



STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne, Governor and President of the Board  
Ben Ysursa, Secretary of State  
Lawrence G. Wasden, Attorney General  
Keith L. Johnson, State Controller  
Marilyn Howard, Superintendent of Public Instruction

Winston A Wiggins, Secretary to the Board

**Final Minutes  
Regular Land Board Meeting  
May 11, 2004**

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, May 11, 2004 in Boise, Idaho. The meeting began at 9:10 a.m. The Honorable Secretary of State Ben Ysursa presided in the absence of the Honorable Governor Dirk Kempthorne. The following members were present:

Honorable Secretary of State Ben Ysursa  
Honorable Attorney General Lawrence G. Wasden  
Honorable State Controller Keith L. Johnson  
Honorable Superintendent of Public Instruction Marilyn Howard

Secretary to the Board Winston A Wiggins

Secretary of State Ysursa noted that Governor Kempthorne is attending the National Governors' Conference in Washington, D.C.

• **CONSENT**

**Director Wiggins provided background information on the Consent Agenda items.**

**Attorney General Wasden moved to approve the Consent Agenda. Controller Johnson seconded the motion. The motion carried on a vote of 4-0, with Governor Kempthorne being absent.**

**1. Director's Report – approved**

- A. Interest Rate on Department Transactions – April 2004
- B. Bureau of Real Estate, Land Sale Section, Official Transactions – March 2004
- C. Bureau of Real Estate, Easement Section, Official Transactions – March 2004
- D. Bureau of Surface and Mineral Resources, Official Transactions – March 2004
- E. Timber Sale Official Transactions – March 31, 2004 through April 27, 2004
- F. timber Sale Activity Report
- G. Legal Matter Summary

**2. Approve Timber Sales – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved**

A. Shove Creek	CR-22-5003	4,280	MBF
B. Hobbit Holler OSR	CR-30-0506	4,200	MBF
C. Ove Creek	CR-40-0528	3,240	MBF
D. Lower Dick's	CR-41-0017	4,540	MBF
E. Browns Pond	CR-50-0112	6,622	MBF

3. **Salvage Sale Contract Extension Number 5; SS-80-0092, Alley Lion** – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved

*DEPARTMENT RECOMMENDATION:* Extension is recommended to June 02, 2005.

*DISCUSSION:* Attorney General Wasden commented that it is his understanding harvesting is, or has been, occurring on this parcel. Director Wiggins stated two out of five units, or about one-third of the volume, has been logged. Attorney General Wasden asked if Stoddard Lumber Company has requested extensions on any other contracts. Director Wiggins stated to his knowledge they have not.

Controller Johnson asked, in light of the fact that the Board went through a similar exercise with another company in the last couple of months, if Stoddard is comfortable with this arrangement and if they signed off or agreed to the fact that this will be their final extension. Director Wiggins stated Stoddard sent the Department a letter asking for relief on the fees for the extension. However, the Department advised Stoddard that its recommendation would be to retain the fees as is, and the company has accepted that.

Superintendent Howard asked Director Wiggins to explain the extension fee. Director Wiggins stated most of the Department sales are scale sales. The extension fee is an increase in the interest rate. However, on a lump sum sale, where we do not scale the timber, the fee is on an escalated per acre charge on a yearly basis. If the first year is a \$2.00 extension, it doubles every year thereafter. It is up to \$64.00 an acre here. Superintendent Howard asked if, in a sense, it has a built-in penalty clause for not harvesting in a timely manner. Director Wiggins stated it does.

Secretary of State Ysursa noted that the extension policy will come before the Board at the next meeting.

*BOARD ACTION:* Approved.

4. **Qualified Bidders List – Timber Sales** – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved

A. Jeff Grinolds, P.O. Box 512, Juliaetta, Idaho 83535

5. **Issuance of Easement for Fill in Priest Lake Near Coolin in Section 9, Township 59 North, Range 4 West, B.M.** – Staffed by Steve Schuster, Deputy Attorney General – approved

*DEPARTMENT RECOMMENDATION:* The Department recommends that the easement for the fill be approved.

*BOARD ACTION:* Approved.

• **REGULAR**

6. **Joint Meeting with the Endowment Fund Investment Board** – Presented by Winston Wiggins, Director, IDL, and Matthew Haertzen, CFA, Manager of Investments, EFIB

Director Wiggins turned the time over to Mr. Haertzen who introduced Jae Hallett of Balukoff Lindstrom & Co., P.A. Mr. Hallett and his firm are the new EFIB auditors. Mr. Hallett stated he was happy to be here and had no concerns relating to the upcoming audit.

John Pickett and his associate, Brian Hayes, representing RBC Dain Rauscher, spoke regarding their research on other states dependent on natural resources, i.e. lumber and wood product revenues and compared their investment returns to those of the Idaho Endowment Fund.

Representatives from the three newly hired investment companies were present for the meeting. Mr. Haertzen introduced each firm and asked each representative to take a few moments to introduce their companies and explain the functions they were hired to perform for the Idaho Endowment Fund.

Mr. Haertzen introduced Patrick Schloss, Director of Institutional Client Service representing NWQ Investment Management Company. NWQ was founded in 1982; it is based in Los Angeles, California.

