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


Policy Statement No. 2007-06 Subject: Compensation Policy

The Board of Trustees of the School and Institutional Land Trust Administration met in open public session on October 19, 2007, and by majority vote declares the following to be an official policy of the Board:

1. SITLA was created by the Utah legislature in 1994 as an independent organization to manage Utah’s trust lands in a manner modeled after private enterprise.

2. The legislature directed that each member of the SITLA Board possess outstanding professional qualifications pertinent to the purposes and activities of the trust, with expertise to include real estate, business, finance, and asset management. Utah Code Ann. § 53C-1-302(6). The Board is composed of members with expertise to determine appropriate base and bonus compensation levels for SITLA executives.

3. The legislature specifically required that the Board consider private and public industry compensation practice. Utah Code Ann. § 53C-1-201(3)(d)(iv). The legislature further authorized the Board to create an annual incentive and bonus plan based upon the attainment of financial performance goals and other measurable criteria defined and budgeted in advance by the Board. Utah Code Ann. § 53C-1-201(3)(d)(v).

4. On a continuum of private versus public pay, SITLA executive and employee compensation should be determined by using a combination of executive comparables including: a) similar revenue-generating public agencies; b) other quasi-public organizations in Utah; and c) the Board of Trustees’ judgment, based on each trustee’s own relative experiences in their respective industries.

5. Qualitative and quantitative annual and long-term goals and objectives are necessary to balance the agency mandate of optimizing revenue combined with thoughtful stewardship of trust lands.
6. Merit pay and incentive compensation are a central tenet of compensation practices in the public sector and in private industry in America. This tenet was specifically authorized by the legislation that created SITLA, and Board management of both elements of compensation is an appropriate stimulus to steer agency activities toward revenue and stewardship goals.

7. Bonuses for SITLA executives will be awarded for “value-added” production and “completion” of goals and objectives and not for external macro market forces that can also drive revenue. Strategic positioning of assets that take advantage of market forces are considered “value added”.

8. The Board of Trustees believes that a dynamic executive compensation program is in the best interests of the trust beneficiaries.