

Agenda

March 20, 2025



**TRUST
LANDS**
ADMINISTRATION



Board of Trustees Meeting Agenda

102 Tower – 6th Floor Boardroom
102 South 200 East
Salt Lake City, Utah 84111
Thursday, March 20, 2025
10:00 a.m.

1. Welcome

2. Approval of Minutes

February 20, 2025

3. Confirmation of Upcoming Meeting Dates

April 16 – 17, 2025 – Emery & Carbon County Projects Board Tour & Meeting

May 15, 2025 – Regular Meeting

June 19, 2025 – Regular Meeting

July 17, 2025 – New Board Member Orientation (no regular meeting)

4. Trust Lands Funds in Action by Marla Kennedy, Director of Communications & Governmental Affairs for the Trust Lands Administration

5. Social Media Minute by Joelette Organista, Communications Specialist for the Trust Lands Administration

6. Public Comments

Trust Lands welcomes comments from the county advisory committee, the public, and other interested parties. The board sets aside 15 minutes at each 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 participating electronically who desires to 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. Trust Lands staff is available for dialogue outside of board meetings.

7. Chair's Report by Warren Peterson, Chair of the Board of the Trust Lands Administration

8. Director's Report by Michelle McConkie, Executive Director of the Trust Lands Administration

a. Legislative Update

b. John D. Dingell, Jr. Conservation, Management, and Recreation Act Exchange Recognitions

9. Advocate's Report by Kim Christy, Director of the Land Trusts Protection & Advocacy Office

10. Action Items

- a. Proposed 2025-2026 Grazing Assessment Rates by Scott Chamberlain, Assistant Managing Director (Richfield), and Chris Fausett, Managing Director for Surface Resources
- b. Proposed Administrative Rule Revisions to U.A.C. R850-170 Renewable Energy Lease Agreements (RNBL) by Troy Herold, Assistant Managing Director for Energy & Minerals
- c. Consideration of New Board Policy Regarding Board Committee Procedures, by Mike Johnson, Chief Legal Counsel
- d. Proposed Exploration Agreement with Option to Lease Geothermal OBA (RNBL 2012) with Cordillera, LLC in Juab and Millard Counties (4,386 acres +/-) by Chanse Rinderknecht, Geologist and Lease Manager (Vernal) for Energy & Minerals
- e. Proposed Exploration Agreement with Option to Lease Non-competitively for Potash and Mineral Salts (ML 54591) with Utah Potash, LLC in Grand County (1,280 acres +/-) by Tyler Wiseman, Geoscientist and Lease Manager for Energy & Minerals
- f. Proposed Geothermal Research Lease OBA (RNBL 2014) with Energy & Geoscience Institute in Beaver County (1,159.27 acres +/-) by Chanse Rinderknecht, Geologist and Lease Manager (Vernal), and Stephanie Barber-Renteria, Managing Director of Energy & Minerals

11. Notification Items

- a. Minor Development Transaction: 1.81 acres of development property and 11.90 acres of surrounding open space in Washington City

12. Adjourn

Note: Board members may participate in this meeting electronically but may be seen and heard via electronic means at the anchor location (6th-floor Boardroom) specified above.

Interested parties, including members of the public or representatives of county governments or Utah Tribes, may attend the meeting in person or through the **registration link**: https://utah-gov.zoom.us/webinar/register/WN_GPcpwB6XRgSVoGNUbOxwAw. Those wishing to provide public comments electronically will be asked at the beginning of the period designated for such comments to use the "raise hand" feature at the bottom of the screen during the Zoom meeting so they may be called upon to provide comments.

Please call Lisa Stamps Jones at 801-891-7489 or email lstampsjones@utah.gov with questions any time before 4:30 p.m. on March 19, 2025.

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, please note 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.

Per the Americans with Disabilities Act, persons needing auxiliary communicative aids and services for this meeting should contact Lisa Stamps Jones at 801-891-7489 or by email at lstampsjones@utah.gov at least three (3) days in advance.

I, Lisa Stamps Jones, Trust Lands Administration Board of Trustees Executive Assistant, hereby certify the foregoing agenda was posted on the Utah State Public Notice website, <https://www.utah.gov/pmn/index.html>. **Dated: Monday, March 10, 2025.**

10a Surface Resources

Proposed 2025-2026 Grazing Assessment Rates



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

To: Board of Trustees (Board)
School and Institutional Trust Lands Administration (TLA)

From: Chris Fausett, Managing Director - Surface
Scott Chamberlain, Assistant Managing Director

Re: Proposed 2025/2026 Grazing Assessment Rates

Date: March 5, 2025

Summary

Pursuant to Utah Administrative Code R850-50-500, TLA grazing assessment rates are to be established by the Board and reviewed annually. Grazing rates are charged on an Animal Unit Month¹ (AUM) basis. TLA proposes the 2025/2026 grazing assessment rates set forth below.

The 2025/2026 recommended grazing assessments are:

- Standard Assessment - \$7.08 + \$0.10 weed fee = **\$7.18 per AUM**
- Block Assessment - \$12.39 + \$0.10 weed fee = **\$12.49 per AUM**

Last year's 2024/2025 approved grazing assessments were:

- Standard Assessment - \$6.84 + \$0.10 weed fee = \$6.94 per AUM
- Block Assessment - \$11.97 + \$0.10 weed fee = \$12.07 per AUM

Key Information and Background

Current Formula:

In March of 2020, the Board approved a grazing assessment formula that is tied to the private market while recognizing that different circumstances typically apply to grazing on trust lands compared with privately-owned lands. For example, the agency requires its grazing permittees to perform tasks and expend money (non-fee costs) that private landowners do not typically require of their permittees. In comparison, the federal grazing rate on adjacent BLM lands is \$1.35 per AUM.

The formula is a percentage (36% for standard assessment, 63% for block assessment) of the USDA National Agricultural Statistic Service (NASS) private lease rate, averaged over a three-year period. Using a three-year running average helps moderate any dramatic swings in either direction. This formula has been much simpler to follow and implement than the formula in effect prior to 2020 and is tied directly to market rates.

¹ An animal unit month (AUM) is a unit of measurement used to determine stocking rates for livestock grazing. One AUM is the amount of air-dry forage a 1,000-pound cow and her un-weaned calf will consume in one month.

- Standard Assessment – 36% of the (NASS) three-year average private lease rate, Ex. NASS DATA private lease rates for the last three years: $19.00 + 19.50 + 20.50 = 59.00/3 = 19.67 \times 36\% = \mathbf{\$7.08/AUM}$
- Block Assessment – 63% of the (NASS) three-year average private lease rate, Ex. NASS DATA private lease rates for the last three years: $19.00 + 19.50 + 20.50 = 59.00/3 = 19.67 \times 63\% = \mathbf{\$12.39/AUM}$

The \$0.10/AUM weed fee is established in state statute (53C-5-104) and is to be used for the payment of costs incurred in controlling noxious weeds, new and invading plant species, insects, and disease infestations on trust lands.

Committee Discussion:

The Surface Committee has reviewed proposed grazing assessments and had no substantive comments or concerns.

Requested Action

The agency requests that the Board approve the proposed 2025/2026 grazing assessments and offers the following proposed motion:

"Move to approve the grazing assessments for 2025/2026 with the standard assessment being set at \$7.08 per AUM and the block assessment being set at \$12.39 per AUM."

10b Energy & Minerals

Proposed Administrative Rule Revisions to Renewable Energy Lease Agreements (RNBL)

U.A.C. R850-170



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

Date: March 20, 2025

To: Board of Trustees, Utah Trust Lands Administration

From: Troy Herold, Assistant Managing Director, Energy & Minerals

Re: Proposed Revisions to Administrative Rules for Renewable Energy Lease Agreements (R850-170)

Summary

Staff propose to amend Section R850-170 of the agency's administrative rules governing renewable energy lease agreements. The revisions clarify that trust lands may not be leased for less than the fair market value of the leasehold and are being made in response to a recommendation from the 2024 performance audit of the Trust Lands Administration by the Office of the Legislative Auditor General ("OLAG").

