

STATE BOARD OF LAND COMMISSIONERS

September 20, 2022

Regular Agenda

Subject

Final Approval of the Avimor Land Exchange

Question Presented

Shall the Land Board authorize the Department to complete the land exchange with Avimor?

Background

In April 2020, the Idaho Department of Lands (Department) received an application for a land exchange from Avimor Partners, LLC¹, as the beneficiary of Dual Beneficiary Trust² (Avimor). Avimor proposed exchanging 800 acres of land it owns in Boise County for 796.5 acres of endowment land just to the south near where the Ada, Gem, and Boise County lines meet. The endowment land consists of scattered 40-acre parcels located in all three counties.

On October 20, 2020, the State Board of Land Commissioners (Land Board) approved the request to proceed with due diligence 5-0 (Attachment 1).

Upon receiving approval from the Land Board, the Department completed the due diligence analysis required for the Avimor land exchange. The due diligence included financial analysis, encumbrance review, public comment, Member of the Appraisal Institute (MAI) appraisals, review of the MAI appraisals, and the independent third-party analysis completed by the Land Board's Real Estate Advisor, Michael Finch of CenturyPacific, LLLP. The review completed by Mr. Finch (Attachment 2) recommends the land exchange and notes, "Based on my review of the information presented and a property tour on May 17, 2021, the proposed exchange appears to be a true like-for-like exchange based on property value – and affords the exchanging parties to derive unique value due to the characteristics of the property exchanged (location, contiguity, etc.). For the reasons noted below and consistent with the October 20, 2020 memorandum to the Land Board, I am of the opinion that the proposed land exchange is of benefit to the Land Board."

¹ An Idaho limited liability company

² Owner of Avimor land is First American Title Insurance Company, a California corporation, as Trustee of the Dual Beneficiary Trust Created Pursuant to the Subdivision Trust Agreement Dated October 8, 2003, as amended and First American Title Insurance Company, a California corporation, as Trustee of the Dual Beneficiary Trust Created Pursuant to the Subdivision Trust Agreement Dated October 8, 2002, as amended, as their interests appear of record.

Discussion

Existing Endowment Land

The Public School endowment land proposed for the exchange is 796.5 acres of grazing land near the borders of Ada, Boise and Gem Counties converge (Attachment 3). The endowment land consists mainly of scattered 40-acre parcels, some of which have limited or no access. There are parcels of endowment land in all three of the counties mentioned above involved in the exchange.

The existing grazing lessee of the endowment property is one of the constituent parties of the proponent (Avimor Partners, LLC), who will no longer need the lease after the exchange and consents to its termination.

Appraisals completed by Langston and Associates, Inc. Sam Langston, MAI, estimated the market value of both properties. The appraisal shows the endowment land worth \$1,990,000, with the proponent's property valued at \$2,000,000. The appraiser notes the highest and best use for the endowment land is agricultural dry grazing with areas of large acreage single-family residential development.

Avimor Proposed Land

The Avimor land proposed in the exchange consists of 800 contiguous acres located in Boise County, near State Highway 55 where it summits Horseshoe Bend Hill (Attachment 4). It is mainly undeveloped except for Summit Ridge Road, which traverses the property on the eastern side. The appraiser concluded that the highest and best use of the Avimor property is agricultural dry grazing with areas of large acreage single-family residential development. During the due diligence, the Department met with, or otherwise contacted the impacted county commissioners at Ada, Gem and Boise Counties. Ada County commissioners sent a letter indicating a neutral stance on the exchange. Boise County took a neutral stance on the exchange but did cite their concerns regarding the loss of tax revenue. Gem County supports the exchange because of a slight increase to their tax base.

Based on the Department's Draft Land Exchange Policy, the Department contacted all of the surrounding landowners to inform them of the exchange. The Department received comments from six of the neighboring landowners (Attachment 6). None of the comments indicated opposition to the exchange, and three of the letters the Department received specified support for the land exchange. All of the letters received indicated the desire for the land to become an unmanaged state park.

As part of the due diligence, the Department identified one remaining item that must be removed before closing the transaction. The Department has worked with the Office of the Attorney General to review the release that will resolve this remaining title issue.

Benefits to the Endowment

Block up existing endowment lands – The proposed exchange would replace the scattered and isolated endowment land parcels with a large block of exchange land that has direct access to State Highway 55. This will lead to increased management efficiency and better access to the exchange lands when compared to the access options on the existing endowment lands.

