

Transaction Report

Fiscal Year

2010-11

First annual report detailing acquisitions & disposals of trust lands

Colorado State
Board of Land
Commissioners

Colorado State Board of Land Commissioners

Transaction Report | FY 2010-11

Summary

As the state agency with delegated authority to manage all lands held in trust for the State of Colorado, the Colorado State Board of Land Commissioners is required per statute to provide a summary report at the end of each fiscal year, detailing the closed transactions of acquisitions and disposals during that time period.

Previously, this reporting was fulfilled as part of information provided in the State Land Board's annual report. Since the annual report and other reports are in the process of being revised, it was determined that the transactions could be more effectively presented and articulated in a separate fashion through a separate report. This transaction report will serve as the first annual transaction report from the State Land Board.

During the last fiscal year, the State Land Board completed twelve different transactions. Three were acquisitions and nine were disposals.

Two of the disposals were conducted under HB 10-1165, a bill which was passed in 2010 to allow the State Land Board to negotiate a maximum of two land transactions with local governments and special districts each year under certain circumstances without having to employ the competitive bid process. The two 1165 disposals discussed in this report were for the Manitou Section 16 parcel and the Arvada Ridge parcel. The City of Colorado Springs and the City of Arvada, respectively, were involved in these transactions. The Manitou Section 16 was exchanged for \$3.8 million, while the Arvada Ridge parcel was exchanged for \$475,000.

One of the disposals was done for the purpose of constructing a new school. The State Land Board worked with the City of Monte Vista in Rio Grande County and the Monte Vista C8 School District on disposal of a 4.623 acre parcel for a new school site. This interesting disposal involved a transaction completed over 100 years ago with a reversionary interest, as well as a current-day title search for a new building project. The State Land Board received \$6,934.50 for this reversionary interest.

Complete descriptions of these three disposals are provided in the disposals summary section of this report.

In fiscal year 2010-11, the State Land Board acquired 738.22 acres in three separate transactions. The value for these parcels totaled \$1,621,430 for acreage in Weld County, San Miguel County and Kiowa County. One of the parcels was part of a development project, while the other two acquisitions were surface lands to enhance existing agricultural operations. All parcels acquired are in the School Trust.

In fiscal year 2010-11, the State Land Board disposed of 1,241.61 acres in nine separate transactions. The value for these parcels totaled \$5,012,309.50 for acreage in nine different counties. Eight of the transactions were for lands in the School Trust, which totaled 1,235.70 acres and \$4.54 million in value, while the ninth transaction was for the benefit of the Public Building Trust with 5.91 acres valued at \$475,000.

A complete table of the transactions is as follows:

Closed Real Estate Transactions
FISCAL YEAR July 1, 2010 - June 30, 2011

TRANSACTION (TA) NAME	TA NO.	TA TYPE	HOME SITE	DISTRICT/ SECTION	COUNTY	PROPERTY TYPE	ACRES MORE OR LESS	EXCHANGE VALUE	PATENT/ DEED	CLOSED	TRUST
ACQUISITIONS											
Hughes Ranch	09-005	RPA	No	4-Southwest	San Miguel	surface, water rights, improvements	364.900	\$912,250.00	Quitclaim & Warranty Deeds	10/5/2010	School
North Prowers - Phase I	09-027	LLE	No	7-Southeast	Kiowa	surface	320.000	\$96,000.00	Warranty Deed	11/9/2010	School
Weld Development Company, LLC (Mead)	10/003	LLE	No	Real Estate	Weld	surface	53.320	\$613,180.00	Special Warranty Deed	1/7/2011	School
					TOTALS		738.220	\$1,621,430.00			

