

Trust Lands Management FY 2017 Review



Financial Highlights FY 2017



**Trust Lands Management Division
Gross Revenue
\$86.2 million**

**Land Management Gross Revenue
\$62.2 million**

**Interest Income &
Other Gross Revenue
\$24.0 million**

**Division Expenditures
\$13.3 million**

**Common School
Permanent Fund Revenues
\$17.0 million
Other Beneficiaries Permanent Fund
\$1.6 million**

**Common Schools
Distributed Net Revenues
\$43.1 million
School Facility Account
\$2.7 million
Other Beneficiaries Distributable
Net Revenues
\$6.6 million**

**Permanent Fund Balance
\$655.4 million
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)**

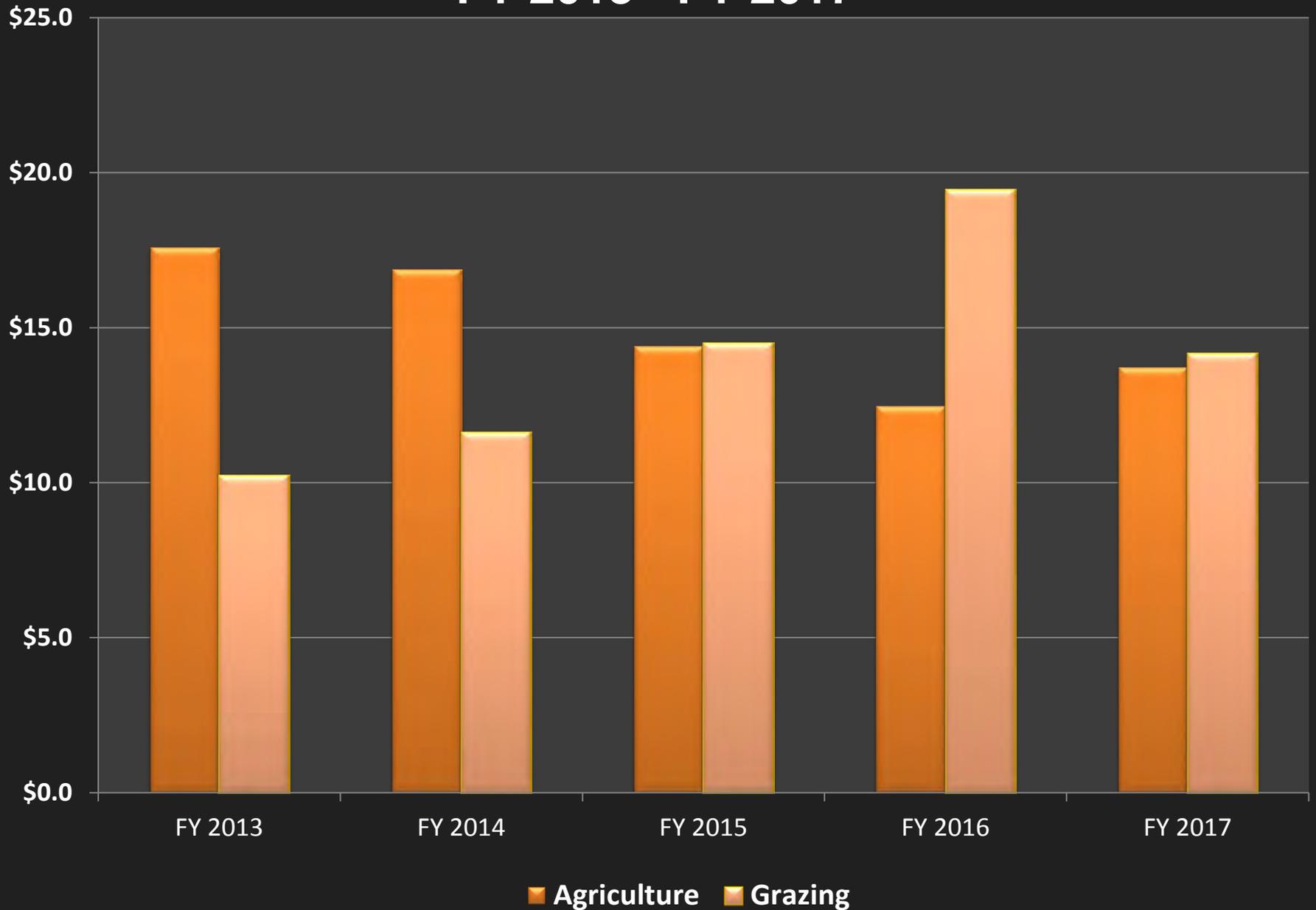


Agriculture & Grazing Management

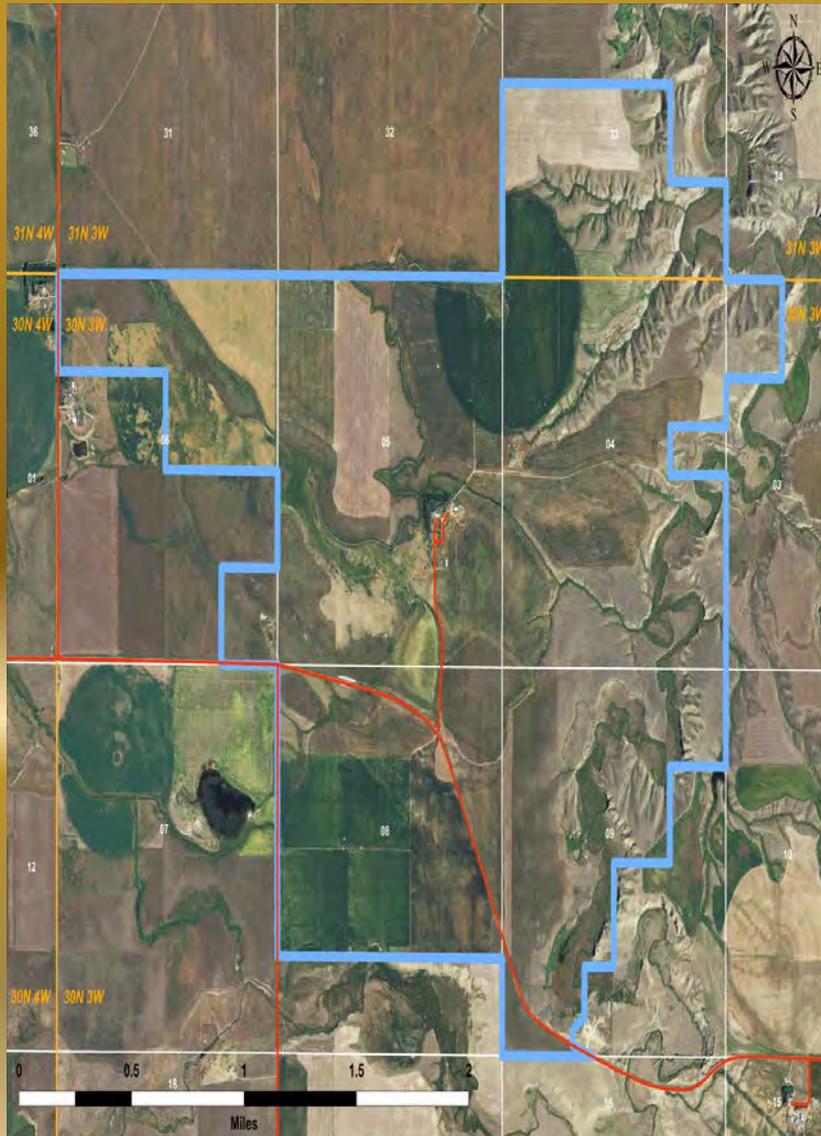
- **Agriculture Lease Revenues: \$13.7 million**
 - 7.9 million bushels of wheat
 - 1.1 million bushels of barley
 - 65.1 thousand tons of hay
- **Grazing Revenues: \$14.2 million**
 - Lower beef cattle prices resulted in a drop of the grazing rate to \$14.01/AUM.
- **Recreational Use**
 - 496,707 conservation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



