AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
January 27, 2020, at 9:00 a.m.
State Capitol, Room 303
Helena, MT

ACTION ITEMS

0120-1 **Timber Sale: Echo Mountain** **APPORVED 5-0**
Benefits: Common Schools
Location: Powell County

0120-2 **Biennial Cabin Site Lease Rate Review: September 2017- September 2019** **APPORVED 5-0**
Benefits: Common Schools, School for Deaf & Blind, Montana State University, Montana Tech, Pine Hills School, Public Buildings, University of Montana, Veterans Home, Eastern College–MSU/Western College–UM
Location: Beaverhead, Big Horn, Blaine, Broadwater, Cascade, Choteau, Custer, Daniels, Fallon, Fergus, Flathead, Gallatin, Golden Valley, Hill, Judith Basin, Lake, Lewis & Clark, Lincoln, Madison, McCone, Meagher, Mineral, Missoula, Musselshell, Phillips, Pondera, Powder River, Powell, Prairie, Richland, Rosebud, Sanders, Sheridan, Stillwater, Toole, Valley, Wheatland, Wibaux, Yellowstone Counties

0120-3 **Easements**

A. Standard Grant **APPORVED 5-0**
Benefits: Capitol Buildings, Common Schools, Public Land Trust – Nav. Rivers
Location: Gallatin, Lincoln, Musselshell, Richland, Sheridan, Toole Counties

B. Tungsten Tornilla Reciprocal Access Agreement
Benefits: Common Schools
Location: Sanders County

PUBLIC COMMENT

0120-1

TIMBER SALE: ECHO MOUNTAIN

Land Board Agenda Item
January 27, 2020

0120-1 Timber Sale: Echo Mountain

Location: Powell County
Sections 25, 35 and 36 T15N R11W

Trust Beneficiaries: Common Schools

Trust Revenue: $400,111 (estimated, minimum bid)

Item Summary

Location: The Echo Mountain Timber Sale is located approximately 9 miles east of Ovando, MT.

Size and Scope: The sale includes 2 harvest units (452 acres) of tractor logging. This sale is under the Echo Mountain EA.

Volume: The estimated harvest volume is 21,757 tons (2,975 MMBF) of sawlogs.

Estimated Return: The minimum bid is **$**18.39 per ton, which would generate approximately **$**400,111 for the Trust Beneficiaries (Common Schools) and approximately $72,233 in Forest Improvement fees.

Prescription: The Echo Mountain timber sale is a Seedtree and Shelterwood harvest prescription designed to reduce insect and disease issues and to promote forest health.

Road Construction/Maintenance: The Department of Natural Resources and Conservation (DNRC) is proposing 7.36 miles of road maintenance.

Access: The access to the sale is from the Cooper Lake County Road.

Public Comments: There were five public comments received. One from The Department of Fish Wildlife and Parks (DFWP) with requests for DFWP biologists to consult with DNRC foresters and biologists to help develop prescriptions that protect and conserve wildlife habitat. DNRC will continue to work closely with DFWP biologists during this project. One comment from the Confederated Salish and Kootenai Tribal Preservation Officer with no concerns on the project area. Three private land owners commented on weed management, road use and wildlife concerns. These issues and concerns were incorporated into project planning and design and will be implemented in associated contracts.

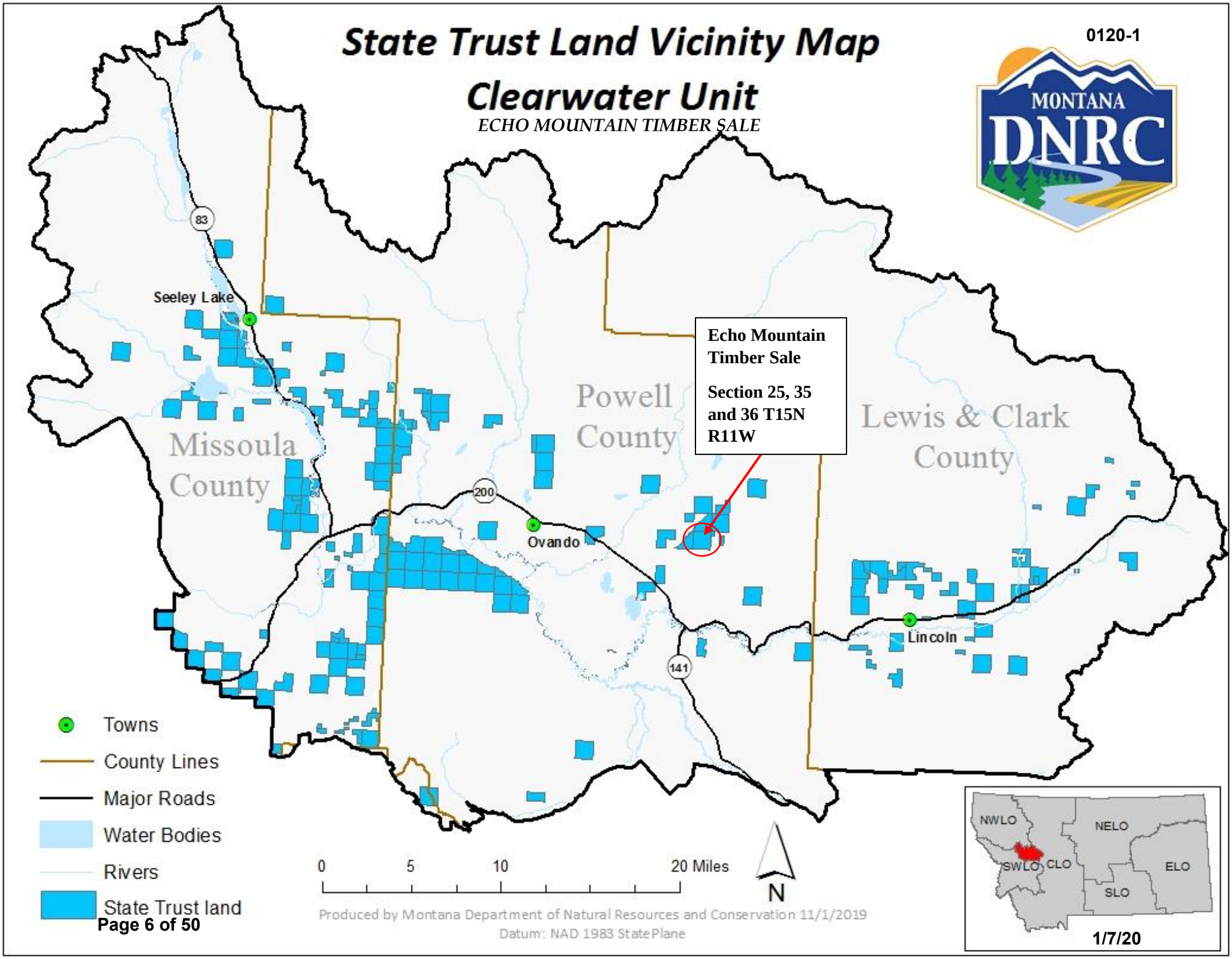
DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the Echo Mountain Timber Sale.

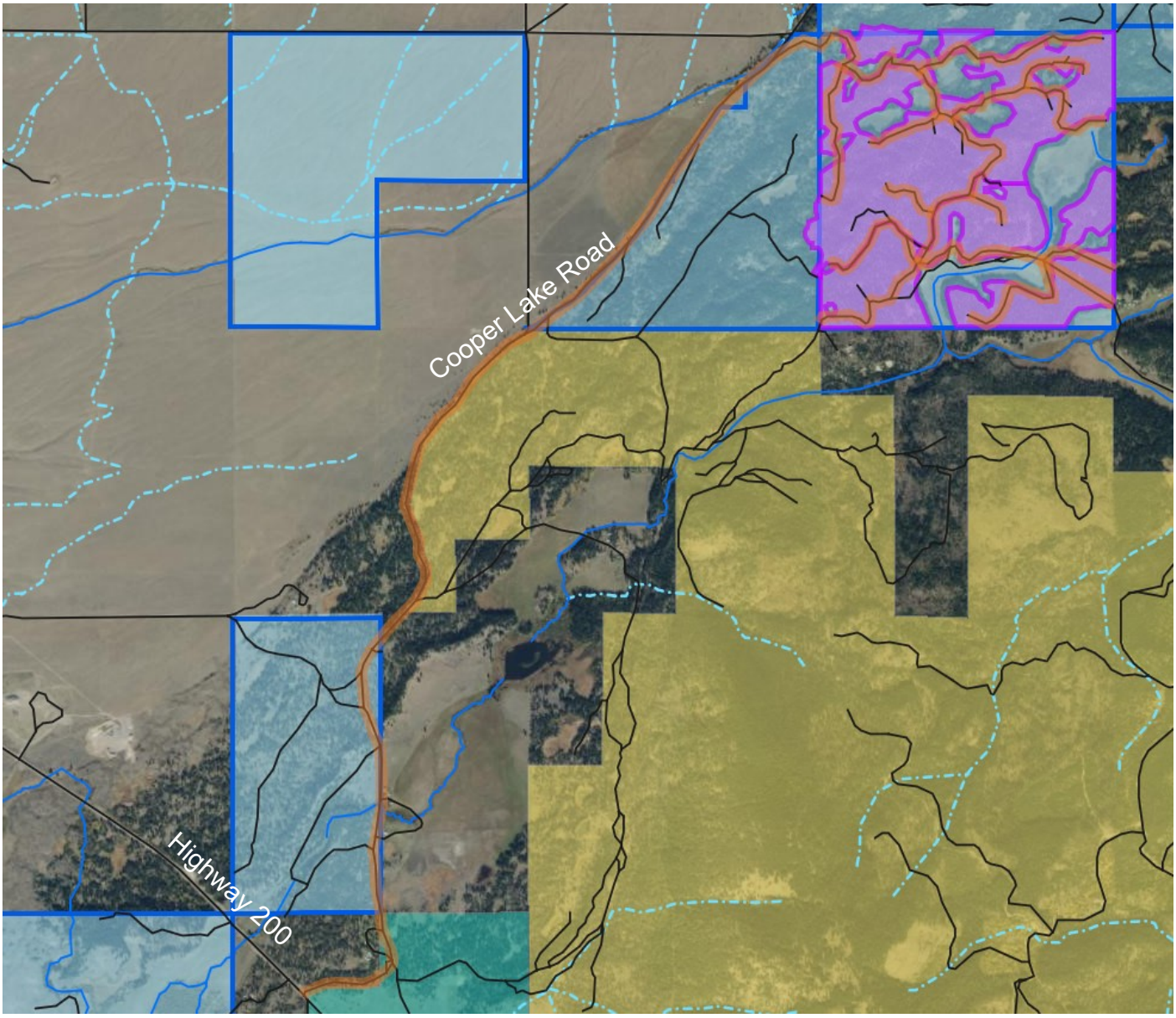
State Trust Land Vicinity Map

Clearwater Unit

ECHO MOUNTAIN TIMBER SALE

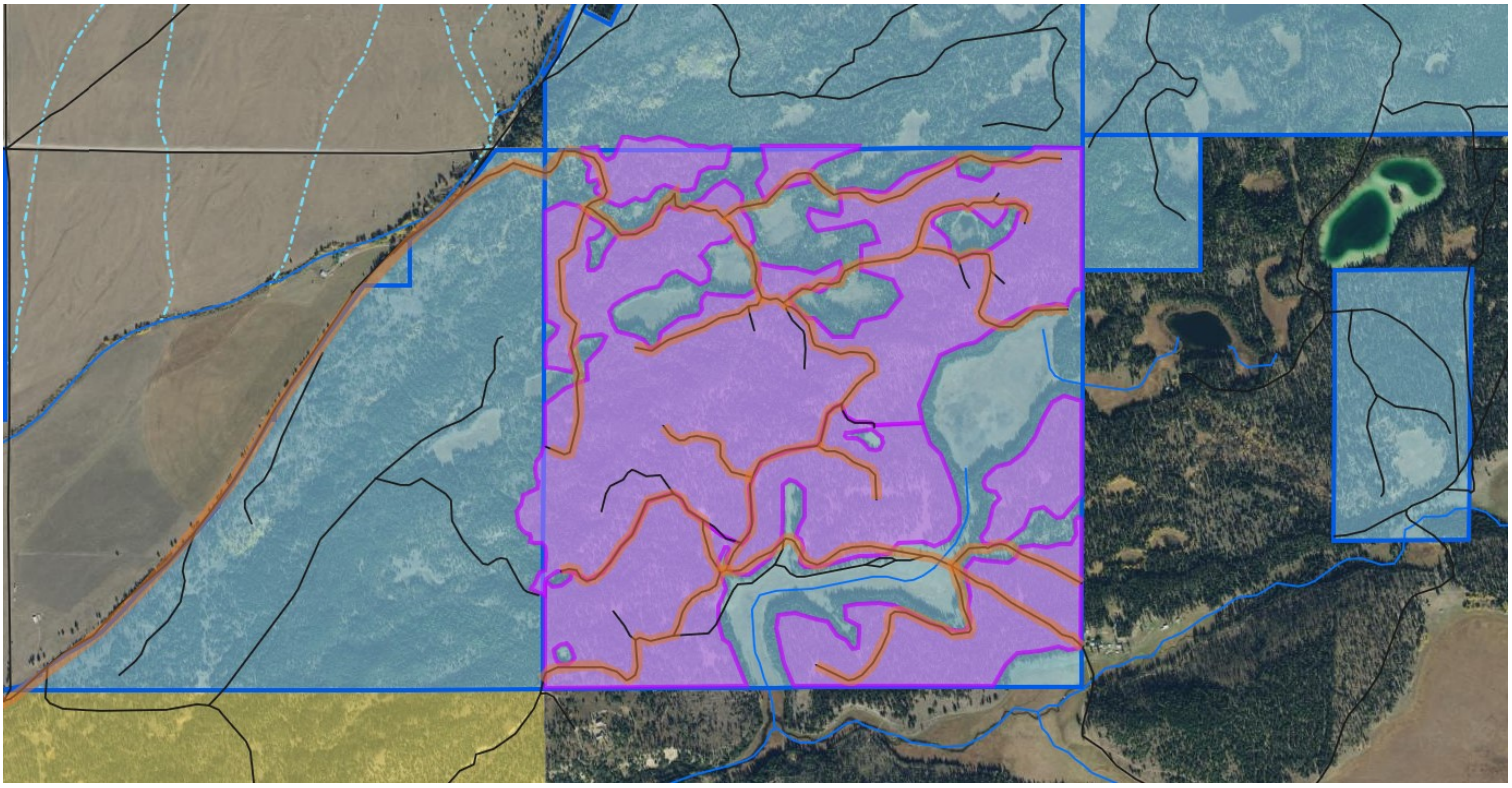


Echo Mountain Timber Sale Haul Route



Existing Road
New Road
Road Reconstruction
Haul Route
Perennial Stream
Intermittent Stream
Proposed Harvest Units
DNRC Surface Tracts
USFS Land
USFWS Land
BLM Land
MT FWP
N

