

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
SOUTHWEST PUBLIC POWER AGENCY, INC.
January 12, 2026**

A meeting of the Board of Directors of the Southwest Public Power Agency, Inc. (“SPPA”) was held on January 12, 2026, 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:

Bill Van Allen—ED6	Scott Saline – AID, HVPD, TID, OWCD
Arnold Mejia - GRICUA	Jason Moyes – AID, HVPD, TID, MVWCDD, ED8
Jeff Low – City of Safford	Ed Gerak – Ak-Chin
Brian Yerges – ED3	Anthony Cadorin - NTUA
Joe Mease – TOUA	Derek McEachern – ED4
Logan Gernet – ED2	Heath Brown – Thatcher
Noel Carter - BWCDD	Jim Downing – McMullen
Robert VanHofwegen – ED8	
Glen Vortherms – MWD	
Jeff Woner – OWCD	
Elena Byrd – ED2	

Also present:

Judy Spallino - SPPA	Ashley Blank – KRSA
Daniel Pritchard – KRSA	Kent Simer - KRSA
Kim Polivka - SPPA	Dennis Delaney - KRSA
Daniel Herder – Clark Hill	Stephen Foster - KRSA
Sheryl Sweeney – Clark Hill	Vedant Sahu – KRSA
Mark Caastleton – KRSA	Ken Saline - KRSA

The following Committee Member(s) were not present:

Town of Wickenburg
City of Williams
Electrical District 7
Roosevelt Irrigation District

The meeting was called to order at 12:25 p.m. Mr. Brian Yerges chaired the meeting while Ms. Kim Polivka functioned as secretary.

ROLL CALL

Mr. Brian Yerges called on the role of the Board Members to ensure there was a quorum present. Quorum being established; the business of the meeting proceeded.

3.) Consideration and approval of Consent Agenda (Possible Action Item)

All items on the Consent Agenda are considered to be routine matters and will be enacted by one motion of the Board of Directors. A Board Member may request removal of any item(s) or part(s) thereof without debate or vote.

- a. Minutes from prior meetings of the SPPA Board of Directors.
11-10-2025 SPPA BOD Meeting Minutes
11-10-2025 Confidential Executive Session
- b. Ratification of approval items, if any, from the SPPA Pool Management Committee.

Mr. Yerges presented the (3.a.) Consent Agenda for the Board's review and approval. All items listed on the Consent Agenda may be enacted by a single motion unless a Board Member requests otherwise.

Upon discussion, Mr. Robert VanHofwegen moved to approve the contents of the Consent Agenda as presented. Mr. Ed Gerak 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:

- a. Financial Update & Treasurer's Report including disbursements (Possible Action Item)

Mr. Brian Yerges recommended an approval policy (standards) for Disbursements and Financials.

Ms. Judy Spallino presented financial matters

- i. Balance Sheet Highlights
- ii. Profit & Loss Highlights
- iii. Other Item (s) to highlight

Mr. Robert VanHofwegen moved to approve the Financial Update & Treasurer's Report including disbursements subject to stated changes of a couple descriptions to disbursements. Mr. Noel Carter seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

- b. Review and approval of Director's and Officer's Liability insurance (Possible Action Item)

Mr. Daniel Herder reviewed the resolution for renewal of the commercial insurance proposed policy from The Arizona Group. Coverage and pricing are substantially the same as the previous year.

Upon discussion, Mr. Noel Carter moved approving and authorizing the execution and delivery agreement to extend existing directors' and officers' insurance coverage, approving associated resolution as presented. Mr. Ed Gerak seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried

- c. 2026 Budget Update (Possible Action)

Mr. Delaney - SPPA 2026 A&G Budget Adjustments

- The approved budget totaled \$4,734,000 and included each member's monthly A&G expense. However, this resulted in an under-collection of \$147,000 because the "Total AEPCO / ACES (Non-Scheduling & Trading)" budget item was not allocated to members.
- In addition, the approved budget included estimated AEPCO EMS fees; actual EMS charges were \$297,000 lower than budgeted.
- Staff Recommendation: Based on these adjustments, staff recommend **reducing the approved budget to \$4,587,000**, maintaining each member's monthly A&G expense, and reallocating the remaining \$149,000 to Engineering Routine Services.
- Rationale for Increasing Routine Services:
 - The increase in Routine Services is necessary to continue development and stabilization of the energy accounting and centralized database platform. This work includes improving data validation, reconciliation of third-party invoices, automation of settlement processes, and integration of new resources and market interfaces. These enhancements are required to reduce manual processing risk, improve auditability, support timely and accurate member settlements, and provide a scalable foundation for additional projects and market participation.

