

Board of Trustees Meeting Agenda

Thursday, October 15, 2020

9:00 a.m.

Notice regarding special restrictions for this electronic meeting

In light of federal, state and local COVID-19 guidelines, and consistent with the Board chairperson's written determination dated October 1, 2020, this Board of Trustees meeting will be held via electronic means only. No anchor location will be used, and members of the public will not be allowed to attend this meeting in person. The Board chairperson's October 1, 2020 determination concerning the conduct of the October 15, 2020 meeting included the following:

Facts upon which the written determination is based:

Federal, State, and local authorities have recommended that individuals limit public gatherings and that individuals experiencing symptoms of COVID-19 self-isolate to prevent and control the continuing spread of COVID-19.

The public monitoring and participation requirements in the Open and Public Meetings Act, Utah Code Section 52-4-101 et seq. will gather interested persons, members of the public, and members of a public body in a single, confined location where the risks of further spreading COVID-19 are far greater.

The anchor location requirements applicable to electronic meetings will likewise cause individuals to gather in a single, confined location, increasing the risk of spreading COVID-19.

Determination concerning conduct of September Board meeting:

In light of the facts referenced above, conducting the October 15, 2020 meeting with an anchor location presents a substantial risk to the health and safety of those who may be present at the anchor location.

The Board, consistent with its recent practice under Utah Executive Order 2020-5, will therefore hold an electronic meeting without an anchor location, and will provide an electronic means by which the public may hear the open portions of the meeting, as well as an electronic means by which members of the public may provide comment to the Board.

This meeting will be conducted via Zoom. Interested parties, including members of the public or representatives of county governments or Utah Tribes, may attend the meeting through the following registration link: https://zoom.us/webinar/register/WN_HTPwkYt5Q4y-7UCR3iFnYg. We recommend registering by 9:50 a.m. to avoid missing the beginning of the meeting. Those wishing to provide public comment will be asked at the beginning of the period designated for such comment to use the "raise hand" feature at the bottom of the screen within the Zoom meeting so you may be called upon to provide comment. Please call Lisa Jones at 801-538-5110 or email lsjones@utah.gov any time before 8:00 a.m. on October 15, 2020 with any questions.

1. Welcome
2. Approval of Minutes
September 10, 2020
3. Confirmation of Upcoming Meeting Dates
November 19, 2020 Regular Meeting
January 21, 2021 Regular Meeting
February 18, 2021 Regular Meeting
4. SITLA Funds in the Schools by Deena Loyola, Public Relations Officer
5. Public Comments

SITLA welcomes comments from the public. The Board sets aside 15 minutes at each Board meeting to hear from anyone wishing to speak. Each presenter is allowed one opportunity and has up to three (3) minutes for remarks. Any member of the public who desires to make a comment shall use the "raise hand" feature during the Zoom meeting. The public comment segment of the Board meeting is not the time for a question and answer discussion. SITLA staff are available for dialogue outside of Board meetings.

6. Chair's Report
7. Advocate Report by Paula Plant, Acting Director, Land Trusts Protection/Advocacy Office
8. Notification & Discussion Items

Notification items do not require Board action and are only informational. Staff is prepared to discuss any of the items if a member of the Board requests it.

- a. Notice of Minor Development Transaction – Sale of 213 +/- Acre Parcel Currently Known as the Coral Canyon Golf Course
 - - - Aaron Langston, Deputy Assistant Director, Planning & Development – Utah South
 - - - Kyle Pasley, Assistant Director, Planning & Development
- b. Notice of Minor Development Transaction—Sale of 1.29 Acre Parcel in Big Water
 - - - Aaron Langston, Deputy Assistant Director, Planning & Development – Utah South
 - - - Kyle Pasley, Assistant Director, Planning & Development
- c. Notice of Minor Development Transaction—Sale of 2.14 Acre Parcel in Big Water
 - - - Aaron Langston, Deputy Assistant Director, Planning & Development – Utah South
 - - - Kyle Pasley, Assistant Director, Planning & Development

9. Director's Report

- a. Brief update on Utah Test and Training Range land exchange progress.

