



## 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 21, 2009

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, April 21, 2009, in Boise, Idaho. The meeting began at 9:15 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. Superintendent Luna seconded the motion. The motion carried on a vote of 5-0.**

#### 1. **Director's Report – *approved***

- A. Interest Rate on Department Transactions – April 2009
- B. Timber Sale Activity Report
- C. Timber Sale Official Transactions – March 2009
- D. Legal Matter Summary
- E. Bureau of Surface and Mineral Resources, Official Transactions – March 2009
- F. Fire Settlement Information

*DISCUSSION:* Director Bacon highlighted item B, the Timber Sale Activity Report, with specific focus on the Monthly Harvest Value and Monthly Stumpage Price. Figures for the month of March are typically down due to weather. Today those figures are down due to weather and the economy. On sales that did sell, the Monthly Stumpage Price was averaged \$50-\$60 a thousand.

Attorney General Wasden asked if these sales are nearing the break-even point and how would the Department handle that issue. Director Bacon stated the Department is monitoring status on a weekly basis as each sale sells or is appraised. Some sales are bumping up to the break-even point where the costs to prepare the sale and bring it to auction are about as much as the sale price. The Department is watching these sales closely and will keep the Board apprised if it becomes a problem.

In anticipation of where those two lines may cross, Governor Otter asked the Department to prepare a memo explaining how the Board and the Department should go forward. A decision will have to be

made either to lose money or let forest health decline. He requested an explanation of the perils of both options. Director Bacon stated the Department is currently working on such a document.

**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>
A. Nakarna Pole	CR-30-0547	646	MBF	Benewah	St. Joe (St. Maries)
		194,945	LF	Benewah	St. Joe (St. Maries)
B. Homestead	CR-30-0548	10,510	MBF	Clearwater	St. Joe (St. Maries)
C. Cataldo Gulch	CR-31-0010	1,295	MBF	Shoshone	Cataldo (Kingston)
D. Barn Creek	CR-41-0044	5,540	MBF	Latah	Ponderosa (Deary)
E. Mason Face	CR-41-0045	11,530	MBF	Clearwater	Ponderosa (Deary)
<u>SOUTH OPERATIONS</u>					
F. John Day	CR-50-0147	8,140	MBF	Idaho	Payette Lake (McCall)

**3. Endowment Land Transaction Advisory Committee (ELTAC) Finalization** – Staffed by Kathy Opp, Deputy Director – approved

*DEPARTMENT RECOMMENDATION:* Adopt the committee membership as presented by the Department.

*DISCUSSION:* None.

*BOARD ACTION:* Approved.

**4. Minutes** – approved

A. Regular Land Board Meeting – March 17, 2009

• **REGULAR**

**5. Endowment Fund Investment Board Manager's Report** – Presented by Chris Halvorson, EFIB

Mr. Halvorson presented the Endowment Fund Investment Board update.

**A. Monthly Report**

- Investment Performance – Through March the fund was up 5.7% bringing the fiscal year-to-date return to -27.3%. As of April 17, the month-to-date return was up 6.46% bringing the fiscal year-to-date return to -22.4%.
- Significant Actions – TimesSquare Capital Management was hired to manage \$40 million in Mid Cap Growth assets.
- Compliance/Legal Issues – Senate Bill 1154 was signed by Governor Otter. The bill clarifies the process by which school bonds are guaranteed by the state and the Public School endowment fund.
- Changes in Board Membership – Governor Otter appointed Senator Chuck Winder to serve on the EFIB, replacing former Senator Brad Little.
- Upcoming Issues / Events – May 19, 2009 is the EFIB's semi-annual report to the Land Board.

**B. Distributions to Beneficiaries**

1. The EFIB asked that the Land Board supply any feedback pertaining to the distribution policy in the asset management plan.

**C. Investment Report**

1. All managers are performing as expected.

No action was taken on this agenda item.

