.

MINUTES
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, November 19, 2018 at 9:00 am
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 Matthew
Rosendale Secretary of State Corey Stapleton (via phone)
Superintendent of Public Instruction Elsie Arntzen

Members Absent

None

Testifying Staff

John Tubbs, DNRC Director
Darlene Edge, FWP, Program Manager
Shawn Thomas, DNRC, TLMD Administrator

Attachments

Related Materials, Attachment 1 – sign-in sheet
Related Materials, Attachment 2 – State Trust Land Report Presentation

Call to Order

00:00:05 Governor Bullock called the meeting to order.
00:00:10 Attorney General Fox moved to approve the October 15, 2018, minutes. The motion was seconded by Commissioner Rosendale and carried unanimously.

Business Considered

1118-1 FWP: WMA Addition/Fee Acquisition:
A: Canyon Creek WMA Additions/Fee Acquisition
Benefits: N/A (non-trust land)
Location:Lewis & Clark County

00:00:24 Mr. Tubbs introduction
00:00:42 Darlene Edge gave an overview of the item.

Public Comment

00:02:43 Mr. Gevock, Montana Wildlife Federation, Conservation Director

00:03:21 Commissioner Rosendale moved to approve item 1118-1A. The motion was seconded by Attorney General Fox and carried unanimously.

B: Dome Mountain WMA Additions/Fee Acquisition
Benefits: N/A (non-trust land)
Location: Park County

00:03:52 Mr. Tubbs introduction
00:04:07 Darlene Edge gave an overview of the item.

Public Comment
00:06:48 Mr. Gevock, Montana Wildlife Federation, Conservation Director
00:07:19 Mr. Sullivan, Conservation Fund, Senior Field Representative

00:07:56 Attorney General Fox moved to approve item 1118-1B. The motion was seconded by Commissioner Rosendale.

Board Discussion/Comments
00:08:05 Governor Bullock
00:08:07 Attorney General Fox
00:08:27 Mr. Sullivan
00:08:44 Attorney General Fox
00:08:45 Mr. Sullivan
00:08:45 Governor Bullock
00:08:48 Superintendent Arntzen
00:09:03 Ms. Edge
00:09:32 Superintendent Arntzen
00:09:33 Governor Bullock
00:09:33 Superintendent Arntzen
00:09:52 Ms. Edge
00:10:38 Superintendent Arntzen
00:10:40 Governor Bullock

00:10:50 The motion to approve item 1118-1B carried unanimously.

1118-2 Timber Sales
Cripple Horse Timber Sale
Benefits: Public Buildings
Location: Lincoln County

00:10:59 Mr. Tubbs gave an overview of the item.
00:11:30 Attorney General Fox moved to approve item 1118-2. The motion was seconded by Superintendent Arntzen and carried unanimously.

1118-3 Land Banking Parcels: Preliminary Approval for Sale #1048
Benefits: Public Buildings
Location:Flathead County

00:12:06 Mr. Tubbs gave an overview of the item.
00:12:39 Commissioner Rosendale moved to approve item 1118-3. The motion was seconded by Attorney General Fox and carried unanimously.

1118-4 Land Banking Parcels: Set Minimum Bid for Sale, Galen
Benefits: Common Schools
Location:Deer Lodge County

DRAFT

00:13:21 Mr. Tubbs gave an overview of the item.
00:14:33 Attorney General Fox moved to approve item 1118-4. The motion was seconded by Commissioner Rosendale.

Board Discussion/Comments

00:14:49 Governor Bullock
00:14:52 Superintendent Arntzen
00:15:15 Attorney General Fox
00:15:15 Governor Bullock
00:15:18 Superintendent Arntzen
00:15:19 Governor Bullock
00:15:23 Superintendent Arntzen
00:15:23 Mr. Tubbs
00:16:16 Superintendent Arntzen
00:16:18 Governor Bullock

00:16:24 The motion to approve item 1118-4 carried unanimously.

