

# Agenda

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**Board of Trustees Meeting Agenda**

May 14, 2020

10 a.m.

**Notice regarding special restrictions for this electronic meeting**

In light of federal, state and local COVID-19 guidelines, and pursuant to the Governor's Executive Order No. 2020-5, this Board of Trustees meeting will be held via electronic means only. No anchor location will be used, and members of the public will not be allowed to attend this meeting in person. This meeting will be conducted via Zoom. Interested parties, including members of the public or representatives of county governments or Utah Tribes, may attend the meeting through the following registration link: [https://zoom.us/webinar/register/WN\\_yy1zn7PDTaOihCyT5yZslg](https://zoom.us/webinar/register/WN_yy1zn7PDTaOihCyT5yZslg). We recommend registering by 9:50 a.m. to avoid missing the beginning of the meeting. Those wishing to provide public comment will be asked at the beginning of the period designated for such comment to use the "raise hand" feature at the bottom of the screen within the Zoom meeting so you may be called upon to provide comment. Please call Lisa Jones at 801-538-5110 or email [lsjones@utah.gov](mailto:lsjones@utah.gov) any time before 9:00 a.m. on May 14, 2020 with any questions.

**1. Welcome**

**2. Approval of Board Meeting Minutes**

- April 9, 2020

**3. Confirmation of Upcoming Meeting Dates**

- June 11<sup>th</sup> Regular Meeting
- July 9<sup>th</sup> Only If Needed
- August 13<sup>th</sup> Regular Meeting
- September 9<sup>th</sup> – 10<sup>th</sup> Board Tour and Meeting
- October 8<sup>th</sup> Regular Meeting
- November 12<sup>th</sup> Regular Meeting
- December 10<sup>th</sup> Only If Needed

**4. #SITLA Funds 20 Challenge – Annual Contest Submissions**

- Deena Loyola, Public Information Officer

**5. Public Comment Period**

*SITLA welcomes comments from the public. The Board sets aside 15 minutes at each Board meeting to hear from anyone wishing to speak. Each presenter is allowed one opportunity and has up to three (3) minutes for remarks. Any member of the public who desires to make*

*a comment shall “raise hand” during the Zoom meeting. The public comment segment of the Board meeting is not the time for a question and answer discussion. SITLA staff are available for dialogue outside of Board meetings.*

**6. Chair’s Report**

**7. Advocate Report**

- Justin Atwater, Director, Lands Trust Protection & Advocacy Office

**8. Director’s Report**

- a. Notification of Current Events
  - Dave Ure, Director
- b. Legislative Update
  - Tim Donaldson, Assistant Director, Legislative / Solar

**9. Board Actions**

- a. Ratification of Crisis Relief for Oil & Gas Companies
  - Wes Adams, Assistant Director, Oil & Gas
- b. Request to Move Forward with 40-Acre Development Lease for an Auto Mall in Sienna Hills
  - Aaron Langston, Project Manager, Planning & Development – St. George
- c. Request for Approval of USU-Moab Development Project
  - Troy Herold, Project Manager, Planning & Development – SLC

**10. Adjourn**

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#SITLAFunds20

Challenge Winner



Deena Loyola-Merrill <deenaloyola@utah.gov>

## School Land Trust Funds Saved Us During COVID - 19 - #SITLAFunds20

2 messages

Bylynda Murray <bylynda.murray@ironmail.org>  
To: sitlanews@utah.gov

Mon, Apr 6, 2020 at 11:14 AM

Our community council at Cedar Middle School has always seen the need for technology in the classroom and that is why every year for many years they have approved the purchase of chrome books for our students. Over the last few years they have also seen the need for students to be able to access yoga and mindfulness at school. Who would have guessed just how important these two things (chromebooks and yoga/mindfulness) bought with Land Trust fund would actually prove to be this year.

When Governor Herbert and State Superintendent Sydnee Dickson ordered our schools into dismissal this year we had an idea it was coming. We had a plan to check out chrome books bought through Land Trust funds over the last many years. We thought we would be checking out maybe four labs of 36 chromebooks. Oh boy were we ever wrong. The need for technology to do our "new" online schooling was more than we could have ever imagined. We ended up checking out more than 700 chrome books to our families and students (many of these with a hotspot that was provided by our incredible district who had a plan in place). The majority of these students would not have been able to continue schooling from home if we did not have these chrome books. We will be forever grateful to our community council and Land Trust funds for helping us continue school in our "new COVID - 19 normal" this year.

We are so happy to be able to provide the technology needed for academic instruction as well as daily yoga and mindfulness (taught during the school year and continuing still on Facebook and Instagram) for emotional needs of our students and parents during this time. We couldn't have done it without you!



