

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

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

MINUTES

July 1, 2021

Members Present

Keith Heaton	Chairman
Bruce Adams	Southeastern Utah Association of Local Governments
Naghi Zeenati	State Transportation Commission
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
Kirt Slaugh	State Treasurer
Jerry Taylor	Five County Association of Governments

Members Excused

Irene Hansen	Duchesne County
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Staff and Visitors

Candace Powers	Housing and Community Development
Brenda Brown	Housing and Community Development
Pam Sjostrom	Housing and Community Development
Paul Moberly	Housing and Community Development
Aubrey Larsen	Community Development Office
Aaron Waite	Attorney General's Office
Kaylee Beck	Department of Workforce Services
Kevin Yack	Uintah Basin Association of Governments
David Rust	Uintah Basin Association of Governments
Laurie Brummond	Uintah Basin Association of Governments
Justin Atkinson	Sunrise Engineering
Nate Wiberg	Five County Association of Governments
Russ Finlinson	Town of Leamington
Bart Haslam	Uintah County
Will Wright	Uintah Basin Association of Governments
Merial Johansen	Johansen Tuttle Engineering
Darrel Leamaster	Johansen Tuttle Engineering
Don Logston	East Carbon City
David Avery	East Carbon City
Chuck Abeyta	East Carbon City
Noreen Johnson	Bicknell Town
Weston Johnson	Bicknell Town
Michael Noel	Kane County Water Conservancy District
Michael East	Kane County Water Conservancy Board
Greg Miles	Duchesne County
Ron Winterton	State Senate #26

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, July 1, 2021 at 1385 South State, Room 157, Salt Lake City, Utah and was called to order at 8:30 a.m. by Chairman Keith Heaton.

9. BOARD MEMBER DISCUSSION and/or ACTION ITEMS – pre-meeting

9.5 Board follow-up: Conflict of Interest and Oath of Office Forms – signed and notarized.

I. ADMINISTRATIVE ITEMS [1:45]

1. Up-coming Meeting Dates & Location – August 5, 2021 – 1385 South State, SLC, UT

2-3. Financial Review & Review of Agenda Items

Candace Powers reviewed the status of the funds for today's meeting. There are five new projects, one large infrastructure project and one pending project for funding consideration. It was noted that the Board process is to review applications over the next three meetings and give final authorization of funding at the October meeting to ensure the availability of revenue. The Board is tasked to keep the fund revolving.

Chairman Heaton introduced and welcomed Christina Oliver as the new Executive Director of the Housing and Community Development Division; Aaron Waite is the new Assistant Attorney General and legal counsel to the Board. Kirt Slauch was introduced as acting State Treasurer and Kaylee Beck as lead DWS Finance Officer for HCD/CIB.

III. APPROVAL OF MINUTES [7:30]

Chairman Heaton requested a motion to approve the minutes from the June 3, 2021 meeting.

Dean Baker made and Naghi Zeenati seconded a motion to approve the minutes of the June 3, 2021 meeting as presented. The motion carried unanimously.

IV. PRIORITY PROJECTS

4.1. Uintah County Municipal Building Authority (Uintah) [8:20]

Uintah County Municipal Building Authority presented a funding assistance request for a \$600,000 grant for the purchase of new road equipment to include one Mack Granite MY2022 84FR 18-speed semi-truck (\$108,018.68), 4 Mack Granite MY2022 84FR 13-speed semi-trucks (\$109,268.68 ea.), 5 Rig Up Load items for the trucks (\$111,160.00 ea.), and 5 (\$7,000.00 each set) radios, chains, boomers, mandated decals and other mandated accessories and equipment to equip the vehicles for road maintenance. The applicant is contributing \$540,000 in *Uintah County Revitalization Funds*.

Commissioner Haslam represented the Uintah County MBA and stated that these funds come from the counties that have the oil and gas in the ground. He stated that historically drilling on a 100-acre parcel would be on several pads every 5-10 acres for pulling 30-50 barrels, using about 1 million gallons of water. Today, drilling occurs on one pad, drawing the same amount of oil 300-400 trucks haul tons of sand and oil using that roadway from that one pad. The roads are not built for that and they are being destroyed. This project is to expedite repair. Some roads are being returned to gravel. With a grinder, they grind the roads and re-lay with a polymer base and chip seal the top. This represents about 10% of the expense to asphalt the road. Uintah County intends to utilize \$1,000,000 in revitalization funds and are requesting a \$600,000 grant from CIB. The grinder has already been purchased with a portion of the revitalization funds. \$540,000 remains of the revitalization funds. The cost savings is significant and the roads are safer. The funds are needed as soon as possible. The oil companies help in other ways as well by generating the revenue. They have also developed two sand mines. The Uintah personnel have been trained to operate this equipment. County funds will maintain the equipment.

The Board asked if there was a replacement fund for the equipment and what is the plan going forward to handle the load. Has Uintah County considered returning these roads back to gravel? Is the equipment to replace existing equipment?

The applicant indicated the issues will be ongoing and if there is ongoing repair and this project is the proactive response to repair the roads. They have hired a crew to operate the equipment. The County uses a native asphalt which can be ground, reclaimed and replaced back on the roadway. The subsurface is repaired prior to re-applying the native asphalt with a lay-down machine. Hot mix asphalt is \$85 per ton. This application is \$35-\$40 per ton. The equipment is new as used equipment is not available.