1118-5 Land Exchange: Final Approval for the Vermiculite Mountain Land Exchange
Benefits: Common Schools
Location:Lincoln County

00:16:36 Mr. Tubbs gave an overview of the item.
00:17:54 Governor Bullock
00:18:02 Commissioner Rosendale moved to approve item 1118-5. The motion was seconded by Secretary of State Stapleton and carried unanimously.

1118-6 Cabin Site Sales: Final Approval for Sale

A. Flathead County
Benefits: Common Schools and Montana Tech
Location:Flathead County

B. Missoula County
Benefits: MSU 2nd
Location: Missoula County

00:18:57 Mr. Tubbs gave an overview of the item.
00:19:33 Commissioner Rosendale moved to approve item 1118-6A & B. The motion was seconded by Superintendent Arntzen and carried unanimously.

1118-7 Easements
Benefits: Common Schools, Public Land Trust-Nav. Rivers
Location: Big Horn, Daniels, Liberty, Madison, McCone, Meagher, Sweet Grass, Valley and Yellowstone Counties

00:20:13 Mr. Tubbs gave an overview of the item.
00:20:31 Attorney General Fox moved to approve item 1118-7. The motion was seconded by Commissioner Rosendale and carried unanimously.

00:21:07 Governor Bullock requested update on Limestone West Timber Sale.
00:21:18 Mr. Tubbs
00:22:37 Attorney General Fox
00:22:38 Governor Bullock

DRAFT

.

00:22:38 Attorney General Fox
00:22:58 Mr. Tubbs
00:23:50 Attorney General Fox
00:23:56 Governor Bullock
00:23:57 Superintendent Arntzen
00:24:01 Governor Bullock
00:24:02 Superintendent Arntzen
00:24:36 Mr. Tubbs
00:25:34 Superintendent Arntzen
00:26:00 Mr. Tubbs
00:26:02 Governor Bullock

1118-8 INFORMATIONAL ITEM: 2018 State Trust Lands Report
Benefits: N/A
Location:statewide

00:26:22 Mr. Thomas
00:41:22 Governor Bullock
00:41:25 Mr. Thomas
00:43:26 Governor Bullock
00:43:26 Governor Bullock
00:43:59 Attorney General Fox
00:44:03 Governor Bullock
00:44:06 Commissioner Rosendale
00:44:26 Mr. Thomas
00:44:40 Governor Bullock
00:44:44 Commissioner Rosendale
00:44:45 Mr. Thomas

General Public Comment
None

Adjournment
00:46:09 Adjournment

PRESIDENT

/s/
Steve Bullock, Governor

ATTEST

/s/
John E. Tubbs, DNRC Director

DRAFT

Related Material
Attachment 1

SIGN-IN SHEET
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
November 19, 2018 at 9:00 am

NAME	AFFILIATION	E-MAIL	*Check to be added to the interested parties list.*
Nick Gevock	MWF	ngevock@mtwf.org	

Email landboard@mt.gov or indicate on this sign-in sheet if you would like to be placed on the Land Board interested parties list.

This sign-in sheet is a public record under Title 2, Chapter 6 of the Montana Code Annotated, but may not be reproduced or distributed for use as a mailing list without the permission of the named individuals under 2-6-1017, MCA.

