

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

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

MINUTES

April 4, 2024

Members Present

Jerry Taylor
Kirt Slaugh
Bruce Adams
Dean Baker
Jack Lytle
Greg Miles
Ralph Brown
Laura Hanson
Naghi Zeenati
Scott Bartholomew
Curtis Wells

Five County Association of Governments – Acting Chairman
State Treasurer
Southeastern Utah Association of Local Governments
Uintah County
Uintah Basin Association of Governments
Duchesne County
Sevier County
Governor’s Office of Planning and Budget
State Transportation Commission
Six County Association of Governments
Chairman

Staff and Visitors

Candace Powers
Heather Poulsen
Paul Moberly
Jennifer Domenici
Christina Oliver
Christopher Pieper
Brittany Hardy
Kaylee Beck
Rebecca Banner
Sarah Nielson
April Gardner
Bart Jensen
Brittany Alfau
Kevin Yack
Skyler Davies
Tyler Timmons
Scott Sabey
Devan Gass
Bill Cox
Debi Carty
Clayton Holt
Kelly Chappell
Barbara Bruno
Rick Wixom
Michael Mowes
Mekeisia Westwood
Lynn Sitterud
Greg Todd
Kevin Yack
Daniel Hawley
Mark Anderson
Jimmy Johnson
Harry Hansen
Dustyn Shaffer

Housing and Community Development
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Housing and Community Development
Attorney General’s Office
Department of Workforce Services
Department of Workforce Services
Department of Workforce Services
Department of Workforce Services – PIO
Department of Workforce Services
Jones & DeMille | Woodruff
Bear River Association of Governments
Uintah Basin Association of Governments
Division of Water Quality
Six County Association of Governments (R6)
Town of Woodruff
Town of Circleville
Rich County
Department of Natural Resources/Office of Energy Development
San Juan Health Special Service District
Ensign Engineering
Town of Springdale
Town of Springdale
Housing and Community Development
Town of Circleville
Emery County
Governor’s Office of Energy Development
Uintah Basin Association of Governments
Jones and DeMille Engineering
Zions Public Finance
San Juan Health Special Service District
San Rafael Research Center
Sunrise Engineering

Nate Zilles
Rob Totten
Farley Crofts
Skyler Davies
Keith Heaton
Bill Davis
Brock Jackson
iPhone4359794111
Stan Holmes

Uintah Basin Association of Governments
Town of Springdale
San Juan Health Special Service District
Division of Water Quality (DWQ)
Seven County Infrastructure Coalition
Bullion Creek Irrigation Company
Six County Association of Governments (R6)

Utah Citizens Advocating Renewable Energy (UCARE)

WELCOME & INTRODUCTIONS

The Permanent Community Impact Fund Board (CIB) Meeting was held virtually on Thursday, April 4, 2024 with an anchor location at 1385 South State Street, SLC, Utah. Chairman Curtis Wells requested that the alternate chairman for this meeting be Commissioner Jerry Taylor. The meeting was called to order at 9:01 a.m. by Acting Chairman Taylor. *Introductions [1:00]*

BRIEFING - ADMINISTRATIVE ITEMS [0:04:39]

- 1. Up-coming Meeting Dates & Location – No May Meeting; June 6-7, 2024 Funding & Policy Sessions.**
- 2. Financial Review & Review of Agenda Items** [0:04:56]

There are 2 new projects, 1 pending project, 1 supplemental request and 1 special consideration on today's agenda. Available revenue as of today is sufficient for those projects presented. An approximate forecast of revenue was discussed noting there will be small balance remaining for the first Trimester of FY2025.

Kirt Slaugh appreciated the existing revenue and discussed the trimester delay which would facilitate knowing the balance of available funding. The Board would consider the remaining revenue balance of the previous trimester for new applications. This would allow the Board to know the amount of revenue to allocate and asked if this would be the right trimester to implement that scenario. Example: Revenue through February would be available for applications submitted in February. Revenue through June would be available for applications submitted in June; funded in October and so on. This would provide more clarity on the revenue being allocated. [10:20:3]

Commissioner Lytle asked for clarification as to what Mr. Slaugh was proposing.

It was reiterated that the 2 new projects, 1 pending project, 1 supplemental request and 1 special consideration on today's agenda are what the Board would consider regarding the available revenue as of today. It was noted that if the Board was only going to consider today's balance for the next trimester, it would not go very far.

Mr. Slaugh noted the projects currently listed are the only projects considered at the June funding meeting. The applications received at the June deadline would be the new trimester. He stated that by the July meeting, the Board should know how much revenue is received through June 30 and that would be the 'line in the sand' as to what would be allocated for those applications received at the June application deadline. He considered that the best way to get on a schedule wherein the Board would know exactly how much revenue there is to allocate and make the right decisions. Given the few applications this trimester, this would be a good time to make that process change.

Commissioner Lytle clarified how many applications would be considered June.

It was noted that new projects and priority projects have been considered in the unallocated balance. March, April, May revenue would be clarified at the June meeting; perhaps June revenue.

Mayor Baker concurred with the concept of allocating the amount noted as available in June for consideration of the June applications to be funded in October; use the revenue through June for the October funding.

Ms. Hanson also concurred with knowing the available revenue; taking one trimester off, knowing what the

actual revenue is.

Mr. Slauch noted that the Board 'mostly' took this trimester off considering the few applications being considered in comparison with last trimester. This represents a good opportunity to get on that schedule without having to literally take a trimester off.

Commissioner Lytle asked if the interest on the balance is allocated to the fund.

It was noted that the interest accrued is kept in the fund with a reminder that the Board can also set aside funds into the Infrastructure Set Aside Fund which has been recently utilized for projects.

