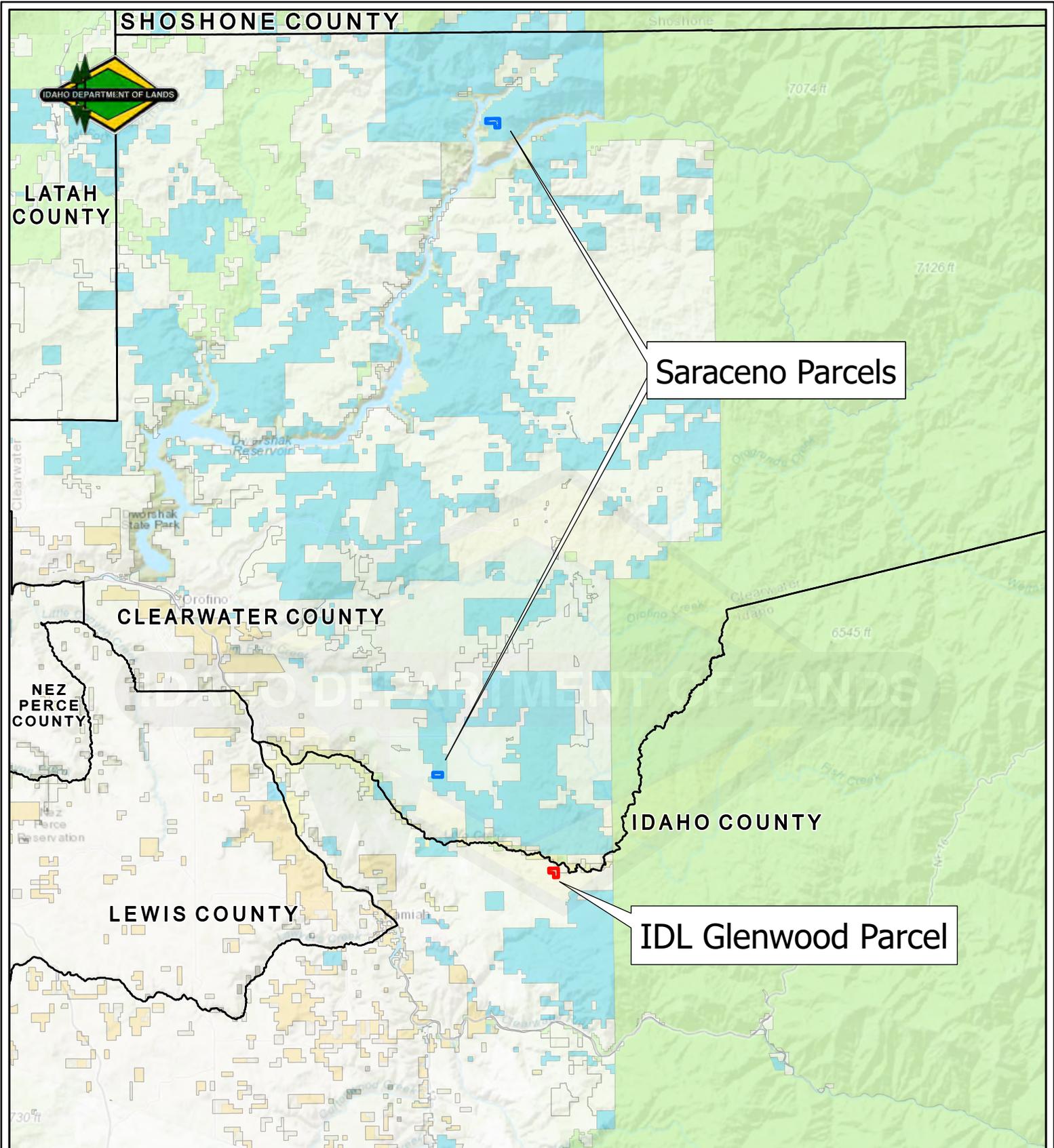
- | | | | | |
|-------------------------------------|-----|--------------------------|----|---|
| <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No | Fee Simple/Leased Fee: surface plus subsurface |
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | Subsurface Minerals only |
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | Surface only |
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | Other _____ |

Endowment Land

| Parcel | Twp | Rge | Section | Subdivision | Acres | County | Type of Land (forest, range, agriculture, commercial, residential) | Fund (IDL Staff) |
|--------|-----|-----|---------|-------------|-------|--------|--|---------------------|
| A | 34N | 05E | 21 | S1/2SE | 80 | Idaho | forest | PS |
| B | 34N | 05E | 28 | NENE | 40 | Idaho | forest | PS |
| C | | | | | | | | |
| D | | | | | | | | |
| E | | | | | | | | |
| F | | | | | | | | |

Check this box if Endowment Lands proposed for exchange are leased cottage sites to be identified by IDL at a later date.

IDAHO DEPARTMENT OF LANDS



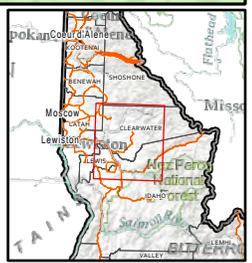
-  Acquire
-  Dispose
-  County
-  Private
-  BLM
-  State
-  USFS
-  Indian Reservation

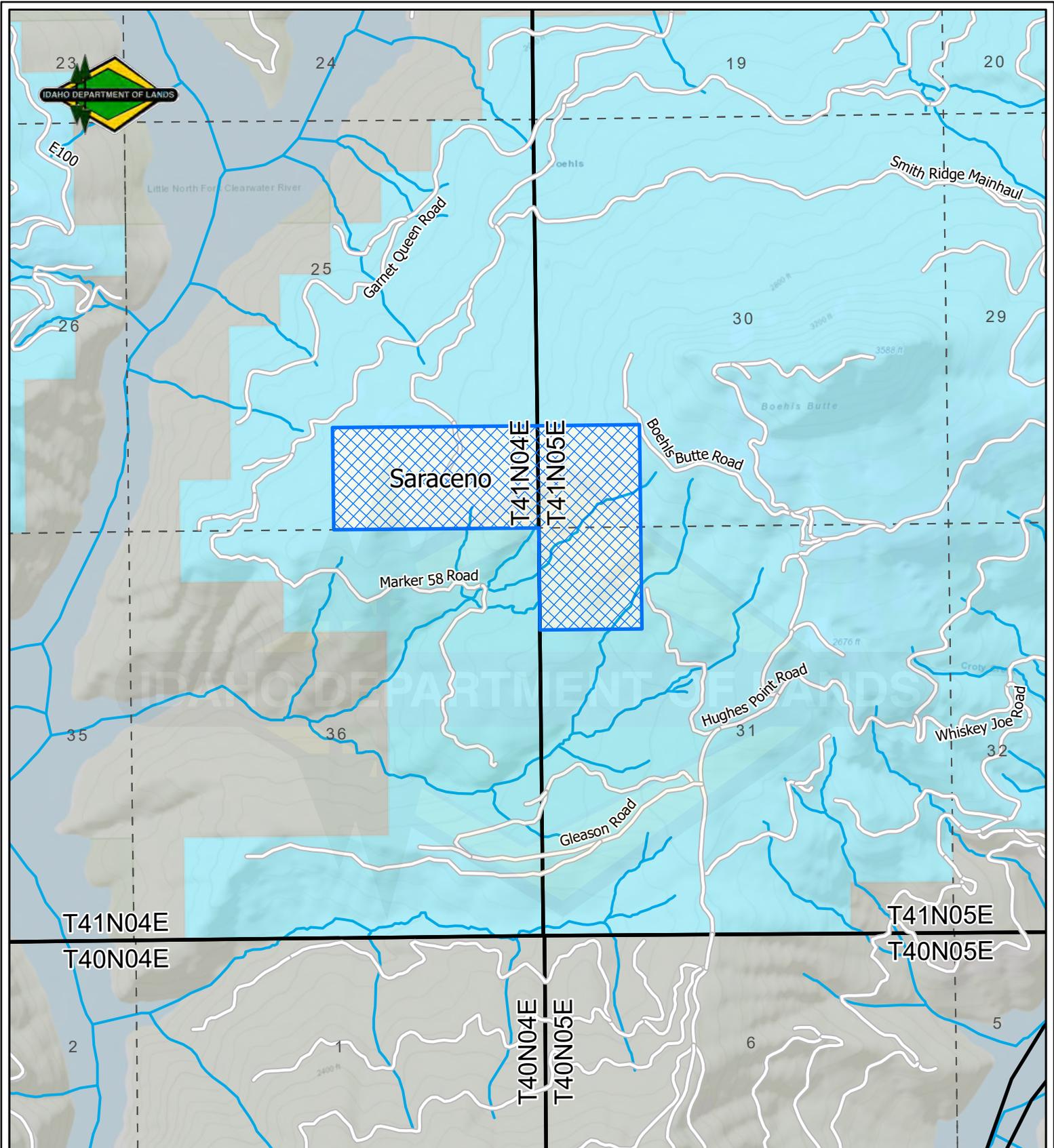
Idaho Department of Lands
 Maggie Creek & St Joe
 Area/District
 Idaho & Clearwater County,
 Idaho
 9/11/2023



Land Exchange
 IDL-Saraceno
 IDL = 120.46 ac
 Saraceno = 240.81 ac
 Scale: 1:450,000

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.