Key Information and Background

Background: On August 20, 2024, the OLAG released "A Performance Audit of the School and Institutional Trust Lands Administration: Improving Controls, Accountability, and Proactive Management" (the "Audit"). Section 1.2 of the Audit concluded that the administrative rules for surface special use lease agreements and renewable energy lease agreements are unclear as currently written and could be misinterpreted as allowing for the receipt of less than fair market value for the lease of trust lands. Receiving less than fair market value for the lease of trust lands would be a violation of the Utah Code. The relevant pages from the Audit are attached as Appendix A. The OLAG offered the following recommendation in the Audit to address their concerns:

Recommendation 1.4

The School and Institutional Trust Lands Administration should revise the Administrative Rules for Special Use Lease Agreements and Renewable Energy Lease Agreements to ensure that the criteria for setting lease rates are clear and consistent with Utah Code pertaining to the receipt of no less than fair market value for the lease of trust lands.

Proposed Rule Revisions: The agency established an internal working group composed of management, lease managers, and legal staff to evaluate the Audit recommendation and draft proposed revisions to the administrative rules for renewable energy lease agreement to address the recommendation.

The Board approved revised rules for surface special use leases (R850-30) during its meeting held February 20, 2025. Staff now propose similar revisions be made to the administrative rules governing renewable energy lease agreements (R850-170). A redlined version of the proposed rule revisions is attached as Appendix B.

Rulemaking Process: If the proposed rule revisions are approved by the Board, the agency will file the proposed rule revisions with the Utah Office of Administrative Rules. The Office of Administrative Rules then submits the rules to the Governor's Office of Management and Budget and the Legislature's Administrative Rules Review Committee for review. The proposed rules are also published for a 30-day public comment period. Once filed with the Office of Administrative Rules, it generally takes 3-5 months for the rules to become effective.

Committee Discussion

The Energy & Mineral Committee discussed the proposed revisions to the Renewable Energy Lease rules at their March 4, 2025, meeting. The committee recognized that the revisions were being made by the agency in response to the legislative audit and are consistent with the changes to the surface special lease agreement rules. As a result, the committee recommended presenting the proposed changes to the full Board.

Requested Agency Action

The agency recommends that the Board approve the revised administrative rules for renewable energy leases and offers the following proposed motion:

"I Move to approve the revised administrative rules for renewable energy leases as presented and direct the agency to proceed with the administrative rulemaking process."

Appendix A

EXHIBIT A



Administrative Rules Governing the Establishment of Certain Lease Rates Are Unclear, and Could Result in Less Than Fair Market Value

*Utah Code*¹² requires that SITLA receive fair market value for its land, a mandate that is reiterated in SITLA's *Administrative Rules*. However, *Administrative Rules* for Special Use Lease Agreements and Renewable Energy Leases Agreements are unclear. These *Administrative Rules* should be clarified to assure that the agency received fair market value for the lease of trust lands. SITLA reports that these types of leases generated about \$7.3 million in Fiscal Year 2023 (5% of SITLA's total revenue).

Administrative Rules state that the agency may base lease rates on a value other than the market value of the fee title to the subject property if the director determines that it is in the best interest of the beneficiaries and the agency has the right to terminate the lease before the end of its term. SITLA explained that the market value of the fee title to the subject property is separate and distinct from the market value of the leasehold (lease rate) that is being granted. The lease rate can be informed using various criteria outlined in *Administrative Rules*.

One of the criteria that may be used to inform the market value of the lease rate is to consider the market value of the fee title to the subject property (i.e. the appraised value as if it were being sold) and multiply it by an agency-determined interest rate. In some cases, SITLA runs this calculation and determines that if the lease rate were based solely upon this criteria that it would exceed the rate that has been negotiated with a prospective lessee. *Administrative Rules* allow for such negotiations for specific lease rate between a willing lessee and lessor after reasonable exposure in a competitive market, with the director's approval. SITLA explained the intent of the *Administrative Rules* is to prevent the issuance of long-term leases without an exit clause in these cases so that they can be terminated early if a better opportunity presents itself.



As written, *Administrative Rules* for some leases could be misinterpreted for the receiving of less than fair market value.

These sections of *Administrative Rules* are unclear as written and run the risk of being misinterpreted, potentially resulting in SITLA receiving less than fair market value for the lease of trust lands. SITLA should clarify the distinction between the market value of the leasehold and the market value of the subject property in *Administrative Rules* and ensure that they are in alignment with *Utah Code*.

¹² 53C-1-204(b)(iii): Policies established by SITLA's board shall "require the return of not less than fair market value for the use, sale, or exchange of school and institutional trust assets..."



In contrast, *Administrative Rules* for establishing the fair market value of surface group sale parcels are clear. We reviewed all of SITLA's land sales for its surface group dating back to 2013 and did not find a single case where SITLA received less than fair market value on those sales. Additionally, the Office of the State Auditor samples surface and development land sales each year to check whether they were sold for fair market value. Their tests for Fiscal Years 2021 to 2023 did not identify any instances where less than fair market value was received on those sampled transactions.



Reviews from our office and the Office of the State Auditor have not identified any land sales that went for less than fair market value.

RECOMMENDATION 1.4

The School and Institutional Trust Lands Administration should revise the *Administrative Rules* for Special Use Lease Agreements and Renewable Energy Lease Agreements to ensure that the criteria for setting lease rates are clear and consistent with *Utah Code* pertaining to the receipt of no less than fair market value for the lease of trust lands.

1.3 Controls over SITLA's Financial Operations Could Be Improved

Similar to its operational controls, SITLA's financial controls should also be improved. SITLA's internal control memo states that both the Division of Finance and the Office of the State Auditor audit SITLA and play a role in monitoring SITLA's internal controls. Monitoring from the Division of Finance has not been happening due to resource constraints and changing programs. This has left a gap in SITLA's controls that the board was not aware of.

SITLA's board is ultimately responsible for ensuring that the agency is managed according to law, including having sound internal controls. The board was unaware that some of SITLA's internal controls were incomplete. SITLA's internal control memo states that they ensure proper internal controls by



Discontinuation of some Division of Finance programs have left SITLA's internal control monitoring limited.

following the Division of Finance's Internal Control Program. This program requires agencies to establish the five elements of internal control: 1) the control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring. Section 1.1 of this chapter addressed

Appendix B

R850. School and Institutional Trust Lands, Administration.

R850-170. Renewable Energy Lease Agreements.

R850-170-100. Authorities.

This rule implements Sections 6, 8, 10, and 12 of the Utah Enabling Act, Articles X and XX of the Utah Constitution, and Subsections 53C-1-302(1)(a)(ii) and 53C-4-101(1), which authorize the director to establish rules for leasing trust lands.

R850-170-150. Planning.

1. In addition to those other planning responsibilities described in this Rule R850-170, the agency shall:

- (a) Submit proposals to lease trust lands for renewable energy projects to the Resource Development Coordinating Committee (RDCC) unless the proposal is exempt from such review;
- (b) Evaluate comments received through the RDCC process; and
- (c) Evaluate comments received through the request for proposal process pursuant to Section R850-170-600 or the solicitation process pursuant to Section R850-170-800.

R850-170-200. Exemption from Development Transaction Rules.

The director may exempt renewable energy leases issued on Development Property as defined in Subsection R850-140-250(1) from Rule R850-140 if the renewable energy leases are issued according to this Rule R850-170 and if the exemption is consistent with the land management objectives found in Rule R850-2.

R850-170-300. Terms of Leases.

