

# Investment and Development Fund Report

Fiscal Year

**2024-25**

Annual review of Investment and  
Development Fund investments on state trust  
lands

Colorado State  
Board of Land  
Commissioners



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**COLORADO**  
State Land Board

## Introduction

The Colorado State Board of Land Commissioners (State Land Board) presents its annual Investment and Development (I&D) Fund report. As required by Section 36-1-153 C.R.S. this report details investments made during fiscal year 2024-25 using I&D funds and the resulting impact on trust assets managed by the State Land Board. The State Land Board may transfer up to \$5 million per year of current-year School Trust revenue to the I&D Fund to make investments in School Trust assets that increase the value of, and/or income from these assets. Further, the State Land Board may spend up to \$1 million annually on asset maintenance projects that are not required to demonstrate a particular return on investment.

This report covers:

- Summary of I&D Fund Investments
- Description of New Investments
- Discussion of Ongoing/Active Investments
- Discussion of Completed Investments

## Summary of Investment Results for Fiscal Year 2024-25

During the past year, the State Land Board approved the use of an additional \$2,240,878 of I&D funds to support eight new projects:

- Bird Banding Station - Chico Basin Ranch
- Brett Gray Ranch Maintenance
- Table Mountain Appraisal
- Cure Brothers Improvements
- Chico Basin Improvements
- Chico Basin Finch House
- Williams Park Ranch Improvements
- Fountain Creek Property

In addition to these eight projects, six investments from previous years continued into this year and four investments were completed. The State Land Board anticipates that these new and ongoing investments will increase revenue and values on their respective properties by more than \$1.8 million and maintain more than \$2 million in value through maintenance projects. **Tables 1&2** provide additional fiscal details on all projects. The remainder of this report then provides a deeper narrative on each project.

**Table 1: Analysis of Ongoing I&D Fund Projects through June 30, 2025**

Project Name	Investment Purpose	Year of Investment	I&D Funds Allocated/Approved	Amount Invested- I&D Funds Spent	Estimated Benefit		
					Avg. Gross Annual Revenue Increase Over Period (1)	Estimated Net Value Increase (2)	Maintenance Benefit (3)
Chico Basin Improvements	Maintenance	2025	\$186,147	\$40,678	\$18,500	\$64,700	\$186,147
Chico Basin Finch House	Maintenance	2025	\$321,726	\$8,043			\$321,726
Williams Park Ranch Improvements	Maintenance	2025	\$841,100	\$0			\$841,100
Fountain Creek Property	Maintenance	2025	\$50,000	\$0			\$50,000
Bird Banding Station	Revenue	2024	\$185,570	\$185,570			
Brett Gray Ranch	Maintenance	2024	\$246,625	\$246,625			\$246,625
Table Mountain Appraisal	Value	2024	\$64,700	\$64,700			
Cure Brothers Improvements (Yuma)	Maintenance	2024	\$345,010	\$246,169			\$345,010
Martindale Royalty Audit	Value	2024	\$252,485	\$100,610			
Dowd Junction Planning	Value	2022	\$158,190	\$35,184			\$158,190
ATLAS Phase Two	Value	2021	\$341,348	\$27,831			\$341,348
Western Rivers Conservancy	Value	2021	\$270,000	\$0			\$270,000
Wilson Mesa Disposal	Value	2020	\$725,000	\$0			\$725,000
Sherman Creek	Maintenance	2019	\$39,078	\$1,394			\$39,078
Personnel and Planning (FY 2024-25)				\$353,585			
					\$4,026,979	\$1,310,389	\$18,500
						\$1,811,723	\$2,029,686

**Table 2: Analysis of Completed I&D Fund Projects through June 30, 2025**

Project Name	Investment Purpose	Year of Investment	I&D Funds Allocated/Approved	Amount Invested- I&D Funds Spent	Estimated Benefit		
					Avg. Gross Annual Revenue Increase Over Period (1)	Estimated Net Value Increase (2)	Maintenance Benefit (3)
Big Springs Ranch Improvements	Maintenance	2022-2024	\$30,714	\$30,714			\$30,714
Bear Creek Ranch	Maintenance	2024	\$30,214	\$30,214			\$30,214
Williams Park Acquisition	Maintenance	2023	\$33,254	\$33,254			\$33,254
North Mountain Ranch Improvements	Maintenance	2022	\$36,943	\$36,943			\$36,943
					\$131,125	\$131,125	\$0
						\$0	\$131,125

(1) Revenue projects - first year change in revenues as a result of the investment.

(2) Value projects - the estimated change in value of the target asset at the completion of the project.

(3) Maintenance projects - benefit assumed to equal investment amount unless revenue increases directly from maintenance investment.

