

FY2019



**Utah Land Trusts
Protection &
Advocacy Office**

Annual Report

Utah School and
Institutional Trust System
Fiscal Year 2018-2019



Message from the Director

More than 124 years ago, at statehood, lands were granted in trust for the benefit and support of several of the most important public purposes and institutions in the state of Utah. Expectedly, these values—public and higher education, mental and physical health, juvenile support and rehabilitation, institutes for the deaf and blind, water storage and sustainability, and housing government activities—persist among Utah’s primary commitments today. While the importance of these interests to the state of Utah has not changed, there are constant and evolving threats to the trust lands dedicated to supporting these purposes.

The strongest voices in protecting, sustaining, and growing trust lands and trust funds are the voices of our school children, young adults seeking to better themselves and our State, and disadvantaged residents in need of varying types of support. These voices become more powerful when unified and organized. The Utah Land Trusts Protection & Advocacy Office (Protection & Advocacy Office) was established for this remarkable purpose – the unification and institutionalization of beneficial interests of the school and institutional trusts.

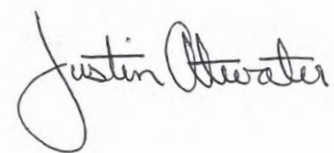
As a full-time advocate with undivided loyalty to trust beneficiaries, the Protection and Advocacy Office protects beneficiaries against any goal that is inconsistent with the inherent purposes of the trusts. The Protection & Advocacy Office is dedicated daily to protecting current and future beneficiary rights and interests by advocating for 1) productive use and optimization of revenue to all trust beneficiaries from school and institutional trust lands, and 2) prudent and profitable investment of trust funds.

The Protection & Advocacy Office has a focused approach toward promoting trust beneficiary interests by facilitating open communication among key individuals and organizations, advocating for legislative change that best serves the interests of the trust beneficiaries, and educating the public regarding the Utah School and Institutional Trust Lands System.

We are pleased and honored for the opportunity to serve you, the beneficiaries of the Utah school and institutional trusts. Much has been written about the Utah School and Institutional Trust Lands Administration (SITLA), and the Utah School and Institutional Trust Fund Office (SITFO), and their achievements are outstanding. The Protection & Advocacy Office completes the circle and early vision of the sponsors and creators of SITLA – a system of checks and balances surrounding undivided loyalty to current and future beneficiaries.

With the aid of the state treasurer and the Protection & Advocacy Committee, the Protection & Advocacy Office’s inaugural fiscal year (2019) was full of opportunities to achieve its purpose. We are committed to relentless advocacy and protection of the trusts’ beneficial interests, and we will continue developing an environment of cooperation by providing responsible, undivided advocacy for the preservation, stability and growth of the trust assets for years to come.

We hope you enjoy this annual report, and we look forward to the unlimited potential and future of the School and Institutional Trust System.



Justin J. Atwater
Director



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Protection & Advocacy Office FY2019 Highlights

1. Appointed Protection and Advocacy Office director and hired staff.
2. Established Protection & Advocacy Office location and infrastructure.
3. Met with all beneficiary contacts and introduced the Protection & Advocacy Office Mission.
4. Created beneficiary general asset information dashboard.
5. Created annual beneficiary distribution report.
6. Drafted and negotiated the trusts' first multi-beneficiary project policy.
7. Prepared first all beneficiary annual report.
8. Presented trust message at PTA, SBO, Superintendent’s Association, etc.
9. Participated in Trust Advisory Committee meetings, representing trust beneficiaries.
10. Participated in SITLA and SITFO board meetings and other agency gatherings and discussions.
11. Advocated and promoted new approaches to revenue generation and asset tracking within SITLA.

The Trust System

Undivided Loyalty & Fiduciary Duty

Three state agencies and one constitutional officer (the state treasurer) share trustee and fiduciary responsibilities for land management, fund investment, distributions, advocacy, and administration of each beneficiary's trust. Each agency works independently to ensure integrity, growth, and protection of Utah's trust lands and funds to benefit the designated beneficiaries.

Land Management

SITLA manages Utah's nearly 3.4 million surface acres and 4.5 million subsurface acres of school and institutional trust lands, depositing revenue into the trust funds.

SITLA - School & Institutional Trust Lands Administration
675 E 500 S, Suite 500 Salt Lake City, UT 84102



Fund Investment

SITFO invests the nearly \$2.6 billion permanent funds investment portfolio, distributing constitutionally mandated amounts each year to the trust beneficiaries.

SITFO - School & Institutional Trust Funds Office
200 E So. Temple, Suite 100
Salt Lake City, UT 84111



Trust Advocacy

The Land Trusts Protection & Advocacy Office, created in 2018 by the Utah Legislature, protects trust assets by monitoring trust activities and advocating for trust growth and preservation.

Land Trusts Protection & Advocacy Office
675 E 500 S Suite 340 Salt Lake City, UT 84102



Trust Beneficiaries

- Public Schools Trust
- Utah State University
 - Agricultural College Trust
- Utah Schools for the Deaf Trust
- Utah Schools for the Blind
 - Institution for the Blind Trust
- Utah State Hospital Trust
- Miners' Hospital Trust
- Colleges of Education Normal Schools Trust
 - Benefiting colleges of education at: University of Utah, Dixie State University, Southern Utah University, Utah State University, Utah Valley University, and Weber State University
- Reservoirs Trust
- School of Mines Trust
- University of Utah Trust
- Public Buildings Trust
- Youth Development Center
 - Reform School Trust



Advocates for productive use of and optimal revenue from trust lands and prudent and profitable investment of trust funds and protects the best interests of the trust and beneficiaries.

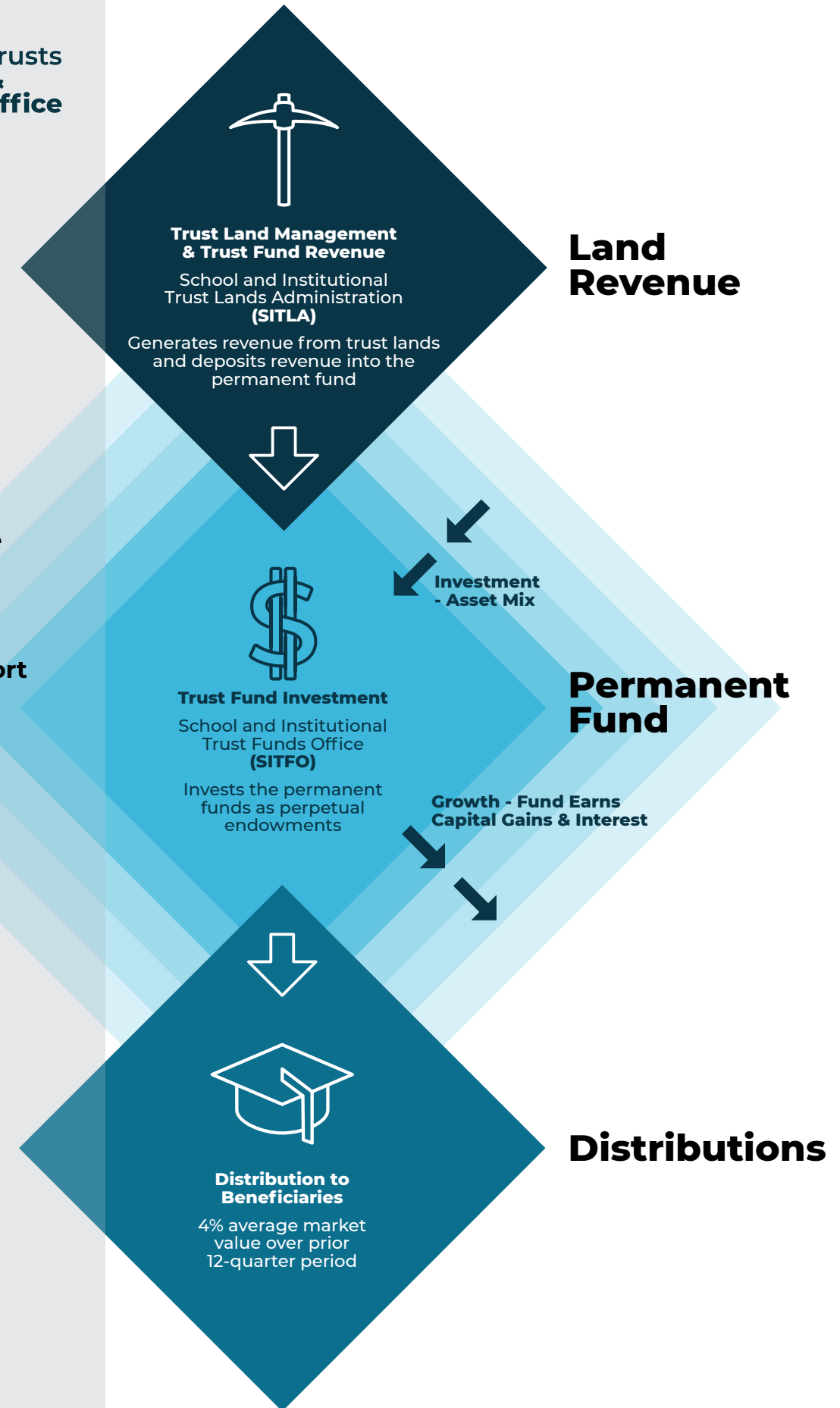
Maintain Trust Goals and Purpose

Stay Informed, Account, and Report

Relationships and Communications Between Trust Organizations and Beneficiaries

Represent and Protect Beneficiaries

Political Advocacy



Land Trusts Protection & Advocacy Office

Mission & Responsibilities



1. Represent and protect with undivided loyalty to current and future beneficiaries in advocating for:

- Distribution of trust revenue to beneficiaries
- Generation of trust revenue for future beneficiaries
- Productive use of and optimal revenue from school and institutional trust lands by SITLA
- Prudent and profitable investment of trust fund by SITFO
- Effective distribution of funds to public schools through the School LAND Trust Program
- Optimization of revenue to all trust beneficiaries
- Efficient use of trust budgets for trust beneficiaries