-  Acquire
-  Area Roads
-  Private
-  State
-  Other

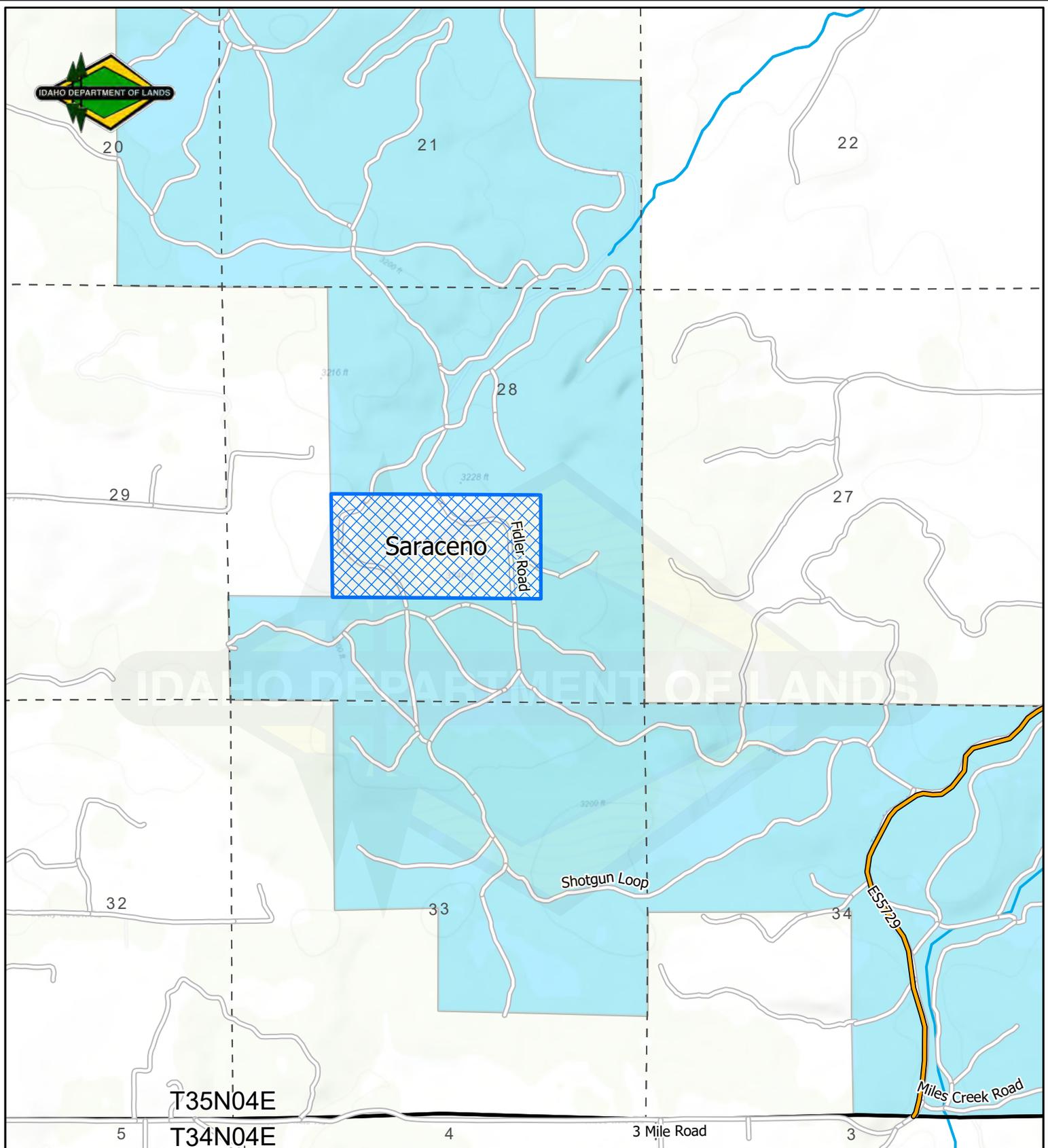
Idaho Department of Lands
 St Joe Area/District
 Clearwater County, Idaho
 9/11/2023



Land Exchange
 To Be Acquired
 GIS Acreage = 158.82
 Scale: 1:20,000



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.

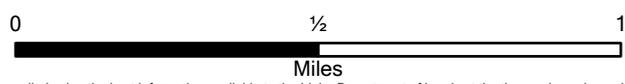


- Acquire
- Granted Easement
- Area Roads
- Private
- State

Idaho Department of Lands
 Maggie Creek Area/District
 Clearwater County, Idaho
 9/11/2023

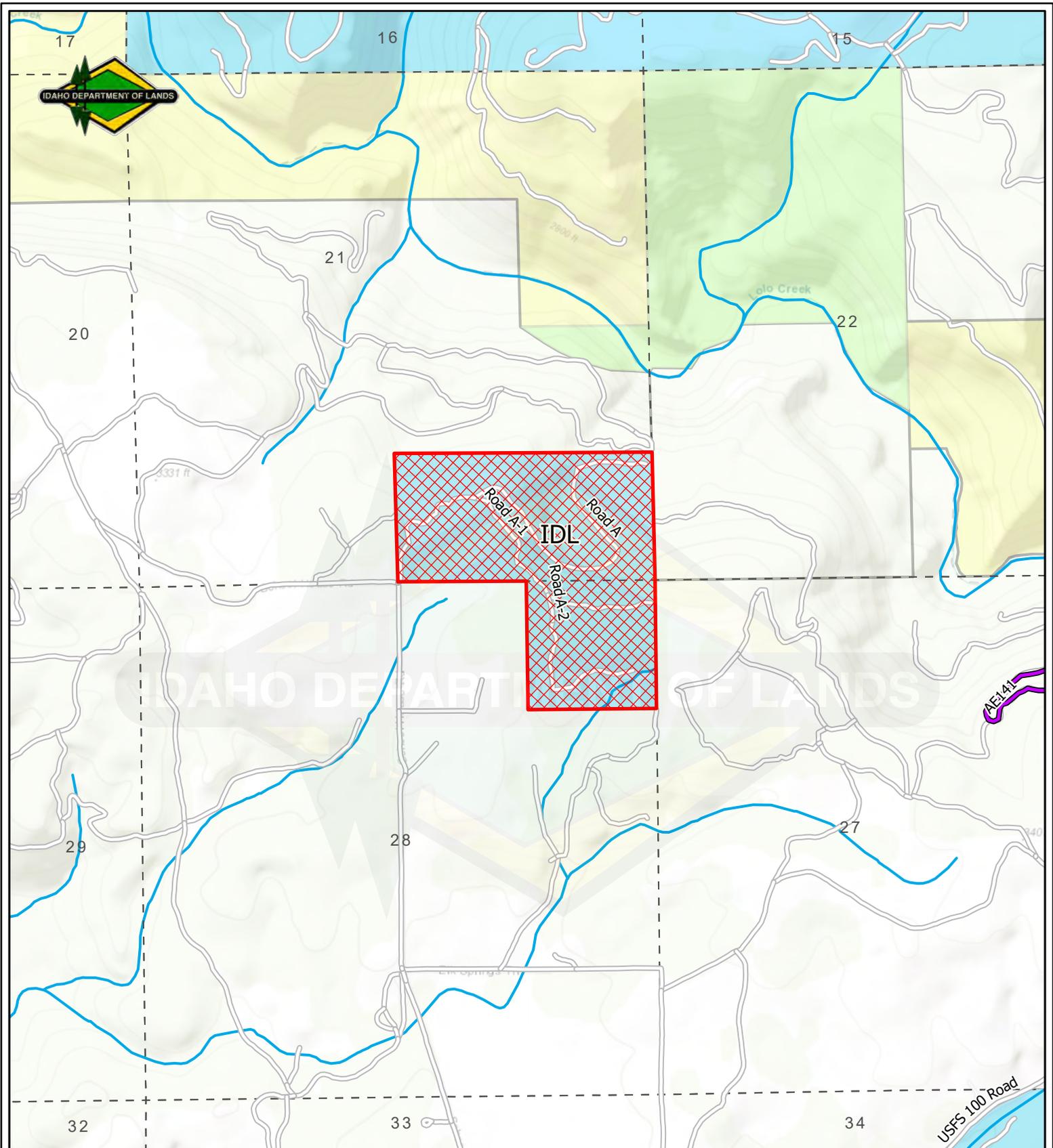


Land Exchange
 To Be Acquired
 GIS Acreage = 81.99
 Scale: 1:20,000



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.



