

Chair Steve Ostler
Director Kevin Carter

**Board of Trustees
School & Institutional Trust Lands Administration
Salt Lake City, Utah
June 19, 2014**

Minutes

Attending:

Board

Steve Ostler
David Ure
Jim Lekas
Louie Cononelos
Tom Bachtell
Mike Mower

Staff

Kevin Carter
Kim Christy
Tom Faddies
Lisa Schneider
LaVonne Garrison
Rodger Mitchell
Ron Carlson
Deena Loyola
John Andrews
Eric Baim
Nannette Johnson

Others in Attendance:

Tim Donaldson, Utah State Office of Education
Aaron Garrett, Utah State Office of Education
Karen Rupp, Utah State Office of Education
Trudy Henderson, UEA
Tracy Miller, PTA
Jerry Steiglich, Daggett County
Dave Owen, Utah School Lands Forum
Ken Matthews, GOMB
Lynda Belnap, SITLA (Retired)
Amy Donoghue, Deseret News

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Index of Minutes

Topic	Page No.
1. Welcome	3
2. Approval of Board Minutes	3
3. Confirmation of Upcoming Meeting Dates	3
4. Recognition for Steve Ostler	3
5. Public Comment Period	
6. Consent Calendar There are no items for consent, notification, or follow-up after six months	3
7. Chair's Report	
a. Top Ten Developments for SITLA's Next 20 Years	4
b. New Board Leadership Election for FY 2015	4
8. Director's Report	
a. Penstemon Update	4
b. Exchange Report	5
c. Anadarko Update	5
d. Executive Appropriations Committee Meeting Review	5
e. Salary Range Discussion	6
9. Informal Roundtable Discussion "Wild Horse Strategy"	7

1. Welcome

Chairman Ostler welcomed everyone and opened the meeting. The Chair excused Board Member Scott Ruppe who was unable to attend.

2. Approval of Board Minutes of May 15, 2014

The Board approved the minutes of the last meeting.

“I make the motion for approval of the minutes of May 15 as presented.”

Lekas/Ure Unanimous

Roll Call:

Steve Ostler – yes Dave Ure – yes Louie Cononelos – yes

Jim Lekas – yes Tom Bachtell – yes Mike Mower – yes

3. Confirmation of Upcoming Meeting Dates

Director Carter reviewed the meeting schedule for the rest of the year. There will be no meeting in July. Several staff members and three Board members will participate in the WSLCA conference in July. He also reviewed plans for the October tour beginning in Milford and visiting current and potential project sites.

4. Recognition of Chairman Steve Ostler

Director Carter expressed appreciation for the years of service provided by Chairman Ostler from July 2008 through June 2014. He emphasized professional and personal ethics describing Steve as a champion of the Trust. Mr. Ostler was recognized with a gift and a framed map depicting the SITLA land ownership, including the recently completed land exchange that was in progress for many years.

Chairman Ostler expressed gratitude for the wonderful memories he will take with him. He understands better than ever the value of the decisions the Board makes. He mentioned the passion he felt last fall when defending the Trust against unexpected opposition. He thanked the remarkable staff with special mention of Doug Buchi and expressed his appreciation for the opportunity to work with everyone at SITLA. He thanked the Beneficiaries at the State Office of Education for their professionalism.

The State Office of Education presented Chairman Ostler with framed artwork by students as an expression of gratitude on behalf of the schoolchildren.

5. Public Comment Period

Chairman Ostler introduced the opportunity for the audience to stand and make public comment.

Dave Owen attended as a spokesperson for the Utah School Lands Forum who will engage with education groups to support the land exchange process. They will work with local and national legislators to keep the benefit to Utah’s schoolchildren at the forefront of land exchanges.

6. Consent Calendar

There were no items for consent, notification, or follow-up after six months at this meeting.

Mr. Bachtell asked about a pending issue for a policy on sunset dates for land restrictions. The Real Estate Committee will meet in July to address the issue and return with a report in August.

7. Chair’s Report

a. Top Ten Developments for SITLA’s Next 20 Years

Mr. Aaron Garrett used a PowerPoint that can be viewed on the Utah Public Notice Website.

