

*These abbreviated summary minutes and the audio recording will become the official adopted minutes at the next Land Board meeting when the board votes to officially approve them. Until then they are considered a draft.*

**MINUTES**  
**REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS**  
**Monday, December 19, 2016, at 9:00 a.m.**  
**State Capitol, Room 303**  
**Helena, MT**

**Please note:** *The Land Board has adopted the audio recording of its meetings as the official record, as allowed by [2-3-212, MCA](#). These minutes provide an abbreviated summary of the Land Board discussion, public testimony, action taken, and other activities. The time designations listed are approximate and may be used to locate the referenced discussion on the audio recording of this meeting. Access to an electronic copy of these minutes and the audio recording is provided from the Land Board webpage at <http://dnrc.mt.gov/LandBoard>. The written minutes summary, along with the audio recordings, are listed by meeting date on the Land Board Archive webpage.*

**Members Present**

Governor Steve Bullock  
Attorney General Tim Fox  
Commissioner of Securities and Insurance Monica Lindeen  
Secretary of State Linda McCulloch  
Superintendent of Public Instruction Denise Juneau

**Members Absent**

None

**Testifying Staff**

John Tubbs, DNRC Director  
Shawn Thomas,  
Kevin Smith, States Water Project Bureau Chief

**Attachments**

Related Materials, Attachment 1 – sign-in sheet  
Trust Lands Management – FY 2016 Review

**Call to Order**

00:00:01 Governor Bullock called the meeting to order.  
00:00:53 Ms. Lindeen moved to approve the November 21, 2016, minutes. The motion was seconded by Ms. Juneau and carried unanimously.

**Business Considered**

**1216-1 Department of Military Affairs: Approval to Purchase Land for Butte-Silver Bow Readiness Center**

00:01:03 Mr. Tubbs gave an overview of the item.  
00:01:41 Governor Bullock  
00:01:48 Rick Lamach – Department of Military Affairs Planner  
00:02:26 Governor Bullock  
00:02:41 Ms. McCulloch moved to approve item 1216-1. The motion was seconded by Mr. Fox and carried unanimously.

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**1216-2 Department of Military Affairs: Approval of 351 Transfer of Hamilton Armory to the City of Hamilton**

00:02:59 Mr. Tubbs gave an overview of the item.  
00:03:18 Governor Bullock  
00:03:27 Ms. Lindeen moved to approve item 1216-2. The motion was seconded by Ms. Juneau.

**Board Discussion/Comments**

00:03:33 Governor Bullock  
00:03:44 Rick Lamach – Department of Military Affairs Planner  
00:04:32 Governor Bullock  
00:04:47 Rick Lamach – Department of Military Affairs Planner  
00:04:48 Governor Bullock  
00:04:50 Ms. Lindeen  
00:04:58 Rick Lamach – Department of Military Affairs Planner  
00:05:09 Governor Bullock  
  
00:05:19 The motion to approve item 1216-2 carried unanimously.

**1216-3 Department of Military Affairs: Approval to Sell Harlowton Armory**

00:05:21 Mr. Tubbs gave an overview of the item.  
00:05:44 Governor Bullock  
00:05:48 Mr. Fox moved to approve item 1216-3. The motion was seconded by Ms. McCulloch and carried unanimously.

**1216-4 FWP: Harrison Lake FAS Addition - (Donation from DNRC)**

00:06:08 Mr. Tubbs gave an overview of the item.  
00:07:34 Governor Bullock  
00:07:49 Darlene Edge  
00:08:46 Governor Bullock  
00:09:04 Brian Dyk – Willow Creek Water Users Association Board  
00:11:12 Governor Bullock  
00:11:22 Colleen Coyle – Attorney for Willow Creek Water Users Association  
00:20:26 Governor Bullock  
00:20:49 Lezlie Kinnie – Water Commissioner for Willow Creek Water Storage Project  
00:22:59 Governor Bullock  
00:23:07 Darlene Edge  
00:24:14 Governor Bullock  
00:24:19 Ms. McCulloch moved to approve item 1216-4. The motion was seconded by Ms. Juneau.

**Board Discussion/Comments**

00:24:25 Governor Bullock  
00:25:06 Mr. Tubbs  
00:25:24 Kevin Smith – States Water Project Bureau Chief  
00:30:06 Governor Bullock  
00:30:16 Kevin Smith  
00:30:44 Governor Bullock  
00:31:09 Kevin Smith  
00:31:41 Governor Bullock  
00:32:22 Colleen Coyle  
00:33:58 Governor Bullock  
00:34:07 Colleen Coyle

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00:36:18 Governor Bullock  
00:36:27 Mr. Fox  
00:37:23 Ms. McCulloch  
00:37:32 Governor Bullock  
00:38:00 Mr. Tubbs  
00:38:04 Governor Bullock

No action taken on item 1216-4.

