

m DEPARTMENT OF
NATURAL RESOURCES

Division of Forestry
1810-30th St. NW
Faribault, MN 55021

May 1, 2018

Mark Johnson Executive Director
Lessard-Sams Outdoor Heritage Council
100 Rev. Dr. Martin Luther King Jr. Blvd.
State Office Building, Room 95
St. Paul, MN 55155

Mark:

This letter updates information that was provided to you in a previous letter dated April 17, 2018.

I am writing to provide notice to the Lessard-Sams Outdoor Heritage Council of final resolution of the transmission line easements for the Great Northern Transmission Line ("GNTL") over Blandin Paper Company ("Blandin") and Meriwether Minnesota Land & Timber LLC ("Meriwether") conservation easement lands in Itasca and Koochiching Counties.

On July 31, 2017 the Council met and reviewed DNR's request for Council consent to the transmission line easements for the GNTL over Blandin and Meriwether conservation lands in Itasca and Koochiching Counties. The Council approved the matter at its July 31, 2017 meeting and further stated that funds received from the sale of the transmission line easement over areas impacting the Blandin easement should be repaid to the Outdoor Heritage Fund and funds received by sale of the transmission line over areas impacting the Meriwether easement were to be repaid to the Nature Conservancy as the Nature Conservancy wholly provided funding for the Meriwether easement.

Minnesota Power and Blandin have executed a transmission line easement, DNR has consented to the transmission line easement and all parties have agreed on compensation. Minnesota DNR has reviewed and certified the appraisals conducted by Minnesota Power for the transmission line easements. The appraisal concluded that the value of the easement taking land for the Blandin portion of the GNTL was \$122,400. The State's share of the total funds received was \$50,200 or approximately 41%. The Outdoor Heritage Fund is entitled to receive \$39,156 or approximately 78% of the State's compensation, as the Outdoor Heritage Fund contributed approximately 78% of the acquisition costs for the Blandin conservation easement. DNR is

intending to remit payment of \$39,156 to the Outdoor Heritage Fund as the Outdoor Heritage Fund's proportional share of the State's proceeds.

Minnesota Power and Meriwether have executed a transmission line easement, DNR has consented to the transmission line easement and all parties have agreed on compensation. The appraisal concluded that the value of the easement taking land for the Meriwether portion of the GNTL was \$16,620. The Nature Conservancy has also consented to the transmission line easement and agreed on the compensation amount. The State's share of the total funds received was \$12,500, all of which have been repaid to the Nature Conservancy as their proportional share of the proceeds.

I hope this letter is consistent with your understanding of these complex transactions. If you have any questions, feel free to contact me to discuss.

Sincerely,



Richard Peterson
Forest Legacy Coordinator
Minnesota Department of Natural Resources

Equal Opportunity Employer

DNR Forestry 1810-30th St. NW Faribault, MN 55021

July 7, 2017

Mark Johnson Executive Director
Lessard-Sams Outdoor Heritage Council
100 Rev. Dr. Martin Luther King Jr. Blvd.
State Office Building, Room 95
St. Paul, MN 55155

Mark:

I am writing to you regarding two Conservation Easements for which funding was provided by the Outdoor Heritage Fund. These easements were granted by Blandin Paper Company (“Blandin”) and Meriwether Minnesota Land & Timber LLC (“Meriwether”) in favor of the State of Minnesota. Minnesota Power is proposing to acquire an easement for the Great Northern Transmission Line over lands in Itasca County (Blandin Easement) and Koochiching County (Meriwether Easement) subject to these Conservation Easements. DNR has been asked to consent to the transmission line easement.

Minnesota Power is building the Great Northern Transmission Line which will deliver hydropower generated by Manitoba Hydro to customers in the United States. Copies of the right-of-way plats are attached for your information. The Minnesota Public Utilities Commission approved the Route Permit Application for the Great Northern Transmission Line via final written order on April 11, 2016.

