



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

Tom Schultz, Secretary to the Board

Final Minutes  
State Board of Land Commissioners' Regular Meeting  
March 20, 2012 – 9:00 AM

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, March 20, 2012 in Boise, Idaho. The meeting began at 9:01 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 Ysursa  
Honorable Attorney General Lawrence Wasden  
Honorable State Controller Donna Jones (*via conference phone*)  
Honorable Superintendent Tom Luna

For the record, Governor Otter recognized the presence of all Board members, with Controller Jones joining the meeting by conference phone.

• **CONSENT**

**1. Director's Report**

- A. Interest Rate on Department Transactions – March 2012
- B. Timber Sale Activity and Information Report – February 2012
- C. Division of Lands, Minerals, Range Official Transactions – February 2012
- D. Legal Matter Summary – February 2012

*DISCUSSION:* Concerning the Timber Sale Activity and Information Report, Director Schultz stated the Department has nearly 440 MMBF under contract with a value just under \$90 million. Value is approximately \$203/MBF. FY2012 timber harvest receipts to date are close to \$42 million and continue to stay in line with FY2011 receipts. The Department is at 92% of FY2012 timber sale plan, having sold roughly 215 out of 234.6 MMBF. Harvest volume is approximately 149% of the 5 year average. Harvest this year may surpass harvest volumes over the last five to ten years and Director Schultz noted that it may be a record year for the Department in terms of harvest. Governor Otter commented that the price is moving up a little. Director Schultz acknowledged that the price is starting to tick up a bit.

Referring to the Division of Lands, Minerals, Range Official Transactions Report, Director Schultz indicated an Industrial lease with the Spirit Lake Fire Protection District. This lease is a \$1450/year rental with a 3% annual increase. The District has expressed interest in acquiring this property and the Department may be having future discussions with the Fire Protection District regarding a potential sale of this property.

Also on the LMR Official Transactions Report, under Assignments, Residential, Director Schultz mentioned the Department has a leasehold value on this particular tract. The value was \$110,000; the premium rent was \$11,029. The assignment was approved on September 9, 2011 and the Department did not receive a release of the mortgage from the bank until February 2012.

On the Legal Matter Summary, Director Schultz noted some recent court rulings on the Hoyle case. The court granted the State's objection to bankruptcy plan and the adversary complaint and motion to surrender for stay of relief has been filed.

**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>
A. West Wig	CR-10-0402	1,700	MBF	Boundary	Priest Lake (Coolin)
B. Overdone	CR-30-0579	1,625	MBF	Benewah	St. Joe (St. Maries)
C. Long Bar	CR-30-0588	6,835	MBF	Clearwater	St. Joe (St. Maries)
<u>SOUTH OPERATIONS</u>				<u>COUNTY</u>	<u>AREA OFFICE</u>
D. Hi-Low Silver	CR-40-1038	4,280	MBF	Clearwater	Clearwater (Orofino)
E. Quota Pole	CR-42-5056	925	MBF	Clearwater	Maggie Creek (Kamiah)
		2,136	LF		
F. Pine Ridge	CR-50-0162	23,054	TONS	Adams	Payette Lakes (McCall)
G. Antelope Valley Resale	CR-80-0109	1,590	MBF	Clark	Eastern (Idaho Falls)
H. Kelly Central	CR-80-0111	21,527	TONS	Madison	Eastern (Idaho Falls)

*DISCUSSION:* Director Schultz commented on several of this month's timber sales:

West Wig is above 4,000 feet and is within the proposed critical habitat for caribou. The Department had a study done by Kinley & Apps which identified that this area was not one of the more important areas for caribou; no negative effects to caribou are anticipated with this sale.

Pine Ridge, there is an historical site, a sheepherder gravesite that is fenced and marked; there are no issues expected with that historical site on this sale.

Antelope Valley Resale, this was a hardship termination case with Wilmore Lumber previously. The company may potentially petition the Land Board to re-bid this sale. Policy is not to allow a re-bid on a hardship termination case.

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

A. Manager's Report – Mr. Johnson stated Endowment Fund reserves are in good shape. Under compliance and legal issues, Mr. Johnson mentioned one area that has come up since this written report was prepared. EFIB was notified by investment manager, Tradewinds out of Los Angeles that their chief investment officer and a couple other members of their investment intend to leave the firm by the end of June. EFIB will be addressing that issue as time goes along. Also, EFIB has 3 board members whose term expires next month. One of those Board members, Vaughn Heinrich, has already resigned from the Board and another one, John Taylor, has notified the Board that he does not intend to seek reappointment.

B. Investment Report – Mr. Johnson indicated February was a good month, with the Fund up 3.6% to put fiscal year to date amount into the positive column. At this point in the month of March, the Fund is up another 1.4% and is now in the range of 4.2% fiscal year to date.

4. **Approval of Minutes** – February 21, 2012 Regular Meeting (Boise)

5. **Approval of Minutes** – March 6, 2012 Special Meeting (Boise)

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

- **REGULAR**

6. **Approval of Riverbed Mineral Lease E03013, Kaschmitter Enterprises, Inc.** – Staffed by Eric Wilson, Program Manager-Minerals

*DEPARTMENT RECOMMENDATION:* Approve the Director's order for issuance of Riverbed Mineral Lease E03013.

*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 Secretary of State Yursa that the Board adopt the Department's recommendation and issue the Riverbed Mineral Lease E03013. Attorney General Wasden seconded the motion. The motion carried on a vote of 5-0.

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

- **INFORMATION**

7. **Grazing Lease Rate for Calendar Year 2013** – Presented by Neil Crescenti, Program Manager-Grazing, Ag, Conservation

*DISCUSSION:* Governor Otter commented that one of the values of grazing sheep and cattle is the removal of fuel to prevent wildfire and inquired if the Department has ever tried to determine the value of removing a certain amount of fuel to lessen such horrific wildfires. Director Schultz responded he is not aware of the Department conducting or participating in such a study. Director Schultz noted a recent study from the Policy Analysis Group looking at grazing and wildfire impacts that is being evaluated as a part of the sage grouse working group. Director Schultz is not certain the study specifically puts a dollar figure on the value of grazing in terms of reducing fire cost. Governor Otter asked the Department to research if other states have done this type of study and mentioned the Western States Land Commissioners Association may be a good resource also.

Secretary of State Yursa inquired about the time frame on the Department's grazing market rent study. Mr. Crescenti replied an initial draft is expected about mid-April with a final completed report some time the end of April, first of May. The Department has discussed producing an executive summary for public review of that information.

