

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

February 10, 2025

A meeting of the Board of Directors of the Southwest Public Power Agency, Inc. ("SPPA") was held on February 10, 2025, 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:

Ken Robbins – ED2
Elena Byrd – ED2
Glen Steiger – NTUA
Brian Fickett – TOUA
Jeff Woner - OWCD
Heath Brown - THAT
Robert VanHofwegen - ED8
Michael Curtis – Town of Wickenburg
Bill Van Allen—ED6
Ken Stock – GRICUA
Jim Downing - MVWCDD
Donovan Neese - RID
Noel Carter – BWCCD
Brian Yerges – ED3
Jason Moyes – AID, HVPD, TID

Glen Vortherms - MWD
Derek McEachern – ED4
Taylor Howerter—RID
Joe Mease – TOUA
Ed Gerak – Ak-Chin
Arnold Mejia – GRICUA
Jim Downing – MVWCDD
Jason Brimhall – City of Safford
Tim Sabo – City of Safford
Ron McEachern – ED4
Ken Saline – KR Saline
Scott Saline – AID, HVPD, TID

Also present:

Frank McRae
Judy Spallino
Kim Polivka
Daniel Herder

Sheryl Sweeney
Dennis Delaney
Daniel Pritchard
Kent Simer

The following SPPA Member(s) were not present:

Electrical District No. 7 of Maricopa

The meeting was called to order at 12:00 p.m. Mr. Ken Robbins chaired the meeting while Ms. Kim Polivka functioned as secretary.

ROLL CALL

Mr. Frank McRae called the roll of the Committee 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.
 - 12-9-24 – BOD Meeting
 - 12-9-24 – Pooling Management Meeting
 - 12-9-24 – Executive Session #1
 - 12-9-24 – Executive Session #2

12-9-24 – Executive Session #4

1-28-25 – BOD Meeting

1-28-25 - Executive Session

- b. Ratification of approval items, if any, from the SPPA Pool Management Committee.

4.) Item(s) removed from Consent Agenda (Possible Action Item).

No items were removed from the Consent Agenda.

Upon discussion, Mr. Glen Steiger moved to approve the contents of the Consent Agenda as presented. Mr. Robert Van Hofwegen seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

5.) Financial matters

- a. Financial Update & Treasurer's Report including disbursements (Possible Action Item).
 - i. Balance Sheet Highlights
 - ii. Profit & Loss Highlights
 - iii. Deposits Reports
 - iv. Expense Reimbursement Policy
 - v. Other Item(s) to Highlight

Ms. Judy Spallino presented the Disbursements Reports for the Committee's review and approval. All items may be enacted by a single motion unless a Committee Member requests otherwise.

Mr. Glenn Steiger moved to approve the Disbursements as presented. Mr. Rober VanHofwegen seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

Financials:

- October and November financials were sent out in December.
- November financials have been finalized with no changes.
- Preliminary December financials and final November financials were sent out.
- Annual financials were compiled, with an expected income of about \$550,000 for the year.
- Comparison of this year's income to last year's, noting last year's higher income due to a refund.
- Financial statements added an asset and liability reflecting the market-to-market on the balance sheet and there was a value at the end of December which was \$70,285 with a corresponding liability.

Audit Preparation/Audit Engagement:

- Getting ready for the audit as the year has closed.
- Member deposits details were sent out, showing where the money is (operating cash, separate account, etc.).
- Engagement letter for the audit signed.
- Fieldwork begins mid-March 2025.
- Anticipation of a smooth audit process

Expense Report Policy:

- Frank is authorized for expenses under \$2,500.
- Frank's expenses need approval from the President or Treasurer. The Board desired to revisit after implementing modifications as requested: clarification on "Employee," addition of "prior approved," and policy to be brought back next board meeting for approval.

6.) Legal/regulatory matters:

- a. FERC & ACC Proceedings & Filing (APS Oasis)

Ms. Lisa Dowden from Spiegel & McDiarmid LLP gives an update on FERC Orders

SPP Markets Plus Order
Availability and Use of OATT Transmission
BAA Implementation Tariffs

Participation in WRAP
EDAM Compliance Filing
West Connect Transmission Planning

BOCA Market-Based Rate Application

- b. 2024 Baker Tilly Audit
 - i. Schedule
 - ii. Review of 2023 Audit Issues & 2024 Potential Issues
- c. 2025 S&P Follow-up of 2024 Credit Review
 - S&P Has requested follow up documentation data from SPPA
 - S&P Subject to regulatory requirement for timely follow up review
 - 2023 Audited Financial Statements
 - Most Recent Audited Financial Statements:
 - Harquahala
 - McMullen Valley
 - Thatcher
 - SPPA'S Response to S&P follow up request discussed with Financial Advisor
 - Providing requested information/data/documents
 - Providing explanation/context for reported financial results of the utilities whose financial statements have been requested.

Mr. McRae explains the follow-up request from S&P for additional information, despite significant delays in providing our ratings. They issued this request in 2024 and indicated that our 2024 ratings would no longer be valid if we did not respond promptly.

We have addressed most of their requests, primarily concerning SPPA's audited financial statements for 2022 and 2023. We will provide the unaudited financial statements for 2024.

