Trust Lands Management
FY 2017 Review
### Financial Highlights FY 2017

#### Trust Lands Management Division

**Gross Revenue**

$86.2 million

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**Land Management Gross Revenue**

$62.2 million

**Division Expenditures**

$13.3 million

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**Common Schools**

- Distributed Net Revenues: $43.1 million
- School Facility Account: $2.7 million
- Other Beneficiaries Distributable Net Revenues: $6.6 million

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**Common School Permanent Fund Revenues**

$17.0 million

**Other Beneficiaries Permanent Fund**

$1.6 million

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**Interest Income & Other Gross Revenue**

$24.0 million

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**Permanent Fund Balance**

- **Common Schools Permanent Fund Balance**: $602.7 million
- **Other Beneficiaries Permanent Fund**: $52.7 million
• K-12 - 2017 School Year Enrollment: 146,375 public school children
• OPI Budget: $845.5 million
• OPI Pupil Budget: average state share per student $5,776
• Trust Lands Common Schools Distribution: $43.1 million or $295 per student
• Trust Lands Contribution to the OPI Budget: 5.1%
• School Facility & Technology Fund: $2.7 million composed mostly of timber revenues ($2.5 million) & navigable river revenues ($200,000)
Agriculture & Grazing Management

- Agriculture Lease Revenues: $13.7 million
  - 7.9 million bushels of wheat
  - 1.1 million bushels of barley
  - 65.1 thousand tons of hay
- Grazing Revenues: $14.2 million
  - Lower beef cattle prices resulted in a drop of the grazing rate to $14.01/AUM.
- Recreational Use
  - 496,707 conservation licenses were sold, generating $993,000 for the trust beneficiaries.
Bullhead Ranch – Recreational Use
Minerals Management

- In FY 2017, revenue from mineral activities totaled $16.3 million.
- Average price per barrel: $43.03
- Oil & Gas royalty revenue: $7.5 million
- Coal royalty revenue: $6.8 million
- Oil & Gas rentals/bonus revenue: $1.6 million
Minerals Management

• During FY 2017:
  • 594,839 acres under 1,441 lease agreements for Oil & Gas:
    ➢ 666 leases are producing from 247,895 acres
    ➢ 1.1 million barrels of oil
    ➢ 2.4 million mcf (thousand cubic feet) of gas
  • 17,145 acres under 35 lease agreements for Coal:
    ➢ 7 leases are producing from 2,800 acres.
    ➢ 3.9 million tons of coal
Navigable Riverbed/Island Ownership
Quiet Title Action Resolved

• Stip et al. vs State of Montana et al.
• 2 producing oil wells adjacent to the navigable Yellowstone River near Sidney, MT
• Adjacent private landowner claimed ownership of land forms DNRC believed to be state-owned islands.
• $1.37 million in past and estimated future royalties
• State District Court ruled in state’s favor on all islands.
• Royalties go to the Common Schools Trust.
Mineral Revenues FY 2013 - FY 2017

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Oil &amp; Gas</th>
<th>Coal</th>
<th>Other</th>
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Forest Management

Fiscal Year 2017:
• 57 million board feet sold
  ➢ Value of $8.2 million
  ➢ Average stumpage price dropped 20% to $121 per MBF.
• 47 million board feet harvested
  ➢ Value of $10.9 million
• 267,870 seedlings planted
Forest Management

Timber Volume Sold by Area - Total 57,271 MBF

- NWLO: 37,242
- SWLO: 14,493
- CLO: 2,940
- Eastside: 2,596
Forest Management

- Worked with REMB and NWLO on acquisition of the Lazy Creek Block. Negotiated terms of conservation easement and resource management plan with FWP.
- Continue to implement new “Next Generation” data protocols through establishment of DNRC-based cloud data structure with fully editable offline capability.
- Amending DNRC Forest Land HCP to add 82,000 acres of land to the Incidental Take Permit for grizzly bear, lynx, bull trout, and westslope cutthroat trout.
Forest Management Revenue
FY 2013 - FY 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Stumpage</th>
<th>Forest Improvement Fees</th>
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Real Estate Management

- ROWs/Easement Revenue: $1.2 million
- Residential Leasing Revenue: $2.3 million
- Commercial Leasing: $1.9 million
- Land Use Licensing: $288,000
- Hydro Leases: $19,000

($4.68 million in hydro revenue is in escrow pending legal proceedings)
Commercial Leasing

Annual Revenue
• $1.9 million in Leases and Lease Options
• FY17 marks the 4th consecutive year of greater than 10% annual growth in this category.

New Activity in FY17
• 1 new Lease
  • Lower Stillwater Lake, Montana Getaway Group
• 9 new Options to Lease
  • (1) Missoula, Reserve Street
  • (3) Kalispell, Section 36
  • (4) Bozeman, North Park
  • (1) Billings, Alkali Creek

Inventory To Date
• 134 active Leases
• 12 active Options to Lease

Reported revenues exclude the disputed annual lease revenue from hydro leasing of $4.68 million currently in escrow.
Land Banking Transactions

**Land Sales** (non-cabin site)
- 10,128 acres
- $11,436,000
- Common Schools & Public Buildings

**Cabin Site Sales**
- 29 sites sold
- 43 acres
- $3,722,00
- MT Tech, MSU, & Common Schools

**Land Purchased**
- Lost Creek Farm
- 2,016 acres
- $1,333,000
- Common Schools

**Land Banking Fund Balance To Date:** $16.9 million
Lost Creek Farm Land Banking Acquisition

- 2,015.8 acres of dryland agriculture & grazing
- 5 miles northwest of Molt, MT
- Public access via county road
- Purchase Price: $1,333,000
- Closing Date: 6/9/2017
- Projected Annual Income: $48,267
- Trust Beneficiary: Common Schools
The End