Point of the Mountain State Land Authority Board

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**Meeting**

**January 10, 2023**

U**MINUTES**

**Members in Attendance:**

Representative Lowry Snow, Chair

Representative Jordan Teuscher, Chair

Representative Jeff Stenquist

Senator Lincoln Fillmore

Jim Russell

Mayor Dawn Ramsey

Mayor Troy Walker

April Cooper

Commissioner David Woolstenhulme

**Staff, Consultants, and Presenters in Attendance:**

Alan Matheson POMSLA

Scott Cuthbertson POMSLA

Steve Kellenberg Kellenberg Studio

Muriel Xochimitl X-Factor Communications

Brandon Ray X-Factor Communications

Jacey Skinner Ballard Spahr

Abbey Ehman Lincoln Property Company

Erin Talkington RCLCO

Jefferson Moss USHE

**Members of the Public in Attendance:**

David Dobbins

Bones Leavitt

Deanna Hopkins

Bret Millburn

Aimee Fuhriman

Kori Ann Edwards

James Parker

Robert Booth

Shannon Bond

Jeff Hartley

Joseph Sanchez

Colleen Stephens

Tori Hooper

Robbie B

Lynn Mayer

On Tuesday, January 10, 2023 the Point of the Mountain State Land Authority Board held a meeting in the Senate Building, Room 220 at the Utah State Capitol Complex. A virtual meeting option was available for those who attended remotely via the Zoom Meeting platform:

<https://zoom.us/webinar/register/WN_11t67FdJTpC2Y5Eu7F_lAQ>

A video of the meeting can be found on The Point’s YouTube channel:

[bit.ly/thepointyoutube](http://bit.ly/thepointyoutube)

The meeting was called to order at 9:03 am.

* **WELCOME**

Chair Lowry Snow greeted the board members and announced important changes in leadership. He informed the board that he will be taking over the role of co-chair, previously held by Lt. Governor Deirdre Henderson. The House Speaker has named Representatives Jeff Stenquist and Jordan Teuscher to serve on the board, with the latter assuming the role of co-chair. Both Representatives Stenquist and Teuscher briefly introduced themselves and shared their thoughts on serving on the board.

* **PUBLIC COMMENT**

Chair Snow opened the meeting for public comment subject to the board’s rules and procedures.

Online participant Robbie B asked for the location and boundaries of the property.

* **MINUTES OF THE DECEMBER 13, 2022 BOARD MEETING**

Chair Lowry Snow asked for a motion from the board to approve the minutes of the December, 2022 meeting.

## MOTION: Commissioner David Woolstenhulme moved to approve the minutes of the December 13, 2022 board meeting. The motion was seconded by Mayor Troy Walker and passed unanimously.

* **ANNUAL AUDIT REPORT**

Jason Allen and Caleb Crump from the State Auditor’s Office presented their findings from an audit of the Land Authority operations for FY22. Jason Allen, the engagement manager for the audit identified and reviewed the following agreed upon procedures for the audit.

1. Review of the Authority’s posting of financial information to the transparency website in accordance with state policy and requirements. This year, there was one transaction that was not included in the upload through no fault of the Land Authority. State auditors are reviewing this transaction with State Finance to make sure this is uploaded to the website.
2. Auditors selected and reviewed 23 disbursements for FY22 to make sure they were consistent with the Authority’s purpose, have adequate supporting documentation and follow all policies and procedures. No irregularities or exceptions were found.
3. Review of one month’s purchasing card transactions were reviewed to make sure they were reconciled by someone other than the card holder. There were no exceptions as a result of their procedures.

The auditors expressed their satisfaction with the results of the audit and reported that all transactions would be posted on the transparency website. Director Alan Matheson expressed gratitude for the audit and for the Governor's Office of Economic Opportunity, which manages the administrative and financial records for the board.

## MOTION: Jim Russell moved that the board receive the FY22 audit report as presented. The motion was seconded by Representative Stenquist and passed unanimously.

* **LEGISLATIVE PREVIEW**

Land Authority Counsel, Jacey Skinner outlined the proposed legislation and appropriations requests affecting the Authority this legislative session. Items covered in the request will include:

* + Affordable Housing
    - Creation of Point of the Mountain Accommodation Tax
    - Affordable Housing Trust Fund
  + Sales and Use Tax Distribution
  + Revenue Use and Dedication of Various Revenue Streams
  + Governance Issues
    - Revenue Use and Dedication
    - Additional Board Member Representing Surrounding Municipality
    - Site Management Issues
  + Open Public Meeting Act
  + Alcohol Licensing

During the discussion, Senator Stevenson's sponsorship of the bill was brought up, highlighting the unique aspect of the project being on state land and the potential for it to set a standard for affordable housing in the community. Jim Russell requested a draft copy of the legislation be provided to the board. Mayor Ramsey expressed concerns regarding the Affordable Housing Trust Fund and its potential impact on certain areas. Director Matheson provided insight into the strategies for funding infrastructure and discussed the use of a revolving loan fund for that purpose.

## MOTION: Jim Russell moved that the board support the legislative initiatives for the board as described by Jacey Skinner. The motion was seconded by April Cooper.

**Discussion to the Motion:**

Jim Russell expressed support and requested the opportunity to review the draft legislation with an opportunity to comment.

