

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

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

MINUTES

February 2, 2023

Members Present

Kirt Slaugh	State Treasurer
Bruce Adams	Southeastern Utah Association of Local Governments
Naghi Zeenati	State Transportation Commission
Dean Baker	Uintah County
Jerry Taylor	Five County Association of Governments
Laura Hanson	Governor's Office of Planning and Budget
Scott Bartholomew	Six County Association of Governments
Jack Lytle	Uintah Basin Association of Governments
Greg Miles	Duchesne County
Tooter Ogden	Sevier County

Members Excused

Curtis Wells	Chairman
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Staff and Visitors

Candace Powers	Housing and Community Development
Brenda Brown	Housing and Community Development
Paul Moberly	Housing and Community Development
Jennifer Domenici	Housing and Community Development
Christina Oliver	Housing and Community Development
Christopher Pieper	Attorney General's Office
Sarah Nielsen	Department of Workforce Services
Miles Nelson	Price City
Nick Tatton	Price City
Keith Despain	Vernal City
Celeste Johnson	Heber Valley Special Service District / Midway Town
Dennis Gunn	Heber Valley Special Service District
Justin Atkinson	Sunrise Engineering
David Rust	Uintah Basin Association of Governments
Will Wright	Uintah Basin Association of Governments
John Niles	Delta City
Gary Zabriskie	Five County Association of Governments
Tamara Dockstader	Southeastern Utah Association of Local Governments
Casey Reynolds	Town of Rocky Ridge
Marilyn Bronson	Town of Rocky Ridge
Patty Kubeja	Kane County Commission
Mark Anderson	Zions Public Finance

Staff and Visitors Virtual:

Brian Kimball	Ephraim City
Jacob Sharp	Castle Valley Special Service District
Heather Pattee	Division of Drinking Water
Jeanette Johnson	Johnson, Patterson and Yellowhorse
Tyler Timmons	Six County Association of Governments
Brittany Hardy	Department of Workforce Services

Nancy Leigh	Jones and DeMille Engineering
Brian Barton	Division of Water Quality
Skyler Davies	Governor's Office of Economic Opportunity
Amanda Goodell	Governor's Office of Economic Opportunity
Jim Grover	Department of Workforce Services
Kaylee Beck	Uintah Basin Association of Governments
Kevin Yack	Governor's Office of Economic Opportunity
James Dixon	Town of Brian Head
Shane Williamson	Housing and Community Development
Zach Leavitt	Town of Brian Head
Bret Howser	
Rachel	

WELCOME & INTRODUCTIONS

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, February 2, 2023 at 1385 South State, Room 157, Salt Lake City, Utah and was called to order at 9:00 a.m. by Acting Chairman Commissioner Bruce Adams.

Chairman Adams and the Board recognized Commissioner Tooter Ogden for his service on the CIB Board from 2017 through 2022 and presented him with a gift as this is his last meeting. Commissioner Ogden expressed appreciation to the Board and acknowledged the friendships he has made.

The applications for this trimester can be reviewed in two meetings. The Board selected March 2, 2023 and April 6, 2023 and if needed, a meeting can also be scheduled in May. The meetings will continue to commence at 9:00 am.

BRIEFING - ADMINISTRATIVE ITEMS

1. Up-coming Meeting Dates & Location – March 2, 2023; April 6, 2023.

2-3. Financial Review & Review of Agenda Items [0:09:12]

Candace Powers stated there are 11 priority projects on today's agenda and four applicants wish to discuss revisions; 4.4 Rocky Ridge LBA is requesting additional funding and 4.6 Vernal City, 4.9 Delta City and 4.11 Heber Valley Special Service District are requesting reconsideration of funding terms. The prioritized funding terms are within the funding tool parameters.

Loan funding for projects may be allocated from both the Mineral Lease Fund and the Bonus Fund wherein both funds have sufficient funding. The current standard interest rate established by the Board is 2.5%.

III. APPROVAL OF MINUTES [0:13:41]

Chairman Adams requested a motion to approve the minutes from the January 5, 2023 meeting.

Jerry Taylor made and Jack Lytle seconded a motion to approve the minutes of the January 5, 2023 meeting as presented. The motion carried unanimously.