Financial Highlights All Trusts FY 2018

Trust Lands Management Division Gross Revenue
$87.5 million

Land Management Gross Revenue
$63.9 million

Interest Income & Other Gross Revenue $23.6 million

Net Distributable Revenue
$49.3 million

Permanent Fund Revenue
$19.6 million

School Facility Revenue
$3.9 million

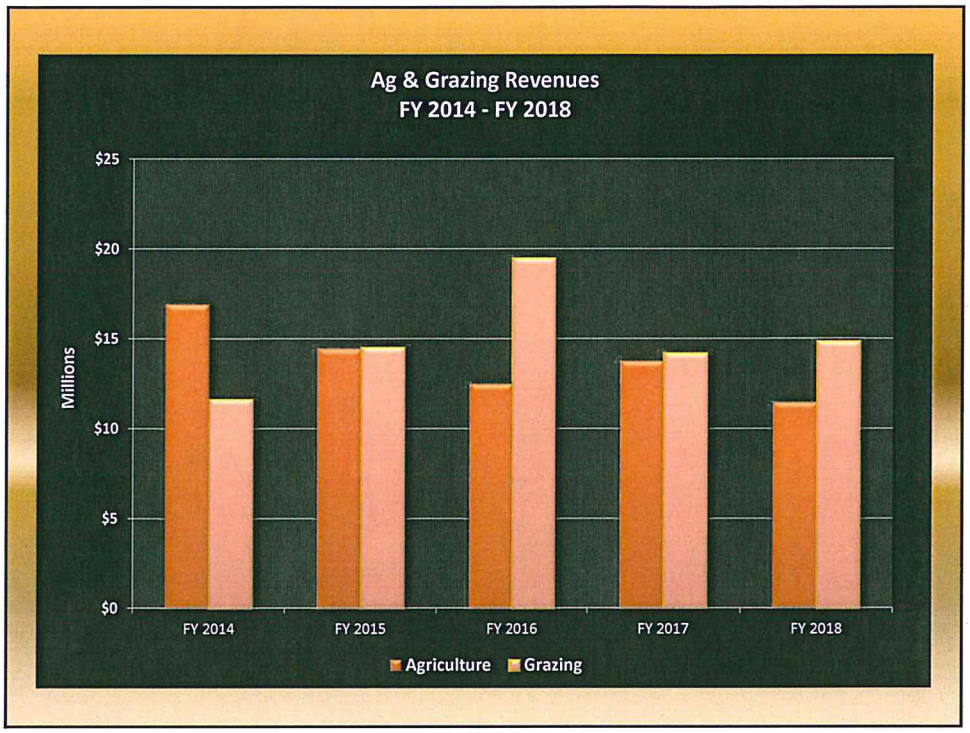
Permanent Fund Balance
$675 million

- K-12: 2018 School Year Enrollment: 146,772 public school children
- OPI Budget: $811.2 million
- OPI Pupil Budget: average state share per student $5,527

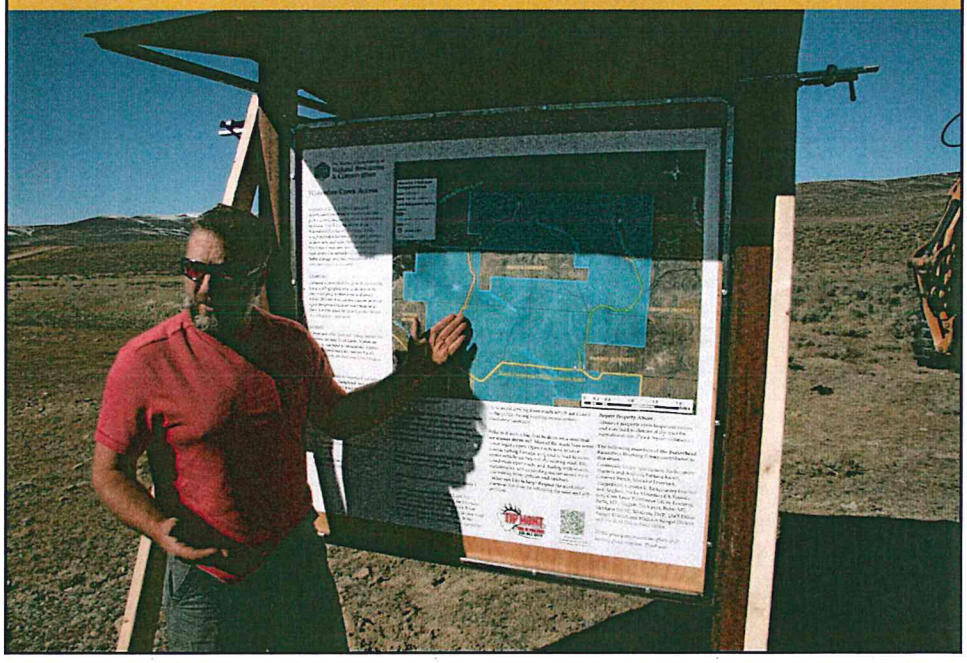
- Trust Lands Common Schools Distribution: $41.9 million or $286 per student
- Trust Lands Contribution to the OPI Budget: 5.17%
- School Facility & Technology Fund: $3.9 million mostly timber revenue

