

STATE BOARD OF LAND COMMISSIONERS

September 20, 2022

Regular Agenda

Subject

Request approval to proceed with due diligence for Brisbie land exchange.

Question Presented

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

Background

In July 2022, the Idaho Department of Lands (Department) received an application for a land exchange from Brisbie, LLC (Attachment 1). Area staff and Department leadership have reviewed the proposal and believe it warrants further formal evaluation via the due diligence process.

Brisbie, LLC is proposing to exchange 125 acres of land it has the contractual right to purchase in Shoshone County for 205 acres of endowment mineral estate only on former endowment land (referred to as "mineral estate").

The mineral estate proposed for exchange consists of approximately 205 acres in Ada County near the town of Kuna. The mineral estate on this land was reserved to the State of Idaho upon conveyance of the property from the State to private ownership in 1937 and 1940. A map of the mineral estate (Attachment 2) is attached.

The Brisbie property consists of 125 acres in Shoshone County. The land is contiguous as seen on the existing ownership map (Attachment 3). The land exchange would add to a block of approximately 1,000 acres of endowment timberland.

Discussion

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

Specific benefits of the exchange include:

- **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 for the Brisbie property as timberland will be higher than the mineral estate. The mineral estate does not include sand and gravel or geothermal resources. Also, the mineral estate does not contain commercially valuable mineral deposits. The State has never leased the mineral estate.
- **County Tax Assessments:** As a result of the proposed exchange, there would be an estimated one time \$800 reduction to Shoshone 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 Shoshone County Commissioners.

Upon Land Board approval, the next steps for the land exchange would be for the Department to perform due diligence consistent with the following and Attachment 5:

- Review the preliminary title report to confirm the legal descriptions and the current exceptions to title on the properties.
- Complete a Phase 1 Environmental Site Assessment to review the environmental 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.
- The properties with merchantable timber will require a timber cruise to determine the species, quality, and quantity of harvestable timber. Sufficient data must be obtained to create a statistically reliable sample for the timber modeling.
- 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, the 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 approval to proceed.

Recommendation

The Department recommends the Land Board approve proceeding with due diligence for the Brisbie land exchange proposal.

Board Action

Attachments

1. Brisbie LLC Application
2. Mineral Estate Parcel Map
3. Brisbie Parcel Map
4. Brisbie Overview Map
5. Due Diligence Checklist

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Michael V. Woodhouse

William C. Cole (Of Counsel)

Kenneth L. Pursley (1940-2015)
James A. McClure (1924-2011)
Raymond D. Givens (1917-2008)

July 28, 2022

VIA HAND DELIVERY

Dustin Miller, Director
Idaho Department of Lands
300 N. 6th Street, Suite 103
Boise, ID 83702

Re: Application for Land Exchange

Dear Director Miller,

We are pleased to present the Idaho Department of Lands with an application for a land exchange on behalf of our client, Brisbie LLC (“Brisbie”). As explained in more detail below, Brisbie proposes to provide to the State of Idaho fee title to timber land in Shoshone County in exchange for a severed mineral estate associated with property in the City of Kuna. In our view, this proposal provides value to both parties: Brisbie receives the certainty associated with fee title to its property, while IDL receives valuable, income-producing timber property rather than a severed mineral estate that holds little or no prospect of providing revenue to the State.

An executed, completed Application Form is attached to this letter. The Application Form has several exhibits: a Certificate of Good Standing for Brisbie (Exhibit 1); the deeds that reflect the reserved mineral estate (Exhibit 2); a map that depicts the reserved mineral estate (Exhibit 3); a map that depicts the timber property (Exhibit 4); and an inventory summary of the timber property (Exhibit 5). The nonrefundable application fee is provided along with this letter. This letter contains the information referred to in the Application as the Property Information Packet.

We look forward to engaging with the Department throughout this process. Please let us know if you have questions about this Application or would otherwise like to discuss.

BACKGROUND

Brisbie has acquired property within the City of Kuna to be used for a large-scale industrial project (“Project”). The Project, with support from the City of Kuna and other local

stakeholders, will provide significant benefits to the area, including economic development, infrastructure improvements, and increased tax base.

Title research identified two deeds that reserved to the State of Idaho certain minerals associated with two parcels totaling approximately 205 acres (the “Mineral Estate”). These mineral reservations occurred in 1940 and 1937, respectively, and therefore do not include sand and gravel or geothermal resources. To our knowledge, the State has never leased, and has no intent or expectation that it would ever lease, the Mineral Estate.

Brisbie holds the contractual right to purchase approximately 125 acres of timber property (the “Timber Property”) in Shoshone County and proposes to convey the Timber Property to the State, in fee simple, in exchange for the Mineral Estate. The exchange of an idle mineral estate for productive timber property will support IDL’s mission to maximize long-term financial return of State endowment lands; will enable significant investments in the State by facilitating the Project; and is otherwise in the best interests of the State.

SUBJECT PROPERTIES

Property 1: The Mineral Estate. Two parcels associated with the Project are subject to mineral estates that were reserved to the State of Idaho upon conveyance of the property from the State to private ownership in 1940 and 1937. The deeds are attached to the Application as Exhibit 2. The parcels subject to the mineral reservations, which amount to approximately 205 acres, are depicted on Exhibit 3 to the Application. A few aspects of the Mineral Estate are worth noting.

First, the Mineral Estate does not include sand and gravel or geothermal resources. As established in *Treasure Valley Concrete, Inc. v. State*, until 1981 and 1986, the operative statutes reserved to the State only coal, oil, oil shale, gas, phosphate, sodium, asbestos, gold, silver, lead, zinc, and antimony. 132 Idaho 673, 675-76 (1999) *overruled as to attorney fees only by City of Osburn v. Randel*, 132 Idaho 673 (2012). The limited scope of this reservation is confirmed by the deeds themselves. *See* Exhibit 2.

Second, the Mineral Estate does not appear to contain commercially valuable mineral deposits. Brisbie commissioned two geological studies to evaluate the Mineral Estate. Neither study found evidence of any appreciable mineral deposit; indeed, both determined that geological conditions would not support commercially valuable mineral deposits.

Third, to our knowledge IDL has never leased the Mineral Estate, or similar reserved mineral estates in this geographical area. Accordingly, the Mineral Estate is not currently generating, and would not be expected to ever generate, revenue for the State endowment.

Property 2: The Timber Property. Brisbie holds the contractual right to purchase the Timber Property, which consists of approximately 125 acres of timber property in Shoshone County. The Timber Property is depicted on Exhibit 4 to the Application. As demonstrated on Exhibit 4, the Timber Property is sandwiched between two parcels owned by IDL. An access road that connects the two IDL parcels crosses the Timber Property.

