

MANAGING THE WEST

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Fall 2015

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2016 WSLCA Executive Committee

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Welcome to the Fall 2015 issue of *Managing the West*...

I recently read an article discussing the link between optimism and its impact on performance and growth. While the scholarly article focused on personal attributes, there seems an obvious link to the transformation we have gone through these past few years as an organization. The recent summer conference in Moab is a good example. Kevin Carter and the Utah SITLA staff delivered a nearly 24/7 immersion program focused on strategic initiatives and educational networking that highlight the tremendous growth and maturation of the Western States Land Commissioners Association. The positive articulation of our strategic plan goals and aspirations has manifested into actions that are intrinsically motivated.

This new orientation toward organizational achievement is a direct result of the leadership of our committees. I want to recognize and profusely thank those who have served for some time and new recruits who have stepped up to build bench strength and showcase our leadership capacity. Your dedication helps advance the prominence and potential of our growing association. For those who were not able to attend the recent conference I encourage you to view the 2015-16 Committee Action Plans posted on the website. Committee leaders have designed plans targeting member needs for professional education, association policy development, national outreach and information exchange.

As we continue to proactively shape our future, it is easy to envision even greater opportunities for our beneficiaries, our member states and our affiliates. I am humbled to serve as president of the Western States Land Commissioners Association. Please feel free to contact me, the members of our newly elected executive committee, including Harry Birdwell (OK) as vice-president, Lisa Schneider (UT) as Treasurer and Linda Fisher (ND) as Secretary, and our dedicated staff, Allen Freemyer and Kathy Opp. I very much look forward to working collaboratively with you to pursue those incredible opportunities that lie before us.

Brent Goodrum (AK)
President, WSLCA

Guest Editorial...

We are beginning a new feature in our newsletters. In each issue we will have a special editorial from one of our members, affiliates or a special guest. In this issue we have asked Kevin Carter, Director of the Utah School and Institutional Trust Lands Administration and past WSLCA President, to reflect upon his career and his time with the WSLCA.



As my career in trust land management comes to an end, I am taking some time to reflect on changes I have observed.

When I started with the Utah Division of State Lands and Forestry in 1981, we were a division within the Department of Natural Resources (DNR). In addition to trust land responsibilities, we also managed submerged lands or sovereign

lands, and also forestry and fire functions. Directors were ostensibly appointed by the DNR Executive Director, but in actuality, the governors were calling the shots. The position was always a lightning rod and many of my predecessors lasted only a few years. In fact, I worked under seven directors in the first 20 years of my career.

Beneficiaries of the trust were gradually becoming aware of the value of these lands and the potential for prudent management to actually impact public education. Unfortunately, the agency seemed to put almost every conceivable constituency above the school children.

During the late 80s and early 90s, the beneficiaries had had enough and decided to do something to refocus the agency. They concluded drastic measures were needed. They were effective in painting a picture of mismanagement and gross negligence toward the trust mandate. Legislative leaders took notice and after several years of study, the legislature enacted the Trust Lands Management Act. Consequences of this statute change were both immediate and far reaching. A new agency was created: the School and Institutional Trust Lands Administration (SITLA).

This quasi-independent agency was removed from the DNR, stripped of all non-trust responsibilities, including forestry, fire and sovereign land management, and

instructed to function as a business, not government.

Although there were many doubters at the time – claims that the status quo was not the cause of poor performance – results have demonstrated otherwise. Prior to the creation of SITLA in 1994, Utah's Permanent School Fund was the lowest of the trust land states at approximately \$50 million. After 21 years, Utah's Permanent School fund now exceeds \$2 billion, moving from last place among the trust land states to well within the top third.

After serving as deputy director, assistant director or acting director for about eight years, I was finally appointed as director in 2003. I have served as director since then, being reappointed to three successive four-year terms.

During the 1980s, I had an opportunity to attend my first WSLCA meeting in Oklahoma. I immediately recognized the potential for this organization to improve our practices in Utah. Over the years, I have visited countless venues throughout the West, often in locales away from the traditional business centers. When it comes to western America, I'm easily the most well-traveled person I know.

Although WSLCA has continued to provide wonderful opportunities for networking and the sharing of "best practices," there has always been an untapped potential.

I am gratified to see us starting to grasp our potential.

