

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

September 9, 2024

A meeting of the members of the was held on September 9, 2024, at the offices of Clark Hill, located at 3200 North Central Avenue, Suite 1600, Phoenix, Arizona 85012.

The following Directors or Member alternates were present:

Glen Steiger – NTUA
Noel Carter - BWCDD
Brian Yerges—ED3
Brian Fickett – TOUA
Jason Moyes – AID, HVPD, and TID
Heath Brown – Town of Thatcher
Robert Van Hofwegen - ED8
Glen Vortherms—MWD
Michael Curtis – Town of Wickenburg
Ed Gerak – Ak-Chin

Derek McEachern – ED4
Ron McEachern – ED4
Bill Van Allen—ED6
RD Justice – ED7
Arnold Mejia – GRICUA
Ken Stock - GRICUA
Donovan Neese - RIS
Taylor Howerter—RID
Joe Mease - TOUA

Also present:

Dennis Delaney
Frank McRae
Daniel Herder
Judy Spallino
Dan Pritchard

Scott Saline
Kim Polivka
Sheryl Sweeney

The following Committee Members were not present:

Electrical District No. 2 of Pinal County
City of Safford
Ocotillo Water Conservation District

The meeting was called to order at 12:16 p.m. Mr. Noel Carter chaired the meeting while Ms. Polivka functioned as secretary.

ROLL CALL

Mr. McRae called the roll of the Directors 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 routine matters and will be enacted by a motion of the Board of Directors. A Board Member may request removal of any items (s) or part (s) thereof without debate or vote.

- a. Minutes from prior meetings of the SPPA Board of Directors.
 - August 10, 2024
- b. Minutes from Executive Session(s) held during prior meetings of the SPPA Board of Directors.
 - August 10, 2024
- c. Ratification of approval items, if any, from the SPPA Pool Management Committee.
- d. Risk Management Committee Items – Meeting Schedule August 10, 2024, via teams at 3:00 PM.

Upon discussion, Mr. JD Justice moved to approve the contents of the Consent Agenda as presented including all Minutes from prior meeting, Minutes from prior Executive Session. Mr. Robert Van Hofwegen 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).

Ms. Judy Spallino presented to the board the listing of the month's disbursements.

A motion to approve the disbursements was made by Mr. Glen Steiger and seconded by Mr. Brian Fickett. Upon taking of a voice vote, the motion was unanimously approved.

The balance sheets and income statements were presented. Ms. Spallino pointed out some of the unusual activity for the month such as the following:

1. A credit balance in the Accounts Receivable – This is money due to SCIP
2. A large adjustment from the AEPCO bill is reflected in the income statement. This amount is offset with the revenue and expenses.
3. A larger than normal amount in Legal expenses. This is due to the Box Canon issues.

The budget variance analysis was presented showing actual expenses are less than budgeted at this time.

Mr. Steiger asked how the legal expenses were allocated for the BOCA project. Ms. Spallino confirmed that those expenses are allocated only to those members that are participating in the project.

Ms. Spallino also presented the member deposit information that was provided to all the members. Also included are the additional deposits that are coming due for the BOCA project as well as the hedging deposits.

Judy Spallino Six Month Review: Executive Session, pursuant to A.R.S § 38-431.03(A) (1) for the discussion of employment matters of an employee of the public body.

Executive Session was called for by Mr. Donovan Neese and seconded by Mr. Robert Van Hofwegen and the motion passed unanimously at 12:35PM.

Executive session ended at 12:42PM.

6.) Legal/regulatory matters

none

7.) Ongoing Activities

a. Organizational Development Plan

Mr. McRae stated that he is meeting with the committee that was formed to aid with the succession planning process later in the day.

i. Update for 2025 A&G Budget

Mr. McRae stated that there would be some "upwards pressures" on the budget for 2025. We received an estimate of what the future bills will be for AEPCO and ACES. There will be a "cost-of-living" increase for ACES for their work for the QIR. All the increases seem reasonable.

