

# Town of Leeds

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## Agenda Town of Leeds Town Council Wednesday, April 13, 2022

**PUBLIC NOTICE** is hereby given that the Town of Leeds Town Council will hold a **PUBLIC MEETING** on Wednesday, April 13, 2022, at 7:00 PM at Leeds Town Hall, 218 N. Main Street, Leeds, UT 84746. If you are interested in participating remotely via Zoom, please contact Town Hall at 879-2447 or email [Clerk@LeedsTown.org](mailto:Clerk@LeedsTown.org) for the Zoom details.

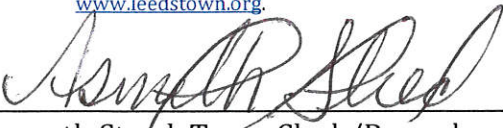
### **Regular Meeting 7:00pm.**

1. Call to Order/Roll Call
2. Pledge of Allegiance
3. Declaration of Abstentions or Conflicts
4. Consent Agenda:
  - a. Tonight's Agenda
  - b. Meeting Minutes of March 9, 2022
5. Citizen Comments: No action may be taken on a matter raised under this agenda item. (Three minutes per person).
6. Announcements:
  - a. Easter Egg Hunt, Saturday, April 16, 2022, at 9am in Town Park, Ages 0-10
  - b. Setting the Date for Public Hearing for Leeds General and Master Transportation Plan from Sunrise Engineering May 4, 2022, at Planning Commission Meeting and May 11, 2022, at Town Council Meeting.
7. Public Hearing: None
8. Action Items:
  - a. Discussion Possible Action Regarding Leeds Potter Property – 11.94 Acres
  - b. Action Regarding Town Website Review and Possible Funding
9. Discussion Items:
  - a. Presentation from Michelle Poet Regarding Citizen Concern about Zions Landing Resort and Toquerville ARC Sports Complex
  - b. Main Street Project Update from Karl Rasmussen
10. Citizen Comments: No action may be taken on a matter raised under this agenda item. (Three minutes per person).
11. Staff Reports
12. Closed Meeting: A Closed Meeting may be held for any item identified under Utah Code section 52-4-205.
13. Adjournment

The Town of Leeds will make reasonable accommodations for persons needing assistance to participate in this public meeting. Persons requesting assistance are asked to call the Leeds Town Hall at 879-2447 at least 24 hours prior to the meeting.

The Town of Leeds is an equal opportunity provider and employer.

Certificate of Posting: The undersigned Clerk/Recorder does hereby certify that the above notice was posted April 11 2022, at these public places: Leeds Town Hall, Leeds Post Office, the Utah Public Meeting Notice website <http://pmn.utah.gov>, and the Town of Leeds website [www.leadstown.org](http://www.leadstown.org).

  
Aseneth Steed, Town Clerk/Recorder

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05.04.2022

Hi Aseneth,

As discussed, I am requesting to be included on the Leeds Town Council agenda for next week. The topic is: Zions Landing Resort and ARC Sports Complex - citizens' concerns.

I will email you the slides by Thursday in case there are updates from tomorrow's Toquerville City Council meeting.