Agriculture & Grazing Management

- Agriculture Lease Revenues: $14.8 million
  - 5.2 million bushels of wheat
  - 660 thousand bushels of barley
  - 65 thousand tons of hay
- Grazing Revenues: $11.4 million
  - Lower beef cattle prices resulted in a drop of the grazing rate to $11.03/AUM.
- Recreational Use
  - 470,452 conservation licenses were sold, generating $940,904 for the trust beneficiaries.

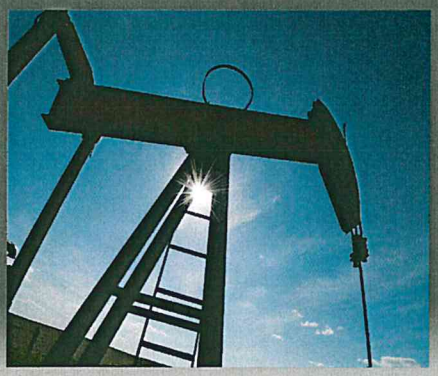


Wolverine Creek – Recreational Use



Minerals Management

- In FY 2018, revenue from mineral activities totaled $20.2 million
- Average price per barrel: $53.62
- Oil & Gas royalty revenue: $9.6 million
- Coal royalty revenue: $6.9 million
- Oil & Gas rentals & bonus revenue: $3.1 million



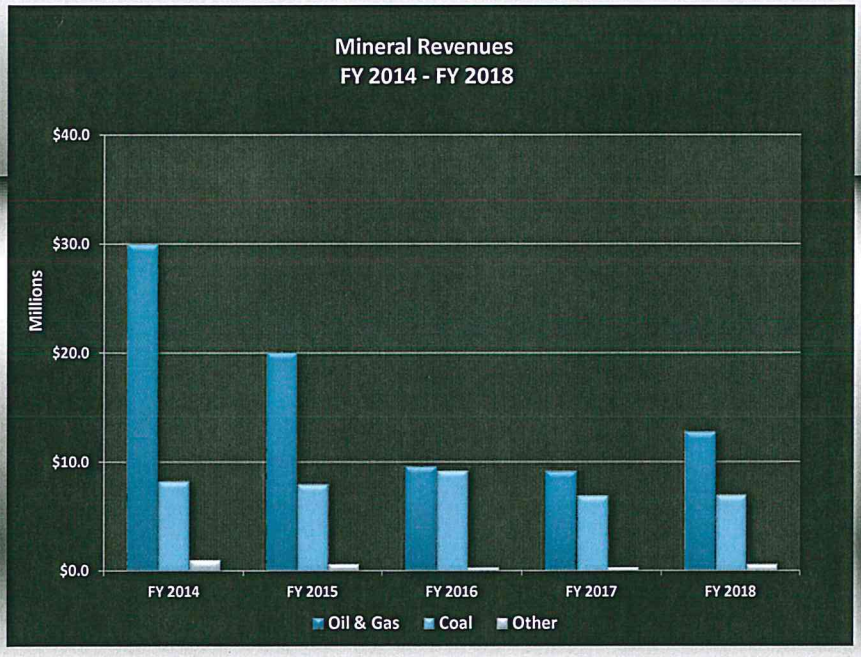
Minerals Management

- During FY 2018:
  - 623,773 acres under 1,486 lease agreements for Oil & Gas:
    - 661 leases are producing from 245,652 acres
    - 1.2 million barrels of oil
    - 2.7 million mcf (thousand cubic feet) of gas
  - 17,145 acres under 35 lease agreements for Coal:
    - 7 leases are producing from 2,800 acres.
    - 4.5 million tons of coal

Minerals Management

Oil & Gas Lease Auctions

- Four quarterly auctions per year.
- Generated $1.79 million in bonus revenue in FY 2018.
- 400% increase over the previous 3-year average.
- $1.37 million in past and estimated future royalties.
- However, wide fluctuations in quarterly lease auction revenues.

