

John Velin, Director

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES

MINUTES

Tuesday, December 11, 2007

9:00 a.m. – 4:00 p.m.

Room 10, State Office Bldg,
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Co-Chair: Rep. Kathy Tingelstad

Commission Members Present: Sen. Ellen Anderson, Al Berner, Jeffrey Broberg, Rep. Lyndon Carlson, Sen. Dennis Frederickson, Nancy Gibson, John Herman, John Hunt, Mary Mueller, Rep. Kathy Tingelstad, Sen. Pat Pariseau, Sen. Jim Vickerman, Rep. Jean Wagenius.

Staff Present: J. Velin, S. Thornton, M. McDonough, M. Banker, D. Griffith

Excused: Sen. Satveer Chaudhary, Rep. Ron Erhardt, David Hartwell, Rep. Tom Rukavina

Vice Co-Chair: Nancy Gibson

Nancy Gibson called the meeting to order at 9:14 a.m. Ms. Gibson moved directly to Item #4 for discussion until a quorum was present.

1. Approve agenda for LCCMR meeting

John Hunt moved to approve the agenda – motion prevailed.

2. Approve minutes for October 29, 2007 and October 30, 2007

Rep. Lyndon Carlson moved to approve the minutes for October 29, 2007 – motion prevailed.

Jeff Broberg moved to approve the minutes for October 30, 2007 – motion prevailed.

3. Members report potential conflicts of interest regarding today's business

None stated.

4. Consider a work program change for Department of Commerce – M.L. 2005, First Special Session, Chp. 1, Art. 2, Sec. 11, Subd. 10 (a) "Clean Energy Resource Teams and Community Wind Energy Rebate and Financial Assistance, as amended by M.L. 2006, Chp. 243, Sec. 15

Mike Bull (Assistant Commissioner, Dept. of Commerce) introduced Tom Warmka (Faribault County Commissioner) and started the discussion on the work program for M.L. 2005, First Special Session, Chp. 1, Art. 2, Sec. 11, Subd. 10(a), as amended by M.L. 2006, Chp. 243, Sec. 15. In 2006, the Commission recommended and the legislature adopted modifications of M.L. 2005, First Special Session, Chp. 1, Art. 2, Sec. 11, Subd. 10(a) to allow financial assistance and rebates. Mr. Bull explained the revised work program and the changes in the amendment request for a County Wind Initiative. The County Wind Initiative is a joint effort by the Rural Minnesota Energy Board which includes seventeen counties in southern Minnesota and the Metropolitan Counties Energy Task Force. This group collaboration goal for developing up to 150 megawatts of wind energy generation in the geographic footprint of the RMEB counties to meet a portion of the electricity needs of the participating metropolitan governments. This group would establish a template for other Minnesota

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governments to utilize. John Velin explained attachment E titled "Draft Workplan for Legislative-Citizen Commission on Minnesota Resources (LCCMR) Grant to the Department of Commerce for a Wind Energy Project by the MCETF and RMEB" to their work program (handed out) is basically what they need approved.

John Hunt moved to approve the amendment for M.L. 2005, First Special Session, Chp. 1, Art. 2, Sec. 11, Subd. 10(a), as amended by M.L. 2006, Chp. 243, Sec. 15.

Jeff Broberg and Sen. Jim Vickerman expressed their approval of this motion.

John Hunt renewed his motion to approve the amendment for M.L. 2005, First Special Session, Chp. 1, Art. 2, Sec. 11, Subd. 10(a), as amended by M.L. 2006, Chp. 243, Sec. 15 – motion prevailed.

Nancy Gibson moved the meeting back to item #1.

