

RESOLUTION NO. 23-22

A RESOLUTION AUTHORIZING THE STEEL SOLAR 1A PROJECT SECOND AMENDED AND RESTATED TRANSACTION SCHEDULE UNDER THE MASTER FIRM POWER SUPPLY AGREEMENT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; AND RELATED MATTERS.

WHEREAS, Hyrum City (the "*Member*") owns and operates a utility system for the provision of electric energy to its residents and others (the "*System*") and 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 dated as of March 20, 2009, as amended (the "*Joint Action Agreement*");

WHEREAS, the Member desires to purchase all or a portion of its requirements for electric power and energy from or through UAMPS and has entered into a Power Pooling Agreement with UAMPS to provide for the efficient and economic utilization of its power supply resources;

WHEREAS, the Member has previously entered into the Master Firm Power Supply Agreement with UAMPS in order to allow for UAMPS entering into various firm transactions for the purchase and sale of firm supplies of electric power and energy;

WHEREAS, UAMPS has investigated the Steel Solar 1A Project, a forty (40) megawatt (MW) solar photovoltaic generation facility to be located in Box Elder County, Utah, on behalf of its members and is now prepared to enter into a twenty-five (25) year second amended and restated power purchase agreement with Steel Solar LLC to secure the delivery of all the energy from the Project and associated environmental attributes; and

WHEREAS, the Member now desires to authorize and approve the Steel Solar 1A Second Amended and Restated Transaction Schedule ("*Second Amended and Restated Transaction Schedule*") attached hereto as Exhibit A for the Project subject to the parameters set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Hyrum City as follows:

Section 1. Authorization of Steel Solar 1A Second Amended and Restated Transaction Schedule. The Second Amended and Restated Transaction Schedule, in substantially the form presented at the meeting at which this resolution is adopted, is hereby authorized and approved, and the Member Representative is hereby authorized, empowered and directed to execute and deliver the Second Amended and Restated Transaction Schedule on behalf of the Member. Promptly upon its execution, the Second Amended and Restated Transaction Schedule shall be filed in the official records of the Member.

Section 2. Other Actions. The Mayor, City Recorder, the Member Representative and other officers and employees of the Member shall take all actions necessary or reasonably required to carry out,

give effect to, and consummate the transactions contemplated hereby and shall take all actions necessary to carry out the execution and delivery of the Second Amended and Restated Transaction Schedule and the performance thereof.

Section 3. Miscellaneous; Effective Date. (a) All previous acts and resolutions in conflict with this resolution or any part hereof are hereby repealed to the extent of such conflict.

(b) In case any provision in this resolution shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) This resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this _____ day of _____, 2023.

HYRUM CITY

Stephanie Miller
Mayor

ATTEST AND COUNTERSIGN:

Stephanie Fricke
City Recorder

[SEAL].

EXHIBIT A
STEEL SOLAR 1A SECOND AMENDED AND RESTATED TRANSACTION SCHEDULE

**STEEL 1(A) SOLAR PROJECT
FIRM POWER SUPPLY AGREEMENT
SECOND AMENDED AND RESTATED TRANSACTION SCHEDULE**

This Second Amended and Restated Transaction Schedule to the Master Firm Power Supply Agreement to which all Parties to this Transaction Schedule are signatories provide for the following transactions. The Parties to this Second Amended and Restated Transaction Schedule agree to the following provisions and agree to pay all costs of this transaction through the Firm Power Supply Project.

PURCHASER: Hyrum City

ENTITLEMENT SHARE: 6.46%

SUPPLIER: Steel Solar, LLC (the “Steel Solar Project”)

EFFECTIVE DATE: The Power Purchase Agreement by and between UAMPS and Steel Solar, LLC for the Steel 1(A) Solar Resource (the “Original PPA”) was executed on November 18, 2020 and that certain amendment to the Original PPA dated as of February 16, 2022 (“Amendment”). The Original PPA, as amended by the Amendment, was amended, restated and executed by UAMPS and Steel Solar, LLC on June 23, 2022 (the “First Amended PPA”). The First Amended PPA was amended, restated and executed by UAMPS and Steel Solar, LLC on August 30, 2023 (“Second Amended PPA”) The Second Amended PPA becomes effective upon UAMPS obtaining member governing body approvals. UAMPS anticipates satisfying this condition within 60 days of executing the Second Amended PPA. The Scheduled Commercial Operation Date (“COD”) is November 30, 2023. The COD may not occur earlier than March 30, 2023 but not later than March 30, 2024.

