

# Agenda

## Board of Trustees Meeting Agenda

Thursday, November 19, 2020

9:00 a.m.

### VIRTUAL ELECTRONIC MEETING

#### 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 November 9, 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 November 9, 2020 determination concerning the conduct of the November 19, 2020 meeting included the following:

#### Facts upon which the written determination is based:

On March 6, 2020, Governor Gary R. Herbert issued an Executive Order declaring a state of emergency due to the novel coronavirus disease 2019 (COVID-19).

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a pandemic.

On March 13, 2020, President Donald J. Trump declared a national state of emergency based on the continuing spread of COVID-19.

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 November Board meeting:

In light of the facts referenced above, conducting the November 19, 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 November 19, 2020 meeting, and will be read into the record at the beginning of that meeting.

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\\_perKk\\_FZSdaUdvREUg-zlw](https://zoom.us/webinar/register/WN_perKk_FZSdaUdvREUg-zlw). We recommend registering by 8:50 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](mailto:lsjones@utah.gov) any time before 8:00 a.m. on November 19, 2020 with any questions.

1. Welcome
2. Approval of Minutes from Previous Board Meeting

October 15, 2020

3. Confirmation of Upcoming Meeting Dates

January 21, 2021 Regular Meeting

February 18, 2021 Regular Meeting

March 18, 2021 Regular Meeting

April 15, 2021 Regular Meeting

4. 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.

5. SITLA Funds in the Schools by Deena Loyola, Public Relations
6. Challenges to Protect SITLA Assets by Special Agent Ron Barton, AGs Office
7. Chair's Report by Roger Barrus
8. Advocate's Report by Paula Plant, Acting Director, Land Trusts Protection & Advocacy Office
9. 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 a 100-Acre Lease for an RV Park – Big Water, Kane Co.  
--- Aaron Langston, Deputy Assistant Director, Planning & Development – St. George

--- Kyle Pasley, Assistant Director, Planning & Development

10. Director' Report by Dave Ure

- a. State Water Development Taskforce Update

11. Board Action Items

- a. OBA Limestone Royalty Agreement and Surface Exchange – Near Cricket Mountain Mine, Millard Co.

--- Andy Bedingfield, Resource Specialist, Mining

- b. Major Development Transaction – Green Springs +/- 570 Acres – Washington Co.

--- Aaron Langston, Deputy Assistant Director, Planning & Development – St. George

--- Kyle Pasley, Assistant Director, Planning & Development

- c. Major Development Transaction – TAD & St. John Development Blocks – Rush Valley, Tooele Co.

--- Troy Herold, Project Manager, Planning & Development

--- Kyle Pasley, Assistant Director, Planning & Development

- d. Exercise of First Option Takedown Under DEVL 1113 – Washington Co.

--- Kyle Pasley, Assistant Director, Planning & Development

- e. 2020/2021 SITLA Fire Rehabilitation/Habitat Enhancement Expenditures – Stewardship Funding

--- Ron Torgerson, Deputy Assistant Director, Surface – Richfield

- f. Oil, Gas, and Associated Hydrocarbons Leases: Lion OBA – Sanpete Co.

--- Wesley Adams, Assistant Director, Oil & Gas

- g. Amendment of Surface Group Right of Entry Rules (R850-41)

--- Michelle McConkie, Assistant Director, Surface

12. Closed Session

Pursuant to Utah Code §52-4-205(1)(a) the Board will hold a discussion of the character, professional competence, or physical or mental health of individuals.

Pursuant to Utah Code §53C-1-201(8)(a)(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 negotiations regarding lease agreements with Magnum / Mitsubishi (ACES, Delta) – Millard Co.

13. Proposed Board Action Item
  - a. Approve lease agreements with Magnum / Mitsubishi (ACES, Delta) – Millard Co.  
--- Scott Ruppe, Deputy Director
14. 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](mailto: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, [utah.gov/pm](http://utah.gov/pm), 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, November 9, 2020.

9a

OBA Limestone

Royalty Agreement  
and Surface

Exchange – Near

Cricket Mountain

Mine, Millard Co.

# Memorandum

**TO:** Board of Trustees, School and Institutional Trust Lands Administration

**FROM:** Aaron Langston, Project Manager, P&DG Utah South

**DATE:** November 19, 2020

**RE:** *Notice of Minor Development Transaction –Ground Lease of 100 acres in Big Water, Utah*

**BENEFICIARY:** Schools

---

## Site History

Primarily because of the lack of a sanitary sewer system, there has been little to no interest for any development in this picturesque area of Big Water, which is situated south of the Shelter Cove subdivision and west of the Town.

## Proposed Project

Vere Capital proposes a 20-year lease of approximately 100 acres for an RV Park that will include 69 pull through sites and 56 non-pull through sites. In addition, the RV Park will have approximately 20 sites for remote tent camping (bring your own tent) and up to 30 sites for covered-wagon style accommodations.

Wherein the RV Park will accommodate guests pulling their own RV's and customers bringing their own primitive camping tents, it will not directly compete with our existing partner Under Canvas.

The Town of Big Water is generally supportive of the proposed RV Park and is working with the group to provide access and utilities. Because there is no sanitary sewer, the RV Park will have a septic system.

## The Offer

The applicant proposed paying SITLA 5% of the gross rental revenue (initial plans do not include a convenience store, but a future one is anticipated). At the request of the Real Estate Committee, Staff negotiated a split of 8% on the rental rates and if a convenience store is added in the future, SITLA would receive 5% of the gross sales of those goods.

Based on an initial conservative occupancy rate of 35% (it is anticipated this number will be higher, and should increase from year to year), this would generate approximately \$85,000 to the Trust in year one. It will also receive an annual Base Rent payment of \$50,000 (\$500 per acre). The Base Rent will increase by 3% each year. There will also be a reconciliation payment at the end of the season so that the Trust receives the full 8% of the gross rental revenue. Should the total revenue yield less than the Base Rent, no refund from the Trust will be given.

The first 5 years would generate approximately \$504,288 as shown in the following table:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Base Rent	50,000	51,500	53,045	54,636	56,275
Reconciliation	35,005	40,160	48,028	53,613	62,026
Total	85,005	91,660	101,073	108,249	118,301

Return to the Trust

The Trust will meet its fiduciary responsibility by leasing this property at or above market value.

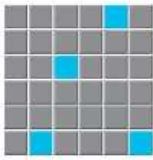
Intended Action

Staff intends moving forward with a lease for the proposed RV Park as outlined above.

This proposal was vetted by the Real Estate Committee on 10/19/2020.

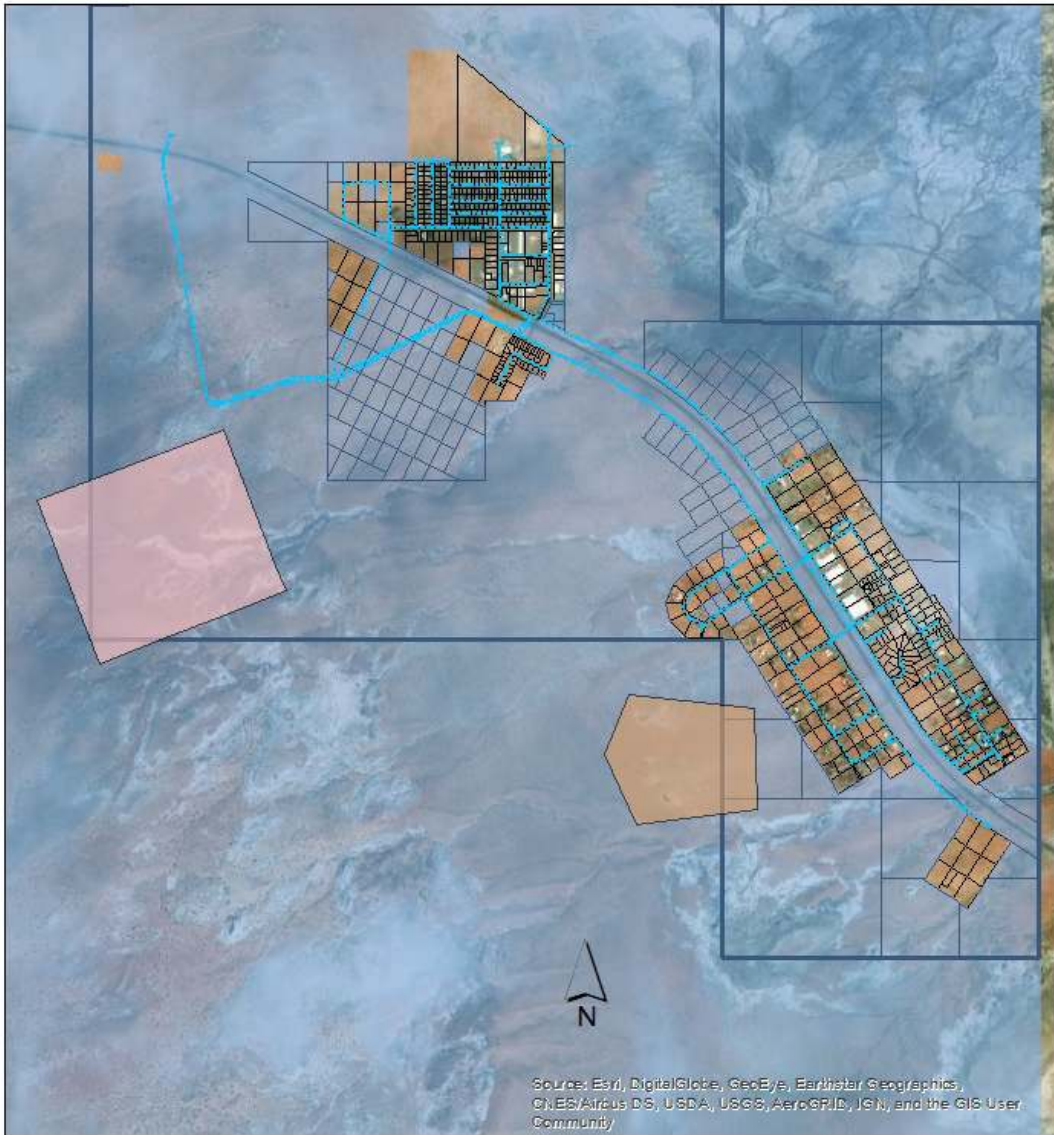


**Exhibit A**  
SUBJECT PROPERTY







**Vere Capital RV Park (proposed)**

T43S R2E within sections 23 and 24, SLB&M  
Kane County



**Legend**

-  Town Boundary
-  Under Canvas (220 acres)
-  water line
-  Vere RV park (100 acres)



Map Created on 10/13/2020 by Aaron Langston  
Data provided by SITLA  
Map is for reference purposes only

11a

OBA Limestone

Royalty Agreement  
and Surface

Exchange – Near

Cricket Mountain

Mine, Millard Co.

