

Special Service District #1 Meeting
December 2, 2025 Meeting

The budget meeting was called to order by Chairman John Byars at 6:45 p.m. Other members present were Commissioner Scott Johnson and Les Topham. Also present were Matthew Lenhart, Micklane Farmer, and Shannon Hepworth from Jones & DeMille Engineering, Bob Watts from the Sevier County Road Department, Gabe Miller from Miller Accounting, and Jake Boyman and Brian Warner (contractors for the pavement preservation bid opening).

Budget:

Gabe Miller presented the board with the 2025 budget. Gabe reviewed the general fund, actual expenditures through November, the PTIF Statement doesn't come out until mid-week, so interest income through November is not reflected. Also, the revenues from mineral lease for October, November, and December have not hit the bank yet. The budget includes that projected income, \$400,000 in construction project including work done through December as a safeguard. The spreadsheet shows total governmental funds at year end, and the original 2025 budget, the variance between the projected and actual budget. We have not exceeded our budget. The 2025 adjustments include a \$1.5M transfer to balance correction. This will correct the fund balance as of November 30th of \$9.5M, anticipated revenues and expenditures at \$496,000 added to make \$10M. \$427,000 is restricted for current encumbered jobs, \$2.5M for bond reserves, leaving us over 100% of our revenue. The \$1.5M transfer from the general fund into the capital project funds will ensure we are well within that range. Gabe will fix the number (\$709,000) to show up as a negative on the expenditures side. We've brought in more revenue than we have spent. Gabe will balance that out.

John asked about the SRS funds. Scott hasn't found anything. They will come as soon as the congress authorizes. This wasn't included in the 2025 budget.

Gabe worked on the numbers to balance the sheet. Gabe will get the board a sheet to match the adjustment.

John made a motion to open the 2025 budget. The discussions have been had, our expenditures are below our original budget, we will transfer \$1.5M from the general fund to the capital improvements fund to keep in compliance. John moved to move those funds, and will open the budget again in January, Scott seconded, all were in favor.

John talked about the proposed 2026 budget. The state mineral lease is set at the same rate as the prior year, there will be one more contribution from the mine, also the interest income from PTIF, and the use of fund balance of \$1.2M that stands based on what we plan to spend including construction projects \$4.4M, engineering construction, equipment at \$300,000, and misc. debt service, interest, and principal on the bond. Those expenditures total \$7.72M, we'll end up bringing in \$1.2M.

John made motion to approve the proposed 2026 budget, Les seconded, all were in favor.

John made a motion to close the budget hearing Les seconded, all were in favor.

John asked Gabe about the Quitchupah project. The final payment has some ambiguity to it. Gabe believes there will be a discrepancy based on interest. Gabe thinks the district and the mine will need to verify that. Gabe thinks the payer would be a closer estimate. The last payment is to be made by the county (bond payment). The bond payment is 2 more years and is confirmed by the division of finance and includes 5 years of reserve.

Because the agreement is tied to the bond, they were required to include the amount of the reserve that the district was required to keep. The mine will be done but the district will have 2 more years of payments. John thought that the district was allowed to keep the interest earned on that money. John believed there was a payment schedule, and he was wondering about the amendment and if it changed the actual principal balance. The mines payable is different than the districts receivable. Gabe believes we should default to the payer.

Gabe exited the meeting

The regular meeting was called to order by Chairman John Byars at 7:13 p.m. Same members present minus Gabe Miller.

Pavement Preservation Bid Opening

Micklane opened and read bids including:

VSS International	\$1,773,120.00
American Pavement Preservation	\$1,770,910.40
Intermountain Slurry Seal	\$1,615,713.94
Geneva Rock	\$1,669,669.10

The apparent low is Intermountain Slurry Seal at \$1,615,713.94, and 2nd Geneva Rock at \$1,669,669.10 pending the bid review.

John made a motion to award the pavement reservation to the apparent low responsible bidder, Intermountain Slurry, pending the bid document review by JDE, Scott seconded, all were in favor.

John thanked the bidders for attending and they exited the meeting.

Minutes:

John made a motion to approve the previous month's meeting minutes as previously read and approved by members of the board, Les seconded, all were in favor.

Financials:

Les presented the budget for review and initials. We have received November mineral lease funds but not October. Encumbered jobs include Glenwood 600 South and the Glenwood Drainage. Matthew reported that we were short on the amount of riprap needed, Matthew presented the board with a memorandum of \$85,000. Today we will submit the first partial pay of \$79,000. Total project cost will be \$420,000 Anticipating completion around the 15th; we will discuss in projects.

Micklane will help to reconcile for the budget at next meeting.

John made a motion to approve the financials as presented, Scott seconded, all were in favor.

