

Idaho Land Board makes move to sell off commercial property in Idaho, looks to diversify

By Keith Ridler, Associated Press

BOISE, Idaho (AP) - The Idaho Land Board has taken a step toward selling off endowment commercial real estate holdings within the state.

The board voted unanimously Tuesday to approve a process for hiring an adviser to sell 21 commercial properties worth about \$25 million, all but a handful in Boise. The plan has a final candidate coming before the board in September for consideration.

The \$25 million is a small portion of the Idaho endowment land assets of \$1.4 billion, but it turned into a liability for some of the board members who drew election-year criticism after being accused of dabbling in commercial ventures that could compete with private businesses.

Gov. C.L. "Butch" Otter, Attorney General Lawrence Wasden and State Controller Brandon Woolf weathered that criticism.

The plan approved by the board follows a report by a consulting firm, Callan and Associates, advising the board to sell the commercial real estate in Idaho and hire an expert for guidance.

Callan also recommended the board diversify its investments by buying shares in a pool of assets involving commercial property in other states. Essentially, the Land Board would still invest in commercial real estate, but it would be invested in such a way that the state doesn't own the title to commercial properties.

"The issue is what can we do to make (investments) better," said Larry Johnson, manager of investments for the state's Endowment Fund. "The way we would make it a little better is to add a real estate element."

Doing that, he said, could reduce volatility to the overall fund return.

Woolf, after the meeting, said adding that element seemed like a solid idea.

"The key part is that's the recommendation from some experts in that field, so we're going with that," he said.

Secretary of State Lawrence Denney, new to the board and a critic of the Land Board's commercial real estate dealings in the past, said he was still trying to figure out the intricacies of buying shares in a pool of commercial real estate assets in other states. He said he wasn't sure how he would vote on that.

"As far as Idaho buying commercial real estate, I'm still opposed to doing that," he said. "This is kind of a way around that, I think. It's involved in commercial real estate without us actually owning the asset."

Superintendent of Public Instruction Sherri Ybarra, the fifth board member, also voted for going ahead with the plan to hire the adviser.

The Idaho Land Board makes decisions concerning 2.4 million acres of endowment land worth \$1.4 billion. Board members are constitutionally required to make decisions that generate the maximum long-term financial benefit. The money goes to public schools and other state institutions.