



Idaho State Board of Land Commissioners

Brad Little, Governor and President of the Board

Phil McGrane, Secretary of State

Raúl R. Labrador, Attorney General

Brandon D Woolf, State Controller

Debbie Critchfield, Superintendent of Public Instruction

Dustin T. Miller, Secretary to the Board

Be it remembered, that the following proceedings were had and done by the State Board of Land Commissioners of the State of Idaho, created by Section Seven (7) of Article Nine (IX) of the Constitution.

Final Minutes
State Board of Land Commissioners Regular Meeting
April 16, 2024

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, April 16, 2024 at the State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W. Jefferson Street, Boise, Idaho, and via webinar. The meeting began at 9:00 a.m. The Honorable Governor Brad Little presided. The following members were in attendance:

Honorable Governor Brad Little
Honorable Secretary of State Phil McGrane
Honorable Attorney General Raúl Labrador
Honorable State Controller Brandon Woolf
Honorable Superintendent of Public Instruction Debbie Critchfield

All members were present. Governor Little, Secretary of State McGrane, Attorney General Labrador, and Controller Woolf attended at the physical location. Superintendent Critchfield attended via Zoom webinar.

Governor Little informed Land Board members and all meeting attendees that due to technical difficulties, Zoom participants were not receiving video feed from the Auditorium. The audio feed was working correctly which Superintendent Critchfield confirmed. Live streaming via IPTV was an available alternative. Video feed for Zoom participants was restored at approximately 9:45 a.m.

For the record, Director Miller advised the Land Board that the Department received further feedback regarding the draft Alternative Energy Leasing Policy agenda item, and staff needs more time to review and revise the policy as appropriate. Director Miller recommended that this item be removed from this meeting's agenda. There were no objections from Land Board members and Governor Little so ordered. Director Miller also proposed that the Hailey Readiness Center Surplus Property agenda item be moved from the Consent section of the agenda to the Information section. The Land Board will hear the presentation but will take no action on it at today's meeting. With no objections from Land Board members, Governor Little so ordered.

[Editor's note: Discussion portions, if any, for agenda items may be written in first-person format. This is not a verbatim transcript.]

1. Department Report – Presented by Dustin Miller, Director

Trust Land Revenue

- A. Timber Sales – March 2024
- B. Leases and Permits – March 2024

Discussion: Secretary of State McGrane referred to the two graphs on page 3 of the Timber Sales report, noticed compression in stumpage prices, and asked if the Department will get to a point where it reassesses how much timber is harvested based on current market conditions, given inflation and increasing fuel costs. Director Miller indicated that David Greenwood would address the question more completely in his presentation of the FY25 Timber Sales Plan, but offered that labor, fuel costs, fully stocked log yards have influenced the downward pressure on stumpage prices as reflected on the graph which has influenced what purchasers are willing to pay.

Status Updates

- C. Legislative Summary–Final
- D. Land Bank Aging Report

Discussion: None.

Governor Little inquired about the Department's fire preparedness regarding staffing. Governor Little noted it may be a hot and long fire year on rangeland; with appropriations to the Department and what the federal government is doing, how is the Department for percentage of seasonal fire staff. Director Miller stated the Department has been recruiting, utilizing the resources that the Land Board and the Legislature approved to help with recruiting. The Department continues to modernize the fire program to continue keeping fires small and responding aggressively to fires. There are some changes on the landscape with the master fire agreement that was signed last year. The Department has one fire season under the new master agreement, is adapting to changes, and will continue to learn and work together on the ground with federal partners.