Lease terms, including extensions, should not normally be for longer than 51 years. The agency may issue leases for a term longer than 51 years if a longer term is consistent with the land management objectives found in Rule R850-2.

R850-170-400. Categories of Renewable Energy Leases.

- 1. Renewable energy leases are categorized as follows:
 - (a) solar;
 - (b) wind;
 - (c) energy storage; and
 - (d) geothermal.
- 2. The agency may grant exploration and options to lease the renewable resources on a parcel according to the requirements of this Rule R850-170 if doing so would encourage exploration of undefined resources.

R850-170-500. Other Business Arrangements.

- 1. The agency may enter into other business arrangements (OBAs), such as joint venture agreements, that are consistent with the purposes of the Act.
- 2. OBAs are exempt from these R850-170 rules.
- 3. OBAs and any amendments to OBAs must be approved by the Board of Trustees.

R850-170-600. Requests for Proposals.

- 1. The agency may issue a request for proposals (RFP) for renewable energy projects on trust lands.

2. The agency shall give notice of the RFP to lessees or permittees of record on the subject property and shall advertise the RFP by methods determined by the agency to increase exposure of the subject property to qualified applicants.

3. In response to the RFP, an applicant may propose a sale, lease, joint development, exchange, or other business arrangement.

4. The agency shall evaluate proposals using the following criteria:

- (a) income potential;
- (b) potential enhancement of trust lands;
- (c) development timeline;
- (d) applicant qualifications;
- (e) desirability of proposed use; and
- (f) any other criterion deemed appropriate by the agency.

5. The agency may charge non-refundable application and review fees, as specified in the RFP.

6. Applicants selected in the RFP process are exempt from the application process in Section R850-170-800.

R850-170-700. Lease Rates.

1. The agency may not lease trust lands for less than the fair market value of the leasehold. The agency shall base the fair market lease rates on either the market value or income producing capability of the subject property and may require any commercially reasonable type of consideration, including rent, percentage rent, use payments, impact charges, escalating charges, balloon payments, and in-lieu payments. The agency may base lease rates on any of the following criteria, in combination or otherwise:

(a) the market value of the subject property multiplied by the current agency-determined interest rate;

(b) responses to RFPs, pursuant to Section R850-170-600, or solicitations for competing applications, pursuant to Section R850-170-800

(c) comparable lease data;

(d) market value of the proposed use of the subject property;

(e) rates schedules approved by the director; and

(f) the administrative costs of leasing the subject property and a desired minimum rate of return.

2. If a lease rate is lower than the value calculated pursuant to Subsection R850-170-700(1)(a), the agency shall reserve the right to terminate the lease before the end of the term.

3. Lease Review and Adjustment Procedures.

(a) The agency shall review renewable energy leases periodically as specified in the lease agreement and may adjust lease rates, the amount of financial guaranty, the amount of required insurance, and other similar lease provisions to ensure the agency receives no less than fair market value for the subject property and is adequately protected against a lessee's breach. Periodic lease reviews should normally be no longer than every five years.

(b) The agency may base lease rate adjustments on changes in market value including appreciation of the subject property, changes in established indices, or other methods that are appropriate and in the best interest of the trust beneficiaries.

(c) If the lease does not specify the rate of adjustment, the rate of adjustment will be based on the Consumer Price Index, published by the U.S. Bureau of Labor Statistics, All Urban Consumers, Western Region Average, All Items (1982-84 = 100), or if the Consumer Price Index is no longer published, a substitute index published by a governmental agency and

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Deleted: The agency may base lease rates on a value other than the market value of the subject property if the director determines it is in the best interest of the beneficiaries and the agency has the right to terminate the lease before the end of the term.

comparable to the Consumer Price Index. The adjusted lease rate cannot be less than the lease rate for the immediately preceding review period.

(d) The director may suspend, defer, or waive lease adjustments in specific instances, based on a written finding that the suspension, deferral, or waiver is in the best interest of the trust beneficiaries.

R850-170-800. Solicitation of Competing Applications.

1. On acceptance by the agency of a completed application, the agency shall solicit competing interest in the subject parcel. The director may waive this requirement if it is in the best interest of the trust beneficiaries.

2. Renewable energy facilities to support extraction of the mineral estate of the subject property when the mineral estate is not a trust asset is exempt from the requirements of Section R850-170-800.

3. The agency shall solicit competing interest in the subject parcel in a manner designed to increase exposure of the subject property to qualified applicants. The agency may implement the solicitation through print media, internet, signage, direct mail, or other appropriate marketing methods. The agency shall also give at least 30 days' notice by certified mail to:

- (a) the legislative body of the county in which the subject parcel is located; and
- (b) lessees or permittees of record on the subject property.

4. The notice of solicitation of competing interest must include:

- (a) a general description of the subject parcel and a brief description of its location, including township, range, and section;
- (b) the contact information of the agency office where interested parties can obtain more information; and

(c) any other information that may create interest in the subject parcel that does not violate the confidentiality of the initial application. The successful applicant is responsible for the cost of the advertising.

5. The agency may solicit competing interests on trust lands when no application has been received by advertising a parcel pursuant to the process described in this Section R850-170-600 or any other means, when in the best interest of the trust beneficiaries.

6. In response to a solicitation, an applicant may propose a sale, lease, joint development, exchange, or other business arrangement.

R850-170-900. Competing Proposals.

1. If the agency receives credible competing proposals in response to the solicitation process conducted pursuant to Section R850-170-800, the agency may select a proposal using the following methods:

- (a) Sealed Bid Process.

(i) The agency shall give the competing applicants notice setting forth the date on which the applicants must submit a final sealed proposal to the agency.

(ii) The agency may reject proposals received after the established due date.

(iii) The agency may require proposals for a lease to include the first year's rental, proposals for a sale to include a down payment on the proposed purchase price, and payments to cover the agency's costs of advertising and application fees.

- (iv) The agency shall evaluate proposals using the following criteria:

- (A) income potential;
- (B) potential enhancement of trust lands;

- (C) development timeline;
- (D) applicant qualifications;
- (E) desirability of proposed use; and
- (F) any other criterion deemed appropriate by the agency.

(b) The agency may negotiate with the applicants or interested persons to create a proposal that best satisfies the objectives of Rule R850-2.

- 2. The agency may terminate the application process at any time in its sole discretion.

R850-170-1000. Lease Determination Procedures.

The agency may not lease trust lands when a lease:

- 1. would be inconsistent with board policy or would not be in the best interest of the trust beneficiaries;
- 2. would create significant obstacles to future mineral development; or
- 3. would foreclose future development or management options that would likely result in greater long term economic benefit.

R850-170-1100. Renewable Energy Lease Provisions.

Each lease must contain provisions necessary to ensure responsible management of trust lands, including those provisions enumerated under Section 53C-4-202 and the following provisions:

- 1. the term of the lease;
- 2. the lease rate and other payments due to the agency;
- 3. reporting of technical and financial data;
- 4. reservation for mineral exploration and development and other compatible uses, unless waived by the director;
- 5. operation requirements;
- 6. lessee's consent to suit in any dispute arising under the terms of the lease or as a result of operations carried on under the lease;
- 7. procedures of notification;
- 8. transfers of lease interest by lessee;
- 9. terms and conditions of lease forfeiture; and
- 10. protection of the state from liability associated with the actions of the lessee on the subject property.

R850-170-1200. Financial Guaranties.

1. The agency may require a lessee to provide a financial guaranty to the agency to ensure compliance with lease terms including performance, payment, and reclamation. The financial guaranty must be in a form and in an amount acceptable to the agency.

2. If a lessee assigns a lease, the agency is not obligated to release the financial guaranty of the assignor until the assignee submits an equivalent replacement financial guaranty or any lease obligations, including reclamation, have been satisfied.