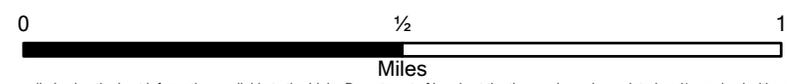


-  Dispose
-  Acquired Easement
-  Area Roads
-  Private
-  BLM
-  State
-  USFS

Idaho Department of Lands
Maggie Creek Area/District
Idaho County, Idaho
9/11/2023



Land Exchange
To Be Disposed
GIS Acreage = 120.46
Scale: 1:20,000



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.

Due Diligence Checklist

“**Due Diligence**” is a broad term that business, real property professionals and real estate attorneys use. The term is used here to refer to the inspection and investigation of real property being considered for acquisition. Due diligence is conducted to assist the buyer in making an informed purchase decision. Items considered under due diligence vary with each property type. The following checklist is a reference used to identify documents and conditions that should be considered in the purchase of real property.

_____ **Commitment for Title Insurance (All Properties).** A commitment for title insurance (Preliminary Title Report) should be obtained soon after the Purchase Sale Agreement is executed. This document includes the legal description for the property and provides a list of all current exceptions to title on the property such as property owner, unpaid taxes, easements, options to purchase, judgments, mortgages, recorded liens, deed of trust, timber harvest rights, mineral rights, water rights. The title review process is used to determine the condition of the title to be transferred to the buyer at closing, as well as identifying any potential title problems.

_____ **Phase One Environmental Site Assessment (Phase One ESA) (All Properties).** The Phase One ESA provides the buyer an overview of the environmental condition and environmental history of the property. The report is intended to identify actual and potential problems (e.g. contamination by hazardous substances, leaking underground storage tanks, landfills, etc.) based primarily on a review of historical use documentation, regulatory agency databases and a physical on-site investigation. If environmental conditions or potential environmental conditions are discovered during the investigation, the report will generally recommend specific follow-up testing, remediation and/or studies. A Phase One ESA typically does not include specific inspections for asbestos, lead paint, mold, radon, or wetland delineation. The final report has four components including: Records Review; Site Reconnaissance; Interviews with present and past owners, operators, occupants of the property and local government officials; and a Narrative Report.

_____ **Access (All Properties).** Evaluate the adequacy of access and determine whether additional rights may be obtained as part of an exchange or purchase transaction at closing. There are five (5) access classifications:

- 1) **Public Use Access:** A permanent public access typically from a county road, state or Federal highway, which has an approved approach designated for the purpose of which the property is currently being used, or designated for its current zoning. Width of approach needs to be sufficient for the properties designated use.
- 2) **Full Legal Administrative Access:** A designated permanent easement specifically identified for access to property for all management activities and access is transferable.

- 3) **Limited Legal Administrative Access:** A designated temporary or permanent access limited for specific activities that would be non-transferable. (Such as Timber harvest, for maintenance access, irrigation.)
- 4) **Physical Access:** Properties where there is an existing road to or across the property, but no permanent legal access is recorded. The road may be designated on a county map. The existing road may be primitive, in poor condition, or currently unusable.
- 5) **No Access:** Property with no legal or physical access established or identified by a recorded document or a county map.

_____ **Utilities (All Properties).** Identify existing utility infrastructure located on or adjacent to property such as power, water/well, septic/sewer, phone, natural gas, hot water, solar, wind and if they are provided by city services or located on site. Identify the capacity of the utilities; are they major transmission facilities which would encumber future use or development of the property, or are they of a capacity which could enhance the property for future development

_____ **Production Data (All Properties).** Obtain production information associated with the property being considered for purchase. Examples of production data for some property types:

- 1) **Cropland.** Parcel acreage, farmable acres, non-farmable acres, commodities grown, yields, total production, price per unit, and crop rotation. If the property will be acquired subject to a lease; name of tenant, term of lease, and type of lease (i.e. cash or crop share).
- 2) **Timberland.** Total acreage; delineation of acreage used for commercial timber, plantation, non-commercial timberland, and non-stocked; estimated timber volumes by species (i.e. MBF), and mean annual increment (MAI).
- 3) **Rangeland.** Parcel acreage, animal unit months (AUM's) of forage, season of use.
- 4) **Commercial.** Property operating data including cash flow analysis, vacancy rates, operating costs, rent vs. market rent, existing leases and lease terms.

_____ **Mineral Rights (All Properties).** The terms "mineral lands," "mineral," "mineral deposits," "deposit," and "mineral right," as used herein is construed to mean and include all coal, oil, oil shale, gas, phosphate, sodium, asbestos, gold, silver, lead, zinc, copper, antimony, geothermal resources, salable minerals, and all other mineral lands, minerals or deposits of minerals of whatsoever kind or character. This includes "salable minerals," meaning a mineral substance that can be taken from the earth and that has a value in and of itself separate and apart from the earth. The potential of mineral lands should be evaluated on annual rental, the amount of royalty, the basis upon which the royalty shall be computed and such other details as necessary in the interest of the state.

Determine whether the property to be acquired excludes mineral rights. To the extent that the mineral rights have been severed from fee ownership, determine to what extent, if any, those severed rights affect the use and value of the property by the buyer. Prior to purchase, determine who owns the mineral rights and what the owner's intent is regarding use and development of the mineral estate.

_____ **Water Rights (All Properties).** The constitution and statutes of the state of Idaho declare all the waters of the state, when flowing in their natural channels, including the waters of all natural springs and lakes within the boundaries of the state, and ground waters of the state, to be public waters. A water right is the right to divert the public waters of the state of Idaho and put them to a beneficial use, in accordance with one's priority date. Beneficial uses include such uses as domestic use, irrigation, stock-watering, manufacturing, mining, hydropower, municipal use, aquaculture, recreation, fish and wildlife, among others. The amount of the water right is the amount of water put to beneficial use. Determine the scope and nature of any water rights related to the property. If a property is fully serviced by water and sewer utility service, water rights will not be an issue. If water rights for the property have been separated from the fee interest or come from an off-site source, the purchase and sale agreement must address the transfer of necessary rights to the buyer at closing. The Idaho Department of Water Resources maintains a website to research water rights within the state of Idaho.

_____ **Physical Improvements (All Properties).** Improvements include buildings, fences, ponds, spring developments, and real property fixtures that are permanently part of the land. Improvements are generally attached to, embedded in or permanently resting on the land and cannot be removed without substantially damaging an improvement or the real property with which it is being used. An inventory of physical improvements on the property and who owns or claims to own the improvements will be made prior to requesting an appraisal.

_____ **Approvals and Entitlements (All Properties).** Determine the regulatory status of proposed property, and if it is based on the type or types of uses currently being made of the land. Review the current zoning, potential zoning, areas of impact, proposed future growth, any restrictive covenants or proposed restrictions which would encumber the property and its utilization in its highest and best use. Confirm that the existing use of the property complies with applicable zoning, building and life safety codes. Determine which land use entitlements will be necessary for intended use of the property.

