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Nicholas A. Warden
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DEPT. OF LANDS

SEP 07 2021

BOISE, IDAHO

September 7, 2021

Via Hand Delivery

Dustin T. Miller, Director
State Board of Land Commissioners
Idaho Department of Lands
Real Estate Services Bureau
300 N. 6th Street, Suite 103
PO Box 83720
Boise, ID 83720-0050

Re: *Application for Land Exchange from Trident Holdings, LLC*
Petition for Judicial Review

Dear Director Miller:

Enclosed please find a copy of a Petition for Judicial Review of Administrative Action filed in Ada County District Court on September 7, 2021, on behalf of Trident Holdings, LLC (“Trident”). The petition seeks judicial review of the August 10, 2021, denial of Trident’s request for land exchange.

Please note that Trident has simultaneously submitted an invitation to the State Board of Land Commissioners to rescind its denial of Trident’s requested exchange and exercise its authority under Idaho Code § 58-122 to hold a contested case hearing in aid of further consideration of Trident’s request.

Trident’s primary intention continues to be good faith engagement and informal efforts toward mutually agreeable resolution. Trident was compelled—despite contrary intention—by the rapid approach of statutory deadlines to file a petition for judicial review in order to preserve all available rights and remedies. However, Trident will seek to stay judicial review during the pendency of the Board’s consideration of Trident’s request for rescission and hearing and ongoing informal efforts to address concerns regarding the denial of the requested exchange.

I am available at your convenience to discuss a stipulation to address any of the foregoing or other procedural considerations related to the judicial review proceeding. Thank you for your time.

Dustin T. Miller
September 7, 2021
Page 2

Sincerely,

A handwritten signature in blue ink, appearing to read "Nicholas A. Warden". The signature is fluid and cursive, with the first name being the most prominent.

Nicholas A. Warden

cc: Office of the Idaho Attorney General
enc: Petition for Judicial Review of Administrative Action
Exhibit A to Petition
Summons

Benjamin A. Schwartzman, ISB No. 6512
Nicholas A. Warden, ISB No. 9179
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DEPT. OF LANDS
SEP 07 2021
BOISE, IDAHO

Attorneys for Petitioner Trident Holdings, LLC

**IN THE DISTRICT COURT FOR THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA**

TRIDENT HOLDINGS, LLC, an Idaho)	
limited liability company,)	Case No. CV01-21-13766
)	
Petitioner,)	PETITION FOR JUDICIAL REVIEW
)	OF ADMINISTRATIVE ACTION
vs.)	
)	
STATE BOARD OF LAND)	Filing Code: L 3
COMMISSIONERS; Dustin Miller, in his)	Filing Fee: \$221.00
official capacity as Director of the Idaho)	
Department of Lands,)	
)	
Respondents.)	
)	

COMES NOW Petitioner Trident Holdings, LLC (“Trident”), by and through its undersigned counsel, and pursuant to the provisions of Idaho Code § 67-5270 *et. seq.* and Idaho Rule of Civil Procedure 84, hereby petitions this Court for judicial review of the final agency action taken by Respondents on August 10, 2021, which denied Trident’s request for land exchange. A copy of that denial is attached hereto as **Exhibit A** and incorporated herein by reference as if fully set forth.

PARTIES, JURISDICTION AND VENUE

1. Petitioner is a privately held limited liability company with its principal place of business in Boise, Idaho.

2. Respondent State Board of Land Commissioners (“Land Board”) is established under Article IX, Section 7 of the Idaho Constitution and is composed of the Governor, the Secretary of State, the State Controller, the Attorney General, and the Superintendent of Public Instruction. Idaho Const. art. IX, § 7; *see also* Idaho Code § 53-101.

3. The Idaho Department of Lands (“IDL”) is the executive agency established to administer state endowment lands. Idaho Code §§ 58-101, 58-119. Respondent Dustin Miller is the IDL Director. Respondent Miller’s duties and responsibilities include the performance of all duties concerning the land affairs of the state as the Land Board may direct including, but not limited to, the exchange of state endowment lands. *See* Idaho Code §§ 58-121, 58-124.

4. This Court has subject matter jurisdiction under Idaho Code § 1-705. Venue in this Court is proper pursuant to the provisions of Idaho Code § 67-5272(1)(b) and (c) because the final agency action giving rise to this petition was taken in Ada County, Idaho and because Trident operates its principal place of business in Ada County, Idaho.

COMMON ALLEGATIONS

5. Article IX, Section 7 of the Idaho Constitution imposes upon the Land Board responsibility for “the direction, control and disposition of the public lands of the state, under such regulations as may be prescribed by law.” Article IX, Section 8 of the Idaho Constitution imposes upon the Land Board the duty “to provide for the location, protection, sale or rental of all the lands heretofore, or which may hereafter be granted to or acquired by the state by or from the general government, under such regulations as may be prescribed by law, and in such manner

as will secure the maximum long term financial return to the institution to which granted or to the state if not specifically granted[.]” Article IX, Section 7 further authorizes the legislature “to authorize the [Land Board] to exchange granted or acquired lands of the state on an equal value basis for other lands under agreement with the United States, local units of government, corporations, companies, individuals, or combinations thereof.”

6. The Legislature purported to discharge its authority under Article IX, Section 8 with respect to the exchange of endowment land through the passage of Idaho Code § 58-101 *et. seq.* (“Title 58”). In summary, Title 58 governs the Land Board’s exercise of its constitutional authority for the direction, control and disposition of the public lands of Idaho. Title 58 provides that the Land Board “may at its discretion, when in the state’s best interest, exchange and do all things necessary to exchange fee simple title to include full surface and mineral rights to any of the state lands now or hereafter held and owned by this state for lands of equal value, public or private. . . .” Idaho Code § 58-138.

7. Title 58 creates IDL and provides that the Land Board “shall exercise the said constitutional functions through the instrumentality of” IDL. Idaho Code § 58-101. Title 58 then defines the scope of IDL’s authority as the “exercise, under the general control and supervision of the [Land Board] all the rights, powers and duties vested by law in the [Land Board],” save for certain exceptions immaterial to this petition. Idaho Code § 58-119.

8. Title 58 further provides for the appointment of Respondent Miller by the Land Board as the director of IDL, and defines Respondent Miller’s duties and responsibilities to include, among other things, “general supervision of all field work, and with such assistants as he, with the approval of the board may appoint, select, locate and appraise all lands which are now, or may be hereafter, granted to the state by the United States for any purpose whatever, and

who shall perform all other duties as shall be required of him by the board, or as shall be prescribed by their rules.” Idaho Code § 58-124.

9. Respondents Land Board and Director Miller purported to discharge their authority, duties and responsibilities under Article IX, Sections 7 and 8 and Title 58 through the creation of the Real Estate Service Bureau (“Bureau”) within IDL, and through the delegation of responsibility to the Bureau for, among other things, the management, facilitation, and assessment of proposed land exchanges involving endowment lands.

10. On or about February 8, 2021, Petitioner submitted to the Land Board an application for proposed land exchange.

11. On July 28, 2021, Bureau Chief Joshua Purkiss submitted a memorandum to Respondent Miller in which Mr. Purkiss recommended that IDL reject Petitioner’s proposed land exchange.

12. On August 10, 2021—purportedly on behalf of, and in fulfillment of the constitutional and statutory duties and obligations of—Respondents Land Board and Miller, Deputy Director of IDL Bill Haagenson issued a decision in which he adopted Mr. Purkiss’s recommendation and denied Petitioner’s request for a land exchange.

13. The August 10, 2021, decision to deny Petitioner’s requested land exchange—while purportedly engaged in the exercise of constitutional and statutory duties and obligations governing the direction, control and disposition of public lands—constitutes the “performance of, or failure to perform,” a duty placed on Respondents by law. Idaho Code § 67-5201. The denial is therefore an “agency action” within the meaning of Idaho Code § 67-5201.

14. Title 58 provides the Land Board authority to “review upon appeal all decisions of the director of [IDL] in contested matters.” Idaho Code § 58-104. The denial of a proposed land exchange falls outside the scope of Land Board appellate review because where, as here,

“the [Land Board] is exercising its duties and authorities concerning the direction, control or disposition of the public lands of the state pursuant to sections 7 and 8, article IX, of the constitution of the state of Idaho, such actions shall not be considered to be contested cases . . . unless the [Land Board], in its discretion, determines that a contested case hearing would be of assistance to the board in the exercise of its duties and authorities.” Idaho Code § 58-122.