## **BOARD COMMITTEE MEMORANDUM**

DATED: October 26, 2020

TO: Board of Trustees, Utah School and Institutional Trust Lands Administration

FROM: Andy Bedingfield

BENE: School Fund

RE: Other Business Arrangement (“OBA”), ML 54040-OBA Limestone Royalty Agreement and Surface Exchange near Cricket Mountain Mine, Millard County.

LANDS: See Map  
Containing 24,668.38 acres

LESSEE: Graymont Western US Inc.  
585 W. Southridge Way  
Sandy, UT 84070

This is a request for The Board of Trustees to approve an Other Business Arrangement (“OBA”) under Utah Code Ann. 53C-2-401(1)(d)(ii). The proposed action includes entering into a royalty agreement and transfer of lands to Graymont Western US. Pursuant to this, SITLA would direct the U.S. Bureau of Land Management (BLM) to convey certain lands that SITLA is entitled to receive in the Utah Test and Training Range Exchange (UTTR) directly to Graymont Western. The subject lands comprise 24,668.38 acres adjacent to the Cricket Mountain Quarries and Processing Mill in Millard County. In exchange, SITLA would receive: (a) a 5% royalty interest in all limestone produced from these lands, (b) \$6,790,000 in cash, representing the appraised surface and mineral value of the land, and (c) a conveyance of the metalliferous minerals and oil & gas estate.

### **Land Status and Background**

These lands are located in unincorporated Millard County in the Cricket Mountains (see map). The subject lands are currently owned by the federal government and are managed by the BLM and are part of the UTTR Exchange. In said exchange, SITLA is giving up lands adjacent to the Utah Test and Training Range in Tooele, Juab, and Box Elder Counties. The lands associated with this OBA are the largest block of lands that SITLA has included as targets for acquisition. Graymont Western has many unpatented lode and placer claims on a majority of the subject lands.

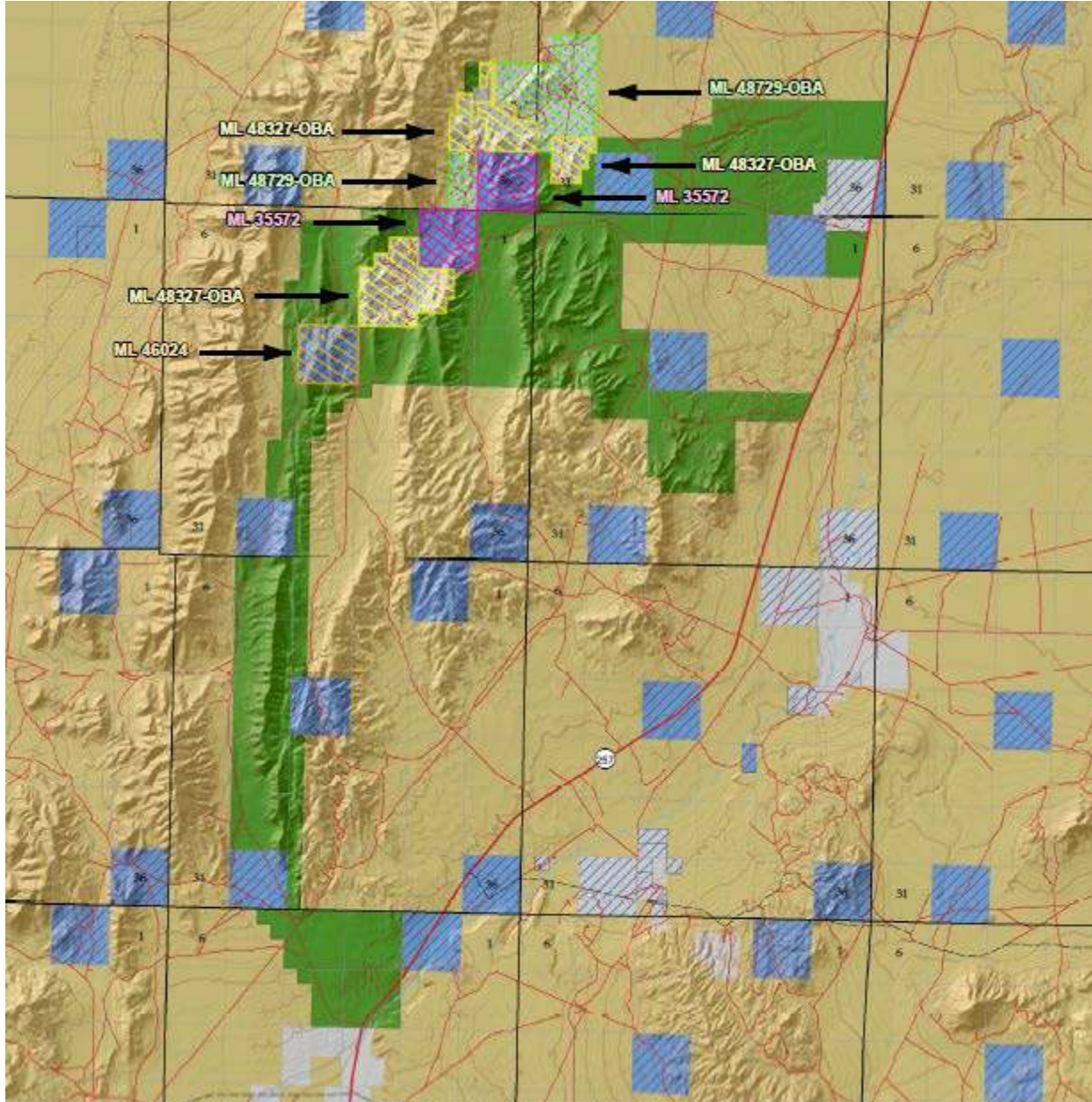
Similar transactions to this proposed OBA were done in 1999 in the Grand Staircase-Escalante Exchange (2,077 acres) and again in 2001 (1,802 acres) in the West Desert Exchange by SITLA and Graymont. Federal lands involved in the exchanges were patented directly to Graymont Western and SITLA maintained a royalty interest in the limestone. While the 1999 and the 2001 agreements differ in certain ways, the larger structure of those deals has been maintained with this proposed OBA. The result of these two exchanges are ML 48327-OBA and ML 48729-OBA. These mineral leases have offered a steady and robust stream of revenue to the Trust for the last 20 years.

Graymont Western is North America's second largest supplier of lime and lime-based products. The Cricket Mountain facility is one of the major producers in their portfolio. The Cricket Mountain Plant is one of the



largest, most modern, and efficient lime plants in the Western U.S. High quality limestone and dolomite are quarried in the Cricket Mountains on trust lands leases, fee lands and federal lands (see map). The material is then crushed and fed into five modern coal fired kilns, producing a variety of lime products which include bulk high calcium and dolomitic quicklime, and crushed and pulverized limestone. The operation has a UP rail spur and highway access.

Graymont currently holds 4 limestone leases on trust lands. ML 35572 and ML 46024 are on School Sections. ML 48327-OBA and ML 48729-OBA are on royalty interests obtained as part of the Grand Staircase-Escalante Exchange and West Desert Exchange.



The Proposed OBA is the Exchange Parcels in Green

### **Specific Terms of the Proposed OBA**

- 1) SITLA causes BLM to issue patent for approximately 24,668 acres for lands with future mining potential
- 2) Graymont Western pays SITLA for appraised surface and mineral value of \$6,790,000.
- 3) Graymont Western conveys a royalty interest in all limestone and dolomite on the subject lands in fee simple. Royalty rate is 2% of limestone sales, f.o.b. the mine for years 1 through 5 and 5% after year 5. The price of limestone per ton will be obtained shortly. The price per ton will be escalated annually according to the Producer Price Index. In addition, SITLA will adjust the limestone value every ten years, subject to the right of Graymont to arbitrate value. No annual rentals are required since Graymont owns the mineral estate. While there is no current production from the subject lands, it is anticipated that the next 40+ years of mining will occur on these lands.
- 4) Graymont Western relinquishes all preexisting federal claims on the subject lands.
- 5) Graymont Western conveys the metalliferous mineral and oil & gas estates to SITLA, subject to restrictions on operations to prevent interference with Graymont's limestone mine.

### **Potential Problems**

This is not an area with any known environmentally sensitive areas. The area has a few County roads which will need to be maintained or moved in conjunction with Millard County.

### **Discussion and Recommendation**

Graymont Western has been a large producer of lime products for the last 40+ years at Cricket Mountain. It is anticipated that production will continue for a substantial amount of time. This proposed OBA would allow SITLA to be the recipient of a royalty interest in future production for the long term. In addition, SITLA receives the appraised value of the surface in a one-time cash payment by lessee. The timing for this proposed OBA to be executed is upon the issuance of the patent for the lands by the federal government. It is anticipated that this patent will be issued in early 2021. This proposed agreement would be advantageous to both SITLA and Graymont Western. Graymont Western would relinquish all their existing mining claims but would be in control of the surface lands and be able to manage those lands accordingly.

The Minerals Group recommends Board Approval of the proposed OBA.

11b

Major Development  
Transaction – Green  
Springs +/- 570  
Acres – Washington  
Co.

# Memorandum

**TO:** Board of Trustees, School and Institutional Trust Lands Administration

**FROM:** Aaron Langston, Project Manager, P&DG Utah South

**DATE:** November 19, 2020

**RE:** *Notice of Major Development Transaction - Greens Springs (+/-570 acres).*

**BENEFICIARY:** Schools

---

Background

Over the last several years, developers have repeatedly approached Staff about releasing the greater Green Springs block for development. However, primarily to avoid self-competition with our nearby projects in Sienna Hills and Coral Canyon, Staff resisted the barrage of requests and kept the block from the development world.