**6. Delegated authority for the Idaho Department of Lands Director to Approve Land Sale and Exchange Transactions for Endowment Properties with an Appraised Value of \$100,000 or less; Approval to Charge a Sale Administration Fee and an Application Fee for All Land Purchase or Land Exchange Transactions – Presented by Kathy Opp, Deputy Director**

*DEPARTMENT RECOMMENDATION:* (1) To streamline the processing for the sale or exchange of low value properties, authorize the IDL Director to approve the disposal of real estate where the state-owned property has an appraised market value of \$100,000 or less; all such sales and exchanges to be held pursuant to the requirements of the Idaho Constitution Article IX and applicable statutes; sales involving state-owned property with an appraised market value greater than \$100,000 would be presented to the Land Board for prior approval, consistent with current practice; (2) Authorize the Department to implement a non-refundable \$1,000 Purchase or Exchange Application fee; (3) Authorize the Department to implement a Sale Administration fee amounting to 10 percent of the appraised property value for those properties of less than \$1,000,000 value not to exceed \$50,000 and up to 5 percent of the appraised property value for those properties \$1,000,000 and above.

*DISCUSSION:* Attorney General Wasden noted that the Board would have an opportunity to review these transactions on a monthly basis as part of the Consent Agenda. However, in thinking about future transactions, he asked if the process has sufficient sideboards such that larger parcels would not be broken into smaller parcels and then piecemeal sold in \$100,000 chunks. Deputy Director Opp stated all transactions would be reviewed by the Department's Asset Management Steering Committee, which is founded in the Asset Management Policy approved and implemented by the Board. With each transaction being presented monthly as part of the Consent Agenda, the Board will have an opportunity for review.

Governor Otter commented that the review, however, would be after the fact. He asked if it would be possible to present candidates to the Board the previous month. Deputy Director Opp stated the Department is attempting to streamline its process with private industry to expedite low value transactions where it is in the benefit of the private party and the state to either get out of the ownership or resolve the issue. She suggested the Department could include the transactions on the consent agenda or as a briefing item for Board staff.

Attorney General Wasden commented that he understands this is an attempt to reduce transactional costs for small parcels. These parcels generally are isolated and have particular associated issues. He agrees reducing transactional costs adds to the bottom line and is more efficient in terms of management, and he concurs that it is an appropriate message.

Secretary of State Ysursa noted that proceeds go into the Land Bank. He asked Deputy Director Opp for the balance in the land bank at this time. Deputy Director Opp stated the land bank currently has \$3.3 million. Land bank funds have been used for balancing exchange transactions with other parties so the dollar figure has fluctuated. The Department of Lands' Strategic Business Unit is committed this year to actively pursuing acquisition. The time is right to purchase as a cash purchaser, and the SBU is examining options. It may be more challenging with smaller parcels to secure acquisitions, but the Department has identified other assets that could be acquired, such as permanent easements to our ownerships, water rights, etc.

Attorney General Wasden asked if there are transactions in place requiring an approval by the Board at today's meeting or does the Board want to reschedule this item for further discussion at the next meeting. Deputy Director Opp stated the Department has at least one transaction pending.

Attorney General Wasden offered a motion that slightly changed the request. He suggested inserting the words "small isolated" before the word "endowment" so that the Board approves "authority for the Idaho Department of Lands' Director to approve land sale and exchange transactions for small isolated endowment properties with an appraised value of one hundred thousand dollars or less, as has been discussed here."

Governor Otter asked how the motion would handle trespass issues on a larger parcel.

Superintendent Luna asked Deputy Director Opp how the slight change in the motion would affect the Department's ability to proceed with the current issue. Deputy Director Opp stated Governor Otter's mention of trespass issues was accurate. The parcel in question is a sliver off of a larger parcel, and she is interested in knowing how the motion would affect that.

Director Bacon suggested the Department could bring a Consent Agenda item to the Board showing transactions that are in the process of being advertised or likely to be advertised within a certain time period.

Attorney General Wasden offered an amended motion to insert after the words small isolated "and boundary trespass" so the motion would include small isolated parcels and those subject to boundary trespass. Deputy Director Opp expressed concern that the parcel in question is a nuisance property and is not in trespass. The parcel is contiguous to a larger piece.

Governor Otter stated while he will support the amended motion, he directed the Department to provide a report back to the Board at a later date regarding the status of this process.

