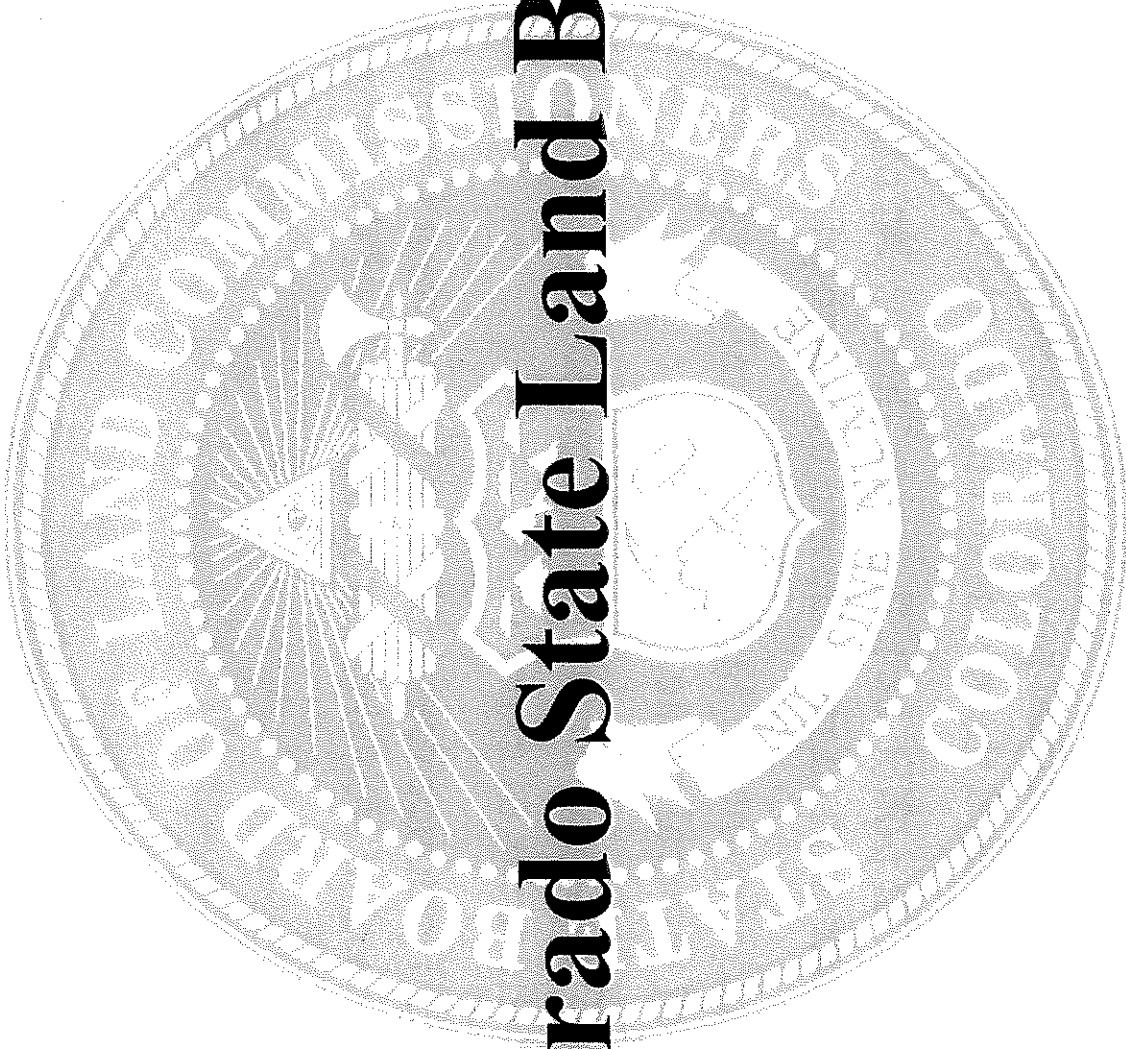


Colorado State Land Board



History

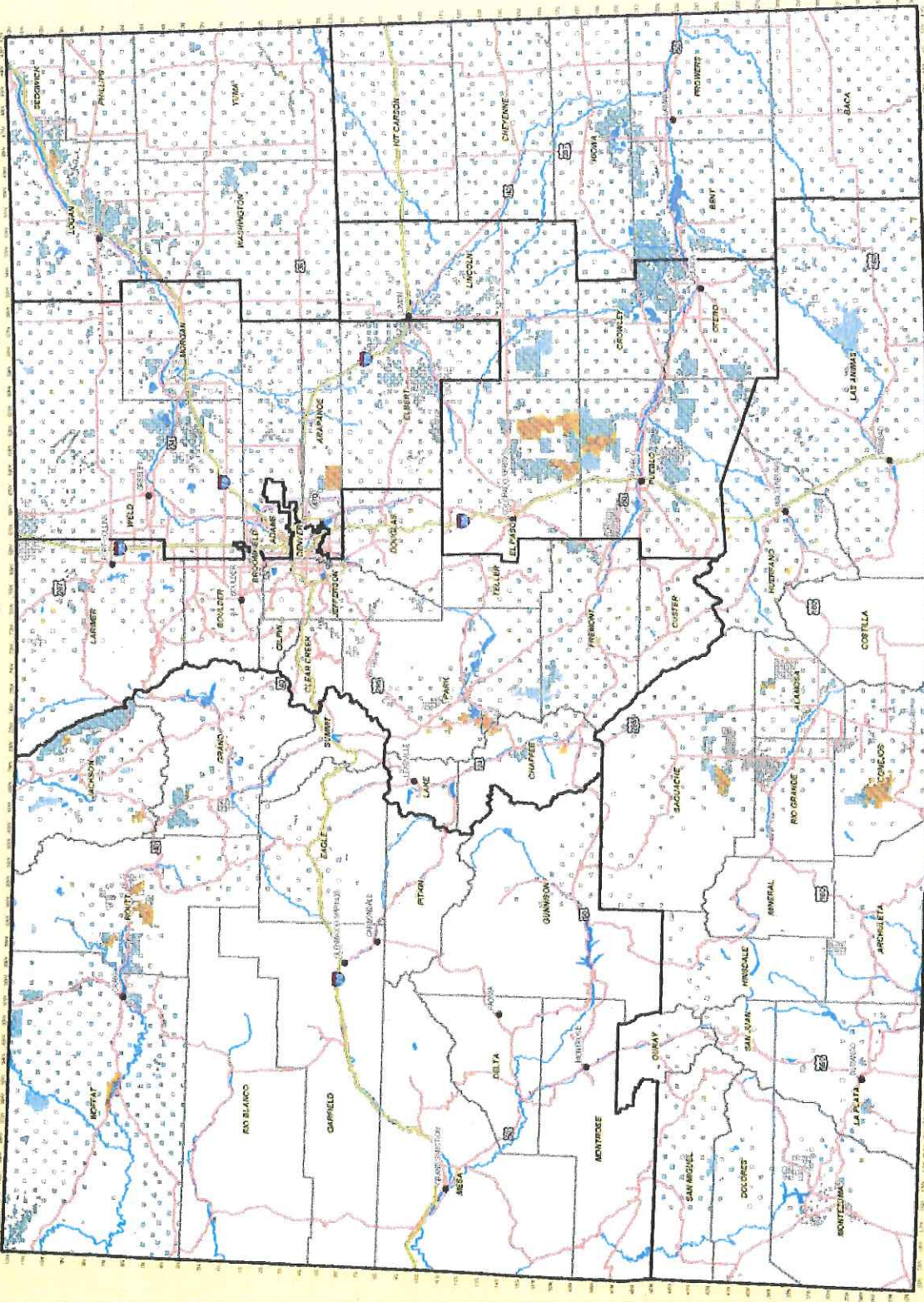
- Created in 1876 in State Constitution. Section 16 & 36 of every township,
- A perpetual, intergenerational public trust in support of public schools and public institutions. Meet the needs of current AND future generations.
- Manages 8 trusts for public beneficiaries, the largest of which is the Public School Trust (over 95% of revenue and ownership).
- Second largest landowner in State with 2.8 million surface acres and 4.0 million acres of mineral estate.
- Governed by five-person Board of Commissioners. Represent beneficiaries, but have specific areas of experience.
- Dual mission: 1) produce reasonable and consistent income for the trusts, and 2) provide sound stewardship of the assets of this intergenerational public trust

Operations

- No tax dollars used - funded entirely from operations .
- 42 employees and \$5 million operating budget.
- Operations
 - 2,300 oil and gas wells \approx 1 million acres
 - 2,500 agricultural leases \approx 2.7 million acres
 - 200 recreation leases \approx 800,000 acres
 - 3,500 Right-of-Ways
 - 430,000square feet of office/warehouse
 - 16,000 acres of renewable energy leases
 - 12 large (25,000 acres to 80,000 acres) consolidated ranches
- Substantial revenue growth over past two years due to bonuses from Niobrara oil play.
- Trust lands are held by the state for a specific purpose and are not open to public access without authorization.