The Board acknowledged the need and appreciated the economy and expediency of self-repair. It was noted that the native asphalt is quite abrasive on the grinders and asked what the life expectancy is for the equipment.

The applicant indicated that the old machine they used was made for grinding hot mix. The teeth were replaced 4 times in a mile of roadway grinding. The new machine accommodated a mile in 6 hours without the need to replace grinding teeth. It has a longer tooth drum that is water cooled. It is expected to last over 30 years.

The Board noted the request was for all grant. The funding tool indicates a loan portion and asked what a revenue source would be.

The applicant indicated they could not accommodate a loan. The economy of the basin swings as the mineral lease revenue. They are trying to pay existing loans off and suggested the tool be modified to account for projects that potentially increase the revenue.

The Board referred to the public hearing minutes stating the number of total roads in the County. 4451 miles are unmaintained class D roads. Are those roads used?

The applicant noted that Class D roads cannot be on a scheduled maintenance but they must be kept passable. Sometimes they petition to change D roads to B roads to general maintenance.

The Board asked about the thickness of asphalt being placed on the roads.

The applicant stated that in the problem area roads, there is 4 inches of road base, 3 inches of native asphalt treated with a polymer to bind it and 3-4 inches of asphalt on top. The County seeks to fix the roads as they start to deteriorate and avoid fixing the whole road.

The Board noted the financial indicators say a loan is affordable and noted some soon to be retired debt which indicates a capacity for loan funding.

The applicant indicated that revenue was up until last year and this year it is down. The operating budget has gone from \$77,000 to \$49,000.

The Chairman referred to the financial report of CIB. Commissioner Haslam's news about available leases is good. Currently the CIB receives \$2,000,000 per month of the available revenue which is not enough to cover the grant requests. The project is a good project, but over the next three months the Board will be making tough decisions to allocate funding within the availability. The funding tool indicates this project is outside the consistency of the tool and there needs to be a justification or exemption for funding outside what the tool determines. Exemptions the Board may invoke to fund

outside the tool include financial hardship, emergency response mitigation, unique project, special circumstances, and administrative; the Board can fund consistent with sound financial practices.

The Board acknowledged the necessity of the project and the impact of development on roads and noted the applicant cash.

Dean Baker made and Jack Lytle seconded a motion to suspend the rules and fund this project as a \$600,000 grant citing an administrative exemption.

After further discussion a substitute motion was made.

Gregg Galecki made a substitute motion to suspend the rules and fund this project as a \$420,000 loan for 10 years at 1.0% and a \$180,000 grant (total \$600,000). The motion failed due to lack of a second.

The Chairman called the question on the original motion.

Dean Baker made and Jack Lytle seconded a motion to suspend the rules and fund this project as a \$600,000 grant citing an administrative exemption. The motion carried unanimously.

The Chairman recognized Senator Ron Winterton in the meeting and also noted that his recent legislation clarified planning and removed some of the language reference to alleviation.

The Board referred to the AOG review and asked if contact information could be included on the form if the Board wanted to contact the AOG for further comment.

Chairman Heaton indicated staff to accommodate that and stated the Board could call staff for any information they might need.

4.2 Duchesne City (Duchesne County) [49:00]

Duchesne City presented a funding assistance request for a \$600,000 grant and a \$3,850,000 loan for 30 years at 0.5% interest (total \$4,450,000) for the construction of a Four-Plex Sports Field Complex to include the construction of a new four-plex sports field complex at 400 South to include high school level baseball and softball facilities, a soccer/football field, fencing and gates, parking areas, restrooms, concession stand, bleachers, batting cage, sprinkler system, scoreboard and scorekeepers tower, lighting, drainage, utilities, walking path, landscaping and curb. Duchesne County is contributing \$50,000 in kind land. Project total \$4,500,000.

The applicant indicated that the Mickelson Building which the wrestling team utilizes is owned by Duchesne County and leased to the Duchesne County School District for another year. There will be a Phase III wherein the Duchesne High School is scheduled to be rebuilt and the new school building will have a new wrestling room. The project affects Roy Park in that the playground equipment will be relocated. The school district uses the ball fields and will be making the loan payment for the project. The City will operate and maintain the facility. The infield of the baseball diamond will be turf and the outfield of the softball will be turf.

Chairman Heaton asked about the relationship between Duchesne City and the school district on this project. Does the County and other entities contribute financially to this project and asked if an interlocal agreement was in place with the City, the County and/or the school district.

The applicant indicated this project will be a partnership with the school district and the City to create

and maintain a better facility. Duchesne County has offered to pave a parking lot where the Mickelson Building now stands at a cost of approximately \$50,000, the maintenance and operation is in cooperation with the County. The applicant was uncertain as to whether the cash is from the County or revitalization funds. There is a verbal agreement with the school district at this point and it is the intent to have an interagency agreement.

It was indicated that all funds indicated for the project for which the Board reviews and authorizes funding must be accounted for in the construction escrow for the project.

The Board stated that \$283,500 for mobilization and 4 dugouts and 4 backstops costing over \$600,000 seemed excessive and asked the applicant to clarify the costs.

The applicant indicated that Roosevelt and Altamont recently built ballfields and the price was similar.

Senator Ron Winterton joined the applicant to speak to the funding request. The school district has offered to make the payments on the sports complex so it will not come from the City's funds as in other projects such as the Roosevelt Jr. High Auditorium and the Tabiona Community Center. The agreement for this project is not yet documented.

