



UTAH INLAND PORT AUTHORITY

November 30, 2021

Utah State Legislature
Executive Appropriations Committee
Senator Jerry W. Stevenson, Senate Chair
Bradley G. Last, House Chair

Esteemed Executive Appropriations Committee Chairs and Members:

On behalf of the Utah Inland Port Authority ("UIPA" or "Authority"), we respectfully submit a report of the activities of the UIPA as required by the Utah Inland Port Authority Act (the "Act") found in Utah Code Ann. § 11-58-101 et. seq. (see specifically § 11-58-803(3)). The following report includes information regarding how funds were spent, updates on the strategic business plan, and a general-purpose report on how UIPA is achieving its purpose set forth in the Act.

The UIPA was appropriated \$3,350,000 in FY 2021 and had \$654,874 carry forward from FY 2020 and \$3,050,000 on-going and \$6,900,000 one-time in FY 2022. The funding was intended for operations of the Authority. The Authority received \$4,978,121 in property tax differential in FY 2021. Of that, \$425,316 was paid to Salt Lake City for affordable housing (§ 11-58-601(6)(b).) Expenditures by UIPA in FY 2021 were made pursuant to agreements for legal services (including litigation), technical and analytical research, communications, and rail strategy approved by the UIPA board. UIPA also spent funds for personnel and related operational expenses. A copy of the FY 2021 (as amended) and 2022 approved budgets are included with this report. Monies were spent in accordance with such approved budget amounts. As required by statute, the Authority completed an independent audit of FY 2020 financials and submitted the completed report to the State Auditor's Office. A copy of the audit is attached to this report. The Authority has made significant progress with various partners on environmental sustainability strategies, to date, these efforts have not yet required the expenditure of any funds.

The UIPA has made several critical advancements in moving the organization forward including; implementing short-term strategic objectives identified in the business plan, advancing partnerships with key west coast ports, establishing a Public Infrastructure District (PID) and securing bonding authority for projects within the Authority Jurisdictional Land (AJL) area, and establishing policy and procedures for the Infrastructure Bank.

The Authority's five-year strategic business plan was released in May 2020, positioning Utah as a global leader in logistics. At the forefront of the plan, developing a trade and logistics hub; advancing sustainable and smart supply chains; to be a responsible steward of the environment and local communities; and effectively manage UIPA resources were unveiled as UIPA objectives for FY 2020-2024.

Over the last several months staff of the Port Authority have been focused on key objectives within the Strategic Business Plan (SBP), prioritizing short-term objectives including progression of the AJL, design and build of the transloading facility, identifying renewable energy corridors, and the Intelligent Crossroads Network (ICN). It is

anticipated that the Authority will have a completed SBP 2.0 with short-term (12-18 month) and long-term (3-5 year) objectives and milestones within the next three months for review and feedback.

One of the strengths of the Authority is the ability to build relationships and create partnerships. Throughout the last year, UIPA has leveraged their expertise in logistics and supply chain industry to sign pivotal agreements with the Port of Oakland and Long Beach. These two partnership agreements are the first critical steps in improving cargo flow throughout the Intermountain West and improving velocity between Utah and the west coast. The Port Authority is a peer agency to these important gateway ports and having these relationships will help Utah prepare for the needs well into the future.

In late October the Port Authority released a joint agreement with the Port of Long Beach and the Union Pacific Railroad to enhance rail service within the Salt Lake jurisdictional land area. The intent is to provide immediate relief through direct rail service and container storage in Utah that will release pressure along the coast and keep cargo flowing throughout the nation.

Additionally, the Authority is working with the ASPIRE Center out of Utah State University and Rocky Mountain Power to develop a freight logistics electrification project within the AJL. The project will demonstrate charging systems with 5G communications, plug-in charging, and both static and dynamic wireless charging. One of the most exciting parts of this projects is that it will lay the ground work for electrified transportation to help improve air quality and enable sustainable growth throughout Utah.

