

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

FINANCE AND BUDGET COMMITTEE
Thursday, April 25, 2024, No Sooner Than 9:55 AM

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

Committee Members: Jack White Jr., Chairman; Leslie C. Williams, Vice Chairman; and Nick Brown, Randy Miller, Krista O'Brien, Stephen 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 JACK WHITE JR.
 - A. Request for approval of the minutes for the meetings of March 12, March 26, and March 28, 2024.
 - B. Request for approval of the Monthly Cash Statement for March 2024 (District and Association).
- 2. Revenue Bonds, Refunding Revenue Bonds, and Application with the Arizona Corporation Commission (ACC) for an Order of AuthorizationJON HUBBARD

Request for approval of 1) a resolution authorizing the issuance of not more than \$6.4 Billion in revenue bonds; 2) a resolution authorizing the issuance of not more than \$7.0 Billion in refunding revenue bonds; and 3) a resolution authorizing Management to file an application with the ACC for an order authorizing the District to issue such bonds (see proposed resolutions).
- 3. Prepaid Commodity Transactions JOE GIACALONE

Informational presentation regarding prepaid commodity transactions (energy and natural gas), including opportunities for future transactions.
- 4. Review of the Financial Results for the Month of March 2024 JEFF WRIGHT
- 5. Report on Current Events by the General Manager and Chief Executive Officer or DesigneesJIM PRATT
- 6. Future Agenda Topics..... CHAIRMAN JACK WHITE JR.

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 FINANCE AND BUDGET COMMITTEE MEETING
IS SCHEDULED FOR THURSDAY, MAY 23, 2024**

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

March 12, 2024

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 9:30 a.m. on Tuesday, March 12, 2024, from the Hoopes 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 J.M. White Jr., Chairman; and R.J. Miller, S.H. Williams, and K.B. Woods.

Committee Members absent at roll call were L.C. Williams, Vice Chairman; and N.R. Brown, and K.H. O'Brien.

Also present were Board Members R.C. Arnett, K.J. Johnson, A.G. McAfee, K.L. Mohr-Almeida, M.V. Pace, L.D. Rovey, and P.E. Rovey; Council Vice Chairman J.R. Shelton; Council Member G.E. Geiger; Mmes. I.R. Avalos, A.P. Chabrier, L.F. Hobaica, V.P. Kisicki, L.A. Meyers, J.C. Peters, C.M. Sifuentes, and J.L. Tucker; and Messrs. T.J. Burnett, J.D. Coggins, A.C. Davis, J.M. Felty, J.W. Hubbard, B.J. Koch, K.J. Lee, A.J. McSheffrey, M.S. Mendonca, M.J. O'Connor, B.A. Olsen, and J.M. Pratt.

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 Friday, March 8, 2024.

Chairman J.M. White Jr. called the meeting to order.

Fiscal Year 2025 (FY25) Water Function Budget

Using a PowerPoint presentation, Travis J. Burnett, SRP Manager of Water Finance and Contracts, stated that the purpose of the presentation was to provide information regarding the proposed FY25 Water Function Budget.

Mr. T.J. Burnett provided the Phase Three Statement of Revenues and Expenses for the Water Function Budget for FY25 with changes from FY24 to FY25. He reviewed the proposed price and fee recommendations for Calendar Year 2025 (CY25) along with the changes from FY24 to FY25. Mr. T.J. Burnett concluded with an explanation of the average cost per acre foot and provided customer examples.

Mr. T.J. Burnett 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.

FY25 Financial Plan and Operating Budget

Using a PowerPoint presentation, Jon W. Hubbard, SRP Treasurer and Senior Director of Financial Services, stated that the purpose of the presentation was to review key assumptions and initiatives for the FY25 Financial Plan (FP25) and Operating Budget.

Mr. J.W. Hubbard compared the FP25 retail sales forecast, retail fuel and purchased power forecast, and retail sales and direct costs to those of FP24. He provided an overview of the capital spending by segment through 2035, price modeling assumptions through FY30, and borrowing outlook through FY30. Mr. J.W. Hubbard concluded with a comparison of the FP25 Combined Net Revenues (CNR), funds available, debt service coverage ratio, and debt ratio to those of FP24.

Mr. J.W. Hubbard 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.

Mr. R.R. Taylor 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 Jim Pratt, SRP General Manager and Chief Executive Officer.

Board Member A.G. McAfee; and Mmes. J.C. Peters and J.L. Tucker left the meeting. Ms. G.A. Mingura; and Mr. R.T. Judd entered the meeting.

Future Agenda Topics

Chairman J.M. White Jr 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 10:36 a.m.

John M. Felty
Corporate Secretary

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

March 26, 2024

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 9:30 a.m. on Tuesday, March 26, 2024, from the Hoopes 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 J.M. White Jr., Chairman; L.C. Williams, Vice Chairman; and N.R. Brown, R.J. Miller, K.H. O'Brien, and K.B. Woods.

Committee Member absent at roll call was S.H. Williams.

Also present were President D. Rousseau; Vice President C.J. Dobson; Board Members R.C. Arnett, M.J. Herrera, L.D. Rovey, and P.E. Rovey; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; Council Liaison D.B. Lamoreaux; Council Members M.A. Freeman, R.S. Kolb, and J.W. Lines; Mmes. I.R. Avalos, M.J. Burger, A.P. Chabrier, L.F. Hobaica, V.P. Kisicki, L.A. Meyers, S.A. Perkinson, J.C. Peters, K.S. Ramaley, C.M. Sifuentes, and J.L. Tucker; and Messrs. J. Abbruscato, L. Arthanari, J.M. Felty, J.W. Hubbard, R.T. Judd, B.J. Koch, K.J. Lee, A.J. McSheffrey, M.J. O'Connor, B.A. Olsen, J.M. Pratt, J.I. Riggs, D.S. Roach, R.R. Taylor, and J.A. Wright.

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 Friday, March 22, 2024.

Chairman J.M. White Jr. called the meeting to order.

Consent Agenda

Chairman J.M. White Jr. requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member K.B. Woods and seconded by Board Member R.J. Miller, the Committee unanimously approved and adopted the following items on the Consent Agenda:

- A. Minutes of the Finance and Budget Committee meeting on February 22, 2024, as presented
- B. Approval of the District and Association Monthly Cash Statement for February 2024

Corporate Secretary J.M. Felty polled the Committee Members on Board Member K.B. Woods' motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members J.M. White Jr., Chairman; L.C. Williams, Vice Chairman; and N.R. Brown, R.J. Miller, K.H. O'Brien, and K.B. Woods	(6)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member S.H. Williams	(1)

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

U.S. Bank Revolving Credit Agreement (RCA) Extension

Using a PowerPoint presentation, Daniel S. Roach, SRP Manager of Sell Side Management and Investment Relations, stated that the purpose of the presentation was to request approval to extend the maturity date of the RCA with U.S. Bank from June 28, 2024 to June 27, 2025.

Mr. D.S. Roach stated that in November 2021, the Board authorized the execution and delivery of the \$200 million Amended and Restated RCA with U.S. Bank used for credit support to SRP's Commercial Paper (CP) program. He provided a breakdown of the current terms of the RCA.

Mr. D.S. Roach outlined the proposed terms to the RCA extension with U.S. Bank as follows: 1) extend the maturity date for a one-year term through June of 2025; 2) a \$120,000 one-time fee commitment; and 3) increase taxable drawn spread by 10 basis points (bps). He concluded by requesting approval to 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 following: 1) an amendment to the Amended and Restated RCA with U.S. Bank; 2) any subsequent amendments to the agreement provided that such amendments do not materially modify the terms of the agreement; and 3) any related ancillary documents.

Mr. D.S. Roach responded to questions from the Committee.

On a motion duly made by Board Member K.B. Woods and seconded by Vice Chairman L.C. Williams, the Committee agreed to recommend Board approval, as presented:

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

YES:	Board Members J.M. White Jr., Chairman; L.C. Williams, Vice Chairman; and N.R. Brown, R.J. Miller, K.H. O'Brien, S.H. Williams, and K.B. Woods	(7)
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NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

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 K.L. Mohr-Almeida and S.H. Williams; Ms. G.A. Mingura; and Mr. J.D. Coggins entered the meeting during the presentation.

Proposed Fiscal Year 2025 (FY25) Financial Plan (FP) and Operating Budget Question and Answers

Using a PowerPoint presentation, Brian J. Koch, SRP Associate General Manager and Chief Financial Executive, stated that the purpose of the presentation was to respond to questions and comments from the Committee regarding the proposed FY25 Operating Budget.

Mr. B.J. Koch explained that debt service management is an issue of balance. He reviewed data for the following categories: FP25 outlook for retail sales and direct costs, cash inflows and outflows, share funding for capital expenditures, borrowing outlook, and price modeling assumptions. Mr. B.J. Koch provided a breakdown of rating agency metric thresholds between S&P Criteria and Moody's Scorecard.

Mr. B.J. Koch compared FY24 to FY25 for Combined Net Revenue (CNR), funds available, debt service coverage ratio, and debt ratio. He introduced Jon W. Hubbard, SRP Treasurer and Senior Director of Financial Services.

Mr. J.W. Hubbard concluded with a review of the FY25 Budget highlights and next steps.

Messrs. B.J. Koch and J.W. Hubbard 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.

SRP's Digital Advertising Spend

Using a PowerPoint presentation, Jamie Abbruscato, SRP Director of Content Marketing and Creative Services, stated that the purpose of the presentation was to provide information regarding SRP's FY24 expenses for digital advertising and present examples of the SRP election advertising materials.

Mr. J. Abbruscato stated that the FY24 digital advertising budget totals \$4,604,333.88 and of said total, \$4,803.42 is budgeted for the election digital advertising. He discussed the various election advertising on paid and owned channels and said that the overall reach for this campaign is 1.9 million impressions across all channels.

Mr. J. Abbruscato presented examples of election advertising materials. He concluded with a breakdown of the FY24 program-level digital advertising budget.

Mr. J. Abbruscato 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.

Board Member S.H. Williams; Mmes. J.C. Peters and J.L. Tucker; and Messrs. L. Arthanari and J.I. Riggs left the meeting during the presentation.

Review of the Financial Results for the Month of February 2024

Jeff A. Wright, SRP Director of Financial Reporting, referenced the financial handout distributed to the Members relative to the combined highlights of operations of the District and Association for the month of February 2024. Using a PowerPoint presentation, he compared the actual versus budgeted figures for categories such as general fund balance, CNR, system sales, and customer accounts. Mr. J.A. Wright concluded by reviewing the financial summary and key financial indicators for the month of February 2024 and fiscal year-to-date.

Mr. J.A. Wright 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 R.C. Arnett left the meeting during the presentation.

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

Jim M. Pratt, 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 J.M. White Jr. asked the Committee if there were any future agenda topics. Board Member R.J. Miller requested a detailed monthly breakdown of digital advertising by category.

There being no further business to come before the Finance and Budget Committee, the meeting adjourned at 10:49 a.m.

John M. Felty
Corporate Secretary

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

March 28, 2024

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 9:30 a.m. on Thursday, March 28, 2024, from the Board 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 J.M. White Jr., Chairman; L.C. Williams, Vice Chairman; and N.R. Brown, R.J. Miller, K.H. O'Brien, and S.H. Williams.

Committee Member absent at roll call was K.B. Woods.

