

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
November 21, 2022, at 9:00 a.m.
Supreme Court Chambers, Mazurek Justice Building
Helena, MT

ACTION ITEMS

1122-1 Timber Sales **APPROVED 5-0**

A. Lost Ridge

Benefits: Common Schools

Location: Lake County

B. McStryker

Benefits: Common Schools (92%) and MSU Second Grant (8%)

Location: Flathead County

C. Ronan Creek Fire Salvage

Benefits: School for Deaf and Blind

Location: Lake County

D. Smiley Todd

Benefits: Common Schools

Location: Sanders County

E. Wolfagator

Benefits: Common Schools

Location: Fergus County

1122-2 Land Banking Sale Parcels: Final Approval **APPROVED 5-0**

Benefits: Pine Hills Schools

Location: Chouteau County

1122-3 Cabin and Home Sites: Set Minimum Bid for Sale **APPROVED 4-1
Commissioner Downing,
Opposed**

Benefits: MSU, Pine Hills School

Location: Missoula County

1122-4 Easements: Standard Grants **APPROVED 5-0**

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

Location: Flathead and Gallatin Counties

1122-5 Informational Item: Real Estate

Benefits: Common Schools, MSU, Pine Hills School, Public Buildings, School for Deaf and Blind, and U of M

Location: Butte/Silverbow, Cascade, Custer, Flathead, Gallatin, Lake, Lincoln, and Missoula Counties

1122-6 Informational Item: 2022 State Trust Lands Report

Benefits: N/A

Location: Statewide

PUBLIC COMMENT

1122-1

TIMBER SALES:

- A. Lost Ridge
- B. McStryker
- C. Ronan Creek Fire Salvage
- D. Smiley Todd
- E. Wolfagator Limited Access

**Land Board Agenda Item
November 21, 2022**

1122-1A Timber Sale: Lost Ridge

Location: Lake County
Sections 2, 3, 10, 11, 13, 14, and 15 T24N, R17W

Trust Beneficiaries: Common Schools

Trust Revenue: \$253,512 (estimated, minimum bid)

Item Summary

Location: The Lost Ridge Timber Sale is located approximately 5.5 miles southeast of Swan Lake, Montana.

Size and Scope: The sale includes 11 harvest units (504 acres) of skyline and tractor logging.

Volume: The estimated harvest volume is 25,895 tons (4.57 MMBF) of saw log.

Estimated Return: The minimum bid is \$9.79 per ton, which would generate approximately \$253,512 for the Common School Trust and approximately \$121,448 in Forest Improvement fees.

Prescription: This sale would utilize a combination of seed tree, overstory removal and old growth maintenance harvest prescriptions designed to reduce insect and disease issues and to promote forest health.

Road Construction/Maintenance: In conjunction with the sale, Department of Natural Resources and Conservation (DNRC) is proposing 7.4 miles of new permanent road construction, 1 mile of road reconstruction, and 34 miles of road maintenance.

Access: Access is obtained through Lost Creek Road for the east part of the sale. The west part of the sale is accessed through Soup Creek Road to Cilly Creek Road then Upper Cilly Ridge Road for several miles.

Public Comments: Six comments were received in response to the Lost Napa Environmental Impact Statement (EIS) which covers this timber sale. One comment from Montana Fish, Wildlife & Parks expressed concerns over fish and wildlife. A non-profit environmental organization expressed concerns about old growth forests, water quality, fish and wildlife habitat, roads and soils, cumulative effects, economics, climate change, and weeds. Northern Cheyenne Tribe commented to defer future comments to the tribe nearest the project area. Two comments from industry representatives and one comment from a neighboring landowner all expressed support for the project. All public concerns were addressed in the final EIS.

DNRC Recommendation

The DNRC recommends the Land Board direct DNRC to sell the Lost Ridge Timber Sale.

State Trust Land Vicinity Map

Swan Unit

Lost Ridge VICINITY MAP



Project Name: Lost Ridge

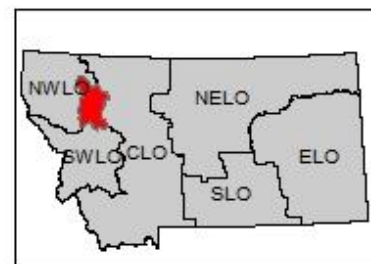
Project Location: approx. 6 air miles SE of Swan Lake, MT

Sections: 2, 3, 10, 11, 13, 14, 15

Township: 24N

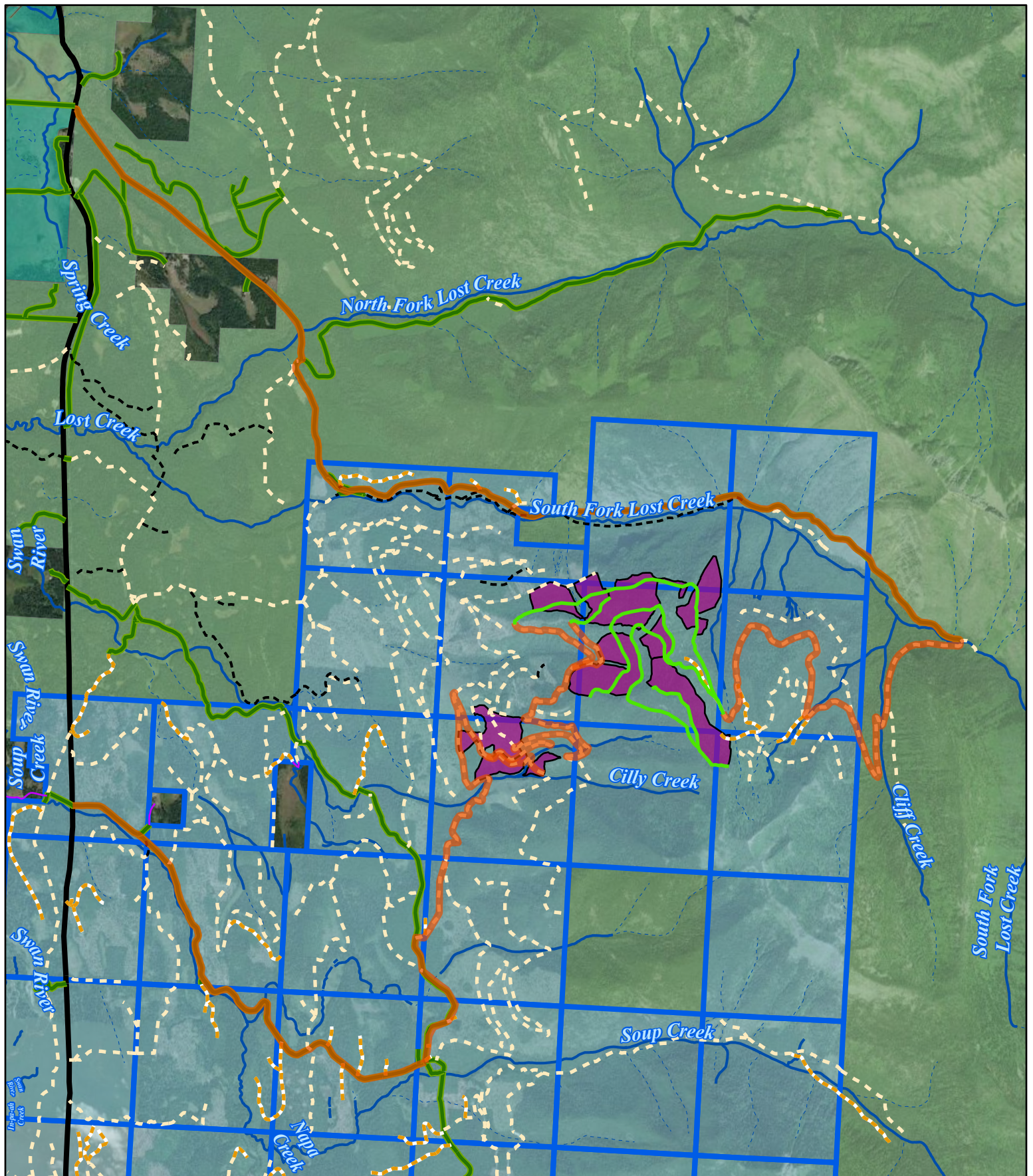
Range: 17W

-  State Trust Land
-  Major Roads
-  Water Bodies
-  County Lines
-  Rivers
-  Towns



0 5 10 20 Miles

Lost Ridge Timber Sale Haul Route

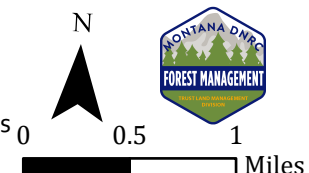


Haul Route
 New Road
 FMB_Roads
 Highway

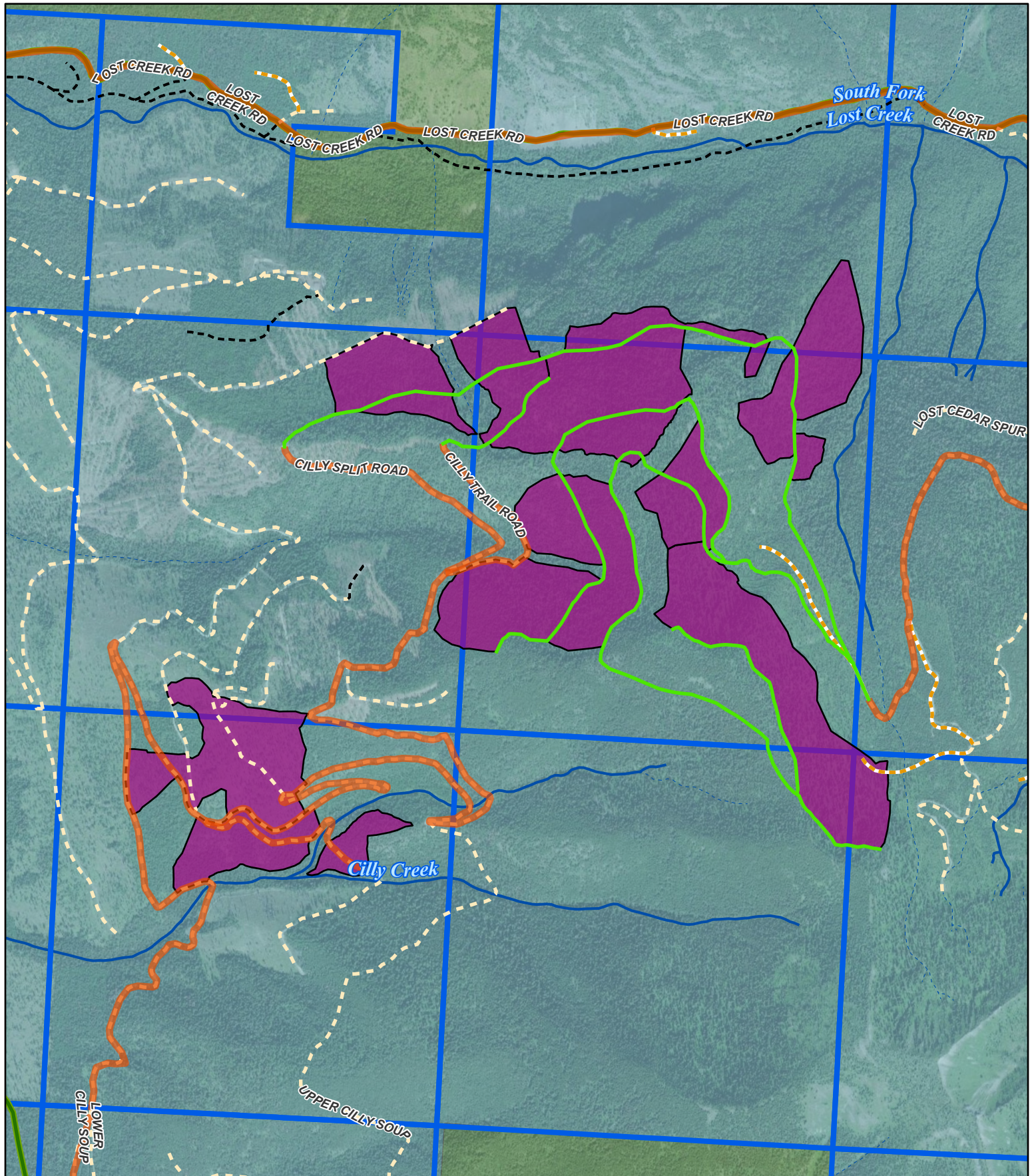
Open/Public Roads
 Restricted Class A
 Restricted Class B
 Abandoned or Reclaimed
 Pvt Access or Admin Site

Harvest Units
 DNR Trust Lands
 Perennial Stream
 Intermittent Stream

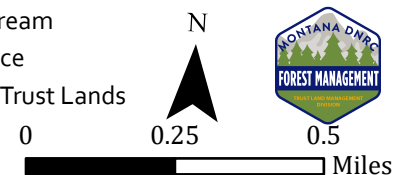
US Fish and Wildlife
 US Forest Service
 State of Montana Misc.
 Montana State Trust Lands
 Local Government



Lost Ridge Timber Sale Harvest Units



- | | | | |
|------------|------------------------|--------------------------|---------------------------|
| Haul Route | Open/Public Roads | Pvt Access or Admin Site | Intermittent Stream |
| New Road | Restricted Class A | Harvest Units | US Forest Service |
| FMB_Roads | Restricted Class B | DNRC Trust Lands | Montana State Trust Lands |
| Highway | Abandoned or Reclaimed | Perennial Stream | |



**Land Board Agenda Item
November 21, 2022**

1122-1B Timber Sale: McStryker

Location: Flathead County

Sections 14, 16, 17, 21-25, 27, 28, & 36 T33N R23W

Sections 19 & 30 T33N R22W

Section 3 T32N R23W

Trust Beneficiaries: Common Schools (92%) & MSU Second Grant (8%)

Trust Revenue: \$563,076 (estimated, minimum bid)

Item Summary

Location: The McStryker Timber Sale is located approximately 5 miles north of Olney, Montana.

Size and Scope: The sale includes 14 harvest units (305 acres) of ground-based logging.

Volume: The estimated harvest volume is 24,567 tons (4,283 MBF) of sawlog product.

Estimated Return: The minimum bid is \$22.92 per ton, which would generate approximately \$563,076 for the Common Schools and MSU Second Grant Trust and approximately \$113,745 in Forest Improvement fees.

Prescription: This sale would utilize a combination of seed tree, clearcut with reserves, overstory removal, and commercial thinning harvest prescriptions designed to improve tree growth and regenerate stands with a desired species mix.

Road Construction/Maintenance: In conjunction with the sale, Department of Natural Resources and Conservation (DNRC) is proposing 1.4 miles of new permanent road construction and 28.3 miles of road maintenance.

Access: Access is obtained through State-owned road systems.

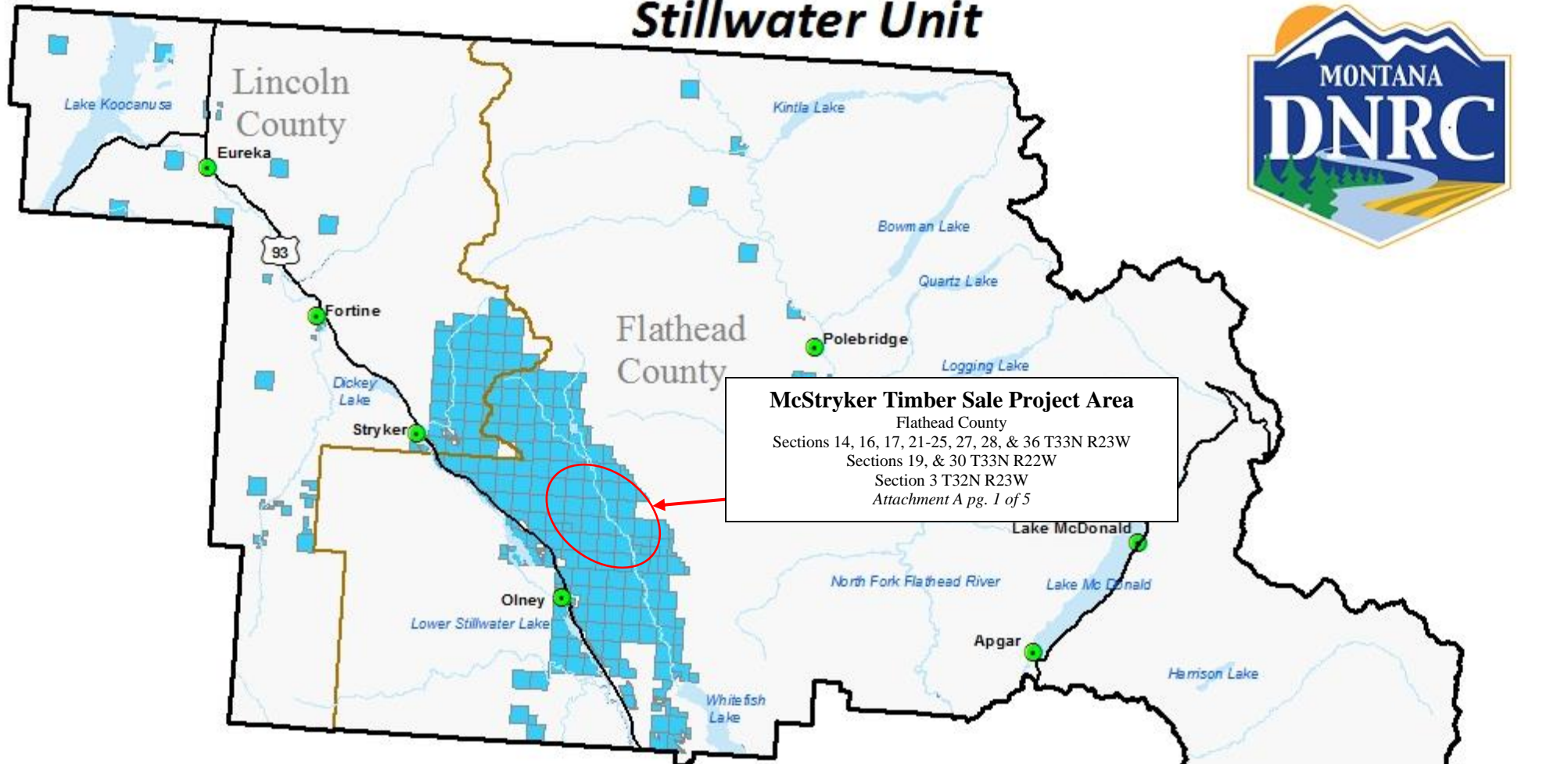
Public Comments: The McStryker Timber Sale was analyzed under the McStryker Environmental Assessment (EA), Jellison Bearpaw EA and New Acquisition Stand Improvement EA. The McStryker EA received no public comments. The Jellison Bearpaw EA received five public comments, including concerns about riparian and wetland areas, wildlife, old growth forest, noxious weeds, and public access to currently gated areas, as well as project support from an industry representative. All public concerns were addressed in the Jellison Bearpaw EA. The New Acquisition Stand Improvement EA received one public comment from Bonville Power Administration (BPA) offering assistance on tree removal near their powerlines. DNRC notified BPA that thinning units are not near BPA powerlines.

DNRC Recommendation

The DNRC recommends the Land Board direct DNRC to sell the McStryker Timber Sale.

State Trust Land Vicinity Map

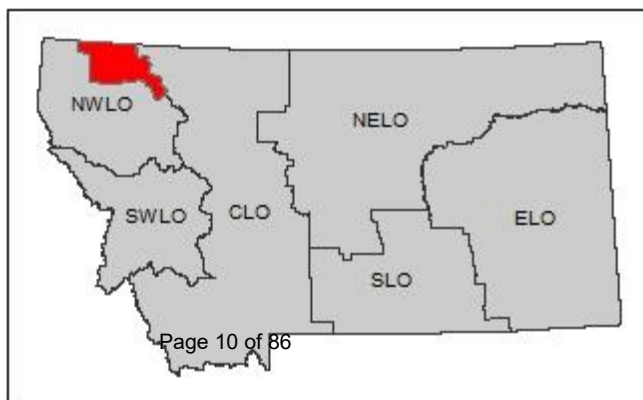
Stillwater Unit



McStryker Timber Sale Project Area

Flathead County
 Sections 14, 16, 17, 21-25, 27, 28, & 36 T33N R23W
 Sections 19, & 30 T33N R22W
 Section 3 T32N R23W
 Attachment A pg. 1 of 5

MCSTRYKER TIMBER SALE VICINITY MAP



- Towns
- County Lines
- Major Roads
- Rivers
- Water Bodies
- State Trust Land

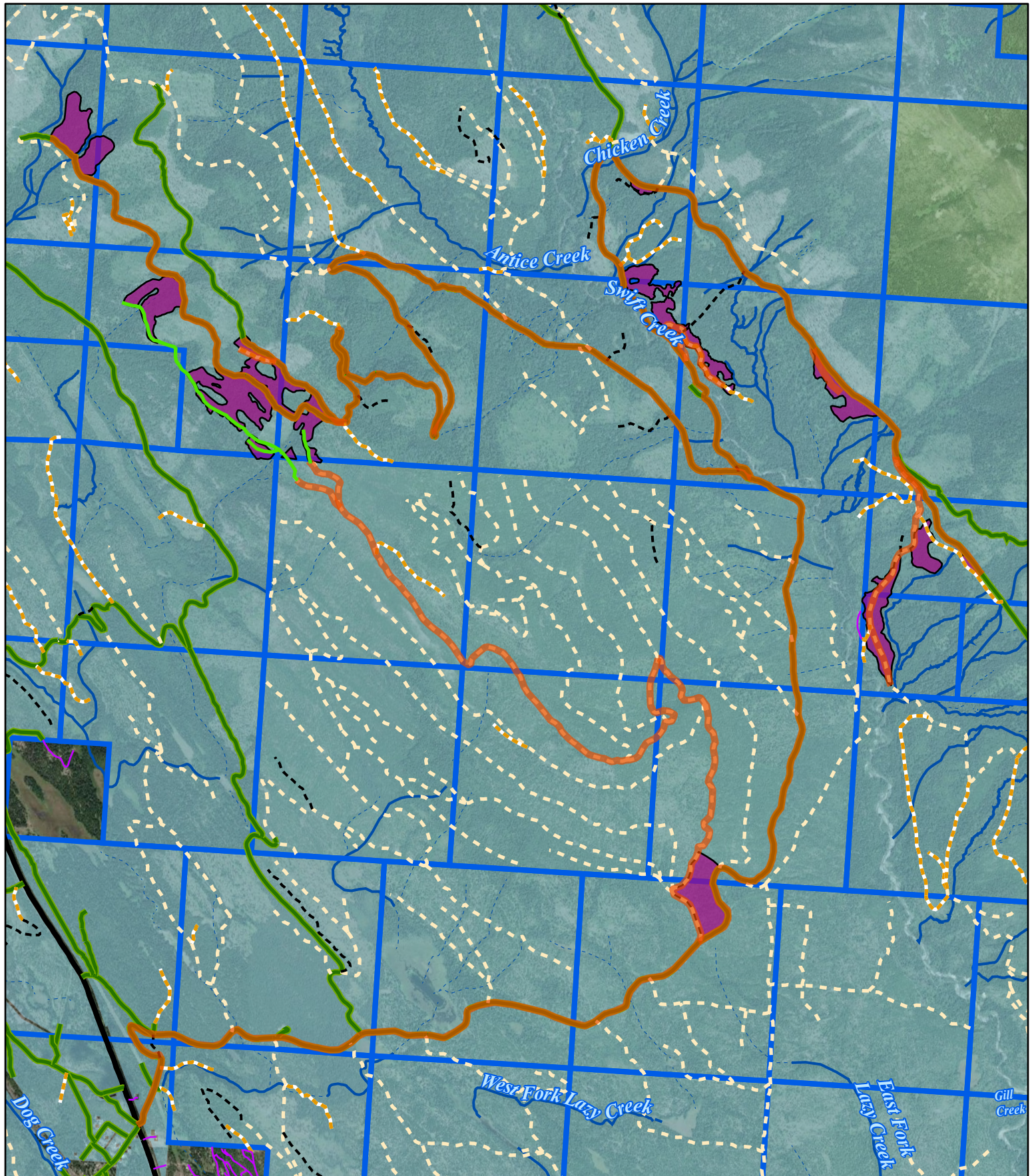
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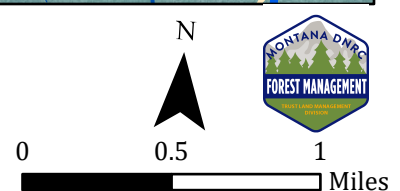
Produced by Montana Department of Natural Resources and Conservation 11/1/2019

