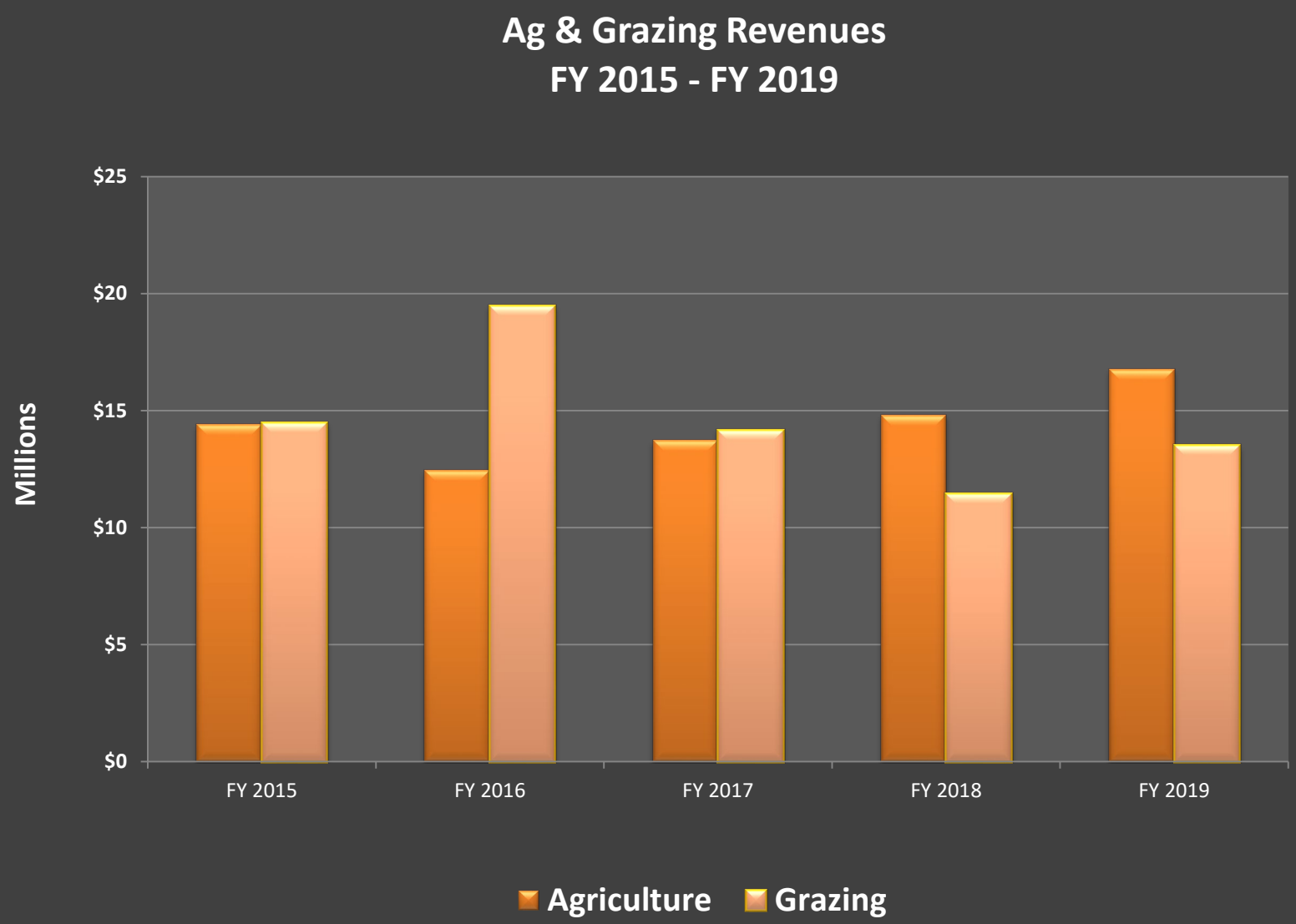
Trust Lands Management
FY 2019 Review

- K-12: 2019 School Year Enrollment: 147,785 public school children
- OPI Budget: $840.2 million
- OPI Pupil Budget: average state share per student $5,685

- Trust Lands Common Schools Distribution:
  $45.9 million or $311 per student
- Trust Lands Contribution to the OPI Budget: 5.5%
- School Facility & Technology Fund: $3.7 million

Agriculture & Grazing Management

- Agriculture Lease Revenues: $16.8 million
  - 5.15 million bushels of wheat
  - 666.5 thousand bushels of barley
  - 66 thousand tons of hay
- Grazing Revenues: $13.5 million
  - An increase in beef cattle prices resulted in an increase of the grazing rate from $11.03/AUM to $13.10/AUM.
- Recreational Use
  - 499,969 conservation licenses were sold, generating $999,938 for the trust beneficiaries.


Ag & Grazing Revenues
FY 2015 - FY 2019
Millions
$25
$20
$15
$10
$5
$0
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
Agriculture
Grazing

Minerals Management

- In FY 2019, revenue from mineral activities totaled $24.4 million
- Average price per barrel: $54.58
- Oil & Gas royalty revenue: $10.4 million
- Coal royalty revenue: $11.3 million
- Oil & Gas rentals & bonus revenue: $2.2 million

