

A. Lear Thorpe, Chairman
Scott Hirschi, Director

MINUTES OF THE MEETING OF THE
SCHOOL AND INSTITUTIONAL TRUST LANDS
BOARD OF TRUSTEES

DATE: MAY 23 and 24, 1995

PLACE: SALT LAKE CITY, UTAH

ATTENDING:

BOARD

Ruland Gill
John Harja
Barbara Hjelle
Louise Liston
I. D. Nightingale
Donald Peay

STAFF

Scott Hirschi
Kevin Carter
Rick Wilcox
Jim Cooper
Dave Hebertson
Lynda Belnap

OTHERS IN ATTENDANCE:

Steve Alder, Assistant Attorney General
Margaret Bird, Trust Beneficiaries
Lauri Poulsen, Office of Planning & Budget
Lana Moon, Millard County Commission
Bill Redd, San Juan County Commission
Dave Shaver, Andalex
John S. Kirkham, Andalex
C. Grant Hurst, Board of Education
Married Horton, Utah PTA
A. John Davis, Pruitt, Gushee and Bachtell
William L. Christensen, William L. Christensen & Associates

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Mr. Gill welcomed everyone to the meeting and noted that Chairman Thorpe was out of town. Therefore, he would be chairing the meeting today.

1. Board Business

a. Approval of Minutes and Next Meeting Date

The Board did not receive the minutes in sufficient time for review. Therefore, approval of the minutes was postponed until the next meeting. The next meeting date was set for June 8, 1995. Tentative dates of July 13 or 18 are set for the July meeting. The Triage Committee Meeting for the July agenda will be June 27 at 9:00 a.m.

b. Board Assignments

I. Report on Triage Process -- John Harja

Mr. Harja reviewed with the Board a handout regarding the Triage process. It was noted that, if a Board member is given an assignment for review, that Board member needs to report to a Triage Committee member before the Triage meeting. The Board member can recommend that an issue be put on the Consent Calendar after review of the issue. Mr. Gill reviewed assignments for the Board regarding review of issues for next meeting as a result of the Triage meeting held before this meeting today.

There was some discussion as to whether withdrawn motions should appear in the minutes. It was decided they will continue to be left out as has been being done. Upon request from a Board member, one could be added.

There was discussion regarding the numbering and indexing of policy statements. We need to find a system that will allow for tracking of a policy and changes thereto and also for subject indexing. The Board wants some way to see how many times a policy has been changed and when that was done. Mr. Harja will work on this.

1. Board Business (cont'd)

b. Board Assignments (cont'd)

I. Report on Triage Process -- John Harja (cont'd)

Harja / Hjelle. Unanimously approved.

"I move that we not list withdrawn motions in the minutes and that an individual member can bring it and it will be voted on at that time."

Roll Call:

Mr. Harja -- yes

Ms. Liston -- yes

Mr. Hjelle -- yes

Mr. Nightingale -- yes

Mr. Peay -- yes

Mr. Gill -- yes

II. Grazing Information -- Louise Liston

Ms. Liston reported that she had been given the assignment to come to the Board with a proposal of how a grazing committee should be set up, how often they would meet, whether a staff member should be present, etc. Booth Wallentine helped Ms. Liston put a proposal together. It is recapped as follows:

1. Composition: We recommend a nine-member committee to include:

Dr. Roger Banner, USU Extension Range Specialist - Northern Utah

Dr. Darwin Nielsen, USU Extension Range Economist

Dr. James Bowns, USU Extension Range Ecologist/SUU Professor of Biology

Six bona-fide trust lands grazing permittees, selected from the following list:

Utah Farm Bureau Nominees:

Alan B. White, Bluebell, Utah

Scott Chew, Jensen, Utah

Utah Cattlemen's Association Nominees:

D. L. Taylor, Moab, Utah

Bill Hopkin, Woodruff, Utah

1. Board Business (cont'd)

b. Board Assignments (cont'd)

II. Grazing Information -- Louise Liston (cont'd)

Utah Woolgrowers Association Nominees:
Dean Hansen, Fountain Green, Utah
Merrill Beckstrom, Spanish Fork, Utah

A SITLA Board member should be seated as an ex-officio member of the Grazing Information Committee. We unitedly recommend Louise Liston to be that ex-officio member.

We also recommend that one or more staff persons from the three livestock organizations be allowed to attend meetings and serve as resource persons without a vote in any committee actions.

Alternate committee nominees if above nominees are not acceptable:

Boyd Marsing, Price, Utah
Charles Jenkins, Nephi, Utah
Paul McCoy, Vernal, Utah

2. Appointment. We recommend the nine-member committee (plus Louise Liston) be appointed by the SITLA board chairman for staggered three-year terms or until their successors are nominated by their respective organizations and appointed by the SITLA Chairman. It is recommended that Louise Liston serve as chairman of the committee, with a committee-elected vice-chairman

3. Compensation. We recommend no per diem be paid to the committee. However, we do recommend travel expenses including state policy mileage, meal expense, and any other required or reasonable expense be reimbursed for committee members.

4. Meeting Frequency: We recommend the committee meet at an early date to receive their charge from the SITLA board member who is an ex-officio committee member, establish a work plan to develop the required information and establish a meeting schedule and assignments to meet that plan. It is estimated that after any major initial issues are resolved, a meeting frequency of two to three times per year will be adequate.

1. Board Business (cont'd)

b. Board Assignments (cont'd)

II. Grazing Information -- Louise Liston (cont'd)

5. Staffing: It is recommended that meeting agenda items be submitted by the SITLA Director to the committee through the ex-officio board member and that this board member assign one of the livestock organization staff members to keep minutes of meetings and submit such minutes to the chairman and vice-chairman for review and approval prior to submission to the committee and to the SITLA. It is believed that under the direct leadership of the ex-officio board member, the committee can function without an assigned SITLA staff member.

6. Committee Responsibilities: The committee should recommend grazing management policies on SITLA lands, including fee levels, monitoring arrangements, authorized improvements, etc., and should be consulted on any major issues relating to livestock grazing, wildlife-livestock conflicts, etc., on SITLA lands. An important goal for the committee should be to improve the working relationship and "customer-agency" relationship within this agency. We firmly believe that can be done and pledge our best efforts to develop a productive, mutually effective relationship.

Because work schedules, etc., may cause some permittee members to be unable to attend all meetings, we strongly urge a nine-member committee be appointed. We pledge our cooperation to urge good attendance and quality input to the SITLA board from this committee.

