



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
March 20, 2008

The regular meeting of the Idaho State Board of Land Commissioners was held on Thursday, March 20, 2008 in Boise, Idaho. The meeting began at 9:09 a.m. in the second floor courtroom of the Borah Post Office 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

- Secretary to the Board Director George Bacon

• **CONSENT**

A motion was made by Attorney General Wasden to approve 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 – March 2008
- B. Timber Sale Activity Report – February 2008
- C. Timber Sale Official Transactions – February 2008
- D. Legal Matter Summary
- E. Bureau of Surface and Mineral Resources, Official Transactions – January 2008
- F. Bureau of Real Estate, Official Transactions, Land Sale – January 2008
- G. Bureau of Real Estate, Official Transactions, Easement – January 2008
- H. Fire Settlement Information

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

NORTH OPERATIONS

A. Bugle OSR*	CR-10-0372	1,800	MBF	Bonner
B. Potato Patch	CR-41-0039	5,515	MBF	Latah

SOUTH OPERATIONS

C. Lower Whiskey East	CR-40-0797	5,055	MBF	Clearwater
D. Caldwell 40's	CR-40-0809	3,875	MBF	Clearwater

E. Lower Magnus	CR-40-0810	7,110	MBF	Clearwater
F. Doe Pole	CR-40-0398	1,005	MBF	Clearwater
		194,600	LF	Clearwater
G. Beavertail	CR-50-0128	5,540	MBF	Valley

*OSR – Overstory Removal

DISCUSSION: Controller Jones asked if the five-year timeframe on timber sale G, Beavertail, was due to the size of the sale. Director Bacon stated generally timber sale terms are designed based on the size and the amount of developments that might be necessary, such as roads. Due to that fact, the Board will see sales with different terms for various reasons.

Governor Otter asked about the difference between white pine and cedar prices. He noted a difference of about \$400 on cedar and almost \$100 on white pine. Director Bacon stated generally staff works year round developing these timber sales, and the Board will find that the sales are in different stages related to paperwork and field work. In a rapidly changing market, and noting that we are currently in a down market, many factors impact the price, such as length of haul, logging systems and quality of wood.

Governor Otter asked if Department staff only considers the maturity of the resource or do they also look at market price. Director Bacon stated staff does look at the maturity, the ripeness, of the crop and whether it is ready to bring to harvest. Insect and disease problems factor into that decision. At present, we have committed to a certain level of production for our customers. Playing the market may be an option to pursue over and above that base production level. Governor Otter stated if we review the Board's fiduciary responsibility to return the maximum, it would be wise for us to have someone watching the market pretty closely to try to maximize returns. Director Bacon stated the Department watches the market daily, and the monthly reports provided to the Board reflect the Department's analysis.

3. Disclaimer of Interest for the Former Bed of Bear Lake, Bear Lake County (Johnson) - Staffed by Keith O'Connor, Lands Program Specialist, Bureau of Real Estate – approved

DEPARTMENT RECOMMENDATION: Direct the Department to issue a disclaimer of interest for one parcel totaling 18.8 acres of land below the 1875 meander line and above the 5923.65 foot elevation line of Bear Lake and to require Doug Johnson to pay a fee of \$600.00 to the Department of Lands for this transaction.

BOARD ACTION: Approved.

4. Timber License Plate Fee Recommendations – Staffed by Betty Munis, Director, Idaho Forest Products Commission – approved

DEPARTMENT RECOMMENDATION: That the Board direct the Department, in conjunction with the Idaho Forest Products Commission, to proceed with the recommended educational projects.

DISCUSSION: Attorney General Wasden asked if the \$2000 for an Arbor Day tree planting effort is the same project that is listed in the December 19 memorandum. Director Bacon stated it is the same project.

Governor Otter suggested using these funds for scholarships to the University of Idaho, School of Forestry, to encourage future foresters.

BOARD ACTION: Approved.

5. Minutes – approved

A. Regular Land Board Meeting – February 20, 2008

• **REGULAR**

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

- A. Monthly Report
- B. Investment Report

DISCUSSION: Mr. Johnson stated in the month of February the fund lost 1% bringing the fiscal year-to-date loss to 2.1%. However, the fund outperformed its index in the month and fiscal year-to-date, with eight of the nine active managers ahead of their benchmarks through the end of February. The Investment Board had no major actions or activities during the last month.

No action was taken on this agenda item.

7. Request to Change Method of Disposal for Department of Labor's Canyon County Job Service Facility – Presented by Carol Brassey, Deputy Attorney General, Department of Labor

DEPARTMENT RECOMMENDATION: Direct the Department of Labor to publish notice and conduct a public hearing in accordance with Idaho Code § 58-332(2) regarding the sale of the surplus property to Canyon County based on Canyon County's February 26, 2008 offer.