III. APPROVAL OF MINUTES [20:49]

Chairman Taylor called for a motion to approve the minutes from the February 1, 2024 meeting.

Commissioner Miles noted grammatical changes.

Greg Miles made and Naghi Zeenati seconded a motion to approve the minutes of the January 4, 2024 meeting with noted corrections. The motion carried unanimously.

4. NEW PROJECTS [22:30]

4.1 Town of Woodruff – Road Improvements (Rich County) [22:50]

The Town of Woodruff presented a funding assistance request for \$564,392 (a \$264,392 Grant, \$300,000 Loan 10 Yr. @ 2.0%) the town road improvements to include road improvements to the main roads within the Woodruff Town limits including approximately 835 linear feet (2200 SY) of road reconstruction to include removal of remaining existing asphalt and treating the existing base with cement for a "cement treated base", installing a 2.5" layer of HMA, approximately 10,500 linear feet (26,900 SY) of pavement restoration to include patching potholes and a 2" overlay and approximately 4,000 linear feet (10,270 SY) of preventative pavement treatment as a chip seal coat. (Applicant Cash \$125,000)

**Proposed funding tool loan/grant scenario:*

MIN \$373,000 Loan, 10y @ 1.0% | \$191,392 Grant
MED \$429,000 Loan, 10y @ 2.5% | \$135,392 Grant
MAX \$486,000 Loan, 10y @ 3.5% | \$78,392 Grant

Commissioner Bill Cox spoke for the applicant. Woodruff does not have any debt and has been saving their class C road funds. They are somewhat behind on doing chip seal and crack seal and reconstruction. This is their first loan/grant. It was suggested the funding scenario grant/loan be switched; a \$300,392 grant and a \$264,000 loan which would allow the loan to be paid off sooner. This will not get all the roads done, but it will complete some blocks as identified with the greatest need.

Commissioner Adams suggested the applicant keep the cash with CIB authorizing a \$389,392 grant and a \$300,000 loan for 30 years @ 1.0%.

Mr. Slauch stated it is outside the funding tool range and would require an exemption.

Commissioner Adams indicated it would be 'special consideration' noting they are a small community with little income.

Mr. Zeenati asked if the community has a road maintenance plan and what is the annual budget for road maintenance; which roads are county roads and which are city roads?

The applicant requested a switch of the grant and loan request (a \$300,392 Grant, \$264,000 Loan 10 Yr. @ 2.0%). If the funding request can be reversed, Woodruff will be able to get on a maintenance plan sooner. This project is only for city roads and the project will be contracted out. There is a road project that the County may be doing and Woodruff would like to combine the two projects for economy.

Commissioner Miles noted the engineers suggested they crack seal a third of the Woodruff roads each year. Is that to get caught up on maintenance and after three years follow up with the maintenance plan?

The applicant indicated the Woodruff road assessment was done 2 years ago; the intent would be to crack seal every year and get caught up.

Commissioner Miles noted the Board views maintenance projects as something that should be funded by the entity. The CIB funds should be allocated to construction project.

Mayor Baker acknowledged the difficulty in maintaining roads, and suggested the funding be allocated in the current funding tool minimum range; \$373,000 loan for 10 years @ 1.0% and \$191,392 grant.

Commissioner Lytle referred to the motion on the table by Bruce Adams [*\$490,000 grant (applicant keeps their cash) and a \$300,000 loan for 30 years @ 1.0%*] and asked if there was a second.

Commissioner Bartholomew seconded that motion but asked if they do a third of their roads each year as well as using B&C revenue to pay off loans how would that work?

The applicant stated this project would improve all the roads on the plan with a chip and seal instead of doing a third each year.

Bruce Adams made and Scott Bartholomew seconded a motion to place this project on the Priority List for possible funding at the June 6, 2024 CIB Funding Meeting as a \$490,000 grant and a \$300,000 loan 10 Yr. @ 2.0% as requested citing special consideration.

Dean Baker made and Kirt Slaugh seconded a substitute motion to place this project on the Priority List for possible funding at the June 6, 2024 CIB Funding Meeting as a \$373,000 loan for 10y @ 1.0% and a \$191,392 Grant (total 564,392).

Ms. Hanson approved of the substitute motion and asked the community to prioritize for their most urgent needs.

Commissioner Adams stated that his motion was to give the applicant a little extra money instead of seeing what they can do with a lesser amount and they don't have to come back to CIB in the future.

Mr. Slaugh noted that Rich County is not big mineral producing county and the substitute motion would leave more available to producing counties and other small communities in producing counties.

The Chairman called the question on the substitute motion.

Dean Baker made and Kirt Slaugh seconded a substitute motion to place this project on the Priority List for possible funding at the June 6, 2024 CIB Funding Meeting as a \$373,000 loan for 10y @ 1.0% and a \$191,392 Grant (total 564,392). The motion carried with Kirt Slaugh, Laura Hanson, Scott Bartholomew, Dean Baker, Greg Miles and Ralph Brown in favor and Jack Lytle, Jerry Taylor, Bruce Adams and Naghi Zeenati opposed.

4.2. Town of Circleville (Piute County) [46:22]

The Town of Circleville presented a funding assistance request for \$2,600,000 (a \$2,500,000 Grant, \$100,000 Loan 10 Yr. @ 0.0%) for road improvements. This project consists of crack seal and chip seal 9.5 miles of paved streets in Circleville utilizing 1,081,600 square feet of crack seal and chip seal materials, paving 1040 East from Highway 89 to 470 South with 3457 cubic yards of 8-inch basecourse and 2,844 tons of 3.5-inch hot mix asphalt (HMA), 11,111 cubic yards of granular barrow, applying 2,600 tons of 2-inch HMA, grading borrow ditches for drainage improvements, stabilizing road shoulders, engineering, and bonding.

