

# Trust Lands Management FY 2017 Review



# Financial Highlights FY 2017



**Trust Lands Management Division  
Gross Revenue  
\$86.2 million**

**Land Management Gross Revenue  
\$62.2 million**

**Interest Income &  
Other Gross Revenue  
\$24.0 million**

**Division Expenditures  
\$13.3 million**

**Common School  
Permanent Fund Revenues  
\$17.0 million  
Other Beneficiaries Permanent Fund  
\$1.6 million**

**Common Schools  
Distributed Net Revenues  
\$43.1 million  
School Facility Account  
\$2.7 million  
Other Beneficiaries Distributable  
Net Revenues  
\$6.6 million**

**Permanent Fund Balance  
\$655.4 million  
Common Schools  
Permanent Fund Balance  
\$602.7 million  
Other Beneficiaries Permanent Fund  
\$52.7 million**

- **K-12 - 2017 School Year Enrollment: 146,375 public school children**
- **OPI Budget: \$845.5 million**
- **OPI Pupil Budget: average state share per student \$5,776**
- **Trust Lands Common Schools Distribution: \$43.1 million or \$295 per student**
- **Trust Lands Contribution to the OPI Budget: 5.1%**
- **School Facility & Technology Fund: \$2.7 million composed mostly of timber revenues (\$2.5 million) & navigable river revenues (\$200,000)**



