

John Y. Ferry, Chairman
Kevin S. Carter, Director

MINUTES OF THE MEETING OF THE
SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION
BOARD OF TRUSTEES

DATE: APRIL 8, 2010

PLACE: SALT LAKE CITY, UTAH

ATTENDING:

BOARD

John Y. Ferry
Mike Brown
Dan Lofgren
Steve Ostler
Dave Ure
David Lambert
Michael Mower

STAFF

Kevin S. Carter
Tom Faddies
Dave Hebertson
LaVonne Garrison
NormaLee McMichael
Lisa Schneider
Tom Mitchell
Elise Erler
Kim Christy
Ron Carlson
Sonja Wallace
Doug Buchi
Kay Burton
Rick Wilcox
Ron Torgerson
Lynda Belnap

OTHERS IN ATTENDANCE:

Harvey Hutchinson, Western Water, LLC
Margaret Bird, State Office of Education
Paula Plant, State Office of Education
Laurel O. Brown, Utah State Board of Education
Ivan Djamboc, Legislative Fiscal Analyst's Office
Cliff Strackan, Governor's Office of Planning & Budget
Lynn Stevens, San Juan County Commission
Brad Johnson, Beaver County Commission

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Chairman Ferry welcomed Board members, Staff, and guests to the meeting.

1. Approval of Minutes

The Board approved the Board minutes of March 18, 2010.

Brown / Ure. Motion approved.

“I move that we approve the Board minutes of March 18, 2010.”

Roll Call:

Mr. Brown - - yes	Mr. Lofgren - - yes
Mr. Ostler - - yes	Mr. Ure - - yes
Mr. Lambert - - yes	Mr. Mower - - absent at vote
Mr. Ferry - - yes	

2. Confirmation of Upcoming Meeting Dates

The Board, without motion, approved the upcoming meeting schedule as follows:

May 12 - - tour of Graymont facility and Magnum site
May 13 - - Salt Lake City
June 10 - - Salt Lake City
July - - no meeting
August 5 - - Salt Lake City (change from August 12)

Director Carter noted that July 11-15 is the Western States Land Commissioner conference in Kalispell, Montana. If any Board members are interested in attending, let us know.

3. Chairman's Report

a. Beneficiary Report

Ms. Margaret Bird gave the Board a power-point presentation on the economic outlook of the Trust. This is their best attempt at looking at what is happening on the national economic level.

- * Presentation Overview
 - * US Economic Outlook
 - * Trust Outlook
 - * 2011 Utah Legislative Session Implications

- * Economic Outlook
 - * Recession of 2007-2010 appears to begin to recover
 - * Most expect a long, slow, flat recovery to a "new normal"
 - * Some are more optimistic
 - * Some fear a double dip
 - * "This year the American economy is expected to grow by about 3%, after shrinking by 2.4% in 2009" The Economist, March 31, 2010

Ms. Bird showed the charts on what recoveries look like and historical trend line for residential real estate (adjusted for inflation).

- * Trust Outlook
 - * Washington County Real Estate
 - * Southern Utah experienced an even bigger bubble and burst than the nation
 - * Residential recovery unlikely until 2010+
 - * Commercial recovery to lag that by 12-18 months
 - * Natural Resource development in Utah
 - * Secretary Salazar voided drilling leases on public lands in Utah
 - * SITLA revenues fall, but costs rise
 - * Net revenue decline was 45.2 percent; operating expenses increase was 23.6 percent
 - * Return to beneficiaries on SITLA investment
 - * SITLA used to make \$10 for every \$1 they spent; now it is \$4 for every \$1 spent

3. Chairman's Report (cont'd)

a. Beneficiary Report (cont'd)

