2026-08-20 TLA Board of Trustees Meeting Audio

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SUMMARY KEYWORDS

TrustLands, energy production, oil and gas, coal, public schools, board meeting, public comments, Valor Atomics, lease agreement, economic impact, community engagement, job creation, renewable energy, Utah Foundation, public outreach., TrustLands, social media campaign, community council, budget approval, advocacy council, Valor lease, economic development, land valuation, IT budget, stewardship budget, geothermal exploration, mineral claims, Saint George Airport, Box House Inc, glamping units.

SPEAKERS

Jake Garfield, Bryan Harris, Chris Fausett, Jared Haddock, Shawn Teigen, Jim Davis, Liz Mumford, Dan Simons, Kelly Williams, John Baza, Larry Jensen, Tyler Wiseman, Speaker 1, Sean Jordan, Max Ukropina, Tiffany James, Brian Tarbet, Mike Mower, Joelette Organista, Deborah Memmott, Jess Housekeeper, Bryan Torgerson, Elise Erler, Alexa Wilson, Tony Martines, Mike Nelson, Chanse Rinderknecht, Marcos Santana, Marla Kennedy, Michelle McConkie, Aaron Langston, Kyle Pasley, Gregg Mcarthur

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B Bryan Harris 00:06

Thank you all for being here today. We welcome you out to our our State Trust Lands Board of Directors meeting. We'd like to recognize a couple elected officials with us: Commissioner Johnson and Commissioner Martinez from Carbon County.

C Chris Fausett 00:22

Commissioner Haddock just walked in. Commissioner Haddock,

B

Bryan Harris 00:25

thank you for being here. Is there any other elected officials? And we'd also like to recognize our our two new board members that will be sworn in in a little bit, Kelly Williams and Spencer Moffett. Thank you for for being here as well. We'll start out by approving minutes from our june 18, 2026 board meeting and tour minutes. Has everybody had a chance to review those minutes? Is there any comments, questions, or corrections? Someone like to make a motion to approve the minutes.

M

Mike Nelson 01:02

Two hands. Go ahead, John.

J

John Baza 01:04

I'll move to approve the minutes for both the last board meeting and the board tour.

B

Bryan Harris 01:09

Second. Motion and a second. All in favor? Aye. Motion passed. Was excused. Stephanie was not here, so we'll excuse her. Motion passes. The upcoming meeting dates: september 17, october 22, november 19, and no board meeting in December. Any conflicts, or is anyone not going to be? Yeah,

M

Mike Mower 01:42

I just I won't be here on october 22.

B

Bryan Harris 01:49

Next, we'll have our social media minute by Joelette. Is Jolette here? Okay, so

J

Joelette Organista 02:02

I'm gonna try to show you what video showing you today comes in kind of fast. Welcome back to what the heck happens on Utah Trustland. Energy production is big on TrustLands. We've already talked about geothermal energy and coal. Today we're talking about oil and gas. Most of our oil and gas leases are in Uinta, Duchenne, Grand, and Carbon County. These leases allow operators to responsibly develop energy sources, and the best part-the money or the royalties generated go directly towards supporting Utah Public Schools. So, oil and gas production helps fund para professionals, reading aids, texts, and more at Utah Public School, and that's what's happening on Utah Trustland. Awesome. So, as you saw, we continue with the what the heck happens on Trustland, and we well, I recently went not went. I recently worked with Heather with oil and gas. So all the information you hear is from our expert Heather. And again, I'm taking B roll that I've already gone to a couple of oil and gas, and we're just focusing a lot of energy and mineral. So not just oil and gas, geothermal, coal, and just helping online help them understand what we do here at the trust center. That's all I have. Any questions?

B

Bryan Harris 03:31

Thank you, Gillette. Energy is energy production is very important, and oil and gas is a big part of that. So, thank you for highlighting that for us. Okay. TrustLands welcomes comments from the county advisory committee, the public, and other interested parties. The board has allotted 15 minutes for public comments. Each presenter is permitted one opportunity to speak and may provide remarks for up to three minutes. Members of the public participating electronically who wish to comment should use the raise hand feature during the Zoom meeting. The board meeting's public comment portion is not intended for question and answer discussion. Trustland staff are available for dialog outside of board meetings. So we're we're going to open up the public comment first. Do we do we have anyone online that would like to comment?

M

Marcos Santana 04:20

One person currently.

B

Bryan Harris 04:21

Okay. Well, just just so we know roughly how many people are going to come. Rough idea of those in the audience would like to comment by raise the hands. Okay. Well, let's just go ahead and start the public comment process. Commissioner, go ahead and start us off. Three minutes, but we don't have that many comments, so we should be

M

Mike Nelson 04:55

fine.

L

Larry Jensen 04:56

I just wanted to start your so all three. Kern County Commissioners are here today. We want to express our appreciation to you as board members. You have a pretty intimate knowledge of what's involved in in your sitting on this board and and boards that we're part of and the role that we play representing the 21,000 residents of Carver County, and today I just wanted to highlight has been a real integral part of our county, income-wise, and helping in many ways. And so for the staff and for you as board members over the seven and a half years that I've been commissioner, you've you've served us well. And today, as Valor Tomics is here, I just wanted to highlight how important this decision will be for our county. We we've been an energy county forever. Our coal mines currently, we have not had any coal produced in Carbon County for over four years. We have one mine left, Skyline Mine, which currently all of the coal produced at that mine was produced in San Pete County, And the closure of all of the coal mines over the years continued to reduce the taxable value of the central assessed assets, and so currently our citizens are paying an extremely high amount of tax because of the shift. So this project for Ballard Tommy and others that we're working with to bring new industry in to take the place of our lost coal industry and the two power plants that were located in Carbon County that are currently closed. So we just want to highlight how important this project is for us as a county and for the residents of North County that really need a tax break. And as industry comes in, that will help tremendously in shifting that back towards industry to help carry the load of the taxes. So that's really all I have to say. Thank you, though, for what you do and the weight you carry, and trying to make sure that the school kids have some money to to supply for the schools. Thank

M

Marcos Santana 07:38

you, Commissioner. mr.

B

Bryan Harris 07:41

Martinez,

T

Tony Martines 07:51

Chairman Harris, and the board. Thank you for allowing us to come up and speak. It's hard to follow Commissioner Jensen. He's been a great asset for our community. But yeah, we we are an energy community. We have been for 140 years, but we we've had some struggles. We we know that you know we're proud to to be an energy industry. We're proud to see that coal has come in. We transitioned from coal to oil and gas. We've even put up solar farms to the dismay of a few that worked at the power plants. They they saw that as a challenge, but it's amazing to see that that eastern part of Utah is such a good hardworking community. And from the previous energy sources, we have the infrastructure, we have the technology, we have, the university, we have the people and the workers to make these things happen. So I just appreciate your consideration for Valor and what they're going to bring to our community. It's going to be very, very, very crucial to our growth and our future. So I just want to say thank you and appreciate your time. Thank you.

J

Jared Haddock 09:12

Well, what more can I say than my fellow commissioners? I think they've set up wonderfully. I don't need to pile on there, as you know, we do need the help, and I appreciated the effort. We've actually been working with Valor for since the beginning, when they were looking at other states and places to come to, and they the thing that I can say fulfilled everything that they've said, and we've really appreciated their efforts to educate our public for our international days to just talk to anybody who wanted to talk about it, not hiding anything. And to us, that means a lot, especially for something that could could seem scary, but it's scary. Just provide that education and say, "Look, we need to help you to understand what this is and how safe it is, and the new technologies that are out there to protect all of us. So, I just leave you with that. Again, thanks for all you

M

Marla Kennedy 10:22

do. Jake Garfield.

J Jake Garfield 10:30

Good morning. My name is Jake Garfield. I am the deputy director for the Utah Office of Energy Development. We are the state agency that is that owns and operates the San Rafael Energy Lab in Emery County, and so we've had the great privilege of being Ballard Atomics landlord for the last 11 months. While they have built their Ward 250 reactor in our backyard, they have been fantastic partners in every way as they've developed this technology. They have done just a huge effort in community outreach and in reaching out to the Emery County community inviting them to actually come to the site to see the reactor to feel integrated in this project. They've been though they worked very quickly. They've been diligent in guaranteeing public safety and working with the regulators, both at the state and at the U.S. Department of Energy, to ensure that this project is safe. We are, and we're thrilled that we've been able to be their their partners over the last 11 months. It's been a tremendous success. We're grateful that they decided that they decided to come to our lab and decided to invest in that community. And we're very excited that they're now looking at also bringing operations to Carbon County as well. I know that over the last several months, there's been a lot of controversy in the state and around the country about data centers and the way that data centers use our natural resources. People are worried about emissions into our air from natural gas. They're worried about water use, but data centers are not going away. That we're not going to put that toothpaste back in the tube. And the future to to continue to use data centers in this country without harming our environment is nuclear power, in my opinion, small modular nuclear reactors like the technology that Balor has developed that use no water, as well as the partnerships they have, like the partnership they've announced with Nvidia, where the where the power where the where they also not be using water at the for the cooling of the data centers, so that is what we wanted to share today. That as you're considering a partnership with Valor Atomics on civil land, that our our own partnership over the last 11 months has been a a huge success. It's going to benefit the state. We know that this, as the county commissioners describe, this is a part of the state that's always been that where backbone has been the where energy has been the backbone of the economy, and it will it needs to continue to be so. This is a project that's not just going to generate power, but now are looking at a a whole vertically integrated system of power generation of their of the supply chain as well as bringing their own load to the area, and this is we feel this is the future, and we really appreciate your consideration of this project. Thank you.

M Marcos Santana 13:15

Online comments. Okay, you should have Sean Jordan. He should be able to talk now. Sean, let us know. Should be able to hear you.

S

Sean Jordan 13:26

My name is Sean Jordan. A brief introduction of myself. I am an educator in Utah. I'm also the chief executive officer for Heritage Memorial Academy Corporation, also known as Sunday's best dressed. In my former career, I was working for many of the large oil and gas industries. I did a lot of environmental work throughout the nation. I also worked for Coal Mine Safety and Health in Indiana. In North Dakota, I worked for the Indian Health Service, where a lot of the ethanol fuels are grown. I also am the owner of Hummingbird Engineering. My main goal with that firm is to provide continuing education and replenish the Great Salt Lake. As an educator, this coming school year I may be a par educator, where my salary will be paid by trustland funds, I hope to provide literature and/or math instruction in the schools. My salary is paid, but my hours are limited to 25, 27.2 520, 9.75, just so I don't go over 30 hours. I'll be commuting probably an hour and a half at most to as low as a little over an hour to get to my job site. My last fill up was $5.10 a gallon. The state average is $4.30. I have no benefits, no health care, no vacation. Any day that the school is off or left out early, I'm also left off early. I get about 134, 177 days of work per year. The last two summers have been off. I use that time to prepare and read my graduate level text on how to provide instruction in reading, or go to a special education law Conference. I believe that the trustland funds are essential to the education and the support of families in these communities. I commute because I cannot afford to move or live in the community. Full-time equivalents are important for building community, sustaining families, and educators. That's my message today. Thank you.

B

Bryan Harris 16:36

Thank you for your comment. Are there any other online commenters?

M

Marcos Santana 16:41

No answers.

B

Bryan Harris 16:42

Anyone else in the room like to make a comment?

J Jess Housekeeper 16:55

First of all, thank you for allowing public comment. This is a great public process. I brought my children today, took them out of their second day of school to allow them to see the public process in action, and I appreciate that you are working toward the benefit of our communities. To introduce myself, I'm Jess Housekeeper, and in full valor transparency, I do work for Valor Atomics. I'm the director of Utah operations. I'm from Emery County. I'm from Farron. As mr. Marius, yes, haven't heard that. Haven't heard mr. Marius from Fairhaven. Hi, Mike Mauer. I currently also live in Cleveland. However, I will tell you that I had to move away for about 15 years because there weren't there was not enough work to sustain my family within the Carver County communities. Ballardomics is bringing back those jobs to Emery and Carbon counties. Not only bringing back but also extending those. So, again, being an Emery County native, I appreciate that Valor Tomics is willing to move into this community and recognizes the talent within the area for high energy piping, for instrumentation and control, for electricians, for welders, also for engineers, we have very technically competent children and and young adults and older adults that are from the area, and a lot of them, unfortunately, as you get into the older bracket, are no longer in the area. We kind of joke, but kind of don't, that the greatest export of carbon in every counties is our children, because there is not a place for them to be. Right? We love to raise them in God's country, but unfortunately, they have to go away from that area, as I did for for many years. So I appreciate your support in in working with Valor Atomics to establish a land in an area where they can expand in that area. They can provide meaningful jobs in manufacturing, in energy, in electronics. We kind of joke also that we need about everybody but a basket weaver, you know. But in reality, we will need basket we will need the artists. We will need all of the energy industry people and everything and beyond that. Because as you know, with an anchor tenant type person like the the coal mines, the power plants, not only are the jobs that are created within that industry important, but also all the subsidiary jobs, right? All of the school teachers, all of the grocery store attendants, all of the people beyond there. I've heard statistics anywhere between about three and eight jobs are created from one, you know, big industry job. So again, I appreciate your time. I appreciate the the volunteer work that you do, right? I know that you're out in the community, and I recognize, or I appreciate that you recognize the benefit of carbon in every county to Utah as a whole. But also, if we think bigger in energy, this can be a benefit and raise the quality of life for people all around our country, onshore jobs back to America, and also raise the quality of life to people all around the world. Right, your quality of life-we kind of take it for granted that our lights turn on every time that we flip the switch, right? But that's not the case all around the country. And how amazing would that be if Utah is the epicenter of the expanse of an increase of quality of life around the planet? And I truly believe that is the case. That's why I left my real cushy job at the power plant, right, to come over to Valor. When it was a little bit shaky, I'll say right, like it was a startup. It still is a startup, but I've been extremely impressed with their outreach in the community, the support of the community. Actually, I spent hundreds of hours out in the community at town hall meetings and other places. I know I'm running out of time. I apologize. I keep on this rant, but appreciate the support of the community and about atomics engagement in that community. So again, thank you for your support and thank you for what you guys do in person.

B

Bryan Harris 20:24

Thank you for your comment.

