



**Idaho State Board of Land Commissioners  
Reinvestment Subcommittee**

Brad Little, Governor and Chair  
Lawrence G. Wasden, Attorney General  
Irving Littman

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Final Minutes  
Reinvestment Subcommittee  
March 12, 2020

The Land Board Reinvestment Subcommittee meeting was held on Thursday, March 12, 2020, at the Idaho Department of Lands Office, Garnet Conference Room, 300 N. 6th St., Suite 103, Boise, Idaho. The meeting began at 1:41 p.m. Governor Brad Little presided. The following members were in attendance:

Attorney General Lawrence Wasden  
Mr. Irving Littman

For the record, all subcommittee members were present.

**Governor Little:** The Land Board Strategic Reinvestment Subcommittee will come to order. We have the consent agenda.

**Attorney General Wasden:** I move adoption and approval of the consent agenda.

**Mr. Littman:** I approve.

**Governor Little:** It's been moved and seconded. All in favor say aye.

**All:** Aye.

**Governor Little:** Consent agenda has been adopted. Information section. Chris, have you got a list of questions? You didn't have any you were supposed to bring?

**Mr. Chris Anton:** Not that I am aware of.

**Governor Little:** Okay. General, Irv have you got questions for EFIB?

**Attorney General Wasden:** I do have a couple of questions. Mr. Anton...

**Governor Little:** Callan is on the phone, who else is on the phone?

**Ms. Renee Jacobsen:** Just Sally and Janet from Callan.

**Governor Little:** Okay.

**Attorney General Wasden:** There's a couple of questions that I am trying to work my way through. One of them is the status of our reserves. I know that many years we've had a level set of reserves and we've made some increases...if you could help me remember the process by which we determined that, what those are for, what we're looking for in the future, I would greatly appreciate that.

**Mr. Anton:** If you recall back in the spring of 2018 when Callan conducted their last study, one of the things they evaluated was the level of reserves. Part of what prompted that analysis was the fact that

as we sold cabin sites, we reduced the revenue coming in from the Department of Lands into the reserves, which also resulted in increase in the volatility of the revenue from Lands. In addition to that, Callan's capital markets assumptions had come down for the endowment fund as the result of equity valuations and lower yields on the bond part of the portfolio. So Callan looked at that and they recommended that we increase modestly the reserves, for about four of the beneficiaries. For public schools we went from 5 years to 6 years; and we made permanent all the others at 7 years. There were a couple that were temporarily at 7 years and then one or two that we had to increase up to 7 years. The Land Board approved that around August 2018, and we implemented that. Until probably the last few weeks here, those reserves were fully funded; I think we're a little under that at this point.

**Attorney General Wasden:** My understanding of where we are is that any change we make in our financial portfolio or in our land portfolio ultimately is a measure of relative risks in those arenas and our reserves will have to be modified to reflect any changes that we may make in either of those arenas. Am I misunderstanding that?

**Mr. Anton:** Yes, your understanding is correct. One of our ultimate goals is to maintain the stability of distributions to the beneficiaries because they rely on those distributions for their operations. To the extent there's a change in our view of our financial performance, or the revenue coming from Lands, it is prudent to look at our reserves and make sure they're adequate and adjust accordingly.

**Attorney General Wasden:** The reserves, again I am just trying to make sure I understand, the reserves as they now exist reflect what we see as the current level of risk, not something that may come to us as we change our asset mixture in the future, correct?

