

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT
BOARD OF TRUSTEES MEETING – REGULAR SESSION
May 12, 2020

South Utah Valley Electric Service District (SESD) held a regular Board Meeting on Tuesday, May 12, 2020 via ZOOM meeting – at 11:00 a.m.

Trustees Present: Nelson Abbott, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng.
Also Present: Ryan Bagley, Brook Christensen, Dan Ellsworth, Jennifer Hatcher, and Mark Holdaway – SESD
Jens Nielson, Attorney at Law – Wasatch Land & Title/Law

Ray Loveless welcomed everyone and called the meeting to order at 11:00 a.m.
A prayer was offered by Mark Holdaway.

Ray Loveless shared the sad news that SESD Trustee Paul Meredith passed away on April 4, 2020, losing his short battle with Stage IV Prostate Cancer. Ray stated that a formal resolution commending Paul’s years of dedicated service to SESD would be drafted and enacted during next month’s board meeting and that the resolution and Paul’s Board Member Wall of Fame picture would be presented to his wife Linda at a later date. Ray also expressed his gratitude for Paul’s talent in wood-working, stating that the snowmen Paul made every year for staff, trustees, and special guests’ Christmas gifts will afford us each the opportunity to recall fond memories in his absence. Paul Meredith will be sorely missed.

PUBLIC FORUM

Ron Crump stated that this would be his last board meeting with SESD; he announced his retirement – having served for 42 years with Payson City Public Works, most recently holding the position of Power Superintendent. Ron will retire on May 28, 2020.

APPROVE BOARD MEETING MINUTES

The March 10, 2020 board meeting minutes were reviewed by the trustees:

MOTION to approve the March 10, 2020 board meeting minutes.

Brent Gordon made a motion seconded by Joel Brown to approve the March 10, 2020 Board Meeting Minutes. Nelson Abbott, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

FINANCE COMMITTEE

Brent Gordon stated that the March 2020 and April 2020 Disbursements & Expense reports had been previously reviewed by the trustees.

MOTION to approve March 2020 Disbursements & Expenses.

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

MOTION to approve April 2020 Disbursements & Expenses.

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

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FINANCE COMMITTEE (continued)

Brent Gordon stated that the March 2020 and April 2020 Financial Reports had been previously reviewed by the trustees.

MOTION to approve the March 2020 Financial Reports.

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

MOTION to approve the April 2020 Financial Reports.

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

Ray Loveless asked Mark Holdaway to provide the details of the Cooperative Finance Corporation (CFC) Integrity Fund Grant.

Mark explained that the CFC Grant would provide SESD with \$140,000.00 a year for the next three years to cover particular operation costs. He also explained that the funding is a genuine grant; SESD would not have to pay back the money received through the CFC Grant program.

MOTION to approve the CFC Integrity Fund Grant Resolution

Wendy Pray made a motion seconded by Nelson Abbott to approve the CFC Integrity Fund Grant Resolution and authorize Chairman Ray Loveless to sign the resolution. Nelson Abbott, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

Discussion of the Elk Ridge City Impact Fee Waiver Request

Ray Loveless stated that Elk Ridge City submitted a request that their new booster pump electrical service be exempt from impact fees or that the impact fees be reduced to cost neutral.

Nelson Abbott, SESD Trustee and Elk Ridge City Councilman, explained that Elk Ridge City isn't requesting that SESD cover the entire cost or waive the impact fee completely; he stated simply that SESD doesn't need to make a profit on the critical infrastructure project.

Ray Loveless clarified that Elk Ridge City previously received a discount on the new service connection and asked Nelson Abbott if the grants from the 2018 wildfires would help cover some of the project costs.

Nelson Abbott reported that the grant request had been submitted, but the response/funding had not yet been received.

Ray Loveless suggested that the SESD Finance Committee review Elk Ridge City's request with the SESD staff and determine if additional concessions can be made. Ray asked Nelson about the timeframe in which Elk Ridge City is expecting a response.

Nelson Abbott stated that Elk Ridge City appreciates the consideration of the board and that a response before the next board meeting on Tuesday, June 9, 2020 would be acceptable. Nelson also thanked the board for their willingness to revisit the project costs, reasoning that Elk Ridge City is not directly involved in SESD's disputes with the Tri-Cities but its citizens help to compensate legal counsel none-the-less. Nelson would like residents' financial support of the litigation efforts to be considered as a factor in the board's decision to reduce the impact fee.

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FINANCE COMMITTEE (continued)

Discussion of the Elk Ridge City Impact Fee Waiver Request (continued)

Ray Loveless asked that the Finance Committee, along with the SESD Staff, review the Elk Ridge City booster pump electrical service project costs and details; bringing their recommendation to the board to be discussed during the next board meeting to be held on June 9, 2020.

RESOURCE COMMITTEE

Joel Brown stated that the trustees previously reviewed the proposed changes to the Pole Attachment Agreement.

