AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
February 16, 2021, at 10:00 a.m.
Mazurek Justice Building, Supreme Court Chambers
Helena, MT

ACTION ITEMS

0221-1  Cabin and Home Site Sales: Final Approval for Sale  APPROVED 5-0
         Missoula County
         Benefits: MSU 2nd
         Location: Missoula County

0221-2  Cabin and Home Site Sales: Set Minimum Bid for Sale  APPROVED 5-0
         A. Missoula County
         Benefits: MSU 2nd
         Location: Missoula County
         B. Sanders County
         Benefits: Common Schools, Public Buildings
         Location: Sanders County

0221-3  Easements:  APPROVED 5-0
         Benefits: Common Schools
         Location: Richland and Rosebud Counties

PUBLIC COMMENT
0221-1  Cabin and Home Sites: Final Approval for Sale

Location: Missoula County
Trust Benefits: MSU 2nd
Trust Revenue: $439,000

Item Summary
The Department of Natural Resources and Conservation (DNRC) is requesting final approval for sale of 5 cabin sites nominated for sale in Missoula County. These sales were nominated by the lessees in conjunction with the Cabin and Home Site Sale Program.

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Acres</th>
<th>Legal Description</th>
<th>Nominator</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>1082</td>
<td>1.622±</td>
<td>Lot 12, Clearwater River West Shore, COS 5310, Section 10, T16N-R15W</td>
<td>Susan Hedahl</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1083</td>
<td>2.471±</td>
<td>Lot 13, Clearwater River West Shore, COS 5310, Section 10, T16N-R15W</td>
<td>Michael England</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1084</td>
<td>3.133±</td>
<td>Lot 14, Clearwater River West Shore, COS 5310, Section 10, T16N-R15W</td>
<td>Betty Dustin</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1085</td>
<td>1.412±</td>
<td>Lot 15, Clearwater River West Shore, COS 5310, Section 10, T16N-R15W</td>
<td>Catherine M. White</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1086</td>
<td>1.013±</td>
<td>Lot 16, Clearwater River West Shore, COS 5310, Section 10, T16N-R15W</td>
<td>Tim &amp; Karen Tanberg</td>
<td>MSU 2nd</td>
</tr>
</tbody>
</table>

The parcels are currently leased as cabin sites and produce an average income for residential leases statewide. The parcels will be sold with the access that is currently provided under their lease agreements and can be conveyed by DNRC.

Economic Analysis
Short term – The average rates of return on these sale parcels are as follows. The parcels will continue to receive these returns if they remain in state ownership.

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1082</td>
<td>4.320%</td>
</tr>
<tr>
<td>1083</td>
<td>5.024%</td>
</tr>
<tr>
<td>1084</td>
<td>5.142%</td>
</tr>
<tr>
<td>1085</td>
<td>4.967%</td>
</tr>
<tr>
<td>1086</td>
<td>3.498%</td>
</tr>
</tbody>
</table>

Long term – The funds from the sale of these parcels would be combined with other sale funds to purchase replacement lands through DNRC’s Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.
Background
These sales were granted preliminary approval by the Land Board in April 2020 (Approved 5-0) to proceed through the Cabin and Home Site Sale Program. The Land Board set the minimum bid for the land and the maximum value of compensation for the improvements in November 2020 (Approved 5-0).

Cultural/Paleontological Resources
A Class I level of cultural resource inventory was conducted for each of the proposed sales. Home sites typically contain numerous structures and the ground surfaces within most home sites have been variously disturbed over the course of many years of occupation and development. These sales will have no effect to state-owned heritage properties.

Access/Recreational Use:
As part of the cabin site sale process, the State will convey any access that it has and can be conveyed to the purchaser of the cabin or home site property. Current cabin/home site access is limited to the lessee and does not provide access or recreational use to the general public. State lands classified as cabin or home sites are closed to general recreational use by the public in accordance with ARM 36.25.150(1)(a). Therefore, the State is not selling land under the cabin site sale program that the public is permitted to use for recreation. Rather, the funds generated by these sales will go towards purchasing new lands that will have dedicated public access and recreational opportunities.