**Proposed funding tool loan/grant scenario:*

MIN \$1,482,000 Loan, 10y @ 0.0% | \$1,118,000 Grant

MED \$1,742,000 Loan, 10y @ 1.5% | \$858,000 Grant
MAX \$2,002,000 Loan, 10y @ 3.0% | \$598,000 Grant

The applicant stated the project has changed slightly due to concerns noted in the public hearing. They would like to pave an unpaved road to be utilized by heavy truck traffic rather than through the town. They have limited B&C road funds and have been saving those funds to do the project but are not sufficient so they are seeking additional funds from CIB. The road to be improved is 1040 East which will route traffic away from the residential areas noting 930 South was the original street which would have included a bridge. In the public hearing it was proposed to pave Sandy Lane which is 1040 East as the truck route and a bridge is not included in that route.

Mr. Zeenati asked about the road maintenance plan and annual budget for road maintenance.

The applicant noted have saved 3-4 years of B&C revenue to do what they could; not do as a maintenance plan every year and this project is to crack seal and chip seal some streets.

Mr. Zeenati spoke as the UDOT Chairman stating that good roads need to be maintained every 7-10 years and need a solid road base.

Ralph Brown made and Bruce Adams seconded a motion to place this project on the Priority List for possible funding at the June 6, 2024 CIB Funding Meeting as a \$2,500,000 grant and a \$100,000 loan for 10 years at 0.0% (total \$2,600,000).

Commissioner Lytle asked if the roads are town roads or county roads and how the truck traffic would be routed to the designated road.

The applicant stated that all proposed roads are within the town limits and there would be signage to direct the traffic and the truck drivers will also be notified.

Dean Baker made and Greg Miles seconded a substitute motion to place this project on the Priority List for possible funding at the June 6, 2024 CIB Funding Meeting as a \$1,482,000 loan for 10 years at 0.0% and a \$1,118,000 grant (total \$2,600,000).

Ms. Hanson requested a statement from the community as to their ability to accommodate the minimum recommended by the funding tool. It is preferred that the Board stay within the funding tool recommendations.

Stacy Gaff, Circleville Town board member addressed the board to note the need for this project and stated that Circleville could not accommodate that much loan.

Mr. Zeenati asked if the heavy trucks are they from the same company or several different companies and are they participating in the road maintenance.

Ms. Gaff clarified that the truck traffic comes from the dairy farm, pig and turkey operations; feed coming in and milk going out. Most of the industry is on the south part of the town where the proposed road improvements will occur and the industries in Circleville have been great participants in the past to get the roads as accessible as possible.

The Chairman called the question on the substitute motion.

Dean Baker made and Greg Miles seconded a substitute motion to place this project on the Priority List for possible funding at the June 6, 2024 CIB Funding Meeting as a \$1,482,000 loan for 10 years at 0.0% and a \$1,118,000 grant (total \$2,600,000). The motion failed with Dean Baker and Greg Miles in favor and Kirt Slaugh, Laura Hanson, Scott Bartholomew, Jack Lytle, Jerry Taylor, Ralph Brown, Bruce Adams and Naghi Zeenati opposed.

Mr. Slauch referred to the original request; a \$2,500,000 grant and a \$100,000 loan for 10 years at 0.0% and questioned the expenses involved in a \$100,000 loan.

Kirt Slauch made and Bruce Adams seconded a second substitute motion to place this project on the Priority List for possible funding at the June 6, 2024 CIB Funding Meeting as a \$2,600,000 grant citing a financial hardship exemption.

Commissioner Lytle indicated there should be 'skin in the game' from the applicant and he would support the original motion.

Commissioner Adams asked how much they received in B&C road funds.

The applicant indicated they receive a range of between \$64,061 in 2019 to \$78,421 in 2023 in annual B&C revenue.

The Chairman called the question on the second substitute motion

Kirt Slauch made and Bruce Adams seconded a second substitute motion to place this project on the Priority List for possible funding at the June 6, 2024 CIB Funding Meeting as a \$2,600,000 grant citing a financial hardship exemption. The motion carried with Kirt Slauch, Scott Bartholomew, Jerry Taylor, Ralph Brown, Bruce Adams and Curtis Wells in favor and Laura Hanson, Jack Lytle, Dean Baker, Greg Miles and Naghi Zeenati opposed.

5. Large Infrastructure Projects N/A

6. Pending Projects

6.1. San Juan Health Service District LBA (San Juan County) [1:11:00]

On November 2, 2023, the Permanent Community Impact Fund Board had its first review of the San Juan Health Service District Local Building Authority for a funding assistance request for a \$27,361,000 loan for 30 years at 0.5% and a \$6,841,000 grant (total \$34,202,000) for a San Juan Hospital in Monticello. The original scope of work consisted of the construction of a new 41,090 square foot hospital in Monticello to include site clearing, excavation, utility relocation, concrete footings and foundation, brick exterior, structural steel roof, roof deck and ladder, interior carpentry and millwork for built in nurse station, base cabinet, island vanity, dining counter, desk, roofing, insulation, entrance canopy, north canopy, dock canopy, restrooms and appurtenances, kitchen and appurtenances, fire protection appurtenances, plumbing, HVAC, electrical, asphalt paving, striping, loop road, curb, gutter, sidewalk, enclosure wall and gate, Central Plant Building, landscaping and signage, utilities and drainage, permitting and bonding. Applicant Cash \$2,000,000.

At the November 2, 2023 CIB Meeting, the project was placed on the pending list:

Scott Bartholomew made and Ralph Brown seconded a motion to place this project on the Pending List. The motion carried unanimously.

