



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF DRINKING WATER
Nathan Lunstad
Director

Drinking Water Board
Kristi Bell, Chair
Eric Franson, P.E., Vice-Chair
Dawn Ramsey
Justin Maughan
Corinna Harris
Jeff Coombs
Shazelle Terry
Blake Tullis, Ph.D.
Kimberly D. Shelley
Nathan Lunstad
Executive Secretary

April 10, 2024

Laura Briefer
Salt Lake City Water System
1530 S. West Temple Street
Salt Lake City, Utah 84115

Laura.briefer@slcgov.com

Subject: **Federal SRF Loan Authorization and Procedures for Committal of Funds; Salt Lake City Water System, System #18026, Loan #3F2028**

Dear Laura Briefer:

On February 29, 2024, the Drinking Water Board (hereinafter called the "Board") authorized a construction loan of up to \$39,525,000, with \$19,350,000 in principal forgiveness, for a net repayable amount of \$20,175,000 for up to 39 years at 1.5% hardship grant assessment fee in lieu of interest, to Salt Lake City Water System (hereinafter called the "Recipient") for the planning and construction of lead service line inventory and replacements as well as potential replacement of aging water mains to facilitate service line replacements where large quantities of lead are present (hereinafter called the "Project"). The loan from the Board will be secured by General Obligation bond(s), Non-voted Water Revenue bond(s), or a combination thereof; issued by the Recipient as incremental disbursement bond(s) (hereinafter referred to as Bonds) disbursed on a monthly or quarterly basis. The Board has determined the retirement period for the Bonds to be no more than **thirty-nine (39) years**, with the assessment fee payable on the unpaid principal from the date of each advance of loan funds. The annual **assessment fee is 1.5%**. The Board will require annual principal payments on the Bonds, plus assessments, totaling approximately \$687,000. Enclosed is the proposed bond repayment schedule. If a revenue bond is used, a debt service reserve fund equal to this annual amount must be established by no more than ten equal annual deposits.

The authorized financial assistance will be deposited incrementally into the escrow account mentioned in item 2 along with other funds after the bonding requirements for the loan are completed and the principal forgiveness agreement is signed and fully executed.

Special Conditions

This financial assistance was authorized subject to the availability of funds. The assistance represented by this authorization will be funded, in whole or in part, from the proceeds of a federal DWSRF Capitalization Grant (Section 1452 SDWA) to the State of Utah. Under the SRF Capitalization Grant Program, federal funds are to be made available to the State by way of authorized draws on a letter of credit over the construction period of the Project. Therefore, this authorization is expressly subject to the continued availability of federal funds through the SRF Capitalization Grant and the letter of credit related thereto.

Neither the Board nor the State of Utah shall be bound by this authorization or by any obligation to provide further loan funds to or purchase any bonds from the Recipient if the SRF Capitalization Grant funds to which this authorization relates are not awarded or if payments under the letter of credit are withheld for any reason.

As a condition of this authorization, the Board will require the Recipient to provide a schedule of estimated engineering and construction time for the Project within ninety (90) days of the date of this letter. If the Project has not progressed sufficiently for the Recipient to issue the Bond within twelve months of the date of authorization, authorized funding may be withdrawn.

As a condition of this loan, the Board will require the Recipient to establish a capital facilities replacement reserve account. Deposits to that account shall be made at least annually in the amount of five percent (5%) of the Recipient's annual drinking water system budget, including depreciation, and must continue until the Bonds are redeemed. Failure to maintain the reserve account will constitute a technical default on the Bonds and may result in penalties being assessed.