_____ **Personal Property (All Properties).** Identify within the Purchase Sale Agreement what personal or intangible property will be included in the purchase. For example, furniture, trade fixtures, equipment, sprinkler pipe, pumps, etc. that are necessary for the buyer's use of the property. Determine any third party security interest in any of the personal property. Assess the need to purchase or transfer permits or licenses required to operate the property or related equipment and fixtures (e.g. franchises, trademarks, patents, copyrights, liquor licenses, etc.)

_____ **Rights-of-Way (Easement) Impacts (All Properties).** Rights-of-way are temporary or permanent property rights that have been either granted or acquired, for roads, utilities, or public use access. These are often conveyed through an easement and may or may not be recorded. In addition to roads and utilities some more obscure examples include:

- 1.) Conservation easements – limits the amount and type of development that can occur on a property in order to preserve its productive capacity and open character while keeping the property in the landowner's ownership and control.
- 2.) Solar/Scenic easements – protect an owner's view shed or path of sunshine and generally restrict the height of building construction.
- 3.) Airspace easement – permits the area above the surface of property to permit an imposition upon such property from excessive noise, vibration, discomfort, inconvenience, etc. that consequently reduces market value. Generally used for airport impact areas but can also apply to bridges and walkways.
- 4.) Maintenance easement – permits an individual to cross onto the property of another for the purpose of maintaining something owned or controlled by the dominant estate owner, such as, irrigation ditches, canals, culverts, power lines, water lines, etc.

_____ **Endangered Species (All Properties).** The Endangered Species Act of 1973, as amended, is one of the most far-reaching wildlife conservation laws ever enacted by any nation. The presence of threatened/endangered or potentially threatened/endangered species may significantly restrict the development potential, other potential uses, and market value of a property.

_____ **Copies of all leases affecting the property (All Properties).** Review all leases having an effect on the future use of or income from the property. For state lands involved in an exchange, ensure a land exchange addendum is signed by the lessee.

_____ **Appraisals and Appraisal Review (All Properties).** A real estate appraisal is required for all property types to determine the market value for the property or property rights or interest being disposed or acquired. At a minimum the appraisal is prepared in compliance with the *Uniform Standards of Professional Appraisal Practice (USPAP)*. Appraisals will be independently reviewed by IDL or another appraiser to ensure compliance with USPAP and to determine the adequacy and appropriateness of the report.

_____ **Property Boundary Survey (Optional).** Obtain copies of recorded Records of Survey for the property, if available. If a survey is necessary it should be initiated immediately after the Purchase and Sale Agreement has been executed to allow time to address any potential title problems identified by the survey prior to closing.

_____ **Timber Rights (Timberland).** Determine who has the legal right to harvest the timber on a parcel of land. A seller of forestland can choose to include or exclude timber rights as part of a fee ownership sale. Such rights can be severed for a specific period of time or permanently transferred.

_____ **Timber Cruise/Harvest/Road analysis and Check Cruise (Timberland).** Forested properties with merchantable timber being considered for acquisition will require a timber cruise to determine the quality and quantity of harvestable timber. The cruise will identify tree species and measurements within each plot. Sufficient plots must be

measured to obtain a statistically reliable sample for estimated gross volume, defect, piece size, general stand information, net merchantable volume, etc.

 Conservation Reserve Program (Agriculture/Timberland). Determine if the property is eligible for and currently enrolled in a variety of farm and agriculture programs. What is the impact in ownership change to enrollment eligibility? There are currently five (5) areas which can receive payment, including:

- 1) Wildlife Habitat Incentives (WHIP)
- 2) Wetland Reserve Program (WRP)
- 3) Forestry Incentive Program (FIP)
- 4) Farmland Protection Program (FPP)
- 5) Environmental Quality Incentives Program (EQIP)

 Architecture/Engineering Analysis (Properties with Buildings). Acquisition of properties with business related structures requires an analysis by architectural and engineering professionals to determine the condition of the building and identify any potential problem areas, such as deferred maintenance and necessary repairs. Such analysis will typically consider, but is not limited to an analysis of: structural integrity; roof, electrical, plumbing and HVAC systems age and condition; Americans with Disabilities Act (ADA), fire and safety code compliance; general service and maintenance logs; parking area requirements and surface age and condition; review of Phase One Environmental Site Assessment; and testing for asbestos, lead paint, or mold issues. If work is performed on improvements prior to closing, obtain copies of any design and construction drawings and contracts and determine whether the seller's rights under those contracts are assignable to the buyer. Ensure proper lien waivers have been obtained by the seller for work performed prior to closing.

STATE BOARD OF LAND COMMISSIONERS

March 19, 2024

Regular Agenda

Subject

West Latour Timber Sale with a clearcut harvest unit exceeding 100 acres

Questions Presented

Shall the Land Board approve the West Latour Timber Sale with a clearcut harvest unit exceeding 100 acres?

Background

At its December 15, 2015 meeting, the State Board of Land Commissioners (Land Board) adopted a timber sale governance structure whereby the Idaho Department of Lands (Department) would only present individual proposed timber sales for Land Board approval that fall outside of established Land Board policies. Timber sales with clearcut harvest units exceeding 100 acres are one type of sale to be submitted for approval.

Discussion

The Mica Supervisory Area has submitted a timber sale in the FY2024 plan that has a clearcut harvest unit exceeding 100 acres in size. The sale area is within other Department ownership that has been previously managed (Attachment 1). The sale area is located 10 miles southwest of Cataldo, Idaho (Attachment 2).

Unit 3 of the proposed sale is a clearcut unit of 124 acres and is described in detail in Attachment 3. It is characterized as dominated by climax species that are not expected to regenerate the site due to their age and physical traits. Mortality continues to occur across the stand and needs immediate treatment to capture the highest value. The site will be planted with a mix of seral species, which will be more resilient to the current insect and disease problems. Stands in the vicinity, managed by the Department, have been successfully planted to adequate stocking to maximize return to the beneficiaries.

The sale has been prepared to meet the Forest Practices Act. The proposed clearcut harvest unit is silviculturally and economically justified and was approved by the Timber Management Bureau (Attachment 4). This sale, as proposed, meets the objectives of the Mica Area Forest Asset Management Plan.

Recommendation

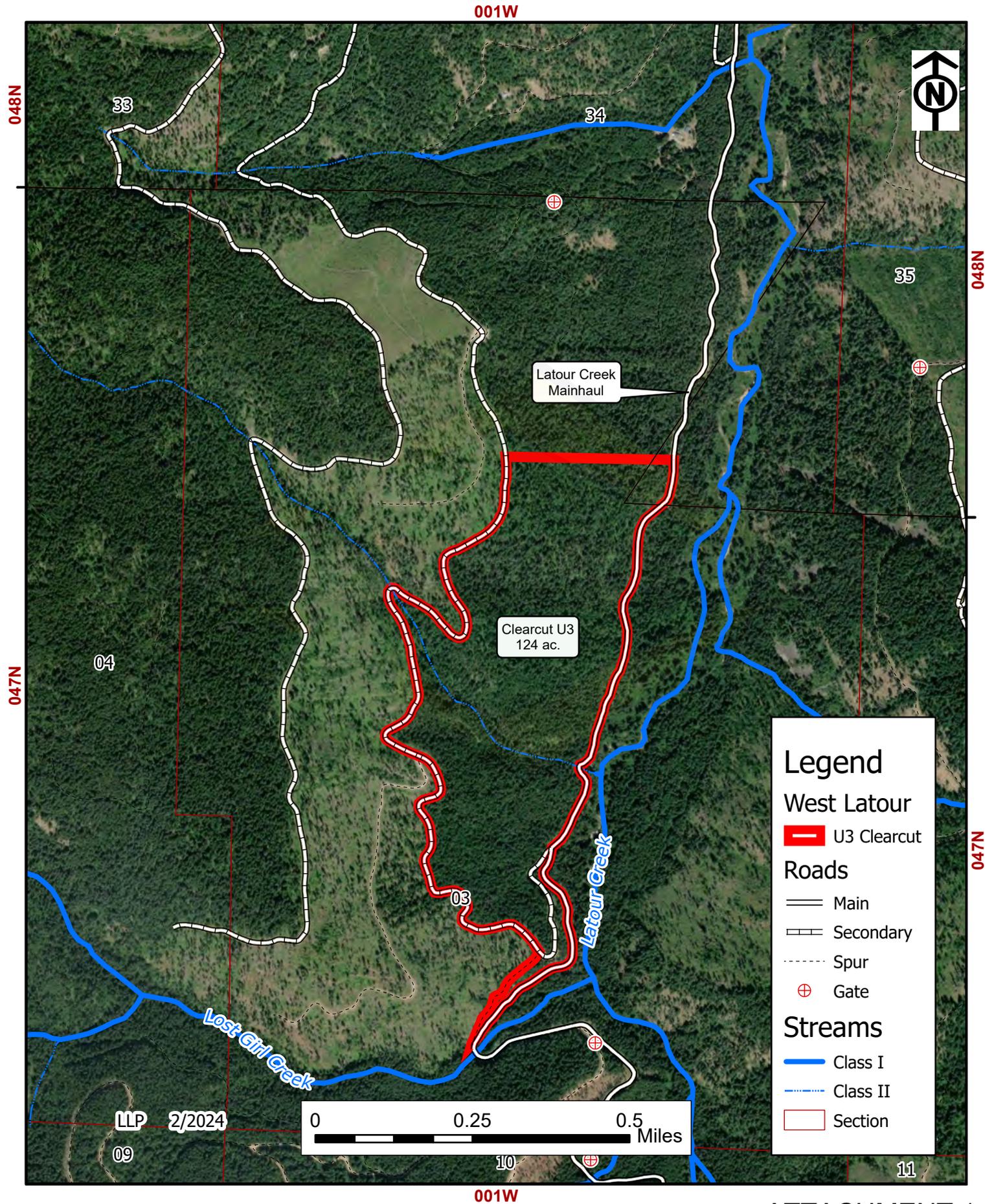
Approve the West Latour Timber Sale.