3. The agency may increase the amount of the financial guaranty in reasonable amounts at any time by giving lessee 30 days' written notice stating the increase and the reasons for the increase.

R850-170-1300. Lease Assignments and Subleases.

- 1. Assignments.

(a) A lessee may only assign a renewable energy lease if the agency consents to the assignment. Any assignment made without such approval is voidable at the agency's option.

(b) On the effective date of an assignment, the assignee is bound by the terms of the lease to the same extent as if the assignee were the original lessee, any conditions in the assignment to the contrary notwithstanding.

(c) An assignor must provide the agency with a copy of the assignment document, which must be a sufficient legal instrument, properly executed, with the lease number, the land involved, the name and address of the assignee, and the interest transferred clearly indicated.

(d) As a condition of the approval of an assignment, the agency shall require:

(i) the assignee to accept the most current applicable lease form unless continuation of the existing form is clearly in the best interests of the trust beneficiaries; and

(ii) the assignee be satisfactory to the agency.

2. Subleases.

(a) A lessee may only sublease a renewable energy lease if the agency consents to the sublease. A sublease made without such approval is voidable in the agency's discretion.

(b) The lessee must indemnify the agency for actions or inactions of the sublessee and the agency may look to either the lessee or the sublessee for compliance with the lease.

(c) The agency may require lessee and sublessee to provide annual financial documentation that clearly identifies the revenue generated on the property by sublessee and the revenue paid by sublessee to lessee.

(d) A lessee must provide the agency with a copy of the sublease document, which must be a sufficient legal instrument, properly executed, with the lease number, the land involved, the name and address of the sublessee, and the interest subleased clearly indicated.

(e) The agency may charge the lessee sublease rates based on the then current market rental value of the subject property, the revenue paid by sublessee to lessee, and such other factors as the agency deems reasonable.

(f) Rather than approve the sublease, the agency may require that the sublessee enter into a new lease with the agency for the subleased portion of the property.

R850-170-1400. Lease Amendments.

1. The agency may amend a lease if the amendment would be consistent with Rule R850-2. Unless waived by the director, the agency shall solicit competing interest pursuant to Section R850-170-800 if:

(a) the total amended acreage exceeds 150% of the original acreage;

(b) the lease term, including any extensions, is longer than 51 years; or

(c) the proposed amended purpose of the lease is substantially different from the original purpose.

2. The agency may condition approval of an amendment on the lessee accepting the current lease form.

KEY: administrative procedures, leases, trust land management, request for proposals

Date of Last Change: August 8, 2022

Authorizing, and Implemented or Interpreted Law: 53C-1-302(1)(a); 53C-4-101(1); 53C-4-202

10c Legal

Consideration of New Board Policy Regarding Board Committee Procedures

2025-1



**TRUST
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ADMINISTRATION

10c Legal

Consideration of New Board Policy Regarding Board Committee Procedures

2025-1

MEMO TO FOLLOW



**TRUST
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10d Energy & Minerals

Proposed Exploration Agreement with Option to Lease Geothermal OBA:

RNBL 2012

with Cordillera, LLC



**TRUST
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ADMINISTRATION

BOARD MEMORANDUM

Date: March 20, 2025

To: Board of Trustees, School and Institutional Trust Lands Administration

From: Chanse Rinderknecht, Geologist/Lease Manager

Re: Cordillera Other Business Arrangement (RNBL 2012 OBA) - Geothermal

Applicant: Cordillera, LLC
9302 Lambright Road
Houston, TX 77075

Lands: **Juab County**
T14S R8W Section 16: All
T14S R8W Section 32: All

Millard County
T16S R9W Section 16: All
T19S R6W Section 32: All
T19S R7W Section 36: N2, S2SW4, SE4
T21S R6W Section 2: Lots 1, 2, 3, 4, S2N2, S2
T22S R6W Section 16: All

See Appendix A Map

Acreage: 4,386 acres, more or less

Fund: Schools

Summary

The Energy & Minerals Team recommends that the Board approve the Cordillera OBA and issue a new exploration agreement with an option to lease geothermal resources on 4,386 acres of trust lands located in Millard and Juab counties. Pursuant to Utah Code § 53C-2-401(1)(d)(ii), the agency may enter an OBA with Board approval. This action requires Board approval because the proposed lands are not being offered for lease via the competitive lease process.

Key Information and Background

The applicant, Cordillera, LLC, (which is the entity affiliated with Quaise, Inc. to acquire leases in Utah) is seeking an exploration agreement with an option to lease under the Trust Lands Administration's geothermal exploration agreement and lease, effective April 1, 2025, with an exploration period of five years and a primary term of ten years.

The Energy & Minerals Team anticipates that Cordillera, LLC, Inc will create a geologic model utilizing geologic mapping, geophysical surveys such as seismic, and geochemical analysis of fluids. They will then drill test wells to assess the heat gradient and permeability of the reservoir.

TLA is aware that Cordillera, LLC has already been coordinating with Jim Goddard with the Utah Division of Water Rights.

The agency also notes that one of the sections included in the proposed OBA, Section 36 in Township 19 South, Range 7 West, is subject to an existing volcanic materials lease (ML 53990), which is depth-limited to 1,000 feet and is held by PVT Materials LLC. To avoid any surface use conflicts with the existing

lessee, the agency required Cordillera, LLC to negotiate an agreement with PVT Materials LLC prior to bringing this OBA to the Board. The parties have confirmed with the agency that such an agreement has been successfully negotiated.

Finally, regarding the proposed acreage in Section 2 of Township 16 South, Range 9 West, questions had been raised about the potential for local objection to geothermal exploration on Pahvant Butte. The agency has discussed this issue with Millard County and as long as the agreement is issued with no surface occupancy allowed on the butte itself, the County has no concerns.

The Resource: Geothermal

The Applicant: Quaise, Inc. was founded in 2018 with the goal of implementing a millimeter-wave drilling system for deep geothermal energy production. Based on more than a decade of research at MIT and recent testing at Oak Ridge National Laboratory, the company asserts it has advanced a novel technique to vaporize rock using high-power microwaves in the millimeter range. In March 2024, the company announced the closing of a \$21 Million Series A1 financing round. Based on numerous meetings with the applicant, the Energy & Minerals Team believes the company has sufficient funding and technical expertise to perform under the terms of the OBA.

Material Terms of the Transaction

Term: The agreement will be issued beginning April 1, 2025. The agency will require Cordillera, LLC to submit plans of exploration and development, subject to TLA's approval, including year-end reports.

Payments to Trust Lands Administration: During the Option period, Cordillera, LLC will pay:

Option Period	Option Payments
Option Year 1	\$1 /acre
Option Year 2	\$2 /acre
Option Year 3	\$3 /acre
Option Year 4	\$4 /acre
Option Year 5	\$5 /acre

If the option to lease is exercised, Cordillera, LLC will pay an annual rental of \$1.00/acre, a minimum royalty of \$5.00/acre, and production royalties (including 2.25% from power generation, 10% direct sale and use, and 5% of any sale of byproduct).

Work/Expenditure Requirements: Cordillera, LLC will submit a plan of development (which is subject to SITLA approval) and submit year-end reports.

Data Reporting Requirements: The agency will require all geologic data from wells drilled.

Committee Discussion

The committee discussed this proposal initially in December 2024 and again in March 2025, following the successful negotiation of the agreement with the agency's volcanic materials lessee.

Key members of Quaise's team joined the December committee meeting, including the Chief Financial Officer, Vice President of Geothermal Resource Development, and a member of the Business Development team. Quaise noted that it has acquired leases in Oregon and is excited to add these Utah parcels as a key asset to its portfolio. Committee members recognized that geothermal is a new and emerging energy; however, the committee discussed how important it is that this OBA does not simply become a science experiment. TLA expects exploration, development, and eventual production from the leases. The committee emphasized the importance of thorough plans of development.