A copy of this proposal was given to Board members for their review. This will be given to the Triage Committee for prioritizing on an upcoming Board agenda.

c. Final Orders:

I. Consistency Review of ROD94-0602-EXCH48

Mr. Hirschi reported on a meeting he had recently with John McCallister, of the Attorney General's Office, and Margaret Bird, representing the trust beneficiaries. He asked Ms. Bird to report to the Board on the details of that meeting.

1. Board Business (cont'd)

c. Final Orders: (cont'd)

I. Consistency Review of ROD94-0602-EXCH48 (cont'd)

Ms. Bird noted that the beneficiaries had some concerns regarding the original decision as to whether all the issues had been properly considered. They filed a protest and it was heard a few times by this board. She noted their concerns were discussed with the Director, and they are now convinced the decision was a good one. They still are not totally convinced the percentage of the lands in the split was correct. However, these will be addressed in some other ways by the Staff; and, therefore, this petition is going to be withdrawn. Ms. Bird will meet with the Superintendent of Public Instruction to finalize this.

Director Hirschi stated he felt that Mr. McCallister and Ms. Bird approached this in a rational manner, and he appreciates their cooperation. He appreciates the fact that they feel the trust will be better served to let the ROD stand as is. Their concerns regarding minerals will be addressed through other means by the Staff.

Therefore, this final order was tabled as no further action is necessary.

Liston / Hjelle. Unanimously approved.

"I move this be tabled."

Roll Call:

Mr. Harja -- yes
Mr. Hjelle -- yes
Mr. Peay -- yes

Ms. Liston -- yes
Mr. Nightingale -- yes
Mr. Gill -- yes

d. Proposed Policy and Rule on Action-Specific Planning In Addition to Existing Statewide Planning

Mr. Carter discussed this issue with the Board. With the passage of HB 307 in the last legislative session, our planning obligations have again been modified. The Board was given copies of the former and present statutes for comparison.

1. Board Business (cont'd)

d. Proposed Policy and Rule on Action-Specific Planning In
Addition to Existing Statewide Planning (cont'd)

The rulemaking obligation has now become an obligation to describe the degree of planning that will be conducted prior to approving individual categories of activities. In March, the Board established guidelines for presenting policy and rule for review. An evaluation of this proposal against those guidelines follows:

Does this increase value? The proposal would expedite the approval process for almost all surface activities. This makes us more competitive and cuts overhead costs. Both of these will have the net effect of increasing value.

Who are the customers in this issue and can their business needs be met? All surface users of trust lands have been impacted in the past, with the exception of right of entry and grazing permittees. Purchasers, lessees, and grantees will find a simpler and faster process to work with.

Why is this an issue, why do we deal with it now, how much time has been spent on it in the past, and how much time is needed? HB 307, which became effective on May 1, 1995, modified our planning obligations. We spent considerable time discussing ways to modify the statute in order to allow us to deal with planning in a manner that was prudent given our management mandate. The agency believes that this issue can be dealt with in one sitting.

Background information. Planning adequacy has been used in the past to delay or prevent implementation of decisions by persons who have opposed agency actions. Consequently, with the development of the School and Institutional Trust Lands Management Act of 1994, statutory language describing our planning obligations was significantly modified. Unfortunately, the modifications were ambiguous and did not provide for efficient trust management. The Board and staff spent considerable time preparing amendment language for introduction during the 1995 general session. This language has been incorporated into statute. It gives the board significant policy-making flexibility to establish policies that reflect our trust management rather than parrot the federal process.

1. Board Business (cont'd)

d. Proposed Policy and Rule on Action-Specific Planning In Addition to Existing Statewide Planning (cont'd)

The following policies are proposed to implement the statute. The Board was also given a description of the application process for three categories of applications which would be followed upon adoption of the proposed rules: (1) surface disposal, (2) surface permitting and, (3) mineral leasing.

Proposed Policy:

Planning for the following categories of activities shall consist of submission of the application for review to the Resource Development Coordinating Committee, evaluating comments received through that process and any additional comments received through any public solicitation process:

1. Special Use Leases issued pursuant to R850-30
2. Sales approved pursuant to R850-80, R850-81, and R850-2
3. Land Exchanges conducted pursuant to R850-90
4. Harvesting of timber pursuant to R850-70
5. Beneficiary Use of Trust Land conducted pursuant to R850-120
6. Issuance of Easements pursuant to R850-40
7. Issuance of Materials permits pursuant to R850-130
8. Range Improvement Projects pursuant to R850-50.

Planning will not be required for the issuance of permits for short-term purposes or renewable resources. Categories of applicable uses would include:

1. Grazing permits issued pursuant to R850-50
2. Rights of Entry issued pursuant to R850-41 and
3. Forest product Sales conducted pursuant to R850-70.

Since another state agency is responsible for regulation of mineral extraction and development, no planning responsibilities will attach for mineral leases issued pursuant to R850-20.

The proposed rule is as follows:

1. Board Business (cont'd)

d. Proposed Policy and Rule on Action-Specific Planning In
Addition to Existing Statewide Planning (cont'd)

Mineral Leases

R850-20-15- Planning

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries no planning obligations by the agency. Mineral development activities are regulated pursuant to R645, R647, and R649.

Special Use Leases

R850-30-150 Planning

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries the following planning obligations:

1. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
2. Evaluation of and response to comments received through the RDCC process; and
3. Evaluation of and response to any comments received through a public solicitation process.

Easements

R850-40-150 Planning

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries the following planning obligations:

1. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
2. Evaluation of and response to comments received through the RDCC process; and

Rights of Entry

R850-41-150

Pursuant to sec. 53C-2-201(1)(a), this category of activity carries no planning obligations by the agency. Actions authorized pursuant to this section are normally short-term and non-disturbing in nature.

Grazing

R850-50-150 Planning

1. Pursuant to Sec. 53C-2-201(1)(a), the issuance of grazing permits within this category of activity carries no planning obligations by the agency. Permits issued pursuant to this section are non-disturbing in nature, and the resources affected are renewable.

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1. Board Business (cont'd)

d. Proposed Policy and Rule on Action-Specific Planning In Addition to Existing Statewide Planning (cont'd)

2. Range-improvement projects authorized pursuant to this section carry the following planning obligations:

- a. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
- b. Evaluation of and response to comments received through the RDCC process; and
- c. Evaluation of and response to any comments received through a public solicitation process.

Forest Products

R850-70-150 Planning

1. Pursuant to Sec. 53C-2-201(1)(a), timber sales within this category of activity carry the following planning obligations:

- a. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
- b. Evaluation of and response to comments received through the RDCC process; and
- c. Evaluation of and response to any comments received through a public solicitation process.