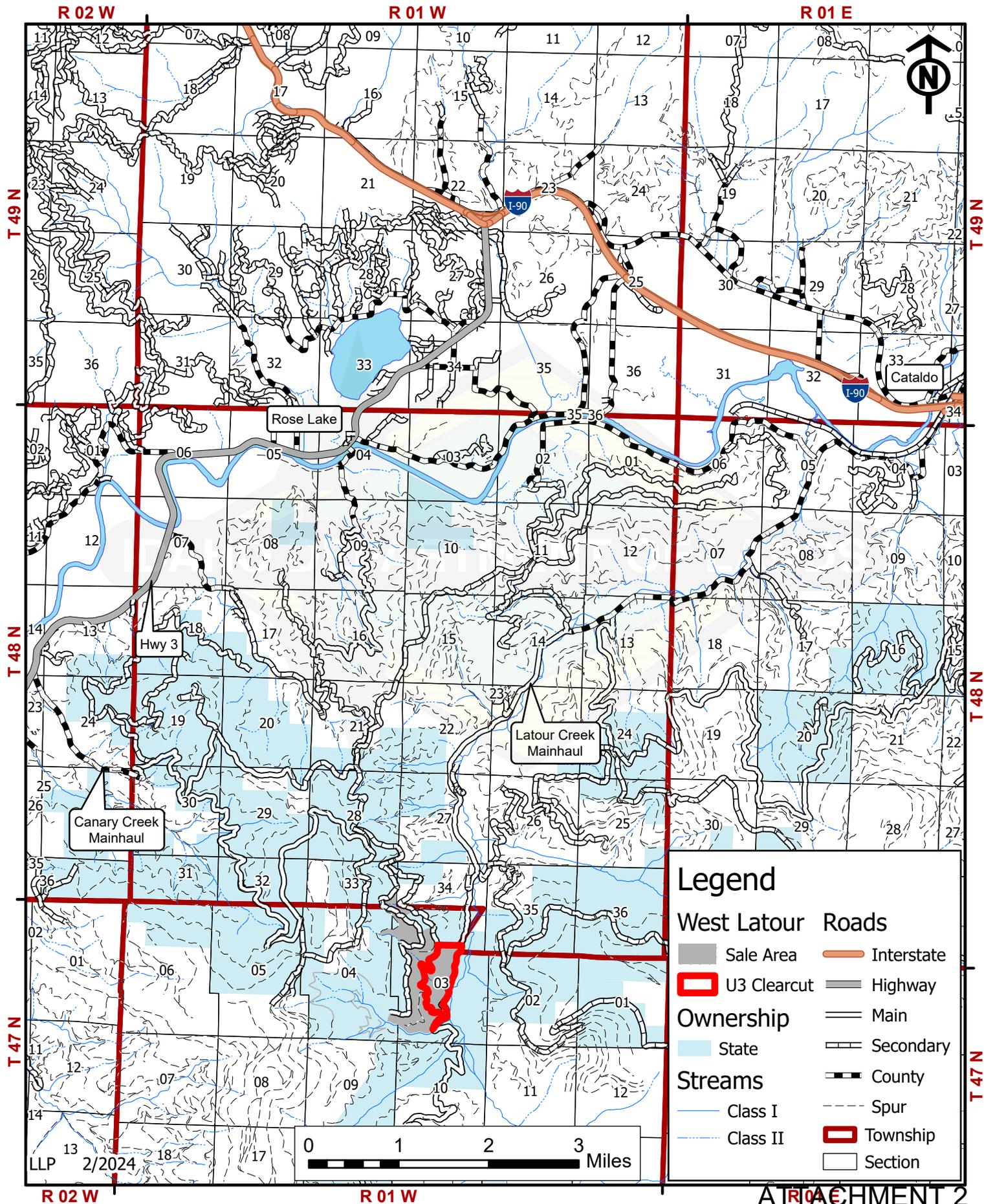
Board Action

Attachments

1. Ortho Map
2. Vicinity Map
3. Clearcut Justification
4. Timber Bureau Approval







Legend

| | |
|--------------------|--------------|
| West Latour | Roads |
| Sale Area | Interstate |
| U3 Clearcut | Highway |
| Ownership | Main |
| State | Secondary |
| Streams | County |
| Class I | Spur |
| Class II | Township |
| | Section |

West Latour Clearcut Justification

1. Treatment Description:

a) This stand is primarily composed of overmature grand fir and western hemlock. Western redcedar, Douglas-fir, western larch, and lodgepole pine comprise minor components of the stand. This stand will be clearcut and planted following harvest.

b) Clearcut Justification:

This clearcut will help achieve Desired Future Conditions outlined in the Mica Supervisory Area's Forest Asset Management Plan. Clearcut Unit 3 (124 acres) is silviculturally and economically justified and complies with the Idaho Forest Practices Act. A clearcut prescription will be used to harvest the existing stand and re-establish seral and intermediate species on the site. Natural regeneration will not accomplish this for the following reasons:

- 1) This stand is dominated by climax species including grand fir, western hemlock and western redcedar. The age of dominant trees ranges from 95 to 130 years old. Due to the age and phenotypic characteristics of the seral species on site, these trees are not expected to produce the seed necessary to fully regenerate these stands.
- 2) Dwarf mistletoe (*Arceuthobium spp*), Schweinitzii (*Phaeolus schweinitzii*) root rot and Armillaria (*Armillaria ostoyae*) root rot are present which reduces the number of available seed trees.
- 3) Clearcutting will minimize the number of entries into the area, reducing harvest costs and maximize revenue to the Endowments, reduce disturbance and erosion, minimize the spread of disease, and expedite regeneration through planting.

c) Forest Improvement Activity:

This clearcut unit will require a waving wand herbicide application prior to planting. Once sprayed, the units will be planted with a mix of western larch, Douglas-fir, western white pine and ponderosa pine at approximately 436 trees per acre.



TIMBER MANAGEMENT BUREAU

3284 W Industrial Loop
Coeur d'Alene, ID 83815
208-769-1525/FAX 208-769-1524

MEMORANDUM

TO: Eric Valiquette, Lands Resource Supervisor

FROM: Jeremy Shawver, Lands Section Manager Timber Sales and Contract Admin

DATE: February 23, 2024

SUBJECT: West Latour (CR225079) FY 2024 Timber Sale

On February 12, 2024, the Timber Management Bureau visited the Mica Supervisory Area to review the proposed timber sale, West Latour. The Bureau was requested to come look at unit 3 (124 acres) of the timber sale. Unit 3 is a proposed clearcut that exceeds 100 acres in size which will need Land Board approval.

