Agenda

SITLA Board of Trustees
May 8, 2019
Board of Trustees Meeting Agenda
May 8, 2019
9 a.m.
Location: SITLA Building, 6th Floor Boardroom
675 East 500 South, SLC

1. Welcome

2. Approval of Board Meeting Minutes
   - April 10, 2019

3. Confirmation of Upcoming Meeting Dates
   - June 12th Regular Meeting
   - July – No meeting scheduled
   - August 14th Regular Meeting
   - September 10th - 11th Board Tour – Richfield?
   - October 9th Regular Meeting
   - November 13th Regular Meeting
   - December – No meeting scheduled

4. County Advisory Committee, Utah Tribes, and Public Comment Period

5. Chair’s Report

6. Advocate Report
   - Justin Atwater, Advocacy Director, Trust Lands Protection & Advocacy Office

7. Notification and Discussion Items
   a. Update on Water Rights Purchase
      - Bryan Torgerson, Resource Specialist, Surface – Moab
      - Chris Fausett, Deputy Assistant Director, Surface
   b. Development Transaction – Coral Canyon Commercial Town Center – Parcel 21
      - Kyle Pasley, Deputy Assistant Director, Planning & Development – St. George

8. Director’s Report
   a. Director Ure’s Update
      - Notification of Current Events
b. Solar Development Lease DEVL 1175 – Invenergy – St. John Block, Rush Valley, Tooele County
   - Troy Herold, Project Manager, Planning & Development

c. Sienna Hills Development Lease – 4th Amendment
   - Kyle Pasley, Deputy Assistant Director, Planning & Development – St. George

d. Proposed Amendments to Administrative Rules Regarding Harvesting of Wildland Seed: R850-70
   - Kim Christy, Deputy Director, Surface

e. White Paper – Exemption from Sales on Services
   - Marc Eckels, Consultant, Oil & Gas

9. Adjourn

Items may be heard in any order, at any time, at the Board’s discretion. Board members may participate in the meeting via electronic means.

Please be aware that the public portions of this meeting may be broadcast live over the Internet. Also, be aware that an audio recording of the public portions of this meeting, along with any materials presented or distributed in the public portions of this meeting, will be posted on Utah’s public notice website. Witnesses with questions, concerns, or handouts should contact staff.

In accordance with the Americans with Disabilities Act, persons needing auxiliary communicative aids and services for this meeting should contact Lisa Jones at 801-538-5110, or by email at lsjones@utah.gov, three (3) days in advance.

I, Lisa S. Jones, SITLA Board of Trustees’ Executive Assistant, hereby certify the foregoing agenda was emailed to the Salt Lake Tribune, was posted on the Utah State Public Notice website, http://pmn.utah.gov, SITLA’s website at https://trustlands.utah.gov/, the SITLA app, and was posted at SITLA’s Offices, 675 East 500 South, Suite 500, Salt Lake City, Utah 84102. Posted and dated on the 24th day of May, 2019.
7b
Development Transaction Notification

Coral Canyon Commercial Town Center – Parcel 21
MEMORANDUM

TO: Board of Trustees, School and Institutional Trust Lands Administration
FROM: Kyle A. Pasley, Deputy Assistant Director Planning & Development Group
RE: Notice of Development Transaction-
Coral Canyon Commercial Town Center – Parcel 21

Date: April 19, 2019
Fund: Miners Hospital

Background
Parcel 21 is small 0.18 acre +/- commercial parcel directly north of the Town Center 1 office building in the Canyon Greens commercial subdivision of Coral Canyon (Exhibit A).

This parcel is a remnant of land left over after development of the building to the south and upgrade of the Town Center Park to the north by Cole West (The Trust’s development partner in Coral Canyon).

Offer
SITLA received an offer on this parcel from a software company by the name of Yodel Technologies. Their offer was for a cash purchase of the 0.18 +/- acres for the purpose of building a small corporate office. The initial offer was for $6.50 per square foot with a 120 day due diligence period.

An appraisal was obtained by Trust staff on the parcel which had a value of $160,000 or approximately $20 per square foot. Yodel has agreed to this price and seeks a sale approval at this time.