10. Board Action Items

- a. Proposal to Vacate Board Policy Nos. 2007-05 and 2011-01
- - - Mike Johnson, Chief Legal Counsel
- b. Ratification of Settlement Agreement Concerning Open Meeting Act Lawsuits
- - - Mike Johnson, Chief Legal Counsel

11. Closed Session

Pursuant to Utah Code §53C-1-201(8a)(i), the Board will conduct a strategy session to discuss market conditions relevant to the sale of particular trust assets where public discussion of the transaction would prevent the Board from completing the contemplated transaction on the best possible terms. Specifically, the Board will hold a strategy session to discuss SITLA's three commercial freeway interchange holdings in Washington County, Utah.

Pursuant to Utah Code §53C-1-201(8a)(ii), the Board will conduct a strategy session to evaluate the terms of a joint venture or other business arrangement authorized under Subsection 53C-1-303(3)(e) where public discussion of the transaction would prevent the Board from completing the transaction on the best possible terms. Specifically, the Board will discuss negotiation of the terms of an OBA (other business arrangement) concerning development of the IPP Block.

12. Adjourn

Items may be heard in any order, at any time, at the Board's discretion.

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, at least three (3) days in advance.

I, Lisa 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 <http://trustlands.utah.gov>, and was posted at SITLA's Offices, 675 East 500 South, Suite 500, SLC, Utah 84102. Posted and dated on Monday, October 5, 2020.

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

Subject: Written determinations concerning October 15, 2020 Board Meeting

Roger Barrus, as Chairman of the Board of Trustees (the "Board") of the School and Institutional Trust Lands Administration, pursuant to Utah Code Section 52-4-207(4), hereby makes the following determinations concerning the need to hold an electronic meeting of the Board, without an anchor location, on October 15, 2020.

Facts upon which determination is based:

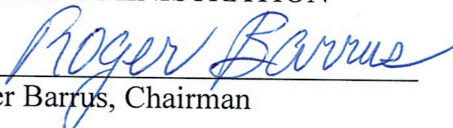
- Federal, State and local authorities have recommended that individuals limit public gatherings and that individuals experiencing symptoms of COVID-19 self-isolate to prevent and control the continuing spread of COVID-19.
- The public monitoring and participation requirements, and the anchor location requirement, in the Open and Public Meetings Act, Utah Code Section 52-4-101 et seq. will gather interested persons, members of the public, and members of a public body in a single, confined location where the risks of further spreading COVID-19 are far greater.

Determination concerning conduct of October 15, 2020 Board meeting:

- In light of the facts referenced above, conducting the October 15, 2020 meeting with an anchor location presents a substantial risk to the health and safety of those who may be present at the anchor location;
- The Board, consistent with its recent practice under Utah Executive Order 2020-5, will therefore hold an electronic meeting without an anchor location, and will provide an electronic means by which the public may hear the open portions of the meeting, as well as an electronic means by which members of the public may provide comment to the Board;
- The above findings will be included within the public notice of the October 15, 2020 meeting, and will be read into the record at the beginning of that meeting.

Entered this 1st day of October, 2020.

BOARD OF TRUSTEES, FOR THE UTAH
SCHOOL AND INSTITUTIONAL TRUST
LANDS ADMINISTRATION



Roger Barrus, Chairman

8a

Notice of Minor Development Transaction

Sale of 213 +/- Acre Parcel
Currently Known as the Coral
Canyon Golf Course

Notification

TO: Board of Trustees, School and Institutional Trust Lands Administration
FROM: Aaron Langston, P&DG Utah South
DATE: October 1, 2020
BENE: Miners Hospital
RE: *Notice of Minor Development Transaction—Sale of 213 +/- Acre Parcel currently known as the Coral Canyon Golf Course*

History

The Coral Canyon golf course opened in 2001 and was quickly heralded as one of the nicest courses in the State. It was managed by our Coral Canyon development partner SunCor until they made the decision to pull out of the Real Estate and the development world, leaving SITLA not only with the undeveloped portions of Coral Canyon, but with the golf course as well.

Staff was not prepared to deal with the intricacies of operating a golf course, so an RFP was let, resulting in Coral Canyon Golf Acquisition, LLC (which was managed by Vanguard) taking over the golf course lease late 2009.

Golf Course Management under Vanguard

The payment structure to SITLA from Vanguard mirrored the lease that was held by SunCor, where SITLA would receive 3% of the gross revenue. However, under the new lease, Vanguard was to frontload \$75,000 as an annual base rent, with a reconciliation on the backend based on paying the difference between 3% of the gross revenue and the base rent. Under this structure, SITLA's average annual payment was \$75,859.31 until 2019, when it did not receive any revenue (this deferred payment is addressed later).