Datum: NAD 1983 StatePlane

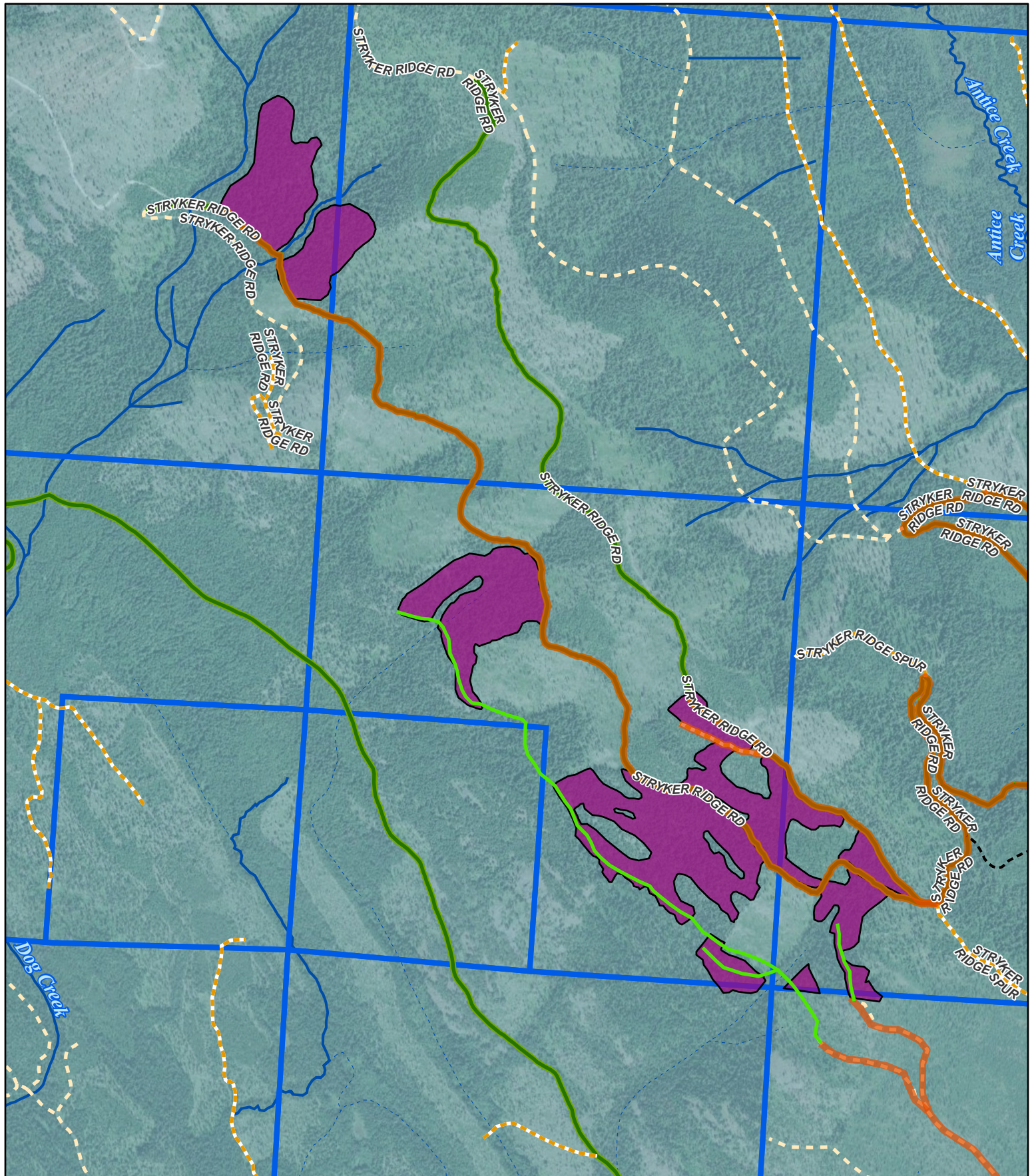
McStryker Timber Sale Haul Route



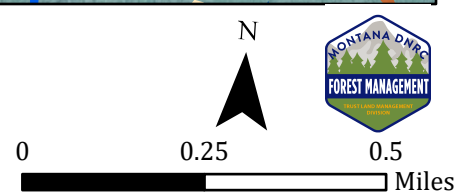
- | | | |
|--------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------|
| — Haul Route | - - - Restricted Class A | — DNRC Trust Lands |
| — New Road | - - - Restricted Class B | — Perennial Stream |
| — FMB_Roads | - - - Abandoned or Reclaimed | - - - Intermittent Stream |
| — Highway | — Pvt Access or Admin Site | — US Forest Service |
| — Open/Public Roads | ■ Harvest Units | — Montana State Trust Lands |



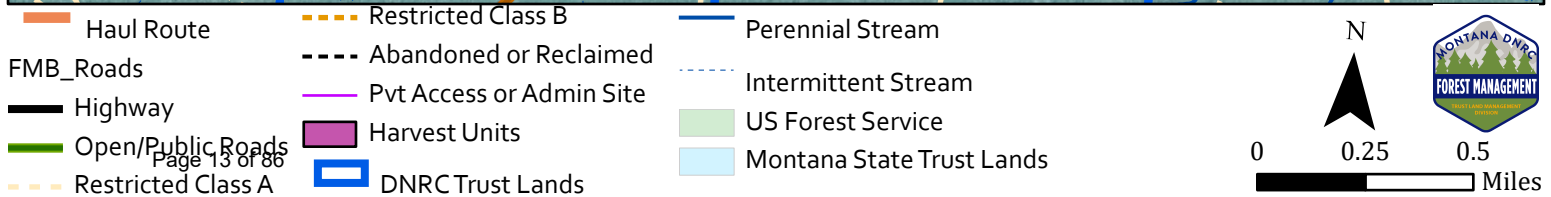
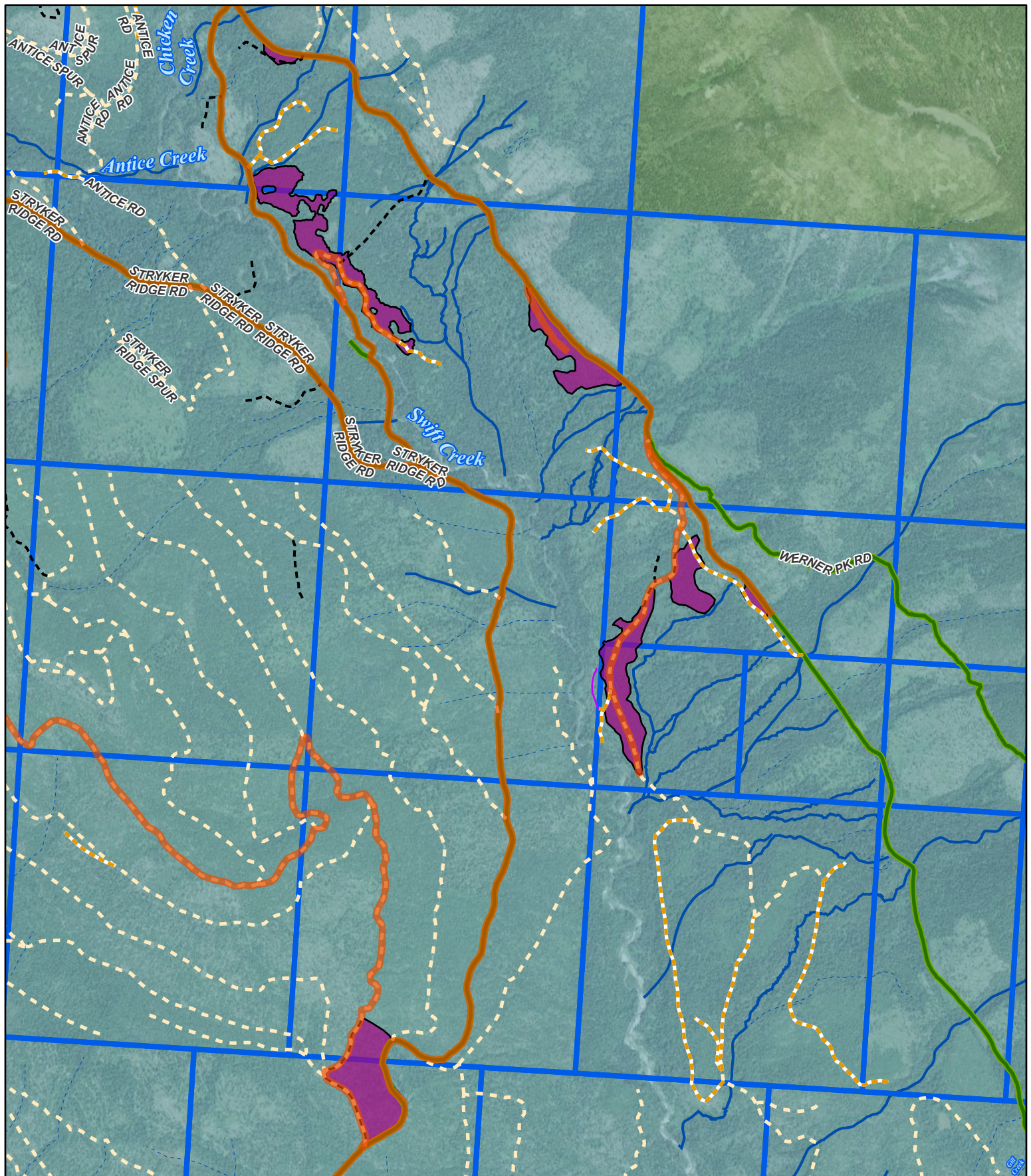
McStryker Timber Sale Harvest Units 1-7



- | | | |
|--------------------------|------------------------|---------------------------|
| Haul Route | Restricted Class A | DNR Trust Lands |
| New Road | Restricted Class B | Perennial Stream |
| Highway | Abandoned or Reclaimed | Intermittent Stream |
| Open/Public Roads | Harvest Units | Montana State Trust Lands |
| Pvt Access or Admin Site | | |



McStryker Timber Sale Harvest Units 8-14



**Land Board Agenda Item
November 21, 2022**

1122-1C Timber Sale: Ronan Creek Fire Salvage

**Location: Lake County
Section 26, T25N, R22W**

Trust Beneficiaries: School for Deaf and Blind

Trust Revenue: \$110,993 (estimated, minimum bid)

Item Summary

Location: The Ronan Creek Fire Salvage Timber Sale is located approximately 4 miles west of Proctor, Montana.

Size and Scope: The sale includes 1 harvest unit (559 acres) of ground-based logging.

Volume: The estimated harvest volume is 7,268 tons (1.274 MMBF) of sawlogs.

Estimated Return: The minimum bid is \$21.61 per ton, which would generate approximately \$110,993 for the Deaf and Blind Trust and approximately \$33,942 in Forest Improvement fees.

Prescription: This sale would utilize a seed tree harvest prescription designed to capture the value of fire killed trees and promote regeneration.

Road Construction/Maintenance: In conjunction with the sale, the Department of Natural Resources and conservation (DNRC) is proposing 7.42 miles of road maintenance.

Access: Access is obtained through private road easements and road use permits.

Public Comments: No public comments were received.

DNRC Recommendation

The DNRC recommends the Land Board direct DNRC to sell the Ronan Creek Fire Salvage Timber Sale.

State Trust Land Vicinity Map

Kalispell Unit

RONAN CREEK FIRE
SALVAGE

VICINITY MAP







Project Name: Ronan
Creek Fire Salvage

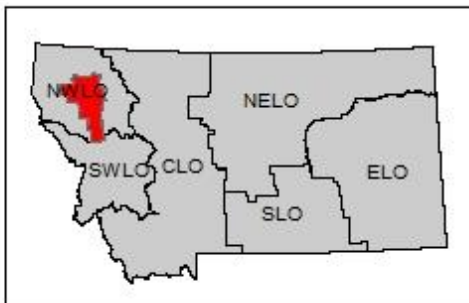
Project Location:

Section: 26 Township: 25N
Range: 22W

County: Lake

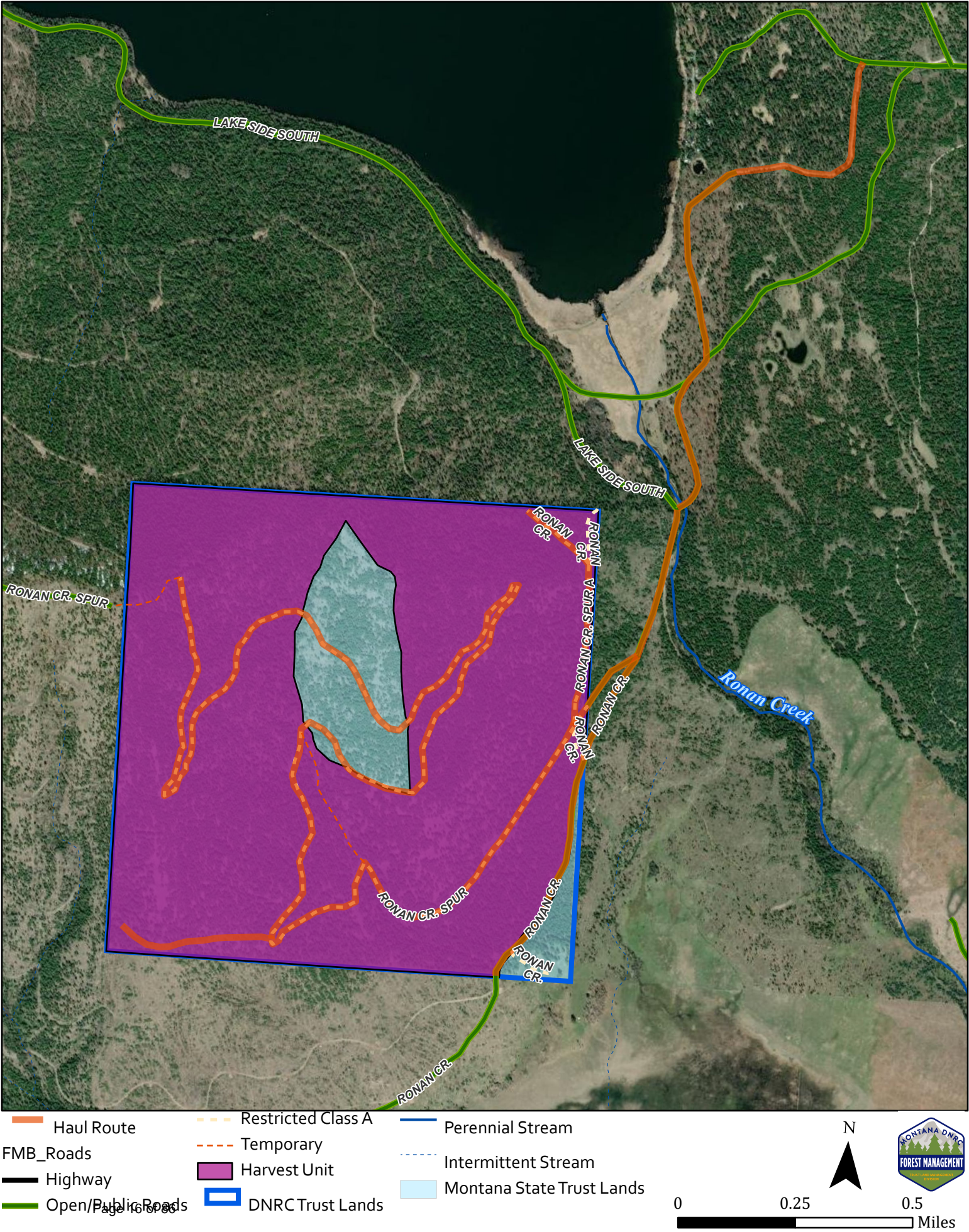


- | | |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
|  State Trust Land |  Water Bodies |
|  Towns |  Rivers |
|  County Lines |  Major Roads |



0 5 10 20 Miles

Ronan Creek Fire Salvage Timber Sale Haul Route and Harvest Unit



**Land Board Agenda Item
November 21, 2022**

1122-1D Timber Sale: Smiley Todd

**Location: Sanders County
Section 30 T22N R26W**

Trust Beneficiaries: Common Schools

Trust Revenue: \$218,818 (estimated, minimum bid)

Item Summary

Location: The Smiley Todd Timber Sale is located approximately 12 miles north of Plains, Montana.

Size and Scope: The sale includes 8 harvest units (*251 acres*) of skyline and tractor logging.

Volume: The estimated harvest volume is 14,775 tons (*2.2 MMBF*) of sawlogs.

Estimated Return: The minimum bid is \$14.81 per ton, which would generate approximately \$218,818 for the Common Schools Trust and approximately \$58,952 in Forest Improvement fees.

Prescription: This sale would utilize a combination of shelterwood and seed tree harvest prescriptions designed to capture the value of trees susceptible to insect and disease and reduce fuel load.

Road Construction/Maintenance: In conjunction with the sale, Department of Natural Resources and Conservation (DNRC) is proposing 3.4 miles of new permanent road construction and 4.4 miles of road maintenance.

Access: Access is obtained through North Plains-Smiley Creek Reciprocal Access Agreement and Little Thompson River Road.

Public Comments: Four comments were received. Three comments from industry representatives expressed support for the project. Montana Fish, Wildlife & Parks expressed concern about noxious weeds and requested to be informed of new road construction following project completion. DNRC explained that noxious weed mitigations that would be implemented.

DNRC Recommendation

The DNRC recommends the Land Board direct DNRC to sell the Smiley Todd Timber Sale.

