



**Jess L. Greenwood, P.E.**  
Public Works Director – County Engineer

2140 Pioneer Road  
Red Wing, MN 55066  
Office: (651) 385.3025

TO: Honorable County Commissioners  
Scott Arneson, County Administrator

FROM: Jess L. Greenwood, Public Works Director / County Engineer

RE: 19 March 2024 County Board Meeting  
**Execution of Lease Agreement with the State of Minnesota – S.A.P. 025-602-031**

Date: 14 March 2024

#### Summary

It is requested that the Board authorize execution of a lease agreement with the State of Minnesota to allow for construction of the CSAH 2 Reconstruction Project scheduled to begin in fall of 2024.

#### Background

S.A.P. 025-602-031 consists of the grading of CSAH 2 from CSAH 5 to Trunk Highway 61. Forty-eight appraisals were completed for the acquisition of new right of way for the project. Two parcels, owned by the Minnesota Department of Natural Resources (DNR), were not appraised, as the State of Minnesota has different requirements for land rights. The proposed acquisitions on the two parcels included a conversion of an existing highway easement to fee and a temporary easement.

The County is not able to convert the existing highway easement to fee title, but ownership of the parcel will remain with a public agency. The State is requiring the County to execute a lease agreement in lieu of acquiring a temporary easement. Staff has reviewed the proposed lease agreement. The terms and conditions outlined in the lease are similar to what would be included in a temporary easement document, including maintenance of the property during the lease. The lease includes some additional requirements for the County to abide by, including controlling invasive species, avoiding the use of hazardous substances on the premises, etc. These additional requirements would be addressed by our construction contract.

Approximately two acres of property are being leased from the DNR for two years, with a total cost of \$962.50. This amounts to a base land value of \$2,406.25/acre, which is less than what was appraised for other properties along this corridor.

#### Alternatives

- Authorize County staff to execute the lease agreement with the State of Minnesota.
- Do not execute the agreement, which would result in the County having no land rights to construct the project on parcels owned by the DNR.

#### Recommendations

It is recommended that the County Board pass the attached resolution authorizing County staff to execute the lease agreement with the State of Minnesota for the CSAH 2 Reconstruction Project.

*"To effectively promote the safety, health, and well-being of our residents"*

**MINNESOTA  
DEPARTMENT OF  
NATURAL RESOURCES**

Lease Number LMIS010663
Field Unit Region 3 - Lewiston Forestry (Area 341)

**MISCELLANEOUS LEASE**

This lease, executed in duplicate by and between the State of Minnesota, under the authority and subject to the provisions of Minn. Stat. § 89.17, acting by and through its Commissioner of Natural Resources, hereinafter called LANDLORD and the TENANT as named below.

TENANT Goodhue County		
TENANT Address (No. & Street, RFD, Box No., City, State, Zip) 2140 Pioneer Road, PO Box 404, Red Wing, MN 55066		
Lease Fee \$962.50	Fee Payment Schedule \$962.50 due upon execution of the lease for the term.	
Term Two (2) Years	Effective Date February 15, 2024	Termination Date December 31, 2025
Purpose of Lease Temporary Construction for County Highway Project		County Goodhue

IT IS AGREED AS FOLLOWS:

**BASIC TERMS:**

1. **PREMISES.** The LANDLORD in consideration of the terms, conditions and agreements contained herein, and the payment of the Lease Fee to be paid by the TENANT, hereby leases to the TENANT, subject at all times to sale, lease and use for mineral or other purposes the following described premises:

Part of the SW1/4 of the NE1/4 of Section 24, Township 112 North, Range 14 West, containing approximately 0.39 acres as shown on the attached Exhibit A-1 which is made a part of this lease

and

part of the SE1/4 of the NE1/4 of Section 24, Township 112 North, Range 14 West, containing approximately 1.60 acres as shown on the attached Exhibit A-2 which is made a part of this lease

and herein referred to as the "Premises".

