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 LESLIE C. WILLIAMS

   • Request for approval of the minutes for the meeting of April 21, 2022

2. Report on the Results of the Shareholder Compensation Program for 2020 per the Rules and Regulations............................................................JASON RIGGS

3. Request for Approval to Initiate the Shareholder Compensation Program for Calendar Year 2021 per the Rules and Regulations............................JASON RIGGS

4. Changes to Revolving Credit Agreements (RCA) Supporting the Commercial Paper Program.................................................................JASON RIGGS

   Request for approval to (i) amend the RCA with JP Morgan Chase Bank to extend the maturity date from June 29, 2023, to on or about June 2026 and reduce the credit limit thereunder from $350 million to $175 million; and (ii) enter into a new RCA with Toronto Dominion N.A. with a credit limit of $175 million and a maturity date of on or about June 2026.

5. Report on Current Events by the General Manager and Chief Executive Officer or Designees .................................................................MIKE HUMMEL

6. Future Agenda Topics.................................................. CHAIRMAN LESLIE C. WILLIAMS
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. §30-808, for 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.
A meeting of the Finance and Budget Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users’ Association (the Association), collectively SRP, convened at 11:51 a.m. on Thursday, April 21, 2022, 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.

Committee Members present at roll call were L.C. Williams, Chairman; J.M. White Jr., Vice Chairman; and D.S. Hendrickson, A.G. McAfee, R.J. Miller, M.V. Pace, and P.E. Rovey.


In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary’s Office had posted a notice and agenda of the Finance and Budget Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, April 19, 2022.

Chairman L.C. Williams called the meeting to order.

Consent Agenda

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

On a motion duly made by Board Member M.V. Pace and seconded by Vice Chairman J.M. White Jr., the Committee unanimously approved and adopted the following items on the Consent Agenda:

A. Minutes of the Finance and Budget Committee meetings on March 14, March 24, and March 29, 2022, as presented

B. Approval of the District and Association Monthly Cash Statement for March 2022

Corporate Secretary J.M. Felty polled the Committee Members on Board Member M.V. Pace’s motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:
Finance and Budget Committee Minutes

April 21, 2022

YES: Board Members L.C. Williams, Chairman; J.M. White Jr., Vice Chairman; and D.S. Hendrickson, A.G. McAfee, R.J. Miller, M.V. Pace, and P.E. Rovey (7)

NO: None (0)

ABSTAINED: None (0)

ABSENT: None (0)

Finance Presentation

Sue Ann Perkinson, SRP Controller and Senior Director of Corporate Accounting Services, referenced the financial handout distributed to the Members relative to the combined highlights of operations of the District and Association for the month of March 2022. Using a PowerPoint presentation, she compared the actual versus budgeted figures for categories such as CNR, system sales, and customer count. Ms. S.A. Perkinson concluded by reviewing the financial summary and key financial indicators for the month of March 2022 and fiscal year-to-date.

Ms. S.A. Perkinson responded to questions from the Committee.

Copies of the handout distributed and 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. The financial information in the handouts and PowerPoint slides is unaudited and non-GAAP.

Board Member P.E. Rovey left the meeting during the presentation.

Splunk Cloud Enterprise License Agreement

Using a PowerPoint presentation, Michael B. Fish, SRP Senior Director of Cyber Security, stated that the purpose of the presentation was to request approval to amend the Splunk Cloud (Splunk) Enterprise License Agreement, consolidating SRP’s two separate contracts into a single 39-month, multi-year agreement with Splunk.

Mr. M.B. Fish said that Splunk is a critical platform leveraged by Cyber Security Services (CSS) and Information Technology Services (ITS) to monitor and protect technology related to SRP’s assets. He stated that the benefits to SRP include the ability to expand the platform without additional annual cost increases year-over-year; avoid hardware equipment investments; and enhance functionality related to monitoring NERC/CIP assets.

Mr. M.B. Fish concluded with Management’s recommendation for approval to execute a consolidated Splunk Enterprise Agreement, combining SRP’s two separate contracts into a single 39-month, multi-year agreement with Splunk.

Mr. M.B. Fish responded to questions from the Committee.
On a motion duly made by Vice Chairman J.M. White Jr. and seconded by Board Member M.V. Pace, the Committee agreed to recommend Board approval, as presented:

Corporate Secretary J.M. Felty polled the Committee Members on Vice Chairman J.M. White’s motion to recommend Board approval. The vote was recorded as follows:

- **YES:** Board Members L.C. Williams, Chairman; J.M. White Jr., Vice Chairman; and D.S. Hendrickson, A.G. McAfee, R.J. Miller, and M.V. Pace (6)
- **NO:** None (0)
- **ABSTAINED:** None (0)
- **ABSENT:** Board Member P.E. Rovey (1)

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.

Board Members S.H. Williams and K.B. Woods; and Messrs. P.E. Durocher, M.B. Fish, N.J. Giamo, and O.J. Redhair left the meeting. Mike Mace of PFM entered the meeting.

**Prepaid Commodity Transactions**

Using a PowerPoint presentation, Pam L. Syrjala, SRP Director of Supply and Trading and Fuels, stated that the purpose of the presentation was to request approval of a resolution extending the authorization to enter into one or more prepaid commodity transactions from April 30, 2022 to May 31, 2023. She introduced Joe V. Giacalone, SRP Manager of Fuel Supply Management.

Continuing, Mr. J.V. Giacalone provided an overview of the commodity transactions from March 2020 through April 2021. He outlined the structure of the prepaid commodity and resource flexibility with respect to gas and power operations. Mr. J.V. Giacalone provided details of the 2021 prepaid commodity transaction among Goldman Sachs, Southeast Energy Authority, and SRP. He presented gas burn versus existing prepays forecasts from 2022 through 2051 and potential savings.