2. Advocate against the state using a trust asset to pursue a state goal inconsistent with trust purposes



3. Advocate for legislative change that reflects the interests of beneficiaries



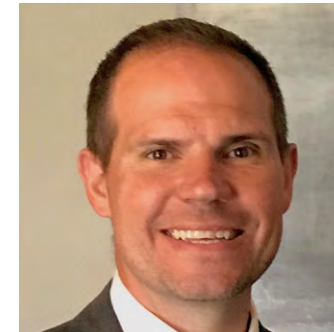
4. Stay informed, account, and report



5. Direct relationships and open communication with trustees, respond to external requests about information regarding SITLA & SITFO, recommend audits, train the public, speak on behalf of beneficiaries with media and at board meetings (UCA 53D-2-1)



Utah Land Trusts Protection & Advocacy Office



Justin Atwater
Director



Melvin R. Brown
Committee Chair



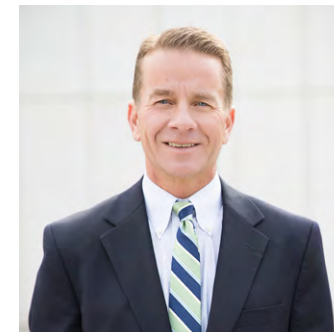
"The recently formed Land Trusts Protection & Advocacy Office will benefit Utah's education programs now and for years to come."
-Utah State Treasurer, David Damschen



Paula Plant
Committee Member



Thomas Bachtell
Committee Member



Steven Ostler
Committee Member



Brigham Tomco
Committee Member

Land Trusts Protection & Advocacy Office

The Lands Trust Protection & Advocacy Office, under direction of the Protection & Advocacy Committee, and state treasurer acts in a fiduciary capacity on behalf of all trust beneficiaries.

Established by statute in 2018, the Protection & Advocacy Office is an advocate, protector, and representative of the Utah school and institutional land trusts.

The Protection & Advocacy Office protects the best interests of the trust beneficiaries and advocates for productive use of and optimal revenue from trust lands and prudent and profitable investment of trust funds.

The five-member Protection & Advocacy Committee

The committee is comprised of individuals selected by the SITLA Board, the SITFO Board, the state treasurer, and the State Board of Education. All committee members must be individuals who have demonstrated a commitment of time and loyalty to the purposes of the trusts.

School & Institutional Trust Lands Administration



Mission

Administering trust lands prudently and profitably for Utah's school children and other trust beneficiaries.

Background

Since its inception in 1994, the Utah School and Institutional Trust Lands Administration (SITLA) has generated \$1.96 billion for the 12 beneficiary trusts. The agency is responsible for managing the lands and revenues generated from Utah's 3.4 million acres of surface trust lands and 4.5 million acres of subsurface trust lands for the financial support of the trust beneficiaries.

SITLA Responsibilities

- Manage trust lands for the financial support of trust beneficiaries
- Optimize trust land revenues and values balancing short and long-term interests of the beneficiaries
- Ensure that no less than fair-market value be received for the use, sale, or exchange of trust lands
- Manage trust lands for their highest and best trust land use
- Where prudent by exchange, upgrade trust land assets

SITLA Board of Trustees

The SITLA Board of Trustees provides oversight of the state trust lands in Utah. The SITLA Board consists of seven members who are appointed by the governor with the consent of the Senate. The trustees are experienced professionals with outstanding qualifications pertinent to the purposes and activities of the trust; nominated by a robust and independent process outlined in statute. A full-time staff of 70 manages and operates the day-to-day functions of SITLA under the direction of an appointed director.

State law requires that the board represents the following areas of expertise: non-renewable resource management or development and renewable resource management or development, and real estate. Other qualifications that are pertinent to board members' expertise include: business, investment banking, finance, trust administration, asset management and the practice of law in renewable, and non-renewable resources management, or business.

Lines of Business

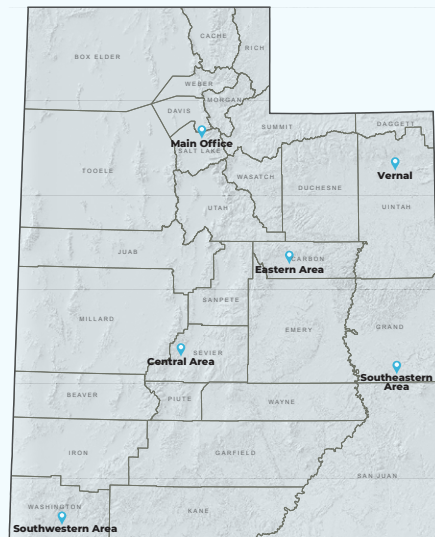
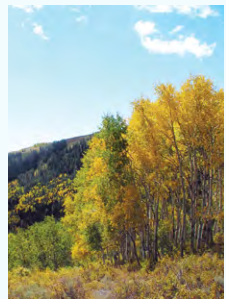
- Land Sales
- Surface and Agriculture (grazing, forestry, special use leases, rights of way, renewable energy)
- Oil and Gas
- Real Estate Development
- Mining (limestone, gypsum, coal, precious metals, and more)

Use & Disposition of Trust Lands

The trust lands granted under the enabling act were entrusted to the state of Utah to be used to generate a perpetual source of revenue and support exclusively for the benefit of the trust beneficiaries. The beneficiaries do not include other governmental institutions or agencies, the public at large, or the general welfare of the state. They are not public lands.

Revenue from energy, mining, real estate development, surface leases, easements, and land sales on these lands support 12 trusts for education, hospitals, and universities. This revenue (minus expenses), gets deposited into permanent funds for each individual state beneficiary institution.

SITLA Office Locations



SITLA | Salt Lake City

Salt Lake City, UT 84102
Main Office: Administrative; Oil, Gas & Minerals, Surface; Real Estate Planning & Development

SITLA | Vernal

Vernal, UT 84078
Administrative; Surface, Oil & Gas

SITLA | Eastern Area

Price, UT 84501
Surface

SITLA | Southwestern Area

Washington, UT 84780
Real Estate Planning & Development

SITLA | Central Area

Richfield, UT 84701
Surface

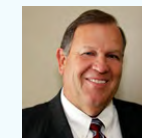
SITLA | Southeastern Area

Moab, UT 84532
Surface; Real Estate Planning & Development



Lonnie M. Bullard

(Board Chair) Background: Finance, real estate development, and commercial construction



Roger E. Barrus

(Vice Chairman) Background: Oil and gas, real estate development, business management, and legislative service



Donald G. Foot

Background: Metallurgical engineer, corporate development, and management



W. Richards Woodbury

Background: Real estate development, planning, and management



David Donegan

Background: Board Member of SOGC and Wolf Midstream Company, which developed and operates a crude gathering system in West Texas



Warren H. Peterson

Background: Land use planning and management, natural resource law



Michael Mower

Background: Coordinating state planning and public lands initiatives



School & Institutional Trust Funds Office



Mission

To responsibly maximize the return on the invested principal of the school and institutional trusts for the current and future benefit of Utah's education programs.

Background

The School & Institutional Trust Funds Office (SITFO), an independent government agency created by the Legislature in 2014, administers the investment of earnings received from SITLA, derived from the sale and/or lease of trust lands.

SITFO invests the nearly \$2.6 billion permanent funds in a manner that supports distribution policy in perpetuity while providing for inter-generational equity between the current and future beneficiaries. SITFO manages each trust investment with the same asset allocation for the benefit of each trust beneficiary.

Policy for the Investments and Beneficiary Distributions

In overseeing the \$2.6 billion endowment fund, it is the policy of SITFO to make long-term strategic allocations and avoid making tactical shifts. The current strategic asset mix of the fund is shown below. SITFO's expected long-term return of this asset mix, after inflation, is approximately 5%. Given the time horizon of the trust, SITFO believes the risk of falling short of this goal is of greater consequence than the potential for excess return.

Distributions to trust beneficiaries are subject to a fixed formula determined by the Utah Constitution and outlined in statute. The distribution formula is intended to balance the needs of current and future beneficiaries and provide predictable and sustainable distributions from year to year.

SITFO Responsibilities

- Manage and invest the trust funds
- Diversify the investments of trust fund money and assets
- Make sound decisions based on objective research and sound portfolio theory



Board of Trustees

SITFO has a five-person Board of Trustees, with the state treasurer as chairperson. The trustees are experienced investment professionals nominated by a robust and independent process outlined in statute. SITFO has four full-time staff members responsible for the day-to-day management of the trust investments.