2. All other forest product sales within this category of activity carry no planning obligations by the agency since they are non-disturbing in nature and affect renewable resources.

Sales

R850-80-150 Planning

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries the following planning obligations:

1. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
2. Evaluation of and response to comments received through the RDCC process; and
3. Evaluation of and response to any comments received through a public solicitation process.

R850-81-150 Planning

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries the following planning obligations:

1. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);

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1. Board Business (cont'd)

d. Proposed Policy and Rule on Action-Specific Planning In
Addition to Existing Statewide Planning (cont'd)

2. Evaluation of and response to comments received through the RDCC process; and
3. Evaluation of and response to any comments received through a public solicitation process.

Exchanges

R850-90-150 Planning

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries the following planning obligations:

1. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
2. Evaluation of and response to comments received through the RDCC process; and
3. Evaluation of and response to any comments received through a public solicitation process.

R850-91-150

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries the following planning obligations:

1. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
2. Evaluation of and response to comments received through the RDCC process; and
3. Evaluation of and response to any comments received through a public solicitation process.

Beneficiary Use

R850-120-150 Planning

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries the following planning obligations:

1. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
2. Evaluation of and response to comments received through the RDCC process; and
3. Evaluation of and response to any comments received through a public solicitation process.

1. Board Business (cont'd)

d. Proposed Policy and Rule on Action-Specific Planning In
Addition to Existing Statewide Planning (cont'd)

Materials Permits

R850-130-150 Planning

Pursuant to Sec. 53C-2-201(1)(a), this category of activity carries the following planning obligations:

1. Submission of the proposal for review by the Resource Development Coordinating Committee (RDCC);
2. Evaluation of and response to comments received through the RDCC process; and
3. Evaluation of and response to any comments received through a public solicitation process.

The Board discussed this proposal at some length. The Director noted he questions the requirement for us to notify adjacent landowners in the initial solicitation process. Mr. Gill stated he has some concern regarding the wording in the second paragraph that states ". . . planning will not be required. . .". Mr. Harja stated he felt something should be added to that section that actually states what we consider planning to be. Mr. Gill stated that planning involves our vision, mission, goals, and values, which evolve into strategies, incentives, planning, and budget approval. Ms. Hjelle noted that the current planning rules are cumbersome for the staff to operate under, and they need something to work with now. Ms. Bird noted the beneficiaries have some things they would like incorporated into the planning rules. They would be happy to submit these in writing.

Mr. Gill noted it would be worthwhile to get more input and delay this until the June agenda. Board members generally did not like what was being proposed and would like more time to review it. This is one of the most critical items on which the Board needs to work. Mr. Gill expressed the Board's appreciation to the staff for their good work on this thus far. He noted Mr. Harja, Ms. Hjelle, and he will discuss this before the next Board meeting; and it will be an agenda item for next month.

1. Board Business (cont'd)

e. Discussion of Mineral Unit

Mr. Jim Cooper, Minerals Unit Manager, made a presentation to the Board regarding this unit as follows:

The minerals section manages and administers approximately 4.6 million acres of subsurface mineral rights held in perpetual trust by the State of Utah for the benefit of public schools and institutions.

Mission

Trust mineral assets are managed under strict fiduciary guidelines, with the focus of generating income for the current beneficiaries and protecting the long-term mineral assets of the trust for future beneficiaries. The minerals section affirms its desire to conduct its operations in a business-like manner, patterned on the business philosophies practiced by the most efficient enterprises in the private sector. The staff believes this profit-motive approach will make possible the continued successful pursuit of the mission of the School and Institutional Trust Lands Administration.

Values

We are dedicated to: providing the beneficiaries with professional management of the mineral resources of the trust; continuing to understand and enhance our resource base; focusing on activities where we have, or can create, a competitive edge and be a market force; developing relationships with industry and building the professional skills necessary to realize the optimum value of trust mineral assets; creating an environment that rewards people, integrity, excellence, quality of service, creativity, efficiency, teamwork, and results; providing staff with the best possible advancement and recognition of opportunities in accordance with all State of Utah personnel policies and procedures, and within budgetary limitations.

Overview

The minerals section is a strategic part of the School and Institutional Trust Lands Administration and the largest revenue generator within the Administration. The minerals section encourages a united team approach, dedicated to the goal of developing short and long-term value of trust mineral assets by

1. Board Business (cont'd)

e. Discussion of Mineral Unit (cont'd)

pursuing three fundamental objectives: (i) create an innovative work group focused on mineral commodities; (ii) build a strong and stable revenue base from mineral lease sales, royalty income and rental; (iii) develop diverse market capabilities for mineral resources.

Operating Philosophy

We believe that effective management of trust minerals includes: proactive administration of our resource base; vigorous enforcement of leases and contracts; accurate knowledge of the industry and commodities for which we are responsible; comprehensive inventory of mineral commodities; strict revenue accountability and tracking; careful monitoring of mineral production on trust lands; encouraging customers to optimize operations to our mutual benefit; and responsiveness to industry trends and product prices.

Staff

The mineral section is comprised of a team of individuals with extensive experience in mineral management issues. The staff has direct experience in the management and guidance of various natural resource projects including conventional oil and gas, coalbed methane, coal development, tight sands, horizontal drilling projects, oil shale, uranium projects, low-quality gas utilization, geothermal projects, building stone and limestone, tar sands, industrial sands, phosphate, clay, gilsonite, gemstone and fossils, gypsum and potash. The team is staffed by a Mineral Section manager, three Mineral Specialists, a Mineral Technician, and an Office Technician.

Mineral Section Manager - James D. Cooper

Mr. Cooper manages and is responsible for all aspects of the Minerals Section. He participates in the administration of rules governing the use of mineral trust lands; provides management, leadership, and supervision of the minerals staff; oversees trust mineral land inventories; ensures fair-market value for trust land mineral resources; supervises trust land mineral leasing and minerals program; provides direction and development of minerals management programs; coordinates with other agencies and represents

1. Board Business (cont'd)

e. Discussion of Mineral Unit (cont'd)

the administration in all mineral resource matters. Mr. Cooper holds a B.S. degree in Geology/Environmental Geoscience, is a member of the American Association of Petroleum Geologists, American Association of Professional Landmen, and currently serves as Vice-President of the Utah Association of Petroleum and Mining Landmen.

