



COLORADO
State Land Board

*An innovative land trust funding
Colorado schools since 1876.*

Annual Report

FISCAL YEAR | July 1, 2022 – June 30, 2023

FY22-23 By the Numbers

0

Number of 14ers located on trust land (the highest peak on trust land is 13,480 feet at Treasurevaul Mountain)



1st

The state's first wind turbine was on trust land



96

Percent of trust land leased for agriculture



52

Species of rare plants that grow on trust land



108,764

number of miles driven by staff



13

Number of fleet vehicles



2,840,317

Number of acres of surface land owned



3

Length (in miles) of the longest horizontal pipe for mineral extraction



4,038,263

Number of sub-surface acres owned



\$301,888,266

Gross dollars
generated

529

Megawatts of renewable
energy generated on
trust land

413

Number of trust land
parcels enrolled in the
Hunting and Fishing
Access Program



15

Surface water
rights



12

Percent of extraction
leases actually drilled



42

Number of
schools awarded
a BEST grant



\$110,000,000

amount of BEST grants
awarded

2,732,840

Number of surface acres
under which mineral
estate is also owned by
the State Land Board

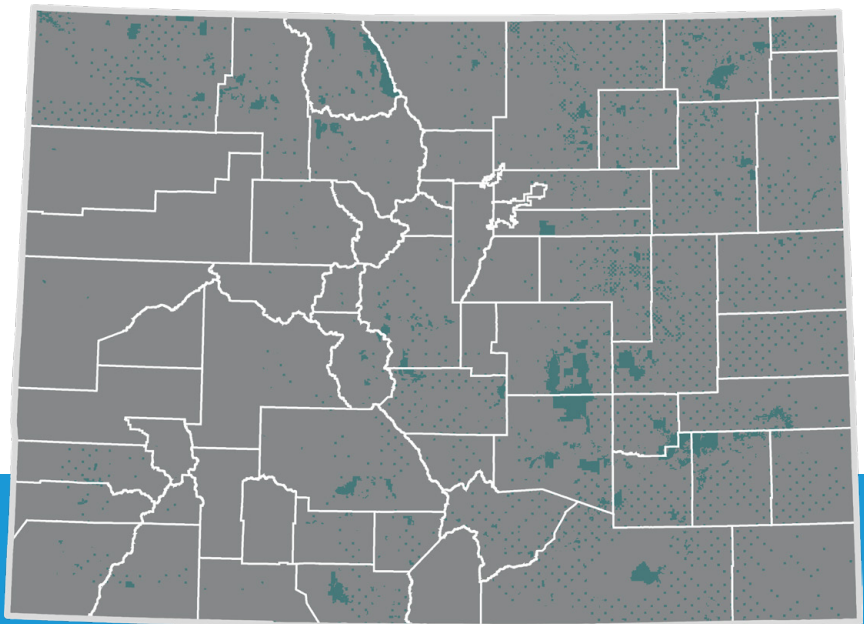


Number of geologic
carbon storage
exploration leases



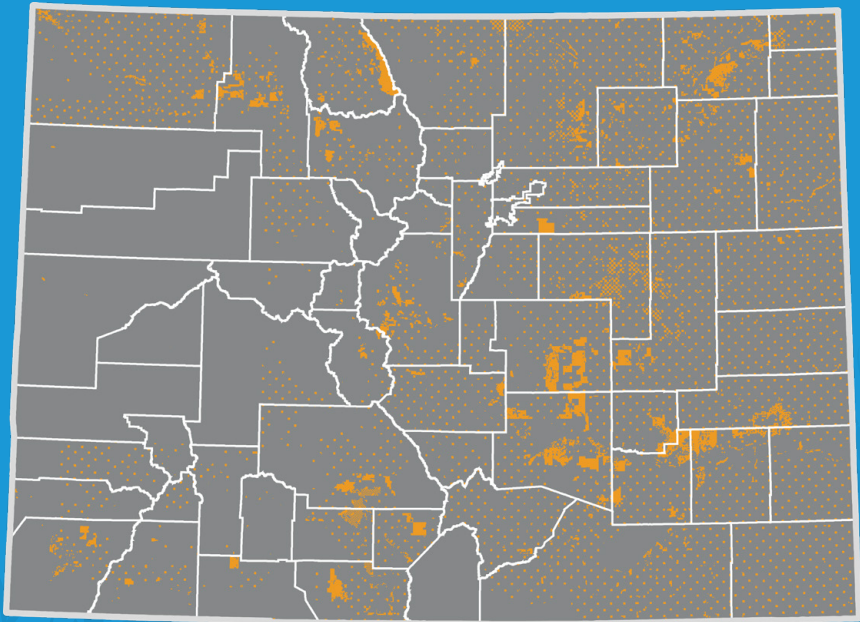
The state of Colorado spans 66.5 million acres.

