

Six County Infrastructure Coalition Meeting  
September 11, 2015  
Carbon County Administration Building  
Price, Utah

Draft Minutes

Voting Board Members present: Mike McKee, Keith Brady, Ron Winterton, Jack Lytle

Also present: Executive Director Ralph Okerlund, Eric Johnson, Tami Ursenbach, Jordan Leonard

**1) Welcome – Mike McKee**

Mike McKee called the meeting to order at 10:14 a.m.

**2) Minutes – Mike McKee**

Keith Brady made a motion to approve the July 17, 2015 minutes, Jack Lytle seconded. Motion carried.

**3) Public Comment (limit 3 minutes)**

No public comment was made.

**4) Finance Director Report and approval of expenses-Seth Oveson**

Seth Oveson was unable to attend the meeting. Keith Brady made a motion to table the financial report until the next meeting. Ron Winterton seconded. Motion carried.

**5) Executive Director Report – Ralph Okerlund**

Ralph Okerlund congratulated Uintah County for the beautiful new Conference Center. He also gave credit for the Energy Conference held the day before. The information was great and everyone seemed very optimistic concerning the future of energy even though things are tough at the moment.

Ralph Okerlund met with several people concerning potential projects and funding sources for the Coalition. Things are moving forward much quicker than expected and the Coalition is ready to handle important issues and projects.

Ralph said he has spent time working on the transmission project. The Coalition went to the CIB and successfully received funding for the first phase of the Moon Lake Transmission project.

Ralph Okerlund also stated he was charged at the last meeting to find additional funding. He has met with Pam Juliano who had some encouraging news about other important funding sources. He has had several other large financial institutions contact him who are interested in the Coalition. We will be hearing from Zions Bank today.

**6) Monthly Infrastructure Report - Jones & DeMille**

Brian Barton said they have been busy. They discussed findings and data at the workshop in July. They are now about 70% complete with the data gathering and have new and useful information coming in daily.

Jones and DeMille are ready to start discussing what the data collected means. (Refer to attached handout). The data shown is what they call a data mash up. It is the layers of different information placed on top of each other (See Tab 6).

They met with the Ute Tribe, Duchesne County Water Conservancy District, SEUALG and the Uintah Water Conservancy District and had a great response from each of these entities. Infrastructure is a common theme. All entities within the Coalition boundaries have a significant need for infrastructure either for existing structures or expansion in the future. They have moved into the core of planning and analysis and can move into what the data means.

The projects they are looking at are:

- \*Rail Corridor analysis – US 191 San Juan and Moab to Winslow there is good data here.
- \*Water delivery options to the energy production fields. Power and water are both needs.
- \*Parrieta Road extension concept and the other projects talked about in the past.

On page 3, Brian discussed the nationwide rail network and how limited the rail resources are in the West. It would help if there were more connectivity to improve efficiency for resource development.

Other elements discussed concerning infrastructure projects include:

- \*Petroleum pipelines out of the Basin
- \*Transportation connectivity between the Basin and I-70
- \*Connectivity between Seep Ridge and Myton including the Parrieta Road connector and other opportunities there
- \*Transmission power capacity and power generation which directly affects the energizing of the energy fields
- \*Water resource development and conservation in the Basin. They would like to expand that term to include all of the Colorado River Basin which includes every county in the Coalition.

There are econometric evaluations going on. The historic trends going back to January 2013 shows the discount that the refineries are charging to handle Basin wax crude. The gap has been \$17-18 dollars per barrel and is less now. This is the type of information being gathered and will help to analyze the future.

Bookcliffs Transmission Power Project was funded by the CIB. The ultimate goal is to start construction spring or summer of 2016. Jones and DeMille are on schedule and understand the importance and urgency to move forward as quickly as possible.

Mike McKee said the legislature is asking for County plans. He hopes that the work done here is incorporated into those plans. There is value in coordinating and collaborative planning which would also save money.

Brian has collaborated with Cody Christensen who is aware of the depth of data that the Coalition has acquired and there is no reason to redo it. The same conversation was held with Southeastern Utah and between the two AOG's it covers the whole Coalition area.

Darin is leading the work on water resources, water rights, storage facilities, information on cultural resources and a list of data types which will be very valuable to the AOG's. Mike McKee talked about old water rights out by Bonanza and wanted to know if these water rights are still active today.

Ralph asked Brian if they are ready to start putting together a priority list of projects with potential costs and funding sources so that the analysis is available in the priority process. Brian said they are identifying need as the data comes in. They are having discussions with people who know what is going on in those regions and preparing corridor conceptual analysis reports that would contain this type of information. The process is beginning and they do not want to wait to the end of the project for the information to come to the surface. There is huge value and urgency in pulling this information together and in the next few months the bulk of that information will be available and ready to be discussed with the board.

The discussion continued concerning transportation costs and discounts, understanding costs, trying to work with the operators who are not responding and the difference between black wax oil and yellow wax oil.

Darin would like feedback on the project spreadsheet either by email and ready for discussion in the October meeting.

#### **7) Membership Update for Coalition**

Ron Winterton said the Ute Tribe is interested in the projects that might cross their land. He has met and updated them on these projects. The Ute Tribe asked if they could join the Coalition and were asked to attend today's meeting but they are not in attendance. The question was asked if the Board wants to invite additional people to join the Coalition. This could benefit the Board in order to overcome the hurdles of the projects affecting the Tribe. At one time the Tribe expressed a 50% interest in a financial partnership.

