



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  
 December 16, 2008

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, December 16, 2008, in Boise, Idaho. The meeting began at 9:42 a.m. in the second floor courtroom of the Borah Building. The Honorable Governor C. L. "Butch" Otter presided. The following members were present:

- Honorable Secretary of State Ben Ysursa
- Honorable Attorney General Lawrence Wasden
- Honorable State Controller Donna Jones
- Honorable Superintendent of Public Instruction Tom Luna

For the record, Governor Otter recognized the presence of a quorum.

• **CONSENT**

**A motion was made by Attorney General Wasden to adopt the Consent Agenda in its entirety. Controller Jones seconded the motion. The motion carried on a vote of 5-0.**

**1. Director's Report - approved**

- A. Interest Rate on Department Transactions – December 2008
- B. Timber Sale Activity Report
- C. Timber Sale Official Transactions – November 2008
- D. Legal Matter Summary
- E. Bureau of Surface and Mineral Resources, Official Transactions – November 2008
- F. Fire Settlement Information

*DISCUSSION:* Governor Otter asked if the Department has been contacted regarding possible infrastructure projects that the incoming Administration might consent to pursue, such as projects having a potential value for the wood products industry. Director Bacon stated his involvement has been general. Possible infrastructure projects could include public buildings or that type of activity. Construction could spur an earlier recovery for the lumber industry; however, he has not looked at that specifically.

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

<u>NORTH OPERATIONS</u>				<u>COUNTY</u>	<u>AREA OFFICE</u>
None					
<u>SOUTH OPERATIONS</u>					
A. John Lewis Road	CR-40-0985	1,635	MBF	Clearwater	Clearwater (Orofino)

**3. Disclaimer of Interest for the Former Bed of the Boise River, Canyon County (W & H, LLC) – Staffed by Kurt Houston, Operations Chief-South – approved**

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to issue a disclaimer of interest for one parcel totaling 95.357 acres of the former bed of the Boise River and require W & H, LLC to pay a fee of \$600.00 to the Department of Lands for this transaction.

*BOARD ACTION:* Approved.

**4. Disclaimer of Interest for the Former Bed of the South Fork Payette River, Boise County (Bassford) – Staffed by Kurt Houston, Operations Chief-South – approved**

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to issue a disclaimer of interest for one parcel totaling 0.67 acre of the former bed of the South Fork Payette River and require Dennis Bassford to pay a fee of \$600.00 to the Department of Lands for this transaction.

*BOARD ACTION:* Approved.

**5. Minutes – approved**

A. Regular Land Board Meeting – November 18, 2008

• **REGULAR**

**6. Audience with the Board – Doug Wilson, Court-Appointed Receiver, Tamarack, and Scott Turlington, Principle Strategic Advisors**

Doug Wilson, Court-Appointed Receiver for Tamarack Resort, was introduced to the Board by Scott Turlington of Principle Strategic Advisors. In addition, Mr. Turlington noted the presence in the audience of Jim Spence, Vice President of Operations, Tamarack Resort, Krista Freitag, Douglas Wilson Companies, and Attorney Bob Maynard, Perkins Coie.

A transcript for this agenda item is available by written, fax or email request to Susan Terry, Idaho Department of Lands, 300 North 6<sup>th</sup> Street, Suite 103, Boise, Idaho 83720-0050, fax (208) 334-2339, or email [sterry@idl.idaho.gov](mailto:sterry@idl.idaho.gov).

No action was taken on this agenda item.

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

A. Monthly Report

- At the end of October, reserve balances remain at three years' worth of distributions for all endowments.
- The Investment Board met on November 18 and established a three-year plan to increase the endowment fund's commitment to international equities.
- In conjunction with the Treasurer's office, the Investment Board is working on legislation to clarify the process by which school bonds are guaranteed by the state and the Public School Endowment Fund. This allows schools to issue school bonds at lower interest rates.
- The EFIB is updating its forecast of earnings reserve funds for the next two to three years. The Department of Lands has provided a revised forecast of land revenues and harvest levels.

B. Investment Report

- Fiscal year-to-date returns: -25%, which includes a 4% loss in November.
- Investment managers are performing as expected.