Proposed Sale
SITLA staff proposes selling this parcel at the full appraisal price of $160,000 with a 120 day due diligence period. Additionally SITLA will maintain full architectural control of the exterior of the building to ensure proper integration into the surrounding community.

The Real Estate Committee reviewed this transaction in their meeting April 16 and recommended approval to the full board of Trustees.
8b
Solar Development
Lease DEVL 1175

Invenergy
St. John Block
Rush Valley,
Tooele County
MEMORANDUM

TO: Board of Trustees, School and Institutional Trust Lands Administration

FROM: Troy Herold, Project Manager

RE: Development Lease DEVL 1175 – Invenergy, LLC
St. John Block, Rush Valley, Tooele County

Date: April 19, 2019
Fund: Schools

Board Action Requested
This project involves trust lands worth approximately $5.76 million, which requires Board approval. The Real Estate Committee reviewed this project on April 16, 2019 and offered a positive recommendation to the Board.

Summary
Invenergy, LLC has proposed to lease 1,440 Acres, encompassing the eastern side of the St. John Block (see Figures 1 and 2) to develop a Solar Power Generation Facility. The lease will be for up to 52 years including a 7-year development phase, a 25-year operation lease, and up to two 10-year extensions. Revenue received from this transaction will include the following:

- Lease signing bonus payment of $20.50/acre ($29,520).
- 5-year Initial Development Phase (annual rent escalates by $2/acre)
  - $25/Acre ($36,000) in year 1
  - $27/acre ($38,880) in year 2
  - $29/acre ($41,760) in year 3
  - $31/acre ($44,640) in year 4
  - $33/acre ($47,520) in year 5
- 2-year Optional Development Period: Invenergy can extend the Development Phase if all permits to construct a photovoltaic solar power facility have been obtained.
  - $35/acre ($50,400) in year 6
  - $37/acre ($53,280) in year 7
- Commencement of Construction: payment of $100/acre ($144,000)
- 25-year Term Base Lease: Annual payment is the higher of:
  - $259,000 ($180/acre), or
  - Annual Capacity Fee of $5,000/MW of installed capacity, with an annual escalator of the greater of 2% or CPI.
• Up to two 10-year extensions

• Prior to submittal to governing agencies, Invenergy shall deliver to the Trust a Development Plan for the proposed improvements (including proposed facilities, improvements to the land, phasing, etc.) that the Trust will review and approve.

• Invenergy shall have 2 years to submit proposed improvements (Master Plan and 1st phase) to the necessary governing agencies. Construction of the 1st phase must commence within 2 years of receipt of all governmental and power agency approvals.

Background
Invenergy has completed a Critical Issues Analysis and is listed in PacifiCorp’s Interconnection Que. The company has received preliminary approval for an interconnection of between 250-500 MW at this site.

The project will need to receive approvals from the EPA, a Conditional Use Permit from Rush Valley Town and possibly Tooele County, as well as electrical engineering and site engineering permits and approvals. Depending on approvals, construction could begin as soon as 2022. Invenergy plans to build the initial 200 MW facility with subsequent phases up to a total of 500 MW as needs arise.

Conclusion
Staff supports this project and its economics. It is an excellent low-impact use of this property that will have long term returns to the Trust. At the conclusion of this Lease, the Trust retains the property for future development uses.
Figure 2 – Lease Area

DEVL 1175 - St. John Solar Project (Preliminary Map)
Within T5S R5W & T5S R6W, SLB&M
Tooele County

Land Ownership and Administration
- Bureau of Land Management
- Private
- State Trust Lands

Development Lease 1175 (approx. 1451 acres)

