

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT

BOARD MEETING

September 9, 2025

South Utah Valley Electric Service District (SESD) held its monthly Board Meeting on Tuesday, September 9, 2025 – at 11:00 a.m. at the SESD office 803 N 500 E – Payson, UT.

Trustees Present: Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson (arrived at 11:28 a.m.), and Brent Winder.

Trustees Excused:

Also Present: Dan Ellsworth, Brook Christensen, Mark Holdaway, and Greg Stanton – SESD; Jon Haderlie – Larson & Co.

Ray Loveless opened the meeting at 11:00 a.m. Kenny Seng offered a prayer, and Richard Behling led The Pledge of Allegiance.

PUBLIC FORUM

None.

APPROVE BOARD MEETING MINUTES

Ray Loveless asked if anyone had any questions about the August 12, 2025, Board Meeting Minutes. Hearing none, he asked for a motion to approve the minutes. Ray stated that the minutes for the SESD Annual Meeting held on August 12, 2025, will be approved in SESD's next annual meeting held in 2026.

MOTION to approve the August 12, 2025, Board Meeting Minutes.

Richard Behling made a motion seconded by Brent Winder to approve the August 12, 2025, Board Meeting Minutes. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

FINANCE COMMITTEE

Review August 2025 Disbursements and Expenses

Brent Gordon stated that the Finance, Resource, and Executive Committees reviewed the disbursements and expenses for August 2025. Brent noted that Mark Holdaway inadvertently used the old trustee compensation rates instead of the new ones approved in June 2025 for the Q3 Trustee Fees but that a correction was being made. All other disbursements were fine.

Ray Loveless asked for an update on the boundary clean up with Strawberry Water Users Association (SWUA). Greg Stanton reported that SESD and SWUA have agreed on the new boundary location and are now working with Ludlow Engineering to document and file the new boundary with the county. Greg said Ludlow Engineering is also assisting with a property boundary clean up on an SESD-owned property east of Salem. He said he expects both boundary clean-ups to be completed within the next two to three months.

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MOTION to approve the August 2025 Disbursements & Expenses.

Brent Gordon made a motion seconded by Kenny Seng to approve the August 2025 disbursements & expenses. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Review August 2025 Financial Report

Ray Loveless pointed out that staff did not have to add a power cost adjustment for August, that revenues are within budget, and that overall expenses for the financial year-to-date are about 2% below budget.

MOTION to accept the August 2025 Financial Report.

Brent Gordon made a motion seconded by Richard Behling to accept the August 2025 Financial Report. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Engineering Firm for Loafer Substation Expansion

Greg Stanton reported that SESD decided to accept the bid from ICPE to engineer the expansion of the Loafer Substation. Greg said ICPE's bid price came in at \$262,300, which is below the \$285,000 amount pre-approved by the Board in August. Greg stated that ICPE is planning on the substation expansion to be completed by the end of 2026.

MOTION to ratify the decision to choose ICPE to engineer the expansion of the Loafer Substation.

Joel Brown made a motion seconded by Brent Winder to ratify the decision to choose ICPE to engineer the expansion of the Loafer Substation for \$262,300. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

Forklift Purchase

Ray Loveless stated that the staff found a used forklift in excellent condition for \$22,000 to replace the old one currently in use.

MOTION to approve the purchase of a forklift.

Brent Gordon made a motion seconded by Richard Behling to approve the purchase of a used forklift for \$22,000. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, and Brent Winder approved the motion.

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LARSON & CO. REPORT ON SESD FY 2025 AUDIT

Jon Harderlie, a partner of the audit firm Larson & Co., reported on SESD's FY 2025 Annual Audit. Jon stated that Larson & Co. gave SESD an unmodified opinion in its audit report. In accounting terms this means that no material errors or problems were found with SESD's financial records or with state compliance. Jon thanked the Board for being so diligent in their oversight role of SESD operations and thanked the staff for their cooperation during the audit. Jon reviewed some of the main points of SESD's financial statements, changes in state impact fee reporting requirements, Utah State Auditor regulation compliance, and the Utah State Auditor's Risk Assessment. Jon also discussed the extreme importance of cybersecurity, offsite data backups, the protection of sensitive information, some of the benefits and downfalls of artificial intelligence, and he very strongly recommended regular staff cybersecurity training.

RESOURCE COMMITTEE

July 2025 Operations Report

Joel Brown reported that the power costs for July 2025 were the lowest they have been in over a year. Dan Ellsworth explained that SESD's power costs are lower during the peak months when it can better utilize its current excess power resources. Dan said that SESD is still working towards acquiring dispatchable load-following resource.