**Mr. Anton:** Yes, that's correct.

**Attorney General Wasden:** I'd like to read some minutes of our May 15, 2018<sup>1</sup> Land Board meeting. It's a fairly lengthy paragraph, but I'd like to read it because it sets out part of our discussion. Callan made a presentation, and then it was actually your discussion. The minutes reflect:

In their study, Callan said timberland investment is a good diversifier. If the Department gets similar real returns, because timber has lower volatility, it helps reduce overall volatility. It also provides similar and potentially greater returns if the Department finds opportunities above that hurdle rate. EFIB's perspective is that the Board should preserve its flexibility during this five-year period and allow the Department to find and identify opportunities as long as they meet or exceed the hurdle rate. Governor Otter wondered what the motivation was for even considering options B and C. Mr. Anton commented that the recommendation for B and C is that they potentially get similar returns on the financial assets but would likely have more volatility. Neither of those are bad options. The financial assets have been performing well, however the Department has this unique opportunity to reinvest the money in timberland and it makes sense to preserve flexibility and look for transactions that provide substantial returns....

...Mr. Anton said Callan and EFIB agree that the Department should have the opportunity to look for reinvestment opportunities in timber and agricultural land. If the Department finds opportunities that meet the hurdle rate, it will reduce overall volatility and enhance returns to the beneficiaries.

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<sup>1</sup> Editor's correction: The referenced excerpt is from page 5 of the July 17, 2018 Land Board meeting minutes.

Here's my question, do you still feel the same way based upon changes that have taken place in the marketplace, that having the flexibility with these monies while we have this unique opportunity is a recommended option. We chose option A and I am asking you are we still there?

**Mr. Anton:** As I look at the Callan study that was published in 2018, it really provided the Land Board with a framework to evaluate land acquisition opportunities that were presented from the Department of Lands. Essentially it said that if the opportunity presents a real return of less than 3.5%, it makes sense to put it in the financial assets. If it presented a return between 3.5 and 4.5%, it is somewhat indifferent, although it recommended that if we increased our reserves, as you're closer to the 3.5% end of that range, the financial assets are probably preferable; because we have higher reserves we can withstand a little more volatility. As you move out closer to 4.5%, or above 4.5%, the study recommended considering timberland investments. Again, looking at it from a whole trust perspective, the idea is that if we have opportunities that provide solid returns that are more stable from timber, that makes sense from a whole trust perspective. I think the analysis that they did still makes a lot of sense, that we have to be disciplined, that the Land Board would evaluate any opportunities that were brought forward; we would also have to look at any synergies. I look at us as a strategic buyer. We're in the timber business. We have substantial holdings that if a land acquisition also enhances the returns from our other property it can provide other benefits. We feel at EFIB that we should give the Department of Lands that opportunity that the Land Bank provides to look at opportunities. I think there was always an understanding that if the Department of Lands said there weren't opportunities, or there weren't complete opportunities that spend all of that money, we could certainly transfer the money sooner into the financial portfolio. I think that the model Callan developed, from my perspective, made a lot of sense.

**Attorney General Wasden:** It's my understanding that when we selected option A, it wasn't that we go out necessarily and buy timberland or agricultural land, it was that we examine the marketplace and determine if there were opportunities in those arenas; they had to meet the hurdle rate, and that's what we're talking about, in order for us to invest in that. It wasn't really a directive to invest in those lands, nor was it a directive to put the money in the securities market, in the financials, it was let's take this unique opportunity, see what's out there and then we'll eventually make that decision one way or the other. It is based upon the numbers that we're going to generate rather than a preconceived notion of where we are going to go. Am I understanding that correctly?

**Mr. Anton:** Yes, that's exactly correct. I think there was an understanding that having that money held at the Treasurer's Office, there's an opportunity cost because it isn't earning much money while it's there, but if the Department of Lands would work quickly to look at opportunities of what's out there, and we can make decisions hopefully before five years either to make investments or to move the money over to EFIB.

**Governor Little:** When we increase the earnings reserve, that was mainly for comfort level. What's happened the last two weeks, compared to other trusts that don't have those kinds of earnings reserve, they're at risk of their payout. Is there a scenario to where we increase the earnings reserve that if the theory was correct about having a bigger earnings reserve to take care of volatility, then if you're going to take on a higher risk portfolio, long term – higher risk and higher return – wouldn't earnings reserve take care of part of that issue?

