

Arizona's State Trust Land

Vanessa Hickman, State Land Commissioner

JPAC December 11, 2013

The Arizona State Land Department Mission:

To manage State Trust lands and resources to enhance value and optimize economic return for the Trust beneficiaries in a manner that:

- Is consistent with sound stewardship, conservation, and business management.

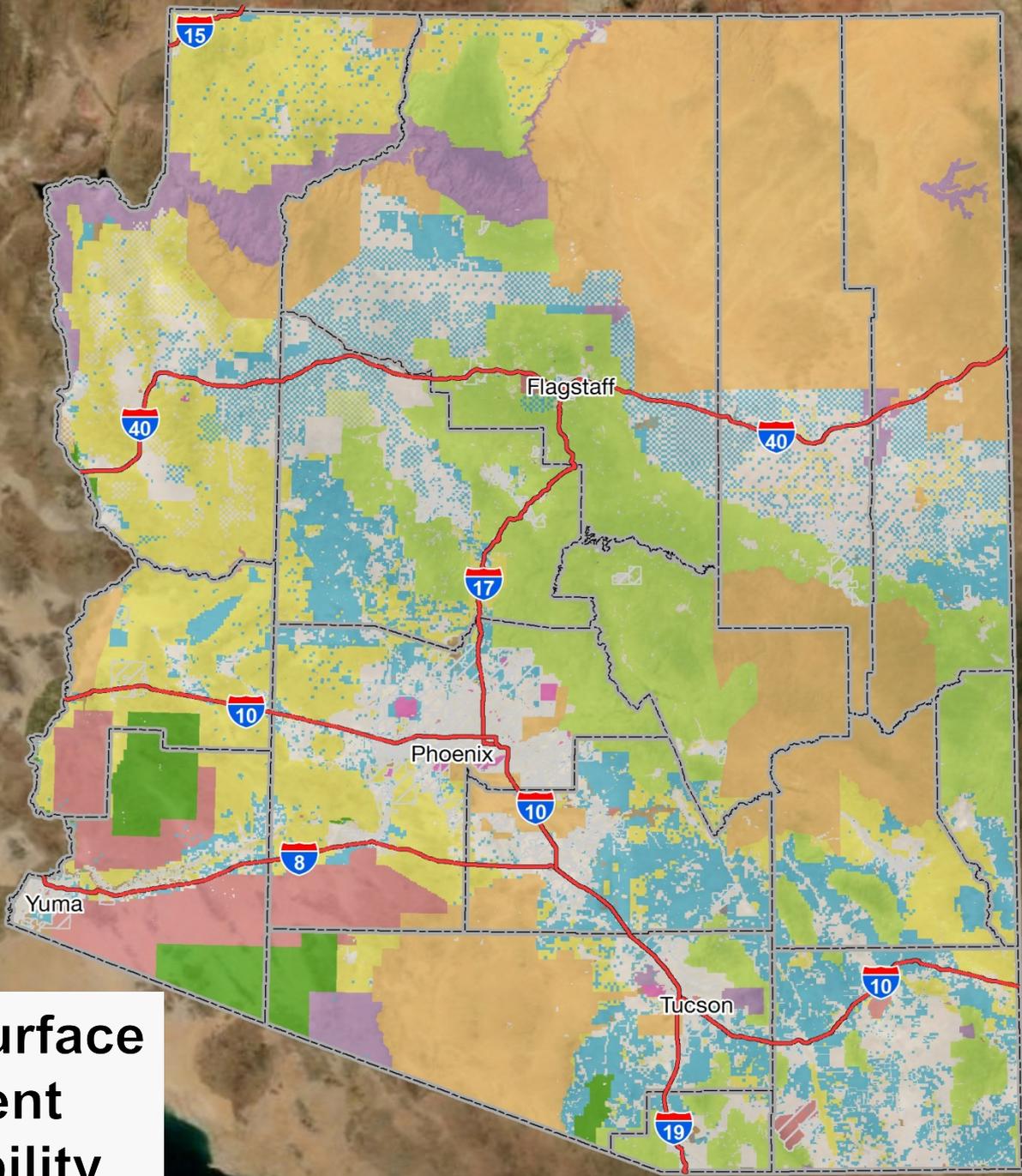


- Supports socioeconomic goals for citizens today and for generations to come.

Historical Overview

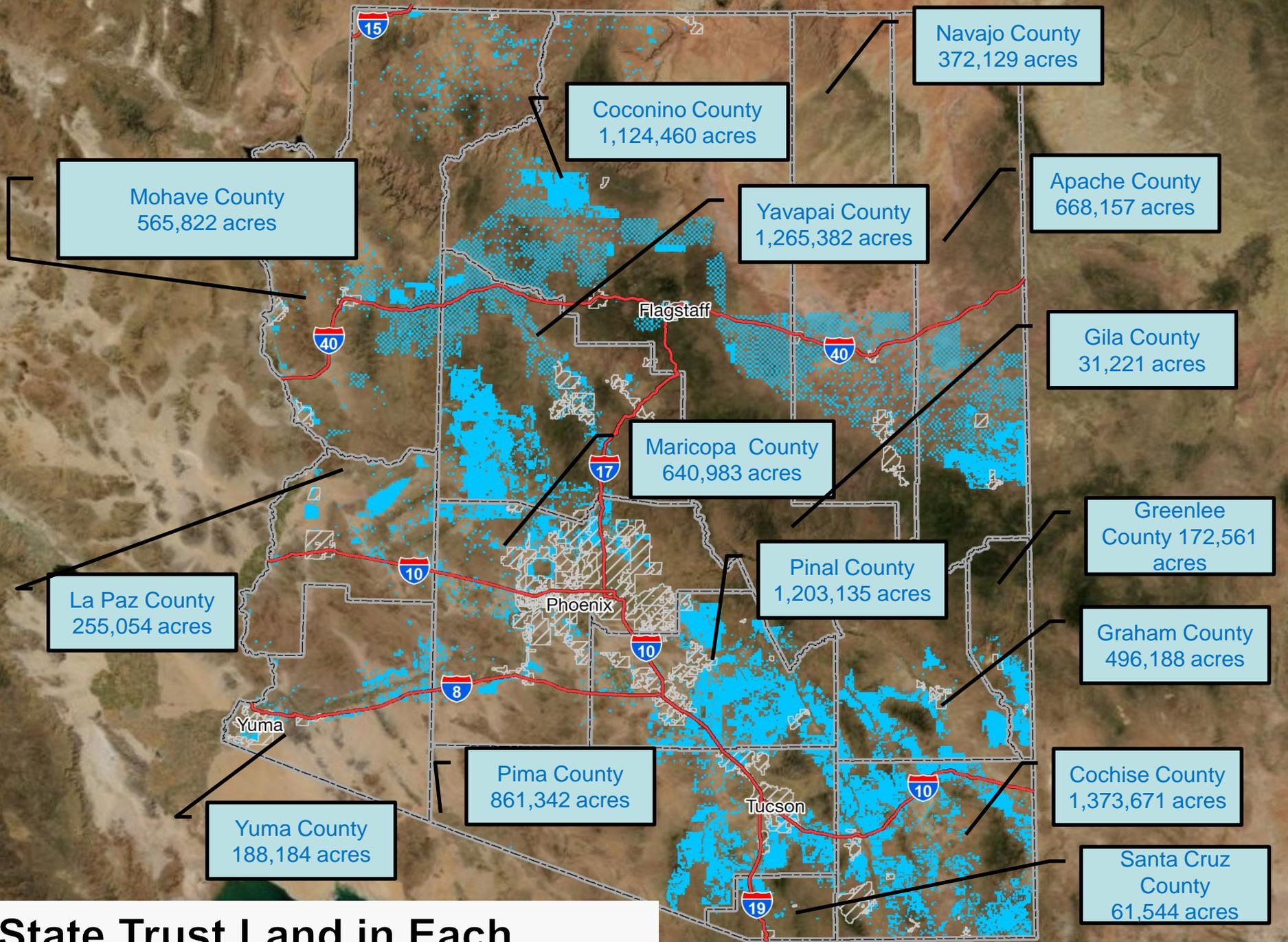
- The Territory of Arizona was established by an act of Congress on February 24, 1863
 - This act reserved sections **16** and **36** in each township for the benefit of the Territory's common schools
- The Enabling Act of 1910 allowed the Territory of Arizona to prepare for statehood
 - This act assigned the additional sections of **2** and **32** of each township to be held in trust for the common schools
 - Granted 2,350,000 acres for other beneficiaries
 - “Indemnity” lands to be selected where those lands already “have been sold, reserved, or otherwise appropriated or reserved.”
 - “In lieu” lands granted for the other beneficiary purposes in quantity – 50,000 to 1 million acres per purpose. Specific lands also to be selected.

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36



- Public Land Ownership**
- Private
 - State Trust
 - BLM
 - Forest Service
 - Indian Reservation
 - Military
 - City or County Parks
 - State Parks
 - Wildlife Refuge
 - Other
 - Natl. Parks

Arizona Surface Management Responsibility

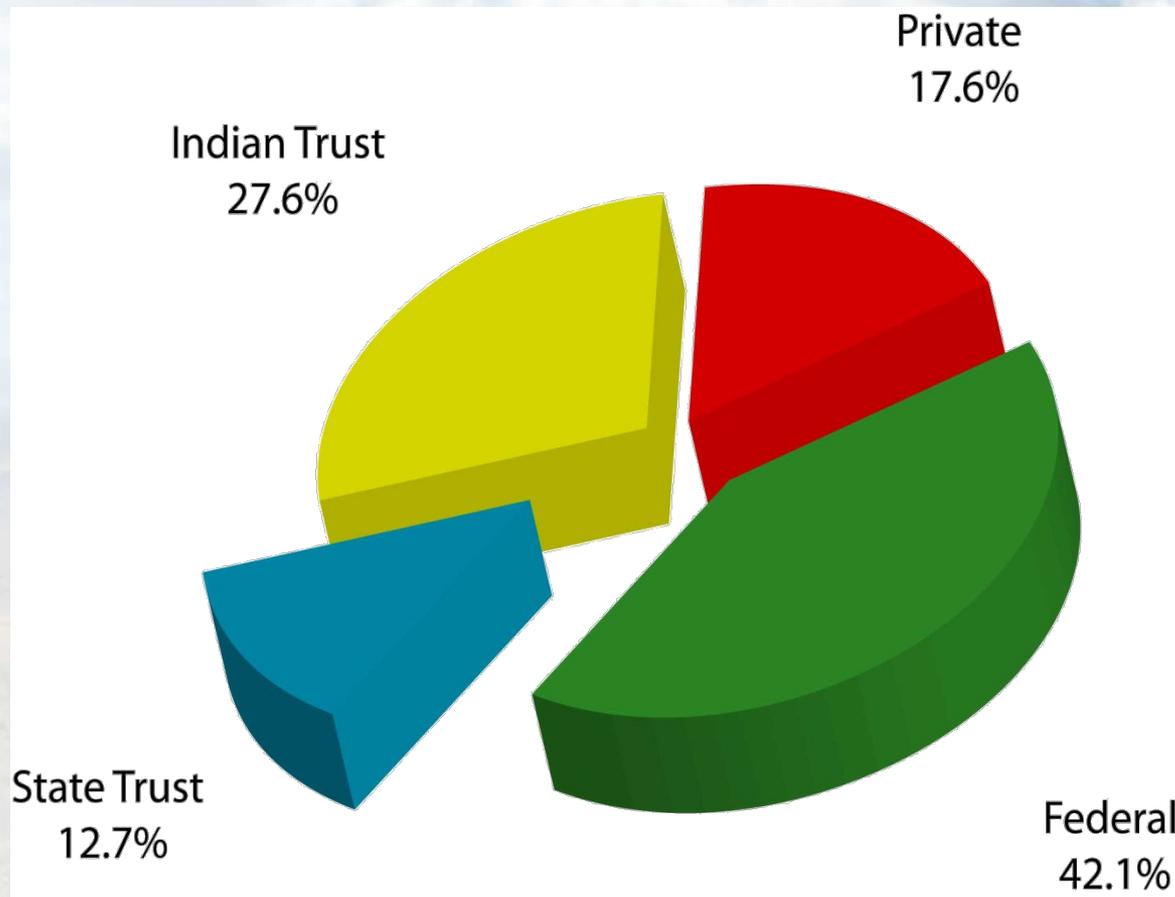


State Trust Land in Each

Image courtesy of NASA © 2012 Microsoft Corporation

Land Ownership in Arizona

Arizona is the 5th largest state with about 72,931,000 acres.



