MEETING NOTICE AND AGENDA

Notice is hereby given that the Kaysville City Council will hold a regular council meeting on Thursday, June 7, 2018, starting at 6:15 p.m. in the Council Room of the Kaysville City Municipal Center, 23 East Center Street, Kaysville, UT.

The agenda shall be as follows:

PUBLIC HEARINGS

6:15 pm **REDEVELOPMENT AGENCY BUDGET HEARING**

6:20 pm **MUNICIPAL BUILDING AUTHORITY BUDGET HEARING**

6:25 pm **KAYSVILLE CITY COUNCIL BUDGET HEARING FISCAL YEAR 2019 – ENTERPRISE FUNDS INTER-FUND SERVICES AND TRANSFERS.**

6:30 pm **KAYSVILLE CITY COUNCIL BUDGET HEARING FISCAL YEAR 2019**

6:45 pm **KAYSVILLE CITY COUNCIL PUBLIC HEARING**
The adjustment of a common municipal boundary with Layton City to remove approximately 0.005 acres of property at approximately 166 West Mutton Hollow Road from Kaysville City and annex it into Layton City– ERIC MARTZ.

CITY COUNCIL

1. OPENING.
   a. Council Member Adams.
2. CONSENT ITEMS.
   a. Irrigation Material Purchase – State Contract.
3. DECLARATION OF ANY CONFLICTS OF INTEREST.
4. ACTION ITEMS.
   a. Consideration of an ordinance adjusting a common boundary between Kaysville City and Layton City removing 0.005 acres of real property from Kaysville City at approximately 166 West Mutton Hollow Road. (Ord. 18-6-1)
   b. Preliminary plat approval for Shadybrook Subdivision Lot 4 Amended consisting of 4 lots at approximately 600 North Hill Farms Lane.
   c. Rezone of 1.1 acres of property at 1915 South Shepard Lane from A-5 (Heavy Agriculture) to the R-1-20 (Single Family Residential) zoning district.
   d. Approval of the Carbon Free Power Project. (Res. 18-6-01)
   e. Approval of Net Metering Agreements.
      i. Grandfathered Net Metering Agreement (Monthly credit/payment).
      ii. New Net Metering Agreement (Production equal to consumption).
   f. Human Resource Manual Adoption.
5. WORK ITEMS.
   a. Budget Discussion.
   b. Economic Development Plan Discussion.
6. CALL TO THE PUBLIC.
7. COUNCIL MEMBER REPORTS.
8. CALENDAR.
9. CLOSED SESSION.
   a. Closed Session to discuss the character, professional competence, or physical or mental health of an individual, in conformance with Utah State Code §*52-4-205*.
10. ADJOURNMENT.

Kaysville City is dedicated to a policy of non-discrimination in admission to, access to, or operations of its programs, services or activities. If you need special assistance due to a disability, please contact the Kaysville City Offices at (801) 546-1235. I hereby certify that I posted a copy of the foregoing Notice and Agenda at City Hall and emailed copies to media representatives on June 4, 2018.

Maria T. Devereux

Maria T. Devereux/City Recorder

KAYSVILLE CITY
PUBLIC HEARING NOTICE
FY 2019 BUDGET HEARINGS

Kaysville City will hold Budget Hearings on June 7, 2018 in the Council Room (Room A) of the Kaysville City Municipal Center, 23 East Center Street, Kaysville related to the Kaysville City Fiscal Year 2019 Budgets.

6:15 p.m. Redevelopment Agency Budget Hearing

Notice is hereby given that the Kaysville Redevelopment Agency will hold a Budget Hearing on June 7, 2018 at 6:15 p.m. The agenda shall be as follows:

1. Opening.
2. Amendments to the Kaysville City Redevelopment Agency Budget for Fiscal Year 2018.
3. Consideration of the Kaysville Redevelopment Agency Budget for Fiscal Year 2019.
4. Adjournment.

6:20 p.m. Municipal Building Authority Budget Hearing

Notice is hereby given that the Kaysville Municipal Building Authority will hold a Budget Hearing on June 7, 2018 at 6:20 p.m. The Agenda shall be as follows:

1. Opening.
2. Amendments to the Kaysville City Municipal Building Authority Budget Fiscal Year 2018.
3. Consideration of the Kaysville Municipal Building Authority Budget for Fiscal Year 2019.
4. Adjournment.

6:25 p.m. Kaysville City Council Budget Hearing Fiscal Year 2019 – Enterprise Funds Inter-fund Services and Transfers.

Notice is hereby given that the City Council will hold a Budget Hearing on June 7, 2018 at 6:25 p.m. The Agenda shall be as follows:

1. Opening.
2. Enterprise Funds- Inter-fund Services and Transfers.
3. Adjournment.

6:30 p.m. Kaysville City Council Budget Hearing Fiscal Year 2019

Notice is hereby given that the City Council will hold a Budget Hearing on June 7, 2018 at 6:30 p.m. The Agenda shall be as follows:

1. Amendments to the Kaysville City Fiscal Year 2018 Budgets.
2. Consideration of the Kaysville City Fiscal Year 2019 Budgets.

The tentative budgets have been adopted and are available for public inspection at the City Office (23 East Center) during regular business hours.

Kaysville City is dedicated to a policy of non-discrimination in admission to, access to, or operations of its programs, services or activities. If you need special assistance due to a disability please contact the Kaysville City office at 546-1235.

I hereby certify that I posted a copy of the foregoing Notice and Agendas at City Hall, mailed copies to media representatives, and sent a copy to the Davis County Clipper for publication.

Maria T. Devereux

Maria Devereux
City Recorder

KAYSVILLE CITY
PUBLIC HEARING NOTICE

Notice is hereby given that the Kaysville City Council will hold a public hearing on Thursday, June 7 at 6:45 p.m., in the Council Chambers of the Kaysville City Municipal Center, 23 East Center, Kaysville, to consider:

> The adjustment of a common municipal boundary with Layton City to remove approximately 0.005 acres of property at approximately 166 West Mutton Hollow Road from Kaysville City and annex it into Layton City.

I hereby certify that I posted a copy of the foregoing Public Hearing notice on the municipality's official website by May 18, 2018

Maria T. Devereux
Maria T. Devereux
City Recorder

STAFF REPORT

COUNCIL MEETING DATE: 6/07/2018
ITEM NO.:

TYPE OF ITEM: Consent
PRESENTED BY:

SUBJECT/AGENDA TITLE: Irrigation Material Purchase, Pioneer Park

EXECUTIVE SUMMARY:

In the November 16, 2017 City Council Meeting the City Council approved the construction of Pioneer Park. Part of that approval for the park included the cost of irrigation and landscaping. We are now at the phase of the project where we need to begin the installation of the irrigation system. We have received bids for the irrigation materials from three State Contract vendors. The bids are for parts and materials only. The city staff will self-perform the install of the irrigation system. The bids came in lower than what was previously estimated which we are excited about. At this time we are asking the City Council to authorize the purchase of the irrigation materials.

Council Options:

Recommended Options: Approve purchase for irrigation materials from Ewing Irrigation for the low bid amount of $72,308.42

Fiscal Impact & Fund Source for Recommended Action: Impact Fee's

Attachments: Bid Summary

Pioneer Park Irrigation Bid Summary

Mountainland Supply Company

$76,445.96

Ewing

$72,308.42

Sprinkler Supply Company

$84,434.47

* all proposals are for irrigation parts and materials only

STAFF REPORT

MEETING DATE: 6/7/2018 **ITEM NUMBER:**

TYPE OF ITEM: Public Hearing and Action Item

PRESENTED BY: Community Development Staff

SUBJECT/AGENDA TITLE: Ordinance approving a boundary adjustment with Layton City.

EXECUTIVE SUMMARY:

The applicant, Mr. Eric Martz, has been working with Layton City to build on the Layton City side of the boundary. During this process it was determined that in order to meet Layton City's required setbacks that additional property is necessary. The adjustment in consideration would take about 218 sq. ft. of property which is a sliver of property less than 3 feet wide along the shared city boundaries. Removing this property from Kaysville City does not create a violation of Kaysville City Ordinances.

At the beginning of May the City Council passed a Resolution of Intent to Consider the Boundary Adjustment. Since that time the required notice has been mailed, posted, and published for the public hearing and consideration of the ordinance. As of the date of this report staff has not been made aware of any objections from affected entities regarding the proposed changes.

Layton City has been going through a similar process for consideration of the Boundary Line Adjustment.

COUNCIL OPTIONS:

After holding the public hearing, approve, deny, or table the ordinance.

RECOMMENDED OPTIONS:

Staff recommends that the Council approve the proposed Ordinance as it is a very minor modification to the City boundary and does not create any issues for services provided by the city nor does it create any ordinance violations.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION: - N/A

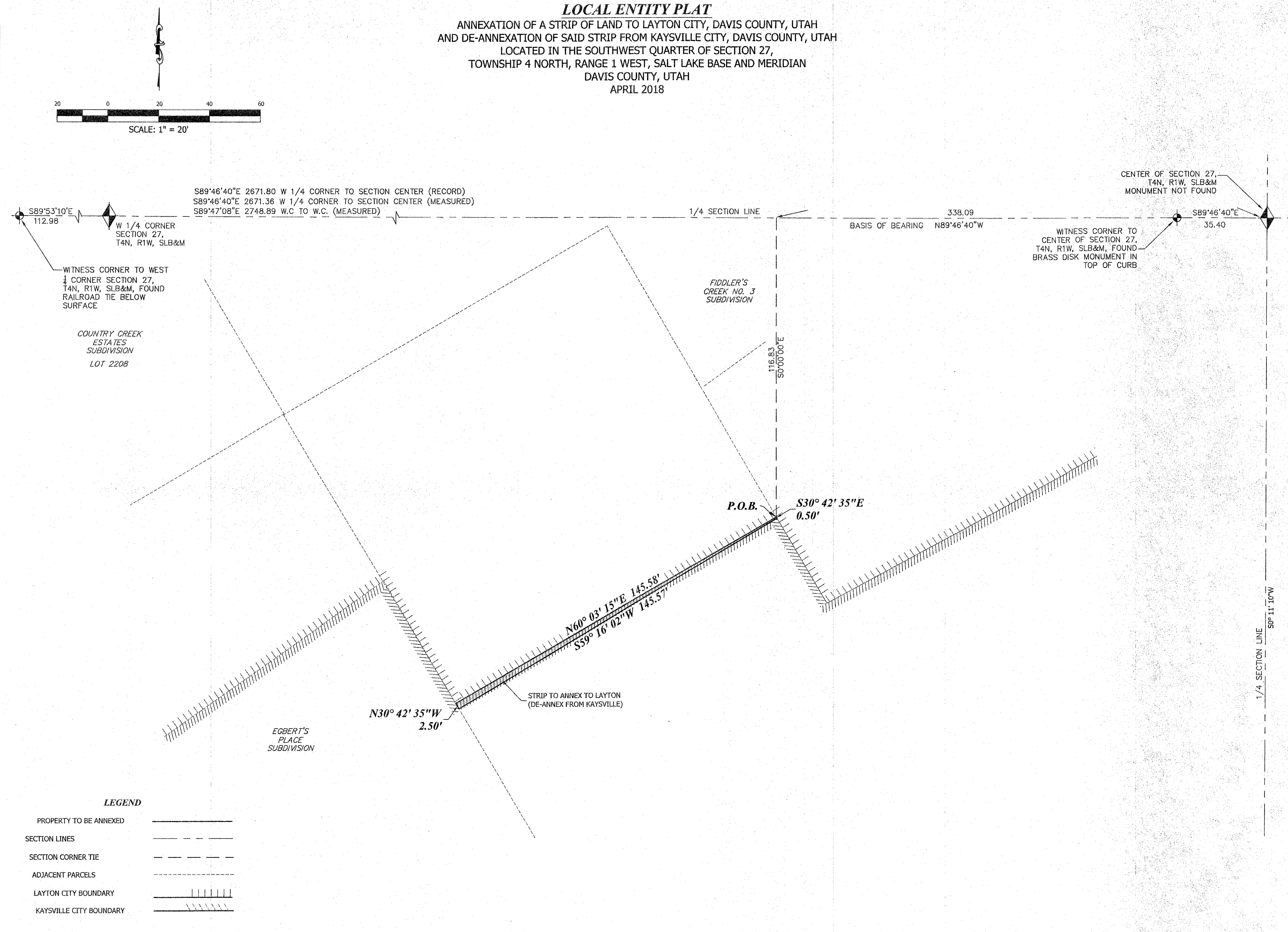
ATTACHMENTS:

Location Map
Proposed Annexation Plat
Boundary Adjustment Ordinance

Boundary Adjustment with Layton City

LOCAL ENTITY PLAT

ANNEXATION OF A STRIP OF LAND TO LAYTON CITY, DAVIS COUNTY, UTAH
AND DE-ANNEXATION OF SAID STRIP FROM KAYSVILLE CITY, DAVIS COUNTY, UTAH
LOCATED IN THE SOUTHWEST QUARTER OF SECTION 27,
TOWNSHIP 4 NORTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN
DAVIS COUNTY, UTAH
APRIL 2018



181 North 200 West, Suite #4
Bountiful, UT 84010
Phone 801.298.2236
www.Entellus.com

PROJECT #1034010 04/17/2018 JRC

SURVEYOR'S CERTIFICATE

I, VON R. HILL, A PROFESSIONAL LAND SURVEYOR HOLDING CERTIFICATE NO. 166385 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF UTAH, DO HEREBY CERTIFY THAT ACCORDING TO THE LAWS OF THE STATE OF UTAH, AND PURSUANT TO UTAH ANNOTATED CODE 17-23-20, THIS IS A TRUE AND ACCURATE MAP OF THE TRACT OF LANE TO BE ANNEXED TO LAYTON CITY, DAVIS COUNTY, UTAH.

PROFESSIONAL LAND SURVEYOR No. 166385 VON R. HILL STATE OF UTAH

VON R. HILL, P.L.S. UT #166385 17 APRIL 2018
DATE

BOUNDARY DESCRIPTION

BEGINNING AT THE NE CORNER OF THE PROPERTY CONVEYED IN WARRANTY DEED ENTRY NUMBER 2199221 SAID POINT BEING NORTH 89°46'40" WEST 388.09 FEET ALONG THE QUARTER SECTION LINE AND SOUTH 00°00'00" EAST 116.83 FEET FROM THE CENTER OF SECTION 27, TOWNSHIP 4 NORTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, DAVIS COUNTY, UTAH, AND RUNNING
THENCE SOUTH 30°42'35" EAST 0.50 FEET ALONG THE EASTERLY BOUNDARY OF SAID PROPERTY,
THENCE SOUTH 59°16'02" WEST 145.57 FEET, TO THE WESTERLY BOUNDARY OF SAID PROPERTY,
THENCE NORTH 30°42'35" WEST 2.50 FEET ALONG SAID LINE TO THE NORTHWEST CORNER OF THE PROPERTY CONVEYED IN SAID DEED, THENCE NORTH 60°03'15" EAST 145.58 ALONG SAID PROPERTY TO THE POINT OF BEGINNING.

CONTAINS 218 SQ. FT. OR 0.005 ACRES.

ACCEPTANCE BY CITY COUNCIL

THIS IS TO CERTIFY THAT WE, THE LAYTON CITY COUNCIL, HAVE RECEIVED A PETITION BY A MAJORITY OF THE OWNERS OF THE TRACT SHOWN HEREON REQUESTING THAT SAID TRACT BE ANNEXED TO LAYTON CITY, AND THAT A COPY OF THE ORDINANCE HAS BEEN PREPARED FOR FILING HEREWITH ALL IN ACCORDANCE WITH THE UTAH CODE ANNOTATED (1953) 10-2-403 AS REVISED, AND THAT WE HAVE EXAMINED AND DO HEREBY APPROVE AND ACCEPT THE ANNEXATION OF THE TRACT AS SHOWN AS A PART OF SAID CITY.

APPROVED: ______________________________
MAYOR

WITNESS MY HAND AND OFFICIAL SEAL THIS ____ DAY OF ________________, 20_______.

____
RECORDER

ACCEPTANCE BY CITY COUNCIL

THIS IS TO CERTIFY THAT WE, THE KAYSVILLE CITY COUNCIL, HAVE RECEIVED A PETITION BY A MAJORITY OF THE OWNERS OF THE TRACT SHOWN HEREON REQUESTING THAT SAID TRACT BE DE-ANNEXED FROM KAYSVILLE CITY, AND THAT A COPY OF THE ORDINANCE HAS BEEN PREPARED FOR FILING HEREWITH ALL IN ACCORDANCE WITH THE UTAH CODE ANNOTATED (1953) 10-2-507 AS REVISED, AND THAT WE HAVE EXAMINED AND DO HEREBY APPROVE AND ACCEPT THE DE-ANNEXATION OF THE TRACT AS SHOWN AS A PART OF SAID CITY.

APPROVED: ______________________________
MAYOR

WITNESS MY HAND AND OFFICIAL SEAL THIS ____ DAY OF ________________, 20_______.

____
RECORDER

COUNTY SURVEYOR

____
COUNTY SURVEYOR

DAVIS COUNTY RECORDER

DAVIS COUNTY, UTAH, RECORDED AND FILED AT THE REQUEST OF LAYTON CITY AND KAYSVILLE CITY AS

ENTRY NO. ____________________ DATE/ TIME ____________________

FILED FOR RECORD AND RECORDED THIS ________ DAY OF ________________, 20______

AT ____________________ IN BOOK ______________ OF ______________

COUNTY RECORDER: ______________________________

BY: ______________________________

ORDINANCE NO. 18-6-1

AN ORDINANCE ADJUSTING A COMMON BOUNDARY BETWEEN KAYSVILLE CITY AND LAYTON CITY REMOVING 0.005 ACRES OF REAL PROPERTY FROM KAYSVILLE CITY.

WHEREAS, Kaysville City has property within its municipal boundary which can be better served by Layton City; and

WHEREAS, it has been determined to adjust the common boundary with Layton City along said property;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF KAYSVILLE CITY, UTAH:

SECTION I: **Enactment.**

The following described real property is hereby removed from the corporate limits of Kaysville City, a municipal corporation of the State of Utah:

> BEGINNING AT THE CORNER OF THE PROPERTY CONVEYED IN WARRNTY DEED ENTRY NUMBER 2199221 SAID POINT BEING NORTH 89°46’40” WEST 388.09 FEET ALONG THE QUARTER SECTION LINE AND SOUTH 00°00’00” EAST 116.83 FEET FROM THE CETNER OF SECTION 27, TOWNSHIP 4 NORTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, DAVIS COUNTY, UTAH AND RUNNING THENCE SOUTH 30°42’35” EAST 0.50 FEET ALONG THE EASTERLY BOUNDARY OF SAID PROPERTY, THENCE SOUTH 59°16’02” WEST 145.57 FEET, TO THE WESTERLY BOUNDARY OF SAID PROPERTY, THENCE NORTH 30°42’35” WEST 2.50 FEET ALONG SAID LINE TO THE NORTHWEST CORNER OF THE PROEPRTY CONVEYED IN SAID DEED, THENCE NORTH 60°03’15” EAST 145.58 FEET ALONG SAID PROPERTY TO THE POINT OF BEGINNING.
>
> CONTAINS 218 SQ. FT. OR 0.005 ACRES

SECTION II: **Enactment**

The City Recorder is hereby directed to file a copy of this Ordinance of boundary adjustment with the County Recorder, Davis County, State of Utah, and thereupon the boundary adjustment of this property shall be deemed complete and the said territory herein described shall be deemed and held to be a part of Layton City.

SECTION III: **Severability.** If any section, subsection, sentence, clause or phrase of this ordinance is declared invalid or unconstitutional by a court of competent jurisdiction, said portion shall be severed and such declaration shall not affect the validity of the remainder of this ordinance.

SECTION IV: **Effective Date.** This ordinance shall become effective 20 days after being passed by the City Council.

PASSED AND ADOPTED by the City Council of Kaysville City, Utah, this 7th day of June 2018.

____
Katie Witt
Mayor

ATTEST:

____

Maria T. Devereux
City Recorder

I, Maria Devereux, do hereby certify that I am duly appointed, qualified, and acting City Recorder of Kaysville City, Davis County, State of Utah. I further certify that the above, foregoing, and attached Ordinance, entitled “AN ORDINANCE ADJUSTING A COMMON BOUNDARY BETWEEN KAYSVILLE CITY AND LAYTON CITY REMOVING 0.005 ACRES OF REAL PROPERTY FROM KAYSVILLE CITY,” constitutes a true and correct copy of such Ordinance passed and adopted by the City Council of Kaysville City on the 7th day of June, 2018, as said Ordinance officially appears in my official Ordinance File of Kaysville City, and on deposit in my office as City Recorder.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed thereon the official seal of Kaysville City, this _____ day of _______________, 2018.

____

Maria T. Devereux
City Recorder

STAFF REPORT

MEETING DATE: June 7, 2018 **ITEM NUMBER:**

TYPE OF ITEM: Action Item

PRESENTED BY: Community Development Staff

SUBJECT/AGENDA TITLE: Preliminary Plat Approval for Shadybrook Subdivision Lot 4 Amended consisting of 4 lots at approximately 600 North Hill Farms Lane.

EXECUTIVE SUMMARY:

The applicants desire to subdivide their property at the above listed address for the purpose of creating three additional building lots. The property is just under 4 acres in size and includes 1 home on the western portion of the lot. The request is to extend the stub street from the south and complete the cul-de-sac with the new lots having access off of the new street. The new lots range in size from 20,019 square feet to 31,431 square feet and the remaining lot with the existing home will be on a lot of almost two acres.

This property was preliminarily platted with the original Hill Farms Subdivision and included three new lots in a slightly different configuration than currently requested. However, this plat meets the requirements of the R-1-20 zone, and leaves Hill Farms in compliance as well.

COUNCIL OPTIONS:

RECOMMENDED OPTIONS:

The Planning Commission after holding a public hearing voted unanimously to recommend approval of the preliminary plat approval for the Shadybrook Subdivision - Lot 4 Amended Subdivision.

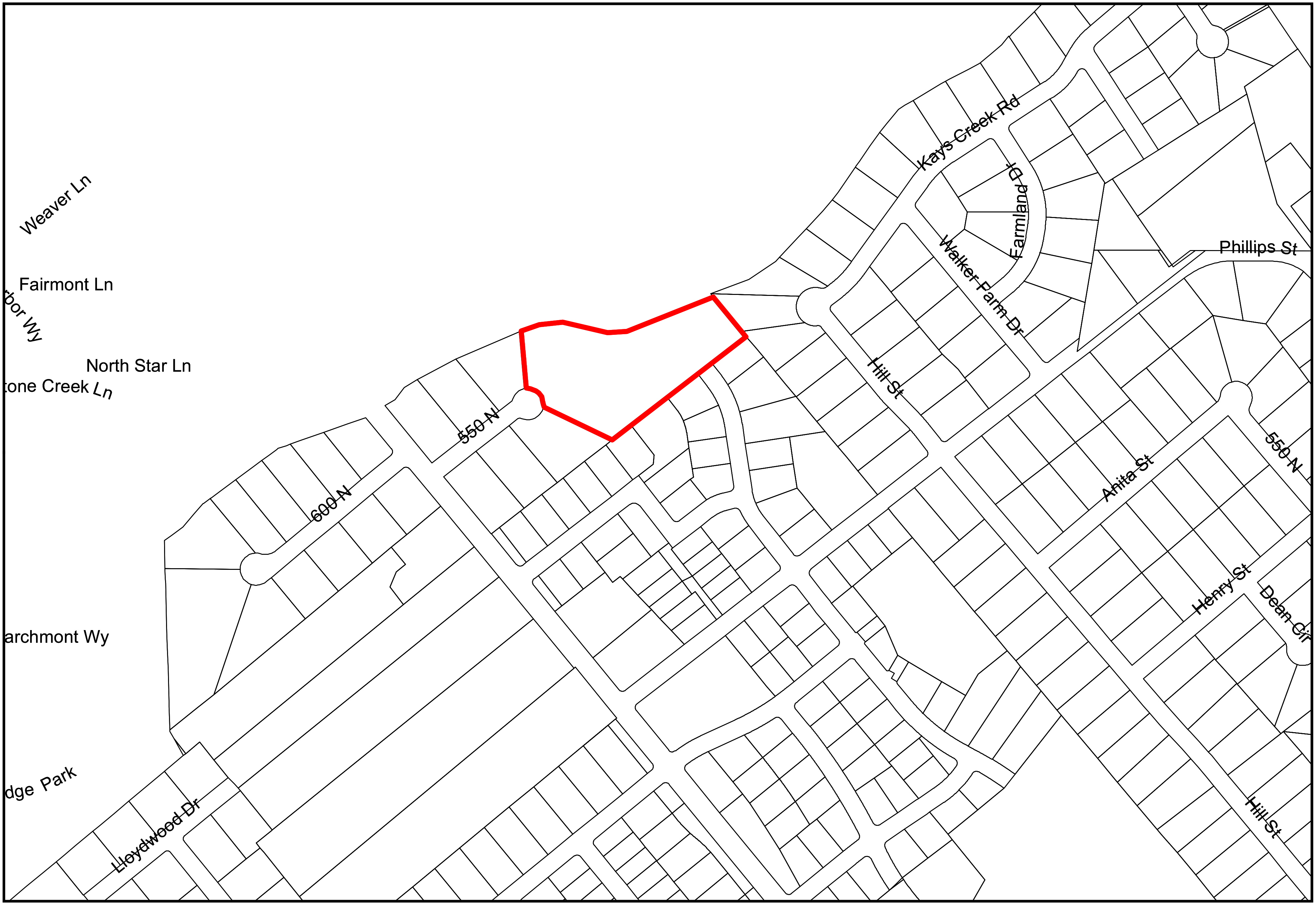
Staff’s findings are that the plat conforms to all applicable standards and zoning requirements.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION: N/A

ATTACHMENTS:

- Area Map
- Preliminary Plat
- Hills Farms Preliminary Plat

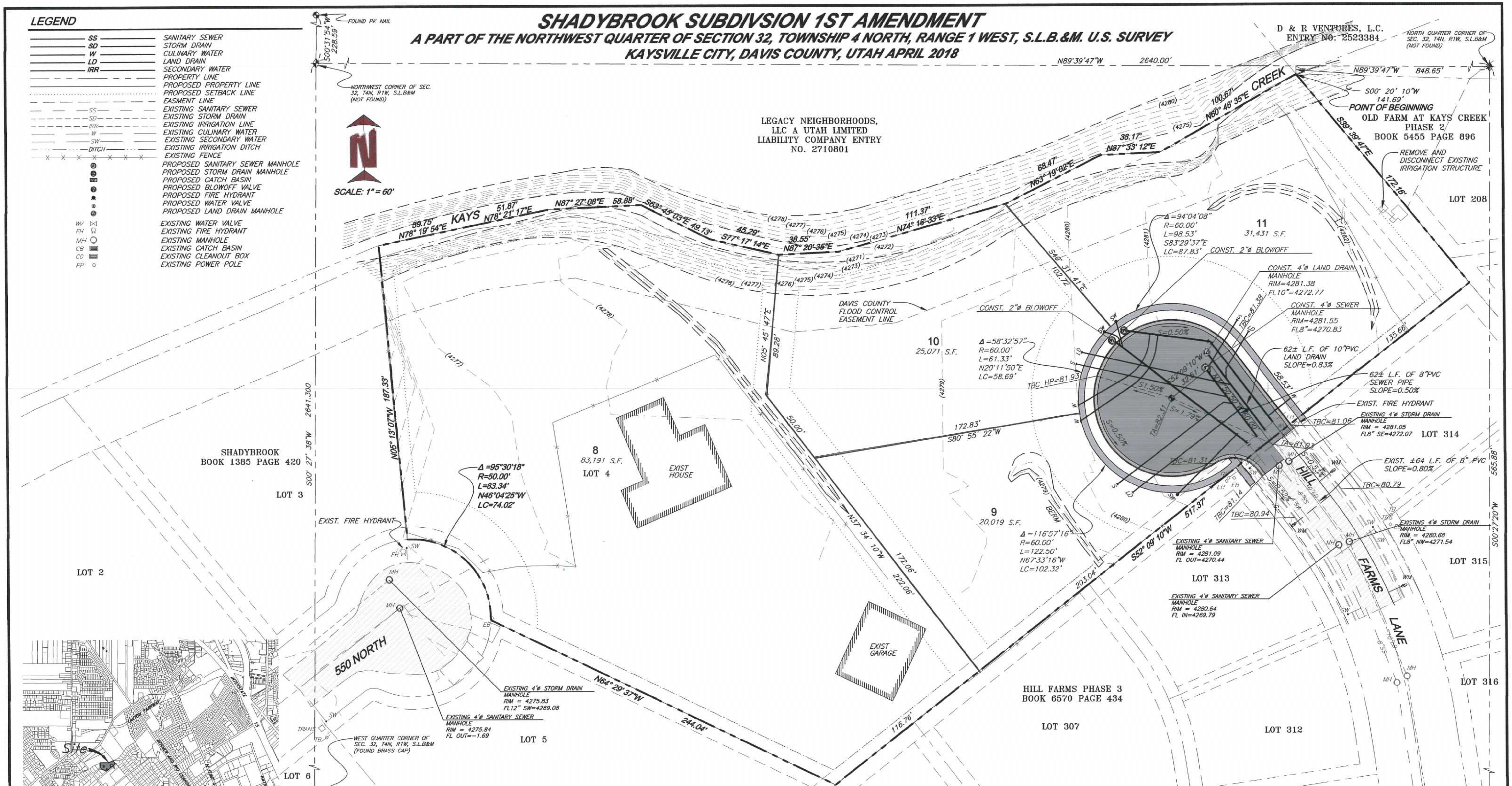
Shadybrook Subdivision Lot 4 Amended



SHADYBROOK SUBDIVSION 1ST AMENDMENT

A PART OF THE NORTHWEST QUARTER OF SECTION 32, TOWNSHIP 4 NORTH, RANGE 1 WEST, S.L.B.&M. U.S. SURVEY

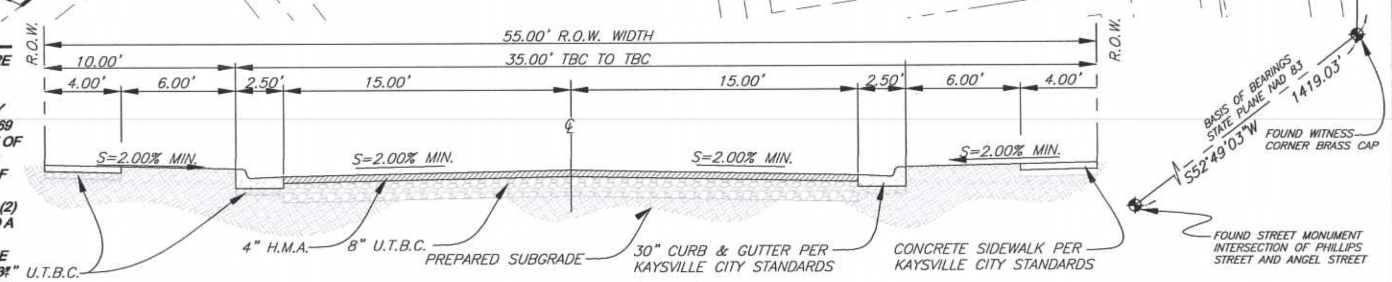
KAYSVILLE CITY, DAVIS COUNTY, UTAH APRIL 2018



LEGAL DESCRIPTION

A PART OF THE NORTHWEST QUARTER OF SECTION 32, TOWNSHIP 4 NORTH, RANGE 1 WEST SALT LAKE BASE AND MERIDIAN U.S. SURVEY AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 208 OLD FARM AT KAYS CREEK PHASE 2 AS RECORDED IN BOOK 5455 AT PAGE 896 IN THE DAVIS COUNTY RECORDER'S OFFICE, SAID POINT BEING NORTH 89°39'47" WEST 848.65 FEET ALONG THE NORTH LINE OF SAID SECTION 32 AND SOUTH 00°20'10" WEST 141.69 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 32; RUNNING THENCE SOUTH 39°39'47" EAST 172.16 FEET ALONG THE SOUTHWESTERLY LINE OF SAID OLD FARM AT KAYS CREEK PHASE 2, TO THE NORTHWESTERLY LINE OF HILL FARMS PHASE 3 AS RECORDED IN BOOK 6570 AT PAGE 434 IN THE DAVIS COUNTY RECORDER'S OFFICE; THENCE SOUTH 52°09'10" WEST 517.37 FEET ALONG SAID NORTHWESTERLY LINE TO THE SOUTH MOST CORNER OF LOT 4 OF SHADYBROOK SUBDIVISION AS RECORDED IN BOOK 1385 AT PAGE 420 IN THE DAVIS COUNTY RECORDER'S OFFICE; THENCE THE FOLLOWING THREE (3) COURSES AND DISTANCES ALONG SAID LOT 4; (1) NORTH 64°29'37" WEST 244.04 FEET TO A POINT OF NON-CURVATURE WITH A 50.00 FOOT RADIUS CURVE; (2) 83.34 FEET ALONG THE ARC OF SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 95°30'18" (CHORD BEARS NORTH 46°04'25" WEST 74.02 FEET), TO A POINT OF NON-TANGENCY; (3) NORTH 05°13'07" WEST 187.33 FEET TO KAYS CREEK AND THE SOUTH LINE OF THAT PARCEL RECORDED IN ENTRY NUMBER 2710801 AS RECORDED IN THE DAVIS COUNTY RECORDER'S OFFICE; THENCE THE FOLLOWING TEN (10) COURSES AND DISTANCES ALONG SAID SOUTH LINE AND SAID KAYS CREEK; (1) NORTH 78°19'54" EAST 59.75 FEET; (2) NORTH 78°21'17" EAST 51.87 FEET; (3) NORTH 87°27'08" EAST 58.88 FEET; (4) SOUTH 63°45'03" EAST 49.13 FEET; (5) SOUTH 77°17'14" EAST 45.29 FEET; (6) NORTH 87°20'35" EAST 38.55 FEET; (7) NORTH 74°16'33" EAST 111.37 FEET; (8) NORTH 63°19'02" EAST 68.47 FEET; (9) NORTH 87°33'12" EAST 38.17 FEET; (10) NORTH 60°46'35" EAST 100.67 FEET TO THE POINT OF BEGINNING. CONTAINS 171,798 SQ. FT OR 3.944 ACRES MORE OR LESS AND 4 LOTS.



PROPOSED STREET SECTION

(PUBLIC ROAD)

PROFESSIONAL LAND SURVEYOR NO. 6541909 MATTHEW ABRAM MURDOCK STATE OF UTAH

SURVEYOR STAMP

WASATCH CIVIL Consulting Engineering
1150 SOUTH DEPOT DRIVE, SUITE 225
OGDEN, UTAH 84404 (801) 775-9191

REV.	DATE	APPR.	

DESIGNED	M.M.	DATE	3/22/2018
DRAWN	K.R.	SCALE	1" = 60'
CHECKED	B.C.J.		

OWNER:
DAVID M. FAERBER
2135 WEST 550 NORTH
KAYSVILLE UTAH 84037
(801)390-8483

SHADYBROOK SUBDIVISION 1ST AMENDMENT
PRELIMINARY PLAT

SHEET: 1 OF 1 SHEETS


LOT 33 20791 sq.ft.
LOT 34 11661 sq.ft.
LOT 35 19202 sq.ft.
LOT 36 24351 sq.ft.
LOT 37 32595 sq.ft.
OS 3 6,764 sq.ft.
LOT 32 19529 sq.ft.
LOT 31 10136 sq.ft.
LOT 30 12438 sq.ft.
LOT 29 10159 sq.ft.
LOT 28 10200 sq.ft.
LOT 27 10565 sq.ft.
LOT 38 12579 sq.ft.
LOT 29 14469 sq.ft.
LOT 40 11844 sq.ft.
LOT 24 24404 sq.ft.
LOT 25 12366 sq.ft.
LOT 26 9558 sq.ft.
LOT 3 9544 sq.ft.
LOT 2 9350 sq.ft.
LOT 1 9305 sq.ft.
LOT 23 13557 sq.ft.
LOT 22 11556 sq.ft.
LOT 4 5500 sq.ft.
LOT 5 5500 sq.ft.
LOT 6 5500 sq.ft.
LOT 7 5500 sq.ft.
LOT 8 6594 sq.ft.
OS 2 18,225 sq.ft.
LOT 21 11556 sq.ft.
LOT 13 5872 sq.ft.
LOT 12 5637 sq.ft.
LOT 11 5402 sq.ft.
LOT 10 5667 sq.ft.
LOT 9 6481 sq.ft.
LOT 20 11556 sq.ft.
LOT 15 10152 sq.ft.
LOT 14 11364 sq.ft.
LOT 19 11556 sq.ft.
LOT 16 11355 sq.ft.
OS 1 10,477 sq.ft.
LOT 18 11556 sq.ft.
OS 3 3,993 sq.ft.
LOT 17 11605 sq.ft.
LOT 8 9391 sq.ft.
LOT 9 9633 sq.ft.
LOT 10 9796 sq.ft.
LOT 11 9744 sq.ft.
LOT 3 9976 sq.ft.
LOT 2 10468 sq.ft.
LOT 1 10909 sq.ft.
LOT 32 19,405 sq.ft.
LOT 31 19,340 sq.ft.
LOT 30 19,276 sq.ft.
LOT 29 19,211 sq.ft.
LOT 28 19,147 sq.ft.

STAFF REPORT

MEETING DATE: June 7, 2018 **ITEM NUMBER:**

TYPE OF ITEM: Action Item

PRESENTED BY: Community Development Staff

SUBJECT/AGENDA TITLE: Rezone of 1.1 acres of property at 1915 South Shepard Lane from A-5 (Heavy Agriculture) to the R-1-20 (Single Family Residential) zoning district.

EXECUTIVE SUMMARY:

The Brewer family's property is on the corner of Sunset Drive and Shepard Lane. The rezone request is for the eastern panhandle portion of the property which consists of just over an acre.

The subject property includes some A-1 zoning, but is adjacent to the R-1-20 district to the North and East. There is more A-5 property to the southwest which is controlled by the Central Davis Sewer District.

The A-5 zoning district is for large farm properties of 5 acres or larger. The applicant's home, while on the same property, is actually located in the A-1 zoning district and would remain on 2 acres in compliance with the existing zoning district. The requested zoning would accommodate potential future development where the subject property could not develop under the existing zoning district.

The regulations governing the R-1 zoning districts are located in Chapter 17-12 while the regulations of the existing zoning district are found in Chapter 17-8 of the Kaysville City Ordinances.

A rezone is a legislative decision, meaning that the Planning Commission and ultimately the City Council have broad discretion in the decision it makes as to whether or not the request is in harmony with the City's General Plan and is appropriate in the proposed location.

The City's General Plan states, among other things:

Identity and Character:
Kaysville should be primarily a residential community with a vision to promote business, industry and public use.

Housing
A. Housing should be located throughout the City and restricted only where it is incompatible with other necessary uses.
1. West of I-15, allow zero to two units per acre with some higher density housing along the major streets.
B. The majority of the housing should be one unit per structure (single unit).
About ten percent (10%) of the housing should be more than one unit per structure (multiple unit). Multiple unit housing should consist mostly of duplexes (two unit structures) and some three to six unit structures dispersed throughout the City.
C. Housing development should have a minimum of through vehicular traffic and a maximum of open space.
D. Housing developments should essentially pay for themselves.

Burton Lane and Sunset Drive are both classified as Major Streets per Kaysville City's Major Street Plan in Section 8-3-2.

COUNCIL OPTIONS:

Approve the rezone as requested.
Deny the requested rezone.
Table the request pending further information for a decision.

RECOMMENDED OPTIONS:

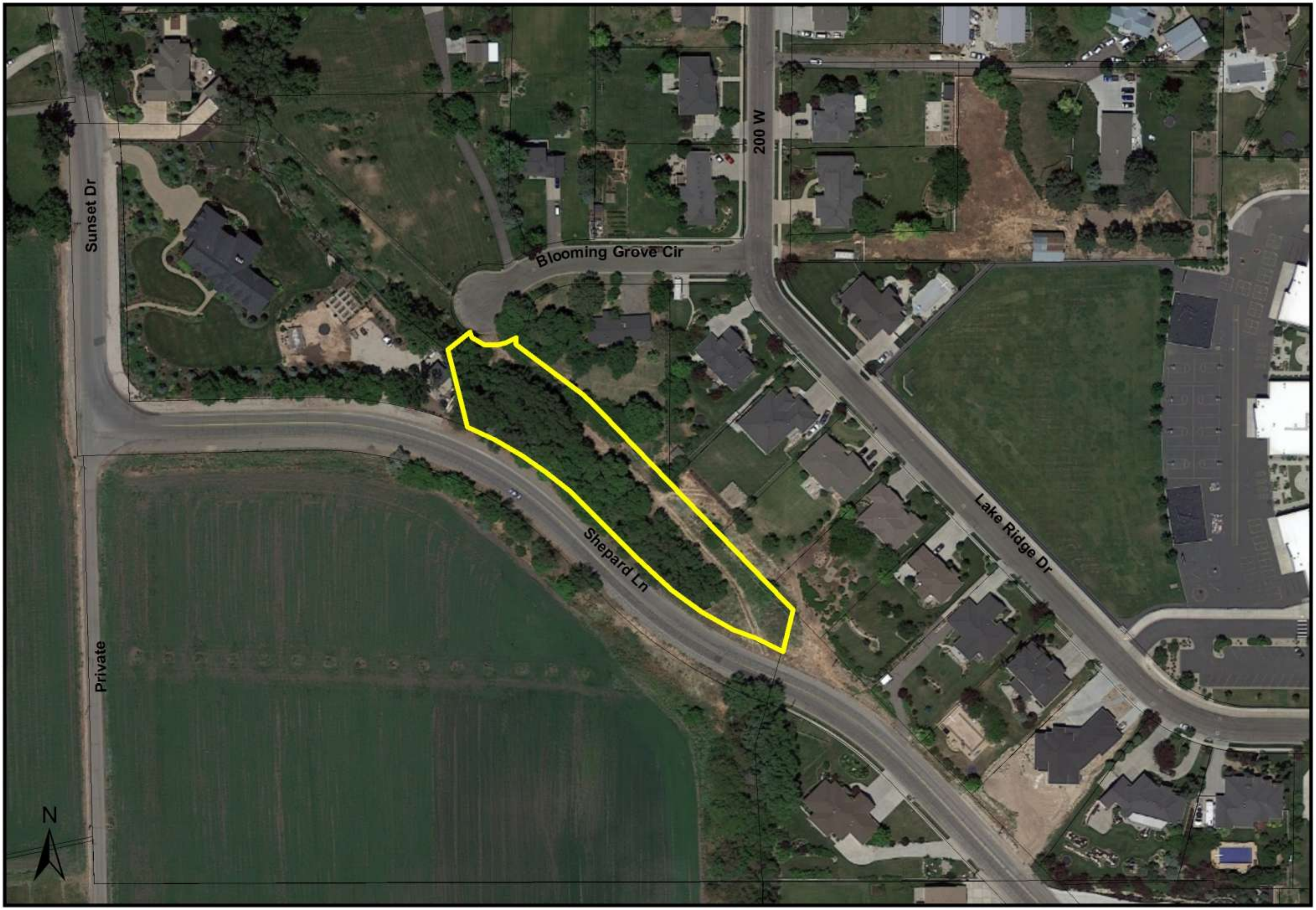
The Planning Commission after holding a public hearing voted unanimously to recommend approval of requested rezone based on its findings of compatibility with the General Plan and how well the proposal works at the specific location.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION: N/A

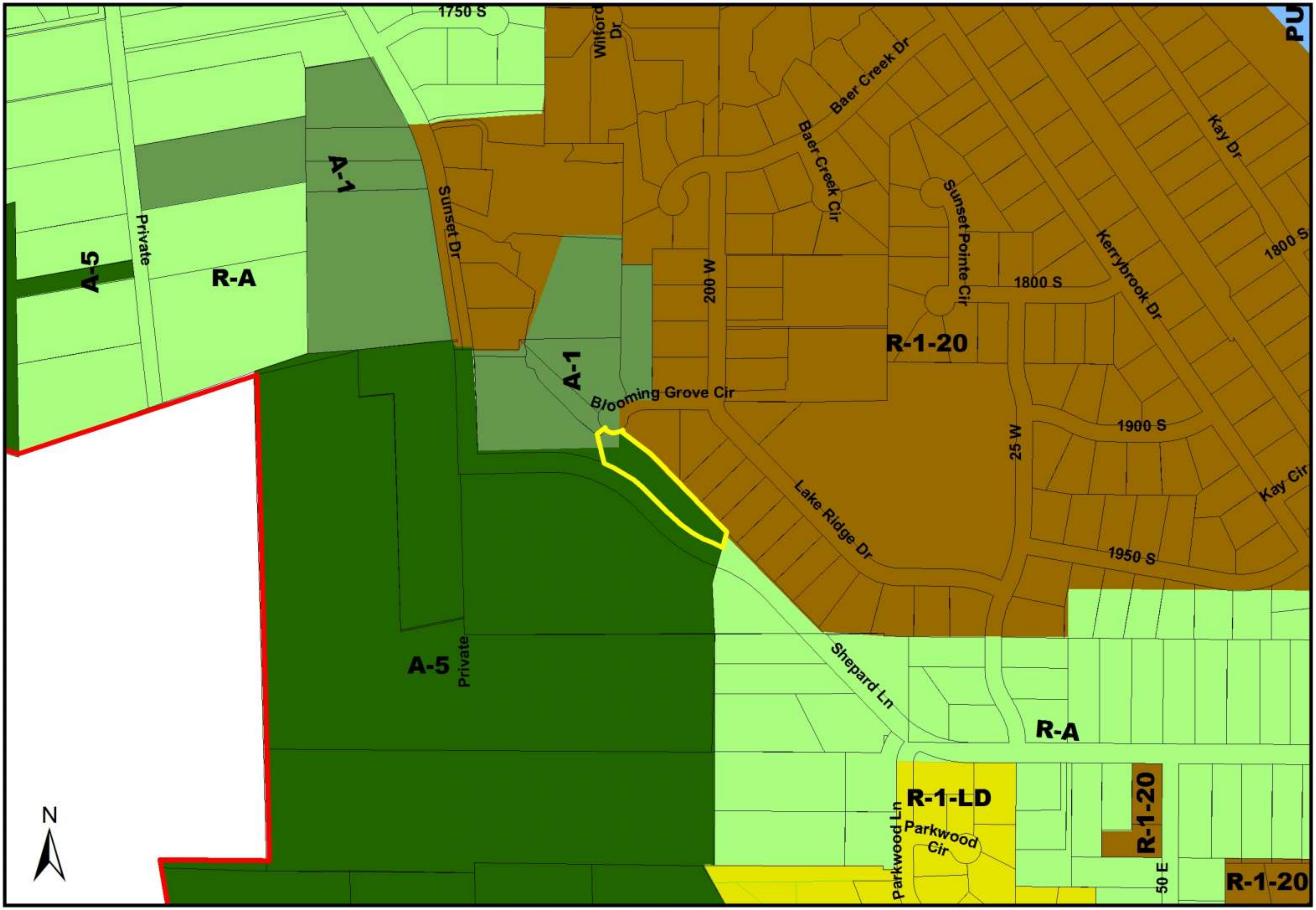
ATTACHMENTS:

- Area Map
- Zoning Map

Rezone of 1.1 Acres at 1915 South Shepard Lane from A-5 ro R-1-20



Rezone of 1.1 Acres at 1915 South Shepard Lane from A-5 ro R-1-20



STAFF REPORT

COUNCIL MEETING DATE: June 7, 2018
ITEM NO.: 6a

TYPE OF ITEM: **Action**
PRESENTED BY: **Shayne Scott, City Manager**

SUBJECT/AGENDA TITLE: **Carbon Free Power Project Discussion**

EXECUTIVE SUMMARY:

Kaysville City has been discussing the CFPP (Carbon Free Power Project) also known as SMRs or Small Modular Reactors for a few years now. This is UAMPS latest project proposal for resource and is targeted at those coal resources that have gone or are slowly going away as options for UAMPS cities.

Some of the City Council have heard about this project before. This new technology is very safe with no carbon emissions but is in the early stages of licensing. The Department of Energy is very involved in this project. They are funding 50% of the cost to develop this new technology.

Kaysville City Staff is recommending that Kaysville's participation level be 1MW at this time. There will be more opportunities to increase our share later if we desire. The power commission has approved this level of participation.

Council Options: Adopt the Power Sales Contract with UAMPS for 1MW of Power.
Adopt the Power Sales Contract with UAMPS for a different amount of Power.
Return the Power Sales Contract back to staff for further modification.

Recommendation: At this time we recommend that the Kaysville City Council adopt the Power Sales Contract with UAMPS for 1MW of Power.

Fiscal Impact & Fund Source for Recommended Action: $10,000/year through investigation. After that the cost of the power will be determined. The cost will be born completely by the Power Department.