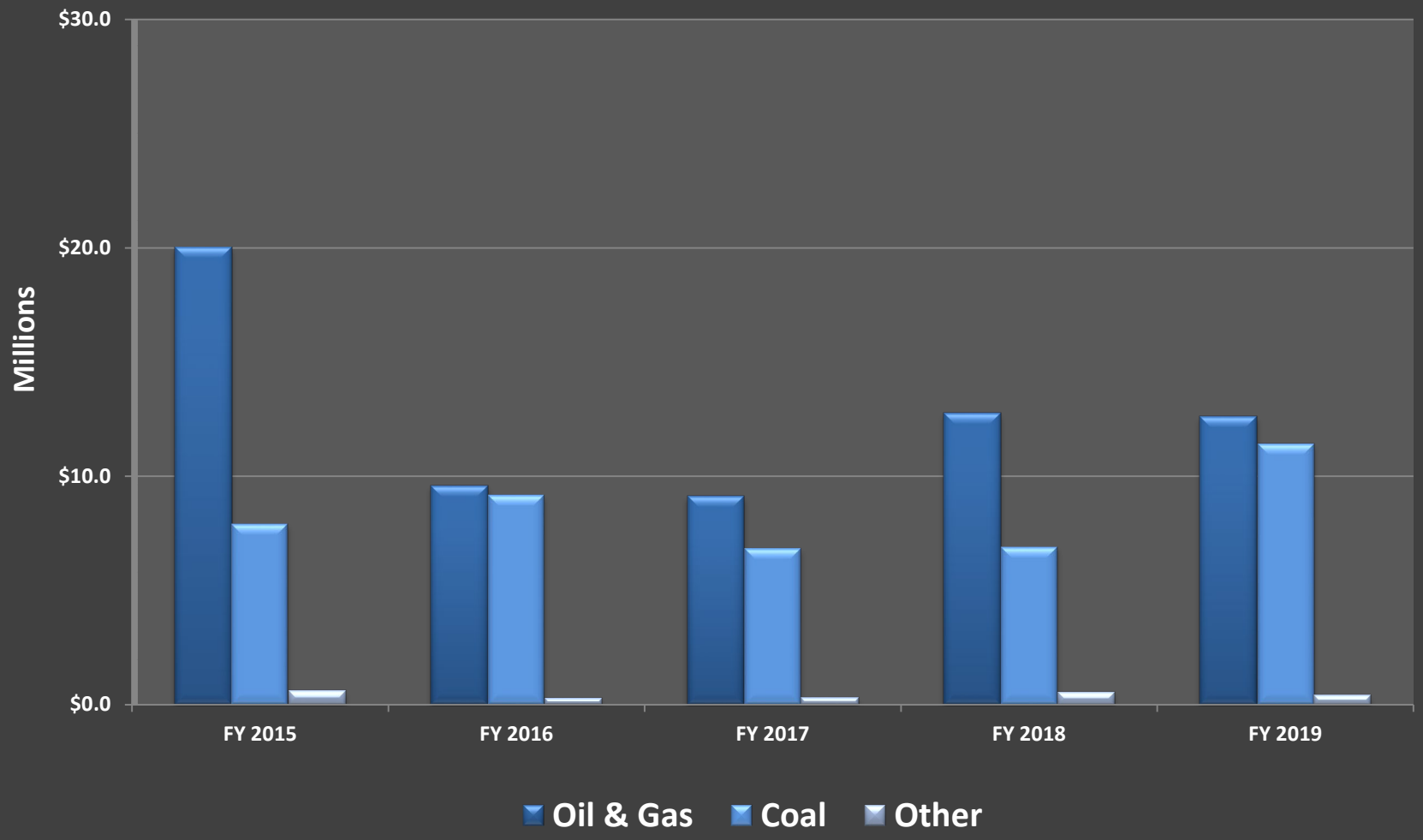
Minerals Management

- During FY 2019:
  - 521,156 acres under 1,298 lease agreements for Oil & Gas:
    - 611 leases are producing from 231,097 acres
    - 1.2 million barrels of oil
    - 2.4 million mcf (thousand cubic feet) of gas
  - 14,692 acres under 31 lease agreements for Coal:
    - 6 leases are producing from 2,520 acres.
    - 6 million tons of coal

Minerals Management

Oil & Gas Lease Auctions

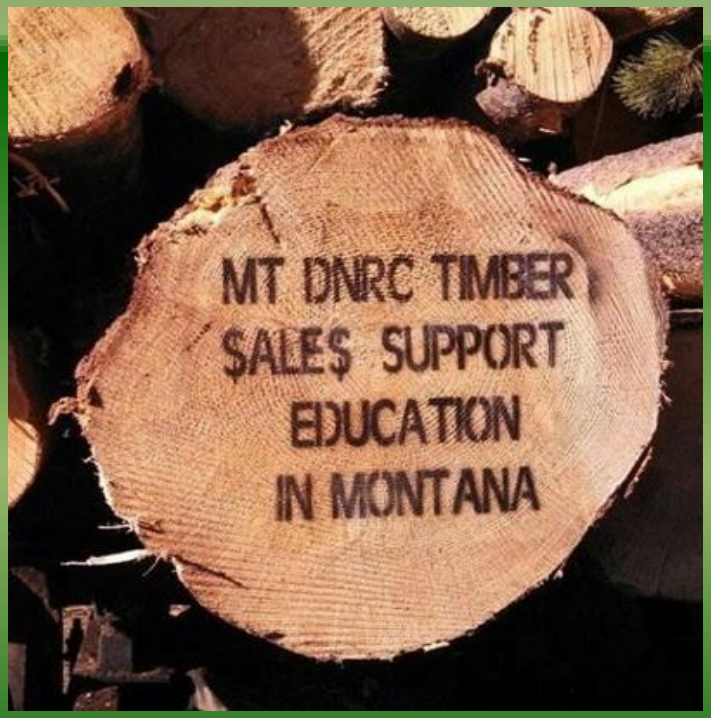
- Four quarterly auctions per year.
- Generated $1.16 million in bonus revenue in FY 2019.
- 57% increase over the previous 3-year average.
- However, wide fluctuations in quarterly lease auction revenues.


Mineral Revenues
FY 2015 - FY 2019
$30.0
$20.0
$10.0
$0.0
Millions
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
Oil & Gas
Coal
Other

Forest Management

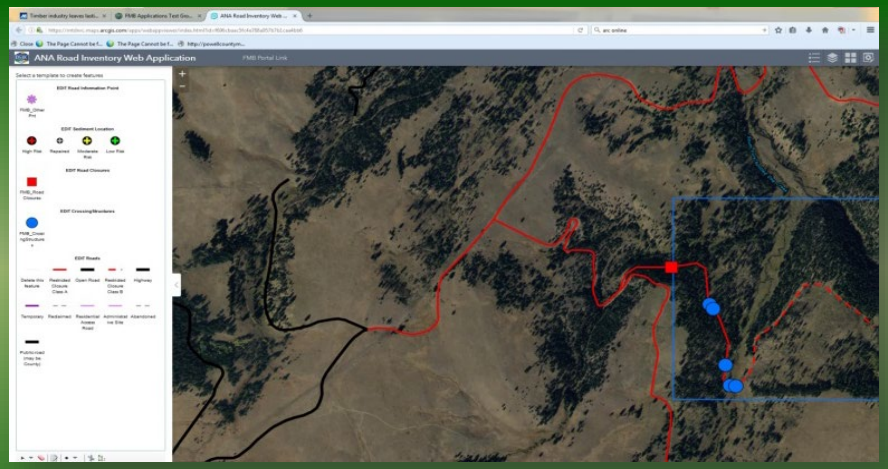
Fiscal Year 2019:

- **54 million board feet sold of the 58.7 offered**
  - **Value of $11.2 million**
  - **Average stumpage price increased 8% to $195 per MBF.**
- **54.8 million board feet harvested**
  - **Value of $10.5 million**
- **208,015 seedlings planted**

