



STATE BOARD OF LAND COMMISSIONERS

C. L. "Butch" Otter, Governor and President of the Board
Ben Yursa, 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 21, 2010

State Capitol Building, Senate and House Auditorium, 514 West Jefferson Street, Boise

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, December 21, 2010, in Boise, Idaho. The meeting began at 9:05 a.m. in the State Capitol Building, Senate and House Auditorium, 514 West Jefferson Street, Boise. The Honorable Governor C. L. "Butch" Otter presided. The following members were present:

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

For the record, Governor Otter noted that all members of the Board were present.

● **CONSENT**

1. Director's Report

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

DISCUSSION: Referring to the Timber Sale Activity and Information Report, Director Bacon stated in November four timber sales sold at 63% higher than appraised prices. In addition, current the Department has submitted about 70% of the total Fiscal Year 2011 timber sales, which puts the Department ahead of schedule in bringing those sales to market.

Governor Otter asked about the uptick in prices. Director Bacon stated the increased prices are higher than the Department expected. He believes the increase is currently being stimulated by Asian markets. Governor Otter asked if the higher prices are expected to continue. Director Bacon responded that the Department is starting to see prices soften right now, which is typical for this

time of year and on through the spring. Domestic markets are weak, and Asian markets are starting to flatten. The Department will continue to monitor the commodity market.

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

NORTH OPERATIONS

A.	North Fork Confluence	CR-10-0396	1500	MBF	<u>COUNTY</u> Bonner	<u>AREA OFFICE</u> Priest Lake (Coolin)
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SOUTH OPERATIONS

B.	East Fork Resale	CR-42-5051	2721	MBF	<u>COUNTY</u> Clearwater	<u>AREA OFFICE</u> Maggie Creek (Kamiah)
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DISCUSSION: None.

3. Request to Sell Surplus Property in Rupert Owned by Idaho Department of Health and Welfare – Staffed by Tracey Rauch, Department of Lands

DEPARTMENT RECOMMENDATION: That the Board direct the Department to advertise the property for sale and conduct a public auction to dispose of this surplus property.

DISCUSSION: Governor Otter asked if this property has been offered to other agencies. Ms. Rauch stated the Department offered the property to state agencies and to the school district in the City of Rupert. No interest was expressed.

4. Approval of Minutes – November 16, 2010 Regular Meeting (Boise)

CONSENT AGENDA BOARD ACTION: A motion was made by Controller Jones to approve the Consent Agenda as presented. Attorney General Wasden seconded the motion. The motion carried on a vote of 5-0.

• **INFORMATION**

Background information on the item below was provided by Larry Johnson, Manager of Investments, Endowment Fund Investment Board. No Land Board action is required on the Information Agenda.

5. Endowment Fund Investment Board Manager's Report

- A. Manager's Report
- B. Investment Report
- C. Response to Superintendent Luna's Inquiries

No action was taken on this agenda item. A verbatim transcript is available upon written request to Land Board Recording Secretary, Department of Lands, Post Office Box 83720, Boise, Idaho 83720-0050 or by fax to (208) 334-5342 or by email request to sterry@idl.idaho.gov.

- **REGULAR**

6. Cottage Site Plan – Processes to Unify the Estate – Presented by Kate Langford, Strategic Business Unit

DEPARTMENT RECOMMENDATION: Direct the Department to: (1) Open a 90-day public comment period on the Cottage Site Plan to allow for review and comment by interested parties. Comment period will open on December 23, 2010 and will close on March 24, 2011; (2) Present the results of the public comment period to the Land Board as an information item at the May 2011 Land Board meeting.

DISCUSSION: A verbatim transcript is available upon written request to Land Board Recording Secretary, Department of Lands, Post Office Box 83720, Boise, Idaho 83720-0050 or by fax to (208) 334-5342 or by email request to sterry@idl.idaho.gov.

BOARD ACTION: A motion was made by Attorney General Wasden to approve the Department's recommendation as outlined on page 3 of 3 of item number 6. Secretary of State Yursa seconded the motion. The motion carried on a vote of 5-0.

7. Request for Final Approval to Purchase 120 Acres of Timberland and Associated Timber Rights – Presented by Jane Wright, Strategic Business Analyst

DEPARTMENT RECOMMENDATION: The Department recommends that the Board approve the acquisition of the referenced parcel pursuant to the terms and conditions of the Purchase Sale Agreement and Timber Right Agreement. Total purchase price is \$62,400 (real property and timber rights).

DISCUSSION: For clarification, Governor Otter asked if Gonzaga University will be the operator to harvest the timber. Ms. Wright stated Gonzaga University will contract with a professional company for timber harvest. The University will collect the proceeds from the harvest; the State did not buy the standing timber. Governor Otter commented that right now, then, the University owns the timber and the sellers own the land. Ms. Wright stated that is correct. Governor Otter asked if the land is currently on the Latah County tax rolls. Ms. Wright stated it is.

BOARD ACTION: A motion was made by Secretary of State Yursa to approve the Department's recommendation. Attorney General Wasden seconded the motion. The motion carried on a vote of 5-0.

