

State Board of Land Commissioners

Philip E. Batt, Governor, and President of the Board
Pete T. Cenarrusa, Secretary of State
Alan G. Lance, Attorney General
J. D. Williams, State Controller
Anne C. Fox, Superintendent of Public Instruction

Stanley F. Hamilton, Secretary

MINUTES
REGULAR LAND BOARD MEETING
January 9, 1996

The regular meeting of the State Board of Land Commissioners was held on January 9, 1996, at 9:00 a.m. in the west conference room of the Joe R. Williams office building, 700 W State St, Boise, Idaho. Honorable Philip E. Batt presided.

The following members of the state board of land commissioners were present:

Honorable Philip E. Batt, President of the land board and Governor of the State of Idaho
Honorable Pete T. Cenarrusa, Secretary of State
Honorable Alan G. Lance, Attorney General
Honorable J. D. Williams, State Controller
Honorable Anne C. Fox, Superintendent of Public Instruction

Stanley F. Hamilton, Secretary to the Board

CONSENT AGENDA

1. **Approved** official transactions for the month of November and December 1995
2. **Approved** draft minutes for November 1995 land board meeting
3. **Approved** results of sand and gravel lease auction
4. **Approved** Sand Creek Wood Products as qualified timber sale bidder
5. **Approved** proposed timber sales:
 - A. Johnson Mill OSR CR-4-0603, 563 acres
 - B. Lower Pete & Charlie CR-4-0587, 290 acres
 - C. White Pine Road CR-4-0586, 220 acres
 - D. Beaver Draw CR-4-0609, 90 acres
 - E. Upper Parallel CR-4-0580, 187 acres
 - F. Bingo-Butte CR-4-0565, 272 acres
 - G. Mill Creek CR-4-0624, 183 acres
6. **Approved** transfer of jurisdiction for a building at State Hospital North from the Idaho Department of Health & Welfare to the Idaho Department of Corrections.

Governor Batt questioned if consent agenda item number 6 could be controversial.

Mr. Hamilton said that the building is being transferred from the Department of Health & Welfare, who no longer needs it, to the Department of Corrections, who needs it for one of their new programs.

J.D. Williams moved to approve the consent agenda. The motion was seconded by Pete Cenarrusa.

Dr. Fox complimented the department on this transfer, saying that it is good asset management.

The motion to approve the consent agenda was passed unanimously.

SUPPLEMENTAL AGENDA

- Qualified bidders list, timber sales: John O. Edwards, St. Maries, Idaho

Mr. Hamilton explained that a supplemental agenda item, a request from Mr. Edwards to be placed on the qualified bidders list for timber sales, was being presented for the board's consideration. Stan remarked that Mr. Edwards had indicated that his intent was to process logs in Idaho.

Mr. Edward's request to be listed as a qualified timber sale bidder was approved by unanimous consent.

REGULAR AGENDA

Idaho Forest Industries (IFI) and the State of Idaho (Bull Run) land exchange. Approved.

Mr. Perry Whittaker explained that this exchange provides that: the state acquire five parcels of private timber land - about 1,122 acres with an average yield of 16.2 mbf/acre, an average species mix, and slightly greater than average logging costs. Three of the parcels have growing sites rated 'good' and two sites were rated less than 'good.'

IFI will acquire four state endowment parcels - about 950 acres in the Rose Lake area with an average yield of 17.8 mbf/acre, an average species mix, and average logging costs. Three parcels were rated 'good' and one parcel was rated 'fair.'

Perry added that this exchange is the first phase of a two phase plan with IFI to 'block up' lands in the LaTour Creek area. Through this process, the state will gain a block of land and lose scattered parcels - resulting in better land management. Also, the state will gain greater control of the road system; one easement will be issued to IFI for road access.

The parcels were appraised by department staff. The lands being exchanged are of similar value - about \$5,030,000.00. No opposition was received at the Public Hearing, by the Senate Resource and Environment Committee or House Resources and Conservation Committee.

Attorney General Lance wanted to know when the legislative committees had been notified.

Perry answered that notification to the committees had been sent about three weeks ago with notices being sent to each member of each committee.

The governor wanted to know how these exchanges are initiated - who starts them.

Perry answered that it depends on the exchange. In most cases the person wishing to exchange land contacts us; in other cases, we might contact owners of a property.

The governor wanted to know what advantage IFI was receiving through this exchange.

Perry answered that this exchange fits their existing land ownership patterns better. Likewise, the state feels that it gains an advantage in return.

Stan remarked that the objective of the department is to assess how a land exchange might improve department land management operations and how the beneficiary benefits.

Area Personnel, Stan explained, know the lands in their areas very well and look at the parcels to be exchanged carefully before making any recommendations. Then, when a recommendation to proceed is made, Boise staff reviews the package before making a decision to pursue a land exchange.

Ms. Fox questioned how school districts fare in property taxes when there is a change in ownership. She questioned if a concentration of land exchanges in one district would significantly reduce revenue to the schools within that district. She also asked if the department had received any comments from the schools regarding this exchange.

Perry Whittaker responded that in this exchange, the tax base would essentially remain unchanged. He also noted that when an exchange involves public school endowment lands, the school fund benefits from that source even though its losing private land property taxes.

Stan Hamilton remarked that the department's policy is to try to keep land exchanges within the same county to help reduce inequities. However, he noted that since land exchanges are value for value, the tax base remains about the same.

Mr. Lance questioned what problems there might be since fee lands on the Coeur d'Alene reservation were involved.

Stan responded that there should be very little impact since the department has other lands within reservations and have exchanged similar lands without difficulty.

Dr. Fox moved to approve the land exchange agreement; seconded by Alan Lance. The motion passed unanimously.