**Mr. Anton:** So when Callan modeled the years of reserve, I think they looked at the 95th percentile from a statistical perspective and the volatility of the market, and said under those conditions that level of reserve and given our asset allocation should allow us still to continue to provide stable returns

to the beneficiaries. It is important to keep in mind that both the permanent fund and the earnings reserve fund are invested the same so that when we have these volatilities, the earnings reserve fund is going down significantly as well, but with 6 – 7 years it could maybe withstand a fairly large impact. To your question, if I understood it correctly, could we have an even more aggressive allocation; we could but it may suggest that to stay within that 95-percentile band we would want to increase the reserves further.

**Governor Little:** You could also, in the financial assets, look at your asset mix there to lower the risk.

**Mr. Anton:** Yes, that is correct. One of the things we did model was should we consider having the earnings reserve invested primarily in fixed income, but if we wanted the same overall allocation for the portfolio it would say the permanent fund would be almost 100% in equities which would make that extremely risky. As you know there are rules and statutes around the permanent fund growing at inflation and having to make up that inflation deficit over time, and so the analysis suggested that keeping them both invested the same made the most sense.

**Governor Little:** Of course, you could purchase timber REITS in the financial.

**Mr. Anton:** That's correct.

**Mr. Littman:** Not to be fussy, but I think we need to be more precise with terms. We're sometimes mixing up return and distribution. Return is what the total invested funds provide in terms of annual yield. As Chris appropriately pointed out, the reserves and the permanent fund are vested in one big pot. The idea of the reserves is to enable us to maintain consistency of distribution under a variety of return scenarios, including those which we are currently experiencing.

**Mr. Anton:** One thing that I think is important to highlight as well, is that the revenue generated from the Department of Lands goes into the earnings reserve fund. For many years, that level of revenue was enough to basically make the beneficiary payment so that all of the growth and financial assets allowed the fund to grow more rapidly. Over time as the financial assets have grown and the land revenue has come down somewhat, that revenue coming from the lands generates only about 50-60% of the annual distribution. That's another type of volatility or risk that we have, that we're less able to look to that steady source of revenue, and why under certain scenarios having more land revenue is beneficial because it does come into that reserve. It helps make some of those beneficiary distributions.

**Governor Little:** I agree. Callan you have been listening to this. Is there anything that we missed in that line of questioning and comments?

**Ms. Janet Becker-Wold:** No, I think Chris Anton laid out the case exactly how we presented it in the study.

**Governor Little:** When the assets were valued, and I am the new guy and that's one of the reasons that I appreciate both the Attorney General and Irv helping me...the valuation on the land was predicated on the fact that we would never sell it and that the primary source would be the sale of standing timber, versus a competing interest that might look at other ways to monetize that investment.

**Ms. Sally Haskins:** This is Sally; that's correct, because you can only, you only take income, you can't sell.

**Governor Little:** Isn't there some logic to the fact that when you compete against for instance a TIMO, that they're looking at other revenue streams on that valuation of that property when you're in the buying mode.

**Ms. Haskins:** They would have a different holding period also than you. That is completely different underwriting standard because of what they can do.

**Ms. Becker-Wold:** I believe at the subcommittee meeting that was held in the fall we discussed this a little bit as well which was, would you want to double down on the timber allocation by putting it in the financial assets portfolio when you already have a significant exposure to it in the total endowment; we suggested that maybe there were other real assets that could function as a stabilizer with income that might be a better complement to both the financial assets and the timber portfolio.

**Governor Little:** I am aware of that. I am not advocating for it, but I am saying we could. Just like we got out of our commercial real estate within a block of where we're sitting here, and then endowment went out and bought real estate to compensate, to put that into the...I am not saying that we double down, but I am saying that is an option. That was the option that the Board employed when they got out of the commercial real estate right here where we're sitting. Does silence mean you agree with me?

