



SEVEN COUNTY INFRASTRUCTURE COALITION
MEETING MINUTES

February 9, 2023 at 10:00 a.m.
350 North State Street
Salt Lake City, Utah 84114
(801) 712-7622

Board Members Present: Casey Hopes (Carbon County), Greg Miles (Duchesne County), Lynn Sitterud (Emrey County) attended electronically, Greg Jensen (Sevier County), Silvia Stubbs (San Juan County) Brad Horrocks (Uintah County) and Jack Lytle (Daggett County) arrived 10:35AM.

Also, in attendance: Keith Heaton, Brian Barton, Daniel Hawley, Eric Johnson and Lenise Peterman.

Attended telephonically: Kelly Carter, Melanie Sasser, Doug Rasmussen, Will Lane, Bob Bach, Bret Reynolds, RD Bentel, and unidentified caller 801-712-5886.

Others Present: Joel Yellowhorse, Kyle Robe, Mark Michele, Irene Hansen, Cody Deeter, Mark Michel, Greg Johnson, Kevin Carney. (Please notify staff at 801-712-7622 of any spelling corrections or if you were present and not listed.)

Public Meeting Participation Information:

Please click the link below to join the webinar:

<https://jonesanddemille.zoom.us/j/86748043561>

Or Join by Telephone:

1-253-215-8782 or

1-346-248-7799 or

1-669-900-6833

Webinar ID: 867 4804 3561

1. Welcome and Pledge of Allegiance (Greg Miles)

Chairman Miles welcomed everyone to the meeting at 10:09 AM. Board members were present with Commissioner Sitterud attending electronically and Commissioner Lytle joining later. He also welcomed the partners from Drexal Hamilton for the Unita Rail Project as well as Ute Tribe business committee members. Chairman Miles then led the Pledge of Allegiance.

2. Public Comment (Greg Miles)

Public comment was accepted verbally, during the meeting, telephonically by Zoom, and by electronic written submission at lpeterman@7county.utah.gov. Electronic written comments will be forwarded to the Board Members. All comments are summarized in the meeting minutes. A complete copy of any written comments submitted may be requested at the email address provided herein.

Time was then turned over to any participants present wishing to make public comment by Chairman Miles. There were no parties who wished to comment.

Chairman Miles then turned time over to Melissa Schnee for those wishing to make public comment electronically.

Melissa Schnee proceeded to give instructions on how to participate in the meeting verbally and by Zoom. No one elected to make public comment electronically.

3. Approval of Meeting Minutes for January 12, 2023. (Greg Miles)

Chairman Miles inquired about changes or updates to the minutes, there being none requested a motion.

Motion to approve January 12, 2023 meeting minutes made by Commissioner Horrocks, seconded by Commissioner Jensen.

Chairman Miles called for a vote to approve the minutes. **The motion passed unanimously.** He then moved on to the next agenda item.

4. Report on the Uinta Basin Railway Project. (Brad Horrocks and Greg Miles)

Commissioner Horrocks proceeded to speak regarding the Unita Basin Rail Project. He indicated he had attended dinner with Mark Michel of Drexal Hamilton the previous evening and shared our partners are excited about the project. While the dinner was casual, it was good to hear about what was going on and it certainly appears to be exciting times in the Basin. Chairman Miles indicated he did not have much to add to the report other than things were still moving along. Chairman Miles did state he would like to see a renewed effort to have more high-level updates about the rail project. He went on to say constituents in the Basin hear a lot of rumors and there is value in Seven Counties owning the message and relaying to the constituents that this is very much still a viable project. We are still pushing forward and had talked in the past about

renewing our efforts to get the right kind of communication out, and how important it is for it to be the right communication. Chairman Miles then turned time over to Executive Director Heaton. Executive Director Heaton expressed his appreciation to our partners being here today in attendance with us including the Ute Business Committee, members of Drexal Hamilton Infrastructure partners and indicated there was a lot of good work going into this project. He echoed support of Chairman Miles comments about moving forward, sometimes slowly, sometimes quickly, but forward nonetheless. Executive Director Heaton also pointed out agenda item number eight is about strategic communication and some of the Chairman's concerns would be addressed during that agenda item. Chairman Miles then shared, as was stated at the previous meeting, the Bureau of Indian Affairs Record of Decision has been submitted and we appreciate the efforts from the Ute Tribe for helping to review the document before it was submitted. Their comments and input was greatly appreciated. Chairman Miles indicated there would be more discussion regarding legal matters about the rail project in closed session and for the time being would move forward with the agenda.

5. Update on San Rafeal Research Center. (Lynn Sitterud)

Chairman Miles indicated Commissioner Sitterud was attending electronically and turned the time over to him for an update on the San Rafael Research Center. Commissioner Sitterud indicated there was not much to report. The combustion side of the house was about to restart so research could commence on that side. On the nuclear side of the house, they are already performing full-blown research and everything is working smoothly. Chairman Miles asked for any comments or questions. Commissioner Hopes asked if any support was needed in regards to the legislative ask for the Research Center and that it was receiving good reviews so far from the legislature. Chairman Miles thanked Commissioner Sitterud for the report and moved on to the next agenda item.

