

Trust Lands Management FY 2015 Review



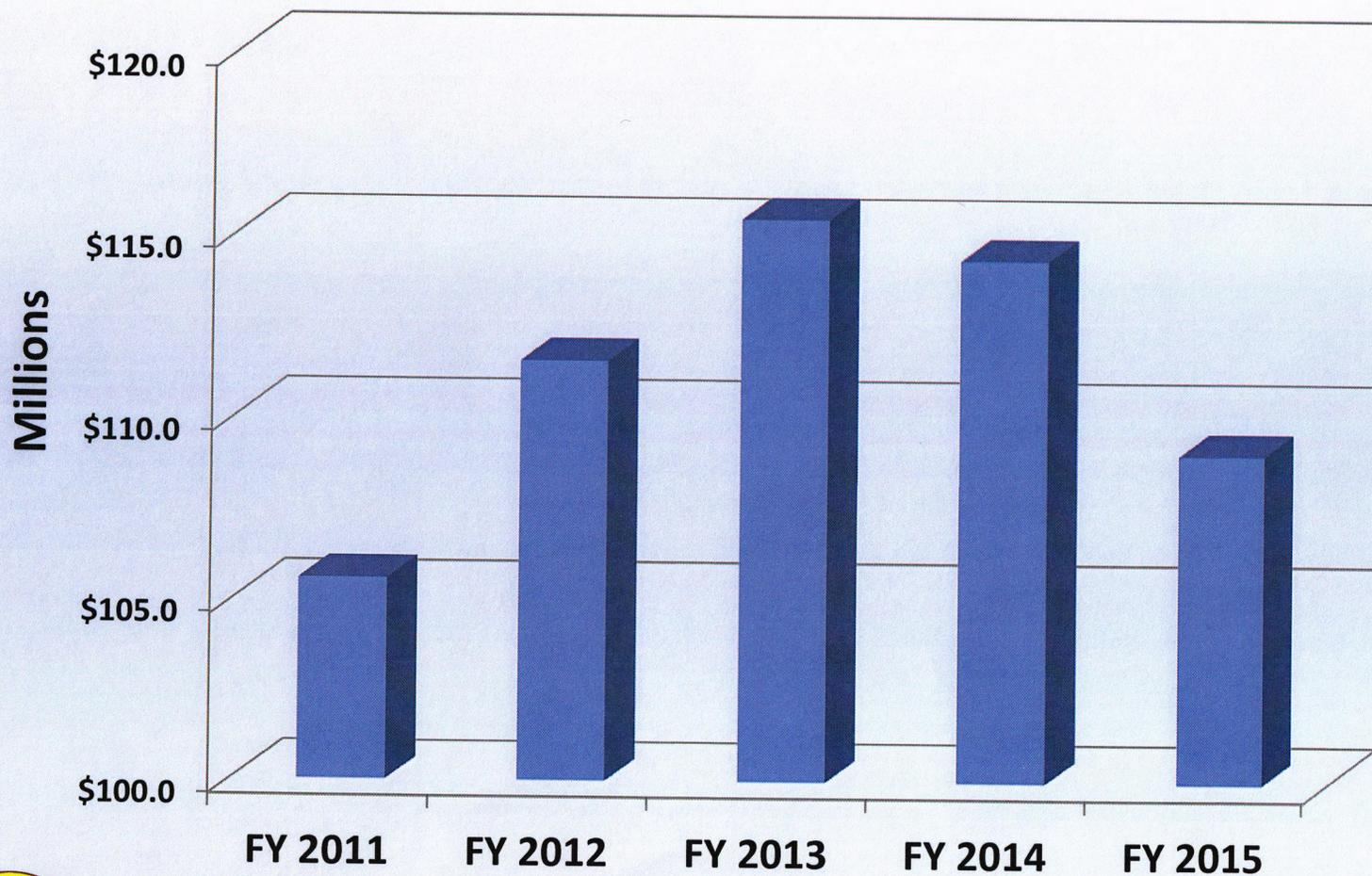
ENVIRONMENTAL QUALITY
COUNCIL. 2015-16

January 14, 2016

Exhibit 12



All Revenue FY 2011 - FY 2015



Financial Highlights FY 2015

**Trust Land Management
Division Gross Revenue
\$109.1 million**

**Land Management Gross
Revenue
\$84.9 million**

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

**Division Expenditures \$12.5
million**

**Common School Permanent Fund
Revenues \$26.8 million
Other beneficiaries Permanent Fund
\$5.4 million**

**Common Schools distributed net
revenues - \$48.3 million
School Facility Account \$7.2 million
Other Beneficiaries distributable
net revenues \$7.3 million**