Also present were President D. Rousseau; Vice President C.J. Dobson; Board Members R.C. Arnett, M.J. Herrera, K.J. Johnson, A.G. McAfee, K.L. Mohr-Almeida, L.D. Rovey, and P.E. Rovey; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; Council Members M.L. Farmer, M.A. Freeman, and G.E. Geiger; Mmes. I.R. Avalos, M.J. Burger, A.P. Chabrier, L.F. Hobaica, V.P. Kisicki, L.A. Meyers, G.A. Mingura, J.C. Peters, J.R. Schuricht, C.M. Sifuentes, and J.L. Tucker; and Messrs. T.J. Burnett, J.D. Coggins, J.M. Felty, J.W. Hubbard, R.T. Judd, B.J. Koch, K.J. Lee, A.J. McSheffrey, M.S. Mendonca, M.J. O'Connor, B.A. Olsen, J.M. Pratt, and R.R. Taylor.

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, March 26, 2024.

Chairman J.M. White Jr. called the meeting to order.

Fiscal Year 2025 (FY25) Operating Budget

Using a PowerPoint presentation, Jon W. Hubbard, SRP Treasurer and Senior Director of Financial Services, stated that the purpose of the presentation was to request approval for the FY25 Operating Budget, including the multi-year contracts identified in the FY25 Operating Budget; and the FY25 Water Function Budget, which includes the falling water allocation.

Mr. J.W. Hubbard reviewed the FY25 general fund projection, which reflects the proceeds from a potential upcoming bond sale and the Fuel and Purchase Power Adjustment Mechanism (FPPAM) adjustment assumption. He compared the FY24 and FY25 operating expenses and primary capital cost by segment. He commented on matters relating to the multi-year contracts contained in the FY25 Operating Budget. Mr. J.W. Hubbard provided a Statement of Revenues and Expenses for the Association's Water Function Budget for FY25 with changes from FY24 to FY25. He

compared the FY24 and FY25 Combined Net Revenue (CNR), funds available, debt service coverage ratio, and debt ratio, and general fund target.

Mr. J.W. Hubbard concluded by recommending approval of the FY25 Operating Budget, including the multi-year contracts identified in the FY25 Operating Budget; and the FY25 Water Function Budget, which includes the falling water allocation.

Mr. J.W. Hubbard responded to questions from the Committee.

On a motion duly made by Vice Chairman L.C. Williams, seconded by Board Member N.R. Brown and carried, the Committee agreed to recommend Board approval, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Vice Chairman L.C. Williams' motion for approval of the FY25 Operating Budget, including the Multi-year contracts identified in the FY25 Operating Budget; and the FY25 Water Function Budget, which includes the falling water allocation:

YES:	Board Members J.M. White Jr., Chairman; L.C. Williams, Vice Chairman; and N.R. Brown, K.H. O'Brien, S.H. Williams, and K.B. Woods	(6)
NO:	Board Member R.J. Miller	(1)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

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 Member K.B. Woods 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 Jim Pratt, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chairman J.M. White Jr 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 9:52 a.m.

John M. Felty
Corporate Secretary

**Statement of Cash Received and Disbursed**

March 2024

(\$000)

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Fund Balance Beginning of Period	\$ 918,698	\$ 362	\$ 919,060	\$ 697,781
Cash Receipts:				
Electric Revenues	253,796	---	253,796	3,648,701
Water Revenues	---	5,980	5,980	23,220
Electric Customer Deposits	3,521	---	3,521	44,867
Reimbursement on Joint Ownership Projects	11,544	---	11,544	113,411
Construction Contributions and Advances	44,840	---	44,840	258,171
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	43,238	---	43,238	970,110
Sales Tax Collected	14,445	---	14,445	250,607
Other Cash Receipts	9,668	---	9,668	173,374
Total Cash Receipts	<u>381,052</u>	<u>5,980</u>	<u>387,032</u>	<u>5,482,461</u>
Fund Transfers - Net	<u>(4,558)</u>	<u>4,558</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	113,183	---	113,183	1,329,300
Operations and Maintenance	96,717	7,113	103,830	1,110,301
Employee Payroll and Payroll Taxes	50,951	3,196	54,147	662,017
Purchased Inventory	19,078	---	19,078	283,951
Cash Segregated for -				
Bond Interest	19,870	---	19,870	195,624
Bond Principal	9,898	---	9,898	105,646
Other Debt - Principal Repayment	---	---	---	---
Other Debt - Interest Expense	2,453	---	2,453	19,133
Capital Expenditures	149,382	---	149,382	858,353
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	314,381
In Lieu and Ad Valorem Taxes	---	---	---	118,244
Sales Tax Remitted	18,243	---	18,243	273,800
Margin and Collateral Disbursed - Net	5,729	---	5,729	44,094
Miscellaneous Cash Disbursements	1,671	---	1,671	56,790
Total Cash Disbursements	<u>487,175</u>	<u>10,309</u>	<u>497,484</u>	<u>5,371,634</u>
Fund Balance End of Period	<u>\$ 808,017</u>	<u>\$ 591</u>	<u>\$ 808,608</u>	<u>\$ 808,608</u>

**Cash Position****March 2024**

Composition of Funds Balance	(\$000)		
	<u>District</u>	<u>Association</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 501,837	\$ 591	\$ 502,428
Other Temporary Investments	146,980	---	146,980
Other Non-Current Investments	<u>159,200</u>	<u>---</u>	<u>159,200</u>
General Fund	<u>808,017</u>	<u>591</u>	<u>808,608</u>
Segregated Funds			
Electric System Debt Reserve Fund	80,598	---	80,598
Debt Service Fund	92,674	---	92,674
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	648,442	---	648,442
Post-Retirement Benefits Fund	1,226,875	---	1,226,875
Construction Fund	88,733	---	88,733
RHCP Fund	12,396	---	12,396
HHCP Fund	8,531	---	8,531
SPRHCP Fund	3,570	---	3,570
Four Corners Mine Reclamation Trust	14,218	---	14,218
Other Special Funds	<u>1,761</u>	<u>---</u>	<u>1,761</u>
Total Segregated Funds	<u>\$ 2,177,798</u>	<u>\$ ---</u>	<u>\$ 2,177,798</u>

DRAFT A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$6,400,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

WHEREAS, the Board of Directors (the “Board”) of the Salt River Project Agricultural Improvement and Power District (the “District”), by its Supplemental Resolution Dated September 10, 2001, Authorizing an Amended and Restated Resolution Concerning Revenue Bonds, which became effective January 11, 2003 (the “Resolution”), has created and established an issue of Salt River Project Electric System Revenue Bonds (“Revenue Bonds”);

WHEREAS, the Resolution authorizes the issuance of such Revenue Bonds in one or more series pursuant to a “Series Resolution” authorizing such series;

WHEREAS, Title 48, Chapter 17, Article 7 of the Arizona Revised Statutes (the “Act”) authorizes the Board of the District to issue and sell revenue bonds;

WHEREAS, as of May 1, 2024, there are outstanding approximately \$4,865,180,000 in Bonds; and

WHEREAS, the Board of the District has determined that it is necessary and in the best interests of the District that the District be authorized to issue, from time to time, an additional amount not to exceed \$6,400,000,000 in Revenue Bonds, pursuant to the Resolution or pursuant to a different resolution providing for a subordinate lien on the District’s Revenues, to provide monies to carry out the purposes of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of the District as follows:

ARTICLE I

Authority and Definitions

SECTION 1. Series Resolution. This Series Resolution is adopted in accordance with the provisions of Article II of the Resolution and pursuant to the authority contained in the Act.

SECTION 2. Definitions. All terms which are defined in Article I of the Resolution shall have the same meanings in this Series Resolution as such terms are given in Article I of the Resolution.

ARTICLE II

Authorization of Revenue Bonds

SECTION 1. Principal Amount and Series. Pursuant to the provisions of the Resolution, a series of Revenue Bonds is hereby authorized in the aggregate principal amount of not exceeding \$6,400,000,000. The Revenue Bonds shall be designated as “Salt River Project Electric System Revenue Bonds.” The Revenue Bonds may have a subordinate or parity lien on the Revenues of the District as shall be provided by subsequent resolutions of the Board of the District.

SECTION 2. Purposes. The Revenue Bonds are being issued for the purpose or purposes authorized pursuant to the Act including, without limitation, paying or reimbursing the Cost of Construction of improvements, replacements, additions, extensions and betterments of the Electric System.

SECTION 3. Maturities, Interest Rates, Redemption Provisions and Other Details. The Revenue Bonds shall be dated, shall mature not more than fifty years from the date thereof, shall bear interest at such rate or rates, or discounted interest, not in excess of the legal rate, shall be secured by either a parity or subordinated lien on the Revenues of the District, shall be subject to redemption or tender prior to maturity, shall be numbered, shall be payable at such place or places, within or without the State of Arizona, shall have such parity and reserve requirements, shall be in such denominations, shall be sold at public or private sale and in such manner, at such times and in such amounts, shall be executed, shall be in such form and shall contain such other provisions, all as authorized by law and as provided by subsequent resolutions of the Board of the District.

ARTICLE III

Miscellaneous

SECTION 1. Effective Date. This Series Resolution shall take effect immediately.

DRAFT A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$7,000,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM REFUNDING REVENUE BONDS OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

WHEREAS, the Board of Directors (the “Board”) of the Salt River Project Agricultural Improvement and Power District (the “District”), by its Supplemental Resolution Dated September 10, 2001, Authorizing an Amended and Restated Resolution Concerning Revenue Bonds, which became effective January 11, 2003 (the “Resolution”), has created and established an issue of Salt River Project Electric System Revenue Bonds (the “Revenue Bonds”);

WHEREAS, the Resolution authorizes the issuance of such Revenue Bonds in one or more series pursuant to a “Series Resolution” authorizing such series;

WHEREAS, Title 48, Chapter 17, Article 7 of the Arizona Revised Statutes (the “Act”) authorizes the Board of the District to issue and sell Refunding Bonds to refund outstanding revenue bonds;

WHEREAS, as of May 1, 2024, there are outstanding approximately \$4,865,180,000 in Bonds; and

WHEREAS, the Board of the District has determined that it is necessary and in the best interests of the District that the District be authorized to issue, from time to time, an additional amount not to exceed \$7,000,000,000 in Refunding Bonds, pursuant to the Resolution or pursuant to a different resolution providing for a subordinate lien on the District’s Revenues, to provide monies to refund any of the District’s outstanding Bonds heretofore or hereafter issued pursuant to the Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of the District as follows:

ARTICLE I

Authority and Definitions

SECTION 1. Series Resolution. This Series Resolution is adopted in accordance with the provisions of Article II of the Resolution and pursuant to the authority contained in the Act.

SECTION 2. Definitions. All terms which are defined in Article I of the Resolution shall have the same meanings in this Series Resolution as such terms are given in Article I of the Resolution.

ARTICLE II

Authorization of Refunding Bonds

SECTION 1. Principal Amount and Series. Pursuant to the provisions of the Resolution, a series of Refunding Bonds is hereby authorized in the aggregate principal amount of not exceeding \$7,000,000,000. The Refunding Bonds shall be designated as “Salt River Project Electric System Refunding Revenue Bonds.” The Refunding Bonds may have a subordinate or parity lien on the Revenues of the District as shall be provided by subsequent resolutions of the Board of the District.

