



## 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 July 21, 2009

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, July 21, 2009, in Boise, Idaho. The meeting began at 9:11 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

The Honorable Superintendent of Public Instruction Tom Luna was absent for this meeting. 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. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 4-0, with Superintendent Luna being absent for this vote.

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

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

*DISCUSSION:* Regarding item G, Fire Season Report, Director Bacon noted the dollar amount for emergency fire suppression expenditures is currently approximately \$2.3 million.

Governor Otter asked for clarification of the dollar amount. Director Bacon stated typically aircraft contracts are paid by deficiency warrants because the aircraft are held under contract for suppression purposes only. A standby contract is required to assure that aircraft are available when needed. In working with the Division of Financial Management, it was identified that this is the appropriate way to fund the activity. Close to \$2 million of the \$2.3 million keeps two helicopters, Coeur d'Alene and Grangeville, and six SEATS, single engine air tankers, under contract. It is a very competitive market.

Without the contracts there would be no guarantee that aircraft would be available when needed. Contracts are usually developed and let in the winter months.

Governor Otter asked if this is the first time this process has been used. Director Bacon stated the difference is contracts normally incur costs as the season progresses, but this time the Department is showing the entire cost for the full year up front.

**2. Approve 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. Race Wallow	CR-10-0366	2,500	MBF	Bonner	Priest Lake (Coolin)
B. Blue Lake Over	CR-20-0277	1,100	MBF	Bonner	Pend Oreille (Sandpoint)
C. Butler Creek	CR-31-0013	4,705	MBF	Kootenai	Cataldo (Kingston)
<u>SOUTH OPERATIONS</u>					
D. Grangemont Flats East	CR-40-1027	3,860	MBF	Clearwater	Clearwater (Orofino)
E. French Corners	CR-50-0153	2,235	MBF	Valley	Payette (McCall)
F. Skern Ridge	CR-50-0154	6,700	MBF	Adams	Payette (McCall)
G. Paddy Flat	CR-50-0155	3,785	MBF	Valley	Payette (McCall)

**3. Disclaimer of Interest for the Former Bed of the Boise River, Canyon County (Board of Directors for Hwy Districts Canyon #4; Golden Gate #3; Notus-Parma #2)** – 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 3.564 acres of the former bed of the Boise River and to require the applicants to pay the remaining processing fee of \$400 or actual cost, whichever is greater, to the Department of Lands for this transaction.

*BOARD ACTION:* Approved.

**4. Minutes** – **approved**

A. Regular Land Board Meeting – June 16, 2009 (McCall)

• **REGULAR**

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

- A. Monthly Report
  - a. Through July 20 the fund is up about 3% fiscal year-to-date;
  - b. For all endowments estimated reserves as of April 30 were at least 2.7 times the size of the approved FY2010 distributions;
  - c. There were no compliance or legal issues;
  - d. The EFIB will meet in August to develop a recommendation to the Land Board on the FY2011 spending policy.

B. Investment Report

C. School Bond Credit Enhancement Program Update

The EFIB Executive Committee met in June and endorsed temporary administrative rules related to the guaranty of school bonds by the Public School Endowment Fund. Adopted in response to legislation that was approved in the past session, the rules include a one-time two basis point (0.02%) fee to be paid by school districts for any future guaranties (about \$6,000 for a \$20 million 15-year bond). The fee compensates all beneficiaries of Public School Endowment Fund for the Fund's commitment to guaranty payment of bond issues.

*DISCUSSION:* Governor Otter asked how the 0.02% fee was determined. Mr. Halvorson stated the fee covers: (1) an administrative fee for reviewing applications; (2) a guaranty fee of two basis points. The fee is very low and is based on a number of factors, with one of the most important being that the default rate in Idaho, and the probability of loss, is very low. No losses have been experienced or are expected.

Governor Otter commented that while the EFIB has an obligation to recover its costs, it should not make a profit. Mr. Halvorson agreed; however he stated the EFIB recognizes its fiduciary responsibility to oversee the fund and to assess risks. The guaranty fee is a risk to the endowment fund and public school fund. The fee was set low and is assessed per bond issued. Fees are collected and held in the Public School Endowment Fund as a future reserve.

