

Lessard-Sams Outdoor Heritage Council

MEMO: Agenda Item #8
DATE: June 23, 2015
SUBJECT: Mississippi Northwoods - update
PRESENTER: Mark Johnson, LSOHC

Background:

The Mississippi Northwoods Habitat Complex (MNHC) project (ML2012, Ch. 264, Art. 1, Sec. 2, Subd. 3(b)) was an agenda item at the Council's March 13, 2015 meeting. Since that time considerable discussion has taken place between staff, legislators, Council members and Crow Wing County administrators.

On Wednesday, April 15, LSOHC Director Johnson met with Crow Wing County (CWC) Commissioner Paul Thiede, County Administrator Tim Houle, Land Services Director Mark Liedl, Land Services Supervisor Kirk Titus and Policy Analyst Dan Listug to discuss the MNHC project, the Council meeting of March 13th and where to go from here. All agreed that the first step must be to re-examine facts regarding the project, the appropriation and the County's actions to date.

Summary of facts:

- CWC agreed to be the fee title recipient of the MNHC property at the request of DNR which subsequently allowed the State relief from Payment-In-Lieu-Tax (PILT) liability estimated at approximately \$82,500/yr.
- CWC's Final Report for MNHC has been submitted and accepted by LSOHC Staff. Approximately \$400 remains unspent and will be returned to OHF.
- As stated in the Accomplishment Plan, CWC manages the MNHC property in accordance with CWC's County Sustainable Forest Management System along with its other approximately 100,000 acres of forest land.
- CWC policy regarding trails upon county owned forested lands is that trails are "open" to motorized access unless posted "closed."
- In accordance with the MNHC Accomplishment Plan, "Any future (i.e. not including the existing snowmobile trail) non-paved trail considerations will follow County's Comprehensive Recreation Trails Plan as adopted by the Crow Wing County board. If state trail designations are made possible in the future, alternative funding for acquisition, construction, and maintenance of those segments of the property would be sought."
- On 11/5/2014, CWC received a "Recreational Trail Development & Improvement Request" from the Cuyuna Iron Range Riders with the stated purpose "To provide a sustainable Multi-Use trail system..."

- CWC is reviewing the trail request through the county’s Comprehensive Recreation Trail Plan which, “establishes a consistent and step-wise planning process for the proposal and development of recreational trails. The process provides for an evaluation of trail feasibility and potential social, environmental and economic impacts. The process also provides for public consultation opportunities and formal approval from the County Board.”
- 2012 MNHC Appropriation language and Accomplishment Plan restrictions regarding trails are limited to the involvement of “paved” trail development, alignment or use, and require approval of LSOHC.
- The first paragraph of the “Relationship to Current Organizational Budget” portion of the Accomplishment Plan states, “Traditional public agency (DNR) funding sources have not been able to tackle a project of this magnitude or scope. If implemented as proposed, this project will be an ideal example of a multi-use project that serves to protect a fish and wildlife habitat corridor along the Mississippi river and increase public recreational access for hunting and motorized/non-motorized recreational use (e.g. Cuyuna Lakes State trail).”

Suggested Procedure:

Discussion of facts related to Mississippi Northwoods and potential trail development.

Attachments: Accomplishment plan (original), Map of property and trail inventory, CWC Recreation Trail Proposal and Planning Process, CWC Land Services Mississippi Northwoods Project Management Summary, Final Report.

Lessard-Sams Outdoor Heritage Council

Laws of Minnesota 2012 Final Report



Date: March 06, 2015

Program or Project Title: Mississippi Northwoods Habitat Complex Protection

Funds Recommended: \$11,040,000

Manager's Name: Kirk Titus

Organization: Crow Wing County Land Supervisor

Address: 322 Laurel St. Suite 12

City: Brainerd, 56401

Office Number: 218-824-1138

Email: kirk.titus@crowwing.us

Legislative Citation: ML 2012, Ch. 264, Art. 1, Sec. 2, Subd. 3(b)

Appropriation Language: \$11,040,000 in the second year is to the commissioner of natural resources for an agreement with Crow Wing County to acquire land in fee along the Mississippi River in Crow Wing County to be added to the county forest system. The purchase price must not exceed the appraised fair market value of the property as reviewed and approved under established procedures in compliance with the Uniform Standards of Professional Appraisal Practice and the Department of Natural Resources Supplemental Appraisal and Appraisal Review Guidelines (effective July 15, 2009). A land description must be provided as part of the required accomplishment plan. Development of a paved trail on land acquired under this paragraph constitutes an alteration of the intended use of the interest in real property and must be handled according to Minnesota Statutes, section 97A.056, subdivision 15. Any plan, including trail alignment, for the development of a paved trail must be submitted to the Lessard-Sams Outdoor Heritage Council for approval. No paved trail development or paved trail use is allowed unless it is specified in the plan for trail use and alignment approved by the Lessard-Sams Outdoor Heritage Council. If additional money is needed to acquire the land under this paragraph, by December 15, 2012, the amount necessary to complete the acquisition shall be transferred from unspent appropriations under subdivision 5, paragraph (h), and added to this appropriation.

County Locations: Crow Wing

Regions in which work will take place:

- Northern Forest

Activity types:

- Protect in Fee

Priority resources addressed by activity:

- Wetlands
- Forest
- Habitat

Abstract:

This acquisition protected 2.7 miles of Mississippi river shoreline and nearly 2,000 acres of wetland and forest/upland habitat through fee title acquisition just east of Brainerd, MN.

Design and scope of work:

This effort protected from development 2.7 miles of frontage in the headwaters region of this globally significant river, along with approximately 1,857 acres of forest land uniquely situated in the rapidly growing Brainerd Lakes Region of Minnesota.

This parcel sits between two large tracts of forested public land along the Mississippi, creating a 9+ mile stretch of undeveloped

shoreline which become one of the largest contiguous blocks of protected lake/river shoreline in the Brainerd lakes area—in addition to being one of its most scenic. The lands are adjacent to the Crow Wing County Memorial Forest, the Loerch State Wildlife Management Area, the State of Minnesota's School Trust lands and Crow Wing County tax forfeited land (managed as forestland).

The lands contain several unique habitat features including the Mississippi River watershed, the Sand Creek trout stream, approximately 240 acres of wetland, and forestland comprising of aspen/birch, jack, red and white pine, oak, and lowland hardwoods. The Mississippi River is clearly one of the most important freshwater resources in the State of Minnesota and beyond. A significant portion of this property fronts the Mississippi's Stump Bay, a lake-like basin originally formed by the paper mill dam downstream in Brainerd. Stump Bay, and the larger basin around it, has characteristics of both river and lake habitats which provide a diversity of niches and support the area's best cosmopolitan fisheries, including a world- class bass fishery.

As a major migratory bird route, the Mississippi River basin is used by 60% of all birds found in North America, including waterfowl, shorebirds, raptors, and neotropical songbirds. The forest and riparian forest habitats of this project area are known to support osprey, Canada goose, great blue heron, killdeer, common snipe, American woodcock, and ruffed grouse. There are at least two bald eagle nests documented in the subject area. This section of the Mississippi River "flyway" is especially critical for waterfowl such as wood duck, mallard, blue-winged teal, green-winged teal, hooded merganser, and American coot. The open waters of the bay uniquely serve as an early spring stopover for waterfowl before the lakes thaw. The wild rice foliage found in the bay and along the shore of this area provides security cover and loafing sites for migrating ducks; the wild rice kernals provide critical food source. 240 acres of wetland found within this project area are also critical brooding and feeding area for waterfowl.

Mammals associated with the upland, wetland, lowland and riparian habitats of the acquired area include whitetail deer, gray wolf, coyote, red fox, river otter, beaver, muskrat, striped skunk, raccoon, opossum, weasel, mink, fisher, marten, porcupine, bobcat, black bear, red squirrel, shrews, pocket gopher, voles, bats, least chipmunk, gray squirrel, northern flying squirrel, cottontail rabbit and snowshoe hare. Reptiles and amphibians utilizing the wetland, riparian and upland habitats include the wood frog, spring peeper, western chorus frog, gray tree frog, northern leopard frog, green frog, American toad, blue-spotted salamander, tiger salamander, garter snake, redbelly snake, painted turtle, snapping turtle, and Blanding's turtle, a MN DNR Threatened Species.

A number of occurrences of the Blanding's turtle, a MN DNR Threatened Species, have been documented on the property and there have been at least two eagle nests documented in the subject area. The contiguous forest block that is provided by this property will benefit all of these species as well as other rare species that depend on forested wetland and riparian areas.

Conservation of this reach of the Mississippi River is extremely valuable in protection of water quality.

The acquired forest lands are now dual certified to the Sustainable Forestry Initiative and Forest Stewardship Council standards, ensuring a 9+ mile stretch of consistent forest management.

The land buffers and enhances two other tracts of public land, resulting in a 6,207 acre block of contiguous forest lands on the Mississippi River in the popular recreational Brainerd Lakes area of north-central Minnesota. The public has access to these waters and forest lands for fishing, hunting, snowmobiling, skiing, snow-shoeing, nature viewing, hiking, restricted camping, horseback riding and other recreational activities. The property continues to host a popular snowmobile trail, important because of its proximity just 5 miles from downtown Brainerd.

While conversion of forest lands into development properties in the Brainerd Lakes area has fragmented forests as well as these types of recreational trail systems, this acquisition will provide raw materials for the region's forest products economy which in turn provides base economy jobs for Minnesota citizens. The public has gained in a less tangible but no less important way from the protected landscape, noise buffering and air and water quality benefits provided by these forested lands.

This acquisition will provide a future opportunity to complete a critical linkage between the Cuyuna Lakes State Trail and the Paul Bunyan State Trail, both part of the Mississippi River Trail which is envisioned to be a 3,000 mile world class bicycling route, extending from the headwaters at Lake Itasca to the Gulf of Mexico.

The project had considerable support from a large and diverse collection of stakeholders including hunting and angling clubs, community foundations, natural resource organizations and trails organizations; such as Anglers for Habitat, Delta Waterfowl, Ducks Unlimited, Minnesota Deerhunters, MNDNR, Ruffed Grouse Society, The Nature Conservancy The Trust for Public Land; and more.

The Trust for Public Land provided the leadership and coordination role needed in this conservation effort. Working together with these other stakeholders, The Trust for Public Land had endeavored to protect this particular stretch of Mississippi River land now known as Mississippi River Northwoods for over a decade. No fewer than three efforts were made over the 10-year period to protect this unique property using various protection tools, funding sources, and possible stewardship scenarios. These previous efforts were not successful due to a variety of factors including insufficient funding, differences of opinion about who should be the long term steward and not reaching agreement with the landowner on the terms of a sale.

In approximately 2009, however, the long-time landowner, Potlatch Corporation, converted from a forest product company to a Real Estate Investment Trust and underwent a number of staffing changes. They increased their sale and development of land in Minnesota and in 2010 it was learned that they intended to develop the Mississippi River Northwoods parcel. After lengthy negotiations, The Trust for Public Land was able to reach an option agreement with the company for the purchase of this land for conservation in the spring of 2011. Shortly thereafter, The Trust for Public Land submitted an application for funding to LSOHC to protect this land. Originally it was thought that the DNR might be the permanent steward of this land given the importance of the land and the agency's long-time involvement with and interest in its protection. Ultimately, it was determined that Crow Wing County would be the permanent steward of this land due to a variety of factors including this land's proximity to other County-owned land. Accordingly, the County eventually became the grant applicant.

As the holder of the option agreement with Potlatch, The Trust for Public Land continued to play an active role in this protection effort. It coordinated and paid for all the due diligence on the land including environmental assessments, appraisals, and title review. The Trust for Public Land also coordinated and managed education and outreach related to this protection effort with the many and various stakeholders mentioned above. The Trust for Public Land further assisted the County in thinking about how the land would be managed with this proposed funding alongside other county-owned lands as well as the critical conversations that took place with LSOHC and the Legislature in 2011-2012 that led to ultimate appropriation of OHF dollars.

On November 29, 2012, The Trust for Public Land purchased the land from Potlatch for its appraised fair market value of \$11 million and sold the land on the same day to Crow Wing County for the same amount.

The Trust for Public Land continued to work alongside Crow Wing County, partners listed above and the LSOHC in 2012-2013 to re-introduce area residents and other stakeholders to the recently-protected and publicly-accessible Mississippi River Northwoods land through a series of written summaries, press pieces, celebrations and river outings.

The County is proposing a change in the use and interest in 142 acres of the Mississippi River Northwoods acquisition. The parcel, located along Highway 210, has economic viability and opportunity to increase the County's tax base. The County's proposal would include a land exchange and transfer of the deed restriction to another County managed property adjoining the Mississippi River and Northwoods property.