The Authority is also working on several key projects. The board approved creation of a Public Infrastructure District (PID) allowing for the issuance of a bond. The revenue from the bond will fund projects within the jurisdictional land, including but not limited to:

- **Transloading Facility:** A transloading/cross-dock facility will be built adjacent to the Union Pacific (UP) Intermodal rail hub. The facility is expected to provide international and domestic cargo owners, and other stakeholders in the market, a cost-effective and efficient inland alternative by leveraging existing infrastructure, UP's services, and proximity to the intermodal rail ramp in Salt Lake City.
- **Intelligent Crossroads Network (ICN):** The Authority is partnering with QuayChain to build telecommunications infrastructure within the AJL Project Area. The ICN is the first 5G network designed and built to support the supply chain. Providing a high speed, resilient, wireless broadband network will enable Utah to attract and grow high value industries that rely on fast, predictable and sustainable supply chain data. The ICN is intended to be a catalyst to attract global leaders in technology and supply chain, transforming Utah into a center of innovation, research, development, and implementation of new logistics solutions.
- **Advanced Alternative Refueling Station:** The Authority is partnering with Lancer Energy, Bayotech Technology, and Dominion Energy to develop, deploy, and operate a hydrogen infrastructure project for private and/or public use within the jurisdictional land area. The station will have hydrogen, battery-electric charging, and CNG all in one location. The project will stand up a renewable energy fueling station that will enable the production and distribution from the site. The objective is to replicate these stations throughout the state.
- **Rail Infrastructure:** The Authority will acquire existing infrastructure, including rail spur and test track, to assist with additional infrastructure build out to increase the capacity of the rail network. The existing track connects into the rail network within the AJL Project Area. UIPA is working with the short line rail

provider on an expansion project to accomplish multiple objectives and this project is expected to contribute in deconflicting at-grade crossings in adjacent neighborhoods, providing greater access and enhancing livability as well as reducing emissions associated with idling by both cars and trains.

- **Foreign Trade Zone (FTZ) and U.S. Customs Facilities:** The Authority is exploring the potential for the AJL Project Area to house a federal customs bonded facility with rail and loading docks for bonded warehousing, goods inspection, and other activities allowed under Foreign Trade Zone designated facilities.
- **North Temple Rail Expansion.** The Authority requires acquisition of identified property to develop rail access into the AJL Project Area north of I-80. The property is currently a brownfield site requiring remediation. The Utah Department of Environmental Quality is in the final stages of approval of a Remedial Action Plan (RAP) which contemplates the proposed rail project.

Finally, during the 2021 general session, the legislature created an infrastructure fund and appropriated \$75 million. The funds are currently in a special fund within State Finance and will need to be transferred to UIPA during the next session. The loan committee established in statute has approved a policy document which is attached. The Authority is continuing to work with Zions Bank on additional procedures.

Throughout the last year, the Authority has identified several project areas in which targeted funding will create greater access, speed to market, and efficiency within the logistics system across the state. Areas of current focus include (please note this is not an exclusive list, there will be additional projects added):

- Box Elder
- Carbon
- Cedar City
- Emery
- Levan
- Tooele
- Weber

A broader list of projects within each area is available upon request. The Authority will continue to work with the Association of Counties, local municipalities and private parties to identify additional projects throughout the state.

Thank you for your continued interest, oversight and support. We are grateful for the opportunity you have provided UIPA board, the executive team and Port Authority staff to serve the state of Utah. We are available to meet with the committee, either individually or collectively to address any questions or concerns you may have.

Respectively,

Jack C. Hedge
Utah Inland Port Authority
Executive Director

Jill Flygare
Utah Inland Port Authority
Deputy Executive Director

Utah Inland Port Authority

FY 2021-25 Estimate

Revenue

	FY 2019 Actual		FY 2020 Actual		FY 2021 Proposed		FY 2022 Est
Operating Revenue							
Legislative Appropriation	\$	1,975,000	\$	1,500,000	\$	2,250,000	\$ 3,050,000
One-time Appropriation					\$	1,100,000	\$ 6,900,000
Total Appropriation	\$	1,975,000	\$	1,500,000	\$	3,350,000	\$ 9,950,000
Carry Forward	\$	-	\$	1,401,948	\$	654,874	\$ 140,574
Other Revenue			\$	171,737	\$	446,316	\$ 542,000
Total Other funding	\$	-	\$	1,573,685	\$	1,101,190	\$ 682,574
	\$	-					
Total Operating Revenue	\$	1,975,000	\$	3,073,685	\$	4,451,190	\$ 10,632,574
Investment Financing							
Property Tax Differential			\$	1,757,795	\$	4,550,805	\$ 5,500,000
Infrastructure Fund	\$	-			\$	12,500,000	\$ 12,000,000
Reinvestment					\$	-	\$ 12,060,000
Interest					\$	60,000	\$ 60,000
Total Fund Balance	\$	-	\$	1,757,795	\$	17,110,805	\$ 29,620,000
Total Revenue	\$	1,975,000	\$	4,831,480	\$	21,561,995	\$ 40,252,574

