

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2220

(SENATE AUTHORS: NEWTON)

DATE
03/07/2019

D-PG

Introduction and first reading
Referred to E-12 Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to state lands; modifying provisions of school trust lands director;
1.3 modifying prior appropriations; amending Minnesota Statutes 2018, section
1.4 127A.353, subdivisions 2, 4; Laws 2016, chapter 189, article 3, section 6, as
1.5 amended; Laws 2017, chapter 93, article 1, section 9.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2018, section 127A.353, subdivision 2, is amended to read:

1.8 Subd. 2. **Qualifications.** The governor shall select the school trust lands director on the
1.9 basis of outstanding professional qualifications and knowledge of finance, business practices,
1.10 minerals, forest and real estate management, and the fiduciary responsibilities of a trustee
1.11 to the beneficiaries of a trust. The school trust lands director serves in the unclassified service
1.12 for a term of four years. The first term ~~shall end~~ ends on December 31, 2020. The governor
1.13 may remove the school trust lands director only for cause neglect of fiduciary duty,
1.14 malfesance, gross negligence, or incapacitation. If a director is removed or resigns or is
1.15 ~~removed for cause,~~ the governor shall appoint a director for the remainder of the term.

1.16 Sec. 2. Minnesota Statutes 2018, section 127A.353, subdivision 4, is amended to read:

1.17 Subd. 4. **Duties; powers.** (a) The school trust lands director shall:

1.18 (1) act in a fiduciary capacity for trust beneficiaries in accordance with the principles
1.19 under section 127A.351;

1.20 (2) take an oath of office before assuming any duties as the director as follows: "I
1.21 solemnly swear to carry out my duties as the school trust lands director with undivided
1.22 loyalty to the trust beneficiaries to the best of my abilities and according to law";

- 2.1 ~~(2)~~ (3) evaluate the school trust land asset position;
- 2.2 ~~(3)~~ (4) determine the estimated current and potential market value of school trust lands;
- 2.3 ~~(4)~~ (5) advise and provide recommendations to the governor, Executive Council,
- 2.4 commissioner of natural resources, and the Legislative Permanent School Fund Commission
- 2.5 on the management of school trust lands, including on school trust land management policies
- 2.6 and other policies that may affect the goal under section 127A.31;
- 2.7 (6) advise and provide recommendations to the Executive Council and Land Exchange
- 2.8 Board on all matters regarding school trust lands presented to either body;
- 2.9 (7) advise and provide recommendations to the commissioner of natural resources on
- 2.10 managing school trust lands, including but not limited to advice and recommendations on:
- 2.11 (i) Department of Natural Resources school trust land management plans;
- 2.12 (ii) leases of school trust lands;
- 2.13 (iii) royalty agreements on school trust lands;
- 2.14 (iv) land sales and exchanges;
- 2.15 (v) cost certification; and
- 2.16 (vi) revenue generating options;
- 2.17 (8) serve as temporary trustee of school trust lands for school trust lands subject to
- 2.18 proposed or active eminent domain proceedings;
- 2.19 (9) serve as temporary trustee of school trust lands pursuant to section 94.342, subdivision
- 2.20 5;
- 2.21 ~~(5) propose~~ (10) submit to the Legislative Permanent School Fund Commission for
- 2.22 review an annual budget and management plan for the director that includes proposed
- 2.23 legislative changes that will improve the asset allocation of the school trust lands;
- 2.24 ~~(6)~~ (11) develop a ten-year strategic plan and a 25-year framework for management of
- 2.25 school trust lands, in conjunction with the commissioner of natural resources, that is updated
- 2.26 every five years and implemented by the commissioner, with goals to:
- 2.27 (i) retain core real estate assets;
- 2.28 (ii) increase the value of the real estate assets and the cash flow from those assets;
- 2.29 (iii) rebalance the portfolio in assets with high performance potential and the strategic
- 2.30 disposal of selected assets;

3.1 (iv) establish priorities for management actions; and
 3.2 (v) balance revenue enhancement and resource stewardship; and

3.3 ~~(7) submit to the Legislative Permanent School Fund Commission for review an annual~~
 3.4 ~~budget and management plan for the director; and~~

3.5 ~~(8)~~ (12) keep the beneficiaries, governor, legislature, and the public informed about the
 3.6 work of the director by reporting to the Legislative Permanent School Fund Commission
 3.7 in a public meeting at least once during each calendar quarter.