Data represented on this map is for REFERENCE USE ONLY and is not suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the accuracy of the information. STLA provides the data as is, without, and shall in no event be liable for any incurred results, or any special, indirect, or consequential damages to any party, arising out of or in connection with the use or the inability to use the data herein. Land parcels, internal boundaries, and associated STLA data layers may have been adjusted to other data sets. The Surface Owners' Land and State data [private] are maintained by STLA. The National Center for State Land Information, U.S. Department of the Interior, USGS, and others supply data to STLA. STLA and these agencies and organizations distribute the data as is. STLA is not responsible for the accuracy of the data. The STLA GIS department welcomes any comments and concerns regarding the data and will attempt to resolve issues as they are brought to our attention. Produced March 27, 2019 - 0h22
8c
Sienna Hills
Development Lease
DEVL 1052

4th Amendment
Memorandum

TO:        Board of Trustees, School and Institutional Trust Lands Administration
FROM:     Aaron Langston, Project Manager, P&DG Utah South
DATE:     April 10, 2019
BENE:     Schools
RE:       *Request to reduce the percentage split of select lots in parcel 4 from 25% to 10% (DEVL 1052 – Proposed 4th amendment).*

Background
DEVL 1052 with Brennan Holdings was signed in March 2014. The originally approved proformas for parcel 4 (DEVL 1052 also included parcel 3) anticipated 178 lots in parcel 4 that would sell for a minimum of $62,500 per lot, of which SITLA would receive 25% of the gross selling price of the lots, thereby receiving $2.78 million over the life of the contract.

Since signing that development lease, the Board has approved 3 amendments. The first amendment to the Lease adjusted the minimum lot pricing (February 2015), which increased several of the sales prices to bring more money to the Trust. The second Lease amendment (December 2016) expanded the Lease area by bringing in parcel 15A2 (this was to make up for some of the land that was eliminated due to the Telegraph Road landslide). In early 2017, the Board authorized a third amendment to this lease, namely reducing the SITLA split on the lots in parcel 15A2 and 18 lots in parcel 4C from 25% to 10% because the entire parcels had to be over excavated to mitigate expansive soils.

Current Situation
Two additional areas within parcel 4 have put an unfair burden on our development partner. As such, they have requested a similar reduction in SITLA’s share from 25% down to 10% on 18 additional lots.

The first area includes lots 1-9 in the cul-de-sac of parcel 4. This area is just below the landslide area of Telegraph Road. Once Telegraph Road had been stabilized and the surrounding lot layout had been properly adjusted (to keep all future lots out of harm’s way), the existing sewer infrastructure could not be tied into. As such, the entire pad had to be elevated approximately 20 feet. The additional height required an engineered rock slope along the back of all 9 lots. The cost to build these lots exceeded our development partner’s share of the proceeds. They are now requesting that SITLA reduce its share of the proceeds from 25% down to 10% so that both partners can experience a net profit.

The second area (lots 169-177) was also full of expansive clays. It was thought only one or two lots closest to the lots in parcel 4C might have clay, but when ground work began, it was discovered that the same vein of clay that run through 4C ran completely through these lots as well. Once this was brought to light, Staff discussed three possible solutions with our partner: over-excavating the entire site (which would require the exportation of the removed expansive clays with no good location to place the material), eliminating the lots there altogether in order to avoid dealing with the expansive clays (but that would still leave a problem for the road that would connect the lots below this area to the lots in parcel 4C), or import 20 feet of fill to adequately cover the expansive clays. The third option was
thought to be the best option as this would tie directly into the needed grade to get into the lots in 4C as well. However, the increased height would also require additional armoring and stabilization in the wash below. As such, our development partner is requesting we reduce SITLA’s share from 25% to 10%.