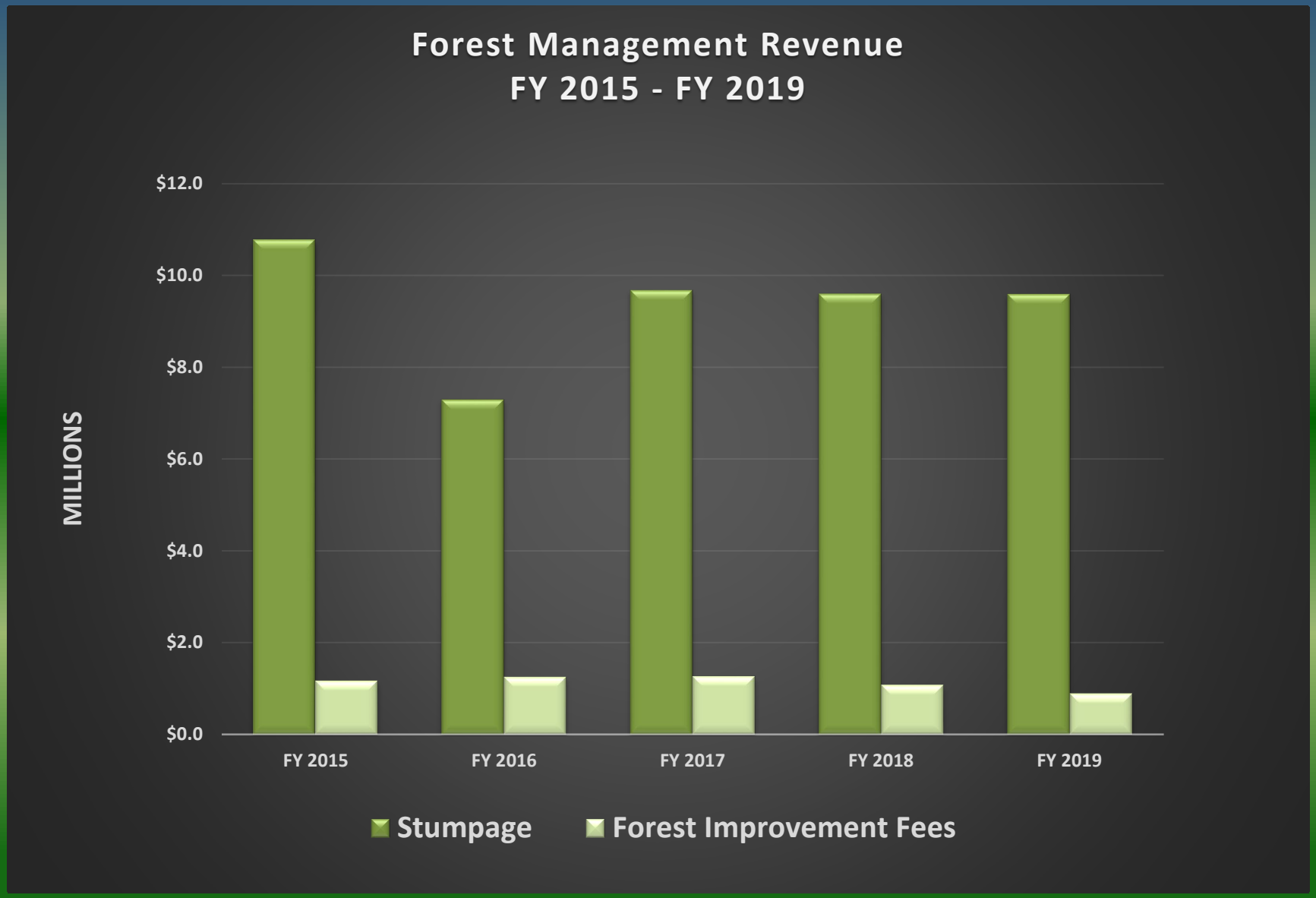


Forest Management

- Completed forest stand, road and stream crossing inventory of 13,398 acre Lazy-Swift Acquisition on Stillwater State Forest.
- Initiated 2020 Sustainable Yield Calculation. Hired MB&G as contractor, updated stand data, calibrated growth & yield, refined management regimes, and designed model constraints.
- Continued deployment of “Next Generation” data & data systems with enhancements to DNRC cloud data tools and offline capability.



Improved Data → Restored Habitats / Gained efficiency → Higher ROI


Forest Management Revenue
FY 2015 - FY 2019
MILLIONS
$12.0
$10.0
$8.0
$6.0
$4.0
$2.0
$0.0
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
Stumpage
Forest Improvement Fees

Real Estate Management

FY 2019 Revenue by Program

- **ROW/Easement: $2.1 million**
- **Residential Leasing: $2.4 million**
- **Commercial Leasing and Licensing: $2.5 million**
- **Hydro Lease: $4.9 million* undistributed**
  ($14.4 million in hydro revenue currently held in escrow)

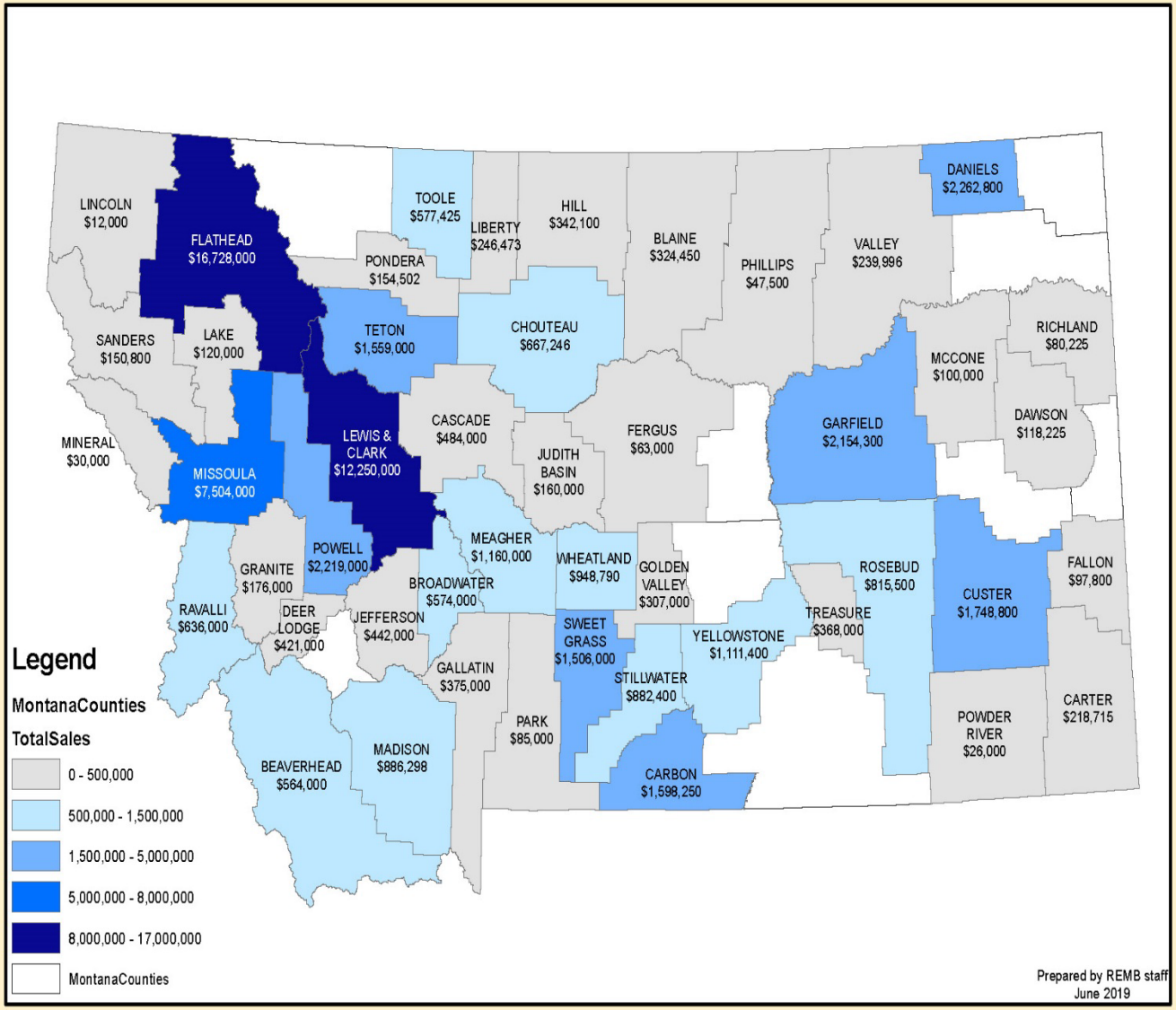
Land Transactions

Land Banking FY 2019

- **Sold: 350 acres for $5.4M (predominantly cabin sites)**
- **Acquired: 6,380 acres for $1.7M (closed final two phases of the Stillwater Forest acquisition)**

Land Exchanges Completed FY 2019

- **Acquired: 1,859 acres**
- **Disposed: 1,276 acres**
- **Net Gain - acres: 583 acres**
- **Net Gain - value: $901,000**
- **Improved Access and Consolidation**



Montana Trust Lands Land Banking
Total Sales by County, 2006 - 2019

Land Banking
2006 -2019

Total Lands Sold:
80,281 Acres
$63.5 M

Total Lands
Acquired:98,228 Acres
$53.3M

Cabin Site Sales Highlights

- 46 cabin sites sold FY 2019
- 20+ additional sites to close by end of the calendar year
- 200 lessees have formally elected to be considered for the FY20/21 sale programs