15. Concurrent with service of this petition, Petitioner has submitted a request to the Land Board to rescind its denial of Petitioner’s requested exchange and conduct a contested case hearing in aid of further consideration of Petitioner’s request. Despite this submission, the Land Board’s denial of Petitioner’s requested exchange is presently ripe for judicial review because to date the Land Board has not elected to treat consideration of Petitioner’s land exchange as a contested case or conduct a contested case hearing in aid of its denial. The Land Board’s denial of Petitioner’s requested exchange is therefore a final agency action within the meaning of Idaho Code § 67-5270 subject to judicial review pursuant to that statute.

16. Petitioner is unaware of any hearing or oral presentation before Respondents that was recorded or reported and therefore does not request a transcript at this time.

17. Petitioner has requested a copy of the record from the Respondents. Petitioner will pay all costs associated with obtaining a copy of the record as necessary for this appeal once the fee for preparation of said record is determined by the Respondents.

18. The undersigned does hereby certify that service of this Petition for Judicial Review has been made upon the Respondents.

STATEMENT OF ISSUES FOR REVIEW

19. The final agency action of the Respondents in denying Petitioner’s request for land exchange is improper and unlawful in that it is:

- a. in violation of constitutional provisions applicable to the direction, control and disposition of public lands;
- b. in violation of, and/or in excess of, Respondents' statutory authority;
- c. made upon unlawful procedure; or
- d. arbitrary, capricious, or an abuse of discretion.

RELIEF REQUESTED

WHEREFORE Petitioner requests that this Court conduct a full and impartial review of the final agency action taken by Respondents and:

a. Enter an Order vacating that agency action and remanding this matter back to Respondents with direction to consider the application consistent with all applicable duties and obligations prescribed by law;

b. Appoint an independent, external monitor to supervise and evaluate Respondents' review of Petitioner application for land exchange, to ensure, among other things:

- a. That the application is reviewed in a timely fashion without undue delay;
- b. That those tasked with review of the application have no personal interest or bias toward the proposed exchange;
- c. That an independent third-party appraisal be conducted for purposes of land valuation and that the costs of that appraisal be split between the parties;
- d. All other action necessary to ensure transparency, objectivity, fairness and accuracy during the application review process.

c. an award of reasonable attorney fees and costs pursuant to Idaho Code § 12-117(2) or Idaho Code § 12-121;

d. the entry of a stay of the final agency action pursuant to the provisions of Idaho Code § 67-5274;

e. such other and further relief as deemed appropriate by this Court.

DATED this 7th day of September, 2021.

BAILEY & GLASSER LLP

/s/ Nicholas A. Warden
Nicholas A. Warden
Attorney for Petitioner Trident Holdings, LLC

EXHIBIT A

Petition for Judicial Review

September 7, 2021

**TRUST LAND MANAGEMENT DIVISION
REAL ESTATE SERVICES BUREAU**
300 N. 6th Street, Suite 103
PO Box 83720
Boise, ID 83720-0050
Phone (208) 334-0200
Fax (208) 334-3698



STATE BOARD OF LAND COMMISSIONERS
*Brad Little, Governor
Lawrence E. Denney, Secretary of State
Lawrence G. Wasden, Attorney General
Brandon D Woolf, State Controller
Sherri Ybarra, Sup't of Public Instruction*

August 10, 2021

Mr. Alec Williams
802 W. Bannock St,
Ste. 207
Boise, ID 83702

Re: Trident Holdings LLC Proposed Land Exchange Application

Dear Mr. Williams:

On February 8, 2021 the Idaho Department of Lands ("IDL") received Trident Holdings LLC's ("Trident") application for a land exchange associated with approximately 21,378 acres of state endowment land (Endowment Land) located around Payette Lake in Valley County, Idaho. Trident proposed to trade 21,248 acres of timberland located in four different counties ("Proponent's Land") for the Endowment Land.

IDL staff has reviewed the proposed exchange, and recommends rejecting the application based on the following factors:

1. Even after assigning higher market value to the Proponent's Land than the comparable transactions justify, the market value of the Endowment Land far exceeds the value of the Proponent's Land.
2. The Endowment Land is appreciating at a rate that exceeds the appreciation of the proponents' land, more than offsetting any potential revenue gains from the exchange.
3. The exchange would not block up endowment ownership; instead, it would likely increase management cost and complexity.
4. The exchange would not significantly improve access to endowment lands; in the case of some of the proponent's parcels, the cost of access would likely increase.
5. Third-party advisors do not support proceeding with the potential exchange.

Based on the data provided, I concur with IDL's recommendation, and IDL is denying your request for a land exchange.

Respectfully,

Bill Haagenon
Deputy Director of the Department of Lands

Sent Certified Mail – Return Receipt Requested – 7016 1370 0000 2329 2959

DIRECTOR'S OFFICE
300 N 6th Street Suite 103
PO Box 83720
Boise ID 83720-0050
Phone (208) 334-0200
Fax (208) 334-5342



DUSTIN T. MILLER, DIRECTOR
EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF LAND COMMISSIONERS
Brad Little, Governor
Lawrence E. Denney, Secretary of State
Lawrence G. Wasden, Attorney General
Brandon D Woolf, State Controller
Sherri Ybarra, Sup't of Public Instruction

MEMORANDUM

TO: Dustin Miller, Director of the Department of Lands
FROM: Joshua Purkiss, Real Estate Services Bureau Chief
DATE: July 28, 2021
SUBJECT: Trident Land Exchange Review and Recommendation

Summary

The Idaho Department of Lands ("IDL") received an application for a land exchange from Trident Holdings LLC ("Trident") dated February 8, 2021, in which Trident proposes to exchange ±21,378 acres of endowment land ("Endowment Land") for ±21,241 acres of privately-owned timberland. This memo responds to the application and summarizes the analysis completed, including the following: a study of the fee simple market value, revenue produced off the land, consolidation of state endowment land, potential long-term appreciation, creating access, and third-party analyses.

IDL's Real Estate Services ("RES") Bureau recommends rejection of the proposed exchange based on factors identified during this review:

1. Even after assigning higher value to the land Trident is proposing to exchange to the State ("Proponent's Land") than the comparable transactions justify, the value of the Endowment Land far exceeds the value of the Proponent's Land.
2. The Endowment Land is appreciating at a rate that exceeds the appreciation of the Proponent's Land, more than offsetting any potential revenue gains from the exchange.
3. The exchange would not block up endowment ownership; instead it would likely increase management cost and complexity.
4. The exchange would not significantly improve access to endowment lands; in the case of some of the Trident parcels, the cost of access would likely increase.
5. Third-party advisors do not support proceeding with the potential exchange.

Analysis

Market Value: The Real Estate Services Bureau has arrived at an estimated value for the Endowment Land (Table 1) as well as the Proponent's Land; however, there was not a formal appraisal on either property. This analysis values the endowment land at \$366,344,100 and the Proponent's Land at \$74,343,500. With this in mind, the methods used to arrive at the estimated values were conservative when valuing the Endowment Land and generous when valuing the Proponent's Land. Examples of this include attributing an average discount of twenty-five percent (25%) to the Endowment Land for

developer's profit that would be associated with a transaction of this size, and crediting the proponent's own estimated value of their land with an additional thirty-five million dollars (\$35mil) based on the comparable sales. IDL's estimate of the Proponent's Land is one hundred eight-nine percent (189%) of the value estimated by Trident.

If the potential exchange were to proceed, IDL would not expect that to be the final value of the Proponent's Land. IDL used this generous approach to valuation to ensure that Trident's application was given fair consideration. In addition, the RES Bureau's analysis was reviewed by CenturyPacific LLC to verify the RES Bureau's approach for establishing land values on a large scale.

Tier Maps: (Attachment 1) Both Payette Lake and the City of McCall are the primary drivers for designating recreation or residential use as the highest and best uses of the Endowment Land. Each concentric tier on the tier maps represents market behavior based upon economies of scale and purchasing power. The lands proposed for exchange include ±21,378 acres of Endowment Land in and around Payette Lake and McCall and ±21,241 acres of timberland in Benewah, Clearwater, Latah, and Shoshone counties.¹

Market Conditions: (Attachment 2) Research from 2016-2020 Payette Lake Sales Catalogs, average upland land values from 2013-2020, direct sale/resale activities, MLS, information obtained from other real estate professionals, and data from the Valley County Assessor's Office were used to analyze the McCall market conditions. Currently, Valley County is experiencing eleven percent (11%) to thirteen percent (13%) per annum appreciation overall, while the McCall land neighborhood area is experiencing substantially higher appreciation of twenty-four percent (24%) to twenty-eight percent (28%) per year.