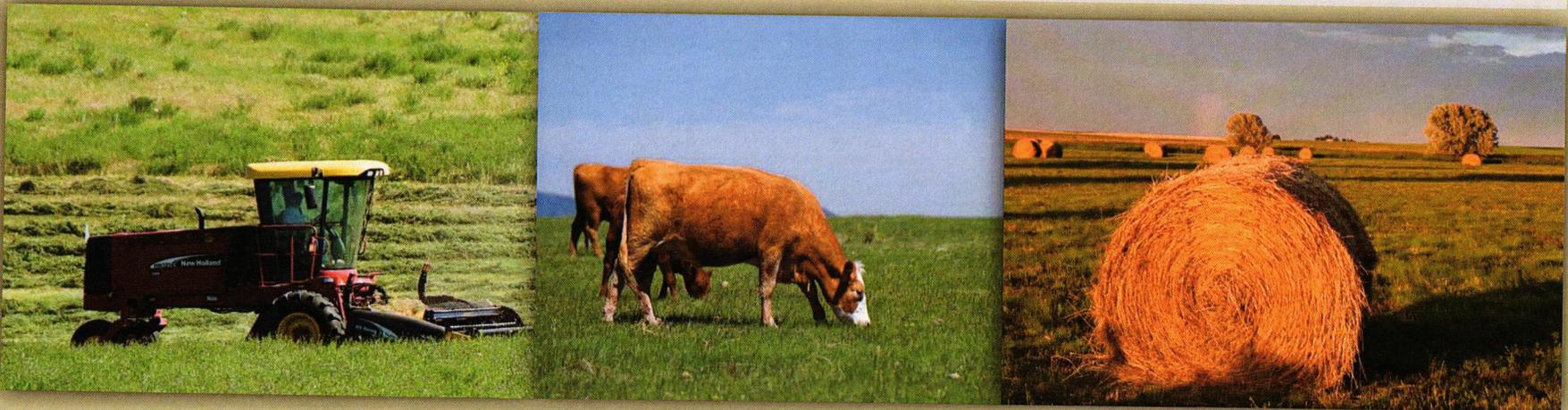
**Permanent Fund Balance \$614.6 million
Common Schools Permanent Fund
Balance \$564.7 million
Other Beneficiaries Permanent Fund
\$49.9 million**

- **K-12 2015 School Year Enrollment: 144,532 Public School Children.**
- **OPI Budget: \$820 million.**
- **Pupil Budget: Average state share per student \$5,674.**
- **Common School Distribution: \$48.3 million.**
- **Pupil Distribution: \$334 per student.**
- **Common Schools Contribution: 5.9%**
- **School Facility and Technology Fund \$7.2 million composed of timber revenues (\$2.7 million) and navigable river revenues (\$4.5 million).**