B

Bryan Harris 20:29

Any other comments? Okay, we will close the public comment period, and we'll move on to the rest of our business. So, two of us are finishing our our terms today, Trustee James and myself. I turn some time over to Tiffany to make any comments that you'd like

T

Tiffany James 20:52

to. No, thank you. This has been a wonderful five years sharing everyone's time and commitment, and this is a really not just this board, but the formalities we had and work that the trust does is integral. I mean, we've just heard a number of public comments, and it really is one of the most important things in my career. And I just want to say thank you all, and thank you everybody in the audience, all the staff members, advocacy office. You guys do such important work, and I really look forward to watching the successes. Thank

D

Dan Simons 21:36

you.

B

Bryan Harris 21:44

I just like to echo those remarks. It's been a it's been a quick six years. Time goes by very quickly. When I was sworn in, I was sworn in at home because it was middle of COVID and we weren't we weren't meeting together. And that seems like forever ago, but it's it's been very quickly, and I really enjoyed my time here. I've I really appreciate the opportunity I've had to to be on this this board to work with the board members, previous board members, and staff. You're amazing. I think you're doing great work. I I love the mission of TLA. I love what we're doing. I love how we're supporting education and the other beneficiaries, but especially education state. and And I love that we are doing so many good things in the communities across the state. I I really get excited when we we talk about all the above energy development that we're doing, and it's amazing from geothermal to nuclear and oil and gas and coal and renewable energies, solar. Anyway, I just love that and all the other infrastructure projects we work with, and the and the residential development. What we're doing to try to help lower the cost of of housing to make it more affordable for our residents to live here. So anyway, it's it's a great organization, and I'm just been grateful for the opportunity. So thank you.

M

Mike Mower 23:23

If I can just make a a quick comment before I know that Michelle is doing something more formally, but I serve a unique role on the board that I'm the appointee from the governor. I also oversee boards and commissions from the governor. We have 370 boards in the state. This one is as impactful as any other board we have, and it's so successful because of people like Tiffany and Brian, who dedicate so much time. They get a sandwich every month. Sometimes cheese or falafels or something. That's all they get, and they dedicate. So oh, we get peanuts. Don't Forget the M and M's. They do so much work for the state, and they're both professionals. Delta would not be where it is today without Tiffany and Brian has brought to life so much of what you see in Beaver County, and they bring that professional expertise up here for the school kids and the other beneficiaries for free every month. It's a lot of travel for both of them. A lot of time away from their own professional lives. But on behalf of the governor, on behalf of the citizens of the state of Utah, most importantly the school kids, thank you so much for the awesome work you two

B

Brian Tarbet 24:36

have done.

B

Bryan Harris 24:44

Okay, we will we will swear in the new members. Let's start with Spencer. If you'll come up, and I will I will do that. So if you'll raise your. Arm and and repeat after me. I I state your name, Spencer Moffett, having been appointed to the office of board member, having been appointed to the office of board member of the School and Institutional TrustLands Administration of the School and Institutional TrustLands Administration Board of Trustees Board of Trustees do solemnly swear, do solemnly swear that I will support, obey, and defend that I will support, obey, and defend the Constitution of the United States, the Constitution of the United States, and the Constitution of this state, and the Constitution of this state that I will discharge that I will discharge the duties of my office with fidelity, and that I will discharge the duties of my office with fidelity. Thank you. Appreciate it.

B

Bryan Harris 25:55

Oh, you're you're you're on you're on point now. Yeah, you're on the board now. There's

M

Marcos Santana 26:00

no going back. Are you sure?

B

Bryan Harris 26:05

Okay, Kelly, you'll come up. All right, raise your right arm. I. I.

K

Kelly Williams 26:16

Kelly Williams.

B

Bryan Harris 26:18

Having been appointed to the office of board member,

K

Kelly Williams 26:21

having been appointed to the office of board member

B

Bryan Harris 26:23

of the School and Institutional TrustLands Administration

K

Kelly Williams 26:26

of the School and Institutional TrustLands Administration

B

Bryan Harris 26:29

Board of Trustees Board

K

Kelly Williams 26:30

of Trustees, we

B

Bryan Harris 26:31

solemnly swear that I will support, obey, and defend.

K

Kelly Williams 26:34

We solemnly swear that I will support, obey, and defend

B

Bryan Harris 26:37

the Constitution of the United States,

K

Kelly Williams 26:38

the Constitution of the United States,

B

Bryan Harris 26:40

and the Constitution of this state.

K

Kelly Williams 26:42

And the Constitution of this state. And

B

Bryan Harris 26:43

then I will discharge the duties of my office with fidelity.

K

Kelly Williams 26:46

And then I will discharge the duties of my office with fidelity. Thank you.

B

Bryan Harris 27:15

All right. One last thing that I will do is, since we no longer have a chair, I'll stand in and help with that process. So we're going to elect a new board chair and a board vice chair. So I will open it up for nominations for a board chair. We would like to make a nomination for board chair.

D

Dan Simons 27:37

Motion to Dr. Mike Nelson chair

B

Brian Tarbet 27:42

second.

B

Bryan Harris 27:45

There's been a motion and a second for Dr. Nilson to be the chair. Any comments or questions? All those in favor?

M

Mike Nelson 27:54

Aye.

B

Bryan Harris 27:55

Okay. I'll open up for nominations for a vice chair.

M

Mike Mower 28:02

I would nominate Dan Simons. All

B

Bryan Harris 28:06

right. Any comments? All right. All in favor?

M

Mike Nelson 28:13

Aye.

D

Dan Simons 28:14

Okay.

B

Bryan Harris 28:17

You're in good hands. Good luck. mr.

M

Mike Mower 28:40

Chair, if I could make recommendation that we do 8A, and then we move up discussion item 10A between A and B, and then follow the rest of the agenda. That will allow us time to thank the outgoing board members, but pay respect the time of everybody who's driven up from God's country, and then we can get into the other reports that are there.

M

Mike Nelson 29:11

I think that's a good idea. So remember what you said. So I think Michelle's

M

Michelle McConkie 29:19

yes. So the director's report, yeah, and then do the discussion item, correct? Yeah. And then we will come back to the Utah Foundation economic study update, and and then follow with the advocate report, and follow from there. Is that correct?

M

Mike Nelson 29:34

So we'll do the the director's report, and then we'll do discussion

M

Michelle McConkie 29:40

nine on

M

Mike Nelson 29:40

discussion nine and

M

Michelle McConkie 29:42

then nine

M

Mike Nelson 29:42

810 and so on.

J

John Baza 29:44

Yes.

M

Mike Nelson 29:45

Vote on that or just say do it.

J

Jim Davis 29:48

Just do it. Yeah.

M

Mike Nelson 29:50

Or all right. Thank you. So we'll now have the director's report by Michelle McConkie, the executive director.

T

Tiffany James 30:01

Oh yes.

B

Brian Tarbet 30:04

Okay. Hi.

M Michelle McConkie 30:06

Sorry, just heard 1030 is when the Utah Foundation used to leave, but I won't be that long-winded, so I think we'll be okay. Thank you, Chair Nelson, Vice Chair Simons, and and other board members. I have a few things I'm going to run through quickly, and and then and then do some thank yous. So first of all, this is just a small housekeeping item. You may have noticed that TrustLands funds in action was not on our agenda. We were going to have a presentation by Paula Plant about school community councils and how those budgets are put together. She was unable to come, unfortunately, and we didn't find out until late last week. And with it being the first week of school and so close to the board meeting, it's very difficult to get a principal to to step in. So we will get back to that. We will have that report next month. But I wanted to just make you aware of that. Also, you are probably aware that Mel Brown passed away in mid July. We wanted to recognize all that he did for state TrustLands. He was a speaker of the House when reforms were instituted that actually created this organization, and he is known as the father of school TrustLands. And we just want to add our condolences to his friends, his family, and thank you for all he did for the TrustLands system. Also, retirement Apollo Plant. I'm not sure if you were all aware she is actually retiring at the end of this month. She wanted to do it very quietly, but we want to recognize her publicly. And she unfortunately again is not here today, and so we aren't able to do anything too public, but we still want to thank her. She has been with the school land trust program as their director for many years, and she has been involved through PTA and other ways for decades. She is also one of the founding members, really, of the the modern trustland system, and we're very grateful for her, and we will make sure that we are doing something very nice for her. And unfortunately, she wasn't able to be here today. And then Kira Bennett, who works, who's I think her youngest child's first day of kindergarten is today, so she wasn't able to come either. But we will see her next month. She is a new school land trust program director. She's been with their office for several years, and she's been wonderful. So we're excited to work with her. Last thing before I get to the thank yous, and I'm going to have to read this. So Chance Rinder Kinect, who's with our energy and land area, you all know him. He presents quite frequently, especially on geothermal issues. He recently received his PhD. This is what I'm going to have to read. This and so we want to congratulate him. His doctoral thesis is titled, and Dr. Nelson may laugh at some of my pronunciations here. Micron scale geochemical heterogeneity on low MG calcite microcrystals: controls on morphology and limits of both proxies, so of course a wonderful bag and member member member of our team. We want to thank him as well. All right, and welcome to Trustee Williams and Trustee Moffitt. We've had the opportunity to meet with them a few times, we're really excited to work with them. Excited for the experience they bring. Actually, worked with Kelly many years ago. My first job out of my first real law school job, post law school job as an attorney. I worked with Kelly, and I'm really excited to work with both of you as well. So thank you so much for agreeing to do this, and hopefully all the the talk of sacrifice hasn't scared you off, but it is an amazing place to be and very meaningful work. And I think that's what so many of us love. It really does get into your blood pretty quickly because it is such meaningful work with really quantifiable, real world impacts that we can see. I mean, you could even hear from the public comments today, how that money is used to help with paraprofessionals, and as one of many uses. And there's a lot of time and sacrifice. So we want to thank former trustees James and Harris for all the time that they put in.

M

Michelle McConkie 34:14

They're behind me, but all of the time that they put in and all the sacrifice. I know it's a lot of a lot of time, a lot of travel. We we appreciate their insight, their expertise, all of their commitment, and the great work that they did will help beneficiaries for years to come. We do have thank you gifts. Do you need pictures of this? Should we do that later, or I don't know if they have to leave. So thank you very much. We have a return at the request of Trustee Mauer to return to. For a few years, we did some things other than maps, but he commented now. The maps. So this is a map, of course, of all the ownership of TrustLands. Thank you so much. you very much. Oh my goodness!

B

Brian Tarbet 35:39

So much. Thank

M

Michelle McConkie 35:47

you. Did you already get one? Could you actually come from? Sure.

T

Tiffany James 36:15

Yeah, my eyes kind of close. I'll miss our social media list. Closer.

L

Larry Jensen 36:34

Thank you, Michelle.

M

Michelle McConkie 36:41

And that chair, I think we're ready to go to whatever you'd like. I'm not certain if we want to do the advocate report. If we wanted to do Valor next,

M

Mike Mower 36:53

we'll do Valor next.

M

Mike Nelson 36:55

Thank you. So we have a lot of people here today who came specifically because of our consideration of the lease with Valor. We want to do that now, so we won't have to sit through the rest of the meeting. So, so we will now to the discussion of a request to enter into a special use lease agreement, 2095 OBA, located in Carbon County, Utah, approximately 640 acres, with Valar Electronics, and that will be into discussion and towards. who's the assistant managing director, and also president are Mike Healy and Jim Davis with the Surface Office.

J

Jim Davis 37:52

Thank you, Dr. Nelson. I'm Jim Davis. I'm the managing director of the of the Surface Group. I'm here with Brian Torgerson, who is an assistant managing director, also in the service group? Brian and I are here to present a somewhat novel usage that has been proposed on TrustLands. I think it's an interesting project and an exciting opportunity for the trust, and it aligns with some of the initiatives that the state has undertaken. It's a proposed lease that has an option for the lessor to purchase property from the trust per agency rules, and because because of that sales component, the proposal would need board approval to move forward. We've been able to have two meetings with the board service committee to discuss this, those meetings have been very useful. That committee has directed us to present this as a discussion item, not for a vote today, so that the board would have more time to thoroughly consider this matter before it is put to a vote. So we'll debut the proposal to the full board today, then gather feedback over the next month. We'd like to use that time to listen to answer questions about the trusts part in this proposal. We intend to bring the proposal back to the board next month for additional discussion and for an action at that time, Brian and I are going to pass it back and forth a little bit, so I'm going to hand it over to Brian now.

B

Bryan Torgerson 39:27

Thanks, Jim, and thanks, board members, for considering the information we're going to share with you today. So you can see on the screen, this is a picture of the property. It's in Carbon County. We'll get into a bit more. It's got a large kind of hill feature in the middle of the property, and then some other lands that are more gradual on the outskirts. Let us in work because I'm going to do a few slides, and then I'm going to turn it over to Jim to do a couple slides, and then I'll conclude the thing. So please bear with us just a bit.

B

Brian Tarbet 39:59

This

B

Bryan Torgerson 40:00

next slide kind of talks about the business arrangement in general, and this is a different picture that you're seeing here. This is a picture looking towards price, and we'll get into exactly where this is at in the county. But this is a picture kind of looking towards the kind of northwest area. Then the Lessee is Valor Atomics. They are located out of Hawthorne, California. They have a presence in the San Rafael Energy Lab. It is operated. You heard earlier by the Department of Energy, and they have an active nuclear reactor right there currently now. The initial lease is for 480 acres, and we had it appraised by an independent third-party appraisal, and it came in at $750 an acre, or $360,000. We'll get into this next bullet in a future slide, but there we're petitioning the board for consideration to include an additional 160 acres upon the relocation of the Utah National Guard, which leases some of the parcel, and we'll get into that a bit more in a later slide. And this is like Jim talked about, just a board discussion item at this point in time. This is a map of the location, and just going to kind of highlight here. This is the the parcel right here. It's highlighted in red, and to kind of give you a little bit of bearing where this sits. This is about six miles east of Price, and about six miles north of Wellington, I'll also kind of bring to your attention that if you go about 20 minutes to the the east, there are the communities of Sunnyside and East Carbon, which are historically been used for coal mining and power generation within the county. The exact legal description is 14 South 11 East Section 16. It's for the going to be for the full 640 acre parcel, and it was selected by Valor Atomics following a multi-state search. It was identified by Valor Atomics because it was well suited to support the anticipated federal and state licensing requirements, including the characteristics needed for site, you know, characteristics for the project, including environmental conditions and workforce availability, which we're going to get into in another slide. Talking a lot about Carbon County specifically. This next slide talks about the new Utah National Guard lease outlined in black right here is actually the the 480 acres that is available to be leased right now, and the Utah National Guard leases this bottom southeast corner. We've reached out to them and talked to them, and we've had positive conversations. They've said that they are willing to relocate. They've even given us a map of a few alternatives that would work for them, and we just need to sift through that a little bit and talk with some of the right people at within that organization. But eventually, Valor Atomics wants to expand and eventually all of the 640 acres as a possibility, and so Sula 2095 would initially just be for that 480 acres, with the addition and option to include 160 acres if it becomes available on a successful relocation of the Utah National Guard. This is kind of a picture of Valor Atomics and inside of their, you know, their facilities there, and we're going to go over their project and their purpose a little bit more on this slide. Their main goal is develop, manufacture, and operate a high-temperature gas-cooled reactor, and they're also wanting to manufacture the the trisol fuels, which goes into those reactors. Those reactors are helium cooled. They utilize a closed loop system, and they're not cooled by water. Advance one of their main goals is to advance design, testing, and commercialization of small modular reactor technology, not only in carbon but impossibly in other areas. Power generation will support multiple on-site commercial activities, which may include manufacturing, synthetic fuels, hydrogen generation, water desalinization, data centers, and steel manufacturing. Balor Atomics. has an existing, like I touched on before, a small modular reactor at the City of Utah's San Michelle Energy Lab, which is in Emery County near Orangeville. This next slide is talk about Wyatt Carbon County, and there's a lot of people in the room who are going to be offended by this because they're going. Westley, why not Carwin County?