Although these reductions reduce the total money SITLA could otherwise realize from this parcel, even with these reductions our development partner is still paying SITLA more than the original proformas. The Trust will receive over $3 million despite the requested changes (the original proformas for parcel 4 anticipated $2.78 million). The increase in revenue (despite a lower percentage split on 36 total lots) is to be realized because of an increase in the total number of lots within parcel 4 and because of our partner’s ability to sell all of the lots above the minimum lot pricing, as shown in the table below:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Lot Count</th>
<th>Total Gross</th>
<th>SITLA Split</th>
<th>Lot Price</th>
<th>SITLA Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>30</td>
<td>2,112,000</td>
<td>25%</td>
<td>70,400</td>
<td>528,000</td>
</tr>
<tr>
<td>2</td>
<td>10</td>
<td>650,000</td>
<td>25%</td>
<td>65,500</td>
<td>163,750</td>
</tr>
<tr>
<td>3</td>
<td>46</td>
<td>2,990,000</td>
<td>25%</td>
<td>65,500</td>
<td>753,250</td>
</tr>
<tr>
<td>4</td>
<td>9</td>
<td>657,000</td>
<td>10%</td>
<td>73,000</td>
<td>65,700</td>
</tr>
<tr>
<td>5</td>
<td>10</td>
<td>730,000</td>
<td>25%</td>
<td>73,000</td>
<td>182,500</td>
</tr>
<tr>
<td>6</td>
<td>63</td>
<td>4,410,000</td>
<td>25%</td>
<td>70,000</td>
<td>1,102,500</td>
</tr>
<tr>
<td>7</td>
<td>27</td>
<td>2,295,000</td>
<td>10%</td>
<td>85,000</td>
<td>229,500</td>
</tr>
<tr>
<td>195</td>
<td>3,025,200</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Recommendation**

Based on a thorough vetting by SITLA staff, it is recommended that the Trust enter work with its development partner by reducing SITLA’s split from 25% to 10% on the 18 new subject lots.

This amendment was presented to the Real Estate Committee on April 16th where is received a favorable recommendation.
Exhibit A
Parcel 4 lots with an existing and proposed reduction from 25% to 10% split

Sienna Hills Parcel 4 proposed changes
T42S R15W within Sections 12, 13, and 07, SLBM
Washington County

Amendment 3 (10% share)
Change from 25% to 10%
Platted Lots
Existing Roads

Amendment 3, approved in 2017, reduced SITLA's percentage from 25% to 10% due to various soils issues.
For similar reasons, it is proposed that lots 1-9 and lots 109-177 have a similar reduction.

Map created on 4/9/2019 by Aaron Langston
Data provided by SITLA
All data is for reference purposes only

Washington County, Utah
8d

Proposed Amendments to Administrative Rules Regarding Harvesting of Wildland Seed

R 850-70
In recent years the Trust has observed increased interest from parties desiring to harvest wildland seed from trust lands. Under current administrative rules, the sale of wildland seed can be accomplished through the issue of a small forest product permit or through the issuance of a timber sale contract. A small forest product permit can be issued over-the-counter, non-competitively, for sales with a total value of less than $500.00. All other wildland seed sales must go through a competitive process which includes advertising, sealed bidding, and potential oral auctions. While this process works well for most forest products, it has proven to be cumbersome for wildland seed sales and has resulted in the Trust not being able to fully capitalize on market opportunities.

Wildland seed is a unique product in that the harvesting window is very narrow, sometimes only a couple of weeks. It is difficult to predict when and where a harvestable crop with sufficient market interest will manifest. Therefore, when a crop of wildland seed comes on that generates market interest the Trust has only a brief period of time to issue a permit/contract in order to allow enough time for the harvest to occur. The current administrative rules require an advertising, bidding, and auction process that takes several weeks to complete for sales over $500.00 in value. This process may cause the Trust to miss that narrow window of opportunity for seed harvesting.

In order to better take advantage of these market opportunities, the Trust proposes the following administrative rule changes:

1. Increase the limit of small forest product permits, for sales of wildland seed only, from $500.00 to $5,000.00. This will allow the Trust to quickly issue an over-the-counter permit to an interested party for the harvest of seed with a value of up to $5,000.00, leaving ample time for the harvest to occur. Persons who purchase small forest products permits for the collection of wildland seed will be restricted to a total value of $5,000.00 per calendar year.

2. Create a streamlined process for competitive sales of wildland seed with a value of over $5,000.00. The current process requires publishing a notice in the newspaper for two consecutive weeks, allowing time for the submittal of sealed bids, and provides for an oral auction among those submitting the three highest sealed bids. The proposed streamlined advertising process would require that notice of the sale be sent out to an agency-maintained list of interested parties via email. Bids would be accepted up to the established due date and the sale awarded to the highest bidder. It is
anticipated that this process could be completed in time to allow the successful bidder ample opportunity to complete the harvest.

