



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 20, 2010

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, April 20, 2010, in Boise, Idaho. The meeting began at 9:00 a.m. in the second floor courtroom of the Borah Building. The Honorable Secretary of State Ben Ysursa presided. The following members were present:

Honorable Attorney General Lawrence Wasden
Honorable State Controller Donna Jones
Honorable Superintendent of Public Instruction Tom Luna

Governor Otter was absent from this meeting.

● **CONSENT**

A motion was made by Controller Jones to approve the Consent Agenda in its entirety. Attorney General Wasden seconded the motion. The motion carried on a vote of 4-0, with Governor Otter being absent from this vote.

1. Director's Report – approved

- A. Interest Rate on Department Transactions – April 2010
- B. Timber Sale Activity and Information Report
- C. Division of Lands, Minerals, Range Official Transactions – March 2010
- D. Legal Matter Summary
- E. Fire Settlement Information

DISCUSSION: Referring to item 1-B, Timber Sale Activity and Information Report, and specifically under the heading *Market Trends and General Outlook*, Director Bacon noted that the North American Wholesale Lumber Association has indicated an expectation of a moderate housing recovery with lumber demand modest through 2010, which bodes well for the State of Idaho. In addition, Cumulative Harvest Receipts show that fiscal year-to-date harvest income is approximately 60% of the five-year average yet the harvest is over 100% of the five-year average. This information indicates that purchasers are working on more recently purchased cheaper-priced wood, and the Department hopes to see that difference narrow as purchasers move to older sales.

Controller Jones commented that as she has traveled around the state, operators have asked why the Department of Lands does not have more small sales and direct sales. Director Bacon stated Idaho Code defines small sales as salvage sales and direct sales. Salvage sales are sales less than one million board feet in volume or \$150,000 in value. Department timber sale plans over the last several years have included approximately 20% of the volume in the small sale category. The Department does have smaller-sized large sales, some of which account for 35% to 40% of the annual volume. He suspects the concerns raised refer to the number of direct sales the Department sells every year. Under Idaho Code, direct sales are less than two hundred thousand board feet and are consummated without bidding. Direct sales are a good tool for foresters, and the stated purpose is to harvest isolated and by-pass parcels. An example would be a minor insect outbreak that impacts only a couple of acres, and there may be a logger already in the area who is interested in harvesting that timber. Unfortunately, over the years some purchasers have viewed direct sales as entitlements. At one time the Forest Service had a vigorous direct sale program that was more along the lines of an entitlement-type program for loggers. However, the Forest Service eliminated their program when the federal General Accounting Office found that they were not receiving fair value for the wood. Director Bacon stated the Department offers a good array of sizes of sales and tries to be mindful of purchasers' needs.

2. Endowment Fund Investment Board Manager's Report – Staffed by Larry Johnson, Manager of Investments, EFIB – **approved**

- A. Monthly Report
- B. Investment Report

3. 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. Lost Overtime	CR-10-0386	5500	MBF	Bonner	Priest Lake (Coolin)
B. Waffling Bear	CR-10-0391	3600	MBF	Bonner & Boundary	Priest Lake (Coolin)
C. Miller Creek	CR-22-5018	4700	MBF	Kootenai	Mica (Coeur d'Alene)
D. Mooseville Town	CR-41-0052	10290	MBF	Latah	Ponderosa (Deary)
<u>SOUTH OPERATIONS</u>					
E. South Shanghai Resale	CR-40-0805	1570	MBF	Clearwater	Clearwater (Orofino)
F. Camp D	CR-40-1051	6095	MBF	Clearwater	Clearwater (Orofino)
G. North Fork	CR-42-5035	4665	MBF	Idaho	Maggie Creek (Kamiah)
H. Swamp Buggy	CR-43-4020	1333	MBF	Nez Perce	Craig Mt (Craigmont)

4. **Request to Change Disposal Method for Idaho Fish and Game Surplus Property (Gardena) – Staffed by Steve Elam, Department of Fish and Game – approved**

DEPARTMENT RECOMMENDATION: That the Board direct the Department to publish a public notice and conduct a public hearing in accordance with Idaho Code § 58-332(2) regarding the sale of the surplus property, including mineral rights, to Boise County based on Boise County's February 22, 2010 offer.

DISCUSSION: None.

BOARD ACTION: Approved.

5. **Request to Change Disposal Method for Idaho Fish and Game Surplus Property (Bennett) – Staffed by Steve Elam, Department of Fish and Game – approved**

DEPARTMENT RECOMMENDATION: That the Board direct the Department to proceed with the disposal of the surplus property by any of the methods authorized by Idaho Code § 58-332(3), including negotiating below the appraised value.

DISCUSSION: None.

DEPARTMENT ACTION: Approved.

