

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

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

MINUTES

Thursday, June 13, 2019

Members Present

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

Audio Attendance

David Damschen	State Treasurer
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Staff and Visitors

Keith Heaton	Housing and Community Development
Candace Powers	Housing and Community Development
Gayle Gardner	Housing and Community Development
Cristine Rhead	Housing and Community Development
Alison Garner	Attorney General's Office
Lisa Nelson	Division of Drinking Water
Skyler Davies	Division of Water Quality
Jenny Fairey	Diamond Valley Fire Department
Bill Jackson	Grand County Roads Department
Justin Atkinson	Sunrise Engineering
Nick Tatton	Price City
Russell Seeley	Price City
Miles Nelson	Price City
Gary Zabriskie	Five County Association of Governments
Nate Wiberg	Five County Association of Governments
Clint Johnson	Jones & DeMille Engineering
Rodney Rowley	Duchesne City
Casey Hopes	Carbon County
Jordan Merrell	Uintah County GIS
Greg Todd	Duchesne County
Eric Johnson	Blaisdell, Church and Johnson
Jennifer Hall	Encore Land Services, Inc.

Brian Gorum	State Farm Insurance
Chris Gamble	Patriot Real Estate
Alyson Measel	State Farm Insurance
Garrett McMullen	WW Clyde Co.
Jason Blankenagel	Sunrise Engineering
Dickson Taylor	Johnson Water Improvement District
Michael Hawley	Jones & DeMille Engineering
Jason Dean	Basin Western Inc.
Tony Baumgardner	Norco
Greg Tseng	Project Finance Advisory Ltd (PFAL)
Ross Watkins	Uintah County
Cody Evans	Goodrich Mud and Quick Sand
Marcus Keller	Zions Public Finance
Conae Black	Green River City
Kathy Ryan	Green River City
Matt Memmott	Alpha Tech Research Corp
Keith Despain	CRS Engineers
Bill Kremin	Utah Trucking Association
B. J. Peters	Epic Engineering
Clay Crozier	Eastern Utah Director ~ Senator Mitt Romney
Jeff Samuels	Anadarko Vernal
Quinn Bennion	Vernal City
Aaron Averett	Sunrise Engineering
David Brinkerhoff	Crescent Point Energy
Stephanie Steed	Escalante City
Melani Torgerson	Escalante City
Lee Moon	East Duchesne Water District
Clinton Moon	East Duchesne Water District
Willard Wood	Fountain Green
Jade Powell	Southeastern Utah Association of Local Governments
Michael Bryant	Southeastern Utah Association of Local Governments
Mike Logan	Logan Welding
Mark Logan	Logan Welding
Jose <i>Gastelum</i>	Logan Welding
Sarah Stock	Living Rivers
Al Peacock	Earth First
Ryan Beam	Center for Biological Diversity
Jordan Katcher	Community Development Office
Skye Sieber	Community Development Office
Bart Haslem	Uintah County
Devin Caldwell	Goodrich Mud & Quick Sand
William Merkley	Uintah Water Conservancy District
Jason Brown	Beaver City
Rich Mahoney	Naples City
Bergan Eskildsen	Office of Energy Development
Gil Conover	Emery County
Kent Wilson	Emery County

Christina Davis
 Bill Prater
 David Hinkins
 Lynn Sitterud

Department of Workforce Services
 Bond Counsel
 Emery County
 Emery County

Citizens present:

Joel Yellowhorse
 Caro Norton
 Louise Thompson
 Brady Thompson
 Sonja Norton
 Ralph McPhersen
 Lionel Trepanier
 Greg Tseng
 Micky Kiever
 Alan Bird
 Cindy Bryson
 Keith Foley
 Troy Slaugh
 Jim Boren
 Kelly Boren
 Joel Percival
 William Percival
 Novella Lynn Percival
 Darrell Fordham
 Rebecca Fordham

Matt Williams
 Al Peacock
 Carol Moosman
 Seth Cauman
 Patty McCourt
 Kortinee Bacon
 Gordon Evans
 Carolyn Evans
 John Harlan
 Rocky Engleholm
 Phil Daspatt
 Mark Fole
 Vera Martinsher
 Katherine S. Fryer
 Byron S. Fryer
 Courtney Fryer
 LaRae Summers
 Ryatt Summers
 Kelli Summers
 Mi Mole

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, June 13, 2019 at the Uintah Conference Center, 313 East 200 South, Vernal, Utah and called to order at 8:30 a.m. by Chairman Jonathan Hardy.

Chairman Hardy indicated that today's meeting is open to the public but is not a public hearing to receive public comment. The priority projects on today's agenda have been discussed during the past three months and at this meeting, the Board may award funding for those projects. Other projects on the agenda will be discussed with the applicant and upon Board approval may also receive funding. This is the final funding meeting of FY2019.

ADMINISTRATION ITEMS

Briefing

1. Upcoming Meeting Dates and Locations

July 11, 2019 – Salt Lake City

2. Financial Review

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

3. Review of Agenda Items

There are nineteen projects listed on the Priority List, with 17 Priority Projects ready for final funding consideration, one new project, one Large Infrastructure Funding Project, two Supplemental Requests, two Special Consideration Requests, and Board Member Discussion and/or Action Items.

I. INTRODUCTIONS [*9:57]

Chairman Hardy welcomed everyone and asked the Board members and staff to give introductions.

II. APPROVAL OF MINUTES

Chairman Hardy requested a motion to approve the minutes of the May 2, 2019 Board Meeting.

Naghi Zeenati made and Tooter Ogden seconded a motion to approve the minutes from the May 2, 2019 meeting. The motion carried with Jack Lytle abstaining.

III. PRIORITY PROJECTS

All projects advanced to the Priority List were reviewed by the Board at previous meetings. The information below is a summary of the requests as advanced to the Priority List.

1. Town of Koosharem (Sevier County)

The Town of Koosharem's funding request was advanced to the Priority List as a \$168,000 loan for 10 years at 2.5% interest and a \$500,800 grant (total \$668,800) to chip seal all town roads with the exception for state maintained roads. The project consists of 9 – 12 miles borrow ditch; 23 miles of 18" culvert, 2.05 miles of single chip seal; and 4.3 miles of double chip seal.

Total Funding Request: \$668,800 ((\$168,000 loan for 10 years at 2.5% interest and a \$500,800 grant).

The applicant is requesting an addition \$10,000 to accommodate the issuance of bonds.

Jack Lytle made and Gregg Galecki seconded a motion to fund this project as a \$178,000 loan for 10 years at 2.5% interest and a \$500,800 grant. (Total \$678,800). The motion carried unanimously.

2. Duchesne City (Duchesne County)

Duchesne City's funding request was advanced to the Priority List as a \$347,100 grant for the 1200 North water line and River Road water line project. This project consists of installing 1,000 LF of 8" water line to connect River Road to Victory Pipeline and 2,700 LF to connect the 1200 North line to Old Farm and Scotch Pine subdivisions, and appurtenances to complete the connections.

Total Funding Request: \$347,100 grant.

Ron Winterton made and Mike Dalton seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

3. East Duchesne Culinary Water Improvement District (Duchesne County)

East Duchesne's funding request was advanced to the Priority List as a \$3,683,000 loan for 30 years at 1% interest for water system improvements. This project consists of installing an additional 300,000 gallon tank at Utahn and 35,400 LF of 8" PVC C900 pipe and appurtenances to connect to existing water lines, including valves, pressure reducing valve vault, fire hydrants, a river crossing, a bore under the state highway and easement acquisition.