West Latour lies in sections 3, 4, and 10 of Township 47N Range 1W and sections 33, 34, and 35 of Township 48N Range 1W. The public school endowment is the beneficiary for all the sections of the sale area.

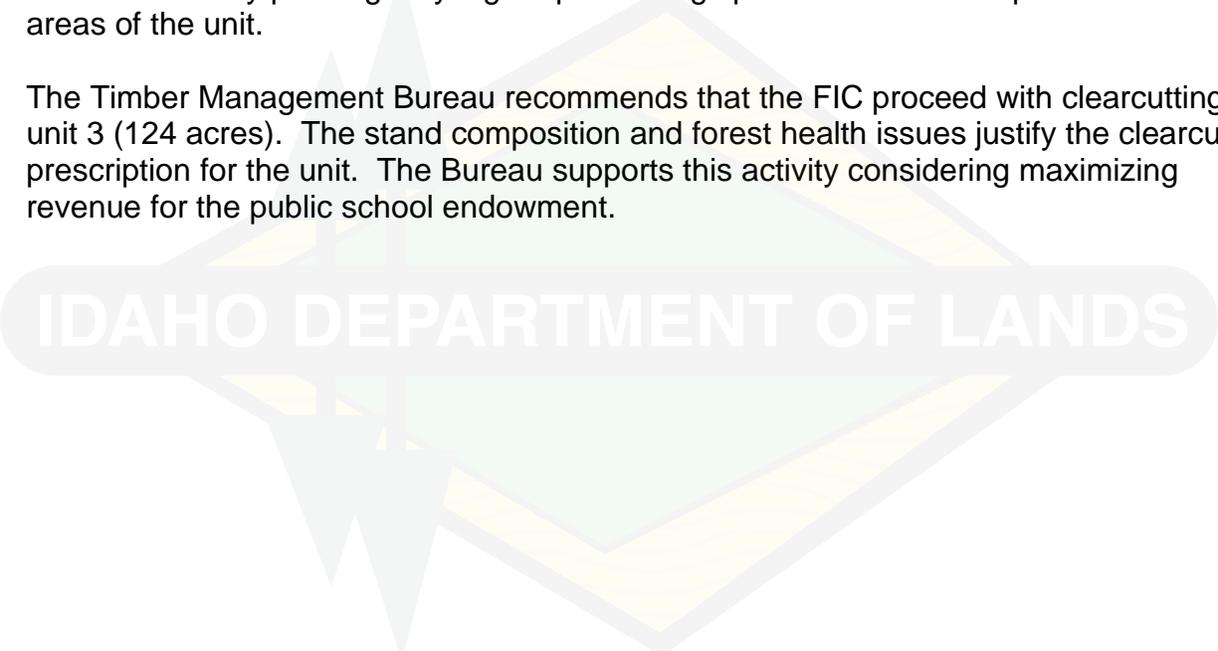
The group left the Mica Area Office and met on the Latour Creek Mainhaul road leading to the sale area. The sale area lies to the west of the Latour Creek Mainhaul. Latour Creek Mainhaul is the main access point for a variety of industrial and federally owned lands further up the drainage.

The group began their hike through the unit discussing stand composition and health. The stand is comprised of primarily climax species (Image 1). Grand fir and western hemlock account for approximately half of the stand's composition. The stand has a variety of minor species growing across the unit. The site's productivity is high with habitat types of western hemlock/wild ginger (TSHE/ASCA) to western redcedar/maidenhair fern (THPL/ADPE). The stand averages 125 years in age. The site is over mature showing mortality in various stages (Image 2). Various root diseases along with dwarf mistletoe were also found in the stand. The dwarf mistletoe was affecting primarily western larch.

The Area and Bureau discussed the silviculture plan following harvest. The stand has gone through varying levels of mortality for quite some time. The openings from the mortality have caused portions of the stand to be reinitiated with seedlings. Most of the seedlings are shade tolerant species, and their growth is suppressed from competition by the remaining overstory, brush, and other seedlings (Image 3). The Bureau recommends slashing the understory with the timber sale to create more growing space for the desired seedlings to be planted.

The Area is choosing to plant a mixture of species including western larch, Douglas-fir, western white pine and ponderosa pine. The group discussed areas where block planting ponderosa pine would be appropriate. The Bureau recommended planting ponderosa pine in blocks on the southern, dry aspects on the sale area. This approach would provide more options for herbicide treatments. It would also better utilize the site by planting only higher performing species on the more productive areas of the unit.

The Timber Management Bureau recommends that the FIC proceed with clearcutting unit 3 (124 acres). The stand composition and forest health issues justify the clearcut prescription for the unit. The Bureau supports this activity considering maximizing revenue for the public school endowment.

The logo for the Idaho Department of Lands is centered on the page. It features a stylized mountain range in shades of green and yellow, with a blue sky and white clouds above. A horizontal banner across the middle of the logo contains the text "IDAHO DEPARTMENT OF LANDS" in white, uppercase letters.

IDAHO DEPARTMENT OF LANDS

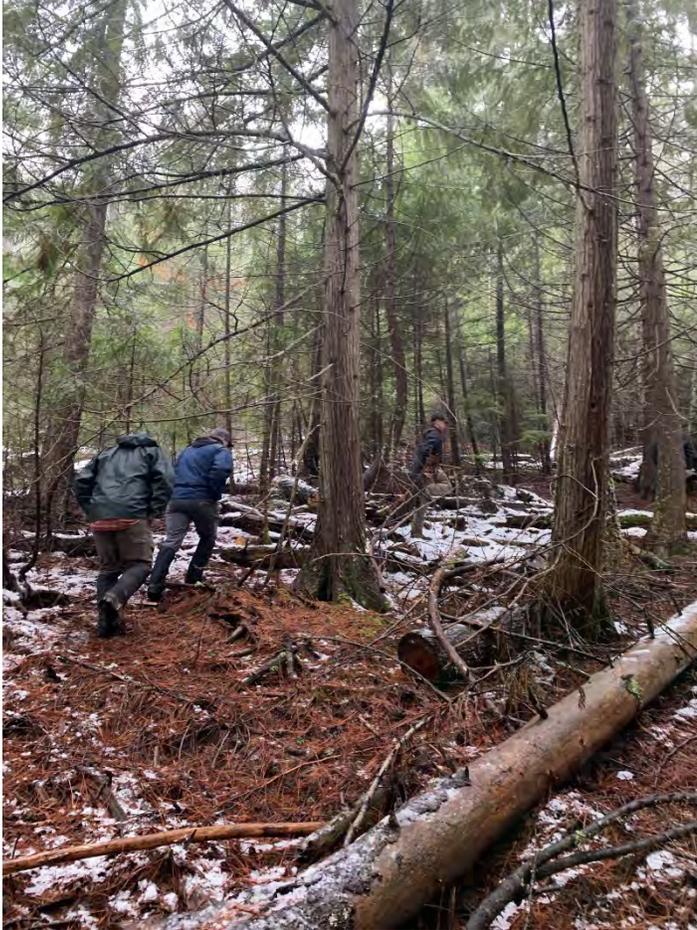


Image 1 – Climax species, western redcedar.



Image 2 – Stand composition and mortality.