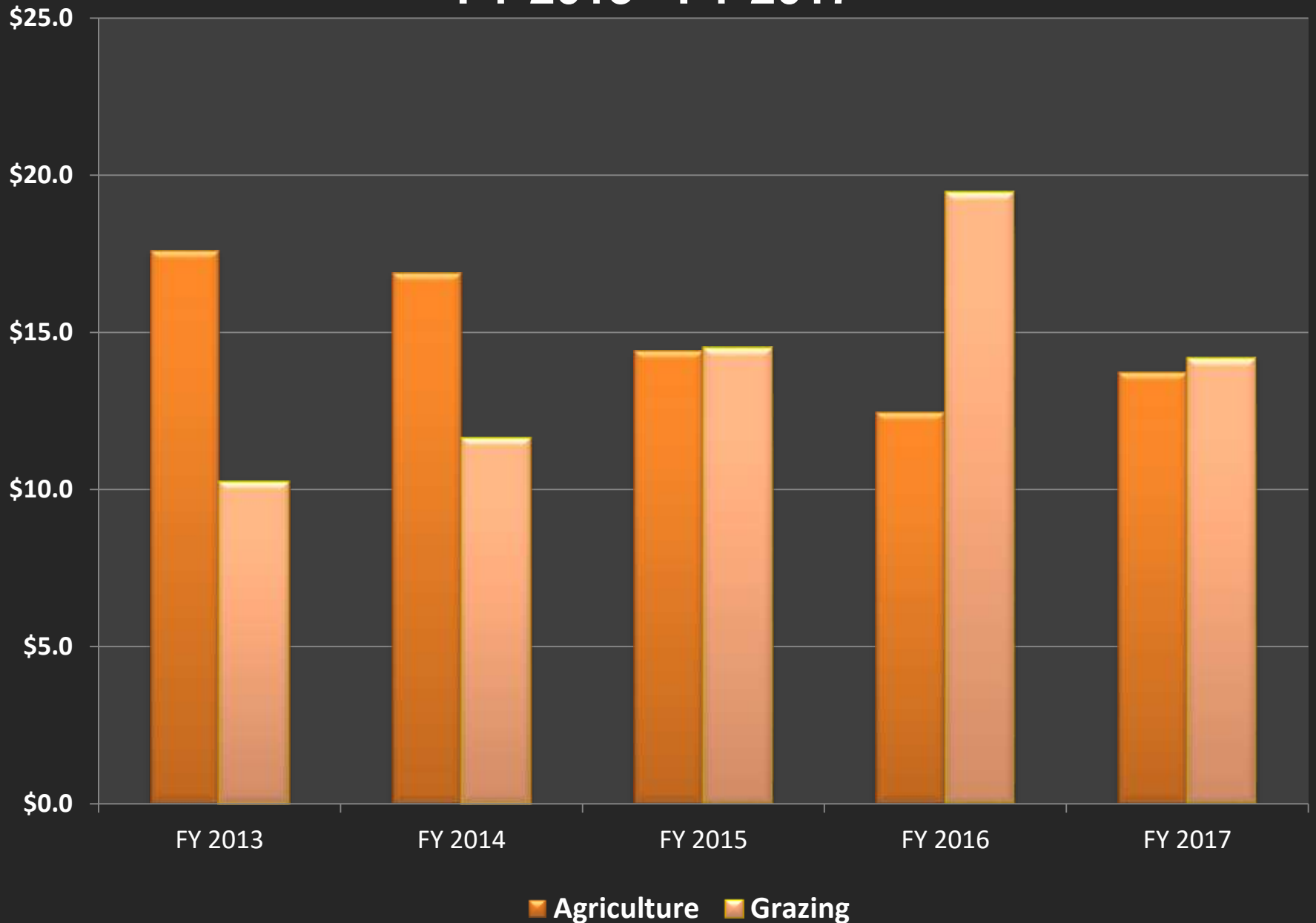


# Agriculture & Grazing Management

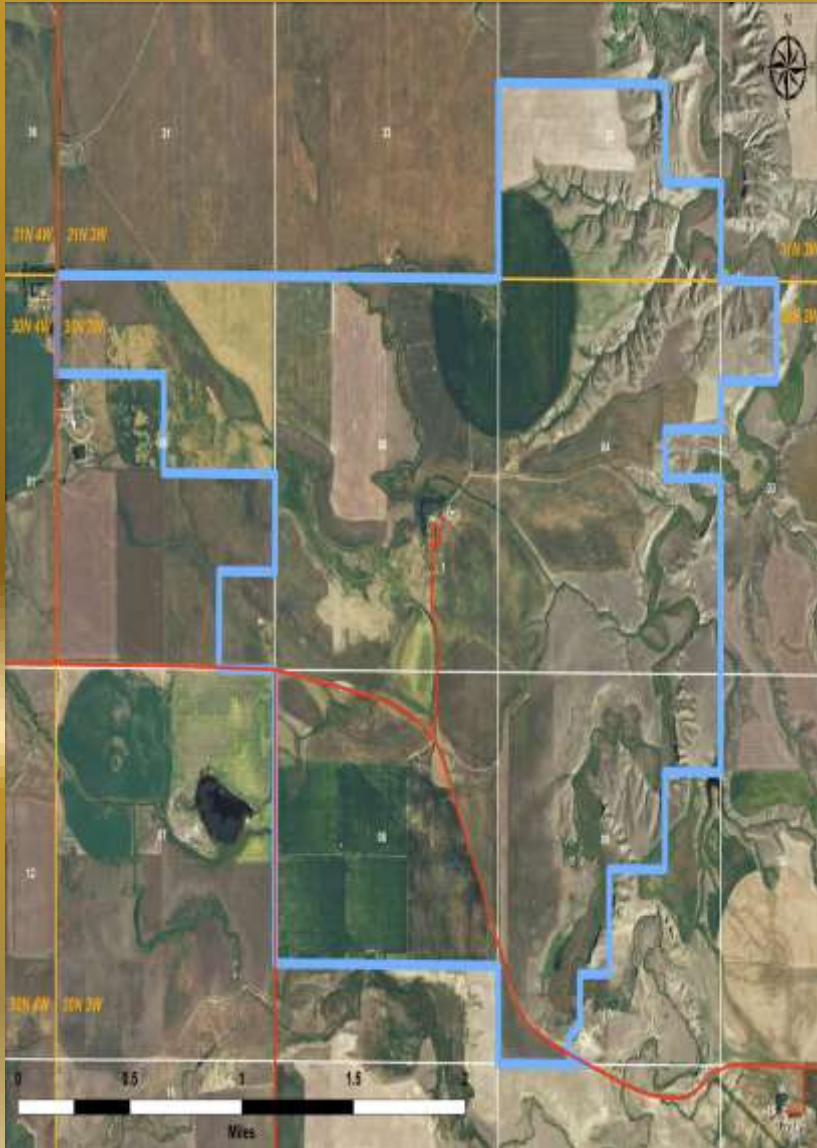
- **Agriculture Lease Revenues: \$13.7 million**
  - 7.9 million bushels of wheat
  - 1.1 million bushels of barley
  - 65.1 thousand tons of hay
- **Grazing Revenues: \$14.2 million**
  - Lower beef cattle prices resulted in a drop of the grazing rate to \$14.01/AUM.
- **Recreational Use**
  - 496,707 conservation licenses were sold, generating \$993,000 for the trust beneficiaries.