Echo Mountain Timber Sale Harvest Units



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DNRC Surface Tracts
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USFWS Land
BLM Land
MT FWP
N

0120-2

BIENNIAL CABIN SITE LEASE RATE REVIEW: SEPTEMBER 2017- SEPTEMBER 2019

0120-2 Biennial Cabin Site Lease Rate Review: September 2017 – September 2019

Location: Beaverhead, Big Horn, Blaine, Broadwater, Cascade, Choteau, Custer, Daniels, Fallon, Fergus, Flathead, Gallatin, Golden Valley, Hill, Judith Basin, Lake, Lewis & Clark, Lincoln, Madison, McCone, Meagher, Mineral, Missoula, Musselshell, Phillips, Pondera, Powder River, Powell, Prairie, Richland, Rosebud, Sanders, Sheridan, Stillwater, Toole, Valley, Wheatland, Wibaux, Yellowstone Counties

Trust Benefits: Common Schools, School for Deaf & Blind, Montana State University, Montana Tech, Pine Hills School, Public Buildings, University of Montana, Veterans Home, Eastern College–MSU/Western College–UM

Trust Revenue: N/A

Item Summary

Every two years, the Department of Natural resources and Conservation (DNRC) must present to the Land Board a formal economists review of cabin and home site lease rates from all new competitive bids and renewals conducted during the reporting period. This lease rate review requirement was established in September 2015 through a settlement agreement to a civil suit (Montrust III) and subsequent Administrative Rule (ARM 36.25.1014). This is the second biennial report presented to the Land Board under the ARM. Accordingly, the Biennial Cabin Site Lease Rate Review includes data from all cabin site lease bids and renewals within the two-year period between September 2017 and September 2019.

Upon review of the biennial report the Land Board may consider whether to revise procedures and/or rental rates for cabin and home site leases.

Current Lease Rates

All rates are applied to the Department of Revenue (DOR) value for the leased land.

Bidding:

Cabin site leases on unleased lots are issued through a competitive bidding process and the bid amount is the first year's lease fee. Initial bidding for any individual lot starts at 6.5% for 60 days. If no bids are received the rate may be reduced to 5% for 60 more days. For lots located in neighborhoods with vacancy rates over 30%, the bid rate may be reduced further if unsuccessful at 6.5% and 5%. Bid rates may never be below 3.5% or $800.

Renewals:

All cabin site leases have a right to renew upon expiration without competitive bidding. All renewals are offered at 5%, or $800, whichever is higher.

Summary

Between September 2017 and September 2019, DNRC renewed 181 leases at 5% and executed 11 new leases through competitive bidding at an average bid rate of 4.6%.

During the same period, the overall cabin site inventory was reduced by approximately 100 leases through the cabin site sales program. The impact is a loss of nearly 14% of the occupied

leases. However, despite the significant reduction in occupied inventory, the vacancy rate of the leasing program was maintained near 13.5%, which has been consistent over the past five years.

DNRC Recommendation

The director recommends that the Land Board maintain current procedures and rental rates for cabin and home site leases.

Montana State Trust Lands
Cabin Site Lease Rate Review 2019

Background

The settlement agreement reached in 2015 between MonTrust and the Board of Regents, and the DNRC and MT State Leaseholders Association stipulated that the results of implementing the settlement would be reviewed and considered by the Land Board every two years. In June of 2016, the Department finalized new Administrative Rules (ARM 36.25.1001-36.25.2021) for cabin site leasing implementing the terms of the settlement. All new bidding shall start at 6.5% of the Department of Revenue (DOR) value for the land, and after 60 days, the minimum bid may be reduced to 5%. Additionally, the ARM allows for the minimum bid rate to be further reduced after 60 days of bidding at 5%, for neighborhoods with high vacancy rates (30% or higher).

Implementation

Upon adoption of the ARM to implement the settlement, DNRC made vacant cabin sites available for bid. The first round of bidding set minimum annual lease rates at 6.5% of the 2014 appraised lot values, and opened in June 2016. In following rounds of bidding, the minimum bid rate was set at 5% for most sites, however minimum bid rates for sites in high-vacancy neighborhoods (more than 30% of lots vacant) continued to drop. The rates and results are summarized in Table 1, and more detail is shown in Exhibit A. These bidding cycles spanned roughly four years, and 46 bids were received on 42 lots.

Table 1. Summary of Bids on Vacant Cabin Sites

Bidding Period	Minimum Bid Rate	Lots Posted	Bids Received	Average Bid Rate	Portion of Posted Lots Receiving Bids	Lots with More Than 1 Bid
June-August 2016	6.50%	76	6	7%	7.9%	0
August-October 2016	5.00%	63	2	5.15%	3.2%	0
December - January 2017	5% or 4.5%	58	5	5.60%	8.6%	0
March-May 2017	5% or 4.5%	62	4	4.78%	6.5%	0
June-July 2017	5% or 4.0%	65	12	4.60%	13.8%	3
September-November 2017	5% or 4.0%	38	6	4.46%	15.8%	1
February-April 2018	5% or 4.0%	43	5	4.25%	11.6%	0
July-August 2018	5% or 4.0%	37	3	4.36%	8.1%	0
January-March 2019	5% or 4.0%	32	3	5.99%	9.4%	0
Total over first 9 Bidding rounds:		**76**	**46**	**5.13%**	**61%**	**4**

~bid rates lower than 5% only set for neighborhoods with >30% vacancy. Lots with no previous bidding cycles set at 6.5%

Program Vacancy and Competitive Bidding Results

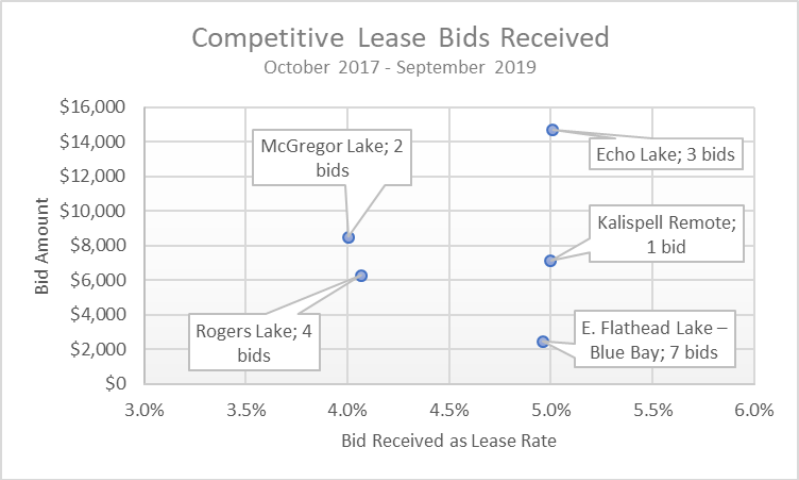
Table 2. Neighborhood Bidding Summary

Neighborhood	2017 report data			2019 report data			Totals 2016 - Sept 2019			Vacancy as of September 15, 2017	Vacancy as of September 30, 2019
	Average Bid Received	Average Bid Amount	Count of Bids	Average Bid Received	Average Bid Amount	Count of Bids	Average Bid Received	Average Bid Amount	Count of Bids		
Beaver Lake	5.0%	$8,255	6				5.0%	$8,255	6	25%	13%
Central Remote	8.0%	$12,501	1				8.0%	$12,501	1	7%	0%
E. Flathead Lake – Blue Bay	5.4%	$2,667	3	5.0%	$2,467	7	5.1%	$2,527	10	38%	27%
Echo Lake	4.4%	$11,701	5	5.0%	$14,730	3	4.6%	$12,837	8	37%	21%
Lincoln Flats	6.2%	$2,601	2				6.2%	$2,601	2	6%	0%
McGregor Lake	5.2%	$15,050	1	4.0%	$8,471	2	4.4%	$10,664	3	58%	61%
Olney	6.8%	$2,000	1				6.8%	$2,000	1	0%	0%
Rogers Lake	5.2%	$6,410	6	4.1%	$6,260	4	4.8%	$6,350	10	65%	47%
Stillwater/Libby Remote	6.1%	$2,235	3				6.1%	$2,235	3	7%	7%
Kalispell Remote	5.1%	$6,000	1	5.0%	$7,150	1	5.1%	$6,575	2	24%	28%
Grand Total	**5.4%**	**$6,964**	**29**	**4.6%**	**$6,505**	**17**	**5.1%**	**$6,794**	**46**	14% statewide	12% statewide

Over the time frame from October 2017 through the end of September 2019, 11 new leases were signed through the bidding process. The 11 new leases produced in these 4 rounds of bidding, out of an average of 37 advertised sites, suggests an annual absorption rate of approximately 14%. Over the same time frame, 11 existing leases were terminated for non-payment. One of these terminations was a new lease from the Sep-Nov 2017 bidding round. Bidding results shown in Table 2 reveal that McGregor Lake and Kalispell Remote neighborhoods show an increased vacancy. While two new competitively bid leases were completed, McGregor also had one new lease termination. The cause of the rising vacancy rate in McGregor Lake is due to 4 active sites and one vacant site being sold and dropped from the inventory used to calculate vacancy. This is a good illustration of the impact to vacancy rates of selling mostly actively leased sites.

The cumulative results of new competitive bidding since the new leasing rules were implemented are consistent with the ideal market lease rates identified in recent studies of the market for residential lease sites. The most recent study of Montana cabin sites found the true full market lease rate should fall between 4.9% and 8.6% (Bioeconomics 2015.)

Chart 1. Average Bid Received by Neighborhood



Currently active cabin site leases are billed according

to four distinct lease fee calculation methods, until all contracts have been renewed on the new template. The average lease rate across all active leases in 2019, when comparing 2019 contract rent with the appraised values applied, is 5.4%. Details are shown in Exhibit B.

Data from non-family transfers of improvements on active leases since the 2015 rate analysis (Bioeconomics, Cabin Site Lease Rate Valuation Analysis: 2015 Addendum to 2011 Report, 2015) were analyzed using the same model as the 2015 report followed. The sale price received by lessees for their improvements was compared to the MT Department of Revenue's assessed value of the improvements. (Details are shown in Exhibit C.) A wide range of differences are found, with some selling under value and some gaining a profit (Leasehold Value) over the assessed value. The Leasehold Value is used in calculating what a full market lease rate would be, and from 2015 – 2017 this implicit lease rate averaged 5.75%. Non-family transfers between October 1, 2017 and September 30, 2019 averaged an implicit lease rate of 5.73%. While lower than the mean implicit rate over the 2011-2014 years of 6.7%, this is consistent with the full market rates identified by Bioeconomics (2011 and 2015 update.)

Table 3. Implicit Market Lease Rate: Nonfamily lease transfers, October 2017 – September 2019

Year	Average Implied Market Lease Rate	Non-family Transfers of Leases with Improvements
2017 October-December	3.62%	7
2018	6.23%	12
2019 to September	6.52%	15
2017-2019 Average/Total	**5.73%**	**34**

Assuming ongoing rounds of competitive bidding continue to produce similar results, the vacancy rates in most neighborhoods should fall over the next 1-2 years. However, the legislatively mandated cabin site sales program is reducing the inventory and as DNRC divests of active lease sites, this effectively pushes the vacancy percentage higher in neighborhoods with multiple sales. Given the opposing effects of new leases and selling active leases on vacancy rates, it may be several more years before the leasing program reaches some form of equilibrium vacancy rate. Table 4 shows a simple comparison of statewide vacancy data from June 2016 to October 2019 and illustrates the effect selling active leases has on countering the new leasing activity to hold vacancy rates high when compared to the working inventory.

Table 4. Total Working Cabin Site Inventory and Sales/Vacancy Rate

	Active	Vacant	Working Inventory	Sold	Vacancy Rate
June 2016	654	106	760	39	13.95%
September 2017	614	98	712	71	13.76%
September 2019	534	83	617	162	13.45%

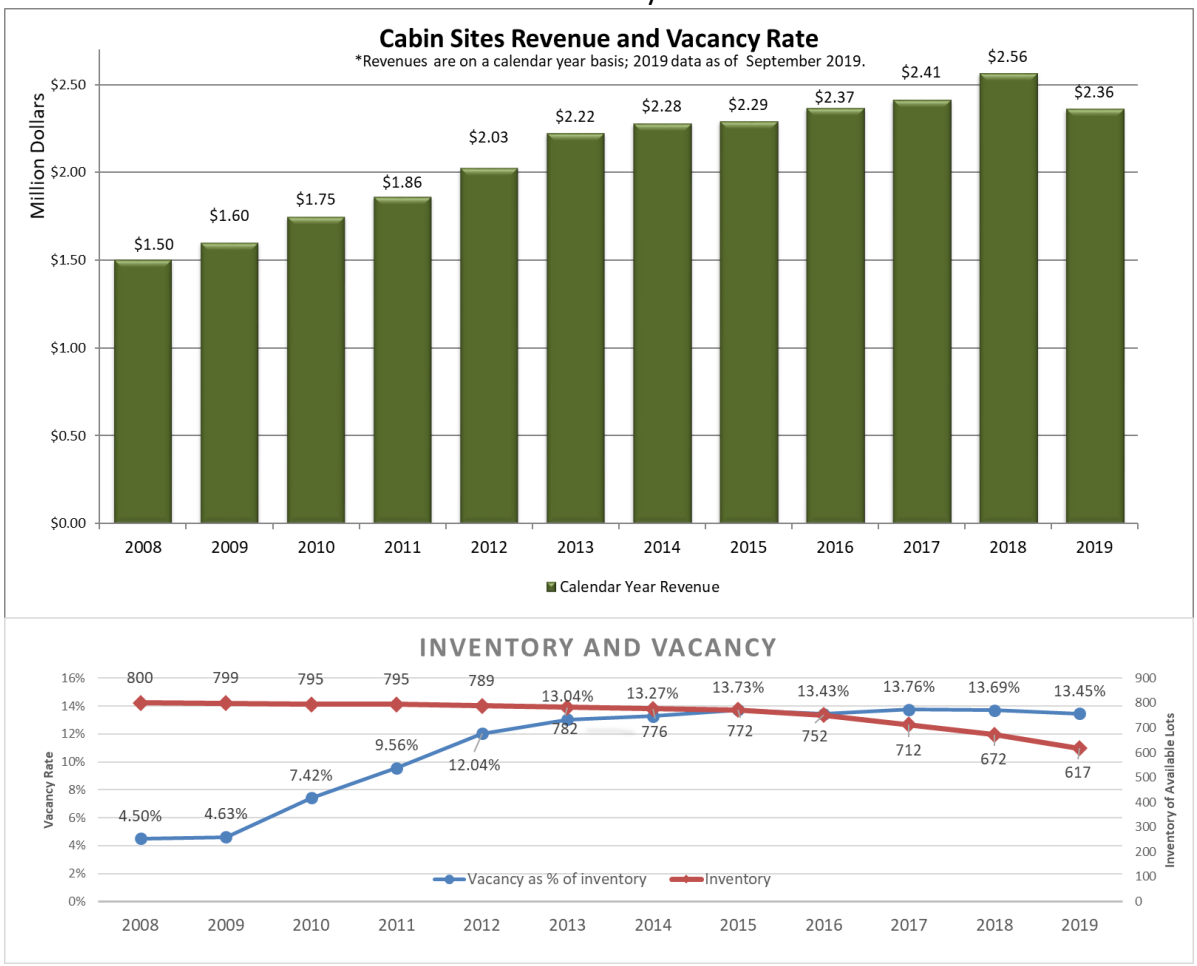
While the vacancy rate remains in the 12 – 14% range, as it has since 2013 when the main impacts of large cabin site rent increases related to the 2008 appraisal cycle had leveled off, Chart 2 illustrates that the higher vacancy rate over 13% had not resulted in falling revenues. The increased number of sold sites finally grew to the point that calendar year 2019 shows a drop in cabin site lease revenues over the prior year.