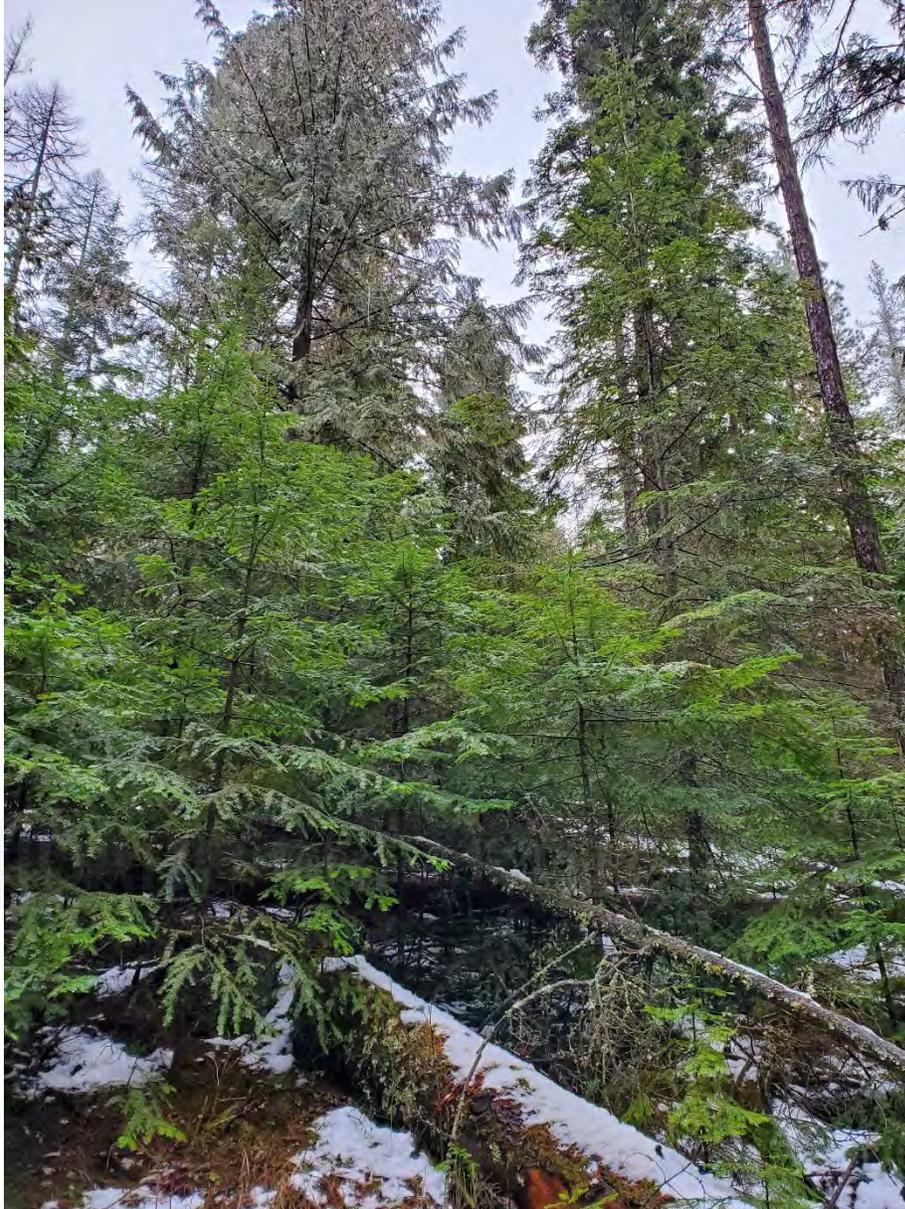


Image 3 – Suppressed grand fir understory.

STATE BOARD OF LAND COMMISSIONERS

March 19, 2024
Information Agenda

Subject

Endowment Land Alternative Energy Leasing Policy

Background

As part of ongoing efforts to fulfill its fiduciary responsibilities to endowment beneficiaries, the State Board of Land Commissioners (Land Board) tasked the Idaho Department of Lands (Department) to regularly review and recommend necessary policies and procedures for leasing activities on endowment lands. The Department recognized the need for a policy governing alternative energy leasing practices. The implementation of such a policy will improve efficiencies, allow for growth of the alternative energy leasing portfolio, and offer increased security to the endowments.

Discussion

Over the past two months, the Department has led a thorough collaboration with the Office of Energy Resources, and Land Board staff, with meaningful contributions from the Offices of the Governor and Attorney General, to review the Department's alternative energy leasing process and develop a policy for alternative energy leasing activities on endowment lands. The alternative energy leasing policy identifies the permitted types of alternative energy leases, criteria for seeking Land Board approval of alternative energy lease opportunities, how the Department will proceed with lease opportunities through the traditional leasing process or a Request for Proposal (RFP) process, and stipulates specific lease provisions that must be present in alternative energy leases to maximize revenue and protect the endowments.

The Department's goal is to provide a streamlined, uniform way to perform alternative energy leasing transactions while abiding by all relevant codes and statutes. This will allow the Department to explore opportunities to increase revenue generating activity on endowment lands. The alternative energy leasing policy and related procedures will provide direction and consistency for alternative energy leasing, ensure the endowments and endowment lands are protected for the life of the lease, and work with existing leasing programs to explore further ways to meet the fiduciary mission of endowment lands.

Attachments

1. Alternative Energy Leasing Policy DRAFT



Alternative Energy Leasing Policy

Purpose

This policy establishes requirements for alternative energy leasing on endowment lands and delegates certain related decision-making authority to the Director of the Idaho Department of Lands.

Agency Contact

Bureau Chief - Real Estate Services

Policy

I. Allowed Types of Alternative Energy Leases

The Department shall evaluate alternative energy lease applications, initiate the Request for Proposal (RFP) process, and create and maintain leasing processes for activities consistent with existing alternative energy leases. These include leases for alternative energy projects of ten (10) megawatts or more, or for power generation for the purpose of sale, involving wind turbines, solar power generation, geothermal power generation (direct use, electrical generation, and associated by-products), battery storage, transmission lines, and other related infrastructure.

II. Land Board Approval of Commercial Lease or RFP Proposals

The Department shall seek Land Board approval for any alternative energy project that meets any of the following criteria:

- A. The proposed alternative energy lease exceeds 20 years.
- B. The proposed energy lease is known to have or is likely to generate public interest, may have resource or political complexity, is related to a larger project involving federal lands, or has other relevant concerns as determined by the Director.

Prior to advertising an RFP, Land Board Staff will be notified of the Department's plans, and the opportunity to voice concerns will be provided during a Staff Briefing. Formal approval will be sought from the Land Board to move forward with lease negotiations for projects initiated either through an RFP or traditional lease process.

III. RFP Versus Traditional Lease Application Process

- A. The Department will have discretion as to which lease opportunities are best suited for RFP versus the traditional lease advertisement process. In making that decision, the Department will consider various factors, including, but not limited to, prevailing market conditions, recent expressions of interest in leasing opportunities, ongoing development activities in the vicinity, strategic objectives outlined by the Land Board or Department leadership, the project's public perception, managerial complexities, and whether the concerned lands are in transition.

- B. An RFP is more likely to be used in situations where potential developments are primarily or solely on endowment land; have multiple outside interested users/lessees; have a strong interest in a long-term lease (more than 20 years); and, the potential for multiple energy uses.
- C. A traditional lease process is more likely to be employed in situations involving small additions of endowment land to existing energy leases/projects and characteristics of the property that result in a high degree of certainty that there will not be competition for competing uses (such as properties with poor access, properties located in areas with limiting geographic features, limiting environmental or zoning factors, etc.).
- D. In situations where an RFP is not indicated and the traditional lease process is employed, the initial terms of the lease, including rent, will be communicated to applicants during the advertisement period. At the end of the advertisement period, if there is only one applicant, the terms of the lease will be updated and offered to that applicant. If the lease has more than one applicant during the advertisement period, the lease will be offered at a live auction among the applicants. The bidding during the live auction will determine a one-time premium bid for the right to execute the lease; the terms of the lease will be updated based on the successful bidder, and the lease will be offered to that party.
- E. The Department may identify a parcel to nominate as a candidate for an energy lease through the RFP process. The highest and best energy use will be determined by analyzing the responses to the RFP and the financial offering from the proponents. At the end of the RFP period, a lease will be negotiated by the Department, with the assistance of the Office of the Attorney General (OAG), and with input from the selected proponent of the RFP. Once lease terms have been reviewed by the OAG and approved by the Department, the resulting lease and land will be publicly advertised as available for lease. If there is only one applicant, then the applicant will be offered the lease. If there are two or more applicants, then a live auction will be held among the applicants.
- F. All leases will be reviewed by the Office of Attorney General prior to being executed by the Land Board.

IV. Alternative Energy Lease Provisions

The following protections should be present in all alternative energy leases to ensure protection of endowment trust lands.

- A. Adequate bonding, in the form of cash bonds, payment bonds, performance bonds, letters of credit or other security deemed acceptable to the Land Board (to cover all costs of performance of all required obligations in each phase of the lease, including costs of decommissioning, remediation and restoration of the leased property in the event of default for all permitted or required activities during each phase of the lease as determined by the Land Board), will be in place prior to and throughout each phase of the lease through the life of the lease. In addition to specific lease phase bonds, a bond shall be in place sufficient to cover two years' rent extending through complete reclamation upon termination should operations cease for any reason, including through the complete reclamation of the leased property in accordance with the terms of the lease. Regardless of bonding, lessee shall indemnify lessor against any and all costs actually incurred in the event of default or disaster, and it is the intent of the Land Board that such potential liability be the subject of adequate bonding to ensure lessor is protected against any and all such reasonably anticipated risks.