The Board stated that current construction costs are high which is a real challenge. The applicants public hearing minutes stated that *"there is not a lot of demand for CIB funds right now and this request seems very, very reasonable."* It was noted that there are possibly 24 more projects this trimester.

The applicant stated that the school district and the City are partnering on the maintenance of the ball fields which will serve multiple purposes. The school district and the City will utilize the parking lot for the events center as well as the ball fields.

The Board suggested the agreements be written agreements.

Treasurer Slaugh questioned the tool noting the previous equipment for roads project and this project indicated the same grant wherein a road project is a need and the ballfields are a want.

Staff indicated the previous project was for equipment which is in its own category and does not have the ability to know the funding was for roads. The Board was required to state why they funded outside the parameters indicated by the tool.

Treasurer Slaugh further noted that a 30-year term may exceed the life of the project asking if the applicant could accommodate a shorter term which would result in a larger annual payment.

The applicant noted the swings in mineral lease revenue which impact the County and stated they would consider a shorter term; loans are always better when they are shorter. It will be discussed with the school board as they will be making those payments to see if a shorter term will be possible. Senator Winterton indicated he would follow up with that discussion prior to the funding meeting.

The Board reiterated the City is going to build the project and the school district is going to make the payments and asked if there was support from the Duchesne County School Teachers Association and reaffirmed the need for a solid legal agreement with the school district prior to closing the loan.

The applicant noted some contention as the coaches have differing opinions. There are draft agreements being considered.

Tooter Ogden made and Jack Lytle seconded a motion to place this project on the Priority List as a \$3,850,000 loan (with possible 15-year term to be determined) at 0.5% and a \$600,000 grant (total \$4,450,000).

Gregg Galecki made a substitute motion to place this project on the Priority List as a \$3,850,000 loan (with possible 15-year term to be determined) at 1.0% and a \$600,000 grant (total \$4,450,000). The motion failed due to lack of a second.

The Board suggested there be more funding participation and support from residents and reduced the grant amount.

Kirt Slaugh made and Gregg Galecki seconded a second substitute motion to place this project on the Priority List as a \$4,150,000 loan (with possible 15-year term to be determined) at 1.0% and a \$300,000 grant (total \$4,450,000) with more funding participation from residents.

The Board requested a view of the payments in regard to alternate terms and return to the fund. The Chairman called the question on the second substitute motion.

Kirt Slaugh made and Gregg Galecki seconded a second substitute motion to place this project on the Priority List as a \$4,150,000 loan (with possible 15-year term to be determined) at 1.0% and a \$300,000 grant (total \$4,450,000) with more funding participation from residents. The motion failed with Gregg Galecki and Kirt Slaugh in favor and Tooter Ogden, Jack Lytle, Dean Baker, Kyle Stephens, Jerry Taylor, Naghi Zeenati and Bruce Adams opposed.

The Chairman called the question on the original motion.

Tooter Ogden made and Jack Lytle seconded a motion to place this project on the Priority List as a \$3,850,000 loan (with possible 15-year term to be determined) at 0.5% and a \$600,000 grant (total \$4,450,000). The motion carried with Gregg Galecki opposed.

4.3 Duchesne City (Duchesne County) [1:21]

Duchesne City presented a funding assistance request for a \$328,369 grant for the Volunteer Fire Station Addition to include expanding the existing fire station with a 60 X 21-foot metal addition with a second floor, external stairway to include an office, a training room, physical training center, a vented turnout room, lockers, utilities and a new generator. The applicant has a CDBG \$139,031 grant (allocated this year). Project Total: \$467,400.

The applicant referenced the CDBG funding and this was approved as a multi-year project and funding will depend on what other funds are awarded. An application for this project was submitted three years ago, but due to the fires in Duchesne that year, the application was withdrawn. The fire fighters need a room to meet and train. The request is for all grant but a portion as loan would be considered if necessary.

The Board asked if they received state funds for fighting regional fires which would assist with a loan payment.

The applicant stated they have funds saved but they do not know at this time what could be affordable.

Treasurer Slaugh stated that fire mitigation is an important issue and acknowledged the difficulty in getting funding and asked if this fire station is to service the city or wildland fires. Wildland fires are usually handled by the BLM.

The applicant indicated they are the wildland fire crew for their area of the County. Their area is 12 miles to the north and 40 miles to the south, east 12 miles and west approximately 20 miles. The BLM is seasonal; they provide fire protection all year and train for fires, hazmat, structure, wildland, and vehicle. In regard to ISO ratings, the city reports ratings for the city and surrounding area for insurance purposes. The equipment is currently in the truck bay and should be in a different area to avoid truck exhaust. They have 21 volunteer firefighters and a large portion of ISO rating is training.

The Board asked when the estimate for this project was accommodated as costs have increased.

The applicant acknowledged costs may have increased.

Gregg Galecki made and Kyle Stephens seconded a motion to place this project on the Priority List as a \$165,000 loan for 30 years at 0.5% and a \$164,000 grant (total 329,000). The motion carried unanimously.

4.4 Town of Leamington (Millard County) [1:37]

The Town of Leamington presented a funding assistance request for a \$267,000 grant for Road Improvements to include asphalt patching, overlay on Center Street and Cottonwood Drive, and grading the fire station parking lot to utilize the mill tailings generated by the road milling. The applicant is contributing \$33,000 cash. Project Total: \$300,000.

