

These abbreviated summary minutes and the audio recording will become the official adopted minutes at the next Land Board meeting when the board votes to officially approve them. Until then they are considered a draft.

MINUTES
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Tuesday, January 22, 2019 at 9:00 am
Supreme Court Chambers, Mazurek Justice 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, are listed by meeting date on the Land Board Archive webpage.*

Members Present

Governor Steve Bullock
Attorney General Tim Fox
Commissioner of Securities and Insurance Matthew Rosendale
Secretary of State Corey Stapleton
Superintendent of Public Instruction Elsie Arntzen

Members Absent

None

Testifying Staff

John Tubbs, DNRC Director
Dan Rogers, DNRC Forestry Bureau Chief

Attachments

Related Materials, Attachment 1 – sign-in sheet
Related Materials, Attachment 2 – RY Timber, INC
Related Materials, Attachment 3 – Montana Logging Association, Headwaters Representative
Related Materials, Attachment 4 – Sun Mountain Lumber
Related Materials, Attachment 5 – F.H. Stoltze Land & Lumber Company

Call to Order

00:00:04 Governor Bullock called the meeting to order.
00:00:14 Attorney General Fox moved to approve the December 17, 2018, minutes. The motion was seconded by Commissioner Rosendale and carried unanimously.

Business Considered

0119-1A Timber Sales
A. Ferndale Timber Sale

00:00:34 Mr. Tubbs gave an overview of the item.

Public Comment

00:01:18 Julie Altemus, Montana Wood Products Association

00:01:45 Attorney General Fox moved to approve item 0119-1A. The motion was seconded by Superintendent Arntzen and carried unanimously.

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0119-1B Timber Sales
B. Limestone West Timber Sale

00:02:07 Mr. Tubbs gave an overview of the item.
00:02:50 Mr. Rogers gave a presentation of the item.

Public Comment

00:18:10 Ed Regan, RY Timber INC
00:21:22 Mark Lambrecht, Rocky Mountain Elk Foundation
00:22:14 Jason Todhunter, Montana Logging Association
00:24:57 Nick Jose, Sun Mountain Lumber, Resource Manager
00:27:48 Brett Collins, Montana Logging Association and Small Business Owner
00:28:27 Willy Peck, Idaho Forest Group
00:31:18 Rick Franke, Roseburg Forest Products
00:34:45 Bryan Lorengo, Montana Logging Association
00:36:49 Paul McKenzie, F.H. Stolze Land & Lumber Company, Lands and Resource Manager

00:38:47 Commissioner Rosendale moved to approve item 0119-1B. The motion was seconded by Attorney General Fox.

Board Discussion/Comments

00:39:06 Governor Bullock
00:39:22 Mr. Tubbs
00:42:37 Governor Bullock
00:42:41 Attorney General Fox
00:48:32 Governor Bullock
00:48:39 Secretary Stapleton
00:49:09 Mr. Rogers
00:50:20 Secretary Stapleton
00:50:22 Attorney General Fox
00:50:40 Mr. Rogers
00:51:36 Attorney General Fox
00:51:37 Governor Bullock
00:51:37 Attorney General Fox
00:51:44 Mr. Tubbs
00:52:37 Governor Bullock
00:52:40 Mr. Tubbs
00:52:43 Governor Bullock
00:52:47 Secretary Stapleton
00:52:48 Governor Bullock
00:52:48 Secretary Stapleton
00:53:06 Mr. Tubbs
00:53:42 Secretary Stapleton
00:54:15 Mr. Tubbs
00:55:43 Governor Bullock
00:55:46 Mr. Tubbs
00:55:47 Governor Bullock
00:56:05 Mr. Tubbs
00:56:14 Attorney General Fox
00:56:29 Governor Bullock
00:56:31 Secretary Stapleton
00:56:37 Commissioner Rosendale

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00:57:06 Mr. Tubbs
00:57:52 Governor Bullock
00:57:53 Superintendent Arntzen
00:58:16 Mr. Rogers
00:58:22 Mr. Tubbs
00:59:47 Superintendent Arntzen
00:59:59 Mr. Tubbs
01:00:10 Attorney General Fox
01:00:35 Mr. Tubbs
01:00:37 Governor Bullock

01:00:44 The motion to approve item 0119-1B carried unanimously.

0119-2 Cabin Site Sales: Set Minimum Bid for Sale

A. Cabin Sale 925

B. Cabin Sale 937

01:01:06 Mr. Tubbs gave an overview of the item.
01:02:02 Secretary Stapleton moved to approve item 0119-2A & B. The motion was seconded by Commissioner Rosendale and carried unanimously.

0119-3 Easements

01:02:30 Mr. Tubbs gave an overview of the item.
01:02:59 Commissioner Rosendale moved to approve item 0119-3. The motion was seconded by Attorney General Fox.

Board Discussion/Comments

01:03:24 Attorney General Fox

01:03:45 The motion to approve item 0119-3 carried unanimously.

General Public Comment

None

Adjournment

01:04:15 Adjournment

PRESIDENT

ATTEST

/s/ Steve Bullock
Steve Bullock, Governor

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



RY TIMBER, INC.

