

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

WATER COMMITTEE Tuesday, June 13, 2023, 9:30 AM

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

Committee Members: Paul Rovey, Chairman; Leslie C. Williams, Vice Chairman; and Anda McAfee, Randy Miller, Krista O'Brien, Mark Pace, and Jack White Jr.

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 PAUL ROVEY

- Request for approval of the minutes for the meeting of May 23, 2023.

2. Rio Verde Utilities Exchange Agreement and Temporary EPCOR Standpipe Service AgreementCHRISTA McJUNKIN and STAN LUTZ

Informational presentation regarding an update on the status of discussions related to 1) updating the 1991 exchange agreement between Rio Verde Utilities and SRP for the upstream exchange of Central Arizona Project (CAP) water for Verde River water for use within the Rio Verde Utilities service area and 2) developing a temporary agreement with EPCOR for EPCOR to provide standpipe service to residents of Rio Verde Foothills. The Committee may vote to go into Executive Session, pursuant to A.R.S. §38-431.03(A)(3) and (A)(4), to have discussion or consultation with attorneys for legal advice regarding legal issues that may arise during the presentation.

3. Report on Current Events by the General Manager and Chief Executive Officer or DesigneesJIM PRATT

4. Future Agenda Topics..... CHAIRMAN PAUL ROVEY

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.



THE NEXT WATER COMMITTEE MEETING
IS SCHEDULED FOR TUESDAY, AUGUST 15, 2023

06/06/2023

MINUTES
WATER COMMITTEE
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND
POWER DISTRICT

DRAFT

May 23, 2023

A meeting of the Water Committee of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Tuesday, May 23, 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 P.E. Rovey, Chairman; L.C. Williams, Vice Chairman; and A.G. McAfee, R.J. Miller, M.V. Pace, and J.M. White Jr.

Committee Member absent at roll call was K.H. O'Brien.

Also present were President D. Rousseau; District Vice President C.J. Dobson; Association Vice President J.R. Hoopes; Board Members R.C. Arnett, N.R. Brown, M.J. Herrera, K.L. Mohr-Almeida, S.H. Williams, and K.B. Woods; Board Member L.D. Rovey of the Association; Council Chairman T.M. Tyler; Council Vice Chairman J.R. Shelton; Council Liaisons M.L. Farmer and M.A. Freeman; Council Members J.W. Lines and P.E. Paceley; Mmes. M.J. Burger, A.P. Chabrier, L.F. Hobaica, M.M. Klein, C.M. McJunkin, L.A. Meyers, S.S. Morris, and C.M. Sifuentes; Messrs. J.M. Baran, J.D. Coggins, J.M. Felty, Z.J. Heim, K.J. Lee, S.B. Lutz, C.A. McGinnis, A.J. McSheffrey, M.S. Mendonca, M.J. O'Connor, B.A. Olsen, B.F. Pane, G. Saint Paul, L.M. Shaw, P.B. Sigl, and R.M. Vertefeulle; and Brad Moore and Paul Bergelin of Arizona Municipal Water Users Association (AMWUA).

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 Water Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, May 19, 2023.

Chairman P.E. Rovey called the meeting to order.

Consent Agenda

Chairman P.E. Rovey 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 Board Member A.G. McAfee, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Water Committee meeting on April 18, 2023, as presented

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:

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

Equestrian Estates Homeowners' Association – Verde River Watershed

Using a PowerPoint presentation, Craig A. McGinnis, SRP Analyst of Water Rights and Contracts, stated that the purpose of the presentation was to request approval of a proposed sever and transfer of water rights requested by the Equestrian Estates Homeowners' Association on the Verde River Watershed from Equestrian Estates Subdivision Phase I and Phase II parcels.

Mr. C.A. McGinnis provided background to the Equestrian Estates sever and transfer including the 1991 sever and transfer of 17 historically irrigated acres from the area and the Equestrian Estates Water Use and Consent Agreement of 2007. He said that the severance and transfer authorization is only an administrative requirement and does not serve as an adjudication or validation of water rights or claims.