SECTION 2. Purposes. The Refunding Bonds are being issued to provide monies to refund any Bonds heretofore or hereafter issued and to pay expenses incurred in connection therewith.

SECTION 3. Maturities, Interest Rates, Redemption Provisions and Other Details. The Refunding Bonds shall be dated, shall mature not more than fifty years from the date thereof, shall bear interest at such rate or rates, or discounted interest, not in excess of the legal rate, shall be secured by either a parity or subordinated lien on the Revenues of the District, shall be subject to redemption or tender prior to maturity, shall be numbered, shall be payable at such place or places, within or without the State of Arizona, shall have such parity and reserve requirements, shall be in such denominations, shall be sold at public or private sale and in such manner, at such times and in such amounts, shall be executed, shall be in such form and shall contain such other provisions, all as authorized by law and as provided by subsequent resolutions of the Board of the District.

ARTICLE III

Miscellaneous

SECTION 1. Effective Date. This Series Resolution shall take effect immediately.

**DRAFT RESOLUTION AUTHORIZING APPLICATION TO THE ARIZONA
CORPORATION COMMISSION FOR THE AUTHORITY TO ISSUE NOT EXCEEDING
\$6,400,000,000
SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS AND
NOT EXCEEDING \$7,000,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM
REFUNDING REVENUE BONDS**

WHEREAS, Title 48, Chapter 17, Article 7 of the Arizona Revised Statutes (“Act”) authorizes the Board of Directors (“Board”) of the Salt River Project Agricultural Improvement and Power District (“District”) to issue and sell revenue bonds and to issue and sell revenue bonds to refund outstanding revenue bonds;

WHEREAS, the Board of the District, by its Supplemental Resolution Dated September 10, 2001, Authorizing an Amended and Restated Resolution Concerning Revenue Bonds, which became effective January 11, 2003 (“Resolution”), has created and established an issue of Salt River Project Electric System Revenue Bonds (“Revenue Bonds”);

WHEREAS, the Resolution authorizes the issuance of such Revenue Bonds in one or more series pursuant to a “Series Resolution” authorizing such series;

WHEREAS, the Board, at the meeting held on May 6, 2024, reviewed a need for and approved the issuance of not exceeding \$6,400,000,000 Salt River Project Electric System Revenue Bonds and not exceeding \$7,000,000,000 Salt River Project Electric System Refunding Revenue Bonds;

WHEREAS, such Revenue Bonds and Refunding Revenue Bonds may be issued pursuant to the Resolution or pursuant to a different resolution providing for a subordinate lien on the District’s revenues; and

WHEREAS, pursuant to § 48-2465.B of the Act, the District must secure an order from the Arizona Corporation Commission (“ACC”) authorizing the issuance of revenue bonds and refunding revenue bonds.

NOW, THEREFORE, BE IT RESOLVED, that the Board of the District hereby authorizes the filing of an application with the ACC for an order authorizing the issuance of (i) \$6,400,000,000 Salt River Project Electric System Revenue Bonds and (ii) \$7,000,000,000 Salt River Project Electric System Refunding Revenue Bonds, or such lesser amounts as shall be determined to be necessary to meet the financial needs of the District.



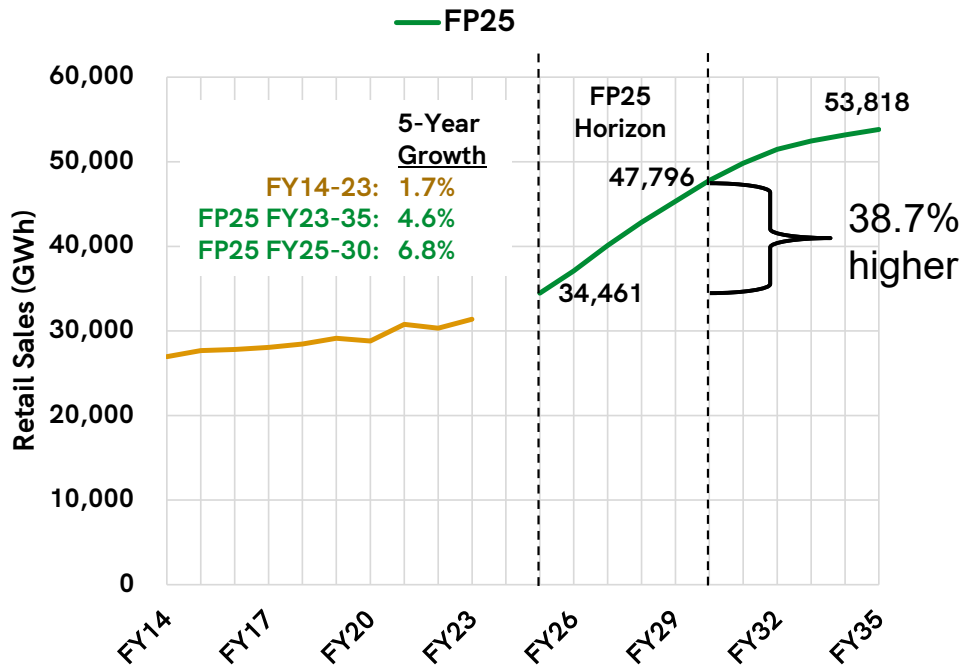
ACC Revenue Bond Issuance Authority

Jon Hubbard | April 25th, 2024

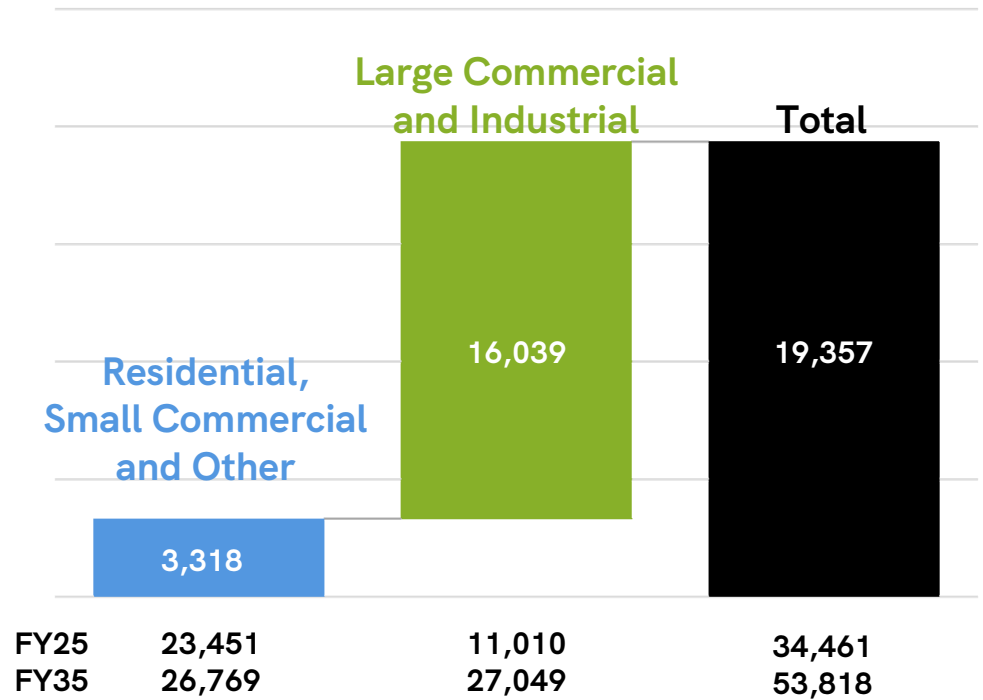
Retail Sales Forecast

Large Customers driving forecasted growth for FP25

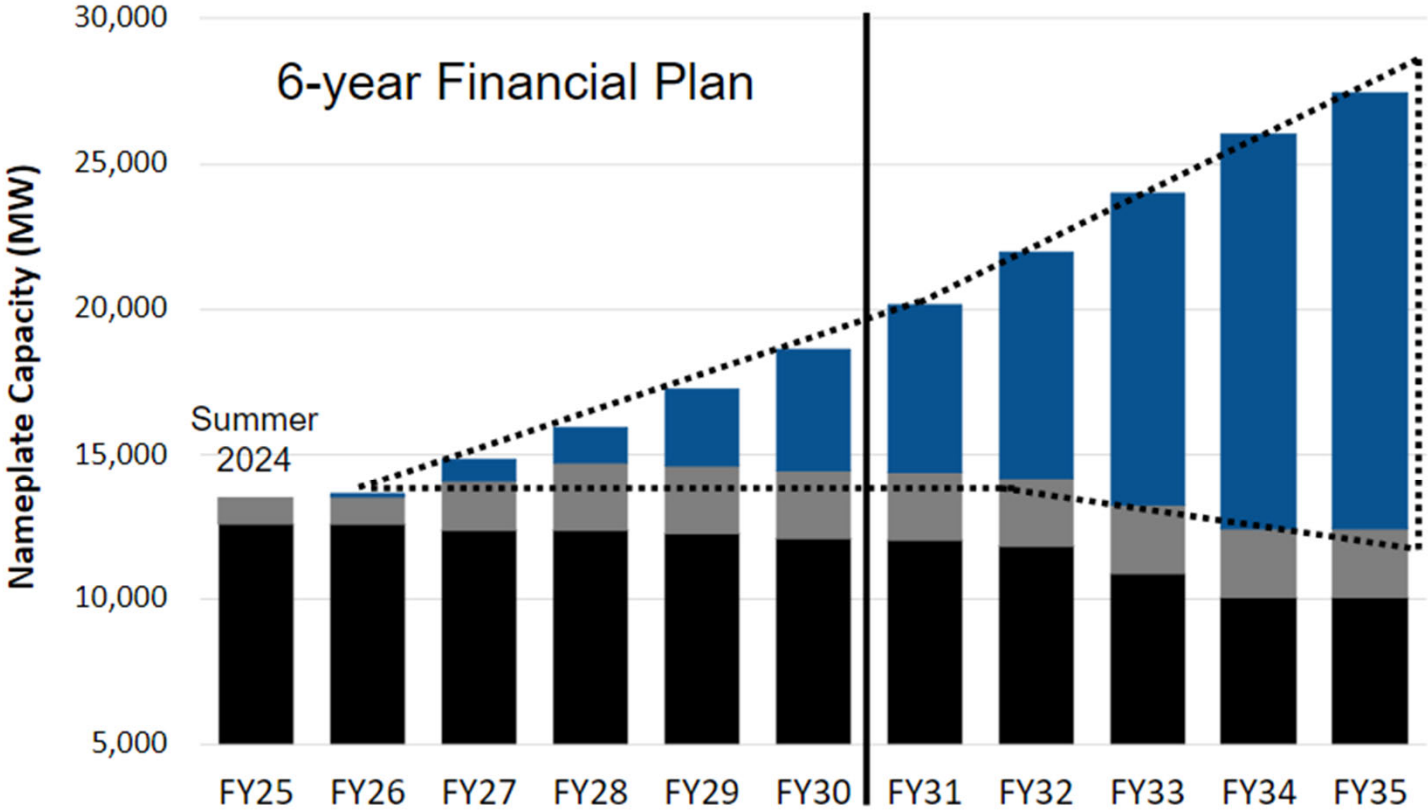
Retail Sales (GWh)