The County's proposal will meet the procedures and criteria identified by the Lessard Sams Outdoor Heritage Council for the change of use and replacement of interest. The identified properties will be equal in fair market value, in a reasonable equivalent location and have a reasonably equivalent useful conservation purpose. A copy of the fact sheet is attached to this report

The \$3M in leverage identified in Trust For Public Lands's original budget for this acquisition listed Parks and Trails Legacy and RIM as additional sources of funding. The leverage dollars were not needed or applied for because the second appraisal came in \$3M lower than the original appraisal.

Which LSOHC state-wide priorities are addressed in this proposal:

- Produce multiple enduring conservation benefits
- Provide Minnesotans with greater public access to outdoor environments with hunting, fishing and other outdoor recreation opportunities

Which LSOHC section priorities are addressed in this proposal:

Northern Forest:

- Protect shoreland and restore or enhance critical habitat on wild rice lakes, shallow lakes, cold water lakes, streams and rivers, and spawning areas
- Protect forestland through acquisition or easement to prevent parcelization and fragmentation and to provide the ability to access and manage landlocked public properties

Relationship to other funds:

- Not Listed

How will you sustain and/or maintain this work after the Outdoor Heritage Funds are expended:

Crow Wing County currently manages for multiple uses on approximately 105,000 acres of tax forfeited forest lands. These multiple uses include timber production, recreation, water quality and wildlife

The County manages its public forest lands to the highest environmental, social and economic standards, according to the world's two leading forest certification organizations. This recognition comes after a series of rigorous third-party audits resulting in the County receiving its dual certification for best-management forestry practices from both the Sustainable Forestry Initiative and the Forest Stewardship Council®. Sustainable forest management is about striking a balance between economic, social and environmental values in a manner that protects all of these values over time.

The County has a fiduciary responsibility to the tax forfeited trust to maximize revenues from said lands to the benefit of local taxing districts while providing multiple opportunities for diverse forest uses and protecting the long-term sustainability of the forest resource.

Crow Wing County has the available resources to effectively manage this property for many uses. The property is a natural fit since the County is managing similar lands to both the east and west. The property will be incorporated in the County's Sustainable Forestry Management System and become third party certified. By doing so, the county will ensure sustainable forestry practices are conducted for generations to come.

Outcomes:

Programs in the northern forest region:

- The long-term outcome, which leaves a legacy, is that not only will this serve as important habitat, but it also provides public access to our globally important Mississippi River and to forestland. Forestland provides multiple enduring conservation benefits in the face of climate change and other major stressors:
 - o healthy terrestrial and aquatic habitat for fish, game, and other wildlife species
 - o abundant access to forestlands for outdoor recreation
 - o healthy watersheds and clean water
 - o healthy, attractive, livable communities

How will they be measured and evaluated?

They are measured and evaluated through a rigorous independent third party forest certification audit of Crow Wing County managed public lands. The audit covers over 300 different environmental principles and validates that these county forest lands are sustainably managed to provide important habitats, public access, healthy forests and clean water.

Budget Spreadsheet

Total Amount: \$11,040,000

Budget and Cash Leverage

| BudgetName | Request | Spent | Cash Leverage (anticipated) | Cash Leverage (received) | Leverage Source | Total (original) | Total (final) |
|----------------------------|---------------------|---------------------|-----------------------------|--------------------------|-----------------------|---------------------|---------------------|
| Personnel | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Contracts | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Fee Acquisition w/ PILT | \$11,000,000 | \$0 | \$3,000,000 | \$0 | P&T Legacy grant, RIM | \$14,000,000 | \$0 |
| Fee Acquisition w/o PILT | \$0 | \$11,000,000 | \$0 | \$0 | | \$0 | \$11,000,000 |
| Easement Acquisition | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Easement Stewardship | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Travel | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Professional Services | \$0 | \$39,600 | \$0 | \$0 | | \$0 | \$39,600 |
| Direct Support Services | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| DNR Land Acquisition Costs | \$40,000 | \$0 | \$0 | \$0 | | \$40,000 | \$0 |
| Capital Equipment | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Other Equipment/Tools | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Supplies/Materials | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| DNR IDP | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 |
| Total | \$11,040,000 | \$11,039,600 | \$3,000,000 | \$0 | | \$14,040,000 | \$11,039,600 |

Output Tables

Table 1a. Acres by Resource Type

| Type | Wetlands (original) | Wetlands (final) | Prairies (original) | Prairies (final) | Forest (original) | Forest (final) | Habitats (original) | Habitats (final) | Total (original) | Total (final) |
|--|---------------------|------------------|---------------------|------------------|-------------------|----------------|---------------------|------------------|------------------|---------------|
| Restore | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 100 | 0 |
| Protect in Fee with State PILT Liability | 0 | 0 | 0 | 0 | 0 | 0 | 1,783 | 0 | 1,783 | 0 |
| Protect in Fee W/O State PILT Liability | 0 | 0 | 0 | 0 | 0 | 1,883 | 0 | 0 | 0 | 1,883 |
| Protect in Easement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Enhance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 1,883 | 1,883 | 0 | 1,883 | 1,883 |

Table 2. Total Requested Funding by Resource Type

| Type | Wetlands (original) | Wetlands (final) | Prairies (original) | Prairies (final) | Forest (original) | Forest (final) | Habitats (original) | Habitats (final) | Total (original) | Total (final) |
|--|---------------------|------------------|---------------------|------------------|-------------------|----------------|---------------------|------------------|------------------|---------------|
| Restore | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$500,000 | \$0 | \$500,000 | \$0 |
| Protect in Fee with State PILT Liability | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$13,540,000 | \$0 | \$13,540,000 | \$0 |
| Protect in Fee W/O State PILT Liability | \$0 | \$0 | \$0 | \$0 | \$0 | \$11,039,600 | \$0 | \$0 | \$0 | \$11,039,600 |
| Protect in Easement | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Enhance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$11,039,600 | \$14,040,000 | \$0 | \$14,040,000 | \$11,039,600 |

Table 3. Acres within each Ecological Section

| Type | Metro Urban (original) | Metro Urban (final) | ForestPrairie (original) | Forest Prairie (final) | SE Forest (original) | SE Forest (final) | Prairie (original) | Prairie (final) | N Forest (original) | N Forest (final) | Total (original) | Total (final) |
|--|------------------------|---------------------|--------------------------|------------------------|----------------------|-------------------|--------------------|-----------------|---------------------|------------------|------------------|---------------|
| Restore | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 100 | 0 |
| Protect in Fee with State PILT Liability | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,783 | 0 | 1,783 | 0 |
| Protect in Fee W/O State PILT Liability | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,883 | 0 | 1,883 |
| Protect in Easement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Enhance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,883 | 1,883 | 1,883 | 1,883 |

Table 4. Total Requested Funding within each Ecological Section

| Type | Metro Urban (original) | Metro Urban (final) | Forest Prairie (original) | Forest Prairie (final) | SE Forest (original) | SE Forest (final) | Prairie (original) | Prairie (final) | N Forest (original) | N Forest (final) | Total (original) | Total (final) |
|--|------------------------|---------------------|---------------------------|------------------------|----------------------|-------------------|--------------------|-----------------|---------------------|------------------|------------------|---------------|
| Restore | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$500,000 | \$0 | \$500,000 | \$0 |
| Protect in Fee with State PILT Liability | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$13,540,000 | \$0 | \$13,540,000 | \$0 |
| Protect in Fee W/O State PILT Liability | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$11,039,600 | \$0 | \$11,039,600 |
| Protect in Easement | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Enhance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$14,040,000 | \$11,039,600 | \$14,040,000 | \$11,039,600 |

Target Lake/Stream/River Feet or Miles (original)

0

Target Lake/Stream/River Feet or Miles (final)

2.7 miles Mississippi River

Parcel List

Section 1 - Restore / Enhance Parcel List

No parcels with an activity type restore or enhance.

Section 2 - Protect Parcel List

Crow Wing

| Name | TRDS | Acres | Est Cost | Existing Protection? | Hunting? | Fishing? |
|------------------------------|----------|-------|-------------|----------------------|----------|----------|
| Mississippi River Northwoods | 04630223 | 42 | \$237,800 | No | Full | Full |
| Mississippi River Northwoods | 04630226 | 371 | \$2,193,700 | No | Full | Full |
| Mississippi River Northwoods | 04630227 | 211 | \$1,153,300 | No | Full | Full |
| Mississippi River Northwoods | 04630233 | 126 | \$743,100 | No | Full | Full |
| Mississippi River Northwoods | 04630234 | 583 | \$3,454,100 | No | Full | Full |
| Mississippi River Northwoods | 04630235 | 550 | \$3,257,900 | No | Full | Full |

Section 2a - Protect Parcel with Bldgs

No parcels with an activity type protect and has buildings.

Section 3 - Other Parcel Activity

No parcels with an other activity type.

Completed Parcel: Mississippi River Northwoods

| | |
|---|----------------------------------|
| # of Total Acres: | 42 |
| County: | Crow Wing |
| Township: | 046 |
| Range: | 30 |
| Direction: | 2 |
| Section: | 23 |
| # of Acres: Wetlands/Upland: | 0 |
| # of Acres: Forest: | 42 |
| # of Acres: Prairie/Grassland: | 0 |
| Amount of Shoreline: | 3395 (Linear Feet) |
| Name of Adjacent Body of Water (if applicable): | Mississippi River |
| Has there been signage erected at the site: | Yes |
| Annual Reporting Organization Name: | Crow Wing County Land Supervisor |
| Annual Reporting Manager Name: | Kirk Titus |
| Annual Reporting Address: | 322 Laurel St. Suite 12 |
| Annual Reporting City: | Brainerd |
| Annual Reporting State: | MN |
| Annual Reporting Zip: | 56401 |
| Annual Reporting Email: | kirk.titus@crowwing.us |
| Annual Reporting Phone: | 218-824-1138 |
| Purchase Date: | November 29, 2012 |
| Acquisition Title: | |
| Purchase Price: | \$237,800 |
| Appraised Value: | \$237,800 |
| Professional Service Costs: | \$6,600 |
| Assessed Value: | \$220,900 |
| Total Project Cost: | \$237,800 |
| Fees Received: | \$0 |
| Donations: | \$0 |
| Related Parties: | |
| Property Managed By: | Local Unit of Government - |
| Name of the unit area or location government unit or land manager: | Crow Wing County Land Services |

Completed Parcel: Mississippi River Northwoods

| | |
|---|----------------------------------|
| # of Total Acres: | 371 |
| County: | Crow Wing |
| Township: | 046 |
| Range: | 30 |
| Direction: | 2 |
| Section: | 26 |
| # of Acres: Wetlands/Upland: | 8 |
| # of Acres: Forest: | 363 |
| # of Acres: Prairie/Grassland: | 0 |
| Amount of Shoreline: | 5500 (Linear Feet) |
| Name of Adjacent Body of Water (if applicable): | Mississippi River |
| Has there been signage erected at the site: | Yes |
| Annual Reporting Organization Name: | Crow Wing County Land Supervisor |
| Annual Reporting Manager Name: | Kirk Titus |
| Annual Reporting Address: | 322 Laurel St. Suite 12 |
| Annual Reporting City: | Brainerd |
| Annual Reporting State: | MN |
| Annual Reporting Zip: | 56401 |
| Annual Reporting Email: | kirk.titus@crowwing.us |
| Annual Reporting Phone: | 218-824-1138 |
| Purchase Date: | November 29, 2012 |
| Acquisition Title: | |
| Purchase Price: | \$2,193,700 |
| Appraised Value: | \$2,193,700 |
| Professional Service Costs: | \$6,600 |
| Assessed Value: | \$540,400 |
| Total Project Cost: | \$2,193,700 |
| Fees Received: | \$0 |
| Donations: | \$0 |
| Related Parties: | |
| Property Managed By: | Local Unit of Government - |
| Name of the unit area or location government unit or land manager: | Crow Wing County Land Services |

Completed Parcel: Mississippi River Northwoods

| | |
|--|----------------------------------|
| # of Total Acres: | 550 |
| County: | Crow Wing |
| Township: | 046 |
| Range: | 30 |
| Direction: | 2 |
| Section: | 35 |
| # of Acres: Wetlands/Upland: | 42 |
| # of Acres: Forest: | 508 |
| # of Acres: Prairie/Grassland: | 0 |
| Amount of Shoreline: | 0 (Linear Feet) |
| Name of Adjacent Body of Water (if applicable): | N/A |
| Has there been signage erected at the site: | Yes |
| Annual Reporting Organization Name: | Crow Wing County Land Supervisor |
| Annual Reporting Manager Name: | Kirk Titus |
| Annual Reporting Address: | 322 Laurel St. Suite 12 |
| Annual Reporting City: | Brainerd |
| Annual Reporting State: | MN |
| Annual Reporting Zip: | 56401 |
| Annual Reporting Email: | kirk.titus@crowwing.us |
| Annual Reporting Phone: | 218-824-1138 |
| Purchase Date: | November 29, 2012 |
| Acquisition Title: | |
| Purchase Price: | \$3,257,899 |
| Appraised Value: | \$3,257,899 |
| Professional Service Costs: | \$6,600 |
| Assessed Value: | \$727,000 |
| Total Project Cost: | \$3,257,899 |
| Fees Received: | \$0 |
| Donations: | \$0 |
| Related Parties: | |
| Property Managed By: | Local Unit of Government - |
| Name of the unit area or location government unit or land manager: | Crow Wing County Land Services |

