



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

State Board of Land Commissioners' Regular Meeting

February 15, 2011

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, February 15, 2011 in Boise, Idaho. The meeting began at 11:15 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 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 – February 2011

B. Timber Sale Activity and Information Report – January 2011

C. Division of Lands, Minerals, Range Official Transactions – January 2011

D. Legal Matter Summary – January 2011

E. Fire Settlement Information – January 2011

DISCUSSION: Regarding agenda item B, Timber Sale Activity and Information Report, Director Bacon stated harvest levels and prices are beginning to trend upward.

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

A. Manager's Report

B. Investment Report

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

NORTH OPERATIONS

A. Old Style	CR-30-0578	4,285	MBF	<u>COUNTY</u> Benewah	<u>AREA OFFICE</u> St. Joe (St. Maries)
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SOUTH OPERATIONS

B. South Schlader Pole	CR-42-5047	1,719	MBF	<u>COUNTY</u> Clearwater	<u>AREA OFFICE</u> Maggie Creek (Kamiah)
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		3,359	POLES	Clearwater	Maggie Creek (Kamiah)
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C. Crows Foot	CR-43-4023	7,578	MBF	Idaho	Craig Mt (Craigmont)
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4. Request to Approve Modification #2 of the Trail Mix Timber Sale (TS-21-3682) – Staffed by Roger Jansson, Operations Chief-North

DEPARTMENT RECOMMENDATION: That the Board approve Modification #2 of the Trail Mix Timber Sale, TS-21-3682.

5. Approval of Minutes – January 19, 2011 Regular Meeting (Boise)

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

• **REGULAR**

None

• **INFORMATION**

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

6. Legislative Update – Presented by Kathy Opp, Deputy Director

- Geothermal Statutes (H0052; H0053; H0054; H0056) – Four geothermal statutes will be considered today in the House Resource and Conservation Committee. The geothermal statutes will help incentivize and modernize Idaho’s geothermal activity;

- Administrative Rules (Repeal 20.02.11; Amend 20.02.14; Amend [Fee Rule] 20.03.04) – The Administrative Rules put forward this year have passed the House and Senate germane resource committees with a due-pass recommendation; however, multiple sections of the rules for selling forest products on state-owned endowment lands were rejected. The rejected sections would have allowed the Land Board flexibility in how it sells and markets endowment-owned timber products. Specifically, the rejected sections covered the use of sealed bid auctions and merchandizing log sales;
- The Department will continue to review introduced legislation for unintended consequences that impact the agency’s regulatory and endowment responsibilities.

DISCUSSION: Governor Otter asked if the rejected sections pose a problem for the Department. Deputy Director Opp stated the proposed methods would have provided the Board and the Department with additional tools and flexibility through the use of sealed bids and merchandizing log sales. Regarding the use of sealed bids, a study was brought forward indicating sealed bids can bring anywhere from ten to fifteen percent more in value. Ms. Opp also stated that merchandizing log sales would be an important tool to help stimulate smaller purchasers; those who may not have the ability to purchase larger timber sales. Both of the proposed changes would have helped the Department target additional markets and implement some methods on a smaller scale to provide additional revenue to the endowments.

Governor Otter asked if the rejection is a result of industry pushback. Deputy Director Opp stated based on how the rules moved through committee, there appeared to be trepidation about the Land Board and the Department expanding marketing capabilities. The Department did hold public meetings with stakeholders to discuss the changes prior to the current legislative session; however, additional discussions will be pursued in the future.

Referencing article 9, section 8 of the Idaho Constitution, Secretary of State Yursa commented that laws passed restricting the Board’s ability to enhance the endowments should be repealed. He noted certainly rejection of the Board’s rules – rules passed to enhance the endowment – suffer from the same defect when rejected.

At 11:20 a.m. Governor Otter briefly left the meeting.

At 11:20 a.m. a motion was made by Controller Jones to resolve into Executive Session per Idaho Code 67-2345(1)(f) to communicate with legal counsel for the public agency, to discuss the legal ramifications of and legal opinions for pending litigation, or controversies not yet being litigated but immediately likely to be litigated. Superintendent Luna seconded the motion. Secretary of State Yursa called for a roll call vote. ROLL CALL – *Aye:* Yursa, Wasden, Jones, Luna; *Absent:* Otter. The motion carried on a vote of 4-0, with Governor Otter being absent from this vote.

