

John Y. Ferry, Chairman
Kevin S. Carter, Director

MINUTES OF THE MEETING OF THE
SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION
BOARD OF TRUSTEES

DATE: APRIL 15, 2009

PLACE: SALT LAKE CITY, UTAH

ATTENDING:

BOARD

John W. Ferry
John Scales
James Lee
Mike Brown
Dan Lofgren
Steve Ostler
Gayle McKeachnie

STAFF

Kevin S. Carter
John Andrews
Kim Christy
Stephanie Barber-Renteria
Lisa Schneider
Doug Buchi
Kay Burton
Tom Faddies
NormaLee McMichael
LaVonne Garrison
Ron Carlson
Rodger Mitchell
Effie Burns
Becky Pritchett
Lynda Belnap

OTHERS IN ATTENDANCE

Margaret Bird, State Office of Education
Tim Donaldson, State Office of Education
Paula Plant, State Office of Education
Jon Johnson, State Auditor's Office
Scott Parke, State Auditor's Office
Becky Brusco, Governor's Office of Planning & Budget
Natalie Gordon, Utah PTA
Ivan Djambov, Legislative Fiscal Analyst's Office
Paul Foy, The Associated Press
Amy Joi O'Donoghue, Deseret News
Matt Medura, CIMA Energy

I N D E X

<u>ITEM</u>	<u>PAGE NO.</u>
1. Approval of Minutes	3
2. Confirmation of Upcoming Meeting Dates	3
3. Consideration of Settlement of Appeal to Final Agency Action - - SULA 051 - Canyonlands Needles Outpost	4
4. Chairman's Report	
a. Beneficiary Report	4
b. Audit Committee Report	4
c. Board Member Appointment to Utah Renewable Energy Generation Electricity Network Authority - SB 76	5
5. Director's Report	
a. Director's Update on Issues	6
I. Utah State Office of Education Request on Hunter Access	6
II. Personnel Issue	7
b. Associate Director's Report	
I. Update on Recreation Land Exchange	8
c. Oil and Gas Group Report	
I. Alternative Oil and Gas Marketing Strategies	9
d. Block Planning	
6. Consent Calendar	
a. Negotiated Sale - Hunting Cleveland Irrigation Co. - PS 8442	10
b. Negotiated Sale - The Southwest Heritage Foundation - PS 8363	10

Chairman Ferry welcomed Board members, Staff, and guests to the meeting

1. Approval of Minutes

The Board approved the Board minutes of March 19, 2009.

Lee / Scales. Unanimously approved.

“I move we approve the Board minutes of March 19, 2009.”

Roll Call:

Mr. Scales - - yes

Mr. Lee - - yes

Mr. Brown - - yes

Mr. Lofgren - - yes

Mr. Ostler - - yes

Mr. McKeachnie - - yes

Mr. Ferry - - yes

2. Confirmation of Upcoming Meeting Dates

The Board, without motion, confirmed the following upcoming meeting dates:

May 14 - - Salt Lake City

June 3, 4 - - Uinta Basin

July - - no meeting

August 13 - - Salt Lake City

3. Consideration of Settlement of Appeal to Final Agency Action - - SULA 051 - - Canyonlands Needles Outpost

Ms. Barber-Renteria, representing the agency, stated Ms. Brenda Flanders, attorney for the appellant, was unable to attend today. However, Staff has been able to successfully negotiate a settlement, and an Order will be signed by the Board. She noted that the lessee had asked for a slower rate increase than originally proposed. Rent will be \$5300 for 2009, \$6300 for 2010, \$8300 for 2011, and \$19,200 for 2012. Mr. Lee noted that some of the comments in the paper stated the lessee would not be able to make those payments. Ms. Barber-Renteria stated they have indicated this is an acceptable payment schedule for them.

Brown / Lofgren. Unanimously approved.

“I move we approve the Order Granting Motion to Dismiss the Petition for Relief From Final Agency Action.”

Roll Call:

Mr. Scales - - yes	Mr. Lee - - yes
Mr. Brown - - yes	Mr. Lofgren - - yes
Mr. Ostler - - yes	Mr. McKeachnie - - yes
Mr. Ferry - - yes	

4. Chairman's Report

a. Beneficiary Report

The Beneficiaries did not make a report this month

b. Audit Committee Report

Mr. Carlson introduced the State auditors, Mr. Jon Johnson and Scott Parke. Mr. Carlson noted that the Audit Committee met this morning, and we are getting closer to a scope of the audit we will want. Basically, the State auditors will do the regular audit and then will specifically look at our procurement process. Staff will also look at how much an outside audit will cost us to do an audit on some real estate transactions, tax issues, and some oil and gas transactions.