MOTION to approve the Pole Attachment Agreement (APPENDIX I)

Joel Brown made a motion seconded by Wendy Pray to approve the Pole Attachment Agreement. Nelson Abbott, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

Mark Holdaway stated that Elk Ridge City is leasing property to SESD. SESD has a power pole on the property to allow for SCADA capture in the southern end of the city.

MOTION to approve the Elk Ridge City Property Lease Agreement (APPENDIX II)

Joel Brown made a motion seconded by Kenny Seng to approve the Elk Ridge City Property Lease Agreement. Nelson Abbott, Joel Brown, Brent Gordon, Ray Loveless, Wendy Pray, and Kenny Seng approved the motion.

UAMPS REPORT

Ray Loveless reported that the budget modification request made by UAMPS earlier in the year that would increase the Carbon Free Power Project (CFPP) budget from \$6M to \$9M, had an initial agreement deadline of March 30, 2020. Due to COVID-19 and difficulties in communication and consideration of the agreement, UAMPS has extended the deadline to June 30, 2020.

Ray also stated that the CFPP has recently been the talk of the internet and social media, receiving criticism from environmental activists and negative doomsday messages in the press. Ray recommended that SESD be proactive in educating its customers about NuScale Nuclear Power and the UAMPS CFPP through the SESD website and social media, in addition to e-mails and billing inserts.

SUVPS REPORT

Brent Gordon reported that the SUVPS March meeting was cancelled due to COVID-19, but the April meeting was held the last week of the month. Brent asked Brook to share the details of the meetings he attended.

Brook Christensen reported that the SUVPS Technical Committee proposed a change in the kWh charge for the upcoming fiscal year. The recommendation was to reduce the charge from \$.002 to \$.001 per kilowatt hour to help ease the financial burden caused by inevitable budget shortfalls relating to decreased revenues as a result of the COVID-19 Pandemic “*Stay Safe. Stay Home.*” directive. Brook stated that the requested change passed during the April SUVPS meeting and reported that the FY 2021 savings for SESD would be approximately \$70,000.00.

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SUVPS REPORT (continued)

Ray Loveless asked if a decrease in the kWh rate would also leave SUVPS with a budget shortfall and if so, what are the plans to make up for the loss of revenue. Ray asked if the SUVPS would spike in FY 2022 due to the recently enacted adjustments.

Brook stated that SUVPS has a substantial fund for projects; an account in the amount of \$5M. Brook reported that SUVPS does not have the funds allocated to fully defined projects and the board agreed that reducing the rate now would not have a significant impact on the fund where eminent projects are concerned. Brook suggested that the rate may return to the \$.002 when projects have been defined and scheduled. He also confirmed that SUVPS adheres to the same fiscal year as SESD – July 1 to June 30.

POWER SYSTEM REPORT

Brook Christensen provided details on the extensive outage that occurred on April 29, 2020. He stated that the outage affected about half of Spanish Fork City and the entire Arrowhead Substation – leaving Salem and SESD customers without electricity. Brook reported that the Nebo Substation Lightning Arrestor caused the outage and noted that an arrestor of that type is not a typical item kept in regular ready inventory. Brook reported that Payson City Power located an arrestor to replace the damaged one, fixing the 138 line at the UAMPS Nebo Yard. He also reported that the crew was able to reroute power; customers were only down for about an hour. Brook stated that arrestor replacements will be added to Nebo UAMPS' inventory.

Brook Christensen reported that the crews have started seasonal tree trimming and are addressing system capacity issues in the Lakeshore area; stating that the capacity issues were identified in the recent system study.

Ray Loveless asked how the Line Crew and Service Crew were handling the COVID-19 restrictions and how the crews are dealing with the pandemic.

Brook stated that beginning in mid-March and continuing through the month of April, the crews alternated start times and lunches to allow for social distancing. He reported that there have been no COVID-19 illnesses in staff or family members.

Brook announced that the crews and office staff have returned to their regular schedules and noted that the office will remain closed to the public until Utah state's status returns to normal and the Governor has reinstated the green risk category, indicating business as usual.

Ray Loveless expressed his appreciation for Dan Ellsworth joining the call today and asked if Dan had additional details to discuss related to any of the agenda items.

Dan Ellsworth reported that he has been meeting weekly with Brook & Mark to stay abreast of current events and projects pertaining to SESD. He stated that he and Mark are currently working on the FY 2021 budget and that he has reviewed projects and priorities with Brook.

Dan requested to be included in the Elk Ridge Impact Fee discussion going forward and asked for an invitation to the upcoming meeting.

Brent Gordon expressed his pleasure in hearing Dan's voice again and for Dan having health well enough to participate in today's meeting.

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

No closed session.

ADJOURNMENT

Wendy Pray expressed her sadness and heartfelt condolences for Paul Meredith’s passing and made a final motion to adjourn in Paul’s memory.

Ray Loveless adjourned the meeting at 12:00 p.m.

Ray Loveless, Chairman

Mark Holdaway

Date Approved

Date Approved

Next Meeting Date

The next scheduled meeting will be a regular board meeting on Tuesday - June 9, 2020 at 11:00 a.m.

APPENDIX I

APPENDIX II