The applicant noted this is the 150th birthday of Leamington. The Town removed the final piece of asbestos piping at a cost of \$80,000 for the pipe and connections wherein 2500 feet of roadway was disturbed. The Town budget is \$37,500 annually and B&C road funds are approximately \$14,000 annually which pays for the street lights and weed maintenance leaving \$6,000 to save. A 15-year loan of \$203,000 at 1.5% represents an annual payment of approximately \$15,500 and the town only has \$6,000 which could accommodate a \$50,000 loan for 10 years and a \$210,000 grant. The roads have been chip sealed for years and now there is a lot of spalling. This project will provide an asphalt overlay and preserve the road for approximately 10 years. They are trying to preserve any loan cap to replace a 50-year-old 20,000-gallon rail car that is part of the Town's storage system with a 200,000-gallon concrete water tank.

The Chairman noted that generally loans are \$100,000 or above due to the cost of bonding.

The Board acknowledged the condition of the roadway and other challenges the Town faces.

The applicant indicated that Geneva Rock was scheduled to do the project in July and the Town hoped to do it before the batch plant shuts down. Local contractors were too busy to bid on the project and Geneva Rock's estimate is \$249,000 and the town added some contingency hopefully to cover price increases.

Mr. Zeenati suggested a \$300,000 grant and the applicant keep their cash.

Naghi Zeenati made and Tooter Ogden seconded a motion to suspend the rules and fund this project at today's meeting as a \$300,000 grant.

Naghi Zeenati made and Tooter Ogden seconded a motion to suspend the rules and fund this project at today's meeting as a \$300,000 grant with no applicant cash (\$33,000) stating a hardship exemption.

A substitute motion was made.

Gregg Galecki made and Dean Baker seconded a substitute motion to suspend the rules and fund this project at today's meeting as a \$150,000 loan for 10 years at 0.5% and a \$150,000 grant with no applicant cash (\$33,000). The motion failed with Dean Baker and Gregg Galecki in favor and Kirt Slaugh, Tooter Ogden, Jack Lytle, Kyle Stephens, Jerry Taylor, Bruce Adams and Naghi Zeenati, opposed.

The Chairman called the question on the original motion.

Naghi Zeenati made and Tooter Ogden seconded a motion to suspend the rules and fund this project at today's meeting as a \$300,000 grant with no applicant cash (\$33,000) stating a hardship exemption. The motion carried with Kirt Slaugh, Tooter Ogden, Dean Baker, Kyle Stephens, Jerry Taylor, Bruce Adams and Naghi Zeenati in favor and Jack Lytle and Gregg Galecki opposed.

4.5 Town of Bicknell (Wayne County) [2:09]

The Town of Bicknell presented a funding assistance request for a \$771,000 grant and a \$193,000 loan for 10 years at 0.5% interest (total \$964,000) for road improvements to 6 roadway locations including an overlay on 100 South between 200 East and 400 West and hot mix asphalt and base course for the reconstruction of 400 West between Main Street and 250 South; 100 West between 100 South and 150 South and Main Street to 50 North; 200 North between 300 West and 400 West to include drainage; 100 North from 400 West to 450 West, remove and replace concrete driveways, reconstruction of 14 valve boxes and associated signage and utility relocation. The applicant is contributing \$15,000 cash. Project Total: \$964,000.

The applicant indicated that roads are a financial struggle. They have been saving for the road project and B&C road funds are insufficient. There is a heavily traveled access road to Boulder Mountain requiring reconstruction. It is also a safety issue. These roads access the clinic and two schools and are highly traveled. The funding tool number exceeds what Bicknell can accommodate with their allocation of B&C road funds. A \$771,000 grant and a \$193,000 loan would take 51% of the revenue and the rest for maintenance. Most of the roads are full reconstruction with varying widths over the top depending on load rating. As stated, 400 West is the main access to Boulder Mountain which requires a thicker top. 100 South is not a full reconstruction; it is lane level and overlay which is where the Wayne County Clinic is located.

The Chairman asked about the status of ARPA funds referred to in the public hearing.

The applicant has not made application for those funds.

The Board noted the ARPA funds have been allocated to each County and each city and there is an application process.

The applicant indicated that Bicknell Town was allocated \$40,000 which will be allocated to a SCADA system. They have Capital Reef National Monument in Wayne County which taxes the whole County system including EMT and Search and Rescue.

The Board noted that Wayne County has 97% federal land – 3% private which is mostly greenbelt which does not provide necessary revenue. The roads are utilized by visitors mostly and suggested a toll road. B&C road revenue was referenced for which they can only pledge 80% of that revenue as repayment. The State received ARPA funds and a grant program is being established to utilize those funds which may be looked into prior to the funding meeting in October. The Board referred to the engineering which appeared to be 20% of the project and asked how many miles of roadway is in the project.

The applicant stated the engineering is for design, survey, materials testing, construction staking, etc. for approximately 1 total mile of roadway in the project.

The Board noted the project was not scheduled until 2022. If placed on the pending list, the applicant could explore ARPA funding or other funding.

The applicant wanted to see what the CIB could offer. Construction would begin in 2022 but the design, advertising and bidding takes time. If funding is delayed, the project would also be delayed for another year.

The Board asked if there was a road maintenance program in place.

The applicant indicated they plow the snow off in the winter, they have a road sweeper, road base is brought in for the shoulders and potholes patched which is all they can do funded with B&C road funds. An annual payment of \$28,000 could be accommodated with B&C road funding.

The Board's suggestions include phasing the project which would increase mobilization or roto milling some roads such as 400 West and 100 South.