Enabling Act & Constitutional Requirements:

- All lands granted shall be held in trust
- All natural products and monetary proceeds of the Trust lands shall be subject to the same trust as the lands producing them
- All Trust lands shall be appraised at fair market value
- Trust lands can't be sold for less than fair market value
- Land sales or leases in excess of ten years require a public auction
- Trust land auctions must be advertised for 10 weeks
- Trust lands cannot be mortgaged or encumbered in any way

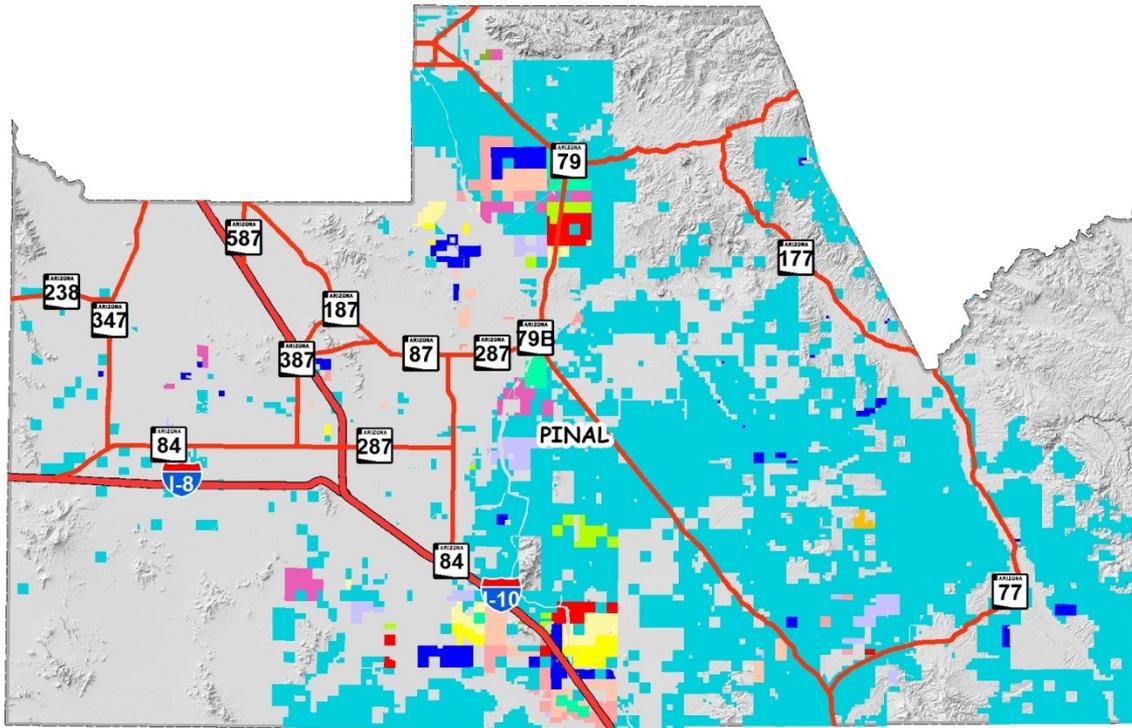
Trust Beneficiaries

<u>Grant</u>	<u>Acres¹</u>	<u>Acres as of FY 2013</u>
Common Schools (K-12) and County Bonds	9,400,000	8,064,796
University of Arizona (Act of 2/18/1881)	60,000	51,414
University Land Code	200,000	137,906
Normal Schools Grant	200,000	174,786
Agricultural & Mechanical Colleges	150,000	124,944
School of Mines Grant	150,000	123,254
Military Institutes Grant	100,000	80,168
State Charitable, Penal, and Reformatory	200,000	77,225
Miners' Hospital Grant	100,000	95,231
Penitentiary Grant	100,000	76,111
Legislative, Executive & Judicial Buildings	100,000	64,229
State Hospital Grant	100,000	71,248
School for the Deaf & Blind	<u>100,000</u>	<u>82,560</u>
Total	10,960,000	9,223,873

¹ Acres as stated in the legislation. Actual acres may be different due to the selection method.

EVERY ACRE HAS A BENEFICIARY

13 Beneficiaries - 16 Grants



State Trust Lands In Arizona By Beneficiary - Pinal County

-  Common School (K-12) and County Bonds
-  U of A 1881
-  University
-  Normal Schools
-  Ag and Mech Colleges
-  School of Mines
-  Military Institute
-  State Charitable, Penal, and Reformatory
-  Miners' Hospital
-  Penitentiary
-  Legislative, Executive, and Judicial Buildings
-  State Hospital
-  School of Deaf / Blind

Fiduciary Duties

- Earning money for the Trust's beneficiaries, primarily Arizona's public schools, is the central mission of the Trust's management
- Two types of revenue:
 - **Permanent** – Revenue earned from the sale of State Trust land or assets such as minerals or other natural products. This revenue is deposited into the appropriate beneficiary's Permanent Fund, which is administered by the State Treasurer
 - **Expendable** – Revenue from leases, permits, interest from sales contracts, and other revenue from the non-permanent disposition of Trust assets. This revenue along with the Treasurer's formula distribution from the Permanent Funds is distributed directly to the beneficiaries

FY 2013 REVENUE BY CATEGORY

Leases & Sales Interest	\$ 58,256,135
School Leases	0
Commercial Pre-Payment	15,607,943
General Fund	219,603
Trust Land Management Fund	5,593,949
Permanent Receipts	<u>238,876,111</u>
Total Land Department Receipts	\$ 318,553,741
Treasurer's Formula Distribution	<u>67,373,883</u>
Grand Total	\$ 385,927,624

FY 2013 NATURAL RESOURCES

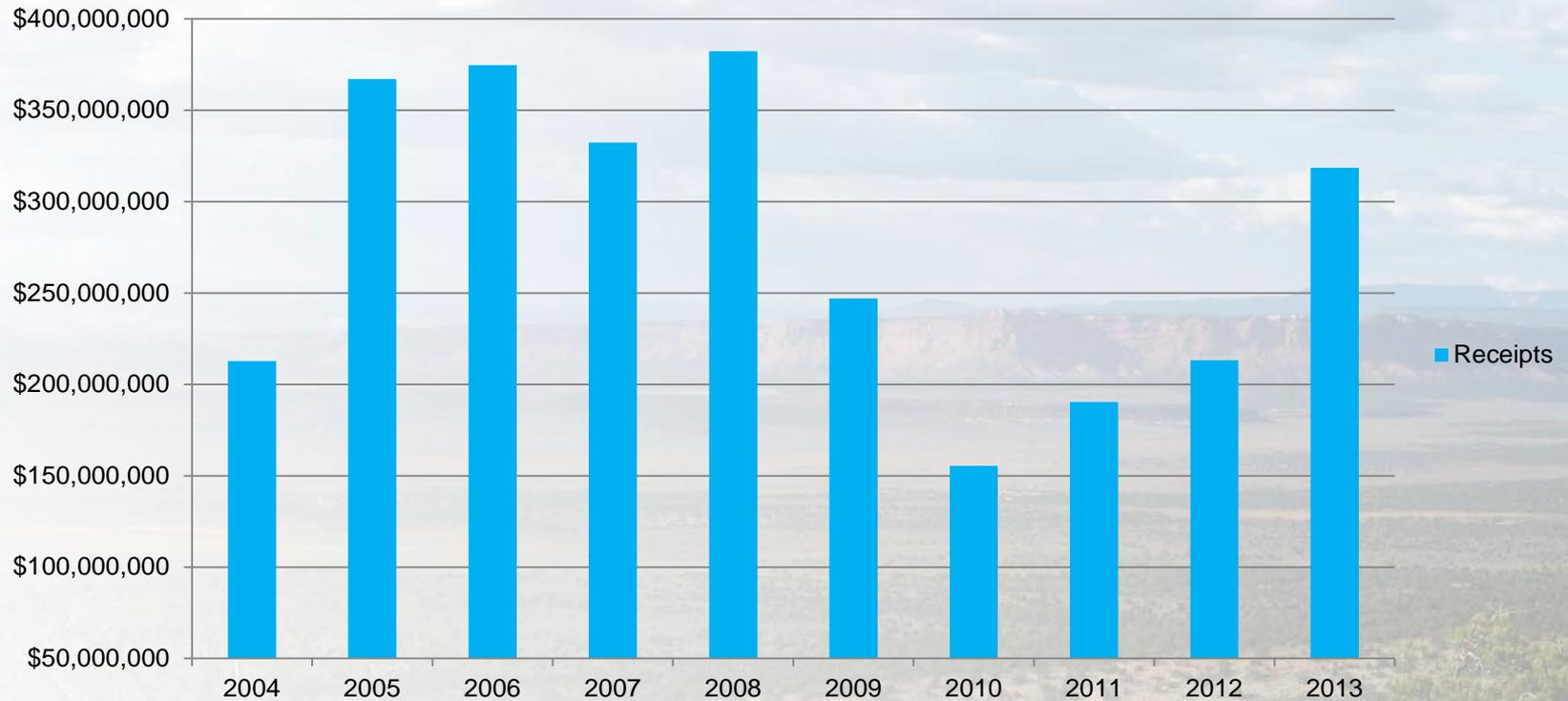
<u>Lease Receipts</u>		<u>Royalty Receipts</u>	
Agriculture	\$ 4,326,771	Mineral	\$ 10,537,191
Mineral Material	292,765	Natural Product	2,236,617
Grazing	2,775,849	Water	439,015
Exploration Permits	1,458,432	Total	\$ 13,212,823
Mineral	79,067		
Oil & Gas	<u>900,509</u>		
Total	\$ 9,833,393		
		Grand Total	\$ 23,046,216

FY 2013 REAL ESTATE

<u>Rights-of-Way</u>		<u>Commercial Leasing</u>	
Temporary	\$ 2,742,201	Commercial	\$ 26,470,282
Perpetual	9,282,899	Home site	3,574
Total	\$ 12,025,100	Special Use Permits	4,593,066
		U.S. Government	230,217
Sales		Institutional	613,213
Cash Sales	\$ 157,146,321	Commercial Prepayments	15,607,943
Down Payments	16,398,944	Total	\$ 57,518,295
Principal Payments	32,058,457		
Interest Payments	6,654,610		
Participation Payments	809,306		
Settlements	10,042,716		
Cancelled CP	6,321,515		
Total	\$ 229,431,869		
		Grand Total	\$ 298,975,264