State Trust Land Vicinity Map

Plains Unit

SMILEY TODD TIMBER SALE VICINITY MAP



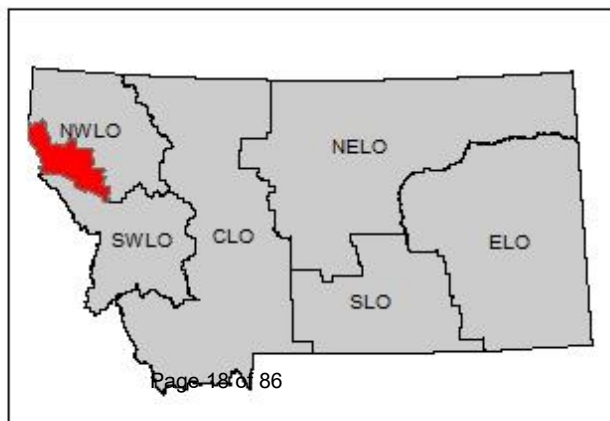
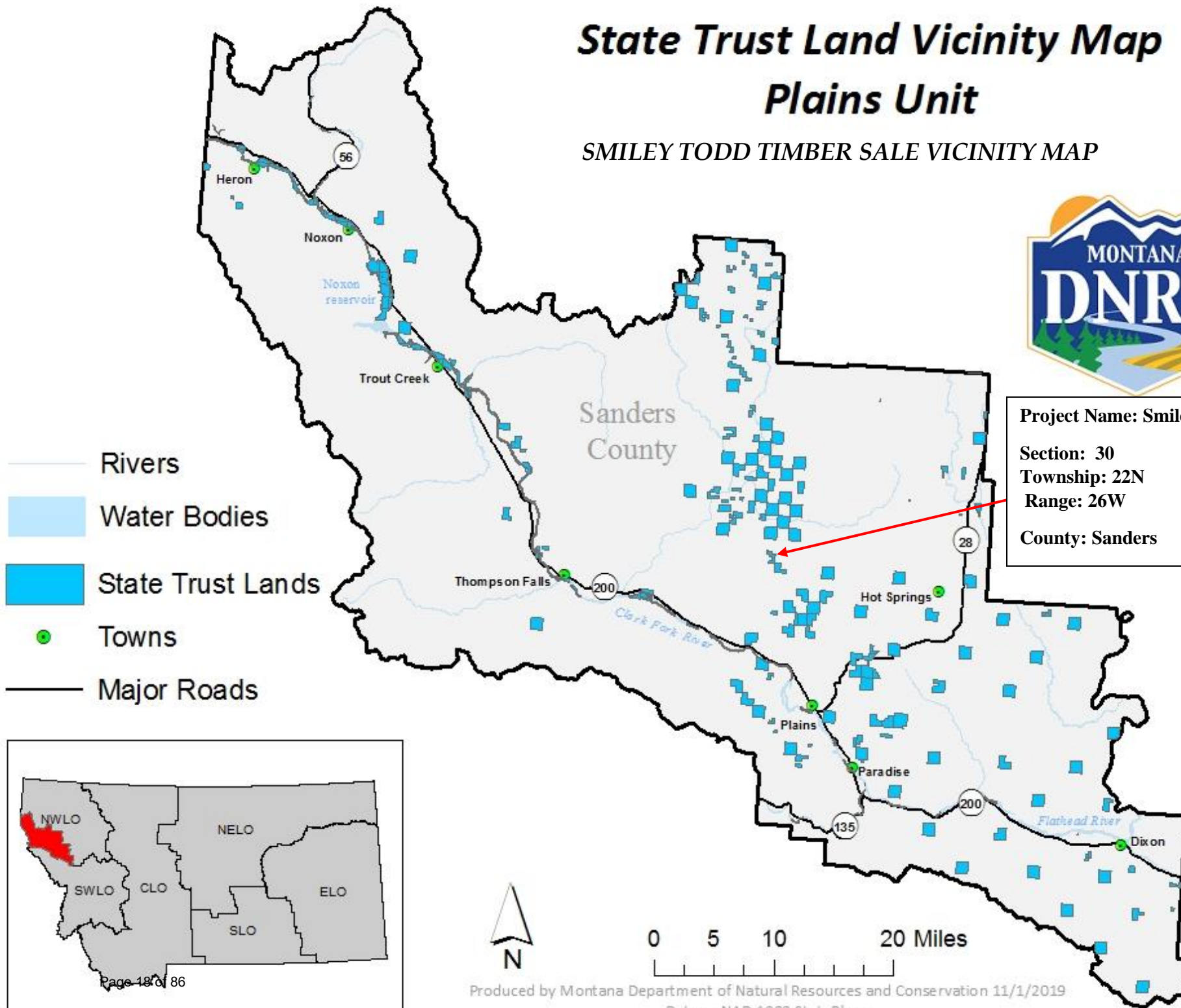
Project Name: Smiley Todd

Section: 30

Township: 22N

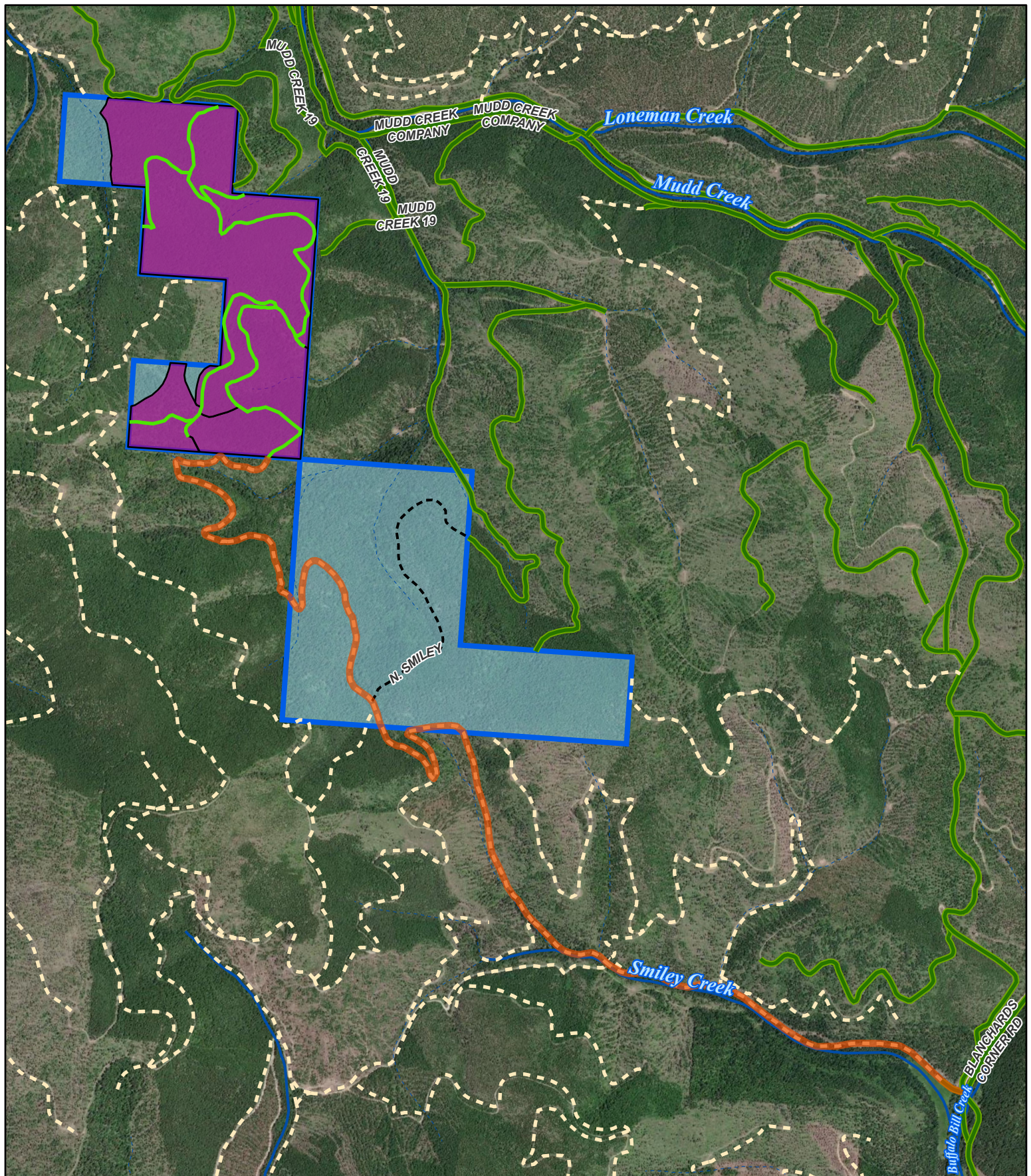
Range: 26W

County: Sanders

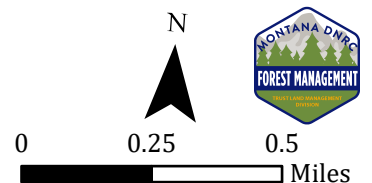


0 5 10 20 Miles

Smiley Todd Timber Sale Haul Route and Harvest Unit



- Haul Route
- Open/Public Roads
- DNRC Trust Lands
- New Road
- - - Restricted Class A
- Perennial Stream
- - - Restricted Class B
- - - Intermittent Stream
- FMB_Roads
- - - Abandoned or Reclaimed
- Montana State Trust Lands
- Highway
- Harvest Units



**Land Board Agenda Item
November 21, 2022**

1122-1E Timber Sale: Wolfagator Limited Access Timber Sale

Location: Fergus County
Sec. 36, T15N, R20E

Trust Beneficiaries: Common Schools

Trust Revenue: \$37,448 (estimated, negotiated price)

Item Summary

Location: The Wolfagator Limited Access Timber Sale is located approximately 15 miles Southeast of Lewistown, Montana.

Size and Scope: The sale includes 6 harvest units (*130 acres*) of tractor logging.

Volume: The estimated harvest volume is 4303 tons (*694 MBF*) of sawlogs and 1512 tons (*216 MBF*) of small sawlogs.

Estimated Return: The minimum bid is \$8.00 per ton for sawlogs and \$2.00 per ton for small sawlogs, which would generate approximately \$37,448 for the Common Schools Trust and approximately \$900.16 in Forest Improvement fees.

Prescription: This sale would utilize a seed tree harvest prescription designed to replicate natural disturbance and promote a new cohort of ponderosa pine seedlings.

Road Construction/Maintenance: In conjunction with the sale, Department of Natural Resources and Conservation (DNRC) is proposing 0.25 miles of new permanent road construction.

Access: Limited access is obtained through an adjacent landowner, Alice Smith.

Public Comments: Five public comments were received. Two nearby landowners expressed concerns over harvest prescription and volume, wildlife, soils and slash piles, economics, natural regeneration and archeological sites. Northern Cheyenne and Crow tribal agencies requested an archeological assessment of the project area. One comment was received from an industry representative expressing support for the project. All public concerns were considered during project planning and are addressed in the Environmental Assessment.

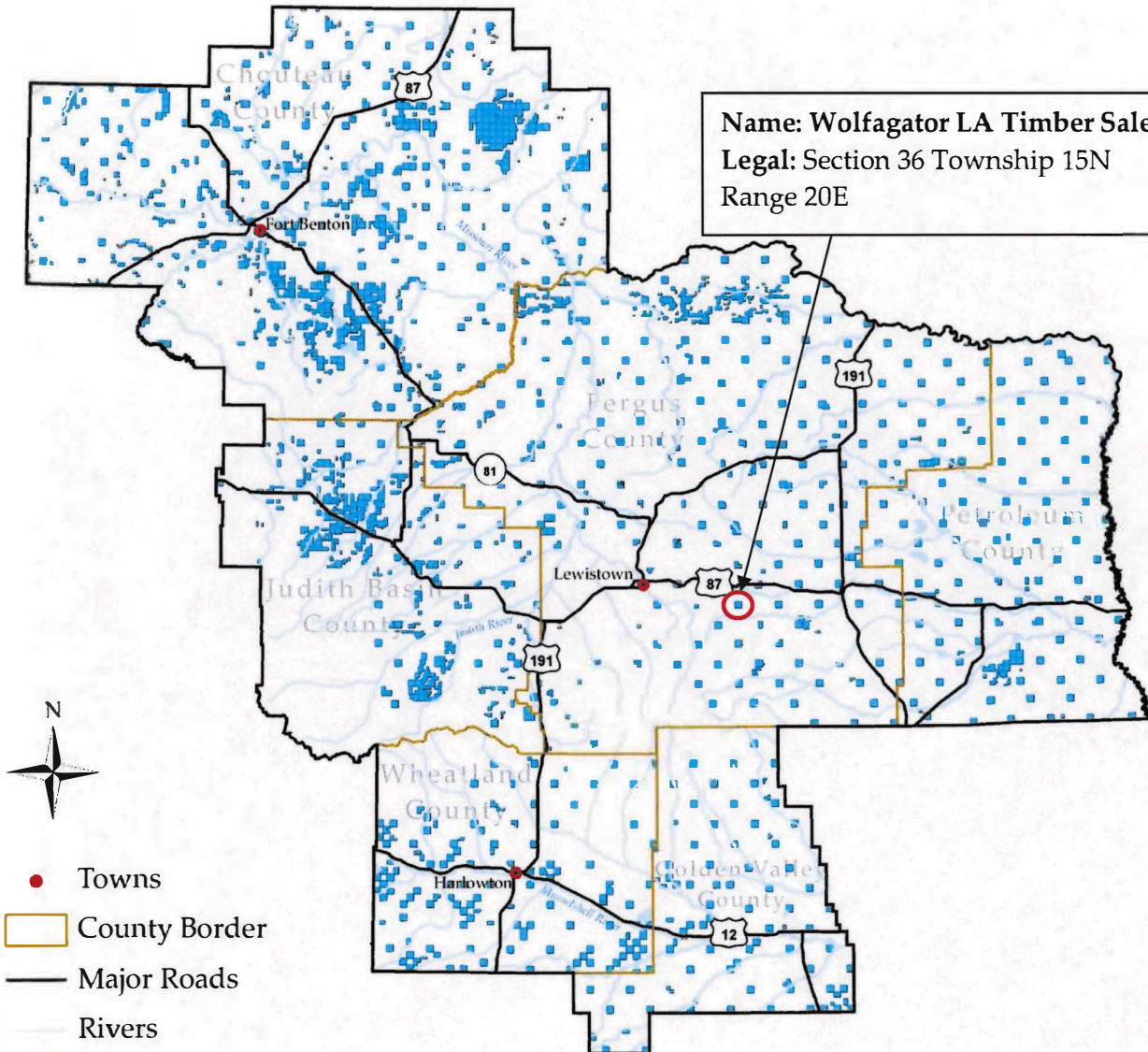
DNRC Recommendation

The DNRC recommends the Land Board direct DNRC to sell the Wolfagator Limited Access Timber Sale.

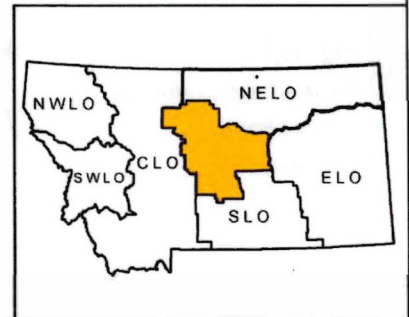
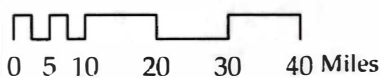
Wolfagator LA Timber Sale VICINITY MAP **LEWISTOWN UNIT**



Name: Wolfagator LA Timber Sale
Legal: Section 36 Township 15N
Range 20E

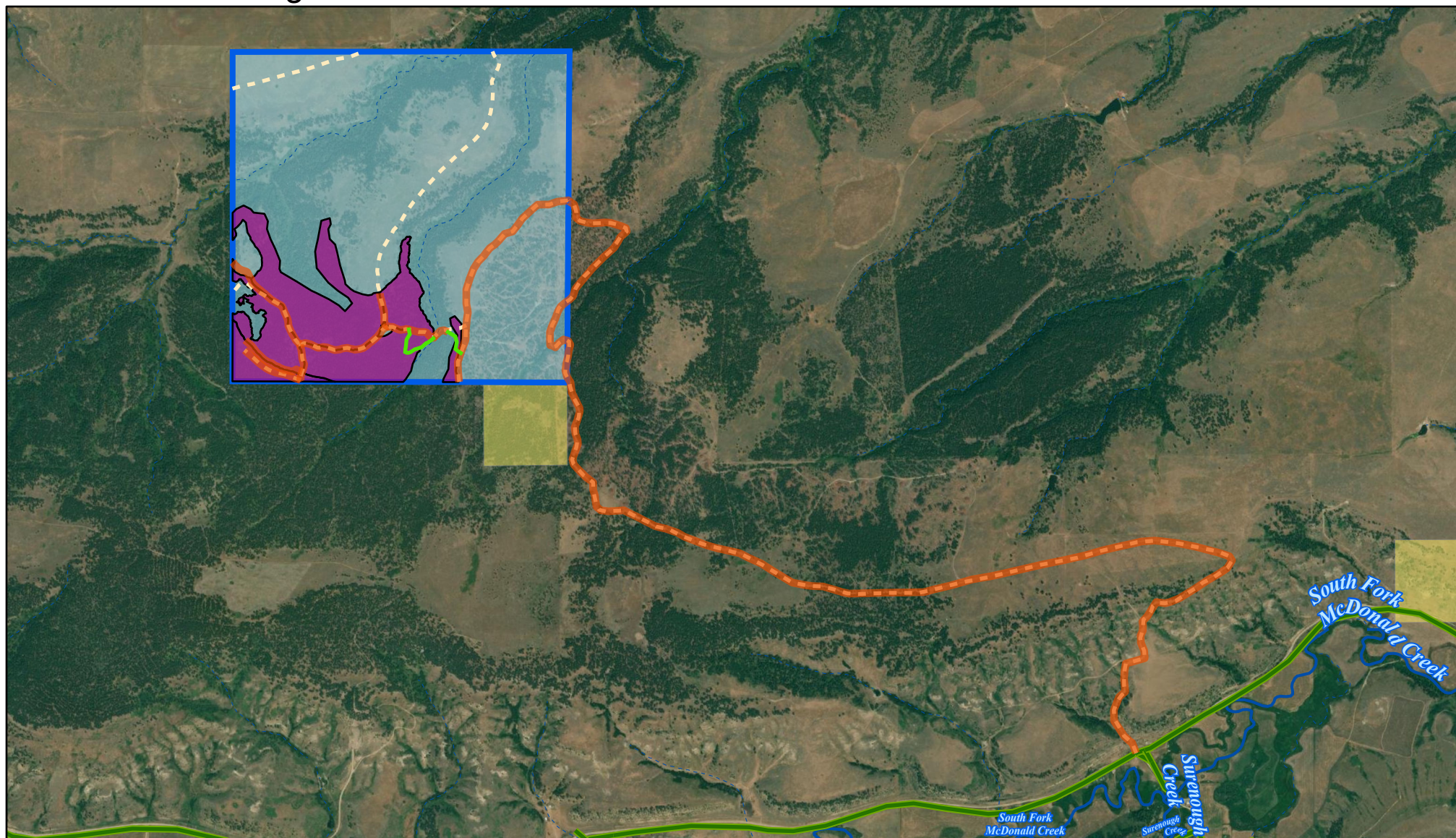


- Towns
- County Border
- Major Roads
- Rivers
- Water Bodies
- State Trust Land

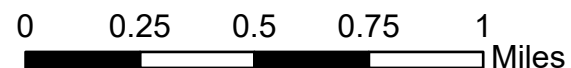


Produced by Montana Department of Natural Resources and Conservation 2013
 Datum: NAD 1983 Montana State Plane

Wolfagator Limited Access Timber Sale Haul Route and Harvest Units



- | | | |
|--------------|----------------------|---------------------------|
| — Haul Route | — Open/Public Roads | — Perennial Stream |
| — New Road | — Restricted Class A | — Intermittent Stream |
| FMB_Roads | Harvest Units | Bureau of Land Management |
| — Highway | DNRCTrust Lands | Montana State Trust Lands |



1122-2

LAND BANKING SALE PARCELS:

Final Approval for Sale

**Land Board Agenda Item
November 21, 2022**

1122-2 Land Banking Parcels: Final Approval

Location: Chouteau County

Trust Benefits: Pine Hills School

Trust Revenue: \$115,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests final approval for four parcels totaling approximately 200 acres nominated for sale in Chouteau County. The sales were nominated by the lessee and are located approximately 30 miles north of Great Falls, Montana.

Sale No.	Acres	Legal Description	Nominator	Trust
1174	40	SE4NW4, Section 22, T25N-R3E	Rancho Deluxe Pheasant Farm, LLC	Pine Hills School
1176	40	NE4NW4, Section 29, T25N-R3E	Rancho Deluxe Pheasant Farm, LLC	Pine Hills School
1177	80	E2SW4, Section 20, T25N-R3E	Rancho Deluxe Pheasant Farm, LLC	Pine Hills School
1178	40	NW4NW4, Section 20, T25N-R3E	Rancho Deluxe Pheasant Farm, LLC	Pine Hills School

The sale parcels have been used primarily for livestock grazing purposes and have below average productivity for agricultural and grazing lands statewide.

Sale numbers 1176, 1177, and 1178 are surrounded by private land and are not legally accessible by the public. The sale of these parcels would not restrict or eliminate access to adjacent private land. Sale No. 1174, however, is a forty-acre portion of a legally accessible 320-acre parcel located along Bootlegger Trail. The parcel is located adjacent to an occupied dwelling and contains the driveway to the dwelling. The recreational utility of the forty-acre parcel is constrained by the location of the homesite immediately adjacent to the parcel, as ARM 36.25.139 (c) prohibits shooting within ¼ mile of an occupied dwelling. Approximately twelve acres are unencumbered by the recreational use restriction and likely receives little use.

MEPA scoping was completed, and no potentially negative issues related to the sale of these parcels were identified. Public comments received regarding these sales include one reply from Senator Russell Temple, SD 14, who expressed support of sale number 1178 only. He strongly opposed sale of the remaining three parcels (sales 1174, 1176 and 1177). Two comments in support of the sales were received after the comment period had closed from then Senator Ryan Osmundson, SD 15 and Senator Lew Jones, SD 9.

Economic Analysis:

Short term – The average rate of return on these sale parcels is shown in Figure 1. The parcels would continue to receive this return if they remained in state ownership.

Figure 1: Rates of Return at Current Appraised Values

Sale No.	Rate of Return
1174	0.26%
1176	0.44%
1177	0.43%
1178	0.43%

Long-term – The funds from the sale of these parcels would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 3.04% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The state parcels nominated for sale were inventoried to Class III standards for cultural and paleontological resources (see DNRC inventory reports 2022-6-7 and 2008-6-2). No *Antiquities*, as defined under the Montana State Antiquities Act, were identified. No additional archaeological, historical, or palaeontologic research is recommended in order for the land sales to move forward.

Background:

In October 2021, the Board granted preliminary approval (Approved 5-0) for these parcels to continue through the Land Banking sale evaluation process. In July 2022, the Board set the minimum bid at the appraised values (Approved 5-0).

Appraisal:

The appraisal was prepared by Montana General Certified Appraisers J. Scott Crosby and Valerie Crosby of Crosby Analytics, LLC in Cowley, Wyoming in March of 2022.

