

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING
 Department of Workforce Services
 Housing and Community Development Division, Salt Lake City, Utah
MINUTES
 April 7, 2022

Members Present

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| Keith Heaton | Chairman |
| Bruce Adams | Southeastern Utah Association of Local Governments |
| Naghi Zeenati | State Transportation Commission |
| Jack Lytle | Uintah Basin Association of Governments |
| Dean Baker | Uintah County |
| Garth "Tooter" Ogden | Sevier County |
| Marlo Oaks – <i>Via Zoom</i> | State Treasurer |
| Jerry Taylor – <i>Via Zoom</i> | Five County Association of Governments |
| Kyle Stephens | State Board of Water Resources |
| Jim Webb | State Board of Water Quality |

Members Excused

| | |
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| Scott Bartholomew | Six County Association of Governments |
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Staff and Visitors

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| Candace Powers | Housing and Community Development |
| Brenda Brown | Housing and Community Development |
| Paul Moberly | Housing and Community Development |
| Zach Leavitt | Housing and Community Development |
| Aaron Waite | Attorney General's Office |
| Christina Oliver | Housing and Community Development |
| Brittany Hardy | Department of Workforce Services – Finance |
| Jesse Ralphs | Sunrise Engineering |
| Todd Thorne | Southeastern Utah Association of Local Governments |
| Russ Finlinson | Town of Leamington |
| Parker Vercimak | Jones and DeMille Engineering |
| Bill Jackson | Grand County |
| Tyler Timmons | Six County Association of Governments |
| Alan Luce | North Logan City |
| Valerie Hopper | Town of Elsinore |
| Jennica Scott | Town of Elsinore |
| Chris Baird | Grand County |
| Greg Todd | Duchesne County |
| Michael Olsen | Mt. Pleasant City |
| Dave Oxman | Mt. Pleasant City |
| Bryce Wilcox | J-U-B Engineers |
| Tamara Dockstader | Southeastern Utah Association of Local Governments |
| Lyndsay Peterson | North Logan City |
| Michael Holt | Fillmore City |
| Kevin Orton | Fillmore City |
| Brent Chamberlain | Kane County |
| Brian Carver | Bear River Association of Governments |
| Jordan Katcher | Housing and Community Development / CDO |
| Jade Powell | Southeastern Utah Association of Local Governments |

Aubrey Larsen
Lori Nay

Housing and Community Development / CDO
Gunnison City

Via Zoom

Skye Sieber
Skyler Davies
Christina Oliver
Monica Hilding
Scott Worley
Jeanette Johnson
Lyndon Friant
Tyson Jewkes
Sheri Dearden
Loie Corson
Levan Town
Kelly Chappell
Helene Jorgensen
Todd Thorne
Devan Shields
Justin Atkinson
Gary Zabriskie

Division of Drinking Water
Division of Water Quality
Housing and Community Development

Johnson, Patterson & Yellowhorse
Jones and DeMille Engineering
Ensign Engineering
Millard County
Kane County

Ensign Engineering
Kanab, Utah
Southeastern Utah Association of Local Governments
Sunrise Engineering
Sunrise Engineering
Five County Association of Governments

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, April 7, 2022 at 1385 South State, Room 157, Salt Lake City, Utah and was called to order at 9:00 a.m. by Chairman Keith Heaton.

I. ADMINISTRATIVE ITEMS

Briefing [3:58 after introductions]

1. Upcoming Meeting dates and Locations

April 29, 2022 – Salt Lake City

2. Financial Review [5:00]

Candace Powers reviewed the statutory purpose regarding mineral lease funds and the funds for today's meeting.

3. Review of Agenda Items: [4:30]

There are 6 new applications, 2 supplemental funding requests, 1 pending project and 1 special consideration request.

II. WELCOME AND INTRODUCTIONS [1:04]

Chairman Heaton welcomed everyone and requested that the Board introduce themselves. Marlo Oaks and Jerry Taylor are attending virtually. Aaron Waite is legal counsel to the Permanent Community Impact Fund Board.

Chairman Heaton noted the upcoming changes to the Permanent Community Impact Fund Board as initiated through SB111 as of May 4, 2022. Keith Heaton will not be the Chairman, and Jim Webb representing Water Quality, Kyle Stephens representing Water Resources, Dean Baker and Tooter Ogden representing the two top producer positions will no longer be on the Board. SB111 requires that the new members for the new positions must be appointed by the governor with the advice and consent of the Senate in accordance with Title 63G, Chapter 24, Part 2, Vacancies. To accommodate those

changes and complete the business of this trimester, meeting options have been sent to the Board and will be discussed at the end of today's meeting. The FY2022 Annual Board Policy Retreat held for the purpose of training and policy discussions with/for the Board was tentatively scheduled for June 2, 2022. As close to half the Board positions are being replaced and the new Board will take time to constitute, it is proposed the retreat be postponed to a later date to accommodate the training of the new Board. Chairman Heaton also suggested as the projects are reviewed and funding is determined, the Board suspend the rules and fund the projects on today's agenda to allow the Board to complete the review and funding of projects submitted for FY2022 under this Board.

Commissioner Lytle asked if that would be the procedure for the next meeting as well. Chairman Heaton stated it would.

Commissioner Lytle expressed his appreciation for Keith Heaton as Chair of the Board.