Mr. J.V. Giacalone concluded with Management’s recommendation for approval of a resolution authorizing the President, Vice President, General Manager and Chief Financial Officer, or Associate General Manager and Chief Financial Executive, to execute one or more long-term, prepaid commodity transactions (each a Transaction), each entered into on or before May 31, 2023, subject to the following conditions and limitations, as further set forth in the proposed form of resolution provided to the Board for adoption: (1) total prepaid energy volumes under all Transactions may not exceed 6.5 million Metric Million British Thermal Units (MMBtu) per fiscal year (or, if applicable, the equivalent amount of electrical energy), less the quantity, if any, purchased under a Transaction entered into between the date hereof and April 30, 2022; (2) no Transaction may have a term longer than 31 years; and (3) any Transaction must provide a minimum discount of at least $0.10/MMBtu (or equivalent discount per megawatt hour).
Ms. P.L. Syrjala and Mr. J.V. Giacalone responded to questions from the Committee.

On a motion duly made by Board Member A.G. McAfee and seconded by Board Member M.V. Pace, the Committee agreed to recommend Board approval, as presented:

Corporate Secretary J.M. Felty polled the Committee Members on Board Member A.G. McAfee's motion to recommend Board approval. The vote was recorded as follows:

| YES: | Board Members L.C. Williams, Chairman; J.M. White Jr., Vice Chairman; and D.S. Hendrickson, A.G. McAfee, R.J. Miller, and M.V. Pace (6) |
| NO: | None (0) |
| ABSTAINED: | None (0) |
| ABSENT: | Board Member P.E. Rovey (1) |

Copies of the draft Board resolution and 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.

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

Mike Hummel, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the Committee.

**Future Agenda Topics**

Chairman L.C. Williams asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Finance and Budget Committee, the meeting adjourned at 12:15 p.m.

John M. Felty
Corporate Secretary
Report On The Results Of The 2020 Shareholder Compensation Program

Jason I Riggs | F&B Committee May 19, 2022
BRIEF PROGRAM BACKGROUND

- Implemented in 1928 under CALAPCO agreement
  - Stewart Mountain Dam financing
  - Association Articles amended to create the “15%” area
  - Any shareholder who paid a “substantial” difference for electricity
  - “Substantial” later defined as “more than 15%” difference
  - Program continues to this day
SHAREHOLDER COMPENSATION
2020 PROGRAM

Direct Mailing of Applications 30,300

Applications Processed 5,494
  - Paper (1,146; ~21%)
  - Electronic (4,330; ~79%)
  - Split Claims (18)

Applications Paid 4,101

Compensation $1,605,316

Administrative Costs $338,455

Total Program Costs $1,943,771
SHAREHOLDER COMPENSATION
2020 PROGRAM

Applications Mailed

Mailing Costs

2019 2020

2019 2020
# APPLICATIONS REJECTED

## 2020 PROGRAM

<table>
<thead>
<tr>
<th>Reason</th>
<th>Count</th>
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</thead>
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<td>898</td>
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<tr>
<td>No Information – Shareholder</td>
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<tr>
<td>Not in the Area</td>
<td>132</td>
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<tr>
<td>Duplicates</td>
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<tr>
<td>Amount less than fee</td>
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<tr>
<td>Not Resident</td>
<td>22</td>
</tr>
<tr>
<td>Not Shareholder</td>
<td>17</td>
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</table>
APPLICATIONS REJECTED (CONT.)
2020 PROGRAM

Not APS customer of record 12
Not Family Member 6
Ineligible APS Rate 5
Not Rent Free 3
Late 3
Not in Claim Period 1
No Information – APS Customer 0
Report On The Results Of The 2020 Shareholder Compensation Program

Jason I Riggs | F&B Committee May 19, 2022
BRIEF PROGRAM BACKGROUND

● Implemented in 1928 under CALAPCO agreement
  ● Stewart Mountain Dam financing
  ● Association Articles amended to create the “15%” area
  ● Any shareholder who paid a “substantial” difference for electricity
  ● “Substantial” later defined as “more than 15%” difference
  ● Program continues to this day
# SHAREHOLDER COMPENSATION 2020 PROGRAM

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<th>Details</th>
<th>Value</th>
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<td>30,300</td>
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<tr>
<td>Applications Processed</td>
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<td>5,494</td>
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<tr>
<td>- Paper</td>
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<td>1,146</td>
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<td>4,330</td>
</tr>
<tr>
<td>- Split Claims</td>
<td></td>
<td>18</td>
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<tr>
<td>Applications Paid</td>
<td></td>
<td>4,101</td>
</tr>
<tr>
<td>Compensation</td>
<td></td>
<td>$1,605,316</td>
</tr>
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<td>$338,455</td>
</tr>
<tr>
<td>Total Program Costs</td>
<td></td>
<td>$1,943,771</td>
</tr>
</tbody>
</table>
SHAREHOLDER COMPENSATION
2020 PROGRAM

Applications Mailed

Mailing Costs

Total Mailed

Printing Cost

Postage Cost

05/19/2022 Finance and Budget Committee, J. I. Riggs
## APPLICATIONS REJECTED
### 2020 PROGRAM

<table>
<thead>
<tr>
<th>Reason</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Not 15% Difference</td>
<td>898</td>
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<tr>
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</tr>
</tbody>
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APPLICATIONS REJECTED (CONT.)
2020 PROGRAM

Not APS customer of record 12
Not Family Member 6
Ineligible APS Rate 5
Not Rent Free 3
Late 3
Not in Claim Period 1
No Information – APS Customer 0
Request For Approval To Begin The 2021 Shareholder Compensation Program

Jason I Riggs | F&B Committee May 19, 2022
RESIDENTIAL RATE COMPARISON
SRP vs. APS
CALENDAR YEAR 2021

• Reviewed six patterns of typical residential usage

• Four of the six patterns show APS’s R-Basic rates are 15% greater than SRP rates.
2021 SHAREHOLDER COMPENSATION PROGRAM

• Reserved approximately $2.2 million for payments and administrative costs.

• Application period June 7, 2022 – September 5, 2022
BOARD ACTION RECOMMENDED

Request that the Committee recommend that the Board authorize the commencement of the Shareholder Compensation Program for 2021
May 19, 2022

TO: SRP Board of Directors
FROM: Jason Riggs
SUBJECT: Approval of Shareholder Compensation Program for 2021

Request for approval to initiate the Shareholder Compensation Program for calendar year 2021 according to the Rules and Regulations.

