

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

Department of Workforce Services
Housing and Community Development Division
Salt Lake City, Utah

MINUTES

January 4, 2024

Members Present

Curtis Wells	Chairman
Kirt Slaugh	State Treasurer's Office
Naghi Zeenati	State Transportation Commission
Jack Lytle	Uintah Basin Association of Governments
Dean Baker	Uintah County
Jerry Taylor	Five County Association of Governments
Bruce Adams	Southeastern Utah Association of Local Governments
Scott Bartholomew	Six County Association of Governments
Greg Miles	Duchesne County
Ralph Brown	Sevier County

Members Virtual

Dean Baker	Uintah County
------------	---------------

Members Excused

Laura Hanson	Governor's Office of Planning and Budget
--------------	--

Staff and Visitors

Christina Oliver	Housing and Community Development
Candace Powers	Housing and Community Development
Jennifer Domenici	Housing and Community Development
Paul Moberly	Housing and Community Development
Christopher Pieper	Attorney General's Office
Brittany Hardy	Department of Workforce Services
Sarah Nielsen	Department of Workforce Services
Jason Blankenagel	Sunrise Engineering
Ron Winterton	Duchesne County Senator
Bart Jensen	Jones & DeMille Engineering
Jeff McCarty	Sunrise Engineering
Trudy Wheeler	Jensen Water Improvement District
Randan Vincent	Jensen Water Improvement District
Bill Winfield	Grand County
Justin Atkinson	Sunrise Engineering
Tamara Dockstader	Southeastern Utah Association of Local Governments
Rebecca Banner	Department of Workforce Services
Keith Heaton	Seven County Infrastructure Coalition
Stan Holmes	Utah Citizens Advocating Renewable Energy (UCARE)
Wesley Hamburg	Johnson Water Improvement District

VIRTUAL:

Heather Poulsen	Housing and Community Development
April Gardner	Department of Workforce Services
Kaylee Beck	Department of Workforce Services
Kevin Yack	Uintah Basin Association of Governments
Michael Mowes	Housing and Community Development
Clyde Watkins	Duchesne County Water Conservancy District
Daren Anderson	BHI Commercial Construction
Nate Zilles	Uintah Basin Association of Governments

WELCOME AND INTRODUCTIONS

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, January 4, 2024 at 1385 South State Street, Salt Lake City, Utah and was called to order at 9:12 a.m. by Chairman Curtis Wells.

I. BRIEFING [2:22]

1. Up-coming Meeting Dates & Location – February 1, 2024 – Salt Lake City, UT; February 1, 2024. March 7, 2024.

2. Financial Review [2:40]

There are 5 applications for consideration. As of this date, the available mineral lease revenue \$8,115,000 and the available bonus fund revenue is \$1,475,000 indicating the revenue is minimal.

There are two large funding requests on the pending list represented in the total funding requests. The Major Infrastructure fund is mineral lease revenue and may be returned to the mineral lease balance through a motion by the Board.

Chairman Wells recognized Rebecca Banner attending today's meeting. Ms. Banner is the new Deputy Director of Workforce Services over Housing and Community Development.

III. APPROVAL OF MINUTES [5:59]

Chairman Wells called for a motion to approve the minutes from the December 7, 2023 CIB Funding Meeting.

Jack Lytle made and Naghi Zeenati seconded a motion to approve the minutes of the December 7, 2023 CIB meeting. The motion carried unanimously with the chairman abstaining.

IV. NEW PROJECTS [9:21]

4.1. Johnson Water Improvement District (Uintah County) [7:50]

Johnson Water Improvement District presented a funding assistance request for \$2,950,000 (a \$2,065,000 Grant, \$885,000 Loan 30 Yr. @ 0.5%) JWID East / Uintah County Water System Improvements. This project consists of looping the dead-end lines with new culinary water line along 1500 east from Pole Line Road to 5000 South to include approximately 15,000 feet of 8-inch HDPE water line, 12 gate valves, 35 cubic yards of backfill, 5 water main tie-ins, a 6-inch PRV station, restoration of road base on 10 driveway crossings, 2 ditch crossings, 2 road crossings, 6,000 linear feet of 8-inch HDPE lines in Independence, and replacing the existing steel storage tank in Independence with a 100,000 Gallon Concrete Storage Tank. Applicant Cash \$70,000.

**Proposed funding tool loan/grant scenario:*

MIN \$944,000 Loan, 30y @ 0.5% | \$2,006,000 Grant
MED \$1,239,000 Loan, 30y @ 2.0% | \$1,711,000 Grant
MAX \$1,534,000 Loan, 30y @ 3.0% | \$1,416,000 Grant

The applicant stated a new tank is needed for the Independence System which is over 50 years old. They have a moratorium on new connections to the system. The lines they are seeking to replace are now out of compliance.

