



Board of County Commissioners Agenda Request

6A
Agenda Item #

Requested Meeting Date: February 13, 2018

Title of Item: Public Hearing - APT Peat Lease

<input checked="" type="checkbox"/> REGULAR AGENDA	Action Requested:	<input type="checkbox"/> Direction Requested
<input type="checkbox"/> CONSENT AGENDA	<input type="checkbox"/> Approve/Deny Motion	<input type="checkbox"/> Discussion Item
<input type="checkbox"/> INFORMATION ONLY	<input checked="" type="checkbox"/> Adopt Resolution (attach draft) <i>*provide copy of hearing notice that was published</i>	<input checked="" type="checkbox"/> Hold Public Hearing*

Submitted by: Land Commissioner	Department: Land Department
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Presenter (Name and Title): Mark Jacobs	Estimated Time Needed: 30-minutes
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Summary of Issue:

Public hearing regarding request the lease tax-forfeited property for potential peat extraction in township's 44-24 and 47-25, by American Peat Technology of Aitkin.

Attached is information on the lease request and a draft resolution.

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:

Financial Impact:

Is there a cost associated with this request? Yes No

What is the total cost, with tax and shipping? \$

Is this budgeted? Yes No *Please Explain:*

Public Hearing - Peat Lease - American Peat Technology

The Aitkin County Board will be holding a public hearing per MN Statute 202.04 on February 13, 2018 at 11:00 AM in the Aitkin County Courthouse boardroom, regarding peat lease proposals on County tax-forfeited lands in Kimberly and Seavey Townships, in Aitkin County.

Information on the lease proposal is available on the County website:
<http://www.co.aitkin.mn.us/>

Questions on the process should be addressed to;
Mark Jacobs, Land Commissioner at 218-927-7367

*On 1/23/2018 I posted this in 3 public places in the Aitkin County Courthouse.
-BSH*

Jan. 31, 2013
**PUBLIC HEARING
PEAT LEASE
AMERICAN PEAT
TECHNOLOGY**

The Aitkin County Board will be holding a public hearing per MN Statute 202.04 on February 13, 2018 at 11:00 A.M. in the Aitkin County Courthouse boardroom, regarding peat lease proposals on County tax-forfeited lands in Kimberly and Seavey Townships, in Aitkin County.

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STATE OF MINNESOTA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS AND MINERALS

PEAT LEASE
PURSUANT TO
MINNESOTA STATUTES 2016, SECTIONS
92.50; 282.04, SUBD. 1; AND 471.59.

Lease No. MLPN200002

This lease agreement is made this 2nd day of March, 2018, by and between the State of Minnesota, under the authority and subject to the provisions of Minnesota Statutes 2016, Sections 92.50, 282.04, subd. 1, and 471.59, and acting by and through its Commissioner of Natural Resources, for itself and for the County of Aitkin pursuant to the Joint Powers Agreement dated February 6, 2017, and as amended, hereinafter called the state, and

American Peat Technology, LLC
36203 350th Avenue
Aitkin, Minnesota, 56431, a Minnesota limited liability company,

hereinafter called the lessee.

By resolution adopted on March 1, 2018, the State Executive Council approved the execution of this lease. A copy of this resolution is attached hereto and marked "Exhibit A".

NOW, THEREFORE, in consideration of the premises and agreements herein contained, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO, as follows:

1. TERM; DESCRIPTION OF LEASED PREMISES. The state, for and in consideration of the sum of Four hundred seventy-eight and 82/100 (478.82) Dollars to it in hand paid by the lessee, being the rental hereinafter provided for the unexpired portion of the current calendar quarter, the receipt whereof is hereby acknowledged, and in further consideration of the covenants and conditions hereof to be kept and performed by the lessee, does hereby lease and demise unto the lessee for a term of twenty-five (25) years beginning the 2nd day of March, 2018, the following described lands, hereinafter collectively called "the leased premises", situated in the County of Aitkin in the State of Minnesota,

East Half of Southwest Quarter (E1/2-SW1/4) and Lot Four (4) in Section Eighteen (18),
Southwest Quarter of Northeast Quarter (SW1/4-NE1/4), East Half of Northwest Quarter (E1/2-
NW1/4), and Lot Two (2), in Section Nineteen (19),
all in Township Forty-seven (47) North, Range Twenty-five (25) West of the Fourth
Principal Meridian, containing 292.67 acres, more or less, hereinafter referred to as the "tax-
forfeited lands";

AND

South Half of Southeast Quarter (S1/2-SE1/4) in Section Eighteen (18),
North Half of Northeast Quarter (N1/2-NE1/4) and Lot One (1) in Section Nineteen (19),

all in Township Forty-seven (47) North, Range Twenty-five (25) West of the Fourth Principal Meridian, containing 206.37 acres, more or less, hereinafter referred to as the "school trust fund lands";

AND

South Half of Northeast Quarter (S1/2-NE1/4), Northwest Quarter of Southeast Quarter (NW1/4-SE1/4), except the Soo Railroad right-of-way, and West Half of Northeast Quarter of Southeast Quarter (W1/2 of NE1/4-SE1/4), except the Soo Railroad right-of-way, in Section Twenty-four (24), Township Forty-seven (47) North, Range Twenty-four (24) West of the Fourth Principal Meridian, containing 139.39 acres, more or less, hereinafter referred to as "consolidated conservation area lands."

2. DEFINITIONS. For the purposes of this lease, the following words shall have the meanings ascribed to them:

- (a) "Commissioner" means the Commissioner of Natural Resources of the State of Minnesota, or the commissioner's designated representative.
- (b) "Peat" means organic matter, excluding coal, formed by the partial decomposition of dead plant remains covered by water. It has an ash content not exceeding 25% by dry weight.
- (c) "Fibers" means plant material 0.15 mm or larger, consisting of stems, leaves, or fragments of bog plants, but containing no plant material greater than 12.7 mm. Percentages of fiber are based on oven-dried weight at 105° Celsius.
- (d) "Reed-Sedge Peat" means peat containing a minimum of 33 1/3% fiber by weight of which reed-sedge and other non-moss fibers shall comprise over 50%.
- (e) "Sphagnum Moss Peat" means peat containing a minimum of 66 2/3% sphagnum moss fiber by weight. The sphagnum moss fiber shall be stems and leaves of sphagnum that have recognizable fibrous and cellular structure.
- (f) "Ton" means 2,000 pounds avoirdupois.
- (g) "Disturbed Area" means any part(s) of the leased premises which have been cleared of vegetation or affected by drainage, mining, or facilities related to the operations conducted under the terms of this lease.
- (h) "Reclamation" means the rehabilitation of the affected land for useful purposes, and the protection of the natural resources of the surrounding area. These "useful purposes" may be different from the original condition and may include, but are not limited to, revegetation, afforestation, reforestation, planting of crops, or creation of waterfowl ponding areas.

3. PURPOSE OF LEASE; RIGHT OF LESSEE TO CONTRACT WORK. This lease is granted to the lessee for the purpose of opening, exploring, removing, and processing reed-sedge peat and sphagnum moss peat found on or in the leased premises. Subject to paragraphs 18 and 19 and other applicable provisions of this lease, the lessee shall have the right to construct or make such private drainage ditches, housing or storage facilities, processing plants, buildings, roads, or other improvements upon the leased premises as may be necessary or suitable for such purposes; provided that the plans for

constructing any such private drainage ditches shall be subject to the written approval of the commissioner; and provided further that the construction, location, and operation of any such processing plant on the leased premises shall be subject to the written approval of the commissioner. All buildings and ditches must be constructed in accordance with applicable federal, state and local laws.

The lessee may contract with others for doing any work authorized or required hereunder, or for the use of the leased premises or any part thereof for the purposes hereof, but no such contract shall relieve the lessee of any duty, obligation, or liability hereunder. No such contract providing for harvesting, removing, or processing of peat shall become effective for any purpose until three duplicates of such contract have been executed as required by this lease and filed with the commissioner.

4. **PROPERTY LINES TO BE POSTED.** Prior to conducting any harvesting activities on the leased premises, the Lessee must survey and post the following property lines:
- (a) around the perimeter of: South Half of Southeast Quarter (S1/2-SE1/4) of Section Eighteen (18) and North Half of Northeast Quarter (N1/2-NE1/4) of Section Nineteen (19), all in Township Forty-seven (47) North, Range Twenty-five (25) West;
 - (b) around Lot One (1) of Section Nineteen (19), Township Forty-seven (47) North, Range Twenty-five (25) West; and
 - (c) between the Southwest Quarter of Northwest Quarter (SW1/4-NW1/4) of Section Nineteen (19), Township Forty-seven (47) North, Range Twenty-five (25) West, and the Southeast Quarter of Northeast Quarter (SE1/4-NE1/4) of Section Twenty-four (24), Township Forty-seven (47) North, Range Twenty-four (24) West;

The locations of the property lines must be verified and approved in writing by the Commissioner of Natural Resources prior to conducting any harvesting activities.

5. **ANNUAL RENTAL.** The lessee covenants and agrees to pay to the lessor, through the Department of Natural Resources, rental for the leased premises at the rate of \$9.00 per acre of land included in the leased premises, per calendar year, for the unexpired portion of the current calendar year from the effective date hereof and for the next three (3) succeeding calendar years. Thereafter, the rental rate shall be subject to the escalation clause as specified in paragraph 7 herein. At no time, however, shall the rate per acre of land be less than \$9.00. Such rental shall be payable in advance for the unexpired portion of the current calendar quarter from the effective date hereof; and thereafter. The first calendar quarter is the first three calendar months of the year, and so on.

Any amount paid for rental accrued under this lease during any calendar year shall be credited on any royalty that may become due for the same calendar year in which the rental was due but no further, and only to the extent that such rental was paid or deposited into the particular fund to which the royalty for such peat is due.

6. **ROYALTY RATES.** The royalties to be paid by the lessee to the state shall be based on a royalty rate of \$1.50 per ton of reed-sedge peat and \$6.00 per ton of sphagnum moss peat removed from the leased premises, subject to the escalator provisions of paragraph 7 herein.

7. ESCALATOR CLAUSE.

(a) **Rental.** The rental to be paid to the state by the lessee, as specified in paragraph 5 herein, shall be escalated on January 1, 2022, and on January first of each subsequent fourth calendar year in accordance with the formula set forth below.

Rental shall be adjusted in relation to the variation from a Base Index, in the average of the values of the unadjusted Producer Price Index for Processed Materials Less Foods and Feeds (Final Demand-Intermediate Demand Code WPUID69111) (1982 equals 100), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding Federal government agency publishing such Index, for the months of March, June, September, and December of the previous year to the year for which rental is being computed. The Base Index shall be 188.9, which is the average of the values of such index for the months of January - June, 2017. The variation shall be the difference between the Base Index and the average of the values of the Processed Materials Less Foods and Feeds index for the months of March, June, September, and December of the calendar year previous to the year for which rental is being computed. The variation shall be divided by the Base Index to determine the Amount of Variation from the Base Index. The adjusted rental for the appropriate calendar year shall be determined by multiplying the rental rate per acre of land pursuant to paragraph 5 herein by the Amount of Variation from the Base Index, the resulting product carried to six decimal places, and adding the product to said rental rate.

For example, the Base Index under this lease is 188.9 and the rental rate pursuant paragraph 5 herein is \$9.00 per acre; and if the Producer Price Index for Processed Materials Less Foods and Feeds were 206.1 for March, 2021, 206.8 for June, 2021, 209.1 for September, 2021, and 209.5 for December, 2021, then the escalated rental payable would be computed as follows:

$$\frac{206.1 + 206.8 + 209.1 + 209.5}{4} - 188.9 = 0.100582$$

188.9

Escalated Rental = (Amount of Variation from the Base Index x Rental Rate) + Rental Rate - (0.100582 x \$9.00) + \$9.00 = \$9.9052.

In this example, the escalated rental payable per acre of land for each of the successive four calendar years commencing January 1, 2022 would be \$9.9052.

In no case shall the rental payable hereunder be less than the minimum rental prescribed in paragraph 5 herein.

(b) Royalty. The royalty to be paid to the state by the lessee, as specified in paragraph 6 herein, shall be escalated each calendar quarter in accordance with the formula set forth below.

Royalty shall be increased for royalty payment periods in relation to the variation from a Base Index, in the value of the unadjusted Producer Price Index for Processed Materials Less Foods and Feeds (Final Demand-Intermediate Demand Code WPUID69111) (1982 equals 100), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding Federal government agency publishing such Index, for the first month in the calendar quarter for which royalty payment is to be made. The Base Index shall be 188.9, which is the average of the values of such index for the months of January - June, 2017. The variation shall be the difference between the Base Index and the value of the unadjusted Processed Materials Less Foods and Feeds index for the first month in the calendar quarter for which royalty is being computed. The variation shall be divided by the Base Index to determine the Amount of Variation from the Base Index. The escalated royalty for the appropriate calendar quarter shall be determined by multiplying the royalty rate per ton payable on reed-sedge peat, and the royalty rate per ton payable on sphagnum moss peat, pursuant to paragraph 6 herein by the Amount of Variation from the Base Index, the resulting product carried to six decimal places, and adding the product to said royalty rate.