DISCUSSION: A transcript is available upon written request to Susan Terry, Department of Lands, Post Office Box 83720, Boise, Idaho 8372-0050, (208) 334-0242, or by email request to sterry@idl.idaho.gov.

BOARD ACTION: A motion was made by Superintendent Luna to move that the Board reject all bids. The motion died for lack of a second.

A motion was made by Attorney General Wasden to adopt the recommendation that the Board direct the Department of Labor to publish notice and conduct a public hearing in accordance with Idaho Code § 58-332(2) regarding the sale of the surplus property to Canyon County based on Canyon County's February 26, 2008 offer. Controller Jones seconded the motion. The motion carried on a vote of 4-1, with Superintendent Luna voting nay.

8. Request for Permanent Access Easement through State-Owned Lands in Adams County – Presented by Kurt Houston, Operations Chief-South

DEPARTMENT RECOMMENDATION: That the Board affirm the Director's decision dated February 21, 2008 denying the easement request.

DISCUSSION: A transcript is available upon written request to Susan Terry, Department of Lands, Post Office Box 83720, Boise, Idaho 8372-0050, (208) 334-0242, or by email request to sterry@idl.idaho.gov.

BOARD ACTION: A motion was made by Attorney General Wasden that this agenda item be tabled for a time period allowing the Department to assist Mr. Jewell with one more attempt to work with Bacus or other landowners to provide some measure of access. However, Attorney General Wasden noted that the effort may not be successful, and the Department's recommendation may come back to the Board for approval in the future. Superintendent Luna seconded the motion. Controller Jones

asked if a time certain would be needed. Attorney General Wasden stated yes and amended his motion, with the agreement of his second, to ninety days. Attorney General Wasden stated if ninety days proves to be an insufficient timeframe, the need to postpone the matter further can be addressed at that time. The motion carried on a vote of 5-0.

- **INFORMATION**

Background information was provided by those indicated as presenters (below). No Land Board action is required on the Information Agenda.

9. Legislation Update – *Presented by George Bacon, Director*

DISCUSSION: None.

10. Status of Online Timber Sale Information Website – *Presented by Bob Helmer, Chief, Bureau of Forest Management*

DISCUSSION: Secretary of State Ysursa applauded this effort by the Department. He asked if the Department is also working toward a fully electronic processing of the documents, including signatures. Mr. Helmer stated that is the Department's intent. Secretary of State Ysursa suggested that a review of pertinent statutes may be necessary to ensure that this new electronic process stays within the law.

Governor Otter asked if this system will assist an endowment beneficiary to determine how much money they will receive from a timber sale on their land. Mr. Helmer stated in the future the beneficiary will be able to look at the appraised values and, once the sale is sold, they will be able to see the sold values as well.

Governor Otter asked about the Maggie Creek Pulp Plan that was presented to the Board in October 2007. He noted that the Board and the Department received some criticism from the media regarding that plan. Using that criticism as a framework for a reportable standard, Governor Otter asked that the Department validate their assumptions and then substantiate whether the assumptions were correct with a report to the Board and to the beneficiaries.

Regarding the new Timber Sale web site, Governor Otter stated the Department should take every opportunity to make sure that the public understands the difference between public lands and endowment lands.

11. Grazing Fee for Calendar Year 2009 – *Presented by George Bacon, Director*

DISCUSSION: None.

At 10:05 a.m., pursuant to Idaho Code §§ 67-2345(1)(b) and (1)(f), Attorney General Wasden moved that the Board of Land Commissioners resolve into Executive Session for the purpose of evaluating an employee and for the purpose of discussing pending litigation. If the vote is less than unanimous, Attorney General Wasden requested an individual vote and, in any event, that the vote be recorded in the minutes. Controller Jones seconded the motion. The motion carried on a vote of 5-0. Hearing no objection, Governor Otter ordered that the meeting was resolved into Executive Session.

- **EXECUTIVE SESSION**

A. To Consider Personnel Matters [[Idaho Code § 67-2345\(1\)\(b\)](#)]

~~B. To Acquire an Interest in Real Property which is not owned by a Public Agency~~ [[Idaho Code § 67-2345\(1\)\(c\)](#)] – *This item was withdrawn.*

~~C. To Consider Records that are Exempt from Disclosure~~ [[Idaho Code § 67-2345\(1\)\(d\)](#)] – *This item was withdrawn.*

D. 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 11:33 a.m. a motion was made by Attorney General Wasden to resolve into Regular Session. During the Executive Session the Board discussed the evaluation of an employee, Idaho Code § 67-2345(1) (b), and pending litigation, Idaho Code § 67-2345(1) (f). Superintendent Luna seconded the motion. The motion carried by unanimous consent. No action was taken by the Board during the Executive Session.

At 11:35 a.m. a motion was made by Controller Jones to adjourn. Superintendent Luna seconded the motion. The motion carried on a vote of 5-0.

There being no further business to come before the Board, the meeting adjourned.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ 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 April 17, 2008 regular Land Board meeting.