

**MINUTES**  
**REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS**  
**May, 18, 2015 at 9:00 a.m.**  
**Capitol Building**  
**Helena, MT**

**Please note:** *The Land Board has adopted the audio recording of its meetings as the official record, as allowed by [2-3-212, MCA](#). These minutes provide an abbreviated summary of the Land Board discussion, public testimony, action taken, and other activities. The time designations listed are approximate and may be used to locate the referenced discussion on the audio recording of this meeting. Access to an electronic copy of these minutes and the audio recording is provided from the Land Board webpage at <http://dnrc.mt.gov/LandBoard>. The written minutes summary, along with the audio recordings, is listed by meeting date on the Land Board Archive webpage.*

**Members Present**

Governor Steve Bullock  
Attorney General Tim Fox  
Commissioner of Securities and Insurance Monica Lindeen  
Secretary of State Linda McCulloch (via telephone)

**Members Absent**

Superintendent of Public Instruction Denise Juneau

**Testifying Staff**

John Tubbs, DNRC Director  
Shawn Thomas, DNRC Trust Land Management Division (TLMD) Administrator  
Kevin Chappell, DNRC TLMD Agricultural and Grazing Bureau Chief  
John Grimm, DNRC TLMD Real Estate Management Bureau Chief

**Attachments**

Related Materials, Attachment 1 – Sign-in sheet  
Related Materials, Attachment 2 – submitted by Robert Bailey (515-2A)  
Related Materials, Attachment 3 – submitted by Randy Knowles

**Call to Order**

00:00:00 Governor Bullock called the meeting to order.  
00:00:36 Ms. Juneau moved to approve the April 21, 2015, minutes. The motion was seconded by Mr. Fox and carried unanimously.

**Business Considered**

**515-1 Timber Sales**  
**A. Clear East**  
**B. Good Time**  
**C. St. Mary's Lodge**

00:01:01 Mr. Tubbs gave an overview of items 515-1A through 515-1C.  
00:04:26 Mr. Fox moved to approve items 515-1A through 515-1C. The motion was seconded by Ms. McCulloch.

**Board Discussion/Comments**

00:04:42 Mr. Fox  
00:05:09 Mr. Thomas

00:06:06 Mr. Fox  
00:06:13 Mr. Thomas  
00:06:45 Mr. Tubbs  
00:06:54 Mr. Thomas  
00:07:30 Governor Bullock

00:08:06 The motion to approve items 515-1A through 515-1C carried unanimously.

## **515-2 Agriculture and Grazing Leases: Competitive Bid Hearings**

### **A. Lease No. 8015 & 10717 – Robert, Linda and Casey Bailey (Lessee)/Ken Ritland (Bidder)**

00:09:05 Mr. Tubbs gave an overview of the item.  
00:16:21 Governor Bullock  
00:16:41 Robert Bailey  
00:17:10 Mr. Tubbs  
00:17:37 Robert Bailey  
00:20:27 Casey Bailey  
00:22:43 Governor Bullock  
00:22:50 Kristen Bailey  
00:24:04 Governor Bullock  
00:24:14 Linda Bailey  
00:24:46 Governor Bullock  
00:24:52 Randy Knowles  
00:25:36 Governor Bullock  
00:25:49 Ms. Lindeen moved to approve item 515-2A. The motion was seconded by Mr. Fox.

### **Board Discussion/Comments**

00:25:54 Ms. Lindeen  
00:26:23 Robert Bailey  
00:26:37 Ms. Lindeen  
00:26:43 Mr. Fox  
00:26:58 Mr. Tubbs  
00:27:14 Mr. Fox  
00:27:22 Mr. Tubbs  
00:27:38 Mr. Fox  
00:27:40 Mr. Tubbs  
00:27:45 Governor Bullock  
00:28:10 Mr. Tubbs  
00:28:28 Mr. Bullock  
00:28:57 Mr. Tubbs  
00:29:07 Mr. Chappell  
00:31:20 Governor Bullock  
00:31:30 Mr. Chappell  
00:31:48 Governor Bullock  
00:31:52 Mr. Chappell  
00:31:58 Governor Bullock  
00:32:00 Mr. Chappell

