

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

May 7, 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
Rebecca Banner	Housing and Community Development
Kayl Smith	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
Jesse Ralphs	Sunrise Engineering
Mayor JR Bird	Town of Roosevelt
Ryan Clayburn	Town of Roosevelt
Kurt Mower	Town of Roosevelt
Eric Major	Town of Roosevelt
Glenna Nelson	Wellington City
Mayor Powell	Wellington City
Dana Van Horn	Spanish Valley Water & Sewer
Ben Musselman	Spanish Valley Water & Sewer
Devan Shields	Spanish Valley Water & Sewer
James Winn	Town of Elmo
Stoney Jensen	Town of Elmo
Jeremy Dye	Jones & DeMille Engineering

Dan Hawley
Mack McDonald
Lloyd Wilson

Jones & DeMille Engineering
San Juan Spanish Valley Special Service District
San Juan Spanish Valley Special Service District

Signed in as Attendees:

Justin Atkinson
Greg Miles
Greg Todd
Jeanette Johnson
Michael Bryant
Ron Winterton
Savanna Agardy
Wesley Bingham
Will Wright

Zach Leavitt
Gregory Buxton
Stan Holmes
Bart Jensen
Ben Coray
Brandon
W Bingham
Lynsee Sulser
Wendy

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, May 7, 2020 via Zoom Webinar and was called to order at 8:30 a.m. by Chairman Jonathan Hardy.

I. ADMINISTRATIVE ITEMS

1. Up-coming Meeting Dates and Locations

June 11, 2020 CIB Funding Meeting - Electronic Meeting via Zoom Webinar
June 10 -12, 2020 – CIB Policy Sessions - Electronic Meeting via Zoom Webinar
July 9, 2020 – Format to be determined

2. Financial Review:

Candace Powers reviewed the status of the funds for today’s meeting.

3. Review of Agenda Items:

There are three new projects and two supplemental requests.

II. WELCOME & INTRODUCTIONS [3:55]

A roll call vote of the Board was taken.

III. APPROVAL OF MINUTES [5:10]

Chairman Hardy requested a motion to approve the minutes from the April 2, 2020 meeting.

Jack Lytle made and Mike Dalton seconded a motion to approve the minutes of the April 2, 2020 meeting. The motion carried unanimously through roll call vote.

IV. PRIORITY PROJECTS

4.1. Roosevelt City (Duchesne) [7:01]

Roosevelt City presented a funding request for a \$2,028,000 grant and a \$508,000 loan for 30 years at 2.5% interest (total \$2,536,000) to construct a new water tank. This project will consist of building a 2 million gallon potable water tank with connection to existing water mains and chlorination facility. And will include excavation and preparation of existing ground to accommodate the necessary forming of footings, sidewalls, and roof. Minor additional trenching will be necessary to connect the existing water transmission mains to the proposed tank and upgraded chlorination facility. Minor maintenance would occur during the operation of the water tank and connecting transmission lines. The purpose of the

project is to provide redundant storage for the City system and improvements to allow the City to meet long term domestic and fire flow demands.

The applicant indicated the water source for Roosevelt is through wells and the water is pumped. The system is a gravity fed system. The 40 year old 300,000 gallon tank feeds the existing 430 connections but is too small. This project will be a redundant source on the upper part of the system to prevent inadequate water for culinary and fire flow. This system provides water to Cedarview-Montwell as gravity feed.

Chairman Hardy indicated that the Division of Drinking Water (DDW) suggests there is sufficient capacity to meet demand with the existing tanks; 5.3 million gallons. The required storage is 2,120,000 gallons.

The applicant indicated that 2 million gallons of storage is located in the mid to lower zones of the system, not in the upper area where the Hayden tank will be.

The Board asked about the population growth that was discussed in the public hearing and requested further clarification on where growth is anticipated and asked if they have applied to the DDW to fund this project.

The applicant indicated the growth is in the upper areas and will draw upon this upper zone of the water system which has inadequate storage for the demand presently. They have discussed this project with DDW who noted the storage capacity is adequate to meet the demand.