The Bonds may be prepaid, in whole or in part, at any time in minimum amounts of \$1,000 or any integral multiple thereof, with the prepayments applied against the Bond principal in inverse order of maturities. In addition, if any Bond proceeds remain after the Project is completed, those remaining proceeds shall be used to redeem Bond principal in inverse order of maturities. The Bond documents must contain the following provisions:

- i] The Bonds will initially be in the form of a single, fully-registered bond in the amount of \$20,175,000 with provisions for incremental advances quarterly, based on a schedule that coincides with the rate at which engineering/construction related costs are expected to be incurred for the Project. However, provisions shall be made which would allow the Bonds to be exchanged for separate serial bonds in minimum denominations of \$1,000.
- ii] If revenue bonds are used the Bonds must be secured by a pledge by the Recipient of 100% of the net revenue produced by the Recipient's water system, and the Recipient will be required to warrant and demonstrate that those net revenues equal or exceed 125% of the total annual debt service requirements on the Bonds and any other obligations secured by a pledge of those revenues.
- iii] If interest is payable on the Bonds, that interest must be tax-exempt, and delivery of the Bonds must be accompanied by an opinion of recognized bond counsel that the interest is not subject to state or federal income taxes.

- iv] If a revenue bond is used, and if the Recipient has previously issued bonds or other obligations secured by a pledge of water system revenues, the Bonds to be purchased by the Board shall be issued on a parity with those prior bonds or obligations with respect to the revenue. If it is not possible for the Bonds to be issued on a parity basis, the Recipient shall contact Michael J. Grange immediately at (801) 674-2563.

Based on the information presented to the Board, the following sources of funding will be available for the construction of the Project:

Agency	Share	% of Total
Drinking Water Board (Loan)	\$20,175,000	51%
Drinking Water Board (Principal Forgiveness)	\$19,350,000	49%
Local Contribution	\$0	0%
Total Project Cost	\$39,525,000	100.0%

For DWSRF-funded projects the Recipient must submit engineering drawings for any water main replacements or copies of approved waterline installation standards to the Drinking Water Board for review. If the Recipient chooses to use a contractor for any portion of the authorized project, the Recipient must advertise for bids for those portions of the Project, must open the bids, and must demonstrate to the Drinking Water Board that the bidding process complied with Utah bidding laws and that available sources of funding are adequate to cover the cost of the Project and the bond insurance costs.

Prior to bond closing the Recipient must make arrangements for all authorized financial assistance proceeds and all other Project funds to be available for deposit into the escrow account described below at the time the Board delivers funds unless other acceptable arrangements have been previously made.

The financial assistance is conditioned upon the availability of funds at the time of closing, satisfaction of the conditions specified in this letter, and adherence to the project schedule approved at that time. If the Project does not proceed according to the project schedule, the Board may withdraw project authorization, so that other projects ready to proceed can obtain necessary funding. The Board may consider extensions to the project schedule. Any extension requested must be fully justified. After the Project's construction bids have been opened and the below listed requirements have been met, and if the project remains substantially as approved, loan closing will proceed subject to funds available at that time. But, if substantial changes in the Project are required, they must be considered by the Board for committal of funds.

As the Recipient you will need to complete the following items before the Board will purchase your Bonds:

1. The State of Utah has appointed William L. Prater, Esq. as special legal counsel to the Board (the "Board's Attorney") and has assigned to him the responsibility of reviewing

all proceedings and documents relating to the sale of bonds to the Board. His telephone number is (801) 566-8882, email is bill@billprater.com, or mail to P.O. Box 71368, Salt Lake City, Utah 84171. The Recipient's bond counsel shall submit the following items to his office at the times indicated below. A copy of the transmittal letter for the items indicated below must also be sent to the Division of Drinking Water to document project progress.

- a. No later than one week prior to the meeting at which the Recipient intends to adopt its Resolution for the issuance of the Bonds, a complete copy of the Resolution shall be submitted for review.
- b. No later than two weeks after the adoption of the Resolution, the following items shall be submitted:
 - 1) A true and complete photocopy of the Resolution as adopted, showing signatures of the appropriate officials of the Recipient on the Resolution and on the Notice of Meeting, Acknowledgment of Notice and Consent, Certificate of Publication, Open Meeting Certificate, and other similar documents relating to the Resolution.
 - 2) A true and complete photocopy of the minutes, notices, resolutions, and other documents relating to the Bonds, showing signatures of the appropriate officials.
 - 3) A complete copy of the proposed documents to be signed at Closing, including (but not necessarily limited to) General Certificate, Signature Identification and Non-Litigation Certificate, Receipt, Arbitrage Certificate (if required), Recipient Attorney's Non-Litigation Certificate, Certificate of Clerk (or Recorder) as to contents of Bond Transcript File, Escrow Agreement, and the Bond Attorney's Opinion.
 - 4) A copy of the water rate structure described in paragraph 3 below of this letter.
 - 5) A copy of the proposed opinion letter of the Recipient's attorney described in paragraph 7 of this letter.