00:32:04 Governor Bullock  
00:32:25 Mr. Chappell  
00:32:42 Governor Bullock  
00:32:53 Mr. Chappell  
00:33:02 Mr. Tubbs  
00:33:29 Governor Bullock  
00:33:37 Ms. Lindeen  
00:33:54 Kristen Bailey  
00:35:50 Governor Bullock  
00:35:53 Ms. Lindeen  
00:36:31 Mr. Fox  
00:37:05 Kristen Bailey  
00:38:10 Mr. Fox  
00:39:30 Mr. Tubbs  
00:41:26 Mr. Chappell  
00:42:42 Governor Bullock  
00:43:20 Mr. Chappell  
00:43:50 Governor Bullock  
00:44:04 Ms. Lindeen  
00:44:14 Casey Bailey  
00:45:20 Mr. Tubbs  
00:45:40 Casey Bailey  
00:45:47 Mr. Tubbs  
00:45:57 Casey Bailey  
00:46:03 Mr. Tubbs  
00:46:10 Casey Bailey  
00:47:12 Ms. Lindeen  
00:47:46 Casey Bailey  
00:48:04 Ms. Lindeen  
00:48:09 Governor Bullock  
00:49:31 Ms. Lindeen  
00:50:09 Mr. Chappell  
00:51:09 Ms. Lindeen  
00:51:13 Mr. Tubbs

00:51:18 Ms. Lindeen made an amended motion that Robert, Linda, and Casey Bailey be retained as the lessees of lease Nos. 8015 and 10717 with the following requirements: the grazing portions of the leases will be set at a rate of \$23.00/AUM; the agricultural portions of the leases will be set at a crop share rate of 29.6%; and the DNRC lease stipulations will require the Baileys seek DNRC approval prior to adoption and implementation of their land management plan. The amended motion was seconded by Mr. Fox.

Board Discussion/Comments

00:51:33 Mr. Chappell  
00:52:11 Mr. Fox  
00:52:23 Mr. Chappell

00:52:47 Ms. Lindeen  
00:52:54 Governor Bullock

00:55:05 The amended motion to approve item 515-2A passed 3-1 (Governor Bullock dissenting).

**B. Lease No. 9475 – Tom Heintz (Lessee)/Tim Sheehy (Bidder)**

00:55:43 Mr. Tubbs gave an overview of the item.

**Board Discussion/Comments**

00:58:13 Governor Bullock  
00:58:20 Randy Knowles  
01:01:16 Governor Bullock

01:01:23 Mr. Fox made a motion to approve item 515-2B. The motion was seconded by Ms. Lindeen and passed unanimously.

**515-3 Land Banking Parcels: Final Approval for Sale**

**A. Carter County**

**B. Garfield County**

**C. McCone County**

**D. Powder River County**

01:01:55 Mr. Tubbs gave an overview of items 515-3A through 515-3D.  
01:04:19 Governor Bullock  
01:04:25 Mr. Knowles  
01:04:53 Governor Bullock  
01:04:58 Ms. McCulloch moved to approve items 515-3A through 515-3D. The motion was seconded by Mr. Fox.

**Board Discussion/Comments**

01:05:08 Mr. Fox  
01:05:16 Mr. Tubbs  
01:05:22 Mr. Bullock

01:05:27 The motion to approve items 515-3 carried unanimously.

**515-4 Easements**

01:05:35 Mr. Tubbs gave an overview of the item.  
01:07:17 Governor Bullock  
01:07:24 Ms. Lindeen made a motion to approve item 515-4. The motion was seconded by Mr. Fox and carried unanimously.

**515-5 Indemnity Selections: Valuation of Base Lands**

01:07:44 Mr. Tubbs gave an overview of the item.  
01:10:01 Governor Bullock

01:10:08 Mr. Fox made a motion to approve item 515-5. The motion was seconded by Ms. Lindeen.