Expenditures

Operating Expenses							
Administrative overhead, legal							
Personnel	\$	4,903	\$	783,637	\$	1,250,000	\$ 2,000,000
Travel	\$	1,062	\$	12,744	\$	25,000	\$ 60,000
Lease	\$	-	\$	135,032	\$	166,300	\$ 171,300
Legal	\$	172,000	\$	300,000	\$	450,000	\$ 450,000
Litigation	\$	-	\$	100,477	\$	65,000	\$ 50,000
Audit			\$	7,500	\$	15,000	\$ 25,000
Liability Insurance	\$	5,295	\$	7,895	\$	8,500	\$ 8,500

Parking/Motor pool	\$	-	\$	500	\$	15,000	\$	10,000
Employee Development	\$	-	\$	2,788	\$	15,000	\$	10,000
Reception & Meeting	\$	-	\$	6,338	\$	10,000	\$	20,000
Total Administrative costs	\$	183,260	\$	1,356,911	\$	2,019,800	\$	2,804,800

Office Suplies								
Supplies	\$	870	\$	5,539	\$	17,000	\$	15,000
Furniture & equipment	\$	292	\$	5,952	\$	-	\$	2,500
Technology	\$	1,999	\$	45,699	\$	45,000	\$	50,000
Depreciation					\$	8,500	\$	8,500
Total office supplies	\$	3,161	\$	57,190	\$	70,500	\$	76,000

Consulting Fees and Professional Services								
Interim Director	\$	75,000	\$	-	\$	-		
Business Plan	\$	76,680	\$	480,000	\$	-	\$	-
Community Engagement	\$	134,951	\$	125,522	\$	-	\$	75,000
Professional Services			\$	58,461	\$	-	\$	-
Exeuctive Search	\$	100,000	\$	-	\$	-	\$	-
CRM development/license	\$	-	\$	3,650	\$	15,000	\$	50,000
Analytical Research (data)			\$	30,000	\$	450,000	\$	100,000
Technical Assistance			\$	50,000	\$	200,000	\$	150,000
Marketing & Communications			\$	85,340	\$	180,000	\$	175,000
Rebrand					\$	-	\$	75,000
Rail Strategy	\$	-	\$	-	\$	100,000	\$	200,000
Business Development - RFP							\$	850,000
Total Consulting & Professional Services	\$	386,631	\$	832,973	\$	945,000	\$	1,675,000

Total Operating Expenses	\$	573,052	\$	2,247,074	\$	3,035,300	\$	4,555,800
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Development Activities

Government Expenses

Community Development - SLC Housing Affordability			\$	171,737	\$	425,316	\$	500,000
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Projects

Ground Lease					\$	850,000		
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Development

Total Development Activities			\$	171,737	\$	1,275,316	\$	500,000
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Total Expenses		\$	2,418,811	\$	4,310,616	\$	5,055,800
	Closing Balance	\$	1,401,948	\$	2,412,669	\$	5,576,774
Total Operating Expenditures		\$	1,401,948	\$	4,831,480	\$	10,632,574

Investment Expenditures

Allocation of Fund Balance							
Fund Balance Transferred to PTIF (tax differential)		\$	1,757,795	\$	4,550,805	\$	5,500,000
Total Fund Transfer		\$	1,757,795	\$	4,550,805	\$	5,500,000

Infrastructure Fund							
Site Improvement/Infrastructure							
700 N Expansion				\$	-	\$	8,400,000
Truck Parking (N & S I-80)				\$	500,000	\$	1,500,000
Beagley Road - Magna City				\$	-	\$	2,500,000
ROW acquisition				\$	-	\$	1,200,000
Intelligent Crossroad Network				\$	-	\$	3,000,000
Reinvestment				\$	12,060,000	\$	7,520,000
Total Investment				\$	12,560,000	\$	24,120,000