Despite various meetings and occasional onsite inspections, Staff primarily became aware that the condition of the golf course had deteriorated extensively when golf enthusiasts began calling the office regularly in 2017 to register complaints. By early 2018, SITLA conducted an independent study that indicated neglected maintenance would cost more than \$2.5 million to restore the golf course and to bring it back to its former glory days.

With Staff sounding the alarm, Vanguard began correcting some of the major maintenance deficiencies by clearing the washes and drainages, grubbing areas with thick native bushes and shrubs, relocating some of the tees, and doing other similar work. However, it seemed none of the projects were completed. Grubbed areas were not reseeded (or areas that were reseeded were allowed to die due to no watering), culverts were not armored adequately so they quickly failed again, tee areas were not regularly managed to keep them functional, etc. The golf course's reputation continued to be tarnished and the total golf rounds continued decreasing.

To make more funds available for maintenance, at the request of Vanguard, SITLA opted to defer its 2019 base rent to provide timely money to Vanguard to help with the expenses of restoring the golf course. Vanguard also requested that SITLA help contribute funds to restore the golf course, stating they were losing money and to keep the golf course solvent they would need assistance from the Lessor.

Moving Forward

The basic “bones” of the Coral Canyon golf course are good but require significant rehab by a party with adequate funding and an investment in the golf course. To this end, early in 2020, the Real Estate Committee suggested putting the Coral Canyon golf course lands out to bid to see if an entity would be willing to assume SITLA's position as Lessor by purchasing the underlying land and dealing with the maintenance issues. The request for proposals (RFP) ran from May through July 30. Although Staff repeatedly visited with many potential bidders, only two entities ended up submitting offers – Birdie Man Golf Company, LLC and G3 Golf Group LLC/3NB Holding, LLC. The first offer contained two options, one for \$1,050,000 cash at closing, or the other for \$250K at closing, plus \$1.2 million to be paid over 5 years. The second offer was to pay \$1.25 million and develop approximately 300 multi-family units within the golf course grounds to generate revenue to restore the golf course.

A minority owner (ELF Investments) of Coral Canyon Golf Acquisition, LLC used the RFP as a tool to buy out Vanguard Golf Management, the controlling partner of the golf course. ELF Investments, now majority owner and controlling voice of Coral Canyon Golf Acquisition, LLC, informed Staff that he would not give his consent as Lessee to Lessor to sell the golf course lands (the Lease requires that consent be provided by Lessee if the Lessor is to change, and conversely the Lessor must give consent if the Lessee is to change).

Elf Investments indicated Coral Canyon Golf Acquisition, LLC is now fully engaged in curing the lease defaults (without financial assistance from the Lessor) and that they are happy to continue the existing lease without modification, or to purchase the underlying lands for \$1.2 million (which is their preference).

After multiple meetings/discussions with the Real Estate Committee, with legal counsel, and with Staff, selling the underlying lands to the current Lessee allows the Lessee to invest his funds freely (without fear that the Lessor could release another RFP) to restore the golf course as quickly as possible. This also frees up a considerable amount of Staff time, allowing Staff to pursue projects that generate much higher returns for the beneficiaries.

Intended Action

Staff recommends selling the underlying lands to the Lessee for \$1.2 million, which is above market value. The golf course would be deed restricted and would come with a covenant that the golf course will be fully restored within 5 years from the time of purchase, regardless of what the actual costs would be (it is estimated that as much as \$7 million may be required to completely restore the golf course).

This item was vetted by the Real Estate Committee on 9/21/2020.

Exhibit A
Golf Course Lands

Coral Canyon Golf Course
Washington City, Utah



8b

Notice of Minor Development Transaction

Sale of 1.29 Acre Parcel in
Big Water

Memorandum

TO: Board of Trustees, School and Institutional Trust Lands Administration
FROM: Aaron Langston, P&DG Utah South
DATE: October 1, 2020
BENE: Schools
RE: *Notice of Minor Development Transaction—Sale of 1.29 Acre Parcel in Big Water*

Introduction

In 2003, SITLA began to move forward with a self-development project in Big Water known as Shelter Cove. The Shelter Cove plat has 19 lots, all of which essentially sold as soon as they hit the market. SITLA financed a few of these lots. Most of the buyers proved to be investors and only two houses were constructed and occupied. A third home was started several years ago but is still unfinished. Three additional homes were started this year by the same builder and are in various phases of construction.