**1216-5 Timber Sale: Ames Divide Limited Access**

00:38:11 Mr. Tubbs gave an overview of the item.  
00:38:29 Governor Bullock  
00:38:34 Ms. Lindeen moved to approve item 1216-5. The motion was seconded by Mr. Fox and carried unanimously.

**1216-6 Oil and Gas Lease Sale: December 6, 2016**

00:39:58 Mr. Tubbs gave an overview of the item.  
00:39:10 Governor Bullock  
00:39:18 Mr. Fox moved to approve item 1216-6. The motion was seconded by Ms. Juneau and carried unanimously.

**1216-7 Land Banking Parcels: Set Minimum Bid for Sale - Sale 705**

00:39:34 Mr. Tubbs gave an overview of the item.  
00:40:00 Governor Bullock  
00:40:10 Ms. McCulloch moved to approve item 1216-7. The motion was seconded by Ms. Lindeen and carried unanimously.

**1216-8 Sale of Cabin and Home Site: Set Minimum Bid for Sale – Sales 815, 821, 823-825, & 827**

00:40:34 Mr. Tubbs gave an overview of the item.  
00:41:07 Governor Bullock  
00:41:17 Ms. Juneau moved to approve item 1216-8. The motion was seconded by Ms. Lindeen and carried unanimously.

**1216-9 Sale of Cabin and Home Site: Final Approval for Sale – Sale 817**

00:41:30 Mr. Tubbs gave an overview of the item.  
00:41:47 Governor Bullock  
00:41:53 Ms. Juneau moved to approve item 1216-9. The motion was seconded by Ms. McCulloch and carried unanimously.

**1216-10 Land Banking Acquisition: Preliminary Approval for Purchase**

00:42:05 Mr. Tubbs gave an overview of the item.  
00:42:31 Governor Bullock  
00:42:37 Ms. Lindeen moved to approve item 1216-10. The motion was seconded by Mr. Fox and carried unanimously.

**1216-11 Land Acquisition: Approval for Purchase**

00:42:50 Mr. Tubbs gave an overview of the item.  
00:43:28 Governor Bullock  
00:43:34 Ms. McCulloch moved to approve item 1216-11. The motion was seconded by Ms. Juneau and carried unanimously.

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**1216-12 Land Exchange: Final Approval – SRI River Holdings**

00:43:55 Mr. Tubbs gave an overview of the item.  
00:45:47 Governor Bullock

Public Comment

00:46:18 Stephen Morehouse  
00:49:33 Governor Bullock  
00:49:43 Janet Zimmerman, Founding Member Lewis & Clark National Heritage Trail  
00:51:36 Governor Bullock  
00:51:45 Katie Bump – Lewis and Clark Trail Heritage Foundation  
00:56:10 Governor Bullock  
00:56:29 Tony Schoonen – State Lands Association  
01:00:13 Governor Bullock  
01:00:28 Vanna Boccadori  
01:02:43 Governor Bullock  
01:02:52 Leroy Mehring – Skyline Sportsman  
01:04:33 Governor Bullock  
01:04:43 Tom Elpel – Jefferson Canoe Trail  
01:08:54 Governor Bullock  
01:09:04 Ken Younger – Jefferson Canoe Trail & Lewis & Clark Foundation  
01:11:37 Governor Bullock  
01:11:45 Ron Nye – Madison County Commissioner, District Two  
01:14:56 Governor Bullock  
01:15:06 Mark Savinski  
01:16:03 Governor Bullock  
01:16:15 Gary Ouldhouse – Anaconda Sportsman Club  
01:16:54 Governor Bullock  
01:17:00 Jim Pappenfus  
01:18:26 Governor Bullock  
01:18:32 Mark Sommer – SRI Consultant  
01:21:17 Governor Bullock  
01:21:26 Sharon Morehouse – Lewis & Clark Trail Heritage Foundation  
01:23:36 Governor Bullock  
01:23:45 Darlene Tussing  
01:26:12 Governor Bullock  
01:26:24 Roy Morris – George Grant  
01:29:33 Governor Bullock  
01:29:45 Paul Ringling  
01:30:00 Governor Bullock  
01:30:10 Harold Johns – President of Skyline Sportsman  
01:31:56 Governor Bullock  
01:32:05 Al Luebeck – Skyline Sportsman member  
01:32:41 Governor Bullock  
  
01:32:54 Ms. McCulloch moved to approve item 1216-12. The motion was seconded by Ms. Juneau.

