



# Agenda

2/16/2023





## Board of Trustees Meeting Agenda

Thursday, February 16, 2023

9:00 a.m.

SITLA Boardroom, 6<sup>th</sup> Floor

675 East 500 South, SLC, Utah 84102

1. **Welcome**
2. **Approval of Minutes**  
January 19, 2022 – Regular Board Meeting
3. **Confirmation of Upcoming Meeting Dates**  
March 16, 2023 – Regular Meeting (alternate location)  
April 20, 2023 – Regular Meeting (likely alternate location)  
May 18, 2023 – Regular Meeting (possible board tour – Tooele & GSL)
4. **Trust Lands Funds in Action** by Marla Kennedy, Communications Director
5. **Public Comments**  
*Trust Lands welcomes comments from the public. The board sets aside 15 minutes at each board meeting to hear from anyone wishing to speak. Each presenter is allowed one opportunity and has up to three (3) minutes for remarks. Any member of the public participating electronically who desires to comment shall use the “raise hand” feature during the Zoom meeting. The public comment segment of the board meeting is not the time for a question-and-answer discussion. Trust Lands’ staff is available for dialogue outside of board meetings.*
6. **Report on Conclusion of EOG Royalty Audit Matter** by Mike Johnson, Chief Legal Counsel
7. **Chairman’s Report** by Rick Woodbury, Chairman of the Board, SITLA
8. **Director’s Report** by Michelle McConkie, Director, SITLA
9. **Advocate’s Report** by Kim Christy, Director, Land Trusts Protection & Advocacy Office
10. **Action Items**
  - a. Expenditure of Stewardship Funds, Lead Cleanup Project, Tushar Mountain Property, Beaver County by Chris Fausett, Managing Director, Surface Resources, Ron Torgerson, Central Area Manager, Surface Resources, and Bryan Torgerson, Southeast Area Manager, Surface Resources

- b. Proposal for Other Business Arrangements (OBAs) for the Issuance of Three Non-competitive Oil & Gas Leases, Uintah and Duchesne Counties by Stephanie Barber-Renteria, Managing Director, Energy & Minerals and Chanse Rinderknecht, Geoscientist/Lease Manager, Energy & Minerals
- c. Proposal to Approve Major Development Transaction – Mountain Venture Studios, Wasatch County by Kyle Pasley, Managing Director, Real Estate and Gregg McArthur, Project Manager, Real Estate

## **11. Notification Items**

- a. Notice of Negotiated Sale of Trust Lands – Mammoth Creek Parcels A & B (combined acreage: 7.50), Garfield County by Chris Fausett, Managing Director, Surface Resources and Ron Torgerson, Central Area Manager, Surface Resources
- b. Notice of Minor Development Transaction – Tooele Industrial Exchange with Broken Arrow – Proposed 118.09 acres, Tooele County by Kyle Pasley, Managing Director, Real Estate and Eric Baim, Financial Analyst, Real Estate
- c. Notice of Minor Development Transaction – Proposed Sale of 0.33 acres in Virgin, Washington County by Kyle Pasley, Managing Director, Real Estate and Aaron Langston, Deputy Managing Director, Real Estate

## **12. Adjourn**

Interested parties, including members of the public or representatives of county governments or Utah Tribes, may attend the meeting in person or through the registration link: [https://us06web.zoom.us/webinar/register/WN\\_GPcpwB6XRgSVoGNUbOxwAw](https://us06web.zoom.us/webinar/register/WN_GPcpwB6XRgSVoGNUbOxwAw). Those wishing to provide public comment electronically will be asked at the beginning of the period designated for such comment to use the "raise hand" feature at the bottom of the screen within the Zoom meeting so they may be called upon to provide comment.

Please call Lisa Jones at 801-538-5110 or email [lsjones@utah.gov](mailto:lsjones@utah.gov) any time before 8:00 a.m. on February 16, 2023 with questions.

Items may be heard in any order, at any time, at the Board's discretion.

Please be aware that the public portions of this meeting may be broadcast live over the Internet. Also, please note that an audio recording of the public portions of this meeting, along with any materials presented or distributed in the public portions of this meeting, will be posted on Utah's public notice website. Witnesses with questions, concerns, or handouts should contact staff.

In accordance with the Americans with Disabilities Act, persons needing auxiliary communicative aids and services for this meeting should contact Lisa Jones at 801-538-5110, or by email at [lsjones@utah.gov](mailto:lsjones@utah.gov), at least three (3) days in advance.

I, Lisa Jones, SITLA Board of Trustees' Executive Assistant, hereby certify the foregoing agenda was emailed to the Salt Lake Tribune, was posted on the Utah State Public Notice website, <https://www.utah.gov/pmn/index.html>, SITLA's website at <http://trustlands.utah.gov>, and was posted at Trust Lands' office, 675 East 500 South, Suite 500, SLC, Utah 84102. Posted and dated on Monday, February 6, 2023.





# 10a

Expenditure of  
Stewardship Funds,  
Lead Cleanup Project  
Tushar Mountain  
Property,  
Beaver County





## BOARD MEMORANDUM

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

From: Chris Fausett, Managing Director – Surface  
Ron Torgerson, Central Area Manager – Surface  
Bryan Torgerson, Southeast Area Manager – Surface

Re: Expenditure of Stewardship Funds, Lead Cleanup Project  
Tushar Mountain Property, Beaver County

Property: T29S, R5W [SLB&M]  
Section 16: NW4NE4, S2NE4, NW4, S2  
Containing 600 acres (map attached)

Date: January 30, 2023

Fund: School

### **Summary**

Staff requests approval to expend approximately \$275,000 from the agency's Stewardship Fund to fund cleanup and remediation costs associated with historic shotgun and rifle shooting ranges on the above referenced property in Beaver County. Pursuant to Board Policy 2015-03, Board approval is required for Stewardship Fund expenditures exceeding \$100,000.

### **Key Information and Background**

Background: The Subject Property is located in the Tushar Mountains about 12 miles east of Beaver and two miles southwest of the Eagle Point Ski Resort (see Exhibit A – Subject Property Map). It is a beautiful, forested property that ranges in elevation from about 8,500' to 9,300' and is surrounded by the Fishlake National Forest.

SITLA's predecessor agency issued a commercial lease (SULA 110) to the Boy Scouts of America (BSA) in 1965 on the Subject Property in Beaver County. As part of their youth development activities at this summer camp, the BSA operated a 22-caliber rifle shooting range and a shotgun shooting range for several decades. In 2020, the BSA filed for bankruptcy and in 2021 they approached SITLA about terminating their lease.

Trust staff inspected the lease property and identified infrastructure and improvements associated with the lease valued at approximately \$330,000. The infrastructure and improvements included a water well, new tanks, a water delivery system, a high-end ropes course, and various buildings and equipment. SITLA negotiated a lease termination agreement which included the payment of a \$45,000 termination fee, stipulated that SITLA would take ownership of the infrastructure, improvements, and various equipment associated with the property, and allowed the BSA to vacate the property as is.

To prepare the property for potential sale, SITLA hired an environmental engineer to test the lead levels on both shooting ranges. The levels exceeded both industrial and residential screening levels, necessitating remediation of the lead contamination prior to disposal of the property (see Exhibit B – Contamination Area Map).

The Utah Department of Environmental Quality (DEQ) was consulted, and the following alternatives were considered to remediate the contamination.

1. Haul approximately 1400 cubic yards of contaminated soil to an approved landfill. This includes removing the top three-inches of soil across a two-acre contaminated hot zone and trucking it hundreds of miles in secured containers.
2. Dig a huge pit on the property lined with impermeable rubber and bury approximately 1,400 cubic yards of contaminated soil that is capped and monitored each year in perpetuity by SITLA.
3. Hire a lead removal company to remove the 1,400 yards of contaminated soil, sift the lead out utilizing specialized equipment, treat the remaining soil, and place it back on site.

Alternative #2 is the most economical but comes with the permanent liability of monitoring the disposal area each year in perpetuity. Alternative #3 is the next most economical option. SITLA staff contacted Range Recovery Technologies, a specialized lead removal company located in Huron, South Dakota to review the project and provide a remediation proposal (see Exhibit C – Range Recovery Equipment). In June 2022, Range Recovery Technologies visited the project site to determine if they could feasibly perform their lead recovery operation in such remote and mountainous terrain. They demonstrated an excellent can-do attitude and were willing to contract with SITLA to perform the work. They have submitted a tentative bid of \$199,750 (see Exhibit D – Bid Proposal), which includes mobilization to and from Huron, South Dakota. The tentative bid may need to be adjusted depending on fluctuating diesel prices and actual days spent performing the lead removal and soil treatment.

There are only two or three lead removal companies in the entire country that do this type of remediation work. Range Recovery Technologies has the most experience working with the conditions associated with this project. They are willing to travel to Utah and work in the remote and mountainous terrain (most shotgun ranges are near towns at a well-developed gun range that is flat and not as challenging). Range Recovery Technologies has a problem-solving mentality that could be very beneficial to this project. They have visited the site and have communicated with our contracted environmental engineer to coordinate the potential remediation project. They also have built some specialized equipment that will allow them to pulverize the organic materials in and on the ground which will greatly aid the cleanup efforts at this location. Finally, Range Recovery Technologies' schedule is such that they can complete the project this coming summer, allowing SITLA to get this project completed faster.

