



## **Board of Trustees Meeting Agenda**

August 14, 2019

9 a.m.

**Location:** SITLA Building, 6<sup>th</sup> Floor Boardroom  
675 East 500 South, SLC UT 84102

### **1. Welcome**

### **2. Approval of Board Meeting Minutes**

- June 12, 2019

### **3. Confirmation of Upcoming Meeting Dates**

- September 10<sup>th</sup> - 11<sup>th</sup> Board Tour – Richfield
- October 9<sup>th</sup> Regular Meeting
- November 13<sup>th</sup> Regular Meeting
- December – No meeting scheduled
- January 8<sup>th</sup> Regular Meeting

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

### **5. Chair's Report**

- a. Friends of the Trust 2019 Award – Anadarko Petroleum
  - LaVonne Garrison, Assistant Director, Oil & Gas
- b. SITLA Board Member Retirement – Scott Ruppe
  - David Ure, Director

### **6. Advocate Report**

- Justin Atwater, Advocacy Director, Trust Lands Protection & Advocacy Office
- Paula Plant, School Children's Trust Office, State Board of Education

### **7. Notification and Discussion Items**

- a. Notice of Change to OBA ML 90019 – Hoodoo Mining / Asphalt Ridge
  - LaVonne Garrison, Assistant Director, Oil & Gas
  - Wes Adams, Deputy Assistant Director, Oil & Gas

## **8. Director's Report**

- a. Notification of Current Events
  - Dave Ure, Director
- b. Proposed FY 2021 Budget
  - Deborah Memmott, Finance Director
- c. Proposed Policy 2019-01 – Multi-Beneficiary Real Estate Development Projects
  - Tim Donaldson, Assistant Director, Special Projects
  - Rodger Mitchell, Assistant Director, Planning & Development
- d. Beneficiary Allocation – Cross Hollow
  - Elise Erler, Deputy Assistant Director, Planning & Development
- e. Proposed Development Lease Amendment – Hidden Valley (DEVL 754)
  - Kyle Pasley, Deputy Assistant Director, Planning & Development – St. George
- f. Proposed Extension of Option for Desert Color (DEVL 1100)
  - Kyle Pasley, Deputy Assistant Director, Planning & Development – St. George
- g. Request to Enter into Development Agreement – Green Springs MHD 5 Block
  - Kyle Pasley, Deputy Assistant Director, Planning & Development – St. George

## **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](mailto: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/>, and was posted at SITLA's Offices, 675 East 500 South, Suite 500, Salt Lake City, Utah 84102. *Posted and dated on the 31<sup>st</sup> day of July, 2019.*

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# Advocate Report: Schools

# School LAND Trust Program

August 2019

SITLA Board Meeting



# School LAND Trust Plans

- School Community Councils and Charter Trust Land Councils prepare plans for approval by the local school board or chartering entity
  - Councils are elected and must have at least a 2-parent member majority
  - Review data and engage teacher/principal/parent input to determine the greatest academic needs
  - Prepare plans to address the needs
    - What is the goal and academic area?
    - How will the goal be measured?
    - Outline the action plan
    - How will funds be used to implement the action plans?
  - Councils report annually on the implementation and expenditures



## Average Distributions FY2019

- An average elementary school received \$62,000
- An average middle/junior high school received \$97,000
- An average high school received \$126,000

FY2020 Distribution - \$82.6 Million



Average per-pupil

- FY2019 \$113
- FY2020 \$125
- FY2001 \$10

Weighted pupil unit

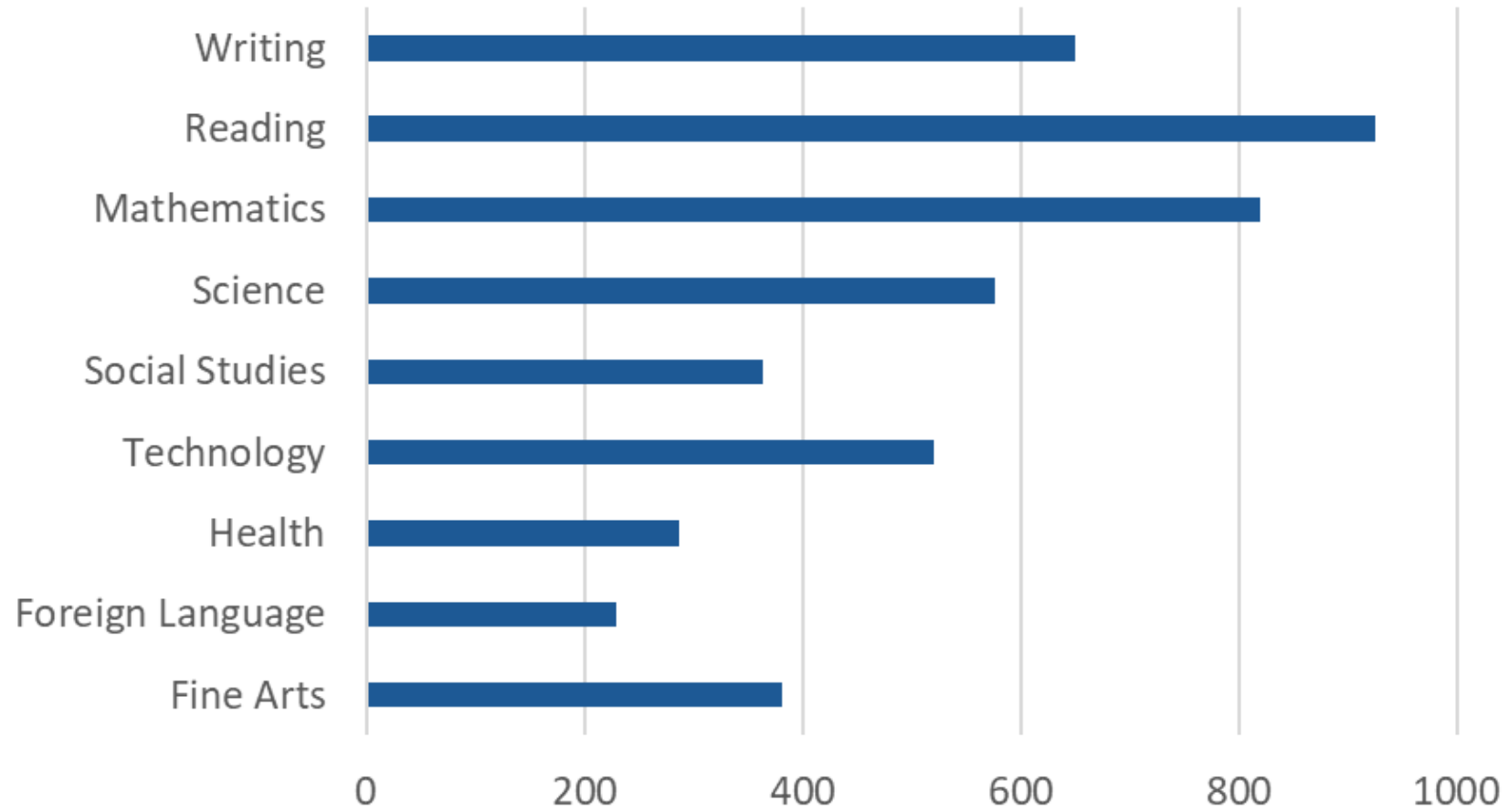
FY2020 \$3,532

Total Distribution – Up to 3% of

Minimum School Program

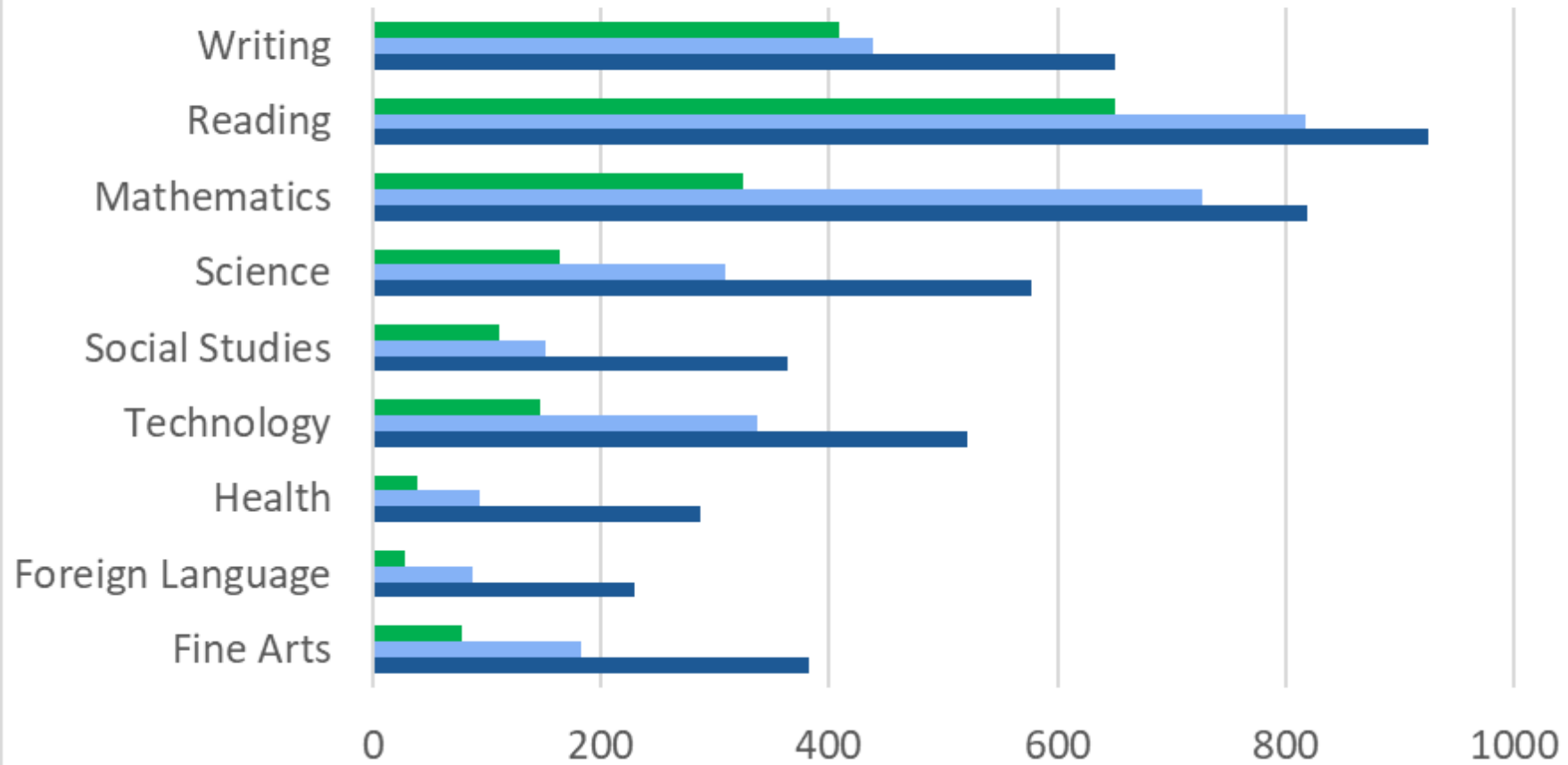
\$4.8 Billion (8.4% increase from FY2019)