Board Discussion/Comments

01:14:36 Ms. Lindeen

01:14:51 Mr. Grimm

01:15:26 Governor Bullock

01:16:06 The motion to approve item 515-5 carried unanimously.

General Public Comment

None

Adjournment

01:16:30 Adjournment

PRESIDENT

ATTEST

/s/ Steve Bullock  
Steve Bullock, Governor

/s/ John E. Tubbs  
John E. Tubbs, DNRC Director





Sec 34

5/17/2015

2015 COMPETITIVE BID HEARINGS

Hearing Time: Friday, April 24, 2014 @ 3:00 p.m.

Lease No.: 9475

County: Gallatin

Lessee: Thomas Heintz

Tracts:

T1S R4E S16: W $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$  – 120 Ac. - Common School Grant

Grazing Acres: 82

AUM Rating: 19

Ag (Hay) Acres: 0

High Bidder: Tim Sheehy

High Bid: \$263.16 per AUM

Other Bids: None

Previous Rental: \$30.00 per AUM

Prevalent Community Rental Information:

State Land Gallatin County Bid Averages: \$18.12/AUM

MT Ag Statistics 2014 Statewide Private Grazing Rate: \$23.00/AUM

Findings:

This tract of state grazing land is located on the west bank of the Gallatin River approximately 2.5 miles southwest of Belgrade, Montana. The tract is located upon the west fork of the Gallatin River. Mr. Heintz owns adjacent private land on the northern boundary of this state land has thus possesses direct legal access to it. The majority of this tract is covered with underbrush and Cottonwood trees and is rated at approximately four acres per animal unit month. The remaining grazing pasture is sub-irrigated and enjoys substantial water for livestock flowing through the pastures. The tract has been cross-fenced by the lessee. Although there is no established public access road to this tract, it receives significant public use by anglers on the Gallatin River and by residents of adjoining subdivisions. Because of its proximity to a large population center, the tract is subject to adverse public-use impacts. For example, the lessee has experienced cut fences, dumping of debris and litter, and the spread of noxious weeds. A broad-head arrow left on the property by bow hunters had injured one of the lessee's mules. Another horse was shot on this tract. Despite these burdens, the lessee has exercised exceptional stewardship and intensive management of this tract. He has spent considerable time and effort to constantly clean up garbage, maintain fences, and spray weeds. On an adjacent levee, he has spread composted manure to build up a soil base so that grass species could be established to combat the spotted knapweed infestation. He has personally hauled a dozen old car bodies from the bank of the river. The lessee submitted copies of correspondence documenting his impressive efforts to control weeds. The lessee has followed an annual program of weed spraying with Tordon. The lessee's management efforts have preserved the productivity of this tract and additionally, provided habitat for a host of wildlife.

*FWP  
is not game only*

*How does  
he know*

*goats or sheep*

515-2

species. Mr. Heintz possesses substantial skill and experience in managing livestock and grazing pastures.

Mr. Heintz asserted that the high bid of \$263.16/AUM was not an economically-viable rate, and presented no evidence of anyone in the community who was paying such a rental rate.