However, once Washington City began paving Washington Parkway early this summer, the demand from the development world to develop the Green Springs block intensified. The completion of the parkway, combined with a winding down of Sienna Hills, led staff to releasing a Request for Proposal (RFP) for Green Springs in June. The RFP, which ended on September 25, generated 6 responses.

Summary of the Offers

All six entities responding to the RFP proposed entering into a development lease with the Trust Lands Administration (it should be noted that one of the offers also had an all-cash purchase option for \$37 million). All the offers except one were from applicants who are currently partnered with, or who have partnered with SITLA on various development projects. Several of the offers demonstrated successful partnerships with national and local home builders. As shown in the table below, one offer (from our development partner in the South Block) outpaced the others from both a total net revenue and an NPV analysis perspective:

	NPV Analysis			Net Revenue		
	Conservative	Moderate	Proposed	Conservative	Moderate	Proposed
<b>Offer 1</b>	56,931,219	62,308,410	63,450,737	134,640,626	96,072,983	90,151,232
<b>Offer 2</b>	27,414,677	31,764,964	39,721,265	57,497,590	57,497,590	57,497,590
<b>Offer 3</b>	33,718,303	39,538,114	43,656,836	57,601,875	57,601,875	57,601,875
<b>GWC Capital</b>	91,102,060	104,852,157	109,454,426	180,213,496	180,213,496	180,213,496
<b>Offer 5</b>	33,574,095	32,082,207	39,944,390	60,540,722	37,000,000	55,459,196
<b>Offer 6</b>	52,093,008	59,607,411	65,443,289	113,777,170	113,777,170	113,777,170

Proposed revenue, although extremely important, was not the only factor considered. Would the project compete with our nearby developments? Is there market demand for the proposed product and price point? Does the company in question have sufficient capital and human resources to complete the project?

Price Points and Product Types

As already mentioned, Green Springs is near our ongoing projects in Sienna Hills and Coral Canyon. As Staff has had past concerns that the larger Green Springs block could compete with our existing projects, an analysis showing the proposed project in relation to our existing nearby products was conducted.

**Sienna Hills:** Although most of the lots in Sienna Hills are now finished (the newest phases are still being graded), not all lots have homes on them. Currently, we have about 670 homes on the ground out of 1,078 single family residential lots. These numbers exclude the apartments on parcels 14A, 17, and 18 and the assisted living units on parcels 16 and 14B.

**Coral Canyon:** The table below includes only the ongoing and new neighborhoods in Coral Canyon that will be built by our development partner Cole West:

Development	Total Lots	\$200K - \$300K	\$300K - \$400K	\$400K - \$500K	\$500K +
Sienna Hills (ongoing, future + some existing)	1078	9%	54%	33%	4%
Coral Canyon (ongoing and future only)	761	0%	56%	42%	2%
Green Springs Proposals					
Offer 1	1556		8%	30%	61%
Offer 2 (only partial home prices provided)	1613		100%		
Offer 3	1450		100%		
GWC Capital (excludes hotel and resort)	1488				100%
Offer 5 (based on average price points)	1828		50%	50%	
Offer 6 (estimates based on lot pricing)	1500		10%	15%	75%

As shown in the table above, the proposed products from offers 2, 3, and 5 would potentially compete from a pricing perspective with our development partners in Sienna Hills and Coral Canyon. Offers 1, 4, and 6 offer products at significantly different price points than the surrounding developments. Many of those submitting offers proposed to differentiate from the products within Sienna Hills and Coral Canyon by certain use restrictions (age-restricted, age-targeted, nightly rental, etc.), but the price points could still compete.

Demand for Proposed Products

There are approximately 1,810 annual permits in Washington County for new residential homes. Based on price points, those permits are as follows (finished home prices are shown in hundreds of thousands, so a home shown at 299 closed at \$299,000.00).

Washington County Closings			Offer 1		Offer 6		GWC	
Price Range	Ann. Closings	Total %	Ann Units	Market Share%	Ann Units	Market Share%	Ann Units	Market Share%
0-299	200	11.05%						
300-349	300	16.57%						
350-399	275	15.19%						
400-499	200	11.05%	44	22%				
450-499	190	10.50%	39	21%	20	10%		
500-599	245	13.54%	118	48%	20	8%		
600-799	195	10.77%			31	16%	30	15%
800+	205	11.33%			40	20%	69	34%
	1810		202		111		99	



The three offers projecting the highest returns to the Trust require relatively high percentage shares of the entire market segment, where the biggest shares are in the top third. With the luxury home market having a shortage of future projects, it is reasonable to speculate that the required percentages for those high-end product types are achievable.

Based on the financial models and the proposed product and price points, offer four (from GWC Capital) is the apparent winner of the RFP.

#### The Offer

GWC proposes approximately 1,488 single family dwellings that will range in lot sizes from 4,000 to 32,000+ sf (subject to governmental approvals). Finished lot prices will range from \$190,000 to \$600,000. Starting home values will range from \$715,000 to \$2.75 million, depending on lot sizes and neighborhoods. There will also be approximately 907 units comprising of ownable and leasable hotel rooms and resort accommodations. GWC anticipates a 15-year absorption. The Trust may choose to grant a time extension if necessary.

SITLA will receive an average of 34% of the proceeds from lot sales and 9.25% of the gross selling price of the homes that GWC builds. It is anticipated that GWC will primarily act as the master developer where an abundance of the homes will be built by custom home builders.

To build value into the project, GWC proposes investing in the parcel by spending millions of dollars within the first couple of years in the backbone infrastructure, the hospitality sector, and the amenities, which may include tennis, golf, swimming, farms, studios, trails, spas, etc. Home sites will not be available for purchase until much of this heavy lifting has been accomplished.

#### Return to the Trust

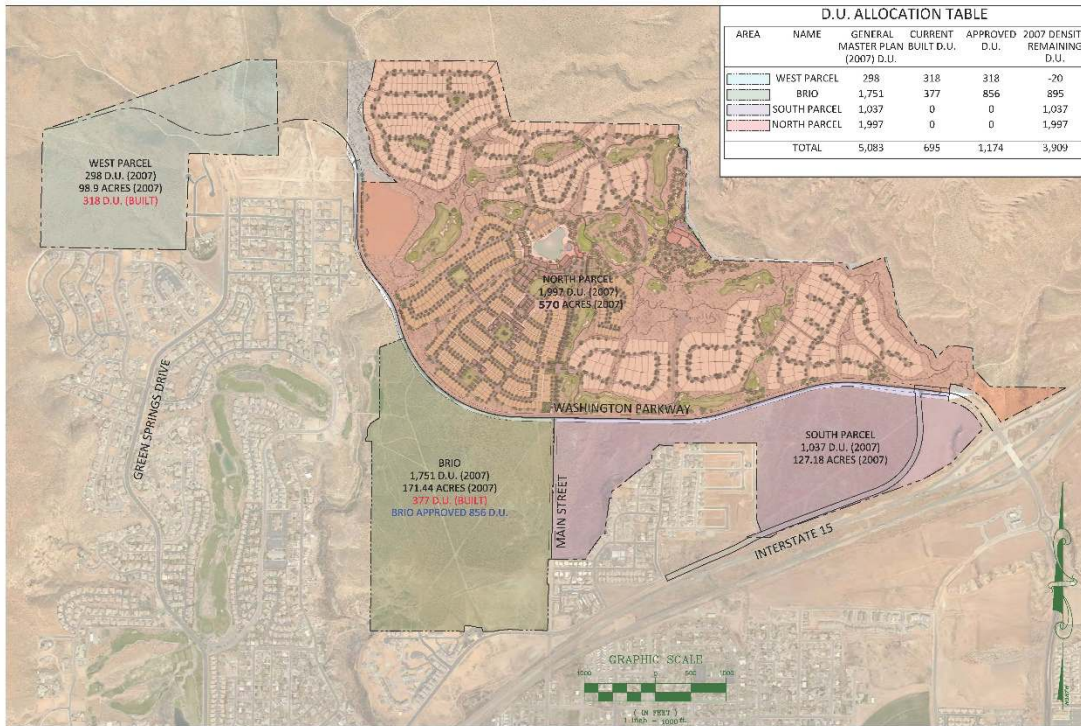
The Trust will meet its fiduciary responsibility by entering into a development lease that will generate approximately \$180 million for the beneficiaries.

#### Intended Action

Enter into negotiations with GWC Capital for a development lease on the Green Spring 570-acre parcel.

This item was vetted by the Real Estate Committee on 10/19/2020.

# Exhibit A Density Map



GREEN SPRINGS

DEVELOPMENT DENSITY B4

## Exhibit B Proposed Master Plan



 GREEN SPRINGS

ILLUSTRATIVE MASTER PLAN C4



# Exhibit C

## Development Plan Summary



GREEN SPRINGS

LAND USE MASTER PLAN AND DEVELOPMENT SUMMARY

C6

11c

Major Development  
Transaction - TAD &  
St. John

Development Blocks  
– Rush Valley,  
Tooele Co.