Table 5. Competitive Bidding in Recent Years

Bidding Period	Minimum Bid Rate	Competitively Bid Leases Signed
2012	5.00%	6
2013	5.00%	6
2014	5.00%	2
2015	5.00%	4
Total over Calender Years 2012-2015:		**18**

During the years prior to the settlement in 2015, competitive bidding happened with a minimum bid of 5% and relatively few new leases were signed. Results from calendar year 2012 through 2015 are provided in Table 5. The numbers suggest that the bidding activity for cabin sites on state land has increased dramatically. The exact cause of the increased activity is difficult to measure; improved housing markets may play a part but the change may also be due to a measure of stability returning to the leasing program since reaching the final 2015 settlement agreement.

Chart 2. Cabin Sites 12 Year Revenue and Vacancy Rate



Conclusion and Recommendation

The results of competitive bids received (average 4.6% for Oct 2017 – Sept 2019, and average 5.1% for the life of the bidding program from 2015 to Sept 30, 2019) and of sales of improvements through non-family lease transfers (mean implicit market rate of 5.73%) are indicative of a market for cabin site leasing which can continue to support a 5% or higher lease rate. However, these competitive bidding data only represent a few years. DNRC recommends continuing to hold minimum bids for vacant sites in low-vacancy neighborhoods at or above 5%, while recognizing that several high vacancy (greater than 30%) neighborhoods persist and there are still a large number of vacant sites which have received no bids through several rounds of bidding.

Qualifications

This report was produced by DNRC's Trust Lands Economist, Brett Holzer (MS Applied Economics, Montana State University 2005.) Mr. Holzer has worked in the Real Estate Management Bureau of the Trust Lands Division since 2008.

References

Bioeconomics, I. (2011). *Cabin Site Lease Rate Valuation Analysis.*

Bioeconomics, I. (2015). *Cabin Site Lease Rate Valuation Analysis: 2015 Addendum to 2011 Report.*

Exhibit A: Results of Competitive Bidding for Cabin Sites

4%-6.5% MINIMUM BID RATES based on neighborhood vacancy Bidding: Opened September 25, 2017 – Closed November 17, 2017						
Lease Number	**Unit**	**Neighborhood**	**Minimum Bid Rate**	**Actual Bid Rate**	**Bid Amount**	**Improvements**
3051583	KU	Echo Lake (Lot 6)	5%	5.03%	$14,000	Yes – Trust
3053274	KU	Blue Bay (Lot 22)	4%	4.00%	$1,903	No
3052012	KU	Echo Lake (Lot 26)	5%	5.00%	$14,704.75	No - Demo
3052832	KU	Rogers Lake (Lot 25)	4%	4.17%	$5,000	Yes – Trust Subsurface
3053306	KU	Blue Bay (Lot 23)	4%	4.17%	$2,301	No
				4.37%	$2,412	
Average Bid Rate: 4.46%						

4%-6.5% MINIMUM BID RATES based on neighborhood vacancy Bidding: Opened February 1, 2018 – Closed May 1, 2018						
Lease Number	**Unit**	**Neighborhood**	**Minimum Bid and Rate**	**Actual Bid Rate**	**Bid Amount**	**Improvements**
3053307	KU	Blue Bay (Lot 17)	4%; $1,918.36	4.20%	$2,015	None
3052291	KU	Blue Bay (Lot 29)	4% $1,758.16	4.04%	$1,775	None
3053015	KU	McGregor (Lot 5)	4%; $8,490	4.00%	$8,491	Yes - Private
3052838	KU	Rogers Lake (Lot 23)	4%; $6,160	4.03%	$6,200	Yes – Private
3053260	KU	Kalispell Remote	5%; $7,150	5.00%	$7,150	Yes - Private
Average Bid Rate: 4.25%						

4%-5% MINIMUM BID RATES based on neighborhood vacancy Bidding: Opened July 3, 2018 – Closed September 1, 2018						
Lease Number	**Unit**	**Neighborhood**	**Minimum Bid and Rate**	**Actual Bid Rate**	**Bid Amount**	**Improvements**
3053125	KU	Echo Lake (Lot 10)	5%; $15,486	5%	$15,486	Yes - Trust
3052200	KU	Rogers Lake (Lot 14)	4% $6,760	4.06%	$6,863	Yes - Trust
3051982	KU	McGregor (Lot 24)	4%; $8,430	4.01%	$8,451	Yes - Trust
Average Bid Rate: 4.36%						

4%-6.5% MINIMUM BID RATES based on neighborhood vacancy Bidding: Opened January, 2019 – Closed March, 2019						
Lease Number	**Unit**	**Neighborhood**	**Minimum Bid and Rate**	**Actual Bid Rate**	**Bid Amount**	**Improvements**
3052867	KU	Blue Bay (Lot 13)	4%; $1,834.28	4%	$1,835	None
3052588	KU	Rogers Lake (Lot 12)	4% $6,960	4.01%	$6,975	Yes - Trust
3053306	KU	Blue Bay (Lot 23)	6.5%; $3,285.82	9.95%	$5,030.90	None
Average Bid Rate: 5.99%						

Exhibit B: Summary of DNRC Cabinsite Lot Values and 2019 Rents as a Percent of Lot Value

	Billing Method									
	Alternative 3B		5% of Appraised Value		Annual 2% Increase		Fixed (Minimum)		Total Average 2018 Value	Total 2019 Rent - Avg Percent of Lot Value
Row Labels	Average 2018 Value	2019 Rent - Avg Percent of Lot Value	Average 2018 Value	2019 Rent - Avg Percent of Lot Value	Average 2018 Value	2019 Rent - Avg Percent of Lot Value	Average 2018 Value	2019 Rent - Avg Percent of Lot Value		
CLO										
Central Remote	$73,453	5.5%			$114,812	5.7%			$86,179	5.6%
CLO Total	**$73,453**	**5.5%**			**$114,812**	**5.7%**			**$86,179**	**5.6%**
ELO										
Eastern Remote	$13,159	2.4%			$16,734	32.4%	$5,666	22.5%	$12,040	16.7%
ELO Total	**$13,159**	**2.4%**			**$16,734**	**32.4%**	**$5,666**	**22.5%**	**$12,040**	**16.7%**
NELO										
NorthEast Remote	$22,608	3.6%	$31,094	5.4%	$17,798	12.9%	$15,176	10.9%	$20,964	7.7%
NELO Total	**$22,608**	**3.6%**	**$31,094**	**5.4%**	**$17,798**	**12.9%**	**$15,176**	**10.9%**	**$20,964**	**7.7%**
NWLO										
Ashley Creek	$49,756	7.6%			$38,128	3.9%			$43,942	5.8%
Beaver Lake	$204,418	5.5%			$188,880	4.7%			$198,869	5.2%
E Lake Shore - Flathead	$458,250	3.9%	$60,513	3.7%	$63,115	4.2%			$309,912	3.9%
Echo Lake	$325,417	4.2%	$211,038	5.1%	$314,000	4.2%			$310,372	4.3%
Fishtrap Creek	$32,464	1.5%			$31,513	3.5%			$31,935	2.6%
Kalispell Remote	$72,724	7.0%	$58,600	5.7%	$87,819	4.8%			$76,333	6.3%
Libby Creek			$47,450	4.6%					$47,450	4.6%
McGregor lake	$238,500	5.5%			$227,533	4.4%			$229,099	4.6%
Mudd Creek	$33,652	1.7%	$33,759	3.8%	$34,660	3.9%			$34,080	2.8%
Olney Region	$42,731	3.6%	$40,050	4.8%	$36,642	5.0%			$41,811	3.8%
Plains Remote	$29,295	1.7%	$30,400	3.8%	$27,575	4.3%			$28,935	3.3%
Rogers Lake	$153,500	6.9%			$190,288	3.6%			$171,894	5.3%
Stillwater-Libby Remote	$41,396	5.9%			$42,181	4.9%			$41,732	5.5%
Thompson Creek	$19,420	2.8%	$30,669	3.3%					$26,919	3.1%
NWLO Total	**$131,914**	**4.3%**	**$55,597**	**4.1%**	**$104,377**	**4.3%**			**$115,516**	**4.3%**
SLO										
Southern Remote	$40,488	4.2%			$37,035	4.8%	$2,327	34.4%	$35,294	7.1%
SLO Total	**$40,488**	**4.2%**			**$37,035**	**4.8%**	**$2,327**	**34.4%**	**$35,294**	**7.1%**
SWLO										
Clearwater River Eastside	$61,699	4.7%	$70,465	5.5%	$66,381	5.5%			$65,030	5.2%
Clearwater River Westside	$88,893	4.3%	$87,396	5.9%					$88,757	4.5%
Copper Creek - Lincoln Area	$45,143	6.0%	$47,172	4.6%	$43,918	4.6%			$44,605	5.2%
Elbow Lake	$112,440	3.8%	$101,617	5.6%	$119,582	5.8%			$115,861	5.3%
Fish Creek	$15,547	8.2%	$16,116	5.0%	$18,024	4.8%	$15,726	5.1%	$16,209	5.5%
Grant Creek					$225,326	2.1%			$225,326	2.1%
Landers Fork					$68,196	4.0%			$68,196	4.0%
Lincoln Flats - Lincoln Area	$45,824	6.0%			$44,689	4.6%			$45,175	5.2%
Morrell Creek East			$21,453	9.9%	$16,319	9.1%			$18,373	9.5%
Morrell Creek West			$12,488	8.3%	$20,265	9.8%			$16,377	9.0%
Morrell Flats	$57,423	6.7%	$62,905	3.3%	$53,856	3.1%			$57,268	3.5%
Placid Lake			$388,929	5.6%	$418,227	3.8%			$406,833	4.5%
Seeley Lake Development	$42,241	5.3%	$193,459	4.7%	$42,609	5.7%			$62,093	5.4%
Seeley Lake East Outlet	$131,794	6.4%	$87,960	5.6%	$97,952	4.5%			$100,262	5.2%
Seeley Lake North			$51,014	5.3%	$48,694	5.3%			$49,688	5.3%
Seeley Lake West Outlet	$121,539	6.6%	$71,245	5.7%	$131,523	4.3%			$112,293	5.6%
SouthWest Remote	$16,900	7.4%	$48,600	5.3%	$48,593	4.9%	$2,372	10.5%	$37,633	6.0%
Sperry Grade	$97,328	5.2%			$93,647	5.9%			$95,990	5.4%
SWLO Total	**$71,619**	**5.3%**	**$131,159**	**5.6%**	**$103,959**	**5.1%**	**$11,275**	**6.9%**	**$97,106**	**5.3%**
Grand Total	**$95,333**	**4.6%**	**$102,300**	**5.2%**	**$95,757**	**5.8%**	**$10,361**	**15.3%**	**$94,228**	**5.4%**