If one of the goals of our federal system is to provide for incubation of new ideas, then we have demonstrated the wisdom of our nation's founders. I am very excited about the course we are following. We are poised to lead the way toward prudent, efficient, and economic land management – not just for our respective beneficiaries' advantage – but, as a model for all land management. I am honored to have been a part of this evolution.

WSLCA Spring 2016 conference!

The WSLCA will be returning to our nation's capitol next year for a host of networking opportunities and educational meetings. We will be staying at the Phoenix Park hotel and the dates are February 29 - March 3. Look for more information soon on the WSLCA website and see a draft agenda on [page 9](#).

Washington update...

Submitted by WSLCA Education-Outreach Consultant, Allen Freemyer.

Since our summer conference in Moab, Members of Congress have been in their districts during the time honored August recess meeting with constituents and businesses in the summer tradition of reconnecting at local fairs, rodeos, and town hall meetings.

Representatives and Senators from WSLCA states are hearing a common theme from the home front—businesses, property owners, and local governments are being overwhelmed by regulatory actions of the Federal Government. Waters of the U.S., ozone regulations, clean power regulations, Endangered Species Act, hydraulic fracturing regulations, methane regulations, and the list seems to keep growing. Unfortunately, Congress has been unable to curb the agenda of the EPA, the Department of Interior, and the Administration.

Thus far, Congress has also failed to move necessary appropriation bills to fund federal agencies, failed to reach a long term highway and transportation bill, or pass the National Defense Authorization Act—all of which are seen as must pass measures. As has been the practice over the past decade, the fall of 2015 is setting up to be filled with funding deadline fights, omnibus bills loaded up with unrelated measures, and likely a busy Congress right up to the Christmas break. When Congress ends up taking care of its business through use of omnibus measures, it provides opportunities to pass legislation or policies that are not feasible on their own merit. For example, even if Congress were to send to the President legislation to stop or alter the WOTUS rule, the President would certainly veto the measure and there are simply not enough votes to override a veto on the issues that are important to WSLCA members. However, including WOTUS, ozone, ESA or other legislation in an omnibus measure funding the Federal Government may be a deal that can be cut during these types of omnibus efforts.

Many of the regulations or issues impacting WSLCA members are coming to a head and Congress will be under great pressure to act. The WOTUS rule went into effect on August 28th, the Records of Decision for sage grouse land use plan amendments are expected to be signed around mid-September, the sage grouse listing decision deadline is September 30th, EPA has notified the federal court that final ozone regulations will be released "shortly", and the clean power and fracking rules are soon to follow. All of this makes for an interesting next few months. While it is unlikely that Congress will be able to address all of these issues in a meaningful way, it is foreseeable that Congress will be able to force the

President to sign omnibus measures that curtail, stall, or stop some of these regulatory efforts. While all of these issues are being litigated at some level, it is hopeful that Congress can bring some resolution to these important issues. We will continue to engage in these issues and insure that Members and staff fully understand the impact on our members to manage resources and generate income for our states, public education, and other critical state functions.

What's Happening...

Commissioner Bush joins Executive Committee as a Member At Large

WSLCA president, Brent Goodrum, recently appointed Texas Land Commissioner, George P. Bush, to the executive committee. The Commissioner will function as a Member At Large contributing his time and talents to special projects and key actions to advance the association over the next year. He plans to actively pursue affiliate member outreach, as well as help the association prepare for the 2016 Washington, D.C. event.

In addition to supporting these important infrastructure initiatives, Commissioner Bush is actively speaking up to educate the public and national leaders of the potential shortcomings of the original Endangered Species Act. He is well versed on our latest ESA resolution and the practice some groups use to petition multiple (mass) species for listing only to overwhelm the federal agencies with a burdensome workload that provides an opportunity to sue the federal agencies for violation of statutory deadlines rather science based protections for species and critical habitat. We appreciate Commissioner Bush and his staff for their willingness to work on several important projects expressed in the 2015-16 committee action plans.

Updated ESA resolution approved in Moab, UT

During the Moab conference, the Legislative Committee, the Surface and Land Tenure Committee and the Resolutions Committee tackled needed updates to the association ESA resolution. The new version approved at the business meeting reminds the services of its obligation to thoughtfully consider state and local scientific data prior to listing decisions and requests the United States Congress require that any federal critical habitat designations defer to state determinations of such habitat. Many thanks to Resolution Committee chair, Lance Gaebe (ND), and the great minds who stayed in the room

until late in the day to create a thoughtful and pointed policy statement. The approved resolution supersedes previous versions and is now available on the website [here](#). In addition to the association distributing copies to members of congress, we encourage state members to personally deliver copies of the new resolution to your delegation. And, consider finding opportunities to educate through the media, like Commissioner Bush (TX) has recently, regarding the WSLCA position on this important matter.