**Mr. Anton:** Janet, I think that question is for you.

**Ms. Becker-Wold:** Sorry...

**Governor Little:** You're the one that made the recommendation Janet, I just want to make sure you haven't changed your mind.

**Ms. Becker-Wold:** The decision on the real estate had different factors based on skill sets within the Department of Lands I don't think exist on the timber side. I mean you have a lot of expertise there on the lands side. I think you probably have a better return with the lands investment in timber than you would in a commercial timber investment within the financial assets. Sally would you agree, you're the expert on this not me.

**Ms. Haskins:** Yeah, absolutely. That's why we felt comfortable talking about additional reinvestments in timber, because of the expertise that exists. If you look at a common theme all the way back to commercial real estate, timber investment, and farmland investment, one of our big themes is always that you have to have the expertise to find acquisitions and then manage them afterwards. That was a bit of an issue in commercial real estate, doesn't exist in timberland, and farmland is probably somewhere in between. We're always more cautious on farmland in terms of deploying that money and I think saw that timber was the real strong area in terms of expertise.

**Governor Little:** I think this is for Janet, when do you reassess the hurdle rate? As economic conditions change, is that hurdle rate carved in stone; or does it change over a period of time for whatever reason?

**Ms. Becker-Wold:** That is a Sally question.

**Governor Little:** Okay.

**Ms. Haskins:** It is. So that is meant to be a long-term realistic expectation. It is not necessarily a year-to-year thing. We could look at it periodically. I was revisiting it before the call and I still feel comfortable with it based on what's going on. Again, it's pegged around your existing portfolio as well, to just circle back to what Chris was saying – you want to be doing things that are enhancing your

portfolio. This was meant to make sure that you were really doing accretive acquisitions, if that makes sense.

**Governor Little:** I agree, but just like the endowment fund has in the last week, rebalanced predicated on what's happening, those are the short-term things you do. The long-term is as your asset mixes or other things change, don't you...I know that PERSI does, I know that EFIB does, that you do a periodic long-term reassessment of your investment mix. Even if it just reaffirms what you have.

**Ms. Haskins:** Yeah, absolutely.

**Governor Little:** Otherwise we wouldn't need to pay you.

**Ms. Haskins:** And we do want to continue to get paid very much, I want to confirm that. Janet, that could be a question for you, or you could affirm that as well. The other thing to keep in mind here is that that's the hurdle rate, but when you are going out into the market acquiring property, that is either affirming or not affirming that rate. It's meant to be a minimum. You should always be acquiring kind of at the market price, too; what you're acquiring could be above that hurdle rate. You're not just underwriting the [unintelligible] because that wouldn't make any sense necessarily.

**Governor Little:** Well, don't we always want to be over the hurdle rate?

**Ms. Haskins:** You could be at it or over it. You're not going to be under it, because that is not allowed really. You want to cut the best deal that you can is what I am saying.

**Governor Little:** I agree. But the hurdle rate is on a set of suppositions – what's your administration costs, what's your investment costs, if Bernie Sanders gets elected and they're going to put a big transaction fee in...I mean all of these decisions have to be dynamic relative to what your costs are of investing, of administrating, because it is all about the net, net, net over the long term back to the beneficiaries.

**Ms. Haskins:** I don't have a Bernie factor currently in my...

**Governor Little:** But if there was a new transaction fee, and of course the fact that one of the biggest transaction fees that everybody else has is taxes, which we don't have, it makes a difference. If hypothetically Congress said now we're going to tax everybody's investments...but the issue is when do we reassess. I think the issue is you reassess your suppositions predicated on the reality that is out there.

**Ms. Haskins:** Yes, I agree.

**Mr. Littman:** A question for...I put my EFIB hat on for a moment...so annually, for EFIB and your other investment clients, Callan presents an expectation model for planning purposes of expected returns, risks, and correlations for all the financial assets. I am thinking ahead; for example this year in January 2020, there were very modest changes to that grid, and other firms in your space do similar work and so forth as well as some of the investment banking firms; but it seems as an administrator process after the distribution of that it would be useful to go back and say is there a reason to revisit. What did we learn from that to revisit the assumptions we're making on hurdle rates. We may say there's no change, as I suspect we do this year, but hopefully there will be a time where we'll look at higher returns than we're seeing today.