This proposal was reviewed by and received a favorable recommendation from the Board’s Surface and Water Rights Subcommittee on April 18, 2019.

A copy of the draft administrative rule change is attached. The agency is seeking formal approval of the proposed rule change by the Board.
R850. School and Institutional Trust Lands, Administration.
R850-70. Sales of Forest Products From Trust Lands Administration Lands.
R850-70-100. Authorities.
This rule implements Sections 6, 8, 10, and 12 of the Utah Enabling Act, Articles X, XVIII, and XX of the Utah Constitution, and Section 53C-1-302(1)(a)(ii) which authorize the director of the School and Institutional Trust Lands Administration to provide for the sale of forest products, desert products, and other vegetative material from Trust Lands Administration lands.

R850-70-150. Planning.
1. Pursuant to Section 53C-2-201(1)(a), the Trust Lands Administration shall complete the following planning obligations for all competitive and non-competitive forest product sales, in addition to the rule-based analysis and approval processes required by this rule:
   (a) To the extent required by the Memorandum of Understanding between the State Planning Coordinator and the School and Institutional Trust Lands Administration, submit the proposal for review by the Resource Development Coordinating Committee (RDCC);
   (b) Evaluation of and response to comments received through the RDCC process; and
   (c) Evaluate and respond to any comments received through the advertising and notice processes described in R850-70-600(1).
2. All other forest product sales within this category of activity carry no planning obligations by the agency beyond existing rule-based analysis and approval processes.

1. Sawlogs: portions of a tree stem that exceed seven feet in length and are at least six inches in diameter inside bark at the small end.
2. Poles: portions of a tree stem that are at least ten feet in length and do not exceed six inches in diameter at four and one-half feet above the ground.
3. Mine Props: portions of a tree stem that are between seven and ten feet in length, and six to nine inches diameter inside bark at the small end.
4. Posts: portions of a tree or tree stem, generally Utah juniper, which are no more than ten feet in length and are less than six inches in diameter at the top (small end).
5. Fuelwood: any portion of a tree, including those portions defined as sawlogs, poles, mine props, or posts that is harvested for use as fuel.
6. Christmas Tree: any coniferous tree, or part thereof, cut and removed from the place where grown without the foliage being
removal.

7. Ornamental: any coniferous or deciduous tree, shrub, or bush less than 20' in height and no more than six inches diameter at four and one-half feet above the ground, which is removed from a natural setting, generally with roots attached, for transplant elsewhere.

8. Desert Plants: include any member of the Cactaceae Family or the Agavaceae Family.

9. Other Forest Products: include boughs, branches, pinyon nuts, cones, and Juniper berries [and native seed].


Proof-of-ownership shall be issued with each sale of forest products in compliance with Section 78B-8-602.

R850-70-400. Small Forest Product Permit Sales.

1. The agency may make non-competitive sales of forest products [with the exception of sawlogs] with a Small Forest Products Permit [when the total sale value does not exceed $500.00. The permit shall be on a form prescribed by the agency. Persons purchasing Small Forest Product Permits shall be restricted to a total value of $500.00 per commodity per calendar year. A Small Forest Product Permit does not grant exclusive use of the permitted lands or the resources contained thereon].

2. The agency may not sell sawlogs under a Small Forest Product Permit.

3. The total sale value of a Small Forest Product Permit issued for the sale of forest products, excluding wildland seed, shall not exceed $500.00.

4. The total sale value of a Small Forest Product Permit issued for the collection of wildland seed shall not exceed $5,000.00.

5. Persons purchasing Small Forest Product Permits for the collection of wildland seed shall be restricted to a total value of $5,000.00 per calendar year.

6. Persons purchasing Small Forest Product Permits for eligible forest products, excluding wildland seed, shall be restricted to a total value of $500.00 per commodity per calendar year.