### Academic Areas Identified in FY2018 School Plans



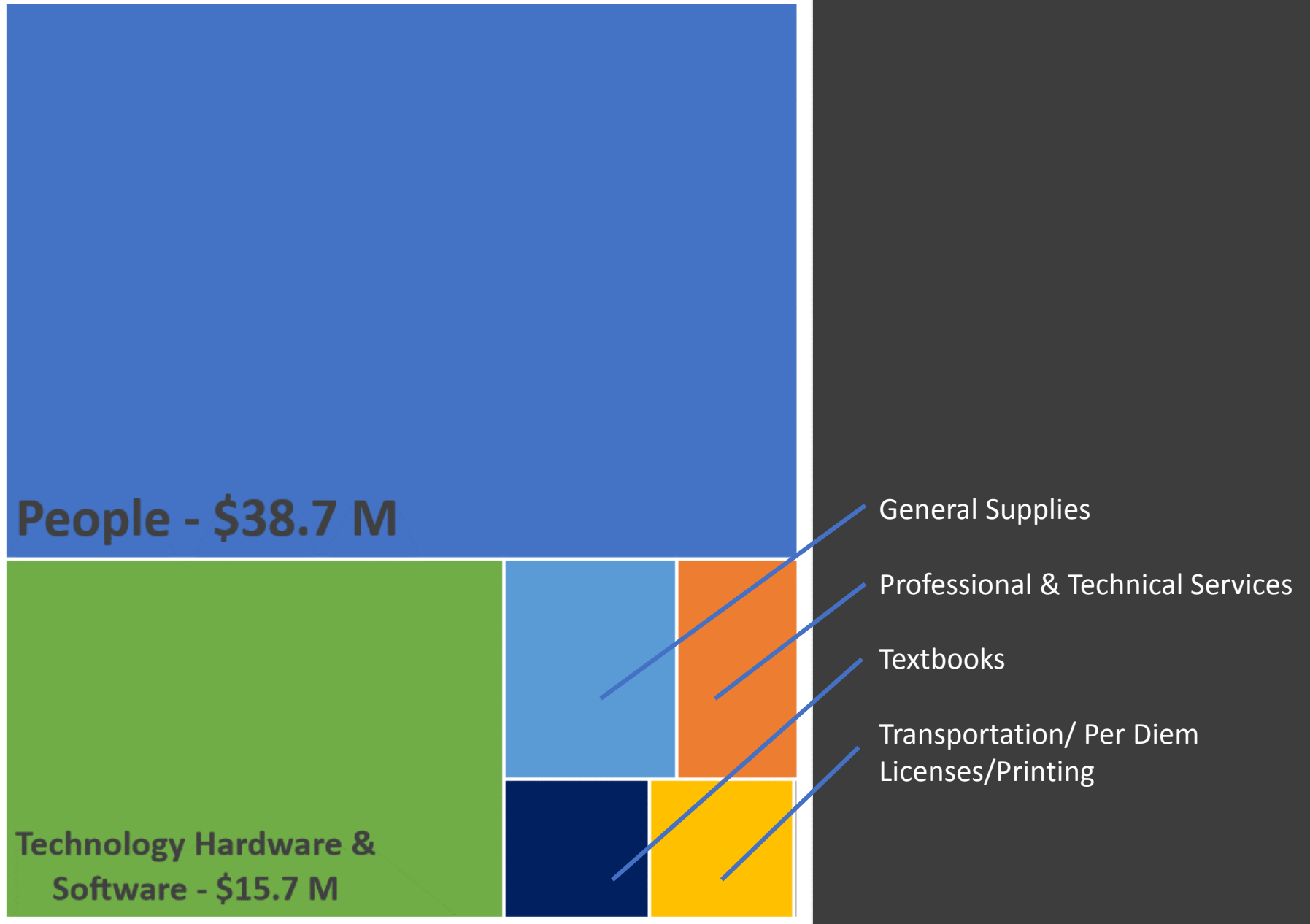
## Academic Areas

2003 2013 2018

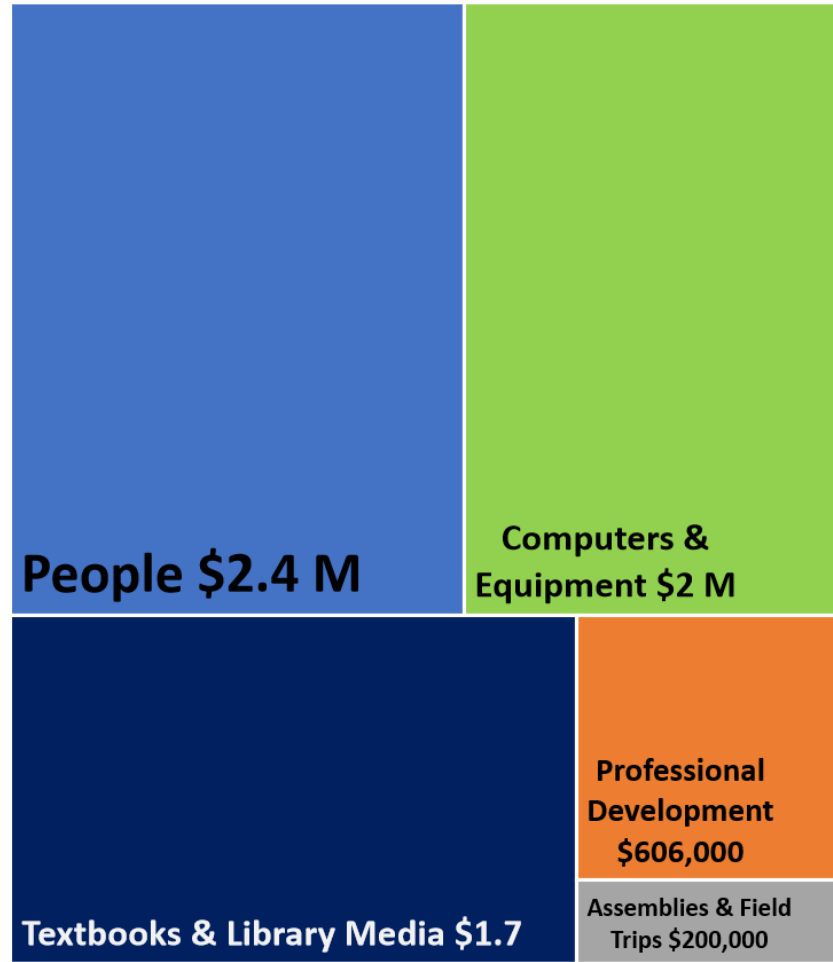




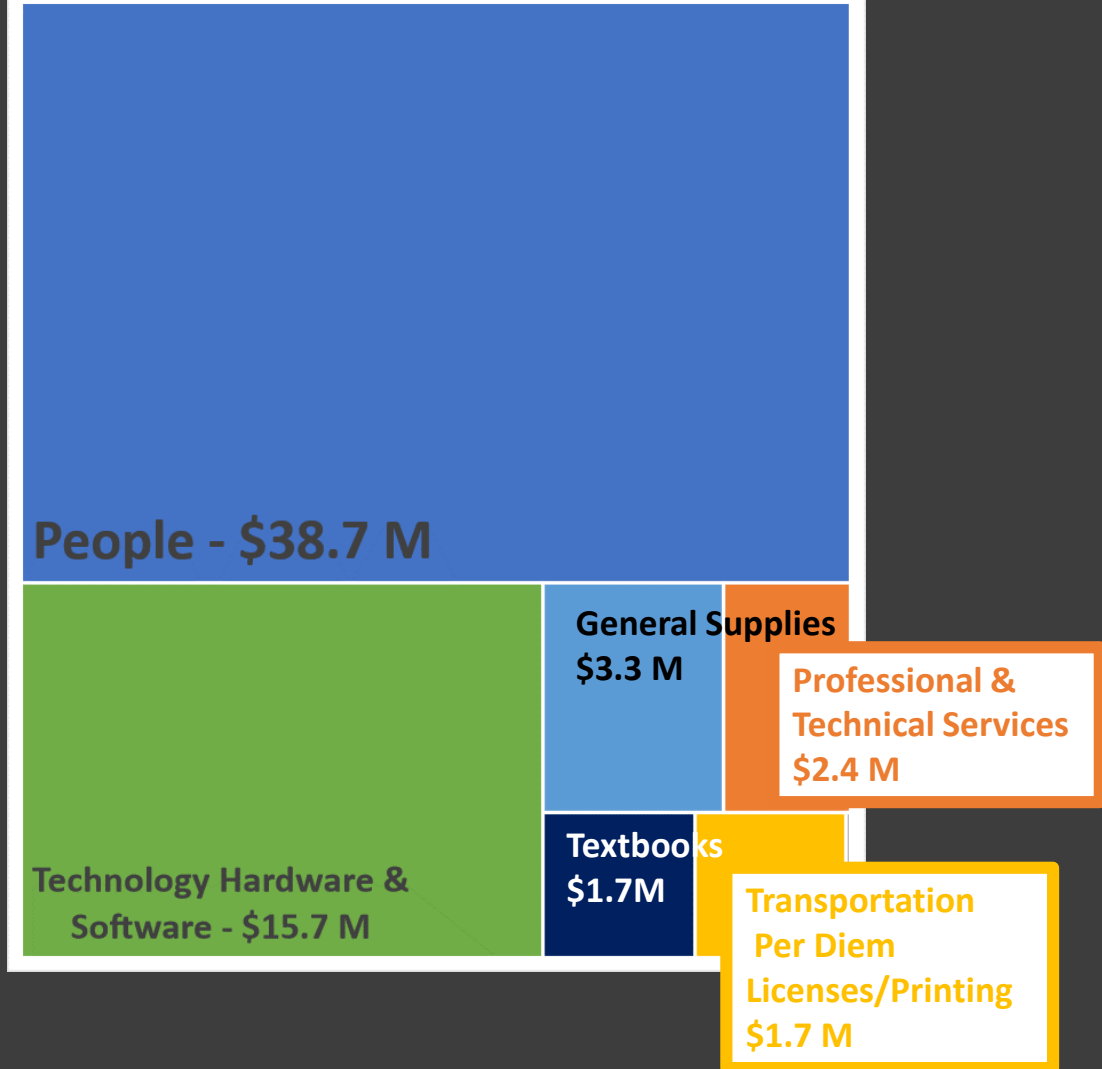
## How Utah Schools Spent \$64 M Trust Funds in FY2018



How Utah Schools Spent \$8.3 M Trust Funds FY2003



How Utah Schools Spent \$64 M Trust Funds in FY2018



# Comprehensive Plans for School Improvement

## School Improvement Plans

Prepared and approved by councils – No funding

## Teacher & Student Success Plans (TSSP)

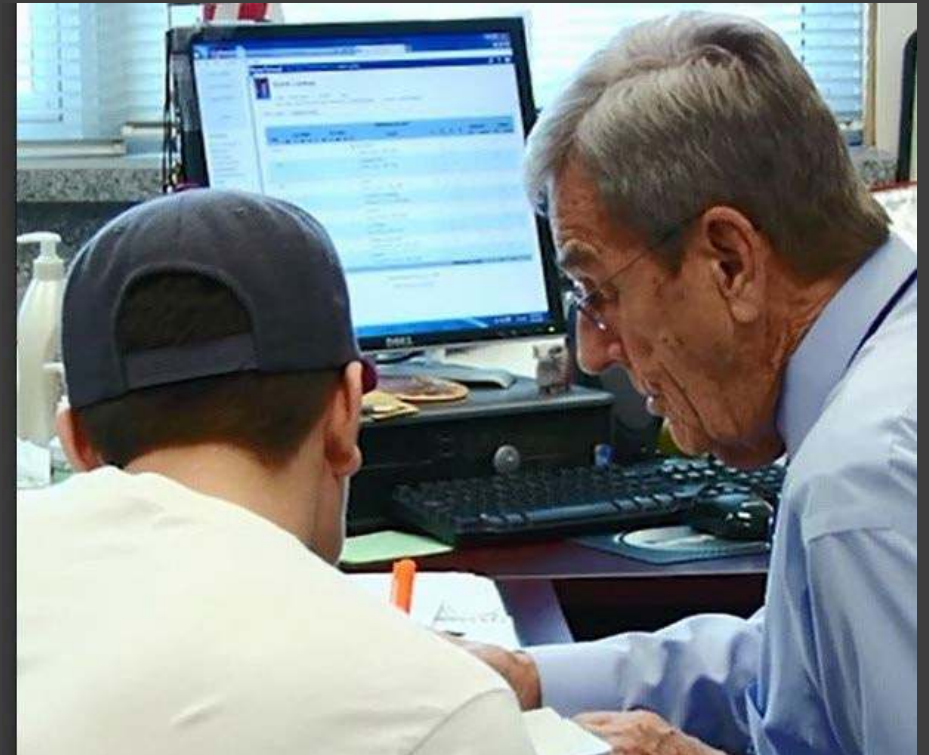
Prepared by principals after consulting with councils - \$98.9 Million

## School LAND Trust Plans are a subset



# Changes to the definition of academic

- Student behavioral & family engagement that support academic goals.
  - Home visits for kindergarten, early grades
  - Encouraging parental involvement in schools with minority populations
  - Counselors
  - Trackers – increasing graduation rates
  - Programs that help students practice personal responsibility



# \$7,000 for civic and character education, school safety and digital citizenship

- Must support an academic goal
- School councils have responsibilities in addition to the School LAND Trust Program
  - Digital citizenship
  - School safety
  - Providing input to the principal for the Teacher and Student Success Act
  - Advising school and district administration
  - **Increasing public awareness of the trust lands and the fund**



# Granger Elementary Granite District



## FY2019 – Science

- SAGE science scores in grades 4-6 will increase by 3%
- Hire a qualified science specialist for grades 3-6 - \$89,546

## FY2020 – Science

- RISE science scores in grades 4-6 will increase by 3%
- Science specialist - \$98,314
- Electricity supplies for 5<sup>th</sup> grade - \$500
- STEM lab – portable projection room to study seasons, planets, stars - \$2500
- Tesla Coil/Van de Graaff Generator - \$1000
- Laptop with ScreenBeam Technology - \$1000
- Will seek additional partnerships/grant to expand STEM education



# McPolin Elementary Park City



## Population of English learners – Increase proficiency DIBELS Reading K-3

- Families of incoming kindergarten students participate with their teacher in an at-home visit to introduce them to pre-literacy and pre-numeracy - Welcome Bags
- Additional visits based on attendance and student growth
- Teachers will provide weekly after hours support and instruction in Spanish
- Professional development – instruction of English learners

\$20,500 Salaries/Benefits

\$1500 Materials for Welcome Bags

# Increasing Graduation Rates

## Weber District High Schools – Bonneville High

Recover 50% of missing credits &  
increase by 2% students who score 18+  
on ACT (20.8 average)

- Credit Recovery Class \$10,000,
- 2 advocates monitor students -  
\$30,000,
- Summer program - \$6,000







# Increasing Graduation Rates

Whitehorse High - San Juan District

Increase graduation rate to 90-100% by February 2020

73% Class of 2020 (69%),  
78% Class of 2021 (71%),  
85% Class of 2022

Hire an achievement specialist and personal success tutor  
32.5 hrs/week - \$43,983

Daily tracking and teaching study and organization skills

Attendance monitoring, credit recovery and after school support lab

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## Increasing Graduation Rates

### Kanab High – Kane District

- Maintain 98% Graduation Rate
  - Credit recovery and BYU Independent Study for accelerated credits
  - Librarian and 2 classified aides \$36,000



# South Cache Middle School

Increase math median growth percentile scores by at least 3%

## Teacher teams

- Professional development  
\$18,000
- Create curriculum and post on Canvas  
\$18,500 hardware \$1,700 software
- Design formative assessments  
and monitor improvement and proficiency
- System of interventions for  
struggling students –  
& extension activities for proficient students  
\$8,000

# TSSP, School Fees, Student Support Amendments

- TSSP changes to the overall school plan could change School LAND Trust Plans – Maintain integrity of trust funds
- School Fees for academic subjects are beginning to be covered by School LAND Trust
  - Lab fees
  - Textbook fees
  - Music and performing art fees
  - Computer fees
- HB 373 – Eliason and Milner \$16 M in FY2020 and \$26 in FY2021
  - Majority of the funds support LEA level Mental Health Plans



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Notice of Change:

OBA – ML90019

Asphalt Ridge





DATE: July 22, 2019

TO: SITLA Board of Trustees

FROM: LaVonne J. Garrison  
Assistant Director/Oil & Gas

FUND: Public Schools – 24,000 acres  
Multi bene from Drunkards Wash Exchange (Sch) – 3,200 acres  
Utah State University – 80 acres

RE: Request to Amend Other Business Arrangement (ML 90019)  
Asphalt Ridge Block  
Uintah County, UT

#### BACKGROUND

Hoodoo Mining and Production Company (Hoodoo) approached the agency, requesting to amend their Other Business Arrangement ML 90019 (OBA) on the oil and gas lands under the Asphalt Ridge Block (Block). The Block is located southwest of Vernal and was acquired through federal exchange, for its oil sands/ oil and gas potential. The Block has been leased numerous times by both, asphaltic sand and oil and gas companies, however there has been no commercial production established on the Block, to date.

