



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

Be it remembered, that the following proceedings were had and done by the State Board of Land Commissioners of the State of Idaho, created by Section Seven (7) of Article Nine (IX) of the Constitution.

FINAL Minutes
State Board of Land Commissioners Regular Meeting
December 20, 2016

Prior to the meeting a Capital High School student choir entertained Land Board members with Christmas carols in the 2nd floor Capitol rotunda. Following the music, Land Board members presented the students with a check to Idaho's Public Schools in the amount of \$36,724,800, representing FY2017 distributions from the endowment trust to public schools. Land Board members, students and others in attendance then moved to the scheduled meeting room.

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, December 20, 2016, in the State Capitol, Hearing Room EW42, 700 West Jefferson Street, Boise, Idaho. The meeting began at 9:06 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.

Department of Lands Year in Review

Director Schultz thanked the Capital High School choir for their wonderful performance before introducing the Department of Lands' video showcasing 2016 Year in Review accomplishments.

Following the video, Attorney General Wasden took a moment to explain to the students from Capital High what the Land Board does. When Idaho became a state, there were certain lands given to Idaho to hold in trust for the benefit of schools, and the work the Land Board does produces about \$50 million a year for schools, out of this year's \$73 million to a number of trusts. What the Land Board does is actually to benefit students.

Governor Otter expressed appreciation to the choir for their beautiful singing and commented that it set a good tone for the day.

1. Director's Report

- A. Interest Rate on Department Transactions – December 2016
- B. Timber Sale Activity and Information Report – November 2016
- C. Division of Lands and Waterways Activity and Information Report – November 2016

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

A. Manager's Report

DISCUSSION: Mr. Johnson reported that reserves are well-secured; there are no compliance or legal issues to report. Mr. Johnson mentioned that the Investment Board met on November 15th and voted to introduce legislation that would convert Board members' \$50 meeting compensation from a salary to an honorarium. The Investment Board anticipates that this will make it easier to recruit and/or train Board members because they will not have a conflict with the IRS rules that prohibit any member of a pension plan from making 401(k) contributions. Currently, the fact that Board members' compensation is considered salary makes them prohibited from making 401(k) contributions. Governor Otter inquired if that takes legislative action. Mr. Johnson replied that it does require legislative action to declare the compensation either salary or honorarium. Mr. Johnson announced that Judy Shock, EFIB's administrative assistant will soon be retiring.

B. Investment Report

DISCUSSION: Mr. Johnson stated that during the month of November, the Fund earned 1.4% due to strong equity markets and in spite of the fact that interest rates rose and hurt fixed-income returns. Through yesterday, the Fund is up another 1%, which puts the fiscal-year-to-date at around 4.4%.

• CONSENT

3. Disclaimer of Interest, South Fork Payette River, Boise County – Staffed by Andrew Smyth, Program Manager-Public Trust

RECOMMENDATION: Direct the Department to issue a disclaimer of interest for one parcel totaling 1.67 acres of the former bed of the South Fork Payette River, and to require L.B. Industries, Inc. to pay the remaining processing fee of \$300 or actual cost, whichever is greater, to the Department for this transaction.

DISCUSSION: Governor Otter commented that when the Department issues a disclaimer and receives the 25-foot right-of-way does the Department make any agreement with the adjacent contiguous landowner that noxious and invasive weeds are controlled? Director Schultz replied that the Department does not have agreements with contiguous landowners preventing weeds in those 25-foot easements. Governor Otter asked if Department staff checked out this site. Director Schultz responded that as a matter of routine course the Department does not visit these 25-foot easement sites. If an issue did arise, area staff would conduct an on-site check.

Governor Otter inquired if the state ends up with liability on that 25-foot right-of-way. Deputy Attorney General Clive Strong responded that to the extent that the state owns the land, there is liability with it, but no more than with the river banks that the state already owns. Attorney General Wasden noted that this is an easement; the state does not own the land. Mr. Strong clarified that an easement is real property for which the state has potential liability.

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**

NONE

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

- **INFORMATION**

4. Results of December 1 Commercial Property Auctions – Presented by Ryan Montoya, Bureau Chief-Real Estate Services

5. Personnel Trends – Presented by Andrea Ryan, Human Resource Officer

At 9:46 a.m. a motion was made by Attorney General Wasden that the Board resolve into Executive Session pursuant to Idaho Code § 74-206(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. 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 74-206(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: Pending Litigation/Tamarack Resort]

At 10:08 a.m. the Board resolved out of Executive Session by unanimous consent. No action was taken by the Board during the Executive Session.

There being no further business before the Board, at 10:09 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.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ C. L. "Butch" Otter

C. L. "Butch" Otter
President, State Board of Land Commissioners and
Governor of the State of Idaho

/s/ Lawrence E. Denney

Lawrence E. Denney
Secretary of State

/s/ Thomas M. Schultz, Jr.

Thomas M. Schultz, Jr.
Director

The above-listed final minutes were approved by the State Board of Land
Commissioners at the February 21, 2017 regular Land Board meeting.