For example, the Base Index under this lease is 188.9 and the royalty rate for reed-sedge peat pursuant to paragraph 6 herein is \$1.50 per ton; if the Producer Price Index for Processed Materials Less Foods and Feeds were 209.5 for January, 2022, then the escalated royalty payable on any such ton of reed-sedge peat removed from the leased premises during the first calendar quarter of 2022 would be computed as follows:

$$\frac{209.5 - 188.9}{188.9} = 0.109052$$

Escalated Royalty = (Amount of Variation from the Base Index x Royalty Rate) + Royalty Rate = (0.109052 x \$1.50) + \$1.50 = \$1.6636

In this example, the escalated royalty payable per ton of reed-sedge peat removed from the leased premises during the first calendar quarter of 2022 would be \$1.6636.

In no case shall the royalties payable hereunder be less than the minimum royalties prescribed in paragraph 6 herein.

(c) In the event some period other than 1982 is used as a base of 100 in determining the Producer Price Index for Processed Materials Less Foods and Feeds, for the purposes hereof such index shall be adjusted so as to be in correct relationship to such 1982 base. In the event such index is not published by any Federal agency, the index to be used as aforesaid shall be that index independently published, which, after necessary adjustments, if any, provides the most reasonable substitute for such Producer Price Index for Processed Materials Less Foods and Feeds during any period subsequent to December, 2017, it being intended to substitute an index that most accurately reflects fluctuations in the prices of commodities in the Processed Materials Less Foods and Feeds index in the manner presently reported by the Producer Price Index for Processed Materials Less Foods and Feeds (1982 equals 100), published by the Bureau of Labor Statistics of the United States Department of Labor. If the parties hereto cannot agree upon a substitute index which accomplishes this purpose, such question shall be determined by arbitration as hereinafter provided.

8. CONVERSION FORMULAS. The following formula shall be used when peat is weighed or produced in units other than those specified for the calculation of royalties:

2.5 cubic yards of reed-sedge peat equal one ton; and
4.5 cubic yards of sphagnum moss peat equal one ton.

The commissioner may prescribe such other reasonable conversion formulas as may be necessary for the calculation of royalties.

9. METHOD OF COMPUTING ROYALTY RATES. In computing royalty rates hereunder, any fraction of a cent less than five-thousandths shall be disregarded and any fraction amounting to five-thousandths or more shall be counted as one-hundredth of a cent.

10. QUARTERLY PAYMENT OF ROYALTY. The lessee covenants and agrees to pay to the lessor through the Department of Natural Resources, on or before the twentieth day of April, July, October, and January each year during the period this lease continues in force, royalty at the rates hereinbefore specified for all the reed-sedge peat and sphagnum moss peat removed from the leased premises during the three months preceding the first day of the month in which such payment is due as hereinbefore provided.

If the royalty due on the reed-sedge peat and sphagnum moss peat shall not be determined and accounted for as herein otherwise provided by the twentieth day of the month in which such payment is due for peat removed from the leased premises during the previous three months, the commissioner may determine such royalty by such method as the commissioner deems appropriate and give the lessee written notice thereof, whereupon such royalty shall be due and payable within 20 days after the mailing or delivery of such notice, unless the time therefore shall be extended by the commissioner.

11. LESSEE TO TRANSMIT STATEMENT OF PEAT REMOVED AND ROYALTY DUE. The lessee shall transmit to the commissioner with each royalty payment an exact and truthful statement of the tonnage of reed-sedge peat and sphagnum moss peat removed from the tax-forfeited lands, school trust fund lands, and consolidated conservation area lands during each calendar quarter for which such payment is made, the royalty value of such peat, and the amount of royalty due thereon. The commissioner may prescribe the format for such statement.

The lessee shall provide for all the operations required for such determinations except as otherwise specified.

12. WEIGHING. The method or methods of obtaining the weights used to determine tonnages for the calculation of royalty, or to determine other weights required by the state, shall be subject to the approval of the commissioner.

The State may appoint such special inspectors of such scales, weighing devices, and methods and practices (including vehicle count inspectors) as the State deems necessary to insure proper accounting and protect the interests of the State, and the Lessee shall reimburse the State monthly for the cost of all such inspection service upon notification thereof by the Commissioner.

Should the lessee desire to stockpile reed-sedge peat or sphagnum moss peat off the leased premises for a temporary period not to exceed one year, the commissioner may prescribe the method of removal and the method of sampling and weighing such peat for the purpose of determining the amount of royalty due. Royalties shall be paid in full after 365 days of temporary storage off the leased premises.

13. INSPECTION. The commissioner may at all reasonable times enter the leased premises and any other premises used or operated by the lessee in connection with the operation of said leased premises, inspect the operations conducted hereunder, and conduct such engineering and sampling procedures and other investigations as the commissioner may require, not unreasonably hindering or interrupting the operations of the lessee.

The lessee shall allow the commissioner, at all reasonable times, prompt access to and inspection of all records necessary to monitor compliance with the provisions of this lease.

14. SAMPLING. Samples for royalty purposes shall be taken of the peat at places and intervals subject to the approval of the commissioner. A portion of such sample or composite sample shall be delivered to the commissioner unless, by mutual agreement, it has been decided that certain of such portions are not needed by the state. Except as otherwise permitted by the commissioner, all peat removed from the leased premises shall be sampled as to type and its weight determined before commingling with any other peat or other materials.

15. REMOVAL OF PEAT FOR EXPERIMENTAL PURPOSES. Notwithstanding the provisions of paragraphs 6 and 7 relating to the payment of royalty, upon written application of the lessee,

the commissioner may authorize the removal of peat from the leased premises for experimental purposes without payment of royalty.

16. ADDITIONAL REPORTS.

(a) Except as otherwise permitted by the commissioner, the lessee shall transmit to the commissioner on or before the tenth of each month a statement in such form as the commissioner shall prescribe, covering the tonnage of reed-sedge peat and sphagnum moss peat removed from the tax-forfeited lands, the school trust fund lands, and the consolidated conservation area lands during the preceding calendar month.

(b) In addition to the reporting requirements of paragraphs 11 and 14 of this lease, the lessee shall provide the state by March 15 of each year a report which shall contain:

- (1) A description of the amount and location of acreage disturbed during the preceding calendar year on the leased premises;
- (2) An accurate map of the locations of all facilities, drainage ditches, and other structures on the leased premises, including those constructed within the preceding year;
- (3) A description of the plans for additional peat removal or additional drainage ditches, facilities, or other structures for the current year on the leased premises;
- (4) A description and map of the area for which reclamation has been completed during that year; and
- (5) Any other reasonable or necessary data which the state may require.

17. HOW REMITTANCES AND REPORTS ARE TO BE TRANSMITTED. All remittances by the lessee hereunder shall be made payable to the Department of Natural Resources, and all such remittances and all reports, notices, and documents required hereunder shall be transmitted to the commissioner through the assistant director of the Division of Lands and Minerals at Hibbing, Minnesota: 1525 Third Avenue East, Hibbing, Minnesota 55746.

18. LESSEE'S OBLIGATIONS UNDER LOCAL, STATE AND FEDERAL LAWS AND REGULATIONS. The provisions of this lease are subject to all applicable local, state and federal statutes, orders, rules and regulations, and all operations under this lease shall be conducted in conformity with them. These include, but are not necessarily limited to, the reclamation and water appropriation permits from the Minnesota Department of Natural Resources; the NPDES-SDS permit and the Section 401 certification from the Minnesota Pollution Control Agency; the Section 404-Dredge and Fill from the U.S. Army Corps of Engineers and any other county or local government requirements. All activities shall be conducted in conformity with the applicable mineland reclamation statutes and rules. No interference, diversion, use or appropriation of any waters over which the commissioner or any other state agency has jurisdiction, shall be undertaken unless authorized in writing by the commissioner or the said state agency.

(a) The lessee is subject to the rules of the Minnesota Environmental Quality Board, which require the following:

- (1) an Environmental Assessment Worksheet (EAW) for development of a

facility for the extraction or mining of peat which will result in the excavation of 160 or more acres of land during its existence, and

(2) an Environmental Impact Statement (EIS) for development of a facility for the extraction or mining of peat which will utilize 320 acres of land or more during its existence.

19. **EXISTING ENCUMBRANCES.** This lease is subject to all prior leases, easements, rights of way, permits, licenses, and other encumbrances upon the leased premises.

20. **MANNER OF OPERATION.** It is further understood and agreed as follows:

(a) The lessee shall open, use and work the peat deposit on the leased premises in such manner only as is usual and customary in skillful and proper peat operations of similar size and scope.

(b) The lessee shall conduct its operations in accordance with the requirements, methods, and practices of good peat removal engineering and environmental engineering, and in a manner which

(1) will not cause any undue injury to the land or the remaining peat deposits;

(2) will not cause any significant inconvenience or hindrance in the use, development, or disposal of any peat left on the leased premises after the termination, cancellation, or expiration of this lease; and

(3) will not endanger the public health, welfare, or safety. If a situation occurs in the construction or operations authorized by this lease which does endanger the public health or safety, the lessee shall immediately take corrective measures and shall notify the commissioner. The lessee shall cease construction or operations if the commissioner determines that danger to public health and safety will result from continued operations.

(c) The lessee shall keep the leased premises in a neat, clean, and safe condition and remove all refuse and debris that may from time to time accumulate on the leased premises.

(d) The lessee shall take all reasonable steps to prevent fires starting as a result of its operations, and shall maintain a reasonable and adequate system for suppressing fires on the leased premises. The lessee shall be responsible for the suppression of fires started as a result of its operations. The lessee shall hold the state harmless and indemnify the state for any damages caused by fires started as a result of its operations.

(e) No timber shall be cut, used, removed or destroyed by the lessee without first paying to the state the stumpage value thereof as determined by the commissioner.

21. **LESSEE TO OBTAIN REQUIRED STATE AND FEDERAL PERMITS WITHIN SEVEN YEARS.** If the Lessee fails to obtain the required state and federal permits to harvest peat from the leased premises by the end of the seventh year following the date of this lease, the state may, at its option cancel this lease in the manner hereinafter provided. If the Lessee fails to obtain the required state and federal

permits by such date and the state chooses not to cancel this lease, such other later date for obtaining the required permits shall be mutually agreed to between the state and Lessee.

22. LESSEE TO OPEN LEASED PREMISES IN A SUBSTANTIAL MANNER AFTER OBTAINING REQUIRED STATE AND FEDERAL PERMITS. If Lessee fails to open a minimum of twenty (20) acres of the leased premises in a substantial manner by the end of the fourth full calendar year after obtaining required state and federal permits, the state may, at its option cancel this lease in the manner hereinafter provided. For purposes of this paragraph, opening the leased premises in a substantial manner consists of activities approved by the commissioner, such clearing surface vegetation, constructing drainage ditches, or such comparable performance standards as may be determined by the commissioner.

23. DRAINAGE. Subject to paragraph 18, the lessee may employ such drainage methods as are necessary for the efficient removal of peat except that the locations of all outlets must be approved by the commissioner prior to the construction of the drainage system.

24. INVASIVE SPECIES. The Lessee is responsible for controlling invasive species on the Premises.

25. RECLAMATION REQUIRED. The lessee shall, at its own expense, begin reclamation of disturbed areas:

(a) During the first normal planting period following the point when a surface, structure, facility, or element is no longer scheduled to be disturbed or used in a manner that would interfere with the establishment and maintenance of vegetation; or

(b) Upon the termination of the lease, either by expiration of the term or by act of either party; unless directed otherwise in writing by the commissioner.

26. MINING AND RECLAMATION PROCEDURES. The lessee shall submit a mining plan for the approval of the commissioner prior to the onset of active mining operations. The plan shall describe the life of the operation and the mining activities to be conducted.

The lessee shall submit a general reclamation plan for the approval of the commissioner prior to the onset of active mining operations. The general reclamation plan shall describe the methods and sequence of reclamation activities. At least two (2) years prior to the time reclamation is to begin under the provisions of this lease, the lessee shall submit a detailed reclamation plan for the approval of the commissioner. The detailed reclamation plan shall contain detailed plans, schedules, designs, specifications, and supporting data for reclamation activities, including cleanup as specified in paragraph 34 of this lease. The lessee shall reclaim the leased premises in accordance with the approved reclamation plan. The reclamation of disturbed areas shall proceed concurrently with mining operations to the extent practical, and shall be completed following termination of the mine's operation.

27. RECLAMATION BONDS. Prior to the onset of active mining operations, unless waived, in whole or in part, by the commissioner, the lessee shall file with the commissioner a surety bond, cash, certificates of deposit or assignable bonds or notes of the United States in the amount of One hundred ninety thousand and 00/100 (190,000) Dollars, conditioned that the lessee shall faithfully perform all reclamation requirements, including cleanup, as specified in the approved reclamation plan. All bonds shall be signed by the lessee as principal and by a good and sufficient surety licensed to do business in the State of Minnesota. Any bond or other security submitted pursuant to this section shall remain in force

until such time as bonding is no longer considered necessary by the commissioner, or until reclamation is completed in accordance with the approved reclamation plan.