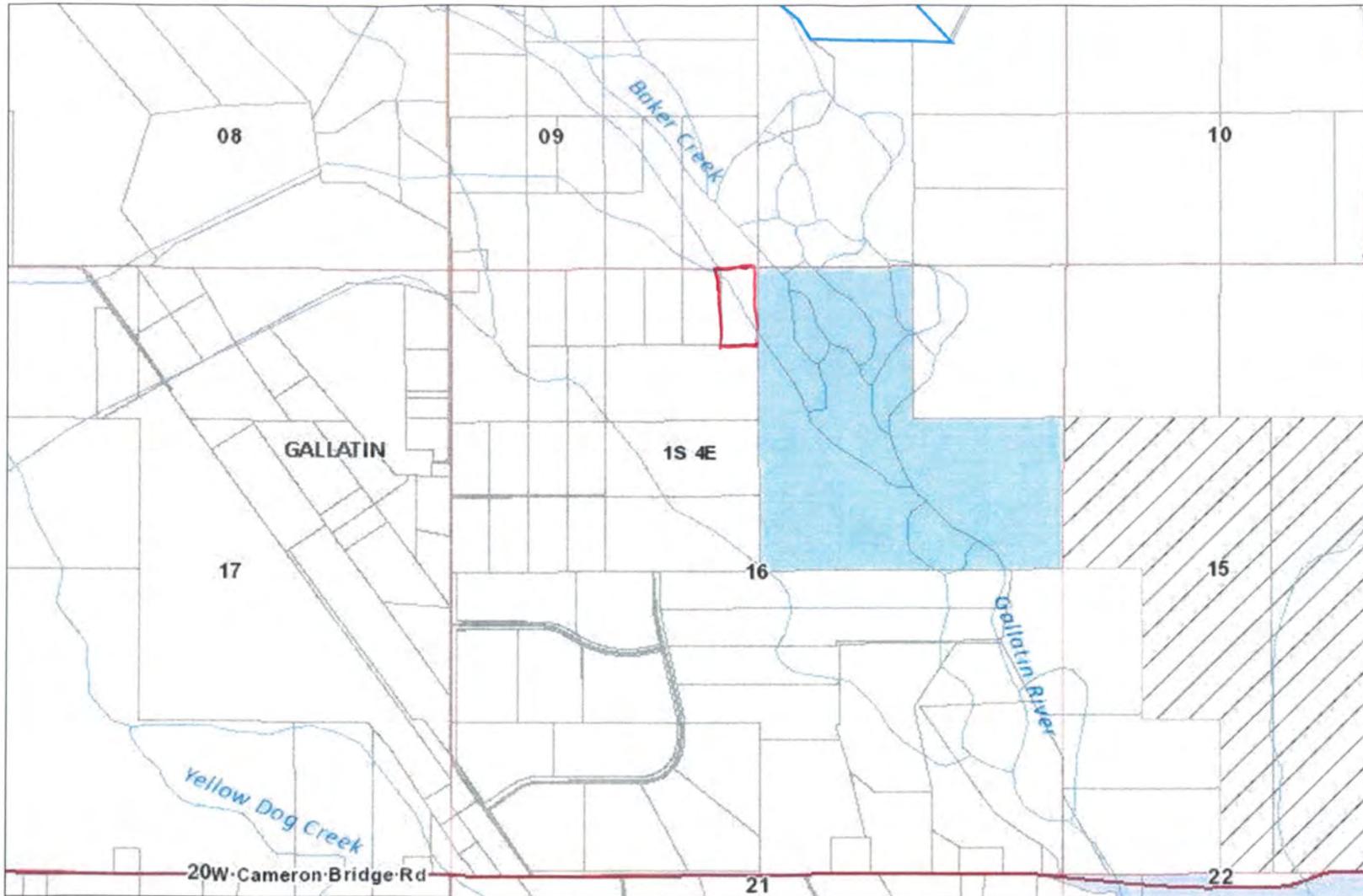
Mr. Sheehy, the high bidder, owns a 20-acre parcel of adjacent land on the western boundary of the state land, and thus has direct legal access to it. Mr. Sheehy has three head of horses that he cannot place on his private land due to covenants against livestock use. Thus, he placed a bid on this state grazing lease as it would be convenient to have his horses closer to his residence. His high bid was simply based upon what he was willing to pay, not whether it represented a rate recognized by a prevailing community standard. He currently experiences incursions of Hound's Tongue weeds on his private land and has dealt with this by hand-pulling them. He envisioned suppressing weeds on the state tract by backpack spraying of herbicide.