Exhibit C: Non-Family Cabin Site Transfers, Sept 2017 - Oct 2019

Transfer Date	Neighborhood	Selling Price	Cadastral Value-Improve-ments	Leaseholder Value	Cadastral Land Value	Leaseholder Value / Land Value	Implied Market Lease Rate
9/22/2017	Ashley Creek	$30,000	$65,250	-$35,250	$44,900	-78.51%	4.45%
7/18/2018	Beaver Lake	$65,000	$66,730	-$1,730	$178,400	-0.97%	3.90%
8/23/2018	Beaver Lake	$120,000	$78,410	$41,590	$232,320	17.90%	5.92%
8/27/2018	Copper Creek	$29,000	$41,030	-$12,030	$43,644	-27.56%	3.60%
6/26/2019	Copper Creek	$32,124	$38,730	-$6,606	$43,500	-15.19%	4.94%
12/22/2017	Clearwater River Eastside	$50,000	$65,740	-$15,740	$53,423	-29.46%	2.97%
7/2/2018	Clearwater River Eastside	$62,500	$34,900	$27,600	$49,222	56.07%	10.04%
8/29/2018	Clearwater River Eastside	$39,000	$12,310	$26,690	$45,717	58.38%	10.68%
10/18/2018	Clearwater River Eastside	$30,000	$49,730	-$19,730	$50,378	-39.16%	3.82%
9/9/2019	Clearwater River Eastside	$35,000	$71,160	-$36,160	$50,266	-71.94%	2.49%
9/30/2019	Clearwater River Eastside	$65,000	$63,980	$1,020	$90,322	1.13%	4.29%
10/30/2017	Elbow Lake	$35,000	$61,350	-$26,350	$154,775	-17.02%	2.77%
2/15/2019	Elbow Lake	$44,000	$35,610	$8,390	$125,492	6.69%	3.60%
5/3/2018	Seeley Lake East Outlet	$65,000	$96,110	-$31,110	$47,629	-65.32%	3.20%
10/10/2017	Kalispell Remote	$10,000	$64,400	-$54,400	$63,300	-85.94%	2.84%
12/4/2017	Kalispell Remote	$5,000	$10,430	-$5,430	$63,300	-8.58%	6.94%
11/5/2018	Lincoln Flats	$10,000	$27,960	-$17,960	$44,990	-39.92%	4.03%
8/23/2019	Lincoln Flats	$65,000	$37,470	$27,530	$44,504	61.86%	15.42%
8/29/2019	McGregor Lake	$83,000	$83,630	-$630	$257,940	-0.24%	4.70%
7/26/2019	Morrell Flats	$35,000	$55,410	-$20,410	$34,215	-59.65%	2.37%
9/17/2019	Mudd Creek	$21,000	$23,360	-$2,360	$33,481	-7.05%	1.58%
10/19/2018	NorthEast Remote	$110,000	$107,420	$2,580	$43,700	5.90%	4.39%
7/12/2018	Seeley Lake North	$28,500	$79,680	-$51,180	$46,638	-109.74%	2.51%
2/28/2019	Olney	$90,000	$84,300	$5,700	$72,000	7.92%	2.67%
4/10/2019	Olney	$50,000	$25,990	$24,010	$36,642	65.53%	10.79%
8/29/2019	Olney	$55,000	$60,070	-$5,070	$47,150	-10.75%	2.84%
11/14/2017	Placid Lake	$127,000	$57,550	$69,450	$476,400	14.58%	3.09%
8/6/2018	Placid Lake	$350,000	$132,010	$217,990	$432,750	50.37%	2.97%
9/24/2018	Placid Lake	$10,000	$63,790	-$53,790	$396,000	-13.58%	4.72%
4/19/2019	Placid Lake	$290,000	$67,810	$222,190	$476,250	46.65%	4.96%
4/26/2019	Placid Lake	$50,000	$53,840	-$3,840	$389,250	-0.99%	4.74%
12/18/2017	Rogers Lake	$10,000	$167,120	-$157,120	$166,000	-94.65%	2.37%
3/11/2019	Rogers Lake	$112,328	$70,510	$41,818	$151,700	27.57%	8.93%
10/2/2019	SouthWestern Remote	$215,000	$299,340	-$84,340	$48,600	-173.54%	1.93%
8/27/2019	Clearwater River Westside	$142,000	$124,050	$17,950	$89,701	20.01%	4.47%
5/29/2018	Seeley Lake West Outlet	$238,500	$160,110	$78,390	$134,486	58.29%	9.15%

0120-3

EASEMENTS:

A. Standard Grant

B. Tungsten Tornilla Reciprocal Access Agreement

Land Board Agenda Item
January 27, 2020

0120-3A Easements

Location: Gallatin, Lincoln, Musselshell, Richland, Sheridan, Toole Counties

Trust Benefits: Capitol Buildings, Common Schools,
Public Land Trust – Nav. Rivers

Trust Revenue: Capitol Buildings = $4,672
Common Schools = $46,005
Public Land Trust = $300

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
Lincoln Electric Cooperative, Inc.	Buried Electric Line	Permanent	26-27
Dry Prairie Rural Water Authority	Buried Water Pipeline	Permanent	28-29
3-Rivers Telephone Cooperative	Buried Fiber-Optic Cable	Permanent	30-31
Northern Telephone Cooperative	Buried Telecommunications Cable	Permanent	32-33
Hiland Partners Holdings, LLC	Buried Natural Gas Pipelines	Permanent	34-35
Mid-Rivers Communications	Buried Fiber-Optic Cables	Permanent	36-45

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. 312 Oslosk Rd. Eureka, MT 59917
Application No.:	18750
R/W Purpose:	a buried 14.4 kV electric distribution line
Lessee Agreement:	ok
Acreage:	2.31
Compensation:	$3,927.00
Legal Description:	a 20-foot strip through Gov. Lots 1, 2, 4, & 5, SW4NE4, Sec. 24, Twp. 29N, Rge. 28W, Lincoln County
Trust Beneficiary:	Capitol Buildings

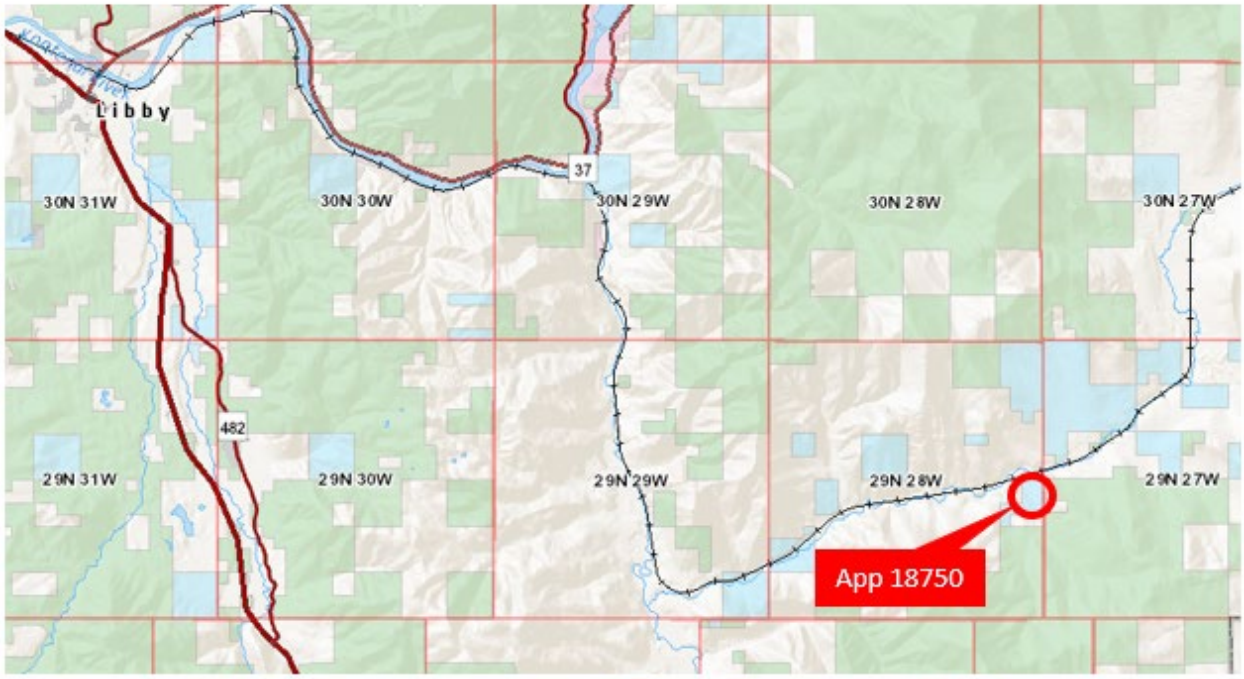
Item Summary

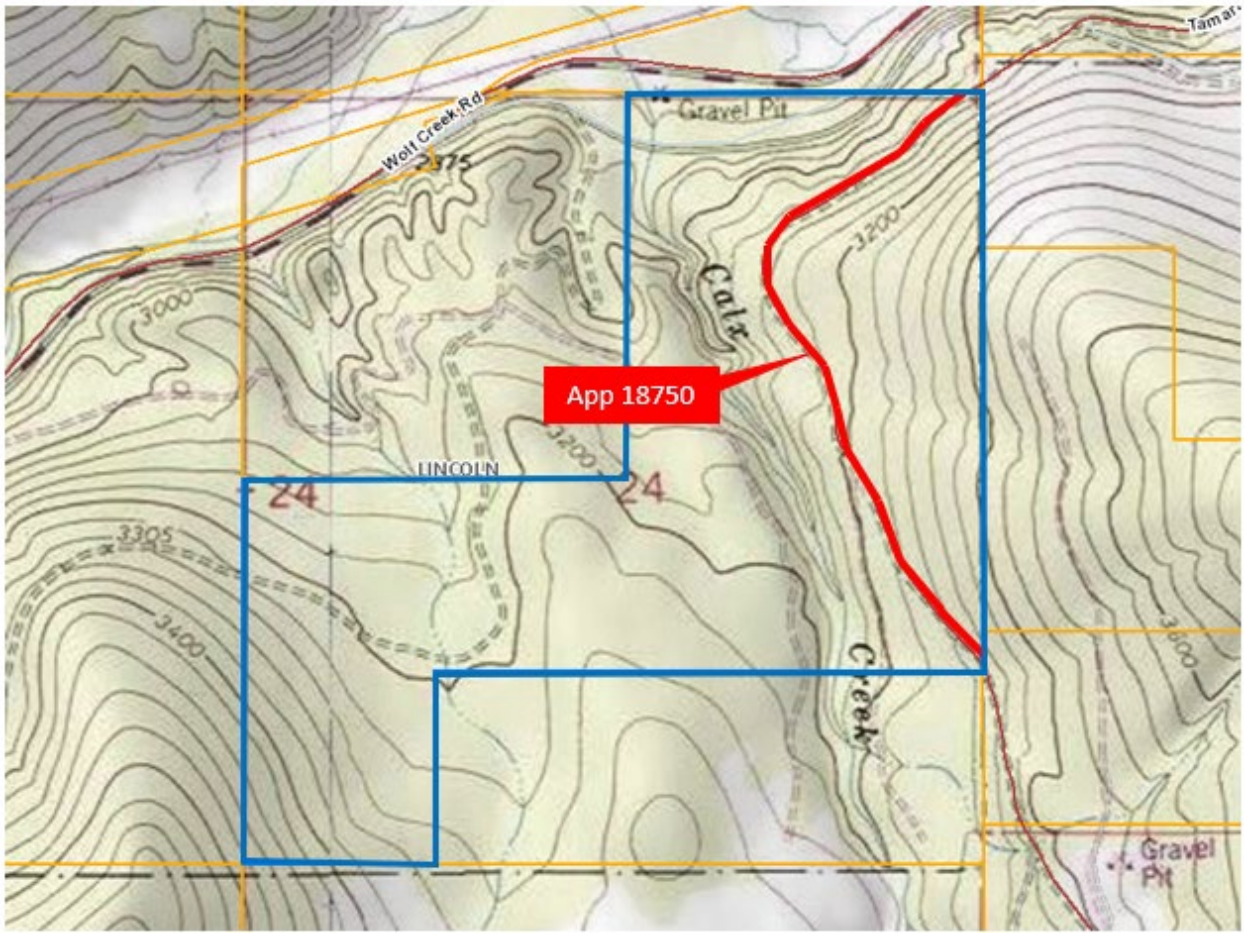
Lincoln Electric Cooperative, Inc is requesting an easement to construct a new buried 14.4 kV electric distribution line across Sate land. Bonneville Power Administration has requested electrical service to a radio communications site on the top of Calx Mountain on US Forest Service land. This communications site is currently used as a fire lookout and radio site for The Department of Natural Resources and Conservation (DNRC), Lincoln County, and various other agencies. Installation of a constant, reliable power source will ensure continued operation of these essential communication services and eliminate the unpredictability of generation by propane fuel, the current source. Per USFS restrictions, the proposed power line will be buried along the Tamarack Creek road corridor to minimize impacts.

DNRC Recommendation

The director recommends approval of the easement for Lincoln Electric Coop.

R/W Application 18750





APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Dry Prairie Rural Water Authority PO Box 577 Culbertson, MT 59218
Application No.:	18824
R/W Purpose:	a buried 6” water pipeline
Lessee Agreement:	ok
Acreage:	4.40
Compensation:	$1,870.00
Legal Description:	a 30-foot strip through NW4SW4, S2NW4, N2NE4, Sec. 36, Twp. 36N, Rge. 57E, Sheridan County
Trust Beneficiary:	Common Schools