5. Consider other requested work program changes and status updates (LCCMR Staff)

Discuss status on:

a) M.L. 1999, Chapter 231, Sec. 16, Subd. 13(m), "Wildlife Habitat Acquisition and Development - Chub Lake"

Al Singer (Dakota County) discussed M.L. 1999, Chp. 231, Sec. 16, Subd. 13(m). John Hunt asked if there is a date that it has to be spent. John Velin explained that there is not an expiration date and that this allocation could be recommended to be reallocated to somewhere else. John Hunt asked if there could be an ending date added to the legislation. Sen. Dennis Frederickson stated that sometimes it takes a long time for some land deals but this money has been sitting for a very long time. John Herman asked if this is the type of project that could have a rider stating if it is not expended by the end of fiscal year 2008 the money could go to 2008 Project Line # 95 titled "Integrating Vermillion River Corridor Resource Protection and Funding project.

Bill Becker (DNR) was asked to comment as the appropriation is to the DNR. Mr. Becker stated that he agreed with John Herman's concept for this appropriation.

John Herman moved to add a rider statement to M.L. 1999, Chp. 231, Sec. 16, Subd. 13(m) stating if it is not expended by the end of December 31, 2008 the money will be appropriated to 2008 Project Line # 95 titled "Integrating Vermillion River Corridor Resource Protection and Funding project – motion prevailed.

b) M.L. 2005, First Special Session, Chp. 1, Art. 2, Sec. 11, 7(p), "Restoration of Indian Lake"

Susan Thornton explained that this is just an update regarding the changes to this work program. Ms. Thornton stated this work program has been split into two work programs one for Bemidji State and second for Indian Lake Improvement District.

c) M.L. 2006, Chapter 243, Sec. 20, Subd. 3, "Phillips Biomass Community Energy System"

Susan Thornton explained this appropriation was originally appropriated in 2005 but was vetoed. This appropriation was passed in 2006. There has been no formal update on this project to date but staff suggests this project be brought up again at the Commission meeting on Jan. 15, 2008. John Hunt asked for an explanation of PCEC (Phillips Community Energy Co-operative). Ms. Thornton explained PCEC is a private nonprofit spun off from the Green Institute group that was originally going to partner with Kandiyohi Development Partners, LLC (KDP).

John Herman declared a potential conflict of interest with this project because he represented the Green Institute in the transfer of these development rights from the Green Institute and Kandiyohi Development Partners.

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Members agreed that this work program does need more discussion and requested an update at the next meeting on January 15, 2008.

d) M.L. 2006, Chapter 243, Sec. 20, Subd. 10 "Statewide Conservation and Preservation Plan"

John Velin explained he informed members that the staff was working on amending the contract with the U of M and that the Governor approved the expenditure recommendation by the LCCMR from the Emerging Issues Account on November 11, 2007.

e) Other updates on status may be added

6. Discuss M.S. 116P.10 and project repayment of Trust Fund Appropriations (LCCMR Staff)

John Velin explained M.S. 116P.10. Al Berner asked if this would include the wind energy projects. John Velin said it would but how was yet to be determined. John Hunt asked who is negotiating the royalties, etc. John Velin explained it has been done with the project manager. John Hunt asked that they get a list of what 2008 projects have potential for project repayment and put language in the bill amending M.S. 116P.10 regarding project repayment.

Susan Thornton clarified that the Winona County wind turbine does have language in their contract that the net revenue would be going back to the LCCMR.

Rep. Lyndon Carlson asked about if the language could cover situations where assets may be sold. Members directed staff to ask counsel for advice / recommendations regarding amending M.S. 116P.10.

7. Discussion with Clint Harris, MN State Lottery Director – Communication and advertising opportunities for coordination with the Lottery and general overview of the Lottery operation and proceeds

Clint Harris introduced Don Feney (Research and Planning Director). Mr. Harris and Mr. Feney presented an overview of the lottery operations and Environment Trust fund project communications outreach.

Recessed at 12:35 p.m. for lunch.

Reconvened at 1:15 p.m.