- * 2011 Legislative Session implications
 - * Other state agencies have faced
 - * Severe budget cuts
 - * Reductions in Force (RIF)
 - * Unpaid furlough days for all employees
 - * Travel freezes
 - * Most private companies have faced as much or more hardship
 - * SITLA has not had to face most of the consequences of the downturn
 - * This causes some resentment in state government
 - * It is a systemic, strategic benefit to the Trust that the agency is self-funded and can make investments in the down years
 - * The beneficiaries would not be well-served by agency effort to maximize short-term income at the expense of better long-term benefits (in fact, doing so would be a breach of fiduciary duty)
 - * However, the agency does need to follow the first of the Mining Group "Ten Commandments" - "Run Lean-Run Mean"
 - * How can SITLA "Run Lean-Run Mean"?
 - * Are there incentives for efficiency and cost savings within the agency?
 - * Can the Board/Director design efficiency into the system?
 - * Ideas for the Efficiency Committee?
 - * Serious cost-cutting measures are needed - - they can either be done by the Trust or done to the Trust.

The question was asked if it would be better for us to sell more of our lands and invest the money. Ms. Bird stated it is a good thing to look at further. She will put something together for next month on this issue.

Mr. Ure noted that every business in the nation has had these things happen to them in the last 12 months. Director Carter stated that our basic philosophy is to get out of scattered lands where we cannot do things with those lands and get into a blocked-up pattern where it is better for us.

Chairman Ferry noted the Objective Committee will be looking at some of these things at its meeting on April 20. We need to make sure we put our story in perspective.

Ms. Bird noted that the beneficiaries appreciate the agency's efforts to be more efficient.

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3. Chairman's Report (cont'd)

b. Other

Chairman Ferry has appointed Dan Lofgren to the Board Objective Committee. It will meet April 20 at 2:30 p.m.

4. Director's Report

a. Director's Update on Issues

Director Carter updated the Board on the issues at Montezuma Creek. This is inside the Navajo Indian Reservation. This is the only trust land piece left in the reservation. The Tribe asked us to find a way to convey it to them. There have been some historic uses on the property that had the potential to leave the land contaminated. We have done much environmental work on this land. The Department of Environmental Quality stated it is at a safe level now. The Tribe wants us to do more until the land is "pristine". There is a piece that is totally clean, and we will relinquish that piece to the Tribe. We are at an impasse with the Navajo Nation on the other piece. We might sell some of these parcels on which there are already buildings, etc. We are not inclined to spend any more money cleaning up this property.

b. Update on FY 2010 Objectives

Director Carter noted each of the groups will be updating the Board on their FY 10 objectives. They did these through power-point presentations. This will give the Board an idea of how we are progressing to finish these this fiscal year.

I. Government Affairs - State

- * Improve interface with GOED
- * Visit Five Editorial Boards

II. Government Affairs - Local

- * Schedule of Special Districts and Municipalities to visit
- * Visit 15 counties and present TLA 101 - - this is pending
- * Visit Community Councils
- * Present Fiscal year-end Report

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4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

III. Land Tenure

- * Objective: Make progress on non-UDWR state agency land exchanges
- * Status:
 - * Outreach to DFCM and UDOT completed
 - * GOED land database project and personnel terminated by GOED
 - * UDOT Cedar City North interchange exchange completed

- * Objective: Outreach to LDS Church re-development land tenure
- * Status: Oral communications by Development Group have been met with tepid response. Will need follow-up communication by Development Group.

- * Objective: Continue UDWR exchange program
- * Status:
 - * Range Creek exchange complete
 - * Parowan about to open escrow; county ROW needed
 - * 5600 West - UDWR status meeting April 12; appraisals should be completed by June 30, 2010

- * Objective: Implementation of Recreation Exchange
- * Status:
 - * External project team hired (Phil Cook, Paul Anderson)
 - * Appraisal instructions still in negotiation
 - * All state title information completed and provided to BLM

- * Objective: Sage Grouse
- * Status:
 - * Have obtained Idaho CCSA
 - * Have held initial discussions with USFWS and Terry Messmer (USU) regarding CCSA for Parker Mountain

