

MANAGING THE WEST

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Montana Colorado New Mexico Idaho

Summer 2014

Volume 2 - Issue 3



2014 WSLCA

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Welcome to the Late Summer 2014 issue of *Managing the West*...

This year the Western States Land Commissioners Association celebrates its 65th anniversary. Our recent summer conference in Bismarck, North Dakota provided the perfect forum to educate each other and set our strategic actions for the coming year. We congratulate Lance and all the staff of the North Dakota Department of Trust Lands for delivering a most educational program. Now, more than ever, it is important to leverage our collective knowledge and voice – the voice of responsible land and investment managers who represent over 440 million acres of public and school trust land assets in 23 western states. It is also exciting to see our peer group broaden with the addition of 21 affiliate members who support our beneficiary focus through responsible land development, sound investment advice, and innovative business solutions.

Becoming More Nimble

If you were not able to attend our strategic plan update session in Bismarck, please take a few minutes to look at the first six month's [Accomplishments Report](#) and the [2014-15 Committee Action Plans](#). Your leadership team is working together to deliver educational content and meaningful policy statements in the form of resolutions and letters to share with national leaders. The majority of our members are quite concerned about recent decisions under the Endangered Species Act and the proposed Clean Water Act rules. We are committed to stay informed and to educate ourselves and others through resolutions calling for sound science. Materials from this conference and previous conferences are located on the website and via the following link [Past-Conferences](#). Our committee chairs have a slate of exciting, meaningful activities for the coming year. All committees have plans for interim conference calls and project work. Stay connected via the website or contact a committee chair to ensure you receive their e-mail updates.

I'm also pleased to announce the addition of former WSLCA president, Kathy Opp, as our new part time executive director. Kathy's knowledge of the association, asset management and national issues will be a great support for the work of our volunteer leadership team and our members. One of her first tasks is to connect with members to help understand your needs from the association and to identify value added connections and solutions. She will be working closely with our Education Outreach consultant Allen Freemyer. If you have an urgent issue, both Kathy and Allen's contact information is available at the following link on the association website [wslca/officials-committees](#).

I am excited to lead this fine organization and thank you for allowing me to continue to be a part of reshaping and reenergizing the WSLCA. Please know that my "door" is always open and that I am committed to serving the membership and helping to fulfill our role as *a nationally recognized voice for prudent land management*.

Arkansas Commissioner of State Lands
President, WSLCA

Washington Update...

HR4901- Advancing Conservation and Education Act (ACE)...

In June, Congressman Rob Bishop (R-UT) and Congressman Peter DeFazio (D-OR) introduced HR4901- Advancing Conservation and Education Act of 2014 (ACE). This is a long awaited result of our continued efforts to provide another tool for states to resolve land tenure issues when trust lands are trapped by federal wilderness and conservation designation. It is intended to simplify the current federal land exchange process so that we may increase education funding through our trust lands and continue to be good stewards of public lands. The proposed legislation has bipartisan support in Washington DC and across the West and is moving quickly through the legislative process.

ACE solves an issue that has hampered the ability of state land managers to generate revenue that primarily goes towards K-12 education. When the federal government designates conservation areas, western state trust lands are often trapped within these areas. The entrapment creates problems for both federal and state land managers. ACE streamlines the process for states to relinquish entrapped lands and the selection of lands in exchange.

On July 29th our own vice president and Arizona Land Commissioner, Vanessa Hickman, along with Mary Abrams, Director of the Oregon Department of Lands traveled to Washington DC to testify before the Subcommittee on Public Lands and Environmental Regulation on behalf of the bill. Joining them in support of HR4901 was Paul Spitler, Director of Wilderness Campaigns for the Wilderness Society, James Ogsbury, Executive Director of the Western Governors' Association.

In his opening statement at the hearing, Rep. DeFazio (D-OR) said, "The idea that we can benefit both economic development, economic activity, funds for counties and schools, and that we can benefit conservation efforts in one piece of legislation is extraordinary."