2. **TERMS.** The terms LANDLORD, TENANT, TENANT ADDRESS, LEASE FEE, FEE PAYMENT SCHEDULE, TERM, EFFECTIVE DATE, TERMINATION DATE, PURPOSE OF LEASE AND STATUTORY AUTHORITY, used herein are described above and are incorporated herein.
3. **LEASE PERIOD.** This lease will be in effect for the TERM, beginning on the EFFECTIVE DATE and ending on the TERMINATION DATE, unless terminated earlier under provisions of this lease.
4. **USE OF PREMISES.** TENANT will use the Premises only for PURPOSE OF LEASE.

5. "AS IS." TENANT is taking the Premises in its "as is" condition, and LANDLORD is under no obligation to make any alterations or modifications to accommodate TENANT's use.

**TENANT'S RESPONSIBILITIES:**

6. LEASE PAYMENTS. The TENANT will pay to the LANDLORD the LEASE FEE, which is due and payable according to the FEE PAYMENT SCHEDULE. The LANDLORD may assess interest pursuant to Minn. Stat. § 270C.40, subd. 5 on any payments over thirty (30) days past due.
7. MAINTENANCE. The TENANT will maintain the Premises in good repair, keeping them safe and clean, removing all refuse and debris that may accumulate. No timber shall be cut, used, removed or destroyed by the TENANT without first obtaining written permission from the LANDLORD.
8. INVASIVE SPECIES. The TENANT is responsible for controlling invasive species on the Premises. (See the attached Exhibit C, which is made a part of this lease, for additional terms and conditions on the control of invasive species.)
9. UTILITIES. TENANT will pay for all utilities furnished on the Premises for the term of this lease, including electric, gas, oil, water, sewer and telephone.
10. ALTERATIONS AND MECHANIC'S LIENS. The TENANT may not make changes, alterations or improvements to the Premises or to any structure thereon without the prior written consent of the LANDLORD. Any changes, alterations or improvements in or to the Premises will be at TENANT's sole expense. TENANT has no right to subject the interest of LANDLORD in the Premises to any mechanic's liens, material liens or other liens of any nature, and TENANT must have any such lien discharged within 10 days after the recording of the lien. TENANT will be liable to LANDLORD for LANDLORD's costs and attorneys' fees incurred relating to mechanic's liens and other liens.
11. TAXES. The TENANT will pay, when due, all taxes assessed against or levied upon the Premises or upon the fixtures, improvements, furnishings, equipment and other personal property of the TENANT located on the Premises during the TERM of this lease. NOTE: Due to the lease, the county may assess property taxes against the property based on its market value, and TENANT is required to pay the property taxes.
12. COMPLIANCE WITH LAWS. TENANT must comply with all applicable municipal, county and state laws, ordinances and regulations, and obtain and pay for all licenses and permits as may be required by its use of the Premises.
13. ENVIRONMENTAL. TENANT will not use in any way, or permit the use of the Premises, or any part thereof, to either directly or indirectly produce, manufacture, refine, transport, store, dispose of, or process any Hazardous Substance (as defined below), unless it has received the prior written consent of LANDLORD. "Hazardous Substance" means any pollutant, contaminant, toxic or hazardous waste, potentially dangerous substance, noxious substance, toxic substance, flammable, explosive or radioactive material, urea formaldehyde foam insulation, asbestos, PCBs, or any other substance the removal of which is required, or the production, manufacture, maintenance, refining, transport, storage, disposal, processing, or ownership of which is restricted or prohibited by federal, state, or county or municipal statutes or laws now or any time hereafter in effect, including but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 5101, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.) as these laws have been amended or supplemented. TENANT agrees to hold harmless and indemnify LANDLORD from any and all damages, costs,

finances and expenses that might arise as a result of TENANT's violation of this provision. This provision will survive the termination of this Lease.