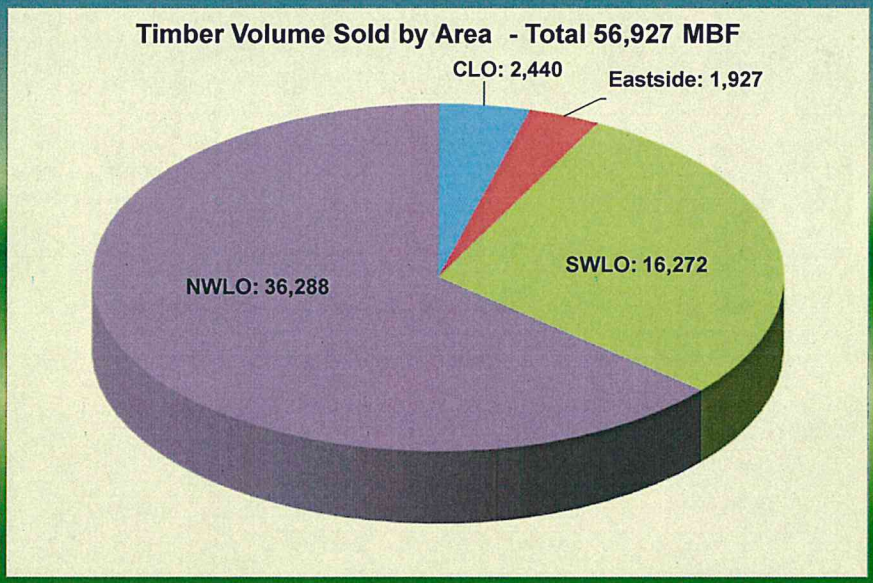


Forest Management

Fiscal Year 2018:

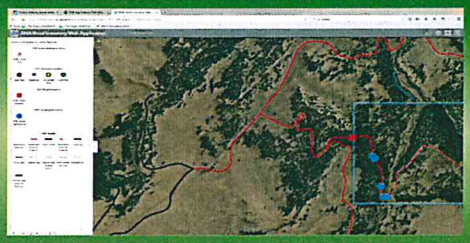
- 56.9 million board feet sold
  - Value of $11.3 million
  - Average stumpage price increased 49% to $180 per MBF.
- 61.2 million board feet harvested
  - Value of $10.7 million
- 191,026 seedlings planted