EXECUTIVE SUMMARY
The Articles of Incorporation of the Salt River Valley Water Users' Association (the Association) and the Association’s By-Laws require that Association shareholders living in the 15% Area are to be notified and compensated if the annual cost difference between Arizona Public Service Company (APS) and Salt River Project Agricultural Improvement and Power District (SRP) residential electric service exceeds 15%.

Management has reviewed electric rates for six patterns of typical residential usage and found that in four of the six patterns APS Residential rates are at least 15% greater than what SRP would have charged. Thus, a 15% Area Shareholder Compensation Program for 2021 should be implemented. Premier Choice (R-Basic) is the more common APS residential rate in the 15% Area.

BACKGROUND AND DISCUSSION
In recent years, SRP residential electric rates have typically been substantially below those of APS. As such, the District has been required to run annual Shareholder Compensation Programs. The following table shows a comparison of 2021 bills under APS and SRP residential electric rates (SRP E-23 rate, APS R-Basic rate):

<table>
<thead>
<tr>
<th>Customer Pattern</th>
<th>Average kWh/Month</th>
<th>Percent of Customers Represented</th>
<th>Percent Difference APS&gt;SRP</th>
<th>Average Annual Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>29.8%</td>
<td>10.2%</td>
<td>$0</td>
</tr>
<tr>
<td>2</td>
<td>501</td>
<td>17.5%</td>
<td>14.8%</td>
<td>$0</td>
</tr>
<tr>
<td>3</td>
<td>752</td>
<td>17.3%</td>
<td>16.2%</td>
<td>$185</td>
</tr>
<tr>
<td>4</td>
<td>1,029</td>
<td>15.5%</td>
<td>17.3%</td>
<td>$257</td>
</tr>
<tr>
<td>5</td>
<td>1,420</td>
<td>13.5%</td>
<td>18.1%</td>
<td>$357</td>
</tr>
<tr>
<td>6</td>
<td>2,262</td>
<td>6.4%</td>
<td>18.5%</td>
<td>$561</td>
</tr>
</tbody>
</table>
The Rules and Regulations have been changed from 2020 to reflect the dates for the 2021 program and an increase in the administrative charge from $31.31 to $32.78. Those areas of the Rules and Regulations required by the Hitt Litigation are italicized and related end notes have been added.

Management recommends continuing the ninety-day application period for the 2021 program, which is expected to begin June 7, 2022, and end September 5, 2022. All potential applicants will be notified at the start of the program by first-class mail, and newspaper advertisements will be run four times during the application period.

**BUDGET AND FINANCIAL CONSIDERATIONS**
The 2020 program paid out about $1,605,316 in compensation to about 4,101 shareholders. In addition, about $338,455 was spent on administering the 2020 program. The District’s financial statements contain a reserve of approximately $2.2 million for the 2021 program.

**CONCLUSION**
Management recommends that the Board approve implementation of the 2021 Shareholder Compensation Program.
Thank you,

Jason I. Riggs

Cc: Rousseau, J. Hoopes, M. Hummel, G.M. Staff J. Felty, L. Hobaica, R. Judd, S. Glover, B. Koch
EXECUTIVE/STAFF SUMMARY

TITLE OF ITEM

SHAREHOLDER COMPENSATION PROGRAM FOR 2021

BOARD ACTION RECOMMENDED

Approval to initiate a Shareholder Compensation Program for calendar year 2021 according to the attached Rules and Regulations.

EXECUTIVE SUMMARY

The Articles of Incorporation of the Salt River Valley Water Users’ Association (the Association) and the Association’s By-Laws require that Association shareholders living in the 15% Area are to be notified and compensated if the annual cost difference between Arizona Public Service Company (APS) and Salt River Project Agricultural Improvement and Power District (SRP) residential electric service exceeds 15%.

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<tr>
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<td>6.4%</td>
<td>18.5%</td>
<td>$561</td>
</tr>
</tbody>
</table>
The actual rate schedules are shown in Exhibit A.

The Rules and Regulations have been changed from 2020 to reflect the dates for the 2021 program and an increase in the administrative charge from $31.31 to $32.78. Those areas of the Rules and Regulations required by the Hitt Litigation are italicized and related end notes have been added.

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**BUDGET AND FINANCIAL CONSIDERATIONS**

The 2020 program paid out about $1,605,316 in compensation to about 4,101 shareholders. In addition, about $338,455 was spent on administering the 2020 program. The District's financial statements contain a reserve of approximately $2.2 million for the 2021 program.

**CONCLUSION**

Management recommends that the Board approve implementation of the 2021 Shareholder Compensation Program.
Exhibit A

Summary of Certain Rates in Effect for 2021
For Salt River Project and
Arizona Public Service Company

**SALT RIVER PROJECT (E-23)**

<table>
<thead>
<tr>
<th></th>
<th>Summer (May 1 – Oct 31)</th>
<th>Summer Peak (July 1 – Aug 31)</th>
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</thead>
<tbody>
<tr>
<td>Customer Charge</td>
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</tr>
<tr>
<td>First 0-2000 kWh</td>
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<td>Next 2001+ kWh</td>
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<tr>
<td>Winter (Jan 1 – Apr 30)</td>
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<td>Winter (Nov 1 – Dec 31)</td>
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<tr>
<td>Customer Charge</td>
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</tr>
<tr>
<td>All kWh</td>
<td>$0.0782</td>
<td>$0.0829</td>
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**ARIZONA PUBLIC SERVICE (R-BASIC)**

<table>
<thead>
<tr>
<th></th>
<th>Summer (May 1 – Oct 31)</th>
<th>Winter (Jan 1 – Apr 30)</th>
<th>Winter (Nov 1 – Dec 31)</th>
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</thead>
<tbody>
<tr>
<td>Customer Charge</td>
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<td>$0.493 per day</td>
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<tr>
<td>All kWh</td>
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<td>Winter (Dec 1 – Dec 31)</td>
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<td>All kWh</td>
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<tr>
<td>Description</td>
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<tr>
<td>------------------------------------------------</td>
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<tr>
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<td>PSA-1 Transition (Jan. – Dec. 2021)</td>
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<td>REAC-1 (Jan. – Jun. 2021)</td>
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<td>REAC-1 (Eff. Dec. 1, 2021)</td>
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Request For Approval To Begin The 2021 Shareholder Compensation Program

Jason I Riggs | F&B Committee May 19, 2022
RESIDENTIAL RATE COMPARISON
SRP vs. APS
CALENDAR YEAR 2021

• Reviewed six patterns of typical residential usage

• Four of the six patterns show APS’s R-Basic rates are 15% greater than SRP rates.
2021 SHAREHOLDER COMPENSATION PROGRAM

• Reserved approximately $2.2 million for payments and administrative costs.