Referring to the prolonged amount of time recent land exchanges have taken, Rep. Bishop (R-UT) said, "Something is not working here and there has to be a change."

Getting to this point has taken several years of focus, but WSLCA has worked with Members of Congress to craft this bill that according to Commissioner Hickman "will be an effective tool to allow states to efficiently

remove their lands from inside federal conservation areas and relocate these values to locations that are more appropriate to fulfill our trust obligations." Commissioner Hickman described the prudent management of Western lands and touted the impressive revenue numbers that are generated for public schools. She also pointed out the inefficiency of the current exchange process and that it has traditionally been a low priority item for the Department of Interior. Additionally, "our proposal will enhance federal conservation goals and management areas by eliminating the state-owned inholdings and providing for consolidated land management."

Director Abrams stressed to the committee that ACE is a win-win for both the federal government and Western states. She used the real-life effects on our trust land monies by describing Oregon's Common School Fund. She put it into perspective by informing them that their average annual distribution of \$50 million supports approximately 48 full time teachers in the larger Oregon school districts and 3 in the smaller communities. If passed, the bill could affect the management of almost 10,000 acres in Oregon, worth \$8-10 million, equaling greater revenue for the schoolchildren and proving that "money matters."

The Western Governors' Association has also shown support calling the current process burdensome and preventative of sensible and mutually beneficial exchanges. The Wilderness Society calls it a "win-win" for preservation of natural resources and as a new resource for school funding.

WSLCA education outreach consultant, Allen Freemyer, explains the next step will be to engage with the Department of Interior to address their concerns with the legislation without weakening its effectiveness. This fall we must also include working with Committee staff to address any concerns of House Members.

On the Senate side, we are working on a bipartisan basis to secure a principal sponsor and cosponsor for introduction in the Senate. And even though Congress will likely adjourn late in September for the elections, we have much work to accomplish prior to the beginning of the next Congress. We urge our members to reach out to their Congressional Delegations and urge their support and cosponsorship.

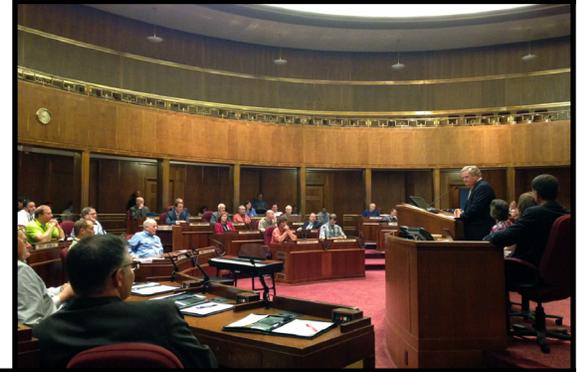
Summer 2014 WSLCA Conference Wrap-up Bismarck, ND

WSLCA members recently wrapped up their summer conference after spending four days learning about energy, clean water and endangered species issues. We were updated by the executive committee on the great strides being made through our strategic planning process and listened to the future plans and goals of the organization. We were greeted by North Dakota Governor Jack Dalrymple and spent time getting to know our newest affiliate members. CLASS joined us as well and we appreciate being able to share our work and collaborate with them.

Each of the committees met to discuss their pertinent topics and to continue work on their strategic action plans. The action plans may also be found on our website.

Finally on Wednesday the group was taken on an energy tour throughout western North Dakota- touring a lignite mine and oil well drilling site, lunching at a man camp and seeing the positive effects that energy development is having on the economy of Dickinson, ND.

The meeting was a success as we walked away with three vital resolutions concerning the - Endangered Species Act and Clean Water Act. Each of these, as well as past resolutions, can be found on the WSLCA website. We also had a changing of the guard with the selection of a new executive committee. They are as follows: John Thurston (AR) president, Vanessa Hickman (AZ) vice president, Lisa Schneider (UT) secretary, Keith Kuhlman (OK) treasurer and Bill Warnick (TX) general counsel. The group also added its first WSLCA staff member by selecting past president Kathy Opp as the new Executive Director. The executive team is looking forward to the challenges of the upcoming year and are already at work to bring our goals to fruition.