B

Bryan Torgerson 45:01

But we're looking at this slide from the perspective of TrustLands and Valor Atomics, and a big component of this is the regional workforce and their industrial heritage. As you heard from previous comments, this community and population has been working with power generation facilities for many years and decades, frankly, and so Valor is looking to utilize that knowledge and expertise and build upon it and grow from there. There's also a trustland parcel in the area that meets their needs, and so that's also I was selected. And there's compatible surrounding land uses. We talked about East Carbon and Sunnyside, where they have a power plant and coal facilities there. Also, just south of this parcel, there is a very large industrial solar generation plant. So there are surrounding compatible uses. There's also access to transportation and utilities. There's a power line running through the parcel. There's transportation with Highway Six to the south, and also a main railroad line in close proximity as well, which this also makes this very suitable. And then we'll touch this on this more in the next slide. There's also county commission support for this project in the county, this next slide talks a lot about that support. I'd like to draw your attention to this. Still using the laser pointer, this is a letter from the Carbon County Commission. It was actually sent to me, but addressed to the board. And you heard what they're essentially saying that their tax revenues, because of centralized tax and losing some of their power plants and coal mines, has really put a burden on their constituents, and they're excited about the prospect of Balor Atomics, so they can relieve some of that burden possibly, and and so that's why they are supporting this project. One of the reasons, not the only, but one of the main. They also worked. Carbon County worked with the Utah Office of Energy Development and the Southeastern Regional Development Agency, known as SERDA, to put on what we would call open houses or charrettes. The first one was in May 21st, and you can see here it's called Nuclear Now. It's understanding today's technology and how it's different from the technology of the past, they also held an open house in the middle of June, and the most recent one in the middle of July. And you heard about that; they are reaching out trying to get the word out about this project. So, going on to the next slide, some of the key business terms is what we like to go into next. The initial lease area is 480 acres. We already kind of talked about that, but the future expansion up to 640 acres upon the successful relocation of the Utah National Guard lease. The initial lease term will be 50 years, with two optional 25-year renewal terms. The development is subject to a site plan approval by the TrustLands Administration, which is key to us. That way, we know exactly what's going on the property, and we know how to best manage the land for those uses. And this is an important bullet that I'd like to touch on. If the board chooses to approve this OBA next month. It's not an automatic approval of the project. Prior to construction, the the applicant must obtain a lot of permits and approvals from all pertinent local, state, and federal entities, which are going to be significant. And I'd like to touch on the financial terms next. There's a 400,000 upfront bonus rental payment to the TrustLands. Years one through five, the proposal is $30 per acre for development rent. That's pretty standard and typical amongst a lot of our leases. We typically have a lower rent in the first years where they're trying to ramp up and get going because we want the project to be successful. And this number is really derived from what we do with a lot of our solar leases. We use the same $30 per rent per acre during that development phase when they're trying to get all their approvals and get developed. Year six is when the rents start to increase. It'll be $206 per acre, or 33% of the full rental. And then year seven it increases again because they're getting starting to getting new production. And year seven will be $419 per acre, or 67% of full rental. And year eight is where we get full rental.

B

Bryan Torgerson 49:41

It's $625 per acre, which is 100% of of the rental agreement. We are also going to have CPI adjustments after year 10. There's no no no real reason to have them in the beginning because we've reduced the rents anyways. But after year 10. There will be after year 10. There will be CPI adjustments so we can make sure that we're increasing those rents to keep up with inflation. And then this is one I want to talk on a little bit. There's going to be a market appraisal after year 25 and every 25 years thereafter. And this is derived also from some of the solar leases and the lessons we learn in those early on things, we have learned that we go out and we research, we try to get the best information that we can to properly price these leases. But because it's such a new thing and there's not a lot of comps or information out on the market, we build into the contract that after year 25 and every 25 years after, and when there's more information coming in, that we can then reprice our lease and make sure we're getting fair market values. If there's more information out there at that time, and so I just wanted to touch on that and make sure there was some understanding there. And then the next one is approximately $35 million in rents will be garnered to the trust over 50 years, the lease could grow as much as 100 years, but we're just looking at the certain term, which would be for 50 years.

M

Mike Mower 51:08

Really quick, how much we making off of that land right now, mr. Chair?

B

Bryan Torgerson 51:12

Right now, we are making $4,000 and some change. It really comes from the Utah National Guard lease.

M

Mike Nelson 51:21

Yeah, good question. Thank you. That's not a Costco there.

B

Bryan Torgerson 51:27

Important to Valor was a financial buyout option, and we'll talk about this on this next slide. There's a purchase option that's based on the the greater of the net present value, the future lease payments, with the credit of the first 15 years lease payments, or fair market value as determined by appraisal. So it's either or, whichever is greater, essentially. And this table was created by Eric Vaimar, financial analyst. It's in house, and he created this table because there's multiple scenarios that could take place of when they decide to purchase a property. He he just put a table together of some of the the most likely scenarios, and so we have a you know an analysis of 1020, and 25 years, and it shows what the purchase price would be total at those years, and the projected net present value in today's dollars to the trust, and it shows what the net present value of the acre would be per acre to the trust if they decide and to buy the property. Valor Atomics desires to lease the property while they complete their site permitting. They need to get site control so they can start to get their permitting done, but they have indicated that they want the option to purchase a property. That was very important to them from the very beginning of discussions. Is to have that option, and I'm going to turn the time over to Jim to talk about the safeguards, and he can kind of go through this.

J Jim Davis 52:57

Thanks. We work to understand the risks that are associated with any proposal, any activities that happen on Trustland, excuse me. This slide illustrates some of the ways that risk will be managed if a lease of this property is granted. Valoromics would have to submit development plans, including site layouts to Sitla that we would approve before they could move ahead with construction. Valor would be obligated to provide a bond to Sitla. That's common on all of our leases. The amount of that bond would be based on a third-party reclamation cost estimate. There's another layer of bonding here in that the Nuclear Regulatory Commission typically requires a decommissioning bond on nuclear facilities. Importantly, no storage of spent fuel or other nuclear waste would be permitted on the Sitla property before Valor Atomics could store that kind of material. They would have to purchase that portion of the property from the trust. The other point that I want to make here is that there are a variety of regulators and permitting authorities that have responsibility for the various activities that are proposed on the property. If lease is granted, it will be Valor Atomics responsibility to obtain all the necessary permits and authorizations from those entities at the federal, state, the local level, and to comply with all applicable laws and and regulations. That's standard language that is in our special use lease agreements, and it and it will be here also. Before Valor was able to begin earthwork on the leased property, they would be able to survey the property. They'd be able to do like a geotechnical evaluation. They'd be able to do cultural resource inventories, but storage of material construction at the site would would not be able to happen again. Phila would would need to review the plan of development first, and Valer would have to obtain all the necessary permits from those regulatory, regulatory and permitting entities. The next slide. The trust has committed no water to the proposed lease or to the project. Whatever Valor Atomics or its co-locating customers might need, they will need to acquire. Valor has expressed their intent to minimize their water needs at their facilities and their processes. That's one of the cool things about this type of reactor, the type of reactor that they build. It's not water cooled; it's a gaseous helium cooled system. If Valor seeks water rights, they will need to obtain an appropriation or get an approved change application from the Utah Division of Water Rights through the normal processes, including public comment periods and all the evaluation that Water Rights does before an appropriation or changes. And I think I'll pass it back to you, Brian.

B

Bryan Torgerson 56:43

So this next one is just a summary of everything we kind of talked about. The appraised value of the property is $480,000 for all 640 acres. Their bonus payment to the TrustLands of the first year is 400,000, and approaches or will approach the current value of the property. The project projected 50-year revenue to the trust is approximately $35 million, and the conservative buyout net present value is going to be approximately $6 million. We talked about it, and you heard from the commission already in the public comments section, but there's support from the Carpin County Commissioners. There's multiple layers of oversight and regulation by local, state, federal authorities. So the approval of this OBA does not, once again, allow them to move forward automatically. They'll have to get all those approvals from those local and state and federal authorities. Valor Atomic's previous accomplishments are really quite quite impressive. They have the San Rafael Energy Lab. They have an acting reactor there. They were also selected by the DOE Reactor Pilot Program, and that's what kind of was the genesis of getting that reactor going in in Emery County, and the reactor achieved criticality under that DOE pilot program, and it was the first reactor built outside of the national laboratory, which is significant, and that's it as far as our presentations go. And we'll turn the time back over to the chair for for the remainder of the time.

M

Mike Nelson 58:23

Thank you for your exhaustive and enlightening presentation. I appreciate that very much. I'm sure we all do. As was mentioned, this session regarding the proposed lease, Valar is right now we're having a discussion to prepare us for a final discussion in the next month. The committee became aware of this project, of its potential, and its challenges. We felt the need to step very carefully into approving it because, well, for two reasons. One, it's new to the area. Technologies are new, and we know that right now, new technologies are sometimes controversial. Some people now, if I say anything like data center, their immediate flags go up. I worked for Westinghouse Electric a long time ago, and this was shortly after Three Mile Island took place. And again, my neighbors in Pittsburgh were convinced that because that reactor overheated, her dog died. Okay, but you know that sounds silly, but this is technology that many people are not familiar with, and therefore it can be frightening and difficult to get through. So we want to avoid that from the beginning. And our interest in the trust is is twofold. Our mission is to use the assets of the trust to provide for the. Legally specified needs, which include mainly education, and that's why the trust is so valuable to the citizens of the state. So we want to work with Valar and make sure that everything is lined up so that this can be approved. Everyone feels good about it, and we can derive the benefits that seem so readily apparent here. And the trust has a long-term view of things, at least as I understand it. You know, because of the nature of our fiduciary nature, we have to look not just at short-term return on investment, but also the long-term value to the citizens of the state. And this project really gives us the chance to do that. It will require a lot of expertise, which Bailar has to a large extent. Also, the trust is hopeful and willing to participate in that as well, so that our understanding, any explanations we may offer to inquiring members of the public, so that we speak with one voice on that, and we have a common goal. So, having said that, look. forward to a detailed session before the next meeting, so that we can go together, move together, to make sure that this proposal is approved and that all the parties are satisfied. Sorry, I think we have a few minutes, if if necessary. If any members of the public would like to address a question to the board of trustees, is there anyone in that position? Appreciate that.

B

Brian Tarbet 1:01:58

Yes,

M

Mike Nelson 1:01:58

thank you.

J Jess Housekeeper 1:01:58

I would just propose a. I forgot to mention in my comments, we're happy to have the board come down for a tour of our site to answer any questions one-on-one specifically come up or come down to our Utah Santa Fe Energy Lab site and tour the facilities, and we'd be happy at any time to add. Thank you, mr. Chair. If I can just

M Mike Mower 1:02:19

do a shout out, a big thanks to Fowler, you guys have gone above and beyond, and I really appreciate all gas is 450 a gallon, and everybody's driving a truck. I appreciate everybody that's driven it from Emery County to share their opinions with the board. Harry Hanson's done an awesome job. Your team's done an awesome job in kind of answering a lot of the public's questions on what this will will be and how it will impact the community and the jobs it'll provide. So again, thanks to the company for and to all of you for making the effort to come up here and and share your knowledge with us.

M Mike Nelson 1:02:55

Thank you, mr. Maur. That leads me to comment on one more thing. The public outreach is really important, and you know we've seen some examples, good and bad, of handling the presentation of new ideas or new projects or new methods. People, you know, the general public, I can say to which we all belong, likes to make decisions quick, like to have an explanation and say, "Oh yeah, that's right. We don't want that, or that's good. We want we want to work with Vaillar and take a very measured, careful approach, making sure that this is done in a manner that we know is right and also that is acceptable to the public, and the we have here at the trust people who are very well experienced in public relations and outreach to the public, and would be able to work with Valor on that, so that we can have a presence in the project from not from quite from the beginning, but almost. Any other comments, questions? I don't ask for complaints at this point.

B Brian Tarbet 1:04:15

Yes, mr.

J John Baza 1:04:16

A question to ask mr. Davis. It's my understanding that special use lease agreements are commonly used in TrustLands administration, can you tell me how those? Is that correct? Are they commonly used, and what kind of purposes are they used for?

J

Jim Davis 1:04:37

Yeah, we have special use leases that cover a variety of activities. Special use leases cover everything from like telecom sites to gas compressor stations. Residential leases are also under our Sula's umbrella. Commercial leases, which is Bryant's specialty, and so. So yeah, they they serve the trust in almost every industry you can think of within the state.

J

John Baza 1:05:07

They're numerous.

J

Jim Davis 1:05:08

They are numerous. I should know the number right off the top of my head. I know the industrial portfolio best. There are approximately 150 industrial sulas across the state. There are roughly that many telecom suas. How many commercial leases, 50 or so commercial leases across the state. So yeah, there are many of them.

J

John Baza 1:05:27

And the concept of moving from a lease to a purchase is that also typically used?