• Application period June 7, 2022 – September 5, 2022
Request that the Committee recommend that the Board authorize the commencement of the Shareholder Compensation Program for 2021
RULES & REGULATIONS
SHAREHOLDER COMPENSATION PROGRAM FOR 2021

I. GENERAL

Pursuant to the District's contract with the Salt River Valley Water Users' Association, the Board of Directors of the Salt River Project Agricultural Improvement and Power District hereby adopts and promulgates the following rules and regulations setting forth the procedures for administration of claims for compensation of past and present Shareholders, as defined below, who received and paid for residential electric service from Arizona Public Service Company during 2021.

II. DEFINITIONS

A. "Administrative Fee" – Beginning with the 1989 compensation program, an administrative fee of $15.00 shall be deducted from each successful application for compensation. This charge may be adjusted annually thereafter in accordance with changes in the consumer price index for all urban consumers (base 1989). The Administrative Fee for 2021 is $32.78.

B. "Annual Cost of Electric Service"

1. For Qualifying Shareholders on APS' kilowatt-hour-only rate E-12, R-XS, R- BASIC, or R-BASIC L, the amount determined by totaling each bill incurred during the Compensation Period (including fuel adjustments and temporary rate increases subsequently made permanent, but not including sales taxes, or regulatory taxes).
2. For Qualifying Shareholders on APS' ET-1, ET-2, ECT-2, ECT-1R, R-TOU-E, R-2, or R-3 rates, the amount determined by totaling each APS bill incurred during the Compensation Period or, if lower, what would have been charged for the billed amount of electricity under the lowest APS kilowatt-hour-only rate available to the Shareholder (including, in either case, fuel adjustments and temporary rate increases subsequently made permanent but not including sales, or regulatory taxes). It shall be assumed that the R-Basic kilowatt-hour-only rate is the only kilowatt-hour-only rate available to ET-1, ET-2, ECT-2, ECT-1R, R-TOU-E, R-2, and R-3 customers after January 1, 2021.

C. "Applicant" – A person or entity submitting an Application prior to 5:00 p.m., September 5, 2022.

D. "Application" – The form used to request compensation for 2021, substantially in the form of Exhibit A attached hereto, together with additional information supplied by the Applicant.

E. "APS" – Arizona Public Service Company: the public service corporation serving Shareholders in 2021


H. "District" – The Salt River Project Agricultural Improvement and Power District.

I. "District's Comparable Charge" – The amount chargeable on the District's E-23 standard electric rate for the same kilowatt hour usage which was used to determine a Qualifying Shareholder's Annual Cost of Electric Service.
J. "Eligible Property" – Land upon which the Association is entitled to levy an assessment and to which APS provides residential electric service (generally including areas, excluding town site lands, within or adjacent to the corporate limits of the Cities of Chandler, Gilbert, Glendale, Peoria, Phoenix, Scottsdale and Tempe), as shown on the maps attached hereto as Exhibit B.

K. "Qualifying Differential" – 1.15.

L. "Qualifying Rate" – Any of the following APS residential service electric rates: E-12, R-XS, R-BASIC, R-BASIC L, R-TOU-E, R-2, R-3, ET-1, ET-2, ECT-2, and ECT-1R.

M. "Qualifying Shareholder" – A Residential Customer who occupied and owned an Eligible Property during the Compensation Period. Qualifying Shareholders may include individuals, trustees, partnerships, corporations, and Religious Institutions (as defined herein) if the same meet all other qualifications. No Shareholder shall be disqualified from compensation because he or she is a trustor under a deed of trust used as security for financing purposes in securing a debt to the beneficiary.

N. "Religious Institution" – Ecclesiastical or monastic order, nonprofit corporation or other non-profit organization which was formed for the purpose of maintaining or propagating a system of spiritual beliefs or to implement spiritual practices.

O. "Residential Customer" – A person or entity who was billed for residential electric service by APS under a Qualifying Rate during the Compensation Period.

P. "Shareholder(s)" – Any person owning land that is within the Salt River Reservoir District and recognized as member land by the Secretary of the Association. A map attached hereto as Exhibit C identifies member land.
III. NOTICE

A. The District shall publish four advertisements in newspapers of general circulation in Maricopa County, intended to notify all Qualifying Shareholders that they may be entitled to compensation for all or a portion of the Compensation Period. Such notices shall also contain information pertaining to the period during which Applications must be filed, and instructions for obtaining an Application.

B. In addition, the District shall send an Application form to any person eligible to receive compensation and having at least a 15% difference between their APS annual bill for residential electric service and the bill they would have received if they had received domestic electricity on the District’s residential standard kilowatt-hour-only rate. In using data obtained from the Public Service Corporation to determine eligibility for such compensation, the District shall use due diligence to ensure that the exclusion of any person from eligibility is based on reliable criteria. The Application shall be sent by first-class mail to the address of the Eligible Property or such person’s last known address. Included with the Application shall be a statement of the last compensation year’s average compensation payment. In lieu of mailing the Application, the District may send, by first-class mail, instructions for completing the Application online or requesting a paper Application. The District will mail a paper Application to any person that requests it.