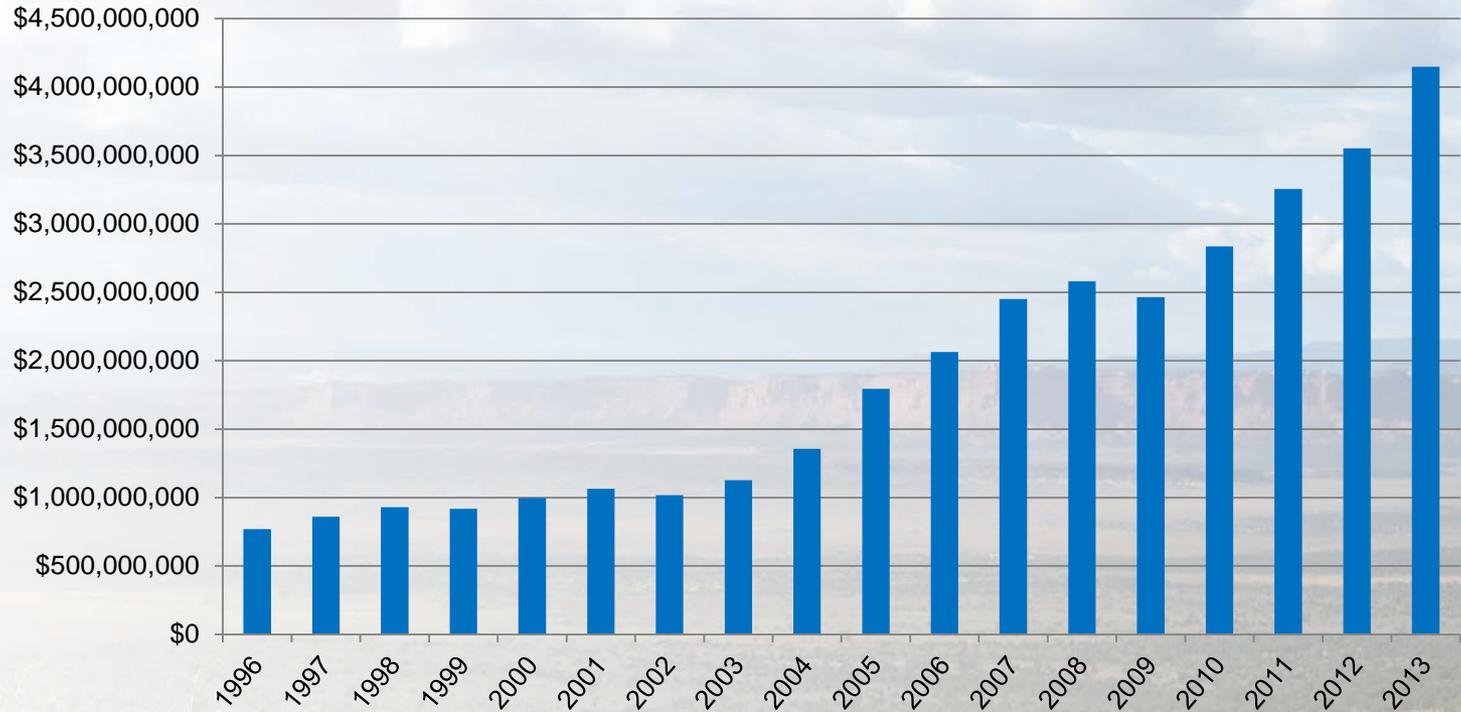
EARNINGS: 2004-2013

Total Land Department Receipts by Fiscal Year



EARNINGS: 1996-2013

Total Trust Endowment (Market Value) Permanent Funds



ASLD Factoids

- From 1912 to 2001 the Trust generated \$1 Billion –the Trust now stands at over \$4.1 billion
- In FY 2013, ASLD generated over \$318.5 million from Trust lands for the beneficiaries
- In FY 2013 ASLD had 11,590 active leases and received 2,340 new applications
- Many State Parks hold State Trust land leases – Picacho Peak, Lyman Lake...

Trust Land Uses

- **Residential** – Land Sales – Residential land is sold, often a participation component is included in the land sale
- **Commercial** – Land Lease – Leases can have terms of up to 99 years. If the term is more than 10 years, it has to go to auction
- **Right-of-way** – Utilities, roads, or other uses that cross State Trust land require a right-of-way
- **Permits** – All other commercial uses of State Trust land require a permit, this includes uses such as placing an antenna on a cell tower, posting an advertisement or sign, etc.



TRUST LAND USES



- **Grazing** – Land Lease – Most State Trust land (8.4 million acres) is leased for grazing
- **Agriculture** – Land Lease – About 200,000 acres are leased for agriculture use
- **Mineral** – Extractors of minerals must lease the land and pay royalties for any material extracted
- **Recreational Permits** – Hiking, camping, and other non-consumptive recreational uses require a recreation permit

State Land Processes for Purchase, Lease, & ROW

1. Application
2. Due Diligence
Archeology, environmental, hydrology,
geotechnical & land survey
3. Appraisal
4. Board of Appeals
5. Advertising
6. Auction



GROUND LEASES ON STATE TRUST LAND

Desert Ridge Commercial Core

570 ac

Leased: July., 1993

Lease Term: 99-Year

Appraised - \$12,000 / ac

Projected Lease Revenue:
\$544,388,965



Desert Ridge Marketplace

Marriott Golf Course



Desert Ridge Marriott

GROUND LEASES ON STATE TRUST LAND

American Express Campus

90 ac

Leased: Nov., 2000

Lease Term: 99-Year

Appraised - \$22,820,000

Projected Lease Revenue:
\$485,667,600

American Express Building



Happy Valley & I-17

186 ac

Leased: Sept., 2001

Lease Term: 99-Year

Appraised - \$19.4M

Projected Lease Revenue:
\$534,778,631



Scottsdale & 101

75 ac

Leased: June, 1999

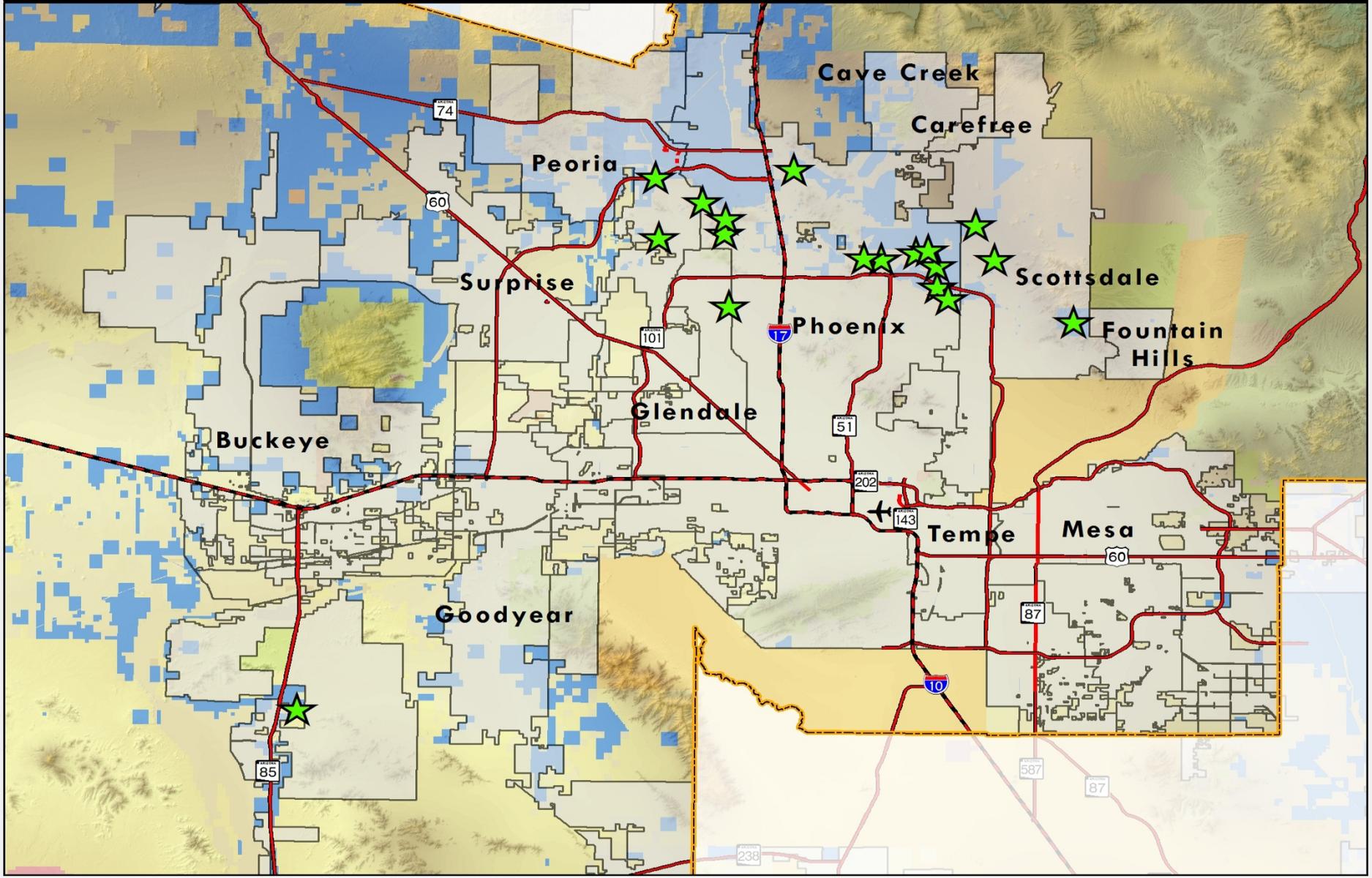
Lease Term: 99-Year

Appraised - \$17,796,525

Projected Lease Revenue:
\$421,007,401

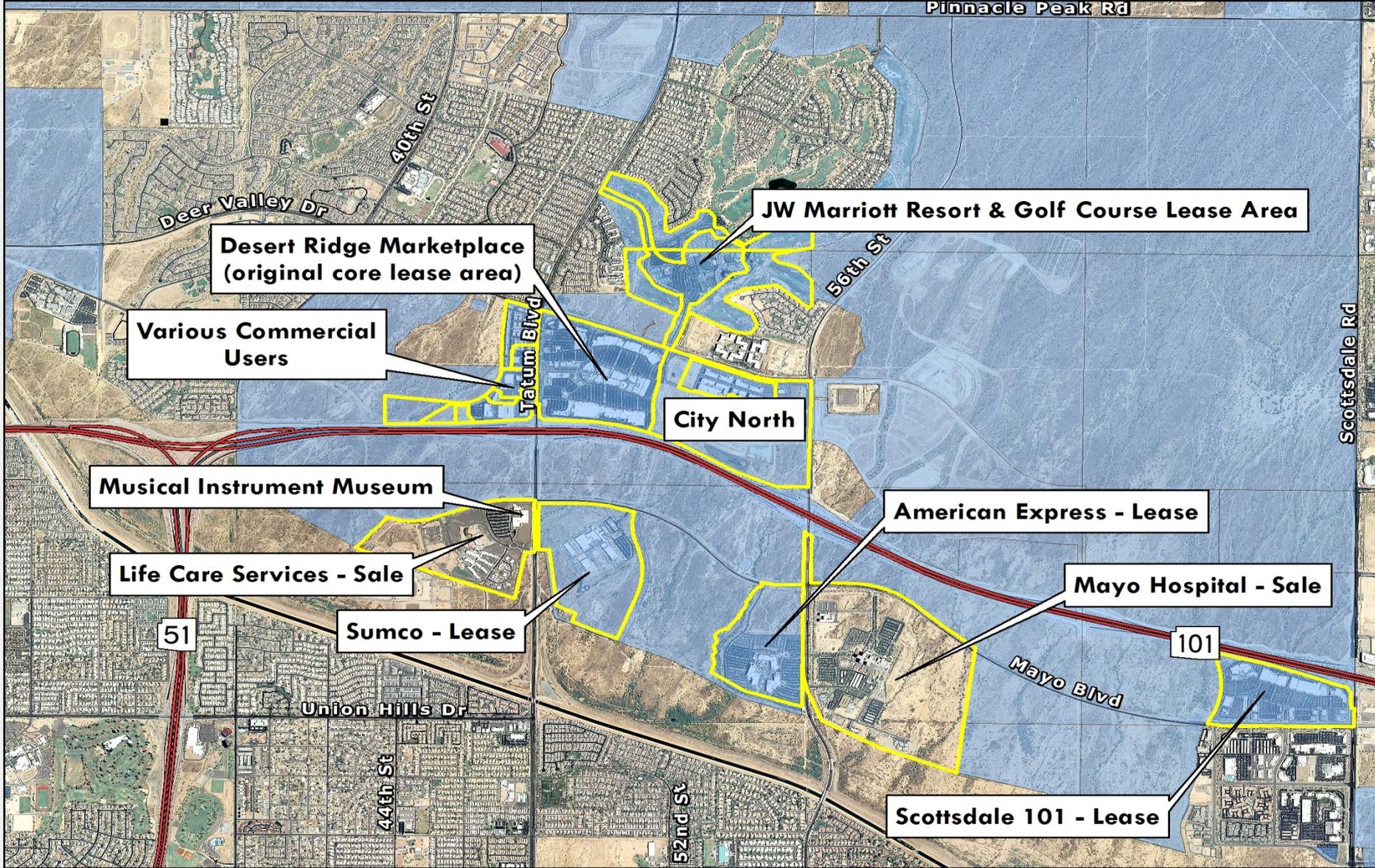
Current Sales Applications in Maricopa County