The State Land Board owns **2.8 million surface acres** (pictured below in blue) and **4 million sub-surface acres** (pictured below in orange), making us the second-largest landowner in our state.



2.8M
surface
acres

4M
sub-surface
acres



Front cover photo
Lake Gulch property in
Douglas County.

Greetings,

Fiscal year 2023 set yet another record in the State Land Board’s 147-year history. We generated total revenues of \$301.8 million to support trust beneficiaries. This extraordinary figure exceeds the previous record, set last year, by 22 percent. In the last five years of our 147-year history, we’ve earned more than \$1 billion.

This financial success is made possible by our customers. I am grateful to our 7,460 lessees — from ranchers to miners to hunting outfitters to many more types of operators — who do business with us. You are our partners in stewarding assets, and we appreciate your collaboration. Together we continue to apply stewardship best practices to our 2.8 million acres of working trust land so that the properties are well cared for and retain their value for future generations. The work we do has a landscape-scale impact on our state.

While our recent financial success remains largely due to oil and gas development, we understand that extraction markets are volatile. We are planning for a net-neutral carbon future, and we aim to be leaders in the emerging carbon sequestration industry. We now have two geologic carbon storage exploration leases, and we are developing rangeland and forest carbon sequestration programs.

Our intentional growth of recurring revenue streams is critical to fulfilling our long-term, intergenerational mission. Together, we are working to find ways to create a sustainable future where our children’s children also benefit from the success and adaptation of the Land Board.

Onward!



Thank you,

Bill Ryan,
Director, State Land Board

The 2026 Strategic Plan

ONLY THREE YEARS UNTIL OUR SESQUICENTENNIAL!

The Commissioners at the State Land Board are guided by the agency’s bold strategic plan that they adopted in 2019. It serves as our compass as we look ahead to our agency’s 150th anniversary in 2026.

▶ READ THE PLAN at slb.colorado.gov/about

WHAT YOU WILL FIND IN THIS REPORT

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▶ CONTACT US!



303-866-3454
slb.colorado.gov

We generated \$301.8 Million
in FY22-23



Wheat field before summer harvest on trust land in Sedgwick County.

Mission and Vision

■ MISSION

The State Land Board manages an endowment of assets held in perpetual, intergenerational public trusts for the financial support of Colorado’s public schools and other public institutions.

Generate reasonable and consistent income over time.

Protect and enhance the long-term productivity and sound stewardship of working trust land.



■ VISION

Make possible capital funding for the modernization of all Colorado public schools.



Rooted in Our Country's Founding

Our agency was created at statehood (1876) when President Ulysses S. Grant signed Proclamation 230 to make Colorado the 38th state to join the Union. Through the Colorado Enabling Act, Congress gave federal land grants to Colorado to support public beneficiaries—primarily public schools.

The Colorado State Land Board has been funding Colorado's public schools since statehood. This schoolhouse was operational in Gilpin, CO, circa 1900. Courtesy of the Gilpin History Museum.

Our Impact on Colorado's Schoolchildren

The State Land Board is the primary funding source for the Department of Education's Building Excellent Schools Today (BEST) program. BEST offers competitive grants to school districts for the construction of new schools or the renovation of existing facilities.

We contributed \$135 million to BEST this year. We've contributed \$1.1 billion since the program began in 2008.