Total Investment Expenditures	\$	-	\$	1,757,795	\$	17,110,805	\$	29,620,000
Closing Balance after Transfer	\$	1,401,948	\$	654,874	\$	140,574	\$	5,576,774
Total Operating and Investment Expenditures			\$	4,831,480	\$	21,561,995	\$	40,252,574

UTAH INLAND PORT AUTHORITY

Basic Financial Statements
and Compliance Reports

Year Ended June 30, 2020

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Independent Auditor's Report

Board of Directors
Utah Inland Port Authority

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Utah Inland Port Authority (Authority), a component unit of the State of Utah, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Utah Inland Port Authority, a component unit of the State of Utah, as of June 30, 2020, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
December 18, 2020

Management's Discussion and Analysis

As management of Utah Inland Port Authority (the Authority), we offer readers of the Authority's financial statements this narrative discussion, overview, and analysis of the financial activities of the Authority for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes.

FINANCIAL HIGHLIGHTS

- The Authority's net position for governmental activities increased by \$1.0 million during 2020 resulting in a net position of \$2.4 million at June 30, 2020.
- Revenues totaled \$3.4 million during the year ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise government-wide and fund financial statements and related notes to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the Authority, with the difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the Authority changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., property taxes receivable).

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund of Authority is reported as a governmental fund.

Governmental Fund – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Authority's near-term financing requirements.

The Authority maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9 through 11 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 12 through 15 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets exceeded liabilities by \$2.4 million at the close of the most recent fiscal year.

A portion of the Authority's net position reflects its net investment in capital assets. The remaining balance of net position is unrestricted. Unrestricted net position may be used to meet the Authority's ongoing obligations and to honor next year's budget.

UTAH INLAND PORT AUTHORITY Net Position June 30, 2020

	<u>Governmental Activities</u>
Current assets	\$ 2,711,203
Capital assets	<u>17,494</u>
Total assets	2,728,697
Current liabilities	306,004
Compensated absences	<u>7,470</u>
Total liabilities	313,474
Net position:	
Net investment in capital assets	17,494
Unrestricted	<u>2,405,199</u>
Total net position	<u><u>\$ 2,422,693</u></u>

Governmental Activities

The key elements of the increase in the Authority's net position for the year ended June 30, 2020 are as follows:

- Revenues totaled \$3.4 million for the year ended June 30, 2020. The Authority received \$1.5 million in revenue from the State of Utah and \$1.9 in revenue from property tax differential.

- Expenses totaled \$2.4 million for the year ended June 30, 2020. The Authority's primary expenses include purchased services (professional, technical, and contractual services) of \$1.3 million and personnel costs (salaries and benefits) of \$0.8 million.

UTAH INLAND PORT AUTHORITY Changes in Net Position
Year Ended June 30, 2020

	Governmental Activities
Revenues:	
State of Utah	\$ 1,500,000
Property tax differential	1,929,532
Contributed capital assets from State of Utah	17,494
Total revenues	3,447,026
Expenses:	
Personnel	782,525
Purchased services	1,292,488
Occupancy	135,052
Supplies and equipment	13,506
Other	30,973
Contribution to other governments	171,737
Total expenses	2,426,281
Changes in net position	1,020,745
Net position, beginning	1,401,948
Net position, ending	\$ 2,422,693

GOVERNMENTAL FUND FINANCIAL ANALYSIS

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the Authority's general fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. At June 30, 2020, the Authority's general fund reported a fund balance of \$2.4 million. The following information on revenues and expenditures should be noted:

- Revenues totaled \$3.4 million for the year ended June 30, 2020. The Authority received \$1.5 million in revenue from the State of Utah and \$1.9 in revenue from property tax differential.
- Expenditures totaled \$2.4 million for the year.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into restricted and unrestricted portions. *Restricted* includes net fund resources of the Authority that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances in the general fund are those resources that the Board of Directors has established by formal action for specific purposes. *Assigned* balances in the general fund are resources that management intends to be used for specific purposes. *Unassigned* balances in the general fund are all other available net fund resources. At June 30, 2020, the Authority's governmental fund balances is \$2.4 million, all of which is unassigned fund balance.

CAPITAL ASSET ADMINISTRATION

Capital Assets

On June 30, 2020, the State of Utah contributed equipment to the Authority totaling \$17,494.

