

Transaction Report

Fiscal Year

2019-20

Annual report detailing acquisitions and disposals of trust
lands

Colorado State
Board of Land
Commissioners

Colorado State Board of Land Commissioners Transaction Report | FY 2019-20

Introduction

The Colorado State Board of Land Commissioners (State Land Board) is pleased to present its Fiscal Year 2019-20 Transaction Report. The State Land Board conducts real estate transactions, including disposals, acquisitions and land-for-land exchanges. As required by Section 36-1-102, 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.

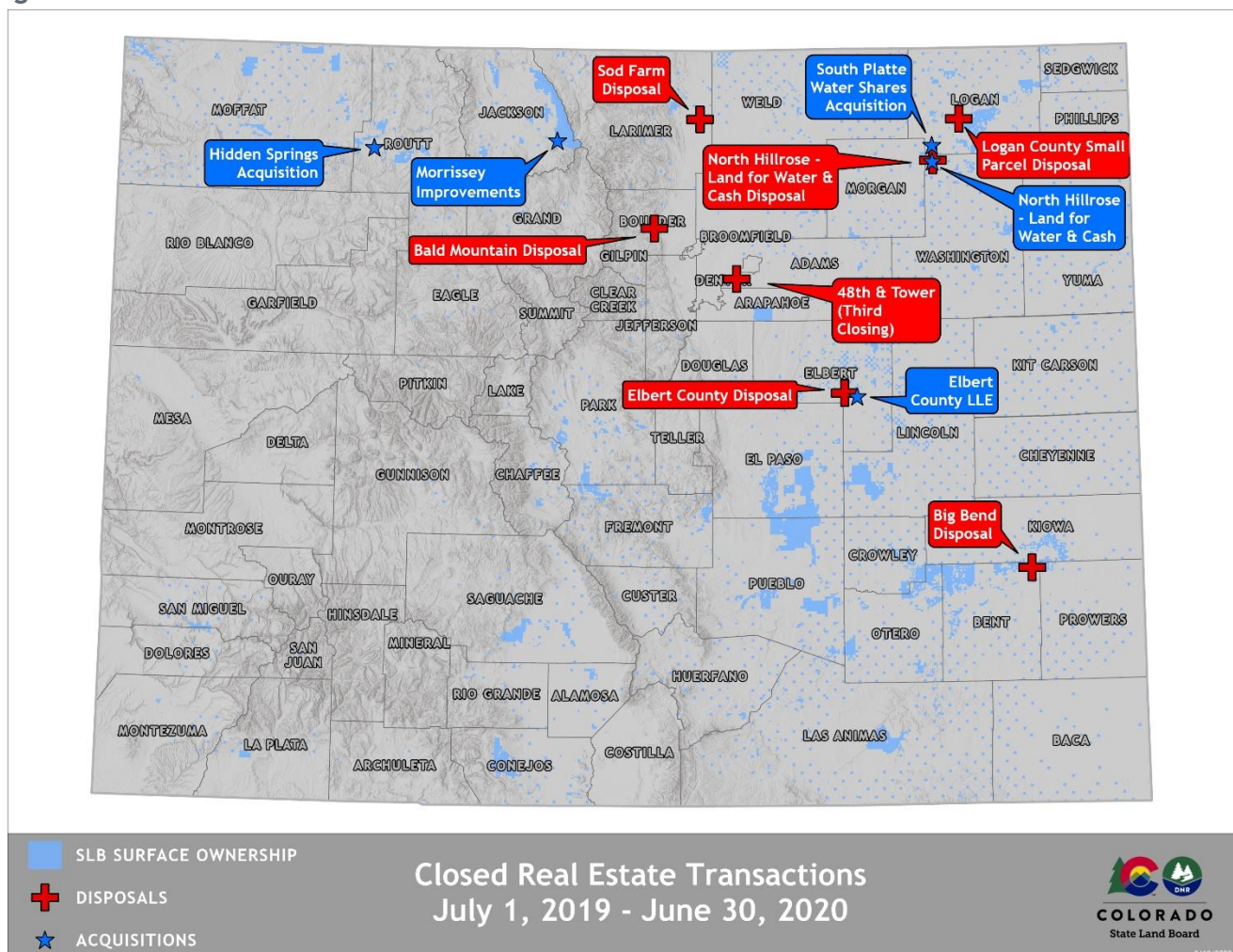
Summary

During FY 2019-20, the State Land Board completed ten transactions consisting of three acquisitions, five disposals, and two land-for-land exchanges. All ten transactions involved properties in the School Trust. **Figure 1** maps locations of the properties, and **Table 1** provides details of each transaction.

The State Land Board acquired 1,639 acres valued at \$1.9 million.

The State Land Board disposed of 1,435 acres with the total value approaching approximately \$15.2 million across various counties.