As a reminder to the Board of Trustees (Board), the original OBA Block was approved at its regular meeting on April 19, 2018, and assigned the contract ML 90019. Since the Board approved the OBA, Hoodoo has been adjusting its exploration strategy, based on current market conditions and risk tolerance. Given the large size of the Block and new geologic interpretations, Hoodoo is looking to compartmentalize their projects into two separate prospects and introduce partners for better chances of success. Specifically, EP Energy E&P, L.P. (EP) is under an Option, Purchase & Development Agreement with Hoodoo.

The two prospects are referred to as; Rasmussen Hollow and Yellow Hills 3D, shown in red and purple, respectively, on Exhibit A-1. EP, as stated above, has entered into the referenced agreement within the Rasmussen Hollow prospect. EP is a well-known and reputable operator in the Uinta Basin, who currently contributes significant oil and gas production royalty to SITLA beneficiaries.

Hoodoo, in its request to amend the OBA, suggests breaking the Block into separate timelines for drilling and seismic projects. SITLA staff has reviewed the nature of these timelines and believes there are discovery advantages gained through a more focused approach with partners. In the original OBA, the leases were issued with two-year primary terms, ending May 1, 2020, with a royalty of 17%, rental of \$2/ acre and an option to extend three-years for \$10/ acre bonus, if 3D seismic was shot in the first two-years. The amendment terms are restated below and cover the OBA in its entirety.

[CONTINUED NEXT PAGE]

## PROJECT DISCUSSION – NOTIFICATION

Subject to Board Approval, the terms of this proposal are as follows:

1.
  - I. SITLA leases issued within the **Rasmussen Hollow Prospect**, covering approximately 4,300.80 acres, shown on Exhibit A-1, will have the option to extend the primary term for five years, if Hoodoo commences drilling an Initial Test Well (ITW) by April 30, 2020. The ITW will be drilled to a depth of 13,000' or sufficient depth to test adequately the Weber formation. A bonus payment of \$10/ acre will be due in order to exercise the option to extend the primary term for five years from May 1, 2020. The extended leases will carry a rental of \$5/ acre and royalty of 17%. If the ITW is not commenced timely, Hoodoo will pay SITLA a penalty of \$30,000, no later than June 1, 2020, and forfeit the option.
  - II. SITLA leases issued within the **Yellow Hills 3D Prospect**, covering approximately 23,006.88 acres, shown on Exhibit A-1, will be extended, under current terms, for three years, or until May 1, 2023, only if the ITW in Paragraph I is commenced timely. If Hoodoo shoots the 3D seismic (after drilling the ITW), as indicated in Paragraph 2 below, a bonus payment of \$10/ acre will be due in order to exercise the option to extend the primary term for five years from May 1, 2023. The extended leases will carry a rental of \$5/ acre and royalty of 17%.
2. SITLA will receive copies of the entire 3D program along with field tapes, support data and final processed copies and will be allowed to work the data for its account with consent of Hoodoo as more specifically outlined in paragraph 2 of the OBA agreement. If Hoodoo does not shoot at least 1/3 of the 3D seismic program by May 1, 2023, it will owe SITLA a penalty of \$30,000 payable no later than June 1, 2023, and forfeit the option. A schedule to complete the balance of the seismic program will be established within six months of completion of shooting the first phase
3. SITLA grants Hoodoo permission to assign 85% of its current record title interest to EP Energy, E&P, L.P., pursuant of the Option, Purchase and Development Agreement, effective May 21, 2019 until the expiration of the agreement on August 16, 2019. EP must agree in writing to be bound to the same terms outlined in the OBA, as to its proportionate share of the project.
5. Upon request, Hoodoo is required to provide SITLA with daily drilling reports and geological information it acquires during the drilling and completion of any wells drilled under the OBA lands.

## RECOMMENDATION

The terms of this amended OBA are going to be discussed with the Minerals sub-committee on August 2, 2019. If no protest is raised, I believe the sub-committee will send this amended OBA to the full Board with a favorable recommendation for approval. As is SITLA's practice, OBAs must be approved by the Board of Trustees. The Board retains the ability to approve, alter, amend or deny any OBA submitted.

The agency respectfully recommends granting Hoodoo an OBA as outlined in this memo as the highest and best use of the lands for the beneficiaries and asks the Board to direct the staff to complete the OBA under these terms.

Respectfully Submitted

LaVonne J. Garrison  
Assistant Director/Oil & Gas



State of Utah  
School and Institutional  
Trust Lands Administration

675 East 500 South, Suite 500  
Salt Lake City Utah 84102-2813  
801-538-5100 Fax 801-355-0922  
trustlands.utah.gov

David Ure  
Director

July 22, 2019

Lanham Frazier  
Manager  
Hoodoo Mining & Production Company, LLC  
55 Waugh Drive, Suite 550  
Houston, TX 77007

**Sent via email to [lanham.frazier@gmail.com](mailto:lanham.frazier@gmail.com)**

Re: 3rd Amended Asphalt Ridge Block OBA ML 90019

Dear Mr. Frazier:

Reference is given to your letter, dated June 13, 2019, requesting to revise the captioned Other Business Arrangement (OBA). The School and Institutional Trust Lands Administration (SITLA) Board approved the OBA on April 19, 2018. The OBA, covering 27,307.68 acres, more or less, was granted by SITLA contract ML 90019. Individual lease numbers ML 53711 – ML 53753 were issued to Hoodoo Mining & Production, LLC. (Hoodoo), effective May 1, 2018, with the caveat that ML- 53738 and 53739 were issued effective, December 1, 2018.

In your request to revise the OBA, you have indicated that the current exploration market warrants the drilling of a test well before 3D seismic is shot. In addition, you have negotiated an Option, Purchase and Development Agreement (Agreement) with EP Energy, E&P, L.P. (EP) in order to decrease risk associated with exploration drilling. The Agreement provides an option period for EP to purchase an undivided interest by August 16, 2019, and covers approximately 5,800 acres, the majority of which are SITLA lands.

Your request to revise the OBA is deemed necessary for continued exploration and in the best interest of SITLA's beneficiaries. Restatement of the OBA provisions in their entirety are provided, as set forth herein:

1. Hoodoo is hereby offered the option to extend its leases, indicated above, within the captioned prospects, subject to the following:

- I. **Rasmussen Hollow Prospect (RH)** includes certain SITLA leases shown on Exhibit A-1 and A-2, attached hereto, on 4,300.80 acres, more or less.

- a. Hoodoo must locate and commence actual drilling operations at the Initial Test Well (ITW) on or before midnight of April 30, 2020, at a location of Hoodoo's selection and including SITLA acreage within the spacing unit for such well. The ITW will be drilled in a good and workmanlike manner, to a depth of 13,000 feet or sufficient depth to test adequately the Weber formation, whichever is the lesser depth.
- b. If the ITW is drilled timely, Hoodoo will earn the right to a lease option on the RH leases for a bonus consideration of \$10 per net acre, five-year lease term extension from May 1, 2020, with a royalty rate of 17% and annual rentals of \$5.00. Bonus to be paid to SITLA on or before May 1, 2020, or the option to extend will expire and be of no further force or effect. (notification of perfection in writing on or before April 1, 2020)
- c. If the ITW has not commenced actual drilling operations on or before May 1, 2020, Hoodoo will owe SITLA a penalty payment of \$30,000 to be received by SITLA no later than June 1, 2020.

- II. **Yellow Hills 3D Prospect (YH)** covers the remaining 23,006.88 acres, more or less, from the original OBA and is also depicted on Exhibit A-1 and A-2.

- a. If Hoodoo drills the ITW described in paragraph I(a), it will earn the right to an extension of the YH lands through May 1, 2023, with \$2/acre annual rentals. No bonus will be required for the extension.
  - i. If Hoodoo does not drill the ITW as described the leases will expire May 1, 2020.
- d. If Hoodoo drills the ITW and shoots the 3D seismic program as indicated in paragraph 2 below, it will earn the option to extend the YH leases for five-years from May 1, 2023, for a bonus consideration of \$10 per net acre, with \$5 per acre annual rentals. (notification of perfection in writing on or before April 1, 2020)



- b. Hoodoo may complete the 3D seismic shoot in phases; however, at least 1/3 of the program must be shot on or before May 1, 2023. If Hoodoo does not shoot at least 1/3 of the program by May 1, 2023, it will owe SITLA a penalty payment of \$30,000 payable no later than June 1, 2023. A schedule to complete the balance of the seismic program will be established within six months of completion of shooting the first phase.
2. At no cost to SITLA, Hoodoo will provide SITLA with the entire 3D seismic data collected, which will include, but not be limited to, a digital file with digital source and receiver locations, field tapes, notes, support data and final processed data with its associated workstation load sheet, within six months of shooting data. SITLA will also be entitled to all re-processed seismic data collected under these terms limited to re-processing conducted by Hoodoo within the two years of completion of the original processing of the data. SITLA, may share the seismic data for review and interpretation with geophysical data consultants working directly for SITLA. The sharing of data shall be subject to a Hoodoo approved confidentiality agreement signed by the reviewing consultants and Hoodoo in advance, limiting the review, interpretation and discussions involving the data to and for SITLA only. The confidentiality agreement shall be binding on the signing parties and their successors in interest, SITLA may choose to change its consultants at any time. SITLA may show generated hard copy interpretations of the seismic to third parties as long as SITLA provides Hoodoo with any hard copy interpretation it intends to show a third party along with a Hoodoo approved confidentiality agreement signed by such third party at least ten days prior to showing such hard copy interpretations to a third party, but in no instance shall SITLA do so: (a) earlier than 2 years after seismic is delivered to SITLA; and (b) shall be limited to only interpretations for SITLA lands, and further limited to SITLA lands not then under an oil and gas lease granted by SITLA to Hoodoo. Under no circumstances may SITLA or its consultants allow any third party to interpret, work or otherwise possess seismic data collected by Hoodoo, it being understood and agreed that only the generated hard copy interpretations, limited to only interpretations for SITLA lands, and SITLA lands not then under an oil and gas lease granted by SITLA to Hoodoo, may be shown to such party or parties as provided above and SITLA shall retain all hard copies of the data in its possession. Should any third party desire to interpret or use the seismic data for its own account or any



purpose deemed by Hoodoo to be in competition with Hoodoo, they must enter into an agreement with Hoodoo in Hoodoo's sole discretion prior to any interpretation or use thereof.

3. SITLA grants Hoodoo permission to assign up to 85% of its current, record title interest to EP Energy, E&P, L.P. pursuant to an Option, Purchase and Development Agreement dated effective May 21, 2019, copy previously provided by Hoodoo, until the expiration of the agreement on August 16, 2019. EP Energy must agree to be bound by the same terms outlined herein as to its proportionate share of the project.
4. Upon request, Hoodoo is required to provide SITLA with daily drilling reports and geological information it acquires during the drilling and completion of any wells drilled hereunder.

The terms of this revised OBA require notification to the SITLA Board of Trustees. While this is notification only, the Board reserves the right to approve, alter, amend or deny the OBA request at their sole discretion. The next available board meeting will held in Salt Lake City on August 14, 2019.

Should these terms meet with your approval, please so indicate by signing, scanning and returning this letter to; [wesadams@utah.gov](mailto:wesadams@utah.gov) on or before July 25, 2019.

