



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
April 11, 2006

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, April 11, 2006 in Boise, Idaho. The meeting began at 9:06 a.m. in the second floor courtroom of the Borah Post Office building. The Honorable Dirk Kempthorne presided. The following members were present:

Honorable Secretary of State Ben Ysursa
Honorable Attorney General Lawrence G. Wasden (*via conference phone*)
Honorable State Controller Keith L. Johnson
Superintendent of Public Instruction Marilyn Howard (*joined the meeting at 9:10 a.m.*)
Secretary to the Board Winston A Wiggins

• **CONSENT**

Director Wiggins provided background information on the Consent Agenda items.

A motion was made by Secretary of State Ysursa to approve the Consent Agenda in its entirety. Controller Johnson seconded the motion. The motion carried on a vote of 4-0, with Superintendent Howard being absent for this vote.

1. Director's Report – approved

- A. Interest Rate on Department Transactions – March 2006
- B. Bureau of Real Estate, Land Sale Section, Official Transactions – February 2006
- C. Bureau of Real Estate, Easement Section, Official Transactions – February 2006
- D. Bureau of Surface and Mineral Resources, Official Transactions – February 2006
- E. Timber Sale Official Transactions – February 25, 2006 through March 24, 2006
- F. Timber Sale Activity Report
- G. Legal Matter Summary

2. Timber Sales – Staffed by Roger Jansson, Operations Chief-North and Bob Helmer, Acting Operations Chief-South – approved

A. Goose Chopper	CR-10-0357	2,300	MBF	Bonner
B. Indian Camp	CR-10-0359	3,000	MBF	Bonner

C. Trapper Point OSR	CR-10-0363	685	MBF	Bonner
D. Lightning Peak	CR-20-0247	900	MBF	Bonner
E. POL Poles 2006	CR-20-0260	315	MBF	Bonner
		89,210	LF	
F. Big Bowl OSR	CR-30-0517	6,380	MBF	Benewah
G. Clugs	CR-30-0526	7,950	MBF	Clearwater
H. Capitol Steps	CR-31-0005	4,470	MBF	Shoshone
I. White Pine Pole	CR-40-0774	600	MBF	Clearwater
		189,975	LF	
J. Cut-off Commercial	CR-40-0775	13,619	Ton	Clearwater
K. Rain n' Lightning	CR-40-0781	3,600	MBF	Clearwater
L. Snake 2 Commercial	CR-40-0786	27,549	Ton	Clearwater
M. Priceline	CR-50-0124	6,049	MBF	Adams

DISCUSSION: Attorney General Wasden noted item 2, sales D and M contain clearcuts. He asked if these clearcuts are silviculturally justified. Director Wiggins stated the clearcuts are silviculturally justified. Attorney General Wasden asked if the clearcuts are in accordance with the standard set by the Board for clearcutting and the forestry restrictions in the water agreement that has been set. Director Wiggins stated the clearcuts comply with the Land Board policy and are also in compliance with the Forest Practices Act. In addition, any sales that are in the Snake River Basin agreement area, plus any sales at Priest Lake, are in full compliance with the field measures of the Snake River Basin Adjudication. In particular, sales A, B and C are all at Priest Lake. Sales I, J, K and L are within the Snake River agreement area, and they all comply with the requirements of the SRBA.

3. Fiscal Year 2007 Deferred Road Maintenance Projects – Staffed by Ron Litz, Assistant Director, Forestry & Fire – approved

BACKGROUND: Director Wiggins stated this is an annual presentation to the Board for the Deferred Road Maintenance Plan. These are roads that are not in specific use for particularly timber hauling so this is a maintenance program to ensure they are protected and are not creating erosion or other problems. These are roads that we intend for future use in the management of the lands.

DEPARTMENT RECOMMENDATION: Direct the Department to proceed with the proposed road maintenance.

BOARD ACTION: Approved.

4. Minutes – approved

A. Regular Land Board Meeting – March 14, 2006

• **REGULAR**

5. Endowment Fund Investment Board Manager's Report – Presented by Larry Johnson, Manager of Investments, EFIB

Mr. Johnson provided background information. March returns for the Fund were very strong, about 1.7%, which equates to almost 13% on a fiscal year-to-date basis. All of the eleven active

managers employed by the EFIB are performing at or above their benchmark. Strong returns in the international and US small cap markets are the main drivers for the strong fiscal year-to-date results.