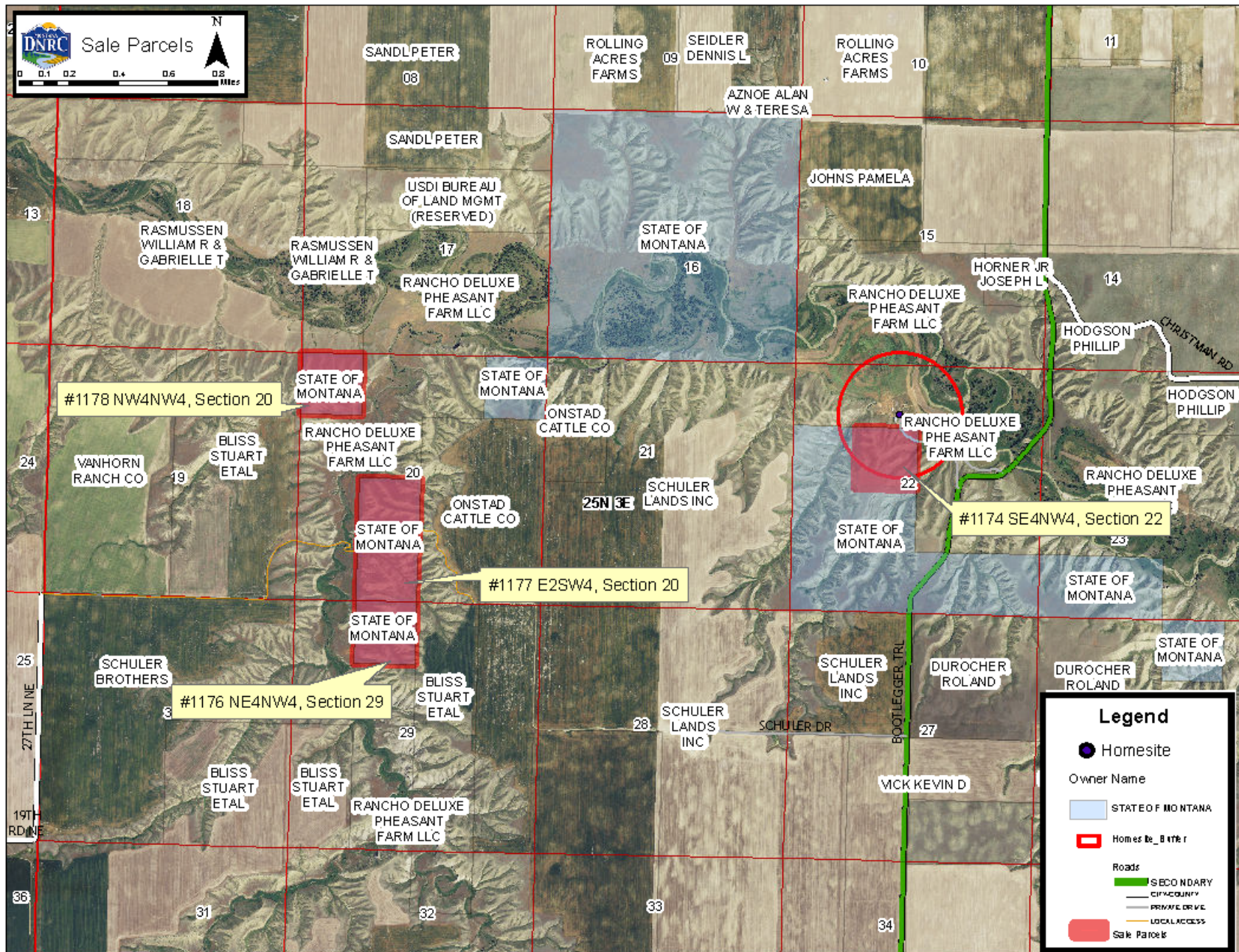
Sale No.	Appraised Value	Final Sale Price
1174	\$23,000	\$23,000
1176	\$23,000	\$23,000
1177	\$46,000	\$46,000
1178	\$23,000	\$23,000

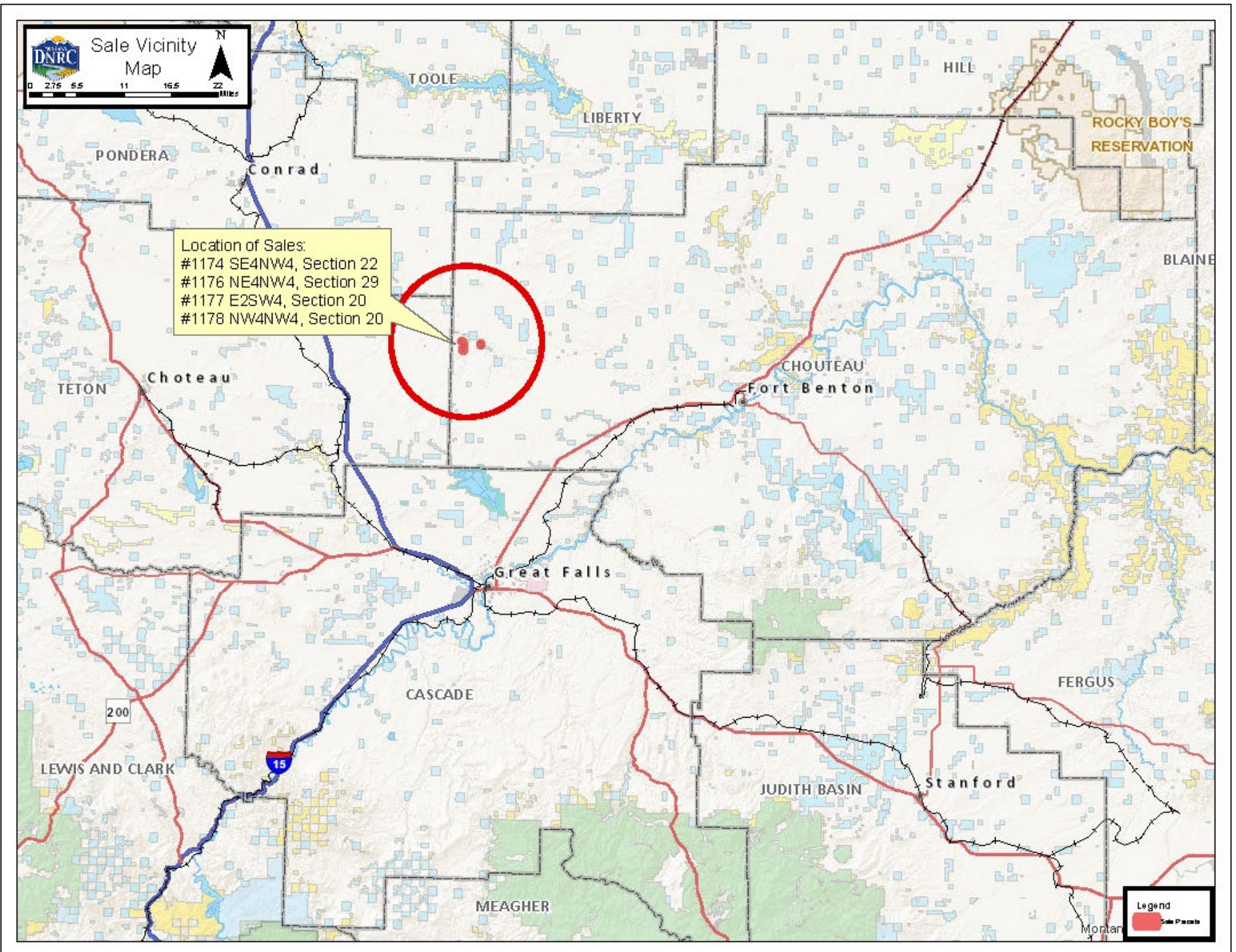
Sale Price

The parcels sold at public auction on October 20, 2022. There was one qualified bidder for each sale, which was the current lessee. The parcels sold for the final sale price shown above.

DNRC Recommendation

The DNRC recommends the Land Board grant final approval for these parcels at the values shown above.





1122-3

CABIN AND HOME SITES SALES:

Set Minimum Bid for Sale

**Land Board Agenda Item
November 21, 2022**

1122-3 Cabin and Home Sites: Set Minimum Bid for Sale

Location: Missoula County
Trust Benefits: MSU 2nd, Pine Hills School
Trust Revenue: \$3,525,000

The Department of Natural Resources and Conservation (DNRC) is requesting to set minimum bid for nineteen (19) cabin sites nominated for sale in Missoula County. These sales were nominated by the lessees in conjunction with the 2022-2023 Cabin and Home Site Sales Program.

Sale No.	Acres	Legal Description	Nominator	Trust
Clearwater River East Shore Inland				
2002	1.142±	Lot 62, Clearwater River East Shore Inland, COS 6114 T16N-R15W, Section 10	Stuart Cebulski	Montana State University
2003	1.098±	Lot 56, Clearwater River East Shore Inland, COS 6114 T16N-R15W, Section 10	Peter Giese	Montana State University
2004	1.58±	Lot 28, Clearwater River East Shore Inland, COS 6114 T16N-R15W, Section 10	Rhonda Tabish; Lindsay & Brandon Hartwell	Montana State University
2005	1.776±	Lot 38, Clearwater River East Shore Inland, COS 6114 T16N-R15W, Section 10	Brooke & Joshua Thorson	Montana State University
Clearwater River West Shore				
2007	1.865±	Lot 22, Clearwater River West Shore, COS 5310 T16N-R15W, Section 10	Cindi & Robert Magray	Montana State University
Elbow Lake				
2008	0.858±	Lot 27, Elbow Lake T15N-R14W, Section 20	Curtis Anderson	Pine Hills School
2009	0.84±	Lot 25, Elbow Lake, COS 4921 T15N-R14W, Section 20	Dustin & Marisa Anderson	Pine Hills School
2010	2.17±	Lot 7, Elbow Lake, COS 4921 T15N-R14W, Section 20	Boehmler Lake Cabin, LLC	Pine Hills School
2011	1.07±	Lot 19, Elbow Lake, COS 4921 T15N-R14W, Section 20	Brad Clevenger and Linda Ritchey	Pine Hills School

2012	0.78±	Lot 13, Elbow Lake, COS 4921 T15N-R14W, Section 20	Heather Hair	Pine Hills School
2013	1.36±	Lot 1, Elbow Lake, COS 4921 T15N-R14W, Section 20	Larry & Pauline Tomsich	Pine Hills School
Placid Lake				
2017	2.154±	Lot 4, Placid Lake East, COS 6623 T16N-R15W, Section 28	Laurel & Paul Daniels; Patricia Boyd	Montana State University
Seeley Lake Outlet East				
2020	1.448±	Lot 17, Seeley Lake Outlet East, COS 4875 T16N-R15W, Section 4	Toby Bedard	Montana State University
2021	1.58±	Lot 11, Seeley Lake Outlet East, COS 4875 T16N-R15W, Section 4	Cannon Investments	Montana State University
Seeley Lake Outlet West				
2022	0.861±	Lot 9, Seeley Outlet West, COS 5140 T16N-R15W, Section 4	D.P.B. IV & A.S.B. Buckley Living Trust	Montana State University
2023	1.166±	Lot 16, Seeley Lake Outlet West, COS 5140 T16N-R15W, Section 4	Priyanka & Linda Fernando	Montana State University
2024	1.862±	Lot 24, Seeley Lake Outlet West, COS 5140 T16N-R15W, Section 4	Patrick Hayes	Montana State University
2025	1.166±	Lot 17, Seeley Lake Outlet West, COS 5140 T16N-R15W, Section 4	Courtland & Lydia Perry	Montana State University
2026	0.806±	Lot 18, Seeley Lake Outlet West, COS 5140 T16N-R15W, Section 4	Cathy Wilson	Montana State University

Background:

The parcels are currently leased as cabin sites and, as a whole, produce a below average income for residential leases statewide.

Preliminary Land Board approval was granted in April of 2022 (Approved 4-1) for these sites to be included as part of the 2022-2023 Cabin Site Sales Program.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for each of the proposed sales. Home sites typically contain numerous structures and the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. These sales will have no effect to state-owned heritage properties.

Access/Recreational Use:

As part of the cabin site sale process, the State will convey any access that it has and can be conveyed to the purchaser of the cabin or home site property. Current cabin/home site access is limited to the lessee and does not provide access or recreational use to the general public. State lands classified as cabin or home sites are closed to general recreational use by the public in accordance with ARM 36.25.150(1)(a). Therefore, the State is not selling land under the cabin site sale program that the public is permitted to use for recreation. Rather, the funds generated by these sales will go towards purchasing new lands that will have dedicated public access and recreational opportunities.

Economic Analysis:

Short term – The average rates of return on these sale parcels are shown in Figure 1 below. The parcels will continue to receive these returns if they remain in state ownership. The income rates of return will likely grow smaller, as average annual value appreciation is greater than the annual rent increase, as shown in Figures 2 through 26 below.

Figure 1: Rates of Return at Current Appraised Values

Sale No.	Rate of Return	Sale No.	Rate of Return
2002	2.922%	2013	4.199%
2003	2.837%	2017	1.304%
2004	2.717%	2020	3.032%
2005	3.171%	2021	2.251%
2007	1.604%	2022	1.81%
2008	2.143%	2023	2.991%
2009	2.612%	2024	2.149%
2010	3.487%	2025	1.495%
2011	3.313%	2026	2.613%
2012	2.222%		