San Juan Health Service District requested time on the April 4, 2024 CIB Meeting to discuss a revised funding assistance request. The District solicited and received state funding to construct the hospital.

The revised request is for a \$5,012,000 loan for 15 years @ 0.5%. The reduced request consists of purchasing an MRI with Bayer Medrad Injector, X-Ray machinery with Bucky wall stand, mobile detector & smart ortho, a CT scanner, 1600A w/ (2) 400KW backup service and distribution equipment, preconstruction planning and design.

**Proposed funding tool loan/grant scenario:*

MIN \$2,907,000 Loan, 30y @ 0.0% | \$2,105,000 Grant

MED \$3,409,000 Loan, 30y @ 2.0% | \$1,603,000 Grant

MAX \$3,910,000 Loan, 30y @ 3.5% | \$1,102,000 Grant

The applicant acknowledged the original request to CIB for hospital funding was significant. They have received an appropriation which will fund most of the construction of the hospital so the request to CIB is to

assist with specific design for this equipment and equipment.

Commissioner Lytle suggested a motion to approve as requested allowing a discussion. He thanked San Juan for their efforts to get other funding.

Jack Lytle made and Scott Bartholomew seconded a motion to fund this project as a \$5,012,000 loan for 15 years at 0.5%.

The applicant noted the monumental effort by the District, Commissioner Adams and the Rural County Commissioners. They are doing every possible thing they can to make this project come together carefully and thoughtfully.

Mr. Zeenati asked when the appropriation and local contributions would be available?

The applicant indicated the state funding required a change in the statute allowing the allocation to the special services district which will be effective May 1, 2024. They are using applicant cash of up to \$5 million to proceed.

The applicant indicated the bill was SB162 which authorizes the Governor's Office of Economic Opportunity to award a grant or loan to a rural health care special district.

Ms. Oliver noted bills take effect as of the May 1, 2024 but funding isn't available until the next fiscal year which is July 1, 2024.

The applicant indicated there are 2 components; funding currently available from the current fiscal year (FY2024) and the next fiscal year (FY2025). This will come together on July 1, 2024.

Mr. Zeenati asked if the equipment is available if this funding is approved. He noted most medical equipment will be obsolete within 10 to 15 years.

The applicant indicated there has been a lot of effort to ensure that the equipment is available but lead times may be a year to 18 months. They will coordinate with the building design as there are specific design parameters for the equipment which will be part of the planning and design. He acknowledged the useful life of this equipment is about 15 years if it is new.

Mr. Zeenati asked if they needed funding authorized at this meeting to get the equipment ordered and delivered.

It was noted the protocol of the Board is that projects coming off the pending list can be funded at the current meeting.

Mr. Slauch stated hospitals generate significant revenue wherein those revenues would be expected to fund the facilities. They also receive Medicare and Medicaid etc. and this project has been given a \$30 and questioned the \$5 million request to CIB for equipment. They could get market financing for those items stating CIB loans are highly subsidized relative to the market.

Commissioner Adams suggested road departments and water departments are businesses and they come to CIB.

Mr. Slauch noted road and water are public infrastructure and different than a hospital. CIB can't fund every rural hospital across the State so it is difficult to justify funding certain facilities over others.

Commissioner Adams referred to the statutory purpose of the CIB is to fund projects in counties that are producing counties and expressed confusion with Mr. Slauch's definition of a business. This is funding for a critical need in a county to mitigate what's going on in the county because of extraction.

Mr. Slauch stated that hospitals generate income from insurance, Medicare etc.; there's a funding structure in place to fund medical care unlike sewer and water that depend on local revenues. A \$30-million-dollar head start should be sufficient to overcome the disadvantages of being a rural hospital. His concern is that a lot of this money will go to a private interest.

Commissioner Adams stated it is a wrong assumption that funding would be funneled to individual providers as the request is for a loan.

Mr. Slauch stated that a CIB loan is a highly subsidized loan; much below market rates.

Commissioner Adams stated that CIB was not set up to act like a bank; CIB is to mitigate the impacts.

Mr. Slauch agreed.

Mr. Zeenati indicated that the Board just allocated \$2.6 million to a community does not produce. He stated San Juan is a producing county and is seeking help the citizens of the county and expressed appreciation for their effort to get other funding and supports the project in this county with 97% federal land.

Commissioner Miles asked the applicant about their long-term debt.

The applicant indicated it is approximately \$5.5 million before this project.

Commissioner Miles referred to the previous award as a \$2.6 million grant to a non-producing county compared to this loan which will return revenue. He made a substitute motion to fund this as all loan and 2% interest; still below market.

Greg Miles made and Laura Hanson seconded a motion to fund this project as a \$5,012,000 loan for 15 years at 2.0%.

Commissioner Brown stated that at the Sevier County Convention, Governor Cox came by his booth and this project came up and the Governor indicated his support for this project. This project needs to get the design and equipment secured and supports the project.

The Chairman called the question on the substitute motion.

Greg Miles made and Laura Hanson seconded a motion to fund this project as a \$5,012,000 loan for 15 years at 2.0%. The motion failed with Kirt Slauch, Laura Hanson, Scott Bartholomew, Dean Baker and Greg Miles in favor and Curtis Wells, Jack Lytle, Jerry Taylor, Ralph Brown, Bruce Adams and Naghi Zeenati opposed.

The Chairman called the question on the original motion.

Jack Lytle made and Scott Bartholomew seconded a motion to fund this project as a \$5,012,000 loan for 15 years at 0.5%. The motion passed with Laura Hanson, Scott Bartholomew, Jack Lytle, Dean Baker, Jerry Taylor, Ralph Brown, Bruce Adams and Naghi Zeenati in favor and Kirt Slauch and Greg Miles opposed.