thanks,

Michelle Peot (2070 Silver Reef Drive)  
213.500.9846

# Zions Landing Resort & ARC Sports Complex Projects

Leeds

Citizen

Concerns

04.13.2022

Leeds Town Council Meeting



version 1.2, last updated 04.06.2022



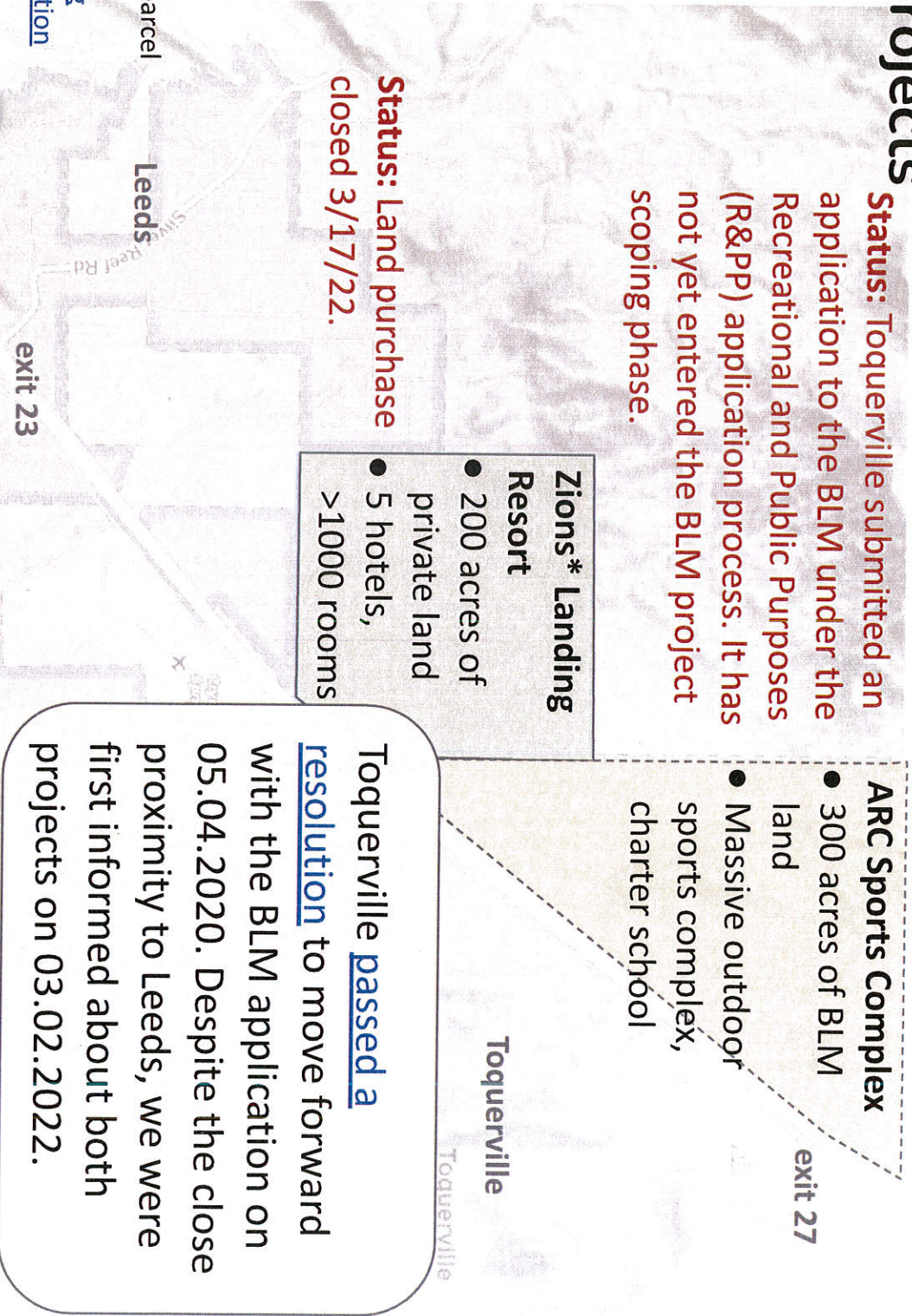
# The sister projects

**Status:** Toquerville submitted an application to the BLM under the Recreational and Public Purposes (R&PP) application process. It has not yet entered the BLM project scoping phase.

**Status:** Land purchase closed 3/17/22.

- Zions\* Landing Resort**
- 200 acres of private land
  - 5 hotels, >1000 rooms

- ARC Sports Complex**
- 300 acres of BLM land
  - Massive outdoor sports complex, charter school



Toquerville passed a resolution to move forward with the BLM application on 05.04.2020. Despite the close proximity to Leeds, we were first informed about both projects on 03.02.2022.

\*Not my typo.