IV. PRIORITY PROJECTS

4.1. Ephraim City – Road Safety Project – Ephraim Crossing Road (Sanpete County) [0:14:04]

Ephraim City's Road Safety Project was placed on the Priority List as a **\$440,000 loan for 15 years at 1.5% loan and a \$560,000 grant (total \$1,000,000)** road improvements to include the first phase of construction of the 5-lane asphalt Ephraim Crossing Road to include sidewalk, curb, gutter and utilities and will connect Highway 89 to the 400 West planned business/industrial park. The road is anticipated to become a major collector road in the city with a future signalized intersection on Highway 89 and will provide a truck route bypass around the city. CIB funding will match the Federal Community Project

funding of \$4,000,000.

Prioritized Funding: \$440,000 loan for 15 years at 1.5% loan and a \$560,000 grant (total \$1,000,000)

The applicant indicated the revenue will come from B&C Road revenue and general fund and possibly impact fees.

Bill Prater, bond counsel to the Board indicated that the maximum term for B&C road revenue can be for no longer than 10 years from the date of the issuance of the bond. General obligation or other sources, there must be a bond election. Sales tax revenues may be utilized if they are sufficient.

The Board suggested funding contingent on determining a verified revenue source prior to receiving a loan authorization letter and it was suggested Ephraim City contact bond counsel for assistance.

Ms. Hanson noted using B&C road revenue for new projects diminishes their availability for required maintenance.

The applicant referred to anticipated participation from the property owners.

The Board may approve funding for a longer term or increased amount wherein staff may, if necessary, decrease the term or reduce funding but staff cannot increase funding or terms. If the project is approved today, the applicant must verify a revenue source for the loan authorization letter.

Tooter Ogden made and Naghi Zeenati seconded a motion to fund this project as a \$440,000 loan for 15 years at 1.5% and a \$560,000 grant (total \$1,000,000) contingent on verifying the revenue source prior to loan authorization. The motion carried unanimously.

4.2 Ephraim City – Water System Improvements – Culinary Water Resiliency Project (Sanpete County) [0:24:40]

Ephraim City's Culinary Water Resiliency project was placed on the Priority List as a **\$278,000 loan for 30 years at 1.5% and a \$472,000 grant (total \$750,000)** for water system improvements to include replacing approximately 4.5 miles of 50-80-year-old culinary pipelines in Ephraim Canyon with approximately 23,600 linear feet of 12" diameter HDPE pipe and related appurtenances, permitting, inspection, testing and construction management. This pipeline is primarily located on Forest Service land and Ephraim City has existing easements in place. No additional easements are required for this project.

Prioritized Funding: \$278,000 loan for 30 years at 1.5% and a \$472,000 grant (total \$750,000)

Scott Bartholomew made and Tooter Ogden seconded a motion to fund this project as an \$278,000 loan for 30 years at 1.5% and a \$472,000 grant (total \$750,000). The motion carried unanimously.

4.3 Kane County Municipal Building Authority – Community Outreach Center Building (Kane County) [25:34]

Kane County Municipal Building Authority's Community Outreach Center Building was placed on the Priority List as a **\$2,493,000 loan for 30 years at 2.0% and a \$339,795 grant (total \$2,832,795)** for the construction of a 15,000 square foot community outreach building to include engineering, excavation and grading, interior framing, electrical, flooring and finishes, stucco and masonry exterior, parking lot pavement, **signage, refrigeration units**, plumbing and HVAC to house offices and storage for the Kane County Care and Share, the Kane County Drug Court, the Kane County Office of Tourism and Events and the Kane County Building and Grounds.

Prioritized Funding: \$2,493,000 loan for 30 years at 2.0% and a \$339,795 grant (total \$2,832,795)

Naghi Zeenati made and Jerry Taylor seconded a motion to fund this project as a \$2,493,000 loan for 30 years at 2.0% and a \$339,795 grant (total \$2,832,795). The motion carried unanimously.

4.4 Rocky Ridge Local Building Authority – New Town Hall Building (Juab County) [26:14]

Rocky Ridge Local Building Authority's new Town Hall Building was placed on the Priority List as a **\$1,019,000 loan for 30 years at 1.0% and a \$1,017,901 grant (total \$2,036,901)** for the construction of a new 6,000 square foot town hall and senior center building to include earthwork and retention ponds, septic tank and lines, culinary water and pressure irrigation, concrete foundation and footings, masonry, appropriate interior framing, finishes and woodwork, plumbing, council chamber pew, kitchen, bathroom and reception cabinets, flooring, paint, interior signage, exterior asphalt pavement, sidewalks, curb and gutter, lighting and landscaping.