The need for and amount of all bonds, or other security, shall be reviewed by the commissioner annually, and at the commissioner's discretion, such bond or security shall be increased or decreased to reflect changes in the cost of future reclamation of all lands disturbed and unreclaimed by peat mining operations. At the time of review the lessee shall submit a statement estimating the number of additional acres expected to be disturbed during the ensuing year. The total number of acres disturbed and unreclaimed plus those acres expected to be disturbed during said period shall be considered in revising the bond amount.

28. **RELEASE OF BOND.** When the lessee has completed reclamation of an area, as provided for in this lease, or its attachments, the lessee may request a release of a portion of the retained bond or other security commensurate with the amount of land so reclaimed. The commissioner shall inspect the reclaimed area and rule on the release request within sixty (60) days. If reclamation criteria have been met, the commissioner shall release the appropriate portion of any bond or other security.

If reclamation criteria have not been met, the commissioner shall notify the lessee and recommend corrective actions. Upon correction of the noted deficiency, the commissioner shall release the appropriate portion of the bond or other security.

29. **FORFEITURE OF BOND.** Should the lessee fail to reclaim in a timely manner, the commissioner shall initiate forfeiture proceedings against the bond or other security.

30. **LESSEE TO ACQUIRE NECESSARY RIGHTS TO SURFACE NOT OWNED BY STATE.** It is understood and agreed that in case any interest in the land covered by this lease or in any minerals therein is owned by anyone other than the state, this lease shall not be construed as authorizing any invasion of or trespass upon such other interest, that in case it shall be necessary to make use of any such other interest in connection with any operations hereunder, the lessee shall obtain all necessary legal rights therefore before proceeding therewith, that the lessee shall be liable for all damages to any other interest caused by any operations hereunder, and that the state shall not incur or be subject to any liability therefore.

31. **INDEMNIFICATION.** No liability shall be imposed upon or incurred by the state or any of its officers, agents, or employees, officially or personally, on account of the granting of this lease or on account of any damage to any person or property resulting from any act or omission of the lessee or any of its agents, employees, or contractors relating to any matter hereunder. The lessee hereby agrees and is obligated to indemnify and hold the state harmless from all claims arising out of the use of the property covered by this lease, regardless of the manner in which the claims are asserted. This lease shall not be construed as estopping or limiting any legal claim or right of action of the state against the lessee, its agents, employees, or contractors for violation of or failure to comply with the provisions of this lease or applicable provisions of law.

32. **LESSEE TO PAY ALL TAXES.** The lessee covenants and agrees to pay when due all taxes, general and specific, personal and real, that may be assessed against the leased premises and improvements made on the leased premises, the peat thereon or removed therefrom, and any personal property thereon owned, used, or controlled by the lessee. The cancellation, termination, or expiration of this lease shall not relieve the lessee of the obligation to pay taxes assessed during the continuance of the lease, even though such taxes may be due or payable after such cancellation, termination, or expiration date.

33. STATE LIEN FOR UNPAID SUMS DUE. The state reserves and shall at all times have a lien upon all peat removed from the leased premises and upon all improvements made by the lessee upon the leased premises for any sums not paid when due and for any of the expenses specified in paragraph 35 herein.

34. LESSEE'S RIGHT TO TERMINATE LEASE. The lessee may at any time deliver to the commissioner written notice of intention to terminate this lease, and this lease shall terminate sixty (60) days after such delivery unless notice is revoked by the lessee by further written notice to the commissioner before the expiration of said sixty (60) days. Such termination shall not relieve the lessee from any liability for payment or other liability incurred hereunder. All sums due to state under this lease up to the effective date of such termination shall be paid by the lessee.

35. STATE'S RIGHT TO CANCEL LEASE UPON DEFAULT. This lease is granted upon the express condition that, if any sum owing hereunder by the lessee for rental, royalty, or otherwise shall remain unpaid after the time when the same became due as herein provided, or if the lessee or any agent or servant thereof shall knowingly or willfully make any false statement in any report, account, or tabulation submitted to the state or to the commissioner, or any of the lessee's agents pertaining to any matter hereunder, or if the lessee shall fail to perform any of the covenants or conditions herein expressed to be performed by said lessee, the commissioner may cancel this lease by mailing or delivering to the lessee sixty (60) days' notice thereof in writing, specifying such non-payment or other default as the case may be, and this lease shall terminate at the expiration of said sixty (60) days, and the lessee and all persons claiming under the lessee shall be wholly excluded from the leased premises except as hereinafter provided. Such termination shall not relieve the lessee from any liability for payment or other liability incurred hereunder. If the default consists of a non-performance of an act required hereunder other than payment of royalty or rental, the lessee may perform within said period of sixty (60) days and the lease shall continue in full force and effect, and if the correction of any such default requires more time than sixty (60) days after the notice has been received by the lessee, the commissioner, upon written request of the lessee and for good cause shown, may, at the commissioner's discretion, grant an extension of such period of sixty (60) days. If the default consists of a nonpayment of royalty or rental and the lessee performs within fifteen (15) days from the mailing or delivery of notice of cancellation, the lease shall continue in full force and effect; and if the lessee performs at any time thereafter within said period of sixty (60) days, the commissioner, at the commissioner's discretion, may continue the lease in full force and effect.

36. RIGHTS OF STATE AND LESSEE DURING 180-DAY PERIOD FOLLOWING TERMINATION. Upon termination of this lease, whether by expiration of the term hereof or by act of either party, except as necessary to comply with the provisions of paragraph 23 herein, the lessee shall have one hundred eighty (180) days thereafter in which to remove all equipment, materials, structures, and other property placed or erected by the lessee upon the leased premises, and any such property not removed within said time shall, at the discretion of the commissioner, become the property of the state. During said period of one hundred eighty (180) days, the lessee shall, at its own expense, do all work which the commissioner deems necessary to leave the premises in a safe and orderly condition to protect against injury or damage to persons or property; and, except as otherwise directed by the commissioner, access roads are to be left in place and all drainage ditches are to be left intact and open. Subject to the foregoing, upon the termination of this lease, whether by expiration of the term hereof or otherwise, the lessee shall quietly and peaceably surrender possession of the leased premises to the state. During said period of one hundred eighty (180) days, the lessee shall not be relieved of any obligation or liability resulting from the occupancy of the leased premises, unless the lessee has wholly vacated said leased premises prior to the expiration of said period and has notified the commissioner thereof in writing.

37. RECOVERY OF EXPENSES. If it is necessary for the state to incur expenses by court action or otherwise for the ejectment of the lessee, or removal from the leased premises of the lessee's property, or recovery of rent or royalties, or reclamation of the land, or for any other remedy of the state, the lessee shall pay to the state all expenses, including attorneys' fees, thus incurred by the state.

38. SUBJECT TO LEASING FOR MINERAL AND OTHER PURPOSES. The state reserves the right to lease or grant to other persons or corporations the right to explore for, mine, remove, and beneficiate any minerals that are located on or in the leased premises. The state agrees that any permit or lease granted by it to any person or corporation to explore for, develop, mine, or dispose of such minerals shall contain a provision that the permittee or lessee thereof shall exercise such rights so as not to cause any unnecessary or unreasonable injury or hindrance to the operations of the lessee herein in the opening of, the exploration for, or removal of peat from the leased premises. Lessee herein agrees that it shall exercise the rights granted to it by this lease in such manner as not to cause any unnecessary or unreasonable injury or hindrance to the operations of any permittee or lessee of the state in the exploration for, or the development, mining, or removal of any minerals from the leased premises.

The state further reserves the right to sell or dispose of timber, and to grant leases, permits, or licenses to any portion of the surface of the leased premises to any person, partnership, corporation, or other association under the authority of Minnesota Statutes, Section 92.50, or other applicable laws, after consultation with lessee, and provided that such leases, permits or licenses shall not unduly interfere with peat development operations conducted thereon.

39. AGREEMENTS, ASSIGNMENTS, OR CONTRACTS. All assignments, agreements, or contracts affecting this lease shall be made in writing and signed by all parties thereto, witnessed by two witnesses, properly acknowledged and shall contain the post office addresses of all parties thereto, and when so executed shall be presented in triplicate to the commissioner for record. No such instrument shall be valid until approved in writing by the commissioner and approved as to form and execution by the attorney general. No assignment or other agreement shall relieve the lessee of any obligation or liability imposed by this lease, and all assignees, sublessees, and subcontractors shall also be liable for all obligations or liabilities imposed by this lease

40. LEASE BINDING ON ASSIGNEES AND SUCCESSORS. The covenants, terms, and conditions of this lease shall run with the land and shall extend to and bind all assignees and other successors in interest of the lessee.

41. NOTICES. For the purposes of this lease, the addresses of the parties shall be as follows, unless changed by written notice to all parties: For the state -- Commissioner of Natural Resources, State of Minnesota, Box 45, 500 Lafayette Road, Saint Paul, Minnesota 55155-4045; for the lessee -- American Peat Technology, LLC, 36203 350th Avenue, Aitkin, Minnesota 56431.

IN TESTIMONY WHEREOF, The state by and through its Commissioner of Natural Resources, has caused this instrument to be executed, and the lessee has hereto set its hand, the day and year first above written.

Signed in Presence of:

STATE OF MINNESOTA
DEPARTMENT OF NATURAL RESOURCES

Jess Richards, Director
Division of Lands and Minerals

As to State

Signed in Presence of:

AMERICAN PEAT TECHNOLOGY, LLC

By _____

Title: _____

By _____

Title: _____

As to Lessee

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2018, by Jess Richards, Director, Division of Lands and Minerals, Department of Natural Resources, on behalf of the State of Minnesota.

Notary Public
My commission expires: _____

STATE OF _____)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2018,
by _____ and
_____ of
American Peat Technology, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public
My commission expires: _____

This Instrument was drafted by:

DEPT. OF NATURAL RESOURCES
Division of Lands and Minerals
500 Lafayette Road
St. Paul, MN 55155-4045

STATE OF MINNESOTA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS AND MINERALS

PEAT LEASE
PURSUANT TO
MINNESOTA STATUTES 2016, SECTIONS
92.50; 282.04, SUBD. 1; AND 471.59.

Lease No. **MLPN200003**

This lease agreement is made this 2nd day of March, 2018, by and between the State of Minnesota, under the authority and subject to the provisions of Minnesota Statutes 2016, Sections 92.50, 282.04, subd. 1, and 471.59, and acting by and through its Commissioner of Natural Resources, for itself and for the County of Aitkin pursuant to the Joint Powers Agreement dated February 6, 2017, and as amended, hereinafter called the state, and

American Peat Technology, LLC
36203 350th Avenue
Aitkin, Minnesota, 56431, a Minnesota limited liability company,

hereinafter called the lessee.

By resolution adopted on March 1, 2018, the State Executive Council approved the execution of this lease. A copy of this resolution is attached hereto and marked "Exhibit A".

NOW, THEREFORE, in consideration of the premises and agreements herein contained, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO, as follows:

1. TERM; DESCRIPTION OF LEASED PREMISES. The state, for and in consideration of the sum of Two thousand two hundred thirty-five and 78/100 (2,235.78) Dollars to it in hand paid by the lessee, being the rental hereinafter provided for the unexpired portion of the current calendar quarter, the receipt whereof is hereby acknowledged, and in further consideration of the covenants and conditions hereof to be kept and performed by the lessee, does hereby lease and demise unto the lessee for a term of twenty-five (25) years beginning the 2nd day of March, 2018, the following described lands, hereinafter collectively called "the leased premises", situated in the County of Aitkin in the State of Minnesota,

Northeast Quarter (NE1/4), and South Half-section (S1/2) in Section Twelve (12);
All of Section Thirteen (13);
Northeast Quarter of Southwest Quarter (NE1/4-SW1/4), South Half of Southwest Quarter (S1/2-SW1/4), and Southeast Quarter (SE1/4) in Section Fourteen (14);
East Half of Northeast Quarter (E1/2-NE1/4) in Section Twenty-two (22);
North Half-section (N1/2), North Half of Southwest Quarter (N1/2-SW1/4), Southeast Quarter of Southwest Quarter (SE1/4-SW1/4), except the Southwest Quarter thereof, North Half of Southeast Quarter (N1/2-SE1/4), and Southwest Quarter of Southeast Quarter (SW1/4-SE1/4) in Section Twenty-three (23);
North Half-section (N1/2), North Half of Southwest Quarter (N1/2-SW1/4), North Half of

Southeast Quarter (N1/2-SE1/4), and Southeast Quarter of Southeast Quarter (SE1/4-SE1/4) in Section Twenty-four (24);
all in Township Forty-four (44) North, Range Twenty-four (24) West of the Fourth Principal Meridian, containing 2,550.00 acres, more or less, hereinafter referred to as the "tax-forfeited lands";

AND

Southwest Quarter of Northeast Quarter (SW1/4-NE1/4), Lot Two (2), Southeast Quarter of Northwest Quarter (SE1/4-NW1/4), East Half of Southwest Quarter (E1/2-SW1/4), Lot Three (3), Lot Four (4), and West Half of Southeast Quarter (W1/2-SE1/4) in Section Seven (7);

West Half of Northeast Quarter (W1/2-NE1/4), East Half of Northwest Quarter (E1/2-NW1/4), Lot One (1), Lot Two (2), Lot Three (3), Lot Four (4), and Northwest Quarter of Southeast Quarter (NW1/4-SE1/4) in Section Eighteen (18);
all in Township Forty-four (44) North, Range Twenty-three (23) West of the Fourth Principal Meridian, containing 927.95 acres, more or less, hereinafter referred to as "consolidated conservation area lands".