Total Funding Request: \$3,683,000 loan for 30 years at 1% interest.

Naghi Zeenati made and Tooter Ogden seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

4. Price City (Carbon County)

Price City's funding request was advanced to the Priority List as a \$750,000 loan for 15 years at 1.5% interest and a \$250,000 grant (total \$1,000,000) for a 2019 Street/Water/Sewer project on 700 East and 4th Avenue. This project consists of reconstructing 700 East between 100 S to 400 S with 2,400 CY road base, 2,600 tons of hot asphalt, 900 LF curb & gutter, storm drains and ADA corners; on 300 east, 900 CY road base, 1,000 tons hot asphalt, 50 LF curb & gutter, storm drains, ADA corners, 1,200 LF water main, 3 water main connections, 3 fire hydrants, 5 service connections and a traffic loop replacement; on 4th Avenue, 125 CY road base, 250 tons hot asphalt, 600 LF water main, 1 water connection, 1 fire hydrant, 20 service connections and 15 sewer connections.

Total Funding Request: \$1,000,000 (\$750,000 loan for 15 years at 1.5% interest and a \$250,000 grant).

Bruce Adams made and Jack Lytle seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

5. Green River City (Emery County)

Green River City's funding request was advanced to the Priority List as a \$120,000 loan for 10 years at 2.5% interest for the purchase of equipment. This project will consist of purchasing a mini excavator, a full tilt trailer, a F250 ¾ ton super cab truck with a utility bed and a ½ ton F150 crew cab truck.

Total Funding Request: \$120,000 loan for 10 years at 2.5% interest.

Ron Winterton made and Dean Baker seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

6. Grand County (Grand County)

Grand County's funding request advanced to the Priority List as a \$166,000 grant for SITLA Easements. This project will consist of obtaining permanent easements on 60 miles of Class D roads across SITLA property.

Total Funding Request: \$166,000 grant.

Bruce Adams made and Mike Dalton seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

7. Fountain Green (Sanpete County)

Fountain Green's funding request advanced to the Priority List as a \$1,100,000 loan for 30 years at 1% interest and a \$2,155,000 grant (total \$3,255,000) for the construction of the Fountain Green Public Safety Building. This project consists of building an 18,300 square foot facility that will include 3 fire truck bays, training space, kitchen, storage room, men's locker room, women's locker room, restrooms with decontamination appurtenances, city offices, meeting room, law enforcement office, library and multi-media space, city council and justice court.

Total Funding Request: \$3,255,000 (\$1,100,000 loan for 30 years at 1% interest and a \$2,155,000 grant).

Jack Lytle made and Kyle Stephens seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

8. Escalante City (Garfield County)

Escalante City's funding request advanced to the Priority List as a \$326,000 grant for the purchase of a type one aerial fire truck. The purchase will be a Rosenbauer 78' Viper aerial type one truck with an onboard extendable 78' ladder and includes a built-in waterway with a remotely controlled nozzle.

Total Funding Request: \$326,000 grant.

Bruce Adams made and Naghi Zeenati seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

9. Panguitch City (Garfield County)

Panguitch City's funding request advanced to the Priority List as an \$80,000 grant for recreational lighting. The project consists of purchasing lights for the baseball field and the outdoor rodeo arena. At the baseball field there will be two 70' poles with 5 light fixtures and 1 ball tracker light per pole, four 70' poles with 7 light fixtures and 1 ball tracker light per pole, and two 60' poles with 4 light fixtures per pole. Also included are the pre cast bases for the poles, electrical component boxes, electrical wire inside of the poles, cross arms, and a wireless control system.

Total Funding Request: \$80,000 grant.

Mike Dalton made and Tooter Ogden seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

10. Beaver County Fire District #2 (Beaver County)

Beaver County Fire District #2's funding request was advanced to the Priority List as a \$664,000 loan for 30 years at 1% interest and a \$221,108 grant (total \$885,108) for a fire service office at Milford. The project consists of the demolition of an existing structure and building a 75'4"x

41'3-1/4" (3,091 sq. ft.) office and storage building in Milford that has 2 offices, a restroom, a break room, a conference room, a reception area, fire storage and a two bay garage with storage attached.

Total Funding Request: \$885,108 (\$664,000 loan for 30 years at 1% interest and a \$221,108 grant).

Ron Winterton made and Jack Lytle seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

11. Beaver County Municipal Building Authority (Beaver County)

Beaver County MBA's funding request advanced to the Priority List as a \$4,695,000 loan for 30 years at 2.5% interest and a \$2,499,146 grant (total \$7,194,146) for the Beaver Equestrian and Event Center. The project consists of a 71,363 square foot steel building , footings and foundation, lighting, sound, heating and ventilation systems, concrete bleacher platforms, 1,800 retractable and stationary bleachers, restrooms, kitchen, concession stand, livestock paneling system, and extending the transmission line and the existing water well.

The applicant requested to be placed on the Pending List to review project cost and scope.

Naghi Zeenati made and Bruce Adams seconded a motion to place this project on the Pending List. The motion carried unanimously.

12. Diamond Valley Fire Special Service District (Washington County) [19:21]

Diamond Valley Fire SSD's funding request advanced to the Priority List as a \$138,000 loan for 15 years at 2.5% interest and a \$136,500 grant (total \$274,500) for the purchase of an International 4x4 Cummins diesel Model 14 Type III Wildland 6-man Crew Cab with a 500 GPM waterous pump and a Darley Auxiliary water pump.

Total Funding Request: \$274,500 (\$138,000 loan for 15 years at 2.5% interest and a \$136,500 grant).

Naghi Zeenati made and Kyle Stephens seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

13. Salina City (Sevier County) [19:00]

Salina City 's funding request advanced to the Priority List as a \$1,000,000 loan for 20 years at 1.0% interest for swimming pool renovations. This project will consist of demolishing the interior building and remodeling the pool building with ADA ramps and railing, all new plumbing and fixtures, framing, flooring, electrical, cabinets and countertops, metal roofing, new mechanical room and control systems, lighting, masonry fencing, landscaping, resurface and improvements to the pool area, and remove existing water slide and install new water slide and appurtenances.

Total Funding Request: \$1,000,000 loan for 20 years at 1.0% interest.

The Board asked the applicant If they are requesting to extend the loan term to 30 years.

The applicant is fine with a 20 year term.

Michael Dalton made and Tooter Ogden seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

14. Town of Elmo (Emery County) [21:00]

Elmo Town's funding request advanced to the Priority List as a \$199,000 loan for 30 years at 1.0% interest and a \$198,000 grant (total \$397,000) for town hall/fire station modifications. The project will consist of increasing the size of the fire station 1,800 sq. feet to accommodate a fire engine, ambulance, firefighter laundry facilities, 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.

Total Funding Request: \$397,000 (\$199,000 loan for 30 years at 1.0% interest and a \$198,000 grant).

Gregg Galecki made and Jack Lytle seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

15. Town of Tropic (Garfield County) [21:50]

Tropic Town's funding request advanced to the Priority List as a \$1,450,000 loan for 30 years at 2.5% interest and a \$1,450,000 grant (total \$2,900,000) for new sewer lagoons. This project will consist of deepening, relining and repairing existing lagoon cells, replacing existing inlet, transfer and conveyance structures and the addition of a new containment lagoon including property purchase. There will also be repair or replacement of broken or damaged manholes and collection lines throughout the existing sewer collection system.

