

ATTACHMENT A - LAND ACQUISITION PROCEDURES

(Also called Exhibit F in your contract agreement)

The Recipient shall follow the following procedures when purchasing real property or an interest in real property with funds available under this Agreement, provided however that these procedures are not required in transactions where real property or an interest in real property is donated to the Recipient even though related expenses are eligible costs covered under this Agreement:

1. **Landowner Information:** The Recipient shall provide to each owner of an interest in real property proposed for purchase with funds available under this Agreement a letter covering the following information:
 - a. A description of the real property to be purchased;
 - b. A general description of the project for which the real property is sought;
 - c. The intended use of the real property by the Recipient, or another entity, if appropriate;
 - d. The process by which the real property will be valued or appraised, including an invitation for the landowner to walk the land with the appraiser;
 - e. The process by which the real property will be purchased;
 - f. A statement that the landowner will be provided with a summary of the documentation of value or appraisal prior to purchase;
 - g. The appropriate contact person for the Recipient.

The Recipient shall provide the landowner with a copy of the letter to sign and return acknowledging receipt of the letter from Recipient. The Recipient will draft its own letters including the above listed elements.

2. **Environmental Review:** The Recipient shall conduct an appropriate environmental review of the real property to determine whether the real property is used or has ever been used for the manufacture, use, storage, or disposal of any hazardous waste or toxic substance, pollutant or contaminants. For real property intended to be conveyed to the Department of Natural Resources (DNR), the Recipient shall consider using the DNR's initial assessment form to expedite the approval process.
3. **Appraisals:**
 - a. For all purchases where the Recipient intends to convey the real property or an interest in real property to DNR, the real property or

interest in real property must be appraised and the appraisal then reviewed and certified by a DNR review appraiser.

- b. For all purchases where the purchase price is more than \$20,000, the Recipient shall obtain an appraisal from an appraiser licensed according to the requirements of the laws of the State of Minnesota. In all other instances, where the Recipient is not intending to convey the real property or interest in real property to DNR, the Recipient shall obtain appropriate documentation substantiating the purchase price.
 - c. The Recipient shall provide the landowner with a summary of any required appraisal.
4. **Survey/Legal Description:** The Recipient shall determine if the real property or a part of the real property will need to be surveyed in order to create an acceptable, recordable legal description. If a survey is needed, the Recipient shall obtain a survey from a surveyor licensed according to the requirements of the laws of the State of Minnesota. If the Recipient intends to convey the real property or the interest in real property to DNR, it is advisable for the Recipient to provide DNR with a proposed legal description for the real property for review before an appraisal is completed. The Recipient shall also provide a copy of the survey to DNR for review before closing on the conveyance to DNR. Where the purchase price is based upon a per acre calculation, the Recipient should consider including a provision in the option or purchase agreement that in the event that the acreage changes by more than 1/2 of an acre due to the survey, the purchase price shall be adjusted based on the average per acre value.
5. **Title:** The Recipient shall obtain evidence that title to the real property or interest in real property is marketable and free and clear of any rights, restrictions or encumbrances that would interfere with the use for which the real property or interest in real property is being acquired. Where the Recipient intends to convey the real property or interest in real property to DNR, this shall include either an abstract of title or registered property abstract and an attorney's title opinion or a title commitment for an owner's policy of title insurance. DNR will not accept real property or an interest in real property until such time as it concludes that, in the opinion of the State, title is marketable.
6. **County Board Notification:** Prior to deciding whether to accept any interest in real property purchased under this Agreement, DNR shall discuss the acquisition with or, if needed, obtain the approval of the county board of the county in which the property is located.
7. **Relocation:** State law may require payment of relocation expenses for purchases of any residences or businesses on real property that will be

conveyed to the DNR. Generally, the Recipient will seek to avoid acquisition of residences or businesses using funds under this Agreement. In unique circumstances, recipients may work with DNR to obtain from a landowner a waiver of relocation benefits.

8. **Forms:** The Recipient may use Recipient's own option, purchase agreement or other forms for acquisition. It is advisable for the Recipient to review these forms ahead of time with DNR for acquisitions of real property or interests in real property intended to be conveyed to DNR, to avoid terms in the form that may conflict with state policies.

9. **Required Deed Restriction:** A recipient of funding who acquires an interest in real property 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) 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 or work program 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 Legislative Commission on Minnesota Resources or its successor. If the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or work program, ownership of the interest in real property shall transfer to this state." If the recipient fails to comply with the terms requirement, ownership of the interest in real property transfers to the state. For the purposes of this statute, "interest in real property" includes, but is not limited to, an easement or fee title to property.

10. **Annual Reporting of the Status of the Property Purchased:** Minnesota Statutes 116P.16 require an annual verification to LCMR that purchase property remains in the use described in the Work Program for the project to which the state appropriated money. The responsibility for

reporting under this statute may be transferred by the recipient of the appropriation to another person who holds the interest in the real property. To complete the transfer of reporting responsibility, the recipient of the appropriation must:

- (1) inform the person to whom the responsibility is transferred of that person's reporting responsibility;
- (2) inform the person to whom the responsibility is transferred of the property restrictions under section 116P.15; and
- (3) provide written notice to the commission of the transfer of reporting responsibility, including contact information for the person to whom the responsibility is transferred.

After the transfer, the person who holds the interest in the real property is responsible for reporting requirements under this statute.

11. **Conditions for Payments of Eligible Costs:** The Recipient may use funds available under this Agreement to cover any costs incurred in following the above land acquisition procedures and as otherwise set out in the Work Program attached as Exhibit A and the List of Deliverable Products and Related Budget attached as Exhibit B subject to the following conditions:

- a. The Recipient will not be entitled to use funds available under this Agreement for any land value costs in excess of 110 percent of appraised value.
- b. In those instances set out above where DNR review and approval of an appraisal, legal description, title work or environmental assessment is required, the Recipient assumes the risk that its costs will not be covered under this Agreement if the Recipient purchases the real property or interest in real property before receiving the required prior DNR certification or approval.
- c. Eligible costs incurred in the purchase of real property or an interest in real property must be documented by:
 - 1) A copy of the letter containing landowner information signed by the seller.
 - 2) A copy of the environmental review document.

- 3) A copy of any required appraisal or other documentation of value of the real property or interest in real property purchased.
- 4) The legal description of the real property or interest in real property purchased and any required survey.
- 5) Evidence of title as required above or as otherwise agreed to by the Attorney General.
- 6) Evidence of the amount paid or to be paid for the real property or interest in real property.
- 7) Evidence of successfully filing the deed restriction required by M.S. 2005, Chapter 116P.15, Subdivision 2(c).
- 8) A copy of a notification to the LCMR of the final disposition of the property for reporting purposes defined in M.S. 2005, Chapter 116P.16.

12. **Payments to DNR:** The Recipient may use or direct funds available under this Agreement to cover costs incurred by DNR for appraisals, title review or other similar direct expenses related to DNR's acquisition of any interest in real property purchased by the Recipient under this Agreement. Recipient may not use funds available under this Agreement to cover these costs if assessed on the basis of a percentage of the fair market value of the interest in real property being acquired.