C. [Action Item] Proposed Legislation – Compensation of the Endowment Fund Investment Board

*EFIB Recommendation on Item C – PROPOSED LEGISLATION:* That the Board endorse the proposed legislation on Investment Board compensation for enactment by the Legislature in the upcoming session.

*DISCUSSION:* Governor Otter asked how this legislation would impact benefits for EFIB members. Mr. Johnson replied that he was not familiar with benefits for board members. Governor Otter explained that he is currently conducting an inventory of boards and commissioners to determine what, if any, state employee benefits those members receive. Although he appreciates the hard work performed by boards and commissions, he believes benefits, such as PERSI, life insurance and medical insurance, should be reserved for full-time state employees.

Superintendent Luna asked if this item could be held to a later date so information, as mentioned by Governor Otter, could be collected.

Secretary of State Yursa asked about the relevance of benefits to this proposed legislation. Governor Otter responded that sometimes many of the benefits are indexed against compensation. Some boards and commissions are not only part time, but serve very limited periods of time. In some cases members are receiving benefits from the state along with compensation. Currently a statewide policy is being developed for all boards and commissions.

Superintendent Luna stated that the cost of health benefits for state employees is approximately \$9,200 per year. He asked if some members of boards or commissions receive, for example, \$50 a month and in addition receive the full \$9,200 health insurance benefit. Governor Otter responded he is trying to determine the answer to that question.

*BOARD ACTION:* A motion was made by Controller Jones that the Land Board endorse the proposed legislation on Investment Board compensation for enactment by the Legislature in the upcoming session. Secretary of State Yursa seconded the motion. Prior to a vote being taken, Controller Jones offered an amended motion that approval is subject to clarification by the Division of Financial Management by the end of the day [December 16, 2008] to confirm that no benefits are being paid or affected. Secretary of State Yursa seconded the amended motion. The amended motion carried on a vote of 5-0.

**8. Authorization to Raise the Forest Fire Protection Assessment to the Maximum Allowed by Idaho Code – Presented by David Groeschl, Assistant Director, Forestry and Fire**

*DEPARTMENT RECOMMENDATION:* That the Board raise the forest protection assessment to the maximum authorized by Idaho Code § 38-111 (\$0.60/acre) and grant permission to the Department to seek a legislative sponsor to carry a bill for the above-recommended statute changes. **NOTE:** If the Legislature approves these statutory changes, IDL will seek Land Board approval to increase the improved parcel surcharge.

*DISCUSSION:* Secretary of State Yursa commented that industry supports this agenda item. Director Bacon stated he would work with the constituent group to find a sponsor for the bill.

*BOARD ACTION:* A motion was made by Attorney General Wasden to move adoption of the Department recommendation to raise the forest protection assessment to the maximum currently allowed and authorized by Idaho Code § 38-111, that is sixty cents an acre, and also grant permission to the Department to seek a legislative sponsor to carry a bill for the recommended statute changes. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 5-0.

**9. 2009 Cottage Site Rental Rates – Presented by Mike Murphy, Chief, Bureau of Surface and Mineral Resources**

*DEPARTMENT RECOMMENDATION:* The Department recommends that the fifteen percent (15%) rent increase for 2009 at both Payette Lake and Priest Lake be maintained as adopted by the Land Board on June 9, 2008.

*[For Reference – June 19, 2008 Board Action: A motion was made by Secretary of State Ysursa to raise the rate for cottage site rent across the board for next year at fifteen percent for waterfront and secondary lots at Payette Lake and lakefront lots at Priest Lake. Controller Jones seconded the motion for discussion purposes. Controller Jones noted that Secretary of State Ysursa indicated a need for additional time to continue reviewing this matter. She asked that Secretary of State Ysursa amend his motion to a time certain. Secretary of State Ysursa amended his motion that the Board raise the rate for cottage site rent across the board fifteen percent with the proviso that the subcommittee will report back to the Board on or before December 1, 2008, with a new methodology on price. Controller Jones seconded the amended motion. The amended motion carried on a vote of 4-0, with Superintendent Luna being absent for this vote.]*