Agriculture & Grazing Revenues FY 2013 - FY 2017



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**

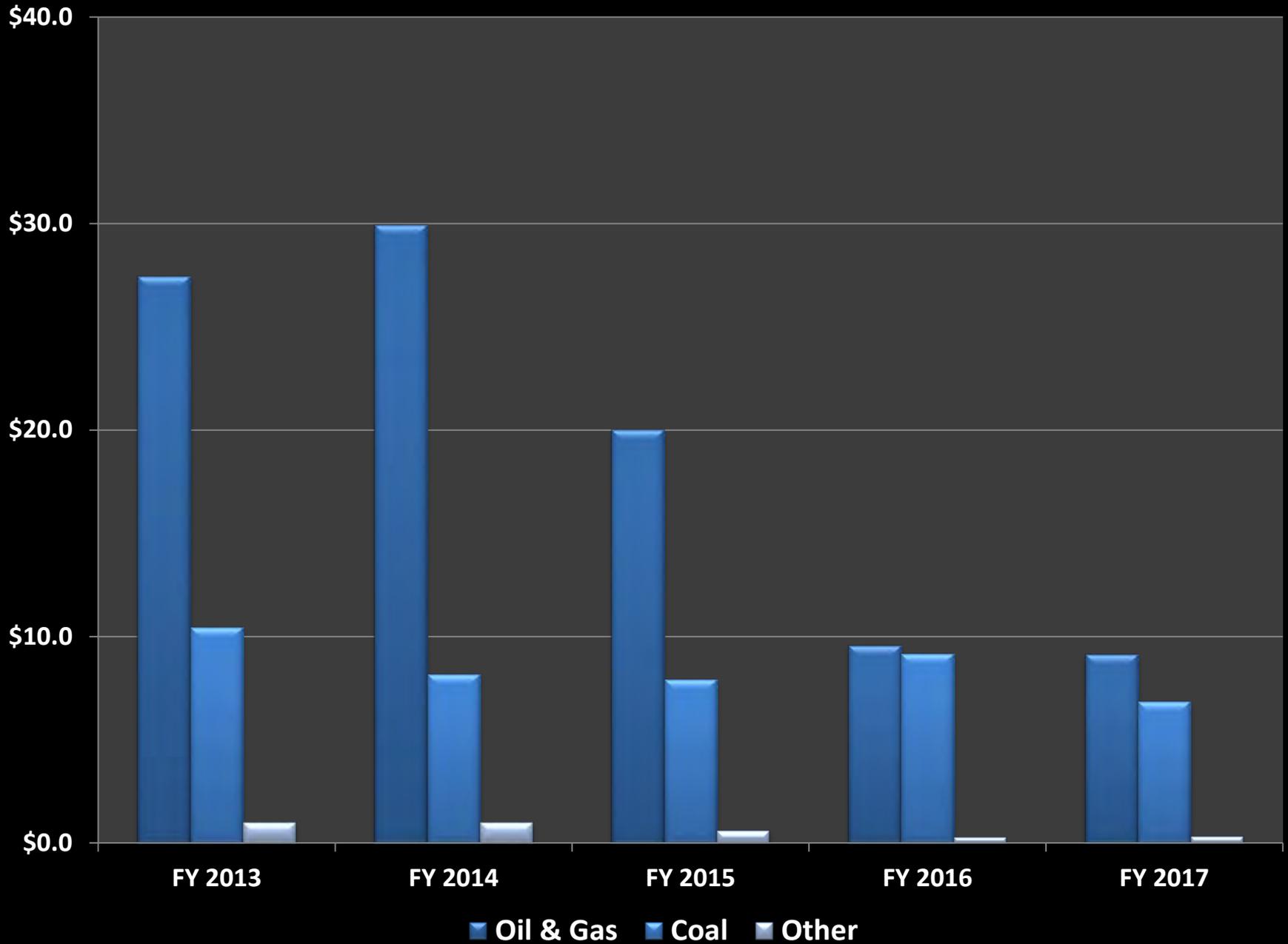


Minerals Management

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.**

