



STATE BOARD OF LAND COMMISSIONERS

C. L. "Butch" Otter, Governor and President of the Board  
Ben Ysursa, Secretary of State  
Lawrence G. Wasden, Attorney General  
Donna M. Jones, State Controller  
Tom Luna, Superintendent of Public Instruction

George B. Bacon, Secretary to the Board

Final Minutes  
Regular Land Board Meeting  
April 16, 2007

The regular meeting of the Idaho State Board of Land Commissioners was held on Monday, April 16, 2007 in Boise, Idaho. The meeting began at 9:07 a.m. in the second floor courtroom of the Borah Post Office building. The Honorable C. L. "Butch" Otter presided. The following members were present:

Honorable Secretary of State Ben Ysursa  
Honorable Attorney General Lawrence G. Wasden  
Honorable State Controller Donna M. Jones  
Honorable Superintendent of Public Instruction Tom Luna  
  
Secretary to the Board Director George Bacon

Superintendent Luna joined the meeting at 9:13 a.m.

• **CONSENT**

A motion was made by Attorney General Wasden to approve the Consent Agenda in its entirety. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 5-0.

**1. Director's Report – *approved***

- A. Interest Rate on Department Transactions – March 2007
- B. Timber Sale Official Transactions – February 24, 2007 through March 23, 2007
- C. Timber Sale Activity Report
- D. Legal Matter Summary
- E. Bureau of Surface and Mineral Resources, Official Transactions – February 2007
- F. Bureau of Real Estate, Official Transactions – Easement – February 2007
- G. Bureau of Real Estate, Official Transactions – Land Sale – February 2007

**2. Timber Sales – Staffed by Roger Jansson, Operations Chief-North, and Steve Douglas, Operations Chief-South – approved**

|                    |            |         |     |                  |
|--------------------|------------|---------|-----|------------------|
| A. Hoodoo Tower    | CR-20-0261 | 2,285   | MBF | Bonner           |
| B. Last Supper     | CR-22-5007 | 5,600   | MBF | Kootenai         |
| C. Smith Ridge OSR | CR-30-0539 | 2,680   | MBF | Clearwater       |
| D. Leftover Lewis  | CR-40-0794 | 1,930   | MBF | Clearwater       |
| E. Feary Pole      | CR-40-0799 | 760     | MBF | Clearwater       |
|                    |            | 149,350 | LF  |                  |
| F. Bull Run Pole   | CR-41-0007 | 1,375   | MBF | Ponderosa        |
|                    |            | 242,800 | LF  |                  |
| G. Last Cranberry  | CR-41-0034 | 5,390   | MBF | Ponderosa        |
| H. Lucky 13        | CR-42-5019 | 4,770   | MBF | Idaho            |
| I. Lost Valley     | CR-50-0139 | 2,107   | MBF | Adams            |
| J. Huckleberry     | CR-60-0170 | 1,205   | MBF | Boise and Valley |

*DISCUSSION:* Secretary of State Ysursa asked for the details of the clearcuts under sales C, D, G, H and I.

Director Bacon provided the following information:

- Item C has a 92-acre clearcut. By Board policy, the Department is allowed to design clearcuts up to 100 acres before coming to the Board for prior approval. This area was logged once before, and the anticipated natural regeneration did not occur. The Department sees no other option except to remove the standing trees and then to plant. The reason to remove the trees, instead of planting first and then removing the trees, is the investment in planting and the possible damage that could occur to that planting if the overstory is logged afterward.
- Item D has a 35-acre clearcut. There are no good seed trees in the area due to root disease and insect infestations. Typically there are a couple of root diseases with Armillaria being the main root disease encountered in western forests. There are no tree species totally resistant to root disease, but some fare better, such as larch and Ponderosa Pine, and the Department tries to convert to those species so they can grow. While the trees may succumb eventually, they will probably grow to crop size before that occurs.
- Item G has a proposed 89-acre clearcut. The stand is decadent and is falling down from disease, age and insects. There are no good seed trees to leave, or so few that there is a concern that the trees would blow over if staff attempted that kind of regeneration cut. Because of the stand's condition, the Department plans to clearcut.
- Item H has two clearcut units of 54 acres and 42 acres. These are similar to Item G in that they are decadent stands with disease and insects, root rot and bark beetle in Douglas fir. Again, there is not enough, or good seed trees, to leave.
- Item I contains a 29-acre clearcut due to disease in the area.

Director Bacon stated the Department averages, over the total acres harvested each year, somewhere between two to five percent in clearcuts. The Department views clearcuts as a tool of last resort.