**PUBLIC ACCESS:**

14. LANDLORD'S ACCESS. LANDLORD, acting through its designated agents or employees, has the right to enter the Premises at all reasonable times.
15. PUBLIC RECREATION USE. The TENANT agrees and understands that the public land leased herein shall be open to public recreational uses, as defined by Minn. Stat. § 604A.21, not inconsistent with the purposes of this lease. The TENANT shall not unreasonably refuse permission to any person to enter upon the lands leased herein for reasonable public recreational use without first obtaining the written permission of the LANDLORD. If the LANDLORD authorizes the prohibition of any public recreational uses, the prohibition shall apply to all persons including the TENANT.

**TERMINATION AND ASSIGNMENT:**

16. TERMINATION. This lease may be terminated at any time by mutual agreement. A lease entered pursuant to Minn. Stat. § 89.17 may be canceled for just cause at any time by LANDLORD.

TENANT will, on the TERMINATION DATE, or earlier as provided for in this lease, peacefully and quietly surrender the Premises to the LANDLORD in as good condition and repair as on the EFFECTIVE DATE. If the TENANT fails to surrender the Premises on the termination of this lease, the LANDLORD may eject or remove the TENANT from the Premises and TENANT will indemnify the LANDLORD for all expenses incurred by the LANDLORD. In addition, TENANT will remove all TENANT's property from the Premises upon termination and any property remaining will be considered abandoned and disposed of by the LANDLORD according to law. Upon demand, TENANT will pay to LANDLORD all of LANDLORD's expenses incurred in connection with LANDLORD's disposition of TENANT's personal property. TENANT's obligations under this paragraph will survive termination of the Lease.

If this lease is terminated prior to the TERMINATION DATE, the TENANT will not be relieved of any obligation incurred prior to termination.

17. HOLDOVER. TENANT will pay to the LANDLORD a sum equal to the rent plus fifty (50) percent of the rent for each rental period that TENANT holds the Premises after termination of this lease without authorization by LANDLORD. This sum will be liquidated damages for the wrongful holding over. TENANT acquires no additional rights by holding the Premises after termination and will be subject to legal action for removal.
18. TRANSFERS. This lease will extend to, and bind the successors, heirs, legal representative and assigns of the LANDLORD and TENANT. In addition, the TENANT may not without the LANDLORD's prior written consent: a) assign, convey, mortgage, pledge, encumber or otherwise transfer this lease or any interest under it; b) allow any transfer or any lien upon the TENANT's interest by operation of law; c) sublet the Premises or any part thereof; d) permit the use or occupancy of the Premises or any part thereof by anyone other than the TENANT.

**DEFAULT:**

19. DEFAULT BY TENANT. If TENANT defaults in any of its promises or covenants under the Lease and fails to cure the same within thirty (30) days after receipt of written notice of default from

LANDLORD, LANDLORD may exercise one or more of the following remedies, or any other remedy available at law or in equity:

- a. Terminate the Lease and recover from TENANT all damages it has incurred by reason of such breach;
- b. Re-enter the Premises and remove all persons and property from the Premises, without terminating the Lease or releasing TENANT from its obligations under the Lease; or
- c. Re-let the Premises without terminating the Lease. If the amount received from re-letting in any month is less than the amount of rent to be paid by TENANT, TENANT will pay any such deficiency to LANDLORD upon demand.

20. SELF-HELP RIGHT. If TENANT defaults in the performance of any term of this Lease, LANDLORD, in addition to any other rights and remedies it has under this Lease and without waiving such default, may perform the same for the account of and at the expense of TENANT (but shall not be obligated to do so), without notice in a case of emergency and in any other case if such default continues after five (5) days from the date that LANDLORD gives written notice to TENANT of its intention to do so. TENANT must pay upon demand bills for all amounts paid by LANDLORD and all losses, costs and expenses incurred by LANDLORD, in connection with any such performance by LANDLORD pursuant to this section, including, without limitation, all amounts paid and costs and expenses incurred by LANDLORD for any property, material, labor or services provided by LANDLORD to TENANT.