The motion passed unanimously

* **TEMPORARY TRANSFER OF WATER RIGHTS FOR GREAT SALT LAKE**

DFCM Director Jim Russell presented a request for a temporary transfer of water from The Point property to the Great Salt Lake. He explained that the prison property had four main water rights, including a well right at the prison admin building, a geothermal well right, and two irrigation company water rights (331 shares with East Jordan Canal Company and 535 shares with Draper Irrigation Company). Most of these water rights are currently unused, but some of them can be redistributed. The water rights with the East Jordan Canal and Draper Irrigation Companies can be temporarily transferred through one-year agreements to ensure that the full water rights are delivered to the Great Salt Lake. Both legislative leadership and the Governor's Office support this action. The water is designated for The Point and will be included in legal documents and reviewed annually. Water managers who oversee irrigation along the Jordan River will guarantee that the water is delivered to the Great Salt Lake through agreements. Mr. Russell requested that the board authorize one-year shepherding permits for any water rights not currently being used at The Point property, which will be reviewed and renewed annually until the water is needed for The Point.

Mr. Bones Leavitt came forward with comments on water control for the area. Chair Snow directed Mr. Leavitt to work with Deputy Director Scott Cuthbertson on his proposal.

Mayor Walker expressed concern that the Great Salt Lake could become dependent on the water needed for The Point. Mr. Russell clarified that we are not conveying the rights to the water but only that it be shepherded to the Great Salt Lake one year at the time.

## MOTION: Jim Russel moved that we allow The Point staff and DFCM to sign annual shepherding agreements to allow any unused portion of our water shares to be shepherded and conveyed to the Great Salt Lake and that these agreements are renewed on an annual basis subject to approval from our legal counsel. The motion was seconded by Mayor Dawn Ramsey and passed unanimously.

* **FINANCING APPROACH UPDATE**

Erin Talkington from RCLCO shared additional analysis supporting the Land Authority’s proposed financing approach. Highlights of her presentation included:

* Business Plan Overview
* State Revenues – Maximize combined value of tax revenue and ground lease
  + State captures property tax equivalent only if it remains landowner
  + Property tax equivalent more valuable than ground lease revenues
  + Property taxes from increased density are far more valuable than maximizing value of land by building lower density
  + Full framework plan buildout generates 5X more economic impact to State than a typical market driven scenario -- $7.0B in GDP generated by framework plan compared to $1.3 B in typical market-driven scenario.
* Key Investments
  + State of Utah
  + Private Developer
* Phase 1 Backbone Infrastructure
  + 40-50% of total infrastructure costs necessary to start Phase 1
  + Estimated at $165 Million investment (phase 1)
  + Loan to e repaid by future revenues from property
  + Porter Rockwell included in regional transportation plan
  + River to Range trail/park and Central Park will be a regional-serving amenity
* Phase 1 Development -- $2.3 B investment in Phase 1
* Unique Attributes of Phase 1 -- Compared to Other Private Development
  + Delivers the vision in phase 1, rather than building into it over time.
  + State maintains ownership of land, ground lease set for each parcel when development starts
  + Deliver significant regional infrastructure in phase 1, sized for full community and surrounding need reducing long term cost.
* Why this is the best approach -- $165 million Infrastructure loan initiates $2.3 billion private investment
  + Maximizes state return over long term
  + Maximizes state control over quality of project and achieving key vision elements
  + Accelerates regional and statewide public benefits
  + Most efficient use of public and private capital
  + Increases economic development and innovation benefits for the State

During the meeting, several questions were raised regarding the project's differences from a typical development and how the state will benefit from the value increase with a 99-year lease, as well as the timeline for refilling the development fund and revenue sources used. Additionally, concerns were expressed over the potential for overbuilding on infrastructure without a clear understanding of the surrounding needs, the partnership with developers for infrastructure funding, and phasing the project to prevent overbuilding. Other topics discussed included the fee for developers in lieu of property taxes and the connection of land and lease resets to the market.

There were also comments regarding the challenges of investing the necessary funds in order to deliver the vision for the property without overspending. The attendees discussed how investing in infrastructure will increase the value of the land prior to selling it to the developer. Ms. Talkington agreed to be available to provide additional details to board members upon request.

* **FEBRUARY MEETING**

Director Alan Matheson presented the option of canceling the February board meeting due to the legislative session and sought the board's opinion. Chair Teuscher recommended canceling the meeting.

## MOTION: Jim Russell moved that the board cancel the February meeting. The motion was seconded by Representative Stenquist and passed unanimously.

* **DIRECTOR REPORT**

Director Alan Matheson provided an update regarding Land Authority activities. Highlights of his report included:

* The board should complete or update their conflict of interest and disclosure forms by January 20th.
* Board staff continue with negotiations on the development agreement with Innovation Point Partners and are actively reviewing the term sheet delivered prior to Christmas and preparing a response which is a meaningful step forward.
* Demolition of the site has begun with possible completion in the early fall.
* We are working closely with DFCM and engineers to outline the process for roads, pipelines, electrical, gas and utilities for the site.
* We especially value the knowledge and guidance that board member and DFCM Director Jim Russell has provided for the project.
* Board staff continue to hold regular meetings with UDOT and UTA concerning transit on the site.
* The website is being updated with new board members and updates on the project.
* Working with Innovation Point Partners on stakeholder outreach. They are working more than full time to advance the project all without a development agreement signed.
* Meeting with curators about the public art program and the focal point initiative.

The Chair informed the board that he had temporarily left the meeting before the vote on the February meeting, leading to a lack of a quorum. He then requested a re-vote on this particular agenda item.

## MOTION: Representative Stenquist moved that the board cancel the February meeting. The motion was seconded by Jim Russell and passed unanimously.

* **ADJOURNMENT**

Chair Snow shared his feelings about leaving the legislature but feels honored to continue his service with the board and involvement with this project.

## MOTION: Mayor Ramsey moved to adjourn the meeting. The motion was seconded by Jim Russell and passed unanimously.

The meeting ended at 10:51 am.