Governor Otter asked if the Department keeps a record of past clearcuts that were cut for those purposes. Director Bacon stated the Department keeps those sorts of records from the sense that the stands will need follow-up planting, both for the Department's needs as well as for the Idaho Forest Practices Act. If the trees do not come in naturally after two years, the Department generally plants. Staff conducts stocking surveys and monitors the stand until it is fully established eight to ten years out

after the planting. Then normally staff has to go back and precommercially thin the stands because natural species, not necessarily desirable ones, come in and start choking out the planted trees.

Attorney General Wasden asked about timber sale J, Huckleberry. He noted that this sale is offered at below minimum prices and thought, for the record, the Director could explain what was happening with this proposed sale. Director Bacon stated this sale was offered in October 2006 and did not sell. Generally, if a sale does not sell, the Department has a policy whereby staff will examine the market conditions and talk with purchasers who were likely bidders, and who did not bid, to get feedback and to identify whether price adjustments need to be made, or some other aspect of the sale needs to be reviewed, and staff then generally try to reoffer the sale. If the sale does not sell a second time, staff reoffer the sale the following fiscal year. If it does not sell the third time then, by Board policy, the Department gets credit for trying to offer the volume, and staff move on from there and either break the sale up into smaller units or determines what else needs to be done.

Operations Chief South Steve Douglas added that this particular sale is on top of the Department's Packer John unit, which is out of Smith's Ferry. It did not sell the last time due to market conditions and haul distances. Fifty percent of the sale is lodgepole pine, and markets for lodgepole pine, for better pricing, are Bennett in Grangeville and the mill in LaGrande. Those distances, with the increased cost of fuel for hauling, hurt the competitive bidding on this sale. Staff has since looked at the prices, made some reductions and hopes to see, as has occurred in the past, stronger bidding. Sometimes the Department ends up with more money when these situations occur.

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

A. Professional Production Products, Inc., dba Tri-Pro Cedar, 1122 Hwy 2, Old Town, Idaho 83822

**4. Results of Auction for State Meadows Grazing Allotment – Staffed by Tracy Behrens, Program Manager, Grazing/Cropland – *approved***

*DEPARTMENT RECOMMENDATION:* (1) That the Board accept the high bid of \$4,700 submitted by Tyler Larson for grazing lease G4002 and direct the Department to issue Mr. Larson a ten-year grazing lease that includes a summary of his management proposal; (2) that the Board no longer require an annual update on the status of the old Lacey Meadows Allotment.

*DISCUSSION:* Attorney General Wasden asked if a financial analysis has been completed comparing the relative costs associated with each of the applicants. Director Bacon stated that analysis has been done, and the analysis indicated that of the three bidders on this grazing lease, the costs and net income to the Department would be the same regardless. There were no immediate concerns with adjacent ownerships. Potlatch Corporation owns land inside the allotment area and has informed the Department verbally that they would lease their land to the prevailing state lessee.

Assistant Director Bob Brammer provided additional information. He noted there was a bid difference of \$50 between the high bidder and the second bidder. Over the term of the lease, the Department primarily looks at lease inspections required. A total of 38 lease inspections would be required over the ten-year period with an assumption that eight inspections would be necessary the first year due to monitoring of fence construction. In addition, minimum monthly inspections would be conducted to assure lease compliance and that resource conditions are not degraded. In the second year that requirement would decline to five monthly inspections.

Assistant Director Brammer stated it is a fairly simple two-pasture system that staff would be able to monitor by conducting three formal inspections per year. The inspections would take two hours, which includes an hour of travel from Kamiah to the allotment and an hour to conduct the inspection on the allotment. A Resource Specialist hourly rate was used, including benefits. The per trip personnel cost

was calculated at \$58.90. Miles from the office equaled 39 miles and, using the state rate at 64 cents per mile, the per trip cost amounted to \$24.76, for a total inspection cost of \$83.86 per inspection. Over the ten-year lease term, the Department would incur slightly under \$3200 to conduct the inspections. These calculations were made with the assumption that all applicants would perform at the same level. The Department has no reason to believe there would be a difference. Only one operator will be on the allotment since Potlatch will lease to the State's lessee. There are no mixed ownership issues. Assistant Director Brammer concluded by stating the Department's analysis is that the cost would be the same over the ten-year lease period with the only difference being the difference between the high bid and the second high bid.

*BOARD ACTION:* Approved.