C. All other notifications specified by these rules shall be made in writing and sent by first class mail to the Applicant’s last known address, or if elected by the Applicant, by electronic mail. All notifications required or permitted to be delivered by the District under these rules shall be deemed effective and received (i) two days after being deposited in the mail, if sent by mail, or (ii) on the date of transmission, if sent by email.
IV. APPLICATION PERIOD

A. The District shall accept Applications online, or by mail to the address specified in the Application, until 5:00 p.m., September 5, 2022.

B. An Application shall be deemed submitted only upon receipt by the District.

C. Failure to submit an Application electronically, or have an Application postmarked, prior to 5:00 p.m., September 5, 2022, shall be deemed a waiver of any claims or rights to compensation for all or any portion of the Compensation period. An Application with a metered postmark must be received prior to 5:00 p.m., September 5, 2022, to comply with this provision.

V. APPLICATIONS FOR COMPENSATION

A. Any person or entity desiring to receive compensation for all, or part of the Compensation Period must complete and submit an Application for the 2021 program, either online or by mail. The online application is available at srp.net/apply-compensation.

B. The Applicant must complete the Application to the best of the Applicant’s knowledge and belief. The Applicant’s signature on an Application constitutes the Applicant’s representation that all information supplied by the Applicant therein is made and supplied fully and truly to the best of the Applicant's knowledge and belief.

C. A separate Application is required for each Eligible Property owned and occupied by a Qualifying Shareholder during the Compensation Period.

D. The District shall confirm receipt of each Application by sending a confirmation letter to the Applicant, in the form of Exhibit D attached hereto, showing the date the District input the Application and the reference number assigned to it.
VI. DETERMINATION OF QUALIFYING SHAREHOLDER

A. As soon as practicable following receipt of an Application, the District shall undertake to determine whether the Applicant was a Qualifying Shareholder during the Compensation Period, in accordance with the following provisions.

B. Is the Application submitted with respect to Eligible Property?

1. The District shall determine from plat maps maintained by the Secretary of the Association or from legal descriptions of those areas within the Salt River Reservoir District served electricity by APS whether the property for which an Application is submitted is an Eligible Property.

2. If the District determines that property for which an Application is submitted is not an Eligible Property, the District shall notify the Applicant, in writing, of its determination.

3. If the District is unable to determine whether the property for which an Application is submitted is an Eligible Property, the District may so notify the Applicant and may require the Applicant to submit evidence showing that the property for which the Application is submitted is an Eligible Property. The Applicant has thirty (30) days from the date the District delivers the notification, or until the last day of the Application Period, whichever is later, to submit the proper information. If the District does not receive the information within the period set forth above, the Applicant shall be deemed not to have submitted a valid Application within the Application Period.

C. Was the Eligible Property owned by the Applicant?

1. The District shall initially determine from property records maintained by or available to the Secretary of the Association whether and for what periods during the Compensation Period the Applicant owned the Eligible Property for which an
Application is submitted. The Applicant shall be considered a Qualifying Shareholder only during the periods of ownership so identified.

2. If the District determines that an Applicant did not, during the Compensation Period, own the Eligible Property for which an Application is submitted, the District shall notify the Applicant, in writing, of its determination.

3. If the District is unable to determine whether or for which periods during the Compensation Period the Applicant owned the Eligible Property for which an Application is submitted, the District may so notify the Applicant and may require the Applicant to submit evidence showing the periods in which the Applicant owned said property during the Compensation Period. The Applicant has thirty (30) days from the date the District delivers the notification, or until the last day of the Application Period, whichever is later, to submit the proper information. If the District does not receive the information within the period set forth above, the Applicant shall be deemed not to have submitted a valid Application within the Application Period.

D. If owned by the Applicant, did the Applicant, occupy the Eligible Property at any time during the Compensation Period?

   1. The District shall obtain billing information from APS for every Eligible Property that receives residential electric service under a Qualifying Rate.

   2. The District shall determine from utility bills submitted by the Applicant or from the customer billing information provided by APS whether and for what billing periods during the Compensation Period the Applicant occupied the Eligible Property he/she owned.

      a. *Occupancy by a Shareholder shall include the provision of electricity to the Shareholder or the Shareholder’s "relatives" of the first degree of consanguinity (parents and/or children) or affinity (spouse, stepparents,
stepchildren), so long as the “relatives” who reside in the Shareholder’s Property do so without payment of rent. Under this circumstance, the Shareholder shall not be disqualified from compensation if the Public Service Corporation customer is either the Shareholder or the Shareholder’s "relatives." 

b. Occupancy by a Shareholder which is a non-profit Religious Institution shall be established where APS provides electricity under a Qualifying Rate to full-time employees of the Religious Institution who are provided a residence in the Eligible Property free of charge as part of the employee’s compensation. Under this circumstance, the Shareholder shall not be disqualified if the Residential Customer is either the Religious Institution or the employee. 

c. Occupancy by a Shareholder which is a Religious Institution shall be established where APS provides electricity under a Qualifying Rate to members of an ecclesiastical or monastic order who devote themselves full-time to the activities of the order and are provided a residence in the Eligible Property free of charge. Under this circumstance, the Shareholder shall not be disqualified if the Residential Customer is either the Religious Institution or the member. 

d. Occupancy by a Shareholder/trustee to whom a trustor has transferred fee title to an Eligible Property for substantially less than fair market value shall be established where APS provides electricity under a Qualifying Rate to the trustor or the trustor’s "relatives" of the first degree of consanguinity (parents and/or children) or affinity (spouse, stepparents, stepchildren) who reside in the Eligible Property. Under this circumstance, the
Shareholder shall not be disqualified if the Residential Customer is either
the trustee, trustor or one of their "relatives."

3. If the District determines that the Applicant did not occupy the Eligible Property, he/she owned, the District shall notify the Applicant in writing of its determination.

4. If the District is unable to determine whether and for what billing periods an Applicant occupied the Eligible Property he/she owned, the District may so notify the Applicant and may require the Applicant to submit evidence showing when the Applicant occupied said property during the Compensation Period. The Applicant has thirty (30) days from the date the District delivers the notification, or until the last day of the Application Period, whichever is later, to submit the proper information. If the District does not receive the information within the period set forth above, the Applicant shall be deemed not to have submitted a valid Application within the Application period.