**Recommendation:**

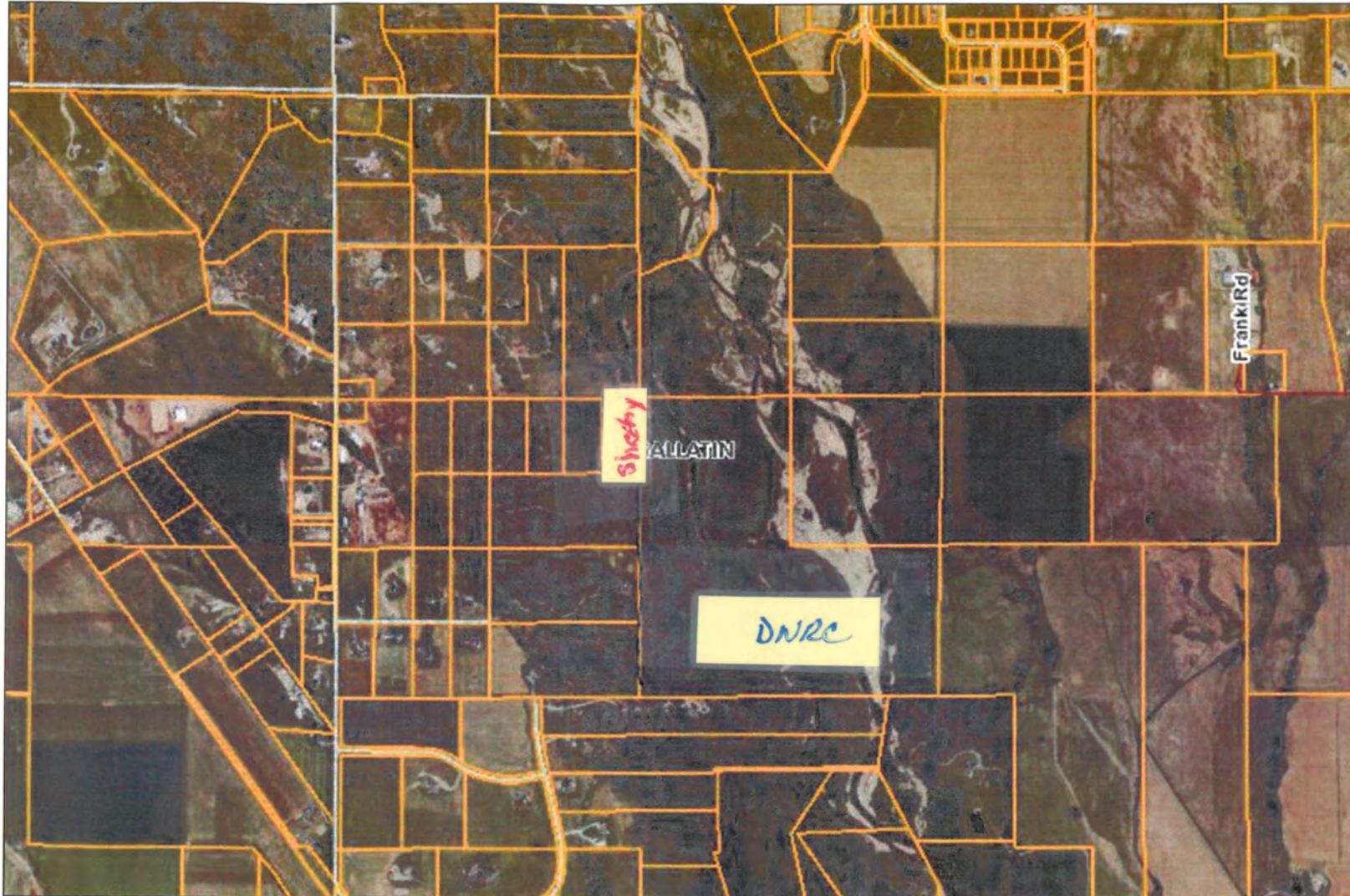
The director recommends that the Board issue the next ten-year term of lease No. 9475 to Tom Heintz, and that the Board set the annual grazing rental for this lease at the rate of \$36.00/AUM. Mr. Heintz is the best-qualified lessee as evidenced by his exemplary past management of this tract, despite the profound challenges posed by the heavy public use of these lands. The rate of \$36.00/AUM is the prevailing community standard and provides full market value for the grazing forage present on this tract.

**Related Materials  
Attachment 2**

515-2  
# 9475



□ sheehy



□ Sheehy