**5. FY 2008 Deferred Road Maintenance – Staffed by Ron Litz, Assistant Director, Forestry and Fire – approved**

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to proceed with the proposed road maintenance.

*BOARD ACTION:* Approved.

**6. Minutes – approved**

- A. Special Land Board Meeting – February 28, 2007 and March 1, 2007
- B. Regular Land Board Meeting – March 13, 2007

• **REGULAR**

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

Mr. Johnson provided a monthly report to the Board:

- The Endowment Fund Investment Board is currently rebidding for its Asset Management Consultant. This firm will conduct industry comparisons and give advice on the portfolio and risks being taken. Mr. Johnson invited members of the Land Board and their staff to participate in the selection process.
- Members of the Investment Board have traditionally attended two Land Board meetings per year to facilitate communication between the Land Board and the Investment Board. The next joint meeting will occur on May 8.
- The Fund has grown to 1.085 billion dollars. Investments have earned almost 108 million dollars in this fiscal year, nine months ending in March. The net cash flow to the Fund has been strong because land revenues have exceeded outflow by 33 million dollars. The fiscal year-to-date returns are 11.3% for nine months, and that was aided by a 1.3% return in the month of March. To date, April returns have been about 1.6%. Fiscal year-to-date returns through April 15 are over 13%.

No action was taken on this agenda item.

**8. Status Update – Statewide Land Exchange** – Presented by Bob Brammer, Assistant Director, Lands, Minerals, Range and Perry Whittaker, Chief, Bureau of Real Estate

*DEPARTMENT RECOMMENDATION:* Direct the Department to continue the development of a statewide land acquisition/disposal plan consistent with asset management criteria and to determine and pursue the best strategies for accomplishing the implementation of that plan.

*BOARD ACTION:* Attorney General Wasden requested that the Board return the Langdon report to Department staff for further review. No objections were voiced. The request passed by unanimous consent.

**9. Conceptual Exchange Agreement – Buttercup Parcel** – Presented by Kathy Opp, Administrator, Support Services

*DEPARTMENT RECOMMENDATION:* That the Board: (1) approve the conceptual exchange agreement for the Buttercup Parcel, located in Blaine County, between Sage Cliff, LLC and the State of Idaho with the understanding that the Final Exchange Agreement be brought back to the Board for approval; (2) that the Board direct the Department to order an appraisal for the Buttercup Parcel; initiate the Final Plat Review and approval process with Blaine County; and (2) identify and evaluate target properties as outlined in the Conceptual Exchange Agreement.

*DISCUSSION:* Governor Otter asked if the State ceases going forward with this agreement, does the agreement render back to the State all permits, renderings, drawings and any other pertinent development information. Division Administrator Kathy Opp stated the exchange agreement was crafted with the ability to purchase those items for the sum of approximately \$130,000. The Department researched this rate on the open market and feels it is a fair rate for the platting concept. Should the Department continue with this party, it has the ability to use all of the technical drawings, et cetera, moving forward. If the agreement ceases at any point, the State has the ability to purchase outright.

Superintendent Luna asked about the possibility of improving the property before entering into the land exchange thereby making the land more valuable before exchange. He asked if other improvements could be done citing, for example, curbs and gutters. Those kinds of improvements allow the State to gain the value of the increased market price of the property rather than trading the land at the lower value and letting the developer make those improvements. Ms. Opp stated those options have been considered and are seen as another value-added step. At this time, however, it is felt that the Department does not have enough expertise or appropriation to pursue that option. The Department believes that the conceptual exchange agreement as presented is a good first step and that the Department should move toward the area Superintendent Luna is suggesting.

Superintendent Luna asked what the obstacles would be to stop the State from pursuing those options now. He referred to what other states, such as Utah, are doing. In a few short years, Utah has greatly increased its endowment fund through this type of activity where they get the lands to the highest value before they begin to trade them. Ms. Opp stated the Department now has a Land Use Planner on staff so the Department will proactively plan what should happen in the future and that planning is done far enough in advance to allow the Department to take advantage of budgeting not only the entitlements, but the guttering and improvements mentioned, and then contracting for that in the future.