*BOARD ACTION [December 16, 2008]:*

- A motion was made by Secretary of State Ysursa to modify the June 19, 2008 Land Board action to lower the 2009 lease rate to five percent across the board at Payette Lake and Priest Lake. In addition, the Cottage Site Subcommittee is directed to report back to the Land Board no later than June 15, 2009 with a price methodology to be used in future leases. Controller Jones seconded the motion. This motion was replaced by Superintendent Luna's substitute motion.
- A substitute motion was made by Superintendent Luna to freeze the cottage site lease rates at the current level, and that the Cottage Site Subcommittee report back to the Board no later than June 15, 2009 with a price methodology to be used in future leases. Governor Otter seconded the motion. \*See below for the vote.
- Prior to a vote being taken on the substitute motion, a subsequent substitute motion was made by Controller Jones to increase the lease rate to two and a half percent. This subsequent substitute motion failed for lack of a second.

\* Returning to the substitute motion by Superintendent Luna and seconded by Governor Otter, which is to freeze the cottage site lease rates at the current level and that the Cottage Site Subcommittee will report back to the Board no later than June 15, 2009 with a price methodology to be used in future leases, a vote was taken. Superintendent Luna, Governor Otter and Secretary of State Ysursa voted aye; Attorney General Wasden and Controller Jones voted nay. The substitute motion carried on a vote of 3-2. [The substitute motion superseded the original motion by Secretary of State Ysursa.]

**10. Owyhee Initiative – State and BLM Proposed Land Exchange – Presented by Kurt Houston, Operations Chief-South**

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to enter into an ATI with the BLM for the above-described land exchange.

*DISCUSSION:* Governor Otter asked about wording in the board memo indicating it is better to exchange the land. He asked why it is better to exchange the land rather than protect the water right. Operations Chief Houston stated from a management standpoint, it is more cost efficient to block up ownership. Deputy Attorney General Clive Strong stated the rationale used was even if we had the water rights, we would have difficulty gaining access to those lands across lands that would then be designated wilderness or wild and scenic. Then we would have to obtain federal authority to gain access to actually use the land. It became a logical solution to go outside of that area to avoid federal restrictions for access.

Governor Otter stated it would be a good idea even without the Owyhee Initiative to consolidate these lands. Operations Chief Houston agreed and stated that this exchange has merits on its own. The Department is taking advantage of the Initiative's current momentum.

*BOARD ACTION:* A motion was made by Attorney General Wasden to direct the Department to enter into an ATI with BLM for the above-described land exchange. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 5-0.

- **INFORMATION**

**Background information was provided on the Information Agenda items. No Board action is required on the Information Agenda.**

**11. Maggie Creek Pulp Plan Update** – *Presented by Kurt Houston, Operations Chief-South*

Secretary of State Ysursa left the meeting at 11:40 a.m.

Prior to beginning the next agenda item, Attorney General Wasden noted for the record that Secretary of State Ysursa is at this time en route to the hospital for surgery. Attorney General Wasden requested that the Board by motion send greetings to Secretary Ysursa along with get well wishes for a speedy recovery. Attorney General Wasden volunteered to deliver those greetings to Secretary Ysursa on behalf of the Board. Controller Jones seconded the motion. The motion carried on a vote of 4-0, with Secretary of State Ysursa being absent for this vote. (Voting aye: Otter, Wasden, Jones, Luna)

**12. Forest Asset Management Plan Update** – *Presented by David Groeschl, Assistant Director, Forestry and Fire*

*DISCUSSION:* Director Bacon informed the Board that the Department will also send letters and pamphlets to legislators. Governor Otter expressed his appreciation for the quality of the brochure.

**13. Budget Holdback Update** – *Presented by Patrick Hodges, Division Administrator, Support Services*

*DISCUSSION:* Superintendent Luna asked for the dollar figure for Project Learning Tree. Director Bacon stated total funding was \$23,800. PLT suffered about a \$9,200 cut in the first go around and was totally eliminated with the requirements of the second.

Governor Otter asked about the impact of the two percent reserve. Director Bacon stated to make the two percent reserve the Department had to actually cut some portions of the statutory programs, but more in the form of seasonal employees. Services will have to be cut to some level because the Department will not have the necessary workforce to help permanents, and that would be mainly in regulatory lake protection and possibly a small amount in fire.