The Timber Property consists of a mixture of planted and naturally regenerated stands that are dominated by the grand fir/western red cedar timber type, indicative of a high site for timber production. Timber harvesting operations have not occurred on this tract since it was acquired in 2012. The inventory indicates that the last harvest operation was in the mid-1990's, with the most recent establishment year of 1994 on stand 002. This tract has good stocking throughout and good access on Olson Creek Rd through IDL property. An inventory summary of the Timber Property is attached as Exhibit 5 to the Application. According to GIS records, there is one seasonal or intermittent stream on the tract, which is likely to classify as a minor class 2 stream.

The purchase price of the Timber Property is consistent with market conditions. Property values have increased dramatically in this region of the State. We anticipate that the Timber Property will continue to increase in value, providing yet more value to the State.

FACTORS RELEVANT TO THE EXCHANGE

Brisbie respectfully submits that the proposed exchange meets the factors considered by the Department in evaluating land exchanges.

The proposed exchange maximizes return on endowment property and is in the best interest of the State. First and foremost, the Department is tasked with maximizing the return on endowment lands. In the proposed exchange, the Department will obtain fee title to valuable timber property, in exchange for relinquishing a severed mineral estate that provides no current or expected financial return. In addition, the exchange will facilitate the Project, which will foster economic development, increase tax base, and provide other benefits for the City of Kuna and surrounding areas. In short, the proposed exchange will maximize the financial return of endowment property and is otherwise in the best interest of the State.

The lands to be acquired by the State are at least as valuable as the endowment land. The Timber Property is significantly more valuable than the Mineral Estate. This difference in value has not been quantified with precision, though appraisals and review appraisals will be conducted in accordance with IDL policy as part of the exchange process. Brisbie will donate to the State the difference in value between the Properties.

The proposed exchange will result in the consolidation of existing endowment lands. As shown in Exhibit 4 to the Application, the Timber Property is located between two existing IDL parcels. An access road that connects the two IDL parcels runs through the Timber Property. The proposed exchange will consolidate IDL's parcels and allow seamless access using the existing road.

The proposed exchange will improve access to existing endowment lands. As noted, an access road connecting two IDL parcels runs over the Timber Property. The proposed exchange will improve access to existing endowment lands by placing the access road entirely on IDL-owned property.

July 28, 2022

Page 4

The proposed exchange will result in equal or higher revenue for the endowment.

The proposed exchange involves conveyance of fee title to timber property in exchange for a reserved mineral estate. Geological studies indicate that the Mineral Estate does not contain commercially valuable mineral deposits. To Brisbie's knowledge, the Mineral Estate has not produced, and is not expected to produce, any financial return to the State. By contrast, through the exchange the State will acquire fee title to timber property in an area of the State with appreciating property values. The proposed exchange will materially improve the endowment's position, financially and otherwise.

The land offered to the State in this exchange has the potential for long-term appreciation. Property values near the Timber Property have appreciated in recent years. Appreciation is expected to continue in the short and long term. In addition, the Timber Property provides value in the form of future timber harvests, and by improving access to existing endowment lands.

The Proponent has the right and ability to acquire the property. Brisbie has the right and ability to acquire the Timber Property pursuant to an executed, enforceable contract. Brisbie is happy to review the contract with IDL at IDL's convenience.

CONCLUSION

Brisbie looks forward to engaging with the Department to facilitate the proposed exchange. Please let us know if the Department would like to discuss any aspects of this application, or if we can provide additional information to assist the Department going forward.

Sincerely,



Preston N. Carter

PNC/sw

Enclosures

cc: Josh Purkiss, Real Estate Program Manager, IDL

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LAND EXCHANGE APPLICATION

The Land Exchange Application process is used by Idaho Department of Lands (IDL) to evaluate land exchange proposals for Endowment Lands. **Please provide all information to ensure that the Land Exchange Application is complete. Incomplete applications will be returned to applicant without review.**

DEPT. OF LANDS

JUL 28 2022

BOISE, IDAHO

Exchange Application Instructions:

- Meet with the Deputy Director or designee prior to filing a Land Exchange Application
 - Submit a completed Exchange Application and \$1,000 Application Fee to the Idaho Department of Lands.
- Note: Please read Exchange Application Information carefully for additional terms and conditions prior to filing.

Exchange Application Fee: \$1,000.00 (Nonrefundable)

APPLICANT DATA: The full legal name of the Applicant or the business entity name on file with the Idaho Secretary of State. Certificate of Good Standing must be provided for all business entities.

Applicant or Business Name: Brisbie, LLC	Contact Name: Givens Pursley, LLP - Preston Carter
Street Address: c/o Givens Pursley, LLP 601 W Bannock St	Position or Title: Attorney
City: Boise	Mailing Address (if different from Street Address): c/o Givens Pursley, LLP
State: ID	PO Box (if applicable) PO Box 2720, Boise, ID
Email Address(es): pnc@givenspursley.com	Zip +4: 83701
Website Address(es):	Work Phone: 208-388-1200
Fax:	Cell/Mobile:
Home Phone:	
Broker Representation, If applicable	
Business Name:	
Broker's Name:	
Street Address:	Work Phone:
City: State	Cell/Mobile:
Email Address:	

The applicant must provide the following information:

- **A Property Information Packet that includes the items identified on Attachment A**
- **Describe and list Idaho Department of Lands parcels on Attachment B.**

I hereby certify that I am the Applicant and the above listed broker is my Authorized Representative and that the information contained in the Land Exchange Application is true and correct to the best of my knowledge. I acknowledge that falsification of any information contained herein, or provided herewith, will be grounds for rejection of the Land Exchange Application and forfeiture of any fees paid.



 Signature

 Print/Type Name

 Date

 Attorney
 Title (if applicable)

IDL Staff Use Only

Instrument # _____ Project # _____ \$ _____ TC: 104 PCA: 11487 Subsidiary: 3204750

Exchange Application – Complete and in Review Exchange Application Denied

Exchange Application – Incomplete, please complete and resubmit

 Deputy Director or Designee Date

PAID

LAND EXCHANGE APPLICATION TERMS AND CONDITIONS

(Please read carefully before completing)

IMPORTANT CONSIDERATIONS:

All endowment assets of the State of Idaho must, per the state Constitution, be managed "in such manner as will secure the maximum long term financial return" to the trust beneficiaries. Applicants are encouraged to review the Idaho State Board of Land Commissioner's Asset Management Plan (AMP) available at <http://www.idl.idaho.gov/am/amfiles/122011-AMP-final.pdf> prior to submission of an Application.