Additional information on the Authority's capital asset activity can be found in Note 3 to the basic financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the Board revised the Authority's budget. The original budget was amended to reflect an increase of \$0.7 million in property tax differential and a decrease of \$5.0 million in revenues from the State of Utah. The original budget was amended to show a \$4.6 million decrease in expenditures which included a \$5.1 million decrease in site improvements and infrastructure and a \$0.4 increase in purchased services.

With these adjustments, actual expenditures were slightly more than final budgeted amounts. Actual revenues were \$1.4 million more than final budgeted amounts. Actual property tax differential revenue received and the related contributions to other governments were respectively \$0.8 million and \$0.1 million more than was estimated in the final budget. Revenue from the State of Utah was \$0.5 million more than budgeted.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the Utah Inland Port Authority and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Operating Officer, Utah Inland Port Authority, 111 S. Main Street, Suite 575, Salt Lake City, Utah 84111.

Basic Financial Statements

Utah Inland Port Authority
Statement of Net Position
June 30, 2020

Assets:

Cash and investments	\$ 265,053
Due from State of Utah	500,059
Property tax differential receivable	1,929,532
Prepaid expenses	16,559
Capital assets, net	<u>17,494</u>
Total assets	2,728,697

Liabilities:

Accounts payable	254,807
Accrued expenses	35,648
Due to the State of Utah	8,079
Compensated absences:	
Portion due or payable within one year	3,735
Portion due or payable after one year	<u>3,735</u>
Total liabilities	306,004

Net position:

Net investment in capital assets	17,494
Unrestricted	<u>2,405,199</u>
Total net position	<u><u>\$ 2,422,693</u></u>

The notes to the basic financial statements are an integral part of this statement.

Utah Inland Port Authority
Statement of Activities
Year Ended June 30, 2020

Expenses:

Personnel	\$ 782,525
Purchased services	1,292,488
Occupancy	135,052
Supplies and equipment	13,506
Other	30,973
Contributions to other governments	<u>171,737</u>
Total expenses	2,426,281

General revenues:

State of Utah	1,500,000
Property tax differential	1,929,532
Contributed capital assets from State of Utah	<u>17,494</u>
Total general revenues	<u>3,447,026</u>
Change in net position	1,020,745

Net position - June 30, 2019	<u>1,401,948</u>
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Net position - June 30, 2020	<u><u>\$ 2,422,693</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Utah Inland Port Authority
Balance Sheet
Governmental Fund
June 30, 2020

	<u>General Fund</u>
Assets:	
Cash and cash equivalents	\$ 265,053
Due from State of Utah	500,059
Property tax differential receivable	1,929,532
Prepaid items	<u>16,559</u>
Total assets	2,711,203
Liabilities:	
Accounts payable	254,807
Accrued expenditures	35,648
Due to the State of Utah	<u>8,079</u>
Total liabilities	298,534
Fund balances:	
Unassigned	<u><u>\$ 2,412,669</u></u>

Reconciliation of the balance sheet of the governmental fund to the statement of net position

Total fund balances	\$ 2,412,669
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Total net position reported for governmental activities in the statement of net position is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, certain assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets increased net position in the current period.	17,494
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Compensated absences are not due and payable in the current period and, therefore, are not reported in governmental funds.	(7,470)
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Net position of governmental activities	<u><u>\$ 2,422,693</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Utah Inland Port Authority
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Fund
Year Ended June 30, 2020

	<u>General Fund</u>
Revenues:	
State of Utah	\$ 1,500,000
Property tax differential	1,929,532
Total revenues	<u>3,429,532</u>
Expenditures:	
Personnel	775,055
Purchased services	1,292,488
Occupancy	135,052
Supplies and equipment	13,506
Other	30,973
Contributions to other governments	171,737
Total expenditures	<u>2,418,811</u>
Excess revenues over expenditures / net change in fund balances	1,010,721
Fund balances - June 30, 2019	<u>1,401,948</u>
Fund balances - June 30, 2020	<u><u>\$ 2,412,669</u></u>

Reconciliation of the statement of revenues, expenditures, and change in fund balance of the governmental fund to the statement of activities

Net change in fund balances	\$ 1,010,721
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The change in net position for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, certain assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets increased net position in the current period.