2. DEFINITIONS. For the purposes of this lease, the following words shall have the meanings ascribed to them:

- (a) "Commissioner" means the Commissioner of Natural Resources of the State of Minnesota, or the commissioner's designated representative.
- (b) "Peat" means organic matter, excluding coal, formed by the partial decomposition of dead plant remains covered by water. It has an ash content not exceeding 25% by dry weight.
- (c) "Fibers" means plant material 0.15 mm or larger, consisting of stems, leaves, or fragments of bog plants, but containing no plant material greater than 12.7 mm. Percentages of fiber are based on oven-dried weight at 105° Celsius.
- (d) "Reed-Sedge Peat" means peat containing a minimum of 33 1/3% fiber by weight of which reed-sedge and other non-moss fibers shall comprise over 50%.
- (e) "Sphagnum Moss Peat" means peat containing a minimum of 66 2/3% sphagnum moss fiber by weight. The sphagnum moss fiber shall be stems and leaves of sphagnum that have recognizable fibrous and cellular structure.
- (f) "Ton" means 2,000 pounds avoirdupois.
- (g) "Disturbed Area" means any part(s) of the leased premises which have been cleared of vegetation or affected by drainage, mining, or facilities related to the operations conducted under the terms of this lease.
- (h) "Reclamation" means the rehabilitation of the affected land for useful purposes, and the protection of the natural resources of the surrounding area. These "useful purposes" may be different from the original condition and may include, but are not limited to, revegetation, afforestation, reforestation, planting of crops, or creation of waterfowl ponding areas.

3. PURPOSE OF LEASE; RIGHT OF LESSEE TO CONTRACT WORK. This lease is granted to the lessee for the purpose of opening, exploring, removing, and processing reed-sedge peat and sphagnum moss peat found on or in the leased premises. Subject to paragraphs 18 and 19 and other applicable provisions of this lease, the lessee shall have the right to construct or make such private drainage ditches, housing or storage facilities, processing plants, buildings, roads, or other improvements upon the leased premises as may be necessary or suitable for such purposes; provided that the plans for constructing any such private drainage ditches shall be subject to the written approval of the commissioner; and provided further that the construction, location, and operation of any such processing plant on the leased premises shall be subject to the written approval of the commissioner. All buildings and ditches must be constructed in accordance with applicable federal, state and local laws.

The lessee may contract with others for doing any work authorized or required hereunder, or for the use of the leased premises or any part thereof for the purposes hereof, but no such contract shall relieve the lessee of any duty, obligation, or liability hereunder. No such contract providing for harvesting, removing, or processing of peat shall become effective for any purpose until three duplicates of such contract have been executed as required by this lease and filed with the commissioner.

4. PROPERTY LINES TO BE POSTED. Prior to conducting any harvesting activities on the leased premises, the Lessee must survey and post the property line between Township 44 North, Range 23 West and Township 44 North, Range 24 West as it crosses the leased premises.

The location of the property lines must be verified and approved in writing by the Commissioner of Natural Resources prior to conducting any harvesting activities.

5. ANNUAL RENTAL. The lessee covenants and agrees to pay to the lessor, through the Department of Natural Resources, rental for the leased premises at the rate of \$9.00 per acre of land included in the leased premises, per calendar year, for the unexpired portion of the current calendar year from the effective date hereof and for the next three (3) succeeding calendar years. Thereafter, the rental rate shall be subject to the escalation clause as specified in paragraph 7 herein. At no time, however, shall the rate per acre of land be less than \$9.00. Such rental shall be payable in advance for the unexpired portion of the current calendar quarter from the effective date hereof; and thereafter payable quarterly on or before the 20th day of April, July, October, and January each year during the term hereof. The first calendar quarter is the first three calendar months of the year, and so on.

Any amount paid for rental accrued under this lease during any calendar year shall be credited on any royalty that may become due for the same calendar year in which the rental was due but no further, and only to the extent that such rental was paid or deposited into the particular fund to which the royalty for such peat is due.

6. ROYALTY RATES. The royalties to be paid by the lessee to the state shall be based on a royalty rate of \$1.50 per ton of reed-sedge peat and \$6.00 per ton of sphagnum moss peat removed from the leased premises, subject to the escalator provisions of paragraph 7 herein.

7. ESCALATOR CLAUSE.

(a) Rental. The rental to be paid to the state by the lessee, as specified in paragraph 5 herein, shall be escalated on January 1, 2022, and on January first of each subsequent fourth calendar year in accordance with the formula set forth below.

Rental shall be adjusted in relation to the variation from a Base Index, in the average of the values of the unadjusted Producer Price Index for Processed Materials Less Foods and Feeds (Final Demand-Intermediate Demand Code WPUID69111) (1982 equals 100), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding Federal government agency publishing such Index, for the months of March, June, September, and December of the previous year to the year for which rental is being computed. The Base Index shall be 188.9, which is the average of the values of such index for the months of January - June, 2017. The variation shall be the difference between the Base Index and the average of the values of the Processed Materials Less Foods and Feeds index for the months of March, June, September, and December of the calendar year previous to the year for which rental is being computed. The variation shall be divided by the Base Index to determine the Amount of Variation from the Base Index. The adjusted rental for the appropriate calendar year shall be determined by multiplying the rental rate per acre of land pursuant to paragraph 5 herein by the Amount of Variation from the Base Index, the resulting product carried to six decimal places, and adding the product to said rental rate.

For example, the Base Index under this lease is 188.9 and the rental rate pursuant paragraph 5 herein is \$9.00 per acre; and if the Producer Price Index for Processed Materials Less Foods and Feeds were 206.1 for March, 2021, 206.8 for June, 2021, 209.1 for September, 2021, and 209.5 for December, 2021, then the escalated rental payable would be computed as follows:

$$\frac{206.1 + 206.8 + 209.1 + 209.5}{4} - 188.9 = 0.100582$$

188.9

Escalated Rental = (Amount of Variation from the Base Index x Rental Rate) + Rental Rate - (0.100582 x \$9.00) + \$9.00 = \$9.9052.

In this example, the escalated rental payable per acre of land for each of the successive four calendar years commencing January 1, 2022 would be \$9.9052.

In no case shall the rental payable hereunder be less than the minimum rental prescribed in paragraph 5 herein.

(b) Royalty. The royalty to be paid to the state by the lessee, as specified in paragraph 6 herein, shall be escalated each calendar quarter in accordance with the formula set forth below.

Royalty shall be increased for royalty payment periods in relation to the variation from a Base Index, in the value of the unadjusted Producer Price Index for Processed Materials Less Foods and Feeds (Final Demand-Intermediate Demand Code WPUID69111) (1982 equals 100), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding Federal government agency publishing such Index, for the first month in the calendar quarter for which royalty payment is to be made. The Base Index shall be 188.9, which is the average of the values of such index for the months of January - June, 2017. The variation shall be the difference between the Base Index and the value of the unadjusted Processed Materials Less Foods and Feeds index for the first month in the calendar quarter for which royalty is being computed. The variation shall be divided by the Base Index to determine the Amount of Variation from the Base Index. The escalated royalty for the appropriate calendar quarter shall be determined by multiplying the royalty rate per ton payable on reed-sedge peat, and the royalty rate per ton payable on sphagnum moss peat, pursuant to paragraph 6 herein by the Amount of Variation from the Base Index, the resulting product carried to six decimal places, and adding the product to said royalty rate.

For example, the Base Index under this lease is 188.9 and the royalty rate for reed-sedge peat pursuant to paragraph 6 herein is \$1.50 per ton; if the Producer Price Index for Processed Materials Less Foods and Feeds were 209.5 for January, 2022, then the escalated royalty payable on any such ton of reed-sedge peat removed from the leased premises during the first calendar quarter of 2022 would be computed as follows:

$$\frac{209.5 - 188.9}{188.9} = 0.109052$$

Escalated Royalty = (Amount of Variation from the Base Index x Royalty Rate) + Royalty Rate = (0.109052 x \$1.50) + \$1.50 = \$1.6636

In this example, the escalated royalty payable per ton of reed-sedge peat removed from the leased premises during the first calendar quarter of 2022 would be \$1.6636.

In this example, the escalated rental payable per acre of land for each of the successive four calendar years commencing January 1, 2022 would be \$9.9052.

In no case shall the royalties payable hereunder be less than the minimum royalties prescribed in paragraph 6 herein.

(c) In the event some period other than 1982 is used as a base of 100 in determining the Producer Price Index for Processed Materials Less Foods and Feeds, for the purposes hereof such index shall be adjusted so as to be in correct relationship to such 1982 base. In the event such index is not published by any Federal agency, the index to be used as aforesaid shall be that index independently published, which, after necessary adjustments, if any, provides the most reasonable substitute for such Producer Price Index for Processed Materials Less Foods and Feeds during any period subsequent to December, 2017, it being intended to substitute an index that most accurately reflects fluctuations in the prices of commodities in the Processed Materials Less Foods and Feeds index in the manner presently reported by the Producer Price Index for Processed Materials Less Foods and Feeds (1982 equals 100), published by the Bureau of Labor Statistics of the United States Department of Labor. If the parties hereto cannot agree upon a substitute index which accomplishes this purpose, such question shall be determined by arbitration as hereinafter provided.

8. CONVERSION FORMULAS. The following formula shall be used when peat is weighed or produced in units other than those specified for the calculation of royalties:

2.5 cubic yards of reed-sedge peat equal one ton; and
4.5 cubic yards of sphagnum moss peat equal one ton.

The commissioner may prescribe such other reasonable conversion formulas as may be necessary for the calculation of royalties.

9. METHOD OF COMPUTING ROYALTY RATES. In computing royalty rates hereunder, any fraction of a cent less than five-thousandths shall be disregarded and any fraction amounting to five-thousandths or more shall be counted as one-hundredth of a cent.

10. QUARTERLY PAYMENT OF ROYALTY. The lessee covenants and agrees to pay to the lessor through the Department of Natural Resources, on or before the twentieth day of April, July,

October, and January each year during the period this lease continues in force, royalty at the rates hereinbefore specified for all the reed-sedge peat and sphagnum moss peat removed from the leased premises during the three months preceding the first day of the month in which such payment is due as hereinbefore provided.

If the royalty due on the reed-sedge peat and sphagnum moss peat shall not be determined and accounted for as herein otherwise provided by the twentieth day of the month in which such payment is due for peat removed from the leased premises during the previous three months, the commissioner may determine such royalty by such method as the commissioner deems appropriate and give the lessee written notice thereof, whereupon such royalty shall be due and payable within 20 days after the mailing or delivery of such notice, unless the time therefore shall be extended by the commissioner.

11. **LESSEE TO TRANSMIT STATEMENT OF PEAT REMOVED AND ROYALTY DUE.** The lessee shall transmit to the commissioner with each royalty payment an exact and truthful statement of the tonnage of reed-sedge peat and sphagnum moss peat removed from the tax-forfeited lands and consolidated conservation area lands during each calendar year for which such payment is made, the royalty value of such peat, and the amount of royalty due thereon. The commissioner may prescribe the format for such statement.

The lessee shall provide for all the operations required for such determinations except as otherwise specified.

12. **WEIGHING.** The method or methods of obtaining the weights used to determine tonnages for the calculation of royalty, or to determine other weights required by the state, shall be subject to the approval of the commissioner.

The State may appoint such special inspectors of such scales, weighing devices, and methods and practices (including vehicle count inspectors) as the State deems necessary to insure proper accounting and protect the interests of the State, and the Lessee shall reimburse the State monthly for the cost of all such inspection service upon notification thereof by the Commissioner.

Should the lessee desire to stockpile reed-sedge peat or sphagnum moss peat off the leased premises for a temporary period not to exceed one year, the commissioner may prescribe the method of removal and the method of sampling and weighing such peat for the purpose of determining the amount of royalty due. Royalties shall be paid in full after 365 days of temporary storage off the leased premises.

13. **INSPECTION.** The commissioner may at all reasonable times enter the leased premises and any other premises used or operated by the lessee in connection with the operation of said leased premises, inspect the operations conducted hereunder, and conduct such engineering and sampling procedures and other investigations as the commissioner may require, not unreasonably hindering or interrupting the operations of the lessee.

The lessee shall allow the commissioner, at all reasonable times, prompt access to and inspection of all records necessary to monitor compliance with the provisions of this lease.