Forest Management

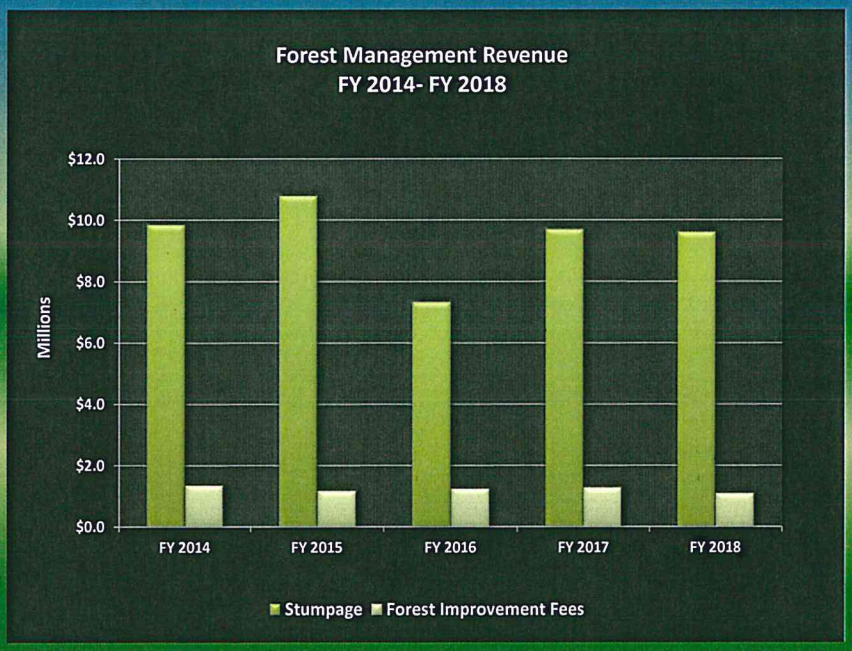


Forest Management

- Assisted with acquisition of 13,398 acres of Lazy-Swift Block in Stillwater State Forest.
- "Next Generation" data & data systems in place. Will continue to enhance DNRC cloud data tools, including offline capability.
- Completed HCP amendment to add 82,000 acres to the ESA Incidental Take Permit.



Improved Data → Restored Habitats / Gained efficiency → Higher ROI



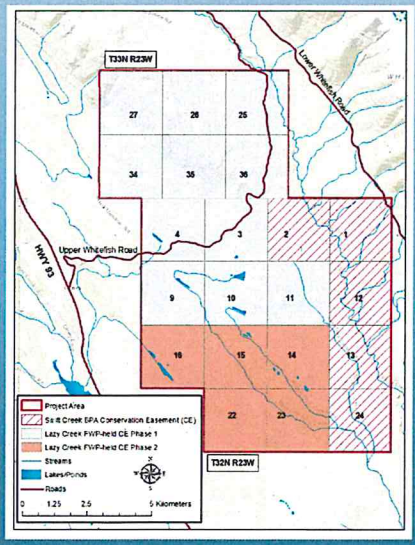
Real Estate Management

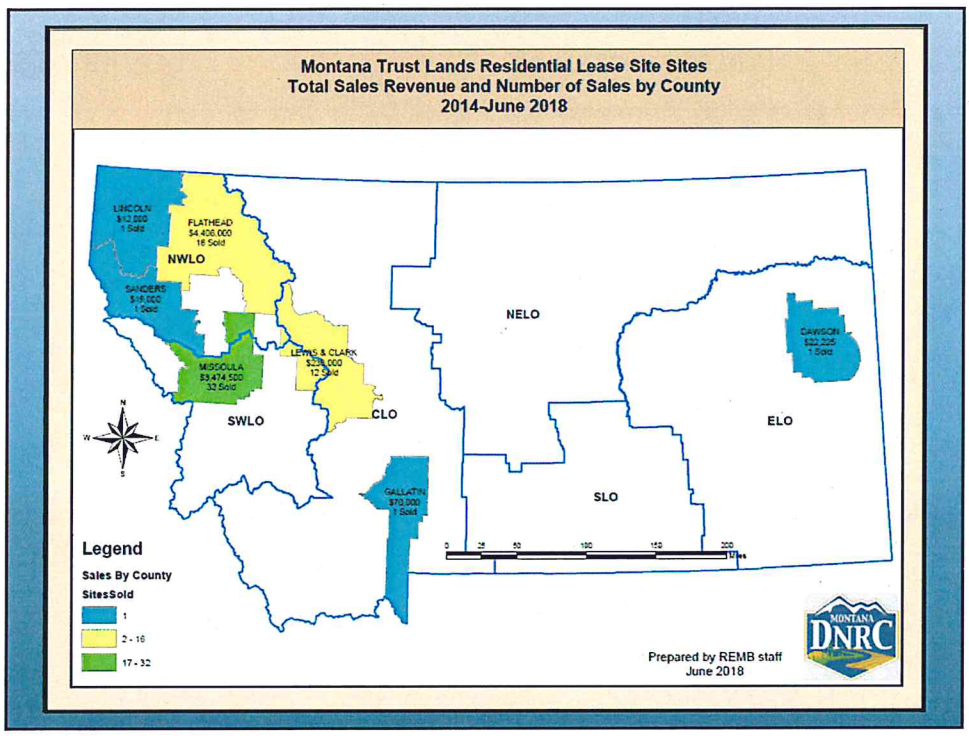
- ROWs/Easement Revenue: $850 thousand
- Residential Leasing Revenue: $2.5 million
- Commercial Leasing Revenue: $2.0 million
- Land Use License/Other Revenue: $118 thousand
- Hydro Lease Revenue: $13 thousand
  ($9.49 million in hydro revenue in escrow)