Analysis Summary: (Attachment 3) Seventy-four (74) recent, nearby closed sales were used to bracket each tier by lake frontage (calculated by Front Foot) and upland areas (calculated by acreage) ranging from one (1) acre up to two thousand two hundred (2,200) acres. The mean and median were calculated for each tier or band. For each tier, primary weight was given to the median, as the median is less affected by outliers and skewed data. For these reasons, it makes it a better option than the mean as a measure of central tendency.

Proponent's Timberlands: For the central/northern Idaho timberlands, IDL used thirty-three (33) closed sales ranging from ten (10) to one thousand six hundred (1,600) acres in size from Benewah, Clearwater, Latah, Idaho, Lewis, Kootenai, and Shoshone counties. The mean and median were calculated, and primary weight was given to the high-end (above central tendency) as a cautious and fair approach to the valuation. Additionally, the developer's profit was not attributed to the unpurchased Proponent's timberlands, which also favors the proponent.

Developer's Profit: Developer's profit was estimated at twenty-five percent (25%) given the uncertainties of this large-scale proposal and was discounted from the estimated total price because of anticipated future revenues, holding costs, expenses, and risk.

¹ The land proposed for exchange is not currently owned by Trident, and the application did not include a copy of any options to purchase or other evidence of Trident's ability to acquire the land.

Table 1: Estimated Land Value

	Tier Unit Ranges by Highest & Best Use	Unit Sizes	Estimated Unit Value	Estimated Gross Value	Developer's Risk	Estimated Current Value
Tier 1	Average front foot lots	11,750	\$12,000	\$141,000,000	25%	\$105,750,000
	MIN		\$9,262			
	AVG		\$13,246			
	MEDIAN		\$12,497			
	MAX		\$17,412			
	Large FF lots & Islands	15,384	\$1,700	\$26,152,800	25%	\$19,614,600
	MIN		\$982			
	AVG		\$1,762			
	MEDIAN	Acres	\$1,724			
	MAX	21,378	\$2,641			
Tier 2	1 - 4.99 acre lots	1,766	\$72,000	\$127,152,000	25%	\$95,364,000
	MIN		\$10,185			
	AVG		\$72,124			
	MEDIAN		\$72,314			
	MAX		\$170,807			
Tier 3	5 - 39.99 acre lots	1,713	\$20,000	\$34,260,000	25%	\$25,695,000
	MIN		\$7,882			
	AVG		\$22,180			
	MEDIAN		\$20,213			
	MAX		\$43,709			
Tier 4	40 - 2,000 acre timbered lots	17,766	\$9,000	\$159,894,000	25%	\$119,920,500
	MIN		\$1,048			
	AVG		\$12,286			
	MEDIAN		\$9,108			
	MAX		\$35,985			
	Total			\$488,458,800		\$366,344,100
Proponent Timerland	Large Timber Tracts Central Idaho	21,241	\$3,500	\$74,343,500	0%	\$74,343,500
	MIN		\$532			
	AVG		\$2,452			
	MEDIAN		\$2,324			
	MAX	Acres	\$5,241			
	Total	21,241		\$74,343,500		\$74,343,500

* Assuming all lots are sold and all approvals are in place.

Revenue and Appreciation: The RES Bureau worked with IDL's Payette Lakes Supervisory Area office to produce an estimated annual revenue report and compared that to the average revenue per acre produced on endowment land in the IDL area offices that would absorb the Proponent's Land into their management. In addition, IDL applied an annual appreciation of six percent (6%) based on the 2021 Appreciation Study ("Study") completed by IDL's Certified General Appraiser ("CGA"), Kevin Graham. In the Study, land within proximity of Payette Lake has an annual appreciation of twenty-four percent (24%) to twenty-eight percent (28%) since 2013. Valley County shows eleven percent (11%) to thirteen

percent (13%) appreciation over the same period. To remain consistently conservative in the modeling, IDL used eleven percent (11%). However, IDL used eleven percent (11%) and six percent (6%) to analyze the sensitivity of the model at various percentages of appreciation.

The timberland in north and central Idaho has historically appreciated at a rate similar to the national inflation rate. For this model, the IDL used both six percent (6%) and eleven percent (11%) appreciation to be aggressive in adding value to the Proponent's Land.

In order to estimate the net gain or loss to the endowments, the RES Bureau calculated the potential appreciation in value for both the proponent and endowment land at 6% and 11% over ten years (Table 4). The additional revenue generated on the proponent's land (Table 3) was then combined with the estimated appreciation of proponent's land.

A summary of the Endowment Land Estimated Gross Revenue (Table 2), Proponent's Land Estimate Gross Revenue (Table 3), and Potential Income & Appreciation (Table 4) follow:

Table 2: Endowment Land Estimated Gross Revenue

Payette Lands Annual Revenue					
Asset	Activity	Endowment	Acres	Annual Revenue	Rent per Acre
	Communication	PS	0.25	\$10,227.00	\$40,908.00
	Recreation	Mixed	1,105.00	\$1,000.00	\$0.90
	Recreation	Mixed	625.00	\$9,000.00	
	Recreation	Mixed		\$600.00	
	Recreation	Mixed		\$2,500.00	
	Recreation	Mixed	19.85	\$1,000.00	\$50.38
	Grazing	Mixed		\$1,750.00	
	Grazing		3,258.00	\$742.31	\$0.23
	Mineral	Mixed		\$7,500.00	
	Mineral			\$30,100.00	
Timber Harvest					
	Primary base		13,000.00	\$715,000.00	\$55.00
	2nd Base		8,000.00	\$0.00	\$ -
TOTAL				\$779,419.31	

Table 3: Proponent's Land Estimated Gross Revenue

Proponent's Land Revenue Proposed for LEX				
Asset	Activity	Acres	Annual Revenue	Rent per Acre
	Timber Harvest	21,241.00	\$2,178,689.37	\$102.57
TOTAL			\$2,178,689.37	

Expected Gross Revenue Increase

Asset	Acres	Annual Revenue
Endowment Land Revenue	21,378.00	\$779,419.31
Trident Revenue	21,241.00	\$2,178,689.37
Gross Income Benefit for the Endowment		\$1,399,270.06

Table 4: Summary of Potential Income and Appreciation

6% Appreciation of Lands with Additional Revenue

Asset	Acres	Totals
10 Year Appreciation of Endowment Land at 6%	21,378.00	\$237,254,308.96
10 Year Appreciation of Trident Land at 6%	21,241.00	\$59,313,577.24
10 Years of Trident Additional Revenue		\$15,628,049.10
Loss to Endowment*		\$162,312,682.63

11% Appreciation of Lands with Additional Revenue

Asset	Acres	Totals
10 Year Appreciation of Endowment Land at 11%	21,378.00	\$551,826,295.82
10 Year Appreciation of Trident Land at 11%	21,241.00	\$137,956,573.96
10 Years of Trident Additional Revenue		\$15,628,049.10
Loss to Endowment*		\$398,241,672.77

*Deducting the proponent's ten years of appreciation and gross income benefit from the ten years of endowment appreciation reveals a loss to the endowment if exchange is completed.

Consolidation of Endowment Lands: The RES Bureau worked with IDL's GIS team to review the potential of the proposed exchange for blocking additional lands with existing endowment lands. The analysis concluded that only 9,450 acres of the proposed 21,241 acres have a common boundary with existing endowment timberlands.

The McCall area land is almost entirely blocked up, except for small portions like the islands, etc. The Proponent's Land proposed for exchange offers little in the way of blocking up existing endowment timberlands. In short, the result of this exchange would be a net loss of almost 12,000 acres of blocked-up endowment land.

In addition, approximately 7,000 acres of the Proponent's Land are in a remote drainage (St. Joe) that would create a burden on the local area office to manage. Exchanging into this land makes no financial sense in the context of reducing management expenses and increasing overall efficiency.

Improving Access: The RES Bureau reviewed the Proponent's Land for additional access created by the exchange. There is no recognized net benefit of access to the endowments. In fact, the land in the St. Joe drainage would create additional cooperative road cost-share liabilities for the endowments with the United States Forest Service and private industrial landowners.

Third-Party Review: The final part of the RES Bureau's analysis involved independent third-party reviews by the Land Board's Timberland Advisor, Mason Bruce and Girard ("MB&G"), and the Land Board's Commercial Real Estate Advisor, CenturyPacific LLLP.