**Governor Little:** It wouldn't take much.

**Ms. Becker-Wold:** Is that directed toward us, Irv...

**Mr. Littman:** That was a general comment, although feel free to add to it.

**Ms. Becker-Wold:** I think you got it right. We do this exercise for our clients every year to sort of repeg it. It doesn't generally result in any big changes because our capital markets expectations don't change that much year-to-year. They're meant to just reflect a change in the market environment and generally the market environment doesn't change significantly year-to-year because we're looking out ten. These hurdle rates shouldn't be modified real often; however, if we have a very significant change in the way we're viewing the capital markets on the public market side, that should be reflected in that hurdle rate. When Sally looked at that, and this is where she might step back in because this crosses back over into her territory, they're not always pegged against a liquid market alternative; but they're relative to what you should expect over a long term relative to inflation. Sally, do you have anything to add or did I misspeak.

**Ms. Haskins:** No, that was brilliant, Janet.

**Mr. Littman:** What I've suggested is that perhaps in using the cycle of the last few years if in February of each year we had a short conversation with you and Sally and representatives of the Department of Lands. Is there any reason we ought to embark on a more substantive review of the hurdle rate or could we allow the one that we've been using to continue?

**Ms. Becker-Wold:** I think that's a very reasonable thing to do. I don't think it will change much, but the fact that we look at it and confirm it, I think it is also a powerful thing to do and document that.

**Mr. Littman:** I think that's a constructive administrative discipline.

**Governor Little:** I think as I un-delicately talked about earlier, you look at suppositions from the last hurdle rate and then you ground truth them to what's really happening and what you think is going to happen in the future, because your administration costs, your friction costs, your transaction costs, those are all based on a set of suppositions and you need to ground truth your suppositions.

Chris, do you think that there's any reason that your board and your advisors would think there's any reason to adjust the earnings reserve fund given the new...you look at the volatility that's in the market now, particularly in some areas, I hope you're not real long airline stocks and cruise stocks, but do you think there's any reason to readjust the earnings reserves?

**Mr. Anton:** I think the policy is sound. This is the type of situation it's intended to test. I think at this point the reserve policy is appropriate.

**Governor Little:** At the number it is?

**Mr. Anton:** I think so, I mean you can always ask for greater reserves and maybe have almost too much of a cushion; but that comes at the jeopardy of distributions to the beneficiaries because you're holding more in reserves. I think it is a reasonable balance at this point in time. I don't see a reason to change it.

**Ms. Becker-Wold:** In the study that we did in 2018, we actually tested some very specific dire scenarios at different reserve levels. The reserve level that we recommended, which was an increase in a couple of the reserves, was meant to deal with a pretty severe market decline and still be able to make distributions at least at the current level. We actually tested that through this study and that was why we recommended the increase in a couple of them that were specifically impacted by the removal of the cabin site revenues. Their income became more volatile; we added on, we said these two are potentially going to have issues so let's increase them. That was specifically contemplated.

**Mr. Anton:** One thing I might add, certainly we want to continue to monitor not just the financial portfolio but also the revenue from the Department of Lands. As you've seen, timber prices have come off about 30% from a couple of years ago. Right now, lumber yards are pretty full, we're not having any auctions this month. We're assuming that is a temporary situation but to the extent we had a long drought in revenue from lands combined with challenges in the financial portfolio, we may consider it at some point, but I think for now let's test the policy and see how it works.