#### **LIABILITY:**

21. LIABILITY. This lease will not be construed as imposing any liability on the LANDLORD for injury or damage to the person or property of the TENANT or to any other persons or property, arising out of any use of the Premises, or under any other easement, right-of-way, license, lease or other encumbrance now in effect. The TENANT will indemnify and hold harmless the LANDLORD from all claims arising out of the use of the Premises whether such claims are asserted by civil action or otherwise.

22. PERSONAL PROPERTY RISK. All personal property on the Premises belonging to TENANT or its occupants or visitors shall be there at the sole risk of TENANT or such other person only, and LANDLORD will not be liable for theft or misappropriation of such property, nor for any loss or damage to such property, including destruction by fire.

#### **MISCELLANEOUS:**

23. LEGAL OBLIGATIONS. This lease is not to be construed to relieve the TENANT of any obligations imposed by law.

24. ENCUMBRANCE. This lease is subject to all existing easements, right-of-ways, licenses, leases and other encumbrance upon the Premises and LANDLORD will not be liable to TENANT for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that holder thereunder.

25. NO WAIVER. No delay on the part of the LANDLORD in enforcing any conditions in this lease, including termination for violation of the terms of this lease, shall operate as a waiver of any of the rights of the LANDLORD.

26. NOTICES. Any notice given under this lease shall be in writing and served upon the other party either personally or by depositing such notice in the United States mail with the proper first class

postage and address. Service shall be effective upon the depositing of the notice in the United States mails. The proper mailing address for the purposes of serving notice on the LANDLORD shall be the Commissioner, Department of Natural Resources, 500 Lafayette Road, St. Paul, Minnesota 55155-4045, and on the TENANT it shall be as stated in the TENANT'S ADDRESS.

27. CONSTRUCTION OF LEASE. If any clause or provision of this lease is or becomes illegal, invalid or unenforceable because of present or future laws or any rule or regulation of any governmental body, the intentions of the LANDLORD and TENANT here is that the remaining parts of this lease shall not be affected thereby.
28. AUDIT. LANDLORD is a State of Minnesota entity. The books, records, documents and accounting procedures and practices of the TENANT (whether in hard copy or electronic format) regarding this Lease shall be subject to reasonable examination by the STATE and/or the State Auditor or Legislative Auditor, as appropriate, during the term of the Lease and for a minimum of six (6) years after the Lease's expiration or termination.
29. BOND FINANCED PROPERTY. If LANDLORD used General Obligation bonds to purchase, construct, or improve the Premises, TENANT agrees to comply with all requirements imposed by the Commissioner of Management and Budget, up to and including furnishing any documents as the Commissioner determines to be necessary, to ensure that interest paid on the General Obligation bonds, if any, used to purchase, construct or improve the Premises is exempt from federal taxation.
30. ADDITIONAL TERMS. See the attached Exhibit A-1 and Exhibit A-2 (Maps) and Exhibit C (Invasive Species) which are made a part of this lease.

**IN WITNESS WHEREOF, the parties have set their hands.**

**STATE OF MINNESOTA  
DEPARTMENT OF NATURAL RESOURCES**

<b>By</b>	<b>Date</b>
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JOEY ROKALA  
REGIONAL OPERATIONS SUPERVISOR  
DIVISION OF LANDS AND MINERALS

<b>TENANT (Individual's Name or Name of Entity)</b> Goodhue County	
<b>Authorized Signature &amp; Title (If an Entity)</b>	<b>Date</b>

<b>Authorized Signature &amp; Title (If an Entity)</b>	<b>Date</b>
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# RIGHT OF WAY PARCEL LAYOUT

GOODHUE COUNTY DEPARTMENT OF PUBLIC WORKS

Topographic information required: Proposed R/W line & access taking. Lot lines & dimensions.  
Show north arrow. Outline & location of buildings & improvements. Streets or highway frontage.