- B. Insurance shall be required to adequately cover full replacement costs of all infrastructure, improvements and fixtures allowed, constructed and/or placed on the leased premises during each phase of the lease and sufficient to cover all hazards and risks, including, but not limited to, damage, injury or death to persons, damage to real and personal property, improvements and fixtures; environmental hazards, pollution, and pollution impairment; risks and damage resulting from fire; earthquake; flooding; automobile; workers compensation; etc. All insurance shall provide policy limits on a per incident basis and that all defense costs shall be and remain outside of policy limits. Insurance limits may be modified throughout the term of the lease at lessor's sole discretion.
- C. Leases shall restrict subleasing and assignment upon the prior written consent of lessor, and shall be void unless specifically agreed to in writing by lessor in lessor's sole discretion. Any approved sublease or assignment of the lease shall require proof, satisfactory to the Department in the Department's sole discretion, that the assignee and/or sublessee has experience with projects of like size and kind, expertise, and financial resources to perform all terms and conditions of the lease. No assignment or sublease shall extend beyond the term of the lease that is the subject of the assignment or sublease and shall terminate upon the termination of the lease for any reason. Any approved sublease or assignment shall not relieve the original lessee or assignee of its obligations under the lease unless specifically released from such liability by lessor, which release may be granted in lessor's sole discretion. In the event of a sublease, there shall not be any prepayment of rent beyond the current rent period. In no event shall lessor be liable for any obligations of the sublessor to the sublessee for application of the payment of rent or otherwise.
- D. Alternative energy leases shall provide strong provisions to prohibit and, to the extent possible, to protect lessor against the risk of, bankruptcy, assignment for the benefit creditors, appointment of receiver, deed in lieu of foreclosure and other foreseeable risks that may be identified by the Department.
- E. Mortgages and security interests may be permitted upon the prior written consent of lessor, provided lessee is not then in default of any term or condition of the lease. Any mortgage or security interest created without lessor's prior written consent shall be void. All rights of a lender or mortgagee shall be subordinate to lessor's interest in the lease and in the real property the subject of the lease, and any such mortgage or security interest shall secure only lessee's leasehold interest and improvements owned by lessee. No mortgage or security interest shall extend beyond the term of the lease. Upon termination of the lease for any reason, all mortgages and security interests shall also automatically terminate. In the event of a default by the lessee (whether a monetary default or otherwise), the holder of a mortgage or security interest or mortgagee, may cure such default within the time period allowed for lessee to cure, or within thirty (30) days after lessee's cure period ends; and, if the holder of the mortgage or security interest or mortgagee cures the default within such period, then the lease shall not be terminated for any such default. If the holder of a mortgage, security interest or mortgagee successfully forecloses against the lessee for default under the mortgage or security interest while the lease remains in effect, and the holder of the mortgage or security interest or mortgagee sells or otherwise transfers or assigns the foreclosed interest to a successor, lessor's prior written approval of such successor must be obtained before the transfer or assignment is

effective. Prior to assuming the rights of a successor lessee under the lease, the proposed purchaser or assignee of the foreclosed interest must first be approved in writing by lessor, which approval shall be in the sole discretion of lessor and subject to the same qualifications and requirements as a valid assignee subject to lessor's approval.

- F. Alternative energy leases shall provide that the termination of the lease by the Department may occur if the terms and conditions of the Decommissioning and Reclamation Plan, or any subsequent update of such plan required pursuant to the terms of the lease, cannot be agreed upon.
- G. A third-party expert, selected by the Department, will review and offer recommendations regarding the adequacy, feasibility, projected cost, and implementation of the Decommissioning and Reclamation Plan and any updates thereto during the term of the lease. The costs of the third-party evaluation will be paid for by the lessee.
- H. Security provisions related to Decommissioning and Reclamation must contain language that allow for bonding and security requirements in amounts of at least 150% of the estimated costs of full decommissioning and reclamation (including, but not limited to, costs to transport and deposit of all materials to an active recycling or disposal facility) or as otherwise required by the Land Board, to be reevaluated and adjusted as necessary at regular intervals not exceeding 5 years, or as otherwise deemed necessary or appropriate in the sole discretion of the Department. Bond amounts will be subject to an annual CPI escalator to account for cost increases between review periods. The Land Board shall retain the right to adjust the bonding amounts for the Decommissioning and Reclamation phase at the time of notification of the initiation of each phase and such bonding may be adjusted during the term of any phase of the lease at regular intervals not exceeding 10 years, or as otherwise deemed necessary or appropriate in the sole discretion of the Board.

Revision History (Board Action)

DATE First approved iteration of this policy.

STATE BOARD OF LAND COMMISSIONERS

March 19, 2024
Information Agenda

Subject

AUM Grazing Lease Rate for Calendar Year 2025

Background

In 1993, the State Board of Land Commissioners (Land Board) adopted a formula to determine the annual grazing fee for leases on state endowment trust land. The formula is based upon four indices used to approximate the value of forage on state endowment trust land and is applied on an Animal Unit per Month (AUM) basis. These indices include prices received for beef cattle, forage values, and the price of inputs to produce beef cattle. The indices are published each December and January by the USDA National Agricultural Statistics Service (NASS) and reflect information gathered for the previous 12-month period.

Discussion

Based on the most recent indices reported, the grazing fee for 2025 will be **\$7.93 per AUM**. The new rate is an approximately 21% increase from the current rate of \$6.56/AUM. The primary drivers of this increase were a significant increase in the Beef Cattle Price Index and a slight increase in the Forage Value Index.

Formula value changes are as follows:

| Value | % Change |
|----------------------------------|-------------------|
| FVI – Forage Value Index | Increase of 1.4% |
| BCPI – Beef Cattle Price Index | Increase of 22% |
| PPI – Prices Paid Index | Decrease of 0.82% |
| IDFVI – Idaho Forage Value Index | No change |

All grazing lessees will be notified of the 2025 rate within 6 months of the new rate taking effect in accordance with IDAPA 20.03.14.041.

The AUM fee formula, as approved by the Land Board, states that if the previous 12 month (October 1 - September 30) average lamb price is less than or equal to 70% of the price for calves under 500 pounds during the same period, the sheep AUM rate will be reduced 25%. Price data will be reviewed in October 2024 to determine if the lamb and calf price difference is sufficient to result in a lower AUM rate for sheep operators in 2025. Current price trends show that a reduction will likely not be necessary.

Attachments

1. 2025 AUM Rate Calculation
2. Historical Rate Graphs

2025 AUM Rate Calculation

Land Board Adopted AUM Formula:

$$\text{IDFVI}_{t+2} = -6.92 + (0.13 \times \text{FVI}_t) + (0.60 \times \text{BCPI}_t) - (0.33 \times \text{PPI}_t) + (0.74 \times \text{IDFVI}_t)$$

$$\text{AUM Rate} = \text{IDFVI}_{t+2}/100 \times 1.70$$

Where:

IDFVI ($t+2$) is the predicted value of the Idaho Forage Value Index for the year the grazing fee is to be set;

FVI $_t$ is the most recent published Forage Value Index for the 11 western states;

BCPI $_t$ is the most recent published Prices Received for Beef Cattle Index for the 11 western states;

PPI $_t$ is the most recent published Prices Paid Index for the United States;

IDFVI $_t$ is the most recent published value for the Forage Value Index for Idaho.

2025 Formula Indices and Calculation

| | | |
|--------------------------------|---|------|
| Forage Value Index (FVI) | = | 625 |
| Beef Cattle Price Index (BCPI) | = | 698 |
| Prices Paid Index (PPI) | = | 1336 |
| Idaho FVI (IDFVI) | = | 560 |

$$\begin{aligned} \text{2025 IDFVI: } & -6.92 + (.13 \times 625) + (.6 \times 698) - (.33 \times 1336) + (.74 \times 560) \\ & = 466.65 \end{aligned}$$

$$\begin{aligned} \text{2025 Fee} & = 466.65/100 \times \$1.70 \text{ Base Value} \\ & = \$7.93/\text{AUM} \end{aligned}$$

Historical Rate Graphs