Echo Lake cabin site

Beaver Lake cabin site

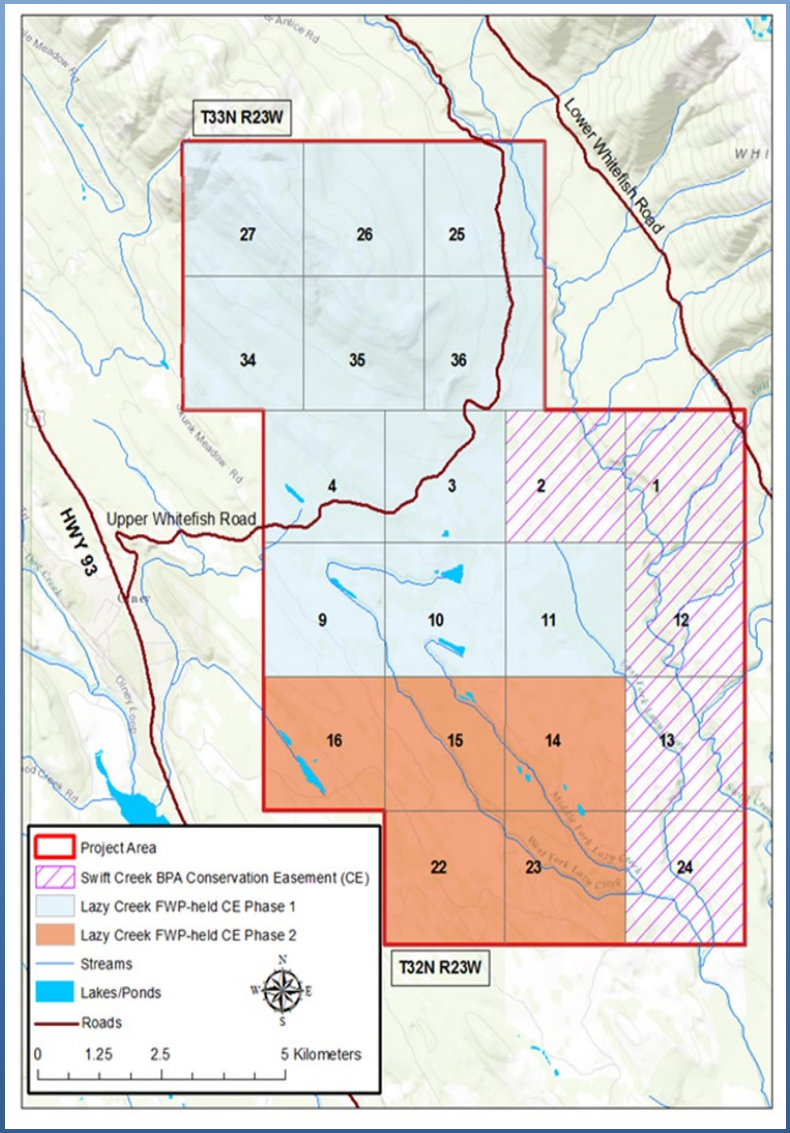
Seeley Lake Outlet cabin site

Land Acquisitions

Stillwater Lazy/Swift – final two phases completed in FY19 for the 13,398 acre inholding acquisition

- **3,200 acre Lazy Cr purchase**
- **3,180 acre Swift Cr. Donation (BPA)**
- **6,380 total acres acquired with $1,722,464 in land banking funds for an average $270/acre.**

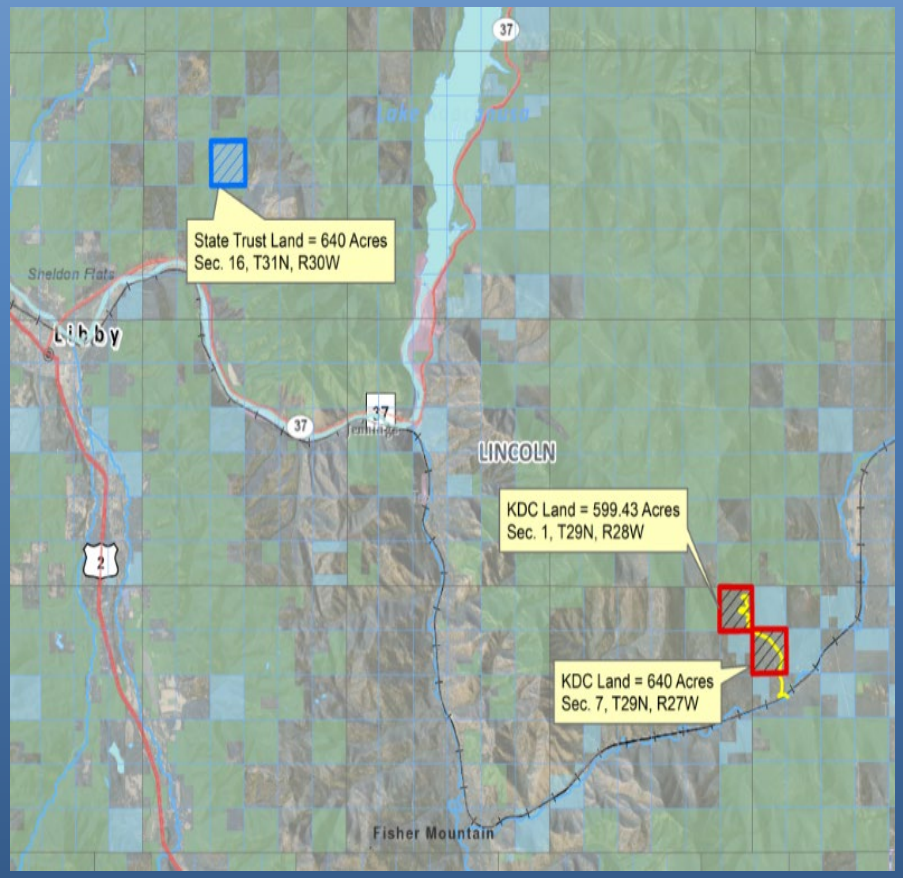
- **In-Lieu: The final Phase II completed package has been with the fed's since August of last year. The Common School Trust is owed 5,800 acres (Custer, Prairie and Richland Counties) of new trust land with a current value of $2.29M. The department continues to push for closure of this important debt to the state.**



