JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING

REBECCA A. HUMPHRIES
DIRECTOR

FOR INFORMATION ONLY

SUBMITTED:	June 9, 2008
RESUBMITTED:	July 17, 2008
RESUBMITTED:	August 18, 2008
RESUBMITTED:	September 15, 2008
RESUBMITTED:	October 13, 2008
RESUBMITTED:	November 10, 2008

TO:	Rebecca A. Humphries, Director
INFORMATION:	Natural Resources Commission
Transaction:	Sale of Dedicated State-owned Land AuSable State Forest – Crawford County Land Transaction Case #19980101
Sale:	1,433 acres, more or less
Description:	Crawford County, Grayling Township, T26N, R03W. State-owned land in Sections 20, 29, 32, and 33.
Purchaser:	Axiom Entertainment, Inc.
Sale Price:	$4,413,640.00, including transaction fee. Price to be adjusted for any acreage if determined by a survey to be greater than 1,433 acres.
Authority:	Part 21, Subpart 10, Act 451, Public Acts of 1994, as amended
Notice:	This item will appear on the Department of Natural Resources' (DNR) November 24, 2008 Calendar, and is for information and public comment only. When all requirements have been met, the transaction will be posted in local newspapers as required by legislation.
Comments:	In April 2000, the Director authorized the DNR to enter into a Memorandum of Understanding (MOU) with Grayling Industrial Development Committee (now the Crawford County Economic Development Partnership (CCEDP), and Grayling Township.

NATURAL RESOURCES COMMISSION
Keith J. Charters, Chair • Mary Brown • Hurley J. Coleman, Jr. • Darnell Earley • John Madigan • J. R. Richardson • Frank Wheatlake

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The MOU provides a vehicle for marketing of the property, review of proposals, and submittal of recommendations to the DNR by Grayling and Crawford County organizations, while at the same time ensuring an open, public process prior to any sale of the land by the DNR.

Grayling Township and the CCEDP have provided the DNR with their written approval in support of the project, provided it conforms to the MOU and that full financing is in place.

The DNR is working in conjunction with the Michigan Economic Development Corporation (MEDC), the Michigan Department of Environmental Quality, and the Michigan Department of Transportation (MDOT) in evaluating the applicant's proposal.

The Land Exchange Facilitation Fund (LEFF) Act allows the DNR to sell rights in land and deposit the proceeds in a fund, which can then be used to acquire replacement property. Proceeds from the sale will be deposited in the LEFF for acquiring replacement property. The schedule for closing on this transaction will be conducted in such a manner as to correspond with simultaneous acquisition of replacement lands. The deposit into the LEFF of any sale proceeds not immediately utilized will not cause the fund to exceed $2,500,000.00, as stipulated by legislation.

The conveyance of property in this transaction is to be completed in phases. Closing dates on the phases would be subject to agreement of the parties.

It is contemplated that the MEDC and the MDOT will provide financial support and infrastructure improvements for the project.

Sale Requirements: The applicant will have six months (until February 5, 2009) to demonstrate that full funding has been secured for the entire project. The commitment and/or receipt of such financing will be verified by the State of Michigan through the MEDC and an independent third party. If such financing is not obtained by February 5, 2009, the project will be denied and considered terminated.

The sale is contingent upon the following:

1. Once financing has been verified by the State of Michigan and an independent third party, a closing will take place in which the deeds for all Phases of the property and the purchase amount for all Phases will be transferred and held in escrow, and released out of escrow in accordance with the development plan.

2. The applicant will have nine months after the successful completion of the following items: a) verification of financing by the MEDC, b) an independent third party review, and c) the establishment of the escrow account; to obtain all applicable state and federal environmental permits and begin Phase I. Environmental permits will be obtained before any construction phase(s) can start.

3. The property is proposed to be sold in four phases:

   Phase I – Comprised of approximately 640 acres which represents the main property component for the development of the theme park. All grading activities will be completed and initiation of foundations and some vertical, above-ground construction of the theme park will be in place, after 12 months.

   Phase II – Comprised of approximately 160 acres of industrial to be used for water and wastewater treatment plants. Construction of this Phase will not start until utility corridors are defined and earthwork is completed. Phase II activities will require approximately an additional 12-14 months, after achieving the Phase I construction milestones identified above.

   Phase III – Comprised of approximately 540 acres which is zoned for the agricultural component, outdoor amphitheater, resort hotel, and approximately 410 acres zoned for the campgrounds and resort hotel. The sale of this land will occur when the water and wastewater treatment plants have been completed, which will be approximately 24-26 months after the commencement of Phase I.

   Phase IV – Comprised of one section of approximately 230 acres zoned commercial. This sale of land will occur approximately six months after the commencement of Phase III.