Added value to the endowment – The value of the Avimor property is \$10,000 higher than the value of the endowment land. Avimor intends to donate the difference in land values to the endowment. This means that there is \$10,000 of added value to the endowment which will be recognized immediately upon closing of the land exchange transaction.

Recommendation

Approve the exchange, subject to assurances that the title issues are fully resolved and will be released of record and that the Department and legal counsel are comfortable with the final Exchange Agreement and direct the Department to complete and close the as-proposed Avimor land exchange.

Board Action

Attachments

1. October 20, 2020 Approved Memo Avimor Land Exchange
2. CenturyPacific, LLLP Memo Recommending the Land Exchange
3. Map of Endowment Land
4. Map of Avimor Land
5. Vicinity Map
6. Comments from Neighboring Landowners

STATE BOARD OF LAND COMMISSIONERS

October 20, 2020

Regular Agenda

Subject

Approval to proceed with due diligence for Avimor land exchange

Question Presented

Shall the Land Board authorize the Department to proceed with due diligence for the proposed land exchange?

Background

In June 2020, the Idaho Department of Lands (Department) received an application for a land exchange from Avimor Partners, LLC (Avimor). Avimor proposes exchanging 800 acres of its land for 800 acres of endowment land located in the Boise foothills (Attachment 1). Area staff and Department leadership have reviewed the proposal and believe it warrants further formal evaluation via the due diligence process.

The Public School endowment land proposed for exchange consists of approximately 800 acres, referred to as the "Endowment Lands." The Endowment Lands are located in Ada and Boise counties. A legal description of the Endowment Lands (Attachment 2) and a map (Attachment 3) are attached.

The Avimor properties consist of 800 acres in Boise County. The land is contiguous as seen on the existing ownership map (Attachment 4). The land exchange would consolidate the endowment land into two large blocks, as seen on the proposed ownership map (Attachment 5).

Discussion

This proposed land exchange would improve the long-term value and block up endowment grazing land.

Specific benefits of the exchange include:

- Block up endowment land: Currently, the Endowment Lands are scattered in 40- to 160-acre blocks which reduces the opportunities for leasing endowment land.
- Suburban Interface: The existing Endowment Lands are in the path of development for the Avimor subdivision which will reduce the ability to lease for grazing.
- Return on Asset: While a return on asset (ROA) cannot be finalized until due diligence work is completed, it is anticipated that the long-term ROA on the Avimor property will be higher than the Endowment Lands because of the ability to lease for grazing.
- County Tax Assessments: As a result of the proposed exchange, there would be an estimated \$350 reduction to Boise County tax rolls due to the State's exemption from

property taxes. As part of the due diligence process, the Department will seek comments from the Boise County Commissioners. Conversely, Ada County would add an estimated 480 acres to its tax roll, forecasted to generate approximately \$350 per year.

Upon Land Board approval, the next steps for the land exchange would be for the Department to perform due diligence consistent with the following (also listed in Attachment 6):

- Order a preliminary title report to review the legal descriptions and the current exceptions to title on the properties.
- Complete a Phase 1 Environmental Site Assessment to review the environment history of the property. The report is intended to identify actual and potential problems based on a review of historical documentation, regulatory agency databases, and a physical on-site investigation.
- Verify the properties have legal access.
- Review the existence of any endangered species at the site. The presence of threatened/endangered species can significantly reduce the value of a property.
- A real estate appraisal will be completed by a Member of the Appraisal Institute (MAI) appraiser to determine the market value for the property. Appraisals will be reviewed by a second MAI appraiser to verify the report meets Uniform Standards of Professional Appraisal Practice (USPAP).
- Review the recorded surveys, verify survey pins are placed at the corners, and determine if there is a need to order a survey.

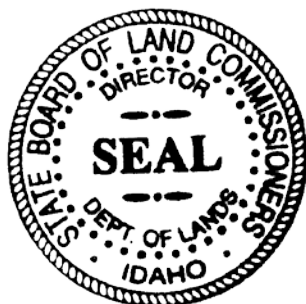
Based on the review of the due diligence, Department leadership will approve or terminate the land exchange for further consideration. If Department leadership approves, it will be brought back to the Land Board for final approval to proceed.

