

DRAFT

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT BOARD MEETING May 7, 2024

South Utah Valley Electric Service District (SESD) held its regular Board Meeting on Tuesday, May 7, 2024 - at 11:00 a.m. at the SESD office 803 N 500 E - Payson, UT.

Trustees Present: Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder.

Trustees Excused: Richard Behling

Also Present: Dan Ellsworth, Brook Christensen, and Mark Holdaway - SESD.

Dan Ellsworth offered a prayer and Kenny Seng led the group in *The Pledge of Allegiance*.

PUBLIC FORUM

None.

BOARD MEMBER SPOTLIGHT

Ray Loveless invited Brent Gordon to introduce himself and give his Board member spotlight. Brent spoke of his family, moving to his current home in Lake Shore, his career, serving on the Nebo School Board, and many other volunteer opportunities he has enjoyed over the years. Ray thanked Brent Gordon for sharing some of his life experiences and invited Brent Winder to give the spotlight next month.

APPROVE BOARD MEETING MINUTES

Ray Loveless reviewed the April 9, 2024, Board Meeting Minutes and asked for a motion to approve them.

MOTION to approve the April 9, 2024, Board Meeting minutes.

Joel Brown made a motion seconded by Brent Gordon to approve the April 9, 2024, Board Meeting minutes. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

FINANCE COMMITTEE

Review April 2024 Disbursements and Expenses

Ray Loveless invited Brent Gordon, Finance Committee Chair, to report on the District's finances. The Board discussed some legal expenses, donations for upcoming community celebrations, a pick-up truck purchase, and equipment repairs.

MOTION to approve the April 2024 Disbursements & Expenses.

Brent Gordon made a motion seconded by Kenny Seng to approve the April 2024 disbursements & expenses. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

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Review April 2024 Financial Report

Brent Gordon gave the Financial Report. Brent reported that some revenue accounts have come in higher than budgeted while the expenses have stayed within budget. As a result, the District is in a good financial position for the year. Ray Loveless asked Mark Holdaway how the CFPP Financial Obligation Estimate as of Termination will be paid. Mark said he planned on using savings from one of SESD's PTIF accounts.

MOTION to accept the April 2024 Financial Report.

Kenny Seng made a motion seconded by Brent Winder to accept the April 2024 Financial Report. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

Review FY 2025 Budget

Ray Loveless asked Mark Holdaway to review the FY 2025 Budget. Mark explained he tried to factor in variables such as new construction, city takeover of customers, forecasted power costs, and inflation while creating the budget. After reviewing the budget, the Board decided the FY 2025 Budget was ready for approval in June.

Truck Purchase Orders

Dan Ellsworth explained that a service truck (smaller bucket truck) and a larger bucket truck needed to be replaced. He said the service truck is backordered by two years and is estimated to cost around \$250,000. The larger bucket truck is backordered by four years and is expected to cost around \$420,000. Dan stated that the manufacturer requested purchase orders for the estimated amounts so SESD can reserve production slots for the trucks. Dan said that, due to the long lead times, the final price of the trucks after production may be higher than the purchase order price and that staff would need to budget accordingly.

MOTION to approve truck purchase orders.

Brent Gordon made a motion seconded by Kenny Seng to approve purchase orders for the acquisitions of a new bucket truck and a new service truck. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

Transfer of Bond Funds into an SLGS Account

Mark Holdaway explained that, under IRS regulations, if an entity is earning more interest than what it is paying on a tax-exempt bond, that difference is subject to arbitrage. Arbitrage must be calculated and paid every five years. Mark said he discussed SESD's arbitrage liability with Stifel (SESD's bond advisor) and US Bank (SESD's bond holder). Both entities recommended moving SESD's Series 2021 Bond funds into a State and Local Government Series (SLGS) fund. SLGS funds pay slightly lower interest but are not subject to arbitrage. Mark stated that the recommendation to move SESD's Series 2021 Bond funds into a SLGS account was reviewed and accepted by the Finance Committee.

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MOTION to approve the transfer of bond funds into an SLGS account.

Kenny Seng made a motion seconded by Joel Brown to approve transferring Series 2021 Bond funds into an SLGS account. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

RESOURCE COMMITTEE

March 2024 Operations Report

Ray Loveless invited Joel Brown to give the March 2024 Operations Report. Joel reviewed SESD's power resources and costs. It was pointed out that hydro generation from the Strawberry Water Users Association (SWUA) is considerably higher during the spring runoff and that the Steel 1A solar farm recently began producing power. A new power purchase agreement with Deseret Power is also pending. The Board felt optimistic that SESD's power costs may remain stable for a while with its current and pending resources.