17.5

direct and indirect jobs (contractors, architects, materials suppliers, grocery stores, restaurants, etc.) are created or supported for every \$1 million invested in BEST schools.

(Source: CDE)

BEST GOALS

- ✓ Build safe, secure, and healthy 21st-century, high-performing schools.
- ✓ Give students superior learning opportunities.
- ✓ Equip teachers with the best modern teaching tools.

More than

525

schools in Colorado have received a BEST grant.

BEST PROJECT TYPES

- ▶ New schools - 30%
- ▶ Roof repair - 29%
- ▶ Safety and security upgrades - 19%
- ▶ HVAC repair - 14%
- ▶ Other - 8%



Columbine Middle School in Montrose County received a \$12.5 million BEST grant.



The Land Board contributed
\$135 million
to BEST in FY22-23.



Julesburg received a \$33 million grant in 2021.

Every school district

in rural Colorado has received at least one BEST grant.

Leadership

Our agency is led by a Board of Commissioners. The Board is made up of five citizen volunteers, chosen by the Governor, and confirmed by the Colorado Senate. Commissioners are appointed to four-year terms and are limited to two consecutive terms. As fiduciaries, our Commissioners are responsible for prudently taking care of trust assets on behalf of beneficiaries, who are primarily Colorado schoolchildren.

Our agency was founded at statehood (1876). The Colorado Constitution requires that four of the five Commissioners have substantial experience in four separate areas: public K-12 education, production agriculture, local government, and natural resources. The fifth Commissioner serves as a citizen-at-large. The Commissioners do not represent the interest of a particular sector. Instead, they apply their industry experience when they make decisions on behalf of beneficiaries.

Commissioners are supported by 48 agency employees who are located in seven offices throughout the state.

► Learn more about our leadership at slb.colorado.gov/leadership



In 2022, Commissioners and Staff took a water tour in Northeastern Colorado.

Commissioners have a fiduciary duty to make decisions in the best interest of trust beneficiaries.

Our FY22-23 Board of Commissioners



Phillip Chavez
Agriculture
Rocky Ford



Erin Clark
Citizen-at-large
Denver



Deb Froeb
Natural Resources
Denver



Josie Heath
Local Government
Boulder



Christine Scanlan
Education
Keystone
Board President

In 2022, Commissioners and staff toured the Hesperus property at Ft. Lewis College in Durango.

Contact Us

Horse Mountain in Eagle County.

LOCATIONS We have seven offices throughout the state.

RECEIVE OUR E-NEWSLETTER

Stay in touch! Please contact us to sign up to receive our quarterly e-newsletter, Field Notes. View our past issues at: slb.colorado.gov/newsletter



LOCATIONS

We have seven offices throughout the state.

Alamosa | Southwest
719.589.2360

Denver | Main Office
303.866.3454

Eaton | North Central
970.454.5279

Lamar | Southeast
719.336.3031

Pueblo | South Central
719.543.7403

Steamboat Springs | Northwest
970.879.9992

Sterling | Northeast
970.522.0975



In 2022, Staff toured the Twentymile Coal Mine in Routt County.

Working With Us

What We Do

The State Land Board generates revenue for schoolchildren and other beneficiaries by leasing state-owned trust land and minerals. In FY22-23 we had 7,460 active leasing customers.

We are entrepreneurial in our pursuit of income. While our recent success remains largely due to extractive leases, such as oil and gas development, we are pushing ourselves to be innovative by increasing recurring revenues. The growth of recurring long-term revenue streams is critical to helping our agency fulfill our forward-looking, intergenerational mission. That's why we have expanded renewable energy, recreation, ecosystem services, commercial real estate, and agriculture leasing. We welcome lease applications for new uses.

We also layer leases as a strategy to optimize revenue. For instance, one parcel of land might have a cattle grazing lease as well as a right-of-way lease for a power line. We ensure that customers with layered leases at a property work cooperatively with one another.

NON-RECURRING REVENUE

= income earned from extractive resources, such as leases for solid minerals, oil, and gas.