In addition to the investment professionals at SITFO, the board retains an institutional investment consulting firm to work with the board and SITFO staff to develop and implement the agency's investment program.

David Damschen

Utah State Treasurer
Chair, Board of Trustees

Kent A. Misener

Vice Chair, Board of Trustees

David R. Nixon

Board of Trustees

John Lunt

Board of Trustees

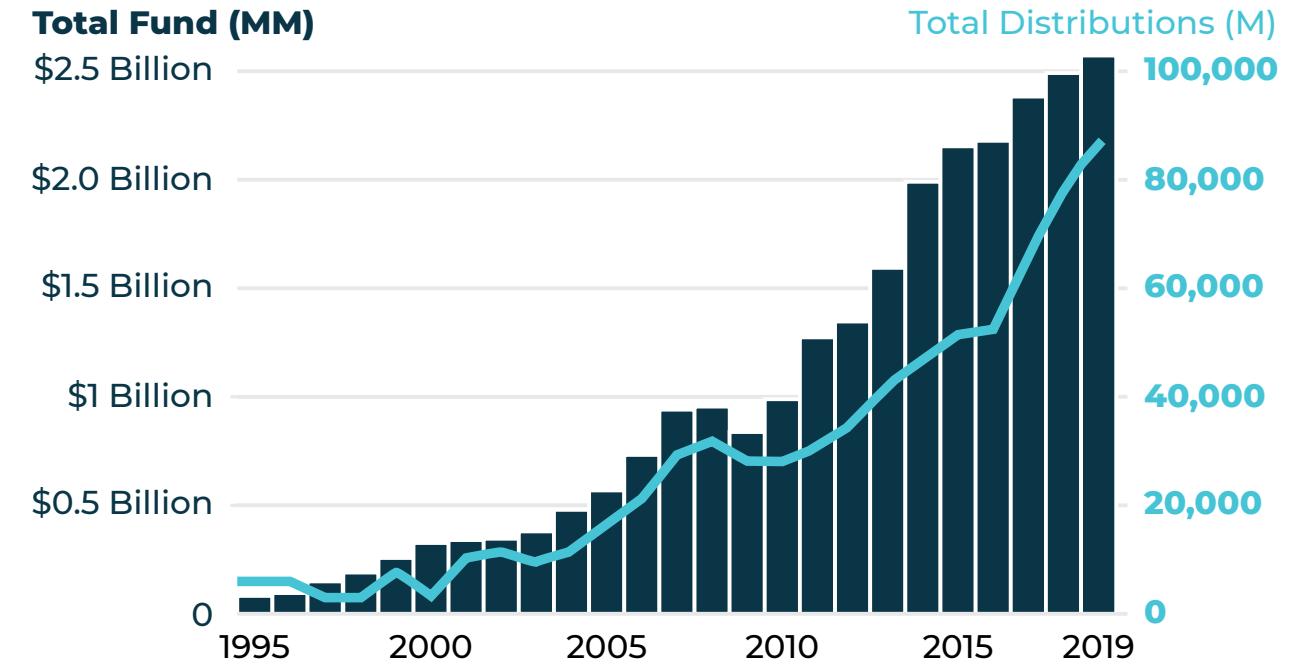
Jason Gull

Board of Trustees

SITFO Portfolio

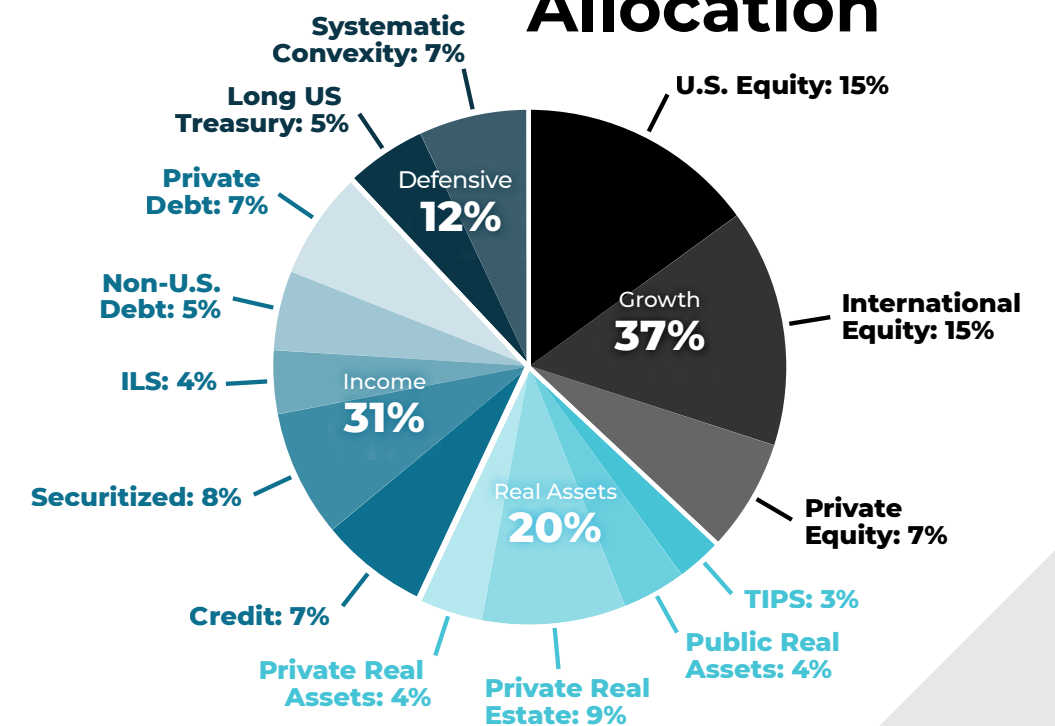


Historical Distributions vs Market Value

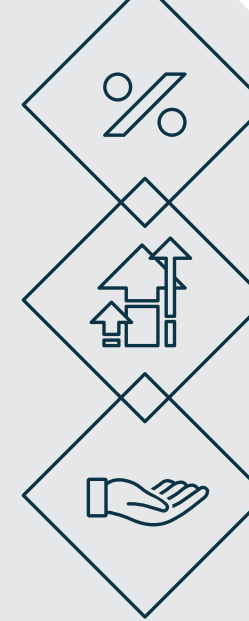
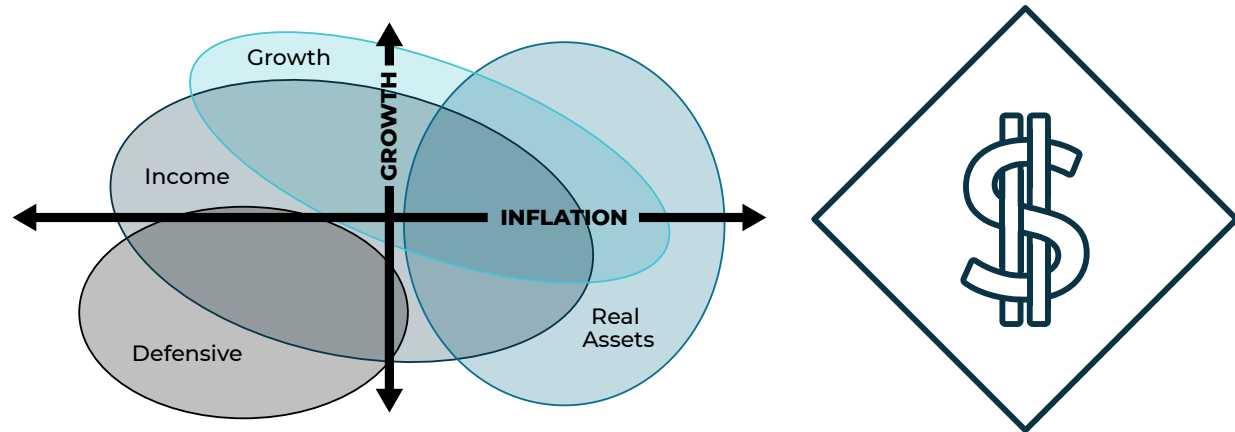
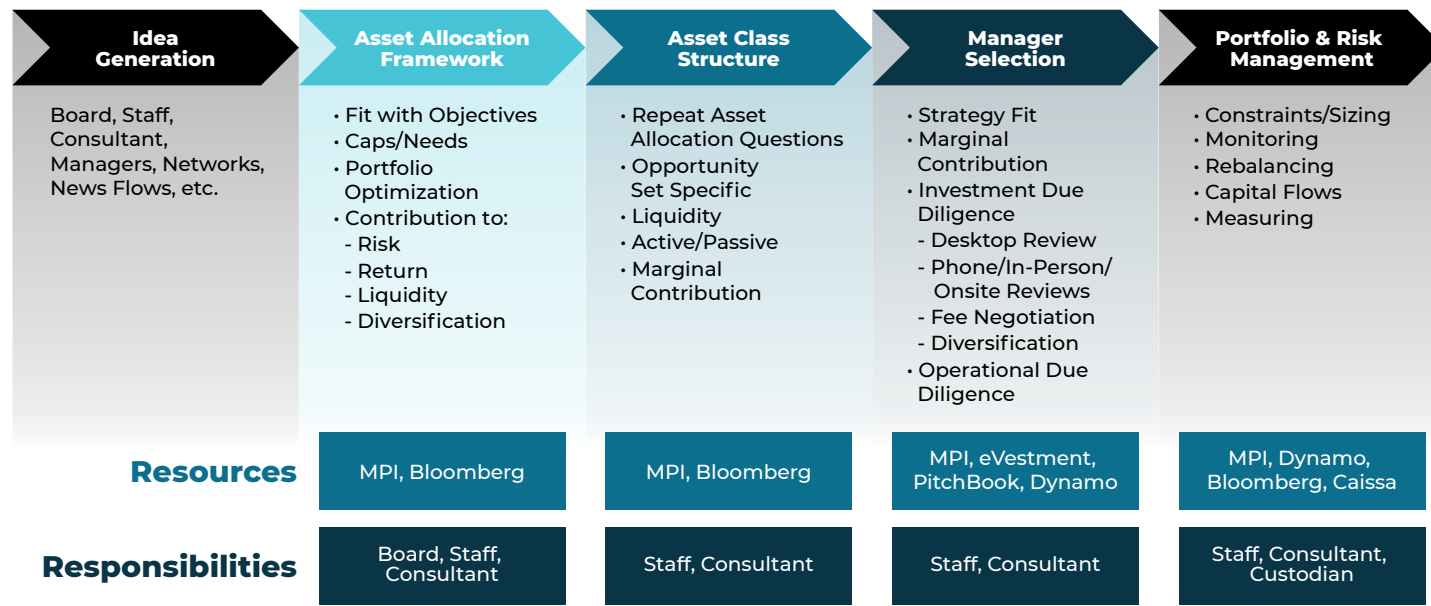