   If any of the above timeframes are not met, this agreement will be terminated and any remaining escrowed acreage and monies will be distributed to the respective parties.

4. Definitive acreage amounts for each phase will be determined by a final survey.

5. Axiom Entertainment will re-route the existing snowmobile trail as determined by the DNR.

6. The sale of any of the land is subject to any existing state-owned oil and gas leases. Any sale of sand and gravel from the property will be subject to an overriding royalty rate to the State of Michigan.

David E. Freed, Chief
Land and Facilities

Ronald A. Olson, Chief
Parks and Recreation

Russ Mason, Chief
Wildlife

Lynne M. Boyd, Chief
Forest, Mineral and Fire Management

Kelley D. Smith, Chief
Fisheries

Arminda S. Koch
Resource Management Deputy

I approve the staff recommendations.

Rebecca A. Humphries
Director

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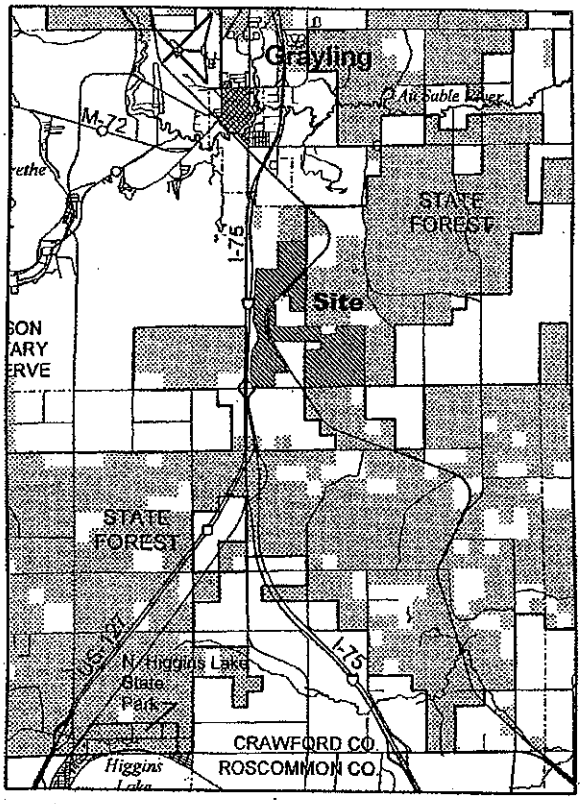
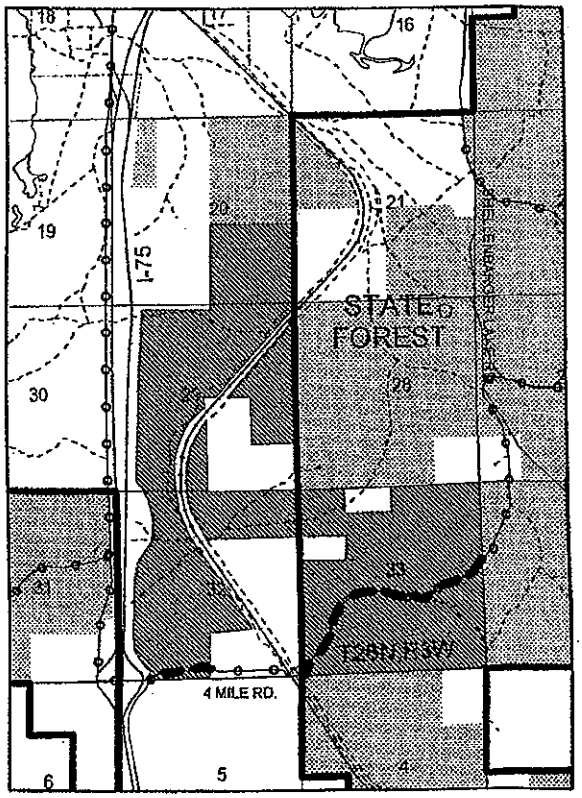
Date Approved

SALE OF DEDICATED STATE-OWNED LAND
Grayling Management Unit - Crawford County
Land Transaction Case #19980101



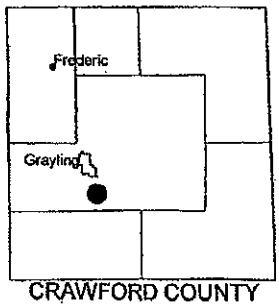
Regional Location



Sections 20, 29, 32, and 33, T26N, R03W
Grayling Township

- State Forest or Park Boundary
- State Land
- Private Land

- State Forest Boundary
- Existing Snowmobile Trails
- Designated Snowmobile Trail, to be Relocated
- State Land to be Sold (1,433 acres, more or less - $4,413,640.00)
- State Land
- Private Land



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