# Agriculture & Grazing Revenues FY 2013 - FY 2017



# Bullhead Ranch – Recreational Use





# Minerals Management

- In FY 2017, revenue from mineral activities totaled \$16.3 million.
- Average price per barrel: \$43.03
- Oil & Gas royalty revenue: \$7.5 million
- Coal royalty revenue: \$6.8 million
- Oil & Gas rentals/bonus revenue: \$1.6 million



# Minerals Management

- **During FY 2017:**
  - **594,839 acres under 1,441 lease agreements for Oil & Gas:**
    - **666 leases are producing from 247,895 acres**
    - **1.1 million barrels of oil**
    - **2.4 million mcf (thousand cubic feet) of gas**
  - **17,145 acres under 35 lease agreements for Coal:**
    - **7 leases are producing from 2,800 acres.**
    - **3.9 million tons of coal**



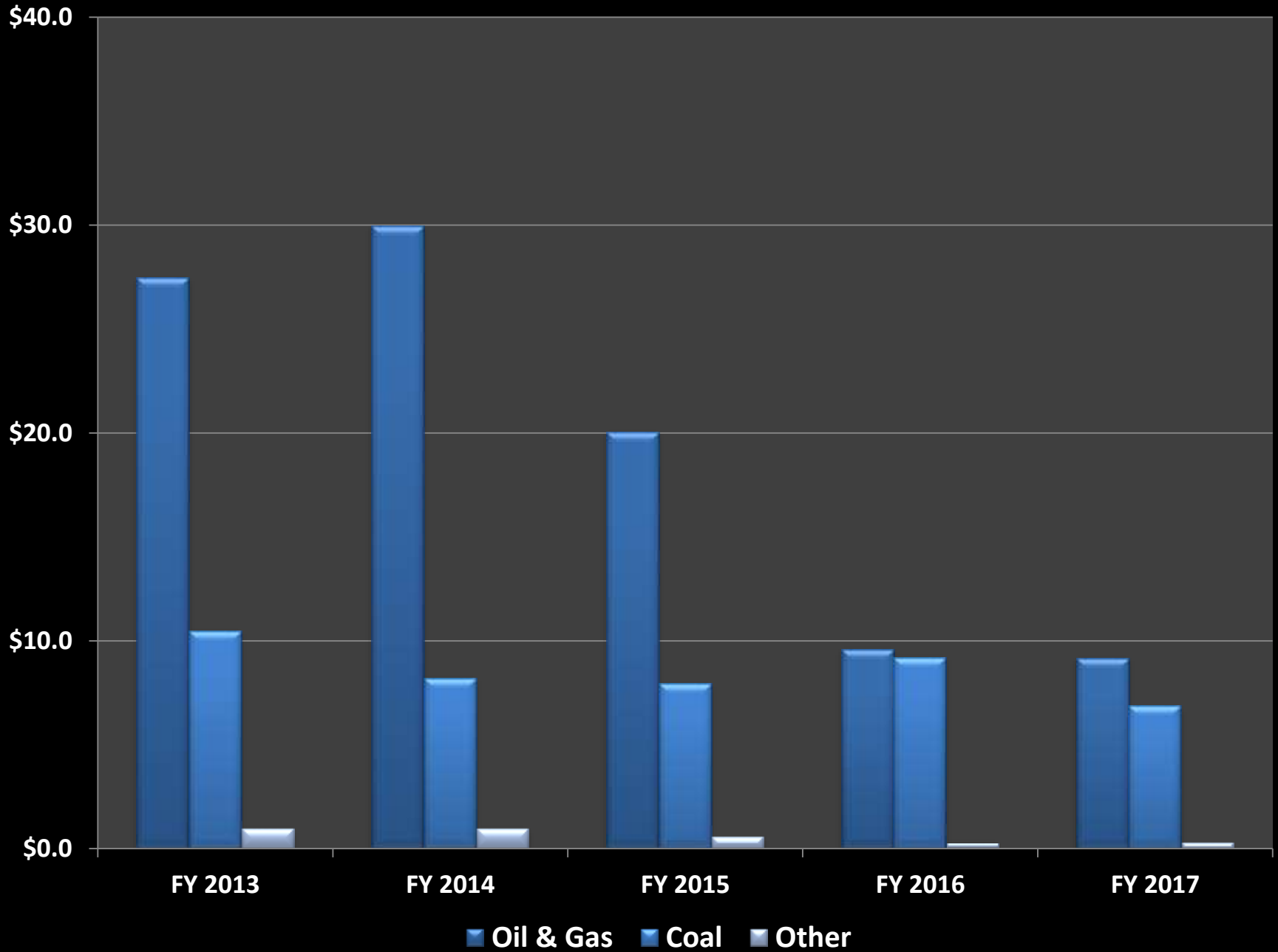


# Minerals Management

## Navigable Riverbed/Island Ownership Quiet Title Action Resolved

- **Stip et al. vs State of Montana et al.**
- **2 producing oil wells adjacent to the navigable Yellowstone River near Sidney, MT**
- **Adjacent private landowner claimed ownership of land forms DNRC believed to be state-owned islands.**
- **\$1.37 million in past and estimated future royalties**
- **State District Court ruled in state's favor on all islands.**
- **Royalties go to the Common Schools Trust.**