Yours very truly,



LaVonne J. Garrison  
Assistant Director/ Oil & Gas

*The parties intend to allow for the electronic execution, imaging and storage of this Agreement and the admissibility into evidence of such an image in lieu of the original paper version of this Agreement. The parties agree that any computer printout of any such image of this Agreement shall be considered to be an "original" when maintained in the normal course of business and shall be admissible as between the parties to the same extent and under the same conditions as other business records maintained in paper or hard copy form. The parties agree not to contest, in any proceeding involving the parties in any judicial or other forum, the admissibility, validity or enforceability of any image of this Agreement because of the fact that such image was stored or handled in electronic form.*

ACCEPTED AND AGREED TO THIS 22<sup>nd</sup> DAY OF JULY 2019

Hoodoo Mining & Production Company, LLC

By: \_\_\_\_\_

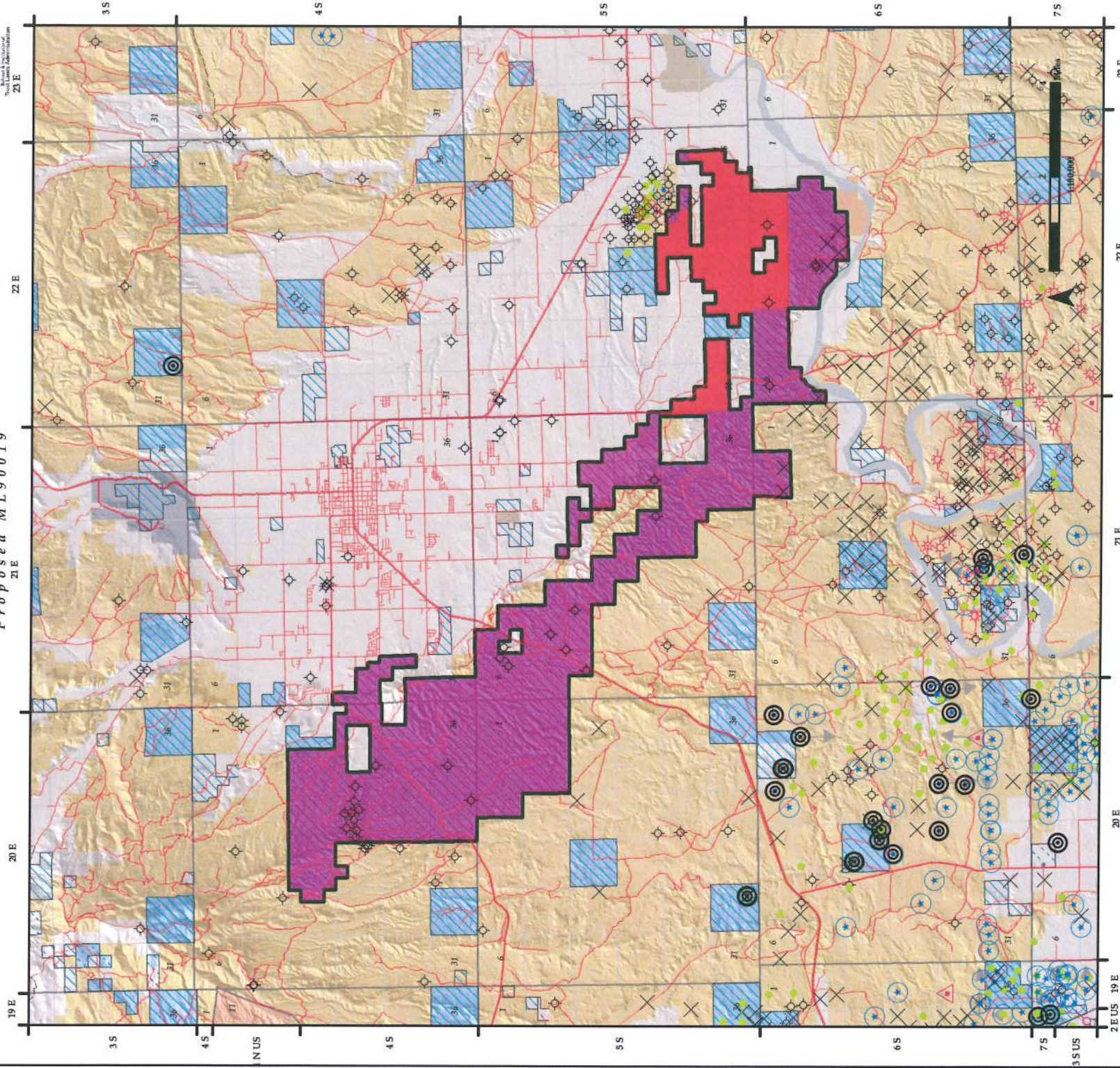
Title: Manager

Enclosures: Exhibit A-1, A-2  
Letter, dated 6/13/2019

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Exhibit A1 -  
3rd Amended Asphalt Ridge Block OBA  
Proposed ML90019



- Hoodoo Rasmussen Hollow (4,300.8 Acres)
- Yellow Hills 3D (23,006.88 Acres)
- Proposed ML 90019 Boundary (27,307.68 Acres)
- County Boundaries
- Trust Lands Mineral Ownership
- Full Mineral
- Partial Mineral

- Wells
- New Location
- Gas Injection
- Location Abandoned
- Drilling Operations Suspended
- Plugged Abandoned
- Producing Gas Well

- Producing Oil Well
- Returned APD
- Shut-in Gas Well
- Shut-in Oil Well
- Water Disposal
- Water Injection Well



User Name: bradyjohnson, Produced: 7/19/2019  
Document Name: AsphaltRidge\_BlockA\_8x11  
Coordinate System: NAD 1983 UTM Zone 12N  
Projection: Transverse Mercator

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 verify the information with the appropriate authority. The information is provided as is, without warranty, and the user assumes all liability for any use of the information. The user shall be responsible for any incorrect results, or any special, indirect or consequential damages to any party, arising out of or in connection with the use of the information.

Land parcels, lease boundaries and associated SITLA data layers may have been updated since the last time the map was generated. The Surface Ownership and Lease Status data (if present) are maintained by SITLA. To update the data, users should contact the Utah Department of Natural Resources, Division of Oil, Gas and Mining, for more information. The data is distributed by the Utah Automated Geographic Reference Center and/or other sources as specified. Contour lines (if present) were generated from USGS 10 meter DEM.

Please Note: While SITLA works to verify data for accuracy and content, discrepancies may exist within the data. Acquiring the most updated SITLA ownership GIS data may require contacting the GIS staff directly at 801-538-5100 or TLA-GIS@dnr.utah.gov. The SITLA GIS department welcomes your comments and concerns regarding the data and will attempt to resolve issues as they are brought to our attention.



**EXHIBIT A-2**  
**3rd Amended Asphalt Ridge Block OBA**  
**ML 90019**

Prospect	State Lease #	Lessor	Lessee	Lease Date	County	Section	Township	Range	Description	Gross Acres
Rasmussen Hollow*	ML53740-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	25	5S	22E	SE/4 SW/4	40.000000
Rasmussen Hollow*	ML53740-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	36	5S	22E	NW/4 and NW/4 SW/4	200.000000
Rasmussen Hollow*	ML53741-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	26	5S	22E	NW/4 SW/4	40.000000
Rasmussen Hollow*	ML53741-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	27	5S	22E	NW/4 NE/4 and S/2 NE/4 and E/2 W/2 and NW/4 NW/4 and SW/4 SW/4 and N/2 SE/4	440.000000
Rasmussen Hollow*	ML53741-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	28	5S	22E	N/2 NE/4 and SE/4 SE/4	120.000000
Rasmussen Hollow*	ML53742-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	30	5S	22E	Lot 2 (39.70 acres), Lot 3 (39.74 acres), Lot 4 (39.78 acres), SE/4 SW/4	159.220000
Rasmussen Hollow*	ML53742-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	31	5S	22E	Lot 1 (39.82 acres), Lot 2 (39.87 acres), NE/4 and E/2 NW/4	319.690000
Rasmussen Hollow	ML53743-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	32	5S	22E	NW/4 and NE/4 SE/4	200.000000
Rasmussen Hollow	ML53743-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	33	5S	22E	E/2 and W/2 NW/4 and SE/4 NW/4 and SW/4	600.000000
Rasmussen Hollow	ML53744-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	34	5S	22E	All	640.000000
Rasmussen Hollow	ML53745-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	35	5S	22E	NW/4 NE/4 and S/2 NE/4 and NW/4 and S/2	600.000000
Rasmussen Hollow*	ML53748-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	4	6S	22E	Lot 1 (7.99 acres), Lot 2 (7.89 acres), SW/4 NE/4 and E/2 S/2	215.880000

Rasmussen Hollow	ML53747-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	2	6S	22E	Lot 1 (7.08 acres), Lot 2 (7.09 acres), Lot 3 (7.10 acres), Lot 4 (7.12 acres), S/2 NW/4 and SW/4 (Lots aka N/2 N/2)	268.390000	4300.800000
Rasmussen Hollow	ML53747-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	3	6S	22E	Lot 1 (7.31 acres), Lot 2 (7.53 acres), Lot 3 (7.75 acres), Lot 4 (7.97 acres), S/2 NE/4 and SE/4 NW/4 and S/2 SW/4 and SE/4 (Lots aka N/2 N/2)	390.560000	
Rasmussen Hollow*	ML53735-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	25	5S	21E	Lot 1 (14.47 acres), Lot 7 (16.67 acres), Lot 8 (17.53 acres), Lot 11 (18.39 acres) (aka Far E/2 of E/2 E/2)	67.060000	
Yellow Hills	ML53711-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	14	4S	20E	All	640.000000	
Yellow Hills	ML53712-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	15	4S	20E	All	640.000000	
Yellow Hills	ML53713-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	16	4S	20E	All	640.000000	
Yellow Hills	ML53713-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	17	4S	20E	SE/4 NE/4 and NE/4 SE/4	80.000000	
Yellow Hills	ML53713-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	21	4S	20E	NE/4 NW/4	40.000000	
Yellow Hills	ML53714-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	22	4S	20E	All	640.000000	
Yellow Hills	ML53715-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	23	4S	20E	N/2 NE/4 and W/2 and S/2 SE/4	480.000000	
Yellow Hills	ML53716-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	24	4S	20E	Lot 2 (32.30 acres), Lot 3 (32.95 acres), Lot 4 (32.97 acres), W/2 E/2 and N/2 NW/4 and S/2 SW/4	418.220000	

Yellow Hills	ML53716-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	25	4S	20E	Lot 3 (38.36 acres), Lot 4 (38.79 acres), W/2 and W/2 SE/4	477.150000
Yellow Hills	ML53717-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	26	4S	20E	All	640.000000
Yellow Hills	ML53718-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	27	4S	20E	All	640.000000
Yellow Hills	ML53719-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	34	4S	20E	All	640.000000
Yellow Hills	ML53720-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	35	4S	20E	All	640.000000
Yellow Hills	ML53721-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	36	4S	20E	Lot 1 (39.12 acres), Lot 2 (39.38 acres), Lot 3 (39.62 acres), Lot 4 (39.88 acres), W/2 E/2 and W/2 (ada All)	638.000000
Yellow Hills	ML53722-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	19	4S	21E	Lot 1 (38.85 acres), Lot 2 (38.95 acres), Lot 3 (39.05 acres), Lot 4 (39.15 acres), E/2 SW/4 and W/2 SE/4 and W/2 SE/4 SE/4	336.000000
Yellow Hills	ML53722-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	30	4S	21E	Lot 3 (38.85 acres), Lot 4 (38.71 acres), N/2 NE/4 and SE/4 NE/4 and E/2 SW/4 and NE/4 SE/4	317.560000
Yellow Hills	ML53722-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	31	4S	21E	Lot 1 (38.66 acres), Lot 2 (38.70 acres), Lot 3 (38.74 acres), Lot 4 (38.78 acres), E/2 W/2	314.880000
Yellow Hills	ML53723-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	1	5S	20E	Lot 1 (36.77 acres), Lot 2 (36.57 acres), Lot 3 (36.39 acres), Lot 4 (36.19 acres), S/2 N/2 and S/2	625.920000



Yellow Hills	ML53724-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	2	5S	20E	Lot 1 (36.10 acres), Lot 2 (36.10 acres), Lot 3 (36.10 acres), Lot 4 (36.10 acres), S/2 N/2 and S/2	624.400000
Yellow Hills	ML53724-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	3	5S	20E	Lot 1 (36.08 acres), Lot 2 (36.02 acres), S/2 NE/4 and SE/4	312.100000
Yellow Hills	ML53725-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	11	5S	20E	All	640.000000
Yellow Hills	ML53726-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	12	5S	20E	All	640.000000
Yellow Hills	ML53727-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	5	5S	21E	Lot 3 (38.66 acres), Lot 4 (38.30 acres), Lot 6 (40.81 acres), Lot 7 (41.56 acres), Lot 8 (2.53 acres), Lot 9 (37.47 acres), Lot 10 (1.16 acres), Lot 11 (1.40 acres), S/2 NW/4 and W/2 SE/4 (Lots aka N/2 NW/4 and NE/4 SW/4 and N/2 N/2 N/2 NW/4 SW/4 and E/2 E/2 SE/4 SW/4 and E/2 SE/4)	361.890000
Yellow Hills	ML53728-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	6	5S	21E	Lot 1 (38.04 acres), Lot 2 (37.87 acres), Lot 3 (37.56 acres), Lot 4 (37.09 acres), Lot 5 (38.64 acres), Lot 6 (38.60 acres), S/2 N/2 and SW/4 and W/2 SE/4	627.800000
Yellow Hills	ML53729-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	7	5S	21E	Lot 1 (39.96 acres), NW/4 NE/4 and S/2 NE/4 and W/2 and SE/4	639.960000