6. **Request to Change Disposal Method for Idaho Fish and Game Surplus Property (Orofino/Grangemont) – Staffed by Steve Elam, Department of Fish and Game – approved**

DEPARTMENT RECOMMENDATION: That the Board direct the Department to proceed with the disposal of the surplus property by any of the methods authorized by Idaho Code § 58-332(3), including negotiating below the auction appraised value.

DISCUSSION: None.

BOARD ACTION: Approved.

7. **Request to Change Disposal Method for Idaho Fish and Game Surplus Property (Wolf Lodge) – Staffed by Steve Elam, Department of Fish and Game – approved**

DEPARTMENT RECOMMENDATION: That the Board direct the Department to proceed with the disposal of the surplus property by any of the methods authorized by Idaho Code § 58-332(3), including negotiating below the auction appraised value.

DISCUSSION: None.

BOARD ACTION: Approved.

8. **Approval of Placer Permit to Wildcat Diversified Investments, Inc. (P500330) – Staffed by Eric Wilson, Lands, Minerals, Range Division – approved**

DEPARTMENT RECOMMENDATION: That the Board approve issuance of the permit subject to the plan submitted in the application, submission of the required \$2,700.00 bond and compliance with the Rules and Regulations Governing Dredge and Placer Mining Operations in Idaho.

DISCUSSION: None.

BOARD ACTION: Approved.

9. **Quitclaim Deed for Meandered Lands in Former Fry's Lake and Mirror Lake (Boundary County) Pursuant to House Bill 239 (1957) – Staffed by Steve Schuster, Deputy Attorney General, IDL – approved**

DEPARTMENT RECOMMENDATION: That the Board direct the Department to issue a quitclaim deed to the Petitioners.

DISCUSSION: None.

BOARD ACTION: Approved.

10. **Minutes – approved**

A. Regular Land Board Meeting – March 16, 2010

• **REGULAR**

11. **Fiscal Year 2011 Timber Sales Plan – Presented by Bob Helmer, Chief, Bureau of Forest Management – approved**

DEPARTMENT RECOMMENDATION: That the Board direct the Department to proceed with publication of the Fiscal Year 2011 Timber Sales Plan.

DISCUSSION: At the proposed rate of increase, Superintendent Luna asked when the harvest goal would be reached. Mr. Helmer stated the target level of 247 million board feet will be reached in 2013. Superintendent Luna asked if the Department is having success finding bidders and buyers at the increased harvest levels. Mr. Helmer stated the Department has been very successful. Several purchaser meetings were held around the state this spring and interest was expressed in the proposed sales. He noted that volumes being offered will help make up for some of the lack of timber being offered by non-industrial and industrial landowners. The Department's volume will actually help maintain the industry in many places.

For the record, Secretary of State Ysursa noted that the Department normally receives comments on the proposed timber sales plan from the environmental community, but no comments were received regarding the proposed FY 2011 Timber Sales Plan.

BOARD ACTION: A motion was made by Controller Jones to approve the Fiscal Year 2011 Timber Sales Plan. Attorney General Wasden seconded the motion. The motion carried on a vote of 4-0, with Governor Otter being absent from this vote.

12. Cottage Site Valuation Policy – *Presented by Mike Murphy, Chief, Bureau of Surface and Mineral Resources* – **approved**

DEPARTMENT RECOMMENDATION: The Department recommended that the Land Board adopt the proposed valuation policy and direct the Department to implement the policy through the new cottage site lease that begins January 1, 2011.

DISCUSSION: None.

BOARD ACTION: A motion was made by Attorney General Wasden to approve the Department recommendation. Controller Jones seconded the motion. The motion carried on a vote of 4-0, with Governor Otter being absent from this vote.

13. Request for Final Approval to Purchase 0.448 acres of Timberland near Hayden, ID – *Presented by Jane Wright, Strategic Business Unit* – **approved**

DEPARTMENT RECOMMENDATION: The Department recommended that the Board approve the acquisition of the above-referenced Property utilizing Public School Endowment Land Bank funds pursuant to the terms and conditions of the Purchase Sale Agreement.

DISCUSSION: Secretary of State Ysursa asked Ms. Wright for the current land bank fund balance. Ms. Wright stated the balance remaining in the land bank fund is \$2.8 million. Secretary of State Ysursa noted that the balance is mainly due to the prior Clear Creek land sales. Ms. Wright agreed.

BOARD ACTION: A motion was made by Attorney General Wasden to adopt the Department's recommendation. Controller Jones seconded the motion. The motion carried on a vote of 4-0, with Governor Otter being absent from this vote.

• **INFORMATION**

Background information was provided by the presenter indicated below. No Land Board action is required on the Information Agenda.

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