7. Small Forest Product Permits shall be issued on a form prescribed by the agency.

8. A Small Forest Product Permit does not grant exclusive use of the permitted lands or the resources contained thereon.


If the director finds it to be in the best interests of the trust, the agency may sell forest products at not less than an
agency-established minimum value without soliciting competitive bids.

R850-70-600. Competitive Sales.

1. Except for sales made under a Small Forest Product Permit pursuant to R850-70-400, sales of forest products, excluding wildland seed, shall be initiated by the agency and shall follow the procedures below:

   (a) All competitive sales shall be advertised through publication at least once a week for at least two weeks in one or more newspapers of general circulation in the county in which the sale is located. The cost of the notice will be borne by the successful applicant. This notice shall contain, but is not limited to:

      i) the legal description of the affected lands;
      ii) the species and estimated quantity of forest products;
      iii) minimum sale price;
      iv) bond amounts;
      v) advertising and processing costs, as far as is known;
      vi) dates of bidding period;
      vii) date, time, and location of oral auction; and
      viii) bidder qualifications.

   (b) Notice shall also be given to potential purchasers and other interested parties, whose names are on an agency maintained mailing list prior to any competitive sale.

   (c) Initial bidding shall be conducted through sealed bids. Each sealed bid must contain 10% of the bid amount and the application fee. The bidders submitting the three highest sealed bids shall be allowed to enter into an oral auction.

   (d) Sales shall be awarded to the highest qualified bidder unless a bidder has been previously disqualified, or is notified by the agency in writing within [ten] 10 business days of the auction that the bid will be disqualified, on the grounds of previous poor performance or other good cause shown. The agency shall declare the successful bidder within [ten] 10 business days of the bid opening. Failure of the successful bidder to execute a contract within 30 days of receipt may result in cancellation of the sale and forfeiture of all monies submitted.

2. The agency may withdraw, at its sole discretion any forest products sale prior to contract execution. All fees associated with a withdrawn sale shall be returned to the purchaser.

R850-70-650. Sale of Wildland Seed.

1. Sales of wildland seed, with the exception of sales made under a Small Forest Product Permit pursuant to R850-70-400, shall be initiated by the agency and shall follow the procedures below:

   (a) All competitive sales shall be advertised by sending a
notice of the sale to potential purchasers and other interested parties on an agency-maintained mailing list. This notice may be circulated through electronic means.

(b) The agency may advertise sales of wildland seed using any other methods the director has determined may increase the potential for additional interest in the sale.

(c) The cost of the notice shall be borne by the successful applicant.

(d) The notice shall contain, but is not limited to, the following:
   i) the legal description of the affected lands;
   ii) the species and estimated quantity of wildland seed;
   iii) the minimum sale price;
   iv) required bond amounts;
   v) advertising and processing costs, so far as is known;
   vi) dates of bidding period; and
   vii) bidder qualifications.

(e) Sales shall be awarded to the highest qualified bidder unless a bidder has been previously disqualified, or is notified by the agency in writing within five business days of the bid opening that the bid will be disqualified, on the grounds of previous poor performance or other good cause shown.

(f) The agency shall declare the successful bidder within five business days of the bid opening.

(g) Failure of the successful bidder to execute a contract within 30 days of the receipt may result in cancellation of the sale and forfeiture of all monies submitted.

2. The agency may withdraw, at its sole discretion, any wildland seed sale prior to contract execution. All fees associated with a withdrawn sale shall be returned to the purchaser.

3. Performance and payment bonds may be required prior the commencement of harvest operations for the collection of wildland seed at the sole discretion of the agency.

R850-70-700. Timber Sale Contracts.

1. Timber Sale Contracts must be used for all sales of sawlogs and any other forest product, excluding wildland seed, where the value exceeds $500.00.

2. Timber Sale Contracts must be used for all sales of wildland seed where the value exceeds $5,000.00.

[2] 3. Each Timber Sale Contract shall contain the provisions necessary to ensure the responsible harvest of forest products, including the applicable provisions of 53C-4-202.

R850-70-800. Timber Harvesting.