RECURRING REVENUE

= income earned from renewable resources, such as leases for wind turbines, solar gardens, commercial real estate, and agriculture.

Lines of Business

- Agriculture (grazing, dry land crop production, and irrigated farming)
- Carbon sequestration
- Commercial real estate (offices, warehouses, ground leases, and parking lots)
- Ecosystem services (environmental mitigation of impacts on water, biodiversity, and carbon)
- Mining (limestone, gypsum, coal, precious metals, and more)
- Oil and gas
- Recreation (hunting, fishing, hiking, horseback riding, and more)
- Renewable energy (solar, wind, hydropower, geothermal, and biomass/bioenergy)
- Rights-of-way (roads, utilities, etc.)
- Tower sites
- Water resources

slb.colorado.gov/lease

agriculture/grazing



agriculture/crop land



carbon sequestration



commercial real estate



ecosystem services



mining



oil and gas



"Grazing leases are a huge part of land stewardship for us. Grazing improves the land over time if you do it right. We expect lessees to maintain and improve the long-term quality of trust lands because our agency needs to earn money not only for today's students, but also for future generations of children."

— William Woolston, Field Operations Supervisor

In FY23, we're proud that...

~97 percent of our income supported beneficiaries; we used only

~3 percent to fund our internal operations because we are self-funded and receive zero tax dollars.



Electric fence facilitates grazing management at Lowry Ranch in Arapahoe County. Courtesy of Raquel Wertsbaugh.



Your lease payment supports Colorado schools!



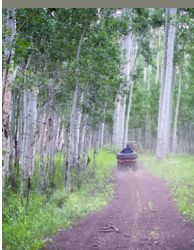
1 State Land Board leases trust land and/or minerals to lessees.

2 Lessees operate and take care of the land. Customers make lease payments.

3 Revenue from lease payments directly supports Colorado K-12 schoolchildren.

Your rent helped fund more than 525 schools in Colorado!
Read more on page 3.

recreation



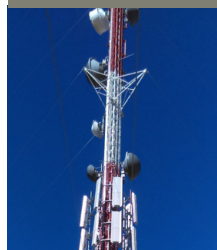
renewable energy



rights-of-way



tower sites



water resources



future opportunities



Stewarding Trust Lands For Generations to Come

The State Land Board uses a variety stewardship tools for the responsible management of trust land.

We use these tools individually or in tandem to identify and protect the land's important natural values and resources. Trust land is working land. Our Commissioners strive to find a balance between stewarding the land and earning income from it. The stewardship tools enable us to protect resources for the long-term benefit of beneficiaries while continuing to generate revenue.

Multiple Tools to Enhance Stewardship

■ STEWARDSHIP TRUST

A special management designation placed on 10 percent of state trust lands with the highest natural values to preserve the long-term benefits of, and returns from, those assets to the trusts. The Stewardship Trust was created by Amendment 16 to the State Constitution.

■ COLORADO DESIGNATED NATURAL AREAS

A Colorado Parks and Wildlife (CPW) program that recognizes and monitors the state's finest examples of biodiversity, rarest plants, and geological or paleontological features.

■ ASSET MANAGEMENT PLANS

A plan prepared by our agency for a specific state trust property (generally a large property asset of 25,000 acres or more).

■ STEWARDSHIP ACTION PLANS (SAPs)

A management plan prepared by our agency for a specific species or resource of concern on a landscape scale (eg. greater sage grouse and lesser prairie chicken).

■ LEASE STIPULATIONS

Timing and surface use restrictions applied to leases to protect wildlife and/or rare plants. If the stipulations aren't followed, the lessee is in violation of the lease terms and the lease is subject to termination.

■ GRAZING STRATEGIES

Grazing leases designed to reward lessees for utilizing certain stewardship practices, such as holistic grazing or flexible AUMs (animal unit months).