6. Rural Utah Energy Ecosystem. (Casey Hopes)

Time was then turned over to Commissioner Hopes to update the Coalition on the ecosystem work to date. Commissioner Hopes indicated we have a legislative ask in on this project as well. Everything is moving forward, with our private partners moving forward as well. We have made it past the first round of legislative requests and we will keep everyone updated as it moves through the process. Executive Director Heaton stated he wanted to thank everyone who has been working with us on this project. He did point out it is a heavy lift and there have been several meetings and he has appreciated the support of Jones & DeMille in getting the message out about this project. We are moving it forward and we need everyone who is in support of this to make that support known with the Executive Appropriations Committee. He also acknowledged the Carbon County Commissioners who made time with little notice to come to the hill and show their support of this project. Chairman Miles asked for any further discussion, having none, elected to move on to the next agenda item.

7. Discussion, consideration and possible approval of short-term financing Resolution 2023-02B. (Greg Miles)

Chairman Miles turned the time over to Cody Deeter for this topic. Mr. Deeter went on to say that in Utah, smaller communities have opportunities to secure funds from state agencies and through USDA. Under these programs, especially with USDA you are required to get your own construction financing. So, if you are a small, rural entity in Utah, and you need to get construction financing, it is likely something you are not very familiar with and it can be very challenging. If you could pool funds together, bringing multiple borrowers together, they can issue bonds. For example, the Seven Counties Coalition could issue bonds and can lend that money to these smaller issuers. The debt would be on the party taking the bond, not the party issuing the bond. These bonds would only be for the construction period. There are similar programs throughout the nation and both Eric Johnson and Cody Deeter have worked with these small issuers. There are currently several in the market now with USDA so the purpose of this resolution would be to create the opportunity for them to come to us if that works out for them and us to issue bonds on their behalf and lend them the funds. These are water and sewer projects primarily with one in Wellington and the others outside of the jurisdiction of the Seven Counties footprint. Again, the purpose is to create opportunity, there is no commitment made by adopting this resolution only the opportunity to be a conduit for issuing bonds. Commissioner Horrocks expressed concern about our liability to do this type of work – what is it? He also inquired if the Seven Counties would receive some sort of compensation for this type of work – not that it is a huge concern but a question. He indicated he was supportive of it with perhaps some stronger understanding of the role of the Coalition. Commissioner Hopes asked if one of the borrowers defaults on the bond what happens? Cody Deeter responded all the risk would be transferred to the borrower and the Coalition would have zero risk. It would be the community's credit that would be used, we would just pull these together by enticing more investors to the table to support the project. Chairman Miles indicated this was really a service for our communities. Any fees would be very nominal to cover the cost of providing the service. Eric Johnson, Coalition Counsel, added this is not the long-term funding but rather just for the construction loan. These communities already have the long-term funding arranged with USDA and the risk of default is very minimal. Chairman Miles indicated Rural Development has already agreed to cover the life of the loan(s) and these are just interim monies for construction which is six months to two years. There being no further discussion, Chairman Miles was prepared to entertain a motion.

Motion to approve Resolution 2023-02A was made by Commissioner Horrocks, seconded by Commissioner Hopes.

Chairman Miles called for a roll call vote. Motion passed.

SEVEN COUNTY INFRASTRUCTURE COALITION VOTING:

Carbon	Board Member	Yea <u>X</u>	No <u> </u>
Daggett	Board Member	Yes <u> </u>	No <u> </u> (Absent)
Duchesne	Board Member	Yea <u>X</u>	No <u> </u>
Emery	Board Member	Yea <u>X</u>	No <u> </u>

San Juan	Board Member	Yea <u>X</u>	No <u> </u>
Sevier	Board Member	Yea <u>X</u>	No <u> </u>
Uintah	Board Member	Yea <u>X</u>	No <u> </u>

15. Motion to enter closed (executive) session pursuant to Section 52-4-205 related to real estate acquisition, potential litigation, personnel, professional competency and trade secrets. (Greg Miles)

Chairman Miles elected to rearrange the agenda and requested a motion to move into closed session.

Motion to move into closed session was made by Commissioner Hopes, seconded by Commissioner Jensen.

Chairman Miles called for a roll call vote to move into closed session. Motion passed, closed session began at 10:30AM.

SEVEN COUNTY INFRASTRUCTURE COALITION VOTING:

Carbon	Board Member	Yea <u>X</u>	No <u> </u>
Daggett	Board Member	Yes <u> </u>	No <u> </u> (Absent)
Duchesne	Board Member	Yea <u>X</u>	No <u> </u>
Emery	Board Member	Yea <u> </u>	No <u> </u> (Off Line)
San Juan	Board Member	Yea <u>X</u>	No <u> </u>
Sevier	Board Member	Yea <u>X</u>	No <u> </u>
Uintah	Board Member	Yea <u>X</u>	No <u> </u>

Chairman Miles requested a motion to move back into open session and exit the closed session.

Motion to move out of closed session was made by Commissioner Lytle with a second by Commissioner Horrocks.

Chairman Miles called for a roll call vote with motion passing at 10:50AM. The Coalition then opted to break from 10:50AM – 11:15AM. Open meeting resumed at 11:15AM.