**Governor Little:** Well, neither asset type is doing great this week.

**Mr. Anton:** Right.

**Governor Little:** Irv, have you got anything else.

**Mr. Littman:** Nope.

**Governor Little:** Well I think the question, and I'll defer to my fellow Land Board member, the question is the recommendation that this committee will make to the Board about what we do going forward. We know we've got the money in the Land Bank fund. From my standpoint, the asset mix that we have now – you can roll the dice about which way it's going to go. I am inclined to think that given the valuation...the fact that when the land was valued, it was valued at a lower value because we didn't say this is the real market value; this is the value that it is to us with restrictions we've got. That you can't sell over 160 acres, that you can't sell timberland, which is a set of handcuffs that is in code and in the constitution that the Land Board has to deal with. When you're looking at the asset mix, you have to take that into account. Without going out and going parcel-by-parcel and say what's the real market value of it, which at some point we might want to do that, look at what are values are relative to the fair market value, but if you're not going to sell it, it really doesn't matter. The question is if you're going to buy new, that's where I am. We've got this wonderful portfolio, these great endowment lands. This land is really up to a better management level and, particularly with the new policy, we're going to have a bigger cut off those lands. I think for me that we should look at putting part of the assets into the financial markets and part of them into timber assets. As far as those timber assets, I think they ought to be on timber where we increase the wood basket. Do I take a highly productive, well-managed piece of private timber that fits right in, take it and really not create any more wood basket, or do we do like we're talking about doing in some of these things where we're taking other lands that haven't been productive...I see that as much more accretive to the goal of the Land Board and the state. Particularly if you're not taking it off the tax rolls of these local communities. After we had that last sale, I know those of us on the Land Board got tapped on the shoulder a few times about the net effect of reducing the real property. That's where I am coming from. All the work that the committee's done, that the staff, Callan, and EFIB have done...that's kind of what I was thinking when I got into this process and what I am thinking going forward. We know that our lowest cost asset to manage is the financial assets. I know we pay for all the fire, but we have to account for the fire...those big issues. Paying the dues to the protective associations is one thing, we do that out of one pot money; then we come over to the other pot of money and take away money from the general fund to pay for these fires...and that brings me back more to my thought process that it ought to be ground that maybe isn't managed that well that we can have better forest health on it. That's where I am, and I'll let my other two committee members tell me where they are.

**Mr. Littman:** One of the things I got exposed to is the discussion of the 10 most northern counties and the impact on property taxes. That was a very compelling and enlightening issue, even before the intense discussion on property taxes we've seen statewide more recently. I know we're not necessarily directed to deal with this, but I find that is kind of an interesting issue and a special issue that came up.



I'd encourage the Land Board to look at what can we do to make the presence, not just of prospective future purchases, but existing purchases to be good citizens within the respective counties; and it's clearly within a handful of counties that it's the most issue. Having said that, I am comfortable with your thoughts. Callan's recommendation was if there are investments in timberland or, they were a little bit broader originally, in other lands that are accretive to the return, and looking at where to get the maximum return over time. I think that we are advantaged by having the founders and the writers of the constitution gave us something that's turned out to be helpful and I would like to see some of these funds go to preserving...I phrase it a little bit differently than perhaps you would...recognizing we've got about 800,000 acres in the prime wood basket, that's an important asset and we ought to make sure we're preserving the value and preserving the future cash flow. One of the interesting things, as we've met and as the participants from the Department of Lands have talked, and the review of certain statutory and constitutional things, I find investment in other forms of land, particularly farmland, to be less compelling. I hear the Department of Lands saying that's not something they're particularly interested in so I think it would be useful for our recommendation, let's make that clear – we're not going to do that. That it's got low value. That's recognizing your own roots in the farm and rangeland business, don't take this personally. I think if we're going to go and invest in land, let's focus a little bit more; I think it ought to have a very rigorous hurdle rate that we ought to be absolutely sure that it's accretive and is supportive of what we're doing. All of that, and I am saying that I am sympathetic with the issues of the counties, but I see the Department of Lands being competitive; most of the holders of industrial timberland are positioned similarly, TIMOs on behalf of their clients are not paying income taxes. The REITs are deferring or not paying income taxes, so in many ways...but they are paying county property taxes. I think that is an issue that I am sympathetic to. I would narrow the focus on lands, and I think that a recommendation to do that which would include an accretive hurdle rate, and some to the financial assets. Recognizing that the structure is to the extent that really attractive opportunities to invest in land don't occur, the funds do roll into the financial assets the way it is set up. So I think the notion, someone used the phrase earlier, it's sitting in the Land Bank while we look to see if there's something constructive. The only option in the end, to the extent that attractive investments aren't there, is to fall to the financial assets.