Prioritized Funding: \$1,019,000 loan for 30 years at 1.0% and a \$1,017,901 grant (total \$2,036,901)

(The following numbers were verified after discussion.)

The applicant requested supplemental funding in the amount of **\$252,671** as bids were higher than anticipated. The increased amounts would be a **\$1,145,000 loan for 30 years at 1.0% and a \$1,144,572 grant (total \$2,289,572)**. The updated construction amount was discussed. There was a 12-month escalated cost increase for materials and labor.

The Board noted the request would be an increase of both grant and loan.

The applicant requested funding to accommodate a \$40,000 annual payment.

Additional funding would have to be all grant to maintain the \$40,000 payment. Policy is supplemental funding is allocated within the original terms. As stated, the CIB rates are low. (Subsequent clarity indicated the actual annual loan payment would be \$44,000).

The applicant indicated they could accommodate the increased annual payment.

Laura Hanson made and Greg Miles seconded a motion to fund this project and supplemental in the original terms as a \$1,145,000 loan for 30 years at 1.0% and a \$1,144,572 grant (total \$2,289,572). The motion carried unanimously.

(Note: The numbers verbalized in the meeting were incorrect; the numbers represented in the motion are the corrected amounts.)

4.5 Five County Association of Governments – Building Renovation (Washington County) [33:13]

Five County Association of Governments Building Renovation project was placed on the Priority List as a **\$739,566 grant** for the remodel/renovation of the interior of the existing Five County Association of Governments'-owned office building in the Tonaquint Center Business Park to include a new public restroom, a secure, enclosed receptionist room with customer window counter, three additional hallway corridor security doors with keypad control, sewer line to new lobby restroom, new carpet tiles throughout the building (where carpeting currently exists), framing "library" room to accommodate two additional enclosed office rooms and two flex office cubicle spaces, framing for three separate offices in the east end of the building, removal of existing wall to expand the server/phone/alarm system/security camera control data room, replacing all lighting with high-efficiency LED panels and the construction of a new 253 square foot building for storage of agency records, equipment, office supplies, in-home aging services client supplies, a redesign of existing stormwater drainage system to comply with city code and associated landscaping.

Prioritized Funding: \$739,566 grant

Tooter Ogden made and Naghi Zeenati seconded a motion to fund this project as a \$739,566 grant. The motion carried unanimously.

4.6 Vernal City – Waterline Replacement Phase 1 (Uintah County) [33:55]

Vernal City's Waterline Replacement Phase 1 project was placed on the Priority List as a **\$2,087,000 loan for 30 years at 1.5% and a \$2,881,000 grant (total \$4,968,000)** for Phase I water system improvements in Vernal City to replace asbestos cement pipe which includes 12,125 linear feet of 8-inch PVC, 126 ea. ¾ inch water service connections, 17 ea. 1-inch water service connections, 8 ea. 2-inch water service connections, replacing 26 fire hydrants, tie-ins, asphalt restoration and associated appurtenances.

Prioritized Funding: \$2,087,000 loan for 30 years at 1.5% and a \$2,881,000 grant (total \$4,968,000)
Vernal City has requested reconsideration of the terms.

The applicant noted a revised DDW review which indicates the Vernal City actual MAGI is 1.86%. Rates have been increased a few times in 6 years. The applicant asked that the Board authorize funding as originally requested; a \$1,968,000 loan for 30 years at 0.5% and a \$3,000,000 grant.

Dean Baker made a motion to fund this as a \$1,968,000 loan for 30 years at 0.5% and a \$3,000,000 grant.

The Board noted that the CIB interest rate is very low even at 2.0% and a substitute motion was made.

Scott Bartholomew made and Laura Hanson seconded a substitute motion to fund this project as a \$2,087,000 loan for 30 years at 1.5% and a \$2,881,000 grant (total \$4,968,000).

Mr. Slaugh noted Mayor Baker's reference to mineral producing counties receiving more favorable rates and asked if more favorable rates are accommodated in the funding tool; how was it weighted as he understood the tool does account for mineral production.

Mineral production is a significant consideration in the funding tool which weights location as well. The Board has not established an interest rate for areas other than in the funding tool.

Mr. Slaugh stated the current interest rates for the State of Utah with a triple AAA bond rating for a 30-year term would be 3.23%. (Counties and Cities would not receive the same rates.) A 1.5% interest rate is substantially subsidized and is a very favorable rate. The Board is tasked with providing funding with very favorable terms and that is what the Board does.