The site has been accepted into DEQ's Voluntary Cleanup Program (VCP). Under this program, all site remediation activities are coordinated with and approved by DEQ. Once the project is complete, DEQ will issue a Certificate of Completion that will be recorded against the property. The Certificate provides a limited liability release to SITLA and is transferable to subsequent property owners. Without this clean bill of health from the DEQ, it will be very difficult to generate meaningful revenue from the property going forward.

If this expenditure is approved by the Board, SITLA intends to hire Range Recovery Technologies to remove the lead from the shooting ranges and treat the remaining soil so that it meets residential screening levels for lead contamination. The work is planned for June-July 2023. Wasatch Environmental will remain on contract throughout the process to conduct sampling activities and DEQ will be onsite to monitor the process.

Anticipated Cost Breakdown:

SITLA anticipates expenditures from the Stewardship Fund in the following amounts:

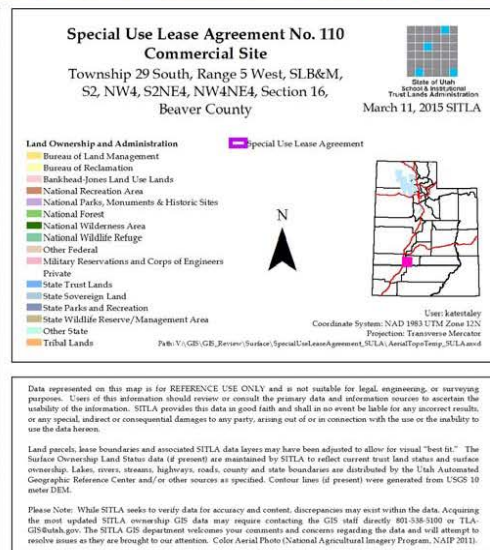
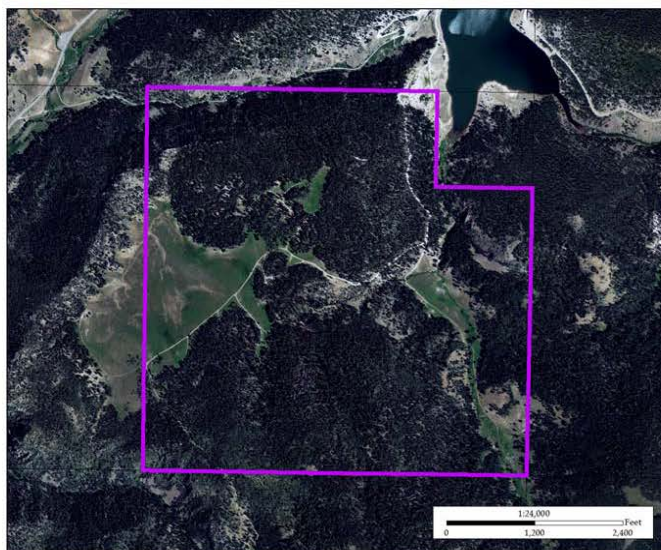
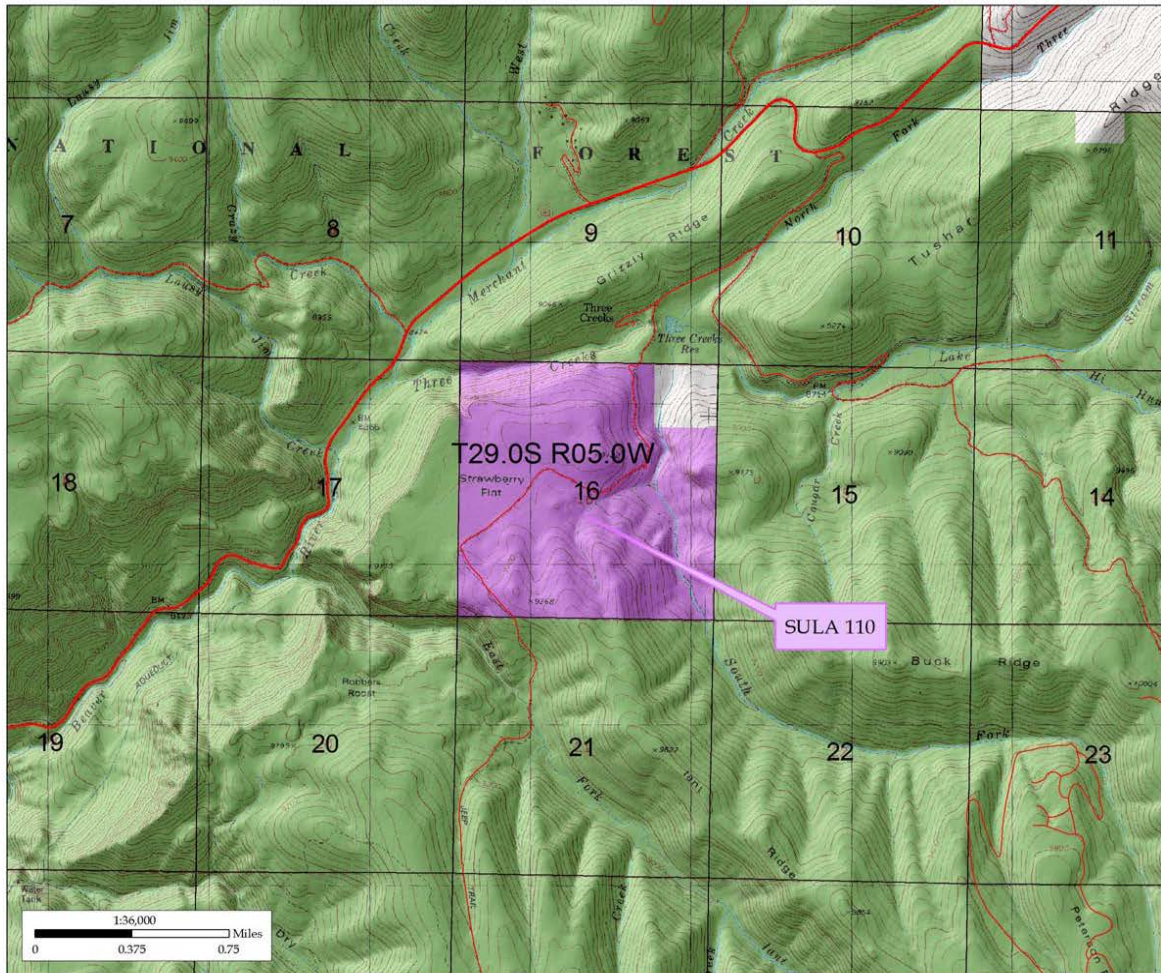
- \$50,000 – Wasatch Environmental (Environmental Engineer)
- \$200,000 – Range Recovery Technologies (Lead Removal and Soil Remediation)
- \$25,000 – Equipment rental, seed, supplies, and soil testing
- **TOTAL: \$275,000**

Requested Action

The agency requests that the Board approve the expenditure of \$275,000 from the Stewardship Fund to conduct the remediation activities described herein and offers the following proposed motion:

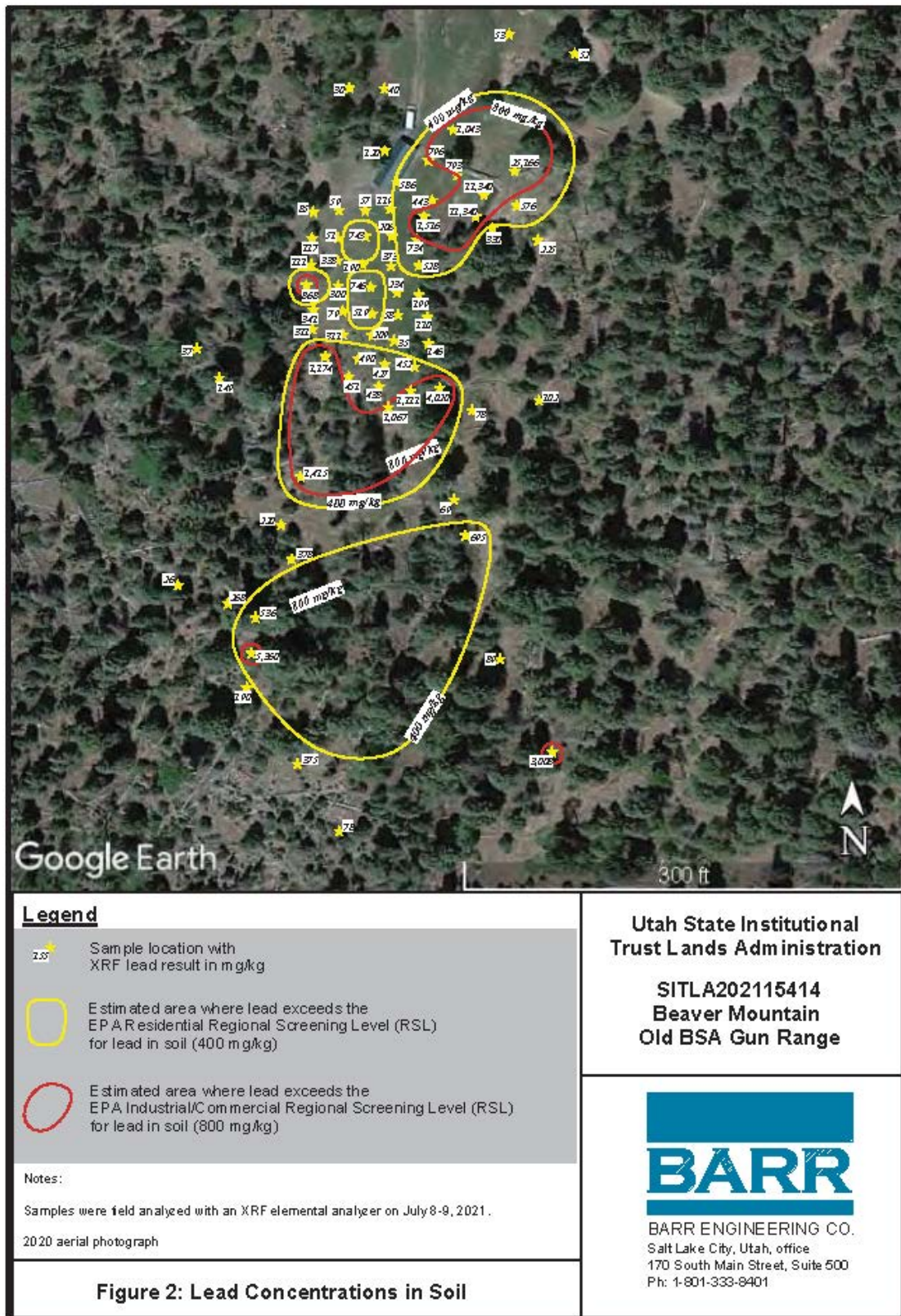
*“Move to approve the expenditure of \$275,000 from the Stewardship Fund for the remediation of historic shooting ranges on the Tushar Mountain property in Beaver County.”*