Mr. Zeenati noted the efforts made by Kane County to host this Board and suggested an appreciation meeting in Kanab for the service rendered.

Chairman Heaton expressed appreciation to Aaron Waite, Assistant Attorney General and legal counsel to the Board for his time and diligence to this Board. He has spent considerable time in researching SB111 to provide clarity and facilitate a smooth transition. It appears half the Board will remain and expressed appreciation to those Board members who will not remain.

Commissioner Lytle indicated a desire for further discussion of a meeting in Kanab.

III. APPROVAL OF MINUTES [17:30]

Chairman Heaton requested a motion to approve the minutes from the February 3, 2022 and February 16, 2022 CIB meetings.

Commissioner Lytle noted a correction to the minutes; Tabiona is not in Carbon County as listed.

Tooter Ogden made and Kyle Stephens seconded a motion to approve the minutes of the February 3, 2022, and February 16, 2022 meetings as corrected. The motion carried unanimously through roll call vote.

IV. NEW PROJECTS [19:30]

4.1 Town of Elsinore (Sevier County) [20:02]

The Town of Elsinore presented a funding assistance request for a \$2,710,000 grant and a \$904,000 loan for 15 years at 0.0% (total \$3,614,000) for street improvements. This project consists of roadway and drainage improvements to 10.980 miles of roadway in the Town. Treatments will include pulverization, cement treating existing materials, asphalt overlays and chip seals, and shouldering to improve the RSL (RSL – the time from the present to when a pavement reaches an unacceptable condition and requires construction intervention) to approximately 15 years.

The applicant stated Elsinore has a population of approximately 1000 residents. They recently completed improvements to the water system and annexed an area of mostly fields which doubled the size of the community which included more roads. There has been minimum maintenance in the form of crack sealing and \$167,000 of Class C road revenue has been saved. Almost every road has been included in this project though some may be removed if the cost is too great. The Town did a pavement assessment to determine necessary repairs for each roadway. The price of oil has increased and the request may not be sufficient so the project may be trimmed. The Town acknowledged the 10-year term limit for B&C road revenue but are requesting a 15-year term on the loan.

Chairman Heaton appreciated the existence of a maintenance plan as noted by the applicant. The term of the loan depends on the revenue source and B&C road revenue is limited to 10 years.

The applicant again noted the 15-year term and the 5% contingency. The pavement assessment indicated a cost of nearly \$5,000,000 so they reduced the project and contingency to what has been submitted. Roads could be removed and they could use the \$167,000 savings to offset the loan but would prefer to maintain that savings for maintenance. The cost estimate was completed on January 22, 2022 wherein the fuel index was \$75.21 and it is now \$105.00. The increased cost of fuel since the estimate represents approximately \$40,000 which and if the bids come in higher than expected, the project will be reduced. The revenue source is B&C road revenue and if that requires a 10-year term, the applicant is requesting the Board to consider more grant funding. Their annual B&C revenue is approximately \$8,000.

Mayor Baker suggested scaling the project back by half to accommodate the available revenue as a \$452,000 loan 10y @ 0% and \$1,355,000 grant.

The applicant stated scaling back could provide an affordable payment and move forward with a portion of the road improvements that truly need to be done.

Mr. Zeenati asked if there was funding coming from the County for the Canal Road which is in the jurisdiction of the County and 5% contingency seems insufficient.

The applicant stated the County had been approached for assistance as that road would likely be removed in the reduced scope and may become gravel. The contingency amount is extremely low, but on this project the affordability was of greater concern.

Commissioner Ogden also noted the 5% contingency is low and the cost of bonding should be included.

Chairman Heaton referenced 2/3rds of the funding request to be a \$597,000 loan for 10 years at 0% and a \$1,788,000 grant which should provide an affordable annual payment.

Jack Lytle made and Naghi Zeenati seconded a motion to suspend the rules and fund this project as a \$1,788,000 grant and a \$597,000 loan for 10 years at 0.0% (total \$2,385,000) with the provision of a revised estimate. The motion carried unanimously through roll-call vote.

4.2 Mt. Pleasant City (Sanpete County)

Mt. Pleasant City presented a funding assistance request for a \$2,036,000 grant and a \$2,067,000 loan for 30 years at 0.5% (total \$4,073,000) for secondary water improvements. This project consists purchasing an existing well and water rights to provide an additional source to reduce the impact of outdoor watering from the culinary system, and to help secure the city's water systems for droughts. The well will provide 625.148 acre-feet of water, all water rights associated with the well, a 20-foot easement to the County Road both east and south of the well, and 1/4 acre of land around the well. To utilize the source, a waterline will be constructed and connect to existing irrigation systems for the Cemetery and Parks. This project will free up over 19,550,000 gallons or 60-acre feet of treated culinary water every year. *The City has already paid for legal services to negotiate and draw up contacts to purchase the well, and these legal expenses are not part of the requested funds to buy the well.*

The applicant stated Mt. Pleasant has limited the watering and the owners of the well notified the City of their willingness to sell the well to the city to help the water situation.

Mr. Zeenati asked about the population of Mt. Pleasant, the anticipated future growth, the current water rates and the number of water connections.

The applicant stated the population is approximately 3,700, the water rates were recently raised to a minimum of \$26.00 and the monthly secondary water charge starts at \$10.50. There are 1500 connections with a 65-home subdivision being constructed and there is a proposed 80 town home subdivision. Mt. Pleasant is growing as a bedroom community with the increase of working from home. There is an anticipated rate increase of \$3.50 per month with this well purchase. The citizens are in dire need of water and this is a helpful step.

