

Transaction Report

Fiscal Year

2016-17

Annual report detailing acquisitions and disposals of trust lands

Colorado State
Board of Land
Commissioners

Colorado State Board of Land Commissioners Transaction Report | FY 2016-17

Introduction

The Colorado State Board of Land Commissioners (State Land Board) is pleased to present its Fiscal Year 2016-17 Transaction Report. The State Land Board conducts real estate transactions, including disposals, acquisitions and land-for-land exchanges. As required by Section 36-1-153.5, C.R.S, the State Land Board provides an annual summary report no later than November 1 detailing all real estate transactions closed during the prior fiscal year.

Summary

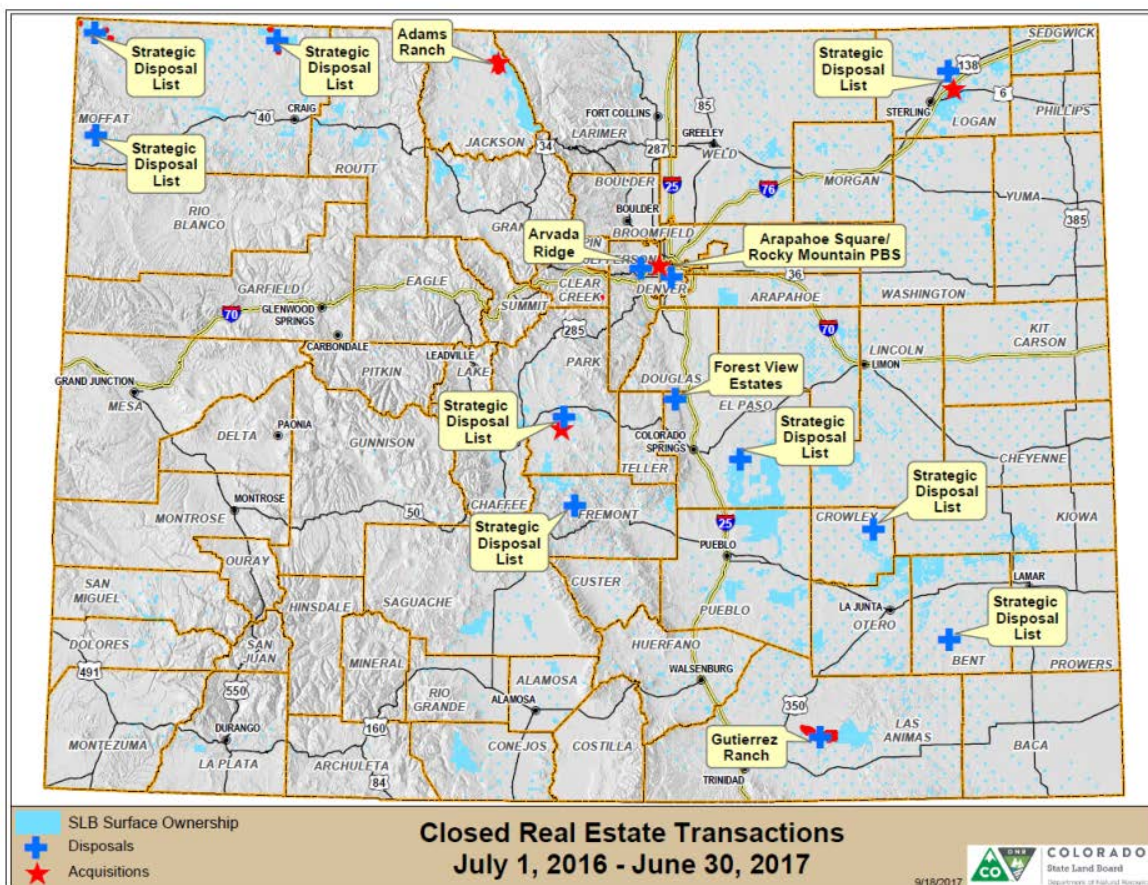
During FY 2016-17, the State Land Board completed 28 transactions: three land-for-land exchanges, two acquisitions, and 23 disposals.

The State Land Board's three land-for-land exchanges occurred in Denver, Logan and Park Counties.

The State Land Board acquired approximately 2,120 acres for the School Trust. The value of these acquisitions totals approximately \$13 million and includes acreage in Logan, Park, Jackson and Denver counties.