- d. 2025 Budget & Organizational Development
 - SPPA BOARD DIRECTION FROM DECEMBER 2024 EXECUTIVE SESSION:
 - Review Exhibit C to Attachment 3 of materials previously submitted to the Board materials
 - Develop a Scope of Work (SOW) and pricing that addresses the needs Frank identified and incorporate into KRS Master Consulting Agreement
 - Linkage of Master Consulting Agreement with Pooling Agreement still needs to be done (legal support)

 - Specific tasks/activities and hours/costs have been discussed => SOW
 - SOW => Routine & Non-Routine & required new KRS Staff
 - Routine Tasks/Activities => Fixed Monthly Fees & Invoices
 - Non-Routine & Monthly Timekeeping, Fees & Invoices

Next Steps are to:

- 1.) Incorporate the information on the following slides into the Master Consulting Agreement as a Scope of Work and associated Exhibits
- 2.) Incorporate 1) above into a Proposed 2025 A&G Budget including Fee schedule by Project/Participants

SPPA BOARD DIRECTION FROM DECEMBER EXECUTIVE SESSION:

- Specific “PROJECTS” in A&G BUDGET correlate to items In Consulting Agreement SOW
 - The PROJECTS in the A&G Budget & KRSA SOW will also correlate to the detailed timekeeping entries & invoices for Legal Counsel.
 - This project-oriented approach to KRSA SOW and A&G Budgeting promotes transparent accounting of actual costs and design of fees.

*BOCA RESOURCE MANAGEMENT
*APS TRANSMISSION PROJECT
*FINANCIAL ADMINISTRATION
*PINAL COUNTY (ELOY VALLEY II) RESOURCE
*APACHE II RESOURCE MANAGEMENT

*POOLING PROJECT
*WCF#1
*WCF#2
*SPPA BOARD
*GAS HEDGING

- Mr. McRae presented his proposed budget for 2025, identifying and explaining changes from the previous year. The Board took no action on the proposed budget.

7.) Ongoing Activities:

- a. Presentation of Prepay Opportunity
 - Mr. McRae presented the potential prepay opportunity available to SPPA regarding its PPAs.

PROPOSED PLAN FOR PREPAYS 2025

- Prepare for process & due diligence
- Gauge levels of interest of SPPA Members
- b. *Review of SPPA Bylaws and policies associated with:*
 - i. *Annual Meeting - May 12, 2025, at 11:30 am*
 - ii. *Officers’ Elections – May 12, 2025*

SPPA Officers – History and Proposal

- *SPPA Bylaws call for annual election of officers at annual meeting*
 - *Installed officers hold office until replacement officers elected*
 - *SPPA did not vote on officers in 2023 or 2024*
- *In 2020 and 2022, SPPA board discussed policy of officers staying in their role for two years, then “rotating up”, unless board preferred otherwise*
 - *Treasurer -> Secretary -> VP -> President*
 - *Never voted on by Board as policy, but was followed*
- *Proposal: Develop selection committee to identify new officer candidate(s), following the rotation schedule if current officers concur*
 - *SPPA would hold a short Annual Meeting on the same day as May Meeting.*
- c. *Onward/Mesquite PPA*
- d. *Updates on Financial Gas Hedging*
 - *Recent QIR/Recommendations*
 - *Transaction request from SPPA to ACES*
 - *Changes in market conditions/prices since QIR & associated Confirmations from Participants*
- e. *AEPCO*

During the SPPA Board of Directors meeting an Executive Session for agenda items 7 (e) i. and ii. on the agenda, pursuant to A.R.S. § 38-431.03 (A) (2) and (3) and (4) for discussion or consultation with the attorneys of SPPA for legal advice, and for the consideration of records exempt by law from public inspection, position regarding

contracts that are the subject of negotiation and for legal advice, and for the discussion or consideration of records exempt by law from public inspection.

Mr. Glenn Steiger called for a motion to go into the Executive Session; and seconded by Mr. Robert Van Hofwegen and the motion passed unanimously at 2:23 p.m.

Upon discussion Mr. Ken Robbins called for Approval for agenda items 7 (e). The Resolution to approve the Apache II Solar PPA Agreements, Energy Storage Agreement, Resale Agreements and Battery ESA Agreement and corresponding Resale with amend language discussion in Executive Session as presented to the Board of Directors. Mr. Robert VanHofwegen moved to approve, Mr. Glen Vortherms seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

Upon discussion Mr. Ken Robbins called for Approval for agenda items 7 (e) ii. the Resolution to approve the Pinal County Agreement, Solar BESS Subscription as presented to the Board of Directors. Mr. Robert VanHofwegen moved to approve, Mr. Glen Steiger seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

7.f.iii.: AEPCO / EDAM STUDY

2.12.25 AEPCO BOARD MEETING:

- AEPCO & Western will engage consultants to analyze:
 - Benefits of Participating in the EDAM
 - Detailed modeling of the Western Area Lower Colorado (WALC) Balancing Authority Area (BAA)
 - Simulations of a “Base Case” representing current system operations
 - Simulations of cases with Participating in the EDAM
 - Estimation of Market Participation cost/benefit metrics
 - Final Report
- \$ 300,000 Max; cost sharing agreement(s) to be provided

During the SPPA Board of Directors meeting an Executive Session for agenda items 7 (f). on the agenda, pursuant to A.R.S. § 38-431.03 (A) (2) and (3) and (4) for discussion or consultation with the attorneys of SPPA for legal advice, and for the consideration of records exempt by law from public inspection, position regarding contracts that are the subject of negotiation and for legal advice, and for the discussion or consideration of records exempt by law from public inspection.

Mr. Glenn Steiger called for a motion to go into Executive Session; and seconded by Mr. Ed Garek and the motion passed unanimously at 2:23 p.m.

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

No additional business was discussed.

7.) Discussion of Future Agenda Items

No additional business was discussed.

8.) Establishment of the Date of Next SPPA Board Meeting

The Board of Directors Management Meeting was announced for March 10, 2025.

9.) Adjournment

There being no further business to come before the Board, the meeting was adjourned at 3:03 p.m.

Respectfully submitted,

Kim Polivka
Admin/Acct Assistant

Approved: _____