Total Funding Request: \$2,900,000 (\$1,450,000 loan for 30 years at 2.5% interest and a \$1,450,000 grant).

Naghi Zeenati made and Michael Dalton seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

16. Beaver City Municipal Building Authority (Beaver County) [22:19]

Beaver City MBA's funding request was advanced to the Priority List as a \$200,000 loan for 20 years at 1.0% interest and a \$200,000 grant (total \$400,000) for upgrades to the Beaver City Opera House. This project will consist of seismic upgrades to the roof and walls, electrical and mechanical renovations, kitchen upgrades, and a new sound system, lighting, seating and space for productions in the theater area. The senior center will be a CDBG project.

Total Funding Request: \$400,000 (\$200,000 loan for 20 years at 1.0% interest and a \$200,000 grant).

The applicant requested that the funding be directed to Beaver City and the loan term be increased to 30 years.

Total Funding Request: \$400,000 (\$200,000 loan for 30 years at 1.0% interest and a \$200,000 grant).

Michael Dalton made and Naghi Zeenati seconded a motion to fund this project as a \$200,000 loan 30 years at 1.0% interest and a \$200,000 grant (total \$400,000) with funding to Beaver City. The motion carried unanimously.

17. Town of Leeds (Washington County) [23:45]

The Town of Leeds funding request was advanced to the Priority List as a \$35,000 grant for a master plan. The project will consist of a general plan to anticipate future land use development, management, tourism demands and future growth. This will also include a transportation master plan that will analyze impacts due to tourism, residential and commercial growth, determine local roads data in conjunction with UDOT roads and create a GIS map.

Total Funding Request: \$35,000 grant

Ron Winterton made and Jack Lytle seconded a motion to fund this project as advanced to the Priority List. The motion carried unanimously.

18. Town of Charleston (Wasatch County) [24:10]

The Town of Charleston's funding request advanced to the Priority List as a \$1,165,000 loan for 15 years at 2.5% interest for the Winterton Road project. The project consists of removal of current asphalt, road base and any road preparations to a depth of 18", then the addition of clay free road base with 2' shoulders and 3" asphalt to meet engineering specifications to ¾ mile of Winterton Road and Winterton Circle.

Total Funding Request: \$1,165,000 loan for 15 years at 2.5% interest.

The applicant requested a reduction of the interest rate to 1.5% and indicated they are in the process of establishing a special service area in the next two months.

The Board referred to the guideline for funding non impacted areas with regard to the interest rate.

Gregg Galecki made and Tooter Ogden seconded a motion to fund this project at 2.5% as advanced to the Priority List. The motion carried unanimously.

19. Town of Brian Head (Iron County) [27:15]

Brian Head Town's funding request advanced to the Priority List as a \$734,000 15 year loan at 2.5% interest for the Steam Engine Meadows Phase 1-C streets and utilities project. This project consists of street improvements to include paving approximately .75 mile of dirt/gravel roadway with asphalt, 100 feet of 36 inch culvert, 60 feet of 18 inch culvert, rock wall stacking and 27 manholes on Highland Drive, Paddington Circle, Steam Engine Drive, Peak Avenue and Autumn Drive.

The applicant requested to be placed on the Pending List to review project cost and scope.

Naghi Zeenati made and Dean Baker seconded a motion to place this project on the Pending List. The motion carried unanimously.

V. NEW PROJECTS

1. Spring City (Sanpete County) [27:45]

Spring City presented a funding assistance request for a \$35,000 grant for a water and sewer master plan. This project consists of a water master plan to identify future water supply and demand, develop a capital improvement plan to correct deficiencies and demands, hydraulic modeling requirements report and a system capacity and expansion report. The sanitary sewer master plan will analyze current and future demands and capacity and develop a capital improvement plan to accommodate growth. A GIS map will also be created for the City. The applicant is contributing \$35,000 cash.

The Board indicated that applications requesting under \$50,000 from the CIB for planning were to be reviewed by the Community Development Office.

Chairman Hardy indicated that is correct starting in FY2020.

Ron Winterton made and Kyle Stephens seconded a motion to approve a \$35,000 grant for a Water and Sewer Master Plan.

The Board complimented the applicant on their minutes and discussion of the project in the public hearing and expressed appreciation for the work of Spring City on improving their water sources and their continued planning.

The Chairman called the question.

Ron Winterton made and Kyle Stephens seconded a motion to approve a \$35,000 grant for a Water and Sewer Master Plan. The motion carried unanimously.

VI. LARGE INFRASTRUCTURE FUNDING REQUEST

1. Seven County Infrastructure Coalition (Daggett County, Carbon County, San Juan County, Emery County, Uintah County, Duchesne County, Sevier County) [31:52]

Seven County Infrastructure Coalition presented a funding assistance request for a \$21,400,000 grant for Phase II and Phase III of the Uintah Basin Rail Study to include engineering, environmental including NEPA, mapping, operation and maintenance planning, right-of-way planning and negotiation, STB regulatory and legal support, commercialization planning, program management, federal agency cost recovery including federal staff review of the EIS and right-of-way permitting process, financial advisory services and administrative travel expenses.

The Chairman indicated that the Coalition would be reporting on the funding and progress of Milestone 1 which was funded November 8, 2018.

Commissioner Horrocks, co-chair of the Seven County Coalition, stated the Coalition has made a great deal of progress this past year. He expressed appreciation for all who have worked on the various projects.

Mike McKee, Executive Director, referred to the prior funding awarded on November 8, 2018 and said they are ahead of schedule. He reviewed the progress utilizing a power point presentation noting that the Colorado routes had at that time, been the suggested routes. The Coalition hired HDR, a firm which had also worked on the 2014 UDOT study analyzing twenty six different routes. Three more routes were added to the study for a total of twenty nine possible routes. The list of routes was reduced to three

routes chosen to be sent to the Service Transportation Board as the lead agency who makes the record of decision as to the best route. The Coalition has identified the preferred route to be Indian Canyon. CIB has provided a portion of the funding to begin the planning and EIS in Phase I. The SCIC is requesting the remaining budget amount at this meeting to complete the planning for regulatory approval. The SCIC reviewed different proposals to help commercialize the project and have selected Drexel Hamilton which is an infrastructure fund out of New York City.

Mark Michele, of Drexel Hamilton, indicated their company is partly comprised of disabled service veterans. They invest in container terminals, bridges, highways, and airport terminals. Their military training and experience is valuable in taking on large, complex projects such as the Basin rail. The hydrocarbon industry in the Basin has been stranded because of transportation and all Basin industries including agriculture would benefit from a common carrier railroad. Drexel Hamilton is fortunate to be partners with the Rio Grande Pacific Corporation which is a second generation railroad company to operate this railroad. Rio Grande Pacific Corporation has committed to be part of this project with Drexel Hamilton to service all commodities. Drexel Hamilton is committing \$5,000,000 to \$15,000,000 to commercialize the project.

Mr. Zeenati stated that working in Louisiana there are marsh lands and it is flat and asked if they could meet the challenges of elevation in the Basin.

