

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT MEETING NOTICE AND AGENDA

GOVERNANCE COMMITTEE
Wednesday, October 4, 2023, 9:30 AM

SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288

Committee Members: Nick Brown, Chairman; Mario Herrera, Vice Chairman; and Robert Arnett, Randy Miller, Jack White Jr., Leslie C. Williams, and Keith Woods

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIRMAN NICK BROWN

- Request for approval of the minutes for the meeting of January 19, 2023.

2. Eligibility Requirements to Vote in SRP Elections..... JIM PRATT, MICHAEL O’CONNOR, and ROB TAYLOR

Informational presentation regarding the eligibility requirements to vote in SRP elections.

3. Executive Session, Pursuant to A.R.S. §38-431.03 (A)(3) and (A)(4), to Discuss or Consult with Attorneys Regarding the Eligibility Requirements to Vote in SRP Elections..... MICHAEL O’CONNOR

4. Report on Current Events by the General Manager and Chief Executive Officer or Designees JIM PRATT

5. Future Agenda Topics..... CHAIRMAN NICK BROWN

The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary’s Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



NOTICE WILL BE SENT REGARDING THE NEXT GOVERNANCE COMMITTEE MEETING

MINUTES
GOVERNANCE COMMITTEE
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND
POWER DISTRICT

DRAFT

January 19, 2023

A meeting of the Governance Committee of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Thursday, January 19, 2023, from the Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines. The District and Salt River Valley Water Users' Association (the Association) are collectively known as SRP.

Committee Members present at roll call were R.C. Arnett, Chairman; M.J. Herrera, Vice Chairman; K.J. Johnson, K.L. Mohr-Almeida, K.H. O'Brien, S.H. Williams, and K.B. Woods; and L.D. Rovey of the Association.

Also present were President D. Rousseau; District Vice President C.J. Dobson; Board Members N.R. Brown, A.G. McAfee, R.J. Miller, and M.V. Pace; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; Council Liaison N.J. Vanderwey; Mmes. M.J. Burger, L.F. Hobaica, and G.A. Mingura; and Messrs. J.M. Felty, M. Hummel, R.T. Judd, and M.J. O'Connor.

In compliance with A.R.S. §38-431.02, Andrew C. Davis of the Corporate Secretary's Office had posted a notice and agenda of the meeting of the Governance Committee at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, January 17, 2023.

Chairman R.C. Arnett called the meeting to order.

Consent Agenda

Chairman R.C. Arnett requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Vice Chairman M.J. Herrera, seconded by Board Member S.H. Williams, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Governance Committee meeting on November 14, 2022, as presented

Corporate Secretary J.M. Felty polled the Committee on Vice Chairman M.J. Herrera's motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members R.C. Arnett, Chairman; M.J. Herrera, Vice Chairman; and K.L. Mohr-Almeida, K.H. O'Brien, K.J. Johnson, S.H. Williams, and K.B. Woods	(7)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

Status of Succession Planning and Selection Process

Using a PowerPoint presentation, Geri A. Mingura, SRP Associate General Manager and Chief Human Resources Executive, stated that the purpose of the presentation was to provide a status of the SRP Board Selection Process of the SRP General Manager and Chief Executive Officer (GM/CEO).

Ms. G.A. Mingura reminded the Committee that in December 2022, the Board approved a succession process for SRP's GM/CEO; the succession process will focus on internal candidates; the Board has provided a description of the attributes needed for the position; and Korn Ferry is assisting the Board and Management with the process. She provided the following summary as of mid-January 2023: three internal candidates have been interviewed by Korn Ferry; all candidates are to be further vetted over a multiday period in February 2023; and Korn Ferry will present its findings to the Board in March 2023, along with an assessment of candidates' relative strengths.

In conclusion, Ms. G.A. Mingura stated that the Board will interview candidates and decide in March – April 2023 on SRP's GM/CEO successor. She responded to questions from the Committee.

Copies of the handouts distributed and PowerPoint slide used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Board Member K.H. O'Brien left the meeting during the presentation; Association Vice President J.R. Hoopes; Board Member P.E. Rovey; and Council Member M.B. Brooks entered the meeting during the presentation.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

There was no report on current events by Mike Hummel, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chairman R.C. Arnett asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Governance Committee, the meeting adjourned at 10:30 a.m.