Superintendent Luna asked what it would cost to do the, for example, curb-and-gutter type improvements and what the net increase would be to the State if those improvements were made. Ms. Opp stated the proponent is experienced in this type of work and anticipates approximately 5.5 to 6 million dollars to get to the point of marketing. Turning that around could be a substantial increase,

probably on the order of 10 to 12 million dollars in marketing over a two to three year period, depending on market conditions in the Wood River Valley for selling this type of lot, which would be a state lot. Right now the Department does not have the ability to do anything but auction lots, which would be problematic for buildout and then to have some sort of real estate scheme that would fit within current statutes. She stated that is where some of the rub comes into play. Superintendent Luna asked if the State had the ability to pursue these options today, would the net increase be approximately \$7 million to the State. Ms. Opp stated probably in the six to eight million dollar range above and beyond the entitled piece. Superintendent Luna encouraged the Department to be prepared the next time to at least have the ability to consider that option so the State can gain those dollars and have the extra funds available for the endowment.

Secretary of State Ysursa stated he appreciates Superintendent Luna's view and that good questions have been raised. This is a baby step into this process, and people are watching closely. This is thinking outside of the box. The Endowment Fund beneficiaries have some very valuable properties scattered throughout the state. At the last Land Board meeting Ms. Opp discussed the Endowment Reform Review Task Force. Secretary Ysursa believes the Task Force should continue. He noted that the Superintendent's office was not represented on the Task Force, which should be corrected. Substitute members need to be appointed, including a Controller's office staff representative. He believes today's discussion points out that the review process needs to continue. Some legislative changes will be necessary to remove barriers to proper land management development practices. Secretary Ysursa commended the Department on getting to this step and hopes that the endeavor will be successful.

Attorney General Wasden noted that the Board has a choice to make today and that this item will come before the Board again at a future point. If the Board chose to go forward only on condition that additional enhancements would be made, additional costs would also be incurred. If the Board chose not to go forward, opportunity costs would be lost. Getting the money today, as an example, and investing that money, or exchanging that money, would bring value that would be lost if the exchange did not go forward. He asked Ms. Opp, recognizing the State's constitutional and statutory limitations, if it is advisable to go forward with this transaction and, if so, why. Ms. Opp stated this project would be an exchange to what she referred to as a "turn-key commercial property." The State is exchanging to those commercial properties with an instant revenue stream. In looking at the net present value of the investment over a ten-year period, it would be around 15 million dollars with a residual value, assuming all of the property was sold at the end of ten years. It is important to look at the cash flow of these properties. The annual net returns would be estimated in the mid \$7 million range for the total ten-year period versus no current income to the beneficiaries from the Buttercup parcel. If the property were held to allow completion of all of the necessary work to take the property to marketing as a residential subdivision, as individual lots, and assuming that work took eight years to get to that point and then work began, and with the escalated value based on the property as dirt today with some development costs, and factoring in the Department's inexperience in doing that kind of work, some cost escalators on entitlement work, some costs on sales and commissions expense when that point is reached, and while the net present value of these two projects is fairly close, the significant difference is time. Over a ten-year period no revenue would be generated for the beneficiaries. There would be no annual revenue stream. Investment gains only go to the land bank. Ms. Opp stated her contention is the Department is farther ahead to take this baby step at this point in time to secure a revenue stream to the beneficiaries while continuing to focus on where the Department needs to go in the future to participate in the development world.

Superintendent Luna asked Ms. Opp if projections have been done to show what kind of revenue this would generate in ten years if the Task Force had been able to lay the groundwork so that an agreement could be entered into today instead of waiting eight years to see positive revenue. Ms. Opp stated she has not done that particular projection but she believes it would be significant.

Governor Otter asked if any other state agency has been requested to spend money in the development of this property. Ms. Opp stated this property is off of the main highway and no further

encroachment onto the property is anticipated between now and the time that the exchange would occur. She does not see improvements extending into the property for quite a while, and she is not aware of any request to that effect.

Governor Otter commented he would like to know if there are hidden costs to the state, such as to the city for sewer hookup costs to enlarge their pool. Sometimes there are hidden costs to other agencies, and it becomes a cost to the state. Ms. Opp stated no official request has been received from an adjacent or opposing property owner to connect to the sewer that would potentially tear up the street in front of this parcel. The parcel would be developed on shared well and individual septic.

Governor Otter asked Director Bacon, whenever a request like this is being made, whether it is a land exchange, sale or whatever, to provide a review of any other state agency that has been requested, as a result of the Board's actions, to extend some additional services that would cost the state money. Director Bacon stated the Department would make sure that happens. He anticipates for this project any involvement of other state agencies would be along the lines of private development. Ms. Opp added that the Department, while going through the entitlement process, will be dealing with other agencies and the county on health and human safety issues associated with platting.