Mineral Resource Specialists

The Mineral Resource Specialists are an exceedingly competent and experienced group of individuals with broad backgrounds in the minerals industry. They all have an extensive working knowledge of the specific commodities, related industry and customers for which they are responsible. They include:

John T. Blake -- Mr. Blake is experienced in leasing all mineral commodities and is currently responsible for the following mineral trust commodities: coal, oil shale, industrial sands, gypsum, clay minerals, volcanic materials, building stone, and limestone. Mr. Blake holds a Masters degree in geography and a Masters in Business Administration and has been associated with the American Association of Geographers and the American Association of Professional Landmen.

Edward W. Bonner -- Mr. Bonner has over 15 years' experience managing trust land mineral resources and is currently responsible for the oil, gas, and hydrocarbon mineral commodities. He also has the additional responsibilities to oversee all aspects of the simultaneous lease offering and the minerals section involvement in the Great Salt Lake brine operations. Mr. Bonner holds a B. S. in Geography and has attended various continuing education classes in geology.

William M. Stokes -- Mr. Stokes is directly responsible for the following mineral trust commodities: metalliferous minerals, potash, phosphate, tar sands, gemstone and fossils, gilsonite, and geothermal resources. Mr. Stokes holds a B.S. in Geology and Biology and has over 18 years' experience in the minerals industry as a mineral title examiner and minerals landman.

1. Board Business (cont'd)

e. Discussion of Mineral Unit (cont'd)

Mineral Technician - Rebecca Pritchett -- Ms. Pritchett is responsible for reviewing, processing, and tracking all transfers of mineral interests, name changes, and mergers. Ms. Pritchett, in addition to special projects as assigned, is also responsible for loading critical mineral lease data into the computer, including lease approvals, bonding, lease expirations, assignments, name changes, etc.

Office Technician - Teresa Wilhelmsen -- Ms. Wilhelmsen is responsible for processing all mineral lease applications, preparing items for the Director's Agenda, assisting the public, providing secretarial support for the entire staff, and various special projects as assigned.

Typical duties of the mineral section include:

Formulate mineral leasing policies, rules, strategies, royalty rates, and lease forms. Coordinate, review, and exchange information with the public and with other state and federal agencies regarding state and federal mineral leasing programs. Analyze the impacts of proposed legislation and regulations on the leasing and development of trust mineral lands. Gather pertinent geological and economic data on mineral resources and determine the fair-market value and revenue potential of trust mineral lands. Coordinate technical assistance as appropriate for minerals research of trust lands. Prepare and present written and oral technical mineral resources reports. Analyze active and proposed minerals exploration, development, and reclamation plans on trust lands to ensure maximum economic recovery of mineral resources and reclamation for desired post mining lands use. Prepare notice of proposed minerals exploration, development or reclamation action. Coordinate measures to mitigate environmental impacts. Evaluate potential damage to other mineral resources and surface owners of lands proposed for mineral lease operations and determine bonding requirements. Coordinate the posting of reclamation and royalty bonds and the timely release of bonds. Conceive mineral land acquisition targets and facilitate mineral land exchanges. Formulate proposals to withdraw mineral lands from mineral leasing to facilitate strategic land management and maximize the leasing value of the lands. Review and recommend approval of plans to

1. Board Business (cont'd)

e. Discussion of Mineral Unit (cont'd)

cooperatively develop trust mineral lands in conjunction with federal or private lands. Assist in the formulation of comprehensive land-management plans. Conduct on-site evaluations of active mineral explorations, development, and reclamation operations on trust lands to ensure compliance with lease terms, state statute and rules. Provide lessees with notice of operations are founds to be in non-compliance with lease terms, statutes or rules. Develop and administer reclamation contracts in cases where reclamation bonds have been forfeited by the lessee. Monitor production and royalty payment on trust minerals and conduct on-site inspections of producing operations to ensure compliance with mineral lease royalty provisions. Provide technical assistance to the public in acquiring mineral leases and permits on trust mineral lands. Review and recommend approval of applications to lease trust mineral lands. Determine the allocation of mineral lease revenues to land grant trust accounts. Negotiate amendments, extensions, and readjustments of existing trust mineral leases. Research state, federal, and county land records to resolve questions and disputes over mineral ownership. Identify instances of trespass against trust mineral lands.

The minerals section currently administers approximately: 2,795 oil, gas, and hydrocarbon leases, with 714 active operations; 225 metalliferous minerals leases, with 17 active operations; 20 gemstone leases, with 11 active operations; 35 gilsonite leases, with six active operations; 30 potash leases, with three active operations; seven phosphate leases, with one active operation; 17 geothermal leases, with one active operation; seven tar sand leases, with one active operation; 90 building and limestone leases, with 27 active operations; 155 volcanic materials leases, with seven active operations; 30 clay leases, with 10 active operations; 65 coal leases, with 10 active operations; 65 oil shale leases, with one active operation; six gypsum leases, with no active operations; and six industrial sand leases, with one active operation.

Description of the Opportunity - Background

The domestic minerals industry, particularly in Utah, has witnessed a gradual decline in activity and commodity price over the past several years. Oil and gas drilling statewide in 1993 declined by 42 percent from 1992 levels; 1994 saw further declines that appear to be continuing into 1995. The low price of crude oil and reduced

1. Board Business (cont'd)

e. Discussion of Mineral Unit (cont'd)

consumption of natural gas triggered by mild winters, combined with environmental restrictions and regulatory mandates, have caused many companies to invest exploration and development capital overseas. Nevertheless, opportunities continue to exist to optimize the mineral assets of the trust. The mineral section's primary vision in the years ahead is to create a partnership with the minerals industry - our customers - to achieve the mutually beneficial goal of optimizing and sustaining income from trust mineral resources. We will remain responsive to the minerals industry, but mindful of our undivided loyalty to the beneficiaries and continue to create short and long-term value for the trust.

Leasehold Status -- Currently, the minerals section oversees approximately 4.7 million acres of mineral trust lands. This presents unique challenges and opportunities in the minerals market segment. Trust land holdings are large and spread out enough to be involved in a multitude of opportunities. However, there are few situations where a consolidated land position affords a focused effort.

Approximately 1.6 million mineral acres are under lease. This represents 34 percent of the total trust land acres that are actually leased for mineral development. Of the 1.6 million acres under lease, approximately 190,000 acres or four percent are currently in production or held by other development (e.g., units, communitization agreements, etc.).

During the past three years, the minerals section has issued 1,329 leases on 877,286 acres; 825 leases comprising 584,123 acres were issued by over-the-counter sales; 504 leases on 293,163 acres were issued by simultaneous bid. Seventy-seven percent of the leases issued during this time period was oil, gas and hydrocarbon; 13 percent was issued for metalliferous minerals;; and the balance of mineral leases was issued for various other commodities we manage.