The procedures for bond approval will be substantially the same as required by the Utah Local Government Bonding Act as it applies to cities and towns. The opinion of the bond attorney must accompany delivery of the Bonds to the Board before proceeds of the loan will be released.

At or after the Closing, the Board's Attorney will bill the Recipient, and the Recipient must pay those legal fees. This is an eligible project expenditure. If the Recipient fails to close the loan after this authorization, it will nonetheless be by billed for the actions taken by the Board's Attorney prior to loan cancellation.

2. Consistent with requirements of the law and the covenants of applicable bond resolutions, the actual payment of funds by the Board to the Recipient will not take place until the Board has assurance the funds will be used for Project costs and the Project will actually be completed. To assure this, all monies to be expended on the Project, including the Recipient's share shall be placed in an escrow account supervised by the Recipient and the Board, unless other acceptable arrangements have been made. In general, the Board will make incremental advances into the account on a monthly or quarterly basis. A copy of the proposed escrow agreement shall be submitted to the Board and the Board's Attorney for review.

Disbursements from the escrow account will be reviewed and approved by the Division of Drinking Water. A Disbursement Request Form must be completed and submitted along with each request. **Disbursement amounts must be authorized in writing by the Recipient and the State prior to any funds being released from the escrow account.** Please refer to the reimbursement instruction sheet.

3. At the time of the adoption of the bond resolution, the Recipient shall have passed an ordinance or resolution establishing reasonable water use rates and collection enforcement remedies, taking into account many factors including the need to have sufficient revenue income for all outstanding water system debts, operation and maintenance costs, and any reserve funds. It will then be necessary to implement effective collection procedures. A copy of the rate ordinance and collection enforcement procedures shall be submitted to the Board and the Board's Attorney for review.
4. The Recipient's contract with its engineer shall include the cost of developing the plans and specifications and the construction inspection of the Project. The contract shall be submitted to the Division of Drinking Water for review. (This requirement is to assure the Board that adequate and appropriate arrangements are made for completing and inspecting the project within the guidelines set by the Board.)
5. The project engineer shall submit, *in accordance with R309-500*, plans and specifications, bidding documents, and general conditions to the Division of Drinking Water for review *and Plan Approval* prior to soliciting bids on the Project. The engineer shall submit project documents via ddwpmf@utah.gov per <https://deq.utah.gov/drinking-water/general-plan-approval-process> for the expeditious assignment and review of the plans and specifications. Any changes to approved plans and specifications prior to finalizing the Recipient Agreement must be reviewed and approved by the Division of Drinking Water. These funds cannot be disbursed until after the bid opening *has occurred and a copy of the bid tabulation has been reviewed by the Division* to assure that sufficient funds are authorized to complete the Project. If substantial changes in the Project are required, they must be considered by the Board for committal of additional funds. The following shall be included in the specifications:
 - a. The Recipient shall require contractors hired to perform work on their project to pay prevailing wage rates according to Davis-Bacon labor wage requirements. See attached Reference Page for document location.

- b. The Recipient shall comply with the Build America Buy America Act requirements. See attached Reference Page for document location.
6. Rights-of-way and easements for construction, and operation and maintenance of the Project shall be acquired. The Recipient, through its engineer, shall furnish its attorney a right-of-way map showing the location of all sources, buildings, structures, pipelines, and other pertinent facilities not only in the Project but also for the entire water system. The engineer and presiding officer of the Recipient will sign this map and a copy provided to the Recipient's attorney as a basis for the certification described below.
7. The Recipient's attorney shall certify the following items in writing to the Board:
 - a. The Recipient is a legal entity as of the date of loan closing.
 - b. The Recipient has valid legal title to the rights-of-way designated and shown on the rights-of-way map, including rights-of-way both for the project to be constructed and the remainder of the existing water system as of the date of loan closing.
 - c. The Recipient has established the ownership of water rights to any and all water used in the system and such rights are summarized with associated water right numbers.
 - d. The bidding process and contract documents for the construction of the Project have the proper and legal format and are in compliance with the Utah Code Annotated 1953 (including, but not limited to Title 34, Chapter 30).
 - e. After the completed and executed construction contract, along with the performance and payment bonds and evidence of necessary insurance, has been reviewed by the Recipient 's attorney, the Recipient 's attorney shall furnish to the Board his legal opinion that all of such items are legal and binding and in compliance with the Utah Code.