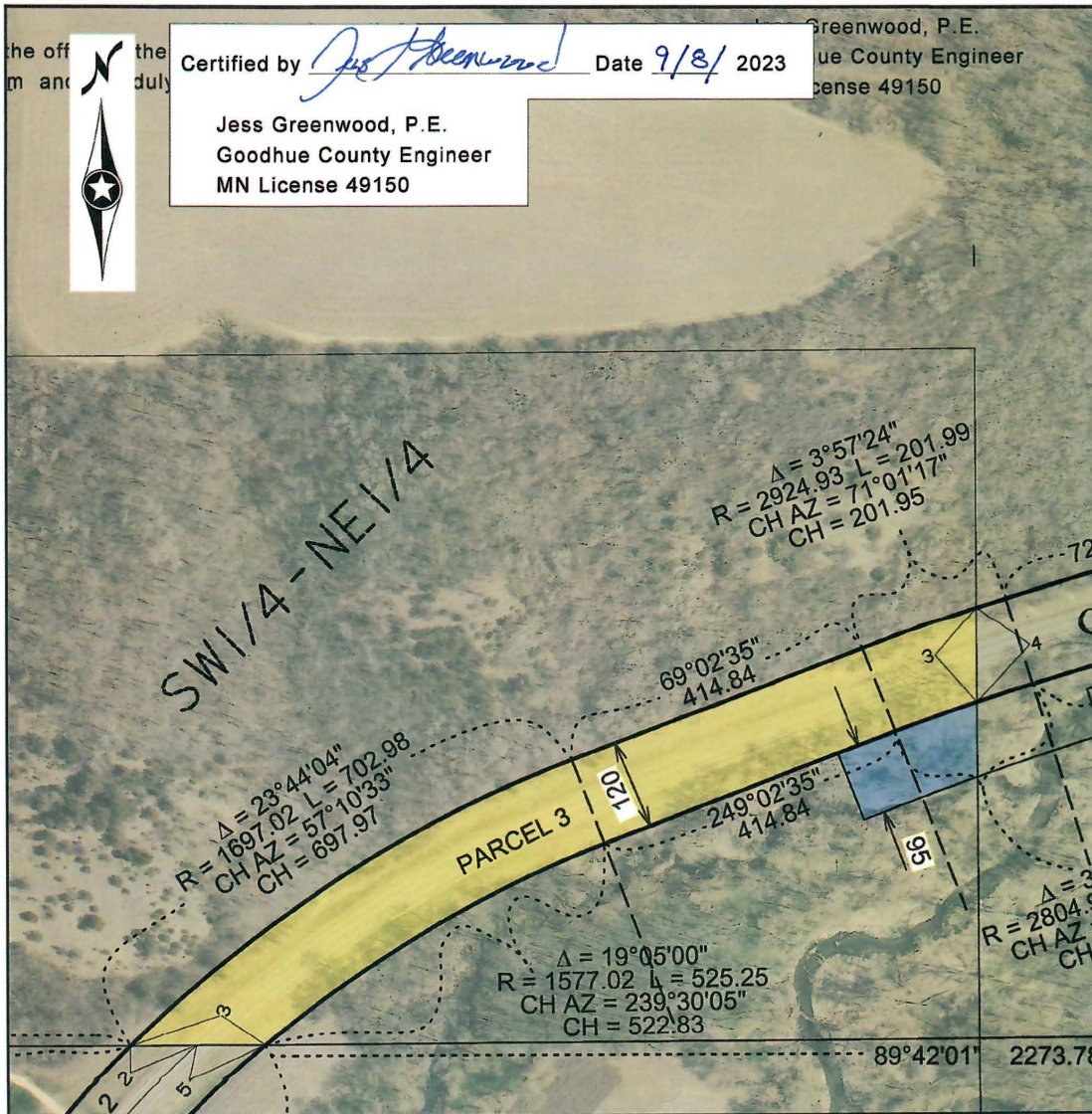
GOODHUE COUNTY  
DEPARTMENT  
OF PUBLIC WORKS