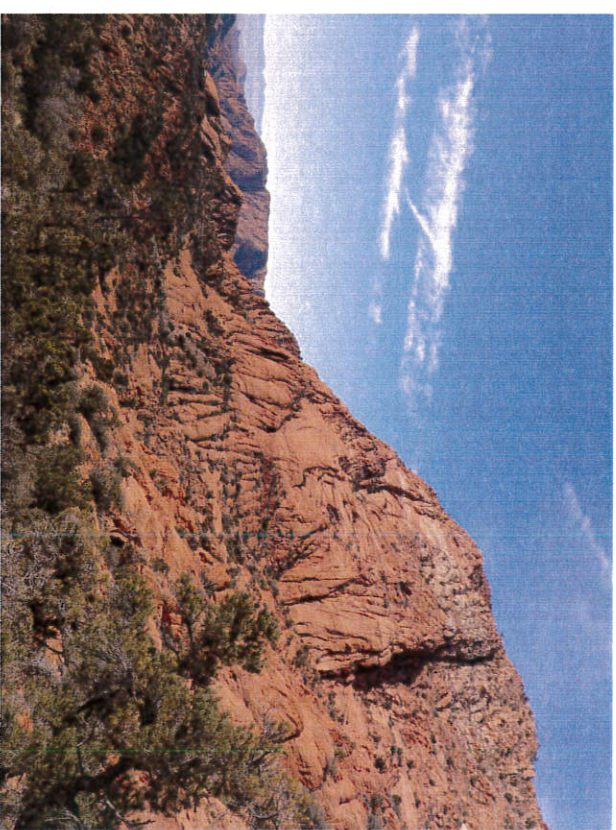
sources:

- [Washington County Recorder](#) (parcel 3151-A-HV warranty deed)
- Toquerville City Council [meeting minutes](#) for 05.14.2020 & [resolution](#)



## Values shared between our communities

- Quality of life
  - For ourselves and our families
- Sustainable growth
  - Water
  - Public lands and open spaces
  - Traffic
- Government accountability
  - Community input
  - Transparency of decisions
  - Informed investments



## The projects' Managing Developer, Frank Tusieseina

According to court records, since 2008 Tusieseina was a defendant in 9 civil judgements and 1 settlement for a grand total of **\$973K in court ordered payouts** related to complaints of:

- fraud
- embezzlement
- breach of contract
- rent default

sources: *Terriquez v. Tusieseina* (2010), *Crayk v. Tusieseina* (2010), *Nielson v. Tusieseina* (2011), *Portfolio Recovery Assoc. v. Tusieseina* (2013), *Gared Holdings v. Tusieseina* (2017), *Staker Parson Materials & Construction v. Tusieseina* (2018), *SWEC et al. v. Tusieseina* (2017), *Acton v. Tusieseina* (2018), *Mountainland Collections v. Tusieseina* (2019), *Connor Sport Court International v. Tusieseina* (2018)



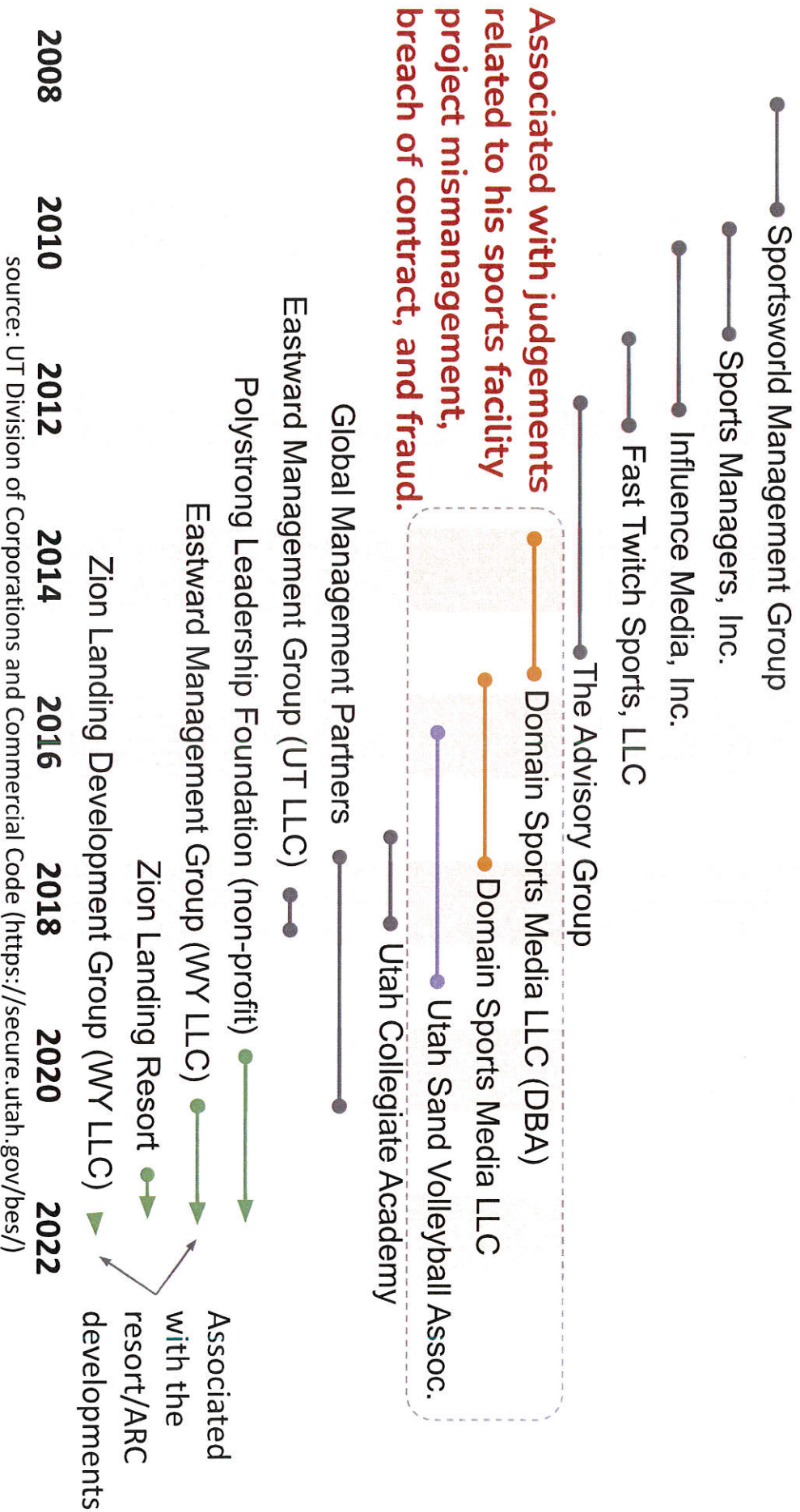
# Frequent payment defaults & bankruptcy filings