*BOARD ACTION:* A motion was made by Attorney General Wasden that the Board approve authority for the Idaho Department of Lands' Director to approve land sale and exchange transactions for small isolated endowment properties with an appraised value of \$100,000 or less. Superintendent Luna seconded the motion. After further discussion, Attorney General Wasden offered an amendment to his motion to, after the words "small, isolated," insert "and boundary trespass" so the motion will include small isolated parcels and those subject to boundary trespass. Superintendent Luna seconded the amendment to the motion. The amended motion states "... that the Board approve authority for the Idaho Department of Lands' Director to approve land sale and exchange transactions for small isolated and boundary trespass endowment properties with an appraised value of \$100,000 or less." Governor Otter stated he will support the Attorney General's motion, but in an effort to streamline the process and lower costs for these transactions, he suggested the process be tried and that the Department return to the Board at a later date for a process review. The amended motion carried on a vote of 5-0.

**7. Forest Asset Management Plan (FAMP) Summary and Recommendation – Presented by David Groeschl, Assistant Director, Forestry and Fire**

*DEPARTMENT RECOMMENDATION:* Approve the Department's recommendation to adopt FAMP Alternative #4 and the development of the necessary budget request and FTEs to implement this alternative.

*DISCUSSION:* Secretary of State Ysursa commended the work of Assistant Director Groeschl and the Department. He noted it will be interesting for legislators to see this request next year during the budget cycle. While he knows that industry has reviewed this process, he understands the concern expressed by mill owners in the Payette Lakes area regarding the reduced harvest level.

Governor Otter asked why cedar was not included in the list of species under management. Assistant Director Groeschl stated cedar is a small component that stays fairly consistent as a proportion of the total inventory throughout time.

Governor Otter noted it appears the harvest rotation for a tree will be every 60-80 years instead of the current every 100+ years. Assistant Director Groeschl stated that is correct. As the Department works down the inventory, the rotation age on the stands will be somewhere in the 60-80 year range. Governor Otter asked if the change will generate the same yield or a greater yield. Assistant Director Groeschl stated that on a board-foot basis, per acre it will be a little less. However, he noted that greater growth will be captured.

### **AUDIENCES WITH THE BOARD**

**Marty Peterson, Special Assistant to the President of University of Idaho** – On behalf of the University of Idaho, Mr. Peterson commended the participants in this process for their work in the development of the Forest Asset Management Plan and stated the University urges the Board's approval of the Department's recommendation.

**Rodney Crogh, Tamarack Mills** – Mr. Crogh stated mills around the Tamarack area are concerned because they are totally dependent on state timber. There is very little timber coming through private or Forest Service that mills can depend on. Mr. Crogh stated it seems like the decision to drop the cut has been a quick decision. Tamarack Mill is in the process of revamping its mill to move away from head rigs and to move toward a small log facility. Due to current economic conditions, Tamarack is operating as a 40-hour mill and needs thirty million board feet a year. With the state dropping its cut to fifteen, Mr. Crogh feels it will make it very difficult for Tamarack to come up with the rest of the volume. If Tamarack returned to a two-shift mill, it would need 50-60 million board feet.

Governor Otter asked Mr. Crogh what Tamarack's supply ratio is for state, federal and private. Mr. Crogh stated 80% state lands and 20% federal.

**Mark Mahon, Tom Mahon Logging, Council** – Mr. Mahon is co-owner of Mahon Logging, a small family-owned logging business. He is a third generation logger, born and raised in Council. He graduated from the University of Idaho with a forestry degree. He encouraged the Board to consider the socioeconomic impacts on Adams County, which currently has close to a 20% unemployment rate. Mahon logging is the largest private employer in the Council area with a payroll of roughly \$300,000.

Mr. Mahon stated in the last few years Mahon Logging has been operating on state lands. A reduction in the cut would devastate his company as well as cause a trickle down effect into the local economy. He noted Adams County is 65-67% federal ownership. He stated there is virtually no dependable, sustainable revenue that can be generated through the federal land.

Mr. Mahon stated he is a trained forester and he hates to see a forest overcut. However, he feels the current economic situation should be considered. He encouraged the Board to consider the socio-economic factors related to a reduced cut and to look at the bigger picture for Adams and Valley counties and for the State of Idaho.

