Board of Trustees Meeting Agenda
January 9, 2019
9 a.m.

1. Welcome
2. Approval of Board Meeting Minutes
   November 15, 2018
   December 4, 2018
3. Confirmation of Upcoming Meeting Dates
   February 13, 2019 – no planned meeting
   March 20, 2019 – moved (from 13th) – WSLCA
   April 9-10, 2019 – tour St. George properties?
   May 7-8, 2019 – tour St. George properties?
   June 12, 2019 – regular meeting
   July 10, 2019 – no planned meeting
   August 14, 2019 – regular meeting
   September 10-11, 2019 – Board tour
   October 9, 2019 – regular meeting
   November 13, 2019 – regular meeting
   December 11, 2019 – no planned meeting
4. County Advisory Committee, Utah Tribes, and Public Comment Period
5. Chair’s Report
6. EOG Resources Update
7. Notification and Discussion Items
   a. Notification of Minor Transaction: San Juan County Sale
   b. Notification of Minor Transaction: Sunny Acres Commercial Sale
   c. Notification of Minor Transaction: Mayflower Sale
8. Director’s Report
   a. Director’s Update
   b. Cross Hollow Development Lease
   c. Who Owns the Water?
   d. Outstanding Bankruptcies
   e. Audit Department Changes
9. Break
   b. Supplemental Capital Request – Spanish Valley Infrastructure
   c. Negotiated Sale to Central Iron County Water Conservancy District
   d. Donation Policy 2017-03
10. Closed Session
Closed meeting pursuant to §52-4-205(1)(c), Strategy sessions to discuss pending or reasonably imminent litigation and §52-4-205(1)(e), Strategy sessions to discuss the sale of real property, including any form of a water right or water shares regarding potential sale of the Tabby Mountain block.

11. Adjourn
7a

Notification of Minor Transaction:
San Juan County Sale
MEMORANDUM

TO: SITLA Board of Trustees
FROM: Elise Erler, Planning & Development Group
RE: Minor Transaction: San Juan County Sale
12+/- Acres in Spanish Valley
DATE: December 19, 2018

Action Requested
The Real Estate Committee reviewed the proposed sale to San Juan County on December 11, 2018 and recommends the Board approve this Minor Transaction.

Summary
SITLA received a purchase offer from San Juan County (the “County”) for a 12+/- acre parcel (the “Property”, see Figure 1) within SITLA’s larger Spanish Valley project in San Juan County (the “Project”). The County will locate medical clinic, emergency services, County offices, and ancillary uses on the Property.

Supporting Information
In support of this Minor Transaction, SITLA provides the Board with the following information:

Parties and Terms: The proposed buyer is San Juan County. The County will purchase the Property for $747,370 in cash at closing.

The County is purchasing the Property before SITLA has completed its planning work to develop the Project. Because the County selected a strategic corner in the Project’s first planned neighborhood center, the County agreed to comply with the Project’s future design guidelines and road standards.

Economics: The Property appraised for $65,000/acre. The County will pay the full appraised value for 10 acres, in two 5-acre parcels, and 80% of appraised value or $52,000/acre 2+/- acres covering rights-of-way for future roads designed to the Project’s development standards.

Advertising Process: After receiving the County’s offer, SITLA placed advertisements with Utah Media Group (Deseret News and Salt Lake Tribune) and weekly San Juan Record for 3 consecutive weekends and weeks, respectively. SITLA did not receive any competing offers.

Conclusion
Sale of the Property will initiate the Project’s development pattern and establish the first civic uses in the neighborhood center’s mixed-use zone. The proposed transaction is reasonable.
Notice of Minor Transaction: Sunny Acres
MEMORANDUM

TO: SITLA Board of Trustees
FROM: Elise Erler, Planning & Development Group
RE: Minor Transaction: Sunny Acres Commercial Sale
13+/- Acres in Spanish Valley
DATE: December 19, 2018

Action Requested
The Real Estate Committee reviewed the proposed sale for a travel plaza on December 11, 2018 and recommends the Board approve this Minor Transaction.