Attachments: Authorizing Resolution, Power Sales Contract, Kaysville Certificate

CERTIFICATE OF PARTICIPANT

STATE OF UTAH)
)
COUNTY OF DAVIS)

The undersigned hereby certify that they are the Mayor and City Recorder of Kaysville City, Utah (the *"Participant"*), a member of Utah Associated Municipal Power Systems (*"UAMPS"*), and that as such they are authorized to execute this Certificate on behalf of the Participant and hereby certify as follows:

1. This Certificate has been executed pursuant to Section 902(e) of the Carbon Free Power Project Power Sales Contract, dated as of April 1, 2018 (the *"Power Sales Contract"*), between the Participant and UAMPS, in connection with the execution and delivery of the Power Sales Contract. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

2. The Participant is a municipal corporation and a political subdivision duly created and validly existing under the laws of the State of Utah, and is governed by a City Council (the *"Governing Body"*) composed of six (6) members.

3. Attached hereto as *Exhibit A* is a true, complete and correct copy of a resolution authorizing the execution and delivery of the Power Sales Contract and related matters (the *"Contract Resolution"*). The Contract Resolution was duly adopted by a majority of the Governing Body present and voting at a [regular/special] public meeting of the Governing Body held on ____________________, 2018, at which a quorum was present and acted throughout, all in accordance with law and applicable procedural rules of the Governing Body. The Contract Resolution is in full force and effect and has not been amended, modified, repealed or supplemented.

4. The names of the Mayor and the City Recorder authorized to execute and deliver the Power Sales Contract on behalf of the Participant are as follows:

NAME	OFFICE
Katie Witt	Mayor
Maria T. Devereux	City Recorder

5. The ____________________, 2018, meeting of the Governing Body in connection with the authorization of the Power Sales Contract was open to the public at all times and was duly called, noticed and held in conformity with applicable laws of the State and procedural rules of the Governing Body.

6. (a) No petition was filed with the Participant or any of its officers seeking to refer the Contract Resolution to the electors of the Participant in accordance with the provisions of state law; and (b) no litigation has been instituted, is pending or has been threatened to require a referendum election on the Contract Resolution.

7. The Participant owns and operates an electric utility system (the *"System"*) that distributes and furnishes electric energy to consumers located within the established service area of the System.

8. The Participant has previously executed the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated as of March 20, 2009 and all amendments thereof and supplements thereto (the *"Joint Action Agreement"*) and that certain Power Pooling Agreement (the *"Pooling Agreement"*) between the Participant and UAMPS relating to the power pool administered by UAMPS. The Joint Action Agreement and the Pooling Agreement are each in full force and effect and constitute the legal, valid and binding agreements of the Participant.

9. Bruce Rigby has been duly appointed by the Governing Body as the Participant's representative to UAMPS.

10. The representations and warranties of the Participant in Section 901(a) of the Power Sales Contract are true and correct on and as of the date of this certificate.

11. The Participant will use all of the electric energy from its Entitlement Share in a Qualified Use (as defined in the Power Sales Contract).

12. The information provided by the Participant to UAMPS pursuant to Section 902(b) and (c) of the Power Sales Contract and attached as EXHIBIT II thereto with respect to the Participant and the System is true, correct and complete. The Participant has duly authorized UAMPS to use such information in connection with the preparation of an official statement of UAMPS with respect to the bonds to be issued to provide financing for the costs of acquisition and construction of the Project and to provide such information to interested parties.

Dated: ________________, 2018.

KAYSVILLE CITY, UTAH

By ______________________________________
Mayor

By ______________________________________
City Recorder

[Seal]

EXHIBIT A

[Attach Executed Contract Resolution]

RESOLUTION NO. 18-6-01

A RESOLUTION AUTHORIZING AND APPROVING THE CARBON FREE POWER PROJECT POWER SALES CONTRACT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; THE INITIAL BUDGET AND PLAN OF FINANCE FOR THE PROJECT; AND RELATED MATTERS.

***** ***** *****

WHEREAS, Kaysville City, Utah (the *"Participant"*) 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"*);

WHEREAS, one of the purposes of UAMPS under the Joint Action Agreement is the acquisition and construction of electric generating, transmission and related facilities in order to secure reliable, economic sources of electric power and energy for its members;

WHEREAS, UAMPS proposes to acquire and construct a nuclear generating facility plant known as the Carbon Free Power Project (the *"Project"*) to be located at a site within the Idaho National Laboratory near the City of Idaho Falls, Idaho;

WHEREAS, the Governing Body has reviewed (or caused to be reviewed on its behalf) certain descriptions and summaries of the Project, the Power Sales Contract and the Project Agreements ("Project Agreements" and other capitalized terms used and not defined herein shall have the meanings assigned to them in the Power Sales Contract), and representatives of the Participant have participated in discussions and conferences with UAMPS and others regarding the Project and have received from UAMPS all requested information and materials necessary for the decision of the Governing Body to authorize and approve the Power Sales Contract;

WHEREAS, the Participant acknowledges that the obligation of the Participant to make the payments provided for in the Power Sales Contract will be a special obligation of the Participant and an operating expense of the Participant's electric system, payable from the revenues and other available funds of the electric system, and that the Participant shall be unconditionally obligated to make the payments required under the Power Sales Contract whether or not the Project or any portion thereof is acquired, constructed, completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output thereof for any reason whatsoever;

WHEREAS, the Governing Body has reviewed (or caused to be reviewed on its behalf) the initial Budget and Plan of Finance for the Project prepared by UAMPS setting forth, among other things, preliminary estimates of the Development Costs, Cost of Acquisition and Construction, the estimated timeline for the development and construction of the Project, the estimated target price range for Project output, and now desires to approve the initial Budget and Plan of Finance; and

WHEREAS, the Participant now desires to authorize and approve the Power Sales Contract;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of Kaysville City, Utah, as follows:

Section 1. Approval of Power Sales Contract and Budget and Plan of Finance; Entitlement Share. (a) The Power Sales Contract, in substantially the form attached hereto as *Annex A*, is hereby authorized and approved, and the Mayor is hereby authorized, empowered and directed to execute and deliver the Power Sales Contract on behalf of the Participant, and the City Recorder is hereby authorized, empowered and directed to attest and countersign such execution and to affix the corporate seal of the Participant to the Power Sales Contract, with such changes to the Power Sales Contract from the form attached hereto as *Annex A* as shall be necessary to conform to the Participant's legal status, to complete the form of the Power Sales Contract or to correct any minor irregularities or ambiguities therein and as are approved by the Mayor, his execution thereof to constitute conclusive evidence of such approval.

(b) The initial Budget and Plan of Finance attached hereto as *Annex B* is hereby approved.

(c) An Entitlement Share representing up to 1,000 kW of capacity, as such capacity amount may be rounded upon the approval of the Project Management Committee and the Participant's Representative pursuant to the Power Sales Contract to provide a whole number of small modular reactors is hereby authorized and approved.

Section 2. Participant's Representative. (a) The appointment of Bruce Rigby as the Participant's Representative to UAMPS and of Gary Hatch as alternate Representative is hereby confirmed.

(b) Such Representative (or, in his or her absence, such alternate(s)) is hereby delegated full authority to (i) approve any appendix to the Pooling Agreement between UAMPS and the Participant that may be necessary or desirable in connection with the utilization of the Participant's Entitlement Share, and (ii) act on all matters that may come before the Project Management Committee established by the Power Sales Contract, and shall be responsible for reporting regularly to the Governing Body regarding the activities of the Project Management Committee; *provided that* the Representative shall not deliver a Notice of Withdrawal or a Notice of Reduction under the Power Sales Contract without prior consultation with, and prior approval from, the Governing Body.

Section 3. Compliance with Tax Covenants. The Participant agrees in the Power Sales Contract that it will apply all of the electric power and energy acquired under the Power Sales Contract to a Qualified Use and that it will not take or omit to take any action which could adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. In furtherance of that agreement, the Governing Body of the Participant hereby agrees that it will observe and comply with such instructions as may be provided from time to time by UAMPS with respect to the Qualified Use of the electric power and energy acquired under the Power Sales Contract.

Section 4. Further Authority. (a) The Mayor and the City Recorder are hereby authorized, empowered and directed to (i) execute the Certificate of the Participant in substantially the form attached as *Exhibit III* to the Power Sales Contract and to deliver the same to UAMPS, and (ii) from time thereafter and upon the request of UAMPS, execute the Bring-Down Certificate of the Participant in substantially the form attached as *Exhibit IV* to the Power Sales Contract and to deliver the same to UAMPS.

(b) The Participant's legal counsel is hereby authorized, empowered and directed to (i) execute the Opinion of Counsel to the Participant in substantially the form attached as *Exhibit V* to the Power Sales Contract and to deliver the same to UAMPS, and (ii) from time thereafter and upon the request of UAMPS, execute the Bring-Down Opinion of Counsel to the Participant in substantially the form attached as *Exhibit VI* to the Power Sales Contract and to deliver the same to UAMPS.

Section 5. Miscellaneous; Effective Date. (a) This resolution shall be and remain irrepealable until the expiration or termination of the Power Sales Contract in accordance with its terms.

(b) All previous acts and resolutions in conflict with this resolution or any part hereof are hereby repealed to the extent of such conflict.

(c) 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.

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

(e) The Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated as of March 20, 2009 and all amendments thereof and supplements thereto (the *"Joint Action Agreement"*) is hereby authorized, approved, ratified and confirmed, and the officers of and attorney for the Participant authorized above are hereby authorized and directed to execute and deliver the Joint Action Agreement for and on behalf of the Participant.

ADOPTED AND APPROVED this ____ day of ________, 2018.

KAYSVILLE CITY, UTAH

By ______________________________________
Mayor

ATTEST:

____
City Recorder

[SEAL]

ANNEX A

[Attach Power Sales Contract]

ANNEX B

[Attach Budget and Plan of Finance]

APPROVAL COPY

CARBON FREE POWER PROJECT
POWER SALES CONTRACT

BETWEEN

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

AND

KAYSVILLE CITY, UTAH

DATED AS OF APRIL 1, 2018

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CARBON FREE POWER PROJECT
POWER SALES CONTRACT

This CARBON FREE POWER PROJECT POWER SALES CONTRACT made and entered into as of April 1, 2018, is by and between UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS, a political subdivision of the State of Utah (*"UAMPS"*) and Kaysville City, a municipal corporation and a political subdivision organized under the laws of the State of Utah (the *"Participant"*).

RECITALS:*

WHEREAS, UAMPS was organized by the Members under the Act and the Joint Action Agreement as a separate legal entity to accomplish the Members' joint and cooperative action, including securing power supply and transmission resources for the Members' present and future needs;

WHEREAS, UAMPS is organized as an energy services interlocal entity under the Act with the power, among other things, to (i) acquire supplies of electric power and energy by the acquisition or construction of electric generation and transmission facilities or by contracting for the purchase of electric power and energy and (ii) enter into contracts for the sale of the output, services and other benefits provided by such facilities or contracts to public agencies and others inside or outside the State of Utah;

WHEREAS, in order to develop a long-term source of reliable, cost-effective electricity with low or zero-carbon emissions for the benefit of its participating Members and other purchasers, UAMPS has examined and is continuing to examine the feasibility of an electric generating project to be known as the "Carbon Free Power Project," a small modular reactor generating facility to be located at the site determined under the Site Use Permit;

WHEREAS, UAMPS will continue with its examination of the feasibility and development of the Project and, if the Project Management Committee determines the Project to be feasible, UAMPS will proceed to acquire, construct, operate, retire and decommission the Project and sell Electric Energy from the Project to the Participant pursuant to this Contract and to the other Participants pursuant to other Power Sales Contracts substantially similar to this Contract;

WHEREAS, in order to finance the Cost of Acquisition and Construction, UAMPS will issue Bonds that are special and limited obligations of UAMPS, payable solely from a pledge of the revenues derived by UAMPS from the payments to be made by the Participants under the Power Sales Contracts and other amounts pledged pursuant to the Financing Documents;

WHEREAS, the Participant desires to enter into this Contract in order to participate in the development of the Project and to obtain a long-term, cost-based supply of carbon-free Electric Power, Electric Energy and any associated Environmental Attributes by the acquisition of an Entitlement Share pursuant to the terms and conditions of this Contract; and

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* Capitalized terms used and not defined in the recitals have the meanings assigned to them in Section 1.

WHEREAS, UAMPS and the Participant are duly authorized under applicable provisions of law, to execute, deliver and perform this Contract and their respective governing bodies have taken all necessary actions and all Required Approvals have been obtained in order to constitute this Contract as the legal, valid and binding obligation of the parties.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties to this Contract as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. *Definitions*. As used in this Contract and in the recitals set out above:

"Act" means the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended, and other applicable provisions of law.

"Additional Bonds" means additional Bonds from time to time issued by UAMPS pursuant to the Financing Documents and in accordance with Section 607.

"Additional Facilities" means capital additions, betterments and replacements and other capital facilities directly and functionally related to the Project, whether located at the Project site or another site, all as approved by the Project Management Committee. Additional generating units that are not undertaken as Additional Facilities may be undertaken as a separate phase or phases of the Project as provided in Section 508.

"Annual Budget" means the budget adopted by UAMPS for each Contract Year pursuant to the provisions of Section 801.

"Authorized Officer of UAMPS" means the Chairman or Vice-Chairman of the Board, or the Secretary, Treasurer, General Manager, or other officer or employee of UAMPS authorized or having delegated authority to perform specific acts or duties under the Power Sales Contracts by resolution duly adopted by the Board.

"Billing Period" means such period of time as shall be established from time to time by UAMPS for the preparation, calculation and billing of the amounts payable by the Participant hereunder.

"Board" means the Board of Directors of UAMPS or such other governing body of UAMPS as may be established from time to time pursuant to the Joint Action Agreement and the Act. All actions or determinations by the Board with respect to the Project shall be taken or made upon the recommendation of the Project Management Committee as and to the extent provided in the Joint Action Agreement.

"Bond Counsel" means a firm of attorneys of recognized standing in matters relating to the tax status of municipal bonds, experienced in matters relating to public power systems and selected by UAMPS.

"Bond Fund" means, collectively, the funds and accounts created by the Financing Documents for the payment of and reserves for debt service on Bonds.

"Bonds" means (i) bonds, notes, commercial paper, repayment obligations under loan agreements and lines of credit, and other debt obligations issued or incurred from time to time by UAMPS pursuant to the Financing Documents to finance the Cost of Acquisition and Construction, regardless of whether such bonds, notes and other obligations are senior or subordinated obligations, (ii) the repayment obligations of UAMPS or a Special Purpose Entity under any DOE-Guaranteed Loan, and (iii) Additional Bonds and Refunding Bonds.

"Budget and Plan of Finance" means the comprehensive budget and plan of finance for the Development Costs, the Construction Costs and other items of the Cost of Acquisition and Construction approved from time to time by the Project Management Committee, together with proposed financing arrangements for Development Costs during the Licensing Period and Construction Costs during the Construction Period, all as more fully described in Section 601.

"Capital Contribution" means (i) a capital contribution in respect of the Development Costs of, or the Cost of Acquisition and Construction of, the Initial Facilities that is paid to UAMPS by the Participant pursuant to Section 603 and (ii) a capital contribution paid to UAMPS in connection with the issuance of Additional Bonds or Refunding Bonds as authorized by the Project Management Committee pursuant to Section 603(g).

"Capital Contribution Percentage" means with respect to each series of Bonds, a percentage calculated by UAMPS obtained by dividing (i) the dollar amount of the Capital Contribution made by the Participant, by (ii) the Reference Project Costs, all as more fully provided in Section 603.

"Code" means the Internal Revenue Code of 1986, as amended. References herein to the Code include all corresponding and applicable U.S. Treasury Regulations.

"Commercial Operation" means, with respect to the Initial Facilities, the date on which the Initial Facilities (i) have been substantially completed pursuant to the EPC Contract and any other Construction Agreements, including the satisfaction of all required performance tests thereunder, (ii) are capable of continuous firm operation, (iii) are interconnected and synchronized with, and capable of delivering Electric Energy to, the transmission grid, (iv) have received all Permits and Approvals required for their operation, and (v) meet such additional requirements as may be established by the Project Management Committee; *provided that* the Project Management Committee may make Commercial Operation determinations with respect to individual generating units as provided in Section 301(f). The criteria and standards for the Commercial Operation of any Additional Facilities shall be developed by UAMPS and submitted to the Project Management Committee for its review and approval.

"Commercial Operation Date" means, with respect to the Initial Facilities and any Additional Facilities, the date on which all of the Initial Facilities and any Additional Facilities achieve Commercial Operation, as determined by the Project Management Committee.

"Commercially Reasonable" or *"Commercially Reasonable Efforts"* means, with respect to any action required to be made, attempted or taken by a party under this Contract or one of the Project Agreements, such efforts as a reasonably prudent business would undertake, consistent with Prudent Utility Practice and the past practices of such party, for the protection of its own interest under the conditions affecting such action, including the amount of notice of the need to take such action, the duration and type of the action, the competitive environment in which such action occurs, the terms and provisions of the Project Agreements and the Financing Documents, the contractual and legal obligations of, and the risk to, such party in connection with such action; *provided, however,* an obligation to act in a "Commercially Reasonable" manner or to exercise "Commercially Reasonable Efforts" does not include taking actions that would, individually or in the aggregate, cause the party subject to such obligation to incur costs, or suffer any other detriment, that is out of reasonable proportion to the benefits to the other party under this Contract or the Project Agreements.

"Completion of Development" means, with respect to the Initial Facilities (i) the completion of all Development Work, (ii) the receipt of the COL and all other Permits and Approvals necessary for the construction and operation of the Project, (iii) the completion of definitive forms of the principal Construction Agreements for the Initial Facilities, (iv) the completion of the definitive Budget and Plan of Finance for the Cost of Acquisition and Construction of the Initial Facilities, and (v) a determination by the Project Management Committee that the Project is feasible and that the construction of the Initial Facilities should proceed, all as more fully described in Section 505.

"Construction Agreement" means the EPC Contract and each other contract or agreement providing for the acquisition or construction of any part of the Initial Facilities and any Additional Facilities, including all design, engineering, procurement and construction agreements.

"Construction and Operating License" or *"COL"* means a combined construction and operating license issued with respect to the Project by the NRC.

"Construction and Operating License Application" or *"COLA"* means the application for the COL submitted to the NRC by or on behalf of UAMPS.

"Construction Costs" means all of the Cost of Acquisition and Construction of the Initial Facilities incurred during the Construction Period.

"Construction Period" means the period beginning on the date that the Project Management Committee determines that the Completion of Development has occurred and ending on the Commercial Operation Date.

"Contract" means this Carbon Free Power Project Power Sales Contract dated as of April 1, 2018, between UAMPS and the Participant and any amendments permitted pursuant to Section 1104.

"Contract Resolution" means the resolution of the Participant's governing body approving and authorizing the execution of this Contract and approving the initial Budget and Plan of Finance, in substantially the form attached to EXHIBIT III.

"Contract Year" means the Fiscal Year, except that the first Contract Year shall begin on the Effective Date and shall end on the last day of the then-current Fiscal Year. In the event that UAMPS changes its Fiscal Year for accounting purposes, the Contract Year shall, without further action, be amended to conform to such Fiscal Year.

"Contractor" means, collectively, NuScale and Fluor Enterprises.

"Cost of Acquisition and Construction" means all costs and expenses paid or incurred by UAMPS in connection with the acquisition and construction of the Initial Facilities and any Additional Facilities, whether paid or incurred prior or subsequent to the Effective Date, including all Development Costs incurred by UAMPS. "Cost of Acquisition and Construction" includes all costs incurred by UAMPS in connection with the planning, designing, acquisition, construction and placing in operation the Initial Facilities, any Additional Facilities and amounts paid or payable under the Construction Agreements. As and to the extent properly allocable to the Project at any time, but without duplication of any item, "Cost of Acquisition and Construction" also includes:

(i) payments to UAMPS or any Participant to reimburse advances and payments made or incurred for costs preliminary or incidental to the development, acquisition or construction of the Initial Facilities or any Additional Facilities;

(ii) planning and development costs; engineering and contractors' fees; fiduciaries', auditors' and accountants' fees; costs of obtaining all Permits and Approvals; the cost of real property, labor, materials, equipment, supplies, training and testing costs; insurance premiums and other costs of insuring the Project; legal, financial advisory, financing and Bond issuance costs; amounts payable under the Project Agreements during or in connection with the acquisition or construction of the Initial Facilities or any Additional Facilities; administrative and general costs; costs relating to the interconnection of the Project; and all other costs properly allocable to the acquisition or construction of the Initial Facilities or any Additional Facilities or placing the same in operation;

(iii) interest on Bonds for such period as may be reasonably necessary for placing the Initial Facilities or any Additional Facilities in operation in accordance with the provisions of the Financing Documents;

(iv) the payment of principal or redemption price of and interest on any Bonds issued as bond anticipation notes;

(v) working capital and reserve requirements of the Project, including amounts for deposit into the Reserve and Contingency Fund, and reserves for Operation and Maintenance Costs and Decommissioning Costs, in each case as may be required by the Financing Documents or otherwise approved by the Project Management Committee;

(vi) deposits into the Bond Fund and any other fund or account required to be funded by the Financing Documents;

(vii) all costs relating to litigation, claims or judgments not otherwise covered by insurance and arising out of the acquisition, construction or operation of the Project or otherwise related to the Project, the Project Agreements, the Power Sales Contracts or the transactions contemplated thereby;

(viii) federal, state and local taxes or payments in lieu of such taxes relating to the Project and incurred during the period of the acquisition or construction thereof; and

(ix) all other costs incurred by UAMPS, and properly allocable to the acquisition and construction of the Project, including all costs financed by the issuance of Additional Bonds.

"Debt Service Costs" means, for each Billing Period of each Contract Year, an amount calculated or estimated in accordance with the Financing Documents equal to the sum of:

(i) the interest accruing on Bonds, except to the extent that amounts are on deposit under the Financing Documents to pay such interest, together with any other amounts required by the Financing Documents to be deposited into the Bond Fund in respect of the interest payments on the Bonds;

(ii) the portion of the next due principal installment accruing on Bonds, together with any other amounts required by the Financing Documents to be deposited into the Bond Fund in respect of the principal payments on the Bonds; *provided, however,* that the amount included in Debt Service Costs pursuant to this clause (ii) shall not include the principal of Bonds becoming due and payable solely as a result of the acceleration of the maturity thereof;

(iii) the amounts payable during such Billing Period under any Interest Rate Contract, including amounts payable as a result of the termination of an Interest Rate Contract;

(iv) any amounts required by the Financing Documents to be deposited into the Bond Fund to meet or replenish debt service reserve requirements for Bonds;

(v) Trustee, paying agent, escrow agent and other fiduciaries' fees and expenses payable under the Financing Documents; fees and expenses of remarketing agents, broker-dealers, auction agents and others providing services with respect to Bonds; and

(vi) the amounts required to be paid to maintain any credit or liquidity facilities for and ratings on the Bonds, including maintenance fees and other amounts payable under any DOE-Guaranteed Loan and other costs payable by UAMPS from time to time in connection with the Bonds;

provided, however, that the additional interest expense on or in respect of any Bonds that are subject to federal income taxation (and not eligible for tax credits or interest subsidy payments) may, as determined by the Project Management Committee pursuant to Section 602(d), be allocated to those Participants whose legal status or use of the Project Capability or the Project Output adversely affects the Tax Status of such Bonds. In the event of such allocation, the Debt Service Costs payable by such Participants shall be increased to include amounts sufficient to pay any such additional interest expense.

"Debt Service Percentage" means, with respect to each Participant and as of any date of determination, the percentage obtained by subtracting the Participant's Capital Contribution Percentage from the Participant's Entitlement Share. The Participant's initial Debt Service Percentage is set forth on SCHEDULE I. The Debt Service Percentages for the Participants may be calculated separately for each separate series of Bonds.

"Debt Service Share" means, with respect to each Participant and as of any date of determination, the percentage of Debt Service Costs payable by the Participant, determined by dividing the Participant's Debt Service Percentage (expressed as a decimal) by the sum (expressed as a decimal) of the Debt Service Percentages of all Participants, including the Participant whose Debt Service Share is being determined. The Participant's initial Debt Service Share is set forth on SCHEDULE I. The Debt Service Shares for the Participants may be calculated separately for each separate series of Bonds.

"Decommission" means all actions necessary to safely retire and remove the Project from service, restore the Project Site and comply with the requirements of the Site Use Permit, satisfy the decommissioning requirements of the Permits and Approvals and satisfy all regulatory requirements of the NRC and other regulatory agencies having jurisdiction over the decommissioning of the Project.

"Decommissioning Costs" means the costs and expenses of Decommissioning the Project.

"Decommissioning Fund" means the fund or funds established by UAMPS for the payment of Decommissioning Costs as provided in Section 711.

"Decommissioning Period" means the period beginning at the end of the Operating Period and continuing to the date on which the Project has been Decommissioned and all Decommissioning Costs have been paid.

"Development Agreement" means the Development Agreement to be entered into by UAMPS and the Contractor which shall, among other things, provide for:

(i) the provision by the Contractor of estimating, design and engineering services with respect to the Initial Facilities to the point in time when the EPC Contract is finalized and executed pursuant to task orders mutually agreed to by UAMPS and the Contractor;

(ii) the performance of an economic competitiveness test at certain milestones with respect to the projected levelized cost of energy from the Initial Facilities;

(iii) the ability of each of UAMPS and the Contractor to terminate the Development Agreement upon certain circumstances set forth therein, including the ability of UAMPS to terminate the Development Agreement upon a failure of the economic competitiveness test;

(iv) the obligation of the Contractor to reimburse some or all of the Development Costs incurred by UAMPS in the event that (A) UAMPS elects to terminate the Project upon a failure of the economic competitiveness test or for cause or (B) the Contractor elects to terminate the Development Agreement for its convenience, such reimbursement being in the amounts and paid at the times provided for in the Development Agreement; and

(v) upon a termination of the Development Agreement by UAMPS upon a failure of the economic competitiveness test or for its convenience, the right of the Contractor to acquire the Development Work and all assets comprising the Project from UAMPS and to develop a small modular reactor project at the Project site for the consideration set forth in the Development Agreement.

"Development Cost Share" means, with respect to each Participant and as of any date of determination, the percentage of Development Costs payable by the Participant during the Licensing Period, determined by dividing the Participant's Entitlement Share (expressed as a decimal) by the sum (expressed as a decimal) of the Entitlement Shares of all Participants, including the Participant whose Development Cost Share is being determined. The Participant's initial Development Cost Share is set forth on SCHEDULE I, and shall be adjusted from time to time to account for (i) increases or reductions in the Participant's Entitlement Share elected by the Participant, (ii) increases or reductions in the Entitlement Shares of, and as elected by, other Participants, (iii) withdrawals by other Participants pursuant to Section 204 of the Power Sales Contracts, (iv) the Entitlement Shares of power purchasers that execute Power Sales Contracts and become Participants after the Effective Date of this Contract, and (v) transfers of Entitlement Shares pursuant to Section 1003.

"Development Costs" means all costs, fees and expenses incurred by UAMPS in performing the Development Work, including (i) costs, fees and expenses previously incurred by UAMPS pursuant to the Study Phase Siting Agreement, (ii) the amounts payable to the Contractor under the Development Agreement (other than amounts financed with the proceeds of Special Obligations), and (iii) pre-construction costs approved by the Project Management Committee, including deposits, advance payments and prepayments for items of the Cost of Acquisition and Construction of the Initial Facilities.

"Development Work" means the development work and services described in Section 502.

"DOE Cost Share Agreement" means, collectively, (i) the Assistance Agreement, Award No. DE-NE0008369, effective August 11, 2015, from the U.S. Department of Energy, Office of Nuclear Energy to NuScale, (ii) the Subaward Agreement dated December 21, 2015 between UAMPS and NuScale, and (iii) the Agreement for a Cost Sharing Option associated with the Siting and Licensing of a Small Modular Reactor dated December 21, 2015 between UAMPS and NuScale.

"DOE-Guaranteed Loan" means, collectively, (i) any loan made to or for the benefit of UAMPS to finance some or all of the Cost of Acquisition and Construction the repayment of which is guaranteed by the U.S. Department of Energy pursuant to Title XVII of the Energy Policy Act of 2005, and (ii) the guaranty, the security agreements and other instruments relating to the DOE-Guaranteed Loan.

"Effective Date" means the date on which (i) this Contract has been executed and delivered to UAMPS by the Participant, (ii) all Required Approvals have been obtained, and (iii) this Contract has been executed by UAMPS (A) upon the declaration of the Effective Date by the Project Management Committee as provided in Section 201 or (B) in the event this Contract is executed by the Participant subsequent to such declaration, upon the approval of this Contract by the Project Management Committee.

"Electric Power" means electric power expressed in kilowatts (kW).

"Electric Energy" means electric energy expressed in kilowatt-hours (kWh).

"Entitlement Share" means the Participant's entitlement (expressed as a percentage) to a portion of Project Capability and any Environmental Attributes as set forth on SCHEDULE I, as the same may be increased or reduced pursuant to Section 301 or increased pursuant to Section 1003.

"Environmental Attributes" means all environmental and carbon free energy allowances, benefits, certificates, credits, offsets or reductions resulting from the generation of renewable or carbon free energy and the resulting displacement of conventional energy generation. Environmental Attributes include avoided emissions of carbon dioxide, methane, sulfur oxides, nitrogen oxides, carbon monoxide, particulate matter or any other gas recognized as a greenhouse gas or gas, solid or liquid recognized as a source of air, water or soil pollution. Units of Environmental Attributes shall be allocated to the Participants under standards and procedures approved by the Project Management Committee or otherwise utilized as provided in Section 707.

"EPC Contract" means the contract or agreement between UAMPS and the Contractor with respect to the engineering, procurement and construction of the Initial Facilities.

"Excess Power Sales Agreement" means a power sales agreement between UAMPS and a power purchaser for the sale of Project Capability that has not been sold to the Participants under the Power Sales Contracts. The power purchaser under an Excess Power Sales Agreement shall not be considered to be a Participant for any purpose under the Power Sales Contracts.

"Financing Documents" means (i) the bond resolution, indenture, trust agreement or other instrument or instruments providing for the issuance of and the security for Bonds and all amendments thereof and supplements thereto, and (ii) the loan agreement, guaranty agreement, security agreement, and other instruments relating to any DOE-Guaranteed Loan.

"Fiscal Year" means the annual accounting period of UAMPS as from time to time in effect, initially a period commencing on April 1, of each calendar year and ending on March 31 of the next succeeding calendar year.

"Fluor Enterprises" means Fluor Enterprises, Inc., a wholly-owned subsidiary of Fluor Corporation, and its permitted successors and assigns.

"Fuel Supply Agreement" means each contract for the acquisition, processing, design, fabrication, transportation, delivery, reprocessing, storage and disposal of nuclear material required as fuel for the operation of the Project, including any prepayment and hedging transactions relating to such fuel.

"Initial Facilities" means the complete modular reactor generating station, generating units, transmission facilities, fuel and water handling and storage facilities and related facilities comprising the initial Project, together with all real and personal property, facilities, structures, improvements and equipment to be acquired and constructed in connection therewith, all as approved by the Project Management Committee. A description of the Initial Facilities shall be attached as EXHIBIT I to this Contract.

"Interconnection Agreement" means each agreement providing for the interconnection of the Project with the facilities of a transmission provider and all supplements and amendments thereto, together with any successor or replacement agreement providing for the interconnection of the Project with the transmission grid.

"Interest Rate Contract" means an International Swap Dealers Association, Inc. (ISDA) Master Agreement, together with the schedules and confirmations thereto, or any comparable agreement entered into by UAMPS with respect to Bonds pursuant to the provisions of the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

"Joint Action Agreement" means the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated March 20, 2009, as amended and supplemented from time to time.

"Joint Ownership Agreement" means (i) an agreement under which UAMPS and another entity own the Project or a portion thereof as tenants in common, (ii) agreements between UAMPS and another person or persons for the organization and operation of a Special Purpose Entity, and (iii) any other form of joint ownership arrangement approved by the Project Management Committee.

"Lay-Off Power Sales Agreement" means a power sales agreement between UAMPS and a power purchaser for the sale of Project Capability that has been sold to one or more Participants

under the Power Sales Contracts. The power purchaser under a Lay-Off Power Sales Agreement shall not be considered to be a Participant for any purpose under the Power Sales Contracts.

"Licensing Period" means the period beginning on the Effective Date and ending on the date that the Project Management Committee determines that the Completion of Development has occurred, all as more fully described in Section 502.

"Members" means, collectively, the parties to the Joint Action Agreement.

"Month" means a calendar month.

"Notice of Reduction" means a notice delivered to UAMPS by the Participant of its election to reduce its Entitlement Share as provided in Section 301(d), such notice to be in the form attached hereto as EXHIBIT VIII.

"Notice of Withdrawal" means a notice delivered to UAMPS by the Participant of its election to withdraw from the Project as provided in Section 204(a), such notice to be in the form attached hereto as EXHIBIT VII.

"NPM Prepayment Agreement" means an agreement under which UAMPS makes a prepayment or an advance payment for the cost of acquisition of one or more of the nuclear power modules to be included in the Project.

"NRC" means the U.S. Nuclear Regulatory Commission and any successor federal agency having regulatory jurisdiction over the construction and operation of the Project.

"NuScale" means NuScale Power, LLC and its permitted successors and assigns.

"Operating Agreement" means any agreement providing for the operation and maintenance of all or any portion of the Project.

"Operating Period" means the period beginning on the Commercial Operation Date and continuing to the date on which the Project is retired and removed from service.

"Operation and Maintenance Costs" means, with respect to each Billing Period, all costs and expenses (other than Transmission Costs and Debt Service Costs) attributable to the Project that are paid, payable, incurred or accrued by UAMPS during each Billing Period resulting from the ownership, operation, maintenance, Decommissioning and termination of, and repairs, renewals, replacements, additions, improvements, and betterments and modifications to, the Project, including amounts payable by UAMPS under the Project Agreements.

Without limiting the generality of the foregoing (it being the intention and understanding of UAMPS and the Participants that "Operation and Maintenance Costs" shall include all of UAMPS costs with respect to the Project other than Transmission Costs, Debt Service Costs and the Cost of Acquisition and Construction financed with Bond proceeds), but without duplication of any item of cost, Operation and Maintenance Costs include:

(i) the costs of operating and maintaining the Initial Facilities and any Additional Facilities and of producing and delivering Electric Power and Electric Energy to the Point of Delivery during such Billing Period, including the operation and maintenance expenses of the Project and fees, expenses, incentives and other amounts payable under the Operating Agreement and the other Project Agreements and relating to the operation and maintenance of the Project;

(ii) any amount which UAMPS may be required during such Billing Period to pay for the prevention or correction of any unusual loss or damage or for renewals, replacements, repairs, additions, improvements, modifications and betterments which arise out of or are required by the Project Agreements for which UAMPS shall be obligated, and amounts necessary to fund or replenish reserves therefor, but only to the extent not funded by Bonds or Capital Contributions;

(iii) legally required federal, state and local taxes, including gross receipts taxes and ad valorem taxes or payments in lieu of ad valorem taxes, in each case related to the Project;

(iv) the Cost of Acquisition and Construction of Additional Facilities, but only to the extent (A) not paid or financed with Bond proceeds and (B) approved to be paid by the Project Management Committee as an item of Operation and Maintenance Costs;

(v) Decommissioning Costs and amounts for deposit into the Decommissioning Fund;

(vi) the portion of UAMPS' administrative and general expenses allocable or directly charged to the Project, working capital and reserves for the payment of operation and maintenance expenses, and all other costs and expenses (but excluding depreciation) not included in the costs specified in the other items of this definition and properly chargeable to the Project;

(vii) amounts to be deposited into the Reserve and Contingency Fund established pursuant to Section 708;

(viii) legal, engineering and accounting fees and expenses, the cost of any litigation related to the Project, the Project Agreements, the Power Sales Contracts and the interests and transactions contemplated by the Project Agreements and the Power Sales Contracts, and the costs of technical and advisory services, of all Permits and Approvals and of certifying, qualifying or registering Environmental Attributes associated with the Project, all to the extent allocable to the Project;

(ix) the costs of insuring the Project, including all insurance required by the Permits and Approvals, and any deferred premiums payable pursuant to the Price-Anderson Nuclear Industries Indemnity Act, 42 U.S.C. §2210, and the NRC regulations thereunder;

(x) costs imposed upon the Project by a balancing authority, independent system operator, regional transmission organization or similar entity, costs of ancillary services and other operational costs necessary to comply with reliability and related requirements; and

(xi) any other amount not specified in the other items of this definition which must be paid by UAMPS during such Billing Period under the Project Agreements or otherwise.

"Participant" means the second party named in the preamble of this Contract and its permitted successors and assigns hereunder.

"Participants" means the Participant and the other entities named on SCHEDULE I, as the same may be amended or supplemented from time to time as provided herein.

"Participant's Representative" means (i) the officer, employee or other agent of the Participant designated from time to time by the Participant as the Representative of the Participant for purposes of the Joint Action Agreement, to whom all notices and other communications to be given by UAMPS to the Participant hereunder shall be sent or (ii) in the event that the individual appointed as the Participant's Representative is unavailable to act on behalf of the Participant, the individual duly appointed or designated by the Participant as its alternate Representative pursuant to the Joint Action Agreement.

"Performance Tests" means all start-up and shakedown procedures and performance tests to be conducted under the Construction Contracts prior to the Commercial Operation Date.

"Permits and Approvals" means Construction and Operating License and all other certificates, permits, licenses, approvals, rulings, orders or other authorizations from any federal, state or local governmental body, board or agency having jurisdiction over UAMPS, the Project or both that are required to be obtained or maintained in connection with the acquisition, construction, operation, maintenance or repair of the Project or any component thereof.

"Permitted Contract" means (i) a contract with a term (including all renewal options) not longer than three years and (ii) requirements-type contracts, other than requirements contracts providing for electricity sales at wholesale, with retail consumers or other end users of electricity.

"Point of Delivery" means the point or points of physical interconnection of the Initial Facilities or Additional Facilities, as applicable, with the electric transmission grid, as determined pursuant to the Interconnection Agreement.

"Pooling Agreement" means, collectively, the Power Pooling Agreements between UAMPS and the Members and certain other entities providing for the establishment and operation of the UAMPS Pool and related matters, including all supplements and appendices thereto.

"Power Sales Contracts" means all of the Carbon Free Power Project Power Sales Contracts dated as of April 1, 2018, between UAMPS and the Participants (including this Contract

between UAMPS and the Participant), all of which are uniform in all material respects in their term, conditions and provisions, with the exception of the Entitlement Share, the Capital Contribution Percentage, the Debt Service Percentage and the Debt Service Share for each of the Participants and the other matters set forth in the Exhibits attached hereto.

"Project" means the Carbon Free Power Project undertaken by UAMPS for the use and benefit of the Participants as provided in the Power Sales Contracts, consisting of the acquisition, construction, ownership, improvement, equipping, operation, and retirement and decommissioning of the Initial Facilities and any Additional Facilities, and the rights, interests, obligations and liabilities of UAMPS under the Project Agreements and the Permits and Approvals.

"Project Agreements" means the Development Agreement, each Construction Agreement, Operating Agreement, Fuel Supply Agreement, Water Supply Agreement, Interconnection Agreement, Transmission Agreement and Right-of-Way, the DOE Cost Share Agreement, the Site Use Permit and all other agreements relating to the development, acquisition, construction, operation and Decommissioning of the Project. All references herein to the Project Agreements or any of them refer to the Project Agreements as they may be amended or supplemented from time to time in accordance with their respective provisions and the provisions of Section 1101.

"Project Capability" means the Electric Power and associated Electric Energy that the Initial Facilities, any Additional Facilities and, for purposes of Section 301(f), the individual generating units included in the Initial Facilities are capable of producing. The Project Capability available to UAMPS from (i) the Initial Facilities will be the aggregate nameplate rating of the generating units included in the Initial Facilities, and (ii) an individual generating unit will be the nameplate rating of such unit.

"Project Management Committee" means the committee of the Participants previously established and confirmed in Section 401. All references in this Contract to decisions, approvals, determinations and other actions of the Project Management Committee include the approval of, or delegation of authority with respect to, such decision, approval, determination or action by the Board required by the Joint Action Agreement and the bylaws of UAMPS.

"Project Output" means the amount of Electric Power and Electric Energy, if any, which is generated by the Project in any particular hour.

"Prudent Utility Practice" means, as of any particular time, any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry which, in the exercise of reasonable judgment in light of facts known at such time, could have been expected to accomplish the desired results at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others or to be limited to the lowest-cost practice, method or act, but rather to be a spectrum of possible practices, methods and acts, having due regard for manufacturers' warranties and the jurisdiction.

"Qualified Use" means the sale of electricity to retail customers pursuant to (i) generally applicable and uniformly applied rate schedules or tariffs or (ii) a Permitted Contract; *provided* that Qualified Use shall not include any sale of electricity that gives rise to "private business use" or a "private loan" within the meaning of Section 141 of the Code; and *provided further* that "Qualified Use" shall include such additional uses of electricity as may be approved by UAMPS with a favorable opinion of Bond Counsel.

"Rating Agency" has the meaning assigned to such term in the Indenture.

"Reference Project Costs" means, for purposes of calculating the amount of a Capital Contribution to be made by the Participant as provided in Section 603, (i) in the case of a Capital Contribution to be made with respect to Development Costs, the estimated Development Costs determined by UAMPS and approved by the Project Management Committee prior to the first issuance of Bonds to finance Development Costs, and (ii) in the case of a Capital Contribution to be made with respect to the Cost of Acquisition and Construction of the Initial Facilities or any Additional Facilities, the estimated Cost of Acquisition and Construction determined by UAMPS and approved by the Project Management Committee prior to the first issuance of long-term Bonds to finance the Cost of Acquisition and Construction of the Initial Facilities or any Additional Facilities. Reference Project Costs shall not include amounts for (iii) the costs of issuance of, debt service reserves for and capitalized interest on Bonds and (iv) any other items in the definitions of "Development Costs" or "Cost of Acquisition and Construction" not properly allocable to Reference Project Costs, as determined by the Project Management Committee.

"Refunding Bonds" means refunding Bonds from time to time issued by UAMPS pursuant to the Financing Documents and in accordance with Section 607.

"Required Approvals" means all governmental, regulatory and lender approvals, consents and authorizations required or necessary for (i) the execution, delivery and performance of this Contract (or any amendment hereto) by the Participant and (ii) this Contract (or any amendment hereto) to be the legal, valid and binding obligation of the Participant; *provided, however*, that "Required Approvals" does not include the approval of this Contract by the Participant's governing board or body pursuant to the Contract Resolution.

"Reserve and Contingency Fund" means the fund, if any, established pursuant to Section 708.

"Right-of-Way" means each right-of-way, lease, grant or similar instrument for the use of the land necessary for the operation or interconnection of the Project.

"Site Use Permit" means Use Permit No. DE-NE700065, effective February 17, 2016, from the United States of America, acting by and through the U.S. Department of Energy to UAMPS.

"Special Obligations" means debt obligations issued or incurred from time to time by UAMPS pursuant to the Financing Documents (i) to finance Development Costs, the Cost of Acquisition and Construction or to refund or refinance Special Obligations, and (ii) which shall

not (a) constitute Bonds for any purpose under the Power Sales Contracts or the Financing Documents and (b) be secured by a pledge of or payable from the payments made by the Participants under the Power Sales Contracts, all as more fully described in Section 606.

"Special Purpose Entity" means (i) a limited liability company, (ii) a segment established by UAMPS pursuant to the Act, or (iii) any other special purpose legal entity organized to own all or a portion of the Project.

"Study Phase Siting Agreement" means the Carbon Free Power Project Study Phase Siting Agreement dated September 1, 2015, between UAMPS and the participants named therein.

"Super-Majority Vote" means the affirmative vote of Participants' Representatives that represent 75% of (i) the number (per capita) of Participants' Representatives serving on the Project Management Committee, and (ii) the Entitlement Shares of all Participants. For the avoidance of doubt, in the event that a Super-Majority Vote is required when a Participant's Representative is not entitled to vote on matters before the Project Management Committee pursuant to Section 402(a)(i), such Participant's Representative and such Participant's Entitlement Share shall be disregarded in computing the percentages of Participants' Representatives and Entitlement Shares that have voted on the matter requiring a Super-Majority Vote.

"System Point of Receipt" means (i) the point(s) of interconnection between the Participant's electric utility system and the transmission facilities of the applicable balancing authority or authorities, or (ii) such other point(s) for the receipt by the Participant of Electric Energy from the Project as may be agreed to by the parties.

"Tax Credits" means any production tax credits, investment tax credits or other federal or state tax credits that may be received by UAMPS or credited to UAMPS pursuant to the Project Agreements.

"Tax Credit Agreement" means a contract or agreement under which UAMPS (i) sells, assigns or transfers Tax Credits to a third party or (ii) receives consideration from a third party in respect of Tax Credits.

"Tax Status" means (i) the exclusion from gross income for federal income tax purposes of the interest on any Bonds issued as tax-exempt obligations, or (ii) the right of a bondowner (or other investor) to receive tax credits or the right of UAMPS to receive interest subsidy payments on any Bonds issued as tax credit bonds or interest subsidy bonds, respectively, in each case pursuant to the provisions of the Code.

"Transmission Agreements" means each transmission contract, agreement or tariff entered into by UAMPS or the Participant that is used or necessary for the delivery of Electric Power and Electric Energy from the Point of Delivery to the Participant's System Point of Receipt, whether by direct transmission, displacement, exchange or otherwise.

"Transmission Costs" means, for each Billing Period of each Contract Year, all capital, operating and other costs and expenses paid, payable, incurred or accrued by UAMPS during such

Billing Period for the transmission of Electric Energy from the Point of Delivery to the Participant's System Point of Receipt pursuant to the Transmission Agreements or otherwise. The Participant shall be responsible for the payment of Transmission Costs to UAMPS hereunder only to the extent that UAMPS has, at the request of the Participant, entered into or utilized Transmission Agreements for the transmission of Electric Energy from the Point of Delivery to the Participant's System Point of Receipt.

"Trustee" means the bank or trust company acting as the trustee under the Financing Documents.

"UAMPS" means the first party named in the preamble of this Contract. All references to UAMPS in this Contract shall include Authorized Officers of UAMPS acting pursuant to specific authorization by the Project Management Committee.

"UAMPS Pool" means that certain electric power pool established pursuant to the Pooling Agreement under which UAMPS provides certain services with respect to the scheduling, dispatch and the sale of Electric Power and Electric Energy and other matters provided for in the Pooling Agreement.

"Uncontrollable Force" means any cause, event or force beyond the control of the party affected, including, but not restricted to failure, or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, terrorism, acts of a public enemy, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, and restraint by court or public authority and action or non-action by, or inability to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. "Uncontrollable Force" includes any cause, event or force constituting "force majeure," "uncontrollable force" or similar term as defined in any Project Agreement.

"Uniform System of Accounts" means the Federal Energy Regulatory Commission Uniform Systems of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act, 18 C.F.R. Part 101, as the same may be modified, amended or supplemented from time to time or such other system of accounting as may be applicable by law to UAMPS.

"Water Supply Agreement" means each agreement providing for the purchase of water, water rights or shares or other interests in water necessary for the operation of the Project.

Section 102. Rules of Construction. (a) References to Articles, Sections, Schedules and Exhibits are to the Articles and Sections of and Schedules and Exhibits to this Contract, unless otherwise provided. Article and Section headings are included herein for convenience of reference only and shall not constitute a part of this Contract for any other purpose or be given any substantive effect. Any of the defined terms may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use of the word "include" or its derivations shall not be construed as language of limitation.

(b) Any representation, warranty, certificate or legal opinion with respect to the enforceability of this Contract or any other contract or agreement made in or provided pursuant to this Contract shall be deemed to be qualified by reference to the effect of applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditor's rights generally and by the application of equitable principles, regardless of whether such qualification is expressly stated herein or therein.

ARTICLE II

CONTRACT EFFECTIVE DATE, TERM AND TERMINATION; PARTICIPANT WITHDRAWAL

Section 201. Effective Date. (a) Promptly upon the approval of this Contract by its governing body's adoption of the Contract Resolution, the Participant shall (i) cause this Contract to be executed by its Authorized Officers, and (ii) deliver to UAMPS an executed counterpart of this Contract together with its completed certificate and the exhibits to it (in substantially the form attached hereto as EXHIBIT III) and an opinion of counsel to the Participant in the form attached hereto as EXHIBIT V.

(b) UAMPS shall give notice to the Project Management Committee upon its receipt of executed Power Sales Contracts and certificates and opinions from Participants that have requested Entitlement Shares totaling not less than 150,000 kW of Electric Power. Upon its receipt of such notice, the Project Management Committee may declare that the Effective Date of the Power Sales Contracts has occurred or may defer such declaration to a later date in its discretion. Upon the Project Management Committee's declaration of the Effective Date, UAMPS shall cause all such Power Sales Contracts to be executed by its authorized officers and shall give notice to the Participants that the Effective Date has occurred. Power Sales Contracts subsequently received by UAMPS shall become effective as provided in the definition of Effective Date.

(c) UAMPS shall give notice to the Participant of the occurrence of the Effective Date and shall prepare and deliver to each Participant a completed SCHEDULE I that shows the Entitlement Shares of all Participants. The Study Phase Siting Agreement shall terminate on the Effective Date of the Power Sales Contracts, provided that (i) the Participants that are parties to the Study Phase Siting Agreement shall remain responsible for all costs, expenses and other amounts payable by them thereunder, and (ii) all costs previously incurred by UAMPS under the Study Phase Siting Agreement shall be included as an item of Development Costs.