700+

THIS IS THE NUMBER OF CHROMEBOOKS  
CMS HAS SENT HOME FOR ONLINE  
INSTRUCTION DUE TO COVID-19

*Every Student, Every Day.*  
The Warrior Way!

9a

Ratification of Crisis  
Relief for Oil & Gas  
Companies

## BOARD MEMORANDUM

**DATE:** May 14, 2020  
**TO:** Board of Trustees, Utah School & Institutional Trust Lands Administration (SITLA)  
**FROM:** Wesley Adams, Assistant Director – Oil & Gas  
**RE:** Board Policy – Oil and Gas Leases Crisis Relief – Shut-in & Extension

### RECOMMENDATION

SITLA Oil & Gas Team has been approached by lessees both, thru the Utah Petroleum Association and individually, seeking lease relief on oil well shut-ins and suspension of tem during the uncertain economic times surrounding COVID-19. Below is a list of items worth consideration:

1. Allow for oil wells to be shut-in, free from harm, for a period of 180 days, beginning May 1, 2020. Additional shut-in may be considered if the agency deems it necessary. Waive diligent operations and paying quantities provision for 180 days.
2. Provide an automatic 180 day extension to normal primary term lease expiration, due to the lack of ability to perform under the current market constraints.
3. Waive late fees on rentals and minimum royalty payments during the next 180 days. This does not relieve duty to pay royalty on production, timely nor remove interest on royalty payments.

Respectfully submitted,

Wes Adams  
Assistant Director – Oil & Gas

9b

Request to Move  
Forward with 40-Acre  
Development Lease for  
an Auto Mall in Sienna  
Hills

Memorandum

**TO:** Board of Trustees, School and Institutional Trust Lands Administration  
**FROM:** Aaron Langston, Project Manager, P&DG Utah South  
**DATE:** April 29, 2020  
**RE:** *Request to move forward with 40 acre development lease for an auto mall in Sienna Hills*

**BENEFICIARY:** Schools

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Site History

The subject 40+ acre "auto mall" site includes 4.42+/- acres of fully developed and platted commercial lots from parcel 9A (lots D, E, and I), an approximate 8.4 acres of non-platted commercial property known as parcel 9B, and 30.21+/- acres of adjacent property recently acquired through Exchange 375. Combined, these contiguous lands provide a unique opportunity for an auto mall, which would complement the amenity driven 80 acre retail area to the east (Sienna Hills parcel 10) and the proposed healthcare campus to the north (on the Green Springs side).

In October of 2019, working with Washington City, SITLA released an RFP to solicit proposals for an auto mall, which produced an offer that appears to be in the best interest of our beneficiaries.

The Offer

In response to the RFP, Tri-State Funding LLC (Tri-State) provided an offer of \$9.00 per foot for the platted lots in 9A and \$4.00 per foot for the undeveloped acreage, or appraised value, whichever is greater. Their plan is to divide the +-40-acre site into seven parcels that would be taken down over time, the first two within two years, while the remaining five would be taken down over the next five years. Their intent is to bring luxury brands to Southern Utah and their offer included letters of intent from Jody Wilkinson Acura, Tom Watkins of Volkswagen to bring in Audi, and Tony Caputo (managing partner of Markel BMW, Land Rover, Jaguar, and Mini Cooper dealerships in Omaha). The group also has verbal commitments from Porsche, Alfa Romeo, Maserati, and Lexus. Tri State is managed by Ted Wheeler, who was the Chapter President of the Independent Auto Dealers of California, and David Ibara, partner with Tri-State and founder of IBG, Inc.

Land Valuations

A recent appraisal on lot I in 9A was for \$12.55 per foot, so lots D and E (also part of the auto mall) should carry similar values. The January 2020 appraisal completed by Morley and McConkie for the 40.77-acre auto mall site valued the land at an average price of \$8.50 per foot based on 10 acre take-downs.

Tri-State was notified of the appraisal and agreed to pay the appraised value. Staff is requiring \$12.55 per foot for lots I, D, and E from parcel 9A and \$8.50 per foot for everything else. An annual 2% escalator will be added.

#### Tri-State Funding Group

Tri-State's intriguing offer is to partner with auto industry experts who specialize in being awarded "points" by luxury brand manufacturers in order to bring highline auto dealerships to the auto mall.