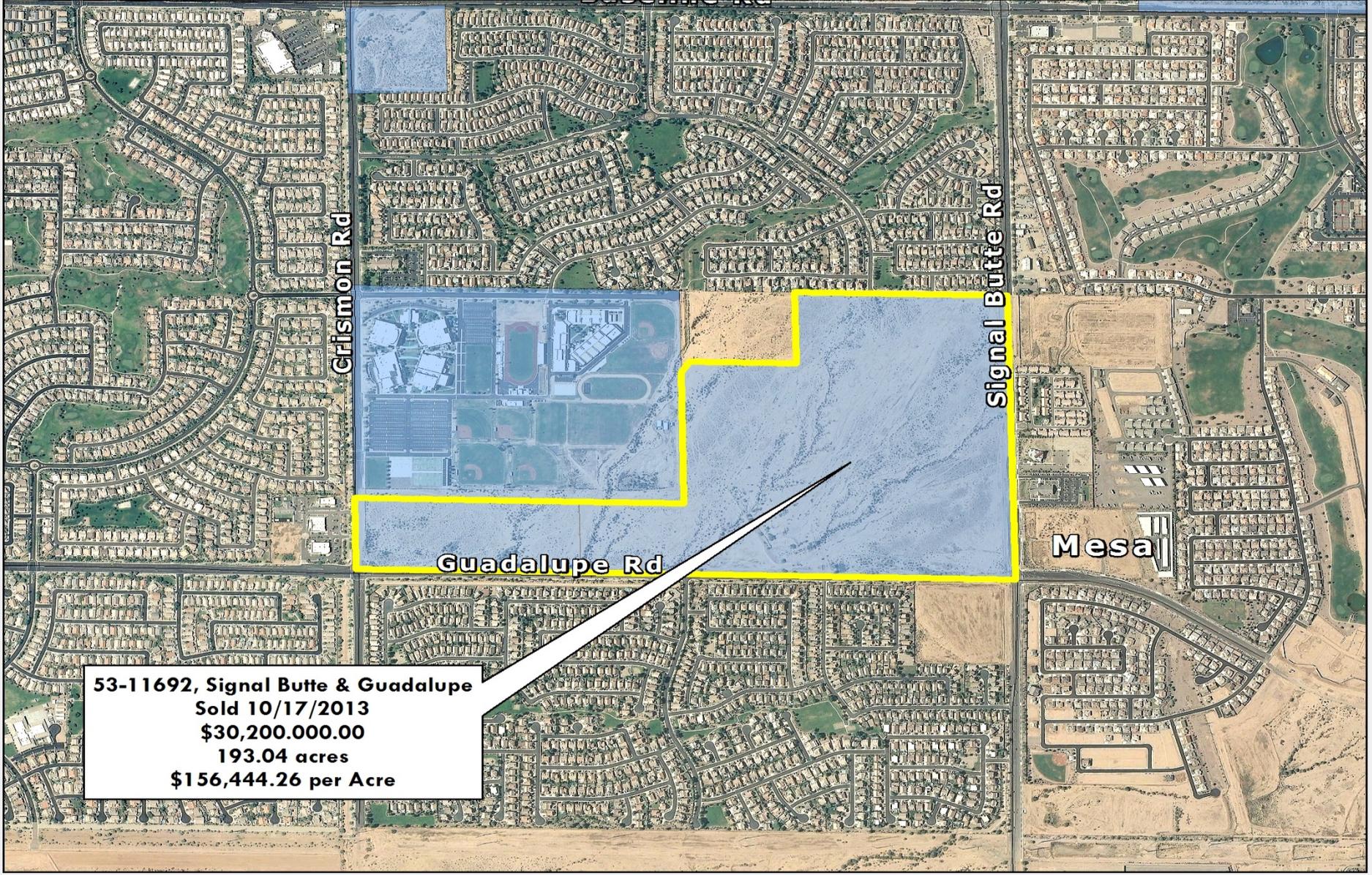
October 2013



Desert Ridge Area Commercial Transactions

October 2013





Crismon Rd

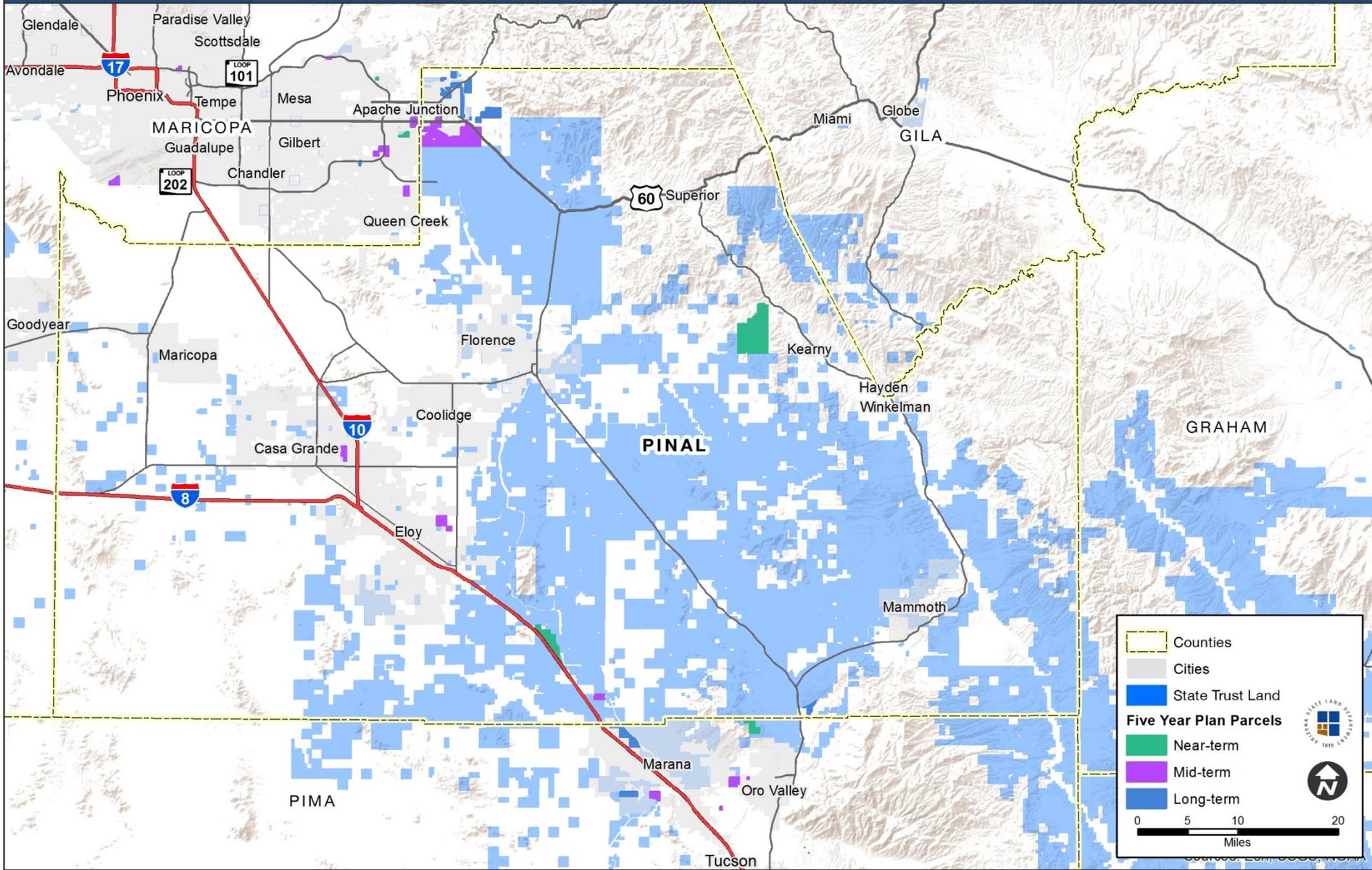
Signal Butte Rd

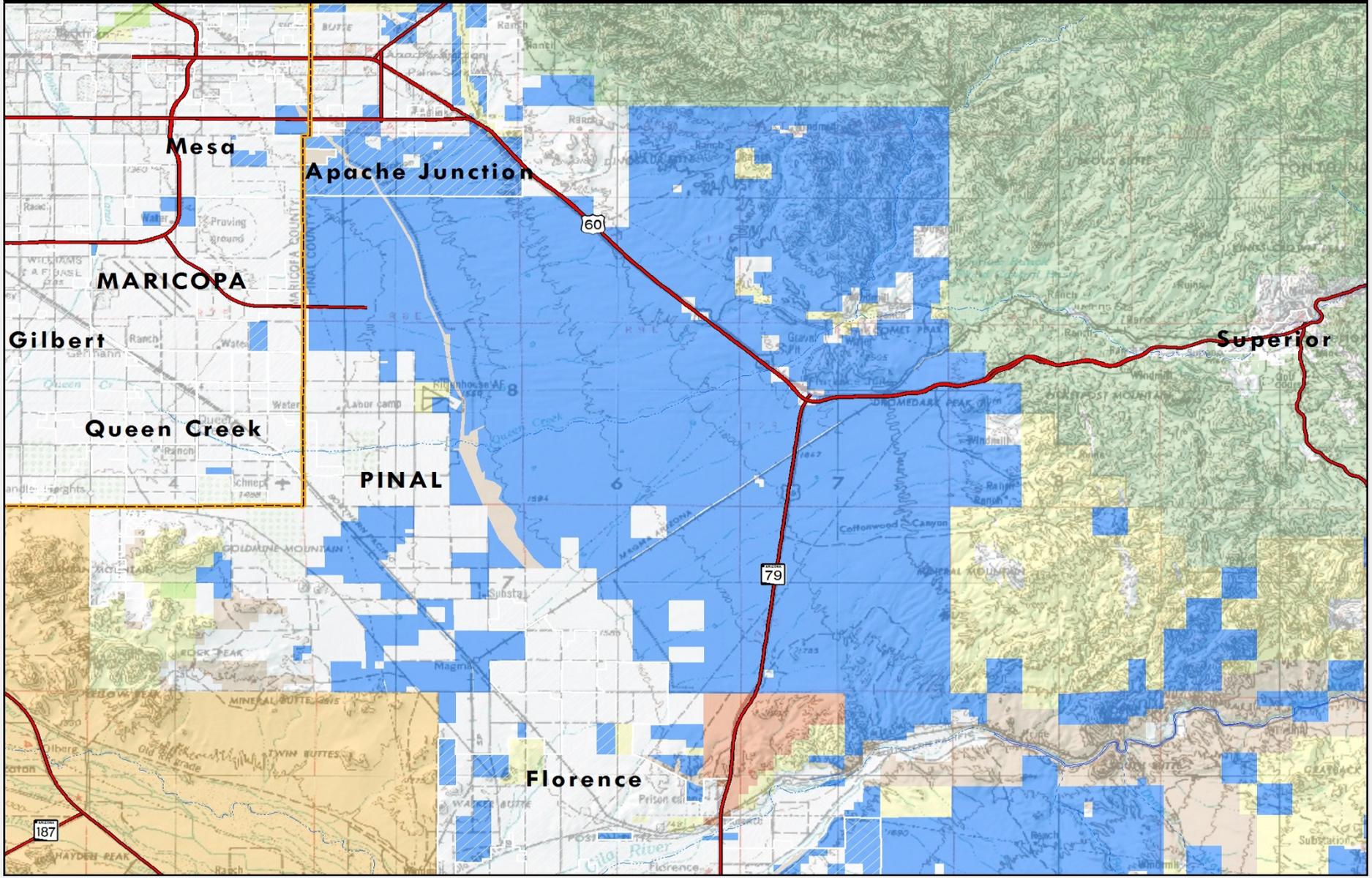
Guadalupe Rd

Mesa

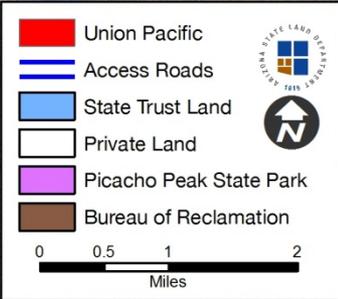
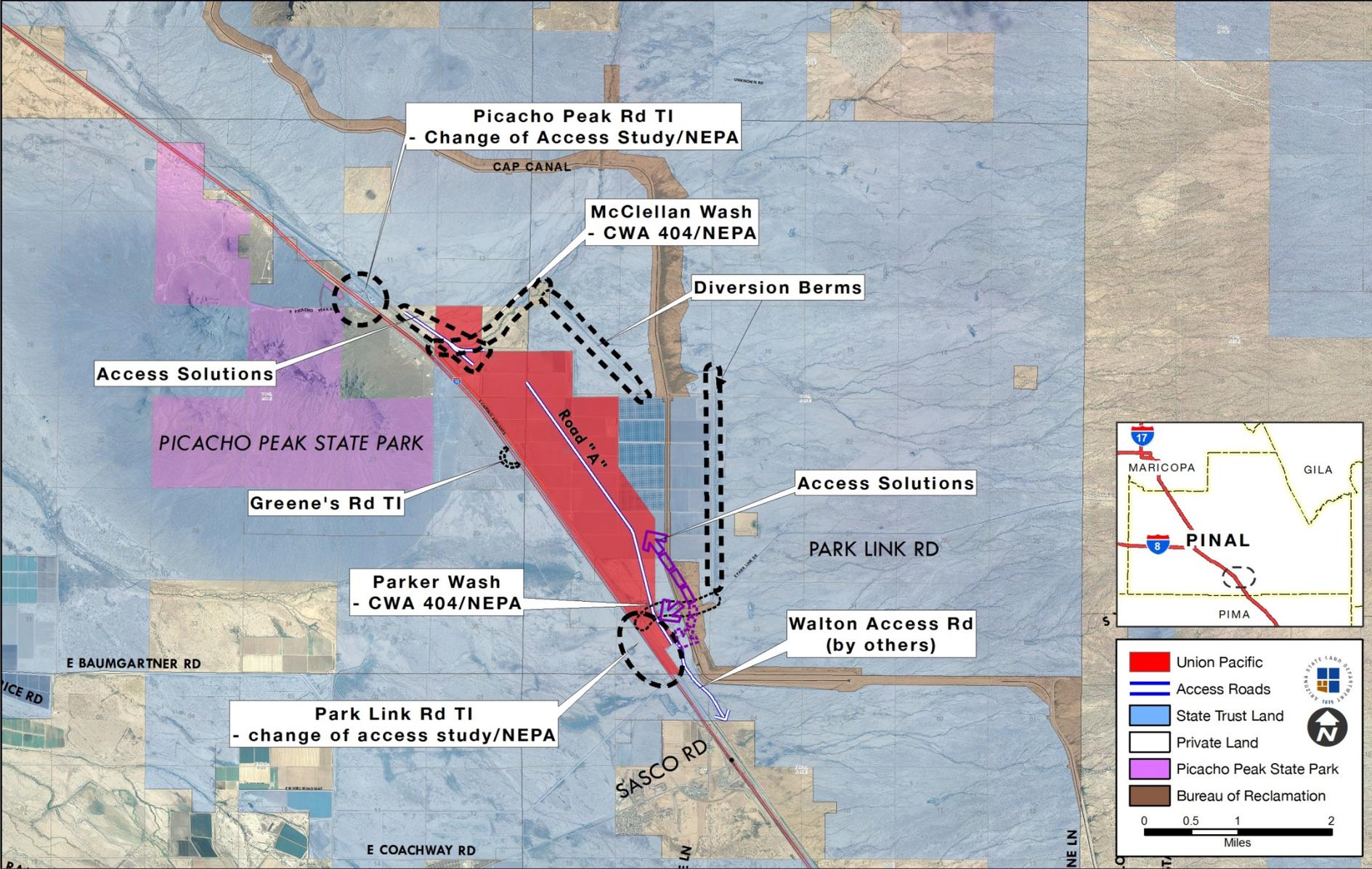
53-11692, Signal Butte & Guadalupe
Sold 10/17/2013
\$30,200.000.00
193.04 acres
\$156,444.26 per Acre