Mr. C.A. McGinnis stated if the proposal is approved by the Board (1) SRP will provide the resolution consenting to severance and transfer to the Equestrian Estates Homeowners' Association; (2) the Equestrian Estates Homeowners' Association will submit a resolution as part of its severance and transfer application with the Arizona Department of Water Resources (ADWR); and (3) SRP will continue to monitor the sever and transfer application process with the ADWR.

Mr. C.A. McGinnis concluded by requesting approval of a resolution authorizing the sever and transfer of water rights requested by Equestrian Estates Homeowners' Association on the Verde River Watershed from Equestrian Estates Subdivision Phase I and Phase II parcels. The proposal is as follows: 1) sever 30 historically irrigated acres of the Equestrian Estates at Camp Verde Phase 1 and Phase 2 subdivision in the State of Arizona as requested by Equestrian Estates Homeowners' Association, Inc.; and 2) transfer and change the use of those rights from irrigation to municipal uses in the Equestrian Estates at Camp Verde Phase 1 and Phase 2 subdivision.

On a motion duly made by Board Member J.M. White Jr., seconded by Board Member M.V. Pace and carried, the Committee agreed to recommend Board approval as presented.

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

YES:	Board Members P.E. Rovey, Chairman; L.C. Williams, Vice Chairman; and A.G. McAfee, R.J. Miller, M.V. Pace, and J.M. White Jr.	(6)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member K.H. O'Brien	(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.

Council Member N.J. Vanderwey; and Ms. K.S. Ramaley entered the meeting during the presentation.

SRP-CAP Interconnection Facility (SCIF) Update

Using a PowerPoint presentation, Christa M. McJunkin, SRP Director of Water Strategy, stated that the purpose of the presentation was to provide an update on the status of the development of the interconnection facility between SRP and Central Arizona Project (CAP) water delivery systems, including the following: engineering studies; collaboration with potential participating entities; and proposed next steps regarding the planning, design, and construction of the facility.

Ms. C.M. McJunkin provided an ariel of the existing CAP-SRP Interconnection Facility (CSIF) and the proposed new SRP-CAP Interconnection Facility (SCIF). She reminded the Committee that SRP and CAP are jointly funding the SCIF project to move non-project water stored in SRP reservoirs and underground storage facilities through the CAP canal.

Ms. C.M. McJunkin provided the cost-sharing participants of the SCIF project, along with an ariel view of the preferred alternative path for the SCIF. She concluded with a discussion of next steps.

Ms. C.M. McJunkin responded to questions from the Committee.

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.

Messrs. S.B. Lutz, C.A. McGinnis, and L.M. Shaw left the meeting during the presentation.

Per and Poly-Fluoroalkyl Substances (PFAS) Update

Using a PowerPoint presentation, Robert M. Vertefeuille, SRP Manager of Environmental Laboratory and Field Services, stated that the purpose of the presentation was to provide an update on regulatory developments related to PFAS, including the Environmental Protection Agency's (EPA) proposed National Primary Drinking Water Regulation (NPDWR) for six PFAS.

Mr. R.M. Vertefeuille provided the following background on PFAS: manufactured chemicals used in industry and consumer products since the 1940s; industry phase-out of some PFAS due to health and environmental concerns; persistence in the environment and drinking water sources; and NPDWR for Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS) PFOA/PFOS. He explained that NPDWR enforces standards and treatment techniques applicable to public water systems.

Mr. R.M. Vertefeuille said that the proposed NPDWR for PFAS was published on March 29, 2023; and its final rule is expected in 2024. He reviewed the proposed limits of PFAS compounds found in drinking water.

Mr. R.M. Vertefeuille said that the American Water Works Association estimates \$3.8 billion annually for removing PFOA/PFOS from public water systems. He reviewed EPA's treatments options for drinking water as follows: granular or powdered activated carbon, ion exchange resins, and high-pressure membranes.

Mr. R.M. Vertefeuille concluded with a discussion of the implication for other environmental programs and next steps. He responded to questions from the Committee.

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. T.A. Kaschak entered the meeting during the presentation.

