

## APPROVED

Land Trusts Protection & Advocacy Committee

Tuesday, October 8, 2024, 10 a.m.–12 p.m.

Anchor Location: 310 S Main St., Ste. 1275, Salt Lake City, UT 84101

### In-Person Participants:

Richard Ellis, Advocacy Committee Chair  
Paula Plant, Advocacy Committee Vice Chair  
Louie Cononelos, Advocacy Committee  
Roger Barrus, Advocacy Committee  
Marlo Oaks, Utah State Treasurer  
Kim Christy, Advocacy Office Director  
Jessie Stuart, Advocacy Office Assistant Director  
Chris Pieper, Assistant Attorney General  
Margaret Bird

### Zoom Participants:

Peter Madsen, SITFO Director  
Brittany Griffen, Policy and  
Communications Deputy, OST  
Terri Francis, TLAC Member  
Deena Loyola-Merrill, Advocacy Office  
Communications Specialist

1. Call meeting to order  
Meeting called to order by Chair Ellis at approximately 10:00 a.m.
2. Chairman's report  
Chairman Ellis made note of the presentations to the Legislative Audit Subcommittee as well as efforts made in advancing Amendment B.
3. Approval of minutes  
Mr. Cononelos motioned to approve the July 9, 2024, meeting minutes. Ms. Plant seconded. The vote was unanimous in the affirmative.
4. Calendar and confirmation of meeting dates  
Upcoming meeting dates for Trust System entities were provided in the packet. The Advocacy Committee will continue to meet on the second Tuesday of January, April, July and October.
5. Stakeholder and public input  
Margaret Bird expressed appreciation for the work the office has done and offered her and former Representative Brown's support as the office moves forward.
6. Trust System reports

### **Trust Lands Advisory Committee (TLAC) Report:**

The Board of Education is reviewing all funded programs. This included a review of the School LAND Trust Program. Key updates from this review include:

- TLAC will review LAND Trust Program code and rule and prepare a 2026 bill to remove outdated requirements.
- The School Children's Trust will seek funding in 2025 for an additional FTE to handle administrative tasks allowing the other staff members to focus more on training and compliance as identified in code.
- A 'common needs assessment' will be created for schools. The common needs assessment will first be created at the Local Education Agency (LEA) level. Once completed, assessments for

individuals' schools will be created. This compilation of data will help volunteer councils who are charged with identifying the 'greatest academic need of students with back-up data to support their decisions.

Ms. Plant reported on the benefit of TLAC members attending the TLA Board tours and plans to have more TLAC members attend at future opportunities.

TLAC members serve four-year terms, with half up for appointment or reappointment every two years. Appointment/re-appointment will be completed in March by the Board of Education.

### **SITFO Report:**

The SITFO Summit will be held December 2-3. Mr. Madsen presented an overview of the anticipated agenda and presentations.

Mr. Madsen provided a budget update. Currently, SITFO's expenses are below forecasted levels and are expected to remain below both the annual projections and the appropriated budget.

Strategic Asset Allocation (SAA) is currently in progress, with analysis and recommendations scheduled for presentation at the December SITFO Board meeting. SITFO is working with a risk consultant to tailor the analysis for the following considerations: long-term return objective, earnings/corpus structure, quarterly distribution under a 4% or 5% cap, liquidity needs.

A performance update on the permanent funds as of August 31, 2024 was provided. The FY 2024 audit is expected to be nearly finalized by the December Board meeting. It is best practice to use the fund balance totals from SITFO's audited financial statements when communicating with the public and to update communication materials annually with the latest audited figures.

Mr. Madsen informed the Advocacy Committee that SITFO is still seeking to fill the Deputy CIO position at SITFO.

### **Trust Lands Administration (TLA) Report:**

A representative of TLA was not present. Mr. Christy relayed that final FY 2024 revenue numbers were \$129.7 million and the legislative audit for TLA has been presented to Legislative Subcommittees.

### **Protection & Advocacy Office (Advocacy Office) Report:**

#### Constitutional Amendment B Campaign Update:

Ms. Loyola-Merrill provided an overview of the campaign strategy to promote Amendment B. Marketing efforts include website development, securing endorsements, social media advertising, designing promotional materials, in-person events, newsletter placements, speaking points, and traditional media outreach. Mr. Christy commended Ms. Loyola-Merrill on the campaign efforts.

Mr. Christy informed the Advocacy Committee that all four original ballot measures (including Amendment B) were in violation of the state's requirement that the legislature provide proper public notices in newspapers at least 60 days before the election. If Amendment B does not face any legal challenges regarding the 60-day public notice requirement, it will remain on the ballot.

Mr. Ellis shared that he received a call from the state auditor inquiring about the office's campaign regarding Amendment B. He explained that, by statute, the Land Trust Protection and Advocacy

Office has an obligation to advocate for legislative change that serves the interests of the trust beneficiaries and is funded by trust funds, not tax dollars. Mr. Peiper received a similar phone call and echoed the same information, inviting the State Auditor to call the office directly. Mr. Christy has not received a phone call.

