Memo:

To: Governance Committee - GC
From: Land Advisory Committee - LAC
Date: May 18, 2012

The motion
The LAC recommends to the GC the surplus land identified in 2009008 be sold in the following way:

> Offer for sale Tracts A and C as identified in the map to the Nebraska Game and Parks Commission as a preferred buyer. If negotiations with NGPC fail to result in a contract within 4 months of the GC approval the property shall be sold at public auction.
>
> Offer Tract B to Mid Nebraska Aggregate in exchange for southerly access to tract A and compensation. If tract A and C are sold to the Nebraska Game and Parks Commission this buyer is not willing to sell an easement to tract A. If sale of tracts A and C to NGPC occurs it is recommended that this parcel be sold at public auction.

Negotiation principles to be considered are found in Appendix 1 and 2. This transaction is to be completed within 36 months and one day from GC approval. The deal may be in cash or real estate subject to Governance Committee approval.

Details:

Bridge Segment	Minden to Gibbon
Complex/Non Complex	Non Complex

Tract History

Date of Purchase	12-28-2009 filed 12-31-2009 in Buffalo County Records
Zoning	AG
Contracts/Agreements running with the land	Annual farm with tenant
Major Capital Improvements	Fence replacement – tree removal along lines
Permitted Uses	Mining Irrigation or dry land cropping and harvesting hay

Surplus Land Description Map	Attached

Justification for Surplus

The plan was to surplus the east portion of the land from the beginning as approved by the GC.

Appendix 1

Irrigation values table

PBHEP Offsets

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Computed PBHEP Offsets									
Town-ship	Range	Sec-tion	Crop	Acres	CIR (IN)	Rech-arge (IN)	GW With-drawal (AF)	Platte River Depletion (Percent)	Estimated Net Depletion (AF)
Present Conditions									
08	14	08	Irrigated Corn	100.0	11.5	6.7	39.6	58	23.0
Present Condition Totals				100.0			39.6		23.0
Future Conditions									
08	14	08	Range/Pasture/Grass (Brome, Hay, CRP)	100.0	0.0	0.9	-7.5	58	-4.4
Future Condition Totals				100.0			-7.5		-4.4
Net Results									
Net Groundwater Usage							-47.1		-27.3

29.31

Positive Net Groundwater Usage means increased GW Withdrawal and increased Platte River Depletion
Negative Net Groundwater Usage means increased GW recharge and increased Platte River Stream flow

http://dnrdata.dnr.ne.gov/CIR/PBHEP1.asp 2/16/2012

PBHEP Offsets

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Computed PBHEP Offsets									
Town-ship	Range	Sec-tion	Crop	Acres	CIR (IN)	Rech-arge (IN)	GW With-drawal (AF)	Platte River Depletion (Percent)	Estimated Net Depletion (AF)
Present Conditions									
08	14	05	Irrigated Corn	17.0	9.3	6.7	3.6	40	1.5
Present Condition Totals				17.0			3.6		1.5
Future Conditions									
08	14	05	Range/Pasture/Grass (Brome, Hay, CRP)	17.0	0.0	0.9	-1.3	40	-0.5
Future Condition Totals				17.0			-1.3		-0.5
Net Results									
Net Groundwater Usage							-4.9		-2.0

1.76

Positive Net Groundwater Usage means increased GW Withdrawal and increased Platte River Depletion
Negative Net Groundwater Usage means increased GW recharge and increased Platte River Stream flow

http://dnrdata.dnr.ne.gov/CIR/PBHEP1.asp 2/16/2012

Unrestricted

Maximum Water Saved

Going from Irrigated Corn to Dry Corn

Water yield/program yield

-29.3 acre foot per year

Water value

$3,500 per acre foot

Land Value Change

Purchase price was $2,105,150.00

Appraised value is $2,153,900.00 Value lost due to water loss $285,500.00

Options

1 Water gone

Sell land with no restrictions on water

Value of Property by appraisal

Final value $1,186,927.60

Cost $0

Water credit 0

2 Water with CPNRD

Sell water rights before transfer

Value of Property by appraisal

-Value of Property w/o water

+$3,500 X 29.3 = $102,550.00

Cost $182,950

Water credit 0

3 Water kept by PRRIF

PRRIF keeps water rights

Value of Property by appraisal

- Value of Property w/o water

Final value $901,427.60

Cost $285,500

Water credit 29.3 X discount factor for location in reach

Appendix 2

Open versus Preferred buyer justification

Justification narrative:

Tract 2009008 was acquired fee simple in 2009 through a willing buyer/seller transaction. The seller made clear their desire to sell the property in total. The Governance Committee approved these terms and acquired this tract with the understanding that some portion of it would be determined to be 'surplus' and as such would be disposed of through trade or sale following Program guidelines for disposal within three years from the time of acquisition.

After careful vetting by the subcommittees of the Land Advisory Committee it was determined that the areas labeled 'A' 'B' and 'C' in the accompanying map would be first offered for sale to preferred buyers based on the conditions described above in the memo. Tract 'A' and 'C' would be sold fee simple to the Nebraska Game and Parks Commission because of its immediate proximity to the Bassway Strip Wildlife Management Area. As shown on the photo Tract 'B' would be offered for sale/trade for consideration of developing permanent access from the south to Tract 'A' as described above.