An endowment land exchange is subject to the following Idaho Constitution or statutory references:

1. Idaho Constitution - Article IX, Sections 8 and 10
2. Idaho Admissions Act - Section 5 (b)
3. Idaho Code Sections 58-104 (8), 58-138, 58-505

A land exchange is generally defined as an exchange between two owners of like-kind real property (including improvements, if any) where one party exchanges its real property for real property of equivalent value owned by the other party. It is expected that the Applicant is the owner of record of the property proposed for exchange at the time the application is submitted to IDL.

Submission of this application does not guarantee that the land will be exchanged. The Land Board or Director may determine that a land exchange would not be in the best interest of the Endowments at any point prior to Land Board approval and close of escrow.

Prior to filing an Exchange Application, the applicant is required to schedule a pre-application meeting with the Deputy Director or designee.

TRANSACTION COSTS BORNE BY THE APPLICANT

1. Exchange Application Fee: \$1,000.00 The Exchange Application Fee is nonrefundable.
2. Transaction costs are generally borne by the applicant but may be negotiated subject to Asset Management Steering Committee [AMSC] direction. Transaction costs include but are not limited to appraisals, land surveys, Environmental Site Assessment(s) and Property Condition Assessment Report.
3. An administrative fee will be negotiated with each Applicant.
4. All endowment lands will be appraised as though with all purpose legal access.

APPLICATION PROCESS

Each Exchange Application is reviewed on a case by case basis. Evaluation of the application includes but is not limited to an analysis of income potential to the endowment, proposed use and impact to adjacent endowment lands, access, and proximity to existing development, parcel size, and conformance with local regulations.

The application process is initiated with the submittal of a completed Land Exchange Application, non-refundable application fee of \$1,000, and the Property Information Package for the applicant's property. IDL will strive to determine whether or not the Land Exchange Application is accepted, denied or deemed incomplete within thirty (30) calendar days of receipt of the exchange application. The Land Exchange Applicant will be notified in writing of IDL's determination.

Transaction costs borne by the applicant will be negotiated prior to the commencement of due diligence activities. State Land Board approval of the Land Exchange Agreement will be requested after completion of due diligence. Close of escrow will occur after completion and satisfaction of all conditions and provisions in the Land Exchange Agreement.

Cottage Sites

Cottage sites eligible for exchange will be identified by IDL subsequent to the acceptance of the Application and prior to execution of a Land Exchange Agreement. Indicate the inclusion of Cottage Sites for this application on Attachment B.

The majority of the endowment owned cottage sites are currently encumbered by a state land lease and improvements owned by IDL lessees. The exchange is for the land only; current lessees would retain ownership of their improvements.

Applicant's Property

Submit a Property Information Package that includes the following (if applicable):

1. Financial Analysis
 - a. Identify all sources of Revenue for the Property and Provide two (2) years' Financial Statements
 - b. Provide a rent roll
 - c. Indicate an appropriate Vacancy Rate
 - d. Provide two (2) years' Operating Statements
 - e. List all capital improvements made during the life of the building
 - f. Provide a deferred maintenance schedule and an appropriate reserve account balance
2. Market Analysis
 - a. Identify supporting and competing properties in the surrounding market area
 - b. List growth industries in the surrounding market area and region
 - c. Provide population and employment projections
3. Describe the improvements
 - a. Year Built
 - b. Number of Stories
 - c. Gross Land Square Footage
 - d. Gross Building Square Footage
 - e. Gross Rentable Area per BOMA standards
 - f. Describe type of construction for the improvements,
 - g. Attach interior and exterior photos, including aerial photos of the buildings
4. Tenant Analysis
 - a. Describe the operational objectives of each tenant
 - b. Provide a Lease Abstract for each lease agreement
 - c. Provide a two year lease payment schedule, highlighting defaults, if any
5. Property Analysis
 - a. Provide site plan, map of the property and surrounding area, aerial photos and most recent survey of the subject property.
 - b. List any water rights affecting the property
 - c. List all utilities available to the property
 - d. Provide a complete listing of any waste dumps, landfills or other hazardous material issues on or near the applicant's property.
 - e. Provide other data relevant to the use of the site, i.e. timber cruise, site productivity data, site regeneration data

Applicant's property interest offered for Exchange

- | | | | | |
|-------------------------------------|-----|--------------------------|----|-------------------------------------------------------|
| <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No | Fee Simple/Leased Fee: surface plus subsurface |
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | Subsurface Minerals only |
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | Surface only |
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | Other _____ |

Endowment Land

Parcel	Twp	Rge	Section	Subdivision	Acres	County	Type of Land (forest, range, agriculture, commercial, residential)	Fund (IDL Staff)
A S1531300000	2N	2E	31	n/a	+/- 205.12	Ada	Reserved Mineral Estate	
B								
C								
D								
E								
F								

Check this box if Endowment Lands proposed for exchange are leased cottage sites to be identified by IDL at a later date.

EXHIBIT 1

EXHIBIT 1

Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "BRISBIE LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SIXTH DAY OF JULY, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



6999610 8300

SR# 20223086062

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JBULLOCK", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 204007372

Date: 07-26-22

EXHIBIT 2

EXHIBIT 2

STATE OF IDAHO

To All to Whom These Presents Shall Come, Greetings:

Whereas, on the 17th day of December, 1940, all that tract or parcel of Public School Foreclosed land of the State of Idaho, hereinafter mentioned and particularly described, was sold in the manner provided by law to

_____ F. A. McNEAL _____
of Kuna, State of Idaho, for the aggregate price of
_____ ONE THOUSAND SEVENTY AND NO/100 _____ DOLLARS

And Whereas, the said sum of _____ ONE THOUSAND SEVENTY AND NO/100 _____ DOLLARS
has been fully paid to the proper receiving officer for the State of Idaho, by

_____ F. A. McNEAL _____
as shown by the records in the office of the State Board of Land Commissioners, the said sum being the whole amount of the purchase price for the said tract or parcel of land hereinafter described:

Now, Know Ye, That the said State of Idaho, in pursuance of law in such case made and provided, and in consideration of the premises aforesaid, and of the aforesaid sum of

_____ ONE THOUSAND SEVENTY AND NO/100 _____ DOLLARS
to the said State of Idaho paid, doth by these presents grant, bargain, sell, convey and confirm, in fee, unto the said

_____ F. A. McNEAL _____
his heirs and assigns, all of the said tract and parcel of land situated in the County of Ada
and State of Idaho, and described as follows, to-wit:

Lots Three (3) and Four (4), East One-half (E $\frac{1}{2}$) of the Southwest Quarter (SW $\frac{1}{4}$),
of Section Thirty-one (31), Township Two (2) North, Range Two (2) East, Boise Meridian,
containing 165.12 acres, more or less, together with all water, ditch, and canal rights
thereunto belonging, or in any wise appertaining.

