

The Board of Trustees

of the

School and Institutional Trust Lands Administration

X New Policy Amends Policy No. Repeals Policy No.

Policy Statement No. 2005-08 Subject: Lease Reviews

The Board of Trustees of the School and Institutional Trust Lands Administration met in open, public session on December 8, 2005, and by majority vote declares the following to be an official policy of the Board:

Lease reviews conducted by the Administration will be timely and follow the requirements of R850-30-400 - Lease Rates. Documentation of the Administration's determination of "Fair-Market Value" will be placed in the file and referenced in the Director's Minutes approving the lease review.

The Administration will normally base rental adjustments on increases in land value as ascertained through appraisals, unless using an index will result in greater revenue after considering administrative costs. All leases with terms longer than 10 years will be reviewed at least once in each subsequent 10-year period using an appraisal, unless it can be demonstrated that the administrative cost would be prohibitive.

The Administration may, under certain circumstances, allow for annual rentals which are less than the amount which would be charged based on the current fair-market value of the leased property. In order for this situation to be allowed, the lessee would be required to amend the lease to allow for a "Termination Clause" which could be used by the Administration to terminate the lease prior to its expiration date if an opportunity to use the leased premises for the highest-and-best use should arise.