S.A.P. 025-602-031 COUNTY GOODHUE PARCEL NO. 219-3

OWNER State of Minnesota



PARCEL NO.	OWNER	LOCATION	EXISTING HWY. R/W	NEW HWY R/W	TOTAL R/W IN FEE INTEREST	PERMANENT DRAINAGE EASEMENT	TEMPORARY EASEMENT
219-3	34.024.0400 State of Minnesota	SW 1/4 of NE 1/4	3.22 AC	N/A	3.22 AC	0 AC	0.39 AC



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# RIGHT OF WAY PARCEL LAYOUT

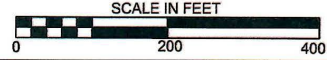
GOODHUE COUNTY DEPARTMENT OF PUBLIC WORKS

Topographic information required: Proposed R/W line & access taking. Lot lines & dimensions.  
Show north arrow. Outline & location of buildings & improvements. Streets or highway frontage.

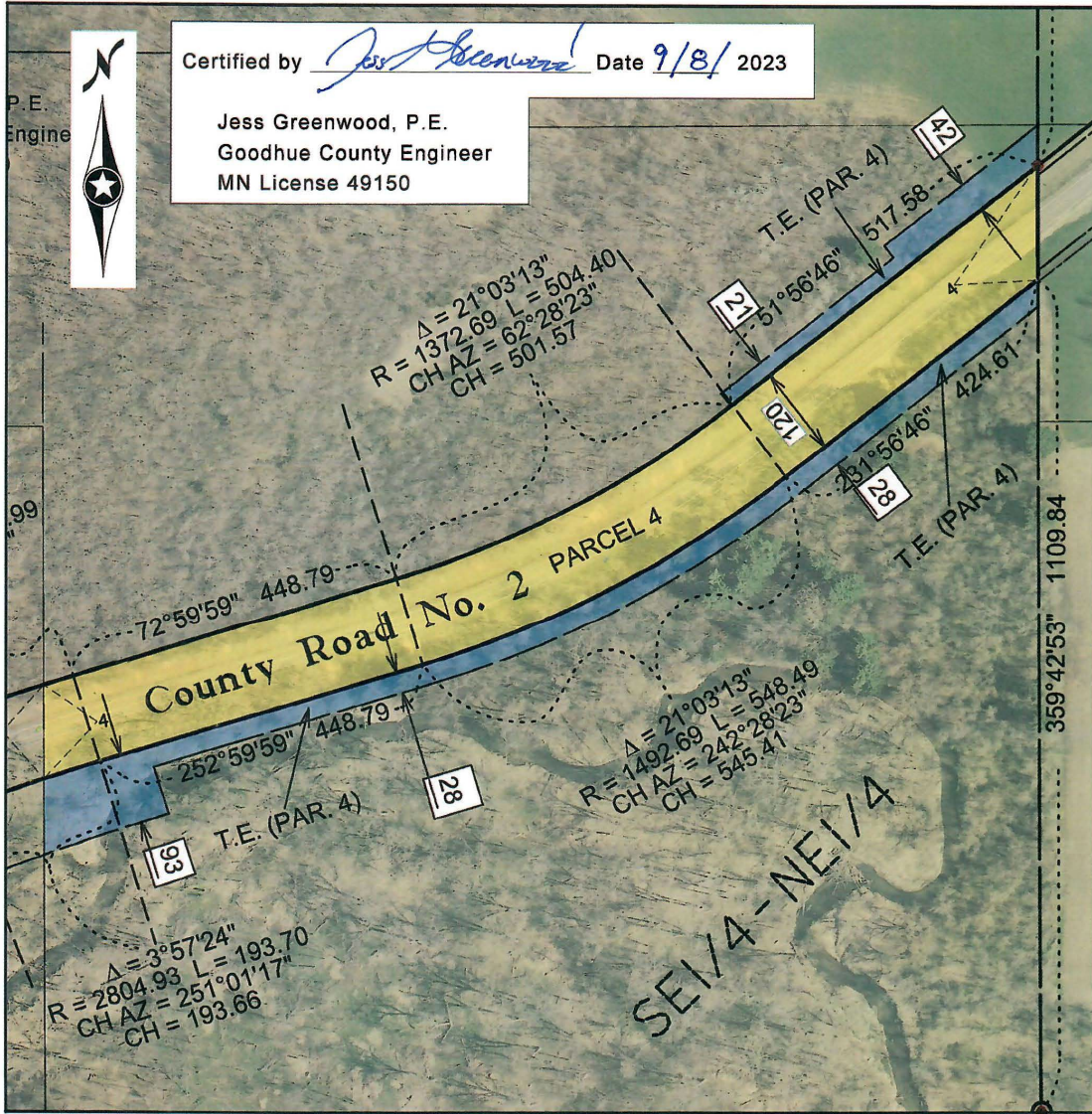


S.A.P. 025-602-031 COUNTY GOODHUE PARCEL NO. 219-4

OWNER State of Minnesota



PARCEL NO.	OWNER	LOCATION	EXISTING HWY. R/W	NEW HWY R/W	TOTAL R/W IN FEE INTEREST	PERMANENT DRAINAGE EASEMENT	TEMPORARY EASEMENT
219-4	34.024.0100 State of Minnesota	NE 1/4 of NE 1/4	4.15 AC	N/A	4.15 AC	N/A	1.60 AC



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**Exhibit C**  
Invasive Species  
 Miscellaneous Lease LMIS010663

Check all that apply	
<input checked="" type="checkbox"/>	<b>Mandatory</b> - (1) Before entering and leaving the site, check clothing, gear, vehicle and equipment (including timber mats) and remove caked mud, dirt clods, and reproductive plant parts (seeds, berries, fruit, cones, flowers or seed stalks, and roots). <b>Using either a power washer or an air compressor is an effective means of cleaning equipment, but is not required unless stated below.</b>
<input type="checkbox"/>	(2) This site is infested with <input type="checkbox"/> spongy moth, <input type="checkbox"/> emerald ash borer, <input type="checkbox"/> other invasive disease or insect _____. Obtain a compliance agreement from USDA APHIS or Minnesota Dept. of Agriculture prior to hauling wood or woody debris off this site. For more information visit <a href="http://www.mda.state.mn.us/plants-insects/pest-regulations">http://www.mda.state.mn.us/plants-insects/pest-regulations</a>
<input type="checkbox"/>	(3) This site is infested with <input type="checkbox"/> oak wilt, <input type="checkbox"/> Dutch elm disease, <input type="checkbox"/> sirex wood wasp, <input type="checkbox"/> other invasive plant disease or non-regulated insect _____. <input type="checkbox"/> Girdle the marked trees and leave them on site. <input type="checkbox"/> Do not haul infected trees between April 1st and Nov 1st. <input type="checkbox"/> Other _____.