Summary
SITLA received a purchase offer from Love’s Travel Stops & Country Stores (the “Purchaser”) for the 13+/- acre Sunny Acres Commercial (the “Property”) within SITLA’s larger Spanish Valley property in San Juan County (the “Project”). The Purchaser will pay the appraised value of $1,270,000 and locate a travel plaza on the Property (see Figure 1).

Supporting Information
In support of this Minor Transaction, SITLA provides the Board with the following information:

Parties and Terms: The Purchaser is Love’s Travel Stops & Country Stores. The Purchaser will buy the Property for $1,270,000 in cash at closing.

The Property is located along US-191 and isolated from SITLA’s other lands planned for residential and mixed-use development. The Property lies within San Juan County’s Highway Commercial zone and is well suited for the proposed commercial use of a travel plaza.

Economics: The Property appraised for $2.25 per square foot. The Purchaser will pay the appraised value of $1,270,000 for the 13+/- acre parcel of commercial land.

Advertising Process: After receiving the Purchaser’s offer in August 2018, SITLA placed advertisements with Utah Media Group (Deseret News and Salt Lake Tribune) and weekly San Juan Record for 3 consecutive weekends and weeks, respectively. SITLA did not receive any competing offers.

Conclusion
Sale of the Property will establish a highway commercial use in an isolated part of the Project and is supported by San Juan County. The proposed transaction is reasonable and monetizes a parcel of land in a timely manner.
Notice of Minor Transaction:
Mayflower
MEMORANDUM

TO: SITLA Board of Trustees
FROM: Elise Erler, Development Group
RE: Minor Transaction: Mayflower Sale
477+/- Acres to BLX Land LLC
DATE: December 19, 2018

Action Requested
The Real Estate Committee reviewed the proposed sale to BLX Land LLC (“BLX”) on December 11, 2018 and recommends the Board approve this Minor Transaction.

Summary
SITLA received a purchase offer of $3.8 million from BLX for two parcels of trust lands that total 477+/- acres (the “Property”, see Figure 1) in Wasatch County. BLX intends to use the Property for recreational purposes and will pay the appraised value.

Supporting Information
In support of this Minor Transaction, SITLA provides the Board with the following information:

Parties and Terms: The proposed buyer is BLX, which will purchase the Property for cash at closing. The Property’s patent will contain a deed restriction limiting use of the Property to recreational purposes and not residential or commercial uses. SITLA will retain the mineral estate for the Property.

Due Diligence and Indemnification: BLX has 5+ months to perform due diligence on the Property before closing in June 2019. BLX will indemnify SITLA for any environmental liabilities on the Property. SITLA does not believe there are any environmental liabilities on the Property but the Property is on the edge of a historic mining district.

Economics: The Property consists of two parcels: 1) Mayflower parcel that appraised for $6,000/acre, totaling $2,853,000, and 2) Dutch Hollow parcel that appraised for $3,500/acre, totaling $941,000. The total payment for the Property will be $3,800,000.

Advertising Process: After receiving BLX’s offer, SITLA placed advertisements with Utah Media Group (Deseret News and Salt Lake Tribune), semi-weekly Park Record, and weekly Wasatch Wave for 3 consecutive weekends or weeks, as applicable. SITLA did not receive any competing offers.

Conclusion
The proposed transaction is reasonable. BLX is a willing buyer and its recreational uses of the Property are appropriate for the Property’s attributes and location between Wasatch State Park and Deer Valley, proposed Mayflower resort, and Jordanelle State Park.
Figure 1
Location Map

Mayflower - Sale
744 acres

Mayflower
Mayflower-
interchange

Jordanelle State Park

Dutch Hollow
(269 ac)

Wasatch State Park
8b

Cross Hollow
Development Lease
MEMORANDUM

TO:       SITLA Board of Trustees
Fund:     Miners Hospital (1%)
FROM:     Elise Erler, Planning & Development Group
Schools (22%)
            School of Mines (77%)
RE:  Cross Hollow Project - Cedar City
DATE:    December 19, 2018

Action Requested
The Real Estate Committee reviewed the Cross Hollow Project on December 11, 2018, and
recommends the Board approve the proposed development transaction with Development Team
LLC for the Cross Hollow Project.

