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

DISTRICT COUNCIL
Tuesday, February 4, 2020, 9:30 AM
SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85281

Call to Order
Invocation
Pledge of Allegiance
Roll Call

1. Request for Approval of the Minutes for the Meeting of January 7, 2020
   ...........................................................................................................CHAIRMAN MARK FARMER

2. Council Committee Chairs and Liaisons Reports.......CHAIRMAN MARK FARMER

3. Report on Current Events by the General Manager and Chief Executive Officer and Designees
   .................................................................................................MIKE HUMMEL
   • Finance and Information Services.................................AIDAN McSHEFFREY

4. President's Report .................................................................PRESIDENT DAVID ROUSSEAU

5. Future Agenda Topics .......................................................CHAIRMAN MARK FARMER

The Council 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 Council on any of the matters listed on the agenda.

The Council may go into Closed Session, pursuant to A.R.S. §30-808, for discussion of records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: All property in your possession, including purses, briefcases, packages or containers, will be subject to inspection.

THE NEXT COUNCIL MEETING IS SCHEDULED
TUESDAY, MARCH 3, 2020

01/28/2020
A meeting of the Council of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Tuesday, January 7, 2020, in the Heritage Center at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona.

Council Chairman M.L. Farmer called the meeting to order and presented the call for the meeting, as follows:

Tempe, Arizona
December 31, 2019

NOTICE OF COUNCIL MEETING

A meeting of the Council of the Salt River Project Agricultural Improvement and Power District (the District) is hereby called to convene at 9:30 a.m. on Tuesday, January 7, 2020, in the Heritage Center at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. The purpose of the meeting is to discuss, consider, or make decisions on the matters listed on the agenda.

WITNESS my hand this 31st day of December, 2019.

/s/ Mark Farmer
Council Chairman

Council Member D.B. Lamoreaux offered the invocation. Corporate Secretary J.M. Felty led the Council in the Pledge of Allegiance.


Council Members absent at roll call were W.P. Schrader Jr., W.P Schrader III, and H. Tjaarda Jr.

Also present were President D. Rousseau; Vice President J.R. Hoopes; Council Member M.A. Freeman of the Salt River Valley Water Users' Association (the

In compliance with A.R.S. §38-431.02, Anaveli H. Sierras of the Corporate Secretary's Office had posted a notice and agenda of the Council of the District meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, January 3, 2020.

Approval of Minutes

On a motion duly made by Council Member L.J. DeWitt, seconded by Council Member N.J. Vanderway and carried, the Council approved the minutes for the meeting of November 5, 2019, as presented.

The vote was recorded as follows:


NO: None (0)

ABSTAINED: None (0)

ABSENT: Council Members W.P. Schrader Jr., W.P. Schrader III, and H. Tjaarda Jr. (3)

Council Committee Chairs and Liaisons Reports

Council Chairman M.L. Farmer asked for reports from the Council Committee Chairs and Liaisons to the Standing Board Committees. Council Member B.E. Pacely reported that the Strategic Planning Committee discussed the six-year strategy plans, explaining that they are the first steps leading into the 2035 Corporate Goals. Continuing, Council Member B.E. Pacely reported on the Rio Salado Reimagined Project. Council Member G.E. Geiger reported that the Facilities and Support Services Committee discussed the Price Road Corridor 230 kW project with the Committee recommending approval of a resolution to use eminent domain on nine remaining parcels to acquire easements needed to construct a portion of the transmission line. Council Member M.G. Rakow reminded the Council of the Power Operations Building tour following the Council meeting.
Third Party Communication and Social Media Policy for SRP Elected Officials

Using a PowerPoint presentation, Michael J. O’Connor, SRP Associate General Manager and Chief Legal Executive, stated that the purpose of the presentation was to provide information on the Third Party Communication and Social Media Policy for elected officials.

Mr. M.J. O’Connor stated that the policy was approved by the Council on March 5, 2019 and built on the 2012 SRP Board resolutions and attempts to balance elected officials’ individual rights to communicate to voters with SRP’s need as an entity to speak with one voice. He said that the policy includes structure and guidance regarding social media sites and the use of SRP trademarks, the process for disputes regarding elected official use, general guidelines regarding communications with third parties and use of social media, and examples of disclaimers to be used.

Mr. M.J. O’Connor requested that Members provide the Corporate Secretary’s Office with any required information regarding social media sites, review and be cognizant of the policy, and contact the Corporate Secretary or Legal Services with any questions related to the policy.

Mr. M.J. O’Connor responded to questions from the Council.

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

Open Meeting Law Requirements

Mr. M.J. O’Connor stated that the purpose of the presentation was to provide information on requirements according to the Arizona Open Meeting Law (OML). He introduced Ken J. Lee, SRP Senior Director of Legal Services.

