



## 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

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*Be it remembered that the following proceedings were had and done by the State Board of Land Commissioners of the State of Idaho, created by Section Seven (7) of Article Nine (IX) of the Constitution.*

## Final Minutes

State Board of Land Commissioners Regular Meeting  
May 20, 2025

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, May 20, 2025 at the State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W. Jefferson St., Boise, Idaho, and via webinar. The meeting began at 9:00 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Governor Brad Little  
Honorable Secretary of State Phil McGrane  
Honorable Attorney General Raúl Labrador  
Honorable State Controller Brandon Woolf  
Honorable Superintendent of Public Instruction Debbie Critchfield

All Land Board members were present at the physical location.

Director Miller introduced Jake Strohmeyer who was hired as the Division Administrator for Operations. Mr. Strohmeyer was most recently on the Sawtooth National Forest as the Forest Supervisor; he has worked on almost every national forest in Idaho. Director Miller shared his enthusiasm that Mr. Strohmeyer is bringing his knowledge and experience to the Department's executive leadership team.

## Reports

1. Department Reports—presented by Dustin Miller, Director
  - A. Timber Sales Revenue—April 2025
  - B. Leases/Permits Transactions and Revenue—April 2025

Discussion: None.

### C. Pre-Season Fire Brief

Discussion: Governor Little asked what the Department is hearing from the Forest Service and Bureau of Land Management (BLM) about their level of staffing given some turmoil they have had. Director Miller replied that even though there has been turmoil, and various options for early retirement, that focused more on the non-fire staff although some fire staff did take those options. Federal partners are advising that from an initial attack capacity standpoint, the same response can be expected, and they have similar staffing levels. What is likely to be a critical gap for the Forest Service and BLM to deal with this year is the support positions, those who participate on Incident Management teams for example, many of those folks have left the agency. In terms of initial attack capacity, the Department expects the same level of response, and that response is going to be critical as staff engage heavily with federal partners during fire season. The Department will get a comprehensive briefing from the federal agencies in the first week of June and more information will be shared.

Superintendent Critchfield commented that she was a little struck by the 43 fires as of May 13th listed in the report; 40 acres is not a high volume, but it still means deploying resources. Superintendent Critchfield asked if that is normal, high, low? Director Miller indicated it is what the Department expects this time of year early in the fire season. Folks are taking care of yard work, debris burning, and some of those fires escape. The Department pushes fire education and prevention and ensuring folks are smart when burning, but it is normal to see some fires occurring because of debris burning as the weather warms up and things start drying out. Director Miller mentioned it is interesting that the Department is deploying resources to other states already. The Forest Service and BLM talk in terms of fire year now, with all kinds of fire activity throughout the year and the Director is grateful to have resources to send and help those other states, because the Department relies on other states helping in return when needed.

Controller Woolf noted the Department has 50 engines positioned throughout the state but only 40-60% will be staffed. Controller Woolf asked how then are they staffed, those full ones versus the partials. Does the Department move those around and have full ones in more critical areas. Director Miller responded that the Department is very mindful of times of high fire severity where resources are staged. The strategic engine modules are critical; they are easily deployed around the state to help with initial attack. With the shortfall in engine captains the Department relies heavily on non-fire staff, those that have engine boss qualifications to help staff engines, especially as things ramp up in the latter part of July. The Department has the annual challenge, just like the federal agencies do, of the 3-month seasonals going back to school in mid-August. The Department is a big fire organization; foresters, range staff, and others within the agency help out. Those with fire qualifications that can staff engines participate; oftentimes Assistant Wardens are staffing engines, too. Recruitment is a challenge, as it has been for the federal agencies. The Department's strategic fire plan will target those critical needs and focus more effort into recruitment: selling the culture, getting more people involved in fire. The interest in participating in fire is not what it was 20 years ago. Director Miller expressed appreciation for the legislature's support of the Governor's recommendation to provide wildland firefighter bonuses again this year which will be doled out at the start of the fiscal year.