Recommendation

Approve proceeding with due diligence for the Avimor land exchange proposal.

Board Action

A motion was made by Attorney General Wasden that the Land Board adopt and approve the Department's recommendation that is approve proceeding with due diligence for the Avimor land exchange proposal. Controller Woolf seconded the motion. The motion carried on a vote of 5-0.



Attachments

1. Avimor land exchange application
2. Endowment parcel legal descriptions
3. Existing endowment parcel map
4. Existing ownership map
5. Proposed ownership map
6. Due diligence checklist

MEMORANDUM

DATE: June 14, 2021
TO: Mr. Josh Purkiss, Bureau Chief, Idaho Department of Lands (IDL)
FROM: Michael E. Finch
RE: Proposed Avimor Land Exchange

SUMMARY

Thank you for the opportunity to review information created and procured in connection with the proposed land exchange between the State Board of Land Commissioners (Land Board) and Avimor Partners, LLC (Avimor). As outlined in Avimor's land exchange application (June 2020) and the memorandum to the Land Board (October 2020), Avimor is proposing to exchange ±800 contiguous acres of vacant land owned by Avimor in Boise County (Avimor Property) for ±796.51 acres of vacant land – in ten non-contiguous holdings – in Ada, Boise, and Gem Counties under the control of the Land Board (Endowment Property). Based on my review of the information presented and a property tour on May 17, 2021, the proposed exchange appears to be a true like-for-like exchange based on property value – and affords the exchanging parties to derive unique value due to the characteristics of the property exchanged (location, contiguity, etc.). For the reasons noted below and consistent with the October 20, 2020 memorandum to the Land Board, I am of the opinion that the proposed land exchange is of benefit to the Land Board.

SUPPORTING INFORMATION

The opinion summarized above is informed by the following:

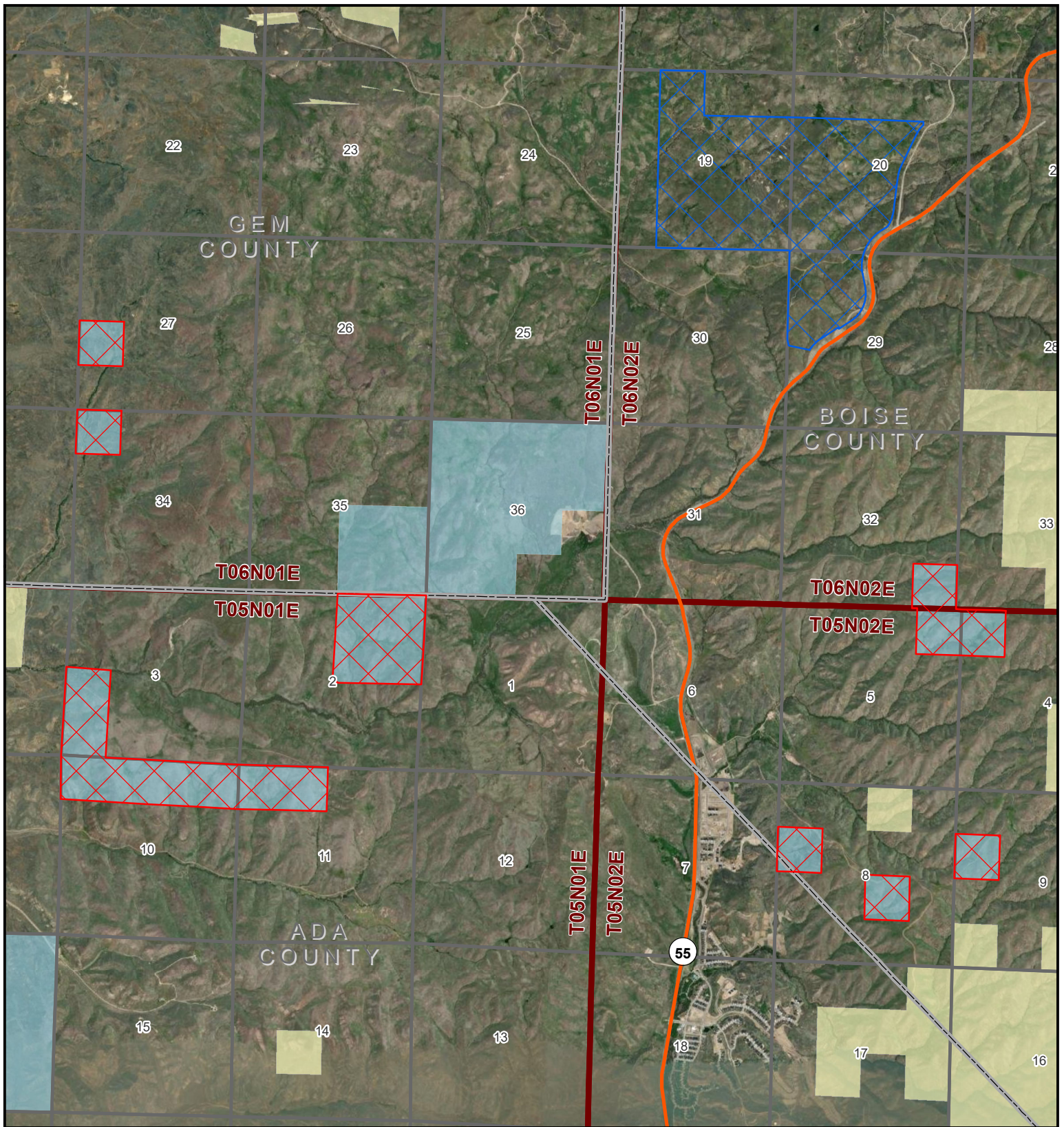
- Appraisal Report dated December 11, 2020 by Langston & Associates Inc. and Appraisal Review dated May 11, 2021 by Valbridge Property Advisors: Based on the Appraisal Report (the integrity of which is supported by the Appraisal Review), the market value of the fee simple estate of the Endowment Land is \$1,990,000 and the corresponding appraised market value of the Avimor Land is \$2,000,000.
- Site visit: The site visit on May 17, 2021 was informative, as the combination of topography, poor contiguity and challenging accessibility of the Endowment Property – as compared to the contiguous, accessible Avimor Property – supports a land exchange. The proposed land exchange will provide Avimor with infill parcels to their current assemblage and will provide the Land Board with a single, contiguous 800-acre assemblage separate from the Avimor development.