## MEMORANDUM

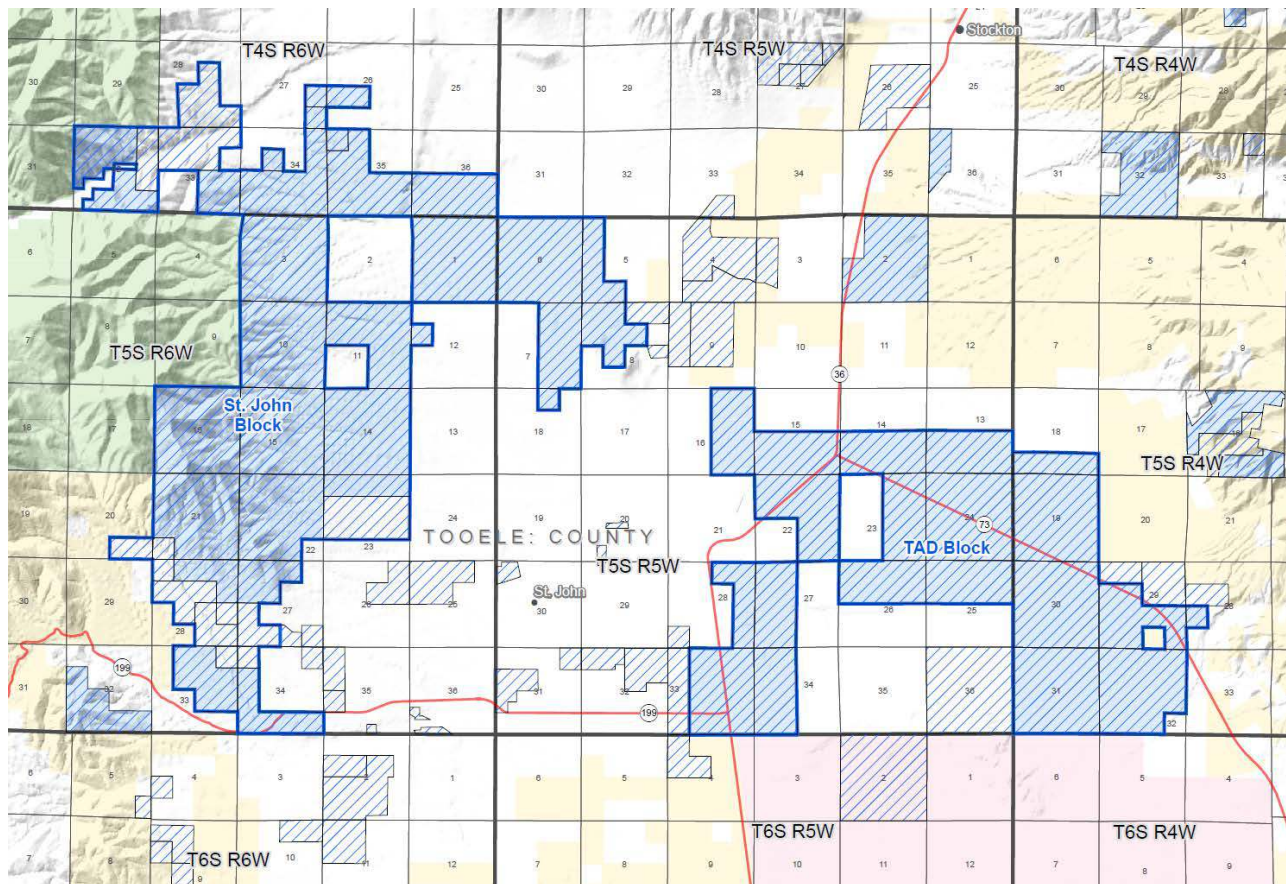
**TO: Board of Trustees, School and Institutional Trust Lands Administration**  
**FROM: Troy Herold, Project Manager**  
**RE: EXCH #369 – Russell Land & Livestock**  
**TAD & St. John Development Blocks, Tooele County**

**Date: November 19, 2020**  
**Fund: Schools**

*The Real Estate Committee reviewed this Exchange on October 19, 2020 and recommended proceeding with the exchange.*

### **Background**

The TAD and St. John development blocks are both located in the Rush Valley portion of Tooele County. The TAD Block (7,840 acres) is just north of the Tooele Army Depot South and the St. John Block (9,571 acres) is north-west of the TAD Block and the town of Rush Valley (See below graphic).





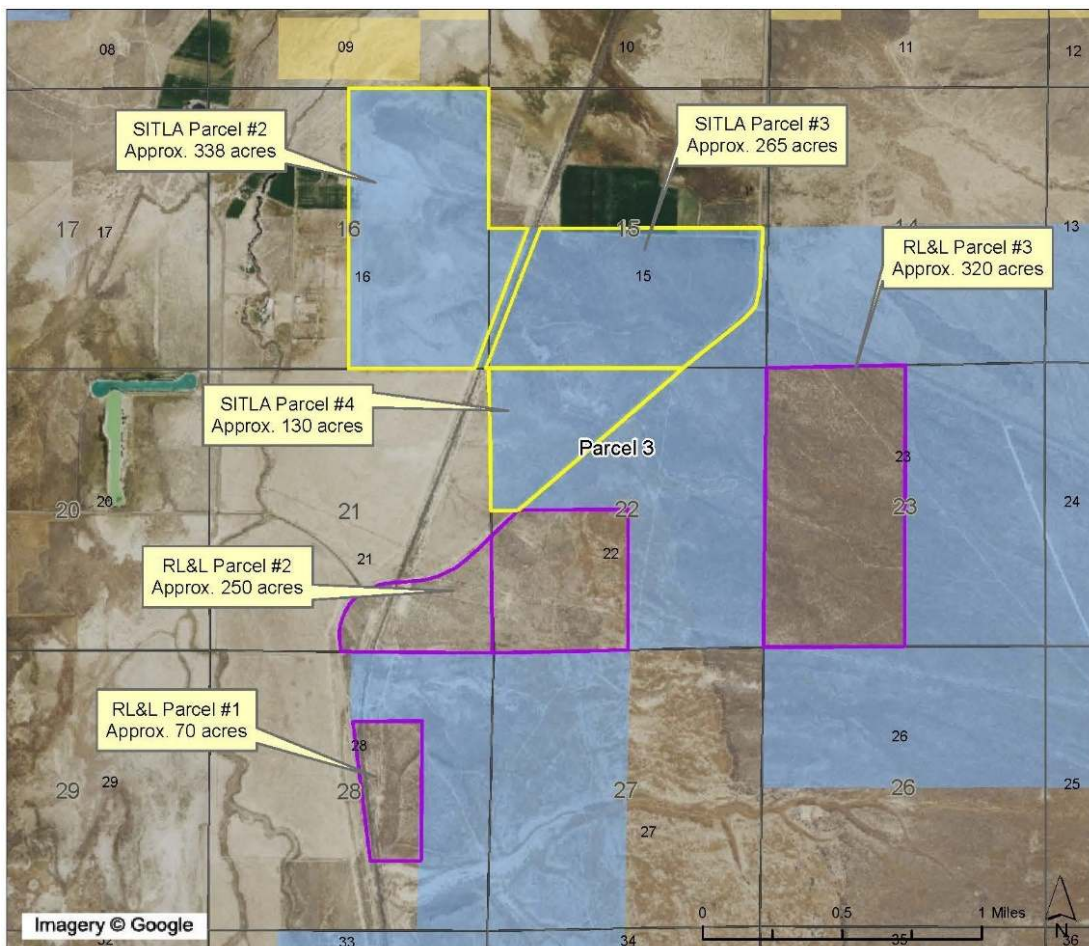
The St. John Block had been master planned as a large residential community that would be developed in 20-30 years as growth reached the Rush Valley area of Tooele County. Due to a large high tension powerline that went through the block in 2013, the block master plan has morphed into an energy project on the eastern side of the block and agricultural uses as well as low density agri-residential on the western side of the block. Due to its proximity to the Tooele Depot South, the TAD Block has always been anticipated to have industrial uses that would need additional space considerations. However, the broken-up nature and the existing in-holdings in both blocks have limited development potential.

Existing uses on the blocks consist of multiple grazing permits, the recently approved Vickory Solar Project on the eastern side of the St. John Block, and two minerals permits on the eastern edge of the TAD Block. Most of the grazing leases on the blocks are either directly with Russell Land & Livestock or a Russell family member. SITLA Archaeological staff have cleared the proposed exchange parcels of archaeological encumbrances.

### **Exchange Offer & Valuation**

In February 2017, Russell Land & Livestock (RL&L) approached SITLA about completing an exchange of numerous parcels with the intent to consolidate land holdings for both parties for mutual benefit. The proposal includes a value-for-value exchange of approximately 813 acres of SITLA lands for 800 Acres of RL&L lands.

**TAD Block** - The TAD Block Exchange Parcels (see map below) include three SITLA parcels totaling 733 acres and three RL&L parcels totaling 640 acres.