## EXHIBIT A – SUBJECT PROPERTY MAP





## EXHIBIT B – CONTAMINATED AREA MAP



## EXHIBIT C – RANGE RECOVERY EQUIPMENT

### Outdoor Firing Ranges



Range Recovery's patented mobile screening plant, is designed specifically to remove bullets and bullet fragments from outdoor earthen shooting berms. The size and mobility of this unit, almost always allows it to be set up adjacent to the shooting berm; minimizing the footprint and the time needed to complete the project. The plant screens and cleans the lead all in one cycle, without the use of water or chemicals. The cleaned, recyclable, lead is then containerized, sold, and shipped by Range Recovery to a certified lead recycler. The soil is generally replaced on the berm after the project, leveled and packed in accordance with the Range Master's specifications. Range Recovery also has the capabilities to treat the screened soil in order to gain compliance with any testing agency if needed.

## EXHIBIT D – BID PROPOSAL



Range Recovery Technologies

# Quote

Date: May 23 2022  
Invoice #: Quote  
Expiration Date: 180 Days

To: Utah Trust Lands Administration  
2031 S. Industrial Park Road  
Richfield, UT 84701

BSA Camp - Lead Removal & Soil Treatment

Description	Line Total
<b><u>Mobilization, Demobilization &amp; Setups</u></b>	
- Mobilization & Demobilization from Huron, SD to Beaver, 1120 Miles	
- Processing site set up and tear down.	\$17,920.00
<b><u>Site Work</u></b>	
- Excavate & Screen Hot Zone	
- Estimated at 1400 Cubic Yards of Material per map provided by Wasatch Environmental.	
- 1400 Cubic Yards of material @ \$80.00 / Cubic Yard	\$112,000.00
***These are estimated calculations - processed piles will be measured and agreed upon by both parties***	
<b><u>Soil Treatment</u></b>	
- A.5% Dosage Rate of FreeFlow 200 will be mixed with all excavated soils for soil stabilization.	
- Treat 1400 Cubic Yards Requires 98 Tons of FF200 @ \$235.00 / Ton Plus Shipping	
- 98 Tons of FF200 @ \$235.00/Ton = \$23,030.00	
- Freight / Delivery of FF200 @ \$5160.00 / Load x 5 = \$25,800.00	
- Treatment Process - Mixing FF200 with screened material @ \$15.00 / Cubic Yard = \$21,000.00	
*** Any left over FF200 will not be refunded due to shipping costs***	\$69,830.00
***All Rates & Prices are not fixed until Scope of Work is complete and a PO for work is issued due to market & input prices influx. ***	
Total Estimate	\$ 199,750.00

Thank you for your business!

270 West Park Ave | Huron, SD 57350 | Lance: 605.350.4022 | [www.RangeRecoveryTechnologies.com](http://www.RangeRecoveryTechnologies.com)







# 10b

Proposal for Other  
Business Arrangements  
(OBAs) for the Issuance of  
Three Non-competitive  
Oil & Gas Leases  
Duchesne & Uintah Co.



## BOARD MEMORANDUM

Date: February 2, 2023

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

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

Re: Proposal for Other Business Arrangements (OBAs) for the  
Issuance of Three Non-competitive Oil and Gas Leases

Applicant: Bro Energy, LLC  
c/o International Petroleum, LLC  
4834 South Highland Drive, Suite 200  
Salt Lake City, Utah 84117

Lands: **Deadman Bench OBA ML 54367**  
T7S, R22E, SLB&M  
Section 32: W2SW4, SW4NW4  
120 acres, more or less  
Uintah County

**River Bend OBA ML 54368**  
T8S, R20E, SLB&M  
Section 32: LOTS 1 (2.8), 2 (6.4), 3 (0.52)  
9.72 acres, more or less  
Uintah County

**Big Hollow OBA ML 54369**  
T1S, R4W, USM  
Section 33: SW4NE4, SE4NW4, NE4SW4, NW4SE4  
160 acres, more or less  
Duchesne County

See Appendix A

Acreage: 289.72 acres, more or less

Fund: SCH

### **Summary**

Staff recommends that the Board approve the Deadman Bench, River Bend, and Big Hollow OBAs and issue three separate oil and gas lease covering approximately 289.72 acres of trust lands located in Duchesne and Uintah Counties. Pursuant to Utah Code § 53C-2-401(1)(d)(ii), the agency may enter into OBAs with Board approval. This action requires Board approval because the proposed lands are not being offered for lease via the competitive lease process.

### **Key Information and Background**

Bro Energy, LLC (Bro Energy) proposes to lease oil and gas from the agency under the Trust Lands Administration's form Oil, Natural Gas, and Associated Hydrocarbons Lease for a primary term of three years and a 1/6 royalty rate.

With respect to the Deadman Bench OBA, staff anticipates that Bro Energy will likely pursue a gas play targeting the Wasatch-Mesaverde Formations.

Regarding the River Bend OBA, staff anticipates that Bro Energy will likely pursue a gas play targeting the Wasatch Formation.

Finally, as to the Big Hollow OBA, staff anticipates that Bro Energy will likely target the Green River/Wasatch Formation for oil production.

The Resource: Oil and gas. The leases will not include helium.

The Surface Estate/Other Known Minerals: The surface estate of the lands to be included in the Deadman Bench OBA are held by the agency and are not subject to any surface use lease agreements.

The surface estate of the lands to be included in the River Bend OBA are held in trust for the Tribe by the Bureau of Indian Affairs, and Bro Energy has informed staff that it will locate the well on adjacent fee lands which it has under lease.

The surface estate of the lands to be included in the Big Hollow OBA is privately owned, and Bro Energy has been advised it will need to negotiate a surface use agreement with the surface owners.

The Applicant: Bro Energy currently has 31 oil and gas leases with the agency.

### **Material Terms of the Transactions**

Term: The leases will be issued with three-year primary terms.

Payments to Trust Lands Administration: For the Deadman Bench OBA, Bro Energy will pay \$60,000.00 (\$500/acre), for the River Bend OBA, Bro Energy will pay \$5,346.00 (\$550/acre), and for the Big Hollow OBA, Bro Energy will pay \$160,000.00 (\$1,000/acre). These payments are increases over what the agency has received in the past for leases on these lands offered through the auction process with five-year primary terms.

Work/Expenditure Requirements: As provided in the agency's standard lease form, to extend the leases beyond their primary terms, Bro Energy must have drilled a well on the leased lands or lands pooled therewith and be producing oil and gas in paying quantities, or must be engaged in diligent operations which, in the agency's sole discretion, are reasonably calculated to result in production in paying quantities on the leased lands or lands pooled therewith.

If Bro Energy does not conduct operations to extend the leases beyond their three-year primary terms, as described above, the OBAs will expire and there will be no extensions.

