

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

Department of Workforce Services
Housing and Community Development Division
Salt Lake City, Utah
Electronic Meeting via Zoom Webinar

MINUTES

April 2, 2020

Members Present

Jonathan Hardy	Chairman
Bruce Adams	Southeastern Utah Association of Local Governments
Naghi Zeenati	State Transportation Commission
Irene Hansen	Duchesne County
Gregg Galecki	State Board of Water Quality
Jack Lytle	Uintah Basin Association of Governments
Dean Baker	Uintah County
Kyle Stephens	State Board of Water Resources
Garth "Tooter" Ogden	Six County Association of Governments
David Damschen	State Treasurer
Mike Dalton	Five County Association of Governments

Staff and Visitors

Keith Heaton	Housing and Community Development
Candace Powers	Housing and Community Development
Gayle Gardner	Housing and Community Development
Brenda Brown	Housing and Community Development
Pam Sjostrom	Housing and Community Development
Paul Moberly	Housing and Community Development
Alison Garner	Attorney General's Office
Margaret Lautaimi	Department of Workforce Services
Debi Carty	Department of Workforce Services
Lisa Nelson	Division of Drinking Water
Skyler Davies	Division of Water Quality
Bill Prater	Bond Counsel
Randall Larsen	Gilmore & Bell
Jeff Albrecht	Savage Albrecht Engineers
Ryan Savage	Savage Albrecht Engineers
Alberto Vasquez	Mountain West Commercial Real Estate
William Jeff Stock	Town of Cannonville
Glenna Nelson	Town of Wellington
Joan Powell	Town of Wellington
Andrew Dutson	Town of Lynndyl
Jesse Ralphs	Sunrise Engineering
Karl Rasmussen	ProValue Engineering
Wayne Peterson	Town of Leeds
Dennis Blackburn	Wayne County Fire Department
Steve Lutz	Wayne County Fire Department

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, April 2, 2020 via Zoom Webinar and was called to order at 8:30 a.m. by Chairman Jonathan Hardy. Chairman Hardy directed a portion of the Board Member Discussion item 9.2 on today's agenda to convene first on the agenda due to limited availability of bond counsel.

9. BOARD MEMBER DISCUSSION and/or ACTION ITEMS

9.2 CIB Loan Discussion

a. Loan Deferral Policy

Chairman Hardy reviewed a draft of the Loan Deferral Policy. This policy would authorize staff to process a deferral request from a current borrowing entity that can show hardship due to COVID-19 emergency. The initial deferral request would be one year wherein the borrower would either issue a replacement bond or issue a bond for the amount of the annual payment plus expenses. Interest would continue to accrue but any late charges would be waived. The borrower would be responsible to provide the appropriate bond resolution documents. Staff will report to the Board each meeting on the status of the referrals.

Alison Garner, legal counsel to the Board, indicated that the Board may modify the limit to apply. The Board modified the policy to provide a 120 day limit to apply for deferral after the state of emergency end date allowing borrowers time to review their financial status. The Board omitted "to maintain the maturity date of bonds" in the second to last paragraph of draft policy to allow options in the process. The goal is to set up so it can be accomplished with the borrowers Board to avoid retaining bond counsel. Discussion with bond counsel included the possibility of extending bond maturity and coverage requirements. There will be coordination for the implementation of the policy.

Jack Lytle made and Kyle Stephens seconded a motion to approve the Loan Deferral Policy with modifications as discussed.

The Board asked if there will be a limitation on the deferral time period criteria if an entity can show continued hardship from original state of emergency.

Ms. Garner indicated the policy states that after a first year deferral, an entity may request a second year if the borrowing entity can show continued hardship due to the original state of emergency. A third year deferral request would not be applicable under this policy and would require the entity to appear before the Board.

The Chairman called the question on the motion to approve the proposed Loan Deferral Policy as modified.

Jack Lytle made and Kyle Stephens seconded a motion to approve the COVID-19 Loan Deferral Policy as amended. The motion carried unanimously, verified through roll-call vote.

I. ADMINISTRATIVE ITEMS [42:45]

1. Up-coming Meeting Dates and Locations

The next meeting is May 7, 2020 which will be an Electronic Meeting via Zoom Webinar.