Appraised Values of Land and Improvements

<table>
<thead>
<tr>
<th>Sale Nos.</th>
<th>Appraised Land Value</th>
<th>Appraised Improvements Value</th>
<th>Final Sale Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1082</td>
<td>$86,000</td>
<td>$46,000</td>
<td>$86,000</td>
</tr>
<tr>
<td>1083</td>
<td>$86,000</td>
<td>$249,000</td>
<td>$86,000</td>
</tr>
<tr>
<td>1084</td>
<td>$86,000</td>
<td>$263,000</td>
<td>$86,000</td>
</tr>
<tr>
<td>1085</td>
<td>$86,000</td>
<td>$188,000</td>
<td>$86,000</td>
</tr>
<tr>
<td>1086</td>
<td>$95,000</td>
<td>$351,000</td>
<td>$95,000</td>
</tr>
</tbody>
</table>

Sale Price
These sales sold at public auction on January 8, 2021. DNRC received a bid deposit from one qualified bidder for each sale who was the current lessee. The sites sold for the final sale prices listed above.

DNRC Recommendation
The director recommends the Land Board grant final approval for the sale of these cabin sites at the values shown above.
CABIN AND HOME SITE SALES:

Set Minimum Bid for Sale

A. Missoula County

B. Sanders County
Land Board Agenda Item
February 16, 2021

0221-2A  Cabin and Home Sites:  Set Minimum Bid for Sale
A.  Missoula County

Location:  Missoula County
Trust Benefits:  MSU 2nd
Trust Revenue:  $728,500

Item Summary
The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid for 7 cabin sites nominated for sale in Missoula County. These sales were nominated by the lessees in conjunction with the Cabin and Home Site Sale Program. Preliminary Land Board approval was granted in April of 2020 (Approved 5-0).

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Acres</th>
<th>Legal Description</th>
<th>Nominator</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>1098</td>
<td>1.580±</td>
<td>Lot 11, Seeley Lake Outlet East, COS 4875, Section 4, T16N-R15W</td>
<td>Cannon Investments, LP</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1099</td>
<td>1.221±</td>
<td>Lot 14, Seeley Lake Outlet East, COS 4875, Section 4, T16N-R15W</td>
<td>Mathew J. Johnson</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1100</td>
<td>1.093±</td>
<td>Lot 15, Seeley Lake Outlet East, COS 4875, Section 4, T16N-R15W</td>
<td>Wallace, Nila, &amp; Holly Beebe</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1101</td>
<td>1.699±</td>
<td>Lot 26, Seeley Lake Outlet East, COS 4875, Section 4, T16N-R15W</td>
<td>Timothy J. &amp; Cindy A. Thurston</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1102</td>
<td>1.813±</td>
<td>Lot 27, Seeley Lake Outlet East, COS 4875, Section 4, T16N-R15W</td>
<td>Mitchell Parrish, Jeremy Jensen, Cody Mickelson</td>
<td>MSU 2nd</td>
</tr>
<tr>
<td>1103</td>
<td>1.646±</td>
<td>Lot 28, Seeley Lake Outlet East, COS 4875, Section 4, T16N-R15W</td>
<td>Steve &amp; Diane Holden</td>
<td>MSU 2nd</td>
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<tr>
<td>1004</td>
<td>1.774±</td>
<td>Lot 7, Seeley Lake Outlet West, COS 5140, Section 4, T16N-R15W</td>
<td>Ronald &amp; Nancy Michaelson</td>
<td>MSU 2nd</td>
</tr>
</tbody>
</table>

The parcels are currently leased as cabin sites and produce an average income for residential leases statewide. The parcels will be sold with the access that is currently provided under their lease agreements and can be conveyed by DNRC.

Economic Analysis:
Short term – The average rates of return on these sale parcels are as follows. The parcels will continue to receive these returns if they remain in state ownership.

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Rate of Return</th>
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<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1098</td>
<td>2.661%</td>
<td>1102</td>
<td>3.659%</td>
</tr>
<tr>
<td>1099</td>
<td>3.059%</td>
<td>1103</td>
<td>6.832%</td>
</tr>
<tr>
<td>1100</td>
<td>4.413%</td>
<td>1004</td>
<td>2.134%</td>
</tr>
<tr>
<td>1101</td>
<td>6.055%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Long term – The funds from the sale of these parcels would be combined with other sale funds to purchase replacement lands through DNRC’s Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:
A Class I level of cultural resource inventory was conducted for each of the proposed sales. Home sites typically contain numerous structures and the ground surfaces within most home sites have been variously disturbed over the course of many years of occupation and development. These sales will have no effect to state-owned heritage properties.

