

**Permanent School Fund Advisory Committee
September 30, 2011
State Office Building – Basement Hearing Room**

Minutes

Present: Carol McFarlane (Chair), John Carlson, Keith Downey, Daron Korte, Mark Johnson, Grace Keliher, Robert Krepps, Denny McNamara, Gene Merriam, Ron Nargang, Gen Olson, Patty Phillips

Absent: Steve Betzler, Denise Dittrich, John Herman, Claire Robling, Joe Silko

Chair Carol McFarlane called the meeting to order at 10:07 AM, September 30, 2011, in the Basement Hearing Room.

Minutes

A quorum was present and Grace Keliher moved that the minutes from the meeting on August 23, 2011, be adopted. **THE MOTION PREVAILED AND THE MINUTES WERE ADOPTED.**

Letter to Executive Council

Chair McFarlane presented the draft letter for the Executive Council regarding the denied land mineral leases. Ron Nargang moved that the letter be approved to be delivered to the Executive Council. **THE MOTION PREVAILED.**

BWCA forest fire

Robert Krepps presented on the effect of the BWCA forest fire on school trust land in the area.

- 4,145 total acres within the Boundary Waters wilderness fire perimeter, 3,614 of which is school trust land.

- 311 acres of state (non-school trust) land lies inside the wilderness, and 220 acres lies outside the wilderness
- This acreage is part of the land exchange/sale.

Krepps suggested the DNR evaluate the lands outside the Boundary Waters wilderness for timber value to salvage the value. The fire is 63% contained. The federal government carries all costs of fire prevention in the BWCA. Their current policy is to let fires burn.

Dave Schuler, DNR division of forestry, said that the DNR's policy toward forest fires is to extinguish them immediately, unless specific lands dictate a different policy.

Outside the BWCA, the state pays for fire suppression, with school trust lands annually billed for 10% of the cost.

Directive from the committee: DNR division of forestry should present on the differences between the federal and state costs of fire suppression, as well as the fixed and variable costs that go into billing. They must answer the question as to whether school trust lands are reimbursed 10% when state lands are reimbursed from the federal government.

Minerals Management Expense Account

Kathy Lewis, DNR, presented on the Minerals Management Expense Account. All excess management funds from account are returned to the school and university lands.

Representative Denny McNamara requested an update on the St. Mary's lake lot sale, and the sale of lots by the Eveleth airport.

Upcoming meeting and topics

The next meeting will be held on October 21st, 2011.

Suggested topics are: forestry; an update on the commissioner's operational order; ideas for legislation in the 2012 session; the Utah court ruling; and a presentation detailing personnel expenses charged to school trust land by the DNR.

The committee adjourned at 11:15 AM.

Charge of the PSFAC:

The Permanent School Fund Advisory Committee shall review the policies of the Department of Natural Resources and current statutes on management of school trust fun lands at least annually and shall recommend the necessary changes in statutes, policy, and implementation in order to ensure provident utilization of the permanent school fund lands. (Minnesota Statutes § 127A.30, Subd. 2)

Representative Carol McFarlane, Chair

Committee Legislative Assistant

Melissa Hackenmueller