Figure 2: Sale 2002-Review of Past Income and Values; Forecast Income & Values

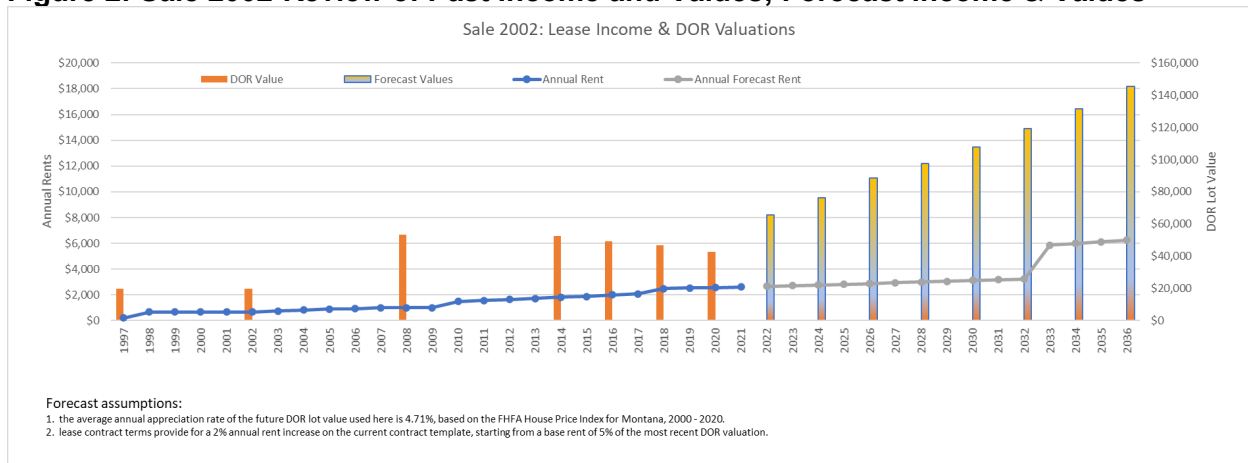


Figure 3: Sale 2003-Review of Past Income and Values; Forecast Income & Values

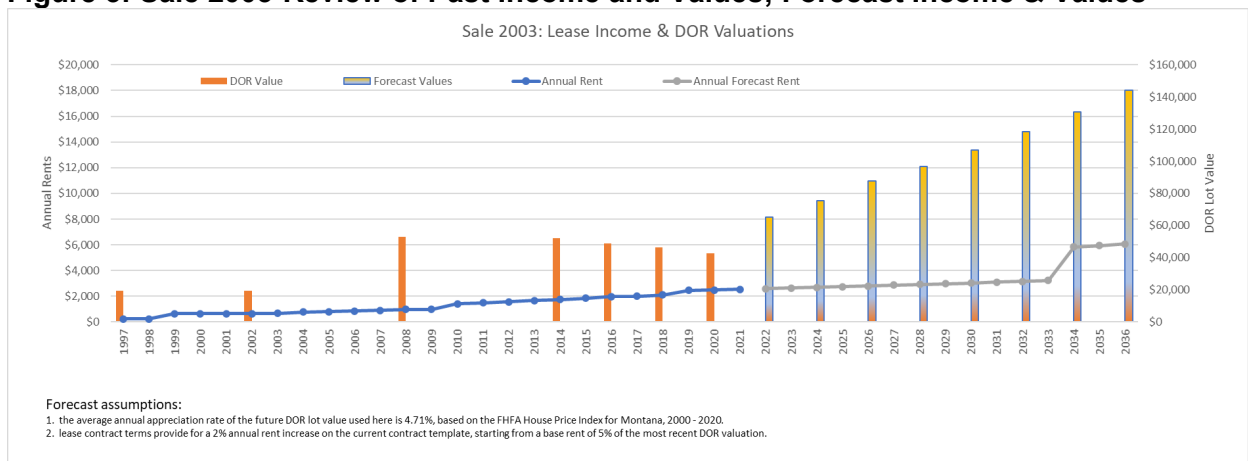


Figure 4: Sale 2004-Review of Past Income and Values; Forecast Income & Values

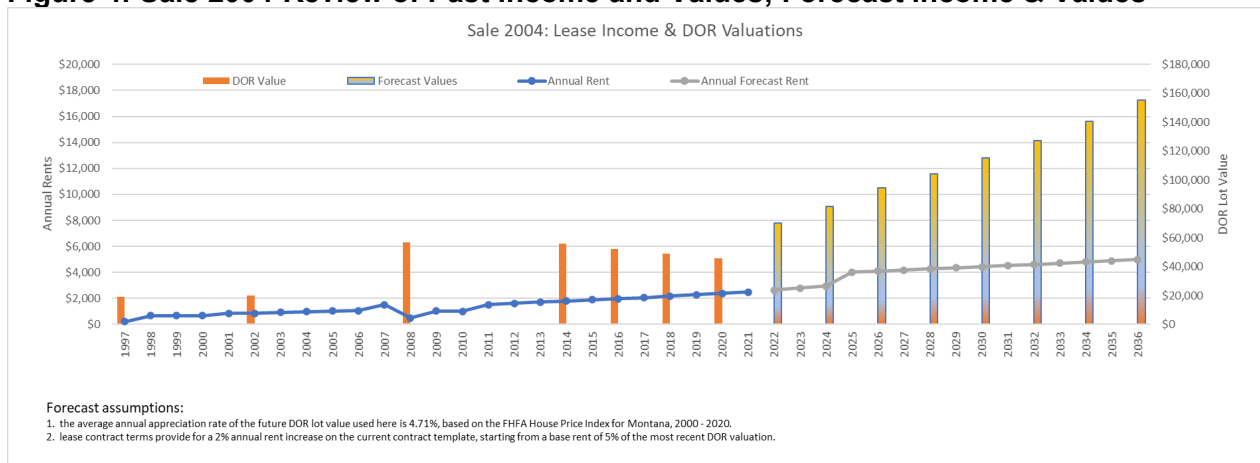


Figure 5: Sale 2005-Review of Past Income and Values; Forecast Income & Values

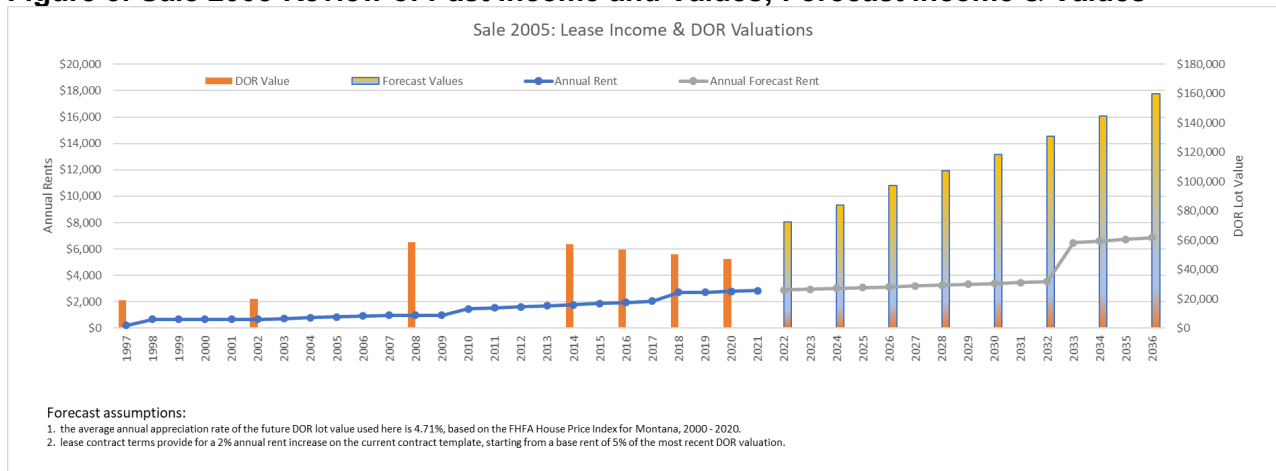


Figure 6: Sale 2007-Review of Past Income and Values; Forecast Income & Values

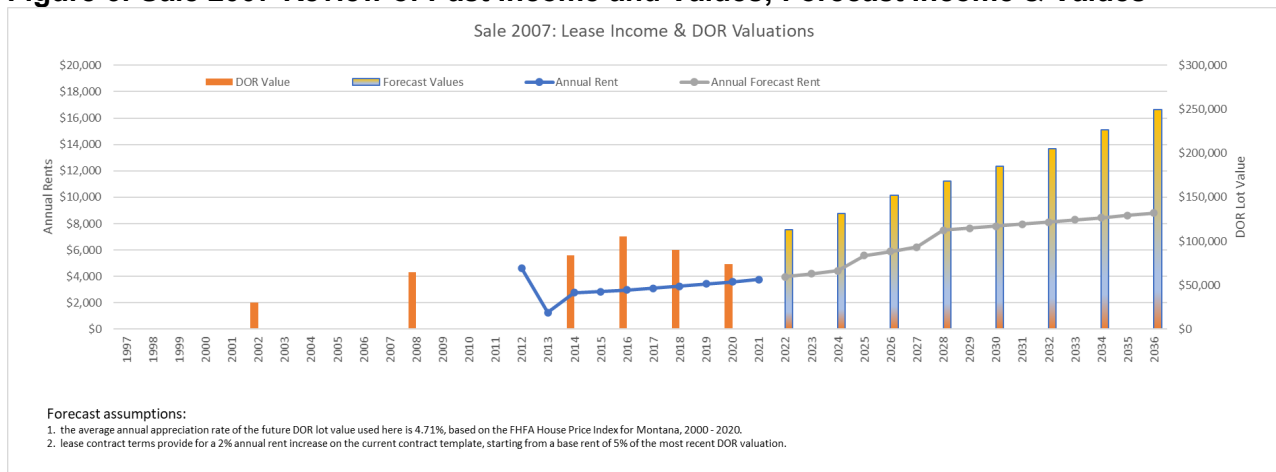


Figure 7: Sale 2008-Review of Past Income and Values; Forecast Income & Values

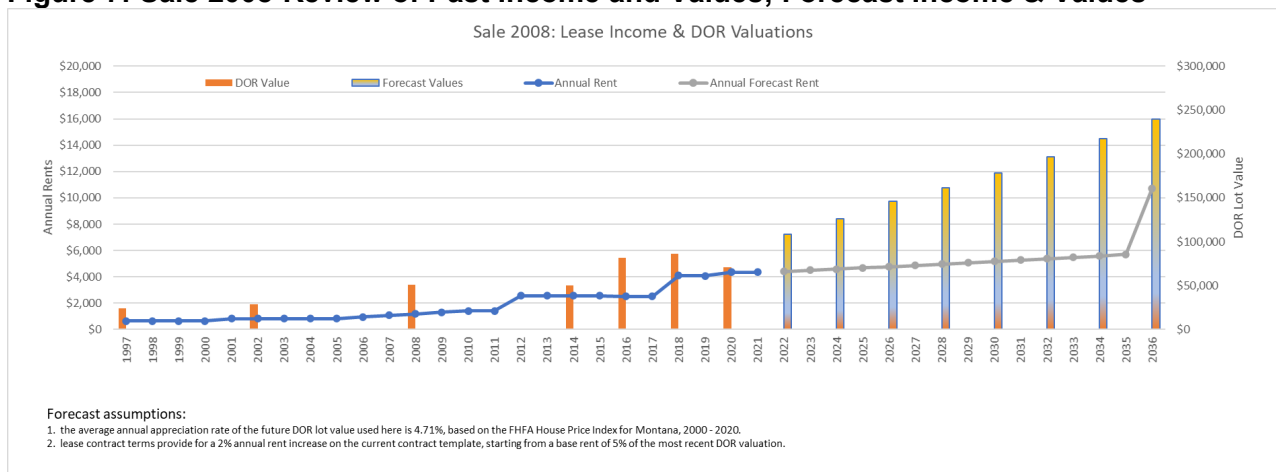


Figure 8: Sale 2009-Review of Past Income and Values; Forecast Income & Values

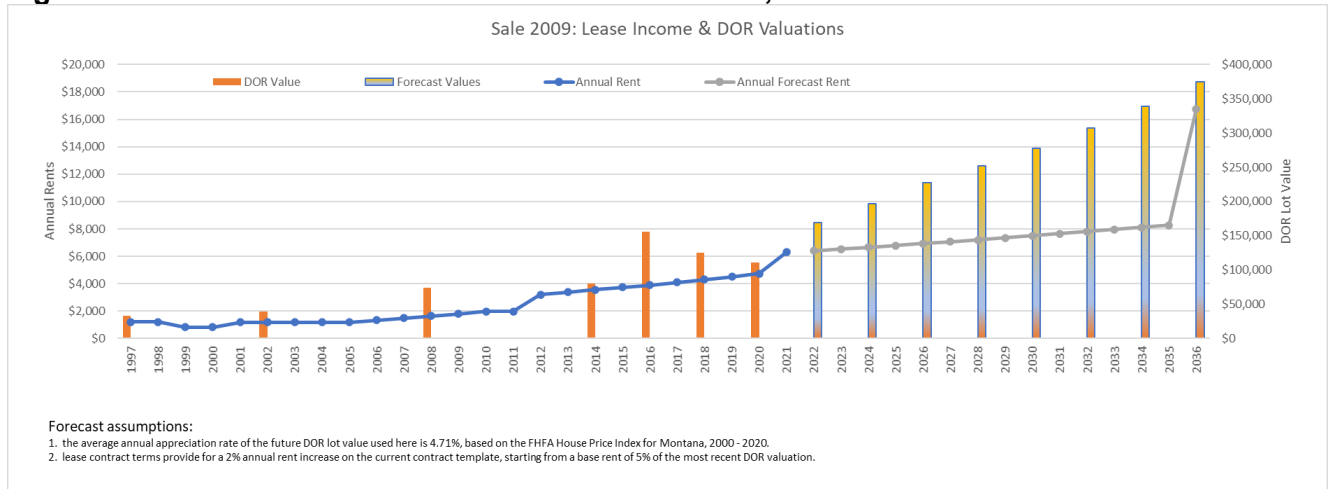


Figure 9: Sale 2010-Review of Past Income and Values; Forecast Income & Values

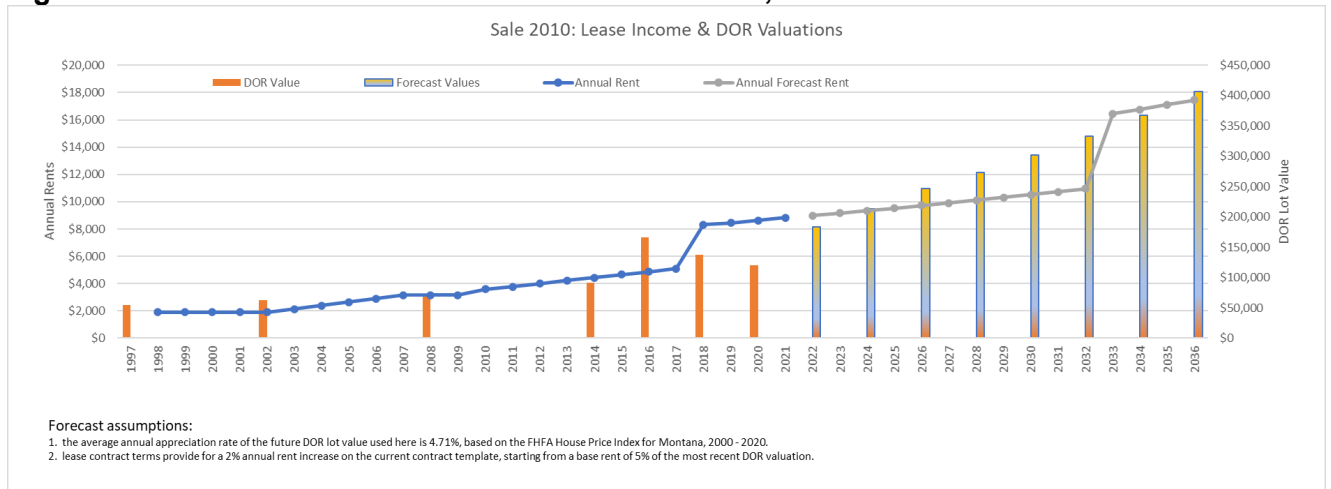


Figure 10: Sale 2011-Review of Past Income and Values; Forecast Income & Values

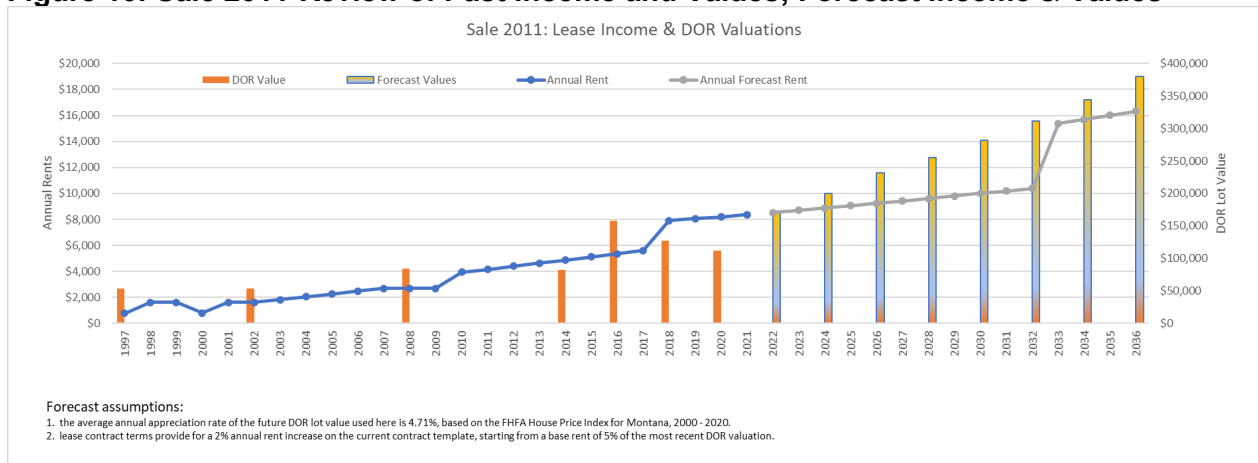


Figure 11 Sale 2012-Review of Past Income and Values; Forecast Income & Values

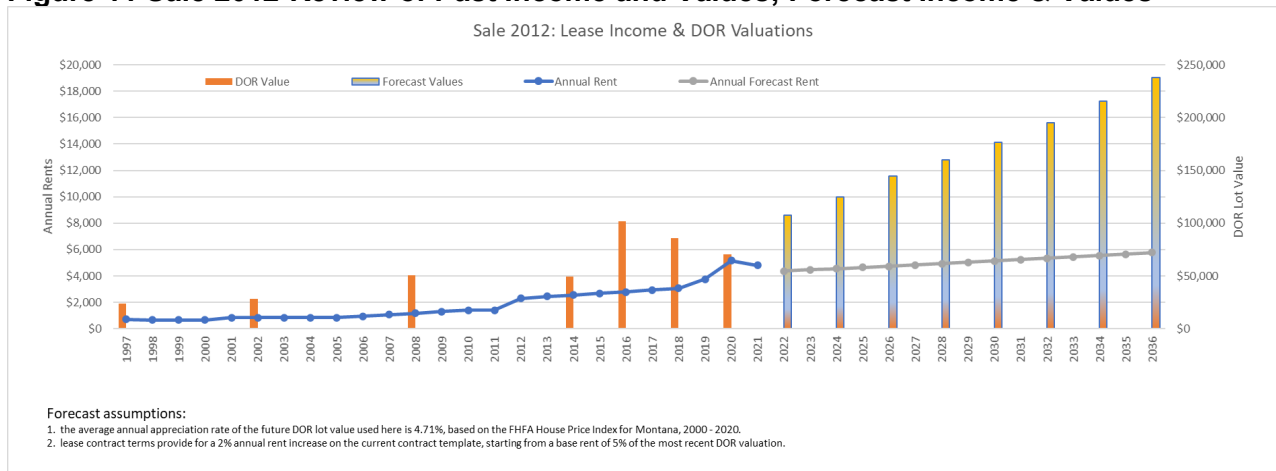


Figure 12: Sale 2013-Review of Past Income and Values; Forecast Income & Values

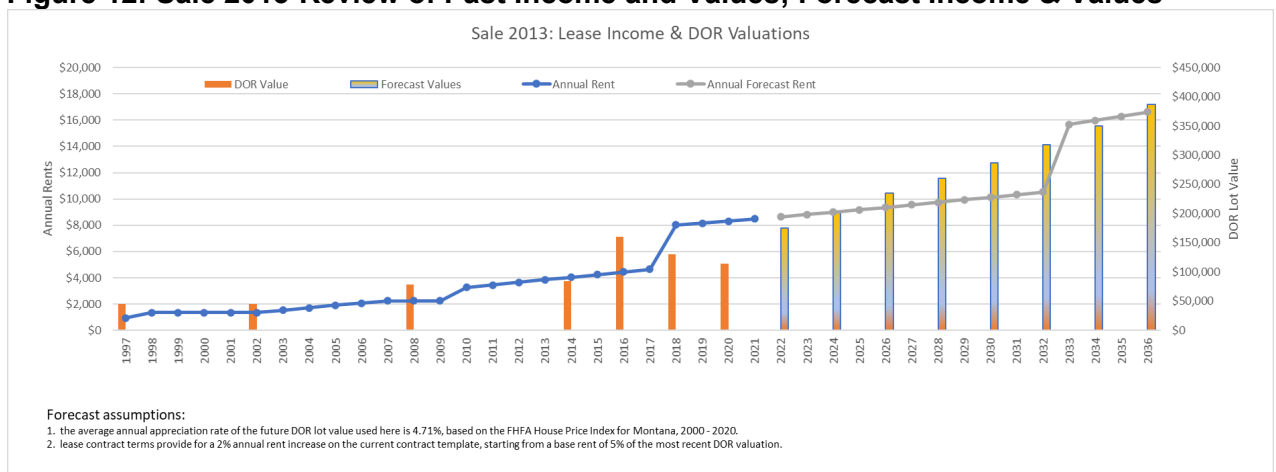


Figure 13: Sale 2017-Review of Past Income and Values; Forecast Income & Values

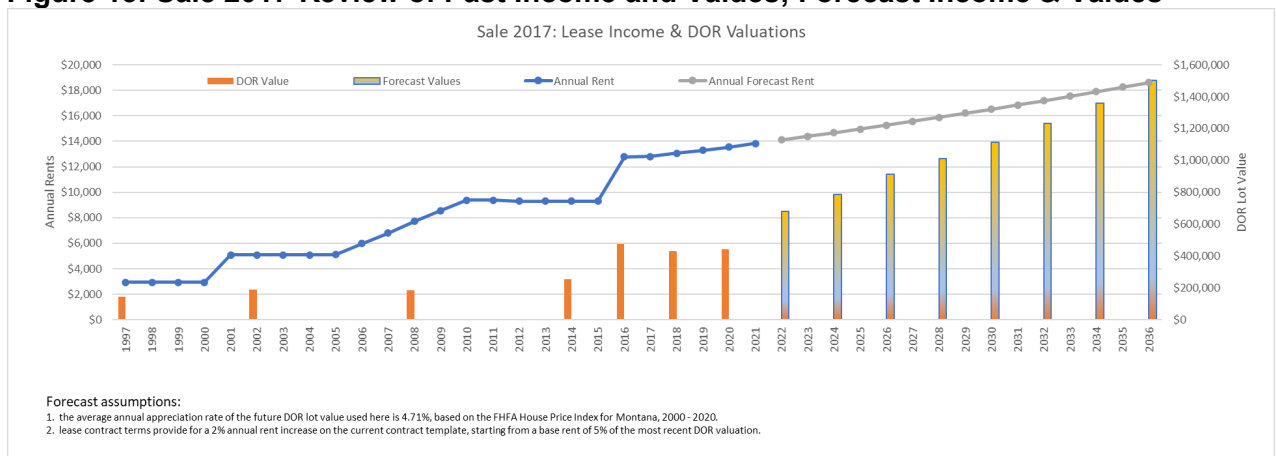


Figure 14: Sale 2020-Review of Past Income and Values; Forecast Income & Values

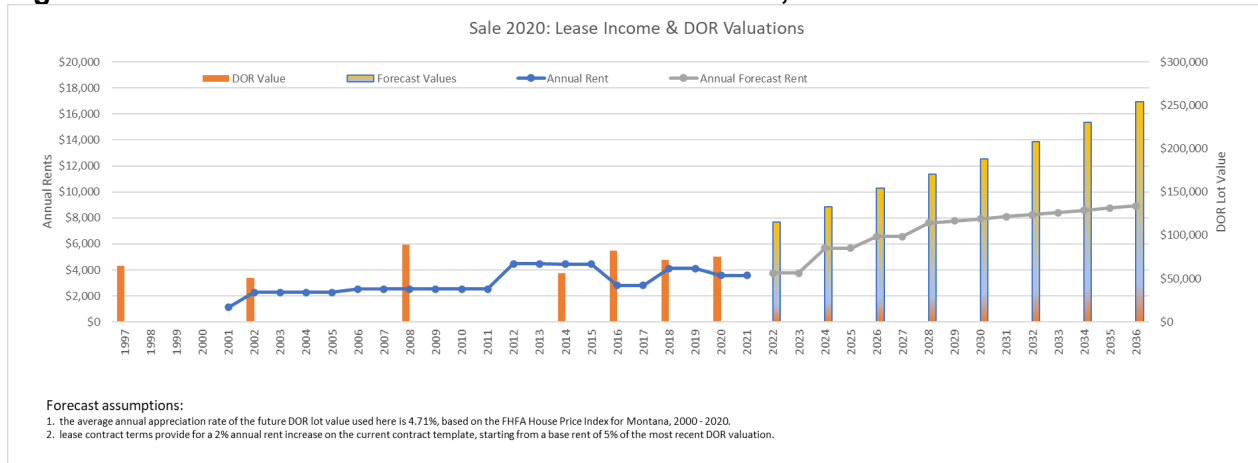


Figure 15: Sale 2021-Review of Past Income and Values; Forecast Income & Values

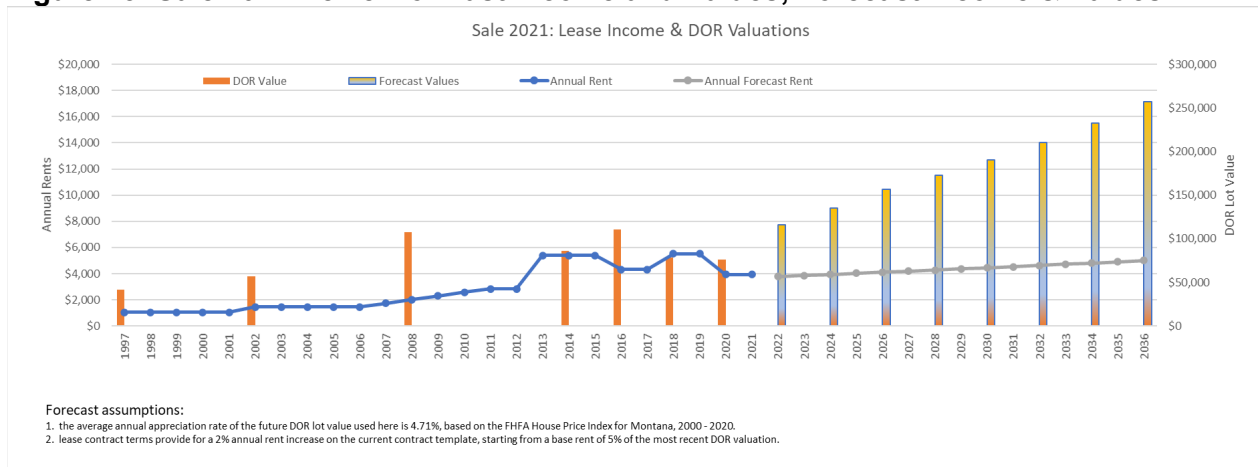


Figure 22: Sale 2022-Review of Past Income and Values; Forecast Income & Values

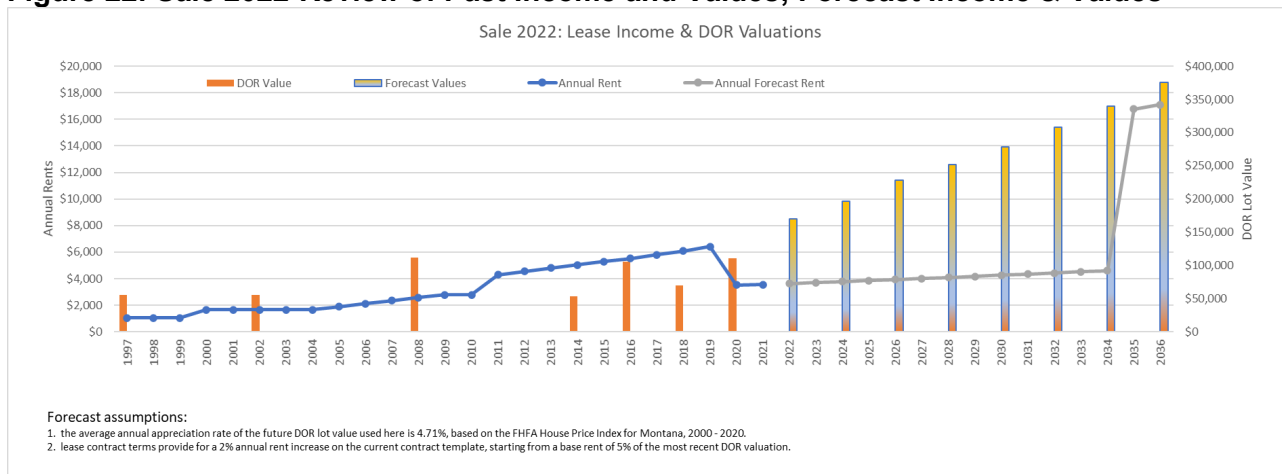


Figure 23: Sale 2023-Review of Past Income and Values; Forecast Income & Values

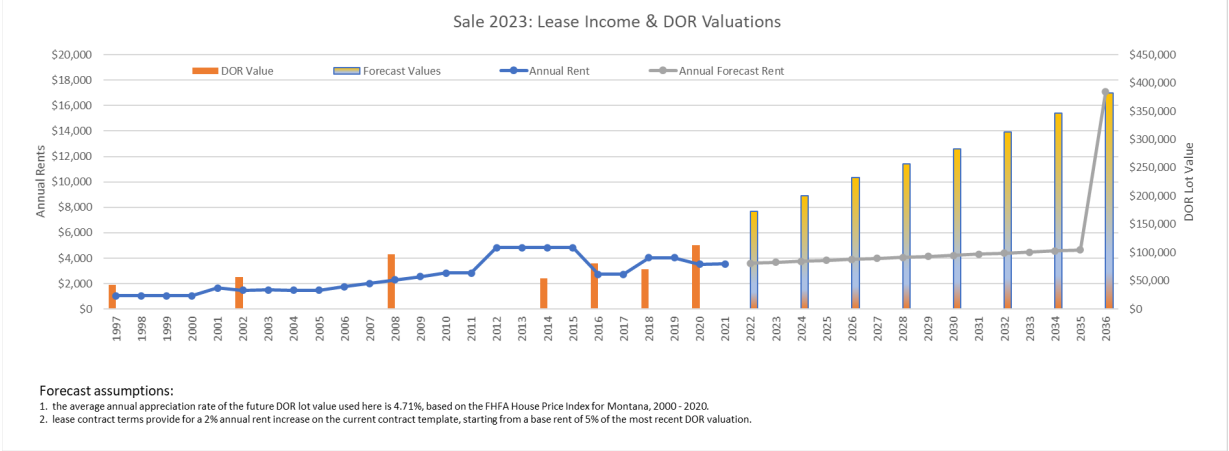


Figure 24: Sale 2024-Review of Past Income and Values; Forecast Income & Values

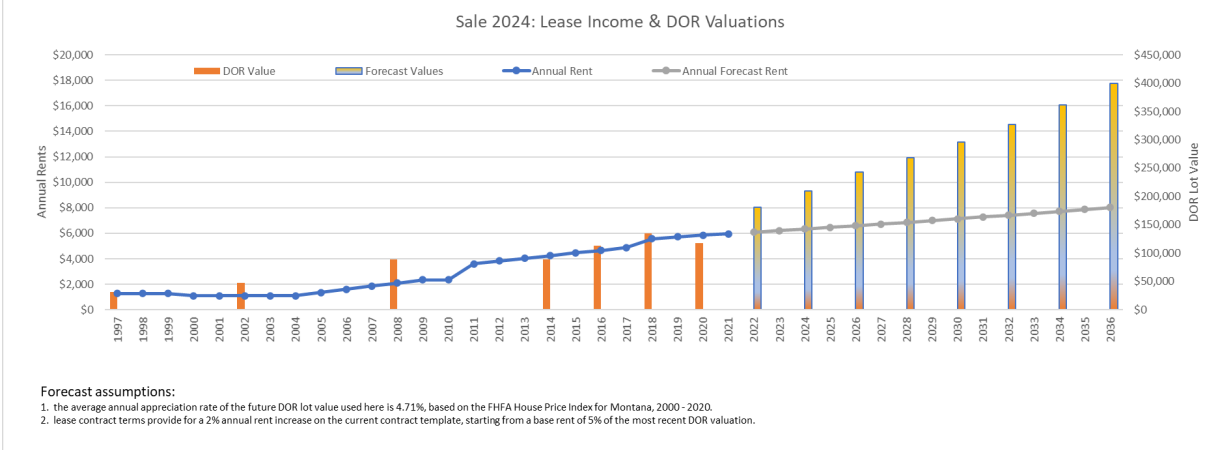


Figure 25: Sale 2025-Review of Past Income and Values; Forecast Income & Values

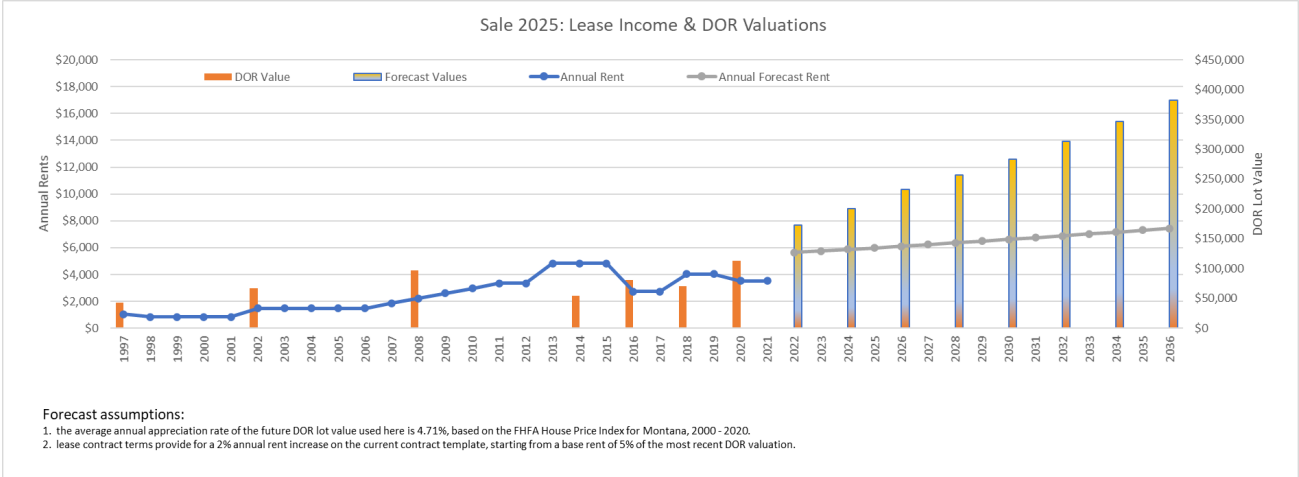
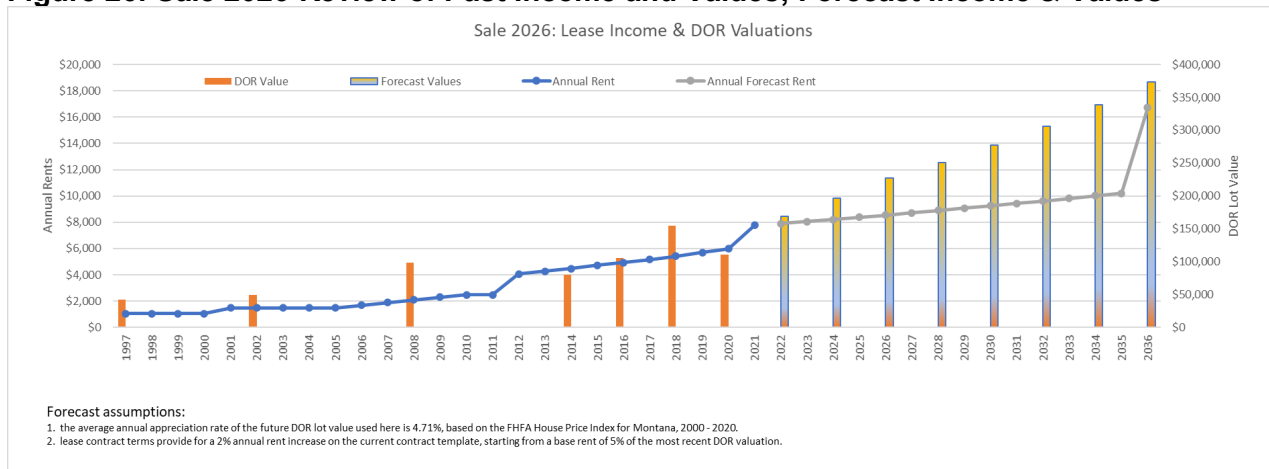