DISPOSALS											
TRANSACTION NAME	TA NO.	TA TYPE	HOME SITE	DISTRICT/ SECTION	COUNTY	PROPERTY TYPE	ACRES MORE OR LESS	EXCHANGE VALUE	PATENT/ DEED	CLOSED	TRUST
City of Creede - Phase II	09-023	Bargain & Sale	No	4-Southwest	Mineral	surface	0.00*	\$3,000.00	Bargain & Sale Deed 8460	9/9/2010	School
Monte Vista School	10-007	Bargain & Sale	No	4-Southwest	Rio Grande	surface	4.623	\$6,934.50	Bargain & Sale Deed 8461	9/9/2010	School
North Prowers - Phase I	09-027	LLE	No	7-Southeast	Prowers	surface	320.000	\$96,000.00	8462	11/9/2010	School
City of Colorado Springs (Manitou Section 16)	10/002	NSE	No	Real Estate	El Paso	surface	640.00	3,800,000.00	8463	12/7/2010	School
Weld Development Company, LLC (Mead)	10/003	LLE	No	Real Estate	Weld	surface	37.250	\$428,375.00	8458	1/7/2011	School
North Wiggins	09-028	NSE	Yes	2-North Central	Morgan	surface (homesite)	4.000	\$40,000.00	Quit Claim Deed 8465	2/24/2011	School
Craig Treatment Plant	08-006	NSE	No	1-Northwest	Moffat	surface	39.910	\$125,000.00	8466	5/25/2011	School
State Line	08-010	NSE	No	4-Southwest	Las Animas	surface	189.920	\$38,000.00	8467	6/14/2011	School
				TOTAL FOR SCHOOL TRUST			1,235.70	\$4,537,309.50			
*Arvada Ridge Property	11-003	NSE	No	6 - Front Range	Jefferson	surface	5.910	\$475,000.00	8458	6/23/2011	Public Buildings
				TOTAL FOR PUBLIC BUILDINGS TRUST			5.91	\$475,000.00			

*** Please Note:**

Title company is holding funds in an escrow account and funds will be disbursed as remediation occurs, as detailed by the terms of the lease.

Acquisitions

In fiscal year 2010-11, the State Land Board acquired 738.22 acres in three separate transactions. The value for these parcels totaled \$1,621,430 for acreage in Weld County, San Miguel County and Kiowa County. One of the parcels was part of a development project, while the other two acquisitions were surface lands to enhance existing agricultural operations. All parcels acquired are in the School Trust.

Summary of Acquisitions:

Hughes Ranch

In October 2010, the SLB closed on a 364.9 acre parcel in San Miguel County known as the Hughes Ranch. Over the last eight years, SLB staff has worked with the Hughes family in the acquisition of about 2,000 acres of stunning mountain property, which is adjacent to over 7,000 acres of SLB lands on the TJ Bar Ranch. This particular property is a beautiful recreation ranch near the top of North Mountain with meadows, stands of very large aspen trees, and an abundance of wildlife for excellent recreational elk and deer hunting. Land in this area has nearly tripled in value to about \$3,000 an acre, making State Land Board holdings on the TJ Bar/Hughes Ranches worth over \$21 million.

North Prowers – Phase I

As part of a land-for-land exchange, the State Land Board disposed of a 320-acre parcel in Prowers County to receive a 320-acre parcel in Kiowa County. The 320-acre parcel disposed of was a school trust property that was isolated with no good public access and was being used for grazing. In exchange, the State Land Board received a 320-acre parcel, also used for grazing in Kiowa County, which was a private inholding as part of a larger school trust property. The parcels exchanged were valued equally at \$96,000.

Weld Development Company, LLC – Mead

In January 2001, the SLB completed a land-for-land exchange in Weld County where 37.25 acres of school trust lands were exchanged for 53.32 acres of deeded land in the same section. Also as part of the agreement, the Board was able to terminate a Non-Development Agreement on 197.45 acres that was previously transferred. No cash was involved in the exchange and the School Trust received property with a higher value than the property that was disposed and increased the ownership acreage for the Trust.

There were also multiple benefits to this exchange, in that a long-term non-development agreement on the mineral estate beneath the surface of the previously transferred property (197.45 acres) was released. This exchanged also included the termination of future dependencies on both parties for joint planning resources, infrastructure services, and development activities.

As a follow up to this project, the SLB was able to lease 320 acres of the mineral estate on this section, which is part of the Niobrara oil play currently going on in the state. These 320 acres were leased for a total bonus amount of \$1.87 million, at \$5,850 per acre. This per acre amount was a significant increase over the prior dollar per acre record of \$4,200.

Disposals

In fiscal year 2010-11, the State Land Board disposed of 1,241.61 acres in nine separate transactions. The value for these parcels totaled \$5,012,309.50 for acreage in nine different counties. Eight of the transactions were for lands in the School Trust, which totaled 1,235.70 acres and \$4.54 million in value, while the ninth transaction was for the benefit of the Public Building Trust with 5.91 acres valued at \$475,000.

City of Creede – Phase II

In September 2010, the board resolved a long-standing issue over an abandoned railroad right-of-way in the City of Creede, located in Mineral County. The problem dates back to 1965, when the SLB issued a Patent In Form Of Quit Claim Deed to Creede for some land parcels. The Patent was also issued subject to a railroad right-of-way. When the right-of-way was abandoned, a question arose as to if the 1965 Patent included land rights under a reversionary clause in the right-of-way. The issue was finally resolved when the SLB issued a Bargain & Sale Deed to the City of Creede for the northern half of the abandoned railroad right-of-way, and later initiated a non-simultaneous exchange of the remainder of land in the abandoned right-of-way. The consideration for the Bargain & Sale Deed was \$3,000.

