

Memo

Date: 4/22/2026

To: Lessard-Sams Outdoor Heritage Council and Staff

From: Cheryl Kelley-Dobie, Assistant Director, Division of Lands and Minerals
Christine Ostern and Andy Kernan, Forest Legacy Program Coordinators

RE: Seeking approval to implement proposed replacement land bank for the DNR's conservation easement on land owned by UPM-Blandin

Proposal

We propose the establishment of a “bank” of land, owned by UPM-Blandin, to serve as replacement land for specific types of structural encroachments on property owned by UPM-Blandin that is subject to the DNR’s conservation easement and in violation of the easement terms. We also propose that this land replacement bank would only be used to solve major encroachment issues that were in place prior to the DNR’s acquisition of the conservation easement but that are discovered in current times due to the use of new and better tools and technology that make it easier to confirm property boundaries. DNR Forestry and Lands & Minerals staff are working together with UPM-Blandin staff to create this land replacement bank. DNR Forestry and Lands & Minerals Divisions are asking for approval of the Lessard-Sams Outdoor Heritage Council to implement the proposed land replacement bank to solve specific types of major structural encroachments described in further detail in this memo.

Overview of the Issue

The MN DNR acquired a Forests for the Future conservation easement on approximately 188,000 acres in Itasca, St. Louis, Aitkin, Koochiching, Cass, Clearwater and Beltrami Counties from UPM-Blandin in 2010. Funding for the project included Lessard-Sams Outdoor Heritage Funding (78%).

While conducting a systematic analysis of their property boundaries with newly available and more accurate GIS parcel boundary information from Itasca County combined with new and better tools and technology that make it easier to confirm property boundaries, UPM-Blandin staff have discovered several structural encroachments onto UPM-Blandin property from adjoining owners; these are major conservation easement violations which

UPM-Blandin did not cause that require resolution, and we expect that more will be discovered over time given improving GIS tools and technologies and their applications.

DNR Forestry and Lands & Minerals staff thought at the time of acquisition that a process for efficiently handling amendments to the conservation easement for any pre-existing encroachments discovered post-acquisition may need to be developed due to the size of the conservation easement, overall length of boundary, and the proximity to other private and private industrial land. However, a solution was not established at the time of acquisition; a replacement land bank provides an efficient and cost-effective option for handling such amendments.

Recommendation

We recommend creating and implementing a “bank” of replacement land to save time and professional service costs and to provide some certainties to the process for making amendments to the conservation easement ONLY in cases where major encroachments have been in place prior to the establishment of the conservation easement.

Key Considerations and Options Assessed

UPM-Blandin informed DNR of the encroachments promptly, as they were discovered. DNR-Forestry has been working with UPM-Blandin staff and DNR-Lands and Minerals staff to find the best possible and most efficient solution to resolve these and any potential future encroachment issues.

Options for resolution include:

- 1) Removal of the structures – highly unlikely given that these are major structures and have been in use for at least 15 years prior to the acquisition of the conservation easement making them adverse possession cases; or
- 2) **Create a “bank” of suitable replacement land that is added to the conservation easement; amend the conservation easement to release the encroached upon lands and track the values of current balances through existing annual conservation easement monitoring and stewardship procedures and record keeping.**

A replacement land bank for the UPM-Blandin conservation easement provides a framework for more efficient amendments by saving time and costs for both parties. The replacement land bank would only be used in cases where encroachments were in place prior to the establishment of the conservation easement. The replacement land bank would provide many benefits including:

- Staff and professional services cost savings to both DNR and UPM-Blandin;
- Less time that the conservation easement is in violation status, which is important to DNR, our funders and for UPM-Blandin’s third party forest certification;
- Reduces amount and frequency of conservation easement amendment requests;
- Provides a framework and some certainty about the conservation easement violation resolution process for DNR, our funders and UPM-Blandin; and
- Continues to encourage timely violation reporting by UPM-Blandin.

The establishment of the land bank and bank process would not limit the DNR or the landowner in using other options or practices for resolving conservation easement encroachments but rather provides an additional tool that can be used with specific types of encroachments. Each conservation easement violation, including encroachments, would continue to be reviewed by DNR for the best resolution possible to preserve and protect the integrity of the conservation easement which may, or may not, include utilizing the replacement land bank. The *DNR Division of Forestry Conservation Easement Stewardship Plan Discipline Guidelines for Conservation Easement Stewardship* will remain in effect and continue to be followed.