Land Exchanges

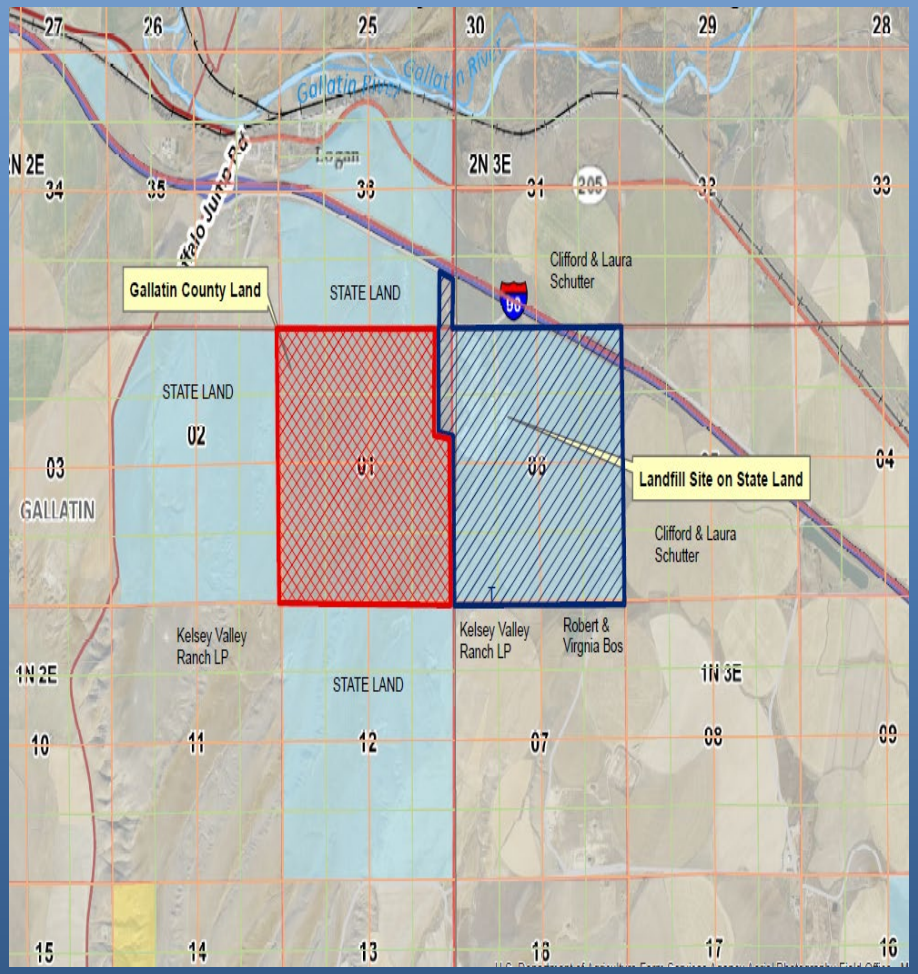
Vermiculite Mountain - Lincoln County

- Exchanged out of 640 acres within the OU3 superfund, Gained 1240 productive timbered acres with legal access
- Consolidated a block of 2,945 acres of trust land for future forest management



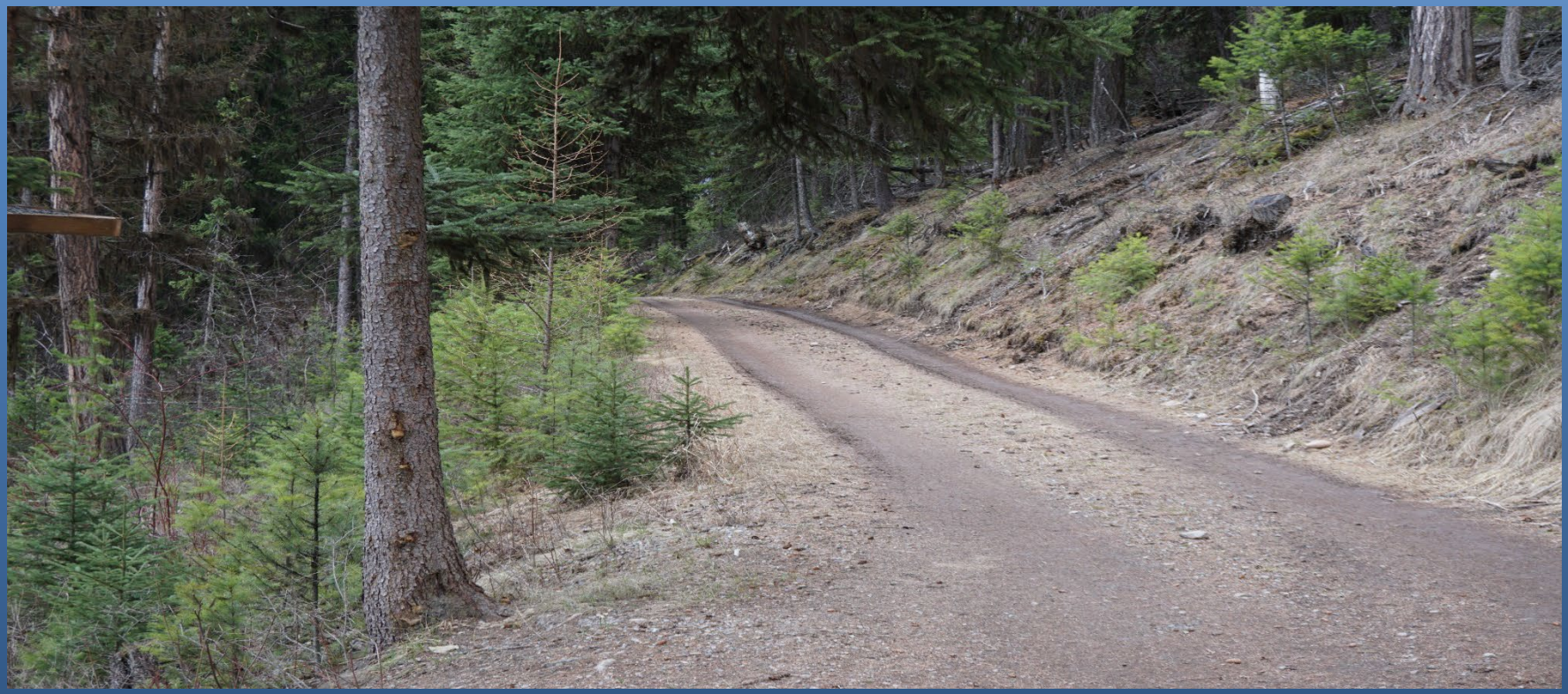
Logan Landfill Site - Gallatin County

- Exchanged out of 636 acre County landfill Site
- Gained 620 acres while increasing public access
- Consolidated a block of 4 sections of trust lands



Rights-of-Way/Easements

- 336 historic rights-of-way/easement applications approved by the Land Board. (private access roads, utilities and Counties)
- 46 cabin site sale legal access easements
- Revenue back near the 5-year average, bringing $2.1M to the permanent fund.
- Actively pursuing reciprocal easement exchanges to obtain and enhance legal access to trust land inholdings.



Public Access Project Highlight

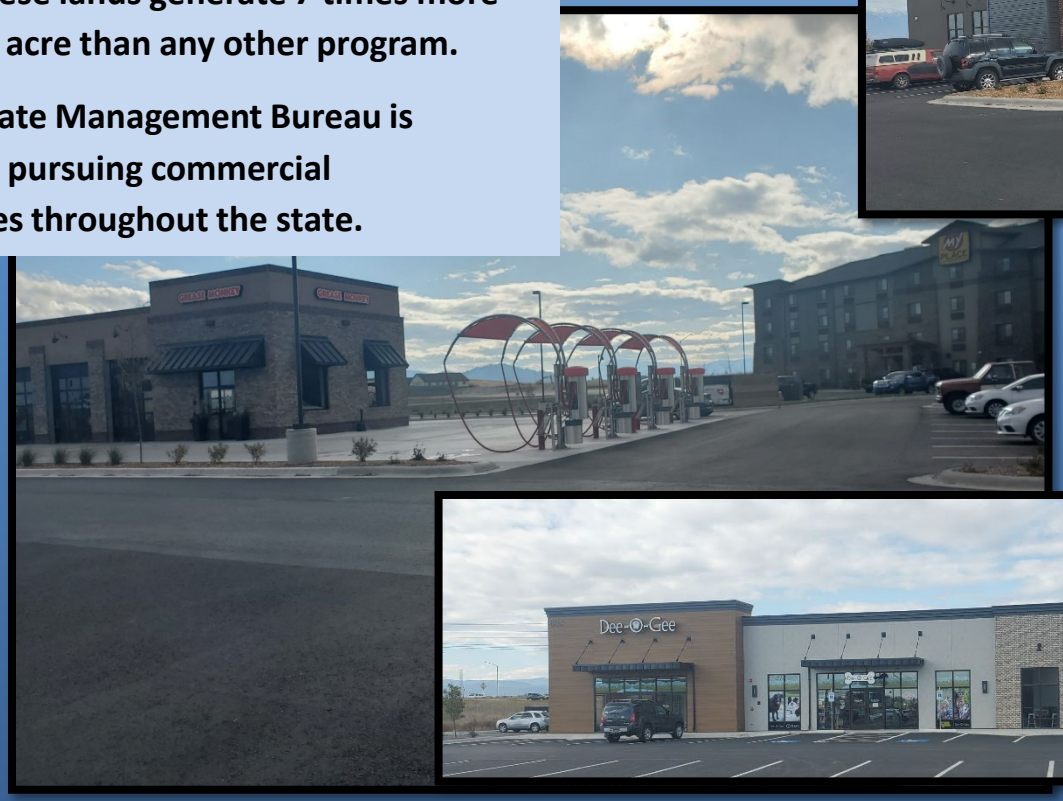
East Fork Blacktail Road
Beaverhead County, South of Dillon