Mr. Slauch acknowledged that other water funding sources are limited as well as the CIB funding and asked if the applicant has spoken with the Division of Water Resources about their revolving loan funding.

The applicant indicated they have discussed funding from the Division of Drinking Water, but there was uncertainty as to the funding pursued. Johnson Water is impacted by mineral development so they chose to seek funding from CIB.

Mr. Slauch noted that the Board of Water Resources has a revolving loan program for this type of project. CIB should not be the first stop for funding but acknowledged CIB has provided the most favorable terms. He recommended that applicants seek the water loan programs first as the CIB funds diverse projects which have no other source.

Commissioner Adams commended the project engineering. He noted they are replacing an existing steel storage tank with a new concrete tank and asked if the majority of funding would be for that purpose.

The applicant stated the storage tank is approximately \$200,000 of the project. The 50-year old steel storage tank may soon fail. The majority of the project is to replace older main water lines. The average water rate is approximately \$56 per residential connection.

Commissioner Lytle asked about industrial water use.

The applicant indicated the oil fields use most of the water and are providing most of the revenue. They plan to do rate studies; revenue for the water system may then come more from residential. If the oil fields were to close, the residential rates would have to double.

Commissioner Miles referred to the 100,000-gallon water tank and asked if \$200,000 would cover that construction.

The applicant stated that recent new tank construction costs have facilitated an estimated cost of this tank.

Mr. Zeenati noted in the minutes it indicates that Johnson Water buys water from the Ute Tribe for customers in the Independence area *and if they shut the water off then the people in that area would be without water*; is that a concern? He also noted the low MAGI wherein 100% loan would be suggested.

The applicant stated it is not currently a concern for the District but the Tribe has indicated the possibility to other water systems. They acknowledged their MAGI, but they are impacted by the oil fields and have other debt, they feel they could get quite a bit of grant.

Commissioner Brown noted the dead-end lines in the system are a concern so this is an important project.

Kirt Slauch made and Scott Bartholomew seconded a motion to place this project on the Priority List for funding at the February 1, 2024 funding meeting as a \$1,239,000 Loan, 30y @ 2.0% and \$1,711,000 Grant.

Commissioner Lytle stated this project is in a producing county and made a substitute motion.

Jack Lytle made and Greg Miles seconded a substitute motion to place this project on the Priority List for funding at the February 1, 2024 funding meeting as a \$944,000 loan for 30 years @ 1.0% and a \$2,006,000 grant. The motion failed with Greg Miles, Ralph Brown and Bruce Adams in favor; Kirt Slauch, Scott Bartholomew, Jack Lytle, Dean Baker, Jerry Taylor and Naghi Zeenati opposed and the chairman abstaining.

The Chairman called the question on the original motion.

Kirt Slauch made and Scott Bartholomew seconded a motion to place this project on the Priority List for funding at the February 1, 2024 funding meeting as a \$1,239,000 loan, 30 years @ 2.0% and \$1,711,000 grant *contingent on approval of plans by the Division of Drinking Water*. The motion carried with the chairman abstaining.

4.2 Jensen Water Improvement District (Uintah County) [24:42]

Jensen Water Improvement District presented a funding assistance request for a \$623,600 grant \$268,000 loan for 30 years @ 0.0% (total \$891,600) for the JWID East / Uintah County Water System improvements. This project consists of looping the dead-end lines with new culinary water line along 1500 east from Pole Line Road to 5000 South to include approximately 15,000 feet of 8-inch HDPE water line, 12 gate valves, 35 cubic yards of backfill, 5 water main tie-ins, a 6-inch PRV station, restoration of road base on 10 driveway crossings, 2 ditch crossings, 2 road crossings, 6,000 linear feet of 8-inch HDPE lines in Independence, and replacing the existing steel storage tank in Independence with a 100,000 Gallon Concrete Storage Tank.

**Proposed funding tool loan/grant scenario:*

MIN \$241,000 Loan, 30y @ 0.5% | \$650,600 Grant

MED \$330,000 Loan, 30y @ 2.0% | \$561,600 Grant

MAX \$420,000 Loan, 30y @ 3.0% | \$471,600 Grant

The applicant stated that road improvements are scheduled for the Redwash Road and they have an aging line under the new northbound travel lane. When there is new roadway, there is a 5-year moratorium for construction projects under the road so this project will update the existing line under the road from a 6" to an 8" PVC line. When the road project is complete, there will be increased traffic so doing the water and roadway simultaneously will be safer and more economical.

Mr. Zeenati asked if the applicant had sought other funding prior to coming to CIB. How many connections and what is the current water rate.

The applicant indicated they have checked with the Division of Drinking water; there is no available revenue. There are 20 residential connections on this line and there is future potential for commercial connections. The current water rate is \$52.00 per month. The average of monthly rates is \$66.09. The last rate increase was in 2020. There may be a rate increase at the end of 2024 to accommodate other system upgrades. They have saved District cash for meter upgrades in 2024. 50% of the system is 1980 or older. The applicant also indicated that the project will be moved from the lane of travel to the edge of the road or bar ditch as much as possible.