With the real estate crash of 2007, SITLA foreclosed on the four lots that it had carried, namely lots 1, 19, 13, and 14. Since that time, SITLA has employed various brokers to try and sell the lots. The last listing agreement (which expired in 2017), listed lot 14 at \$38,000. The listing agreement never produced an offer.

In August 2020, an offer for \$38,000 was received for lot 14. Staff informed the buyer that we would need to charge a 3% escalator to the 2017 listing price, which would value the lot at \$41,500. The buyer agreed to the price increase.

The Offer

Buyer will close on the lot within 45 days of Board approval at the purchase price of \$41,500.

Return to the Trust

The Trust will meet its fiduciary responsibility by selling this property at market value.

Intended Action

Staff feels the proposed offer will enable the Trust to dispose of one of its Shelter Cove lots at market value and thereby supports this transaction. Upon Board approval, Staff will make arrangements with the buyer for a timely closing.

This item was vetted by the Real Estate Committee on 9/21/2020.

Exhibit A

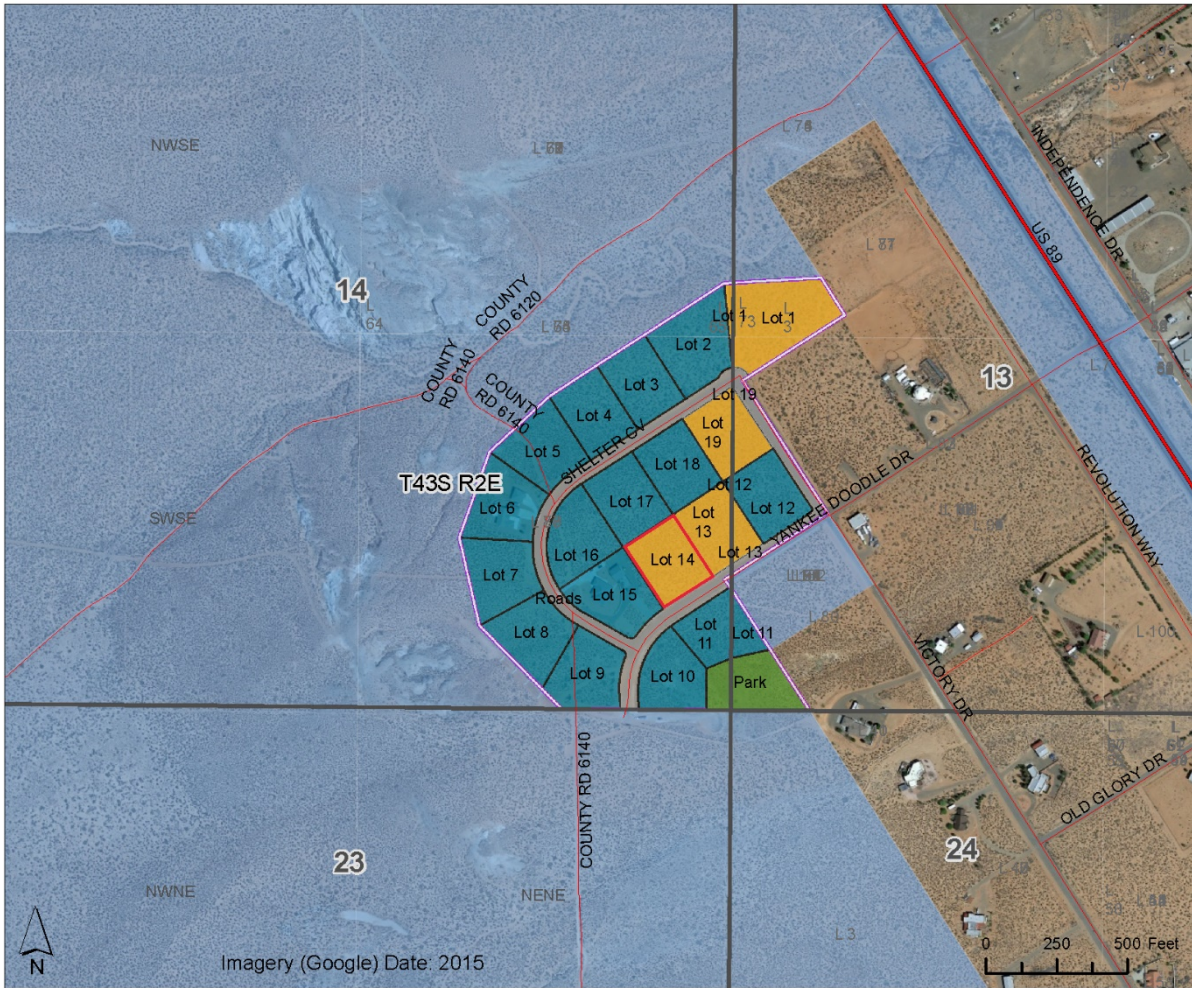
Depiction of disposal parcel



Shelter Cove Subdivision

T43S R2E within Sections 13 & 14 SLB&M


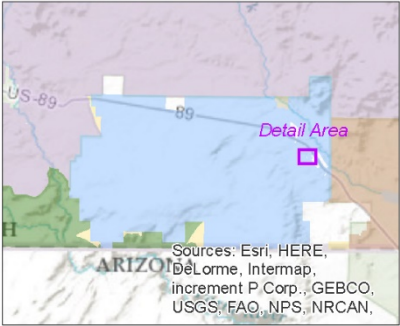
Kane County



- Shelter Cove Subdivision Boundary
- US Highway
- Local Road

Land Ownership and Administration

- Private
- State Trust Lands

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN,

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 consult the primary data and information sources to ascertain the usability of the information. SITLA provides this data in good faith and shall in no event be liable for any incorrect results, or any special, indirect or consequential damages to any party, arising out of or in connection with the use or the inability to use the data hereon. Land parcels, lease boundaries and associated SITLA data layers may have been adjusted to allow for visual "best fit." The Surface Ownership Land Status data (if present) are maintained by SITLA to reflect current trust land status and surface ownership. Basemap image provided by Utah AGRC. Please Note: While SITLA seeks 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 801-638-6100 or TLA-GIS@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. Produced: May 17, 2017 - sgoild