The applicant stated that 400 West has a large dip which was once a canal filled with dead trees and paved over. The road dips frequently and is a large project to reconstruct. Roto milling does not take care of the base beneath. Most of the roads require a rebuild of the base as a permanent fix.

The Board suggested a reduced amount of funding for a phased project and to accommodate a payment.

Gregg Galecki made and Dean Baker seconded a motion to place this project on the Priority List as a \$280,000 loan for 10 years at 0.5% and a \$280,000 grant.

The Board inquired about their Transient Room Tax (TRT) revenue. The applicant indicated they do not receive TRT revenue.

Gregg Galecki made and Dean Baker seconded a motion to place this project on the Priority List as a \$280,000 loan for 10 years at 0.5% and a \$280,000 grant. The motion carried with Gregg Galecki, Kyle Stephens, Kirt Slaugh, Dean Baker, and Naghi Zeenati in favor and Bruce Adams, Tooter Ogden and Jack Lytle opposed.

The Chairman noted that there will be more information about ARPA in the next meeting.

5. New Projects – Large Infrastructure [2:43:15]

5.1 Kane County Water Conservancy District (Kane County)

Kane County Water Conservancy District presented a funding assistance request for a \$10,000,000 loan for 30 years at 1.0% for the David McLay-Kidd Golf Course project. This project consists of a 200-acre golf facility to include an 18-hole golf course, driving range, practice putting green, snack bar, cart storage, maintenance facility, drainage systems, irrigation piping, pump building and land acquisition. The applicant is contributing \$70,000 cash.

It was noted by CIB staff that project timeline, applicant entity, subsidies available and revenue source should be verified.

Prior to discussing the project, the Board suggested the funding be allocated from the bonus fund which

has sufficient funding.

The applicant stated this project will be next to the 4200-foot Jackson Flat Reservoir which provides most of the water supply for the Kanab Irrigation Company. The property, purchased for the Jackson Flat reservoir included 600- acre feet of water rights. The District manages the irrigation company which provides secondary water and stated the project will not use culinary water. The Irrigation Company supports this project. The District owns 9% of the irrigation company. The course will be designed to conserve water. The course designer was indicated to be David McLay-Kidd, a well-known golfer from Scotland and has designed several notable golf courses. The applicant stated there is a need for more golf courses. It was noted that the proposed golf course would use approximately 2-acre feet of gravity flow water into an old mining source belonging to the BLM... They have an RPP application on that source as well as SITLA stating SITLA is willing to use some of their selections to purchase that land. [2:54] The statistics for water use were stated that there is twice the water needed for the course. No culinary or outdoor water will be impacted and the land will be recontoured with no additional trees or foliage.

Attorney Rob Van Dyke has drafted an interlocal agreement between Kanab City and the Kane County Commission. The applicant stated this project is #1 on the CIB application list. The County has agreed to dedicate Transient Room (TRT) taxes as a revenue source.

[2:56] The applicant noted that at the public hearing for this project, there was a lot of controversy. But not one dime of taxpayer revenue will be spent on this project. This is TRT. The analysis shows there will be an \$800,000 return in year 2 of the golf course.

[2:58] It is a bad year to discuss watering a golf course, but the water in the conservancy district is protected under state law because it is water under an irrigation company. *As of 2008, the District is required to 'prove up' on 7400-acre feet of water rights and the District does not have the 1500 acres to prove up on that, so this is an area they can use the water.*

[2:59] This project will provide additional income to the District wherein they can continue to expand and provide secondary water in place of culinary water to homes in the area. There are future plans to construct a treatment plant for Kanab City and provide secondary water. The District is involved with 4000-acre feet of Lake Powell Pipeline water. Kanab has the highest population growth in history. There are still a lot of question which can be answered; they have done their diligence and state they have the facts. They have asked for \$350,000 in TRT revenue and as the project is profitable, there will be an increased return of TRT dollars back to the County.

The applicant acknowledged the project to be different but stated the Kane County Water Conservancy District does a lot with recreation including an annual fishing derby, a 10k run around the reservoir and an exercise program; green space in a community is a good thing.

[3:02] There will be further study but they do need the loan funding from CIB. The applicant stated that Kane County is now a 'producing county' with Alton Coal. The golf course will provide 20 jobs and be managed by a private company. Troon and KemperSports (golf course management companies) have asked about the RFP for management of the facility. A lease agreement is being developed with SITLA which own 100 acres of the intended property and the application to BLM will take some time. The course will not be greened in until the drought situation is abated.

[3:05] Mr. East noted that the Kanab golf course that closed was receiving free water from the City which stopped and the owner couldn't afford the water and sold the property.

The Board stated there should be an agreement in writing with the County to use the TRT tax and asked how soon the funding would be required.

The applicant stated the plan is to start in October. The designer is finishing Entrada and the District would like to get the contracts in place. They plan to use the designer as a sole source. \$500,000 of the project is for a maintenance shed which could be reduced. The shed is next to the Kane County Water Improvement District so they could use their equipment on site. The applicant requested the

funding be awarded today.

Commissioner Adams reiterated that the applicant is asking for suspend and fund to get all the documents and funding in place to be ready for construction in October; it was noted there was sufficient fund in the bonus account to allocate. [3:07]

Commissioner Lytle asked if the course was a public course and asked about the total acres for this project and asked if the SITLA land would be purchased.