1. Prior to commencement of harvest operations, excluding the collection of wildland seed, the purchaser shall submit a timber
harvest plan for agency review. Harvesting operations shall not commence until the purchaser is notified, in writing, that the timber harvest plan has been approved by the agency.

2. Prior to commencement of harvest operations, excluding the collection of wildland seed, the purchaser shall post with the agency bonds in the form and amounts as may be determined by the agency to assure compliance with all terms and conditions of the sale contract. Such bonds shall include the following:
   (a) A performance bond shall be submitted in an amount at least twice the estimated cost of rehabilitation.
   (b) A payment bond shall be submitted in an amount equal to the full purchase price of the sale unless the sale has been paid for in advance, or, at the discretion of the agency, the full price of the largest cutting unit of the sale.

3. All bonds posted may be used for payment of all monies due to the Trust Lands Administration on the total purchase price, and also for the costs of compliance with all other performance terms and conditions of the sale as specified in the contract.

4. The purchaser's bonds shall be maintained in effect even if the purchaser conveys all or part of the sale interest to an assignee or subsequent purchaser until such time as the purchaser fully satisfies sale contract obligations, or until such time as the bond is replaced with a new bond posted by the assignee.

5. Bonds may be increased in reasonable amounts, at any time as the agency may order, provided the agency first gives the purchaser 30 days written notice stating the increase and the reason(s) for the increase.

6. Bonds may be accepted in any of the following forms at the discretion of the agency:
   (a) Surety bond with an approved corporate surety registered in Utah.
   (b) Cash deposit. The Trust Lands Administration will not be responsible for any investment returns on cash deposits.
   (c) an irrevocable letter of credit for a period longer than the term of the sale.

7. Bonds shall remain in force until such time as all contract payments and performance provisions have been satisfied by the purchaser and so documented by the agency in writing.

**R850-70-900. Assignments.**

1. Competitively let sales may be assigned, in accordance with procedures established by the agency, to any person, firm, association, or corporation qualified to execute the terms and conditions of the sale contract, with prior written approval from the agency, provided that the assignee agrees to be bound by the terms and conditions of the sale and to accept the obligations of the assignor.
2. Small Forest Product Permits and other non-competitive sales may not be assigned.

R850-70-1000. Extensions of Time.

Extensions of time to complete the harvesting operations authorized by a timber contract may be granted if the director finds it to be in the best interests of the trust. Prior to the approval of a request for an extension of time, the agency may require amendments to the contract, including, but not limited to:

(a) Increasing the amounts and extending the effective dates of bonds; and,

(b) Increasing the price of the forest products authorized by the contract.


Forest products shall be offered for sale based on a methodology or price schedule to be determined by the agency pursuant to board policy.

R850-70-1200. Long-Term Agreements.

1. Long-term agreements (LTA) are those sales where the harvest of specified forest products will take place over a period of time exceeding two years. Upon approval of the director, the agency may enter into an LTA with a purchaser for a period not to exceed ten years provided that:

(a) Resource or other benefits can be demonstrated by the LTA.

(b) The LTA is advertised and competitively bid.

(c) The area included in the LTA is defined by legal or other tangible description.

(d) The LTA includes provisions for periodic reappraisal and adjustment of prices.

(e) The LTA may not preclude or prohibit forest product sales to other purchasers on trust lands adjacent to or within the area designated by the LTA.

(f) The LTA provides for amendment and cancellation during the term of the LTA.

(g) The LTA does not preclude or prohibit other concurrent resource management activities and uses adjacent to or within the area designated by the LTA.

(h) Each LTA states that access granted by the LTA is not exclusive.

(i) A due-diligence provision is included in each LTA.

R850-70-1300. Fees and Procedures.

The agency may establish fees and develop procedures necessary to provide for the administration and sale of forest products
pursuant to Section 53C-1-302(1)(b).

KEY: forest products, administrative procedures, timber
Date of Enactment or Last Substantive Amendment: July 2, 2004
Notice of Continuation: December 4, 2017
Authorizing, and Implemented or Interpreted Law: 53C-1-302(1); 53C-2-201(1)(a)
Exemption from Sales Tax on Services