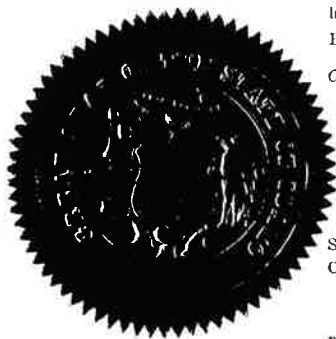
To have and to hold the said premises and parcel of land above particularly described, with the appurtenances thereon, unto the said

_____ F. A. McNEAL _____
his heirs and assigns, in fee simple forever, subject to the provisions of Section 58-604, Idaho Code, which grants over all lands belonging to the state a right of way for ditches, ~~runways and telephone and cross-connections thereon~~, constructed by authority of the United States and to the provisions of Section 47-701, Idaho Code, reserving to the State all Mineral rights in lands sold subsequent to the 8th day of May, 1923.

In Witness Whereof, I, Len Jordan, the Governor of the State of Idaho, have hereunto signed my name and caused the Great Seal of the State of Idaho and the Seal of the Board of Land Commissioners to be hereunto affixed, this 3rd day of July, 1954 A.D.

Countersigned: _____
Secretary of State. _____
Governor of Idaho and President of State Board of Land Commissioners.

Countersigned: _____
State Land Commissioner



STATE OF IDAHO, } ss.
County of Ada, }

On this 23rd day of July, 1954, before me, a Notary Public in and for said State, personally appeared Len Jordan, known to me to be the Governor of the State of Idaho, and Ira H. Masters, known to me to be the Secretary of the State of Idaho, and Arthur Wilson, known to me to be the Land Commissioner of the State of Idaho, who executed said instrument and acknowledged to me that such State of Idaho executed the same.

In Witness Whereof, I have hereunto set my hand and seal on the day and year last above written.

Notary Public residing at Boise Idaho

STATE OF IDAHO DEED

Number 8716
Certificate No 20176

To All to Whom These Presents Shall Come, Greetings:

Whereas, on the 8th day of January 19 37, all that tract or parcel of Public School Foreclosure land of the State of Idaho, hereinafter mentioned and particularly described, was sold in the manner provided by law to

~~~~~ F. A. McNEAL ~~~~~  
of Kuna, State of Idaho, for the aggregate price of  
~~~~~ Five Hundred and No/100 ~~~~~ DOLLARS

And Whereas, the said sum of ~~~~~ Five Hundred and No/100 ~~~~~ DOLLARS
has been fully paid to the proper receiving officer for the State of Idaho, by

~~~~~ F. A. McNEAL ~~~~~  
as shown by the records in the office of the State Board of Land Commissioners, the said sum being the whole amount of the purchase price for the said tract or parcel of land hereinafter described:

Now, Know Ye, That the said State of Idaho, in pursuance of law in such case made and provided, and in consideration of the premises aforesaid, and of the aforesaid sum of

~~~~~ Five Hundred and No/100 ~~~~~ DOLLARS  
to the said State of Idaho paid, doth by these presents grant, bargain, sell, convey and confirm, in fee, unto the said

~~~~~ F. A. McNEAL ~~~~~  
his heirs and assigns all of the said tract and parcel of land situated in the County of ADA  
and State of Idaho and described as follows, to-wit

Southwest Quarter of the Southeast Quarter (SW 1/4), of Section Thirty-one (31),  
Township Two (2) North, Range Two (2) East, Boise Meridian, containing 20 acres,  
more or less, together with all water, ditch, and canal rights thereunto belong-  
ing, or in any wise appertaining.

To have and to hold the said premises and parcel of land above particularly described with the appurtenances thereon, unto the said

~~~~~ F. A. McNEAL ~~~~~  
his heirs and assigns in fee simple forever, subject to the provisions of Section 58-604 Idaho Code as amended by Chapter 11, 1951 Session Laws; which grants over all lands belonging to the state a right of way for ditches constructed by authority of the United States and to the provisions of Section 47-701, Idaho Code reserving to the State all Mineral rights in lands sold subsequent to the 8th day of May 1923.

In Witness Whereof, I Robert F. Smylie, the Governor of the State of Idaho
have hereunto signed my name and caused the Great Seal of the State of Idaho and the Seal of the
Board of Land Commissioners to be hereunto affixed this 15th day of January, 1937, A.D.

Countersigned: *Jack Young*
Governor of Idaho and President of
State Board of Land Commissioners

Countersigned: *Arthur Wilson*
State Land Commissioner



STATE OF IDAHO)
County of Ada,) ss

On this 15th day of January in the year 1937 before
me, a Notary Public in and for said State, personally appeared Robert F. Smylie
known to me to be the Governor of the State of Idaho and
known to me to be the Secretary of the State of Idaho and
known to me to be the Land Commissioner of the State of Idaho, who executed said instrument and
acknowledged to me that each State of Idaho executed the same

In Witness Whereof, I have hereunto set my hand and seal on the day and year last above
written