Superintendent Luna stated he would like to know more about the Task Force and if there is a time specific goal for them to finish their work so that some of these issues can be addressed. He feels there is an opportunity to take advantage, or at least to consider taking advantage, of some of the ways to make more money off of these land exchanges.

Director Bacon stated the goal is to bring action items to the Board to vote on to start moving forward.

Governor Otter suggested that action items be brought forward on a value-added basis on particular dirt assets to gain that value in an overall sale. Although he likes the idea, he stated he would like to see the State bid against the private sector to do the same thing.

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

## **10. FY 2008 Timber Sales Plan**

### **A. Forest Management Information – *Presented by Bob Helmer, Chief, Bureau of Forest Management***

Bob Helmer provided background information on the functions of the Bureau of Forest Management. No action was taken on this agenda item.

### **B. FY 2008 Timber Sales Plan – *Presented by Ron Litz, Assistant Director, Forestry and Fire***

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to proceed with publication of the FY 2008 Timber Sales Plan.

*DISCUSSION:* Secretary of State Ysursa asked if the established annual harvest level of 212 million board feet is high enough for the next seven years, and is there too much standing timber for sustainability. Assistant Director Litz responded that when the Department asked for an increase of 30 million board feet an analysis was conducted. That analysis showed approximately 2.2 billion excess standing volume on the forest. The Department is currently in the process of developing a plan to analyze further how much the harvest level should be raised. There are a number of factors that have come into place since the original 30 million board feet increase was requested. An example is the Snake River Basin Adjudication Idaho Forestry program and the Department's attempt to obtain a habitat conservation plan at Priest Lake. Those factors need to be considered. Assistant Director Litz stated he hopes to have the plan,

which will include alternatives and impacts, available for Board staff in July. Assistant Director Litz added that if the Department begins to increase the harvest levels, impacts, such as clearcut acreage, will go up. He stated he needs the Board to understand and be very comfortable with those impacts. He is currently working on the entire process and will have the process validated by an outside independent party. Those efforts will take time to get through but in the meantime there is excess standing volume. The Department is determining how that excess volume will be brought on and how it will be offered.

Superintendent Luna asked for clarification of the annual harvest increase. Assistant Director Litz stated that when the Board approved the plan, the Department needed to add staff to the areas to set up the additional volume. The next year the Department received permission to increase the level to 20 million. The third year, fiscal year 2007, the Department increased the level an additional 10 million. The 2007 plan has a harvest level of 212 million board feet, which includes the 30-million increase. The harvest level rose from 182 million to 212 million. The 212 million harvest level remains stagnant and every year the Department reverts back.

*BOARD ACTION:* A motion was made by Controller Jones to accept the Department's recommendation and to proceed with publication of the FY 2008 Timber Sales Plan. Attorney General Wasden seconded the motion. The motion carried on a vote of 5-0.

**11. Authorization to Initiate Negotiated Rulemaking – IDAPA 20.03.04 – Presented by Mike Murphy, Chief, Bureau of Surface and Mineral Resources**

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to initiate a negotiated rulemaking for IDAPA 20.03.04, "Rules for the Regulation of Beds, Waters and Airspace Over Navigable Lakes in the State of Idaho," and IDAPA 20.03.17, "Rules Governing Leases on State-Owned Submerged Lands and Formerly Submerged Lands."

*DISCUSSION:* None.

*BOARD ACTION:* A motion was made by Attorney General Wasden to adopt the Department's recommendation to initiate negotiated rulemaking as outlined. Controller Jones seconded the motion. The motion carried on a vote of 5-0.

• **INFORMATION**

**No Land Board action is required on the Information Agenda.**

**12. Review of Land Board Policy and Department Administrative Rules – Staffed by Ron Litz, Assistant Director, Forestry and Fire**

**13. Legislative Update – Staffed by George Bacon, Director**

*DISCUSSION:* Secretary of State Ysursa noted Senate Bill 1202 deals with the requirement that Board of Examiners' meetings be held on the second Tuesday of each month. Board of Examiners meetings piggyback with Land Board meetings. He asked if Land Board meeting dates will change now that the second Tuesday requirement has been removed. Director Bacon stated he intends to address that topic with Land Board staff. Holding meetings later in the month would enable the agencies to compile their monthly statistical reports in time for the briefing meetings. Should a new date be chosen, Director Bacon stated his hope is that meetings would be consistently held on that date for planning purposes.