Completed Parcel: Mississippi River Northwoods

| | |
|--|----------------------------------|
| # of Total Acres: | 211 |
| County: | Crow Wing |
| Township: | 046 |
| Range: | 30 |
| Direction: | 2 |
| Section: | 27 |
| # of Acres: Wetlands/Upland: | 48 |
| # of Acres: Forest: | 163 |
| # of Acres: Prairie/Grassland: | 0 |
| Amount of Shoreline: | 8049 (Linear Feet) |
| Name of Adjacent Body of Water (if applicable): | Mississippi River |
| Has there been signage erected at the site: | Yes |
| Annual Reporting Organization Name: | Crow Wing County Land Supervisor |
| Annual Reporting Manager Name: | Kirk Titus |
| Annual Reporting Address: | 322 Laurel St. Suite 12 |
| Annual Reporting City: | Brainerd |
| Annual Reporting State: | MN |
| Annual Reporting Zip: | 56401 |
| Annual Reporting Email: | kirk.titus@crowwing.us |
| Annual Reporting Phone: | 218-824-1138 |
| Purchase Date: | November 28, 2012 |
| Acquisition Title: | |
| Purchase Price: | \$1,153,300 |
| Appraised Value: | \$1,153,300 |
| Professional Service Costs: | \$6,600 |
| Assessed Value: | \$377,800 |
| Total Project Cost: | \$1,153,300 |
| Fees Received: | \$0 |
| Donations: | \$0 |
| Related Parties: | |
| Property Managed By: | Local Unit of Government - |
| Name of the unit area or location government unit or land manager: | Crow Wing County Land Services |

Completed Parcel: Mississippi River Northwoods

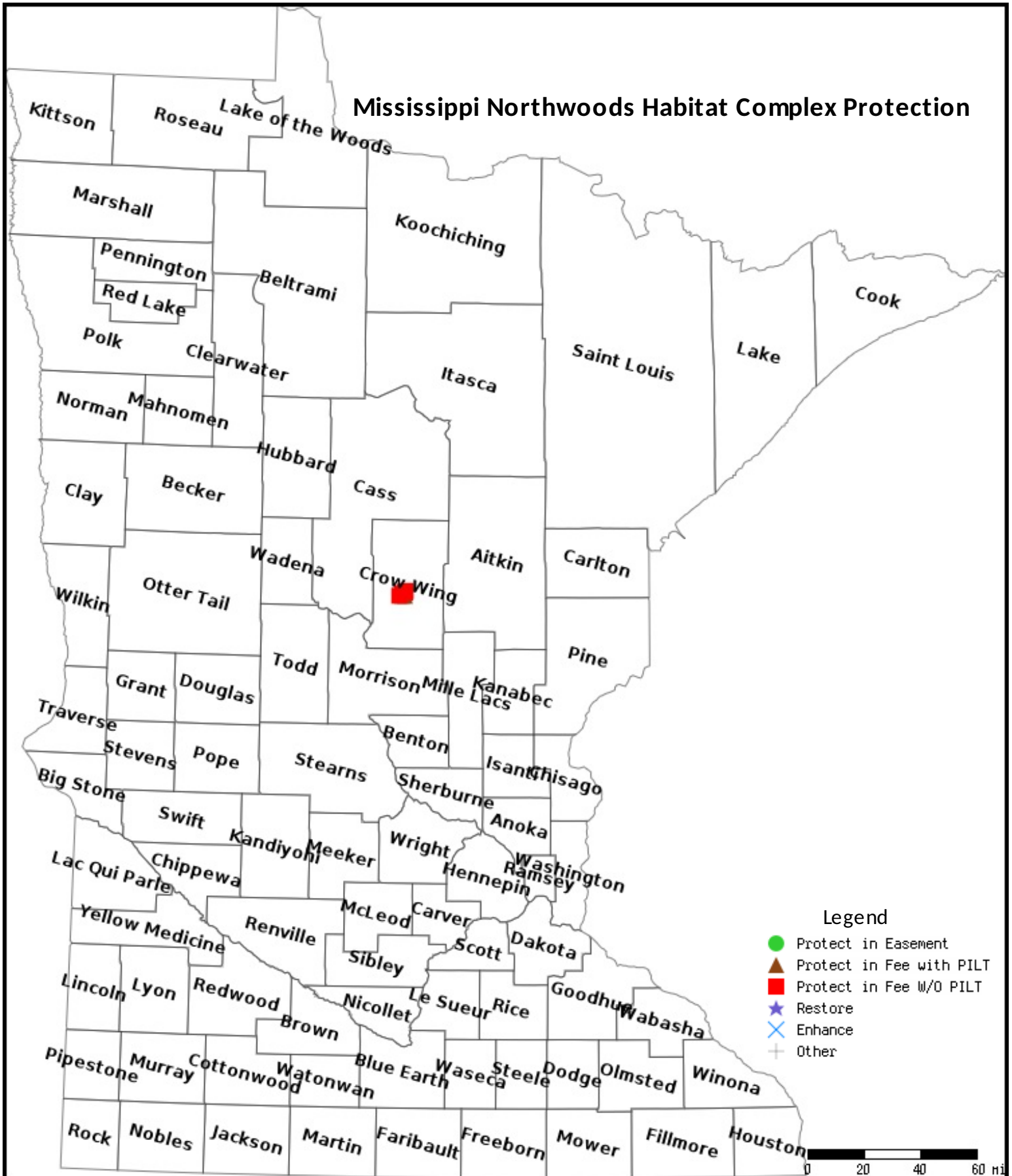
| | |
|---|----------------------------------|
| # of Total Acres: | 583 |
| County: | Crow Wing |
| Township: | 046 |
| Range: | 30 |
| Direction: | 2 |
| Section: | 34 |
| # of Acres: Wetlands/Upland: | 56 |
| # of Acres: Forest: | 527 |
| # of Acres: Prairie/Grassland: | 0 |
| Amount of Shoreline: | 1340 (Linear Feet) |
| Name of Adjacent Body of Water (if applicable): | Sand Creek |
| Has there been signage erected at the site: | Yes |
| Annual Reporting Organization Name: | Crow Wing County Land Supervisor |
| Annual Reporting Manager Name: | Kirk Titus |
| Annual Reporting Address: | 322 Laurel St. Suite 12 |
| Annual Reporting City: | Brainerd |
| Annual Reporting State: | MN |
| Annual Reporting Zip: | 56401 |
| Annual Reporting Email: | kirk.titus@crowwing.us |
| Annual Reporting Phone: | 218-824-1138 |
| Purchase Date: | November 29, 2012 |
| Acquisition Title: | |
| Purchase Price: | \$3,454,100 |
| Appraised Value: | \$3,454,100 |
| Professional Service Costs: | \$6,600 |
| Assessed Value: | \$758,000 |
| Total Project Cost: | \$3,454,100 |
| Fees Received: | \$0 |
| Donations: | \$0 |
| Related Parties: | |
| Property Managed By: | Local Unit of Government - |
| Name of the unit area or location government unit or land manager: | Crow Wing County Land Services |

Completed Parcel: Mississippi River Northwoods

| | |
|--|----------------------------------|
| # of Total Acres: | 126 |
| County: | Crow Wing |
| Township: | 046 |
| Range: | 30 |
| Direction: | 2 |
| Section: | 33 |
| # of Acres: Wetlands/Upland: | 3 |
| # of Acres: Forest: | 123 |
| # of Acres: Prairie/Grassland: | 0 |
| Amount of Shoreline: | 5021 (Linear Feet) |
| Name of Adjacent Body of Water (if applicable): | Unnamed Lake 18-146 P |
| Has there been signage erected at the site: | Yes |
| Annual Reporting Organization Name: | Crow Wing County Land Supervisor |
| Annual Reporting Manager Name: | Kirk Titus |
| Annual Reporting Address: | 322 Laurel St. Suite 12 |
| Annual Reporting City: | Brainerd |
| Annual Reporting State: | MN |
| Annual Reporting Zip: | 56401 |
| Annual Reporting Email: | kirk.titus@crowwing.us |
| Annual Reporting Phone: | 218-824-1138 |
| Purchase Date: | November 29, 2012 |
| Acquisition Title: | |
| Purchase Price: | \$743,100 |
| Appraised Value: | \$743,100 |
| Professional Service Costs: | \$6,600 |
| Assessed Value: | \$178,400 |
| Total Project Cost: | \$743,100 |
| Fees Received: | \$0 |
| Donations: | \$0 |
| Related Parties: | |
| Property Managed By: | Local Unit of Government - |
| Name of the unit area or location government unit or land manager: | Crow Wing County Land Services |

Parcel Map

Mississippi Northwoods Habitat Complex Protection



Crow Wing County Land Services Mississippi River Northwoods Project Management Summary:

Crow Wing County has been managing forest lands for the past 66 years when the original Tax Forfeit Land Department was created in 1945. Currently, the Land Services Department has management responsibilities for over 103,000 acres of forest land and operates in three distinctive program areas of forest management, recreation management and land asset management.

Forest Management and Certification

The Mississippi River Northwoods (MRNW) parcel will be managed by professional foresters according to the Forest Management Plan for the Tax Forfeited Lands of Crow Wing County. The plan is a working document designed to guide direct day to day management actions on the forested land base.

The MRNW parcel strategically aligns with goals identified in the Forest Management Plan for the Tax Forfeited Lands of Crow Wing County (page 77) to:

- Expand and enhance the land base through targeted acquisition and exchange
- Consolidate ownership into larger tracts,
- Secure critical resource areas (ex. Riparian Zones)
- Obtain higher quality and more productive lands
- Create large contiguous tracts of Public ownership
 - where larger land blocks contribute to proper forest management,
 - where watershed management concerns are especially vital
 - where recreational opportunities can be enhanced

In addition, the MRNW parcel will be incorporated into the County's Sustainable Forestry Management System and become dual certified to the environmental standards established by the world's two leading independent certification entities, the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council™ (FSC®). This certification is verified annually through independent third-party audits and validates that county forest lands are sustainably managed and will continue to provide multiple benefits for future generations.

By recognizing standards of excellence in management practices, Forest Certification is important to maintaining and expanding markets for locally grown wood, as demand for products harvested in an environmentally responsible way is increasingly required by the marketplace.

Minnesota Counties Sustainable Forestry Cooperative

The County's effort to achieve forest certification began in 2005. At that time, Crow Wing County joined with four other area counties – Beltrami, Clearwater, Koochiching and Carlton – to create a one-of-a-kind county cooperative to achieve certification. This innovative cooperative arrangement has increased efficiencies, allowed for the sharing of best practices and meant lower costs for each county to implement the rigorous third-party certification process. There is no other example in the world of five counties joining together to achieve certification.

Recreation Management

Crow Wing County managed lands offer many diverse recreational opportunities to explore forested lands, lakes and streams. The County manages 12 public lake accesses, three designated ATV trails and three multipurpose trails for cross country skiing, hiking, biking and horseback riding. There are also ten designated non-motorized hunter-hiking trails.

The County has developed a Comprehensive Recreation Trails Plan. The purpose of the plan is to identify and classify opportunities to provide outdoor trail-based recreation, while meeting the forest management goals. The plan focuses on the recreation trails and facilities under the direct management of the County. Components of the plan include establishing a trail proposal and planning process, activities for trail monitoring and enforcement, evaluation criteria for trail review, and strategies for improved trail linkages. The plan aims to ensure that Crow Wing County is able to meet and manage recreation opportunities while maintaining the other forest benefits and services that residents and visitors value. The plan was approved by the Crow Wing County Board on February 14 2012.

Land Asset Management

The County promotes no net loss of the amount of land within the tax forfeited land base. This is commonly achieved through land exchanges and sales, acquisitions or partition actions. A Tax Forfeited Land Sale is held each year and offers for sale parcels designated as non conservation. Like the revenues generated from the sale of timber, revenues from the land sale support operations, while surplus dollars are distributed throughout the county to the cities, townships and school districts. Other Land Asset Management program areas include easements, leases, donations, repurchases and special use deeds.

Lands and Forestry Advisory Committee

The Crow Wing County Lands and Forestry Advisory Committee consists of two County Commissioners, eight local citizens, four land resource professionals and the County Auditor-Treasurer. The committee meets on a quarterly basis and its' purpose is to advise, consult with or make recommendations to the Crow Wing County Board of Commissioners on matters relating to the development, maintenance, management and utilization of the forest and related resources on tax forfeited and other lands of Crow Wing County.

The committee is to be sensitive to any adverse environmental impacts as a result of the county's management efforts and assure compliance with existing guidelines and standards required by state law or settlement agreement and promote a healthy productive and sustainable forest industry. The committee will release a public report at least annually documenting compliance with existing guidelines and standards required by state law or settlement agreement.