The Board asked if there is a differential fee assessed for those water users outside the city limits and asked if the new tank is outside the city limits for commercial or residential use.

The applicant indicated outside connections are charged 1.5 times the standard rate. The tank is outside of the city limits but will service the demand in the upper zone areas both in and outside the city limits. The majority of the service will be for residential use with very little industrial use. They have an agreement with Cedarview-Montwell and are negotiating with Ballard City to hook in. It was noted that the million gallon storage tank on Page Bench will be taken off line in the near future. The SR121 and Page Bench tanks are filled by Hayden in the "middle" zone of the water system which is the largest source of water distribution. The Cove tank is filled by the Victory waterline in the "lower" zone of the system. The tank in the "upper" zone would balance the system at the top where it originates. Roosevelt City does not charge connection fees to residents in Cedarview-Montwell. They have a contract to sell Cedarview-Montwell water. This has been a need for 15 years. They do have a water master plan.

The Board stated this has been a need for 15 years, but there has not been funding set aside and asked if they charge additional fees to other entities that would contribute in the loan repayment noting the MAGI.

The applicant stated much of the City is still the old transite asbestos cement pipe and there are other aging components needing maintenance. They assess fees to other entities for use of the water system infrastructure but have not budgeted funds to pay for this project.

It was noted that Roosevelt has a functioning water system. There is potential growth which should pay for itself. There is a capacity to raise rates. The Board is to keep the fund revolving.

Tooter Ogden made and Gregg Galecki seconded a motion to place this project on the Priority List for final approval at the June 11, 2020 CIB funding meeting as a \$2,536,000 loan for 30 years at 2.5%.

After further Board discussion a substitute motion was made.

Jack Lytle made and Irene Hansen seconded a substitute motion to place this project on the Priority List for final approval at the June, 11, 2020 CIB funding meeting as a \$1,268,000 loan for 30 years at 2.5% and a \$1,268,000 grant (total \$2,536,000).

The Board noted the applicant is in a producing area and a second substitute motion was made.

Dean Baker made and Irene Hansen seconded a second substitute motion to place this project on the Priority List for final approval at the June, 11, 2020 CIB funding meeting as a \$1,268,000 loan for 30 years at 0.5% and a \$1,268,000 grant (total \$2,536,000).

The Board noted that Roosevelt City has 20 loans, of which 14% of those loans are at a 0% interest and have infrastructure and capacity to take on more loan, further stating this project is not an immediate need.

The Chair called the question for the second substitute motion.

Dean Baker made and Irene Hansen seconded a second substitute motion to place this project on the Priority List for final approval at the June, 11, 2020 CIB funding meeting as a \$1,268,000 loan for 30 years at 0.5% and a \$1,268,000 grant (total \$2,536,000). The motion failed through roll call vote with David Damschen, Gregg Galecki, Naghi Zeenati, Tooter Ogden, Kyle Stephens and Mike Dalton opposed, and Jack Lytle, Dean Baker, Irene Hansen, and Bruce Adams in favor.

The Chair called the question on the first substitute motion.

Jack Lytle made and Irene Hansen seconded a substitute motion to place this project on the Priority List for final approval at the June, 11, 2020 CIB funding meeting as a \$1,268,000 loan for 30 years at 2.5% and a \$1,268,000 grant (total \$2,536,000). The motion failed through roll call vote with David Damschen, Gregg Galecki, Naghi Zeenati, Tooter Ogden, Mike Dalton, and Chairman Jonathan Hardy opposed and Jack Lytle, Dean Baker, Kyle Stephens, Irene Hansen and Bruce Adams in favor.

The Chair called the question on the original motion.

Tooter Ogden made and Gregg Galecki seconded a motion to place this project on the Priority List for final approval at the June 11, 2020 CIB funding meeting as a \$2,536,000 loan for 30 years at 2.5%. The motion carried through roll call vote with David Damschen, Gregg Galecki, Naghi Zeenati, Tooter Ogden, Kyle Stephens, Mike Dalton, and Bruce Adams in favor and Jack Lytle, Dean Baker, and Irene Hansen opposed.