No action taken on this agenda item.

6. Fiscal Year 2007 Timber Sales Plan – Presented by Ron Litz, Assistant Director, Forestry & Fire

DEPARTMENT RECOMMENDATION: Direct the Department to proceed with publication of the FY-2007 Timber Sales Plan.

DISCUSSION: Transcript available upon written request to Susan Terry, Idaho Department of Lands, 954 W Jefferson, Post Office Box 83720, Boise, ID 83720-0050.

BOARD ACTION: A motion was made by Secretary of State Ysursa to adopt the Department's recommendation being fully cognizant that the individual sales do come back to the Board for final approval. Controller Johnson seconded the motion. The motion carried on a vote of 5-0.

7. Tamarack Resort Lease M-5042 – Lease Modification 3 – Presented by George Bacon, Operations Chief-South

DEPARTMENT RECOMMENDATION: Direct the Department to execute Modification 3 for Lease M-5042, Tamarack Resort.

DISCUSSION: Superintendent Howard expressed concern about potential runoff into Cascade Lake. She asked if any of the proposed modifications relate to that portion of the lease. South Operations Chief George Bacon responded that the proposed modifications should not impact any of those issues. Requirements in the lease specify that Best Management Practices shall be used. In addition, an Erosion Control Vegetation Restoration Plan is referenced in the lease and is, in and of itself, a separate document more voluminous than the lease. The Erosion Control Vegetation Restoration Plan outlines all of the Best Management Practices that have to be used. The payment and performance bond would not be used if a problem arose in that regard. It was only established to ensure that a project once started was finished.

Governor Kempthorne stated it is his understanding that a bond is in place and that the bond will remain in place. If, for whatever reason, the project was unsuccessful, the Board could reclaim the area or acquire the equipment. He asked for affirmation that the bond is still in place. Operations Chief Bacon responded besides the payment and performance bond, the reclamation bond is the only bond in place, and that bond is estimated. Every time a project is proposed, a cost estimate is created to cover expected costs for site restoration should the project not be completed. That bond grows as new projects come along.

Governor Kempthorne commented that part of the rationale to consider revising this lease and the terms is to allow Tamarack to have additional cash flow, additional capital, so they can continue to move their project forward. Operations Chief Bacon stated that is correct. As the lease was originally being developed, surety bonding was a consideration. Since events of 9-11, the bond markets obviously have changed, and the structure of the lease allowed for alternative types of bonding. But it is a bigger hindrance to the project and probably has delayed individual projects more than was ever intended.

Governor Kempthorne wished Tamarack continued success.

BOARD ACTION: A motion was made by Controller Johnson to adopt the Department's recommendation to execute the modification. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 5-0.

8. Contract Extension TS-80-3211, Cottonwood, Mountain Valley Timber, Inc. – Presented by Dennis Paige, Lands Resource Supervisor, Forest, Eastern Idaho Supervisory Area

DEPARTMENT RECOMMENDATION: (1) A one-year contract extension be granted; 249 acres @ \$64.00 per acre = \$15,936.00; (2) This will be the final extension; (3) The purchaser will pay for the remaining units on the attached schedule; (4) The harvest activities will be completed before December 1, 2006; (5) If there are any contract items not completed at the expiration of the contract, April 25, 2007, the Department will estimate costs and that amount will be deducted from the purchaser's bond.

DISCUSSION: Superintendent Howard commented it appears a sequence of bad luck has been associated with this contract, such as roads not being open for long periods of time. She stated a couple of times issues were noted and corrected, however, later the same issues came up again for correction. She asked if the Department is confident that those same concerns will not be a factor going forward. Mr. Page responded when those issues were identified to the purchaser, he made timely corrections. The purchaser was extremely interested in completing the contract terms and in providing the quality of work requested. The Area did receive the purchaser's assurance that he would respond accordingly and feels confident that the purchaser will perform adequately if the contract extension is granted.

Controller Johnson asked where this property is located. Mr. Page stated the sale is located south of Lava Hot Springs in a large block of state endowment land.