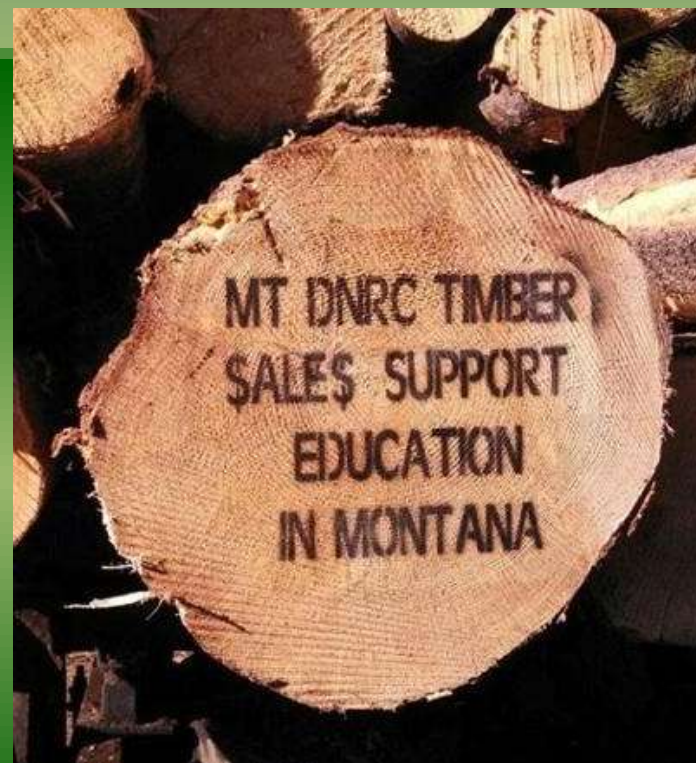
# Mineral Revenues FY 2013 - FY 2017



# Forest Management

## Fiscal Year 2017:

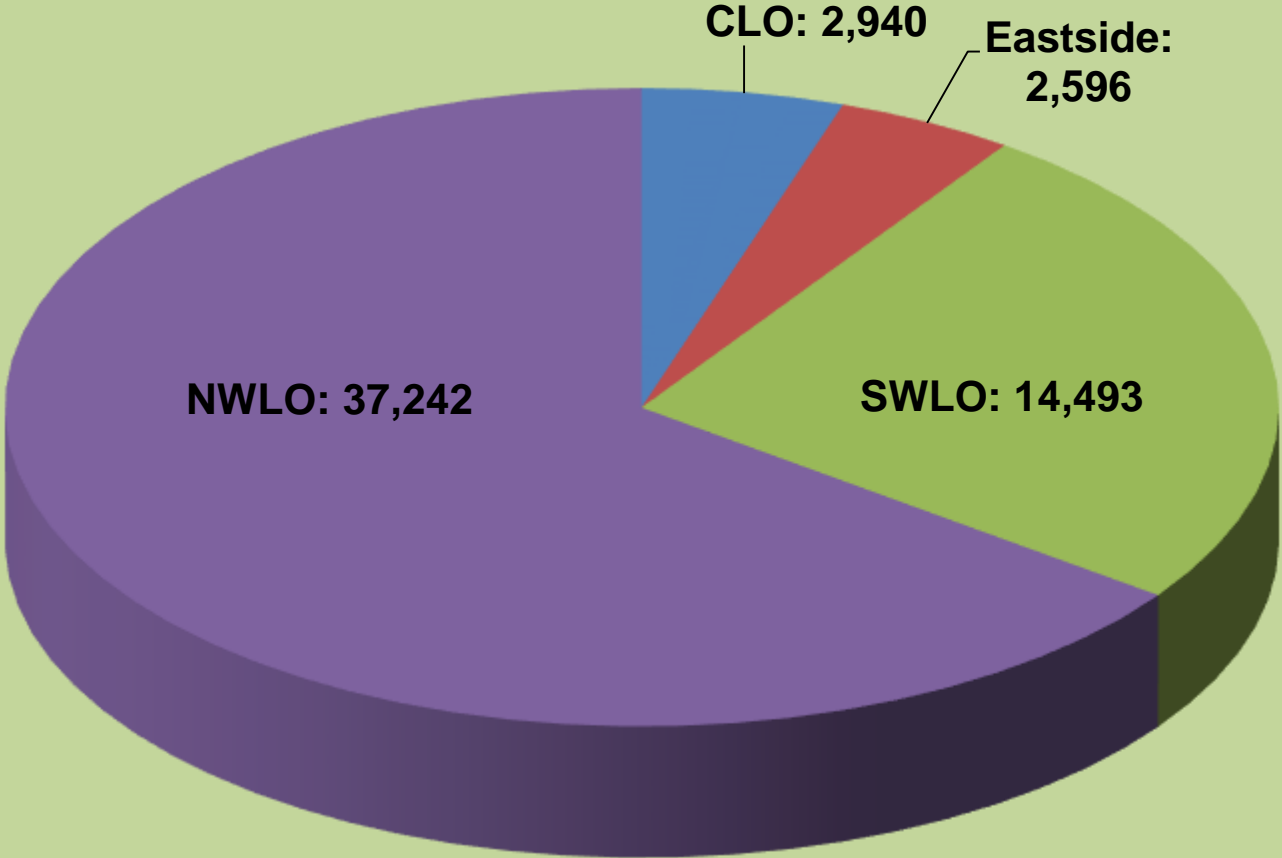
- 57 million board feet sold
  - Value of \$8.2 million
  - Average stumpage price dropped 20% to \$121 per MBF.
- 47 million board feet harvested
  - Value of \$10.9 million
- 267,870 seedlings planted