4.2. Wellington City (Carbon County) [01:02:58]

The Town of Wellington City presented a funding assistance request for a \$1,200,000 grant and \$800,000 loan for 30 years at 1.0% interest (total \$2,000,000) for sewer improvements. This project will consist of repairing approximately 6,400 linear feet of failing concrete sewer pipes in Main Street/Highway 6, replacing approximately 19,600 linear feet of failing Vitrified Clay Pipe (VCP)

throughout the core of the sewer system and replacing approximately 4,800 linear feet of failing PVC Pipe that was improperly installed and/or bedded. The applicant is contributing \$49,090 cash.

The applicant stated they have been working on the project for 3 years. Information concerning this project has been posted in numerous places. The public has been notified regarding the scope and costs. Information has been included in City newsletters etc., but the public has not attended hearings concerning this project.

The Board commended the applicant for having other sources of funding for this project but noted the disclosure of multiple failures and asked if the applicant is using a different engineer from the original project and have they received any compensation for the failures. The lack of disclosing the project and funding implications in the public hearing minutes was again noted.

The applicant stated they are using a different engineer and have not sought compensation for the failures. The sewer lines are 50-70 years old and the PVC portion was constructed close to 40 years ago. The need for clear public hearing minutes was noted by the applicant.

Skyler Davies of the Division of Water Quality stated they are supportive of this project and the funding objectives. All funding from DWQ and USDA-RA have been approved and paperwork for funding has been received and signed by the applicant.

Naghi Zeenati made and Bruce Adams seconded a motion to place this project on the Priority List for final approval at the June 11, 2020 CIB funding meeting as a \$1,000,000 loan for 30 years at 2.5% and a \$1,000,000 grant (total \$2,000,000).

After further discussion, the interest rate was amended.

Naghi Zeenati made and Bruce Adams seconded an amended motion to place this project on the Priority List for final approval at the June 11, 2020 CIB funding meeting as a \$1,000,000 loan for 30 years at 1% and a \$1,000,000 grant (total \$2,000,000). The motion carried unanimously through roll call vote.

Before the supplemental discussion a revised motion was considered by the Board, at timestamp 01:37:42, with a request that Wellington City revise and submit minutes to show the scope and cost discussion occurred at the public hearing prior to final approval at the June 11, 2020 Funding Meeting.

Naghi Zeenati made and Jack Lytle seconded a motion to place this project on the Priority List, conditional to final approval at the June 11, 2020 CIB funding meeting for a \$1,000,000 loan for 30 years at 1% and a \$1,000,000 grant and revised minutes from the public hearing be posted (total \$2,000,000). The motion carried unanimously through roll call vote.

4.3 Spanish Valley Water & Sewer Improvement District (Grand County) [01.24:14]

The Spanish Valley Water & Sewer Improvement District presented a funding request for \$353,000 grant, and \$1,235,000 loan for 30 years at 1% interest (total \$1,588,000) for a Regionalization Wastewater Interceptor Project. This project will consist of design and constructing two interceptor segments totaling 5,250 feet of new 12-inch sewer main; install and configure new sewer meter equipment at three existing discharge points to the Moab collection system; replace 3,350 feet of existing 6 inch with 8 inch sewer main in the Highlands area and replace 850 feet of existing 8 inch sewer main in the Shumway area to address capacity issues. The applicant is contributing \$176,000 cash.

The applicant indicated that the DWQ review only utilized the residential rate to calculate MAGI.

Chairman Hardy asked Skyler Davies to comment on the project financial analysis.

Skyler stated that he did agree with the applicant's assessment that total revenue (residential and commercial connections and overnight use) is at \$37.73/ERU which would calculate the MAGI to be at 1.2 % regarding affordability analysis and the indicator is that a loan with a 2.5% interest rate would be affordable.

