

SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT

BOARD MEETING

September 8, 2026

South Utah Valley Electric Service District (SESD) held its monthly Board Meeting on Tuesday, September 8, 2026 – at 11:00 a.m. at the SESD office 803 N 500 E – Payson, UT.

Trustees Present: Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard (joined at 12:10 p.m.), Ray Loveless, and Joe Olsen.

Trustees Excused:

Also Present: Dan Ellsworth, Brook Christensen, Greg Stanon, and Mark Holdaway – SESD

Ray Loveless opened the meeting at 11:00 a.m. Joe Olsen offered an opening prayer, and Brook Christensen led the group in the Pledge of Allegiance.

PUBLIC FORUM

John Haderlie, a partner with the accounting firm Larson & Company, reported on SESD's FY 2026 Annual Audit. John explained that his auditors tested several financial transactions, reviewed SESD's internal controls, and gave SESD an unmodified, or unqualified, opinion. Jon stated that an unqualified opinion signifies a clean opinion and that no material errors were found in SESD's financial transactions or reports. Since SESD is implementing a new enterprise software system, Jon emphasized the importance of setting up proper access in the new system to assure the protection of confidential information. Jon also reminded the Board and staff of their roles in overseeing and managing District operations (i.e. accuracy, internal controls, and assuring the entity maintains a positive net margin), following State Compliance regulations, and some of the questions asked in the State Auditor's Fraud Risk Assessment (i.e. 40 hours of annual continuing education for employees managing an entity's finances and records). Brent Gordon, Finance Committee Chair, recommended that the Finance Committee be more involved with future audits. Jon explained that an audit committee usually oversees their entity's annual audit and applauded the recommendation. Jon praised the Board and staff for their diligence in managing SESD's finances and for working so well with Larson & Company's audit team.

RECOGNIZE CORY THOMPSON FOR BOARD SERVICE

Ray Loveless stated that Cory Thompson, SESD Board Trustee from Elk Ridge City, recently moved to Texas and therefore had to step down after serving for over three years on SESD's Board. Ray presented a Resolution of Appreciation to Cory Thompson for his service and invited the rest of the Board to sign the Resolution. Ray expressed his appreciation for Cory's service stating that, even though he never represented SESD legally, Cory offered valuable legal insights during challenging discussions which enhanced everyone's understanding of the complex issues being considered. Ray asked Mark Holdaway to assure Cory receives the Resolution and his board portrait since he was unable to attend board meeting.

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NEW BOARD OFFICER APPOINTMENTS

Ray Loveless stated that in SESD's 2026 Annual Meeting last month (August), he stepped down as Board Chairman and the Board appointed Richard Behling as Chairman. Ray explained that the Board never acted on the appointment last month because there was not a motion to do so on the Annual Meeting agenda. Since the motion was on this month's board meeting agenda, Ray asked for a motion to approve the appointment of Richard Behling as Board Chairman.

MOTION to approve the appointment of Richard Behling as SESD Board Chairman.

Brent Gordon made a motion seconded by Joel Brown to approve the appointment of Richard Behling as SESD Board Chairman. Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard, Ray Loveless, and Joe Olsen approved the motion.

NEW BOARD COMMITTEE APPOINTMENTS

Ray Loveless stated that with Richard Behling's appointment as Chairman, his seat on the Finance Committee was now vacant. Ray asked the Board how they wanted to reorganize SESD's committees. The Board decided that Joel Brown would continue as Vice-chairman and Chair of the Resource Committee, and that Brent Gordon would continue as Treasurer and Chair of the Finance Committee. The Board also decided that the Finance Committee will be comprised of Brent Gordon, Ray Loveless, and Joe Olsen while the Resource Committee will be comprised of Joel Brown, Ben Hillyard, and the new board member appointed by Elk Ridge City.

MOTION to approve new board committee assignments.

Ray Loveless made a motion seconded by Joel Brown to appoint Brent Gordon, Ray Loveless, and Joe Olsen as members of the Finance Committee with Brent Gordon as Finance Committee Chair and Joel Brown, Ben Hillyard, and the new board appointee from Elk Ridge City as members of the Resource Committee with Joel Brown as Resource Committee Chair. Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard, Ray Loveless, and Joe Olsen approved the motion.

APPROVE BOARD MEETING MINUTES

Richard Behling asked if anyone had any questions about the 2026 Annual Meeting or the August 11, 2026, Board Meeting Minutes. Hearing none, Richard asked for a motion.

MOTION to approve the 2026 Annual Meeting Minutes.

Ray Loveless made a motion seconded by Brent Gordon to approve the 2026 Annual Meeting Minutes. Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard, Ray Loveless, and Joe Olsen approved the motion.

MOTION to approve the August 11, 2026, Board Meeting Minutes.