Minnesota Statutes (Minnesota Statutes section 97A.056, subd. 15(b)) require that a recipient of funding that acquires an interest in real property subject to this subdivision may not alter the intended use of the interest in real property or convey any interest in the real property acquired with the appropriation without the prior review and approval of the Lessard-Sams Outdoor Heritage Council. A Notice of Funding Restriction filed for these easements in Itasca (Document No. 645747) and Koochiching (Document No. 282101) Counties also requires that Lessard-Sams Outdoor Heritage Council consent to the conveyance of any interest.

There are three steps to the easement conveyance process. First, the landowner must negotiate transmission line easements with Minnesota Power. While DNR does not need to approve the final purchase price, DNR does need to ensure that the purchase price equals or exceeds fair market value and the easement terms do not interfere with the purposes of the Conservation Easement. DNR is currently reviewing the appraisal completed by Minnesota Power and will inform the Council of the outcome of the appraisal review as soon as possible. Second, the parties must obtain approval of the Outdoor Heritage Council for the transaction. Third, the landowner would execute a transmission line easement in favor of Minnesota Power and then DNR would execute a consent to the transmission line easement.

The Blandin Conservation Easement encumbers 187,876 acres in Aitkin, Beltrami, Cass, Clearwater, Itasca, Koochiching and St. Louis Counties. The proposed transmission line right-of-way affects

portions of the easement area in Itasca County as shown in the map attachment. The total area impacted is approximately 320.84 acres. Pursuant to the terms of the Conservation Easement, DNR is entitled to a proportional share of .41 of any funds received by the sale of a transmission line easement. DNR would have to use proceeds consistently with the purposes of the Outdoor Heritage Fund. As an alternative to distributing a proportional share to DNR, Blandin could subject replacement property to the Conservation Easement pursuant to Minnesota Statutes section 97A.056, subd. 15(b) as long as replacement properties are equal in market value and reasonably equivalent in location and conservation purpose. The Lessard-Sams Outdoor Heritage Council would have to approve the replacement property. Blandin is currently pursuing this option. If this option is selected, DNR would work with Blandin to prepare a proposal for the Outdoor Heritage Council's consideration and approval.

The Meriwether Conservation Easement encumbers 6,966 acres in Koochiching County. The proposed transmission line impacts approximately 34.74 acres as shown in the map attachment. Pursuant to the terms of the Conservation Easement, DNR is entitled to a proportional share of .59 of any sale of a transmission line easement. Meriwether is not considering replacement property as an alternative to distributing the funds. The Meriwether Conservation Easement further provides that the DNR must reimburse the Nature Conservancy if interests acquired with funds from the Nature Conservancy are sold or exchanged. The Nature Conservancy provided 100% of the funding for the Meriwether Easement, and therefore all funds received by DNR will be remitted to the Nature Conservancy.