Real Estate Management

Lands

- In FY2018, the Land Banking and Cabin Site Sale Program sold 361.79 acres for a total sales price of $2,314,225.
- A total of 137 Cabin Sites were selected for the sale program phases for FY18 and FY19. The program is on track to sell and close 40 Cabin Site sales per calendar year, with 22 sites closed by end of FY2018.
- Total acreage acquired 25,236.34 for a total purchase price $16,056,844 for an average $636/acre.
- Closed on Phase I of the BLM In-Lieu Selection receiving 2,126.11 acres of new trust land with a value of $1,824,980.





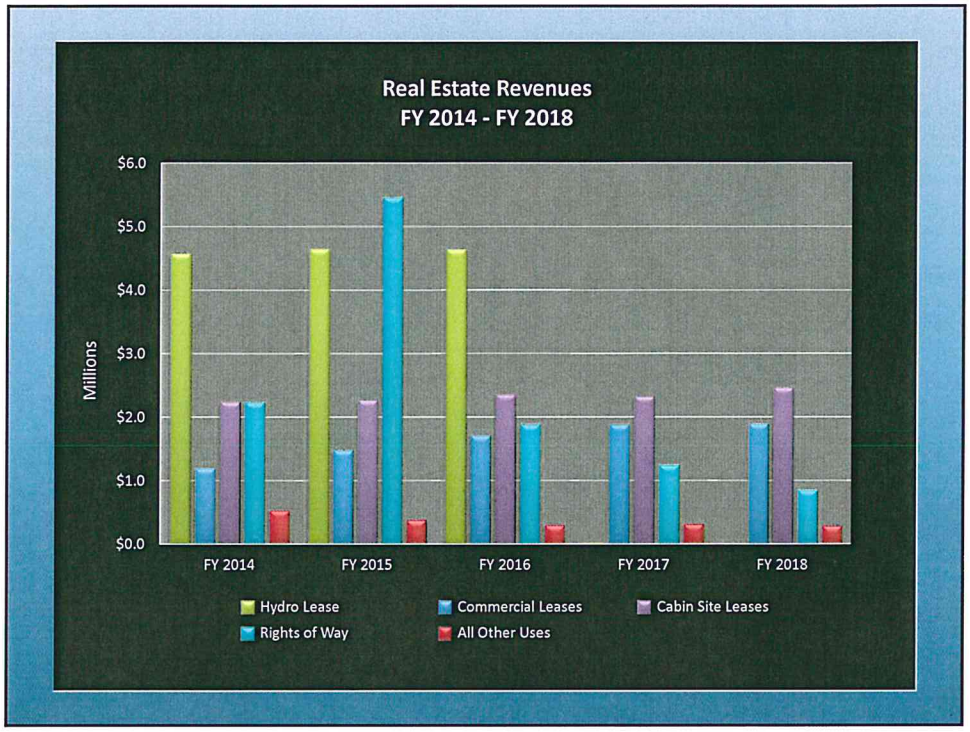
Real Estate Management

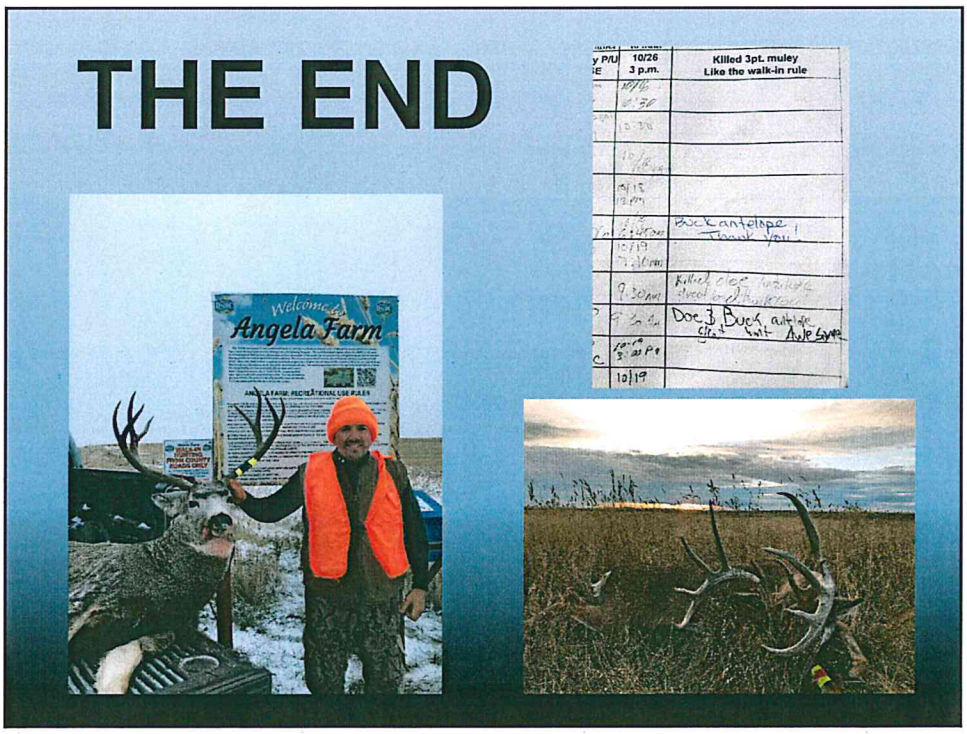
Commercial Leasing

- Hired a Marketing and Commercial Development Specialist to assist with implementing and marketing commercial leasing projects.
- Executed 5 new commercial leases, and 1 new Option that together generated $120,328 in <u>new</u> annual revenue.
- Active commercial leases and Options generated $1.9 million.
- Executed 111 residential lease renewals and 16 newly bid leases. The residential leasing program currently generates $2.5 million for trust beneficiaries.

Real Estate Management
Rights-of-Way/Easements
• Support the acquisition and granting of legal access easements associated with the FY18 Cabin Site Sale transfers and sales in progress.