Invoices:

Bob submitted invoice for his hours. John also submitted his. Les has his but he will revise to show current mileage rate.

Micklane submitted invoices for:

- Glenwood Drainage (3 months)
- 2211-031 Admin Minutes
- Last invoice for 600 South in Glenwood
- Pavement Preservation
- 600 South (last pay request for signature, and change order to match up quantities)
- First payment to contractor on Glenwood Drainage

John made a motion to approve all invoices as presented, Les seconded, all were in favor.

Current Projects:

Glenwood 600 South

This can be taken off the list.

1300 S.

Have been making material and have 20,000 yards of 3" minus to go on the project. We are looking to bid out or find something in Annabella and have it all made for the project.

Bridge Preservation Repairs

This can be moved to future projects. John will add Pavement Preservation.

Cemetery /Black Knoll

Micklane reported that Geneva Pipe is doing the box. They ordered material but they aren't showing up for another week. Then they are shutting down the week of Christmas, and we won't get boxes until January 8th. Hopefully everything else will be done. There won't be much work after boxes. The road department will work on the road. They are doing some damage to the cemetery road so the shoulders are starting to come apart.

Quitcupah

Micklane met with UDOT pavement design engineers. Micklane gave them all the data on the mine and the traffic (7 or 8 years). The mine double production to 3-4 million tons per year. Using that data, he then converted tat to trucks that have been on that road since it's been built. UDOT ran the pavement design. Lyndon and Micklane spoke today and they feel they have used all the life out of the road in the

12 years since it was built. That's probably the reason we are seeing the failures that we are seeing. The production rate that was anticipated has been increased. John clarified that production has actually decreased but all the coal is going that direction. Micklane asked John to get him all the trucking data. If all the coal that's been produced since the road was built, we have hit that lifespan. Micklane and Bob cored it on Monday, the asphalt is good, the failures are the corners and the downhill. Micklane gave UDOT the structure and the mine is expected to last until 2045 if we haul the same amount of coal. He asked UDOT what we would need to put down to last until that date. They came up with 5" of high mod asphalt added to the structure. The size fraction is now smaller, we generally use 1/2" or 3/8" with more oil. John has been impressed with the recycled concrete that Sunroc did, cold in place recycle with cement. John thinks that problem is the tack layer. UDOT feels that if the tack fails you only have 2" of structure, if the tack doesn't fail you have 6". John asked why the tack is failing. UDOT is looking into a trackless tack oil. When trucks pull in, the tires are picking up the tack after the shuttle buggy. There will be a 2026 August shutdown. The project couldn't bid out until 2027. The Maloy funding has been approved but we're still waiting for money. Micklane thinks the project is going to be more expensive than anticipated. Micklane will follow up with UDOT. The project would be for a month around July of 2027. John stated that with a year and a half advance, he could build some time if needed. He may be able to ship IPA shipments down the old road and give us more time. Micklane mentioned the other section from the turnoff to Quitchupah up to mine and there are some bad areas, from the guard shack to the Quitchupah turnoff. We could ask for more Maloy money in the next round. Juab County got 3 in a row on the same project, but you would have to wait longer, but it is possible. We could approach CIB for the rest of the money and that would be quick. John recommended getting an estimate after completing the study to get an idea on cost. John thinks we will have to do some work this summer. Bob mentioned that by 2027 UDOT will have more experience with the high mod. Bob spoke about some of the bad areas on the road. John recommended following up with UDOT. The scope will increase so we need to keep this in mind when discussing other projects. The Malloy funding will be held by UDOT. We may want to check with Steve Wall about what it will take to apply for the Malloy funding again. Micklane is hoping by next meeting that we can figure out the scope of work for the whole project. The geotech will have to wait until shutdown. By January we could have a finalized budget for the project.

Redmond Field Road

Micklane and Bob asked about the decision to move forward on this project. The estimate is just under \$1M. Les did put that in the budget for 2026. The pavement preservation is going to be \$1.8M, and \$1M for asphalt overlay projects. Bob believes this project could wait. John asked if there were any risks waiting to work on the Redmond Field Road. Micklane asked Bob about the drainage. Bob recommended putting in an overlay. It isn't critical but if we go forward with it Bob would like to put it out to bid now. It could be put on the 2028 seal coat project. If we do work on Quitchupah we may need to do some repair on the Convulsion Road. Bob believes the roads are holding up better. John suggested going for a ride to look at the road to make a decision. Micklane would need a couple weeks to prepare a bid package if we decide this week. We could put it out to bid by next month. The road starts at Hwy 50 and ends at the T. Bob will take the board, Micklane and Matthew to drive the road tomorrow at 11 a.m., and will meet at the Salina City building.

Other Discussion

Brodie will turn in his invoice next month.

John made a motion to close the meeting at 8:16, Les seconded, all were in favor.