<input type="checkbox"/>	(4a) This site is infested with <input type="checkbox"/> buckthorn, <input type="checkbox"/> garlic mustard, <input type="checkbox"/> other invasive plant, <input type="checkbox"/> exotic earthworms. Before starting work, review known infestations with the site administrator. Avoid traveling through or parking in infested areas. Time operations and organize routes of travel to avoid spreading weed seed or infested soil. If mowing hay, be aware of any chemical applications and honor wait times before mowing. Some herbicides are passed through manure into sensitive crop fields. See other restrictions below.
<input type="checkbox"/>	(4b) This site is infested with <input type="checkbox"/> buckthorn, <input type="checkbox"/> amur or Norway maple, <input type="checkbox"/> peashrub, <input type="checkbox"/> honeysuckle, <input type="checkbox"/> multiflora rose, <input type="checkbox"/> Russian olive, <input type="checkbox"/> other: _____. When cutting: <input type="checkbox"/> chip, <input type="checkbox"/> pile and burn rather than scattering the tops of invasive species.
<input type="checkbox"/>	(5) Using a power washer or air compressor, <input type="checkbox"/> daily, <input type="checkbox"/> weekly, <input type="checkbox"/> monthly; clean all vehicles, equipment and trailers taken on and off site during the snow-free season. Washing may be done at an approved location on site or off site at an appropriate cleaning facility. Avoid letting rinse water run into open bodies of water or native plant communities. Cleaning is not required during frozen conditions.
<input type="checkbox"/>	(6a) All materials (gravel, fill, mulch, chips, sand, etc.) brought to the site are to be weed and pest free. Sources are to be approved prior to purchase or acquisition.
<input type="checkbox"/>	(6b) Before utilizing the underlying gravel or other earth materials, scrape off the top 6-12" and segregate in an on-site location designated by the site administrator.
<input type="checkbox"/>	(7) Plant or reclaim site within: <input type="checkbox"/> one month, <input type="checkbox"/> three months, <input type="checkbox"/> six months of end of lease or project. Use weed and pest free native plant and seed mixes. Where available, use certified or local sources. Sources are to be approved prior to purchase and acquisition.
<input type="checkbox"/>	(8) Upon completion of the project or operation, close, obstruct or gate all access routes. If project is inactive for longer than <input type="checkbox"/> one month, <input type="checkbox"/> three months, <input type="checkbox"/> six months close, obstruct or gate all access routes until project resumes.