## **New Investments during FY 2024-25**

### **Bird Banding Station**

This project consists of designing, constructing and furnishing a new bird banding station and short-term rental structure on the Chico Basin Ranch. The new building will be used by the Bird Conservancy of the Rockies (BCR) during their 5-week spring and 5-week fall bird banding seasons, and provide a safe shelter for BCR's staff and volunteers. It will be sized to accommodate small groups for educational seminars. Bird banding is an important technique used by scientists and researchers to study and identify individual birds and their migration patterns. Outside of BCR's bird banding seasons, the structure will be operated as a short-term rental (similar to AirBNB or VRBO) in partnership with one of our ranch lessees/permittees, allowing nature enthusiasts to stay on the property for a fee. Expected annual revenue to the State Land Board is anywhere between \$12,000 and \$25,000.

### **Brett Gray Ranch Maintenance**

The Brett Gray Ranch is the largest parcel of State Trust Land in Lincoln County and is located near Rush, Colorado, approximately 55 miles east of Colorado Springs. The ranch has a portfolio of water rights including two large reservoirs, three small ponds, a ditch water right, and eight irrigation wells. During the summer of 2022, a problem emerged with the outlet structure of the Douglas Reservoir, prompting a DWR Dam Safety engineer to inspect both large reservoir dams. The inspection identified several issues requiring attention. Subsequently, corrective action was taken, including the replacement and improvement of the reservoirs' outlet structures and fixing erosion on the slopes. The inspection also found there were too many trees growing on both dams, requiring remediation. Trees can pose a structural hazard to dams as penetration by tree roots can create pathways for water to infiltrate the dam structure, leading to leaks and ultimately a failure. This project funded the removal of the trees.

### **Table Mountain Appraisal**

In January 2023, the Board approved a plan to facilitate the disposal of up to six parcels of state trust land critical to military operations and training. Funds for acquisitions of this type are made possible by the coordinated efforts of the US Department of Defense and its Readiness and Environmental Protection Integration Program (REPI). REPI is a funding mechanism used to address physical and regulatory encroachment issues that can limit or restrict military training, testing, and operations. The Board has already disposed of one parcel under this program, and these funds made possible an appraisal for a potential disposal of a second parcel.

### **Cure Brothers Improvements**

The State Land Board owns nine center pivot sprinklers that irrigate 1,033 acres of state trust land under one lease located in Yuma County. Two of the pivots needed to be replaced, one pivot needed to be repaired, and five wells needed to be repaired prior to the upcoming irrigation season. This project creates the funding necessary for repairs.

## **Chico Basin Improvements**

The 87,000-acre Chico Basin Ranch is located about 38 miles southeast of Colorado Springs on the El Paso/Pueblo county line. Unlike most State Trust properties, the Board owns all infrastructure and related improvements on the Chico Basin Ranch, making the Board responsible for necessary maintenance and upgrades. This request funds the expenditure of up to \$250,000 of I&D funds to make needed repairs to three residential homes located on the ranch and address needed maintenance on dams present on the ranch before it becomes a significant issue. Work related to this request is ongoing.

## **Chico Basin Improvements - Finch House**

As work progressed related to the initial request for funds, it was determined that one house (Finch House) was going to be too expensive to repair. This request creates the spending capacity to demolish the Finch House and replace it instead of the previous plan for repairs. The property was evaluated for preservation and remediation, but the costs for remediation significantly outweighed the new plan for full replacement, and the house is not of special historic value.

## **Fountain Creek Extension Parcel Improvements**

The Board approved the acquisition of 120 acres +/- of vacant land adjacent to existing state trust land in El Paso County. The Board further approved the expenditure of up to \$50,000 of Investment and Development Funds for the construction of a new perimeter fence and other improvements to the property to facilitate a mitigation bank on the parcel.

## **Williams Park Ranch Improvements**

In 2023, the State Land Board acquired the 7,317-acre Williams Park Ranch located approximately 20 miles south of Hayden in Routt County. The property was part of a larger family ranch that had been sold incrementally through a number of transactions. The parcel acquired by the State Land Board contained minimal built infrastructure (e.g. ranch residence, horse barn, livestock ponds, irrigation ditches, and ranch roads), and much of it suffered from deferred maintenance. These funds will be used primarily for improvements to the internal road network, livestock ponds, irrigation ditches, and fencing on the property.

## **Ongoing Investments during FY 2024-25**

### **Martindale Royalty Audit**

State Land Board oil and gas royalty revenue over the last five years totaled \$833 million, or 75% of all revenue over that period. With the recent consolidation of operators in Colorado, 80% of the State Land Board's minerals revenue comes from three companies. State Land Board auditing tracks various components of production reported by oil and gas operators and associated payments. If variance is found, Staff pursue resolution within a given time frame. The amounts generally run from a few thousand dollars to tens of thousands, but occasionally

they have been as high as several million dollars. This investment hires a consultant to audit the State Land Board's largest royalty providers to boost existing internal staff capacity.