- IDL notification, discussion and correspondence with Ada, Boise and Gem Counties: Based on correspondence presented and described by IDL, Ada, Boise nor Gem Counties take issue with the proposed exchange.
- IDL correspondence with neighboring land owners: IDL's outreach to six neighboring land owners solicited no feedback to the proposed land exchange.




POTENTIAL ADDITIONAL INQUIRY

Based on my review of the information provided, there are a couple of matters that, as a result of the subject-specific nature of the issues, may require confirmation:

1. Environmental: I recommend IDL ensure the proposed Avimor property is anticipated to be free of environmental contamination. A Phase I ESA of the 800-acre Avimor property is recommended.
2. Subsurface aggregates and minerals: Based on my untrained visual reconnaissance, the proposed Endowment Property does not appear to benefit from the rock and aggregates, as the surface condition of the Endowment Lands appears to be visually dissimilar to the surface of portions of the Avimor-controlled property with rock deposits.
3. Legal access: Based on my property visit, it appears there is legal access to the Avimor Property that would benefit the Land Board in the event of a successful exchange. A property survey reflecting existing title matters should confirm legal access to the Avimor Property. Given the adjacency of Summit Ridge Road and Pearl Road to the Avimor Property, a partial survey may suffice.



-  County
-  IDL to Acquire
-  IDL to Dispose
-  State Highway
-  Township
-  Section