Mr. Michele stated that there were challenges in Louisiana and they worked with environmental agencies in the state to make sure they did not do anything to damage the environment. They will work with State agencies on the Uintah Basin project. HDR has indicated they will work through the rights of way to ensure what will be the least intrusive and have determined how to navigate the 2 ½ % grade and preserve the environment.

Mr. Zeenati referred to the tunnel and asked how many tunnels and what size.

Mark Hemphill, Vice President HDR Engineering, indicated that the Wells Draw and Indian Wells routes have a 3.1 mile tunnel and possibly shorter tunnels. The Craig route does not have tunneling.

Mr. Galecki asked for an explanation of the NEPA process and public input.

Mr. McKee stated they have been in the pre-NEPA stage. The Surface Transportation Board, which is the lead agency for rail, will issue a notice of intent and will lead the meetings. Public meetings will be scheduled for the public to engage.

([52:50] Interruption – out of order)

Mr. McKee referred to a third party contactor (ICF) that does the environmental work; very transparent and independent. He assured the Board that this is a planning document which is an eligible use of mineral lease funds. They have contacted UDOT and utilized their previous studies and a private entity has also provided information to the SCIC for use in this effort. [57:18]

Mr. Michele stated that in addition to their monetary investment, they are providing outward awareness of the project and engaging customers. Currently, markets are positive in the gas industry and there is excitement about a railroad in the Basin. Permitting takes a significant amount of time and Drexel Hamilton is firmly committed to this project noting the support from potential customers. This is the type of transaction Drexel Hamilton frequently does and the price of this project does not exceed similar projects. [1:02:05]

Mr. McKee again stated they are ahead of schedule and are requesting the additional funds to finish out this planning effort.

Chairman Hardy asked legal counsel for the Board to address the Board. [1:03:17]

Alison Garner, Assistant Attorney General again admonished the Board to be aware of the potential legal risks and vulnerabilities that may arise in deciding this Phase II application. There are a lot of unknowns and should a legal challenge be filed, a court will scrutinize the record to determine whether the Board's decision was arbitrary and capricious; did the Board ask questions, seek supporting evidence and require answers to difficult questions. Regardless of any possible challenge, the Board has a duty to closely examine each application that appears before it including this one and the Board was strongly advised to do so today.

Ms. Garner referred to two specific issues. Does this project constitute mere economic development? Referring to the 1993 Attorney General's office opinion, *mere* economic development is not an eligible project under the Mineral Lease Act which usually means assistance to private business. The expectation that this activity may provide jobs, taxes and other benefits that may accrue to the local communities can be justified using general funds. Does the project primarily benefit private businesses? Will the requested funding be utilized for the intended purpose to alleviate the burden of mineral development impacts on local communities and advised the Board to consider those issues?

Chairman Hardy asked the Board's financial consultant to address the Board concerning financial liability and completion of the project. [1:06:46]

Marcus Keller, Zion's Public Finance noted the Board had questioned who would finance the project which has been partially answered in bringing in private partnerships discussed today. Unresolved concerns include if the funds are spent according to the scope of work and if the planned project is viable with a long term financing commitment for the project. Unresolved concerns to address:

1. The public acceptance by the Ute Tribe for this project
2. The final contracts with Drexel Hamilton.
3. The notice of intent from the Surface Transportation Board.

Chairman Hardy asked Mr. McKee to respond to the three issues Marcus Keller sighted. [1:10:34]

Mr. McKee stated there is a Memorandum of Understanding with the Ute Tribe listing items the Coalition needs to do and they have signed a surface use agreement with the Tribe. The Coalition, Tribal Vice Chairman, and their attorney met with the Surface Transportation Board in Washington wherein a term sheet was signed. He noted the Ute Tribe is a sovereign nation but the Coalition is encouraged with what has been done. The Drexel Hamilton MOU is in place and a more formal contract will be forthcoming. The Surface Transportation Board *Notice of Intent* will be published in the federal register soon with a schedule of public meetings. Mr. McKee stated that this project has a public benefit indicating the rail is a common carrier and there are legal decisions made concerning rail at the Attorney General's office and that can be provided.

Mr. Michele [1:16:45] reiterated this is a common carrier and is not specific to one industry or one business. He stated it's like a highway or road where anybody can use it and it is not limited to the hydrocarbon industry but is a transportation logistics effort. They are working toward a contract. New transportation infrastructure is greatly needed. Rail is a critical component in moving goods and services throughout the country and Drexel Hamilton would not invest in this project if they did not think it was needed and would be successful. [1:19:58]

Mr. McKee noted that Governor Herbert, Senator Lee, Senator Romney, Rob Bishop and Senator Stuart Adams all support this project. He acknowledged people in the audience who attended or provided correspondence in support of the project locally as well as elected officials.

Senator Winterton [1:22:18] responded to the reference of economic development. Part of the job of elected officials is to provide infrastructure including water, sewer, highways, emergency services airports, roads and bridges which contribute to the economic development of any county, city or state. Economic development will expand on what government provides. Highway 191 and Highway 40 provide for commerce. [1:23:23] Rail is needed to mitigate the impacts of maintenance cost, crowding of the roadways and safety on the road. All commodities are currently transported by truck. He acknowledged that community planning does not make everyone happy and all questions and concerns have not been addressed but they will be. He asked the Coalition who is going to own the rail.

Mr. McKee: [1:27:25] indicated it will be a Public/Private partnership with Drexel Hamilton, the Coalition and the Ute Tribe.

Mr. Michele [1:27:56] stated that typically with a P3, the public body will own either the land or some of the infrastructure or all the infrastructure for a period of time and will give concession rights back to the private operator in a lease. There will be a cooperative endeavor agreement (CEA) which is the contractual guidelines on transfer of ownership and title for the terms and usage which has not yet been discussed. It shall depend on the expense of the railroad etc. Drexel Hamilton as the investor will take on operational risk. Union Pacific Railroad manages railroads across the United States which is accommodated through a fee structure to service and maintain the railroad and allow common access to all industries involved. Lease payments will go to the State of Utah and the Infrastructure Coalition.

Mr. Lytle [1:30:35] noted for the record he is on the Seven County Coalition Board. NEPA is a big part of this but there has not been a notice of intent yet, so everything up to this point has been anticipatory to NEPA. At what stage is the NEPA process? No decisions have been made until the STB makes their decision based on the NEPA process, is that correct?

Mr. McKee [1:32:28] stated that SCIC is ready to do the NEPA with today's funding. The decision will be made by the Surface Transportation Board though SCIC can indicate a preferred alignment and the STB will issue a license to proceed.

Gregg Galecki [1:34:24] asked if revenue from the lease would be brought to the County.

Mr. McKee [1:35:11] stated a revenue stream is anticipated in this project.

Mr. Michele [1:36:10] stated that there is a lease payment for access to the land and the use of the infrastructure owned by the public entity and because it is improvement on the land, ad valorem taxes would be generated for the Counties it runs across. Each county decides the distribution of the taxes. Rail will increase the volume of commodities with an increase of royalties. Lease payments, royalties and ad valorem taxes will provide revenue.

Naghi Zeenati [1:37:25] referred to the options of Craig and Riley, Colorado which in November were the options to consider. Now it has changed to Indian Canyon and he asked why the change? He also asked what is the deadline to accommodate the appropriate due diligence in regard to the necessary studies.