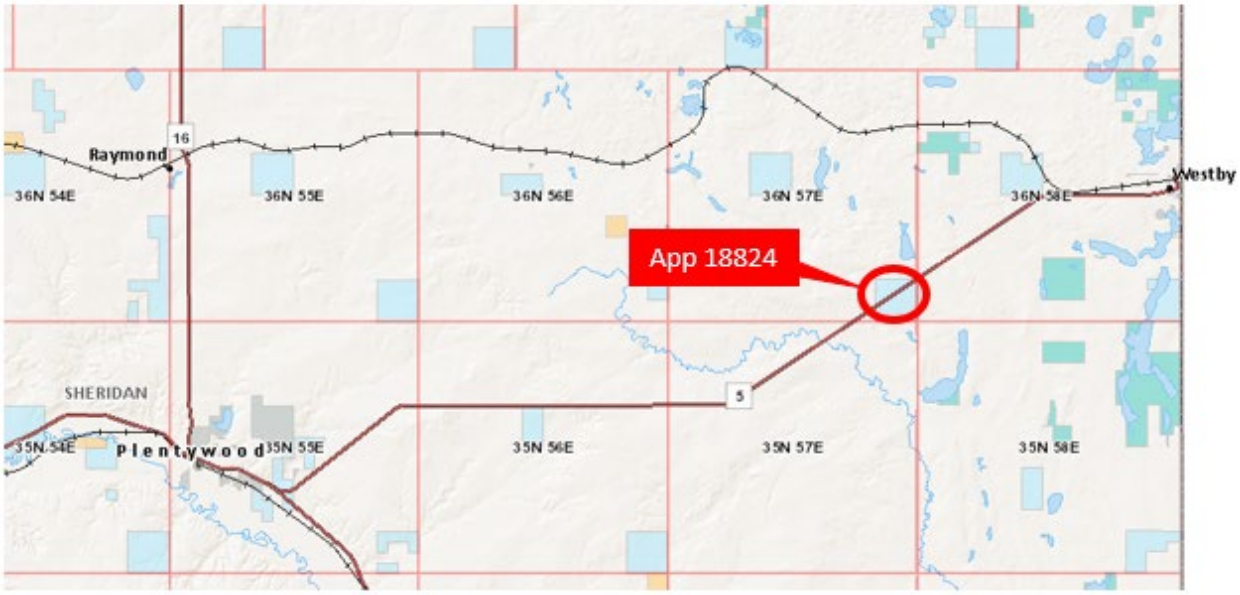
Item Summary

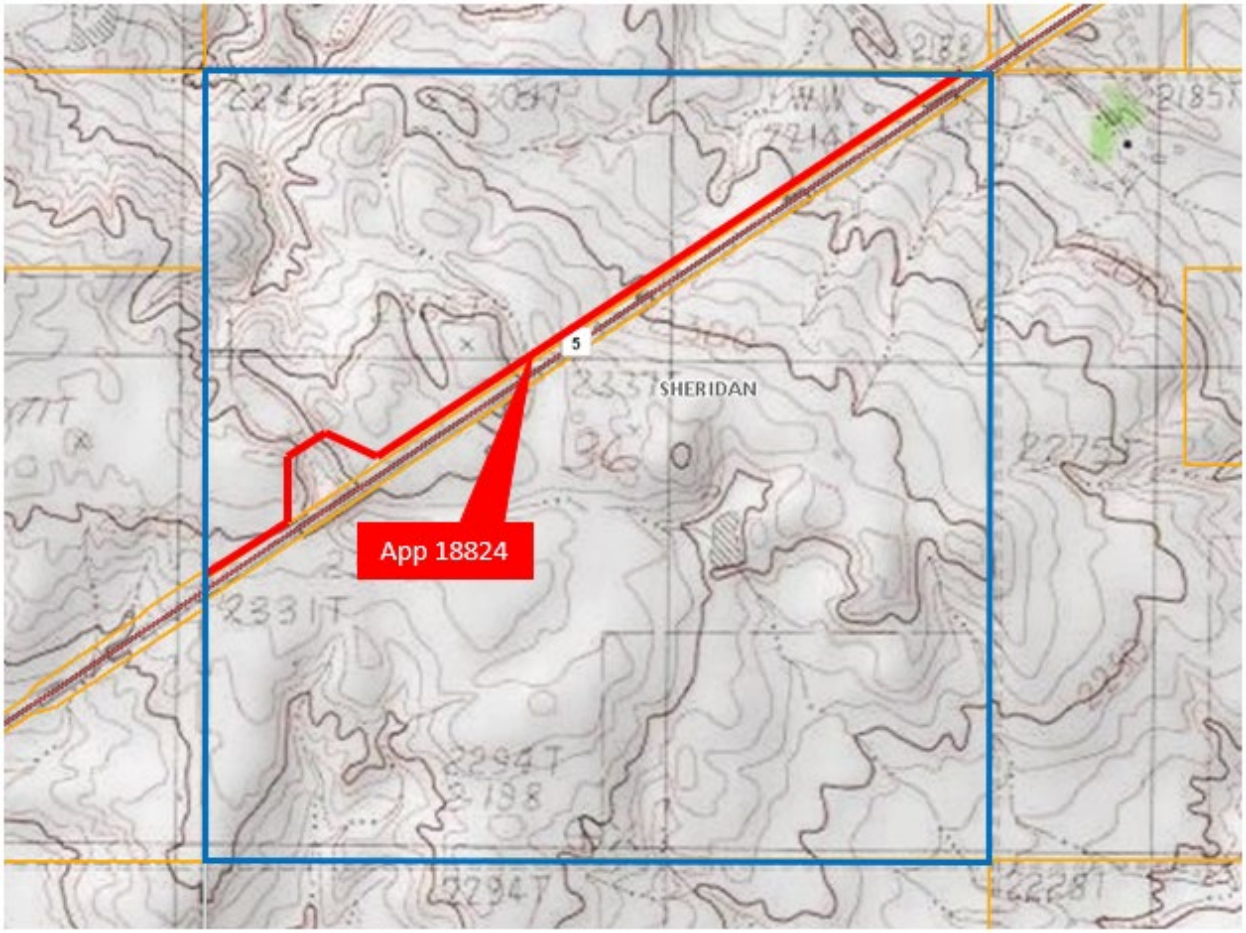
Dry Prairie Rural Water Authority has made application for a buried 6” water pipeline to serve the rural area in Sheridan County. The proposed pipeline is part of the federally funded water system under construction to bring quality drinking water to the Westby area. The selected route follows Highway 5 and is the most cost effective for the project.

DNRC Recommendation

The director recommends approval of the easement for Dry Prairie Rural Water Authority.

R/W Application 18824





APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	3-Rivers Telephone Cooperative PO Box 429 Fairfield, MT 59436
Application No.:	18825
R/W Purpose:	a buried fiber optic communications cable
Lessee Agreement:	N/A (Nav. River)
Acreage:	0.02
Compensation:	$300.00
Legal Description:	a 10-foot strip across the Gallatin River in SW4NW4, Sec. 16, Twp. 7S, Rge. 4E, Gallatin County
Trust Beneficiary:	Public Land Trust - Nav. River

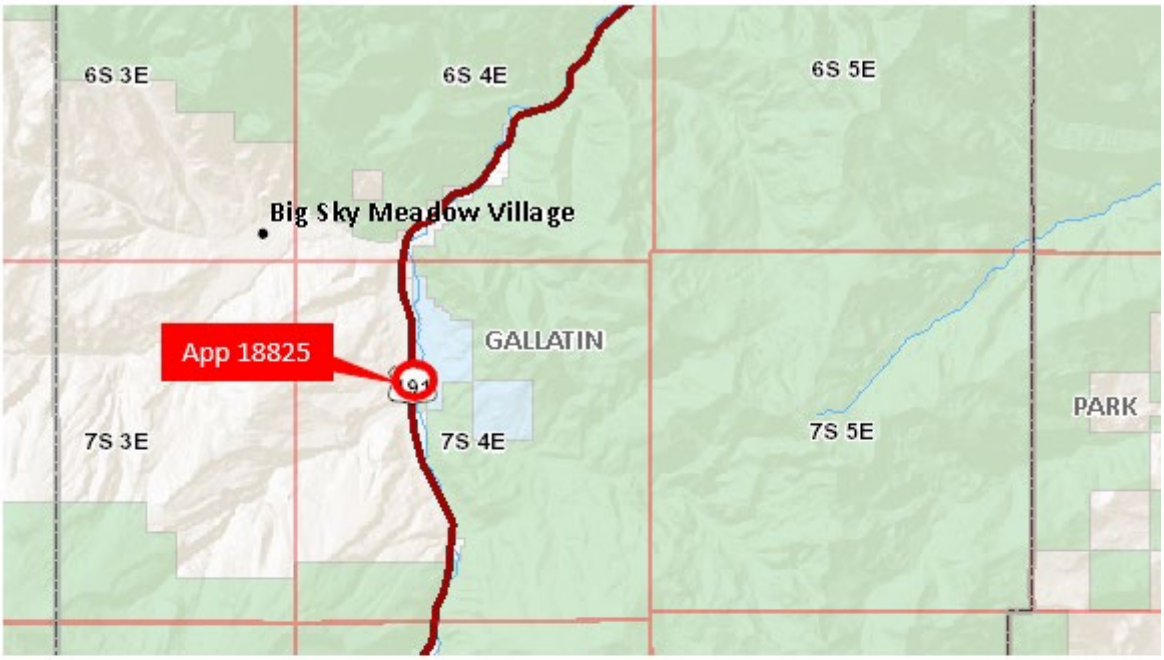
Item Summary

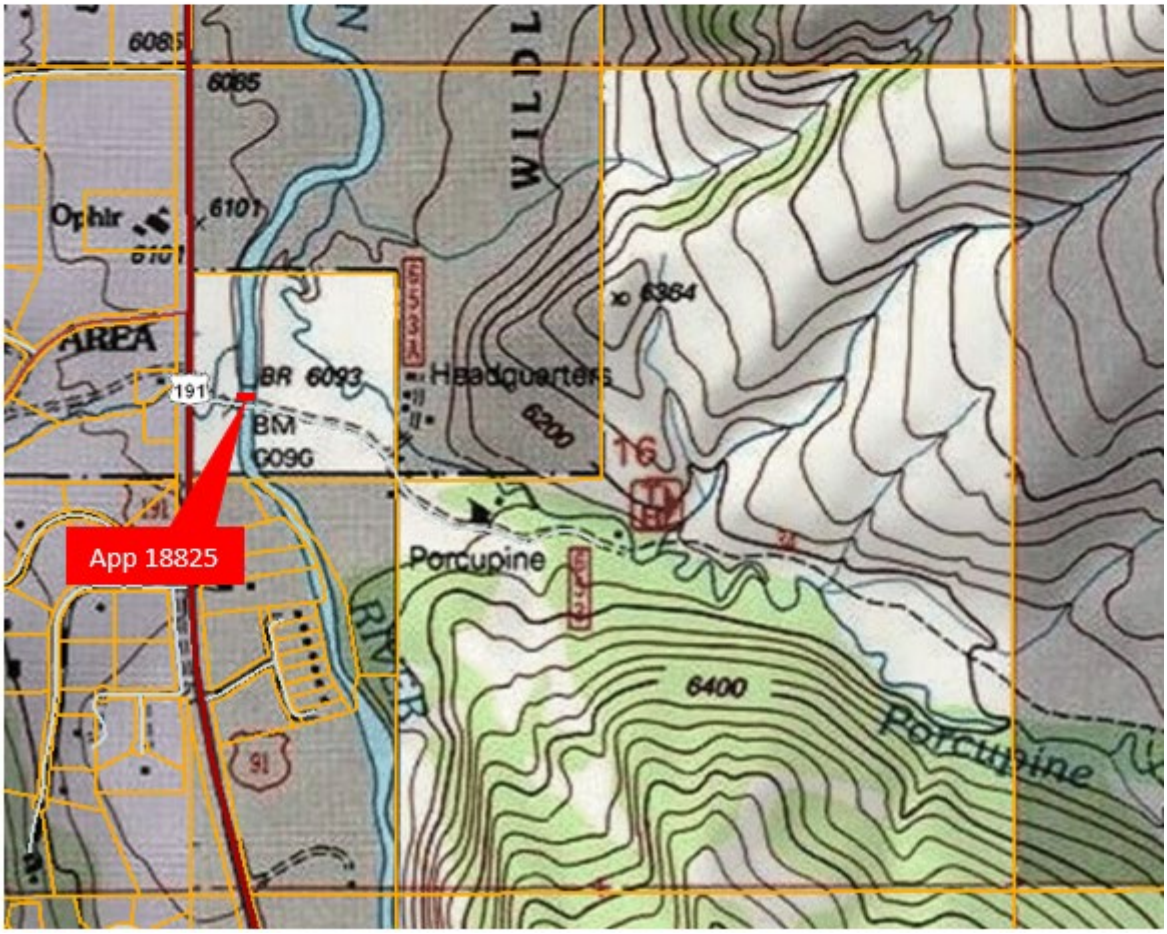
3 Rivers Telephone Cooperative is proposing to install a new fiber optic cable in Gallatin County to replace ageing copper cables that have reached capacity and useful life limits. The installation of new fiber optic cable will allow 3 Rivers to fulfill new service requests and provide high speed data and broadband services to rural residential customers. The proposed route follows existing roads and will be bored under the Gallatin River at this location. Minimal impacts are expected.

DNRC Recommendation

The director recommends approval of the application for 3-Rivers Telephone Coop.

R/W Application 18825





APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northern Telephone Cooperative, Inc PO Box 190 Sunburst, MT 59482
Application No.:	18827
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	1.86
Compensation:	$745.00
Legal Description:	a 20-foot strip through SE4SW4, S2SE4, Sec. 32, Twp. 35N, Rge. 2W, Toole County
Trust Beneficiary:	Capitol Buildings