Commissioner Miles expressed his support for the project but there needs to be a return of revenue to the CIB. The entities that can pay should and those that the Board determines can't pay shouldn't. The Board ought to get more revenue rolling back into the CIB which is why he voted nay.

Break [1:36:29]

[After the break, Mr. Zeenati explained his medical reference earlier. He indicated that before coming to United

States in 1977 from Iran which was just before the revolution he was in the medical school to become a heart surgeon. The Revolution happened and he came to the country United States. There was no relationship with Iran and the United States did not honor any of his credits so he would have to start over. He chose instead to go into structural engineering as there was a greater need for civil engineering than doctors at the time. He expressed his concern for small communities that so desperately need funding and he is passionate about them.

-Commissioner Bartholomew noted his two sons spent a year in Iran and thanked Mr. Zeenati.

-Commissioner Taylor expressed his appreciation for Mr. Zeenati's service on the Board.

-Mr. Zeenati thanked the Board and expressed his love of them and his enjoyment in serving with them.

-Commissioner Taylor indicated his opinion that the CIB Board is a great Board and though the Board can agree to disagree, in the end they are all looking out for rural Utah.

-Commissioner Miles stated he is glad Mr. Zeenati did not take the heart surgeon role as the role he has played is an important role at UDOT.]

7. Supplemental Requests N/A

7.1. Town of Springdale (Washington County) [1:38:47]

The Town of Springdale presented a supplemental funding assistance request for a \$1,100,000 loan for 30 years @ 2.0% for sewer improvements. *(Funded 10-06-2022 - \$3,616,000 loan for 30 years @ 2.0%)*

This project consists of the design, engineering and construction of a new filtration building, sand filtration unit, new filter, relocation of solar panels, 50 linear feet of 8 inch pressurized sewer pipe, 30 linear feet of 8 inch sewer pipe, dewatering unit system, 300 linear feet of 2 inch PVC pipe, new chemical system, electrical improvements, fence relocation, backup generator removal and disposal of existing headworks, concrete basin for screen, powered screen, miscellaneous connections and piping, 50 linear feet of 18 inch PVC sewer pipe, structure for electrical panel and screen pump, bypass pumping, replacement of transfer structure, drill and equip new well, 2500 linear feet of 2 inch PVC C900 pipe and armoring the river bank.

This project was funded in October of 2022 as a \$3,600,016 loan for 30 years at 2%. The design was completed and the project was sent out to bid wherein the bids are higher than estimated. The supplemental request is for a loan 1,100,000 for 30 years at 2%. Total funding will be \$4,716,000 for 30 years @ 2.0%.

Ms. Hanson indicated the original request was a loan and the supplemental request is a loan.

Scott Bartholomew made and Bruce Adams seconded a motion to approve the supplemental funding as a \$1,100,000 loan for 30 years @ 0.5%.

Mr. Zeenati stated that Springdale is in Washington County which is not a producing county. Historically supplemental requests are authorized in the same terms as the original approved funding. He referred to the review sheet which shows the minimum, median and maximum for this request which is confusing.

It was noted that the review sheet is a template for all funding requests through the tool and shows normal funding scenarios.

Mr. Zeenati requested that the tool be fixed to not provide the usual minimum, median, maximum on supplemental requests to avoid confusion.

Commissioner Miles stated he would like to see a sign placed on the project indicating that this is funded by oil, gas, and coal extraction; environmental groups who frequent the town will know that these funds have come from this disparaged revenue source.

Several Board members concurred and it was suggested there be a sign on every project funded by CIB for citizens to know where this project funding is coming from.

Mr. Zeenati stated UDOT used to have signage on road projects that said; "Your tax dollars at work" so CIB should be able to indicate where the revenue comes from.

Commissioner Lytle suggested signage be included in the motion and Commissioner Bartholomew indicated he would amend his motion.

Commissioner Taylor suggested a discussion of signage could be on the next agenda; to have every project place a sign.

Commissioner Adams stated the Board would have to add an extra \$500 in the funding to accommodate a sign and Ms. Hanson also asked who pays for the sign; does that get included in the funding.

Commissioner Taylor suggested the funded entity should pay for that sign; without CIB and mineral extraction this funding would not exist.

Ms. Oliver thanked the Board and suggested that draft copies may be distributed to the board having worked through the public information officer to ensure that this possibility goes through the process correctly. The Board may decide how signage will be funded and approve design wherein a sign may be placed on the property.

The Board concurred with pursuing signage at the June Policy Sessions. The signage requirement would be a policy decision by the Board.

The Chairman called the question. [1:46:00]

Scott Bartholomew made and Bruce Adams seconded a motion to approve the supplemental funding as a \$1,100,000 loan for 30 years @ 0.5%. The motion carried unanimously.

The Town of Springdale expressed their appreciation for the funding assistance.

8. Request for Special Consideration – (Requires a vote of the Board to Consider) [1:48:15]

There is one request for Special Consideration:

Emery County Local Building Authority requested time on the April 4, 2024 CIB Meeting to discuss using the remaining \$402,906.36 funds for the construction of an additional building on the San Rafael Research Center site.

Chairman Taylor called for a motion and vote to hear the request. The Board determines if the project addresses a bona fide health or public safety emergency or presents other compelling reasons to merit special consideration.

Naghi Zeenati made and Bruce Adams seconded a motion to bring the project to the table for discussion. The motion passed unanimously.

8.1 Emery County Local Building Authority – San Rafael Research Center (Emery County) [1:49:20]

In June 2019 the Board authorized a \$2,625,000 grant to purchase an existing building and retrofit the building to house research center components.

