

Western States Land Commissioners Association
Winter Conference
January 11-15, 2009
Santa Fe, New Mexico
Minutes on Roll Call of the States

JANUARY 12, 2009

Roll Call of the States

Nebraska: No one here

South Dakota: Their fund has declined by 29% in the past year. Last fall oil and gas revenues were at all time highs, not any more. Pipeline and transmission problems are being addressed now.

Washington: No one here

Wisconsin: Doug LaFollette, Secretary of State, is one of the 3 land commissioners in Wisconsin, along with the AG. Principal is loaned to schools and municipalities, exclusively. The interest from those loans goes to the school libraries fund. Record number of loans, \$70 million, in the last month, because banks have shut down. Liquidity issues.

Hawaii: No one here

Arkansas: Arkansas is moving to annual legislative sessions.

Arizona: Gov. Janet Napolitano is leaving to become Director of Homeland Security next week. Secretary of State will take over for the 5th time (since 1912 statehood). Jan Brewer is a fairly conservative Republican, and she will take over- agency directors serve at pleasure of Governor. The Land Commissioner could lose his job. Real estate market is in a depression. The boasting of recent years isn't going to happen now; people want to give the property they have purchased back and get a refund. Phoenix has bought over \$150 million of land in past year and a half. Law requires a 5 year plan. The Land Commissioner Mark Winkleman went on a fascinating trip to Dubai.

Texas: Rescission on firearms bans in national parks; WSLCA had advocated for that. Permanent school fund has fallen from \$25 billion to \$17 billion. Hurricane Ike impact was phenomenal-- 2500 houses destroyed. Bolivar Peninsula looks like Dresden without the fire. The hurricane has raised a lot of property law issues.

New Mexico NM land office made a record \$548 million in FY08, on a \$13 million budget with 155 employees. They made \$320 million in the first half of FY09. The land office has had a flat budget for 6 years, while state government has grown rapidly. NM faces a \$500 million shortfall this year. The Democrats won a clean sweep in Nov 08 in New Mexico. Pat Lyons is the last Republican standing.

Montana The MT Legislature started last week. Their land office manages 5.5 million surface and 6.3 subsurface acres. In MT the trust funds 7.5% of K-12 education. NM at 16% funding for public schools is the highest. State salaries are frozen, but so far they have had no layoffs. The state is \$250 million in the black, and they are going to stay \$200 million surplus after the session. A Supreme Court case on navigable waters is being considered, and trust lands will be heard in next 4-6 months. They would like for CLASS to file amicus curae. They have made active land banking efforts.

Alaska: -40 to -50 degrees F in Fairbanks these days. Natural gas pipelines issues from Prudhoe Bay. They are working on alternative energy, mainly with wind. State legislature is funding ideas. Alaska will be hosting the 2009 WSLCA summer conference, July 19-23. Around 60 hotel rooms have been blocked up at a \$181 a night rate--summer hotel rooms in Anchorage do fill up. The

web site is available at <http://www.midnightsun2009.com/>. Alaska Airlines has agreed to be the official airline, 5-10% discount.

California The state is facing a \$41 billion shortfall for next 18 months. Gov. Schwarzenegger is setting veto records. The State employees must take 2 Fridays a month unpaid. CA has a 3 person land board. They just issued the first new oil lease in state waters in 40 years. Most of their remaining holdings are desert land holdings. They are having issues with issuing leases for piers over beds of navigable waters. There is no administrative recourse when they overbuild. They are also having issues with abandoned vessels.

Colorado: FY 2008 was a record income year at \$71 million. The land office had 15 to 1 income to expenses. They are constructing an 18,000 square foot office building 2 blocks from capitol. The land office will occupy 2 floors and get \$110,000 annually in income off it. The building is to be complete in April. The Lowery Range Project is 20 miles from Denver, and their partner pulled out. They now have a 3800 acre project without a partner. They are planning on putting 17,000 adjacent acres into conservation. The Colorado fund allows \$1 million a year to be invested back into the property.