Section 202. Contract Term. This Contract shall become effective on and as of the Effective Date and will, unless this Contract is terminated pursuant to Section 203, continue in effect until the last to occur of: (i) the date on which all of the Project Agreements have terminated or expired in accordance with their respective terms and all obligations of UAMPS thereunder have been fully paid, satisfied or discharged; (ii) the date on which all Bonds have been paid in full as to principal, premium and interest, or sufficient funds shall have been irrevocably set aside for the full defeasance thereof and all other obligations of UAMPS under the Financing Documents have been paid or satisfied; and (iii) the date on which the Initial Facilities and any Additional Facilities shall be permanently removed from service and Decommissioned and all Decommissioning Costs shall have been paid or fully funded.

Section 203. Contract Termination. (a) This Contract shall not be terminated by either party under any circumstances, whether based upon the default of the other party under this Contract or any other instrument or otherwise, except as specifically provided in this Section.

(b) The Project Management Committee may establish a date for the termination of the Power Sales Contracts upon its determination to terminate the Project at any time during the Licensing Period as provided in Section 504; *provided, however,* that any such termination date shall not occur until the later of: (i) the date on which all Project Agreements have been terminated or have expired in accordance with their respective terms, and all obligations of UAMPS thereunder have been fully paid, satisfied or discharged; (ii) the date on which all Bonds have been paid in full as to principal, premium and interest, or sufficient funds shall have been irrevocably set aside for the full defeasance thereof and all other obligations of UAMPS under the Financing Documents have been paid or satisfied; and (iii) the date on which UAMPS shall have made a final accounting for, and shall have recovered from the Participants, all Development Costs previously incurred.

Section 204. Participant Withdrawal (a) During the Licensing Period, the Participant shall have the right to withdraw from its participation in the Project as provided in this Section. The Participant may exercise its right to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS upon the occurrence of any of the following events:

(i) its receipt of notice from UAMPS pursuant to Section 601(e)(i) that the Project Management Committee has approved the updated Budget and Plan of Finance for the second phase of the Licensing Period;

(ii) its receipt of notice from UAMPS pursuant to Section 601(f) that the Project Management Committee has approved an amendment to the Budget and Plan of Finance that increases the maximum amount of Development Costs that may be incurred for the then-current phase of the Licensing Period;

(iii) its receipt of notice from UAMPS pursuant to Section 204(b) that withdrawals or Entitlement Share reductions elected by other Participants would result in an increase in its Development Cost Share;

(iv) the determination of its governing body not to approve the definitive Budget and Plan of Finance at the end of the Licensing Period; or

(v) its determination to withdraw from the Project at the end of the then-current phase of the Licensing Period.

A withdrawal pursuant to clause (i), (iv) or (v) above shall be effective at and as of the last day of the then-current phase of the Licensing Period. A withdrawal pursuant to clause (ii) above shall be effective immediately prior to the effective date of an amendment to the Budget and Plan of Finance that increases the maximum amount of Development Costs. A withdrawal pursuant to clause (iii) above shall be effective immediately prior to the effective date of the increase in the Participants' Development Cost Shares.

(b) UAMPS shall give prompt notice to the Project Management Committee of its receipt of Notices of Withdrawal pursuant to paragraph (a) above and Notices of Reduction pursuant to Section 301(d). The Project Management Committee shall then determine the effect of such withdrawals or reductions on the development of the Project and whether to proceed with the development of the Project or to suspend or terminate the Project pursuant to Section 504(a). If the Project Management Committee determines to proceed with the Project and if such withdrawals or reductions would result in an increase in the Development Cost Share of any Participant, it shall direct UAMPS to give notice of such withdrawals and reductions and its determination to proceed with the Project to the Participants. Such notice shall include an updated SCHEDULE I reflecting all withdrawals and reductions elected by the Participants, and shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS. A Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Shares by delivering a Notice of Reduction to UAMPS, in either case within such reasonable period of time as shall be approved by the Project Management Committee and specified in UAMPS' notice.

(c) A Participant that elects to withdraw from the Project shall (i) except as provided in paragraph (d) below, waive any right to receive any reimbursement for Development Costs previously paid by it, and (ii) 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 Participant's withdrawal from the Project.

(d) In the event that the Project is terminated during the Licensing Period and UAMPS receives third-party reimbursement for Development Costs paid prior to the date of termination (other than reimbursement received pursuant to the DOE Cost Share Agreement), UAMPS shall pay to each person that has withdrawn as a Participant its share, *pro rata* based on the amounts of Development Costs paid by all Participants and persons that have withdrawn as Participants, of the third-party reimbursement received by UAMPS, up to but not exceeding the amount of Development Costs paid by such person that has withdrawn as a Participant.

(e) A Participant that elects to withdraw from the Project shall, within twelve months of the effective date of its withdrawal or within such longer period as may be permitted pursuant to the Financing Documents, repay the amounts described in paragraph (c)(ii) above together with any interest expense on such amounts and any other charges incurred by UAMPS under the Financing Documents.

(f) From and after the effective date of its withdrawal (i) the Participant's Entitlement Share shall be terminated, (ii) the Participant'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 Participant's repayment obligations described in paragraph (d) above. The Participant shall have no responsibility for the payment of Development Costs incurred or Bonds issued after the effective date of its withdrawal.

ARTICLE III

ENTITLEMENT SHARE

Section 301. Entitlement Share. (a) From and after the Effective Date, UAMPS shall sell to the Participant, and the Participant shall purchase from UAMPS, the Participant's Entitlement Share.

(b) As of the Effective Date of its Power Sales Contract, a Participant's Entitlement Share (expressed as a percentage of all Entitlement Shares then in effect) shall not exceed 20 percent, unless otherwise approved by the Project Management Committee.

(c) During the Licensing Period and for so long as less than all of the Project Capability has been sold pursuant to the Power Sales Contracts and any Excess Power Sales Agreements, the Participant may, by notice to UAMPS and upon the approval of the Project Management Committee, elect to increase its Entitlement Share by any amount, subject to (i) the limitation set forth in subsection (b) above, and (ii) such standards and procedures as may be established by the Project Management Committee. Any such increase in the Participant's Entitlement Share shall be effective at the beginning of the second phase of the Licensing Period or the Construction Period, as applicable.

(d) At the times at which the Participant may deliver a Notice of Withdrawal to UAMPS pursuant to Section 204 and in lieu of delivering a Notice of Withdrawal, the Participant may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS. Any Notice of Reduction shall be delivered at the same time and in the same manner as a Notice of Withdrawal. The effective date of an Entitlement Share reduction shall be the same as the corresponding effective date of a withdrawal pursuant to Section 203(a).

(e) Upon a recommendation of UAMPS pursuant to Section 503(d), and at any time up to the time of its determinations under Section 505(b), the Project Management Committee may determine to round the Participant's Entitlement Shares up or down so that the total Project Capability covered by all Entitlement Shares matches a whole number of the modular generating units included in the Project. The determination of the Project Management Committee shall be made in compliance with Section 503(d). Upon such determination of the Project Management Committee, UAMPS shall give notice to all Participants of the rounded Entitlement Shares.

(f) In the event that the construction of the Initial Facilities provides for sequential Commercial Operation of individual generating units prior to the Commercial Operation Date of all of the Initial Facilities, the Project Management Committee may establish procedures and standards for (i) the Participants to make elections regarding the amounts of and dates on which they will receive Electric Power and Electric Energy from such generating units and (ii) the allocation of the costs and benefits of such generating units among the electing Participants. Such elections shall remain in effect until the Commercial Operation Date of all of the Initial Facilities. If the Project Management Committee determines not to establish such procedures and standards or if the Participant determines not to make an election under them, the Participant will purchase and pay for its Entitlement Share (expressed as a percentage) of the Project Capability of each individual generating unit from and after the date that it achieves Commercial Operation.

Section 302. Participant Surplus; Lay-Off Power Sales Agreements. (a) If the Participant has or projects that it will have, as of or following the Commercial Operation Date (or the date of Commercial Operation of individual generating units), Electric Power and Electric Energy that is surplus to its needs, it may request that UAMPS sell and deliver any or all of the Electric Power and Electric Energy attributable to the Participant's Entitlement Share pursuant to one or more Lay-Off Power Sales Agreements.

(b) UAMPS shall use Commercially Reasonable Efforts in consultation with the Participant to attempt to sell such surplus at not less than a minimum price approved by the Participant:

first, pro rata to any other Participants that indicate interest in purchasing any such surplus;

second, pro rata, to any Members that are not Participants that indicate interest in purchasing any such surplus; and

third, to any other power purchaser, on such terms and for such period as UAMPS determines to be appropriate and not adverse to the Tax Status of the Bonds or the interests of UAMPS or the other Participants.

(c) If two or more Participants have made requests for surplus sales pursuant to this Section of the Power Sales Contracts, UAMPS (i) may aggregate the surplus amounts of Electric Power and Electric Energy for sale under one or more Lay-Off Power Sales Agreements, and (ii) shall allocate the credits for such sale *pro rata* to the requesting Participants.

(d) UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of each Lay-Off Power Sales Agreement or a standard form of Lay-Off Power Sales Agreement, and (ii) the identity, operating experience and financial capability of each power purchaser under a Lay-Off Power Sales Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee.

(e) The revenues (net of any expenses incurred by UAMPS in connection with the sale) received by UAMPS from sales pursuant to a Lay-Off Power Sales Agreement shall be credited to the Participant on its billing statements pursuant to Section 804, *provided that* the sale of surplus power and energy pursuant to a Lay-Off Power Sales Agreement shall not relieve such Participant from its primary obligation and liability under this Contract, unless and only to the extent that UAMPS shall receive payments from the purchaser under the Lay-Off Power Sales Agreement.

Section 303. Assignment of Entitlement Share to Other Participants. (a) The Participant may assign this Contract and its rights hereunder, in whole or in part, to another Participant upon 60 day's prior notice to UAMPS and satisfaction of all of the following conditions:

(i) during the Licensing Period, UAMPS, by action of the Project Management Committee, consents in writing to such assignment, which consent shall not be unreasonably withheld;

(ii) after the Licensing Period, UAMPS, by action of the Project Management Committee, (i) consents in writing to such assignment, which consent shall not be unreasonably withheld, and (ii) reasonably determines that such assignment is not expected to result in any increase in the rates and charges payable by any other Participants under the Power Sales Contracts.

(b) The Participant acknowledges and agrees that the ability of UAMPS to consent to such an assignment may be subject to additional requirements and limitations imposed under the Financing Documents. UAMPS and the Participant each agree to exercise Commercially Reasonable Efforts and to cooperate with one another to meet any such limitations and requirements.

Section 304. Assignment of Entitlement Share to Non-Participants. (a) The Participant may assign this Contract and its rights hereunder, in whole or in respect of part of the Participant's Entitlement Share, to any power purchaser upon not less than 180 days' prior notice to UAMPS and satisfaction of each of the following conditions:

(i) the Participant's notice to UAMPS shall include the name of any proposed assignee, the amount of the Participant's interests under this Contract proposed to be assigned, the consideration (if any) for the proposed assignment, and the material terms of the proposed assignment, including, copies of all written proposals, term sheets, letters of intent and assignment documents.

(ii) UAMPS, by action of the Project Management Committee, consents in writing to such assignment, which consent shall not be unreasonably withheld;

(iii) the assignment shall be evidenced by a written instrument pursuant to which the assignee shall assume all obligations (except to the extent theretofore accrued) of the Participant under this Contract or the Participant shall post an acceptable bond or other reasonably acceptable security to assure its obligations hereunder are fulfilled;

(iv) if and to the extent necessary to reflect such assignment and assumption, UAMPS and such assignee shall enter into an agreement supplemental to this Contract to clarify the terms on which power and energy are to be sold hereunder by UAMPS to such assignee;

(v) if the Entitlement Share to be assigned (expressed as percentage of all Entitlement Shares) equals or exceeds five percent, the senior debt of the assignee shall be rated in one of the four highest whole rating categories (without regard to gradations within such categories) by at least one nationally-recognized bond rating agency;

(vi) UAMPS shall have received an opinion or opinions of counsel of recognized standing selected by UAMPS to the effect that such assignment (A) will not adversely affect the pledge and assignment of this Contract or the revenues derived by UAMPS hereunder as security for payment of the Bonds, (B) is lawfully permitted under the law of the Participant's domicile state, and (C) will not adversely affect the Tax Status of any Bonds; and

(vii) the Participant shall pay all fees and expenses incurred by UAMPS, including rating agency, financial advisor and counsel fees, in connection with the proposed assignment.

(b) UAMPS shall not consent to the assignment of this Contract pursuant to this Section unless the Project Management Committee reasonably determines that such assignment is not expected to result in any increase in the rates and charges payable by any other Participants under the Power Sales Contracts.

(c) The Participant acknowledges and agrees that the ability of UAMPS to consent to such an assignment may be subject to additional requirements and limitations imposed under the Financing Documents. UAMPS and the Participant each agree to exercise Commercially Reasonable Efforts and to cooperate with one another to meet any such limitations and requirements.

(d) The Participant agrees that UAMPS shall have a right of first refusal for a period of not less than 180 days to match any bona fide offer for such assignment, in each case for re-assignment to one or more of the other Participants.

ARTICLE IV

PROJECT MANAGEMENT COMMITTEE

Section 401. Confirmation of Project Management Committee (a) The Participants hereby establish and confirm the Project Management Committee, which shall consist of one voting representative from each Participant (who shall be the Participant’s Representative) and shall be chaired by a Participant’s Representative elected by the Project Management Committee. Pursuant to the Contract Resolution, the Participant has delegated full and complete authority to its Participant’s Representative to act on all matters and decisions that come before the Project Management Committee.

(b) Each Representative appointed by the Participant shall serve on the Project Management Committee until the Participant appoints a successor.

(c) An Authorized Officer of UAMPS shall attend all meetings of the Project Management Committee and shall cause minutes to be kept of all such meetings.

Section 402. Procedures and Voting Rights. (a) The Joint Action Agreement and the bylaws of UAMPS shall govern the procedures for and the voting rights on the Project Management Committee, *provided that*:

(i) The Participant's Representative of any Participant that is in default hereunder (A) shall not be entitled to vote on any matter during the period of such default, and the consent or approval of such Participant or such Participant's Representative shall not be required hereunder during the existence of such default and (B) shall be disregarded for purposes of determining whether a quorum of the Project Management Committee is present at any meeting;

(ii) A Super-Majority Vote of all Project Management Committee Representatives shall be required on all decisions which would result in the termination of the Project; and

(iii) All decisions made by the Project Management Committee shall be made by resolution, order or other appropriate action of the Project Management Committee and, before such resolution, order or action of the Project Management Committee shall take effect, the same shall be ratified and approved by resolution, order or action of the Board, acting in accordance with the Joint Action Agreement and the bylaws of UAMPS.

(b) The Participants acknowledge that the Joint Action Agreement provides, among other things, that decisions of the Board with respect to the Project shall be made only upon the recommendation of the Project Management Committee and that weighted votes may be called for on any recommendation or decision to be made by the Project Management Committee or the Board, respectively, all as more fully provided in the Joint Action Agreement.

Section 403. Duties of Project Management Committee. (a) In addition to its other responsibilities under the Power Sales Contracts, the Project Management Committee shall:

(i) review, provide advice and direction to and consult with UAMPS regarding the Project;

(ii) supervise, review and approve the Development Work performed by or at the direction of UAMPS, including all task orders to be entered into with the Contractor pursuant to the Development Agreement, and the Development Costs;

(iii) review and approve the final terms and provisions of the Development Agreement, review the results of each run of the economic competitiveness test performed pursuant to the Development Agreement and the projected levelized cost of energy from the Initial Facilities, and review and approve all directions, actions and notices to be given or made by UAMPS under the Development Agreement;

(iv) review, approve and provide advice and direction to UAMPS on the Project Agreements and any modifications or amendments thereto, appoint all representatives of UAMPS serving under the Project Agreements and provide such direction to UAMPS as shall be necessary to enable UAMPS to meet timely its obligations and responsibilities under the Project Agreements;

(v) review, approve and revise from to time the Budget and Plan of Finance for the Initial Facilities;

(vi) review, approve and provide advice and direction to UAMPS with respect to the issuance of Bonds, Additional Bonds and Refunding Bonds;

(vii) review, approve and provide advice and direction to UAMPS with respect to each Excess Power Sales Agreement, Joint Ownership Agreement and Lay-Off Power Sales Agreement and any modifications or amendments thereto;

(viii) supervise and provide direction to UAMPS with respect to the construction of the Project, including approving the construction budget for the Project and the notices to proceed and notices to construct given under the Construction Agreements;

(ix) review, modify, and approve or otherwise act on the quarterly estimates of the Cost of Acquisition and Construction by the first day of the month prior to the beginning of each quarter;

(x) review, approve and provide advice and direction to UAMPS regarding the Performance Tests for and the declaration of the Commercial Operation Date of the Project under the applicable Project Agreements;

(xi) determine and declare the Project Capability upon the Commercial Operation Date of the Project and from time to time thereafter as its deems necessary to reflect the actual capability of the Project;

(xii) review and approve the form of the appendix to the Pooling Agreement described in Section 702 and any operating and scheduling procedures and procedures or standards for the allocation of Environmental Attributes that may be deemed necessary or desirable in connection with the Project;

(xiii) review, modify and recommend the Annual Budget and any amendments thereto to the Board;

(xiv) review, approve and recommend to the Board any Additional Facilities and the budget and plan of finance therefor; and

(xv) review and consult with UAMPS regarding any actions or remedies to be taken by UAMPS under Sections 1002 and 1003.

ARTICLE V

DEVELOPMENT, ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 501. The Initial Facilities. (a) The Project shall consist of the Initial Facilities until such time as the Project Management Committee determines to undertake any Additional Facilities. A preliminary and general description of the Initial Facilities approved by the Project Management Committee is attached as EXHIBIT I to this Contract.

(b) As the development of the Project proceeds through the Licensing Period and the Construction Period and as the components of the Initial Facilities are designed, engineered, constructed, installed and tested, UAMPS shall from time to time recommend revisions to EXHIBIT I to the Project Management Committee for approval in order that the description therein reasonably corresponds to the Initial Facilities being developed and constructed. Following the Commercial Operation Date, UAMPS shall prepare and submit to the Project Management Committee for its review and approval a final description of the Initial Facilities. UAMPS and the Participant agree that in no event will any revisions to EXHIBIT I alter or affect their respective rights and obligations under this Contract.

Section 502. Licensing Period and Development Work. (a) During the Licensing Period, UAMPS shall use Commercially Reasonable Efforts to cause the development of the Project and the Development Work to proceed in an expeditious and economical manner. Without limiting the generality of the term, "Development Work," shall include all work and services necessary or desirable in connection with:

(i) the estimating, design and engineering work to be performed pursuant to the Development Agreement and otherwise with respect to the Project;

(ii) the development and negotiation of definitive Project Agreements, including each Construction Agreement, Operating Agreement, Fuel Supply Agreement, Water Supply Agreement, Transmission Agreement and any other contracts and agreements necessary in connection with the Project;

(iii) the preparation and submission of the Construction and Operating License Application to the NRC and pursuing such Application to the receipt of the Construction and Operating License;

(iv) obtaining all other Permits and Approvals necessary for the construction or operation of the Project;

(v) the continued development of and updates to the Budget and Plan of Finance as provided in Section 601; and

(vi) such other work and services as shall be approved by the Project Management Committee.

(b) During the Licensing Period, UAMPS shall (i) report not less frequently than monthly to the Project Management Committee (unless otherwise approved by the Project Management Committee) with respect to the progress of the Development Work and the Development Costs incurred or expended, (ii) recommend from time to time revisions and updates to the Budget and Plan of Finance to the Project Management Committee, and (iii) act consistently with and in furtherance of the directions given to it by the Project Management Committee.

(c) As provided in Section 601, the Licensing Period shall include two separate phases for budgeting, planning and financing purposes, and the initial Budget and Plan of Finance shall be updated and subject to the approval of the Project Management Committee prior to the commencement of the second phase of the Licensing Period (submission of the COLA and associated and additional Development Work). UAMPS shall perform the Development Work as authorized by and within the limitations of the Budget and Plan of Finance in effect for each phase of the Licensing Period.

(d) UAMPS shall take all actions on its part required or permitted by the Development Agreement under the supervision and direction of the Project Management Committee, and shall monitor the performance, and enforce the obligations, of the Contractor thereunder. UAMPS shall report to the Project Management Committee with respect to each run of the economic competitiveness test provided for in the Development Agreement. The Participants acknowledge and agree that the Development Agreement is subject to early termination by UAMPS or the Contractor under the circumstances set forth therein and that the obligation of the Contractor to reimburse UAMPS for Development Costs incurred (i) applies only to certain early termination events, (ii) excludes certain Development Costs, and (iii) is limited to certain percentages and dollar amounts set forth in the Development Agreement.

(e) The submission, timing and terms of the COLA shall be subject to the approval of the Project Management Committee. If the COLA is submitted, UAMPS shall take all actions necessary on its part to advance the processing and review of the COLA by the NRC. If the COL is received, UAMPS shall review and analyze its terms, conditions and requirements and shall prepare and submit to the Project Management Committee the definitive Budget and Plan of Finance for the Initial Facilities, including updated estimates of Development Costs, Construction Costs and the Commercial Operation Date, together with a report on any remaining items of Development Work and whether and when the Completion of Development can occur, all as provided in Section 505 and Section 601.

(f) Following the conclusion of each phase of the Licensing Period, UAMPS shall deliver a report to the Participants with respect to the status of the development of the Project, expenditures for Development Costs, any changes to SCHEDULE I, together with such other information as may be required by the Project Management Committee.

Section 503. Excess Power Sales Agreements, Joint Ownership Agreements and Adjustments to Entitlement Shares. (a) The parties acknowledge and agree that it is in the mutual interest of UAMPS and the Participants to develop the Initial Facilities with an amount of Project Capability that balances the efficiencies and economies of scale that can be achieved by the development of up to 600 MW of Project Capability against the amount of Project Capability that has been subscribed for under the Power Sales Contracts. Accordingly, as a part of the Development Work, UAMPS shall continue to solicit and seek subscriptions for Project Capability under Power Sales Contracts with Members that are not Participants and other power purchasers. Any additional Power Sales Contracts with new Participants shall be subject to the approval of the Project Management Committee, which may condition its approval on such requirements as it deems necessary or desirable.

(b) As a part of the Development Work, UAMPS may also solicit and seek other power purchasers interested in purchasing Electric Power and Electric Energy from the Project under Excess Power Sales Agreements. UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of each Excess Power Sales Agreement or a standard form of Excess Power Sales Agreement, and (ii) the identity, operating experience and financial capability of each power purchaser under an Excess Power Sales Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee. The revenues (net of any expenses incurred by UAMPS in connection with the sale) received by UAMPS from sales pursuant to each Excess Power Sales Agreement (iii) may be pledged by UAMPS to secure Special Obligations issued to finance the Cost of Acquisition and Construction, and (iv) to the extent not so pledged, shall be credited to all of the Participants on the billing statements under Section 804. In addition to the other purposes for which a Special Purpose Entity may be organized pursuant to the Power Sales Contracts, UAMPS may organize a Special Purpose Entity to own a portion of the Project and sell the output of such portion pursuant to one or more Excess Power Sales Agreements.

(c) As a part of the Development Work, UAMPS may also receive indications of interest from other entities regarding the sale of a portion of UAMPS' ownership interest in the Initial Facilities. Subject to the negotiation of a definitive Joint Ownership Agreement, UAMPS may sell a portion of its ownership interest in the Initial Facilities to another entity. UAMPS shall make recommendations to the Project Management Committee regarding (i) the terms and provisions of any Joint Ownership Agreement, and (ii) the identity, operating experience and financial capability of the joint owner under a Joint Ownership Agreement and its ability to meet its obligations thereunder, each of which shall be subject to the approval of the Project Management Committee.

(d) UAMPS shall exercise Commercially Reasonable Efforts to negotiate the amount of Electric Power and Electric Energy that is sold under Excess Power Sales Agreements and the amount of Initial Facilities ownership that is sold under any Joint Ownership Agreement to avoid any interference with the amount of Project Capability that has been sold under the Power Sales Contracts. As and to the extent necessary, UAMPS may recommend to the Project Management Committee increases or decreases to the Entitlement Shares sold under the Power Sales Contracts. Any increases or decreases to Entitlement Shares shall require approval by a Super-Majority Vote of the Project Management Committee and no Participant's Entitlement Share shall be increased or decreased without the affirmative vote of its Representative.

Section 504. Suspension or Termination of the Project During the Licensing Period. (a) As provided in Section 203 and with the effect provided in that Section, by a Super-Majority Vote, the Project Management Committee may determine to suspend or terminate the Project at any time during the Licensing Period upon its determination:

(i) not to approve the updated Budget and Plan of Finance for the second phase of the Licensing Period;

(ii) that the economic competitiveness test provided for in the Development Agreement has failed on any run date or that any price target contained in the Budget and Plan of Finance is not reasonably expected to be achieved;

(iii) not to submit the COLA for any reason;

(iv) that the COL will not be received or that the terms and conditions of the COL cause the Project to be not feasible;

(v) that defaults, withdrawals or Entitlement Share reductions by Participants under the Power Sales Contracts make it not feasible to proceed with the Project; or

(vi) that the Project is not feasible for any reason.

UAMPS shall give prompt written notice to all Participants of any determination of the Project Management Committee to suspend or terminate the Project during the Licensing Period.

(b) In the event of a determination to suspend the Project, the Project Management Committee shall give such directions to UAMPS as it deems necessary to address the cause or causes of its determination to suspend. In the event of a determination to terminate the Project, UAMPS shall take such actions as are necessary to give effect to such determination and wind-up and recover any value from the Project. A determination of the Project Management Committee to suspend or terminate the Project shall not eliminate, reduce or affect the payment obligations of the Participants under the Power Sales Contracts with respect to the amounts necessary to repay any outstanding Bonds and satisfy the obligations of UAMPS under the Project Agreements.

Section 505. Completion of Development. (a) Upon receipt of the terms and conditions of the Construction and Operating License (or an indication of such terms and conditions), UAMPS will conduct a review and analysis and report to and consult with the Project Management Committee regarding the terms and requirements of the COL, the actions necessary to complete the Development Work, and the definitive Budget and Plan of Finance for the Initial Facilities, and will make recommendations to the Project Management Committee as to whether the Project should proceed to the Construction Period.

(b) Following its review of the report and recommendations of UAMPS, the Project Management Committee will:

(i) determine whether or when Completion of Development has occurred;

(ii) review and approve definitive engineering and feasibility studies for the Initial Facilities, and such other materials as it deems necessary in order to determine that construction and operation of the Initial Facilities is feasible and should proceed;

(iii) review and approve the definitive Budget and Plan of Finance for the Initial Facilities; and

(iv) make a preliminary determination as to whether construction of the Project is feasible and whether the Project should proceed to the Construction Period.

The determination required by (b)(iv) above shall be made by a Super-Majority Vote of the Project Management Committee.

(c) A determination by the Project Management Committee that construction of the Initial Facilities is not feasible and should not proceed to the Construction Period will result in termination of the Project with the effect provided in Section 203(b).

(d) Upon a preliminary determination by the Project Management Committee that construction of the Initial Facilities is feasible and should proceed to the Construction Period, UAMPS shall give notice to each of the Participants of the Project Management Committee's preliminary determination, together with:

(i) a copy of the definitive Budget and Plan of Finance approved by the Project Management Committee;

(ii) a request for approval of the definitive Budget and Plan of Finance by their governing bodies;

(iii) the form of the approving resolution for consideration by the Participants' governing bodies,

(iv) the date by which the Participant shall deliver a copy of its adopted approving resolution to UAMPS (which date shall be not earlier than the 60th day after the date of such notice);

(v) a statement that a Participant may elect to reduce its Entitlement Share by the delivery of a Notice of Reduction to UAMPS;

(vi) a statement that a Participant may elect to withdraw from the Project by the delivery of a Notice of Withdrawal to UAMPS;

(vii) a statement that a Participant that does not deliver a copy of an adopted authorizing resolution to UAMPS on or before the date specified pursuant to clause (iv) above will be deemed to have elected to withdraw from the Project with effect provided in Section 204; and

(viii) such other information that may be necessary or desirable in connection with the foregoing, all as approved by the Project Management Committee.

(e) Upon its receipt of adopted approving resolutions of the Participants' governing bodies and any Notices of Withdrawal and Notices of Reduction from the Participants, UAMPS shall, subject to any additional notice required to be delivered to the Participants pursuant to Section 204(b), deliver to the Project Management Committee an updated report with respect to the Initial Facilities and any revisions to the definitive Budget and Plan of Finance, and shall provide such assistance as the Project Management Committee may require in order to make a final determination that construction of the Initial Facilities is feasible and should proceed to the Construction Period. The Project Management Committee shall then consider whether and when to make its final determination that construction of the Initial Facilities is feasible and should proceed to the Construction Period.

(f) Upon the final determination by the Project Management Committee that construction of the Initial Facilities is feasible and should proceed to the Construction Period, (i) UAMPS will give notice to each of the Participants of the Project Management Committee's determination, and the proposed effective date of the Construction Period, and (ii) UAMPS will then proceed to execute the principal Construction Contracts for the Initial Facilities and finance the Cost of Acquisition and Construction of the Initial Facilities through the issuance of Bonds and Special Obligations, if any.

Section 506. Construction Period. (a) The Construction Period shall commence upon the determination of the Project Management Committee that Completion of Development has occurred. During the Construction Period, UAMPS shall (i) cause the construction of the Project to proceed in an expeditious and economical manner pursuant to the Construction Agreements and other Project Agreements, (ii) monitor the performance of the contractors under the Construction Agreements, and (iii) report not less frequently than monthly (unless otherwise approved by the Project Management Committee) to the Project Management Committee with respect to the progress of the acquisition and construction of the Project, the Construction Costs incurred and estimated to the Commercial Operation Date, and any changes to the estimated Commercial Operation Date.

(b) UAMPS shall perform its obligations under the Construction Agreements and shall:

(i) use Commercially Reasonable Efforts consistent with and subject to the terms and provisions of the Project Agreements to cause the Project to be expeditiously and economically acquired and constructed pursuant to the Construction Agreements;

(ii) diligently defend and protect the rights of UAMPS and the Project under the Construction Agreements and enforce the contractors' obligations thereunder;

(iii) monitor the performance of the contractors under the Construction Agreements and report promptly to the Project Management Committee with respect to any default or event of default under the Construction Agreements;

(iv) report not less frequently than monthly to the Project Management Committee (unless otherwise approved by the Project Management Committee) regarding the current status of construction, and any changes to the estimated Commercial Operation Date and the estimated Cost of Acquisition and Construction; and

(v) give prompt notice to the Project Management Committee and the Participant of the occurrence of the Commercial Operation Date of the Initial Facilities and any Additional Facilities.

(c) As soon as practicable after the Commercial Operation Date of the Initial Facilities and any Additional Facilities, UAMPS shall prepare a complete statement and reconciliation of the final (or substantially final) Cost of Acquisition and Construction of the Initial Facilities or Additional Facilities and submit the same to the Project Management Committee for its review and acceptance. In the event that a substantially final statement of the cost of construction of the Initial Facilities or Additional Facilities is submitted to and accepted by the Project Management Committee, UAMPS shall provide periodic reports to the Project Management Committee regarding the remaining items of the Cost of Acquisition and Construction of the Initial Facilities or Additional Facilities until a final statement is available for its review and approval.

Section 507. Additional Facilities. (a) UAMPS may from time to time recommend the acquisition or construction of Additional Facilities to improve or add to the Initial Facilities. Any Additional Facilities, including any additional generating units to be installed at the Project Site, shall be subject to the approval of the Project Management Committee. The Participant acknowledges and agrees that (i) additional generating units not constituting Additional Facilities may be developed, constructed, operated and financed as a separate phase of the Project as provided in Section 508 and (ii) any such separate phase of the Project may use common facilities at the Project Site upon such terms and consideration as shall be determined by the Project Management Committee. Upon the approval of the Project Management Committee, UAMPS may enter into or approve such amendments and supplements to the Project Agreements as it deems necessary or desirable in connection with such separate phase.

(b) Any additional generating units that are undertaken and designated as Additional Facilities shall become a part of the Project for all purposes of this Contract. UAMPS may revise the "KW AMOUNT" column in SCHEDULE I as necessary in the event there are additional generation facilities constituting Additional Facilities.

Section 508. Separate Phases of the Project. (a) UAMPS may from time to time recommend the acquisition and construction of additional generating units not as Additional Facilities but as a separate phase of the Project. Any such separate phase, and any amendments and supplements to the Project Agreements in connection therewith, shall require approval by a Super-Majority Vote of the Project Management Committee. If so approved, UAMPS shall offer the Participants the opportunity to participate in such separate phase under a supplement to this Contract or under a separate agreement, as determined by the Project Management Committee. Each Participant may elect to participate in such separate phase with an entitlement share (expressed as percentage) up to its then-current Entitlement Share. In the event that any Participant elects not to participate in the separate phase or elects a reduced entitlement share, the available entitlement shares shall first be offered by UAMPS to the other Participants, second to Members that are not Participants and third to other power purchasers, all as directed by the Project

Management Committee. Any supplement to this Contract for any separate phase of the Project shall constitute a separate agreement between the parties for all purposes.

(b) UAMPS may issue and incur indebtedness to finance the cost of acquisition and construction of a separate phase of the Project, provided that any such indebtedness shall not constitute Bonds under the Power Sales Contracts or the Financing Documents.

ARTICLE VI

FINANCING OF THE PROJECT

Section 601. Budget and Plan of Finance. (a) The Budget and Plan of Finance for the Initial Facilities shall include the following information:

(i) the amount of Development Costs incurred to the date of the Budget and Plan of Finance and the estimated total Development Costs to the Completion of Development;

(ii) the estimated total Cost of Acquisition and Construction;

(iii) the estimated timeline for the development and construction of the Initial Facilities to the Commercial Operation Date;

(iv) the estimated target price ($/MWh) for Project output sold to the Participants under the Power Sales Contracts (which may be a range of prices);

(v) the proposed funding and financing arrangements for all Development Costs during the Licensing Period, including amounts available under the DOE Cost Share agreement and any other cost-sharing agreements, grants and funding sources, and Bonds;

(vi) the proposed funding and financing arrangements for the Cost of Acquisition and Construction, including Bonds, DOE-Guaranteed Loans, Special Obligations, Tax Credit Agreements and other funding and financing arrangements; and

(vii) such other information as may be required to be included in the Budget and Plan of Finance by the Project Management Committee.

(b) For budgeting and planning purposes, the Budget and Plan of Finance shall separate the Licensing Period into two separate and sequential phases as follows:

(i) a first phase beginning on the Effective Date of the Power Sales Contracts and extending to the completion of the Construction and Operating License Application; and

(ii) a second phase beginning at the end of the first phase and extending to the estimated date of the Completion of Development.

(c) The initial Budget and Plan of Finance shall (i) set forth the maximum amount of Development Costs that may be incurred by UAMPS during the first phase of the Licensing Period, (ii) be subject to the approval of the Project Management Committee, and (iii) be submitted to the Participants for approval by their governing bodies as set forth in the Contract Resolution. UAMPS and the Participant acknowledge and agree that as of the Effective Date, (iv) UAMPS has not obtained the Permits and Approvals necessary for the construction and operation of the Project, including particularly the COL, (v) the overall development of the Project is at a preliminary stage, and (vi) a definitive estimate of the Cost of Acquisition and Construction will not be available until the Completion of Development. Accordingly, the parties acknowledge and agree that the information contained in the initial Budget and Plan of Finance is necessarily preliminary and is subject to change based on, among other things, additional information that becomes available to UAMPS during the Licensing Period, the negotiation of the terms and provisions of the Project Agreements, the terms and conditions of the Permits and Approvals, and the development and negotiation of funding sources and financing arrangements for Development Costs and the Cost of Acquisition and Construction.

(d) The Budget and Plan of Finance shall be updated by UAMPS prior to the beginning of the second phase of the Licensing Period. Such update of the Budget and Plan of Finance shall (i) be subject to the approval of the Project Management Committee, (ii) include revisions and updates, as applicable, to the information described in Section 601(a) and (iii) set forth the maximum amount of Development Costs that may be incurred by UAMPS during the second phase of the Licensing Period. As a part of the Development Work, UAMPS will review, revise and supplement the information in the Budget and Plan of Finance from time to time, and may submit updates to the Budget and Plan of Finance in addition to the update required by the first sentence of this paragraph, provided that, except as provided in paragraph (f) of this Section, no such update may include an increase in the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period.

(e) Upon the approval of the Project Management Committee of the updated Budget and Plan of Finance for the second phase of the Licensing Period, UAMPS shall deliver notice of such approval to each of the Participants, together with a copy of the updated Budget and Plan of Finance. Such notice shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS, in either case within 10 days of the date of UAMPS' notice (or such longer period as may be approved by the Project Management Committee.

(f) During each phase of the Licensing Period, UAMPS shall monitor and report regularly to the Project Management Committee with respect to expenditures and commitments of Development Costs. At any time that such expenditures and commitments equal ninety percent or more of the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period as set forth in the Budget and Plan of Finance as then in effect, UAMPS shall advise the Project Management Committee of such fact and whether (i) the Development Work during the then-current phase of the Licensing Period can be completed within such maximum amount or (ii) an increase in the maximum amount of Development Costs is necessary and the recommended amount of any such increase. Any increase in such maximum amount of Development Costs shall be set forth in an amendment to the Budget and Plan of

Finance then in effect. If the Project Management Committee does not approve such amendment, it shall direct UAMPS to suspend or delay some or all of the Development Work and shall give such further instructions as may be necessary to ensure that the maximum amount of Development Costs that may be incurred during the then-current phase of the Licensing Period is not exceeded. If the Project Management Committee approves such amendment, it shall direct UAMPS to give notice to the Participants of the amendment of the Budget and Plan of Finance, together with a copy of the amendment. Such notice shall state that a Participant may elect to withdraw from the Project by delivering a Notice of Withdrawal to UAMPS or may elect to reduce its Entitlement Share by delivering a Notice of Reduction to UAMPS, in either case within 10 days of the date of UAMPS' notice.

(g) As provided in Section 505, upon its receipt of the COL (or information regarding the terms and conditions thereof), UAMPS shall prepare the proposed definitive Budget and Plan of Finance setting forth its final estimates of the information required by paragraph (a) above and shall submit the same to the Project Management Committee for its review and approval. Upon the Project Management Committee's approval of the definitive Budget and Plan of Finance and at the direction of the Project Management Committee, UAMPS shall deliver to the Participants the notice and request for approval of the definitive Budget and Plan of Finance as provided in Section 505(d).

Section 602. Financing of the Project. (a) UAMPS shall finance the portion of the Cost of Acquisition and Construction of the Initial Facilities that is not paid from Capital Contributions made by the Participants through the issuance of one or more series of Bonds and Special Obligations, if any, pursuant to the Budget and Plan of Finance approved by the Project Management Committee; *provided that,* during the Licensing Period UAMPS will not issue Bonds to finance Development Costs in excess of the maximum amount thereof set forth in the current Budget and Plan of Finance.

(b) Unless otherwise approved by the Project Management Committee, the Budget and Plan of Finance shall provide for the financing of all Development Costs, Construction Costs and other Costs of the Initial Facilities to a date not earlier than the estimated Commercial Operation Date of the Initial Facilities with the objective that the Participant will not be required to make any payments to UAMPS in respect of Debt Service Costs until a date that is after the estimated Commercial Operation Date. UAMPS shall use Commercially Reasonable Efforts to structure and implement the financings for the Development Costs and Construction Costs of the Initial Facilities to achieve this result. The Participant acknowledges and agrees that UAMPS cannot guarantee that it will be able to achieve this result, and under certain circumstances it may be necessary for UAMPS to submit billings to the Participant pursuant to Section 804 to enable it to pay Development Costs.

(c) UAMPS and the Participant acknowledge and agree that:

(i) as of the Effective Date, (A) UAMPS has not yet obtained the Permits and Approvals necessary for the construction and operation of the Project, including particularly the COL, and (B) the overall development of the Project is at a preliminary stage;

(ii) UAMPS shall use Commercially Reasonable Efforts to obtain all such Permits and Approvals as a part of the Development Work during the Licensing Period;

(iii) the Development Costs incurred by UAMPS, to the extent not paid from funding available under the DOE Cost Share Agreement or similar arrangements, will be financed by the issuance of Bonds;

(iv) in the event that UAMPS is unable to obtain the required Permits and Approvals or the Project Management Committee determines that the continued development of the Project is not feasible for any reason, the Project Management Committee may determine to terminate the Project as provided in Article V; and

(v) if the Project Management Committee determines to terminate the Project, the Project will not be completed and the Participant will be required to pay, among other things, its Debt Service Share of all Debt Service Costs until all Bonds previously issued are fully paid and retired, as provided in Section 804.

(d) Each Participant may elect to make a Capital Contribution to UAMPS pursuant to Section 603. Prior to the giving by UAMPS of the notice required by Section 603(a), the Project Management Committee shall determine whether any additional interest expense on or in respect of taxable Bonds (not eligible for tax credits or interest subsidy payments) shall be allocated to those Participants whose legal status or use of Project Output requires the issuance of such Bonds. In the event the Project Management Committee determines to make such allocation, the notice required by Section 603(a) shall include such information as shall be necessary to generally inform the affected Participants of the additional Debt Service Costs, if any, that will be payable by them in the event they elect not to make a Capital Contribution.

Section 603. Capital Contributions; Calculation of Capital Contribution Percentage, Debt Service Percentage and Debt Service Share. (a) Prior to the first issuance of Bonds to finance the Development Costs of the Initial Facilities and prior to the first issuance of long-term Bonds to finance the Cost of Acquisition and Construction of the Initial Facilities, UAMPS shall give written notice to the Participant of:

(i) its right to elect to make a Capital Contribution;

(ii) the date by which it must notify UAMPS of its election, which shall be not earlier than 30 days after the date of such notice;

(iii) the applicable Reference Project Costs; and

(iv) the maximum amount of the Participant's Capital Contribution, which shall be an amount equal to the product of (A) such Reference Project Costs and (B) the ratio of the Entitlement Share of the Participant to the Entitlement Shares of all Participants;

provided that, in connection with the financing of the Development Costs of the Initial Facilities during the Licensing Period, the Project Management Committee may (x) determine to waive the

Participants' right to elect to make a Capital Contribution, and (y) establish additional provisions for Capital Contributions to be made with respect to the estimated Development Costs during each phase of the Licensing Period and for the reconciliation of Capital Contributions made and Development Costs incurred at the end of each phase of the Licensing Period.

The Participant may elect to make a partial Capital Contribution equal to the amount of retained earnings or other legally available funds not derived from any external borrowing that it determines to apply to the Capital Contribution. In all other circumstances, a Participant may elect to make a Capital Contribution only in the amount determined under clause (iv) above.

(b) The Participant's election to make a Capital Contribution shall be made by written resolution adopted by its governing body. An original or certified copy of such resolution shall be submitted to UAMPS with the Participant's notice of its election to make the Capital Contribution. In the event that the Participant does not notify UAMPS of the determination of its governing body by the date specified in the notice provided by UAMPS, the Participant shall be deemed to have elected not to make a Capital Contribution.

(c) Following receipt of the Participant's election to make the Capital Contribution, UAMPS will provide the Participant with notice of:

(i) the date (which shall be not earlier than 30 days after the date of such notice) by which the Participant must make the Capital Contribution;

(ii) instructions for the deposit of the Capital Contribution into a separate and segregated special escrow account established under the Financing Documents; and

(iii) a written statement of information regarding UAMPS, the Project and the Project Agreements for the Participant's use in any offering material for any indebtedness to be issued to finance the Capital Contribution.

The Capital Contribution shall be held and invested in accordance with the provisions of the Financing Documents, which shall provide for the investment of the Capital Contribution, the crediting of any interest earnings for the account of the Participant and the application of the Capital Contribution by the Trustee upon the direction of UAMPS to fund a portion of the Development Costs or the Cost of Acquisition and Construction of the Initial Facilities, as applicable, and for deposit into certain funds and accounts established by the Financing Documents. If the Participant fails to make the Capital Contribution as and when required by the UAMPS' notice, it shall be deemed to have rescinded its election to make the Capital Contribution.

(d) The Participant acknowledges and agrees that the amount of the Capital Contribution to be made by the Participant will be based upon an estimate of the Development Costs or the Cost of Acquisition and Construction of the Initial Facilities, as applicable, which estimates will be subject to adjustment to reflect the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities approved by the Project Management Committee. Not more than 30 days following the determination of the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities, UAMPS shall deliver a final accounting statement to the Participant showing the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities, as applicable, the amount of and interest earnings on the Capital Contribution and any amount payable by or credited to the Participant in respect of the final Development Costs or the final Cost of Acquisition and Construction of the Initial Facilities. The Participant agrees that it will pay any additional amount payable by it shown on such accounting statement on or before the 30th day following the date of such final accounting statement, or on such later date as may be approved by the Project Management Committee.

(e) After Capital Contributions have been made by all electing Participants, UAMPS shall complete (or revise, as applicable) SCHEDULE I and provide a copy of the completed or revised SCHEDULE I to each of the Participants. With respect to all Participants and at all times, SCHEDULE I shall show that:

(i) the sum of each Participant's Capital Contribution Percentage and Debt Service Percentage equals its Entitlement Share;

(ii) the sum of the Capital Contribution Percentages and Debt Service Percentages of all Participants equals 100%; and

(iii) the sum of the Debt Service Shares of all Participants equals 100%.

UAMPS' calculation and determination of the Development Costs and the Cost of Acquisition and Construction of the Initial Facilities and the Participant's Capital Contribution Percentage, Debt Service Percentage and Debt Service Share in accordance with (i), (ii) and (iii) above shall be subject to the approval of the Project Management Committee, and upon such approval shall be conclusive and binding upon UAMPS and the Participant. UAMPS shall revise SCHEDULE I from time to time as provided herein so that it sets forth the correct Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of all Participants.

(f) The Participant acknowledges and agrees with UAMPS that:

(i) its election to make a Capital Contribution shall be irrevocable and under no circumstances whatsoever shall the Participant be entitled to a return or rebate of all or any portion of any Capital Contribution in the event that Uncontrollable Force, termination of any Project Agreements or other circumstances result in the suspension, interruption, interference, reduction, curtailment or termination of the Project or the Project Output;

(ii) the Capital Contribution shall not be deemed to constitute an investment by the Participant and the Participant shall not be entitled to any investment earnings or rate of return on the Capital Contribution, except with respect to interest earnings on the Capital Contribution pending its application as provided above; and

(iii) any Capital Contribution made by the Participant shall not change or affect UAMPS' ownership in the Project or any of the rights and obligations of UAMPS and the Participant under this Contract, except as specifically provided herein, including the right of UAMPS to suspend or terminate the Participant's right to receive the Electric Energy allocable to its Entitlement Share as provided in Section 1002.

(g) In connection with the issuance of Additional Bonds or Refunding Bonds, the Project Management Committee may determine to provide Participants with the option of making a capital contribution with respect to the Costs of the Project being financed or refinanced by the Additional Bonds or Refunding Bonds under procedures and standards substantially similar to those set forth in this Section 603, with such adjustments as the Project Management Committee shall determine to be advisable. Any capital contribution made by a Participant pursuant to this paragraph (g) shall constitute a Capital Contribution for all purposes of the Power Sales Contracts.

Section 604. DOE-Guaranteed Loan; Special Purpose Entity. (a) In order to meet the requirements of a DOE-Guaranteed Loan, in connection with the Development Agreement, or to accomplish other purposes deemed beneficial to the Project and the Participants, UAMPS may transfer all, an undivided interest in, or part of its ownership interest in the Project, the Project Agreements and/or the Permits and Approvals to a Special Purpose Entity. In the event of such a transfer, UAMPS may (i) enter into a power purchase agreement with the Special Purpose Entity for the Project Capability associated with the ownership interest transferred to the Special Purpose Entity, (ii) resell such Project Capability received under such power purchase agreement to the Participants as though it was received from UAMPS' ownership of the Project, and (iii) enter into such other agreements as may be necessary or desirable in connection with any DOE-Guaranteed Loan, the Development Agreement or the Project.

(b) Any Special Purpose Entity organized to accomplish the purposes described above shall be owned and controlled by UAMPS, and UAMPS may mortgage or encumber its interests in the Project to secure any DOE-Guaranteed Loan or other financing arrangement determined by the Project Management Committee to be beneficial to the Participants.

(c) Any DOE-Guaranteed Loan, any transfer of UAMPS' ownership interest in the Project to a Special Purpose Entity, any power purchase agreement between UAMPS and the Special Purpose Entity, and any related contracts and agreements entered into by UAMPS shall be subject to the approval of the Project Management Committee upon its determination that such transactions are beneficial to the Participants and will not adversely affect UAMPS' ability to meet its obligations under the Power Sales Contracts.

Section 605. Tax Credits; Tax Credit Agreements. UAMPS shall seek to obtain all Tax Credits that are or may become available with respect to the Project, and may enter into one or more Tax Credit Agreements to enable it to receive value for Tax Credits that cannot be utilized directly by UAMPS.

Section 606. Special Obligations. (a) Special Obligations may be sold and issued by UAMPS from time to time for the purpose of financing the Cost of Acquisition and Construction. Special Obligations shall be secured by a pledge of, and shall be payable from, the revenues and income received by UAMPS under Excess Power Sales Agreements, Tax Credit Agreements, any NPM Prepayment Agreement, and other contractual arrangements or other sources of revenue and income relating to the Project. UAMPS may enter into and adopt all indentures, bond resolutions and security arrangements necessary or desirable in connection with Special Obligations, subject to the approval of the Project Management Committee.