The Board asked for further comment on the regional plan for this project.

The applicant explained that the regional plan does exist to convey the sewage from the San Juan County Special Service District through the Spanish Valley Water & Sewer Improvement District's system to the Moab City treatment plant. The Spanish Valley Water & Sewer Improvement District system is not adequate and has been discussed in public hearings regarding effective improvements that would be needed to handle this regional plan for one sewer treatment plant.

Naghi Zeenati 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 \$1,235,000 loan for 30 years at 1.0% and a \$353,000 grant (total \$1,588,000).

The Chairman clarified the motion and noted that the previous project as discussed was affordable as a loan as is this project approved as a loan due to affordability. 100% loan for this project would be within the affordability guidelines.

Naghi Zeenati made and Jack Lytle seconded the amended motion to place this project on the Priority List for final approval at the June 11, 2020 CIB funding meeting as a \$1,588,000 loan for 30 years at 1.0%. The motion carried unanimously through roll call vote.

VII. SUPPLEMENTAL REQUESTS

7.1 Town of Elmo (Emery County) Original funding 6/13/2019 [01:39:08]

The Town of Elmo presented a supplemental funding request for an additional \$175,000 grant and an additional \$175,000 loan for 30 years at 1.0% (supplemental total \$350,000) for additional costs for the Town Hall/Fire Station modification. The project consists of increasing the size of the fire station by 1,800 square feet to accommodate a fire engine, ambulance, firefighter laundry facilities, and office space and equipment storage. The modifications to the town hall will repurpose a restroom into a kitchen and an office and storage area will be repurposed into a restroom.

The applicant indicated the original request was from an estimate. When the project was bid, it exceeded the funding and the applicant is requesting an additional \$175,000 grant and \$175,000 loan in the same terms as the original funding. The total funding with the supplemental request would be \$373,000 grant and \$374,000 loan. The original funding award was for \$199,000 loan for 30 years at 1.0% and a \$198,000 grant.

Bruce Adams made and Mike Dalton seconded a motion to approve the supplemental funding request of \$175,000 grant and \$175,000 loan for 30 years at 1.0% (total \$350,000).

The Board asked if the engineering was competitively bid noting the significant increase in engineering fees from original estimate, and requested a response from the engineering firm as to why the fees increased from \$11,500 in the estimate to \$108,000 in the bid. 32% of the increase is for engineering and administration. The construction contingency increased by \$57,000

The applicant stated they were not aware of the engineering increase and noted there was not an engineer of record on the original application. The costs were estimated.

Jeremy Dye with Jones & DeMille indicated the design fees were less than 9% of construction costs which is within the industry standard for a project of this scope. The original engineering estimate was not close to industry standard. Engineering fees are calculated as a percent of construction and number of hours to complete the project. There were no scope changes made.

Chairman Hardy acknowledged the original application included a self-estimate. The supplemental request is based on actual bids. The Chairman called the question.

Bruce Adams made and Mike Dalton seconded a motion to approve the supplemental funding request of \$175,000 grant and \$175,000 loan for 30 years at 1.0% (total \$350,000). The motion carried unanimously through roll call vote.

7.2 San Juan Spanish Valley Special Service District (San Juan County), Funded 10/6/2016 [01:58:12]
The San Juan Spanish Valley Special Service District presented a supplemental funding request for an additional \$225,000 grant and \$75,000 loan for 30 years at 2.5% (total \$300,000) for additional costs for the water system. This project consists of installing a new culinary water system in Spanish Valley to include 230 service connections including saddle, line, setter, meters and vault, a 500,000 gallon concrete storage reservoir, 80 fire hydrants, 800 linear feet of 6-foot chain link fencing, a 16-foot wide chain link gate, a 3-foot wide chain link gate, 4600 linear feet of 12-inch PVC pipe, 5400 linear feet of 10-inch PVC pipe, 61,500 linear feet of 8-inch PVC pipe, 7 PRV stations, 80 Fire Hydrants, well development & testing, well house, piping and electrical, 4" asphalt road repair and 8" deep gravel road repair.