Mr. Stephens noted HB242 which requires metering all secondary water connections and asked if they were in the process of applying for the grant program associated with that requirement.

The applicant indicated that the Mt. Pleasant water project began in 2012 when they received CIB funding for a secondary water master plan. They will seek to do a reservoir to store water to help the water situation and assist with flood control. This well will tie into that project. Mt. Pleasant has a very old irrigation system and through the NRCS PL566 water shed program the plan is replace the entire secondary system and there will be new meters with that program. They have not applied to Water Resources for their meter funding. When the new system is constructed, the meter placement can be determined.

Mr. Stephens indicated all secondary meters are to be installed by 2030 to avoid fines.

The applicant stated they are finalizing the environmental documents that have been submitted to NRCS for review. Design funding is anticipated for the end of 2022 and construction on the secondary system should commence within 2 years and be completed by 2025.

Commission Lytle asked about the quality of the well water.

The applicant indicated the well they wish to buy is not deep enough for culinary; its intent is to be for outdoor watering which will free up culinary water. They have not had enough water to provide both culinary and outdoor watering.

Mayor Baker asked if they had implemented impact fees on the new subdivisions. With the increased use from those new areas, there will be future difficulty in providing drinking water. Is there an additional fee for secondary water?

The applicant indicated impact fees have been re-implemented for the past year. The well will be solely secondary and there are culinary and secondary water fees. Metering will prevent abuse of the water.

Mr. Zeenati noted for the record, the question posed by Mr. Stephens, the Water Resources representative on the Board indicating the value of the Water Resources and Water Quality representation with their inherent expertise. That expertise has been removed through the new legislation.

Commissioner Lytle asked about the interest rate noting the grant / loan request is outside the tool.

Chairman Heaton referenced the tool minimum for this project indicates a 0% interest rate and the maximum would be 1.5%. The 0.5% requested by Mt. Pleasant would be within the tool interest rate.

Jack Lytle made and Dean Baker seconded a motion to suspend the rules and fund this project as a \$733,000 grant and a \$3,340,000 loan for 30 years at 1.0% (total \$4,073,000 tool median).

Tooter Ogden made and Kyle Stephens seconded a substitute motion to suspend the rules and fund this project as a \$1,140,000 grant and a \$2,933,000 loan for 30 years at 0.0% (total \$4,073,000 tool minimum).

Treasurer Oaks asked to assess the projects affordability referencing the median bears an interest rate and asked about affordability.

Chairman Heaton referred to the review sheet which shows affordability in either of the scenarios.

The applicant indicated they would have to raise water rates on the median scenario.

Commissioner Lytle asked what their MAGI is for this community and if there were existing loans for their water system which will soon be paid off which may *improve* the future water revenue.

It was noted that the MAGI for Mt. Pleasant is approximately \$41,000.

Mayor Baker referenced the public hearing minutes which indicated they could accommodate half loan and half grant funding... which is their request.

Commissioner Adams called the question on the substitute motion.

Tooter Ogden made and Kyle Stephens seconded a substitute motion to suspend the rules and fund this project as a \$1,140,000 grant and a \$2,933,000 loan for 30 years at 0.0% (total \$4,073,000 tool minimum). The motion carried with Tooter Ogden, Kyle Stephens, Jerry Taylor, Bruce Adams and Naghi Zeenati in favor and Marlo Oaks, Jim Webb, Dean Baker and Jack Lytle opposed.

Commissioner Lytle noted that had the Board applied a minimal percentage rate, it would have helped with the available mineral lease funding.

4.3 Grand County Municipal Building Authority (Grand County)

Grand County Municipal Building Authority presented a funding assistance request for a \$1,356,000 grant for Jackson Street drainage mitigation project phase 2. This project consists of constructing a major storm drain trunk line to include approximately 2470 feet of 66 - inch diameter pipe located below the overflow spillway of the debris basin running down Jackson Street, across US-191 and down Moab 400 East discharging into Pack Creek, manholes, and catch basins. UDOT has been consulted and a jack and bore operation will be required to cross US-191. The pipeline is designed to convey the 100 year 24-hour storm event. The trunk line will be constructed so that contributory areas will be allowed to discharge into the line as future development occurs. The line will include catch basins to allow for future connections, concrete headwalls, outlet protection and road surface repair. All dimensions, lengths and sizes are subject to change during final design as more detailed data is collected and hydraulic analysis is complete. This project is the second phase of the Jackson Street Drainage Mitigation Project; the Jackson Street Debris Basin (Phase I of the Jackson Street Drainage Mitigation Project) was completed March 2019. The applicant is contributing \$1,090,943 cash. Grand County Transportation SSD is contributing \$265,000. Project total \$2,711,943.

The applicant indicated it was the intent to apply for this in 2020, but COVID shut Moab and Grand County down reducing the available revenue from sales tax and there are significant challenges with funding stormwater projects due to restrictions on revenue. B&C and Tourism revenue cannot be used

for storm water. Unrestricted sales tax is the only revenue source for repayment. They have a storm water savings account which represents \$1,400,000 dollars currently. The La Sal Fire last year caused unexpected flooding in Pack Creek and some of that funding was applied to match an NRCS grant for improvements in the conveyance of Pack Creek to the Colorado River. There is \$1,091,000 in the storm water account remaining to contribute to this project. The loan repayment revenue source would be from the sales tax appropriation for storm water mitigation which is approximately \$400,000 annually.