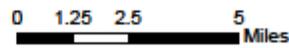
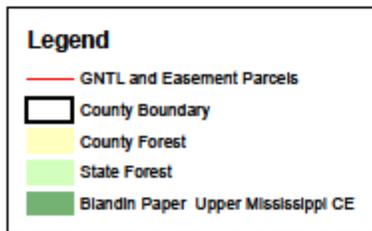
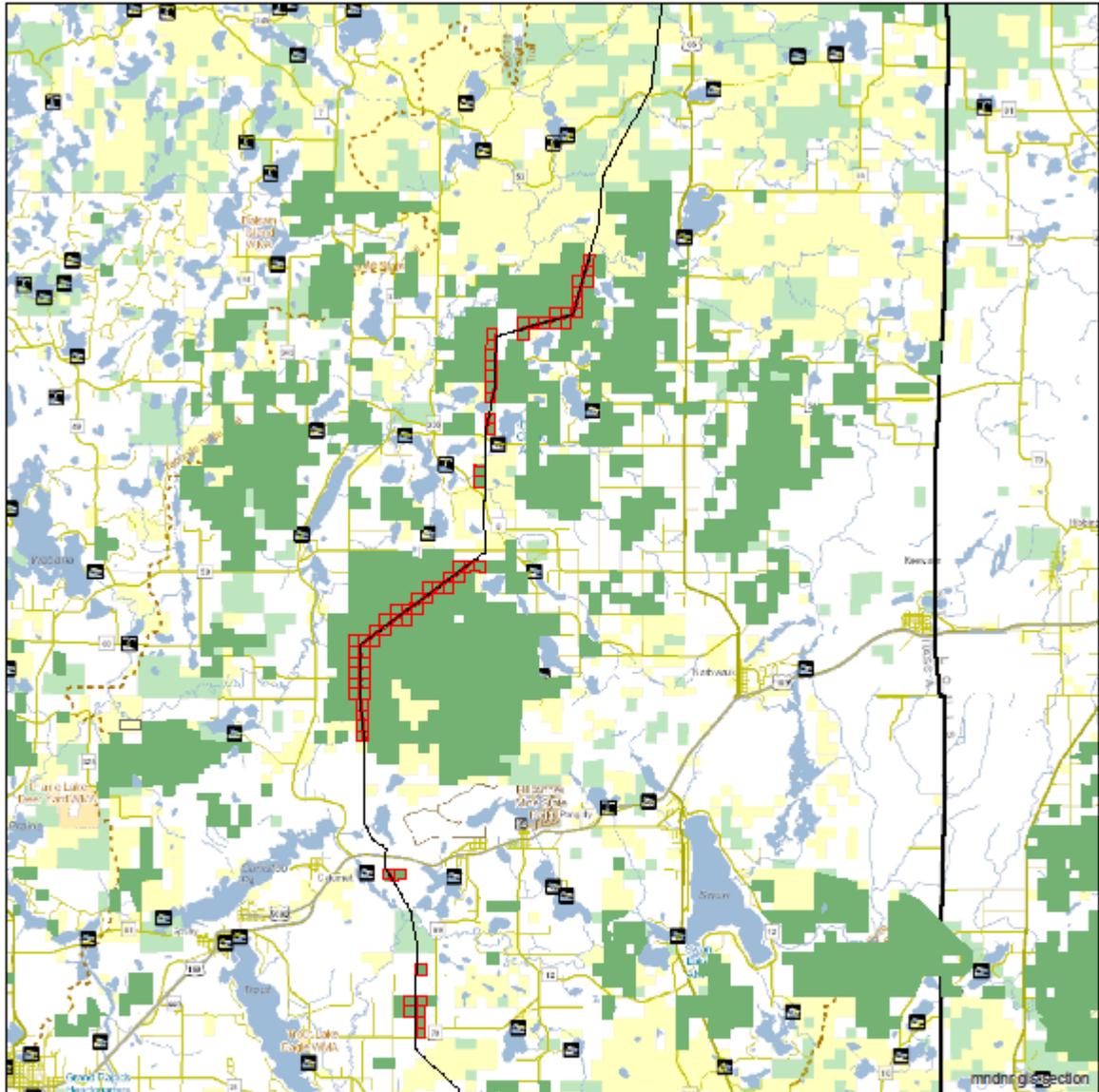
Please forward your written consent to these transactions at your earliest convenience. In addition, if you have further questions or concerns regarding this, please contact me to discuss.

Sincerely,

Richard Peterson
Forest Legacy Coordinator
1810-30th St. NW
Faribault, MN 55021
Phone: 507 333-2012 x222