According to court records:

- Tusieseina has repeatedly failed to pay landlords, **contractors, and sports equipment partners**, resulting in >\$660,000 in UT civil judgements.
- Since 1992 Tusieseina has filed for bankruptcy at least 5 **times** in CA and UT.
  - CA: 01.15.1992, 03.15.1994
  - UT: 09.11.2013, 06.19.2018, 11.20.2019

sources: *Terriguez v. Tusieseina* (2010), *Crayk v. Tusieseina* (2010), *Nielson v. Tusieseina* (2011), *Gared Holdings v. Tusieseina* (2017), *Staker Parson Materials & Construction v. Tusieseina* (2018), *SWEC et al. v. Tusieseina* (2017)

# Tusieseina's series of short-lived shell companies





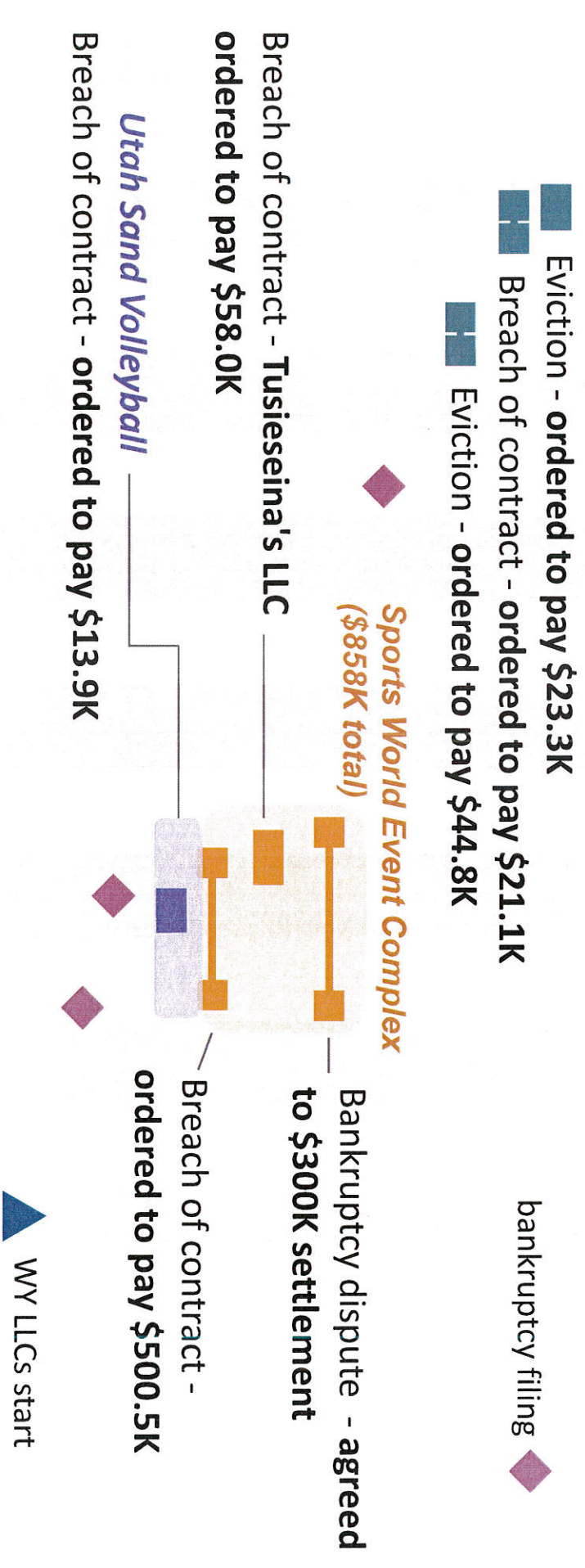
## Tusieseina's 2 shell companies affiliated with these projects are all WY-based