Joel Brown made a motion seconded by Joe Olsen to approve the August 11, 2026, Board Meeting Minutes. Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard, Ray Loveless, and Joe Olsen approved the motion.

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FINANCE COMMITTEE

Review August 2026 Disbursements and Expenses

Brent Gordon reviewed the August 2026 Disbursements and Expenses with the Board and made a motion for their approval.

MOTION to approve the August 2026 Disbursements & Expenses.

Brent Gordon made a motion seconded by Ray Loveless to approve the August 2026 Disbursements & Expenses. Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard, Ray Loveless, and Joe Olsen approved the motion.

Review August 2026 Financial Report

Brent Gordon asked Mark Holdaway to review the August 2026 Financial Report. Mark reviewed industrial sales, the irrigation pumper credit for reimbursed power cost adjustments, and power costs. Mark stated that SESD was still in a positive net margin after two months into the financial year but said the Board and staff will have to carefully monitor power costs since they are coming in higher than budget.

Mark Holdaway stated that July marked the termination of SESD's contract with Strawberry Water Users Association (SWUA) for the purchase of their hydro generation. Mark said that Payson City now has the contract to purchase SWUA's hydro generation. Mark said that Shawn Black, Payson City Power Superintendent, agreed to a \$0.017/kWh wheeling fee for Payson City to wheel SWUA's hydro generation over SESD's power lines to Payson's receiving point in the Suter Substation.

MOTION to accept the August 2026 Financial Report.

Brent Gordon made a motion seconded by Joe Olsen to accept the August 2026 Financial Report. Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard, Ray Loveless, and Joe Olsen approved the motion.

Opening a PTIF+ Account with Mountain American Credit Union

Richard Behling asked Mark Holdaway to review the Mountain America Credit Union (MACU) PTIF+ Account proposal with the Board. Mark explained that MACU offers an account that pays 0.1% more than the State PTIF accounts (i.e. if the State PTIF pays 3.40%, MACU would pay 3.5%). Mark said the MACU account also charges a monthly \$35 maintenance fee. Mark stated that all SESD's PTIF accounts would be consolidated into one MACU PTIF+ account. Mark explained that while the MACU account offers a slightly higher interest rate, the funds in that account would only be guaranteed up to \$250,000 under FDIC insurance regulations if MACU were to experience severe losses and go out of business. All funds in the State PTIF accounts are guaranteed by The State of Utah for their full amounts. After discussion, the Board decided not to move SESD's State PTIF funds into the MACU PTIF+ account at this time.

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Ray Loveless stated that Jon Haderlie, during his SESD FY 2026 audit report, mentioned that the State Auditor's Fraud Risk Assessment requires that those employees managing government entity funds receive 40 hours of continuing education each year. Ray asked Mark Holdaway about his continuing education. Mark stated that he does not get the full 40 hours each year mainly due to cost constraints. Mark said that some free training is offered through Stifel (the company that assisted SESD with its Series 2021 Bond) and Larson & Company, but most training that qualifies for continuing education requires travel out of state and is costly to attend. Mark said it is common practice for a company to pay for, or at least assist in paying for, a licensed employee's continuing education. Mark said he has not finished acquiring his CPA license yet and therefore felt he should not request financial assistance with the continuing education requirements. The Board discussed employee education assistance, the differences between paid apprenticeships and classroom education, and the costs associated with licensing and certification. Ray stated that the State's Fraud Risk Assessment also requires that an employee managing an entity's finances also be licensed (i.e. CPA). Ray encouraged Mark to finish getting his license and recommended that the Finance Committee review Mark's licensing costs for possible reimbursement.

RESOURCE COMMITTEE

July 2026 Operations Report

Joel Brown asked Mark Holdaway to give the Operations Report. Mark reported that July 2026 marked some of SESD's highest power costs in 3 ½ years. Mark said these high power costs were largely due to the Energy Day Ahead Market (EDAM) that began in May. Mark reviewed SESD's resource portfolio and line items from the UAMPS power bill. Mark explained that the EDAM requires UAMPS to sell all its generation onto the market and then turn around and purchase all its power needs from the market. Mark showed that UAMPS' generation sales price was much lower than its market purchase price, creating a significant loss and higher power costs. The Nebo power plant being offline also contributed to higher power costs.

MOTION to accept the July 2026 Operations Report.

Ray Loveless made a motion seconded by Brent Gordon to accept the July 2026 Operations Report. Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard, Ray Loveless, and Joe Olsen approved the motion.

