

## Lessard-Sams Outdoor Heritage Council

**MEMO:**           **Agenda Item #10**  
**DATE:**           May 27, 2026  
**SUBJECT:**       MN DNR Forests For the Future Land Bank Proposal - Encroachments  
**PRESENTER:**   Christine Ostern, Forest Legacy Program Coordinator, Minnesota Department of Natural Resources Division of Forestry

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### **Suggested Motion:**

Motion by Member XX to approve or deny the 16-acre parcel in Itasca County (T54N, R26W, S15) as a land replacement bank parcel and the presented guidelines for utilizing the replacement land bank to remedy encroachments on the MN DNR Forests for the Future easement commonly known as the “UPM-Blandin Easement”.

### **Background:**

In 2010 the MN DNR utilized \$34 Million dollars of Outdoor Heritage Funds to acquire a permanent conservation easement (Forests for the Future Easement) on UPM-Blandin lands totaling approximately 188,000 acres in Northern Minnesota (ML 2009, Ch. 172, Art. 1, Sec. 2, Subd. 3, Forests). Over the last 16 years that the conservation easement has been in place, the MN DNR and UPM-Blandin have discovered structural encroachments onto the easement lands. These encroachments are violations of the easement terms and must be remedied. Due to the size of the acquisition and the expense involved, a boundary survey was not completed at the time of acquisition and thus the encroachments were unknown at the time.

To efficiently find a solution to the problem, the MNDNR and UPM-Blandin have identified a 16-acre parcel of land in Itasca County that will be used to replace the encroached lands within the conservation easement, essentially acting as a land bank. The 16-acre parcel is adjacent to and surrounded by other UPM-Blandin easement parcels. Lands will be replaced on a dollar-to-dollar basis determined by an appraisal process. The MN DNR is requesting Council approval to use the identified parcel as a replacement land bank for the encroached acres and for approval of the process guidelines as presented in the attached MN DNR memo.

Per 97A.056, Subd. 15, the MN DNR must receive permission from the Council for any boundary changes related to the existing conservation easement. Each instance of “withdrawal” from the land bank will need to be reviewed and approved by the Council and Legislative Leadership.

*Subd. 15. Land acquisition restrictions.*

*(a) An interest in real property, including, but not limited to, an easement or fee title, that is acquired with money appropriated from the outdoor heritage fund must be used in perpetuity or*

*for the specific term of an easement interest for the purpose for which the appropriation was made. The ownership of the interest in real property transfers to the state if:*

*(1) the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or accomplishment plan; or*

*(2) restrictions are placed on the land that preclude its use for the intended purpose as specified in the appropriation.*

*(b) A recipient of funding that acquires an interest in real property subject to this subdivision may not alter the intended use of the interest in real property or convey any interest in the real property acquired with the appropriation without the prior review and approval of the Lessard-Sams Outdoor Heritage Council or its successor. The council shall notify the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the outdoor heritage fund at least 15 business days before approval under this paragraph. The council shall establish procedures to review requests from recipients to alter the use of or convey an interest in real property. These procedures shall allow for the replacement of the interest in real property with another interest in real property meeting the following criteria:*

*(1) the interest must be at least equal in fair market value, as certified by the commissioner of natural resources, to the interest being replaced; and*

*(2) the interest must be in a reasonably equivalent location and have a reasonably equivalent useful conservation purpose compared to the interest being replaced, taking into consideration all effects from fragmentation of the whole habitat.*

*(c) A recipient of funding who acquires an interest in real property under paragraph (a) must separately record a notice of funding restrictions in the appropriate local government office where the conveyance of the interest in real property is filed. The notice of funding agreement must contain:*

*(1) a legal description of the interest in real property covered by the funding agreement;*

*(2) a reference to the underlying funding agreement;*

*(3) a reference to this section; and*

*(4) the following statement: "This interest in real property shall be administered in accordance with the terms, conditions, and purposes of the grant agreement controlling the acquisition of the property. The interest in real property, or any portion of the interest in real property, shall not be sold, transferred, pledged, or otherwise disposed of or further encumbered without obtaining the prior written approval of the Lessard-Sams Outdoor Heritage Council or its successor. The ownership of the interest in real property transfers to the state if: (1) the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement*

*or accomplishment plan; or (2) restrictions are placed on the land that preclude its use for the intended purpose as specified in the appropriation."*

**Guidelines for Utilizing the Forests for the Future Easements Replacement Land Bank:**

1. DNR confirms with UPM-Blandin that the encroachment(s) existed prior to the establishment of the conservation easement using historical aerial photography, county zoning and permitting records, survey information and any other applicable information.
2. UPM-Blandin provides a professional land survey of the encroached land.
3. The value of the land to be released from the conservation easement is determined by a minimum value report provided by DNR Lands and Minerals staff.
4. DNR uses the value of the lands to be released to track against the lands that were added to the conservation easement as the replacement lands. The value of the remaining replacement lands is determined by an appraisal update prior to each withdrawal or annually, whichever is less frequent; this serves to keep the value of the replacement lands current and similar in time to the minimum value determination by DNR of the lands to be released.
5. If/when the replacement lands are depleted, UPM-Blandin will identify another parcel for DNR review, and LSOHC approval, and subsequent addition to the conservation easement in exchange for future released lands.
6. Tracking of lands released in conjunction with the addition of land replacement lands, updated appraisal information for the land replacement lands, minimum valuations of the lands to be released, and all other activities will be tracked in the DNR's annual conservation easement stewardship monitoring report documents.
7. DNR will collect and hold qualifying transfers for up to one year to combine transfers into one amendment to the conservation easement per year to limit the number of amendments to one per year, if needed, for the purpose of solving qualifying encroachments. This will increase efficiency and decrease costs.

**Attachments:**

Memo and Aerial Photos from MN DNR

Final Report: MN Forests for the Future / Upper Mississippi Project, Phase 1 & 2