Summary
SITLA solicited proposals to develop the Cross Hollow Project (the “Project”) and identified a
suitable developer. SITLA and Development Team LLC (“Developer”) rigorously negotiated a
term sheet for a Major Development Transaction as a development lease. Documentation of the
development lease will follow Board approval.

R850-140-600.3 Requirements
This rule requires SITLA to provide the Board with the following information prior to final
Board approval of a Major Development Transaction:

a. Key Terms of Transaction: The key terms of the development lease are:

   Property – SITLA’s Cross Hollow property (1,440+/- acres) in Cedar City (see
   Figure 1) with multiple beneficiaries (see Figure 2).

   Term – 15 years followed by 10-year option if Developer is performing.

   Annual rent – $1,000/year until all lands within Project are sold.

   Development plan – Developer will construct up to approximately 4,000 dwelling
   units in 16 phases as i) Improved single family lots (graded with curb, gutter,
   stubbed utilities) for sale to home builders, and ii) Developer-built single family
   homes and townhomes for sale. Developer will also construct finished pads
   (graded with stubbed utilities) in appropriate locations for: i) Neighborhood
   commercial uses, ii) Institutional and civic uses, and iii) Mixed retail, office
   and/or residential uses. The development plan includes performance milestones
   and obligations for Developer to move to the next phase.

1 A Major Development Transaction involves a projected commitment of trust lands of $5 million or more.
Minimum price – Minimum price will be the appraised value of the undeveloped land in the Project with a 3% per year increase.

Revenue – SITLA will receive a percent of the gross revenue from the sale of each improved single family lot or Developer-constructed dwelling unit (see Table 1). SITLA will receive 50% of the gross revenue from the sale of finished pads for commercial, institutional, civic, or mixed uses. Open space acreage will be sold to either Cedar City or the HOA, and SITLA will receive $1,000/acre in phases 1-2, and $1,250/acre thereafter.

Table 1: SITLA Share of Gross Revenue

<table>
<thead>
<tr>
<th>SITLA Share (% of Gross Revenue)</th>
<th>Improved Single Family Lots (per lot)</th>
<th>Developer-built SF Homes (per unit)</th>
<th>Townhomes (per door-unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25% 27.5% 30% 8% 9% 10% 8% 9% 10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 1 SF</td>
<td>Yrs 1-2 Yrs 3-5 Yrs 6+ Yrs 1-2 Yrs 3-5 Yrs 6+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 1 TH</td>
<td>Yrs 1-2 Yrs 3-5 Yrs 6+</td>
<td>Yrs 1-2 Yrs 3-5 Yrs 6+</td>
<td></td>
</tr>
<tr>
<td>Phase 2 SF</td>
<td>Yrs 1-4 Yrs 5-8 Yrs 9+ Yrs 1-4 Yrs 5+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 4</td>
<td>Ph 4-yrs 1-4 Ph 4-yrs 5-8 Ph 4-yrs 9+ Ph 4-yrs: 1-4 Ph 4-yrs 5+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 5-17</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
</tbody>
</table>

Assignment – No assignment of the development lease without SITLA’s prior written consent. No material change in ownership or control of Development Team LLC without SITLA’s consent.

b. Proposed Development Partner: The Project’s proposed development partner is Development Team LLC (the “Developer”), which is composed of Leavitt Land & Investment, Inc. (80%) and Tom Pugh (20%). Through his Quantum Development entity, Tom Pugh is the managing member in Port 15 Utah, LLC that oversees SITLA’s Port 15 industrial park in Cedar City. Leavitt Land and Investment LLC will guarantee Development Team LLC.