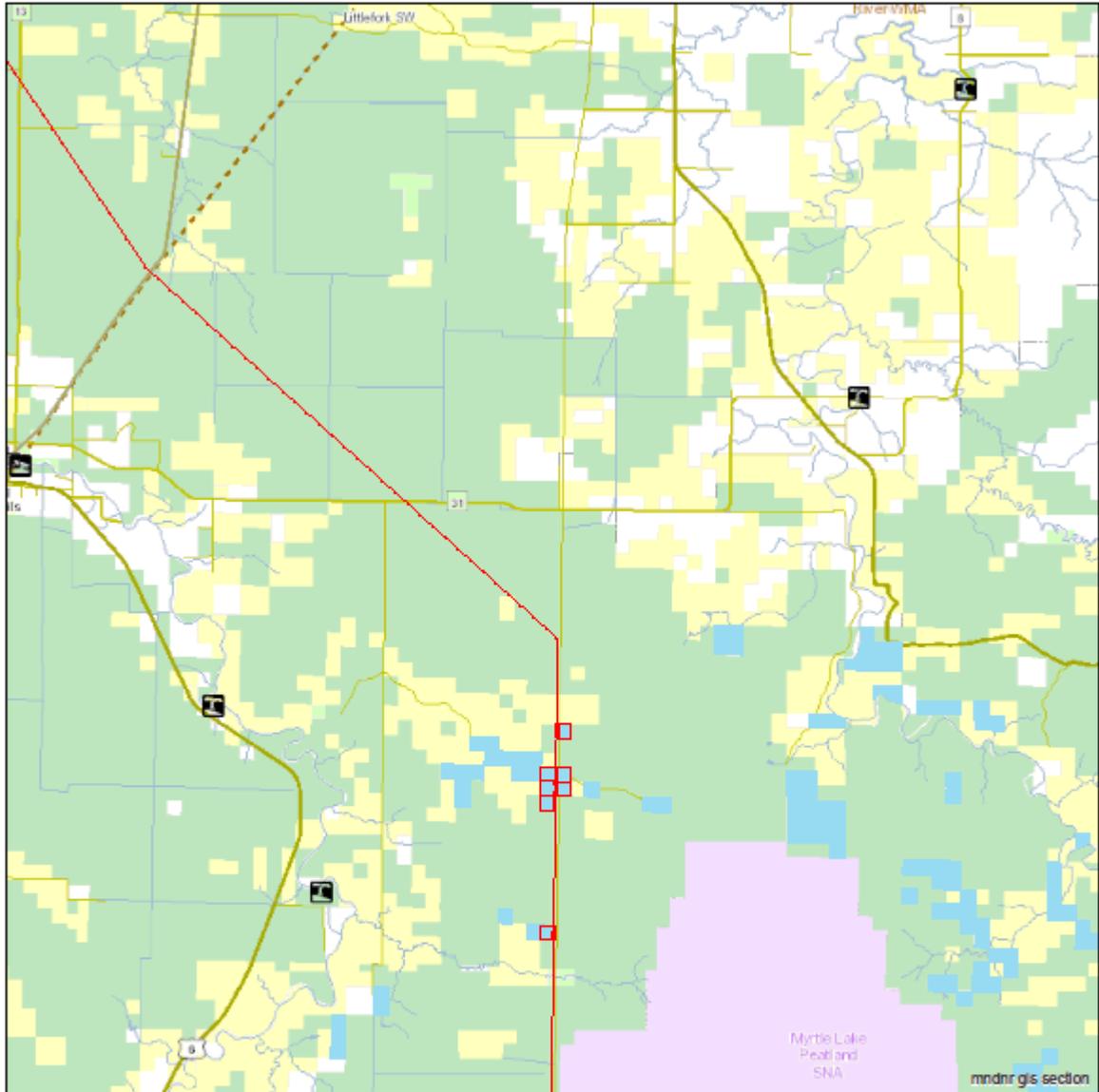
Enc. Right-of-way maps (2)
Right-of-way plats (2)

Blandin Parcels with Great Northern Transmission Line



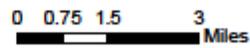
Right-of-way map – Blandin Paper Company

Meriwether Parcels with Great Northern Transmission Line



Legend

- GNTL and Easement Parcels
- ▭ County Boundary
- County Forest
- State Forest
- Meriwether CE - Koochiching Phase 4



Right-of way map – Meriwether Minnesota Land & Timber LLC