Document Path: V:\GIS\Development\LMBS_DEV\Projects\Bq_Water\ShelterCover.mxd

Coordinate System: NAD 83 UTM Zone 12N

8c

Notice of Minor Development Transaction

Sale of 2.14 Acre Parcel in
Big Water

Memorandum

TO: Board of Trustees, School and Institutional Trust Lands Administration
FROM: Aaron Langston, P&DG Utah South
DATE: October 1, 2020
BENE: Schools
RE: *Notice of Minor Development Transaction—Sale of 2.14 Acre Parcel in Big Water*

Introduction

In 2003, SITLA began to move forward with a self-development project in Big Water known as Shelter Cove. The Shelter Cove plat has 19 lots, all of which essentially sold as soon as they hit the market. SITLA financed a few of these lots. Most of the buyers proved to be investors and only two houses were constructed and occupied. A third home was started several years ago but is still unfinished. Three additional homes were started this year by the same builder and are in various phases of construction.

With the real estate crash of 2007, SITLA foreclosed on the four lots that it had carried, namely lots 1, 19, 13, and 14. Since that time, SITLA has employed various brokers to try and sell the lots. The last listing agreement (which expired in 2017), listed lot 1 at \$40,000. The listing agreement never produced an offer.

In September 2020, an offer for \$38,000 was received for lot 1. Staff informed the buyer that we would need to charge a 3% escalator to the 2017 listing price, which would value the lot at \$43,709.08. The buyer agreed to the price increase.

The Offer

Buyer will close on the lot within 45 days of Board approval at the purchase price of \$43,709.08.

Return to the Trust

The Trust will meet its fiduciary responsibility by selling this property at market value.

Intended Action

Staff feels the proposed offer will enable the Trust to dispose of one of its Shelter Cove lots at market value and thereby supports this transaction. Upon Board approval, Staff will make arrangements with the buyer for a timely closing.

This item was vetted by the Real Estate Committee on 9/21/2020.