J

Jim Davis 1:05:34

No, that's that's much more rare, and that is that's kind of the factor that makes this an OBA that that opportunity for the transfer of ownership of the property is what makes this an OVA. No, most of our our sulas are straightforward term rentals. As

M

Michelle McConkie 1:05:55

Deborah said, that that model is used more with horseland development, but the service would have specifically more rural land, so that's not usually what.

M

Mike Nelson 1:06:04

As a follow-up to that, and this is just off the top of your head, are most of the leases given by the trustland to whomever are they on what we'd call low activity sites where antennae and other things are installed, but there isn't a large workforce associated with most of

J

Jim Davis 1:06:26

them. No, I would say it runs the gamut. There are some that are on the lone hilltop where there's really not much else going on. Others of them are are slotted very carefully into the middle of a very busy oil and gas field and things like that. And they really do. I mean, it's it's it's power substations that could be on the edge of town. It's a lot of them are are associated with energy production across the state. But there are also residential leases that are up in the hills, and it's just a cabin or or undeveloped ground that somebody uses to go and you know set up camp for for the hunt and things like that. There really are a wide variety, and and I think to to your point, everything from not much else going on in the section to right in the middle of everything.

M

Marcos Santana 1:07:21

Chair, Johnson, we do have a comment online. If you'd like to take that, a question, actually.

M

Mike Nelson 1:07:26

Yes, please.

M

Marcos Santana 1:07:28

Sorry, from Imaa Hammer. She asks, "How many full-time jobs are anticipated to be created after the construction phase?

J

Jim Davis 1:07:37

That's a good question. I wouldn't be able to answer that. I think we might turn to Valor if it's not inappropriate for a response to that. I think that would be all right. Yes, M Max Ukropina 1:07:47

Max, good to be here, head of projects. Thank you very much for having us. Oh yeah,

M Marcos Santana 1:07:53

we

M Max Ukropina 1:07:57

don't know. We're we're still working on the full plan of development right now, and we're also speaking to interior full scope is, and that's really, I guess, take a step back. It's like how we got here. We were doing, as Brian was saying, a nationwide search of where we should go. We talked to well over 20 different states, and then in 2024, I came out here and met with Office of Development, the Goyo, Serta, and Carbon County. And the first property I looked at was actually property, and back then, it's a longer discussion. We were looking at working with the flue gas from coal plants, making fuels, and then fast forward, we our President Trump signed an executive order for us to turn on a nuclear reactor. So we knew in the first place to Utah at the Energy Lab, and now we have one on our plan at that point was to only turn on a test connector. And if you've been to our facility, and I hope you guys can come soon, that has since expanded, right? It's it's no longer just a test facility. It's now our whole Utah operations that includes our fuel facility. We've we are currently purchasing 110 acres north of the lab from Emery County to expand our operations. And one thing we've made sure to be very clear is not make the mistake of of overpromising coming into a community like Carver County or Emery County that is God's country and promising, you know, golden roads and a million jobs. Instead, what we've promised is we are going to hire into the community. We are going to give back. We are going to hire local contractors. We are going to work with the community. We are going to be ad nauseum in the community, and we've done that. And now we have Jess. How many full-time people do we have?

J Jess Housekeeper 1:10:04

About 4040.

M Max Ukropina 1:10:05

How many from Carbon River County? How many contractors are on site?

J Jess Housekeeper 1:10:08

Oh wow, that surges from 50 to a few 100, depending on what's going on with the project. But generally, 40 plus full-time employees that are in Carbonear County is located there, and then we generally, as much as possible, get contract through people within about 20 to 30 miles of us, Carbon and Emery County for road work, for blasting, for wiring, electronics, everything.

M Max Ukropina 1:10:30

That's for yeah. I'm being told to send it. Send again, sir. Yes, ma'am.

J Jess Housekeeper 1:10:37

Sorry to repeat that. Thank you for that. I'm sure your microphone wasn't picking that up. We generally have about 40 full-time employees from Carbon and Emery counties that live there, and then we surge between 50 and a few 100 different contractor contract employees, and as much as possible, we draw them within the Carbon Emory County region, within 20 to 30 miles. It makes makes business sense, but also it makes sense to invest in our own community. So yeah, we have our construction work from. I mean, the concrete plant is 20 miles away, but near near Price and Carbon County. We've got dirt work from Cleveland, Utah. We've got blasting from Huntington, Utah. We've got electric electrical work from also like the Elmo Price area with DCI. And so we've tried as much as possible, where possible, to get those local contractors. Of course, we bring in specialists for different aspects from other states and elsewhere, but certainly try to as much as possible to hire

J Jess Housekeeper 1:11:30

local.

Max Ukropina 1:11:30

Yeah, and Mike, what we have at the lab right now-that's a test reactor, and we're building out more facilities there. But you know, what the property and other properties may become is will be larger than that, right? We we need to have concrete batch plants. We need to have manufacturers for fuel. We need power generation. We have offtake, as as Jim and Brian talked about. We want it to grow. I mean, we are unfortunately started in California. We quickly realized that Center Universe is in God's country, and so truly providential, and like we want to stay. We're very happy. We are the last thing we ever wanted to do is be, you know, you know, inside of someone's community. This is our community. These are people behind you are from here. As just said, they want to stay here and have their kids have jobs, and we're very happy. So, essentially, cut off our search from looking elsewhere. So, in terms of community engagement, Sylla asked us to put a list together of all of our community touch points, and reality is is is actually hard to gather all that information because in our organization we don't really know what the right hand the right hand doesn't know what the left in terms of how we're in the community. We're in every parade. We're at all the town councils. We're sponsoring the you know local baseball teams. We have Lumix

Max Ukropina 1:13:03

Club and Rodeos.

Jess Housekeeper 1:13:07

And what was the other? Oh, I went to the farm bureau. Right, the farm farmers were asked, wondering. Well, I had questions. I said, I'll just come to your meeting. So there's about 40 community members there, and I just went and presented and answered their questions there as well.

Max Ukropina 1:13:19

Yeah, and that's

J

Jess Housekeeper 1:13:20

important to us because, like, it's our home. It's my home for sure. I mean, I grew up there, so to the question, if I may direct a little bit more specifically to how many jobs created, we really like to underpromise and overdeliver. We generally we present to the public when they ask the question, Emory, how many jobs is this? 100 jobs said, well, more like 25 or so, we always knew it was probably more than that. But I'd rather say 25 to 30 and higher 40 than say 50 to 60 and higher 40. Right. So that's a hard question to answer. How many recruiters do we have? Oh, we currently have a team of six recruiters that are working just in the Carpenter. Well, they they are also that's part of the 40 employees. It's from Carbonum counties. They're obviously searching all over the country for that expertise. But we're specifically looking in the German area, and not only that. As I mentioned, I was out of the area, but I'm from there, right? And so, not that we're biased in any way, right? We want the best of the best of the best, but it doesn't hurt if you are from the area and want to move back. Thank

M

Mike Nelson 1:14:23

you, and I think I can speak freely for the board and for the staff of the trust that we look forward to working with you. And we also have expertise that's very valuable in terms of how things are done at the state and how to relate to the local communities, and we'd look forward to helping you out with that. Right. Well, thank you, gentlemen, for your presentation. Anything else?

M

Michelle McConkie 1:14:52

But Chair Nelson, I would ask if we're finished with this item, we could return to 7b. Given the Utah Foundation, I think they have to leave.

M

Mike Nelson 1:15:00

Oh, I'm sorry. I wasn't aware of that. So that will close our discussion on Bailar special agreement.

B

Brian Tarbet 1:15:13

Thank you.

M

Mike Nelson 1:15:14

To

B

Brian Tarbet 1:15:21

the recommendation.

M

Michelle McConkie 1:15:23

Set the stage if that's okay, Dr. Nelson. Is it okay if I set the stage just a little? Yes. Well, maybe it's. I don't want to talk. But we we we commissioned a study from the Utah Foundation, and we'll get into this more. Oh, we did. It was mentioned several months ago to the board. This is this has been an ongoing study to do a lot of what we've talked about today. To talk about, we know that a lot of economic development comes to rural communities on TrustLands, and we wanted to do. We have lots of stories and lots of examples, but we wanted to put some more numbers to it. So we've been working with this great, the Great Utah Foundation, and I'll turn it over to Lisa and to Foundation Sean Teagan to talk about that regardless report.

E

Elise Erler 1:16:16

Is there another slide? Oh, thank you. Good morning, board and board chair. I am Elise Earler, and I'm the director of research and analytics within the Strategic Initiatives Group. So a mouthful there, but that's why I'm before you is because one of my projects is working with the Utah Foundation on this particular report, what we're presenting to you today is an economic impact study, and the benefits that come in the benefits to the local communities in particular from select projects within within our portfolio of projects. Select mostly because we we didn't have the bandwidth to do all the projects, so we just tried to pick an example of different kinds of activities. Each of the projects that you will hear about today makes money for the trust, so it has positive cash flow, but it also provides various economic benefits to the community that it's located within, and then of course the state as well. The state being taxes and so forth, and we've asked the Utah Foundation to independently look at this overall project at an arm's length. We've provided them data whenever they've asked for it, but we're not telling them what their conclusions are, so forth. And with that, I will turn things over to Sean Tygan for who's the president of the Utah Foundation and all yours?

S Shawn Teigen 1:18:04

Thank you so much. So, if you don't know of the Utah Foundation, we are a nonprofit, nonpartisan public policy research group. We've been around for over 80 years, studying all kinds of different things, looking at taxation and education and a whole host of other things. And this is one of those areas where we see a lot of overlap in many of the things we've worked on in the past. So we were very excited when we got the call to to look at TrustLands and the the economic benefit. Really, we what we did we we as Elise was saying we performed economic impact analyzes or on certain kind of areas in the state, or certain industries of the state, or on something that's related to projects that are coming up, and I'm going to run through these slides pretty quickly. But kind of the the geography of this presentation and the report, we start off with some history, but then we move into oil cap, oil, gas, and coal. We talk about real estate, residential real estate. We talk about commercial real estate, and then we go to renewables. And in terms of the, you know, with reports, the the my my research director loves it when we have about three highlights for each report. This report has a lot more than three highlights. I could have found 15 highlights for every single section of this, but we we winnowed it down to about 10. And I'm just going to run through this today. In terms of the the background and the history, we saw that much of the the TrustLands benefited quite often in the past political interests and the public, and and not as much not as focused on beneficiaries. We saw that change with the school TrustLands administration in 1994. So we saw that shift to beneficiaries. However, this whole report is about the benefit to the state. So it's there's a benefit to beneficiaries, but there's an. Additional benefit to the state, which is pretty, which I think is pretty exciting, and something that that this is what what this really report talks about. So starting off in chapter two, we talk about oil, gas, and coal, and I'll get to the numbers in just a moment. But but really, what we've got here is, and you'll see some numbers along the way. You went to Mason. It's been a big deal in terms of oil, gas, and coal for a long time, and and we've seen of course coal in Carbon County and Emery County and some other areas. In in by fiscal year 1991, those industries accounted for the vast majority of of the the TrustLands income. So that was about 10 million annually, 88% or so. And we see that drunker's wash since then has been a really big deal. And these are just a couple highlights from that from that oil, gas, coal section. But we've seen that about estimate of of 750 million since 1998, when Drunkard's Wash really took off, and that cold bed methane. So next we talk about real estate. This one here you probably are pretty familiar with. In fact, thank you to the the the staff here. We got a bunch of great photos for this presentation and for this report, but but in terms of real estate, we saw that before the '90s it was pretty much non-existent. We didn't see much at all. Since then, we've seen that Washington County really has been the place where real estate projects were happening. We talk about Coral Canyon, Stanton Hills, Green Springs, but really this report, in terms of its focus is on desert color, and sorry, I'm gonna I'm gonna run through these pretty quickly, but then we'll get to the numbers at the end, and I'll I'll answer any questions you forgot if you don't mind. Commercial real estate. This is a commercial real estate project at Fort Pierce that you see here, and we talk a little bit about Fort Pierce and and the expansion of Fort Pierce. But in this project, we're looking a little bit more into the future of commercial real estate, and we talked a little bit about the the kind of interplay between the parties that make these things happen, like the trust providing the land, like private developers buying the capital, and like local governments participating in this as well.

S

Shawn Teigen 1:22:18

And and so in this project, we talk about the the land adjacent to the St. George Airport and the possibility that it's going to look something like Fort Pierce into the future. And then, finally, in this project, we talk about renewables, and there's a lot of stuff going on in renewables. I think this is just kind of an awesome picture. So we've got so we've got this picture in the report on the slide, but but we saw that that solar was a big deal and and is a big deal in terms of of the portfolio for renewables, but things are happening beyond that, and and things are certainly happening not only geothermal but the big project we're talking about and all the kind of the adjacent projects around Intermountain Power Plant and what's happening there. So, in terms of the section of the report. So, what we've got here, we've got three main slides that leave out so much detail. There's this is kind of a big report. There's a lot of detail to go through, but I've got three main slides that sum this up pretty conservatively. We, my research director, the fact that I love that these guys had somebody come in and independently do this economic impact analyzes. If you know anything about them, if you add up all the economic impact analyzes in the state, if you studied everything, you would have a GDP that's that's 10 or 100 times larger than state. This is not this project. We are being very conservative on on this project to talk about all of the caveats to all of these numbers, but it's still in my opinion it's a big deal. So these five case studies, we look we we say that they they may account for more than than 2100 jobs, very under under counted. If you look at the St. George Airport development. So this includes some work that's not happening now, but those jobs for St. George Airport, those are just construction jobs. Once there's a lot of work going on there, once once you've got a lot of folks that are that are working in the commercial sector in that area, you're going to see a lot more jobs there. Intermount Power Plant. This is actually kind of this is a bit of unique thing, but we actually are looking at Intermount Power Plant for the indirect jobs that come with that, and that's that's ASUS Delta and all the projects that are happening around there. So this is I would suggest this is this is well undercounted, but you see a lot of jobs. We have a range for our jobs here in terms of of direct, indirect, and induced jobs. And induced jobs, for those of you who aren't familiar with these economic impact analyzes, are just jobs like at the at the market down the street, or because people are buying stuff and when they move into the area, or or when I am. Maybe going on vacation somewhere. I'm going to go skiing somewhere in Utah. That's going to be induced jobs from the money that I'm making at one of these developments. And then thinking about the money, the money is is on this next slide. TrustLands may generate up to 127 million in household home household earnings Annually, and again, this is an undercount because of impart Saint George, the Saint George Airport development. You see there that that this is that that is just construction jobs for an estimated construction level based upon the Fort Pierce project. Tons and tons of information in the report to really delve into these numbers further, and then finally this may generate up to 49 million in state and local taxes annually. And so again, undercount, but you see we've got oil and gas extraction at up to almost 16 million in terms of state and local taxes. You've got coal mining. It's it's a much more modest. You've and that doesn't include Drunkard's Wash. Well, Drunkard's Wash is a coal mining project. Airports, the desert color development at about 7 million.