Contributed capital assets from State of Utah	17,494
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Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(7,470)
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Change in net position of governmental activities	<u><u>\$ 1,020,745</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Utah Inland Port Authority
Statement of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
State of Utah	\$ 6,000,000	\$ 1,000,000	\$ 1,500,000	\$ 500,000
Property tax differential	356,026	1,044,411	1,929,532	885,121
Interest earnings	10,000	-	-	-
Total revenues	6,366,026	2,044,411	3,429,532	1,385,121
Expenditures:				
Personnel	800,000	825,000	775,055	49,945
Purchased services	856,680	1,210,049	1,292,488	(82,439)
Occupancy	160,000	155,000	135,052	19,948
Supplies and equipment	90,000	57,500	13,506	43,994
Site improvements and infrastructure	5,076,820	-	-	-
Other	10,295	43,395	30,973	12,422
Contributions to other governments	46,137	104,441	171,737	(67,296)
Total expenditures	7,039,932	2,395,385	2,418,811	(23,426)
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(673,906)	(350,974)	1,010,721	1,361,695
Fund Balances - June 30, 2019	1,401,948	1,401,948	1,401,948	-
Fund Balances - June 30, 2020	<u>\$ 728,042</u>	<u>\$ 1,050,974</u>	<u>\$ 2,412,669</u>	<u>\$ 1,361,695</u>

The notes to the basic financial statements are an integral part of this statement.

UTAH INLAND PORT AUTHORITY

Notes to the Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Utah Inland Port Authority (Authority) are in conformity with accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the more significant accounting policies applied by the Authority.

The Reporting Entity

The Authority was formed in 2018 as a political subdivision of the State of Utah and is a state corporation directed to maximize the long-term economic and other benefits of a robust logistics system while still maintaining a high quality of life. The Authority is a forward-thinking agency aiming to channel logistics in a way that benefits all of Utah by ensuring a safe, smart, and sustainable system statewide.

The Board of Directors is the primary governing authority for the Authority. The Board establishes policies, approves the budget, and appoints officials with responsibilities for administering all funding activities and fiscal matters of the Authority.

Utah Inland Port Authority is a component unit of the State of Utah.

Government-wide Financial Statements

The *statement of net position* and the *statement of activities* report information on all of the activities of the Authority.

Fund Financial Statements

The fund financial statements provide information about the Authority's general fund, a major governmental fund. It accounts for all financial resources of the Authority.

Cash and Investments

The Authority has cash and investments on account through the State of Utah. Cash and investment management in the State is administered by the State Treasurer in accordance with the State Money Management Act, Title 51 Chapter 7 of the *Utah Code* (see Note 3). The State maintains a cash and investment pool that is available for use by all its funds and fiduciary activities. Income from the investment of pooled cash is allocated based upon portion of the pool of each fund or fiduciary activity.

Investments with original maturities of less than three months from the date of acquisition are also considered cash equivalents.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. State appropriations are considered to be susceptible to accrual.

UTAH INLAND PORT AUTHORITY

Notes to the Basic Financial Statements

Other receipts become measurable and available when cash is received by the Authority and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is matured or paid.

Budgetary Basis of Accounting

The Authority operates within budget requirements as specified by Utah law. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America using the modified accrual basis of accounting for the general fund.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

Capital Assets

The Authority defines capital assets as assets with an initial, individual cost of \$5,000 and is reported in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Depreciation is provided on capital assets using the straight-line method over its estimated useful life of 5 years.

Compensated Absences

The Authority's policy permits employees to accumulate earned but unused compensatory day and excess leave benefits, which are eligible for payment upon separation from the Authority. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of separation. The liability for compensated absences includes salary-related benefits, where applicable.

Net Position/Fund Balances

The residual of all other elements presented in a statement of net position is *net position* on the government-wide financial statements and the residual of all other elements presented in a balance sheet is *fund balance* on the governmental fund financial statements.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the Authority is bound to honor them. The Authority first determines and reports nonspendable balances, then

UTAH INLAND PORT AUTHORITY

Notes to the Basic Financial Statements

restricted, then committed, and then assigned, with the remainder being reported as unassigned. All of the Authority's fund balance is unassigned at June 30, 2020.

Net Position/Fund Balance Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

Net Position – It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position.

Fund Balance – It is the Authority's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Authority's cash and cash equivalents are held by the State of Utah. The Authority (and the State) complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. Authority funds are deposited in qualified depositories as defined by the Act.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The Authority considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits

Amounts held in a financial institution may be in excess of federal depository insurance limits. No deposits are collateralized, nor is it required by state statute.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk other than to comply with the Act.