Access/Recreational Use:
As part of the cabin site sale process, the State will convey any access that it has and can be conveyed to the purchaser of the cabin or home site property. Current cabin/home site access is limited to the lessee and does not provide access or recreational use to the general public. State lands classified as cabin or home sites are closed to general recreational use by the public in accordance with ARM 36.25.150(1)(a). Therefore, the State is not selling land under the cabin site sale program that the public is permitted to use for recreation. Rather, the funds generated by these sales will go towards purchasing new lands that will have dedicated public access and recreational opportunities.

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<th>Sale Nos.</th>
<th>Appraised Land Value</th>
<th>Appraised Improvements Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1098</td>
<td>$146,000</td>
<td>$235,000</td>
</tr>
<tr>
<td>1099</td>
<td>$72,000</td>
<td>$203,000</td>
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<tr>
<td>1100</td>
<td>$71,500</td>
<td>$150,000</td>
</tr>
<tr>
<td>1101</td>
<td>$73,000</td>
<td>$145,000</td>
</tr>
<tr>
<td>1102</td>
<td>$147,000</td>
<td>$228,000</td>
</tr>
<tr>
<td>1103</td>
<td>$73,000</td>
<td>$239,000</td>
</tr>
<tr>
<td>1004</td>
<td>$146,000</td>
<td>$206,000</td>
</tr>
</tbody>
</table>

DNRC Recommendation
The director recommends that the Land Board set the minimum bid for these cabin sites at the appraised land value and the maximum value of compensation for the improvements shown above.
Land Board Agenda Item  
February 16, 2021

0221-2B   Cabin and Home Sites: Set Minimum Bid for Sale  
B. Sanders County

Location: Sanders County  
Trust Benefits: Common Schools, Public Buildings  
Trust Revenue: $82,000

Item Summary
The Department of Natural Resources and Conservation (DNRC) is requesting to set the  
minimum bid for 2 cabin sites nominated for sale in Sanders County. These sales were  
nominated by the lessees in conjunction with the Cabin and Home Site Sale Program.  
Preliminary Land Board approval was granted in April of 2020 (Approved 5-0).

Sale No. | Acres | Legal Description | Nominator | Trust  
--- | --- | --- | --- | ---  
1115 | 1.627± | Tract 2, COS 3491, Section 36, T24N-R27W | Jerry Pope & Michelle Day | Common Schools  
1116 | 2.280± | Lot 7, Mudd Creek, COS 3534, Section 12, T22N-R27W | Dennis K. Mayhew | Public Buildings

The parcels are currently leased as cabin sites and produce an average income for residential  
leases statewide. The parcels will be sold with the access that is currently provided under their  
lease agreements and can be conveyed by DNRC.

Economic Analysis:
Short term – The average rates of return on these sale parcels are as follows. The parcels will  
continue to receive these returns if they remain in state ownership.

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1115</td>
<td>2.145%</td>
</tr>
<tr>
<td>1116</td>
<td>1.587%</td>
</tr>
</tbody>
</table>

Long term – The funds from the sale of these parcels would be combined with other sale funds  
to purchase replacement lands through DNRC’s Land Banking program. Lands  
purchased are required to have an equal or greater rate of return than the  
combined lands that generated the sale funds used for the purchase. To date, the  
average annual rate of return on acquisitions has been 2.91% on acquisitions with  
income generated from annual lease payments.

Cultural/Paleontological Resources:
A Class I level of cultural resource inventory was conducted for each of the proposed sales.  
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sites have been variously disturbed over the course of many years of occupation and  
development. These sales will have no effect to state-owned heritage properties.
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Appraised Values of Land and Improvements:

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Appraised Land Value</th>
<th>Appraised Improvements Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1115</td>
<td>$50,000</td>
<td>$110,000</td>
</tr>
<tr>
<td>1116</td>
<td>$32,000</td>
<td>$18,000</td>
</tr>
</tbody>
</table>

DNRC Recommendation
The director recommends that the Land Board set the minimum bid for these cabin sites at the appraised land value and the maximum value of compensation for the improvements shown above.
0221-3 Easements