4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

III. Land Tenure (cont'd)

* Objective: Engage in County Land Bill discussions

* Status:

* Multiple meetings held with Beaver, Emery, and San Juahn Counties, BLM & industry

* Future meetings: Millard (April 20); Iron (April 26)

* Tentative land package exceeding 25,000 acres for southwest Utah in preparation for BLM, environmental review

* Input provided to Utah congressional delegation

IV. Legal

* Objective: Update transaction templates

* Status:

* Commercial lease templates completed and used

* Easements and ROEs in progress

* Objective: Identify specific training objectives

* Status: Legal Group retreat scheduled for early May to identify and define organizational issues

* Objective: Identify delegation opportunities

* Status: Same as above

* Objective: Complete review of Trust Land Management Act

* Status: Initial review of TLMA complete; Board directive to not pursue further review

* Objective: Board approval of revised development rules

* Status: Completed August 2009

4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

IV. Legal (cont'd)

- * Objective: Initial remediation of highest priority contamination sites
- * Status:
 - * Montezuma Creek - - will not obtain Navajo Nation acceptance of site without change in Tribal policy; therefore, this objective is unlikely to be completed.
 - * Cook - - initial remediation and testing complete
 - * Winchester Hills - - complete
- * Objective: Programmatic evaluation of environmental risk from existing/proposed surface leases
- * Status: Initial classification of high risk leases complete and inspections performed; programmatic methodology complete

V. Oil and Gas

- * Objective: Engage engineering firm to evaluate risks/rewards of active participation in OG projects such as WI, back-in APO, etc.
- * Completion date: June 30, 2010
- * Status: have not engaged a firm yet. Will make presentation at the June Board meeting. Ms. Garrison is recommending we postpone this objective.
- * Objective: Update 2008 Reserve Report for OG
- * Completion date: June 30, 2010 - - Postponing
- * Status: Informally requested Board postpone this objective due to budgetary constraints and the current volatile state of the industry.
- * Objective: Prepare Oak City Block to be offered for OBA
- * Completion Date: January 2010
- * Made an interim report to the Board in January. Title work has been completed. OBA will be ready for requests within 30 days

4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

V. Oil and Gas (cont'd)

- * Objective: Evaluate internally all OG lands within the Swell and develop an inventory of other lands it would propose to trade
- * Completion Date: June 30, 2010
- * Status: Maps of the area have been made showing relevant information. Spreadsheet for the Swell has been prepared. Meetings held with industry partners to help select BLM parcels of interest.

- * Objective: Investigate feasibility to exchange OG for real estate, minerals in other states, other state agencies or non-public entities (including individuals and/or companies)
- * Completion date: June 30, 2010
- * This has not been commenced, but will be ready for presentation to the Board in June if requested. The Board noted it would prefer a written report on this item.

- * Objective: Investigate feasibility of introducing a mineral literacy program into K-12 with industry support
- * Completion date: June 30, 2010
- * Status: SITLA was granted an appropriation of \$50,000 for FY 2011 to proceed with program, subject to obtaining industry support. SITLA, beneficiaries, NEF have met with the Office of Education, which has endorsed the concept. Met with industry partner in March. Conference call to ensue next week to discuss if industry will support this effort and how it will be funded.

- * Objective: Provide support and interaction with energy companies interested in pursuing gas storage and CO2 sequestration projects on trust lands
- * Completion Date: June 30, 2010
- * Status: EGI, which is affiliated with the University of Utah, has funding for a CO2 demonstration program on University lands in the Gordon Creek area. SITLA is proceeding to build agreements, etc., necessary to complete the program. SITLA has also consummated a deal with Magnum Energy for a gas storage program near Delta. Plans are currently under review by BLM and other state agencies through an EIS process. No other projects are proposed for the state at the present time.