The applicant indicated it will be a public course and there will be special rates for the local public and Utah residents. There are approximately 4 million tourists annually through Kanab, and it is speculated that with the reputation of Mr. Kidd, that will increase. There are 78 acres of private property, 40 acres of BLM and 98 acres of SITLA property. (118 acres of green area.) The SITLA land will be accommodated through a long-term lease agreement. They have not developed that lease but have been discussing for 8-9 months but the final lease agreement has yet to be resolved. SITLA may participate as a revenue source but there is no housing development associated with the golf course.

Commissioner Ogden asked why the Kane County Water Conservancy District is the applicant rather than the County. The TRT from the County is indicated as the revenue source but is there any other revenue source and will this project be self-sustaining in 2-3 years as stated?

The applicant indicated that there will be a Board comprised of Kanab City Council members and Kane County Commission members to be the driver of the recreational portion as requested by the County Commission. The land is adjacent to the Jackson Reservoir and on 200 acres that the Water Conservancy District owns and the District owns the water. The pumps that are in place already would be used to pump water to the storage reservoir to irrigate overnight which is an additional savings. [3:12] Based on a proforma by G. Gordon Davidson, based on the reputation of Mr. Kidd and approximately 30 other golf courses etc., the golf course would be profitable within 2 years of grow out. The project is important to the County for revenue; the District to have the funds to continue to find ways to conserve water, use secondary water, encourage more efficient farm irrigation. [3:14] The system is using 14-acre feet per connection. The District charges for every drop of water on Cedar Mountain. Vacation rentals have grown. [3:14] Part of that money that has been going to TRT, should go to water companies – we are providing water to people coming through and we should recapture some of that money back to the local community that is paying for it as an important tax benefit that the Counties and cities are not currently getting. TRT could be used to repay a CIB loan. Southern Utah is transitioning to a tourism community.

Commissioner Ogden requested that the applicant have a solid lease agreement with the State and the BLM prior to issuing the loan funds.

The applicant assured the Board the agreements will all be in place prior to the issuance of bonds for this project.

Commissioner Lytle asked if the Kane County Commission has committed the TRT to Kane County Water Conservancy District for this project.

[3:16] The applicant indicated the County has verbally committed but it has not been approved by the public. This project was prioritized as number 2 on the list of projects. In the next two months, the applicant will aggressively pursue a public notification process. The businesses are very supportive. The applicant acknowledged the drought conditions but they have the water shares and must prove use of the secondary water in a prudent way to maintain those existing water shares. You have to produce

things to use the water or the water will go away.

Treasurer Slauch stated there is plenty of water to do this now, but it may stimulate a lot of growth in the area and asked if the applicant is depending on the Lake Powell pipeline to provide water for future growth.

[3:19] The applicant indicated they are depending on the Lake Powell pipeline...the District pulled out of the EIS only. In that EIS, you have to show two projects that are in the near future and our project was a longer term and didn't need the water right away. They will look to the Lake Powell Pipeline for future growth and have 4000-acre feet of rights in the pipeline project with a 1964 priority date; one of the oldest water rights that has not been perfected yet.

Treasurer Slauch stated that market rates are very low and CIB funds are to fund critical infrastructure. This is more economic development and may not fit CIB's mission to be funding a project like this. Has the District sought market funding for this project?

[3:22] The applicant stated they could pursue the private market but would not have the rates that CIB offers. The District could perhaps get 5%. Though the project is not critical, CIB has funded a golf course previously. There is no grant funding requested and the loan funding will be paid back.

[3:24] Commissioner Taylor noted that Kanab is experiencing a robust TRT revenue season. The current State investment interest is .038% which is what CIB funds earn leaving funds in escrow. He would love to see a good partnership with Kanab City, SITLA and Kane County on this project and asked the applicant if this is a good project.

The applicant believes this project would increase tourism and livability in the area. Golfers will come as this is a destination golf course; not purely a municipal course. People will stay in the area, eat in the area and there may be growth because of the golf course; it is believed the course will be successful.

[3:28] Mr. Zeenati asked why the Water Conservancy would build a golf course. It was reiterated that owning and maintaining a golf course is a challenge. What could convince CIB to approve funding for this project to the Water Conservancy and asked for reassurance of the project as the CIB does not want a default to own a golf course.

[3:30] The applicant stated this project will be good for the community and the intent is to make certain all partnerships and agreements are in place.

[3:31] Mr. Zeenati referred to the recent funding for a medical facility in Kane County funded at a higher interest rate and suggested a higher interest rate for recreation project.

[3:32] The applicant indicated the TRT is uncertain, but could consider a higher rate in the future. This project may increase the TRT but it is intended to get away from reliance on TRT in the future; the project will hopefully support itself. The amount indicated is what has been dedicated from TRT.

[3:33] Mr. Galecki asked if David McLay-Kidd has been lined up and referred to the 600-acre feet of stated water rights of which 400 would be used for the golf course and who has the priority water rights and what is the sustainable yield – does it go into the reservoir first?

The applicant stated yes, David McLay-Kidd has been lined up and 353-acre feet would be used for the golf course. The water rights are diligence claims which are the most senior water rights; the rights the City owns were given to the City by the irrigation company. The water can go directly into the storage

facility or to the reservoir. During the summer, the reservoir water goes out to farmers.

[3:35] Mr. Galecki asked who would manage the facility; the day to day function.