Mr. Stephens referenced the public hearing and concerns noted in that public hearing citing adding the drainage may interfere with existing water and other infrastructure already in place which was not addressed in the minutes.

The applicant indicated Mr. Jackson spoke with the person in regard to those concerns. There is private irrigation infrastructure in that area crossing 191 which may be relocated or the project could be designed around the infrastructure. The stormwater project is a high priority on the master and this project would potentially help prevent property damage and mitigate the affects of stormwater events on US191. After this project is completed there will be other areas that can utilize storm drainage efforts.

Chairman Heaton noted the mineral lease balance is in the negative.

Mr. Zeenati asked about the applicant's other local cash.

The applicant indicated the other local cash is in an account that the transportation and stormwater special service district maintains which comes from mineral lease funding and State PILT. The SSD has voted to commit that amount of funding to this project.

Mr. Zeenati referred to the project review sheet which indicates the Grand County revenue of \$3,723,412 wherein the CIB has provided funding to Grand County of \$15,091,641 in grants and loans. This request is for 100% grant funding. The fund revenue is low and the CIB hopes Grand County will produce so the CIB can fund projects in Grand County.

The applicant stated they would certainly not request more than what they put into the pot...

Mr. Zeenati noted their public hearing minutes indicated the County could accommodate a loan.

The applicant stated the objective with the storm water fund is to maximize the funding and they will fund 50% of the project though they would consider a loan.

Naghi Zeenati made and Tooter Ogden seconded a motion to suspend the rules and fund this project as a \$447,000 grant and a \$909,000 loan for 30 years at 1.0% (total \$1,356,000).

Commissioner Lytle asked if Grand County received PILT and if the MBA was just created. Do you have an agreement with the Service District to use that funding?

The applicant stated they receive Federal and State PILT but the State PILT is passed to the special service districts as it is mineral lease revenue. The MBA has been in place since the 1980's and this project will be through the MBA. At this time, there is nothing in writing other than the vote.

The Chairman called the question.

Naghi Zeenati made and Tooter Ogden seconded a motion to suspend the rules and fund this project as a \$447,000 grant and a \$909,000 loan for 30 years at 1.0% (total \$1,356,000). The motion carried unanimously through roll-call vote.

5.4 Town of Leamington (Millard County) [1:21:15]

The Town of Leamington presented a funding assistance request for a \$200,000 grant to construct a maintenance storage shed. This project consists of the construction of a 24' x 86' insulated steel building on property the Town owns with access to power and water; access in the front of the building for tractor/trailer delivery vehicles, storage bay doors, a 10X12 handicap bathroom, a 12 foot drive-through carport for access and storage of the Town trailer, three storage bays for equipment, one storage bay for water system pipe and repair parts, a secure storage area for expensive water system items, an office with remote water system reading equipment and computer hardware, LED lighting with remote sensors to light the parts of the building being utilized, an exterior 5' high concrete-block locking storage area to house Chlorine cylinders utilized in the water treatment facility, continuation of existing pipe fencing as needed, two 24-foot openings with two 12-foot wide overlapping gates for entry and exit.

The applicant stated that in the early 80's when the coal fired Intermountain Power Plant was constructed, Leamington experienced growth and with the increase of population, they needed a volunteer fire department. They cut a hole in the side of an old church to park fire trucks in the old Primary room. The goal is to return the church to a church and remove the storage in the basement, storing it in dedicated storage building. The population is approximately 230 and the Town's monthly income is approximately \$7,500 per month. Town monthly expenses are approximately \$5,700 leaving \$1,800 a month to do town maintenance. They partnered with MAGNUM Resources to purchase water. They seek grant funding for the maintenance building and will use volunteer labor. The State requirement for daily chlorine water readings costs \$900 per month.

Chairman Heaton acknowledged the various hardships encountered by a small town. Grant funding is difficult at present due to the revenue deficit.

Commissioner Adams teaches Primary so he appreciates getting the fire truck out of the Primary room.

Commissioner Lytle further acknowledged the financial situation of both the Town and the CIB, suggesting a remote system for monitoring the chlorine.

The applicant indicated the cost of a remote system is prohibitive and there are revenue shortfalls in the water system.

Treasurer Oaks asked about the MAGNUM revenue.

The applicant indicated MAGNUM purchases water from the Leamington well which is approximately \$80,000 per year. Leamington has been saving that revenue in a 'rainy day' fund but due to wild fires, that funding has been diminished. MAGNUM has approximately 10 years of projects anticipated, wherein that revenue will go away. Today that revenue is used to correct the shortfalls in the Town's water system.

Mr. Zeenati asked if they had received current bids to verify there is enough funding for the project.

The applicant stated the funding they are requesting will do the project; they may have to use volunteer labor. They have a 20% contingency in the estimate and they don't think the costs have increased beyond that and thanked the Board for the funding that has been provided.

Mr. Zeenati asked where the \$50,000 cash indicated in the application is coming from and commended Leamington's great public hearing minutes.

The applicant stated as the CIB did not request the applicant cash on their road funding, they could now use that \$50,000 on this project.