Figure 1: FY 2019-20 Real Estate Transactions



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Table 1: Closed Real Estate Transactions FY 2019-20

Transaction Name	Type	County	Acres +/-	Exchange Value	Closing Date	Trust
Hidden Springs	Acq	Routt	600	\$ 560,800	10/23/2019	School
North Hillrose Water	Acq LLE*	Washington	0	\$ 135,000	12/17/2019	School
North Hillrose Land	Disp LLE*	Washington	67.85	\$ 135,000	12/17/2019	School
Morrissey Improvements	Acq	Jackson	0	\$ 188,000	12/31/2019	School
Logan County Small Parcel	Disp	Logan	0.43	\$ 44,000	1/3/2020	School
Big Bend	Disp	Bent	240	\$ 120,000	1/7/2020	School
South Platte Water Shares	Acq	Logan	0	\$ 300,000	1/9/2020	School
48 th & Tower Phase 3	Disp	Denver	23.68	\$ 6,136,865	3/19/2020	School
Elbert County	Acq LLE*	Elbert	1039	\$ 779,000	3/24/2020	School
Elbert County	Disp LLE*	Elbert	560	\$ 779,000	3/24/2020	School
Bald Mountain	Disp	Boulder	90.4	\$ 1,537,161	3/27/2020	School
Sod Farm	Disp	Larimer	453	\$ 6,500,000	5/18/2020	School
Total of Acquisitions			1,639	\$1,962,800		School
Total of Dispositions			1,435.36	\$ 15,252,026		School
Net Change in Trust Acreage		Gain	203.64			School

*Land for Land Exchange - when an exchange of physical assets is part of the transaction, not just cash

Summary of Acquisitions

Hidden Springs

An acquisition of 600 acres in Routt County. This acquisition is accretive to existing State Land Board surface ownership and will reunite State Land Board surface and mineral estates. Experience indicates that larger blocks of land are more efficient to manage and generally bring higher lease rates, thereby increasing the value.

Morrissey Improvements

An acquisition of improvements on a canceled lease in Jackson County. The lease agreement required the Board's purchase of the authorized improvements which included a house, attached covered garage, and fencing.

South Platte Water Shares

The State Land Board exercised right of first refusal in purchasing South Platte Ditch Company water shares from a lessee in Logan county. This transaction benefits the School Trust by generating additional revenue when the water shares are put to work in irrigation, meeting a strategic goal to improve and increase the portfolio of water assets.

Summary of Disposals¹

Logan County

In 2007, the Board acquired a six lot parcel within the City of Sterling with the intent of constructing a building to house the Northeast District office. Several years later this plan was evaluated by Staff, and it was determined that leasing district office space in Sterling was a more appropriate strategy in terms of both cost and flexibility. The property had not been put to productive use, and the Board spent approximately \$400 on annual upkeep. This transaction removed an unproductive asset from the portfolio.

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.

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Big Bend

This transaction disposed of approximately 240 acres of state trust land that generated only moderate revenue and had low potential for new uses and/or significant appreciation. There was little to no potential for recreation, ecosystem services, or other lines of business on the parcel. In addition, the disposal was consistent with the agency's effort to dispose of isolated and/or orphaned parcels that present limited potential for either increased revenue or significant appreciation in value.

48th and Tower 3rd Closing

In February 2018, the Board approved two bids submitted by Equity Ventures and Oakwood Homes for the parcel of 65 +/- acres located at 48th and Tower Road. The transaction was scheduled to be completed in three separate phases, with all phases consisting of roughly the same acre size and value. The first two transactions closed in 2018; the final phase concluded this year.

Bald Mountain

In 2015, the Board directed Staff to pursue the disposal of the state trust land leased to Boulder County for public open space. Subsequent discussions with County representatives determined that the County was only interested in acquiring approximately 146 acres, leaving 90.4 acres available. Staff believed that the highest and best use for the 90.4 acres not acquired by Boulder County was low density residential development, and the property was listed for sale. This final 90.4 acres was disposed of this year.

Sod Farm Disposal

In 2005, the Board and Fort Collins/Larimer County completed a land trade of 3,874 acres of checkerboard pattern land in Larimer County for the 453 acre Sod Farm in unincorporated Larimer County. The Board-owned property included five irrigation wells, multiple irrigation pivots and several structures that serve the farming activities. In 2016, a private party offered to purchase the Sod Farm with a requested 40 month due diligence time. The transaction closed this year.

Summary of Land-for-land Exchanges

North Hillrose Exchange

The State Land Board worked with a lessee to exchange of 68 acres of state trust land near the town of Hillrose for one private right of Riverside Irrigation Company and additional cash. As part of the transaction the lessee has agreed to lease back the water right, at the Board's option, for a period of three years. This provides a unique opportunity to dispose of the property while generating an annual return on the newly acquired water that fully replaces the previous annual rent.

Elbert County Exchange

The Board acquired 1,040 acres of privately owned rangeland that lies between two parcels of state trust land in exchange for disposing of 580 acres of state trust land and paying \$382,000 cash from the Non-simultaneous exchange (NSE) fund. The newly acquired land created a 2,040 acre continuous parcel of state trust land and provided the Board legal access to 320 acres of trust land to which it had no previous access. The Board reserved the mineral rights on the parcel being disposed.