	FY2019	3 Year Annualized	5 Year Annualized	10 Year Annualized
Total Fund	3.70%	6.10%	4.90%	9.50%
CPI +5%	6.90%	7.30%	6.60%	6.80%
Policy Index	4.70%	6.20%	4.80%	9.30%

Asset Allocation



SITFO Investment Process Elements & Application



Trust Assets & Financials

The trust assets and financial summary information provided herein is a compilation of information gathered from SITLA and SITFO. For more detailed information, please visit the SITLA and SITFO websites respectively.

SITFO Objectives, Goals & Policies

Investment objective: CPI +5%

- 10-year inflation estimate at ~2.2% (long term average ~3.3%)
- Targeting marginally higher than 7.2% to offset estimation errors in assumptions (fees, inflation, etc.)
- Given the time horizon of the trust, SITFO believes the risk of falling short of this goal is of greater consequence than the potential for excess return.



Trust Beneficiary Assets

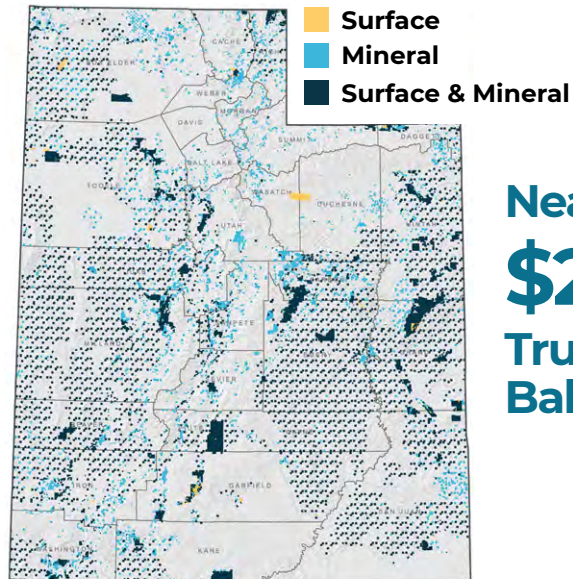
Trust Beneficiary Asset Schedule*

Beneficiary	Acreage -Surface	% Acreage -Surface	Acreage -Mineral	% Acreage -Mineral	Total Permanent Fund Balance	% Total Permanent Fund
Public Schools Trust	3,264,891.17	96.82%	4,132,249.16	92.71%	\$2,465,465,555	95.38%
Utah Schools for the Deaf Trust	4,773.38	0.14%	11,641.64	0.26%	\$2,676,284	0.10%
Utah Schools for the Blind (Institution for the Blind Trust)	455.55	0.01%	12,412.17	0.28%	\$21,693,236	0.84%
Youth Development Center (Reform School Trust)	19.18	0.00%	9,056.39	0.20%	\$1,348,869	0.05%
Utah State University (Agricultural College Trust)	27,577.14	0.82%	51,723.65	1.11%	\$4,272,795	0.17%
Colleges of Education (Normal Schools Trust)	4,662.42	0.14%	20,751.52	0.44%	\$5,987,688	0.23%
Miners' Hospital Trust	5,284.41	0.16%	53,479.03	1.20%	\$59,229,931	2.29%
School of Mines Trust	7,249.76	0.21%	16,741.26	0.38%	\$4,877,234	0.19%
University of Utah Trust	16,201.07	0.48%	38,395.27	0.86%	\$7,130,264	0.28%
Utah State Hospital Trust	0.00	0.00%	9,674.50	0.22%	\$4,404,421	0.17%
Public Buildings Trust	0.27	0.00%	7,099.63	0.16%	\$0	0.00%
Reservoirs Trust	41,167.41	1.22%	96,818.69	2.17%	\$7,807,862	0.30%
Totals	3,372,281.76	100.00%	4,460,042.91	100.00%	\$2,584,894,139	100.00%

*Acreage fluctuates depending on commodity type (as of June 30, 2019)
 **Surface acreage includes lands remaining to satisfy grant