14. **SAMPLING.** Samples for royalty purposes shall be taken of the peat at places and intervals subject to the approval of the commissioner. A portion of such sample or composite sample shall be delivered to the commissioner unless, by mutual agreement, it has been decided that certain of such portions are not needed by the state. Except as otherwise permitted by the commissioner, all peat removed from the leased premises shall be sampled as to type and its weight determined before commingling with any other peat or other materials.

15. REMOVAL OF PEAT FOR EXPERIMENTAL PURPOSES. Notwithstanding the provisions of paragraphs 6 and 7 relating to the payment of royalty, upon written application of the lessee, the commissioner may authorize the removal of peat from the leased premises for experimental purposes without payment of royalty.

16. ADDITIONAL REPORTS.

(a) Except as otherwise permitted by the commissioner, the lessee shall transmit to the commissioner on or before the tenth of each month a statement in such form as the commissioner shall prescribe, covering the tonnage of reed-sedge peat and sphagnum moss peat removed from the tax-forfeited lands and the consolidated conservation area lands during the preceding calendar month.

(b) In addition to the reporting requirements of paragraphs 11 and 14 of this lease, the lessee shall provide the state by March 15 of each year a report which shall contain:

- (1) A description of the amount and location of acreage disturbed during the preceding calendar year on the leased premises;
- (2) An accurate map of the locations of all facilities, drainage ditches, and other structures on the leased premises, including those constructed within the preceding year;
- (3) A description of the plans for additional peat removal or additional drainage ditches, facilities, or other structures for the current year on the leased premises;
- (4) A description and map of the area for which reclamation has been completed during that year; and
- (5) Any other reasonable or necessary data which the state may require.

17. HOW REMITTANCES AND REPORTS ARE TO BE TRANSMITTED. All remittances by the lessee hereunder shall be made payable to the Department of Natural Resources, and all such remittances and all reports, notices, and documents required hereunder shall be transmitted to the commissioner through the assistant director of the Division of Lands and Minerals at Hibbing, Minnesota: 1525 Third Avenue East, Hibbing, Minnesota 55746.

18. LESSEE'S OBLIGATIONS UNDER LOCAL, STATE AND FEDERAL LAWS AND REGULATIONS. The provisions of this lease are subject to all applicable local, state and federal statutes, orders, rules and regulations, and all operations under this lease shall be conducted in conformity with them. These include, but are not necessarily limited to, the reclamation and water appropriation permits from the Minnesota Department of Natural Resources; the NPDES-SDS permit and the Section 401 certification from the Minnesota Pollution Control Agency; the Section 404-Dredge and Fill from the U.S. Army Corps of Engineers and any other county or local government requirements. All activities shall be conducted in conformity with the applicable mineland reclamation statutes and rules. No interference, diversion, use or appropriation of any waters over which the commissioner or any other state agency has jurisdiction, shall be undertaken unless authorized in writing by the commissioner or the said state agency.

(a) The lessee is subject to the rules of the Minnesota Environmental Quality Board, which require the following:

(1) an Environmental Assessment Worksheet (EAW) for development of a facility for the extraction or mining of peat which will result in the excavation of 160 or more acres of land during its existence, and

(2) an Environmental Impact Statement (EIS) for development of a facility for the extraction or mining of peat which will utilize 320 acres of land or more during its existence.

19. EXISTING ENCUMBRANCES. This lease is subject to all prior leases, easements, rights of way, permits, licenses, and other encumbrances upon the leased premises.

20. MANNER OF OPERATION. It is further understood and agreed as follows:

(a) The lessee shall open, use and work the peat deposit on the leased premises in such manner only as is usual and customary in skillful and proper peat operations of similar size and scope.

(b) The lessee shall conduct its operations in accordance with the requirements, methods, and practices of good peat removal engineering and environmental engineering, and in a manner which

(1) will not cause any undue injury to the land or the remaining peat deposits;

(2) will not cause any significant inconvenience or hindrance in the use, development, or disposal of any peat left on the leased premises after the termination, cancellation, or expiration of this lease; and

(3) will not endanger the public health, welfare, or safety. If a situation occurs in the construction or operations authorized by this lease which does endanger the public health or safety, the lessee shall immediately take corrective measures and shall notify the commissioner. The lessee shall cease construction or operations if the commissioner determines that danger to public health and safety will result from continued operations.

(c) The lessee shall keep the leased premises in a neat, clean, and safe condition and remove all refuse and debris that may from time to time accumulate on the leased premises.

(d) The lessee shall take all reasonable steps to prevent fires starting as a result of its operations, and shall maintain a reasonable and adequate system for suppressing fires on the leased premises. The lessee shall be responsible for the suppression of fires started as a result of its operations. The lessee shall hold the state harmless and indemnify the state for any damages caused by fires started as a result of its operations.

(e) No timber shall be cut, used, removed or destroyed by the lessee without first paying to the state the stumpage value thereof as determined by the commissioner.

21. LESSEE TO OBTAIN REQUIRED STATE AND FEDERAL PERMITS WITHIN FIVE YEARS. If the Lessee fails to obtain the required state and federal permits to harvest peat from the leased premises by the end of the fifth year following the date of this lease, the state may, at its option cancel this lease in the manner hereinafter provided. If the Lessee fails to obtain the required state and federal

permits by such date and the state chooses not to cancel this lease, such other later date for obtaining the required permits shall be mutually agreed to between the state and Lessee.

22. LESSEE TO OPEN LEASED PREMISES IN A SUBSTANTIAL MANNER AFTER OBTAINING REQUIRED STATE AND FEDERAL PERMITS. If Lessee fails to open a minimum of forty (40) acres of the leased premises in a substantial manner by the end of the fourth full calendar year after obtaining required state and federal permits, the state may, at its option cancel this lease in the manner hereinafter provided. For purposes of this paragraph, opening the leased premises in a substantial manner consists of activities approved by the commissioner, such clearing surface vegetation, constructing drainage ditches, or such comparable performance standards as may be determined by the commissioner.

23. DRAINAGE. Subject to paragraph 18, the lessee may employ such drainage methods as are necessary for the efficient removal of peat except that the locations of all outlets must be approved by the commissioner prior to the construction of the drainage system.

24. INVASIVE SPECIES. The Lessee is responsible for controlling invasive species on the Premises.

25. RECLAMATION REQUIRED. The lessee shall, at its own expense, begin reclamation of disturbed areas:

(a) During the first normal planting period following the point when a surface, structure, facility, or element is no longer scheduled to be disturbed or used in a manner that would interfere with the establishment and maintenance of vegetation; or

(b) Upon the termination of the lease, either by expiration of the term or by act of either party; unless directed otherwise in writing by the commissioner.

26. MINING AND RECLAMATION PROCEDURES. The lessee shall submit a mining plan for the approval of the commissioner prior to the onset of active mining operations. The plan shall describe the life of the operation and the mining activities to be conducted.

The lessee shall submit a general reclamation plan for the approval of the commissioner prior to the onset of active mining operations. The general reclamation plan shall describe the methods and sequence of reclamation activities. At least two (2) years prior to the time reclamation is to begin under the provisions of this lease, the lessee shall submit a detailed reclamation plan for the approval of the commissioner. The detailed reclamation plan shall contain detailed plans, schedules, designs, specifications, and supporting data for reclamation activities, including cleanup as specified in paragraph 34 of this lease. The lessee shall reclaim the leased premises in accordance with the approved reclamation plan. The reclamation of disturbed areas shall proceed concurrently with mining operations to the extent practical, and shall be completed following termination of the mine's operation.

27. RECLAMATION BONDS. Prior to the onset of active mining operations, unless waived, in whole or in part, by the commissioner, the lessee shall file with the commissioner a surety bond, cash, certificates of deposit or assignable bonds or notes of the United States in the amount of One million thirty-five thousand one hundred and 00/100 (1,035,100.00) Dollars, conditioned that the lessee shall faithfully perform all reclamation requirements, including cleanup, as specified in the approved reclamation plan. All bonds shall be signed by the lessee as principal and by a good and sufficient surety licensed to do business in the State of Minnesota. Any bond or other security submitted pursuant to this

section shall remain in force until such time as bonding is no longer considered necessary by the commissioner, or until reclamation is completed in accordance with the approved reclamation plan.

The need for and amount of all bonds, or other security, shall be reviewed by the commissioner annually, and at the commissioner's discretion, such bond or security shall be increased or decreased to reflect changes in the cost of future reclamation of all lands disturbed and unreclaimed by peat mining operations. At the time of review the lessee shall submit a statement estimating the number of additional acres expected to be disturbed during the ensuing year. The total number of acres disturbed and unreclaimed plus those acres expected to be disturbed during said period shall be considered in revising the bond amount.

28. **RELEASE OF BOND.** When the lessee has completed reclamation of an area, as provided for in this lease, or its attachments, the lessee may request a release of a portion of the retained bond or other security commensurate with the amount of land so reclaimed. The commissioner shall inspect the reclaimed area and rule on the release request within sixty (60) days. If reclamation criteria have been met, the commissioner shall release the appropriate portion of any bond or other security.

If reclamation criteria have not been met, the commissioner shall notify the lessee and recommend corrective actions. Upon correction of the noted deficiency, the commissioner shall release the appropriate portion of the bond or other security.

29. **FORFEITURE OF BOND.** Should the lessee fail to reclaim in a timely manner, the commissioner shall initiate forfeiture proceedings against the bond or other security.

30. **LESSEE TO ACQUIRE NECESSARY RIGHTS TO SURFACE NOT OWNED BY STATE.** It is understood and agreed that in case any interest in the land covered by this lease or in any minerals therein is owned by anyone other than the state, this lease shall not be construed as authorizing any invasion of or trespass upon such other interest, that in case it shall be necessary to make use of any such other interest in connection with any operations hereunder, the lessee shall obtain all necessary legal rights therefore before proceeding therewith, that the lessee shall be liable for all damages to any other interest caused by any operations hereunder, and that the state shall not incur or be subject to any liability therefore.

31. **INDEMNIFICATION.** No liability shall be imposed upon or incurred by the state or any of its officers, agents, or employees, officially or personally, on account of the granting of this lease or on account of any damage to any person or property resulting from any act or omission of the lessee or any of its agents, employees, or contractors relating to any matter hereunder. The lessee hereby agrees and is obligated to indemnify and hold the state harmless from all claims arising out of the use of the property covered by this lease, regardless of the manner in which the claims are asserted. This lease shall not be construed as estopping or limiting any legal claim or right of action of the state against the lessee, its agents, employees, or contractors for violation of or failure to comply with the provisions of this lease or applicable provisions of law.

32. **LESSEE TO PAY ALL TAXES.** The lessee covenants and agrees to pay when due all taxes, general and specific, personal and real, that may be assessed against the leased premises and improvements made on the leased premises, the peat thereon or removed therefrom, and any personal property thereon owned, used, or controlled by the lessee. The cancellation, termination, or expiration of this lease shall not relieve the lessee of the obligation to pay taxes assessed during the continuance of the lease, even though such taxes may be due or payable after such cancellation, termination, or expiration date.

33. STATE LIEN FOR UNPAID SUMS DUE. The state reserves and shall at all times have a lien upon all peat removed from the leased premises and upon all improvements made by the lessee upon the leased premises for any sums not paid when due and for any of the expenses specified in paragraph 35 herein.

34. LESSEE'S RIGHT TO TERMINATE LEASE. The lessee may at any time deliver to the commissioner written notice of intention to terminate this lease, and this lease shall terminate sixty (60) days after such delivery unless notice is revoked by the lessee by further written notice to the commissioner before the expiration of said sixty (60) days. Such termination shall not relieve the lessee from any liability for payment or other liability incurred hereunder. All sums due to state under this lease up to the effective date of such termination shall be paid by the lessee.

35. STATE'S RIGHT TO CANCEL LEASE UPON DEFAULT. This lease is granted upon the express condition that, if any sum owing hereunder by the lessee for rental, royalty, or otherwise shall remain unpaid after the time when the same became due as herein provided, or if the lessee or any agent or servant thereof shall knowingly or willfully make any false statement in any report, account, or tabulation submitted to the state or to the commissioner, or any of the lessee's agents pertaining to any matter hereunder, or if the lessee shall fail to perform any of the covenants or conditions herein expressed to be performed by said lessee, the commissioner may cancel this lease by mailing or delivering to the lessee sixty (60) days' notice thereof in writing, specifying such non-payment or other default as the case may be, and this lease shall terminate at the expiration of said sixty (60) days, and the lessee and all persons claiming under the lessee shall be wholly excluded from the leased premises except as hereinafter provided. Such termination shall not relieve the lessee from any liability for payment or other liability incurred hereunder. If the default consists of a non-performance of an act required hereunder other than payment of royalty or rental, the lessee may perform within said period of sixty (60) days and the lease shall continue in full force and effect, and if the correction of any such default requires more time than sixty (60) days after the notice has been received by the lessee, the commissioner, upon written request of the lessee and for good cause shown, may, at the commissioner's discretion, grant an extension of such period of sixty (60) days. If the default consists of a nonpayment of royalty or rental and the lessee performs within fifteen (15) days from the mailing or delivery of notice of cancellation, the lease shall continue in full force and effect; and if the lessee performs at any time thereafter within said period of sixty (60) days, the commissioner, at the commissioner's discretion, may continue the lease in full force and effect.