Roger Lord, a CGA with MB&G, completed a review of Trident's proposal as presented to IDL (Attachment 4) with a scope of evaluating based on blocking up, improving access, and increasing revenue. His conclusion and rationale are as follows:

"I recommend that the State of Idaho not pursue the proposed land exchange" and "In my opinion, there are better strategies for addressing issues surrounding the Payette Lake endowment lands that would provide a significantly more net benefit to the endowment than the proposed exchange."

1. The land proposed is less desirable and potentially worth less than the endowment land.
2. The exchange would foreclose on future leasing opportunities for the endowments.
3. The exchange would further fragment, not create larger blocks of endowment land.

CenturyPacific LLLP's principal, Michael Finch, completed a final review (Attachment 5) of the application and the analysis completed by the RES Bureau. The scope that was provided to CenturyPacific LLLP varied from the MB&G's because the RES Bureau sought an analytical review of the analysis compiled by IDL as well as a review of the application. Michael Finch concluded "...CenturyPacific does not support pursuing the proposed exchange." His opinion was informed by the following:

1. Trident does not provide evidence of the ability to acquire the land they are proposing in the exchange.
2. The Department's "rough order of magnitude value of the Endowment Property proposed for exchange, categorizes property sale data from closed, competitive sales...Based on the analysis provided, the data suggest the value of the Endowment Property is in excess of \$300,000,000- an order of magnitude value equal to four times the estimated approximate value of the Trident Property."
3. McCall-area real estate market is set to appreciate faster than the Trident Property.
4. The resources and complexities of a land exchange this large would require significant resources from IDL and the Attorney General's offices.

Recommendation

The RES Bureau recommends denial of the Trident Holdings, LLC land exchange application based on the facts presented in this memorandum.

Attachments

1. Tier Maps
2. Market Condition Analysis
3. Comparable Sales
4. MB&G Review
5. CenturyPacific LLLP Review

CC/EC: Jim Elbin –Trust Land Division Administrator
Bill Haagenson – Deputy Director

Idaho Department of Lands
PAYETTE LAKES ANALYSIS

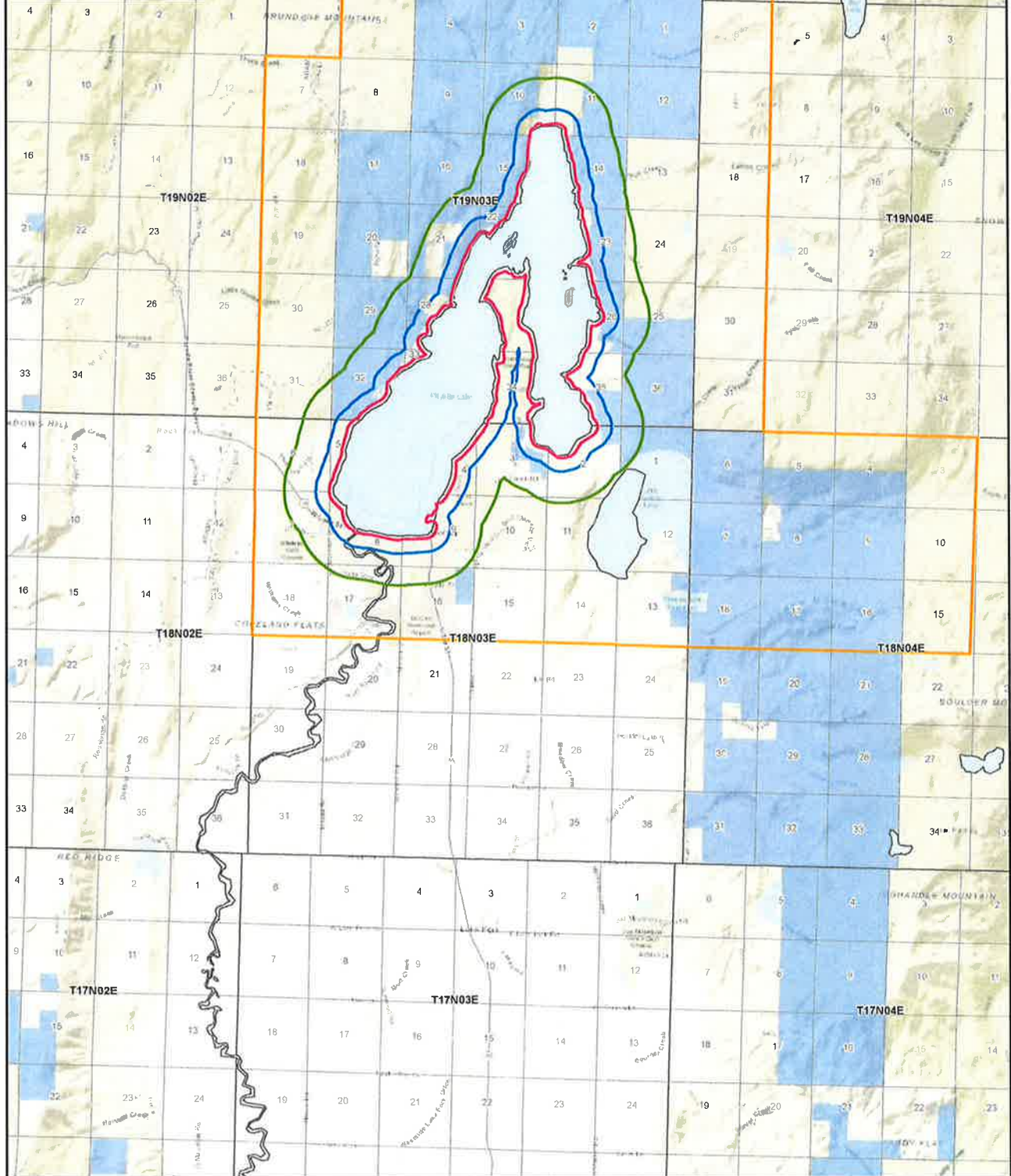
- State Endowment Land
- Tier 3-2800ft Buffer
- Tier 1-300ft Buffer
- Tier 4 Area
- Tier 2-1000ft Buffer

Disclaimer:

State endowment land boundaries current as of map creation date.
 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.



Tier	Endowment Acres
Tier 1	132.6
Tier 2	1,766.80
Tier 3	1,713.30
Tier 4	17,766.60
Lake Front	27,134 ft