As indicated earlier, a draft of this letter is to be submitted to the Board and the Board's Attorney two weeks after the adoption of the resolution.

8. If interest is payable on the Bonds, the Bonds must be accompanied by a legal opinion of recognized municipal bond counsel that interest on the bond obligations is exempt from federal income taxation.

Unless otherwise covered, the opinion must also include a statement that the project to be constructed with the Bond proceeds is not for private activity and that the Recipient has complied with all the requirements of the Board with respect to the Utah Federal State Revolving Fund (SRF) Program (R309-705 of the Utah Administrative Code).

9. The Recipient must obtain and maintain continuously throughout the loan repayment period, a fidelity bond on the positions handling the Recipient's funds, in an amount at

least equal to the total amount of funds that will be on hand at any one time, exclusive of loan funds. This amount should be at least twice an annual payment or \$1,374,000. This fidelity bond must be obtained and furnished to the Board prior to the loan closing date. The names of the insured on the position fidelity bond will be "Salt Lake City Water System and the State of Utah acting through the Drinking Water Board."

10. As a condition to the acceptance by the Board of a non-voted revenue bond, the issuer must:
 - a. Publish notice and conduct a public hearing consistent with the requirements of the Utah Local Government Bonding Act, and
 - b. Mail notices to System users in the Issuer's service area informing them of that public hearing. In addition to the time and location of the public hearing, the notices which are mailed to System users shall inform System users of the issuer's intent to issue a non-voted revenue bond to the Board, shall describe the face amount of the Bond, the rate of interest, the repayment schedule and shall describe the impact of the Project. User charge rates and connection fees shall be noted in that notice. That notice shall state that System users may respond to the Issuer in writing or in the public hearing. A copy of all written responses and a certified record of a public hearing shall be forwarded to the Board. If the Board feels that there is significant opposition to the proposed project, or if required by the Utah Local Government Bonding Act, it may be necessary for the Issuer to hold a bond election before the Board's funds will be made available.

11. As a condition of this loan, the Board will require the Recipient to complete a Water Conservation Plan. If your system has less than 500 connections, the plan must be submitted to the Division of Drinking Water prior to loan closing. If your system has more than 500 connections, the plan must be submitted to the Division of Water Resources for review and approval, and the approved plan must be adopted (completing the *Certification of Adoption*) prior to loan closing. If the Recipient has already adopted such a plan, that plan and its certification of adoption may be submitted to the Division of Drinking Water for verification.

12. In compliance with Utah Code Annotated 9-8-404 and 36 CFR 800.3(g), the project engineer shall submit a report to the Division of Drinking Water that demonstrates a reasonable and good faith effort was made to identify and gather information to determine if cultural resources are present in the area of potential effects, including a Class III Survey. The report format shall meet SHPO State of Utah Archaeological Compliance Guidance. Cultural resource reporting guidance is outlined in the Utah SHPO Short Cultural Resources Inventory Report Form. See attached Reference page for document location.
13. The Recipient must agree to comply with the above Federal laws, executive orders, and government-wide policies that apply to the Project and complete the following:
 - a. Ensure, to the fullest extent possible, that Disadvantaged Business Enterprise procurement requirements are achieved in all procurements for prime contractors, subcontractors, suppliers, and others. For your information, refer to these forms for DBE utilization: DBE Contact Log for Bidders, Subcontractor Participation, Performance, and Utilization forms, Suggested Sources for Locating Certified MBE/WBE Contractors in Utah. See attached Reference page for document locations.

Ensure that the “six affirmative steps” are taken to assure compliance with the State’s “fair share goals” in all procurements. The Division will specify the required language, documents, and instructions.