NOTARY PUBLIC IN AND FOR THE STATE OF IDAHO

EXHIBIT 3

EXHIBIT 3



0.39 Miles

Map Scale: 21,854.75

EXHIBIT 4

EXHIBIT 4

Molpus Timberland Property

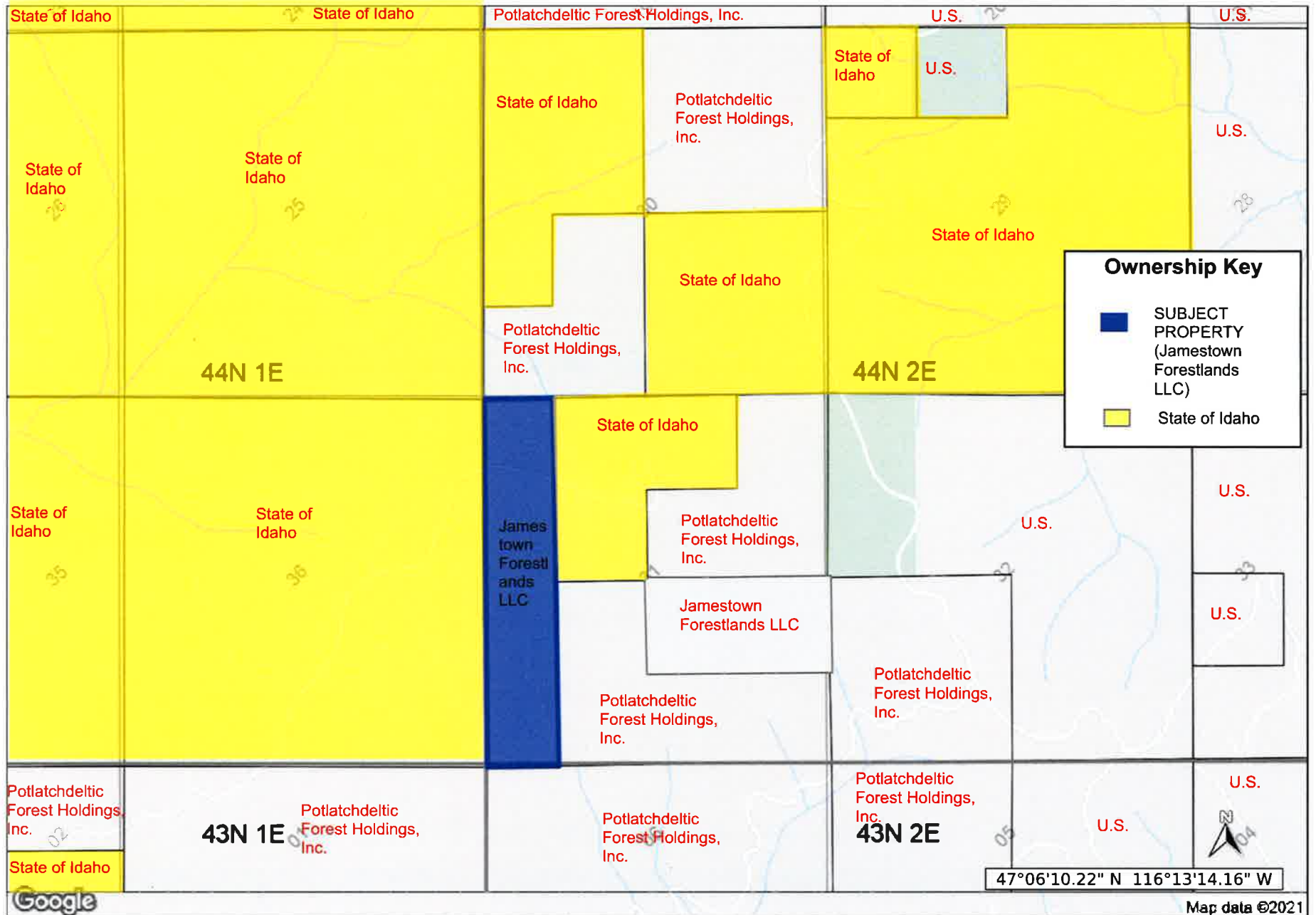
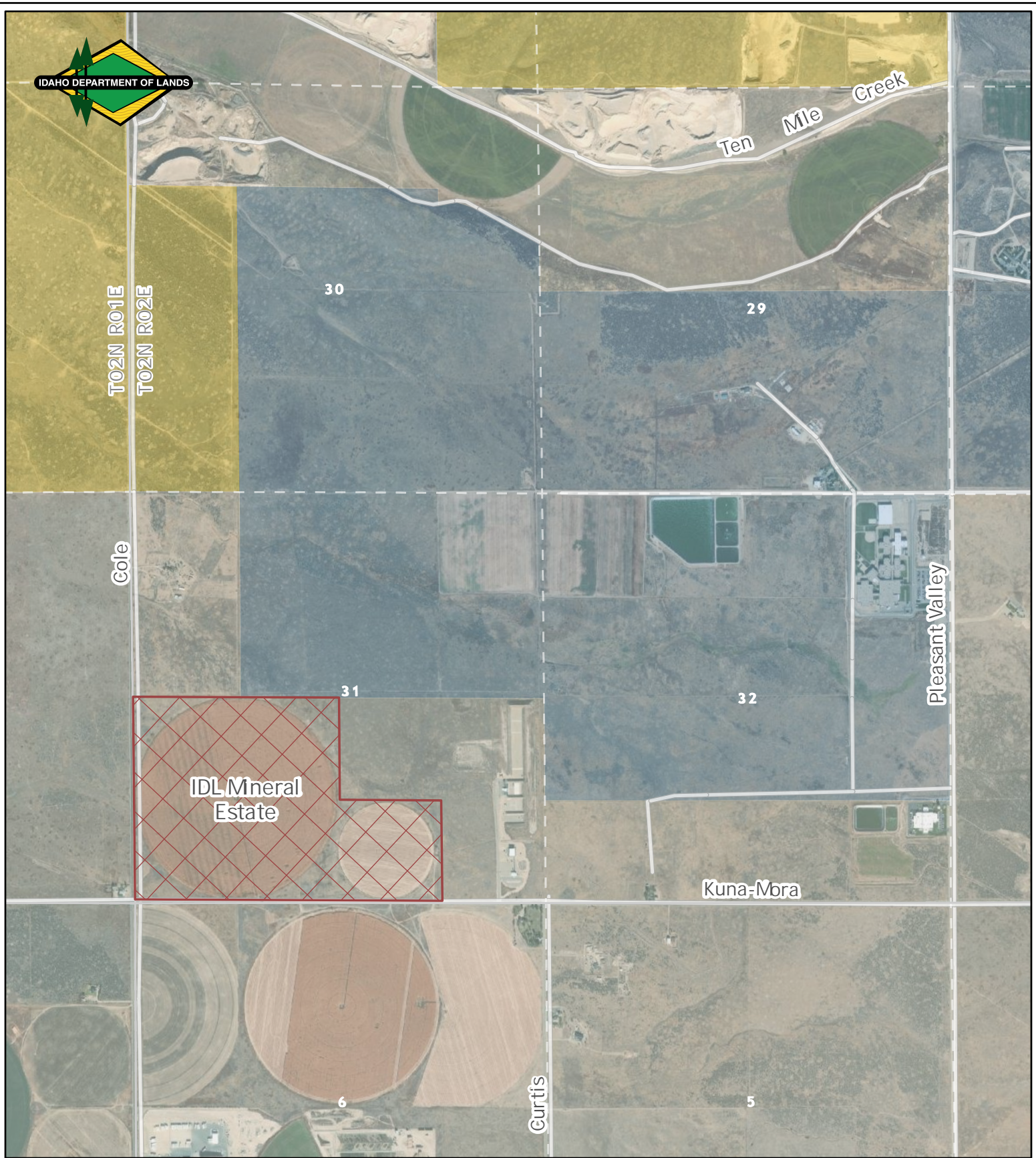