- WY has one of the US' most debtor friendly bankruptcy laws, protecting debtors' personal finances from creditors.
- WY shields UT business owners from state taxes.

sources:

- [Washington Post/ICJ](#) Pandora Papers investigative report (12.20.2021)
- UT Division of Corporations and Commercial Code, business entity database (<https://secure.utah.gov/bes/>)
- Eastward Management Group website (<https://eastwardmanagementgroup.com/>)

# Timeline of Tusieseina UT settlements & judgements >\$10K



sources (in order): *Terriguez v. Tusieseina* (2010), *Crayk v. Tusieseina* (2010), *Nielson v. Tusieseina* (2011), *SWEC et al. v. Tusieseina* (2017), *Gared Holdings v. Tusieseina* (2017), *Connor Sport Court International v. Tusieseina* (2018), *Staker Parson Materials & Construction v. Tusieseina* (2018); UT Division of Corporations and Commercial Code business entity database



## Case review: Sports World Event Center (SWEC)



- 2016** ▶ Tusieseina started recruiting investors for SWEC.
- ▶ Several out-of-state investors signed on based on Tusieseina's statements that he had additional investors lined up and was experienced at sports facility management.
- ▶ In parallel Tusieseina separately secured financing for another project via his LLC, Domain Sports Media, from developer and former UT House Rep, **Mike Morley**.
- late 2016** ▶ SWEC opens in Salt Lake City.

source: SWEC et al. v. Tusieseina (2017)

## Case review: Sports World Event Center (SWECC)



**Spring 2017** ▶ Tusieseina reported that SWECC was struggling financially due to startup costs, and asked the out-of-state investors for additional funds.

According to the court filing there were other reasons for the trouble:

*Tusieseina misappropriated SWECC funds by directing such funds to his personal bank accounts or by otherwise transferring, using or directing funds belonging to SWECC in a manner to benefit himself or other third parties without conferring any benefit on SWECC, including directing funds to Domain [Sports Media] and Morley and using funds to pay for his own personal expenses or the personal expenses of others unaffiliated with SWECC.*

▶ Due to fire code violations, SWECC is operating without a business license.

source: SWECC et al. v. Tusieseina (2017)



## Case review: Sports World Event Center (SWEC)



- Summer 2017**
- ▶ Without SWEC Board approval, Tusieseina signed a security agreement to guarantee **Morley** an interest in SWEC's revenue and physical assets should Frank default on Morley's loan.
  - ▶ Further embezzlement occurred according to the court filing:  
*Tusieseina misappropriated SWEC funds by instructing individuals or entities who held events at the Facility or who rented SWEC court time to make payments to Domain [Sports Media], to Tusieseina personally, or to third-parties, such as **Morley**, with whom he had signed the *ultra viris[sic]*\* security agreement.*

\* *ultra vires* = an act which requires legal authority but is done without it

sources: *SWEC et al. v. Tusieseina (2017)*, *Gared Holdings v. Tusieseina (2017)*, *Connor Sport Court International v. Tusieseina (2018)*