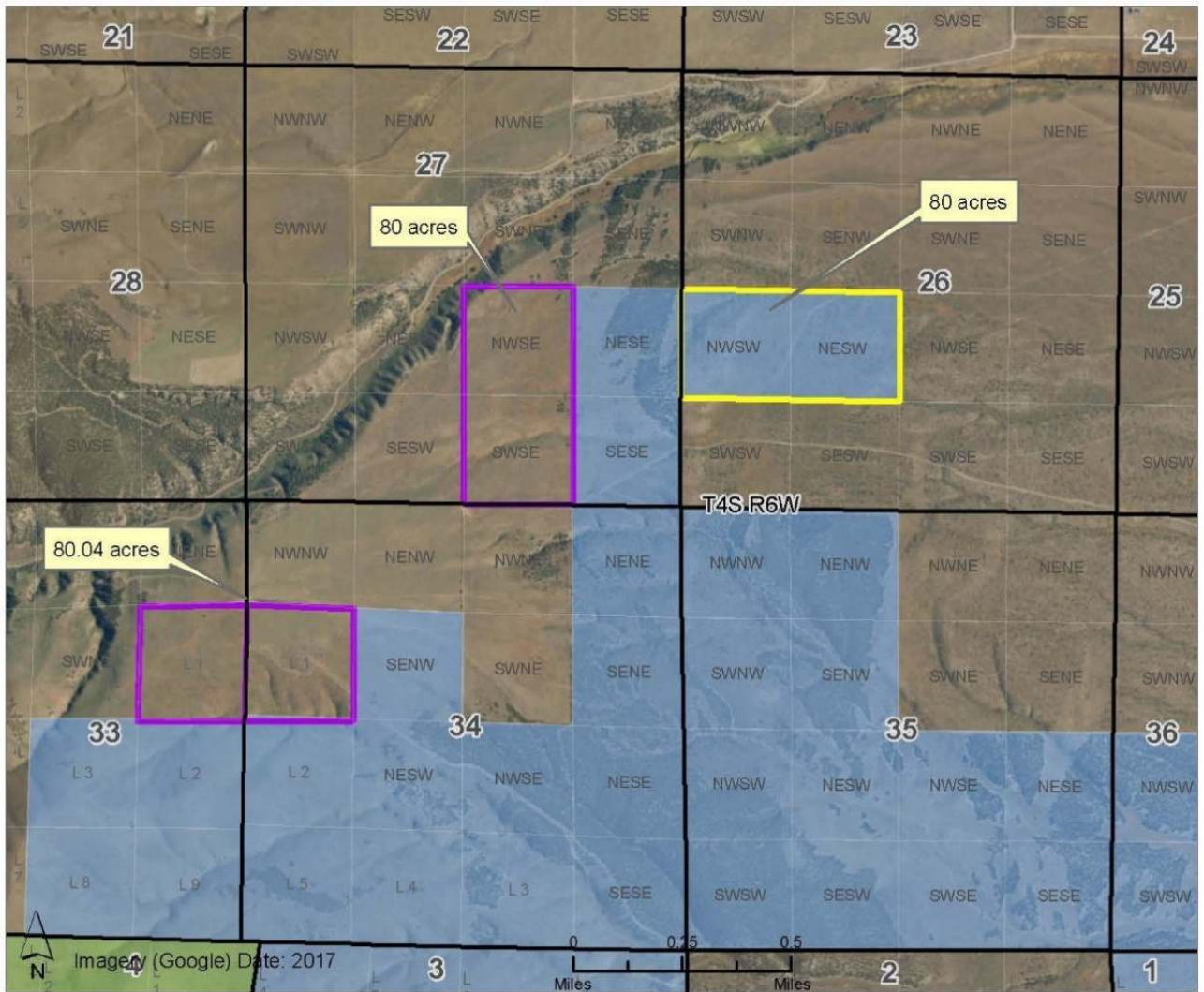


The TAD Exchange Parcels appraised as follows:

SITLA #2	338 acres	\$ 845,000	\$2,500/acre
SITLA #3	265 acres	\$ 662,500	\$2,500/acre
SITLA #4	130 acres	\$ 338,000	\$2,600/acre
Total	733 acres	\$ 1,845,500	\$ 2,517/acre average

RL&L #1	70 acres	\$ 297,500	\$ 4,250/acre
RL&L #2	250 acres	\$ 650,000	\$ 2,600/acre
RL&L #3	320 acres	\$ 800,000	\$ 2,500/acre
Total	640 acres	\$ 1,747,500	\$ 2,730/acre average

**St. John Block** - The St. John Block Exchange Parcels (see map below) include one SITLA parcel totaling 80 Acres and two RL&L parcels totaling 160 acres.



The St. John Exchange Parcels appraised as follows:

SITLA #1	80 acres	\$ 260,000	\$ 3,250/acre
RL&L #4	80 acres	\$ 260,000	\$ 3,250/acre
RL&L #5	80 acres	\$ 260,000	\$ 3,250/acre
Total	160 Acres	\$ 520,000	\$ 3,250/acre average



### **Summary**

This proposed land exchange consolidates SITLA's lands in the Rush Valley. The total exchange acreage and values are:

SITLA's Parcels	813 Acres	\$ 2,105,500
RL&L Parcels	800 Acres	\$ 2,267,500
	13 acres	\$ 162,000

In this proposed value-for-value exchange, SITLA is giving up 13 acres in land area, but gaining \$162,000 more in land value. Staff agreed to absorb the costs of the appraisals, surveys, in-house legal costs, and documentation (approximately \$50,000) to compensate for the difference in the values. RL&L has agreed to the exchange without any direct cash compensation from the Trust. Each party is responsible for their own title-insurance services and closing costs. The Trust is on the positive side of the exchange by approximately \$100,000 in land value.

### **Conclusion**

Staff supports the exchange transaction. It helps consolidate the TAD Block which will be more attractive and efficient for future industrial type users and allows for potential rail access to the TAD Block. Additionally, the odd shaped "finger" of the St. John block is removed and the additional lands obtained in the north-west of St. John would have better long term development potential when large lot and equestrian residential is warranted in the St. John Block.

### **Request for Board Approval**

As per Board Rule related to Development Properties:

#### R850-140-800. Supporting Transactions.

- 1. The agency may enter into supporting transactions as necessary to promote prudent and profitable development of trust lands designated as development properties.*
- 2. The purchase, sale or exchange of land in connection with a supporting transaction shall be supported by either an appraisal or a detailed internal analysis of value.*
- 3. The board must approve any proposed supporting transaction that involves the purchase, sale or exchange of land having a value in excess of \$500,000.00.*

A motion for approval of Exchange #369 with Russell Land & Livestock is required of the Board.

11d

Exercise of First  
Option Takedown  
Under DEVL 1113 –  
Washington Co.

# Memorandum

**TO:** Board of Trustees, School and Institutional Trust Lands Administration

**FROM:** Kyle Pasley, Assistant Director, P&DG

**DATE:** November 19, 2020

**RE:** *Request for Approval – Exercise of First Option Takedown Under DEVL 1113*

**BENEFICIARY:** Schools

---

## History

In June of 2017 The Trust entered into a 6-year option Agreement with Rize Medical Development for 50 acres north of MP 13 in Washington County to pursue a medical based development (Exhibit A). The option agreement was struck with the following parameters:

- \$10,000 annual option payment (Only initial payment is credited to parcel purchase)
- Purchase price \$3.50 per square foot base
- 3% escalator, compounded, per annum
- Board approval necessary for purchase.
- If no board approval SITLA returns all option payments previously made and will reimburse purchaser up to \$10,000 for expenses related to the property.
- Initial parcel purchased must be a minimum of 5 acres and a maximum of 12 acres.
- Initial parcel must be purchased within six years of effective date or option terminates, unless agreed to otherwise in writing.
- Deed restriction to medical uses on initial parcel with a sunset of 5 years.
- Subsequent takedowns are not allowed until building permit is issued on initial parcel
- Subsequent parcels must be a minimum of 5 acres.

Rize has spent the last 3 years aggressively pursuing medical development on this parcel to provide anchor tenants to complement the surrounding development. They are now to the point to pursue the first takedown of the agreement under the aforementioned parameters and seeks board approval to do so.

## Proposed Project

The proposed initial project would be the construction of a regional in-patient adolescent psychiatric hospital (Parcel 4 on Exhibit B). The facility's first phase would be 5 acres with hopes to expand by 2-3 acres in subsequent years. This is the first of several takedowns in the works on this parcel and is the entrée to a large-scale medical campus.

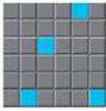
## Requested Action

Staff requests approval from the Board of Trustees to move forward with the first option takedown of DEVL 1113.

This proposal was vetted by the Real Estate Committee on 10/19/2020.

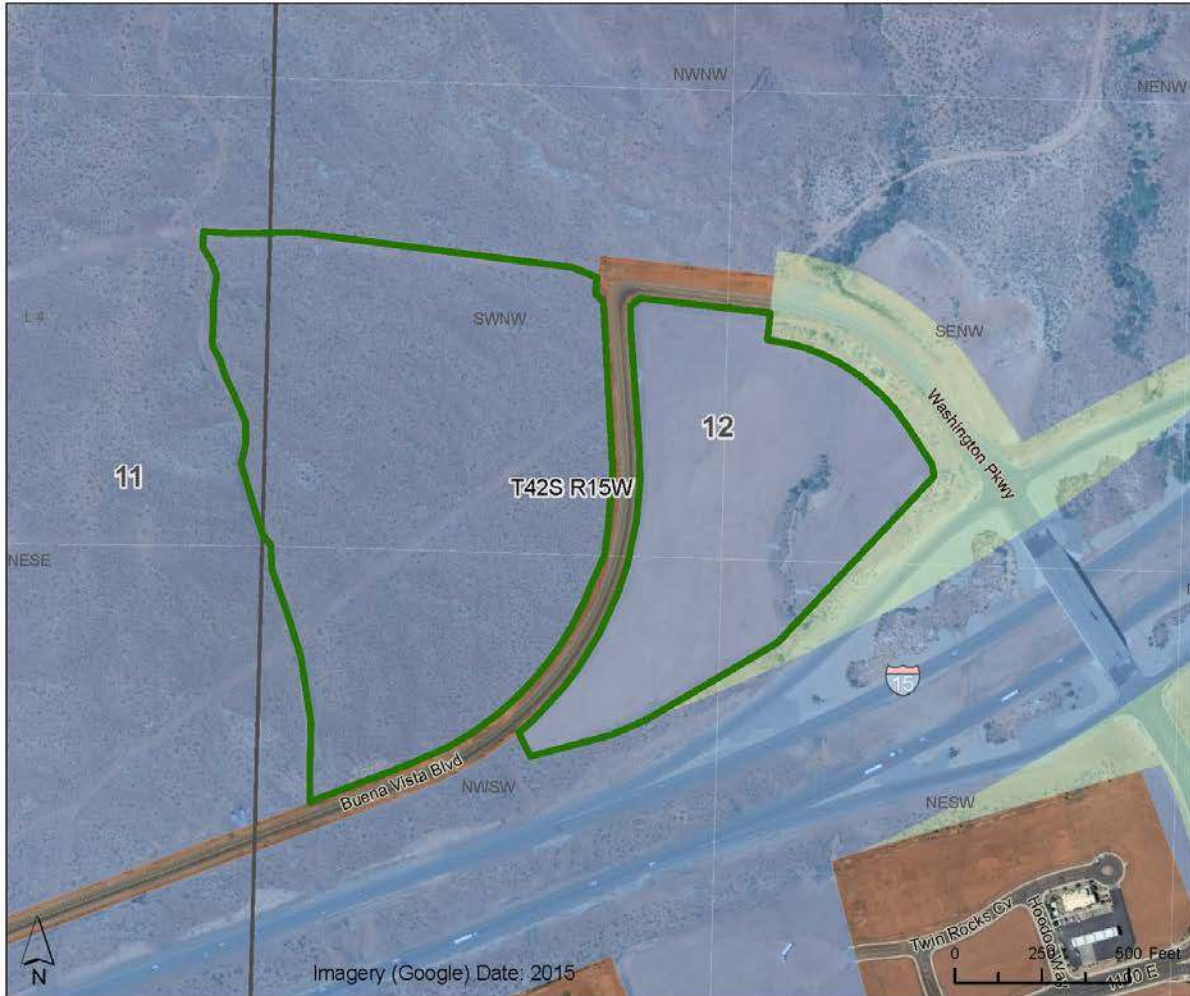
## Exhibit A

### SUBJECT PROPERTY



### DEVL 1113 Green Springs Option Agreement

T42S R15W within Lot 4 of Section 11 & within the S2NW4 and N2SW4 of Section 12 SLB&M Washington County