2. Endowment Fund Investment Board Report – Presented by Chris Anton, Manager of Investments

- A. Manager's Report
- B. Investment Report

Discussion: Mr. Anton reported that March was another strong month; the portfolio was up 2.6% in March and up 11.1% fiscal year-to-date. In December 2023, the Federal Reserve said inflation was getting close to target, labor markets were strong, there was optimism. In February and March, inflation started to flatten out and it kicked up a bit in March. The market stayed strong in March, with the slight rise attributed to an anomaly, but in April when the March inflation data came out the annual CPI inflation when compared to year-over-year was up 3.5% and the perception is that inflation is starting to heat up. Fuel prices are rising, shelter costs are remaining fairly high. The markets started to back off somewhat during the first two weeks of April and inflation rates ticked up. The yield on the 10-year treasury was about 4.2% and is now approaching 4.7% today. The Federal Reserve is not in any hurry now to cut rates; they will watch the data for a while and may not cut rates until September, or maybe not at all in 2024. Governor

Little asked when the REITs (Real Estate Investment Trusts) will report. Mr. Anton replied that the March data should come out in the next two weeks, and it will be included in next month's report. Governor Little inquired how Mr. Anton would forecast the data. Mr. Anton answered that EFIB met with both real estate managers who are saying it is at or near the bottom. Managers have taken almost all, if not all, the write-downs that they anticipate. The public REIT market reacts much more quickly than the private REIT market, which adjusts pricing quarterly. The public REIT market has started coming back up and now is at a point where the write-down in the public REIT market is at about the same point as the private market. EFIB is trying to make this call on its own because as the equity market has gone up and EFIB portfolio real estate prices have been written down, the portfolio is under target allocation for real estate. Mr. Anton said the decision about when to commit and bring that back to target allocation is a tough timing call, but it is likely in the next quarter or two.

Consent—Action Item(s)

- 3. Disclaimer of Interest Request DI600328—William and Betty Hubler, Boise River** – *Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance*

Recommendation: Direct the Department to issue a Disclaimer of Interest for two parcels totaling 9.288 acres of the former bed of the Boise River, to William F. and Betty M. Hubler following their payment to the Department of the remaining processing fee of \$300.

Discussion: Referring to the map labeled Attachment 1.2, Controller Woolf asked if the properties to the south and east where other hangars and building are shown have been disclaimed, or are they potential future disclaimers. Mr. Wilson responded that those properties are outside of the original meander line and do not have clouded titles. Governor Little wondered why there is a gap between the two parcels being disclaimed and the meander line to the north of them. Mr. Wilson explained the red parcels should bump all the way up to the northern blue meander line. There is a discrepancy that resulted from overlaying GIS parcel data from the county with GIS meander line data from the Department. Different sources, different projections, frequently do not line up precisely when portrayed on one map.

- 4. Disclaimer of Interest Request DI600329—Jeffrey and Heidi Theis, Boise River** – *Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance*

Recommendation: Direct the Department to issue a Disclaimer of Interest for one parcel totaling 1.645 acres of the former bed of the Boise River, to Jeffrey W. Theis and Heidi L. Theis following their payment to the Department of the remaining processing fee of \$300.

Discussion: None.

- 5. Disclaimer of Interest Request DI600330—Bruce and Becky Hubler, Boise River** – *Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance*

Recommendation: Direct the Department to issue a Disclaimer of Interest for two parcels totaling 0.033 acres of the former bed of the Boise River, to Bruce F. Hubler and Becky L. Hubler following their payment to the Department of the remaining processing fee of \$300.

Discussion: Governor Little remarked that the county must think the applicants own the parcels because they are paying property taxes; if the State owned the land, it would not pay property taxes. Mr. Wilson agreed and clarified the title is clouded until it is cleared through this disclaimer action.

6. Disclaimer of Interest Request DI600331–Holbrook Maslen, Boise River – Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance

Recommendation: Direct the Department to issue a Disclaimer of Interest for two parcels totaling 0.67 acres of the former bed of the Boise River, to Holbrook Maslen following his payment to the Department of the remaining processing fee of \$300.

Discussion: Mr. Wilson noted a typographical error on this memo. The total acreage is actually 0.67, not 0.067, just over half an acre.

7. Disclaimer of Interest Request DI600332–John K. Olsen, Boise River – Presented by Eric Wilson, Bureau Chief-Resource Protection and Assistance

Recommendation: Direct the Department to issue a Disclaimer of Interest for one parcel totaling 0.183 acres of the former bed of the Boise River, to John K. Olsen following his payment to the Department of the remaining processing fee of \$300.