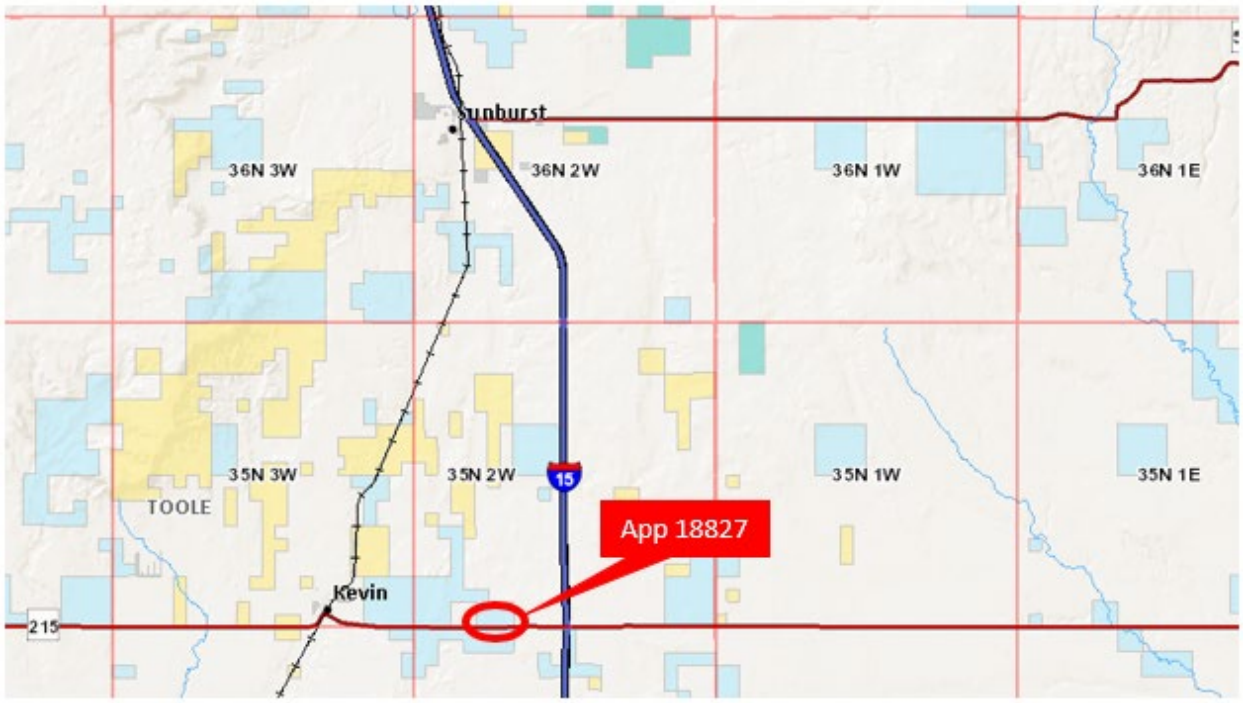
Item Summary

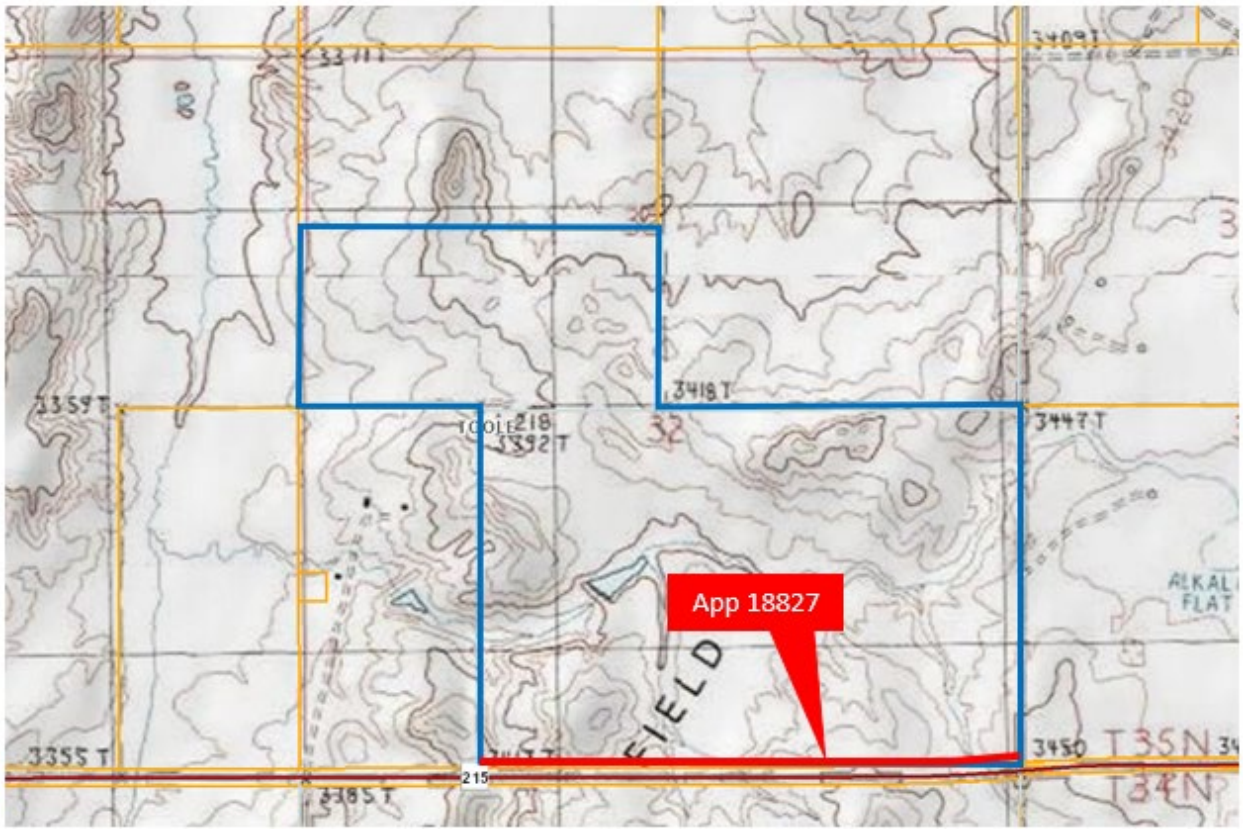
Northern Telephone Cooperative is proposing to upgrade existing infrastructure in the Kevin Exchange service area. The upgraded fiber optic cables will provide high speed data and broadband services to rural area around Kevin Montana. Installation of the fiber optic cable is mainly along existing road right-of-way with minimal impacts expected.

DNRC Recommendation

The director recommends approval of the easement for Northern Telephone Coop.

R/W Application 18827





APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Partners Holdings, LLC 1001 Louisiana St. Houston, TX 77002
Application No.:	18828
R/W Purpose:	two buried 6” natural gas pipelines
Lessee Agreement:	ok
Acreage:	2.92
Compensation:	$38,200.00
Legal Description:	a 20-foot strip through N2NW4, NW4NE4, S2NE4, and a 20-foot strip through NE4NW4, Sec. 36, Twp. 26N, Rge. 54E, Richland County
Trust Beneficiary:	Common Schools

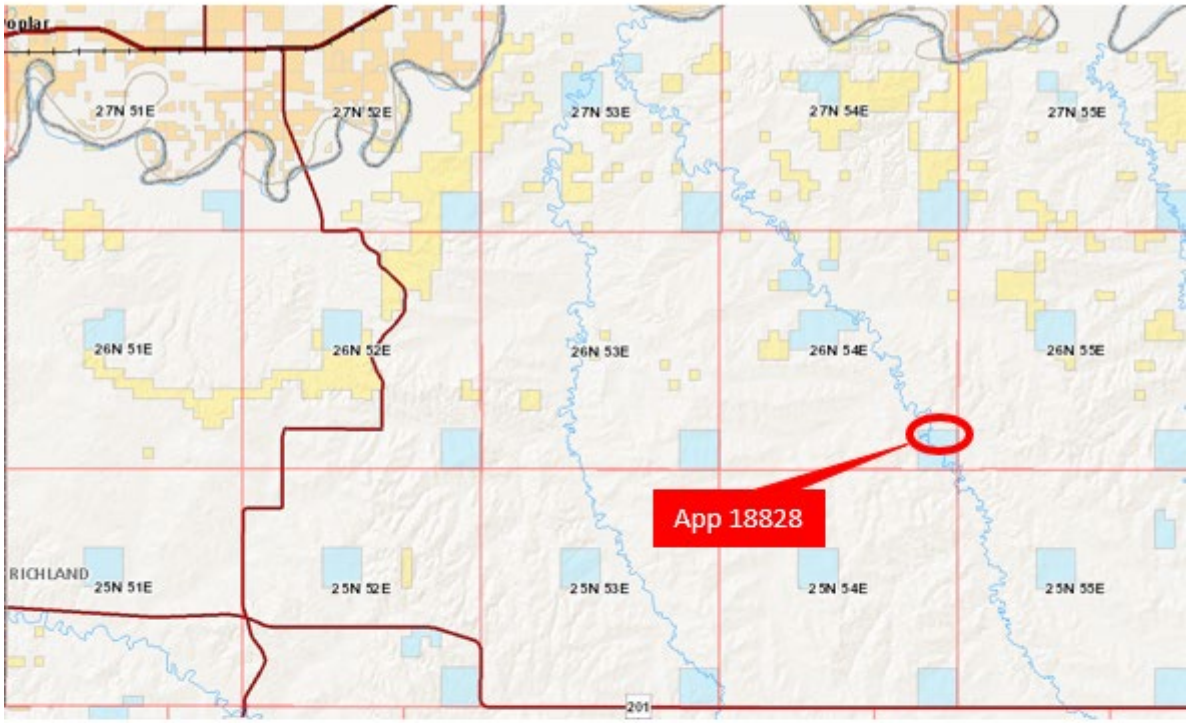
Item Summary

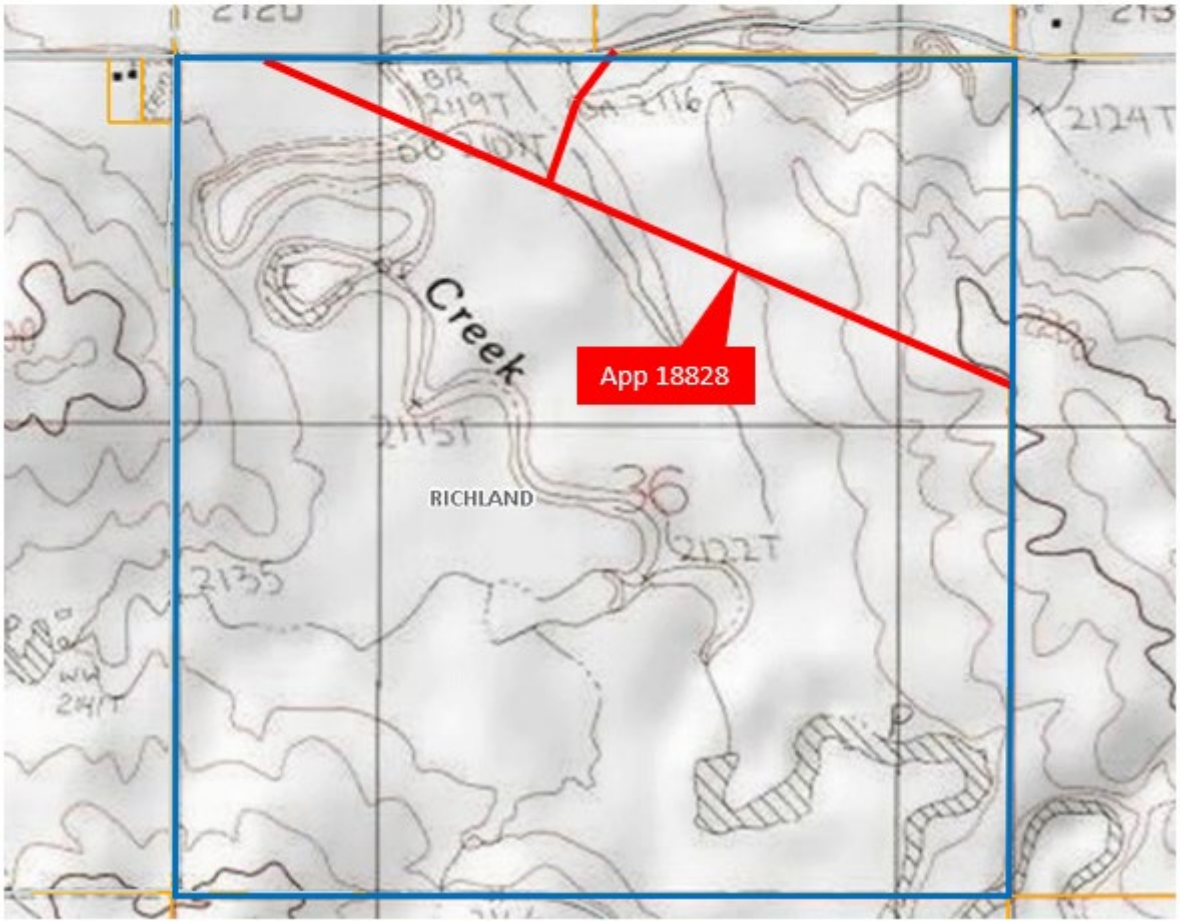
Hiland Partners Holdings, LLC has made application for two 6” natural gas pipelines. The pipelines were previously authorized and installed under a Land Use License issued in 2008. This application is to convert the License to a 30-year term easement. Hiland Partners Holdings, LLC has offered compensation in the amount of $100/rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year limited term easement for Hiland Partners Holdings.

R/W Application 18828





APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Communications PO Box 280 Circle, MT 59215
Application No.:	18839
R/W Purpose:	two buried fiber optic cables
Lessee Agreement:	ok
Acreage:	2.83
Compensation:	$1,415.00
Legal Description:	a 16-foot strip through Gov. Lots 5, 11, 12, E2SW4, S2SE4 and a 16-foot strip through SE4SE4, Sec. 3, Twp. 6N, Rge. 26E, Musselshell County
Trust Beneficiary:	Common Schools

Item Summary

Mid-Rivers Telephone Cooperative is proposing to install a new fiber optic cable in rural Musselshell County in the vicinity of Roundup to provide enhanced capabilities for rural customers. The proposed route is located along existing roads and previously disturbed ground and minimal impacts are expected. One State Land section impacted by this proposal is within general sage grouse habitat. Consultation with the Sage Grouse program has taken place.

DNRC Recommendation

The director recommends approval of this easement request for Mid-Rivers Telephone Cooperative

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Communications PO Box 280 Circle, MT 59215
Application No.:	18840
R/W Purpose:	a buried fiber optic cable
Lessee Agreement:	ok
Acreage:	1.52
Compensation:	$760.00
Legal Description:	a 16-foot strip through W2NE4, N2SE4, SE4SE4, Sec. 16, Twp. 6N, Rge. 26E, Musselshell County
Trust Beneficiary:	Common Schools

Item Summary

See page 36 for summary

DNRC Recommendation

See page 36 for recommendation

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Communications PO Box 280 Circle, MT 59215
Application No.:	18842
R/W Purpose:	a buried fiber optic cable
Lessee Agreement:	ok
Acreage:	2.09
Compensation:	$1,045.00
Legal Description:	a 16-foot strip through W2SW4, NE4SW4, NW4SE4, S2NE4, Sec. 16, Twp. 7N, Rge. 27E, Musselshell County
Trust Beneficiary:	Common Schools

Item Summary

See page 36 for summary

DNRC Recommendation

See page 36 for recommendation

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Communications PO Box 280 Circle, MT 59215
Application No.:	18843
R/W Purpose:	a buried fiber optic cable
Lessee Agreement:	ok
Acreage:	0.96
Compensation:	$480.00
Legal Description:	a 16-foot strip through S2SE4, Sec. 14, Twp. 8N, Rge. 26E, Musselshell County
Trust Beneficiary:	Common Schools

Item Summary

See page 36 for summary

DNRC Recommendation

See page 36 for recommendation

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Communications PO Box 280 Circle, MT 59215
Application No.:	18844
R/W Purpose:	three buried fiber optic cables
Lessee Agreement:	ok
Acreage:	2.33
Compensation:	$1,165.00
Legal Description:	a 16-foot strip through N2SW4, SE4SW4, S2SE4; a 16-foot strip through N2SW4; and a 16-foot strip through SW4SE4, Sec. 16, Twp. 8N, Rge. 26E, Musselshell County
Trust Beneficiary:	Common Schools

Item Summary

See page 36 for summary

DNRC Recommendation

See page 36 for recommendation

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Communications PO Box 280 Circle, MT 59215
Application No.:	18845
R/W Purpose:	a buried fiber optic cable
Lessee Agreement:	ok
Acreage:	2.14
Compensation:	$1,070.00
Legal Description:	a 16-foot strip through S2SW4, NE4SW4, N2SE4, SE4NE4, Sec. 36, Twp. 8N, Rge. 26E, Musselshell County
Trust Beneficiary:	Common Schools

