

The Board of Trustees  
of the  
School and Institutional Trust Lands Administration

X New Policy                      Amends Policy \_\_\_\_\_                      Repeals Policy No. \_\_\_\_\_

Policy Statement No. 2012-02

Environmental Compliance

*The Board of Trustees of the School and Institutional Trust Lands Administration met in open, public session on 8 November 2012, and by majority vote declares the following to be an official policy of the Board:*

WHEREAS, the Utah Trust Lands Management Act provides guiding fiduciary principles for the management of school and institutional trust lands; and,

WHEREAS, these fiduciary principles include undivided loyalty to, and a strict requirement to administer the trust corpus for the exclusive benefit of, the trust beneficiaries, and requires management of the trust lands in the most prudent and profitable manner possible, and not for any purpose inconsistent with the best interests of the trust beneficiaries; and

WHEREAS, in exercising its fiduciary duty, the School and Institutional Trust Lands Administration (the "Administration") is directed to consider both income for current beneficiaries and preservation of trust assets for future generations of trust beneficiaries, which requires a balancing of short and long-term interests so that long-term benefits are not lost in an effort to maximize short-term gains; and

WHEREAS, the Administration's land management activities are directed toward deriving the optimum revenue from the use of school and institutional trust assets and lands; and

WHEREAS, a good and open relationship and working environment between the Administration and the lessees, permittees, and other users of trust assets and lands (the "Customers") is important to the continued successful management of, and financial success enjoyed by, the Administration for the exclusive benefit of the trust beneficiaries; and

WHEREAS, the management and use of trust assets and lands requires compliance with all applicable health, safety, and environmental laws and regulations.

IT IS THEREFORE THE POLICY OF THE BOARD OF TRUSTEES THAT:

1. The Administration and its contractors will comply with all applicable health, safety and environmental laws and regulations.
2. The Administration will require the Customers to comply with all applicable health, safety and environmental laws and regulations.
3. Where appropriate or necessary, the Administration will provide support and guidance to the Customers to facilitate their compliance with all health, safety and environmental laws and regulations, and for the implementation of appropriate health, safety and

environmental management practices on trust lands through regulations, lease terms and conditions, and through the coordination of enforcement efforts.

4. The Administration will fully coordinate and cooperate with all state, local and federal regulatory agencies, as appropriate, to ensure compliance with health, safety and environmental laws and regulations directly applicable to trust lands.
5. It is important to the continuing and positive relationship between the Administration and the Customers that the resource working groups (Oil and Gas, Mining, Surface, and Development) which manage the respective activities on trust lands maintain exclusive contact with the Customers. Consequently, Customer compliance with health, safety, and environmental requirements will be administered through the respective working group. Any variance to this practice must be approved by the Director to be in the best interests of the trust beneficiaries.
6. To properly coordinate health, safety and environmental compliance, the Administration should: (a) compel self-regulating health, safety and environmental compliance; (b) bridge any gap in the inspections, compliance measures, information sharing and other activities involving regulatory agencies that have jurisdiction or authority over any health, safety and environmental issue while avoiding duplicative oversight and unnecessary costs; (c) on a case-by case basis, require periodic reporting on a health, safety or environmental matter by any Customer if deemed appropriate or necessary by the Director; and (d) whenever possible, seek to maintain a positive working relationship with the Customers.
7. The Administration may, as determined by the Director to be in the best interests of the trust beneficiaries, conduct regular training on health, safety, and environmental compliance and appropriate management practices so that employees and contractors are trained to recognize potential health, safety, and environmental risks and can assist with the identification of the appropriate corrective actions.
8. Administration employees and contractors are expected and required to report known or suspected issues of non-compliance with applicable health, safety and environmental laws and regulations fully and in a timely manner to management of the Administration.
9. The Administration shall provide to the Board a written report during the first calendar quarter of each year, and periodically thereafter if deemed appropriate or necessary by the Director, explaining the basic framework for health, safety and environmental compliance, and a risk analysis of any material health, safety and environmental issue or concern for any existing or anticipated activity involving trust assets or lands.

This policy is intended to guide the Administration and its employees in the management of trust assets and lands in compliance with the Administration's constitutional and statutory requirements and applicable law. It is not intended to create enforceable legal rights for any Customers, governmental agencies, private companies, individuals, groups, or other parties.

By the Board

  
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Daniel C. Lofgren, Chairman