

SEVEN COUNTY INFRASTRUCTURE COALITION  
MEETING MINUTES

March 9, 2018 at 10:00 a.m.

1385 S. State Street, Salt Lake City, UT 84115  
(435) 636-3214

Present: Jae Potter, Jack Lytle, Ken Burdick, Ken May, Brad Horrocks, Lynn Sitterud.  
Also in attendance - Mike McKee, Brian Barton, Eric Johnson.  
Absent: Phil Lyman. Jack Lytle arrived late.  
Attended telephonically: None.

1. Welcome (Jae Potter)

Absent – Phil Lyman.

Jack Lytle arrived late, for agenda item #7 and on.

2. Meeting Minutes of February 9, 2018 meeting (Jae Potter)

Motion to approve February 9, 2018 minutes by Commissioner Ken Burdick, seconded by Commissioner Brad Horrocks. Unanimously approved 5-0-2.

3. Public Comment (Jae Potter)

No public comment.

4. Finance Director Report and approval of Expenses (Mike McKee)

The following invoices were presented for approval.

Vendor	Invoice Number	Amount	Description
Carbon County	10817	\$ 331.60	Postage & Supplies
Jones & Demille	0117761	9,855.28	Leland Bench Utilities
Jones & Demille	0117762	9,772.80	Duchesne to Carbon Pipeline
Jones & Demille	0117763	12,736.83	Category 8 Planning
Media One Group	2/1/2018 – 2/28/2018	92.36	RFQ Rail feasibility
CIVCO	2018111	115,492.97	I-70 Transportation Corridor
Mike McKee	Feb 3 – Mar 3 2018	273.80	Director Travel Reimbursement
Mark T. Eckels	SCIC 3-6-2018	3,460.38	Pipeline Consultant
Seth Oveson	10008	3,783.80	Finance Director
Trade Press MediaGroup	2/27/18	1,764.71	RFP Rail Study
Hatch, James & Dodge	31417	2,437.65	Prep & review of application for CPCN
ETJ Law Inc	1338	7,340.00	General Legal Services
ETJ Law Inc	1337	15,825.00	Uinta-Rail Legal Services
<b>Total Payment</b>		<b>\$183,167.18</b>	
<b>Approval</b>			

The Sevier County work has been completed. Invoice amounts were read into the record. Commissioner Burdick asked about the meaning of “Category 8” work from Jones and DeMille, which is for on-going Engineering Services.

Motion to approve by Commissioner Ken Burdick, seconded by Commissioner Lynn Sitterud. Unanimously approved 5-0-2 absent.

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5. Public Hearing on CIB Elec funding application - \$7,976,000 (Eric Johnson)

Motion to enter Public Hearing by Commissioner Ken May, seconded by Commissioner Lynn Sitterud. Unanimously approved 5-0-2 absent.

A project overview was provided by Brian Barton and Eric Johnson. This project will support the area from Fort Duchesne to Leland Bench and will provide electrical for both commercial and residential customers. This portion of funding is for the first phase of the project. The total project is anticipated to cost approximately \$25 million. USDA-RUR funding is being sought.

Kyle Slaughter, CIB staff, asked if the Coalition intends to own the powerline. The answer to this inquiry is yes.

The Public Hearing was then Closed.

6. Resolution to approve CIB Elec Funding Application Leland Bench (Eric Johnson)

Motion to approve by Commissioner Ken Burdick, seconded by Commissioner Brad Horrocks. Unanimously approved 5-0-2 absent.

7. Resolution selecting Waxy Crude Consultant (Mike McKee)

Commissioner Jack Lytle arrived and joined the meeting.

Two applicants responded to the RFQ: Sage Energy and Marc Eckels. Both applicants presented and both were well qualified.

Sage Energy: Cleve Pike, a member of the Ute Indian Tribe, introduced Sage Energy & his partner, Steve Crower. Mr. Pike was previously involved in Ute Energy. Sage Energy is working on a long-term solution to reduce the discount on what the Salt Lake refineries pay for Uinta crude, which has been up to \$25 per barrel off of WTI prices. Co-Chair Jae Potter asked Sage Energy to address their proposed costs. Mr. Pike indicated that their costs are \$528,000 and that would include the Ute Tribe, which has the ability to underwrite \$500 million in funding the overall project. Commissioner May asked how familiar Sage Energy is with rail. Mr. Crower indicated they have worked closely with the Price River Terminal. Executive Director McKee asked about an oil pipeline to Salt Lake City. Mr. Crower mentioned the proposed pipeline of Tesoro and also indicated the Wamsutter pipeline was just purchased by Tesoro / Andeavor. Mr.

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McKee indicated the pipeline would put downward pressure on Uinta crude pricing (meaning the discount would have pressure to grow larger) and highlighted the need for access to outside markets for Uinta crude. A follow up inquiry from the Commissioners as to what Sage Energy brings, and Mr. Crower indicated that would be Mr. Pike's relationship with the Ute Indian Tribe.

Marc Eckels: Mr. Eckels Indicated he is a geologist and has lived in Roosevelt for 20 years, and he has been a consultant on other projects to the Coalition for the past 2 years. Mr. Eckels is a recognized expert in Uinta crude and has given expert testimony various times. Mr. Eckels gave an overview of Uinta Basin oil prices and production. He indicated that the constraint on increasing production is transportation to outside markets. Mr. Eckels indicated his job would be to help figure out options. The first option was an oil pipeline to rail, however that is now transitioning away from an oil pipeline and straight to rail because rail is a more flexible transportation option. Mr. Eckels also indicated that several executives at some of the biggest oil producers prefer a rail solution. In addition, rail can also transport frac sands, piping, cement, and chemicals needed to drill wells and rail supports these market needs. The Specialty Oil Refinery also needs rail with dedicated rail cars because the product that will come out of the Specialty Oil Refinery cannot utilize be transported in an oil pipeline.