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4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

V. Oil and Gas (cont'd)

- * Objective: Recruit new intern
- * Completion date: June 30, 2010 - - Not doing
- * Status: Due to the current economic conditions and the reduced workload on our employees in OG, Ms. Garrison doesn't believe it is necessary at this time to recruit outside help. The OG Group is able to keep up with all necessary activities. In the event of a major project; i.e., going paperless, outside help may be needed.

VI. Planning and Development

- * Objective: Mini Block Plans
- * Status: Mr. Buchi showed the Board a chart with all the blocks, acres, status, and projected completion date.

- * Objective: Planning & Development Group web page update
- * Status: Complete

- * Objective: Market and Feasibility Study - Green Spring
- * Status: In process - - June 30, 2012

- * Objective: Market and Feasibility Study - - Airport vicinity land
- * Status: In process: June 30, 2011

- * Objective: Market and Feasibility Study - - Milepost 2
- * Status: In process: June 30, 2011

- * Objective: Market and Feasibility Study - South Block
- * Status: In process: June 30, 2012

- * Objective: Create Real Estate Advisory Committee to Board
- * Status: Completed

Mr. Lofgren warned Staff to be careful to not give up purchasing water rights too soon.

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4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

VII. Mining and Minerals

* Objective: Training and Mentoring of Staff

* Status

* Annual MSHA training completed for Group members

* All group members registered and/or licensed in their respective professional fields

* Group attended Utah Mining Association annual convention in Park City

* Field training session for Group. Expected to be completed Spring 2010

* Group members participate in:

* Utah Geological Association

* Society of Mining Engineers

* Mining and Metallurgical Society

* Utah Association of Professional Landmen

* National Association of Landmen

* Objective: Upgrade Tactical Plans

* Status: Work completed in first quarter includes:

* Initial work on compilation of data for the sand and gravel tactical plan

* Updating of our coal plan

* A report for the limestone/dolomite plan was completed

* Work was initiated on the plan for base and precious metals

* The oil shale tactical plan was completed

* Work on the asphaltic sands plan is about 85 percent complete

* Objective: Evaluate models for income escalation

* Status: Work initiated late in the second quarter

4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

VII. Mining and Minerals (cont'd)

* Objective: Enhance quality of review process for proposed land sales

* Status:

- * Performance: Mineral inventory field in Business System updated (both in mass by the UGS and on specific lands by staff members)
- * The scope of the electronic mineral library was expanded to include 423 technical and professional documents
- * The Utah Geological Survey completed contract work on a draft report on sand and gravel evaluation of the Big Water block (a 2.5-year project), a resource evaluation of gypsum resources in the San Rafael Swell gypsum in sands dunes on SITLA lands on the Bonneville salt flats; a report on the potential for discovery and development of stratiform Au/Ag deposits on trust lands.

* Objective: Facilitate permitting of Cottonwood Coal Tract

* Status:

- * Three meetings with the lessee regarding permitting of the tract were held with Group members. Recent discussions with the Emery County Commission indicated that local support for a producing mine at this location remains strong.
- * It appears that permitting application will occur in about two years' time.

* Objective: Lease Coal tracts

* Status: Work toward leasing coal tracts

- * Face-to-face discussions have been held with potential clients regarding leasing of the North Horn and Fremont Junction tracts
- * Interest in leasing Central Utah coal at this time remains low
- * Staff is currently working on leases which will extend production onto lands north of a coal mine in the Book Cliffs
- * A similar leasing of scattered parcels of SITLA coal in the southern part of the Emery coal field is underway
- * Total coal production in Utah is expected to decline to about 17.5 million tons in calendar year 2010.