Phase I - 6-13-2019 - \$2,625,000.00 grant Contract 20-0192

The project consists of renovating a portion of the industrial building to meet NQA-1 standards to house the research equipment and accommodate the permitting requirements to include demolition, engineering, enclose and finish building, water cooling system and tank, utilities connection, hydrants, meters, walls, ceilings, electrical, plumbing finishing and paint, new concrete floor, improvements for the combustion unit, HVAC and a coal storage bin to include a pad for delivery of coal.

In October 2020 the Board authorized \$7,491,000 (\$7,000,000 Grant, \$491,000 Loan 30 Yr. @ 0.5%) Project total \$10,116,000 for the construction of an additional building and equipment.

Phase II - 10-1-2020 - \$7,000,000 grant & \$491,000 loan 30y @ .5% - Total \$7,491,000

This project consists of renovations to the San Rafael Energy Research Center to include entrance/office area plumbing, mechanical, electrical, demolition, partition walls, finishes and appurtenances, lab service area

plumbing, mechanical, electrical, demolition, partition walls, finishes and appurtenances including bathrooms, locker rooms, etc., uranium lab plumbing, mechanical, electrical, demolition, partition walls, finishes and appurtenances, hot cell lab plumbing, mechanical, electrical, demolition, partition walls, finishes and appurtenances, molten salt research lab plumbing, mechanical, electrical, demolition, partition walls, finishes and appurtenances, sanitary sewer line, road repair, chiller room addition, engineering, land/easement acquisition and lab equipment including SEM and FIB electron microscopes, potentiostats, icp-oes systems, hot cell shielding and mechanical equipment, additional fume hoods, glove boxes and office equipping and project coordination.

The Emery County Local Building Authority (ECLBA) has received \$1.6M in state funding to erect another building on the SRERC campus which will house a kiln and the gasification testing equipment. Additional funding is needed to fully complete the project based on the increase in construction costs. The ECLBA is requesting Board authorization to use the remaining \$402,906.36 of approved CIB funding to facilitate a change of scope which will include concrete footings, foundation, placement of walls, windows, doors, installation of utilities to include water, power, natural gas and sewer.

Upon completion of the projects delineated above, the ownership of the San Rafael Research Center located in the Town of Orangeville, Utah will be transferred to the Department of Natural Resources – Office of Energy Development per HB410 authorized at the 2024 Legislative Sessions.

<https://le.utah.gov/~2024/bills/static/HB0410.html>

This bill establishes the Utah San Rafael Energy Lab and creates the Utah San Rafael Energy Lab Board. This bill appropriates in fiscal year 2025 to Department of Natural Resources - Office of Energy Development a one-time appropriation from the General Fund of \$2,000,000.

The bill includes the following language:

(2) The lab shall receive project proposals from:

- 164 (a) academics and research faculty from universities and research institutions;
- 165 (b) private sector companies, including technology entrepreneurs and small businesses;
- 166 (c) government agencies and national laboratories;
- 167 (d) nonprofit organizations and foundations engaged in energy research; and
- 168 (e) other qualified research teams.

Section 7. Effective date.

196 This bill takes effect on May 1, 2024. (Funding will not be available until July 1, 2024.)

Per the DNR and OED at their April 1, 2024 Meeting:

"In relation to the outstanding loan on the SRERC, it is OED's understanding that Emery County will pay off the loan as soon as they receive a check from OED, the loan amount was included in the amount appropriated to OED. OED will receive that appropriation on July 1st."

"We will be starting to work on a contract for the purchase of the center soon. OED is planning on this being a phased purchase. The intention is that OED would not take ownership of the new building until it is completed. Additionally, OED being a state entity is not legally authorized to take bonds and will need Emery County to fully resolve the loan and bond requirements before ownership can transfer. OED will not be the actual owner of the building but the State of Utah will be the owner. OED will be responsible for [the] building just as DWS is responsible for the Weatherization Training Center."

Ms. Oliver provided background on the transfer initiated by HB410. The San Rafael Research Center will be the San Rafael Energy Lab. The Board will consider the approval of the remaining funding for the revised scope of work as well as the change of ownership to the State of Utah provided the loan for this project be paid in full prior to that change of ownership.

HB410 creates the San Rafael Research Center Board and appropriates to the Department of Natural Resources – Office of Energy Development a one-time funding appropriation which will be utilized to operate the Center. Emery County will divest themselves from ownership. Before that occurs, Emery County is requesting approval from the Board to utilize the remainder of the previously authorized funding to expand the scope of work to include the foundation and utilities for a third building. Emery County will pay the outstanding balance of the loan authorized by the CIB for this project prior to transfer of ownership. The legislative appropriation will not be available until July 1, 2024.

Emery County LBA is requesting approval to use the remaining funds in the construction escrow to facilitate the expanded scope of work. The contract will be amended. Emery County will pay off the existing loan.

Ms. Oliver indicated there is more information including a summary so if there are questions they should be directed to Ms. Oliver or Christopher Pieper, legal counsel to the Board. Use of the remaining \$402,906.36 for the expanded scope of work will be a motion. The transfer of ownership will be a motion.

Mr. Zeenati asked if a resolution signed by the Board would be required to make the transfer or only a vote of the Board.

Mr. Pieper noted that the change of ownership will be a transaction between the State of Utah and Emery County. An acknowledgement from the Board would be sufficient. When the Chair is ready to entertain a motion, that acknowledgement can be included.

Naghi Zeenati indicated his motion would be to approve use of the remaining funds to accommodate the additional scope of work and acknowledge the change of ownership.

Mr. Pieper recommended the motion include amending the scope of work and extending the date of the contract.