WSLCA 2015/16 committee action plans focus on education and data sharing opportunities for members

The association has made great strides during the first full year under the strategic plan. We more actively engaged in filing letters and comments on issues of national importance that impact our state member duties and effectiveness, like the WOTUS and NAAQS rulemakings, the proposed Forest Service Groundwater Directive and others. If you were unable to attend the summer conference, catch up with the 2014-15 Accomplishments Report posted on the website or click [here](#),

In the coming year, committees have crafted plans with a clear focus on enhancing member value through greater education opportunities and focusing on just a few key initiatives to garner success. The Executive Committee plans to continue its work to strengthen association finances, to support our committee leaders by connecting more frequently during the year and to research and develop criteria to recognize academic programs fostering land management use. Anyone interested in assisting with the aforementioned educational scholarship program should contact Keith Kuhlman (OK) or Tom German (WI) who have volunteered to lead this effort.

During the summer conference, committees reviewed and edited draft action plans as part of their regular meetings. Leaders have finalized plans that tie to previously articulated long-term key initiatives for members, as well as, short-term value enhancing deliverables. For example, the Asset Management Committee plans to wrap up its portfolio management strategies and governance review. Expect to see a final portfolio management policy recommendation come forward at the summer 2016 conference in Idaho. They will soon begin work on a best practices for land management IT systems study.

The Submerged Lands and Water Management Committee has plans to offer conference calls or webinars that will be used to develop more detail action plans around proprietary landlord issues dealing with public

trust waters and regulatory issues, such as exploring what states need to consider if they desire to seek 404 delegated authority. Similarly, the Subsurface Committee has an aggressive quarterly educational webinar schedule planned this year with the first offering September 30th (see article below). And, a spring Royalty Policy Working Group conference is planned for April 2016 in Denver.

The ASU data sharing project is underway. Folders have been created on the website and very soon executive director, Kathy Opp, will be contacting states to arrange passwords. If you have not already provided a liaison for Kathy to work with from your state please drop her a call or e-mail.

As always, our Communications Committee is working in the background to keep us connected, researching fact sheets, and helping update the website. This group of skilled public information officers and communication professionals also plans to use conferences to their advantage by exploring the development of continuing professional education sessions.

We recognize and appreciate all the thoughtful, forward planning of our committee leaders. Please take a few minutes to review the final 2015/16 Committee Action Plans posted on the web or click the link [here](#) to map out the key initiatives and educational events you want to be sure to engage.

Free educational webinar planned for September 30th

The Subsurface Committee, in conjunction with the Royalty Policy Working Group, has planned our first ever WSLCA educational webinar for Wednesday, September 30, 10:00 a.m. – noon CST. Two topics will be presented:

- Unbundling Natural Gas Transportation and Processing Costs presented by [Mark Lambert and John Emory](#), both with Pearson Watson Millican & Co.

Mark and John collectively have over 50 years' experience in engineering and commercial refining, natural gas processing and power generation industries. Mark has participated in due diligence evaluations of numerous acquisitions and divestitures of natural gas gathering, processing, and transportation facilities and has been actively involved in royalty disputes associated with natural gas marketability and unbundling of natural gas

processing services. John's considerable experience in the development and management of midstream energy and power projects has been applied in a wide range of consulting engagements including project development and assessments, gas pipeline and processing facility due diligence, business and asset valuations, acquisition and divestiture analyses, contractual disputes, and litigation support roles.

- Overview of Production Facilities and Commingling presented by [Matthew Scott](#), Petroleum Engineer, Texas General Land Office.

Matthew Scott has over thirty-three years of experience in the oil and gas business. While working for Gulf Oil and Chevron, he gained working experience and knowledge of reservoir engineering, field operations that included primary production, waterfloods, and carbon dioxide (CO₂) projects, onshore and offshore facility design and construction, and artificial lift equipment and methods. At the General Land Office, he performs lease enforcement, including the evaluation of offset obligations, commingling issues, volume and royalty due audits, and other lease issues.