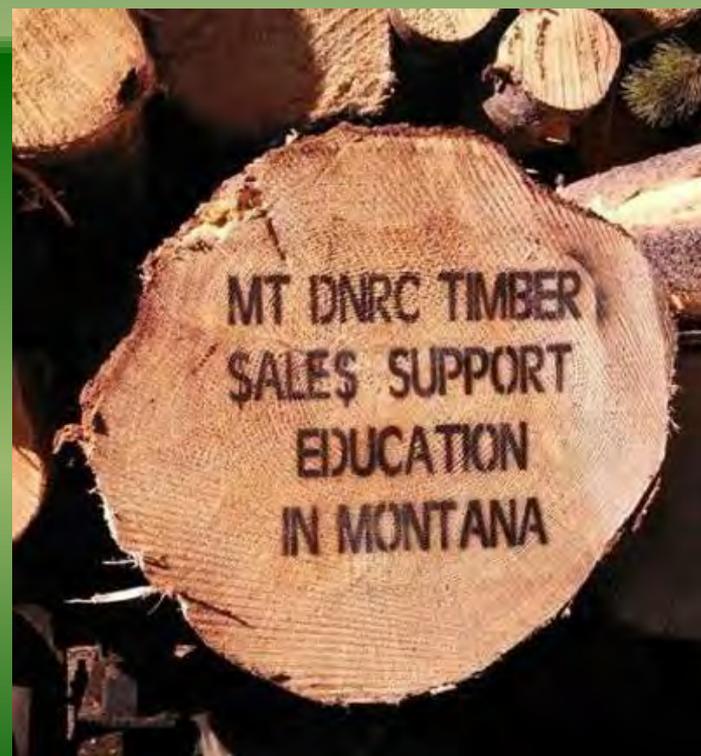
Mineral Revenues FY 2013 - FY 2017



Forest Management

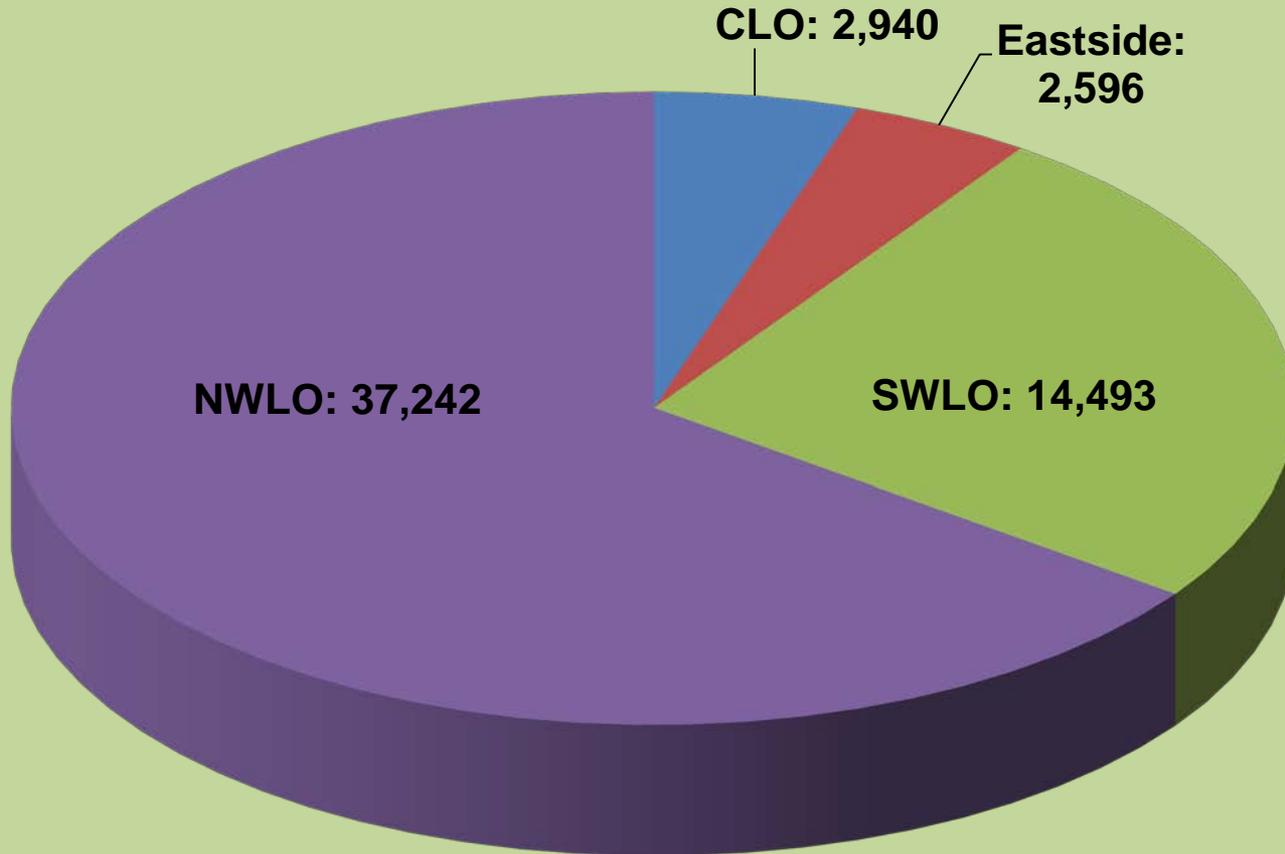
Fiscal Year 2017:

- 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



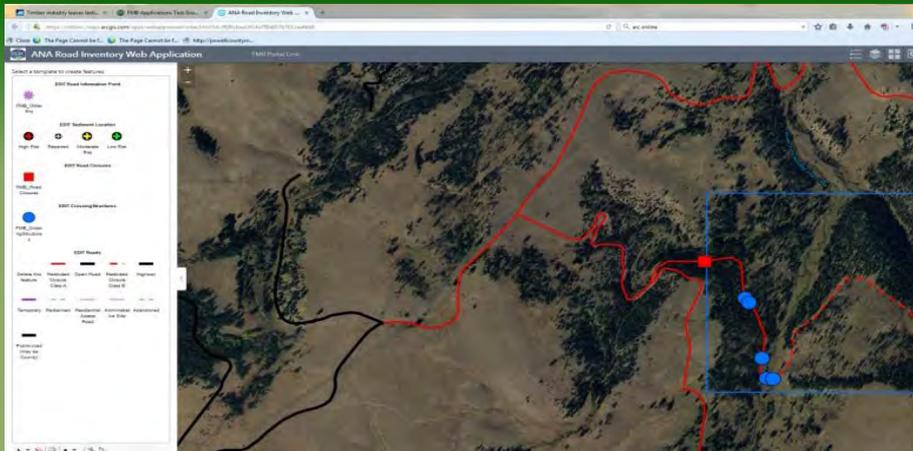
Forest Management

Timber Volume Sold by Area - Total 57,271 MBF



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.