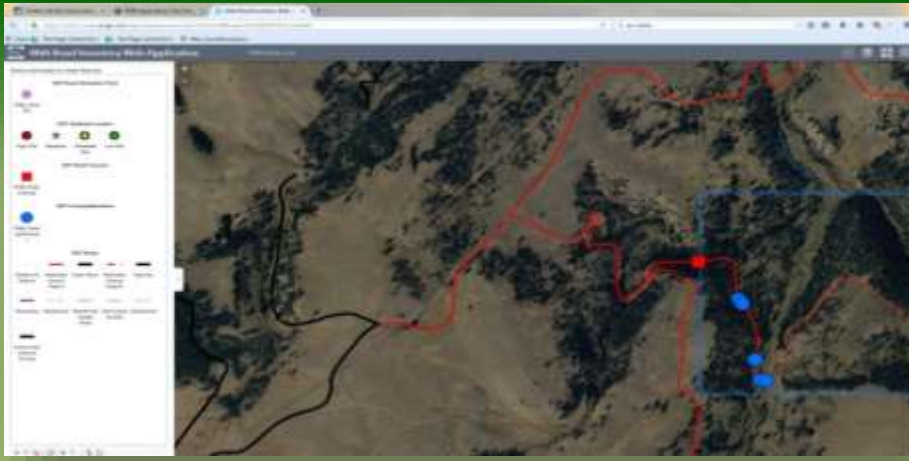
# Forest Management

**Timber Volume Sold by Area - Total 57,271 MBF**

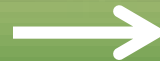


# Forest Management

- Worked with REMB and NWLO on acquisition of the Lazy Creek Block. Negotiated terms of conservation easement and resource management plan with FWP.
- Continue to implement new “Next Generation” data protocols through establishment of DNRC-based cloud data structure with fully editable offline capability.
- Amending DNRC Forest Land HCP to add 82,000 acres of land to the Incidental Take Permit for grizzly bear, lynx, bull trout, and westslope cutthroat trout.



Improved Data



Restored Habitats

# Forest Management Revenue FY 2013 - FY 2017





# Real Estate Management

- **ROWs/Easement Revenue:** \$1.2 million
- **Residential Leasing Revenue:** \$2.3 million
- **Commercial Leasing:** \$1.9 million
- **Land Use Licensing:** \$288,000
- **Hydro Leases:** \$19,000  
*(\$4.68 million in hydro revenue is in escrow pending legal proceedings)*



# Commercial Leasing

## Annual Revenue

- \$1.9 million in Leases and Lease Options
- FY17 marks the 4<sup>th</sup> consecutive year of greater than 10% annual growth in this category.

## New Activity in FY17

- 1 new Lease
  - Lower Stillwater Lake, Montana Getaway Group
- 9 new Options to Lease
  - (1) Missoula, Reserve Street
  - (3) Kalispell, Section 36
  - (4) Bozeman, North Park
  - (1) Billings, Alkali Creek

## Inventory To Date

- 134 active Leases
- 12 active Options to Lease



*Reported revenues exclude the disputed annual lease revenue from hydro leasing of \$4.68 million currently in escrow.*