Executive Session: PFAS and Their Interaction with SRP Water Supply and Operations

Chairman P.A. Rovey requested a motion to enter into executive session, pursuant to A.R.S. §38-431.03(A)(3), to have discussion or consultation with attorneys and give instructions related to an update on the legal issues and legal risks associated with PFAS and their interaction with SRP water supply and operations.

On a motion duly made by Board Member J.M. White Jr., seconded by Board Member A.G. McAfee and carried, the Water Committee convened into executive session at 10:20 a.m.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member J.M. White Jr.'s motion to enter into executive session. The vote was recorded as follows:

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

Brad Moore and Paul Bergelin of AMWUA left the meeting.

The Committee reconvened into open session at 11:14 a.m., with the following members and others present: President D. Rousseau; District Vice President C.J. Dobson; Association Vice President J.R. Hoopes; Board Members R.C. Arnett, N.R. Brown, M.J. Herrera, A.G. McAfee, R.J. Miller, K.L. Mohr-Almeida, M.V. Pace, P.E. Rovey, J.M. White Jr., L.C. Williams, S.H. Williams, and K.B. Woods; Board Member L.D. Rovey of the Association; Council Chairman T.M. Tyler; Council Vice Chairman J.R. Shelton; Council Liaisons M.L. Farmer and M.A. Freeman; Council Members J.W. Lines, P.E. Pacey, and N.J. Vanderwey; Mmes. M.J. Burger, A.P. Chabrier, L.F. Hobaica, T.A. Kaschak, M.M. Klein, C.M. McJunkin, L.A. Meyers, S.S. Morris, and C.M. Sifuentes; and Messrs. J.M. Baran, J.D. Coggins, J.M. Felty, Z.J. Heim, R.T. Judd, K.J. Lee, A.J. McSheffrey, M.S. Mendonca, M.J. O'Connor, B.A. Olsen, B.F. Pane, G. Saint Paul, P.B. Sigl, and R.M. Vertefeuille.

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

Aidan J. McSheffrey, SRP General Manager and Chief Financial Officer, reported on a variety of federal, state, and local topics of interest to the Committee.

Mmes. M.M. Klein and S.S. Morris; and Mr. R.M. Vertefeuille left the meeting during the report.

Future Agenda Topics

Chairman P.E. Rovey asked the Committee if there were any future agenda topics. Vice Chairman L.C. Williams requested an update on Lakes Powell and Mead and a legislative update on water bills.

There being no further business to come before the Water Committee, the meeting adjourned at 11:32 a.m.

John M. Felty
Corporate Secretary

Rio Verde Utilities/EPCOR Agreements

Water Committee

June 13, 2023

Christa McJunkin, Patrick B. Sigl

Agenda

- Background
- Goals of New Agreements
- Key Agreement Features
- Current Areas of Focus
- Next Steps

What & Why

WHAT?

Negotiating an expanded exchange agreement with Rio Verde Utilities

WHY?