**Governor Little:** As far as the property tax issue, we can't take that into account. Of course, mysteriously quiet from the complaining were Valley and Bonner County where they had a huge spike. They were mysteriously quiet when I went to the Association of Counties; I do have a little holding on the lake at McCall and I noticed that my property taxes went way down but they were very quiet about that.

**Mr. Littman:** Well it is a very prescribed issue...

**Governor Little:** And that's the unfortunate thing is one county's gain is another county's, maybe, material loss. We can't take that into account, but to me it colors the issue. We have to invest for the long term return, but they're on the line; the courts...and I know I am practicing law and I will get chastised here in a minute...the court will default if we're doing it for good reason to the judgement of Land Board.

**Attorney General Wasden:** First of all, I note on the agenda that it doesn't have an action item, so we actually can't make a decision today. We will have to reconvene to make a decision about what to do.

**Governor Little:** Nothing changes in the state of Idaho, nothing changes in law...let me ask my good counsel, can we make a recommendation, I mean nothing changes? In the Land Board if we act, as the Land Board, that has the effect of change in policy and change of rules. But as an advisory committee

making a recommendation, and we can have another meeting I don't have a problem with that, but that's my question to my legal counsel.

**Attorney General Wasden:** I think that this is really an open meeting question, and that is can we take an action without having on the agenda notice that it is an action item. The statute requires that we identify it as an action item and that was a statute passed a couple of years ago. All I am saying is that as the person who has the responsibility of enforcing the open meeting law against state entities, I would just as soon not violate the statute. [laughter]

**Governor Little:** Okay, and we appreciate that.

**Attorney General Wasden:** I don't want to assess myself a fine. [laughter] That's a technical matter that I wanted to raise, that we will have to have an opportunity to make a formal...

**Governor Little:** Never have enough meetings...

**Attorney General Wasden:** ...action. Well, I didn't see the agenda until I walked in here. Let me address my thoughts. My thoughts on this are that we had a fairly broad discussion on this matter in front of the Land Board. Callan prepared a 2016 analysis, they did another in 2018. We selected among the various options. We chose option A because option A provided the greatest flexibility for us to place this money where it was going to do the best good; it was going to get us the long-term return. So, that may be to put that money in the financials. It may be to buy land. Timberland was one of the things suggested and strongly so because of the dampening effect in terms of the volatility. But it wasn't to run right out and buy that timberland, it was let's go look and see what's out there. Let's go see if we can meet the hurdle rates. If we can, then we make a decision, a sound financial decision at that time. We have a time limit here, and that time limit here is how long can these funds stay in this Land Bank, and that time is closing on us fairly soon. By default, we may end up putting those monies in the permanent fund. My view is maintaining where we are right now, maintaining that flexibility to continue to see are there opportunities. Maybe there are, maybe there aren't. Maintaining the course of where we are now actually provides us the greatest opportunity to see if there are financial investments we can make, either in land or in securities, so maintaining the course where we are is actually a relatively short time period for us to do that. My view is stay the course until we have better financial data and it may be that these monies go to the financial investments anyway.

**Governor Little:** Is that a motion to not have another meeting?

**Attorney General Wasden:** Well....

**Governor Little:** We can't make that motion.

**Attorney General Wasden:** We cannot make that motion as it was not provided on the agenda. The only thing we could do is amend the agenda, but in order to amend the agenda, we have to have a valid reason for amending the agenda and we don't have a valid reason.