(1) Bid solicitations shall state that this is a federally funded project requiring compliance with the State’s “fair share goals” and federal EEO regulations. See attached Reference Page for document location.

(2) The “Special Conditions” or “Supplemental Conditions” in the bid documents shall contain the language and instructions specifying the MBE and WBE procurement requirements, provided by the Division.

(3) The same bid documents shall also contain the federal EEO requirements.

- b. Report MBE/WBE utilization for construction services on “EPA Form 5700-52A.” See attached Reference Page for document location. This is a requirement for projects that exceed the Simplified Acquisition Threshold set by the Office of Management and Budget. Annual reports are due by October 30th of each year.
- c. Include the following certification in the bond resolution:

"The Issuer agrees, in accepting the proceeds of the Series ____ Bonds, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Drinking Water Board. These requirements include, but are not limited to, Title XIV of the Safe Drinking Water Act of 1996, OMB Circular A-133, the Utah Federal State Revolving Fund (SRF) Program (R309-705 of the

Utah Administrative Code), the Utah Municipal Bond Act, the Utah Money Management Act, the Utah Procurement Code and the State of Utah Legal Compliance Audit Guide."

14. The Recipient shall submit a cash drawdown schedule prepared and certified by their consulting engineer to be a schedule that coincides with the rate at which expected construction related costs are incurred by the project.
15. The Recipient must get a Unique Entity ID from SAM.gov. Once the entity record has been validated, submit a copy of the Unique Entity ID to the Division of Drinking Water.
16. The Recipient shall comply with the Single Audit Act requirements in accordance with OMB Circular A-133.
17. The Recipient is required to comply with the Bipartisan Infrastructure Law Signage requirements. See attached Reference Page for document location.
18. In compliance with Utah Code Annotated 73-10g-402, water systems applying for federal financial assistance for improvements to capital assets related to water infrastructure shall commit to adopt a capital asset management plan. The Asset Management Plan shall be submitted to the Division for review and approval prior to loan closing, unless preparing an Asset Management Plan is included as part of the project for which the Recipient has applied for financial assistance. In which case, the Asset Management Plan shall be submitted to the Division as soon as it is completed or prior to the entity submitting its final project reimbursement request.

To facilitate the timely completion of the financial assistance requirements outlined in this letter, the Recipient and its attorney and engineer shall submit to the Division of Drinking Water all of the items required before loan closing no later than 30 days before the bond closing, and the Recipient's bond attorney shall submit to the Board's Attorney the items listed in subsection "b" of paragraph 1 on or before the due date specified.

These requirements must be completed on or before March 1, 2025. If the Recipient fails to reasonably comply with the Project schedule, the Authorization may be withdrawn in accordance with R309-705-7.

Laura Briefer, SLC WS

April 10, 2024

Page 10

These requirements may not cover all the matters pertaining to the Project. We anticipate that specific questions on matters relating to your Project will arise, and we are confident that a cooperative effort can resolve any issues.

If you have any questions concerning these requirements, please contact Andrea Thurlow at (385) 260-0337, Heather Pattee at (385) 515-1498 or me at (801) 674-2563.

Sincerely,

DRINKING WATER BOARD



Michael J. Grange, P.E.
Assistant Executive Secretary

MJG/hp/at/lr

Enclosures

1. Reference Page
2. Salt Lake City Water System Loan Repayment Schedule

cc: William Prater, Esq., William L. Prater, LLC, PO Box 71368, SLC, UT 84171, bill@billprater.com
Lisa Tarufelli, Salt Lake City Water System, lisa.tarufelli@slcgov.com
Teresa Gray, Salt Lake City Water System, Teresa.Gray@slcgov.com
Emma McGowan, Jacobs, emma.mcgowan@jacobs.com
Bradley Patterson, Gilmore & Bell, bpatterson@gilmorebell.com
Andrea Thurlow, Division of Drinking Water, athurlow@utah.gov
Heather Pattee, Division of Drinking Water, hpattee@utah.gov
Nagendra Dev, Division of Drinking Water, ndev@utah.gov
DDW Finance

Reference Page

*Davis-Bacon labor wage requirements - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-000538.pdf>.