EXHIBIT 5

EXHIBIT 5

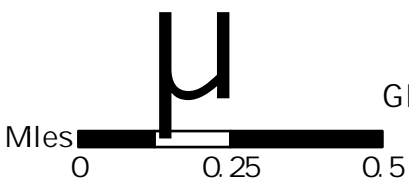
| Relate | Acres | Timber Type | Dom Species | Co Dom Species | STRATA | STATUS | Est Yr | Site Index | DF SAW
MBF/ACRE | WL SAW
MBF/ACRE | GF SAW
MBF/ACRE | WH SAW
MBF/ACRE | RC SAW
MBF/ACRE | PP SAW
MBF/ACRE |
|------------|-------|--------------------|------------------|----------------|--------|--------|--------|------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 0173010002 | 64.74 | Conifer Plantation | Grand Fir | | CH11 | NIH | 1994 | 75 | 0.11 | 0.10 | 0.14 | 0.05 | 0.10 | 0.02 |
| 0173010003 | 24.81 | Conifer Plantation | Western Redcedar | Douglas Fir | WR21 | NIH | 1977 | 90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.64 | 0.00 |
| 0173010004 | 23.37 | Conifer Upland | Western Redcedar | Subalpine Fir | WR31 | NIH | 1953 | 85 | 0.06 | 0.00 | 0.13 | 0.00 | 0.57 | 0.00 |
| 0173010005 | 10.87 | Conifer Upland | Grand Fir | | CH21 | NIH | 1933 | 69 | 0.44 | 0.08 | 1.18 | 0.22 | 0.46 | 0.06 |
| 0173010098 | 1.45 | Company Roads | | | NF | NIH | | 90 | | | | | | |

| WP SAW | LP SAW | ES SAW | AF SAW | MH SAW | OC SAW | HW SAW | TOTAL HEW | TOTAL | DF BA | WL BA | GF BA | WH BA | RC BA | PP BA | WP BA | LP BA | ES BA | AF BA | |
|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| MBF/ACRE | MBF/ACRE | MBF/ACRE | MBF/ACRE | MBF/ACRE | MBF/ACRE | MBF/ACRE | TONS/ACRE | PULP | | | | | | | | | | | |
| | | | | | | | | TONS/ACRE | | | | | | | | | | | |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.46 | 1.23 | 1.99 | 1.26 | 4.84 | 1.94 | 2.47 | 0.53 | 0.12 | 0.14 | 0.02 | 0.05 | |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.87 | 2.42 | 6.16 | 0.00 | 4.17 | 0.00 | 18.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 0.00 | 0.00 | 0.13 | 0.28 | 0.00 | 0.00 | 0.00 | 0.53 | 2.74 | 1.26 | 0.00 | 7.73 | 0.00 | 12.50 | 0.00 | 0.00 | 0.00 | 2.84 | 8.47 | |
| 0.05 | 0.11 | 0.07 | 0.05 | 0.13 | 0.00 | 0.01 | 3.42 | 5.75 | 9.31 | 2.18 | 23.62 | 6.29 | 6.72 | 4.04 | 0.92 | 2.00 | 0.88 | 1.53 | |



-  To Be Disposed
-  Roads
-  BLM
-  Private
-  State

Idaho Department of Lands
 Southwest Area
 Ada County, Idaho
 9/8/2022



Land Exchange
 IDL-Brisbie LLC
 To Be Disposed
 GIS Acreage = 250.12
 Scale: 1: 20,000



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.

T44N R01E

T44N R02E

25

30

29

36

Brisbie LLC

31

32

1


T43N R01E

T43N R02E

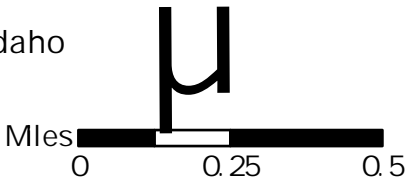
Childs Creek

6

5

-  To Be Acquired
-  Roads
-  USFS
-  State
-  Potlatch

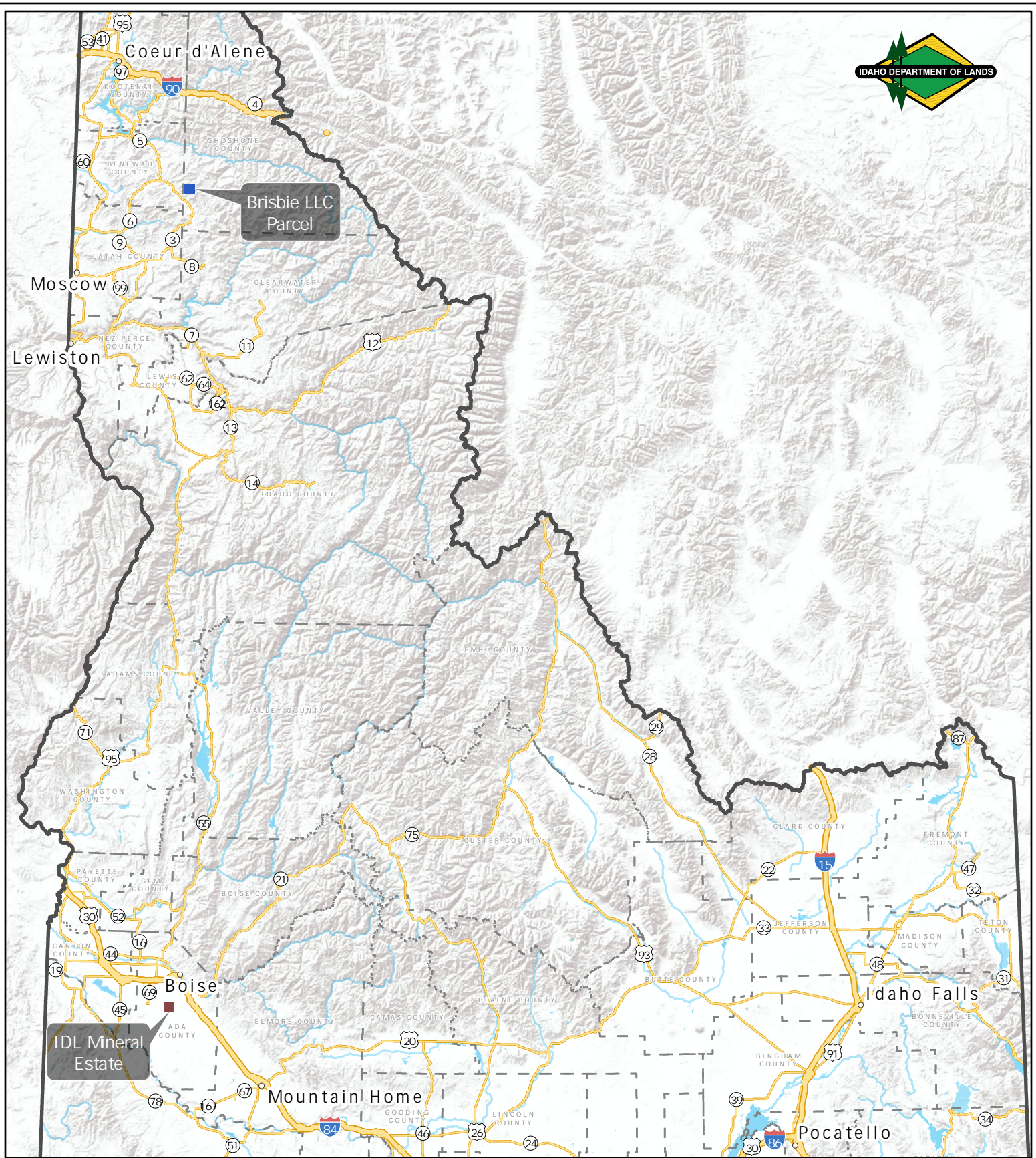
Idaho Department of Lands
 St. Joe Area
 Shoshone County, Idaho
 9/8/2022