- **DNRC stepped in to secure a full ownership assignment from U.S.F.S. for this popular public access to ~8,000 acres of Trust land, FWP WMA holdings and a popular BLM Campground.**
- **DNRC completed the bridge repairs necessary to insure this road remains open permanently.**
- **A true win-win for protecting and enhancing access to public and state lands.**

Property Management

Commercial Leasing

- Lands managed for intensive Real Estate leasing represent the smallest land classification at only 15,152 acres, of the total 5.2M acres.
- However, these lands generate 7 times more revenue per acre than any other program.
- The Real Estate Management Bureau is aggressively pursuing commercial opportunities throughout the state.



Development in Kalispell Treeline Center – Section 36

Real Estate Management

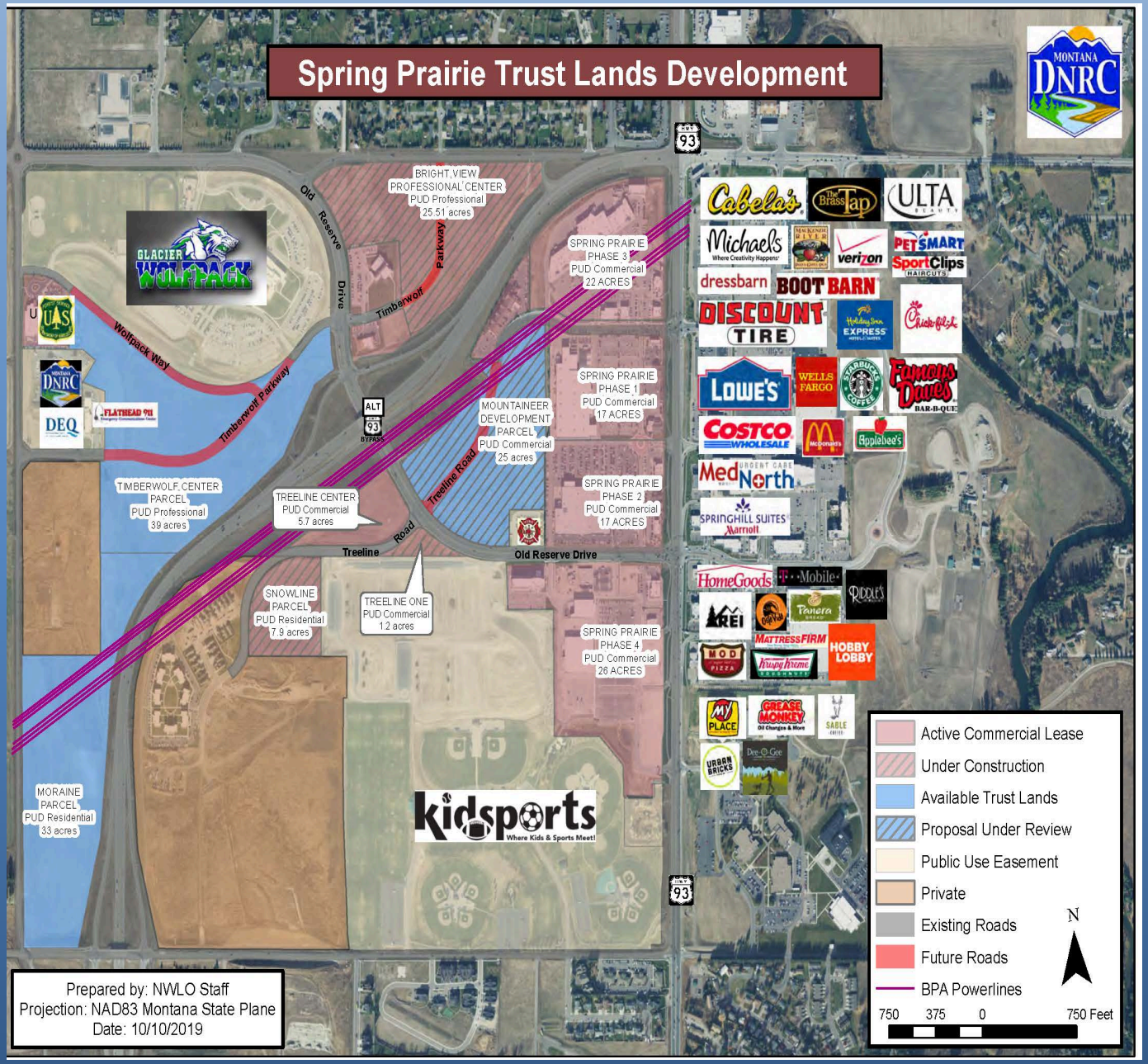
Property Management

Commercial Leasing

- Average annual revenues increase of 11.15% over past 6 years.
- First year commercial lease revenue surpassed residential lease revenue.
- 3 wind development leases under consideration.

Development in Bozeman
South of Interstate: Lewis and Clark Subdivision
North of Interstate: North Park

