



## STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne, Governor and President of the Board  
Pete T. Cenarrusa, Secretary of State  
Alan G. Lance, Attorney General  
J. D. Williams, State Controller  
Marilyn Howard, Superintendent of Public Instruction

Stanley F. Hamilton, Secretary to the Board

### FINAL MINUTES REGULAR LAND BOARD MEETING May 11, 1999 9:00 AM

The regular meeting of the Idaho State Board of Land Commissioners was held on May 11, 1999 in Boise, Idaho. The Honorable Dirk Kempthorne presided. The following members were present:

Honorable Secretary of State Pete T. Cenarrusa  
Honorable Attorney General Alan G. Lance  
Honorable State Controller J. D. Williams  
Honorable Superintendent of Public Instruction Marilyn Howard  
  
Secretary to the Board Stanley F. Hamilton

#### • **CONSENT AGENDA**

Director Hamilton provided background information on the consent agenda items.

1. **The following official transactions were approved:**
  - A. Bureau of Real Estate, Land Sale Section – March 1999
  - B. Bureau of Real Estate, Easement Section – March 1999
  - C. Bureau of Forest Management – March 25, 1999 through April 23, 1999
  
2. **The following timber sales, staffed by Ron Litz, Chief, Bureau of Forest Management, were approved:**

A. Lower Uleda	CR-1-0301	2,300 MBF	
B. Otts Basin	CR-2-0132	3,900 MBF	
C. Wolf Lodge	CR-2-0214	3,115 MBF	
D. Skeel Gulch	CR-3-0441	2,330 MBF	
E. East Lacey Pole	CR-4-0685	110 MBF	2,310 Pieces
F. Shorts Basin	CR-5-0092	5,000 MBF	
  
3. **The following additions to the qualified bidders list, timber sales, staffed by Ron Litz, Chief, Bureau of Forest Management, were approved:**
  - A. W & R Timber Management, Inc., 3722 W. Robison Ave., Coeur d'Alene, ID 83815
  - B. Selective Logging Resources, Inc., 9010 Reed Road, Hayden, ID 83835
  - C. Falcon, Inc., 12600 St. James Avenue, Hayden Lake, ID 83835
  - D. Millard Cutting Company, PO Box 175, Ahsahka, ID 83520

4. **The termination of Dredge and Placer Mining Permit No. 254 – Buster Lamoure, staffed by Scott Nichols, Chief, Bureau of Minerals, was approved.**
5. **The application for Murray Placer Mining LLC, Placer Mine Permit No. 314, staffed by Scott Nichols, Chief, Bureau of Minerals, was approved.**
6. **The request for disclaimer of interest to the City of Boise on 0.88 acre of accretion land adjacent to the Boise River in Ada County, staffed by Perry A. Whittaker, Chief, Bureau of Real Estate, was approved.**
7. **Request for approval to initiate the East Fork land exchange between the state of Idaho and the Bureau of Land Management, staffed by Perry A. Whittaker, Chief, Bureau of Real Estate, was approved.**
8. **The request to recommend approval for issuance of the lease to the high bidder as a results of the cropland lease auction, staffed by Bryce Taylor, Chief, Bureau of Range Management/Surface Leasing, was approved.**
9. **The declaration of a zone of infestation of gypsy moth and the authority to proceed with suppression, staffed by Ladd Livingston, Supervisor, Forest Insects & Diseases, were approved. There were two parts to this memorandum to be approved. There was considerable discussion regarding this agenda item.**
10. **The potential lease at 509 West Washington between Idaho Department of Lands and Department of Health and Welfare, staffed by Alvin Carr, Lands Leasing Specialist, was withdrawn from the agenda at the request of the Department. There were no objections.**
11. **The request to establish a committee to implement Endowment Investment Reform, staffed by Stanley F. Hamilton, Director, Department of Lands, was approved as amended. State Controller suggested that the request from the previous land board meeting stating that the Endowment Fund Investment Board come forward with some proposed plans for the stock portfolio investment for the implementation of HJR 8 should be clarified in this memorandum. The memorandum will be amended to incorporate the direction to the Endowment Fund Investment Board to prepare their policy.**

Attorney General Lance made the motion to approve the Consent Agenda with agenda item #10 being withdrawn and an amendment made to agenda item #11. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

- **REGULAR AGENDA**

**12. Director's Report - Presented by Stanley F. Hamilton, Director, Department of Lands**

Director Hamilton provided the Land Board with operational information from the Department. He stated that the information would be continually reworked per the budget restructure that the Department is undertaking.