Pinal County: State Trust Land and Five Year Plan Parcels



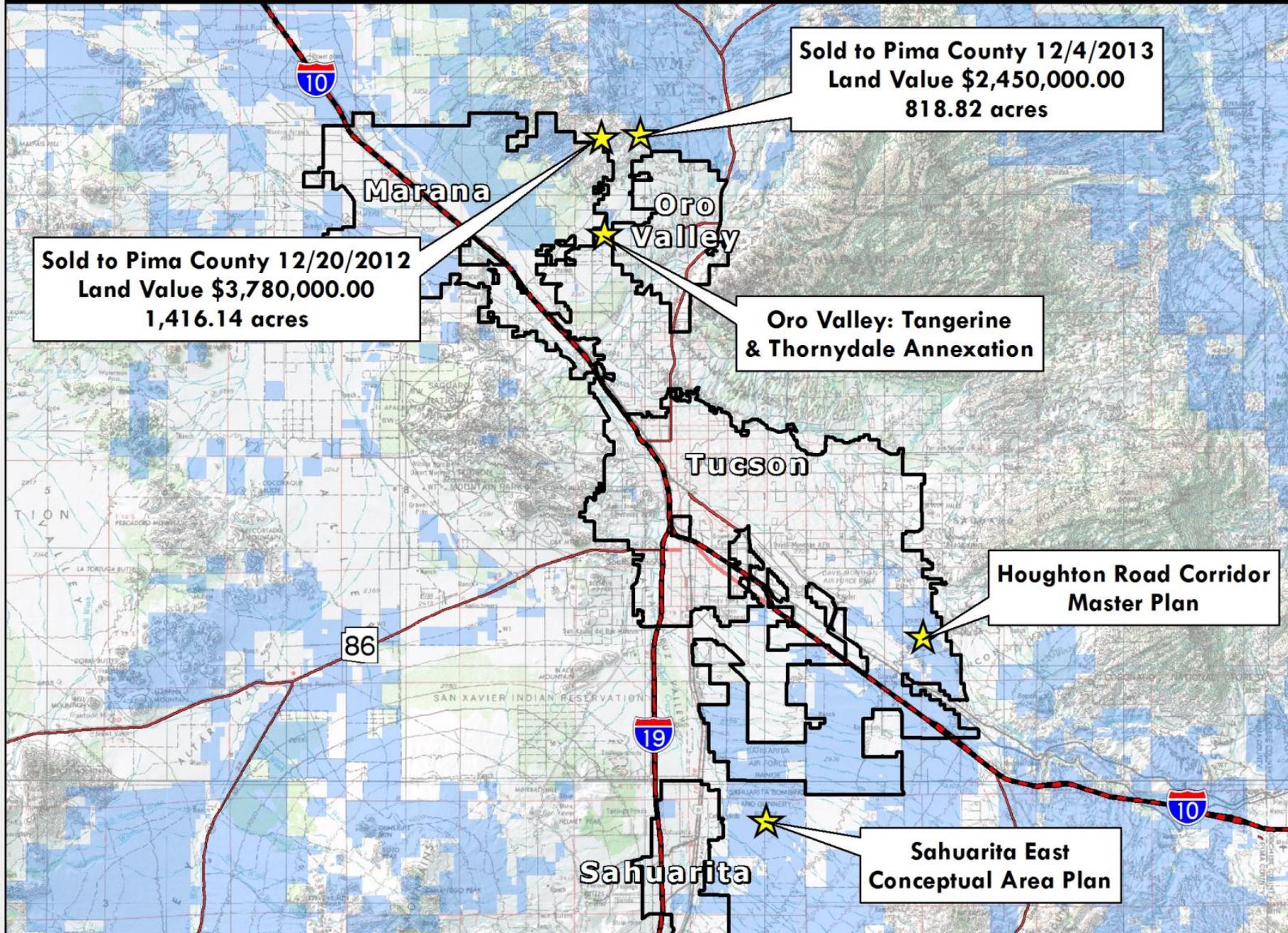


Red Rock Area - Union Pacific Proposal



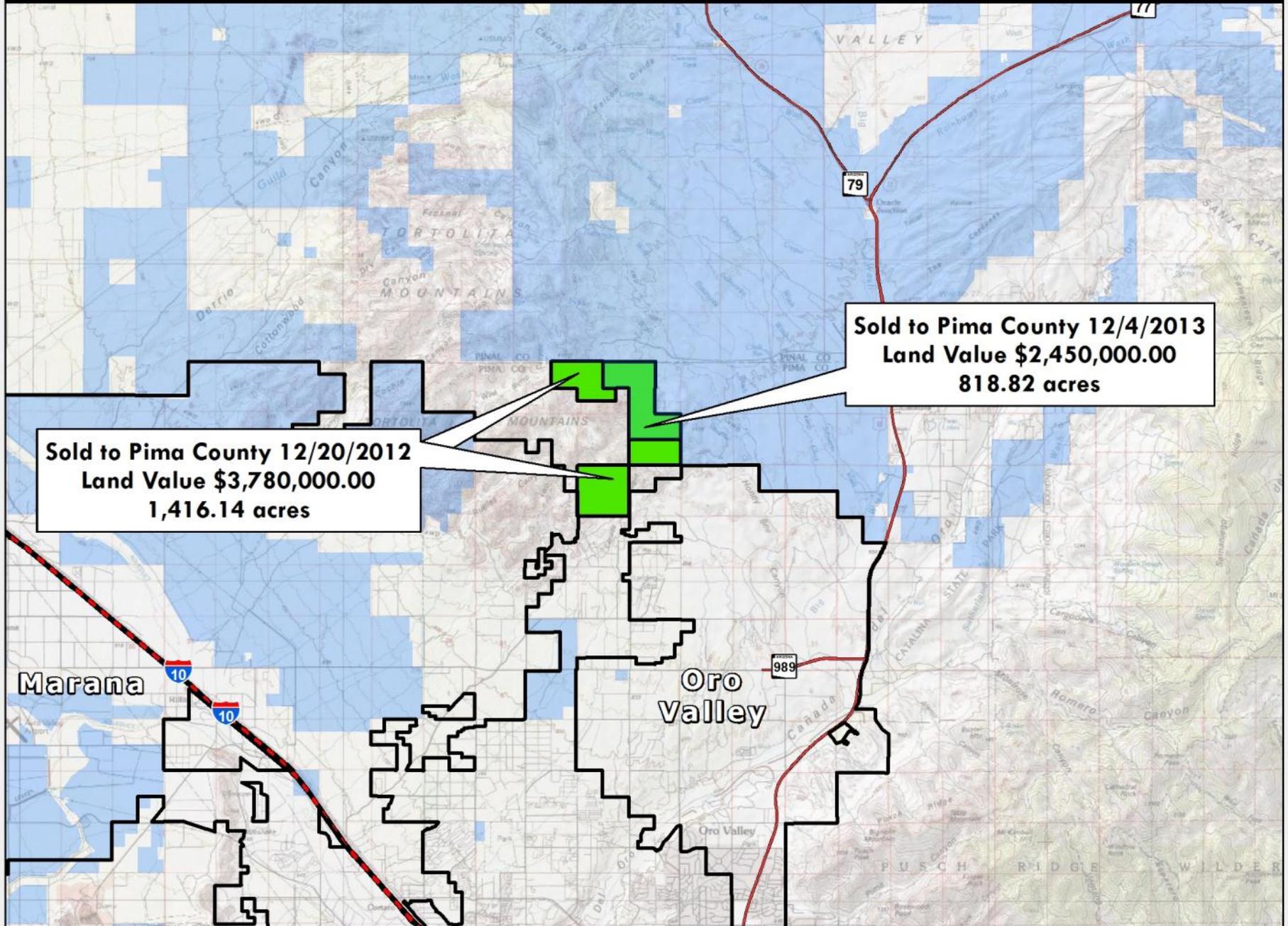
PIMA COUNTY PROJECTS

December 2013

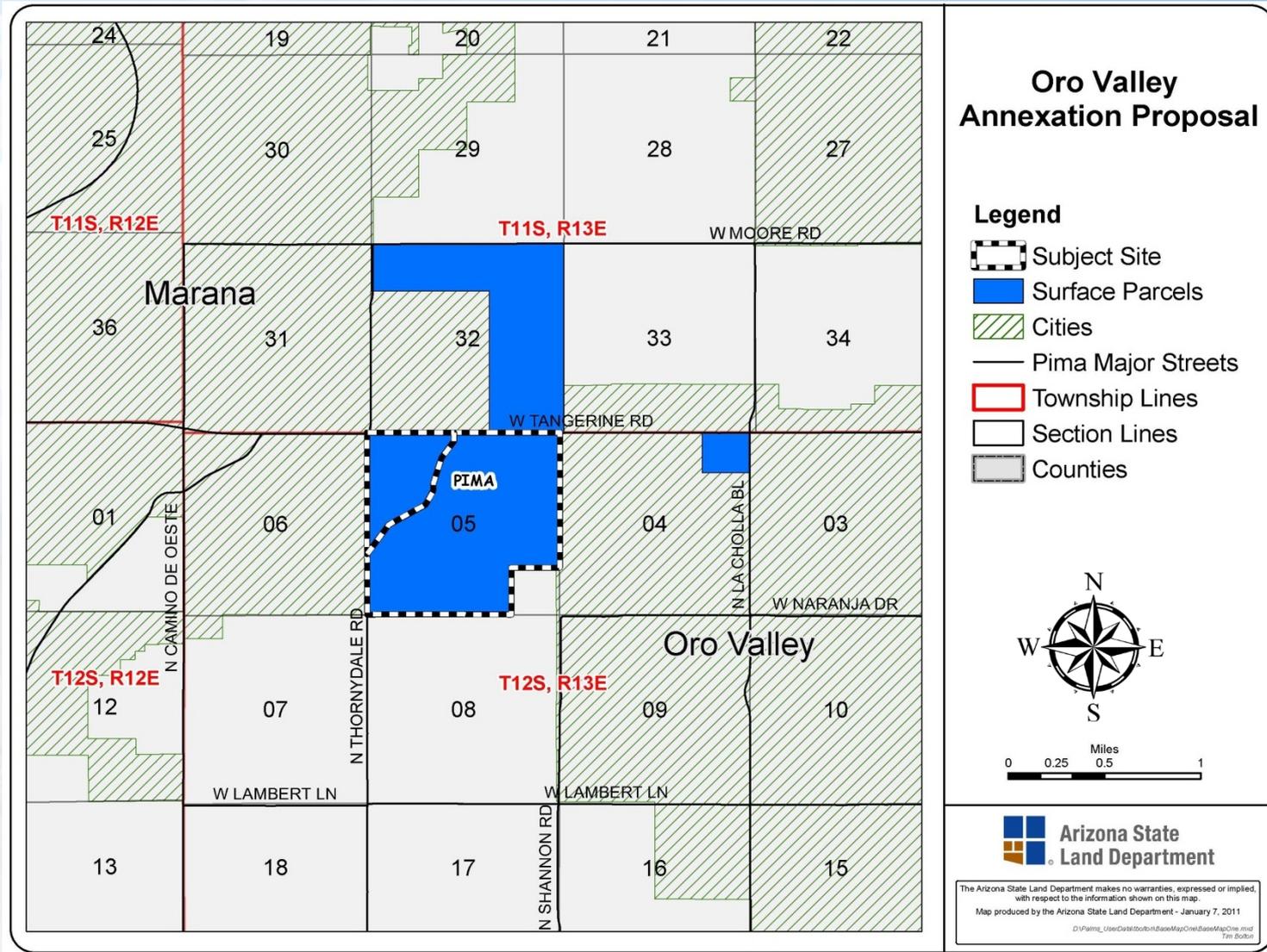


PIMA COUNTY PRESERVE SALES

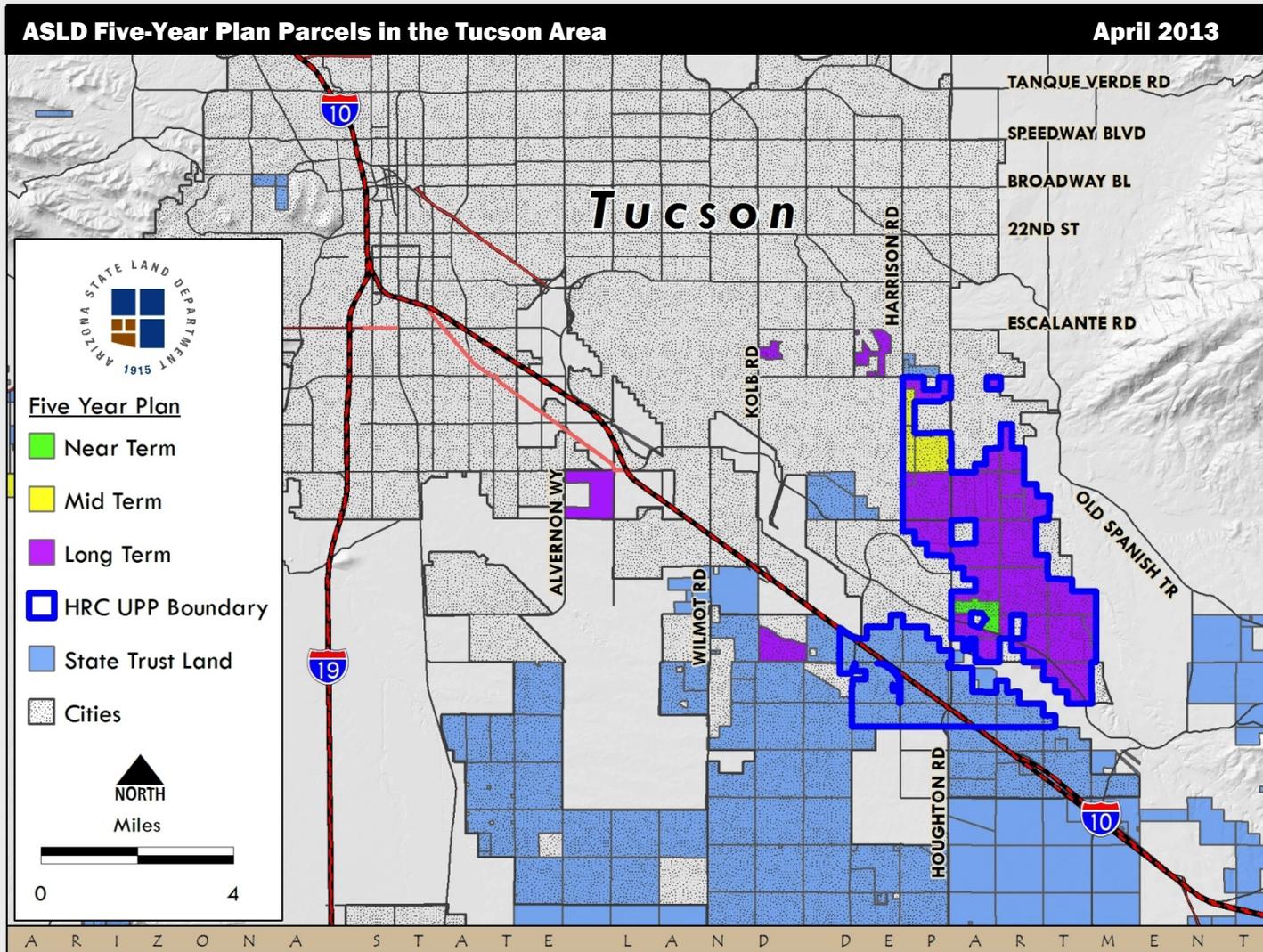
December 2013



ASLD's Southern Arizona Priorities: Oro Valley: Tangerine & Thornydale Annexation



ASLD's Southern Arizona Priorities: Five-Year Plan parcels in the Tucson area



Renewables



Renewable Energy on State Trust Land

- Arizona is ideal for solar energy development – flat and sunny!

ASLD Solar Leases

Number of active leases:	3
Megawatts in production:	84
Total Acreage:	1,032
Annual Income:	\$722,125

ASLD Wind Leases

Number of active leases:	4
Megawatts in production:	162
Developed along right of way	
Annual Income:	\$677,000

- The Arizona State Land Department was the first State Agency in the western U.S. to develop a solar lease and secure a lessee for the development and production of solar energy.
- The Arizona State Land Department in cooperation with the Bureau of Land Management and private property owners also leased the land for the first wind energy project in Arizona.

Renewable Success

- **Solar Lease with APS**
 - 35 MW
 - 35 year lease
 - Return of over 10 million to the Trust
- **AVSE11 Solar Lease**
 - 24 MW on State Trust Land
 - 35 year lease
 - Return of over 4 million to the Trust
- **Solar Lease with SunStreams, LLC**
 - 25 MW
 - 30 year lease
 - Return of over 6.4 million to the Trust

Renewable Success

- Dry Lake I - Snowflake, 66MW total, Minimum rent for 50 year term \$4,400,000
- Dry Lake II - Snowflake, 66MW total, Minimum rent for 50 year term \$5,700,000
- Perrin Ranch Wind LLC - Williams, 99MW total, Minimum rent for 50 year term \$15,300,000
- Red Horse Wind 2, LLC – Cochise, Minimum rent for 50 year term \$8,450,000

Proposition 119

Land Exchange Authority