Commissioner Lytle asked about the contingency funds for this project.

The applicant indicated the contingency is 15%.

Commissioner Miles referred to the \$600,000 saved and asked if that included payments on existing bonds.

The applicant indicated it does not.

Commissioner Adams indicated he would make a motion to fund this project at the minimum tool recommendation with a 2% interest rate; the same as the previous project.

Bruce Adams made and Jack Lytle seconded a motion to place this project on the Priority List for funding at the February 1, 2024 funding meeting as a \$241,000 loan for 30 years @ 2.0% and a \$650,600 grant (total \$891,600) contingent on approval of plans by the Division of Drinking Water. The motion carried with the chairman abstaining.

4.3. Thompson Special Service District (Grand County) [37:06]

Thompson Special Service District presented a funding assistance request for a \$148,092 grant for a SCADA Digital Meter System. This project consists of installing a Browns Hill Scada System, hot tap machine, essential components, meters and handheld meter reader and an underground water locator for access to continuous real time computerized data in determining peak daily demand, customer water use and peak daily source output to plan for future growth. Applicant cash \$5,000.

**Proposed funding tool loan/grant scenario:*

MIN \$100,000 Loan, 30y @ 0.0% | \$48,092 Grant

MED \$100,000 Loan, 30y @ 1.0% | \$48,092 Grant

MAX \$100,000 Loan, 30y @ 2.0% | \$48,092 Grant

The applicant stated they have experienced growth as they are just north of Moab and they need to find more water for the growth and to be a great stop along the highway. This will help identify what water they have and where it is going to be good stewards of the water.

Commissioner Adams provided a bit of history concerning Thompson Springs.

Commissioner Miles asked about their current ERC. What has the State set your equivalent at and are there other sources of water?

The applicant indicated they currently have 95 connections; 51 are commercial, 36 are residential and 14 are

institutional. The equivalent is set at 800 gallons per day per ERC. They are currently looking at 4 potential sources for water which include redeveloping an old spring site and drilling 2 wells (permitted). The project being discussed today includes an underwater locator to help locate ground water. The mining tailings being removed from Moab are being moved up near Crescent Junction west of Thompson Springs and they have a pipeline from Green River. When that project is complete, there is a possibility that Thompson Springs could take over that pipeline – add 5 miles to it. They have sufficient water rights but are not able to use as there is no source. They could move those water rights to Green River which would allow Thompson Springs to increase their size. They are also considering developing a reservoir on the wash where quite a bit of water comes through.

Mr. Zeenati indicated the existing water rates indicated they could take a loan adding that CIB revenue is limited.

Commissioner Lytle indicated he would move to fund the project as requested with the hardship exemption.

Jack Lytle made and Bruce Adams seconded a motion to place this project on the *Priority List* for funding at the February 1, 2024 funding meeting as a \$148,092 grant citing a hardship exemption.

Mr. Slauch acknowledged the small size of the District but noted that the previous projects were funded within the tool. The District could increase their water rates as needed.

Kirt Slauch made and Greg Miles seconded a substitute motion to place this project on the *Priority List* for funding at the February 1, 2024 funding meeting as a \$100,000 loan for 30 years @ 1.0% and a \$48,092 grant (total \$148,092).

Commissioner Miles asked if the District had a conservation rate in the water rate schedule.

The applicant indicated that they do have a conservation rate schedule and have the ability to raise rates a bit to compare to other rate structures in the area. They plan to increase the rates incrementally over the next five years.

The Chairman called the question.

It was suggested that the additional cost for the issuance of bonds be included; the Board added \$5,000 to the grant.

Kirt Slauch made and Greg Miles seconded a substitute motion to place this project on the *Priority List* for funding at the February 1, 2024 funding meeting as a \$100,000 loan for 30 years @ 1.0% and a \$53,092 grant (total \$153,092). The motion carried with the chairman abstaining.

4.4 Town of Manila (Daggett County) [56:05]

The Town of Manila presented a funding assistance request for a \$3,128,000 Grant and a \$782,000 Loan for 30y @ 0.0% (total \$3,910,000) for sewer improvements. This project consists of sewer improvements to include NEPA compliance, surveying and engineering for the installation of a new sewer main and associated appurtenances for sewer service to Ylincheta Lane currently on septic systems, improving functionality of the existing lagoon system by completing vegetation removal for lagoon cells 1-5, construction of a new lagoon cell to increase capacity of the lagoon system, construction and upgrade of control structures for the functionality of all the sewer lagoon cells, constructing a new RV sewer dump and drinking water fill station with an electronic system to collect fees for use with a concrete dump/fill concrete island, lighting, yearly fees for station, road improvements associated with new sewer lines installed. This project also includes the purchase of a hydro vac truck to clean and inspect sewer manholes and vaults, clean meter pits and inspect aging lines. EPA Grant \$3,500,000