Idaho They are experiencing 6% budget cuts and out migration from the state for the first time since 1982. They have had a 22% drop in their permanent fund market value. They are exchanging with BLM out of sage grouse habitat. Forestry is their biggest money maker. They just completed a public opinion survey and found that less than 10% of people know there is a land board.

Louisiana No one here

Nevada There is a \$2.3 billion 2 year shortfall in Nevada. There is interest in the annual legislative session for more oversight of executive branch. There is a crisis in Carson City. A friendly condemnation was done by the state in the Red Rock area, east of Las Vegas. The legislature is considering closing state parks as part of the budget issues. Clark County is suing for failure to convey sovereign lands along a river.

North Dakota The state has a \$1.2 billion surplus which is a lot for a small state. The surplus is oil related. Their land department hires money managers. They have had good returns in fixed income areas and avoided some of the carnage. Their fund is down about 20%. They are anticipating that their distribution levels to beneficiaries should be maintained. ND is the 4th largest oil producing state in US, just after Alaska with 4 billion recoverable barrels. They just had their first wind energy easement signed and are the #1 state in wind energy resources. They have pipeline capacity issues. They have had to ship 20,000 barrels per day on rail at \$18 a barrel.

Oklahoma The top 5 state officials are all Democratic, but not 1 county in Oklahoma went for Obama. Investment management is all done in-house. Oklahoma has only allowed 40% in equities. They lost 30-35% of their fund's market value. Most bonds will be classified as junk lately. Oil & Gas exploration budgets are being slashed. They have a case where a judge ruled an exchange is not a sale. It is now on appeal. They went to a wind conference where lawyers discussed the dos and don'ts, Oklahoma had a pretty good wind lease to protect landowner rights. They allowed the lease to go forward. They have transmission issues. They need a line to the northwest part of the state where the wind resources are. They have lots of lawsuits, eminent domain for for-profit use. They may need a possible Enabling Act change to bring their enabling act in line with recent Constitutional changes that passed the voters to allow leasing.

Oregon The New Charissa has been a comedy of errors. They used a \$1 million Navy torpedo to sink the ship. The ship was removed for \$1.5 million less than the settlement, so the additional money was used to map the sea floor bottom. Oregon is experiencing one of the higher unemployment rates in the US. Their state budget is \$1.5 billion short. They are working with

the U.S. Fish and Wildlife services. They have a 86,000 acre forest on the coast near salmon and spotted owls. They have worked on conservation plans that will allow them to cut some trees. They are also working on Liquefied Natural Gas terminals. There are 3 proposed in Oregon. They have a Land Board resolution to discourage FERC's thrust to advance the facilities.

Utah The state is experiencing budget woes. It is a good year not to be dependent on the general fund. The state is anticipating 15% budget cuts. SITLA is requesting a \$3 million capital budget increase, and the legislature seems supportive. They have sold it as seed money for improving the economy and positioning trust lands. Projects that were \$2.50 a foot are now \$1.25 a foot. John Andrews attended the first appropriations subcommittee meeting today. We are working on solar, wind, and geothermal projects on trust lands. There is a company that does not need superheated water for geothermal uses. If it is successful it will be opening up thousands of acres, and turbines will be turning here soon. Real estate development has been really rough. It has almost come to a stand still in Washington County. Development had projected \$25 million for this year, and UT will be lucky to hit \$5 million. There were purchasers at an auction that paid \$800,000 and have come in unhappy with a new appraisal saying the property is now only worth \$30,000 and they aren't happy. The agency has put 5 years of efforts into one land exchange which has no opposition, but the bill was pulled out because the Congressional Budget Office decided to score unleased federal lands for potential revenue loss.

Wyoming No one here

CLASS Report President Colleen Heinz, of the Colorado Education Association, presented for CLASS. She has been involved with CLASS since it began. CLASS now includes 20 states. The 9th annual CLASS summer conference will be held July 11-14 at the Doubletree near Seattle airport. CLASS is experiencing fundraising challenges in the current tight economy. Margaret Bird will be going to the North American Petroleum Expo to seek funding.