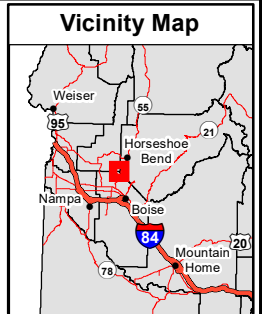
-  Endowment Land
-  BLM
-  Private

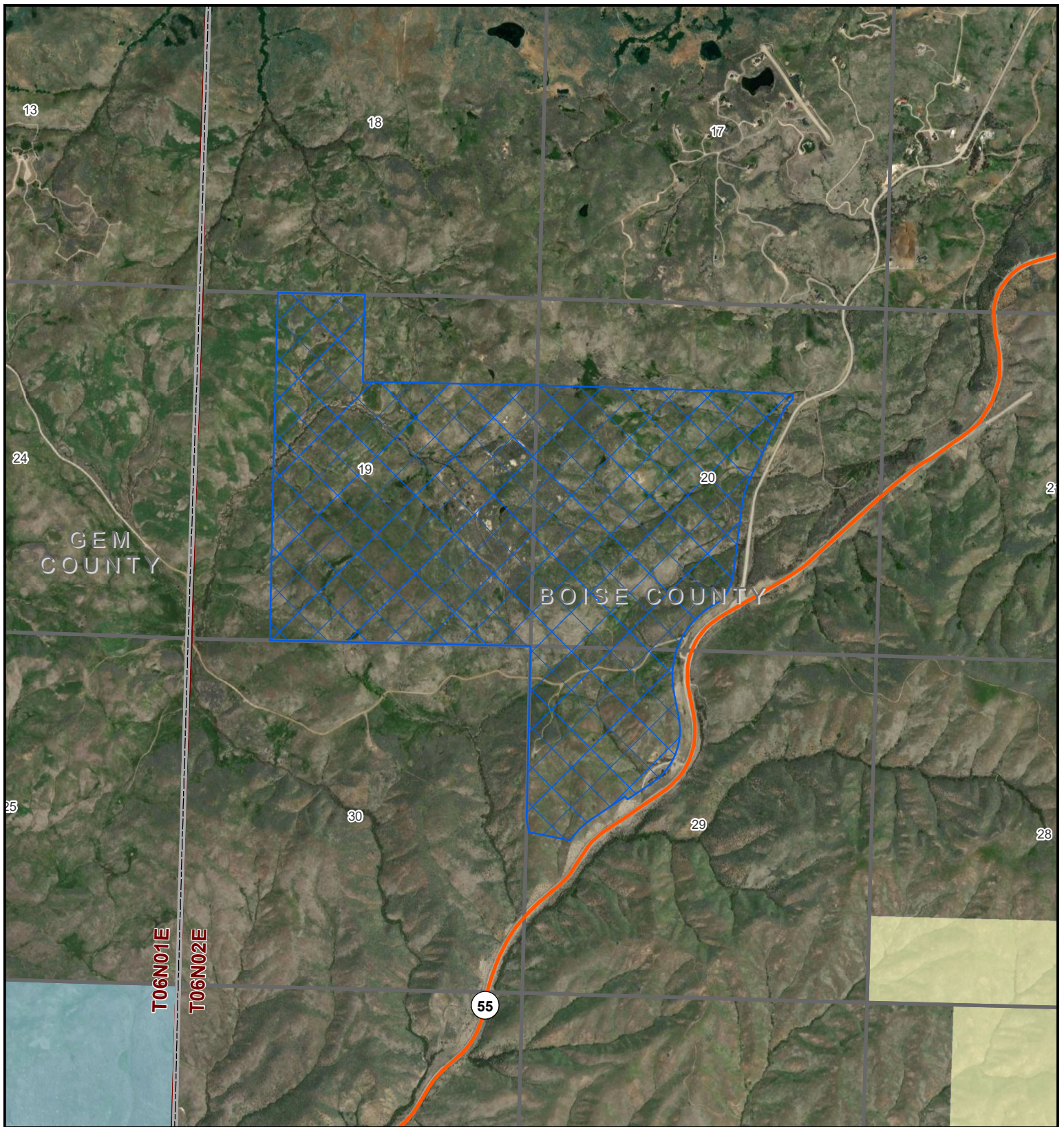
Avimor LEX
IDL to Dispose
 Ada, Boise, and Gem County
 8/26/2021











0 0.5 1 Miles

Disclaimer:
 This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice.
 In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.