Board Discussion/Comments

01:33:07 Ms. Lindeen  
01:34:07 Governor Bullock

01:35:30 The motion to approve item 1216-12 carried unanimously.

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**1216-13 Easements**

- 01:35:37 Mr. Tubbs gave an overview of the item.
- 01:35:53 Governor Bullock
- 01:36:00 Randy Knowles
- 01:36:38 Governor Bullock
- 01:36:48 Ms. Lindeen moved to approve item 1216-13. The motion was seconded by Ms. Juneau.

**Board Discussion/Comments**

- 01:37:13 Ms. McCulloch
- 01:37:29 Director Tubbs
- 01:37:58 Ms. McCulloch
- 01:38:47 Shawn Thomas
- 01:39:05 Governor Bullock

01:39:11 The motion to approve item 1216-13 carried unanimously.

**INFORMATIONAL ITEM**

**1216-14 Fiscal Year 2016 Highlights**

- 01:39:37 Shawn Thomas.

**Board Discussion/Comments**

- 01:55:22 Governor Bullock
- 01:55:30 Ms. McCulloch
- 01:55:39 Shawn Thomas
- 01:55:49 Governor Bullock
- No action needed on item 1216-14.

**General Public Comment**

- 01:56:23 Randy Knowles

**Board Discussion/Comments**

- 01:59:05 Governor Bullock
- 02:05:48 Tim Fox
- 02:06:55 Ms. Lindeen
- 02:08:59 Ms. Juneau
- 02:11:54 Ms. McCulloch
- 02:16:00 Governor Bullock

**Adjournment**

- 02:16:05 Adjournment

PRESIDENT

ATTEST

/s/  
Steve Bullock, Governor

/s/  
John E. Tubbs, DNRC Director

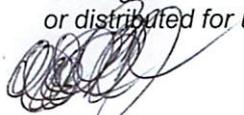
**LAND BOARD MEETING SIGN-IN SHEET**  
December 19, 2016



NAME	AFFILIATION	E-MAIL	Check to be added to the interested parties list.
Eleanor Meit	4/0 Cause Trail	meitmnletter@yahoo.com	✓
Lee Bertlett	Jefferson River Council	leebert53@gmail.com	✓
Janet Murray	J. C.T.		
Tom Elpel	Cause Trail	thomasjelpel@gmail.com	✓
Cathy Elmer	ICWU	in2call@aol.com	✓
KEA YOUNGER	CAUSE TRAIL	kyoungcr@bnesnan.net	✓
Rock Ringling	MT Land & Resource		
Bruce Bugbee	APLE 6/SRI		✓
Dan Allharts		dal	
Ray Shaw Rep HTA	Shawida		
Jeff Wilson	Dillon		
Tim Egan	Dillon		
Marta Bertoglio	Cabin Sales	martabertoglio@gmail.com	
WEBB BROWN	MT CHAMBER	webb@MontanaChamber	
Colleen Coyle	WCWNA	coylelawpllc@gmail.com	✓
Janet Zee	L+C HTA		

Email [Landboard@mt.gov](mailto:Landboard@mt.gov) or indicate on this sign-in sheet if you would like to be placed on the Land Board interested parties list.

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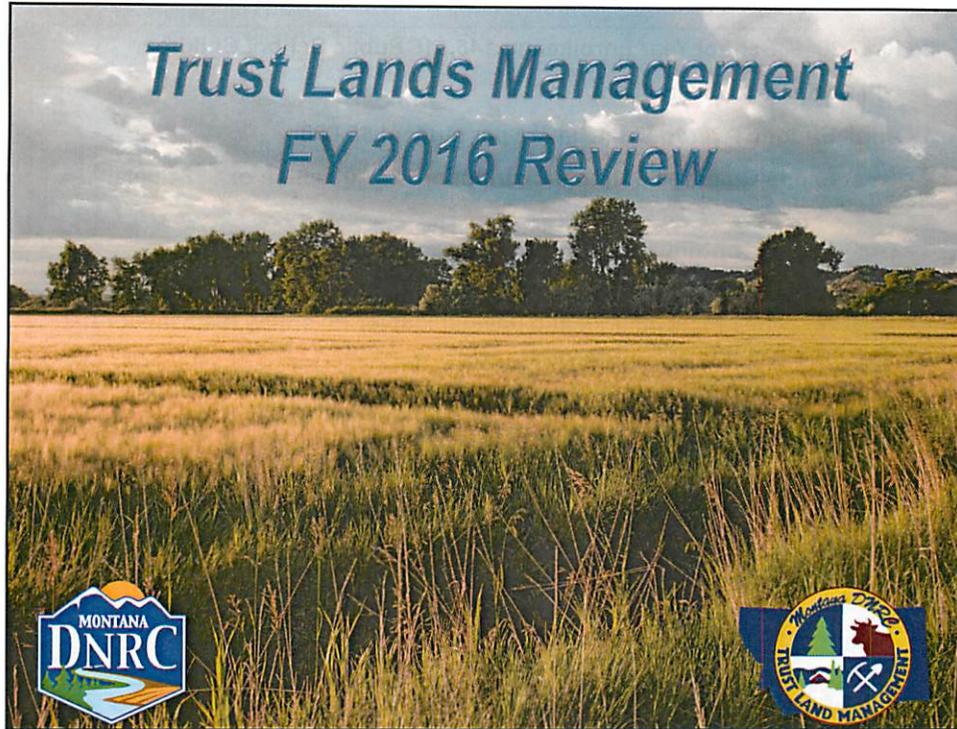