Mr. Michele [1:38:54] stated the choice of locations to make the project viable took into account access to two railroad lines; the BNSF and Union Pacific railroads which go West making this project more viable.

The Colorado route had only one rail carrier. The due diligence will be accommodated in one year to make this a commercially viable project and either party has ninety days to terminate the Memo of Understanding. It is advantageous at this time due to politics and the world market, to commercialize this project quickly with letters of intent which will translate into contractual obligations from shippers prior to the new year. The current calculation is approximately 3 unit trains a day of commodities to achieve commercial viability.

Mr. McKee [1:41:44] stated in the NEPA process the decision makers prefer three or four alternatives and a *no action* alternative. HDR engineering has labeled the three best routes from an engineering standpoint and the Indian Canyon is the preferred route.

Mark Hemphill, HDR [1:42:45] stated the Indian Canyon route has the lowest cost with the least environmental impact in regard to what NEPA considers are no impacts. Routes were ranked for engineering feasibility, operational feasibility and acres of impact and three routes were proposed to the STB.

Commissioner Horrocks stated a rail line will also create jobs in Duchesne County, Carbon County and Uintah County to build and operate it and the tax revenue will be beneficial.

Mr. Zeenati [1:44:42] asked if any cultural challenges are anticipated with the Indian Canyon route.

Mr. McKee indicated they are working with the Tribe and cultural resource people.

Mr. Hemphill with HDR [1:45:10] stated the tribe has set up a steering committee to look at each of these resource areas: natural resources, water resources, wildlife resources, cultural resources etc. to ensure they are satisfied that these routes are viable.

Mr. McKee indicated the Tribe signed a service use agreement allowing needed access.

Mr. Galecki [1:46:07] referred to the \$6.5 million Phase I allocation of which \$1.4 million was spent on NEPA studies and asked what studies were submitted? During the winter not much can be accomplished so were those studies previous studies? He asked if a study had been done as to a reduction of traffic to mitigate air quality problems.

Mr. Hemphill with HDR [1:47:05] stated the \$1.4 million was for desk-top research on each of the 29 alignments to categorize and quantify the environmental impacts of each of the 29 and for gathering baseline environmental data mostly on wetland resources and endangered species. This data will be provided to STB's 3rd party contractor who will write the EIS. Their people have also been out in the field to make sure that the appropriate data has been gathered. The STB will look at the air emissions created by the railroad versus a no-build case. STB will make their decision in consultation with other Federal agencies during the scoping process. They will look at the railroad emissions versus the trucking alternative.

Commissioner Adams [1:48:58] asked about the rights-of-way on public and private land.

Mr. McKee [1:49:35] indicated the Indian Canyon route is the only route that goes through Tribal land and also goes through private and Forest Service Land. SCIC has had discussions with the Forest Service, has sent out letters to the private land owners and has had two meetings with landowners discussing the project. The STB is also having correlation/coordination meetings. They have talked with BLM offices in Colorado and in Utah.

Mr. Zeenati [1:51:32] asked about the process and review of other investment firms before selecting Drexel Hamilton and what sources of funding has been considered at the State or Federal level.

Commissioner Horrocks indicated he participated in three interviews.

Mr. McKee stated they sent an RFI which was converted to an RFQ in the process of selecting Drexel Hamilton. All sources of funding will be considered and the best fit will be selected. The Tribe may wish to be involved.

Mr. Michele stated that until a full understanding of what contractual, underlying assets exist to support debt service and/or return basis for an equity instrument, there aren't answers or variables. As the financial arm of this project, when there is finality on what contracts look like on a term basis and a rate basis, the best financial engineering to make this as viable as possible will be determined.

Mr. Lytle [1:54:47] asked if this rail is this going to be a short line and is there an example where local governments or local entities are engaged in this type of project.

Mr. Michele [1:55:49] stated it is a short line. The STB regulates railroads for economics and classifications. This would likely be a class 2 or class 3 rail line. There are more than 600 in the United States and many of them are leased or owned or concessioned by public agencies. It is not unusual for a public/private partnership between a county or port or a city or state that owns the underlying right of way or underlying asset and leases it for operation on a revenue split with a private operator who is solely responsible for the operation of the rail.

Ron Winterton [1:58:14] indicated that with every applicant, a public hearing is required and asked if SCIC has had their public hearings and when did they take place.

Mr. McKee [1:58:52] stated they have had two public hearings; one in February 2018 and then CIB requested a second public hearing and a second hearing was held.

Mr. Zeenati [1:59:37] asked if the Seven County bylaws require each of the seven counties to have a separate public hearing before any decisions.

Mr. McKee [1:59:49] said the structure of the Coalition is made up of seven counties with an elected official that comes from each county and they are authorized to speak on behalf for their county. The Board meets monthly.

Chairman Hardy [2:00:40] asked if this is exacerbating impacts. There is not a regulatory barrier to increasing production; the wells exist and the permits exist so it is a matter of turning the flow on to get increased production as opposed to having to drill new wells. He asked what percentage of the calculations on increased production exists with permits already issued versus what would have to happen with new oil gas leases.

Mr. McKee [2:01:30] stated that technology is much more efficient. In 2006 the maximum number of wells in Uintah Basin was just over 50 and today there are 4 rigs which are more efficient with horizontal drilling. Environmentally it is much better today.

Commissioner Horrocks [2:00:40] indicated some oil companies say they can only get 80 – 90,000 barrels a day *out of the Basin*. It is reported that production can increase 30% just by opening up the existing wells.

Mr. Michele [2:03:12] stated this Basin has been limited by the Salt Lake City Refinery market because a finite number of barrels can be processed; 75,000 - 80,000 a day. This railway will open up this stranded Basin to be able to access the chief refinery market in Louisiana. There are close to 7 million barrels a day processed in the Gulf Coast area. The Gulf Coast markets are excited to access crude from the Basin because of its unique characteristics.

Mr. McKee [2:06:21] stated the project the Board is considering today is the NEPA document – the planning document. The rail project itself will be a private enterprise.

Jon Hardy [2:06:57] stated there is an economic side and a regulatory side. In regard to public benefits if the commodity price increased there could be a lot of trucks traveling on every single one of these roads taking products out as opposed to a rail line without ever having to issue a new permit for oil and gas. The Board is considering a planning document, not the project itself. But there are scenarios in the future when the price of oil is different when there would be truck after truck going down Indian Canyon or going to Craig or going anywhere else to get oil onto a rail line somewhere else. Studying the impacts of a rail does help alleviate the public transportation issue of having all those trucks on the road even without additional gas and oil leases permitted.

Mr. Michele [2:09:20] indicated that is a correct assumption. If oil prices go higher, producers would be inclined to increase production and get it to an end user market. There are four ways to move the crude: ship, train, truck or pipeline. Ship is not an option, and a pipeline will not work due to the wax nature of the crude. That leaves rail and truck. If the oil price is high, it will be trucked to an available rail. It is much more efficient and safe to bring the rail to where the oil is.

Mr. McKee [2:10:33] stated that when the STB came out to look at the project, they drove the Indian Canyon route on a day when there was a blizzard and trucks were at a standstill.

Commissioner Horrocks [2:11:27] indicated that an increase of 300,000 gallons per day would be approximately 1300 more trucks on the road.

Commissioner Dalton [2:11:43] referred to the application for the requested funds of \$21,400,000 and asked what the time frame would be for spending that amount. Perhaps part of the funding could be allocated now and part later.