Yellow Hills	ML53730-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	8	5S	21E	Lot 1 (41.92 acres), Lot 2 (41.89 acres), Lot 3 (41.85 acres), Lot 4 (41.82 acres), Lot 5 (38.88 acres), Lot 6 (38.84 acres), W/2 E/2 and S/2 NW/4 and SW/4	645.200000
Yellow Hills	ML53731-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	9	5S	21E	Lot 3 (41.61 acres), Lot 4 (42.26 acres), W/2 SW/4	163.870000
Yellow Hills	ML53731-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	16	5S	21E	Lot 1 (42.59 acres), Lot 2 (42.62 acres), Lot 3 (38.46 acres), Lot 4 (38.39 acres), Lot 5 (40.84 acres), Lot 6 (38.24 acres), Lot 7 (42.67 acres), W/2 NW/4 and SW/4 SW/4 and S/2 SE/4	483.810000
Yellow Hills	ML53732-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	10	5S	21E	SW/4 SW/4	40.000000
Yellow Hills	ML53732-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	13	5S	21E	SW/4 SW/4	40.000000
Yellow Hills	ML53732-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	14	5S	21E	Lot 1 (40.37 acres), Lot 2 (40.10 acres), Lot 3 (40.46 acres), Lot 4 (40.74 acres), S/2 NE/4 and NW/4 NW/4 and SE/4	441.670000
Yellow Hills	ML53732-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	15	5S	21E	N/2 NE/4 and SE/4 NE/4 and NE/4 NW/4	160.000000
Yellow Hills	ML53733-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	17	5S	21E	Lot 1 (41.81 acres), Lot 2 (41.84 acres), W/2 NE/4 and NW/4	323.650000
Yellow Hills	ML53733-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	18	5S	21E	NE/4	160.000000
Yellow Hills	ML53734-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	21	5S	21E	NE/4	160.000000

Yellow Hills	ML53734-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	22	5S	21E	Lot 3 (39.51 acres), Lot 4 (39.73 acres), S/2 NW/4 and S/2	479.240000
Yellow Hills*	ML53735-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	23	5S	21E	Lot 1 (9.63 acres), Lot 2 (38.14 acres), Lot 3 (38.37 acres), Lot 6 (40.00 acres), Lot 7 (11.69 acres), Lot 8 (13.27 acres), Lot 9 (40.00 acres), Lot 10 (40.00 acres), Lot 11 (14.87 acres), SW/4 NE/4 and W/2 SE/4 (Lots aka E/2 E/2 and NW/4 NE/4)	365.970000
Yellow Hills*	ML53735-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	24	5S	21E	W/2 NW/4 and SE/4 NW/4 and SW/4 and W/2 SE/4 and SE/4 SE/4	400.000000
Yellow Hills	ML53736-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	26	5S	21E	All	640.000000
Yellow Hills	ML53737-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	27	5S	21E	N/2 and N/2 S/2 and SE/4 SE/4	520.000000
Yellow Hills	ML53746-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	2	6S	21E	Lot 1 (44.91 acres), Lot 2 (45.46 acres), Lot 3 (46 acres), Lot 4 (38.49 acres), Lot 5 (36.09 acres), Lot 6 (38.84 acres), E/2 SW/4 and SE/4	489.790000
Yellow Hills*	ML53748-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	4	6S	22E	Lot 3 (7.79 acres), Lot 4 (7.69 acres), S/2 NW/4 and W/2 S/2	255.480000
Yellow Hills	ML53749-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	5	6S	22E	Lot 1 (7.62 acres), Lot 2 (7.58 acres), Lot 3 (7.54 acres), Lot 4 (7.50 acres), S/2 N/2 and S/2	510.240000

Yellow Hills	ML53750-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	6	6S	22E	Lot 1 (7.56 acres), Lot 2 (7.72 acres), Lot 3 (7.88 acres), Lot 4 (8.55 acres), Lot 5 (40.20 acres), Lot 6 (41.09 acres), Lot 7 (41.98 acres), S/2 NE/4 and SE/4 NW/4 and E/2 SW/4 and SE/4	514.980000
Yellow Hills	ML53750-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	7	6S	22E	Lot 3 (24.00 acres), NW/4 NE/4 and N/2 NW/4 and SW/4 NW/4 and NW/4 SW/4	224.000000
Yellow Hills	ML53751-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	9	6S	22E	Lot 1 (35.65 acres), Lot 2 (26.60 acres), Lot 5 (30.40 acres), N/2 and N/2 SE/4 and SE/4 SE/4	532.650000
Yellow Hills	ML53752-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	10	6S	22E	All	640.000000
Yellow Hills	ML53753-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	11	6S	22E	SW/4 NE/4 and W/2 and NW/4 SE/4	400.000000
Yellow Hills	ML53753-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	15	6S	22E	N/2 N/2	160.000000
Yellow Hills*	ML53742-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	31	5S	22E	Lot 4 (39.97 acres)	39.970000
Yellow Hills	ML53738-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	12/1/2018	Uintah	35	5S	21E	All	640.000000
Yellow Hills	ML53739-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	12/1/2018	Uintah	36	5S	21E	Lots 1 (19.27), 2 (40.00), 3 (40.00), 4 (20.17), 5 (21.07), 6 (40.00), 7 (40.00), 8 (21.97), W/2 E/2, W/2	722.480000
Yellow Hills*	ML53741-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	26	5S	22E	SW/4 NW/4 and NE/4 SW/4 and NW/4 SE/4	120.000000
Yellow Hills*	ML53740-OBA	State of Utah, acting by and through the School and Institutional Trust Lands Administration	Hoodoo Mining & Production Company, LLC	5/1/2018	Uintah	25	5S	22E	NE/4 SW/4	40.000000

23006.880000

HOODOO MINING & PRODUCTION COMPANY, LLC  
55 WAUGH DRIVE, SUITE 550  
HOUSTON, TEXAS 77007

June 13, 2019

Via Email

Lavonne J. Garrison, Assistant Director/Oil & Gas  
State of Utah School & Institutional Trust Lands Administration  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2813

Re: 2<sup>nd</sup> Amended Asphalt Ridge Block OBA Agreement Dated March 22, 2018  
Between Hoodoo & SITLA  
Uintah County, Utah

Dear LaVonne,

Attached hereto is the referenced OBA agreement for your ready reference. Also attached is a Memorandum of Option, Purchase & Development Agreement between Hoodoo and EP Energy E&P, L.P. (“OPDA”) denoting therein the Oil and Gas leases subject to the OPDA which covers the Hoodoo Rasmussen Hollow Prospect covering over 5,800 acres of lands, mostly State Lands. The OPDA provides for assignment of the leases covering the Rasmussen Hollow Prospect upon EP election on or before August 16, 2019, therefore Hoodoo is hereby requesting approval from the State to assign 85% interest in the SITLA leases included in the OPDA to EP Energy E&P, L.P. in advance of their election as part of the revision of the OBA being requested herein. EP will be the operator of the Test Well.

As you know Hoodoo’s desire was to first shoot the Yellow Hills 3D provided for in the OBA and then drill a test well under the terms of the OBA. The exploration market in our business has not been receptive to the risk of the large Yellow Hills 3D prior to drilling a well. Our goal for the 3D is to encourage substantially more exploration drilling, however, the market has determined it prefers to risk the drilling of a well first in our small 3D and then shoot the Yellow Hills 3D. In order to accommodate the market and accomplish our mutual goal of drilling exploration wells on State Lands, we offer to revise the OBA as follows.



The current OBA provides for shooting the Yellow Hills 3D by May 1, 2020 and then by May 1, 2021 drilling a 7,000 Weber test well on the State Lands. Hoodoo is hereby requesting to revise the OBA to reverse the Yellow Hills 3D with the Test Well and agree to commence drilling the Test Well (Rasmussen Hollow Test Well on State Lands) by no later than May 1, 2020 to a depth of 13,000' or depth sufficient to test the Weber formation, whichever is lesser (Rasmussen Hollow Weber target). The presumption with this change is the State Leases in Rasmussen Hollow Prospect identified in the attached OPDA would be extended May 1, 2020 with the timely commencement of the Test Well and a payment of \$10/acre for 5 years (instead of the 3 years currently provided for) to provide for a reasonable period for successful development of a discovery.

Hoodoo is hereby requesting to revise the OBA to provide for shooting the Yellow Hills 3D by no later than May 1, 2023 subject to performance for the timely commencement of drilling of the Test Well by no later than May 1, 2020; however, rather than shooting all of the Yellow Hills 3D at one time to have the option to shoot it in phases like 1/3<sup>rd</sup>/1/3<sup>rd</sup>/1/3<sup>rd</sup> or 1/3<sup>rd</sup>/2/3<sup>rd</sup> or 50-50 or in proportions risk capital will tolerate. Hoodoo would have the right then May 1, 2023 to extend the OBA leases timely shot for new 3D for \$10/acre for 5 years (instead of the 3 years currently provided for) to provide for a reasonable period for successful development; however, excluding the Rasmussen Hollow Prospect leases extended via the Test Well. The presumption to all the 3D extension is that the current leases, excluding the Rasmussen Hollow Prospect leases, will have primary term, prior to extensions, to May 1, 2023 via annual delay rental payments.

The State Leases will continue to have \$5/acre annual delay rentals and \$10/acre extension payments for the extensions in any case.

Myself and my partners LaVonne each have over 40 years of exploration and production experience in the oil and gas business. Our oil and gas business has transformed substantially over the last ten years to such a degree that risk is not in the vocabulary as it once was. I know you know this quite well. We are fortunate that our persistence and expertise is paying off with this revision of the OBA to support a significant exploratory well drilled on State Lands in the current risk-free attitude environment. I am glad there are still a few of us left to find new significant reserves.

We appreciate the support of the State to encourage significant development of its resources and look forward to a successful outcome via the revision of the OBA.

If you have any questions or need additional information, please advise.

Sincerely,

HOODOO MINING & PRODUCTION COMPANY, LLC



LANHAM FRAZIER, MANAGER

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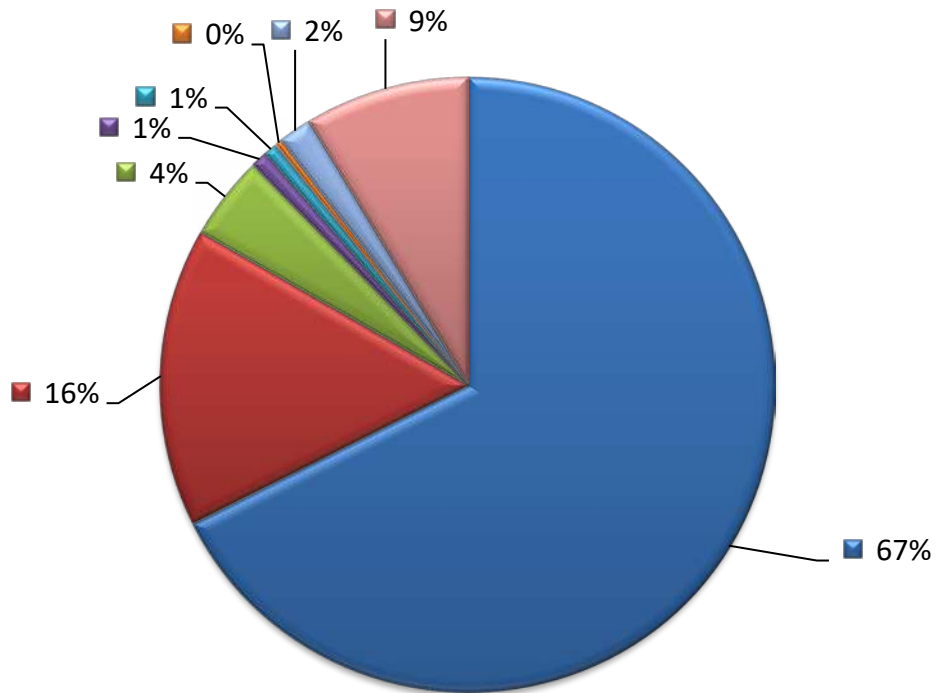
# FY 2021 Budget Request

# School and Institutional Trust Lands Administration

## FY 2021 Appropriation Request

	FY 2019 <u>Appropriation</u>	FY 2019 <u>Actual</u>	FY 2020 <u>Budget</u>	FY 2021 <u>Appropriation Request</u>
<b>Gross Revenue</b>				
Oil & Gas	\$36,000,000	\$34,934,441	\$40,000,000	\$40,000,000
Mining	\$8,565,000	\$6,878,830	\$6,670,000	\$8,750,000
Surface	\$12,835,000	\$16,570,708	\$13,340,000	\$16,705,000
Development	\$17,932,102	\$31,598,032	\$15,661,230	\$16,776,686
<b>Total Gross Revenue</b>	<b>\$75,332,102</b>	<b>\$89,982,010</b>	<b>\$75,671,230</b>	<b>\$82,231,686</b>
<b>Expenses</b>				
<b>Direct Expenses</b>				
Oil & Gas	\$877,700	\$787,004	\$898,500	\$898,500
Mining	\$673,300	\$625,689	\$687,700	\$687,700
Surface	\$2,557,000	\$2,422,918	\$2,676,500	\$2,676,500
Development	\$1,609,900	\$1,329,757	\$1,645,700	\$1,645,700
<b>Total Direct Expenses</b>	<b>\$5,717,900</b>	<b>\$5,165,368</b>	<b>\$5,908,400</b>	<b>\$5,908,400</b>
<b>Allocated Expenses</b>				
Oil & Gas	\$1,166,054	\$1,088,498	\$1,242,656	\$1,242,656
Mining	\$895,067	\$841,961	\$956,686	\$956,686
Surface	\$1,626,858	\$1,550,134	\$1,755,091	\$1,755,091
Development	\$1,590,021	\$1,532,882	\$1,713,867	\$1,713,867
<b>Total Allocated Expenses</b>	<b>\$5,278,000</b>	<b>\$5,013,475</b>	<b>\$5,668,300</b>	<b>\$5,668,300</b>
<b>Total Operating Expense</b>	<b>\$10,995,900</b>	<b>\$10,178,843</b>	<b>\$11,576,700</b>	<b>\$11,576,700</b>
<b>Contribution from Operations</b>	<b>\$64,336,202</b>	<b>\$79,803,167</b>	<b>\$64,094,530</b>	<b>\$70,654,986</b>
<b>Non-Operating Line Items</b>				
Development Capital	\$5,000,000	\$3,145,239	\$9,000,000	\$5,000,000
Land Stewardship	\$1,199,200	\$630,624	\$852,400	\$852,400
<b>Total Non-Operating Expense</b>	<b>\$6,199,200</b>	<b>\$3,775,863</b>	<b>\$9,852,400</b>	<b>\$5,852,400</b>
<b>Total Agency Expenses</b>	<b>\$17,195,100</b>	<b>\$13,954,706</b>	<b>\$21,429,100</b>	<b>\$17,429,100</b>
<b>Net Contribution</b>	<b>\$58,137,002</b>	<b>\$76,027,304</b>	<b>\$54,242,130</b>	<b>\$64,802,586</b>

## FY 2021 Appropriation Request



■ Wages & Benefits

■ Prof. & Tech Services

■ Rental

■ In-State Travel

■ Out-of-State Travel

■ Attorney Fees

■ DP Equip.