(b) Any advance payment or prepayment for modular reactor units made by UAMPS pursuant to an NPM Prepayment Agreement shall be financed only with the proceeds of Special Obligations and not with the proceeds of Bonds.

(c) UAMPS may refund or refinance Special Obligations with the proceeds of Special Obligations or Bonds, as approved by the Project Management Committee.

Section 607. Additional Bonds and Refunding Bonds. (a) Additional Bonds may be sold and issued by UAMPS in accordance with the provisions of the Financing Documents at any time and from time to time for the purpose of financing the Cost of Acquisition and Construction. UAMPS may incur other obligations pursuant to the Financing Documents to achieve purposes deemed beneficial to the Project.

(b) Any Additional Bonds shall be secured by the pledge made pursuant to the Financing Documents of the payments required to be made by the Participant under Section 804, as such payments may be increased and extended by reason of the issuance of Additional Bonds, and of other revenues of UAMPS attributable to the Project. Additional Bonds may be issued in amounts sufficient to pay the full amount of such costs and to provide such reserves as may be determined by UAMPS to be reasonably necessary. In the event that the Project Management Committee approves the issuance of Additional Bonds, it shall determine whether to make a capital contribution option available to the Participants and the procedures therefore.

(c) In the event Debt Service Costs may be reduced by the refunding of any Bonds then outstanding or in the event it shall otherwise be advantageous, in the opinion of UAMPS, to refund any Bonds, UAMPS may issue and sell Refunding Bonds in accordance with the Financing Documents.

(d) Any Additional Bonds or Refunding Bonds may be secured by the pledge made pursuant to the Financing Documents of the payments required to be made by the Participant under Section 804 and of other revenues of UAMPS attributable to the Project and may rank on a parity as to the security afforded by the provisions of this Contract with all Bonds theretofore issued pursuant to and secured in accordance with the provisions of the Power Sales Contracts.

Section 608. Pledge of Payments. All payments required to be made by the Participant pursuant to Section 805, together with other revenues of UAMPS attributable to the Project may be pledged by UAMPS pursuant to the Financing Documents to secure the payment of Bonds.

ARTICLE VII

PROJECT OPERATIONS AND DELIVERY OF OUTPUT

Section 701. Operation and Maintenance of the Project. (a) UAMPS covenants and agrees that, during the Operating Period, it will use Commercially Reasonable Efforts consistent with and subject to the terms and provisions of the Project Agreements to cause the Project to be operated, maintained and managed in an efficient and economical manner in accordance with Prudent Utility Practice for the joint and ratable benefit of all of the Participants. UAMPS agrees with and covenants to the Participant that UAMPS will vigorously enforce and defend its rights under the Project Agreements. The Participant acknowledges and agrees that UAMPS may, upon the approval of the Project Management Committee, from time to time enter into amendments of and supplements to any or all of the Project Agreements and that, except as otherwise required by Section 1101(c), UAMPS will not be required to obtain the consent or approval of the Participant in connection with any such supplement or amendment.

(b) The Participant hereby acknowledges and agrees that, in order to promote the efficient and economical utilization of the Project and to fully realize the benefits to the Participants of their joint and cooperative undertaking, it is necessary and desirable that UAMPS control the operation of the Project and schedule the Project Output in accordance with the provisions of the Power Sales Contracts and the directions of the Project Management Committee, and the Participant hereby authorizes UAMPS to take all actions necessary or desirable in this regard.

Section 702. Scheduling of Electric Energy; Coordination with UAMPS Pool. (a) From and after the Commercial Operation Date of the Initial Facilities, the Participant shall be entitled to use the Electric Energy allocable to the Participant's Entitlement Share. UAMPS shall schedule or cause to be scheduled such Electric Energy in accordance with this Contract and the provisions of the Project Agreements. In its discretion, the Project Management Committee may adopt operating and scheduling procedures to promote the efficient utilization of the Project, and UAMPS shall provide a copy of any such procedures to the Participant.

(b) The Participant agrees that (i) prior and as a condition to the first delivery of Electric Energy under this Contract, it will execute and deliver to UAMPS the Pooling Agreement and an appendix thereto (in a form approved by the Project Management Committee) that assigns the Electric Energy allocable to the Participant's Entitlement Share to the UAMPS Pool and (ii) it will perform its obligations under and will not take any action to terminate the Pooling Agreement and such appendix during the term of this Contract. The assignment of the Electric Energy allocable to the Participant's Entitlement Share pursuant to the Pooling Agreement and appendix shall be solely for operating and scheduling purposes and shall not constitute an assignment or transfer of the Participant's right, title and interest in and to such Electric Energy. At any time the Project is operable or operating the Participant shall not be entitled to use in any hour Electric Energy in excess of that which is allocable to the Participant's Entitlement Share, unless arrangements have been made for a planned purchase of such Electric Energy through the UAMPS Pool. Any surplus Electric Energy attributable to the Participant's Entitlement Share shall be sold or otherwise disposed of by the Participant only in accordance with the provisions of such appendix to the Pooling Agreement. In addition to any sales of surplus Electric Energy requested by the Participant through the UAMPS Pool, UAMPS will utilize Commercially Reasonable Efforts to sell, exchange or otherwise dispose of any incidental surplus Electric Power and Electric Energy attributable to the Project for the benefit of the Participants.

(c) Prior to the first delivery of Electric Energy under this Contract, the Participant shall provide to UAMPS a written schedule of the Participant's available electric resources and the order in which such resources are to be applied to meet the Participant's requirements for Electric Power and Electric Energy. UAMPS shall verify all such resources and promptly notify the Participant of any reliability or other concerns relating to such resources that could require adjustments to the schedule provided by the Participant. The Participant may revise or modify such schedule upon written notice to UAMPS at least one business day prior to the beginning of any Billing Period.

Section 703. Point of Delivery; Transmission Contracts. (a) The Electric Energy allocable to the Participant's Entitlement Share shall be delivered at the Point of Delivery. The Participant shall be responsible for, and shall pay all costs of, (i) the transmission of such Electric Energy from the Point of Delivery to its System Point of Receipt and (ii) the distribution and delivery of Electric Energy from its System Point of Receipt to its customers. The Participant shall give written notice to UAMPS of its System Point of Receipt prior to the Commercial Operation Date of the Initial Facilities or Additional Facilities, and shall give prompt written notice to UAMPS of any change to its System Point of Receipt.

(b) Upon the request of the Participant, UAMPS will use Commercially Reasonable Efforts to enter into one or more Transmission Agreements, or will utilize its transmission rights under existing Transmission Agreements, to provide for transmission service for the Electric Energy allocable to the Participant's Entitlement Share from the Point of Delivery to the Participant's System Point of Receipt. Any Transmission Agreements entered into by UAMPS for or on behalf of the Participant shall be approved by UAMPS and the Participant, and the Participant shall pay all Transmission Costs thereunder. The Participant agrees that it shall maintain (or cause UAMPS to maintain) during the term of this Contract, such Transmission Agreements as shall be necessary for the firm transmission of the Electric Energy allocable to its Entitlement Share from the Point of Delivery to its System Point of Receipt, except as may be otherwise approved by the Project Management Committee. The Participant shall provide UAMPS with copies of all Transmission Agreements utilized by it and with such other information regarding its transmission arrangements as UAMPS may reasonably request.

Section 704. Risk of Loss. Electric Energy delivered hereunder and risk of loss shall pass from UAMPS to the Participant at the Point of Delivery. As between the parties to this Contract, UAMPS shall be deemed to be in exclusive control and possession of the Electric Energy delivered hereunder, and responsible for any damage or injury caused thereby, prior to the time such Electric Energy shall have been delivered to the Participant at the Point of Delivery. After delivery of Electric Energy to the Participant at the Point of Delivery, the Participant shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. UAMPS assumes all liability for and shall indemnify, defend and hold harmless the Participant (individually) from any claims, including death of persons, arising from any act or incident occurring when title to Electric Energy is vested in it. All costs and expenses incurred by UAMPS under the foregoing indemnity shall constitute a Cost of Acquisition and Construction or an item of Operation and Maintenance Costs, as determined by the Project Management Committee. To the extent permitted by law and solely to the extent of the revenues of its electric utility system and any available insurance proceeds, the Participant assumes all liability for and shall indemnify, defend and hold harmless UAMPS and the other Participants from any claims, including death of persons, arising from any act or incident occurring when title to Electric Energy is vested in it.

Section 705. Interruption or Reduction of Deliveries. The Participant acknowledges that deliveries of Electric Energy to the Point of Delivery may be interrupted or reduced if: (i) any operator of the Project determines that such interruption or reduction is necessary in case of emergencies affecting the Project, in order to install equipment, to make repairs and replacements to, to make investigations and inspections of, or to perform maintenance work on, the Project or otherwise carry out its obligations in respect of Project operations; (ii) such interruption or reduction is required under the Interconnection Agreement or by any regulatory body, balancing authority, independent system operator, regional transmission organization or similar entity; or (iii) Electric Energy from the Project is otherwise unavailable whether due to an event of Uncontrollable Force or otherwise.

Section 706. Availability of Electric Energy. (a) Except as provided otherwise by this Contract and subject to the provisions of the Project Agreements, Electric Energy allocable to the Participant's Entitlement Share shall be made available in accordance with this Contract during the term hereof; *provided, however,* that nondelivery of Electric Energy hereunder for any reason whatsoever (i) shall not relieve the Participant from its obligation to make its payments under Section 804 and (ii) shall not impose any liability upon UAMPS for any direct or consequential damages suffered by the Participant.

(b) The Participant acknowledges and agrees that deliveries of the Electric Energy allocable to its Entitlement Share to the Point of Delivery are not firm and are contingent upon the operation of the Project and other factors. The costs of reliability and related requirements imposed upon the Project by a balancing authority, independent system operator, regional transmission organization or other regulatory or administrative body shall be payable by the Participants as an item of Operation and Maintenance Costs. To the extent that such costs are imposed upon individual Participants, they shall be the sole responsibility of the affected Participant(s).

Section 707. Environmental Attributes. (a) The Project Management Committee shall establish standards and procedures for the allocation and tracking of Environmental Attributes to the Participants, which shall provide for the allocation of Environmental Attributes to the Participants based on units of generation, unless the Project Management Committee determines that an Environment Attribute should be allocated on the basis of Entitlement Shares or on some other basis. UAMPS shall use Commercially Reasonable Efforts to facilitate the attribution and crediting of Environmental Attributes to the Participants.

(b) If the Participant determines not to use any Environmental Attributes associated with its Entitlement Share in connection with the operations of its electric utility system for any reason and for any period of time, it shall give UAMPS notice to dispose of such Environmental Attributes for the benefit of the Participant. UAMPS will use Commercially Reasonable Efforts to sell, remarket or otherwise cause such Environmental Attributes to be advantageously utilized. UAMPS and the Participant acknowledge that (i) any disposition of Environmental Attributes may constitute a disposition of Bond-financed property and may be subject to restrictions and limitations necessary to maintain the Tax Status of the Bonds, and (ii) the other Participants shall have a right of first refusal to acquire such Environmental Attributes at prevailing market prices or such other prices as the Project Management Committee may determine to be reasonable in its sole discretion.

Section 708. Reserve and Contingency Fund. (a) In addition to various funds and accounts established under the Financing Documents, UAMPS may, upon the approval of the Project Management Committee, establish an additional fund with respect to the Project known as the "Reserve and Contingency Fund" to be funded, held and applied as provided herein. Amounts on deposit in the Reserve and Contingency Fund may be used to pay or provide reserves for unusual or extraordinary Operation and Maintenance Costs, renewals, repairs, replacements, additions or betterments of or to any items included in the Project, the cost of any Additional Facilities or the cost of or reserves for the retirement, decommissioning and termination of the Initial Facilities and any Additional Facilities that will not be paid from the Decommissioning Fund.

(b) The Project Management Committee may direct UAMPS to include in the Annual Budget adopted pursuant to Section 801 an amount for deposit into the Reserve and Contingency Fund. This amount may represent either an appropriation of excess revenues from the operation of the Project during the preceding Fiscal Year or amounts to be billed to and collected from the Participants as an item of Operation and Maintenance Costs during the Fiscal Year covered by the Annual Budget.

Section 709. Insurance. UAMPS shall maintain or pursuant to the Project Agreements shall cause there to be maintained, as part of the Cost of Acquisition and Construction or Operation and Maintenance Costs, as appropriate, insurance with responsible insurers with policies against risk or direct physical loss, damage or destruction of the Project, including liability insurance and employers' liability insurance, all to the extent consistent with Prudent Utility Practice and to the extent available at reasonable cost, but in no case less than will satisfy applicable regulatory requirements and requirements of the Financing Documents.

Section 710. Damage, Destruction or Condemnation. Subject to the provisions of the Project Agreements, UAMPS shall use Commercially Reasonable Efforts to collect or cause to be collected amounts arising from insurance proceeds, condemnation awards, damages due from contractors, subcontractors or others and proceeds from the sale or other disposition of surplus property, all related to the Project, and shall apply all receipts, revenues and other moneys received by it or credited to it from the foregoing sources to the repair, reconstruction or replacement of the Project, to the retirement or defeasance of Bonds (in whole or in part), by purchase, redemption or other arrangements therefor, to the payment of other costs and expenses of UAMPS in connection with the Project or to the credit, pro rata, of the Participants, based upon their Entitlement Shares in the Project, all as provided in the Financing Documents.

Section 711. Decommissioning. (a) Upon the retirement of the Project and its removal from service, UAMPS shall take all actions necessary to Decommission the Project. The Decommissioning Fund shall be established as a separate and segregated trust fund or escrow account, and the amounts in the Decommissioning Fund shall be used solely for the payment of Decommissioning Costs and administrative and other charges permitted by the regulations of the NRC. The Decommissioning Fund shall be established and funded at the times, in the manner and in the amounts required by the Site Use Permit and the regulations of the NRC and any other federal or state agencies having jurisdiction over the Decommissioning of the Project. The Decommissioning Fund may be funded by a prepayment, by sinking fund deposits or by a surety, insurance or other guarantee method acceptable to the NRC. Pending the application of amounts on deposit in the Decommissioning Fund to pay Decommissioning Costs, the Decommissioning Fund may be invested as provided in the trust or escrow agreement. Any amounts remaining in the Decommissioning Fund upon the completion of the Decommissioning of the Project and the termination of the COL shall be applied or disbursed at the direction of the Project Management Committee.

(b) The Project Management Committee may direct UAMPS to establish other funds or accounts to provide additional reserves for the payment of Decommissioning Costs.

Section 712. Disposition or Termination of the Project. (a) Except as provided in Section 505(c), Section 604, Section 1103 and this Section, UAMPS shall not sell, lease or otherwise dispose of the Project or any substantial part of the Project without the approval of the Project Management Committee by a Super-Majority Vote. Subject to the provisions of the Financing Documents and the Project Agreements, this Section shall not prohibit a merger or consolidation or sale of all or substantially all of the property of UAMPS.

(b) Subject to the applicable provisions of the Project Agreements, if the Project shall be terminated, UAMPS shall use Commercially Reasonable Efforts to cause the Project to be economically salvaged, discontinued, disposed of or sold in whole or in part. UAMPS shall make accounting statements for each Billing Period to the Participant of all costs and any net proceeds associated therewith. Such accounting statements shall continue for such Billing Periods until the Project has been salvaged, discontinued or finally disposed of, at which time a final accounting statement with respect thereto shall be made by UAMPS at the earliest reasonable time. The costs of salvage, discontinuance or disposition shall include, but shall not be limited to, all accrued costs and liabilities resulting from the acquisition, construction, operation or maintenance of and renewals and replacements to the Project. Such costs and, subject to the provisions of the Financing Documents, the net proceeds, if any, from the sale or salvage of Project components or assets shall be allocated among the Participants based upon their respective Entitlement Shares.

ARTICLE VIII

BUDGET, BILLING AND PAYMENT

Section 801. Annual Budget; Accounting. (a) On or before 15 days prior to the estimated commencement of the first Contract Year and on or before the beginning of each Contract Year thereafter, UAMPS shall prepare and mail to the Participant an Annual Budget for the Project recommended by the Project Management Committee and approved by the Board, based, to the extent appropriate, on budgets received under the Project Agreements, showing an annual estimate for the following Contract Year of (i) Development Costs and the Participant's share of such Costs, (ii) Operation and Maintenance Costs and Debt Service Costs, and the Participant's share of such Costs, and (iii) the Transmission Costs payable by the Participant, in each case as applicable to the then-current status of the Project. The Participant shall, to the extent and in the manner deemed appropriate by the Participant, incorporate the estimates shown on the Annual Budget in its annual budgetary process.

(b) At the end of each quarter during each Contract Year and at such other times as it shall deem desirable, UAMPS shall review the Annual Budget of Operation and Maintenance Costs and Debt Service Costs for the Contract Year. In the event such review indicates that the Annual Budget does not or will not substantially correspond with actual receipts or expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary receipts, credits, expenditures or costs substantially affecting Operation and Maintenance Costs or Debt Service Costs, UAMPS shall prepare and deliver to the Project Management Committee a revised Annual Budget for its review and recommendation to the Board, incorporating adjustments to reflect such receipts, credits, expenditures or costs. Upon the approval of the Board (i) the revised Annual Budget shall thereupon supersede the Annual Budget previously in effect and (ii) UAMPS shall deliver a copy of the revised Annual Budget to each of the Participants. The revised Annual Budget and any written materials that accompany it shall specifically identify the changes from the Annual Budget that was previously in effect.

Section 802. Records and Accounting. UAMPS agrees that it will keep accurate records and accounts relating to the Project, the Project Agreements, the Cost of Acquisition and Construction, Operation and Maintenance Costs, Transmission Costs and Debt Service Costs in accordance with the Financing Documents and the Uniform System of Accounts, separate and distinct from its other records and accounts; *provided* that UAMPS may establish revenue and operation and maintenance funds that account for more than one project of UAMPS so long as UAMPS shall maintain books and records adequate to show the amounts in each of such funds allocable to each such project. Said accounts shall be audited annually by a firm of certified public accountants, experienced in public finance and electric utility accounting and of national reputation, to be employed by UAMPS. A copy of each annual audit, including all written comments and recommendations of such accountants, approved by the Members shall be furnished by UAMPS to the Participant not later than 180 days after the end of each Contract Year.

Section 803. Billing Periods. (a) The initial Billing Period to be used for the preparation, calculation and billing of the amounts payable by the Participant hereunder shall be a Month. In order to promote the efficient and economic administration of the Project, UAMPS may, at any time after the end of the initial Contract Year and from time to time thereafter, adopt another standard period of time as the Billing Period hereunder. In addition to the foregoing, UAMPS may, upon the approval of the Project Management Committee, from time to time revise the billing and payment procedures provided for in this Section to promote the efficient and economic administration of the Project or to conform such billing procedures to those utilized in connection with other projects of UAMPS.

(b) Any change in the Billing Period shall be made in the Annual Budget provided for in Section 801 and shall not be effective for at least 30 days after the mailing of notice of such change in the Billing Period or in the billing and payment procedures to the Participant. At the time of the mailing of such Annual Budget, UAMPS shall send to the Participant a revised form of the billing procedures set forth in Section 804(b), which shall reflect any changes in the dates of billing and payment and the method thereof that are necessary or desirable to make this Section correspond to the new Billing Period, such changes to become effective on the date the new Billing Period takes effect. In no event shall any such change in the Billing Period or in the billing and payment procedures increase the amounts payable by the Participant pursuant to this Section in respect of Operation and Maintenance Costs, Transmission Costs and Debt Service Costs.

Section 804. *Billings*. (a) The Participant acknowledges and agrees that it is necessary for UAMPS to recover all of the costs and expenses associated with the Project through billings to and payments by the Participants. UAMPS will apply amounts available under the DOE Cost Share and from the proceeds of Bonds issued during the Licensing Period to reduce the amounts billed to the Participants for Development Costs during the Licensing Period. UAMPS will exercise Commercially Reasonable Efforts to finance all Construction Costs, net of any Capital Contributions with Bond proceeds. During the Operating Period, UAMPS will apply the amounts received under any Excess Power Sales Agreements and any Tax Credit Agreements (in each case, only to the extent that such amounts are not pledged to the payment of Special Obligations) to reduce the amounts billed to the Participants for Operation and Maintenance Costs and Debt Service Costs. The Participant's share of Development Costs, Operation and Maintenance Costs and Debt Service Costs will equal the ratio of its Entitlement Share to the Entitlement Shares of all Participants, subject to the adjustments provided for in the Power Sales Contracts.

(b) For so long as the Billing Period is a Month, on or before the 25th day after the end of each Billing Period beginning with the first Billing Period in the first Contract Year, UAMPS shall render to the Participant a billing statement showing the amount payable by the Participant for such Billing Period in respect of: (i) Development Costs, (ii) Operation and Maintenance Costs; (iii) Transmission Costs; (iv) Debt Service Costs; and (v) any other amounts, adjustments or reconciliations payable by or credited to the Participant pursuant to this Contract or the Financing Documents and not otherwise shown. The Participant shall pay the total of such amounts at the time specified in Section 805(a), as the same may be revised from time to time. The billing statement for each Billing Period shall be based, to the fullest extent practicable, upon the actual operation of the Project during such Billing Period. To the extent that any billing statement rendered by UAMPS shall have included any estimated amounts in respect of the Participant's share of Operation and Maintenance Costs, Debt Service Costs or the Transmission Costs or other costs allocable to the Participant, such estimated amounts shall be reconciled at least once during each Contract Year with the actual operation and scheduling of the Project and the Participant shall receive a bill or credit, as applicable, to reflect such reconciliations pursuant to clause (v) of this paragraph.

(c) Debt Service Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the Financing Documents. Operation and Maintenance Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the applicable provisions of the Power Sales Contracts and the Project Agreements. UAMPS and the Participant acknowledge and agree that certain categories of costs may be financed as a Cost of Acquisition and Construction (and paid by the Participant as Debt Service Costs or through Capital Contributions) or paid by the Participant as Operation and Maintenance Costs, as determined by the Project Management Committee, but without duplication of any item of cost. Transmission Costs, including any adjustments thereto, shall be determined by UAMPS in accordance with the applicable provisions of this Contract and the Transmission Agreements. The Participant shall pay all such amounts pursuant to Section 805.

(d) In the event that the failure of a Participant to make its payments in accordance with its Power Sales Contract shall have resulted in the application of amounts in any reserve or working capital funds for the Project, any amounts thereafter paid to UAMPS, including delayed-payment and interest charges, by such defaulting Participant in respect of past due payments (i) shall be used to replenish such fund or (ii) to the extent that the other Participants shall have made up the deficiency created by such application or paid additional amounts into any such funds, shall be credited, pro rata, on the billing statements of such other Participants in the next Billing Period or Billing Periods as shall be appropriate.

Section 805. Participant's Payment Obligations. (a) Payments required to be paid by the Participant to UAMPS shall be due and payable to UAMPS at its principal office or by wire transfer to such account as UAMPS shall designate in writing to the Participant, on the 10th day of the Month following the Month in which the billing statement was rendered or at such other time as may be established by UAMPS pursuant to Section 803.

(b) If payment in full is not made by the Participant on or before the close of business on the due date, UAMPS shall impose a delayed payment charge on the unpaid amount due for each day overdue at a rate equal to the lesser of one percent per month, compounded monthly, or the maximum rate lawfully payable by the Participant; *provided, however,* that UAMPS, acting upon the direction of the Project Management Committee, may elect to waive such delayed payment charge (or portion thereof) but only to the extent that any such waiver will not adversely affect the ability of UAMPS to meet its payment obligations under the Project Agreements or the Financing Documents or materially increase the amounts payable by the other Participants. If said due date is not a business day, payment shall be made on the next following business day.

(c) The obligation of the Participant to make the payments for Development Costs, Operation and Maintenance Costs, Transmission Costs, Debt Service Costs and other amounts payable by the Participant pursuant to Section 804 is a several obligation and not a joint obligation with those of any other Participant. Prior to the Commercial Operation Date, the obligation of the Participant to make such payments shall constitute a cost of the development of a new power supply resource. From and after the Commercial Operation Date, the obligation of the Participant to make such payments shall constitute an operating expense of the Participant's electric system and a cost of purchased Electric Power and Electric Energy. In all cases, the obligation of the Participant to make the payments required by Section 804 shall be payable solely from the revenues and other legally available funds of its electric system, and in no event shall the Participant be obligated or required to levy or collect ad valorem property taxes or assessments to meet its payment obligations under this Contract. Such payments shall be made whether or not the Project or any portion thereof is acquired, completed, operable, operating, suspended or terminated, and notwithstanding the damage or destruction of the Project, the suspension, interruption, interference, reduction or curtailment of the Project Output, termination of any of the Project Agreements, loss or interruption of transmission from the Point of Delivery or termination of any Transmission Agreement, for any reason whatsoever, in whole or in part. The obligations of the Participant to make such payments shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and shall not be conditioned upon the performance by UAMPS under this or any other agreement or instrument.

Section 806. Disputed Billings. In the event of any dispute as to any portion of the billing statement for such Billing Period, the Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to UAMPS not later than the 60th day after such billing statement was submitted. Such notice shall identify the disputed billing statement, state the amount in dispute and set forth a full statement of the grounds for such dispute. No adjustment shall be considered or made for disputed charges unless such notice is given by the Participant. UAMPS shall give consideration to such dispute and shall advise the Participant with regard to its position relative thereto within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement or determination by the Project Management Committee) of the correct amount, any difference between such correct amount and such full amount shall be accounted for in the billing statement next submitted to the Participant after such determination. For the avoidance of doubt, any overpayment or underpayment determined pursuant to Section 807 shall not be considered to be a disputed payment that is subject to this Section.

Section 807. Audit Rights. (a) At its cost, the Participant may, upon the giving of not less than 15 days' prior written notice to UAMPS, but not more often than once during any two-year period, inspect and audit the books and records of UAMPS relating to the Project for the purpose of verifying the amounts payable by the Participant under this Contract within the three-year period preceding the commencement of the audit. UAMPS agrees to make available to the Participant, to the extent Commercially Reasonable, all relevant records and all requested information relating to the subject matter of any such audit, subject in all cases to any confidentiality restrictions applicable to third-party information or contracts; provided that UAMPS shall make Commercially Reasonable Efforts to obtain a waiver of such restrictions for purposes of the audit and the Participant shall execute such non-disclosure agreements as may be reasonably requested by UAMPS. Any audit shall be conducted during normal business hours, and the Participant will use Commercially Reasonable Efforts to complete any audit within one month, subject to the availability of relevant records and information and the absence of material accounting irregularities.

(b) If any audit discloses that an overpayment or underpayment has been made during the three-year period described above, the amount of the overpayment or underpayment will be promptly paid by the appropriate party, together with interest calculated at an annual rate equal to the LIBOR three-month rate published on that date in *The Wall Street Journal* (or, if *The Wall Street Journal* is not published on that date, the next date of publication, or, if such rate is not published in *The Wall Street Journal*, such rate as published in a respected daily financial periodical, or such replacement rate, agreed upon by the parties, acting in a Commercially Reasonable manner), plus 400 basis points**,** compounded daily and on the basis of a 360-day year, from the date or dates of any such overpayment or underpayment through and including the date of the payment correcting the overpayment or underpayment. Any payment made by UAMPS pursuant to this Section shall constitute an item of Operation and Maintenance Costs.

ARTICLE IX

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 901. Representations and Warranties. (a) The Participant represents and warrants to UAMPS as follows:

(i) the Participant is a municipal corporation and a political subdivision, duly created and validly existing under the laws of the State of Utah, and has all corporate power and authority necessary to enter into and perform its obligations under this Contract;

(ii) this Contract has been duly authorized, executed and delivered by the Participant and constitutes its legal, valid and binding obligation enforceable in accordance with its terms;

(iii) the execution, delivery and performance by the Participant of this Contract does not and will not (A) conflict with any constitutional, statutory or regulatory provision, judgment, decree or order applicable to the Participant and (B) constitute a breach of or a default under any bond ordinance, resolution or indenture or any contract or agreement to which the Participant is a party or to which any of the property, assets or revenues of its electric system is subject;

(iv) all Required Approvals, if any, have been obtained;

(v) to the Participant's knowledge, there is no pending or threatened action or proceeding affecting the Participant which purports to affect the authorization, legality, validity or enforceability of this Contract, the Joint Action Agreement or the Pooling Agreement; and

(vi) prior to and in connection with its approval and execution of this Contract, the Participant conducted its own review of the descriptions, information and studies regarding the Project, the Project Agreement and this Contract provided by UAMPS and made an independent determination to enter into this Contract.

(b) UAMPS represents and warrants to the Participant as follows:

(i) UAMPS is a political subdivision of the State of Utah and an energy services interlocal entity, duly created and validly existing under the Act and the Joint Action Agreement;

(ii) UAMPS has all corporate power and authority necessary to enter into and perform its obligations under this Contract;

(iii) This Contract has been duly approved by the Project Management Committee and the Board and has been duly authorized, executed and delivered by

UAMPS and constitutes its legal, valid and binding obligation enforceable in accordance with its terms;

(iv) the execution, delivery and performance by UAMPS of this Contract does not and will not (A) conflict with any constitutional, statutory or regulatory provision, judgment, decree or order applicable to UAMPS and (B) constitute a breach of or a default under any bond ordinance, resolution or indenture or any contract or agreement to which UAMPS is a party or to which any of its property, assets or revenues is subject;

(v) to UAMPS' knowledge, there is no pending or threatened action or proceeding affecting UAMPS which purports to affect the authorization, legality, validity or enforceability of this Contract, the Joint Action Agreement or the Pooling Agreement; and

(vi) the descriptions, information and studies regarding the Project, the Project Agreement and this Contract provided to the Participant by UAMPS have been prepared in good faith based upon the facts and information known to UAMPS at the time, and UAMPS has no reason to believe that such descriptions, information and studies taken as a whole are incorrect or misleading in any material respect.

Section 902. Information to Be Made Available. (a) UAMPS shall make available for examination by the Participant at reasonable times (subject to their availability to UAMPS under the applicable provisions of the Project Agreements):

(i) all books of accounts, records, documentation and contracts in the possession of UAMPS relating to the Project;

(ii) copies of all agreements and data in the possession of UAMPS relating to the financing of the Project;

(iii) copies of all operating and financial records and reports relating to the Project in the possession of UAMPS;

(iv) copies of policies of insurance carried pursuant to Section 709; and

(v) such other information and documents with respect to the Project as the Participant may reasonably request from time to time.

To the extent that any of the foregoing items are subject to confidentiality restrictions or include non-public information, UAMPS shall exercise Commercially Reasonable Efforts to obtain a waiver of such restrictions for purposes of the Participant's examination and the Participant shall execute such non-disclosure agreements as may be reasonably requested by UAMPS.

(b) The Participant acknowledges that the ability of UAMPS to issue and sell the Bonds depends upon, among other things, the credit standing of the Participants and their electric systems, and that it will be necessary for UAMPS to provide certain information with respect to the

Participants and their electric systems in connection with the sale of the Bonds (whether or not the Participant is making a Capital Contribution). In addition, UAMPS may be required to enter into continuing disclosure undertakings pursuant to Rule 15c2-12 of the Securities and Exchange Commission (or other law or regulation) to provide annual financial and operating information with respect to the Project and the Participants. The Participant covenants to and agrees with UAMPS that it will provide all information with respect to the Participant and its electric system, including financial and operating information and all contracts, documents, reports, bond resolutions and indentures, as may be requested by UAMPS or its counsel in connection with the financing of the Project, the issuance of the Bonds and compliance with such continuing disclosure undertakings.

(c) The Participant covenants to and agrees with UAMPS that the Participant will furnish to UAMPS (i) concurrently with its execution and delivery of this Contract and not later than 180 days after the end of each fiscal year of the Participant thereafter (or such later date as may be permitted by law), (A) a copy of the most recent annual financial statements of the Participant and its electric enterprise fund, audited by an independent certified public accountant or firm of such accountants, together with copies of all management letters and written recommendations and comments submitted by the accountants making such audit, and (B) the information and documents described in EXHIBIT II attached hereto, and (ii) such other information and documents as UAMPS may reasonably request from time to time.

(d) The Participant may notify UAMPS if non-public information is contained in the materials provided under EXHIBIT II. UAMPS agrees to (i) classify any such non-public information as "protected records" within the meaning of, and to the extent permitted under, the Utah Government Records Access and Management Act, (ii) agrees to cooperate with the Participant to appropriately classify any such non-public information under such other public records laws that apply to the Participant and (iii) notify the Participant of any demand for disclosure of such information and will cooperate with the Participant in contesting any such disclosure demand.

(e) Concurrently with its execution and delivery of this Contract, the Participant shall deliver to UAMPS (i) a certificate, together with attached exhibits, in substantially the form attached hereto as EXHIBIT III and (ii) an opinion of counsel in substantially the form attached hereto as EXHIBIT V. In connection with each issuance of Bonds by UAMPS and at such other times as UAMPS may reasonably request, the Participant shall deliver to UAMPS (iii) a bring-down certificate in substantially the form attached hereto as EXHIBIT IV, and (iv) a bring-down opinion of counsel in substantially the form attached hereto as EXHIBIT VI.

Section 903. Covenants and Agreements of the Participant. The Participant covenants to and agrees with UAMPS as follows:

(a) *Maintenance of Rates.* The Participant shall establish, maintain, revise, charge and collect rates for electric service rendered by it to its customers so that such rates shall provide revenues which, together with other funds reasonably estimated to be available, will be sufficient to meet the Participant's obligations to UAMPS under this Contract, to pay all other operating expenses of the Participant's electric system and to provide revenues sufficient to pay all obligations of the Participant payable from, or constituting a charge or lien on, the revenues of its electric system and, to the extent being paid from the revenues of its electric system, all general obligation bonds of the Participant now or hereafter outstanding.

(b) *Maintenance of Revenues*. The Participant shall promptly collect all charges due for electric utility services supplied by it as the same become due. The Participant shall at all times maintain and shall exercise Commercially Reasonable Efforts to enforce its rights against any person, customer or other entity that does not pay such charges when due.

(c) *Sale or Assignment of Electric System or Power Sales Contract*. During the term of this Contract, the Participant shall not assign, sell, lease or otherwise dispose of all or substantially all of its electric system or this Contract, except upon compliance with the provisions of Sections 303 or 304, as applicable.

(d) *Prudent Utility Practice*. The Participant shall, in accordance with Prudent Utility Practice, (i) at all times operate its electric system and the business thereof in an efficient manner, (ii) maintain its electric system in good repair, working order and condition, (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the electric system, so that at all times the business thereof shall be properly conducted, and (iv) duly perform its obligations under all power supply and transmission service agreements to which it is a party.

(e) *Operating Expenses*. UAMPS and the Participant intend that the payments to be made by the Participant to UAMPS pursuant to this Contract will be payable (i) if and to the extent that any payments are required to be made prior to the Commercial Operation Date, from the revenues and income derived from the operation of the Participant's electric system as a cost of the development of a new long-term power supply resource, (ii) from and after the Commercial Operation Date as a cost of purchased electric power and energy, and (iii) in each case as an operating expense of the Participant's electric system and a first charge, together with all other operating expenses, on the revenues derived from the operation of the Participant's electric system; *provided that* if any amount payable by the Participant under this Contract is prohibited from being paid as an operating expense of the Participant's electric system under applicable law or a binding contractual obligation, such amount shall be payable from the available revenues and income of the Participant's electric system. The Participant covenants to and agrees with UAMPS that it will, unless otherwise required by applicable law or under a binding contractual obligation, include the annual payments required to be made by it under this Contract as a cost of purchased electric power and energy as an operating expense in the annual operating budget of its electric system and in any resolution, ordinance or indenture providing for future borrowings for the Participant's electric system.

(f) *Tax Status*.

(i) The Participant agrees that it will apply all of the Electric Energy acquired under this Contract to a Qualified Use and that it will not take or omit to take any action (whether with respect to the Electric Energy or Environmental Attributes acquired under this Contract or otherwise) which could, either alone or in conjunction with any other similar actions by the Participant or other Participants, adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. Upon any breach of the foregoing covenants, the Participant shall take and pay the costs of all remedial actions as may be directed by UAMPS in order to maintain the Tax Status of the Bonds.

(ii) The Participant represents and warrants that, as of the Effective Date, it has no contracts (and has no current expectation of entering into any contracts) other than Permitted Contracts to provide electric service to any purchaser. At least thirty days prior to entering into any such contract, the Participant shall notify UAMPS of its intent to enter into such contract and provide copies of such contract to UAMPS. Within thirty days after receipt of such notice, UAMPS shall advise the Participant as to whether, in the opinion of Bond Counsel, such contract would result in a violation of the covenant in clause (i) above. The cost of such opinion and other reports necessary in connection therewith shall be borne by the Participant.

(iii) The Participant agrees to provide such information as UAMPS may request and to comply with such additional instructions as may be provided by UAMPS in order to confirm and maintain the Qualified Use of the Electric Energy sold under this Contract and its use of Environmental Attributes in accordance with the provisions of this Section and Section 707.

ARTICLE X

DEFAULT AND REMEDIES

Section 1001. Default by Participant. Each of the following shall constitute a "default" by the Participant under this Contract:

(a) failure of the Participant to make to UAMPS any of the payments for which provision is made in this Contract within five business days after the due date of any such payment; or

(b) failure by the Participant to observe any of the covenants, agreements or obligations on its part contained herein and failure to remedy the same for a period of sixty days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given by or on behalf of UAMPS; or

(c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including proceedings under Title 11, Chapter 9, United States Code or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors, are instituted by or against the Participant and, if instituted against the Participant, said proceedings are consented to or are not dismissed within thirty (30) days after such institution.

Section 1002. Continuing Obligation of Participant; Right of UAMPS to Discontinue Service. (a) In the event of any default described in Section 1001, the Participant shall not be relieved of its liability for payment of any amounts in default or its failure to observe its covenants, agreements and obligations hereunder and UAMPS shall have the right to recover from the Participant any amount in default. In enforcement of any such right of recovery, UAMPS may bring any suit, action, or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of the Participant hereunder or the obligation of the Participant to make any payment for which provision is made in this Contract.

(b) In addition to proceeding with its rights against a defaulting Participant pursuant to paragraph (a) above, UAMPS may, upon not less than thirty (30) days' written notice from UAMPS to the defaulting Participant, suspend or terminate the Participant's right to receive its Entitlement Share under this Contract. Such notice shall be entitled "NOTICE OF DEFAULT UNDER CARBON FREE POWER PROJECT POWER SALES CONTRACT" and shall: (i) describe the type and amount of payments that are then due and unpaid (in the case of a default under Section 1001(a)) or the nature of such default (in the case of a default under Section 1001(b) or (c)); and (ii) state that the failure to make full and timely payment of all amounts due and payable hereunder, or otherwise to cure such default, within thirty (30) days from the date such notice is received by the defaulting Participant (as determined pursuant to Section 1105) could result in the suspension or termination of its Entitlement Share, in whole or in part. UAMPS shall have no obligation to provide further notice of the default and its consequences to the defaulting Participant. UAMPS shall deliver promptly a copy of each notice delivered pursuant to this paragraph to the nondefaulting Participants.

(c) If the defaulting Participant in good faith disputes the basis for or the validity of the default(s) described in the written notice of UAMPS, including any amounts stated in the notice as being due and unpaid, it shall nevertheless make such payment within said thirty (30)-day period under written protest directed to UAMPS specifying the basis upon which the protest is based. Protested payments shall be treated as a dispute in a monthly billing statement and UAMPS shall consider such dispute as provided in Section 806. All other disputes shall be addressed as provided in Section 1005(b).

(d) In connection with its determination to suspend or terminate a defaulting Participant's Entitlement Share, UAMPS shall take into account, among such other matters as it shall deem relevant, the amounts and due dates of its payment obligations under the Project Agreements and the Financing Documents and the funds and revenues available to UAMPS to enable it to meet its obligations thereunder.

(e) In the event that UAMPS has suspended (but not terminated) a defaulting Participant's right to receive the Electric Energy allocable to its Entitlement Share, such Participant may restore its right to receive such Electric Energy by (i) taking all actions on its part necessary to cure or remedy the default, (ii) paying all amounts necessary to compensate the nondefaulting Participants and UAMPS for fees, costs, expenses and losses incurred by them as a result of such default, and (iii) taking such other action and paying such amounts, including providing such adequate assurances of performance (such as a prepayment or the posting of a security deposit) as may be reasonably required by the Project Management Committee.

(f) The suspension or termination of a defaulting Participant's right to receive its Entitlement Share and any actions taken by UAMPS pursuant to Section 902 shall not terminate, reduce or modify the defaulting Participant's obligations and liabilities under its Power Sales Contract. The defaulting Participant shall remain liable under all billing statements rendered by UAMPS, whether prior or subsequent to the default, and UAMPS for itself and on behalf of the nondefaulting Participants shall be entitled to recover from the defaulting Participant all damages, legal fees, costs and expenses incurred by UAMPS and the nondefaulting Participants as a result of such default. UAMPS shall exercise Commercially Reasonable Efforts to mitigate the damages resulting from the Participant's default.

Section 1003. Transfer of Entitlement Share Following Default; Other Actions by UAMPS. (a) UAMPS and the Participant acknowledge that a default by any of the Participants under its Power Sales Contract could reduce the revenues available to UAMPS which are necessary in order for UAMPS to meet its obligations under the Project Agreements and the Financing Documents on a timely basis. In the event of an insufficiency of revenues and an inability of UAMPS to meet timely such obligations, the ability of UAMPS to deliver Electric Energy from the Project and the interests of all of the Participants will be materially and adversely affected. The provisions of this Section are intended to provide a means to assure the sufficiency of revenues to UAMPS following a default by a Participant under its Power Sales Contract. The Participants agree that the provisions of this Section are reasonable and necessary in order for them to achieve the benefits of their joint and cooperative undertaking with respect to the Project.

(b) In the event of a default by any Participant and suspension or termination of the Participant's right to receive its Entitlement Share pursuant to Section 1002, but only if the Project has not been terminated, UAMPS and the nondefaulting Participants shall take the following actions in the order set forth below:

(i) UAMPS shall immediately allocate all of the defaulting Participant's Entitlement Share among all of the nondefaulting Participants, pro rata on the basis of their then-current Entitlement Shares, which shall remain in effect only until the completion of the procedures provided for in this paragraph (b). UAMPS shall provide written notice to the nondefaulting Participants of the initial allocation of the defaulting Participant'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 and (to the extent applicable) the revised Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants as a result of such allocation, (C) direct each of the nondefaulting Participants to make an election pursuant to subparagraph (2) below, and (D) set forth the date by which each of the nondefaulting Participants must notify UAMPS of such election. The initial allocation of the defaulting Participant's Entitlement Share and the increased Entitlement Shares and the revised Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants 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 in this paragraph (b). During such period, each of the nondefaulting Participants shall have all of the rights, benefits, obligations and responsibilities associated with its increased Entitlement Share and its revised Capital Contribution Percentage, Debt Service Percentage and Debt Service Share as a result of such allocation.

(ii) Within sixty days after the initial allocation of the defaulting Participant's Entitlement Share, each nondefaulting Participant shall notify UAMPS in writing of its election to: (A) retain all of its initial allocation of the defaulting Participant's Entitlement Share; or (B) retain none or less than all of such allocation. Any Participant that elects to retain all of its initial allocation of the defaulting Participant's Entitlement Share shall be deemed to have fully satisfied its step-up obligations under this Section and shall not thereafter be required to accept any additional allocation of the defaulting Participant's Entitlement Share; *provided* that any such nondefaulting Participant may give notice to UAMPS of its request to acquire additional amounts of the defaulting Participant's Entitlement Share as may be available.

(iii) Within thirty (30) days after its receipt of the elections of all nondefaulting Participants pursuant to subparagraph (ii), UAMPS shall determine whether the nondefaulting Participants have elected to retain all of the defaulting Participant's Entitlement Share. In the event that one or more of the nondefaulting Participants elected to retain less than all of the initial allocations of the defaulting Participant's Entitlement Share, UAMPS shall reallocate the remaining amounts of the defaulting Participant's Entitlement Share proportionally among those nondefaulting Participants that have requested additional amounts of the defaulting Participant's Entitlement Share. To the extent that any part of the defaulting Participant's Entitlement Share is then unallocated, UAMPS shall next reallocate the remaining portion of the defaulting Participant's Entitlement Share proportionally among those Participants 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 Participants in effect immediately prior to the defaulting Participant's default.

(iv) In no event shall the final allocation of a defaulting Participant's Entitlement Share pursuant to subparagraph (iii) (or the total of all such allocations in the event of multiple Participant defaults) cause any nondefaulting Participant's Entitlement Share to increase by more than 25% over its "Adjusted Entitlement Share" without such Participant's consent. The "Adjusted Entitlement Share" is the Participant's Entitlement Share shown on SCHEDULE I on and as of the Effective Date, as such Entitlement Share may have previously been increased upon an assignment to the Participant pursuant to Section 303.

(v) Each allocation or reallocation of a defaulting Participant's Entitlement Share shall also allocate or reallocate the defaulting Participant's Capital Contribution Percentage and Debt Service Percentage to the nondefaulting Participants receiving such allocation or reallocation. The Capital Contribution Percentage and the Debt Service Percentage of the defaulting Participant shall be allocated to each of such nondefaulting Participants proportionally based upon the respective amounts of the defaulting Participant's Entitlement Share that are allocated or reallocated to them. The standards set forth in Section 603(e) shall apply to the foregoing computations.

(vi) UAMPS shall deliver, promptly after making the determinations and reallocations required by this paragraph (b), a notice to the nondefaulting Participants which notice shall (A) set forth the final allocation of the defaulting Participant's Entitlement Share pursuant to subparagraph (iii), and the effective date of the final allocation, and (B) include a revised SCHEDULE I showing the revised Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares, respectively, of the nondefaulting Participants upon the final allocation pursuant to subparagraph (iii). The Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares shown on such revised SCHEDULE I shall thereafter be the Entitlement Shares, Capital Contribution Percentages, Debt Service Percentages and Debt Service Shares of the nondefaulting Participants.

(vii) Any portion of the Entitlement Share of a defaulting Participant allocated or reallocated to a nondefaulting Participant pursuant to this paragraph (b) shall become a part of and shall be added to the Entitlement Share of the nondefaulting Participant, and from and after the date of such transfer the nondefaulting Participant shall be obligated to pay for its increased Entitlement Share pursuant to the terms and provisions of this Contract. The defaulting Participant shall remain liable to UAMPS and the nondefaulting Participants for costs incurred and damages suffered by them in connection with the actions taken with respect to the defaulting Participant's Entitlement Share provided for in this Section.

(c) If, as a result of the limitation stated in subparagraph (b)(iv) above, any portion of a defaulting Participant's Entitlement Share remains unallocated or upon the request of any nondefaulting Participant, UAMPS shall use Commercially Reasonable Efforts to sell or dispose of the unallocated or designated Entitlement Share or the associated Project Capability and Environmental Attributes. In the event that UAMPS, based upon the advice of Bond Counsel, determines that any such sale or disposition could adversely affect the Tax Status of any Bonds, UAMPS will, in a Commercially Reasonable manner, take such remedial actions as may be designated by Bond Counsel in order to maintain the Tax Status of such Bonds. The defaulting Participant shall be liable for the costs, fees and expenses incurred by UAMPS in connection with any such sale, disposition or remedial action.

(d) In connection with any action taken by it pursuant to this Section, UAMPS shall take into account the proceeds received or to be received from such sale or disposition and shall, to the extent necessary, but subject to the limitation stated in paragraph (b)(iv) above, make adjustments to the Entitlement Share, Capital Contribution Percentage, Debt Service Percentage and Debt Service Share of each of the nondefaulting Participants to reflect such sale or disposition and to ensure the receipt of revenues sufficient to enable UAMPS to meet its obligations under the Project Agreements and the Financing Documents. The Participant acknowledges that such adjustments may, under certain circumstances, result in a change in the Participant's share of Operation and Maintenance Costs and Debt Service Costs without a corresponding change in the Participant's Entitlement Share. Upon the completion of the procedures provided for in this Section, UAMPS shall prepare and send to each of the Participants a final revised SCHEDULE I, setting forth the Entitlement Shares, the Capital Contribution Percentages, Debt Service Percentages and Debt

Service Shares, respectively, of the nondefaulting Participants reflecting the procedures and actions taken pursuant to this Section.

Section 1004. Other Default by Participant. In the event of a failure of the Participant to observe, keep and perform any of the covenants, agreements or obligations on its part contained in this Contract, UAMPS may, in addition to its other rights hereunder, bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Contract against the Participant.

Section 1005. Default by UAMPS; Dispute Resolution. (a) In the event of any default by UAMPS under any covenant, agreement or obligation of this Contract, the Participant's sole remedy for such default shall be limited to mandamus, injunction, action for specific performance or any other available equitable remedy as may be necessary or appropriate and in no event shall the Participant withhold or offset any payment owed to UAMPS hereunder.

(b) Prior to and as a condition to the filing of any action with respect to this Contract under paragraph (a) above, the Participant shall first submit the dispute or matter in question to the Project Management Committee for mediation by giving notice in writing to UAMPS and the Chair of the Project Management Committee describing the dispute or matter and the issue or issues to be resolved. The Participant agrees to participate fully and in good faith in all mediation proceedings of the Project Management Committee. In the event that the Project Management Committee is unable to resolve or mediate such dispute or matter within 120 days after UAMPS has received written notice of the dispute, the Participant shall have the right to initiate such proceedings as it may deem necessary pursuant to paragraph (a).

