



## News Release

### Land Board clears path for sale of more leased lake lots and commercial properties

Feb. 16, 2016

(BOISE) - The State Board of Land Commissioners (Land Board) approved a plan today that enables remaining lessees of residential cottage sites at Priest Lake and Payette Lake to participate in auctions of the lots they lease before the end of 2019. The Land Board also approved plans that may result in the sale most commercial real estate properties managed by the Idaho Department of Lands (IDL) before the end of 2017.

The Idaho Constitution requires an auction for the sale of endowment lands, with a minimum bid of appraised value.

### Hundreds more lake lots cleared for auction before end of 2019

The Land Board's vote today provides certainty that remaining lessees have the *opportunity* to participate in a voluntary auction for ownership of the lot they lease by the end of 2019, *if they choose*. There are 253 remaining cottage site lots at Priest Lake and 84 remaining cottage site lots at Payette Lake.

The lands are owned by the State of Idaho but the cabins and other improvements on the land are owned by individuals as personal property. The families lease the lands from the state.



In 2014, the Land Board approved a three-year plan for the auction of 180 leased lots between the two lakes. There were more than 180 lessees interested in participating in the auctions, so those not in the three-year plan now will have the chance to bid, by 2019, on the lot they lease.

All endowment lands are appraised for their market value right before an auction, and the lands cannot be sold for less than the appraised value.

For a list of remaining Priest Lake lots and their four-year auction positions, [click here](#). For a list of remaining Payette Lake lots and their four-year auction positions, [click here](#).

Some lessees have expressed interest in continuing to lease. Current leases will be honored for the duration of the lease terms if the lessee chooses not to participate in an auction of the lot they lease before 2019. In the event a lessee wants to participate in the auction of the lot they lease but their lease is due to expire prior to the prescribed auction date, IDL will extend the lease term to coincide with the auction date.

To read the memo on the 2016-2019 Cottage Site Plan from today's Land Board meeting, [click here](#).

In 2010, the Land Board voted to divest ownership of the cottage sites and reinvest the proceeds in assets that produce greater long-term financial returns. Endowment lands are managed under a constitutional mandate to "secure the maximum long-term financial return" to public schools and other endowment beneficiaries.

IDL has auctioned 189 cottage sites since 2011 - 102 lots at Priest Lake and 87 lots at Payette Lake. Overall, the cottage sites have sold for \$1.8 million more than their appraised value.

### Most commercial properties could be sold within two years



Real estate experts hired by the Land Board recommended the disposal of most IDL commercial properties in order to take advantage of strong commercial real estate market conditions and maximize the value of the assets. The disposal recommendation also cited the challenges and limitations IDL faces in efficiently owning and operating commercial real estate. The estimated value of all properties that may be disposed is more than \$25 million.

The Land Board approved plans to offer 12 commercial properties for sale during 2016 and four parking lots in 2017, subject to market conditions and other factors.

The Land Board will retain its commercial real estate adviser, CenturyPacific, to prepare the properties for sale, but IDL will initiate a new Request for Proposals for a real estate broker to market and sell the properties.

"The Land Board's consultant presents a compelling case that, in the current market, outside buyers will likely pay more than IDL can earn over time from the commercial properties. Therefore, the plan will permit IDL to seek the highest value in a disciplined and prudent manner," IDL Director Tom Schultz said.

Today's vote comes after two years of working with independent third-party investment consultant Callan Associates to ensure better, more informed decisions on the strategic investment of endowment lands and funds and to improve accountability, transparency and oversight of those decisions.

For a list of properties that may be prepared for auction in 2016 and 2017, [click here](#).

To read the memo on the Commercial Real Estate Business Plans from today's Land Board meeting, [click here](#).

NEWS MEDIA CONTACT:  
Sharla Arledge, Public Information Officer  
(208) 334-0286 or [pio@idl.idaho.gov](mailto:pio@idl.idaho.gov)

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This news release was updated and reposted to the IDL web site on Feb. 17, 2016, to reflect changes in how the names of some commercial properties are referenced.