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

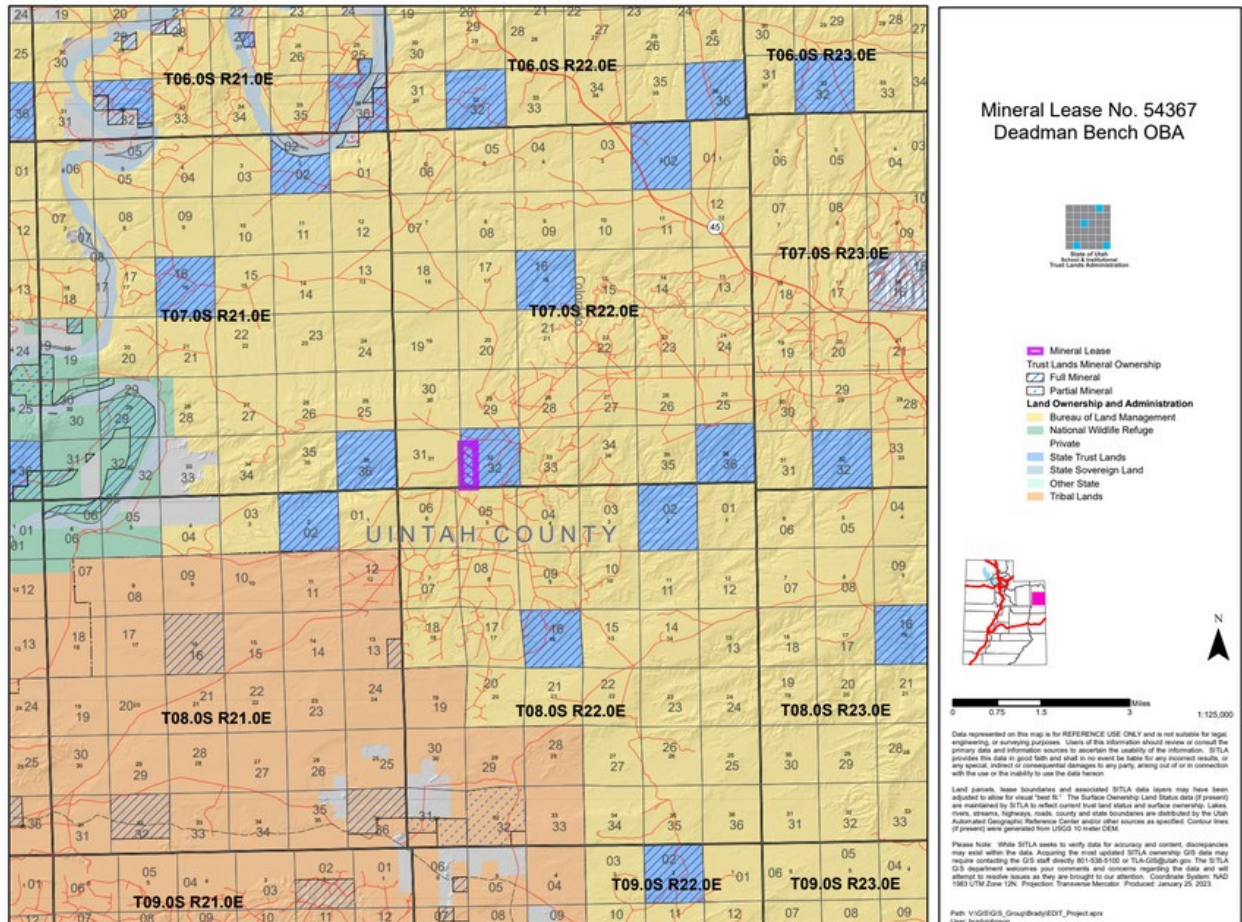
## Requested Agency Action

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

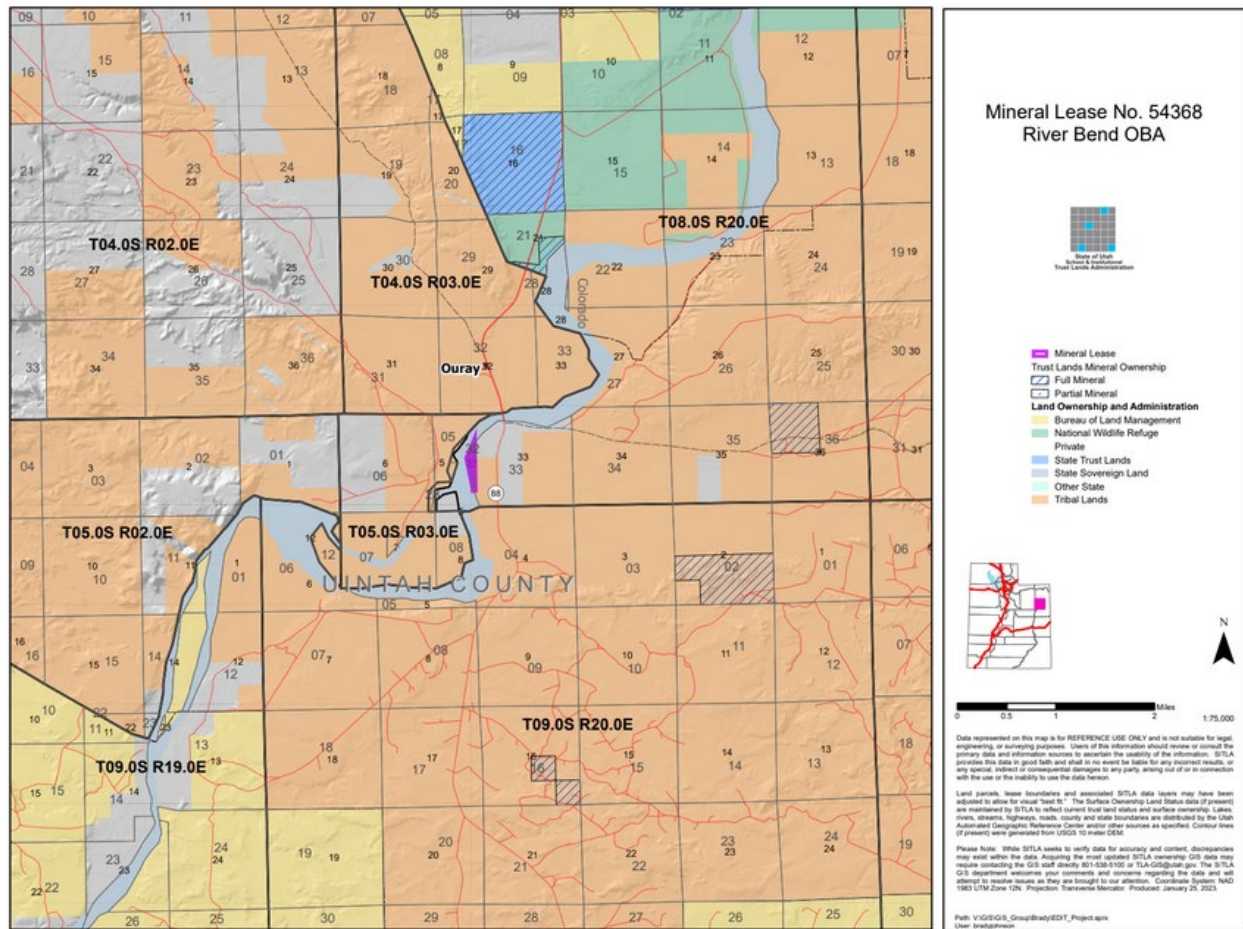
*"I Move to approve the Deadman Bench, the River Bend, and the Big Hollow OBAs on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transactions."*