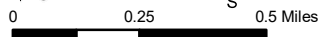


-  County
-  IDL to Acquire
-  State Highway
-  Township
-  Section

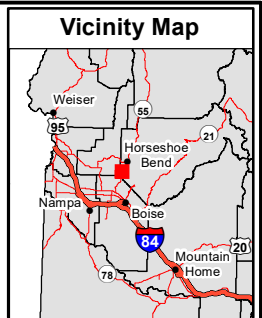
-  Endowment Land
-  BLM
-  Private

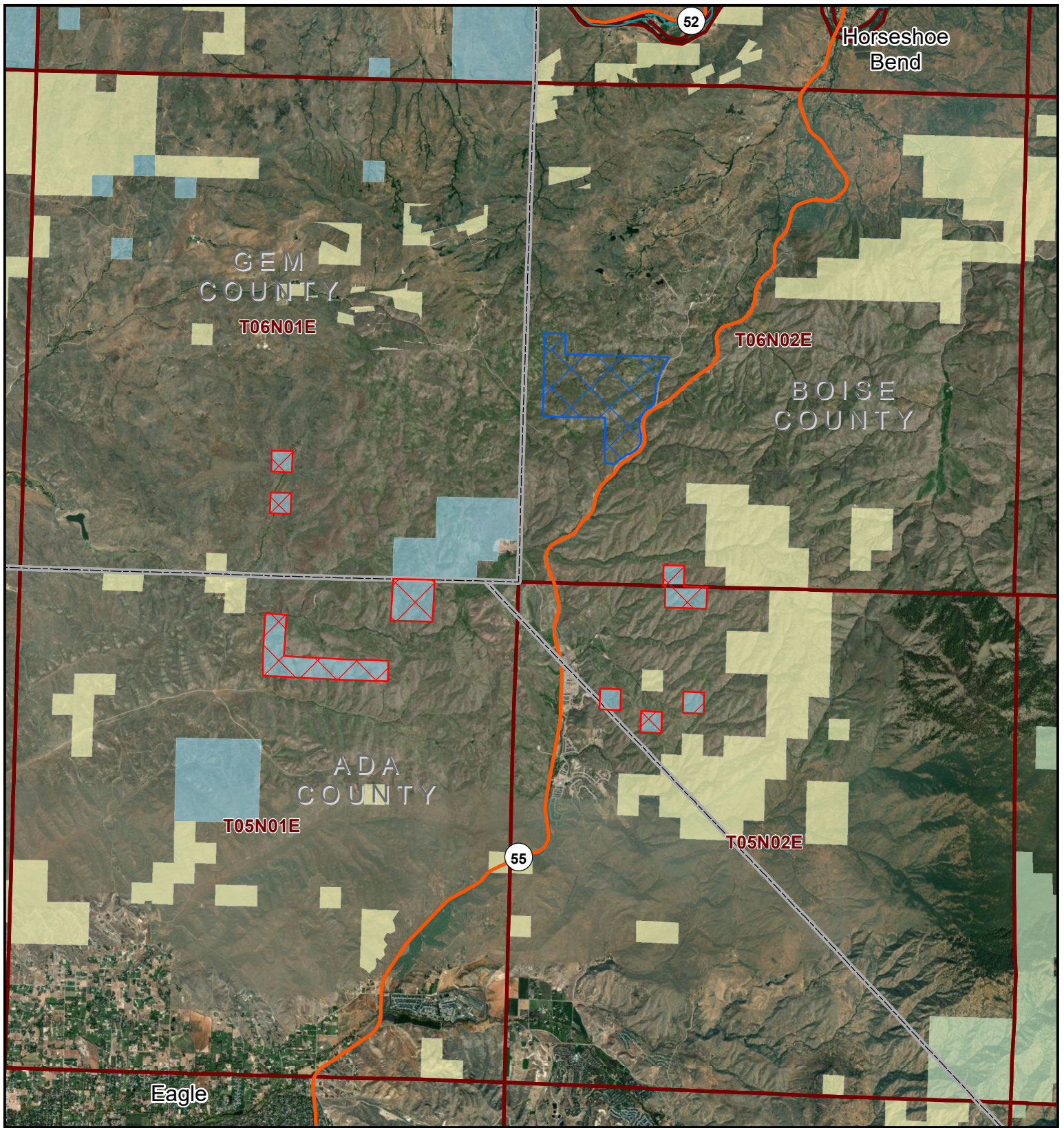
Avimor LEX IDL to Acquire










Boise County
8/26/2021



Disclaimer:
This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice.
In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.

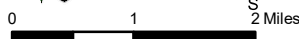




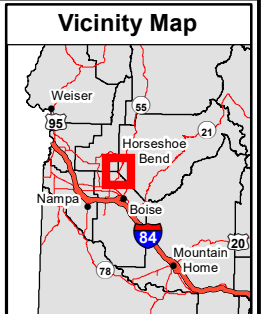
- | | | | |
|--|----------------|---|----------------|
|  | County |  | Endowment Land |
|  | IDL to Acquire |  | BLM |
|  | IDL to Dispose |  | USFS |
|  | State Highway |  | Private |
|  | Township | | |

Avimor LEX Overview

Ada, Boise, and Gem County
8/26/2021



Disclaimer:
This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.