CIB staff noted the loan closed in January 2019 and the project is completed but is over budget. A supplemental funding request of this type will require an additional loan closing with associated expenses.

Lisa Nelson indicated that the Division of Drinking Water is prepared to fund the entire supplemental amount of \$603,000 at a 30/70 ratio. The proposed request is divided between CIB and DDW with DDW funding half as a \$227,300 loan and \$75,700 grant.

The applicant stated the project began in design in 2016 with original estimates in 2017 and in 2019 began construction. Project costs have increased over the course of the construction which is in the final stages of completion. The supplemental funding request to CIB was based upon affordability to avoid passing additional costs of the project to the residents. The supplemental CIB and DDW funding was anticipated for unpaid construction and engineering; funds were allocated as interim financing for the project from San Juan County which need to be repaid.

The Board noted costs increased 7.4% while engineering went up 64% - \$200,000 and that the project continued short of \$600,000 in authorized funding.

The applicant indicated the increases are in the reports and plans needed for environmental, user fee and water rights analysis... often done by hydroelectric engineers. The construction was delayed for various reasons. There were different personnel overseeing the project. It was discovered toward the end of the project that funding was not adequate.

The Board acknowledged the value of the project but since the project is completed there are other options to fund this project.

Alison Garner, legal counsel to the Board referred to the statute 35A-8-307 (5). These change orders and other changes occurred after the award.

Commissioner Adams noted CIB has done supplemental requests in the past. The previous funding ratios accommodated affordability and asked what the impact would be if DDW provided all the supplemental funding as a loan.

Chairman Hardy noted that in this supplemental request, the project has been completed so the decision would be after the costs were already incurred.

Lisa Nelson spoke to the affordability wherein the current request puts the MAGI at 1.95%; above the 1.75%. DDW would do the same ratio which would put the MAGI at approximately 2.0%.

The Board asked if this is to pay invoices or to reimburse the County.

The applicant indicated the funds are to finish the project and certify we have the closeout documents to make final payment or we would risk liens on the project.

Chairman Hardy asked what costs have been incurred and what costs are for other items that are not yet completed.

This is for work completed. The outstanding work is for easements.

Chairman Hardy asked Lisa Nelson what could be offered by DDW.

Lisa Nelson indicated it would likely be a \$420,000 loan for 30 years at 0.0% and a \$180,000 grant which would be perhaps a \$1.00 increase. The DDW Board policy is to fund supplemental requests in the same ratio. Prior to funding this project, the Drinking Water Board required 230 connections minimum and this project has more than the required amount. Some of the remaining components of this project are the connections, which must be connected so the District can generate revenue to pay the loan.

After further discussion the Board suggested referring the supplemental funding request to the Division of Drinking Water.

Naghi Zeenati made and Jack Lytle seconded a motion to deny this supplemental request and referred the supplemental funding request of \$225,000 grant and a \$75,000 loan for 30 years at 2.5% (total \$300,000) to the Division of Drinking Water. The motion carried unanimously through roll call vote.

IX. BOARD MEMBER DISCUSSION and/or ACTION ITEMS [02:44:42]

9.1 CIB Board Meetings

CIB Funding Meeting June 11, 2020 – Zoom Webinar

CIB Policy Discussions June 10-12, 2020 – Zoom Webinar

1st Trimester FY2021 CIB Review Meeting July 9, 2020 – Zoom Webinar

9.2. CIB Loan Discussion [02:45:55]

Candace Powers, Program Manager, reviewed the list to date of COVID-19 deferral requests.

The deferral procedure was discussed in the last meeting and revised in this meeting to give application for this reason only up to 120 days. The deferral will be for two years.

It was suggested that the CIB may provide funding to enable Bill Prater and Randy Larsen to handle CIB COVID-19 deferral applications.