Mayor Baker thought the Board discussed raising the interest rate ceiling from 2.5% to 3.5%.

Mr. Zeenati remembered the Board considered a rate increase prior to COVID which was not implemented.

The Chairman called the question on the substitute motion.

Scott Bartholomew made and Laura Hanson seconded a substitute motion to fund this project as a \$2,087,000 loan for 30 years at 1.5% and a \$2,881,000 grant (total \$4,968,000). The motion carried with Kirt Slaugh, Laura Hanson, Scott Bartholomew, Jerry Taylor, Tooter Ogden, Bruce Adams and Naghi Zeenati in favor and Jack Lytle, Dean Baker and Greg Miles opposed.

Mayor Baker requested a discussion of raising the benchmark interest rate to 3.5%

4.7 Price City – Culinary Water System Planning (Carbon County)

Price City’s Culinary Water System Planning project was placed on the Priority List as a **\$140,000 grant** for the analysis of the water system beginning commencing in 2023 to determine major upgrades and will include review of 12 miles of 90-year old transmission lines from Colton Wells to the water treatment plant, mapping existing utilities, field locating, visual inspection, cleaning and leak detection surveys and wall thickness testing; water treatment plant review and plan to update and address emerging contaminants, identify aging equipment for replacement, develop/refine asset management database, preliminary assessment of environmental issues, water rights, capacity development and consultation with DDW’s treatment specialists. Anticipated completion in the spring of 2024.

Prioritized Funding: \$140,000 grant

Naghi Zeenati made and Tooter Ogden seconded a motion to fund this project as a \$739,566 grant. The motion carried unanimously.

4.8 Castle Valley Special Service District – 2023 Consolidated Capital Project (Emery County)

Castle Valley Special Service District’s 2023 Consolidated Capital Project was placed on the Priority List as a **\$1,391,000 loan for 6 years at 1.5% and a \$1,184,000 grant (total \$2,575,000)** for the capital projects to include street improvements in Elmo, Cleveland, Huntington, Castle Dale, Clawson and Ferron; drainage improvements in Cleveland, Huntington, Castle Dale, Clawson and Emery; water system improvements in Elmo, Castle Dale, Orangeville and Ferron.

Prioritized Funding: \$1,391,000 loan for 6 years at 1.5% and a \$1,184,000 grant (total \$2,575,000)

Tooter Ogden made and Jerry Taylor seconded a motion to fund this project as a \$1,391,000 loan for 6 years at 1.5% and a \$1,184,000 grant (total \$2,575,000). The motion carried unanimously.

4.9 Delta City – Wastewater Improvements 2022 (Millard County) [48:55]

Delta City’s Wastewater Improvements 2022 project was placed on the Priority List as a **\$4,950,000 loan for 30 years at 1.5% and a \$2,437,000 grant (total \$7,387,000)** for sewer improvements to include upgrading Lift Station C by replacing the primary wet well, installing a backup wet well, installing a 7.5 HP duplex primary pump and 7.5 HP backup simplex pump, instrumentation and controls, lift station piping & valves, new backup generator with enclosure and a new force main under Hwy 6; new force main from station B to lagoons to include 8400 linear feet of 12 inch pipe, pipe bedding, four 2 inch air valve assemblies and four 12 inch plug valves; open trench pipe replacement to include 7200 linear feet of 8 inch pipe and fittings, 1800 linear feet of 10 inch pipe and fittings, 9000 linear feet of pipe bedding, 5600 linear feet of 4 inch lateral sewer pipe to property line, 112 cleanout, 34 manholes, sawcut/roto mill existing pavement and HMA surfacing; fold and form pipe replacement to include 10800 linear feet of 8 inch, 2700 linear feet of 10 inch, 1000 linear feet of 12 inch, 600 linear feet of 15 inch pipe installation, 168 service and lateral connections, spot repair and pavement repair.

Prioritized Funding: \$4,950,000 loan for 30 years at 1.5% and a \$2,437,000 grant (total \$7,387,000)

The applicant requested consideration of a 50/50 loan grant mix or a lower interest rate on the loan. The project is being done in phases and the project will require additional funding. [] They have spoken with some of the CIB Board for support.

The prioritized funding was the minimum recommendation of the funding tool.

The Board noted that to change the award 50/50 would be outside the funding tool recommendation and would require an exemption.

