



STATE BOARD OF LAND COMMISSIONERS

C. L. "Butch" Otter, Governor and President of the Board  
Lawrence E. Denney, Secretary of State  
Lawrence G. Wasden, Attorney General  
Brandon D. Woolf, State Controller  
Sherri Ybarra, Superintendent of Public Instruction

Tom Schultz, Secretary to the Board

Final Minutes  
State Board of Land Commissioners Regular Meeting  
March 17, 2015

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, March 17, 2015 in the second floor courtroom of the Borah Building, 304 North 8th Street, Boise. The meeting began at 9:03 a.m. The Honorable Governor C. L. "Butch" Otter presided. The following members were present:

Honorable Secretary of State Lawrence Denney  
Honorable Attorney General Lawrence Wasden  
Honorable State Controller Brandon Woolf  
Honorable Superintendent of Public Instruction Sherri Ybarra

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

**1. Director's Report**

- A. Interest Rate on Department Transactions – March 2015
- B. Timber Sale Activity and Information Report – February 2015

Following the Timber Sale Report, Director Schultz asked State Forester Groeschl to give an update on Farm Bill activities. A verbatim transcript of that discussion is available by written 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](mailto:public_records_request@idl.idaho.gov).

C. Division of Lands and Waterways Activity and Information Report – February 2015

*DISCUSSION:* Director Schultz provided additional information regarding cottage sites. At the beginning of January, 26 cottage site leases had not been paid. Presently, there are only two cottage site leases in default. The Department has issued ten demolition permits at Priest Lake and three land use permits. Demolition permits give individuals until the end of June to remove their improvements. Land use permits give them a two-year timeframe to occupy the site.

Demolition permits require a one-time fee; the fee for a land-use permit equals what would have been the lease payment if the lease had continued. Six sites had structures which have been removed by the former lessees. At this point, there are 19 unleased sites at Priest Lake. Those sites are now advertised for sale. If someone wants to buy one of those unleased sites they have to make application. All the costs will be covered by the person that makes application. The Department has received one application for one of those 19 sites. A pre-application meeting is set with a second individual on a second site, and there is a third individual with interest on a third site.

D. Legal Matter Summary – February 2015

E. Legislative Update

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

A. Manager’s Report

*DISCUSSION:* Mr. Johnson reported the reserves are in very good shape, especially given the land revenues received by the Department. Mr. Johnson noted there are no compliance issues.

B. Investment Report

*DISCUSSION:* Mr. Johnson stated in the month of February returns were up almost 4%, bringing fiscal year-to-date slightly over 4%. Into March, the Fund has lost a little more than 1%; as of yesterday, fiscal year-to-date returns stand at 2.8%. Mr. Johnson remarked that over the last five years the Fund’s average is 11.8%. All investment managers are performing as expected.

• **CONSENT**

**3. Timber License Plate Fee Recommendations** – Staffed by Betty Munis, Director, Idaho Forest Products Commission

*RECOMMENDATION:* Direct the Department to proceed with the recommended educational projects listed in Attachment 1 and developed jointly with the Idaho Forest Products Commission.

**4. Approval of Minutes** – February 17, 2015 Regular Meeting (Boise)

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

- **REGULAR**

**5. Transfer Proceeds from January 31, 2015 Payette Lake Cottage Sites Voluntary Auction from Land Bank Fund to Permanent Funds – Presented by Tom Schultz, Director**

*RECOMMENDATION:* Authorize the Treasurer to transfer all funds, including accrued interest, from the proceeds of the January 31, 2015 auction of thirty-two Payette Lake cottage sites from the Land Bank Fund to the appropriate endowments' Permanent Fund.

*DISCUSSION:* Controller Woolf asked if the intention was to transfer the funds now for those lots that had completed the closing process, and then transfer funds for the remaining lots that have yet to close at one time, or would those transfers happen as each lot was closed. Director Schultz replied the Department will transfer the funds for the 26 lots that already closed in one lump sum now, and then transfer the funds for the remaining lots after all had closed, not one by one. Governor Otter commented there is a timeline for transfers in general. Director Schultz stated, yes, the Department has five years to transfer funds from the Land Bank before the funds are automatically transferred.

*BOARD ACTION:* A motion was made by Attorney General Wasden that the Board adopt the Department recommendation that is authorize the Treasurer to transfer all funds, including accrued interest, from the proceeds of the January 31, 2015 auction of thirty-two Payette Lake cottage sites from the Land Bank Fund to the appropriate endowments' Permanent Fund. Secretary of State Denney 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**

**6. 2016 Grazing Lease Rate – Presented by Diane French, Program Manager-Grazing, Ag, Conservation**

At 9:41 a.m. a motion was made by Attorney General Wasden to resolve into Executive Session pursuant to Idaho Code § 67-2345(1) subsection (f) to communicate with legal counsel regarding legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. Attorney General Wasden requested that a roll call vote be taken and that the Secretary record the vote in the minutes of the meeting. Controller Woolf seconded the motion. Roll Call Vote: *Aye:* Denney, Wasden, Woolf, Ybarra, Otter; *Nay:* None; *Absent:* None.

- **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: Hoyle Settlement]

At 9:49 a.m. the Board resolved out of Executive Session by unanimous consent. No action was taken by the Board during the Executive Session.

- **REGULAR**

**7. Approval of Settlement and Release in the case of *In re Richard Hoyle, in the United States Bankruptcy Court for the District of Idaho, Case No. 10-01484-TLM* – Presented by Edith Pacillo, Deputy Attorney General**

*RECOMMENDATION:* The Department recommends that the settlement be approved in principle and that Director Schultz be authorized to approve the final language and execute the Settlement and Release, in consultation with the Office of the Attorney General and outside counsel Josh Evett of Elam & Burke.

*DISCUSSION:* None.

*BOARD ACTION:* A motion was made by Attorney General Wasden that the Board adopt the Department recommendation that the settlement be approved in principle and that Director Schultz be authorized to approve the final language and execute the Settlement and Release, in consultation with the Office of the Attorney General and outside counsel Josh Evett of Elam & Burke. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.

There being no further business before the Board, at 9:53 a.m. a motion to adjourn was made by Attorney General Wasden. Controller Woolf seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.