SEVEN COUNTY INFRASTRUCTURE COALITION VOTING:

Carbon	Board Member	Yea <u>X</u>	No <u> </u>
Daggett	Board Member	Yes <u>X</u>	No <u> </u>
Duchesne	Board Member	Yea <u>X</u>	No <u> </u>
Emery	Board Member	Yea <u>X</u>	No <u> </u>
San Juan	Board Member	Yea <u>X</u>	No <u> </u>
Sevier	Board Member	Yea <u>X</u>	No <u> </u>
Uintah	Board Member	Yea <u>X</u>	No <u> </u>

8. Strategic Communication Report. (Melissa Stark)

Melissa Stark then took the lead on the Strategic Communication Report. She proceeded to share her screen as a point of discussion. This is the bigger picture of communication although the railway discussion early is certainly part of this. Melissa Stark has put together three options for the Coalition's consideration. The options are "Light Engagement, Medium Engagement and Heavier Engagement." This goes to our messaging and where do we meet our audience best. She has some recommendations for Board consideration, and none of it is set in stone. We can piecemeal items from the different engagements if desired and so on. We would like an open forum so we can capture some of the ideas you like and move those forward. Next month we would like to present a solidified plan for approval. Light engagement would be utilizing items we already have in play or that are close to being in play. An example is the website where Executive Director Heaton is already creating quarterly updates, as well as driving traffic back to the website based on key words searching such as rural infrastructure. We could drive the Coalition website to be one of the top results. Another item discussed previously was social media. Melissa Stark's recommendation is Facebook as the first choice with LinkedIn as a second choice since Twitter and Instagram tend to have different types of audiences. Maybe we begin with posting once a month and then we should discuss keeping those public comments on or off. The second option which she has titled "medium engagement" is where we take the two key items in the first option and add on to them. For example, for social media we may elect to increase the postings. Or we add LinkedIn along with Facebook and we consider adding in some leadership articles either from the board, individual commissioners or the executive director and push these into different online and traditional sources as well. Another communication strategy in this category is radio advertising. She would secure pricing for one or two radio stations, with questions along the line of do we want prime time ads, and so on. Radio advertising is really going to kick up the investment in communication. And finally, the last option or "heavy engagement" will take those foundational options from one and two and expand on those, as well as consideration of billboards across the seven counties which again, really bumps the expenditure up. Last is working with local Chambers of Commerce which will require a little more digging which she is happy to do. Concluding her presentation, Melissa Stark request feedback from the board on what direction they are most interested in pursuing to help drive the conversation. Commissioner Horrocks appreciated the large amount of information on this topic and was happy to defer to Melissa as the "expert." He expressed his point of view reflects more of what his world is which is most likely listening to the radio going to work which fits his niche. He indicated billboards seemed questionable and costly. Commissioner Horrocks did like the idea of engaging with the different chambers to provide updates – in person or even an email. Melissa Stark responded they could be more proactive with chambers and it sounds like a combination of items would be a reasonable approach. Commissioner Hopes liked the concepts of the medium approach. He questioned how effective billboards would be, and liked the idea of working with the various chambers proactively which he felt would be very effective. In his opinion, it is the business owners who move communication throughout the community so this would be a smart approach. For social media, Commissioner Hopes questioned what age range

we are trying to hit and suggested we would have to do a range of different media depending on the age group we are trying to communicate with. Commissioner Jensen expressed the social media part approach needs to be in play. Because of the various footprints of the counties, billboards would not work, and even radio may not be effective but social media could be effective. Chairman Miles echoed his agreement that some type of targeted social media campaign to talk about the benefits the Seven County Infrastructure Board brings to our individual counties and those are relatively low cost. Commissioner Stubbs discussed how she leveraged theater advertising with a one-minute video when campaigning and that there were numerous advertisements running for other organizations. She indicated the price was fairly cheap and this was perhaps something we could look into as you could make one video and distribute it to the different theaters in our communities. Chairman Miles added this was a good idea as most rural theaters run those types of advertisements. Commissioner Hopes stated it would be extremely helpful to him to have some Seven County talking points which are board approved to remove discomfort in speaking for the Coalition and to ensure it is an agreed upon message being conveyed. Melissa Stark indicated she was taking notes and felt she could have something in the way of talking points back to the board fairly quickly. Commissioner Lytle added to the discussion that local tv may also be a place to share information with the public. Melissa Stark liked the idea of a public service announcement which may be more cost effective than purchasing local tv advertising. She then indicated she would send out some information to the board and have each participant select their top three priorities and then finalize a plan from there. Brian Barton then added the focus is on external communication, but there are some things we can do internally within your own county staffs to carry the message of all the cool things Seven Counties is doing and that really is where boots hit the ground. They may get the questions and if they have the tools and the right information, they can carry the message. One idea is to host quarterly Zoom calls and invite county staff to give updates and to take input. Chairman Miles was supportive of the idea and asked Melissa to begin work on a railway script. Melissa Stark responded she had two take away items – the first is to share the medium engagement options with the board and ask for the top three to five priorities and then a communications plan would come from that effort. From there she would work up scripts for video/voice over or voice avenues. There being no further discussion, Chairman Miles moved on to the next agenda item.

9. Discussion, consideration and approval of Amendment #3 BYU Subaward 20-0555 for \$150,000.00. (Smuin, Rich & Marsing)

Doug Rasmussen deferred the lead on this topic to Commissioner Sitterud since this is an extension or additional funding for the San Rafael Research Center. Commissioner Sitterud went on to explain this is due to a budget amendment which reflects additional monies added to the budget to cover overages. Additional bills have come in which will be covered with this amendment. The approval is to accept the budget amendment. Commissioner Lytle inquired if this would also serve as an amendment to the agreement. Commissioner Sitterud responded the scope of work is unaffected and this is simply a pass through to cover the overages.