The State Land Board disposed of approximately 12,900 acres for the School Trust. The value of the School Trust parcels totals approximately \$21.7 million across various counties.

Figure 1: FY 2016-17 Real Estate Transactions



Colorado State Board of Land Commissioners

Transaction Report | FY 2016-17

Table 1: Closed Real Estate Transactions

Closed Real Estate Transactions July 1, 2016 - June 30, 2017						
TRANSACTION (TA) NAME	TA TYPE	COUNTY	ACRES MORE OR LESS	EXCHANGE VALUE	CLOSED	TRUST
ACQUISITIONS						
Arapahoe Square/ RMPBS	LLE	Denver	1.63	\$ 9,900,000	7/29/2016	S
Fort Lyon Canal Ditch Shares	Acquisition	Prowers	NA	\$ 325,000	9/18/2016	S
Strategic Disposal List - Logan	LLE	Logan	79.00	\$ 70,200	12/29/2016	S
Strategic Disposal List - Park	LLE	Park	120.00	\$ 50,800	12/29/2016	S
Adams Ranch	NSE	Jackson	1,920.00	\$ 2,600,000	5/11/2017	S
		TOTAL	2,120.63	\$ 12,946,000		
DISPOSALS						
TRANSACTION NAME	TA TYPE	COUNTY	ACRES MORE OR LESS	EXCHANGE VALUE	CLOSED	TRUST
Arapahoe Square/ RMPBS	LLE	Denver	1.52	\$ 9,900,000	7/29/2016	S
Forest View - Lot 23	NSE	El Paso	3.45	\$ 212,000	8/9/2016	S
Forest View - Lot 28	NSE	El Paso	2.62	\$ 204,000	8/30/2016	S
Forest View - Lot 13	NSE	El Paso	2.50	\$ 192,000	8/31/2016	S
Forest View - Lot 9	NSE	El Paso	2.54	\$ 220,000	9/8/2016	S
Forest View - Lot 14	NSE	El Paso	2.50	\$ 180,000	10/27/2016	S
HCL Yampa - Water Dedication	NSE	Denver	120.00	\$ 72,725	12/14/2016	S
Strategic Disposal List - Bent	NSE	Bent	40.00	\$ 7,600	12/15/2016	S
Strategic Disposal List - Crowley	NSE	Crowley	160.00	\$ 16,000	12/15/2016	S
Strategic Disposal List - El Paso	NSE	El Paso	56.00	\$ 140,000	12/15/2016	S
Strategic Disposal List - Moffat	NSE	Moffat	40.00	\$ 12,000	12/15/2016	S
Strategic Disposal List - Moffat	NSE	Moffat	40.00	\$ 11,800	12/15/2016	S
Strategic Disposal List - Moffat	NSE	Moffat	393.00	\$ 144,105	12/15/2016	S
Strategic Disposal List - Moffat	NSE	Moffat	377.00	\$ 136,082	12/15/2016	S
Strategic Disposal List - Moffat	NSE	Moffat	6.00	\$ 5,000	12/15/2016	S
Forest View - Lot 38	NSE	El Paso	2.50	\$ 188,000	12/21/2016	S
Strategic Disposal List - Clear Creek	NSE	Clear Creek	160.00	\$ 300,000	12/29/2016	S
Strategic Disposal List - Fremont	NSE	Fremont	173.00	\$ 313,850	12/29/2016	S
Strategic Disposal List - Logan	LLE	Logan	79.00	\$ 70,200	12/29/2016	S
Strategic Disposal List - Park	LLE	Park	120.00	\$ 50,800	12/29/2016	S
Forest View - Lot 20	NSE	El Paso	2.50	\$ 208,000	2/21/2017	S
Arvada Ridge	NSE	Jefferson	27.90	\$ 4,500,000	2/28/2017	S
Gutierrez Ranch	NSE	Las Animas	11,052.11	\$ 4,100,000	4/28/2017	S
Forest View - Lot 19	NSE	El Paso	2.52	\$ 200,000	5/26/2017	S
Forest View - Lot 32	NSE	El Paso	2.50	\$ 176,000	6/6/2017	S
Forest View - Lot 3	NSE	El Paso	2.50	\$ 176,000	6/20/2017	S
		TOTAL	12,871.66	\$ 21,736,162		

Colorado State Board of Land Commissioners Transaction Report | FY 2016-17

Summary of Land-for-land Exchanges

Arapahoe Square/RMPBS

This transaction exchanged a 66,023 square foot parcel of School Trust land located at 21st and Arapahoe, Denver, for a 71,151 square foot parcel owned by Rocky Mountain Public Broadcasting Service (RMPBS) located in Denver's Golden Triangle neighborhood. This transaction accomplishes several goals for the school trust. The Board trades into a comparable asset that may result in greater cash flow and require less management. Based on a financial analysis of alternative uses, the Board has several options for generating cash flow on the site. These recommendations range from leasing the site under a master lease with no cost obligations to selling the site in five years when RMPBS moves to Arapahoe Square.