LAND BOARD MEETING SIGN-IN SHEET  
December 19, 2016

NAME	AFFILIATION	E-MAIL	Check to be added to the interested parties list.
Barlene Tusing	Madison County Reided	barlene.tusing@gmail.com	
Stephen C. Mansueti	Bearhead Co	1107elk@bearshead.net	✓
Katie Bump	Lewis & Clark / public land	bumps.bert@gmail.com	✓
Sharon Morehouse	L/C B. on		✓
Jim Pappertus	Lewis - C. tr.	j.pappertus@mac.com	✓
Paul Le Sage	Henry Park		✓
Warren Swager	Lower Park	WCSWAGER@RIVERS.NET	
Brian W. B.	WCWUA		-
John S. West	Lewis + Clark Trail		
<del>John S. West</del>			
Mike Erwin	WCWUA		
John Kuni	WCWUA	h2o@1@hotmail.com	✓
Bob Nye	Madison County Commission		
Jim Hart	Madison Co. Comm.		
Joe Costen			
Harold John	Shyline Sportsman		-
Gary Ouldhouse	Anacosta Sportsmen's Club		
Dave Stone	Anacosta Sportsmen's Club		

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## Financial Highlights FY 2016

**Trust Land Management  
Division Gross Revenue  
\$95.8 million**

**Land Management Gross  
Revenue  
\$71.6 million**

**Interest Income and Other Gross  
Revenue \$24.2 million**

**Division Expenditures \$12.4  
million**

**Common School Permanent Fund  
Revenues \$20.9 million  
Other beneficiaries Permanent  
Fund \$1.2 million**

**Common Schools distributed  
net revenues - \$47.0 million  
School Facility Account \$6.3  
million  
Other Beneficiaries  
distributable net revenues \$6.0  
million**

**Permanent Fund Balance \$636.8  
million  
Common Schools Permanent Fund  
Balance \$585.7 million  
Other Beneficiaries Permanent  
Fund \$51.1 million**



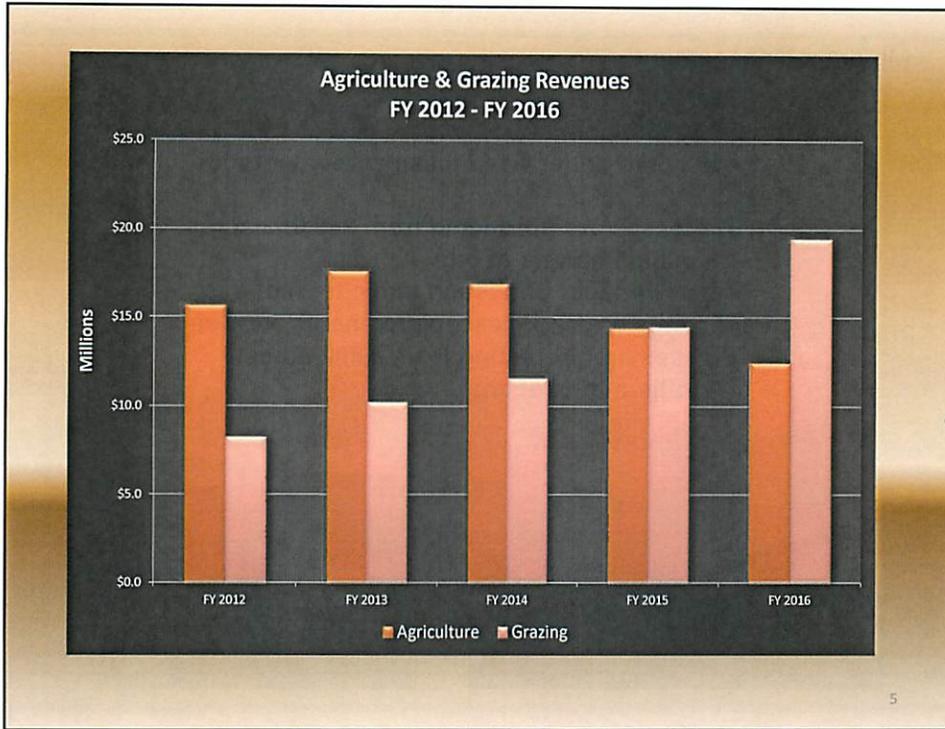
- K-12 2016 School Year Enrollment: 145,316 Public School Children.
- OPI Budget: \$855.6 million.
- Pupil Budget: Average state share per student \$5,888.
- Trust Lands Common Schools Distribution: \$47.0 million or \$324 per student.
- Trust Lands Contribution to the OPI Budget: 5.5%
- School Facility and Technology Fund \$6.3 million composed mostly of timber revenues (\$1.8 million) and navigable river revenues (\$4.5 million).