Implementation Projects

Certain initial project work is required to implement the MRNW parcel into the County's sustainable forest management system. The projects include:

- Forest Inventory
- Inventory and Map Native Plant Communities to the Ecological Classifications
- GPS Roads and Trails
- Classify Roads and Trails

- Close spur roads and trails-Signage
- Road Maintenance
- Reclaim gravel pit.
- GIS Mapping and Data Entry: Digitize stand boundaries, forest, road and native plant community inventory, forest and road inventory.

The costs for the implementation of these projects are estimated at \$37,000, while the ongoing annual management costs will be \$14,000.

Projected Harvest Plan

The projected harvest plan is based on the best available forest cover type data at this time and projects the current inventory to maturity and final harvest. The revenues are estimates only and cannot be construed as a guarantee or a limitation.

Several assumptions have been made to calculate the data. Rotation ages were selected from the Forest Management Plan for the Tax Forfeit Lands of Crow Wing County. Stumpage rates are based on 2011 prices and the harvest plan assumes forest product markets do not change over time. The projected harvest acres and volumes will vary depending on reserve acres (up to 5%), and if threatened and endangered species and cultural and historical sites are present.

Currently, there are approximately 325 timbered acres containing mature aspen, birch and jack pine that may be harvested within 1-3 years after acquisition. The estimated short term revenues are nearly \$200,000.

Average annual timber revenues are estimated at \$16,000 annually over the next 75 years.

Land Exchange

Crow Wing County managed forest lands fall into two classifications

- Tax Forfeit: owned by the state, managed by the county
- Fee Ownership: Completed and Absolute Ownership

Step 1: Exchange the Tax Forfeit status of the 104 acre parcel north of the river with a fee parcel in Timothy Township, acquired from the University of MN. (1520 acres acquired from U of MN in 2001-Currently in year 11 of a 20 year contract for deed).

Step 2: Transfer the Lessard deed restriction from the Potlatch 142 acres along HWY 210 to the 104 acre county parcel north of the river.

The Potlatch 142 acre parcel along 210 goes to County Fee ownership for economic development with no Lessard deed restrictions.

The Lessard deed restrictions are applied to the now county fee, (formerly Tax Forfeit parcel) 104 acre parcel north of the river. The above transaction is PILT neutral.

Summary

The Lessard Sams Outdoor Heritage Council is clear that access for hunting and fishing is the priority for acquired lands and project funding must have a component to protect, enhance or restore habitat for hunting and fishing. Crow Wing County has the available resources to effectively manage the MRNW parcel for multiple uses. The property is a natural fit since the County is managing similar lands to both the east and west. The property will be incorporated in the County's Sustainable Forestry Management System and become third party certified. By doing so, the County will ensure sustainable forestry practices are conducted and continue to provide multiple benefits including wildlife habitat, clean water, wood products, jobs and great recreation opportunities.

KT 2-15-12

Lessard-Sams Outdoor Heritage Council

Laws of Minnesota 2012 Accomplishment Plan

Date: May 11, 2012

Program Title: Mississippi River Northwoods Habitat Complex

Manager's Name: *Kirk Titus*

Title: *Land Services Supervisor*

Organization: *Crow Wing (in partnership with Delta Waterfowl, Anglers for Habitat, Brainerd Lakes Area Community Foundation, Cuyuna State Trail Association, The Nature Conservancy and The Trust for Public Land).*

Telephone: 218-824-1138

Email: .titus@crowwing.

Fax: 218-824-1070

Funds Recommended: \$11,040,000

Legislative Citation: ML 2012, Ch. 264, Art. 1, Sec. 1, Subd. 3 (b):

\$11,040,000 in the second year is to the commissioner of natural resources for an agreement with Crow Wing County to acquire land in fee along the Mississippi River in Crow Wing County to be added to the county forest system. The purchase price must not exceed the appraised fair market value of the property as reviewed and approved under established procedures in compliance with the Uniform Standards of Professional Appraisal Practice and the Department of Natural Resources' Supplemental Appraisal and Appraisal Review Guidelines (effective July 15, 2009). A land description must be provided as part of the required accomplishment plan. Development of a paved trail on land acquired under this paragraph constitutes an alteration of the intended use of the interest in real property and must be handled according to Minnesota Statutes, section 97A.056, subdivision 15. Any plan, including trail alignment, for the development of a paved trail must be submitted to the Lessard-Sams Outdoor Heritage Council for approval. No paved trail development or paved trail use is allowed unless it is specified in the plan for trail use and alignment approved by the Lessard-Sams Outdoor Heritage Council. If additional money is needed to acquire the land under this paragraph, by December 15, 2012, the amount necessary to complete the acquisition shall be transferred from unspent appropriations under subdivision 5, paragraph (h), and added to this appropriation.

Abstract:

Protect 2.7 miles of Mississippi river shoreline and nearly 2,000 acres of wetland and forest/upland habitat through fee title acquisition just east of Brainerd, MN.

Program Narrative

Design and Scope of Work

The Mississippi River is one of the world's major river systems in size, habitat diversity and biological productivity. It is the third longest river in North America, the fourth globally, and 18 million people and*

more than 50 cities depend on the Mississippi River Watershed for their water supply (Mississippi River Basin Committee, 1982), including the Twin Cities and St. Cloud.

*The Mississippi River is home to at least 260 species of fish, which makes up 25% of all fish species in North America. Forty percent of the nation's migratory waterfowl use the river corridor during their Spring and Fall migration. Sixty percent of all North American birds (326 species) use the Mississippi River Basin as their migratory flyway. From Cairo, IL upstream to Lake Itasca there are 38 documented species of mussel. On the Lower Mississippi, there may be as many as 60 separate species of mussel. The Upper Mississippi is host to more than 50 mammal species and at least 145 species of amphibians and reptiles inhabit the Upper Mississippi River environs.**

This effort will protect from development 2.7 miles of frontage in the headwaters region of this globally significant river, along with approximately 1,857 of forest land uniquely situated in the still rapidly growing Brainerd Lakes Region of Minnesota.

This parcel sits between two large tracts of forested public land along the Mississippi, creating a 9+ mile stretch of undeveloped shoreline. If protected, this would be one of the largest contiguous blocks of protected lake/river shoreline in the Brainerd lakes area—in addition to being one of its most scenic. The lands are adjacent to the Crow Wing County Memorial Forest, the Loerch State Wildlife Management Area, the State of Minnesota's School Trust lands and Crow Wing County tax forfeited land (managed as forestland).

Fish and wildlife habitats: This project represents a significant addition to a series of important habitat complexes along the Mississippi River, some of which have received funding from the Outdoor Heritage Fund in recent years. These complexes begin near the Morrison County line at the Camp Ripley ACUB south of Brainerd and connect through Crow Wing State Park to this parcel and then to Crow Wing State Forest, Cuyuna Recreation Area, Gun Lake WMA, Rice Lake NWR, Savana and Hill River State Forests, Savana Portage State Park, and ending at the UPM Blandin Upper Mississippi River Forest Legacy conservation easement in southern Itasca County.

The subject lands contain several unique habitat features including the Mississippi River watershed, the Sand Creek trout stream, approximately 240 acres of wetland, and forestland comprising of aspen/birch, jack, red and white pine, oak, and lowland hardwoods. The Mississippi River is clearly one of the most important freshwater resources in the State of Minnesota and beyond. A significant portion of this property fronts the Mississippi's Stump Bay, a lake-like basin originally formed by the paper mill dam downstream in Brainerd. Stump Bay, and the larger basin around it, has characteristics of both river and lake habitats which provide a diversity of niches and support the area's best cosmopolitan fisheries, including a world- class bass fishery. The large expanse of wild rice beds in and around the bay serve as high quality spawning habitat for northern pike. Walleye hold a significant niche in this area because of the quality and stability of the immediate shore habitat. Muskellunge benefit from the bay's spawning habitat, brooding and rearing areas, and food sources. Also present here are bigmouth buffalo and three species of redhorse—all of which are dependent on healthy reservoir ecosystems and very good water quality. Loss of shoreland habitat, such as is characteristic of residential development, would eliminate these attributes and have a detrimental effect on many of these fish populations. Sand Creek, a designated trout stream, meanders for nearly one mile through the subject area. Brook trout, brown trout, and slimy sculpin are known to inhabit the stream. Protection of the lands around this trout stream is essential to ensure that the water quality, load, and temperature remain suitable for trout and other cool water aquatic species' survival.

As a major migratory bird route, the Mississippi River basin is used by 60% of all birds found in North America, including waterfowl, shorebirds, raptors, and neotropical songbirds. The forest and riparian forest habitats of this project area are known to support osprey, Canada goose, great blue heron, killdeer, common snipe, American woodcock, and ruffed grouse. There have been at least two bald eagle nests documented in the subject area. This section of the Mississippi River "flyway" is especially critical for waterfowl such as wood duck, mallard, blue-winged teal, green-winged teal, hooded merganser, and American coot. The open waters of the bay uniquely serve as an early spring stopover for waterfowl before the lakes thaw. The wild rice foliage found in the bay and along the shore of this proposed project area provides security cover and loafing sites for migrating ducks; the wild rice kernels provide critical food source. 240 acres of wetland found within this project area are also critical brooding and feeding area for waterfowl. As resident and migratory waterfowl numbers are dwindling in northern Minnesota, it becomes even more important to protect the (also dwindling) habitat that attracts and sustains these birds.

Mammals associated with the upland, wetland, lowland and riparian habitats of the project area include whitetail deer, gray wolf, coyote, red fox, river otter, beaver, muskrat, striped skunk, raccoon, opossum, weasel, mink, fisher, marten, porcupine, bobcat, black bear, red squirrel, shrews, pocket gopher, voles, bats, least chipmunk, gray squirrel, northern flying squirrel, cottontail rabbit and snowshoe hare. Reptiles and amphibians utilizing the wetland, riparian and upland habitats include the wood frog, spring peeper, western chorus frog, gray tree frog, northern leopard frog, green frog, American toad, blue-spotted salamander, tiger salamander, garter snake, redbelly snake, painted turtle, snapping turtle, and Blanding's turtle, a MN DNR Threatened Species.

Rare, threatened, endangered, or special concern species: A number of occurrences of the Blanding's turtle, a MN DNR Threatened Species, have been documented on the property and there have been at least two eagle nests documented in the subject area. Red-shouldered hawks, a state special concern species, are also known to nest in the area. A concentration of freshwater mussels is documented just downstream of this project area. The contiguous forest block that is provided by this property will benefit all of these species as well as other rare species that depend on forested wetland and riparian areas.

Water quality values: Conservation of this reach of the Mississippi River would be extremely valuable in protection of water quality. Besides the river resource itself, other important water resources on the property include Stump Bay, Sand Creek, and numerous ponds and wetlands. As a designated trout stream, Sand Creek is a particularly unique water resource in the region. Without protection, the possible development of shore lands in this area would likely result in a degradation of water quality. While most homeowners leave or restore native vegetation along the shore, a substantial number create mowed lawns to the water's edge. The rainwater and associated chemical runoff (e.g., phosphorus) from lawns has been found to be substantially different than that of forested shorelines. The resulting nutrient input into water also results in algae growth and lower water clarity. In order to protect water quality during land use planning, the 2004 Crow Wing County Comprehensive Plan placed a high priority on protecting forested green space and working lands along the Mississippi River. The plan required work to identify valuable forested areas, green space, and working lands and protect them through means such as conservation easements. The Mississippi River is also an "Outstanding Resource Value Water" (ORVW) from Brainerd north. The Mississippi Headwaters Board also acts in this area to protect and preserve the Mississippi River Corridor. Like the Crow Wing County Comprehensive Plan, the Headwaters Board Comprehensive plan also supports protection and enhancement of water quality and recreational values in this area. In summary, this property is ideally suited to meet the water quality value objectives of the Mississippi Headwaters Board comprehensive plan and Crow Wing County's local water and comprehensive plans.

Forest management: The current landowner (Potlatch) has been committed to enhancing the environmental quality of its forests and the communities in which it operates. The company subscribes to Minnesota's Voluntary Site-Level Forest Management Guidelines and has developed a rigorous Environmental Management System that was recently re-audited and recertified for meeting the Sustainable Forestry Initiative (SFI) and ISO 14001 Environmental Management System standards. In addition, these lands were also certified in 2005 under the Forest Stewardship Council (FSC) standard. These independent, third-party certifications document the company's sustainable forest stewardship and its commitment to the process of continual improvement (see www.potlatchcorp.com for further details.) Potlatch has harvested about 60% of the subject lands over the past 20 years; approximately 22% of which have been reforested through planting and approximately 39% by natural regeneration. The company has also carried out minor amounts of thinning. The Crow Wing County forestlands on both sides of the project is also managed under SFO and FSC. If protected, future forest management of this property would likely continue these dual certification standards, ensuring a 9+ mile stretch of consistent forest management.