Lingering Concern About GASB interpretation of Investments and State Trust Land Accounting

For the past several years representatives from WSLCA have actively engaged in dialog with the Governmental Accounting Standards Board (GASB) regarding new reporting standards being considered by the new proposed Fair Value Measurement Statement (Project No. 26-5E). Initially, it seemed WSLCA successfully secured ongoing treatment of statehood granted trust lands in Governmental Fund types at historical cost, typically \$1 dollar or a low value due to their perpetual nature. We believe such real estate and attendant mineral rights should not be considered “investments” under the new contemplated standard. On May 5, 2014, GASB released the Fair Value Measurement and Application Exposure Draft. No consideration is given to assets held in a Governmental Fund. Most problematic is a specific example of accounting for mineral rights held in trust, shown below.

5. A state owns royalty interests in certain oil and gas properties. It holds these interests in order to generate income for providing funding to schools within the state. It does not own the tangible land associated with the oil and gas rights. There is no governmental program or service associated with the ownership of the interests. Because the primary purpose of holding the royalty interests is for the purpose of income, and the service capacity is based solely on the ability to generate cash, these assets would meet the definition of an investment.
6. A state owns land and timber resources in an undeveloped part of the state. The state holds the resources in order to preserve the natural environment. The state occasionally enters into contracts for a company to cut and sell the timber, for which the state receives a fee. Because the land and timber resources are held primarily for preservation and not for the purpose of income or profit, they would not meet the definition of an investment.

A team of WSLCA member states held a conference call with GASB representatives during the recent Summer conference in Bismarck. It is clear there remains confusion on the part of GASB research staff regarding the inability of any entity to easily and reliably value mineral royalty in the ground. GASB erroneously believes royalty income streams, not just the lease value, can be reliably predicted and valued like a bond coupon or annuity without significant cost to the trust beneficiaries. **Therefore, several WSLCA members are formulating questions and comments to submit to GASB by the August 15, 2014 comment period deadline.** Individually, states are encouraged to connect with their State Controller or Treasurer, whom ever is responsible for the preparation of the Comprehensive Annual Financial Report (CAFR) in your state to make sure financial statement preparers are fully aware of these proposed new reporting standards.

US Forest Service extends comment period for proposed groundwater directives...

The groundwater comment period has been extended until September 3, 2014. The Forest Service is proposing an amendment to its internal directives for Watershed and Air Management to establish direction for management of groundwater resources on National Forest System (NFS) lands as a component of watershed management.

The proposed amendment will:

1. Provide for consideration of groundwater resources in agency activities.
2. Encourage source water protection and water conservation.

3. Establish procedures for reviewing new proposals for groundwater withdrawals on NFS land.
4. Require the evaluation of potential impacts from groundwater withdrawals on NFS natural resources.
5. Provide for measurement and reporting to help build our understanding of groundwater resources on NFS land.

To review the directive and facts related to groundwater resources, please visit the [FS website](#), if you have comments on the directive please submit them to [Kathy Opp](#), WSLCA Executive Director. We are compiling comments and will be submitting a letter on behalf of WSLCA ahead of the deadline. Please send your comments by **August 29, 2014**.

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 offers 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.

Affiliate Membership Objectives

- ✦ Enhance and extend WSLCA: our educational missions, institutional impacts, influence and positive public image
- ✦ Develop or strengthen relationships with organizations that complement our mission
- ✦ Share intellectual and social capital

Desired Outcomes

- ✦ Expand diversity of WSLCA members and audiences
- ✦ Enhance distribution of WSLCA outputs to new, relevant markets
- ✦ Augment opportunities to develop, share & evaluate information regarding land, water and other resource management policies and practices
- ✦ Help member states maximize the earnings and preserve the assets of educational trusts

Benefits

- ✦ Speaking opportunities at WSLCA conference
- ✦ Conference displays and recognition
- ✦ Membership recognition and links on the WSLCA website
- ✦ Dialog opportunities with other professionals on issues affecting us

Application

Those interested in establishing an affiliate relationship are encouraged to contact your state land commissioner, state land director or a member of the WSLCA executive committee. You can find a link to each state's website at www.wslca.org.