Over 60 percent of the mineral leases issued during the last three years have been by over-the-counter sales, on a first-come, first-serve basis. Over-the-counter mineral leases require payment of the first years rent (\$1.00/acre) and a \$30 filing fee. Approximately 40 percent of the mineral leases were issued competitively on a sealed high-bid basis. The average dollar/acre bonus varies greatly depending on commodity type and geological attractiveness.

1. Board Business (cont'd)

e. Discussion of Mineral Unit (cont'd)

The average bid price for competitive oil, gas and hydrocarbon leases (which represents the majority of competitively issued leases) has generally risen over the past five years. The last competitive sale held in March, 1995, had a lease purchased with a high bid of \$101.78/acre (which was a five-year low high-bid), while the average bid price was a five-year high of almost \$16.00/acre.

During the past five years, the minerals section has averaged three simultaneous lease sales per year. While competitive mineral lease sales on trust lands compare reasonably well with sales conducted by the Bureau of Land Management and sales in adjacent states, it is very apparent that lease bonus bids are determined on the geologic attractiveness of the acreage offered and overall market conditions.

The minerals section is continuing to review the rules governing the use and management of trust lands to improve our management of trust minerals and be more responsive to market conditions and our customers. For example, a major effort is currently underway by the minerals section to draft and promulgate rules governing coal leases. During the 1980's, the Board of State Lands and Forestry implemented a coal leasing moratorium for trust lands. Unfortunately, the coal leasing moratorium remains in effect. We are also re-visiting over-the-counter leasing rules, coalbed methane rules, readjustment of leases, reinstatement of cancelled leases, and various other issues.

Financial Overview

Goals -- The financial goal of the mineral section is to build a stable and expanding revenue base from the mineral commodities we manage. We strive to optimize short-term gains and protect the long-term asset base of the trust. We believe this can be achieved by actively marketing mineral properties, vigorously enforcing existing contractual rights, competitively leasing mineral commodities, attracting industry to trust lands for exploration and development of trust minerals, and creating a stable and consistent partnership with industry.

Revenue -- Mineral royalties, rental, and bonuses contributed \$12,849,528 to the trust revenue base during the last fiscal year.

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1. Board Business (cont'd)

e. Discussion of Mineral Unit (cont'd)

Expenditures -- The minerals section is budgeted \$373,800 for FY 1996 to cover salary, travel, expenses, and associated costs.

Business Strategy

Where to Compete -- The minerals section target market is the natural resource extractive industries. This group includes the oil and gas sector, coal, metals and various other industries that explore and develop natural resources.

How to Compete -- Because the target market of the minerals sector is well defined and the assets of the trust are for the most part static, the challenges to the minerals section are: (i) better understand the resource base we have, (ii) market those resources to our target market, and (iii) create a business environment that is favorable for the exploration and development of minerals. In addition, and when possible, the minerals section will identify and seek attractive mineral properties to acquire through exchanges.

Competitive Analysis -- As is true with most business sectors, the minerals industry is highly competitive. The extractive minerals industry is driven by market demands for mineral resources -- the trust corpus will continue to be limited by geology, location, and type of mineral commodities; however, industry also looks for a favorable business climate and oftentimes must be made aware of or even directed towards attractive mineral properties.

The minerals section is continuing to gain a better understanding of the resources we manage and also the markets in which we operate. One of the factors that we can immediately affect is the creation of a favorable business climate -- a partnership with industry. A primary goal of the minerals section is to become a more responsive partner and a more stable, consistent lessor for industry. We believe this can create a competitive advantage over federal lands, private lands, other states, and the international market.

Market Development -- To pro-actively manage the mineral assets of the trust and to attract industry to trust lands, the minerals section must continue to gain better knowledge of the commodities we manage. The minerals section will inventory mineral commodities

1. Board Business (cont'd)

e. Discussion of Mineral Unit (cont'd)

by geographic areas, analyze revenue by commodity and lease type, organize revenue sources, track mineral operations on trust lands, and foster a favorable business climate. This will be accomplished by developing a mineral marketing plan to create and/or enhance the value of mineral resources on trust lands. We then must communicate that value to industry by identifying, attracting, and targeting specific customers to develop those mineral resources.

Strategic Business Goals -- The realized value of the minerals trust corpus is essentially derived by a two-step process: first, leasing trust lands and, second, by the production of mineral resources from the leased lands. The minerals section provides 80 percent of the non-interest revenue to the trust. Production royalties provide 80 percent of the minerals section revenue, with royalty from oil, gas and hydrocarbons and coal making up 71 percent of the production royalty. Therefore, the first strategic goal involves increasing the number of acres under lease; secondly, and even more importantly, we must increase mineral production from trust lands. The minerals section believes that, to accomplish our strategic business goals, we must encourage leasing of trust minerals lands, continue to conceptualize new project areas, and develop new joint ventures and partnerships with our customers.

After the presentation by Mr. Cooper, the Board asked what resources he needed to continue this type of return on investments and increase them. He stated that maps, training, and out-sourcing of geologic information are some of the things that would be helpful.

The Director noted that this will be a pattern of the unit reports to the Board if it is an acceptable format to the Board. Board members noted that it was very acceptable. The Director inquired as to how often they would like a unit report. It was felt that the Triage committee would decide when to have unit reports. The Board would eventually like reports from all units. Mr. Gill noted this type of report provides the Board with what they are looking for in order that they may fulfill their policymaking role. He thanked the staff for this report.

2. Director's Report and Business -- Scott Hirschi

Director Hirschi introduced Dave Hebertson to the Board. He is the agency's Public Relations/Development Manager. He was previously employed by the Department of Natural Resources and will have the responsibility of being our media representative. He will have the primary responsibility of lobbying and will also have development responsibilities. One of his first assignments is the inventory process.

Doug Johnson introduced Susan Stewart, a revenue technician in our accounting department. She replaces Cary Chapman, who is going to the private sector. T.K. Plant, our Technical Support Supervisor, also resigned recently to take a job in the private sector, after being with us only three weeks.

We have interviewed for the St. George Realty Specialist position and have hired Richard Sangberg. He will start June 5. He will be introduced to our procedures by working a few weeks in our Salt Lake office before actually starting in the St. George office.