36. RIGHTS OF STATE AND LESSEE DURING 180-DAY PERIOD FOLLOWING TERMINATION. Upon termination of this lease, whether by expiration of the term hereof or by act of either party, except as necessary to comply with the provisions of paragraph 23 herein, the lessee shall have one hundred eighty (180) days thereafter in which to remove all equipment, materials, structures, and other property placed or erected by the lessee upon the leased premises, and any such property not removed within said time shall, at the discretion of the commissioner, become the property of the state. During said period of one hundred eighty (180) days, the lessee shall, at its own expense, do all work which the commissioner deems necessary to leave the premises in a safe and orderly condition to protect against injury or damage to persons or property; and, except as otherwise directed by the commissioner, access roads are to be left in place and all drainage ditches are to be left intact and open. Subject to the foregoing, upon the termination of this lease, whether by expiration of the term hereof or otherwise, the lessee shall quietly and peaceably surrender possession of the leased premises to the state. During said period of one hundred eighty (180) days, the lessee shall not be relieved of any obligation or liability resulting from the occupancy of the leased premises, unless the lessee has wholly vacated said leased premises prior to the expiration of said period and has notified the commissioner thereof in writing.

37. RECOVERY OF EXPENSES. If it is necessary for the state to incur expenses by court action or otherwise for the ejectment of the lessee, or removal from the leased premises of the lessee's property, or recovery of rent or royalties, or reclamation of the land, or for any other remedy of the state, the lessee shall pay to the state all expenses, including attorneys' fees, thus incurred by the state.

38. SUBJECT TO LEASING FOR MINERAL AND OTHER PURPOSES. The state reserves the right to lease or grant to other persons or corporations the right to explore for, mine, remove, and beneficiate any minerals that are located on or in the leased premises. The state agrees that any permit or lease granted by it to any person or corporation to explore for, develop, mine, or dispose of such minerals shall contain a provision that the permittee or lessee thereof shall exercise such rights so as not to cause any unnecessary or unreasonable injury or hindrance to the operations of the lessee herein in the opening of, the exploration for, or removal of peat from the leased premises. Lessee herein agrees that it shall exercise the rights granted to it by this lease in such manner as not to cause any unnecessary or unreasonable injury or hindrance to the operations of any permittee or lessee of the state in the exploration for, or the development, mining, or removal of any minerals from the leased premises.

The state further reserves the right to sell or dispose of timber, and to grant leases, permits, or licenses to any portion of the surface of the leased premises to any person, partnership, corporation, or other association under the authority of Minnesota Statutes, Section 92.50, or other applicable laws, after consultation with lessee, and provided that such leases, permits or licenses shall not unduly interfere with peat development operations conducted thereon.

39. AGREEMENTS, ASSIGNMENTS, OR CONTRACTS. All assignments, agreements, or contracts affecting this lease shall be made in writing and signed by all parties thereto, witnessed by two witnesses, properly acknowledged and shall contain the post office addresses of all parties thereto, and when so executed shall be presented in triplicate to the commissioner for record. No such instrument shall be valid until approved in writing by the commissioner and approved as to form and execution by the attorney general. No assignment or other agreement shall relieve the lessee of any obligation or liability imposed by this lease, and all assignees, sublessees, and subcontractors shall also be liable for all obligations or liabilities imposed by this lease

40. LEASE BINDING ON ASSIGNEES AND SUCCESSORS. The covenants, terms, and conditions of this lease shall run with the land and shall extend to and bind all assignees and other successors in interest of the lessee.

41. NOTICES. For the purposes of this lease, the addresses of the parties shall be as follows, unless changed by written notice to all parties: For the state -- Commissioner of Natural Resources, State of Minnesota, Box 45, 500 Lafayette Road, Saint Paul, Minnesota 55155-4045; for the lessee -- American Peat Technology, LLC, 36203 350th Avenue, Aitkin, Minnesota 56431.

IN TESTIMONY WHEREOF, The state by and through its Commissioner of Natural Resources, has caused this instrument to be executed, and the lessee has hereto set its hand, the day and year first above written.

Signed in Presence of:

STATE OF MINNESOTA
DEPARTMENT OF NATURAL RESOURCES

Jess Richards, Director

Division of Lands and Minerals

As to State

Signed in Presence of:

AMERICAN PEAT TECHNOLOGY, LLC

By _____
Title: _____

By _____
Title: _____

As to Lessee

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

m DEPARTMENT OF
NATURAL RESOURCES

Minnesota Department of Natural Resources
Division of Lands and Minerals
1525 Third Ave. E.
Hibbing, MN 55746

January 19, 2018

Mark Jacobs
Land Commissioner
Aitkin County Courthouse
209 2nd Street NW, Room 206
Aitkin, MN 56431

Re: American Peat Technology LLC Peat Leases

Dear Mr. Jacobs:

The Department of Natural Resources has completed its negotiations with American Peat Technology LLC for two peat leases in Aitkin County: the Rossburg Bog comprising 638.43 acres and the Seavey Bog comprising 3,477.95 acres.

Aitkin County and the State (DNR) entered into a joint powers agreement on February 4, 2017, as amended on January 5, 2018, to allow the DNR to lease the tax-forfeited lands located within the lease requests on behalf of the county. I have enclosed a copy of the agreement and amendment for your reference.

Enclosed are drafts of the proposed leases. The negotiated lease terms contained in both leases are as follows:

Term: 25 years

Base Rental Rate: \$9.00/acre/year (payable in quarterly installments)

rental rate is subject to escalation every 4th year of the lease - first rent escalation on January 1, 2022

Base Royalty Rate: \$1.50/ton of reed-sedge peat, and \$6.00/ton of sphagnum moss peat

royalty rates are subject to quarterly escalation

The next step in the leasing process is for the county to hold a public hearing. The county needs to schedule the hearing and post notice of it in the courthouse 20 days prior to the hearing. The notice must also be published at least 10 days prior to the hearing in a legal newspaper in the county. The county's authority to issue a lease for the removal of peat is found in Minnesota Statutes, Sec. 282.04, subd 1(h). Please inform me of the date of the public hearing. If needed, DNR staff can attend the public hearing to provide information about the leases. A representative from American Peat Technology LLC will be invited to attend the hearing.

Please provide me with copies of the notice of hearing and the newspaper clipping of the published notice. After the public hearing, I will need a certified copy of the county board's resolution approving the lease of the

Minnesota Department of Natural Resources • Division of Lands and Minerals
1525 Third Ave. E., Hibbing, MN 55746

county lands. The lease is scheduled to be brought to the State Executive Council for approval at its March 1, 2018 meeting.

If you have any questions, please feel free to contact me at 218-231-8454.

Sincerely,

A handwritten signature in cursive script that reads "Vicki Sellner".

Vicki Sellner
Attorney
vicki.sellner@state.mn.us

Enc.

cc: Kirk Peysar, Aitkin County Auditor/Treasurer
Andrew Reed
Thomas Lee
Jim Sellner
Joe Rokala – Northeast Region

JOINT POWERS PEAT LEASING AGREEMENT

This AGREEMENT, made this 6th day of February, 2017, between the STATE OF MINNESOTA, acting by and through its Commissioner of Natural Resources, hereinafter referred to as the "Commissioner", and the COUNTY OF AITKIN, MINNESOTA, acting by and through its County Board, hereinafter referred to as "Aitkin County";

WITNESSETH:

WHEREAS, Minnesota Statutes 2015, Section 92.50, provides that the Commissioner of Natural Resources may lease any state-owned lands under his jurisdiction for the purpose of removing peat for a term not exceeding 25 years, and

WHEREAS, Minnesota Statutes 2015, Section 282.04, subd.1(h), provides that the county auditor may, with the approval of the county board and the Commissioner of Natural Resources, grant leases, for a term not exceeding 25 years, for the removal of peat from tax-forfeited lands upon such terms and conditions as the county board may prescribe, and

WHEREAS, Minnesota Statutes 2015, Section 471.59, provides for the joint exercise of powers common to contracting governmental units, and authorizes contractual agreements by which one governmental unit may exercise such powers on behalf of the other contracting governmental units.

NOW THEREFORE, IT IS MUTUALLY AGREED between the parties hereto as follows:

1. Aitkin County hereby authorizes the Commissioner to lease the tax-forfeited lands as described in the attached "Exhibit A" and made part of this Agreement, for the removal of peat in the same manner as other state-owned property under the jurisdiction of the Commissioner except as provided elsewhere in this Agreement and pursuant to Minnesota Statutes 2015, Section 282.04, subd. 1(h) and the Commissioner hereby accepts this authority.

This authority includes the authority to engage in the leasing of lands owned by the parties for the removal of peat, together with the necessarily related authority to grant temporary easements, permits and licenses, collect rents and royalties, pay necessary expenses, apportion net revenues, and such other authority deemed necessary to the leasing of the lands by the parties.

- a. The annual rental for any land which is leased pursuant to this Agreement shall be determined by the Commissioner prior to the time of lease, following consultation with, and approval by, the County Auditor of Aitkin County. Rental shall be payable as specified in the lease.
- b. The minimum royalty per ton of sphagnum peat moss and the minimum royalty per ton of reed-sedge peat to be paid by the lessee shall be determined by the Commissioner prior to the time of lease, following consultation with, and approval by, the County Auditor of Aitkin County. Royalty shall be escalated pursuant to a formula to be established by the Commissioner following consultation with, and approval by, the County Auditor of Aitkin County.

2. The Commissioner shall provide annual reports to Aitkin County stating the rental paid, the tonnages of sphagnum moss peat and reed-sedge peat removed during the calendar year, the royalty values of such peat types, rental credit, if any, expenses incurred in the administration of the lease, and the amount of net revenues to be apportioned to Aitkin County, together with a copy of any easements, permits, and licenses issued since the date of the last report and not previously furnished to Aitkin County.

3. The Commissioner shall charge Aitkin County an annual fee of twenty percent (20%) of all calendar year revenues from the tax-forfeited lands listed in Exhibit A for the administration of the lease or leases.

4. All assignments, agreements, or contracts affecting any lease issued pursuant to this Agreement shall not be valid until approved in writing by the Commissioner, following consultation with, and approval by, the County Auditor of Aitkin County. Each party shall be responsible for any other legal work, including but not limited to litigation, together with costs relating to any other legal work, involving lands owned by Aitkin County in the absence of any agreement for such services between Aitkin County and the Minnesota Attorney General.


5. The Commissioner, in issuing a lease, may not authorize a lessee to invade or trespass upon any minerals therein or upon any interest in land located within the area described by the lease that is owned by anyone other than the State or Aitkin County.

6. Tort liability of counties is governed by Minnesota Statutes 2015, Chapter 466, and related laws. Tort liability of the State is governed by Minnesota Statutes 2015, Section 3.736, and related laws. Each party to this Agreement shall be responsible to the extent authorized by law for its own acts and those of its officers, employees, and agents. Any lease issued pursuant to this Agreement shall contain a provision to indemnify the parties and hold them harmless from all damages or losses caused directly or indirectly by activities undertaken pursuant to the lease, whether to land, timber, minerals, growing crops, or buildings, or to any person or other property.

7. The duration of this Agreement is coterminous with the lease or leases issued pursuant to this Agreement. This Agreement may be amended from time to time in regard to any provision which does not alter the terms of the lease or leases by the mutual agreement of the parties hereto. Official notices required under this Agreement shall be directed as follows: for Aitkin County -- Aitkin County Auditor, Aitkin County Courthouse, 209 Second Street NW, Room 202, Aitkin, MN 56431; for the State -- Commissioner of Natural Resources, State of Minnesota, 500 Lafayette Road, Box 45, St. Paul, MN 55155-4037.

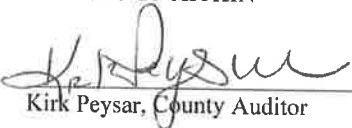
APPROVED:

DEPARTMENT OF NATURAL RESOURCES

By 
Jess Richards, Director
Division of Lands and Minerals

Date: 2/6/ ²⁰¹⁷~~2016~~

COUNTY BOARD OF AITKIN
By resolution dated:
1-10, 2017
(certified copy attached)

COUNTY OF AITKIN

Kirk Peysar, County Auditor

Date: 1-26, 2017

Exhibit A

Rosburg Bog Area

East Half of Southwest Quarter (E1/2-SW1/4), and Lot 4 in Section Eighteen (18),

Southwest Quarter of Northeast Quarter (SW1/4-NE1/4), East Half of Northwest Quarter (E1/2-NW1/4), and Lot 2, Nineteen (19),

all in Township Forty-seven (47) North, Range Twenty-five (25) West.