Monte Vista School

The Monte Vista School transaction is a rather interesting story dating back over 100 years. In 1904, the State Land Board sold a 36.3 acre parcel to the City of Monte Vista in Rio Grande County. The language in the Patent had a reversionary interest, which stated that the land would revert to the State Land Board if the parcel was ever “used for other than Park purposes.” Since then, the land has been used as a park, with the school district using a 4.623 acre parcel as part of the school’s park area and baseball field. The reversionary interest was located in a title search when the school district was working with the city on a land exchange for the construction of a new school. In order to help the new school project continue on the preferred and less expensive site, which was a portion of the land originally sold by the State Land Board to Monte Vista, the reversionary right for the 4.623 acres was transferred through a Bargain and Sale Deed to the Monte Vista C8 School District with an assessed value of \$6,934.50.

North Prowers – Phase II

As part of a land-for-land exchange, the State Land Board disposed of a 320-acre parcel in Prowers County to receive a 320-acre parcel in Kiowa County. The 320-acre parcel disposed of was a school trust property that was isolated with no good public access and was being used for grazing. In exchange, the State Land Board received a 320-acre parcel, also used for grazing in Kiowa County, which was a private inholding as part of a larger school trust property. The parcels exchanged were valued equally at \$96,000.

City of Colorado Spring – Manitou Section 16

In December 2010, the SLB approved a non-simultaneous exchange with the City of Colorado Springs for 640 acres of land on a section known as the Manitou 16 parcel. This parcel was exchanged as the Board’s first transaction under HB 10-1165, a bill which was passed in 2010 to allow the Board to negotiate a maximum of two land transactions with local governments and special districts each year under certain circumstances without having to employ the competitive bid process. The board received \$3.8 million for the parcel and retained the minerals rights under a long-term non-development lease, while the City of Colorado Springs was able to assume surface ownership of a keystone parcel of high importance to the city’s open space program.

Weld Development Company, LLC – Mead

In January 2001, the SLB completed a land-for-land exchange in Weld County where 37.25 acres of school trust lands were exchanged for 53.32 acres of deeded land in the same section. Also as part of the agreement, the Board was able to terminate a Non-Development Agreement on 197.45 acres that was previously transferred.

No cash was involved in the exchange and the School Trust received property with a higher value than the property that was disposed and increased the ownership acreage for the Trust.

There were also multiple benefits to this exchange, in that a long-term non-development agreement on the mineral estate beneath the surface of the previously transferred property (197.45 acres) was released. This exchanged also included the termination of future dependencies on both parties for joint planning resources, infrastructure services, and development activities.

North Wiggins

In February 2011, the SLB finalized a non-simultaneous exchange with the Ralph Beauprez family for a previously approved homesite on approximately 4 acres of School Trust lands about seven miles northeast of Wiggins in Morgan County. This area was part of a lease that was held by the Beauprez family for over 30 years. The site was purchased by Ralph and Donna Beauprez for \$40,000.

Craig Treatment Plant

This non-simultaneous exchange was completed in May 2011 with the City of Craig for 39.91 acres of School Trust land in Moffat County for \$125,000. This parcel had been reviewed as a possible acquisition by the city on several occasions, since Craig had leased this parcel back in 1981 for 25 years in order to construct a bio-solids sewage treatment plant drying facility on the parcel. The SLB retained adjacent trust lands of about 1,800 acres.

State Line

This non-simultaneous exchange closed on June 14, 2011 for disposal of 189.92 acres of inaccessible and isolated state land located on the Colorado-New Mexico state border in Las Animas County. This section was bringing only generating about \$250 annually from grazing as part of an agricultural lease. The lessees were interesting in acquiring the parcel, which was an excellent opportunity for the SLB to gain value from a parcel with very limited income potential, no legal access, and minimal road access from an unimproved road to the parcel from the New Mexico side of the border. The SLB received \$38,000 for this parcel.

Arvada Ridge Property

The property known as Arvada Ridge was the second transaction conducted under HB 10-1165 allowing direct sale of a parcel to a local governments or special districts. This 5.91 acre parcel was originally part of an eighty-year right-of-way which was used by the Department of Institutions (currently the Department of Human Services). The ROW was eventually abandoned and all improvements reverted to the SLB and were entered into the Public Buildings Trust. The improvements on the property included components of an old water and sewer system which served DHS structures. The City of Arvada paid \$475,000 for the parcel.