John Andrews, of the Attorney General's Office, will begin working as in-house counsel on July 1. We have received approval from the Attorney General's Office for him to take a leave of absence, and he will be able to represent our office as special counsel in the courts under this arrangement. Also, regarding the Attorney General's Office support, Steve Alder will no longer work for this agency. He will be replaced by Rick McBrier, who will be starting June 1. He will be assigned to work with trust lands. Mr. Alder will be working on the sovereign lands issues. Mr. Alder noted he will miss working with trust land issues. Mr. Hirschi noted also that our assigned Fiscal Analyst and the budget analyst in the Governor's office have both been changed. Stephen Ogilvie will be our assigned Legislative Fiscal Analyst, and Mel Parker will be assigned to work with us from the Governor's Office of Planning and Budget.

Mr. Hirschi discussed with the Board public opposition we are receiving regarding development of trust lands; i.e., Moab area, Utah Lake area, Washington County area, etc. He noted that public opposition to the development of trust lands is one of our greatest problems. There is much opposition to the development in Utah County, and the people feel like it should be stopped because it is on trust land. A local legislative representative and a local school superintendent called the Director to ask us to back away from this development project. We did get approval from the County on this project and are proceeding with it.

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2. Director's Report and Business -- Scott Hirschi (cont'd)

We have received an application for a lease adjacent to Winchester Hills in Washington County. We went through the notification process, notifying adjacent property owners. We received over 100 letters and many phone calls protesting this. We held a meeting for the public and told them as much as possible about the development. Ms. Hjelle was in attendance at that meeting. She stated the public felt we had no right to develop it. There were threats of violence and much criticism. She stated it was an eye opener for her; and, if this is going to the continued climate, it could be very politically damaging to us.

Mr. Hirschi showed the Board a map of a BLM proposal to exchange for the Sand Flat/Kayenta Heights area in Grand County. This area is already a developed residential area. We have received many phone calls and letters against this. We asked BLM to sponsor a meeting regarding this. It was attended by many angry people. At the Fremont Junction site where we want to develop a commercial site, there are problems also. Staff gave a good presentation to the County Planning Commission, who said they would approve it if it were private land, but would not since it was public land.

In Iron County, there is a proposal for using (without cost) trust sections for relocation of prairie dogs. We are opposing it. In Bryce Canyon, we are proposing some commercial development. We have had meetings in this area and have had about the same reception as in other areas.

In the City of St. George, we had 80 acres of trust lands, of which we sold 12 acres of that parcel. The individual who purchased the 12 acres got his land zoned R-3 and had our land changed to R-1. We are continuing to work with the City to get this zoning changed. Mr. Hirschi noted he brings these instances to the Board's attention to indicate that we have an up-hill battle to develop trust lands. Secondly, there is no end to the political pressure brought to bear against us to stop us from development. We need to be willing and able to deal with this and not bend or we will have to continue to bend. If we are going to bring in the revenues we are capable of generating, we need to overcome these pressures.

In Utah County, we will proceed; in Winchester Hills, we are proceeding; at Fremont Junction we are continuing to press for favorable consideration; in Iron County we will give only for a cost; in Bryce Canyon we will continue development through normal process; we will continue to pursue St. George City for a favorable

2. Director's Report and Business -- Scott Hirschi (cont'd)

reconsideration of the zoning issue. Mr. Hirschi noted we need to be diligent in facing this challenge so that in the future it will be easier to develop trust lands as they should be.

He noted there has been much discussion regarding leasing trust lands for hunting purposes. We have an application for this. This will be very controversial.

In Green River City we have a large piece of trust property on the East interchange. We have been trying to get water from Green River to the property. Recently, they approached us needing an easement across our property for a water line. We intent to give them the easement in exchange for the water right.

We recently became aware that Juab County is in the process of preparing a public lands master plan. We are, in their eyes, public lands; and they feel they have a right to determine what the use of our lands should be. They are not doing this on private lands. We have had a positive influence on this process and have them rethinking as to whether this is the proper approach.

Another sensitive item is that we have some environmentally sensitive parcels of property in Washington County that have been applied for lease. As we have looked at how to treat these, we have decided to offer these as "federal traders" -- we believe the highest and best use of these parcels is to sell them to the private sector, who will then offer them to the federal government for other properties. We don't intend to do cultural resource mitigation or a survey on these properties. We are better off to offer these property as they are rather than to do mitigation.

In Moab, we are doing a subdivision we call Lemon Lane. We expect some opposition on this. Mr. Nightingale stated he things we might not have much.

The Director quickly reviewed with the Board other items of interest; i.e., Grand County list of sensitive lands, which includes lands that have not been developed. We are opposed to this finding, but it is local governments which we depend on for services; and, therefore, we need to cooperate with them whenever we can.

2. Director's Report and Business -- Scott Hirschi (cont'd)

This last week we had the opportunity host a golf course development firm who came to Utah interested in developing golf courses. They have done numerous golf courses. We showed them lands in Moab, Bullfrog, and St. George. They expressed interest in Moab and St. George. This could be very beneficial to us. They do not develop land around the courses, but only the golf courses.

In Brian Head, they are doing some rezoning, including some of our property from commercial to residential. After visiting the property, we are comfortable with the rezoning. We have an application immediately adjacent to the newest golf course in St. George, Entrada. We have been negotiating with the county through the HCP process regarding lands that will be preserved and developed. If the county will change the line, we can have about 114 acres for development in lieu of 40 acres in this area.

We continue to pursue a proposed three or four-way exchange involving Snow Canyon and some private property. It continues to look like it will be positive for us. We are involved in the creation of a special service district for the purpose of supplying water to about 250 acres in Beaver County near Elk Mountain Ski Resort. The biggest problem we have in developing this area is water. We now have in place a special service district that will allow us to get water to our property. We have received an application for the balance of 1,000+ acres surrounding the Green Springs Golf Course, which is a planned community with residential and commercial property involved.

The HCP exchange in Washington County continues to move along slowly. We have been able to see some of the appraisals for some of the private lands. They are impressive. If we can get this kind of value out of our lands, it would be very good for us.

3. Lunch - Executive Session For Personnel Reasons

Harja / Hjelle. Unanimously approved.

"I move that the Board go into Executive Session for the purpose of discussing the character and competence of personnel."

3. Lunch - Executive Session For Personnel Reasons (cont'd)

Roll Call:

Mr. Harja -- yes	Ms. Liston -- yes
Mr. Hjelle -- yes	Mr. Nightingale -- yes
Mr. Peay -- yes	Mr. Gill -- yes

The Board went into Executive Session at 12:45 p.m. Those in attendance were Board members, Laurie Poulsen, Scott Hirschi, and Lynda Belnap. Later in the session, Mr. Hirschi and Ms. Belnap were asked to leave. The Board returned to open session at 1:35 p.m.

4. Overview of Trust Coal Resources -- Info Only

Due to time constraints, this issue was postponed.