- Ten: The Book Cliffs - Oil & Gas Potential**
Director Carter pointed out the recent press suggesting Anadarko may be an acquisition target.
- Nine: Graymont Mine - Limestone in West Desert**
- Eight: Utah County Real Estate – Development Opportunities**
Mr. Tom Bachtell asked about water for development projects. Rodger Mitchell explained the water comes from the old steel factory. Mr. Mower asked if the new highway would be a plus for the projects. Mr. Mitchell pointed out the location of the “big road” will be relevant to access.
- Seven: Potash - in Blawn Mountain**
Director Carter discussed that most mining for potash is extracted using solution mining. The project at Blawn Mountain will actually take down the mountain in the west desert to mine the minerals.
- Six: Cane Creek/Paradox - Oil & Gas Potential**
- Five: Bonanza Block - Oil Shale Development**
- Four: Seep Ridge Block - Oil Shale Potential**
- Three: South Block - Real Estate Development**
- Two: Tar Sands - US Oil Sands**
- One: People of SITLA - Success from those who work at SITLA**

b. New Board Leadership Election for FY 2015

The Chair accepted nominations from Mr. Mower for Dave Ure to become the new chairman and Louis Cononelos as the new vice-chairman. The vote to approve was unanimous.

Mower/Lekas	Unanimous	
Roll Call:		
Steve Ostler – yes	Dave Ure – yes	Louie Cononelos – yes
Jim Lekas – yes	Tom Bachtell – yes	Mike Mower – yes

8. Director’s Report
a. Penstemon Update

Mr. Andrews provided a report on a 15-year conservation agreement. He discussed the ongoing potential for litigation by environmental groups for threatened or endangered species.

Uintah County asked SITLA to join with them and the state for a conservation agreement to protect habitat and conduct a study for relocation of the plants to prevent a listing. The proposal is currently in a public comment period that ends July 7. Consideration for a study, in lieu of a listing, may result in the Fish and Wildlife Service withdrawing a pending listing by August 6-7. If that occurs, it is likely conservation groups may file suit to force a listing. If a listing occurs, there is a provision for terminating the agreement.

Mr. Andrews said the agency would be coming to the Board in the future to ask for approval of a rule that incorporates five factors from the conservation agreement. The agreement must demonstrate adequate regulatory methods to protect the plant and may become a model for future agreements.

- 8. Director’s Report
- b. Penstemon Update (Cont’d)

Board members posed several questions regarding the plant and the agreement. Mr. Connelos asked what would be the actual acreage for a study area. The study area is yet to be determined.

Mr. Ure asked for an explanation of plant sensitivity with BLM. Known plant species deemed rare may later be considered for a listing. Mr. Ure asked if known rare species are being raised in green houses for relocation. Mr. Andrews was not able to name specific plants being raised in greenhouses. He did know Red Butte Gardens is currently growing some Penstemon species in a locally developed fertilizer and the plant is thriving. However, the success level is not as impressive in native locations without the fertilizer.

Mr. Bachtell asked about a potential for the science behind habitat disturbance to be flawed. Mr. Andrews noted that others are asking a similar question. He identified plant percentages in relation to development area as the basis for measurement.

Mr. Lekas asked about the possibility of a forced listing through litigation causing a delay while the land is “blocked” from development. The agreement will no longer be binding if there is a listing. Plants are not protected off federal land. The courts could not impose action greater than the listing on federal lands.

b. Exchange Report

The report by Mr. Andrews focused on Congressman Bishop’s Eastern Utah Public Land Initiative and the uncertainty for which of the counties plan to participate. Stakeholders are directing discussions toward a framework rather than the early efforts to identify plans on a map. Mr. Andrews provided copies of a map dominated by black ink to illustrate the desire of environmental groups for the majority of the state to be off limits to SITLA for development.

c. Anadarko Update

Ms. Garrison updated the Board on a recently approved OBA on the Bonanza Block where a multi-use agreement has been reached. She also discussed Anadarko’s budgeting process defining zero dollars for drilling in the Book Cliffs area. Meanwhile, Anadarko is working on seismic studies. Anadarko acquired an existing well from another company that may be used for science studies, but not for production.

d. Executive Appropriations Committee Meeting Review

Director Carter reviewed the Board’s desire to explore going off-line from the legislative appropriations process. The Board chose not to continue with the idea. Rather, the Board asked the agency to focus a request on changing the statute to allow spending between line items. Another possibility is to change legislation to allow the agency to go back to the legislature in an interim session to ask the Executive Appropriations Committee to supplement the budget for a serious need or to take advantage of a time-limited opportunity.

The agency was on the Executive Appropriations Interim agenda for a presentation on June 17. The meeting started late and the agenda item was cancelled. The presentation will be rescheduled for July or September. The delay provides time to strengthen the ideas with legislators before presenting to the committee.

8. Director’s Report

d. Executive Appropriations Committee Meeting review Update (Cont’d)

Mr. Bachtell asked about the need to have a reserve fund for immediate opportunities. Mr. Ure indicated there is little that can be done differently with the budget without going to the legislature for a change.

A ceremonial signing of legislation recognized the agency's 20th anniversary and the bill creating the Trust Fund Office. The signing took place in the Capital Gold Room on June 17. The Governor, Lt. Governor, several legislators, past and current Board members, and others with twenty-plus years of agency history all joined in recognizing the significant accomplishments.