Naghi Zeenati made and Ralph Brown seconded a motion to amend the scope of work, extend the contract date and acknowledge the change of ownership.

Mr. Zeenati asked Commissioner Lynn Sitterud when they anticipate doing the gasification test.

Commissioner Sitterud stated the gasification equipment is on site waiting to be moved to the new building. BYU has people waiting for the piece of equipment to be operational. This building will be $\frac{3}{4}$ enclosed for the State of Utah use and $\frac{1}{4}$ of the building will be an enclosed shed with power and water wherein the gasification equipment will be placed. There is an eagerness to proceed so the equipment will be placed on the concrete pad when ready and there will be experimentation while the building is constructed around.

Mr. Zeenati asked if the CIB funding and the \$1.6 million will be needed to do the gasification test or is that separate.

Commissioner Sitterud Indicated they have utilized most of the \$1.6 million to purchase the building, insulation and other components of the structure are stored in the building. The price of materials increased since the project was started so the remaining \$402,906.36 is needed for the concrete foundation and other components to erect the building. He also noted that when the legislative appropriation funding is received, the [CIB] loan will be paid off.

Mr. Slaugh asked why Emery County decided to transfer ownership to the State?

Commissioner Sitterud stated that he and the prior two commissioners were 100% supportive of the San Rafael Research Center and Seven County Infrastructure Coalition provided additional support and noted the State and CIB have been very supportive of the facility. However, the new commissioners are not supportive. The transfer to the State will allow the center to continue.

Mr. Slaugh asked why the new commissioners do not support the project.

Commissioner Sitterud noted that one commissioner was undecided and the other commissioner didn't think this was the kind of work the County should be running. Commissioner Sitterud believes the center will grow quickly with the DOE interest and will be a good thing for Utah and the whole United States. The new Board put together through HB410 will relieve the Emery County Commissioners. It will be good for the Center.

Commissioner Miles thanked Commissioner Sitterud for the excellent work on the Research Center. Seven

County Infrastructure Coalition was very involved in the pre-planning and considered it a great asset for the region through the research of coal combustion and molten salt. A lot of the components have been brought in from the University of Utah and BYU. This is the best place to house the equipment and is a benefit to Emery County and the State. This research facility is important to energy needs in the State and medical isotope production in the United States for cancer treatments and research. He supports the State moving forward with this research. This should be a State asset.

Commissioner Taylor asked how many jobs this facility creates.

Commissioner Sitterud indicated there are currently 8 employees though they anticipate there may be as many as 30 in the future. If they produce medical isotopes, it has been estimated up to 800 jobs.

Commissioner Lytle took a moment to express his apologies to Ms. Oliver as he sought to keep the natural flow of the meeting. He then applauded the efforts of CIB, Seven County Infrastructure Coalition and Emery County to initiate this research center and supports the State's desire to move forward noting there are national and worldwide efforts in this area. He asked if all the timing is working out correctly and statutorily regarding the transfer of ownership and retiring the loan.

Ms. Oliver stated the use of the remaining funding and the retiring of the loan are separate transactions. The timing of the cashflow after July 1, 2024 will be done through Ms. Oliver and DNR and they will make certain the actions are appropriate.

Mr. Pieper stated the Attorney General's office and the Departments will ensure that the contract includes all necessary requirements, the bond will be paid in full prior to the transfer and for all intents and purposes the project will be complete prior to the transfer to the State. Emery County will be required to meet those conditions.

Commissioner Lytle asked if the Board's motion applies to those needs.

DNR and OED were asked if they had comments wherein they did not.

The Chairman called the question on the motion to approve the use of the remaining funding for the revised scope of work and the transfer of ownership and the existing loan for the project will be paid off.

Naghi Zeenati made and Ralph Brown seconded a motion to approve the use of the remaining funding for the revised scope of work and acknowledge the transfer of ownership contingent on retiring the existing loan for the San Rafael Research Center. The motion carried unanimously.

Commissioner Sitterud thanked the Permanent Community Impact Fund Board. He expressed his understanding that the San Rafael Research Center will benefit the whole United States. This Board has more to do with the success of this facility than anyone else. There should be a sign on this facility.

Commissioner Taylor returned the thanks and expressed his acknowledgement of the great facility.

Mr. Zeenati stated that the facility will draw from around the world with great benefit.

9. Board Member Discussion and/or Action Items

9.1 Policy Discussion

A. Water and sewer application requirements (Held until June Policy Sessions.

B. Revenue & Applications - Funding Tool Transition – Funding Tool Exercise [2:19:15]

Paul Moberly expressed appreciation to those who participated in the funding tool survey.

Proposed CIB Tool Formula: Production 35 points, Public Lands 5 points, Population 5 points, Current Property Taxes 5 points, Project Type 20 points, Water/Sewer Rates 5 points, Project Prioritization 10 points, Debt Service Levels 5 points, Outside Funding 15 points; With a possible point total of 100, the point total equates to one of 10 tiers, each a ten-point spread.

The results and the proposed factors were discussed. *(Production is organized into a tiered structure 1 (low)–5 (high). Based on statute identifying the top three producing counties as board members, and historical precedent, the top three producing counties of oil, natural gas, and coal constitute the top tier (class 5). The remaining tiers are divided into percentiles, with production below a level corresponding to a tier (see below). This information is provided to the board in the colloquially called “Rainbow Sheet”)*

Mr. Moberly indicated it is based on the survey. If the Board wishes to change the weighting of the components, that can be discussed. The Board can change the points. There are 3 new factors suggested for the new tool.

Commissioner Miles cited the statute: “...*doing the most good for the most citizens with priority given to producing counties.*” The points for producing counties should stay at 35 points.

Mr. Slauch providing a state-wide perspective agreed that 35 points should be allocated for production.