Strategic Disposal

Two of 12 strategic disposals completed this year (discussed in greater detail, below) occurred through land-for-land exchanges. These exchanges were located in Park and Logan Counties.

Summary of Acquisitions

Fort Lyon Canal Ditch Shares

The Fort Lyon shares were used to irrigate property owned by the State Land Board. The lease of those shares gives the State Land Board right of first refusal to purchase water that has been used to irrigate crops on state land, should water be offered for sale. In general, the State Land Board is interested in acquiring water when it can be used to support agriculture on state trust land, may have the potential to be repurposed at a future date, may increase in value, and is priced at or below the current market. The water rights potentially gained value immediately upon closing when united with the surface ownership through this acquisition. In addition to this immediate increase in value, the water will generate annual revenue of \$2,500 (\$50 per acre).

Adams Ranch

The Adams Ranch is a 1,920 acre parcel located in Jackson County. One of the Board's goals is to create more diversified portfolio revenue and increase the return generated by state trust assets. Diversification minimizes risk, and increased returns provide immediate tangible benefit to trust beneficiaries. The current land portfolio is concentrated on the eastern plains with less than 30% of the land holdings located west of I-25. This transaction helps with the diversification of State Land Board assets both geographically and through revenues not dependent on the volatile oil and gas segment.

Colorado State Board of Land Commissioners Transaction Report | FY 2016-17

Summary of Disposals¹

Forest View Lots 23,28,13,9,14,38,20,19,32, and 3

A 1993 Property Improvement Agreement formed Forest View Estates in Monument, Colorado. Forest View Estates is a 120-acre residential development containing 52 residential lots. As lots are sold, the State Land Board receives the net proceeds. During FY 2016-17, 10 lots were sold.

Strategic Disposal List

After a review of certain state trust lands, staff determined that the State Land Board's holdings included a number of parcels generating very little revenue, having no unique or distinguishing attributes, and/or lacking current or potential legal physical access. Following this review, the Board directed staff to undertake a more complete evaluation of state trust land to determine if the disposition of property with the characteristics described above is in the best interest of the trusts. Staff completed the analysis and recommended 28 parcels that should be disposed. 12 of parcels recommended for disposal were disposed of during the year.

HCL Yampa

This was a non-simultaneous exchange of 38,438 square feet of land, along the Yampa Street alignment, between E 51st Avenue and the north boundary of the Board's property at 48th and Tower Road in Denver. The exchange accommodates the infrastructure needs of both the State Land Board and the adjoining landowner (HCL/Oakwood Homes). Following the exchange, HCL will install water and emergency road access infrastructure on the parcel.

Arvada Ridge

Arvada Ridge is a 27.9 acre vacant parcel located in the City of Arvada. With Board direction, it was offered for sale. Following the statutory public notice period and bid process, the Board received three qualified best and final bids. After meeting the minimum qualifications for the sale of the property, it was disposed of in February 2017.

Gutierrez Ranch

Gutierrez Ranch is located in central Las Animas County, approximately 25 miles northeast of Trinidad, and shares a common boundary with the State Land Board's Chancellor Ranch property. The Board acquired the approximate 11,000 acre ranch in May 2015 at a price of \$235 an acre, which created a consolidated ranch totaling 63,640 acres. At the time of acquisition, the Board approved \$110,000 to address the infrastructure needs of the property, including new stock water, fencing and general cleanup of the property. The improvements were needed to increase the resale value of the property, the proposed exit strategy of the acquisition. At the disposal price of \$371 an acre, the State Land Board saw a 58% return over the holding period of approximately two years.

¹ Sections 36-1-124 and 36-1-124.3, C.R.S., which require public bids and public notifications of state trust property disposals, govern sales of state trust lands. Section 36-1-124.5, C.R.S. governs the reinvestment of property sale proceeds.