John M. Felty
Corporate Secretary

An aerial photograph of a large dam and reservoir situated in a deep, rugged canyon. The canyon walls are composed of layered, reddish-brown rock. The reservoir is a deep blue color, and the dam is a long, curved structure across the middle of the canyon. The sky is a clear, pale blue.

Eligibility to Vote in SRP Elections Board Governance Committee

Jim Pratt – Michael O'Connor – Rob Taylor | October 4, 2023

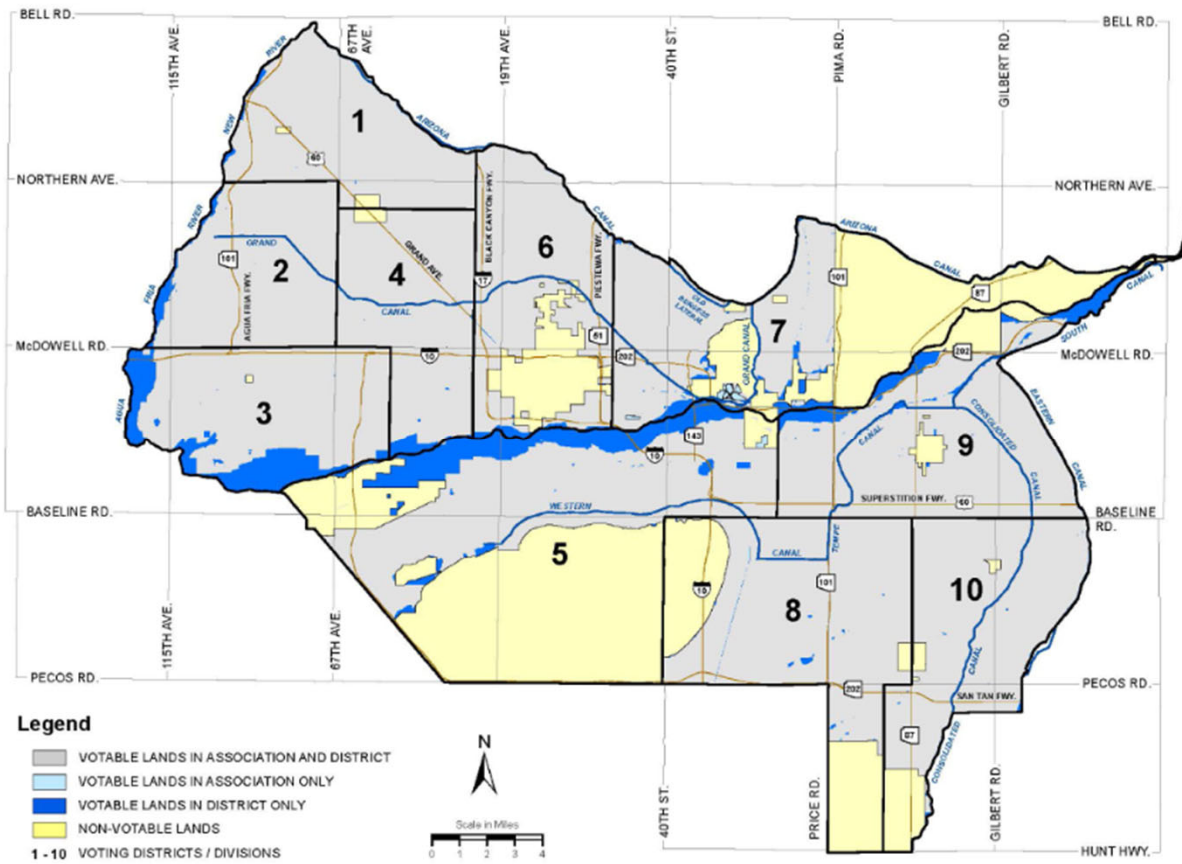
Management Assumptions

- SRP's self governance is critical to the success of SRP, its customers and shareholders
- Fundamental to SRP's existence and success is the provision and support of water to the lands with the Reservoir Boundary
- The service provided to electric customers outside the reservoir boundary are identical including pricing, programs, reliability and customer service to those provided within the District
- Current voting system has been held to be legal and Constitutional
- Any changes in SRP voting or voter eligibility would require changes to Arizona statutes and or the Association articles of incorporation
- Any recommendation for change will need approval of all four governing bodies