#### FY 2025/26 Distribution Update and Discussion

The FY 2025 distribution calculation has been run by SITFO, the first installment has been sent to beneficiaries. Total distributions for all trusts are \$118 million with \$111 million going to public schools. An announcement on the \$111 million to schools will not be announced until after the election to minimize any confusion. All other beneficiaries have been notified.

Ms. Stuart noted that Public School Trust distributions get sent to an account at the Utah State Board of Education, but distributions to individual schools from the LAND Trust Program occur the following year when schools complete LAND Trust Program requirements. The \$111 will be distributed to schools in the 2025-2026 school year.

#### FY 2026 Protection & Advocacy Office Budget Review

Ms. Stuart provided a budget overview for FY 2026, noting the on-going \$120,000 additional appropriation approved by the legislature for a third employee. Once the election ends, Ms. Loyola-Merrill will conclude her temporary part-time employment with the office and a full-time employee will be hired.

#### Action Item: DHRM Rule R477-8-3; Exercise Release Time Policy

State DHRM Rule R477-8-3 enables state employees to participate in exercise release time if a participating agency has an approved internal policy. The policy includes three 30-minute paid breaks a week to exercise during a regular 8-hour shift, subject to work demands and performance. Ms. Plant motioned to approve the policy. Mr. Barrus seconded. The vote was unanimous in the affirmative.

#### Miners Hospital Update

The Miners Hospital Permanent Fund balance is getting closer to \$100 million, having nearly doubled over the past five years. This growth has allowed for significant distributions, including a \$3 million distribution for FY 2025. If Amendment B passes, these distributions are expected to increase further. The hospital's annual operating budget is approximately \$1.5 million, far less than the recent annual distributions. As a result, Miners Hospital has initiated a transfer of \$1.4 million back to the permanent fund, while maintaining \$3 million in reserves.

This anticipated transfer has prompted discussions about whether the program's reach can be expanded to serve additional miners or address other opportunities for using the funds prudently. Suggestions include revisiting ideas such as scholarships.

To address these concerns and explore potential changes, Mr. Connelos, Ms. Plant, Director Christy, and Ms. Stuart met with Mark Ward and Shawn Shipley. Initial discussions were perceived as defensive rather than solution focused. A subsequent meeting with the Miners Hospital Advisory Council, attended by Mr. Christy and Ms. Stuart, was more positive. The Council expressed receptiveness to exploring expanded outreach efforts and potential alternative uses for the funds.

Ms. Plant highlighted a positive experience shared by a friend who received care from the Miners Hospital but acknowledged that there is room to expand the program's reach and additional opportunities.

Director Christy proposed considering a statutory change to change the rigid 5% distribution calculation to a 5% “cap” instead. An adjustment like this would allow SITFO to distribute less than the 5% in years when operational needs are lower, thereby avoiding repetitive transfers of unused funds back into the Permanent Fund.

The discussion also included input from Mr. Pieper, who offered several considerations. He noted that while the 2004 settlement agreement remains in effect, it is now outdated and presents an opportunity to negotiate an updated agreement. Additionally, exploring legislative changes to establish a statute that directs the use of the funds could be another option to consider.

Conversations on these matters will continue as stakeholders work toward solutions that optimize the program’s impact.

#### Audit Response Update

The legislative audit has been completed and presented to the Legislative Audit Subcommittee, with a follow-up presentation planned for the EOCJ Committee, to which the Advocacy Office is accountable.

The audit identified two primary areas for improvement: the need for enhanced beneficiary accountability in the spending of trust distributions and the need for clarification of the role and responsibilities of the Protection & Advocacy Office.

Mr. Christy provided historical context on the Trust System, noting that SITLA and SITFO were established following in-depth analyses conducted by multi-year task forces. In contrast, the Advocacy Office, created in 2018, did not receive the same level of review and input. To ensure the audit findings are thoroughly and effectively addressed before any legislative action is taken, Mr. Christy emphasized the need for a comprehensive evaluation of the Land Trusts Protection & Advocacy Office, an idea originally proposed by Paula Plant.

Mr. Christy outlined recent efforts to gauge the proposal with legislators, including meetings with Senator Vickers, Representative Jefferson Moss, and the EOCJ Committee Co-Chairs, Senator Owens and Representative Burton. These discussions were productive, with all parties expressing support for the idea of an informal study group. The Co-Chairs invited Mr. Christy to draft a motion for the EOCJ Committee for formal endorsement.

The proposed study group’s structure and timeline were also discussed. The group would meet once before the holidays. Concluding the legislative session the study group would reconvene monthly meetings with the goal to present findings and recommendations to the EOCJ Appropriations Committee by October.

Closed Meeting – Annual Review of Protection & Advocacy Office Director (pursuant to Utah Code §53D-2-202.1(c) Mr. Cononelos motioned to move into closed session, Mr. Barrus seconded. The vote was unanimous in the affirmative.

Once back in open session, Mr. Ellis entertained a motion to provide a 5% increase for Mr. Christy along with a \$4,000 bonus, and a \$4000 bonus for Ms. Stuart. Mr. Barrus motioned, with a second from Mr. Cononelos. The vote was unanimous in the affirmative.

#### Adjourn

Mr. Barrus moved to adjourn. Mr. Cononelos seconded. The vote was unanimous in the affirmative.