3.37 million surface acres

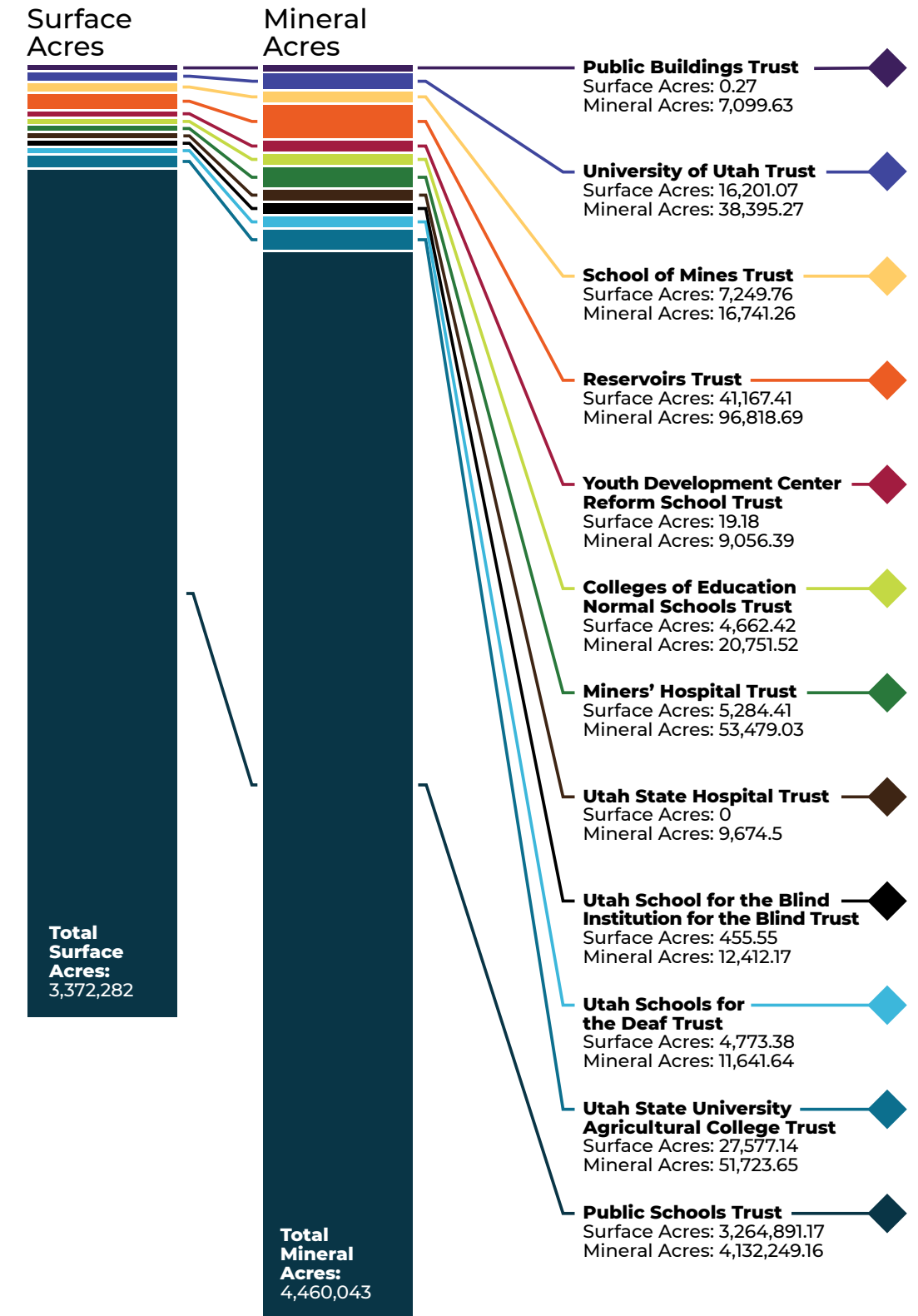
4.46 million subsurface acres



Nearly \$2.6 Billion Trust Permanent Balance



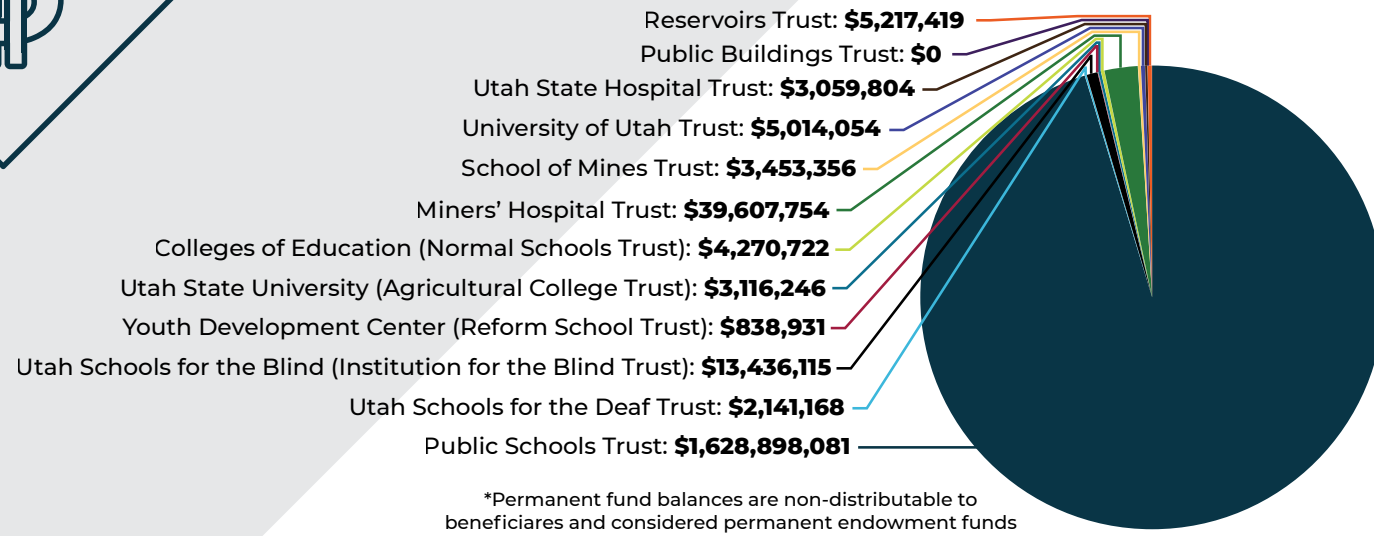
Trust Beneficiary Acreage Assets



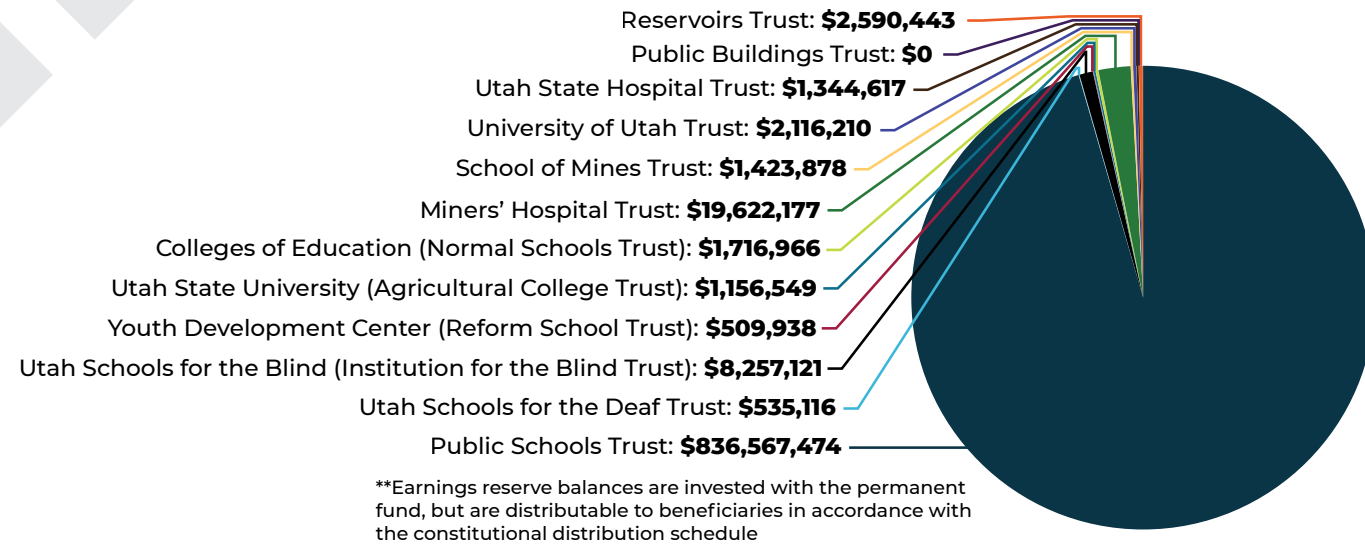
*Mineral acreage fluctuates depending on commodity type (as of June 30, 2019)
 **Surface acreage includes lands remaining to satisfy grant



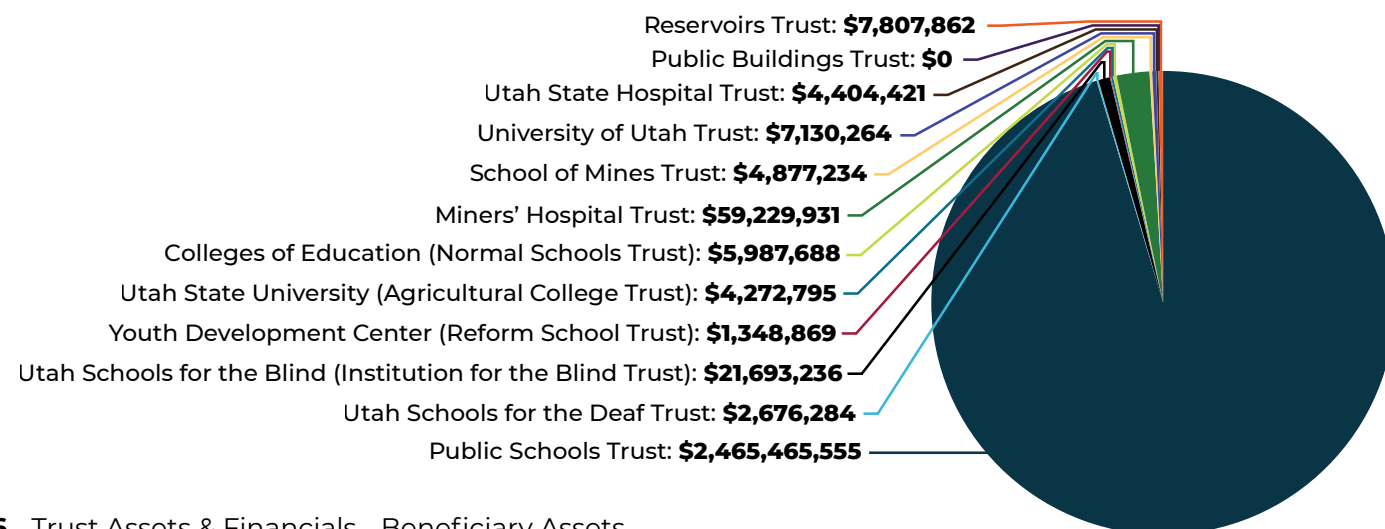
Permanent Fund Market Value*



Earnings Reserve Market Value**



Total Permanent Fund Balance



Financial Summary Fiscal Year 2019

In FY19, the Utah School and Institutional Trust System generated \$170.1 million in net income for distribution to current beneficiaries and growth of the permanent fund for future beneficiaries. SITFO accounted for \$93.8 million of the net trust income or 55.73%. SITLA accounted for \$76.2 million of the net trust income or 44.83%. Compared to FY18 where SITFO generated 70.62% and SITLA 29.38% of net income.

