



September 16, 2021

Jack Hedge  
Executive Director, Utah Inland Port Authority  
jhedge@utah.gov

Jill Flygare,  
Chief Operating Officer, Utah Inland Port Authority  
jflygare@utah.gov

Dear Jack and Jill:

Salt Lake City Corporation appreciates the Utah Inland Port Authority's (UIPA) efforts to collaborate with the City as UIPA works to achieve the shared objective of constructing a sustainable, environmentally forward-thinking inland port within Salt Lake City's boundaries. While we appreciate this relationship, we have serious concerns about the speed and lack of detailed information with which the UIPA Board is being asked to approve the creation of a Public Infrastructure District (PID) and the issuance of up to \$150,000,000 in debt, to be repaid by tax increment that would typically be controlled and appropriated by Salt Lake City's elected officials as property tax revenue.

The first meeting about the proposed PID and debt was on September 8, 2021, and the City recently learned that a special UIPA Board meeting will occur on September 20, 2021 to take action on the proposed PID and issuance of millions of dollars of debt.

As an overview, to make sure we are operating with the same facts, PIDs were created by the Utah Legislature in 2019, and in most cases may only be created with the consent of 100% of the property owners in the PID *and* the city or county in which the proposed PID is located. In 2021, the Legislature created an exception for UIPA and MIDA, allowing these two entities to create a PID without city consent.

A PID is also typically a tool to tax the consenting property owners and use that tax to fund infrastructure to benefit those properties specifically.

The UIPA's proposed "UIPA Crossroads Public Infrastructure District" is different. It will include a small, 42 acre parcel of property within Salt Lake City boundaries but that property will not be taxed for infrastructure. Rather, after the small PID is created, the PID will issue up to \$150,000,000 in debt for infrastructure projects throughout the UIPA jurisdictional land, and rather than using the tax from the property in the PID to pay for those projects, UIPA will pledge tax increment to pay the debt (that is typically municipal general fund revenue to the City).



Although UIPA is proposing issuing significant debt through the PID, the infrastructure projects are unidentified. In addition, although all the infrastructure will presumably be located in Salt Lake City, and Salt Lake City might be required to take ownership of such infrastructure depending on what kind of infrastructure it is, the PID board selected by UIPA includes no Salt Lake City representatives. Rather, these projects, which impact City taxpayers and City infrastructure, will be identified and managed by Jack Hedge, Nicole Cottle, Derek Miller, Alan Evans and Mary Nan Dolan. The executive director of the PID will be UIPA staff member Jill Flygare. No Salt Lake City elected officials or staff have been included on the PID board or provide staff assistance to the PID. In normal instances a PID would require City consent to be created, and the City Council would appoint the board.

Based on this understanding and background, we have the following questions and concerns, which we request be addressed in detail and in public before the UIPA Board is asked to take action:

- Given that the PID intends to issue debt for up to \$150,000,000, please describe specifically which projects will be funded by this debt. If the City issues debt, the elected officials are required to disclose in detail, and receive public comment, on any project before approving the debt. This is a critical part of the elected officials' accountability to the taxpayers who are funding the project. The debt incurred by the PID is also funded by public, City money, and such transparency must occur here too, before the Board votes to create the PID or authorize UIPA's tax increment to repay the debt.
- The public first learned about UIPA's intention to create a PID, and potentially issue debt, on September 7, 2021, twenty-four hours before the UIPA September 8 Board meeting. This is the minimum amount of notice under the Utah Open and Public Meetings Act. We now understand that the UIPA Board is being asked to convene a special meeting on September 20, 2021, to quickly act on this project that has significant consequences to the City. Can you help us understand UIPA's urgency to take action so quickly when so many questions remain unanswered and the public has not had a meaningful opportunity to learn about the PID, and proposed infrastructure projects, and weigh in?
- The proposed PID board includes no Salt Lake City representation. Please help us understand how the five proposed board members were identified and their connection to Salt Lake City and the City's taxpayers. In addition, we request that UIPA reconsider the board composition to include Salt Lake City elected officials and staff, who will ultimately be responsible for these projects within Salt Lake City boundaries.
- Please help us understand how UIPA's tax increment is sufficient to pay the debt service on \$150,000,000, plus up to 8.5% interest. Is there a plan to make up the difference? In addition, the City's consistent position has been that the 75% tax increment diverted to



UIPA is City money, and UIPA is not constitutionally entitled to it because the UIPA Board is unelected and unaccountable to the City's voters. If the Utah Supreme Court agrees with the City's position and returns the tax increment to the City, how will UIPA make up the difference? And why is UIPA rushing to pledge a revenue source that is currently in question under the litigation? Further, can you help us understand which bank is willing to accept this risk and how they are analyzing the risk of the uncertain revenue stream?

- We note that the interest rate for this debt is up to 8.5%, making the total cost of \$150,000,000 in debt actually \$255,000,000 over the 35 year term of the loan. This high interest loan will be repaid with public money generated by properties in Salt Lake City. The interest rate is over three times the interest rate that the City receives when it issues municipal bonds. Can you help us understand the rationale for quickly issuing debt with such a high interest rate, and how that interest rate benefits the taxpayers who are ultimately responsible for the debt? Has UIPA considered other options, including working with the City to create a special assessment area, which could utilize the City's credit rating and ensure that the City is involved and accountable for the projects?
- Without a defined list of the projects that will be funded through the PID, the City is concerned about whether it will ultimately be required to own and maintain this infrastructure. The PID law says that any infrastructure built by the PID that connects to the City's infrastructure must be owned by the City. Please define the projects that will be funded through the PID and identify whether they will ultimately connect to the City's system and require City ownership.
- As a related concern, the City owns water rights and the regulatory permits for all water, sewer and stormwater projects that will be constructed in the UIPA jurisdictional land. The City will need to be closely involved in any stormwater, water, or sewer projects. Please identify whether any contemplated projects under the PID are water, sewer, or stormwater projects.

In conclusion, the City intends to be a collaborative partner with UIPA, but this quick process to create a PID and take the first steps to issue an enormous amount of debt is troubling and ignores the potential significant consequences to Salt Lake City's taxpayers and infrastructure system.

We request that UIPA delay action on the creation of the PID, appointment of the PID board, and issuance of debt until these questions are clearly answered and the public has had the opportunity to meaningfully weigh in on the PID and issuance of debt.

ERIN MENDENHALL  
*Mayor*



AMY FOWLER  
*City Council Chair*

Sincerely:

Salt Lake City Corporation

A handwritten signature in black ink, appearing to read "Erin Mendenhall", written over a horizontal line.

Salt Lake City Mayor Erin Mendenhall

A handwritten signature in black ink, appearing to read "Amy Fowler", written over a horizontal line.

Salt Lake City Council Chair Amy Fowler  
On behalf of the Salt Lake City Council

cc: Board of Directors, Utah Inland Port Authority