Included in their LOI were letters of commitment from Jody Wilkinson Acura, Tom Watkins of Volkswagen to bring in Audi, and Tony Caputo (managing partner of Markel BMW, Land Rover, Jaguar, and Mini Cooper dealerships in Omaha). These individuals have a history of being awarded these points from luxury brand manufacturers. If they are successful in being awarded points for this proposed site, Tri-State will be able to bring luxury brand dealerships to southern Utah. Once awarded by the manufacturers, those points can potentially be sold to well-known entities such as Ken Garff, Larry H. Miller, etc.

Bringing new auto dealerships for luxury brand automobiles such as Land Rover, BMW, Jaguar, Audi, Porsche, Alfa Romeo, Maserati, Lexus, etc. would be a huge win to Washington City and to Washington County. Staff thinks the proposed luxury brand auto mall would generate top dollar for the subject lands and would also enhance the value of its surrounding commercial and retail lands.

#### Intended Action

Enter a development Lease with Tri-State that provides options for them to purchase parcels within the auto mall site based on being awarded highline dealership points from the manufacturers. As luxury brand points are awarded to Tri-State, they would be authorized to take additional parcels within the auto mall site down.

This item was discussed and vetted by the Real Estate Committee on April 27, 2020.

**Exhibit A**

# Sienna Hills Auto Mall Site

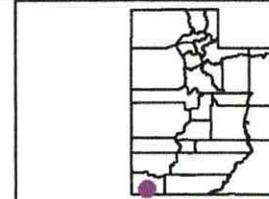
Township 42 South Range 15 West, within Sections 12 and 11, SLB&M

Exit-13 In Washington City, Utah



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

-  AutoMall
-  State Trust Lands



All Data provided by SITLA and is for references purposes only.  
Map created on 10/16/2019 by Aaron Langston

9c

Request for Approval of  
USU-Moab  
Development Project

## MEMORANDUM

TO: **Board of Trustees  
School and Institutional Trust Lands Administration (SITLA)**

FROM: **Troy Herold, Project Manager,  
Planning & Development Group**

RE: **USU Moab Development Project (DEVL 1208)**

Date: **May 14, 2020**

Fund: **Schools**

*The Real Estate Committee discussed this item at its April 27, 2020 meeting.*

Staff have negotiated a transaction for the housing and mixed-use development surrounding the new USU Moab Campus, and request Board approval of the Development Lease with GWC Capital, LLC.

### **Background**

The USU Moab parcel is located within Moab city limits (Figure 1) and consists of 320 acres that surround the new 40-acre USU Moab Campus (Figure 2). USU Moab's role in this SITLA project is as a co-operating neighbor, and is *NOT* as a beneficiary. Schools is the beneficiary of the SITLA-managed 320 acres surrounding the campus.

Of the total 320 acres, approximately 65 acres are developable. The rest of the property includes areas of significant rock fall (cliffs), steep slopes, washes and drainages. There are also several large utility (power and gas) lines that cross the property.

Master Plan – SITLA, USU Moab and the City of Moab jointly developed an overall Campus Master Plan (Figure 3) in 2012 and the property was annexed into the city with a pre-annexation and development agreement. That agreement provides that SITLA will develop according to the 2012 Master Plan and city land use approvals. The property was appropriately zoned for multifamily housing and commercial development. Since 2012, staff have coordinated with and supported USU Moab to refine the plan for the first phase of the campus and the plan to bring infrastructure to the site.

SITLA's portion of the Master Plan (housing and commercial uses) consists of 1,180 residential units and approximately 2 acres of commercial/transitional uses. The residential unit break out is:

- 425 student housing/apartment units
- 630 traditional multifamily units
- 125 single family units
- 1,180 residential units

In 2015, USU Moab completed a feasibility study for the first-phase building. SITLA and USU staff used that work to refine the campus and multi-family housing programming, and held several public meetings in Moab to get feedback on the overall housing plans for the project. The project appears to be highly supported by the Moab community, which has a desperate need for affordable and entry-level housing, which the market is not meeting.

Capital Expenditure Approval – In 2017, the Board approved a \$250,000 capital expenditure for SITLA to partner with USU Moab, the City of Moab, and, with additional funding from the Community Impact Board, to complete the initial construction and extension of Mill Creek Drive to the USU Moab Campus. The final design of the roadway was agreed between the partners (SITLA, USU Moab, and City of Moab) in early 2018.

RFQ – Anticipating a fall 2018 construction start to the roadway, staff released a Request for Qualifications (“RFQ”) for a development partner in the summer of 2018. Staff received only one formal response to the RFQ. Staff realized the 2018 RFQ was premature after discussions with various prospective partners that raised too many questions regarding the timing of the campus and roadway construction projects. Staff elected to wait to re-issue an RFQ until the roadway extension was constructed and USU Moab had funding in hand for the first campus building, providing certainty to the development community.