S

Shawn Teigen 1:26:15

The the Saint George airport development that's going to be much much higher once there's a lot of work happening on that land, if if you know you see that land being developed in the future, and then the Intermountain Power Plant, and a lot of that is the plant itself, but a lot, but there's also a lot of that indirect and and induced kind of that revenue that's coming out from the trust land projects around the Intermountain Power Plant. So that's that's the report in a nutshell. We we look forward to answering any questions into the future. Or I've got a little bit of time for questions today, and we'd love for you to take a look at that report and delve into it. and And we really would love to get a one of those TrustLands. What but 60 seconds of TrustLands, or whatever the social media social media minute was was super awesome. We need some of that to get this information out there into the future. But any questions?

E

Elise Erler 1:27:12

So you all have a link in the board memo. There's a link to the report itself, and shortly, probably within the next day, the link will be put on the foundation website for the it'll be publicly available within the next day. Is that

M

Mike Mower 1:27:26

yeah? Whenever, whenever we have a question, and we don't have our advocates here. This is the kind of report that would be nice to go to every single. Oh, you're here.

T

Tiffany James 1:27:35

That's right. Melissa's here.

M

Mike Mower 1:27:36

This would be a great report to send to every single community council in the state, and and include the you know the if we if we do a little one minute video highlighting it, but I would love people keep forgetting what TrustLands are. But if we sent this to every school in the state to their community council chair, at least the executive summary, I think that that'd be a great great use! Great way to amplify this.

S

Shawn Teigen 1:28:03

And we we'd like to, at the board's approval, we'd like to get do some some of our own social media campaign on this and get this out to the the media around the state. We have we have a lot of sources for for media outlets around the state that might be interested in this as well, and we'd love to kind of push this out and get this in front of people.

M

Mike Mower 1:28:24

That's a Michelle Marla Mike question. Sounds good to me. Just

B

Brian Tarbet 1:28:30

a quick question for the director. Did we commission this report? We hired them.

S

Shawn Teigen 1:28:39

And one of the things we note in this report is that they give, like, like at least we got a lot of details. We had a lot of information. We we finalized the report, got their feedback to make sure we weren't saying anything wrong. But but they didn't. We didn't get our arms twisted to change any information on this. This is a arms length related.

B

Brian Tarbet 1:29:02

I just want to know the impetus for it. Thank you.

M

Mike Nelson 1:29:07

Oh, good.

S

Shawn Teigen 1:29:08

Oh, and I was just to say, and there's more to come. We're we're we're going to be releasing something that dealt. We originally on the first draft of this report had an additional 40 pages of history that was just too long for this thing. So that's going to be a second piece that that comes out later for staff. Or if you'd like that to be released, we can do that as well.

M

Mike Nelson 1:29:27

Thank you for that presentation here for your work on the report. Lanced through that tonight. Look forward to reading it. Thank you so

M

Mike Nelson 1:29:40

much. Thanks.

M

Mike Nelson 1:29:47

Item on our agenda is the advocates' report

M

Mike Nelson 1:29:51

from

M

Mike Nelson 1:29:51

Ms. Mumford, director of the School and Institutional Trust Beneficiaries Advocacy Office. I said that all in one. You got it

L

Liz Mumford 1:29:58

all in there. Thank you. Good morning, Trustees. Liz Mumford. Our office has the opportunity to be the agent to represent all of the beneficiaries collectively, and I loved that invitation from Trustee Maurer. Anytime we have the opportunity to share good information out to counties and to school boards and to community councils, it helps build ambassadors for the trust system and protect what's so valuable to them? So we appreciate that. I'm going to jump in first to some comments about the the Valor lease, and then I have thoughts on a couple other agenda items I wanted to share with you this morning. We are really grateful for the scrutiny and extra attention that the committees and the staff took on this specific lease proposal. It, as Jim described it's kind of a novel opportunity, and as we look across the state and across the country, there is a lot of kind of speculation and exploration and novel opportunities that are emerging. But we feel like finding credible, viable partnerships like this are essential for the beneficiaries. These initiatives that align with statewide projects for economic development just create kind of a virtuous cycle of economic development and ongoing opportunity, and so we. I just wanted to note the the robust committee discussions, the risk analysis, the analyzation of lease terms, and we are really supportive of these types of viable partnerships that have good guardrails with them, and we are just optimistic that more projects like this will benefit all beneficiaries. This one is specific to public schools, but there's potential out there for all of the beneficiaries. So we appreciate that, and we look forward to the the conversations that will happen between now and September when you make a decision. While I was down in Cedar City a couple of weeks ago, I had the opportunity to speak directly with some Valor engineers and answer questions that had come up in that committee discussion, both about safety and nuclear and some of the regulatory things. And I just feel like they've been very transparent as we've tried to get more information about the project. Appreciate the the agency and supporting that process more broadly on the agenda. I wanted to speak to the budget, which is a huge impact for beneficiaries. I appreciate that you're considering the adoption of a budget today, and I think that's a good formalization of the procedures that you go through each year. It will give you more advance notice and context as you make budget decisions, and we're supportive of that. And then anytime there's a budget increase, I know there's trepidation because that's costs that are coming out of the trust proceeds. But we recognize these new positions are targeted to have a direct impact on revenue opportunities, and I particularly appreciate the priority on exchanges. We believe that's important as part of the agency's strategic plan, and that's a significant place to invest in. The last thing is just a couple updates from our advocacy council. We had four new members that were recently sworn in by the state treasurer, and so would be Don again, Sylvia Reed, John Andrews, who's here today, and then also Mark Waite, our official new members, and then Kira Bennett, as was indicated by Director McConkie, will also take Paula Plant's position on that board. In the last meeting, they adopted an administrative rule that will start managing the accountability of distributions for institutional beneficiaries. So as soon as that comes out of the public review period, it will go into effect. And finally, I just wanted to echo Director McConkie's appreciation for Paula Plant. I know she's not here today, but I wanted that on the record. Just her impact on the school side of things is known by many. Her years in PTA and service across the state, but I think it's often unnoticed the work that she's done collectively for all the beneficiaries. She always looked at what was in the best interests of everyone broadly, and she was one of the original members of the advocacy council and has served there from the very beginning and played a crucial role. So we will miss her and appreciate her service and appreciate the legacy that she leaves. So, thank you. Any questions before you move on? I know you've got a full agenda. Thank you.

Mike Nelson 1:34:12

Brings us to item 10, action items. The first is a proposed board policy on budget review process by our director.

Michelle McConkie 1:34:23

Thank you. Oh

Deborah Memmott 1:34:30

wait,

Michelle McConkie 1:34:31

click on Kenny. Okay, thank you, mr. Chair and Trustees, for giving me a few minutes. This is a proposed board policy that was requested by the board that I that was put together by our agency, and this is codifying the process for how the board will review the board the annual budget. The information a draft was sent to you some months ago. Actually, at the time, it wouldn't have been trust. Williams or Moffett, we didn't have their names yet. But then, the final version was sent several weeks ago with the the board packet. Some of the highlights: the budget materials will be presented and submitted to the board according to a timeline in the budgeting calendar. That will potentially change from year to year based on what we're required from the governor's office of planning and budget and the legislature, but but we'll make sure we're updating that every year. The materials will include a detailed base budget request, proposed funding requests, supplemental funding requests, explanations of how the requests support our strategic priorities within the agency, and a summary of anticipated revenue and expenditures for both the current fiscal year and actual revenue and expenditure for the completed fiscal year, and so all of that information was also sent back in in June to the board. There's an opportunity for board input at at various levels, and then a summary of proposed budget would be included in the applicable board meeting packet, which is what we will be talking about today, and that's according to the timeline in the budgeting calendar. And upon board approval, a budget submitted, the budget would then be submitted through the appropriate state budget process. That's a simplification of the policy. I'm happy to answer any questions or or talk about anything else on that process. The board would like or get any input.

Mike Nelson 1:36:29

Questions from the board.

B Brian Tarbet 1:36:32

This budget we're going to see today from Deborah is still internal. It hasn't done that. It

M Michelle McConkie 1:36:37

has not. It's in front of the board for approval, and if the board approves it, then we would move forward with the rest of the state.

M Mike Nelson 1:36:47

Seeing no other questions, we want to thank McConkie and move to fiscal year 2028 budget approval.

M Michelle McConkie 1:37:00

Chair Nelson, I realize I forgot a very important slide, which is if the board would like to adopt this board policy, I do have a proposed motion. It's not the actual budget yet; it's just the policy.

D Dan Simons 1:37:14

I would make a motion to accept the board budget review policy as presented by. Second.

B Brian Tarbet 1:37:23

We have a

M Mike Nelson 1:37:24

motion and a second to approve that policy procedure. All in favor? Aye. Opposed? Thank you. Then two.

D

Dan Simons 1:37:43

We're putting that process together.

D Deborah Memmott 1:37:49

Board members, Chairman, it's always a pleasure to be here to present our yearly budget. As Michelle just mentioned, we kind of fine-tune the process to try to involve the board, get you the information earlier, so that you have plenty of time to review it, give us input, so we can answer any questions. So we did provide the packet of all the information to all the board members back in June, new board members in July when you came on board, so that you've had a chance, hopefully, to look at the footroom, and we can answer any questions here. I'll just present what we currently are proposing. Just a couple items right off the top as a reminder: we are self-funded. All of our budget requests come out of the money that is earned off TrustLands, based on the way the statute is written. That statute also does say that all of the money that we earn goes to Cipo to invest into the permanent fund, unless the legislature gives us the authority to hold back that money for our budget, and that is these amounts. So we do have to send it through the legislature, even though it is our money. They do have to authorize us not to invest it into the permanent trust funds. Any money that is not spent, so if we request our base budget is 27 million. If we only spend 20 million of it, that other 7 million goes immediately back to the trust beneficiaries. It does not go to the general government. It doesn't go to the general fund. It just goes right back to where it should be with the beneficiaries. If we do have one-time appropriation requests, which we do have a couple of them. If that project does not come to fruition, we cannot spend that money on anything different. It has to be spent for what we're requesting it for. If that project doesn't happen, it also is just returned right to the beneficiaries. So we'll start with the base budget. The base budget basically rolls forward from year to year, and it comes completely through the appropriation acts. So, as you can see here, our fiscal year 27, which is the year that we are currently in, this budget came through four different appropriation bills. The first one is the actual base budget. That bill, by statute, has to be passed by the 10th day of the session, so that goes through really quick in the legislative session, and it really just completely rolls forward from the previous year. And then throughout the session, that base budget is built by any additional appropriations that we requested any additional compensation, and this is where the legislature, if they determine whatever percentage they're going to give statewide employees for colas or raises, increases to health insurance, anything like that, will come through that compensation bill. And then there's the ISF, which is internal service funds, and any additional fees. This bill is, for example, an internal service fund that we use is DHRM, Department of Human Resource Management. We pay them a set amount each year. If they raise their fees, the legislature raises the amount that we get so that we can continue to pay their fees at whatever is approved for them. So that comes up with our current 2027 budget. So this is what we are operating on right now. So to get to our base budget that we're going to ask you to approve, we have to back out any one-time money we received in 27 because it will no longer be there, so we back those out, and then we come up with our fiscal year 28 base budget. So the 27 one time is we had the $60,000 is for an initial purchase of a fleet vehicle for this year. So once we spend it, it'll be gone. 200,000 is for the land valuation project. It's one time, and we anticipate we will spend all of that this current year. And the 4.3 million is money that we have been appropriated for the upgrade of our IT business management land management systems. That one, if we do not, we well, we will not spend $4.3 million in fiscal year 27. Anything that we do not spend, we will ask for authority to carry it forward to the following year until that project is completed.

D

Deborah Memmott 1:42:35

So that comes to our base budget for 28. All of that kind of rolled forward. That's the base budget that we will ask you to approve. Any questions on the base budget? So we do have the three different line items: our operating budget, our capital budget, and our stewardship budget. The operating budget is basically everything we do. The biggest part of that budget, about probably about 75 to 80% of our operating budget, is for our personnel costs, for the salaries, the benefits, the retirement, payroll taxes. All of that is the biggest chunk of it. The second biggest chunk is for our miscellaneous, like our fleet vehicles, the DHRM that we talked about, our risk management part, where we pay for all of our insurance, rent for all of our buildings, training supplies, licenses, professional licenses for our employees. All of that stuff is in the operating budget. The capital budget is mainly for real estate development projects, even though basically it's for anything that adds value to our land. We're expanding the value of our land, and it goes into capital. Yes,

D

Dan Simons 1:43:47

Chair, question. This goes back, Michelle and Kyle talking about putting money aside for irrigation or for water shares in the future and other projects. I'm guessing that that's going to have to come in the next year's budget. That is,

M

Michelle McConkie 1:44:04

as we've been talking to different board members, that is a potential legislative change that we're working with different legislative members right now. That would be built in yes for the the following for the this fiscal year that we're talking about here, fiscal year 28, and if that were to happen, it would it would build up, you know, over time, and just depending on how it was structured. But in the meantime, we didn't want to. We still want to make sure we're doing a request for capital and for stewardship, first of all, because we're going to at least have a gap period where that that fund could potentially be building up. Plus, it's legislation. We're working hard. We feel like we've got some support behind it, but it may or may not happen. And so the capital budget-that is one area where money for water, for example, it's it's $5 million, which is not a huge. Fund so that's why we're trying to look at some more forward-thinking projects and to be able to to know that we have it from year to year because it's also it doesn't roll over automatically. We do have to go and ask every year, so it's sometimes hard to make those long-range plans. So

D

Dan Simons 1:45:13

you say we may or may not get it. What do you see would be the hurdles that we have to get over to get that approved? The the

Michelle McConkie 1:45:21

legislature. is again. We we feel as if we have some really good support. We've had a lot of good conversations, but it is you know a busy legislative session, and sometimes I guess I would never want to guarantee that we'll be able to get something to the legislature. But we've worked very hard with them,

Dan Simons 1:45:40

understanding why they won't approve money that is our money, so to speak, and we're doing this for the best of the beneficiaries. So I

Aaron Langston 1:45:51

apologize. Yeah, I feel as though we

Michelle McConkie 1:45:53

do have some some some very good relationships and some good support, but you know it's always it's always a bit of yeah. I'm just looking at Mike. Yeah, not quite sure how else to respond, but I feel like we've got so we've had many good conversations, and we're we're going to try.