Land Exchange
 IDL-Brisbie LLC
 To Be Acquired
 GIS Acreage = 125
 Scale: 1: 20,000



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.



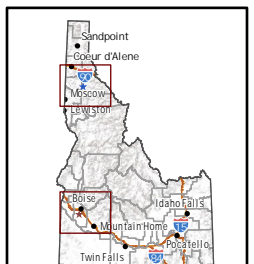
- To Be Acquired
- To Be Disposed
- Interstate
- Highways
- County

Idaho Department of Lands
 St. Joe & Southwest Districts
 Shoshone County, Idaho
 Ada County, Idaho
 9/8/2022

Land Exchange
 IDL-Brisbie
 IDL = 205 ac
 Benewah = 125 ac
 Scale: 2,500,000

Miles 0 25 50

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.



Due Diligence Checklist

“**Due Diligence**” is a broad term that business, real property professionals and real estate attorneys use. The term is used here to refer to the inspection and investigation of real property being considered for acquisition. Due diligence is conducted to assist the buyer in making an informed purchase decision. Items considered under due diligence vary with each property type. The following checklist is a reference used to identify documents and conditions that should be considered in the purchase of real property.

_____ **Commitment for Title Insurance (All Properties).** A commitment for title insurance (Preliminary Title Report) should be obtained soon after the Purchase Sale Agreement is executed. This document includes the legal description for the property and provides a list of all current exceptions to title on the property such as property owner, unpaid taxes, easements, options to purchase, judgments, mortgages, recorded liens, deed of trust, timber harvest rights, mineral rights, water rights. The title review process is used to determine the condition of the title to be transferred to the buyer at closing, as well as identifying any potential title problems.

_____ **Phase One Environmental Site Assessment (Phase One ESA) (All Properties).** The Phase One ESA provides the buyer an overview of the environmental condition and environmental history of the property. The report is intended to identify actual and potential problems (e.g. contamination by hazardous substances, leaking underground storage tanks, landfills, etc.) based primarily on a review of historical use documentation, regulatory agency databases and a physical on-site investigation. If environmental conditions or potential environmental conditions are discovered during the investigation, the report will generally recommend specific follow-up testing, remediation and/or studies. A Phase One ESA typically does not include specific inspections for asbestos, lead paint, mold, radon, or wetland delineation. The final report has four components including: Records Review; Site Reconnaissance; Interviews with present and past owners, operators, occupants of the property and local government officials; and a Narrative Report.

_____ **Access (All Properties).** Evaluate the adequacy of access and determine whether additional rights may be obtained as part of an exchange or purchase transaction at closing. There are five (5) access classifications:

- 1) **Public Use Access:** A permanent public access typically from a county road, state or Federal highway, which has an approved approach designated for the purpose of which the property is currently being used, or designated for its current zoning. Width of approach needs to be sufficient for the properties designated use.
- 2) **Full Legal Administrative Access:** A designated permanent easement specifically identified for access to property for all management activities and access is transferable.

- 3) Limited Legal Administrative Access: A designated temporary or permanent access limited for specific activities that would be non-transferable. (Such as Timber harvest, for maintenance access, irrigation.)
- 4) Physical Access: Properties where there is an existing road to or across the property, but no permanent legal access is recorded. The road may be designated on a county map. The existing road may be primitive, in poor condition, or currently unusable.
- 5) No Access: Property with no legal or physical access established or identified by a recorded document or a county map.

_____ **Utilities (All Properties).** Identify existing utility infrastructure located on or adjacent to property such as power, water/well, septic/sewer, phone, natural gas, hot water, solar, wind and if they are provided by city services or located on site. Identify the capacity of the utilities; are they major transmission facilities which would encumber future use or development of the property, or are they of a capacity which could enhance the property for future development

_____ **Production Data (All Properties).** Obtain production information associated with the property being considered for purchase. Examples of production data for some property types:

- 1) **Cropland.** Parcel acreage, farmable acres, non-farmable acres, commodities grown, yields, total production, price per unit, and crop rotation. If the property will be acquired subject to a lease; name of tenant, term of lease, and type of lease (i.e. cash or crop share).
- 2) **Timberland.** Total acreage; delineation of acreage used for commercial timber, plantation, non-commercial timberland, and non-stocked; estimated timber volumes by species (i.e. MBF), and mean annual increment (MAI).
- 3) **Rangeland.** Parcel acreage, animal unit months (AUM's) of forage, season of use.
- 4) **Commercial.** Property operating data including cash flow analysis, vacancy rates, operating costs, rent vs. market rent, existing leases and lease terms.

_____ **Mineral Rights (All Properties).** The terms "mineral lands," "mineral," "mineral deposits," "deposit," and "mineral right," as used herein is construed to mean and include all coal, oil, oil shale, gas, phosphate, sodium, asbestos, gold, silver, lead, zinc, copper, antimony, geothermal resources, salable minerals, and all other mineral lands, minerals or deposits of minerals of whatsoever kind or character. This includes "salable minerals," meaning a mineral substance that can be taken from the earth and that has a value in and of itself separate and apart from the earth. The potential of mineral lands should be evaluated on annual rental, the amount of royalty, the basis upon which the royalty shall be computed and such other details as necessary in the interest of the state.