8. Discuss implications of annual funding cycles with respect to duration of projects, efficiency in conducting projects, impacts on project managers, impacts and efficiencies on Commission

and

9. LCCMR Strategic Plan Discussion - How to use the Statewide Conservation and Preservation Plan or other methods to guide the LCCMR Strategic Plan for the Environment and Natural Resources Trust Fund

- Ideas for Future Funding Priorities
- Natural Resource Fact finding – methods and topics
- Public Input
- Form a subcommittee to make recommendations for future schedule (calendar), agenda items and Request for Proposal (RFP) issue dates (Subcommittee will meet in early January 2008 and report to full LCCMR at the January 15, 2008 meeting)

Members and staff discussed options including:

Nancy Gibson asked for Jeff Broberg to talk about being on the 2005 Trust Fund Advisory Task

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Force. He said that they were looking at the work process of the applicants not the additional work it might put on the actual LCCMR. He said the part of the discussion of the Advisory Task Force was to narrow the Request for Proposal. Rep. Jean Wagenius suggested setting the focus for two years instead of one year.

Al Berner suggested having the Request for Proposal being available earlier in the year.

Rep. Jean Wagenius suggested having longer meetings to cut down on the number of meetings.

John Velin mentioned that the one year funding cycle means to a lot of people that projects need to be done in one year and that the projects actually take several years to complete. Mr. Velin said a lot of people don't realize that the funding is usually for two or three years. Al Berner asked about the appropriations maybe being retroactive for projects. Susan Thornton said she thinks it would be beneficial to the public to have a standard issue time for the RFP, RFP due date and give the RFP more time between issuing and the due date.

Rep. Kathy Tingelstad suggested maybe doing a split RFP. For example, one cycle for the continuation projects and a small RFP and then doing a larger \$ RFP for another cycle. Rep. Lyndon Carlson suggested having a smaller \$ amount for the first year of the biennium RFP and then a larger RFP the second year of the biennium.

John Hunt asked about the bonding cycle. Rep. Lyndon Carlson said the bonding cycle is the second year of the biennium. Mary Mueller said she likes Rep. Lyndon Carlson proposal of having the continuation projects one year and then the Request for Proposal another year.

John Hunt reviewed his explanation of what he thinks Rep. Lyndon Carlson was saying:

- First year (funding beginning July 2009 – recommendations to 2009 Legislative Session) would be for invited proposals, administration and focus initiatives. List of projects would stay shorter.
- Second year (funding beginning July 2010 – recommendations to 2010 Legislative Session) would be for a broader Request for Proposal for multiple focus areas.

Rep. Lyndon Carlson clarified that he was still expecting some sort of a smaller RFP in the first year.

Jeff Broberg asked that they adopt some common terminology and he suggested:

Invited Proposals are the continuing type projects (i.e. corridors – state parks – SNA's – WMA's) / continuing with foundation data (County Biological Survey – Soil Survey)

Focus Initiatives would be where members would want to direct some intense effort (i.e. regional grants programs, wetlands). Request for Proposal would be to invited and focus proposals.

RFP categories (2nd year of biennium) are broader. Topic(s) to be determined. RFP issued from January 2009 to March 2009 for the 2010 Legislative Session.

Rep. Jean Wagenius stressed that this process being considered is not engaging the public as much as it used to. A strength of the process is that the RFP is open to everyone. Rep. Kathy Tingelstad agrees with Rep. Jean Wagenius and maybe the terminology needs to be very clear and maybe the Emerging Issues Account should be an option by putting a little more money in there.

Mary Mueller suggested if it is going to stay an annual cycle, the Strategic Plan should be determined in February.

Rep. Lyndon Carlson asked staff to work with the terminology before the next meeting. Rep. Carlson believes that they do need to keep an open process.

Rep. Jean Wagenius recommended having staff create a couple time frames for the funding cycles and the pros and cons of those cycles.

John Velin stated the two things staff needs from members is:

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1. Knowing what members want for a Request for Proposal.
2. Plenty of time to prepare, review, score, etc. proposals.