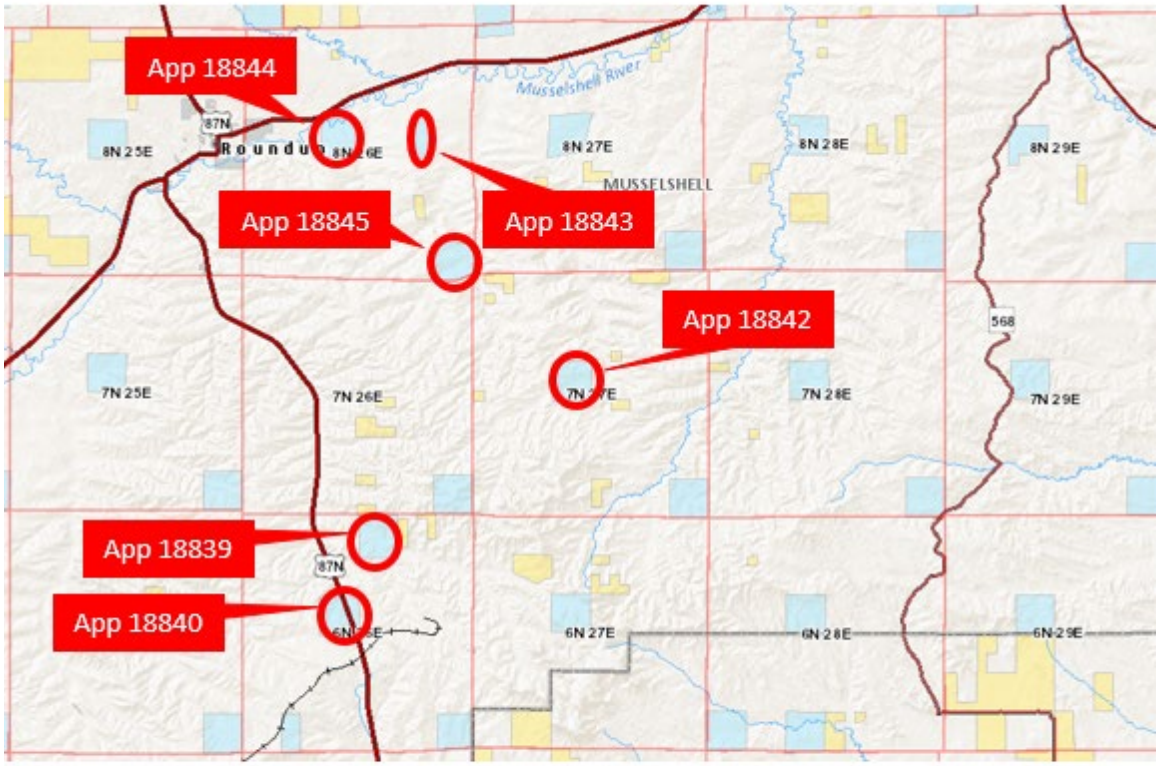
Item Summary

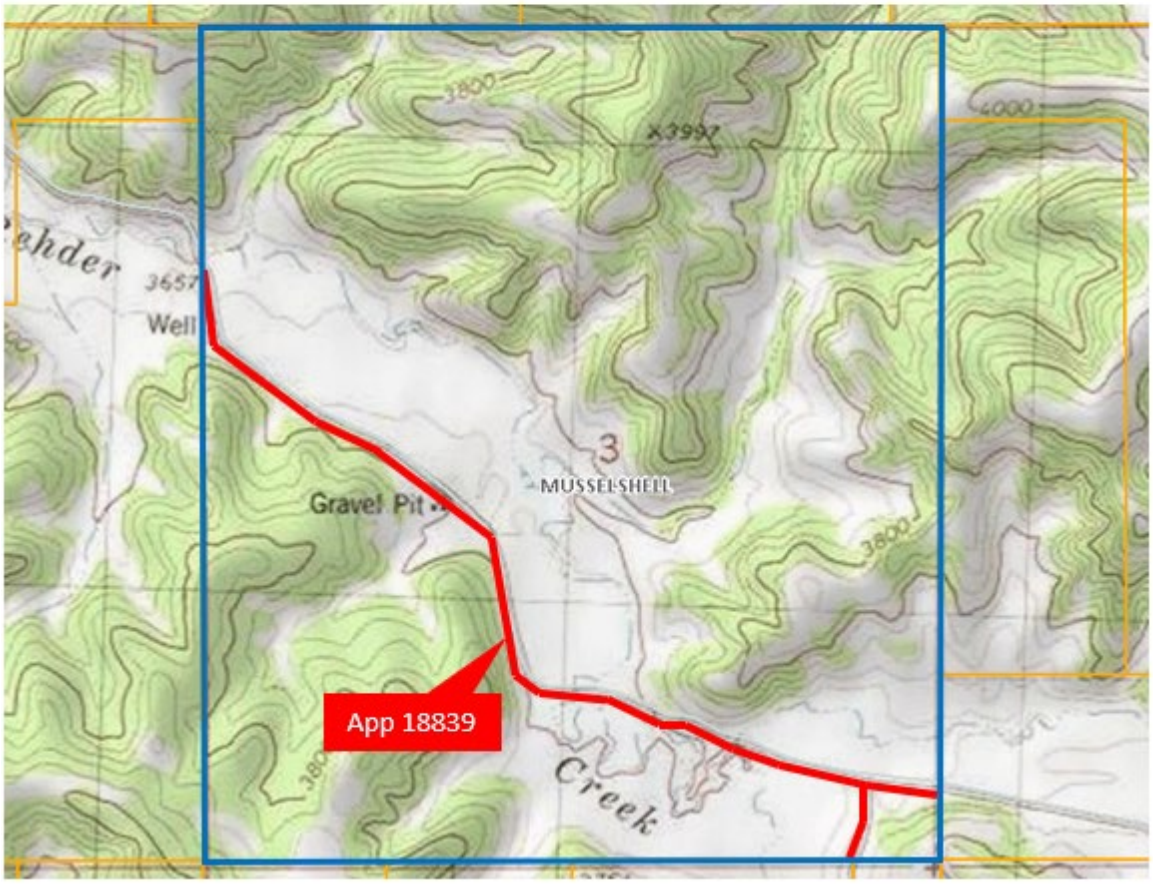
See page 36 for summary

DNRC Recommendation

See page 36 for recommendation

R/W Application 18839, 18840, 18842, 18843, 18844, 18845





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3900
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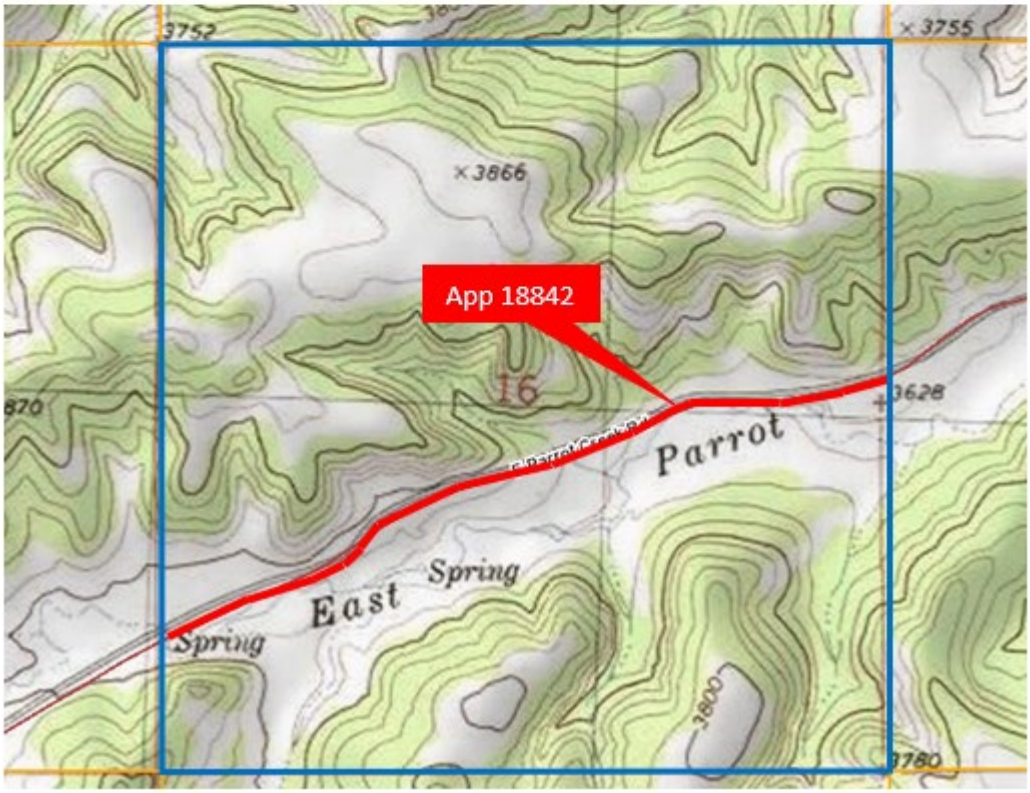
MUSSELSHELL
16
App 18840
BM
3884
4022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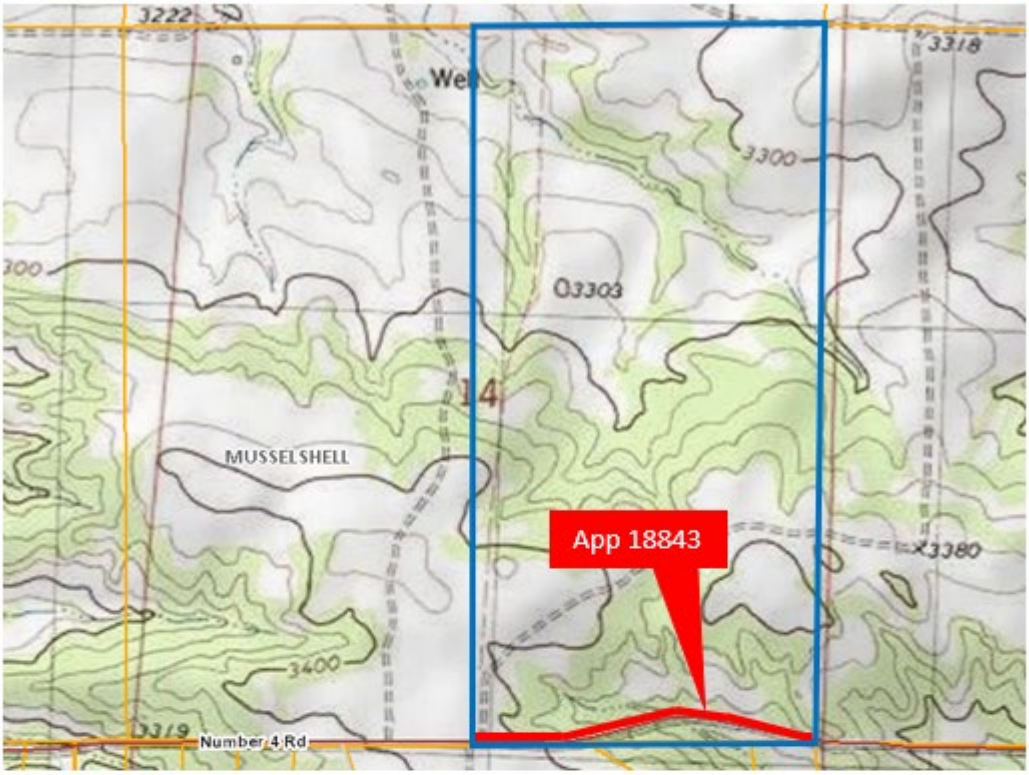
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3303
14
MUSSELSHELL
App 18843
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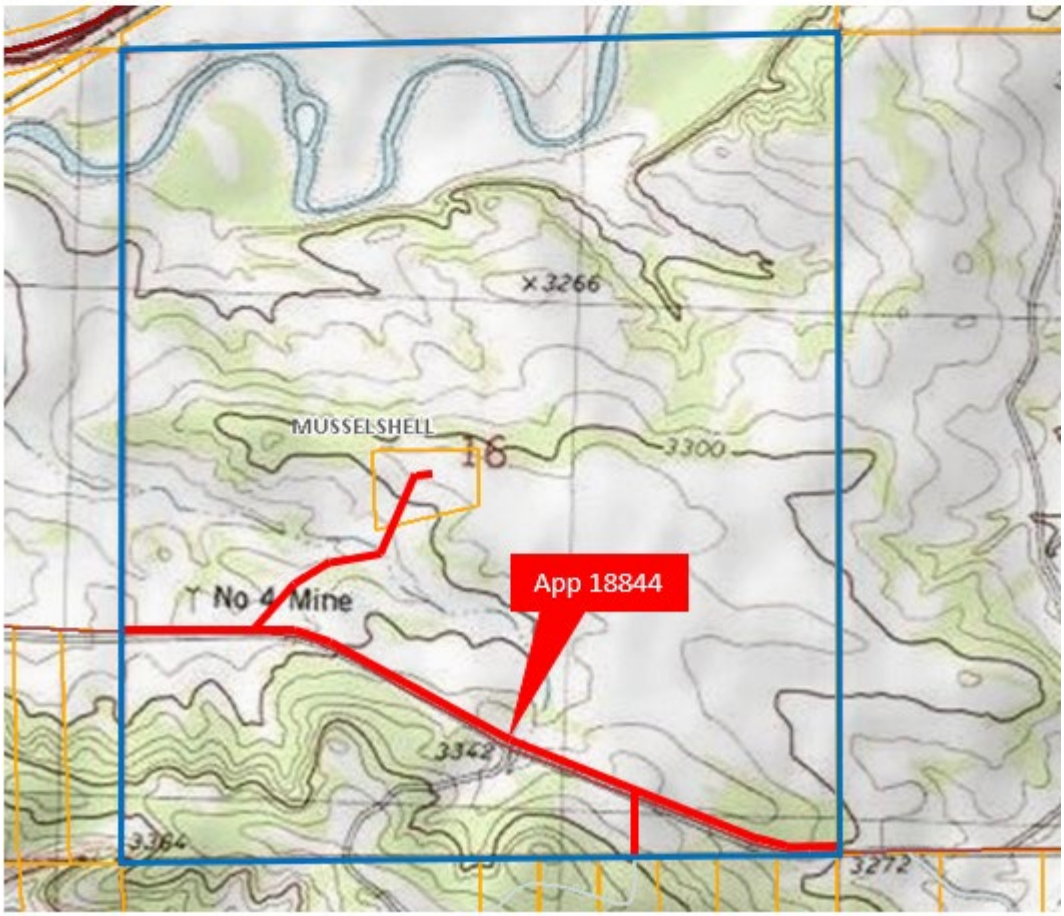
3400
3319
Number 4 Rd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16
3300
No 4 Mine
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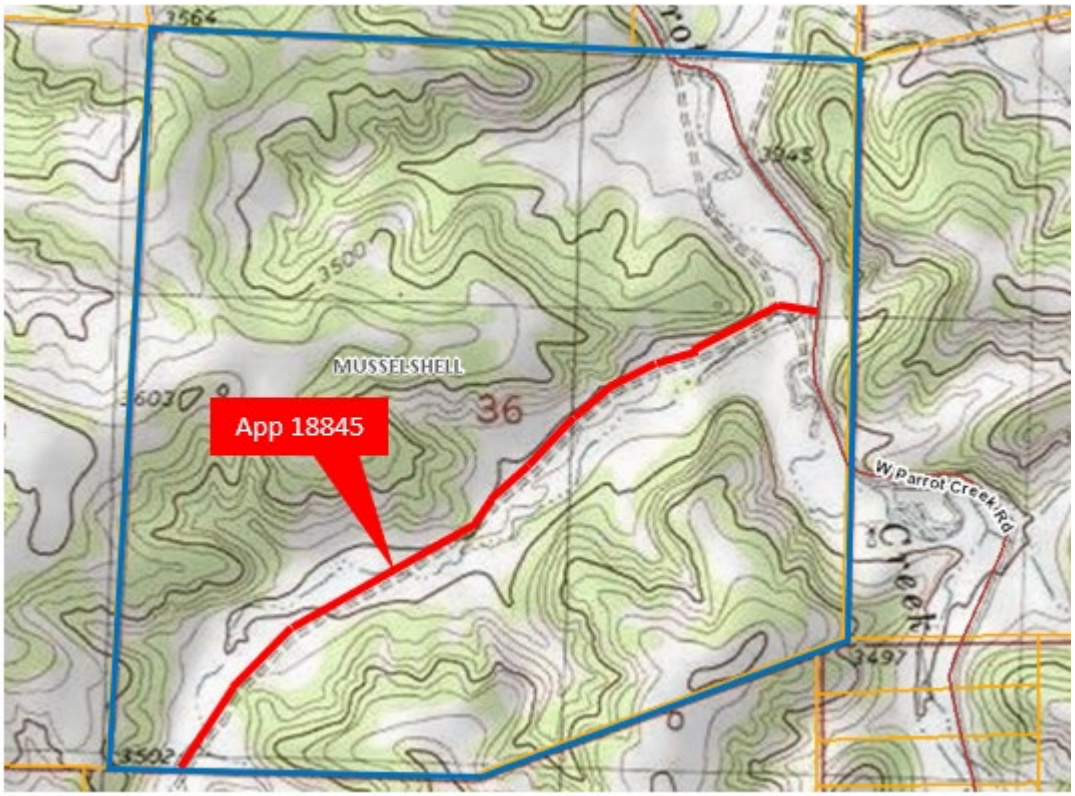
3364
3272