Acreage Based Voting

- Both the Association and the District have acreage voting systems with similar voting boundaries
- The Association's acreage voting system has been in place since 1903 and is set forth in the Association Articles of Incorporation
- The District's acreage voting system was put in place since 1937 and is set forth in the Arizona Revised Statutes, Title 48
- There are several other Title 48 entities that also have an acreage voting system
- Both the Association and District voting systems were drafted and designed in light of the relationship of the amount of land pledged for collateral (burdened land) and water rights that are appurtenant to the burdened land

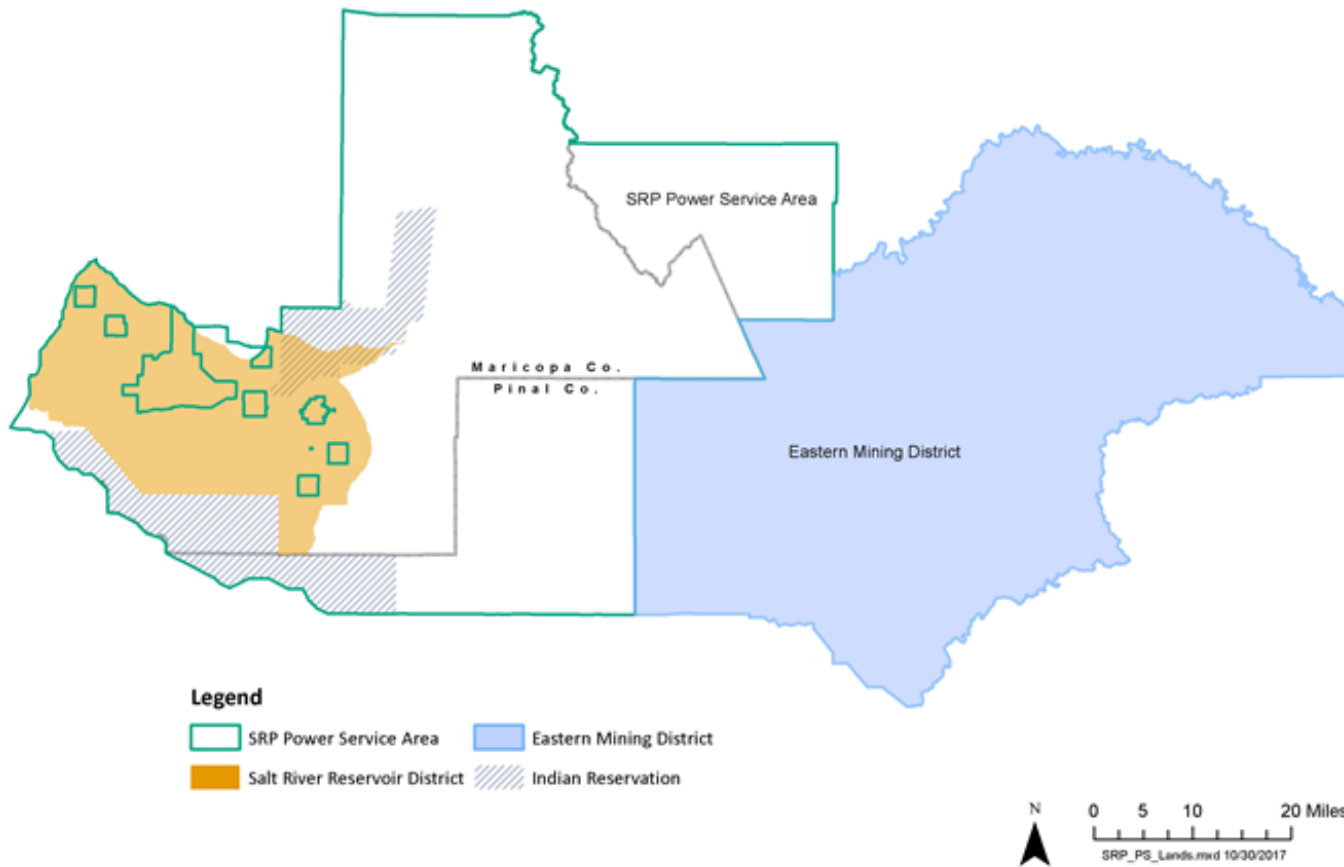
Association and District Votable Lands



District Voting

- Current Eligible Voting – A.R.S. §48-2309, §48-2383
 - Acreage voting – District seat 1-10
 - Must be qualified as an “elector”
 - Fractional voting (District seat 1-10)
 - At-large voting (District seat 11-14)
 - Trust voting