Don't miss out on this incredible opportunity to learn from the experts. Click [here](#) link to register for the webinar. You will receive login instructions once your e-mail information is confirmed. There is no charge to attend this training event.

Idaho

Land Board boosts FY17 payments to public schools and other endowment beneficiaries

(BOISE) - Idaho's public school system and a number of other State institutions will receive increased payouts from Idaho endowment funds in fiscal year (fy) 2017.

The State Board of Land Commissioners (Land Board) unanimously approved an 11.8-percent increase in total FY17 distributions compared to FY16, bringing FY17 distributions for all endowment beneficiaries to \$63,158,400, most of which supports Idaho's public school system.

Record earnings over the last two fiscal years from the Idaho Department of Lands' active management of more than 2.4 million acres of State endowment trust lands,

along with healthy 12.0% returns for the last five fiscal years on \$1.8 billion of invested land revenue managed by the Endowment Fund Investment Board (EFIB), contributed to the increases.

Public schools will see a 12.1-percent increase over FY16, or \$3,966,000 more in cash for a total of \$36,724,800.

The highest percent change in FY17 cash distributions is for the endowment fund that supports Idaho State University, State Hospital North, State veterans homes, State Juvenile Corrections Center, and the Idaho School for the Deaf and Blind. Disbursements to these institutions will increase by more than 23 percent in FY17.

Other State institutions receiving more money in FY17 include the University of Idaho, teacher education programs at Lewis-Clark State College and Idaho State University, and correctional facilities.

Details of the distribution increase, which was recommended by the EFIB, are included in the memo [here](#). Land Board policy calls for distributions to be raised only when the increase is expected to be sustainable in the future, based on expected returns of the endowment's land and fund assets.

The Land Board is made up of Idaho's governor, secretary of state, attorney general, state controller and superintendent of public instruction. It is charged by the Idaho Constitution with managing Idaho's endowment trust lands and funds in a prudent manner to maximize long-term financial distributions to the beneficiaries.

Also check out how Idaho ended FY15 with a breakdown by category [here](#).

Oklahoma

Commissioners of the Land Office distribute second-highest annual total in state history

Oklahoma City, Okla. – The Commissioners of the Land Office (CLO) had an exceptional year for funds earned and distributed to its public education beneficiaries in the state of Oklahoma during the fiscal year which ended June 30. The second highest distributions in agency history of \$97.5 million were made to common schools, as well as the second highest total annual distributions for all common school and higher education beneficiaries of \$128.96 million were distributed in fiscal year 2015.

Harry Birdwell, Secretary of the Commissioners of the Land Office announced the news to the Commissioners last week while reviewing FY 2015 agency highlights. “In a year when resources are scarce, we were pleased to be able to increase distributions to public education,” Birdwell said. “We were able to distribute \$4.0 million more to Common Schools (K-12) than the previous year by maximizing budget efficiencies, diversifying investments and improving yields in the investment portfolio that can be distributed to beneficiaries immediately.”

During the past five fiscal years the agency distributed \$649 million to its common school and higher education beneficiaries. That represents an increase of \$264 million than in any other five year period in state history. During the same five year period CLO’s permanent investment trust funds increased by \$700 million.

Governor Mary Fallin, Chair of the Commissioners of the Land Office board, was pleased to learn of the increased distributions to public education. “Funds for education come from a wide-variety of sources in Oklahoma, and the CLO has consistently helped to increase resources for our students and teachers,” said Fallin. “The \$129 million distributed by the CLO this year will help to improve the quality of our public schools and universities and aid in our goal to boost educational attainment in the state.”

Oregon

Oregon Director Mary Abrams announces her departure

After three years as director of the Oregon Department of State Lands, Mary Abrams will move to an exciting new adventure in Hawaii. She leaves the agency effective October 19 to lead the Pacific Island office for the U.S. Fish and Wildlife Service.