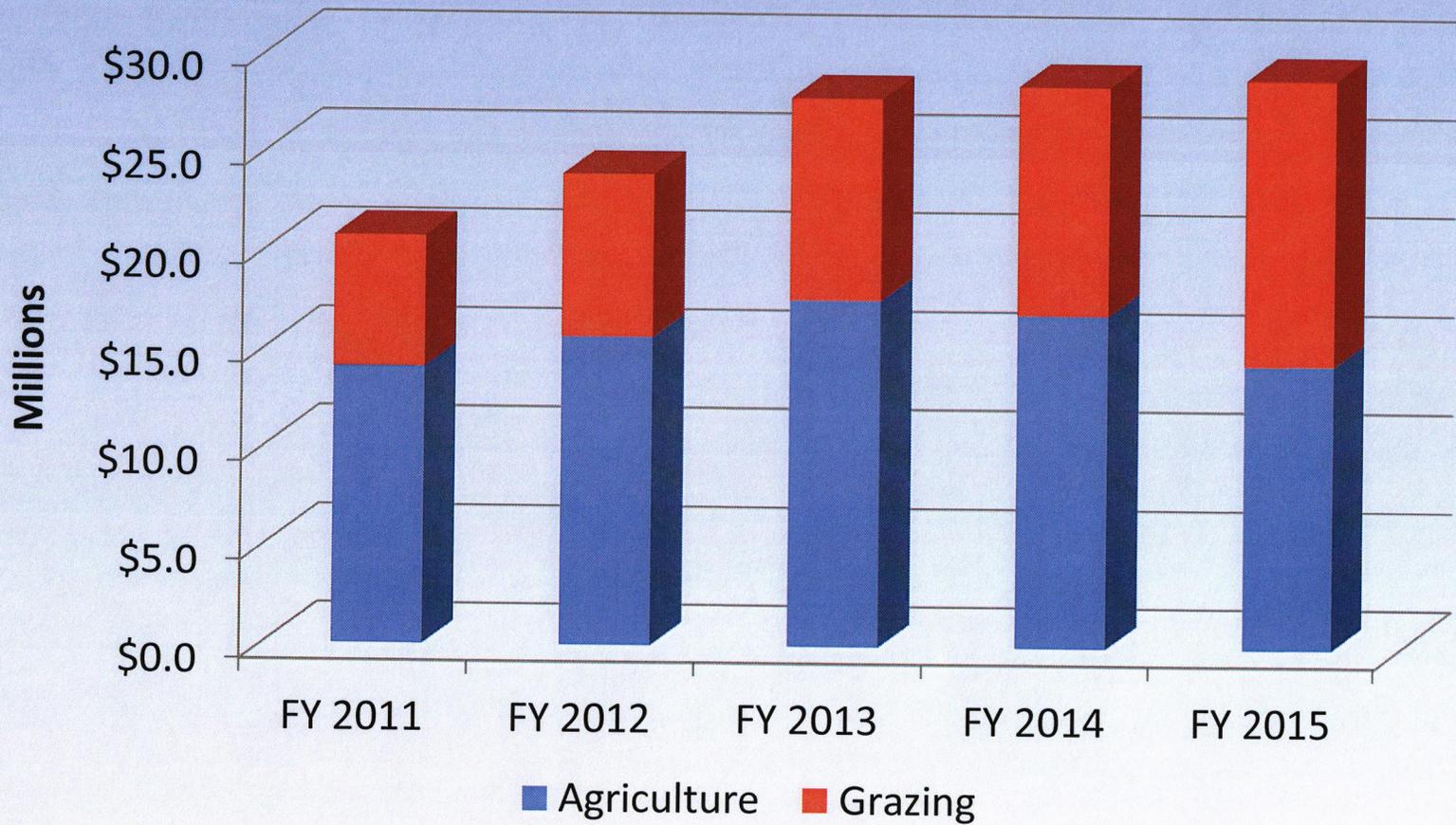


AGRICULTURE & GRAZING MANAGEMENT

- During FY2015, 7.4 million bushels of wheat, 1.0 million bushels of barley, and 56.9 thousand tons of hay were harvested from state lands.
 - Revenues of \$14.4 million.
- New grazing multiplier coupled with strong beef cattle prices, led to an increase from \$11.4/AUM to \$14.4/AUM.
 - Revenues of \$14.5 million.
- 498,556 conservation licenses were sold, generating \$997 thousand for the trust beneficiaries.

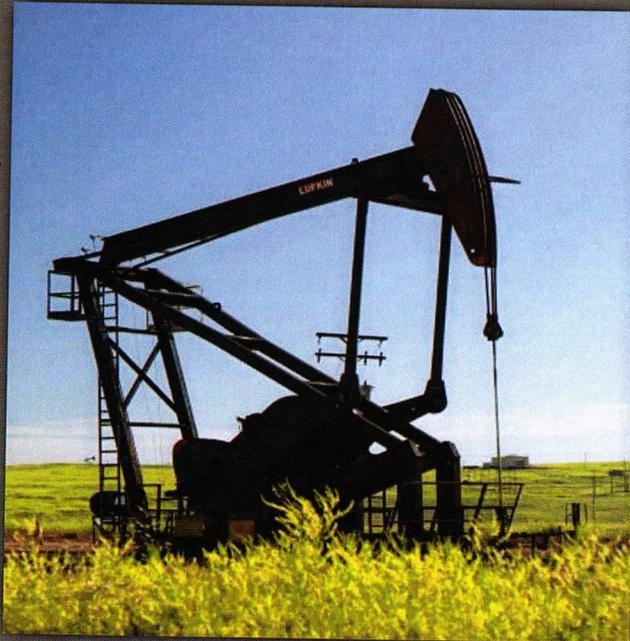


Agriculture & Grazing Revenues FY 2011 - FY 2015



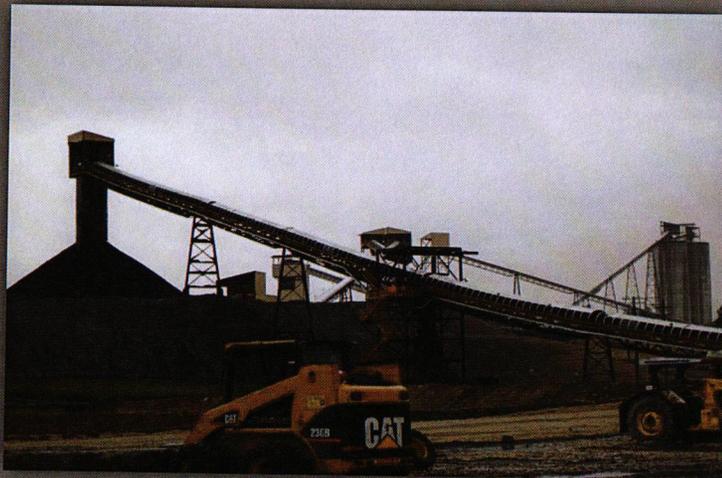
MINERALS MANAGEMENT

- In FY 2015, revenue from mineral activities totaled \$28.5 million, down \$10.6 million the prior year, mostly due to falling oil prices.
- Average price per barrel dropped from \$90.49 to \$58.19.
- Oil and Gas royalty revenue generated \$14.8 million.
- Coal royalty revenue generated \$7.8 million.
- Oil and Gas bonus revenue dropped to \$500,000 in FY15, from \$3.7 million in FY 2014.