INFORMATION AGENDA

Mr. Hamilton suggested that before the board convene in executive session, it review the information agenda and directed the board's attention to the timber sale activity report; specifically, a graph reflecting a trend toward declining average monthly stumpage prices (since the peak of 1994).

He noted the interest rate for department transactions reported in the update changes from month to month.

Director Hamilton explained that the update on the gypsy moth program reflects the legislature's desire to fund the program through deficiency warrants. He also noted that the gypsy moth program is now one of maintenance - there had been no outbreaks.

Tetra Tech has been selected to perform the risk assessment of Triumph Mine. Upon completion (4-6 months), design work for site remediation should begin.

Mr. Hamilton distributed a summary of recent auctions of grazing leases, noting that one auction (Squaw Creek) had been postponed. The Bates Creek Section had a high bid of \$100 submitted by Idaho Watersheds Project; the Champion Creek Section had a high bid of \$1,025 submitted by Sawtooth Grazing Association; and, the Gilman Butte Allotment had a high bid of \$4,025 submitted by Julie Wiethorn.

Stan noted the auction information required no board action; that all auction results would be presented to the board at a future meeting when considering awarding the leases.

The governor questioned how there could be a "decline in value" in timber sales if December sales were appraised for about \$3,000,000 but sold for about \$4,000,000.

The director responded that the appraised value is the bidding "floor." The minimum bid addresses a number of considerations, however, a sale may be "bid up" by the bidders - which was the case with these sales.

Director Hamilton suggested that the board consider resolving into executive session. The purpose would be to consider pending or probable litigation, under Idaho Code § 67-2345(f).

J.D. Williams remarked that agenda item number eight - request for submerged land easement - had been before many agencies and that action would seem to preclude the need to meet in executive session.

He further suggested that since much had already been accomplished, the board request the department to provide a recommendation.

Mr. Williams moved to discuss the request for submerged land easement during open session. The motion was seconded by Attorney General Lance. Voting was 4-1, with Anne Fox voting and "no." Superintendent Fox requested to qualify her vote by saying she would like Stan to have the opportunity to address the issue of discussing the issue in open or executive session prior to the board's approving the motion.

Stan responded that the land board had, in fact, acted on this issue on two other occasions - to issue temporary permits for construction or project development. Consideration at a future meeting will address if the department should issue a term or permanent easement.

Mr. Hamilton remarked that the department had received letters from the Land and Water Fund of the Rockies, Idaho Conservation League, and American Rivers asking that a public hearing be held. The basis for their request was that information resulting from prior hearings is outdated.

Stan said the department would take direction on this; whether or not to hold a public hearing was not the reason for the executive session. The executive session would have been to discuss potential litigation.

The director suggested that the department could hold a "town hall" type hearing to collect input from the public.

J.D. recommended the department do that and come back with a recommendation.

Mr. Laird Lucas spoke on behalf of the Land and Water Fund of the Rockies, noting that they do believe that under submerged lands rules and the public trust doctrine, that the granting of submerged lands is a public trust doctrine issue.

Further, Mr. Lucas noted that there was Idaho Supreme Court precedent regarding the need for public involvement and that no public hearing on this issue had been held since 1991, when a county hearing was held at Twin Falls.

Mr. Lucas also said that they believe there is a lot of public opposition to this project and that the last federal hearing, despite a recent permit issued by the Army Corps of Engineers, was held in the early 1990's.

He summarized by saying that it is time and appropriate for the board to hear from the public regarding this project.

After some discussion as to the standing of the previous motion, J. D. Williams moved that the board not go into executive session to address the issue of a request for a submerged land easement, but direct the department to review all the data and information previously gathered by state and federal agencies; make a determination as to whether or not a public hearing is needed; and, present their recommendation to the board at its next meeting. Secretary Pete Cenarrusa seconded the motion. The motion passed unanimously.

Attorney General Lance moved that the board move to executive session; seconded by Superintendent Fox. The motion passed unanimously.

After reconvening into open session, Attorney General Lance moved that the 960 acres conflicted by the Committee for Idaho's High Desert contained in lease G-6316 be cancelled; that the Dick Shooter Cattle Company be refunded its bid of \$1,500; that the department be directed to develop recommendations for the processing of the lease applications for the 960 acres for which conflict bids have been submitted.

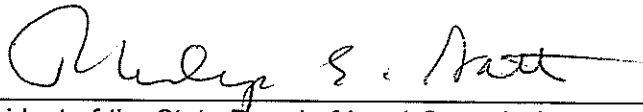
The motion was seconded by Controller Williams and passed unanimously.

The Attorney General moved that the board deny Thompson River's application for qualified bidder status by virtue of the fact that they have no lumber processing facilities within the state of Idaho.

The motion was seconded by Superintendent Fox and passed unanimously.

There being no further business before the board, the meeting adjourned at 11:20 a.m.

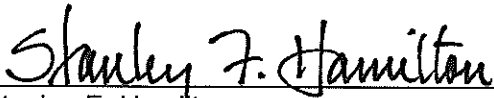
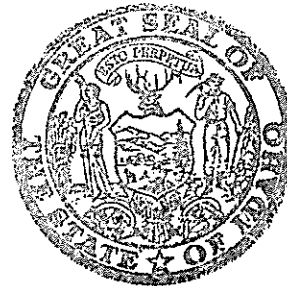
STATE BOARD OF LAND COMMISSIONERS



President of the State Board of Land Commissioners
Governor of the State of Idaho



Pete T. Cenarrusa
Secretary of State



Stanley F. Hamilton
Director, Department of Lands
Secretary to the State Board of Land Commissioners