MOTION to accept the July 2025 Operations Report.

Joel Brown made a motion seconded by Cory Thompson to accept the July 2025 Operations Report. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

EXECUTIVE COMMITTEE

2025 UASD Conference

Ray Loveless reported that the Utah Association of Special Districts (UASD) will be holding its annual conference from Wednesday, November 5th through Friday, November 7th. He reminded the Board that they can fulfill their annual training requirements by attending the board training session being held on the afternoon of November 5th.

Review Committee Assignments

Ray Loveless stated that with both Kenny Seng and Brent Winder retiring from the SESD Board by the end of the year, the Board will wait until the first part of next year (2026) to review committee assignments.

Review Comp Time Policy

The Board reviewed a draft of line items to be included in a comp time policy. After reviewing the proposed items, Ray Loveless asked Mark Holdaway to work with legal counsel to draft the SESD Comp Time Policy and to create agreements for those wishing to use comp time.

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UAMPS REPORT

Report on the UAMPS Annual Member Conference

Ray Loveless reported on the UAMPS Annual Conference that he attended from August 17th through August 20th. Ray said the following topics were discussed at the conference: how to avoid wasting time with data center speculators, an update on the analyses being conducted to see how the State of Utah can accommodate more data centers (seven possible data center connection points have been identified), studies showing that solar installations must be combined with energy storage to be economically feasible, the need to carefully consider the full costs of battery storage before investing in the technology, updates on federal and state legislation to reduce utility fire liability through certain wildfire mitigation practices (Utah 2025 SB 224), and UAMPS' plan to roll out its All-In Requirements Project. Richard Behling stated that many insurance companies are eliminating rooftop solar panel coverage and removing wildfire coverage from homeowners' policies.

UAMPS Net Operating Margin

Ray Loveless reported that UAMPS was returning \$182,871.01 of its FY 2024 Budget Margin to SESD. He said SESD has three options for receiving the margin: 1.) Retain the margin in a PTIF account up at UAMPS for future needs; 2.) Apply the margin to a UAMPS power billing statement; or 3.) Have the margin returned as a check. Ray explained that the Board typically retains the margin up at UAMPS as a safeguard against unexpected power plant repairs or other emergencies. The Board decided to retain the FY 2024 UAMPS Margin up to UAMPS for future needs.

MOTION to retain UAMPS FY 2024 Margin for future needs.

Kenny Seng made a motion seconded by Brent Gordon to retain SESD's portion of the FY 2024 UAMPS Margin up to UAMPS (option 1) for future needs. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

CREDA REPORT

Ray Loveless reported that the September 2025 CREDA meetings will be held in Salt Lake City and that he was planning on attending the meeting. Richard Behling said he would be unable to attend the CREDA meeting due to work commitments.

SUVPS REPORT

Brook Christensen reported that Summit Contractors received the bid to build the new 138 kV line from the mouth of Spanish Fork Canyon down to the Taylor Switch Rack. Work is expected to begin this month and be completed by the end of June 2026. Brook stated that 16 SUVPS poles failed recent testing and that SESD's crews are going to try to change out failed poles in the Lake Shore and Palmyra areas before winter sets in. Brook also reported that SUVPS is researching pole wrap fire protection (especially for poles by ditch banks) and that engineering will soon begin for the new Bamberger Switch Rack.

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POWER SYSTEM REPORT

Outage Report

Greg Stanton reported that two poles were hit this past weekend and had to be replaced – one in West Mountain, the other in Lake Shore. Greg said that the recent rainstorm also caused two poles to catch fire; one of the poles had to be replaced.

LEGAL UPDATE

None.

CLOSED SESSION – UT Code 52-4-205(d)

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

At 12:25 p.m. Brent Winder made a motion seconded by Cory Thompson 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:

Richard Behling – Y, Joel Brown – Y, Brent Gordon – Y, Ray Loveless – Y, Kenny Seng – Y, Cory Thompson – Y, Brent Winder – Y.

Richard Behling made a motion seconded by Cory Thompson to reconvene the Regular Board Meeting at 1:30 p.m. Richard Behling, Joel Brown, Brent Gordon, Ray Loveless, Kenny Seng, Cory Thompson, and Brent Winder approved the motion.

ADJOURNMENT

Richard Behling made a motion to adjourn the meeting seconded by Cory Thompson.

Ray Loveless adjourned the meeting at 1:31 p.m.

Ray Loveless, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next board meeting will be held on Tuesday, October 7, 2025, beginning at 11:00 a.m.