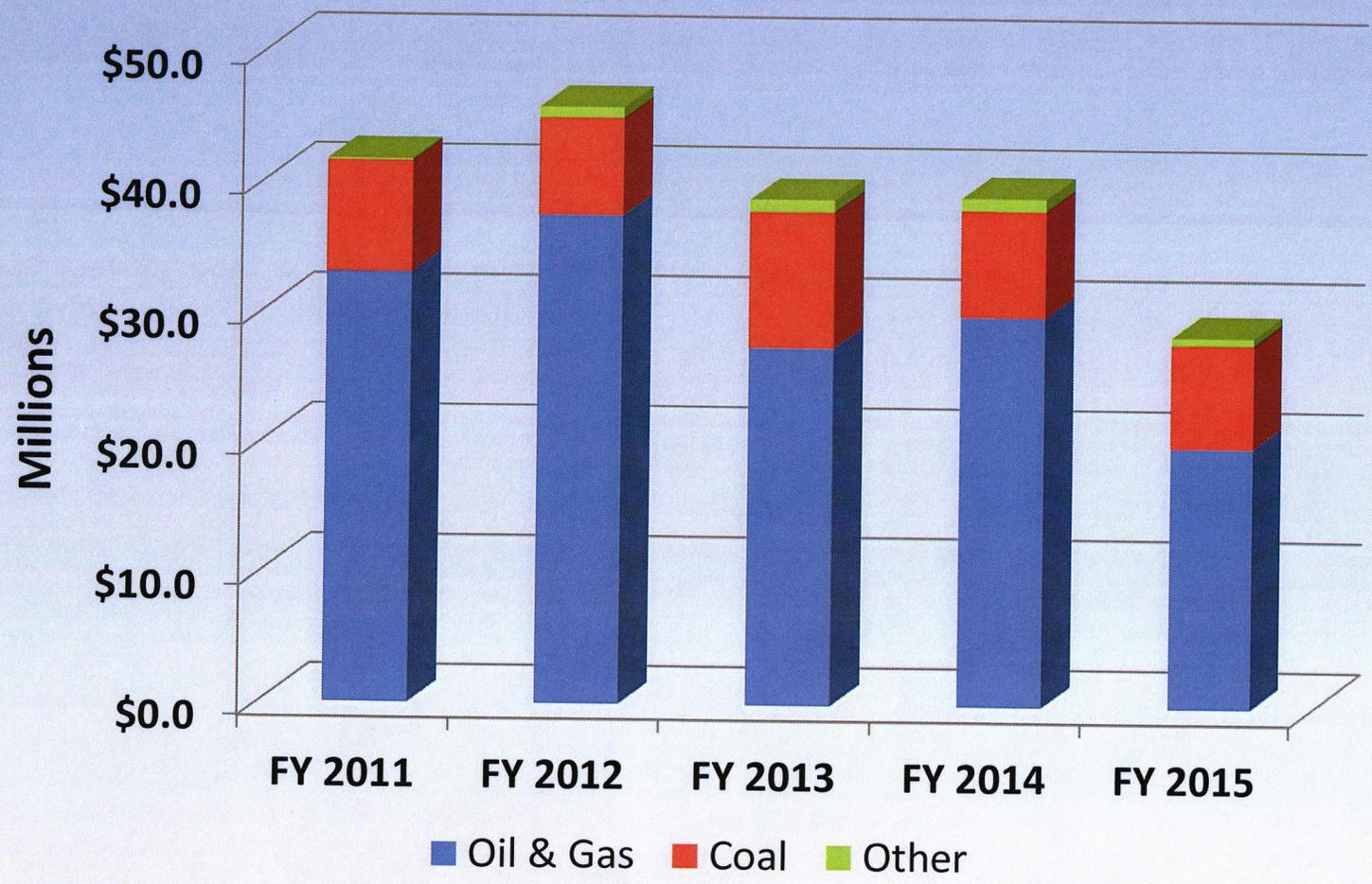


MINERALS MANAGEMENT

- **During FY 2015:**
 - **1,415,777 acres under 3,588 lease agreements for oil and gas:**
 - **672 leases are producing from 251,949 acres.**
 - **1.5 million barrels of oil.**
 - **2.8 million thousand cubic feet.**
 - **17,145 acres under 35 lease agreements for Coal:**
 - **6 leases are producing from 2,160 acres.**
 - **4.6 million tons of coal.**