c. Projected Financial Pro Forma: A conservative analysis of the Project yields financial pro forma values of $18 Million (NPV-7.5%) and $35 Million (Gross Value without inflation or escalation). Conservative assumptions, based on the Developer’s phasing and development schedules, include: i) 25-year buildout, ii) 2,000 dwelling units with one-third in townhomes and two-thirds as single family lots, iii) Developer constructs 267 single-family homes (20% of single family lots), and iv) sales prices of $55,000/single family lot, $350,000/single-family home, and $140,000/townhome unit.

d. Competitive and advertising processes: In spring 2017, SITLA received the Developer’s proposal to develop the Project. In May-June 2017, SITLA advertised to solicit competing development proposals for three weekends in both print and online editions of The Spectrum, southwest Utah’s most widely read newspaper. SITLA also posted the ad on SITLA’s website for the same period of time; that posting remains online for public viewing in SITLA’s list of closed RFPs. SITLA did not receive any competing offers.

e. Staff Conflicts of Interest: None.
f. **Legal Risks assumed by SITLA:** The Developer will assume liability for its actions in the course of developing the Project and the lands cannot be subordinated while title is held by SITLA. The primary legal risk, therefore, is that the Developer does not perform as agreed in the development lease and that legal action is required to enforce the terms in the development lease. The major risk of non-performance is that the Developer does not complete construction of the main entry road into the center of the Project in phase 4 and leaves SITLA (or another developer) to complete an expensive roadway.

g. **Analysis of financial strength and commitment of parties:** The Developer plans to fund the Project’s construction with cash and does not anticipate borrowing funds. The Developer is committed to the Project and has the financial capacity to perform. Leavitt Land and Investment is an investment entity funded by earnings from real estate and insurance activities.

h. **Subordination of SITLA Assets:** None.

**Conclusion**
The Project is ready for development by a qualified, experienced and well-funded developer that brings vision and passion to the multi-phased project. The Developer has the funding and execution skills to develop the Project in a responsible manner that will yield suitable financial returns to SITLA and its beneficiaries. Cedar City is a smaller real estate development market that differs from SITLA’s customary development market in Washington County. The Developer is experienced in the Cedar City market, with successful development projects ranging from improved lots to university dorms and multi-family housing, and has the ability to carry the Project through market cycles.
Figure 1: General Location of the Project

Figure 2: SITLA Beneficiaries in the Project
Major Development Transaction:
Tonaquint Residential Exchange – Washington County
MEMORANDUM

TO:       Board of Trustees, School and Institutional Trust Lands Administration
FROM:  Kyle A. Pasley, Deputy Assistant Director Planning & Development Group
RE:       Notice of Major Development Transaction-
           Tonaquint Residential Exchange
Date:     December 14, 2018
Fund:     Schools

Background
The Tonaquint block in Washington County is an approximate 2,800 acre +/- Trust parcel located in the western portion of the City of St. George (Exhibit A). It has a heavily used open space component that is frequented by climbers, hikers and mountain bikers. After several years of negotiation with the City a general plan amendment was enacted and a portion of the property annexed into the City of St. George in 2012 (Exhibit B). This plan delineated developable areas on the block.

Prior to this amendment (2007) the Trust had entered into a development lease with Quality Development for a portion of the property known as Tonaquint Heights (Exhibit C). This lease had progressed reasonably in its early stages until the City of St. George indicated that there was not enough water pressure in the local City system to support the upper half of the development thus impeding progress of the lease. In 2010 and 2011 Quality Development purchased 19 of the 75 lots that could be serviced with water pressure as well as a site for an LDS chapel. After this point the lease has been suspended awaiting timing of offsite improvements to the water system that will enable development to conclude on this portion of the parcel. Quality also purchased a small 15 lot phase from the Trust in another area of the property in April of 2017.

In the interim Trust Lands staff has worked with Quality Development and the City to do a more thorough investigation of the developable areas of the property. This investigation has uncovered more clay and rock issues on the property than anticipated (Exhibit D.) These issues will make the property problematic and expensive to develop.