*American Iron and Steel Provision - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-000536.pdf>

*Build America Buy America Act - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-004136.pdf>

*Utah SHPO Short Cultural Resources Inventory Report form - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2020-038201.pdf#page=53>

*Disadvantaged Business Enterprise procurement requirements - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-000522.pdf>

*DBE Contact Log for Bidders - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-000526.pdf>

*Subcontractor Participation, Performance, and Utilization forms - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-000526.pdf>

*Suggested Sources for Locating Certified MBE/WBE Contractors in Utah - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-000532.pdf>

*Federal EEO regulations - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-000530.pdf>

*" EPA Form 5700-52A" - <https://documents.deq.utah.gov/drinking-water/financial-assistance/Federal%20SRF/DDW-2022-000524.pdf>

INVESTING IN AMERICA

Investing In America Signage Guidelines

The Bipartisan Infrastructure Law

The CHIPS and Science Act

The Inflation Reduction Act

The American Rescue Plan



Guidelines for Logo Applications

The purpose of this document is to provide general guidelines for signs displayed at project sites for projects funded under the Bipartisan Infrastructure Law (also known as the Infrastructure Investment and Jobs Act), the CHIPS and Science Act, the Inflation Reduction Act, the American Rescue Plan, and other Federally-funded projects as appropriate. The first part of this document pertains to signs for Federally-funded projects that are not installed in the highway right-of-way. For highway signage guidance that is MUTCD compliant please see pages 13 and 14. For all other signs please start here. This document provides information about the Investing In America logo mark as well as how logos, marks and seals of states, cities, and counties can be incorporated into signage. Logos of contractors are not permitted on the signage. When logos are included in signage, the placement should conform to these brand guidelines.

Variations and Usage




There is one approved mark associated with the Investing In America logo. To preserve the integrity of the Investing In America logo mark, make sure to apply them correctly. Altering, distorting, or recreating the 'marks' in any way weakens the power of the image and what it represents. Layout and design of signs and communication materials will vary, so care must be taken when applying the logo mark.

Primary Logo Mark

INVESTING IN AMERICA

Colors

The colors, graphics, and fonts used should conform to graphic standards.

COLOR	CMYK	RGB	HEX	PMS
 Blue	83, 48, 0, 48	22 / 68 / 132	#164484	PMS 7687 C
 Red	0, 100, 81, 0	255 / 0 / 49	#FF0031	PMS 185 C
 White	2, 2, 0, 3	242 / 244 / 248	#F2F4F8	Bright White