### Agriculture & Grazing Management

- 6.3 million bushels of wheat, 1.0 million bushels of barley, and 55.3 thousand tons of hay were harvested from state lands.
  - Agriculture Lease Revenues of \$12.5 million.
- Final year for the phase in of the multiplier used to set the grazing rate. Coupled with strong beef cattle prices resulted in the rate of \$19.57/AUM.
  - Grazing Revenues totaled \$19.5 million.
- 495,093 conservation licenses were sold, generating \$990 thousand for the trust beneficiaries.





### Minerals Management

- In FY 2016, revenue from mineral activities totaled \$19.0 million.
- Average price per barrel \$35.60.
- Oil and Gas royalty revenue generated \$8.0 million.
- Coal royalty revenue generated \$9.1 million.
- Oil and Gas bonus revenue generated \$517 thousand.

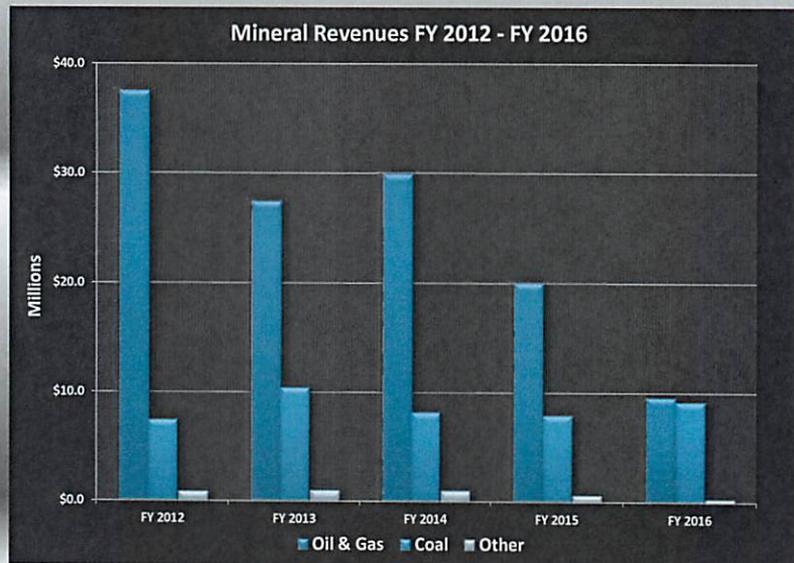


### Minerals Management

- During FY 2016:
  - 719,449 acres under 1,742 lease agreements for oil and gas:
    - 672 leases are producing from 249,952 acres.
    - 1.3 million barrels of oil.
    - 2.8 million mcf (thousand cubic feet) of gas.
  - 17,145 acres under 35 lease agreements for Coal:
    - 7 leases are producing from 2,800 acres.
    - 4.7 million tons of coal.



7

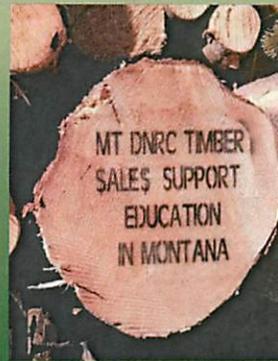


8

### Forest Management

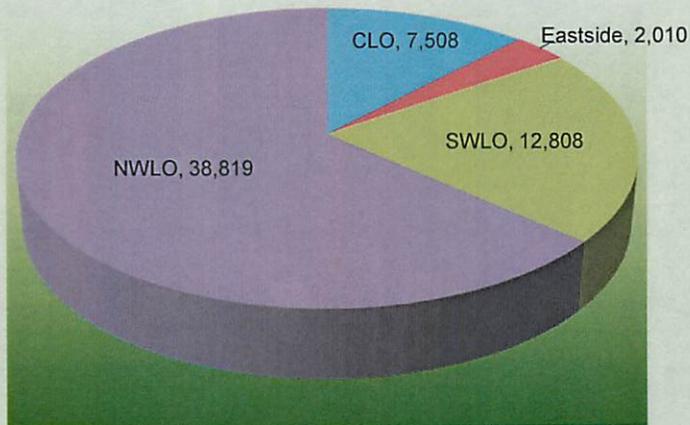
#### Fiscal Year 2016:

- 61 million board feet sold.
  - Value of \$10.6 million.
  - Average stumpage price dropped 31% to \$151 per MBF.
- 36 million board feet harvested.
  - Value of \$8.6 million.
- Planted 191,906 seedlings.



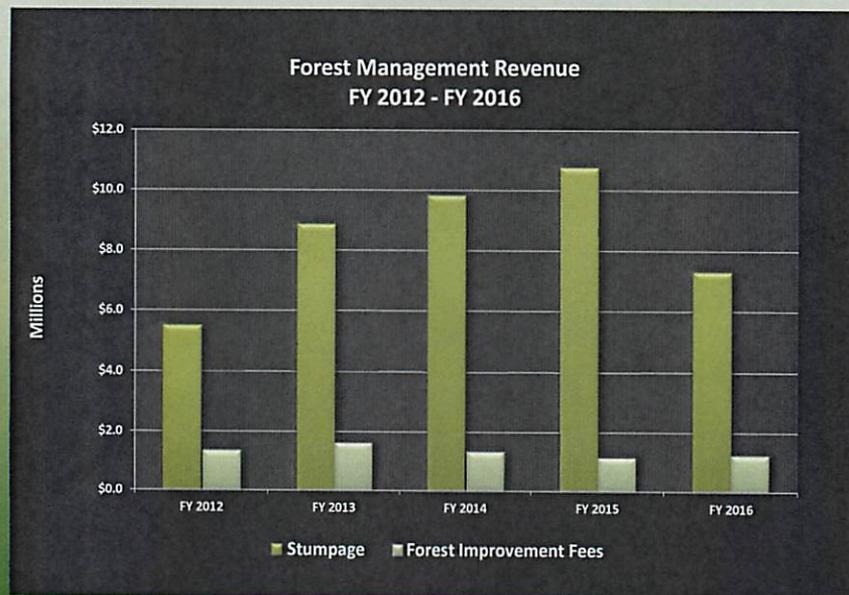
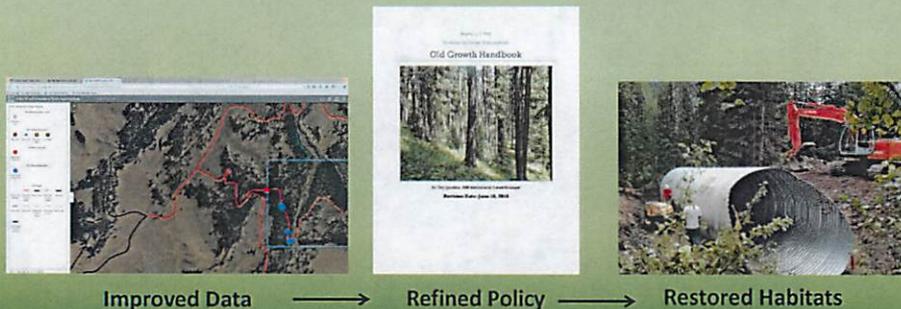
### Forest Management

Timber Volume Sold by Area - Total 61,145 MBF



### Forest Management – Resource Management and Forestry Sections

- Initiated new “Next Generation” data protocols through establishment of DNRC-based cloud data structure with fully editable offline capability.
- Forest Management Old Growth Handbook – a comprehensive resource for managing “old growth” stands on forested State Trust Lands.
- Coal Creek Native Fish Conservation Project: Collaboration among DNRC, MT FWP, and BPA to address fish barriers in the North Fork Flathead River watershed.



### Real Estate Management

- ROWs/Easement Revenue - \$1.9 million.
- Residential Revenue - \$2.4 million.
- Commercial Leasing/Other - \$2.0 million.
- Hydro Leases - \$4.6 million.