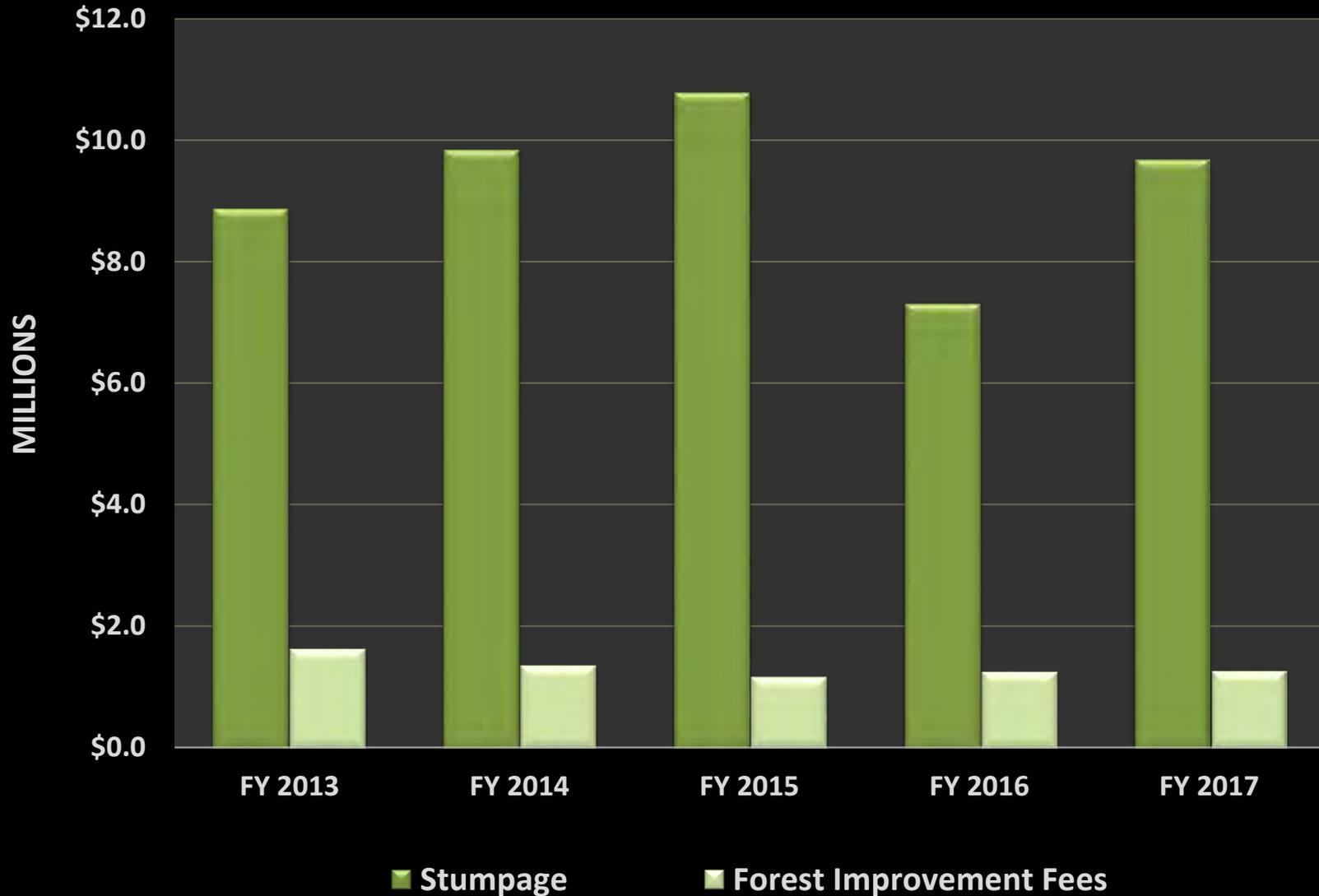


Improved Data



Restored Habitats

Forest Management Revenue FY 2013 - FY 2017



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