Secretary of State Ysursa clarified that the fee is two tenths of one percent or 0.02%. Mr. Halvorson stated that is correct – two basis points.

No action was taken on this agenda item.

**6. Endowment Land Transaction Advisory Committee (ELTAC) Report to the Land Board**

*– Presented by Robert Phillips, Hawkins Companies Commercial Developers, and Bryant Forrester, Homeland Realty*

*DEPARTMENT RECOMMENDATION:* That the Board formally accept the Committee recommendations and direct the Department to complete the necessary paperwork to begin the 2010 idea legislative process. In addition, the Department should begin to coordinate meetings with legislative leadership and draw upon members of the ELTAC to educate key stakeholders leading up to the 2010 legislative session.

*DISCUSSION:* A verbatim transcript is available upon request. Contact Susan Terry, Department of Lands, (208) 334-0242, or email [sterry@idl.idaho.gov](mailto:sterry@idl.idaho.gov).

*BOARD ACTION:* A motion was made by Attorney General Wasden that the Board formally accept the Committee's recommendations and report and that the Board place this matter on the August agenda for further discussion to allow Board members an opportunity to review the information and to consider a way forward. In addition, on behalf of the Board and the citizens of Idaho, Attorney General Wasden thanked the Committee for their work. Controller Jones seconded the motion. The motion carried on a vote of 4-0, with Superintendent Luna being absent for this vote.

**7. Disclaimer of Interest for the Former Bed of the Snake River, Twin Falls County (Miller)**

*– Presented by Kurt Houston, Operations Chief-South*

*RECOMMENDATION:* Based on a site visit, Attorney General Wasden requested that the Department of Lands conduct additional analysis for the purpose of documenting the location of the ordinary high

watermark. In order to conduct the analysis, the Department of Lands recommends that this matter be brought back to the Land Board for consideration at its October meeting.

*DISCUSSION:* A verbatim transcript is available upon request. Contact Susan Terry, Department of lands, (208) 334-0242, or email [sterry@idl.idaho.gov](mailto:sterry@idl.idaho.gov).

*BOARD ACTION:* No action was taken on this agenda item.

**8. Authorization for Increase in Lease Application Fees – Presented by Mike Murphy, Chief, Bureau of Surface and Mineral Resources**

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to: (1) Increase the lease application fee for grazing, farming, conservation, non-commercial recreation and communication site leases from \$10 to \$250 with an implementation date of October 1, 2009; (2) Increase the lease application fee for cottage site, mineral and commercial leases to \$250 to establish consistency for all endowment land lease application fees, with an implementation date of October 1, 2009.

*DISCUSSION:* Secretary of State Ysursa asked if the Department has adequate justification for making this change. Mr. Murphy stated yes. The Department completed a financial analysis that reflects costs associated with work completed by area and bureau staff. The \$250 is a baseline amount that would apply to all programs. In some cases actual costs incurred would be greater, but this is the first step going forward.

*BOARD ACTION:* A motion was made by Attorney General Wasden to adopt the Department recommendation to increase the lease application fee for grazing, farming, conservation, non-commercial recreation and communication site leases from \$10 to \$250, with an implementation date of October 1, 2009, and to increase the lease application fee for cottage site, mineral and commercial leases to \$250 to establish consistency for all endowment land lease application fees with an implementation date of October 1, 2009. Controller Jones seconded the motion. The motion carried on a vote of 4-0, with Superintendent Luna being absent for this vote.

• **INFORMATION**

**Background information was provided by the presenters listed below. No Land Board action is required on Information Agenda items.**

**9. Joint Land Use Study Program (JLUS) – Presented by Kate Langford, Sr. Land Use Planner**

**10. Implementation of New Leasing Process – Presented by Mike Murphy, Chief, Bureau of Surface and Mineral Resources**

• **EXECUTIVE SESSION**

None

At 10:40 a.m., there being no further business to come before the Board, Attorney General Wasden moved that the meeting be adjourned. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 4-0, with Superintendent Luna being absent for this vote.

Meeting adjourned.