Protect shareholder resources from pumping impacts

Background Rio Verde Utilities

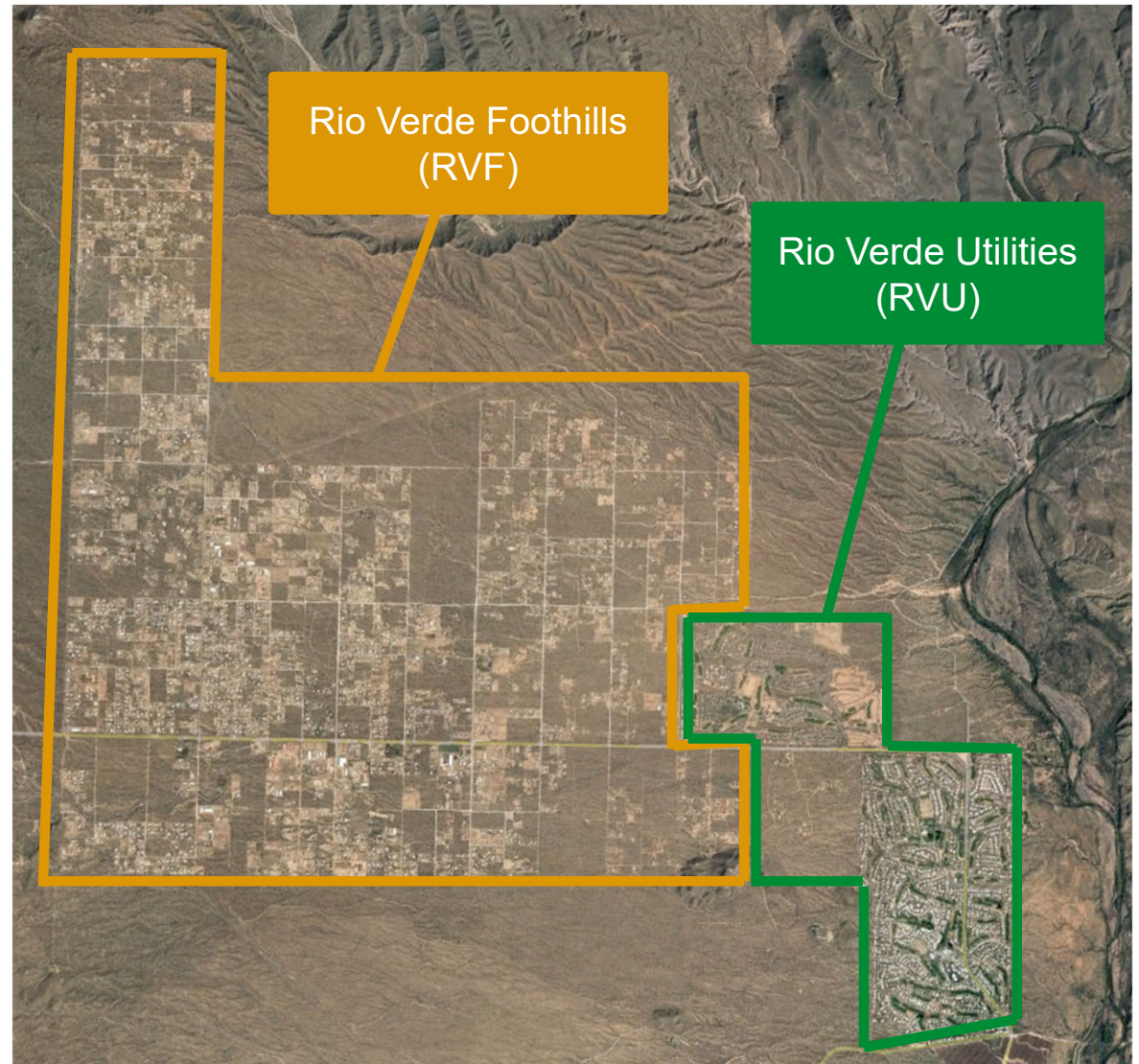
- Small private water company
- Purchased by EPCOR in 2019
- Serves 2700 homes and four golf courses



Background Rio Verde Utilities

- RVU regulated by the ACC
- Serves subdivisions with Certificates of Assured Water Supply

- RVF in unincorporated Maricopa County
- No water provider
- Wildcat subdivisions without an Assured Water Supply



Background—Existing Agreements Between SRP and RVU

1973 Agreement

- SRP protested RVU wells
- SRP and RVU agreed to develop criteria for well testing
- Agreement included remedies in event of breach

1984 Agreement

- Required modifications as RVU needed to drill a new well and resume use of an existing well
- SRP agreed to modify in anticipation of RVU obtaining a CAP subcontract as an exchange source for SRP water

1991 Agreement

- Formalized the RVU exchange of CAP water for SRP Verde River water under an exchange permit from ADWR
- Commencement of 50-year term began on October 1, 1993

Goals of New Agreements Between SRP and EPCOR

- Protect SRP shareholder surface and subsurface water rights
- Limit EPCOR's allowable pumping
- Extend exchange for a 100-year term
- Accommodate EPCOR who is seeking a temporary solution for RVF through an RVF standpipe well and incorporate it into the amended exchange agreement to protect shareholder water

Next Steps

- Complete agreement drafting
- Bring to the Board in future for approval
- Seek regulatory approvals from ADWR and ACC