Motion to approve Amendment #3 BYU Subaward 20-0555 for \$150,000.00 made by Commissioner Lytle, seconded by Commissioner Stubbs.

Chairman Miles called for a roll call vote. **The motion passed unanimously.** He then moved on to the next agenda item.

SEVEN COUNTY INFRASTRUCTURE COALITION VOTING:

Carbon	Board Member	Yea <u>X</u>	No <u> </u>
Daggett	Board Member	Yes <u>X</u>	No <u> </u>
Duchesne	Board Member	Yea <u>X</u>	No <u> </u>
Emery	Board Member	Yea <u>X</u>	No <u> </u>
San Juan	Board Member	Yea <u>X</u>	No <u> </u>
Sevier	Board Member	Yea <u>X</u>	No <u> </u>
Uintah	Board Member	Yea <u>X</u>	No <u> </u>

10. Discussion and consideration of adopting Resolution 2023-02A Inducement Resolution Private Activity Bonds. (Eric Johnson)

Chairman Miles turned this topic over to Eric Johnson to lead the discussion. Eric Johnson went on to explain there are very limited circumstances where private entities can enjoy tax exempt borrowing status. The railroad and transload facilities are one of those instances. Even though the project will be financed and owned by the Drexal Hamilton group, they are eligible in this situation to borrow on a tax-exempt basis. But to do that, a public body must sponsor that borrowing. That is what this inducement reflects – a mutual inducement agreement in that they want to induce the Coalition to help them out and the Coalition wants to induce them to move forward with the project. What they will do is go to the US Department of Transportation and ask for an allocation of tax-exempt funding which is not money per se, but the approval to borrow on a tax-exempt basis. This resolution has to be adopted before the US Department of Transportation can even be approached. This borrowing, even though the Coalition will be a sponsor, the responsibility will be on the private entities who are 100% on the hook and there is no liability washing back on the Coalition. With that, Eric Johnson turned time over to Mark Michel of Drexal Hamilton. Mark Michel went on to state they are formally requesting per the existing MOU signed in 2020, the Coalition’s support in being a conduit issuer so they can issue private activity conduit bonds on a tax-exempt basis. These bonds would all be paid based on the full faith and credit of the project and in no way would they fall back on the Coalition. It is a revenue bond and not a general obligation bond. He went on to introduce Kevin Carney with Wells Fargo was present and is their bond underwriter. Mark Michel went on to say they have been working hand-in-hand with Wells Fargo and that Wells Fargo feels with the market conditions now is the right time to take this project into the bond market. This will take several months and Wells would like to get started with their bond council. Mark Michel went on to state they would like to see this done today so they can get started with this process as this is the lowest cost of capital in today’s market. Commissioner Lytle indicated he had several questions and his first was who would ultimately be responsible for the bond. Mark Michel indicated the

debt service would be handled by the company Unita Basin Railway LLC. He indicated it was their portfolio company that owns rights to the railway. Commissioner Lytle went on to ask exactly who is Unita Basin Railway LLC. Mark Michel indicated they are a wholly owned subsidiary of Unita Basin Railway Holdings LLC which is owned 90% by Drexal Hamilton and 10% by Rio Grande Pacific Corporation with the Ute Indian Tribe as a minority stockholder as well. Commissioner Lytle inquired about the bank role. Mark Michel indicated Wells Fargo would serve as the underwriter to securitize the bonds and then sell them into the market. We would then receive the proceeds to construct the railroad. The fees that we would then charge for the use of the railroad would pay off the coupons of the bonds. Commissioner Lytle inquired if the producers had been secured since they would be using the rail. Mark Michel indicated they were in a very late-stage discussions with one of the producers in the Basin which would put up enough barrels to cover the debt service ratio on the bonds in a workable status. We are working with one of the four or five largest producers in the Basin and together with an integrated refiner, to do a purchase and sale agreement. We are currently contemplating having the refiner be the shipper of record. The result is a multi-national investment grade party that is shipping the barrels on the railroad and paying the fee for usage of the railroad. The permits and the railroad assets will be owned by Unita Basin Railway LLC. They are a joint applicant with the Coalition for the license and permits and they are the actual holding company. Unita Basin Railway Holdings is the entity that we entered into an agreement with the Coalition. Commissioner Lytle indicated the original agreement was not with the Unita Basin Railway Holdings organization. Mark Michel indicated it was originally with Drexal Hamilton Infrastructure Partners LLC which underwent a name change as Wells Fargo wanted to market the Unita Basin name. So, it was just a name change of the same corporate entity. Those papers were provided to Eric Johnson. Eric Johnson then requested Gary Johnson, Reed Smith attorney representing Unita Basin Railway Holdings to come up and speak. Gary Johnson went on to state there was a separation between Drexal Hamilton Infrastructure Partners and the Unita Basin Railway Holdings organization due to regulatory concerns. Commissioner Lytle proceeded to ask if the previous agreement had any type of expirations or deadlines associated with it. Mark Michel indicated there were not any existing expirations or deadlines included in the agreement. Gary Johnson then spoke about the legal aspects of the name change, indicating the conversion was to Drexal Hamilton Infrastructure Partners Fund Two LLC. In 2022, at the request of Wells Fargo Securities, for purposes of reflecting that Drexal Hamilton Infrastructure Partners Fund Two who was the holding company for the two operating subsidiaries, and to accommodate the infusion of debt-to-equity project the name was changed to Unita Basin Railway Holdings. The amendment to the certificate of formation was provided to Coalition counsel, Eric Johnson who was also furnished the change of name registration. Although the entity has gone through some structural and name changes, it is the very same legal entity that partnered with SCIC in 2019. Gary Johnson went on to say, as Mark Michel mentioned, there were changes at the regulatory level applicable to infrastructure development and the conflicts involved with that resulted in the parties deciding in May of 2020 they would benefit from separating. Gary Johnson went on to state he furnished non-privileged portions of the separation agreement to Eric as well. As that separation occurred; SCIC had the same people you were relying on for infrastructure work who had been affiliated with the brokerage firm. As the infrastructure project matured; they would