### Real Estate Management - Commercial Leasing

- 134 active commercial leases, generated \$6.3 million, including hydro lease revenue of \$4.6 million.
- Five new RFP respondents resulted in options and leases executed with a total annual income in excess of \$47,000. RFP's for the following:
  - Alaska Road- secured a Lease Option on 3.3 acres-- Belgrade
  - JMF- 40 acres near Libby
  - Spring Creek Coal- 193 acres in Big Horn County
  - Braxton & Klein-Option- Lewis & Clark Commerce Center, Lot 4 – Bozeman
  - MT Getaway Group- 7.2 acres on Lower Stillwater Lake



### Land Transactions

- Land Sales – sold 1,275.51 acres of Common Schools and Western/Eastern land for \$1,039,996.
- Land Purchased – Clapper Flat Farm, 617 acres for \$490,000.
- Cabin Sites Sold – 8 sites sold totaling 14.12 acres for \$1,792,000.

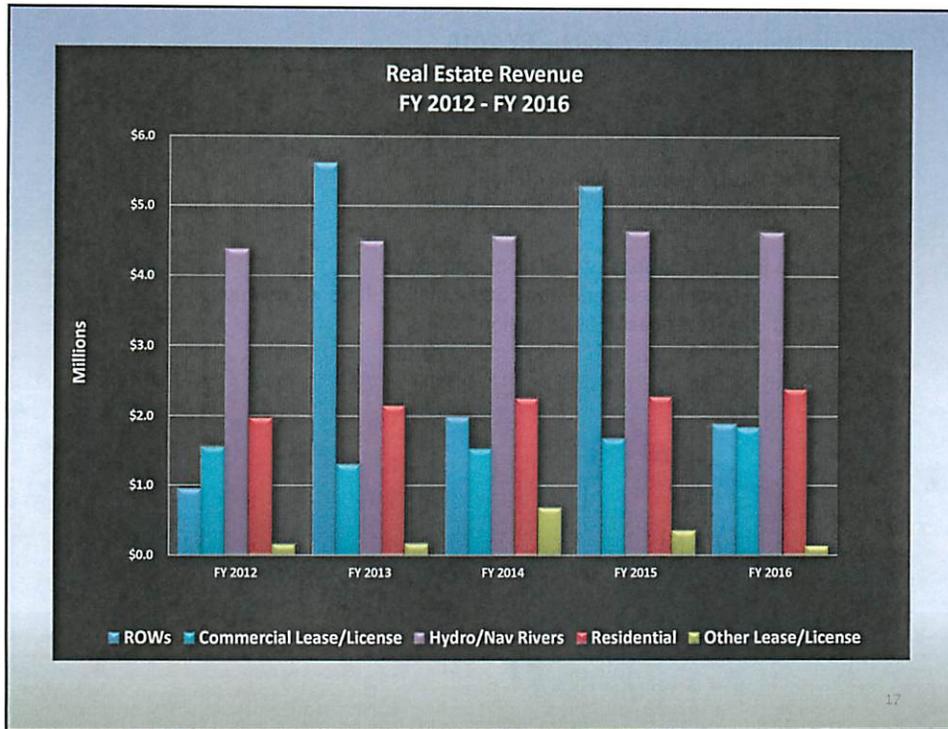


15

### Clapper Flat Farm Land Banking Acquisition

- 617 acres of dryland agriculture and grazing.
- 1 mile northwest of Laurel.
- Public access – county road.
- Purchase price \$490,000.
- Closing date 6/30/2016.
- Projected annual income is \$9,559.
- Pine Hills and Public Buildings trust beneficiaries.





## LAND BOARD HIGHLIGHTS



- Secretary of State-Linda McCulloch 2001 – 2016
  - 16 years Common Schools and School Facility Distributable Revenue total \$1,026,634,677



- Superintendent Denise Juneau & Commissioner Monica Lindeen 2009 - 2016
  - 8 years Common Schools and School Facility Distributable Revenue total \$584,889,193



**Minerals Management FY 2009 – FY 2016**

**Oil and Gas**

- Produced 11.9 million barrels oil from state lands
- Issued over 4,500 new leases, generating \$57.8 million in bonus revenue
- Generated total revenues of \$220 million

