

**Joint Meeting of Forestry and Climate & Energy Subcommittee
Permanent School Fund Advisory Committee**

Thursday, June 18, 2009

1:00 PM, Room 112, Capitol

Minutes

Present: Steve Betzler – Co-Chair, Bob Krepps, Co-Chair, Mark Johnson, Gene Merriam

Absent: Senator Ellen Anderson, Senator Kevin Dahle, Representative Denise Dittrich, Representative Kent Eken, Representative Carlos Mariani, Representative Mindy Greiling, Senator Tom Saxhaug, Senator Chuck Wiger

Steve Betzler called the meeting to order at 1:00 p.m.

Review of Charge to Subcommittee

Steve Betzler reviewed the charge of the Committee and Subcommittee.

Subcommittee discussion followed. Bob Krepps asked that presentations be distributed to absent members.

Carbon Credits

Jim Manolis, MN DNR presented a detailed overview of carbon credits as it relates to forest management (attached). *NOTE: Jims' presentation included slides from a Cass County – Aiken County study, and the data is being revised and should not be considered current.*

Discussion followed the presentation. Because the markets are in significant flux, moving deliberately is appropriate. Krepps also noted that County and State lands are well managed and that the baseline for improved carbon accumulation will be relatively high. The DNR should continue to invest time in understanding the opportunities and evaluating strategies to enhance carbon storage. If offset market prices rise to say \$40 to \$50 per ton, there will be significant potential.

Biomass Sales

Anna Robertson presented an over view of biomass markets and different approaches to marketing biomass through timber sales. She reported that MN DNR and U of MN Minnesota Logger Education Program will be conducting logger focus groups on timber and biomass sale procedures in late July. Analysis and documentation of the discussions will be forward to the Committees. Bob Krepps reported that St. Louis County scheduled a logger forum on June 30 at the Mountain Iron Community Center.

A discussion followed on the status of the biomass industry and associated market dynamics. There was brief discussion of the concept that DNR be more creative and proactive on biomass marketing on the trust-fund lands. Steve Betzler reported that the Blandin Study Group (looking at forest management in Ontario and Scandinavia) has suggested utilizing trust-fund lands for testing/studying more intensive biomass management planning and harvests.

Next Steps

The subcommittees agreed to continue to work together on the issues of biomass, carbon credits and forest management. Joint subcommittee meetings will also ensure that there is a critical mass of members for productive discussion and policy development.

Steve Betzler suggested that the subcommittee's work would be enhanced if there is a revenue projection prepared by the DNR which displays historic and projected Trust Fund revenue (by major categories).

Topics for future meetings: Bob Krepps said he will contact the Blandin Foundation to invite them to present the results of their Seeing the Forests Through the Trees/Vital Forests-Vital Communities efforts at a future meeting.

The meeting was adjourned at 1:00 p.m.

Steve Betzler, Co-Chair