

Chair David Ure  
Director Kevin Carter

Board of Trustees  
School & Institutional Trust Lands Administration  
Salt Lake City, Utah  
March 19, 2015

Minutes

**Attending:**

**Board**

David Ure  
Louie Connelos  
Jim Lekas  
Tom Bachtell  
Scott Ruppe  
Lonnie Bullard  
Mike Mower

**Staff**

Kevin Carter  
Kim Christy  
Tom Faddies  
Lisa Schneider  
LaVonne Garrison  
Rodger Mitchell  
Rick Wilcox  
John Andrews  
Deena Loyola  
Ron Torgerson  
Elise Eler  
Nannette Johnson

**Others in Attendance:**

Tim Donaldson, Utah State Office of Education  
Aaron Garrett, Utah State Office of Education  
Karen Rupp, Utah State Office of Education  
Paula Plant, Utah State Office of Education  
Bruce Williams, Utah State Office of Education  
Sterling Brown, Utah Farm Bureau Federation  
Margaret Bird, Universities  
Trudy Henderson, UEA  
Tracy Miller, PTA  
Rob Simmons, Office of Economic Development  
Jean Dickinson, Vermillion Ranch/Daggett County  
Jack Lytle, Daggett County Commission  
Vance Broadbent, Daggett County, Public Lands  
Ross Catron, Daggett County, Public Lands  
Clyde Slauch, Daggett County Commission  
Doug Thornton, US Oil Sands  
Barclay Cuthbert, US Oil Sands  
John Davis, Holland & Hart - US Oil Sands

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**1. Welcome**

Chairman Ure welcomed guests and thanked everyone for taking time to contribute to the meeting.

**2. Approval of Board Minutes of January 22, 2015 & February 18, 2015**

The Board approved minutes of two meetings pending changes as noted at the meeting.

“I make the motion to approve the minutes of January 22 and February 18 with changes as outlined.”

|                        |                         |                        |
|------------------------|-------------------------|------------------------|
| Motion: Bachtell/Lekas | Unanimous               |                        |
| David Ure - - yes      | Louis Cononelos - - yes | Jim Lekas - - yes      |
| Tom Bachtell - - yes   | Scott Ruppe - - yes     | Lonnie Bullard - - yes |
| Mike Mower - - yes     |                         |                        |

**3. Confirmation of Upcoming Meeting Dates**

|                   |                            |                 |                |
|-------------------|----------------------------|-----------------|----------------|
| April 16          | Salt Lake City             | August 20       | Salt Lake City |
| May 27-28         | Board Tour <i>[change]</i> | September 16-17 | Board Tour     |
| June 18           | Salt Lake City             | October 22      | Salt Lake City |
| <i>July 19-23</i> | <i>Utah Hosts WSLCA</i>    | November 19     | Salt Lake City |

Following a discussion to change the May tour and meeting dates to avoid a conflict with the Governor’s Energy Conference, the Board approved a plan for May 27 and 28. The tour and evening reception will be May 27, followed by a meeting the next day in Price before returning to Salt Lake.

Director Carter encouraged Board members to consider attending the WSLCA July 19-23.

Mr. Cononelos mentioned the Arizona legislature is considering using trust money to balance their budget. Director Carter also mentioned an effort to change the constitution to allow the agency to be funded with trust money. The language of the legislation may allow the legislature to use trust money for other state funding. The Arizona Governor is planning on the trust fund money to cover a \$12-13 million gap in the state’s budget.

**4. County Advisory Committee and Public Comment Period**

Chairman Ure asked those present from Daggett County to introduce themselves. Commissioner Jack Lytle spoke regarding the Clay Basin Block and other nearby locations that may be considered in an exchange. Commissioner Lytle outlined Daggett County objectives related to the Bishop Exchange Initiative. He emphasized the intent for a working landscape to meet the needs of all landowners.