Exhibit A

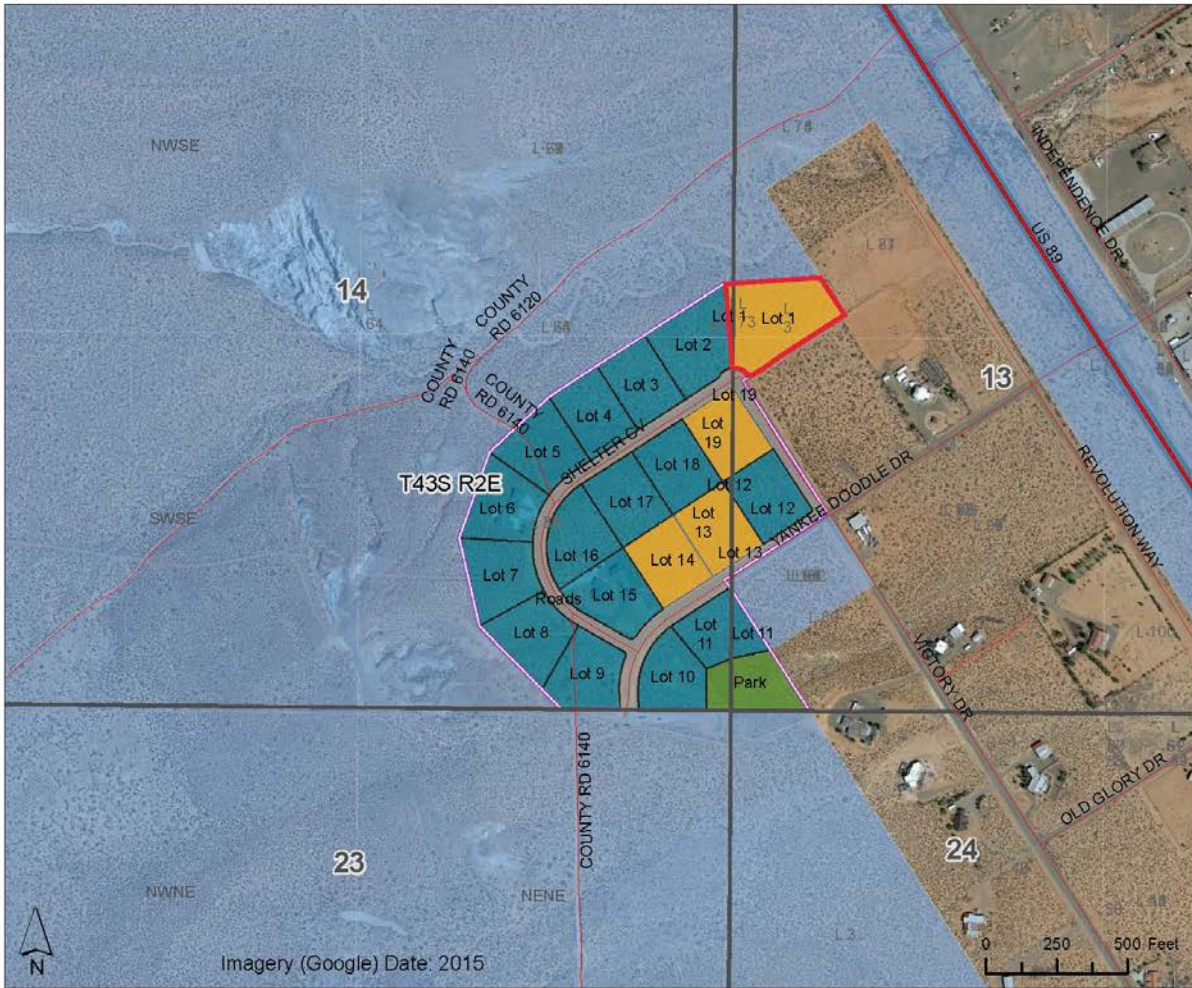
Depiction of disposal parcel



Shelter Cove Subdivision

T43S R2E within Sections 13 & 14 SLB&M

Kane County



Shelter Cove Subdivision Boundary


US Highway


Local Road

Land Ownership and Administration

Private

State Trust Lands





Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN,

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 consult the primary data and information sources to ascertain the usability of the information. SITLA provides this data in good faith and shall in no event be liable for any incorrect results, or any special, indirect or consequential damages to any party, arising out of or in connection with the use or the inability to use the data hereon. Land parcels, lease boundaries and associated SITLA data layers may have been adjusted to allow for visual "best fit." The Surface Ownership Land Status data (if present) are maintained by SITLA to reflect current trust land status and surface ownership. Basemap image provided by Utah AGRC. Please Note: While SITLA seeks 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 901-539-6100 or TLA-GIS@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. Produced: May 17, 2017 - sgould