Figure 26: Sale 2026-Review of Past Income and Values; Forecast Income & Values



Long term – The funds from the sale of these parcels would be combined with other sale funds to purchase replacement lands through DNRC's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 3.04% on acquisitions with income generated from annual lease payments. However, the rates of return on land acquired more recently have been higher, ranging from 3.46% on acquisitions purchased within the last five years to 3.41% for lands acquired within the last ten years. Figure 4 shows hypothetical lot values derived from the 3-year average net revenue of the current lease, at a sample range of income rates of return that could be anticipated when the sale proceeds are used for a land banking acquisition.

Figure 27: Lot Values derived from 3-year Average Net Income at Sample Rate of Return

Sale Number		Rate of Return at Current Appraised Value for Land	Average Rate of Return on all Land Banking Acquisitions	Average Rate of Return on Land Banking Acquisitions within the last 5 years	Average Rate of Return on Land Banking Acquisitions within the last 10 years
	Income Rate of Return	Various (see Figure 1)	3.04%	3.46%	3.41%
2002	2.922%	\$71,000	\$68,012	\$59,929	\$60,632
2003	2.837%	\$71,000	\$66,266	\$58,391	\$59,076
2004	2.717%	\$71,000	\$63,454	\$55,913	\$56,569
2005	3.171%	\$71,000	\$74,060	\$65,259	\$66,025

2007	1.604%	\$181,000	\$94,260	\$83,058	\$84,032
2008	2.143%	\$160,000	\$113,224	\$99,768	\$100,938
2009	2.612%	\$160,000	\$137,707	\$121,342	\$122,765
2010	3.487%	\$200,000	\$229,613	\$202,325	\$204,699
2011	3.313%	\$200,000	\$217,982	\$192,077	\$194,330
2012	2.222%	\$160,000	\$121,770	\$107,299	\$108,558
2013	4.199%	\$160,000	\$220,990	\$194,727	\$197,012
2017	1.304%	\$840,000	\$360,328	\$317,507	\$321,231
2020	3.032%	\$100,000	\$99,737	\$87,884	\$88,915
2021	2.251%	\$160,000	\$118,466	\$104,388	\$105,612
2022	1.81%	\$200,000	\$119,074	\$104,923	\$106,154
2023	2.991%	\$100,000	\$98,383	\$86,691	\$87,708
2024	2.149%	\$220,000	\$155,506	\$137,026	\$138,633
2025	1.495%	\$200,000	\$98,383	\$86,691	\$87,708
2026	2.613%	\$200,000	\$171,939	\$151,505	\$153,283

Appraised Values of Land and Improvements:

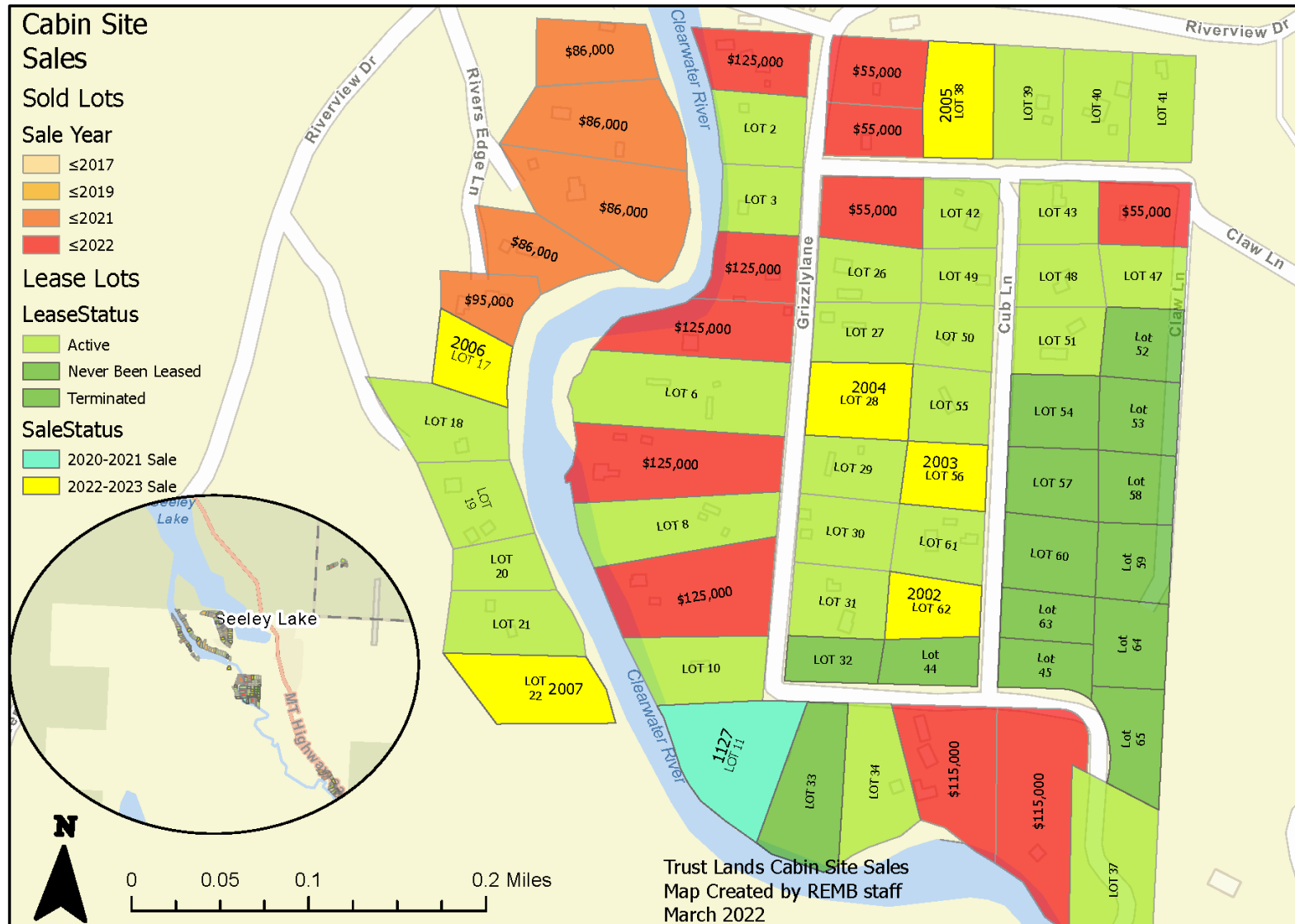
The appraisals of these cabin sites were prepared by Montana General Certified Appraisers Elliott M. Clark, MAI of Clark Real Estate Appraisal of Whitefish, Montana and Nicholas J. Hogan, MAI, of Hall – Widdoss & Company, P.C. in Missoula.

Sale No.	Appraised Land Value	Appraised Improvements Value
2002	\$71,000	\$292,000
2003	\$71,000	\$333,000
2004	\$71,000	\$146,000
2005	\$71,000	\$290,000
2007	\$181,000	\$409,000
2008	\$160,000	\$240,000
2009	\$160,000	\$150,000
2010	\$200,000	\$275,000
2011	\$200,000	\$190,000
2012	\$160,000	\$305,000
2013	\$160,000	\$315,000
2017	\$840,000	\$220,000
2020	\$100,000	\$300,000
2021	\$160,000	\$350,000
2022	\$200,000	\$375,000
2023	\$100,000	\$125,000
2024	\$220,000	\$480,000
2025	\$200,000	\$200,000
2026	\$200,000	\$250,000

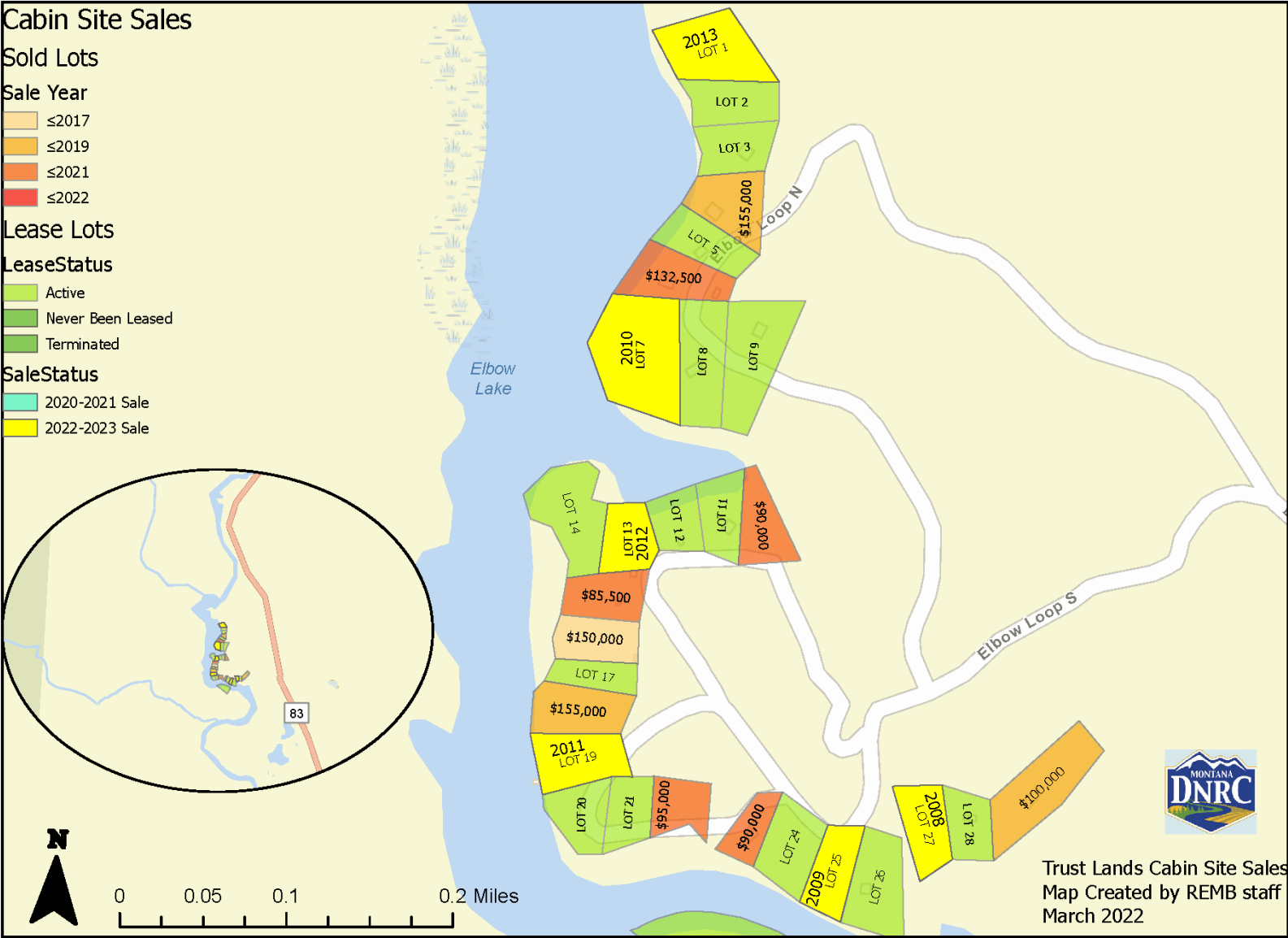
DNRC Recommendation

The DNRC recommends that the Land Board set the minimum bid for these cabin sites at the appraised land values and the maximum value of compensation for the improvements shown above.

Clearwater River, Missoula County



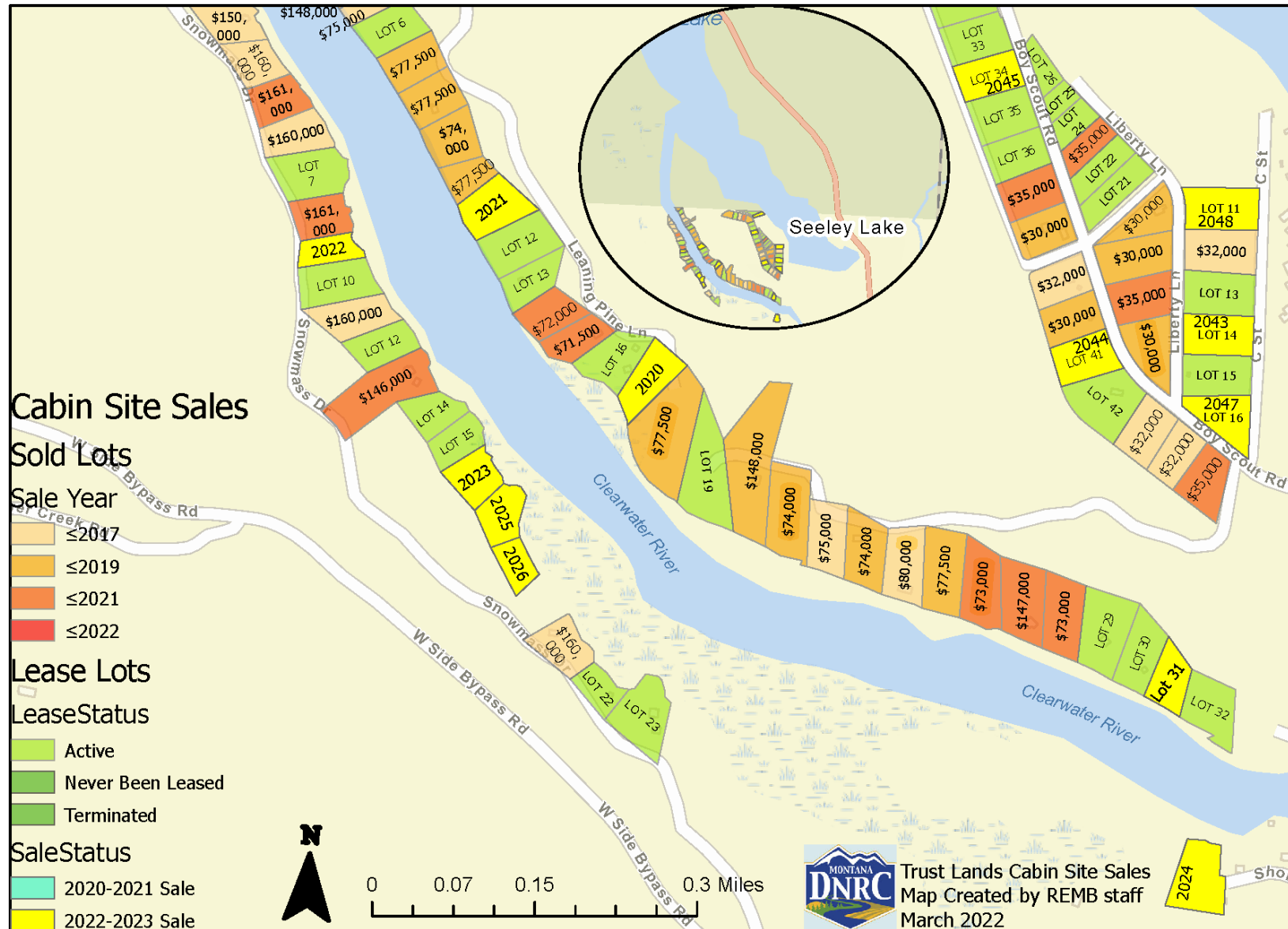
Elbow Lake, Missoula County



Placid Lake East, Missoula County



Seeley Lake Outlet East & West, Missoula County



1122-4

EASEMENTS:

Standard Grants

**Land Board Agenda Item
November 21, 2022**

1122-4 Easements: Standard Grants

Location: Flathead, Gallatin Counties

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

**Trust Revenue: Common Schools = \$ 1,831,245
Public Land Trust = \$ 235,862**

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
City of Belgrade	Administrative Offices	Permanent	50-51
MT Dept. of Transportation	Highway Bridge	Permanent	52-53

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	City of Belgrade 91 East Central Avenue Belgrade MT 59714
Application No.:	19403
R/W Purpose:	City administrative operations offices and associated facilities, including a storm water management facility
Lessee Agreement:	N/A (Unleased)
Acreage:	28.173
Compensation:	\$1,831,245.00
Legal Description:	tract of land in S2NE4, Sec. 36, Twp. 1N, Rge. 4E, Gallatin County
Trust Beneficiary:	Common Schools

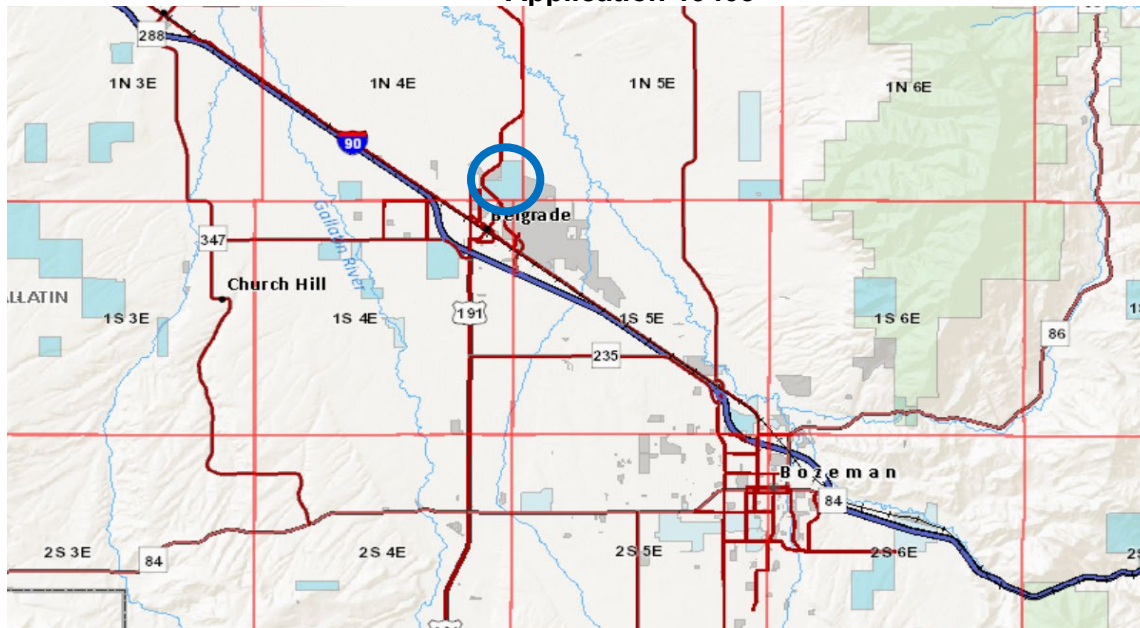
Item Summary

The City of Belgrade is requesting an easement to construct an administrative operations facility on State Trust Land adjacent to an existing easement for sewage treatment facilities. The proposed administrative site will include office space, parking areas, a storm water management facility, vehicle maintenance facilities, materials and equipment storage and a police evidence facility and impound lot. This proposed easement lies within a 160-acre parcel that was appraised in May, 2022. Public scoping for the proposed easement occurred during August-September, 2022 with one comment received, from the MT Dept. of Transportation, concerning traffic congestion in the Belgrade area. Because of unprecedented growth in the Belgrade-Bozeman area it is anticipated that this issue will likely occur with or without the proposal. The existing access to the proposed facility is via County road, however a nearby state highway may be indirectly impacted by increased traffic.

DNRC Recommendation

The DNRC recommends approval of the application of the City of Belgrade.