Commissioner May indicated that rail is a good solution for transportation in most cases.

Mr. Eckels indicated that the Gulf Coast and blending in Cushing, OK are possibilities as oil destinations. Rail can handle additional products in addition to crude oil. Mr. Eckels highlighted that the Coalition paid him \$52,000 last year for his consulting services.

Commissioner Burdick asked about Mr. Eckel's relationship with the Tribe. Mr. Eckels indicated he has operated on tribal lands for 30 years and has a good relationship with people at the Ute Tribe.

Commissioner Lytle asked if oil companies are poised to increase production. Mr. Eckels indicated yes, and indicated the following companies are poised to increase production - Newfield, Crescent Point, EP & Axia. He went on to further state that Horizontal wells are coming in at over 2,000 BOPD (Barrels of Oil Per Day

The Board selected Marc Eckels as the Waxy Crude Consultant and the Executive Director was tasked to negotiate a contract with Mr. Eckels, bringing the Contract to the Coalition Board for approval before executing.

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Motion to approve by Commissioner Brad Horrocks, seconded by Commissioner Jack Lytle. Unanimously approved 6-0-1 absent.

8. Resolution establishing Standing Selection Committee (Eric Johnson)

To enable timely review of RFQ and RFP proposals it was proposed that a Standing Selection Committee be created. The Standing Selection Committee members will consist of: a Co-Chair, & Executive Director, and a Commissioner or professional, to be selected by the Co-Chair and Executive Director.

Motion to approve by Commissioner Brad Horrocks, seconded by Commissioner Jack Lytle. Unanimously approved 6-0-1 absent.

9. Closed (executive) Session pursuant to §52-4-205 (Eric Johnson)

(potential real estate acquisition, trade secret related to procurement, personnel competency)

Motion to enter closed session by Commissioner Jack Lytle, seconded by Commissioner Ken Burdick. Unanimously approved 6-0-1 absent.

Motion to leave closed session by Commissioner Ken Burdick, seconded by Commissioner Ken May. Unanimously approved 6-0-1 absent.

10. Executive Director Report (Mike McKee)

Mr. McKee thanked the CIB for making Kyle Slaughter available to the Coalition.

a) Potential Projects:

- i) Oil Pipeline: Duchesne and Carbon Counties want to meet with Coalition personnel for an update.
- ii) Lube Oil Refinery: Monthly meetings are being held with Uintah Advantage.
- iii) Other Utilities:
- iv) SR-88 to I-70: Troy Ostler (Civco Engineering) indicated there is a meeting in Moab. Alignment is mostly finished.

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- v) Rail: Money at the legislature hopefully will be transferred back to CIB or other funds can be used to fund the rail study. The Rail study RFQ will most likely receive responses from firms outside of Utah. Commissioner Ken May asked if there are legal concerns with operating in two states and Eric Johnson assured that at this stage there are no concerns. Mike McKee recommended this topic be included on the agenda of a future meeting for further discussion.
  - vi) Trails:
  - vii) Broadband: Daggett County – The 12-month contract timeline is too short to complete the work. We are working with UEN & FCC to extend the contract timeline.
- b) Other: Jones and DeMille is the Coalition’s engineering firm and all project engineering efforts from other engineering firm’s should be coordinated with and through Jones and DeMille. For example, Eric Johnson is the Coalition’s attorney, but he is not the only attorney doing work for the Coalition, and all attorney work from other firms is coordinated through Eric Johnson.

11. Monthly Infrastructure Report/Study Update (Jones & DeMille)

The monthly report covers the work that has been done. Commissioner Horrocks indicated that he likes the project delivery summary that was provided.

12. Training on Open and Public Meetings Act (Eric Johnson)

Eric Johnson provided the annual training on the Open and Public Meetings Act for the Commissioners. Any item that needs to be approved in an upcoming meeting needs to be on the agenda at least 24 hours prior to the meeting. In addition, Closed session discussions should remain within the topic(s) expressly indicated for the Closed session.

13. Motion to adjourn (Jae Potter)

Motion to adjourn by Commissioner Ken Burdick. Meeting closed by acclamation.

[SEE NEXT PAGE FOR SIGNATURES]

Motion to approve meeting minutes by Commissioner Lytle, seconded by  
Commissioner Mey.

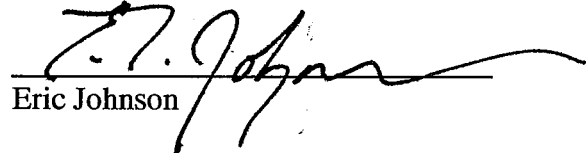
SEVEN COUNTY INFRASTRUCTURE COALITION VOTING:

Carbon	Board Member	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Daggett	Board Member	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duchesne	Board Member	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Emery	Board Member	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
San Juan	Board Member	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Sevier	Board Member	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Uintah	Board Member	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>

  
Co-Chair Phil Lyman

  
Co-Chair Jae Potter

ATTEST:

  
Eric Johnson