**Gerry Ikola, Ikola Logging, McCall** – Ikola Logging has operated in the Central Idaho region since 1950. The company worked for years for Boise Cascade Corporation and has contracted almost exclusively for Evergreen Sawmill and Tamarack since 2000. Mr. Ikola does not contest the change in the harvest level. He understands the asset management plan shows that a reduction to 15-17 million board feet annually in the Payette district can be justified and the importance of a sustainable harvest level. However, he questions the timing. He stated the crisis is real and it is now, not next year. Evergreen Mill needs affordable timber or they will be out of business and Ikola Logging will go with it. Mr. Ikola believes the loss of Evergreen Mill would have a dramatic negative effect on the IDL timber management program in the Payette and Southwest district. He feels sometimes we have to sacrifice

some of our goals and objectives in the short term in order to maintain long term viability. He believes this is one of those times.

**Jerry Deckard, Associated Logging Contractors** – Mr. Deckard applauded the FAMP program. He believes a healthy industry is critical to the long term benefit of the FAMP and is concerned about the availability of regional infrastructure for accomplishing the Department's long-term goals. He suggested continued exploration of opportunities and plans in the Payette and Southwest districts should be pursued and that the Department should work in concert with industry to accomplish short- and long-term goals.

### **RESPONSE TO AUDIENCES BY ASSISTANT DIRECTOR GROESCHL**

Assistant Director Groeschl stated the Department recognizes how difficult these times are and is trying to do everything possible to make state timber sales as saleable as possible in each area. Area supervisors and forest management staff are doing what they can to limit development costs by considering logging systems, distances to mills and species composition.

Assistant Director Groeschl stated the development of the FAMP has been ongoing for the past 18-24 months. No one foresaw the economic downturn that occurred last October. Individual area management plans were completed in January, and the Department has been working since then to roll up that information statewide.

The Department looks at this process as long term and considers what is in the best interest of the trust. In doing so we recognize that some areas have accelerated harvest levels that can not be sustained for the long term. We are trying to balance the short and long term aspects through volume and price while still maintaining our fiduciary responsibility to trust beneficiaries.

Governor Otter asked how many mills source out of the Payette and Southwest areas. Assistant Director Groeschl stated three – Boise Building Solutions, IFG Mill (Grangeville) and Tamarack Mill.

Superintendent Luna asked how long the harvest level has been 25 million board feet in the Payette Lakes area. Secretary of State Ysursa stated it was 23 in 2006; 25 in 2007; 25 in 2008; 25 in 2009.

Superintendent Luna asked if the volume decrease is driven by trying to limit the request for increased resources, personnel and money or by keeping the Payette Lakes forested area healthy. Assistant Director Groeschl stated the Department looked at this process on a statewide basis. Each area was considered biologically. In areas where a reduction in harvest was considered, forest health was the main concern. At Payette Lakes we felt that 15-17 million board feet is a good level to maintain to avoid over harvesting. In addition the reduced harvest level allows the Department to work on other issues, such as regeneration.

Attorney General Wasden asked for details on the regeneration issues. Assistant Director Groeschl stated lands in the Southwest and Payette Lakes areas are classified more on the low to medium productivity range. They tend to be sites that are drier and not as productive. Regeneration issues, such as brush growing in, have been experienced along with some failures in plantings. Some of the regeneration issues will affect long-term sustained yield so that is one of the issues being dealt with right now. How can we assure that we are getting regeneration back on those sites as cost effectively as possible? Our goal is to work with the University of Idaho and others to figure out what some of those challenges are and how to regenerate those sites effectively.

Superintendent Luna asked if the Department considered how the FAMP would impact local mills. Assistant Director Groeschl stated each area incorporated components of the Department's Wood Basket Study. The Wood Basket Study looked at wood basket areas, which sometimes covered one or multiple administrative areas. Wood basket areas looked at supply and demand. In the McCall area, the Wood Basket Study indicated a market surplus of about 18 million board feet as compared to demand, and the Department considered that information in making these adjustments.

Superintendent Luna asked how many additional FTEs would be needed to ramp down and if ramping down at Payette Lakes and ramping up at Clearwater would create a balance with the FTEs. Assistant Director Groeschl stated when ramping down, per unit costs continue to climb due to personnel costs, which makes the cost effectiveness of sales more difficult. The Department is considering shifting two FTEs out of the Payette Lakes area to other areas where the harvest level will increase.