Development in
Belgrade: Alaska Road

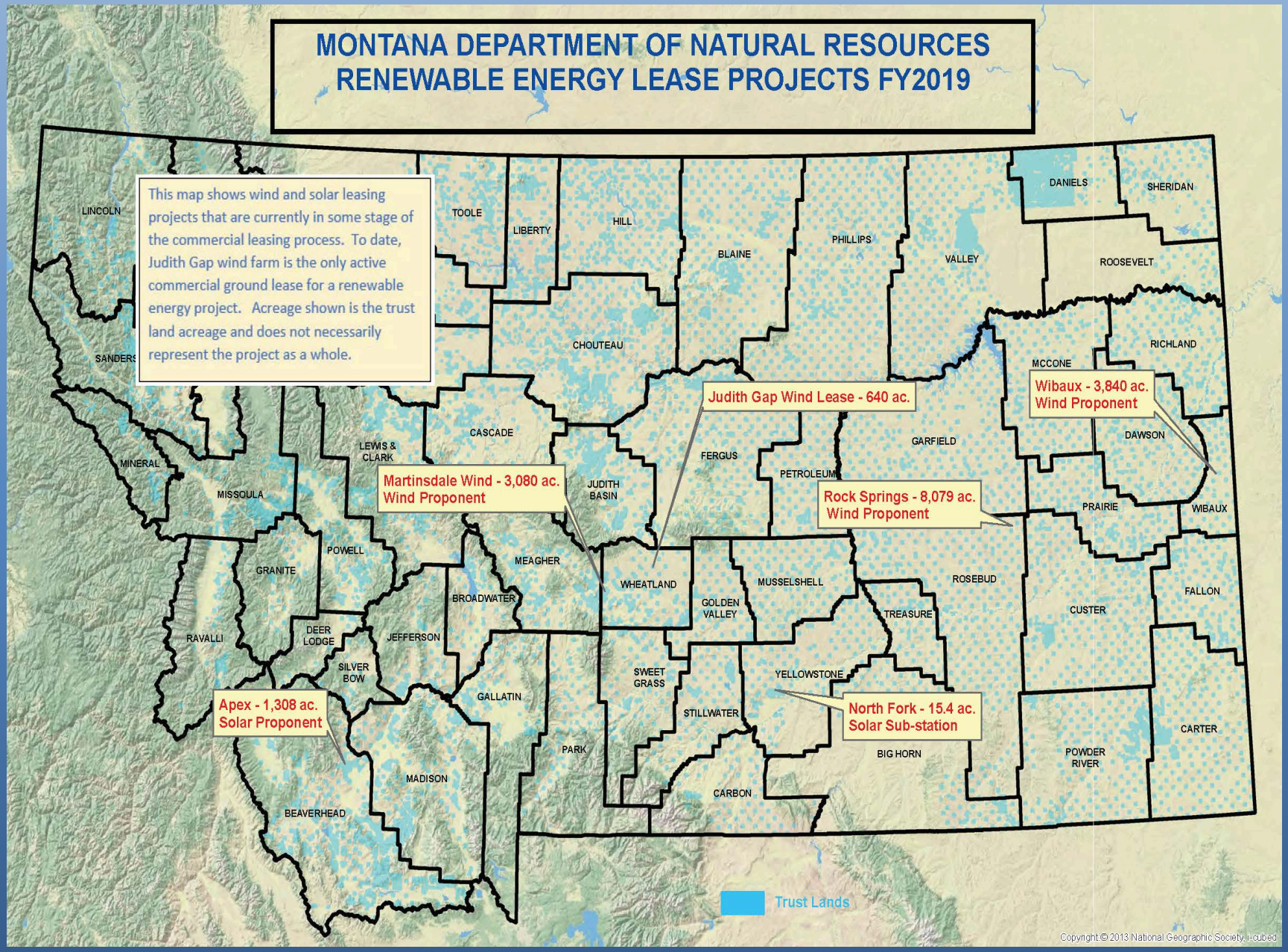


Section 36 is currently producing $904,636 per year with 11 ground leases.

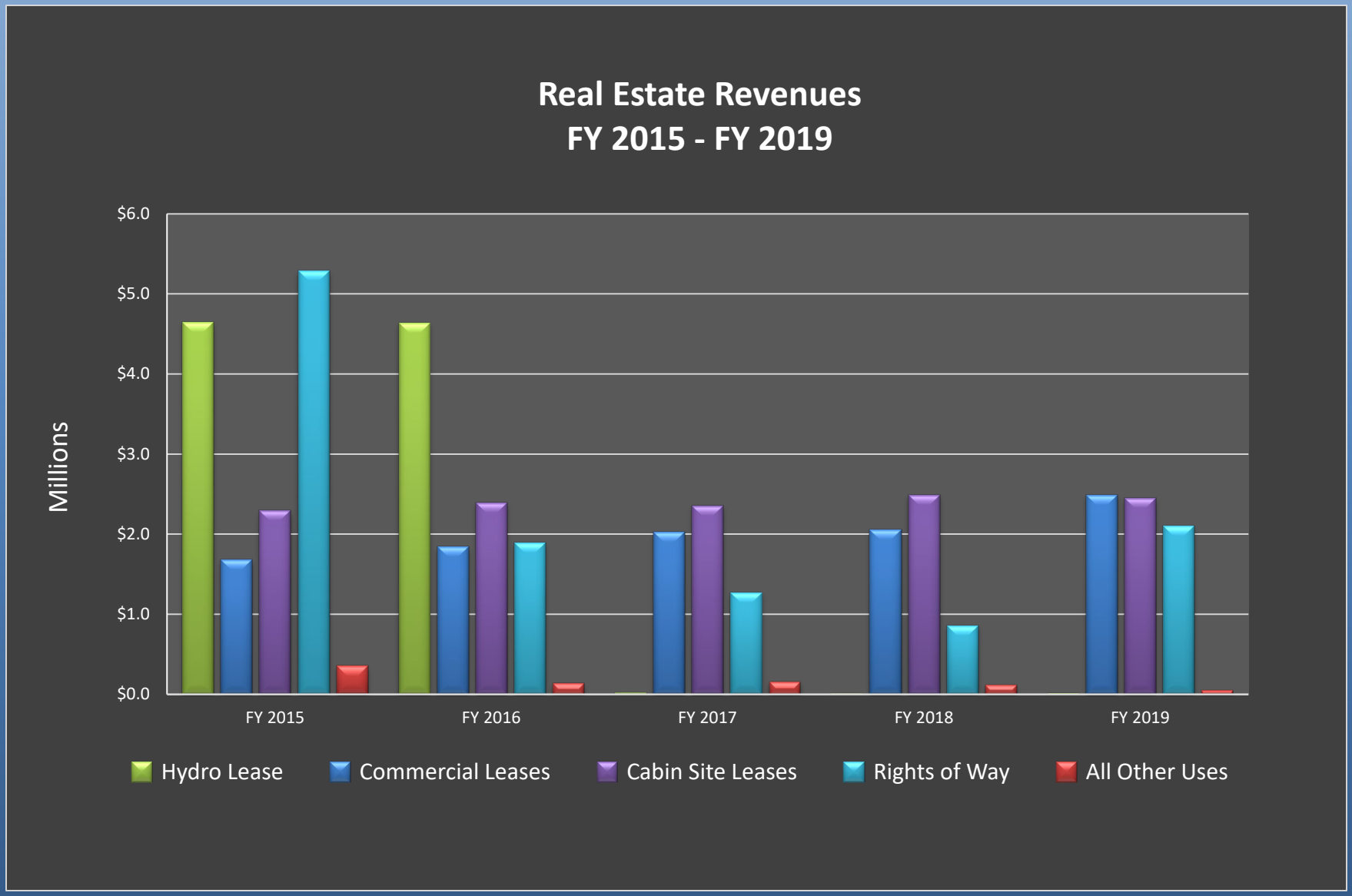
Anticipate strong demand and competitive RFP's for remaining in-fill sites.