## Case review: Sports World Event Center (SWEC)

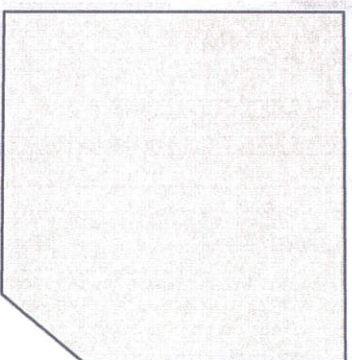


- Summer** ▶ As the facility tanked, Tusieseina defaulted on payments to
- 2017** utility companies and sport equipment sponsors, and blocked the sports court equipment company from repossessing their equipment.
- 2018 to** ▶ Tusieseina and Domain Sports Media are charged or settle in 3
- 2019** creditor cases amounting to a total of **\$858,000 in court ordered payouts.**
  - ▶ Tusieseina declares bankruptcy.
- ?** ▶ All names are scrubbed from Domain Sports Media entities.

sources: *SWEC et al. v. Tusieseina (2017)*, *Gared Holdings v. Tusieseina (2017)*, *Connor Sport Court International v. Tusieseina (2018)*; UT Division of Corporations and Commercial Code (<https://secure.utah.gov/bes/>)

**Given Tusiesaina's questionable past, who financed the private land purchase?**

exit 27



Toquerville

Toquerville

**Mike Morley, Head Developer for the two projects and former UT state Congressman from 2003-12**



exit 23



## **Morley, the relief defendant**

Morley was named as relief defendant\* in a 2008 hedge fund misappropriation case.

\* *relief defendant*: a person who has illegally obtained property but is not accused of any sort of wrongdoing

According to a 2008 Securities & Exchange Commission filing:

- *The high-risk trading strategy TCI [Thompson Consulting Inc.] utilized was contrary to an extremely low-risk investment strategy TCI had pitched to investors to solicit their funds.*

source: [SEC v. Thompson Consulting Inc. et al. \(2008\) initial complaint](#)

## Morley, the relief defendant

SEC filing continued:

- *In March 2007, a high-risk investment by TCI in the options of a sub-prime lending company resulted in significant losses to certain TCI accounts.*
- *One of the accounts that sustained substantial losses was M & K Holdings. To compensate for the loss to M & K Holdings, TCI [David Condie] transferred at least \$3 million from the Apex account to accounts owned and/or controlled by one of the owners of M & K Holdings [Mike Morley].*

source: [SEC v. Thompson Consulting Inc. et al. \(2008\) initial complaint](#)

## Morley, the relief defendant

SEC filing continued:

- *...M & K Holdings then transferred \$2 million of those funds to Willowbend Property Company, LLC [in which Morley had an investment].*
- *The transfers of \$3 million by TCI to the benefit of M & K Holdings were characterized as loans by Apex. However, no loan documents were prepared at the time of the transfers of the \$3 million dollars and no funds have been repaid. The transfers were, in fact, a misappropriation of Apex investor funds.*

source: [SEC v. Thompson Consulting Inc. et al. \(2008\) initial complaint](#)



## **Morley, the relief defendant**

SEC filing continued:

- Thompson Hedge Fund Manager, David Condie, was charged with \$559.6K and ordered to return the investor money.

source: [SEC v. Thompson Consulting Inc. et al. \(2008\) initial complaint](#)

## **Morley helped pass a law that benefited his business by limiting municipal authority over charter schools**

As reported in the *Salt Lake Tribune*, according to Rich Cunningham (UT State Rep 2013):

*At issue is a 2005 law passed by the Legislature that gives charter schools free rein to locate on land zoned for any purpose — residential, commercial or industrial — and severely limits a city's ability to regulate the schools.*

*Cunningham said the 2005 law helped a trio of lawmakers with financial interests in building charter schools who used their position in the Legislature to grease the process for their financial gain. The legislators were former Reps. Mike Morley and James Ferrin and Sen. Sheldon Killpack.*

sources:

- [Lawmaker: Time to roll back special break for Utah charter schools](#), *Salt Lake Tribune* (02.14.2014)

# Morley leased charter school facilities to third-party commercial businesses in violation of local zoning laws

Name:	ZIONS M-13 DEVELOPMENT LLC 379 N 630 W SPANISH FORK, UT 84660	Affiliation:	Property Owner
		Phone:	--
		Business Name:	Not Available