Cory Thompson reviewed the work being undertaken at the IPP near Delta, Utah to produce and store hydrogen near the power plant. The Board discussed hydrogen power generation, its correlation with solar energy, and whether hydrogen power could be a possible resource in the future. Ray reminded the Board that the IPP was fully subscribed before SESD had an opportunity to participate in it. However, he said UAMPS is monitoring developments in the hydrogen power industry and will notify its members of any future generation opportunities.

MOTION to accept the March 2024 Operations Report.

Brent Winder made a motion seconded by Cory Thompson to accept the March 2024 Operations Report. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

EXECUTIVE COMMITTEE

No report.

UAMPS REPORT

UAMPS Event Sponsorship

Ray Loveless said that UAMPS donates \$500 annually to each of its members to be used for community events. If a member accepts the donation, UAMPS will also provide a banner the member is required to hang up at the event. Ray recommended that SESD accept the UAMPS donation to help support this year's community events.

MOTION to approve UAMPS Event Sponsorship.

Joel Brown made a motion seconded by Brent Gordon to approve UAMPS' Event Sponsorship. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

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CFPP Financial Obligation Estimate as of Termination

Ray Loveless stated that with the end of the Carbon-Free Power Project (CFPP), UAMPS members who participated in the project were now responsible to cover certain termination costs. SESD's share of the costs came to \$136,620.56. Brent Winder asked if SESD may be able to recoup some of these costs. Ray said all proceeds from the CFPP assets have already been appointed to NuScale, so it is unlikely that UAMPS members will be able to recover any of their termination costs.

MOTION to pay CFPP Financial Obligation Estimate as of Termination.

Joel Brown made a motion seconded by Brent Winder to pay the CFPP Financial Obligation Estimate as of Termination. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

Ray stated that UAMPS is sponsoring a tour of the Steel Solar Project in northern Utah on May 21, 2024, and invited the Board to attend. He said he and the staff would be happy to make carpool arrangements for those interested in attending.

Ray announced that UAMPS is holding a celebration to commemorate the 20th anniversary of the Nebo Power Plant on May 14, 2024, at 6:00 p.m. The celebration will be held at the power plant. Ray invited the Board to attend.

CREDA REPORT

Ray reported that water officials are feeling optimistic about water levels rising in Lake Powell due to relatively good snowpack throughout much of the Colorado River drainage system. He also said smallmouth bass are still a problem below Glen Canyon Dam. The next CREDA meeting will be held at the end of May.

SUVPS REPORT

Ray Loveless invited Brent Gordon to give the SUVPS report. Brent reported that the SUVPS Board received a price sheet breaking down all the projects to be completed with bonding. Brent said SUVPS plans on covering the costs of the projects with two bonds. The first bond is to close next month for \$50 million. The second bond will be scheduled in two or three years for an amount yet to be determined.

Ray reminded the Board that SUVPS is in the process of truing up transformation costs amongst all its members. Ray recommended that SESD pay its share of transformation true-up costs this budget year. Dan Ellsworth said he recently discussed the true-up costs with Blake Anderson (SUVPS Executive Director). Blake told Dan that true-up costs are being recalculated due to some errors found in the data used to make the initial calculations. Final true-up costs will not be available until load data for 2024 has been analyzed.

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POWER SYSTEM REPORT

Dan Ellsworth reported that SESD hired two new linemen on May 6th--Kolton Jewett and Taran Taylor. Dan said he thoroughly interviewed and vetted both Kolton and Taran before approving their hiring. He stated that he feels both linemen will work well with SESD’s crews and will be great employees for the District.

LEGAL UPDATE

Ray Loveless reported that he and some of SESD’s staff had reviewed drafts of the Payson Settlement Agreement and Salem Settlement Agreement two weeks prior with Cam Cutler, SESD’s legal counsel. He said Cam was asked to make some revisions and we are now waiting for responses from Payson and Salem.

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

Ray Loveless stated the Board needed to go into a closed session to discuss certain matters according to UT Code 52-4-205(d).

At 12:30 p.m. Joel Brown made a motion seconded by Brent Gordon to convene into a closed session to discuss certain matters according to UT Code 52-4-205(d).

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

Joel Brown - Y, Brent Gordon - Y, Ray Loveless - Y, Kenny Seng - Y, Cory Thompson - Y, and Brent Winder - Y.

Brent Winder made a motion seconded by Brent Gordon to reconvene the Regular Board Meeting at 12:52 p.m. Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

ADJOURNMENT

Kenny Seng made a motion to adjourn the meeting seconded by Joel Brown.

Ray Loveless adjourned the meeting at 12:53 p.m.

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next board meeting will be held on Tuesday, June 11, 2024, beginning at 11:00 a.m.