■ BEST MANAGEMENT PRACTICES (BMPs)

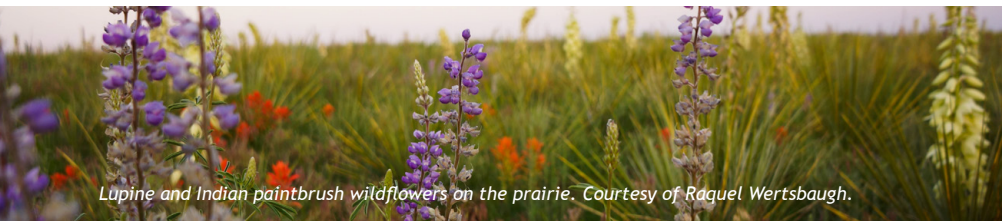
On-the-ground practices or procedures that lead to enhanced stewardship outcomes on state trust lands.

Orchard South Platt in Morgan County.



105
number of
properties in
Stewardship
Trust

10
percent of
trust lands in
Stewardship
Trust



Lupine and Indian paintbrush wildflowers on the prairie. Courtesy of Raquel Wertsbaugh.

We define stewardship as:

an ethic that embodies the responsible planning and management of resources.

296,647

number of acres in the
Stewardship Trust



Summer wildflowers at a property named
Rabbit Ears in Jackson County.

Amendment 16, Section 10

In 1996, the passage of Amendment 16 to the state Constitution by Colorado voters established a new emphasis in how our agency carries out our mission, particularly with regard to long-term productivity and sound stewardship of state trust lands. Amendment 16 specifically directed the Board to develop new tools that would promote sound stewardship and land management practices, long-term agriculture productivity, community stability, natural resource management practice, and conservation easements.



“As trustees of a perpetual trust, we should recognize and seek balance between the needs of today’s schoolchildren and the needs of the generations of children to come. Responsible stewardship of the land assets protects those assets and their value for both current and future generations of beneficiaries.”

— Mike Bloom, Former Commissioner (2007-2015),
State Land Board

Read our complete
Stewardship Report at
[slb.colorado.gov/
stewardship](http://slb.colorado.gov/stewardship)

Protected Natural Values Include:

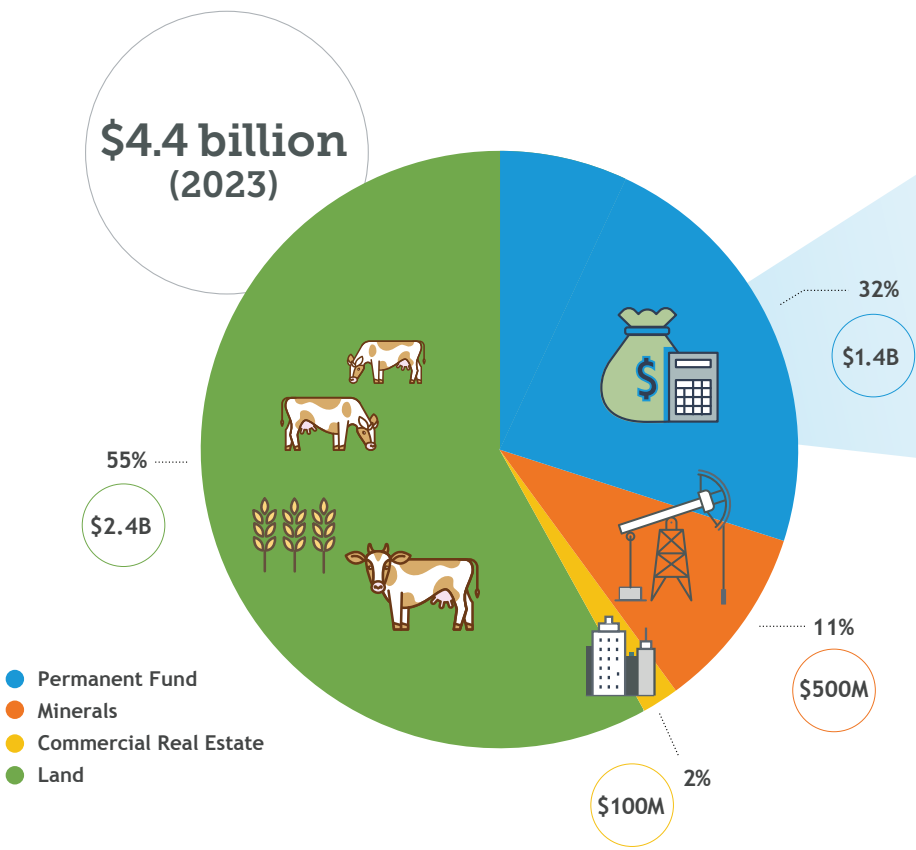
- ▶ Rare plants and plant communities
- ▶ Important wildlife habitat
- ▶ Open space of landscape significance
- ▶ Hydrologic features
- ▶ Areas of biodiversity significance
- ▶ Beauty
- ▶ Cultural, paleontological, or unique geologic sites