Mike Nelson 1:46:14

Dr. Tarbit,

Brian Tarbet 1:46:14

just one question. So basically, this proposed legislation raises your cap. Is that the nature of

Michelle McConkie 1:46:21

it, yes.

D Deborah Memmott 1:46:22

What we're what we're trying to do is put together a a fund or a pot of money where currently, like Michelle said, our $5 million, our million dollars in stewardship. If we don't spend it, it goes back to the beneficiaries each year, and then we start over the next year, rather than being able to say, okay, we know we've got a $10 million water right we want to purchase. We don't want to have to wait for two years to get the money from the legislature because at that point we will have lost the opportunity. What numbers

B Brian Tarbet 1:46:49

are you looking at?

M Michelle McConkie 1:46:51

We haven't settled for sure now.

D Deborah Memmott 1:46:52

Yeah, and that that's part of what will go through the legislation and for both the capital and the stewardship budget. If that bill, once we see a draft of it, we'll see how they intend to fund that. But my anticipation would be that if it goes through this session, the 5 million and the 1.29 9 million would just roll into whatever that pot of money is, so that we'd roll that in there for at least the beginning of it. That's why we blessed it in as our request because one, it's part of our base budget. We can't change our base budget. Legislature has to change it, so they would have to put something in the legislation that would move those two budgets into this pot of money, and it really will just come down to how it's written, where they want us to come get the funding from. I mean, if we're going to be limited to X number of dollars per year that we can put in there, if it's a percentage of our revenue that we put in there, so it's really just kind of in process at the moment. If it goes through, I would assume it will affect both the capital and the stewardship budgets, and we would no longer have those. Those would just go into this new way of funding those projects, so it really is kind of up in the air still.

D Dan Simons 1:48:06

So I know that you already know this, but when water shares come up, they're not going to sit around for the next year. And so we've talked about that as a real estate committee. We've got to have those funds available if we're going to be able to get them.

M Michelle McConkie 1:48:17

So yeah,

M Michelle McConkie 1:48:18

exactly. And and we've we've talked in different committees about this. It's been a couple of months. Again, this is supposed to early in the process. We're working on it, but it is really hard to do long-term planning. I mean, Kyle will always talk about. I mean, they'll have an opportunity to potentially put a road through a great development that could really bring the values up. It might be $30 million. We're certainly not going to front all of that, but we'd like to contribute. It's difficult to get partners on board, and we say, "Well, we know we have a million and a half now. Probably have some more in a year, but let's see. It's it's just being able to do that long term planning. And as you said, with water, we actually did potentially. Now we would have had to have done more due diligence, but potentially had the opportunity to buy some really good water shares, but it was about five $6 million. And again, the buyer was not willing to wait until we could go through several appropriation processes and potentially purchase it. And they ended up selling it to somebody with more cash on hand, which is completely understandable. So we're it would certainly have a cap, and we've got a lot of details to work through. But these are, in the meantime, we want to make sure. I mean, as Deborah said, we actually don't even have the authority to to get rid of those. But they would collapse into one fund if we're able to move forward. Yes,

K Kyle Pasley 1:49:37

I was just going to say, as a matter of perspective, although the number isn't settled on the 5 million and 1 million there in the capital stewardship budget represents an amount less than the amount that was available when I started at the trust in 2005. So we haven't made any serious adjustments to that in 21 years. Percentage approach better, perhaps, and that's what we're just discussing with with legislation is how to do that, whether it's a percentage or a base amount that we did, and that's that's really the detail that we're trying to get.

M Michelle McConkie 1:50:14

Is your committee? Which committee? It would be natural resources. We're actually working with we're working closely with some other. And when we have more information, more meat around it, some draft language, we will come back again to the different committees to make sure we can talk to to board members and get their input. And we've also been talking with the advocacy office as well.

M Mike Nelson 1:50:43

Have a question, if I may. That the heading IT there has two asterisks by it. Does that mean anything?

D Deborah Memmott 1:50:50

Oh, that's the four point. Well, there there was another comment down here that said this $4.3 million. So this $5.6 million includes this 4.3 million that is specifically for the revamp of our IT systems. So the IT budget really isn't 5.7 dollars on its own. It's really only the 1.4 million.

D Dan Simons 1:51:13

So

D Deborah Memmott 1:51:13

that's what this 4.3 is right here. Is that amount? That's the one time that is sitting in here just for 27 that will go back out, and then we'll have to have put it back in for 28. So,

M Mike Nelson 1:51:24

and will the IT budget be that amount potentially from now on, or is it?

D Deborah Memmott 1:51:31

Well, so this 4.3, we actually spent a couple 100,000 of it. We are we are starting to make some really good progress forward on our system. We've got our document management part coming online right now, which is kind of the phase one of it, and so we that money will start coming down as soon as it starts. We start drawing down on it, then we'll probably ask for additional money for it. But we don't want to do that until we actually get to the point that we issue an RFP and find out for sure what our total costs are going to be. So, yeah, it will it will you'll see it start going down as we start doing more and more with that project.

M Mike Nelson 1:52:06

Any other questions? All right. Well, thank you.

D

Deborah Memmott 1:52:12

Okay. Well, I've got one more. I was going to talk about our requests real quick. I'm

M

Mike Nelson 1:52:17

not trying to get rid of you.

D Deborah Memmott 1:52:20

I'll run away if you want. Okay, so now we're getting to the. So that's our base budget. That'll go through within the first days of the session. Then during the rest of the session, our bills, those other bills will go through. And these are the additional money we are requesting new money that we are requesting to become either part of our base budget going forward or one-time requests. So the first three requests are for new employees. The first two are part of our new strategic move to becoming more reactive in our land management instead of or proactive, becoming less reactive. Sorry, Kyle. So we want to move away from being reactive and become very proactive, we actually want to control more of that process. So the real estate and commercial development workforce specialist will help us move from being a passive landowner to proactive asset developer. Will help with things like affordable housing. We want to get out in front of it. We want to be part of the process, not just become reactive to what happens. The second one, a land planning resource specialist, will also help with master planning of our undeveloped holdings. Kind of goes along with the whole process that we are trying to see what our land is now, what holdings we have, how we can best use them? We want to be ahead of that. We want to have the land plans in place so we can actually market those instead of waiting for somebody to knock on our door and say, "Hey, can we do something with your land? So those first two FTEs are based around those premises. The other one is for an archeologist right now, we do not have enough team members specifically to dedicate somebody to doing cultural resource compliant projects associated with range improvement and agriculture. We make all the effort we can to do as many of these in house, but we just do not have the staff to handle the backlog that comes through some of our projects. So we've had to outsource those, and we are hoping to hire a field archeologist that can get out there and help us get more of these projects done, and kind of limit the amount of time that we or that we have to outsource. And it's estimated that we can actually save up about 50% of costs and reduce project completion time by 25% if we in house and have our own archeologists to send out to take help with all these cultural resource projects. The next one is our increase in IT costs. This one has been slowly creeping up on us over the last number of years. Changes in the technology environment. Like have have increased so much just slowly, and it's things that we can't control. For example, the industry has moved towards subscription-based software instead of just going to Costco and buying your box full of your with your DB or your CD that you can stick in with your Windows, and then you use it until it's obsolete. You know, three, four years, however you want to lose it. Now it's all subscription based, so Microsoft can raise their rates every year, and they do. And so slowly but surely, our budget-it's just slowly been creeping up. And it's to the point now that it's not sustainable for us to try to move money from reassign money from other areas within our operating budget to cover all of these increases in our IT costs, just like the network and Active Directory costs that have gone and our move towards cloud-based storage. All of these things come with costs, and we've got enhanced cyber cybersecurity requirements. And we also need to modernize some of our equipment as we go along because it's no longer no longer the function within the environment because it's obsolete for what is now available. So we're just asking for an increase to our IT budget so that we don't have to keep moving, trying to scramble to move stuff around to make sure we've got enough IT money. And the next one is an increase to our stewardship. If you recall, last year we added an additional position to our fiscal year 27 for an additional forester. Currently, we only have one forester and three or four range managers that are out. Three range managers.

D Deborah Memmott 1:56:38

So we we wanted to add more resources so that we can work on some of the projects out there. Unfortunately, we've got once we hire this person, we will have staff, but we don't necessarily have the funding to do any more projects. So now we're asking for an increase of about 200,000 to cover some of those funding costs. Some of the things that they were projecting that we would need would be more materials, equipment, rental equipment purchases, supplies, fencing, lumber, steel, concrete, those type of expenses that are needed so that we can work on more of those stewardship projects. And if

M Michelle McConkie 1:57:15

there were statutory change, that would be also

D Deborah Memmott 1:57:18

stewardship. Yeah, we'd roll that into our new our new funding mechanism. So those are the ones that we are we are proposing that we add to our base budget those amounts. Then in addition to that, we did have two one time requests. The first one is for funding for our an anticipated land exchange. When we sent the information out in June, this had not yet been really added to it. Back in was it June or July that you guys went to in June? We had our team go back into Washington D.C. to meet with the Utah delegation back there in Congress to discuss these anticipated land exchange, and it does seem like there is agreement that it will potential lakes. Yeah, yeah, it's starting to get legs, and so since we are requesting money for fiscal year 28 that starts in July of 27, we don't want to wait until June of 28 to request money. So the anticipated land exchange money would be for just to get started with all of the appraisals that will be needed. We'll work closely with BLM if it's a federal exchange, which it should be. That so, and if you recall from previous exchanges, it's not a fast project. It's a multi-year project to start to finish, and there's a lot of T's to cross and I's to dot. But we are just hoping for funding to get that started. And as I mentioned earlier this is one of those ones that if this land exchange doesn't come about, we'll send all that all back to the beneficiaries, and it won't be able to be used for anything else. And then the last one is for a continuation of our land valuation project. We started. So this is a five year. We have five years to a five year time to value all of our that came through the legislative audit is now in statute. We are just starting year number two. So year number one, we started with data gathering, and part of the stuff that Heritage the Foundation discussed today. That's part of the data that we're gathering for part of this project for our land valuation project. So that's kind of the start for fiscal year 26. For fiscal year 27, we also have a one-time amount that we can use for to continue that project in fiscal year 27. And so this is our fiscal year 28 ask, so that we can continue that pro that project. A lot of it is data data gathering. We've started doing a couple appraisals on some of our parcels. We've got to figure out how we're going to value all of our parcels, and so that's what this money is used for. And it's anticipated that we will probably also have a similar request coming up the next year and the next year until we get through that five year process and we've got everything valued, and then. At that point, we may come in and ask for a solid addition to our base budget for any ongoing costs after we know what type of the costs will be. So those are our two one-time one-time requests and all of our other requests. Does anybody have any questions on any specific of those requests, mr. Department?

B Brian Tarbet 2:00:21

Four FTEs. I hate doing math. Never.

D Deborah Memmott 2:00:28

The fourth one we already have for this year. The Forester was four in place for this year.

B

Brian Tarbet 2:00:33

Mike, does this encounter any resistance from the governor on FTEs?

M

Mike Mower 2:00:38

We're not adding a lot of FTEs statewide. It's a tight year, but I would just emphasize this is really not in the governor's budget. It's we we pay our own freight. We and that's for for you and and Spencer to realize Sitla covers. We're not regular state employees where we go to the general fund to get our funding. We raise our own money every year, so I think that's the unique thing to highlight. Is this is coming out of our budget? We we still have to get legislative approval. Still has to be part of the governor's budget process. But we, you know, we and we take it pretty seriously because any any time we hire a new FTE, it's a little less money for the beneficiaries unless these FTEs are helping us maximize our resources. So it's always that

M

Mike Nelson 2:01:31

that

M

Mike Mower 2:01:32

best. But yeah, I was just texting a colleague saying, "Hey, you've got this request coming your way,

D

Deborah Memmott 2:01:40

and and before this is finalized, before the budget makes it into the governor's budget in December, it does go through additional levels of scrutiny by GLPB and the LFA. And if if those concerns come up, we will probably bump those until a future year. But we thought we'd present it here for approval so that it's been approved if they will allow us to send them through, if not, then yeah, we can back off one or two or whatever is needed to obviously keep GLPB and LFA happy and and ultimately end up in the governor's budget in December or the second session in January. So,

D

Dan Simons 2:02:16

so question, mr. Chair. So when you present these additional positions. I guess you give a paragraph or two of the reason why and how it's going to benefit.

D

Deborah Memmott 2:02:28

Yeah. So kind of similar to the packet that we sent to you guys, where we have to go in and tie it to our strategic plan, tell them what we plan to do with it. There's and even even more questions like that that we actually have to submit through their budget builder process, where we put in the requests, and there's a lot of information that they request on that. So they review it, then we meet. Michelle and I are going to meet with GLPB and then the head of GLPB, Sophia DeCaro, to go over all these requests. And that point, they will let us know if they if they have any concerns with with it, if they don't think it's going to go through, if they don't think it will be added, and we can have an open conversation with them at that point and determine if ultimately we send those through to the governor's office. So,

J

John Baza 2:03:14

when you go from your current budget to your base budget, you duck out four and a half million at one time. You did not spend, but 2.6 7 million is not equal to four and a half. Is do you recover any of that four and a half?

D

Deborah Memmott 2:03:34

Well, the four and a half we actually have non-lapsing authority for it, so it will show back up in our. It will

B

Brian Tarbet 2:03:38

show back up. Okay.

D

Deborah Memmott 2:03:41

Yeah. Yep. As long as so, on that one, we have to send through a specific request that at the end of the year, since we have not completed the project for which we ask for the appropriation, that we ask for the authority to carry it forward to the next year. And so far, they've allowed us to do that.

M

Mike Nelson 2:03:58

Further questions.

D

Deborah Memmott 2:04:03

Okay. Well, there's a motion to approve the base budget and the additional requests. If you wish to do that,

B

Brian Tarbet 2:04:14

I move to approve the fiscal year 2028 base budget and the additional fiscal year 2028 budget requests and set forth in the board members.

M

Mike Nelson 2:04:26

Motion, Trustee Tarbit. All in favor? Second. Do we have a second? Of course. Trustee Simon, now all in favor. Aye. Thank you. It's unanimous.