SITLA's revenues were shared among three major categories: Mineral Revenues (22.43%); Development and Planning Revenues (16.95%) and Surface Revenues (8.89%). All three categories of revenue grew from year-over-year with mild growth in Minerals Revenue (4.32%)

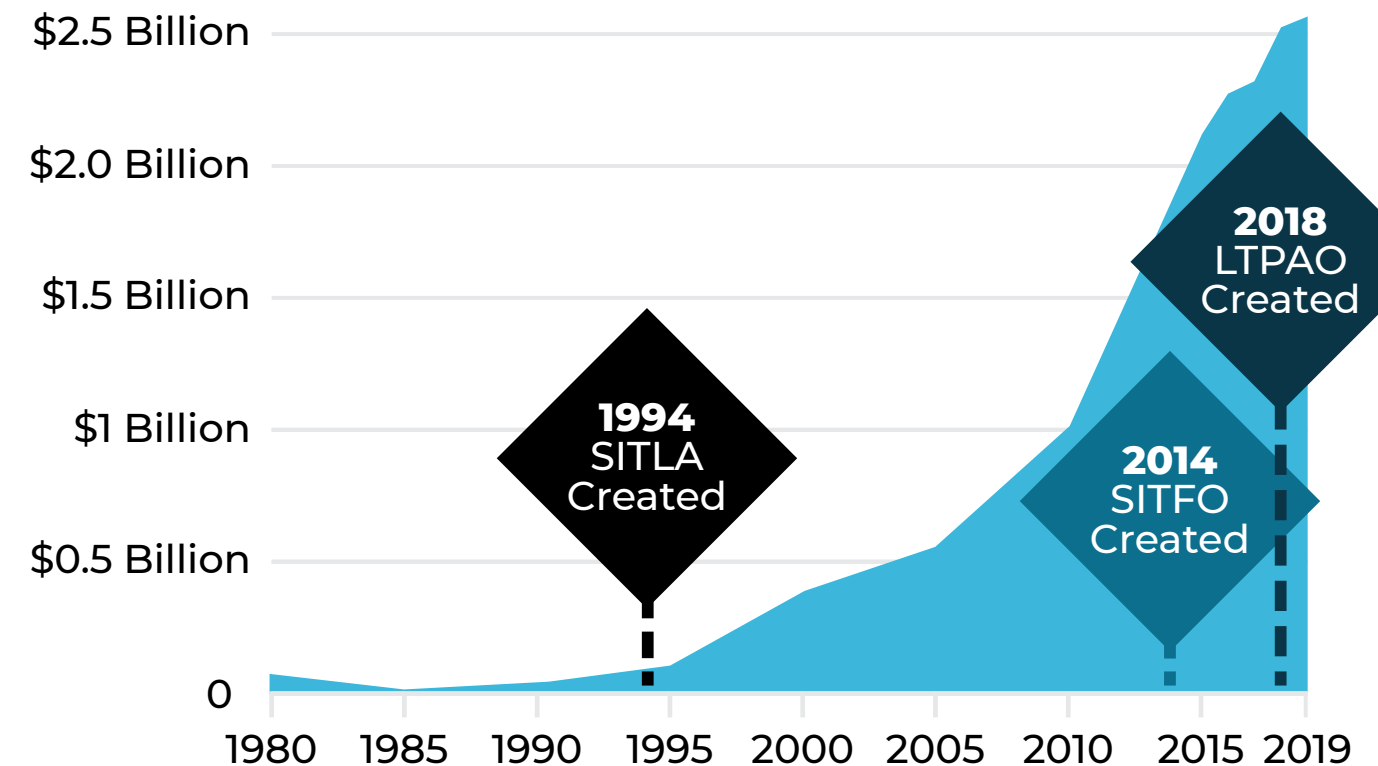
and significant growth in development and planning revenue (68.95%). Traditional surface revenue (e.g. grazing, forestry, easements, agriculture, and leasing) actually fell in FY19 by 1.64%, but surface land sales exceeded 154% of FY18 contributing to a total 37.09% growth in surface revenues.

\$86.7 million was distributed to 11 beneficiaries in FY19, with approximately 95.30% distributed to Utah's public school children under direction of local school community councils. The undistributed amount generated in FY19, \$85.5 million, remains invested in a diversified portfolio under the direction of SITFO.

Financial Summary FY2019

Permanent Fund Balance

\$2.541 Billion
Current Fund Balance



Net Income

Sources	FY2019
Oil & Gas Royalties	\$34,934,441
Coal Royalties	\$1,004,562
Other Minerals	\$4,712,188
Materials Permits	\$1,162,080
Development Sales & Leases	\$31,598,032
Sales (Auctions & Negotiated Sales)	\$7,622,007
Easements	\$770,270
Rights of Entry	\$176,937
Agriculture	\$118,992
Commercial	\$2,109,193
Governmental	\$269,140
Industrial	\$2,787,079
Residential	\$79,462
Telecommunications	\$1,216,212
Forestry	\$42,845
Grazing	\$1,378,571
Permanent Fund Interest & Gains (SITFO)	\$96,414,236

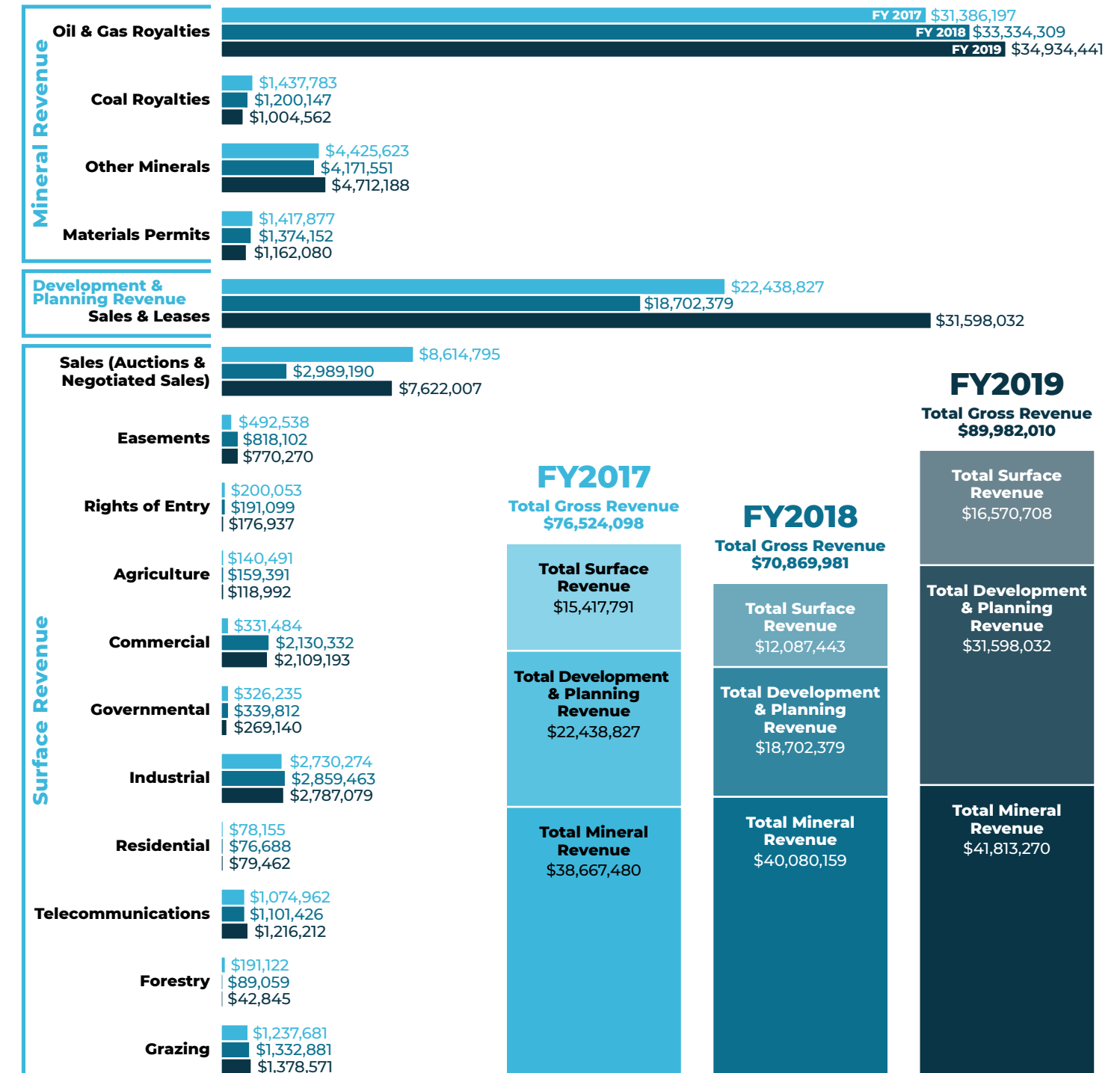
Uses	FY2019
SITLA Operating Expenses	\$10,449,941
SITFO Operating Expenses	\$2,552,944
Beneficiary Distributions	\$86,735,552
Permanent Fund Contribution	\$83,406,485



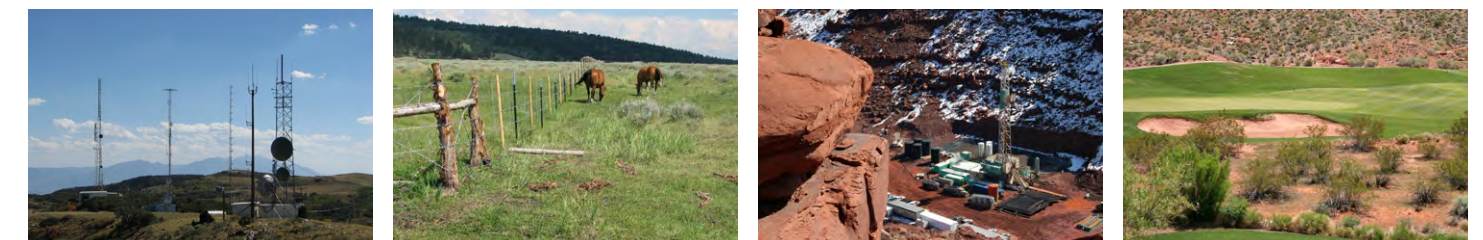
Trust Lands Permanent Fund Combined

	FY2017	FY2018	FY2019
SITLA Net Operating Income	\$61,683,638	\$56,665,794	\$76,280,745
Permanent Fund Interest & Gains (SITFO)	\$208,768,733	\$138,235,687	\$96,414,236
SITFO Operating Expenses	\$1,773,456	\$2,040,677	\$2,552,944
SITFO Net Operating Income	\$206,995,277	\$136,195,010	\$93,861,292
Total Net Income	\$270,452,371	\$194,901,481	\$170,142,037
Beneficiary Distributions	\$66,048,564	\$78,659,118	\$86,735,552
Net Asset Growth	\$204,403,807	\$116,242,363	\$83,406,485
3-Year Cumulative Net Growth			\$404,052,655

SITLA Revenue By Source 2017-2019



To see revenue by source information in table format, see page 23.