2. Financial Review:

Candace Powers reviewed the status of the funds for today's meeting and referred to the price of mineral commodities, the source of this fund noting the balance of funds as of the end of February. The Board is tasked to keep the fund revolving.

3. Review of Agenda items

There are four new projects and two supplemental requests.

III. APPROVAL OF MINUTES [51:05]

Chairman Hardy requested a motion to approve the minutes from the February 6, 2020 meeting.

Naghi Zeenati made and Kyle Stephens seconded a motion to approve the minutes of the February 6, 2020 meeting. The motion carried unanimously through roll-call vote.

IV. PRIORITY PROJECTS

4.1. Wellington City (Carbon) [52:05]

Wellington City presented a funding assistance request for a \$239,000 grant and a \$196,000 loan for 15 years at 1% interest (total \$435,000) for the purchase of a Rosenbauer pumper engine fire truck. The applicant is contributing \$40,000 cash.

The applicant indicated that the fire truck is a standard pumper engine and not an aerial truck. They currently have four trucks in their fleet and the newest engine is a 2004 engine. Two of the four trucks have mechanical and electrical issues and are rarely used. The cost of the truck has increased and legal expenses have been added. This funding will be solely for the truck and not to equip the truck.

The Board asked about the status of USDA funding and if Wellington City is part of a fire district.

The applicant stated that the \$50,000 USDA funding has been verbally confirmed if CIB funding is secured. Wellington City is a city fire department and not part of a fire district though Wellington City provides fire support to Carbon County.

Gregg Galecki made and Naghi Zeenati seconded a motion to place this project on the Priority List for final approval at the June 11, 2020 funding meeting as a \$218,000 loan for 15 years at 1% and a \$217,000 grant (total \$435,000). The motion carried through roll-call vote with David Damschen absent for the vote.

4.2. Town of Lynndyl (Millard County) [01:07:40]

The Town of Lynndyl presented a funding assistance request for a \$776,750 grant and a \$332,000 loan for 30 years at 0% interest (total \$1,108,750) for demolishing and rebuilding portions of a fire station and community center. This project will consist of demolishing and re-constructing a 3,623 SF addition with 3 bays (two are double deep), and equipment storage room, office and restrooms. The remaining portion of the building will be upgraded to meeting ADA standards while preserving the historical significance of the building. The modification will include filling in an unused basement, dropping an upper level floor to be level with the elevation of the rest of the building, replace 2 exterior doors and 18 windows, replacing the HVAC system and remodeling the kitchen. (The applicant is contributing \$50,000 cash).

The applicant has pursued other funding including an application to CDBG, but funding was not approved. Lynndyl assists the County in providing fire protection and the Millard County Fire District will allocate up to \$250,000 in assistance for the combined use facility. The applicant added the fire station will be enlarged to accommodate all fire trucks. The multi-use community center component will include ADA compliance, code issues and miscellaneous renovations. That portion of the building is over 100 years old and is on the Historic Register. Lynndyl has been saving for two years and the applicant cash is in hand. SHPO has visited the site and requested the outside architecture maintain

historical integrity as well as the interior trim and reuse of doors, etc. SHPO has requested to be part of the final design plan prior to construction.

The Board asked for clarification of the use of the Millard County Fire District funding and why renovation at approximately \$300 per square foot is being considered as best choice instead of demolition and construction of a new facility.

The applicant stated that the Town of Lynndyl will own the building and will draft an agreement with the Millard County Fire District to make the loan payments up to \$250,000 through lease revenue. Total re-construction has been discussed, but deemed unaffordable for the same amenities that exist in the current building and noted the building has historical significance. At the last census the population was 110, but a current estimate of the population is approximately 130. They are in the preliminary steps of creating a building authority. They prefer to combine the building noting the cost of maintenance is more economical for one building with shared restrooms and meeting/training/ media room. Funding applications have been made to other agencies without success.

The Board noted the cost estimate information provided to the public per the minutes was different than what is being requested.