## Appendix A:

### Deadman Bench OBA

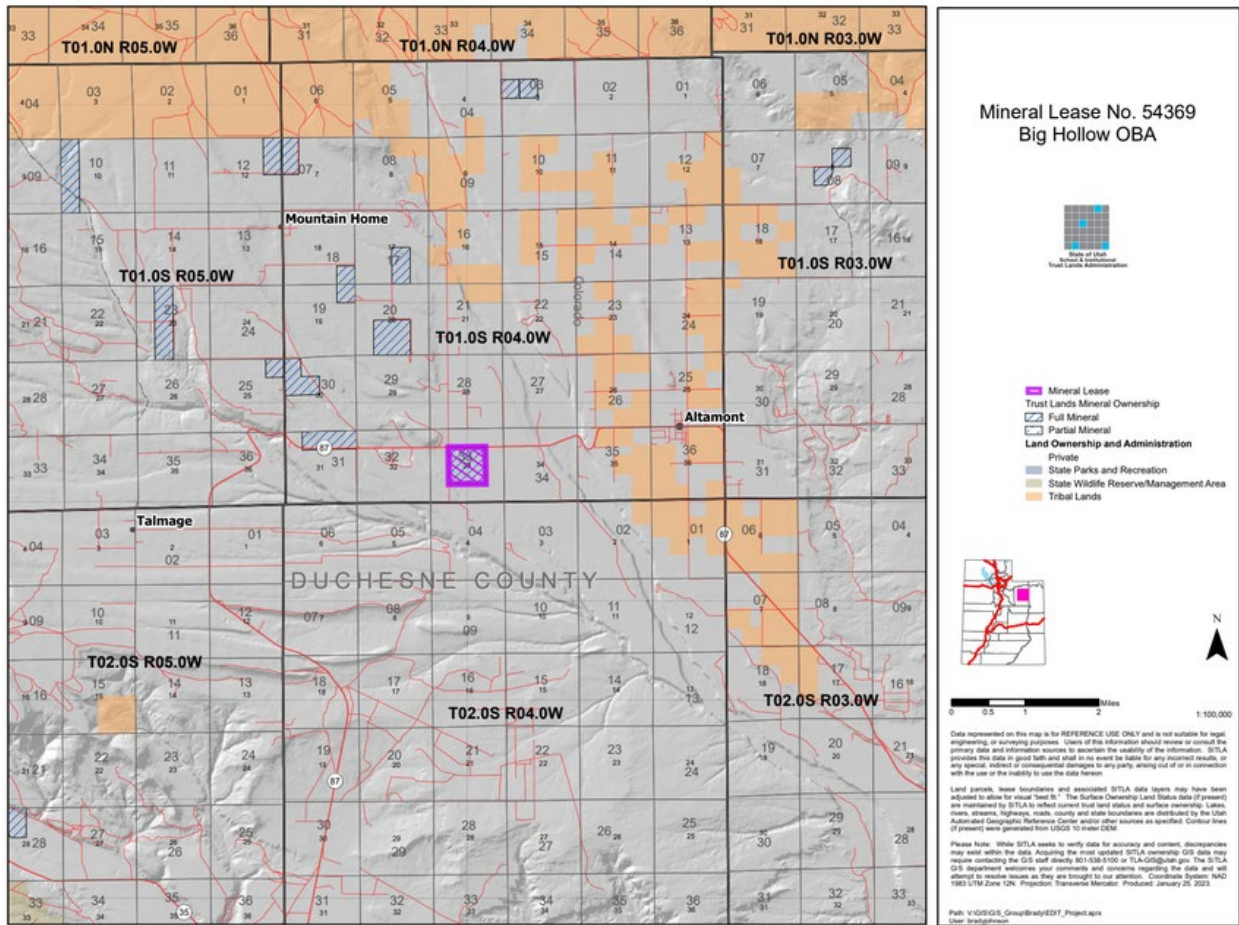


## River Bend OBA





## Big Hollow OBA









# 10c

Proposal to Approve  
Major Development  
Transaction – Mountain  
Venture Studios,  
Wasatch County



## REAL ESTATE COMMITTEE MEMORANDUM

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

From: Gregg McArthur, Project Manager, P&DG Utah South

Re: Proposal to Approve Major Development Transaction

Developer: Mountain Venture Studios LLC

Property: T3S, R5E & T4s R5E  
Section 36 & Section 1  
Containing +/- 720 acres – See Exhibit A

Date: February 16, 2023

Beneficiary: Schools & Reservoir

### **Summary**

Staff recommends that the Board approve a major development transaction on approximately 720 acres of trust lands located in Wasatch County, near Little Pole Canyon, about 4 miles east of Heber City, UT. The Board approved negotiations of this transaction on October 20, 2022. The agency has negotiated the terms of the deal and now seeks the Board's final approval of the transaction, pursuant to Rule R850-140-600. If the Board approves the transaction, the agency will finalize the development agreement.

### **Key Information and Background--Major Development Transaction**

Background: The Wasatch Little Pole parcel is unincorporated and sits under the governance of Wasatch County. The zoning on the parcel consists of a P-160 Preservation Zone overlaying the northern 660 acre (Section 36) portion of the property and an M (Mountain) Zone overlaying the 60 acre southern (Section 1) portion of the property. The P-160 Preservation Zone allows for 1 residential single family dwelling unit to be built on a minimum lot size of 160 Acres. The M (Mountain) Zone allows for 1 residential single family dwelling unit to be built on a minimum lot size of 20 acres.

Mountain Venture Studios proposes to enter into a Mutual Option Agreement on the parcel. They are optimistic that they will be able to change the zoning on the property from the P-160 and M zones to a Residential Agricultural (RA-5) zone which will allow for 1 residential single family dwelling unit to be built on a minimum lot size of 5 acres. They estimate the entitlement process will take 24 months to complete.

If MVS is successful in changing the zone and securing entitlements on the property the Trust will enter into a Development Lease transaction on the property with the terms outlined below. If MVS is not successful in changing the zone and entitlements are not secured on the property the Mutual Option Agreement will expire, the trust will not enter into a development lease and no further action will take place.

### Key Terms of Transaction:

The Mutual Option Agreement shall provide MVS a right to enter the property and perform due diligence review until January 1, 2025. During this due diligence period the Trust will not solicit, initiate, or entertain any other negotiations or transactions on the parcel.

During the due diligence period Mountain Venture Studios will work to secure an RA-5 zone on the parcel along with the entitlements that will allow the property to be subdivided into a minimum of 100 residential lots. MVS will demonstrate completion of this task by securing a Wasatch County Approved final plat along with documentation showing they have secured sufficient water rights for the development.

If these requirements are met before January 1, 2025 the Trust will enter into negotiations on mutually agreeable development lease on the property with the agreed upon minimum terms and conditions:

- 10 Year Development Lease Term with a mutual option to extend for 5 years.
- MVS at it's sole cost and expense will develop the property by obtaining all necessary entitlements and permits, constructing and installing all necessary infrastructure, including roads, water, sewer/septic, gas, electricity, and all other infrastructure required by the County and/or the Trust.
- MVS at its sole cost and expense, will make each lot ready for sale to a third party homebuilder or construct a home on the lot itself for sale to a homeowner.
- MVS will pay all other costs, taxes, fees, and other charges associated with the development of the Property.
- The Trust will receive a minimum of 25% of the gross selling price when MVS sells a lot to a homebuilder.
- The Trust will receive a minimum of 8% of the gross selling price of a home when MVS builds a home and sells to a homeowner.
- Each lot sale and home sale must be for at least fair market value; provided however, in no event will the total return to SITLA be less than Fifteen Million Dollars \$15,000,000.00.
- MVS, or an affiliate, will be limited to construct a maximum of 10 homes without the prior written consent of the Trust.
- A development schedule, purchase schedule, and marketing plan will be incorporated into the Development Lease providing for the development and sale of all lots within the initial term of the Development Lease, being approximately 10 lots per year for 10 years.

Projected Financial Return to the Trust: The Trust will meet its fiduciary responsibility by entering into a development lease that will generate approximately \$15 million for the beneficiaries and monetize the subject lands well above the current appraised value.

Legal Risks: [NTD: must be prepared by the attorney]

Financial Strength and Commitment of Developer: Mountain Venture Studios is a development arm of the Gardner Company that focuses on green field developments. The Gardner Company is one of the largest commercial real estate developers in the state with a proven track record of successful projects.

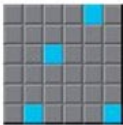
### **Requested Action**

The agency requests that the Board approve the final terms of the mutual option agreement with the developer and offers the following proposed motion:

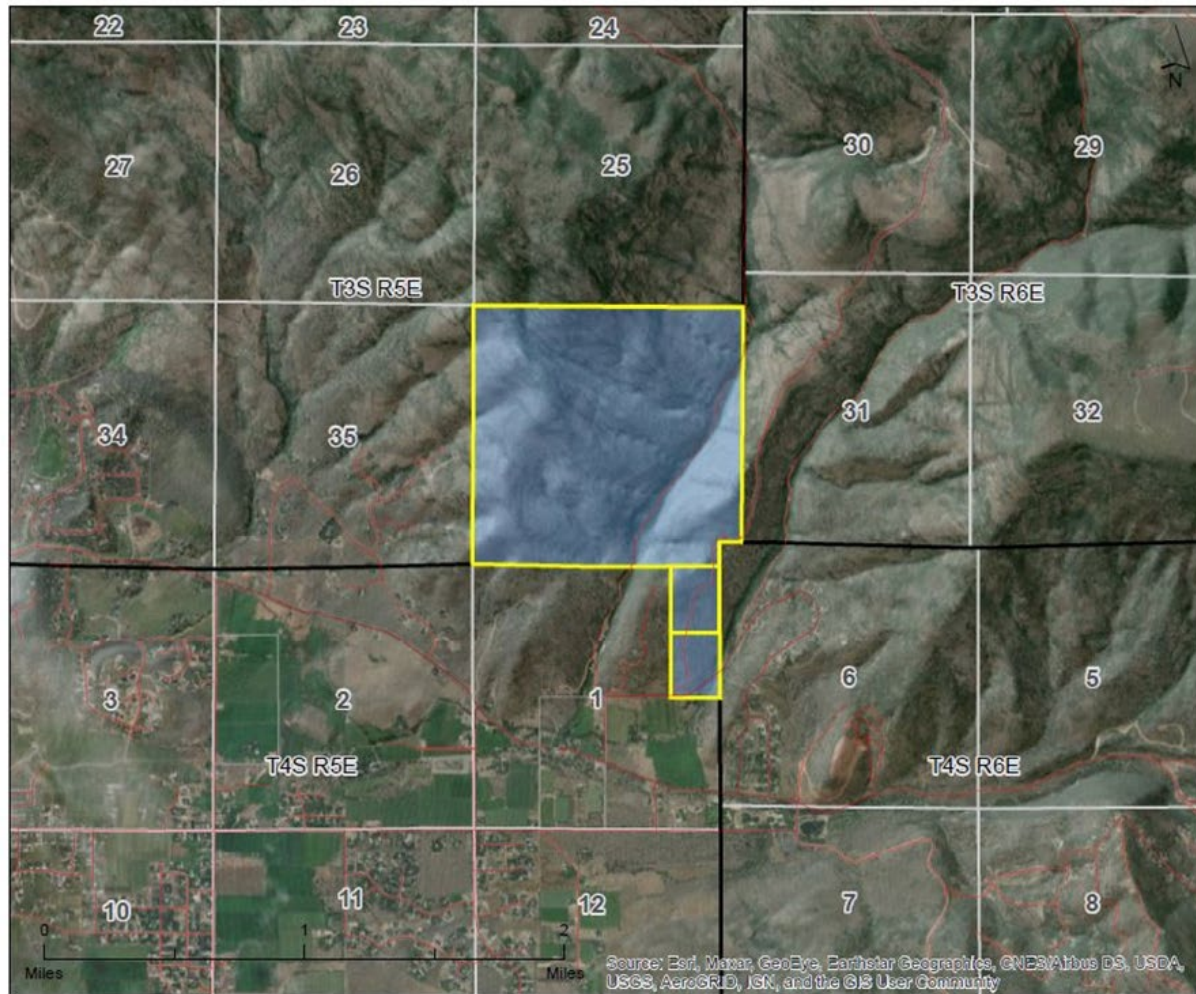
*“Move to approve the final terms of the mutual option agreement with Mountain Venture Studios for the Wasatch Little Pole parcel and for the agency to execute and take all further actions necessary to finalize the transaction.”*