SITLA Cash Flow

2017 Total SITLA Revenue
\$76,524,098



2018 Total SITLA Revenue
\$70,869,981



2019 Total SITLA Revenue
\$89,982,010



Schedule of SITFO Expenditures FY 2019

Fund Operating Expenses		Invoiced Investment Management (IM) Fees	
SITFO Investment Office Budget	\$903,998	BMO	\$246,883
LTPAO Office Budget	\$217,800	Bramshill	\$203,591
Audit Expense	\$48,145	Harvest	\$387,713
Investment Systems & Publications	\$420,510	Loomis	\$418,612
Consulting Services	\$688,000	Parametric	\$920,596
Custodial Banking Services	\$274,492	Salient	\$456,866
Subtotal Fund Operating Expenses	\$2,552,945	Subtotal Invoiced IM Fees	\$2,634,261

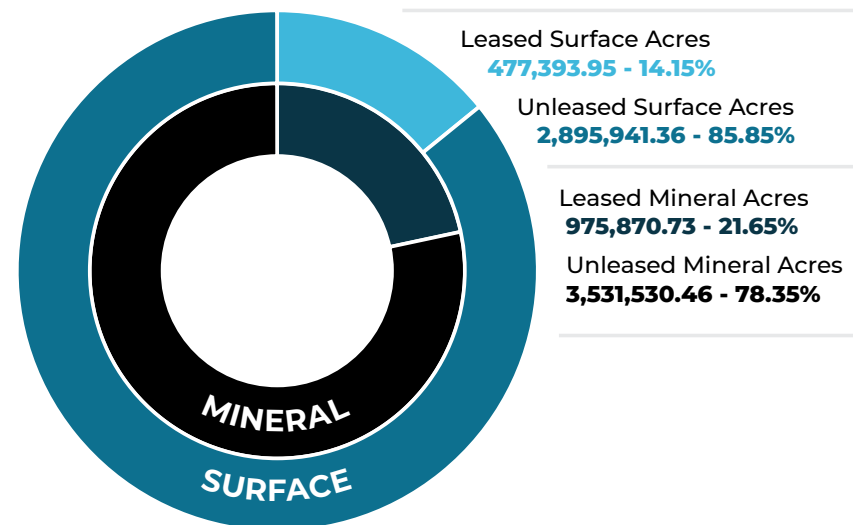
Total Fund Operating Expenses and Invoiced IM Fees: **\$5,187,206**

Schedule of Weighted Investment Returns by Beneficiary

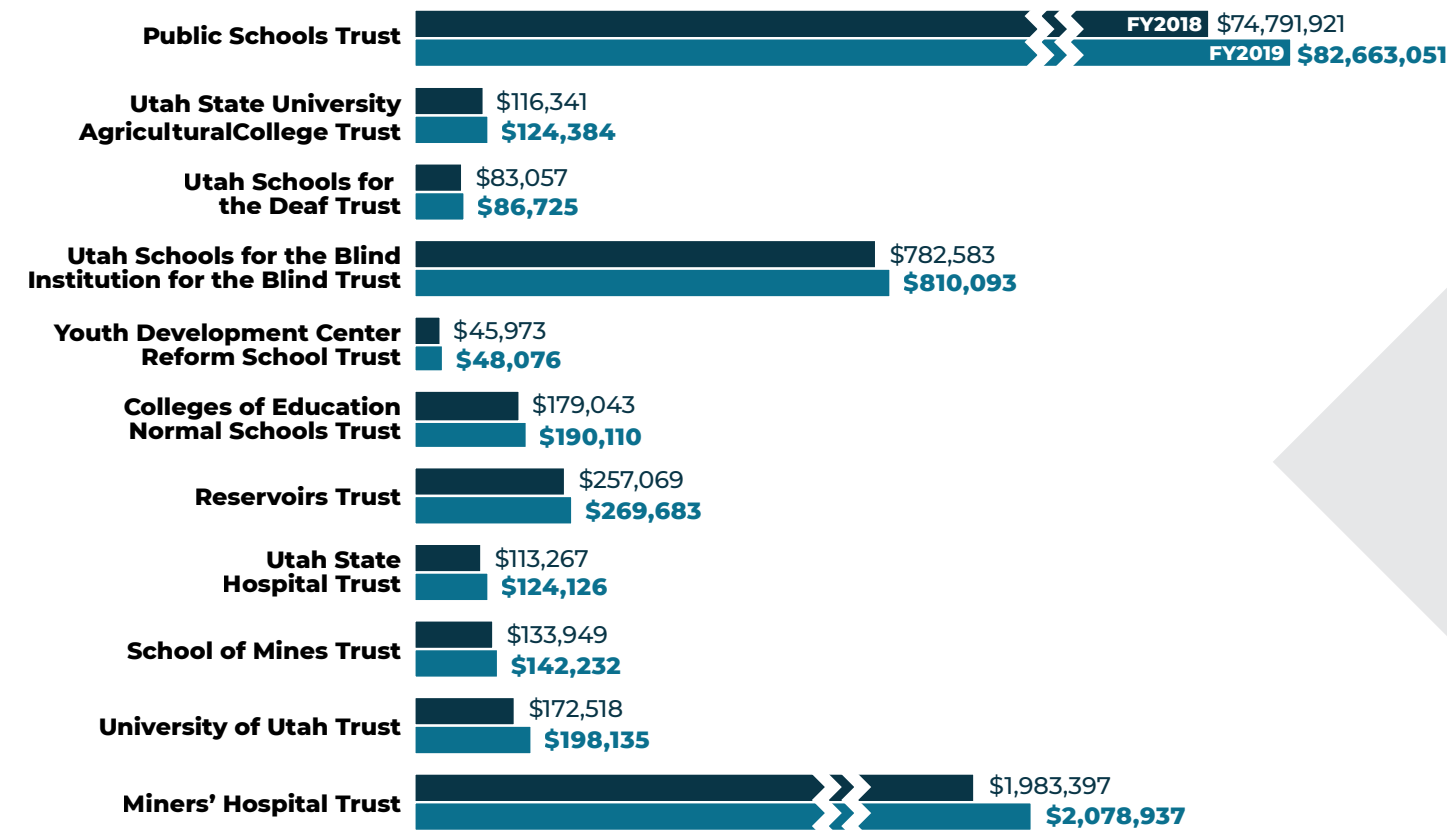
	FY2019	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
Total Fund	3.70%	6.10%	4.90%	9.50%	6.60%	May 2004
CPI +5%	6.90%	7.30%	6.60%	6.80%	7.00%	
Policy Index	4.70%	6.20%	4.80%	9.30%	6.90%	

Beneficiary	FY2019	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
Public Schools Trust	3.70%	6.10%	4.90%	9.50%	6.60%	May 2004
Utah State University Agricultural College Trust	3.70%	6.10%	4.80%	9.30%	6.30%	May 2004
Utah Schools for the Deaf Trust	3.70%	6.10%	4.80%	9.40%	6.40%	May 2004
Utah Schools for the Blind Institution for the Blind Trust	3.70%	6.10%	5.00%	9.80%	6.80%	May 2004
Youth Development Center Reform School Trust	3.70%	6.10%	4.80%	9.60%	6.40%	May 2004
Colleges of Education Normal Schools Trust	3.70%	6.10%	4.80%	9.30%	6.40%	May 2004
Reservoirs Trust	3.70%	6.00%	4.80%	9.40%	6.50%	May 2004
Utah State Hospital Trust	3.70%	6.10%	4.80%	9.50%	6.60%	May 2004
School of Mines Trust	3.70%	6.10%	4.80%	9.50%	6.50%	May 2004
University of Utah Trust	3.70%	6.10%	4.70%	9.40%	6.40%	May 2004
Miners' Hospital Trust	3.70%	6.10%	5.00%	9.70%	6.30%	May 2004

Land Productivity



Overall Distributions to Trust Beneficiaries FY2018-FY2019



Distribution Formula for Public Schools Trust

[50% (1 + CPI + Enrollment Growth) x (Previous Year Distribution)] + [50% (4% x 12Q average)]

Example:

50% (1 + 2.3% CPI + 1.22% enrollment) x (\$74.79MM prior year distribution) = \$38.7MM

50% (4% x 2.2B) = \$43.96MM

\$38.7MM + \$43.96MM = \$82,663,051.11 to be distributed FY20 (3.47% of the trust's market value*)

*Subject to a cap of 4% against 12Q average (ex: distribution capped at \$87.9MM)

Distribution Formula for All Other Trusts

(4% x 12Q average previous fiscal year end) = Total FY Distribution Amount

Example (Institution for the Blind):

4% x \$20,252,335.07 = \$810,093.40*

* Total distribution amount is paid quarterly every year.