Other issues discussed by the committee include questions about water rights and transmission capacity. The committee noted that water rights in the area are being reviewed and emphasized that it will be vital for Quaise to illustrate the non-consumptive nature of their geothermal technology. Regarding eventual production royalties, Quaise wants to drill and produce within five years and has the technical expertise to do so. However, the committee noted that producing within that timeframe will likely be difficult due to transmission capacity in the area.

Finally, the committee had a thorough discussion of the agency's current practice of issuing geothermal exploration agreements with options to lease as opposed to offering geothermal leases through competitive auction. The background research between the two options was discussed with the advantages of choosing a good partner being at the forefront of the benefits of an exploration agreement.

Requested Agency Action

The agency requests that the Board approve the OBA and offers the following proposed motion:

"I Move to approve the Cordillera OBA on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transaction."

[illegible]

10e Energy & Minerals

Proposed Exploration Agreement with Option to Lease Non-Competitively for Potash and Mineral Salts OBA:

ML 54591

with Utah Potash, LLC



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

Date: March 20, 2025

To: Board of Trustees, Utah Trust Lands Administration

From: Tyler Wiseman, Geoscientist/Lease Manager, Energy & Minerals

Re: ML 54591-OBA – Exploration Agreement with Option to Lease Non-competitively for Potash and Mineral Salts (including Lithium)

Applicant: Utah Potash, LLC
C/O Kim Norman
7105 South Swan Hill Drive
West Jordan, UT 84081

Lands: T24S, R20E, SLB&M, Grand County
Section 32: All
T25S, R20E, SLB&M
Section 16: All

Acreage: 1,280.00 total acres (more or less)

Fund: School (100%)

Summary

The Energy & Minerals Team recommends the Board approve this non-competitive potash and mineral salts (including lithium) exploration agreement with an option to lease/other business arrangement ("OBA") proposed by Utah Potash, LLC ("Utah Potash").

Key Information and Background

On November 20, 2024, Utah Potash submitted a proposal to explore for and lease potash and mineral salts within the federally designated Ten Mile Known Potash Leasing Area (KPLA) in Grand County under the "other business arrangement" provision of Utah Code Ann. 53C-2-401(1)d(ii).

Since December 2004, Utah Potash has held five (5) potash and mineral salts leases in Grand County. In May 2012, the federal government designated approximately 90,240 acres in southeastern Grand County as the Ten Mile Known Potash Leasing Area (KPLA), including all sections leased by Utah Potash.

In November 2024, the agency determined that four (4) of the leases held by Utah Potash had expired pursuant to their terms as of November 30, 2024. ML 51274, which is currently leased by Utah Potash, has an expiration date of February 29, 2028. Utah Potash has since secured additional funding, completed a Plan of Development prepared by RESPEC, and has entered into a partnership with the federal potash lessee in the area to further exploration and development of potash in the Ten Mile KPLA.

Utah Potash is seeking a four-year exploration agreement with an option to lease for a 10-year primary term on one of their originally leased trust lands sections (Section 32, T24S, R20E) as well

as their currently leased section (Section 16, T25S, R20E). ML 51274 will be relinquished by Utah Potash and combined into the newly proposed OBA.

The Resource: Potash and Mineral Salts (including Lithium) within the Ten Mile Known Potash Leasing Area (KPLA) in Grand County. Potash is a trade name for potassium-bearing minerals used primarily as a key nutrient in fertilizers, but is also used in soaps, glass, synthetic rubber, and explosives.

Utah Potash intends to solution mine muriate of potash (MOP) from thick sylvinite beds in the Pennsylvanian Paradox Formation at significant depth from trust lands within the Ten Mile KPLA by dissolving the potash with fresh water and pumping the brine to the surface for processing. These mineral-rich brines have the potential to contain economically recoverable lithium concentrations that Utah Potash may exploit.

The Applicant: Utah Potash, LLC, registered business entity number 7236786-0160

Material Terms of the Transaction

Term: Four-year exploration agreement with an option to lease for an additional 10-year primary term, contingent on a four-year work commitment.

Royalty: The production rate of potash and mineral salts will be 5% of the gross value of the leased substance, f.o.b. the mine, sold under an arm's length transaction.

Payments to Trust Lands Administration:

- \$8.00 per acre annual rental (\$10,240.00 total per year)

Work/Expenditure Requirements:

- Core drilling of at least two exploration holes (one per section) to increase geological certainty and gather plant design data
- Determine the most suitable surface location(s) for the plant
- Begin the permitting process with an emphasis on gathering any data that requires studies over multiple seasons
- Run the spectrum of testing to validate the solution mining design and processing parameters
- Confirm access to water
- Provide a yearly update in the form of a geological or technical report on work commitments made to date and a plan of development for the next year

Data Reporting Requirements

The agency will require a yearly progress report and all geologic data from exploration activities conducted on the subject lands.

Committee Discussion

During the Energy & Minerals Committee on March 4, 2025, TLA presented a brief overview of the OBA proposal and then turned the time over to Kim Norman (Utah Potash) and Susan Patton (RESPEC) to introduce the project and present their plan of development for the resource. The presentation described the favorable geology, estimated inferred resource in place, mining and

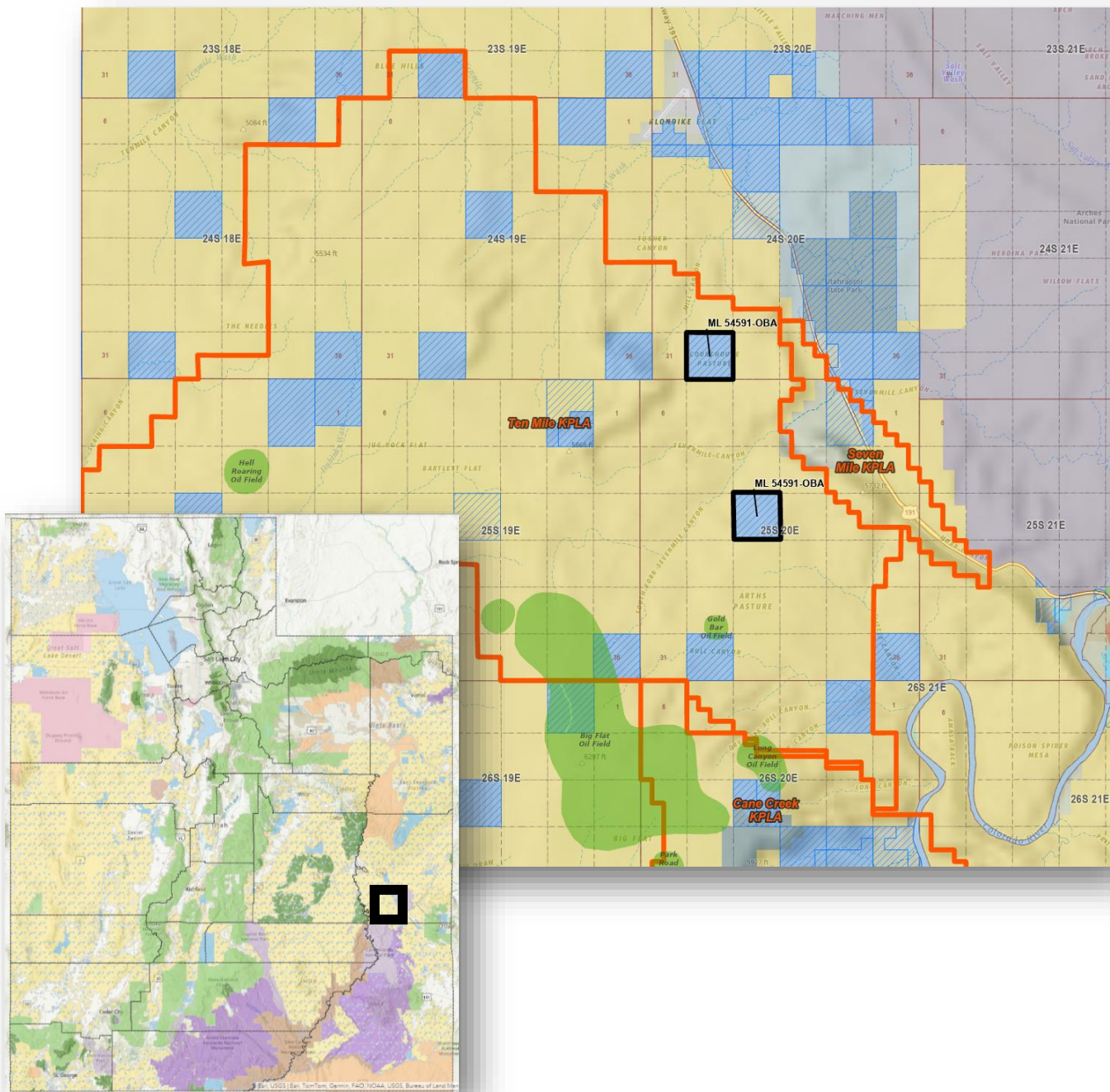
production method, processing and plant configuration, proximity to infrastructure, investment CAPEX and OPEX, development schedule, advantages and challenges, and commitment to Grand County. The committee members commended the presenters for their thorough presentation and voiced their support for the project. A question was raised regarding the estimated workforce required for the project, which Utah Potash responded with approximately 35 employees will be required from the area. The discussion emphasized that these jobs will be high paying jobs in an area of high cost of living and will be a necessary addition to the workforce in the local area.