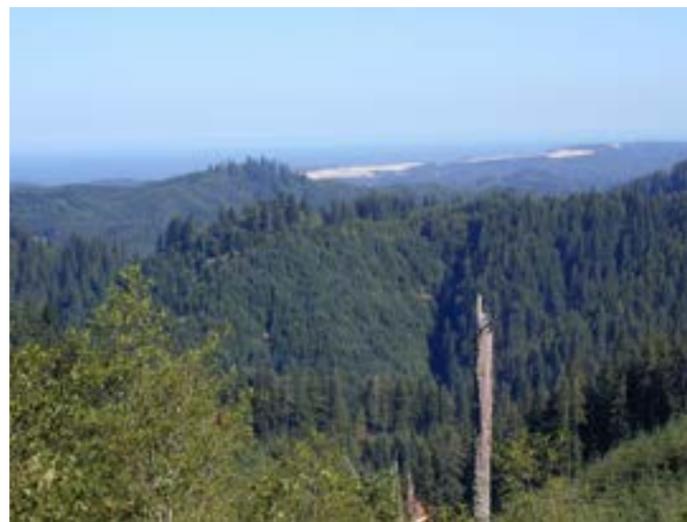
“I am excited about this new opportunity and look forward to taking on a new set of challenges,” Abrams said. “I also will very much miss my colleagues in WSLCA that provided guidance, support and camaraderie over these past three years.”

Highlights of her tenure at the department include:

- Reorganizing the agency to more efficiently group its diverse program areas.
- Launching the effort to find alternative ownership of the Elliott State Forest, a land asset of the Common School Fund that has lost money for the fund because of threatened and endangered species compliance.
- Building stronger relationships with agency partners through personal outreach, collaborative work groups and enhanced customer involvement.

The state land board will work with Oregon’s Department of Administrative Services to conduct a nation-wide recruitment for the director position. All materials will be posted soon on the state employment [website](#).

Oregon seeks new owner for Elliott State Forest



On Aug. 13, Oregon’s State Land Board approved a resolution that directs the Department of State Lands (DSL) to begin implementing a protocol to transfer ownership of the Elliott State Forest out of the Common School Fund. The forest is located in the state’s southwest Coast Range.

In recent years, lawsuits and policies adopted to assure compliance with the federal Endangered Species Act have resulted in the 84,000 acres of school trust lands in the forest creating a net deficit to the fund of about \$5 million. Losses are projected to continue into the future.

“This decision comes after years of hard work and thorough consideration of input from a wide spectrum of interested citizens,” said DSL director Mary Abrams. “We believe the adopted protocol will allow the Land Board to

meet their trustee responsibilities to the schoolchildren of Oregon through a transfer that allows interested parties to balance economic and conservation values,” she said.

DSL has scheduled a “kick-off” meeting on Sept. 17 in Salem to provide information on the next steps and timeline for parties interested in participating in the ownership of Common School lands within the Elliott. To participate by conference phone, contact John Potter, the project manager: 503-569-8979.

More information is on the [DSL website](#).

Utah

Record distributions from Utah’s permanent school fund

Elementary, middle, and high schools throughout Utah will receive \$45.8 million in interest and dividends from the state’s Permanent School Fund this school year.

Individual schools use their School Land Trust funds on projects determined by its School Community Council. This council, which includes parents, teachers, and the principal, identifies and discusses its school’s particular needs and administers the funds accordingly. Last year, School Community Councils statewide made individual determinations of greatest academic need and spent the money in a data driven way to increase student achievement.

According to Tracy Miller, Utah PTA Trust Lands Board Specialist, “Some councils chose to augment teaching staff by allocating funds to hire additional teachers and aides, while others spent funds to purchase computers and other technology. Other schools supported language, tutorial, special needs, music, and other programs.”

Annual distributions from the Permanent School Fund have grown tremendously, from just \$8.3 million in fiscal year 2004 to \$45.8 million this year. This growth is due to the support of state policymakers, investment returns generated by the State Treasurer’s Office and School Trust Fund Board of Trustees, and \$1.1 billion in deposits by the School and Institutional Trust Lands Administration (SITLA).

SITLA manages Utah’s 3.3 million acres of school trust lands for the public education system and generates revenue from a diverse portfolio of oil, gas, mining, real estate development, and other sales, leasing, and permitting activities. Revenue is deposited into the Permanent School Fund, which is invested by a board of financial and investment professionals led by State Treasurer Richard K. Ellis.



“SITLA is proud to support teachers, students, and taxpayers through the public school land endowment,” said SITLA Director Kevin Carter. “We’re excited to see annual contributions grow and fill the gap in education needs not met by taxpayer contributions.” SITLA is entirely self-funded with no taxpayer or general fund support.