Investments

Investments are recorded at fair value.

The Act also defines the types of securities allowed as appropriate investments for the Authority and the conditions for making investment transactions. The Act authorizes the Authority to invest in the State of Utah Public Treasurers' Investment Fund (the PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the state of Utah.

Credit Risk – Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Authority's policy for limiting the credit risk of investments is to comply with the Act.

UTAH INLAND PORT AUTHORITY
Notes to the Basic Financial Statements

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority’s policy for managing interest rate risk is to comply with the Act.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Authority’s policy for reducing this risk of loss is to comply with the Act and the rules of the Council.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s investment policy is to follow the Act and the rules of the Council.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets being depreciated:				
Equipment	\$ -	\$ 17,494	\$ -	\$ 17,494
Accumulated depreciation for:				
Equipment	-	-	-	-
Total capital assets being depreciated, net	<u>\$ -</u>	<u>\$ 17,494</u>	<u>\$ -</u>	<u>\$ 17,494</u>

NOTE 4 – COMPENSATED ABSENCES

Compensated absences activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ -</u>	<u>\$ 9,547</u>	<u>\$ (2,077)</u>	<u>\$ 7,470</u>	<u>\$ 3,735</u>

NOTE 5 – PROPERTY TAX DIFFERENTIAL

In accordance with *Utah Code* Title 11, Chapter 58 the Authority is entitled to receive the difference between the amount of property tax revenues generated each tax year by all taxing entities from a project area, using the current assessed value of property; and the amount of property tax revenues that would be generated from the same area using the base taxable value of the property; excluding property tax revenues generated from certain levies as defined by the code. Each year this property tax differential collected is forwarded directly by the county to the Authority. During the year ended June 30, 2020, the Authority recognized \$1,929,532 for property tax differential revenue related to the 2019 tax year.

UTAH INLAND PORT AUTHORITY
Notes to the Basic Financial Statements

NOTE 6 – COMMITMENTS

The Authority has entered into a lease agreement for facilities that expires November 30, 2025. The total monthly cost for this lease is \$15,368 and increases by 3% each year. Expenditures under this lease totaled \$125,104 for the year ended June 30, 2020. Future minimum payments under this facility lease are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ 193,284
2022	199,080
2023	205,056
2024	211,212
2025	217,548
2026	93,380

NOTE 7 –LITIGATION

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable. The Authority's counsel estimates that the Authority's potential obligation resulting from such claims or litigation would not materially affect the financial statements of the Authority.

Compliance Reports



Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Utah Inland Port Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Utah Inland Port Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah

December 18, 2020



Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Board of Directors
Utah Inland Port Authority

Report on Compliance

We have audited the compliance of Utah Inland Port Authority (the Authority) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2020:

Budgetary Compliance
Open and Public Meetings Act

Management's Responsibility

Management is responsible for compliance with the state compliance requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the state compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Authority's compliance with those requirements.

Opinion on Each State Compliance Requirement Tested

In our opinion, Utah Inland Port Authority complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

Budgetary Compliance – *Utah Code* Title 11, Chapter 58 requires that expenditures not be in excess of the total budgeted appropriation. For the year ended June 30, 2020, the Authority exceeded budgeted expenditures.

Views of responsible officials – The Authority estimated the property tax differential revenue and related contributions to other governments for the final budget and the actual amounts came in higher causing expenditures to exceed the budgeted expenditures. The Authority will review its policies and internal controls and ensure timely action is taken when noncompliance is identified.

The Authority's response to the noncompliance findings identified in our audit is described above. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah

December 18, 2020

Inland Port Loan Approval Committee

Policies and Guidelines for Prioritizing Infrastructure Loans



Overview

The Utah Inland Port Authority (UIPA) was created in 2018 as an independent, nonprofit, separate body corporate and politic, with perpetual succession; a political subdivision of the state; and a public corporation (§11-58-101 et. seq). The purpose of UIPA is to fulfill the statewide public purpose of working with applicable state and local government entities, property owners and other private parties to encourage and facilitate development for the benefit of the state, consistent with the strategies, policies, and objectives described in the authorizing statute.