Norm Zachary
12 Lakeview Dr.
Horseshoe Bend, Id
83629

February 2, 2022

Zane Lathim
Idaho Department of Lands
300 N 6th St. Suite 103
P O Box 83720
Boise, Idaho 83720-0050

Re: Property consolidation and land exchange with Avimor off Pearl Road in southwest Boise County

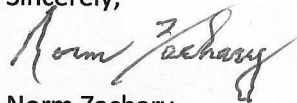
Dear Mr. Lathim:

I spoke with you about a week ago concerning the impending land swap between Avimor Development Corporation and the State of Idaho. I am a nearby resident to what I believe to be the approximate 800+- acres the State would receive for several smaller landlocked parcels within the Avimor Development area. As news gets around, the word was that the assumption of this land might become an unmanaged state park. You explained to me that there hadn't been any discussions of a park yet, but didn't dismiss possible considerations in the future but that it would be a Land Board decision. You also reminded me that the Land Board is bound by State statute to manage land under its jurisdiction for the highest return with the proceeds going to the State School Endowment fund. You pointed out there is a significant return to the schools from the State timber properties but when property is basically grassland the return is negligible except the small amount returned on grazing contracts. You did point out that the State, once it takes ownership, allows access to the property by many other users (I didn't understand what restrictions might apply?) I assumed this might apply to hikers, bikers, horseback riders, and birders to name a few.

The personal side of my writing you, I believe I also explained to you in our phone conversation, was to show strong support for the 800+- acres to become an unmanaged State Park but fenced and gated so a livestock lease could be put in place to provide some monetary return to the State and at the same time allow for many different user's enjoyment. One major hurdle is a Shooting range being proposed across Pearl Road and just to the southeast of your expected acquisition. This would be an incompatible combination of peaceful and tranquil uses, described in the potential activities above, for your land with an extremely noisy adjacent activity. My ask, and that of my several neighbors, is that the Land Board engage Avimor and the gun club proponents to hold off on advancing the Application to the Boise County Commissioners until the Land Board has a chance to determine the best interest of the State in this matter.

Thank you Zane for your attention to this consideration. I know these issues need to be run up the chain of command but any efforts you make to expedite will be greatly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Norm Zachary". The signature is written in dark ink and is positioned above the printed name.

Norm Zachary

P.S. I'm sure you'll be hearing from several people here on the Hill.

February 18, 2022

To: Zane Lathim

Real Estate Specialist

ID Dept. of Lands

Dear Mr. Lathim,

I am writing in regards to the proposed land swap, land used as a Park.

I encourage land near Hwy 55 and Pearl Road to be used as a Recreational Park for the citizens of Idaho. This property can make a beautiful Park site location and really lends itself well to the same features many of us Idahoans value. This particular location off Pearl Road has natural beautiful views of wildlife and the Treasure Valley. This land use would be a perfect fit for so many to this natural setting for healthy outdoor exercise.

Boise area has many local parks and these Parks add much value to the quality of Idaho lifestyle, the property values, and why so many of us want to live Idaho. This proposed park near Hwy 55 and Pearl Road can add value and appeal to both the Boise and Ada County residents. This Pearl Road location is a jewel showcasing beautiful Foothill peaceful views and various wildlife habitat that appeals to so many of us Idahoans.

This Park would be a perfect fit and location.

Sincerely,

Larry Limberg

February 20, 2022

To: Mr. Zane Lathim

Real Estate Specialist

ID Dept of Lands

Dear Mr. Lathim,

I would love to see the land from the land swap off Pearl Road become a park for the people of Idaho. This area has lots of wildlife living, and/or, traveling through this area: (migrating Elk, different species of birds, ducks, geese, Sand hill Crane, Blue Heron, Deer, natural plants, vegetation, fox, coyotes, and even skunks! etc). These Foothills are so valuable to everyone living in this area. Views are spectacular and could be enjoyed by so many.

I encourage this land be used as a Park. It is a natural fit to help promote the many things we all love about Idaho and adding Value consistent with current Foothills use. I know of no Parks of this type that are in this area open to the public. We are running out of room with all the housing growth going on in our Foothills. It's a Great Healthy Peaceful Opportunity for many of our diverse Idaho Citizens who cherish the outdoors we love.