Discussion: None.

8. Approval of Draft Minutes – March 19, 2024 Regular Meeting (Boise)

Consent Agenda Board Action: A motion was made by Controller Woolf that the Land Board adopt and approve the Consent Agenda. Secretary of State McGrane seconded the motion. The motion carried on a vote of 5-0.

Regular—Action Item(s)

9. FY2025 Timber Sales Plan – Presented by David Greenwood, Bureau Chief-Forest Management

Recommendation: Direct the Department to proceed with implementation of the FY25 Timber Sales Plan.

Discussion:

Secretary of State McGrane: When you say mortality issues, is the age of the timber predominantly what you are referring to?

Mr. Greenwood: Yes, the age of the timber is pretty much uniform. The specific mortality in Eastern Idaho, the Cottonwood block, is due to timber susceptibility from Douglas-fir bark beetle.

Controller Woolf: We had four sales that did not sell this past month. Looking again at wildfires, infestation, bug infestation, disease, and ramifications such as how close we are to mills, the log yards are full. How do we philosophically put that all together and justify increasing from 328 MMBF last year up to 334 MMBF this year.

Mr. Greenwood: To take a step back, I looked up the four sales that did not sell. There were two sales, Retired Sawing Cedar and Smith Sandwich Cedar, offered a second time; they will go for a third auction. We set a minimum price on our sales depending on the previous quarter prices we are getting for certain species; we are already bumping that, and with fuel prices, hauling distance, and difficult line skidding, it is having an effect on those prices. Everything except cedar on those sales is pretty marginal product to move that far to the mill when you are hauling 6-8 hours to a processing plant. That is having an impact on those certain sales. As far as being strategic, there are macroeconomic factors that people are projecting over this next year. In the forest industry, a lot of people are not predicting a sharp decrease in interest rates, they are actually showing maybe a slight bump in interest rates due to that inflation, which then affects housing starts. The lumber demand is supposed to go down by two percent with fewer new buildings. We have an election in November, there is some concern of what plays out, and then the trade relations in China. As far as this plan goes, offering 334 million board feet, the important thing to remember is when we appraise these sales for auction, we have to be comfortable with the price we are getting, and that includes looking at the logging, looking at the hauling, but also what costs we have as a Department, always with net revenue in mind. Last year there were about 15-20 million board feet that never sold. We might offer 334 million board feet next year and there may be some of that volume that never gets purchased.

Secretary of State McGrane: We have seen an uptick in the no bids, and I think that ties in with some of those economic pressures that the bidders are experiencing, and you mentioned the forecast, the potential dip in demand regarding timber. If there is a dip on that sense, and especially if fuel prices continue to rise, we are going to continue to see more no bids depending on how we price these bids. That ultimately creates some incentive for us to assess how much we should be harvesting. If the demand is not there, should we also be looking at what we are going to supply the market with, trying to balance this, or are we just going to end up slowly cutting our prices to align with demand. At what point do we make the determination not to sell timber as opposed to continuing to lower the price. On the other side, we do have some timber that is overgrowth, and we need to harvest because if we sit on it, is it going to depreciate just by growing because the mills cannot take it. In this plan are we targeting some of that more aged forest trying to clear that out because that is making it complicated for us to respond to these market forces?

Mr. Greenwood: It is multi-faceted question there. When you look at the Department, how we sell timber, we offer a steady supply and industry likes that. Our sales are 3-5 years, with some speculation; the market could be down now, and they are projecting to harvest in three years. The State is harvesting over 30% of the statewide harvest, so you start dipping that down and then is there a scenario like in 2008-2009 with the great recession where people did cut off their harvest and then mills were closing. Keeping that supply available to those purchasers so we are not reducing the number of purchasers is a good thing.

Secretary of State McGrane: I know you are correct that industry appreciates the steady flow, but we have seen mill closures recently, so we are in a situation where we are already seeing some of these mill closures, which I think reflects the pressures that are on some of the mills to compete because of all the other economic forces.