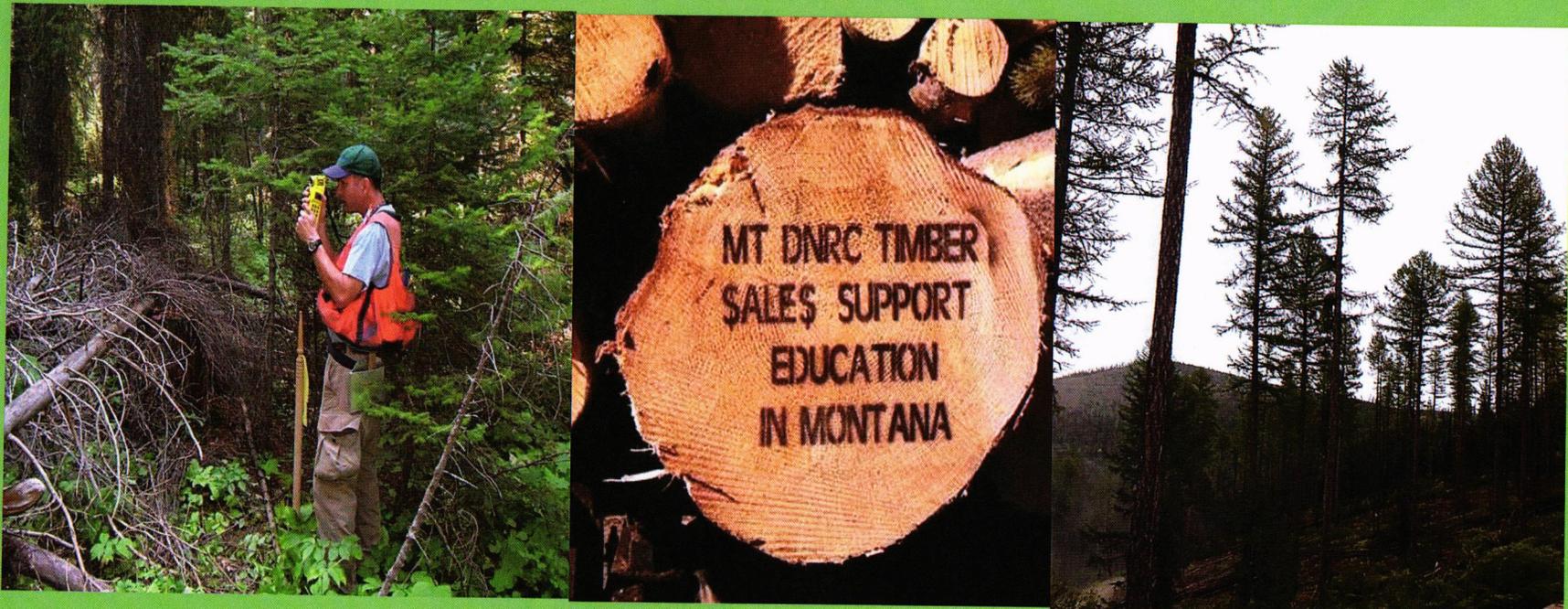
Mineral Revenues FY 2011 - FY 2015



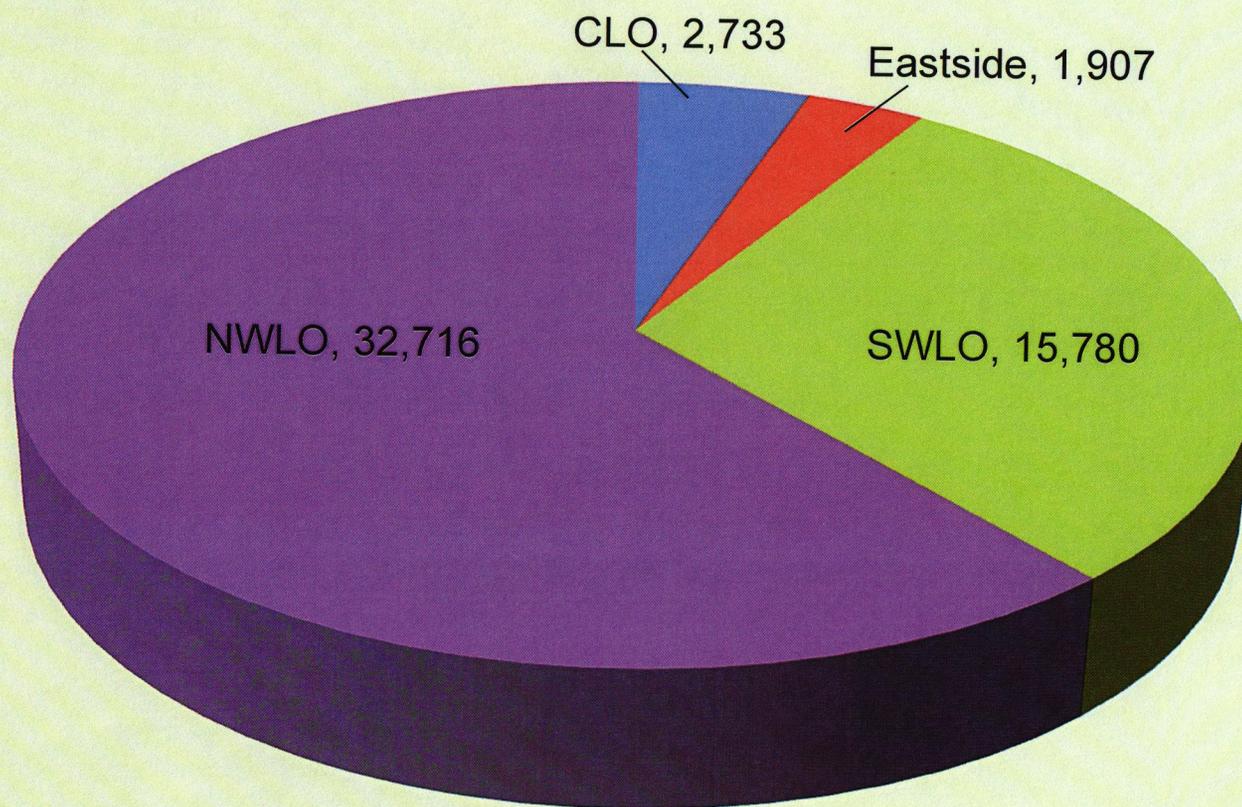
FOREST MANAGEMENT

Fiscal Year 2015:

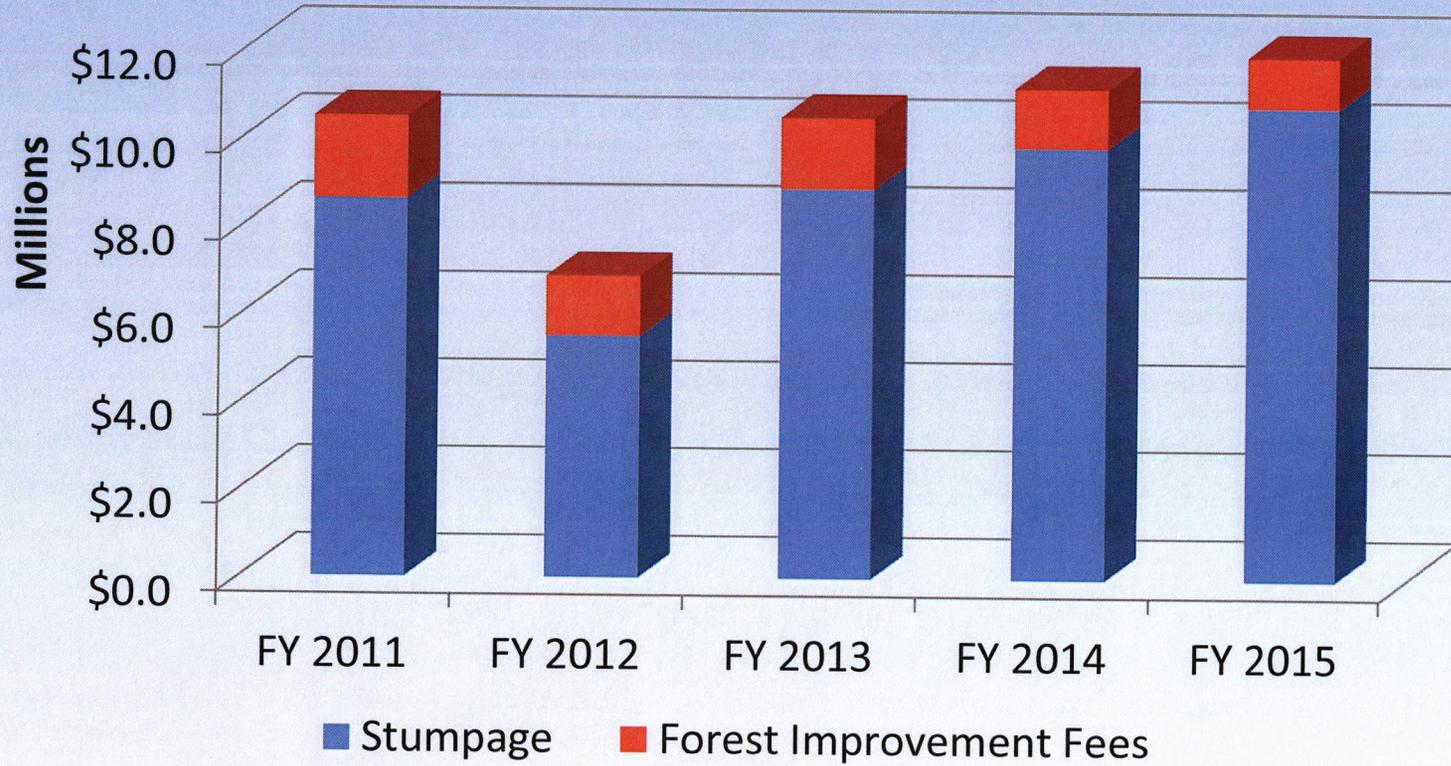
- **53.1million board feet sold.**
 - **Value of \$12.9 million.**
 - **Average stumpage price dropped 9% to \$220 per MBF.**
- **52 million board feet harvested**
 - **Value of \$12.0 million.**
- **Planted 189,860 seedlings.**



