



BEN MACHLIS
Partner
(801) 933-8922
machlis.ben@dorsey.com

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VIA HAND DELIVERY

Salt Lake County Council
2001 South State Street N2-200
Salt Lake City, UT 84114

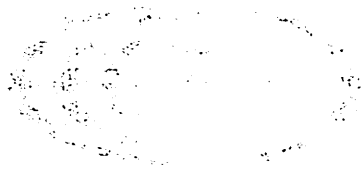
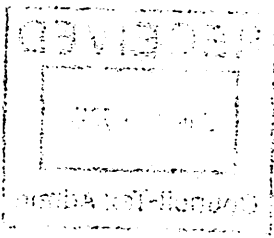
Re: Tax Sale Protest—Contesting the Sale of the Interest of the Crescent Silver Mining Company's Interest in the Howes No. 159 Patented Mining Claim

Councilmembers:

At the May 23, 2019 tax sale, the Salt Lake County Auditor auctioned a 94% interest in an undivided 1/2 interest in a parcel of land described as the Howes No. 159 patented mining claim, containing 3.44 acres more or less, owned by Crescent Silver Mining Company ("Crescent Silver"). We represent the Alta Lift Company regarding this matter and this letter constitutes Alta's written protest, pursuant to County Ordinance 3.65.110, contesting the sale of Crescent Silver's interest at auction because: (1) the Auditor denied preferential bidders and Alta should have been afforded the opportunity to purchase the property without competitive bidding pursuant to County Ordinance 3.65.070; (2) the assessor appears to have erroneously assessed Crescent Silver's interest; and (3) the notice of the tax sale provided an erroneous description of the property. Due to these issues, the Council should reject all of the bids, instruct the Assessor and Auditor to correct or explain the apparent irregularities in the assessment and notices for the interest, and re-offer the property for sale providing Alta the right to purchase the property as a preferential bidder.

Ownership of the Howes No. 159 patented mining claim is held in two undivided 1/2 interests. One undivided 1/2 interest is wholly owned by Alta (Parcel No. 24324000105000). Three parties own the other 1/2 interest: 94% by Crescent Silver (Parcel No. 24324000105001), 5% by Autonomy Inc (Parcel No. 24324000105003), and 1% by Thomas and Christine Belchak (Parcel No. 24324000105002). While Salt Lake County has assigned each interest in the property its own parcel number, there are not four distinct properties—just four separately owned interests in the single property. The Howes No. 159 patented mining claim is also surrounded on three sides by land owned by Alta.

Salt Lake County's Ordinance 3.65.070 provides that under certain circumstances properties should not be sold at auction, but should rather be sold preferentially to either (1) another entity holding a possessory interest in the property, or (2) any abutting property owner. A preference sale is required where the characteristics of the interest being sold are such that the interest is not a viable economic unit or where the sale to anyone other than a possessory interest owner or abutting landowner would create a nuisance or cloud upon other interests in



the property. These circumstances are satisfied here and the Auditor erred in not granting Alta's request to purchase Silver Crescent's interest in the property as a preference bidder.

It is unreasonable to consider Crescent Silver's interest an economically viable unit of property, as it has no independent economic utility. The interest is a minority interest in a fractional interest in a parcel of land surrounded by lands owned by Alta. These circumstances also create a scenario where the sale of Crescent Silver's interest to anyone, but a preferential bidder would create a nuisance. Since the Crescent Silver interest has no independent economic utility the only value in acquiring the interest by anyone other than a preferential bidder would be to frustrate, or cause a nuisance to, the other owners of the property or adjoining property owners. In contrast, selling the property preferentially to Alta would enhance the utility of the property by consolidating ownership and reducing the potential for conflicts between fractional interest owners.

Indeed, this situation should be treated no differently from any other instance where the interest of a co-tenant in property is sold at a tax sale. Consider a circumstance where two people owned a house on a residential lot in Sandy, Murray or any other part of the County. If one of the owners failed to pay their property taxes and the County was selling their fractional interest at a tax sale, would the County reasonably deny the other owner of the house the right to purchase the interest as preferential bidders? Clearly, such a denial would be unreasonable. The situation here is the same—it is entirely unreasonable for the County to have denied Alta, which owns the majority interest in the property the opportunity to purchase the property as a preferential bidder pursuant to Salt Lake County Ordinance 3.65.070.

In addition, there appear to be irregularities with both the assessment of Crescent Silver's interest and the notice of the tax sale, which the council should require the Assessor and Auditor to address before Crescent Silver's interest is sold by tax sale. First, a review of the Assessor's website indicates that Assessor has attributed an equal valuation of \$8,600 to all of the interest owners in the property, despite the fact that each interest owner owns a different fractional interest. Second, the notice of the tax sale identified the interest being sold as Parcel Nos. 2432400007001104 and 2432400007001105; however, the Assessor's office identifies the interest as Parcel No. 24324000105001. These irregularities create questions as to whether the legal requirements for selling Crescent Silver's interest at a tax sale were satisfied and the Council should require the Assessor and Auditor to address the issues before authorizing the sale of Crescent Silver's interest.

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Alta appreciates your time and consideration of this matter and respectfully requests that the Council reject all of the bids, instruct the Assessor and Auditor to correct or explain the apparent irregularities in the assessment and notices for the interest, and re-offer the property providing Alta the right to purchase the property as a preferential bidder.

Regards,

DORSEY & WHITNEY LLP



Ben Machlis
Partner

BM:rny

Cc: Scott Tingley, Salt Lake County Auditor
Salt Lake County Council Tax Administration