- Currently not eligible – for example
 - Corporations
 - LLC’s
 - Governments
 - Partnerships
 - Non-landowners – i.e. renters
 - Land not pledged

SRP's Electric Service Area



District Voting – Outside District Boundary

- Currently not eligible to vote in District elections – Do not meet definition of qualified electors
- SRP electric customers are treated similarly whether inside or outside the Boundary

Legislative Considerations

Board Governance Committee

M. J. O'Connor, R. Taylor | October 4, 2023

Legislative Considerations

- Volatile political environment
 - Legislative control up for grabs
 - Nearly half of the legislature is new
 - Divided government
- Title 48 legislative risks
- One SRP - Unanimity key to success

SRP Customer Utility Panel

Board Governance Committee

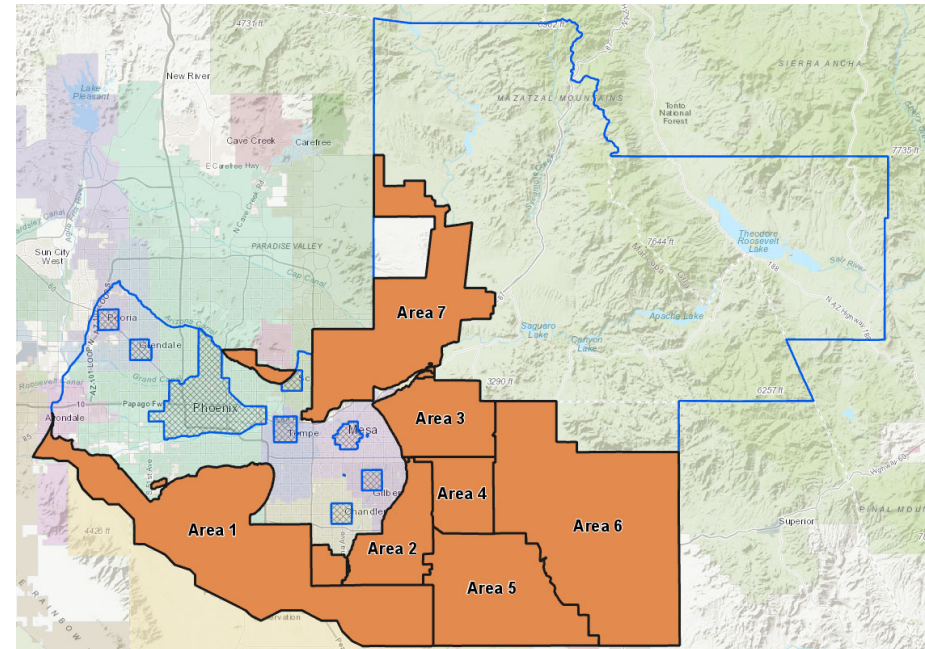
M. J. O'Connor, R. Taylor | October 4, 2023



CUSTOMER UTILITY PANEL (CUP) - 2019

Provides a formal voice for SRP residential electric customers who reside outside the District boundary.