VII. DETERMINATION OF DIFFERENTIAL

A. If the District determines that the Applicant was Qualifying Shareholder during the Compensation Period, the District shall then determine whether the Qualifying Shareholder paid APS substantially more for residential electricity during the Compensation Period, in accordance with the following provisions.

B. Was the Qualifying Shareholder charged for residential electric service to the Eligible Property under a Qualifying Rate?

1. The District shall determine from APS bills submitted by the Applicant or from billing information provided by APS those periods of time during the Compensation Period when the Qualifying Shareholder was charged under a Qualifying Rate for residential electric service delivered to the Eligible Property for which an Application is submitted.
2. If the District determines that a Qualifying Shareholder was not charged under a Qualifying Rate for residential electric service delivered to the Eligible Property, the District shall notify the Applicant, in writing, of its determination.

3. If the District is unable to determine whether the Qualifying Shareholder was charged under a Qualifying Rate for residential electric service delivered to the Eligible Property, the District may so notify the Applicant and may require the Applicant to submit evidence showing that the Qualifying Shareholder was charged under a Qualifying Rate for residential electric service delivered to the Eligible Property. The Applicant has thirty (30) days from the date the District delivers the notification, or until the last day of the Application Period, whichever is later, to submit the proper information. If the District does not receive the information within the period set forth above, the Applicant shall be deemed not to have submitted a valid Application within the Application Period.

C. Did the Qualifying Shareholder pay substantially more for APS residential electric service than he/she would have paid the District?

1. For residential electric service provided to a Qualifying Shareholder's Eligible Property under a Qualifying Rate, the District shall determine the Qualifying Shareholder's Annual Cost of Electric Service from APS billing information submitted by the Qualifying Shareholder or from information provided by APS.

2. The District shall then calculate the District's Comparable Charge to the Qualifying Shareholder.

3. The District shall then divide the Qualifying Shareholder's Annual Cost of Electric Service by the District's Comparable Charge to determine if the difference equals or exceeds the Qualifying Differential.
VIII. PAYMENT OF COMPENSATION
A. If the amount of the Qualifying Shareholder’s Annual Cost of Electric Service divided by the District’s Comparable Charge equals or exceeds the Qualifying Differential, the District shall pay the Qualifying Shareholder the amount by which the Annual Cost of Electric Service exceeded the District’s Comparative Charge, minus the Administrative Charge. The Administrative Charge shall not be prorated if compensation is calculated based on a period of less than a calendar year.
B. The District shall notify each Qualifying Shareholder of the amount of compensation determined to be due as soon as practicable.

IX. VERIFICATION OF APPLICATIONS, AUDIT OF PROGRAMS, REQUESTS FOR RECONSIDERATION, AND FINAL DECISIONS
A. District management shall undertake such actions as it deems appropriate to verify the information or evidence submitted by Applicants in their Applications, or in support thereof. Such actions may be undertaken with respect to every Application or may be done only with respect to certain Applications.
B. District management may institute such internal audit procedures of the compensation program as it deems appropriate.
C. The notices specified by sections VI(B)(2), VI(C)(2), VI(D)(3), VII(B)(2), and VIII(B) shall constitute the District’s initial decision on an Application. The District initial decision shall become final 40 days after it is delivered by the District, unless a timely request for reconsideration is filed under IX (D) below. When an Application is deemed invalid under section VI(B)(3), VI(C)(3), VI(D)(4) or VII(B)(3) of these rules, that shall be deemed a final decision as of the last day specified for providing information in such section, and no request for reconsideration may be filed.
D. Any Applicant dissatisfied with an initial decision may submit a request for reconsideration within 40 days after the District delivers the initial decision. All requests for reconsideration must be in writing and must state the reasons the Applicant believes reconsideration to be appropriate. Failure to submit a timely request for reconsideration shall be deemed a waiver of all objections to the initial decision. If an Applicant files a timely request for reconsideration, the District’s decision on that request shall constitute its final decision.

X. **ANNUAL REPORT**

At least once a year management shall at an open meeting provide the District's Board of Directors a report upon the conduct of the prior year's compensation program, including a report on the number of Applications sent out to the public service corporation's customers, number of Applications filed, number of Applications paid, number of Applications rejected for each reason stated in a rejection letter and the total amount of compensation paid. If no compensation program is conducted for the prior year, management shall at an open meeting, provide the Board of Directors a report explaining why any Shareholder whose APS billing record shows a 115% differential would not be entitled to compensation. Two weeks prior to said meeting notice shall be published in two newspapers of general circulation within the Salt River Reservoir District informing the Shareholders that a report on the prior year’s 15% area compensation program, or, the fact that no program was conducted shall be presented to the Board of Directors. The report shall be made public and available upon request upon payment of copying costs.¹⁰

¹ This term is required by paragraph II.E of the Settlement Agreement, dated February 7, 1990, pp 6-7. It is essentially identical to the language quoted in the Settlement Agreement.

² Paragraph I.F of the Settlement Agreement, pg. 3, defines "substantially more" as being "15% or more." This term captures that definition.
Paragraph I.C(2) of the Settlement Agreement, pg. 3, provides that compensation shall be available for "all residential rates, whether implemented or created in the future, including APS E-10, E-12, ECT-1, ET-1, and EC-1, except any experimental rate." This listing of Qualifying Rates cannot be used to exclude any residential, non-experimental rate that APS uses. So long as this listing includes all eligible rates, the enumeration is valid.

This language is required by paragraph II.F of the Settlement Agreement, pg. 7.

This language is required by paragraph II.G of the Settlement Agreement, as modified by Judge Moroney's Order signed August 6, 1996.

This paragraph is required by Judge Moroney's Order signed August 6, 1996.

This paragraph is required by section I.F of the Settlement Agreement, pg. 4, regarding employees of a Religious Organization. The rules use the phrase "Religious Institution" rather than the phrase "Religious Organization" which was used in the Settlement Agreement. Paragraph II.N of the rules defines religious institution.