At 10:26 a.m. a brief recess was taken. At 10:28 a.m. Governor Otter called the meeting back to order. Governor Otter then announced that the next item on the agenda would be the Executive Session and that the public would be excluded for that session.

At 10:30 a.m. a motion was made by Attorney General Wasden to resolve into Executive Session pursuant to Idaho Code Section 67-2345(1)(f) and that the Board resolve into Executive Session for the purpose of communicating with legal counsel regarding the ramifications of and the legal options for pending litigation. Attorney General Wasden requested that a roll vote be taken and that the secretary record the vote in the minutes of the meeting. Controller Jones seconded the motion.

ROLL CALL VOTE – *Aye*: Ysursa, Wasden, Jones, Luna, Otter; *Nay*: None; *Absent*: None.

The motion carried on a vote of 5-0, *Aye*. Governor Otter noted that the roll call vote was unanimous.

At 10:31 a.m., all Board members and pertinent Land Board and IDL staff moved to West Wing Room 55 for the Executive Session discussion. The public remained in the Senate and House Auditorium.

- **EXECUTIVE SESSION**

- A. **Idaho Code 67-2345(1)(f)** – to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. [TOPIC: (1) Russell Ridge Fire Settlement]

At 10:41 a.m. the Board returned to the Senate and House Auditorium. At 10:42 a.m. Governor Otter called the meeting to order in Regular Session in the Auditorium.

At 10:43 a.m. Attorney General Wasden restated the motion to resolve into Executive Session and directed that upon resolving into Regular Session the record will reflect that no action was taken by the Board during the Executive Session. Controller Jones seconded the motion to resolve into Regular Session. The motion carried by unanimous consent.

- 8. **Final Settlement of the Russell Ridge Fire Case, *State v. Mossman et al.*, Lewis County Case No. V09-140** – *Presented by Kurt Houston, Operations Chief-South*

DEPARTMENT RECOMMENDATION: The Department recommends that the Board approve the proposed settlement.

DISCUSSION: None.

BOARD ACTION: A motion was made by Attorney General Wasden to adopt the Department recommendation as proposed. Controller Jones seconded the motion. The motion carried on a vote of 5-0.

- 9. **Consideration of Cottage Site Leasing Rates and Other Terms and Conditions of Lease for 2011 Lease Year and Beyond** – *Presented by George Bacon, Director*

COTTAGE SITE SUBCOMMITTEE RECOMMENDATION: Refer to Board Action (below).

DISCUSSION: A verbatim transcript is available upon written request to Land Board Recording Secretary, Department of Lands, Post Office Box 83720, Boise, Idaho 83720-0050 or by fax to (208) 334-5342 or by email request to sterry@idl.idaho.gov.

BOARD ACTION:

- ***Motion Number 1***

A motion was made by Secretary of State Yursa “that the Department is authorized to offer to extend and renew the term of the existing cottage site lease for one year through December 31st, 2011, under the terms and conditions of the existing lease. That includes two and a half percent of current market value as the rate for 2011. That also includes the fact that the existing lease does have premium rent, the ten percent of gross – or the ten percent of leasehold value as it was the last ten years – provided, however, that the leaseholder shall have until February 1st to notify the Director of the acceptance of the lease extension to make rental payments for 2011 in accordance with remaining terms of the existing leases. That’s my motion.”

Attorney General Wasden seconded the motion.

A discussion was held subsequent to this motion. At the conclusion of the discussion, Governor Otter asked Secretary of State Yursa to restate the motion. Secretary of State Yursa restated the motion as follows: “In essence the motion, Governor, is that the Department offer a new – an extension – a one-year extension of the existing lease, which includes two and a half percent of current market value and the premium rent, and that the leaseholders will have until February 1st to notify the Director of the acceptance of the lease extension and to make the rental payment for 2011 in accordance with remaining terms of existing lease. And that’s the motion.”

Governor Otter noted for the record that the motion previously was duly seconded. A voice vote was taken and Motion Number 1 carried on a vote of 4-1.

Motion 1 Voice Vote Tally:

AYE – Yursa, Wasden, Jones, Otter

NAY – Luna

ABSENT – None

- ***Motion Number 2***

A motion was made by Secretary of State Yursa “that the Department is directed to notify all leaseholders that cottage site leases in 2012 will be offered at a rental rate of four percent of current value of the lease premises for a period of ten years in accordance with applicable law. And the premium rent will disappear. It will be four percent of current and no premium rent. This figure – that’s my motion, and I will then explain it if I get a second.”

Attorney General Wasden seconded the motion “on the understanding that this motion supersedes the motion made in March.” Secretary of State Yursa stated, “Yes. That – this will supersede any previous board action.” Attorney General Wasden then confirmed his second by stating “I second that motion.”

A voice vote was taken and Motion Number 2 carried on a vote of 5-0.

Motion 2 Voice Vote Tally:

AYE – Ysursa, Wasden, Jones, Luna, Otter

NAY – None

ABSENT – None

There being no further business to come before the Board, at 11:12 a.m. a motion was made by Attorney General Wasden to adjourn. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ C. L. "Butch" Otter

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 January 19, 2011 regular Land Board meeting.