4. Chairman's Report (cont'd)

c. Board Member Appointment to Utah Renewable Energy Generation
Electricity Network Authority - - SB 76

Director Carter reviewed SB 76 with the Board members and what the newly created Authority is charged with doing. It was noted the appointment is for a four-year term. Director Carter recommended that the Board make a recommendation of who they would like to represent the Board, even though the Governor is probably not beholding to appoint that person. The bill becomes effective May 12. The bill may be amended next session to have the Director as the representative unless the Board wants to keep a Board member as the representative.

It was noted that we will probably be a basic player because of our land base. Chairman Ferry asked if anyone would like to serve on this authority. Mr. Lofgren noted he felt the Director or his designee should be the representative on this Authority. He would recommend that we appoint a Board member and then send a letter requesting that the statute be amended to appoint the director or his designee.

Lee / Ostler. Unanimously approved.

“I move that Mr. Ostler be our designated representative until such time as the statute can be amended to have the Director or his designee serve.”

Roll Call:

Mr. Scales - - yes
Mr. Brown - - yes
Mr. Ostler - - yes
Mr. Ferry - - yes

Mr. Lee - - yes
Mr. Lofgren - - yes
Mr. McKeachnie - - yes

5. Director's Report

a. Director's Update on Issues

Director Carter recognized two employees of Trust Lands Administration for their service to the agency: Warren White for 40 years of service and Diane Durrant for 20 years of service. The Board congratulated Mr. White and Ms. Durrant on their service.

I. Utah State Office of Education Request on Hunter Access

Director Carter noted the Chairman had received, and a copy had been sent to all Board members, a letter from the State Superintendent of Public Instruction regarding the hunter access agreement with Trust Lands and the Division of Wildlife Resources (DWR). He felt like it would be appropriate to discuss some of the strategies in moving forward with this issue and make sure Staff understands where the Board wants them to go. Director Carter reviewed the history of the MOU. It was noted that DWR does not have the money in its budget this year to pay the required amount. We need to decide what to do with this if the payment is not made. The beneficiaries have requested that the Board send a letter to DWR forcing them to make a commitment as to when they will pay. There are some strategies and consequences that should be discussed in closed session.

Lee / Brown. Unanimously approved.

“I move we go into closed session for the purpose of discussing anticipated litigation and also for the purpose of discussing the character and competence of an individual.”

Roll Call:

Mr. Scales - - yes	Mr. Lee - - yes
Mr. Brown - - yes	Mr. Lofgren - - yes
Mr. Ostler - - yes	Mr. McKeachnie - - yes
Mr. Ferry - - yes	

The Board went into closed session at 9:35 a.m. Those in attendance were Board members, Kevin Carter, John Andrews, Kim Christy, Margaret Bird, Tim Donaldson, and Paula Plant. At 10:35 a.m., Mr. Andrews, Mr. Christy, Ms. Bird, Mr. Donaldson, and Ms. Plant left closed session as the Board discussed the character and competence of an individual.

5. Director's Report (cont'd)

a. Director's Update on Issues (cont'd)

II. Personnel Issue

The Board remained in closed session for the discussion of the character and competence of an individual as per the above motion. This session began at 10:38 a.m., and those in attendance were Board members, Director Carter, and Margaret Bird. At 11:07 a.m., Ms. Bird and Director Carter left the closed session. The Board returned to open session at 11:10 a.m.

Lee / Scales. Unanimously approved.

“I move we return to open session.”

Roll Call:

Mr. Scales - - yes	Mr. Lee - - yes
Mr. Brown - - yes	Mr. Lofgren - - yes
Mr. Ostler - - yes	Mr. McKeachnie - - yes
Mr. Ferry - - yes	

Lee / Scales. Unanimously approved.

“I move we reappoint Kevin Carter to be Director of this agency for another four years, commencing July 1, 2009.”

Roll Call:

Mr. Scales - - yes	Mr. Lee - - yes
Mr. Brown - - yes	Mr. Lofgren - - yes
Mr. Ostler - - yes	Mr. McKeachnie - - yes
Mr. Ferry - - yes	

5. Director's Report (cont'd)

b. Associate Director's Report

I. Update on Recreation Land Exchange

Mr. Andrews updated the Board on the status of the Recreation Land Exchange. The House Natural Resources Subcommittee on Public Lands held a hearing on the exchange on the reintroduced version about two weeks ago. Director Carter testified on behalf of the agency. There was also testimony from the Bureau of Land Management. The only noteworthy issue was that BLM's testimony was different than from what the previous BLM testimony had agreed to. We don't know if it was just from change in personnel or was indicative of a policy change in BLM. We think it was just personnel issues. After the hearing, we visited with the primary Democratic staff. They feel that a "deal is a deal", and they plan to move forward with the legislation. Since that time, Congress has been on an extended recess. We will be waiting for markup at the committee level.