**Proposed funding tool loan/grant scenario:*

MIN \$978,000 Loan, 30y @ 0.0% | \$2,932,000 Grant
MED \$1,310,000 Loan, 30y @ 1.5% | \$2,600,000 Grant
MAX \$1,643,000 Loan, 30y @ 2.5% | \$2,267,000 Grant

The applicant stated the EPA grant does not require a match and initially the EPA grant was intended for Ylincheta extension project. Since it has taken quite a while to be awarded, in that time there have been price increases. There is now not enough funding to cover the project. CIB funds are requested to cover the increased cost of the Ylincheta portion of the project and to accommodate other improvements which include an RV dump fill station and the sewer vac truck.

Commissioner Miles asked about the current sewer rate, when the last sewer rate increase occurred and what will future increases be. Have they had discussions with Tri County Health concerning the sewer connections?

The applicant stated the sewer rates were increased in January 2023 with another increase January 2024 but the increased amount was not available. The current rate is \$20.00 and will be \$22.00 for the residents of Manila. Connections outside the city limits have an increased cost. Tri County Health has prohibited additional septic tanks and will not be participating in this project.

Commissioner Lytle asked about existing septic tanks.

The applicant stated existing septic tanks will be required by State law to hook into the sewer system within 60 days. There will be an impact fee associated with that but the actual amount is unknown at this time. Many residents are on fixed incomes so it would be a hardship to charge \$5,000 up front to hook to the new sewer; that would come over time. The amount will not be known until the study is completed.

Mr. Zeenati acknowledged good public hearing minutes which included costs and questions. He asked about the residential costs.

The applicant stated the public hearing had a lot of input and support from the public. The \$20 rate is for residents in town, commercial rates are higher as well as connections outside the township.

Commissioner Lytle asked if this project in its entirety is affordable and if not, what are the priorities.

The applicant stated the lagoons need to be addressed and Ylincheta's sewer project as they are on septic tanks is a priority. The RV dump is important for visitors and over time will be self-sustaining as visitors utilize it for a fee. The existing RV dump next to the town building is failing. They could remove the vac truck which would reduce the ask by \$405,000. The RV dump costs \$929,000. The critical components represent a funding request of \$2,576,000 to CIB.

Commissioner Taylor asked if there was no RV station where would they go?

The applicant stated the existing RV Station is on the honor system so many just dump and go. If there is not an RV dump, they dump anywhere which is a health and environmental hazard. A developer is planning on 160 condominiums in the area which will put additional stress on the sewer lagoons which makes the sewer and the lagoon a priority. The EPA and the CIB funding would accommodate the Ylincheta project.

Mr. Zeenati asked what is the total request to CIB without the Vac Truck and RV dump.

Mr. Slaugh suggested that the RV dump should be included to prevent environmental issues.

The applicant stated that if the RV dump was not funded today, it would be on hold.

Commissioner Lytle noted they need the project and it needs to be affordable which is what they have proposed. The RV dump could pay for itself if it was monitored.

The applicant indicated the RV dump would include a kiosk to pay by credit card for both sewer and water. The overall water and sewer rates will be reviewed by Zions Bank and a tiered schedule will be implemented next year.

Naghi Zeenati made and Jerry Taylor seconded a motion to place this project on the Priority List for

funding at the February 1, 2024 funding meeting as a \$978,000 loan for 30 years @ 0.0% and a \$2,932,000 grant (total \$3,910,000).

Mayor Baker suggested the RV Dump might be something a commercial business could manage and collect revenue which would then not put that burden on the City of Manila.

The applicant suggested removing the vac truck (\$405,000) and Mr. Zeenati increased the interest to 1.0%

Commissioner Miles noted that mineral lease money is to offset the impacts of mineral extraction. The two previous applicants received a 2% interest rate wherein it is unfair to give a 2% loan to mineral producing entities and give a 0% or 1% to someone we feel bad for.

Commissioner Adams noted a 2% interest rate was given to a community asking for very little funding.

Mr. Slaugh noted mineral production is only one factor that is considered; additional funds, affordability, etc... that is why the tool was created. It is difficult to sort out what is 'fair' if there isn't something that takes *all* factors into consideration. The funding tool is the best to date for how we weight. Being a mineral producing county is weighted in the tool but not the only consideration.

Mr. Zeenati indicated their other cash is significant, noted the omission of the vac truck and amended the motion with the approval of the second.

Naghi Zeenati made and Jerry Taylor seconded a motion to place this project on the Priority List for funding at the February 1, 2024 funding meeting as a \$877,000 loan for 30 years @ 1.0% and a \$2,628,000 grant (total \$3,505,000) The motion carried with the chairman abstaining.

