Disposal of Project Owned Property

March 1, 2017

Background:

In 2013 through the medical hardship program, the Diversion Project purchased a rural home and a couple small parcels of land along the Red River in MN just southeast of Oxbow. The home was removed and the parcels are in the upstream staging area of the Project. There are four parcels totaling approx. 27 acres. Two parcels (approx. 11.5 acres) are tillable and being hayed, and the other two parcels (approx. 15.5 acres) are wooded along the Red River. Two parcels are north of the access road, and two parcels are south of the access road. See attached map.

The Diversion Authority has been asked to explore selling these parcels. In order to sell these parcels, we would need to attach a flowage easement since these parcels are in the staging area.

The appraisal conducted prior to purchasing the parcels concluded a total value of the property of \$274K, which included approx. \$174K for the house and "improved area" and \$100K for unimproved area, which was calculated via appraisal at \$5,300 per acre.

Prior to considering disposal of these properties, feedback was obtained from our farmland management firm regarding the marketability of the parcels, USACE regarding the use of these parcels for mitigation, and from our flowage easement appraiser regarding the benefits or risks associated with attaching a flowage easement on these parcels.

Recommendation:

- Retain Pifer's to sell the parcels via auction
- Auction parcels 1805 & 1806 as one package and 1674 & 1675 as a second package
- Conduct auction sale soon as it could impact the need for rental agreements for spring 2017 on the farm land included in these parcels
- Attach the Flowage Easement to the parcels prior to auction sale