# Exhibit A

## Subject Property


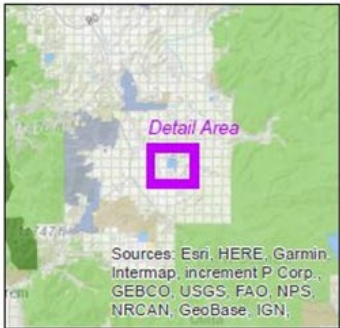


**Wasatch County Parcel Section 36**  
 Township 3 South, Range 5 East, SLB&M; All, Section 36  
 Township 4 South, Range 5 East, SLB&M, Lots 1 & 5, Section 1  
 Wasatch County



**Wasatch County Parcel Section 36**  
 Total Acres: 720.98  
 Section 36: ALL - 660.38 Acres  
 Section 1 - Lots 1 & 5 - 60.60 Acres

**Land Ownership and Administration**  
 Private  
 State Trust Lands

Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN,

Data represented on this map is for REFERENCE USE ONLY and is not suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information. SITLA provides this data in good faith and shall in no event be liable for any incorrect results, or any special, indirect or consequential damages to any party, arising out of or in connection with the use or the inability to use the data herein. Land parcels, lease boundaries and associated SITLA data layers may have been adjusted to allow for visual "best fit". The Surface Ownership Land Status data (if present) are maintained by SITLA to reflect current trust and status and surface ownership. Labels, rivers, streams, highways, roads, county and state boundaries are distributed by the Utah Automated Geographic Reference Center and/or other sources as specified. Contour lines (if present) were generated from USGS 10 meter DSM. Please Note: While SITLA seeks to verify data for accuracy and content, discrepancies may exist within the data. Acquiring the most updated SITLA ownership GIS data may require contacting the GIS staff directly 801-538-5100 or TLA@GIS.utah.gov. The SITLA GIS department welcomes your comments and concerns regarding the data and will attempt to resolve issues as they are brought to our attention. Produced: March 23, 2022 - kalestaley



# 11a

Notice of Negotiated Sale  
of Trust Lands –  
Mammoth Creek A & B  
Garfield County





## BOARD MEMORANDUM

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

From: Chris Fausett, Managing Director – Surface  
Ron Torgerson, Central Area Manager - Surface

Re: Notice of Negotiated Sale of Trust Lands – Mammoth Creek A (C-27103) and  
Mammoth Creek B (C-27104), Garfield County

Purchaser: Utah Division of Wildlife Resources and Gordon Nelson, respectively

Property: T37S, R6W [SLB&M]  
Section 1: N2N2NW4NE4SE4 – 2.5 Acres (C-27103) map attached  
Section 1: S2N2NW4NE4SE4, N2S2NW4NE4SE4 – 5 Acres (C-27104) map attached

Date: January 30, 2023

Fund: School

### **Summary**

The purpose of this memorandum is to give the Board notice of two negotiated sales totaling 7.5 acres of trust lands located near Hatch in Garfield County. Pursuant to Utah Administrative Code R850-80-620, the agency must give the Board notice (rather than seeking Board approval) of a negotiated sale of trust lands if: (a) the property has a fair market value of \$250,000 or less, (b) the property is 320 acres or less, and (c) the agency does not receive a competitive offer after advertising.

### **Key Information and Background**

Background: The purpose of these negotiated sales is to resolve two trespass situations on trust lands. These lands are located at the northwest corner of the Hatch Block and were acquired as part of the Grand Staircase-Escalante National Monument land exchange with the BLM in 1998.

The Mammoth Creek Parcel A sale will resolve a historic trespass by the Mammoth Creek Fish Hatchery operated by the Utah Division of Wildlife Resources (UDWR). The hatchery was constructed by UDWR in the 1930's and has been trespassing on these lands since that time. The actual trespass area is approximately 0.13 acres, however UDWR will be required to purchase a 2.5-acre parcel which includes a steep hillside abutting the trespass area to avoid leaving an uneconomic remnant parcel.

The Mammoth Creek Parcel B sale will resolve a trespass by an adjacent property owner, Gordon Nelson. Mr. Nelson acquired two lots adjacent to the Mammoth Creek Fish Hatchery approximately eight years ago and built a house on the property four years ago. An older garage, the back deck and back yard of his house were constructed on trust lands in trespass. The actual trespass area is approximately 0.1 acre, however Mr. Nelson will be required to purchase a 5-acre parcel which includes a steep hillside abutting the trespass area to avoid leaving an uneconomic remnant parcel.

Fair Market Value Determination: An appraisal was secured on both properties with values shown below:

- Mammoth Creek Parcel A (C-27103) UDWR trespass – 2.5 Acres for \$5,250
- Mammoth Creek Parcel B (C-27104) Gordon Nelson Trespass – 5 acres for \$10,000

Purchase Price: Staff proposes to sell Parcel A to UDWR at the appraised value of \$5,250 as it is a historic trespass that has been in place for several decades and pre-dates SITLA's acquisition of the property.

Staff proposes to sell Parcel B to Gordon Nelson at a premium price of 150% of the appraised value, \$15,000, to settle the trespass.

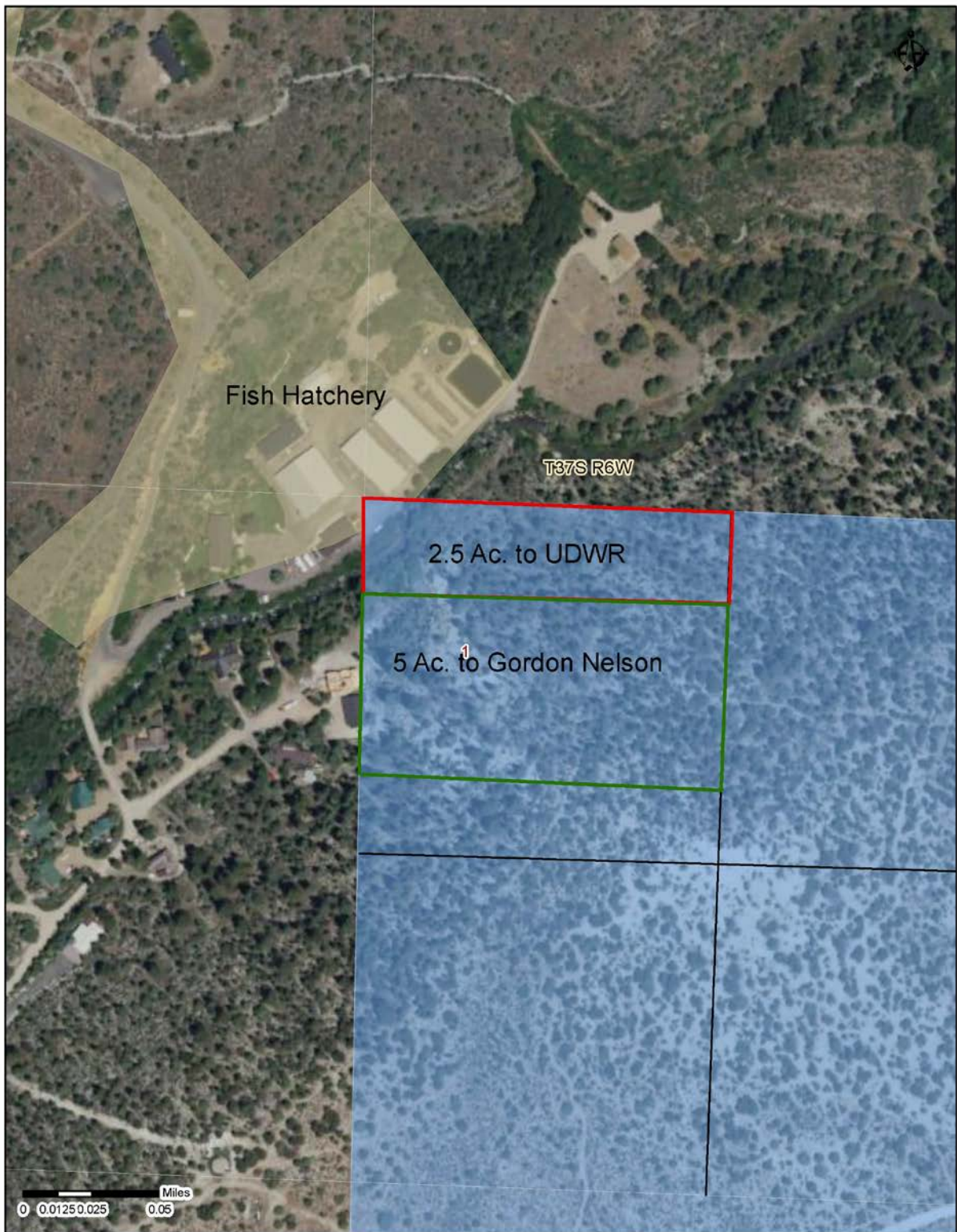
Both sales will be cash transactions with payment in full due within 30 days of executing the purchase agreement and will include all other closing costs.

