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SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT

BOARD OF TRUSTEES MEETING

September 8, 2020

South Utah Valley Electric Service District (SESD) held a regular Board Meeting on Tuesday, September 8, 2020 – at 11:00 a.m. The meeting was broadcast over the internet via ZOOM meeting.

Trustees Present: Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Wendy Pray

Also Present: Ryan Bagley, Brook Christensen, Jennifer Hatcher, and Mark Holdaway – SESD
Jens Nielson, Attorney at Law – Wasatch Land & Title/Law
Liz Brereton, Attorney at Law – Snell & Wilmer, LLP (joined the meeting at 12:00 p.m.)

Ray Loveless welcomed everyone and called the meeting to order at 11:00 a.m.

Ray announced that Michele Cloward, SESD Billing Clerk, has tested positive for COVID-19 and Mark Holdaway is not feeling well. Mark plans to have the COVID-19 test this afternoon. Ray indicated that the board members who participated in in-person committee meetings last week may have been exposed to COVID-19; he speculated that the Utah County Health Department will conduct contact-tracing and notify trustees or employees as needed.

PUBLIC FORUM

Kelly Peterson – Spanish Fork City Power Superintendent, arrived at the SESD office for the meeting, he was unaware that the meeting would be exclusively virtual. Kelly reported that there was another customer outside of the SESD office when he arrived.

Ray Loveless asked Mark Holdaway how the office will be handling customers with limited staff during the quarantine.

Brook Christensen stated that notices have been posted on all of the entryways indicating that the office is only available *By Appointment Only*. He reported that customers are being encouraged to use the drop-box or pay their bills on-line. Brook also reported that a COVID notice was posted on the SESD website.

Jennifer Hatcher confirmed that only one office employee would be on-site each shift to ensure proper social distancing. She reported that Heather McFadden – SESD AR Receptionist, was manning the office today but was most likely out of the office depositing payments at Zions Bank and retrieving the mail at the Payson Post Office just prior to the board meeting. Jen stated that that task, SESD errands, takes place around 10:30 a.m. each day.

Ray Loveless suggested that the SESD office continue to be closed to foot traffic and staffed with only one employee until the COVID-19 quarantine is complete per the Utah County Health Department.

APPROVE BOARD MEETING MINUTES

The August 11, 2020 board meeting minutes were reviewed by the trustees.

Ray Loveless requested a change to the Public Forum section of minutes, stating that the park discussed is not within Spanish Fork city limits.

Richard Behling stated that there was also a typo in the Public Forum section, page 2 of the minutes; “Polar” should read “Poplar” and Kenny Seng suggested clarification by adding that the street was formerly identified as 1100 East.

MOTION to approve the August 11, 2020 board meeting minutes.

Richard Behling made a motion seconded by Wendy Pray to approve the August 11, 2020 Board Meeting Minutes with the requested corrections. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

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FINANCE COMMITTEE

Brent Gordon stated that the August 2020 Disbursements & Expense reports were previously reviewed by the trustees.

MOTION to approve August 2020 Disbursements & Expenses.

Brent Gordon made a motion seconded by Kenny Seng to approve the August 2020 Disbursements & Expenses. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

FINANCE COMMITTEE (continued)

Brent Gordon stated that the August 2020 Financial Reports had been reviewed by the trustees.

MOTION to approve the August 2020 Financial Reports.

Brent Gordon made a motion seconded by Joel Brown to approve the August 2020 Financial Reports. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

RESOURCE COMMITTEE

Joel Brown stated that SESD has been invited to participate in the Steel 1 Solar Study with UAMPS. Mark Holdaway explained that the study is being conducted in Tremonton, UT and that SESD has expressed interest in 646 kW or 1.62% of the project. UAMPS cost for the study is approximately \$25,000.00; SESD cost share is \$440.00. Mark also stated that SESD would have the opportunity to rescind their participation at any time without penalty.

MOTION to approve the UAMPS 40 MW Steel 1 Solar Study Project Agreement.

Joel Brown made a motion seconded by Nelson Abbott to approve SESD's participation in the Steel 1 Solar Study Project Agreement and pay UAMPS \$440.00. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

Joel Brown explained that the industry is changing and that available power resources are shifting. Joel suggested that the board authorize SESD staff to research alternate resource acquisition. Ray Loveless inquired about the peak production during the recent record-breaking heat in the summer months.

Brook Christensen reported that the peak reached 19MW.

Mark Holdaway stated that 19 MW is the highest peak in SESD's operation history.

MOTION to authorize SESD staff to explore new resource options with UAMPS and Deseret Power.

Joel Brown made a motion seconded by Richard Behling to authorize the SESD staff to research and investigate various resource opportunities with UAMPS, Deseret Power, or other viable providers. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

UAMPS REPORT

Ray Loveless explained that the UAMPS end of year operating margin for SESD is \$89,641.89. He reported that in past years SESD has determined the best course of action is to leave the funds with UAMPS for future projects or expenses and stated that he signed the communication to UAMPS with

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that directive. He asked for a motion to ratify his signed directive.

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UAMPS REPORT (continued)

MOTION to ratify the board decision to retain UAMPS Net Margin for future billing needs.

