

Lessard-Sams Outdoor Heritage Council

MEMO: **Agenda Item #8**
DATE: May 22, 2024
SUBJECT: Request for Approval of Conversion/Conveyance
 M.L. 2016, Chapter 172, Article 1, Section 2, Subdivision 5(j) – Roseau Lake
 Rehabilitation Project
PRESENTER: Jeff Tillma, DNR Land Acquisition Consultant, MN DNR

Suggested Motion:

Motion by Member XX to approve the sale and removal of the Outdoor Heritage Fund notice of funding restriction on the 15.1 acre parcel and return \$10,600 to the Outdoor Heritage Fund as described in this memo.

Background:

The Department of Natural Resources purchased a 254.9-acre addition to Roseau Lake WMA in 2020 using ML 2016, Ch. 172, Art. 1, Sec. 2, Subd. 5(j) Outdoor Heritage Funds as part of the Roseau Lake Rehabilitation project. A levee was constructed across the parcel to contain floodwaters and now a 15.1-acre portion of that property is outside the levee and will be difficult for the DNR and public to access and manage as a WMA. The levee's route was not known at the time of purchase and was a compromise of cost, ownership, and constructability. The DNR received LSOHC approval to exchange the 15.1-acre parcel with a parcel of equal size and value from the Roseau River Watershed District (WD) in October 2023. The WD district parcel in the exchange was purchased using state bonding funds and that title contains grant restrictions that were deemed unacceptable during DNR title review. Unfortunately, this means the DNR can't pursue the parcel exchange.

The DNR is seeking LSOHC approval to sell the property to the WD as opposed to exchanging parcels with the WD. The attached appraisal values the DNR-owned parcel at \$10,600 and this amount would be returned to the LSOHC following the sale. The Outdoor Heritage Fund notice of funding restriction (NOFR) will also be removed from the parcel to allow the WD future flexibility.

Subd. 15. Land acquisition restrictions.

(a) An interest in real property, including, but not limited to, an easement or fee title, that is acquired with money appropriated from the outdoor heritage fund must be used in perpetuity or for the specific term of an easement interest for the purpose for which the appropriation was made. The ownership of the interest in real property transfers to the state if:

(1) the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or accomplishment plan; or

(2) restrictions are placed on the land that preclude its use for the intended purpose as specified in the appropriation.

(b) A recipient of funding that acquires an interest in real property subject to this subdivision may not alter the intended use of the interest in real property or convey any interest in the real property acquired with the appropriation without the prior review and approval of the Lessard-Sams Outdoor Heritage Council or its successor. The council shall notify the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the outdoor heritage fund at least 15 business days before approval under this paragraph. The council shall establish procedures to review requests from recipients to alter the use of or convey an interest in real property. These procedures shall allow for the replacement of the interest in real property with another interest in real property meeting the following criteria:

(1) the interest must be at least equal in fair market value, as certified by the commissioner of natural resources, to the interest being replaced; and

(2) the interest must be in a reasonably equivalent location and have a reasonably equivalent useful conservation purpose compared to the interest being replaced, taking into consideration all effects from fragmentation of the whole habitat.

(c) A recipient of funding who acquires an interest in real property under paragraph (a) must separately record a notice of funding restrictions in the appropriate local government office where the conveyance of the interest in real property is filed. The notice of funding agreement must contain:

(1) a legal description of the interest in real property covered by the funding agreement;

(2) a reference to the underlying funding agreement;

(3) a reference to this section; and

(4) the following statement: "This interest in real property shall be administered in accordance with the terms, conditions, and purposes of the grant agreement controlling the acquisition of the property. The interest in real property, or any portion of the interest in real property, shall not be sold, transferred, pledged, or otherwise disposed of or further encumbered without obtaining the prior written approval of the Lessard-Sams Outdoor Heritage Council or its successor. The ownership of the interest in real property transfers to the state if: (1) the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or accomplishment plan; or (2) restrictions are placed on the land that preclude its use for the intended purpose as specified in the appropriation."

Attachments:

- Maps
- Notice of Funding Restriction
- Resume of Certified Appraisal
- Roseau Lake WMA Land Exchange Letter
- Roseau Lake Rehabilitation Project Accomplishment Plan