• Continue to grant historic rights-of-way/easements to utilities, and county governments bringing 440 to the board in FY18 for approval.
• Acquired all lawful including public access to portions of the Stillwater State Forest through the Stillwater-Lazy-Swift Easement Exchange and the recent acquisition of inholdings within the Stillwater Forest.
• Obtained legal administrative access at no cost through private land in Musselshell County to two sections of State Trust Land.

PUBLIC ACCESS
• The DNRC is working to improve public access opportunities across Montana through our Land Banking and Land Exchange programs.
• Millions of acres of State trust lands are publicly accessible, but there is still work to do. The department is collaborating with many agencies and groups enhance public access on both trust land as well as other public land agencies.
• The MT PLAN grant program is being marketed to all stakeholders and the public. Several opportunities for new public access routes across private lands to access public lands are being evaluated at this time.
DNRC
Welcome to
Angela Farm
ANGELA FARM: RECREATIONAL USE RULES
WALK-IN
HUNTING
FROM COUNTY
ROADS ONLY


Real Estate Revenues
FY 2014 - FY 2018
Millions
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
Hydro Lease
Commercial Leases
Cabin Site Leases
Rights of Way
All Other Uses


THE END
Welcome to
Angela Farm
10/26
3 p.m.
Killed 3pt. muley
Like the walk-in rule
Buck antelope
Thank you!
Doe & Buck antelope