This paragraph is required by section I.G of the Settlement Agreement, pg. 4, regarding members of a Religious Organization. The rules use the phrase "Religious Institution" rather than the phrase "Religious Organization" which was used in the Settlement Agreement. Paragraph II.N of the rules defines religious institution.

This paragraph is required by paragraph I.H of the Settlement Agreement, pg. 4.

This paragraph is required by paragraph II.H of the Settlement Agreement, pp. 7-8.
2021 SRP Shareholder Compensation Application

This completed Shareholder Compensation Application must be submitted to Salt River Project Agricultural Improvement and Power District (SRP) to apply for compensation under the Salt River Valley Water Users’ Association’s shareholder compensation program. SRP will rely on the information in this application to determine the amount of any compensation to which the Applicant may be entitled.

INSTRUCTIONS
1. Please print or type.
2. This application must be completed and signed by the owner of the eligible land. If the owner is a trust, it must be signed by the trustee.
3. Submit completed application by mail to SRP, Shareholder Compensation, P.O. Box 29077, Phoenix, AZ 85038-9077.
4. Mailed applications must be postmarked by Sept. 5, 2022. NO LATE APPLICATIONS WILL BE ACCEPTED. (Metered postmarks received after Sept. 5, 2022, are unacceptable.)
5. If you have any questions or need assistance in completing this application, please call (602) 236-8888 Monday through Friday, 8 a.m. to 5 p.m. Si quiere usted contestación a sus preguntas en español, llame a La Línea, (602) 236-1111, de lunes a viernes, de 8 a.m. a 5 p.m.

SECTION I – APPLICANT AND PROPERTY INFORMATION

IF THE OWNER IS A TRUST, WHAT IS THE TRUST’S NAME?

APPLICANT NAME: FIRST MIDDLE LAST
SPOUSE/CO-APPLICANT’S NAME: FIRST MIDDLE LAST
APPLICANT’S PHONE NUMBERS: HOME MOBILE WORK EXT.
APPLICANT’S EMAIL ADDRESS:

Residential address on the eligible land for which this Application for Compensation is made (the “Residence”):

STREET NO. DIR. STREETNAME SUFFIX SUFFIX DIR. UNIT # CITY STATE ZIP+4

Tax Parcel ID No. ___ ___ ___ - ___ ___ - ___ ___ ___ - ___

Arizona Public Service Co. (APS) Account No.: ____ ____ ____ ____ ____ ____ ____ ____ ____ ____

Is Applicant’s mailing address different from the property address? Yes No

SECTION II – OWNERSHIP AND OCCUPANCY INFORMATION

In the year 2021, the Applicant OWNED the eligible land from ___ / ___ /2021 to ___ / ___ /2021.

During Applicant’s period of ownership, the Residence was (check and complete all that apply):

☐ Occupied by Applicant from ___ / ___ /2021 to ___ / ___ /2021.
☐ Occupied by a relative of Owner from ___ / ___ /2021 to ___ / ___ /2021.
   Relationship to Owner __________________________
☐ Occupied by a tenant from ___ / ___ /2021 to ___ / ___ /2021.
☐ Unoccupied from ___ / ___ /2021 to ___ / ___ /2021.

Have you transferred ownership of this Residence? Yes No, date of transfer __________________________

SECTION III – VERIFICATION

By signing below, I certify that I have answered the questions contained in this application fully and truly to the best of my knowledge. For purposes of processing this application, I consent to APS releasing account information (past or current) with respect to the Residence. I further consent and agree to any reasonable request by SRP intended to verify the information contained herein or submitted by me in support of this application. I avow that the information provided is true under penalties for false statements as provided by Arizona Revised Statues § 13-2704.

☐ By checking this box, I consent to the electronic delivery, using the email address set forth above, of all documents, communications, and notices that SRP elects to deliver to me in connection with this application.

Date __________________________ Signature of Applicant/Trustee __________________________

*NOTE: If property is held in a trust, Applicant must submit to SRP trust documents identifying the trustor, trustee, successor trustee(s), and the page that is signed and notarized.
DATE INPUT: XX-XX-2022

JOHN SMITH
1234 E MAIN ST
ANYWHERE AZ 85001

21-XXXXX
1234 E MAIN ST
ANYWHERE AZ 85001

Your 2021 Application for Compensation has been received by the Shareholder Compensation Office at SRP. It will be processed to determine eligibility and you will be notified of the disposition by mail. If you have any questions please call 602-236-8888.

Above is the reference number assigned to your application and the date it was input. Please refer to this reference number on any correspondence to this office. Please notify our office in writing if you have a change of address.

Claims are processed in the order they are received. Normal processing takes six months.

Si quiere usted contestación a sus preguntas en español, llame a La Línea, 602-236-1111, de lunes a viernes, de 8:00 a.m. a 5:00 p.m.

Sincerely,

SRP Shareholder Compensation
Changes to Revolving Credit Agreements Supporting the Commercial Paper Program

Finance & Budget Committee | 05-19-22
Revolving Credit Agreement (RCA) Expiration

- Board approved RCA limit is $800M total
  - JPM - $350M  BofA - $250M  USB - $200M
- $350 million RCA with JP Morgan expires June 2023
  - Best practice to renew/change one year out
- Review process includes evaluating several banks
  - Meet certain criteria
  - Consulted with Public Financial Management (PFM) on active credit facility providers
  - Request for Information (RFI) issued
- Market highly values SRP’s liquidity
  - Days cash
  - Access to liquidity
  - Support for Commercial Paper (CP) program
## Potential Bank Partners by Asset Size and Credit Rating

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### Criteria

- Highly capitalized, can they meet obligations
- Credit rating
- PFM's green light
- Cost of liquidity
- Laddered agreement terms
- Financial flexibility outlook
- Current and historical relationship value
### RFI Response Comparison