Logos



White background: logo in red and blue

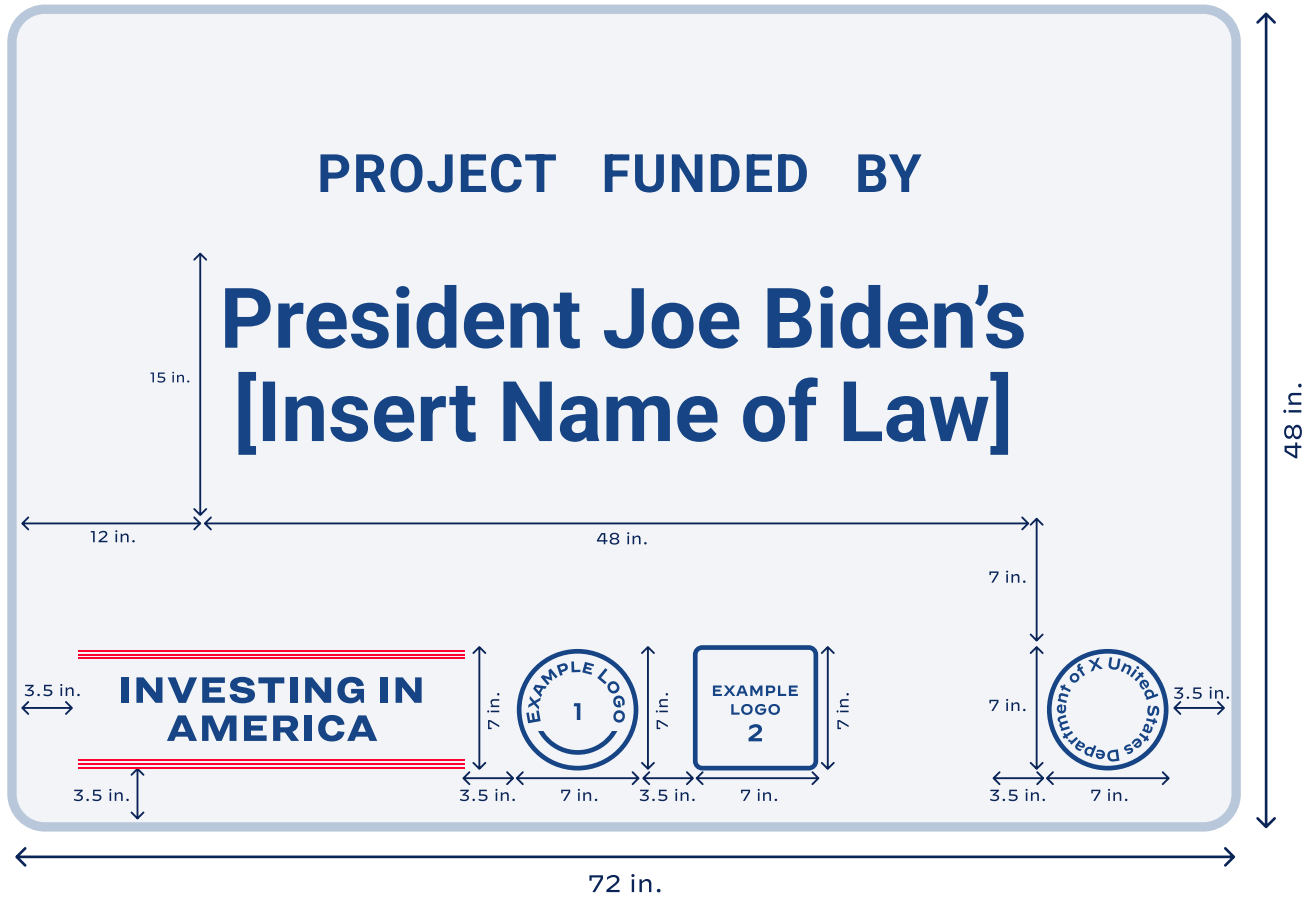


Gray background: logo in red and blue



Blue background: logo in all white

Investing In America General Guidelines for Logo Applications



Sign Colors

1. The Bipartisan Infrastructure Law



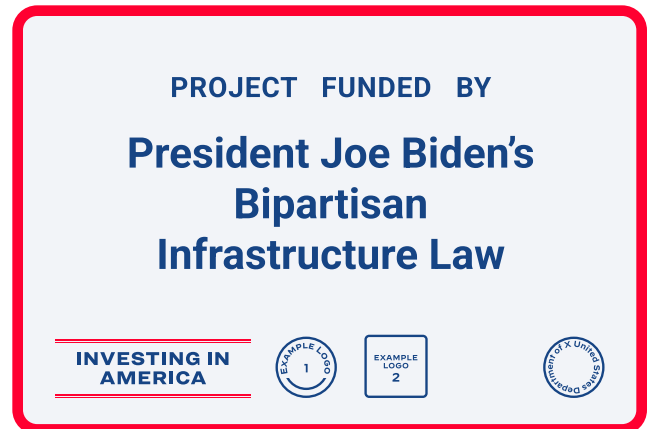
White



Gray



Blue



Red Border

Sign Colors

2. The CHIPS and Science Act



White



Gray



Blue



Red Border

Sign Colors

3. The Inflation Reduction Act



White



Gray



Blue



Red Border

Sign Colors

4. The American Rescue Plan



White



Gray



Blue



Red Border

State, City, and County Logo Variations



Square or Circular State Logo: 7x7 in.



Rectangular or Oval State Logo: **not** to exceed 17.5 x 7 in.

3 Logo Samples



Circular City Logo 7 x 7 in. State rectangular logo should **not** exceed 17.5 x7 in.



Rectangular State Logo: **not** to exceed 17.5 x 7 in.