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4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

VII. Mining and Minerals (cont'd)

* Objective: Market sand and gravel

* Status:

- * Utah sand and gravel production along with the sale of other solid construction materials is depressed
- * Nonetheless, we are actively pursuing new opportunities in Utah and Box Elder Counties
- * Sand and gravel OBA's submitted to the Board in March and April (Uintah and Utah Counties) mark solid progress towards achieving this goal
- * It is uncertain if we will meet our revenue forecast for FY 2010 (\$1,000,000) for sand and gravel material permits

* Objective: Higher proactive level of leasing

* Status:

- * The minerals bid offerings produced positive results for "captive" geothermal (Iron County) and at Cove Fort in Beaver County
- * Potash deposits at Gibson Dome, on the Crescent Junction Block (Grand County), and in San Juan County were leased
- * Asphaltic sands (Uintah County)

* Objective: Pursue quality partnerships

* Status:

- * The lack of risk capital for metals exploration has stymied leasing of the Blawn Mountain MoS2 target. Discussions with potential lessees regarding this target continue.
- * Meetings were held in September with two major mining companies regarding our land position in the Detroit District
- * The Database System was instrumental in our successful leasing of potash lands
- * The Mining Group pipeline is expanding and continues to move to the right.

4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

VII. Mining and Minerals (cont'd)

* Results

* Group YTD (March 31, 2010) revenues are \$16,709,111 as compared to \$11,625,000 budget level.

* Over-performance is a result of increased coal production.

* YTD

* Coal: \$12,745,324

* Other minerals \$ 3,180,381

* Material permits \$ 783,406

VIII. Surface

* Objective: Implement OHV pilot project on LaSal blocks to mitigate and reduce resource degradation attributed to undisciplined OHV use

* Status:

* Digitize all roads, trails and campsites; contrast with roads identified by counties - - completed

* Consult with counties and other stakeholders on acceptable OHV travel plan - - completed

* Install informational kiosks at main entrances to each block

* Objective: Rewrite of Rule R850-110 - Off-Highway Designations

* Status:

* Interagency discussions - - completed

* LaSals OHV Pilot project - completed

* Intra-agency review by March 31

* Present draft to Board by June 30

* Objective: Rewrite of Rule R850-60 and R850-61 - - Cultural Resources and NAGPRA

* Status:

* Review of cultural compliance process - completed

* Adoption of Board Policy - - January 2010

* Interagency feedback

* Present draft to Board by June 30

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4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

VIII. Surface (cont'd)

- * Objective: Identify valid and existing rights attributed to RS 2477 road claims in five additional counties - - perfect easements where appropriate
- * Status:
 - * Iron County - complete
 - * Sanpete County - complete
 - * Garfield County - - fine tuning with county
 - * Carbon County - - agency analysis complete; county evaluating
 - * Juab County - - agency analysis complete; county evaluating

- * Objective: Monitor compliance of DWR/SITLA Hunter Access MOU; explore other options if necessary
- * Status:
 - * Partial annual payment received 9/09
 - * Pursuit of supplemental appropriation considered, but abandoned
 - * Pursuit of building block appropriation abandoned until budget climate improves
 - * Future partial payments from DWR?

- * Objective: Participate in FF&SL's statewide assessment of forest resources
- * Status:
 - * Draft assessment recently completed
 - * Apply results to develop TLA plan
 - * Identify let-burn considerations

- * Objective: Initiate land exchange proposals with DWR
- * Status:
 - * Complete Range Creek/Gordon Creek land exchange
 - * Identify exchange properties for DWR's Lee Kay property
 - * Zero-out land exchange ledger account

4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

VIII. Surface (cont'd)

- * Objective: Develop SULA marketing plan - - evaluate opportunities for properties suitable for commercial leasing
- * Status
 - * Review properties identified in 2008
 - * Evaluate applicable zoning, infrastructure, and perspectives of local governing authorities.