App 18845
MUSSEL SHELL
36
W Parrot Creek Rd
Creek
3500
3603
3502
3497
3564

Land Board Agenda Item
January 27, 2020

0120-3B Tungsten Tornilla Reciprocal Access Agreement

Location: Sanders County

Trust Benefits: Common Schools

I. Applicant:

Tungsten Holdings, Inc.
P.O. Box 1213
Libby, MT 59923

II. Purpose of Reciprocal Access Agreement:

This reciprocal agreement was initiated by the State to gain additional legal access to 296 acres of State Trust Land to accommodate two existing timber sales on Trust Lands. As a part of this request, the State received a Temporary Road Use Permit (TRUP) to conduct the Tornilla Creek and Skookum Creek timber sales while permanent rights were being negotiated and finalized.

Included in this agreement is mutually shared segments of roads that access both State and Tungsten Holdings. In addition, it was mutually agreed that a road in trespass on Weyerhaeuser could be relocated and constructed onto Tungsten Holdings land.

III. Legal Description (R/W):

State Land (R/W)	Sec. 26, Twp. 26N, Rge. 27W
Cooperator Land (R/W)	Sec. 26, Twp. 26N, Rge. 27W Sec. 30, Twp. 26N, Rge. 26W

IV. General Information:

Tributary Area, right of way area, and miles of road are summarized as follows:

	State	Cooperator	Total
Tributary Area:	296 acres	188 acres	484 acres
Miles of Road:	0.29 miles	0.84 miles	1.13 miles
Right of Way Area:	2.11 acres	3.38 acres	5.49 acres

V. Costs to be Borne by Each Party:

State will compensate Cooperator in the amount of $10,650 for the disparate excess

costs of land value and road construction value after approval of this Agreement by the Montana Board of Land Commissioners.

VI. Results of MEPA Analysis:

The impacts were considered as a part of the Tornilla Creek and Skookum Creek Timber Sales and have not changed since the analysis. The original impacts were considered and addressed in June 2017.

VII. Benefits to State:

1. *Describe the rights regarding which The Department of Natural Resources and Conservation (DNRC) lands are being accessed.*

   - This reciprocal access agreement will secure additional permanent rights to two parcels of State Trust Lands. These accesses were authorized under a TRUP for the Tornilla Creek & Skookum Creek Timber Sales with the understanding that both parties would move forward to secure permanent rights. Through the course of the State timber sale, it was discovered that a portion of pre-existing road had been built in trespass on Weyerhaeuser and with the approval of Tungsten Holdings, was able to be re-routed and constructed on Tungsten land.

2. *Describe the public access situation and the effects of this agreement:*

   - As a result of this Reciprocal Access Agreement, there will be no change to the access rights in favor of the public. Existing easements across lands of Stimson Lumber and Weyerhaeuser to both Tungsten and State of Montana lands do not provide for use by the public.

3. *Describe other benefits associated with completing the agreement:*

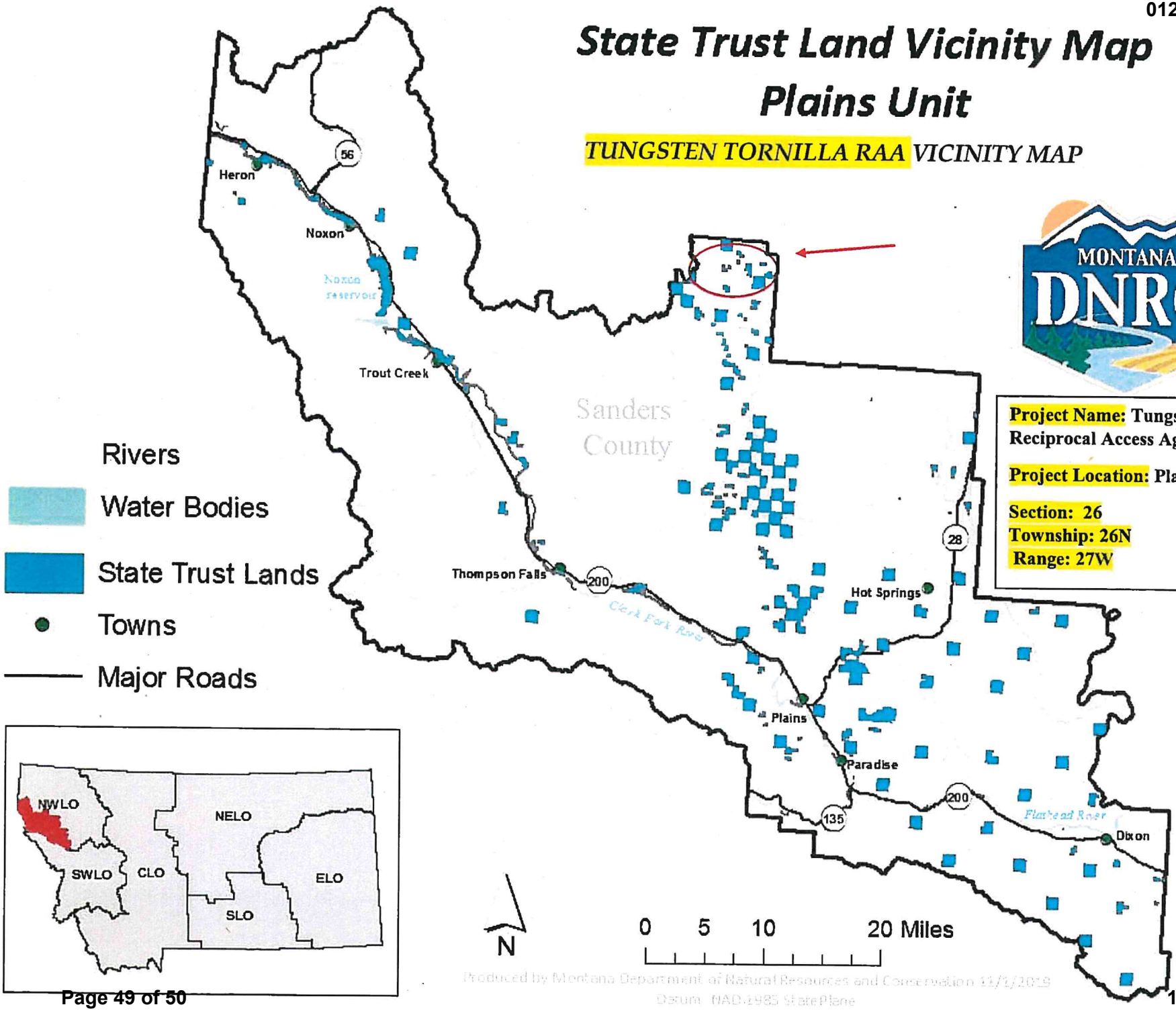
   - The Agreement reflects access requested by both parties, costs to be shared and reduced access acquisition costs. This Agreement would ensure the access is properly identified and continue the shared financial obligations for road maintenance on the included roads as constructed.
   - Provides for improved and legal access for Trust Land management
   - Resolves a construction trespass issue.

VIII. Recommendation/Action:

The director recommends approval of the Tungsten Tornilla Reciprocal Access Agreement.

State Trust Land Vicinity Map
Plains Unit

TUNGSTEN TORNILLA RAA VICINITY MAP



Project Name: Tungsten Tornilla Reciprocal Access Agreement

Project Location: Plains Unit

Section: 26
Township: 26N
Range: 27W

Exhibit 1-A

Tungsten Tornilla

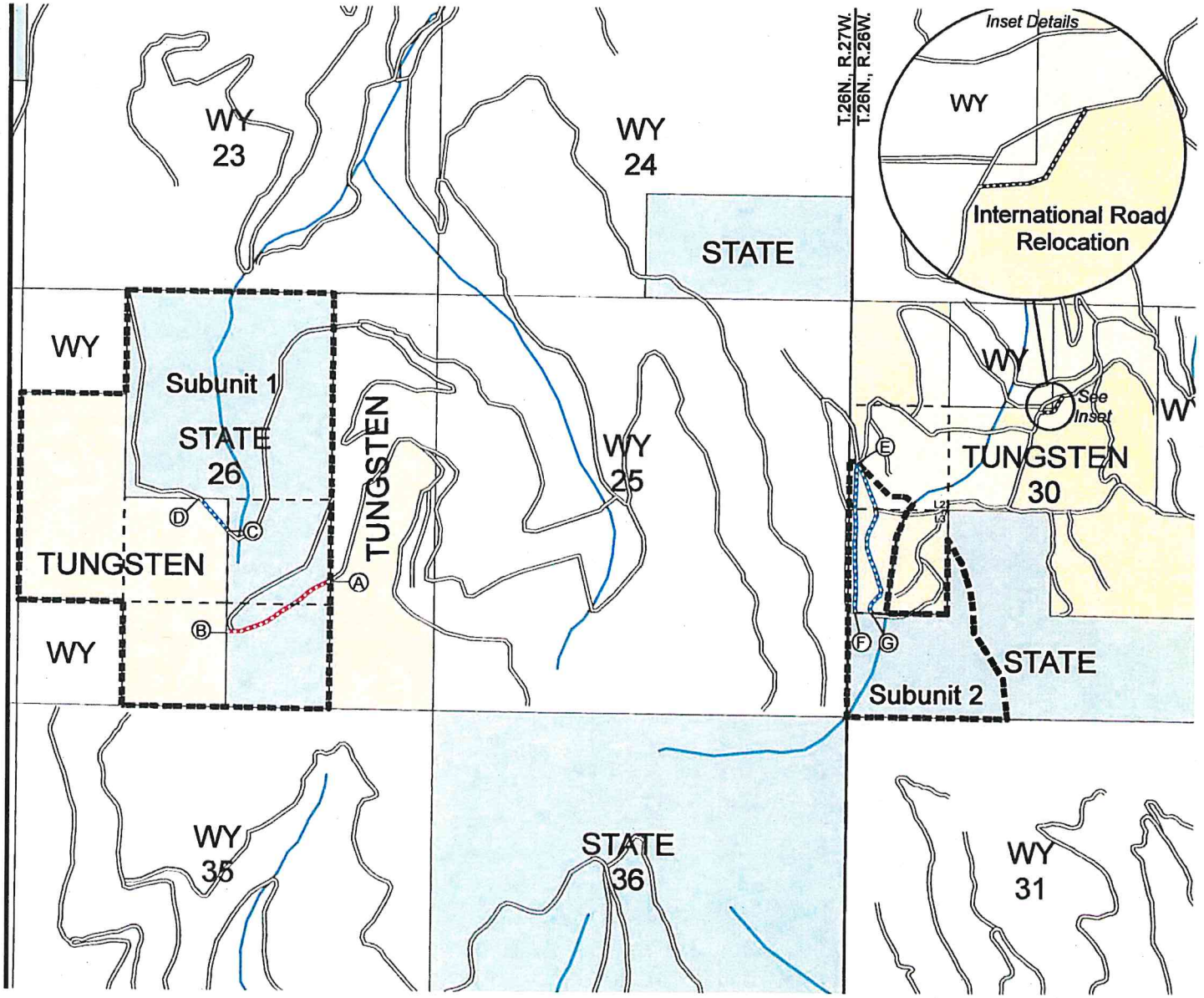
Reciprocal Access Agreement

MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
and
TUNGSTEN HOLDINGS, INC.

Section 30, T.26N., R.26W. and
Section 26, T.26N., R.27W.
Sanders County, Principal Meridian, Montana

LEGEND

- Tributary Area
- Ⓐ Road Segment Terminus
- Section Subdivision
- STATE State of Montana
- TUNGSTEN Tungsten Holdings, Inc.
- WY Weyerhaeuser Company
- Cooperator to State
- State to Cooperator
- Relocated Easement

0 0.25 0.5 Miles NORTH

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