Timeliness: Selling these properties is timely and in the best interest of the trust beneficiary because the properties in question have no other identifiable revenue producing utility to for the Trust. The proposed transactions will allow the trust to monetize these assets, including the abutting uneconomic steep slopes.

Transaction Structure: The purchasers will execute a certificate of sale and upon payment of the purchase price in full, SITLA will issue patents for the properties. SITLA is reserving: (i) the mineral estate, including geothermal resources, (ii) void and pore spaces, (iii) a utility and access easement for SITLA to access adjacent trust lands, if applicable, (iv) a 10% gross revenues royalty on sand and gravel removed from the property.

Competitive Process: Staff sent out all required notices to adjacent landowners, permittees, RDCC, and local governments in September and received no competing offers.

Other Relevant Information: One of the neighbors expressed interest in preserving an easement through the Fish Hatchery parcel to provide continued access to their adjacent property. The UDWR have agreed to amend their current easement with the adjacent landowner to include an easement through the purchased trust lands. The highest and best use noted by the appraiser was assemblage with adjacent properties due to steepness and location.







11b

Notice of Minor  
Development Transaction  
Tooele Industrial  
Exchange with Broken  
Arrow  
Tooele County



## BOARD MEMORANDUM

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

From: Eric Baim, Real Estate Financial Analyst

Re: Notice of Minor Development Transaction  
Tooele Industrial Exchange with Broken Arrow (EXCH 384)

Developer: Broken Arrow, Inc.

Property: **Trust To Receive:**  
T 1 South, R 6 West, SLB&M:  
Section 32: N2SE4SW4, NW4SE4, SE4SE4, SE4NE4SE4, SE4SW4SE4 (Within)  
Containing 54.43 Acres (map attached Exhibit A)

**Trust To Exchange:**  
T 1 South, R 6 West, SLB&M:  
Section 32: SE4SW4NE4, SE4NE4, SE4NE4NE4 (Within)  
Section 33: SW4NW4, NW4SW4 (within)  
Containing 63.66 acres (map attached Exhibit A)

Date: February 16<sup>th</sup>, 2023

Beneficiary: Schools

### **Summary**

This memorandum provides the Board notice of a minor development transaction on approximately 118.09 acres of land located in Tooele County, along SR 138, within Grantsville City boundaries. In accordance with Rule R850-140-500 addressing minor development transactions, SITLA must give the Board notice of the transaction, including information about the proposed transaction, the selection process, and an economic analysis of the minor development transaction.

### **Key Information and Background--Minor Development Transaction**

**Background:** The Trust Lands to be transferred were acquired at Statehood, sold in 1949, later conveyed to the BLM, then reacquired in 1968 through an In Lieu selection. The adjoining landowner, Broken Arrow, requested to purchase the land, and it was determined that an exchange to square up Trust Land boundaries with the Union Pacific rail line and SR 138 would be in the best interest of the beneficiary for future development. The land includes some wetlands that would not be a part of, or a potential addition to, SITLA's proposed wetlands bank which is being developed to the northwest of this exchange.

Broken Arrow approached SITLA with an offer of a land exchange and purchase to increase their ownership between the Union Pacific rail line and SR 138. Staff determined that it was in the interest of the beneficiary to increase land holdings east of SR 138 to improve access to developable land within

the Tooele Industrial block. Additionally, this trade will increase SITLA's land ownership frontage along the westerly boundary of the Union Pacific rail line.

Key Terms of Transaction: SITLA will convey 63.66 acres of land to Broken Arrow and will receive 54.43 acres of land from Broken Arrow, along with a cash payment of \$9,230 for the 9.23-acre difference. The Trust owns the mineral estate on all lands involved in this transaction and the mineral ownership will not change.

Broken Arrow is a privately held company that removes the salt from US Magnesium's evaporation activities in the Great Salt Lake and processes that salt into road-salt and water-softener products. The processing facility is next to the proposed exchange lands. Broken Arrow plans to expand its processing, storage and shipping facilities following the land exchange.

Economic Analysis: \$1,000 per acre for the 9.23 acres difference in traded land is market value for the land. Market value was determined through comparable land sales and the competitive process on this parcel and other parcels on the Grantsville Block with similar conditions. The land exchange is in the best interest of the beneficiary, primarily because of the added value by improving access to 327 acres of developable land east of SR 138. Securing the land adjacent to the railroad and the Ellerbeck Road rail crossing adds value to the land north and west of the rail line.

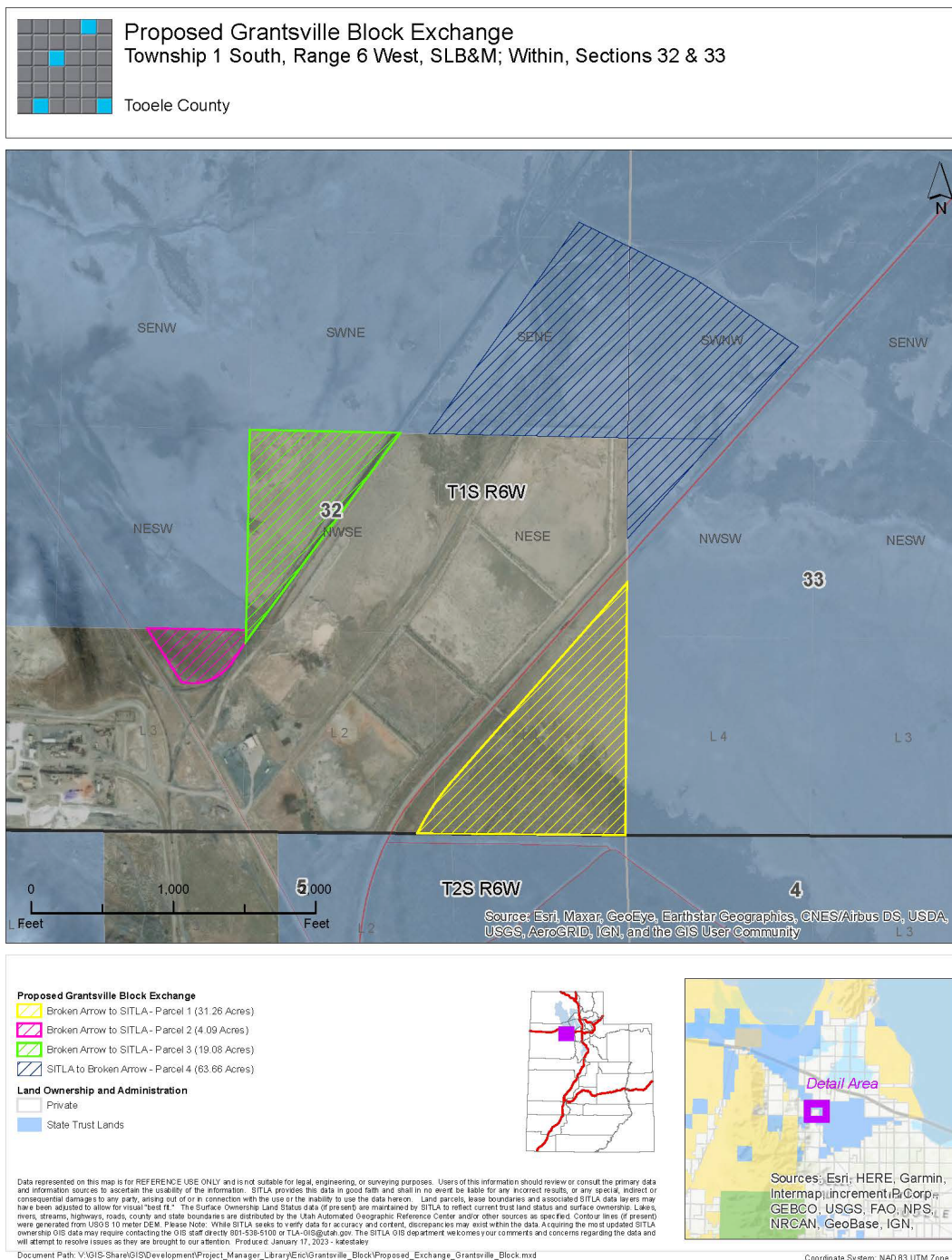
Competitive Process: The land was advertised on SITLA's website and in three local papers (Rule R850-140-500, Rule R850-140-500 and Rule R850-140-500) for four weeks from May 15<sup>th</sup> through June 17<sup>th</sup>, 2022. There were some inquiries but no other submissions.

Other Due Diligence Information: SITLA staff are not aware of any conflicts of interest with this transaction. Trust Assets will not be subordinated by this transaction.