TERM: A 25-year delivery term commencing on COD. The Second Amended PPA will become effective upon UAMPS satisfying the condition precedent identified above.

AMOUNT: 2,584 kW and associated Environmental Attributes (“Entitlement Share”)

PRICE: \$34.66 per MWH

OTHER
PROVISIONS:

Energy: UAMPS will schedule all energy pursuant to the terms and conditions of the Second Amended PPA and will delivery to the Purchaser its Entitlement Share of the Steel 1(A) Solar Resource. The Steel 1(A) Solar

Resource is to be constructed as a 40 MW solar photovoltaic generation facility located in Box Elder County, Utah.

Transmission: UAMPS will charge and the Purchaser will pay transmission charges as adopted by the UAMPS Board of Directors from time to time.

Administration: UAMPS will charge and Purchasers will pay the scheduling fee and reserve fee as adopted by the UAMPS Board of Directors from time to time.

Buyout Options: Under the Second Amended PPA, UAMPS has the ability to buy the Steel 1(A) Solar Resource from Steel Solar, LLC at specified buyout dates pursuant to a fair market value appraisal. If UAMPS is directed to pursue one of its buyout options, then UAMPS will in parallel develop new contracts or amend the Firm Power Supply Agreement with the Purchasers to provide UAMPS with the ability to finance the buyout of the Steel 1(A) Solar Resource.

Step-Up Obligation:

- (1) In the event of a default by one of the Purchasers, UAMPS shall immediately allocate all of the defaulting Purchaser's Entitlement Share among the nondefaulting Purchasers, pro rata on the basis of their then-current Entitlement Shares, which shall remain in effect only until the completion of the procedures provided herein. UAMPS shall provide written notice to the nondefaulting Purchasers of the initial allocation of the defaulting Purchaser's Entitlement Share which notice shall (A) set forth the date of the initial allocation, (B) include a revised Schedule I showing the increased Entitlement Shares as a result of such allocation, (C) direct each of the nondefaulting Purchasers to make an election pursuant to subparagraph (2) below, and (D) set forth the date by which each of the nondefaulting Purchasers must notify UAMPS of such election. The initial allocation of the defaulting Purchaser's Entitlement Share and the increased Entitlement Shares of the nondefaulting Purchasers as a result of such allocation (as shown on the revised Schedule I prepared by UAMPS) shall remain in effect until the completion of the procedures provided for herein. During such period, each of the nondefaulting Purchasers shall have all of the rights, benefits, obligations and responsibilities associated with its increased Entitlement Share as a result of such allocation.
- (2) Within sixty days after the initial allocation of the defaulting Purchaser's Entitlement Share, each nondefaulting Purchaser shall notify UAMPS in writing of its election to: (A) retain all of its initial allocation of the defaulting Purchaser's Entitlement Share; or (B) retain none or less than all of such allocation. Any Purchaser that elects to retain all of its initial allocation of the defaulting Purchaser's

Entitlement Share shall be deemed to have fully satisfied its step-up obligations and shall not thereafter be required to accept any additional allocation of the defaulting Purchaser's Entitlement Share; *provided* that any such nondefaulting Purchaser may give notice to UAMPS of its request to acquire additional amounts of the defaulting Purchaser's Entitlement Share as may be available.