The Mayor has since solicited contractors to walk through the building and provide an estimate; the scope of work was revised for critical priorities, bonding expenses were added, engineering, landscaping etc. after the public hearing discussion. The fire district allocates maintenance funding quarterly for the fire station. The Town provides maintenance from the general fund for the community center. Utilities are assessed separately for the fire station and the town hall. The fire station is a priority, but the community center will be renovated simultaneously for a complete project.

Dean Baker made and Jack Lytle seconded a motion to place this project on the Priority List for final approval at the June 11, 2020 CIB funding meeting as a \$554,000 loan for 30 years at 0% and a \$554,750 grant (total \$1,108,750). The motion carried through roll-call vote with David Damschen abstaining from the vote.

4.3 Town of Leeds (Washington County) [01.45:37]

The Town of Leeds presented a funding request for \$120,000 grant for a Main Street Storm Drain Project. This project consists of installing 24" storm drain pipe on Main Street from Center Street to discharge point and 18" storm drain pipe from 200 North to Center Street with catch basins every 500 feet. (The applicant is contributing \$12,000 cash).

The applicant indicated the Town has an independent water company which has pressurized the system previously had a system of culverts and ditches. Those have been closed causing a regular problem of overflowing water when there is more than a moderate amount of rain. The road currently requires regular maintenance as a result of water erosion to the right of way working its way to the south end of town and is damaging the roadway, sidewalks, curb and gutter.

Karl Rasmussen and Tracy Munson with UDOT indicated there is a meeting April 15 of the RPME committee which will determine the use of the contingency funds on this project. Spot improvements to mitigate the problem have been suggested. The Town of Leeds and UDOT do not have an agreement for funding at this time. It will be 2 months before UDOT will make a decision.

Mike Dalton made and Dean Baker seconded a motion to place this project on the Pending List for clarification of UDOT funding and consideration of loan funding. The motion carried unanimously through roll-call vote.

4.4 Wayne County Fire District (Wayne County) [02:03:09]

The Wayne County Fire District presented a funding request for a \$941,000 grant and a \$105,000 loan for 30 years at 2.5% (total \$1,046,000) for the construction of a fire station at Torrey. This project will consist of building a 120' x60' fire station with 3 truck bays, a kitchen, training area, office, storage, men's and women's restroom/change areas and site work. (The applicant is contributing \$8,000).

The applicant indicated that the existing fire station is old and is shared with the city hall. The Torrey area is expanding and the current facility is not adequate for equipment and has no restrooms or space to wash turnout gear.

The Board asked about applying to CDBG and other agencies or funding options.

The applicant replied that because the property for the new facility is within the Town of Torrey, this disqualifies the project for CDBG funding. They have applied to FEMA for other equipment but fire station construction is not an eligible category for FEMA funding. They are a relatively new district and this is the first year with a revenue stream from fire fees. The fire district leases space in the facility from the Town of Torrey.

The Board indicated funding for this type of project has typically been 50/50 loan and grant and suggested a longer term on the loan portion. It was also suggested they look into TRT funds for repayment of emergency services.

The applicant indicated TRT funds are being reviewed but with the COVID-19 emergency those will be limited for the immediate future.

The Board acknowledged that Wayne County has only 7% private land and mostly greenbelt which does not generate a significant amount of revenue.

Gregg Galecki made and Mike Dalton seconded a motion to approve a \$262,000 loan for 30 years at 0% interest and a \$784,000 grant (total \$1,046,000).

After further discussion of available funding, a substitute motion was made.

Dean Baker made and Naghi Zeenati seconded a substitute motion to approve a \$262,000 loan for 30 years at 1% interest and a \$784,000 grant (total \$1,046,000).

The Board discussed affordability and payments and the motion was amended.

Dean Baker made and Naghi Zeenati seconded an amended substitute motion to approve a \$262,000 loan for 30 years at .5% interest and a \$784,000 grant (total \$1,046,000). The motion carried through roll-call vote with David Damschen absent for the vote.

VII. SUPPLEMENTAL REQUESTS

7.1 Town of Cannonville (Garfield County) Original funding 10/3/2019 [02:32:16]

The Town of Cannonville presented a supplemental funding request for an additional \$121,500 grant and an additional \$81,000 loan for 20 years at 2.5% (total \$202,500) for the construction of the Town Hall and Medical Clinic. This project consists of building an addition (2,600 SF) to the existing Town Hall/Medical Center to add space for a town hall meeting room (19.33'x50') and three additional exam rooms, a doctor's office, a procedure room, lab, restroom, computer room and medical storage (32.67'x50') to the existing medical center.