Mr. Lee stated he has watched this procedure for many years and wonders if we are just spinning our wheels. He wants to be on record questioning why we continue to do this because it doesn't get us anywhere.

Director Carter stated that the Congressional staff has followed through with what they have told us with greater vigor than any time before. Mr. Andrews noted at this point we are not spending significant time or resources on the exchange. Mr. Lee asked if we still have the same lobbyist? Mr. Andrews stated we do have the same one. We have modified the way we pay him. Mr. Lee indicated he still feels like we are not going to get any place with it. Director Carter stated that he has instructed our lobbyist that, if we don't see movement by the end of this Spring time, we will re-evaluate where we are going on it. The Chairman of the committee gives assurance to Congressman Matheson that it will move along. Mr. Andrews stated there does seem to be a significant movement to begin negotiations on county land bills outside Washington County that will involve significant trust lands. We believe we should be at the table for all of those negotiations, having a template on how to deal with trust lands.

Mr. Lee stated he objects to spending so much money on outside lobbyists because Staff is skilled enough to do this. Director Carter noted that the agreement now states that the lobbyist can only spend time when we tell him to do so.

Director Carter noted that he was appointed to the Constitutional Defense Council during the last legislative session. They intend to take up county land bills in the future, and Mr. Carter had told them we will be dealing with them on trust land issues.

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4/15/09

Page No. 8

5. Director's Report (cont'd)

b. Associate Director's Report (cont'd)

Mr. Andrews briefed the Board on the Cook lawsuit that was discussed last month. Shortly after that meeting last month, Mr. Cook filed a second lawsuit stating that the agency has denied him access to recover his equipment, etc. We have not yet seen a copy of the lawsuit. We have allowed him access and will defend it on that basis. We do also feel there are some very significant environmental issues on the property.

c. Oil and Gas Group Report

I. Alternative Oil and Gas Marketing Strategies

Ms. Garrison stated that, in the Oil and Gas Group's five-year plan, one of the items is to look at maximizing hydrocarbons on our lands. In regard to that, we have Matt Medura, of CIMA Energy, to discuss some possible strategies the Board could look at for marketing. This is an informational presentation, but does contain proprietary information; and, therefore, it should be done in closed session.

Brown / Ostler. Unanimously approved.

"I move we go into closed session for the purpose of discussing proprietary and sensitive information."

Roll Call:

Mr. Scales - - yes

Mr. Lee - - yes

Mr. Brown - - yes

Mr. Lofgren - - yes

Mr. Ostler - - yes

Mr. McKeachnie - - yes

Mr. Ferry - - yes

The Board went into closed session at 11:27 a.m. Those in attendance were Board members, Kevin Carter, LaVonne Garrison, Margaret Bird, Tim Donaldson, Paula Plant, and Ron Carlson. The Board returned to open session at 12:07 p.m.

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4/15/09

Page No. 9

5. Director's Report (cont'd)

c. Oil and Gas Group Report (cont'd)

I. Alternative Oil and Gas Marketing Strategies (cont'd)

Lee / Scales. Unanimously approved.

“I move that we authorize Staff to move ahead, taking steps necessary as per page 14 of the presentation.”

Roll Call:

Mr. Scales - - yes

Mr. Lee - - yes

Mr. Brown - - yes

Mr. Lofgren - - yes

Mr. Ostler - - yes

Mr. McKeachnie - - yes

Mr. Ferry - - yes

It was noted that Staff will not implement a pilot program without bringing it back to the Board for review and approval.

d. Block Planning Discussion

Mr. Burton noted that the block planning subcommittee supported doing block plans for the remaining blocks and doing plans that are less intensive. Over 50 percent of the remaining blocks to be planned are mineral blocks. He gave the Board a handout showing Level One, Level Two, and Level Three plans. Level Three is the comprehensive plan he has been doing. He gave the Board a draft copy of the IPP plan, which is a Level One plan. Part of his 2009 objective was to present this to the Board. Board members can review it for a time, and we will discuss it at a later meeting. Mr. McKeachnie stated that what is happening on surrounding lands may be helpful and might should be added.

6. Consent Calendar

Notification

- a. Negotiated Sale - - Huntington Cleveland Irrigation Company - - PS 8442 - -
Emery County, Utah

There were no comments on this item.

- b. Negotiated Land Sale - - The Southwest Heritage Foundation - PS 8363 -
San Jaun County, Utah

There were no comments on this item.

Upon motion by Mr. Lee and seconded by Mr. Brown, the meeting adjourned at 12:35 p.m.