The Inland Port Fund (“IPF”) was created in 2021 through the passage of *SB 243 Political Subdivision Amendments* (§63A-3-401.5) as an infrastructure revolving loan fund with the purpose of providing funding, through infrastructure loans, for infrastructure projects to fulfill UIPA’s mission and vision (“Infrastructure Loans”). SB 243 created the Loan Approval Committee (“Committee”) and required that the Committee “establish policies and guidelines with respect to prioritizing requests for infrastructure loans and approving infrastructure loans.” And for Infrastructure Loans for projects on the authority jurisdictional land, priority shall be given to a “infrastructure loan request that furthers the policies and best practices incorporated into the environmental sustainability component of the authority's business plan under Subsection 11-58-202(1)(a).” (11-58-106(4)). This document sets forth the Committee’s priority policies and guidelines for the Infrastructure Loans.

The IPF is designed to accelerate deployment of capital for infrastructure projects across Utah (“Utah” or the “State”) and is managed by UIPA, recognized as a leading advocate for, and innovator in, smart, sustainable infrastructure investment. Through the IPF, UIPA is able to achieve its main objectives set out in the Strategic Business Plan (SBP), particularly as it applies the environmental sustainability component in an the authority jurisdictional land:

- Elevating Utah as the leading North American trade and logistics hub,
- Advancing sustainable and smart supply chains,
- Being a responsible steward to the environment and local communities, and
- Being an effective manager of UIPA’s resources.

IPF’s participation in a diversity of transactions will spur development in Utah, with benefits for Utah residents and across the Intermountain West.

Purpose & Scope

The IPF, as set forth in *SB 243 Political Subdivisions Amendments* (2021), is required to invest in infrastructure projects that generate revenue and are in the public interest. Policies and guidelines set forth by the IPF will prioritize infrastructure that furthers best practices around environmental sustainability outlined in §11-58-202(1)(a) and in the UIPA Strategic Business Plan. Additionally,

IPF will fund projects that align with the Port Authority's core mission of promoting strategic, sustainable, equitable, and smart logistics investment through partnerships and policies.

Projects will be identified and brought to the loan committee for review and approval through a vetting process of UIPA staff in consultation with municipalities and county officials across the state. UIPA continues to assess infrastructure needs state-wide to provide a holistic approach to connecting Utah to the global logistics system.

This document describes the policy and guidelines for the loan committee and will be updated as needed. Additional details on procedures and applicant requirements will be added.

Objective

The investment plan of the IPF is established to ensure investments are revenue-generating and in the public interest. The IPF is intended to provide funding opportunities that will increase market participation and access to capital. The goals and objectives of the IPF include:

1. Create long-term economic growth
2. Build strong communities that are inclusive and equitable
3. Support transition to new
 - a. Clean energy
 - b. Workforce
 - c. Economy

Criteria

The IPF is accountable to policymakers and the public through enabling legislation, *SB 243 Political Subdivisions Amendments* (2021), and responsible for meeting all of its legal requirements and ensuring that projects have met the required standards prior to approval.

Projects on the authority jurisdictional land funded through the IPF must show a relationship to sustainability initiatives outlined in §11-58-202(1)(a) and in the UIPA Strategic Business Plan (SBP). The loan committee will review how these projects support identified sustainability initiatives and SBP strategies, specifically, but not limited to:

- Advance sustainable and smart supply chains
 - Promote sustainable logistics
 - Initiate sustainable development
 - Advance new technologies
- Be a responsible steward of the environment
 - Improve traffic flow
 - Enhance community livability

In addition, for all proposed Infrastructure Loans, the Committee will consider market transformation, impact benefits and transaction size and participation, each of which is discussed below.

- Would not likely occur given the current state of market; or
- Might occur in the market but would likely:
 - Involve unfavorable terms;
 - Not happen at the level to scale the sector;

- Not involve the same level of focus on Utah; and/or
 - Not happen as quickly.
- Assess investment contribution to sustainability on market transformation in Utah through:
 - Type and amount of capital applied (mobilization)
 - Ability to scale or replication to drive additional financing to market
- Public impacts/benefits:
 - Cost savings
 - Job generation
 - Other indirect benefits

The Committee may consider multiple types of financing tools including, but not limited to:

- Credit enhancement (interest rate buydown, warehouse credit facility, lines of credit)
- Financing conduit
- Construction loan
- Long term debt financing
- Equity investment