Seavey Bog Area

Northeast Quarter (NE1/4), East Half of Northwest Quarter (E1/2-NW1/4), Lot 1, Lot 2, Lot 3, North Half of Southeast Quarter (N1/2-SE1/4), and Southeast Quarter of Southeast Quarter (SE1/4-SE1/4) in Section Nineteen (19),

Northwest Quarter (NW1/4) and West Half of Southwest Quarter (W1/2-SW1/4) in Section Twenty (20),

Southwest Quarter of Northwest Quarter (SW1/4-NW1/4) and Southwest Quarter (SW1/4) in Section Twenty-nine (29),

Northeast Quarter of Northeast Quarter (NE1/4-NE1/4), South Half of Northeast Quarter (S1/2-NE1/4), Lot 2, Southeast Quarter of Northwest Quarter (SE1/4-NW1/4), East Half of Southwest Quarter (E1/2-SW1/4), Lot 3, Lot 4, and Southeast Quarter (SE1/4) in Section Thirty (30),

Northeast Quarter (NE1/4), East Half of Northwest Quarter (E1/2-NW1/4), Lot 1, Lot 2, East Half of Southwest Quarter (E1/2-SW1/4), Lot 3, Lot 4, North Half of Southeast Quarter (N1/2-SE1/4), and Southwest Quarter of Southeast Quarter (SW1/4-SE1/4) in Section Thirty-one (31),

all in Township Forty-four (44) North, Range Twenty-three (23) West.

North Half (N1/2), North Half of Southwest Quarter (N1/2-SW1/4), and North Half of Southeast Quarter (N1/2-SE1/4) in Section One (1),

All of Section Two (2),

East Half of Northeast Quarter (E1/2-NE1/4) and Northeast Quarter of Southeast Quarter (NE1/4-SE1/4) in Section Three (3),

all in Township Forty-three (43) North, Range Twenty-four (24) West.

Southeast Quarter (SE1/4) in Section One (1),

Northeast Quarter (NE1/4) and South Half in Section Twelve (12),

South Half of Northeast Quarter (S1/2-NE1/4), West Half (W1/2), and Southeast Quarter (SE1/4) in Section Thirteen (13),

Northeast Quarter of Northeast Quarter (NE1/4-NE1/4), South Half of Northeast Quarter (S1/2-NE1/4), Northwest Quarter (NW1/4), North Half of Southwest Quarter (N1/2-SW1/4), Southwest Quarter of Southwest Quarter (SW1/4-SW1/4), and Southeast Quarter (SE1/4) in Section Fourteen (14),

East Half of Northeast Quarter (E1/2-NE1/4) in Section Twenty-two (22),

North Half (N1/2) and North Half of Southeast Quarter (N1/2-SE1/4) in Section Twenty-three (23),

North Half (N1/2), North Half of Southeast Quarter (N1/2-SE1/4), and Southeast Quarter of Southeast Quarter (SE1/4-SE1/4) in Section Twenty-four (24),

Northeast Quarter of Northeast Quarter (NE1/4-NE1/4), South Half of Northeast Quarter (S1/2-NE1/4), Southeast Quarter of Northwest Quarter (SE1/4-NW1/4), South Half (S1/2), and Northwest Quarter of Northeast Quarter (NW1/4-NE1/4), except 3 acres described as follows: Starting at the Northwest corner of Northwest Quarter of Northeast Quarter (NW1/4-NE1/4), going South along the line 900 feet, then East along a line 145 feet, then North along a line 900 feet, then West along a line 145 feet to the point of beginning, in Section Twenty-five (25),

South Half (S1/2) of Section Twenty-six (26),

All of Section Thirty-five (35),

all in Township Forty-four (44) North, Range Twenty-four (24) West.

CERTIFIED COPY OF RESOLUTION OF COUNTY BOARD OF AITKIN COUNTY, MINNESOTA

ADOPTED January 10, 2017

By Commissioner: Marcotte

20170110-008

Joint Powers Agreement with MN DNR - Peat Leasing

WHEREAS, American Peat Technologies LLC has requested two peat leases involving State and County administered lands in Kimberly Township (known as the Rossburg Bog Area) and Seavey/Pliny/Idun Townships (known as the Seavey Bog Area), and

WHEREAS, MN Statute 282.04 allows 25-year peat leases on County Tax Forfeited land and

WHEREAS, on leases involving County and State administered lands, joint powers agreements may be entered into where MN DNR staff will administer the lease and

WHEREAS, MN DNR staff has considerable expertise and experience involving peat mining.

THEREFORE, the Aitkin County Board of Commissioners resolves to enter into a joint powers agreement with MN DNR for the administration of peat leases in the Rossburg and Seavey Bog areas (described in Exhibit A)

Exhibit A

Roszburg Bog Area

East Half of Southwest Quarter (E1/2-SW1/4), and Lot 4 in Section Eighteen (18),

Southwest Quarter of Northeast Quarter (SW1/4-NE1/4), East Half of Northwest Quarter (E1/2-NW1/4), and Lot 2, Nineteen (19),

all in Township Forty-seven (47) North, Range Twenty-five (25) West.

Seavey Bog Area

Northeast Quarter (NE1/4), East Half of Northwest Quarter (E1/2-NW1/4), Lot 1, Lot 2, Lot 3, North Half of Southeast Quarter (N1/2-SE1/4), and Southeast Quarter of Southeast Quarter (SE1/4-SE1/4) in Section Nineteen (19),

Northwest Quarter (NW1/4) and West Half of Southwest Quarter (W1/2-SW1/4) in Section Twenty (20),

Southwest Quarter of Northwest Quarter (SW1/4-NW1/4) and Southwest Quarter (SW1/4) in Section Twenty-nine (29),

Northeast Quarter of Northeast Quarter (NE1/4-NE1/4), South Half of Northeast Quarter (S1/2-NE1/4), Lot 2, Southeast Quarter of Northwest Quarter (SE1/4-NW1/4), East Half of Southwest Quarter (E1/2-SW1/4), Lot 3, Lot 4, and Southeast Quarter (SE1/4) in Section Thirty (30),

Northeast Quarter (NE1/4), East Half of Northwest Quarter (E1/2-NW1/4), Lot 1, Lot 2, East Half of Southwest Quarter (E1/2-SW1/4), Lot 3, Lot 4, North Half of Southeast Quarter (N1/2-SE1/4), and Southwest Quarter of Southeast Quarter (SW1/4-SE1/4) in Section Thirty-one (31),

all in Township Forty-four (44) North, Range Twenty-three (23) West.

North Half (N1/2), North Half of Southwest Quarter (N1/2-SW1/4), and North Half of Southeast Quarter (N1/2-SE1/4) in Section One (1),

All of Section Two (2),

East Half of Northeast Quarter (E1/2-NE1/4) and Northeast Quarter of Southeast Quarter (NE1/4-SE1/4) in Section Three (3),

all in Township Forty-three (43) North, Range Twenty-four (24) West.

Southeast Quarter (SE1/4) in Section One (1),

Northeast Quarter (NE1/4) and South Half in Section Twelve (12),

South Half of Northeast Quarter (S1/2-NE1/4), West Half (W1/2), and Southeast Quarter (SE1/4) in Section Thirteen (13),

Northeast Quarter of Northeast Quarter (NE1/4-NE1/4), South Half of Northeast Quarter (S1/2-NE1/4), Northwest Quarter (NW1/4), North Half of Southwest Quarter (N1/2-SW1/4), Southwest Quarter of Southwest Quarter (SW1/4-SW1/4), and Southeast Quarter (SE1/4) in Section Fourteen (14),

East Half of Northeast Quarter (E1/2-NE1/4) in Section Twenty-two (22),

North Half (N1/2) and North Half of Southeast Quarter (N1/2-SE1/4) in Section Twenty-three (23),

North Half (N1/2), North Half of Southeast Quarter (N1/2-SE1/4), and Southeast Quarter of Southeast Quarter (SE1/4-SE1/4) in Section Twenty-four (24),

Northeast Quarter of Northeast Quarter (NE1/4-NE1/4), South Half of Northeast Quarter (S1/2-NE1/4), Southeast Quarter of Northwest Quarter (SE1/4-NW1/4), South Half (S1/2), and Northwest Quarter of Northeast Quarter (NW1/4-NE1/4), except 3 acres described as follows: Starting at the Northwest corner of Northwest Quarter of Northeast Quarter (NW1/4-NE1/4), going South along the line 900 feet, then East along a line 145 feet, then North along a line 900 feet, then West along a line 145 feet to the point of beginning, in Section Twenty-five (25),

South Half (S1/2) of Section Twenty-six (26),

All of Section Thirty-five (35),

all in Township Forty-four (44) North, Range Twenty-four (24) West.

Commissioner Pratt moved the adoption of the resolution and it was declared adopted upon the following vote

FIVE MEMBERS PRESENT

All Members Voting Yes

STATE OF MINNESOTA}
COUNTY OF AITKIN}

I, Patrick Wussow, Interim County Administrator, Aitkin County, Minnesota do hereby certify that I have compared the foregoing with the original resolution filed in the Administration Office of Aitkin County in Aitkin, Minnesota as stated in the minutes of the proceedings of said Board on the 10th day of January 2017, and that the same is a true and correct copy of the whole thereof.

Witness my hand and seal this 10th day of January 2017



Patrick Wussow
Interim County Administrator

AMENDMENT TO
JOINT POWERS PEAT LEASING AGREEMENT

This AMENDMENT, made this 5th day of January, 2018, between the STATE OF MINNESOTA, acting by and through its Commissioner of Natural Resources, hereinafter referred to as the "Commissioner", and the COUNTY OF AITKIN, MINNESOTA, acting by and through its County Board, hereinafter referred to as "Aitkin County";

WITNESSETH:

WHEREAS, by a joint powers agreement made on February 6, 2017, Aitkin County authorized the Commissioner to lease certain tax-forfeited lands for the removal of peat;

WHEREAS, additional tax-forfeited lands have been requested for a peat lease in the Seavey Bog area covered by the joint powers agreement;

NOW THEREFORE, IT IS MUTUALLY AGREED BY AND BETWEEN THE PARTIES HERETO, THAT THE JOINT POWERS AGREEMENT DATED FEBRUARY 6, 2017, is amended to add the following described tax-forfeited lands:

Seavey Bog Area

North Half of Northeast Quarter (N1/2-NE1/4) in Section Thirteen (13),

Southeast Quarter of Southwest Quarter (SE1/4-SW1/4) in Section Fourteen (14),

North Half of Southwest Quarter (N1/2-SW1/4), Southeast Quarter of Southwest Quarter (SE1/4-SW1/4), except the Southwest Quarter thereof, and Southwest Quarter of Southeast Quarter (SW1/4-SE1/4) in Section Twenty-three (23),

North Half of Southwest Quarter (N1/2-SW1/4) in Section Twenty-four (24),

all in Township Forty-four (44) North, Range Twenty-four (24) West in Aitkin County.

Except as expressly provided herein, all of the provisions of the joint powers agreement shall remain in full force and effect.

The Aitkin County Board of Commissioners met this 28th day of November, 2017 at 9:02 a.m. with the following members present: Board Chair J. Mark Wedel, Commissioners Laurie Westerlund, Don Niemi, Bill Pratt, Anne Marcotte, County Administrator Jessica Seibert and Administrative Assistant Sue Bingham.

CALL TO ORDER

Motion by Commissioner Westerlund, seconded by Commissioner Pratt and carried, all members voting yes to approve the November 28, 2017 agenda.

APPROVED AGENDA

**AITKIN COUNTY HEALTH & HUMAN SERVICES
BOARD MEETING MINUTES
November 28, 2017**

HEALTH & HUMAN SERVICES BOARD

Attendance

The Aitkin County Board of Commissioners met this 28th day of November, 2017 at 9:03 a.m. as the Aitkin County Health & Human Services Board, with the following members present: Board Chair J. Mark Wedel, Commissioners Laurie Westerlund, Anne Marcotte, Don Niemi, and Bill Pratt. Others present included: County Administrator Jessica Seibert, Fiscal Supervisor Carli Goble, Public Health Supervisor Erin Melz, Social Services Supervisor-Children's Services Jessi Schultz, Health & Human Services Administrative Assistant Shawn Speed, and Guests: Marlene Abear/H&HS Advisory Committee Member, Roberta Elvecrog/H&HS Advisory Committee Member, and Brielle Bredsten/Aitkin Independent Age.

Agenda

Motion by Commissioner Marcotte, seconded by Commissioner Niemi and carried, all members voting yes to approve the November 28, 2017 Health & Human Services Board agenda.

Commissioner Wedel noted that there would be a presentation by Erin Melz during her talk on the Aitkin, Itasca, and Koochiching Community Health Board.

Minutes

Motion by Commissioner Pratt, seconded by Commissioner Westerlund and carried, all members voting yes to approve the October 24, 2017 Health and Human Services Board minutes.

Bills

Carli Goble, Accounting Technician, presented the bills to the board.

Question from Commissioner Marcotte on the monies we are paying to Anoka and St. Peter. Carli assured the Commissioner that she would get her that information and let the board know the details of those transactions.