■ Other Oper. Exp.

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# Proposed Multi- Beneficiary Policy:

2019-01



## MEMORANDUM

TO: Board of Trustees, School and Institutional Trust Lands Administration  
FROM: Tim Donaldson, Assistant Director, Exchanges & Special Projects  
RE: **Proposed Board Policy 2019-01**  
**Multi-Beneficiary Real Estate Development Projects and Related Rights**  
Date: August 14, 2019

### **Background**

The Real Estate Committee has reviewed and recommended the board adopt the attached policy regarding management of projects and assets that involve multiple beneficiaries. The proposed policy aims to allow the agency a process to ensure that each respective beneficiary has their projects and assets managed in an appropriate manner, and to ensure that projects and assets are managed as a whole and with an economic focus that is unhindered by concerns about which beneficiary owns which portion of a project or asset.

*The Board of Trustees  
Of the  
School and Institutional Trust Lands Administration*

**New Policy**

*Policy Statement No. 2019-01*

*Subject: Multi-Beneficiary Real Estate Development Projects and Related Rights*

*The Board of Trustees (the “Board”) of the School and Institutional Trust Lands Administration (the “Administration”) met in open, public session on 14 August 2019, and by majority vote declares the following to be an official policy of the Board regarding real estate development and related rights in multi-beneficiary projects:*

- The Administration, as trustee by statutory delegation from the State of Utah, manages various surface acres of real property within the State of Utah for various beneficiaries designated by Congress in 1894 (the “Beneficiaries”).
- From time to time, the Administration may engage in singular or related transactions involving properties beneficially owned, or to-be-owned, by more than one Beneficiary (each a “Multi-Beneficiary Project”), including, without limitation the following scenarios:
  - Properties managed by the Administration, as trustee, owned beneficially by more than one Beneficiary in varying undivided percentages;
  - Combination of adjacent and/or adjoining lands beneficially owned by separate Beneficiaries trusts into a singular real estate development project; and
  - Acquisition by the Administration, as trustee, of real property or other real estate related property rights (e.g. easements, water rights, density rights and/or development rights, hereinafter “RE Related Rights”).

The Board hereby establishes the following policies relating to Multi-Beneficiary Projects:

**General Considerations:**

The Administration shall impartially consider each impacted Beneficiary’s interest in evaluating a Multi-Beneficiary Project.

**Multi-Beneficiary Projects – Real Estate Development Projects:**

- If the Administration identifies a sale, development, lease or other real estate disposition agreement involving a Multi-Beneficiary Project, the Administration shall propose to the Board, going first through the Real Estate Committee, a Project Ownership Table for the Multi-Beneficiary Project determined using a valuation-based pooling of properties.
- After board approval of a Project Ownership Table, the Administration will manage the applicable project as a single project and allocate all costs, expenses, liabilities, revenues, rights and benefits consistent with the Project Ownership Table, without retroactive adjustment for later-revealed facts or changed circumstances.

### **Multi-Beneficiary Projects – Acquisition of RE Related Rights:**

- If the Administration acquires a RE Related Right and has not specifically identified a specific property or project to which such RE Related Right will be applied, beneficial ownership shall be allocated pro-rata among all Beneficiaries of the trust based on percentage ownership of surface lands owned by each Beneficiary on the date of acquisition.
- When a RE related right is attached to a specific project, the Beneficiaries owning such project or property shall compensate the Beneficiaries of the unspecified RE Related Right pro-rata for such disproportionate use of the unspecified RE Related Right as if such Beneficiaries were purchasing such unspecified RE Related Right at the fair market value of the portion of the unspecified RE Related Right (determined on the date of such property or project identification by the Administration).
- If the Administration acquires a RE Related Right and at the time of acquisition of such RE Related Right the Administration has specifically identified a property or project beneficially owned by Beneficiary or Beneficiaries to which such RE Related Right will be applied (each a “Specified RE Related Right”), beneficial ownership of such RE Related Right shall be held by such identified Beneficiary or Beneficiaries with costs and expense of acquisition accounted for accordingly.
- Example (for illustrative purposes only): If the Administration determines it is in the best interest of the Beneficiaries to acquire water rights and at the time the Administration acquires such water rights, the Administration has not designated a property or project to apply such water rights, such water rights will be acquired by the Administration for all Beneficiaries of the trust and will be designated unspecified RE Related Rights. The beneficial ownership and acquisition costs of such water rights shall be allocated among the trust Beneficiaries pro-rata based on their respective trust surface beneficial ownership relative to the total trust surface ownership on the date of the acquisition of such water rights. The beneficial ownership and acquisition costs of the water rights would be allocated as follows assuming the surface acres set forth in the table below on the date of acquisition of the water rights:

Beneficiary	Surface Acres Beneficially Owned	% of Water Rights Beneficially Owned & Acquisition Costs
Public Schools	3,265,000	96.811%
Reservoirs	41,200	1.2216%
Utah State University	27,600	0.81837%
University of Utah	16,200	0.48035%
School of Mines	7,300	0.21645%
Miners Hospital	5,300	0.15715%
Institution for the Deaf	4,800	0.14232%
Normal Schools	4,700	0.13936%
Institution for the Blind	450	0.01334%
Public Buildings	0	0.00%
Utah State Hospital	0	0.00%
Total	3,372,550	100.00%

If, after acquisition of the water rights, the Administration designates a property beneficially owned 100% by the Public Schools Beneficiary to use all of the water rights, the Public Schools Beneficiary will pay the remaining beneficiaries their pro-rata share set forth in the table above of the fair market value of the water rights on the date of such designation to the project by the Administration.

BY THE BOARD:

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Lonnie M. Bullard, Chairman

Dated: August 14, 2019



8d

# Beneficiary Allocation: Cross Hollow

## MEMORANDUM

TO: Board of Trustees, School and Institutional  
Trust Lands Administration (“SITLA”)

FUNDS: Miners Hospital  
Schools  
School of Mines

FROM: Elise Erler, Planning & Development Group

RE: Cross Hollow Project - Cedar City  
Beneficiary Allocation

DATE: July 23, 2019

### **Action Requested**

The Real Estate Committee reviewed the proposed beneficiary allocation for the Cross Hollow Project on July 18, 2019, and recommends the Board approve the proposed allocation of Alternative 2 (Developable Land Value).

### **Multi-Beneficiary Project**

The Cross Hollow Project (“Project”) has multiple beneficiaries (see Exhibit A). SITLA assembled adjacent parcels, managed for different beneficiaries, which are logical to develop together in one project. SITLA anticipates that Development Team LLC (“Developer”) will fund all of the Project’s capital requirements and the beneficiaries will not need to provide any capital. The Project is moving quickly through the Cedar City approval process and it is anticipated to start construction by early autumn. Prior to the Project’s first sale, SITLA must determine the Project’s beneficiary allocation. To properly allocate the Project’s proceeds to each beneficiary, SITLA needs to use a fair and sensible process to identify the equitable allocation between the beneficiaries.

### **Alternatives**

This memo discusses three alternatives and recommends one for the beneficiary allocation.

1. **Acreage** – SITLA has historically determined beneficiary allocation based on the quantity of acres held by each beneficiary in a project:

Beneficiary	Miners Hospital	Schools	School of Mines	TOTAL
Acres	10.0	312.3	1,128.2	1,450.5
% of Total	0.69%	21.53%	77.78%	100%

This allocation method assumes that all surface acres are the same that typically would be developable. The Project’s terrain is hilly with portions of steep, undevelopable land mixed in with significant areas that are developable. Therefore, this alternative does not provide a fair allocation between the beneficiaries.

2. **Developable Land Value** – The Project contains sizeable areas of developable land intermixed with undevelopable areas that have slopes steeper than 25 percent. The developable lands have substantially more value than the Project’s undevelopable lands.

A local appraiser<sup>1</sup> estimated the current value of residential developable land in Cedar City is \$15,000-17,000/acre with \$17,000/acre used in this analysis. SITLA and the Developer agreed to undevelopable lands values in the development lease (DEVL 1169) of \$1,000/acre for Phases 1-2 and \$1,250/acre for Phases 4-17 (Phase 3 is not on SITLA).

Beneficiary	Miners Hospital	Schools	School of Mines	TOTAL
Developable (acres)	9.8	258.0	865.0	1,132.8
Undevelopable Ph 1-2 (acres)	0.2	18.7	20.3	39.2
Undevelopable Ph 4-17(acres)	0	35.6	242.9	278.5
Total (acres)	10.0	312.3	1,128.2	1,450.5
Developable Value (\$ M)	\$0.167M	\$4.386M	\$14.705M	\$19.258M
Undevelopable Value Ph 1-2	\$0.0002M	\$0.019M	\$0.020M	\$0.0392M
Undevelopable Value Ph 4-17	\$0	\$0.044M	\$0.304M	\$0.348M
Total Value (\$ M rounded)	\$0.167M	\$4.449M	\$15.029M	\$19.653M
% of Total Value	0.85%	22.65%	76.50%	100%

This allocation method assumes that all developable acres are similar and suitable for residential uses. Therefore, this alternative provides a fair and reasonable allocation between the beneficiaries.

3. **Commercial Land Value** – Portions of the Project's developable lands, discussed above in Alternative 2, could have commercial uses. Commercial lands in Cedar City are more valuable than residential property. The local appraiser estimated the current value of undeveloped commercial in Cedar City is \$1/square foot (equivalent to \$43,560/acre) with a rounded figure of \$45,000/acre used in this analysis. The undevelopable and residential developable values are the same as those in Alternative 2.

Beneficiary	Miners Hospital	Schools	School of Mines	TOTAL
Residential (acres)	9.8	228.3	816.4	1,132.8
Commercial (acres)	0	29.7	48.6	78.3
Undevelopable Ph 1-2 (acres)	0.2	18.7	20.3	39.2
Undevelopable Ph 4-17(acres)	0	35.6	242.9	278.5
Total (acres)	10.0	312.3	1,128.2	1,450.5
Residential Value (\$ M rounded)	\$0.167M	\$3.881M	\$13.878M	\$17.935M
Commercial Value	\$0M	\$1.337M	\$2.187M	\$3.524M
Undevelopable Value Ph 1-2	\$0.0002M	\$0.019M	\$0.020M	\$0.0392M
Undevelopable Value Ph 4-17	\$0	\$0.044M	\$0.304M	\$0.348M
Total Value (\$ M rounded)	\$0.167M	\$4.449M	\$15.029M	\$19.653M
% of Total Value	0.77%	24.18%	75.05%	100%

This allocation assumes that all commercial acres shown in the Developer's conceptual land-use plan are viable. At the Project's beginning, that assumption is speculative since commercial land develops slowly in Cedar City. Therefore, this alternative provides an uncertain and speculative allocation between the beneficiaries.