Term of offer/sale:

- Tracts 'A' and 'C' will be offered to NGPC on a 36 month contract (pending successful negotiations) to allow for the buyer to clear internal requirements for land acquisition and get appropriate financing in order.
- Tract 'B' will be offered to Mid-Nebraska aggregate (pending successful negotiations) subject to a binding agreement concerning southerly access is reached and remaining values are compensated fully.

Restrictions of sale:

There are no proposed restrictions of sale based on discussion to date. The proposed buyer of tracts 'A' and 'C' are likely to manage said tracts in a similar fashion to what PRRIP would and as such any further restrictions on deed would be time consuming, costly and superfluous. At this time, pending fiscal evaluation, disposition of irrigation values is recommended to be left to be negotiated between parties. Tract 'B' is restricted only in the attempt to secure southerly access to tract 'A' through a negotiated trespass easement. Southerly access will benefit both land owners and reduce attempts at access from the west by a great deal. If access cannot be secured via this transaction, tract 'B' may be rejoined with tracts A and C in negotiations.

Value

Program objectives:

The proposed surplus holds no significant value to the objectives of the program in any of the currently defined categories.

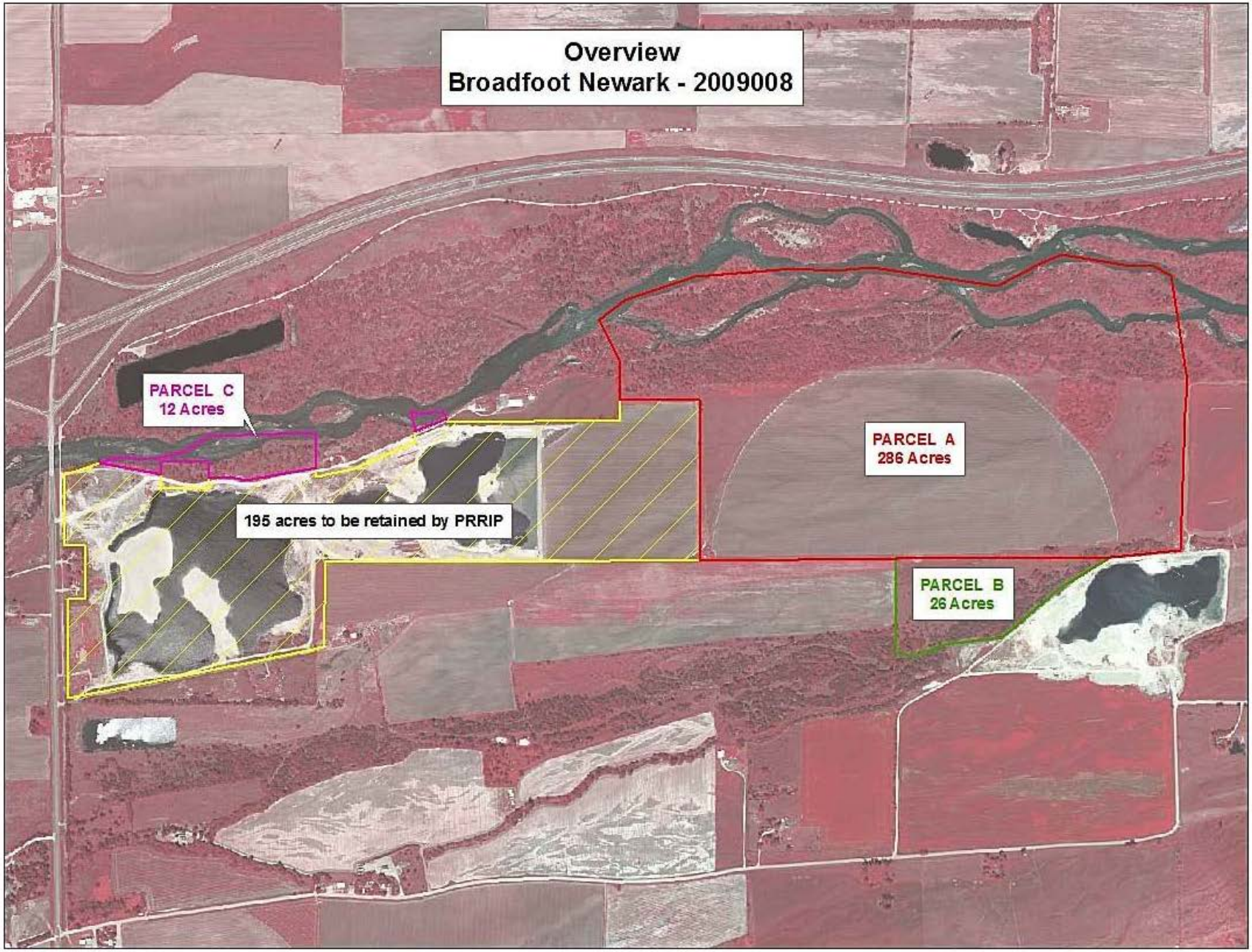
Fiscal:

TBD by appraisal (Purchase price was $2,105,150.00)

Appraised value

Tract A			
With Irrigation	$1,186,927.60	Without Irrigation	$ 901,427.60
Tract C	$ 48,800.00		$ 48,800.00
Tract B	$ 58,600.00		$ 58,600.00
Total	$1,294,327.60		$1,008,827.60

Portion kept by PRRIF	$ 859,572.40
Total Appraised Value	$2,153,900.00


Overview
Broadfoot Newark - 2009008
PARCEL C
12 Acres
195 acres to be retained by PRRIP
PARCEL A
286 Acres
PARCEL B
26 Acres