- * Objective: Continue to protect and acquire water rights as necessary and feasible.
- * Status:
 - * Certificated water rights received: 10
 - * Water right extensions filed: 2
 - * Change applications filed: 2
 - * Proposed determination books issued by State Engineer: 0
 - * Water Right Applications filed and approved by State engineer: 4

Ms. Bird stated that, as a representative of the State Board of Education, University of Utah, and Utah State University, she pointed out again that we know what wildlife and hunting are worth in Utah. Private individuals' CWMU's generate millions of dollars per year on those private lands. We have been told by court cases that these lands are to be treated like a trust. Due to political pressure, we agreed to an MOU for 10 years that will generate a little less than \$1 million/year. We are in a situation that is very difficult. At some point patience will wear thin, and any number of education groups will bring suit on this issue. We need to make DWR understand that, if they want to enjoy the privilege of hunting on 3.5 million acres, they have to pay for it. This is a diversion of trust resources. The children are not being paid for the rights of the hunters in this state. It is not right that DWR is only paying \$300,000, while some private landowners are collecting millions.

4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

IX. Auditing

* Objective: Follow approved schedule

* Status:

* <u>Type</u>	<u>Collected</u>	<u>Outstanding</u>
Oil and Gas (10)	\$875,231	\$239,674
SULA (3)	335,844	6,228
Mining (2)	5,344	-0-
Timber (1)	-0-	-0-
Material Permits (3)	7,539	436,344
Impact Fees (1)	-0-	-0-
Vendor	-0-	-0-
Total:	\$1,223,958	\$682,246

Audits in the pipeline:

- * Oil and Gas (2)
- * Mining (3)
- * SULA (2)
- * Development (1)
- * Vendor (1).

* Other Activities:

- * Bankruptcies (3)
- * Bond releases (4)
- * Improve procurement practices
- * Internal controls, O&G, DOI, MRS
- * 90's Oil and gas transaction follow-up
- * Audit coordination with other state agencies

* Objective: Web payment portal, lease applications

* Status: Start-up July 1, 2010; resource limitations; IT prioritization

* Objective: Refine best practices

* Status: On-going update of audit procedures manual

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4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

IX. Auditing (cont'd)

- * Objective: Mentoring and training
- * Status: Peer interaction; Oil and gas real estate training

- * Objective: Agency systems
- * Status: Issues emerge through audit process

- * Objective: Board interaction
- * Status: Audit committee

X. Public Relations

- * Objective: New Trust Lands video
- * Status: probably won't finish this

- * Objective: Media contacts
- * Status: 100 out of 120

- * Objective: Succession Plan
- * Status: completed

- * Objective: Alternative energy reports
- * Status: Still working on these

- * Objective: Conservation Internet report
- * Status: still working on this

- * Objectives: Photos
- * Status: We are ahead of meeting the goal of 50 photos

- * Objective: 2010 Rural Summit
- * Status: Planning to attend this

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4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

XI. Block Management

- * What are they - - plans to basically describe the physical resources we have on a block.
- * Who uses them - - Staff who manages our assets
- * How are they used - - we have 58 identified blocks and staff uses them as information for managing the blocks.

- * Objective: Five-year reviews
- * Status: None to be done this year

- * Objective: Plan production
- * Status: Nine to be done

- * Objective: Block signing
- * Status: This would cost about \$50,000. Management has decided to delay this cost for another 12 months.

- * Objective: Mini-Master Plans
- * Status: Communities sometimes zone us out of master plans and actually treat us as sovereign lands.

- * Objective: Plan Distribution
- * Status: They are public documents. They will be on our business system.

Mr. Mower asked if the plans could be on the web site because GOED, etc., could use them. Director Carter stated some parts of the plans are confidential, but we do have some in the Business System that the public can access.

4. Director's Report (cont'd)

b. Update on FY 2010 Objectives (cont'd)

XII. Information Technology

- * Objective: Support current primary systems
- * Status: This is an ongoing task

- * Objective: Procurement Process
- * Status: continue with replacement process

- * Objective: Groundwork for LMBS (Business System) 2.0
- * Status: Detailed design for budget request

XIII. Accounting

Ms. Schneider reviewed with the Board the type of Business System errors we experience, the sources, cause, and number of occurrences. The Board felt the error rate was very low considering all the transactions the agency does.