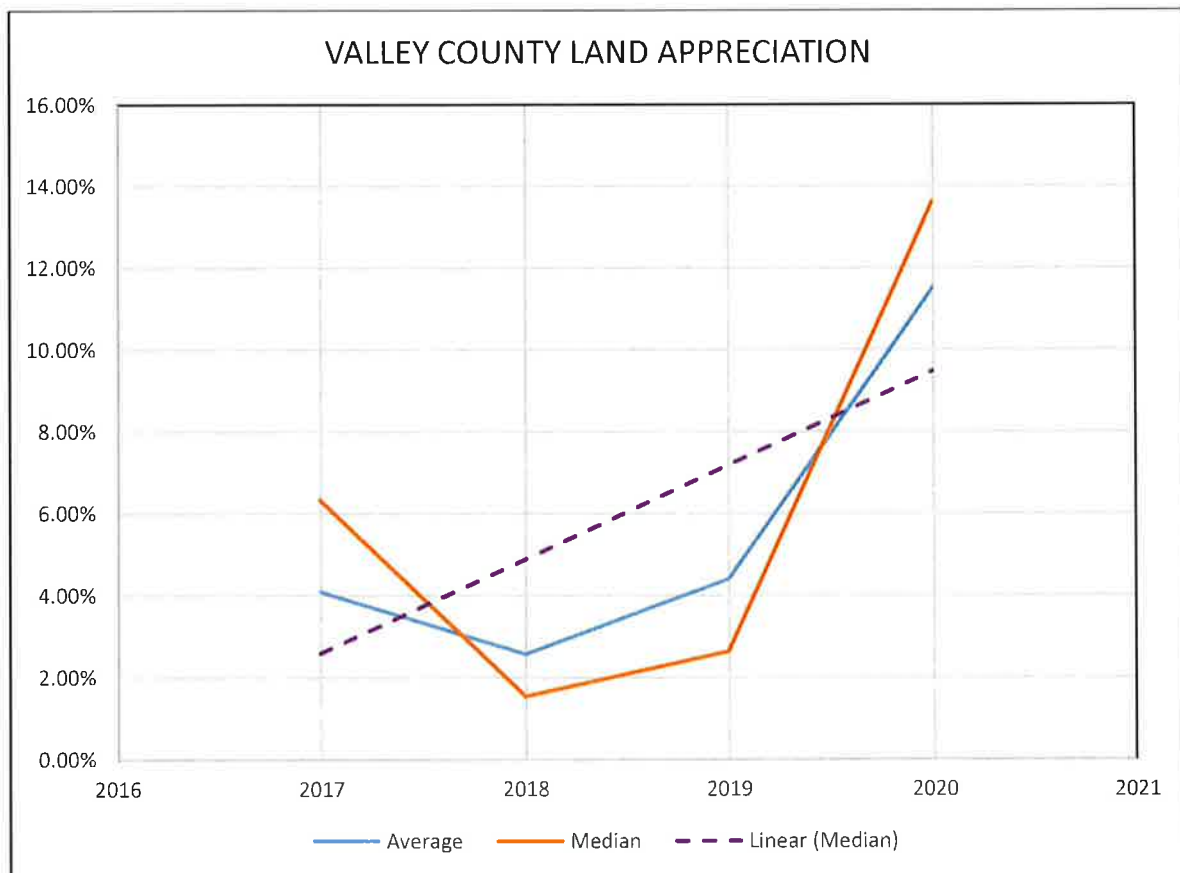


Josh,

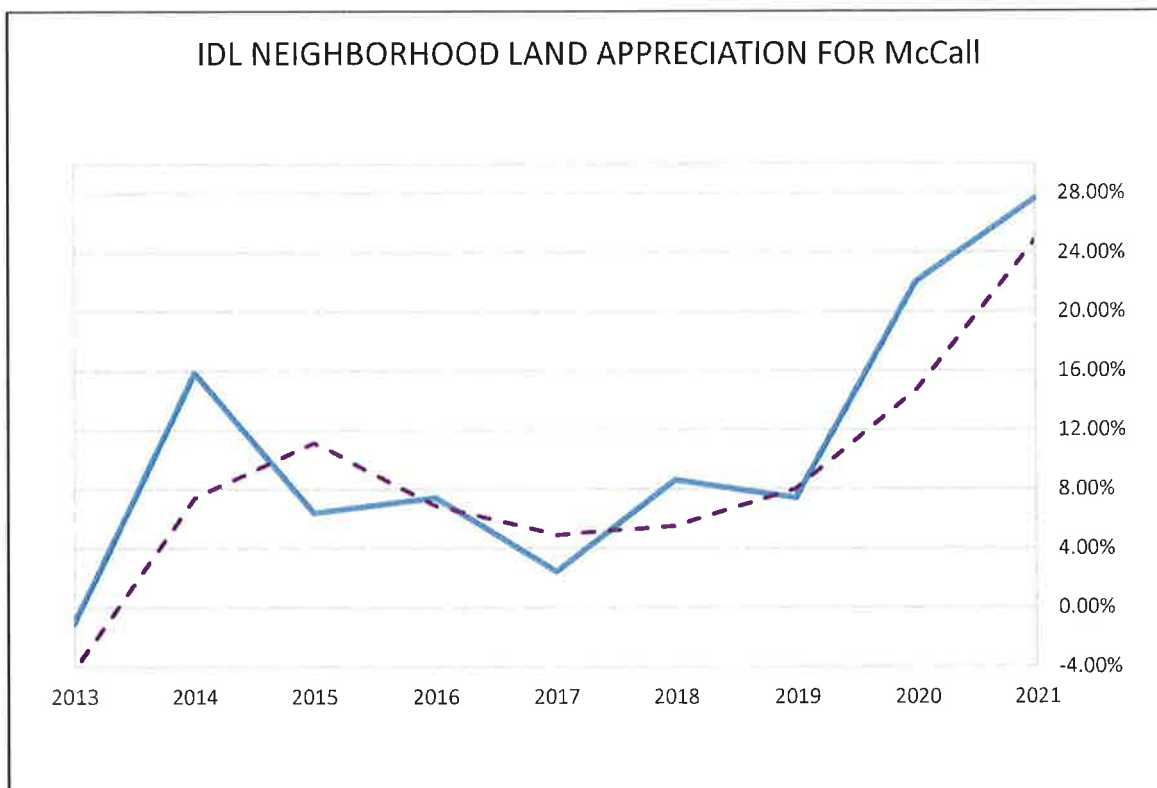
As requested, I have researched IDL Mass Appraisals, 2016-2020 Payette Lake Sales Catalogs, average appraised upland land values from 2013-2020, direct sale/resale activities, and data from the Valley County Assessor's Office to determine the McCall market conditions. After looking into this further, it seems the historical data, which predates the 2008-2009 great recession is unreliable and is not demonstrated.

Idaho and Boise led the nation for the second year in a row for home price appreciation, according to the Federal Housing Finance Agency, for the year ending Sept. 30, 2020. Statewide, prices rose 14.4%. In Boise, they jumped 16.4%. Affluent refugees from California and people others who can now work remotely are all contributing to a boom in house and land sales in the McCall area, including New Meadows, Donnelly and Cascade. Sales of homes and lots in 2020 reached levels not seen since the real estate boom of the 2000s, according to local Realtors and sales reports.

The first table has been developed from Valley County Assessor's Office data and other data sets. As can be seen, since 2017, the entire **Valley County** land appreciation experienced a slight decline in 2018, however, is showing very strong growth from about **11% to 13%**.



The second table below is presented from data gathered by Valley County Assessor's Office data and other published sources and has been selected from neighborhoods located in the areas where IDL lands are. I believe it is important to focus on this timeline as it best represents the specific location of the **IDL transition properties** and is the most current information (2013-present). The moving average trend and current land appreciation shows a current range from **24% to 28% appreciation** for these IDL land classes. It should be noted the balance of 2021 is forecasted.



Based upon the interviews, preceding data, and discussion, since 2010 the market has been increasing, 2011-2014 were correction years and in 2015 the values came back in line with 2010 at \$3.2 billion in inventory. A conclusion can be made that the McCall market area has experienced previous stabilization with sharp current market increases.

Sincerely,

Kevin Graham, CGA-2836

Tier 1: Payette Lakefront Sales

Sale	Date of Sale	Location	Land Value	FF	\$/FF
1	9/6/2019	2131 East Side Drive	\$1,250,000	71.79	\$17,412
2	8/1/2019	901 Wagon Wheel Road	\$1,800,000	157.50	\$11,429
3	7/1/2019	2010 University Lane	\$1,092,000	70.00	\$15,600
4	6/28/2019	No. of 2260 Payette Drive	\$1,808,750	104.97	\$17,231
5	6/28/2019	2260 Payette Drive	\$1,400,000	81.01	\$17,282
6	6/21/2019	626 Ruby Street	\$1,305,000	80.00	\$16,313
7	6/14/2019	2168 Payette Drive	\$1,243,000	101.87	\$12,202
8	4/15/2019	1504 McCall Avenue	\$1,100,000	100.00	\$11,000
9	11/1/2018	1678 Forest Lawn Street	\$930,000	53.90	\$17,254
10	8/7/2018	1838 Warren Wagon Road	\$935,000	60.00	\$15,583
11	5/31/2018	2554 Warren Wagon Road	\$750,000	60.00	\$12,500
12	2/9/2018	1882 Warren Wagon Road	\$1,890,000	181.02	\$10,441
13	6/15/2018	2107 Water Lily Lane	\$1,194,000	98.68	\$12,100
14	6/15/2018	2109 Water Lily Lane	\$1,064,000	85.14	\$12,497
15	6/15/2018	2244 Payette Drive	\$725,000	58.03	\$12,494
16	10/25/2017	149 E. Lake	\$1,255,000	135.50	\$9,262
17	9/26/2017	2406 Sharlie Lane	\$840,000	70.00	\$12,000
18	9/11/2017	2077 Turkey Lane	\$810,000	60.00	\$13,500
19	8/3/2017	1882A Warren Wagon Road	\$1,475,000	99.00	\$14,899
20	10/19/2016	1926 Warren Wagon Road	\$1,305,000	105.00	\$12,429
21	8/23/2016	1882 Warren Wagon Road	\$2,775,000	284.00	\$9,771
22	8/16/2016	2012 Payette Drive	\$1,395,000	102.94	\$13,552
23	8/17/2016	2020 Payette Drive	\$1,290,000	113.73	\$11,343
24	8/18/2016	2030 Payette Drive	\$872,000	77.00	\$11,325
25	8/19/2016	2104 Payette Drive	\$1,570,000	106.00	\$14,811
26	5/19/2016	1924 Warren Wagon Road	\$1,135,000	82.41	\$13,773
27	11/17/2016	2060 Warren Wagon Road	\$1,625,000	118.27	\$13,740
28	11/15/2015	2029 Plymouth Ct.	\$590,000	49.20	\$11,992
29	5/24/2016	1630 E. Lake St.	\$1,098,000	96.00	\$11,438
30	10/28/2015	2365 Northshore Dr.	\$1,086,700	100.00	\$10,867
31	10/9/2015	2051 Plymouth Ct.	\$905,000	64.97	\$13,930
32	9/2/2015	2336 Warren Wagon Road	\$940,000	60.00	\$15,667
33	11/16/2015	990 Syringa Way	\$1,300,000	100.09	\$12,988
		Minimum	\$590,000	49.20	\$9,262
		Maximum	\$2,775,000	284.00	\$17,412
		Mean	\$1,234,953	96.61	\$13,246
		Median	\$1,194,000	96.00	\$12,497