2 Logo Samples

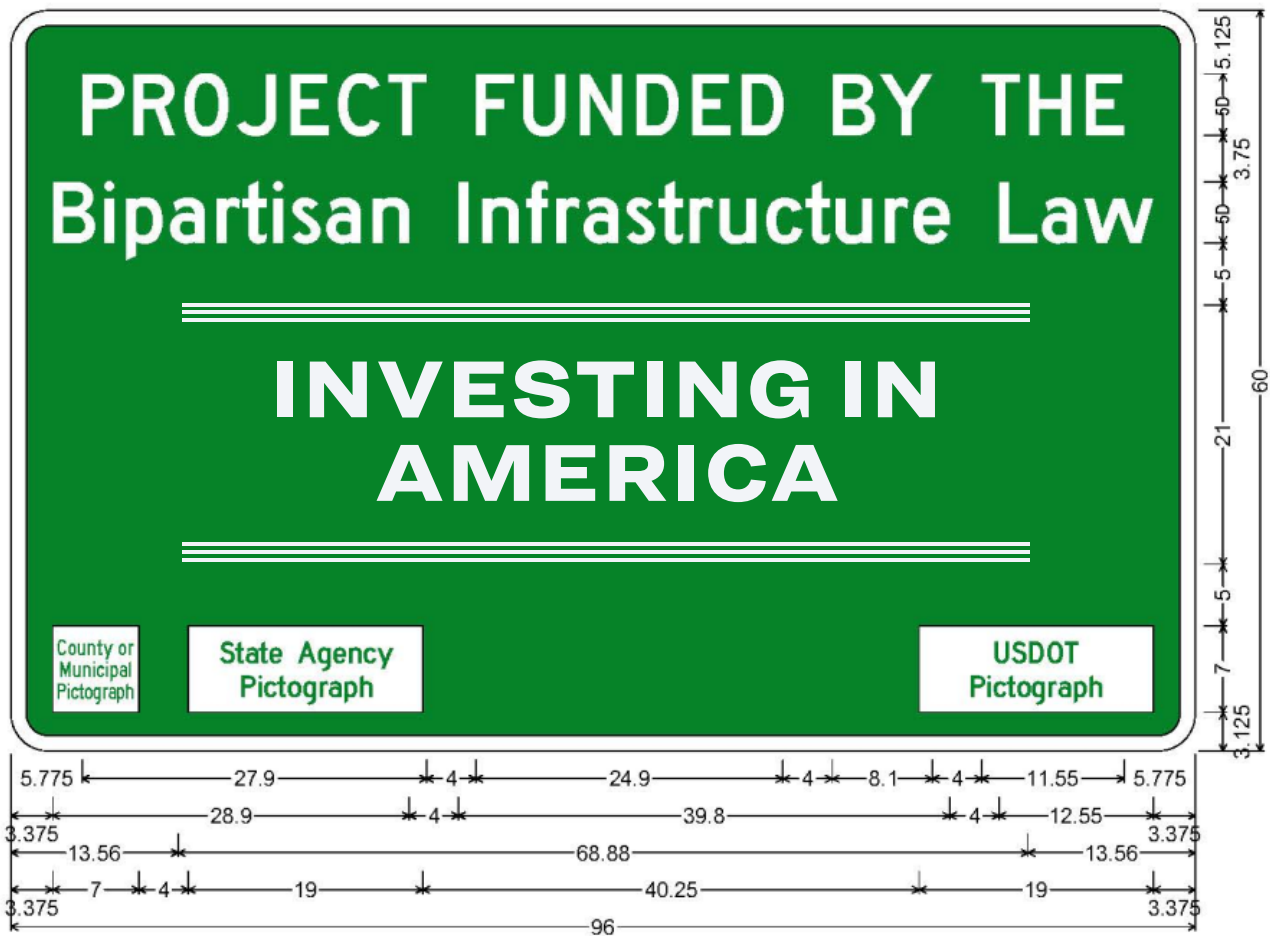


Circular State Logo: 7 x 7 in.



Rectangular State Logo: **not** to exceed 17.5 x 7 in.

Rules for Highway Right of Way Signage 8 Feet



Rules for Highway Right of Way Signage 6 Feet