Retail Sales Forecast (GWh), FY35 vs. FY25

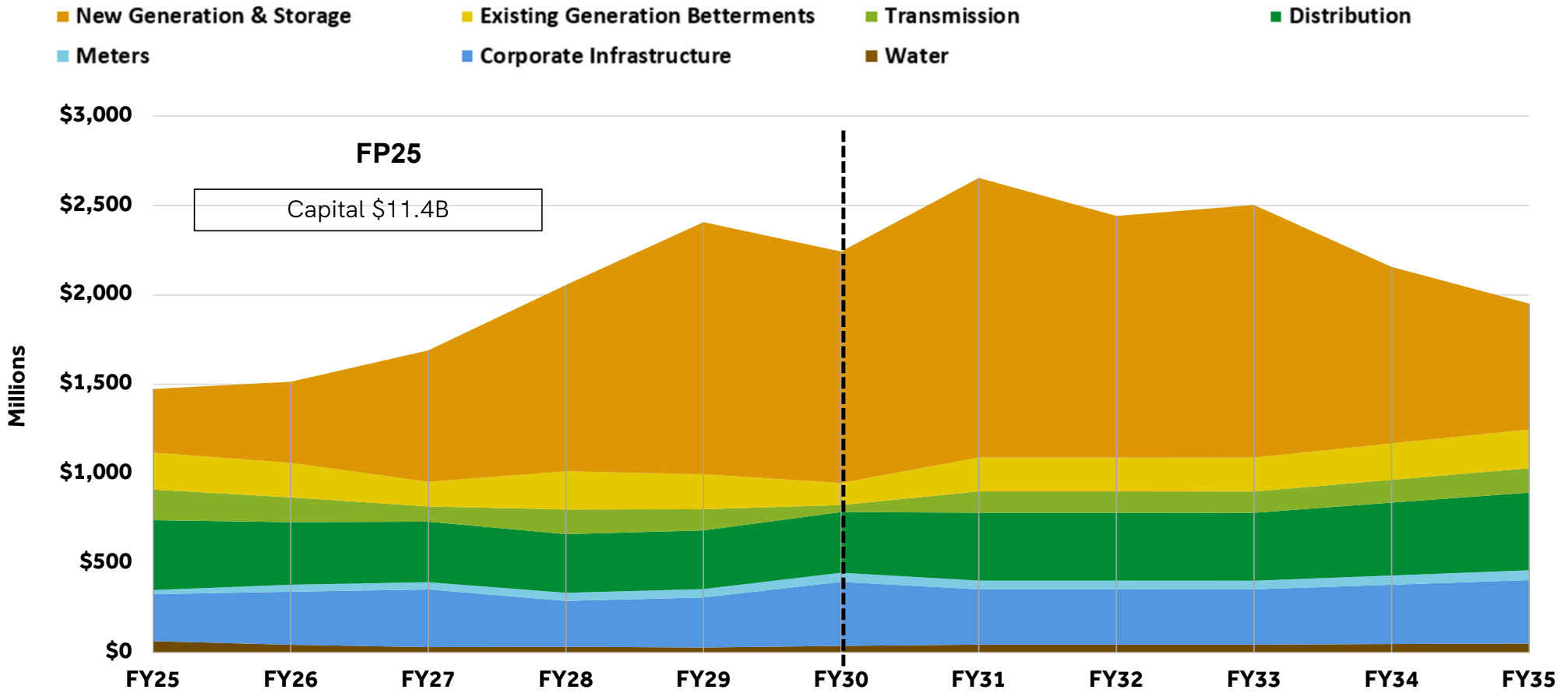


FP25 Plan - All Resources



- New Resources
- Contracted/Approved Resources
- Existing Resources

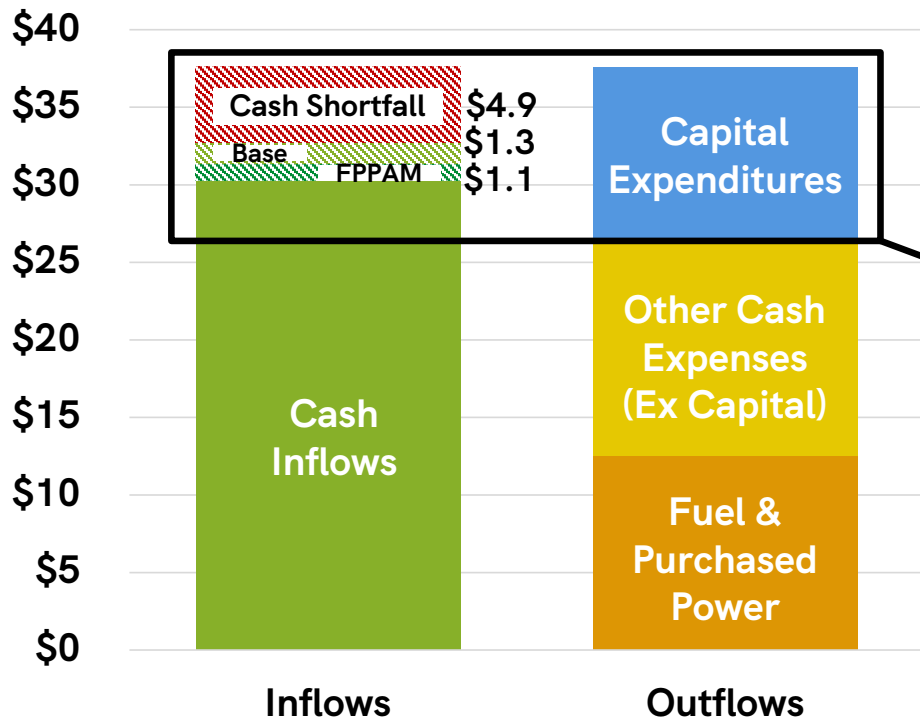
Capital Spending By Segment Through 2035 (\$M)



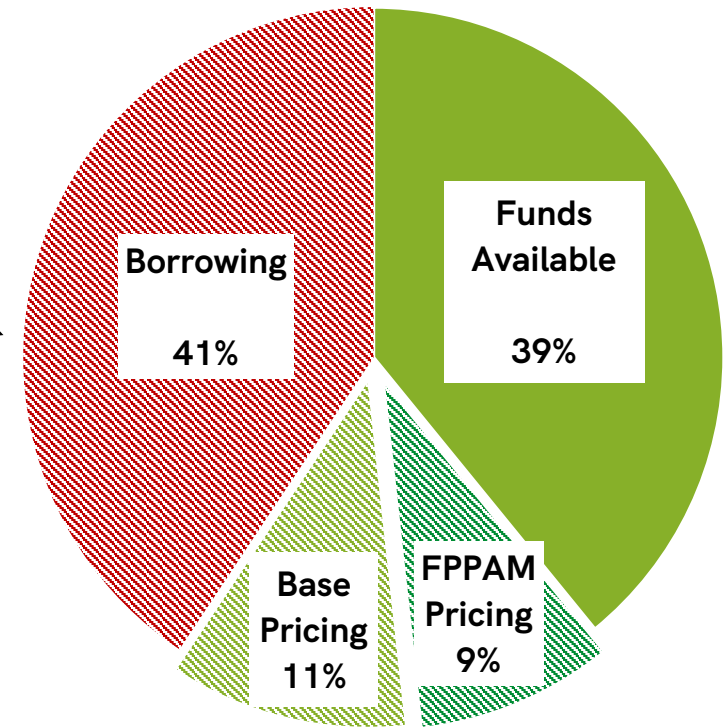
Cash Inflows & Outflows and Funding for Capital Expenditures

FP25 assumes future projected FPPAM/Base price increases

Cash Inflows & Outflows (\$B), FY25-30

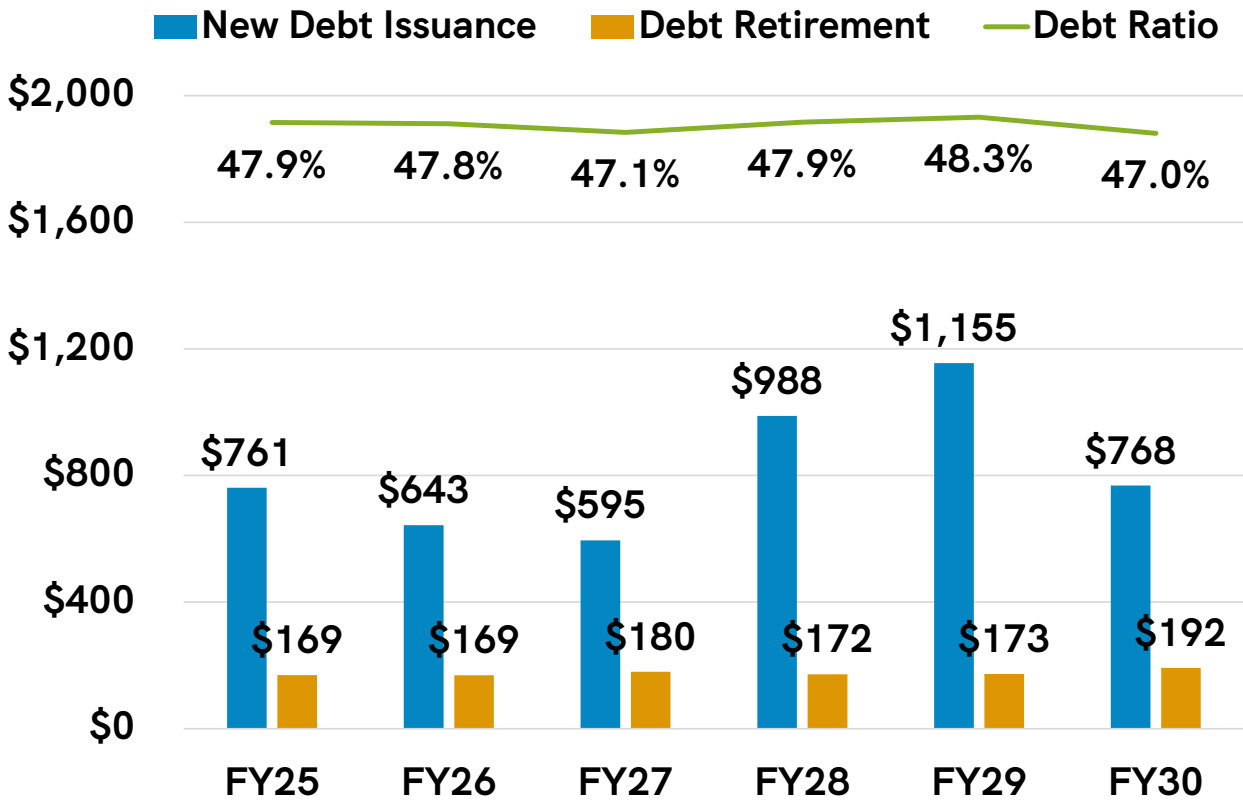


Share of Funding for Capital Expenditures

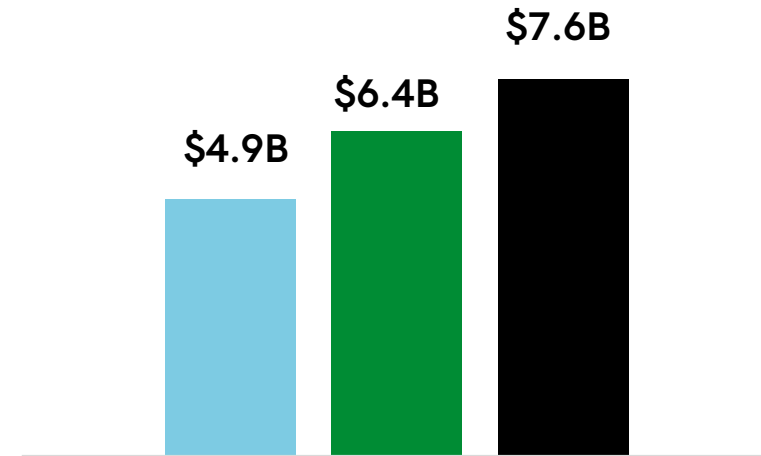


Pricing impacts are incremental to existing revenue

Borrowing Outlook (\$M)