Requested Agency Action

The agency requests the Board approve this non-competitive potash and mineral salts exploration agreement with option to lease/other business arrangement (ML 54591-OBA) and offers the following proposed motion:

"I move to approve ML 54591-OBA on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transaction."

Appendix A



10f Energy & Minerals

Proposed Geothermal Research Lease OBA:

RNBL 2014

with Energy & Geoscience
Institute



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

Date: March 20, 2025

To: Board of Trustees, School and Institutional Trust Lands Administration

From: Stephanie Barber-Renteria, Managing Director, Energy & Minerals
Chanse Rinderknecht, Geologist/Lease Manager

Re: Geothermal Research Lease - Other Business Arrangement (OBA)
RNBL 2014 OBA

Applicant: University of Utah, acting through Energy & Geoscience Institute
423 Wakara Way #300
Salt Lake City, Utah 84108

Lands: **Township 26 South, Range 9 West, SLB&M**
Section 32: S2, SWNW, NE

Township 28 South, Range 11 West, SLB&M
Section 16: Lot 1 (39.27) NE, NENW, S2NW, S2 [All]

Beaver County
See Appendix A Map

Acreage: 1,159.27 acres, more or less

Fund: Schools

Summary

The Energy & Minerals Team recommends that the Board approve this OBA and grant the University of Utah, acting through the Energy & Geoscience Institute (EGI), a new geothermal research lease on 1,159.27 acres of trust lands located in Beaver County. Pursuant to Utah Code § 53C-2-401(1)(d)(ii), the agency may enter an OBA with Board approval.

Key Information and Background

The agency and EGI are parties to a Right of Mineral Entry for Mineral Exploration ML 53478-ROME, dated February 1, 2017 (ROME), pursuant to which EGI has developed the Frontier Observatory for Research in Geothermal Energy (FORGE), in accordance with the United States, Department of Energy (DOE) grants and authorizations.

The ROME covers the trust lands included in this OBA proposal, as well as an additional 320 acres located in the north half of Section 36 in Township 26 South, Range 10 West. The ROME was granted for a term of ten years and is set to expire on January 31, 2027.

In addition to the ROME, the agency and EGI are also parties to Special Use Lease Agreement No. 2033, dated February 1, 2024 (SULA 2033), which allows EGI to develop surface facilities related to FORGE on certain trust lands covered by the ROME.

Pursuant to a Memorandum of Understanding entered into by the parties on March 7, 2025, the agency and EGI now wish to replace the ROME and SULA 2033 with the proposed new geothermal

research lease. The new lease will provide EGI with exclusive rights to non-commercial use of geothermal resources. In exchange for the issuance of the proposed lease, EGI will relinquish any interest in the north half of Section 36 in Township 26 South, Range 10 West, and will not object to the agency seeking the Board's approval to enter into a commercial geothermal lease on those lands.

The Resource: Non-commercial geothermal resources.

The Applicant: University of Utah - Energy & Geoscience Institute, which is overseeing a \$218M grant from DOE, and has created what has been described by DOE as a "dedicated laboratory for developing, testing, and accelerating breakthroughs in EGS [enhanced geothermal systems] technologies to advance the use of geothermal resources."

Material Terms of the Transaction

Term: The geothermal research lease will be granted effective March 1, 2025, through February 29, 2032.

Payments to Trust Lands Administration: The annual rental payment will be \$70,000.

Work/Expenditure Requirements: There are no work or expenditure requirements with the research lease.

Data Reporting Requirements: Data related to FORGE is available publicly; however, EGI will annually provide the agency with a summary of operations that have occurred each year and the planned operations for the next year.

Other Terms of the Agreement: Upon execution of the geothermal research lease, the ROME and SULA 2033 will terminate.

Requested Agency Action

The agency requests that the Board approve the OBA and offers the following proposed motion:

"I Move to approve the geothermal research lease OBA on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transaction."




**FORGE Research Lease
RNBL - 2014 OBA**


Within T 26S, R 9W, Sec. 32 SLB&M
T 28S, R 11W, Sec. 16 SLB&M
Beaver County


 RNBL - 2014 OBA (1,159.27 Acres)