Distribution Schedule



FY2017-FY2019

Minerals	FY2017	FY2018	FY2019
Oil & Gas Royalties	\$31,386,197	\$33,334,309	\$34,934,441
Coal Royalties	\$1,437,783	\$1,200,147	\$1,004,562
Other Minerals	\$4,425,623	\$4,171,551	\$4,712,188
Materials Permits	\$1,417,877	\$1,374,152	\$1,162,080
Total Mineral Revenue	\$38,667,480	\$40,080,159	\$41,813,270

Development & Planning	FY2017	FY2018	FY2019
Development Sales & Leases	\$22,438,827	\$18,702,379	\$31,598,032
Total Development & Planning Revenue	\$22,438,827	\$18,702,379	\$31,598,032

Surface	FY2017	FY2018	FY2019
Sales (Auctions & Negotiated Sales)	\$8,614,795	\$2,989,190	\$7,622,007
Easements	\$492,538	\$818,102	\$770,270
Rights of Entry	\$200,053	\$191,099	\$176,937
Agriculture	\$140,491	\$159,391	\$118,992
Commercial	\$331,484	\$2,130,332	\$2,109,193
Governmental	\$326,235	\$339,812	\$269,140
Industrial	\$2,730,274	\$2,859,463	\$2,787,079
Residential	\$78,155	\$76,688	\$79,462
Telecommunications	\$1,074,962	\$1,101,426	\$1,216,212
Forestry	\$191,122	\$89,059	\$42,845
Grazing	\$1,237,681	\$1,332,881	\$1,378,571
Total Surface Revenue	\$15,417,791	\$12,087,443	\$16,570,708

3-Year All Trusts Income Statement - Continued

Total Revenue	FY2017	FY2018	FY2019
Total Trust Gross Revenue	\$76,524,098	\$70,869,981	\$89,982,010
Non-Trust Fee Revenue	\$0	\$0	\$0
Total SITLA Revenue	\$76,524,098	\$70,869,981	\$89,982,010

Expenses	FY2017	FY2018	FY2019
Operating Expenses	\$10,276,174	\$10,245,943	\$10,449,941
Capital Expenses	\$4,564,286	\$3,958,244	\$3,251,324

	FY2017	FY2018	FY2019
SITLA Net Operating Income	\$61,683,638	\$56,665,794	\$76,280,745
Permanent Fund Interest & Gains (SITFO)	\$208,768,733	\$138,235,687	\$96,414,236
SITFO Operating Expenses	\$1,773,456	\$2,040,677	\$2,552,944
SITFO Net Operating Income	\$206,995,277	\$136,195,010	\$93,861,292
Total Net Income	\$270,452,371	\$194,901,481	\$170,142,037
Beneficiary Distributions	\$66,048,564	\$78,659,118	\$86,735,552
Net Asset Growth	\$204,403,807	\$116,242,363	\$83,406,485
3-Year Cumulative Net Growth			\$404,052,655



**Utah Land Trusts
Protection &
Advocacy Office**

Protection & Advocacy

Agency Goals & Recommended Actions

We congratulate SITLA and SITFO for their accomplishments as trustees on behalf of the trust beneficiaries. Because of their efforts and diligence, the trust beneficiaries can expect consistent and enduring distributions in support of the respective beneficiary goals. As we look forward, the Protection & Advocacy Office expects to add an important component to the trust system that will aid in the continued growth of distributions and increase the impact of the school and institutional trust for the trust beneficiaries.

While economic measures provide a general understanding of success, we are acutely aware of the underlying steps to achieve metric growth. The Protection & Advocacy Office will vigorously support SITLA and SITFO in their respective missions and help overcome revenue-dampening barriers.

We will actively remedy noncompliance with trust responsibilities in order to safeguard the interests of trust beneficiaries, while working closely with the key entities and individuals within the trust system to protect and enhance the long-term economic value of the whole trust. We will cultivate prudent decision making and entrepreneurial business practices, advocate for goal-oriented management, and engage in large-scale, long-range planning efforts that will result in significant upward mobility of the trust for years in the future.

There are many important issues the Protection & Advocacy Office has identified as critical to trust success, including:

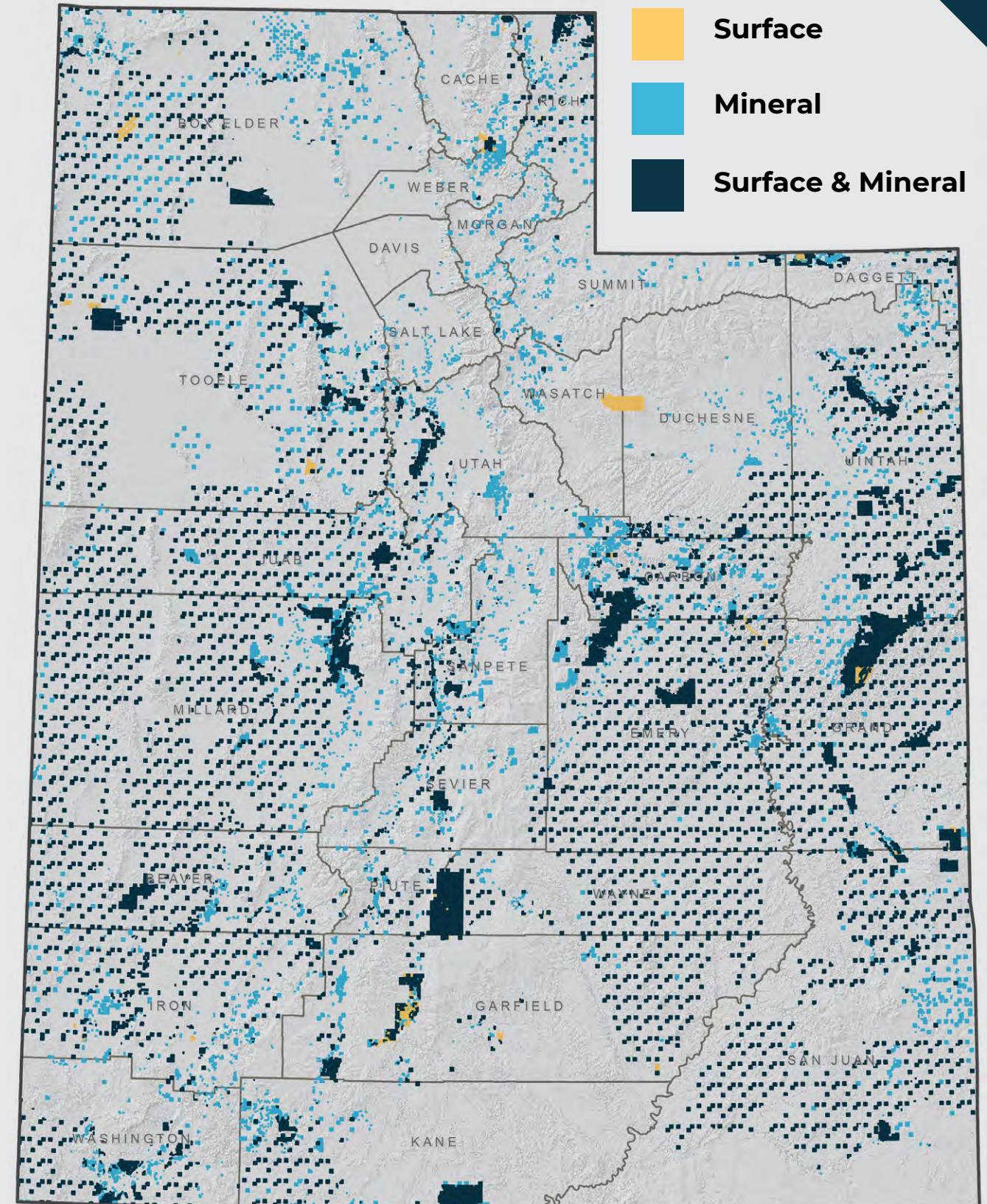
- **Infrastructure investment.**
- **Advocating for proactive management of trust lands.**
- **Access and regional transportation.**
- **Revenue enhancement.**
- **Collaborating among trust entities and key personnel.**
- **Refocusing marketing efforts.**
- **Attaining 100% understanding from public of the mission to fund public schools.**
- **Increasing awareness and adherence to public access on trust land.**
- **Maintaining collaborative relationships with local elected officials.**
- **Maintaining support for the mission and initiatives of the trust from federal and state legislatures.**
- **Encouraging rural economic development.**
- **Seeking additional resources and funding through available grant monies.**
- **Collaborating with schools to provide educational opportunities on state trust land within the core curriculum.**

The founders of our nation and pioneers of our state had great forethought and mindfulness toward public education. In 1896, nearly 124 years ago, there was a vision that lands could provide an important support and source of education funding. In recent years, Utah has taken important and significant steps toward realizing that vision. The establishment of SITLA, SITFO, the School Trust Program, and now the Protection & Advocacy Office roots the School and Institutional Trust System on firm ground with the proper checks and balances to ensure a legacy of public education and institutional funding for the state of Utah.



**Utah Land Trusts
Protection &
Advocacy Office**

Land Status Map (All Trusts)





Utah Land Trusts Protection & Advocacy Office

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FY2019