The applicant indicated bids are over the estimated budget due to mobilization expenses and they are seeking supplemental funding in the same terms. Total CIB funding with supplemental will be \$782,000 (a \$469,000 grant and a \$313,000 loan for 20 years at 2.5%).

The Board noted the supplemental is a 34% increase over the original award and questioned the increased cost of engineering which should not increase if material costs increase.

The applicant indicated the engineering is calculated as a percentage of the cost of the whole project.

The Board suggested the supplemental amount be awarded as a loan and the interest rate lowered which would be a \$434,000 loan 20 years with a 1% interest; a \$24,000 payment to fund this project more out of the Bonus Fund.

The applicant indicated a need to maintain an affordable payment.

The Chairman noted the Board policy is to fund supplemental requests in the same terms as the original award.

Naghi Zeenati made and Kyle Stephens seconded the motion to approve the supplemental funding request for a \$121,500 grant and an additional \$81,000 loan for 20 years at 2.5% (total \$202,500). The motion carried through roll-call vote with David Damschen absent for the vote.

7.2 Wayne County (Wonderland Airport Runway Reconstruction), Funded 2/7/2019 [02:52:02]

Wayne County presented a supplemental funding request for a \$16,000 grant for additional costs to the reconstruction of the Wayne Wonderland Airport Runway. This project will consist of airport runway improvements to include a geotechnical evaluation of existing soils on the 5700' x 75' runway to facilitate a full reconstruction to include pavement removal, excavation, 12" subbase course, crushed aggregate base course, bituminous prime coat, 2.5" hot mix asphalt surface, paint striping, and pipe culverts for drainage. The original CIB funding was a \$90,000 grant toward the \$2,500,000 project.

The project costs have increased and the applicant is requesting an additional \$16,000 grant for budgetary increases. The total CIB funding with the supplemental request would be a \$106,000 grant.

Jack Lytle made and Naghi Zeenati seconded a motion to approve the supplemental funding request of a \$16,000 grant.

After further Board discussion with the suggestion that the applicant should be able to accommodate this small amount of additional funding a substitute motion was made.

Gregg Galecki made a substitute motion to deny the supplemental funding request. The substitute motion failed due to lack of second.

The Chairman called the question on the original motion.

Jack Lytle made and Naghi Zeenati seconded a motion to approve the supplemental funding request of \$16,000 grant. The motion carried with Bruce Adams, Naghi Zeenati, Irene Hansen, Jack Lytle, Dean Baker, Mike Dalton, Kyle Stephens, and Tooter Ogden in favor and Gregg Galecki opposed. David Damschen was absent for the vote.

IX. BOARD MEMBER DISCUSSION and/or ACTION ITEMS [02:55:14]

9.1 CIB Board Meetings

Next Board Meeting, Thursday, May 7, 2020 via Zoom Webinar.

9.2. CIB Loan Discussion [02:58:15] – Discussed at beginning of meeting.

Chairman Hardy discussed the statutory requirements of the Bonus fund and asked the Board if there were questions or suggestions for any changes in regard to legislative requirements for the Bonus account and the requirement of an interest bearing loan.

The Board indicated that wherein a .5% interest is sufficient for the statute, the Bonus fund should maintain a requirement of interest bearing loan funding. Grants should only be through the Mineral Lease fund. The Board will continue with the statutes as written.

The Board requested training on the financial tools for appropriate use to make the correct decisions for the applicant funding. Chairman Hardy indicated that may be a discussion at the Policy Retreat.

9.3 CIB Board Policy Retreat

June 11-12, 2020 Retreat – To be determined prior to the May 7, 2020 Review Meeting.

ADJOURNMENT

The next meeting of the Permanent Community Impact Board will be May 7, 2020 via Zoom Webinar at 8:30 a.m.

The meeting adjourned at 11:42 a.m.

Submitted by:
Pamela Sjostrom
Candace Powers