Section 1006. Abandonment of Remedy. In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceedings shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of UAMPS and the Participant shall continue as though no such proceedings had been taken.

Section 1007. Waiver of Default. Any waiver at any time by either UAMPS or the Participant of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with this Contract, shall not be a waiver with respect to any subsequent default, right or matter.

ARTICLE XI

GENERAL PROVISIONS

Section 1101. Relationship to and Compliance with Other Instruments. (a) It is recognized by the parties hereto that UAMPS, in undertaking, or causing to be undertaken, the planning, financing, construction, acquisition, operation and maintenance of the Project, must comply with the requirements of the Financing Documents, the Project Agreements and all Permits and Approvals necessary therefor, and it is therefore agreed that this Contract is made subject to the terms and provisions of the Financing Documents, the Project Agreements and all such Permits and Approvals.

(b) The Participant acknowledges that (i) UAMPS' rights under the Project Agreements are limited to those specifically set forth therein, and (ii) upon any default or performance failure by the other parties to such Project Agreements, UAMPS' remedies will be limited to those set forth in the applicable Project Agreements. The Participant understands and agrees that, this Contract and UAMPS obligations under it are subject to the terms and requirements of the Project Agreements, the Financing Documents and the Permits and Approvals for the Project.

(c) UAMPS covenants and agrees that it will use Commercially Reasonable Efforts for the benefit of the Participant to comply in all material respects with all terms, conditions and covenants applicable to it contained in the Financing Documents, the Project Agreements and all Permits and Approvals, and that it will not, without the consent of the Participant, enter into any amendment or modification of the Financing Documents or the Project Agreements which will change the Participant's Entitlement Share or which will materially and adversely affect the rights and obligations of the Participant hereunder. To the extent that the Power Sales Contracts provide that UAMPS, the Board or the Project Management Committee has discretion over a particular matter, UAMPS (acting upon the recommendation of the Project Management Committee and the approval of the Board) may agree in the Financing Documents or the Project Agreements to limitations, conditions or restrictions on such discretion.

Section 1102. Liability of Parties. UAMPS and the Participant shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall, to the extent permitted by law, indemnify and save harmless the other from all liability and expense on account of any and all damages, claims, or actions, including injury to or death of persons arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party and not caused in whole or in part by the negligence of the other party; *provided* that (i) any liability of the Participant shall be payable only from insurance coverage and the available income and revenues of its electric system, and (ii) any liability which is incurred by UAMPS through the acquisition, construction, operation and maintenance of the Project or pursuant to the Project Agreements and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of UAMPS hereunder, and any payments made by UAMPS to satisfy such liability shall, except to the extent paid from proceeds of Bonds or Capital Contributions, become part of Operation and Maintenance Costs.

Section 1103. Assignment. (a) This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; *provided, however,* that neither this Contract nor any interest herein shall be transferred or assigned by either party hereto except as follows:

(i) UAMPS may assign its interests under this Contract or all or any portion of the amounts payable by the Participant hereunder pursuant to the Financing Documents as described in paragraph (b) below;

(ii) UAMPS may sell, transfer or reallocate all or any portion of the Participant's Entitlement Share following a default by the Participant and a discontinuance of service as provided in Section 1002;

(iii) after such point in time as all Bonds issued under the Financing Documents have been paid or deemed to have been paid as provided in the Financing Documents, UAMPS may, upon the approval of the Project Management Committee, assign this Contract and pledge the amounts payable by the Participant hereunder;

(iv) the Participant shall assign the Electric Energy allocable to the Participant's Entitlement Share to the UAMPS Pool as provided in Section 702(b); and

(v) the Participant may assign or transfer all or any portion of its Entitlement Share or its interests under this Contract only as provided in Sections 303 or 304, as applicable.

(b) The Participant acknowledges and agrees that UAMPS may assign and pledge to the Trustee designated in the Financing Documents all or any portion of its right, title, and interest in and to the payments to be made to UAMPS under the provisions of this Contract, as security for the payment of the principal (including sinking fund installments) of, premium, if any, and interest on Bonds and, upon such assignment and pledge, UAMPS may grant to the Trustee any rights and remedies herein provided to UAMPS, and thereupon any reference herein to UAMPS shall be deemed, with the necessary changes in detail, to include the Trustee which on behalf of and together with the owners from time to time of the Bonds shall be third party beneficiaries of the covenants and agreements of the Participant herein contained.

(c) The Participant acknowledges and agrees that it may not pledge, assign, encumber or transfer its interests under this Contract to secure any financing undertaken by or for it to fund any Capital Contribution to UAMPS.

Section 1104. Amendments. (a) This Contract shall not be amended, modified, or otherwise altered in any manner that will adversely affect the security for the Bonds afforded by the provisions of this Contract. So long as any of the Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Financing Documents, this Contract shall not be amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Bonds or extend the time of such payments provided herein or which will in any manner impair or adversely affect the rights of the owners from time to time of the Bonds. For the avoidance of doubt, any actions taken by UAMPS or the Participant under or pursuant to this Contract that are required or permitted by this Contract shall not be deemed to constitute an amendment, modification or alteration of this Contract within the meaning of this paragraph.

(b) No Power Sales Contract entered into between UAMPS and another Participant may be amended so as to provide terms and conditions that are substantially and materially different from those contained in this Contract except upon written notice to and written consent or waiver by each of the other Participants, and upon similar amendment being made to the Power Sales

Contracts of any other Participants requesting such amendment after receipt by such Participants of notice of such amendment. No amendment to this Contract shall become effective until all Required Approvals have been obtained by or on behalf of the Participant.

(d) In connection with any revision or amendment of the billing procedures provided for in Section 803, Section 804 or of any of the Exhibits attached hereto, UAMPS shall promptly provide a copy of the revision or amendment to the Participant.

Section 1105. Notices and Computation of Time. (a) All notices, demands or other communications made pursuant to this Contract (each, a *"Notice"*) may be sent by facsimile, electronic mail, other mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivery. Notice shall be deemed given when received by the addressee, unless received on a day that is not a business day or received after 5:00 p.m. (receiving party's local time) on a business day, in which case Notice shall be deemed to have been received on the next following business day. In the absence of proof of the actual receipt date, the following presumptions will apply: (i) Notice sent by facsimile or electronic mail shall be deemed to have been received upon the sending party's receipt of electronic confirmation of successful transmission; (ii) Notice sent by overnight mail or courier shall be deemed to have been received on the next business day after it was sent or such earlier time as is confirmed by the receiving party; and (iii) Notice sent by first class mail shall be deemed to have been received five business days after mailing.

(b) All Notices shall be sent by UAMPS to the business address, facsimile address or e-mail address of the Participant's Representative. All Notices shall be sent by the Participant to the business address, facsimile address or designated e-mail address of UAMPS. Either party may change its Notice address(es) by Notice to the other party.

Section 1106. Relationship of UAMPS and the Participant; Relationship Among Participants. (a) This Contract is not intended to create, nor shall it be deemed to create, any relationship between UAMPS and the Participant other than that of independent parties contracting with one another for the purpose of effectuating the provisions of this Contract.

(b) The covenants, obligations, liabilities, rights and benefits of the Participant under this Contract are individual and not joint and several, or collective, with those of any other Participant. Other than giving effect to the joint and cooperative action of UAMPS on behalf of the Participants, the Power Sales Contracts shall not be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation or liability on, between or among the Participant and any one or more of the Participants. No Participant shall be or be deemed to be under the control of, nor shall any Participant control or be deemed to control, any or all of the other Participants or the Participants as a group. No Participant shall be bound by the actions of any other Participant, nor shall any Participant be deemed to be the agent of any other Participant or have the right to bind any other Participant.

S*ection 1107. No Recourse Against Officers, Etc. of UAMPS or Participant*. No member of the governing body, nor any officer or employee of UAMPS or the Participant shall be individually or personally liable for any payment under this Contract or be subject to any personal liability or accountability by reason of the execution of this Contract; *provided, however,* that this Section shall not relieve any officer or employee of UAMPS or the Participant from the performance of any official duty imposed by law.

Section 1108. Contract Beneficiaries. This Contract is entered for the benefit of and as the binding agreement of UAMPS and the Participant. The Trustee and the owners of the Bonds are the only third-party beneficiaries of this Contract, as and to the extent provided in the Financing Documents.

Section 1109. Governing Law; Jurisdiction and Venue. (a) This Contract is made under and shall be governed by the law of the State of Utah; *provided, however,* that if the Participant is organized or created pursuant to the laws of another state, then the authority of the Participant to execute and perform its obligations under this Contract shall be determined under the laws of such state.

(b) All judicial proceedings brought against either party arising out of or relating hereto shall be brought exclusively in the courts of the State of Utah or of the United States of America for the District of Utah. By executing and delivering this Contract, each party, for itself and in connection with its properties, irrevocably accepts generally and unconditionally the nonexclusive jurisdiction and venue of such courts; waives any defense of *forum non conveniens*; agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to the party at its address provided in accordance with Section 1105; and agrees that service as provided above is sufficient to confer personal jurisdiction over the party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect.

Section 1110. Severability; No Merger. (a) If any section, paragraph, clause or provision of this Contract shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein.

(b) This Contract constitutes the entire and complete agreement of UAMPS and the Participant in respect of the Project and shall not be nor shall it be deemed to be modified, amended or superseded by any other agreement or contract between UAMPS and the Participant in respect of any other project or subject.

(*Signature pages follow.*)

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their proper officers respectively, being thereunto duly authorized, and their respective corporate seals to be hereto affixed, as of the day, month and year first above written.

KAYSVILLE CITY, UTAH

By:_____________________________________
Its Mayor

[SEAL]

ATTEST AND COUNTERSIGN

By:___________________________________
Title: City Recorder

Date of Execution and
Delivery: _______________________

Approved as to proper form and
compliance with applicable law:

By:___________________________________
Attorney for Participant

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By:______________________________________
Chairman

[SEAL]

ATTEST AND COUNTERSIGN

By:______________________________
Secretary

Date of Execution and
Delivery: _______________________

Approved as to proper form and
compliance with applicable law:

By:___________________________________
Attorney for UAMPS

SCHEDULE I

SCHEDULE OF PARTICIPANTS, ENTITLEMENT SHARES, CAPITAL CONTRIBUTION PERCENTAGES, DEBT SERVICE PERCENTAGES AND DEBT SERVICE SHARES

PARTICIPANT	KW AMOUNT	ENTITLEMENT SHARE	DEVELOPMENT COST SHARE
		%	%
TOTAL		%	%

EXHIBIT I

DESCRIPTION OF THE INITIAL FACILITIES

The following is a preliminary and summary description of the Initial Facilities. This description is subject to change based upon selection of the Contractor, the negotiation of the final terms of the Construction Contracts and the construction of the Initial Facilities. The final description of the Initial Facilities will be approved by the Project Management Committee after the Project achieves commercial operation.

PARTICIPANT ____________________
FISCAL YEAR ____________________

EXHIBIT II

FORM OF PARTICIPANT'S ANNUAL INFORMATION REPORT*

SYSTEM DESCRIPTION

Incorporated area of municipality _________________ square miles.

Service area of utility ________________ square miles.

Transmission and distribution lines _______________ miles.

Number of employees in electrical department ________________. (Include sum of shared employees' time in other city offices to determine equivalent full-time employees.)

Number of customers served outside the city limits __________________.

Service area outside of the city limits ________________ square miles.

NUMBER OF ELECTRICAL CUSTOMERS AND TYPE OF LOAD SERVED

TYPE OF CUSTOMER	NUMBER OF CUSTOMERS
Residential	
Commercial	
Industrial	
Agricultural and Pumping	
Military and Other	
Total	

Annual audit will be sent to UAMPS as soon as completed after the fiscal year.

Electric Rate Schedules for the above classes of service are attached hereto.

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* Under Section 902(d) of the Power Sales Contract, UAMPS has agreed to classify certain of the information provided by the Participant on this Exhibit II as a "protected record", pursuant to the Participant's request. The Participant must also take any actions necessary on its part to appropriately classify and protect such information provided in this Exhibit.

Customer Sales by Class

Total sales to your customers ____________________________________ kWh.

Revenues from energy sales to your customers in $_______________________.

	KWH SALES	REVENUES $
Residential		
Commercial		
Industrial		
Agricultural		
Other		
Total		

GENERATION
PRODUCED FOR SYSTEM LOAD

	GENERATING UNIT PRODUCTION							
	#1		#2		#3		#4	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh
July								
August								
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
TOTAL								

SYSTEM PEAK INCLUDING LOAD
COVERED BY OWN GENERATION

	kW		kW
July		January	
August		February	
September		March	
October		April	
November		May	
December		June	

FIVE LARGEST LOADS

	TYPE OF BUSINESS	KWH SOLD	ANNUAL ELECTRICAL BILLINGS
1.			
2.			
3.			
4.			
5.			

ACHIEVEMENTS

Provide below the achievements of your utility for the year.

EXHIBIT III

FORM OF CERTIFICATE OF PARTICIPANT

STATE OF ___________)
)
COUNTY OF _________)

The undersigned hereby certify that they are the [Executive Officer] and [Clerk/Recorder/Secretary] of ______________________________ (the *"Participant"*), a member of Utah Associated Municipal Power Systems (*"UAMPS"*), and that as such they are authorized to execute this Certificate on behalf of the Participant and hereby certify as follows:

1. This Certificate has been executed pursuant to Section 902(e) of the Carbon Free Power Project Power Sales Contract, dated as of April 1, 2018 (the *"Power Sales Contract"*), between the Participant and UAMPS, in connection with the execution and delivery of the Power Sales Contract. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

2. The Participant is a ______________, duly created and validly existing under the laws of the State of ____________, and is governed by a _____________ (the *"Governing Body"*) composed of «number» members.

3. Attached hereto as *Exhibit A* is a true, complete and correct copy of a resolution authorizing the execution and delivery of the Power Sales Contract and related matters (the *"Contract Resolution"*). The Contract Resolution was duly adopted by a majority of the Governing Body present and voting at a [regular/special] public meeting of the Governing Body held on __________, at which a quorum was present and acted throughout, all in accordance with law and applicable procedural rules of the Governing Body. The Contract Resolution is in full force and effect and has not been amended, modified, repealed or supplemented.

4. The names of the [Executive Officer] and the [Secretary/Clerk/Recorder] authorized to execute and deliver the Power Sales Contract on behalf of the Participant are as follows:

NAME	OFFICE
«officer»	«office»
«officer»	«office»

5. The __________, meeting of the Governing Body in connection with the authorization of the Power Sales Contract was open to the public at all times and was duly called, noticed and held in conformity with applicable laws of the State and procedural rules of the Governing Body.

6. (a) No petition was filed with the Participant or any of its officers seeking to refer the Contract Resolution to the electors of the Participant in accordance with the provisions of state law; and (b) no litigation has been instituted, is pending or has been threatened to require a referendum election on the Contract Resolution.

7. The Participant owns and operates an electric utility system (the *"System"*) that distributes and furnishes electric energy to consumers located within the established service area of the System.

8. The Participant has previously executed the Utah Associated Municipal Power Systems Amended and Restated Agreement for Joint and Cooperative Action dated as of March 20, 2009 and all amendments thereof and supplements thereto (the *"Joint Action Agreement"*) and that certain Power Pooling Agreement (the *"Pooling Agreement"*) between the Participant and UAMPS relating to the power pool administered by UAMPS. The Joint Action Agreement and the Pooling Agreement are each in full force and effect and constitute the legal, valid and binding agreements of the Participant.

9. «Rep» has been duly appointed by the Governing Body as the Participant's representative to UAMPS.

10. The representations and warranties of the Participant in Section 901(a) of the Power Sales Contract are true and correct on and as of the date of this certificate.

11. The Participant will use all of the electric energy from its Entitlement Share in a Qualified Use (as defined in the Power Sales Contract).

12. The information provided by the Participant to UAMPS pursuant to Section 902(b) and (c) of the Power Sales Contract and attached as EXHIBIT II thereto with respect to the Participant and the System is true, correct and complete. The Participant has duly authorized UAMPS to use such information in connection with the preparation of an official statement of UAMPS with respect to the bonds to be issued to provide financing for the costs of acquisition and construction of the Project and to provide such information to interested parties.

Dated: _______________.

[PARTICIPANT]

By ____________________________________
[Executive Officer]

By ____________________________________
[Clerk/Recorder/Secretary]

[Seal]

EXHIBIT A

[Form of Contract Resolution]

RESOLUTION NO. __________

A RESOLUTION AUTHORIZING AND APPROVING THE CARBON FREE POWER PROJECT POWER SALES CONTRACT WITH UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS; THE INITIAL BUDGET AND PLAN OF FINANCE FOR THE PROJECT; AND RELATED MATTERS.

***** ***** *****

WHEREAS, ______________ (the *"Participant"*) 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"*);

WHEREAS, one of the purposes of UAMPS under the Joint Action Agreement is the acquisition and construction of electric generating, transmission and related facilities in order to secure reliable, economic sources of electric power and energy for its members;

WHEREAS, UAMPS proposes to acquire and construct a nuclear generating facility plant known as the Carbon Free Power Project (the *"Project"*) to be located at a site within the Idaho National Laboratory near the City of Idaho Falls, Idaho;

WHEREAS, the Governing Body has reviewed (or caused to be reviewed on its behalf) certain descriptions and summaries of the Project, the Power Sales Contract and the Project Agreements ("Project Agreements" and other capitalized terms used and not defined herein shall have the meanings assigned to them in the Power Sales Contract), and representatives of the Participant have participated in discussions and conferences with UAMPS and others regarding the Project and have received from UAMPS all requested information and materials necessary for the decision of the Governing Body to authorize and approve the Power Sales Contract;

WHEREAS, the Participant acknowledges that the obligation of the Participant to make the payments provided for in the Power Sales Contract will be a special obligation of the Participant and an operating expense of the Participant's electric system, payable from the revenues and other available funds of the electric system, and that the Participant shall be unconditionally obligated to make the payments required under the Power Sales Contract whether or not the Project or any portion thereof is acquired, constructed, completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output thereof for any reason whatsoever;

WHEREAS, the Governing Body has reviewed (or caused to be reviewed on its behalf) the initial Budget and Plan of Finance for the Project prepared by UAMPS setting forth, among other things, preliminary estimates of the Development Costs, Cost of Acquisition and Construction, the estimated timeline for the development and construction of the Project, the estimated target price range for Project output, and now desires to approve the initial Budget and Plan of Finance; and

WHEREAS, the Participant now desires to authorize and approve the Power Sales Contract;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of ____________, as follows:

Section 1. Approval of Power Sales Contract and Budget and Plan of Finance; Entitlement Share. (a) The Power Sales Contract, in substantially the form attached hereto as *Annex A*, is hereby authorized and approved, and the [Executive Officer] is hereby authorized, empowered and directed to execute and deliver the Power Sales Contract on behalf of the Participant, and the [Clerk/Recorder/Secretary] is hereby authorized, empowered and directed to attest and countersign such execution and to affix the corporate seal of the Participant to the Power Sales Contract, with such changes to the Power Sales Contract from the form attached hereto as *Annex A* as shall be necessary to conform to the Participant's legal status, to complete the form of the Power Sales Contract or to correct any minor irregularities or ambiguities therein and as are approved by the [Executive Officer], his execution thereof to constitute conclusive evidence of such approval.

(b) The initial Budget and Plan of Finance attached hereto as *Annex B* is hereby approved.

(c) An Entitlement Share representing up to _______ kW of capacity, as such capacity amount may be rounded upon the approval of the Project Management Committee and the Participant's Representative pursuant to the Power Sales Contract to provide a whole number of small modular reactors is hereby authorized and approved.

Section 2. Participant's Representative. (a) The appointment of __________ as the Participant's Representative to UAMPS and of __________ and __________ as alternate Representatives is hereby confirmed.

(b) Such Representative (or, in his or her absence, such alternate(s)) is hereby delegated full authority to (i) approve any appendix to the Pooling Agreement between UAMPS and the Participant that may be necessary or desirable in connection with the utilization of the Participant's Entitlement Share, and (ii) act on all matters that may come before the Project Management Committee established by the Power Sales Contract, and shall be responsible for reporting regularly to the Governing Body regarding the activities of the Project Management Committee; *provided that* the Representative shall not deliver a Notice of Withdrawal or a Notice of Reduction under the Power Sales Contract without prior consultation with, and prior approval from, the Governing Body.

Section 3. Compliance with Tax Covenants. The Participant agrees in the Power Sales Contract that it will apply all of the electric power and energy acquired under the Power Sales Contract to a Qualified Use and that it will not take or omit to take any action which could adversely affect the Tax Status of any Bond or Bonds theretofore issued or thereafter issuable by UAMPS. In furtherance of that agreement, the Governing Body of the Participant hereby agrees that it will observe and comply with such instructions as may be provided from time to time by UAMPS with respect to the Qualified Use of the electric power and energy acquired under the Power Sales Contract.

Section 4. Further Authority. (a) The [Executive Officer] and the [Clerk/Recorder/Secretary] are hereby authorized, empowered and directed to (i) execute the Certificate of the Participant in substantially the form attached as *Exhibit III* to the Power Sales Contract and to deliver the same to UAMPS, and (ii) from time thereafter and upon the request of UAMPS, execute the Bring-Down Certificate of the Participant in substantially the form attached as *Exhibit IV* to the Power Sales Contract and to deliver the same to UAMPS.

(b) The Participant's legal counsel is hereby authorized, empowered and directed to (i) execute the Opinion of Counsel to the Participant in substantially the form attached as *Exhibit V* to the Power Sales Contract and to deliver the same to UAMPS, and (ii) from time thereafter and upon the request of UAMPS, execute the Bring-Down Opinion of Counsel to the Participant in substantially the form attached as *Exhibit VI* to the Power Sales Contract and to deliver the same to UAMPS.

Section 5. Miscellaneous; Effective Date. (a) This resolution shall be and remain irrepealable until the expiration or termination of the Power Sales Contract in accordance with its terms.

(b) All previous acts and resolutions in conflict with this resolution or any part hereof are hereby repealed to the extent of such conflict.

(c) 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.

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

ADOPTED AND APPROVED this __ day of ________, ______.

[PARTICIPANT]

By ______________________________________

____

ATTEST:

____

[Secretary/Clerk/Recorder]

[SEAL]

ANNEX A

[Attach Power Sales Contract]

ANNEX B

[Attach Budget and Plan of Finance]

EXHIBIT IV

FORM OF BRING DOWN CERTIFICATE OF THE PARTICIPANT

STATE OF __________)
)
COUNTY OF «COUNTY»)

The undersigned hereby certify that they are the [Executive Officer] and [Clerk/Recorder/Secretary] of _______________ (the *"Participant"*), a member of Utah Associated Municipal Power Systems (*"UAMPS"*), and that as such they are authorized to execute this Certificate on behalf of the Participant and hereby certify as follows:

1. This certificate has been executed in connection with the issuance by UAMPS of its Carbon Free Power Project Revenue Bonds, ______ Series ____ (the *"Bonds"*), as more fully described in the Official Statement of UAMPS dated ____________ (the *"Official Statement"*) prepared in connection with the offering and sale of the Bonds.

2. Pursuant to Section 902(e) of the Carbon Free Power Project Power Sales Contract, dated as of __________, between the Participant and UAMPS, in connection with the execution and delivery of the Carbon Free Power Project, the undersigned executed and delivered a certificate dated ___________ (the *"Original Certificate"*). The undersigned hereby reaffirm the statements made in the Original Certificate on and as of the date hereof. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Original Certificate.

[3. The undersigned have reviewed the statements and information relating to the Participant and its electric system contained in APPENDIX A to the Preliminary Official Statement and the Official Statement under the caption, "THE MAJOR PARTICIPANTS", and such statements and information, as of the respective dates of the Preliminary Official Statement and the Official Statement and as of the date hereof, (a) were and are true and correct in all material respects and fairly and accurately present the financial and operating position of the System for the periods and as of the dates presented and (b) did not and do not omit to state a material fact necessary in order to make such statements not misleading. Since the dates of the Preliminary Official Statement and the Official Statement, there has been no change in the business, financial position, results of operations or condition of the Participant or the System that would (x) materially affect the accuracy and completeness of such statements and information or (y) materially and adversely affect the ability of the Participant to meet its obligations under the Power Sales Contract.]

Dated this ______ day of ______________.

[PARTICIPANT]

By ______________________________________

Its ______________________________________

[SEAL]

EXHIBIT V

FORM OF OPINION OF COUNSEL TO THE PARTICIPANT

____

Utah Associated Municipal Power Systems
[Address]

Ladies and Gentlemen:

I have acted as counsel to ______________ (the "*Participant*") in connection with the Carbon Free Power Project Power Sales Contract, dated as of April 1, 2018 (the *"Power Sales Contract"*), between the Participant and Utah Associated Municipal Power Systems (*"UAMPS"*). Pursuant to the Power Sales Contract, UAMPS has undertaken the Project and has sold all of Electric Power and Electric Energy and Environmental Attributes (if any) of the Project to the Participant and others that have executed Power Sales Contracts with UAMPS.

This opinion is being delivered to you pursuant to Section 902(e) of the Power Sales Contract in connection with the execution and delivery of the Power Sales Contract. Capitalized terms used and not defined herein have the meanings assigned to such terms in the Power Sales Contract.

As counsel to the Participant, I have examined (i) those documents relating to the existence, organization and operation of the Participant and its electric utility system (the *"System"*), (ii) all resolutions and proceedings of the Participant relating to the due authorization, execution and delivery by the Participant of the Power Sales Contract, (iii) an executed counterpart of the Power Sales Contract, and (iv) such other documents, information, facts and matters of law as are necessary for me to render the opinions contained herein.

Based upon the foregoing, I am of the opinion that:

[1. The Participant is a [municipal corporation and/or political subdivision] of the State of _________ (the *"State"*), duly created and validly existing under the laws of the State and duly qualified to own, operate and furnish electric service through the System.]

[1. The Participant is a _____________, duly created and validly existing under the laws of the State of _______ (the *"State"*), and duly qualified to own, operate and furnish electric service through the System.]

2. The Participant has full legal right, power and authority to enter into the Power Sales Contract and to carry out and consummate all of the transactions contemplated thereby, and the

Participant has complied with the provisions of applicable law which would be a condition precedent to entering into the Power Sales Contract or carrying out and consummating such transactions.

3. Each of the Power Sales Contract, the Joint Action Agreement and the Pooling Agreement has been duly authorized, executed and delivered by the Participant and constitutes the legal, valid and binding obligation of the Participant and is enforceable under the present law of the State in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

4. The Participant's obligation to make payments to UAMPS under the Power Sales Contract is a special obligation payable solely from the revenues and other available income of the System as a cost of purchased electric energy and an operating expense of the System. The application of the revenues and other available funds of the System to make such payments is not subject to any prior lien, encumbrance or restriction.

5. [The Participant has obtained all Required Approvals] {or} [There are no Required Approvals].

6. There is no pending or, to my knowledge, threatened, action or proceeding affecting the Participant (nor to my knowledge is there any basis therefor), which (a) purports to affect the authorization, legality, validity or enforceability of the Power Sales Contract, the Joint Action Agreement or the Pooling Agreement or (b) involves the possibility of any judgment or liability, not fully covered by insurance, which may result in any material adverse change in the business, affairs, properties or assets, or in the condition, financial or otherwise, of the System.

7. The execution, delivery and performance by the Participant of the Power Sales Contract will not conflict with or constitute a breach of or default under any agreement, indenture, bond, note, resolution or other instrument to which the Participant is a party or by which it or the properties of the System is bound or affected, or any applicable law, ruling, regulation, ordinance, judgment, order or decree to which the Participant (or any of its officers in their respective capacities as such) or its properties is subject.

8. No event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any agreement, indenture, bond, note, resolution or other instrument to which the Participant is a party or by which it or the properties of the System is bound or affected, which breach or default would have a material adverse impact on UAMPS' ownership or operation of the Project or the ability of the Participant to fully perform its obligations under the Power Sales Contract.

9. The Participant has lawful authority to fix and collect rates, fees and charges for the services provided by the System. Such rates, fees and charges for utility services provided to customers located within the corporate boundaries of the Participant are not subject to regulation by any authority of the State or the United States and have been duly and validly adopted by the Participant and are in full force and effect.

10. The Participant has lawful authority to own the System and, to my knowledge, the Participant (a) has good and merchantable title to the properties comprising the System and (b) holds all permits, licenses and approvals necessary for the operation of the System.

I hereby authorize [other reliance parties] and Chapman and Cutler LLP, as bond counsel, to rely on this opinion as though addressed to them.

Respectfully submitted,

EXHIBIT VI

FORM OF BRING-DOWN OPINION OF COUNSEL TO THE PARTICIPANT

____

Utah Associated Municipal Power Systems
[Address]

Ladies and Gentlemen:

I have acted as counsel to ______________ (the *"Participant"*) in connection with the Carbon Free Power Project Power Sales Contract dated as of _________ (the *"Power Sales Contract"*) between the Participant and Utah Associated Municipal Power Systems (*"UAMPS"*). I have been advised that UAMPS has made arrangements for the issuance and sale on the date hereof of its Carbon Free Power Project Revenue Bonds, ________ Series _____ (the *"Bonds"*).

Pursuant to Section 902(e) of the Power Sales Contract in connection with the execution and delivery of the Carbon Free Power Project, I rendered to UAMPS an approving legal opinion, dated _________ (the *"Prior Opinion"*), with respect to the Participant. In connection with the issuance and sale by UAMPS of the Bonds, I hereby reaffirm the Prior Opinion, as though it was dated the date hereof, in the form it was so rendered on ___________.

[In addition to the foregoing, I have examined (i) the material describing the Participant and its electric system contained in APPENDIX A to each of the Preliminary Official Statement (together with any supplements or amendments thereto as of the date hereof, the *"Preliminary Official Statement"*) and the Official Statement (together with any supplements or amendments thereto as of the date hereof, the "*Official Statement*") of UAMPS relating to the Bonds and (ii) such other documents, information, facts and matters of law as are necessary for me to render the following opinion. Based upon the foregoing, I am of the opinion that the statements and information with respect to the Participant and its electric system contained in APPENDIX A to the Preliminary Official Statement and the Official Statement were true and correct in all material respects as of the respective dates of the Preliminary Official Statement and the Official Statement and are true and correct in all material respects as of the date hereof, and no facts have come to my attention which would lead me to believe that such statements and information contained or contain any untrue statement of a material fact or omitted to state or omit to state any material fact necessary in order to make such statements, in the light of the circumstances under which they were made, not misleading; *provided, however*, that I express no view with respect to the tabular, financial and statistical information included therein.]

I hereby authorize the reference to this opinion and to the Prior Opinion set forth under the caption, "APPROVAL OF LEGAL PROCEEDINGS," in the Official Statement. I hereby further authorize [Bond Counsel] and [other reliance parties] to rely on the Prior Opinion and on this opinion in each case as though addressed to them.

Respectfully submitted,

EXHIBIT VII

FORM OF NOTICE OF WITHDRAWAL

[Date]

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"*), [name of Participant] (the *"Participant"*) hereby gives notice of its election to withdraw from the Project.

The Participant hereby acknowledges and agrees that:

1. This Notice of Withdrawal shall be effective at and as of the end of the last day of the current phase of the Licensing Period.

2. By delivering this Notice of Withdrawal, the Participant 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 Participant 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 Participant's withdrawal from the Project.

4. The Participant that shall, within twelve months of the effective date of its withdrawal, repay the amounts described in paragraph 3 above 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 Participant's Entitlement Share shall be terminated, (b) the Participant'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 Participant's repayment obligations described in paragraph 4 above.

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

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

[NAME OF PARTICIPANT]

By ____________________________________
Authorized Officer

EXHIBIT VIII

FORM OF NOTICE OF REDUCTION

[Date]

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 301(d) of the above-referenced Power Sales Contract (the *"Power Sales Contract"*), [name of Participant] (the *"Participant"*) hereby gives notice of its election to reduce its Entitlement Share from ______ (the *"Original Entitlement Share"*) to ______ (the *"Reduced Entitlement Share"*).

The Participant hereby acknowledges and agrees that:

1. This Notice of Reduction shall be effective at and as of the end of the last day of the current phase of the Licensing Period.

2. The Participant 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 based in its Original Entitlement Share and up to the effective date of the Participant's withdrawal from the Project.

3. From and after the effective date of this Notice of Reduction, the Participant's Reduced Entitlement Share shall apply for all purposes of the Power Sales Contract, including the calculation of the Participant's Development Cost Share.

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Power Sales Contract.

[NAME OF PARTICIPANT]

By ______________________________________
Authorized Officer

UAMPS
CARBON FREE POWER PROJECT - BUDGET & PLAN OF FINANCE
6/1/2018

Budget & Plan of Finance (Section 601)

Kaysville (the "Participant"):

Interim Period (7.5 MW)	4.0783%
150 MW Subscribed (1 MW)	0.6667%
Fully Subscribed (1 MW)	0.1667%

Section 601(a)

(i) Development Costs Incurred thru 3/31/2017:

100% Gross Cost	Participant Net of Cost Share	Start	Finish
$ 3,069,943	$ 34,232	April 2015	March 2017

Estimated Costs to Completion of Development:

	100% Gross Cost	Participant Net of Cost Share	Start	Finish
Interim Period (FY2018)	$ 1,527,026	$ 35,577	April 2017	**March 2018**
Licensing Period - 1st Phase (Maximum)	6,000,000	10,000	April 2018	**March 2019**
Licensing Period - 1st Phase (Remaining)	83,499,764	109,738	April 2019	**May 2020**
Licensing Period - 2nd Phase (Preliminary)	496,303,067	827,172	June 2020	**June 2023**
	$ 587,329,857	$ 982,488	April 2017	June 2023

(ii) Acquisition & Construction Preliminary Estimated Costs:

Preliminary 100% Gross Cost	Preliminary Participant Net of Cost Share	Start	Finish
$ 4,237,666,633	$ 7,165,215	April 2015	Nov 2027

(iii) CFPP Estimated Timeline for the Development & Construction of Intial Facilities:

	Start	Finish	# of Mos.
Interim Period - FY2018 (PSC Executed)	April 2017	March 2018	12 mos.
Licensing Period - 1st Phase (COLA Submittal)	April 2018	May 2020	26 mos.
Licensing Period - 2nd Phase (COLA Issued)	June 2020	June 2023	37 mos.
Construction Period (COD)	July 2023	November 2027	41 mos.

(iv) Price Target (2017) Estimated range: $45.00 to $65.00

Assumptions:

1. The development costs through the interim period, or 3/31/2018, is allocated to the Participant based on their current entitlement (7.5 MW / 183.9 MW), or 4.0783%

2. The partial 1st Phase of the Licensing Period, or FY2019, is allocated to the Participant based on an 1 MW subscription of the 150 MW minimum Power Sales Contract subscription, or 0.6667%.

3. The development costs post the interim period, is allocated to the Participant based on an 1 MW subscription of a fully subscribed 600 MW project, or 0.1667%.

4. There is a cost sharing arrangement reflected in these numbers in which the DOE covers 50% of all qualified project expenditures with a $16.3M cap and NuScale covers 25% of all qualified project expenditures with an $8.3M cap.

5. Beginning with the Licensing Period - 1st Phase, interest will be capitalized until COD through the Acquisition and Construction financing. The 100% Gross Cost capitalized interest is projected to be approximately $583M. The model assumes the PMC will decide to capitalize the interest during construction.

6. Post COD, interest expense associated with the financing will no longer be capitalized. The annual debt service payment will include both principle & interest and is expected to be amortized over 40 years.

STAFF REPORT

COUNCIL MEETING DATE: June 7, 2018
ITEM NO.: 6b

TYPE OF ITEM: Action
PRESENTED BY: Shayne Scott, City Manager

SUBJECT/AGENDA TITLE: Net Metering Agreement Modification

EXECUTIVE SUMMARY:

Since updating the Kaysville City New Metering Agreement earlier this year, City Staff have come across a few areas where we would like to be more productive in the administration of this agreement. The proposal before you today is for two specific changes to the Net Metering Agreement.

1) The first change to the agreement implemented on January 1, 2018 is that the Net Metering customer cannot produce more kWhs than they consume during the calendar year. If they are paid for more kWhs than they consume during the year, they will have to pay Kaysville City Power and Light back over the following 6 months. This is to encourage them not to overbuild their systems.

2) The second suggested change would be to the old Net Metering agreement (all grandfathered solar customers). We would like to pay them each month for their over production (instead of waiting until the end of the year to pay them). This would save the billing staff a lot of time each month. Currently all calculations are done by hand to calculate approximate 200 bills each month in this grandfathered status. This change would eliminate the need to hand calculate those bills. The current billing system could do all of them.

If these changes are passed by the Council, a letter would be sent out to all of those customers affected by the changes within 30 days of the changes taking effect.

The Power Commission has voted in favor of making these two changes and Nic Mills has reviewed the attached agreements with the suggested changes.

Council Options: Adopt the changes as Proposed
Suggest additional changes

Recommendation: At this time we recommend that the City Council adopt the Net Metering Changes as presented.

Fiscal Impact & Fund Source for Recommended Action: None

Attachments: Net Metering Agreement

NET METERING AND INTERCONNECTION AGREEMENT

This Net Metering and Interconnection Agreement ("Agreement") is made and entered into as of this _______ day of ____________, 20______, by the City of Kaysville , a municipal corporation and political subdivision of the State of Utah (the "City") and ____ (Customer") located at_____________________________Kaysville, Utah 84037.

RECITALS

WHEARAS, the City of Kaysville adopted the Net Metering to encourage and regulate the orderly establishment and maintenance of parallel renewable energy systems interconnected with the City's existing electric distribution system:

WHEARAS, pursuant to the City's Net Metering Policy, Customer wishes to establish, operate, and maintain a renewable energy net metering facility interconnected with the City's existing electric distribution system;

WHEARAS, the City intends to credit against customer's total electric energy usage that portion supplied by the Customer's own renewable energy net metering facility;

AGREEMENT

NOW, THEREFORE, the parties mutually agree and covenant as follows:

1. **Renewable energy Net Metering Facility**: Customer's renewable energy net metering facility (the "facility) shall mean the generating facility described in Exhibit A attached hereto. The Facility shall consist of a solar photovoltaic, wind generating, or other qualified generating facilities that is located on the Customer's premises that is interconnected with and operates in parallel with the City's electric transmission and distribution facilities, and is intended primarily to offset part or all of the Customer's own electrical requirements. The design, installation and operation of the Facility shall comply in all aspects with the City's net metering Policy. Customer shall be responsible for the design, installation and operation of the Facility and for obtaining and maintaining all required permits and approvals related thereto. This Agreement is applicable only to the renewable energy net metering facility described in Exhibit A and Customer shall not make any modification to the Facility without prior written consent of the City.

2. **Term**: This agreement shall commence on the date established above and shall remain in effect until terminated by either party upon thrity (30) days prior written notice, provided, however that this Agreement will terminate automatically upon:

a. Any change of ownership of customer,

b. Any change in ownership of the Facility or the premises upon which the Facility is located, or

c. Any change in the location of the Facility

3. **Definition of Net Energy**: Net Energy is the difference between electrical energy consumed by the Customer from the City's electric distribution system and the electrical energy generated by the Customer and fed back into the City's electric distribution system.

4. **Measurement of Net Energy**: A Customer's generating facility used for net metering shall be equipped with metering equipment that can measure the flow of electricity in both directions. The city will install two meters, one capable of measuring bi-directional energy flow and one to record all production from the generating facility at the customer's expense. The bi-directional metering equipment shall be used to provide information necessary to accurately bill or credit Customer and to collect electrical generating system performance information for research purposes.

5. **Purchase of Energy and Payment:**

a. The city shall measure the net energy produced or consumed by the Customer during each billing period, in accordance with normal metering practices.

b. If the energy supplied by the City exceeds the electricity generated by the Customer and fed back to the City during the billing period, or any portion thereof, then the Customer shall be billed for the net energy supplied to Customer by the City's electric distribution system together with the appropriate customer charge paid by other customers of the City in the same rate class.

c. If the energy generated by Customer and distributed (received)back to the City's electric distribution system during the billing period, or any portion thereof, exceeds the energy supplied to the Customer by the City's electric distribution system, then the customer shall be:

i. Billed for the appropriate customer service charge as other customers of the City in the same rate class; and

ii. Credited for any excess production (received) put back on to Kaysville City's distribution system at the rate specified in the residential solar (GF) rate.

d. If the customers generating facility produces more KWH's than the customer consumes each month. The customer will be paid for all (received) KWH's at the current residential solar rate each month.

e. The City will only compensate a "GF" (Generating Facility) customer up to but not to exceed the amount that it consumes in kWh's during the calendar year. If the customer generates more kWh's than they consume through the calendar year, that excess will be forfeited. At the end of the year the City will review the customer's account and a billing adjustment will be made for any over payment the customer received during the previous year. The adjustment will be prorated over the next 6 months.

f. Customer shall pay any amount owing for electric service provided by the City in accordance with applicable rates and policies. Nothing in this Section shall limit the City's rights under applicable Rate Schedules, City Ordinances, Customer Service Policies, and General Provisions.

g. The customer will release to City all renewable energy credits (RECs), solar renewable-energy credits (S-RECs), or other renewable attributes as appropriate based on actual on-site electric generation from the Renewable Resource.

6. **Interconnection**: Customer shall provide the electrical interconnection on its side of the bi-directional metering equipment in accordance with the City's Net Metering Policy. The City may make such modifications to the City's system as are reasonably necessary to accommodate the Facility in accordance with the City's Net Metering Policy (at the Customer's Expense). The cost for such modifications will be due in advance of construction. Customer shall ensure at its own expense that the Facility includes all equipment necessary to meet applicable safety, power quality and interconnection requirements established by the City's Net Metering Policy, as may be amended from time to time by other applicable City policies and ordinances, by applicable state law and by the national Electric Code, National Electric Safety Code and the Institute of Electrical and Electrical Engineers and Underwriters Laboratories. Customer shall not commence parallel operation of the Facility until the City has inspected the Facility, including all

interconnection equipment and issued a written approval in accordance with the City's Net Metering Policy, which includes a stipulated start time and following which operations in parallel are permitted.

7. **<u>Disconnect Device</u>**:

A. Customers generating systems of 10 Kilowatts or less that are inverter based.

The customer has the option to install, on its side of the bi-directional metering equipment a safety disconnect device capable of fully disconnecting and isolating the facility from the City's electric system. In the event that no disconnect switch is installed, the customer's electric service may be disconnected by Kaysville city entirely if the generating facility must be physically disconnected from the utility's distribution system. This means that if the City determines that there is a problem on the bi-directional equipment or the City needs to test the equipment the City has the right to disconnect the entire service to the residence until such equipment is repaired and inspected and determined to be functioning properly. The meter base main breaker box or bi-directional safety disconnect must be marked with and approved engraved or metallic placard, that is red in color and attached in a secure manner. If at any time the placard is not legible or becomes loose or falls off the owner will replace it A.S.A.P or the City may disconnect the service until it is repaired to the City's satisfaction.

B. Customers generating systems of 11-15 Kilowatts.

An interconnection customer of Kaysville City must install and maintain a manual disconnect switch which will disconnect the generating facility from the utility's distribution system. The disconnect switch must be a lockable, load-break switch that plainly indicates whether it is in the open or closed position. The Disconnect switch must be readily accessible to Kaysville City at all times and located within 10 feet of the utility's meter.

i. Exemption:

The disconnect switch may be located more that 10 feet from the utility meter if permanent instructions are posted in letters of appropriate size, that is red in color at the utility meter indicating the precise location of the disconnect switch. In this case Kaysville City must approve the location of the disconnect switch prior to the installation of the generating facility.

B. Not to exceed 15KW in total capacity.

C. The net metering agreement is between Kaysville City and the Kaysville City home owner. No third parties.

8. **Operational Standards**: Customers shall furnish, operate and maintain in good order and repair, all without cost to the City, all equipment required for the safe operation of the Facility in parallel with the City's electric distribution system. This includes , but is not limited ,to equipment necessary to;

a. Establish and maintain automatic synchronism with the City's electric distribution system; and
b. Automatically disconnect the Facility from the City's electrical distribution system in the event of overload or outage of the City's electrical distribution system.

The Facility must be designed to operate within allowable operating standards for the City's electric distribution system. The facility must not adversely affect the quality or reliability of service provided to the City's other customers. The City shall have the right to periodically inspect the Facility.

c. Customer must pay for and have a production meter installed to capture all of the KWH's produced by the customer's G.F (Generating Facility)

9. **Installation and Maintenance**: Except for the bi-directional meter owned by the City, all equipment on customer's side of the delivery point including the disconnect device, shall be provided and maintained in satisfactory operating condition by Customer and shall remain the property and responsibility of the Customer. The City will bear no responsibility for the installation or maintenance of Customer's equipment or for any damage to property as a result of any failure or malfunction thereof. The City shall not be liable, directly or indirectly for permitting or continuing to allow the interconnection of the Facility or for the acts or omissions of customer or the failure or malfunction of any equipment of Customer that caused loss or injury, including death, to any party.

10. **Indemnity and Liability:** Customer shall defend, hold harmless and indemnify the City and the directors, officers, employees and agents against any and all loss, liability, damage, claim, cost charge, demand or expense (including any direct, indirect or consequential loss, liability, damage, claim, cost, charge, demand, or expense including attorney's fees) for injury or death to persons, including employees of the City and Customer or damage to property, including property of the City and Customer, arising out of or in connection with (a) the engineering, design, construction, maintenance, repair, operation, supervision, inspection, testing, protection, or ownership of the Facility or (b) the

making of placements, additions, betterment to or reconstruction of the Facility. Customer's duty to indemnify the City hereunder shall not extend to loss, liability, damage, claim, cost charge, demand, or expense resulting from the interruptions in electrical service to the City's customers other than Customer or resulting from the negligent, willful, or intentional acts of the City.

11. **Pre-Operation Inspection**: Prior to interconnection, the Facility and associated interconnection equipment must be inspected and approved by the City and by any other governmental authority having jurisdiction.

12. **Access**: Authorized City employees shall have the right to enter upon customer's property at any time for the purpose of inspection and/or operating the disconnect device and meters and making additional tests concerning the operation and accuracy of the City's meters.

13. **Merger**: This agreement constitutes the entire agreement of the parties with respect to the subject matter contained herein and superseded any prior such agreements. There are no other agreements, written or oral, except as specifically provided herein. This agreement may not be modified except in writing signed by both parties.

14. **Assignment**: This agreement may not be assigned by customer in whole or in part without the prior written consent of the city, which consent may be granted or withheld at the City's sole and absolute discretion.

15. **Relationship of the Parties**: Nothing in the agreement shall be constructed to imply joint venture or partnership between the parties.

16. **<u>Governing Law and Venue</u>**: This agreement shall be construed according to the laws of the State of Utah. The parties agree that venue for all legal actions, unless they involve the cause of action with mandatory federal jurisdiction, shall be the Fifth District court for the State of Utah. The parties further agree that the Federal District Court for the district of Utah shall be the venue for the cause of action with mandatory federal jurisdiction.

17. **<u>Notices</u>**: All notice required herein, and subsequent correspondence in connection with this agreement shall be mailed to the following:

Kaysville City	Customer:
Power Department	______________________________
721 West Old Mill Lane	______________________________
Kaysville, Utah 84037	System Size in KW_____________

Such notices shall be deemed delivered following the mailing of such notices in the United States mail. Adequate notice shall be given at the addresses set forth herein unless written notice is given by either party of a change of address.

18. **<u>Counterpart</u>**s: This agreement may be executed in counterparts each of which shall be an original and shall constitute one of the same agreements.

WITNESS the hands and seals of the parties, the month, day and year first written above.

STATE OF UTAH)
ss,
COUNTY OF DAVIS)

On the day of ____________________________, personally appeared before me, _____________________________________, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is signed in the foregoing document and acknowledged before that he/she signed it voluntarily for its stated purpose.

__________________________ __________________
CUSTOMER NOTARY PUBLIC

(SEAL)

STATE OF UTAH)
: ss.
COUNTY OF DAVIS)

On the day of _____________, 20____, personally appeared before me_________________________, who being by me duly sworn did say, that he, the said ___________________________________of KAYSVILLE CITY CORPORATION, and that the within and foregoing instrument was signed in behalf of said KAYSVILLE CITY CORPORATION and said __________________ duly acknowledged to me that said Corporation executed the same and that the seal affixed is the seal of said Corporation.

__________________________ __________________________
KAYSVILLE CITY CORP. NOTARY PUBLIC

(SEAL)

Kaysville City
Net Metering Program
Application for Interconnection Review

Please carefully read all of the following information. With the help of your installation Contractor, fully complete the form for Solar Electric Equipment, as well as Kaysville City Net Metering Agreement.