Tier 1: Payette Lakefront Sales (Larger Lots and Islands)

Sale	Date of Sale	Location	Sales Price	FF	\$/FF
1	10/25/2018	312 Warren Island Shores, Hope, ID	\$850,000	492.94	\$1,724
2	8/25/2016	Lots 2 & 3, Warren Island, Hope, ID	\$523,000	198	\$2,641
3	11/26/2014	NNA Memaloose Island, Hope, ID	\$4,800,000	4890	\$982
		Minimum	\$523,000	198.0	\$982
		Maximum	\$4,800,000	4890.0	\$2,641
		Mean	\$2,057,667	1860.3	\$1,782
		Median	\$850,000	492.9	\$1,724

Tier 2: Payette Upland Sales (1 - 4.99 acres)

Sale	Date of Sale	Location	Sales Price	Lot Size (Acres)	\$/Acre	Lot Size (SF)	\$/SF	
1	10/7/2020	Lot 18 Bitterroot Court	\$ 98,500	1.34	\$ 73,507	58,370	\$ 1.69	
2	12/29/2020	TBD Pine Terrace Drive	\$ 93,000	1.44	\$ 64,583	62,726	\$ 1.48	
3	11/8/2019	1426 Veronica Lane	\$ 95,000	1.49	\$ 63,956	64,704	\$ 1.47	
4	4/2/2021	58 Pearson Lane	\$ 175,000	1.73	\$ 101,156	75,359	\$ 2.32	
5	2/11/2021	TBD Sundance Drive	\$ 109,900	1.87	\$ 58,770	81,457	\$ 1.35	
6	10/26/2020	1753 Club Hill Boulevard	\$ 217,000	1.96	\$ 110,714	85,378	\$ 2.54	
7	1/28/2021	13774 Raptor Loop	\$ 140,000	2.00	\$ 70,000	87,120	\$ 1.61	
8	4/28/2021	TBD Whitefield Lane	\$ 163,000	2.07	\$ 78,744	90,169	\$ 1.81	
9	9/25/2020	69 Sundance Drive	\$ 164,900	2.16	\$ 76,343	94,090	\$ 1.75	
10	11/12/2020	26 Moonbeam Circle	\$ 194,900	2.20	\$ 88,591	95,832	\$ 2.03	
11	4/19/2021	TBD Harrington Place	\$ 235,100	2.35	\$ 100,043	102,366	\$ 2.30	
12	4/19/2021	TBD Harrington Place	\$ 235,100	2.35	\$ 100,043	102,366	\$ 2.30	
13	9/28/2020	TBD Stockton Drive	\$ 175,000	2.42	\$ 72,314	105,415	\$ 1.66	
14	1/8/2021	TBD Rogers Lane	\$ 74,900	2.49	\$ 30,080	108,464	\$ 0.69	
15	1/8/2021	TBD Blackhawk Lake Drive	\$ 200,000	2.53	\$ 79,051	110,207	\$ 1.81	
16	7/15/2020	53 Sundance Drive	\$ 144,000	2.79	\$ 51,613	121,532	\$ 1.18	
17	4/29/2021	L14 Blackhawk Lake Drive	\$ 550,000	3.22	\$ 170,807	140,263	\$ 3.92	
18	7/17/2020	14106 Penne Lane Road	\$ 119,000	4.13	\$ 28,814	179,903	\$ 0.66	
19	8/26/2019	447 Boydston St	\$ 48,500	4.76	\$ 10,185	207,436	\$ 0.23	
20	3/11/2021	25 Smylie Lane	\$ 139,900	5.16	\$ 27,112	224,770	\$ 0.62	
21	3/1/2021	1705 Chris Lane	\$ 301,333	5.18	\$ 58,172	225,641	\$ 1.34	
			Minimum	\$ 48,500	1.34	\$ 10,185	\$ 58,370	\$ 0.23
			Maximum	\$ 550,000	5.18	\$ 170,807	\$ 225,641	\$ 3.92
			Mean	\$ 174,954	2.65	\$ 72,124	\$ 115,408	\$ 1.66
			Median	\$ 163,000	2.35	\$ 72,314	\$ 102,366	\$ 1.66

Tier 3: Payette Upland Sales (5 - 39.99 acres)

Sale	Date of Sale	Location	Sales Price	Lot Size (Acres)	\$/Acre	Lot Size (SF)	\$/SF
1	11/6/2020	13739 Grouse Knoll Place	\$ 167,500	6.05	\$ 27,686	263,538	\$ 0.64
2	3/1/2021	13915 Farm to Market Road	\$ 330,000	7.55	\$ 43,709	328,878	\$ 1.00
3	8/31/2020	TBD Longview Road	\$ 150,000	9.36	\$ 16,026	407,722	\$ 0.37
4	12/15/2020	Lot 2 Ashton Ridge Place	\$ 299,000	9.73	\$ 30,730	423,839	\$ 0.71
5	8/26/2019	TBD Crowley Lane	\$ 270,000	10.00	\$ 27,000	435,600	\$ 0.62
6	1/31/2020	TBD Potter Lane	\$ 169,500	12.00	\$ 14,125	522,720	\$ 0.32
7	11/12/2020	TBD Silver Fox Spur	\$ 150,000	19.03	\$ 7,882	828,947	\$ 0.18
8	6/18/2020	3731 West Mountain Road	\$ 300,000	20.92	\$ 14,340	911,275	\$ 0.33
9	9/16/2020	3737 West Mountain Road	\$ 360,000	22.64	\$ 15,901	986,198	\$ 0.37
10	3/22/2021	2070 Bear Basin Road	\$ 976,000	40.00	\$ 24,400	1,742,400	\$ 0.56
		Minimum	\$ 150,000	6.05	\$ 7,882	\$ 263,538	\$ 0.18
		Maximum	\$ 976,000	40.00	\$ 43,709	\$ 1,742,400	\$ 1.00
		Mean	\$ 317,200	15.73	\$ 22,180	\$ 685,112	\$ 0.51
		Median	\$ 284,500	11.00	\$ 20,213	\$ 479,160	\$ 0.46

Tier 4: Payette Upland Sales (40 - 2,000 acres)

Sale	Date of Sale	Location	Sales Price	Lot Size (Acres)	\$/Acre	Lot Size (SF)	\$/SF
1	4/30/2021	Stockton Ct -1800	\$ 3,270,000	91	\$ 35,985	3,958,297	\$ 0.83
2	6/14/2019	Paddy Flat Road	\$ 3,420,000	2,235	\$ 1,530	97,356,600	\$ 0.04
3	4/10/2019	Hait Reservoir	\$ 495,000	57	\$ 8,695	2,479,871	\$ 0.20
4	12/27/2019	West Valley Rd	\$ 11,000,000	733	\$ 15,013	31,916,412	\$ 0.34
5	3/24/2021	Woodland Drive	\$ 2,000,000	68	\$ 29,542	2,949,012	\$ 0.68
6	10/12/2019	Brook Dr	\$ 750,000	45	\$ 16,794	1,945,390	\$ 0.39
7	7/7/2020	Fish Lake Rd	\$ 460,000	140	\$ 3,286	6,098,400	\$ 0.08
8	8/20/2020	Knob Hill Dr - 1800	\$ 900,000	95	\$ 9,521	4,117,727	\$ 0.22
9	10/9/2019	Paddy Flat Road	\$ 2,075,000	1,980	\$ 1,048	86,248,800	\$ 0.02
10	11/25/2019	West Mountain Rd	\$ 389,836	270	\$ 1,444	11,762,942	\$ 0.03
40+ acres	Minimum		\$ 389,836	44.66	\$ 1,048	\$ 1,945,390	\$ 0.02
	Maximum		\$ 11,000,000	2235.00	\$ 35,985	\$ 97,356,600	\$ 0.83
	Mean		\$ 2,475,984	571.24	\$ 12,286	\$ 24,883,345	\$ 0.28
	Median		\$ 1,450,000	117.27	\$ 9,108	\$ 5,108,063	\$ 0.21