take a look at who on the broker-dealer side had been helpful in that project and vest them with ownership in those infrastructure projects. That is the history of how this all came to fruition other than as Mark Michel mentioned, Unita Basin Railway Holdings has brought in an outside 10% non-voting owner Rio Grande Pacific Investment who performs construction on the railroad. It recognizes under agreements with the Ute Tribe they also have a right to ownership interest in the two operating subsidiaries of 5% with options to increase their ownership interest in the railway entity up to 49%, which he corrected to up to 25%. We have put together agreements which are acceptable to their council, incorporated all of their changes along the way, but at this point in time they still have not executed the agreement. Be that as it may, we recognize under the arrangements with the SCIC, they are entitled to these interests. Commissioner Lytle inquired why the agreement has not been executed and if they had any insight into why that has not come about or do they feel they can operate the railroad without them? Gary Johnson responded he was not aware of why the agreements have not been executed. Commissioner Lytle asked if more communication was in order. Gary Johnson responded he had reached out a number of times but had not moved the agreement forward. Commissioner Lytle responded the contract with the holding company is the one in place with Seven Counties. Mark Michel responded in the affirmative – the contract with Seven Counties is held by Unita Basin Railway Holdings. Commissioner Lytle stated even though our contract reflects Drexal Hamilton Infrastructure Partners with Mark Michel inserting the contract was always with Drexal Hamilton Infrastructure Partners. Mark Michel went on to state the broker-dealer, by federal regulation and the financial industry regulatory federal authority want to ensure broker-dealers do not own other businesses as the singular business of representing clients' interest in the formation of buying and selling securities. That is why Drexal Hamilton was set up like this was to buy and own assets such as this and to have that decision making authority and to have aligned interest with our investors. By creating the Unita Basin Railway Holding organization it made sense to not bring over the broker-dealers into this project as we had to separate for regulatory issues. Commissioner Lytle expressed his concern as it relates to the Seven Counties liability with it. While the railroad is everybody's goal, and having confidence in everyone's ability to do what they need to do, have we had deadlines come and go and have we had the need to extend it? Mark Michel responded that geotechnical work is underway, we have hired a subsidiary of Rio Grande Pacific called Basin Railway Constructors. They have, in turn, been working with their subsidiaries to do geotechnical boring and right away in order to get the rock and soil samples where the tunnels are going through. We have already started the pre-construction work, back in the August-September timeframe of last year. The existing contract ran through the fall, we have already extended those contracts and they have been signed and given notice to proceed. All construction companies have been noticed to proceed. Commissioner Lytle went on to reiterate that all of the proper paperwork has been provided to Seven Counties attorney Eric Johnson. He went on to say all of the organizational manipulations are concerning if we had not been kept in the loop while they were happening. Mark Michel indicated he had communicated with previous Executive Director McKee, as well as Commissioner Horrocks, about the separation and it was kept to a small, tight group and had not discussed it among the larger body. These were just internal corporate things driven by the regulatory requirements and he did not want to bore the board with it. Commissioner Lytle said it comes back to a trust factor and performing our due