FY22-23 ANNUAL REPORT

The School Trust

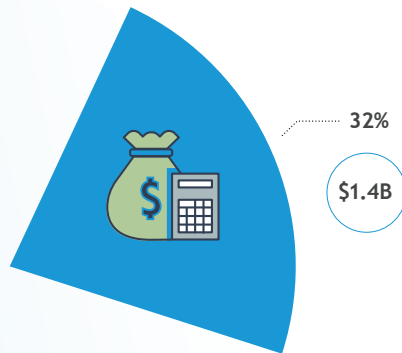
The Colorado State Land Board manages trust assets that are valued at \$4.4 billion. We earn income annually for beneficiaries by managing the assets that comprise the trust: land, water, minerals, commercial real estate, and the Permanent Fund.



The Trust is valued at
\$4.4 billion

TRUST:
a legal agreement in which one entity (trustor/federal government) agrees to transfer assets (land and mineral estate) to another entity (trustee/Colorado State Board of Land Commissioners) who manages the assets for the benefit of a third party (beneficiary/Colorado schools).

The Public School Permanent Fund



The Public School Permanent Fund comprises the financial assets of the State Land Board's trust.

As of June 30, 2023, the Fund totaled \$1.4 billion. This money is managed by the State Treasurer's Office and the Permanent Fund Investment Board (PFIB).

The corpus of the Permanent Fund is inviolate. The interest and earnings generated from the endowment are used to support beneficiaries (K-12 public schools) annually. Typically, the balance of the State Land Board's annual revenue after BEST contributions and agency operations flows into the Permanent Fund.

The PFIB was created in 2016 to ensure reasonable growth of the endowment.

The board directs the State Treasurer on how to securely invest the money for the intergenerational benefit of Colorado's public schools.

The board members have a fiduciary duty to preserve, protect, and grow the principal of the endowment with a prudent level of risk over a long-term horizon.

The PFIB works collaboratively with the Commissioners of the State Land Board. Per Statute, the chair of the PFIB is the State Treasurer, and one member is a Commissioner from the State Land Board. The remaining three positions are filled by financial industry experts and are selected by the State Treasurer.

In spring 2022, the legislature passed House Bill 22-1146. The Bill authorizes the Treasurer and PFIB to create a working group to evaluate distribution models that will help optimize the trust in order to best serve today's and future generations of beneficiaries. It also authorizes the investment in more equities to add growth to the corpus to increase our yield.



The \$1.4 billion Permanent Fund endowment generated **\$40.2 million** in interest in FY22-23.

PERMANENT FUND INVESTMENT BOARD MEMBERS:

as of June 30, 2023

■ **Dave Young**
Colorado State Treasurer
(Board Chair)

■ **Peter Calamari**
Platte River Equity

■ **Wendy Dominguez**
Innovest Portfolio Solutions

■ **Jerome DeHererra**
Achieve Law Group

■ **Christine Scanlan**
Keystone Institute

FY22-23 About Trust Beneficiaries

Gross Revenue for Trust Beneficiaries (FY22-23)			
TRUST	BENEFICIARY	FY22-23 REVENUES	% OF TOTAL
School Trust	Common Schools	\$259,762,599	99.31%
CSU Trust Common Schools	Colorado State University	\$836,862	0.32%
Internal Improvements Trust	State Parks	\$711,921	0.27%
Public Buildings Trust	Public Buildings	\$73,812	0.03%
CU Trust	University of Colorado	\$73,645	0.03%
Forest	Multiple	\$49,172	0.02%
Saline Trust	State Parks	\$46,038	0.02%
Penitentiary Trust	Colorado Department of Corrections	\$23,280	0.01%
Hesperus Trust	Fort Lewis College	\$0	0.00%
Total Trust Revenues		\$261,577,329	100.00%

12

The State Land Board oversees nine trusts on behalf of trust beneficiaries.