Timber Volume Sold by Area - Total 53,136 MBF

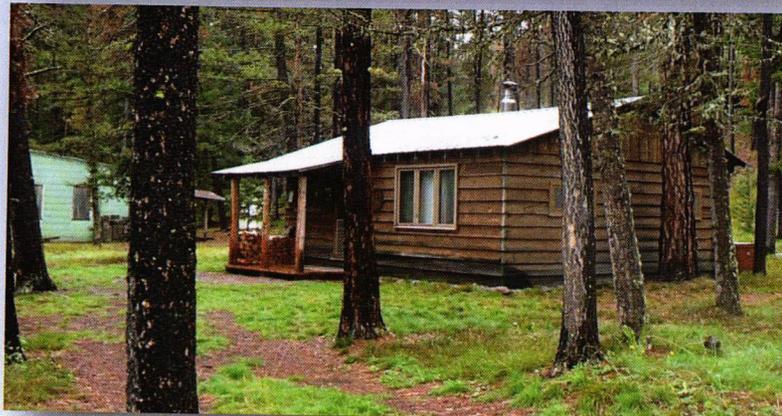
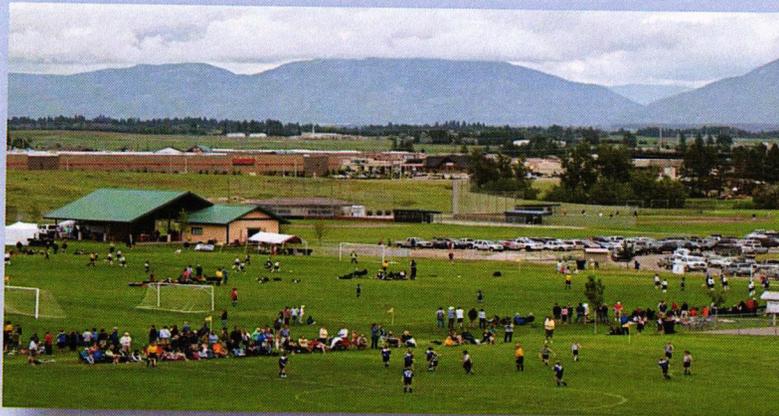