Chairman Ferry noted we need to look at all the good things we are doing as an agency. Staff needs to take credit for the fact that we have topped \$1 billion in the Permanent Fund.

c. County Land Bill Discussion

Director Carter noted that last month the Board started a discussion on the county land bill efforts and what position we should take. Four counties are working right now on a county land bill like Washington County's. They are Beaver, Piute, Emery, and San Juan.

Washington County had many public hearings during its process, and we participated in them. The congressional office took that information and negotiated with the environmental communities, etc. We had agreed that the bill would not need to include a provision that would get us out of Wilderness Study Areas, etc., with the understanding that we would "fix" it after the fact. We now have several thousand acres that are included in national conservation designations of some type that we need to get out of. We have come to the conclusion that this is not a satisfactory way to do this.

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4. Director's Report (cont'd)

c. County Land Bill Discussion (cont'd)

We know that the land bills have the opportunity to be very contentious. It is not likely to come up with an approach that everyone will go along with. The framers of the bill want to have as few complications attached to the bill as possible. A land exchange is a complication. We need to be sensitive to that.

Director Carter gave the Board a draft policy as follows, with language in italics that could be controversial :

Policy Statement No. 2010-02

The Board of Trustees of the School and Institutional Trust Lands Administration met in open, public session on April 8, 2010, and by majority vote declared the following to be an official policy of the Board:

1. At the current time, various Utah counties, the Utah congressional delegation, federal land management agencies, and other interested parties are engaged in negotiations to craft federal legislation seeking, on a county-by-county basis, to resolve issues that include the appropriate level of federal wilderness designations, national conservation areas, and other public land uses. The Board supports efforts to resolve management issues involving federal public lands through collaborative local involvement.
2. Because of the checkerboard nature of school and institutional trust land ownership in Utah, federal decisions to manage federal lands for conservation purposes instead of for multiple use have a direct and negative impact on the value of inheld school trust lands, due to limitations on access and the unavailability of an economic land base to support development.
3. *The Board does not express an opinion on the appropriate size of wilderness and other conservation designation on federal public lands in Utah.* However, whatever the ultimate size of such designations, a cardinal principle of any administrative or legislative decision involving federal land management should be that the beneficiaries of Utah's school and institutional trust land grants be held harmless, in keeping with the purposes for which congress made those land grants.

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4. Director's Report (cont'd)

c. County Land Bill Discussion (cont'd)

4. Past federal legislation creating federal conservation designations has trapped hundreds of thousands of acres of school and institutional trust land in national parks, monuments, wilderness study areas, and national conservation areas. While land exchanges have been partially successful in resolving this problem, it has been the experience of the Board that, once such designations are put in place, there is little motivation for federal land managers to complete necessary land exchanges. *For this reason, specific and mandatory legislative provisions for the purchase, exchange, or relinquishment and selection of inheld trust lands should be made concurrently with any new conservation designations.*
5. *The Board, as the independent fiduciary entity responsible for management of Utah's school and institutional trust lands, cannot support any county land legislation that does not expressly provide for the mandatory purchase, exchange, or relinquishment and selection of inheld school and institutional trust lands located within any new federal conservation designation created by such legislation.*
6. The Director is instructed to send a copy of this policy declaration to Utah's Congressional delegation, the Director of the U. S. Bureau of Land Management, appropriate county commissions and councils, the State Superintendent of Public Instruction, and appropriate school community councils and other public education constituencies.

Mr. Brown asked why we had to restrict ourselves to exchange of lands in the State of Utah? Director Carter stated we have looked at other opportunities, but it has been turned down most of the times we have tried it. It probably is legal, but there are issues attached to it that we would have to work through.

Director Carter noted that, in Paragraph 4, Staff thinks there should be some legislated provision in every bill for the exchange of trust lands. Maybe we can just include language in the bill that will provide for a land exchange under certain terms and sets up a process.

In Paragraph 5, Staff would suggest that the Board would not support the bill if it did not provide for a mechanism to get inheld trust lands out of designated areas.