The point allocations will be discussed.

Commissioner Adams in reference to public lands stated counties that have 95% federal land could be producing if they were allowed to do so on federal land and Garfield County would be a producer were it not for the Escalante Grand Staircase.

There were many Board comments concerning the issues with public lands and production.

Commissioner Bartholomew stated population should be considered noting small towns have few funding options.

Mr. Moberly noted changes will be made as the Board directs after the discussion and referenced the survey which indicated a variance of opinions. There were no additional comments at this time concerning the new factors. Rural remoteness was suggested which would be difficult to quantify. Present value of loan subsidy has been incorporated into the tool but not as a factor; as it is iterative (the tool provides for that in the computation).

Mr. Slauch noted that present value of loan subsidy could clarify for the Board that the CIB low loan interest rates are subsidized funding.

Mr. Moberly noted that the funding tool is not binding on the Board but is a tool for the Board to use in the decision-making process. The Board always has full discretion. The tool is to be helpful for the deliberative processes.

Commissioner Lytle noted the funding tool which was created in response to the legislative audit to facilitate consistency and avoid appearing arbitrary or capricious.

Mr. Zeenati concurred that the funding tool was to assist but the Board should understand the applications and needs of each community and not to rely solely on technology. Commissioner Lytle agreed.

Mr. Moberly continued with an explanation of project types in the old tool and the new tool.

Mayor Baker indicated culinary water and sewer are the highest priority noting CIB has been funding water and sewer that DEQ should fund. Perhaps there needs to be more funding allocated to the DEQ so projects could seek funding there rather than CIB.

Mr. Moberly stated the Board could make policy regarding where water and sewer funding is pursued. The tool will only show the recommendation of funding for those projects. It was further noted that through the survey, there were no tier one projects.

Mr. Slauch indicated that without tier one, there is a reduced difference between project types; it deemphasizes the importance of project types.

Ms. Hanson noted it changes from a 5-point scale to a 4-point scale with less stratification.

Commissioner Lytle suggested a wider range; moving to a 6 or 7 scale.

Mr. Moberly continued discussing the survey results including policy ideas. County prioritization had a low priority. He hoped to ratify the considerations of the tool in this discussion and develop the function of the tool which could then be adopted at the June Policy Session. He had 8 case studies he could discuss with the Board today if time allowed.

The point allocation was discussed with the 3 new factors. Sewer/Water rates were included; sewer and water are the top tier.

Ms. Hansen stated that the sewer and water rate is a good data point. Commissioner Miles concurred. Ms. Hansen asked for an explanation of use versus production.

Mr. Moberly referenced the rainbow sheet (The rainbow sheet shows revenue into the fund and funding allocations). The ratio utilized; revenue dollars an entity contributes to the fund and allocated funding. For example, Uintah puts in \$1.60 in CIB revenue for every dollar allocated for projects from the fund. An equal amount of revenue in and revenue out is a ratio of 1. The tool considers ratio; not absolute amounts.

Mr. Slaugh noted that the scenario explained would allocate more points to the mineral producing counties but he would suggest weighting similar mineral county production and what has been allocated to those counties – some counties get more CIB funding.

Ms. Hansen liked consideration of class category (rainbow sheet). This is a helpful benchmark but perhaps should not be incorporated into the tool.

Mr. Slaugh asked if there is representation for loan subsidy to compare with grant.

Mr. Moberly noted that to show subsidy, interest rates would have to be tracked to accommodate the subsidy factor but it may be possible to put into the rainbow sheet going forward.

Mr. Zeenati stated revenue versus award is information that is beneficial and asked why change to 'use' versus 'production'.

Ms. Hansen appreciated the explanation as valuable information.

Mr. Moberly indicated he could incorporate whatever information the Board would find helpful.

The Board expressed appreciation for the efforts made to clarify the tool in a new iteration.

Mayor Baker recommended the tool be finalized at the June meetings which will be in person rather than on zoom. The Board indicated a preference to finalize the discussion June 6-7, 2024.

Commissioner Bartholomew indicated he would have to leave the meeting due to a catastrophic to an irrigation gate.

Scott Bartholomew made and Naghi Zeenati seconded a motion to finalize the new tool at the June 6, 2024 Policy Sessions.

Mr. Slaugh asked to continue the exercise and review at today's meeting.

Commissioner Bartholomew noted that he must leave to attend to the emergency.

Christina Oliver suggested that the revised tool be provided to the Board for their individual review.

The Board affirmed their desire to have individual copies so as not to "break" other copies. There is no May meeting and the Board could do individual review. The Board thanked Mr. Moberly for his effort.

Ms. Oliver publicly commended Paul Moberly for his professional efforts and outreach to accommodate the revised tool.

The Chairman called the question on tabling the tool review.

Scott Bartholomew made and Naghi Zeenati seconded a motion to finalize the new tool at the June 6, 2024 Policy Sessions. The motion carried unanimously.

9.2 CIB Board Meetings – June 6, 2024 Funding Meeting; June 6-7, 2024 CIB Policy Sessions – Duchesne, Utah.

The June 6-7, 2024 Policy Meeting will be held in Duchesne, Utah this year. Hotel rooms have been arranged as a group gathering. Meeting space has been arranged by Uintah Basin Association of Governments and Commissioner Greg Miles. Duchesne County will be hosting a Thursday, June 6, 2024 Dinner.

Commissioner Jerry Taylor thanked the Board.

Commissioner Greg Miles indicated that Duchesne County will be hosting a tour Wednesday evening of what is happening in the Basin. Dinner will be at the Hideout Steakhouse also hosted. He will provide more information and get a count of attendees.

Meeting Adjourned 12:16 PM.