Kenny Seng made a motion seconded by Joel Brown to ratify the board decision to leave the excess operating margin funds with UAMPS for future need. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

CFPP Discussion

Ray Loveless stated that he, Brook Christensen - SESD Superintendent, and Mark Holdaway - SESD Chief Financial Officer, have participated in several CFPP meetings over the past month. Ray reported that several large partners including Lehi (20MW) and Logan (4.5-5MW) city have revoked their participation in the project and noted that the current subscription rate has decreased from 213MW to 167MW. He stated that the required subscription rate for the project is 720MW and explained that UAMPS leadership and key staff are confident that CFPP will be fully subscribed. Ray stated that SESD's cost in the project would increase from \$60K to approximately \$300K. He expressed his support of the project and recommended that SESD maintain its subscription despite the risk, stating that if the economic competitive test of \$55MWH fails, all of SESD's investment in the project would be returned. Ray indicated that SESD's final decision must be communicated to UAMPS by September 30, 2020 and opened the floor for further discussion.

Mark Holdaway stated that receiving project funding from the Department of Energy (DOE) looks promising; the DOE is expected to sign an agreement that would allow the DOE to cover a significant portion of the project costs.

Wendy Pray stated that she believes nuclear power is the power of the future and although the risk is considerable, she is confident that the reward is worth the risk involved.

Brent Gordon reported that he floated some of the NuScale project material and nuclear energy information on social media and stated that he received nothing but positive comments and citizen support for the initiative.

Joel Brown inquired about the possibility of other large-use partner participation in the future.

Ray Loveless stated that Wells, NV recently subscribed for 1MW and several entities in the states of Oregon and Washington have expressed interest in the project but are holding off on exacted commitment for political reasons. Ray reported that UAMPS is expecting a significant increase in project subscription during PHASE 2 of CFPP that is projected to take place in 2023. He also explained that UAMPS is considering a non-binding solicitation campaign to further gauge regional interest.

MOTION to authorize the Executive Committee to sign the UAMPS CFPP agreement as discussed.

Richard Behling made a motion seconded by Kenny Seng to authorize the Executive Committee to sign the UAMPS CFPP agreement and to call another board meeting specifically for CFPP exploration and discussion before the end of September, if needed. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

SUVPS REPORT

Brook Christensen reported that he attended the SUVPS meeting on August 27, 2020 where financial reports and disbursements were approved. Brook stated that SUVPS is anticipating the results of the ICPE system study and will devise a master plan for future projects in accordance with the system study's findings. Brent Gordon reported that the SUVPS rate was still reduced. Mark Holdaway confirmed that the reduced SUVPS rate would continue through June 2021 the end of this fiscal year.

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POWER SYSTEM REPORT

Brook Christensen reported that there has been an increase in Customer Requests and the crew is about 2 weeks out on jobs. He also stated that the crews would be focusing on tree trimming, hoping to be prepared for the coming winter storms, noting the snow on the mountain tops this morning. Ray Loveless reported that the most recent windstorm in the Salt Lake City area has more than 50,000 Rocky Mountain Power customers currently without power. Ray Loveless reported that the Virginia Transformer had been delivered and is in the SESD yard.

LEGAL REVIEW

Ray Loveless asked Liz Brereton to provide the board with a summary of the most recent litigation proceedings between SESD and the cities of Spanish Fork, Salem, and Payson. Liz Brereton presented a recap of the injunctions, motions, and summary judgements. Mark Holdaway stated that he would send a summary to the board members of Liz’s recap including a timeline of the 20 motions filed from June 2018 to the present; 12 motions filed by the cities, 8 by SESD. Liz reminded the trustees that the document Mark would be sending is confidential, attorney client privilege, and should not be shared publicly. Ray Loveless and Wendy Pray expressed their gratitude to Liz for her concise review and personal insights related to the current litigation and commended the Snell & Wilmer legal team. Ray Loveless stated that the next hearing is scheduled for Wednesday, October 21, 2020 and explained that the judge has set aside the entire day for the proceedings.

CLOSED SESSION - UT Code 52-4-205(d)

Ray Loveless stated that the board needed to discuss additional legal matters that warranted a closed session according to UT Code 52-4-205(d).

At 12:25 p.m. Richard Behling made a motion seconded by Wendy Pray to convene into a closed session to discuss legal matters according to UT Code 52-4-205(d).

Ray Loveless asked Mark Holdaway to conduct a Roll Call Vote:

Nelson Abbott - Y, Richard Behling - Y, Joel Brown - Y, Brent Gordon - Y, Ray Loveless - Y, Wendy Pray - Y, and Kenny Seng - Y.

Kenny Seng made a motion seconded by Joel Brown to reconvene the Regular Board Meeting at 12:50 p.m. Nelson Abbott, Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

ADJOURNMENT

Wendy Pray made a motion to adjourn.

Ray Loveless adjourned the meeting at 12:50 p.m.

Ray Loveless, Chairman

Mark Holdaway

Date Approved

Date Approved

Next Meeting Date

The next scheduled meeting will be a regular Board of Trustees meeting held on Tuesday October 13, 2020 at 11:00 a.m.