The concept of reserving land to be held in a trust and used for public beneficiaries dates to the founding of our country. America’s founding fathers believed that funding public institutions to support citizens would help ensure a stable democracy.

They were also preparing for westward expansion at the conclusion of the Revolutionary War. In the 1780s Thomas Jefferson developed a system -- today often referred to as the Jeffersonian Grid -- to orderly track and divide land into 36-square-mile townships/ranges/sections. Each state that joined the Union after the war received a certain number of one-square-mile sections to be held in trust for different public beneficiaries, such as hospitals, penitentiaries, schools, or institutions of higher learning. The leaders of each territory and the federal government negotiated the terms at the time of statehood.

When the territory of Colorado joined the Union in 1876, we received two sections per township to be held in trust for nine beneficiary groups. By far the largest is the School Trust, which reflects 99 percent of the total assets our agency manages. The School Trust supports all public schools in the state. The remaining one percent supports eight other beneficiary groups: Colorado State University, government buildings (via the Department of Personnel Administration), Fort Lewis College, penitentiaries (via the Department of Corrections), University of Colorado, state parks (via Colorado Parks and Wildlife) and the State Forest (via the State Forest State Park). Fort Lewis College and the Department of Corrections hold Beneficiary Use Agreements so that they can self-manage the day-to-day operations on their parcels.

► Read more at slb.colorado.gov/beneficiaries.

FY22-23 Trust Revenue Allocations



3%

AGENCY OPERATIONS

The State Land Board is a self-funded state agency. We receive no taxpayer dollars. Rather, money for our operations comes entirely from trust gross revenues. The State Land Board employed 48 people and had \$8.0 million in operating expenses in FY22-23.



~1%

INVESTMENT AND DEVELOPMENT FUND

Per statute, the I&D Fund allows the agency to invest up to \$5 million per year of School Trust revenue back into School Trust assets in order to increase or maintain the value and/or income of these assets for the trust. In FY22-23 we spent \$1,457,603 on trust asset improvements from this fund.



50%



CAPITAL CONSTRUCTION FOR COLORADO'S PUBLIC SCHOOLS

Fifty percent of our revenue flowed directly to the Colorado Department of Education's Building Excellent Schools Today (BEST) program. We distributed \$135 million in leasing revenue to BEST and BEST also received \$18 million in Permanent Fund interest spillover earnings. The total distributed to BEST from State Land Board assets in FY23 was \$153 million.

47%



PUBLIC SCHOOL PERMANENT FUND

Every year, the balance of revenue after BEST contributions and agency operations flows to the Public School Permanent Fund (Permanent Fund). We deposited \$118 million into the fund in FY22-23, which brought the year-end balance to \$1.4 billion. This endowment fund is managed by the State Treasurer's Office. The body of the Permanent Fund is inviolate; the interest it generates is used to support K-12 education annually. In FY22-23 the Permanent Fund generated \$40.2 million in interest.



Cattle graze at Badger Creek in Park and Fremont Counties.



©Tessa Ring



McArthur Gulch is a trust land property in Park County that is leased for grazing and seasonal recreation.

VIEW OUR COMPLETE INCOME AND INVESTMENT REPORT AT slb.colorado.gov/reports

MESSAGE FROM OUR CFO

“The data presented in this annual report have been prepared in accordance with generally accepted government accounting standards by the hardworking staff of the Colorado State Land Board and the Office of the Treasurer. This report accurately represents the activity of the trust assets during fiscal year 2023.”