Timberland Comparables

Timber Comparables (31)	Sale 1	Sale 18	Sale 25	Sale 32	Sale 34	Sale 38	Sale 39	Sale 37	C-1	C-2	C-3	C-4	C-5	C-6	C-8	Listing
County	Shoshone	Shoshone	Benewah	Shoshone	Shoshone	Shoshone	Shoshone	Kootenai	Clearwater	Lewis	Clearwater	Latah	Benewah	Benewah	Idaho	Latah
Location	Thompson Pass	Hobo Creek	Marble Creek	Pritchard	Pinehurst	Canyon Cree	Spooky But	Cataldo	Hwy 11 Weig	Orofino	Weippe	Deary	Emida	Emida	Kamiah	Kindrick
Sale Date	9/19/2013	12/13/2012	5/2/2012	4/11/2011	11/10/2010	9/5/2008	9/3/2008	8/2/2009	9/24/2012	9/30/2015	7/28/2016	10/20/2015	12/13/2013	12/13/2013	7/21/2016	Listing
Sale Price	\$4,814,000	\$505,000	\$62,000	\$125,000	\$41,800	\$150,000	\$175,000	\$130,079	\$308,680	\$607,250	\$806,000	\$665,640	\$484,000	\$647,000	\$216,500	\$3,750,000
Time Diff 2007-17 in years*	3.54	4.05	4.67	5.73	6.15	8.32	8.33	7.59	4.27	1.26	0.43	1.20	3.06	3.05	0.45	+10% Listing
Adj Sale Price	\$6,120,277	\$664,268	\$74,475	\$156,522	\$52,953	\$207,913	\$307,628	\$175,215	\$365,012	\$638,108	\$819,863	\$697,804	\$545,741	\$729,243	\$220,397	\$4,125,000
Time Diff 2017-21 in years*	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	Listing
Adj Sale Price	\$6,388,528	\$693,452	\$77,747	\$163,399	\$55,279	\$217,047	\$321,143	\$182,913	\$381,048	\$666,143	\$855,883	\$728,461	\$569,718	\$461,282	\$230,080	Listing
Acres	3001	160	80	138.7	104	80	80	139	308.68	286.64	620.3	360	604	560	240	1117
\$/Acre	\$2,129	\$4,334	\$972	\$1,178	\$532	\$2,713	\$4,014	\$1,316	\$1,234	\$2,324	\$1,380	\$2,024	\$943	\$824	\$959	\$3,693

	Sale A	Sale B	Sale C	Sale D	Sale E	Sale F	Sale G	Sale H	Sale I	Sale J	Sale K	Sale L	Sale M	Sale N		
County	Benewah	Benewah	Benewah	Benewah	Benewah	Benewah	Benewah	Benewah	Benewah	Benewah	Benewah	Benewah	Benewah	Bonner		
Location	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	St. Maries	Sandpoint		
Sale Date	9/21/2020	8/13/2020	7/27/2020	7/29/2019	7/11/2019	7/11/2019	1/2/2019	9/14/2019	7/27/2018	4/20/2018	3/17/2017	3/23/2015	3/23/2015	10/22/2020		
Sale Price	\$77,500	\$180,000	\$65,000	\$66,500	\$91,900	\$97,500	\$92,000	\$53,000	\$135,000	\$70,000	\$50,000	\$50,000	\$70,000	\$181,500		
Time Diff 2007-17 in years*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.78	1.78	0.00		
Adj Sale Price	\$77,500	\$180,000	\$65,000	\$66,500	\$91,900	\$97,500	\$92,000	\$53,000	\$135,000	\$70,000	\$50,000	\$53,622	\$75,071	\$181,500		
Time Diff 2017-21 in years*	4.32	0.70	0.75	1.75	1.80	1.80	2.32	1.95	2.75	3.02	4.32	4.32	4.32	0.51		
Adj Sale Price	\$80,925	\$187,908	\$67,856	\$69,422	\$93,561	\$99,262	\$94,150	\$54,039	\$138,746	\$72,136	\$52,197	\$55,978	\$78,369	\$182,426		
Acres	27.7	60	20	15	21	24	36.9	10.31	40	26	36.99	28	21	120		
\$/Acre	\$2,921	\$3,132	\$3,393	\$4,628	\$4,455	\$4,136	\$2,551	\$5,241	\$3,469	\$2,774	\$1,411	\$1,999	\$3,732	\$1,520		
															Min	\$532
															Max	\$5,241
															mean	\$2,526
															median	\$2,438



According to data on institutional timberland investments from the National Council of Real Estate Investment Fiduciaries (NCREIF):

In mid-1997, timberland values averaged \$1,001 per acre, with 1-year total returns of 14.2%. Of this, about 7.1% from appreciation and 7.1% from income.
 In mid-2007, timberland values averaged \$1,500 per acre, with 1-year total returns of 11.5%. Of this, about 3.8% from appreciation and 7.7% from income.
 As of mid-2017, timberland values average \$1,823 per acre, with 1-year returns of 3.3%. Of this, about 0.7% from appreciation and 2.6% from income.

97-07	7%
07-17	4%
17-present	1%

Memo



To: Joshua Purkiss, Real Estate Services Bureau Chief, Idaho Dept. of Lands
From: Roger Lord, Timberland Advisor to IDL
Date: July 13, 2021
Re: Review and Recommendations Regarding the Proposed Trident Land Exchange

In accordance with the Scope of Work provided to me, I have performed a review of due diligence documents related to the proposed Trident Holdings LLC Land Exchange.

The proposed value-for-value exchange would trade 21,378± acres of state-owned property surrounding Payette Lake near McCall, for 21,240± acreage of mid-rotation industrial timberland in Benewah, Clearwater, Latah, and Shoshone Counties. At this time, there are no appraisals of either property.

I reviewed the following documents:

- The Trident Holdings LLC Land Exchange Application dated 2/8/2021.
- Maps of the proposed exchange lands in Benewah, Clearwater, Latah, and Shoshone Counties.

The proposed exchange is difficult to evaluate precisely using the evaluation criteria because the applicant has only provided a basket of possible exchange parcels with no property data other than acreage, maps, and legal description. It would not be known until late in the exchange process, after completion of appraisals, precisely which parcels the endowment would receive in the exchange. It should also be pointed out that the applicant doesn't own the proposed exchange parcels, nor have they provided any proof that they have secured rights to acquire the parcels from the current owner(s) or have sufficient capital.

Based on my review of the documents and evaluation of the proposed exchange, I recommend that the State of Idaho *not* pursue the proposed land exchange. My recommendation is based on the following evaluation of the decision criteria outlined in the Scope of Work:

- **Will the proposed land exchange provide desirable land for less desirable land?**

I believe there is a high risk that the State would ultimately be disadvantaged by pursuing the proposed exchange. One risk is that the value of the highly-developable lands surrounding Payette Lake would be diluted by appraising them in bulk form, combined with a large acreage of lower-valued, adjacent timberland. It is the nature of land markets that larger blocks of land sell at lower unit values than smaller blocks, other things being equal. The value of the "higher and better use" lands (e.g., lands with lake front or lake views/access or proximity to town) would be maximized by



marketing it in relatively small acreage pieces over a period of time and at a pace that the market can absorb without materially discounting the value. From a fiduciary standpoint, this would be a superior approach to exchanging it in a bundle with a large block commercial/recreational timberland. While an appraisal could differentiate areas of different highest and best uses to a degree, it would in my opinion be inevitable that discounting of the highest value lands in the appraisal would prevent the endowment from maximizing capture of the full value of the lands.

Secondarily, it is not at all clear that the land gained in the exchange would be more desirable than that which would be given up. Some of the proposed exchange parcels appear to be in areas of relatively low productivity (e.g., some of the Clearwater and Latah County parcels) and other areas are remote and have steep, rugged topography (e.g., the St. Joe drainage south of Avery).

- **Will the proposed land exchange provide possible future lease revenue for the endowment?**

It does not appear that the lands that would be acquired have lease potential except perhaps for some grazing in the western-most lands, but income from this would be minimal.