2. Endowment Fund Investment Board—presented by Tom Wilford, EFIB Chairman; Chris Anton, EFIB Manager of Investments
  - A. Manager's Report
  - B. Investment Report

Discussion: Chairman Wilford introduced members of the Investment Board in attendance at the meeting, including newest member Dave Dean, Bob Donaldson, Joe Forney (Compensation Committee Chair), Irv Littman (attended via Zoom), and Mary Pat Thompson. Chairman Wilford also recognized EFIB staff who were present: Chris Anton, Chris Halvorson, Kathy Van Vactor. Chairman Wilford described some interesting swings for the fund in the last two years, times when a month would be down \$40 million and now some comfort that it is up \$140 million year-to-date.

Mr. Anton echoed Chairman Wilford's statement; it has been a period of significant volatility; however, as the report shows, the fund was up 0.7% for the month of April and up 4% fiscal year-to-date. Those numbers seem to indicate a boring month, but there was significant volatility, much of that was surrounding trying to understand tariff policy. On April 2nd, President Trump announced his tariff plans, and the tariffs initially rolled out were significantly higher than the market anticipated. Almost immediately, equity markets were down by over 20%, bond markets were down with fixed income yields rising, and the dollar weakened. Late in the month, President Trump announced a 90-day suspension on reciprocal tariffs, which are those above the 10% base level, with the exception of China which was kept at 145%. That provided a great deal of relief in the market; equity markets were up about 10% on the day of the announcement. EFIB was trying to rebalance the portfolio that same day; it was a little crazy. Markets bounced back and by the end of the month the fund was in positive territory. Tariff negotiations continued into early May where President Trump announced an agreement was reached with China to reduce their rate to 30%. With that, the markets moved even higher, and as of yesterday the portfolio was up 8.2%. The last two weeks have been very positive in terms of performance. As mentioned earlier, Brian Yeargain's term on the Investment Board expired in April, and Dave Dean was appointed. The Investment Board is excited to have Mr. Dean; this will be his first meeting.

Secretary of State McGrane recalled the Land Board approved the \$8 million transfer in April and wondered, given the volatility, if EFIB was able to put that money to work in a useful way during that time. Mr. Anton replied yes; it was not right at the bottom because the market moved quickly, but it was shortly after that April 15th Land Board meeting, around the third week of April.

Governor Little observed EFIB has one significantly underperforming manager and inquired if the Investment Board would discuss that at its meeting today. Mr. Anton recalled that last month Governor Little asked about Barrow Hanley, a small cap value manager. Mr. Anton acknowledged they have been underperforming, however their performance in the first two weeks of May is pretty impressive. Month-to-date in May Barrow Hanley was up 12.6% compared to their benchmark of 6.4%; in two weeks they outperformed by 6%. They are still off from the benchmark by about 6%; they are making good progress in improving their performance.

### C. Semi-Annual Report

Discussion: Mr. Anton went through the semi-annual report presentation. Regarding the School Bond Credit Enhancement program, Governor Little remarked it is about \$500 per million in savings. The limit per school district is \$40 million; this program is saving them \$20,000. Mr. Anton gave an example: if the school district's normal rate was 4%, this would reduce it to 3.95%, sometimes 3.90%. Mr. Anton agreed it was small, but it is every year. EFIB does not charge much for it, so it is beneficial.

### Consent—Action Item(s)

#### 3. Approval of Draft Minutes—April 15, 2025 Regular Meeting

**Consent Agenda Board Action:** A motion was made by Controller Woolf that the Land Board approve and adopt the Consent Agenda. Secretary of State McGrane seconded the motion. The motion carried on a vote of 5-0.

### Regular—Action Item(s)

*[Editor's note: the Discussion portion of the following agenda item is written in first-person format. This is not a verbatim transcript.]*

#### 4. Timber Reclass: Benewah Parcels—Presented by Jim Elbin, Division Administrator-Trust Lands

Recommendation: Approve reclassification of Pierce Creek and Wilson Mountain and disposition of these parcels via public auction.

Discussion:

Attorney General Labrador: This appears to be contrary to § 58-133(1) and that presents a problem for the Board.