- (3) Within thirty days after its receipt of the elections of all nondefaulting Purchasers pursuant to subparagraph (2), UAMPS shall determine whether the nondefaulting Purchasers have elected to retain all of the defaulting Purchaser's Entitlement Share. In the event that one or more of the nondefaulting Purchaser's elected to retain less than all of the initial allocations of the defaulting Purchaser's Entitlement Share, UAMPS shall reallocate the remaining amounts of the defaulting Purchaser's Entitlement Share proportionally among those nondefaulting Purchasers that have requested additional amounts of the defaulting Purchaser's Entitlement Share. To the extent that any part of the defaulting Purchaser's Entitlement Share is then unallocated, UAMPS shall next reallocate the remaining portion of the defaulting Purchaser's Entitlement Share proportionally among those Purchasers that did not elect to retain all of their initial allocations of such Entitlement Share. Proportional reallocations shall be based upon the Entitlement Shares of the nondefaulting Purchasers in effect immediately prior to the defaulting Purchaser's default.
- (4) In no event shall the final allocation of a defaulting Purchaser's Entitlement Share pursuant to subparagraph (3) (or the total of all such allocations in the event of multiple Purchasers' defaults) cause any nondefaulting Purchaser's Entitlement Share to increase by more than 25% over its "Adjusted Entitlement Share" without such Purchaser's consent. The "Adjusted Entitlement Share" is the Purchaser's Entitlement Share shown on Schedule I on and as of the Effective Date.
- (5) UAMPS shall deliver, promptly after making the determinations and reallocations required by subparagraphs (1-4), a notice to the nondefaulting Purchasers which notice shall (A) set forth the final allocation of the defaulting Purchaser's Entitlement Share pursuant to subparagraph (3), and the effective date of the final allocation, and (B) include a revised Schedule I showing the revised Entitlement Shares of the nondefaulting Purchasers upon the final allocation pursuant to subparagraph (3). The Entitlement Shares shown on such revised Schedule I shall thereafter be the Entitlement Shares of the nondefaulting Purchasers.
- (6) Any portion of the Entitlement Share of a defaulting Purchaser allocated or reallocated to a nondefaulting Purchaser pursuant to this paragraph (b) shall become a part of and shall be added to the Entitlement Share of the nondefaulting Purchaser, and from and after the date of such transfer the nondefaulting Purchaser shall be obligated

to pay for its increased Entitlement Share pursuant to the terms and provisions of this Transaction Schedule. The defaulting Purchaser shall remain liable to UAMPS and the nondefaulting Purchasers for costs incurred and damages suffered by them in connection with the actions taken with respect to the defaulting Purchaser's Entitlement Share provided for herein.

- (7) If, as a result of the limitation stated in subparagraph (4) above, any portion of a defaulting Purchaser's Entitlement Share remains unallocated or upon the request of any nondefaulting Purchaser, UAMPS shall use Commercially Reasonable Efforts to sell or dispose of the unallocated or designated Entitlement Share. The defaulting Purchaser shall be liable for the costs, fees and expenses incurred by UAMPS in connection with any such sale, disposition or remedial action.

Other:

Any costs incurred by UAMPS due solely to this Transaction Schedule, including but not limited to the Second Amended PPA costs, transmission costs, scheduling costs, administrative costs and legal costs will be the responsibility of Purchasers invoiced through the UAMPS Power Bills.

This Transaction Schedule may be signed in counterpart.

Dated this _____ day of _____, 2023.

HYRUM CITY

By: _____

Title: _____

UTAH ASSOCIATED MUNICIPAL POWER
SYSTEMS

By: _____

Title: _____

Schedule I

MEMBER	KW AMOUNT 40,000	ENTITLEMENT %
Blanding	646	1.62%
Bountiful	6,459	16.15%
Fairview	129	0.32%
Fillmore	388	0.97%
Heber	6,459	16.15%
Hurricane	2,584	6.46%
Hyrum	2,584	6.46%
Lehi	10,000	25.00%
Mt. Pleasant	388	0.97%
Paragonah	50	0.13%
Payson	3,877	9.69%
Price	3,500	8.75%
Santa Clara	1,000	2.50%
SUVESD	646	1.62%
Washington	1,292	3.23%
TOTAL	40,000	100.00%



**Steel Solar Resource Talking Points for
UAMPS Participants' Governing Bodies
August 30, 2023**

What is the resource? The Steel Solar Resource will be an 80 MWac solar photovoltaic generation facility to be located in Box Elder County in northern Utah. UAMPS' members contracted for two 40 MW portions, Steel Solar 1(A) and Steel Solar 1(B). The Steel Solar 1(A) facility is scheduled to become operational in November 2023 and Steel Solar 1(B) facility is scheduled to become operational in December 2023.

