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Republican candidate, secretary of state
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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?

I support the Land Board's policies related to maintenance of the reserve fund and distributions. This means working toward having a reserve fund that has five years worth of payments within it. That also means distributing 5 percent of the three-year rolling average of the endowment each year. Superintendent Luna's recommendations reflect a conflict that currently exists between these two policies. The reserve fund for public schools is currently less than four years worth of payments. Additionally, the recent distributions to public school have been less than 5% of the three-year average.

As a member of Idaho's Land Board I would take under strong consideration the recommendations of the Endowment Fund Investment Board. Currently, this means balancing the two objectives in an effort to build up reserves, so that distributions can increase to the target of 5 percent.

The Land Board's constitutional obligation is to ensure the maximum long-term financial return for the beneficiaries; both current and future. This means ensuring the long-range financial health of the endowment in addition to making the annual distributions. The annual distributions from the endowment fund to public schools only represent one piece of the much greater funding structure for public education and this should be taken into consideration as well. The long-term health of the endowment depends upon careful consideration in its management.

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 Land Board's decision to suspend the acquisition of commercial real estate. The constitutional obligation of the Land Board is to maximize the long term financial return for the beneficiaries. In order to meet this obligation the members of the Land Board must take all considerations into account, including the input from all interested parties.

Currently, the majority of money raised for the endowment comes from the management of natural resources. Further, the Idaho Department of Lands, which manages our land resources, is primarily staffed with natural resource professionals. This includes its director, Tom Shultz, a forester. I support further and future investment in natural resources, which have historically proven to provide a

long-term steady financial return for the endowment.

In order for me to consider any future commercial investments, circumstances would need to be different. This includes the makeup of the Department of Lands. Prior to such investments the Board needs to openly solicit input and engage in a dialog with all interested parties. Because of the differing operational and procedural constraints on government, it is unlikely to receive the same return as the private market place. As a result each decision regarding investments, whether commercial or natural resources, needs to be uniquely considered with the long-term interests of the beneficiaries in mind.

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?

There are many considerations that need to be taken into account in regards to the transfer of federal lands to the state, the cost of management being only one of them. I do believe the state of Idaho possesses greater skills and abilities when it comes to land management. This is reflected in the current contrast between the health of the state endowment lands when compared to the neighboring federal land within our state.

When considering the transfer of federal lands to the state of Idaho, I support Congressman Labrador and Governor Otter in their efforts to pursue a partial transfer of land. This will allow the state the opportunity to manage transferred lands with reduced risk in an effort to ensure that we can manage these lands in a cost-effective manner. If Idaho was successful in managing the initial transfer it could pursue further transfer of lands from the federal government to the state, in hopes that we would further benefit the endowment.

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?

I applaud the state for its successful efforts to pursue voluntary auctions of the lakeside cabin parcels. The cottage sites present the greatest source of challenge for the Land Board and the Department of Lands. A large percentage of the management time within the Department of Lands is dedicated to cottage site leases. I believe it is in the best interests of both the Land Board beneficiaries and the leaseholders to pursue both auctions and land exchanges in an effort to divest of cottage site parcels. By working openly with all of the interested parties involved, the state can pursue management of productive land that does not involve the same cost of management and ongoing turmoil for the endowment. The constitutional objective of the Land Board is to consider the long-term interests of the

beneficiaries. In consideration of the long history the state has had in managing cottage site leases, it is in the beneficiaries' long-term financial interests to pursue alternative investments.