### **Dowd Junction Planning**

The State Land Board owns a parcel of land in Eagle County that has high potential for redevelopment as a mixed-use neighborhood that can accommodate a significant development of workforce housing. The land has up to this point been partially occupied by a Colorado Department of Transportation (CDOT) maintenance facility and housing for about twelve CDOT employees. The existing maintenance facilities and employee housing are in the process of being relocated to facilitate the redevelopment of the site. This investment pays for land planning and engineering services associated with the potential redevelopment of the Dowd Junction parcel.

### **ATLAS Project Phase Two**

The Automated Trust Land Asset System (ATLAS) is the IT system built by the State Land Board to manage all aspects of leasing, accounting and the portfolio of assets. Following the completion of Phase One, in which system maintenance was performed ahead of new development, Phase Two turned its focus to system enhancement with particular attention being paid to the cash management workflows, processes and tools relied upon by State Land Board's Finance team. The stated value of the investment is determined on a system-replacement basis.

### **Western Rivers Conservancy**

The State Land Board owns and manages a 45,650-acre property in Conejos County commonly referred to as the La Jara Property. In 2017, the State Land Board prepared an Asset Management Plan for the property. A key finding of that plan was that the interests of the School Trust beneficiaries will be best served if the State Land Board disposes of the property and reinvests the proceeds into other real property assets or the Permanent Fund. The State Land Board does not possess the resources or expertise to identify potential buyers and/or structure a complex, multi-party, conservation-oriented transaction at this scale. Engaging a third party using these funds allowed the Board to dispose of the property in a way that fulfills the State Land Board's mission and fiduciary duties while activating additional potential in the property.

### **Wilson Mesa Disposal**

Wilson Mesa is a 640 acre parcel located in San Miguel County, approximately 15 miles west of Telluride. The parcel is relatively valuable due to its proximity to Telluride and resulting views, and its size. However, the existing grazing rent and historic recreation rents have remained exceptionally low over time. While the Board has benefitted from significant appreciation in property value, relative income from the property has plummeted. The disposal of Wilson Mesa results in a clear benefit to the School Trust by disposing of a significantly underperforming income property asset, re-investing the disposal proceeds into other types of assets/investments, and generating long-term revenue for the trust. Investment and Development Funds are used to pay the real estate broker a commission following a successful closing and to compensate the existing agriculture lessee on the property per Board policy.

### **Sherman Creek Ranch Improvements**

This second phase of a two-part project continues the improvements on the Sherman Creek ranch. The first project created agriculture and recreation improvements that resulted in increased lease revenue. The second project improves the ecological and functional condition of streams and irrigation ditches on the ranch, supporting the long term stewardship of the property as a healthy piece of the local ecosystem. The funding provided by the State Land Board for the second project has a leveraged effect, with matching project funds being provided by Ducks Unlimited. Partnerships like this expand the ability of the State Land Board to ensure great stewardship of trust lands while keeping operations overhead to a minimum.

## **Investments Completed during FY 2024-25**

### **Big Springs Ranch Improvements**

Big Springs Ranch is an 8,601 acre State Land Board property in El Paso County. This use of I&D funds reimbursed lessees for approved repairs and upgrades they made to Board owned improvements on the ranch.

### **Bear Creek Ranch Maintenance**

The State Land Board acquired the 2,100 +/- acre Bear Creek Ranch in Huerfano County. The acquisition supports the agency's efforts to acquire high quality ranchland suitably positioned for long-term value appreciation. Benefitting from its size and location, the property will also serve as the initial acreage for an annual grazing lease program that has been a longstanding agency business goal. While the ranch and improvements are in good condition, the funds were used to make minor improvements or repairs to the property as have cropped up during the first two years of Board ownership.

### **Williams Park Acquisition**

The State Land Board acquired the 7,320 +/- acre Williams Park Ranch in Routt County. The acquisition supports the agency's efforts to acquire high quality ranchland suitably positioned for long-term value appreciation. Acquisition of the ranch will also contribute to several agency goals and objectives including geographic diversification of the land portfolio, growth of the Recreation line of business, and additions to the division's water rights portfolio supporting agriculture. Similar to the Bear Creek acquisition, the funds supported costs related to minor improvements and repairs to the property.

### **A North Mountain Ranch Improvements**

The 10,894 acre North Mountain Ranch spans the San Miguel and Dolores County line and is leased for both recreation and agriculture. This investment funded fence repair on the property