Director Hamilton informed the Land Board that the Department met with the Governor's Budget office and the Legislative Budget office and an agreement was reached on the manner in which the major programs for appropriation would be developed.

State Controller Williams asked Director Hamilton if the Department could, on the totals of the spreadsheet showing the years since 1992, break these totals down by fund – General Fund, Dedicated Funds, etc. Director Hamilton said this information would be provided – one fund at a time.

**13. Discussion about the evaluation of endowment timberland assets, presented by Don Bryan, Timber Exchange, Portland**

Mr. Bryan, Consulting Forester with the Timber Exchange, addressed the Land Board and presented information regarding the process for evaluating timberland. He provided the Land Board with a slide presentation and handouts. A hard copy of the presentation and spreadsheets is part of the record.

There was considerable discussion on this issue. There were no decisions required on this agenda item.

**14. Potential lease near Old Penitentiary between Idaho State Historical Society and BSU – Presented by Bryce Taylor, Chief, Bureau of Range Management/Surface Leasing**

Mr. Bryce Taylor provided the Land Board with background information. Dr. Rook, BSU, was present to talk on the thoughts of BSU and their strategic alliance with the Historical Society. Mr. Steve Gerber and Dr. Larry Barnhart were present representing the Historical Society and BSU.

BSU has been working to find a new location for their arboretum for some time. The current location at Protest and Boise Avenue is not adequate for their expanding program. The site that would provide for their needs is on ISHS general fund land at the Old Penitentiary.

Dr. Rook, Dr. Barnhart and Mr. Steve Gerber provided details of the proposal for the Land Board.

Director Hamilton stated that the parties involved are asking for conceptual approval, but there is a sense of urgency to move on. Final approval would be appreciated. Dr. Rook indicated they have completed and are fully in agreement on the substantive issues. Department counsel is currently working with their counsel to ensure that the process, lease format, etc., is consistent with what the Land Board wishes to do. He felt conceptual approval should go ahead but asked if it would be possible for the Land Board to authorize the Department, at such time when conclusion is reached, to allow them to proceed.

Attorney General Lance said that once the Department of Lands has a lease believed to satisfy all requirements it could be circulated to all members of the Land Board without a public meeting and they could sign at that time.

Director Hamilton stated this procedure would meet the requirements of the parties involved.

Attorney General Lance moved for conceptual approval of the program as outlined. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

**15. Consideration of bid by Roger Lewis on parcel south of Boise River, presented by Bryce Taylor, Chief, Bureau of Range Management/Surface Leasing**

Mr. Bryce Taylor provided background information. This issue has been before the Board at prior meetings. Mr. Lewis was present to address the Board. There was considerable discussion on this issue.

The Department recommended that the Board reject Mr. Lewis' request to be relieved of his obligation to pay the high bid of \$1,800 for the subject state lease. The Department also recommended that Mr. Lewis' high bid be accepted and that he be awarded a new ten-year lease.

The Department further recommended that the Board direct the Department to dispose of this land at sale as soon as possible to avoid any further complications with management of this small parcel rather than waiting for the land bank option. The sale should also include the four acres north of the river. If sold this year, the Department recommended that the bid monies be refunded.

State Controller Williams made a motion that there be an RFP on a land exchange for the parcels being discussed but not rule out a possible sale of the parcels if the RFPs do not provide anything of interest to the Land Board. He also stated that Mr. Lewis should be released from the lease at this time. Attorney General Lance seconded the motion. The motion carried on a vote of 5-0.