For AEPCO, the scheduling and trading the volume of the transactions has increased dramatically from last year and Mr. Delaney and Mr. McRae will walk through those details together. Mr. McRae noted that he will be attending the AEPCO Board Meeting this week and will be meeting with the AEPCO and ACES staff to make sure that we

understand the basis of the increases. Noting that it is not an inordinately large increase, but it is material on a dollar per MWH basis. It is going from \$0.40 to \$0.50. We are always trying to stay at or below \$0.50/MW.

There is a requirement for the pooling A&G Budget to be approved in September and a special board meeting will be requested for approval or ask for a waiver in October. He also explained that he would be meeting with Clark Hill and Spiegel & McDiarmid to get an estimate for the coming year.

Mr. Robert VanHofwegen inquired as to the scheduling and trading amounts if they are due to financial hedging or procuring and selling of resources. Mr. McRae affirmed that with ACES the fees are for hedging and the scheduling was more for how our resources get lined up to meet our loads.

- 6-month review for Judy Spallino.

Executive Session, pursuant to A.R.S. § 38-431.03 (A) (1) for the discussion of employment matters of an employee of the public body.

The motion for the Executive Session was called for by Mr. Robert Van Hofwegen and seconded by Mr. Noel Carter, upon taking of a voice vote, the motion unanimously carried Executive session 12:34 PM

The Executive Session was adjourned at 12:44 PM

- b. *AEPCO*
 - Updates on Financial Gas Hedging
 - *Apache II & Pinal Co. Solar/Bess*
- c. *Box Canyon Solar Project*
 - *Schedule*
 - *Balancing Area Authority Agency*
 - *Invoices for Buyer Default Security Deposit Requirements*

Mr. McRae explains Apache II is scheduled for Summer of 2026 and Pinal County is scheduled for Winter of 2027. Regarding Permits, land development, and Design, Pinal County is on track for Summer 2027. Box Canyon scheduled for receiving test energy early January, we are jumping through some hoops to confirm that we will have non-firm transmission available. Specifically, the BA services as well as the ancillary services that are required for point-to-point transmission. Currently we have agreed to GITS but that is to be converted to point to point on October 1.

The next major issue is the BA services line up when commercial operation is achieved in June or earlier. All BA services and LGIA and scheduling coordination must be completed. A lot of work, but we are on track.

Executive Session, pursuant to A.R.S. § 38-431.03 (A) (2) and (3) for discussion or consultation with the attorneys of SPPA for legal advice, and for the consideration of records exempt by law from public inspection, regarding the Box Canyon Solar Project including the Balancing Area Authority.

The motion for the Executive Session was called for by Mr. Donovan Neese and seconded by Mr. Robert Van Hofwegen upon taking of a voice vote, the motion unanimously carried Executive session 12:47 PM

The Executive Session was adjourned at 1:31 PM

- d. *APS NITS Transmission Project/Service*
 - *September 3rd Project Committee Meeting: Process & Principles for adding new large loads to NITS contract.*

Mr. McRae explained that the APS Transmission Project is a service agreement that SPPA has with eleven members. The management committee of the project has an upcoming committee meeting. Some of the members are

starting to receive requests for service from hundreds of MW (opposed to KW). SPPA is here to support their members that are receiving these requests, SPPA will not get in front of the members, nor will SPPA stop the members, SPPA will only support the members. The second reason for the meeting is to let APS Transmission Project participants know that we may have to go back and review the agreement and make changes.

8.) Any other business that may come before the meeting.

No additional business was discussed.

9.) Discussion of Future Agenda Items

None

10.) Establishment of Date of Next SPPA Board Meeting

October 14, 2024

Rescheduling of Board Meeting in November 2024 will be November 4, 2024

11.) Public Comment

There was no comment from the public.

12.) Adjournment

There being no further business to come before the Board, the meeting was adjourned at 1:36 PM

Respectfully submitted,

Kim Polivka
Admin/Acct Assistant

Approved: _____