## Exhibit A

### Location Map for Exchange EXCH 1303







# 11c

Notice of Minor  
Development Transaction  
– Proposed Sale of 0.33  
acres in Virgin  
Washington County



## BOARD MEMORANDUM

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

From: Aaron Langston, Real Estate Portfolio Manager, P&DG Utah South

Re: ***Notice of Minor Development Transaction – Proposed Sale of 0.33 acres in Virgin, Utah***

Developer: None – Homeowner is Angel Allen

Property: T42s R11w [SLB&M]  
Within Section 32 (metes and bounds legal description provided)  
Containing 0.33 acres (map attached)

Date: February 16, 2023

Bene: Schools

### **Summary**

The purpose of this memorandum is to give the Board notice of a minor development transaction on approximately 0.33 acres of trust lands located in Washington County, in Apple Valley. Before entering into a minor development transaction, the agency must give the Board notice of the transaction, including information about the proposed transaction, the process followed by the agency in pursuing the transaction, and an economic analysis of the project, pursuant to Rule R850-140-500.

### **Key Information and Background**

**Background:** A 51-year Lease (SULA 763) for the construction of a residential home and an orchard on approximately 43.2 acres in Apple Valley was granted in 1987. The lease has subsequently been divided into three separate leases:

SULA 763 – currently has one stick-built home, a modular home, and several RVs and outbuildings. The lease is confined to 1.16 acres and expires on 11/30/2038.

SULA 1547 – comprises approximately 63.44 acres for an orchard and expires on 09/30/2030.

SULA 763-A - currently has one stick-built home. The lease is confined to 1.00 acres and expires on 11/30/2038. The homeowner (Lessee) has asked that the Trust either extend the Lease to enable the homeowner to sell the home (requiring the buyer to qualify for a 30-year loan – so this would extend the termination date from 2038 to at least 2053), or to allow the Lessee to purchase some of the underlying land to get out from the Lease altogether.

After an extensive review of extending the lease, selling some of the underlying land, and even considering purchasing the home from the Lessee, the Trust has decided that selling 0.33 acres of the

underlying property covered by SULA 763-A is in the best interest of the Trust. These items were discussed in the October 25, 2022, and January 24, 2023, Real Estate Committee meetings.

Economic Analysis: Keeping all of the leases (SULA 763, SULA 1547, and SULA 763-A) generates an NPV of approximately \$12,000. Not extending the leases and allowing them to terminate so that a future residential development could take place would generate an NPV of approximately \$8million to \$11million. Carving out the 1/3 acre for this homesite will not significantly impact the design and layout of a future development. The appraisal valued of the underlying land for the subject property at \$54,500, or \$163,500 per acre, without improvements.

Key Terms of Transaction: SITLA will use a standard Certificate of Sale and Patent to sell 0.33 acres to the homeowner for \$17,985.00.

Competitive Process: The subject 1/3 acre was advertised in the local newspaper (The Spectrum) and was advertised on the Trust Lands website under the RFP page. The ads generated one inquiry but no additional offers.

Staff Conflicts of Interest: None.

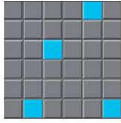
Subordination of Trust Assets: The Trust will be disposing of this property.

Other Relevant Information: None.

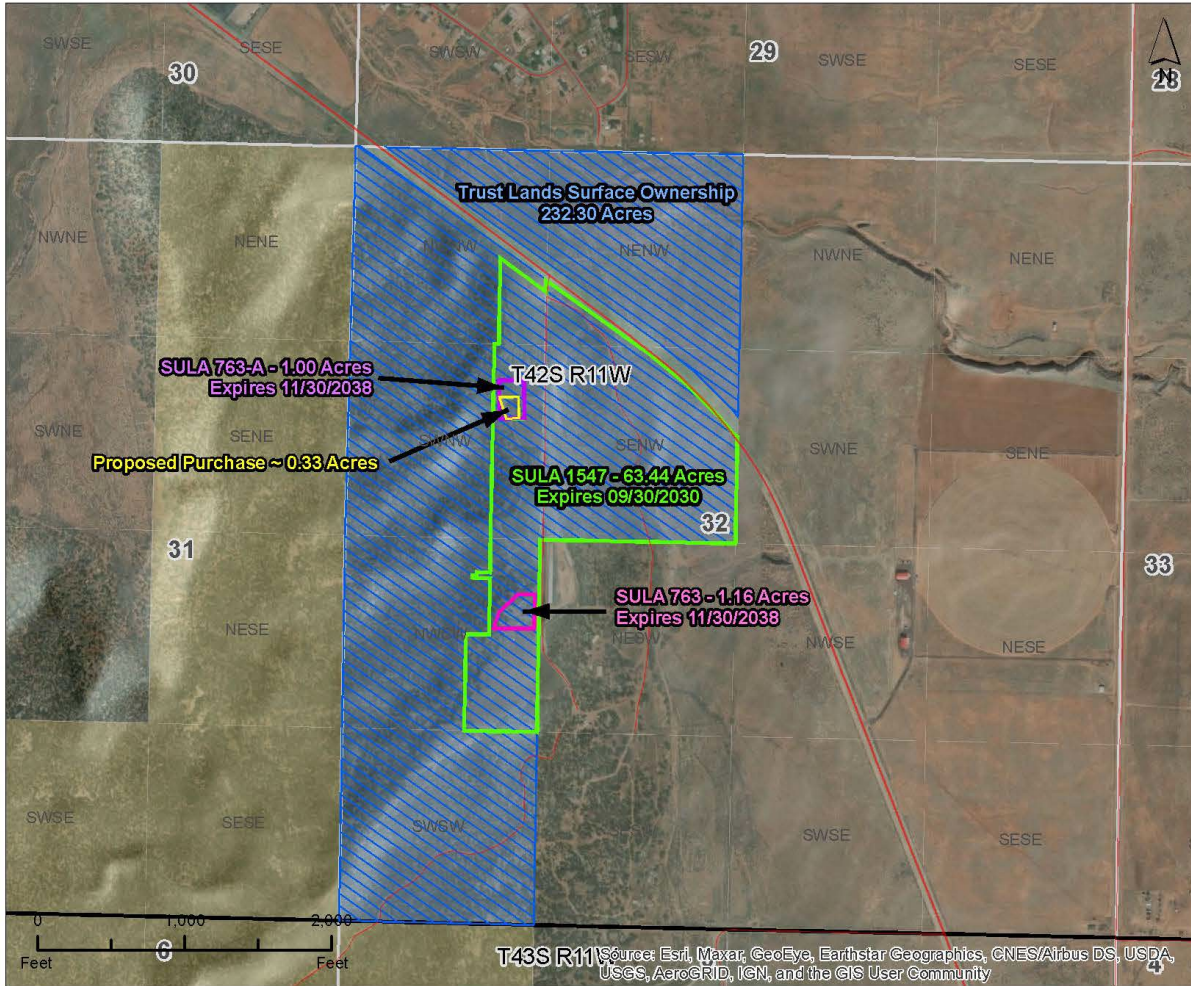







# Exhibit A

## SUBJECT PROPERTY







Apple Valley Properties  
Township 42 South, Range 11 West, SLB&M; Within Section 32  
Washington County




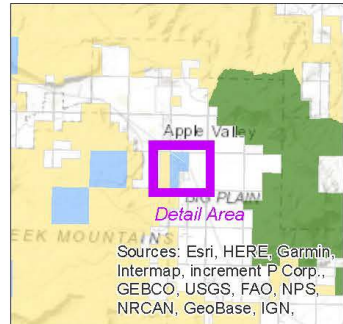
 Proposed Apple Valley Purchase (Residential Home) - 0.33 Acres  
**Apple Valley Leases - 65.60 Acres**  
 Special Use Lease Agreement No. 763 (Residential Home) - 1.16 Acres  
 Special Use Lease Agreement No. 763-A (Residential Home) - 1.00 Acres  
 Special Use Lease Agreement No. 1547 (Cultivation) - 63.44 Acres  
 Trust Lands Surface Ownership - 232.30 Acres

**Land Ownership and Administration**

 Bureau of Land Management  
 Private  
 State Trust Lands  
 Other State

Data represented on this map is for REFERENCE USE ONLY and is not suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information. SITLA provides this data in good faith and shall in no event be liable for any incorrect results, or any special, indirect or consequential damages to any party, arising out of or in connection with the use or the inability to use the data hereon. Land parcels, lease boundaries and associated SITLA data layers may have been adjusted to allow for visual "best fit." The Surface Ownership Land Status data (if present) are maintained by SITLA to reflect current trust land status and surface ownership. Lakes, rivers, streams, highways, roads, county and state boundaries are distributed by the Utah Automated Geographic Reference Center and/or other sources as specified. Contour lines (if present) were generated from USGS 10 meter DEM. Please Note: While SITLA seeks to verify data for accuracy and content, discrepancies may exist within the data. Acquiring the most updated SITLA ownership GIS data may require contacting the GIS staff directly 801-539-5100 or TLA-GIS@utah.gov. The SITLA GIS department welcomes your comments and concerns regarding the data and will attempt to resolve issues as they are brought to our attention. Produced: September 22, 2022 - katestaley

Document Path: V:\GIS\Share\GIS\GIS\_Group\Katie\Templates\TemplateApplication\_Development.mxd

Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN,

Coordinate System: NAD 83 UTM Zone 12N