4.5. Town of Manila (Daggett County) [1:24:25]

The Town of Manila presented a funding assistance request for a \$500,000 grant for Well Improvements. This project consists of an investigation and analysis of three of the Town of Manila's existing wells, refurbishment and equipment replacement as necessary, maximize the flow capacity from the wells, development of a new well location, engineering and bonding.

**Proposed funding tool loan/grant scenario:*

MIN \$170,000 Loan, 30y @ 0.0% | \$330,000 Grant
MED \$220,000 Loan, 30y @ 1.5% | \$280,000 Grant
MAX \$270,000 Loan, 30y @ 2.5% | \$230,000 Grant

Commissioner Miles asked about their water storage capacity and water sources.

The applicant stated their 1 million gallon well is very productive but the other two wells are less productive. Storage is adequate but source is the issue; a new well may be needed as a source.

Commissioner Lytle asked what will determine the need for a new well; is it purely economics?

The applicant stated the impact of the reduction of water coming from the wells is unknown as to whether the well is old or producing less water. Their first priority is to refurbish the existing wells in Sauls Canyon. Treating surface water would be a lower priority.

Bruce Adams made and Kirt Slaugh seconded a motion to place this project on the Priority List for funding at the February 1, 2024 funding meeting as a \$220,000 Loan for 30y @ 1.5% and a \$280,000 Grant (total \$500,000). The motion carried with Jack Lytle opposed and the chairman abstaining.

5. Large Infrastructure Projects	N/A
6. Pending Projects	N/A
7. Supplemental Requests	N/A
8. Request for Special Consideration	N/A

9. Board Member Discussion and/or Action Items [1:31:19]

Chairman Wells called upon Mr. Slauch to begin the discussion.

Mr. Slauch's first comments were in regard to the Throughput Infrastructure fund balance being moved back into the mineral lease fund for use at the February 1, 2024 funding meeting to enable more of the projects to be funded. Circumstances are different than in 2017 when the Throughput was created; there was more new revenue. He noted there are limited funds in most funding sources and there is \$60 million that could be utilized for critical Utah infrastructure. He noted there are legal questions on whether the Board could pull that back.

Commissioner Lytle asked if only taking the interest accrued would require legislative action.

Mr. Zeenati said his understanding is the Board could utilize it anytime with a Board action.

Mr. Pieper indicated he would look into recapturing the interest on the Throughput Fund but noted that currently in statute the first project to be considered by the Impact Board shall be a bulk commodities ocean terminal project. The Throughput Infrastructure Fund has a current balance of \$60 million which does include interest and would require legislative action to return that revenue.

There is also the Major Infrastructure set aside fund which has \$6 million accrued and that revenue can be moved by a motion of the Board.

Commissioner Adams suggested moving the [Throughput] money is just a Board action and Mr. Zeenati concurred.

Mr. Slauch indicated that what the Throughput fund can be spent on is in statute.

Commissioner Lytle stated if the funds remain in the Throughput, what it can be spent on is limited but if it was a Board action on how much to put in that fund, does the Board have an option to reduce the amount? It may be less concerning if only the interest was returned.

Mr. Pieper clarified the discussion is about the Throughput Infrastructure Fund?

Commissioner Lytle indicated his understanding is that the Legislature didn't put it there, the Board did.

Mr. Zeenati indicated Commissioner Adams and he were on the Board when that money was set aside.

Commissioner Lytle stated he was also on the Board when it was set aside.

Mr. Zeenati stated the Board decided how much to put in and has the option to use it for what the Board determines. It was not a legislative decision and the Board has control of what is in the fund. He stated that UDOT used it once; put the money out and the Board can put it back in.

[It is uncertain as to the clarity of which fund is referenced: Throughput or Major Infrastructure.]

Mr. Pieper stated he could probably support that.

Christina Oliver, Director of Housing and Community Development indicated that the original source funding would have to be reviewed and what the requirements of the source funding are.

Commissioner Miles indicated [*Throughput*] was not all mineral lease money.

Ms. Oliver indicated it was supplanted with UDOT funds and it would have to be reviewed as to the constraints on the use of those funds.

Mr. Slauch stated he would like to get it resolved prior to the February funding meeting. All the projects that have been reviewed have been critical and it would be difficult to pull back from some of those projects.

Commissioner Lytle asked how the projects placed on the pending list are eligible to be reconsidered.

The applicants on the pending list will contact staff and indicate they have completed what was requested and they are ready to be on the agenda.

Chairman Wells asked if there were any objections from the Board regarding the pursuit of the Throughput Infrastructure

funds.

Commission Lytle asked for clarity as to what was being considered regarding the Throughput Infrastructure; taking the whole fund or just the interest? The \$7 million in interest is a form of revenue and would it be ongoing or one-time recapture?

Mr. Slaugh suggested putting the interest plus whatever is needed to fund the projects the Board has reviewed.