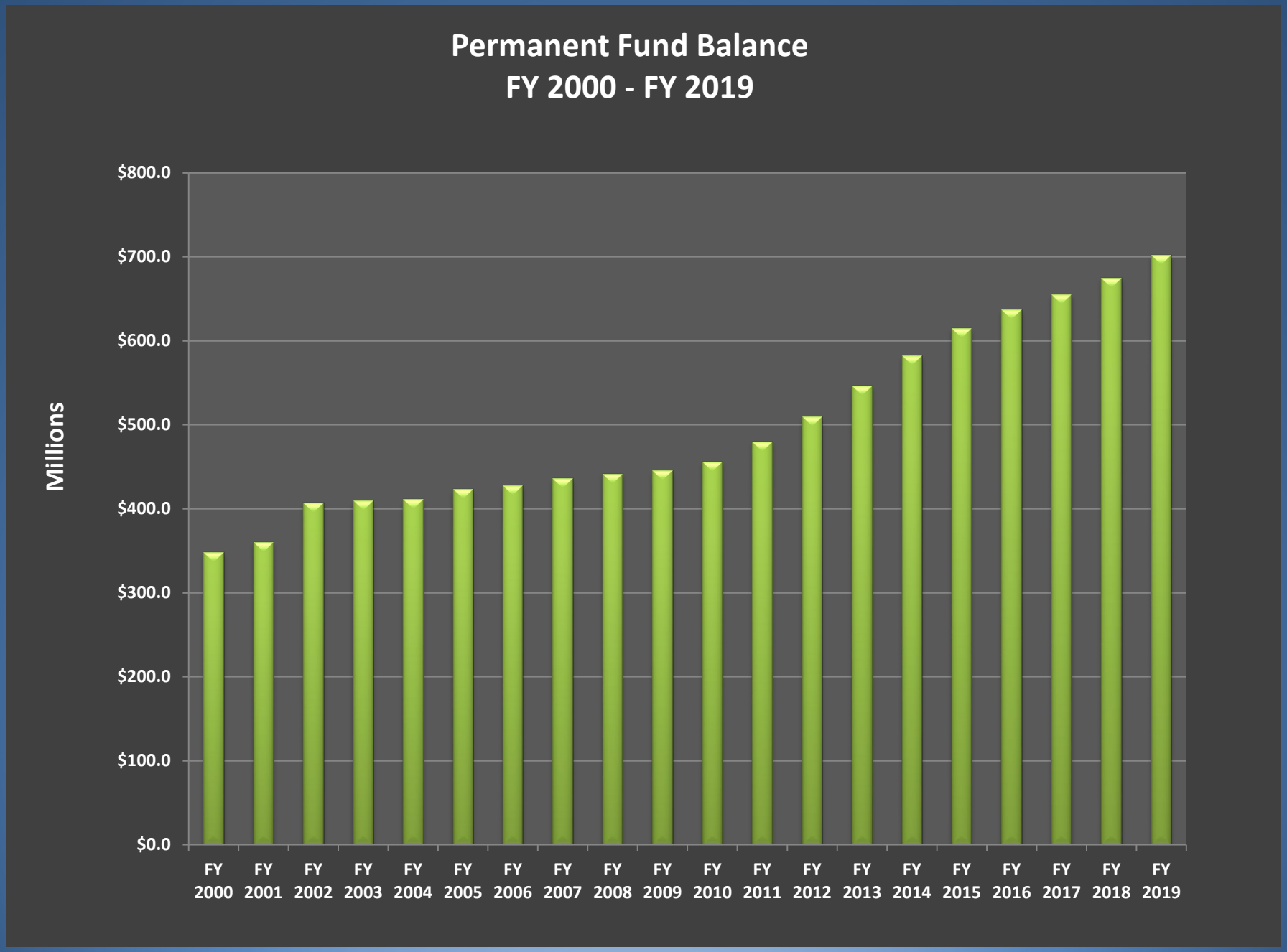
The department is pursuing historic ROW easement grant with BPA Powerline for significant revenue potential.

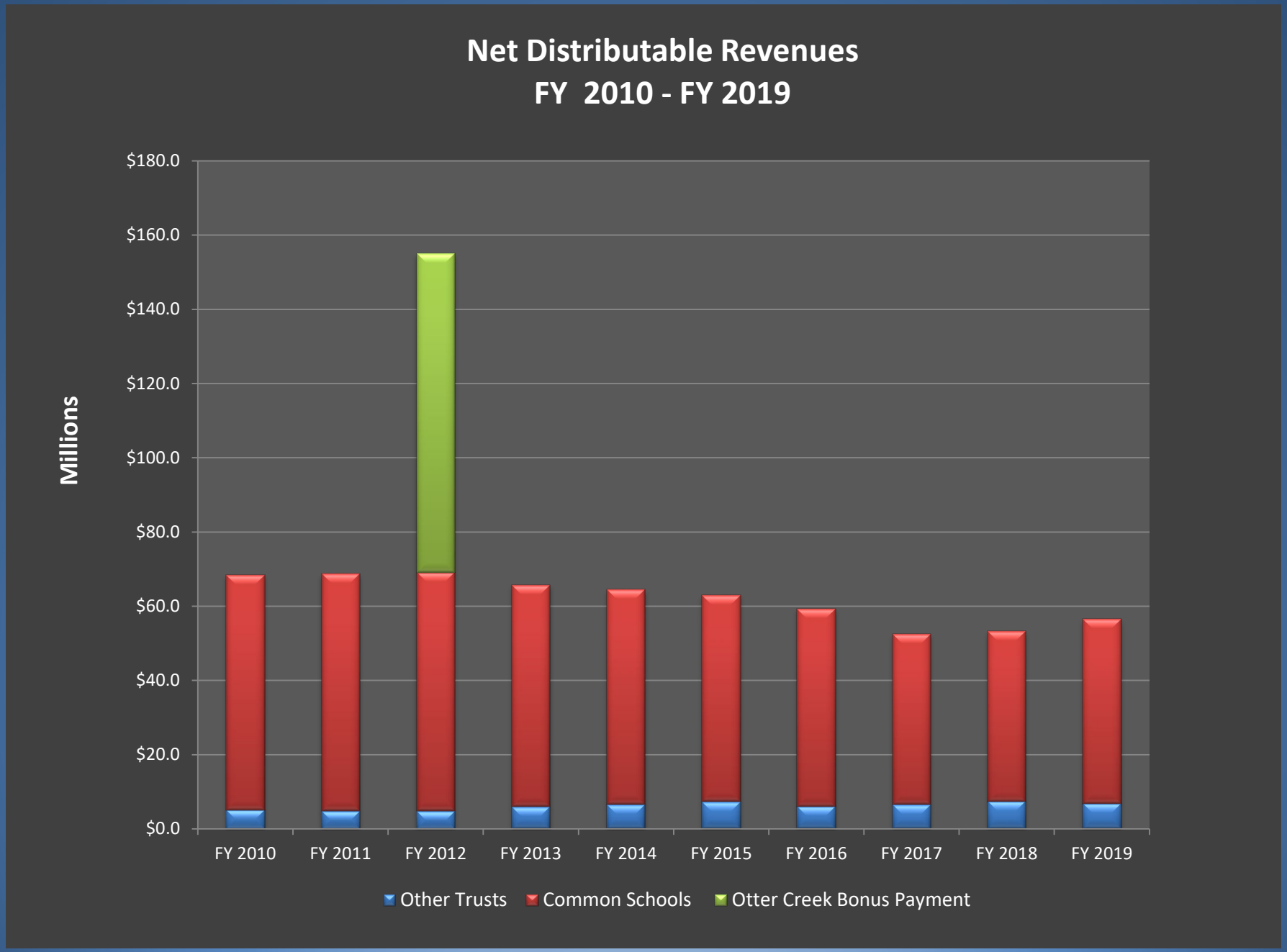
MONTANA DEPARTMENT OF NATURAL RESOURCES
RENEWABLE ENERGY LEASE PROJECTS FY2019



Real Estate Management




Permanent Fund Balance
FY 2000 - FY 2019
Millions
$800.0
$700.0
$600.0
$500.0
$400.0
$300.0
$200.0
$100.0
$0.0
FY 2000
FY 2001
FY 2002
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019


Net Distributable Revenues
FY 2010 - FY 2019
Millions
$180.0
$160.0
$140.0
$120.0
$100.0
$80.0
$60.0
$40.0
$20.0
$0.0
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
Other Trusts
Common Schools
Otter Creek Bonus Payment

THE END