John Richards: Good morning, Governor, members of the Land Board, for the record my name is John Richards, General Counsel for the Idaho Department of Lands. The Department asked me to look into whether the combination of language in Idaho Code §§ 58-132 and 58-133(1) limits the Land Board's authority to reclassify lands that had originally been classified as chiefly valuable for forestry and other classifications. My conclusion is that there is some vagueness to that statute. The purpose of the statute is to make certain that state lands are classified to ensure their best use, and reading the statute in conjunction with the constitutional obligations of the Land Board, an interpretation that allows for reclassification would be proper. An interpretation that would allow for a one-time classification and prohibit in perpetuity reclassification of lands chiefly identified as valuable for forestry, would run into constitutional issues with the Land Board's authority to assure that endowment lands are maximized for financial return for the beneficiaries. The original classifications were not limited to endowment land, it included all state lands, and the original classification was made pursuant to § 58-132 based on the general welfare and not specifically based on the interests of the beneficiaries to the endowment. The more reasonable interpretation of that vague statute would be to allow for reclassification of at least endowment land.

Attorney General Labrador: Everything you just said is based on whether the statute is ambiguous or not. The statute [§ 58-133(1)] reads that "... all state-owned lands classified as chiefly valuable for forestry, reforestation, recreation and watershed protection are hereby reserved from sale and set aside as state forests." There is nothing ambiguous about that. Part of your argument is based on the constitution that as a Land Board we have a constitutional mandate that we must follow, but the constitution [Article IX, Section 8] also explicitly says that "It shall be the duty of the state board of land commissioners to provide for the location, protection, sale or rental of all the lands heretofore, or which may hereafter be granted to or acquired by the state ... under such regulations as may be prescribed by law ...." The constitution contemplates that this legislature will have prescriptions upon the Land Board. If we do not like what the prescriptions say, our duty is not to ignore what they say, it is to go to the legislature and ask them to change the statute.

Mr. Richards: Addressing a couple of points there, the first one being the disagreement in ambiguity. The basis for mine is the language in § 58-132 that broadly delegates authority to the Land Board. The language specifically saying the Land Board "... is hereby authorized and directed to classify state owned lands with respect to their value for forestry, reforestation, watershed protection and recreational purposes." The ambiguity arises as in a broad delegation of authority for the classification, arguably that includes the authority to reclassify as well. That is subject to different interpretations. Also in play is case law saying that the Land Board's constitutional duties are self-executing, meaning that if the legislature does not prescribe procedural statutes to govern how the endowment is managed that essentially the Land Board has the inherent constitutional authority to carry that out. Here, where it is silent on reclassification specifically to endowment land, arguably that self-executing constitutional authority grants the Land Board the authority to reclass as it relates to endowment land. Moving into your second point, the constitution does contemplate the legislature putting limitations in statute to govern how the Land Board manages endowment authority. We do have case law that there are limitations to that legislative authority. Most relevant here is the Watershed 2 case from 1999 which expressly held unconstitutional legislation that directed the Land Board to consider interests outside those of the beneficiaries: interests of industry and the general welfare of the state of Idaho. The Idaho Supreme Court said, no, the State Land Board as trust managers can only consider the interests of the beneficiaries. To that point, there is authority for the legislature to pass legislation that governs management of endowment, but there is limitation to that as well, and that is what drove my finding that the more reasonable interpretation would be to allow for reclassification, at least of endowment lands.

Attorney General Labrador: That case is totally distinguishable from this situation. In that case, the Supreme Court found, correctly, that we only have one constitutional duty, which is to look at the interests of the beneficiaries, not outside of those interests. That is not what we are doing here. There are other reclassifications that we can do to this land that would not put it up for sale. We can allow timber, mining, all these different things that would actually give money to the State and give money to the beneficiaries. That is very distinguishable from the example that you are citing. I am not going to ask more questions; I am going to be opposing this because it is outside of the statute and also contrary to the constitutional mandate that we have. It would be inappropriate for the Land Board to do this at this time.