Governor Otter noted that considerable activity took place during the last legislative session on initiatives to basically run some of the business of the State Land Board. He asked if something occurred to precipitate that interest. Is there a reason that the Board should look at how it operates that would suggest in any way a need for the Legislature to overcome something that the State Board of Land Commissioners is engaged in. Director Bacon stated the Constitution to some degree gives the Legislature certain limited powers over the disposition of state lands. However, this is a question that the Attorney General's office may need to clarify through an opinion. Director Bacon stated he does not know what precipitated the interest during the last session, but the Legislature appears to have concerns about how state lands are managed.

Governor Otter wondered if there is something that the Land Board can do in a preemptive fashion. He feels one of the biggest misunderstandings is what the fiduciary responsibility of the State Land Board is and the character of the endowment lands and assets that the State Land Board controls. He suggested that perhaps some kind of informational pamphlet or informational dialogue contact with the leadership, and with the State Legislature in general, would help suggest to them exactly what the Board's fiduciary responsibility is on the endowment lands and what the character of the endowment lands is because so often endowment lands are synonymously mixed with public lands.

Secretary of State Ysursa agreed with Governor Otter. He believes it is the characterization of the land and what the Board's role is under article 9, section 8. The elk farm controversy may have been a key catalyst in some of the proposed constitutional amendments this year. Those were held in the Senate State Affairs Committee but may resurrect. One item that Secretary Ysursa feels may resurrect in the future is an initiative on limiting or banning shooter bull elk farms. That issue may attempt to impinge the Board's ability to manage endowment lands.

#### **14. Potential Land Board Meeting Sites – Brought forward by Attorney General Wasden**

*DISCUSSION:* Attorney General Wasden stated this item reflects his personal thoughts. Discussions were held on previous occasions about conducting Land Board meetings outside of Boise. Attorney General Wasden suggested that staff review his proposed list of meeting locations and bring a recommendation back to the Board for consideration and approval. The first out-of-area meeting would be held in October 2007, location to be determined, with future out-of-area meetings being held twice per year thereafter in June and October.

Governor Otter applauded Attorney General Wasden's initiative on this item. He stated the response to the Capitol-for-a-Day meetings has been overwhelming. He added that his future Cabinet meetings will follow a similar pattern in that the Cabinet meetings will be held at various state agency offices. Governor Otter stated he applauds Attorney General Wasden's effort not only for moving the meetings out of the area, but also for suggesting areas where the Board can actually see some of its decisions on the ground.

#### **Action Taken on Item Not on the Agenda**

Attorney General Wasden asked if the Board has developed a plan setting objectives and goals for the Director. Governor Otter stated no. Attorney General Wasden asked if Governor Otter was interested in appointing a subcommittee to work on that issue. Governor Otter stated upon passage of a motion to that effect, yes.

**BOARD ACTION:** A motion was made by Attorney General Wasden that the Governor appoint a subcommittee to establish directives and goals for the Department's Director and that the subcommittee's recommendations be brought back to the Board at the May Land Board meeting. Controller Jones seconded the motion. The motion carried on a vote of 5-0. In response to this motion, Governor Otter appointed Attorney General Wasden and Superintendent Luna to the subcommittee, with Attorney General Wasden appointed as chairman.

At 10:40 a.m., Governor Otter left the meeting. Secretary of State Ysursa chaired the remainder of the meeting.

At 10:41 a.m., a motion was made by Attorney General Wasden to resolve into Executive Session. The motion carried by unanimous consent.

- **EXECUTIVE SESSION**

- A. **To Acquire an Interest in Real Property Which is Not Owned by a Public Agency** [[Idaho Code § 67-2345\(1\)\(c\)](#)]
- B. **To Consider Records that are Exempt from Disclosure as Provided in Chapter 3, Title 9, Idaho Code** [[Idaho Code § 67-2345\(1\)\(d\)](#)]
- C. **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\(1\)\(f\)](#)]

At 11:02 a.m. a motion was made by Controller Jones to resolve into Regular Session. Superintendent Luna seconded the motion. The motion carried on a vote of 4-0 with Governor Otter being absent for this vote.

There being no further business to come before the Board, a motion was made by Attorney General Wasden to adjourn. Superintendent Luna seconded the motion. The motion carried on a vote of 4-0 with Governor Otter being absent for this vote. The meeting adjourned at 11:03 a.m.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ C. L. "Butch" Otter

C. L. "Butch" Otter  
President, State Board of Land Commissioners and  
Governor of the State of Idaho

/s/ Ben Ysursa

Ben Ysursa  
Secretary of State

/s/ George B. Bacon

George B. Bacon  
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the May 8, 2007 regular Land Board meeting.