<input type="checkbox"/>	(9) When collecting field material (seed, I&D samples, berries, mushrooms, special wood products, etc.) use new clean bags or baskets.
<input type="checkbox"/>	(10) In the case invasive plants become an issue during operations (to be determined by the site administrator), the TENANT agrees to stop operations and gate or otherwise close the site until the infestation can be controlled.
<input type="checkbox"/>	(11) The TENANT is responsible for controlling noxious weeds on the site. Contact the site administrator and county agricultural inspector for details.
<input type="checkbox"/>	(12) Follow other actions as directed by the site administrator to minimize the introduction and/or spread of invasive species.
<input type="checkbox"/>	(13) Before starting work, review known infestations with site administrator(s). When traveling between multiple sites a day, be sure to start at the site with the fewest number of invasive plants, leaving the most heavily infested site to last. Time operations and site visits to avoid the spread of weed seed.

Last updated March 30, 2023

**BOARD OF COUNTY COMMISSIONERS  
GOODHUE COUNTY, MINNESOTA**

19 March 2024

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WHEREAS, the construction of Goodhue County State Aid Highway (CSAH) No. 2 from CSAH 5 to Trunk Highway 61 is part of the approved Goodhue County Five-Year Construction Plan; and,

WHEREAS, the County completed appraisals for 48 parcel groups; and,

WHEREAS, two parcels, owned by the State of Minnesota, were not able to be appraised and acquired through negotiation; and,

WHEREAS, the State of Minnesota is requiring the County to execute a lease agreement to use the property for the two-year construction project; and,

WHEREAS, the cost of the lease agreement is \$962.50; and,

WHEREAS, County staff has reviewed the lease and recommends executing the lease with the State of Minnesota.

NOW, THEREFORE, BE IT RESOLVED, that the Goodhue County Board of Commissioners authorizes the Public Works Director to execute the lease agreement with the State of Minnesota for SAP 025-602-031.

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State of Minnesota  
County of Goodhue

Flanders	Yes	___	No	___
Anderson	Yes	___	No	___
Betcher	Yes	___	No	___
Majerus	Yes	___	No	___
Greseth	Yes	___	No	___

I, Scott Arneson, duly appointed, qualified, and County Administrator of the County of Goodhue, State of Minnesota, do hereby certify that I have compared the foregoing copy of a resolution with the original minutes of the proceedings of the Board of County Commissioners, Goodhue County, Minnesota at their session held on the 19<sup>th</sup> day of March, 2024, now on file in my office, and have found the same to be a true and correct copy thereof.

Witness my hand and official seal at Red Wing, Minnesota this 19<sup>th</sup> day of March, 2024.

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Scott Arneson  
County Administrator