Mr. Greenwood: It is a delicate balance of that. Something to be cognizant as we move forward, we are harvesting the older timber that is still growing. We want to target growth of 300-400 board foot per acre per year. On some of those older stands, we have negative numbers because we are experiencing mortality, or we have less than 80. If we start increasing that growth then that is going to help us long term, too. When we see downturns in the market, a lot of private industry and private landowners will pull back, so there will be some reduction of what supply is available for the mills from those private parties as well.

Secretary of State McGrane: I support, to the extent we have timber that needs to be harvested for the long-term benefit, I think that makes sense to do so.

Mr. Greenwood: Another facet of it is when lumber prices were super high and we saw that peak in fuel, the mills could absorb that 50% increase in fuel or labor. Now lumber is down quite a bit, their margins are tight, and they are having to pull back and reassess what they have going on with that, too.

Governor Little: What are we producing in Idaho, pulp, poles, ton lumber, cedar, all of it. Secretary McGrane talked about some of the mills closing down, some of the other mills are becoming more efficient and putting out more. What is the net, net of timber production in Idaho?

Mr. Greenwood: The timber production produced to the mills is over 1 billion board feet.

Governor Little: The last I looked, it has been steady, we are still producing the same amount that we did before, but we have some of the smaller mills that just are not as efficient as the bigger mills, and fortunately most of our mills are in Idaho, the eastern end of the state some of the timber goes out of there. If we do not keep those head rigs full then they do not have the loggers then we do not have the mills then we cannot do our GNA sales, we cannot do our forest health, private property cannot do anything. This Board and previous boards have made the decision, we want to keep the timber industry healthy, not only for our fiduciary responsibility as trustees but for the whole entire industry. This timber plan basically reflects consistency, the plan that we last implemented.

Secretary of State McGrane: Governor, I recognize all the factors you just said, we need to keep the mills supplied and keep them going. Some of this increase in no bids, how is that impacting us in terms of our receipts related to stumpage. Ultimately, we are going to be impacted with that philosophy.

Governor Little: When the timber prices went way up, we did not make obscene profits. When they come down, we are still going but we have to keep those mills going or we cannot do forest health projects. You have to keep the industry profitable and alive and send the message to loggers to keep their equipment and continue to...but we are still writing a pretty good check to Superintendent Critchfield, basically as a result of what we are doing.

Mr. Greenwood: Just to get back to that also, stumpage owners did not see that big increase; we are a stumpage owner. If we keep selling it is like dollar cost averaging where some were selling at high markets two years ago, now we have a low. That dollar cost averaging year by year, and coming up with how much we have under contract, I think was \$282/MBF of 500 million board feet. That sets us up pretty well for revenue, near-term, long-term.

Governor Little: The one comment we got from Alta Forest, what is the delivered products program?

Mr. Greenwood: The delivered products program is also called sort sales, that is where we hire the logger, IDL does, and then we sell a sort. The first delivered product sale was Purdue Delivered Products, it was sold last October, and that was in the FY24 sales plan. We hired a logger to do the work and then for that sale we sold the Douglas fir and larch to a purchaser, grand fir, cedar, all separate so the purchasers did not have to buy the whole sale, they could buy what they specifically wanted.

Governor Little: And this in particular helps the smaller producer so they do not have to have fir, pine, cedar, all those other product lines.

Mr. Greenwood: It actually benefits a majority of our purchasers because most mills are specialized in what they are milling now. There are only a few that mill every species, so it is really advantageous to sell a sort; I am sure you will be hearing more about this in the future. Our first one was very successful, they should be hauling again quickly.

Controller Woolf: I had one more question on the cedar poles. You mentioned there was going to be 23,000. Is that the right number? That 20,000 number, was that more of a policy or Board decision a long time ago; is that still the right number?