Motion by Commissioner Marcotte, seconded by Commissioner Westerlund and carried, all members voting yes to approve the bills.

CHB Update

Erin Melz, Public Health Supervisor, went over her PowerPoint presentation on the formation of Community Health Boards (CHB), their history in the state, and the statutory requirements of the CHB's.

Commissioner Marcotte asked how SCHSAC influences work at the State or Legislative level. Erin explained that there are several programmatic SCHSAC workgroups that are tasked with reviewing grant duties, funding and reporting elements. Additionally, SCHSAC assists with advising the State of successes and challenges at a local level as well as determining areas of legislative concern.

Commissioner Westerlund also commented on how much the SCHSAC committee does as she was our representative in the past.

Erin showed a short video highlighting the work of local Public Health.

Erin went over a CHB 101 Pamphlet that reviewed the 6 areas of Public Health responsibility, and the services or programs they provide to the citizens, communities, and state.

Commissioner Niemi asked about what they have found in relation to Radon in the county and Erin used her own personal experience with it to answer that it is spotty throughout the county and that it is the second leading cause of lung cancer after smoking, so it is a big problem, but it is invisible so no one thinks about it until they actually test for it and find it in their home. Mitigation costs can vary depending on if your basement is finished and the area available to install the system.

Commissioner Wedel asked about how grants are split up and how that is all decided. Erin answered that many have set percentages based on the population of each county when they come to the CHB so the CHB doesn't make the decision on how to split monies. Others are just based on identified county needs or planned activities and the three counties can negotiate together how those dollars are distributed. If there is monies left over after the designated county has used the grant money the CHB can redistribute that to the other two counties to use.

Approval of the AIKCHB Joint Powers Agreement Approval - Motion by Commissioner Westerlund, seconded by Commissioner Marcotte and carried, all members voting yes to approve the AIKCHB Joint Powers Agreement.

Approval of the AIKCHB By-laws Approval - Motion by Commissioner Westerlund, seconded by Commissioner Pratt and carried, all members voting yes to approve the AIKCHB By-laws.

Approval of the AIKCHB Joint Powers Member Appointment - Motion by Commissioner Westerlund to appoint Ihleen Williams, seconded by Commissioner Marcotte and carried, all members voting yes to appoint Ihleen to the AIKCHB .

Approve agreement between ACH&HS and Dr. Donald Hughes, as the Public Health Medical Consultant - Motion by Commissioner Pratt, seconded by Commissioner Niemi and carried, all members voting yes to approve the agreement.

Health & Human Services Director Reports

Legislative Updates – In the Directors absence, Shawn Speed, Health & Human Services Administrative Assistant, reported that the priorities that have been discussed previously are still being pursued at the state level.

Re-Design Committee Update – Shawn Speed, also reported that the lobby area

had been painted and that they had picked out a flooring for the area that they hope to get installed soon. Also he noted that they had narrowed down the furniture options and hope to have that picked out in the near future.

Financial Reports

Carli Goble reviewed the financial statement for the board-

- 1) We are on budget overall.
- 2) Foster Care still a high cost.
- 3) Budget may look skewed as they are running checks this week due to the holiday last week.

Committee Reports

H&HS Advisory Committee – Commissioner Westerlund and/or Pratt

Committee members Marlene Abear and Roberta Elvecrog provided details of their last meeting, held November 1, 2017. Was a good meeting, minutes are attached.

NEMOJT Update – Commissioner Niemi

Opportunity for people to rehabilitate their homes in Wagner and Williams townships and receive a loan for up to \$22,000. People have to agree to live in the home for at least 8 years and loan would be forgiven, otherwise the amount due would be prorated. Will be getting word out to people about this opportunity.

ARDC Update – Commissioner Niemi

Passed out a new ARDC newsletter, first time for newsletter, that concentrated its information on important items the ARDC has helped with in Aitkin Count

Next Meeting – December 19, 2017

Break: 10:05 a.m. to 10:21 a.m.

Tiffany Stenglein, representative with Congressman Rick Nolan's Office out of Brainerd, introduced herself to the Board.

Motion by Commissioner Pratt, seconded by Commissioner Niemi and carried, all members voting yes to approve the Consent Agenda as follows: A) Correspondence File: November 14, 2017 to November 27, 2017; B) Approve County Board Minutes: November 14, 2017; C) Approve Commissioner Warrants: General Fund \$85,104.28, Road & Bridge \$73,556.62, Health & Human Services \$32.69, Debt Service \$4,200.00, State \$195.00, Trust \$1,844.02, Forest Development \$5,114.02, Long Lake Conservation Center \$7,267.26, Parks \$16,388.65 for a total of \$193,702.54; D) Approve Auditor Warrants – October Sales & Use Tax: General Fund \$652.50, Road & Bridge \$1,567.16, State \$11,934.50, Trust \$20.59, Forest Development \$0.34, Long Lake Conservation Center \$34.25, Parks \$62.76 for a total of \$14,272.10; E) Approve Auditor Warrants – RE Tax Overpays: Taxes & Penalties \$21,556.17; F) Approve Auditor Warrants – 2017 PER 2 RE Tax Settlement Payments: Agency \$3,075,650.94; G) Approve Amendment to Joint Powers Agreement (dated February 2, 2017) with MN DNR; H) Approve 2018 Newspaper Bid Specifications; I) Approve Fire Protection Contract – City of McGrath; J) Approve Consultant's Job Classification Recommendation – Assistant Maintenance Supervisor (R&B); K) Approve Vehicle Purchase – County Assessor's Office; L) Approve Final Plat of Pine Grove Cemetery 4th Addition

**HHS BOARD
ADJOURNS**

BREAK

**CITIZEN'S PUBLIC
COMMENT**

**CONSENT
AGENDA**

AITKIN COUNTY BOARD

November 28, 2017

<p>Under the consent agenda, motion by Commissioner Pratt, seconded by Commissioner Niemi and carried, all members voting yes to approve the consultant's recommendation of Grade 7 for the Assistant Maintenance Supervisor position (R&B), effective November 28, 2017.</p>	<p>ASSISTANT MAINTENANCE SUPERVISOR (R&B) JOB CLASSIFICATION</p>
<p>Under the consent agenda, motion by Commissioner Pratt, seconded by Commissioner Niemi and carried, all members voting yes to approve budgeted purchase of 2013 Ford Escape SUV for \$15,270.00 – County Assessor's Office.</p>	<p>VEHICLE PURCHASE – ASSESSOR'S OFFICE</p>
<p>Under the consent agenda, motion by Commissioner Pratt, seconded by Commissioner Niemi and carried, all members voting yes to approve Final Plat of Pine Grove Cemetery 4th Addition.</p>	<p>FINAL PLAT OF PINE GROVE CEMETERY 4TH ADDITION</p>
<p>Bobbie Danielson, Human Resources Director discussed Personnel Committee recommendations with the Board.</p>	<p>PERSONNEL COMMITTEE</p>
<p>Motion by Commissioner Niemi, seconded by Commissioner Westerlund and carried, all members voting yes to hire two 67 day temporary scanning clerks to prep/scan file records in the Environmental Services Department.</p>	<p>2 TEMPORARY SCANNING CLERKS</p>
<p>Motion by Commissioner Marcotte, seconded by Commissioner Pratt and carried, all members voting yes to refill vacant IT position as a Grade 7 Network/Application Support Specialist.</p>	<p>REFILL VACANT IT POSITION</p>
<p>Motion by Commissioner Westerlund, seconded by Commissioner Pratt and carried, all members voting yes to remove on-site living requirement from LLCC Education Manager Job Description.</p>	<p>LLCC ON-SITE LIVING REQUIREMENT</p>
<p>Sheriff Scott Turner discussed his 2018 salary increase request with the Board. No action was taken.</p>	<p>SHERIFF SALARY REQUEST</p>
<p>Motion by Commissioner Niemi, seconded by Commissioner Westerlund and carried, all members voting to reappoint Rebecca May as At Large representative on the East Central Regional Library Board.</p>	<p>ECRL</p>
<p>Motion by Commissioner Westerlund, seconded by Commissioner Niemi and carried, all members voting to reappoint Ihleen Williams as District 1 representative on the Aitkin County Housing Authority Board.</p>	<p>HRA</p>
<p>Motion by Commissioner Westerlund, seconded by Commissioner Pratt and carried, all members voting to reappoint Ed Spiel as District 2 representative and reappoint Jeremy Pacquette as District 4 representative on the Aitkin County Board of Adjustment.</p>	<p>BOA</p>
<p>Motion by Commissioner Westerlund, seconded by Commissioner Marcotte and carried, all members voting to reappoint Dennise Sonne as District 3 representative and to appoint Steve Kulifaj as District 2 representative on the Aitkin County Planning Commission.</p>	<p>PLANNING COMMISSION</p>

AITKIN COUNTY BOARD

November 28, 2017

Bruce Schwartzmann, BKV Group and Travis Feuchtmann, Contegry Inc. updated the Board on the Government Center Design project and answered questions.

**GOVERNMENT
CENTER DESIGN
PROJECT**

The Board discussed: MHB, Balancing Natural Resources, Arrowhead Counties, ARDC, CARE, CARE Board, ACCC, DAC, JCNRB, and Aitkin County Water Planning Task Force.

**BOARD
DISCUSSION**

Motion by Commissioner Westerlund seconded by Commissioner Pratt and carried, all members voting to adjourn the meeting at 11:29 a.m. until Tuesday, December 5, 2017. The December 5th County Board meeting will be held just prior to the December 5th Budget Hearing scheduled for 6:05 p.m.

ADJOURN



J. Mark Wedel, Board Chair
Aitkin County Board of Commissioners


Jessica Seibert, County Administrator

CERTIFIED COPY OF RESOLUTION OF COUNTY BOARD OF AITKIN COUNTY, MINNESOTA

ADOPTED February 13, 2018

By Commissioner: xx

20180213-0xx

APT Peat Leasing

WHEREAS, MN Statute 282.04 subd 1(h) provides for leasing county tax forfeited land for a term not to exceed 25-years, for removal of peat resources, and

WHEREAS, American Peat Technology, LLC - 36203 350th Avenue Aitkin, Minnesota, 56431, a Minnesota limited liability company has requested to lease the following tax forfeited property in Aitkin County...

East Half of Southwest Quarter (E1/2-SW1/4) and Lot Four (4) in Section Eighteen (18), Southwest Quarter of Northeast Quarter (SW1/4-NE1/4), East Half of Northwest Quarter (E1/2-NW1/4), and Lot Two (2), in Section Nineteen (19), all in Township Forty-seven (47) North, Range Twenty-five (25) West of the Fourth Principal Meridian, containing 292.67 acres, more or less, hereinafter referred to as the "Rosburg bog";

AND

Northeast Quarter (NE1/4), and South Half-section (S1/2) in Section Twelve (12); All of Section Thirteen (13); Northeast Quarter of Southwest Quarter (NE1/4-SW1/4), South Half of Southwest Quarter (S1/2-SW1/4), and Southeast Quarter (SE1/4) in Section Fourteen (14); East Half of Northeast Quarter (E1/2-NE1/4) in Section Twenty-two (22); North Half-section (N1/2), North Half of Southwest Quarter (N1/2-SW1/4), Southeast Quarter of Southwest Quarter (SE1/4-SW1/4), except the Southwest Quarter thereof, North Half of Southeast Quarter (N1/2-SE1/4), and Southwest Quarter of Southeast Quarter (SW1/4-SE1/4) in Section Twenty-three (23); North Half-section (N1/2), North Half of Southwest Quarter (N1/2-SW1/4), North Half of Southeast Quarter (N1/2-SE1/4), and Southeast Quarter of Southeast Quarter (SE1/4-SE1/4) in Section Twenty-four (24); all in Township Forty-four (44) North, Range Twenty-four (24) West of the Fourth Principal Meridian, containing 2,550.00 acres, more or less, hereinafter referred to as the "Seavey bog"

AND, WHEREAS Aitkin County and the State of MN (DNR) entered into a joint powers agreement on February 4, 2017, as amended on January 5, 2018, to allow MN DNR to lease the tax-forfeited lands on behalf of the County,

AND, WHEREAS a public hearing to receive comments on the proposed lease was held on February 13, 2018 at 11:00 AM at the Aitkin County Court House after posting notice as required by statute.

THEREFORE, the Aitkin County Board of Commissioners resolves to approve the lease of tax forfeited lands in the Seavey and Rosburg bogs per the terms in lease numbers: MLPN200002 and MLPN200003.

Commissioner xx moved the adoption of the resolution and it was declared adopted upon the following vote

FIVE MEMBERS PRESENT

All Members Voting Yes

STATE OF MINNESOTA}
COUNTY OF AITKIN}

I, Jessica Seibert, County Administrator, Aitkin County, Minnesota do hereby certify that I have compared the foregoing with the original resolution filed in the Administration Office of Aitkin County in Aitkin, Minnesota as stated in the minutes of the proceedings of said Board on the 13th day of February 2018, and that the same is a true and correct copy of the whole thereof.

Witness my hand and seal this 13th day of February 2018

Jessica Seibert
County Administrator