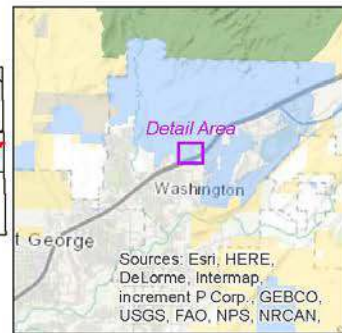


Approximate Area of DEVL 1113 (Approx. 50 acres)\*

#### Land Ownership and Administration

- Private
- State Trust Lands
- Other State

**\*DEVL acreage not surveyed and is estimate only.**



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, loose 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 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 801-538-5100 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: June 13, 2017 - sgault

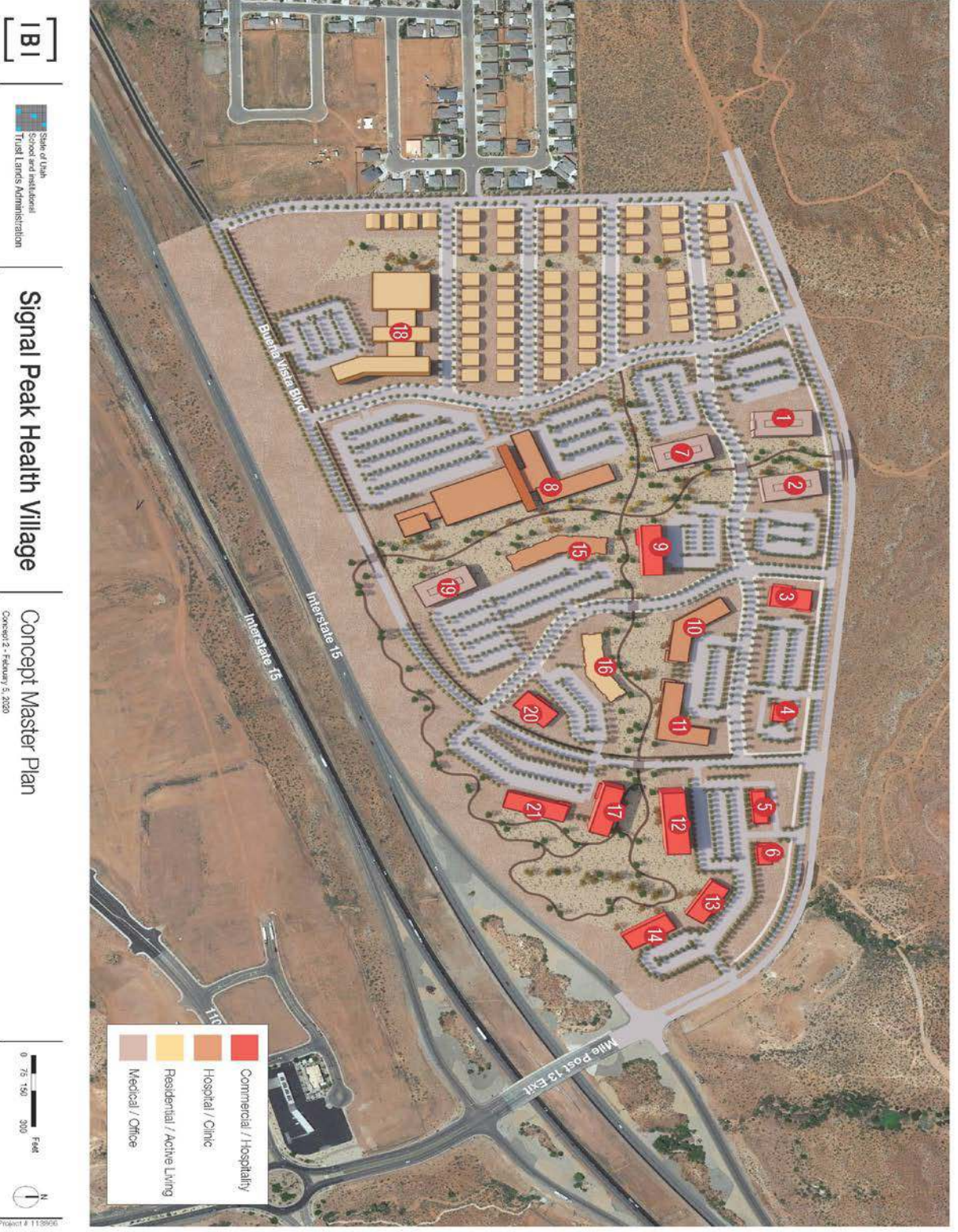
Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN,

Document Path: V:\GIS\GIS\_Group\Steffie\Working\MXD\Exhibit\_Template.mxd

Coordinate System: NAD 83 UTM Zone 12N



# Exhibit B



State of Utah  
School and Institutional  
Trust Lands Administration

## Signal Peak Health Village

## Concept Master Plan

Concept 2 - February 5, 2020



11e

2020/2021 SITLA

Fire Rehabilitation /

Habitat

Enhancement

Expenditures –

Stewardship

Funding

## MEMORANDUM

DATE: October 7, 2020

TO: School and Institutional Trust Lands Administration Board of Trustees

FROM: Ron Torgerson, Deputy Assistant Director – Surface  
Ethan Hallows, Resource Specialist

SUBJECT: Request for Approval of 2020/2021 SITLA Fire Rehabilitation/Habitat Enhancement Expenditures – Stewardship Funding

BENEFICIARIES: Schools

### **Proposed Action:**

SITLA requests the Board's approval of an expenditure of stewardship funds in the amount of \$599,800.00 to the State of Utah's Watershed Restoration Initiative ("UWRI") program, which is managed by the Department of Natural Resources.

This expenditure will fund a portion of seven specific UWRI fire rehabilitation projects on trust lands in fiscal year 2021 ("FY2021"). The fire rehabilitation projects focus on seeding areas burned by wildfires in 2020 to stabilize watersheds, decrease erosion and debris flows, increase forage for livestock, restore sage grouse and wildlife habitat, protect against noxious weed invasions, and reduce the threat of subsequent fires on these lands.

The beneficiary of the trust lands involved in these projects is Schools. Therefore, it is recommended that stewardship funds attributed to this beneficiary be used accordingly for the expenditure.

### **Introduction:**

The UWRI program receives funding from federal and state agencies, non-governmental organizations, and sportsman groups to restore watersheds throughout Utah. The table below shows the total statewide acreage impacted by wildfire and the associated suppression costs for 2018, 2019, and 2020. 2018 was an exceptionally severe year for wildfires, while 2019 had a below average number of wildfires due to a heavy winter and wet spring. 2020 has been historically hot and dry. We have had an above average wildfire season in Utah with a record-breaking number of human caused fires, and it is not over yet. Covid-19 sent masses of people to the outdoors to social distance and get away with families which resulted in careless preventable fires throughout the state, many of which impacted Trust Lands. Of the record 1,453 fires, 1,067 have been human caused fires. SITLA has provided \$200,000.00 each year for the past several years to UWRI to participate in rehabilitating trust lands burned by wildfires and to make sage grouse habitat improvements. However, in fiscal year 2019, SITLA committed \$800,000.00 towards these rehabilitation projects, due to the magnitude of lands impacted by wildfire, particularly on trust lands. Fiscal year 2021 is shaping to be a repeat of fiscal year 2019 as it relates to fire severity and rehabilitation costs.

Year	Acres Burned	Utah Fire Cost	Federal Fire Cost
2018	485,989	\$35 Million	\$110 Million
2019	88,058	\$11 Million	\$29 Million
2020	305,958	\$36 Million	

**Background Information:**

This past year there were 23 fires that burned on trust lands. Of these 23 fires, 8 will be reseeded through coordination and cooperation with UWRI. SITLA will only be asked to help fund portions of seven of the eight projects. The UDWR will fund the other project and portions through the UWRI due their importance for wildlife. The table below shows the total amount of acres burned on trust lands this past year and the rehabilitation costs attributed to those lands. In addition to fire rehabilitation, we are involved in many other projects throughout the state that target habitat improvement for livestock and wildlife.

<b>Fire</b>	<b>SITLA Acres</b>	<b>SITLA Costs</b>
The Knolls	4088	\$68,000.00
Canal	3325	\$150,000.00
Rock Path	1753	\$200,000.00
Turkey Farm Road	1706	\$150,000.00
Big Summit	843	\$30,000.00
Grey Hills	1500	\$1,500.00
Veyo West	149	
Cottonwood Trail	81	
Lund	326	\$300.00
Grassy	267	
Lucin	774	
Poverty Point	308	
Matlin	650	
Bench	40	
Dennis Hill	260	WRI Funded
Big Springs	100	
Eagle	12	
Soldier Pass 2	115	
Orchard	75	
Richard Mtn	13	
Goshen	75	
Powerline	265	
Baboon	60	
<b>Totals</b>	<b>16,785 Acres</b>	<b>\$599,800.00</b>



**Conclusion:**

Given the land stewardship responsibility of keeping trust lands productive and protected from negative natural resource consequences, the Trust believes that it is in the best interest of the affected beneficiaries to participate in meaningful ways, including financially, to assist ongoing efforts to rehabilitate wildland fires and improve habitat. Furthermore, the rehabilitation of a portion of this acreage will restore and enhance sage grouse habitat, which is important to preventing the sage grouse from being listed on the endangered species list and the associated negative impact to Trust revenues.

This funding request has been reviewed by the Board's Surface and Water Rights Committee with a favorable recommendation that the request be considered by the full Board of Trustees.

We respectfully request the Board's consideration and approval of this \$599,800.000 expenditure of stewardship funds to leverage help from UWRI to rehabilitate burned trust lands and improve sage grouse habitat throughout the state.