The applicant indicated there would be a request for proposal; it would be a golf pro company such as Troon. The District would not manage but would have oversight with Kanab City and the County; an Interlocal Committee set up which has been drafted and will be presented to the City, but they would source out the management. The clubhouse will be accommodated in the Water Conservancy District basement area which has been redone. A golf clubhouse will be built at a later date which is not part of this funding. The water right is an irrigation right. The storage right is separate.

[3:36] Mr. Galecki referred to the statement that the project will be profitable within the next year or two and suggested a 2% interest rate which is far less than the open market.

[3:37] Commissioner Lytle asked if the water rights are storage rights and asked if there is a conservation pool? He noted the current drought conditions and asked for clarification as to when the golf course would be greened up. Would the golf course give up water for the farmer?

The applicant stated the right is an irrigation right and there is a 500-acre conservation pool. There is also a fishery there. The course will not be seeded until water conditions are improved. The golf course would be on the same priority as all other users. We are in an irrigation company; a mutual company. The Irrigation Board members are in favor of this project. In 2022 the District is required to have a certification of water rights and place of use. They may create a secondary system for the Kanab Creek Ranches area which would require a request for a change application for place of use. There are many issues with water rights and a shortage of water in Utah so that is going to be an issue for every irrigation company in the State of Utah.

[3:41] Mr. Zeenati asked if the irrigation water could be changed to reuse for the golf course as it is for St. George golf courses.

The applicant indicate there is not enough reuse water. That would require a new sewer system. There is a facultative lagoon which is not generating enough water; most is going to the septic tanks. It would be a good idea. The main reason the golf course would be profitable is the District pays \$7000 per year for all that water. The Irrigation company is a Mutual privately-owned water company. The District does not have control over that water. There is no City competition for that water; only the other users of the system. It is a unique situation which is why the District is involved. The project will NOT use culinary water for this project. There is a secondary system in place for outdoor water but all water use should be metered.

Bruce Adams made and Naghi Zeenati seconded a motion to suspend the rules and fund this project today as a \$10,000,000 loan for 30 years at 1.0%.

Commissioner Ogden suggested a 2% interest rate.

Bruce Adams amended his motion and Naghi Zeenati seconded the amended motion to suspend the rules and fund this project as a \$10,000,000 loan for 30 years at 1.5%.

Gregg Galecki made and Tooter Ogden seconded a substitute motion to suspend the rules and fund this project as a \$10,000,000 loan for 30 years at 2.0%. The motion failed with Gregg Galecki, Tooter Ogden, (changed his motion after the interjected comments Tooter Ogden, Kirt Slauch, Jack Lytle and Dean Baker in favor.... [3:46:40] *The applicant interjected mid-vote that a 2%*

*interest rate would ruin their financing adding \$100,000 to the annual payment with only \$350,000 in TRT revenue available. Additional Board and applicant discussion ensued. Mr. Slauch stated if it is that thin of margins, how much assurance does the Board have that this project will pay out. The applicant stated they have the \$350,000, but if they have to go again to the public to ask for another \$100,000, that is a whole new challenge. With 1% it adds to the level of success and if profitable, suggested a return in 3 years to raise the interest rate. ...The Chairman noted the discussion was out of order. [The vote resumed [3:51:40] and Bruce Adams, Kyle Stephens, ...[3:49] Additional discussion [3:51] the Chairman sought order... [3:53] more discussion; perhaps there is more risk than the Board is understanding... The Chairman asked the count. Staff indicated there are 5 ayes and 4 nays. It was noted Tooter Ogden changed his vote so there were 4 ayes and 5 nays with **Tooter Ogden, Bruce Adams, Naghi Zeenati, Kyle Stephens and Jerry Taylor.***

The Chairman stated that the applicant can deny the offered funding. The motion was to suspend and fund... the applicant can decide that the terms do not work and the Board can reconsider.

It was noted that Tooter Ogden voted both for and against the motion. [3:55:51] In Roberts Rules of Order, the applicant does not speak mid vote which occurred in this instance wherein all votes were not taken in order resulting in a Board member voting both for and against the motion. An applicant may deny an award of funding or the motion may be withdrawn.

[3:56:50] Without an interruption, the votes for the motion would be: In favor, Gregg Galecki, Tooter Ogden, Kirt Slauch, Jack Lytle and Dean Baker and against, Bruce Adams, Naghi Zeenati, Kyle Stephens and Jerry Taylor.

[3:58] Legal Counsel to the Board, Aaron Waite indicated a party who voted for the prevailing motion can move to reconsider the motion and it can be voted on again.

The motion was reconsidered. [3:58]

Gregg Galecki made and Tooter Ogden seconded a substitute motion to suspend the rules and fund this project as a \$10,000,000 loan for 30 years at 2.0%. The motion failed with Gregg Galecki, and Dean Baker in favor and Bruce Adams, Kyle Stephens, Kirt Slauch, Tooter Ogden, Jack Lytle, Naghi Zeenati and Jerry Taylor opposed.

The original amended motion of \$10,000,000 at 1.5% was withdrawn.

Bruce Adams made and Jerry Taylor seconded a 2nd substitute motion to suspend the rules and fund this project as a \$10,000,000 loan for 30 years at 1.0%.

[4:00] Mr. Galecki asked about the necessity to suspend the rules and fund this project at today's meeting.

Commissioner Adams indicated so they would be ready to go to work in October and noted that the window of opportunity to contract Mr. Kidd for the design is now which was confirmed by the applicant. Commissioner Ogden stated that with the suspend and fund, all agreements are in place with the BLM, the State and local municipalities and that TRT verified.