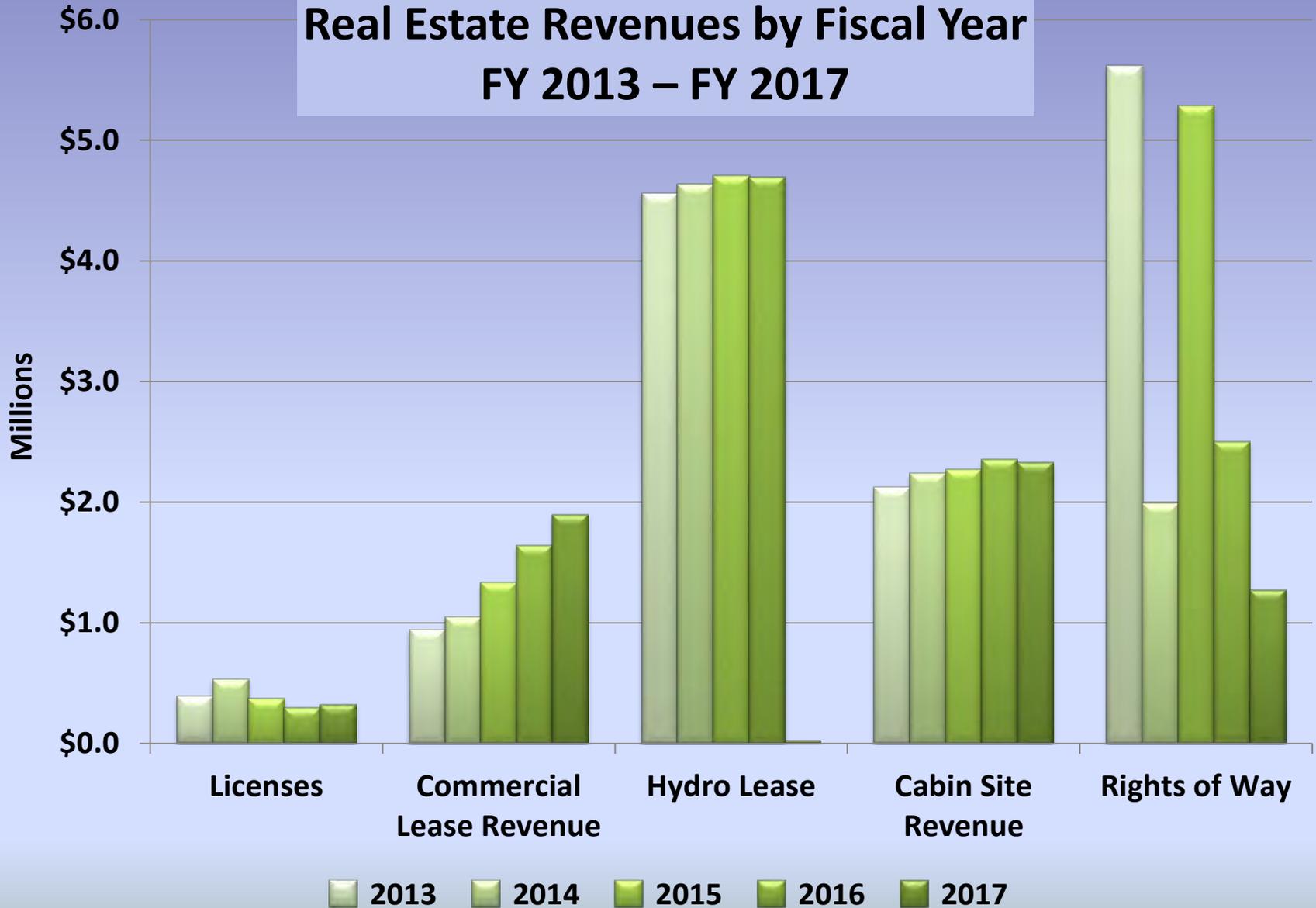
Land Banking Fund Balance To Date: \$16.9 million

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**



Real Estate Revenues by Fiscal Year FY 2013 – FY 2017



The End