- FP25 with Pricing Assumptions
- FP25 without Base increases
- FP25 Without Base & FPPAM increases



Six-Year Debt Issuance
Increases to \$7.9B to retire Commercial Paper outstanding

Financial Flexibility Necessary

- FP25 calls for utilizing remaining ACC bonding authority of \$1.2B by FY26
- Projected borrowing need could be \$4.9B - \$7.9B over 6-year outlook
 - Load growth and infrastructure
 - Resource transition
 - Build vs. PPA assumptions
 - IRA Production Tax Credits/ Investment Tax Credits
 - Inflation
 - Commercial Paper program
- Based on projected borrowing needs, \$6.4 billion authority request is appropriate
- Prudent to begin process now to help ensure ability to meet objectives

ACC Application for New Bonding Authority

- Board approval required to submit application to Arizona Corporation Commission (ACC) for additional bonding authority
 - Consistent with Arizona statutes and historical practice, SRP Board and Council will still approve each individual bond sale
- Plan to file application with the ACC in May-June 2024
- Application will cover both new money and refunding needs

Recommendation

- Management requests that the Committee recommend that the Board approve the Resolutions authorizing:
 - Issuance of not more than \$ 6.4 billion Revenue Bonds
 - Issuance of not more than \$ 7.0 billion Refunding Revenue Bonds to refund the Revenue Bonds, if, and when prudent
 - The filing of an application with the ACC for an order authorizing the District to issue such bonds
- Consistent with Arizona statutes and historical practice, SRP Board and Council will approve each individual sale of bonds prior to the issuance of such bonds

thank you!



Overview of Prepaid Commodity Transactions

Joe Giacalone

Finance & Budget Committee Meeting | April 25, 2024

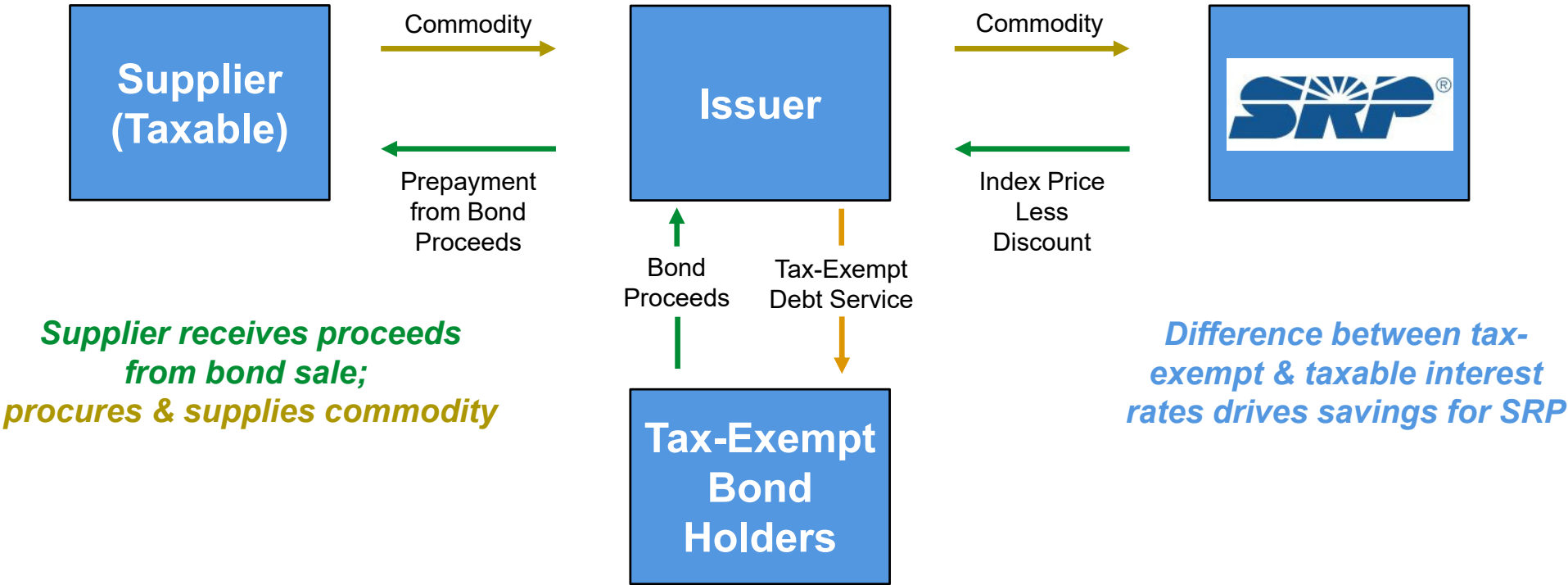
Agenda

- Prepaid commodity transactions (“prepays”) defined
- SRP's history with prepays
- Future opportunities
- Next steps

What is a Prepaid Commodity Transaction?

- A prepaid commodity transaction is a financing structure that provides SRP the ability to benefit from its tax-exempt borrowing status, leading to savings on future natural gas or power requirements.
- Prepays are non-recourse to SRP (only required to pay for commodities received) and does not impact balance sheet or credit metrics.
- Per IRS regulations, prepaid fuel or power must be consumed by retail customers.
- Prepays complement SRP's Resource Plan.

What is a Prepaid Commodity Transaction



SRP Prepay Transaction History - SVFC

- SRP originated its own prepaid gas transaction in 2007.
- SRP created Salt Verde Financial Corporation (SVFC), to issue \$1.2B in tax-exempt debt which is non-recourse to SRP and utilized to prepay for gas.
- Due to higher gas prices and interest rates at the time, SRP achieved a discount of \$1.15 per MMBtu.
- SRP's savings have been \$172M to date with an additional \$164M expected during the remaining term.

Prepay Transaction History 2020-2023

- New prepay structures simplified the process for the utility:
 - No need for separate entity like SVFC; and
 - Resource flexibility.
- SRP successfully completed three prepay deals under this structure after pre-approval from the Board. These transactions provide:
 - Discounts ranging from 26 to 50 cents per MMBtu;
 - \$21.9M in savings over the initial pricing period and at least \$60.3M in savings over the remainder of their terms if the minimum discounts are achieved; and
 - SRP with the flexibility to switch from gas to power at its discretion.

Future Opportunities – Gas and Renewables

Gas

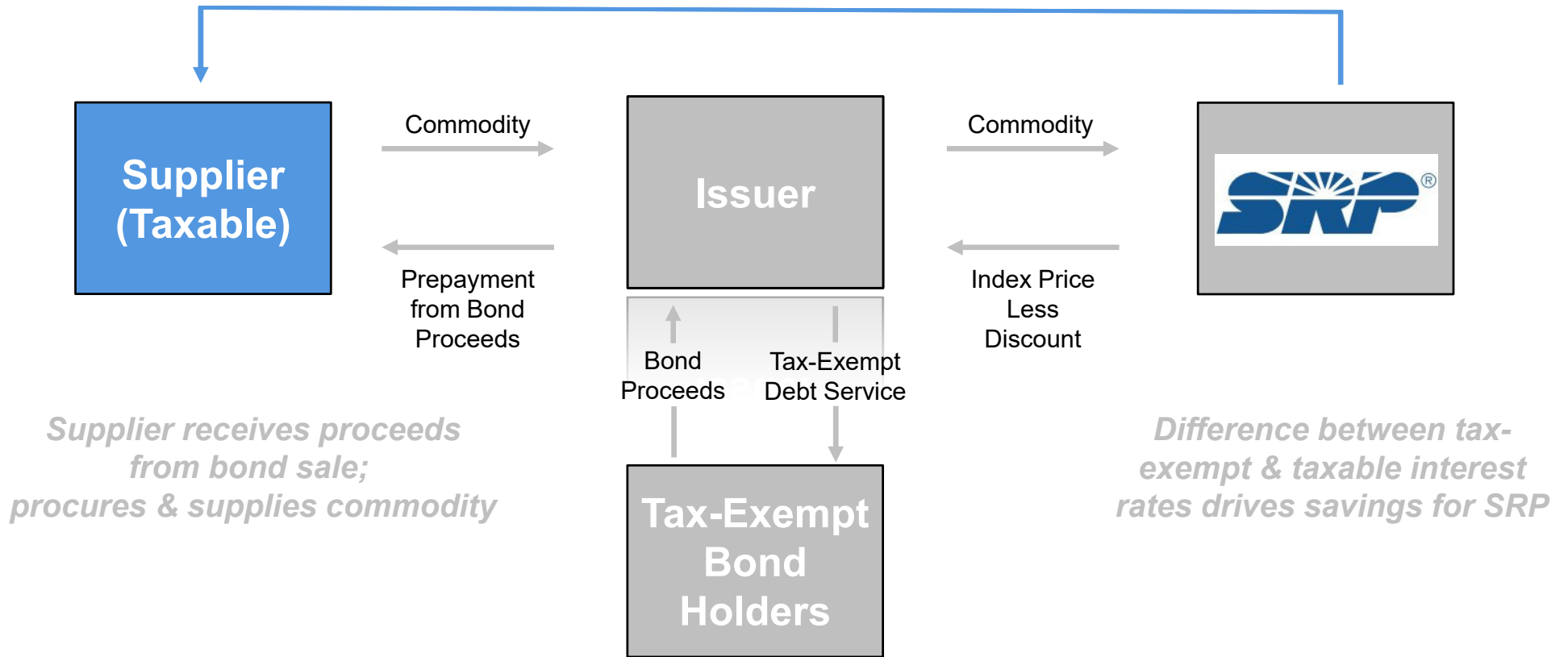
- Experienced with natural gas prepays; simplified structure
- Gas provides operational flexibility
- Prepaid transactions provide the ability to switch from gas to power
- Current market discount: \$0.40/MMBtu

Renewables

- Gaining in popularity over the past 5 years
- Energy is sourced from SRP's existing and/or future portfolio of renewable PPAs
- Current market discount: \$3.00/MWh

Prepaid Renewable PPA Transaction

Limited Assignment Agreement for PPA(s)