5. Information Systems Report -- Dick Buist

Due to time constraints, this issue was postponed. It should be noted that Mr. Buist reviewed this report with Mr. Nightingale, of the Board Financial Committee, the previous day.

6. Discussion of Exchanging Trust Land For Public Lands --
Executive Session Required

Mr. Harja noted that it was the intent of the Board today to spend much time discussing trust lands that are embroiled in the wilderness issues. Hopefully, by the end of the day, the Board will produce a resolution stating its position on wilderness and some of the conditions that would be attached to exchanging trust lands out of wilderness areas.

Mr. Harja proposed that those in attendance give their views.

Ms. Margaret Bird noted that the Education Coalition passed a resolution last month regarding wilderness. They would like to urge the Board to: (1) pass a resolution stating the Board's position clearly; (2) have diversification in order to have better chances of getting good assets and resources; (3) have a specific "want" list of the lands the trust would like to acquire. They are fearful of a "process" because they are not sure a process will get trust lands out of wilderness areas. There is no incentive after the lands are designated wilderness to remove the trust lands.

6. Discussion of Exchanging Trust Land For Public Lands --
Executive Session Required (cont'd)

There are always problems with values, as the lands inside wilderness have been there for decades; and, therefore, no activity has occurred on them in order to help establish value. She noted they have heard some environmentalists state that these lands have inordinate value for solitude. The appraisal process does not give value for solitude. They would advocate that wilderness and solitude value be exchanged for school dollars.

Married Horton, President of Utah State PTA, stated she also chairs the Education Coalition, representing all the education family in the state. The position of the Coalition and the PTA is that they would be supportive of the designation of lands to be traded out and that they should be listed in the bill so that they would know that we would have value coming from the trade.

Mr. Grant Hurst, of the State Board of Education, stated they believe the children of the state have a prima facia case for holding hostage this process. They have participated in the process making sure there was a board representing the school children's interests. The Board of Education has great confidence in this Board's capability to solve this problem. They hope that as a Board they will hold the issues to a finite definition. The Board and staff know what the values are and what should be traded. if Congress won't trade like that, they recommend the trust just sell the trust lands within wilderness to the federal government. He noted the Board of Education supports the Board's process in this issue. They hope that will place equity in this process -- not a policy of equity, but a demonstration of equity.

Ms. Hjelle noted that fundamentally the Board has a fiduciary duty. She has a concern that they make decisions and then later it is said they were not well enough informed to exchange one piece of property for another and did not do a good job. Ms. Bird stated you can't second-guess what you don't know, so we have to rely on what we do know.

Mr. Harja noted the specific "want" list has always been targeted as an inclusion. We need to have a list and make it as specific as possible. We need to talk about those specific targets and the values we know some of the federal lands have. He noted that it is no secret that one of the sites many people want the trust to obtain is the Smokey Hollow site. Therefore, he asked Dave Shaver to brief the Board on this site.

6. Discussion of Exchanging Trust Land For Public Lands --
Executive Session Required (cont'd)

Mr. Shaver gave the Board members a brochure on the Smokey Hollow project and reviewed it with them. He noted they have been working with Kane County in getting easements, permits, etc. In recognizing there were many trust sections in this area, they wanted to make sure the education community knew what was at stake for them if the lands were developed. Many of those people have toured the site. Mr. Shaver stated that, when they were asked to participate in an exchange, they wanted to make sure a couple of provisions were met: (1) the lease rates and terms would not exceed those of the federal government; and (2) the percentage of royalty would still go to Kane County as it would have had it remained in federal ownership. He stated he feels the fate of the Kaiparowits coal field as a resource to the state and trust should be the concern of this Board. It is the most extensively drilled property in the State of Utah as far as coal core holes. The coal industry in Utah is the most healthy it has ever been. There are two primary coal fields in Utah, one of which is the Kaiparowits. They feel the coal in southern Utah is really the future of the State. He noted that efforts at Smokey Hollow are based on the viability in mining this area; and, whether Andalex succeeds or fails, there will be mining at some point on the Kaiparowits. He stated he is available today to answer any questions the Board might have regarding this site.

Harja / Peay. Unanimously approved.

"I move that we go into Executive Session for the purpose of discussing valuation of real estate and litigation matters."

Roll Call:

Mr. Harja -- yes	Ms. Liston -- yes
Mr. Hjelle -- yes	Mr. Nightingale -- yes
Mr. Peay -- yes	Mr. Gill -- yes

The Board went into Executive Session at 2:35 p.m. Those in attendance were the Board members, Scott Hirschi, Kevin Carter, Rick Wilcox, Laurie Poulsen, John Davis, Jim Cooper, Dave Hebertson, Lynda Belnap, Margaret Bird, John Andrews, and William Christensen. After some discussion in Executive Session, everyone was asked to leave except the Board members, Ms. Poulsen, Mr. Hirschi, Mr. Davis, and Mr. Christensen. The Board returned to open session at 5:05 p.m.

6. Discussion of Exchanging Trust Land For Public Lands --
Executive Session Required (cont'd)

Mr. Harja explained that there were no votes taken in Executive Session. He read a proposed resolution for adoption in concept by the Board. If adopted in concept, it would be put into proper order and faxed to the Board for final review. The Board will then have a conference call meeting tomorrow regarding the adoption of a final resolution before actually adjourning this meeting.

Harja / Hjelle. Unanimously approved.

"I move that we approve the concept of this resolution and fax it to the Board and that the Board hold a telephonic meeting tomorrow at 3:00 p.m., and that this meeting will be in recess until that time."

Roll Call:

Mr. Harja -- yes
Mr. Hjelle -- yes
Mr. Peay -- yes

Ms. Liston -- yes
Mr. Nightingale -- yes
Mr. Gill -- yes

It was noted that anyone interested in attending the meeting on May 24 could do so. It will be held in the same place as the original meeting.

NOTE: On another issue, Mr. Carter gave the Board a copy of a fax he has received from Mr. John Paul Kennedy, who is working on the Inholdings Exchange issue. This concerned a proposed amendment to the Utah Schools and Land Improvement Act of 1993 regarding lands proposed to be transferred from the State to the federal government in trust for the Goshute Tribe. Mr. Kennedy had asked that the Board be informed of this issue and asked if they had a position on it. Board members expressed no opinions on this issue at this time.

6. Discussion of Exchanging Trust Land For Public Lands --
Executive Session Required (cont'd)

MAY 24, 1995 -- 3:00 p.m.

