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Republican, controller (incumbent)
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1. Outgoing state superintendent Tom Luna has pushed the state Land Board to maintain smaller balances in reserves, in order to boost payments to K-12. Do you support such an idea? Why or why not?

At this time, I do not support reducing the earnings reserve fund balance requirements for public schools.

Balance must be maintained between providing financial support for the current beneficiaries of the trust and the future beneficiaries of the trust. The law requires it. Providing preferential treatment to one beneficiary class at the expense of the other would violate the Board's constitutional and fiduciary duties in my opinion. The analysis conducted in preparation to fund the current disbursements and the board's disbursement policy suggests there is equity for both the current and future public schools beneficiaries at current levels.

Before the board should consider reducing the earnings reserve threshold for any beneficiary, it needs to fully understand how such an action may impact the board's ability to fund future disbursements. A key tenant of the board's adopted distribution policy is to minimize the variability of disbursements from year to year. The beneficiaries and the board wish to avoid the boom and bust disbursement cycles that occurred before the first round of endowment reform was implemented in the early 2000s. From a fiduciary standpoint, it is not fiscally prudent to increase a disbursement for the short term only to have to dramatically cut it in the future. The board's current disbursement funding and policies comply with our constitutional and fiduciary duties. Of course, I am greatly interested in providing greater funding to all of the beneficiary groups. To this end I believe the board should focus on increasing the income of the trust. As the income increases, it follows that disbursements will also increase, but in a sustainable and fiscally prudent manner that continues to provide equity for the current and future beneficiaries.

2. In February, the Land Board voted to suspend the purchase of commercial properties. Do you support this move, and keeping this moratorium intact? Are there any circumstances under which you support adding commercial properties to the state's endowment portfolio?

I support the unanimous vote of the board to suspend the purchase of commercial real estate. In fact, I made this very motion at the Feb. 18, 2014 meeting of the Land Board.

Given the present regulatory framework (constitution, statues and case law) the trust must operate within, I see no compelling reasons to add additional commercial real estate to the portfolio. In fact, I believe there are compelling financial reasons to divest of commercial properties, and I am working towards helping the board develop an appropriate divesture plan.

3. A recent Congressional Research Service report says federal agencies spent \$392 million managing federal lands in Idaho in 2011-12 — and the state would incur much of these costs if federal lands are transferred to the state. Could the transfer of federal lands prove to be a net loss to the state, and to the endowments supporting K-12 and other beneficiaries?

It's been said that governing is in the details, and this saying applies greatly to the topic of transferring federal lands to the state. Such a move could represent a great gain to the state, or a great financial loss, depending on how it was implemented, and what strings were attached to it.

In my opinion, given the political climate at the federal level it's a longshot that this transfer could come to fruition on a broad scale level. I do believe there may be attainable opportunities on a more limited basis, however. For example, the endowment holds isolated grazing parcels that are landlocked by federal lands. In some instances, land exchanges with the federal government can block up endowment holdings, reduce management costs, and ultimately create more income for the endowment beneficiaries.

4. The state is beginning the process of auctioning off lakeside cabin parcels. How do you think the state should balance the interests of leaseholders against the short- and long-term interests of endowment beneficiaries?

Under our constitution, Idaho's law, and court precedence, the board is compelled to act with undivided loyalty in the interests of the beneficiaries. Of course there will be intersections between the interests of the cabin site lessees and the beneficiaries, but the board is required to always put the beneficiaries' interests first. Given the value of the cottage site parcels and the management challenges they pose, I believe the beneficiaries will be financially better served if the board divests of these properties and invests the proceeds elsewhere. Through the divestiture process, it is important for the board and its agents to treat the lessees with respect, to be as transparent as possible, and to ensure the process is consistent and predictable.