Brian Barton, Jones & DeMille Engineering, [2:12:50] stated that the STB has requirements for the NEPA process that need to be answered as well as commercialization questions. A lot of progress has been made in each category and it is necessary to keep things moving forward.

Mr. Michele [2:14:44] indicated both the public and the private entities have invested capital with common end results. This funding will finish out the permitting and the engineering and help mitigate any concerns that the project is viable.

Mr. Dalton [2:16:07] clarified the manner the funding is provided which is to commit the \$21,400,000 which is allocated through reimbursement when contractor invoices for work performed are submitted and if the project is not viable, the remaining funding can be recaptured.

Mr. Hardy [2:16:40] stated there would be a contract between Workforce Services and the Seven County Infrastructure Coalition detailing what they can spend money on and then they would have to have approved invoices within the scope of work and budget to be reimbursed. Funding is not allocated outside that.

Mr. Zeenati [2:17:10] asked if there is any commitment from the railroads that they will allow a connection to their railroad.

Mr. Michele [2:17:50] indicated that under Federal Law they have to offer a connection as a common carrier railroad, to any short line railroad that comes to them. The Surface Transportation Board regulates that closely.

Mr. McKee [2:19:33] noted that Craig, Colorado has only one Class I carrier along that route which has been a bit of a challenge.

Mayor Baker [2:20:18] commended SCIC on their progress since November and would like to make a motion.

Chairman Hardy [2:20:40] stated there are still further questions from the Board.

Commissioner Ogden [2:20:53] disclosed his affiliation with the Seven County Coalition Board and he expressed concern with the amount of the requested funding thus far. Accountability is of real concern with \$6.5 million allocated in November and the \$21,400,000 request today. He suggested this should be the last request from SCIC to this funding source.

Mr. McKee [2:22:00] acknowledged the CIB assistance with this project planning. This funding should be enough to accomplish the planning components and encourage other funding for the rail. He anticipates no further requests from the CIB on this project.

Mr. Michele [2:22:43] stated from a capital partner standpoint after this allocation they should have commercial viability and commit the rest of the funds for finalization of construction.

Commissioner Lytle [2:23:50] indicated that in terms of CIB's public purpose and ability to disperse this kind of funding, could there be a succinct statement to support why SCIC is coming to ask for CIB funding relative to the public purpose.

Mr. McKee [2:24:45] stated this is a planning document and planning was anticipated by the Federal Government, stated in statute as an appropriate use of Mineral Lease funds and referred to a court case that addresses this public side of the question.

Mr. Eric Johnson [2:26:10] referred to the 1993 opinion from the Attorney General' Office regarding the use of Mineral Lease funds for economic development which states: *"Economic development may be a goal or intended benefit of a particular project as long as the project qualifies as planning, construction and maintenance of public facilities or provision of public services."* *"Grants or loans "merely" for economic development are not authorized under the state and federal acts. However, a grant and loan for the construction and maintenance of a public facility or the provision of public service, which may have economic development as an additional goal or benefit would be authorized."* The 1993 opinion cited a railroad case as to what is a public purpose. *"If the Impact Board is funding: (1) a project which is a public facility, i.e. owned and operated by a public entity or to which the public has a right to use that cannot be denied at the pleasure of the owner..."* *"A project that provides a traditional local governmental service, such as public safety or public health, funding the project would be a lawful use of the mineral lease monies even if economic development were one of the primary anticipated results"* (Union Pac. R.R. v. Public Service Commission 211 P.2d 851, 895 (Utah 1949). This was a Utah case dealing with a railroad.

David Damschen [2:30:03] (via phone) expressed support of the project as long as it can be professionally, competently and legally accomplished with a minimum of taxpayer costs and a minimum of adverse impacts from the project. He noted improvements in the quality of the Coalition's efforts. He also referred to the public comments received by the Board which he has reviewed. He thanked the members of the Utah public for taking the time to organize and communicate their concerns. He expressed appreciation for the high level of participation from private capital and the potential for partnership with the Ute Tribe though tentative. [2:33:44] He noted the opportunity to meet with the professionals from Drexel Hamilton who are committed to this great nation and are distinguished financial professionals with impressive credentials. His concern is the process seems a bit rushed, involving this amount of money for a large and complex project. The Board has had this information for a relatively short time and he understands the need to move quickly to ensure this project is viable and can succeed. [2:35:21] His primary concern is based on the magnitude and technical nature of the project and members of the Coalition lack the level of experience, noting the importance of engaging all the right kinds of contract professionals with the needed expertise. Robust procurement procedures are important and expressed concern about the Coalition procurement process. [2:36:24]

Mr. McKee [2:37:29] indicated that through the procurement process, two entities responded.

Mr. Damschen [2:37:00] commented that public funds should be safeguarded and only entrusted to safe, industry leading providers. The individuals he met from Drexel Hamilton are impressive, but noted that Drexel Hamilton is not found in PitchBook which is a technology application used as an initial check on asset managers.

Mr. Michele [2:40:31] indicated Drexel Hamilton filed for their fund which was established in December 2017. Last year Drexel Hamilton executed their first two assets. The Basin rail would be the third asset to be developed through this fund. Drexel Hamilton has been an investment bank and broker dealer since 2006. From an energy standpoint, the 2018 pipeline and liquid bulk terminal was done in a P3 construct which provides the requisite experience for this project.

Mr. Damschen [2:42:18] listed a selection of companies that would be expected to bid on this project but did not and requested comment.

Mr. Michele [2:44:17] stated their joint partner in the Louisiana project is Blackstone. He is familiar with the firms listed by Mr. Damschen. Those funds do not do 'green field' developments. They don't have development teams and rely on firms such as Drexel Hamilton to assemble the financial, contractual level.

Mr. Damschen [2:45:18] stated that Drexel Hamilton may bring in those firms as a capital partner, not a competitor.

Mr. Michele [2:42:18] indicated that is the way other projects have been constructed as a wise risk of capital. Drexel Hamilton is an originator/packager of a project to a point where asset managers participate.

Mr. Damschen [2:46:50] noted that with a project of this scope and size, it is a concern there were only two bidders with Drexel Hamilton being one. He asked about Drexel Hamilton's involvement in other projects.

Mr. Hemphill of HDR, [2:49:55] indicated they worked with Drexel Hamilton on the TallGrass project in Louisiana – the terminal seahorse project. HDR has checked with 4 rail companies concerning Drexel

Hamilton with the response that they are good partners and would like to see Drexel Hamilton as the commercializer on this project.

Mr. Michele [2:50:48] added that Drexel Hamilton recruited TallGrass energy as the terminal operator. They have a good working relationship.

Mr. Damschen [2:51:50] indicated that very large procurements are to be posted on an electronic system that is tracked nationally by firms. RFP's and RFQ's are generally posted on BidSynk or other sites to the broadest possible market, maximizing transparency and competition and improving the outcome of procurements. He asked if the RFQ was posted on an electronic system.

Mr. Johnson [2:54:50] indicated that their RFP was not posted on the two sites mentioned, but there was an effort to reach out to those in the industry roles in the selection of a financial advisor with PFAL as well as with the commercialization with Drexel Hamilton. 14 firms were contacted and Drexel Hamilton was selected. There were responses from some not directly contacted.