Next Steps

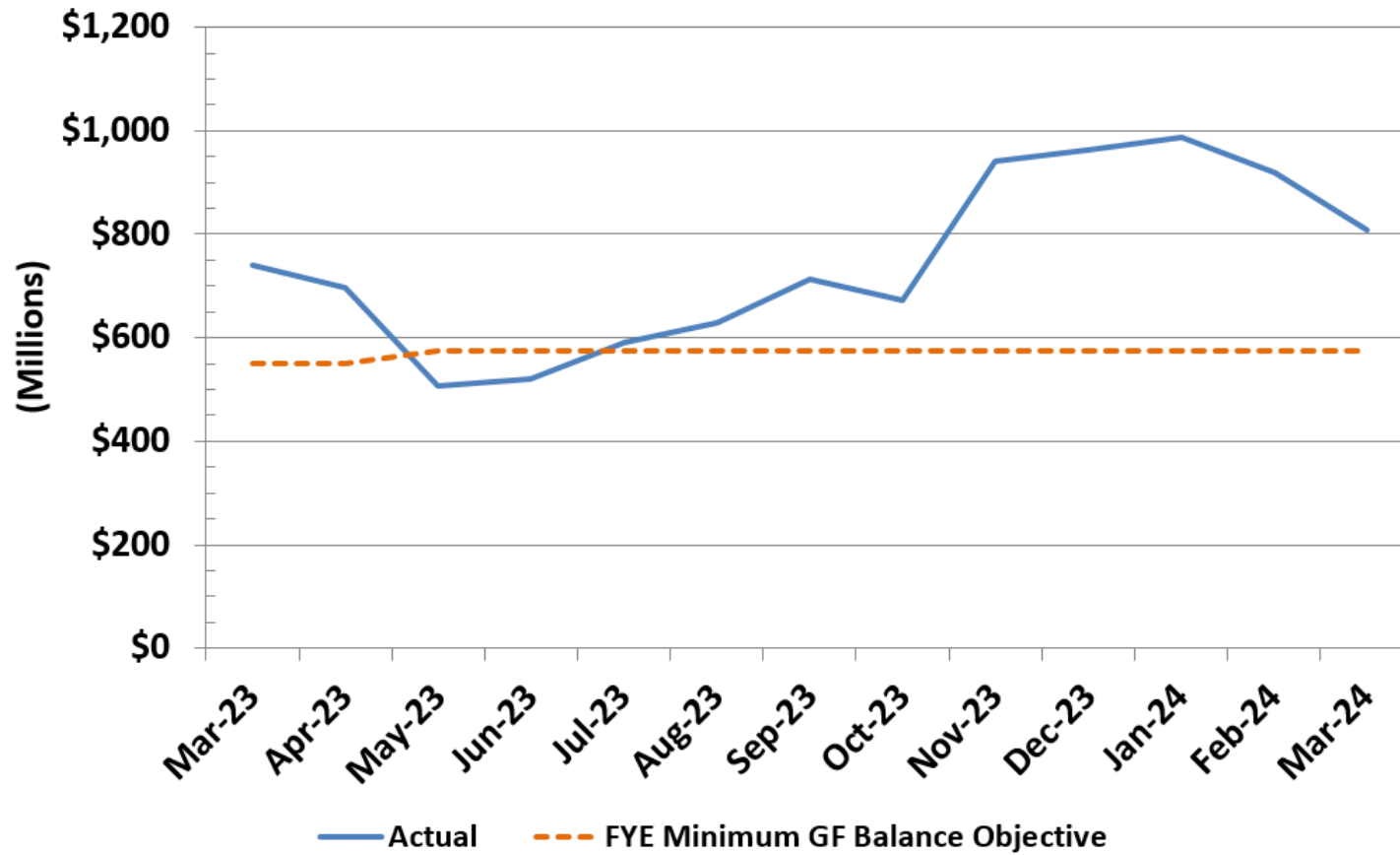
- Continue to work with legal, renewable PPA suppliers, and investment banks on assignment terms and renewable attributes associated with a renewable prepay.
- Determine appropriate volume and commodity selection for future prepay(s).
- Prepay discounts change daily and are the function of the spread between tax-exempt interest rates and the interest rate unique to the borrower.
- Seek SRP Board approval for parameters (volume, term, and minimum discount) to execute additional prepay transactions; likely to occur in summer/fall 2024.