4. Director's Report (cont'd)

c. County Land Bill Discussion (cont'd)

Director Carter noted that we had invited some county commissioners to the meeting to address any issues they may have. He noted San Juan County will be more complicated than the issues in Beaver and Piute Counties.

Commissioner Brad Johnson stated that Beaver County has been in the process of a land bill for about five years. He doesn't think there will be any concerns in their proposals with trust lands.

Commissioner Lynn Stevens, of San Juan County, noted he did not have a strong objection to the wording in this draft policy. In Paragraph 4 they would assure some type of land exchange. They don't want the process to be delayed by a land exchange and would like a time limit in the bill forcing the federal government to work with Trust Lands. San Juan County has an interest in trust lands and has a good relationship with Trust Lands Administration. They have a very successful record in dealing with trust lands in their county. They would much prefer to have us exchange all of the lands in San Juan County, even though that may not be achievable. He thinks the urgency is to try to get the San Juan County bill enacted in 2010. Senator Bennett's office is trying to get this done in 2010. Mr. Lofgren noted he understand the county would like to have a date certain amended into paragraph 4. Commissioner Stevens stated that is correct.

Mr. Lofgren commented on paragraph 3. He would have a tendency to include a phrase acknowledging the stress on local economics, etc., and the resulting diminishing of economic development in our communities.

Brown / Ostler. Motion not voted on.

“I move we give tentative approval to this policy with amendments.”

Lofgren / Ostler. Motion approved.

“I move that we insert language in Paragraph 4 that there is a date certain and that there is a sensitivity to time constraints.

4. Director's Report (cont'd)

c. County Land Bill Discussion (cont'd)

Roll Call:

Mr. Brown - - yes	Mr. Lofgren - - yes
Mr. Ostler - - yes	Mr. Ure - - absent at vote
Mr. Lambert - - yes	Mr. Mower - - yes
Mr. Ferry - - yes	

Lofgren / Mower. Motion approved.

“I move that we amend this policy to include language that indicates that the designation of wilderness has a resulting diminution of economic development on our communities.

Roll Call:

Mr. Brown - - yes	Mr. Lofgren - - yes
Mr. Ostler - - yes	Mr. Ure - - absent at vote
Mr. Lambert - - yes	Mr. Mower - - yes
Mr. Ferry - - yes	

Chairman Ferry noted that these amendments can be word-smithed by Staff as needed. Director Carter reviewed that the Board wants the policy to acknowledge that these designations have an impact on local communities and that there should a time certain for exchanges. With that acknowledgment, the Board does not express an opinion on acreage.

The Board, by common consent, also asked that paragraph 6 be amended to include sending a copy of this policy to the Utah Public Lands Policy Coordination Office, the Governor, and the chairmen of the Natural Resources Interim Committees.

Brown / Ostler. Motion approved.

“I move we approve this as amended, with the stipulation that the final copy come back to the Board for final approval.”

4. Director's Report (cont'd)

c. County Land Bill Discussion (cont'd)

Roll Call:

Mr. Brown - - yes	Mr. Lofgren - - yes
Mr. Ostler - - yes	Mr. Ure - - absent at vote
Mr. Lambert - - yes	Mr. Mower - - yes
Mr. Ferry - - yes	

It was noted the commissioners from Emery County will have the opportunity to read and comment on this before the final vote by the Board. Director Carter suggested that Staff re-craft the policy with amendments, sent it out to the Board for review with a deadline to look at it, and Staff will then make it public to other entities to comment on before the Board takes formal action.

5. Consent Calendar

a. Other Business Arrangement - MP-459-OBA - -Peak Construction
Materials - - Utah County

There were no comments on this item, so it is approved.

b. Concurrence in Amendment to R850-50-500 and R850-50-1000

The Board had no comments or concerns on this item.

Upon motion by Mr. Brown, the Board adjourned at 1:38 p.m.