— Nick Massie, CFO-COO, Colorado State Land Board

FY22-23 ANNUAL REPORT

Annual Income Statement for All Trusts (Cash Basis)

REVENUE	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Minerals					
Oil Royalties	\$86,794,449	\$86,333,908	\$51,068,425	\$107,225,572	\$137,804,993
Gas Royalties	\$26,288,944	\$21,330,091	\$29,561,944	\$58,021,743	\$67,773,027
Oil and Gas Rentals	\$1,246,924	\$1,231,458	\$939,304	\$1,010,763	\$1,471,535
Solids Royalties and Rentals (coal, limestone, sand, gravel, water)	\$7,589,570	\$2,717,077	\$5,177,875	\$6,218,781	\$6,889,812
Bonus	\$3,246,400	\$1,526,110	\$1,860,023	\$3,321,207	\$2,231,469
Total Mineral Revenue	\$125,166,287	\$113,138,645	\$88,607,572	\$175,798,067	\$216,170,836
Surface					
Agricultural Rental	\$3,370,571	\$3,394,324	\$3,270,526	\$3,523,737	\$3,790,200
Grazing Rental	\$8,885,800	\$9,482,946	\$9,672,688	\$10,748,124	\$10,728,205
Recreation	\$1,973,781	\$2,265,773	\$2,463,223	\$3,126,708	\$3,161,578
Rights-of-Way	\$1,535,169	\$2,464,619	\$1,710,394	\$3,323,482	\$4,234,314
Other [#]	\$5,558,956	\$2,543,331	\$2,781,768	\$9,623,961	\$15,489,432
Total Surface Revenue	\$21,324,277	\$20,150,993	\$19,898,599	\$30,346,013	\$37,403,729
Commercial					
Buildings (Net)	\$2,243,223	\$3,085,000	\$4,000,208	\$1,890,000	\$2,500,000
Ground Lease	\$1,140,622	\$1,571,344	\$1,628,614	\$1,710,201	\$1,653,299
Tower Sites (cell, etc.)	\$414,722	\$443,826	\$381,318	\$503,867	\$409,436
Renewable Energy	\$1,657,523	\$1,893,981	\$2,901,976	\$2,360,458	\$3,440,029
Total Commercial Revenue	\$5,456,091	\$6,994,151	\$8,912,116	\$6,464,527	\$8,002,764
Total Trust Gross Revenue	\$151,946,655	\$140,283,789	\$117,418,287	\$212,608,607	\$261,577,329
Non-Trust Fee Revenue	\$130,759	\$104,429	\$110,115	\$95,847	\$100,305
Total Agency Revenue (a)	\$152,077,414	\$140,388,218	\$117,528,402	\$212,704,454	\$261,677,634
Agency Operating Expenses	\$7,589,975	\$7,167,520	\$6,622,542	\$7,443,405	\$7,970,673
Net Agency Income	\$144,487,439	\$133,220,698	\$110,905,860	\$205,261,049	\$253,706,961
Permanent Fund Income (b)	\$29,597,290	\$30,955,697	\$31,171,603	\$33,841,554	\$40,210,632
Total Revenue for the Beneficiaries (a+b)	\$181,674,704	\$171,343,915	\$148,700,005	\$246,546,008	\$301,888,266
5-Year Cumulative					\$1,050,152,897

Other = fees and penalties; interest from account funds; expired land disposal income; and income from the Conservation Reserve Program, ecosystem services, homesites, subleasing, surface assignments, surface use agreements, and temporary access permits.



Nipple Rim in Moffat County.

Stay in touch! 303.866.3454 | slb.colorado.gov | 1127 Sherman Street, Suite 300, Denver, CO 80203



The Colorado State Land Board staff and Commissioners appreciate your partnership and welcome your continued feedback. Visit us at one of our seven offices throughout the state. Or join us in person or virtually at one of our monthly board meetings. Our meetings are live-streamed, and we hold our meetings in alternating locations throughout the state to make it easier for people from all areas of Colorado to attend. Learn more at slb.colorado.gov/public-meetings.



COLORADO
State Land Board