11f

Oil, Gas, and

Associated

Hydrocarbons

Leases: Lion OBA –

Sanpete Co.

**BOARD MEMORANDUM**

**DATE:** November 5, 2020  
**TO:** Board of Trustees, Utah School & Institutional Trust Lands Administration (SITLA)  
**FROM:** Wesley Adams, Assistant Director – Oil & Gas  
**RE:** Lion OBA

**LANDS PROPOSED:**

**AMI**

T14S, R3E/4E SLB&M, Sanpete County, UT  
See Exhibit A

T15S, 3E/4E, SLB&M, Sanpete County, UT  
See Exhibit A

Phase 1 = 1,549.26 acres more or less  
Phase 2 = 5,821.00 acres more or less

**FUND:** School/ Multiple

**APPLICANT:**  
Skyline Oil  
1517 Grove Dr.  
Alpine, Utah 84004

**REQUIREMENT**

As provided for under Utah Code Annotated 53C-2-401(1)(d)(ii), which permits the SITLA Board of Trustees to approve “Other Business Arrangements” (OBA), Skyline Oil submitted a proposal to issue new SITLA Oil, Gas and Associated Hydrocarbons leases on October 28, 2020.

This proposed extension will be reviewed by the SITLA Board Mineral Committee on November 12, 2020 as an approval item. The committee will hear strategical arguments, which will be further presented to the full Board of Trustees for review.

**PROPOSAL**

Skyline is seeking new oil and gas leases located across multiple townships in Sanpete County, under what they are defining as an area of mutual interest. The AMI includes roughly 40,000 acres of private leasehold in favor of Skyline, where two wells have been drilled to test and support the emphasis behind this proposal. One well was drilled in 1976 by Hanson Oil; and the other in 2014 by Whiting Petroleum Corporation in partnership with Skyline. Skyline is currently

implementing a drilling program to further expand what has been learned. This request is for leases on SITLA lands sparsely scattered within the AMI on the following terms and conditions:

### **RECOMMENDATION**

SITLA Oil & Gas team reviewed the Skyline proposal and seeks approval from the SITLA Board of Trustees regarding the OBA as outlined below, and as further agreed to in writing by Skyline.

1. Three (3) SITLA leases will be issued to Skyline, effective December 1, 2020 (“Phase 1”) lands, shown on Exhibit A, totaling 1,549.26 acres or approximately 516.33 acres ea. Skyline agrees to pay a \$5/ acre bonus. The leases will come with a 12.5% royalty and one (1) year primary term, subject to an option to extend.

2. Skyline shall earn an option to extend primary terms of Phase 1 leases, all or in part, for five (5) years and earn the right for new SITLA leases (“Phase 2”) on all other lands, shown on Exhibit A, currently available within the AMI, by first drilling a test well on any Phase 1 lands on or before December 1, 2021. Failure to drill the test well will result in expiration of the Phase 1 leases and termination of the earned option for Phase 2 leases.

Phase 1 leases require a bonus renewal of \$5/ acre and carry \$2/ acre rentals, if extended under the earned option.

Phase 2 leases require payment of \$10/ acre bonus and come with a 13.5% royalty, five (5) year primary term and \$2/ acre rentals (leases will be issued as closely as possible on 640 acres).

3. All Phase 1 and Phase 2 leases are eligible for extension beyond primary term based on qualifying diligent operations, that justify continuous exploration drilling in the AMI of not more than 180 days of lapsing activity, including diligent operations as specified in the leases. However, at least one SITLA lease in Phase 1 or Phase 2 lands must be producing on or before January 1, 2027 to enforce diligent operations capable of holding all SITLA leases beyond this date. Leases held beyond primary term are subject to minimum royalty as prescribed in the leases.

SITLA shall provide 30-days written notice before declaring a cessation of diligent operations and lease termination. Skyline shall have an exclusive 30-day option to re-lease AMI lands under Phase 2 terms, inclusive of bonus renewal, upon lease termination.

4. All scientific data collected in the AMI pursuant to diligent operations will be shared in presentation format with SITLA upon request. Any data gathered on SITLA lands and requested by SITLA thereof will be retained by SITLA upon termination of all leases granted under this OBA.

Respectfully submitted,

Wes Adams  
Assistant Director – Oil & Gas

11g

Amendment of

Surface Group

Right of Entry

Rules (R850-41)

## MEMORANDUM

**TO:** Board of Trustees, School and Institutional Trust Lands Administration

**FROM:** Michelle E. McConkie - Assistant Director, Surface

**DATE:** November 5, 2020

**SUBJECT:** Amendment of Surface Group Right of Entry Rules (R850-41)

---

### BACKGROUND INFORMATION

The Trust may issue non-exclusive Right of Entry permits for approved short-term uses of trust lands. The Surface Group issues these permits pursuant to Utah Administrative Rule 850-41-100, *et seq.*<sup>1</sup> The current Right of Entry rules are outdated and also limit the Trust's flexibility in making decisions regarding the use of trust lands.

For example, the current Right of Entry rules provide that permits are required for: (a) commercial uses of trust lands, and (b) any use of trust lands that exceed 15 consecutive days. (*see* R850-41-200) Otherwise, such a permit is not required as long as the use does not conflict with current uses of the land or management plans for the land. (*id*) The rules are therefore focused on the length of time of a non-commercial use, and not on the impact of the use or on any administrative burdens imposed by the use. In addition, the current Right of Entry rules contain outdated language such as requiring that an application for a permit be received via either U.S. mail or over the counter. (*see* R850-41-300; R850-41-700)

The Right of Entry program brings in a minimal amount of revenue to the Trust.<sup>2</sup> Recently, representatives of the Surface and Development Groups jointly formed a working group to review Right of Entry issues. The group's goals are to: (a) simplify the process so less staff time is spent on the issuance and administration of permits; (b) standardize the process for issuing these permits between the Surface and Development Groups; and (c) look for ways to increase revenue from these permits.

Multiple actions have been taken to achieve these goals, such as updating permit templates and reviewing proposed payment schedules for Right of Entry permits. Amending the Surface Group Right of Entry rules as set forth in this Memorandum further advances these goals by streamlining the application process, better aligning the procedures of the Surface and Development Groups in issuing these permits, and potentially increasing revenue by giving the Trust flexibility to charge for more non-commercial uses of trust lands when it would be prudent to do so.

For these reasons, the amendment of the existing Right of Entry rules for the Surface Group is requested.

---

<sup>1</sup> The Surface and Development Groups both issue Rights of Entry permits for lands in their respective portfolios. The Development Group is not subject to the Right of Entry rules in R850-41. They issue these permits under separate authority.

<sup>2</sup> In Fiscal Year 2020, Right of Entry permits accounted for \$192,358 of Surface Group revenue. This same year, Right of Entry permits accounted for \$28,193 of Development Group revenue.

## **RULES**

The proposed amended Right of Entry Permit rules (R850-41) are attached to this Memorandum as Exhibit A. The current version of the Right of Entry Permit rules are attached to this Memorandum as Exhibit B.

## **RECOMMENDATION**

Staff recommends approval of these amended Right of Entry Rules.

**Exhibit A**  
**(Draft Amended Right of Entry Rules)**

**R850-41-100. Authorities.**

This rule implements Sections 6, 8, 10, and 12 of the Utah Enabling Act, Articles X and XX of the Utah Constitution, and Sections 53C-1-302(1)(a)(ii) and 53C-4-101(1) which authorize the Director of the School and Institutional Trust Lands Administration to establish criteria by rule for the sale, exchange, lease or other disposition or conveyance of Trust Lands Administration lands including procedures for determining fair-market value of those lands.

**R850-41-200. Right of Entry Permits on Trust Lands.**

1. The agency may issue non-exclusive right of entry permits on trust lands when the agency deems it consistent with agency rules and trust responsibilities.
2. The agency may establish categories and criteria for issuance of right of entry permits.
3. Events and activities that occur entirely on roads designated as open to motor vehicle use pursuant to R850-110-200 generally do not require a right of entry permit. The agency may require a right of entry permit for activities and events that the agency determines in its sole discretion may have impacts to adjacent trust lands.

**R850-41-300. Term of Right of Entry Permits; Termination.**

1. The agency may issue right of entry permits for one year or less, except that the agency may issue right of entry permits for longer terms for recurring annual events and other limited impact, ongoing, and non-exclusive uses that do not require a lease.
2. The agency may terminate a right of entry permit:
  - (a) on notice to permittee if there is a violation of the permit or of the R850 rules;
  - (b) on 60 days' notice to permittee if:
    - (i) the agency determines in its sole discretion that there are higher and better uses for the permitted property;
    - (ii) the agency intends to dispose of the permitted property; or
    - (iii) any management problems arise as determined in the sole discretion of the agency.

**R850-41-400. Permit Rates.**

The agency may establish right of entry permit rates based on the market value and income producing capability of the permitted property, the administrative burden of managing the permit, the potential impact to the permitted property, or any other criteria deemed reasonable by the agency.

**R850-41-500. Application Procedures.**

1. A person seeking a right of entry permit must submit an application to the agency, either in paper or electronic form.
2. The agency may deny a right of entry permit application for any reason.
3. The applicant shall pay all amounts due at the time of execution of the permit prior to the agency issuing the permit.
4. An applicant may withdraw a right of entry permit application by giving written notice to the agency.

**R850-41-600. Right of Entry Permit Provisions.**

Each right of entry must contain provisions necessary to ensure responsible surface management, including the following provisions: the rights and responsibilities of the permittee, rights reserved to the agency; the term of the right of entry permit; payment obligations; and protection of the agency from liability for all action of the permittee.



**R850-41-700. Bonding.**

Prior to issuance of a right of entry permit or at any time during the permit term, the agency may require the applicant or permittee to post a bond or other financial guaranty with the agency in the form and amount determined by the agency to ensure compliance with all terms and conditions of the right of entry permit.

**R850-41-800. Assignments.**

1. A permittee may not assign a right of entry permit without the prior written consent of the agency. Any assignment made without the agency's consent is void.
2. The assignee must assume all obligations of permittee under the right of entry permit.

**R850-41-900. Amendments.**

A permittee may request an amendment of a right of entry permit by following the same procedure as is used to make an application for a new right of entry permit.