Mr. Brian Yerges offered the proposal that the adjustments could be made by Accounting and Market time cost, not Engineer costs

Mr. Ed Gerak suggests that is could be moved to Contingency account.

Upon discussion, Mr. Robert VanHofwegen moved approving and authorizing the SPPA 2026 A&G Budget Adjustments as presented. Mr. Noel Carter seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

d. Update on SPPA Credit Rating (Jeff Woner)

Mr. Jeff Woner gave an update on SPPA credit rating and the meeting with Mr. Bill Davis.

Key Points:

- Contract Language changes
- Possibility to reach out to Fitch or Moody
- 10 years of history given; focusing on minor issues
- SPPA using Bonds to improve credit for a possible better credit rating
- No recommendation at this point.

Mr. Delaney spoke about Co-Bank and how its eligibility criteria does not fit all members, working to get more value from BMO.

Action Items for SPPA Staff:

Ms. Judy Spallino to reach out to BMO to set up a future Management Meeting.

Mr. Brian Yerges suggests a legal memo to be created with project specific requirements, and also that there are short-term investment funds worth looking into.

Mr. Logan Gernet asked about Interest rates and the rate of returns.

Mr. Robert VanHofwegen questions investing in CD's are Banks large enough, suggesting a cost analyst.

Leaving this discussion to continue at the next BOD meeting, 5.d - SPPA Credit Rating will be added to February 9, 2026. Board of Directors meeting Agenda.

Mr. Ed Gerak called for a motion to go into Executive Session; and seconded by Mr. Robert VanHofwegen and the motion passed unanimously at 1:07 p.m.

6.) Risk Management Meeting

- a. Next meeting to be held on March 2, 2026, if necessary

During the SPPA Board of Directors meeting an Executive Session for agenda items 7.a, 7.b., and 7.d. as listed below, pursuant to A.R.S. § 38-431.03 (A) (2), (3) and/or (4) for the reasons stated in each agenda item below.

7.) Legal/regulatory matters:

- a. Box Canyon updates: ***The Board may vote to discuss this matter in executive session pursuant to A.R.S § 38-431.03 (A), (3) and (4) for discussion or consultation with the attorney of the public body to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject negotiation and for legal advice.***
 - i. SRP Participation Amendment has been executed. Participants are to sign Amendment to Resale Agreement.
 - ii. Curtailment discussions and cost allocation
 - iii. RECs sales update and authorization to open Wregis Account
- b. AEPCO Items. ***The Board may vote to discuss this matter in executive session pursuant to A.R.S § 38-431.03 (A), (2), (3), and (4) for discussion or consultation with the attorney of the public body to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject negotiation and for legal advice, and for the discussion or consideration of records exempt by law from public inspection.***
 - i. Additional Pinal County PPA edits proposed by AEPCO
 - ii. Apache II working capital arrangements to support LC's
 - iii. AEPCO EDAM Study Update
- d. Discussion of banking relationships and prepay opportunity ***The Board may vote to discuss this matter in executive session pursuant to A.R.S § 38-431.03 (A), (3) and (4) for discussion or consultation with the attorney of the public body to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject negotiation and for legal advice.***

Out of Executive Session at 1:29 p.m.

- c. Markets – Update regarding recent meeting with SPP and utilities joining SPP Markets+.
 - No updates this month

Upon discussion, Mr. Noel Carter moved approving and authorizing the establishment and use of WREGIS account for tracking renewable energy credits, authorizing execution of the enabling resolution as presented in executive session. Mr. Anthony Cadorin seconded the motion.

Upon the taking of a voice vote, the motion was unanimously carried.