How is UAMPS contracting for the resource? UAMPS has entered into power purchase agreements with Steel Solar, LLC on behalf of UAMPS' members electing to participate in these two 40 MW projects. UAMPS is utilizing the Master Firm Supply Agreement with specific transaction schedules for the Steel Solar 1(A) and Steel Solar 1(B) resources as the agreement with its members participating in these projects.

What is the term of the arrangement? The PPAs between Steel Solar, LLC and UAMPS provides for the delivery of solar energy for twenty-five year terms commencing on the commercial operation dates of Steel Solar 1(A) and Steel Solar 1(B).

What is the developer's experience? D. E. Shaw Renewable Investments (DESRI) and its affiliates develop, own, and operate long-term contracted renewable energy assets in the U.S. DESRI's portfolio of contracted, operating and in-construction renewable energy projects currently includes more than 65 solar and wind projects representing more than 8 GW of aggregate capacity. DESRI has more than 350 MW of solar under construction in Utah, as well as 360 MWac of operating solar assets. DESRI is currently the largest owner and constructor of solar projects in Utah.

What is the purpose of the Second Amended PPA?

DESRI requested the second amended PPA to allow it to take advantage of production tax credits ("PTCs") and associated financing based on PTCs. PTCs became available to solar resources through the Inflation Reduction Act and were not available to DESRI when the agreement was first entered.

What changes were made to the Second Amended PPA relating to the tax benefits?

The Second Amended PPA increases the penalty to UAMPS for default or economic curtailment by requiring UAMPS to pay both the contract price and the grossed-up value of the PTCs.

- The value of the PTCs is estimated to be approximately \$27.50/MWh and is approximately \$35/MWh when grossed up for federal, state, and local taxes. The grossed up PTCs are contractually capped at \$35/MWh.
- No grossed-up PTCs will be charged during the first year of project operations under either contract.

What additional benefits to UAMPS were provided in the Second Amended PPA?

- UAMPS is permitted additional penalty-free economic curtailment than what was provided in the First Amended PPA (from 600 MW to 2000 MW for first ten years and from 600 MW to 1000 MW for years eleven through twenty). These amounts are per contract so total free economic curtailment is 4,000 MWh during the first ten years and 2,000 MWh during the second ten years. UAMPS will not receive penalty-free economic curtailment during the last five years of the contract term.
- DESRI will allow UAMPS to develop a battery project adjacent to the Steel Solar site and use commercially reasonable efforts to cooperate with UAMPS in obtaining governmental approvals for the project over the next three years. The Second Amended PPA does not require that DESRI be the developer of the battery project.
- UAMPS is explicitly permitted to assign the PPA to J. Aron under a prepay arrangement structured to provide UAMPS members the benefits of the difference between the public and private cost of financing.
- DESRI will split 50/50 with UAMPS any benefits it receives under the Powering Affordable Clean Energy program administered by the U.S. Rural Utilities Service.

Will the project meet its contractual scheduled commercial operation date?

DESRI has represented that the 1(A) project is targeted to be operational by November 15, 2023 and the 1(B) project will be operational by December 31, 2023. The contractual Scheduled Commercial Operation Date for 1(A) is September 30, 2023 and for 1(B) is December 31, 2023.

What happens if the project does not come online as expected? Steel Solar, LLC has provided development security to protect UAMPS from the failure of the projects to ultimately become operational. The contract also provides for liquidated damages if DESRI fails to meet the Scheduled Commercial Operation Date.

What is the pricing? The price is competitive (\$34.66/MWh) with other solar projects of the same size and includes both energy and renewable energy credits (RECs). The Second Amended PPA does not raise the Contract Price.

What would happen if a participant does not approve the Second Amended and Restated Transaction Schedule? If the Steel Solar 1(A) and 1(B) Participants do not approve the Transaction Schedule(s), the Firm Power Supply Project would convene a project management meeting to discuss whether any of those participating participants are willing to pick up the available output of a participant that elects not to approve the Second Amended and Restated Transaction Schedule(s).