Establishment and Guidelines

Initial steps for establishing the land replacement bank:

1. A section outlining and describing the land replacement bank for the state's conservation easement on property currently owned by UPM-Blandin is added to the *DNR Division of Forestry Conservation Easement Stewardship Plan Discipline Guidelines for Conservation Easement Stewardship* through a revision of the existing Guidelines.
2. UPM-Blandin identifies and proposes replacement land. (*Note: this step has been completed by UPM-Blandin staff.*)
3. DNR Forestry evaluates the proposed replacement land to ensure that:
 - the land meets or exceeds the protected property values (conservation value) identified in the conservation easement;
 - it is consistent with the purposes and intent of the conservation easement, the Minnesota Forests for the Future program and consistent with the funder's directives and purposes; and
 - it is monitorable and enforceable by the DNR for future stewardship purposes. (*Note: this step has been completed by DNR staff.*)
4. UPM-Blandin agrees to donate a conservation easement on the replacement lands to the DNR to be added by amendment to DNR's existing Minnesota Forests for the Future conservation easement on land currently owned by UPM-Blandin.
5. DNR's existing acquisition process is used to acquire the donated conservation easement; the process includes due diligence, survey, appraisal, title review, etc. Existing Minnesota Forests for the Future conservation easement is amended to include the donated conservation easement on the replacement lands.
6. The value of the conservation easement on the replacement lands is updated prior to each withdrawal or annually, whichever is less frequent. Updated values are determined by an appraisal process. The appraisal and appraisal update are led by DNR Appraisal Unit staff and follow all applicable appraisal rules and regulations.

7. The amount of available replacement land and the current valuation of the replacement land will be updated, tracked and documented through the DNR's annual conservation easement monitoring and record keeping procedures.

Guidelines for utilizing the 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 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.

Please note: There are additional steps and requirements involved in making the conservation easement amendment which are not listed in this document. This document is to propose and give an overview of the land replacement bank option itself and request approval of the proposed land replacement process. Once established, the land replacement bank guidelines would not direct or prescribe specific conservation easement amendment actions nor limit the DNR and landowner from using other options for resolving conservation easement violations including encroachments.

Background/Additional Information

There may be questions about why existing encroachments were not discovered at the time DNR acquired the conservation easement. Generally, it is the Division of Forestry's practice not to conduct a survey on large acquisitions (fee title and conservation easement) due to the expense and time involved. However, in the Forest Legacy Program, if there is a potential trespass, encroachment or disputed property line, a boundary survey is done for that portion of the boundary line. A survey is always done to locate and describe any conservation easement exclusion areas. We also rely on the landowner to disclose any encroachments, trespass and disputed property lines. In the acquisition of the conservation easement on UPM-Blandin lands, a survey was not conducted by DNR and UPM-Blandin was not aware of any encroachments, trespass or disputed property lines at the time of acquisition. It has only been with the recent improvements in accuracy and availability of GIS parcel boundary information from Itasca County and new tools and technologies to better confirm property boundaries that these encroachments have been discovered, and reported, by UPM-Blandin staff to the DNR.

A parcel of approximately 16 acres has been identified and proposed by UPM-Blandin as the first replacement land bank. This parcel has been preliminarily reviewed by the DNR Forest Legacy Program staff, and the parcel does meet the intent and is compatible with the conservation values of the original conservation easement and is also compatible with the general goals of the Forests for the Future program.

Timeline and Next Steps

With Council approval, the next steps for DNR staff include:

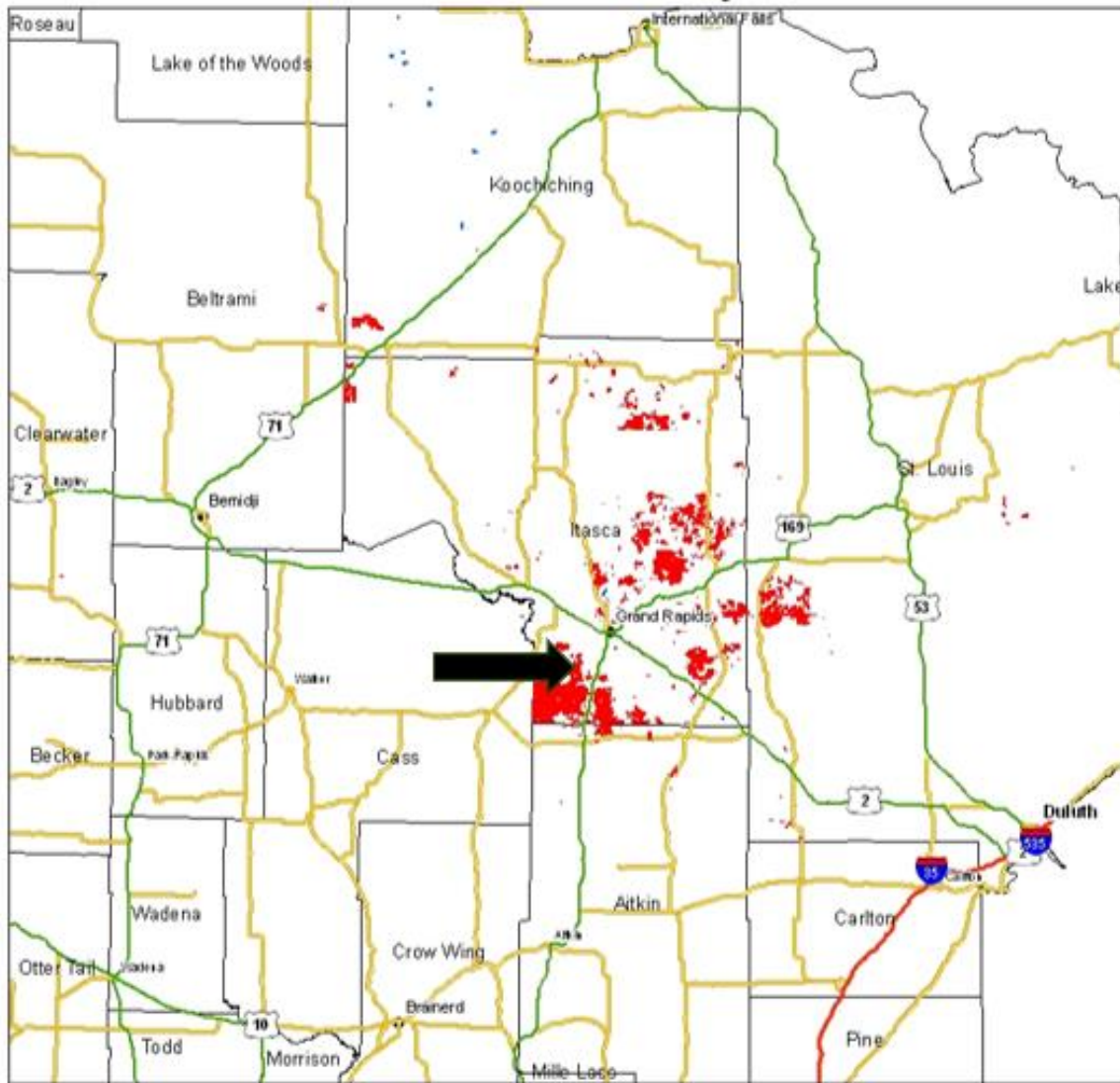
- 1) revise the *DNR Division of Forestry Conservation Easement Stewardship Plan Discipline Guidelines for Conservation Easement Stewardship* to include the land replacement bank information;
- 2) complete the valuation determinations for the land replacement lands and encroached lands; and
- 3) begin the conservation easement amendment process.

Thank you.

Cc: Cheryl Kelley-Dobie, Assistant Director, DNR Division of Lands and Minerals
Doug Tillma, Strategic Planning and Outreach Section Manager, DNR Division of Forestry
Gary Michael, Cooperative Forest Management Unit Supervisor, DNR Division of Forestry

DNR Forests for the Future Conservation Easement on lands owned by UPM-Blandin

Arrow shows general location of proposed land replacement bank parcel



UPM Blandin Conservation Easement
Fee Lands



0 5 10 20 Miles

Note: This map shows the approximate relative location of property boundaries and other features but was not prepared by a professional land surveyor. This map is provided for informational purposes only and may not be sufficient or appropriate for legal, engineering, or surveying purposes.

Map prepared by Richard Peterson June 2010.

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Proposed UPM-Blandin parcel for land replacement bank; approximately 16 acres:



Location of proposed land replacement parcel relative to other lands in the state's conservation easement on UPM-Blandin lands located in T54N R26W, Itasca County:

Map 54-26 : UPM Blandin Conservation Easement
Public Access T 54 N R 26W