Dean Baker made and Jack Lytle seconded a motion to fund this project as a \$4,950,000 loan for 30 years at 1.5% and a \$2,437,000 grant (total \$7,387,000). The motion carried unanimously.

4.10 Town of Brian Head – Water System – Snowshoe & Toboggan Fire Protection Water Line (Iron County)

The Town of Brian Head's Snowshoe and Toboggan Fire Protection Water Line project was placed on the Priority List as a **\$260,000 loan for 30 years at 2.5% and a \$95,000 grant (total \$355,000)** for installing 3,030 linear feet of 8-inch ductile iron distribution line, 13 new fire hydrants, one pressure reducing station and one air vac station, 19 new 8-inch valves, four 22.5 ductile iron angle fittings, five ductile iron tees, one 8-inch ductile iron cap along Snowshoe Drive and Toboggan Lane in the Ski Haven Chalets subdivision which was annexed without water infrastructure. This project will accommodate fire protection and add redundancy to the Cedar Breaks Mountain Estates subdivision. \$509,000 ARPA Grant through Division of Drinking Water.

Prioritized Funding: \$260,000 loan for 30 years at 2.5% and a \$95,000 grant (total \$355,000).

Scott Bartholomew made and Jerry Taylor seconded a motion to fund this project as a \$260,000 loan for 30 years at 2.5% and a \$95,000 grant (total \$355,000). The motion carried unanimously.

4.11 Heber Valley Special Service District – Wastewater Treatment Facility Upgrade Phase 1 (Wasatch County) [53:20]

Heber Valley Special Service District's Wastewater Treatment Facility Upgrade Phase 1 was placed on the Priority List as a **\$12,909,000 loan for 30 years at 2.5%** for wastewater improvements to include a mechanical plant aeration upgrade with an additional aeration basin and solid waste system in the treatment lagoons, rebuilding the 1981 midway pump station and building a new pump station at the existing site, a new 1600 square foot laboratory building, a new 7,440 square foot farm shop & storage building and a new back-up generator. The HVSSD Treatment Facility is located at 1000 East Main Street in Midway Utah on the west bank of the Provo River.

Prioritized Funding: \$12,909,000 loan for 30 years at 2.5%

The applicant is requesting a lower interest rate. They have never incurred debt in the District noting this is a phased project; any interest saved can be utilized into the next phase and this project can be paid in full in 20 years.

Mr. Anderson, financial advisor to Heber Valley SSD acknowledged funding from CIB is subsidized noting this is the third project funded in the Heber Valley area. He stated the truck traffic from the Basin through Heber as an impact of mineral development. A 20-year loan at 2.0% with a shorter term will return revenue back to CIB more quickly. The median range of the funding tool even suggests some grant funding.

The Board asked where the treatment plant was located; the treatment plant services the whole valley and the facilities are on the border of Midway.

Staff can reduce the years and/or reduce the dollar amount of an award cannot reduce the interest rate established by the Board.

The Board requested a review of the funding tool in regard to a 20-year term and 2.0% interest rate including the return to CIB wherein it was not equivalent. A loan can be paid off more quickly than 30 years. *A lower interest rate would require an exemption.* In regard to the State of Utah interest rate, a 30-year term is 3.3% and a 20-year term is 2.92%.

Commissioner Miles expressed his appreciation for Wasatch County; Duchesne and Wasatch are

partners and neighbors but questioned the major impacts noting they receive funding from UDOT for highway maintenance and the use of restrooms by truck drivers is not a major impact to the district. There are many entities that would appreciate being out of debt, wherein others seek to simply afford another loan because of all the other debt they bear. The CIB interest rate is better than market rate.

Jack Lytle made and Greg Miles seconded a motion to fund this project as a \$12,909,000 loan for 30 years at 2.5%. The motion carried unanimously.

- 5. Large Infrastructure Projects** **N/A**

- 6. Pending Projects** **N/A**

- 7. Supplemental Requests** **N/A**

- 8. Special Consideration** **N/A**

- 9. Board Member Discussion and/or Action Items**

9.1 CIB Board Meetings – March 2, 2023 and April 6, 2023.

A discussion of CIB interest rates will be scheduled for the March 2, 2023 CIB Meeting.

Commissioner Ralph Brown was introduced as the Sevier County representative once he is confirmed.

ADJOURNMENT [1:07:17]

The next meeting of the Permanent Community Impact Board will be March 2, 2023 in Salt Lake City, Utah.

The meeting adjourned at 10:11 am.

Submitted by:
Candace Powers