Campus Schedule – Construction of the Mill Creek Drive Extension was completed in summer of 2019. A ribbon cutting ceremony was held on September 19, 2019, at which time the City officially renamed the street to Aggie Blvd. The Utah Division of Facilities and Construction Management (“DFCM”) released on May 10, 2019 a Request for Proposal and Solicitation (“RFP”) for the first USU Moab Academic Building. As part of that RFP, DFCM established a draft schedule for completion of the first building, which is anticipated to be in time for autumn 2021 classes.

RFQ #2 – With the start of roadway construction and a defined schedule for the first campus building, the timing was right to seek a developer. Staff issued a second RFQ on May 31, 2019 with a deadline of September 6, 2019. Staff advertised the RFQ in local and statewide newspapers, on the SITLA website and through direct outreach to developers, engineers, planners and architects. Staff received significant market interest in the project and three qualified responses to the RFQ.

Selected Developer – The Board authorized staff to enter negotiations with GWC Capital, LLC (“GWC”) at the December 2019 Board Meeting. GWC is part of the Clyde Group, which is the operating partner at SITLA’s Desert Color Project in St. George.

The negotiations started with GWC’s response to the RFQ and resulted in an agreement between GWC and staff to include additional obligations and concessions. The agreed terms for the proposed Development Lease are generally consistent with SITLA’s other development leases.

### Key Elements of Development Lease

- a. Term: 20 years with 2 - 5-year renewal(s) if GWC is meeting milestones
  - i. Due diligence period through June 2021
  - ii. Break ground on 1<sup>st</sup> phase by July 1, 2021
  - iii. May not commence construction on a new phase until 60% of the current phase is complete and sold,
  - iv. Must commence final engineering, final plat, and construction of next subsequent phase when 80% of the current phase is complete and sold
  - v. Phase restrictions (iii. and iv. above) have separate considerations for product type and product price point
  - vi. *3-year stagnation limit unless economic conditions warrant further delay which are mutually agreed upon by both parties*
- b. Annual rent: **\$1,000**/year without reduction or offset until all property has been sold
- c. Purchase/sale structure (revenue paid by GWC to SITLA):
  - i. Improved Residential Lots (SF and MF): **30%** of Gross Sales Price
  - ii. Finished Residential Home (SF and MF For-Sale Products):
    - **7.5%** of Gross Sales Price for years 1 - 5
    - **9.0%** of Gross Sale Price thereafter
  - iii. Improved Parcel for Commercial, Condo, Apartment or Mixed Uses: **45%** of Gross Sales Price. *SITLA reserves the right to participate in a joint venture with developer by contributing the land value*
  - iv. Developed Park and Amenity Space: **\$25,000/ac** for developed park and amenity space
  - v. Unimproved Open Space: **\$2,000/ac** for unimproved open space
  - vi. Undevelopable land: \$100/ac minimum or 50/50 split of additional value obtained through conservation easement or other means
  - vii. Phases may be purchased with an initial payment of **\$40,000/ac** (for developable acreage), and the 'reconciliation payments' to be calculated based on the number of units within each phase.
- d. Coordination with USU Moab: Developer to work with USU Moab to resolve concerns and coordination issues between residential and campus development.
  - i. Key goal: Create development plan for a strong 'University Neighborhood' that benefits from the USU Moab campus. Therefore, the campus and developer projects will need to integrate the use of compatible architecture, site design, pedestrian and vehicular connectivity, landscaping, lighting, signage, walking and bike paths, open-space amenities, and programming.
  - ii. Shared Infrastructure: Developer to lead the final engineering design, coordination and shared-cost analysis of the remaining major infrastructure for the overall campus and residential development:

- Extend Aggie Blvd to the south through the campus into the southern portion of the SITLA parcel and to the connection point on Francis Drive/Hwy 191.
  - Other shared infrastructure: water and sewer systems, road surface improvements, and future widening of Aggie Blvd when needed.
- iii. Reimbursement Agreements: Developer (with SITLA support) to negotiate with USU Moab and City of Moab on timing, costs and funding of shared improvements, and any necessary reimbursement agreements.
- e. Other Elements: Standard SITLA terms consistent with other development leases.

**Conclusion**

Staff supports the development-lease terms presented above and believe they represent a win-win for SITLA, the project, and the developer.

**Requested Action**

Staff requests the Board approve the Development Lease as outlined below and proposes the following motion:

*“Move to approve Development Lease 1208 with GWC Capital, LLC for the USU Moab Project as outlined in the Board memo.”*



**Figure 2 – Project Location**  
(Trust lands shown in blue)



Figure 3 – 2012 Master Plan