In addition to generating \$98.5 million for public schools last year, SITLA earned an additional \$6 million for state hospitals, universities, and teaching colleges.

Member News

If you have news to share in our next newsletter or on the website, please email Nikki Heck (AR) at nheck@cosl.org.

Affiliate Memberships...

WSLCA has adopted an Affiliate Membership program in order to provide public and private entities and individuals who share common interests in the WSLCA's objectives with an opportunity to formally communicate and cooperate with WSLCA members. The program allows Affiliate Members the opportunity to participate in the WSLCA's biannual conferences and to talk directly with other members on issues important to both. Applicants must be a corporation, non-profit entity, or an individual that has been recommended by a member state, approved by the WSLCA Executive Committee and paid at least one year of annual dues. Please see the affiliate page of the WSLCA 'Affiliate Members' web page for more information.

2015 Affiliate Members

Anadarko
 Alta Mesa Holdings, LP
 American Petroleum Institute
 Anschutz
 Apex TITAN, Inc.
 Bank of Oklahoma Financial
 ConocoPhillips
 DMB
 DRZ Investment Advisors
 EOG Resources
 EnergyNet
 First Solar
 Freeport-McMorRan
 Grant Thornton
 Hein & Associates
 Holland & Hart
 ITC
 Land Advisors
 National Mining Association
 RioTinto
 RVKuhns & Associates, Inc.
 Sonoran Institute
 Salt River Project
 Torch Renewable Energy
 Trendwell Energy Corporation
 USEcology
 Vanguard

Affiliate Member Spotlight...



Anadarko is among the world's largest independent oil and natural gas exploration and production companies, with 2.86 BBOE of proved reserves at year-end 2014

They are headquartered in The Woodlands, Texas, with regional offices in Colorado, Utah, Wyoming and Pennsylvania as well as international locations.

Anadarko's mission is to deliver a competitive and sustainable rate of return to shareholders by developing, acquiring and exploring for oil and natural gas resources vital to the world's health and welfare. They value integrity and trust along with people and a great commitment to being good stewards of our environment.

They have been a WSLCA affiliate member since 2014 and we are pleased to work with them. Take a moment to visit their website to learn more, <http://www.anadarko.com>.

Welcome to our newest affiliate member...



www.wslca.org
 Check out our website for information on:
 Member states, affiliate members,
 upcoming conferences and past
 conference materials, adopted resolutions,
 committee contacts and more.



SPRING 2016 - WASHINGTON, D.C.
 February 29 – March 3, 2016
 Phoenix Park Hotel
 1-877-237-2082 or 202-638-6900
www.PhoenixParkHotel.com
 Group Code: 19817



Monday, February 29

1:00 – 5:00 p.m.
 3:30 - 5:00 p.m.

Registration
Executive Committee Meeting

Georgian Room

Tuesday, March 1

7:00 - 10:00 a.m.
 8:00 - 12:00 p.m.

Registration
General Session
 WSLCA President's Welcome Address

Phoenix Park Ballroom

Federal Agency Presentations TBD

TBD Examples Include:

BLM, USFWS, USFS Congressional Members from WSLCA members states, House/Senate Natural Resource Committee Members, etc.

12:15 - 1:45 p.m.

Lunch - Keynote Speaker

Georgian Room

2:00 - 5:00 p.m.

Panel Discussions on Key Initiatives

TBD Examples Include:

ESA Listing Alternatives & State Plans
 Current Legislation/Rule Promulgation, Impacts to States and Solution Discussions

Phoenix Park Ballroom

5:00 p.m.

Dinner on your own

Wednesday, March 2

7:00 – 9:00 a.m.

Breakfast

Participants receive a voucher for the hotel restaurant

Phoenix Park

9:00 a.m. – 4:00 p.m.

Hill Visits

States schedule meetings in advance with their respective delegation members. Lunch on your own.

Capitol Hill

5:00 – 6:00 p.m.

VIP Cocktail Hour – Sponsors & Land Commissioners only

TBD

6:00 – 8:00 p.m.

Closing Dinner

WSLCA members and invited guests

TBD

Thursday, March 3

7:00 – 9:00 a.m.

Breakfast

Georgian Room

Make hotel reservations directly with the hotel prior to Monday, February 1, 2016. Identify yourself as a member of the **Western States Land Commissioners** Group. When booking online enter Group Code **19817** to obtain the group rate of \$249/night plus tax.