Public use or benefits: The land to be protected buffers and enhances two other tracts of public land, resulting in a 6,207 acre block of contiguous forest lands on the Mississippi River in the popular recreational Brainerd Lakes area of north-central Minnesota. The public has had access to these waters and forest lands for fishing, hunting, snowmobiling, skiing, snow-shoeing, nature viewing, hiking, restricted camping, horseback riding and other recreational activities for many years. Without protection, these opportunities for public access are at risk of being lost. The property hosts a popular snowmobile trail, important because of its proximity just 5 miles from downtown Brainerd. Conversion of forestlands into development properties in the Brainerd Lakes area has the potential to fragment forests as well as these types of recreational trail systems. Additionally, fee title acquisition of this parcel will provide raw materials for the region's forest products economy which in turn provides base economy jobs for Minnesota citizens. The public will gain in a less tangible but no less important way from the protected landscape, noise buffering and air and water quality benefits provided by these forested lands. The property is currently leased by Potlatch to a group of lessees who have increased stewardship on the property.

Protection of the property provides the opportunity to complete a critical linkage between the Cuyuna Lakes State Trail and the Paul Bunyan State Trail, both part of the Mississippi River Trail which is envisioned to be a 3,000 mile world class bicycling route, extending from the headwaters at Lake Itasca to the Gulf of Mexico.

Cultural features: Parcel lies along the southern bank of the Mississippi River, on an impounded stretch known as the "Brainerd Reservoir." In the early 1990s, the shoreline of the reservoir was the subject of an intensive field survey intended to identify archaeological sites. A considerable number of sites were located during the survey. Seven of the sites identified during the survey are located on the proposed acquisition property. They are all small areas containing artifacts that reflect occupation of this area prior to EuroAmerican settlement. Some of the sites contained items that can be identified to specific time periods; they indicate occupation during at least the Woodland Period (approximately 2000 to 1000 years ago) and the Archaic Period (approximately 7000 to 2000 years ago). Evaluation of the archaeological nature of the identified sites around the Brainerd Reservoir resulted in a determination that some of them are of sufficient import to qualify for nomination to the National Register of Historic Places as significant archaeological properties. The number of sites identified around the Brainerd Reservoir, and the types of materials recovered during the survey, suggest that these sites hold considerable potential for yielding important information about the prehistoric residents of the Upper Mississippi River.

selection: This parcel has been a high priority for Area DNR staff at Brainerd for a number of years due to fish and wildlife attributes of the Mississippi River, land fragmentation issues, and regional bike/snowmobile trail connection needs to the Cuyuna State Recreation Area and beyond. This tract is rated as having high biodiversity according to the Minnesota County Biological Survey. In 2007 and 2008, protection of this property was the Department of Natural Resource's top priority for its statewide Forest Legacy program. While numerous discussions with the landowner have occurred over the years, no agreement has ever been reached until now. The landowner owner intends to develop the property if we are not able to purchase is now for conservation. Now is the time.

opposition/involvement: There is considerable support of this effort by a large and diverse collection of stakeholders including hunting and angling clubs, community foundations, natural resource organizations and trails organizations. Letters of support are continuing to come from many of these stakeholders. Previous Brainerd area natural resource meetings have identified this parcel as a high priority to protect due to fish and wildlife habitat along the Mississippi River, public access it will provide for recreational use (i.e. hunting, Cuyuna Lakes State Trail, etc.), and the large forestland block it protects. Opposition is expected to be low. The Crow Wing County Board unanimously supports the effort. A public input meeting was held in August and input was sought on recreational use desires and needs for this parcel. This input will continue to be used by a Project Team and funding/development desires by the DNR and Crow Wing County to frame an acquisition and management vision for this parcel.

Our Project Management Team to help steer and guide this project consists of JJ Levenske (Delta Waterfowl Brainerd Chapter), Mike Burton (retired Ducks Unlimited employee, current Chief Development Officer at Cuyuna Regional Medical Center), Greg Kvale (retired DNR Forester/Lands staff, Anglers for Habitat, board member Minnesota Outdoor Heritage Alliance), John Schaubach (Cuyuna Lakes Trail Association), Becca Nash (Trust for Public Land), Todd Holman (The Nature Conservancy), Gary Drotts (DNR Area Wildlife Manager), Marc Bacigalupi (DNR Area Fisheries Manager), and Wade Miller (DNR Area Park & Trails Manager).

All land acquired in fee will be FULLY open to hunting and fishing per state of Minnesota regulations.

Planning

Acquisition and restoration of this Mississippi River Northwoods Habitat Complex property furthers the goals and strategies of numerous resource management plans, including:

AMA Acquisition plan

Brainerd Lakes Area Conservation Collaborative Framework for Conservation and Recreation Planning

Crow Wing County Comprehensive, Water, and Parks plans

Long Range Duck Recovery Plan

Long Range Plan for Fisheries Management

Long Range Plan for Muskie and Pike

Minnesota Conservation and Preservation Plan

Minnesota Forest Resources North Central Landscape Region Plan

Mississippi River Headwaters Comprehensive Plan

Nongame Wildlife Plan

State Comprehensive Outdoor Recreation Plan

The Nature Conservancy's Lake Alexander Conservation Action Plan

Tomorrow's Habitat for the Wild and Rare

Upper Miss River and Great Lakes Region Projects Joint Ventures Plan

WMA Acquisition plan

The top key issue in the Minnesota Conservation and Preservation Plan is “Land and water habitat fragmentation, degradation, loss, and conversion”. Habitat Recommendation 2 of the plan identifies protection of critical shorelands of streams and lakes. The project will “restore ecoregion-appropriate, landscape-scale complexes of habitat centered on concentrations of existing remnant habitats with a broader goal of developing/maintaining conservation corridors between existing and restored habitats” (p 66). It will “critical shorelands of streams and lakes”, by focusing on “shoreline buffers...[which] protect water quality by trapping, filtering and impeding runoff laden with nutrients, sediments and other pollutants” (p 67). The project will also “improve connectivity and access to outdoor recreation” (p 74), by protecting “contiguous land areas suitable for: natural resource–based outdoor recreation; shorelands; threatened habitat areas with opportunities to improve connectivity of underserved areas; and rapidly growing areas or areas where land use changes may limit future outdoor recreation opportunities” (p 76). The plan also encourages investment in management and protection of Strategic Land Areas that affect water (p. 118)

The number 1 and 2 L-SOHC priority actions for the Northern Forest Section are: 1) Protect Shoreland and watersheds to restore or enhance critical habitat on wild rice lakes, shallow lakes, cold water lakes, streams and rivers, and spawning areas, and 2) Provide access to manage habitat on landlocked public properties or protect forest land from parcelization and fragmentation through fee acquisition, conservation or access easement. As noted in various parts of this proposal Project Narrative section, this acquisition, recreation unit designation and development address a majority of the actions indentified for the Section.

The Aquatic Management Area Acquisition Plan 2008-2033 sets a goal for protection of Minnesota’s 64,077 miles of lake and warmwater stream and river shorelands through public ownership to increase from the current 34% to 39% by 2032. ... To achieve these goals, the vision for the AMA Acquisition program is to acquire 1,100 miles of lake and warm-water stream habitat in the next 25 years from willing sellers to provide sustainable populations of fish and other aquatic species and great opportunities for angling recreation for future generations (p. 20).

Brainerd Lakes Area Conservation Collaborative report, 2004, Inventory and Assessment of Natural Resources in Crow Wing County shows this as a Priority Conservation Area (Map 9A) due to a number of factors including MCBS ranking, identified Blanding’s Turtle and Red-shouldered hawk habitat, high value riparian habitat, and the concentration of rare, threatened, and native species.

Minnesota Forest Resources Council, North Central Landscape Region plan 2004 recommends retaining contiguous blocks of forestland by encouraging the state to acquire in-holdings within natural resource emphasis areas (p. 15); protecting sensitive and/or undeveloped shoreline by encouraging local, grassroots, and government organizations (townships, lake associations, etc.) to identify and promote protection of these shorelines. (p. 16).

The Wildlife Management Area Acquisition Plan for the Northern Lakes Ecological Section recommends accelerated acquisition to protect and improve key waterfowl migration habitat; and acquisition efforts that complement existing state and other public lands to protect critical corridors and larger blocks of habitat (p.10).

This Potlatch land block has long been identified through DNR Fish and Wildlife and TNC assessment efforts as an important shoreline/land protection need in the Brainerd lakes area. This has been evident through a forest legacy conservation easement effort lead by The Department of Natural Resources and

The Trust for Public Land in 2007 and a federal assistance request by TNC culminating in a site visit by Congressman Oberstar in 2009.

Relationship to Other Constitutional Funds

The estimated acquisition cost for this project is \$14 million. Partners are currently discussing the use of additional Legacy funding sources (i.e. Parks and Trails) to ensure a balanced funding package that will help spread out the cost of this proposal. This project may end up being an excellent example of leveraged and cooperative funding sources from the Legacy amendment, something visualized by many legislators, 2008 Legacy Amendment supporters, and voters.

Relationship to Current Organizational Budget

Traditional public agency (DNR) funding sources have not been able to tackle a project of this magnitude or scope. If implemented as proposed, this project will be an ideal example of a multiple-use project that serves to protect a fish and wildlife habitat corridor along the Mississippi River and increase public recreational access for hunting and motorized/non-motorized recreational use (e.g. Cuyuna Lakes State Trail).

OHF funding would provide capital for the land acquisition work included in this proposal. These costs are not included in TPL's organizational budget. Additionally, TPL staff time, legal costs, and costs for appraisals, title & environmental investigation, and survey work is not included in this request. Acquisition-associated costs incurred by the agency as part of accepting ownership of these lands are included in the request. The L-SOHC funding will not substitute for any traditional funding sources

Sustainability and Maintenance

Fee title acquisition efforts as a part of this project will provide permanent habitat protection for this tract, forest land timber access, and related public recreational use. The property will be managed by Crow Wing County and will be incorporated into the County's Sustainable Forestry Management System. The County's forests are certified by two of the leading certification entities and it is intended that this property become dual certified as well. Funding for management will be provided by Crow Wing County from, among other sources, timber revenues generated from the property.

Any future (i.e. not including the existing snowmobile trail) non-paved trail considerations will follow the County's Comprehensive Recreation Trails Plan as adopted by the Crow Wing County board. If state trail designations are made possible in the future, alternate funding for acquisition, construction, and maintenance of those segments of the property would be sought.

Outcomes

The short and intermediate-term outcomes include:

- Access to a combined +/-6,000 contiguous acres for forest management
- Protection of +/- 2,000 acres of forestland from development and fragmentation
- This key private landholding that is surrounding by public land, including public forests, will be acquired to provide habitat and stand management with an eye toward ensuring no net loss of forestland.

- 2.7 miles of Mississippi River shoreline, including the shallow-lake-like Stump Bay that serves as a spawning area for bass, muskie, panfish, and other species, will be protected to ensure healthy populations of these and other fish.
- Trout stream shoreline, an entire lake, and numerous wetlands will be protected to ensure healthy fish populations.
- 2.7 miles of Mississippi River shoreline and +/- 240 acres of wetlands within a migratory bird route will be protected to ensure healthy wild rice beds as habitat for a wide range of game and nongame wildlife.
- +/- 2000 acres of land along the Mississippi River will be spared from development and thus able to trap, filter, and reduce water runoff, maintaining and protecting water quality
- Habitat for endangered or threatened species and species of special concern (gray wolf, red shouldered hawk, Blandings turtle, bald eagle, etc.) will be protected.
- A top-10 statewide destination for wild ricers will be protected for future sustainable recreational harvest
- Access to this +/- 2,000 acre property for high quality duck, deer, grouse and turkey hunting; wildlife viewing
- Critical corridors for longstanding snowmobile trail and future Cuyuna Lakes and Paul Bunyan State Trail connections will be secure.