- Proposition 119, the Arizona State Trust Land proposition was passed by the voters with 1,194,594 (61.9%) yes votes.
- Allows the for land exchanges within the same county to assist in preserving and protecting military facilities in Arizona from encroaching development or to improve the management of state lands for the purpose of sale or lease or conversion to public use of state lands.
- Land exchanges are allowed for land owned or administered by state agencies, counties, municipalities or the United States and its agencies.

Executive Order 2013-02 Governors Natural Resources Review Council

- Arizona Game and Fish Department
- Arizona State Land Department
- Arizona Department of Environmental Quality
- Arizona Department of Water Resources
- Arizona State Forester
- Arizona Geological Survey
- Arizona State Parks Department
- Arizona Department of Agriculture
- Arizona Department of Transportation

Executive Order 2013-02

Governors Natural Resources Review Council

- The Council shall prepare a comprehensive report and plan to the Governor for long-term land and natural resource management. The report shall include and address multiple use and sustained yield approaches, public access issues and sustainable economic development.
- The Council shall develop a coordinated centralized Geographic Information System database model that identifies current and future management priorities for designated land and natural resources areas.

Executive Order 2013-02 Governors Natural Resources Review Council

- The Council shall identify and prioritize legal, legislative and incentive-based needs that protect and maintain state interests related to wildlife, land, water and other natural resources.
- The Council shall provide recommendations to the Governor on a statewide approach to mitigation and conservation banking that includes State government, local governments and the private sector in order to meet long-term natural resource conservation objectives.