Commissioner Lytle also suggested having that revenue be allocated as a loan which would also bring interest back into the fund.

Mr. Slaugh said bring all the interest back and then whatever else it takes to fund the prioritized projects this trimester. If it is truly at the Board's discretion we can bring back more later.

Commissioner Lytle wondered what the coal counties would say.

Commissioner Bartholomew stated his understanding is that this money was set aside several years ago for the use of a *port* project to benefit four counties; Sanpete, Sevier, Carbon and Emery Counties. They have continued to believe that is what the money was set aside for. Because of the legal and environmental issues in California, that port is no longer pursued and there are other options. The Counties are actively looking to use the funds for the benefit of other coal industry in the counties; until the issues are resolved, he would be opposed to pulling that \$50 million back in and the funds cannot be used for other purposes until the language in the statute is changed which is a legislative action.

Mr. Slaugh stated he would hope that if there is a project to help somewhere; the Governor and the legislature have been very supportive of rural Utah and other funds or appropriations could be allocated. CIB was designed to alleviate impacts; not for mineral development. He supports pulling the funds back to use for rural projects noting the economic realities are different than when those funds were set aside.

Commissioner Lytle stated that Seven County Infrastructure Coalition was going to be the conduit for getting that money spent at one point and it caused difficulty within the Seven County membership. Seven County was a part of that at one time because Emery, Sevier and Carbon Counties were big proponents in getting those funds set aside; Sanpete was in the mix. It is a more complicated conversation as they have been counting on this fund and going back to the legislature to recodify how the fund is spent is a different conversation.

Mr. Zeenati stated his recollection is these funds were set aside before the SCIC was established. The funds were purposed for the Oakland Port to get the coal from Utah to a port. Seven County came later. There was no contingency on that first money the CIB set aside. Because of that we could borrow it or get it for UDOT projects and then it would be paid back in three different installments. He stated they didn't go to legislators to do that either; we just applied and got it and pay it back. So that money can be used any time for the projects that we have; we can use all, we can use part and we can replenish it if we have enough money saved again. Borrow – pay back; there are no contingencies attached.

Commissioner Lytle stated there was no railroad in the basin conversation; that occurred after. The Port has always been its own.

Commissioner Brown supported the return of interest and attach a pay-back so that the Board can cover some of the current projects with language that indicates what is utilized is paid back to the Throughput fund so it stays whole for when the option arrives.

Mr. Slaugh asked at what point do we pay it back because it is unlikely that CIB will be flush with cash based on current economics.

Mr. Zeenati expressed concern that the funds will be pulled for something else without the knowledge of CIB and no reason.

Commissioner Adams suggested that until Chris Pieper or Christina Oliver support the use of the funds, the discussion might be in vain.

Chairman Wells noted the Board is in favor of exploring the options and returned to the Board member discussion #1.

9.1 Policy Discussion on water and sewer application requirements, revenue & applications ongoing.

It was discussed at the last meeting the Board might establish a requirement that an applicant seek other water and sewer funding prior to applying to CIB.

Does the Board want staff to hold the application and verify there is no other funding?

Historically this Board has requested that applicants do not submit simultaneous applications to two Boards requiring staff and Board time then the applicant decides which option they prefer.

Should applicants go to other water and sewer funding sources prior to coming to CIB?

Commissioner Lytle recommended at least show evidence that they have gone after other funding whether they were successful or not. His preference is that CIB be supplemental to funding they receive somewhere else wherein if they don't get other funding, they may then come to CIB. DDW has a current moratorium on applications.

Ms. Oliver indicated that the Water Coordinating Council discussed having a timeline schedule and list of funding programs for water and sewer. Also, consideration should be given to emergency situations that cannot wait to apply for other funds. If it is not an emergency situation, it could be put on a pending list acknowledging federal funds increase the cost of projects. The Board could build a policy to that end where CIB is the last dollar in except for emergency situations.

Commissioner Adams concurred.

Commissioner Miles noted an applicant would still turn down the deal offered and come to CIB.

Mr. Slauch indicated the Board would know they had turned down or were turned down for funding in the application.

Chairman Wells acknowledged the Boards preference to require seeking other funding prior to applying to CIB.

Mr. Slauch stated there are not a lot of untapped resources for water and sewer. It will be a good policy for water and sewer. CIB can fund a lot of broader types of projects.

Commissioner Lytle suggested CIB be the last dollar in or have tougher terms.

Commissioner Bartholomew referred to situations where they come to CIB because of the interest rate even though they have been approved somewhere else because CIB has better terms.

Mr. Slauch also noted most other programs don't give grants like CIB.

Ms. Oliver indicated an intent to craft a policy for the Board to consider but it may not be by February.

9.2 Current Major Infrastructure Funds moved to Mineral Lease Fund Account.

Chairman Wells called for a motion to move the current Major Infrastructure Funds in to the Mineral Lease Account.