diligence and to secure that trust with the producers and the investors and that we are very transparent. Mark Michel expanded on the construction beginning and that we are clearly going through the financing process and that he is here requesting the bond authorization. That will help formulate the large, 65% to 75% of the total capital needed for us to construct the railroad. This is a very important part of the holistic financing package. We are independently working with Wells Fargo as the underwriter of these types of projects. We are also at the same time working with the equity side of Wells Fargo to circle up the remaining 30% needed so that way we can, after this initial first quarter, we can get out into the capital markets and make a larger capital commitment to the full-scale construction of the railroad. We are targeting this summer as being where we will have tunnel boring machines onsite, doing more linear construction and the true, visible nature of the railroad being built. You cannot write a bond overnight, it takes several months and we are looking at summer as being when we will enter that market but have to start that securitization process now. Commissioner Lytle inquired if this was commonplace things Wells Fargo would be doing. Kevin Carney with Wells Fargo then spoke. He indicated he ran the transportation group nationally for Wells Fargo out of New York. He reiterated the questions – “is this commonplace?” Kevin Carney went on to state this is very common to have an inducement resolution from the issuer which would be Seven Counties to issue the tax-exempt bonds which will allow us to recover all monies spent today to recover through the bond issuance. These types of projects are also very common, using tax-exempt financing and activity bonds, to be clear, the tax-exemption is for the investors who purchase these bonds. The investors who purchase these types of bonds are very sophisticated and they understand how these projects work and there is a lot of appetite for these types of infrastructure projects. As a point of reference, December 13 of this past year we issued on behalf of another conduit issuer in Pennsylvania, a seven billion dollar issuance to secure bonds to rehab and rebuild seven bridges. This type of activity happens every day, all day. Commissioner Horrocks weighed in that this allows us to pursue a little cheaper interest rate as well. Kevin Carney responded that the tax-exempt rates are about 70% of the treasury rates just to put a point of reference as interest rates are rising. In our market our tax-exempt rate for a 30-year spot is 3.24%. With corporate spread you are looking at a 6% rate which could be as high as 10% in the market. There is definitely a cost advantage to the project and the end user to secure this type of financing. Chairman Miles mentioned Mark Michel had referenced the separation agreement and asked if the board could see that. Mark Michel indicated it had already been provided. Eric Johnson then stated Gary Johnson had provided the paperwork regarding the name change which had been forwarded to the board. Eric Johnson did indicate he was asked to withhold the separation agreement but would check to see if that could be shared as well. He indicated he did review it and did not see any issues with the agreement. Gary Johnson stated the agreement was governed by a confidentiality agreement and to release the separation agreement would require jumping through a lot of hoops with each one of the broker-dealers. Eric Johnson indicated he would work with Gary Johnson to see what could be released and share whatever could be shared that was appropriate with the board. Eric Johnson went on to state for clarification, the original agreement was with Drexal Hamilton Infrastructure Partners LP. Then, as they indicated, they had a name change in May of 2020 and we were made aware of that at the time of the

change. So, the development agreement entered into in September of 2020 is in the name of Drexal Hamilton Infrastructure Fund Two LLC. And now there is another name change going to Unita Basin Railway Holdings LLC. So, this inducement agreement, lists all three entities but the lead entity is the new name of Unita Basin Railway Holdings LLC. Chairman Miles presented a question saying the inducement agreement states “not exceeding \$9 billion dollars” and on page two at the top, it says not less than \$2 billion which Eric Johnson indicated was a mistake. It really is not to exceed \$2 billion. Chairman Miles inquired what was the confidence in the number of being \$2 billion being close to the mark. Mark Michel responded the request to Wells Fargo was to give them some extra buffer room as they underwrite the securities. Mark Michel then asked Kevin Carny to respond as well. Kevin Carny went on to say you do not want to put down a \$1.7 billion dollar number and then find you need more. It does not mean we have to use it if it is not needed and it is simply an estimate we are pretty comfortable with. Interest rates are changing during the equity search and we felt the \$2 billion was the right number. Chairman Miles asked Eric Johnson if that was well within our bonding authority. Since no taxes will be used, Eric Johnson stated it really is done on the financial strength of the private partners. Commissioner Lytle then asked if it was typical that the inducement effort requires us to participate as a sponsor of it and is there an equity assignment to it as well to the public body doing the inducement? Eric Johnson indicated there would be an administrative fee charged by the Coalition for this effort. He said the Coalition would not have any equity position with this. Mark Michel went on to say since we have formed a public private partnership on this project, this is one of the attractive tools to be able to have a conduit issuance. We will obviously “be on the hook” to pay this back and the railroad will service the debt. These public private partnerships are attractive all over the country because of these conduit benefits. It is attractive to us to enter into these public private partnerships because we get a deeply discounted coupon rate that saves money for investors and for the project. It is the cheapest cost of capital that we have available so we want to take full advantage of it. In that public private partnership that also benefits the public. Commissioner Lytle indicated that they are not without risk and we want to make sure we are protecting the producers themselves knowing that this helps with the margins ultimately as we move forward. Eric Johnson then stated Jones & DeMille has been putting together an outline of the different permits and the different timeframes that go with that and asked Brian Barton to speak to that. Brian Barton stated that information was put together and will provide it to the board. A few highlights are the Surface Transportation Board has no technical expiration date, the Forest Service permit will be thirty (30) years from the date of issuance but they cannot issue the final right away until they have the plan of development after the design is complete; the Bureau of Indian Affairs right of way is perpetual but is still in process. The BIA is reviewing that now. For instance, SITLA will issue a primarily perpetual right of way and DEQ’s permit will be good until December 2026, the EPA permit is also good until December of 2026. The 402 permit will be renewed annually and the Corp of Engineers is good until December of 2026 as well. Commissioner Lytle asked if there were any decisions not necessarily associated with permits rather it is Fish and Wildlife Service or others – how good is the ROD for the NFIP process we went through. Brian Barton responded that the Record of Decision reflected the analysis of that project which is not necessarily tied to a time. Weather or species movement may

impact some timing but that would be limited. Commissioner Stubbs mentioned her father worked with the railroads in Argentina so she is excited about the project and some day saying she was a part of this. She shared a question regarding the creation of minutes and how important it is to have a record of the discussion for everyone's protection. Chairman Miles indicated Lenise Peterman is responsible for drafting the meeting minutes and is good at capturing the essence of the meeting. Chairman Miles then called for questions regarding the agreement in front of the board. Chairman Miles asked if the changes within the document were large enough to warrant an update to the document prior to presenting it for a vote. Eric Johnson indicated the changes were not significant enough to delay the vote. There will be a clean-up version for signature forthcoming. Chairman Miles then opened the floor for a motion.