**Coal**

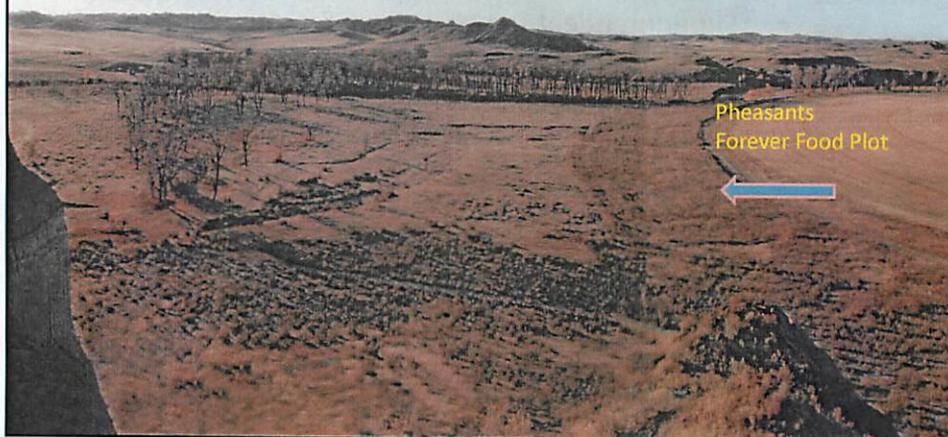
- Produced 36.0 million tons of coal from state lands
- Issued 15 new coal leases, generating \$89.4 million in bonus revenue
- Generated total revenues of \$151 million



19

**The Tongue River Ranch ten years later.....**

- The initial agriculture and grazing lease is now expiring having generated \$763,279.
- In addition to the revenue for the common school trust, the property has also provided countless recreational opportunities for the public, as well as, developed and improved wildlife habitat.



## Forest Management

FY 2009 – FY 2016:

- 466 million board feet sold.
  - Value of \$89.5 million.
- 400 million board feet harvested.
  - Value of \$79.4 million.
  - Sustained ~ 500 jobs per year.



21

## Land Banking and Cabin Site Sales FY 2009 – FY 2016

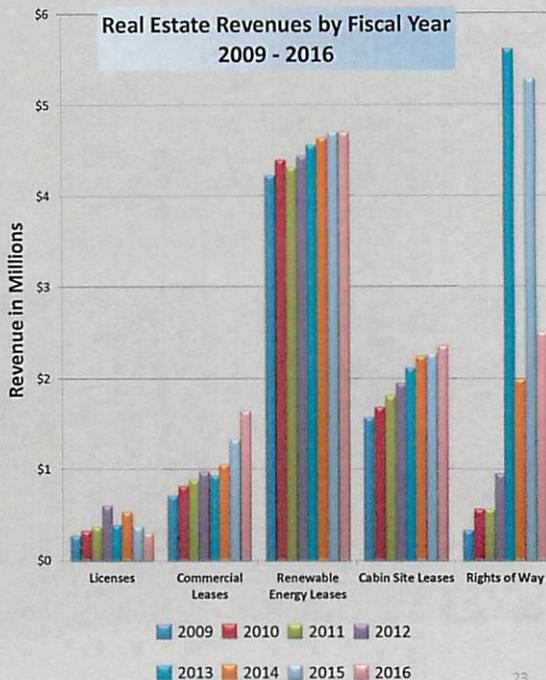
- Land Sales – 49,481 acres for \$28,579,447.
- Land Acquisitions – 43,516 acres for \$25,117,156, all publicly accessible.
- Income generated from lands purchased has increased trust revenues about 48% over income generated from lands sold.



22

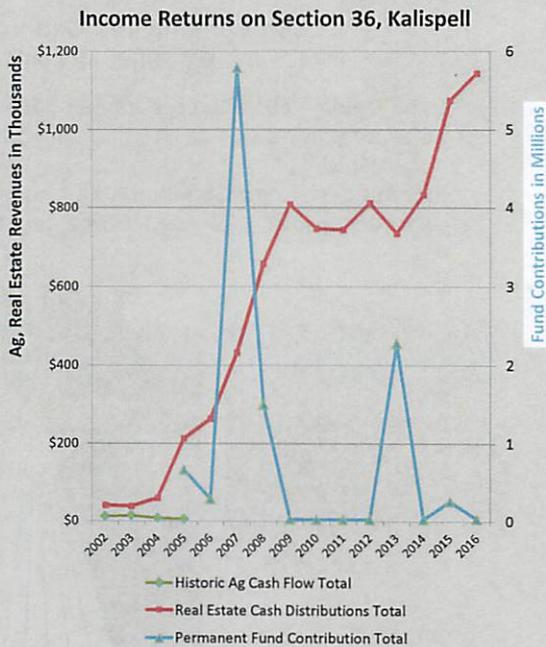
### Leasing, Licensing and Rights of Way

- Commercial leasing revenues more than doubled from \$714 thousand in FY 2009 to \$1.64 million in FY 2016.
- Cabin sites revenue increased 49% from FY 2009 – FY 2016.
- Processed over 1,000 easement grants to utilities, other agencies, private property historical grants, irrigation and commercial entities.
- 21 new easements/rights of way acquired to facilitate access to our state trust lands to manage our resources and generate income for the trust beneficiaries.



23

### Commercial Development Increasing Trust Assets' Return to Beneficiaries



24