Governor Otter asked if the National Forest Plan is reducing its cut. Assistant Director Groeschl stated he did not know but could find out. Governor Otter asked if the Federal Lands Task Force considered any pilot projects at Payette. Director Bacon stated the only project he recalled was in the Ketchum area. Governor Otter stated it would be interesting to know what their plan looks like. Assistant Director Groeschl stated staff can contact the Payette National Forest and others in that area to find out what their harvest plan looks like for the next year or two. In the Payette Lakes area the land is mostly federal, state and potentially Potlatch. Governor Otter asked if we could overlay those plans with our plan and see what happens. Assistant Director Groeschl stated we could potentially get some information from the national forest. He felt it might be difficult to get information from the private companies.

Director Bacon stated the Department understands the importance of maintaining infrastructure. The State is a landowner selling timber and Potlatch Corporation is a direct competitor. It is incumbent upon every landowner to make sure common interests, such as infrastructure, stay solvent. The State is willing to do its fair share but can not do it alone. State timber sales are barely breaking even in the Payette Lakes area now. For the short term, that is a problem. About two-thirds of the state land at Payette Lake is not currently available for logging because it would require helicopters or long line systems. It is a part of the mix. The plan is to hit other land harder or reduce the cut, which is short-term thinking. Long term we only grow twelve million board feet. That is up from the 1990s when we were only growing 11 million board feet. By converting some stands from older trees that are not growing very fast to younger trees that are growing faster, we have increased growth. But there are limits and diminishing returns. We may not see much more than 12 million board feet, and if these stands are not regenerated, and regenerated cheaply, we will be losing money.

Another point that should be made is the Department has offered 25 million board feet over the last couple of years and has sold an average of 18 million board feet. Studies indicate the market is saturated by 18 million board feet. More wood is for sale than people want to buy. The Department believes 17 million board feet still offers more than the wood basket, or market, wants.

Superintendent Luna stated what we are really talking about is at the most a million to three million reduction in what the market has been generating over the past couple of years. The harvest level could be set at 50 million board feet for Payette but the fact is only around 18 million board feet is selling.

Governor Otter asked Mr. Crogh (from the audience) if he knew what Potlatch's availability will be. Mr. Crogh stated unofficially Potlatch plans to put up around 20 this year, but that is not a firm number.

Secretary of State Ysursa noted Mr. Crogh indicated last year his mill did not purchase state timber sales due to honoring existing contracts and market expenses. He asked Mr. Crogh if his mill would get back into the market for FY10 at 17 million board feet. Mr. Crogh stated yes, but prices "aren't going to be pretty." Secretary of State Ysursa asked Mr. Crogh if his mill can still be viable at 17 million board feet. Mr. Crogh stated he hopes so.

Director Bacon stated the whole philosophy behind the Department's recommendation is once the FAMP is approved, the Department can begin working on decision units for the 2011 fiscal year budget.

Superintendent Luna stated he will support the Department's recommendation, but he requested an update a year from now showing what interest, activity and competition there was for the 17 million board feet in Payette and what consequence the recommendation has had for local mills and jobs. Governor Otter concurred with Superintendent Luna's concerns. He stated he is willing to contact Potlatch to ask about their management plan. He asked Director Bacon to help with that effort.

Secretary of State Ysursa stated he would support the motion. He is still struggling between short term and long term. The problem is the short-term impact. The long-term impact is positive. He wondered if there is a way to soften the impact in the Payette area.

*BOARD ACTION:* A motion was made by Attorney General Wasden to approve the Department's recommendation to adopt the FAMP Alternative #4 and the development of the necessary budget request and FTEs to implement this alternative. Controller Jones seconded the motion. The motion carried on a vote of 5-0.

**8. FY 2010 Timber Sale Plan – Presented by Bob Helmer, Chief, Bureau of Forest Management**

*DEPARTMENT RECOMMENDATION:* Direct the Department of Lands to proceed with publication of the FY-2010 Timber Sales Plan.

*DISCUSSION:* Secretary of State Ysursa asked how successful the Department is in estimating its projected harvest level. When the Department shows the harvest level at 212, is 212 realized? Bureau Chief Bob Helmer stated historically it has been more than that figure. In most years the Department has exceeded the volume on the plan.