Ownership

Colorado State Land Board Surface and Mineral Ownership



- State Land Board *
- Surface Ownership *
- State Land Board - Mineral Estate *
- Stewardship Trust ^
- SLB District Boundary
- County Boundary
- Interstate Highway
- State Highway
- Major River

* Data based on information from SACS database (10/9/07) and 9/1/09 updated transactions through 9/1/09

^ - Approximately 300,000 acres for 10% Stewardship Trust. The trust seeks to ensure the long-term sustainability and resource of concerns found on these parcels.



School Trust Income: Generated From 3 Sources

1. Recurring:

- Agriculture, grazing, rights-of-way, recreation, renewable energy, commercial real estate and similar surface leases.
- \$15 million in FY '11-12; consistent but flat over past decade.
- SLB investing in new recurring-revenue lines of business.

2. Non-recurring:

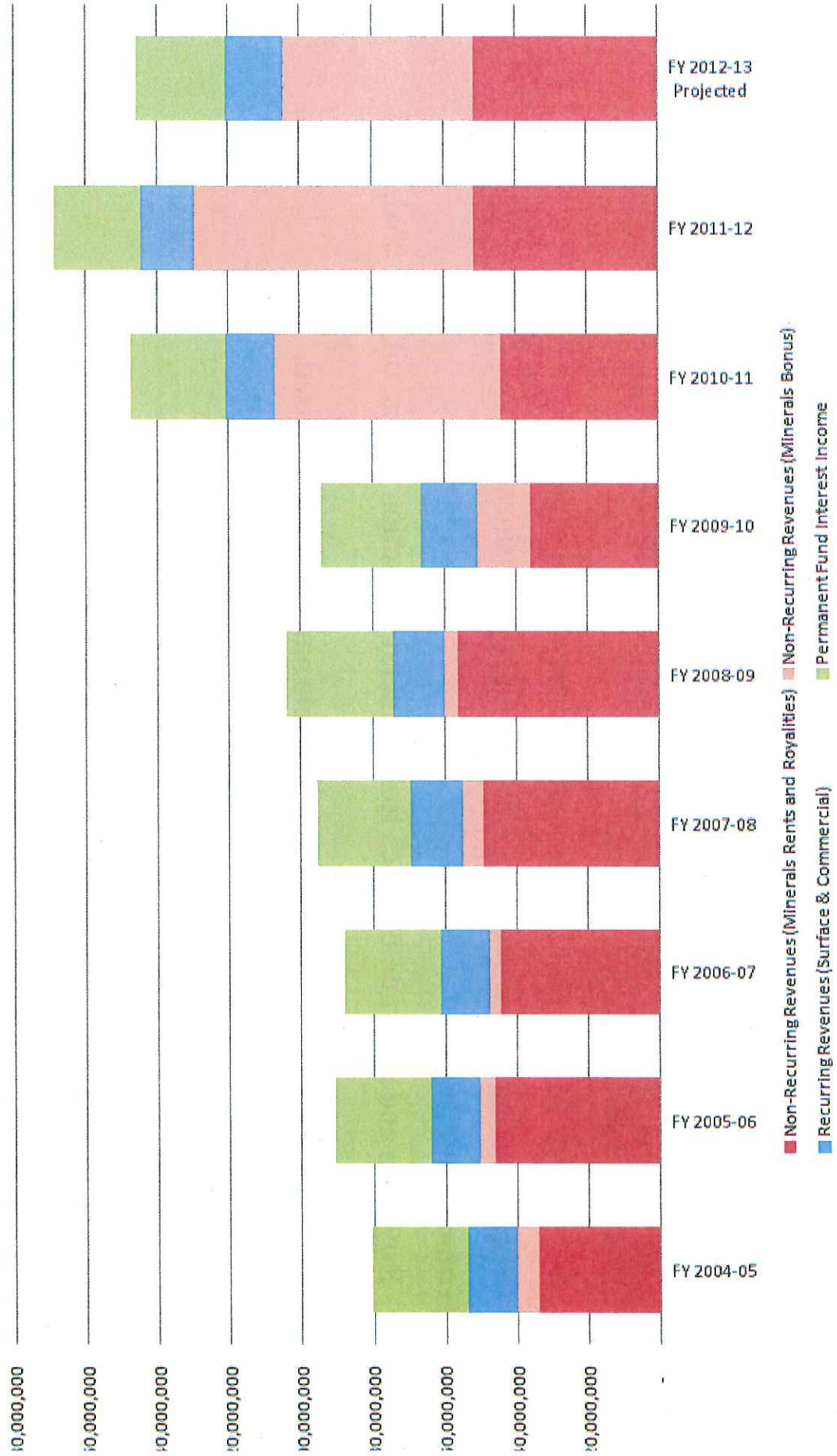
- Royalties and one-time bonuses from mineral extraction leases; oil, gas, coal, solid minerals.
- \$130 million in FY '11-12; highly variable and commodity based.
- Effectively asset-sales.