Motion to approve Resolution 2023-02A Inducement Resolution Private Activity Bonds was made by Commissioner Horrocks, seconded by Commissioner Jensen. Chairman Miles indicated this was a pretty momentous occasion to approve a resolution for a project this big and that he appreciated all the work that has gone on in the back end from so many in the room. We appreciate Executive Director Heaton, legal counsel Eric Johnson and Brian Barton on the Coalition side and really thank everyone involved. We look forward to the day we can ride the first train out of the Unita Basin. Commissioner Lytle indicated he was uncomfortable signing until we see what other comments have been made on the agreement. He would like to see the final document. Commissioner Horrocks presented a substitute motion to indicate approval contingent on final review. Chairman Miles inquired if Commissioner Jensen concurred with the substitution which Commissioner Jensen confirmed he was. Eric Johnson stated the resolution does two things – one is it approves the inducement agreement with the railway and then it calls a public hearing for next month's meeting related to the bonding. Eric Johnson further stated bonds are not being authorized at this point, you are giving notice under both federal and state law that you must hold a public hearing before bond issuance. This is simply the beginning of the process. Chairman Miles asked for any further discussion. There being none moved forward with voting.

Chairman Miles called for a roll call vote. **The motion passed.** He then moved on to the next agenda item.

SEVEN COUNTY INFRASTRUCTURE COALITION VOTING:

Carbon	Board Member	Yea <u>X</u> No <u> </u>
Daggett	Board Member	Abstained
Duchesne	Board Member	Yea <u>X</u> No <u> </u>
Emery	Board Member	Yea <u>X</u> No <u> </u>
San Juan	Board Member	Yea <u>X</u> No <u> </u>
Sevier	Board Member	Yea <u>X</u> No <u> </u>
Uintah	Board Member	Yea <u>X</u> No <u> </u>

11. Discussion, consideration and ratification of San Juan County Navajo Water Contract. (Keith Heaton)

Chairman Miles turned time over to Executive Director Heaton to cover this topic. Executive Director Heaton indicated we had been working for the past several years with San Juan County on water planning along with the Division of Drinking Water. He had recently signed And submitted the contract and wanted to ensure the board was aware of this action. Executive Director Heaton then asked legal counsel if a ratification was in order. Eric Johnson indicated a ratification of the agreement was in order. Chairman Miles called for questions, there being none requested a motion.

Motion to ratify the San Juan County Navajo Water Contract made by Commissioner Hopes, seconded by Commissioner Stubbs.

Chairman Miles called for a roll call vote. **The motion passed unanimously.** He then moved on to the next agenda item.

12. Executive Directors Report. (Keith Heaton)

Executive Director Heaton proceeded to his report for the board. He shared that everyone has been very busy as evidenced by the activity of today's meeting. Executive Director Heaton wanted to make sure the board was aware of a few things which were not included on today's agenda. The first is we have received a GRAMA request in regards to the Western States and Tribal Nations which is a group we have membership in. He appreciated the support of Jones and DeMille as well as Eric Johnson and his team for their assistance in responding. This was a very time intensive request and this is an organization with some very special interest and in speaking with Andrew Browning discovered they had also received the same request. Also for your information, Josh Whalen who was so instrumental in helping us with the Surface Transportation Board has left the organization and thought you may have some interest in that change. This concluded Executive Director Heaton's report.

13. Engineers Report. (Jones & DeMille)

Chairman Miles then called on Brian Barton for the engineering report. Brian Barton indicated they would make short order of their report as well. The monthly report was provided to the board this week and indicated they were happy to respond to any questions the board may have. Our tasks have focused on the Unita Basin Railway and coordination with UDOT Region Three. We are also working on the Utah Navajo Water Settlement study mostly with coordinating with the agencies to understand the moving pieces, whatever they may be. There is ongoing discussion and we are striving to be as efficient as we can be with the study funds. We continue to work hard to keep up with Keith on the energy ecosystem project. It is a significant project for the Coalition from an infrastructure development perspective, expanding the capabilities of rural Utah to accommodate pretty impressive opportunities. As mentioned, by Executive Director Heaton, we played a supporting role in the GRAMA request which was

a heavy lift and appreciate the work our staff did for it. He appreciated the discussion on strategic communications and we will come back with some next steps for the Coalition. Brian Barton then asked Daniel Hawley to speak to the board. Daniel Hawley indicated last month we discussed the project ranking criteria with the only update being if anyone wants to retake that or refocus the weighting criteria on that. He did send out the survey questions to Commissioner Stubbs and Commissioner Jensen the day before. He asked if there were any county personnel the board may suggest to take the survey as well. Brian Barton then took the lead of the discussion back to the Unita Railway budget, and wanted to inform the board we were starting to bump up into some of the line item limits in the budget. There remains plenty in contingency, we may need to adjust some of the line items in the budget. We will have some recommendations for the next meeting to address the budget. Commissioner Stubbs had a question about the water project. Her concern was about activity outside of Utah, which Brian Barton responded that there should be nothing happening outside of the state. Executive Director Heaton weighed in saying he had been engaged with parties from Senator Romney's Office about this issue and a meeting was forthcoming to ensure the County's interests were maintained throughout this process. Brian Barton indicated they planned to schedule a meeting during one of the San Juan Commission meetings later this month to talk through the details of what this all looks like and to receive some guidance from the county. This concluded the engineering report and Chairman Miles called for the next agenda item.