Secretary of State Ysursa asked about the projected volume through the end of the fiscal year for Payette. Director Bacon stated the policy that has been in place is that if a sale does not sell, the Department finds out why, makes any necessary changes and reoffers it again. Usually it is an issue of price in a declining market. If it does not sell the second time in the same fiscal year, then the Department makes any adjustments and auctions the sale in the next fiscal year. If it does not sell again, the volume is forgiven.

Secretary of State Ysursa asked if we are on schedule to top out at 212 for FY09. Bureau Chief Helmer stated it is difficult to determine right now. Markets are bad. Several sales have not sold across the state, usually due to price. We may not make that total volume. It will be offered, but whether it will be sold is a different story because there are a few of them right now that we will be pushing the third offering on or the costs are getting to where we really have to look at whether we will offer it again.

Superintendent Luna stated he would like an opportunity to revisit the number for Payette Lakes after efforts to talk with Potlatch and the US Forest Service to see about providing more information on the Payette Lakes, if necessary. Governor Otter agreed.

Bureau Chief Helmer noted the Department is dealing with regeneration issues. Specifically at Southwest about 7,000 acres have been harvested but have not been regenerated. That is creating part of the problem. If Payette continues to be over harvested, or if the accelerated harvest is continued without regeneration, a point will be reached where there will not be enough volume to offer at even a minimum level.

*BOARD ACTION:* A motion was made by Attorney General Wasden to direct the Department of Lands to proceed with publication of Fiscal Year 2010 Timber Sales Plan. Controller Jones seconded the motion. The motion carried on a vote of 5-0.

**9. Authorization for 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” – Presented by Mike Murphy, Chief, Bureau of Surface and Mineral Resources**

*DEPARTMENT RECOMMENDATION:* Direct the Department to initiate a negotiated rulemaking process 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 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. Conveyance of General Fund Land to the Panhandle Health District – Presented by Bob Brammer, Assistant Director, Lands, Minerals, Range**

*DEPARTMENT RECOMMENDATION:* Direct the Department to (1) Advertise and hold a hearing in compliance with Idaho Code §58-322 regarding the Board’s contemplated transfer of record ownership in Lots 12 and 13, Block 8, Southmayd, McKinney and Wilsons Addition to the Panhandle Health District for payment of \$26,104.59; (2) Present the results of the hearing to the Land Board at its next regularly scheduled meeting subsequent to the hearing for the Board’s final consideration of the proposed transfer.

*DISCUSSION:* None.

*BOARD ACTION:* A motion was made by Controller Jones to direct the Department to advertise and hold a hearing in compliance with Idaho Code §58-322 regarding the Board’s contemplated transfer of record ownership in Lots 12 and 13, Block 8, Southmayd, McKinney and Wilsons Addition to the Panhandle Health District for payment of \$26,104.59, and, number two, present the results of the hearing to the Land Board at the next regularly scheduled meeting subsequent to the hearing for the Board’s final consideration of the proposed transfer. Attorney General Wasden seconded the motion. Secretary of State Ysursa noted one minor correction in the Department’s recommendation. The code section cited should be corrected from Idaho Code §58-322 to §58-332. Controller Jones and Attorney General Wasden concurred with the change. The amended motion carried on a vote of 5-0.

**11. Settlement Offer – United States of America, v. 52.95 Acres of Land Situate in Ada County, State of Idaho; State of Idaho; and Neil Helmick, United States District Court Case No. 08-0464 – Presented by Steve Schuster, Deputy Attorney General**

*DEPARTMENT RECOMMENDATION:* Counsel will make a recommendation to the Board at Executive Session.

**11:55 a.m.** Pursuant to Idaho Code §67-2345(1)(f) a motion was made by Attorney General Wasden that the Board resolve into Executive Session to communicate with legal counsel regarding legal ramifications of and legal options for pending litigation or controversies not yet being litigated but imminently likely to be litigated. Attorney General Wasden requested a roll call vote and that the secretary record the vote in the minutes of the meeting. He stated a roll call vote was requested because recent legislation now requires that a roll call be taken. Controller Jones seconded the motion. The motion carried on a vote of 5-0.

AYES – Otter, Ysursa, Wasden, Jones, Luna; NAYS – None