Mr. Greenwood: The 20,000 poles was a Board decision back in 1986. As far as the minimum number 20,000 is okay, but our harvest level has increased 75% since 1986, so staying close to that 20,000 poles is not really reasonable. We will probably see more 30,000 plus in the coming years. Where our harvest has increased the most is in areas with cedar poles and cedar as a product. I expect in future years we will actually see more than that.

Governor Little: You do not need to do it now, but can you get us a map of where all these sales are, whether it is a PDF or whatever it is so we can see where the sales are.

Mr. Greenwood: Yes, we can send you the timber sale website link and then you can scroll kind of like on Google Earth and see where they are at.

Board Action: A motion was made by Controller Woolf that the Land Board direct the Department to proceed with implementation of the FY25 Timber Sales Plan. Attorney General Labrador seconded the motion. The motion carried on a vote of 5-0.

10. Approval of Timber Sales with Clearcut Harvest Units—Chunker and Paddy Pond Ton – Presented by David Greenwood, Bureau Chief-Forest Management

Recommendation: Approve the Chunker and Paddy Pond Timber Sales.

Discussion: Secretary of State McGrane asked if the gap between units 1 and 2 on Paddy Pond is because the Department is not harvesting or is it other ownership. Mr. Greenwood replied it is endowment ownership; it has been previously harvested.

Board Action: A motion was made by Controller Woolf that the Land Board approve the Chunker and Paddy Pond Timber Sales. Secretary of State McGrane seconded the motion. The motion carried on a vote of 5-0.

Information

11. Hailey Readiness Center Surplus Property (Idaho Military Division) – Presented by Zane Lathim, Section Manager-Real Estate

Discussion:

Major Albert (Bud) Williams: Good morning, Governor, Land Board members. Just three points that I wanted to talk about this morning, to give you a little background on this. On this first readiness center that we asked IDL to manage for us as far as getting rid of that land off of the Military Division's support plan, first off, we support all laws of the State of Idaho. We understand this one may have some conflict there with state statute or Idaho Code 46-723 and 726. I think pushing this 30 days is a great opportunity for us to get the facts straight on this one. This will set the precedence for 13 readiness centers in the future as we move to our directive to downsize our readiness center locations and modernize our facilities to meet our nation's threats. Directed by Congress as you know, Governor. In this case it is important to get it right; this will set the precedence for all of the other readiness centers. With that said, we are all stewards of our taxpayers' dollars and so we have been asked, whether it is the federal taxes that we oversee on the military side, whether it is the state taxes, or the local taxes, that we all do our part to make sure we recoup those funds we put into it. This current facility is 9,000 square feet. In Idaho right now we are building the Jerome County readiness center, that is about 50,000 square feet, and that is \$36 million to build that from ground. It is very expensive, does not matter whether the federal pays with those taxes or the state contributes to that, these dollars if we can recoup it will go to future lands.

Governor Little: Major, how many other ones are jointly owned?

Major Williams: I can give you a roll up of that at a later time, to be precise, but almost all of our sites are jointly owned.

Governor Little: What was the last one of these that we did here?

Major Williams: Bonners Ferry, 10 or 12 years ago, was the last one we did, sir.

Governor Little: In that particular instance, the process was the same, it was identified by the Guard as surplus, it came to the Land Board, we offered it to the state agencies, then the local agencies. What happened to that one, can you remember what happened to that?

Controller Woolf: I believe Bonner County wanted that or purchased that at auction.

Major Williams: That is correct, Governor.

Mr. Lathim: Thank you, Major Williams, with that we would like to welcome Mayor Burke and her team.

Mayor Martha Burke: Thank you, Zane. Good morning, Governor, Commissioners, thank you for having us. I would like to introduce Lisa Horowitz, who is our City Administrator, and our Police Chief Steve England who has been occupying the building since it became vacant from the Military's use. We have taxpayers' dollars invested here as well. We have a longstanding partnership, and Lisa will share with you the reversionary clause that I have been assuming for the last 20 years would come into effect should this building ever be vacated. We are a small

town; we are the working town in the valley, and this means a lot to our community. Lisa will give you some detailed information that we would like to share with you, then I know Steve has thoughts as to how we can work through this.