Chairman Ure thanked the County for their openness in the process. Director Carter clarified the position of the agency is to expect to be able to trade out of any lands captured by designations.

Mr. Cononelos said, given the complexity and competing interests, how many public meetings were held to get some kind of consensus. Commissioner Lytle indicated the topic has been discussed at nearly every meeting since November.

Mr. Mower spoke for the Governor’s Office to say how much they appreciate the effort to come to a consensus. He added the sincere appreciation for the hours spent in Daggett County to get a good plan for the state, the county, and SITLA.

Jean Dickinson of Vermillion Ranch in Big Water asked the Board for consideration of the impact on the ranchers in a land exchange in Daggett County. She summarized by emphasizing exchanges could jeopardize a rancher's ability to be successful.

Vance Broadbent of Daggett County spoke briefly to say his family has been working the lands discussed today for many years. He expressed support for the efforts and the planning by the Commission in Daggett County.

## **5. Consent Calendar**

### **Consent**

a. Adoption of Grazing Assessments for the 2015-2016 Grazing Season Request  
Sterling Brown from the Utah Farm Bureau Federation discussed grazing value in AUM prices with SITLA permits. He pointed out that if you are a rancher and depend on the land owned by others, the grazing assessments become very important. He also noted another benefit of permits is that they continue from one generation to the next.

Director Carter noted that most of the livestock industry would rather pay SITLA's higher AUM prices than engage in the federal process for grazing. SITLA is local and listens to customers while helping manage the land rather than just regulating the land use.

- b. Request for Extension to Perform Work
- c. Eagle Mountain Mid-Valley Parcel – Proposal for Major Transaction

The Board did not comment on the consent items, so they will proceed as outlined.

### **Notification**

- d. Sale of Sun River Commercial Parcels
- e. Sale of 9.27 acres +/- Hidden Valley Commercial Property
- f. Minor Development Transaction – South Block White Dome Trail Parking Lot Sale
- g. Minor Development Transaction – South Block Milk Vetch Open Space Sale

The Board did not comment on the notification items.

### **Follow-up after Six Months**

- h. Dammeron Valley Development Lease
- i. Sun River Amendment
- j. Cloudrock Assignment

The Board did not comment on follow-up items.

## **6. Chair's Report**

**a. Beneficiary Report: What You Didn't Know You Didn't Know About Trust Land Resources**  
Arron Garrett used PowerPoint slides to present the unique nature of the activities occurring on Trust lands. The full presentation is available on the [Public Notice Website](#).

### **b. Mineral Lessee Presentation**

Barkley Cuthbert from US Oil Sands provided a report of the site design and extraction progress at PR Springs. He used detailed PowerPoint slides to take the Board through the presentation and timeline. The full presentation is available on the [Public Notice Website](#).

Mr. Bachtell suggested there might be a local use for bitumen as an ingredient in road asphalt. Mr. Bullard asked why the market is not making the connection with bitumen road construction. Mr. Bachtell responded to say the local refineries do not make asphalt and it is not an approved product for Utah road production. Mr. Bachtell added, “There are those who say it works but cannot prove it.”

Mr. Ruppe pointed out that tons of sand is imported for use as frack sand. He wondered if the sand that comes from the US Oil Sands process could be used for fracking. US Oil Sands learned the sand from their process is too fine. A coarser sand is necessary for fracking.

The Board asked staff to coordinate a study to determine feasibility for use of the bitumen as a potential revenue source in asphalt projects.

The Board moved ahead to topics for open session before making a motion to go into closed session discussions.

- c. **Policy Discussion for Settlement of Claims** [This discussion was deferred until April]
- d. **Review of Settlement Terms** [This discussion took place in closed session]
- e. **Policy Discussion for Stewardship Expenditures** [This discussion was deferred until April]

## **7. Director’s Report**

### **a. Legislative Report**

Director Carter reviewed the three line items in the agency budget and outlined adjustments to the capital and stewardship budgets. He also listed the items approved for the operating budget and the funding for sage grouse listing issues, if needed. Director Carter then provided a report on the legislation tracked by the agency during the session. He also provided the period expenditure report pursuant to Board direction. No assignments were received.