Naghi Zeenati made and Jerry Taylor seconded a motion to move the existing \$6,302,503 in the Major Infrastructure Set Aside account to the mineral lease fund. The motion carried with the chairman abstaining.

The Throughput Fund is comprised of funds traded with UDOT; Mineral Lease funds were allocated to UDOT and Transportation Investment Fund of 2005 funds were allocated for the Throughput Infrastructure Fund through legislative statute. The Major Infrastructure Fund is a set aside in rule by the Board of mineral lease monies within CIB.

9.3 CIB Board Meeting – February 1, 2024

The Board will receive a recap of available funding two weeks prior to the February 1, 2024 CIB Meeting.

Mr. Slauch reiterated his request for revenue projections - better forecasting. The Board is told they don't have enough funding then at the funding meeting they do have enough funding. He wanted it made clear to the chair that he is requesting better forecasting so that he knows at the first decision meeting a very good idea of how much money there will be before the next funding meeting so that he can make good decisions on what he funds.'

Mr. Zeenati noted the forecast is rain tonight and snow tomorrow.

Ms. Powers presented a document that shows receipts for 5 years during the same 5 months and the numbers were never the same and not predictable. Forecasting is quite difficult as it is unknown what private drillers will drill and what leases will actually occur. There is drilling activity in the Uintah Basin but not on Federal land. CIB revenue only comes from resources developed on Federal land.

Commissioner Miles acknowledged the oil is steady but he has no idea how the revenue works; there are huge fluctuations in revenue.

The CIB financial report is clear and includes the numbers available on the ledger. It shows the current mineral revenue and the date of that revenue. It shows all the funding requests as requested and then the funding the Board has determined and placed on the priority list. It shows the resulting balance given the current known revenue, the existing funding requests and with those numbers, a projected amount at the funding meeting.

Mr. Slaugh noted without the \$30 million on the pending list, the CIB may be able to fund the other projects.

The Board determines terms and staff allocates the interest-bearing loans as necessary from the Bonus and Mineral Lease funds. Grants and 0% loans can only be allocated from the mineral lease account.

Mr. Slaugh noted that prior to the funding meeting there is concern, then at the funding meeting it is ok. He suggested the Board not allocate any money until there has been a full trimester so the Board can know exactly what they are dealing with.

Currently the Board spends time to review the projects and set the terms at the review meetings. The Board does not approve any funding until the funding meeting.

Commissioner Adams again suggested a moratorium.

The Board discussed the processes and issues.

Commissioner Lytle stated support for looking at the Throughput Infrastructure fund even if only to recapture the interest accrued. That would allow at least one project on the pending list to receive funding...

Chairman Wells indicated that if forecasting isn't the answer, so perhaps the Board looks at the cadence and process up until the funding meeting.

Mr. Slaugh stated that now we allocate on unknown sums of money that's going to come in and because it looks bad, the Board tightens up their terms...

Chairman Wells suggested more depth to the Board's priority list. They could rank projects based on their priority; then at the funding meeting based on the priority the Board would then evaluate terms depending on available funds.

Mr. Slaugh indicated it would be difficult to renegotiate every deal at the funding meeting.

Chairman Wells acknowledged the applicant has been counting on funding as the Board is providing some certainty to the applicants wherein they have an outline of their deal; but it is not worth anything until the funding meeting. The best way to work through this is consider processes. The Board has been pursuing a forecast for a while; but it is difficult to forecast. The Board will explore processes and procedures and adopt a policy.

Mr. Slaugh suggested a break for a trimester allowing the revenue to accrue and the Board may then allocate the accrued revenue at the next trimester.

Mayor Baker suggested that what revenue is received for the previous trimester is the money the Board has to allocate and then let the next trimester build and when that's all in, the Board has that money instead of trying to estimate what's coming in. Wait for a trimester and allocate that money the next trimester. The Board always has the money in the account and without guessing.

Chairman Wells suggested the Board look at some alternatives in writing to evaluate and agree to proceed as a Board.

Commissioner Adams expressed an understanding of that proposal is that applicants would seek to get on the

first meeting of the trimester to get that money as there may be no money left for the third meeting. Right?

Mr. Slaugh referred to the current process; there is no revenue at the beginning so the Boards decisions are less grant.

Chairman Wells stated there will be options to discuss on the February 1, 2024 agenda.

Ms. Oliver suggested that the Board should submit ideas for consideration to be reviewed by Christopher Pieper and placed on the agenda for Board consideration.

Mr. Slaugh referred to Mayor Baker's suggestion which is his suggestion; wait for a trimester then fund out of the prior trimester's accumulated revenue.

Commissioner Lytle suggested making no deals until the funding meeting when there is an accrued amount of money...

Mr. Slaugh noted that would be a lot of projects to review in one meeting.