The long-term outcome, which leaves a legacy, is that not only will this serve as important habitat, but it also provides public access to our globally important Mississippi River and to forestland. Forestland provides multiple enduring conservation benefits in the face of climate change and other major stressors:

o healthy terrestrial and aquatic habitat for fish, game, and other wildlife species

o abundant access to forestlands for outdoor recreation

o healthy watersheds and clean water

o healthy, attractive, livable communities

Accomplishment Timeline

| Activity | Milestone | Date |
|---|-----------|--|
| <i>Local input meeting(s) to frame use/design needs</i> | | <i>8/1-11/15/2011</i> |
| <i>Final use/design need settled, to meet draft accomplishment plan Council needs in November</i> | | <i>November 15, 2011</i> |
| <i>Fee title acquisition efforts</i> | | <i>Current through December 31, 2012</i> |
| <i>Complete acquisition</i> | | <i>December 31, 2012</i> |
| <i>Initial site development (inventory, classification, posting/signage, reclamation of gravel pit, etc).</i> | | <i>December 31, 2013</i> |
| <i>State trail alignment planning,</i> | | |

| | | |
|---|--|--|
| <i>for ultimate approval by LSOHC</i> | | |
|---|--|--|

Attachments (on spreadsheet workbook – 3 separate tabs):

- A. Budget
- B. Proposed Outcome Tables
- C. Parcel List

No Map is needed for the accomplishment plan

Attachment A. Budget Spreadsheet

| | |
|------------------------------|--|
| Name of Proposal: | Mississippi River Northwoods Habitat Complex |
| Legislative Citation: | |
| Date: | 11-May-12 |

[Link HERE to definitions of the budget items below.](#)

Total Amount of Request \$ 11,040,000 *From page 1 on the funding form.*

Personnel

| Position breakdown here | FTE | Over # of years | LSOHC Request | Anticipated Cash Leverage | Cash Leverage Source | Total |
|-------------------------|----------|-----------------|---------------|---------------------------|----------------------|-------|
| | | | | | | \$ |
| | | | | | \$ | - |
| | | | | | \$ | - |
| | | | | | \$ | - |
| | | | | | \$ | - |
| | | | | | \$ | - |
| | | | | | \$ | - |
| Total | 0 | | \$ - | \$ - | \$ - | \$ - |

Budget and Cash Leverage *(All your LSOHC Request Funds must be direct to and necessary for program outcomes.)*

Please describe how you intend to spend the requested funds.

| Budget Item | LSOHC Request | Anticipated Cash Leverage | Cash Leverage Source | Total |
|---|--|---------------------------|----------------------------------|---------------|
| | Personnel - <i>auto entered from above</i> | \$ - | \$ - | \$ - |
| Contracts | | | | \$ - |
| Fee Acquisition w/ PILT <i>(breakout in table 7)</i> | \$ 11,000,000 | \$ 3,000,000 | <i>P&T Legacy grant, RIM</i> | \$ 14,000,000 |
| Fee Acquisition w/o PILT <i>(breakout in table 7)</i> | | | | \$ - |
| Easement Acquisition | | | | \$ - |
| Easement Stewardship | | | | \$ - |
| Travel (in-state) | | | | \$ - |
| Professional Services | | | | \$ - |
| Direct Support Services | | | | \$ - |
| DNR Land Acquisition Costs | \$ 5,000 | | | \$ 5,000 |
| Initial Site Development Costs | \$ 35,000 | | | \$ 35,000 |
| Other | | | | |
| Capital Equipment <i>(auto entered from below)</i> | | | | \$ - |
| Other Equipment/Tools | | | | \$ - |
| Supplies/Materials | | | | \$ - |
| | \$ 11,040,000 | \$ 3,000,000 | \$ - | \$ 14,040,000 |

Capital Equipment *(single items over \$10,000 - auto entered into table above)*

| Item Name | LSOHC Request | Leverage |
|--------------|---------------|----------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total | - | - |

Attachment B. Output Tables

| | |
|------------------------------|--|
| Name of Proposal: | Mississippi River Northwoods Habitat Complex |
| Legislative Citation: | |
| Date: | 11-May-12 |

Table 1 and Table 3 column totals should be the same AND Table 2 and Table 4 column totals should be the same

If your project has lakes or shoreline miles instead of land acres, convert miles to acres for Tables 1 and 3 using the following conversion:

Lakeshore = 6 acres per lakeshore mile / Stream & River Shore = 12 acres per linear mile, if both sides

Table 1. Acres by Resource Type

Describe the scope of the project in acres (use conversion above if needed)

| | Wetlands | Prairies | Forest | Habitats | Total |
|------------------|----------|----------|--------|----------|-------|
| Restore | | | | | 0 |
| Protect Fee | | | | 1857 | 1857 |
| Protect Easement | | | | | 0 |
| Protect Other | | | | | 0 |
| Enhance | | | | | 0 |
| Total | 0 | 0 | 0 | 1857 | |

Total Acres (sum of Total column)
Total Acres (sum of Total row)

1857
1857 *These two cells should be the same figure.*

Table 2. Total Requested Funding by Resource Type

| | Wetlands | Prairies | Forest | Habitats | Total |
|------------------|----------|----------|--------|---------------|---------------|
| Restore | | | | | \$ - |
| Protect Fee | | | | \$ 11,040,000 | \$ 11,040,000 |
| Protect Easement | | | | | \$ - |
| Protect Other | | | | | \$ - |
| Enhance | | | | | \$ - |
| Total | \$ - | \$ - | \$ - | \$ 11,040,000 | |

Total Dollars (sum of Total column)
Total Dollars (sum of Total row)
Check to make sure this amount is the same as the Funding Request Amount on page 1 of Main Funding Form.

\$ 11,040,000
\$ 11,040,000 *These two cells should be the same figure.*

Table 3. Acres within each Ecological Section

| | Metro/Urban | Forest/Prairie | SE Forest | Prairie | Northern Forest | Total |
|------------------|-------------|----------------|-----------|---------|-----------------|-------|
| Restore | | | | | | 0 |
| Protect Fee | | | | | 1857 | 1857 |
| Protect Easement | | | | | | 0 |
| Protect Other | | | | | | 0 |
| Enhance | | | | | | 0 |
| Total | 0 | 0 | 0 | 0 | 1857 | |

Total Acres (sum of Total column)
Total Acres (sum of Total row)
Total Acres from Table 1.

1857
1857
1857 *These three cells should be the same figure.*

Attachment B. Output Tables

Table 4. Total Requested Funding within each Ecological Section

| | Metro/Urban | Forest/Prairie | SE Forest | Prairie | Northern Forest | Total |
|------------------|-------------|----------------|-----------|---------|-----------------|---------------|
| Restore | | | | | | \$ - |
| Protect Fee | | | | | \$ 11,040,000 | \$ 11,040,000 |
| Protect Easement | | | | | | \$ - |
| Protect Other | | | | | | \$ - |
| Enhance | | | | | | \$ - |
| Total | \$ - | \$ - | \$ - | \$ - | \$ 11,040,000 | |

Total Dollars (sum of Total column)

\$ 11,040,000

These two cells should be the same figure.

Total Dollars (sum of Total row)

\$ 11,040,000

Check to make sure these amounts are the same as the Funding Request Amount on page 1 of Main Funding Form.

Table 5. Target Lake/Stream/River Miles

miles of Lakes / Streams / Rivers Shoreline

Table 6. Acquisition by PILT Status (enter information in acres)

| | Wetlands | Prairies | Forests | Habitats | Total |
|---|----------|----------|---------|----------|-------|
| Acquired in Fee with State PILT Liability | | | | | 0 |
| Acquired in Fee w/o State PILT Liability | | | | 1857 | 1857 |
| Permanent Easement PILT Liability | | | | | 0 |
| | 0 | 0 | 0 | 1857 | |

Table 7. Estimated Value of Land Acquisition by PILT Status (enter information in dollars)

| | Wetlands | Prairies | Forests | Habitats | Total | |
|---|----------|----------|---------|---------------|---------------|---------------|
| Acquired in Fee with State PILT Liability | | | | | \$ - | \$ 14,000,000 |
| Acquired in Fee w/o State PILT Liability | | | | \$ 14,000,000 | \$ 14,000,000 | \$ - |
| Permanent Easement PILT Liability | | | | | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ 14,000,000 | | |

FYI: should match total in budget table that is auto entered below

Attachment C. Parcel List

Name of Proposal: Mississippi River Northwoods Habitat Complex
Legislative Citation: _____
Date: 5/11/2012

| County | Township (25-258) | Range (01-51) | Direction most parcels are 2 with the exception of some areas of Cook County which is 1 | Section (01 thru 36) | TRDS | # of acres | Budgetary Estimate (includes administrative, restoration or other related costs and do not include matching money contributed or earned by the transaction) | Description | Activity PF=Protect Fee PE=Protect Easement PO=Protect Other R=Restore E=Enhance | If Easement, what is the easement cost as a % of the fee acquisition? | Any existing protection? (yes/no) | Open to hunting and fishing? (yes/no) |
|-------------------------------------|-------------------|---------------|---|----------------------|-------------------|------------|---|---|---|---|-----------------------------------|---------------------------------------|
| Mississippi River Northwoods parcel | Crow Wing | 46 | 30 | 2 | 23,26,27,33,34,35 | 1857 | \$11,040,000 | Protect priority habitat, IDP, agency trans costs | PF | | no | yes |

Information provided will be used to map project locations. Incomplete or inaccurate information will result in that parcel or program not being mapped.

**STATE OF MINNESOTA
GRANT AGREEMENT
Outdoor Heritage Fund**

This grant agreement is between the State of Minnesota, acting through its Commissioner of Natural Resources ("State") and Crow Wing County, 322 Laurel Street Suite 12, Brainerd, Minnesota 56401 ("Grantee").

Recitals

1. Under Minn Laws 2012, Regular Session, Chapter 264, Article 1, Section 2, Subd 3(b) Mississippi Northwoods Habitat Complex Protection, \$11,040,000 the second year is from the fund to the commissioner of natural resources for an agreement with Crow Wing County to acquire land in fee along the Mississippi River in Crow Wing County to be added to the county forest system and as provided in Minnesota Statutes, section 84.026.
2. The State awards to the Grantee for the purpose of conducting the program entitled Mississippi Northwoods Habitat Complex Protection in the manner described in the Grantee's approved Accomplishment Plan.
3. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant agreement to the satisfaction of the State.

Grant Agreement

1. Term of Grant Agreement

1.1. **Effective date:** 7/1/2012.

No reimbursements will be made until or upon the date that the final required signature is obtained by the State, pursuant to Minnesota Statutes Section 16C.05, subdivision 2.

1.2. **Second year:** The "second year" is fiscal year 2013.

1.3. **Expiration date:** 6/30/2015, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

1.4. **Survival of Terms:** The following clauses survive the expiration or cancellation of this grant agreement: 10 Liability; 11 State Audits; 12 Government Data Practices and Intellectual Property; 14 Acknowledgment and Endorsement; 15 Governing Law, Jurisdiction, and Venue; 17 Data Disclosure; 20 Monitoring; and 25 Program Requirements.

1.5. **Incur Expenses:** Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after 7/1/2012, or the date the Accomplishment Plan is approved, whichever is later, are eligible for reimbursement unless otherwise provided in Attachment F, subd. 8.

2. Grantee's Duties

The Grantee, who is not a state employee, will:

See Attachment A, approved accomplishment plan, which is incorporated and made a part of this agreement. If applicable, the Grantee shall provide the State's authorized representative a copy of the revised accomplishment plan and the corresponding LSOHC approval letter within one week of any LSOHC approved changes to the accomplishment plan.

The Grantee agrees to complete the program in accordance with the approved budget to the extent practicable and within the program period specified in the grant agreement. Any material change in the grant agreement shall require an amendment by the State (see Section 8.2).

The Grantee shall be responsible for the administration, supervision, management, record keeping and program oversight required for the work performed under this agreement.

The Grantee is responsible for maintaining an adequate conflict of interest policy. Throughout the term of this agreement, the Grantee shall monitor and report any actual, potential, or perceived conflicts of interest to the State's Authorized Representative.

3. Time

The Grantee must comply with all the time requirements described in this grant agreement.

4. Consideration and Payment

- 4.1. **Consideration.** Consideration for all services performed by Grantee pursuant to this grant agreement shall be paid by the State as follows:
- 4.1.1. **Compensation.** Compensation in an amount not to exceed \$11,040,000, based on the following computation: See Attachment A for Project budget.
- 4.1.2. **Matching Requirements.** Grantee certifies that the following matching requirement for the Grant will be met by GRANTEE. The total project cost is \$11,040,000. Grantee agrees to match at least \$0 of this project cost.

THE TOTAL STATE OBLIGATION FOR ALL COMPENSATION AND REIMBURSEMENTS TO GRANTEE SHALL NOT EXCEED: ELEVEN MILLION FORTY THOUSAND DOLLARS.

Funds made available pursuant to this Agreement shall be used only for expenses incurred in performing and accomplishing the purposes and activities specified herein. Notwithstanding all other provisions of this Agreement, it is understood that any reduction or termination of funds allocated to the State may result in a like reduction to the Grantee.

4.2. Payment.

- 4.2.1. **Payment.** The State shall disburse funds to the Grantee pursuant to this Agreement on a reimbursement basis. The Grantee shall submit payment requests with required expenditure documentation, as defined in the current Reimbursement Manual, to the State for review and approval. The Grantee shall submit payment requests on a regular basis (i.e. quarterly). The Grantee shall submit a final billing within 30 days of the end of the program period, or the expiration of the grant as specified herein.
- If necessary, advance payments on grants shall be negotiated between the State and Grantee on a case by case basis. In order to make advance payments, the Grantee must prepare and submit a written justification to the State for approval that details the specific need to utilize advance payments. A copy of the signed justification must be maintained in the grant file. All advance payments on grants must be reconciled within 6 months of issuance or within 30 days of the end of the grant period, whichever comes first.
- 4.2.2. **Retainage.** The final reimbursement will be paid out when the State determines that the Grantee has satisfactorily fulfilled all the terms of this agreement, unless otherwise excluded by the State in writing.
- 4.2.3. **Federal funds.** (Where applicable, if blank this section does not apply) Payments under this grant agreement will be made from federal funds obtained by the State through Title _____ CFDA number _____ of the _____ Act of _____. The Grantee is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Grantee's failure to comply with federal requirements.