It is proposed that the CIB consider establishing services for this deferral process through an approved State Bond Counsel to do as follows:

Phase 1: Prepare and recommend a procedure and related documentation for the CIB COVID Deferral Policy. Said project will include solicitation and review by CIB Board, Staff and Counsel. Discounted hourly rates would be awarded. It is estimated to be \$5,000/application.

Phase 2: Serve as ongoing legal counsel and consultant to the CIB. This includes the application of the same 2 individual deferral transactions. Such representation may include existing document review, preparation of all supporting documentation and the delivery of legal opinions of such deferrals. There would be a fixed fee as determined in Phase 1.

The proposal has been reviewed by Alison Garner, Legal Counsel to the Board.

The Board asked what the legal fees and rates will be for deferral applications.

Randy Larsen noted the paperwork has been standardized to reduce the cost. The exception to the standardized fixed rate fee would be amendments with real estate and Build America Bonds. There is also a category for smaller loans and payments which would be a relatively minor amendment. The proposal for the services of Randy Larsen include items already completed, consultation and documents that have been prepared and standardized which is a \$5,000 fee to get to this point. Phase II will provide an hourly consulting rate determined by Bill Prater and CIB staff for the bond services of Randy Larsen as designated bond counsel for this scenario of the COVID-19.

Bill Prater noted there will be different procedures for different types of bonds. The Bond Counsels are working to limit the expense for this process. It will be reviewed by application for the applicable process. The funds pledged for payment would be taken into consideration prior to approval.

Randy Larsen indicated that the fee for doing a subordinated or taxable bond reduces the legal costs and would be approximately \$1,000.

Chairman Hardy stated the rate structure of the existing bond will remain the same, there will only be a restructuring of the payments.

Commissioner Hansen referred to current uncertainty of mineral lease revenue and asked what considerations will be given for Special Service District mineral release funding concerning repayment in the current economic downturn of the industry.

Chairman Hardy stated this process is for the crisis at hand to provide a 2 year deferral to give those entities a repayment deferral option to help with economic stressors. The Board may review and address concerns as they become apparent due to economic recovery within the mineral industry.

Commissioner Ogden asked if the legal expenses would be absorbed by the applicant and is the amount of deferral to be paid back in two years.

Chairman Hardy noted there are different options depending on the loan and the revenue source.

Randy Larsen indicated the legal fees would be paid at the time of deferral – the bond closing. The CIB will accept a new bond for the project for the remaining amortized balance of the loan but will not be lending additional funding and the cost of reissuance will not be paid by CIB.

Chairman Hardy stated the entire amount would be paid in full, only deferred but the fund will be forgoing revenue for the short term to assist hardship due to COVID-19.

Candace recapped there are three options. Issue a bond for the amount of the payments, do a refunding bond which would incorporate those payments or a balloon payment at the end. The entity pays all legal fees.

Bill Prater noted the payments are deferred not forgiven. The policy indicates we can defer up to two annual payments.

Commissioner Lytle asked will the Board will receive a report and does everyone who asks automatically receive the deferral.

Chairman Hardy indicated the request is confined to this period to assist the hardship cases. The entity will be incurring additional costs. The Board will get a report each month like the list provided today. If the policy needs to be amended, the Board will be included.

Treasurer Damschen noted there was a considerable amount of work to put this together and expressed appreciation to Randy Larsen, Bill Prater and Candace Powers.

The Chairman called for a motion to approve the process and fee structure for Randy Larsen and Bill Prater as the official bond counsel for this process.

Jack Lytle made and Tooter Ogden seconded a motion to approve the fee structure as presented. The motion carried unanimously through roll call vote.

9.3 CIB Board Policy Retreat

Policy Retreat June 10-12, 2020 via Zoom Webinar.

ADJOURNMENT

The next Permanent Community Impact Board Funding Meeting will be held on June 11, 2020 via Zoom Webinar at 8:30 a.m.

The meeting adjourned at 11:46 a.m.

Submitted by:
Pamela Sjostrom
Candace Powers