Ms. Powers asked for clarification as to which submission date was not to receive applications so that applicants can be informed; this trimester is a unique situation for the Board as the revenue was somewhat reduced and the applications submitted were much larger.

The Board discussed the options for a trimester moratorium for applications.

Chairman Wells asked the Board to clarify if applications will be received on the February 1, 2024 deadline.

It was noted that the projects placed o the pending list would be considered prior to the new applications.

Commissioner Miles suggested an official vote as to an application moratorium.

Mr. Pieper suggested the applications can come in but as always, the funding is actually only approved at the funding meeting.

Mr. Slaugh noted by waiting one trimester to fund, the revenue can accumulate and be known at the beginning of the next trimester. Without a known amount, it makes it hard to delineate which projects should receive funding.

Commissioner Miles noted the Board has been funding bigger projects than they ever have with less revenue. Funding should be a loan and he shared a quote: "A society grows great when old men plant trees in whose shade they know they shall never sit in." (Greek Proverb). This fund is drying up and mineral lease money is not going to come back. Unless the Board creates a perpetual fund that will provide money for the future, there will not be money left.

Commissioner Taylor concurred that we need to award loans to keep it revolving.

Mr. Slaugh supported that idea but then the Board feels bad and awards more grant. No one has suggested all loan yet. If that is the intent of the Board, the tool should be amended to show an 'all loan' option.

Chairman Wells indicated the guardrails that are inherent in the funding tool are not bringing the revenue to the place being considered in this conversation. He appreciated the comments and discussion noting it is complex. There are some fundamental facts which may require some changes.

Commissioner Bartholomew asked for Kirt Slaugh to discuss his suggestion about paying down interest rates.

Mr. Slaugh stated he is still exploring that possibility and has asked Zions Public Finance about that possibility; it is opposite of keeping the fund revolving-to use CIB funds to buy down an interest rate so that those bonds

could be issued for a lesser interest rate to public entities. For a \$13 million-dollar loan, \$2,000,000 would buy the interest rate down to 1.5%. We could get more projects funded that way using the markets money that CIB subsidized to get an interest rate that the community could afford. But it will not keep the fund revolving... all the mineral lease money would essentially be a grant to buy down the interest rate on a public finance loan. It is still being explored.

Commissioner Miles suggested the fund is better off providing CIB funding as an interest-bearing loan which provides a return to the Board not the bank.

Commissioner Brown asked if the Board stops holding the meetings, would there be 60 applications to hear after the moratorium. Perhaps there should be a few meetings with no terms until the revenue is known.

Ms. Oliver suggested the Board still hear the projects but not offer terms. The Board has heard the applicant 'stories' and can make better decisions.

Chairman Wells indicated there will be monthly meetings acknowledging the Board may place projects on the Priority List without terms.

Mr. Slaugh suggested it will be difficult to hear them but not set any terms; to remember everything from March and then decide terms in June.

Mr. Zeenati noted the minutes will have the discussion.

Ms. Oliver reiterated there is no new review of applications for February; The Board will hear the new applications submitted on February 1 at the March, April and May meetings with no terms and then terms will be allocated at the June Funding meeting.

Chairman Wells recommended a standing item under Board discussion on the meeting agenda for reviewing the alternatives to the process. Alternatives will be written to facilitate a more formal discussion.

Ms. Powers asked for clarification as to the recommended process going forward; hear everyone's stories without any terms then apply terms in one meeting?

Mr. Slaugh acknowledged that sounds a little crazy.

Commissioner Lytle stated he would rather work the terms as the Board does currently.

The Board suggested it is emphasized to applicants that the project is NOT funded until the funding meeting.

Mr. Slaugh indicated his understanding would be a moratorium on hearing any applications. The February 1 deadline applications will begin to be heard in the next trimester to allow a known amount of revenue.

Chairman Wells suggested the Board continue with the current protocol with a parallel discussion of process on the future meeting agendas. Until a process change is determined, the Board will continue with the current process.

Mr. Zeenati stated the Board cannot predict applications nor funding. It is the discretion of the Board is to determine yes to fund, not to fund, no grant etc. The Board provides service to the communities of the State of Utah which have no place else to go. Whatever the Board can offer as a loan is money coming back. The fund is revolving from the loans over the past years. In the 12 years he has been on the Board, the Board has always managed to fund the projects. The staff has done a good job to allocate the funding. He expressed optimism that the fund will continue to revolve. The Board does have a responsibility to determine the funding and not necessarily provide the requested funding. He admonished the Board not to worry about what is GOING to happen. Staff is going to deliver. It is good to discuss and get fresh ideas, but it is at the Board's discretion to decide who and how to fund.

ADJOURNMENT [2:34:21]

The next meeting of the Permanent Community Impact Board will be February 1, 2024 in Salt Lake City, Utah.

The meeting adjourned at 11:46 am.

Submitted by:
Candace Powers