Bruce Adams made and Naghi Zeenati seconded a motion to suspend the rules and fund this project as a \$200,000 grant citing a financial hardship. The motion carried unanimously through roll-call vote.

5.5 Town of Levan (Juab County) [1:41:14]

The Town of Levan presented a funding assistance request for a \$200,000 grant to purchase a dump and plow truck. This project consists of the purchase of a 2024 Peterbilt Model 548 10 Dump Plow Truck with a projected cost of \$279,387.00 to replace the Town's 1987 International 10-wheeler. The applicant is contributing \$79,387 cash. Total project \$279,387.

The applicant indicated they have been saving for approximately 8 years for the truck but the price of trucks is increasing faster than they can save. The current truck is a 1987 truck formerly owned by the State; the cab is collapsing and the doors are difficult to close among other things. The truck is the most used vehicle they own.

Chairman Heaton noted the two funding sources. The mineral lease funds which are currently *insufficient* can accommodate loans and grants. The Bonus fund which has sufficient funds must be loaned at interest; no grants.

The applicant indicated an \$8,000 annual payment might be accommodated. The revenue would come from the utilities that utilize the dump truck. They are seeking the newest truck they can get and will require the purchase of additional equipment to put on the truck. The applicant cash will be \$79,387.

A 15-year term should be the maximum for equipment.

Dean Baker made and Naghi Zenati seconded a motion to suspend the rules and fund this project as an \$84,000 grant and a \$116,000 loan for 15 years at 0.5% (total \$200,000) citing a financial hardship. The motion carried unanimously through roll-call vote.

5.6 North Logan City (Cache County) [1:54:13]

North Logan City presented a funding assistance request for a \$5,000,000 loan for 30 years at 1.5% and for a new community center. This project consists of the Civic Center expansion to include a 13,000 square foot multi-purpose community center addition with an indoor large open room and amenities for senior citizen programs, a 4,000 square foot children's interactive library addition, and an 11,500 square foot renovation of the existing library to include upgrades to technology and modifications for growth located on the City's existing 8.3 acres located at 475 East 2500 North in North Logan, Utah.

The applicant is contributing \$1,260,000 cash. Impact Fee revenue \$1,759,000. Private donations and Capital Fund: \$740,000. Project total \$8,759,000.

The City will install an adjacent park area, associated parking, waterlines, sewer laterals and stormwater accommodations onsite.

The applicant indicated the city council meetings are held in the library. This project will provide a gathering center for the community. The project has been bid and they are working to reduce costs. The project is scheduled to begin in June/July of 2022.

Commissioner Lytle verified that the revenue source will be the library property tax but. The requested interest rate is below the standard 2.5% interest rate for the Cache County area.

Mr. Stephens asked about the bids.

The applicant indicated they are still going through the bids which are high and they are working with the contractor and architect which may modify the structure type.

Mr. Zeenati expressed support for libraries and suggested other fundraising possibilities.

The applicant said there is citizen support for this project and various fundraising ideas are being worked through.

Tooter Ogden made and Naghi Zenati seconded a motion to suspend the rules and fund this project as a \$5,000,000 loan for 30 years at 2.5%. The motion carried unanimously through roll-call vote.

VI. PENDING PROJECTS [2:04:00]

6.1 Fillmore City (Millard County)

The Fillmore City funding request was advanced at the November 4, 2021 CIB Meeting as a \$2,988,000 loan for 30 years at 1.0% and a \$612,000 grant (total \$3,600,000) for final funding at the February 3, 2022 funding meeting. This project consists of the construction of an 80' X 180', 14,400 square foot fire station with sitework to include building lot, 200 North Street Access Road, pavement, signage, sidewalks, concrete driveway, curb & gutter, detention pond, sewer, backup generator, radiant floor heating, power line relocation and engineering. In-kind \$140,000. Project Total \$3,740,000.

The project was placed on the Pending List to allow time to verify HB303 which requires communities to provide ambulance service and this project's affordability. The applicant is also requesting as revised funding package as a 50% grant and 50% loan.

The applicant indicated that HB303 requires the community to provide rescue service for I-15 in the City's boundaries. They are in the process of acquiring a rescue truck to accommodate the County requirement of the rescue service. If the rescue service is not provided, the City will be billed \$150,000 to assist the County in providing that service. The City is requesting a 50/50 loan grant split.

Commissioner Adams asked how HB303 affects this request.

It was indicated that the applicant chose to purchase a rescue vehicle to accommodate HB303 reducing their available resources.

Commissioner Lytle noted that Fillmore City chose to expend those funds wherein now CIB is tasked with fixing the shortfall.

The applicant stated that it was less expensive in the long term to purchase the vehicle versus an annual expense of \$150,000.

Jack Lytle made and Dean Baker seconded a motion to suspend the rules and authorize a \$612,000 grant and a \$2,988,000 loan for 30 years at 1.0% (total \$3,600,000).

Naghi Zeenati made a substitute motion to fund this project as an \$1,800,000 grant and an \$1,800,000 loan for 30 years at 1.5%. The motion was withdrawn.

Chairman Heaton noted the CIB cannot release funds that are not available. The applicant will not receive a loan authorization or grant contract until the funds are available.

Chairman Heaton called the question on the original motion.

Jack Lytle made and Dean Baker seconded a motion to suspend the rules and authorize a \$612,000 grant and a \$2,988,000 loan for 30 years at 1.0% (total \$3,600,000). The motion carried unanimously through roll-call vote.