**16. Update on 1995 and 1996 leases reopened for applications, presented by Bryce Taylor, Chief, Bureau of Range Management/Surface Leasing**

Director Hamilton stated there were enough questions about some of the previous Land Board discussion that the Department wanted to clarify the issues.

Mr. Bryce Taylor provided background information. The Department requested affirmation of the process that the Department would follow on those leases that the Supreme Court ruled invalid from 1995 and 1996.

The Land Board discussed the issues in question with the Department. No action was required on this item.

**Update on WestRock Project - Presented by Bob Snapp, Lands Leasing Specialist**

Mr. Bob Snapp provided background information.

Director Hamilton stated the Department was requested not to do anything until Valley County took affirmative action. At this point, where does the Department go from here?

Director Hamilton said if the Land Board wanted a full analysis of all available information, the Department would prepare it. Director Hamilton said he was hesitant to contract to have any additional assessments done until the current information is reviewed in depth. He stated the Department does not want to enter this process unless directed by the Land Board.

Governor Kempthorne stated that two members of the Land Board were not part of the Board when WestRock made its presentation last year. He said he had not seen any presentations on WestRock. It was his opinion that he was not in a category to state that the issue would never happen. He said he was interested in the carrying capacity of the project on that portion of the state. What does it do to transportation? What does it do to water quality?

Director Hamilton said he believed the county retained some consultants who reviewed a lot of the issues. That information should be available to the Department. He said the Department has no intention of paying for additional studies to be done.

Director Hamilton said if it was the pleasure of the Board, a detailed briefing could be done at a future Board meeting – or the briefings could be done individually.

Governor Kempthorne acknowledged Don Wielmunster of WestRock. Mr. Wielmunster said he respected Governor Kempthorne's position. Governor Kempthorne said the Land Board would look at all the facts to make a decision.

Attorney General Lance said this is an issue where the Land Board ought to consider hiring a consultant or a series of consultants with experience in these issues. Director Hamilton said he would support this idea. He stated it should be at the expense of the developer. The Department does not have funds for this.

Governor Kempthorne said there would be impact if this were to be a successful program – transportation, infrastructure etc. He said he was concerned not only with the impact on Valley County but what the impact would be on the state system.

No decisions were made on this agenda item.

- **INFORMATION AGENDA**

Director Hamilton briefed the Land Board on the informational items.

17. Timber sale activity report
18. Interest rate update
19. Triumph Mine Update
20. Update on Fred Bagley lease on Payette Lake
21. Update on Scenic Bay Marina
22. Update on Land Exchange with Department of Parks and Recreation
23. Letter and article regarding Clearwater Land Exchange
24. Information on 1999 expiring grazing lease conflicts

Governor Kempthorne stated for the record – regarding West Rock – that he was sensitive to the economies of the communities in the area and how they may be affected. The communities may be affected positively as well. Director Hamilton stated this information would be collected and provided to the Governor.

Attorney General Lance stated on all the conflicted grazing leases, the Board ought to have a fairly detailed analysis concerning noxious weeds as well as fire hazards and things of that nature in order to make an intelligent decision concerning the lease of those lands.

Director Hamilton said the 1541 assessment has been performed on all expiring leases – or is in the process of being performed at this time. Detailed assessment information will be available to the Land Board when it is time to make the final decision to issue or not to issue a lease. He stated that noxious weeds, fire, fire protection, vegetative cover and the management proposal are all wrapped into this assessment.

There being no further information to be brought before the Board, the meeting adjourned at 11:45 a.m.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ Dirk Kempthorne  
President, State Board of Land Commissioners and  
Governor of the State of Idaho

/s/ Pete T. Cenarrusa  
Pete T. Cenarrusa  
Secretary of State

/s/ Stanley F. Hamilton  
Stanley F. Hamilton  
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the September 14, 1999 regular Land Board meeting.