Mr. Damschen [2:56:23] stated that firms may not bid on certain things because it is not a good fit, not a good partner or the procurement is built to favor an entity. He referred to the committees within SCIC procurement and commercialization processes and asked if that was the evaluation committee.

Mr. McKee [2:58:47] indicated the names listed by Mr. Damschen were involved in the evaluation and the full Board made the selection based on the committee recommendations.

Mr. Hemphill [2:59:29] indicated that a railroad project is complicated from regulatory, commercial and operating standpoints. A financing interest would need railroad expertise and the RFI was sent to Union Pacific, BNSF, Florida East Coast Railway, the Shortline Holding Companies, etc. These have financial Partners and a list can be furnished.

Mr. Damschen [3:00:56] asked why the PFAL financial advisor was not involved with the commercialization procurement.

Mr. Johnson [3:01:31] stated the final approval of PFAL occurred at the same meeting as Drexel Hamilton.

Mr. Damschen [3:01:31] suggested that PFAL should serve the Coalition as a fiduciary, committed to the best interest of the Coalition and be at the table during the evaluation process.

Mr. McKee [3:03:18] stated that at the meeting in Provo there were issues and only the financials were approved. The approval of PFAL was delayed a month but PFAL did participate in the approval of Drexel Hamilton.

Greg Tseng [3:05:36] PFAL, indicated they focus on all types of rail and are financial advisors to the Coalition to protect the Coalition and public interests. PFAL was consulted before the selection was made for the commercialization entity. They are familiar with BidSync and other procurement methods and track them as well as the rail industry firms. Larger investment firms usually wait until there is more development in a project.

Mr. Damschen [3:09:31] stated that the Coalition procurement process is troubling and also expressed more confidence in the Office of the Attorney General than the analysis of the Coalition's counsel. The grant requested of the Board is speculative. The return on investment could be significant or could be zero. The Board has to decide the degree to which they are willing to allocate public resources to an

organization that may not be able to deliver on promises. This grant is very different from everything this Board does with public resources and risk taking with public funds should be very limited.

Chairman Hardy [3:13:28] thanked Treasurer Damschen and asked if there were any further questions.

Mr. Galecki [3:13:43] asked if phase 2 and phase 3 could be funded separately. What is the timeline for the rest of this project and the use of the funding? Normally the Board requires a 50% match and suggested the seven counties contribute \$1.5 million each. It is easy to be supportive when you don't have any money in it.

Mr. McKee [3:15:21] indicated the anticipated timeline is to have a record of decision by December 2020. He referred to the last request which had some matching funds. Drexel Hamilton has indicated they will be providing between \$5,000,000- \$15,000,000 in tandem with the planning portion. And the \$4,000,000 UDOT study has provided a lot of information.

Mr. Galecki [3:17:49] asked about contributions from the Counties.

Mr. McKee [3:17:57] indicated the question was asked in Moab of the County representatives and they said no.

Mr. Zeenati [3:18:30] referred to Mr. McKee's service on the CIB where he asked the hard questions making sure that the CIB money was spent on a properly planned project. The money must be used for planning only; not rights-of-way, property or construction and asked for assurance of that fact. He asked what would happen to SCIC and the other projects if CIB chooses not to fund this.

Mr. McKee [3:19:48] indicated that the Coalition won't be coming back to CIB for additional funding. This is for planning. In the application, land purchase is indicated but they don't plan on coming to CIB. If the funding is rejected, the project may not move forward.

Chairman Hardy [3:22:15] expressed concern with the right-of-way issue to make a clear delineation between planning and the project. The intent is to complete the project and to insure all the rights of way, but that is part of the project itself. He asked for clarity concerning the rights of way, the planning and the project.

Mr. McKee [3:23:07] indicated there is uncertainty in reaching out to land owners and there is usually a small amount of money put forward to hold the right-of-way option.

Chairman Hardy [3:24:06] suggested it would be better for the Coalition to have a private partner working on the optioning portion. It is hard to draw a line on where the planning ends and the project begins when you talk about right-of-way. Even the options are part of the project. It should be determined what right-of-way options or acquisitions will be rather than including it with the planning scope of work.

Mr. McKee [3:24:44] stated the Coalition wants to make sure that everything is in compliance. This is a planning document and is separate. It can be looked at several ways but the CIB needs to make sure they are comfortable.

Commissioner Dalton [3:25:33] stated that Drexel Hamilton said this project is being accepted in the commercial area very strongly, but are those partners willing to fund this project to completion? Drexel Hamilton is funding the contracting, but is there any other money besides CIB to help obtain right-of-ways and help with some of this NEPA?

Mr. Michele [3:26:19] reiterated the project has been commercially and robustly perceived by the producer community which will be the fundamental customers for the rail road. They are going to invest in the contract to move this, and Drexel Hamilton will build, operate and maintain the railroad.

Michael Dalton [3:26:19] suggested that if producers think this is such a good project and can see additional production getting to market, they should want to invest.

Mr. Michele [3:26:19] stated that typically the producers are uniquely drillers and their capital is put into wells. The midstream is the transportation, downstream are the refineries. Indirectly, the producers do invest through shipping the product.

Chairman Hardy [3:31:07] noted no other questions and called for any proposed actions or motions. [3:31:19]

Dean Baker made and Ron Winterton seconded a motion to fund this project as a \$21,400,000 grant for the planning of Phase II and Phase III of the Rail Study.

Chairman Hardy asked if there were any caveats concerning the right-of-way acquisition.

Mayor Baker [3:32:04] suggested the understanding is there will be place holders with some of the landowners. The purchase will come later. This is the planning of the right of way.

Gregg Galecki made a substitute motion to fund this project as a \$10,000,000 grant and an \$11,400,000 loan with the opportunity to generate additional funding. The motion failed with no second.

Mr. Zeenati [3:31:19] commented that it is a lot of money, but we cannot widen enough roads or build enough bridges. This is a community effort. There aren't enough resources; no other ideas and if nothing is done, there will be no roads because there will be double the tankers. This is one answer.

Bruce Adams [3:35:36] commented that the Basin area has contributed millions of dollars in revenue royalties to the CIB and the community has dealt with the impacts of oil production for 50 years. He suggested the community is contributing by dealing with the impacts.

Mr. Galecki [3:36:28] indicated he is in support of the project but was considering the funding for the project.

Ron Winterton [3:31:19] indicated the State leadership is in full support of the rail project. The funds could be given to UDOT to build roads which encounter the same issues with acquiring rights of way to widen the roads. If CIB does not fund it, the Legislature will face a decision to accommodate it another way with tax payer money.

Keith Heaton [3:37:57] stated this is a lot of money in anyone's opinion. He referred to his term as Chairman several years ago and there was a little more money coming in. Some was put aside as the Major Infrastructure Fund. That money has been waiting for a major infrastructure project and that is where this funding will be coming from. There is uncertainty, but this is a way to put funding to work and planning is appropriate. This money is not coming out of other community's pockets at this time.

The Chairman called the question and proceeded with a roll call vote.

Dean Baker made and Ron Winterton seconded a motion to fund this project as a \$21,400,000 grant for the planning of Phase II and Phase III of the Rail Study. The motion carried with Gregg Galecki opposed.

