



**MINNESOTA
SCHOOL TRUST LANDS**

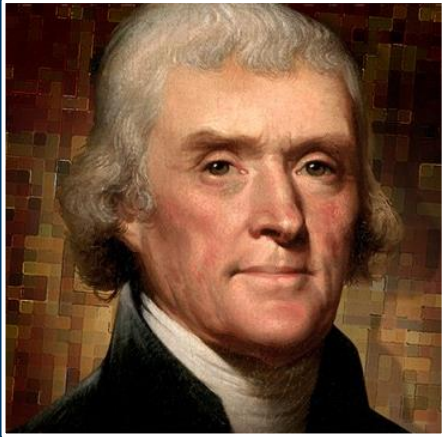
School Trust 101
July 28, 2023



Presentation Overview

1. School Trust Lands – Historic and Legal Foundations
2. School Trust Portfolio
3. 10-year Revenue Generation and Distributions
4. Office of School Trust Lands – Role and Responsibilities

Historical and Legal Foundations



Thomas Jefferson had the idea

Fund education by using income from land to supplement public school funding.

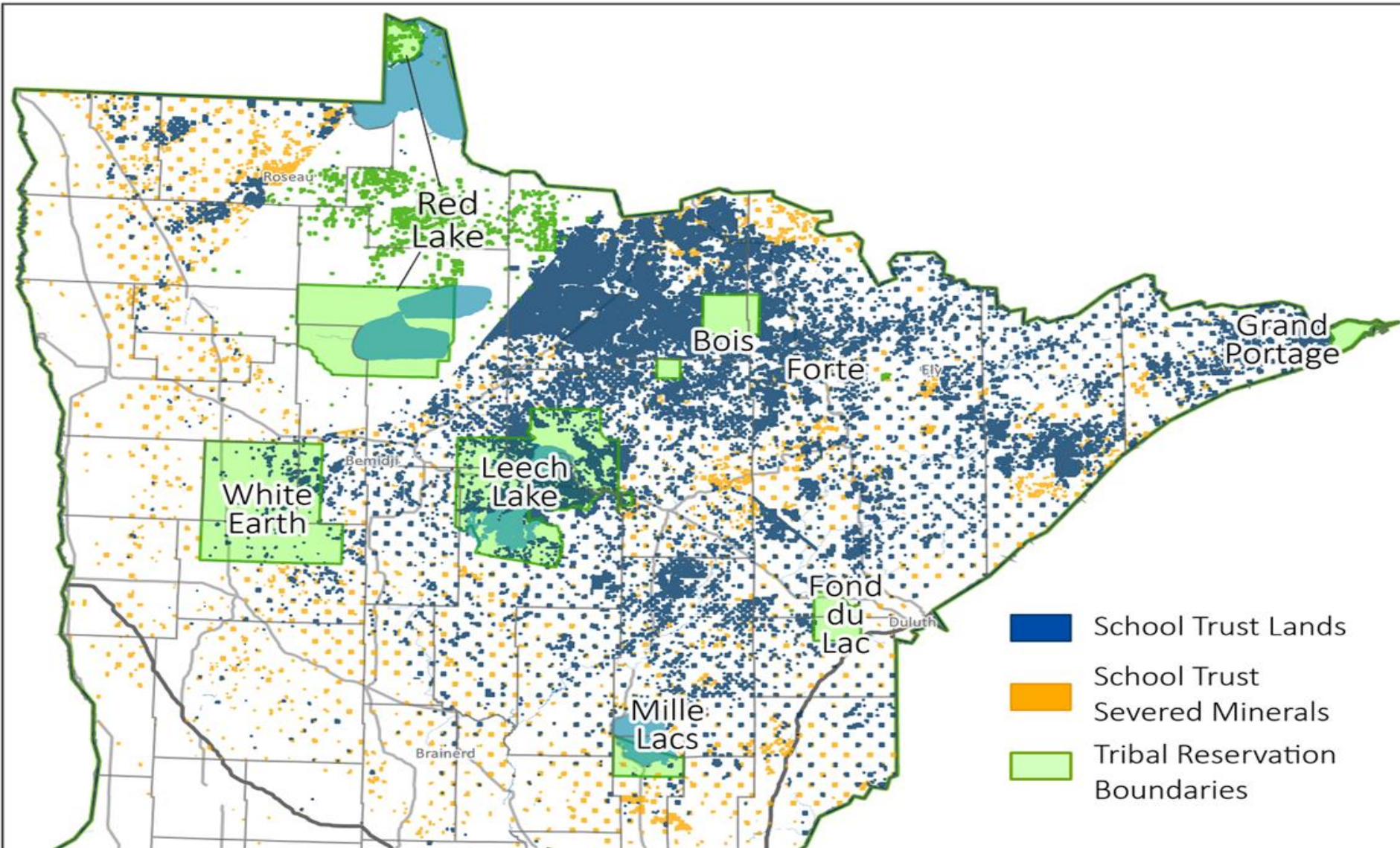
1785 Land Ordinance made it a reality

*Section 16 of each township (the “school section”)
set aside for school purposes.*

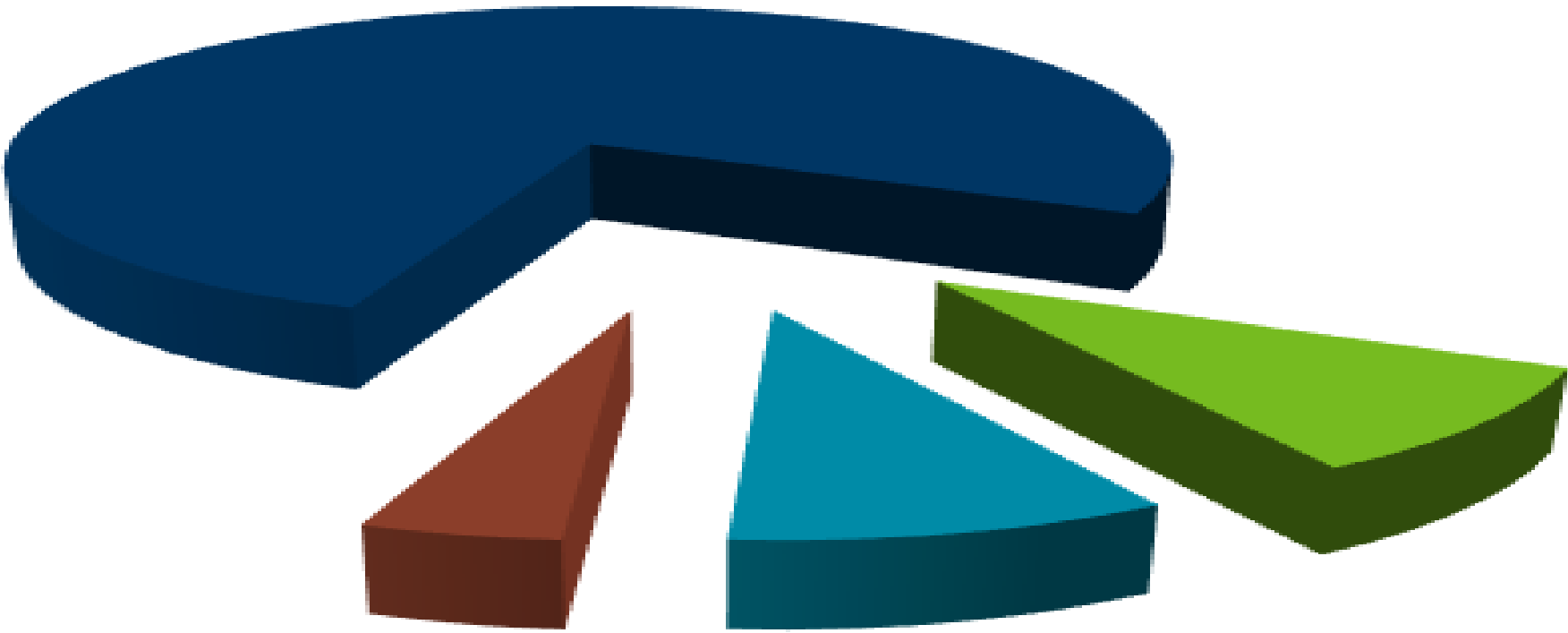
*Section 36 later added as a school section in
western states, including Minnesota.*

