

**MINUTES OF A SPECIAL COMBINED MEETING OF THE
EPHRAIM CITY COUNCIL AND UTILITIES BOARD**

CITY COUNCIL CHAMBERS, EPHRAIM CITY HALL

5 SOUTH MAIN, EPHRAIM, UTAH

FRIDAY, OCTOBER 30, 2020

5:00 PM

CALL TO ORDER

The Ephraim City Council and Utilities Board convened in a combined special meeting on Friday, October 30, 2020, in the City Council Room. Mayor Scott called the meeting to order at 5:00 p.m.

ROLL CALL

COUNCIL MEMBERS PRESENT

John Scott, Mayor
Margie Anderson, Mayor Pro Tem
Tyler Alder
Alma Lund
Greg Boothe
Richard Wheeler

STAFF PRESENT

Leigh Ann Warnock, City Recorder
Cory Daniels, Power Director
Aaron Broomhead, Public Safety

STAFF EXCUSED

Shaun Kjar, City Manager
Brian Page, City Attorney

UTILITIES BOARD MEMBERS PRESENT

Ted Olsen, Chair
Kelly Larsen
Dale Nichols

DISCUSSION AGENDA

CARBON FREE POWER PROJECT

Ephraim UAMPS Representative Ted Olson reported the proposed nuclear power plant is new technology that has been developed over the last 10 years, with NuScale Power as the holder of the patent. 35 cities in Utah have been involved in the planning stages of the project. Phase II of the development has just been completed. Moving forward to Phase III would require a new plan of finance that would place a considerable amount of money at risk upon each of the participants should the project not go forward. At this juncture, Ephraim City's share in the venture is \$91,043. \$26,808 of that has already been paid. \$64,235 is still at risk should Ephraim chose to withdraw from the project. The Council and Utilities Board met in a special meeting today due to the withdrawal deadline which had been set for October 31, 2020.

Many Utah cities are now withdrawing from the project because of negativity fueled by an anti-nuclear group in Salt Lake City, regardless of the seven levels of safety built into this design of a new reactor. As of today, Kaysville, Bountiful and Beaver are the newest cities to withdraw. Each city that withdraws puts remaining cities at a higher monetary risk. An amount of \$1.4 billion has been estimated for this project.

Ephraim would not be required to pay the remaining \$64,235 until power is actually received from the project. It is anticipated that 79% of costs going forward into Phase III would be financed by the Department of Energy; however, with the withdrawal of these few cities, the Department of Energy is considering an increase in the amount required for those cities that remain in the project. Ted wished the Council to understand that the funds from the Department of Energy is an award. It is not a guaranteed loan. In the last 15 years, the amount of power used in Ephraim City has doubled. If the City moves forward with the project, it will have clean nuclear power at a guaranteed cost. The risk is the amount of money that could be lost should it fail to move forward. If Ephraim City remains with the project into Phase III at the current percentage, there would be an additional cost of approximately \$350,000. This would not have to be paid immediately but would be put into the price of the power when it is eventually used.

Good news: NuScale has come forward and said they have an alternate plan to cut the size of the plant to six units, and perhaps even three. Latest tests show more power can be produced per unit making it more competitive.

Ephraim has three options today:

1. Withdraw from the project and lose the \$26,808 already paid as well as the remaining \$64,235 pledged.
2. Do nothing and incur an additional \$350,000 requirement.
3. Pass the resolution authorizing and approving adjustment of Ephraim's entitlement share.

A cost share may be placed in the resolution along with authority given to Ted, as the UAMPS representative for Ephraim, to adjust that amount depending on developments in the next 10 days and potential for other developments become clear. The Project Management Committee will vote. If the project is terminated, a committee can make that decision. With this resolution, Ted *could* change Ephraim's allocation all the way down to zero if that became necessary. With the Department of Energy willing to put in more money, and NuScale willing to downscale, the dynamics of the decision are drastically changed.

Councilmember Wheeler expressed his opinion that he would only consider two of the options; doing nothing, and passing the resolution, leaning towards the resolution. The remaining Councilmembers were in agreement.

Mayor Scott polled Power Board Members present. Dale feels Ted is the expert and with the growth evident in Ephraim, he agreed moving forward is necessary because there may not be another source of power at some point. Kelly Larsen's only concern was the monetary aspect but would ultimately suggest moving forward.

Power Director Cory Daniels encouraged the Council to pass the resolution and move forward because if we don't and carbon is banned, there may be no other alternatives. Entities could join or rejoin the project later, but the cost would be extreme.

If Ephraim withdraws, it would need to be done today. Mayor Scott called for a motion.

Councilmember Lund moved to approve ECR 20-12, authorizing and approving adjustment of Ephraim's Entitlement Share.

Councilmember Wheeler pointed out a development cost cap percentage should be determined in Section 1(b) of the resolution before a vote is taken.

Ted explained that if the percentage is multiplied by the total development cost, the total would reflect the maximum number of dollars Ephraim would be willing to risk should the project fail. We have been at about 2% throughout the project. When some of the cities withdrew, that went up, and up again, putting us at 2.5%. Ted recommended a bit of leeway allowance. The Council asked Ted, as the expert, to name the amount. Ted's recommendation was roughly 2.5% as a cap.

Councilmember Lund amended the above motion to include a 3% Development Cost Share Cap associated with the running of the economic competitiveness test. The motion was seconded by Councilmember Wheeler. The vote was unanimous. The motion carried.

Ted commented this decision would speak loudly to the rest of the participants.

Councilmember Wheeler moved to reaffirm Ted Olson as the Ephraim UAMPS Representative. The motion was seconded by Councilmember Anderson. The vote was unanimous. The motion carried.

ADJOURNMENT

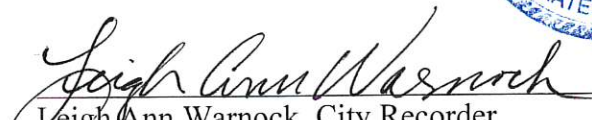
There being no further business to come before the Council for consideration, Councilmember Alder moved the Special Council/Utilities Board Meeting adjourn at 6:10 p.m. The motion was seconded by Councilmember Boothe. The vote was unanimous. The motion carried.

MINUTES APPROVED:


John Scott, Mayor

11-4-2020
Date

ATTEST:


Leigh Ann Warnock, City Recorder



11/4/20
Date