Lisa Horowitz: Thank you, Governor, thank you Land Board, it really is a great pleasure to be here and to see you all in action. We are all proud members of the state of Idaho, and it is great to come over to Boise and see how things work. As the Mayor stated, we are a small town of 9,300 people, our general fund budget is \$9 million, we have about a third of the budget of the size of the City of Ketchum for example. We do have a great longstanding partnership over the creation of this building and the occupancy of this building, starting in 1955, and we have given Zane documents of that first levy rate that was appropriated of \$700, set aside for the construction of this building, which was then an agreement with the Military Division in '74, construction in '75 or '76, and then in 2016 when they first offered it up we were very pleased to move our police department in there. Our entire police force is in the buildings. It is an excellent building for us, located on a park next to a school and right by our fire station, so we very much hope to stay. Previously our police department had been crammed in our city hall in a place that was very difficult for conducting their investigations. We are looking forward to the next steps in moving forward. Our taxpayers were greatly honored by the return of tax money last year, in the Governor's return of tax funds, we hope not to have to go out to them again to purchase this building. We have looked at what it would cost the average homeowner in Hailey if we had to purchase the building with a 2-year temporary levy for \$937,000 and it would be \$220 per home over the 2-year period. We hope not to have to ask our taxpayers for that. Thank you.

Chief of Police Steve England: Thank you, Governor. The only thing I would like to add to this is that obviously it has been very convenient for us to be in there since 2016 and we are hoping to come to a reasonable conclusion on the armory. We have made some improvements to it here and there, through authorization of the armory and the National Guard, and it is a convenient place. We just got re-accredited through ICOPA, the Idaho Chiefs of Police Association, and before being in the armory, the last time, because of Covid in 2020, the last time we did reaccreditation was in 2016, so there was quite a gap there because of Covid. The same auditor, David Moore, retired Blackfoot Police Chief, was very pleased with the area we are in now. We used to be in city hall, was very crammed. It is a great facility for us to be in, and we are just hoping we can make some type of a compromise as our city administrator Lisa Horowitz said, and not have to go to the taxpayers, and make a reasonable effort with you all to conclude we can just pay for the half that we are looking to outright buy because of the facility we are in now. It does house 16 full-time employees, all of our equipment, that is where the police department works out of and, again, it did help immensely with our accreditation last time. We got glowing letters to the council and to the mayor of the facility and the changes that had occurred from 2016 to the accreditation in October of 2023. Thank you very much for your time and for your consideration.

Mayor Burke: I moved to Hailey in '72 from Ketchum and have been part of the Hailey community since then and I remember this building being built, the celebration – my husband was in the National Guard Reserves, so he actually spent some time on the weekends there – but I just want to call your attention again to Idaho Code section 46-726 which is the reversion of armory to specified government units when not required for National Guard, provides any jointly owned armory constructed under the provision of this act and not required for the administration and training of the National Guard, shall revert to the control of the participating

city or village, city or village and county, subject to the provisions of the National Defense Facilities Act 1950. As mayor of a small community, when I recognized the fact that this was in place and this building was going to be declared surplus property, it seemed like an automatic, this is so grand, and now, because it has taken quite a while to work through this process that you have in place, I am just hoping that we can afford it without going to the taxpayers. We want to be able to keep it as it is being used right now. I appreciate the fact that you do not give buildings away, you do not give land away, and I do not think we are asking for that, but I think any help you can see fit to let us work with you, very, very grateful. It is pretty cool being here.

Governor Little: So, Madam Mayor, who pays for maintenance of the park?

Mayor Burke: The City of Hailey.

Governor Little: You pay a lease on the building, and you pay a lease on the park, or is that lease for both parcels. Is the \$3,700 a year, is that for both the park and the building?

Unknown Speaker: That \$3,700 just covers basically sewer, water, electric bills.

Governor Little: You just get reimbursed for your actual costs, that is the \$3,700.

[Unintelligible response.]

Governor Little: Is that your understanding, Madam Mayor?