We continue to add affiliate members to our group and many have attended a conference already. We are pleased to have them join us and look forward to getting to know their business and learn how we can all work together to achieve our goals.

Welcome to our newest members!



2014 Affiliate Members

Anadarko
Alta Mesa Holdings, LP
American Petroleum Institute
Bank of Oklahoma Financial
EnergyNet
Freeport-McMorRan
Hein & Associates
National Mining Association
RioTinto
RVKuhns & Associates, Inc.
Sonoran Institute
Salt River Project
Trendwell Energy Corporation

Western States Land Commissioners Association

Winter Conference January 4-8, 2015 * Phoenix, Arizona



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- * Development, Mitigation & Conservation
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- * Acclaimed Speakers Invited to Attend



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WINTER CONFERENCE 2015
PHOENIX, ARIZONA



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AGENDA
As of July 22, 2014



Sunday, January 4, 2015

1:00 pm - 4:00 pm	Registration
3:00 pm - 5:00 pm	Executive Committee
5:30 pm - 6:30 pm	Cocktails / Lawn
6:30 pm - 8:30 pm	Reception (Pool Area)
8:00 pm - 11:00 pm	Hospitality

Monday, January 5, 2015

7:00 am - 8:30 am	Breakfast
8:30 am - 9:00 am	Welcome – Introductions Vanessa Hickman, Commissioner Arizona State Land Department
9:00 am - 11:15 am	Roll Call
<i>[10:30 am - 10:50 am - BREAK]</i>	
11:15 am - 11:45 am	Allen Freemyer
12:00 am - 1:15 pm	Lunch
1:30 pm - 3:00 pm	Laying the Groundwork for Coordination between State and Federal Partners: Understanding how Federal Law Can Work for You
<i>[3:00 pm - 3:20 pm - BREAK]</i>	
3:30 pm - 5:00 pm	Tools for Development: Mitigation and Conservation Banking
5:30 pm - 7:30 pm	Dinner
7:00 pm - 11:00 pm	Hospitality

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Tuesday, January 6, 2015

7:00 am - 8:30 am	Breakfast
8:30 am - 10:00 am	Committee Meetings
[10:00 am - 10:20 am - BREAK]	
10:20 am - 11:50 am	Committee Meetings
12:00 pm - 1:15 pm	Lunch
1:30 pm - 5:00 pm	Field Trip
6:00 pm →	Dinner on your own
6:00 pm - 11:00 pm	Hospitality

Wednesday, January 7, 2015

7:30 am - 9:00 am	Breakfast
9:00 am - 11:50 am	The Process: Regulatory Changes, Coordination, and ESA Impacts <ul style="list-style-type: none">○ What do you think developers need from government to streamline the permitting process?○ How can states minimize ESA listing impacts through science and collaborative planning?○ What statutory or regulatory changes are needed to increase efficiencies in the permitting process?○ Describe an internal process for coordination to aid in asserting the state's interest at the federal level.
[10:00 am - 10:20 am - BREAK]	
12:00 pm - 1:15 pm	Lunch
1:30 pm - 3:00 pm	Legal Issues <ul style="list-style-type: none">○ Using litigation for a purpose○ 404 permitting: State assumptions○ Navigability
3:30 pm - 5:00 pm	Business Meeting
5:30 pm - 7:00 pm	Dinner
7:00 pm - 11:00 pm	Hospitality

Thursday, January 8, 2015

7:00 am - 8:30 am	Breakfast
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