Secretary of State Ysursa asked if the Northern Goshawk has any impact on this timber sale. The goshawk has caused restrictions on timber sales in Utah. Mr. Page stated Idaho does have that species, but it has not been identified on this particular sale. Director Wiggins added where the Department does have goshawk populations, certain guidelines are followed to protect nesting sites, et cetera. It is not an uncommon species on state endowment lands.

BOARD ACTION: A motion was made by Secretary of State Ysursa to move the Department's recommendation. Superintendent Howard seconded the motion. The motion carried on a vote of 5-0.

• **INFORMATION**

Director Wiggins briefed the Board on the Information Agenda items. No Land Board action is required on the Information Agenda.

9. Negotiation of Wind Energy Development Lease and Appurtenant Easements

10. Status of Bills Monitored by IDL – 2006 Legislative Session

• **EXECUTIVE SESSION – WITHDRAWN**

At this point, Board members offered congratulations to Governor Kempthorne for his appointment by President Bush to the position of Secretary, US Department of Interior.

The following is verbatim.

Secretary of State Ysursa: Governor, as a point of personal privilege, I hope this is your last meeting.

Governor Kempthorne: How long have you been waiting to say that?

Secretary of State Ysursa: For good reasons, I hope it's your last meeting. I hope the confirmation goes well. And I want to thank you, certainly on my behalf, and for the people of the State of Idaho and others that elected you, for your service and hopefully we can strike some deals for the benefit of the State of Idaho and everyone. But again, congratulations and, like I said, I hope this is your last meeting and things go well for you.

Governor Kempthorne: Thank you, Ben, very much. I appreciate it.

I would just say that this is – in the responsibilities with being Governor, being the President of the Land Board is a tremendous responsibility. And I don't think I could have had four other people that I would have any greater respect for and enjoyed working with. I've said before that I think that from this Board, from you four, comes great wisdom and pragmatism. And I have – I don't believe on any occasion that I have ever seen partisanship or politics flare up in how we conducted the people's business as the Land Commissioners. And so I commend all of you, and tell you that's the sort of work ethic and professionalism that I take with me with fond memories and will look forward to pointing to you as a great example of how things should work. I appreciate you.

Mr. Controller.

Controller Johnson: Just to echo what the Secretary said, and I want to commend you for your leadership on this Board and look forward to working with you in the Interior. If there is anything that this Board – anything I can do to help you in that endeavor, we want to make sure you know you have our support. We're proud to have you from Idaho and wish you the best.

Governor Kempthorne: Thank you very much, Keith. I appreciate it.

Superintendent Howard: And, Governor, I certainly echo that. I've enjoyed being on this body. Some people might think it's far removed from my duties, but actually it's been a really good fit with just all of our interests in Idaho and the sustainability of the life style that we have because that's good for all of us and certainly good for our children. So it's been a pleasure to work with you.

Governor Kempthorne: Well, thank you, Madam Superintendent. And we appreciate, too, your – anytime we had grazing issues and ranching issues, your background lent itself very well. I appreciate it.

Let me also thank staff, Mr. Wiggins and all of the members of the Land Department. And I appreciated that you've – whenever you've had new employees, you've brought them here. I think that's very important. That practice should continue. And to all of the respective staff, and to those who have supported this Commission, we appreciate that for our sub-committees and their efforts to keep this process going, and I would just, again, encourage communication at all times. As long as we can communicate, we can sit down and talk, it's amazing the positive results that we can achieve. So if there's nothing else to come before us –

Attorney General Wasden: Governor, just one comment. I would like to echo the comments of my colleagues on the Board. Congratulations to you for the appointment by the President. One of the traditions of the conference of Western Attorneys General is that we meet with the Department of Interior and the Secretary of Interior yearly when we're in Washington, D.C. in order to discuss issues of common concern. And so I would urge you to continue that practice, because it has been very valuable to the State and an opportunity to meet with the Secretary and to have a very open discussion, and I have appreciated that with the past secretary. I've appreciated my work with you on this Board and on a lot of other matters that we've had to deal with. So I congratulate you and thank you.

Governor Kempthorne: Well, very good. General, thank you very much. And, if confirmed, I'll look forward to continuing that type of practice.

With that, this Land Board stands adjourned.

(End of Verbatim)

There being no further business to come before the Board, the meeting adjourned at 10:00 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 May 9, 2006 regular Land Board meeting.