

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
SOUTHWEST PUBLIC POWER AGENCY, INC.**

April 08, 2024

A meeting of the Board of Directors of the Southwest Public Power Agency, Inc. (“SPPA”) was held on April 08, 2024, at the offices of Clark Hill, located at 3200 North Central Avenue, Suite 1600, Phoenix, Arizona 85012.

The following Board Members or Member alternates were present:

Ed Gerak – ACES
Jason Moyes – AID, HVPD, and TID
Ken Robbins—ED2
Brian Yerges—ED3
Ron McEachern – ED4
Bill Van Allen—ED6
R.D. Justice – ED7
Arnold Mejia—GRICUA
Glen Vortherms—MWD

Jim Downing – MVWCDD
Glenn Steiger – NTUA
Jeff Woner—OWCD
Taylor Howerter—RID
Brian Fickett – TOUA
Heath Brown – Town of Thatcher
Michael Curtis – Town of Wickenburg

Also present:

Dennis Delaney
Frank McRae
Daniel Herder
Judy Spallino
Daniel Pritchard
Jennifer Torpey
Kent Simer
Jerri Tso

Elena Byrd
Joe Mease
Derek McEachern
Sheryl Sweeney
Brian Zard
Scott Saline

The following SPPA Member(s) were not present:

Buckeye Water Conservation and Drainage District
City of Safford

Electrical District No. 8 of Maricopa County
City of Williams

The meeting was called to order at 1:10 p.m. President Robbins chaired the meeting while Ms. Spallino acted as secretary.

ROLL CALL

Ms. Spallino called the roll of the Members to ensure there was a quorum present. Quorum being established, the business of the meeting proceeded.

3.) CONSIDERATION AND POSSIBLE APPROVAL OF CONSENT AGENDA

A) MINUTES FROM MARCH 11, 2024, MEETING OF THE SPPA BOARD OF DIRECTORS

B) RATIFICATION OF APPROVAL ITEMS, IF ANY, FROM THE SPPA POOL MANAGEMENT COMMITTEE

Mr. Robbins presented the Consent Agenda for the Board's review and possible approval. All items listed on the Consent Agenda may be enacted by a single motion unless a Board Member requests otherwise. There were no approval items from the SPPA Pool Management Committee included in the Consent Agenda.

Upon discussion, Mr. Steigler moved to approve the contents of the Consent Agenda as presented. Mr. Justice seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

4.) ITEM(S) REMOVED FROM CONSENT AGENDA (POSSIBLE ACTION ITEM)

No items were removed from the Consent Agenda.

5.) FINANCIAL MATTERS (APPROVAL ITEM)

A. FINANCIAL UPDATE & TREASURER'S REPORT INCLUDING DISBURSEMENTS (POSSIBLE ACTION ITEM)

B. STATUS AND SCHEDULE OF 2022 AUDIT

C. STATUS AND SCHEDULE OF 2023 AUDIT

D. S&P GLOBAL RATINGS "STANDARD SURVEILLANCE REVIEW" OF SOUTHWEST PUBLIC POWER AGENCY

Ms. Spallino presented a series of financial reports for the Board's review, including copies of SPPA's balance sheet and profit and loss statement, as well as recent disbursements. The financial statement presented covered the calendar year of 2023 and January 2024. All financial information presented is unaudited.

Upon discussion, Mr. Justice moved to approve and ratify the unaudited financial reports as presented. Mr. Steigler seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

A motion to approve the disbursements was made by Mr. Justice and seconded by Mr. Fickett. Upon the taking of a voice vote, the motion was unanimously carried.

Ms. Spallino shared the status of the 2022 and 2023 audits. The auditors of Baker Tilly were in the SPPA offices to conduct the audit field work the week of April 5, 2024. The field work was successfully completed at this time. Ninety percent of the information and documentation requested by the auditors has been provided. Ms. Spallino plans to have the remaining information and documentation to the auditors no later than April 15, 2024.

Mr. McRae provided a current update on the S&P Global Rating that has been pending since meeting with them on January 29, 2024. S&P has expressed concerns for those members that may have water issues in the future. Additional information was provided to S&P regarding the sustainability of those members. Mr. McRae expressed his hope that a credit review would be received by SPPA in May or June.