USFWS THREATENED & ENDANGERED SPECIES STATEWIDE

- Kearney's Blue-sta
- Arizona Hedgehog Cactus
- Brady Pincushion Cactus
- Cochise Pincushion Cactus
- Nichol's Turk's Head Cactus
- Peebles Navajo Cactus
- Pima Pineapple Cactus
- Siler Pincushion Cactus
- Arizona Cliff Rose
- Jones Cycladenia
- Canelo Hills Ladies'-tresses
- Holmgren Milk-vetch
- Sentry Milk-vetch
- Welsh's Milkweed
- San Francisco Peaks Ragwort
- Navajo Sedge
- Huachuca Water-umbel
- Fickeisen Plains Cactus
- New Mexican Ridge-Nosed Rattlesnake
- Masked Bobwhite Quail
- California Condor
- Black-Footed Ferret
- Southwestern Willow Flycatcher
- Mexican Spotted Owl
- California least tern
- Yuma Clipper Rail
- Lesser Long-Nosed Bat
- Sonoran Pronghorn Antelope
- Jaguar
- Ocelot
- Mt. Graham Red Squirrel
- Hualapai Mexican Vole
- Kanab Ambersnail
- San Bernardino Springsnail
- Three Forks Springsnail

THREATENED, ENDANGERED AND CANDIDATE SPECIES

MARICOPA – PINAL – PIMA COUNTIES

- Acuna Cactus
- Kearney's Blue-star
- Arizona Hedgehog Cactus
- Nichol's Turk's Head Cactus
- Pima Pineapple Cactus
- Arizona Cliff Rose
- Huachuca Water-umbel
- Masked Bobwhite Quail
- Southwestern Willow Flycatcher
- Mexican Spotted Owl
- Yuma Clipper Rail
- Lesser Long-Nosed Bat
- Sonoran Pronghorn Antelope
- Jaguar
- Ocelot

STATEWIDE CANDIDATE SPECIES

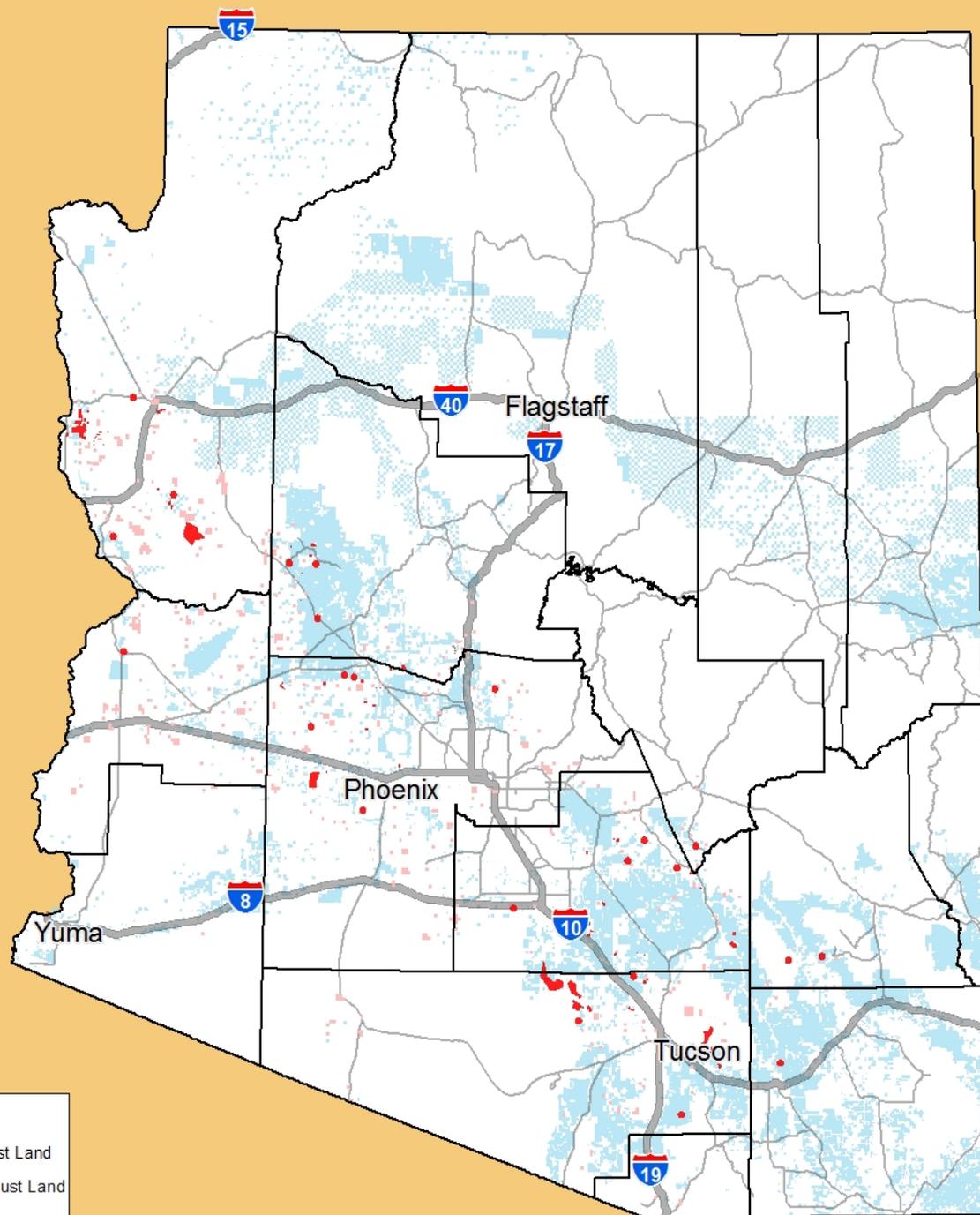
- Headwater Chub
- Roundtail Chub
- Stephan's Riffle beetle
- Tucson Shovel Nosed Snake
- Huachuca Springsnail
- Page Springsnail
- Wright's Marsh Thistle
- Sonoran Desert Tortoise
- Arizona Treefrog
- Sonoyta Mud Turtle



Sonoran Desert Tortoise

(*Gopherus morafkai*)

Candidate

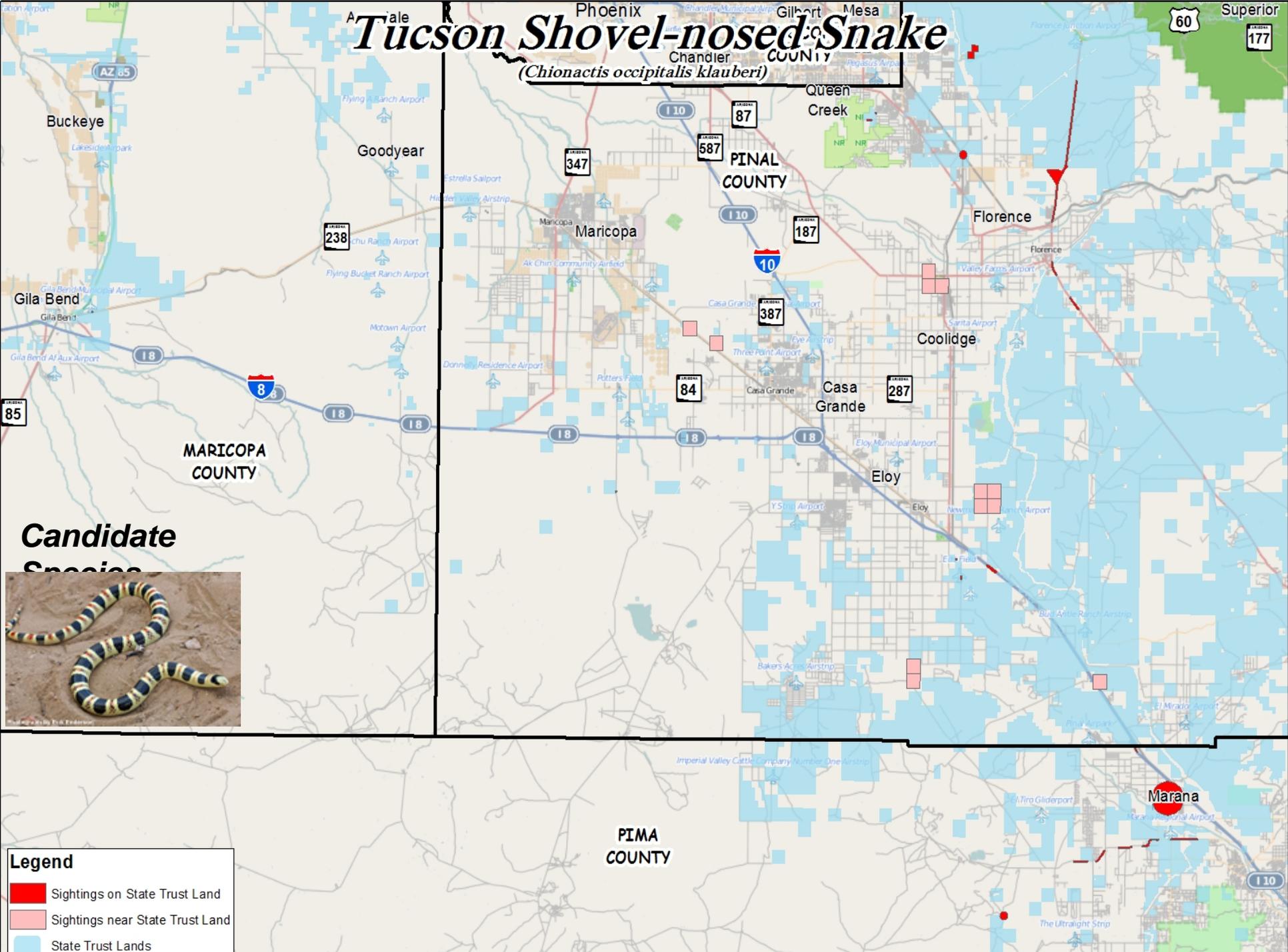


Legend

-  Sightings on State Trust Land
-  Sightings near State Trust Land
-  State Trust Lands

Tucson Shovel-nosed Snake

(Chionactis occipitalis klauberi)



Candidate Species

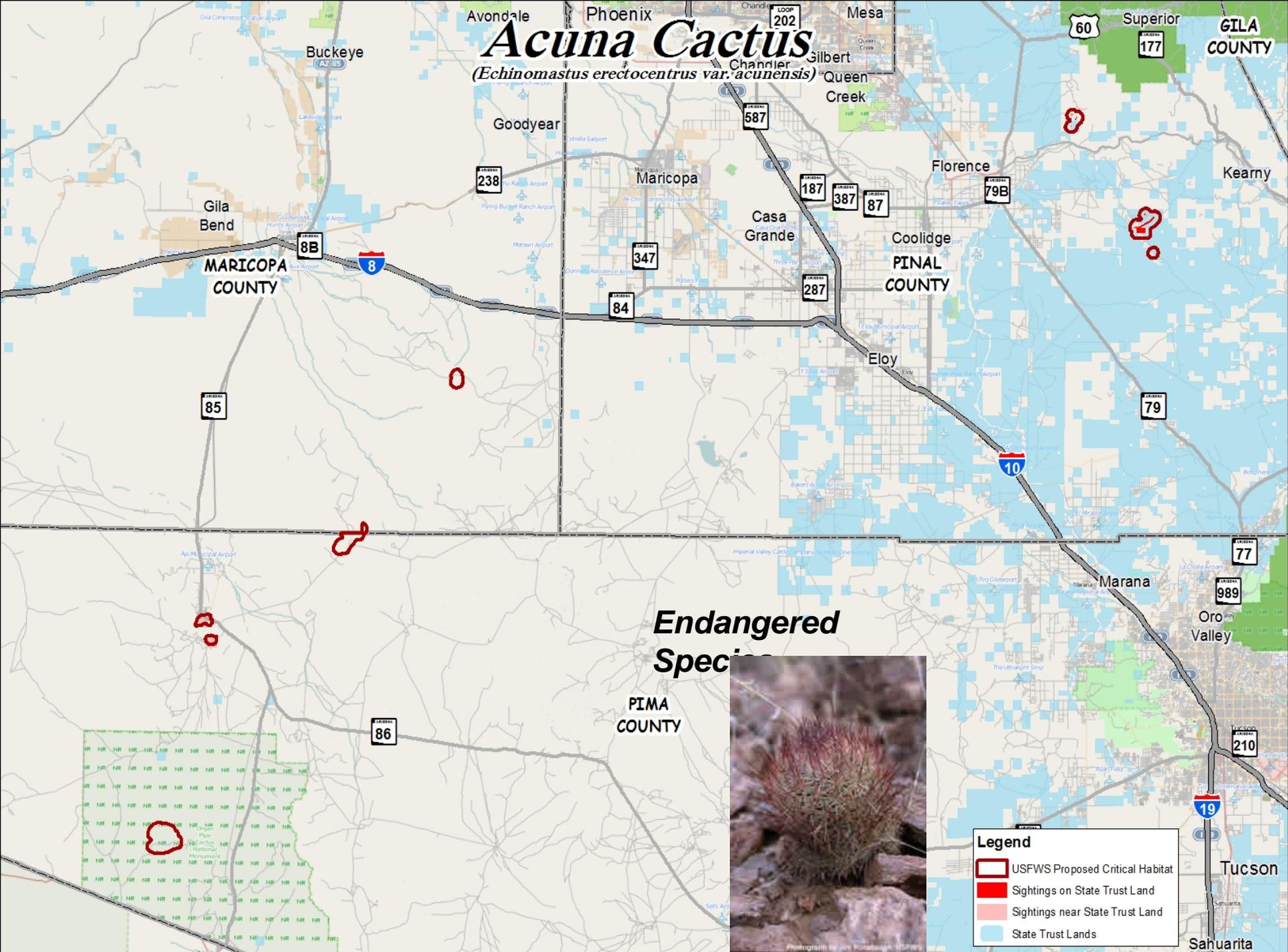


Legend

- Sightings on State Trust Land
- Sightings near State Trust Land
- State Trust Lands