Building Permit Number:____

Application Information:

Customer Name:____

Customer
Address:____

____

Contact Name:____

Phone Number:______________________ Fax Number:______________________

Email:____

A: EQUIPMENT INFORMATION

1. Solar Electric Module
   Manufacturer:____

   Module Model Number:____

2. Power Rating per Module:___________DC Watts Number of Modules:_____

3. Total Array Output:_______________DC Watts (No. of Modules x Power Rating)

4. Inverter Model Number:____

5. Inverter's Continuous Ac Rating__________________ AC Watts Number of Inverters:_________________________________

6. Total Inverter Output:___________________ AC Watts(Inverter Continuous AC Rating x Number of Inverters):_________________

7 Inverters Continuous AC Rating x Number of Inverters):___________________

2. EQUIPMENT LOCATION

1. Solar Electric Array Location:______ Rooftop______ Pole Mount or _______ Ground Mount Location:
2. Solar Electric Module Orientation:__________degrees (e.g, 180 degrees true South)
3. Solar Electric Module Tilt:__________ degrees (e.g., flat mount= 0 degrees; Vertical mount = 90 degrees)
4. Solar Electric Module Tracking:_____ Fixed______ Single-axis_______ Double-axis_______.
5. Inverter Location:_________ Indoor_______ Outside Location___________

2. Utility-Accessible AC Disconnect Switch Location:

____

7. Production meter location noted on one line drawing (must be located outside near bi-directional meter)
   Yes__________________________ No___________________
8. System Type and Mode Operation:

_______ Utility interactive (parallel/capable of back feeding the meter)

_______ Dedicated circuit, utility power as backup (transfer switch)

_______ Stand-alone (system confined to an independent circuit, no utility backup)

9. A one- page site map and system single line must accompany this application. This document must indicate the location of the solar electric modules, the inverter, batteries (if any), lockable disconnect switch, and point of connection with the utility system. The installation address, current account number at that address, and the installer’s name and telephone number must also be included on the site map.

Does this system include batteries or generator back up?____ Yes______No. If yes, there may be additional review required.

10. System rated output (Section A, line 3 above):____________ DC Watts

Total installed System cost: $_________________ Estimated Start-up date________

____
Property Owners Signature

"EXHIBIT A"
NET METERING AND INTERCONNECTION INFORMATION

SECTION 1 CUSTOMER INFORMATION

Name:

Utility Customer Account Number (from the utility bill)
Mailing Address:

Physical Address: (if different from above)

Daytime Phone: Evening Phone:

Email Address:

SECTION 2 NET METERING FACILITY INFORMATION

SYSTEM TYPE_____X_____Solar (PV)

Generator Size (kW AC)

Inverter Manufacturer: Inverter Model:

Inverter Serial Number: Inverter Power Rating:

Inverter Location:

Signed_______________________________ Date__________________

KAYSVILLE CITY POWER AND LIGHT
NET METERING POLICY 10-2-9

A. Applicability: The Net Metering Program is available to any residential customer located within the city's current electrical service territory who:

1. Purchase electricity from the city under the provision of the residential electric rate service schedule; and
2. Own and operated a solar, wind, or other qualified renewable generator located on the customer's premises that:

    a. Is primarily intended to offset part or all of the customer's own electrical requirements on the premises;
    b. Is interconnected with Kaysville City's electric system; and
    c. Operates in parallel with the city's distribution system.

B. Definitions: As used in this section;

1. "Net Energy" is the difference between the electricity supplied by the city to the customer through the city's electric distribution system and the electricity generated on the customer's premises which is fed back into the city's electric distribution system.
2. "Net Metering" is a method of measuring the difference between the electricity supplied by the city to the customer through the city's electric distribution system and the electricity generated on the customer's premises which is fed back into the city's electric distribution system.

C. Special Conditions:

1. The customer shall pay for the net energy used in accordance with the following formula:

    a. The customer shall pay for all electric energy supplied by the city to the customer in any billing period in excess of the amount of electric energy produced by the customer on the premises which is fed back into the city's electric distribution system during that same billing period.
    b. If the energy generated by the customer and distributed (received) back to the City's electric distribution system during the billing period, or any portion thereof, exceeds the energy supplied to the Customer by the City's electric distribution system then the customer shall be:

    i. Billed for the appropriate customer service charge as other customers of the City in the same rate class and any other fees and charges deemed appropriate by the City Council: and

ii. Credited for any excess production (received) put back on to Kaysville City's distribution system at the rate specified in the residential solar (GF) rate.

iii. If the customers generating facility produces more KWH's than the customer consumes each month, the customer will be paid for all (received) KWH's at the current residential solar (GF) rate each month.

iiii. Customer shall pay any amount owing for electric service provided by the City in accordance with applicable rates and policies. Nothing in this section shall limit the City's rights under applicable Rate Schedules, City ordinances, Customer Service Policies, and General Provisions.

c. In the event the customer terminates service under this electric service schedule, any electric energy credit balance in favor of the customer under the provisions of subsection C.1.b of this section shall be forfeited. The city will not make cash payments to customers based on their participation in the Net metering Program.

2. The price for electric energy provided to, or credited to, a customer participating in the Net Metering Program shall be the price charged by the city under the provisions of the electric service schedule for which the customer receives service absent this electric Net Metering Pilot Program.

3. The Net Metering Pilot Program billing adjustments only applies to charges for energy. Participating customers are subject to all other charges, rates, terms and condition of the electric service schedule under which the customer receives service except as expressly altered by this electric service Net Metering Program.

4. The customer will release to City all renewable energy credits (RECs), solar renewable-energy credits (S-RECs), or other renewable attributes as appropriate based on actual on-site electric generation from the Renewable Resource.

5. The customer shall provide, at customer's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the national Electric Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), Underwriters Laboratories (UL), and any applicable local and state agencies, including any equipment deemed necessary by the city's power department expressly to accommodate the customer's request to qualify for this electric service Net

Metering Program. The customer must first obtain written approval from the city's power department before the customer's on site generating system is energized or interconnected with the city's electric system.

a. The net metering agreement and net meter policy is between Kaysville City
and the Kaysville City home owner. No third parties.

6. In order to participate in the city's Net Metering Program and to receive the benefits of this electric service Metering Program, the customer must first sign a Net Metering Program interconnection and service agreement with the city. The interconnection and service agreement allows the customer to interconnect and operate in parallel with the City's distribution system and

allows the city to test and inspect the customer's system periodically to ensure the safety of electrical workers and the integrity of the city's electric distribution system. The interconnection and service agreement will contain additional terms and conditions for service under this electric service Net Metering Program, including specific terms of interconnection and parallel operation with city's electrical system.

7. The Net Metering Program may be adjusted or discontinued by the Kaysville City Council for any reason, at any time, without any obligation to existing participants.

D. The City shall have the right to inspect a customer-generating facility after interconnection approval is granted, at reasonable hours and with reasonable prior notice to the customer. If the city discovers that the customer-generating facility is not in compliance with the requirements of this policy, and the noncompliance adversely affects the safety or reliability of the electric distribution system, the city may require the customer to disconnect the customer-generating facility until compliance is achieved.

E. The City shall have the right to disconnect the customer-generating facility in the event it causes unusual system problems. The customer will have the option of correcting the problem, at which time the system will be re-inspected before beginning operation again. The customer shall be required to install a manual disconnect device as stated in the Net Metering Interconnection Agreement. The disconnect shall be readily accessible by the City authorized personnel.

F. The customer shall be responsible for any damage caused by the Customer - generating facility to the City's distribution system and/or neighboring services. The customer shall be responsible for the installation and maintenance of applicable protection equipment and for any damage caused by improper application, maintenance or faulty equipment. Kaysville City shall not be liable directly or indirectly for permitting or continuing to allow an attachment or a net metering facility, or for the acts or omissions of the customer-generator that cause loss or injury, including death, to any third party.

STAFF REPORT

COUNCIL MEETING DATE: June 7, 2018
ITEM NO.: 6c

TYPE OF ITEM: Action
PRESENTED BY: Shayne Scott, City Manager

SUBJECT/AGENDA TITLE: **Net Metering Agreement Modification**

EXECUTIVE SUMMARY:

Since updating the Kaysville City New Metering Agreement earlier this year, City Staff have come across a few areas where we would like to be more productive in the administration of this agreement. The proposal before you today is for two specific changes to the Net Metering Agreement.

1) The first change to the agreement implemented on January 1, 2018 is that the Net Metering customer cannot produce more kWhs than they consume during the calendar year. If they are paid for more kWhs than they consume during the year, they will have to pay Kaysville City Power and Light back over the following 6 months. This is to encourage them not to overbuild their systems.

2) The second suggested change would be to the old Net Metering agreement (all grandfathered solar customers). We would like to pay them each month for their over production (instead of waiting until the end of the year to pay them). This would save the billing staff a lot of time each month. Currently all calculations are done by hand to calculate approximate 200 bills each month in this grandfathered status. This change would eliminate the need to hand calculate those bills. The current billing system could do all of them.

If these changes are passed by the Council, a letter would be sent out to all of those customers affected by the changes within 30 days of the changes taking effect.

The Power Commission has voted in favor of making these two changes and Nic Mills has reviewed the attached agreements with the suggested changes.

Council Options: Adopt the changes as Proposed
Suggest additional changes

Recommendation: At this time we recommend that the City Council adopt the Net Metering Changes as presented.

Fiscal Impact & Fund Source for Recommended Action: None

Attachments: Net Metering Agreement

NET METERING AND INTERCONNECTION AGREEMENT

This Net Metering and Interconnection Agreement ("Agreement") is made and entered into as of this _______ day of ____________, 20______, by the City of Kaysville , a municipal corporation and political subdivision of the State of Utah (the "City") and ____ (Customer") located at_____________________________Kaysville, Utah 84037.

RECITALS

WHEARAS, the City of Kaysville adopted the Net Metering to encourage and regulate the orderly establishment and maintenance of parallel renewable energy systems interconnected with the City's existing electric distribution system:

WHEARAS, pursuant to the City's Net Metering Policy, Customer wishes to establish, operate, and maintain a renewable energy net metering facility interconnected with the City's existing electric distribution system;

WHEARAS, the City intends to credit against customer's total electric energy usage that portion supplied by the Customer's own renewable energy net metering facility;

AGREEMENT

NOW, THEREFORE, the parties mutually agree and covenant as follows:

1. **Renewable energy Net Metering Facility**: Customer's renewable energy net metering facility (the "facility) shall mean the generating facility described in Exhibit A attached hereto. The Facility shall consist of a solar photovoltaic, wind generating, or other qualified generating facilities that is located on the Customer's premises that is interconnected with and operates in parallel with the City's electric transmission and distribution facilities, and is intended primarily to offset part or all of the Customer's own electrical requirements. The design, installation and operation of the Facility shall comply in all aspects with the City's net metering Policy. Customer shall be responsible for the design, installation and operation of the Facility and for obtaining and maintaining all required permits and approvals related thereto. This Agreement is applicable only to the renewable energy net metering facility described in Exhibit A and Customer shall not make any modification to the Facility without prior written consent of the City.

2. **Term**: This agreement shall commence on the date established above and shall remain in effect until terminated by either party upon thrity (30) days prior written notice, provided, however that this Agreement will terminate automatically upon:

a. Any change of ownership of customer,

b. Any change in ownership of the Facility or the premises upon which the Facility is located, or

c. Any change in the location of the Facility

3. **Definition of Net Energy**: Net Energy is the difference between electrical energy consumed by the Customer from the City's electric distribution system and the electrical energy generated by the Customer and fed back into the City's electric distribution system.

4. **Measurement of Net Energy**: A Customer's generating facility used for net metering shall be equipped with metering equipment that can measure the flow of electricity in both directions. The city will install a meter capable of measuring bi-directional energy flow at the customer's expense. The normal cost of a meter will be deducted from the cost of the bi-directional meter. The bi-directional metering equipment shall be used to provide information necessary to accurately bill or credit Customer and to collect electrical generating system performance information for research purposes.

5. **Purchase of Energy and Payment:**

a. The city shall measure the net energy produced or consumed by the Customer during each billing period, in accordance with normal metering practices.

b. If the energy supplied by the City exceeds the electricity generated by the Customer and fed back to the City during the billing period, or any portion thereof, then the Customer shall be billed for the net energy supplied to Customer by the City's electric distribution system together with the appropriate customer charge paid by other customers of the City in the same rate class.

c. If the energy generated by Customer and distributed back to the City's electric distribution system during the billing period, or any portion thereof, exceeds the energy supplied to the Customer by the City's electric distribution system, then the customer shall be:

i. Billed for the appropriate customer service charge as other customers of the City in the same rate class; and

ii. ~~Credited for the net excess kilowatt-hours (kWh) generated during the billing period, with this kWh credit appearing on Customer's bill for the following billing period.~~If the Customer's electrical generating facility "GF" produces more kilowatt hours (kWh's) than the customer consumes each month, the customer shall be credited or paid for all received kWh's at the current residential (kWh) rate each month.

~~d. On April 1st of every year the City will pay Net Metering customers for all credits owed to them by the City at the rate calculated from the average cost that the City pays for power over the prior 12 month period (Total kwh/total resource costs) (actual cost before O&M) and the customer's credit balance will be returned to zero. (After being connected for one (1) year).~~

~~e.~~d. Customer shall pay any amount owing for electric service provided by the City in accordance with applicable rates and policies. Nothing in this Section shall limit the City's rights under applicable Rate Schedules, City Ordinances, Customer Service Policies, and General Provisions.

~~f.~~e. The customer will release to City all renewable energy credits (RECs), solar renewable-energy credits (S-RECs), or other renewable attributes as appropriate based on actual on-site electric generation from the Renewable Resource.

6. **Interconnection**: Customer shall provide the electrical interconnection on its side of the bi-directional metering equipment in accordance with the City's Net Metering Policy. The City may make such modifications to the City's system as are reasonably necessary to accommodate the Facility in accordance with the City's Net Metering Policy. The cost for such modifications will be due in advance of construction. Customer shall ensure at its own expense that the Facility includes all equipment necessary to meet applicable safety, power quality and interconnection requirements established by the City's Net Metering Policy, as may be amended from time to time by other applicable City policies and ordinances, by applicable state law and by the national Electric Code, National Electric Safety Code and the Institute of Electrical and Electrical Engineers and Underwriters Laboratories. Customer shall not commence parallel operation of the Facility until the City has inspected the Facility, including all interconnection equipment and issued a written approval in accordance with the City's Net Metering Policy, which

includes a stipulated start time and following which operations in parallel are permitted.

7. **Disconnect Device**:

A. Customers generating systems of 10 Kilowatts or less that are inverter base.

The customer has the option to install, on its side of the bi-directional metering equipment a safety disconnect device capable of fully disconnecting and isolating the facility from the City's electric system. In the event that no disconnect switch is installed, the customer's electric service may be disconnected by Kaysville city entirely if the generating facility must be physically disconnected from the utility's distribution system. This means that if the City determines that there is a problem on the bi-directional equipment or the City needs to test the equipment the City has the right to disconnect the entire service to the residence until such equipment is repaired and inspected and determined to be functioning properly. The meter base main breaker box or bi-directional safety disconnect must be marked with and approved engraved or metallic placard, that is red in color and attached in a secure manner. If at any time the placard is not legible or becomes loose or falls off the owner will replace it A.S.A.P or the City may disconnect the service until it is repaired to the City's satisfaction.

B. Customers/Commercial Businesses generating systems of 11 Kilowatts or more.

An interconnection customer of Kaysville City must install and maintain a manual disconnect switch which will disconnect the generating facility from the utility's distribution system. The disconnect switch must be a lockable, load-break switch that plainly indicates whether it is in the open or closed position. The Disconnect switch must be readily accessible to Kaysville City at all times and located within 10 feet of the utility's meter.

i. Exemption:

The disconnect switch may be located more that 10 feet from the utility meter if permanent instructions are posted in letters of appropriate size, that is red in color at the utility meter indicating the precise location of the disconnect switch. In this case Kaysville City must approve the location of the disconnect switch prior to the installation of the generating facility.

B. Not to exceed 15KW in total capacity.

8. **<u>Operational Standards</u>**: Customers shall furnish, operate and maintain in good order and repair, all without cost to the City, all equipment required for the safe operation of the Facility in parallel with the City's electric distribution system. This includes , but is not limited ,to equipment necessary to;

a. Establish and maintain automatic synchronism with the City's electric distribution system; and
b. Automatically disconnect the Facility from the City's electrical distribution system in the event of overload or outage of the City's electrical distribution system.

The Facility must be designed to operate within allowable operating standards for the City's electric distribution system. The facility must not adversely affect the quality or reliability of service provided to the City's other customers. The City shall have the right to periodically inspect the Facility.

c. Customer must pay for and have a production meter installed to capture all of the KWH's produced by the customer's G.F (Generating Facility)

9. **<u>Installation and Maintenance</u>**: Except for the bi-directional meter owned by the City, all equipment on customer's side of the delivery point including the disconnect device, shall be provided and maintained in satisfactory operating condition by Customer and shall remain the property and responsibility of the Customer. The City will bear no responsibility for the installation or maintenance of Customer's equipment or for any damage to property as a result of any failure or malfunction thereof. The City shall not be liable, directly or indirectly for permitting or continuing to allow the interconnection of the Facility or for the acts or omissions of customer or the failure or malfunction of any equipment of Customer that caused loss or injury, including death, to any party.

10. **<u>Indemnity and Liability:</u>** Customer shall defend, hold harmless and indemnify the City and the directors, officers, employees and agents against any and all loss, liability, damage, claim, cost charge, demand or expense (including any direct, indirect or consequential loss, liability, damage, claim, cost, charge, demand, or expense including attorney's fees) for injury or death to persons, including employees of the City and Customer or damage to property, including property of the City and

Customer, arising out of or in connection with (a) the engineering, design, construction, maintenance, repair, operation, supervision, inspection, testing, protection, or ownership of the Facility or (b) the

making of placements, additions, betterment to or reconstruction of the Facility. Customer's duty to indemnify the City hereunder shall not extend to loss, liability, damage, claim, cost charge, demand, or expense resulting from the interruptions in electrical service to the City's customers other than Customer or resulting from the negligent, willful, or intentional acts of the City.

11. **Pre-Operation Inspection**: Prior to interconnection, the Facility and associated interconnection equipment must be inspected and approved by the City and by any other governmental authority having jurisdiction.

12. **Access**: Authorized City employees shall have the right to enter upon customer's property at any time for the purpose of inspection and/or operating the disconnect device and meters and making additional tests concerning the operation and accuracy of the City's meters.

13. **Merger**: This agreement constitutes the entire agreement of the parties with respect to the subject matter contained herein and superseded any prior such agreements. There are no other agreements, written or oral, except as specifically provided herein. This agreement may not be modified except in writing signed by both parties.

14. **Assignment**: This agreement may not be assigned by customer in whole or in part without the prior written consent of the city, which consent may be granted or withheld at the City's sole and absolute discretion.

15. **Relationship of the Parties**: Nothing in the agreement shall be constructed to imply joint venture or partnership between the parties.

16. **Governing Law and Venue**: This agreement shall be construed according to the laws of the State of Utah. The parties agree that venue for all legal actions, unless they involve the cause of action with mandatory federal jurisdiction, shall be the Fifth District court for the State of Utah. The parties further agree that the Federal District Court for the district of Utah shall be the venue for the cause of action with mandatory federal jurisdiction.

17. **Notices**: All notice required herein, and subsequent correspondence in connection with this agreement shall be mailed to the following:

Kaysville City	Customer:
Power Department	______________________________
721 West Old Mill Lane	______________________________
Kaysville, Utah 84037	System Size in KW_____________

Such notices shall be deemed delivered following the mailing of such notices in the United States mail. Adequate notice shall be given at the addresses set forth herein unless written notice is given by either party of a change of address.

18. **Counterparts**: This agreement may be executed in counterparts each of which shall be an original and shall constitute one of the same agreements.

WITNESS the hands and seals of the parties, the month, day and year first written above.

STATE OF UTAH)
ss,
COUNTY OF DAVIS)

On the day of ____________________________, personally appeared before me, _____________________________________, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is signed in the foregoing document and acknowledged before that he/she signed it voluntarily for its stated purpose.

_________________________ _________________________
CUSTOMER NOTARY PUBLIC

(SEAL)

STATE OF UTAH)
: ss.
COUNTY OF DAVIS)

On the day of _____________, 20____, personally appeared before me_________________________, who being by me duly sworn did say, that he, the said ___________________________________of KAYSVILLE CITY CORPORATION, and that the within and foregoing instrument was signed in behalf of said KAYSVILLE CITY CORPORATION and said __________________ duly acknowledged to me that said Corporation executed the same and that the seal affixed is the seal of said Corporation.

_________________________ _________________________
KAYSVILLE CITY CORP. NOTARY PUBLIC

(SEAL)

Kaysville City
Net Metering Program
Application for Interconnection Review

Please carefully read all of the following information. With the help of your installation Contractor, fully complete the form for Solar Electric Equipment, as well as Kaysville City Net Metering Agreement.

Building Permit Number:____

Application Information:

Customer Name:____

Customer Address:____

____

Contact Name:____

Phone Number:______________________ Fax Number:______________________

Email:____

A: EQUIPMENT INFORMATION

1. Solar Electric Module Manufacturer:____

   Module Model Number:____

2. Power Rating per Module:___________DC Watts Number of Modules:_____

3. Total Array Output:_______________DC Watts (No. of Modules x Power Rating)

4. Inverter Model Number:____

5. Inverter's Continuous Ac Rating__________________ AC Watts Number of Inverters:_________________________________

6. Total Inverter Output:___________________ AC Watts(Inverter Continuous AC Rating x Number of Inverters):_________________

7 Inverters Continuous AC Rating x Number of Inverters):___________________

2. EQUIPMENT LOCATION

1. Solar Electric Array Location:______ Rooftop______ Pole Mount or _______ Ground Mount Location:

2. Solar Electric Module Orientation:__________degrees (e.g, 180 degrees true South)

3. Solar Electric Module Tilt:__________ degrees (e.g., flat mount= 0 degrees; Vertical mount = 90 degrees)

4. Solar Electric Module Tracking:_____ Fixed______ Single-axis_______ Double-axis_______.

5. Inverter Location:_________ Indoor_______ Outside Location___________

2. Utility-Accessible AC Disconnect Switch Location:

____

7. Production meter location noted on one line drawing (must be located outside near bi-directional meter)
   Yes__________________________ No___________________

8. System Type and Mode Operation:

_______ Utility interactive (parallel/capable of back feeding the meter)

_______ Dedicated circuit, utility power as backup (transfer switch)

_______ Stand-alone (system confined to an independent circuit, no utility backup)

9. A one- page site map and system single line must accompany this application. This document must indicate the location of the solar electric modules, the inverter, batteries (if any), lockable disconnect switch, and point of connection with the utility system. The installation address, current account number at that address, and the installer's name and telephone number must also be included on the site map.

Does this system include batteries or generator back up?____ Yes______No. If yes, there may be additional review required.

10. System rated output (Section A, line 3 above):____________ DC Watts

Total installed System cost: $_________________ Estimated Start-up date________

____

Property Owners Signature

“EXHIBIT A”
NET METERING AND INTERCONNECTION INFORMATION

SECTION 1 CUSTOMER INFORMATION

Name:

Utility Customer Account Number (from the utility bill)
Mailing Address:

Physical Address: (if different from above)

Daytime Phone: Evening Phone:

Email Address:

SECTION 2 NET METERING FACILITY INFORMATION

SYSTEM TYPE_____X_____Solar (PV)

Generator Size (kW AC)

Inverter Manufacturer: Inverter Model:

Inverter Serial Number: Inverter Power Rating:

Inverter Location:

Signed________________________________ Date__________________

KAYSVILLE CITY POWER AND LIGHT
NET METERING POLICY 10-2-9

A. Applicability: The Net Metering Program is available to any residential customers located within the city's current electrical service territory who:

1. Purchase electricity from the city under the provision of the residential electric rate service schedule; and
2. Own and operated a solar, wind, or other qualified renewable generator located on the customer's premises that:

    a. Is primarily intended to offset part or all of the customer's own electrical requirements on the premises;
    b. Is interconnected with Kaysville City's electric system; and
    c. Operates in parallel with the city's distribution system.

B. Definitions: As used in this section;

1. "Net Energy" is the difference between the electricity supplied by the city to the customer through the city's electric distribution system and the electricity generated on the customer's premises which is fed back into the city's electric distribution system.
2. "Net Metering" is a method of measuring the difference between the electricity supplied by the city to the customer through the city's electric distribution system and the electricity generated on the customer's premises which is fed back into the city's electric distribution system.

C. Special Conditions:

1. The customer shall pay for the net energy used in accordance with the following formula:

    a. The customer shall pay for all electric energy supplied by the city to the customer in any billing period in excess of the amount of electric energy produced by the customer on the premises which is fed back into the city's electric distribution system during that same billing period.
    b. The customer shall receive a credit for all electric energy produced by the customer on the premises which is fed back into the city's electric distribution system during a billing period in excess of the amount of electric energy supplied by the city during that billing period, with such credit applied to the customer's future bills. On April 1st of every year the city will pay Net metering customers for all credits owed to them by the city at the rate calculated from the average cost that the

city pays for power over the prior 12 month period (Total kwh/total resource costs)(actual cost before O&M) and the customer's credit balance will be returned to zero.

c. In the event the customer terminates service under this electric service schedule, any electric energy credit balance in favor of the customer under the provisions of subsection C.1.b of this section shall be forfeited. The city will not make cash payments to customers based on their participation in the Net metering Program.

2. The price for electric energy provided to, or credited to, a customer participating in the Net Metering Program shall be the price charged by the city under the provisions of the electric service schedule for which the customer receives service absent this electric Net Metering Pilot Program.

3. The Net Metering Pilot Program billing adjustments only applies to charges for energy. Participating customers are subject to all other charges, rates, terms and condition of the electric service schedule under which the customer receives service except as expressly altered by this electric service Net Metering Program.

4. The customer will release to City all renewable energy credits (RECs), solar renewable-energy credits (S-RECs), or other renewable attributes as appropriate based on actual on-site electric generation from the Renewable Resource.

5. The customer shall provide, at customer's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the national Electric Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), Underwriters Laboratories (UL), and any applicable local and state agencies, including any equipment deemed necessary by the city's power department expressly to accommodate the customer's request to qualify for this electric service Net Metering Program. The customer must first obtain written approval from the city's power department before the customer's on site generating system is energized or interconnected with the city's electric system.

6. In order to participate in the city's Net Metering Program and to receive the benefits of this electric service Metering Program, the customer must first sign a Net Metering Program interconnection and service agreement with the city. The interconnection and service agreement allows the customer to interconnect and operate in parallel with the City's distribution system and

allows the city to test and inspect the customer's system periodically to ensure the safety of electrical workers and the integrity of the city's electric distribution system. The interconnection and service agreement will contain additional terms and conditions for service under this electric service Net Metering Program, including specific terms of interconnection and parallel operation with city's electrical system.

7. The Net Metering Program may be adjusted or discontinued by the Kaysville City Council for any reason, at any time, without any obligation to existing participants.

D. The City shall have the right to inspect a customer-generating facility after interconnection approval is granted, at reasonable hours and with reasonable prior notice to the customer. If the city discovers that the customer-generating facility is not in compliance with the requirements of this policy, and the noncompliance adversely affects the safety or reliability of the electric distribution system, the city may require the customer to disconnect the customer-generating facility until compliance is achieved.

E. The City shall have the right to disconnect the customer-generating facility in the event it causes unusual system problems. The customer will have the option of correcting the problem, at which time the system will be re-inspected before beginning operation again. The customer shall be required to install a manual disconnect device as stated in the Net Metering Interconnection Agreement. The disconnect shall be readily accessible by the City authorized personnel.

F. The customer shall be responsible for any damage caused by the Customer - generating facility to the City's distribution system and/or neighboring services. The customer shall be responsible for the installation and maintenance of applicable protection equipment and for any damage caused by improper application, maintenance or faulty equipment. Kaysville City shall not be liable directly or indirectly for permitting or continuing to allow an attachment or a net metering facility, or for the acts or omissions of the customer-generator that cause loss or injury, including death, to any third party.

STAFF REPORT

COUNCIL MEETING DATE: **June 7, 2018**
ITEM NO.: 6d

TYPE OF ITEM: **Action**
PRESENTED BY: **Shayne Scott, City Manager**

SUBJECT/AGENDA TITLE: **Adoption of the Human Resource Manual**

EXECUTIVE SUMMARY:

City staff have been working for more than a year on a much needed update to the city's Human Resource or Policy and Procedure Manual. Although certain aspects of the manual have been altered from time to time over the past, the last major update of the manual took place in 1999. City staff met several times throughout 2017 in work groups and as Department Heads. The goal with the manual is twofold:

1) To produce a document that, as accurately as possible, mirrors conditions in the everyday life of a Kaysville City Employee. If there is a policy in practice, it should be in this manual.
2) The second major goal is to get this manual of expectations and guidelines in the hands of each and every city employee. Once adopted, we will be having a city wide meeting to discuss the manual, make sure everyone has at least a digital copy, and each employee will acknowledge receipt of the manual with their signature. This will also be an opportunity for each employee to sign an ethics declaration that will be kept in each employee's personnel folder.

While the update of this manual is extensive, Staff would like to highlight several changes or updates to the manual of which we would like you to be aware. These changes include

1) The addition of the Vehicle Policy that was passed in early 2016 to this manual. City Staff felt it was important that all regulations and expectations set by the city council be found in one place where an employee can easily find it and where staff and council can refer and exercise expectations of staff.
2) The drug testing section has been updated with current practices and methodologies.
3) Updated several areas where specific code was mentioned that was outdated. Generally the effort was to point to either state or city code or generally accepted statistics that may change over time without the necessity of changing our manual each time.
4) Included sections on proper use of Social Media
5) Altered the categorization of "Part Time Fire Fighters" from "Volunteer" to properly reflect their important role in the city.
6) Incorporated Computer Use Policy as part of the manual.
7) Increased the leave for Full Time Fire (didn't have FT Fire during last iteration of the manual)
8) Manual was reviewed multiple times by Nic Mills to ensure legal compatibility and liability scenarios were kept to a minimum.

While there are many other changes, we would ask you to review the manual as best you can and make suggestions for changes, omissions, etc.

Council Options: Adopt the HR Manual as proposed
Suggest edits to the HR Manual
Return the HR Manual back to a WORK Agenda for further discussion

Recommendation: At this time Staff recommendation is to Adopt the HR Manual as proposed.

Fiscal Impact & Fund Source for Recommended Action: None

Attachments: HR Manual

KAYSVILLE CITY
PERSONNEL RULES AND REGULATIONS

KAYSVILLE CITY PERSONNEL RULES AND REGULATIONS

SECTION 1

GENERAL

1.01 ADOPTION OF RULES AND REGULATIONS

The following Rules and Regulations have been approved by the City Council in order to establish an equitable and uniform procedure for dealing with personnel matters so that the most qualified available people may be brought into and retained in the City service.

1.02 ADMINISTRATION OF THE PERSONNEL SYSTEM

The City Manager is the Personnel Officer and shall administer the Personnel System except for the hiring and discharge of department heads, which shall require City Council confirmation. He shall have power to exercise general control and supervision over employees subject to these Rules and Regulations. The City Manager may delegate any of the powers and duties conferred upon him as the Personnel Officer to any other officer or employee of the City.

1.03 PURPOSE

The purposes of these Rules and Regulations are to facilitate effective and economical services to the public and to provide for a fair and equitable system of personnel management. These Rules and Regulations set forth in detail those procedures which ensure equal treatment for applicants and employees, and define the obligations, rights, privileges, benefits and prohibitions placed upon all employees in City employment. It is the intent of the City to comply with all Federal and State laws and regulations applicable to the City and/or its employees, whether mentioned herein or not.

1.04 PERSONNEL POLICY

The intent of the personnel policy of Kaysville City is that:

a. Employment and promotion by Kaysville City shall be based on merit qualifications, free of personal and political considerations, and in no way shall be discriminatory because of race, sex, color, national origin, religion, age, disability, or any other class protected under State or Federal Law.

b. It is the intent of the City Administration to assist employees in maintaining qualifications and skill levels. Employees are encouraged to pursue training and development. Upon proper approval, time and monies, up to the amount allocated in the budget, may be used for training and development activities.

c. Tenure of employees covered by these Rules and Regulations shall be subject to good behavior, satisfactory work performance, necessity for improved performance of work and the availability of funds.

1.05 EMPLOYMENT CONSTITUTES ACCEPTANCE OF RULES

In accepting employment with Kaysville City, each employee agrees to be governed by and to comply with the Personnel Rules and Regulations, administrative rules and procedures established by the City Manager pursuant thereto, and rules, regulations, and directives of the department in which he or she is employed.

All employees holding a position in City service on the REVISED date of these Rules and Regulations shall thereafter be subject in all aspects to the provisions herein. Reasonable effort will be made by City Administration to distribute this document to all employees.

Personnel Policies are applied at the discretion of Kaysville City. Kaysville City reserves the right to change, withdraw, apply, or amend any of our policies or benefits, including those covered in these Regulations at any time. Kaysville City may notify you of such changes via email, posting on the City's Intranet, or via a printed memo, but may in its discretion make such changes at any time, with or without notice and without a written revision of these Regulations.

1.06 DEPARTMENT POLICIES AND PROCEDURES

When Departments adopt regulations, policies, or procedures, the more restrictive provisions shall govern.

If any provision or part of these Policies and Procedures or the application thereof is found to be in conflict with any State or Federal law or City Ordinance, the conflicting provision or part is hereby declared inoperative to the extent of the conflict, but such conflict shall not affect the operation of the remainder of these Policies and Procedures or any of their application.

1.07 JOB DESCRIPTIONS

The City provides and maintains a current job description for each employee position available within the City. Each job description should include the scope of responsibility, supervisory duties, typical duties, qualifications, knowledge, skills and abilities, essential functions, and physical demands and job environment. All employees will be assigned to employment as provided in an established job description and must be able to meet the requirements for performing the essential functions of the position to which assigned (with or without a reasonable accommodation to the extent required under the Americans with Disabilities Act). Recruitment and hiring of new employees is based on the requirements and duties listed in the relevant job description.

1.08 CLASSIFICATION PLAN

The City shall establish and adopt a Classification Plan setting forth the positions and corresponding job descriptions of City employees.

1.09 PERSONNEL RECORDS

(a) Personnel Records. Federal and State law requires employers to keep detailed data about their employees. It is the policy of the City to maintain personnel records concerning its employees in accordance with applicable Federal and State law. Such records may include, but are not limited to, records regarding hiring, compensation, leave, awards, grievances, disciplinary action, education, training and other relevant records.

(b) Updates. Each employee is responsible for keeping the City notified of any changes in employee information such as name, address, telephone number, tax exemptions and related information so that the employee's personnel records may be accurately maintained.

(c) Maintenance. Personnel records shall be maintained, classified and accessed in accordance with the Government Records Access and Management Act, as set forth in *Utah Code* and the Utah Municipal Records Retention Schedule, as adopted and amended by the City.

(d) Access. Pursuant to *Utah Code* employees of the City have the right to examine and make copies of documents in their own personnel files. Upon written request from an employee, the City shall produce the employee's personnel file for inspection and copying during regular business hours. Such inspection and copying shall be under the direct supervision of the Human Resources Specialist, or his or her designee. Access and examination of personnel records by persons other than the employee must provide a written request and is subject to the provisions of the Government Records Access and Management Act, as set forth in *Utah Code* as adopted and amended by the City. Access and examination of personnel records by the City Manager and/or the employee's direct Department Head, or his/her designee, will be provided upon written request which will be kept with the personnel file and is not subject to the provisions of the Government Records Access and Management Act. Requests by a Department Head to access and examine personnel records of an employee that he/she does not directly supervise must have approval by the City Manager.

1.10 EMPLOYEE INQUIRIES AND REFERENCES

All inquiries from outside parties regarding current and former employees shall be directed to the Human Resources. For purposes of extensive background investigations on current and former Police Officers a liability release form signed by the employee is required and the Police Chief in cooperation with the Human Resource Specialist may respond to questions with factual information. Pursuant to the Employer Reference Immunity provisions of Utah law, as set forth in *Utah Code*, an employer who in good faith provides information about the job performance, professional conduct, or evaluation of a former or current employee to a prospective employer of that employee, at the request of the prospective employer of that employee, may not be held civilly liable for the disclosure or the consequences of providing the information. Notwithstanding statutory protection, the City reserves the right to require a written reference and liability release form from former employees regarding requested references. Reference and liability release forms may also be filled out by employees upon termination of employment with the City.

SECTION 2

EMPLOYMENT

2.01 EQUAL EMPLOYMENT OPPORTUNITY STATEMENT

It is the policy of Kaysville City to provide equal employment opportunity. Personnel will be compensated on a fair and equitable basis. Kaysville City will hire, promote, classify, transfer, discipline, and discharge all persons concerned without reference to race, color, religion, sex, age, disability, national origin, political affiliation, pregnancy, childbirth or pregnancy-related condition, disability,status as a veteran, or genetic information, in accordance with applicable Federal and State laws. It is the policy and commitment of the City to protect the civil rights of all employees and applicants for employment with the City and to provide a work environment free from discrimination and harassment.

The City expressly prohibits any form of unlawful employees harassment. Improper interference with the ability of City's employees to perform their expected job duties is not tolerated. With respect to sexual harassment, the City prohibits:

1. Unwelcome sexual advances; requests for sexual favors; and all other verbal or physical conduct of a sexual or otherwise offensive nature, especially where:
   - Submission to such conduct is made either explicitly or implicitly a term or condition of employment;
   - Submission to or rejection of such conduct is used as the basis for decisions affecting an individual's employment; or
   - Such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment.
2. Offensive comments, jokes, innuendos, pictures, cartoons and other sexually oriented statements.

Complaint Procedure

Each member of management is responsible for creating an atmosphere free of discrimination and harassment, sexual or otherwise. Further, employees are responsible for respecting the rights of their co-workers.

If you experience any job-related harassment based on your sex, your race, or another factor, or believe you have been treated in an unlawful, discriminatory manner, promptly report the incident to your supervisor, who will investigate the matter and take appropriate action, including reporting it to the City Manager. If you believe it would be inappropriate to discuss the matter with your supervisor, report it directly to the City Manager, who will undertake an investigation. Your complaint will be kept confidential to the maximum extent possible.

If the City determines that an employee is guilty of harassing another employee, appropriate disciplinary action will be taken against the offending employee.

The City prohibits any form of retaliation against any employee for filing a bona fide complaint under this policy or for assisting in a complaint investigation. However, if, after investigating any complaint of harassment or unlawful discrimination, the City determines that the complaint is not bona fide or that an employee has provided false information regarding the complaint, disciplinary action may be taken against the individual who filed the complaint or who gave the false information.

2.02 RECRUITMENT AND SELECTION CRITERIA

Recruitment for qualified applicants will be carried on as necessary in order to insure that the City will have available applicants of interested, qualified persons for possible employment. In general, all new and vacant Council approved positions will be posted externally on the Kaysville City Website and through the Utah Department of Workforce Services. Other media, including newspapers, social media, and professional publications, may be used.

The City shall attempt to fill all vacant positions with qualified applicants from its existing work force. The selection of individuals to fill vacant positions shall be based upon specific knowledge, job-related skills and abilities, character, general competence (past performance), ability to work and relate with co-workers, and the ability to relate to the goals and objectives of the City in a cooperative and productive manner.

2.03 APPLICATION

All candidates for employment shall file an application on an official City application form.

2.04 SELECTION PROCESS

The selection and placement process for any position opening in the City is as follows:

1. Update the position description including position title; description of duties and responsibilities; required knowledge and skills; essential physical duties; minimum qualifications of education and experience required.

2. Advertise the opening.

3. Receive initial applications according to the deadlines established for the available position.

4. Conduct examinations using any of the following recognized techniques:

   - achievement tests
   - aptitude tests
   - work samples
   - finger printing
   - evaluation of work performance
   - review and investigation of personal background and references
   - evaluation of personality and background through personal interviews
   - oral board examination

   or any other selection technique that will adequately and fairly indicate the relative ability and quality of the candidates under consideration to execute the essential duties and responsibilities of the position to which they seek to be appointed. The City recognizes that it may not discriminate in the selection process because of a disability and will evaluate the positions based upon reasonable accommodation where necessary.

5. Select a candidate for the available position.

6. Notify the candidate and complete the appropriate employment records.

7. Administer oath if applicable.

2.05 INELIGIBILITY OR DISQUALIFICATION

The Personnel Officer may withdraw anyone from consideration whose appointment will be deemed contrary to the best interest of the City. Reasons for disqualification may include, but shall not be limited to, the following deficiencies:

a. Lack of any of the requirements established for the examination or position for which she or he applies.

b. Physical or mental disability such as to render the applicant unfit to perform the essential job functions of the position to which appointment is sought with reasonable accommodation.

c. Current use of unlawful habit-forming drugs.

d. Conviction of a felony, or conviction of a misdemeanor involving moral turpitude.

e. Infamous or notoriously disgraceful conduct.

f. Dismissal from former employment for any cause which would be cause for dismissal by the City.

g. Resignation from any position to avoid dismissal.

h. Deception or fraud in making the application.

i. Request by applicant that his or her name be withdrawn from consideration.

j. Failure to reply within a reasonable time, as specified by the Personnel Officer, concerning availability of employment.

k. Disqualification or unsuitability for employment as specified in any City or pertinent department rules or regulations.

l. Non satisfactory Vehicle Use Record.

2.06 MEDICAL EXAMINATIONS

As part of City's employment procedures after a conditional offer of employment is extended, an applicant is required to undergo a pre-employment alcohol and drug screening that is conducted by an agency designated by the City. Any offer of employment that an applicant receives from the City is contingent upon, among other things, satisfactory completion of examinations and a determination by the City and its examining physicians that the applicant is capable of performing the responsibilities of the position that has been offered. Questions about the City required medical examinations should be directed to the City Manager or his designee.

2.07 ORIENTATION PROGRAM

During your first few days of employment, you will participate in an orientation program conducted by the City Manager or designee and various members of the City, including your supervisor. During this program, you will receive important information regarding the performance requirements of your position, basic City policies, your compensation, and benefit programs, plus other information necessary to acquaint you with your job and the City. You will also be asked to complete all necessary paperwork at this time, such as medical benefit plan enrollment forms, beneficiary designation forms, and appropriate federal, state, and local tax forms. At this time, you will be required to present the City with information establishing your identity and your eligibility to work in the United States in accordance with applicable federal law.

Please use this orientation program to familiarize yourself with the City and our policies and benefits and this City Personnel Rules & Regulations document. We encourage you to ask any questions you may have during this program so that you will understand all the guidelines that affect and govern your employment relationship with us.

2.08 EMPLOYMENT STATUS

Classification of Employment
For purposes of salary administration and eligibility for overtime payments and employment benefits, the City classifies its employees as follows:

Council Approved Positions

Full-Time Regular Employees - Employees hired to work the City's normal, full-time forty hour workweek on a regular basis and police employees (post certified) hired to work 171 hours in a 28 day work period and fire employees hired to work 212 hours in a 28 day work period. Such employees may be "exempt" or "nonexempt" as defined below.

Part-Time Regular Employees – Same as full-time employees, but works less than 40 hours per week and usually more than 20 hours a week.

Part-Time employees may be eligible for some benefits normally provided by the City. These benefits may include retirement, insurance and accrual of vacation and sick leave at a rate proportionate to the hours worked unless otherwise required by law.

Introductory Period- All new hires shall have a six month introductory period. During this period, the employee may be discharged or laid off at the sole discretion of the City. Upon completion of the six month period, a performance review will be completed to determine if the employee status will be designated regular, permanent status. The granting of regular permanent status does not grant any additional employment status.

Non-exempt Employees - Employees who are required to be paid overtime at the rate of time and one half (i.e., one and one-half times) their regular rate of pay for all hours worked beyond forty hours in a workweek, (police employees beyond 171 hours in a 28 day period and fire employees hired to work 212 hours in a 28 day period) in accordance with applicable federal wage and hour laws.

Exempt Employees - Employees who are not required to be paid overtime, in accordance with applicable federal wage and hour laws, for work performed beyond forty hours in a workweek. (Police employees beyond 171 hours in a 28 day period and fire employees hired to work 212 hours in a 28 day period) Executive, professional employees, managers, and certain employees in administrative positions are typically exempt.

You will be informed of your initial employment classification and of your status as an exempt or nonexempt employee during your orientation session. If you change positions during your employment as a result of a promotion, transfer, of otherwise, you will be informed by the City Manager or his designee of any change in your exemption status.

Administratively Approved Positions

Light Duty Status- Employees that incur a medical condition and are recommended by a medical doctor to only be involved in "light duty" activity may be assigned work in accordance with light duty operations and functions as approved by human resources in cooperation with the Department Head. Light duty assignments will be temporary and short term in nature, usually not exceeding thirty (30) work days. Each case will be reviewed independently and will only be extenuating circumstances. Light duty assignments over thirty (30) days will be approved by the City Manager.

Paid On-Call Firefighter- An employee hired to work as needed at an hourly wage. A paid-on-call firefighter (1) shall work less than an average of 30 hours per week calculated on an annual basis; (2) shall be an at-will employee and may be terminated at any time with or without notice or cause; and (3) is generally not eligible for benefits.

Temporary Employees-

> Seasonal Employee- All employees hired on a temporary, seasonal, provisional or emergency basis. Seasonal employees are not eligible for benefits unless required by law. Seasonal employees are at-will employees and may be terminated at any time with or without notice or cause. Seasonal employees may be employed up to 40 hours per week for up to but not including 9 months Any exceptions must be approved in writing by the City Manager. A seasonal employee may be re-hired as a seasonal employee after at least a three month break.

> Limited Part-Time Employees- Employees who usually work an average of 20 hours or less per week calculated on an annual basis. Limited part-time employees are not eligible for benefits unless required by law. Limited part-time employees are at-will employees and may be terminated at any time with or without notice or cause.

Volunteers- Volunteers are persons who donate services as authorized by the City without pay or other compensation other than expenses actually and reasonably incurred as approved by the City. The City Manager may establish volunteer programs and develop guidelines for the use of volunteers. Volunteer programs and guidelines proposed by the City Manager that are either outside of the current adopted budget or involves an exceptional amount of risk would require approval from the City Council. All volunteers providing services for the City shall sign an agreement defining the nature and terms of the volunteer services. A volunteer may not donate any service to the City unless the volunteer's services are approved by the City manager and the volunteer has submitted a signed volunteer form to the City as required herein.

Volunteers may be provided protections under the Volunteer Government Workers Act, as set forth in *Utah Code* which provides volunteers may be deemed an employee of the City for purposes of workers' compensation benefits, operation of motor vehicles, and liability protection and indemnification normally afforded paid government employees.

Please direct any questions regarding your employment classification or exemption status to the City Manager or designee.

2.09 INITIAL APPOINTMENT

All initial appointees are assigned to the salary range or grade outlined for their position as specified in the Classification and Compensation Plans.

2.10 PERFORMANCE EVALUATION

On or near the beginning of each fiscal year, each employee will be evaluated by his or her supervisor in accordance with the standards of Kaysville City. These evaluations shall be used in determining each employee's step and movement to steps of the Compensation Plan, and other personnel actions based on performance.

2.11 PROMOTION

Because it is the policy of Kaysville City to encourage the advancement of personnel within the organization, promotional examinations for vacancies will be conducted as the needs of the City require. An employee receiving a promotion be eligible for the corresponding merit increases of that range. If the present pay level is equal to or exceeds the class to which she or he is promoted the employee shall be promoted to the next step which guarantees the employee at least a five (5) percent increase in pay.

2.12 TRANSFER

Any employee may be transferred from one department or division to another for which she or he is qualified as the structure of the work force is changed, at the discretion of the City Manager. A transferred employee shall retain all accumulated sick leave and annual leave.

2.13 REASSIGNMENT

Employees who are reassigned shall be paid at the same salary that they received prior to reassignment. If such salary exceeds the maximum of the range for the class to which they are assigned, they shall receive the maximum for the class.

2.14 REAPPOINTMENT

Reappointment after termination will be considered as new employment.

2.15 REINSTATEMENT

The City Manager may reinstate any suspended employee for good cause, and may, upon such reinstatement, compensate, in whole or in part, such employee for the time lost.

2.16 TERMINATION

Employees may not be dismissed from service as a result of a change in elected administration.

a. RESIGNATION - An employee wishing to leave the service of the City in good standing either by resignation or retirement shall give the Personnel Officer at least two (2) weeks notice.

b. ABSENCE WITHOUT LEAVE - Absence without leave for more than three (3) consecutive workdays or shifts may be deemed to be a resignation and may result in automatic termination.

c. LACK OF WORK OR FUNDS - An Employee may be terminated by the Personnel Officer because of changes in duties or organization, abolishment of position, shortage of work or funds, or completion of work. In cases involving full-time employees only, notice of such termination will be given to the employee at least two (2) weeks prior to the effective date of termination. In any such reduction in personnel caused by lack of work or funds, employment status, length of service, and performance rating will be the criteria used in determining the order of the layoff. In all lack of work or funds layoffs, the City Administration will make reasonable efforts to transfer the employee, if feasible, rather than layoff the employee. Full-time employees terminated by the Personnel Officer for cause or for the convenience of the City shall be given a written statement of the reasons for such termination and may appeal such action by the established procedure (Section 5.03). Such cause shall be other than cause for disciplinary action set forth in the disciplinary action section contained herein.

d. NON-DISCIPLINARY ACTION - Part-time, and temporary employees may be terminated by the Personnel Officer at any time, with or without notice, for cause or for the convenience of the City.

e. DISCIPLINARY ACTION - An employee may be terminated at any time as a disciplinary action as provided in these Rules and Regulations and pursuant to current Utah Code.