Mayor Burke: Yes, it is. It is a great bargain. And if you decide not to sell it, just let me know and we will continue this way. Thank you for hearing us.

Governor Little: I want the rest of the Board to weigh in, but I think we have a difference of interpretation. Until I got this last night, 46-726, I had not even seen that section of code because we have done this before. Because of the policy of the National Guard and the Idaho National Guard, we are consolidating a lot of our facilities so this might be the canary in the coal mine, and that is why I was pleased that we are going to look at this and figure out what we need to do going forward.

Mayor Burke: I understand precedence setting. It is a heavy burden; we do not want to carry it. Thank you again.

Attorney General Labrador: Madam Mayor, thank you for being here and thank you for your presentation. Obviously, we have a difference of opinion on the interpretation of the statutes, so I am going to set that aside. If we decide that we can come together with you on the interpretation of statute, or that we disagree but you want to keep the parcel, what is in your opinion a reasonable solution, because our mandate as the Land Board is to ensure that we keep all of the taxpayers in Idaho, all of the citizens of Idaho, whole, so what would be your solution?

Mayor Burke: As I understand, it would be open for bidders going forward. I think after that process, depending on who comes forward, I would like to suggest another appraisal. There are certain restrictions because this building sits at the north end of our airport and we are part of the runway protection zone and the airport overlay, so that parcel in particular, we cannot even put any buildings in our park. We have a temporary restroom, because if a plane overruns the runway, it ends up there. The restrictions on this property are very real, and because we own half of it, the market seems to be somewhat, I would think, less appealing to a lot of people. We

cannot turn it into apartments; FAA regulations dictate what can happen on that parcel. It seems to me the market, while it is in the valley and therefore expensive, because of its restrictions, is not a great investment property for someone to come in and want to develop it as a complex PUD whatever. Yes, it has value because it is in the valley, but because of its restrictions, and this reversionary clause, it is cloudy. I would like to think that after you have gone through the process that you use, that we could come back in and sit down again, and say with these considerations, do you feel that the appraisal is as accurate as it would be if this were five blocks north; I do not think it would be the same.

Secretary of State McGrane: Mayor, thank you for being here. A couple of clarifying questions. The parcel that we are talking about is the parcel that has the police station, not the park, right. What you were just mentioning, the restrictions you mentioned, are on the parcel with the park. I would assume that police officers are just as vulnerable to airplanes as any other people. Not to make light of it, but obviously that is significant in this. Clearly there are some legal questions as the Attorney General outlined that need to be worked through. I think from IDL's standpoint and the Board, it is in the interest to everyone to transfer title to the city, the question is the process and the amount. There is the struggle.

Mayor Burke: Agreed.

Secretary of State McGrane: I think this legal review has major implications to that. If we end up where it is a sale, whether it is a reappraisal, but let us say it is appraised at the same amount, is the City interested in acquiring that, and if so, one of the things having been a formal local official myself, I am very mindful of timing. You need the ability to pay for it, and with the November election coming up, that seems significant to me as a timing questions in terms of us trying to work through here in the summer months, answer some of these legal questions. If you are going to need to put forth a levy or a bond, you need lead time to be able to have the funds, unless you have a fund balance that is available, but I would be surprised at that size of fund balance for a city of your size.

Ms. Horowitz: We do not have \$936,000; we would need to go to the voters and if we are going in November, I believe by July is when we would have to have ballot language ready. We welcome the opportunity if you have a state agency that wants to co-locate and co-own with us over that particular process, we welcome that process, and then at the end of that process if we are able to negotiate directly with you as the mayor said, our city attorney has a lot of questions about the appraisal and we have great respect for Kyle Kunz, he is a local appraiser, we have worked with him a lot, but in our opinion, anything that happens on that property is subject to us saying yes also. It seems very unlikely that anything other than a public use will ever happen there and that the value is actually quite a bit lower than \$1.8 million.