**Violation Location:**  
1724 S State St, Provo, UT 84606

**Parcel Number:**  
22:046:0163

MUNICIPAL CODE SECTION VIOLATED

CORRECTIONS REQUIRED

14.08.020(4)	Permitted uses in the A1 zone	The businesses being conducted on the property is not a permitted use and must be discontinued from property due to permitted use in A1 Zone. Please discontinue these businesses by the compliance date.
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As of Jan 2021 Morley is attempting to rezone the Treeside school property from agricultural to commercial in order to turn it into a shopping center.

sources: [A Provo charter school and its landlord are at war over commercial tenants on campus, Salt Lake Tribune \(01.20.2021\)](#), [Provo City Violation Notice \(08.13.2019\)](#)



## Development Timeline

- 3.17.20** Toquerville City Council approves the Memorandum of Understanding outlining the partnership and terms for the ARC sports complex.
- 12.16.20** Tusieseina re-registers his development LLC in WY.
- 05.20.20** Toquerville submits the R&PP application to the BLM.
- 08.06.21** Tusieseina registers a new Zions Landing LLC in WY.
- 11.01.21** Toquerville submits an application to the BLM for approval to build a secondary access road in conjunction with the ARC.
- 03.02.22** Leeds first learns of both projects from Tusieseina.
- 03.17.22** Zions Landing Resort property sale closes, purchased by a newly minted WY LLC, Zions Landing Development Group.

sources: Toquerville City Council [business meeting minutes 03.12.2020](https://secure.utah.gov/bes/), [MOU](#), [BLM application resolution](#); UT Division of Corporations and Commercial Code (<https://secure.utah.gov/bes/>); [Toquerville BLM road application](#); Leeds planning meeting 03.02.2022.; [Washington County Recorder](#) (parcel 3151-A-HV warranty deed)

## **What is the Recreational & Public Purposes Act?**

The Recreation and Public Purposes Act (RPPA) authorizes the sale or lease of public lands for recreational or public purposes to state and local governments and to qualified nonprofit organizations.

Few applications are allowed to move forward, and it is a multi-year process for approval, including a rigorous environmental assessment and multiple public comment periods.

The BLM requires municipal accountability of land use in accordance with the act.

source: BLM. <https://www.blm.gov/programs/lands-and-realty/land-tenure/sales-and-exchanges>



## That's a long haul, why would someone apply?

Under special pricing schedules:

- Purchases may be made for \$10 an acre.
- Land may be leased for \$2 per acre per year.

Special pricing applies to government-controlled facilities open to the general public.

Even if the ARC project wouldn't qualify for special pricing, the RPPA price for rental or sale **is 50% of fair market value**.

source: BLM. <https://www.blm.gov/programs/lands-and-realty/land-tenure/sales-and-exchanges>





## **Take home questions**

Why would someone like Morley do business with a repeat offender like Tusieseina?

Why would Toquerville want to do business with someone like Tusieseina?

## Summary

- Involvement of two developers with questionable to demonstrably fraudulent business practices, the managing developer having no identifiable experience at sports project execution
- Lack of project transparency despite high community impact
- Based on past behavior, sizeable risk of:
  - Project failure
  - Investor fraud
  - Abuse of the R&PP process to acquire cheap federal land for a for-profit commercial development

## **Community asks**

Given the high risk to both of our communities we ask that:

- Toquerville appoint an investigator to look into Frank Tusieseina and his relationship with Morley as part of ARC project sponsorship due diligence.
- Toquerville (and whoever annexes the private land) should require the developers to be bonded to guard against financial risk to the city and cover any damages/lawsuits from mismanaged projects.
- The overseeing municipal jurisdiction(s) implement(s) zoning restrictions to prevent R&PP abuse, protect our water resources, and maintain quality of life for local residents.