2.17 RETIREMENT

Retirement from City service shall be subject to the terms and conditions of the City's Retirement Systems. Employees may retire at any time following eligibility after the two (2) weeks notice is given to the Personnel Officer.

2.18 WORKER'S COMPENSATION

Kaysville City operates under the provisions of the State of Utah Worker's Compensation Act which provides that - "any employee injured, or the dependents of any employee killed during the course of his or her duty, shall receive compensation for loss sustained on account of such injury or death, and for medical, nurse and hospital services, medicines, and funeral expenses."

The size of the awards and the conditions connected with these claims are contained in the State Laws covering Worker's Compensation cases. Any injury occurring on the job must be reported to the supervisor immediately and submitted to human resources within seven (7) days of the injury.

2.19 SAFETY

It is the intent of the City to comply with all applicable rules and regulations pertaining to the Occupational Safety and Health Act as established under federal or state law.

The City employees are expected to be safety conscious and to assist in keeping the City a safe workplace. The following general safety rules will apply in all City work places. Each work unit may prepare separate safety rules applicable to the specific nature of work in their area to promote safety.

Each department head or supervisor shall post, in a conspicuous place, a list of telephone numbers or addresses as may be applicable so that necessary help can be obtained in case of emergency. The list shall include: doctor, hospital, fire department, police or sheriff, ambulance, and responsible supervisor.

Employees shall be required to participate in safety training programs. The City will provide safety equipment.

General Safety Rules
The following general safety rules will apply in all City work places. Each Department may prepare separate safety rules applicable to the specific nature of work in their area but not in conflict with these rules.

- Extreme caution should be exercised by employees operating any type of power equipment.

- Employees will use safety equipment appropriate to the job, such as safety glasses, gloves, toe guards, and hard hats, if required or appropriate to the work performed.

- Employees will avoid wearing loose clothing and jewelry while working on or near equipment and machines.

- All accidents, regardless of severity, personal or vehicular, are to be reported immediately to the supervisor.

- Defective equipment should be reported immediately to the supervisor.

- Employees will not operate equipment or use tools for which training or orientation has not been received.

- In all work situations, safeguards as required by State and Federal Safety Orders will be provided.

- All supervisors and workers shall be required to insure clean work areas. An excessively littered or dirty work area constitutes an unsafe, hazardous condition of employment and should be remedied within a reasonable amount of time. When no other method or combination of remedies exist to minimize hazards due to toxic dust, fumes, gases, flying objects, dangerous rays, or burns from heat, acid, caustics or any hazard of a similar nature, the City shall provide each worker with the necessary personal protection equipment, such as respirators, goggles, gas masks, certain types of protective clothing, etc. Provision shall also be made to keep all such equipment in good, sanitary working condition at all times.

- Report of any on-the-job injury resulting in disability or compensable lost time shall be submitted by the department head or other designated official to the Industrial Commission and to the affected employee within seven (7) calendar days on the "First Report of Injury" form. Should any sudden or unusual occurrence or change of conditions occur (such as the appearance of toxic or unusual fumes or gases, major equipment failure, explosion, fires, etc.) that might affect the safety or health of City employees or tend to increase the hazards thereof, the department head or other designated authority shall notify the Industrial Commission of Utah. Such notification <u>MUST</u> be made whether or not any actual injuries result from the above occurrences or changes of conditions.

- All fatal, potentially fatal, and serious accidents shall be reported immediately to the appropriate Utah State agency over Labor.

- No person shall remove, displace, destroy, or carry away any safety device or safeguard provided for use in place of City employment or interfere with the use of any method or process adopted for the protection of employees. No employees shall refuse or neglect to follow and obey reasonable orders that are issued for the protection of health, life, safety, or welfare of employees.

  - No person shall remove, displace, destroy, or carry away any safety device or safeguard provided for use in place of City employment or interfere with the use of any method or process adopted for the protection of employees. No employees shall refuse or neglect to follow and obey reasonable orders that are issued for the protection of health, life, safety, or welfare of employees.

  - In addition to the rules and regulations specified above, the following shall apply:

    1. Employees who do not understand or speak the English language shall not be assigned to any duty or place where the lack or partial lack of understanding or speaking of English might adversely affect their safety or that of other employees.

    2. Where there is a risk of injury from hair entanglement in moving parts of machinery, employees shall confine their hair to eliminate the hazard.

3. Loose sleeves, tails, ties, lapels, cuffs, or similar garments which can become entangled in moving machinery shall not be worn where an entanglement hazard exists.

4. Wrist watches, rings, or other jewelry shall not be worn on the job where they constitute a safety hazard.

5. No employee shall carry liquor into a place of employment.

6. No intoxicated person shall be allowed to go into, or loiter around, any operation where workers are employed.

Additional information relative to the Occupational Safety and Health Act can be obtained from www.osha.gov.

SECTION 3

COMPENSATION

3.01 COMPENSATION PLAN

Pay rates for all authorized City positions are set forth annually as part of the budget process and established by City Council action. Payroll amounts shall be computed on the number of base hours of the calendar year (2080) that are covered by the pay period.

The Compensation Plan may also include salary administration guidelines, position pay grade schedule, and salary schedule, reimbursement, and other forms of Compensation as adopted by the City. Salaries shall be evaluated on an annual basis and linked to the position classification plan and may take into consideration the following prevailing practices and factors: ranges of pay for other positions; prevailing rates of pay for similar employment in both public and private organizations; cost of living; market trends, other benefits; and financial policy and economic conditions of the City. Independent market studies may be authorized at the discretion of the City Council when deemed necessary.

3.02 CLASSIFICATION

Council authorized positions shall have an approved job description and are assigned a salary grade. Each grade has been assigned a corresponding salary range. Periodically, the City may revise its job descriptions, evaluate individual jobs to ensure that they are rated and paid appropriately, and review job specifications to ensure that they are directly job related.

3.03 RECLASSIFICATION

If the duties and responsibilities of a position change significantly, the department head should submit a request for reclassification to the Personnel Officer. The Personnel Officer shall perform an analysis of the position and make the final recommendation for reclassification to the City Council.

No employee shall be removed from employment by means of reclassification or have the job function changed where the action is primarily for the purpose of dismissing the employee.

If the circumstance should arise requiring the abolition of a position, job security shall be maintained by:

1. Returning the employee to a previous position.

2. Promoting the employee based on merit and qualifications.

3. Transferring the employee to another department to fill a position of equal pay.

or

4. Terminating the employee if none of the above alternatives are available.

3.04 WORK PERIODS

The standard work period for the City, except the Police and Fire Departments, are seven consecutive days beginning each Saturday at 12:01 a.m. and ending each Friday at 12:00 midnight.

The standard work period for the Police and Fire Departments (Post certified) is twenty-eight consecutive days.

The work shifts for each department are as determined by the department head with the approval of the City Manager. All employees are to be working on City matters during their work shift.

The Public Works and Power Department will have one member of each department on-call at all times to respond to emergency situations as deemed necessary by the City Manager and Department Head.

The Police and Fire Departments will provide continuous coverage through shift schedules.

3.05 RECORDING WORK HOURS

It is the policy of the City to comply with applicable laws that require records to be maintained of the hours worked by our employees. To ensure that accurate records are kept of the hours actually worked (including overtime hours where applicable) and of the accrued leave time taken, and to ensure payment in a timely manner, all Non-Exempt employees will be required to record their time worked and absences on City's official time period form. This form should be completed daily, signed, and forwarded to your supervisor at the conclusion of each pay period. After reviewing the form and resolving any discrepancies, the supervisor will sign the form and forward it to payroll for processing.

Exempt employees are expected to work at least 40 hours in a work week. As needed an exempt employee may be required to work more than 40 depending on circumstance and work load. Exempt employees, while not required to “clock in”, should submit vacation, sick, comp, and any other “non-worked” hours used in a work week to come to a minimum of 40 hours. These hours should be reported to payroll on a bi-weekly basis with the transmission of all other department time cards.

All employees should ensure that actual hours worked and leave time taken are recorded accurately. Falsification of a time record is a breach of City policy and is grounds for disciplinary action, including the possibility of immediate dismissal. All questions about recording work hours should be directed to an employee’s immediate supervisor.

3.06 BREAKS

One (1) paid break during each four (4) hour work period is authorized. Breaks are scheduled by the supervisor to best meet work conditions. Breaks are not to exceed fifteen (15) minutes.

3.07 EXCEPTIONS TO WORK PERIODS

The City Manager is hereby authorized to designate other work periods and working hours for employees when, in his opinion, the best interest of the City may be served by such adjustments of the work periods and hours and in accordance with Fair Labor Standards Act (FLSA) laws.

3.08 ATTENDANCE

An employee unable to report to duty on a workday shall notify his immediate supervisor of that fact with reasonable notice

3.09 OVERTIME

In case of disaster, state of extreme emergency, or local peril, as declared by the Mayor or City Manager, the overtime procedures herein established shall not be in effect and compensation procedures will be determined at that time for such conditions.

Your supervisor will attempt to provide you with reasonable notice when the need for overtime work arises. Please remember, however, that advance notice may not always be possible.

Overtime may be authorized only when it is not possible to adjust staffing and/or employee work schedules to perform essential work assignments during regular hours. Overtime should be authorized by the Department Head. No employee may authorize overtime for himself or herself.

Employees may elect to receive compensatory time or payment in the pay period following the period in which such overtime is worked, providing that the time record form has been properly prepared, approved by the supervisor, and forwarded to payroll for processing in a timely manner.

Non-exempt Employee except Public Safety

If you are classified as a nonexempt employee, you will receive compensation for approved overtime work as follows:

1. You will be paid at straight time (i.e., your regular hourly rate of pay) for all hours accumulated and worked through the fortieth hour in any given workweek.

2. You will be paid one and one-half times your regular hourly rate of pay for all hours accumulated and worked beyond the fortieth hour in any given workweek.

3. Overtime is calculated by adding the hours worked. Any amount over 40 hours per week qualifies as overtime. (You are paid for non-working hours, i.e. sick leave, vacation leave, etc. at straight time and these non-working hours are not used to calculate overtime.) Approved City holidays are calculated as hours worked.

   Any un-scheduled hours worked in response to an emergency as determined by the City Manager (water leak, snow plowing/salting, flooding, power outages, natural disaster etc.) outside normal shift hours will be paid at an overtime rate regardless of non-working hours during the week.

4. For the purpose of calculating overtime, the workweek normally begins at 12:01 a.m. Saturday and ends at midnight of the following Friday, unless designated otherwise because of varying shifts.

5. You may elect to receive compensatory leave in lieu of overtime pay. You will receive compensatory leave at the rate of one and one-half times your overtime worked in any given work week. If you elect to receive compensatory leave in lieu of overtime pay, you will be allowed to accumulate up to 80 hours.

6. Required Overtime work that falls on a holiday and outside of current job schedule and assignment will be paid at a rate designated by the City Manager.

Non-exempt Public Safety Employee

If you are classified as a non-exempt public safety employee, (non-administrative) you will receive compensation for approved overtime work as follows:

1. You will be paid at straight time (i.e. your regularly hourly rate of pay) for all hours accumulated through the one hundred and sixtieth (171) for police and two hundred and twelve (212) for fire in any given twenty eight day work period.

2. You will be paid one and one-half times your regular hourly rate of pay for all hours accumulated beyond the one hundred and sixtieth (171) for police and two hundred and twelve (212) for fire in any given twenty eight day work period. The City Manager may determine a work period more liberal for public safety employees in the calculation of overtime not to exceed the accrual rate of non-public safety employees.

3. Overtime is calculated by adding the hours worked. Any amount over 160 hours for police and 212 for fire per 28 day work period qualifies as overtime. (You are paid for non-working hours, i.e., sick leave, vacation leave, etc., at straight time and these non-hours are not used to calculate overtime.) Approved city holidays are calculated as hours worked. For all contract work billed at a rate of 1 ½ rate officers will be compensated commensurately.

   Any un-scheduled hours worked in response to an emergency as determined by the City Manager (water leak, snow plowing/salting, flooding, power outages, natural disaster etc.) outside normal shift hours will be paid at an overtime rate regardless of non-working hours during the week.

4. You may elect to receive compensatory leave in lieu of overtime pay. You will receive compensatory leave at the rate of one and one-half times your overtime worked in any given work week. If you elect to receive compensatory leave in lieu of overtime pay, you will be allowed to accumulate up to 80 hours and 112 hours for fire personnel.

5. Required Overtime work that falls on a holiday and outside of current job schedule and assignment will be paid at a rate designated by the City Manager

3.10 EXEMPTIONS FROM OVERTIME

All executive, administrative, and professional employees are exempt from overtime pay. The Police Chief shall be compensated at straight time for working additional shifts of other officers or for time when he is otherwise required to work.

3.11 SEPARATION PAY

When employees terminate, they shall be required to return all tools, safety helmets, and other property of the City and to clear all financial obligations prior to receiving their final paycheck. Any obligations not cleared shall be deducted from their final paycheck. Final paychecks shall include compensation for unused annual leave up to the maximum of thirty (30) days allowed and compensatory time up to the allowed carryover limit.

3.12 SEVERANCE PAY

When a full-time employee is separated from City employment due to a reduction in force through no fault of the employee, and when such a separation requires immediate action thereby not permitting a two (2) week notice, the employee shall be paid two (2) weeks severance pay in lieu of the two (2) weeks' notice. Other severance packages above two (2) weeks may be authorized by the City Manager on a case by case basis.

3.13 ON-CALL PAY

Employees who are required to be on-call shall be compensated at the rate as established in the City Compensation Plan as approved by the City Council annually.

3.14 PAY PERIODS AND PAYDAYS

The pay period for all employees shall be the two week period, ending on alternate Fridays. Paydays, shall be the Friday following the end of each pay period.

It is the City policy that all employees are paid by direct deposit to their respective checking or savings account. Accordingly, the City has established an automatic payroll deposit program, which provides automatic transfers of an employee's pay directly to the employee's bank account(s) (checking or savings) on each payday.

Except for employees terminating, the City will only pay on paydays. Employees leaving City service will normally be paid on the regular payday following the date of termination and upon written clearance by the department head concerned that the employee has returned all City property.

The City will not make pay advances to employees.

The method of distributing payroll information shall be established by the City Manager.

3.15 OFF DUTY COURT TIME

Police Officers on official duty attending court trials or hearings on their off duty time will be paid for two (2) hours at one and one-half (1 1/2) of the officer's base rate. If the officer is required to stay beyond two (2) hours, he or she will be paid at one and one-half the base rate for the time attended. The time will begin upon arrival at the court and end when the officer is released by the prosecutor.

To be eligible for payment, the subpoena or court notice must reflect that the employee's appearance was required at least one hour before actually reporting on regular duty. For instance, if an employee is scheduled to report on duty at 1500 hours on any given date, the subpoena or court notice must reflect that the employee reported, according to the subpoena or court notice, prior to 1400 hours to be eligible for compensation. If the subpoena or court notice reflects that the employee reported after 1400 hours, it is assumed that the officer's appearance was in connection with regular duty. If an officer is in court when his regular shift terminates and he is required to remain to give testimony or as a witness in excess of one hour's time, then the employee is eligible to receive compensation.

On the occasions where an employee receives two subpoenas or court notices on the same day, compensation will be received on each subpoena. However, the time lapse between subpoena or court notices must be in excess of two hours.

In the event a trial or hearing is cancelled, the employee will not be compensated unless the employee received notification less than one hour before the trial or hearing. In that event, the employee will be compensated for two hours.

3.16 HOLIDAYS

The following days have been designated by the City Council as paid holidays:

New Years Day	January 1st
Civil Rights Day	3rd Monday in January
Presidents Day	3rd Monday of February
Memorial Day	Last Monday of May
Independence Day	July 4th
Pioneer Day	July 24th
Labor Day	1st Monday of September
Columbus Day	2nd Monday in October
Veteran's Day	November 11
Thanksgiving Day	4th Thursday of November
Friday after Thanksgiving	Friday following Thanksgiving
Christmas Day	December 25th

When a holiday falls on a Saturday, it shall be observed on the preceding workday. When it falls on Sunday, it shall be observed the following workday.

Holidays may be rescheduled by a department head for the Department in special circumstances with the approval of the City Manager.

In lieu of receiving the above designated paid holidays public safety and fire personnel will be granted holiday time annually to be used at their discretion. If the employee leaves service during the calendar year, the holiday leave will be reconciled to the date of termination.

3.17 BENEFITS ADMINISTRATION

FULL-TIME AND PART-TIME EMPLOYEES:

a. RETIREMENT PLAN - Full-time employees are covered by retirement plans. Part-time regular employees working 20 hours or more per week may be eligible to be members of the Utah State Retirement System. In an effort to be as fair as possible and to recruit and retain the best employees, the City may choose to compensate employees differently under certain retirement plans to make up for deficiencies from one plan to another. This determination will be made on a case by case basis by the City Manager.

b. HEALTH INSURANCE - The City pays a contribution towards the premium for medical and dental coverage on full-time employees. Health insurance is available to part time employees who work an average of 30 or more hours per week calculated on an annual basis at a rate proportionate to the hours worked unless otherwise required by law. The health insurance contribution is established as part of the Compensation Plan. All full-time employees are required to maintain health insurance at the single (employee) level of coverage. Dependent coverage is optional as part of the group plan.

c. LIFE INSURANCE - Life insurance coverage on full-time employees and paid on-call firefighters is provided for by the City as established as part of the compensation plan. Additional coverage for full-time employees is available upon payment of the premium at group rates by the employee.

d. LONG TERM DISABILITY INSURANCE AND ACCIDENTAL DEATH/ DISMEMBERMENT- Long term disability insurance and accidental death/dismemberment is provided for by the City as established as part of the compensation plan.

ALL EMPLOYEES:

a. SOCIAL SECURITY - All paid employees of the City contribute to the F.I.C.A., or Social Security program, as administered by the Federal Government. This is a system of retirement benefits based on equal employer and employee contribution to public insurance reserves.

b. WORKER'S COMPENSATION - Coverage is maintained in accordance with law.

Details on all Benefits Administration can be obtained from the Finance Director.

3.18 TRAVEL REIMBURSEMENT

Travel expenses on duly authorized trips on City business for attendance at conventions, conferences, or meetings will be reimbursed by the City. All out-of-state travel requires approval by the City Manager. Whenever possible City vehicles will be used for City business.

Travel expenses must be included in an annual budget for each department anticipating travel, as part of the budget process. Any travel expenses in excess of the amount budgeted must have the approval of the City Council.

The following expenses will be considered for reimbursement upon completion of the Travel Expense Report Form and accompanied by the required receipts as listed.

TRANSPORTATION COSTS

If a commercial airline is used, tourist or economy fare MUST be requested and used if available. First class fare will be allowable only on the basis that tourist or economy space was not available between specified points.

If railway or bus is used, first class fare, plus necessary lower berth or roomette is allowable. However, coach facilities, when considered reasonable and satisfactory, should be used whenever possible.

Personal cars may be used if adjudged economical, or advantageous to the City. When a personal car is used for long trips, the City's reimbursement for the use of the car shall be established by the City's Compensation Plan.

When possible, employees shall choose lodging at the conference sponsored hotel that offers a government rate. Traveling employees may elect to stay with friend, relatives, use their personal campers or trailer homes instead of staying in a motel/hotel. The City will compensate the employee fifty percent (50%) of the lowest total cost of the conference sponsored hotel price.

OTHER COSTS

Toll road charges, parking fees, storage charges, emergency repairs and like items may be reimbursed when such toll is necessary for arrival to associated approved travel event.

Charges for car rental or similar services shall be preapproved by the department head.

Conference registration fees and extraordinary expenses, such as purchase of incidental supplies or publications, shall be eligible for reimbursement when accompanied by a receipt.

PER DIEM (receipts not required for reimbursements)

Charges for meals will be paid based upon departure and arrival times on a per-diem basis.

Reimbursement for any expenses not provided herein shall require the approval of the City Manager.

Money may be advanced for anticipated expenses upon request to the City Manager.

3.19 EDUCATIONAL ASSISTANCE

Kaysville City recognizes the importance of educational growth of employees in advancing their technical and managerial skills. Through the Educational Assistance Program the City may provide assistance to an employee who undertakes a course of study which leads to a graduate or undergraduate degree and which is mutually advantageous to the City and the employee. In some cases, irregular work schedules may be considered as a means of accommodating class schedules.

For courses approved by the department head and the City Manager and completed successfully, the City will reimburse employees up to one-half the tuition and required fees for employees accepted for participation in an accredited program. Application for educational assistance shall not normally be approved for reimbursement of courses taken in excess of six (6) hours per semester or quarter.

If the employee is entitled to Veterans or other educational benefits she or he must use such benefits in lieu of City reimbursement. The City reimbursement will be reduced by the amount of reimbursement the employee is eligible for from the Veterans Administration or any other source.

Those accepting this program will be required to sign a statement committing themselves to one (1) year of employment with Kaysville City upon completion of the course work. If the employees are terminated (voluntarily or involuntarily, except reduction in force), they will be required to refund the City monies received under the program during the preceding one (1) year period. The closing date of the quarter or semester will be the date used to determine the parameters of such period.

All approved applicants must be working a minimum of the equivalent of forty (40) hours per week and reimbursements must be included in the current budget.

3.20 UNIFORM CLEANING ALLOWANCE

Police Officers, Reserve Officers shall receive a uniform cleaning allowance as part of the compensation plan Such allowances are to be used to maintain the department uniform in a neat and proper manner.

SECTION 4

LEAVE POLICIES

4.01 ANNUAL LEAVE

All full-time employees will be granted a paid vacation to be computed on a calendar year basis. Part-time Employees will receive annual leave proportionate to hour worked at the same benefit granted to Full-time Employees. No vacation shall be granted or pay made for vacation credit extended during a six month introductory period, but if full-time status is obtained, vacation shall then be allowed for time served in such introductory status.

a. Full-time employees will be credited with .833 of a working day per calendar month of employment. (10 days per year or 80 hours.) Full-time fire employees will be credited with 2.166 of a working day per calendar month of employment. (26 days per year or 208 hours.)

b. After five (5) years of continuous employment each full-time employee shall be granted one working day per calendar month of employment (12 days per year or 96 hours) and full-time fire employees will be granted 2.71 working days per calendar month of employment (32.5 days per year or 260 hours).

c. After ten (10) years of continuous employment, each full-time employee shall be entitled to 1.25 working days per calendar month of employment (15 days a year or 120 hours) and full-time fire employees will be granted 3.25 working days per calendar month of employment (39 days a year or 312 hours).

d. After fifteen (15) years of continuous employment, each full-time employee shall be granted 1.66 working days per month (20 days per year or 160 hours) and full-time fire employees will be granted 4.00 working days per month (48 days per year or 384 hours).

e. Full-time employees annual leave may accrue to a maximum of 30 days (240 hours) and full-time fire employees may accrue to a maximum of 42 days (336 hours). Personnel may only carry over one-half of their yearly accumulated annual leave per calendar year to accumulate the maximum days. Once the maximum leave has been accrued, annual leave earned thereafter must be used within the year that it is earned.

f. In the event an employee terminates for any reason, all unused vacation credit up to a maximum of 30 days (240 hours) for full-time employees, and 42 days (336 hours) for full-time fire employees will be paid by the City.

g. All vacation must have the prior approval of the appropriate supervisor. Vacation leave must be authorized in advance, and before it is started, by the supervisor. Employees are required to ask their supervisor for vacation leave in advance to allow him or her to make necessary arrangements concerning the workload.

h. At times in order to recruit and retain executive level staff, additional vacation leave may be given to acknowledge previous experience with a similar outside organization as approved by the City Manager.

4.02 ADMINISTRATIVE OR TRAINING LEAVE

A full-time employee or employee in their introductory phase of employment may, upon the approval of the City Manager, be granted leave with pay to perform legitimate duties in connection with City business, to attend trade or professional meetings which relate to official duties, or to participate in recognized and authorized training programs.

4.03 FUNERAL LEAVE

When death occurs in the family of an employee, the City shall allow up to three days of Funeral Leave with pay. The family shall be construed to mean father, mother, father-in-law, mother-in-law, wife, husband, brother, sister, children, grandchildren, or grandparents.

4.04 JURY AND COURT LEAVE

An employee who, in obedience to a subpoena or direction by proper authority, appears as a witness for the Federal Government or State Government, or a political subdivision thereof, or serves on a jury, shall be entitled to the difference between his or her regular compensation and the compensation of fees received (in excess of traveling expenses).

Time absent by reason of subpoena in private litigation or by some party other than the Federal Government or State Government or a political subdivision thereof, to testify not in official capacity, but as an individual shall be taken as annual leave or without pay.

4.05 FAMILY AND MEDICAL LEAVE

It is the purpose of the City to grant leave in accordance with the Family and Medical Leave Act of 1993, as amended (FMLA or Act). The provisions set forth herein are intended to comply with such Act, and if any conflict arises or if an issue or definition is not addressed herein, the Act shall control.

Employees who are eligible for family or medical leave must have been employed with the City for at least 12 months and worked a minimum of 1250 hours during the last year of employment.

An employee may take up to 12 workweeks of leave when the employee or a member of the employee's immediate family (i.e. spouse, son, and daughter) has a serious health condition.

Serious health condition is interpreted to mean illness, injury, impairment, or physical or mental condition that involves inpatient care in a hospital or continuing treatment by a health care provider.

Leave is not to be taken intermittently unless otherwise agreed upon by both the City and employee or when medically necessary.

If you expect to be absent for more than five consecutive work days as a result of an illness, injury, or disability (including pregnancy), you must submit a written request for medical leave to your supervisor and the City Manager as far in advance of your anticipated leave date as practicable. If your absence is due to an emergency, you or a member of your immediate family must inform your supervisor or head of your department as soon as is practicable. This should be followed up with a written leave request, normally submitted within three days of the beginning of your leave. All medical leave requests must be accompanied by appropriate medical certification from your physician, indicating the condition necessitating your leave request and your projected date of return to work.

If your leave request is granted, you are required to provide the City with additional physician's statements at least once every thirty days or more frequently if requested attesting to your continued disability and inability to work. If there is reason to doubt the validity of the physician's statement the City may require a second opinion. A third opinion may also be requested by the City but such opinion is considered final and binding. You may also be required to provide the City access to your medical records.

Before being permitted to return from medical leave, you are required to present the City with a note from your physician indicating that you are capable of returning to work.

Leave is considered to be without compensation. However, all City benefits that operate on an accrual basis (e.g., vacation and paid sick days) continue to accrue only during the first thirty days of your medical leave. All City group health benefits (e.g., hospitalization and major medical insurance) continue during leave on the same terms as if the employee had continued to work. Employees may take accrued sick, personal, or vacation time and apply it as paid leave during any part of their absence. In the event that an employee fails to return after taking leave the City may recover premiums paid to maintain medical coverage during the term of the leave.

The City endeavors to place employees returning from leave in their former positions or positions comparable in status and pay, subject to budgetary restrictions, the City's need to fill vacancies, and the ability of the City to find qualified temporary replacements.

4.06 MILITARY LEAVE

Military leave is authorized for full-time City employees pursuant to the following conditions:

a. Employees who are members of the organized reserve of the United States armed forces shall be compensated up to 120 hours per year of additional leave to be spent on duty at annual encampment or rifle competition or other duties in connection with the reserve training and instruction requirements of the armed forces of the United States, including the National Guard of this state. This leave shall be in addition to annual vacation leave with pay. Employees who are members of reserve units for the military shall notify their immediate supervisor at least four (4) weeks in advance and shall indicate in writing their intention and anticipation with regard to participating in periods of active duty. Such written notification shall be made part of the individual employee's personnel file.

b. Employees who enlist or are called or inducted into and enter active service in the State Militia or any branch of the United States armed forces shall be entitled to absent himself from his or her duties or service while engaged in the performance of active duty and while going to and returning from such duty in accordance with the provisions of state or federal law.

4.07 LEAVES OF ABSENCE

Leaves of absence without pay may be granted for periods not to exceed one (1) year to City employees because of illness, for educational purposes, and for other reasons, provided that leaves granted to enable an employee to take an office in the service of the City shall be for the duration of such employee's service therein. Such leaves shall not be regarded as an acquired right by employees and shall be granted only when the service will not be adversely affected thereby. Requests for leave shall be made in writing and, if approved by the City Manager, shall be placed in the employee's personnel files.

Leaves granted to employees who accept regular or full-time employment outside the City's service shall be subject to the approval of the City Council and shall be denied unless the request thereof is accompanied by satisfactory proof that such employment is temporary and that the experience gained thereby will be for the betterment of the City's services.

A leave of absence without pay granted to an employee may be terminated prior to the expiration date thereof with the consent of the appointing authority and the City Council. Failure of an employee to report for duty promptly at the expiration of his or her leave or violation of an agreement or understanding entered into by him or her relative thereto shall be just cause for discharge and the removal of his or her name from any eligible list or lists on which it may appear.

4.08 LEAVE FOR ATTENDANCE AT INDUSTRIAL ACCIDENT COMMISSION HEARINGS OR RELATED PHYSICAL EXAMINATIONS OR LEAVE AS A RESULT OF AN INDUSTRIAL ACCIDENT

Employees who have been injured in the course and scope of their employment with the City and who are required, as a result of such injury, to be absent from duty to take physical examinations required by the City's Worker's Compensation Insurer or the Industrial Accident Commission or to attend hearings of the Industrial Accident Commission may be granted leave with pay for such absences by the department head when she or he determines such absences are in the best interest of the City and only if the employee is in pay status at the time of the scheduled examination or hearing.

Employees who have been injured in the course and scope of their employment with the City are entitled to receive compensation according to the City's Worker's Compensation Insurance. If the employee elects to use sick leave as a result of a work-related injury, the employee shall reimburse the City the amount of the Worker's Compensation payment. The City, in turn, will credit the employee's sick leave accrual by the number of hours, based on the employee's hourly rate that such payment represents.

4.09 SICK LEAVE

Sick leave shall not be considered as a privilege that employees may use at their discretion, but shall be allowed only in case of necessity and actual sickness or disability of the employee or an immediate family member of the employee.

All full-time employees will be granted sick leave benefits on a calendar year basis. Part-time regular Employees will receive sick leave proportionate to hour worked at the same benefit granted to full-time employees.

a. Sick leave with pay at the rate of one working day shall accumulate to the credit of each employee of the City for each calendar month of satisfactory employment, except that an employee will not receive pay for any sick leave taken during his or her six month introductory period.

b. Any employee who shall claim sick leave benefits for a period in excess of three days, may be required to furnish proof of illness or hospitalization to the department supervisor.

c. Upon extended use of sick leave the City Manager may require additional proof of illness or hospitalization. The City Manager may determine if leave is to be granted.

d. Sick leave may be donated from one employee to another in the extreme case of grave illness and after all other sick leave on the part of the ill individual has been exhausted. Determinations of the ability of a person to donate or receive donated sick leave are to be made by the City Manager.

As an incentive to reduce sick leave abuse, after an employee has accumulated eighteen (18) unused sick leave days (144 hours), she or he may convert one third (1/3) of his or her annual sick leave accumulation to cash or annual leave each January if she or he chooses to do so. Only sick leave taken above 24 hours during the year will decrease the convertible portion by the number of days used.

SECTION 5

DISCIPLINE AND GRIEVANCES

5.01 DISCIPLINARY PROCEDURES

It is the responsibility of all employees to observe regulations necessary for the proper operation of City functions. Administrative procedures have been established for the handling of disciplinary measures such as reprimand, suspension, reduction in pay, demotion and dismissal. All such disciplinary measures shall follow the presentation of charges to the employee.

The general procedure for discipline shall be to:

a. Instruct the employee on what is expected.

b. Remind the employee of what is expected when an infraction occurs.

c. Warn the employee if the infraction continues.

d. Impose one or more of a range of sanctions.

VERBAL WARNINGS - whenever grounds for disciplinary action exist, and the supervisor determines that more severe action is not required, the supervisor should verbally communicate to the employee the observed deficiency. Written documentation of the reprimand should be recorded in the employee's personnel file. Sufficient time for improvement should be given before more formal disciplinary action is taken.

WRITTEN REPRIMAND - A department head may reprimand an employee in writing. Such reprimand should be addressed to the employee and a signed copy should be delivered to the Personnel Officer for inclusion in the employee's personnel file.

SUSPENSION - A department head, with the concurrence of the City Manager, may suspend an employee without pay. On or before the effective date, the employee and City Manager shall be furnished with a written statement setting forth reasons for the suspension.

DEMOTION - A department head may, with the approval of the City Manager, demote or reduce in pay any employee for the good of the service or for disciplinary reasons.

DISMISSAL - For any of the following violations, the employee may be subjected to dismissal following an opportunity for a hearing or review of the dismissal. The department head must have the concurrence of the City Manager. A written letter stating the reasons for dismissal must be sent to the employee being dismissed. Causes for disciplinary action may include, but are not limited to, the following:

1. Refusal to comply with a lawful instruction unless such instruction is injurious to the employee's or the general public's health or safety.

2. Insubordination or disloyalty to the City.

3. Conviction of a misdemeanor or felony while an employee of the City.

4. Indulging in offensive conduct or using offensive language toward the public or toward the City officers or employees.

5. Deliberate or careless conduct endangering the safety of others.

6. Inducing or attempting to induce any employee in the service of the City to commit an unlawful act in violation of City regulations, official policy, or departmental orders.

7. Using, threatening, or attempting to use personal or political influence in an effort to secure special consideration as a City employee.

8. Carelessness or negligence with City monies or property.

9. Theft or intentional destruction of City property.

10. Dishonesty in work or conduct.

11. Being under the influence of alchohol or drugs while on duty.

5.02 APPEAL OF DISCHARGE OR TRANSFER

All full-time and part-time regular employees of the City, other than the City Manager, department heads, and those employees still in the introductory phase of their employment, shall have the right to appeal any discharge or transfer.

The appeal shall be taken by filing written notice of the appeal with the City Recorder within ten (10) days after discharge or transfer. Upon the filing of the appeal, the City Recorder shall forthwith refer a copy of the same to the City Manager. Upon receipt of the referral from the City Recorder, the City Manager shall forthwith commence an investigation, take and receive evidence and fully hear and determine the matter which relates to the cause of the discharge or transfer. The employee shall be entitled to meet with the City Manager in person and discuss and examine any evidences against them. The City Manager will have ten business days after the formal meeting in which to render a decision in the appeal. In the event that the City Manager does not uphold the discharge or transfer, the employee will be reinstated at their previous level, pay, and job description, the case shall be closed, and no further proceedings shall be held.

In the event the City Manager upholds the discharge or transfer, the employee may have 14 days thereafter to appeal to the Appeal Board decision shall be final. The Appeal Board shall be established by City Ordinance.

The employee shall be entitled to appear in person and to be represented by counsel, to confront the witness whose testimony is to be considered, and to examine the evidence to be considered by the Appeal Board.

The decision of the Appeal Board shall be by secret ballot, and shall be certified to the Recorder within five (5) days from the date the matter is referred to it. The Board may, in its decision, provide that an employee shall receive his pay for the period of time during which he or she is discharged, or any deficiency in pay for the period he or she was transferred to a position of less remuneration but not to exceed a 15 day period. In no case shall the employee be discharged or transferred, where an appeal is taken, except upon a concurrence of at least a majority of the Appeal Board of the municipality.

In the event that the Appeal Board does not uphold the discharge, or transfer, the Recorder shall certify the decision to the employee affected, and also to the Head of the Department from whose order the appeal was taken. The employee shall be paid, commencing with the next working day following certification by the Recorder of the Appeal Board's decision, provided that the employee, or officer concerned, reports for his assigned duties during that next working day.

The decision of the Appeal Board shall be deemed to be final and no other appeals in such case shall be heard.

5.03 EMPLOYEE GRIEVANCE PROCEDURE

POLICY - It shall be the policy of Kaysville City to address grievances of all employees in a prompt, forthright, and professional manner. Within the framework of existing laws and regulations, every effort shall be made to address grievances in a manner mutually satisfactory to employees and management. A grievance may exist when an employee is dissatisfied with some condition or aspect of employment over which he or she has no control but desires remedial action and is desirous of filing an appeal for relief of that condition. Employees who have grievances created by work situations shall have the right to submit such grievances for orderly disposition according to the procedures developed in this section.

PURPOSE AND OBJECTIVE - The purpose of this section is to establish a grievance procedure which will provide all Kaysville City employees with a clearly defined and easily understood communications system through which employees may present complaints or grievances to their supervisor(s). The objective of these procedures is to provide employees and management with a system of grievance resolution which is free from discrimination, coercion, intimidation, restraint, or reprisal, and which will also enable employees to receive fair and equitable treatment and adjustments to those grievances which they may have.

DEFINITIONS:

GRIEVANCE - A grievance is a dispute regarding the interpretation or application of any rule, regulation, policy, or procedure which exists under the personnel administration system of Kaysville City Corporation, filed by a City employee alleging a violation of the terms, provisions, and/or conditions of his or her employment, except for involuntary financially remunerative matters.

NON-GRIEVANCE - A non-grievance is any matter of action taken by the City or any of its representatives for which relief is provided under the statutes of the State of Utah, or any matter specifically excluded from this set of procedures by provisions included herein, such as wages, and salaries, or any policy decision made by the City Council and/or City Manager.

EMPLOYEES - An employee in the grievance process is any person in the classified service in full-time regular or part-time regular, or full-time fire employees status.

MANAGEMENT - Management includes the City Manager and all department heads.

PROCEDURES

All grievances shall be handled in the following manner:

STEP 1 - The employee with a complaint or grievance shall report in writing and discuss the issue with the immediate supervisor after the affected employee first knew or became aware of the act or condition upon which the grievance is based. The immediate supervisor shall render a decision within five (5) workdays of the date he became aware of the grievance by the employee's report.

STEP 2 - If no mutually agreeable settlement is reached under Step 1, then the grievance shall be filed in writing to the employee's department head by the affected employee, specifying which term(s) or condition(s) of their employment he feels have been violated or might require relief, within five (5) workdays after receiving the decision from his immediate supervisor. The department head shall have five (5) workdays after receiving the written grievance to thoroughly investigate the matter, place his finding in writing, and notify the parties concerned of his decision.

STEP 3 - If no mutually agreeable settlement is reached under Step 2, the employee may petition in writing, within five (5) workdays after receipt of the department head's determination and decision, that the department head's decision be reviewed by the City Manager. The City Manager shall investigate the case, request all pertinent facts, and after review thereof, render a decision within ten (10) workdays after receipt of the written appeal. The decision of the City Manager shall be submitted in writing to all parties.

STEP 4 - If no mutually agreeable settlement is reached under Step 3, the employee or other party may petition in writing, within five (5) workdays after receipt of the City Manager's determination and decision, that the City Manager's decision be reviewed by the City Council. The City Council shall investigate the case, request all pertinent facts, and hold a hearing thereon and after review thereof, render a decision within thirty (30) workdays after receipt of the written appeal. The decision of the City Council shall be submitted in writing to all parties concerned and shall be final and binding on all parties to the grievance.

RESPONSIBILITIES

EMPLOYEE - The employee having the grievance shall be responsible to carry on the grievance process as far as she or he deems necessary to reach a satisfactory solution.

MANAGEMENT - Management shall ensure that all supervisory personnel respond affirmatively to this directive and process any grievance which they may receive appropriately.

SECTION 6

MISCELLANEOUS

6.01 ANTI-NEPOTISM

It shall be the policy of Kaysville City to comply with the Anti-Nepotism clause as stated in the Utah State Code.

No appointing authority may appoint or vote for the appointment of his or her father, mother, husband, wife, son, daughter, sister, brother, uncle, aunt, nephew, first cousin, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law, to any positions within the same department.

Appointing authority is defined as the person(s) who make the selection or give consent to the selection.

6.02 GARNISHMENTS

The City is opposed to employees receiving garnishments. Department heads should discuss the matter with such employees and arrange for improvement of the situation. More than one garnishment may justify the City in taking disciplinary action.

6.03 POLITICAL ACTIVITY

No employee in the service of the City shall hold a City political office. No City employee or official shall solicit verbally, or by a letter, or be in any other manner concerned in obtaining any assessments, contributions, or services for any political party from an employee employed by the City.

Nothing herein contained shall be construed to restrict the right of the employee to hold membership in, and support a political party and candidates, to maintain political neutrality, or to attend political meetings after working hours.

6.04 OUTSIDE EMPLOYMENT

No employee may engage in additional employment which in any manner interferes with the proper and effective performance of official duties or which results in a conflict of interest. It is necessary that an employee give priority to his or her job with Kaysville City.

Employees of Kaysville City are permitted to engage in secondary or outside employment as long as said employment does not result in a direct conflict of interest or otherwise negatively impact his or her work for Kaysville City. Employees interested in outside employment should submit a letter to their department head, in writing, detailing the nature of the employment and how this secondary work will not interfere with city employment or result in a conflict of interest.

There are several factors which determine if there is a conflict of interest. Any one of these factors by itself may constitute a conflict.

1. Being engaged in work for an outside employer during the same hours one is scheduled to be working for the City.

2. Disclosing information acquired by reason of City position for personal or another's private gain or benefit.

3. Using, or attempting to use, City position to secure special privileges or exemptions for self or others.

4. Accepting employment which would impair independence of judgment in the performance of public duties in a City position.

5. Engaging in a business venture or organization which is conducting business with the City.

6. Utilizing the City's resources and/or materials for purposes other than those required in the position held with the City.

7. Finding oneself incapable of performing at full capacity in the City position because of fatigue, anxiety, or other impairment caused by outside employment.

6.05 CONFLICTS OF INTEREST

No officer or employee shall use his or her position for a purpose that is, or gives the appearance of, being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business or other ties.

6.06 ETHICS

All officers and employees of the City must comply with the "Utah Public Officers and Employees Ethics Act." Employees are also expected to comply with any codes of ethics applicable to their professions.

6.07 USE OF CITY PROPERTY

Except as may be provided within this or other valid policies, no employee shall use, consume or employ City supplies, equipment, property or personnel for any personal gain or benefit. Employees of the City shall use supplies, equipment, property and personnel to transact or perform the business of the City exclusively and for no other purpose. All employees are expected to exercise reasonable care to protect and safeguard City supplies, equipment or property from abuse, damage or loss.

Any employee who uses or allows others to use City supplies, equipment, property or personnel in ways that are not permitted may be subject to disciplinary action, up to and including termination. If the employee violates any Federal, State or local law, the City may also initiate judicial proceedings against the employee.

This policy is intended to allow employees the occasional, infrequent benefit of using city equipment without causing expense to the City in lost time or cost of supplies and maintenance. It is not intended for ongoing personal projects, large projects, or any income producing projects.

Permitted Use

City equipment may be used for limited personal matters as described below as long as it is not for any income producing activity and the employee pays for any supplies and/or direct user costs associated with the use of the equipment. Permitted personal use shall be on an occasional and infrequent basis and not for any large or lengthy projects.

Permitted personal use shall be by an employee of the City only. Friends, relatives, or other persons shall not be allowed to use or operate the equipment or observe the use of equipment. No equipment will be removed from the City premises for a use inconsistent with this policy. Laptop computers should not be removed from City premises unless authorized by the department director for City business. A laptop computer may be used for limited personal matters consistent with this policy only in locations where the computer is taken for official City use. For example, if an employee is required to take a laptop computer home or while traveling for City purposes, that employee may use that laptop for personal use consistent with this policy at home or while traveling.

Permitted personal use shall be during non-working time. Personal use shall only occur Monday through Friday and no later than 8:00 PM. No personal use of city equipment shall occur on Saturday or Sunday.

Limited Liability

Personal use of City equipment shall be solely at the employee’s risk. Employees desiring to use City equipment must agree to indemnify, release, and hold the City harmless by signing and submitting the appropriate form contained herein prior to using the equipment. The City offers this opportunity to employees and may change, prohibit, and eliminate this benefit at any time without any notice. Permitted personal use shall be approved by the department head responsible for the equipment and City Manager. Employees who use the equipment without completing the appropriate form and obtaining prior authorization may be subject to termination or other discipline.

6.08 SMOKING

In order to maintain a safe and comfortable working environment and to ensure compliance with the Utah Indoor Clear Air Act, smoking in City offices and facilities is strictly regulated. You should familiarize yourself with those areas throughout the City premises where smoking, including electronic cigarettes is either permitted or prohibited. For your convenience, these areas have been marked clearly. Because the City may be subject to criminal and civil penalties for violations of applicable smoking laws, we must insist on strict adherence to this policy. Employees smoking in any non-smoking area may be subject to disciplinary action.

Please contact the City Manager or his designee if you have any questions regarding smoking policy. Complaints regarding violations of this policy may be filed under the City's grievance procedure.

The City discourages its employees from smoking as this is regarded as a poor health habit. Smoking is permitted, however, during breaks and lunch period in authorized areas only.

6.09 TELEPHONES & CELL PHONES

Much of the City's business is conducted over the telephone and should be used for business. If personal calls are necessary, they should be brief so as not to interfere with business. Casual "chatty" conversation during business hours is inappropriate. Personal long-distance calls shall not be charged to City telephones without prior approval and reimbursement by the user.

Only those employees authorized by their department head and/or the City Manager are authorized to have a City-issued cell phone. The level of monthly service for such City-issued cell phone shall be commensurate with the amount of City business conducted and needed by the employee. If the employee would like additional features or minutes for personal use, they may purchase them at a rate set to cover the additional cost incurred. Employees may upgrade their phone once a year (unless broken or deemed unworkable). At the time of upgrade the employee has the option to upgrade their phone from the department issued standard cell phone at an additional cost. If the employee pays the additional cost to upgrade the phone, the phone becomes property of the employee upon disconnection from the City plan

The primary purpose of all City-issued cell phones shall be to facilitate City business. The City will allow limited personal use of the City-issued cell phones, though personal use of City cell phones shall not be excessive and shall not interfere with the performance of job duties. The City reserves the right to monitor the billing and use of all City-issued cell phones. By accepting the use of a City-issued cell phone, the employee also understands that excessive use of the cell phone that hinders job performance may result in disciplinary action. Cellular transmissions can be overheard by others. Discretion should be used in discussing confidential information on a cell phone. Employees, who are authorized to use a City-issued cell phone shall agree to be readily available to take calls, respond to e-mails and text messages during working hours. Employees, who are authorized to use their personal phone for work purposes shall use best judgment when taking calls, responding to e-mails, and text messages outside of his or her working hours to ensure that he or she is not working unreasonable or unapproved overtime. Employees are responsible for taking reasonable precautions to prevent theft and/or vandalism of cellular equipment. An employee who violates the conditions of these policies relating to cell phones and use will be subject to having the use of his or her City-issued cell phone terminated.

In addition, employees may be subject to disciplinary action, up to and including termination, for any violation of these policies.

6.10 CREDIT CARD USE

Certain city employees including Department Heads are issued a credit or purchase card. Use of these cards should be minimized as much as possible. A receipt should accompany all card purchases. Department Heads may allow support staff to use the card assigned to them in order to meet the needs of the department on a case by case basis. The card holder is responsible for all purchases made on the card and should code all expenses to appropriate budget expense category. Credit card use is subject to all existing procurement and purchasing policies. Because of the added risk of fraud and theft, extra care should be exercised in the use of all credit and purchase cards issued to employees for City authorized expenditures.

6.11 VEHICLE USE

PURPOSE AND OBJECTIVE - The purpose of this policy is to define and describe the conditions related to the use of City vehicles, or the use of personal vehicles in the conduct of City business by City employees. The objectives are as follows:

a) Ensure the safety and well-being of City employees and other persons sharing the roadways with City vehicles or personal vehicles operated by City employees in the conduct of City business.
b) Facilitate the efficient and effective usage of City resources.
c) Minimize liability to the City.
d) Establish standard requirements and procedures for all City Departments and employees who drive a City owned or personally owned vehicle in the course of City business.

SCOPE AND APPLICATION - The Vehicle Use Policy applies to all City employees to whom the City grants the privilege of operating a City owned, leased, or rented vehicle and to all employees engaged in the operation of a personally owned vehicle in the conduct of City business. Administration and application of these provisions is the responsibility of each Department Head. Each Department Head shall designates a Department Fleet Manager to implement and apply these provisions under the direction of the Department Head. The Department Head may elect to perform the duties of Fleet Manager for that Department.

GENERAL VEHICLE USE - The City reserves the right to deny any employee the use of a City vehicle or the right to use a personally owned vehicle in the conduct of City business for failure to adhere to the Vehicle Use Policy and may upon notification in writing to the employee, elect to not indemnify an employee for events arising out of an employee’s operation of a City owned vehicle or a personally owned vehicle while engaged in the conduct of City business. An employee who does not adhere to the City’s Vehicle Use Policy may be subject to appropriate disciplinary action up to and including termination.

In order to be authorized to operate a City vehicle or to operate a personal vehicle in the conduct of City business, an operator must be an employee of Kaysville City and must possess a valid Utah Driver’s License. This license must be issued in the appropriate license classification. Non city employees are able to ride in city owned vehicles when prudent to carry out city business but should never operate city owned vehicles.

The employee must sign the Kaysville City Driver’s License and Driving History Information authorization form and be deemed as insurable based on the standards outlined in the Kaysville City Motor Vehicle Record and Insurability Standards.

In the event an employee's driver's license is suspended, limited in any manner, or revoked for any reason, the employee shall promptly notify in writing the employee's Department Head with written notice within one working day after the employee learns of the action related to his driver's license. A copy of the notice shall be forwarded by the Department Head with a record of action taken by the Department Head to the City Manager and Human Resource Director. The employee shall not operate any City vehicle or personal vehicle while engaged in the conduct of City business during the term of the stipulated suspension, any penalty, restriction, limitation, or other disciplinary action imposed. It is the responsibility of a City employee to report all citations issued by any police agency to the employee related to the employee's operation of a City owned vehicle or a personal vehicle while engaged in the conduct of City business. Failure to comply with this provision of this Vehicle Use Policy provision shall subject an employee to disciplinary action up to and including termination from employment.