Acuna Cactus

(Echinomastus erectocentrus var. acunensis)



Endangered Species

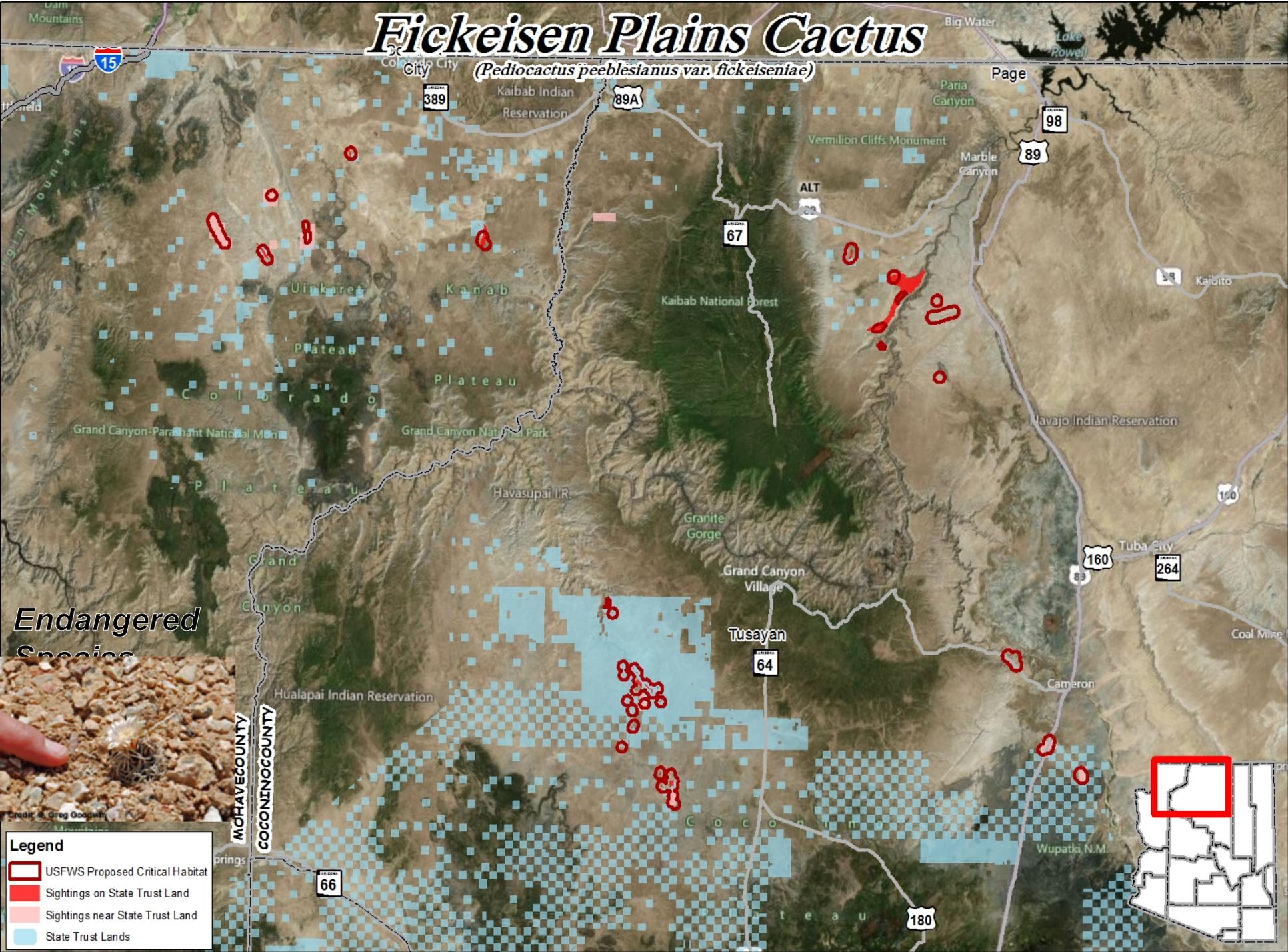


Legend

- USFWS Proposed Critical Habitat
- Sightings on State Trust Land
- Sightings near State Trust Land
- State Trust Lands

Fickeisen Plains Cactus

(*Pediocactus peeblesianus* var. *fickeiseniae*)



Endangered Species



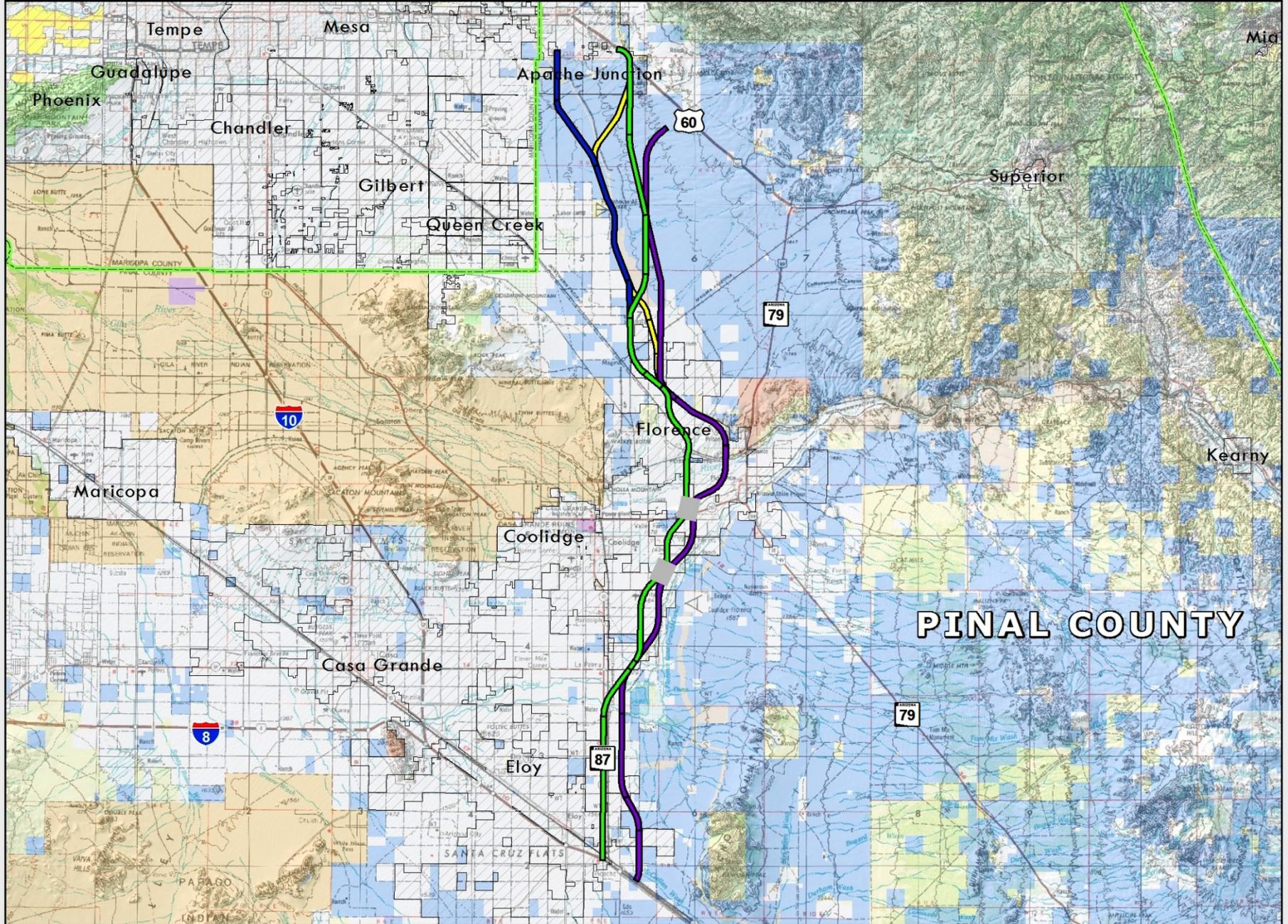
Legend

- USFS Proposed Critical Habitat
- Sightings on State Trust Land
- Sightings near State Trust Land
- State Trust Lands



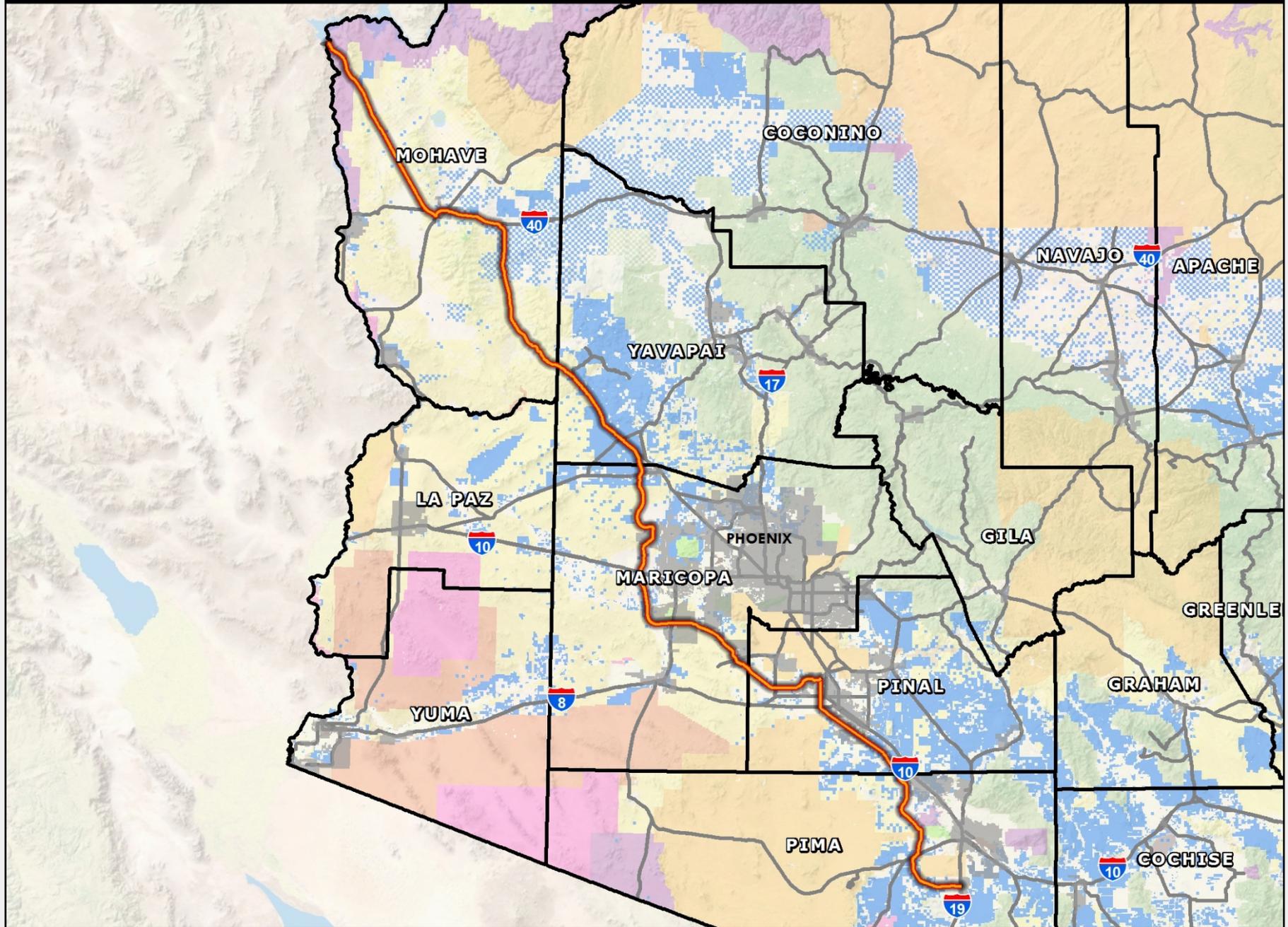
PROPOSED NORTH-SOUTH FREEWAY ALIGNMENTS

December 2013



PROPOSED I-11 CORRIDOR

December 2013



For Additional Information...

Please call:

602.542.3000

Or visit our website:

www.azland.gov