3. Interest on Permanent Fund

- \$24 million in FY' 11-12; \$620 million fund balance.
- Managed and invested by State Treasurer.
- Yields declining.
- Permanent Fund is part of the corpus of the School Trust assets.

School Trust Revenues

FY 2004/05 to FY 2012/13



Looking Forward

- Projecting decline in revenues (including interest) to \$145M for FY' 12-13; \$150M for '13-14.
- Substantial decline in non-Lowry bonus revenues (was \$51M in FY' 11-12; projected at \$14M in FY' 12-13).
- Bonus decline unlikely to be offset by royalty growth.
- Lowry bonus payment of \$27M/year ends in FY' 16.
- SLB working to grow other sources of recurring revenues:
 - Commercial real estate
 - Solid minerals
 - Ecosystem services
 - Recreation
 - Renewable energy

SLB Impact on Education

School Trust Revenues Used for 2 Programs:

1. **BEST (Building Excellent Schools Today a/k/a/ School Capital Construction fund)**
 - 50% of revenues distributed to the BEST Fund.
 - SLB provides majority of funding (\$72 M in FY'11-'12).
 - Since inception, SLB has provided \$201M to BEST.
 - BEST leveraged SLB funds and local district match into \$979M in COPs and grant funding.
 - BEST funding provided to more than 280 schools across Colorado.

SLB Impact on Education (continued)

School Trust Revenues Used for 2 Programs:

2. State Public School Fund/School Finance Act

- Since FY 08, School Trust revenues after BEST and SLB overhead “swept” for School Finance Act.
- In past 4 years, SLB has provided \$131 million in K-12 budget education funding via sweep.
- Interest on the Permanent Fund also used for School Finance Act; generated \$109 million over the past four years.

School Trust Sources and Uses

Based on Current Law

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Projected	TOTAL
SCHOOL TRUST REVENUES						
Recurring Revenues (Surface & Commercial)	13,956,865	15,582,452	13,649,035	14,861,046	16,170,837	74,220,236
Non-Recurring Revenues (Minerals)	60,066,763	50,779,472	106,908,766	129,876,957	104,682,733	452,314,691
TOTAL SLB Revenues	74,023,628	66,361,924	120,557,801	144,738,003	120,853,570	526,534,927
Permanent Fund Interest Income	29,698,320	27,842,753	26,759,713	24,055,589	24,806,167	133,162,542
TOTAL SCHOOL TRUST REVENUES	103,721,948	94,204,677	147,317,514	168,793,592	145,659,738	659,697,469
SCHOOL TRUST USES						
SLB Operating Expense (Long Bill)	4,749,185	4,625,720	4,675,880	4,675,880	5,426,000	24,152,666
SLB I&D Fund	1,000,000	2,964,552	4,000,000	8,500,000	5,000,000	21,464,552
TOTAL SLB Uses	5,749,185	7,590,273	8,675,880	13,175,880	10,426,000	45,617,219
BEST Allocation (50% of SLB Revenues)	35,195,168	33,180,962	60,278,901	72,369,002	60,426,785	261,450,817
School Finance Act (SLB Revs after BEST&SLB)	33,079,276	25,590,689	51,603,020	21,000,000	50,000,785	181,273,770
School Finance Act (Interest on Perm Fund)	29,698,320	27,842,753	26,759,713	24,055,589	24,806,167	133,162,542
READ Act (Interest on Perm Fund)	-	-	-	-	-	-
Total Education Uses	97,972,763	86,614,404	138,641,634	117,424,591	135,233,737	575,887,129
Permanent Fund Deposit	-	-	-	38,193,121	-	38,193,121
TOTAL SCHOOL TRUST USES	103,721,948	94,204,677	147,317,514	168,793,592	145,659,738	659,697,469
Permanent Fund Balance (as of June 30th)	581,089,821	581,493,048	581,493,048	620,154,187	620,154,187	