



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
Brandon D. Woolf, State Controller
Tom Luna, Superintendent of Public Instruction

Tom Schultz, Secretary to the Board

Final Minutes
State Board of Land Commissioners' Regular Meeting
September 16, 2014

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, September 16, 2014 in the State Capitol Lincoln Auditorium (Room WW02) at 700 West Jefferson, Boise, Idaho. The meeting began at 9:02 a.m. 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 Brandon Woolf
Honorable Superintendent of Public Instruction Tom Luna

For the record, Governor Otter recognized the presence of four Board members and noted that Superintendent Luna was expected to arrive soon. Superintendent Luna arrived at 9:06 a.m.

1. Director's Report

- A. Interest Rate on Department Transactions – September 2014
- B. Timber Sale Activity and Information Report – August 2014
- C. Division of Lands and Waterways Activity and Information Report – August 2014
- D. Legal Matter Summary – August 2014
- E. Fire Season Update – August 2014

DISCUSSION: Governor Otter added for the Board's information that he discussed with Secretary of Agriculture Tom Vilsack the possibility of a management goal on the 6.3 million acres under Department protection; rather than just putting out fires, having the ability to manage for prevention of fires as well.

- **CONSENT**

2. Timber Sales for Approval – Staffed by Eric Besaw, Regional Operations Chief-North, and Kurt Houston, Regional Operations Chief-South

<u>NORTH OPERATIONS</u>				<u>COUNTY</u>	<u>AREA OFFICE</u>
A. Flats OSR Ton	CR-10-0428	15,593	TON	Bonner	Priest Lake (Coolin)
B. Timber Time	CR-20-0311	2,000	MBF	Bonner	Pend Oreille (Sandpoint)
C. Upper Linfor	CR-22-5042	4,260	MBF	Shoshone	Mica (Coeur d'Alene)
<u>SOUTH OPERATIONS</u>				<u>COUNTY</u>	<u>AREA OFFICE</u>
D. Rainy Slopes	CR-40-1089	3,840	MBF	Clearwater	Clearwater (Orofino)
E. Cold Face	CR-40-1183	3,940	MBF	Clearwater	Clearwater (Orofino)

DISCUSSION: None.

3. Results of August 22, 2014 Conflicted Grazing Lease Auction – Staffed by Diane French, Program Manager-Grazing, Agriculture and Conservation

RECOMMENDATION: Direct the Department to award grazing lease G600130 to Stephen and Sarah Damele, the high bidder of the conflict lease auction.

DISCUSSION: None.

4. Department of Fish and Game Habitat Endowment Fund – Staffed by Larry Johnson, EFIB Manager of Investments

RECOMMENDATION: Authorize the EFIB to manage the three habitat endowment funds under such terms as the EFIB and the Department of Fish and Game determine are appropriate.

DISCUSSION: Governor Otter inquired what EFIB will charge Fish and Game to manage these funds. Mr. Johnson replied it will be 2/100ths of a percent of the corpus. Mr. Johnson added there will be additional fees paid to outside consultants and those will be more substantial. Governor Otter asked if these terms will be memorialized in the agreement, and if that agreement will be brought back before the Board. Mr. Johnson replied the terms will be defined in the agreement and it is not his intent to return to the Board for further approval. Attorney General Wasden stated his understanding that EFIB is simply requesting authorization from the Board to manage the funds.

5. Approval of Minutes – August 14, 2014 Regular Meeting (Boise)

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

- **REGULAR**

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

A. Manager's Report

DISCUSSION: Mr. Johnson commented that distributions for FY2015 and FY2016 are well secured; all Endowments have at least 5 years of coverage. There is no compliance or legal issues to report. Mr. Johnson stated that later this week Board members will receive copies of audited Endowment Fund financial statements for FY2014; the Chair of the Investment Board's Audit Committee will make a full report at the November Board meeting. Mr. Johnson mentioned for both the audit of the Endowment Funds and the review of Department of Lands' financial practices, the auditor had no findings or concerns.

B. Investment Report

DISCUSSION: Mr. Johnson noted the Fund earned 2.7% in August but September has not been kind to the Fund, showing a loss of 1.3% to date. Fiscal year to date the Fund is basically at break-even.

C. FY2016 Distributions and Transfer

RECOMMENDATION:

1. Approve increasing the targeted level of reserves to six years for Normal School and seven years for Ag College, Penitentiary, School of Science and University.
2. Approve the recommended distributions totaling \$56.5 million and transfers totaling \$38.6 million.

DISCUSSION: A verbatim transcript is available by request to the Department of Lands, Attn: Land Board Recording Secretary, 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 approve increasing the targeted level of reserves to six years for Normal School and seven years for Ag College, Penitentiary, School of Science and University and approve the recommended distributions totaling \$56.5 million and transfers totaling \$38.6 million. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

7. Department of Lands Fiscal Year 2016 Budget – Presented by Donna Caldwell, Division Administrator-Support Services

RECOMMENDATION: Approve the Agency FY2016 Budget Request as submitted to the Division of Financial Management and the Legislative Services Office on September 8, 2014.

DISCUSSION: Controller Woolf asked if there were any significant changes from the budget proposal brought to the Land Board at the August 14 meeting. Ms. Caldwell replied there were very minimal changes: the Department made some adjustments to come in line with budget