Corporate & Sales Office:

85 Mill Road, PO Box 220, Townsend, MT 59644, Phone (406)266-3111, Fax (406) 266-3115

Manufacturing Site:

5284 Hwy. 89 S, PO Box 990, Livingston, MT 59047, Phone (406)222-3360, Fax (406) 222-0580

**Limestone West
Land Board Testimony
1/22/19**

Governor Bullock, members of the Land Board, my name is Ed Regan (spelling). I represent RY Timber, its 200 employees and the many independent logging contractors working for us. RY sawmills in Livingston and Townsend represent a significant portion of those local economies. At full production the mills add around \$50 million dollars a year into these rural counties.

We ask the board to approve the original Alternative A which treats the most acres and will provide more timber than any of the other alternatives. Additionally, for the record, our company is steadfastly opposed to the issuance of a conservation license.

As many of you already know, timber supply is the most critical issue that companies like ours have to deal with. Historically, our timber supply has originated from a mix of private, state and federal lands. Unfortunately, the timber available from private lands today is not enough to maintain the industry. A steady supply of logs harvested from the State Trust lands and National Forests is necessary for our survival.

Based on sound science, State Trust Lands have continually provided a steady and definite volume of logs into the market place. So far frivolous lawsuits have not been an issue on State Lands. However, we fear that a decision to offer a multi-year conservation license on Limestone will have a profound effect on all future DNRC timber sales. Such a precedent would likely invite every cash rich NGO in the nation to come into Montana and start obstructing the state's ability to manage the land and deal with forest health. Montana's federal lands are already being managed from the courthouse, do we really want this type of obstruction to

take hold on state lands? Without enough timber to run the sawmills companies such as ours would have to shut down. The loss of sawmilling infrastructure in Montana will not only decrease the future value of Trust lands, but would make the management of these lands next to impossible.

The Limestone West project area is already infested with both MPB & Spruce Bud Worm. The fire hazard is high. This timber is ready to be harvested and the dangerous fuel loading should be reduced as quickly as possible. Deferring the forestry treatments is a crap shoot. If during the life of the proposed conservation easement fire does pay a visit to Limestone, I'll predict that the cost of suppression and property damage will land squarely on the shoulders of Montana taxpayers and Trust Beneficiaries. To protect the long term value of Trust lands and help maintain Montana's Timber infrastructure we ask that you vote **NO** for the Easement and **Yes** on the timber sale. Thank you for the opportunity to comment.

Ed Regan
Resource Manager



1/22/2019

Limestone West Timber Sale

These comments are for the Limestone timber sale east of Bozeman. The Montana Logging Association and our 500+ members would like to go on record in support the timber sale portion of modified alternative A as it returns the most revenue to the Trust and also provides the most work for our members and the local sawmill infrastructure. This local timber industry infrastructure is dependent on the keeping the Montana DNRC's timber program active and healthy. The annual cut for the DNRC although spread throughout the state provides stability for our timber industry.

In our opinion the DNRC has gone above and beyond in trying to educate and work with those in opposition to this timber sale. They have excluded the Triple Tree Basin where the main hiking trail is located. This alone reduced the sale by 1.2 million board feet (MMBF). They have held multiple public meetings on this sale, and have reduced and modified the sale amount from the originally scoped volume of over 6 MMBF to this final proposal of 3.29 MMBF. With this sale area being in the wildland urban interface I would argue that fuel management is very important, and this sale needs to move ahead.

Now more than ever folks, myself included, recreate on DNRC's School Trust Lands. If the DNRC was to stop management on all ground that has wildlife, is in someone's viewshed, or folks hunt or hike there where would the management occur? Trust lands have always been multiple use but this could set a dangerous example to future management if this project is not moved forward.

We are also strongly opposed to the no action alternative or the the issuance of a conservation license in leu of a timber sale; because this option leaves the taxpayers on the hook for more fire liability, returns the least to the trust beneficiaries and causes the Montana DNRC to lose infrastructure. With the conservation license, the DNRC would get the stumpage price but would lose a 150,000+/- dollar road package. These roads would provide access to the land for future timber sales, fire fighting and recreation. Also, with a no alternative or the issuance of a conservation license, the DNRC would lose the value of dead trees that are currently on the sale. Currently 18% dead this stand will no doubt suffer more mortality in the future, and if it is delayed even 10 years due to a conservation permit how much more will be dead? Also, what is currently dead will most likely be non-salvageable.

The Montana DNRC's timber sale program is in my opinion one of the best in the nation and this is reflected in the BMP scores that they achieve year after year. I also believe that Montana has the best loggers in the nation and together we can get this project done and show the public what good management is. It is for all of these reasons we again issue our support for the Limestone West Timber Sale.

Thanks for your time and attention!

Jason Todhunter

Montana Logging Association Headwaters Representative



January 22, 2019

Montana Board of Land Commissioners

Limestone West Timber Sale

Thank you for the opportunity to speak. My name is Nick Jose and I am the Resource Manager for Sun Mountain Lumber located in Deer Lodge. We currently have 165 mill employees, 45 people on the company logging crews and additionally work with many independent logging companies. Our annual volume requirement for the mill is between 45 million and 48 million board feet.

