



AN ALLETE COMPANY

February 20, 2019

Dear Current Leaseholder,

As previously indicated in a June 2018 letter to leaseholders, Minnesota Power has been performing a detailed evaluation to determine whether a purchase option might be made available to the current leaseholders on our operating reservoirs, including Island, Fish, Whiteface, and Wild Rice Lake Reservoirs. This evaluation, which included a detailed review of state and federal processes and required approvals, revealed a complex and time-intensive process that, even if undertaken, would still not produce a purchase option that could be made available to our leaseholders in the near term.

Therefore, Minnesota Power is not prepared to propose a purchase option for leased lots on these reservoirs at this time. However, over the next 2-3 years, Minnesota Power will continue to evaluate if there are regulatory adjustments that would allow for the potential future sale of lease lots on operating reservoirs. If Minnesota Power identifies a reasonable regulatory path, we will keep our leaseholders pacing on progress via regular communications, including letters and website updates.

During this 2-3 year period, we plan to continue our survey efforts around the reservoirs to more clearly define lease lot boundaries, and may plat some or all of those lots. The surveying and platting efforts will provide improved clarity around lot configuration to both Minnesota Power and our leaseholders, which will provide benefit whether a purchase option eventually becomes available or not.

Finally, while Minnesota Power owns the land you lease from us, we recognize that some leaseholders desire to offer their building(s) and leasehold interest into the real estate market, which requires a lease transfer. Consistent with the terms of our lease, Minnesota Power will continue to work with you to transfer leases or, potentially, extend the term of a lease if required to finance a transaction. Please contact Jim Atkinson at 218-355-3561 or [jbatkinson@mnpower.com](mailto:jbatkinson@mnpower.com) to discuss any questions or concerns you have. Additional information can also be found at our ShoreLand website: (<http://www.mpland.com/>).

Respectfully,

A handwritten signature in black ink, appearing to read 'Kurt Anderson', with a long horizontal flourish extending to the right.

Kurt Anderson  
Director, Environmental & Land Management