They have been hired to manage International Value Equities by the Investment Fund Board. Mr. Schloss gave a brief overview of how his firm will help manage assets for Idaho's endowment fund for International Equity Value.

Mr. Haertzen introduced James Owens, Partner, and Director of Client Services representing LSV Asset Management. The firm has been in business ten years, and is based in Chicago, Illinois. LSV manages large cap value equities for the fund. Value Equity Management is their sole business.

Mr. Haertzen introduced James S. McClure, CFA representing Barrow, Hanley, Mewhinney & Strauss, Inc. Bill Underwood, Client Service Representative, representing the firm was also present and available to answer any questions. This firm was founded in 1979 in Dallas, Texas. Their only business is value investment management in the equity area. They will manage a small cap value equity portfolio for Idaho.

No action was taken on this agenda item.

- **INFORMATION**

**Director Wiggins briefed the Board on the Information Agenda Items. No Land Board Action is required on the Information Agenda.**

**7. Boise Foothills/North Idaho Land Exchange Status Report**

**8. Commercial Lease Proposals for Lincoln Road**

**9. Commercial Lease Proposals for Airport Seven**

**10. Renewal of the Floating Green Lease with Hagadone Hospitality; Lease #B2022**

Director Wiggins pointed out that items 8 and 9 are updates on Requests for Proposal on commercial property. The Department currently has a Request for Proposal on the Buttercup property, which expires June 1, 2004. That RFP will provide the Department with a basis to review opportunities to either manage that land under a lease arrangement or, alternatively, dispose of it.

On another topic, Director Wiggins stated he was informed yesterday [May 10, 2004] shortly before 2:00 p.m. that the Departments of Agriculture and Interior have cancelled, as of 4:00 p.m. Eastern time yesterday, any contracts for large retardant aircraft for the coming season. This cancellation is based on a National Transportation Safety Board recommendation. While the Department does not have any air tankers under lease, it has used them in the past. Department staff are now scrambling to find ways to fill the gap with qualified aircraft. At this time, the Department does not know what the results will be. It may be initial small aircraft or helicopters. Director Wiggins stated he could not quantify the impact at this point.

Additionally, Director Wiggins stated that the deadline for conflict grazing lease applications expired in the last few weeks. There were ten grazing conflicts and that information will be made available to the Board.

With that, Director Wiggins stated he had no further items.

- A motion was made by Controller Johnson to resolve into Executive Session. Superintendent Howard seconded the motion. The motion carried on a vote of 4-0, with Governor Kempthorne being absent for this vote.

- **EXECUTIVE SESSION – WITHDRAWN**

**A. To Consider Records that are Exempt from Disclosure [[Idaho Code § 67-2345\(1\)\(d\)](#)]**

**B. To Consider and Advise Its Legal Representatives in Pending Litigation or Where There is a General Public Awareness of Probable Litigation [[Idaho Code § 67-2345\(1\)\(f\)](#)]**

**C. To Consider Personnel Matters [Idaho Code § 67-2345(1)(b)]**

After entering into Executive Session, Controller Johnson stated the topic to be discussed was the Lacey Meadows allotment. Upon hearing this information, Director Wiggins left the meeting room. After Director Wiggins' departure, Deputy Attorney General Clive Strong advised the Board that an Executive Session would not be permissible. Deputy Attorney General Strong stated that since Secretary of State Ysursa and Attorney General Wasden had recused themselves from participating in any Lacey Meadows discussions, and with Governor Kempthorne being absent from this meeting, only two Board members would remain, which would not constitute a quorum. Superintendent Howard asked what happens next with regard to the recusal of the two Board members. Deputy Attorney General Strong stated they would abstain from the duration of the deliberation on the issuance of the lease on this particular matter.

Secretary of State Ysursa asked for an update. Deputy Attorney General Strong stated that an action was filed in District Court by Western Watersheds Project challenging the Board's decision to issue the lease to Lacey Meadows. Among some of the other grounds asserted is the financial capability of Lacey Meadows to comply with the terms and conditions of the lease. There are also allegations regarding past performance and whether that is a sufficient basis to support the issuance of the lease.

Secretary of State Ysursa asked if there was any mention of the fact that he and Attorney General Wasden recused themselves. Deputy Attorney General Strong stated there was an oblique reference to it.

Superintendent Howard asked if a motion was needed to resolve into regular session. Secretary of State Ysursa stated it appears the Board never entered into Executive Session. Those parties excused were invited to return to the meeting. Controller Johnson stated that since the Board could not discuss this matter, he would withdraw his motion. Deputy Attorney General Strong recommended the record reflect that, in the absence of a majority of Board members, the Board did not enter into Executive Session. Secretary of State Ysursa concurred.

Secretary Ysursa commented that next month the Timber Sale Extension Policy and a Land Sales Plan would be on the agenda. Those items were deferred at the request of the Governor's office.

There being no further business to come before the Board, the meeting adjourned at 10:20 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/ Ben Ysursa*

Ben Ysursa  
Secretary of State

*/s/ Winston A Wiggins*

Winston A Wiggins  
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the June 14, 2004 regular Land Board meeting.