Using a PowerPoint presentation, Mr. K.J. Lee discussed the overall purpose and interpretation of OML. He said that the OML allows members of the public to observe the deliberative process undertaken by their elected representatives. Mr. K.J. Lee stated that the District’s Board, Council, and their respective Committees, as well as the Boards of the District’s subsidiaries and the SRP CUP are considered public bodies subject to the OML.

Mr. K.J. Lee said that a meeting could occur in person or through technological means. He stated that when a quorum of the public body discusses, proposes, or takes legal action, it is considered a meeting and must meet the requirements of the OML. Mr. K.J. Lee stated that per a 2018 amendment to the OML, public meetings can occur through a one-way electronic communication by one member sent to a quorum of the members of a public body that proposes legal action or through an exchange of electronic communications among a quorum of the members that involves a discussion,
deliberation, or the taking of legal action by the public body concerning a matter likely to come before the public body for action.

Continuing, Mr. K.J. Lee discussed how serial communications may violate the OML. He provided examples of acceptable and prohibited communications among Council Members and that of the media and the public. Mr. K.J. Lee discussed the seven categories of executive sessions and guidelines regarding executive sessions, closed sessions, and meeting agendas and reviewed the possible consequences of noncompliance.

Mr. K.J. Lee responded to questions from the Council.

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

Conflict of Interest Disclosures

Using a PowerPoint presentation, Mr. K.J. Lee stated that the purpose of the presentation was to provide information regarding Conflict of Interest disclosures for SRP Elected Officials.

Mr. K.J. Lee reviewed the Arizona law regarding conflicts of interest and statutory requirements. He defined the meaning of relatives, substantial interest, and remote interests. Mr. K.J. Lee outlined the procedures of what to do if Council Members believe that there may be a conflict, the SRP process for Conflict of Interest disclosures, and the potential sanctions for violating the law. He concluded with examples of Conflicts of Interest.

Mr. K.J. Lee responded to questions from the Council.

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

Public Records Act Requirements

Using a PowerPoint presentation, Katy A. Heth, SRP Lead Attorney, stated that the purpose of the presentation was to provide information regarding the Public Records Act requirements. She described the Public Records Act as it relates to the District. She said that for the purpose of accountability and transparency in government, the Arizona Public Records Act was originally adopted in Arizona in 1901.

Ms. K.A. Heth reviewed the Arizona Public Records Act background and application. She defined the meaning of public record, officer, and public body, and discussed the District’s position that it is not subject to the Act because, as a non-tax supported special district, it falls outside the scope of the statutory definition of a “public body” under the Act.
Ms. K.A. Heth responded to questions from the Council.

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

**Mid-Year Status Update of SRP Fiscal Year 2020 Objectives**

Mike Hummel, SRP General Manager and Chief Executive Officer, stated that in the interest of time, he would take questions on the Fiscal Year 2020 (FY20) objectives mid-year update, as all Council Members received the materials via mail. He reviewed the following four areas of risk: the phase two Request for Proposal (RFP) Forest Health Five-Year Action Plan, 200 MW solar RFP on Navajo Nation, creating and implementing action plans within each organization, and identifying and developing a safety benchmark and measuring performance for the 2019 baseline year.

Mr. M. Hummel responded to questions from the Council.

Copies of the handout 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.

**Customer Utility Panel 14 Person Membership**

Mr. M. Hummel stated that the Board approved the formation of the SRP Customer Utility Panel (CUP) and the 14-person membership. Discussion was held regarding the slate of members for the SRP CUP.

Copies of the handouts distributed are on file in the Corporate Secretary’s Office and, by reference, made a part of these minutes.

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

Using a PowerPoint presentation, Mr. M. Hummel reported on a variety of federal, state, and local topics of interest to the District.

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

Ms. G.J. Edgar left the meeting during the presentation. Mr. M.W. Gorla entered the meeting during the presentation.

**Status of Financial and Information Services**

Using a PowerPoint presentation, Aidan J. McSheffrey, SRP Associate General Manager and Chief Financial Executive, reviewed the combined net revenues for the
fiscal year-to-date, the financial highlights for the month of November, and the status of collections through November 2019 within the Fuel and Purchased Power Adjustment Mechanism. He concluded with a review of the preliminary retail energy sales for FY20 and a summary on wholesale net revenue for December.

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

President’s Report

There was no report by President D. Rousseau.

Future Agenda Topics

Council Chairman M.L. Farmer asked the Council if there were any future agenda topics. Council Member J.R. Augustine requested information on how SRP deals with cities and the beautification of canals. Council Member M.B. Brooks requested information on SRP’s Aesthetic Program Fund.

There being no further business to come before the Council, the meeting was adjourned at 11:29 a.m.