Offer
In looking at ways to move forward development and monetize the Tonaquint asset for the beneficiaries the Trust and Quality have envisioned an exchange between the 2 parties. Quality Development owns 28 acres +/- of freeway, commercial development property west of our commercial property located in Sienna Hills (Exhibits E&F). It is proposed to do a value for value exchange of this property for residential development property in Tonaquint. This
exchange will give the Trust full control over the freeway, commercial frontage at Mile Post 13 and relieve the Trust of the many obligations and problems with the Tonaquint parcel.

Quality’s freeway commercial parcel is mass graded with all utilities stubbed and available for development. This will include the first phase of an access road that will bisect the parcel.

It is proposed that both the freeway commercial and Tonaquint parcel be given a base value by appraisal and then commensurate values of properties to be exchanged.

By nature of the exchange there will be a remaining portion of Tonaquint property to be purchased by Quality. It is proposed to enter into a phased, 10 year agreement with Quality to purchase the remainder of the property at base value plus a 3% per annum escalator.

Additionally, the Washington County School District is interested in approximately 55-60 acres for a High School/Middle School campus. This parcel has been identified and the District will be given first right of refusal on the property and the chance to purchase at then current appraised value. If the District declines its option Quality will have the right to purchase at base value plus 3% per annum.

**Proposed Exchange**

Trust staff and Quality have engineered and determined developable vs. non developable parcels within the Tonaquint area (Exhibit G). These areas have been appraised based on residential or open space use. Additionally the Trust has had the Quality freeway parcel appraised. Both initial and future valuations and acreages for exchange are outlined below.

**Initial Exchange Valuations:**

- Exit 13 = 28.2 +/- Acres
  - $6.24 / Sq. Ft.
  - $7,665,166*
  - $150,000 (approximate) Transportation Impact Fees.
- Tonaquint Initial Developable Property = 164.3 Acres +/- $7,833260*
  - Parcel 2 = 120.3 Acres +/- $45,003/acre. $5,413,860
  - Parcel 3 = 16.9 Acres +/- $55,004 / acre. $929,567
  - Parcel 5 = 27.083 Acres +/- $55,016 / acre. $1,489,833
- Tonaquint Initial Open Space Property = 55.1 Acres +/- $151,525*
  - Parcel 4 = 55.1 Acres +/- $2,750/acre. $151,525
  - *Difference in valuation to be subtracted from parcel 2

**Future Take Down Valuations**

- Exit 13 = 28.2 +/- Acres
  - $6.24 / Sq. Ft.
  - $7,665,166*
  - $150,000 (approximate) Transportation Impact Fees.
- Tonaquint Initial Developable Property = 164.3 Acres +/- $7,833260*
• Parcel 2 = 120.3 Acres +/- $45,003/acre. $5,413,860
• Parcel 3 = 16.9 Acres +/- $55,004 / acre. $929,567
• Parcel 5 = 27.083 Acres +/- $55,016 / acre. $1,489,833
• Tonaquint Initial Open Space Property = 55.1 Acres +/- $151,525*
  • Parcel 4 = 55.1 Acres +/- $2,750/acre. $151,525
  *Difference in valuation to be subtracted from parcel 2
• Exit 13 = 28.2 +/- Acres
  • $6.24 / Sq. Ft.
  • $7,665,166*
  • $150,000 (approximate) Transportation Impact Fees.
• Tonaquint Initial Developable Property = 164.3 Acres +/- $7,833260*
  • Parcel 2 = 120.3 Acres +/- $45,003/acre. $5,413,860
  • Parcel 3 = 16.9 Acres +/- $55,004 / acre. $929,567
  • Parcel 5 = 27.083 Acres +/- $55,016 / acre. $1,489,833
• Tonaquint Initial Open Space Property = 55.1 Acres +/- $151,525*
  • Parcel 4 = 55.1 Acres +/- $2,750/acre. $151,525
  *Difference in valuation to be subtracted from parcel 2

Sub Committee Approval
The Real Estate Sub Committee has reviewed this transaction in meetings in both July and December of 2018 and recommends approval to the full Board of Trustees.
9b

Supplemental Capital Request – Spanish Valley Infrastructure
MEMORANDUM

TO: SITLA Board of Trustees                     Fund: Schools
FROM: Elise Erler, Planning & Development Group
RE: Request for Supplemental Capital Expenditure
     Spanish Valley Infrastructure Project
DATE: December 19, 2018

Action Requested
The Real Estate Committee reviewed the proposed request for supplemental capital expenditure on December 11, 2018 and recommends Board approval of the request.