Eric Johnson said they may want to be involved in every project. In order to add board members we would have to amend the interlocal cooperation agreement. It would take five out of the six counties to approve the admission of a new member and it would be best to go to each County Commission for approval. Five members of the Coalition Board would have to be in favor. By adding the Ute Tribe it would not change the exterior footprint unless they go into Grand County, then it would change the exterior footprint. Eric has never dealt with the Ute Tribe and their issues and would need time for research.

Active participation by the Tribe would be important. The discussion continued on ways to work with the Ute Tribe. Getting in and out of the Basin will involve tribal lands and having them as a partner will be valuable. Eric Johnson has already sent their attorney, Jeremy Patterson, a copy of the interlocal agreement.

Eric reiterated what was discussed: that there is interest in talking to the Tribe about joining as a full member but acknowledges that there are unique aspects involved and details and clarity would need to be worked out. Eric will put this on the next agenda and invite the Ute Tribe to attend next month. Ralph said they could be involved but not on the Board which would be okay as well. We need to find out their interest level.

#### **8) Legal Report – BookCliffs Transmission Line**

Eric said there is a good chance that we will be able to qualify the transmission line as open access. This should resolve the concerns of benefiting a private party. An open access transmission line means anyone can come to the Coalition and ask that they transmit their power. If at some point the capacity is reached then the door closes. Up to that point it is an open door to everyone.

Eric said this resolves the concerns about benefiting private entities as opposed to being a public project. There are some challenges and this project is unique. This would not be a fully integrated system. We would provide the

transmission segment of moving the power. A public project does not have to be fully integrated in order for it to be a public project. He does not think this will create any problems.

Another challenge is the project is phased and the legal work has to be done up front for all of the phases of the project in order to figure out how the first phase ties in to the full project. As for security, in order to proceed with the first phase there needs to be contractual relationships showing that the revenue source is secured. For this type of bond there needs to be security in the revenue stream to make sure that any money that is borrowed can be repaid. Typically for these types of bonds, they require 1.25 x coverage.

The Coalition may want to explore asking the CIB for the lower coverage requirement which will depend on the stability of the revenue stream. The benefit for the reduction would be to deal with fluctuations in revenues or expenses. If your expenses are really stable and your revenues are really stable then sometimes lenders will agree for a lower coverage requirement to them. So the rates the Coalition has to charge could be a little less. It will benefit all users of the line.

The 1.25 is an industry standard that the CIB uses. Any individual lender on any particular project can decide on their own if they want to stand by that or not. He gave the example of Roosevelt City and closing on a water revenue bond.

Eric is continuing to work on qualifying the transmission line as an open access, looking for regulations for ways to partner with others to make it a simpler process and working on revenue source

The CIB approved a loan for 50% of Phase I, the grant for 25% is conditioned upon the Coalition obtaining the 25% match. This is approved. The agreements Eric is referring to are in place to qualify the line as open access under FERP regulations and also the agreements showing there is sufficient revenue to pay operations and maintenance as well as any debt service payments.

The challenge here is that until the details of the negotiation are pounded out we do not want to speculate.

#### **9) Presentation – Zion's Bank Public Finance**

Alex Buxton and Marcus Keller from Zion's Public Finance presented. They have the opportunity to work with each County in the Coalition and want to continue that relation with the Coalition. Right now they are the municipal advisor to both Uintah County and Duchesne School District. Both are preparing for a bond election on November 3<sup>rd</sup>. Uintah County is trying to convert their existing public safety bonds for their jail to a general obligation bond which will then be secured by property taxes and will require being on the ballot. The reasoning behind this is a change in the interest rate to a historic low and a shortened term.

Duchesne School District is planning on remodeling the high school in Duchesne and building a new Union High School in Roosevelt. They are asking voters to approve a 39 million dollar bond.

The Six County Coalition is a big contributor to the CIB and in return they can receive a large portion of the funds back to their communities. That is not always the case for entities outside of the Coalition. This is where Zion's Financial is hoping to develop a relationship with the Coalition as projects continue to come on line.

Alex presented a power point presentation (see attachment) concerning money received from mineral leases, most of which have come from the six counties in the Coalition.

Marcus said they are proactively keeping track of each county in the Coalition. He compared each county's debt, bonding and taxable value in the Coalition. They wanted to show that Zions Public finance is proactively doing everything they can to make sure the Six Counties Coalition is being taken care of and helped in any way they can.

Pam Juliano was invited to come to the microphone. She is working with Jones and DeMille and Star Point on the transmission project. She is researching potential funding opportunities that might compliment the current opportunities. She is looking at both Federal and State grants and secured loans. She has found a couple that meets the needs of the transmission project under rural development type status. It has the ability to work with infrastructure without being a brick and mortar type loan. The primary focus is to bring utility services in both geographically and culturally challenged communities. She will look further at the possibilities of funding and what the challenges and opportunities are. She can go into more detail in the closed session.

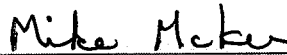
**10) Motion for closed (executive) session pursuant to §52-4-205 – Eric Johnson**

Ron Winterton made a motion to go into a closed (executive) session. Jack Lytle seconded. Motion carried.

Keith Brady made a motion to leave the executive session, Jack Lytle seconded. Motion carried.

**11) Motion to adjourn-Mike McKee**

Keith Brady made a motion to adjourn, Ron Winterton seconded. Motion carried.



Mike McKee, Co-Chair



Seth Oveson, Treasurer

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Bruce Adams, Co-Chair