Members suggested and agreed to another meeting for February 7, 2008. Potential meeting: poll members for Feb. 7, 2008 to further discuss the concepts.

10. Review status of 2008 recommended proposals – Work Program submission and other responses received (LCCMR Staff)

Susan Thornton explained a draft of the appropriation language would be sent in early January for members review before the January 15, 2008 meeting and work program managers will receive a copy of the draft.

11. Consider expenditure options for Great Lakes Protection Account

Rep. Kathy Tingelstad moved to add the Great Lakes Protection Account amount of \$86,000 to M.L. 2006, Chp. 243, Sec. 20, Subd. 6 titled "Lake Superior Research".

John Hunt asked staff to ask the project manager for M.L. 2006, Chp. 243, Sec. 20, Subd. 6 titled "Lake Superior Research" for additional information with what they would do

Rep. Kathy Tingelstad clarified her motion to move to add the Great Lakes Protection Account of \$86,000 to M.L. 2006, Chp. 243, Sec. 20, Subd. 6 titled "Lake Superior Research" contingent on approval of a proposal to be reviewed at the January 15, 2008 LCCMR meeting – motion prevailed.

12. Discuss Proposed 2008 Emerging Issues Account

- Determine a process for awareness and selection of funds

Members reviewed the Criteria Adopted in July 2007 (attached)

Nancy Gibson said she has heard some negative reactions to the Emerging Issues Account regarding being open to public notification. Jeff Broberg mentioned he has brought forward to staff on two different occasions ideas for the Emerging Issues Account. Mr. Broberg would like to see some policy set up for this account to how it will be advertised and deadlines for application.

Rep. Kathy Tingelstad said it needs to be on the agenda with public notice. Nancy Gibson said it should say something about natural resource emergency.

Mary Mueller said it should be on the website and have a very clear urgency for the Emerging Issues Account. Also, to remove #1 "added to an existing Trust Fund funded project or" and state that if the dollars aren't spent by a certain date then the money may be added to an existing Trust Fund funded project. Sen. Pat Pariseau suggested dash #3 and #4 should be above item #2. Al Berner would like to see the priority order.

Rep. Kathy Tingelstad asked staff to re-clarify the Emergency Issues Account and bring back for discussion on Jan. 15, 2008 revisions per their discussion. Sen. Ellen Anderson said there should be at least quarterly review of any issues regarding this Emerging Issues Account. If there is something potentially more urgent staff will let members know by email.

Susan Thornton recommended waiting for posting on the web until July 1, 2008 when the money would be available.

13. Next Meeting is on January 15, 2008 (9:00 a.m. – 4:00 p.m.) in Room 10, State Office Building - Co-Chair is Sen. Jim Vickerman

- Adopt language for final 2008 recommendations
- Other business

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Mary Mueller moved to add to Proposal Line #5 titled "Prairie Ecosystem Restoration Project" a rider stating that if they do decide to sell the seeds or plants, the net proceeds or profits from any sale of seeds should be returned to the Environmental and Natural Resources Trust Fund. Staff read the proposed appropriation language "If the Martin County soil and water conservation district sells seed or plants that were collected or propagated using money from this appropriation, the net proceeds of the sale must be repaid to the trust fund" – motion prevailed.

Rep. Kathy Tingelstad requested that the issue of technical review committees be added to the agenda on January 15, 2008. Commission members agreed.

Rep. Jean Wagenius requested that the issue of fund raising by nonprofit organizations be added to the agenda on January 15, 2008 because it was delayed from the December 11, 2007 agenda at the request of Vice-chair Nancy Gibson. Second, Rep. Jean Wagenius asked staff to distribute draft language that she has been working on to Commission members prior to the meeting on January 15, 2008 on stewardship funding for easements. Commission members agreed.

14. Adjourn

Meeting adjourned at 4:20 p.m.

Respectfully submitted,