Summary
San Juan Spanish Valley Special Service District (“SSD”) asked SITLA for an additional $200,000 paid over 20 years. In April 2017, the Board approved a $2 million capital expenditure for SITLA’s capital contribution to SSD, paid in 20 equal annual instalments, for the Spanish Valley water and sewer infrastructure project (“Project”). SSD’s subsequent low bids to construct the Project yielded cost overruns for pipe, steel and other materials due to the changing business climate. SSD asked all of its funding sources for additional capital to cover the overage.

Supporting Information
In support of this request, SITLA provides the Board with the following information:

Parties and Terms: SSD is the recipient of this supplemental capital request for an additional $200,000 (10%) to be added to the previously approved $2 million capital request, for a total capital contribution of $2.2 million. Terms remain unchanged with SITLA receiving a total of 420 impact fee credits for its capital contribution of $110,000 per year for 20 years. The first payment of $110,000 will be made in FY2019.

Other Project Funding Sources: SSD confirmed increased funding for sanitary water improvements from (with new totals): i) Utah Division of Drinking Water Principal Forgiveness Grant ($765,000), ii) Utah Division of Drinking Water Loan ($1,785,000), iii) Community Impact Board Grant ($1,912,000), and iv) Community Impact Board Loan ($638,000). Confirmed increased funding for the sanitary sewer system improvements will come from: i) Utah Water Quality Board Principal Forgiveness Grant ($1,997,000), ii) Utah Water Quality Board Loan ($968,000), iii) Community Impact Board Grant ($2,110,000), and iv) Community Impact Board Loan ($840,000).

Economics: This supplemental capital request reduces the cost of an impact fee credit by 17.5%, rather than the previous 25% reduction, for the previously agreed 420 impact fee credits. SITLA will invest more capital in the Project but this is still a good opportunity for SITLA.

Conclusion
SITLA’s supplemental capital will allow SSD to proceed with the Project to bring infrastructure to SITLA’s property in the San Juan County portion of Spanish Valley (Figure 1).

**Figure 1**

*SITLA property in San Juan County portion of Spanish Valley*
Negotiated Sale to Central Iron County Water Conservancy District
MEMORANDUM

DATE: December 18, 2018

TO: SITLA Board of Trustees

FROM: Kim Christy, Deputy Director
      Ron Torgerson, Deputy Assistant Director

SUBJECT: Approval of Negotiated Sale to Central Iron County Water Conservancy District (C-26806)

FUND: School

The Trust seeks formal approval of a negotiated sale of 640 acres of trust land in the Pine Valley area of western Beaver County to the Central Iron County Water Conservancy District (CICWCD). Formal Board approval of this negotiated sale is required pursuant to Administrative Rule R850-80-620(3), as it would exceed 320 acres in size and $250,000 in value.

**Legal Description of Subject Property:**
Township 29 South, Range 17 West, SLB&M
Section: 36 (See map, “Exhibit A”)

**Background Information:**
In a recent water rights settlement agreement the State Engineer granted CICWCD significant water rights in the Pine Valley and Wah Wah Valley areas of Beaver County. CICWCD intends to develop these water rights and pipe the water to Cedar City in order to support anticipated future growth. As part of the settlement agreement, SITLA has negotiated a water supply agreement with CICWCD allowing for SITLA’s use of CICWCD’s Wah Wah Valley water rights for the planned Potash Ridge mineral lease operations. SITLA will be allowed to use the Wah Wah Valley water for mining purposes until CICWCD needs it to support additional growth in Cedar City. In order to prolong the period of the time that the Wah Wah Valley water will be available to SITLA, it is important that CICWCD first develop and use their Pine Valley water rights.