Forest Management Revenue FY 2011 - FY 2015

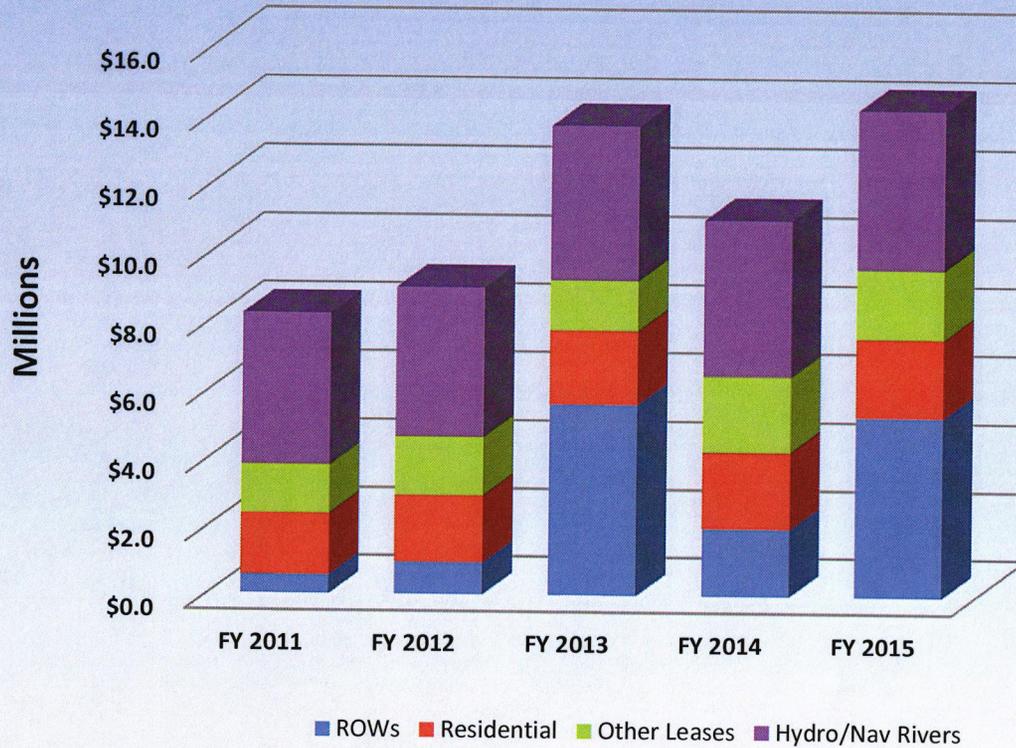


REAL ESTATE MANAGEMENT

- ROWs/Easement Revenue - \$5.3 million.
- Cabin site revenue - \$2.2 million.
- Commercial Leasing - \$2.0 million.
- Hydro Lease/Navigable Rivers - \$4.6 million.



Real Estate Revenue FY 2011 - FY 2015



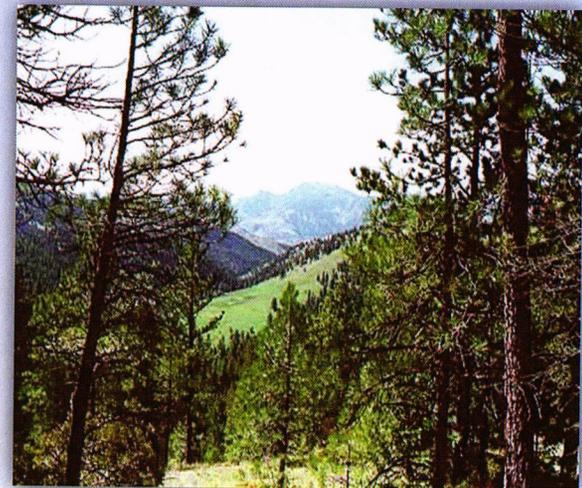
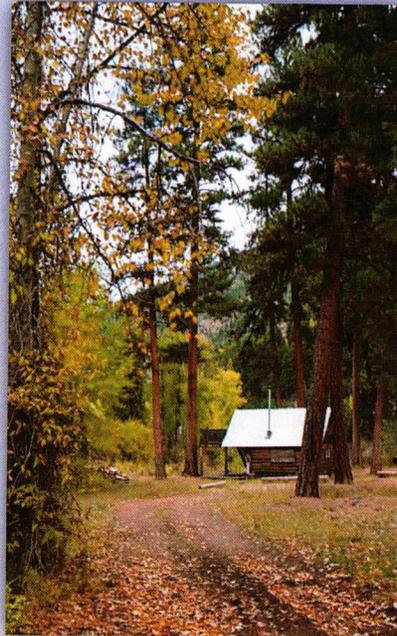
REAL ESTATE - Commercial Leasing

- 139 active commercial leases, generated \$6.0 million, including hydro lease revenue of \$4.6 million.
- Six new leases executed with a total annual income in excess of \$354,000. RFP's for the following:
 - KOS - Bright View Subdivision Lot 2, in Section 36 – Kalispell
 - TKG Spring Prairie Dev IV, LLC - Victory Commons in Section 36 – Kalispell
 - Chase-Skogen Construction, INC - Lewis & Clark Commerce Center, Lot 3
 - Chase-Skogen Construction, INC – Lewis & Clark Commerce Center Lot 2 – Bozeman
 - D&M Development, LLC - Old Corrections Building – Helena
 - Bozeman Land Investors, Inc - Lewis and Clark Commerce Center, Lot 5 – Bozeman



Land Transactions

- Land Sales – sold 1,892.51 acres of Common Schools land for \$947,000.
- Land Purchased – Hougardy Farm, 406.86 acres for \$1,000,000.
- Cabin Sites Sold – 5 sites sold totaling 4.32 acres for \$730,000.



Deep Creek Access

- DNRC settled a long standing dispute over access to almost 2,000 acres of School trust lands along the Rocky Mountain Front near Choteau.
- The agreement provides all lawful purpose access for the management and administration of the trust land.
- The agreement also provides seasonal walk in access to 2,000 acres of Trust land and key access to tens of thousands of acres of BLM and USFS land including the Bob Marshall Wilderness.



Bullhead Ranch Land Bank Acquisition

- **2,563 acres of irrigated crop, dry crop, CRP, and grazing**
- **15 miles northeast of Conrad.**
- **Public access – county road.**
- **Purchase price \$2.5 million.**
- **Closing date 8/28/2015.**
- **Projected annual income is \$69,355**
- **MSU Morrill, UM & Common Schools trust beneficiaries.**



THE END