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

School Trust Portfolio



School Trust Portfolio



■ Minerals

■ Forest products

■ Real Estate

■ Investments

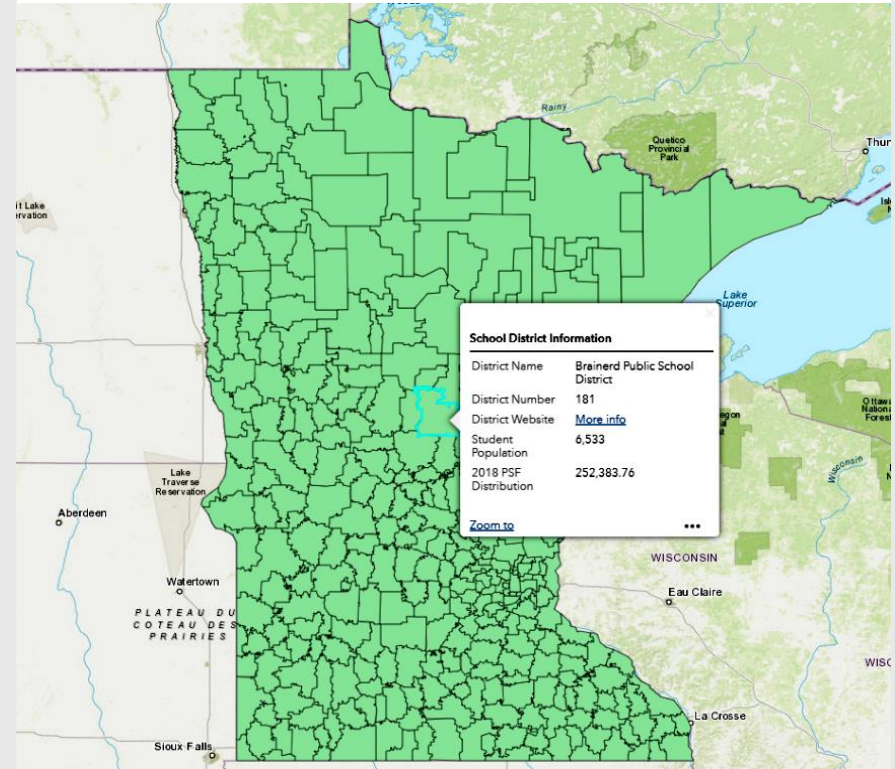
Revenue Generation & Distributions (FY22-23)

FY22 - Revenue Generation



\$42.5 million

FY23 - Distributions



\$39 million distributed statewide
\$45 per pupil – most ever

Minnesota Office of School Trust Lands

Established by the Minnesota Legislature in 2012

First director appointed in 2015

Small staff (2.5 FTE) with significant responsibilities

1. Advise the Governor, Executive Council, Legislative Permanent School Fund Commission and Department of Natural Resources on school trust management activities;
2. Work in conjunction with the LPSFC on legislation to improve school trust assets; and
3. Develop long range strategic plans to ensure school trust resources are optimally managed for each generation of beneficiaries.

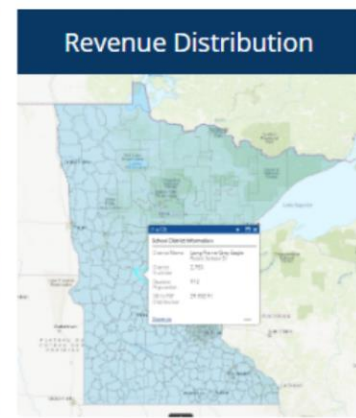
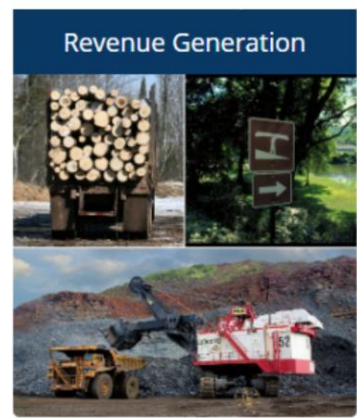
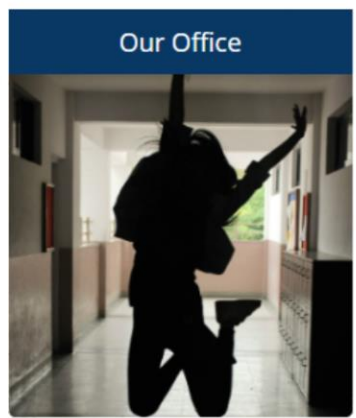
Asset Management Plan

