

RESOLUTION OF THE LEGISLATIVE PERMANENT SCHOOL FUND COMMISSION

SUPPORTING CONSERVATION FINANCE AS A TOOL TO DIVERSIFY REVENUE, RESTORE PEATLANDS, AND ADVANCE THE SCHOOL TRUST'S FIDUCIARY MISSION

WHEREAS, the Legislative Permanent School Fund Commission was established to advise the Department of Natural Resources and the School Trust Lands Director on the management of school trust lands; and

WHEREAS, the Legislative Permanent School Fund Commission recognizes that the State of Minnesota holds 2.5 million acres of school trust lands in trust for the benefit of current and future generations of public schoolchildren; and

WHEREAS, the Minnesota Legislature has previously authorized the Director of the Office of School Trust Lands and the Department of Natural Resources to evaluate and pursue strategies for integrating conservation finance into the school trust land portfolio, and this authority aligns directly with the trust's fiduciary mission to manage school trust lands to maximize long-term revenue in accordance with sound natural resource, conservation, and management principles; and

WHEREAS, conservation finance models can expand and diversify revenue streams while meeting trust obligations, thereby offering Minnesota an opportunity to follow suit; and

WHEREAS, conservation finance uses market-based mechanisms to generate revenue by protecting, restoring, or enhancing the ecological value of school trust lands — including long-term conservation leases and ecosystem service markets for carbon, clean water, wildlife habitat, biodiversity, and other services; and

WHEREAS, conservation finance is well-suited for school trust lands with limited traditional revenue potential, particularly peatlands — which comprise approximately one million acres of school trust lands, much of it located in areas with limited timber, mineral, or real estate value and much of it degraded by historic drainage ditches — making peatland restoration through conservation finance a promising opportunity to restore hydrology, sequester carbon, reduce wildfire risk, and support the Permanent School Fund; and

WHEREAS, incorporating conservation finance into school trust land management supports a broader natural and working lands strategy that enhances the state's resilience to wildfires, sequesters carbon, improves water quality, mitigates flooding, supports wildlife and tourism, and generates reliable revenue for Minnesota's schoolchildren — demonstrating that ecological health and school funding are not competing priorities but mutually reinforcing goals; and

NOW, THEREFORE, BE IT RESOLVED by the Legislative Permanent School Fund Commission that the Commission:

1. Supports the Office of School Trust Lands in pursuing conservation finance mechanisms — through study, analysis, pilot projects, and implementation — as an additional tool to grow the Permanent School Fund, benefit Minnesota's schoolchildren, and restore the long-term ecological health of school trust lands for this and future generations; and
2. Encourages the Minnesota Department of Natural Resources and the Office of School Trust Lands to collaborate on integrating conservation finance into the school trust lands portfolio.

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ADOPTED this ___ day of _____, 2026, by the Legislative Permanent School Fund Commission.