D

Deborah Memmott 2:04:41

Thank you very much.

M

Mike Nelson 2:05:00

Next item is the proposed geothermal exploration agreement with option to lease OBA. You look in the Juab and Millard counties Scoville resources. That'll be amended by Miss Chance.

T

Tyler Wiseman 2:05:18

Chance. I'm just here to push by.

C

Chanse Rinderknecht 2:05:20

Yeah, yeah, yeah. Thank you. It's good to be with y'all. It's always a good day to talk about geothermal, so I appreciate the opportunity and appreciate Tyler. Thank you for being my driver today. So yeah, I'm excited about talking about Scoville coming in and potentially performing some really interesting studies to to build up our geothermal portfolio, so the area here you can see the the GLab, and and Millard County lines there. This is the Drum Mountain area. I'd love to get into the kind of the model of why this is a good geothermal area. Simply put, it is because of magnetism and also because of the extensional regime here, you get extensional tectonics, and so you get an upwelling of magma, and that really is the case with both of these different OBAs. They're kind of on trend, and so the area itself is kind of in a it is in the geothermal fairway. Obviously, heterogeneity or changes is kind of the name of the game in subsurface geology, but the area has been shown to have a lot of potential. Next slide. So, one of the things that is important to us, and it's been hit on a few different times today, is the importance of bringing in really good partners, really good lessees, and Scoville is definitely one of those. I would say that they are a world class partner, or they they have the potential to be a world class partner. Myself and Andy sat down with them, and they laid out their entire plan, their plan of development. Their team includes world class regulatory permitting specialties, as well as really good technical expertise, geology, engineering, drilling. So they are an incredible company to to be bringing in. So, like I say here, their technical team comes from an oil and gas background. The technology that is going into geothermal right now. The reason that there are so many breakthroughs, whether it's conventional or whether it's in the EGS system, those breakthroughs really are occurring because they are borrowing the technology from oil and gas. And so, a lot of the people that you'll see working for these big geothermal companies do come from oil and gas backgrounds, such as the case here with Scoville, and then also want to touch on the the regional gravity and magnetic data does show here in the drums specifically there are a lot of there's a lot of potential for an EGS system. Next slide. So the OBA terms it's it's kind of a two part term for those who've been on the committee for a little while, it's it's the same it's the same terms that we've we've been using. So we have an exploration agreement with the option police. That exploration agreement, what we require at CLA, is that they come in and they really put their money into the ground and they prove up that system. So geothermal energy really is in its infancy, so there's a lot of things that need to be figured out. EGS systems, conventional systems, there are a lot of different questions, and production in in these different systems they can cause a lot of problems. So we want them to really develop that asset, and so we come in, and the you can see kind of the outline of the first five years, $1 an acre for the first year through the first five years. But what we require of them is very in-depth geologic evaluation and kind of updates. Every year they will write us a a report that says this is what we've done, this is what we found, and because of that, this is what we're going to be doing in the future. So, with Scobill, they have provided that plan, and it is very thorough. Where they include gravity surveys, seismic surveys, they want to make sure that this is an asset that they want to really develop, and all of the preliminary data suggests that it is, so their main focus in this area is to obtain that seismic and to conduct that viability study. So the OBA terms, if they elect to to execute the lease, we have an initial term of 10 years from the effective date.

C Chanse Rinderknecht 2:09:39

If it is producing, then the lease can be held by production, and then also something that is is very important for TrustLands is that we have the ability to adjust the economic terms one year prior to the the end of the PPA. So as these geothermal companies are trying to find who they're selling their electricity to, whether. That's a municipality, or whether that's on the on the west coast, we are able to adjust those economic terms, so we are able to to get the beneficiaries what they deserve from it. The advanced minimum royalty is $5 an acre. The production royalties we have actually increased those from 2.25 to 2.5 for the first five years, and then the power generation thereafter will be 3.5. So benefits to the TrustLands, Scoville is like I said, a world class operator and lessee. They're committed to producing those in depth geologic and reservoir studies, and a science based company. I guess I am a scientist, so I'm pretty partial. But if if decisions are being made through science, then they can be world class, really good decisions, and so they are driven by science. Their technical team and the regulatory team are top notch, and we have the potential for really good geothermal production royalties here. So I would answer any questions that you do have. If not, then the the motion is as stated here.

M Mike Nelson 2:11:09

Any questions?

B Brian Tarbet 2:11:10

Yes.

K Kelly Williams 2:11:10

Not a question, but I just want to get on the record that I will recuse myself from the vote because of my current employer being for Voe Energy, which is a potential competitor, it sounds like. And congratulations on your PhD, Chance.

C Chanse Rinderknecht 2:11:27

Thank you so much, Kyle. I appreciate

M Mike Nelson 2:11:30

it. Any other questions? Yes,

J John Baza 2:11:34

Chance. I appreciate your presentation. I'm sorry that I missed the committee meeting, but in terms of Scoville's plan, it looks like with these uncontiguous sections of trust land that they probably have a larger exploration plan than just the TrustLands acreage. Is that correct?

C Chanse Rinderknecht 2:11:56

Yeah, they do. Yeah, in fact, that's that's something that's very important to us as well. So the BLM is continually holding auctions and different things, and so they are active in in that as well. One of the things that we like is that it is spread out, and a geothermal reservoir is not continuous, or it has the potential to be very heterogeneous. So where it is a larger area, they are able to do some significant exploration. Where they might find that one area is hot, they might cross a fault that's maybe you know subseismic, and so we want them to be able to explore that area, and it is quite large.

J John Baza 2:12:40

Do you think the pricing structure allows any incentives for scoring on TrustLands

C Chanse Rinderknecht 2:12:48

I do? Yeah, so it is a little bit different than the the federal the federal government has a different structure, but we do have a a higher royalty rate. So this initial kind of this agreement or the exploration agreement that is it is low, but we expect it to then be put into the ground rather than upfront. We are wanting them to give us production royalties, so we're allowing that kind of initial low payment, thinking that we are for sure, or have the better opportunity to get the production royalties later.

J John Baza 2:13:26

Okay, thank you, lunch.

M Mike Nelson 2:13:30

Any other questions? I have a motion,

J John Baza 2:13:38

Chairman. I move to approve RNBL 2021-OBA on the terms set forth in the board memorandum, and to have the agency take all further actions necessary to finalize the transaction. Thank

M Mike Nelson 2:13:53

you. Second. Second. Thanks for there. Thank you. All in favor? Aye. Good. item is another geothermal.

C Chanse Rinderknecht 2:14:06

Great. So this is with the same company, Tyler. You're doing great. Thanks for driving. I appreciate it. So this, like I said before, this is along the same type of trend. We get extension of of the lithosphere, kind of a thinning of the lithosphere. So it is in the geothermal fairway. It is a little bit further south, but like I said, it is a long trend. So same type again. Heterogeneity is the name of the game in the subsurface, but the overall large model is very similar, where you had the laramide orogeny or mountain building event, and then there's a thinning of the lithosphere and magnetism. So and that is kind of the the large scale model here. So it's the same the same structure here where we have the exploration agreement. These are a little bit more scattered, as you can see. There's not the continuous block, and so they are going to be conducting. Similar seismic surveys, but they are going to be more dependent on the BLM and picking up different areas in in auctions. So they have a larger area or a large area here, but they are going to be more dependent on BLM and auctions. So it's not as continuous as what we would like, but they are going to be able to conduct those surveys, whether it's gravity, seismic, metaluric, will be able to conduct those different studies here on on our surface, and that is their main focus. So, again, the initial term is 10 years. Once they execute that lease, they are able to hold it for hold it with production. Once again, very important to us is that we're able to negotiate the the economic terms one year prior to the PPA, and then we have that advance minimum royalty of $5 an acre. Once again, with the power generation for the first five years being two and a half percent, and it changes thereafter to three and a half percent. be happy to answer any questions.

M Mike Nelson 2:16:10

A similar proposal under a motion.

J John Baza 2:16:17

I'll make the motion to approve RNBL 2022 dash OBA on the terms set forth in the board memorandum, and to have the agency take all further actions necessary to finalize the transaction.

M Mike Nelson 2:16:30

Thank you. All in favor? Second. Aye. Aye. Forgot to second. You seconded.

C Chanse Rinderknecht 2:16:39

Great. Thank you so much.

M Mike Nelson 2:16:45

All right. Next item is Weisman Metaliferous Minerals Expert Agreement. Go ahead. Thank you, mr. Chairman.

T Tyler Wiseman 2:16:57

Board, new board members, getting to you and be with you today. So this is a long time coming. So this is a company that is a major in the mining industry. They operate seven copper mines down in Arizona, New Mexico, Southern Arizona, New Mexico area, as well as two molybdenum mines in Colorado, Freeport MacMoran Mineral Properties, which is a fully owned subsidiary of Freeport MacMoran, to orient you to where we are in Utah. So this is the Eastern Great Basin, which has over you know 100 years of mineral mineral exploration and production with world class ore deposits. Specifically, it lies within the Marysville Piyoche Mineral Belt, which is prolific for its porphyry copper, molybdenum, and gold deposits, as well as its climax type, which is just basically a giant molybdenum deposit. It's in the Southern Wawa Mountains in Beaver County, which hosts the Blonde Wash Caldera Complex, which is the basically the the minerals that fell into that caldera complex are a lithocapallionite, which in itself is a resource, a very valuable resource, and the igneous rocks associated with it are very mineral rich, including beryllium, fluorine, molybdenum, and uranium. What you're seeing outlined in gray right here is actually the Utah Geological Survey defined Pine Grove Mining District, which hosts the ninth largest climax type molybdenum deposit in the U.S. next to Henderson and Climax Colorado, actually operated by the company here. So, but the deposit that's outlined in red is actually super deep. It's 3000 feet down, which is even deep for for modern exploration. So the likelihood of this being developed in the near future is pretty low. But as technology advances and as the other deposits in Colorado are are exhausted, this looks better and better, and there's there's geologic reports that indicate that there may be shallower deposits along this east-west orientation. So, within the extent of the proposed OBA, it makes our lands look look good. Also, this this district is a historic lead, zinc, and silver pass producer. So we're in West

Central Beaver County. The OBA is just under 2600 total acres, which are 100% schools as the beneficiary. The company is requesting a five-year exploration agreement, which would be with the option to lease for a 10-year primary term, which would be contingent on an application of work commitments, annual progress reports, and finance and a final technical report. And then they're proposing a $55,000 sign-in bonus due upon signing the exploration agreement, and then $10 per acre annual rentals within the five-year exploration term and the primary term following the 4% gross royalty on non-fissionable, which is more the base and precious metals, and 8% gross royalty on the fissionable, with uranium being in the district, keeping that in there as 8% And then more specifically, so we acquired these some of these lands. We we had sections 36 and two at statehood, but in the Dingle Act land exchange, which closed in 2025 with the federal government, we acquired sections 35 and then this little path that attaches to what we we call our Milford Block. So we acquired some additional lands out here, and when we acquire federal lands, we acquire all valid existing rights from the federal government, which in this case included dozens of unpatented federal mine claims held by the applicant. So Freeport McBride holds the the mine claims in the district. They control the whole district. We've purposely not least sections 36 and two for years, knowing that the exchange was going to happen, knowing that we could we could potentially get the main operator in in the door and give them some additional room to maneuver and develop the project. So under the terms of the OBA, there they would agree to relinquish the 20 unpatented mine claims that exist in sections 35, which is a great is really good because it's currently an encumbrance on the the lands itself. Because under the 1872 mine law, the royalty on locatable minerals through the BLM regulations is zero. So, where they could mine this under their valid existing rights at a 0% royalty, allowing them to relinquish those in exchange for a lease allows us to tack on that production royalty. So the rationale here is Freeport Mac brand. They're a solid company. They're an international major mining exploration and development company. As I said, they they produce primarily copper, but also molybdenum in Colorado.

T

Tyler Wiseman 2:23:01

They're well financed and are the number one ranked mining company in the U.S. They've agreed to that five year exploration term with a specific requirement to test Utah's trust lands, rather than just performing on their unpatented mine claims or their patented lands out there. The exploration success may lead to long-term financial returns, like annual rentals, production royalties, and associated economic development. And then, of course, data obtained from the dedicated exploration work will help to go to valuing and furthering our understanding of the additional lands that we acquired in the Dingle Exchange, and lastly, the company controls the district and has agreed to abandon those 20 unpainted mine claims that are currently in encumbrance on the property. And I'd be happy to answer any questions. If not, the proposed motion is on the screen.

M

Mike Nelson 2:24:03

Questions:

K Kelly Williams 2:24:06

Will the company abandon those mining claims upon signing the agreement? Yes,

T Tyler Wiseman 2:24:11

ma'am. Yeah, immediately upon signing the exploration agreement, and it'll be a separate document. The way we've done it in the past is is we have a abandonment and relinquishment agreement with the company, so that they have to sign and actually know the actual mine claims being relinquished.

M Mike Nelson 2:24:32

Hearing no other questions, do I hear a motion?

J John Baza 2:24:37

Yes, I'm the last

J John Baza 2:24:39

bar of Minerals team. I move to approve ML 54730 OBA on the terms set forth in the board memorandum to have the agency take all further actions necessary to finalize the transaction.

M Mike Nelson 2:24:56

Thank you. Do we have a second? All in favor?

T Tiffany James 2:25:09

Nelson, do you want a break for lunch? Lunch is here. That's

B Brian Tarbet 2:25:16

up to the board. We're close

A Aaron Langston 2:25:17

to being.

M Michelle McConkie 2:25:18

Yeah, we're fairly close, but it depends on how the board's feeling? We haven't. I don't actually know. That's above me.

M Mike Nelson 2:25:29

I think we should just finish it out. That's all right, February. Thank you. Okay. Next item is a proposed geothermal exploration agreement with option to lease. I'm sorry, I read the wrong one there. That was D. We're down on F now. Proposed major development transaction located in the Saint George Regional Airport Northwest Parcel. On and on, and that presentation will be from Greg Mcarthur, Assistant Managing Director.

A Aaron Langston 2:26:04

Thank you, Chair. I will be up here just to kind of help navigate the.

M Mike Nelson 2:26:08

Oh, okay.

A Aaron Langston 2:26:11

So I am. For those who don't know me, I'm Aaron Links, and I'm the Managing Director over the Real Estate Development Portfolio. And excited to be here. We have Greg online who works with me in the Washington City office. Greg has been the lead on this project, but this is a really great opportunity. A lot of money for a little bit of land, so we're very excited about this. It's a very nice St. George area. So, with that, I will turn this over to Greg to go through his presentation.