Mr. Slauch indicated support of a 1.5% interest rate, commensurate with what could be accommodated in the market for this type of project. He suggested the Board discuss, define the terms and then vote. He asked the applicant to explain why a payment of \$416,000 could not be accommodated if the project was going to be profitable.

[4:03] The applicant stated every project is a challenge when it starts and wants to make certain there is enough leeway and a lot of variables cannot be anticipated. The applicant could report back in three years for an increased rate. If there is a significant amount of income, the interest could be changed to 2.0%. It was expressed that 1.0% is a fair rate for Kane County.

Mr. Slaugh approved a lower interest rate with the possibility of an increase. but a motion is on the table.

Commissioner Lytle suggested a 2% with a 3-year principle payment deferral and asked if there was support of the Board.

Mr. Zeenati noted every project in this setting is risky business and does not have a promise of a return. The interest rate could be adjusted after 3 years as the project is profitable.

[4:07] Mayor Baker was not opposed to the 1.0% but noted projects funded from the Bonus account have more often been at 2.0%. There are other projects requesting that amount who are willing to take the 2.0% which is a good deal.

Mr. Galecki noted that 2.0% deferred 3 years; put that on the pending list and the applicant could determine if that would work... then noted the motion was to suspend and fund.

The Chairman called the question.

Kyle Stephens made a 3rd substitute motion to suspend the rules and fund this project as a \$10,000,000 loan for 30 years at 1.0% with the requirement of a financial report in 3 years wherein the rate may be increased.

[4:09] The Chairman stated such a scenario was very nebulous with the uncertainty that the Board could place those stipulations on a 30-year loan.

The CIB fund manager referenced the process of issuing the bonds and closing loans for CIB. The Board has funded projects with a variety of scenarios but not too far outside normal funding practices. Loan funding is through the issuance of bonds. If the bond is issued at 1.0% and subsequently the interest rate is changed, the bond would have to be reissued with a new bonding process. It was noted that if the project is not going well, the Board might not want that report with a preference for the applicant to keep making their payments.

Mr. Stephens withdrew his motion.

The Chairman called the question. [4:12]

Bruce Adams made and Jerry Taylor seconded the 2nd substitute motion to suspend the rules and fund this project today as a \$10,000,000 loan for 30 years at 1.0% to include all agreements in place prior to loan authorization. The motion carried unanimously.

6. Pending Projects

6.1 East Carbon City (Carbon County)

On January 7, 2021 East Carbon City presented a funding request of \$1,825,000 for a new water treatment plant. This project consists of the construction of a new 1.5 MGD (million gallons per day) treatment plant and accessories, backwash tank and pumps, on-site sodium hypo chlorination and an energy conservation system to include a geo-thermal hot system and solar panels for power generation. The applicant is contributing \$10,000 cash.

The applicant requested a \$912,000 loan for 20 years at 1.0% and a \$913,000 grant (total \$1,825,000). The applicant indicated a USDA loan for \$912,000 and USDA grant 913,000. Project total \$3,650,000.

The applicant presented the project at the June 3, 2021 CIB indicating they would not be pursuing USDA but did apply to the Division of Drinking Water and also noted a price increase to \$3,988,000. The applicant stated they hope to begin in the Spring of 2022.

Bruce Adams made and Jack Lytle seconded a motion to place this project on the Pending List as originally presented. The motion carried unanimously.

On June 8, 2021, the Drinking Water Board authorized \$1,989,000 in funding to East Carbon City for the new water treatment plant (\$995,000 in principal forgiveness (grant) and \$994,000 repayable loan for 20 years at a 1.0% interest). Funding will come from the Federal SRF program and covers half of the new estimated project cost of \$3,988,000.

The applicant requested time on the July 1, 2021 CIB meeting to discuss funding from the CIB. The applicant indicated that prices are increasing and this project needs to proceed. East Carbon City has received funding from the CIB which they have turned back noting the projects were not a priority to the City. They are a small town and this is an important project.

The Board's loan tool indicated a \$547,000 loan for 30 years at 0.5% and a \$1,442,000 grant.

Naghi Zeenati made and Bruce Adams seconded a motion to fund this project as a \$547,000 loan for 30 years at 0.5% and a \$1,442,000 grant (total \$1,989,000). The motion carried unanimously.

7. Supplemental Requests

8. Special Consideration

9. Board Member Discussion and/or Action Items

9.1 CIB Board Meetings – August 5, 2021 1385 South State, Salt Lake City, Utah. September 2, 2021 to be determined.

9.2 Proposal – Endowment or Funding Set Aside – an endowment would not be possible for ongoing funding. No definitive information available.

9.3 Update on accommodating other funds to CIB – ARPA – no definitive information available. January 2022 possible. The Staff will do research on the restrictions and conditions of ARPA. Towns may not be aware of the ARPA Program and Funds. ARPA funds may be used in tandem with CIB funds. There is a time frame for municipalities to accept or return the ARPA funds – funds need to be allocated by 2024 and spent by 2026. Staff will speak with GOPB.

9.4 Establish a minimum loan interest rate - tabled

9.5 Board follow-up: Conflict of Interest and Oath of Office Forms – completed

ADJOURNMENT [4:31]

The next meeting of the Permanent Community Impact Board will be August 5, 2021 at 1385 South State, Salt Lake City, Utah.

The meeting adjourned at 1:15 pm.

Submitted by:
Candace Powers