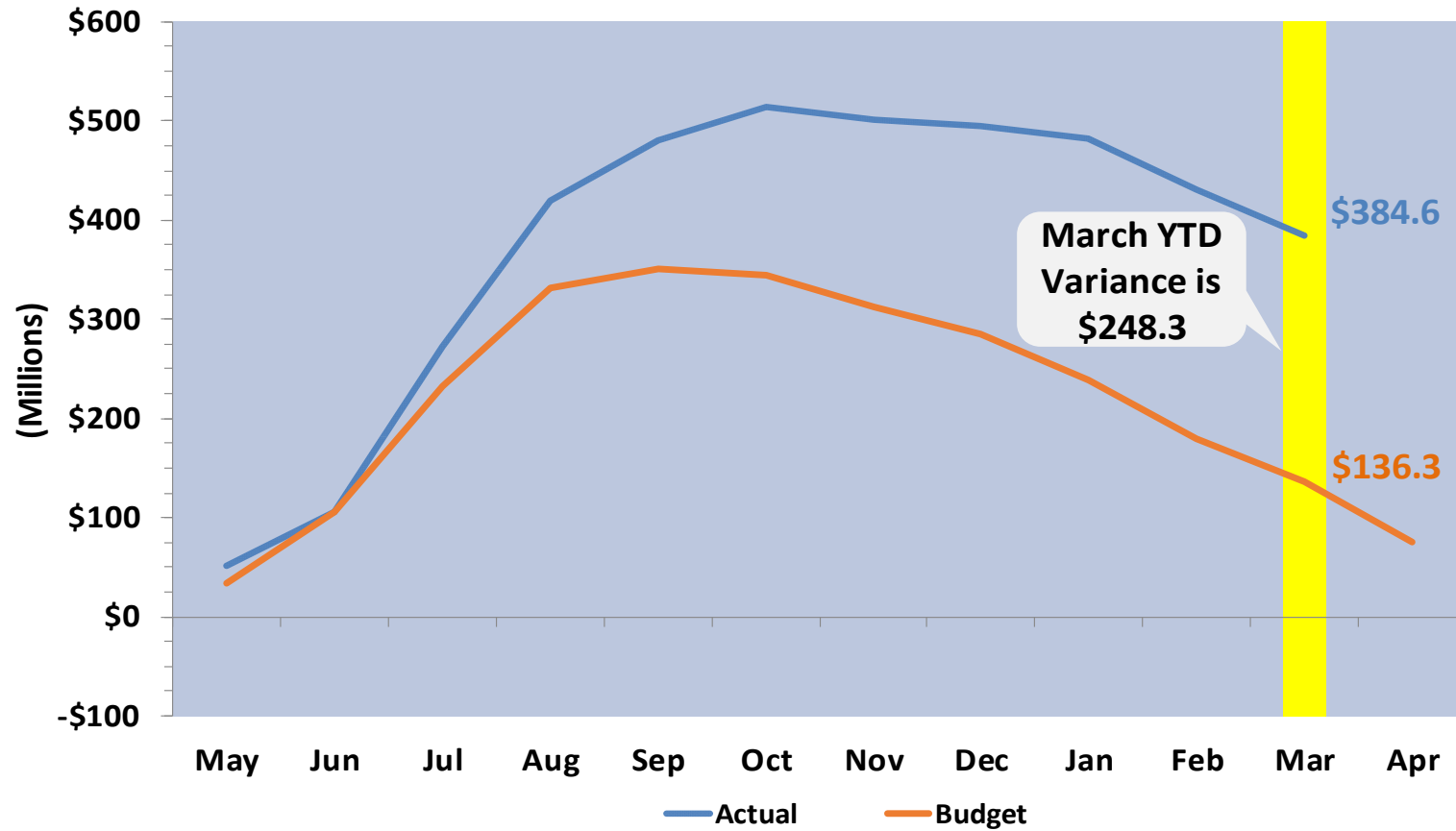
Monthly Financial Report March 2024

Finance & Budget Committee Meeting
Jeffrey A. Wright | April 25, 2024

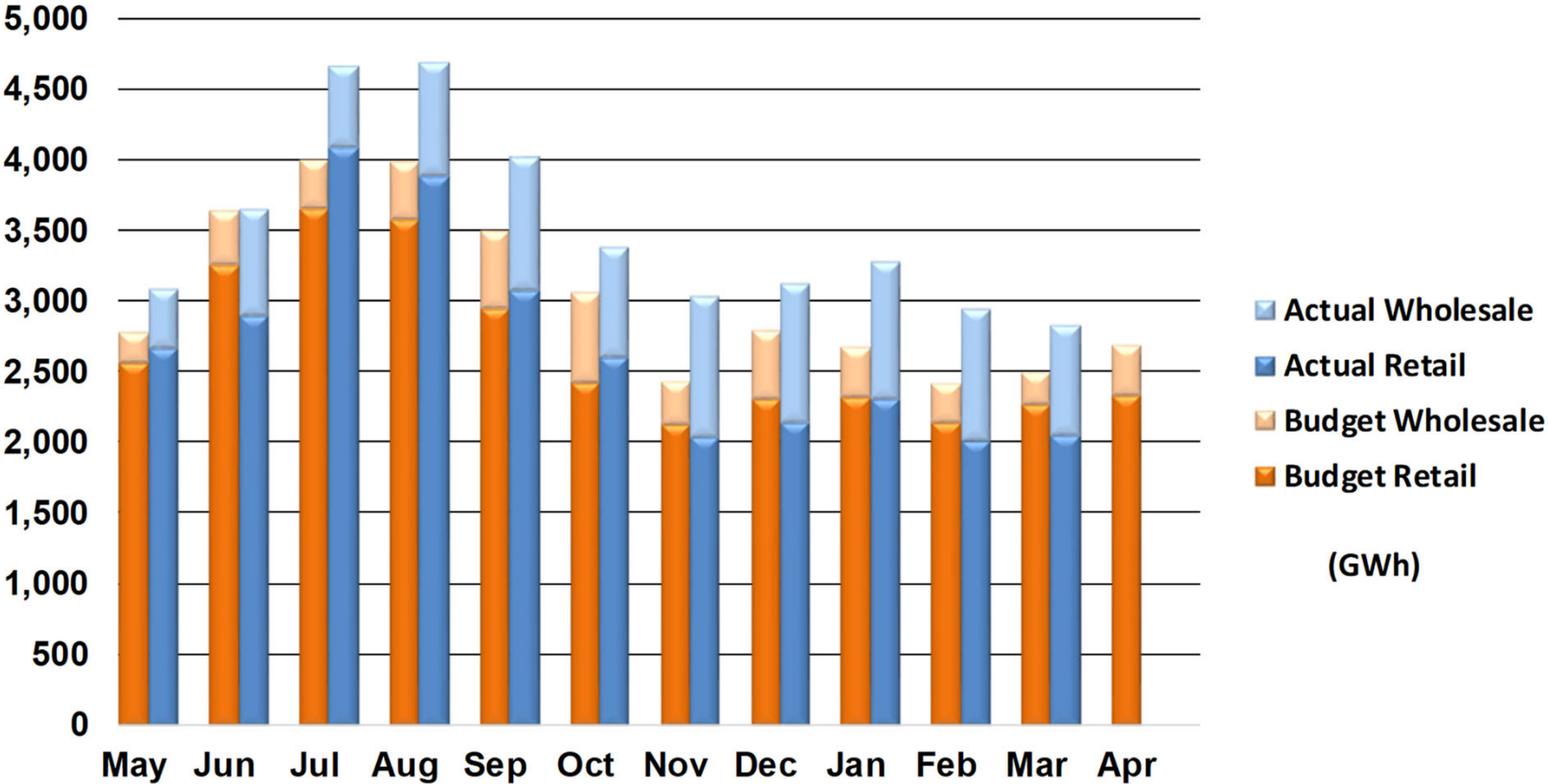
General Fund Balance



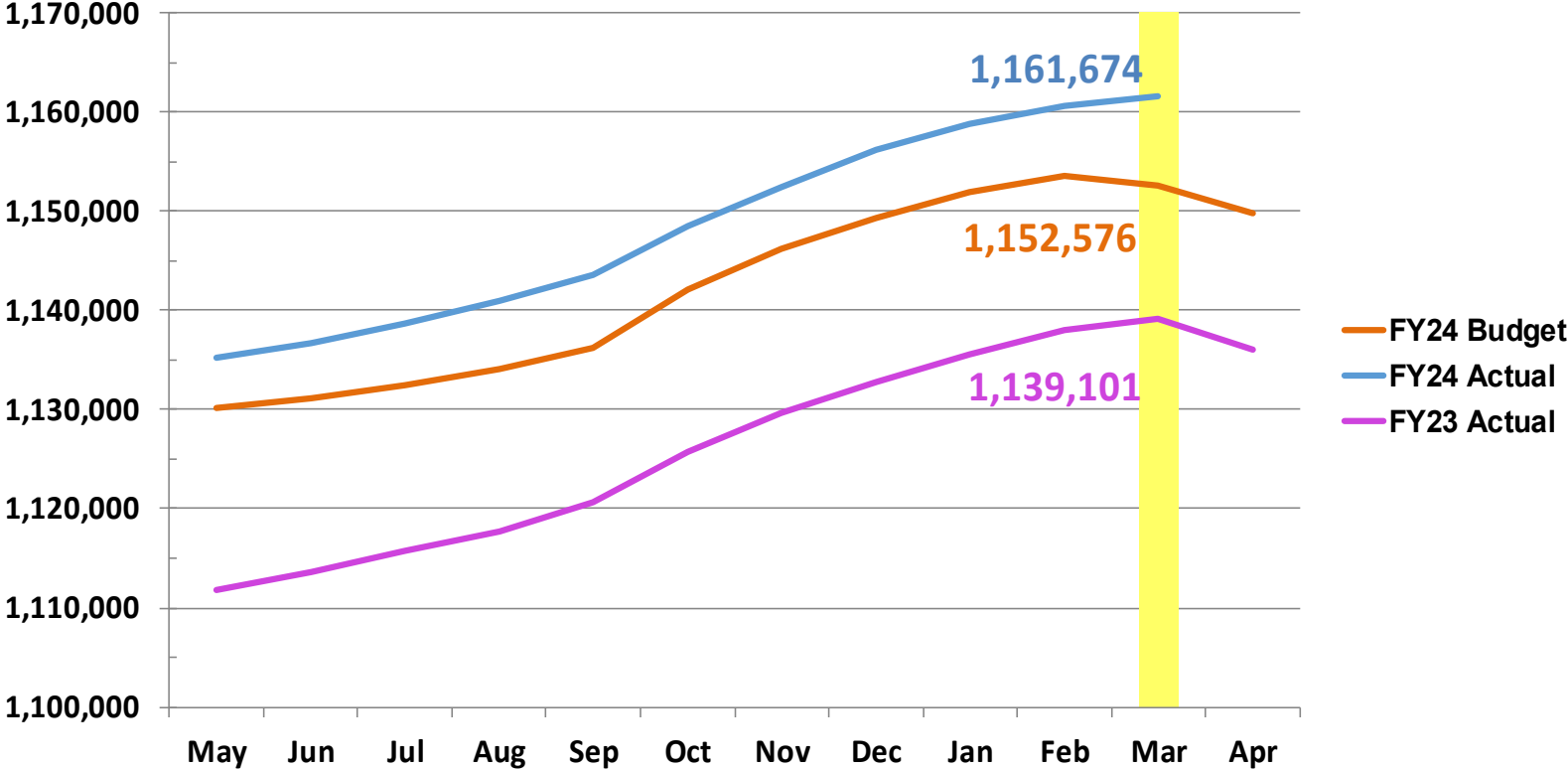
YTD Combined Net Revenue



System Sales



Customer Accounts



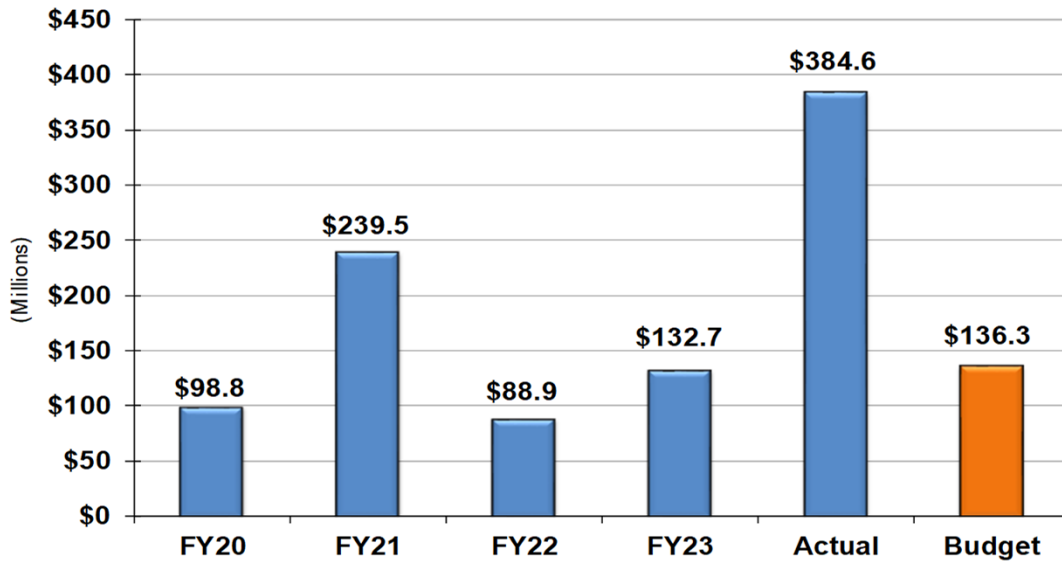
Financial Summary – March 2024

(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues	\$ 234,805	\$ 247,369	\$ (12,564)
Operating Expenses			
Fuel	84,838	97,929	(13,091)
O&M	118,030	120,645	(2,615)
Depr & Tax	67,727	66,287	1,440
Total Operating Expenses	270,595	284,861	(14,266)
Net Financing Costs	15,025	13,168	1,857
Other, Net	4,724	7,055	(2,331)
Combined Net Revenues	<u>\$ (46,091)</u>	<u>\$ (43,605)</u>	<u>\$ (2,486)</u>

Key Financial Indicators - YTD March 2024

(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Capital Expenditures	\$ 1,339,377	\$ 1,247,171	\$ 92,206
Funds Available	\$ 808,769	\$ 531,588	\$ 277,181
Debt Service Coverage	4.05	3.23	0.82

CNR without Fair Value Adjustments - YTD March 2024

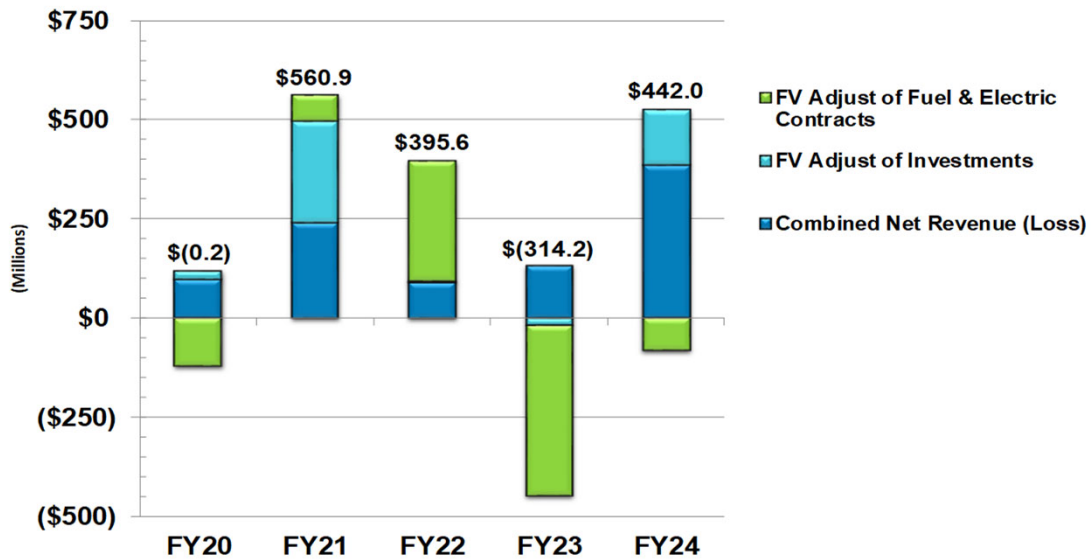


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(Non-GAAP, Unaudited) 1

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CNR with Fair Value Adjustments - YTD March 2024

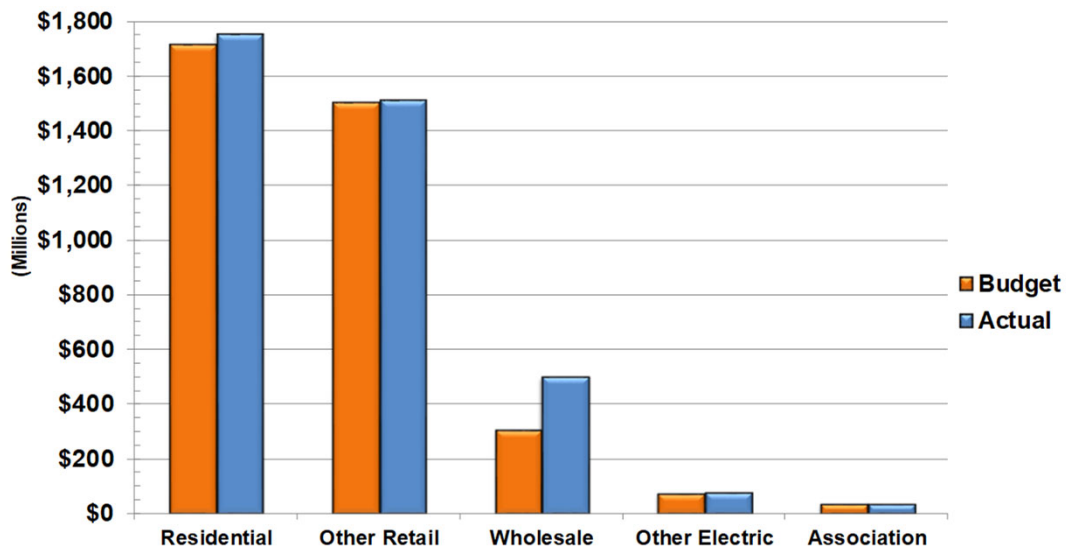


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Combined Operating Revenues - YTD March 2024