VII. SUPPLEMENTAL REQUESTS [2:14:26]

7.1 Six County Association of Governments

Six County Association of Governments requested time on the April 7, 2022 CIB meeting to discuss supplemental funding as a **\$1,700,000 grant** for the AOG Administration Building and Warehouse funded March 4, 2021 as an \$8,581,000 grant. This project consists of the construction of a new 15,560 square foot main floor building with a basement for future expansion to include 34 office spaces, 2 small conference rooms, 1 large conference room, a reception area, and other key facilities and finishing 5,000 square feet of office space in the basement and a 3,000 square foot Weatherization Program warehouse at 80 East 600 North in Richfield City.

Construction bids came in higher than expected due to inflation and rising construction costs.

Revised project total: \$10,706,000.

Chairman Heaton noted the funding for this project is accommodated through the large infrastructure fund.

The applicant indicated that when they designed the building, they estimated above what was an anticipated cost to prevent a request for additional funding. The three bids were all much higher. The selected bidder required additional funding. The other two bids were \$2,000,000 higher than the low bid. It is a challenging time to build but the project is ready. The contingency has been increased to hopefully cover any shortfall.

Bruce Adams made and Tooter Ogden seconded a motion to authorize the supplemental request of a \$1,700,000 grant from the large infrastructure fund.

Commissioner Lytle indicated there will be other requests for large infrastructure funding and suggested a substitute motion of a **\$1,700,000 loan for 30 years at 0.5%**.

Commissioner Ogden indicated that the AOG does not have a revenue source to accommodate a loan. There is concern that the additional funding may not be sufficient. The AOG's are very impactful to all communities.

Commissioner Lytle acknowledged the impact of the AOG's to communities but the Uintah Basin AOG has accommodated loans historically. He is looking to maintain the fund in a different way.

The applicant indicated they manage over 65 State and Federal contracts which is the only revenue source other than the Counties which contribute matching dollars to those contracts. There is no revenue source to accommodate a loan repayment.

Mayor Baker indicated that Uintah Basin Association of Governments did receive some loan funding for their AOG building and suggested a \$700,000 loan for 0.5% from the bonus fund and a \$1,000,000 grant from the large infrastructure fund.

Dean Baker made and Kyle Stephens seconded a second substitute motion to authorize the supplemental request as a \$700,000 loan for 30 years at 0.5% and a \$1,000,000 grant from the large infrastructure fund.

Mr. Zeenati suggested the project be scaled down to work within the original funding.

The applicant stated the project has been scaled down as far as they feel they can and they have visited with the Uintah Basin AOG. Six County AOG pays rent for space in the basement of the Sevier County Administration Building which they consider quite expensive and those expenses are charged to programs. The operation and maintenance for the new building may exceed the available revenue so they will be raising the rents to the programs and counties for those matching dollars to cover the O&M. It would have been beneficial if this building had been built years ago for a similar cost as the Uintah Basin AOG building of approximately \$2,000,000. Then a loan may have been doable. The cost of construction today increases the difficulty to accommodate a loan payment.

Commissioner Taylor noted that the costs are rising daily and the project should be expedited to prevent additional funding shortfalls as prices increase on a daily basis.

Mr. Webb asked what counties are represented in the Six County AOG region.

The applicant indicated Juab, Sanpete, Sevier, Piute, Wayne and Millard counties are within the Six County AOG.

The Chairman called the question on the substitute motion.

Commissioner Adams stated there is no revenue source to pay a loan other than requesting the counties to pay more to the AOG.

Commissioner Ogden indicated the counties do not have the revenue as they are working to keep existing programs funded.

Commissioner Lytle acknowledged it is a tough situation.

Commissioner Adams referred the question to the applicant representative Mr. Khyll.

The applicant stated the costs are going up daily and to pursue potential revenue only delays the process. There is no funding to pay a loan and the project would need to be scaled back significantly involving the architect and contractor hence the costs would rise.

It was noted that if the loan/grant motion passes and they scale back and need less, the loan and grant would be reduced equally.

The applicant indicated the loan / grant scenario would 'kill' the project.

Mr. Stephens withdrew his 'second' based on the discussion and there was not alternate second.

The Chairman called the question on the original motion.

Bruce Adams made and Tooter Ogden seconded a motion to authorize the supplemental request of a \$1,700,000 grant from the large infrastructure fund. The motion carried with Dean Baker opposed.

Commissioner Jerry Taylor left the meeting at approximately 11:30 am.

7.2 Town of Gunnison (Sanpete County) [2:27:50]

The Town of Gunnison requested time on the April 7, 2022 CIB meeting to discuss supplemental funding as a \$252,000 loan for 10 years at 1.0% and a \$348,000 grant (total \$600,000) for the Roadway Improvements funded June 3, 2021 as a \$1,200,000 grant and an \$880,000 loan for 10 years at 1.0% (total \$2,080,000). This project consists of design, engineering and geotechnical analysis and rebuilding 100 West, 400 West; curb, gutter, ADA ramps and drainage improvements on 200 East, overlay on 300 West, 400 West, Industrial Park Road and Cemetery Road, widening Cemetery Road and chip seal and double chip seal on Indian Road, 100 West and 200 West and associated storm drainage improvements to include catch basins and storm drain piping.