A written document describing the overall long-term vision, operating philosophy and general direction to be used in managing trust assets.

Goals:

- Identify and retain core real estate assets;
- Increase the value of the real estate assets and the cash flow from those assets;
- Rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;
- Establish priorities for management actions;
- Balance revenue enhancement and resource stewardship;
- advance strategies on school trust lands to capitalize on ecosystem services markets; and
- Provide a clear commitment to create consistent and growing revenue streams to grow the trust corpus and increase annual distributions to schools.







MINNESOTA

OFFICE OF SCHOOL TRUST LANDS

Thank You

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mn.gov/school-trust-lands

STOP

- ADDITIONAL SLIDES BELOW for
 - Strategic Planning
 - Legislative initiatives
 - BWCAW
 - AMP
 - OLA report
 - OSTL advice & recs
 - MAD reports

BWCAW Land Exchanges



83,000 acres of school trust lands confined within the Boundary Waters Canoe Area Wilderness.

Two land exchanges currently in process to resolve this decades-old issue.

State-Federal Exchange (31,000 acres)

- In final stages of federal NEPA process.
- Record of Decision expected in early 2020.

State-Conservation Fund Exchange (52,000 acres)

- In appraisal stage; appraisal contract to be issued in spring of 2019.
- OSTL, DNR, and TCF recently signed memorandum of understanding which includes a division of project costs.

Wetland Mitigation Banking



- Restores, enhances, or preserves wetland features on school trust lands
- Establishes wetland credits that can be sold as mitigation for projects that impair or remove wetland areas
- Creates new opportunity for generating revenue on economically unproductive lands
- Aligns the goals of sound natural resource conservation principles with the fiduciary obligation of revenue generation

Legislative Initiatives

- Permanent School Fund Compensation (HF 152 / SF 617)
- Modification of BWCAW appropriation to OSTL (Laws of 2017, Chp. 93, Art. 1, Sec. 9(b))
- Modification of appropriation to OSTL (Laws of 2016, Chp. 189, Art. 3, Sec. 6)



Asset Management Plan

Describes the overall long-term vision, operating philosophy and general direction used to manage school trust land assets.



MAD Reports



Costs for School Trust Lands Management: Current Approaches, Issues, and Potential Alternatives

Office of School Trust Lands
October 30, 2018



School Trust Lands Funds and Accounts

Office of School Trust Lands
October 30, 2018

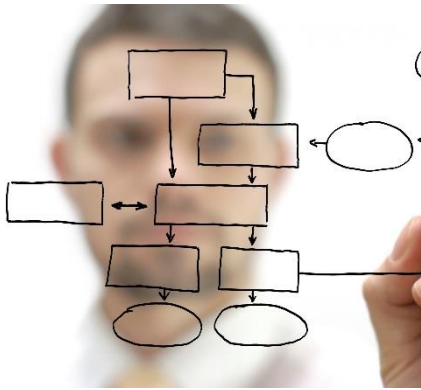
Minnesota Office of the Legislative Auditor



The auditor of Minnesota state government

- Special Review (not comprehensive Audit or Program Evaluation)
- Scope: Review current school trust land management structure
- Work commenced in March 2018
- Originally scheduled for completion in October 2018
- Current (targeted) completion in March 2019

DNR Advice & Recommendations



School Trust
Management
Guidelines



Sustainable
Timber
Harvest
Analysis



Mineral Lease
Royalty
Negotiations



Strategic Land
Sales and
Exchanges

Q & A