

The Board of Trustees

of the

School and Institutional Trust lands Administration

New Policy Amends Policy No. _____ Repeals Policy No. _____

Policy No. 2010-03

Subject: Planning & Development
Group Development Policy

The Board of Trustees of the School and Institutional Trust Lands Administration met in open, public session on September 9, 2010. and by majority vote declared the following to be an official policy of the Board:

All of the activities of the Planning and Development Group (P&DG) are rationalized only by the "transaction", defined as the monetization of land assets.

From time to time, it is prudent, even at times compelling, for the purposes of staging a property for sale and/or expanding a market for a property that certain improvements are undertaken for a parcel or even a "block" of land; i.e., access and infrastructure improvements that make a residential parcel marketable to developers/builders who otherwise would not have access on an individual basis to the capital needed to bring a larger parcel of raw lands to the market as residential lots. Such an improvement plan is undertaken only on the basis of a reasonable assurance as determined by the Board of Trustees that such improvements will create significantly higher land values (after recovering the cost of the improvements) than would have been realized without the improvements.

It may be the case that similar or related improvements on adjoining parcels or publically funded road and infrastructure work that creates an opportunity of piggy-backing a large project at significant cost savings will make it expedient and prudent to complete improvements as described herein well ahead, even years ahead, of the anticipated marketing of a parcel. In such a circumstance, the value added by proposed improvement costs will be assessed on a basis including the time value of the improvement expenditures.

For these same reasons, other expenditures which are necessary to protect the value and ensure the marketability of land assets may be approved on a case-by-case basis by the Board of Trustees.

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The P&DG is not engaged in speculative development and will not undertake any improvements which create a risk of substantial loss due to market conditions and timing of the sale of an asset.

The only rationalization for any improvement expenditure is to ensure the highest value possible be derived from the sale of land assets while mitigating and minimizing market risk, thereby delivering to the permanent fund the maximum proceeds that can be reasonably derived from each sale under this policy.

The Board of Trustees acknowledges the unique nature of every land sale transaction and will review each proposed plan for proposed development expenditures on the basis of the unique attributes of the subject parcel and the prevailing conditions of the market.

Dated this 9th day of September, 2010.

BY THE BOARD:

MICHAEL R. BROWN, CHAIRMAN