Construction bids came in higher than expected due to inflation and rising construction costs.

Revised project total: \$2,965,000.

The applicant expressed humility in requesting additional funding, but roads are the ‘bones of the community’. Gunnison is growing rapidly with many new homes and the carbon fiber industry as well. This road is the industrial parkway road. They tried to value engineer, and have increased their cash contribution. The numbers are reliable as of today.

Mr. Webb asked about a developer coming and the need for the additional roads. When an entity/developer goes to the planning and zoning commission, they pay for the road. Is Gunnison City requiring any contribution from industry?

The applicant indicated this is a public roadway through the industrial area. The industrial park roads will be accommodated by the developer. The public roadway is only 20 feet wide and there are many vehicles using the roadway. This project also includes storm drainage on the other end of town. The improvements are long overdue.

Mayor Baker indicated the request is not within the same terms as the original funding. The calculations show the same terms would include a 42% loan and 58% grant; a \$252,000 loan and \$348,000 grant.

Dean Baker made and Jack Lytle seconded a motion to fund the supplemental request as a \$348,000 grant and a \$252,000 loan for 10 years at 1.0% (total \$600,000). The motion carried with Jerry Taylor absent for the vote.

VIII. SPECIAL CONSIDERATION [2:36:30]

The Chairman called for a motion to hear the request for Special Consideration.

Naghi Zeenati made and Jack Lytle seconded a motion to hear the request for Special Consideration. The motion carried with Jerry Taylor absent for the vote.

Treasurer Marlo Oaks left the meeting at 11:51 am after the vote to consider.

8.1 Kane County Municipal Building Authority (Kane County)

Kane County Municipal Building Authority requested time on the April 7, 2022 CIB Meeting to discuss the reallocation of funding received on February 4, 2021 for the East Zions Visitor Center as a \$783,000 loan

for 30 years at 1.0% and a \$1,825,000 grant (total \$2,608,000) to Zion Mountain Local Service District. This project consists of the construction of an 8,000 square foot visitors center at the East entrance to Zion National Park to include an administration building, first aid station, restrooms, offices, storage space, common meeting area, parking lot, transit hub, courtyards, road relocation and landscaping. There will be an agreement with Kane County and Zion Mountain to authorize CRA's and TIF.

Chairman Heaton noted this is a request to change the name from the original authorization on February 4, 2021 to Kane County Municipal Building Authority with no additional funding. The entity requests the Board to authorize the existing funding to Zion Mountain Local Service District.

The applicant expressed appreciation for the Board's consideration. The new entity will be constructing, owning and maintaining this project. The revenue source for the debt service will be the CRA funds and TIF funds. They have restarted the project with a \$2,900,000 grant from the Governor's Office of Economic Opportunity. Commissioner Chamberlain introduced Kevin McLaws as a Board member of the Local Service District and Scott Stay as a principle with CM&D, an international construction management firm. A groundbreaking is anticipated by the end of August 2022.

Bruce Adams made and Tooter Ogden seconded a motion to approve the funded entity change from Kane County Municipal Building Authority to Zion Mountain Local Service District for the East Zion Visitor's Center project. The motion carried with Jerry Taylor absent for the vote.

Mr. Stephens referenced the numerous items of correspondence from concerned citizens regarding the change and asked for clarification of those concerns.

The applicant indicated there have been public hearings and town hall meetings in the communities concerning this project and it is the opinion of the applicant that the Board is hearing from a vocal minority. The change of the ownership is to a limited service district which is a subdivision of the County. Residents who live in the area filed a petition with the County which indicated 90% of landowners are in support of the Local Service District taking over this project and they want the project to happen. Their comments and input are appreciated.

Mr. Zeenati asked if the project is to commence immediately with no further delays?

The applicant stated the project has a significant amount of architectural work which has been on hold for a year. The work is restarting with the GOEO funding while the bonding for the CIB funding is pursued.

The Chairman called the question on the change of entity from Kane County Municipal Building Authority to Zion Mountain Local Service District.

Bruce Adams made and Tooter Ogden seconded a motion to approve the funded entity change from Kane County Municipal Building Authority to Zion Mountain Local Service District for the East Zion Visitor's Center project. The motion carried with Marlo Oaks and Jerry Taylor absent for the vote.

9. Board Member Discussion and/or Action Items

9.1 CIB Board Meetings – April 29, 2022 – Salt Lake City

Chairman Heaton indicated a time frame to complete the trimester business in an expedited timeframe. He noted the wisdom of Board policy and systems established decades ago, maintained through the years. The effects of opening up the fund to legislation etc. complicates the efforts of staff and board alike. He expressed appreciation for this Board and their work to provide project funding in an equitable

manner. There are still four new applications to discuss and 4 on the pending list to complete the trimester.

Commissioner Taylor inquired as to the current fund balance deficit.
It was stated that the funding will not be released with insufficient funds; care should be taken.

Chairman Heaton noted that each month the fund receives approximately \$2 million.
Funds may be transferred from the large infrastructure fund as that fund is composed of mineral lease revenue which can accommodate grants and loans.

Chairman Heaton indicated that to complete the trimester business, Friday, April 29, 2022, 9:00 am at 1385 South State is the date most Board members could accommodate as the final meeting for this Board and this trimester. The meeting will include the 4 new projects and 4 potential pending projects.

