

*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; or
  - 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 interests in evaluating a Multi-Beneficiary Project.
- On a case by case basis, the Administration may propose to the Board, going first through the Real Estate Committee, a valuation-based pooling of acreage in a Multi-Beneficiary Project among the trust Beneficiaries into a Project Ownership Table.
- 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 unless the board, in its sole discretion, revises the Project Ownership Table due to unforeseen and extraordinary events or conditions.

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

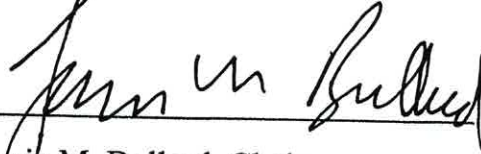
- If the Administration acquires a RE Related Right and has not specifically identified a specific property or project to which such RE Related Right will be applied, beneficial ownership shall be allocated pro-rata among all Beneficiaries of the trust based on percentage ownership of surface lands owned by each Beneficiary on the date of acquisition.
- When a RE related right is designated by the Administration for use on 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 project designation.
- 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