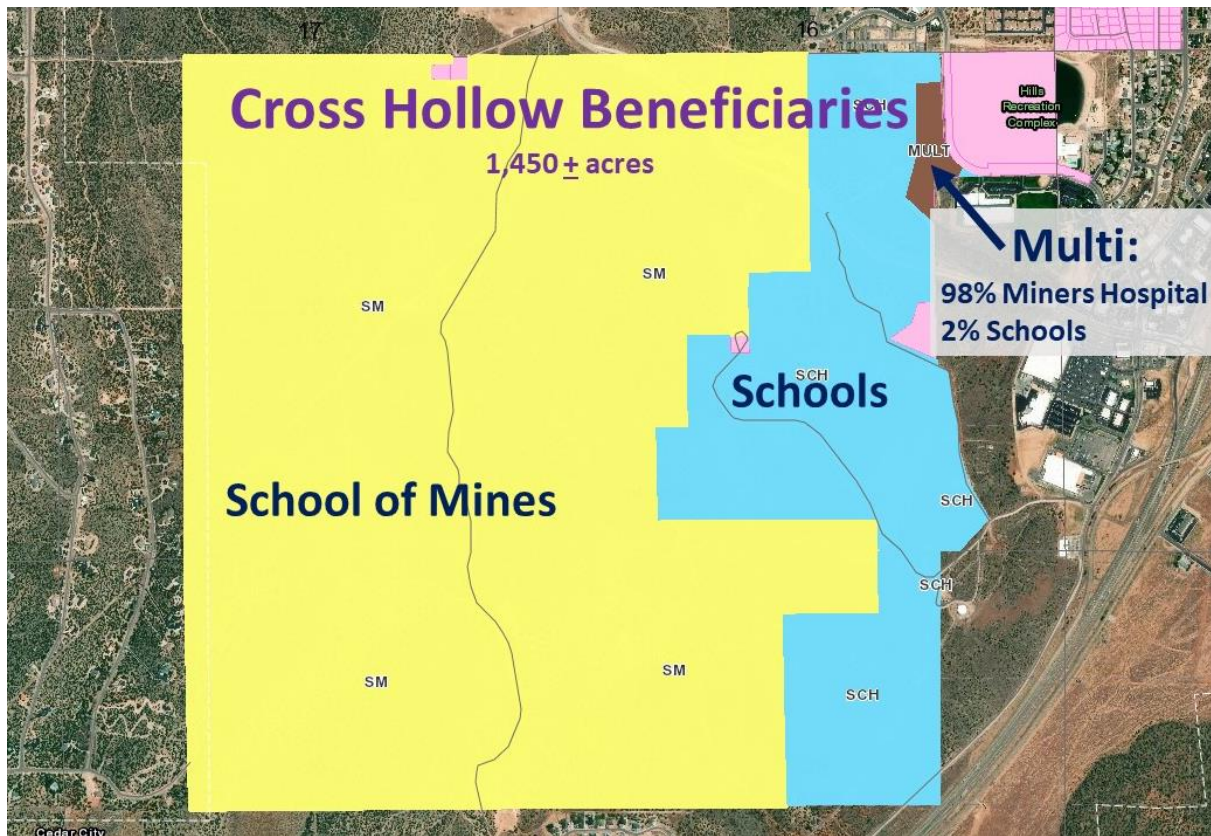
<sup>1</sup> Telephone conversations with an independent Cedar City-based appraiser, Cody Hymas, in early July 2019. While with Morley & McConkie, Hymas appraised the Cove Drive parcel that SITLA acquired in a 2018 land exchange with Cedar City and that is now part of the Project.

## **Recommendation**

The Real Estate Committee reviewed the three alternatives and recommends Board approval for Alternative 2 (Developable Land Value). This alternative best reflects the unique terrain characteristics of each beneficiary's developable land within the Project without speculating about the Project's potential for commercial development.

## **Exhibit A**

### **Beneficiary Ownership**



8e

Proposed Lease  
Amendment:  
Hidden Valley



# Memorandum

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

**FROM:** Kyle Pasley, Deputy Assistant Director, P&DG Utah South

**DATE:** July 22, 2019

**RE:** *Proposed Development Lease Amendment – Hidden Valley (DEVL 754)*

**BENEFICIARY:** Schools

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## **Purpose of Memorandum**

The purpose of this memorandum is to define terms for a contract amendment to the Hidden Valley development lease (DEVL 754).

## **Background**

Hidden Valley is approximately 360 acres of land located in St. George, Utah. The original development lease for the parcel was entered into in May of 2006 with first homes closing in late 2007. During the economic downturn of 2008-2011 Ivory struggled for momentum under the existing lease structure and modifications to the lease were enacted in 2009. Since then Ivory has achieved some modest gains and the project now stands at a little less than 1/3 complete in terms of land mass and densities. Original densities approved through municipal entitlements were for 1,072 units.

To date Ivory has closed 315 total unit, in addition to large expenditures for backbone infrastructure and city and HOA amenities. In aggregate DEVL 754 has earned SITLA \$9,908,671 as of the end of calendar year 2018.

Even with the upturn and good economy in the St. George market velocity for Hidden Valley has been slow compared to other SITLA projects in the area such as Little Valley, South Hills and Fossil Hills. Ivory has stated that there is an abundance of problematic soils (expansive clay and rock) in the remainder of the development that will make profitability and hence velocity difficult to maintain. Ivory has stated that they have taken all reasonable efforts to market this project and increase sales. To this end SITLA staff reviewed the Ivory development costs and initiated a third party engineering study to verify the viability of the remainder of the Hidden Valley parcel.

After thorough investigation it was determined that the remainder of the parcel did indeed have a large amount of problematic soils that would hinder developability of the remainder of the parcel from a positive economic standpoint. Therefore SITLA and Ivory have negotiated changes to the terms of the development lease now presented for board approval

## **Proposed Revised Terms**

The current terms of the lease call for a revenue share model on final construction of homes. Revenue share to SITLA currently is between 10-12%. It is contemplated that Ivory and SITLA would split any profit margin above 5% 50/50. There has been no profit sharing from this lease since the last modification in 2009.

To help in acceleration of money to SITLA and to help in acceleration of sales the following lease modifications are proposed:

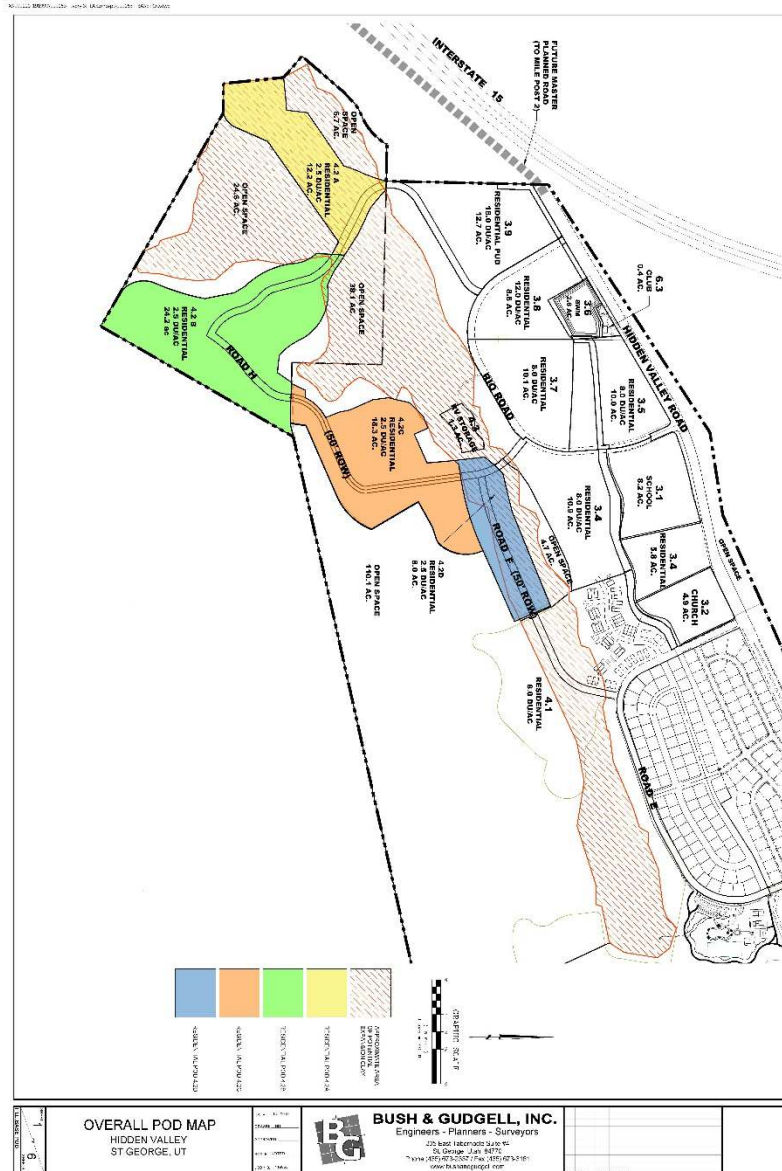
- Current delayed revenue sharing will be discontinued for an upfront cash per acre model.
- SITLA will be paid \$90,000 per developable acre moving forward. Developable acreage is identified as those parcels called out in the "Overlay Pod Map" dated July 2019 produced by Bush and Gudgeon (Exhibit A). The parcels listed include parcels 3.4,3.1,3.5, 3.6,3.7,3.8,3.9, 4.1,4.2A, 4.2B, 4.2C, 4.2D, 4.3. Total remaining Developable Acreage is 141.1 acres +/- . Acreage will be determined by plat at time of development.
- SITLA will be paid \$3,000 per non developable acre or open space. This connotes those spaces identified as large contiguous spaces within the lease and not called out as common space, roadways or amenity lands. Total remaining Open Space acreage according to exhibit is 184.1 acres +/- .
- All lands will have a 3% per annum escalator on price attributable at the anniversary of the newly amended agreement.
- Ivory must take down a minimum of 10 developable acres per year and each take down must be a minimum of 5 acres unless agreed to in writing by SITLA.
- Each takedown of developable acreage must be accompanied by a pro rata share of open space based on current acreages i.e. 1 acre open space for every .76 acre of developable property.
- Profit sharing will be kept "as is" in the current document.
- In the event that current listed developable property is found to have unforeseen extraordinary factors that make it undevelopable those parcels will be considered and valued as undevelopable under the proposed guidelines.
- In the event that current listed undevelopable property is found be developable those parcels will be considered and valued as developable under the proposed guidelines.
- If there are found to be extraordinary factors that will affect the developability of a current developable parcel, Ivory and SITLA staff will meet to seek a reasonable discount of value based on research and study validated and confirmed by an engineer hired by SITLA. Nevertheless only factors of a geologic nature will be considered for such action.
- Provisions of this amendment will be applied to any parcel under current development based on remaining acreage at time of signing.

### **Intended Action**

Staff will re-draft the development lease according to the terms outlined above.

The Real Estate sub-committee reviewed this transaction in the meeting held July 18, 2019 and recommends approval to the full Board of Trustees.

## Exhibit A



8f

Proposed Extension of  
Option:

Desert Color

# Memorandum

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

**FROM:** Kyle Pasley, Deputy Assistant Director, P&DG Utah South

**DATE:** July 22, 2019

**RE:** *Proposed Extension of Option for Desert Color (DEVL 1100)*

**BENEFICIARY:** Schools

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## **Purpose of Memorandum**

The purpose of this memorandum is to provide notice of a limited extension of option for the Desert Color agreement (DEVL 1100).

## **Background**

Desert Color (DEVL 1100) is a large, master planned community in St. George, Utah that is being pursued under a development lease structure that encompasses a wide variety of product types. The development encompasses single family residential, multi-family residential, commercial, resort and a wide variety of recreational amenities. At full build out the project should approach approximately 7,600 residential units as well as several hundred thousand square feet of retail and commercial space.

The development area is split into three distinct areas of development as seen in Exhibit A. The initial phase of development is in the South Area which is located east of I-15 and bounded by the Southern Parkway and the Arizona Border. Additional areas are the North parcel which is located generally northwest of the Southern Parkway and south of Hidden Valley and the West Parcel which lies north of the Southern Parkway and west of River Road. Development has commenced in the South area where all initial efforts are now being concentrated. The North and West parcels are available by option and are not available until certain development milestones are achieved in the proceeding parcels. These milestones include completion of major infrastructure improvements such as bridges, regional roads and major backbone infrastructure as well as substantial completion of the regional sports facilities. The entire community is also subject to a set of design guidelines to ensure uniformity of quality and theme thereby enhancing the value proposition of the entire project. Desert Color has begun work and made significant progress on these milestones to date.

In the interim Desert Color and SITLA have been approached by the Washington County School District (WCSD) and Dixie State University (DSU) with offers to purchase land in the West Option Parcel off of River road.

WCSD wishes to purchase approximately 28 acres to build a vocational magnet high school for the district. Its proximity to I-15 and the Southern Parkway make it ideal to bring students from all



area high schools. The new high school will look to graduate students with a concurrent high school diploma and vocational certificates and/or associates degrees.

DSU wishes to secure an approximate 128 acre location for a campus extension for the purpose of having an area to put graduate programs and their innovation campus, among other uses.