Commissioner Lytle asked when SB111 will be in force.
It was indicated that May 4, 2022 will be the effective date and the current Board composition ends.

Some Board members were concerned with a potential conflict of the Utah Association of Counties (UAC) meetings during that week.
Commissioner Lytle noted that the UAC meeting is on Thursday; Friday should work.

Commissioner Adams asked who the new Board members would be.

Chairman Heaton indicated those members have not been selected.

Commissioner Lytle noted the process of submitting names to the Governors office and legislative approval process is still pending.

Chairman Heaton indicated there will be no May meeting. The June meeting may be postponed to July. The Chairman will schedule the final trimester meeting for April 29, 2022. Ms. Powers will send the calendar invite for the meeting.

Mr. Zeenati noted he will be unavailable that day which breaks his perfect attendance record.

Chairman Heaton indicated the retreat scheduled for June 2, 2022 in Kanab will be rescheduled when the new Board is in place. It would not be an eligible cost for the CIB to fund the retreat for non-Board members.

Commissioner Lytle asked if there would be a quorum in the interim, prior to the other members being confirmed.

Chairman Heaton indicated there may be, but without a Chair there could be no official meeting.

Commissioner Lytle acknowledge that, short of an appointed interim chairman and referred the question to legal counsel.

Mr. Waite, Assistant Attorney General and legal counsel to the Permanent Community Impact Fund Board stated there would be a possible quorum even losing the 5 seats if all were available. The issue is you would not have a chairman. The Board could appoint an interim chairman...

Commissioner Lytle referenced the Governor could appoint an interim chair...

Mr. Waite continued stating there is nothing written that indicates the Board could not appoint an interim chair. But there is no precedent speaking to the Chairman's concern. The Chairman must be appointed by the Governor with the advice and consent of the Senate. If that happens, there will be a quorum with the Chairman.

Commissioner Lytle suggested that during the interim, at least the problem-solving effort as to whether or not, for the good of the order, which could be argued either way, to wait or to move forward to advance the program.

Mr. Waite indicated the Board could appoint an interim chair to conduct the meetings before the new chairman is appointed from amongst the existing Board members...

Chairman Heaton noted another issue. If the Board is able to complete the Board's business on April 29, 2022 which is the intent, there is no business purpose for a retreat, as that is for training, oath of office and conflict of interest forms. There will be no funding and no remaining projects for the trimester.

Ms. Powers indicated the Board will complete the business for the 3rd trimester of FY2023 on April 29, 2022. The applications for FY2023 will be due June 1, 2022. The first meeting would then be in July providing interim time for the new Board to be in place; to take the Oath of Office annually and complete the conflict of interest forms and do OPMA training stating "*It makes no sense to do a policy retreat for a small board when the other board members still have to do their...*"

Commissioner Lytle noted staff's *opinion* in that regard but took exception with the way it was stated. He agreed but cautioned that it's staff's "*recommendation to the Board that we not waste our time*" in June when we can have a better effect on the larger Board when everybody is seated.

Commissioner Ogden asked how the Chairman and the other new Board members are to be appointed; do they go through the process of Governor approval and senate confirmation? He is now serving as the Sevier County representative and the AOG appointee has just been appointed and confirmed. Does that process start over which could take 6-7 months?

Mr. Waite is still reviewing a lot of the information which is not stated definitively. There are many moving parts. He read the new statute; the Chairman is "*an individual who resides in a county of the third, fourth, fifth, or sixth class, appointed by the governor with the advice and consent of the Senate ...*". The process also applies to the new representatives of the producing counties oil, gas and coal. They are *nominated by the AOG's, appointed by Governor with the advice and consent of the senate.*

Commissioner Ogden appreciated the clarification and commented that the Board was not broken; why there was a desire to fix it.

Mr. Stephens stated it was change for change sake. He has been on the Board for a few years and recognizes the significant role this Board plays in helping address rural Utah issues. He further stated Utah is facing a critical juncture concerning water thus does not understand the rationale for changing the representation by removing the water related positions. Nearly a third of project applications submitted are water [or sewer] related stating the change to have been shortsighted. He expressed appreciation for the opportunity to know staff and serve on the Board and wished everyone well.

Commissioner Ogden noted the expertise of Water Resources and Water Quality will be missed as the applicants have questions in the Board meeting. He acknowledged the DEQ reviews for water and

sewer placed in the Board [packet] but it is nice to have the staff that represents water and sewer in the audience for questions.

Chairman Heaton stated the staff will seek to have DEQ staff in attendance in person as it becomes critical without having that voice on the Board.

Chairman Heaton referred to Aubrey Larsen who has been with CDO for nearly a decade will be leaving HCD and CDO planning. She has accepted a position in the private sector. Aubrey is extremely talented and passionate about the work she is engaged in.

Chairman Heaton also indicated the Board's parting gift is provided today for each Board member and staff and may be retrieved at the end of the meeting.

Commissioner Adams referenced Mr. Stephens comments which reflects the frustration every elected official has with the legislature on a yearly basis stating there is little understanding as to why they do what they do.

Chairman Heaton stated we need to pay attention and be involved and expressed thanks for the Board and staff.

ADJOURNMENT [3:00:36]

The next meeting of the Permanent Community Impact Board will be April 29, 2022 to be held in Salt Lake City, Utah starting **at 9:00 am.**

The meeting adjourned at 12:24 pm.

Submitted by:
Candace Powers