- Communicates Quarterly w/ District Board
- 7 Geographical Areas – 2 Members per Area – 14 Total Members
 - Management Nominees
 - District Board Appoints
- 3 year staggered terms – 2 terms max
- Meets Quarterly
- Board Liaisons
 - 2 District Board members
 - 1 District Council member
 - Pres/VP
- CUP webpage located on SRP's website
- Support of CUP provided by Management in coordination with Corporate Secretary's Office



CUP Membership

^ = original 3-year term
* = original 2-year term (renewed at the January 2021 District Board Meeting)

Area 1



Alton Washington^



Christie Ellis*

Area 2



Julie Graham^



Monte Nevitt*

Area 3



Mike Hutchinson^



Mary Anne Przybylski

Area 4



Scott Stilgenbauer
Appointed Oct 2021



Mari Westerhausen

Area 5



Mary Gloria^



Chris Clark*

Area 6



Bryant Powell^



Roxanne Coleman*

Area 7



Jay Schlum
Appointed March 2023



Audra Koester*

Update on CUP Since Formation in 2019

- CUP Met 15 times
- First year focus on education CUP members (e.g. SRP history, corporate Structure, governance)
- CUP Chair/Vice Chair reports on CUP meetings to SRP Board each Quarter
- CUP Participation in ISP Process
- Presentation and Feedback:
 - Residential and business disconnections
 - COVID-19 response
 - Resource portfolio mix, summer preparedness
 - ISP study results, SRP 2035 corporate goals
 - Electric Vehicle Strategy
 - Financial plan, operating budget, FPPAM
 - Generation assets (e.g. CEP, Copper Crossing)
 - SRP watershed, Verde Reservoirs study, Phx AMA report

LARGE PUBLIC POWER COUNCIL GOVERNANCE SURVEY & SRP GOVERNANCE RESEARCH – 2019 DATA

Overview

- 26 LPPC utilities surveyed - 16 respondents
- Reviewed Austin Energy (2012) and Colorado Springs Utilities (2011) Governance Evaluations
- Supplemented LPPC survey respondents with review of additional 9 other utilities – 25 total

Utility	Advisory Panel	Total Customers	% inside	% outside
Imperial Irrigation District	Energy Consumers Advisory Committee	155,000	40%	60%
Tacoma Public Utilities	N/A	157,813	54%	46%
Tucson Water	Citizen's Water Advisory Committee	233,000	60%	40%
Salt River Project	Residential Advisory Committee	960,090*	60%	40%
Gainesville Regional Utilities	Gainesville Utility Advisory Board	105,000	67%	33%
CPS Energy	Board of Trustees	840,750	75%	25%
Fayetteville Public Works Commission	N/A	83,439	86%	14%
Austin Energy	Electric Utility Commission	400,000	87%	13%
City of Lafayette, Public Utilities Authority	N/A	68,500	95-97%	3- 5%

*Residential Customers

	Governing Authority	w/ Advisory Panel
City Authority	8 ----- (32%) <small>AE, Tucson, Greenville, CSU, Springfield-IL, Tallahassee, Gainesville, Lafayette-LA</small>	6 ----- (75%) <small>AE, Tucson, Greenville, CSU, Gainesville, Tallahassee</small>
Independent Authority	17 ----- (68%) <small>CPS, MLGW, Knoxville, Eugene, Snohomish, JAE, Lafayette-NC, Springfield-MO, Tacoma, LES, IID,OUC, Chelan, SMUD, PRPA, NPPD, GRDA</small>	4 ----- (24%) <small>CPS, MLGW, Springfield-MO, IID</small>
Total	25	10

American Public Power Association (APPA) Governance Survey

2021 (295 surveyed)

Utilities that serve customers outside of municipal boundaries

<u>Customer Size Class</u>	<u>Number that Serve Outside Boundaries</u>
Less than 5,000 Customers	90
5,000 to 20,000 Customers	61
20,000 to 50,000	24
Greater than 50,000	<u>9</u>
Total	184

<u>Type of Governing Body</u>	<u>Number that Serve Outside Boundaries</u>
Independent Utility Board	85
City Council	<u>99</u>
Total	184

CUP Summary

- SRP's situation is not unique
 - 62% (184 out of 295 respondents) of APPA members have customers outside of municipal boundary – 2021 Survey
 - 40% (10 out of 25) of SRP researched utilities with customers outside of their service territory boundary have an advisory panel
- CUP
 - Similar structure to other utilities
 - Members approved by the Board
 - Reports to the Board
 - Provides an opportunity for feedback directly to Board
 - Opportunities to further mature the CUP

QUESTION AND DISCUSSIONS

- Voting inside the Reservoir Boundary
- Voting outside the Reservoir Boundary
- Next Steps