# Land Banking Transactions

## Land Sales (non-cabin site)

- 10,128 acres
- \$11,436,000
- Common Schools & Public Buildings

## Cabin Site Sales

- 29 sites sold
- 43 acres
- \$3,722,00
- MT Tech, MSU, & Common Schools

## Land Purchased

- Lost Creek Farm
- 2,016 acres
- \$1,333,000
- Common Schools



**Land Banking Fund Balance To Date: \$16.9 million**

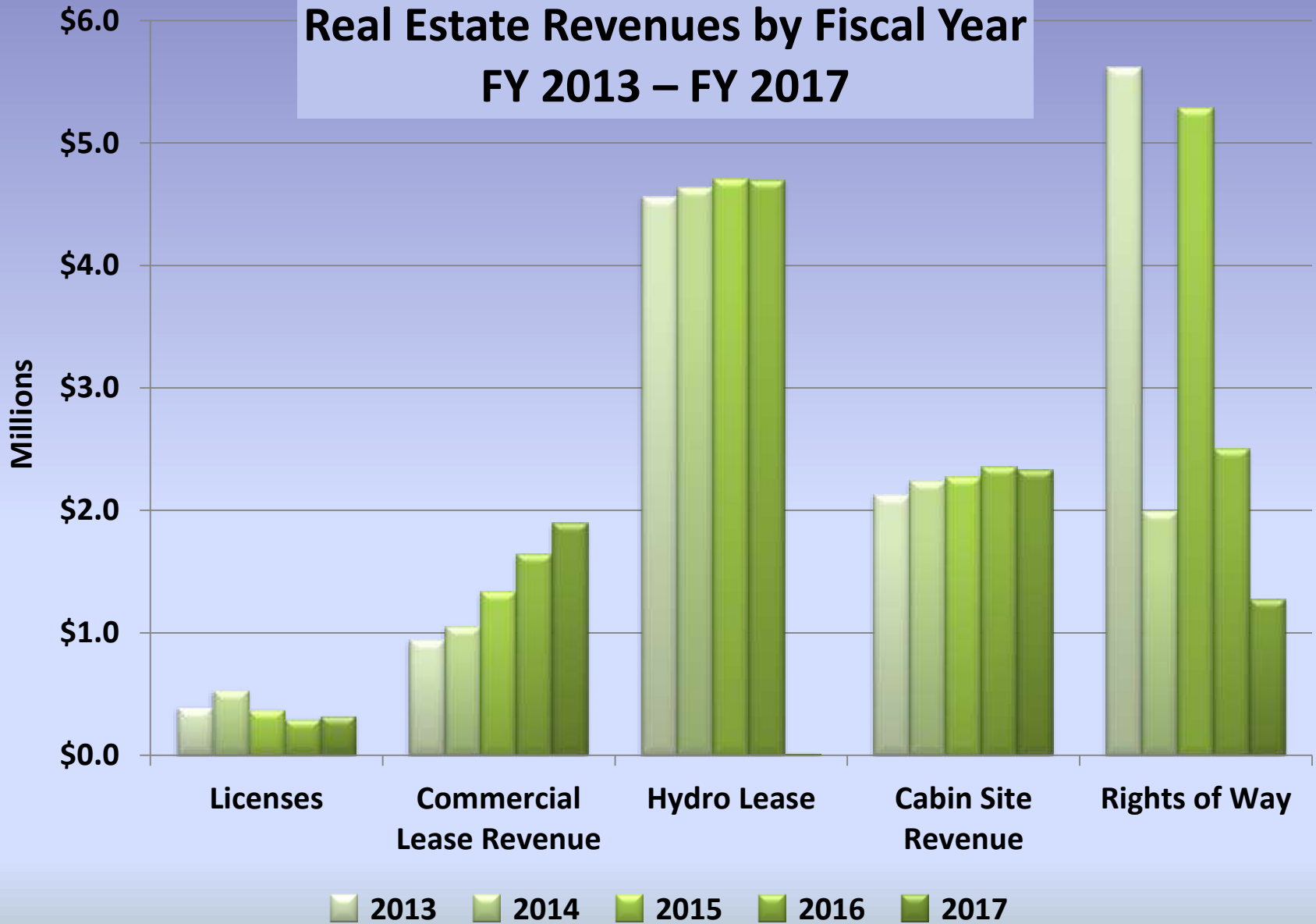


# Lost Creek Farm Land Banking Acquisition

- **2,015.8 acres of dryland agriculture & grazing**
- **5 miles northwest of Molt, MT**
- **Public access via county road**
- **Purchase Price: \$1,333,000**
- **Closing Date: 6/9/2017**
- **Projected Annual Income: \$48,267**
- **Trust Beneficiary: Common Schools**



# Real Estate Revenues by Fiscal Year FY 2013 – FY 2017



The End