3.8 (b) In carrying out the duties under paragraph (a), the school trust lands director ~~shall~~
 3.9 ~~have the authority to~~ may:

3.10 (1) direct and control money appropriated to the director;

3.11 (2) establish job descriptions and employ ~~up to five employees in the unclassified service,~~
 3.12 staff within the limitations of money appropriated to the director;

3.13 (3) enter into interdepartmental agreements with any other state agency;

3.14 (4) enter into joint powers agreements under chapter 471;

3.15 (5) evaluate and initiate real estate development projects on school trust lands with the
 3.16 advice of the Legislative Permanent School Fund Commission ~~in order~~ to generate long-term
 3.17 economic return to the permanent school fund; and

3.18 ~~(6) serve as temporary trustee of school trust land for school trust lands subject to~~
 3.19 ~~proposed or active eminent domain proceedings; and~~

3.20 ~~(7)~~ (6) submit recommendations on strategies for school trust land leases, sales, or
 3.21 exchanges to the commissioner of natural resources and the Legislative Permanent School
 3.22 Fund Commission.

3.23 Sec. 3. Laws 2016, chapter 189, article 3, section 6, as amended by Laws 2017, chapter
 3.24 93, article 1, section 12, is amended to read:

3.25 **Sec. 6. ADMINISTRATION** § **250,000** § **-0-**

3.26 \$250,000 the first year is from the state forest
 3.27 suspense account in the permanent school fund
 3.28 for the school trust lands director to initiate
 3.29 ~~real estate development projects on~~ and
 3.30 complete a 25-year framework for managing
 3.31 school trust lands as ~~determined by the school~~

4.1 ~~trust lands director~~ described in Minnesota
 4.2 Statutes, section 127A.353, subdivision 4,
 4.3 paragraph (a), clause (11). This is a onetime
 4.4 appropriation and is available until ~~June 30,~~
 4.5 ~~2019~~ expended.

4.6 Sec. 4. Laws 2017, chapter 93, article 1, section 9, is amended to read:

4.7 Sec. 9. **ADMINISTRATION** \$ **800,000** \$ **300,000**

4.8 (a) \$300,000 the first year and \$300,000 the
 4.9 second year are from the state forest suspense
 4.10 account in the permanent school fund for the
 4.11 school trust lands director. This appropriation
 4.12 is to be used for securing long-term economic
 4.13 return from the school trust lands consistent
 4.14 with fiduciary responsibilities and sound
 4.15 natural resources conservation and
 4.16 management principles.

4.17 (b) \$500,000 the first year is from the state
 4.18 forest suspense account in the permanent
 4.19 school fund for the school trust lands director
 4.20 to initiate the ~~private sale of surplus school~~
 4.21 ~~trust lands identified according to Minnesota~~
 4.22 ~~Statutes, section 92.82, paragraph (d)~~
 4.23 Boundary Waters Canoe Area Wilderness
 4.24 private forest land alternative with the United
 4.25 States Department of Agriculture Forest
 4.26 Service and a nonprofit partner. The school
 4.27 trust lands director may use these funds for
 4.28 project costs, including but not limited to
 4.29 environmental assessments, valuation
 4.30 expenses, legal fees, closing costs, and
 4.31 transactional staff costs. This is a onetime
 4.32 appropriation and is available until ~~June 30,~~
 4.33 ~~2019~~ expended.