Board Meeting of May 23, 1995, resumed. Those Board members and staff in attendance in the room were: Ruland Gill, John Harja, Louise Liston, Skip Nightingale, Don Peay, Kevin Carter, Jim Cooper, Dave Hebertson, Rick Wilcox, and Lynda Belnap. In attendance by telephonic connection were Barbara Hjelle and Scott Hirschi. Others in attendance were: Laurie Poulsen, John Kirkham, Carol Lear, Laura Lund, Margaret Bird, and Doug Bates.

Mr. Gill called the meeting back to order after recessing from the previous day. The resolution was presented to the Board for discussion. It was discussed among those present at some length and some modifications made. The resolution was presented in final form as attached to these minutes.

Liston / Hjelle. Unanimously approved.

"I move that we approve the resolution as finally amended and that we authorize Mr. Gill and Mr. Harja to make minor, non-substantive changes to conform with the sense of the Board."

Roll Call:

Mr. Harja -- yes	Ms. Liston -- yes
Mr. Hjelle -- yes	Mr. Nightingale -- yes
Mr. Peay -- yes	Mr. Gill -- yes

Ms. Hjelle requested that Mr. Harja send proposed bill language to the Board for review before it is introduced if possible.

Meeting adjourned at 3:55 p.m.

RESOLUTION

No. 95-01

The Board of Trustees of the School and Institutional Trust Lands Administration hereby adopts a resolution concerning School Trust Lands as they pertain to the issue of wilderness .

WHEREAS, the Utah Enabling Act granted the school trust lands for the financial support of the common schools in Utah; and

WHEREAS, the Board of Trustees of the School and Institutional Trust Lands Administration of the State of Utah must comply with its responsibilities under the Enabling Act, Constitution and laws of the State of Utah; and

WHEREAS, the laws of the State of Utah and principles of trust management require the Board of Trustees to set policies for the management of the School and Institutional Trust Lands Administration that:

- (i) reflect undivided loyalty to the beneficiaries consistent with fiduciary duties;
- (ii) require the return of not less than fair-market value for the exchange of school and institutional trust assets;
- (iii) optimize trust land holdings consistent with the balancing of short and long-term interests, so that long-term benefits are not lost in an effort to maximize short-term gains;
- (iv) maintain the integrity of the trust and prevent the misapplication of its lands; and

WHEREAS, the land-management policies of the Federal Government under the Federal Land Use Policy and Management Act (FLPMA) and other federal laws have become *de facto* restrictions on the development of natural resources on Federal lands and have prevented development of school trust lands -- in direct conflict with the legal mandates imposed on this board by the Enabling Act, the State Constitution and State laws; and

WHEREAS, Utah's Congressional delegation and Governor are working to introduce a bill to designate wilderness areas on Bureau of Land Management lands in the State of Utah; and

WHEREAS, all areas so designated as wilderness will capture and impact school trust lands; and

WHEREAS, courts have consistently held that access must be provided across federal lands to trust lands where trust activities so require; and

WHEREAS, such access routes to trust lands inheld within or adjacent to wilderness areas would conflict with or destroy the purposes for which the wilderness areas were designated; and

WHEREAS, virtually all revenue-producing activities are either prohibited or greatly restricted within wilderness areas; and

WHEREAS, the use to which trust lands must be put are inconsistent with wilderness management and values; and

WHEREAS, past federal designations of National Parks, National Monuments, National Recreation Areas, National Natural Landmarks, forests under the control of the U. S. Forest Service, military installations and extensions of Indian Reservations have created unresolved school trust-land inholdings of hundreds of thousands of acres which subsequently provided minimal support for schools and deprived the trust of the opportunity of increasing the value of those inholdings; and

WHEREAS, the trust has had to seek redress for the creation of the inholdings, at great cost to the trust, thereby removing funds from the budget for education in Utah; and

WHEREAS, the bill to designate wilderness for Bureau of Land Management lands in Utah now being considered by the Utah Congressional delegation presents an opportunity to meet the statutory requirements for increasing value of the trust lands by repositioning into areas which have revenue-producing capabilities; and

WHEREAS, the bill presents an opportunity to relieve the trust from the requirement to fund the federal mandate of wilderness designation through either direct expenditure or loss of opportunity.

THEREFORE, BE IT RESOLVED, that the Board of Trustees, exercising its statutory role, hereby requests the Congressional delegation from Utah use its best efforts to include language in the text of the BLM wilderness legislation which would do the following:

1. Exchange trust lands within, and trust lands adjacent to

designated wilderness areas if the wilderness boundary creates a partial section, for a specified list of federal lands containing a diverse set of resource-development opportunities;

2. Direct the Secretary of the Interior to immediately prepare the necessary documents of transfer for the specified lands and convey the lands, subject to valid existing rights, to the State of Utah within a time certain;
3. Provide for Board acceptance of final value of the lands before conveyance;
4. Provide for a determination that the state and federal lands to be transferred are of approximate equivalent value;
5. Provide that a list of all encumbrances known to the federal government for the federal lands to be conveyed is provided to the trust within a time certain, and provide for a process to compensate the trust for the lost value of those encumbrances, value to be determined by the trust;
6. Recognize the right of the State of Utah to payments from mineral and timber development activities on federal lands, and recognize that the determination of approximately equivalent value must include this right;
7. Provide for determinations that the exchange provisions of the bill:
 - (i) are exempt from the provisions of the National Environmental Policy Act; and
 - (ii) satisfy the requirements of Section 206(a) of the Federal Land Policy and Management Act requiring the exchange to be in the public interest;
8. Provide for the recognition that the trust is acquiring the federal lands for purposes of development and that the lands are suitable for these developments;
9. Provide for acknowledgment of the trust's right to access all its lands for the purposes for which they were granted;
10. Provide for recognition that water is requisite for development and that a federally reserved water right for wilderness areas is not in the best interests of the State or the school trust;
11. Provide that trust lands near the designated wilderness area may be used for the purposes for which they were granted and that any activity

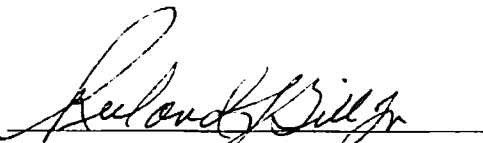
generated by those purposes will not be affected by their proximity to wilderness areas:

12. Provide that the designation of certain wilderness areas releases all other areas to all the other non-wilderness multiple uses; and

13. Provide that inspections for the presence of hazardous materials shall be conducted, within a time certain, the information obtained shared between the State and the federal agency, and that liability that may exist under law for any material found shall remain with the present owner.

Adopted this 24th day of May, 1995.

acting


Chair, Board of Trustees