Determine whether the property to be acquired excludes mineral rights. To the extent that the mineral rights have been severed from fee ownership, determine to what extent, if any, those severed rights affect the use and value of the property by the buyer. Prior to purchase, determine who owns the mineral rights and what the owner's intent is regarding use and development of the mineral estate.

_____ **Water Rights (All Properties).** The constitution and statutes of the state of Idaho declare all the waters of the state, when flowing in their natural channels, including the waters of all natural springs and lakes within the boundaries of the state, and ground waters of the state, to be public waters. A water right is the right to divert the public waters of the state of Idaho and put them to a beneficial use, in accordance with one's priority date. Beneficial uses include such uses as domestic use, irrigation, stock-watering, manufacturing, mining, hydropower, municipal use, aquaculture, recreation, fish and wildlife, among others. The amount of the water right is the amount of water put to beneficial use. Determine the scope and nature of any water rights related to the property. If a property is fully serviced by water and sewer utility service, water rights will not be an issue. If water rights for the property have been separated from the fee interest or come from an off-site source, the purchase and sale agreement must address the transfer of necessary rights to the buyer at closing. The Idaho Department of Water Resources maintains a website to research water rights within the state of Idaho.

_____ **Physical Improvements (All Properties).** Improvements include buildings, fences, ponds, spring developments, and real property fixtures that are permanently part of the land. Improvements are generally attached to, embedded in or permanently resting on the land and cannot be removed without substantially damaging an improvement or the real property with which it is being used. An inventory of physical improvements on the property and who owns or claims to own the improvements will be made prior to requesting an appraisal.

_____ **Approvals and Entitlements (All Properties).** Determine the regulatory status of proposed property, and if it is based on the type or types of uses currently being made of the land. Review the current zoning, potential zoning, areas of impact, proposed future growth, any restrictive covenants or proposed restrictions which would encumber the property and its utilization in its highest and best use. Confirm that the existing use of the property complies with applicable zoning, building and life safety codes. Determine which land use entitlements will be necessary for intended use of the property.

_____ **Personal Property (All Properties).** Identify within the Purchase Sale Agreement what personal or intangible property will be included in the purchase. For example, furniture, trade fixtures, equipment, sprinkler pipe, pumps, etc. that are necessary for the buyer's use of the property. Determine any third party security interest in any of the personal property. Assess the need to purchase or transfer permits or licenses required to operate the property or related equipment and fixtures (e.g. franchises, trademarks, patents, copyrights, liquor licenses, etc.)

_____ **Rights-of-Way (Easement) Impacts (All Properties).** Rights-of-way are temporary or permanent property rights that have been either granted or acquired, for roads, utilities, or public use access. These are often conveyed through an easement and may or may not be recorded. In addition to roads and utilities some more obscure examples include:

- 1.) Conservation easements – limits the amount and type of development that can occur on a property in order to preserve its productive capacity and open character while keeping the property in the landowner's ownership and control.
- 2.) Solar/Scenic easements – protect an owner's view shed or path of sunshine and generally restrict the height of building construction.
- 3.) Airspace easement – permits the area above the surface of property to permit an imposition upon such property from excessive noise, vibration, discomfort, inconvenience, etc. that consequently reduces market value. Generally used for airport impact areas but can also apply to bridges and walkways.
- 4.) Maintenance easement – permits an individual to cross onto the property of another for the purpose of maintaining something owned or controlled by the dominant estate owner, such as, irrigation ditches, canals, culverts, power lines, water lines, etc.

_____ **Endangered Species (All Properties).** The Endangered Species Act of 1973, as amended, is one of the most far-reaching wildlife conservation laws ever enacted by any nation. The presence of threatened/endangered or potentially threatened/endangered species may significantly restrict the development potential, other potential uses, and market value of a property.

_____ **Copies of all leases affecting the property (All Properties).** Review all leases having an effect on the future use of or income from the property. For state lands involved in an exchange, ensure a land exchange addendum is signed by the lessee.

_____ **Appraisals and Appraisal Review (All Properties).** A real estate appraisal is required for all property types to determine the market value for the property or property rights or interest being disposed or acquired. At a minimum the appraisal is prepared in compliance with the *Uniform Standards of Professional Appraisal Practice (USPAP)*. Appraisals will be independently reviewed by IDL or another appraiser to ensure compliance with USPAP and to determine the adequacy and appropriateness of the report.

_____ **Property Boundary Survey (Optional).** Obtain copies of recorded Records of Survey for the property, if available. If a survey is necessary it should be initiated immediately after the Purchase and Sale Agreement has been executed to allow time to address any potential title problems identified by the survey prior to closing.

_____ **Timber Rights (Timberland).** Determine who has the legal right to harvest the timber on a parcel of land. A seller of forestland can choose to include or exclude timber rights as part of a fee ownership sale. Such rights can be severed for a specific period of time or permanently transferred.

_____ **Timber Cruise/Harvest/Road analysis and Check Cruise (Timberland).** Forested properties with merchantable timber being considered for acquisition will require a timber cruise to determine the quality and quantity of harvestable timber. The cruise will identify tree species and measurements within each plot. Sufficient plots must be

measured to obtain a statistically reliable sample for estimated gross volume, defect, piece size, general stand information, net merchantable volume, etc.

 Conservation Reserve Program (Agriculture/Timberland). Determine if the property is eligible for and currently enrolled in a variety of farm and agriculture programs. What is the impact in ownership change to enrollment eligibility? There are currently five (5) areas which can receive payment, including:

- 1) Wildlife Habitat Incentives (WHIP)
- 2) Wetland Reserve Program (WRP)
- 3) Forestry Incentive Program (FIP)
- 4) Farmland Protection Program (FPP)
- 5) Environmental Quality Incentives Program (EQIP)

 Architecture/Engineering Analysis (Properties with Buildings). Acquisition of properties with business related structures requires an analysis by architectural and engineering professionals to determine the condition of the building and identify any potential problem areas, such as deferred maintenance and necessary repairs. Such analysis will typically consider, but is not limited to an analysis of: structural integrity; roof, electrical, plumbing and HVAC systems age and condition; Americans with Disabilities Act (ADA), fire and safety code compliance; general service and maintenance logs; parking area requirements and surface age and condition; review of Phase One Environmental Site Assessment; and testing for asbestos, lead paint, or mold issues. If work is performed on improvements prior to closing, obtain copies of any design and construction drawings and contracts and determine whether the seller's rights under those contracts are assignable to the buyer. Ensure proper lien waivers have been obtained by the seller for work performed prior to closing.