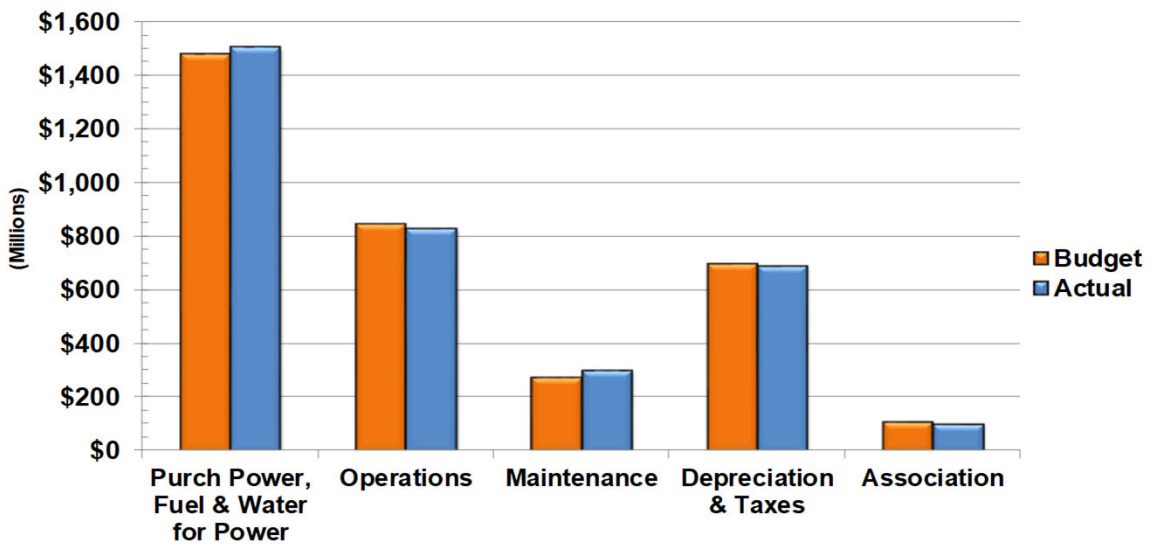


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Combined Expenses - YTD March 2024

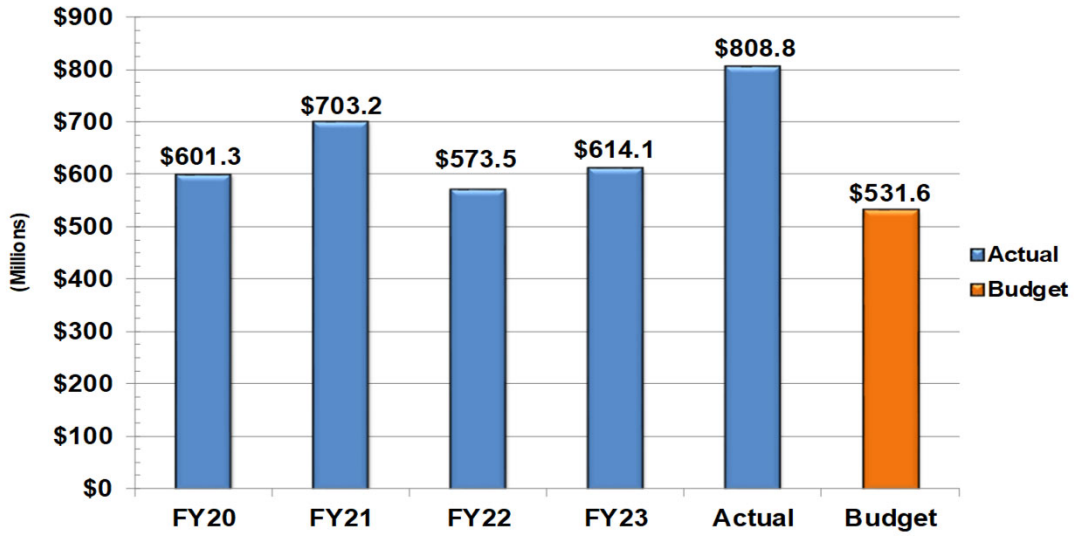


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Funds Available - YTD March 2024

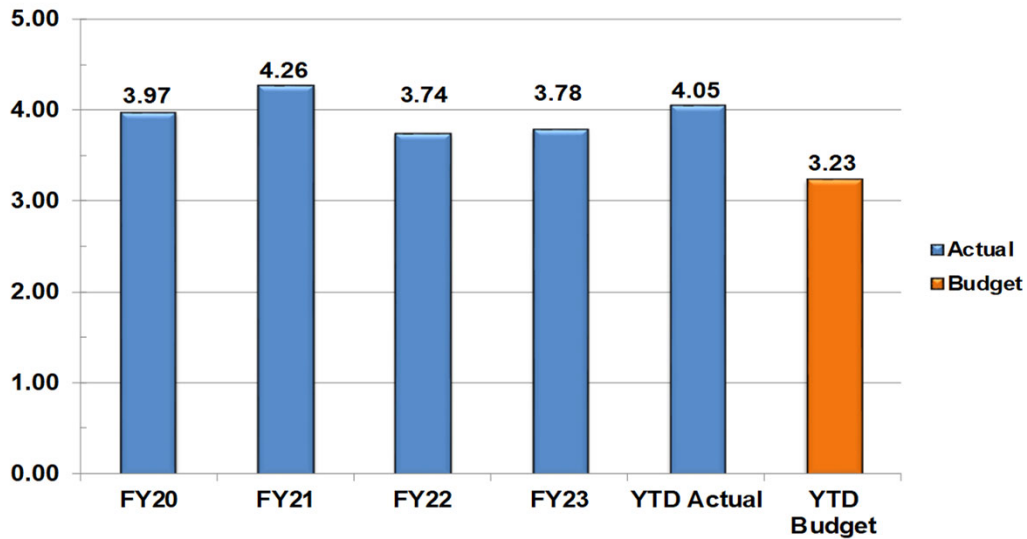


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Debt Service Coverage - YTD March 2024



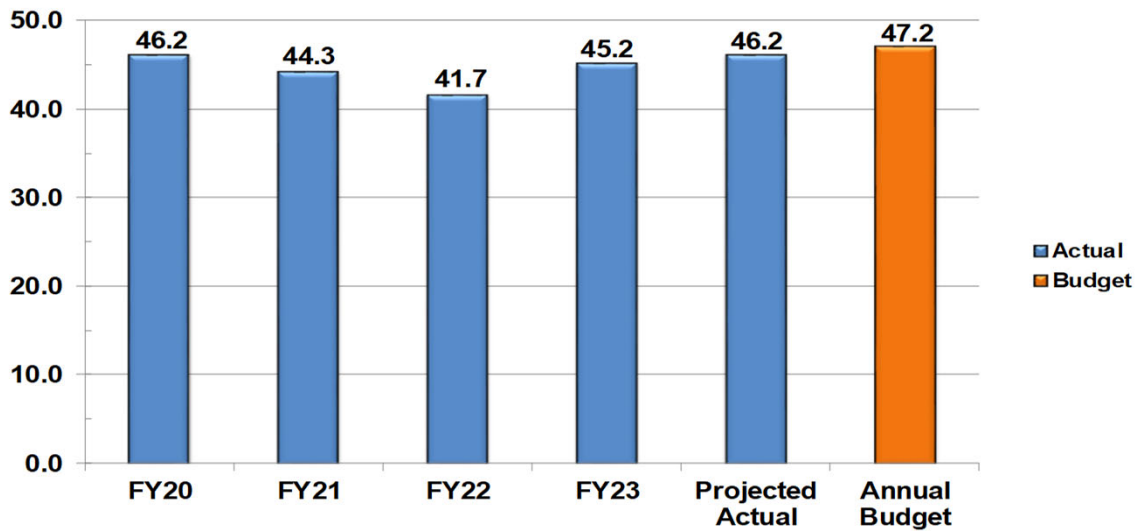
Note: Debt Service Coverage Ratio on Total Debt

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Debt Ratio - YTD March 2024



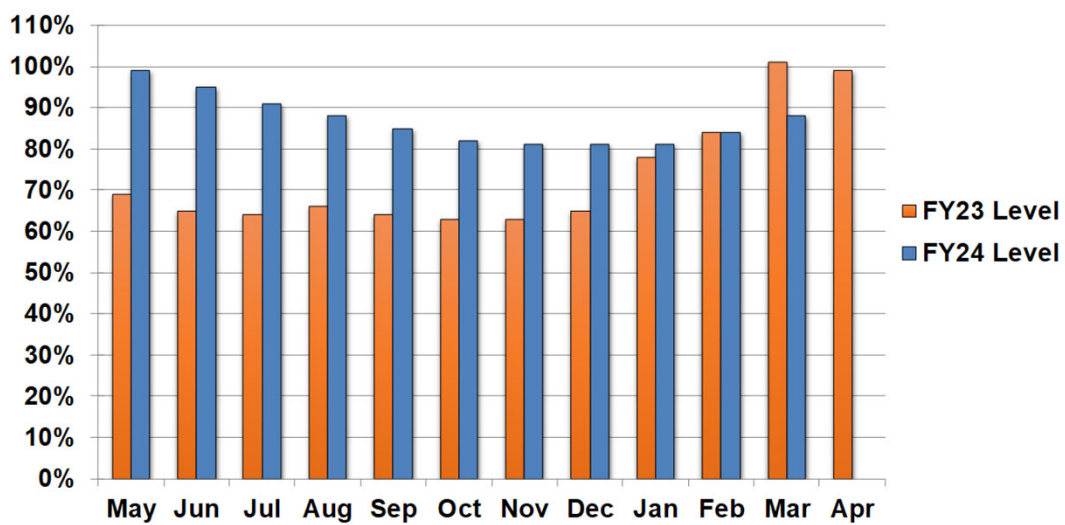
Note: Prior Years and Budget are Fiscal Year-End Ratios

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Water Storage Levels

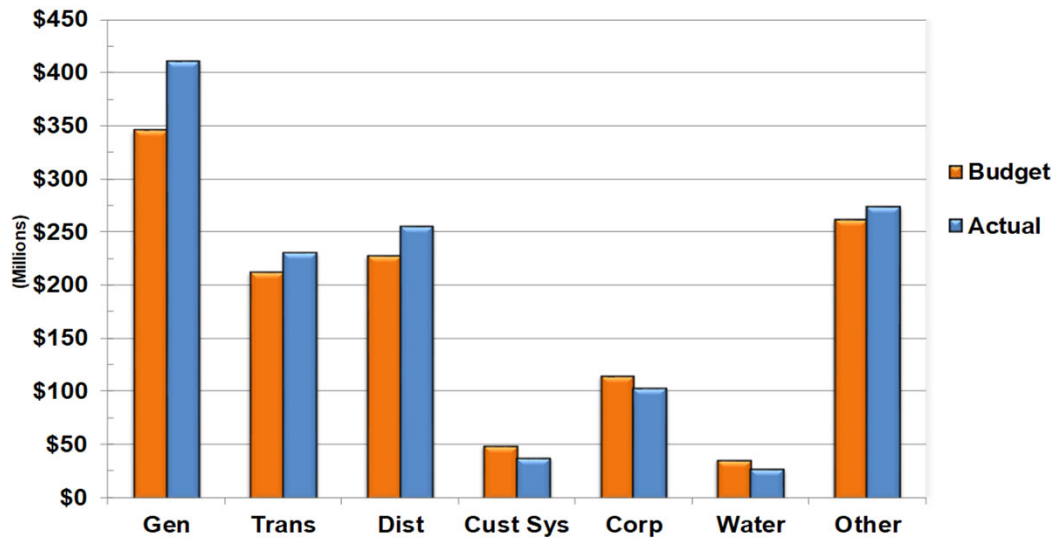


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Capital Expenditures - YTD March 2024



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