Thank you for your time and interest in this land swap.

Sincerely,

Terri Limberg

Attn: Idaho Department of lands
Re: Avimor land trade

My Name is Ryan Haskins and I own land adjoining Avimor land. The 800 + acres south of me is in the process of being traded from Avimor land to Idaho Sate land. I write today to express some of my concerns as a neighbor and as an Idaho resident. I would like to start by saying I like the idea of the land swap if the lands are used for public recreation, cattle grassing leases and remain a wild life habitat. Those uses would benefit the public.

I have concerns regarding the proposed Crowfoot Shooting Range being placed adjacent to these lands on Pearl Road. Avimor is sponsoring the development and donating the land. This range being proposed is a large 115 car parking stall lot with 50-60 shooting bays open 6 days a week Wednesday –Monday one hour after dawn to one hour before dusk. It is 40+ acres in size and will be open to the Avimor residents and general public. The site will have no permanent facilities (bathrooms or running water), just portable toilets. If the Range is permitted by the County and constructed the near by land will be so blanketed in obnoxious noise it would detour any recreation, hiking, horseback riding, mountain biking etc.... Wildlife and elk migrations will move out of the area and will have a negative affect on cattle grassing. Lack of utilities and facilities- water, electricity, sewer raises alarm to sanitation and health and its affect it will have on neighboring lands. Gun ranges in general present a high fire risk, Crowfoot Range will have no employees and/or employed range master to prevent prohibited uses of ammuniton, targets and weapons that commonly start fires and no way to call help. Again putting neighboring lands at risk.

I believe today's appraisal will differ greatly form the future appraisal after Crowfoot Range exists, neighboring lands will devaluate greatly and there options for use. I have a couple questions I would like answered.

1. Has any of this information been disclosed by Avimor to the IDL staff?
2. Can and will the state appraisers factor this in on the trade?
3. Dose the State see these nuisance concerns to be issues?
4. Is this a good deal for Idahoans if Crowfoot Range is built?
5. Will the Crowfoot Range interferer with maximizing the land use for the state?

I greatly appreciate your time reading this letter and addressing these questions.

Thank you,
Ryan Haskins
50 Teds Cabin Rd., HSB
Ryno.ex@gmail.com

February 15, 2022

Idaho State Land Board
300 N. 6th Street, Suite 103
Boise, ID 83702

To Whom It May Concern,

I am writing to voice my excitement for the state land swap between Avimor and the State of Idaho, and to specify my preference for the use of the resulting reconciled land, as an unmanaged state park. As one of the closest neighbors to the proposed swap area, this issue directly affects me. Hikers, bikers, equestrians, birders, and anybody else who enjoys nature will directly benefit from this proposed use of the land.

I chose to move to this location because I desired the quiet this rural area promised. The tranquility of my home has been dwindling, however, due to homes and subdivisions being developed all the way from Highway 55 in Eagle to Horseshoe Bend. An unmanaged state park just minutes from my home would help preserve the rural nature of the area I deliberately sought when I moved here.

Throughout the year I share my property with various raptors, migratory birds, and other animals, including deer, foxes, elk, and antelope. I am concerned that all of the recent development in the area is having a negative impact on wildlife, because I have been seeing wildlife less frequently and have been noticing dead animals on my property. Undeveloped, yet protected, land at this site would allow sanctuary for these animals to continue to live in this area unmolested.

Please consider maintaining the resulting land swap area as an unmanaged state park, to provide enjoyment for humans and animals for the future.

Sincerely,

Kimberly Bowers
Concerned Neighbor
45 Summit Ridge Road
Horseshoe Bend, ID 83629

Mr. Lathim,

We hope you can recognize the value of turning that open space into a State park on Horseshoe Bend Hill. We support the protection of that quiet piece of property, home to so much wildlife and flora. If this could meet the standards set for an unmanaged state park, I'm certain the neighbors could be called upon to protect, monitor, and periodically report on it to the Idaho Department of Parks and Recreation. It's a perfect place to hike and birdwatch. Thank you for considering such a gentle, noninvasive use for those wonderful acres. Jon and Carol Axelrod, Horseshoe Bend landowners (10 Lakeview Drive).