G

Gregg Mcarthur 2:26:50

Hey, thank you, Aaron, and thanks for driving for me there. So, good morning, everybody. Good to be here. So, I'll tell you a little bit about this transaction. So, we're talking about 82 acres on the northwest corner of the Saint George Airport. Aaron, if you want to go to the next slide, I can show you where that is. So here we have the Saint George Regional Airport, which is growing very quickly. In fact, they just received a grant for an expansion, and they're expanding the terminals. I think they got $100 million, so they'll they'll be doing a major expansion here. So this is our lands here, adjacent to the property. We'll zoom in on them. So Aaron, if you'll go in a little bit closer, I can show you. Oh, so if you go to the next slide, there we go. So here is the 82 acres that we're talking about today. So as you can see, it's raw natural land has rolling hills on it. sits adjacent to the airport. There's a couple things that I want to point out. So, the utilities of this property, water is in Banded Hills Drive. So, if you look, there's a road that goes to the south of the property. That south line that connects into the airport. That's called Banded Hills. Now, this road is considered a residential road because you can see it goes down into the little valley area. It's not meant to be for industrial use. The zoning on the property is called airport business airport business supported services (APB) zoning. So it's it's an industrial type zone that can have some commercial uses, but that's what it's for. It's not residential, and the city definitely wants to keep it that way because they don't have a lot of this industrial type land left in the area, and it fits for Saint the the airport area. So it will need better access to this parcel in the future to be to have its best use setup for it. Utilities again. The water is in Banded Hills Drive to the south. Sewer is right along the the airport in the west side of the airport. So sewer does get close to not exactly touching the property, but it's right there. Gas is to the north, and then power also comes along that Banded Hills Drive. So it has utilities close by. Water is the only thing that really touches it right now. So that tells you a little bit about the property, Aaron. If you go to the next slide, so I want to talk a little bit about the the access. So we have the Bandit Hills access, which is considered a residential access. So we need to get new access to this parcel to have it be its highest and best potential, we are planning that right now, and we think within the next five to 10 years, if you look at this, our access is going to come from the south. So we have item H, which wraps around the south end of the airport there, so that Desert Canyons Parkway is in, but we need to get access through the airport and up into that west side that we're working on right now, and then the other access we will get because you need to have two industrial access is that item J right there, which will come up the hill from the the west side of the airport and come into our parcel there. We have secured the easements for that. So we do have the ability to put in a road there when the time comes available. That white dash road there that we'll connect to with Jay, they call it Copper Cliffs Drive. That is not in yet. We think that will be in in the next five to 10 years. There's a major intersection there. The white road that wraps around the bottom of the airport there is SR7 that is in, and that Copper Cliffs Drive is going to connect to a future interchange which is already funded. So it's funded. They just need to build it, and so that's why that road will come up and come around. So it will be good access, but it's coming in the future.

G

Gregg Mcarthur 2:30:35

So that's just to give you a little bit of planning and and what the plans are and timelines for you know when we'll have connectivity to our west parcel, Aaron, if you go to the next slide. So there's one additional thing that will affect this property. St. George has constructed an airport tower, so it's actually up now. It will go into operation at the end or the beginning of this upcoming year, so it's almost ready for operation. By constructing that tower now, because our lands are in the sight line of that tower, we will anything that gets built on these lands that we're talking about today will need to receive permission from the FAA, and so they they give permissions, but they they can say no to things if it gets too high, and you can't build anything till you get that permission. Now you can get it, but it does take time. For example, I just barely myself was working on a hangar in this area, and it took me nine months to get that approval through the FA, and it wasn't just sitting. That was with constant follow up, and so that's just a determent to people because it does take time. So that's just one thing I want to bring up about these lands. Next slide. So here's we got an appraisal. So we got an offer on this land from the group that we're going to talk about today. So Box House Inc. We received an appraisal from them in February of this year. Once we received their interest, they said, "Hey, we want to pay appraisal price for this land, and so we went and we said, "Okay, well, let's go see what it's worth. So we went and got our appraisal done earlier this year, and the appraisal came in at $6 a square foot, or $21,430,000, with the state of the land where it's in, with the access issues, and the you know, well, it's coming, but since the access isn't in yet, and the utilities are right there, but they're not attached, and it being raw land, we felt this was a very favorable appraisal. We think this is a very good appraisal, so we're very happy with where that came in. So, upon receiving this appraisal, we went and we put this land out for a request for proposal. We put it out in March. We had it out for three months, so it ended in June, and we advertised throughout the state in in national paper or excuse me in state loc state and local papers, and we mentioned and spoke to local real estate individuals to just make sure that it was out there, so people knew it was coming available. From that, we received three offers. From those offers, we have one that's by far the best one. And after speaking with the real estate committee, this is one that we we want to present to the board today. So, Aaron, if you go to the next slide, so the offer is the initial offer that came from Box House. So Box House is a local modular home manufacturer, local because they started here, but now they're on a national level, and they want to set up their corporate headquarters here in Saint George, so they want to start with their corporate headquarters, and then as access becomes available over time, add in more things that can, you know, with production, storage, and those type of things. So that is their intent. They offered our appraised price. They've been working on this site, so they they know it quite well. So they offered to put down half a million dollars of earnest money, and the due diligence period on on buying was just 45 days because of the the previous research they've done on it. So after 45 days, that half a million would become hard, non refundable, and then they want to close within 120. The timing is they just said that we want to have the option to close either the end of this year, the beginning of next year. So that's why they ask for the 120 days. So it's it's quite a solid offer with a short due diligence timeline and a big earnest money deposit. Aaron, if you'll move on.

S

Speaker 1 2:34:33

So what we need to decide, and we talked about in the real estate committee a little bit, is these are great lands sitting next to an airport. What should we do? Lands in southern Utah are appreciating. We all know that, and so is it good to sell them now, or should we hold on to them and wait for them to appreciate just as raw lands? So we did a study and we looked at equivalent lands. You know this is industrial zoning, so we looked at our our biggest and best industrial park in southern Utah. I've highlighted it there, so you can see the Fort Pierce Industrial Park just sits there to the west of our airport lands. And this was one of our first industrial parks, so we have information that goes back a long time. And again, it's it's part of a TrustLands Administration project, so we have all of the data of everything that's sold. So we took it back about 20 years, back to 2007, 2008, and then we looked at what things were selling for then, all the way up till now. And if we do a year-over-year price escalation, so this is compounding price escalation based on what we were selling in 2007 up to what we're selling today, then the year-over-year price escalation is equivalent to 5.32% That's what you know. If we were to collect that money from selling at that time, it and or selling today, it's a 5.32% escalation if we were to sit on those lands over there. A couple things to note is we have had some major price escalations in southern Utah. So, in the early 2010s, our industrial area was starting to get discovered, and we had a big bump. And then, when we had COVID hit, when industrial groups and corporations decided that oh we don't need to be focused we should probably diversify across the United States instead of being in the big metropolitan areas get shut down then we got then we got very much discovered and our land values basically doubled in 2021 so we've had massive price escalations that have happened and we're still sitting at that 5.32 percent and I don't know if we'll see if we have those type of doublings happening again because Saint George and Utah now are discovered and our prices currently do reflect that. So if we look at that, if we look at sitting on it, 5.32% And if you go to the next slide, I've just shown kind of what would happen if we sell and we invest with Citfo. We anticipate our returns will be coming in about 7.5 percent, and then I have a graph showing what would happen. You know, if we estimate if things stay historically accurate and we sit on it and we wait for price escalation, then we're historically at 5.32 percent. So based on these, you know, this study, I think it is a good time to change this asset from land into the Citfo assets and move forward with that higher return. I think now is a great time for that, and I think Box House is a great buyer for it. So I think the next slide is asking for questions. So if you have any questions for me, happy to answer them. And one thing I also wanted to mention is this is a major development transaction, and so this will come through the board two times. So this is the first time. What I'm asking for from the board today is to authorize the staff to enter formal negotiations with Box House. We think their offer will stay the same, but this will give us the opportunity to enter in that, and then I'll bring it back again for formal request to move forward in a future board meeting.

M

Mike Nelson 2:38:06

Thank you. We have a motion for this.

B

Brian Tarbet 2:38:11

I move authorize staff to enter formal negotiations with Box House Inc. to finalize the terms of a purchase for the 82 acre St. George Airport Northwest Pasley.

M

Mike Nelson 2:38:24

And we have a second, mr. Simons. All in favor of this proposal? Aye. No one opposed. Thank you. Thank you. Thank you. Next item is the notice of minor development transaction located in Big Water Kane County, Utah, funded by Robert Reed and Brian Ferguson.

B

Bryan Torgerson 2:38:56

Yeah, thanks, Chair, and thanks, board member. Board members, this I'm standing between you and lunch. I'll make this really quick. This is a really simple transaction, and we don't want to take a whole lot of your time. This is a typical subdivision in Big Water. This is a picture of it. This is a road kind of leading to the property in question, and the property that we're going to be talking about. You kind of see it a little bit. It's kind of out behind these houses, up in this area, and we'll show some other pictures of it as well. It's just a minor development transaction with mr. Bob Reed. The transaction will allow us to sell approximately 4.4 acres of landmark property to Bob Reed to be added to his adjoining property. And as you can see, this is the the property right here is actually right in this zone. This is a big wash in the area, and which is kind of a constraining feature. And so he just wants to buy this property to assemble it with his other private properties. This is another map of the property. Bob Breed's property comes here, and then this is going to be to kind of the south or to the the west of the property that he owns. So he wants to purchase the lot behind his property and desired to purchase more land. So he bought some other land previously, and he wants to buy a little bit more. Initially, he was reluctant to purchase at a set price, but we got him there eventually. Staff solicited this for three competitive offers for three consecutive weeks, and we sent a certified letter to the adjoining landowner to let them know that we're considering selling the property, and we didn't receive any responses at all from the solicitation or the certified letter. We didn't get any comments back. So this is kind of a next slide. Kind of shows the comparable cells that have happened in the area dating back to 2000 and the most recent one to 2022, but. this the sale of this parcel is for $35,000 per acre, which is significantly above appraisal in recent comps, and it will do a couple things for us. It's going to allow us to clean up our maps, get rid of some property that doesn't make any sense for us to own, and but we're just bringing it to the board because we have to. It's a board notification item. It's a small one, but that's why it's a notification, and we're just kind of letting you know, and see if you have any questions.

M

Mike Nelson 2:41:31

Any questions? We don't need to vote. So thank

B

Brian Tarbet 2:41:34

you.

M

Mike Nelson 2:41:38

Finally, we have a proposed minor development transaction, wrong one. Minor development transaction will be along Highway 12 near Bryce Canyon Park, Garfield County, with Philo Development, and that will be presented by Lex Wilson. Thank

A

Alexa Wilson 2:42:00

you. I'll join Brian into being quick. We're talking about ground lease in Garfield County on a property that is 16 miles from Penguin and four miles from the turnoff to Booby's Inn and Bryce Canyon National Park. It's a proposal for the lease of the 60 acres outlined in pink. We're talking about a term of 45 acres for the building of about 70 upscale upscaled glamping units. The the revenue is going to be $60,000 upfront, 5% of the gross revenue for the duration of the lease with a minimum of $120,000 per year, and agreed to some sort of bonding for the removal of the defunded improvements after the lease term. The next picture is what such a glamping unit can look like. All luxuries inside and a nice outdoor seating seating area is kind of the standard for those things. To arrive where we are now, we had a competitive process. We published an RFP on our website. Announced that in local and Salt Lake newspapers, this solicitation yielded two alternative proposals, and I'll come back to the details of those proposals a little later when I compare it to our preferred transaction. This slide goes into the economic analysis of the of the proposal with thanks to Eric Vaim, as always, the net present value is of the proposed transaction $1 million over the 45 year term. That is based on what we think are reasonable assumptions about the average daily rate and the occupancy rate. In addition to the 60 acre, the 60 acre glamping facility on our parcel, there is room for more. And thanks to Josh Quickly for drawing this out for us. There is a possibility of a hotel on the north side of the road. The there is some room for some residential development and an expansion of the glamping facilities if that's desired. All goes well.

A

Aaron Langston 2:45:19

If I could comment on that, just really quickly to clarify. So, our current offer is just on the 60 acres, as Alexa went through. This really just kind of showcases if we do this, we do have some other opportunities to generate more revenue. I also would like to just kind of point out. I don't know if anybody's following social media on this, but there were some posts and some concerns about this. So we were looking into it, trying to figure out, hey, what's what's going on? What are the concerns? So we did reach out to the the main person behind the social media posts. Had a very good conversation with them. It just seemed like there were some questions out there that they didn't quite understand, so we were able. Staff was able to get with them and just kind of go through it, address any questions and concerns they had. Ended beautifully, so it was like, oh, now that we know this, it's just this. This is really good. So I just thought we'd volunteer that in case anybody had seen anything. Can you share those with us? Just absolutely, absolutely.

M

Mike Nelson 2:46:25

Any questions?

A

Alexa Wilson 2:46:30

Just this last this last slide shows how the preferred proposal compares to the other two that we received. The other two proposals were for a purchase for $2.2 million or a development lease that would have a net present value of three. Both of those offers are lower in terms of net present value. They would take all the land that we have, not just the 60 acres, and all the land would be gone forever. In this case, after the lease term ends, the land is still ours. So the conclusion is that we think that the glamping lease proposal before you is in the best interest of the beneficiaries, and this is also notification item. No action required, but questions are welcome.

M

Mike Nelson 2:47:36

Questions.

D

Dan Simons 2:47:38

Thank you for getting the bond part on there. Was there any discussion with them about buying the irrigation or the water shares if they default?

A

Aaron Langston 2:47:49

Yeah, I yes. Okay, so they're very open to that. Obviously, water rights out there that are not ours. The others that are for sale. So that is all part of what their negotiations are, and yes, that would be part of this. Thank you.

M

Mike Nelson 2:48:09

That's the last item on our agenda, mr. Mauer. That's

M

Mike Mower 2:48:15

what I'm racing back for your favorite motion. Yeah, I'd like to make motion.

M

Mike Nelson 2:48:23

a second.

D

Dan Simons 2:48:23

Second.

M

Mike Nelson 2:48:24

All in favor. Thank you, everyone. Thank you.