**Exhibit B**  
**(Current Right of Entry Rules)**

**R850-41-100. Authorities. (1/15/92)(8/02/93)(7/01/94)(8/01/94)(12/01/94)(4/15/96)**

This rule implements Sections 6, 8, 10, and 12 of the Utah Enabling Act, Articles X and XX of the Utah Constitution, and Sections 53C-1-302(1)(a)(ii) and 53C-4-101(1) which authorize the Director of the School and Institutional Trust Lands Administration to establish criteria by rule for the sale, exchange, lease or other disposition or conveyance of Trust Lands Administration lands including procedures for determining fair-market value of those lands.

**[R850-41-200. Rights-of-Entry on Trust Lands Administration Lands.**

(1/15/92)(8/02/93)(7/01/94)(8/01/94)(12/01/94)(4/15/96)

1. The agency may issue non-exclusive right-of-entry permits on Trust Lands Administration lands when the agency deems it consistent with agency rules and trust responsibilities.
2. Commercial use of Trust Lands Administration lands: a right-of-entry permit shall be required for any person to use, occupy, or travel upon Trust Lands Administration land in conjunction with any commercial enterprise without regard to the incidental nature of the use, occupancy, or travel, except that a right-of-entry permit shall not be necessary when the use, occupancy, or travel is across authorized public roads or permitted under some other land use authorization issued by the agency and currently in effect.
3. Non-commercial use of Trust Lands Administration land shall not require a permit provided that the use shall not exceed 15 consecutive days and shall not conflict with an applicable land use or with a management plan. At the conclusion of the 15-day period, any personal property, garbage, litter, and associated debris must be removed by the user. The use may not be relocated on any other Trust Lands Administration land within a distance of at least two miles from the original site or be allowed to reestablish at the original site for 20 consecutive days. If, for any reason, a non-commercial, incidental user desires a document authorizing the use, the agency may issue a Letter of Authorization upon payment of an administrative charge.
4. Non-commercial uses of Trust Lands Administration land exceeding 15 consecutive days will require a right-of-entry permit.

**R850-41-300. Rights-of-Entry Acquired by Application.**

(1/15/92)(7/01/94)(8/01/94)(12/01/94)(4/15/96)

Rights-of-entry on Trust Lands Administration lands may be acquired only by application and grant made in compliance with the rules and laws applicable thereto. All applications shall be made on agency forms. The filing of an application form is deemed to constitute the applicant's offer to purchase a right-of-entry under the conditions contained in these rules.

**R850-41-400. Valuable Consideration for Right-of-Entry Permits.**

(1/15/92)(7/01/94)(8/01/94)(4/15/96)

The consideration for any right-of-entry permit granted under these rules, including those granted to municipal or county governments or agencies of the state or federal government, shall be determined pursuant to R850-41-600.

**R850-41-500. Agency Contractors. (1/15/92)(7/01/94)(8/01/94)(12/01/94)(4/15/96)**

Any person doing work for the agency under a contract or other permit may enter upon Trust Lands Administration lands for the purpose and period of time authorized by the contract or other permit without obtaining a right-of-entry.

**R850-41-600. Right-of-Entry Fees.** (1/15/92)(7/01/94)(8/01/94)(12/01/94)(9/01/95)(4/15/96)

The agency shall establish minimum fees for right-of-entry permits which may be based on the cost incurred by the agency in administering the right-of-entry permit and the fair-market value of a proposed land use.

**R850-41-700. Application Procedures.** (1/15/92)(8/02/93)(7/01/94)(8/01/94)(12/01/94)(4/15/96)

1. Time of Filing. Applications for right-of-entry permits are received for filing in the office of the agency during office hours. Except as provided, all applications received, whether by U.S. Mail or delivery over the counter, are immediately stamped with the exact date of filing.

2. Non-refundable Application Fees. All applications must be accompanied with a non-refundable application fee as specified in R850-4. After review of the application, the agency shall notify the applicant of the fee pursuant to R850-41-600. Failure to pay the fee within 15 days of mailing of notification shall cause the denial of the application.

3. Refunds and Withdrawals of Applications

(a) If an application for a right-of-entry permit is rejected, all monies tendered by the applicant, except the application fee, will be refunded.

(b) Should an applicant desire to withdraw the application, the applicant must make a written request. If the request is received prior to the time that the application is approved, all monies tendered by the applicant, except the application fee, will be refunded. If the request for withdrawal is received after the application is approved, all monies tendered are forfeited to the agency, unless otherwise ordered by the director for a good cause shown.

4. Application Review.

(a) Upon receipt of an application, the agency shall review the application for completeness. The agency shall allow all applicants submitting incomplete applications at least 15 days from the date of mailing of notice as evidenced by the certified mailing posting receipt (Postal Service form 3800), within which to cure any deficiencies. Incomplete applications not remedied within the designated time period may be denied.

(b) Application approval by the director constitutes acceptance of the applicant's offer.

**R850-41-800. Term of Rights-of-Entry.** (1/15/92)(8/02/93)(7/01/94)(8/01/94)(4/15/96)

Rights-of-entry granted under these rules shall normally be for no greater than a one year term. Longer terms may be granted upon application based on a written finding that such a grant is in the best interest of the trust beneficiaries.

**R850-41-900. Conveyance Documents.** (1/15/92)(8/02/93)(7/01/94)(8/01/94)(4/15/96)

Each right-of-entry shall contain provisions necessary to ensure responsible surface management, including the following provisions: the rights and responsibilities of the permittee, rights reserved to the permitter; the term of the right-of-entry; payment obligations; and protection of the Trust Lands Administration from liability for all action of the permittee.

**R850-41-1000. Bonding Provisions.** (1/15/92)(8/02/93)(7/01/94)(8/01/94)(12/01/94)(4/15/96)

1. Prior to the issuance of a right-of-entry, or for good cause shown at any time during the term of the right-of-entry, upon 15 days' written notice, the applicant or permittee may be required to post with the agency a bond in the form and amount as may be determined by the agency to assure compliance with all terms and conditions of the right-of-entry.

2. Bonds posted on rights-of-entry may be used for payment of all monies, rentals, royalties due to the permitter, reclamation costs, and for compliance with all other terms, conditions, and rules pertaining to the right-of-entry.

3. Bonds may be increased or decreased in reasonable amounts, at any time as the agency may decide, provided the agency first gives permittee 15 days' written notice stating the increase and the reason(s) for the increase.

4. Bonds may be accepted in any of the following forms at the discretion of the agency:
- (a) Surety bond with an approved corporate surety registered in Utah.
  - (b) Cash deposit. However, the Trust Lands Administration will not be responsible for any investment returns on cash deposits.
  - (c) Certificates of deposit in the name of "School and Institutional Trust Lands Administration and Permittee, c/o Permittee's address", with an approved state or federally insured banking institution registered in Utah. The certificate of deposit must have a maturity date no greater than 12 months, be automatically renewable, and be deposited with the agency, the permittee will be entitled to and receive the interest payments. All certificates of deposit must be endorsed by the permittee prior to acceptance by the director.
  - (d) Other forms of surety as may be acceptable to the agency.
  - (e) Due to the temporary nature of rights-of-entry, if the agency imposes or increases the amount of a bond, a stop-work order may be issued by the agency to insure the adequacy of the bond prior to the completion of work or activities authorized by the right-of-entry permit.

**R850-41-1100. Conflicts of Use.** (1/15/92)(7/01/94)(8/01/94)(12/01/94)(4/15/96)

The agency reserves the right to issue additional rights-of-entry or convey other interests in property on Trust Lands Administration land encumbered by existing rights-of-entry without compensation to the permittee.

**R850-41-1200. Amendments.** (1/15/92)(8/02/93)(7/01/94)(8/01/94)(4/15/96)

Any holder of an existing right-of-entry permit desiring to change any of the terms thereof, shall make application following the same procedure as is used to make an application for a new right-of-entry. An amendment fee pursuant to R850-4 must accompany the amendment request along with other appropriate fees.

**R850-41-1300. Unauthorized Uses.** (1/15/92)(7/01/94)(8/01/94)(4/15/96)

A right-of-entry permit does not authorize a permittee to cut any trees or remove or extract any natural, cultural, or historical resources.

**R850-41-1400. Right-of-Entry Assignments.** (1/15/92)(8/02/93)(7/01/94)(8/01/94)(12/01/94)(4/15/96)

1. A right-of-entry may be assigned to any person, firm, association, or corporation qualified under R850-3-200, provided that the assignments are approved by the agency; and no assignment is effective until approval is given. Any assignment made without such approval is void.

2. An assignment shall take effect the day of the approval of the assignment. On the effective date of any assignment, the assignee is bound by the terms of the easement to the same extent as if the assignee were the original grantee, any conditions in the assignment to the contrary notwithstanding.

3. An assignment must be a sufficient legal instrument, properly executed and acknowledged, and should clearly set forth the easement number, and land involved, and the name and address of the assignee.

4. An assignment shall be executed according to agency procedures.

**R850-41-1500. Termination of Rights-of-Entry.** (1/15/92)(7/01/94)(8/01/94)(12/01/94)(4/15/96)

Any right-of-entry permit granted by the agency on Trust Lands Administration land may be terminated in whole or in part for failure to comply with any term or condition of the conveyance document or applicable laws or rules. Based on a written finding, the director shall issue an appropriate instrument when terminating the right-of-entry for cause.]

13a

Lease Agreements  
with Magnum /  
Mitsubishi (ACES,  
Delta) and Magnum

## **MEMORANDUM**

**DATE:** November 9, 2020  
**TO:** SITLA Board or Trustees  
**FROM:** Scott Ruppe – Deputy Director  
**SUBJECT:** Lease Agreements with Magnum/ Mitsubishi (ACES, Delta) and Magnum

---

SITLA is negotiating with Magnum Holdings, LLC to modify the terms of Energy Storage and Development Lease number 51573-OBA. The resulting amended and restated lease, or leases, would replace the existing lease. The proposed amended lease terms will be reviewed in a closed session of the Board. Following the closed session, depending upon the Board's review, the Board may discuss, and vote to approve, the amended and restated terms in open session.