5. Use of Funds

- 5.1. The Grantee shall use the proceeds of this agreement only for the eligible direct expenditures of the Program as described in the approved accomplishment plan.
- 5.2. The Grantee may provide portions of the proceeds of this agreement to the State. Work done by the State must be so specified in the approved accomplishment plan. A letter shall be submitted to the State's authorized representative and include: the specific area of the accomplishment plan authorizing the work; the portion of the proceeds to be used by the State; the name, title, address, phone number and e-mail address for the State's staff member assigned to accomplish the work; the expected completion date of the work; and a brief description of the nature of the work sufficient as the basis for judgment of whether or not the work was accomplished. The State will have the opportunity to review the letter and approve the work prior to accepting the funds. The Grantee's proceeds available under clause 4, Consideration and Payment, of this agreement shall be reduced by the amount provided for State use. In return, the State agrees to report back to the Grantee as to how appropriation funds were spent once the work is completed.

6. Conditions of Payment

All services provided by the Grantee under this grant agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law. The Grantee will be bound to the current Reimbursement Manual, as provided by the State.

7. Authorized Representative

The State's Authorized Representative is Kristel Lynch, Grants Manager, 500 Lafayette Road, St Paul, MN 55155-4010, 651-259-5533, or his/her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative is Kirk Titus, Land Services Supervisor, Crow Wing County Land Services, 322 Laurel Street Suite 12, Brainerd, Minnesota 56401, 218-824-1138, kirk.titus@crowwing.us or his/her successor. The Grantee's Fiscal Agent is Mike Carlson, Accounting & Finance Manager, Crow Wing County, 326 Laurel Street, Suite 22, Brainerd, MN 56401. If the Grantee's Authorized Representative changes at any time during this grant Agreement, the Grantee must immediately notify the State.

8. Assignment, Amendments, Waiver, and Grant Agreement Complete

- 8.1. **Assignment.** The Grantee may neither assign nor transfer any rights or obligations under this grant agreement without the prior consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this grant agreement, or their successors in office.
- 8.2. **Amendments.** Any amendment to this grant agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant agreement, or their successors in office.
- 8.3. **Waiver.** If the State fails to enforce any provision of this grant agreement, that failure does not waive the provision or its right to enforce it.
- 8.4. **Grant Agreement Complete.** This grant agreement contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant agreement, whether written or oral, may be used to bind either party.

9. Subcontractors

The Grantee agrees that if it subcontracts any portion of this Program to another entity, the agreement with the subcontractor will contain all provisions of the agreement with the State and approved accomplishment plan in its entirety. The Grantee will refer to the Subcontractors section in the current Reimbursement Manual, as provided by the State.

10. Liability

The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant agreement by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant agreement.

11. State Audits

Under Minn. Stat. §16C.05, subd. 5, the Grantee's books, records, documents, and accounting procedures and practices relevant to this grant agreement are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant agreement.

12. Government Data Practices and Intellectual Property

12.1 **Government Data Practices.** The Grantee and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by the State under this grant agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant agreement. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this clause by either the Grantee or the State.

If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released.

12.2 **Intellectual Property Rights (if applicable).**

12.2.1. **Intellectual Property Rights.** The State owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the Works and Documents *created and paid for under this contract*. Works means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Grantee, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this contract. Works includes "Documents." Documents are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Grantee, its employees, agents, or subcontractors, in the performance of this contract. The Documents will be the exclusive property of the State and all such Documents must be immediately returned to the State by the Grantee upon completion or cancellation of this contract. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." The Grantee assigns all right, title, and interest it may have in the Works and the Documents to the State. The Grantee must, at the request of the State, execute all papers and perform all other acts necessary to transfer or record the State's ownership interest in the Works and Documents.

12.2.2. **Obligations.**

- (A) **Notification.** Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the Grantee, including its employees and subcontractors, in the performance of this contract, the Grantee will immediately give the State's Authorized Representative written notice thereof, and must promptly furnish the Authorized Representative with complete information and/or disclosure thereon.
- (B) **Representation.** The Grantee must perform all acts, and take all steps necessary to ensure that all intellectual property rights in the Works and Documents are the sole property of the State, and that neither Grantee nor its employees, agents, or subcontractors retain any interest in and to the Works and Documents. The Grantee represents and warrants that the Works and Documents do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 8, the Grantee will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the State, at the Grantee's expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of the Works or Documents infringe upon the intellectual property rights of others. The Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Grantee's or the State's opinion is likely to arise, the Grantee must, at the State's discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing Works or Documents as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

13. Workers' Compensation

The Grantee certifies that it is in compliance with Minn. Stat. § 176.181, subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

14. Acknowledgment and Endorsement

14.1 *Acknowledgment.* The Grantee receiving an appropriation from the fund must acknowledge financial support from the Outdoor Heritage Fund in program publications, signage and other public communication and outreach related to work completed using the appropriation. Acknowledgment may occur, as appropriate, through use of the fund logo or inclusion of language attributing support from the fund. Grantee should also reference Attachment F.

14.2 *Endorsement.* The Grantee must not claim that the State endorses its products or services.

15. Governing Law, Jurisdiction, and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this grant agreement. Venue for all legal proceedings out of this grant agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

16. Termination

The State may cancel this grant agreement at any time, with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

17. Data Disclosure

Under Minn. Stat. § 270C.65, Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

18. American Disabilities Act

The Grantee must comply with the accessibility guidelines. Structural and nonstructural facilities must meet the design standards in the Americans with Disabilities Act (ADA) accessibility guidelines.

18.1 Americans with Disability Act Accessibility Guidelines for Buildings and Facilities (ADAAG), 2002.

19. Reporting Requirements

The Grantee is bound to reporting requirements in Attachments A and F, as well as Attachments E and G (if applicable).

20. Monitoring

The State shall be allowed at any time to conduct periodic site visits and inspections to ensure work progress in accordance with this grant agreement, including a final inspection upon program completion. At least one monitoring visit per grant period on all state grants of over \$50,000 will be conducted and at least annual monitoring visits on grants of over \$250,000.

Following closure of the program, the State's authorized representatives shall be allowed to conduct post-completion inspections of the site to ensure that the site is being properly operated and maintained and that no conversion of use has occurred.

21. Invasive Species Prevention

Grantees and subcontractors must follow Minnesota DNR's Operational Order 113, which requires preventing or limiting the introduction, establishment and spread of invasive species during activities on public waters and DNR-administered lands. This applies to all activities performed on all lands under this grant agreement and is not limited to lands under DNR control or public waters. Duties are listed under Sections II and III (p. 5-8) of Operational Order 113 which may be found at http://files.dnr.state.mn.us/assistance/grants/habitat/heritage/oporder_113.pdf.

22. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions

- 22.1 The prospective lower tier participant certifies, by submission of this agreement, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- 22.2 Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this agreement.

23. In the Event of a Lawsuit

The grant funded by an appropriation or portion of an appropriation from a legacy fund will be canceled to the extent that a court determines that the appropriation unconstitutionally substitutes for a traditional source of funding.

24. Affirmative Action

For agreements in excess of \$100,000.00, the Recipient must certify that it is in compliance with Minn. Stat. 363A.36 - Certificates of Compliance for Public Contracts. Counties, cities and schools are no longer required to comply with the Affirmative Action Certification requirement. Recipient agencies or organizations that did not have more than 40 full time employees in the State of Minnesota on a single working day during the previous 12 months are also not required to comply with the Affirmation Action Certification requirement.

25. Program Requirements

The grantee must comply with Attachment F, Additional Outdoor Heritage Fund Requirements. The attachment is subject to changes in law and the DNR Authorized Representative will notify Grantee of modifications.

Attachments:

- A. Current Accomplishment Plan with LSOHC Approval Letter
- B. Certification or Approval by Recipient's Board or Council
- C. Evidence of Compliance with or Exemption from Affirmative Action Certification
- D. Conflict of Interest Statement
- E. Land Acquisition and Reporting Procedures (if applicable)
- F. Additional Outdoor Heritage Fund Requirements
- G. Other Reporting Requirements: _____

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Statutes 16A.15 and 16C.05.

Signed: Kym Montgomery
 Date: 7/9/12

SWIFT PO No. #3000022142 Contract 49166

3. STATE AGENCY

By: [Signature]
 (with delegated authority)
 Title: CFO-OMB5
 Date: 10/8/12

2. GRANTEE

The Grantee certifies that the appropriate person(s) have executed the grant agreement on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: [Signature]
 Title: Timothy J. Houle, County Administrator
 Date: 09-25-12

By: _____
 Title: _____
 Date: _____

Distribution:
 Agency
 Grantee
 State's Authorized Representative - Photo Copy

Appendix A: Recreational Trail Development and Improvement Request Form

Form OP8-01 Version 4 - Last Revised: April 13, 2012

Recreational Trail Development & Improvement Request

The following request must be filled out completely, submitted to, and signed by the County Land Services Department.

The following conditions apply to all trail development or improvement activities:

- Request forms must be filled out completely and submitted to the Land Services Department.
- The User Group or organization conducting the activity is responsible for any and all required permits (i.e., water crossings) including fees and construction costs.
- Any unauthorized activities may be charged with a "land use trespass" and possibly be ordered to restore the area to its previous condition (M.S. 92.70).
- All projects must incorporate appropriate recommendations from the Minnesota Department of Natural Resources and "Trail Planning Design & Development Guidelines" manual for recreational trails.
- If a proposed project exceeds \$5,000, the County may require a design approval from a licensed civil engineer.
- Contractors must be property insured and qualified to perform required tasks.
- Attach a map in sufficient detail to show the proposed activity.
- Proposed project must be designed for safe recreation.

Please completely answer the following questions:

| | | | |
|---|------------------------------------|---|--------------------------|
| Name of Organization Cuyuna Iron Range Riders | | Contact Person Russell Heittola | |
| Address PO Box 301 | City Crosby | State MN | Zip code 56411 |
| Telephone Number 218-825-0441 | Day 218-825-0441 | Evening 218-825-0441 | |
| Fax | Cell Number 218-839-0001 | Email Address heittola@brainerd.net | |

Name of Project: Mississippi River Northwoods Trail

Location

Township: Oak Lawn

Range: _____

Section: _____

Project Miles

New Trail Construction: 0

Trail Reconstruction: _____

What is the purpose of this project?

To provide a sustainable Multi-Use trail system in this area. This trail system would utilize existing forest roads and trails on County lands.

County land managers will use the following criteria to evaluate trail proposals and to improve trail planning, design and maintenance. The criteria are designed to evaluate and have the flexibility to address the variety of situations that exist. The results of the evaluation provide information about the potential impacts of the trail and mitigations that may be needed.

From the applicant's perspective, how does this trail project affect the following criteria?

1. Visual Quality and Landscape - Scenic Features, Points of Interest

Area provides scenic sites along the Mississippi River for overlooks and picnic areas. Interpretive possibilities in this area along the Mississippi River.

2. Trail Linkages and Networks - Linkages to existing trails and systems

Possible linkage in the future to the Southern Loop Trail, the Miller Black Bear Area Trails and the city of Brainerd.

3. Impacts on Adjacent Private Properties - Need for easements, permits or mitigations outside of county lands

No impacts identified.

4. Proximity to Services - Gas, food, lodging, water, campgrounds, rest stops

4 miles to city of Brainerd. 6 miles to Cities of Crosby and Ironton. (gas, food, lodging and services)

5. Public Support - Clubs and User Groups

Cuyuna Iron Range Riders, Central Lakes ATV Club. Other public support information can be provided upon request.

6. Plan for Maintenance - Available funds and partnerships

Local club would secure local government unit as a sponsor and apply for GIA funds thru the MN DNR trails assistance program. Possible grants from manufactures and other organizations.

7. Public Safety Considerations - Access for emergency services or hazards

A well maintained signed and mapped trail reduces hazards and provides easier access and location for emergency services.

8. Availability of Parking Areas

As noted on map (3 parking areas).

9. Opportunities for Interpretive Information and Public Education

The Mississippi River provides many opportunities for education and interpretative locations.

10. Soil Conditions, Slope and Grade - Degree of impact and mitigations

Sandy to gravel and rolling hills with minimal slopes capable of maintaining environmentally sound and safe recreational trails. Trails will be maintained in accordance with the MN DNR's Trail Planning and Design Guidance Manual.

11. Rare, Threatened or Endangered Species or Habitats - Degree of risk and impact

Not aware of any.

12. Wetlands and Public Waters - Degree of impact, permitting and mitigations

No wet land impact identified. Proposed trail system uses existing trails and forest roads.

