

RESOLUTION NO. 10-28-2020 -A

A RESOLUTION APPROVING TO WITHDRAW FROM THE UAMPS CARBON FREE POWER PROJECT.

WHEREAS, Payson City (the "City") is a member of Utah Associated Municipal Power Systems ("UAMPS") pursuant to the provisions of the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action, as amended (the "Joint Action Agreement"); and

WHEREAS, the City previously approved, executed and delivered the Carbon Free Power Sales Contract dated as of April 1, 2018 (the "Power Sales Contract") with UAMPS, including what is now an Entitlement Share of 14,332 kW of the capacity of the Project (initially capitalized terms used and not defined herein have the meanings assigned to them in the Power Sales Contract); and

WHEREAS, section 204 of the Power Sales Contract allows parties to withdraw from the Project during the Licensing Period by delivering a Notice of Withdrawal to UAMPS upon, among other events, the occurrence of the City's receipt of notice from UAMPS that the Project Management Committee has approved a revised Budget and Plan of Finance; and

WHEREAS, on July 16, 2020, UAMPS sent to the City a Notice of Conditional Approval of the Revised CFPP Budget and Plan of Finance; and

WHEREAS, the July 16, 2020 Notice sent by UAMPS to the City verified that entitlement share elections or withdrawals from the Project based on said Notice must be made within sixty (60) days of the date of the Notice, which period was extended to October 31, 2020; and

WHEREAS, the City has determined it to be in the best interest of the City to withdraw from the Project at this time; and

WHEREAS, UAMPS informed the city that it could limit its liability until the next offramp scheduled for January, 2021.

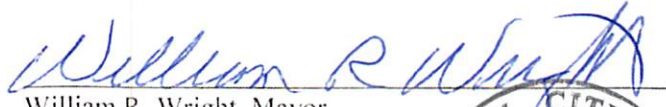
NOW, THEREFORE, BE IT RESOLVED, by the Payson City Municipal Council, as follows:

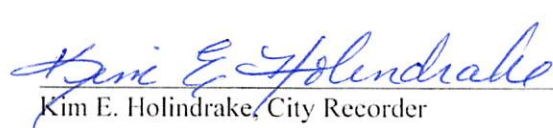
1. It hereby withdraws from the Carbon Free Power Project (the "Project") effective October 31, 2020. However, if UAMPS can limit the financial liability of Payson City to an amount less than \$200,000.00 on or before November 10, 2020, it will stay in until the next offramp.
2. It finds that the City's withdrawal from the Project is in the best interest of the City.
3. Mayor Wright is hereby authorized to execute and deliver to UAMPS prior to October 30, 2020, a Notice of Withdrawal in substantially the form attached as Exhibit "A," and to execute any other instruments required to affect the withdrawal of the City from the Project.

This Resolution shall take effect immediately upon its passage by the Payson City Council adopted in a public meeting.

Passed by the Payson City Council this 21st day of October, 2020.

ATTEST:


William R. Wright, Mayor


Kim E. Holindrake, City Recorder

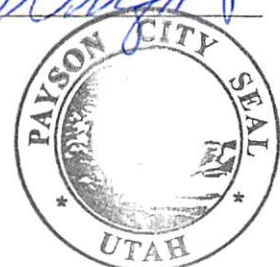


EXHIBIT A

NOTICE OF WITHDRAWAL

October 28, 2020

Utah Associated Municipal Power Systems
155 North 400 West, Suite 480
Salt Lake City, Utah 84103

Attention: General Manager
General Counsel

Re: Carbon Free Power Project Power Sales Contract

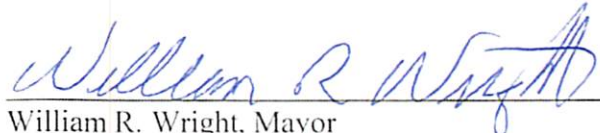
[Ladies and] Gentlemen,

Pursuant to Section 204 of the above-referenced Power Sales Contract (the “Power Sales Contract”), Payson City Corporation (“City”) hereby gives notice of its election to withdraw from the Project.

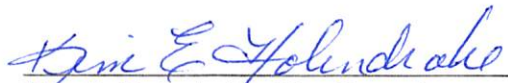
The City hereby acknowledges and agrees that:

1. This Notice of Withdrawal shall be effective at and as of the end of the sooner of the last day of the current phase of the Licensing Period, or immediately prior to the October 30, 2020 effective date of the amendment or revision of the Budget and Plan of Finance (as per section 204(a) of the Power Sales Contract).
2. By delivering this Notice of Withdrawal, the City waives its right to receive any reimbursement for Development Costs previously paid by it, except as otherwise provided in the Power Sales Contract.
3. The City shall remain responsible for the payment of an amount equal to its Development Cost Share of all Development Costs incurred, including its Development Cost Share of the amounts necessary to repay all Bonds issued and outstanding, in each case up to the effective date of the City’s withdrawal from the Project.
4. The City shall, within twelve months of the effective date of its withdrawal, repay the amounts described in paragraph 3 together with any interest expense on such amounts and any other charges incurred by UAMPS under the Financing Documents.
5. From and after the effective date of its withdrawal (a) the City’s Entitlement Share shall be terminated, (b) the City’s Representative shall have no right to participate in or vote at meetings of the Project Management Committee or meetings of the Board with respect to the Project, and (iii) this Contract will remain in effect only with respect to the City’s repayment obligations described in paragraph 4.

6. The City shall have no responsibility for the payment of Development Costs incurred or Bonds issued after the effective date of its withdrawal.


William R. Wright, Mayor

Attest:


Kim E. Holindrake, City Recorder

