

Requirements of Sale – Sale Criteria Evaluation

1. The proposed sale would result in no net loss of leasable original grant lands;
2. The applicant agrees to provide accessible and leasable land equal or greater in acres and value to the trust form which the original grant land were sold for which the department then shall consider the criterial listed below in subsections a through f in any no net loss sale. Land provided for a no net loss sale is not required to satisfy all six criteria outlined below.

- a. Equal or greater value

Value - Land Sale application parcels

Grant County Appraisal Values

Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$86,625
Section 32: N½N½	\$88,000
Section 36: SE¼	<u>\$88,000</u>
Total	\$262,625

Allied Appraisals Inc. Values

Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$99,000
Section 32: N½N½	\$93,000
Section 36: SE¼	<u>\$101,000</u>
Total	\$293,000

Value - Land to be provided

Allied Appraisals Inc. Value

Hettinger County Township 136 North, Range 94 West

Section 20: S½NE4, SE4	<u>\$382,500</u>
Total	\$382,500

- b. Equal or greater income

Land Sale application Fair Market Value minimum rent

Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$1,749
Section 32: N½N½	\$2,760
Section 36: SE¼	<u>\$2,217</u>
Total	\$6,726

Road and Bridges Service Fee (In lieu tax)

Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$34
Section 32: N½N½	\$34
Section 36: SE¼	\$34

Land to be provided Fair Market Value minimum rent

Hettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	<u>\$6,721</u>
Total	\$6,721

Land to be provided current private rental value

Hettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	<u>\$9,360</u>
Total	\$9,360

Real Estate Property Tax

Hettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	\$1,044
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Projected Income (FMV Minimum Rent less taxes)

Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$1,715
Section 32: N½N½	\$2,726
Section 36: SE¼	<u>\$2,183</u>
Total	\$6,624

Hettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	<u>\$5,677</u>
Total	\$5,677

Projected Income (current private rental rate)

Hettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	<u>\$8,586</u>
Total	\$8,586

Comments: The highest and best use for the trust land and the land to be provided is agricultural. The sale application trust land applying the Board's FMV rent policy has a current annual rent income of

\$6,624. The land to be provided would have a projected annual income when **applying the Board's FMV rent policy of \$5,677**, resulting in a **decreased annual income of \$947** to the various trusts. Using the **current cash rent value** (obtained from applicant) would result in an annual income of \$8,586 and **an increase of \$1,962 in annual income** to the various trusts.

- c. Acreage. A no net loss sale should result in the board receiving equal or greater acreage. The board may, however, consider receiving less acreage in return for one or more of the following:
- (1) Improved dedicated access;
 - (2) Substantially higher value; or
 - (3) Substantially higher income.

Comments: Although this transaction would not result in the Board receiving equal or greater acreage, the land to be provided has excellent dedicated access when compared to 2 of the 3 sale tracts. The land to be provided is of higher value (\$382,500 versus \$293,000) and would provide similar income (\$5,665 versus \$6,624) using Board FMV rent policy and greater income (\$8,586 versus \$6,624) using the current private rental rate.

- d. Consolidation of trust lands. The proposed no net loss sale must not fragment trust land holdings by creating isolated parcels of trust land. In all no net loss sales, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

Comments: The proposed no net loss sale will not fragment trust land holdings by creating an isolated parcel of trust land. All minerals underlying the trust lands would be reserved pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

- e. Potential for long-term appreciation. The proposed no net loss sale must have similar revenue potential as the trust lands.

Comments: The potential long-term appreciation for the land tracts involved in this sale would be similar for this proposed no net loss sale.

- f. Access. A no net loss sale must not diminish access to trust lands. The no net loss land should provide equal or improved access.

Comments: The land to be provided has excellent dedicated access being 1½miles west of the Enchanted Highway having a good County gravel road (St. Michaels Road) with access approached along the south side of the tract and good section line access trails along the east and north sides of the tract, while two of the three sale tracts do not have improved dedicated access. The N½N½ of Section 32 is an isolated tract which requires access permission across surrounding private land, while access to the SE¼ of Section 36 from the west would be across private land to access the trust land from the west, while access from the east would be by section line trail to the southeast corner. The NW¼ of Section 28 has excellent dedicated access as a County Road traverses the tract (58th St SW).

The adjacent land use is Wildlife Habitat to the north and east as the United States Bureau of Reclamation owns the entire section 21 (640 acres) and three quarters of section 22 (480 acres) of land

to the east and the land to the north south half of section 17 (320 acres) is owned by the Moth 30 Mile Creek Hunt Club. Land to the south and west is in privately owned land used for cropland production.

3. Any land acquired pursuant to a sale or original grant lands, subject to no net loss, shall be treated by the board as "original grant lands"

Comments: The SE $\frac{1}{4}$ of Section 36 is original grant land while the NW $\frac{1}{4}$ of Section 28 and N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 32 are tracts acquired through foreclosure. One third of the land to be provided would be treated as "original grant land", while two thirds would be treated as acquired land.