Review of Mainspring Generator Technology

Dan Ellsworth showed a short video to the Board from "www.mainspringenergy.com/product" that briefly explains the technology behind the Mainspring generator. Dan stated that the generators are produced near Stockton, California, do not produce any NOx, do not use any water, are quiet, can use a variety of fuel sources, and use very little fuel compared to traditional turbines. Dan further explained that each unit is about the size of a standard shipping container and can produce 250 kW; they can also ramp up or down very quickly. Dan said SESD is exploring the feasibility of joining with Payson and Springville to install 20 MW of Mainspring generators on SESD's 2.5 acres along 900 North. The cost of the generators is approximately \$2.3 million not including gas,

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a substation, and transmission infrastructure; and they could be installed and operational by the end of 2028. Dan explained that UAMPS members are paying high EDAM costs because UAMPS is so short on resource, and UAMPS won't be able to get any additional baseload resource online for several more years. Dan stated that the Mainspring generators may be a good way to help close the power deficiency gap without resorting to batteries or other intermittent generation. The Board thanked Dan for the presentation and recommended that he continue exploring this new possible source of generation with the Resource Committee.

EXECUTIVE COMMITTEE

UASD Convention in November

Mark Holdaway reported that the Utah Association of Special Districts (UASD) is holding its annual convention at the Layton Conference Center in Layton, Utah, on November 4th – 6th. Mark said board members can fulfill all their annual and 4-year training requirements at the Wednesday afternoon (November 4th) session of the convention. Mark showed an agenda of the different topics being covered at the convention, reviewed the registration process and dates, and stated that the UASD had reserved a discounted block of rooms at the Layton Hilton for convention attendees. Mark invited the Board to attend, reminded them that SESD would cover all convention costs, and offered to assist with the registration process for those wanting to attend.

UAMPS REPORT

UAMPS FY 2026 Operating Margin

Ray Loveless stated that UAMPS staff discussed bonding for the Millard County Power Plant during the UAMPS August meetings. Ray stated that Zions Bank ran preliminary bond ratings on the UAMPS members participating in the project and SESD came back with an A- from one rating agency and an A+ from another one.

Ray reported that UAMPS finalized its FY 2026 project margins and SESD will be receiving a return of \$223,450.66. Ray stated that SESD must sign and return a resolution directing UAMPS how to handle the margin funds. The Board discussed and agreed to keep the margin in a PTIF account administered by UAMPS to cover SESD's share of future project needs or emergencies.

MOTION to retain the UAMPS FY 2026 margin in SESD's Member Account at UAMPS.

Ray Loveless made a motion seconded by Brent Gordon to retain the UAMPS FY 2026 margin in SESD's Member Account at UAMPS. Richard Behling, Joel Brown, Brent Gordon, Ben Hillyard, Ray Loveless, and Joe Olsen approved the motion.

CREDA REPORT

Ray Loveless reported that although Leslie James has retired as CREDA's Executive Director, she is staying on as a consultant to assist the new executive director with the transition. Ray said CREDA's primary concern right now is the water level at Lake Powell dropping below the power generation point. Many people are concerned about a drastic spike in power prices if WAPA has to procure power from the market to cover Glen Canyon Dam generation shortfalls.

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SUVPS REPORT

Brent Christensen reported that SUVPS is finishing ordering materials for the switch rack to be built near Bamberger Road; working with Payson City and Rayloc to resolve drainage problems at the switch rack site; and purchasing steel poles to build line that crosses the freeway. Brook stated that contractors finished upgrading the transmission system from Spanish Fork Canyon to the Taylor Switch Rack, and that all phasing tests are complete. The line will be ready for use once all distribution underbuilds are complete. Brook also reported that he and some other SUVPS members were invited to tour the Nucor facility in Brigham City to review the production process of the steel poles being built for the line upgrade over the freeway.

POWER SYSTEM REPORT

Outage Report

Greg Stanton reported that some localized outages were caused by: trees falling on primary lines and service loops from high winds and storms; lighting taking out line fuses; and birds and cats causing transformer fuses to fail. Greg said none of the outages caused significant infrastructure damage and were easily repaired by SESD's crews.

Ray Loveless reported that Payson Canyon had a fire in the late afternoon of September 6th just north of Kiwanis Park and asked Greg if SESD's facilities were affected by the fire. Greg said the fire did not harm SESD's Payson Canyon power line nor did SESD's power line cause the fire. Ben Hillyard said the fire was started by target shooters and burned 45 acres.

LEGAL UPDATE

None.

CLOSED SESSION

None.

ADJOURNMENT

**Joel Brown made a motion to adjourn the meeting seconded by Brent Gordon.
Richard Behling adjourned the meeting at 12:52 p.m.**

Richard Behling, Chairman

Mark Holdaway, Clerk

Date Approved

Date Approved

Next Meeting Date

The next meeting will be SESD's Board Meeting held on Tuesday, October 13, 2026, beginning at 11:00 a.m.