Location: Richland, Rosebud

Trust Benefits: Common Schools

Trust Revenue: $10,120

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<table>
<thead>
<tr>
<th>Applicant</th>
<th>Right-of-Way Purpose</th>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nielsen Ranch, LLC</td>
<td>Private Access Road</td>
<td>Permanent</td>
<td>22-23</td>
</tr>
<tr>
<td>Montana Department of Transportation</td>
<td>Highway Construction and Maintenance</td>
<td>Permanent</td>
<td>24-27</td>
</tr>
<tr>
<td>McKenzie Electric Cooperative, Inc.</td>
<td>Overhead Electrical Distribution Line</td>
<td>Permanent</td>
<td>28-30</td>
</tr>
</tbody>
</table>
**APPLICANTS AND RIGHTS OF WAY INFORMATION**

Applicant: Nielsen Ranch, LLC  
67 Nielsen Lane  
Forsyth, MT 59327

Application No.: 19003  
R/W Purpose: a private access road to conduct normal farming and ranching operations  
Lessee Agreement: ok  
Acreage: 0.01  
Compensation: $100.00  
Legal Description: 15-foot strip through SW4SW4, Sec. 16, Twp. 7N, Rge. 40E, Rosebud County  
Trust Beneficiary: Common Schools

**Item Summary**

Nielsen Ranch has made application for the use of an existing road to conduct normal farming, ranching operations. The road has been in place for many years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. The State Land is legally accessible by a county road, therefore reciprocal access to the State is not needed. The private property of applicant to be accessed is described as:

- All: Sections 17, 18, 19, Twp. 7N, Rge. 40E, Rosebud County

**DNRC Recommendation**

The director recommends approval of the application of Nielsen Ranch, LLC.
APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Montana Department of Transportation
PO Box 201001
Helena, MT 59620-1001

Application No.: 19004
R/W Purpose: highway construction and maintenance with drainage area and including occupancy by public utilities as defined in §69-4-101, MCA

Lessee Agreement: ok
Acreage: 0.45
Compensation: $500.00
Legal Description: a tract of land in the NW4NW4, Sec. 36, Twp. 20N, Rge. 59E, Richland County
Trust Beneficiary: Common Schools

Item Summary

MDT is proposing to reconstruct a section of Montana Highway 261, starting near the southern border of Richland County thence north for 10.4 miles. The scope of the project involves major rehabilitation to address the integrity and safety of the roadway, including surficial landslides in embankment fills, cracking in the pavement, and vertical alignment concerns. The project is not located in sage grouse habitat, therefore consultation with the Sage Grouse Program was not required.

DNRC Recommendation

The director recommends approval of this easement request by MDT.
APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Montana Department of Transportation
            PO Box 201001
            Helena, MT 59620-1001

Application No.: 19005
R/W Purpose: highway construction and maintenance, including occupancy by
             public utilities as defined in §69-4-101, MCA
Lessee Agreement: ok
Acreage: 9.74
Compensation: $7,792.00
Legal Description: a tract of land in NW4SE4, SW4NE4, Sec. 26; a tract of land in
                 S2SE4, NE4SE4, E2NE4, Sec. 23; and a tract of land in W2W2,
                 Sec. 13, Twp. 19N, Rge. 59E, Richland County
Trust Beneficiary: Common Schools

Item Summary

See summary on page 24

DNRC Recommendation

See recommendation on page 24
APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McKenzie Electric Cooperative, Inc.
PO Box 649
Watford, ND 58854

Application No.: 19022
R/W Purpose: an overhead 14.4 kV electrical distribution line
Lessee Agreement: ok
Acreage: 2.16
Compensation: $1,728.00
Legal Description: two (2) 20-foot strips through NE4NE4, Sec. 23; a 20-foot strip through NW4NW4, Sec. 24; and four (4) 20-foot strips through S2SE4, Sec. 26, Twp. 19N, Rge. 59E, Richland County
Trust Beneficiary: Common Schools

Item Summary

McKenzie Electric Coop. is proposing to relocate and reconstruct a portion of an existing overhead electric distribution line due to the afore-mentioned highway project and reconstruct existing infrastructure adjacent to county roads. The facilities provide service to customers in the rural Richland County area. The corridor for the relocation and reconstruction activities is along existing disturbed ground, therefore minimal impacts are expected. The project is not located in sage grouse habitat, therefore consultation with the Sage Grouse Program was not required.

DNRC Recommendation

The director recommends approval of the easement request by McKenzie Electric Coop.
R/W Application 19022

App 19022

App 19022

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