Application 19403



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Montana Department of Transportation P O Box 201001 Helena MT 59620-1001
Application No.:	19408
R/W Purpose:	Highway bridge construction and maintenance, including occupancy by utilities as defined in §69-4-101, MCA
Lessee Agreement:	N/A (Navigable River)
Acreage:	3.19
Compensation:	\$235,862.00
Legal Description:	tract of land across the Flathead River lying between Gov. Lots 1 & 2, Sec. 22 and Gov. Lots 2 & 3, Sec. 23, Twp. 27N, Rge. 20W, Flathead County
Trust Beneficiary:	Public Land Trust – Nav. Rivers

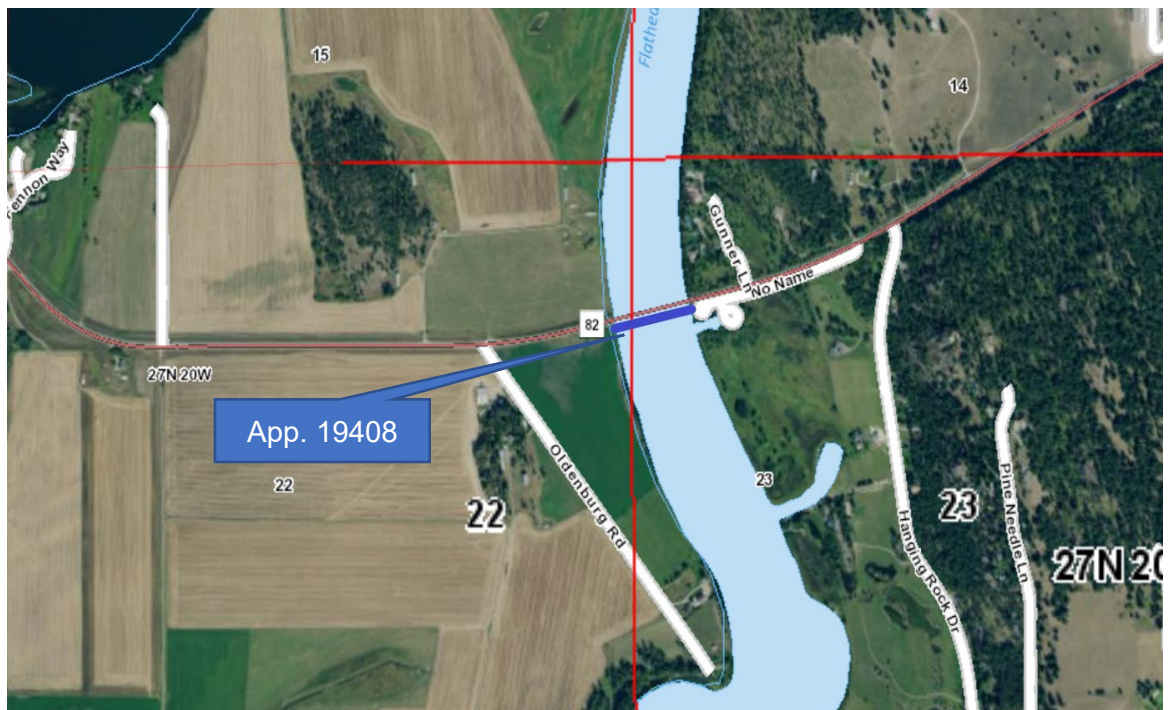
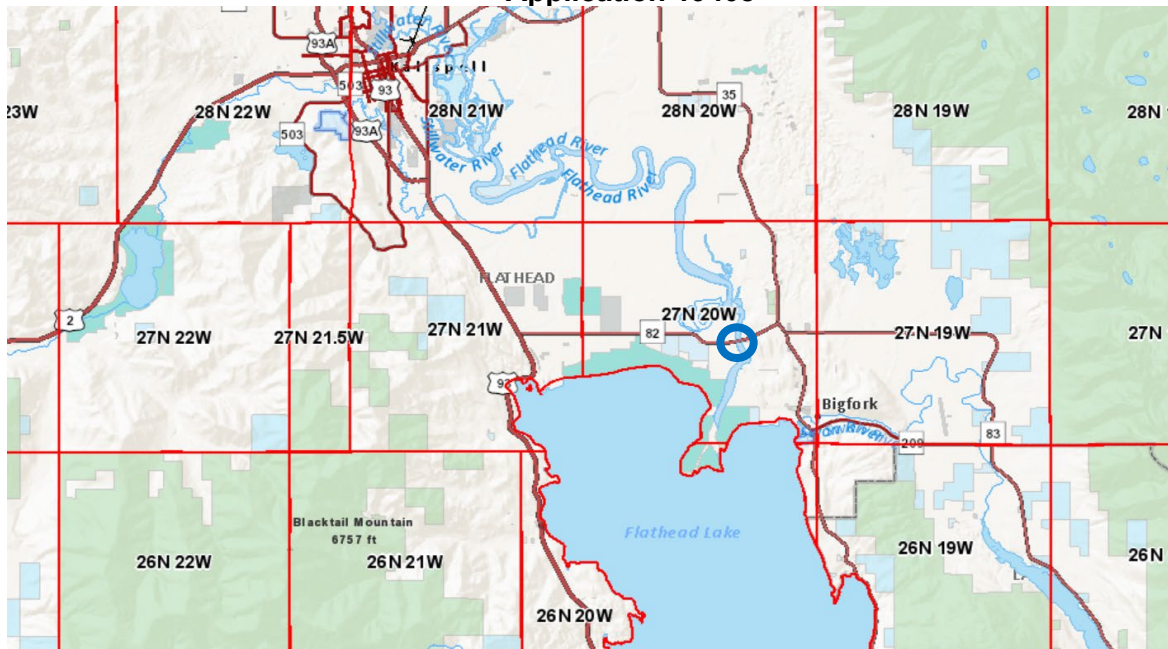
Item Summary

The Department of Transportation is requesting an easement to replace the Highway 82 Flathead River Bridge, locally known as Sportsman's Bridge. This project will shift the roadway and bridge alignment to the south as determined by risk assessment and public input. This alignment will impact the Sportsman's Bridge Fishing Access Site located on the east bank of the river and as a part of this project, MDT will reconstruct this site. A new access will be constructed along with the addition of turn lanes to improve safety. Additionally, a multi-use path will be constructed along the north side of the bridge.

DNRC Recommendation

The DNRC recommends approval of the application of the Department of Transportation.

Application 19408



1122-5

INFORMATIONAL ITEM:

Real Estate – FY23 Project List



FY23 REAL ESTATE PROJECT LIST

DNRC has identified the following Real Estate Projects in compliance with the agency's Real Estate Management Plan.

Real Estate Project	Description	Grant	Office	County	Acres	Urban/ Rural	Status
Amsterdam Road	Belgrade: Anticipated mixed use development; will require annexation and rezoning of parcel.	Common Schools	CLO	Gallatin	450	Urban	Active Project: Appraised 2/9/2022. RFP released 8/23/2022 with emphasis on securing a Master Developer on entire parcel. Belgrade School District proposing locating 2 new schools on a 60-acre easement of this parcel along Frank Road.
North Park - East and West	Bozeman: Commercial/industrial development.	Common Schools	CLO	Gallatin	178	Urban	Active Project: North Park East - Bozeman Trax Partners, LLC gained assignment of these 4 leases on 7/21/2021. City services infrastructure installation began Summer 2022 – scheduled to be complete Fall 2022. Street and vertical construction to follow. Income generated in FY22: \$132,245
Fox Farm	Great Falls: Anticipated mixed use development; will require annexation and rezoning of parcel. A portion of the property fronts the Missouri River.	U of M	CLO	Cascade	90	Urban	Active Project: In FY20 the Department received a formal proposal for conservation in lieu of development from Missouri River Open Lands Group to be held by Cascade County. Easement area has been surveyed and fundraising efforts are underway by MROLG to fund easement cost of approx. \$1,000,000.
Penwell Bridge	Belgrade: Anticipated commercial development; will require annexation and rezoning.	Common Schools	CLO	Gallatin	120	Urban	Active Project: In FY20, Lease option for Ten acres of the project area exercised – Lease executed on 10/01/2019 for a storage facility. Partial buildout complete – lessee reports fully rented before each phase is complete. Concurrent RFP's released in FY22 - no proposals received. City of Belgrade actively applying for easement to locate City Offices on 29 acres. Revenue generated in FY22: \$14,566
Bull Pasture Subdivision	Miles City: Commercial/industrial development.	Pine Hills School	ELO	Custer	60	Urban	Active Project: One of five lots are currently under lease. Income generated through commercial lease development in FY22: \$8,011
Spring Prairie Commercial Infill (Section 36)	Kalispell: Commercial/professional development.	Common Schools	NWLO	Flathead	530	Urban	Active Project: Development is ongoing. Currently there are 11 active leases on the section. Income generated through commercial lease development in FY22: \$866,946
Cripple Horse Creek	Libby: Anticipated commercial development near an existing commercial resort on Lake Koocanusa. No lake access from the state parcel.	Public Buildings	NWLO	Lincoln	162.5	Rural	The Department has received a Letter of Interest and is developing a Request for Proposals (RFP) for release this fall. If successful, the project will likely require subdivision review through Lincoln County. Recent appraisal valued the property at \$500,000. Annual lease fee, at current lease rate, anticipated at approximately \$30,000 per year.
Camp Ponderosa	Swan River State Forest: The purpose of the lease is for a veterans training and support center, with commercial facility rental and public camping capabilities. The site is currently leased to NW MT Veterans Stand Down and Food Pantry.	Common Schools	NWLO	Lake	79.06	Rural	The lessees are seeking to pursue approval for the public campground through subdivision review with the Lake County Planning Office and County Commissioners. Commercial lease was signed in 2018. All buildings were transferred to the lessee at lease signing. Currently on the property, there are three main buildings (lodge, administration building, and kitchen/dining facility), a shop, various outbuildings, fuel storage tanks, a wastewater treatment facility, groundwater wells,

Real Estate Project	Description	Grant	Office	County	Acres	Urban/ Rural	Status
							and 8 pads constructed for mobile home use. The property has interior gravel roads as well as sidewalks between the buildings.
Olney Crossroads	Olney: The purpose of the lease is for a year-round recreational equipment rental business, with associated facilities and improvements. Located at the intersection of Highway 93 and Upper Whitefish Road, the property is at one of the main entrances of the Stillwater State Forest. The proposed campground will require a lease amendment.	School for Deaf & Blind	NWLO	Flathead	7.28	Rural	The lessees are seeking to pursue approval for the public campground through subdivision review with the Flathead County Planning Office and County Commissioners. An RFP was released, and subsequent commercial lease was signed in 2019. The property was developed in 2019 and 2020 with an office/shop, accommodations for an employee, but did not allow for overnight accommodations for clients and/or guests. A lease amendment and additional MEPA analysis will be required prior to subdivision approval.
Libby Creek/ Ponderosa Plantation	Libby: Anticipated residential development.	Common Schools	NWLO	Lincoln	120	Rural	Project pending market interest. A feasibility study resulted in a conceptual design for a residential subdivision with 2.5 acre lots. ROW issues to serve the property with a county road have been resolved. The county recently constructed a road through the property that could potentially serve residential development.
Libby Golf Club area lands	Libby: Anticipated residential development adjacent to the Libby Golf Club.	Common Schools	NWLO	Lincoln	640	Rural	Project pending market interest. Recent residential development on adjacent private land to the east.
Libby area lands - Cabinet Range View	Libby: Anticipated low density residential development.	Common Schools	NWLO	Lincoln	800	Rural	Project pending market interest.
Libby area lands – Koocanusa River View	Troy: Anticipated low density residential development.	Common Schools	NWLO	Lincoln	45.9	Rural	Project pending market interest.
Skyview Ridge Subdivision	Billings: Mixed use development including lease for commercial development as well as sale of residential parcels.	Common Schools	SLO	Yellowstone	285	Urban	Active Project: FY22 – Active RFP out – closes in November 2022. Income generated through commercial communication site leases in FY22: \$26,078
Reserve Street	Missoula: Commercial/professional development on 2 lots.	Common Schools/ MSU	SWLO	Missoula	2.8	Urban	Active Project: FY22 – re-appraised 2/21. Value increase of 60% in 25 months to \$2,205,000. RFP released in April 2022 – no proposals – current RFP out and closes January 30, 2023. Currently marketed with a local realtor in an attempt to generate interest.
Butte Industrial District	Butte: Commercial/industrial development.	Common Schools	SWLO	Butte – Silverbow	350	Rural	Active Project: Adjacent to Butte Tax Increment Industrial Financing District (TIFID) near Rocker, MT. Inclusion of this property in a new Targeted Economic Development District (TEDD) to succeed the TIFID is being explored. Several active large businesses presently on location in District. Inclusion of State Land into the TEDD would improve access and future industrial growth options. Current Parcel currently generates approximately \$2000 yearly from an active grazing lease. At the request of DNRC, the zoning classification change was approved by Butte-Silver Bow County. An interest letter for a solar farm lease has been received.

Projects fully completed and under development FY 22

Real Estate Project	Description	Grant	Office	County	Acres	Urban/ Rural	Status
Alaska Road	Belgrade: Commercial/industrial development.	Common Schools	CLO	Gallatin	3.3	Urban	Active Project: This property is under commercial lease for a McKenzie River Pizza, and two additional pad sites. Pads have not been subleased but are ready for tenants. Income generated in FY22: \$23,709
Lewis & Clark Subdivision	Bozeman: Commercial/industrial development.	Common Schools	CLO	Gallatin	28	Urban	Active Project: All lots at Lewis and Clark are under Lease. Development continues on Block 2, Lot 3 which will now include a gymnastics facility. Block 2, Lot 4 is under lease and construction of a Courtyard by Marriott Hotel began in Spring 2022 next to the Springhill Suites. Same lessee owns both Hotels. Income generated through the commercial lease development in FY22: \$312,754

State Trust Land

Real Estate Management Bureau



Lewis & Clark Subdivision
Bozeman



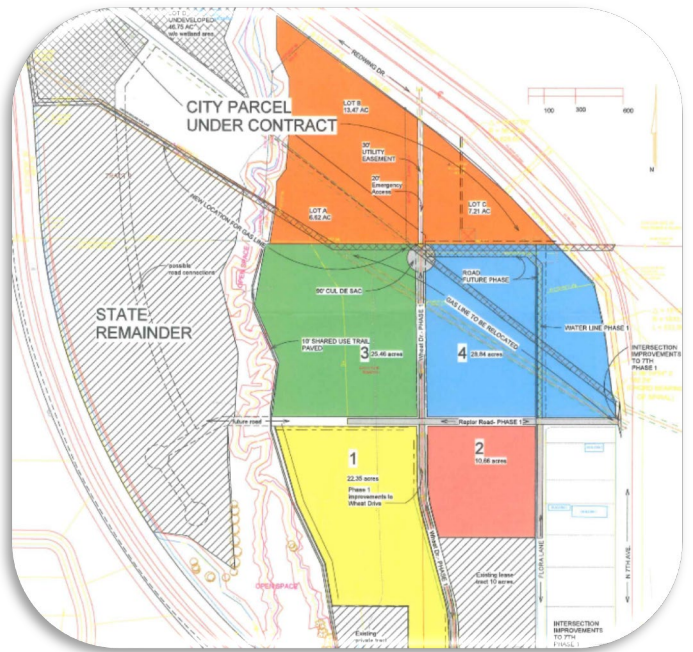
All Lots Fully Developed
Revenue Generated FY22:
\$312,754

State Trust Land

Real Estate Management Bureau



North Park Commercial Infrastructure Development Bozeman



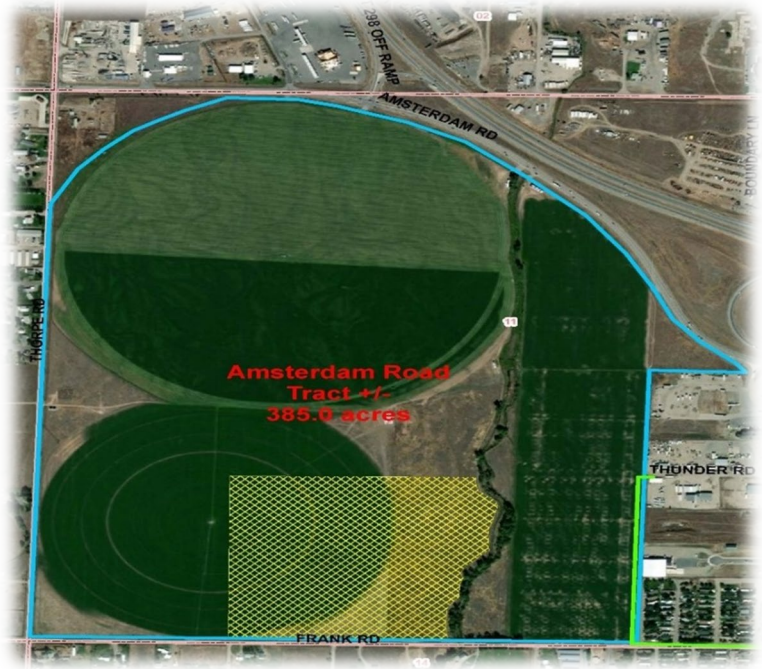
North Park East Development Lease
Approximately 87.5 Acres
Infrastructure Development Ongoing
Revenue Generated FY22:

State Trust Land

Real Estate Management Bureau



Amsterdam Road Development Belgrade



Proposed Belgrade School District
location highlighted in yellow.



Amsterdam Road Approximately 385 Acres

Current RFP closes November 21, 2022.

Seeking Master Developer

1122-6

INFORMATIONAL ITEM:

2022 State Trust Lands Report

Trust Lands Management Fiscal Year 2022 Review

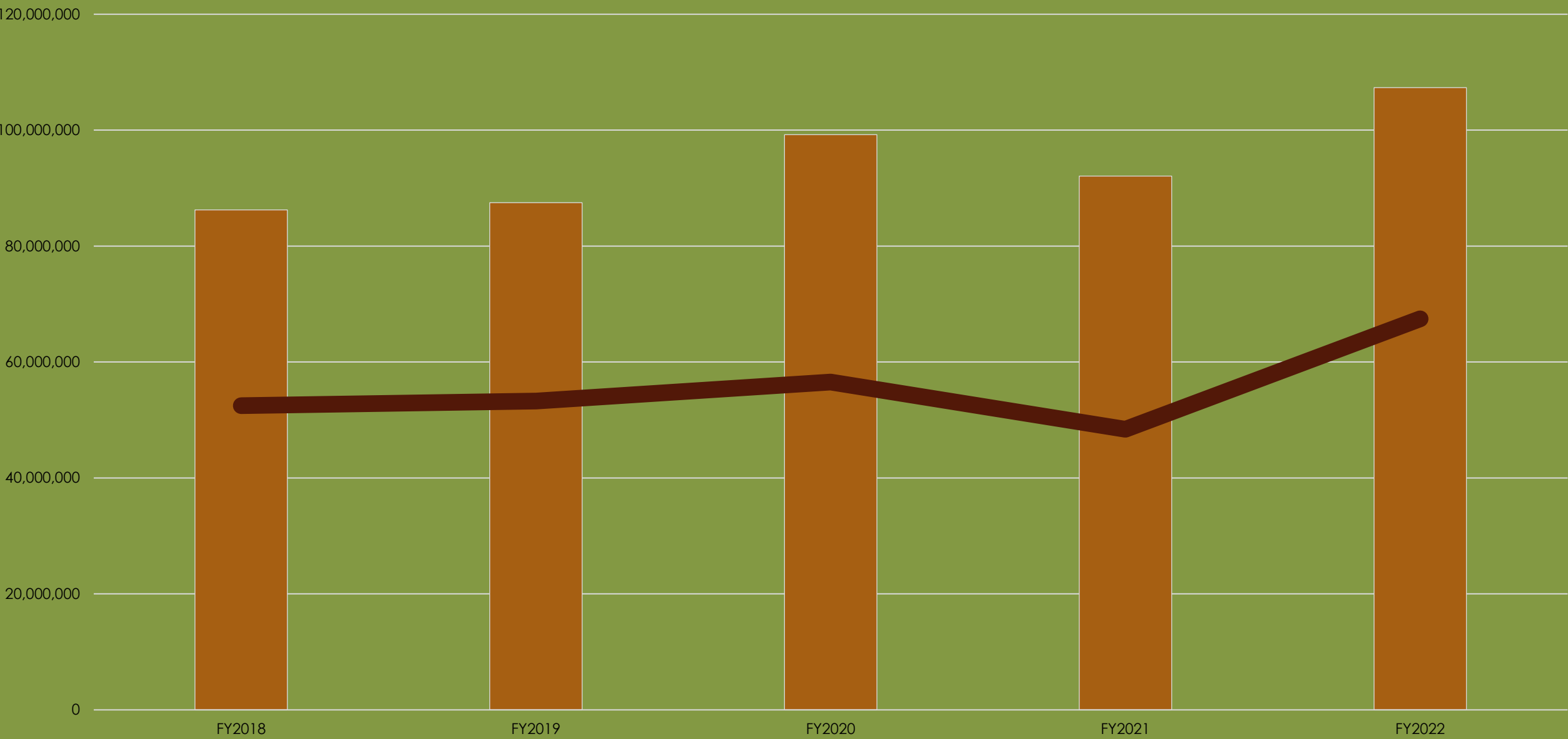


Southwest Land Office Foresters

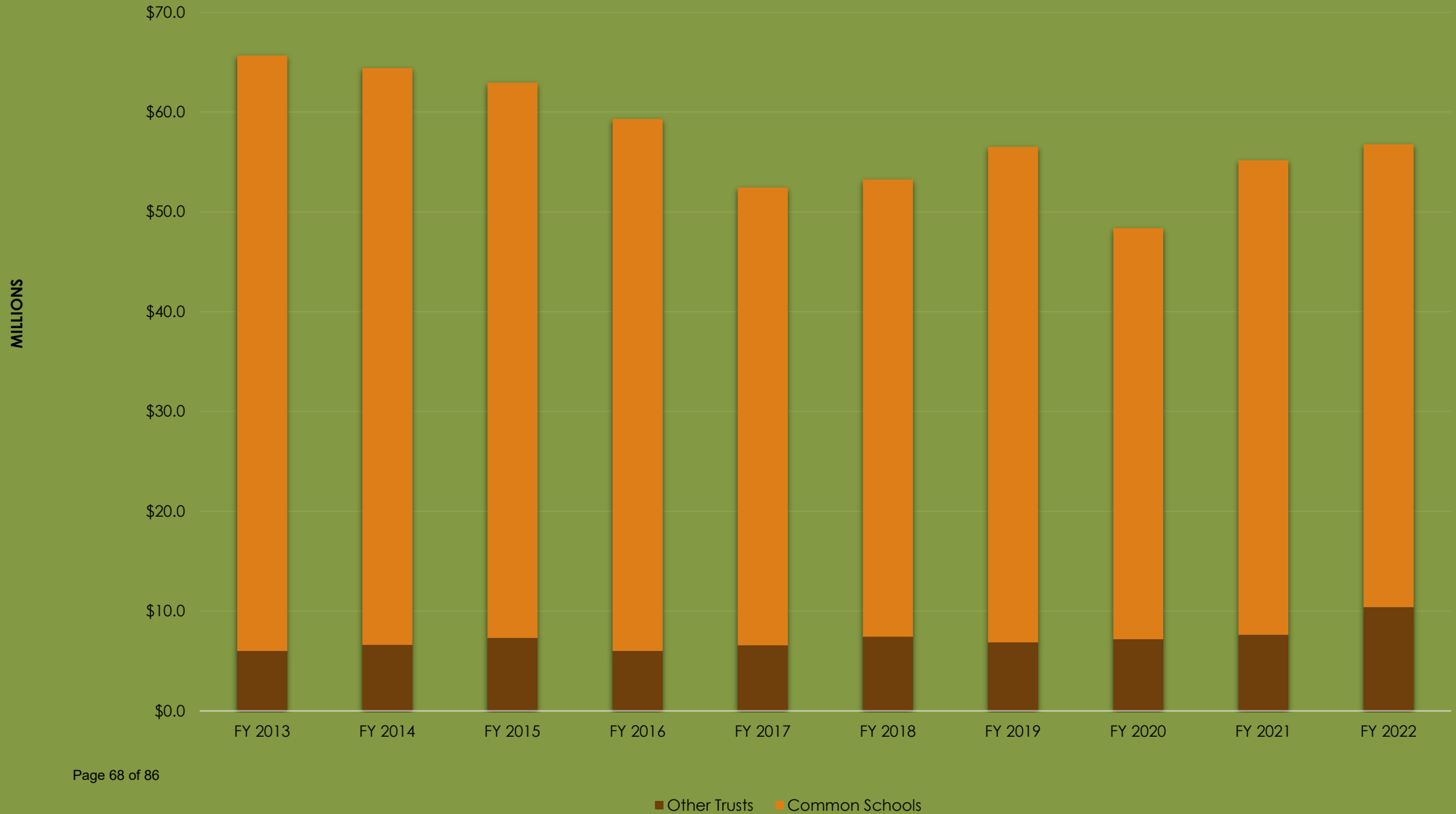
Photo credit: Andrea Stanley, Hydrologist/Soil Scientist



Distributable & Gross Revenue



Net Distributable Revenues





Funding Our Public Schools

2022 K-12 School Year Enrollment: 149,198

OPI Expenditures: \$891,677,991

OPI Pupil Expenditures: average state share
per student \$5,976

Trust Lands Common Schools GF Distribution:
\$46.3 million or \$311 per student.