14. Presentation, approval and adoption of monthly expenses. (Smuin, Rich & Marsing)

Time was turned over to Doug Rasmussen. He indicated we do have a request for payment today amounting to \$67,155.74.

SEVEN COUNTY INFRASTRUCTURE COALITION PAYMENT APPROVAL

**February 9, 2023 at 10:00 a.m.
Utah State Capitol - Room 450
Salt Lake City, Utah 84114**

Expenses Previously Approved by Board :

Vendor	Check #	Invoice #	Amount	Description	Grant
Health Equity	2224	a0xjyz6	1,000.00	HSA Employee Contribution	General Grant
Health Equity	2224	iseqxxx	2,000.00	HSA Employee Contribution	General Grant
Health Equity	2224	1yglkbv	325.00	HSA Employee Contribution	General Grant
Health Equity	2224	bhyslxi	325.00	HSA Employee Contribution	General Grant
Health Equity	2224	1amyef	325.00	HSA Employee Contribution	General Grant

Checks Currently Being Approved:

Vendor	Check #	Invoice #	Amount	Description	Funding Source
VOID	2228				
VOID	2235				
Smuin, Rich & Marsing	2225	06917	3,770.00	Consulting Per Contract - January 2023	General Grant
Lenise Peterman	2226	4419-9	553.54	Contract Labor & reimbursement	General Grant
Keith Heaton	2227	9	1,422.98	Director's Travel and Admin Expenses	General Grant
Public Employees Health Program	2229	AC-0000002140	3,276.00	Insurance Premiums - November 2022	General Grant
Jones & DeMille	2230	0130063	17,390.86	Program Management and Engineering	General Grant
ETJ Law	2237	2327	4,768.75	General - Legal Services	General Grant
Venable LLP	2231	2548261	2,175.00	Utah Rail Line - Legal Services	Utah Basin Railway Project Grant - STB Regulatory and Other Legal Services - Phase 2
Venable LLP (1/2 Invoice)	2232	5248262	5,011.85	Utah Rail Line - Litigation Challenges to STB Decision	Utah Basin Railway Project Grant - STB Regulatory and Other Legal Services - Phase 2
Jones & DeMille	2233	0130065	9,500.00	Utah Rail Line - Engineering	Utah Basin Railway Project Grant - Program Management Services - Phase 2
Jones & DeMille	2233	0130065	7,900.00	Utah Rail Line - Engineering	Utah Basin Railway Project Grant - Strategic Communications - Phase 2
Jones & DeMille	2233	0130065	1,500.00	Utah Rail Line - Engineering	Utah Basin Railway Project Grant - Program Management Services - Phase 2
ETJ Law	2238	2328	1,225.00	Utah Rail Line - Legal Service	Utah Basin Railway Project Grant - STB Regulatory and Other Legal Services - Phase 2
Jones & DeMille	2234	0130064	1,932.75	Navajo Water Settlement - Engineering	Division of Drinking Water
Emery County - LBA	2236	123022	3,972.76	Research Center Facility - Consulting Services	Energy Research Center Grant
ETJ Law	2239	2329	2,756.25	Molten Salt/Research Center Facility - Legal Services	Energy Research Center Grant
Total Payment Approval			\$ 67,155.74		

Motion to approve expenses for February in the amount of \$67,155.74 was made by Commissioner Lytle, seconded by Commissioner Hopes. Chairman Miles called for the vote. **The motion passed unanimously.**

Doug Rasmussen then reviewed the financial statements which were complete to January 31, 2023 which shows the balance sheet, total assets and liabilities of the Coalition with the second page showing profit and loss statement for January. We have detail information for activity that has happened through January by project as well.

Motion to approve the financial report for December was made by Commissioner Lytle seconded by Commissioner Horrocks. Chairman Miles called for the vote. **The motion passed unanimously.**

Doug Rasmussen again for information purposes only reviewed the project sheet. This does not require any approval from the Coalition. This concluded the financial update to the Coalition. Chairman Miles called for any questions. A comment from the CIB was made online inquiring if the Coalition sees the invoices for payment. Chairman Miles responded that they are provided to the board. Further, Commissioner Sitterud is charged with the audit review of all invoices as well. Doug Rasmussen stated Commissioner Sitterud does come to the Smuin Rich office to preform the review of invoices and all checks and balances are in place.

16. Motion to Adjourn (Greg Miles)

A motion to adjourn was made by Commissioner Hopes.

A motion to approve the February 9, 2023 meeting minutes was made by Commissioner _____, seconded by Commissioner _____.

SEVEN COUNTY INFRASTRUCTURE COALITION VOTING:

Carbon	Board Member	Yea	___	No	___
Daggett	Board Member	Yes	___	No	___
Duchesne	Board Member	Yea	___	No	___
Emery	Board Member	Yea	___	No	___
San Juan	Board Member	Yea	___	No	___
Sevier	Board Member	Yea	___	No	___
Uintah	Board Member	Yea	___	No	___

Co-Chair: Greg Miles

Co-Chair: Casey Hopes

(COALITION SEAL)

ATTEST:

Lenise Peterman