Secretary of State McGrane: Based on the discussion, it is significant the provision in the constitution where it describes "... provided by law ...." It happens elsewhere in the constitution; that is meant to be procedural, not substantive, because if the legislature can restrain the Land Board's ability to act on behalf of the beneficiaries it would be contrary to the constitution. We are trustees, and I do not think the legislature can restrict our ability to serve as trustees.

Superintendent Critchfield: A little historical perspective, I am assuming this is not the first time this has happened or been requested.

Governor Little: The whole issue of reclassification.

Mr. Richards: I believe Jim could speak more intelligently as to the historical practice of reclassification, but in my research, I came across at least one opinion from 1990, not specifically addressing reclassification of these assets for disposition, but whether § 58-132 allowed for reclassification. At least one other opinion concluded that it did allow for reclassification, but I will let Jim speak as to the historical practice.

Mr. Elbin: Historically, reclassification from timberland is rare. There is no real evidence that the cottage sites were reclassified, but they were originally timberland and part of state forests. Those have been, of course, disposed of over time. From a historical standpoint, in 1935 and 1937 the department looked a lot different. We were managing parks, we were managing other state-owned lands, and we were still owed part of our corpus that was granted from the federal government. What I have read from a historical perspective was that the intent behind this law was to identify these types of parcels, the forestry, reforestation, watershed, recreation, so that the state would get the most bang for its buck when the federal government finally paid up on what they owed us, which they did not complete until the late 1990s.

Controller Woolf: I have a question different from the legal perspective but more from operations. We have had historical ones like Tamarack, but does this change the philosophy of the Department to then look at others that you may have in the pipeline for possible reclassification down the road.

Mr. Elbin: Yes, it does, but on rough napkin math this morning, anticipating this question, we are talking about 0.4% of our land base, and that is all classifications that we would potentially look at a reclassification for disposition.

Controller Woolf: I would imagine some of the foresters would not want to change too much, but where it makes sense and it is the highest and best use, I think that is something to evaluate, too, from our fiduciary duty.

Mr. Elbin: A hundred percent, and the intent behind this is it is money to the Land Bank; we are still actively pursuing whatever timberland will come available. We are not looking to dispose of our ownership and slowly dwindle it away; it is to expand and improve upon our timber base.

Governor Little: Further questions.

Director Miller: With a changing Idaho and some of our inholdings being difficult for us to manage in the ways that we have traditionally managed those timberlands, it is not agreeable by everyone, but we are doing the right thing for the endowments to take a look at these opportunities where we can reclass and sell timberland and just as Jim said, look for other opportunities to increase our inholdings and produce that income for the endowments. The Tamarack Resort example was brought up and, if I understand correctly, we received those lands in an exchange; they were timberlands, then the Land Board reclassified those to a recreational category, and then we advertised the lease.

Mr. Elbin: That is correct. For clarity's sake, disposition is the last resort. We would prefer to lease and if that is a higher and better use than the current baseline management, and the new use dictates moving forward, that is what we want to use, because we do not want to falsely advertise a lease for rangeland and then charge exorbitant commercial type rates. We want to make sure it is a transparent process and the classification matches what is on the land. It would be managed for traditional use if that is the best use, look for an improved use if there is a better use on the leasing side, and if we are not able to get there on certain valued parcels then we would dispose of them.

Attorney General Labrador: We are mixing apples and oranges here. I do not think anything in the statute prevents us from reclassifying it to recreational or anything like that, it is just the sale. The only limitation is that we cannot sell the land. You can reclassify it to anything you want, as long as it is not put up for sale. These examples that are being given are not pertinent to the situation before us right now. Yes, we can reclassify it if we want, we can make this land now recreational, we can allow timber harvesting, we can allow anything we want that will bring us money to the endowment, but what we cannot do under the statute is sell it.

Board Action: A motion was made by Controller Woolf that the Land Board approve the reclassification of Pierce Creek and Wilson Mountain and disposition of these parcels via public auction. Superintendent Critchfield seconded the motion. The motion carried on a vote of 4-1, with Attorney General Labrador voting in opposition.

## **Information**

None

## **Executive Session**

None