**Governor Little:** But the no action alternative is always an action.

**Attorney General Wasden:** It is...

**Mr. Littman:** I am glad to say that I can take entire guidance from you.

**Attorney General Wasden:** Thanks a lot, Irv.

**Mr. Littman:** And not weigh in.

**Attorney General Wasden:** We can simply adjourn the Reinvestment Subcommittee...

**Governor Little:** Motion to adjourn is always in order...

**Attorney General Wasden:** ...and if we took no more action, then there would be no recommendation made to the Board, it would simply be we've ended our function as the subcommittee.

**Mr. Littman:** So the existing policy...

**Attorney General Wasden:** The existing policy is option A. I've described the existing policy.

**Governor Little:** I think in all fairness, we delay a pathway by the Department that was going forward...

**Attorney General Wasden:** ...for about a year.

**Governor Little:** ...predicated on some action by this committee and that's why I feel an obligation, rather than leave it up in the air, to do something. We can reconvene and take action.

**Attorney General Wasden:** Well, I've given my thoughts. Without making a motion, you would be at least put on notice that that's the kind of motion I would be interested in making. I am not making a motion and I am not requesting a second – I am taking no action.

**Mr. Littman:** If we meet, I think it would be helpful to refresh all of ourselves on the status of the Land Bank, prospective additions to the Land Bank, and to recognize the issue...there are important dates to describe to various layers of the Land Bank....

**Governor Little:** I think I've got all of that.

**Mr. Littman:** Okay.

**Governor Little:** Jeremy, do you want to say something?

**Mr. Jeremy Chou:** I am so sorry for interrupting, but I do feel compelled just to state that I don't believe that you are subject to the open meeting laws. You are members of the Land Board, but this is a subcommittee; you don't have a quorum and you have the ability to make those motions and decisions within this group. Now, I apologize; Mr. Early is here and Mr. Wonderlich and Brian, we all know each other. I think I am correct here that you can make those decisions; whether you choose to or not is up to you.

**Governor Little:** I am fine with waiting. It does go back to what I was saying before. We need to do it...I've been just a little busy the last few days. We can notice up and do this. When's our next Land Board meeting, Dustin?

**Director Dustin Miller:** It's on Tuesday, the 17th.

**Governor Little:** That might be a little hasty.

**Attorney General Wasden:** What the open meeting law says is that any sub-agency of an agency is bound by the open meeting law.

**Governor Little:** I will let you guys wrestle with that. I do what I am told.

**Attorney General Wasden:** We're just safer if we just comply with this.

**Mr. Littman:** It looks like Renée has to set up another meeting.

**Attorney General Wasden:** Yes, that would be my recommendation.

**Governor Little:** And she does such a good job. Director Miller, have we got...is there anything on the agenda at the next meeting that wants us to have action from this committee...is there anything on the

other pending land sale that's hanging out there, or can we wait until after that to have our next meeting.

**Director Miller:** There's no item on the next agenda at the Land Board meeting.

**Governor Little:** All right, we'll get together and figure out a time. Anything else?

**Attorney General Wasden:** Motion to adjourn.

**Governor Little:** Always in order.

**Mr. Littman:** Second.

**Governor Little:** Seconded, all in favor say aye.

**All:** Aye.

**Governor Little:** We are adjourned.

There being no further business, at 2:36 pm a motion was made by Attorney General Wasden that the subcommittee adjourn. Mr. Littman seconded the motion. The motion carried on a vote of 3-0.

Idaho State Board of Land Commissioners  
Strategic Reinvestment Subcommittee

/s/ Brad Little

Brad Little  
Chairman, Strategic Reinvestment Subcommittee and  
President, State Board of Land Commissioners and  
Governor of the State of Idaho

The above-listed final minutes were approved by the Land Board's  
Reinvestment Subcommittee at its April 10, 2020 meeting.