### **Proposed Revised Terms**

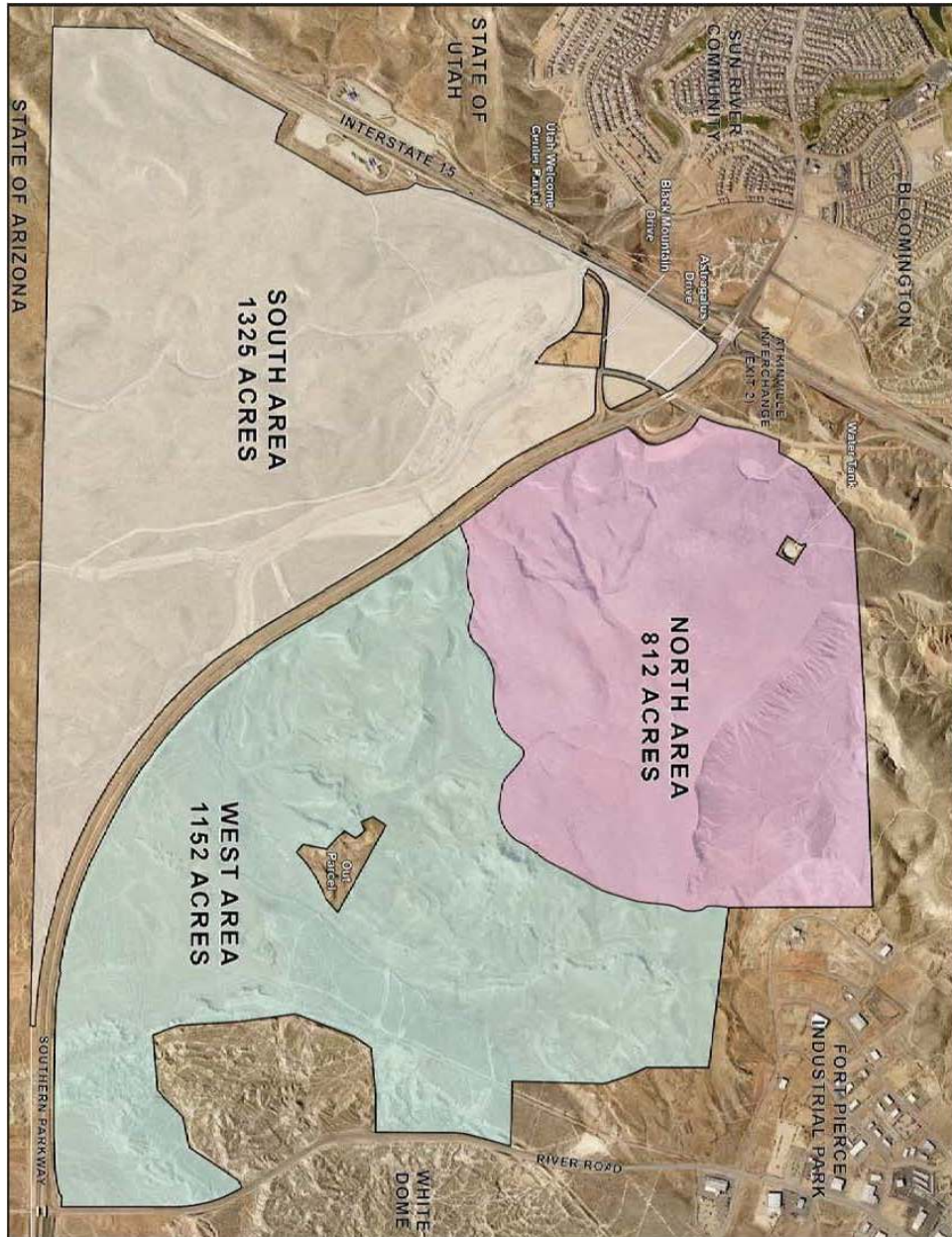
It is proposed to bring both parcels (generally depicted in Exhibit B as parcels #1 and #2) into the Desert Color agreement by annexation for the purpose of disposing of the property. The purpose of doing so is to have each parcel incorporated into the master plan and subjected to all rules and regulations that entails. Additionally it will provide an avenue for Desert Color to install and coordinate all of the needed infrastructure for the future development of these parcels.

### **Intended Action**

It is intended for the Desert Color agreement to be modified to annex the needed property into the main agreement and remove, just those portions necessary to enact the sales to each respective institution. Once these parcels are part of the agreement they will be disposed of, at full market value, under the terms of the current agreement with Desert Color. The remaining acreage in both option parcels will then be under the original requirements of DEVL 1100 to enact any further releases.

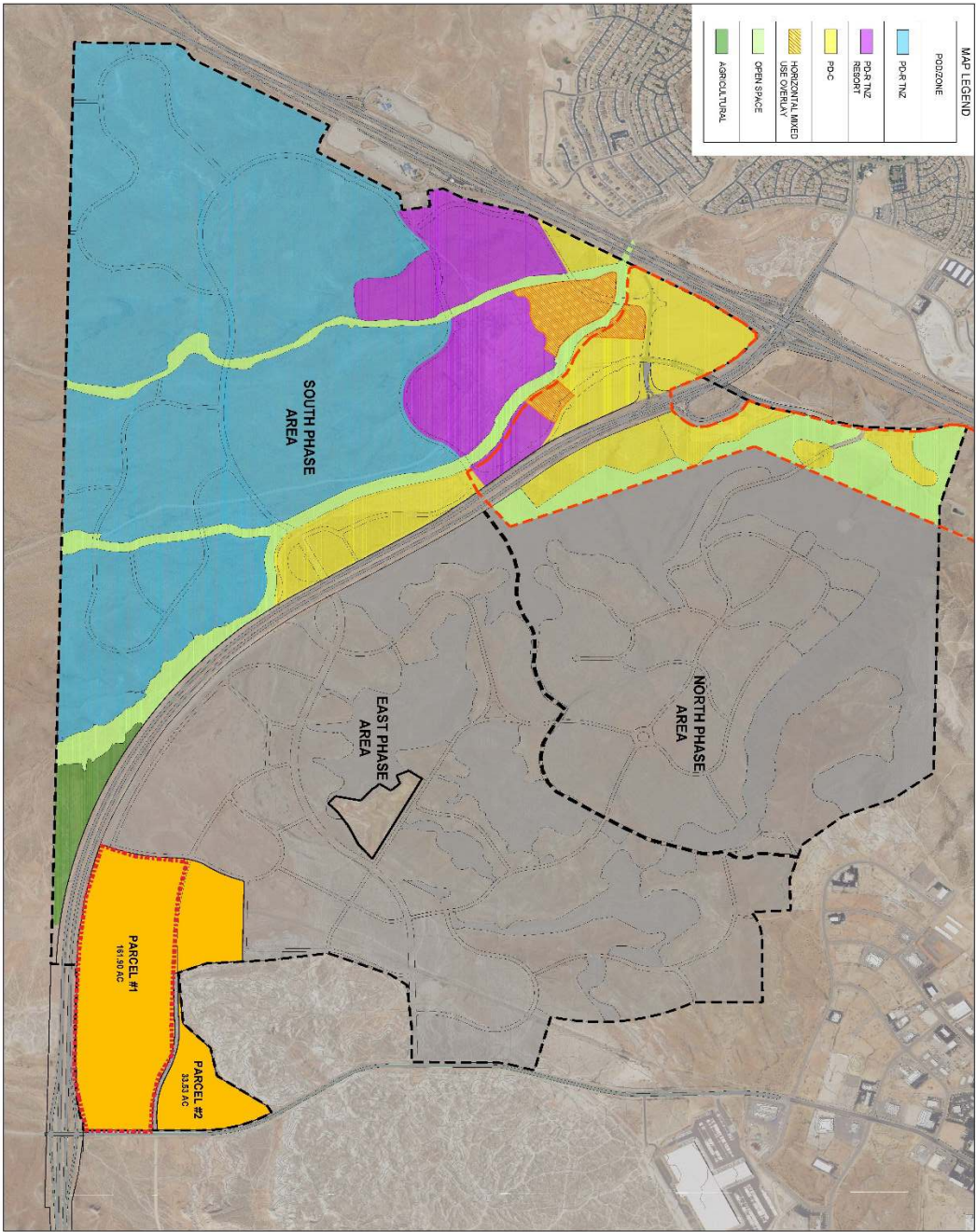
The Real Estate Sub Committee reviewed this transaction in their board meeting of July 18 and recommends approval to the full Board of Trustees.

## Exhibit A



**Exhibit B**

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8g

# Request to Enter into Development Agreement: Green Springs

# Memorandum

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

**FROM:** Aaron Langston, Project Manager, P&DG Utah South

**DATE:** July 23, 2019

**RE:** *Request to enter into development agreement – Greens Springs MHD5 block*

**BENEFICIARY:** Schools

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## Background

The Green Springs block has been master planned, but not formally adopted by the City through the normal City process. That said, SITLA worked closely with the City in planning the utilities and roads, and SITLA provided copies of its development concept plans so that ongoing and future infrastructure needs can be planned in accordance with these plans. In addition, the development community at large is aware of these development lands and have expressed increased interest in being able to develop this crown jewel of Washington County.

Staff has maintained its position that it wants to keep the larger Green Springs block in the freezer, so to speak, until our nearby developments of Coral Canyon and Sienna Hills have matured a little more. However, with continued heated interest in the larger block, Staff thought it would be instructive to advertise a small (28.41 +/- acre) portion of the larger block – a portion that is immediately adjacent to Brio, on the south side of the future Washington Parkway, and otherwise separate from the main Green Springs block. Not surprisingly, Staff received five competitive, attractive responses to the well-advertised RFP.

Prior to our releasing this block for an RFP, City staff requested a 5.86 acre easement for a debris basin on the south end of the 28.41 acre parcel to help eliminate historical flooding along Main Street. In response, Staff requested to change the proposed Medium Housing Density to a PUD zone, allowing us to spread the densities where the debris basin would be to other locations within the parcel. The City supported the PUD zone with 312 total units (granting 11 units per gross acre, 13.8 per net), so Staff issued the proposed debris basin easement to the City, leaving 22.55 net acres for development.

## Offer Summaries

Of the five responses received from the RFP, one was for an immediate cash offer, one was for a cash offer in take downs spread across several years, two proposed attractive partnerships on multi housing developments that could take up to seven years to complete, and one proposed a partnership on low density single family homes. After a thorough vetting of Staff and the Real Estate Committee, the one from Might Five Development, LLC promised the highest return to the Trust. The details of their proposal follows.



### **Mighty Five Development, LLC**

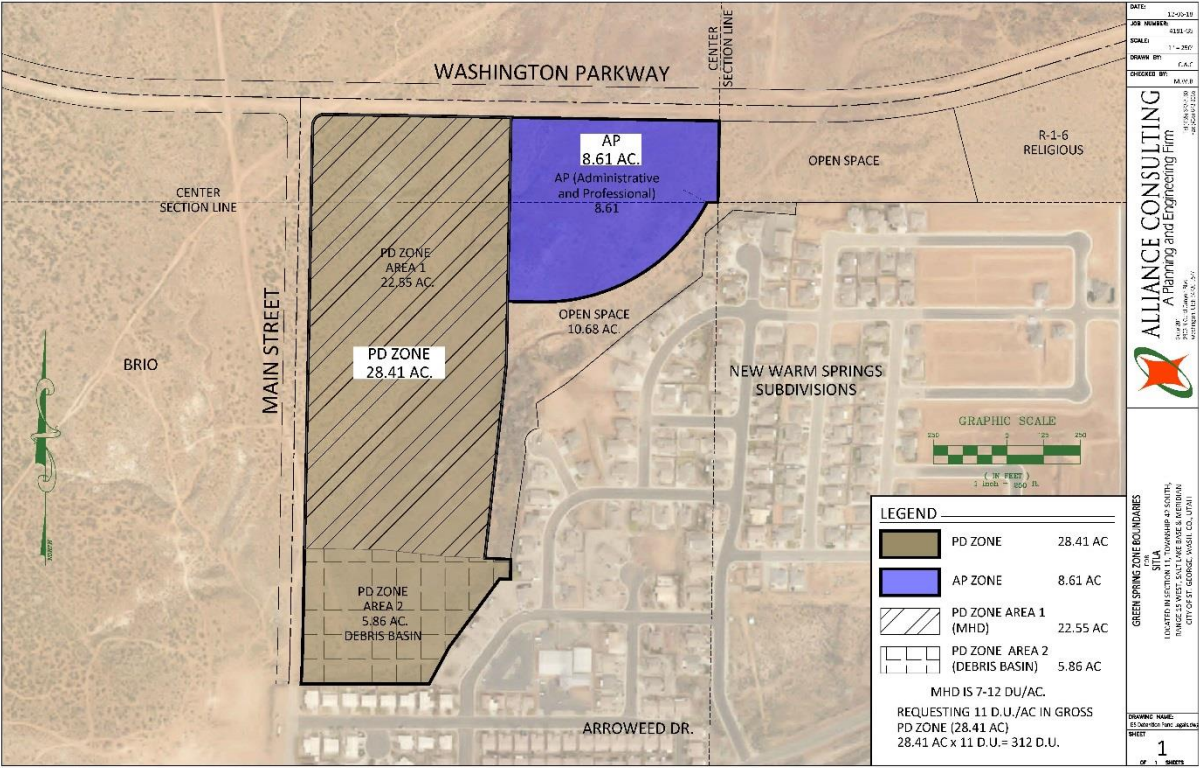
Mighty Five Development is an LLC formed by local developer Troy Belliston, and Scott Acton and Scott Bulloch of Las Vegas based Forte Design. Their proposal is to pay the Trust \$3.9 million in a lump sum cash payment for all but about 4.5 acres of the 28.41 acre parcel. They anticipate building a 312 unit apartment complex on the lands acquired from the Trust; in addition, they intend to amend the zoning on the remaining 4.5 acre parcel to allow a commercial component (at the intersection of Washington Parkway and Main Street). The profits from the sale of the commercial development will be split 50/50 with the Trust. The projected value to the Trust of the commercial portion is \$875,000. In the event the City denies the proposed zone change, Mighty Five is to pay the Trust \$312,000 in order to ensure the appraised value of \$4.2 million is met.

Mighty Five Development will begin the zone change process upon acceptance of their offer by the Board of Trustees. If the zone change is approved, Staff anticipates seeing the return sometime after year five. If the change is not approved, the Trust is to receive the \$312,000 immediately.

### **Recommendation**

Staff feels the immediate cash offer has the least risk and has the highest probable gross revenue for the Trust. Based on conversations with Belliston, and because of his relationship with a well-capitalized group out of Las Vegas, Staff is confident the Trust will receive the compensation as outlined in the Mighty Five Development offer and as such recommends accepting that offer.

# **Exhibit A** **Zoning map of the 28.41 acre Subject Parcel**



# **Exhibit B** **Green Springs master plan**