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<tr>
<th>Provider</th>
<th>Facility Size</th>
<th>Term</th>
<th>Undrawn Fee</th>
<th>Taxable Drawn Spread</th>
<th>Tax-exempt Drawn Spread</th>
<th>LT Credit Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>JP Morgan</td>
<td>$350 million</td>
<td>4 yrs. / 2026</td>
<td>23 bps</td>
<td>Index + 60 bps</td>
<td>80% Index + 55 bps</td>
<td>Aa2 / A+</td>
</tr>
<tr>
<td></td>
<td>$175 million</td>
<td>4 yrs. / 2026</td>
<td>21.5 bps</td>
<td>Index + 60 bps</td>
<td>80% Index + 55 bps</td>
<td></td>
</tr>
<tr>
<td>TD Bank</td>
<td>$350 million</td>
<td>4 yrs. / 2026</td>
<td>22 bps</td>
<td>Index + 50 bps</td>
<td>81.5% Index + 50 bps</td>
<td>Aa1 / AA-</td>
</tr>
<tr>
<td></td>
<td>$175 million</td>
<td>4 yrs. / 2026</td>
<td>21.5 bps</td>
<td>Index + 50 bps</td>
<td>81.5% Index + 50 bps</td>
<td></td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>$175 million</td>
<td>2 yrs. / 2024</td>
<td>18 bps</td>
<td>Index + 45 bps</td>
<td>80% Index + 37 bps</td>
<td>Aa2 / A+</td>
</tr>
<tr>
<td></td>
<td>$175 million</td>
<td>4 yrs. / 2026</td>
<td>20 bps</td>
<td>Index + 80 bps</td>
<td>80% Index + 66 bps</td>
<td></td>
</tr>
<tr>
<td>US Bank</td>
<td>$200 million</td>
<td>Jun-2024</td>
<td>17.5 bps</td>
<td>Index + 75 bps</td>
<td></td>
<td>A1 / AA-</td>
</tr>
<tr>
<td>Bank of America</td>
<td>$250 million</td>
<td>Dec-2025</td>
<td>23 bps</td>
<td>Index + 59 bps</td>
<td></td>
<td>Aa2 / A+</td>
</tr>
<tr>
<td>JP Morgan</td>
<td>$350 million</td>
<td>Jun-2023</td>
<td>26 bps</td>
<td>Index + 110 bps</td>
<td></td>
<td>Aa2 / A+</td>
</tr>
</tbody>
</table>

#### Lead Candidates & Options

- RBC
- Citibank
- Barclay's

#### Current RCAs

- No Response or Declined

5/19/2022 Finance & Budget Committee, Jason I. Riggs
Possible Options

- Stay with JPM
  - $350M
  - 100%

- Change to TD
  - $350M
  - 100%

- Reduce JPM and add TD or Wells Fargo
  - $350M
  - Split
## Total Costs

<table>
<thead>
<tr>
<th>RCA amount</th>
<th>Undrawn Fee</th>
<th>Current Fee $</th>
<th>Proposed Fee $</th>
<th>Drawn Spread</th>
<th>Drawn fee on $150M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$350M with one bank</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPM 4-yr.</td>
<td>$350,000,000</td>
<td>$910,000</td>
<td>$805,000</td>
<td>0.60%</td>
<td>$2,175,000</td>
</tr>
<tr>
<td>TD 4-yr.</td>
<td>$350,000,000</td>
<td>$770,000</td>
<td>$805,000</td>
<td>0.50%</td>
<td>$1,950,000</td>
</tr>
</tbody>
</table>

| **$350M with two banks** | | | | | |
| JPM 4-yr. | $175,000,000 | $376,250 | | 0.60% | 2,100,000 |
| TD 4-yr.  | $175,000,000 | $376,250 | | 0.50% | 1,950,000 |
| Wells 4-yr | $175,000,000 | | | 0.80% | $2,400,000 |

| Alternate $175M option | | | | | |
| Wells 4-yr | | | | | |
| | | | | | |

### Fees

- **Undrawn Fee**: 0.23% for JPM, 0.22% for TD, 0.215% for Wells
- **Current Fee**: $910,000 for JPM, $770,000 for TD
- **Proposed Fee**: $805,000 for JPM, $770,000 for TD
- **Drawn Spread**: 0.60% for JPM, 0.50% for TD, 0.80% for Wells
- **Drawn fee on $150M**: $2,175,000 for JPM, $1,950,000 for TD, $2,400,000 for Wells
Management Recommendation

• Split the $350M RCA between JPM and TD, $175M each

• Lower total costs while maintaining current relationship with JPM

• Diversify and increase financial flexibility by adding TD as another bank partner

• Increase credit quality by adding TD

• Given future uncertainty around rates, lock in attractive levels today (for 4 years)

- Better pricing
- Financial flexibility
- Diversification
- Credit quality
- Mitigate interest rate risk
Necessary Approvals

• Request approval of the amendment of the RCA with JPMorgan Chase Bank to decrease the credit limit thereunder from $350M to $175M and extend the maturity date from June 29, 2023, to on or about, June 29, 2026 (the JPMorgan Chase Bank Amendment).

• Request approval to execute and deliver a four-year, $175 million RCA with TD Bank (the TD Bank RCA)
### Next Steps

<table>
<thead>
<tr>
<th>Item</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>F&amp;B Committee</td>
<td>May 19th, 2022</td>
</tr>
<tr>
<td>Gather and prepare documentation</td>
<td>May – June 2022</td>
</tr>
<tr>
<td>Board approval</td>
<td>June 6th, 2022</td>
</tr>
<tr>
<td>New agreements in place</td>
<td>End of June / Mid-July 2022</td>
</tr>
</tbody>
</table>
Recommendation

Management requests that the Committee recommend that the Board:

i. Approve the JPMorgan Chase Bank Amendment.

ii. Approve the TD Bank RCA.

iii. Authorize the General Manager and Chief Executive Officer or the Associate General Manager and Chief Financial Executive, or their designee, to execute and deliver the JPMorgan Chase Bank Amendment and the TD Bank RCA, any subsequent amendments to these agreements provided that such amendments do not materially modify the terms of these agreements, and any related ancillary documents.
thank you!