Trust Lands Contribution to the OPI
expenditures: 5.2%

School Facility & Technology Fund:
\$7,432,706

DNRC Trust Lands Bureaus



AGRICULTURE &
GRAZING
MANAGEMENT



RECREATIONAL
USE/PUBLIC
ACCESS



MINERALS
MANAGEMENT



FOREST
MANAGEMENT



REAL ESTATE
MANAGEMENT

Agriculture & Grazing Management

Agriculture Lease Revenues: \$15,655,032

- 4,513,039 million bushels of wheat
- 536,032 million bushels of barley
- 42,668 thousand tons of hay

Grazing Revenues: \$13,307,059

- \$/AUM decreased from \$13.41 to \$12.83 due to a decrease in beef cattle prices.

Ag & Grazing Revenues FY 2018 - FY 2022

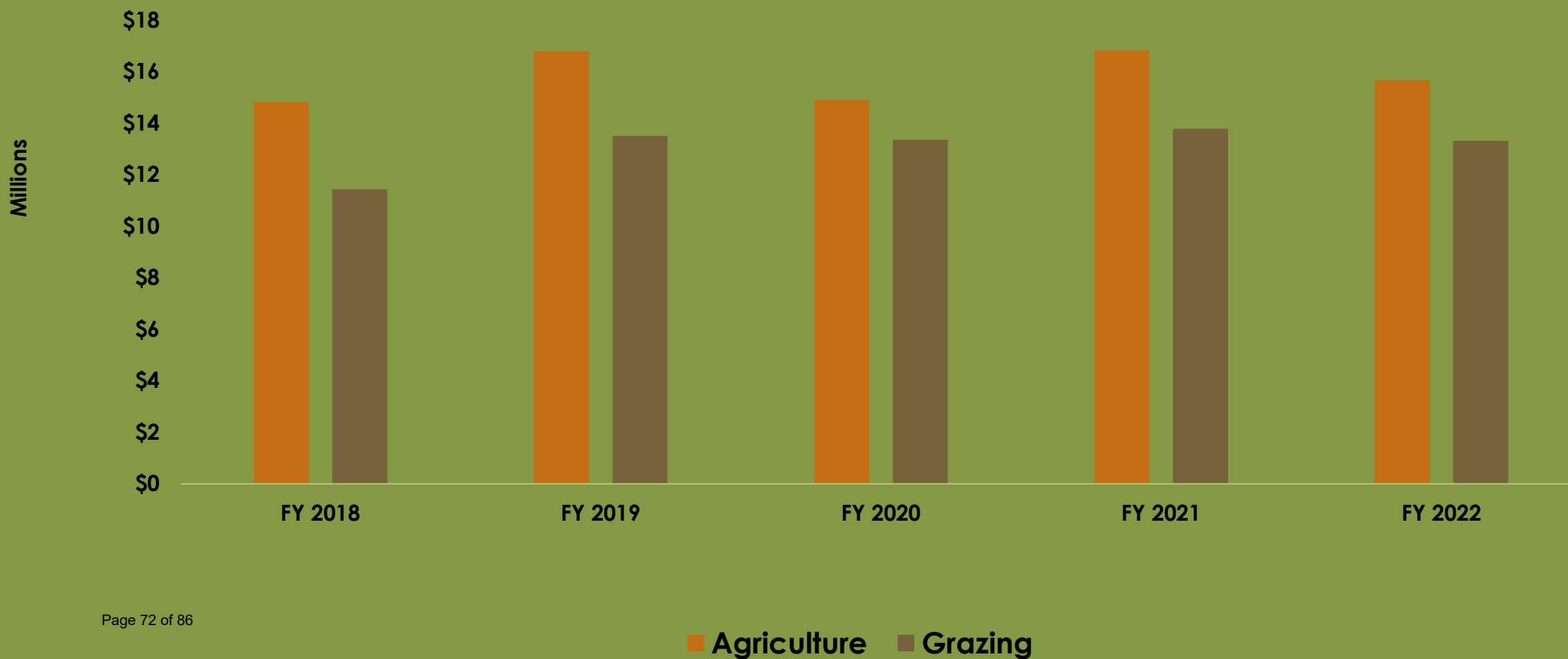




Photo credit: Aaron
Kneeland, Land Use
Specialist

Recreational Use

- Recreational Use Revenue \$1,283,649
- In FY22 the recreational use program was heavily engaged in updating digital tools for recreational use management and communications.
 - Digitized closures and restrictions into interactive public web map
 - Implemented new database to streamline application processes and standardize forms.
 - Integrated online payment options
 - Initiated groundwork for public access map
 - Immersed in website redesign planning

Central Land Office - Pipestone

Photo credit: Jess
Hoag, Rec Use Program
Manager

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Minerals Management

FY22 revenue from mineral activities totaled \$41.1 million

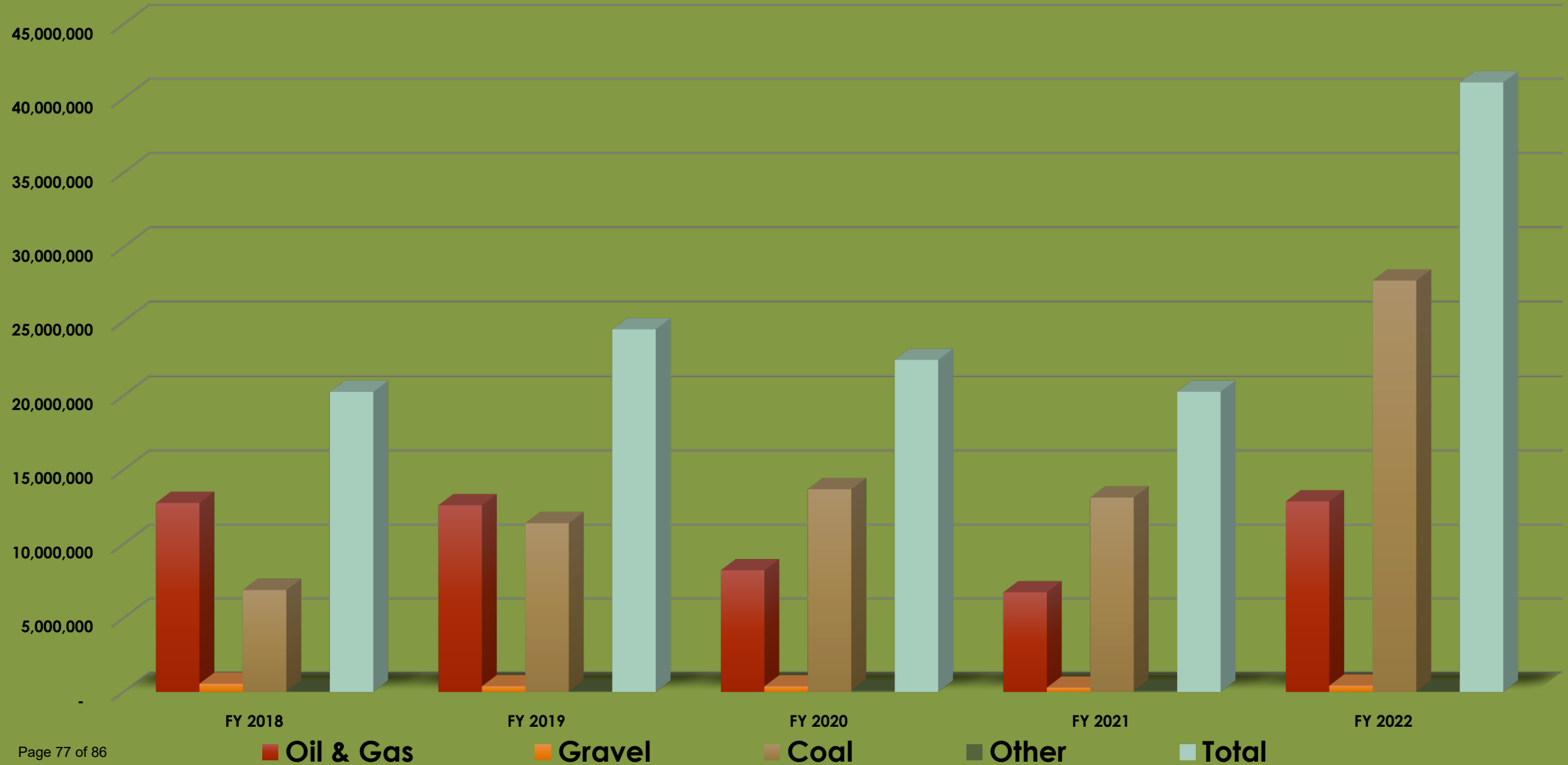
Average price per barrel: \$84

Oil & Gas royalty revenue: \$10.6 million

Coal Royalty revenue: \$27 million

Oil & Gas rentals & bonus revenue: \$2.2 million

Mineral Revenues FY 2018 - FY 2022





Minerals Management

508,802 acres under 1,337 lease agreements for Oil & Gas:

- 585 leases are producing from 216,065 acres
- 909 thousand barrels of oil
- 2.7 million mcf (thousand cubic feet) of gas

14,412 acres under 30 lease agreements for Coal:

- 6 leases are producing from 2,250 acres
- 9.8 million tons of coal

Forest Management



56.7 million board feet sold of the 60.2 million offered for sale

Stumpage value of \$10.4 million

Average stumpage price increased 2% compared to FY2021 to \$183 per MBF

Investment of \$1.4 million into road infrastructure



51 million board feet harvested

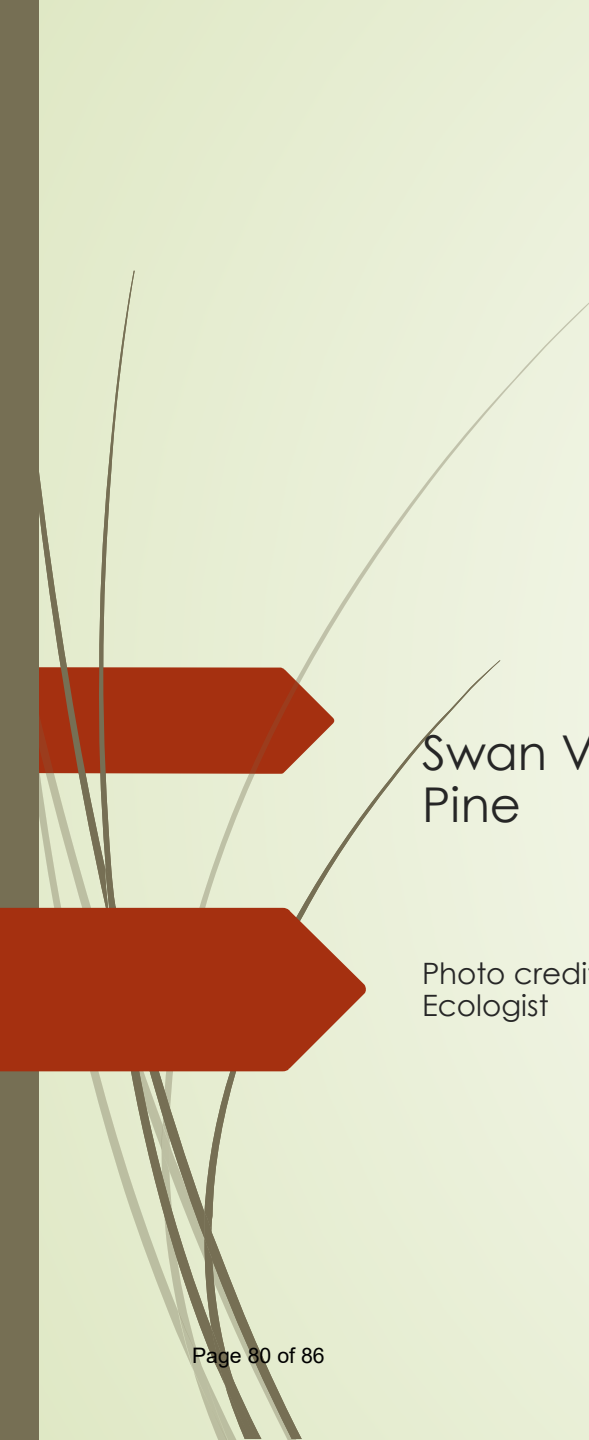
Generating \$9.4 million in revenue



Planted 254,677 seedlings on State Trust Lands



Put over 14,000 acres under active management

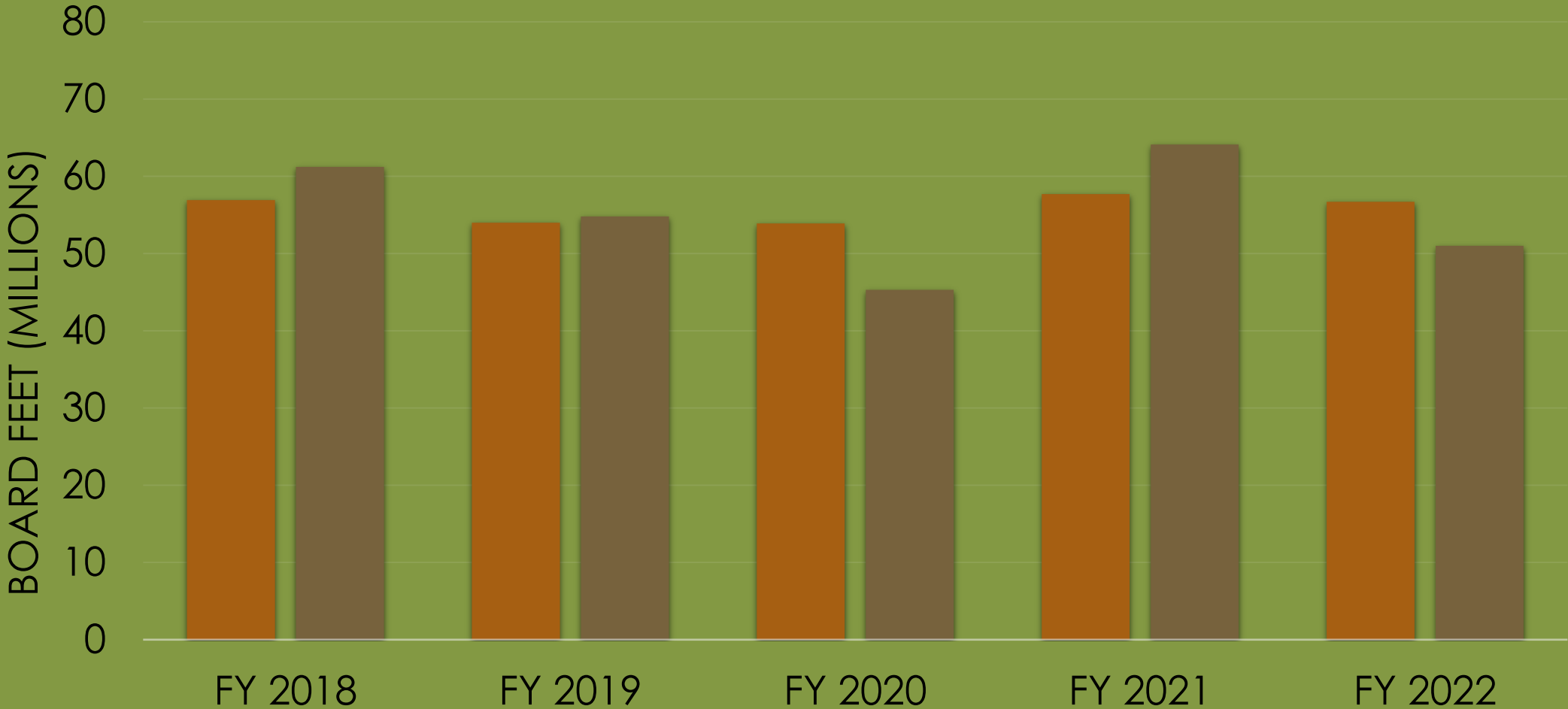


Swan Valley – Western White Pine

Photo credit: Tim Spoelma, Silviculturist/ Forest Ecologist



Timber Volume Sold and Harvested
FY 2018 - FY 2022





Real Estate Management

FY 2022
Revenue
by Real
Estate
Program

ROW/Easement: \$784,294

Residential Leasing: \$2,157,465

Commercial Leasing & Licensing: \$2,470,379

Conservation/Other Leasing & Licensing: \$47,099

Hydro Lease: \$5,191,270



City streets and infrastructure installation on North Park leases July 2022

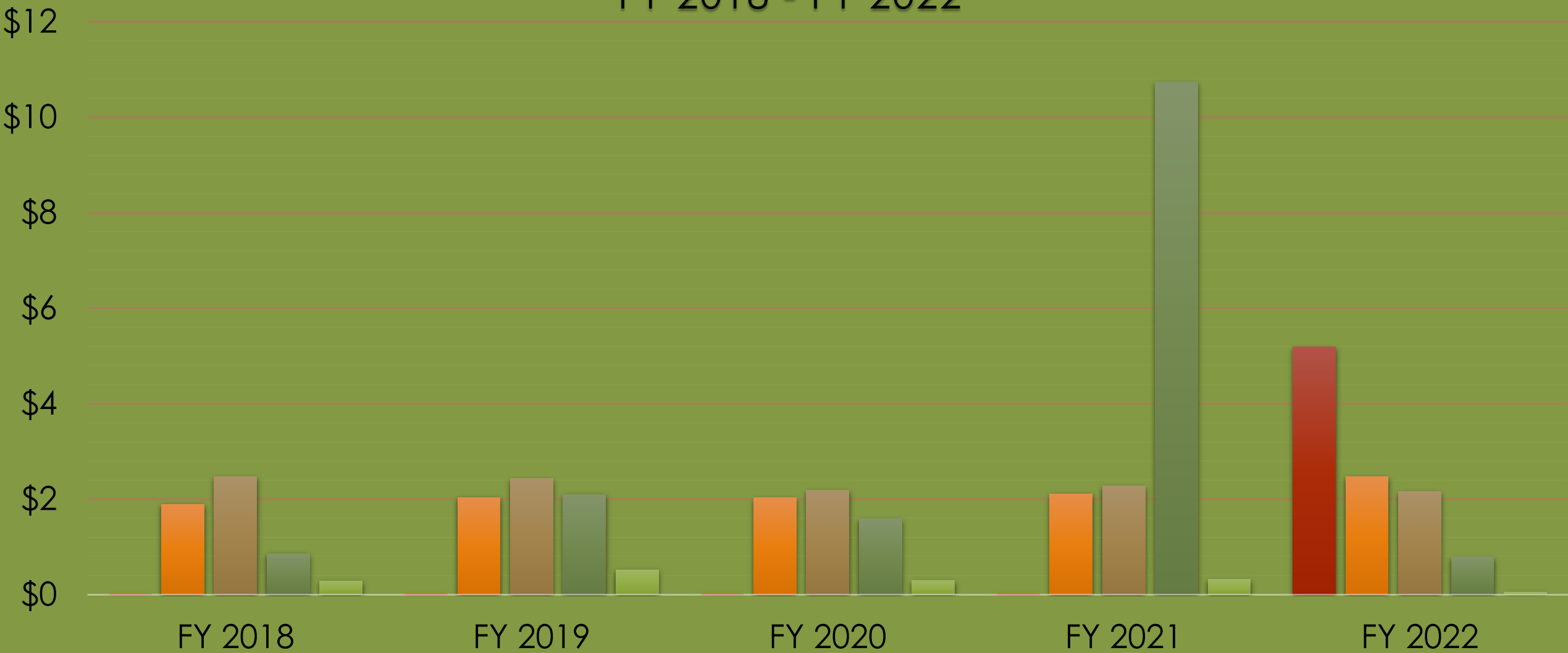
Photo credit:
Gary Zipperian,
Commercial Lease Specialist



Courtyard by Marriott construction on last undeveloped lease lot in Lewis & Clark subdivision

Photo credit:
Gary Zipperian,
Commercial Lease Specialist

Real Estate Revenues FY 2018 - FY 2022



This concludes the presentation
Happy to answer any questions