John M. Felty
Corporate Secretary
CURRENT EVENTS

GENERAL MANAGER/CEO
SRP All Over the World
SRP All Over the World
Join us for the Valley’s most impactful green infrastructure project in a century.

www.rioreimagined.org
Join us for the Valley's most impactful green infrastructure project in a century.

www.rioreimagined.org
FINANCIAL UPDATE

Aidan McSheffrey
YTD Combined Net Revenue

December YTD Variance is $(57.3)
## Financial Summary – December 2019

<table>
<thead>
<tr>
<th></th>
<th>$ Millions</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>% Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Revenues</td>
<td></td>
<td>$201.4</td>
<td>$207.6</td>
<td>$(6.2)</td>
<td>97%</td>
</tr>
<tr>
<td>Combined Expenses</td>
<td></td>
<td>$263.9</td>
<td>$264.0</td>
<td>$(0.1)</td>
<td>100%</td>
</tr>
<tr>
<td>Comb Net Revs (Loss)</td>
<td></td>
<td>$(62.5)</td>
<td>$(56.4)</td>
<td>$(6.1)</td>
<td>111%</td>
</tr>
<tr>
<td>Funds Available</td>
<td></td>
<td>$(18.6)</td>
<td>$(9.8)</td>
<td>$(8.8)</td>
<td>190%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td></td>
<td>$53.3</td>
<td>$51.6</td>
<td>$1.7</td>
<td>103%</td>
</tr>
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</table>
Fuel & Purchased Power Adjustment Mechanism Recovery Through December 2019

[Graph showing the comparison of actual, planned, and projected fuel and purchased power adjustment mechanism recovery from April 2019 to April 2020, with actual values ranging from $120 million to $0 million.]

02/04/2020, Council Meeting, A. McSheffrey
Sales estimate for January 2020 is 2,054 GWh or 4.5% below budget. Year-end variance is projected to be 2.5% below budget.
January Wholesale Summary

Above budget results due to:

• Slightly above budget wholesale volumes offset by below budget average sales price.
### Operating Environment
#### December 2019

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<tr>
<td>Elec Customers – December 2019</td>
<td>1,076,452</td>
<td>1,082,899</td>
<td>(6,447)</td>
<td>99%</td>
</tr>
<tr>
<td>Elec Customers - April 2019</td>
<td>1,057,123</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elec Customers – December 2018</td>
<td>1,060,112</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System Sales GWH</td>
<td>2,031.1</td>
<td>2,155.4</td>
<td>(124.3)</td>
<td>94%</td>
</tr>
<tr>
<td>Wholesale Sales GWH</td>
<td>670.0</td>
<td>563.5</td>
<td>106.5</td>
<td>119%</td>
</tr>
<tr>
<td>Total A.F. Water Delivered</td>
<td>32,507</td>
<td>23,000</td>
<td>9,507</td>
<td>141%</td>
</tr>
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</table>

### Financial Summary
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</table>
Debt Ratio
December 2019

<table>
<thead>
<tr>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>Projected Actual</th>
<th>Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.6</td>
<td>46.7</td>
<td>48.2</td>
<td>45.9</td>
<td>47.3</td>
<td>45.3</td>
</tr>
</tbody>
</table>

Note: Prior Years and Budget are Fiscal Year-End Ratios

Debt Service Coverage Ratio
December 2019

<table>
<thead>
<tr>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.43</td>
<td>4.93</td>
<td>5.04</td>
<td>5.80</td>
<td>5.05</td>
<td>5.36</td>
</tr>
</tbody>
</table>

Note: Debt Service Coverage Ratio on Total Debt
<table>
<thead>
<tr>
<th>Frankie Jo Rios (Area 3)</th>
<th>Chris Clark (Area 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Experience:</strong></td>
<td><strong>Experience:</strong></td>
</tr>
<tr>
<td>• East Valley Hispanic Chamber of Commerce, President/CEO 2015-Present</td>
<td>• President &amp; CEO, Queen Creek Chamber of Commerce, 2014 - Present</td>
</tr>
<tr>
<td>• East Valley Hispanic Chamber of Commerce, Director of Programs and Events, 2012-2015</td>
<td>• Current Investment Advisor Representative for Fusion Investment Advisors &amp; Managing Member, AZ Family Financial Services LLC</td>
</tr>
<tr>
<td><strong>Education:</strong></td>
<td><strong>Education:</strong></td>
</tr>
<tr>
<td>• Central Arizona College</td>
<td>• B.A. Economics, University of Texas</td>
</tr>
<tr>
<td><strong>Groups/Other:</strong></td>
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</tr>
<tr>
<td>• 30 years Attorney General’s Office</td>
<td>• Served on:</td>
</tr>
<tr>
<td></td>
<td>• Queen Creek’s Transportation Advisory Committee, Economic Development Committee, Chamber of Commerce Board, Boys and Girls Club Board</td>
</tr>
<tr>
<td></td>
<td>• Recognized as a Queen Creek Volunteer of the Year</td>
</tr>
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</table>