Sun Mountain supports Alternative A. Active forest management meets the project objectives and addresses current stand conditions for insect and disease as well as capturing the value of dead and dying lodgepole pine. A timber sale will generate the greatest amount of economic activity in terms of revenue for the trust, job creation and taxes. The remaining Montana sawmills value the dependable timber volume sold by the State of Montana.

An important outcome of a timber sale is the reduction of fuels which will moderate the intensity of a wildfire. Harvesting increases crown spacing which improves the probability of limiting wildfire activity to a ground fire. Forest management will decrease flame length helping with suppression efforts and create defensible space in the Wildland Urban Interface. These actions will increase the safety of crews sent to fight a wildfire and for the general public.

Alternative A is the best option to meet the project objective of expanding the transportation system to provide access for future management, administration, recreation and fire suppression. Roads are an important part of State infrastructure and timber value cannot be recovered without access for appraisals, harvesting and delivery to a manufacturer. The Conservation License does nothing to meet this objective and creates an unfair process because road construction costs do not have to be considered by those bidding on the License. Currently, Trust revenues are used to maintain roads and acquire access demonstrating the value of a developed transportation system.

DNRC proposed the Limestone West project for good reasons. The acres identified require management due to the existing conditions reducing timber value, increasing fire hazard and the opportunity to enhance and expand the existing transportation system.

Sun Mountain Lumber
PO Box 389, 181 Greenhouse Road, Deer Lodge, MT 59722
406-846-9460 fax: 406-846-1672



The goals of a diverse forest with increased resiliency will best be accomplished with a timber sale. Thank you for hearing my comments on this project.



F.H. STOLTZE LAND & LUMBER COMPANY

Lumber Manufacturers
Box 1429 Columbia Falls, MT 59912
Phone (406) 892-7005 Fax (406) 892-1612
www.stoltzelumber.com

January 21, 2019

Montana Board of Land Commissioners
Helena, MT



RE: Limestone West Timber Sale

Dear Commissioners:

On behalf of F.H. Stoltze Land & Lumber Co., please accept the following comment regarding the proposed Limestone West Timber Sale being offered by the Montana Department of Natural Resources and Conservation.



For all of the reasons previously stated, we support adoption of Alternative A, unmodified, as presented in the final EIS without the conservation license option.

The current Conservation License proposal that includes full deferral of the entire management project is not consistent with the goals of the Trust Land forest management philosophy nor the intent of the statute as it was originally passed. This is a clear misinterpretation of the intended application of this tool.

In our recollection of the deliberations in 1999 around the authorizing legislation, this license was intended to be a tool for the Agency to recover the full market value for concessions or modifications made to timber sales that were based on local and generally self-serving concerns. Such as preserving the view from someone's front deck or protecting someone's personal favorite huckleberry patch.



Time and time again, the DNRC was reducing harvest acres, modifying prescriptions or otherwise altering management in response to very localized concerns. The license tool was envisioned as a way for those local concerns to get what they desire, but to still fully compensate the trust for what was given up in short term revenue by implementing the concession. The thought of fully deferring a management project under a conservation license was simply not envisioned and "wholesale deferral" was not brought up until rulemaking, 4 years later.

In Limestone west, we have seen the worst of both worlds combined in the proposed alternative. Throughout project development, the Agency significantly modified its management plans to meet local concerns, (reducing harvest acres treated by over 280 acres and volume by 2.7mmbf between initial scoping and current proposal) AND is considering issuing a full deferral conservation license.

The reduction in value to the trust from project modification and concessions would not be recovered under the conservation license. To offer a license in lieu of implementing the sale further shorts the trust and provides what equates to a sweetheart deal to the licensee by not requiring full compensation for all concessions made throughout the process.

Lastly, there is certainly concern over the establishment of a precedent by implementing a full deferral conservation license. As currently proposed and is clearly disclosed in the EIS, the Trust would clearly not receive "full market value" for the forgone action alternative simply by having the licensee pay for the timber value as currently appraised. Additionally, none of the ecological, economic or community benefits of the action alternative would be achieved.

In many communities today, expendable money is easy to come by. Especially when the perceived cost of deferring management is as "affordable" as it would be under this proposal. Repeating the Limestone experience across the 730,000ac of forested trust land would not meet the stewardship responsibilities of you all or the Agency as the trust managers.

Lastly, let us not fall into the trap of assuming that passive management or no management, as is being proposed under the conservation license, equates to maintenance of the status quo. The terms conservation and preservation are not interchangeable as has been indelibly proven on our federal lands. To do nothing is a choice that has significant negative impacts that simply cannot be ignored, nor avoided through short term cash payment.

We encourage you to choose Action Alternative A and not to consider issuing a full deferral conservation license for all of the reasons outlined here today and in the EIS.

Sincerely,



Paul R. McKenzie
Lands & Resource Manager