The driver and all occupants must wear seat belts at all times when operating any City vehicles or while operating a personal vehicle while engaged in the conduct of City business. The driver must obey all traffic laws at all times. Drivers of City vehicles must follow all motor vehicle laws, rules of the road, and operate the vehicle in a safe and courteous manner.

The use of alcohol, illegal drugs, or any legal drugs or substances that may impair or might reasonably be expected to impair in any way the operator of a City vehicle or a personal vehicle while engaged in the conduct of City Business is prohibited.

Smoking is prohibited in City vehicles.

Upon approval to operate a City owned vehicle or to operate a personal vehicle in the conduct of City business an employee is deemed to have been given notice that the employee has read and understands he/she is responsible under the provisions of this paragraph. Payment of any fines or legal costs associated with vehicular infractions incurred while operating a City vehicle shall be the sole responsibility of the driver unless deemed by the City Manager that the associated fine was due to no fault of the operator; for example, a vehicle safety infraction.

In the event of a motor vehicle accident involving a City owned vehicle or personal vehicle engaged in the conduct of City business, it is the driver's responsibility to immediately seek the assistance of ambulance or EMT services if there are injuries resulting from the accident, notify police, their immediate supervisor, and ensure that an Accident Report is completed at the scene. The driver's immediate supervisor is to notify the City Manager and Finance Director immediately. If a motor vehicle accident results in any one or more of the following, the driver shall submit to a drug test at the earliest possible time after the accident at a facility determined by the City Administration:

i. Injury to any person:
ii. Issuance of a moving violation to the driver who is employed by the City:
iii. The driver is taking any medications; and
iv. There is any other reason the employee's supervisor deems it advisable to have a drug test performed to secure the invested interest of the City.

DESIGNATED EMPLOYEE USE -

a) Fleet Use:
   City vehicles are assigned by the Department for the daily use to perform work related activities. The vehicle is limited to official City business. Reasonable stops may be made while en route of City operations or during break or lunch periods. The vehicle is garaged at a City facility.

b) On-call Emergency Use:
City vehicles may be assigned by the Department for overnight use to an employee for work related activities on an on-call basis. Incidental personal use of City Vehicles is permissible. Vehicles may be garaged overnight at the employee’s residence when the employee is officially on-call only.

c) Assigned Vehicle (Non-Public Safety):
City vehicles may be assigned by their Departments to employees to allow them to respond to work related activities as required and as determined by the Department, and vehicle use by Department Heads as determined by the City Manager. Non-City employees are prohibited from riding in or operating any City-owned vehicles unless authorized by the Department Head and only in limited circumstances. Incidental use while traveling to and from work is permissible. Vehicles may be garaged overnight at the employee’s residence.

d) Assigned Vehicle (Public Safety):
City vehicles are assigned to each officer to allow him/her to respond to public safety related activities as required. These employees have 24-hour use of their assigned vehicles and may be used for personal use. Any non-public safety passengers prior to the officer responding to an emergency response situation must be discharged from the vehicle in a safe location prior to responding to a situation. Non-public safety passengers may ride in public safety vehicles when authorized by the Department. Vehicles may be garaged overnight at the employee’s residence.

All City vehicles must be garaged no more than twenty-five miles from the City.

MAINTENANCE AND CARE OF VEHICLES - Each employee using a City owned vehicle shall inspect the vehicle each day prior to usage for damage, inoperable lights, safe tires and any other condition that may be a safety hazard. Any issues discovered as a result of such inspection shall be reported to a supervisor.

All City vehicles shall be locked when not in use or when unattended.

Proper use, care and cleanliness of the City vehicle is the responsibility of the employee assigned to or utilizing the vehicle.

Each employee assigned a City owned vehicle is responsible for scheduling or returning the vehicle for routine or scheduled maintenance or repairs.

IDENTIFICATION OF CITY VEHICLES - Each vehicle unless otherwise exempt (Utah Code 41-1-a-407) shall have a license plate displaying the letters “EX” on every vehicle owned, operated or leased by the City.

Each city owned vehicle shall display a visible identification logo, eleven inches or larger in diameter designating the vehicle as the property of the City and placed in a conspicuous place on both sides of the vehicle.

Safety is critical to our operations, therefore all employees or volunteers operating Kaysville City owned vehicles or who operate any vehicle while conducting business for or on behalf of Kaysville City must be qualified as an “Acceptable” driver per this Driver Qualification Policy prior to operating said vehicles on any public roadway.

A Commercial Driver's License is required for operators of commercial motor vehicles. This license is required pursuant to the Commercial Motor Vehicle Safety Act.

Drivers, or potential drivers' MVR (Motor Vehicle Record) will be screened pre-hire and monitored thereafter.

Drivers will be qualified as "Acceptable," "Borderline" or "Unacceptable." Drivers whose qualification is "Borderline" will require approval from their Department Head before operating a vehicle on public roadways while conducting, or traveling for Kaysville City business. Drivers with a "Borderline" qualification who are authorized by management to drive may do so on a probationary basis. Drivers with an "Unacceptable" qualification will not be allowed to operate Kaysville City owned vehicles or any vehicle while conducting, or traveling for Kaysville City business. An "Unacceptable" qualification will remain in place for 1 year or until alternative measures are taken to mitigate the violation(s) that result in a negative qualification status.

All drivers must possess a valid Driver License with endorsements appropriate for the vehicles to be operated. The driver qualification evaluation will be based on the driver's MVR and other work related motor vehicle incidents, whether or not the incident is reported to the DLD (Driver License Division) and recorded on the driver's MVR. All violations or incidents recorded on the MVR, whether they occurred on the job or not, are included in the driver qualification evaluation.

"Acceptable", "Borderline" and "Unacceptable" qualification will be determined using the following criteria:

Moving Violations	**At-Fault Accidents**			
	0	**1**	**2**	**3**
0	**Acceptable**	**Acceptable**	**Borderline**	**Unacceptable**
1	**Acceptable**	**Acceptable**	**Borderline**	**Unacceptable**
2	**Borderline**	**Borderline**	**Unacceptable**	**Unacceptable**
3	**Unacceptable**	**Unacceptable**	**Unacceptable**	**Unacceptable**
4	**Unacceptable**	**Unacceptable**	**Unacceptable**	**Unacceptable**

Any single major violation may result in an "Unacceptable" qualification as determined by the City Manager. Major violations include the following or an equivalent:

- Driving under the influence of alcohol/drugs
- Failure to stop/report an accident
- Reckless driving/speeding contest
- Driving while impaired
- Making a false accident report
- Vehicular homicide, manslaughter or assault
- Driving while license is suspended/revoked
- Careless driving
- Attempting to elude a police officer

6.12 ELECTRONIC INFORMATION RESOURCES

Electronic information resources including telephones, cellular phones, printers, voice mail, E-mail, the Internet and other network files or accounts are available to employees of Kaysville City. These services are available to promote efficiency in the workplace.

The use of electronic information is a privilege, not a right. Inappropriate use of these resources may result in disciplinary action (including the possibility of termination), and/or referral to legal authorities. The supervisor or system administrator may limit, suspend or revoke network access.

The network and electronic information must be in support of the purposes of Kaysville City. Personal use of these resources during work hours should be brief and of an incidental nature. The use should not interfere with City work responsibilities. Personal Use of City owned computer systems is permitted only when such use is during employee's personal time and does not conflict with regular City responsibilities or business. Additional computer programs not essential for city business are not allowed to be added to equipment owned by Kaysville City.

Transmission or receipt of any inappropriate material, or material in violation of law or City policy is prohibited. This includes but is not limited to: copyrighted material; material protected by trade secrets; the design or detailed information pertaining to explosive devices, criminal activities or terrorist acts; sexism or sexual harassment; pornography; gambling; illegal solicitation, racism; inappropriate language; use of product advertisement or political lobbying. Illegal or inappropriate activities, or activities of any kind that do not conform to rules, regulations and policies of Kaysville City are prohibited.

It is advised not to reveal personal information, such as home address, phone numbers, passwords, credit card numbers, or social security number. This also applies to others' personal information or that of organizations.

Each user is expected to abide by the generally accepted rules of user etiquette. These rules include, but are not limited to the following:

- Be polite. Never send or encourage others to send abusive messages. Use appropriate language. You may be alone on a computer, but what you write, send or receive can be viewed globally. E-mail is not guaranteed to be private. Everyone on the system has potential access to E-mail. As employees of a governmental organization, anything you write or send can be requested to be viewed by any member of the public. Do not write or send anything you would not want displayed for all to see.

- Do not use the network in any way that would disrupt network use by others. Use electronic mail appropriately, no sales, advertisement, solicitations, etc.

- Vandalism is not allowed. Vandalism is defined as any malicious attempt to harm or destroy property of the user, another user or of any other agencies or networks that are connected to the network, or the Internet system. Vandalism also includes, but is not limited to abusive overloading of data on the server or the uploading, downloading or creation of computer viruses.

Security on any computer system is a high priority because there are multiple users. Do not use another individual's account nor log on to the system as the system administrator. If you identify a security problem, notify your supervisor or system administrator immediately.

Kaysville City makes no warranties of any kind whether expressed or implied, for the service it is providing. Kaysville City will not be responsible for any damages you suffer while on this system. These damages may include but are not limited to: loss of data as a result of delays, non-deliveries, mis-deliveries, or service interruptions caused by the system or your errors or omissions. Use of any information obtained via the information system is at your own risk. Kaysville City denies any responsibility of the accuracy of information obtained through electronic information resources.

Passwords are an important aspect of computer security. They are the front line of protection for user accounts. A poorly chosen password may result in the compromise of Kaysville City's entire corporate network. As such, all Kaysville City employees are responsible for taking the appropriate steps, as outlined below, to select and secure their passwords by doing the following:

- All system-level passwords (e.g., root, enable, NT admin, application administration accounts, etc.) must be changed on at least yearly, or when the network administrator changes, or at times network administrator deems necessary.
- All production system-level passwords must be part of the network administered global password management database in KeePass or other approved application.
- All user-level passwords (e.g., email, web, desktop computer, etc.) must be changed at least every 90 days at the discretion of the network administrator.
- Users cannot use the same or similar password as the past 24 passwords.
- Passwords must not be inserted into email messages or other forms of electronic communication.
- All user-level and system-level passwords must conform to the guidelines described below.

Do not use the same password for Kaysville City accounts as for other non-Kaysville City access (e.g., personal ISP account, option trading, benefits, etc.). Where possible, don't use the same password for various Kaysville City access needs. Do not share Kaysville City passwords with anyone, including administrative assistants or secretaries. All passwords are to be treated as sensitive, Confidential Kaysville City information.

Don't reveal a password over the phone, in an email, or to anyone. If someone demands a password, refer them to this document or have them call the network administrator.

If an account or password is suspected to have been compromised, report the incident to the network administrator and change all passwords.

Password cracking or guessing may be performed on a periodic or random basis by the administration or its delegates.

If a password is guessed or cracked during one of these scans, or found out by other means the user will be required to change it.

Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

6.13 SOCIAL NETWORKING

Employee’s participating on internet social networking sites (Facebook, Twitter, etc.) must use appropriate discretion to not discredit or disparage the City or themselves as employees of the City. In order to achieve and maintain the public’s highest level of respect, employees are expected to follow the standards of conduct below.

(a) Except in the performance of an authorized duty, any use of department equipment to access social networking sites, blogs or bulletin boards while on duty is prohibited except under limited circumstances at the discretion of the City Manager. If an employee is authorized to access social networking sites while on duty the employee must refrain from excessive use. For the purposes of this section, “excessive” means accessing a site(s) to the point that it interferes with the City’s operations or the employee’s ability to properly perform his or her duties, as determined by his/her Supervisor, Department Head or the City Manager.

(b) Employees shall not post, transmit, and/or disseminate information (texts, pictures, video, audio, etc.) to the internet or any other forum that would tend to discredit, disparage or reflect unfavorably upon the City or its employees. Any inappropriate or unsatisfactory occurrences observed should be addressed with the employee's immediate supervisor.

(c) Personal Social Networking Account Posts. Employees are prohibited from posting, transmitting and/or disseminating any photographs, video or audio recordings, likenesses or images of department logos, emblems, uniforms, badges, patches, marked vehicles, equipment or other material that specifically identifies Kaysville City or any department without the express written permission of their department head.

(d) City Sponsored Social Networking Account Posts. Only authorized employees within the scope of assigned job duties shall post on City sponsored websites representing the City.

(e) Upon request from their department head, employees are to remove any content that is in violation of this policy in a reasonable and prompt manner.

Violations of this policy may subject an employee to disciplinary action, up to and including termination. Content posted to the internet has the potential to be shared broadly, including individuals with whom you did not intend to communicate. Employees are strongly discouraged from posting information regarding off duty activity that may bring their reputation into question. Nothing in this policy is intended to prohibit or infringe upon any employees communication, speech or expression that has been clearly established as protected or privileged.

6.14 PERSONAL APPEARANCE

Impressions gained by the public visiting the office or dealing with City employees at any location are very important to the City as a public entity. Consequently, employees are expected to take pride in their appearance grooming (including facial hair) and to dress in a neat and clean manner. Employees in departments that have specific uniform standards shall follow the uniform guidelines set by that department.

(a) Appropriate Dress. Traditional business attire; dress or casual slacks or leggings, i.e. khakis, capri pants, casual dress-length dresses or dress-length skirts, or maxi-length skirts or dresses; shirts or blouses; open collared shirts or sweaters, i.e., golf shirts or polo shirts; blazers, sport coats, vests or cardigans. Jeans or denim pants, shorts, hats and tennis shoes may be worn if they are appropriate for the position

(b) Inappropriate Dress. halter or spaghetti strap tank top (unless covered by a jacket); tube top; revealing or low-cut clothing or clothing showing bare midriffs; miniskirts; and low hanging pants;

(c) Body piercing other than earrings should not be visible.

(d) Visible tattoos are discouraged, but will be allowed if they are not violent, offensive or pornographic.

On Fridays or any other designated day, the City may allow employees to dress in a more casual fashion than is normally required and jeans or denim pants in good condition and tennis shoes may be worn. Jeans must not have holes or be frayed. On these occasions, employees are still expected to present a neat appearance and are not permitted to wear ripped, disheveled or similarly inappropriate clothing.

Any employee who does not meet the standards of this policy will be required to take corrective action. The employee's supervisor and/or department head is responsible for providing individual feedback to employees who do not meet the City's standards of dress. Violation of this policy may result in disciplinary action up to and including termination.

6.15 SEXUAL ABUSE AND MISCONDUCT PREVENTION

Kaysville City Corporation (City) prohibits and does not tolerate sexual abuse or misconduct in the workplace or during any city-related activity. The City provides procedures for employees, volunteers, elected officials, appointed officials or any other victims of sexual abuse to report such acts. Those reasonably suspected or believed to have committed sexual abuse or misconduct will be appropriately disciplined, up to and including termination of employment, as well as criminal prosecution. No employee, volunteer, elected official, appointed official or other person, regardless of his or her title or position has the authority to commit or allow sexual abuse or misconduct.

Definitions and Examples

The following definitions or examples of sexual abuse, misconduct or harassment, may apply to any and/or all of the following persons – employees, volunteers, officials or other third-parties.

Sexual abuse or misconduct may include, but is not limited to:

- Child sexual abuse – any sexual activity, involvement or attempt of sexual contact with a person who is a minor (under 18 years old) where consent is not or cannot be given.
- Sexual activity with another who is legally incompetent or otherwise unable to give consent.
- Physical assaults or violence, such as rape, sexual battery, abuse, molestation or any attempt to commit such acts.
- Unwanted and intentional physical conduct that is sexual in nature, such as touching, pinching, patting, brushing, massaging someone's neck or shoulders and/or pulling against another's body or clothes.
- Material such as pornographic or sexually explicit images, posters, calendars or objects.
- Unwelcome and inappropriate sexual activities, advances, comments, innuendoes, bullying, jokes, gestures, electronic communications or messages (e.g. email, text, social media, voicemail, etc.), exploitation, exposure, leering, stalking or invasion of sexual privacy.
- A sexually hostile environment characterized as comments or conduct that unreasonably interferes with one's work performance or ability to do the job or creates an intimidating, hostile or offensive environment.
- Direct or implied threats that submission to sexual advances will be a condition of employment or affiliation with the organization.

Reporting Procedure

Immediately report suspected sexual abuse or misconduct to any of the following individuals:

- City Finance Director
- City Manager
- City Attorney
- Mayor

It is not required to directly confront the person who is the source of the report, question or compliant before notifying any of the individuals listed. The City will take every reasonable measure to ensure that those named in any complaint of misconduct, or are too closely associated with those involved in the complaint, will not be part of the investigative team.

Anti-Retaliation and False Allegations

The City prohibits retaliation made against any employee, volunteer, board member or other person who lodges a good faith complaint of sexual abuse or misconduct or who participates in any related investigation. Making knowingly false or malicious accusations of sexual abuse or misconduct can have serious consequences for those who are wrongly accused. The City prohibits making false or malicious sexual misconduct allegations, as well as deliberately providing false information during an investigation. Anyone who violates this rule is subject to disciplinary action, up to and including termination of employment or membership and criminal prosecution.

Investigation and Follow-up

The City will take all allegations of sexual abuse or misconduct seriously and will promptly, thoroughly and equitably investigate whether misconduct has taken place. The City may utilize an outside third-party to conduct an investigation of misconduct. The City will cooperate fully any investigation conducted by law enforcement or other regulatory/protective services agencies. The City will make every reasonable effort to keep the matters involved in the allegations as confidential as possible while still allowing for a prompt and thorough investigation.

Reporting to Law Enforcement or Appropriate Child or Adult Protective Services

The City is committed to following the state and federal legal requirements for reporting allegations or incidents of sexual abuse or misconduct to appropriate law enforcement and child or adult protective services organizations. It is the policy of the City not to attempt to investigate or assess the validity or credibility of an allegation of sexual or physical abuse as a condition before reporting the allegation to the property law enforcement authorities or protective services organizations.

Employee and Worker Screening and Selection

As part of its sexual abuse and misconduct prevention program, the City is committed to maintaining the diligent screening program for prospective and existing employees, volunteers, elected officials, appointed officials and others that may have interaction with those employed by, associating with or serviced by the City. The City may utilize a variety of methods of screening and selection, including but not limited to applications, personal interviews, criminal background checks and personal and professional references.

Supervision of Youth

To provide a safe environment for minors, the City strives that a minimum of two adult workers supervise or be in attendance with minors during organization-related activities. The purpose is to avoid one-on-one interactions between adults and minors that are not easily observable by others. No out of program contact is permitted between representatives of the city and minors, all contact shall be for official purposes and functions only. This includes rides to/from activities, one-on-one mentorship, etc.

6.16 Employee Fitness Room

The Fitness Room located in the Police Station provides employees with a convenient opportunity to exercise, which provides health benefits for the employees who participate and in turn provides the City with healthier, more fit, employees.

Regular Full-time, regular part-time and paid-on-call employees, age 18 and older, and elected officials are eligible to use the fitness room upon signing a Medical Waiver and Risk Acceptance Form.

The Cty may institute a user fee, subject to approval by the City Manager.

Medical Waiver and Risk Acceptance Forms

The City provides the room and has financed the equipment, but is not responsible for supervised training or assistance to users in the use of the equipment. It is each user's responsibility to ensure they are medically fit to use the equipment. Consequently, the City shall require each user to sign a medical waiver and risk acceptance form. By signing this form, the user understands they are accepting full responsibility and assumption of risk for their decision to use the equipment and that they accept full risk for any injury that may occur while they are using the equipment.

Hours of Operation and Use of Own Time

The hours of operation of the Fitness Room shall be 24 hours a day, seven days a week. Employees shall not use the room during the time they are being compensated by the City. This rule shall not apply to employees of the Police Department or Fire Department so long as the exercise period is authorized by the employees Chief.

Unauthorized Use of Room

Only properly enrolled users are authorized to use the room. Any other use is unauthorized and shall subject an offending employee to disciplinary action, which may include termination. Any employee who allows unauthorized use of the facility shall also be subject to disciplinary action, which may include termination. Such actions may also subject the employee to criminal prosecution for theft of services.

Orientation

It shall be the responsibility of each user to read the instructions for each piece of equipment before use.

Use of the Equipment

Each user must use the equipment in the proper way and never abuse or misuse it. Each user must clean up after themselves and leave the facility in as good or better condition than when they came in. Food and beverages, other than water, are not permitted in the Fitness Room.

Dress

Dress guidelines are defined to promote an appropriate image, while promoting confidence, comfort, and ease while using the fitness equipment. The City's Sexual Harassment Policy does apply at the Kaysville City Fitness Room.

Guidelines:

- Avoid the use of clothing or accessories that might mar or damage the equipment or facilities;
- Attire shall be clean;
- Clothing and attire should be in good taste, in keeping with the public nature of the gym.

Examples of unacceptable clothing include, but are not limited to:

- Ripped, frayed, or torn clothing;
- Excessively short or revealing clothing;
- Exposed midriff/tops;
- Clothing that no longer fits.

Violations

Violation of this policy may subject an employee to disciplinary action, up to and including termination. Violations by an employee's spouse or guest may result in discontinuation of that person's use of the facility.

6.17 Vehicle Allowance

Some City employees are required or expected to travel on City business using their personal automobile. It is not always practical or cost effective to provide employees with a City vehicle. Select employees receiving a vehicle allowance as part of a compensation package for an employee’s position may receive a monthly flat rate and shall use their private vehicle for City business.

AUTHORIZATION AND RESPONSIBILITY
The City Manager or designee shall periodically review this program to determine the equity of the compensation levels to which employees are assigned. The Finance Department is responsible for recommending changes in compensation levels for employees covered by this policy, for reviewing reimbursement forms for accuracy and proper account code information and for monitoring employee compliance with policy requirements. All participating employees are responsible for complying with the requirements of this policy as a condition of participation.

DEFINITIONS
City Business – Any act by an employee which is required in order to perform his/her assigned duties or any act which is within the employee’s course and scope of employment. Commute to and from home is not considered City business.
Employee – (a) full-time, benefitted employee of Kaysville City.
Good Driving Record – (a) not being convicted of more than two moving violations in any twelve month period or (b) not being convicted of a reckless driving or DUI violation.

POLICY PROCEDURES

Employees participating in this program shall comply with the following requirements in order to be eligible to receive program benefits:

1. Employees shall possess a valid Utah Driver's License and maintain a good driving record. The revocation or suspension of that license may result in the employee no longer being eligible for participation in the program. If an employee's driver's license is suspended or revoked at any time, the employee shall immediately notify his/her supervisor and shall not operate personal vehicles on City business. Proof of a valid driver's license and insurance may be requested by the City at any time.
2. Any employee operating a private vehicle on City business may be subject to disciplinary action, up to and including termination, for negligent, unlawful or other wrongful driving.
3. An employee that accepts a vehicle allowance also accepts financial responsibility for damage to his/her personal vehicle even if the damage is incurred while using the vehicle for City business. The vehicle allowance is intended to be sufficient to cover the cost of adequate collision and comprehensive insurance. Any employee receiving a vehicle allowance shall be required to furnish proof of insurance to the City. A photocopy of the insurance coverage summary page shall be provided to the City Manager or designee. Should the status of any policy change, current insurance information shall be provided to the City Manager or designee immediately. The employee is further encouraged to disclose the business use of their vehicle(s) to their insurance agent.
4. The employee shall maintain collision and comprehensive insurance on the vehicle that at least meets the following requirements:
    a. Personal Bodily Injury: $100,000 per person
    b. Personal Injury Protection: $3,000 per occurrence
    c. Property Damage: $50,000 per occurrence; and
    d. Aggregate Liability: $250,000 per occurrence

    The employee's insurance coverage shall be primary. If, while on City business, the employee incurs liability not covered by the employee's private insurance, the employee will be covered by the City subject to the terms, limits, and conditions under the Utah State Governmental Immunity Act.
5. Damage to vehicles should be repaired on a timely basis.
6. Employees should report any changes in the vehicle(s) that they use for City business to the City Manager or designee.
7. Employees should maintain personal vehicles on their own time.
8. Vehicle allowances are the employee's compensation for costs of insurance, fuel, maintenance and the purchasing of personal vehicles. Those receiving a car allowance from the City shall not use the City's gas card system, supplies or its fleet services to maintain the vehicle.
9. If an employee receives a car allowance and is off work due to illness or accident for over one month, the City has the right to suspend the allowance for the duration of the absence from work.
10. Those who receive vehicle allowances should use their vehicles without reimbursement from the City, to attend meetings, or otherwise conduct City business anywhere within a 50-mile radius of Kaysville City Hall. For travel beyond this area, mileage and appropriate reimbursement may be requested pursuant to the City's travel policy.
11. If requested in advance, employees should keep a daily log of miles traveled on City business in their personal vehicle, and provide the City Manager or designee with a compiled record of this log. The City may periodically audit employees who receive a vehicle allowance.
12. Failure to comply with these policies and procedures may result in the loss of the vehicle allowance, reimbursement of costs to the City, and/or employee disciplinary action.
13. Authorization of a Personal Vehicle Allowance shall be limited to the City Manager and Department heads.

14. Employees receiving a vehicle allowance shall be compensated an amount not to exceed $450 per Employee based upon anticipated use and scope of responsibility. Vehicle allowance compensation amounts will be reviewed periodically by the Finance Department. The following factors should be considered when determining the appropriate amount for a vehicle allowance:
    a. The amount of required or expected travel within or outside of the City;
    b. The frequency of on-call or call back work and evening and weekend City business; and
15. Payment of a vehicle allowance shall be approved by the City Manager or Designee in writing.

SECTION 7

DRUG AND ALCOHOL TESTING

7.01 PURPOSE AND INTENT OF SECTION

The City Council finds that a healthy and productive work force, safe working conditions free from the effects of drugs and alcohol, and maintenance of quality services rendered by the City are important to the City, employees, and the general public. The City Council further finds that the abuse of drugs and alcohol may create a variety of workplace problems, including increased injuries on the job, increased absenteeism, increased financial burden on health and benefit programs, increased workplace theft, decreased employee morale, decreased productivity, and a decline in the quality of services rendered to the public.

Therefore, in balancing the interests of the City, employees, and the welfare of the general public, the City Council finds that fair and equitable testing for drugs and alcohol in the workplace, in accordance with this Section, is in the best interests of the City, its employees and the public.

The cooperation of all employees is required in order for our drug and alcohol policy to be successful, consequently, Kaysville City requires that all employees meet the expectations of these rules:

1. Possession or storage of alcohol or drugs in company vehicles is strictly prohibited. An employee will be considered in possession of drugs or alcohol if any controlled, illegal or improperly used substance is discovered on the employee's person, in the employee's locker, office, tool box, personal, work place equipment, lunch box while on company property, or company vehicle or equipment which is in their custody.

2. Employees are prohibited from being at work, conducting company business,or operating company-provided vehicles or equipment under the influence of drugs or alcohol.

3. Employees shall not use prescription drugs unless medically authorized to do so under a valid prescription from a doctor.

7.02 GENERAL REQUIREMENTS FOR COLLECTION AND TESTING

All sample collection and testing for drugs and alcohol under this Section shall be performed in accordance with the following conditions:

1. The collection of samples shall be performed under reasonable and sanitary conditions;

2. Samples shall be collected and tested with due regard to the privacy of the individual being tested, and in a manner reasonably calculated to prevent substitutions or interference with the collection or testing of reliable samples;

3. Sample collection shall be documented, and the documentation procedures shall include:

   (a) Labeling of samples so as reasonably to preclude the probability of erroneous identification of test results; and

   (b) an opportunity for the Employee or prospective employee to provide notification of any information which may be considered relevant to the test, including identification of currently or recently used prescription or nonprescription drugs, or other relevant medical information.

4. Sample collection and storage shall be performed so as reasonably to preclude the probability of sample mix-up, contamination or adulteration; and

5. Sample testing shall conform to scientifically accept analytical methods and procedures. Testing shall include verification or confirmation of any positive test result by gas chromatography, gas chromatography-mass spectroscopy, or other comparable reliable analytical method, before the result of any test may be used as a basis for any action.

7.03 DRUGS FOR WHICH TESTS TO BE CONDUCTED

When drug and alcohol screening is required or performed under the provisions of this policy, a urinalysis and/or blood test will be given to detect the presence of one or more or all of the following drugs or drug groups:

The City may test for the following substances: marijuana, cocaine, opiates/opioid, phencyclidine, amphetamines/methamphetamines, barbiturates, benzodiazepines, methadone, propoxyphene, Spice, and buprenorphine.

The City reserves the right to test for additional drugs, add or delete drugs, or to change the cutoff levels at the City's sole discretion and/or based on State, Federal, Including Federal Motor Carrier Safety Regulations and SAMHSA certified laboratory conditions or standards.

7.04 JOB APPLICANT TESTING: GENERAL STANDARD

Applicants for all classes of employment will be required to undergo a drug and alcohol test upon an offer of employment and prior to their final appointment. This includes current Employees who are applying for other City positions.

7.05 CURRENT EMPLOYEE TESTING: GENERAL STANDARD

1. The City may require a current City Employee to undergo drug and alcohol testing if there is Reasonable Suspicion by the immediate supervisor or other management personnel that the Employee is using or under the influence of drugs or alcohol during work hours.

2. Department Heads are required to detail in writing the specific facts, symptoms, or observations which formed the basis for their determination that Reasonable Suspicion existed to warrant the testing of an Employee. This documentation shall be forwarded to the City Manager or designee.

3. This section shall not require Reasonable Suspicion for the testing of current Employees who are applying for other employment positions.

7.06 NOTICE AND CONSENT

1. Before a drug and alcohol test is administered, Employees and job Applicants will be required to sign a consent form authorizing the test and permitting release of test results to City officials. The consent form shall provide space for Employees and Applicants to acknowledge that they have been notified of the City's drug testing policy and to indicate current or recent use of prescription and over-the-counter medication

2. The Employee or job Applicant, in signing the consent form also indicates that he/she has received information regarding:

   (a) the City Drug and Alcohol Policy and its purpose;

   (b) the consequences of a confirmed positive test result;

   (c) the right to explain a confirmed positive test result and the appeal procedures available; and

   (d) the consequences of refusing to undergo a drug and alcohol test.

All recruitment announcements for any position, including in-house recruitment and promotion within the City, will disclose that a drug and alcohol test is a requirement for hiring.

7.07 PRE-EMPLOYMENT TESTING

1. Before any City hiring authority offers employment to an Applicant, he/she will notify the City of the final or top Applicant for the position. The City Manager or designee will schedule an alcohol and drug screening test for the Applicant.

2. The City Manager or designee or Department representative shall give the Applicant a copy of this policy, a consent form to complete and the date of the test appointment. The consent form must be signed before the Applicant may be tested.

3. After the City Manager or designee has received the test results from the medical testing facility, he/she will inform the hiring Department head of the test results. This disclosure will only be whether the test is positive or negative, and shall be kept confidential by City personnel.

4. The Department head or City Manager or designee will notify the Applicant of the test results.

7.08 RANDOM TESTING

1. The City may impose a system of drug testing imposed without individualized suspicion that a particular individual is using illegal drugs or alcohol.

2. Testing will be a uniform testing of employees occupying a specified department(s) or position or a statistically random sampling of employees based on a neutral criterion.

7.09 REASONABLE SUSPICION TESTING

1. A supervisor may upon Reasonable Suspicion meaning an articulable belief based on specific facts and reasonable inferences drawn from those facts that an employee is using or under the influence of drugs or alcohol. Circumstances which constitute basis for determining “Reasonable Suspicion” may include but are not limited to a pattern of abnormal or erratic behavior; information provided by a credible source; a work related accident; direct observation of use or presence of typical physical symptoms .

2. After obtaining approval of the Department head or the City Manager or designee, ask any on-duty Employee to submit to an immediate alcohol and drug screening test in accordance with the following guidelines:

   (a) The Employee's Department head or his/her designee shall advise the City Manager or designee of the determination of Reasonable Suspicion as soon as practicable, but such notification shall not be a prerequisite for testing.

   (b) The Employee shall be given a "Test Consent Form" to complete and sign immediately after a determination of Reasonable Suspicion.

   (c) The Employee will be taken immediately by a designated City Employee or official to a City approved testing facility.

   (d) If the Employee has been taken to an emergency medical facility for medical treatment, the supervisor or Department head should make a reasonable attempt to obtain a Sample at such emergency medical facility for testing in accordance with the prescribed procedures. All employees shall be required as a condition of employment to sign in advance and to be kept of file a consent to the taking of a blood sample in case of an on the job injury rendering them incapable of giving consent.

   (e) The Employee may be immediately removed from duty and assisted in getting home after the drug and alcohol screening test, if appropriate.

(f) The Employee may be placed on administrative leave (with pay) until the test results are available and a preliminary administrative review and decision has been conducted and made.

2. An alcohol and drug screen test for Reasonable Suspicion may include both urinalysis and/or blood test.

3. Results from the alcohol and drug screen test will be given by the testing facility to the City Manager or his/her designee.

7.10 REFUSAL TO CONSENT: EMPLOYEES

An Employee who refuses to consent to a drug and alcohol screen test when Reasonable Suspicion of drug or alcohol use has been determined is subject to disciplinary action up to and including termination of employment. The reason(s) for the refusal shall be considered in determining the appropriate disciplinary action. No disciplinary action shall be taken without first discussing the matter with the Employee.

7.11 CONFIRMATION OF TEST RESULTS

1. An Employee or job Applicant whose drug test yields a positive result may be given a second test using a gas chromatography/mass spectrometry (GC/MS) test. The second test shall use a portion of the same test Sample withdrawn from the Employee or Applicant for use in the first test. The second portion shall be identified and kept in accordance with standard procedures of the testing facility.

2. If the second test produces a positive result, the Employee or Applicant shall be notified of the results in writing by the appropriate Department head or City Manager or designee. The letter of notification shall identify the particular substance found and its concentration level.

3. An Employee or Applicant whose second test produces a positive test result may, at the Employee's or Applicant's own expense, have a third test conducted on the same sample at a different laboratory selected by the City.

7.12 CONSEQUENCES OF A CONFIRMED POSITIVE TEST RESULT

Applicants: Job Applicants may be denied employment with the City if their initial positive test results have been confirmed. Applicants who are current City Employees mayl be denied employment in the position for which application was made. Applicants shall be appropriately informed if they are rejected on the basis of a confirmed positive test result. Employee applicants shall be referred to the City Manager for appropriate action.

Employees: If an Employee's positive test result has been confirmed, the Employee is subject to disciplinary action up to and including termination of employment in accordance with Section 5 of the Kaysville City Personnel Rules and Regulations. Factors to be considered in determining the appropriate disciplinary response include the Employee's work history, length of employment, current job performance, and the existence of past disciplinary actions. No disciplinary action should be taken against Employees who voluntarily identify themselves as drug users, prior to the time it is apparent their use has been detected and who obtain counseling and rehabilitation and thereafter refrain from violating the City's policy on drug and alcohol use. However, this provision shall not restrict the City from taking disciplinary action arising from other violations of City conduct rules and standards or making job reassignments and/or suspensions to reduce the risks of accident or injury that may result from the use of alcohol or drugs.

7.13 EMPLOYEES/APPLICANT RIGHTS

1. An applicant will be provided an opportunity to meet with the City Manager or Department head to comment and provide information regarding the results of any positive test and seek a second confirmation test as provided herein.

2. If an Employee's Positive Test result has been confirmed, disciplinary action may be taken by the City and the Employee shall be informed of such disciplinary action in writing. Thereafter, the Employee may request a hearing in which he or she may appeal the application of disciplinary action against him or her. If the disciplinary action involves discharge or termination of employment or transfer from one position to another, the appeal shall be conducted in accordance with the provisions of 5.03 of the Kaysville City Personnel Rules and Regulations. All appeals not involving discharge, termination or transfer shall be conducted in accordance with section 5.02 of the Kaysville City Personnel Rules and Regulations.

3. No disciplinary action may be taken against an Employee based on a confirmed Positive Test result unless the City Manager finds by a preponderance of the evidence that:

    (a) The Employee's supervisor or Department head had Reasonable Suspicion to believe that the Employee was using and/or under the influence of drugs and/or alcohol while on the job; and

    (b) The Employee's drug test results are accurate.

4. Within five (5) days following the close of the hearing, the City Manager shall issue a written Decision and Findings of Facts supporting that Decision.

5. Appeal: An Employee denied promotion or disciplined as a result of a Positive Test result may appeal the action in accordance with Section 5.02 of the Kaysville City Personnel Rules and Regulations.

7.14 DISCIPLINARY OR REHABILITATIVE ACTIONS

Upon receipt of a verified or confirmed Positive Test result which indicates a first known violation of the City's written policy, or upon the refusal of an Employee or Applicant to provide a Sample, the City may use that test result or refusal as the basis for disciplinary or rehabilitative actions, which may include the following:

1. a requirement that the Employee enroll in a City approved rehabilitation, treatment, or counseling program, which may include additional drug or alcohol testing, as a condition of continued employment;

2. suspension of the Employee with or without pay for a period of time;

3. termination of employment;

4. refusal to hire an Applicant; or

5. other disciplinary measures in conformance with the Kaysville City Personnel Rules and Regulations.

Participation in a rehabilitation, treatment or counseling program does not necessarily mean that appropriate disciplinary action will not be taken for violation of the City's drug and alcohol policy.

7.15 CONFIDENTIALITY OF INFORMATION

1. All information, interviews, reports, statements, memoranda, or test results received by the City through its drug or alcohol testing program are confidential communications and may not be used or received in evidence, obtained in discovery, or disclosed in any public or private proceeding, except in a proceeding related to an action taken by or involving the City or in compliance with a court order or subpoena.

2. The information described in Section 7.13.1 shall be the property of the City.

3. The City is entitled to use a drug or alcohol test result as a basis for action under any other appropriate provision of the Kaysville City Personnel Rules and Regulations.

7.16 PRIVACY IN COLLECTION OF SAMPLES FOR TESTING

Except in cases of emergency Samples shall be provided at the testing facility designated in Appendix "A" and in accordance with the rules and regulations of such testing facility. In order to ensure that there is no tampering, street clothes, bags, briefcases, purses, and other containers may not be carried into the area where the Sample is produced.

7.17 LABORATORY TESTING

All drug and alcohol testing of Employees and Applicants shall be conducted at medical facilities or laboratories selected by the City.

7.18 CONFIRMATION TEST REQUEST BY APPLICANT OR EMPLOYEE

1. An Applicant or Employee may request a confirmation test of the same Sample within 24 hours of notification of a Positive Test and a review by the City.

2. The cost of the confirmation test must be paid to the City in advance by the Applicant or Employee. If the confirmation test is negative, the City shall reimburse the Applicant or Employee for the cost of the test.

3. The confirmation test will be performed by a Laboratory selected by the City and interpreted by a qualified person of the City's choice. This may be the same testing facility designated in Appendix "A".

4. Opportunity to Reapply: Any Applicant rejected for employment as a result of a Positive Test may reapply for employment with the City any time after six (6) months for any position for which he or she may qualify.

7.19 TIME OF TESTING - COST OF TESTING AND TRANSPORTATION

1. Any drug or alcohol testing by the City in accordance with this Section shall occur during or immediately after the regular work period of current Employees and shall be deemed work time for purposes of compensation and benefits for current Employees.

2. The City shall pay all costs of testing for drugs or alcohol required by the City, including the cost of transportation.

7.20 NO CITY RESPONSIBILITY FOR FAILURE TO TEST OR DETECT SUBSTANCE OR PROBLEM, OR FOR TERMINATION OF TESTING PROGRAM

The City has no responsibility or duty for any testing program or procedure in accordance with this Section, including, but not limited to any of the following:

1. Failure or refusal to test for drugs or alcohol, or failure to test for a specific drug or other substance;

2. Failure or refusal to test for, or if tested for, failure to detect, any specific drug or other substance, disease, infectious agent, virus, or other physical abnormality, problem, or defect of any kind; or

3. Termination or suspension of any drug or alcohol testing program or policy.

7.21 EMPLOYEE NOT "HANDICAPPED"

An Employee or Applicant whose drug or alcohol test results are verified or confirmed as positive in accordance with the provisions of this Section shall not, by virtue of those results alone, be defined as a person with a "handicap" for purposes of Chapter 35, Title 34, the Utah Anti-Discrimination Act, or any similar or comparable Federal law.

7.22 NO PHYSICIAN-PATIENT RELATIONSHIP CREATED

A physician-patient relationship is not created between an Employee or Applicant and the City or any person performing any test or any portion or part thereof, solely by the establishment and implementation of a drug or alcohol testing program in accordance with this Section.

SECTION 8

DISCLAIMERS

8.01 GENERAL DISCLAIMER

It is the policy of Kaysville City to establish reasonable rules of employment conduct (i.e., guidelines for management and employees to follow) and to ensure compliance with these rules through a program consistent with the best interests of Kaysville City and its employees.

This manual is not, and shall not be construed as, an explicit or implied contract, shall not modify any existing at-will status of any Kaysville City employee, and shall not create any due process requirement in excess of federal or state constitutional or statutory requirements. The term at-will means employees can terminate or be terminated at will. Exceptions are employees having written contracts signed by the Mayor or Kaysville City.

Additionally, it is the policy of Kaysville City to strive for safety in all activities and operations, and to carry out the commitment of compliance with health and safety laws applicable to Kaysville City by enlisting the help of all employees to ensure that public and work areas are free of hazardous conditions.

Kaysville City reserves the right to change any of its policies and/or procedures at any time in the future for any reason. Therefore, if you have suggestions or comments concerning the content of this manual, please submit them in writing to the Kaysville City Manager for review.

8.02 SAVINGS CLAUSE

If any rule, subdivision, sentence clause, phrase or provision of these policies and procedures or the application thereof be found to be invalid or in conflict with any state or federal law, the conflicting portion shall not affect the application or force of the balance of these policies or procedures.

SECTION 9

FORMS

1. **Employee Acknowledgement/Ethics Declaration**

2. Electronic Information Resources

3. Vehicle Use

4. .Fitness Room

5. Sexual Harassment

6. City Property

Employee Acknowledgement/Ethics Declaration

I, ___________________________ have received a printed or digital copy of the Personnel Rules and Regulations, Employee Handbook, or Human Resource Manual or I know where I can access a copy. I acknowledge and agree to abide by the policies and rules herein. I acknowledge the various consequences of not following the established policy guidelines. I agree to follow the policies in this manual as long as I am employed by Kaysville City.

In addition, I hereby authorized Kaysville City to obtain my Motor Vehicle Record (MVR). An acceptable MVR based upon the City's insurance requirements and standards is a condition of employment. Kaysville City may at any time request and review my MVR. I have read and understand the Motor Vehicle Record and Insurability Standards and the Employee Vehicle Use Section of this manual and understand that failure to maintain an acceptable MVR and abide by the Vehicle Use Policy may result in revocation of driving privileges, re-assignment to a non-driving position, as well as disciplinary action up to and including termination of employment.

Finally, I acknowledge that honesty, integrity, and ethics in the workplace are of the utmost importance.

Employee Name: ______________________________

Employee Signature: __________________________________

Date: _________________

FITNESS ROOM SIGN UP FORM

AND ASSUMPTION OF RISK

Please Print:
Employee Name______________________________
Department__________________________________ _
Home Telephone Number ______________________Work Telephone Number __________________________

I have read the rules for the use and operation of the Fitness Room and I agree to abide by them.

I, the undersigned, do hereby certify that I am free of any health problems that would cause me to not be able to use the equipment in the Fitness Room. I release Kaysville City and its officers, employees, and agents from any and all responsibility or liability for any health problems or injuries that may occur from my participation in the use of the Fitness Room and any and all equipment and facilities in it (hereafter "Fitness Room") or from any subsequent exercise or other activities that I may engage in as a result of using the Fitness Room.

I further agree to assume all risks related to my use of the exercise facility. I hereby release and discharge Kaysville City Corporation from any and all claims, demands, damages, rights of action or causes of action, present or future, whether the same be known, anticipated or unanticipated, resulting from or arising out of the my use or intended use of the facilities and equipment.

I agree to indemnify, defend and hold Kaysville City and its officers, employees, and agents harmless from any and all claims or lawsuits filed as a result of any health problems or injuries I may sustain.

I agree to assume all risk and responsibility for my actions or inactions in the use of all of the Fitness Room and understand that serious injuries may occur from the use or misuse of the Fitness Room.

I understand that permission to use the exercise facility shall be at the sole discretion of the City and may be revoked at any time.

Dated this _______ day of ________________________, 201___.

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____
Employee Signature

PLEASE RETURN THIS FORM TO THE HUMAN RESOURCES OFFICE

REV: 03/18

CITY EQUIPTMENT USE SIGN UP FORM

AND ASSUMPTION OF RISK

Please Print:
Employee Name_______________________________
Department___________________________________ _
Home Telephone Number ______________________Work Telephone Number __________________________

I have read the rules for the use and operation of the City Equipment for personal use and I agree to abide by them.

I will limit my use of City Equipment to the following facilities:______________________. I will only use City Equipment for personal use when I am not working and between Monday through Friday from 5:00 PM to 8:00 PM. I agree to be completely done with any work and have the facilities cleaned to as good, or better, conditions than when I began using them. I will not begin using the facilities until this form has been signed by myself, the appropriate Department Head, and City Manager.

I, the undersigned, do hereby certify that I release Kaysville City and its officers, employees, and agents from any and all responsibility or liability for any loss or liability arising directly or indirectly from the use of City Equipment, including any liability or claimed liability on the part of Kaysville City because of any damage to person or property (including death) and will defend and hold Kaysville City harmless against any expense, including all legal fees, disbursements, fines and assessments.

I further agree to assume all risks related to my use of the exercise facility. I hereby release and discharge Kaysville City Corporation from any and all claims, demands, damages, rights of action or causes of action, present or future, whether the same be known, anticipated or unanticipated, resulting from or arising out of the my use or intended use of the facilities and equipment.

I agree to <u>indemnify, defend and hold</u> Kaysville City and its officers, employees, and agents <u>harmless</u> from any and all claims or lawsuits filed as a result of any loss, liability, or injury I or those affiliated with the use of this equipment may sustain.

I agree to <u>assume all risk and responsibility</u> for my actions or inactions in the use of the City's equipment and understand that serious injuries and death may occur from the use or misuse of the equipment.

I understand that permission to use the City's facilities shall be at the sole discretion of the City and may be revoked at any time.

Dated this _______ day of ________________________, 201___.

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____
Employee Signature

Approved by the Department Head of the facility this _______ day of ________________________, 201___.

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____

Department Head Signature

Approved by the City Manager this _______ day of ________________________, 201___.

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____

City Manager Signature

PLEASE RETURN THIS FORM TO THE HUMAN RESOURCES OFFICE

REV: 03/18

HARASSMENT POLICY

RECEIPT AND ACKNOWLEDGEMENT

I acknowledge that I have received the Kaysville City Corporation Policy Statement on Harassment. I understand that it is my responsibility to be familiar with and conform to the procedures contained in this policy. I am expected to abide by the rules and requirements contained in the policy with regard to the reporting of harassment, including the obligation to report violations of the policy and not to retaliate against anyone for exercising his/her rights under this policy. I understand that failure to comply with the policy could result in disciplinary action up to and including termination of employment.

____
Printed Name

____
Signature

____
Date

STAFF REPORT

COUNCIL MEETING DATE: June 7, 2018
ITEM NO.: 7b

TYPE OF ITEM: Work
PRESENTED BY: Shayne Scott, City Manager

SUBJECT/AGENDA TITLE: Economic Development Plan Discussion

EXECUTIVE SUMMARY:

Over the past few months the Kaysville City Council has had some discussion about the role of the staff and the role of the City Council when it comes to Economic Development. Although Economic Development decisions have been made by both Staff and Council over the previous decades in Kaysville, currently, Kaysville City has no written Economic Development standards.

Staff has reached out to other Davis County cities for examples of Economic Development Plans or Standards and all of those cities that responded indicated that they do not currently have an Economic Development Plan. Feedback received about why no plans are in place indicated that because Economic Development activities are constantly changing and because of the malleable nature of Economic Development in general, a plan can be problematic.

Staff would recommend an Economic Development Policy in the form of a Resolution that would address the following issues surrounding Economic Development in Kaysville:

- Is Kaysville City interested in granting incentives to encourage new businesses?
- What type of businesses should be encouraged to locate in Kaysville?
- What are some possible incentives available to new businesses?
- Who can decide what incentives are available to which businesses?
- Should the City expand the existing CDAs (Community Development Areas)?
- Should the City employ a FTE in Economic Development efforts?
- The Role of an Economic Development Committee
- Comprehensive Economic Development Strategy (CEDS)
- Other Considerations.

Council Options: Continue to discuss Economic Development in Kaysville at future Work Meeting
Instruct Staff to work internally on an Economic Development Plan
Contract with a 3rd party consultant on an Economic Development Plan/Strategy

Recommendation: Staff recommends that the City Council provide some vision of the role of Economic Development in the City and instruct Staff to work with and come back to City Council with a DRAFT version of an Economic Development Plan.

Fiscal Impact & Fund Source for Recommended Action: None

Attachments: None