10a

Proposal to Vacate Board Policy
Numbers 2007-05 and 2011-01

MEMORANDUM

DATE: October 5, 2020

TO: SITLA Board of Trustees

FROM: Michael Johnson – Assistant Director and Chief Legal Counsel

SUBJECT: Proposal to rescind Board Policy Nos. 2007-05 and 2011-01

Last month, the Administration proposed, and the Board adopted, Board Policy 2020-01 pertaining to the contents of Board meeting agendas. As a part of the research and analysis that went into formulating Policy 2020-01, the Administration reviewed existing Board policies containing agenda-related requirements. Two such policies (Nos. 2007-05 and 2011-01) remain on the books despite having been abandoned in practice.

The Administration wishes to bring these two policies to the attention of the Board to determine whether the Board would like to rescind such policies or re-commit to following them. The two policies, and the reasoning behind the Administration's recommendation to rescind them, are summarized below.

Board Policy No. 2007-05

This policy, a copy of which is attached to this memo as Exhibit A, establishes a "consent calendar" requirement for Board agendas. The policy mandates that notification items, as well as matters concerning joint venture transactions and OBAs, be placed on the consent calendar. Items posted to the consent calendar are deemed approved as of the date of the Board meeting. No discussion of such items is necessary unless requested by a Board member.

The consent calendar was intended to reduce the amount of time the Board spends on the above-referenced matters to permit greater focus on other Board action items. The consent calendar system was used for several years, but as Board membership changed, it was slowly phased out and has not been employed since 2017. Since that time, the Board has preferred to hear at least a brief presentation concerning every matter, including notification items. The consent calendar procedure set forth in Policy 2007-05 has therefore fallen out of use.

Board Policy No. 2011-01

This policy, a copy of which is attached as Exhibit B, creates a reporting obligation concerning transactions requiring Board approval. The Administration is to provide an update to the Board six months following such approval summarizing progress made on the transaction or project. The updates are to be placed on the consent calendar discussed above.

This practice fell out of use for two reasons. First, in the typical case, not enough had transpired on a project within 180 days to allow for a meaningful update, and the six-month update requirement did not effectively fulfill its purpose. Second, this requirement was established prior to adoption of the Board committee system. Presently, Board committees receive update information regarding approved projects and are in a position to make a judgment regarding whether and when an update is ripe for Board presentation.

The Administration is prepared to discuss these policies at the October 15, 2020 meeting, but for the reasons set forth above, recommends that they be rescinded.

10b

Ratification of Settlement
Agreement Concerning Open
Meeting Act Lawsuits

MEMORANDUM

DATE: October 1, 2020

TO: SITLA Board of Trustees

FROM: Michael Johnson – Assistant Director and Chief Legal Counsel

SUBJECT: Ratification of Settlement Agreement Concerning Open Meeting Act lawsuits

The Administration has been working for some time with the plaintiffs in two Open and Public Meeting Act-related lawsuits to resolve those cases outside of court. The plaintiffs are Utah Tar Sand Resistance, Raphael Cordray and Lionel Trepanier. The lawsuits raised concerns regarding, among other things, issues relating to public notice and the manner in which the Board closed certain meetings in the past.

The parties recently agreed to resolve the two cases on the following terms.

The Administration and Board will:

- Amend and correct the Minutes of certain prior Board meetings;
- Adopt the Board policy concerning the contents of meeting agendas which the Board approved and adopted at the September 10, 2020 Board meeting; and
- Reimburse plaintiffs their \$360 filing fee in one of the lawsuits.

The Plaintiffs will:

- Dismiss each lawsuit with prejudice and waive the subject claims.

The settlement agreement memorializing these terms was approved and signed by SITLA and by Roger Barrus as Board Chairman. The obligations set forth above have largely been performed in carrying out the settlement. As a matter of housekeeping, and in an abundance of caution, SITLA asks that the Board vote to ratify Chairman Barrus' signing of the settlement agreement involving the terms outlined above as part of the finalization of this matter.