6.) LEGAL/REGULATORY MATTERS:

A. AEPCO/ACES

I. SUMMER 2024 OPPORTUNITY

II. STATUS REPORT ON APACHE II AND PINAL CO SOLAR

B. BOX CANYON PROJECT UPDATE

C. WCF1 AND WCF2

ACES – This was addressed in the Pool Management Committee Meeting with a presentation and Q&A presented by Mr. Brian Zard of ACES.

The opportunity for a wholesale sale for the Summer of 2024 will be reviewed with AEPCO and their findings will be discussed with the risk management committee and for board review in May.

Apache Solar II Project will offer 235 MW of new Solar and Battery at the Apache Substation by Winter 2025. Energy from this project will serve AEPCO's Class A, B and D members. AEPCO, Clenera, and the EPC continue to work together to finalize the project and substation layouts and will be filing a joint Building Permit with Cochise County in mid-April. Construction is scheduled to begin August 2024.

The Pinal Solar Project will offer almost 400 MW of new Solar and Battery and will be located in Pinal County. Total MW's for this project will be determined upon AEPCO's application outcome for the USDA Empowering Rural America New Era Grant. RUS (Rural Utility Services) has not yet moved forward and/or is moving very slowly in approving AEPCO's project and grant applications. The current political climate may be playing a part in the awarding/approval of this grant. A letter writing campaign may need to be initiated to get the grant process moving again. If AEPCO is awarded the grant, the project will be up to 600 MW and if they are not awarded, then the project is expected to be around 400 MW. Additionally, Pinal County land use designation for green energy production was received for this project site. The commitment is tentative.

Box Canyon project – Approvals required to move the project forward have been slow due to staffing shortages in the county. Concerns for the lack of approvals could hinder the project and piecemeal approvals are being sought. Mr. Michael Curtis and Mr. Brian Yerges have offered their assistance in reaching out to their contacts in the county offices.

WCF I and II – These agreements have been completed and should be removed from the agenda.

7.) ONGOING ACTIVITIES

A. A&G & EMS INVOICES

B. ONWARD/MESQUITE CONTINUED MONITORING OF OPPORTUNITIES FOR PPA AMENDMENT.

Financials through December 31, 2023, showed reconciled revenues and expenses for A&G, EMS, and QIR indicate and over collection of \$278,700.37. Mr. McRae provided the board with three options for the use of these excess funds. Mr. McRae made a case to keep \$100K (Option 1) as a contingency by pointing out that January actual expenses exceeded the budget by \$50K. Although this over expenditure is a bit of an anomaly (i.e. annual insurance, audit expense and energy project), it does illustrate the need for a contingency fund.

Mr. Yerges expressed concerns that with the new energy accounting system the billing of the members would change. Mr. Delaney confirmed that the methodology behind the new system would be the same as it is now. Box canyon is the variable in this software that is unknown at this time.

Mr. Yerges also expressed a need for an emissions profile that could be included in the Box Canyon project. Baker Tilly may be a resource for this information.

Onward/Mesquite – Meeting to be held week of April 15, 2024.

8.) ORGANIZATIONAL DEVELOPMENT PLAN

A. STATUS

B. 2024 STRATEGIC PLANNING PROCESS

Multiple Board Members have expressed concerns with the proposed Strategic Planning Project/approach as discussed during the March 11th Board meeting. Multiple Board members have expressed support for the approach discussed during the March 11th Board Meeting. With the difference of opinions expressed, Mr. McRae has asked that each member complete an emailed survey no later than April 23, 2024. Results of the survey and a 2024 proposal will be presented at the May 13, 2024 Board Meeting.

ANY OTHER BUSINESS THAT MAY COME BEFORE THE MEETING

No other business was discussed.

DISCUSSION OF FUTURE AGENDA ITEMS

No future agenda items were discussed.

ESTABLISHMENT OF DATE OF NEXT SPPA MEETING

The next SPPA meeting will be held May 13, 2024

PUBLIC COMMENT

There was no comment from the public.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:45 p.m.

Respectfully submitted,

Approved: _____

Judy Spallino
Accountant

Attachment(s): List of approved disbursements
CY 2023 Financial Statements