



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

Tom Schultz, Secretary to the Board

Final Minutes  
State Board of Land Commissioners' Regular Meeting  
December 20, 2011

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, December 20, 2011 in Boise, Idaho. The meeting began at 9:02 a.m. in the second floor courtroom of the Borah Building, 304 North 8th 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 Tom Luna

For the record, Governor Otter recognized the presence of all Board members.

• **CONSENT**

**1. Director's Report**

- A. Interest Rate on Department Transactions – December 2011
- B. Timber Sale Activity and Information Report – November 2011
- C. Division of Lands, Minerals, Range Official Transactions – November 2011
- D. Legal Matter Summary – November 2011

*DISCUSSION:* Director Schultz observed that interest rates continue to decline; the Department's current rate is 3.75%. Referring to the Timber Sale Activity Report, Director Schultz noted a 48% bid-up over the minimum for Department timber sales auctioned in the past month. Volume under contract is roughly 480 MMBF with a value of nearly \$100,000,000. Current average price for volume under contract is approximately \$206/MBF. Timber harvest receipts to date are just under \$27,000,000. Director Schultz remarked that the Department anticipates timber receipts holding consistent based on current trends, which would be around \$54,000,000 in timber receipts for FY12. The Department has sold about 75% of FY12 sale plan or 176 MMBF. Governor Otter inquired if the Department is on schedule to meet the 235 MMBF sale plan. Director Schultz responded yes, the Department is on schedule.

On the LMR Official Transaction Report, Director Schultz pointed out a couple of commercial leases to IDL and SITPA for office space in McCall. The Department also has leases to Idaho Fish and Game for a sportsmen's access and a wildlife management area. Director Schultz noted two conservation (CRP) leases; the Department some time ago changed nomenclature from miscellaneous to conservation on that lease type. Director Schultz added that on both CRP leases, the state will receive 50% of the federal share: \$21.00 on one and \$22.00 on the other. Director Schultz stated the Department has one more residential lease to be assigned that is in process, and one lease not yet signed because the lessees have chosen to give up their lease. All other cottage site leases have been executed.

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

<u>NORTH OPERATIONS</u>				<u>COUNTY</u>	<u>AREA OFFICE</u>
None					
<u>SOUTH OPERATIONS</u>				<u>COUNTY</u>	<u>AREA OFFICE</u>
A. Mussel Fiber	CR-42-5054	4,535	MBF	Clearwater	Maggie Creek (Kamiah)

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

- A. Manager's Report – Mr. Johnson reported that reserves continue to be strong. Fiscal year to date investment results are somewhat disappointing but that has been offset by some strong revenues from Lands. The Investment Board met in November and there were no significant actions.
- B. Investment Report – Mr. Johnson stated funds lost almost a percentage point in November, putting fiscal year to date through the end of November down about 5%. Mr. Johnson indicated results thus far in December have been a little more negative, down an additional 2.7% through yesterday.

**4. Results of November 9, 2011 Oil and Gas Lease Auctions** – Staffed by Rebecca Rutan, Lands Resource Specialist Senior, Southwest Area Office

*DEPARTMENT RECOMMENDATION:* Approve the results of the November 9, 2011 oil and gas lease auctions, and direct the Department to issue 38 oil and gas leases to the successful bidders following their timely payment of bonus bids, rent, and advertising costs.

**5. Approval of Minutes** – November 15, 2011 Regular Meeting (Boise)

**CONSENT AGENDA BOARD ACTION:** A motion was made by Attorney General Wasden that the Board adopt the Consent Agenda. Superintendent Luna seconded the motion. The motion carried on a vote of 5-0.

- **REGULAR**

**6. Asset Management Plan Update – Presented by Kathy Opp, Deputy Director**

*DEPARTMENT RECOMMENDATION:* The Department recommends that the Board adopt the revised Asset Management Plan as shown in Attachment 1.

*DISCUSSION:* A verbatim transcript is available by request to the Department of Lands, Attn: Land Board Recorder, PO Box 83720, Boise, Idaho 83720-0050 or by email to public\_records\_request@idl.idaho.gov.

*BOARD ACTION:* A motion was made by Attorney General Wasden that the Board adopt the Department recommendation, that is, adopt the revised Asset Management Plan as shown in Attachment 1. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 5-0.

**7. Cottage Site Plan Disposition Processes – Presented by Kathy Opp, Deputy Director**

*DEPARTMENT RECOMMENDATION:*

1. The Department recommends that the successful bidder at auction be responsible for securing their own financing or pay cash; IDL installment sales will not be used in the disposition of cottage sites at Payette Lake or Priest Lake.
2. Allow IDL to accept purchase applications or initiate public auctions for multiple cottage sites to be auctioned as a package, with fees to be determined by IDL, approved by the Land Board and reflective of then current market conditions.

*DISCUSSION:* Governor Otter asked if the land at Payette Lake leased by the University of Idaho is also subject to public auction. Deputy Director Opp responded that lease is outside the scope of this particular recommendation, but yes the University of Idaho land (University Fund endowment) that is also leased by that beneficiary is subject to public auction, or an exchange. Governor Otter inquired as to the characteristics of that property; could it be sold for cabin sites. Deputy Director replied that it could but indicated the University of Idaho has voiced its desire to acquire the property for continued use as an outdoor science center. The Department has been in discussions with the University to determine an appropriate way to achieve that goal. Governor Otter asked if there is any other property that is owned and leased by the same institution. Deputy Director Opp stated the Caine Center in Caldwell is also leased by University of Idaho, although that is actually Agricultural College Fund endowment land.

*BOARD ACTION:* A motion was made by Attorney General Wasden that the Board adopt the Department recommendation as set out on page 4 of 4, items 1 and 2. Controller Jones seconded the motion. The motion carried on a vote of 5-0.

- **INFORMATION**

None