### **b. Use of Trust Funds by Schools**

Kim Christy told the Board of the External Relations Group’s aggressive efforts in recent years to tell the agency’s story. An important component is learning what the beneficiaries are doing with the funds so we can assist in telling their story, as well. Mr. Christy introduced Ms. Deena Loyola to talk about recent efforts with schools.

Ms. Loyola expressed appreciation for the direction from the Board to look at how the schools and other beneficiaries are benefitting from these funds. The responses outlined some great programs from the Utah State Hospital, Division of Water Resources, and the School for Deaf and Blind. Ms. Loyola mentioned her experience at the UEA convention and the number of people who approached her to say Trust Funds pay their salary or fund the program they provide at their school. Drawing on this positive response, Ms. Loyola is now contacting schools to expand the understanding of how funds are used. She introduced video collected during a recent interview at Highland High School where they were excited to tell their story.

The video was presented to the Board and is available on the [agency website](#) as well as the Highland High School Facebook page.

### **c. Wavetech Energy Oil & Gas OBA, Iron County Utah**

Ms. Garrison requested Board approval of an OBA. She described the area of the agreement as a site where there has been no exploration. Wavetech Energy leased federal land around the SITLA parcels and they are now seeking a lease from SITLA. Wavetech Energy will explore the site using low frequency seismic. The oil & gas subcommittee reviewed the project before the meeting and expressed no concerns.

The Board asked for agreements to include a requirement to notify SITLA if water is found when drilling. The Board approved the agency to proceed with the OBA.

“I make a motion to approve the OBA with Wavetech Energy.”

Motion: Bachtell/Lekas Unanimous  
David Ure - - yes Louis Conanelos - - yes Jim Lekas - - yes  
Tom Bachtell - - yes Scott Ruppe - - yes Lonnie Bullard - - yes  
Mike Mower - - yes

Mr. Bullard took a few minutes to say he was impressed with staff in Washington County and the work being done in a unique market. He indicated it takes careful thought and study to complete the work they are doing.

The Board approved the motion to go into closed session discussions for the remainder of the agenda.

“I make the motion we go into closed session for the purpose of discussing potential litigation.”

Motion: Bachtell/Lekas Unanimous  
David Ure - - yes Louis Conanelos - - yes Jim Lekas - - yes  
Tom Bachtell - - yes Scott Ruppe - - yes Lonnie Bullard - - yes  
Mike Mower - - yes

The Board went into closed session at 12:10 p.m. Those present for closed session included the Board members, Director Carter, Tim Donaldson, Paula Plant, Karen Rupp, Aaron Garrett, Kim Christy, John Andrews, LaVonne Garrison, Tom Faddies, Lisa Schneider, Deena Loyola, Margaret Bird, Nannette Johnson, and representatives from US Oil Sands. Mr. Mower left the meeting at 1:15 p.m. to attend to other commitments. Mr. Bullard left the meeting at 1:50 p.m. to attend to other commitments.

- d. **Exchange Update** [This discussion took place in closed session]
- e. **Personnel Recruitment Discussion** [This discussion took place in closed session]

**8. Round Table Discussion: “State of SITLA: What is Working, What is Being Worked On”**  
[This discussion was deferred until April]

The Board returned to open session prior to adjourning the meeting.

“I move we return to open session.”

Motion: Ruppe/Bachtell Unanimous  
David Ure - - yes Louis Conanelos - - yes Jim Lekas - - yes  
Tom Bachtell - - yes Scott Ruppe - - yes Lonnie Bullard - - yes  
Mike Mower - - yes

Scott Ruppe made the motion and the Board adjourned.

**Adjourn**