- **Will the proposed land exchange block up endowment lands?**

Overall, the exchange further fragments rather than blocks up endowment lands. The exchange would give up the very large contiguous block of endowment lands around Payette Lake for an unknown number of small parcels scattered across four counties. Although some of the parcels proposed to transfer to the State are adjacent to existing endowment land, many are not. For example, much of the proposed land in Shoshone County is in a checkerboard ownership with national forest many miles from the closest endowment lands.

- **Will the proposed land exchange provide overall long-term revenue to the endowment?**

The applicant's claim is that it will, but it is impossible to know without specific data about the properties to be added to the endowment in the exchange, and that isn't made available.

- **Will the proposed land exchange overall, benefit the endowment?**

In my opinion, there are better strategies for addressing issues surrounding the Payette Lake endowment lands that would provide significantly more net benefit to the endowment than the proposed exchange.

Conclusion:

I recommend that the State of Idaho not pursue the proposed land exchange for the reasons cited.

CENTURYPACIFIC, LLLP

REAL ESTATE INVESTMENT BROKERS ▪ ADVISORS ▪ ASSET MANAGERS

MICHAEL E. FINCH
PRINCIPAL

MEMORANDUM

DATE: July 27, 2021

TO: Mr. Josh Purkiss, Bureau Chief, Idaho Department of Lands (IDL)

FROM: Michael E. Finch

RE: Trident Holdings LLC Land Exchange Application

SUMMARY

Thank you for the opportunity to review select information in connection with the proposed land exchange between Trident Holdings LLC (Trident) and the State Board of Land Commissioners (Land Board). As outlined in Trident's land exchange application (February 8, 2021), Trident is proposing to exchange ±21,241 acres of property identified as "forest" land in Benewah, Clearwater, Latah, and Shoshone Counties (Trident Property) for ±21,378 acres of land in and around Payette Lake under the control of the Land Board (Endowment Property).

The concept of a land exchange as a vehicle to facilitate the maximization of long-term value to Land Board constituents has obvious value. Concept aside, the proposed Trident exchange appears problematic for two primary reasons: i) material difference in value; and ii) net long-term value to the State of Idaho. Based on CenturyPacific's review of the information provided, it appears the Endowment Property has a value well in excess of that of the Trident Property. Due to the dynamic and maturing nature of the real estate market surrounding Payette Lake, even if the proposed exchange was a "like for like" exchange at present, it is possible (perhaps likely) that the Endowment Property will appreciate faster than the Trident Property. At this juncture, CenturyPacific is of the opinion that the proposed land exchange is not in the best interest of the Land Board.

INFORMATION & DISCUSSION

The opinion summarized above is informed by the following:

- Trident Holdings LLC Exchange Application (redacted; dated as received February 8, 2021), accompanying cover letter from Preserve McCall, and related enclosures (schedules, maps and notes related to the proposed exchange transaction). Of note, footnote 2 of Attachment 3 discloses that Trident does not own the proposed exchange parcels in fee and will acquire preceding the closing of the proposed exchange. Based on the information provided, it is not clear if Trident has the unilateral right to acquire all of the proposed exchange properties.
- Analytical summary of McCall-area property transactions and corresponding graphical exhibit, prepared by IDL. The summary, intended to provide a rough order of magnitude value of the Endowment Property proposed for exchange, categorizes property sale data from closed, competitive sales. The data is categorized by location and lot area and organized to arrive at i) average values for waterfront lots, and ii) average values for upland lots tranced in concentric distances around Payette Lake. Given the large scale of the proposed exchange, the material cost of a formal, parcel-discrete appraisal, and what appears to be a reasonable level of precedent data, IDL's analytical approach efficiently provides for "order of magnitude" values based on high-level property characteristics. Based on the analysis provided, the data suggest the value of the Endowment Property is in excess of \$300,000,000 – an order of magnitude value equal to four times the estimated approximate value of the Trident Property.
- Analytical value summary of closed large timber tract transactions in central Idaho (Shoshone, Benewah, Kootenai, Clearwater, Lewis, Latah and Idaho Counties) prepared by IDL. Assuming an average fair market value of \$3,500/acre, the estimated value of the Trident Property is approximately \$75,000,000. Based on review of the information provided, there appears to be a material difference in value between the Trident Property and the Endowment Property. While many open questions remain related to this proposed land exchange – the apparent difference in value does not appear to represent a true "like-for-like" exchange.
- Unlike the Trident Property, the nature of the Endowment Property – specifically, the intermediate- and long-term highest and best use of the property – is varied. Given the continuing maturity of the McCall-area real estate market, Endowment Property values appear poised to appreciate faster over that of the Trident Property. As such, based on the information provided, the anticipated long-term value of the Endowment Property is greater than that of the Trident Property.
- In the event the Land Board determines owning the Trident Property is a desired strategic addition to the portfolio and the apparent material gap in assemblage value is satisfactorily addressed, the scale of the proposed exchange should be approached with caution. Due to the scale of the proposed exchange, small value fluctuations have the potential to be magnified – resulting in potentially material value impacts

to the parties. In addition to potential issues related to value, the complexity of a transaction of this scale will likely require a significant investment of IDL and AG staff and consultant resources.

ADDITIONAL INVESTIGATION & CONSIDERATIONS

For the reasons identified in this memorandum, based on the available information, CenturyPacific does not support pursuing the proposed exchange. Should the Land Board elect to pursue the proposed exchange, CenturyPacific strongly recommends additional investigation, including:

1. Appraisals: In the event the apparent value gap is reconciled and the Land Board wishes to pursue the exchange, consider confirming property values with appraisals by independent, MAI-certified professionals - including appraiser peer review of all draft appraisals prior to finalizing values.
2. Title review: All title matters (access, encumbrances, restrictions, rights, etc.) should be vetted to the AG's satisfaction.
3. Survey: IDL should consider obtaining boundary surveys for all exchange properties.
4. Environmental Evaluations: At a minimum, Phase I environmental site assessments should be conducted on all exchange properties.
5. Alternative Approaches to Divestiture: If the Land Board determines that a broad divesting of the Payette Lake properties is in the best interest of the endowment constituents, an evaluation of various divestiture strategies should be evaluated to ensure maximization of net sales proceeds (e.g. land exchange, large-scale public auction, public auction of select properties, capital-length term ground leasing of commercial property, etc.).

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DEPT. OF LANDS
SEP 07 2021
BOISE, IDAHO

Hoagland, Samuel

Attorneys for Petitioner Trident Holdings, LLC

**IN THE DISTRICT COURT FOR THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA**

TRIDENT HOLDINGS, LLC, an Idaho)	
limited liability company,)	Case No. CV01-21-13766
)	
Petitioner,)	SUMMONS
)	
vs.)	
)	
STATE BOARD OF LAND)	
COMMISSIONERS; Dustin Miller, in his)	
official capacity as Director of the Idaho)	
Department of Lands,)	
)	
Respondents.)	
)	

**NOTICE: YOU HAVE BEEN SUED BY THE ABOVE-NAMED PETITIONER:
THE COURT MAY ENTER JUDGMENT AGAINST YOU WITHOUT FURTHER
NOTICE UNLESS YOU RESPOND WITHIN 21 DAYS. READ THE
INFORMATION BELOW.**

TO: RESPONDENTS

You are hereby notified that in order to defend this lawsuit, an appropriate written response must be filed with the above designated court at 200 W. Front St., Boise, ID 83702, telephone number (208) 287-6900, within 21 days after service of this Summons to you. If you fail to so respond, the Court may enter judgment against you as demanded by the Petitioner in the Petition for Judicial Review.

A copy of the Petition for Judicial Review is served with this Summons. If you wish to seek the advice or representation by an attorney in this matter, you should do so promptly so that your written response, if any, may be filed in time and other legal rights protected.

An appropriate written response requires compliance with Rule 2 and other Idaho Rules of Civil Procedure and shall also include:

1. The title and number of this case.
2. If your response is an Answer to the Petition, it must contain admissions or denials of the separate allegations of the Petition and other defenses you may claim.
3. Your signature, mailing address and telephone number, or the signature, mailing address and telephone number of your attorney.
4. Proof of mailing or delivery of a copy of your response to the Petitioner's attorney, as designated above. To determine whether you must pay a filing fee with your response, contact the Clerk of the above-named Court.

DATED: 9/7/2021 11:04 AM

PHIL MCGRANE
CLERK OF THE DISTRICT COURT



By: Eric Rowell
Deputy Clerk