Secretary of State McGrane: A couple of clarifying things, and Mr. Lathim can touch on this, the city has an opportunity prior to it going to the private market. The Governor outlined the process: state agencies then local; you have a first opportunity, so you are not competing with the private market, that is important in terms of that process. Also, just because I know a thing or two about elections, you have basically until the beginning of September to determine your bond or levy language if you were going to put it on the ballot. I think for us it is just trying to give everyone the working time, but we can postpone to make it possible for you to get that question out to voters. Having spoken to the Military Division, they are motivated to surplus this. We kind

of having competing interests here, military wants to get rid of this, city wants to acquire it, but trying to figure out how we bridge that. We are interested in trying to do that, obviously we will work through the legal questions. I do think it may come down to a cost component in the end. I am just trying to play this out with everyone because I know a lot of people are interested in this. We are all on the same page, it is just how painful is it going to be getting there.

Ms. Horowitz: My personal feeling is I am not seeing the need for a delay. Once IDL starts the process and we go through the state agencies, then is our opportunity as a local agency. Is that correct, Zane? Until we reach that point, I was thinking you would go through the process with the state agencies and then we would still have time for the ballot as you outlined in September.

Governor Little: Thank you. Was the appraisal done by Lands or was it done by the Military Division?

Mr. Lathim: It was done by the Military.

Governor Little: When you order an appraisal there are always conditions. Obviously joint ownership has a discount, because if I own a house with Dustin, he and I may not agree on it and there is a natural discount in the value when it is joint ownership. We are going to delay this; we are not acting on it today. The question is, were there things that were left out of the directions to the appraisal: the airspace, the parks, the roads, the zoning, I think we ought to review. But before we do any of that, we have to assess what our role is here. We may not have any role at all, we may be totally perfunctory. If somebody identifies a surplus piece of property, we have to act on it within the code, but we have conflicting code sections here. Those are the things – timing as the Secretary of State mentioned, what is our role probably the most important one, the appraisal, and then we will have to talk to the Military Division about that, and then I have a question about is the Adjutant General going to be in charge of the Idaho National Guard and a park in Hailey into perpetuity. Anything else?

Mr. Lathim: I just wanted to point out one final thing, Governor, and that is that statute does allow for a negotiated sale to another tax supported agency for adequate and valuable consideration.

Governor Little: I am aware of that, but we need to be cognizant of who has that authority; is it the Department, is it the Board, is it the Military Division, who has that authority to be the negotiator. I will speak for myself, the rest of the Land Board can speak for themselves, I do not know that I want to negotiate every one of these all over the state. It does not seem like it is quite in my wheelhouse.

12. Idaho Outdoor Recreation Fund Advisory Council Projects – *Presented by Dustin Miller, Director*

Discussion: Controller Woolf inquired if the \$5 million appropriated to Parks is one-time funding. Governor Little said it is one-time. Secretary of State McGrane asked if these projects and these improvements that are proposed will lead to leases or revenue generation, directly or indirectly. Director Miller answered that the focus for the Department is ensuring revenue stream for the endowments if the Department does enter into these legal agreements to lease this ground for recreational purposes. Controller Woolf asked what those revenue streams might be. Director Miller replied that there is still work to be done, legal arrangements with the Parks and Recreation, and then the Department will determine what the endowments need to ensure they

remain whole. Governor Little remarked he asked for this item on the agenda because the money was appropriated by the legislature, the committee made recommendations, but it is going to have an impact on what the Land Board does going forward and members needed a heads up. This is one-time money; there will be people clamoring next year for more money and extensions and things are going to cost more. Great intentions, see what happens.

Executive Session

None

There being no further business before the Land Board, at 10:23 a.m. a motion to adjourn was made by Controller Woolf. Governor Little seconded the motion. The motion carried on a vote of 5-0.

Idaho State Board of Land Commissioners

/s/ Brad Little
Brad Little
President, State Board of Land Commissioners and
Governor of the State of Idaho

/s/ Phil McGrane
Phil McGrane
Secretary of State

/s/ Dustin T. Miller
Dustin T. Miller
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the May 21, 2024 Land Board meeting.