Ownership Mineral


 All minerals

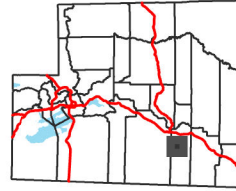
Land Ownership & Administration

 Bureau of Land Management

 Private

 State Trust Lands

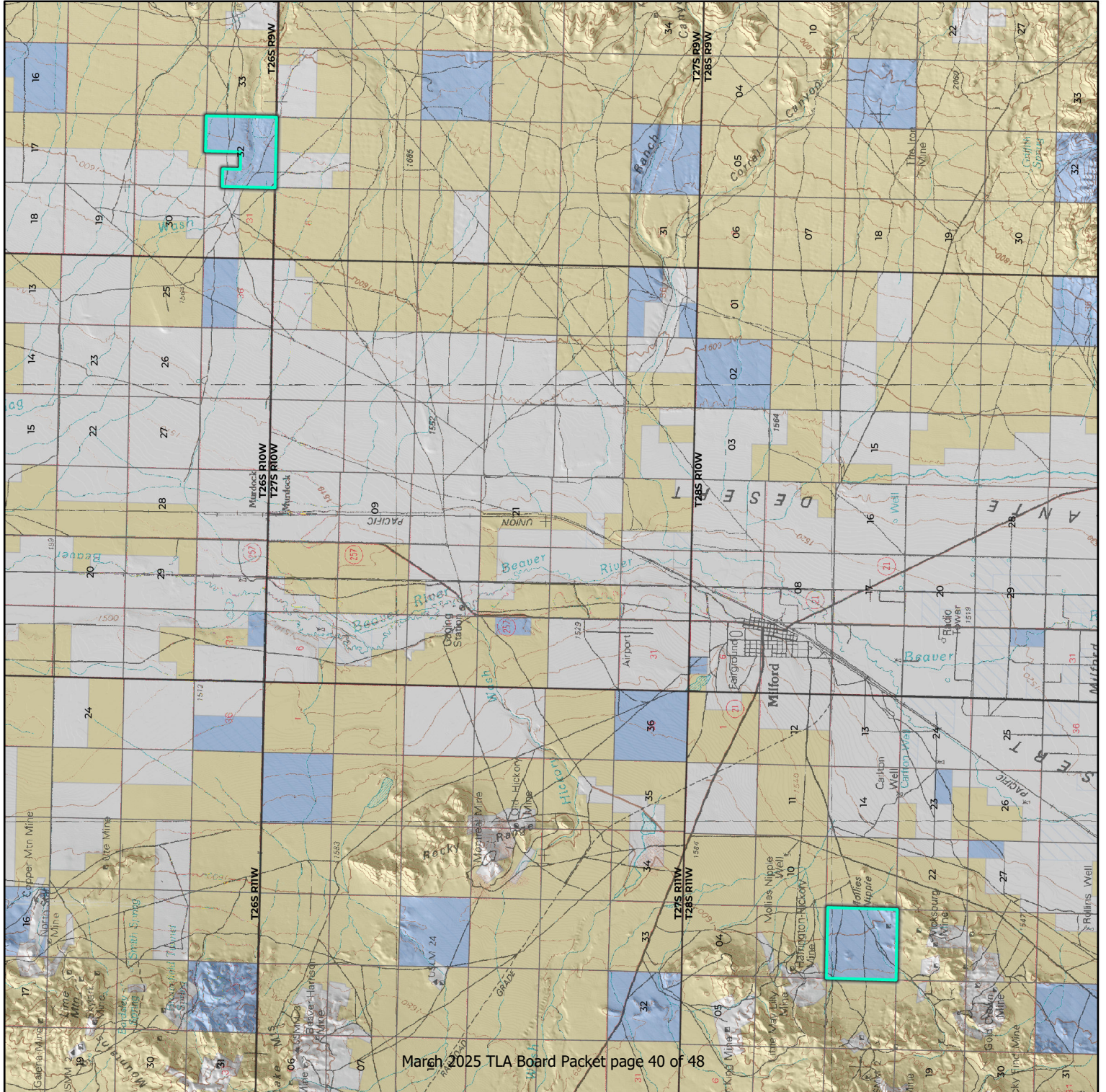
 Counties



0 0.75 1.5 3 Miles
1:125,000

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User: abonner



11a Real Estate Development

Minor Development Transaction:

1.81 Acres of Development
Property & 11.90 Acres of
Surrounding Open
Space in
Washington City



**TRUST
LANDS**
ADMINISTRATION

Board Memorandum

TO: Board of Trustees, School and Institutional Trust Lands Administration (SITLA)

FROM: Aaron Langston, Assistant Managing Director, Real Estate Development Group, Utah South

DATE: March 20, 2025

RE: Proposed Minor Development Transaction on 1.81 acres of development property and 11.90 acres of surrounding open space in Washington City, Utah

PROPERTY: T42s R15w Section 3 – Green Springs 1.50-acre substation site and 0.31 acres of usable contiguous open space, plus 11.9 acres of surrounding additional contiguous open space / drainage property for a total of 13.71 acres

DEVELOPER: CMD Alliance

BENEFICIARY: Schools

Summary

The purpose of this memorandum is to notify the Board of a Minor Development Transaction to sell approximately 1.81 acres of development property and 11.90 acres of contiguous open space property located in Washington City, on the west side of Washington Parkway, for a total of 13.71 acres (see exhibit B).

Key Information and Background--Minor Development Transaction

Background: For many years, a 1.50-acre parcel (parcel ID W-5-2-3-23) owned by Washington City had been designated as a substation site in a prominent neighborhood in Green Springs. However, as neighbors became more aware that the City intended to build a full substation there, complaints to the City became intense.

Washington City met with TLA Staff numerous times to identify potential exchange parcels. After months of meetings and planning, an alternative 1.5-acre substation site was discovered nearby on TLA property and TLA exchanged the City's substation site for the new location on TLA property (see EXCH 367 dated November 9, 2016, also shown in Exhibit B).

The property that TLA received in the exchange ran contiguously with 12.21 acres of property already owned by TLA, of which 0.31 was considered developable and could be added to the 1.5-acre substation property, and the remaining 11.9-acres was considered undevelopable as it primarily was part of steep slopes and drainages (see Exhibit B).

Substation site	1.5
Usable property	0.31
Remnant property	11.9
Total	13.71

In April 2024, Staff received an offer to purchase the subject substation parcel (1.5 acres) and the adjacent and usable 0.31-acre parcel, and an adjacent and south parcel of 0.11 acres that is apparently part of an existing roadway that must be dedicated to the City. Thus, the total purchase would be for 1.92 acres, of which they would dedicate 0.11 acres to the City (depiction of the 1.92-acre parcel to be purchased is shown in Exhibit A). They proposed a purchase price of appraised value, or \$215,000, whichever is greater (an appraisal was ordered, and it valued the land substantially higher than this amount, so they withdrew the portion of their offer that said they would purchase the land at appraised value).

SITLA ran a solicitation, advertising the subject parcel on the TLA website and running an ad in the local newspaper. Because of the small size of the parcel, interest among developers was absent. Neither the website nor the local advertising yielded competing offers. (Additional offers were received later through a listing agent, as detailed next in this memo.)

Competitive Process: Once the initial offer was received in April 2024, Staff again approached its development partners that were actively developing in the Green Springs area to gauge interest in this small parcel. None of them expressed any interest. Staff advertised the parcel on the TLA website and ran ads in the local papers. None of these efforts generated a single competitive offer.

Recognizing that most of the development parcels that are put out to bid by TLA are larger, attractive blocks very suitable for a variety of experienced and capable developers, Staff wondered if listing the parcel with a local broker would be better equipped to find parties interested in much smaller development parcels. Staff assumed the 1.5-acre substation parcel would be paired with the 0.31 acres of open space adjacent to the substation parcel as a development parcel, and the remaining 11.9 acres of open space /drainage property could be included in the listing, too, if the listing agent felt there might be any appetite for that property as well.

Exploring this concept, solicitations from two agents were received. The first proposal, from a brokerage specializing in commercial real estate, offered to list the property for six months on Loopnet, Propertyline, Crexi, the Washington County MLS, Facebook, etc. Commission/Fees would be the standard 6%.

The second proposal was from a brokerage that focuses more on residential sales. Their strategy was to list the parcel on the MLS, post it on social media sites, send postcards, discuss the parcel with current/past clients, etc. Their proposed commission/fees would be 4%.

Based on the lower commission structure, TLA selected the second proposal. The property was then listed on the MLS from August 2024 through January 15, 2025. The agent chose to list just

1.81 acres of developable property, recognizing the remnant open space property would probably not be worth much, if anything. This listing generated fourteen offers, none of which included any mention of the additional 11.9 acres. Most of the proposals were attractive cash offers with very quick closing times. None of the proposals came close to the appraised value, even though the appraisal suggested that the market exposure time to gain the appraised value would be a minimum of 6 months (the property had been advertised for far longer than that).

During that listing period, the group that initiated the RFP, CMD Alliance, revised their offer, bidding up their offering to \$612,750. Interestingly, their offer included all 13.71 acres, as shown in the table below:

Land Designation	Acres	Cost/Acre	Costs
Buildable Land	2.40	\$250,000	\$600,000
Open Space Land	10.55	\$1,000	\$10,550
Roadway	0.11	\$20,000	\$2,200
Total	13.06		Total \$612,750

Note that the 13.06 acres vs the 13.71 acres are differences in estimations. Legal descriptions exist only for the 1.50-acre substation parcel.

Their assumption that 2.4 acres would be "buildable" is questionable. The buyer hopes they can get that much developable acreage, but whether they do or don't, the sale is based on the full offer price of \$612,750.