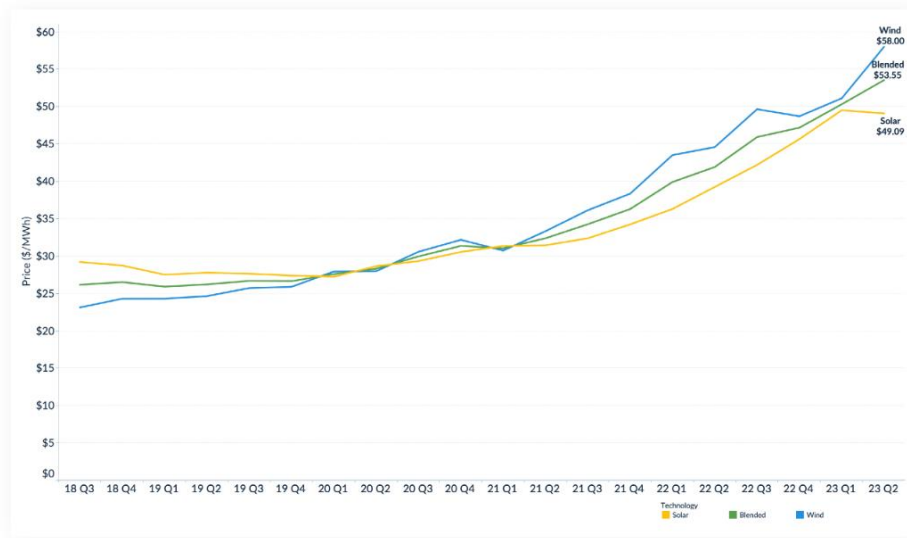
Why should UAMPS agree to amend the power purchase agreement instead of insisting on compliance with the First Amended and Restated PPA? DESRI has indicated that a failure to amend the PPA would compromise the availability of financing and their ability to complete the project. Any alternative solar PPA would be at an increased price with an online date of approximately five years due to transmission restrictions and equipment availability. The terms relating to PTCs are standard in contracts for new solar resources. (See the below graph showing PPA index value for North American Solar in Q2 2023 at \$49.09/MWh.) Additionally, DESRI agreed to provide UAMPS with the benefits described above to compensate for the increased penalty for economic curtailment or default.

LEVELTEN ENERGY

Q2 2023 PPA Price Index Executive Summary

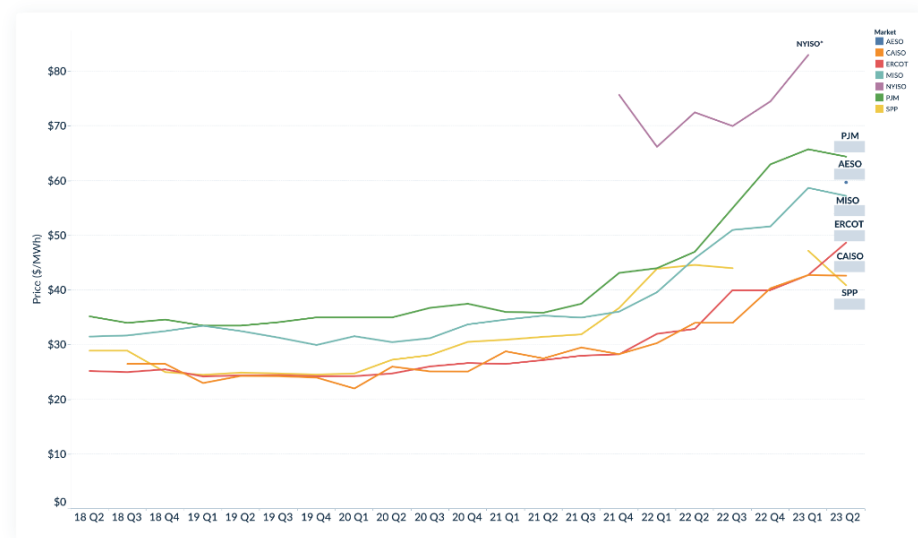
Q3 2018 TO Q2 2023

Market-Averaged Continental Index



Q2 2018 TO Q2 2023

Solar P25 Price Indices by ISO



*Price data is not available for this quarter. To protect data integrity, data volume has to hit a minimum threshold for the ISO's price to be exposed.

¹ LEVELTEN ENERGY

Q2 2023 PPA Price Index Executive Summary https://go.leveltenenergy.com/1/816793/2023-07-17/37bhhy/816793/1689639546mVH9ljkc/2023Q2_NA_ExecutiveSummary_PPAPriceIndex.pdf accessed August 21, 2023