Mr. Mower attended the Western Regional Partnership meeting. He reported that Director Carter has been chairman of the partnership for two years. He was awarded with the Hansen Scott Award for excellence from the group in Phoenix earlier in the week.

e. Salary Range Discussion [A Closed Session May be Necessary]

The Board went into closed session to discuss personnel.

“I make the motion to go into closed session for the purpose of discussing personnel.”

Ure/Cononelos	Unanimous	
Roll Call:		
Steve Ostler – yes	Dave Ure – yes	Louie Cononelos – yes
Jim Lekas – yes	Tom Bachtell – yes	Mike Mower – yes

The Board returned to open session.

“I make the motion to return to open session.”

Ure/Cononelos	Unanimous	
Roll Call:		
Steve Ostler – yes	Dave Ure – yes	Louie Cononelos – yes
Jim Lekas – yes	Tom Bachtell – yes	Mike Mower – yes

Mr. Bachtell made the motion for a change in the pay range for assistant directors from \$109,990.40 to \$164,320.00. A new range for the deputy director and associate director would be \$131,248.00 to \$176,862.40. Mike Mower abstained on the motion before voting.

Bachtell/Lekas	Unanimous	
Roll Call:		
Steve Ostler – yes	Dave Ure – yes	Louie Cononelos – yes
Jim Lekas – yes	Tom Bachtell – yes	

9. Informal Roundtable Discussion “Wild Horse Strategy”

Mr. Christy provided an overview to include the history for the wild horse in Utah and explain how the problem evolved. He identified responsibility for BLM to manage the population.

9. Wild Horse Strategy (Cont'd)

However, following a land exchange in 2005, the BLM zeroed-out the heard levels in the management unit conveyed to the state. The BLM has conducted four separate “horse gathers” since 2005. Many of the gathered horses were adopted but interest in the adoption program diminished.

Landowners, grazers, county commissioners, state officials, and others organized as the Western Range Lands Conservation Association. The association asked SITLA to join with them as a landowner to find a solution and possibly pursue litigation. The agency and Public Lands Policy Coordination Office joined with the association to coordinate efforts. Over 26,000 public comments have been received in opposition to the proposal to remove horses.

Mr. Mitchell spoke about the status of litigation to say the case is based on similar suits in other states that sought to remove the excessive horse population. Wild horse representatives have begun efforts to intervene and want to see a listing of the wild horse as an endangered species.

Mr. Bachtell asked how many animals are in excess of the BLM plan. Mr. Mitchell estimated the population to be five to ten times over the management plan. There is no budget to address the issue within BLM and the food supply on the land is not sufficient.

Mr. Garrett asked if the problem is centralized or if it is statewide. Mr. Christy reported the problem exists in most western states and throughout Utah, but some areas are more impacted than others.

Mr. Mower pointed out there is a dramatic increase in feral horses as families found they could not take care of the animals and turned their horses loose.

Mr. Bachtell mentioned the precedence in Uintah County with litigation to require the removal of horses from the Bonanza Ranch.

Mr. Cononelos recalled a great interest in horse adoption and recognized the interest in adoption has greatly diminished. Now, because of the size of the animals and the size of the population, the wild horses compete for food resources with big game in many areas.

Kim Christy said the small-sized gathers, conducted by the BLM are not adequate because the horse population doubles every three-to-four years.

Mr. Ure asked if there is an understanding that the federal government manages horses so no one else can employ management efforts on other public or private land. Mr. Christy confirmed BLM is legally responsible to remove animals that wander. Yet, in an ongoing cycle, the BLM is not adequately funded to respond to requests for removal of the horses. Director Carter mentioned that the agency does not have authority to do anything other than demand that the BLM come and remove the animals.

Mr. Lekas said the horses are not healthy and from time to time carry disease. An outbreak of equine infectious anemia caused a decline in value for the horse industry in the Basin.

9. Wild Horse Strategy (Cont'd)

Mr. Christy said BLM recognizes the overwhelming problem and considered a contraceptive, administered to mares, which will last from one to three years depending on the dosage. The contraceptive action has not been implemented.

Mr. Ure asked how grazing permits are handled in relation to the problems. Mr. Christy responded that the permits are an obligation to pay for what is used. Some permit holders have asked for non-use consideration because there is a scarcity of grass, the agency is not able to get the full value out of permits.

Director Carter described the majority of the grazing land belongs to BLM. The SITLA grazing permits are based on an exchange of use, since the areas are not fenced. The animals graze across lands of different ownership.

Mr. Ure asked if the media is aware of the condition of wild horses. Mr. Christy suggested the BLM might want to tell that story.

The Chairman asked for additional comments and recognized the end of the discussion.

The Board unanimously voted to adjourn.