It is the intention of CICWCD to first develop their Pine Valley water rights. The development of these water rights over the next several years will involve leases and easements on several parcels of trust land for wells, storage tanks, pipelines, and access roads. In the first phase of their development, CICWCD plans to construct significant infrastructure on the subject property, including several wells, pipelines, solar energy facilities, storage facilities, and headquarters. Due to extent of this planned infrastructure, CICWCD has petitioned SITLA to sell them the subject property via negotiated sale.

**Current Uses:**
The subject property has a grazing permit to Lyle Carter for 30 AUMs which is earning approximately $175.00 per year. There is also an easement on the property for a Beaver County Road.

Proposal:
Pursuant to a recent appraisal, the appraised value of the property is $450.00 per acre or $288,000 total. In order to justify a negotiated sale directly to CICWCD, SITLA offered to sell the property at a premium price of 140% of the appraised value ($630.00 per acre or $403,200). CICWCD presented SITLA’s offer to their board, who have now made a counter offer of 120% of the appraised value ($540.00 per acre or $345,600).

CICWCD has funding available to facilitate this purchase and intends to structure the transaction as a cash deal. They have indicated a desire to close on the transaction as soon as possible.

Sale Review:
The proposed sale has been reviewed internally by SITLA’s management team. No conflicts were identified by the Oil & Gas Group, Mining Group, or Planning & Development Group.

A cultural resource survey was completed on this subject parcel. No significant sites were located.

Pursuant to R850-80-620(1) and R850-80-615 the agency advertised the subject property and no comments or competing applications were received.

The proposed sale was reviewed by the Resource Development Coordinating Committee (RDCC) and the local government clearing house. The Five County Association of Governments submitted a comment stating that they conditionally supported the sale if the concerns outlined in a letter from the Beaver County Commission were met. The Beaver County Commission’s concern is that there be no net loss of AUM’s throughout the grazing allotments located in Beaver County. CICWCD officials and SITLA staff met with the grazing permittee and CICWCD offered the permittee additional watering sources from two existing wells and two other water outlets on the future water project in areas with little water to make up for the lost AUMs. CICWCD also agreed to allow the grazing permittee to graze the subject property before and after development except for one-acre fenced well protection zones and around solar panels. SITLA staff reported this agreement to two Beaver County Commissioners and they seemed satisfied.

Recommendation

SITLA’s participation in this transaction, as well as other needed leases and/or easements, will enable CICWCD to fully develop their Pine Valley Water rights. It is in the best interest of the trust beneficiary that CICWCD proceed with the full development of its Pine Valley water rights, as doing so will allow CICWCD to provide for the needs of Cedar City for the next 30+ years without tapping into their Wah Wah Valley water, thus enabling the Trust extended use of the Wah Wah Valley water for the Potash Ridge mining project.
It recommended that the Board of Trustees accept CICWCD’s offer of $345,600, which represents 120% of the property’s appraised value. In addition to the purchase price, CICWCD has paid $2,250.00 for the appraisal and $18,250.00 for the cultural resource survey. They will also have to pay a $328.00 advertising fee, $250.00 application fee, and a $500.00 processing fee at closing.

The Board’s Surface and Water Rights Committee initially reviewed the proposal on October 30, 2018 and expressed support for the deal framework, subject to appraisal and final negotiation of the purchase price with CICWCD. The Committee has since had an opportunity to review the final proposal and has given a favorable recommendation.

Cc:  David Ure  
     Paula Plant
9d

Donation Policy

2017-03
5. The Trust Lands Administration’s acceptance of any donation is subject to the approval of the Director in his/her sole discretion. The Director will implement appropriate internal controls and checklists to confirm matters of title, payment of real property taxes, environmental due diligence, legal description, compliance with Governmental Accounting Standards Board (GASB) requirements, and other relevant criteria in the processing of any donation of real property.