13. Cultural Resources or Historic Sites - Degree of risk and impact

This area is along the Mississippi River which provides opportunities for scenic over looks and picnic areas. Use of existing trails mitigates the possibility of any impact on any cultural or historic site.

Costs - Estimated costs of this project and who will be covering the costs? Is project eligible for the DNR Grant-in-Aid program?

The CIRR ATV club will apply for the necessary GIA funds thru the MN DNR trails assistance program. Construction cost are projected to be minimal due to the use of existing forest roads and trails.

Equipment - What type of equipment is required for construction and maintenance?

Light equipment and hand tools.
i.e.- Small tractor skid loader, pull grader, chainsaw and other as needed

Trail Construction - Timeline, User Group Involved, Contractors, Miles

No initial trail construction due to trails already in existence.

Trail Maintenance Plan (ie. mowing, clearing, signage, blading etc.)

A general Trail Maintenance Plan for shall be submitted by the User Group. The request will include a general time frame for each activity Indicate by "X" which months this work will occur.


| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Clearing | | | | X | X | X | X | X | X | X | | |
| Mowing | | | | | | | X | | X | | | |
| Signage | | | | | X | X | X | X | X | X | | |
| General Maintenance | | | | | X | X | X | X | X | X | | |

Dates of Project


Starting date: _____

Completion date: _____

The above plan is complete to the best of our knowledge and will be carried out to the best of our abilities.

 (Russell Heitola) _____ 11/5/14 _____
Trail Representative Date

The above Recreation Trail Development and Improvement proposal has been received by the County Land Services Department.

 (for Kick Titus) _____ 11/23/2014 _____
Land Services Supervisor Date

Recreation Trail Proposal and Planning Process



The Comprehensive Recreation Trail Plan establishes a consistent and step-wise planning process for the proposal and development of recreation trails. The process provides for an evaluation of trail feasibility and potential social, environmental and economic impacts. The process also provides for public consultation opportunities and formal approval from the County Board.

This is the general process for proposing and planning recreation trails on lands managed by the Crow Wing County Land Services Department.

Step 1: Preliminary Project Discussion (1-3 months)

Outcome: Completion of "Recreational Trail Development & Improvement Request" form

- This step includes preliminary trail proposal discussions between staff and interested parties. Trail project ideas may be brought forward by Land Services Department staff, Crow Wing County residents, clubs or user groups, and other interested parties that have knowledge of the area of county land where the trail may be considered and experience with the type of recreation being proposed. The Recreational Trail Development and Improvement Request Form can be found online at: <http://www.co.crow-wing.mn.us/DocumentView.aspx?DID=2349>

Step 2: Feasibility Evaluation (3-9 months)

Outcome: Development of Trail Project Brief to include:

- map of potential trail location(s)
- summary of trail purpose and intended uses
- evaluation of trail feasibility criteria and impact assessment including environmental and community impact considerations
- identification of project partners
- estimate of trail construction timeline and costs
- description of general maintenance plan
- This step includes staff conducting an investigation of the trail proposal to evaluate feasibility and to gather preliminary information to inform further decision-making. The staff review includes evaluation of potential impacts and recommended mitigations.

Step 3: Public Consultation

Outcome: Recommendation from the Advisory Committee to Implement or Amend the Proposed Project

- This step includes staff making the Trail Project Brief publicly available (including the option of a 30-day public comment period) and presenting the Trail Project Brief to a citizen's committee for review and recommendation. The Advisory Committee is a citizen committee that provides direction on a wide range of management and land use considerations affecting the county managed lands. The committee meets quarterly with meetings open to the public.

Step 4: Project Approval (1-3 months)

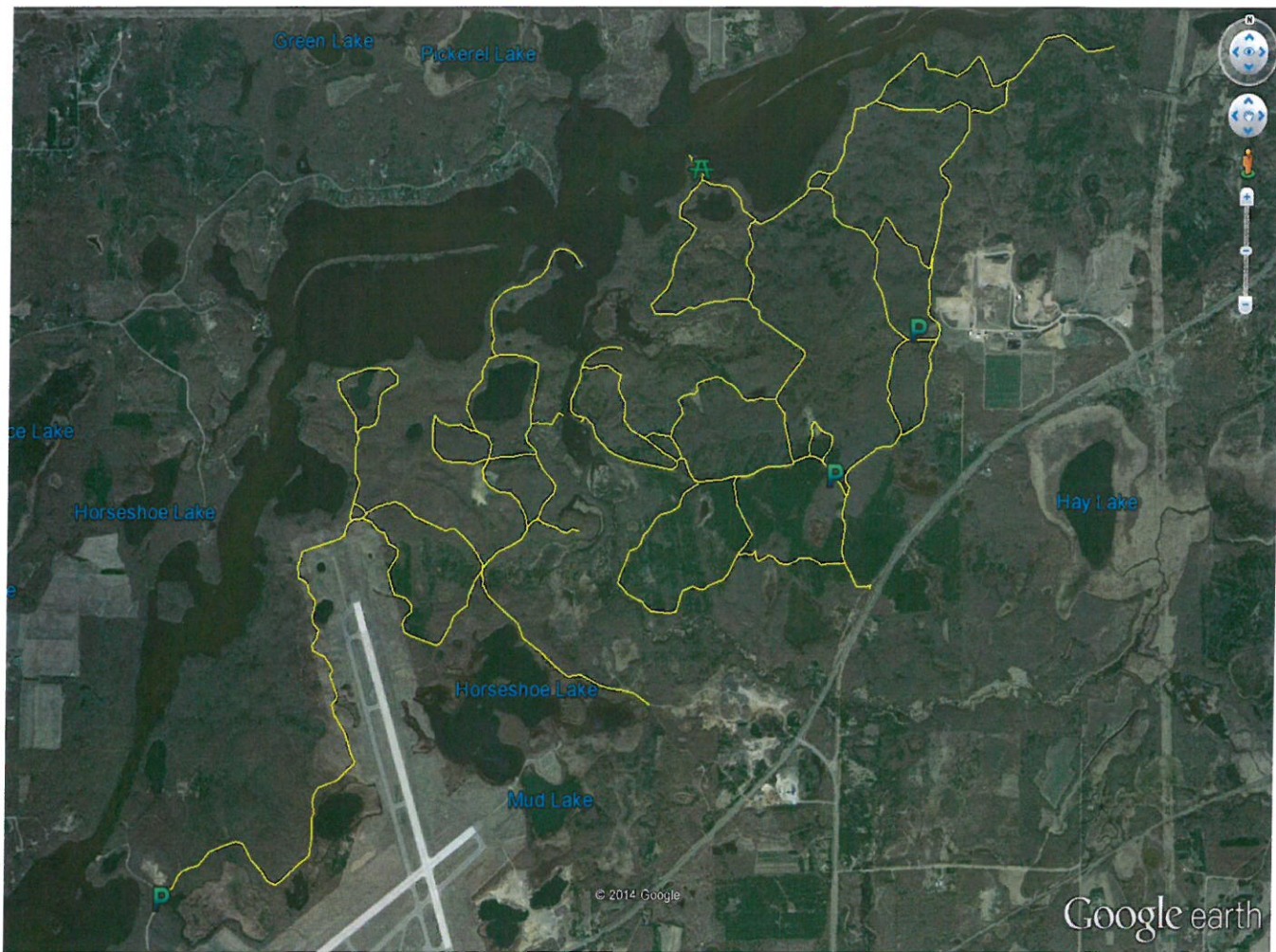
Outcome: Decision from the County Board to Implement, Amend or Abandon the Proposed Project

- This step includes staff presenting the Trail Project Brief to the County Board for review and consideration, including consideration of the recommendation from the citizen's committee and any changes that were made in response to the citizen review. The presentation of the Trail Project Brief would be included in the agenda for the board meeting and the meetings are open to the public.

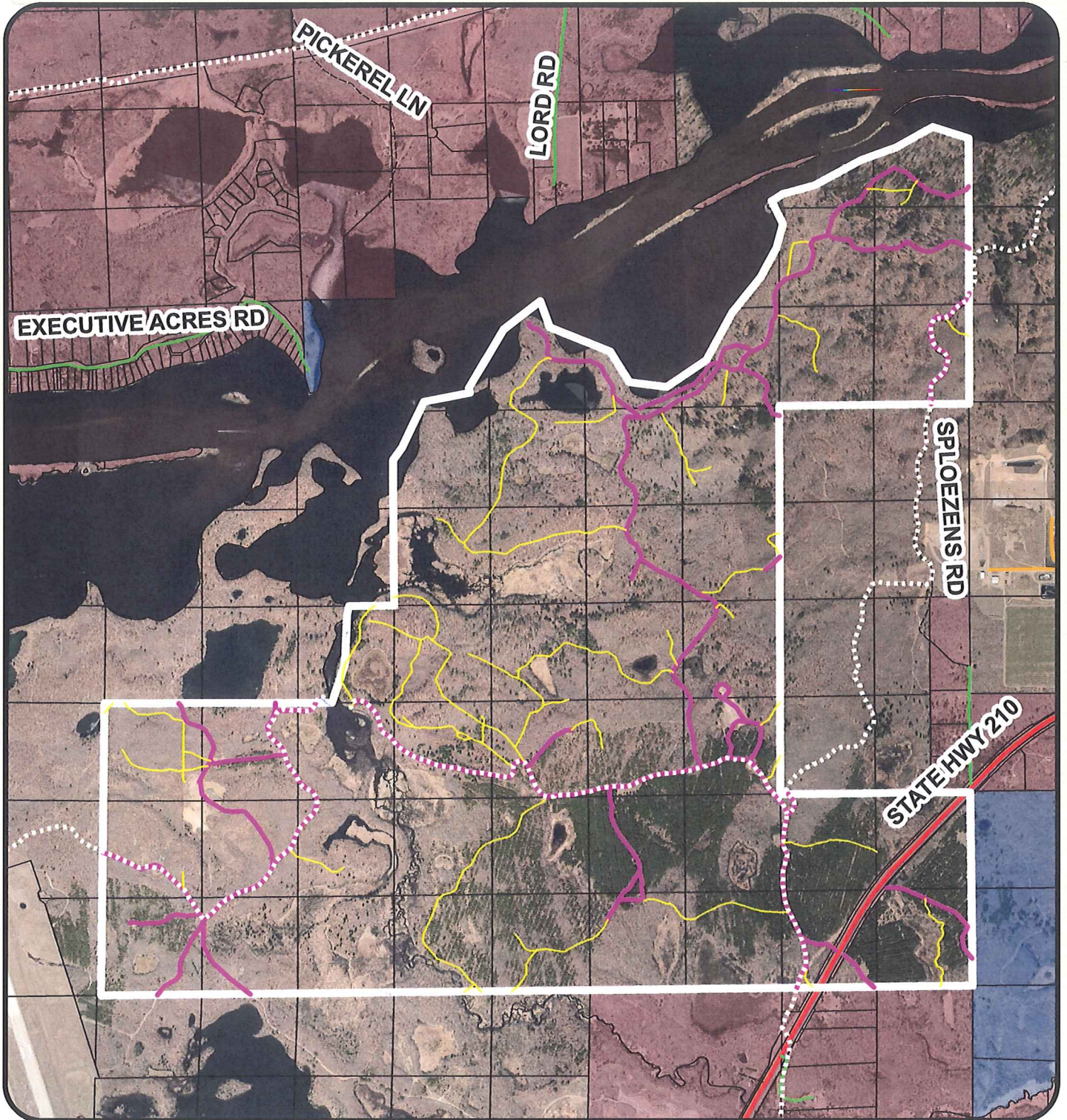
Step 5: Project Development (6-36 months)

Outcome: Trail Development

- This step includes further development of the trail project and will vary significantly depending on the scale and scope of the project. It is important to note that if the proposed trail is intended to be part of the Minnesota Department of Natural Resources Grant-in-Aid Program the 7-Step GIA Trail Proposal Review Process will be used.
- Activities within this step may include:
 - engineering or design work
 - environmental reviews and permitting
 - additional public consultation
 - grant application, funding allocation
 - promotional planning and marketing, including trail naming
 - acquisition of easements as necessary
 - development of a long-term maintenance plan or agreement








Trail Inventory of the Mississippi River Northwoods Acquisition Oak Lawn Township, sections 23, 26, 27, 33-35



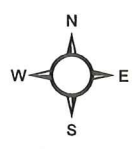
0 0.2 0.4 0.8 Miles

Existing forest trails = 19.6 mi.

Legend

-  Miss. Rvr Nthds Boundary
-  Parcel data
-  GIA snowmobile trails
-  ROW width > 10 ft (10.5 mi.)
-  ROW width < 10 ft (9.1 mi.)

1 inch equals 0.37 miles



Crow Wing County
Public Land Management
322 Laurel Street, Suite #12

For non-legal, reference use only

3/9/2015

Crow Wing County Coordinates (projection) ArcGIS 10.1

218-824-1115