Economic Analysis: Total Number of offers:

Offer	Price	Earnest	Cash	DD	Closing	BA fee	LA fee	Net	Acres
1	375,000	5,000	yes	20	32	0%	2%	367,500	1.81
2	300,000	30,000	no	20	30	2%	2%	288,000	1.81
3	250,000	2,000	yes	10	15	2%	2%	240,000	1.81
4	369,000	7,000	yes	11	11	3%	2%	350,550	1.81
5	302,000	3,000	yes	0	10	3%	2%	286,900	1.81
6	375,000	10,000	yes	0	10	2%	2%	360,000	1.81
7	350,000	5,000	yes	0	10	3%	2%	332,500	1.81
8	351,000	5,000	yes	21	28	3%	2%	333,450	1.81
9	411,000	10,000	yes	0	10	2%	2%	394,560	1.81
10	310,000	15,000	yes	14	17	2%	2%	297,600	1.81
11	350,000	10,000	yes	10	15	3%	2%	332,500	1.81
12	207,000	2,500	yes	10	15	2%	2%	198,720	1.81
13	412,000	10,000	yes	0	5	2%	2%	395,520	1.81
14	259,100	5,000	no	15	30	3%	2%	246,145	1.81
Original	215,000	32,250	no	90	180	0%	0%	215,000	1.92
Revised	612,750	91,913	no	90	180	0%	0%	612,750	13.71

As mentioned, fourteen offers were received by our listing agent. The highest two offers from the listing are in red text. The highest offer was only \$1,000 more than the second highest offer because that proposal was for \$1,000 more than the highest offer, up to a maximum.

Once the listing closed, Staff informed the listing agent that the agent's highest offer of \$412K was less than the \$612K received from the original bidder, thus TLA would most likely move forward with the offer it received for \$612K.

When the agent's top offer learned that their bid of \$412K was not the high bid, they tried amending their offer to include the full 13.71 acres (that option was available while the listing was open) and to offer just barely more than the \$612K. Now that the listing period had been closed and offers were displayed, they knew the high bid was at \$612K so they knew how high they would need to go to win the bid, even though the bidding period was over. Staff didn't think it was ethical to allow the two highest bidders to bid against themselves once the advertising period was over and offers were known so rejected the amended offer.

An appraisal (received shortly after the original offer in April) valued the 1.81-acre developable lands at \$650,000. The market clearly does not agree with the assumptions of the appraiser. The subject parcel was advertised publicly through multiple outlets for about 8 months and an offer near the appraised value was never received. Staff is confident that the high offer of \$412K for the 1.81 acres, and \$612K for the entire 13.71 acres represents market value and therefore intends to move forward with the higher offer that leaves no remnant open space property.

Key Terms of Transaction: Purchaser will purchase the full 13.71 acres on the west side of Washington Parkway for \$612,750. Of that, the buyer will dedicate the 0.11 acres within the existing roadway to the City. The buyer requested a 90-day due diligence period, with 15% down (91,912) and will pay the balance at closing, which is to be on-or-before 6 months after notice is given to the Board.

Substance of Committee Discussion. The Real Estate Sub Committee reviewed this transaction during their February 25, 2025, meeting. Much of the discussion centered around the different strategies of advertising the parcel, and whether the yield from those efforts, plus the yield from the listing agent, correctly capturing fair market value, or if the appraisal captured it.

It was discussed that the appraiser was later made aware that because the 1.5-acre parcel was intended to be a substation site, "normal" lot hook-ups had not been done. The appraiser verbally indicated that might take the appraisal down about \$20,000, even though Staff felt the cost to add those utilities would be far more expensive.

Wherein the appraisal anticipated a 6-month – 12-month exposure period, and because the advertising period was well within that period, but did not achieve the appraised value, the valuations from the solicitations clearly reflect fair market value, thus TLA will accomplish its fiduciary responsibility by selling this parcel at fair market value.

Staff Conflicts of Interest: None.

Legal Risks: None.

Subordination of Trust Assets: None.

Exhibit A

1.50-acre substation parcel with the 0.31-acre adjoining parcel for
1.81 acres of development land

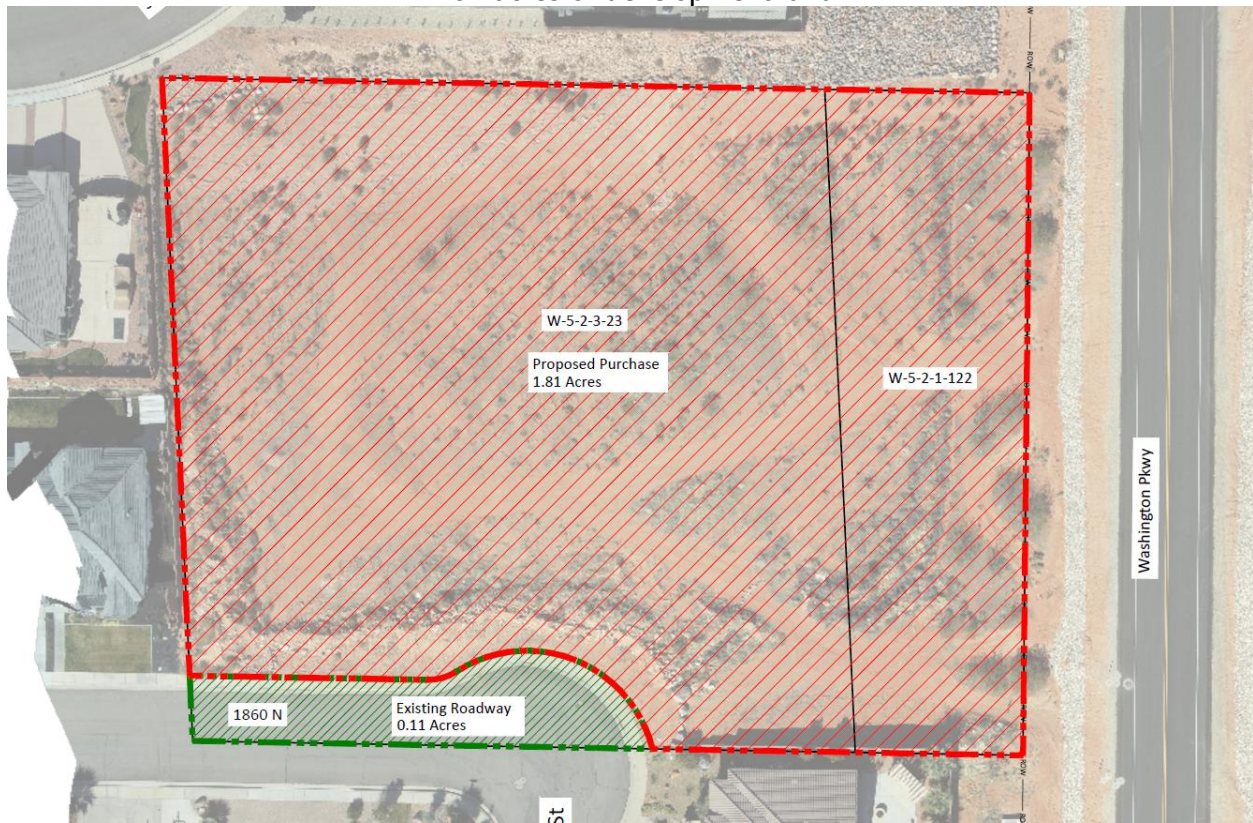


Exhibit B

1.50-acre substation parcel with the additional 12.21 acres of adjoining open space





**TRUST
LANDS**
ADMINISTRATION

Green Springs Subject Property

Within Location T42S R15W SLB&M
Washington County




 Green Springs Subject Property (~13.71 Acres)

 Exchange 367 (1.50 Acres)

Land Ownership And Administration

Private

State Trust Lands



N

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Coordinate System: NAD 83 UTM Zone 12N