# Supplemental Slides

# Cited Court Documentation

**COURT CASES** (available online at <https://www.utcourts.gov/records/>, small fee for access)

- *Acton v. Tusieseina* (2018) - case number
- *Connor Sport Court International v. Tusieseina* (2018) - case number 180900298
- *Crayk v. Tusieseina* (2010) - case number 100401100
- *Gared Holdings v. Tusieseina* (2017) -170906906
- *Mountainland Collections v. Tusieseina* (2019) - case number
- *Nielson v. Tusieseina* (2011) - case number 110402234
- *Portfolio Recovery Assoc. v. Tusieseina* (2013) - case number
- *Sports World Event Center (SWEC) et al. v. Tusieseina* (2017) - 170906412
- *Staker Parson Materials & Construction v. Tusieseina* (2018) - 180903828
- *Terriguez v. Tusieseina* (2010) - case number 100401072

## **SEC CASE**

- [\*SEC v. Thompson Consulting Inc. et al.\* \(2008\) initial complaint](#)
- [\*SEC v. Thompson et al.\* - \*David Condie judgement\* \(2010\)](#)
- [\*SEC v. Thompson et al.\* - \*Kyle Thompson judgement\* \(2010\)](#)

# PRIVATE STORM DRAIN AGREEMENT

THIS PRIVATE STORM DRAIN AGREEMENT is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2022, by and between the Town of Leeds, a municipality organized and existing under the laws of the State of Utah (hereinafter referred to as "Leeds" or "Town" and \_\_\_\_\_, an individual or company under the laws of the State of Utah.

## Recitals:

- A. Leeds is a governmental entity responsible for providing a storm drain solution to improve the safety and security of residents of Leeds.
- B. Sullivan is the owner of certain property located within the boundaries of Leeds, Utah, which the Town of Leeds proposes to install a contiguous storm drain through (hereinafter referred to as the Project).
- C. Unless otherwise agreed in writing, Leeds Town rules and regulations require that storm drains be installed in easements dedicated to the use and benefit of the Town, which, upon installation and construction, shall become the property of Leeds Town, which thereafter shall be responsible for maintenance, repair, and replacement of said project.
- D. Sullivan desires that the storm drain serving the Project be constructed and installed within private roadways, streets, or easements, and that such storm drains and related components remain Town owned, and Town operated, maintained, repaired, and replaced at sole cost to the Town.
- E. The parties desire to enter into a written agreement, specifying the terms and conditions upon which the storm drain and related components on said property shall be or shall remain Town owned, and Town maintained, repaired, and replaced.

**NOW, THEREFORE, IN CONSIDERATION** of the mutual covenants and obligations contained herein, the parties hereto agree as follows:

- 1. Sullivan hereby covenants and warrants that <sup>it is</sup> ~~is~~ the sole owner of certain real property (hereafter the Property) located in Leeds, Utah, said property being more particularly described as follows:
- 2. The Town shall, at its expense, be solely responsible and liable for construction and installation of the storm drain and related components within the Project and on the Sullivan property. Unless otherwise agreed by the parties in writing, all such sewer lines and related facilities shall be constructed and installed in accordance with all applicable rules and regulations of Leeds Town, as contained in Leeds Town Ordinances and Standards in effect at the time of construction and installation.
- 3. The Town further agrees that:
  - a. Construction and installation of all such Storm Drains and related components shall not take place until such time that Utah Department of Transportation shall have reviewed and approved all plans and specifications for such drains and components, and
  - b. All construction and installation of such storm drains and components shall be subject to inspection by the Town.



4. The Town, at its expense, shall be solely responsible and liable for maintenance, repair and replacement of all storm lines and related facilities constructed pursuant to this agreement. All maintenance, repair or replacement of all such storm drains and related components shall be completed in accordance with all applicable rules and regulations of the Town, as contained in the Town Ordinance Standards now in effect or as may be amended from time to time.
5. The Family may inspect any repairs or replacement of said storm drainage systems or components to ensure compliance with the Town's standards.
6. The Family hereby agrees to waive any and all claims against the Town, and further, to indemnify, defend and hold the Town harmless from and against any and all claims, demands, causes of action or lawsuits, for any damage or injury to persons or property which is in any way related to the ownership, maintenance, repair or replacement of said storm drainage systems and related components, except where any such injury or damage is attributable to the Town's negligent performance of any maintenance or repair work on said Storm Drainage System and related components.
7. In the event of a breach or default in the terms of this agreement by either party, the breaching or defaulting party shall be liable for any damages caused by said breach or default, as well as payment for all costs and expenses incurred by the non-breaching or defaulting party in enforcement of this agreement, including court costs and reasonable attorney's fees.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year first above written.

Leeds Town Official

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Title

Attest:

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Title

Sullivan Family Official

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Title