[Audience applause ... Lunch Break [3:40:39]]

VII. SUPPLEMENTAL REQUESTS

1. Price River Water Improvement District (Carbon County)

On October 4, 2018 Price River Water Improvement District was awarded a \$2,000,000 loan for 20 years at 2.5% interest for a project consisting of replacing 2000 linear feet of sewer pipe including excavation, placement, backfill and pavement repair and repair and rehabilitation of 5000 linear feet of sewer line with "cure-in-place pipe" lining, cleaning, placement, and curing.

The Price River Water Improvement District requested time at the June 13, 2019 CIB meeting to discuss supplemental funding as a \$1,100,000 loan for 20 years at 2.5% interest.

Bruce Adams made and Michael Dalton seconded a motion to fund the supplemental request of a \$1,100,000 loan for 20 years at 2.5% interest. The motion carried unanimously.

2. Town of Brian Head (Iron County)

On October 4, 2018 the Town of Brian Head was awarded a \$732,648 grant for a new waterline in the Cedar Breaks Mountain Estates fire protection project. This project consists of approximately 8,600 lineal feet of 8" waterline with gate valves, air/vac valves, fittings, tie-ins and modifications to the existing pump station booster pump and 8" transmission pipeline project from the One Million tank to the Salt Pile Tank, and 4,500 lineal feet of 8: distribution line and gate valves, pipeline fittings, air/vac valves, fire hydrant assemblies and road base and asphalt replacement in Mountain View Drive and Forest Drive. Brian Head is contributing \$732,648 cash to the project.

The applicant indicated that the bids were higher than expected and is asking for a supplemental loan of \$147,000 for 15 years at 2.5% interest and a \$146,326 grant (total \$293,326).

Naghi Zeenati made and Jack Lytle seconded a motion to fund the supplemental request of a \$147,000 loan for 15 years at 2.5% interest and a \$146,326 grant (total \$293,326). The motion carried unanimously.

VIII. SPECIAL CONSIDERATION

Chairman Hardy requested a motion to hear two projects for Special Consideration.

Gregg Galecki made and Kyle Stephens seconded a motion to hear two projects for Special Consideration. The motion carried unanimously.

1. Emery County Local Building Authority (Emery County)

Emery County LBA presented a funding assistance request for a \$2,625,000 grant for the San Rafael Energy Research Facility. This project consists of renovating a portion of the industrial warehouse building to meet NQA-1 clean room standards to house the energy research equipment, secure permits, and initiate operations; and improvements to accommodate coal combustion testing unit, including demolition, engineering, enclose and finish existing building unit, water cooling system and tank, utilities connection, hydrants, meters, walls, ceilings, electrical, plumbing, finishing and paint, new concrete floor, HVAC and a coal storage bin and pad for delivery of coal.

The applicant indicated this project was originally meant to be a research center for molten salt, thorium research; not an emergency, but the University of Utah and Brigham Young University visited the

property and offered a coal combustion research machine which was in Salt Lake City. The lease on the building was up and needed another location. Senator Hinkins arranged funding to provide transportation of the machine, but funding is needed to reassemble the machine. A company out of England has expressed interest in a contract to use the machine if it is running by January 1, 2020. The facility is a good building, away from town but gas and electricity were needed. Questar Gas and Rocky Mountain Power have provided quotes to accommodate adequate power and gas to run the facility. There may also be a coal gasification research facility if there is sufficient power. There is also consideration of utilizing the facility to do hydrogen research and carbon fiber research.

The Board asked if the molten salt was part of the project.

The applicant indicated it is the largest part of the project but the accommodation of the coal combustion research machine is the imminent need.

The Board stated it is a great project for Emery County and the area but asked if there was any ability to take part loan for the project noting some retiring debt.

The applicant indicated the County is the landlord but would not operate the research facility and the County would prefer not to incur debt for this facility. The professor who originated the machine is committed to reassembling the unit.

Gregg Galecki made and Tooter Ogden seconded a motion to fund this project as a \$2,625,000 grant as requested.

Chairman Hardy asked who determines who gets to use the research facility and under what conditions. Could lease payments be utilized to support a loan?

The applicant stated they are in contact with a company in Alabama that operates five research facilities to possibly manage the research facilities. Currently, any university can use the facility for research and testing at cost. It is a nonprofit facility but revenue would help maintain the facility.

The Board asked what a coal combustion machine is.

The applicant indicated it is similar to a power plant, 106 feet long. It is heated and the coal is injected to test and facilitate cleaner technology used by the University of Utah, and when they lost their lease, they were going to scrap the machine. The system is 10 years old and will be maintained.

Chairman called the question.

Gregg Galecki made and Tooter Ogden seconded a motion to fund this project as a \$2,625,000 grant as requested. The motion carried unanimously.

2. Duchesne County Municipal Building Authority (Duchesne County)

Duchesne County MBA presented a funding assistance request for a \$558,000 grant for a salt shed in the Fruitland area. This project consists of the purchase and installation of a pre-engineered metal building to utilize as a salt shed and office including excavation, concrete, electrical, plumbing, utilities, fending, office area, appurtenances and finishes for the purpose of storing equipment and asphalt millings for the west side of the county. The applicant is contributing \$120,000 in-kind land.

This project was on the Capital Improvement List anticipating an application submission, but in March 2019, the contractor for UDOT offered Duchesne County 100,000 tons of asphalt millings which will be

salvaged from a nearby project that will start in early summer and a place is needed to store the millings which will be used to help repair 232.4 miles of road on the west side of the county.

In 2018 the Dollar Ridge fire destroyed 70,000 acres of vegetation and numerous structures. Since that time there have been two floods that caused extreme debris flow and culinary water contamination. The floods also affected county bridges, roads and residents. Over 50 homes and a water treatment facility have been impacted by the floods due to the fire.

The county is obligated to have 8 trucks immediately available to receive the materials so that the road work would not be delayed; The materials must be moved this summer and before the end of this calendar year before the snow comes.

There is the potential for more flooding when runoff starts due to the above average snowpack. This shed will also store the needed road equipment in the event of additional natural disasters in this area. The area will be fenced and the millings will be fully contained.

Senator Winterton asked for an explanation of the project.

The applicant stated the reason they are doing this is to have a place close to the Dollar Ridge fire which is accessible to the situation but away from the community. This is along Highway 40 and will house vehicles, accommodate the tailings and be fenced. It is 32 miles from Duchesne City and will accommodate the West side of Duchesne County.

Jack Lytle made and Dean Baker seconded a motion to fund this project as a \$558,000 grant.

The Board asked the applicant if they could take a partial loan for this project.

The applicant said that right now they could not as they are trying to find \$2,000,000 as a match for the NRCS grant for flood mitigation. There are still two families that are not back in the homes from the previous fire and flooding and even today, the main road is being flooded with two to three feet of water and the road cannot be repaired.

The Chairman called the question.

Jack Lytle made and Dean Baker seconded a motion to fund this project as a \$558,000 grant. The motion carried unanimously.

IX. BOARD MEMBER DISCUSSION and/or ACTION ITEMS

1. Board Packet Tool Discussion.

The new Board packet tool will be iLegislate / Peak Agenda. This will be the final meeting utilizing BoardDocs. The CIB will receive information prior to the July 11, 2019 meeting.

ADJOURNMENT

The next meeting of the Permanent Community Impact Board will be July 11, 2019 at the DWS South Office, 1385 South State Street, Salt Lake City, Utah at 8:00 a.m.

This meeting adjourned at 1:15 p.m.

Submitted by:
Candace Powers
Cristine Rhead