

Pinal County Water Augmentation Authority

MEETING MINUTES

MINUTES OF JUNE 11, 2024:

A meeting of the Pinal County Water Augmentation Authority was convened at 7:02 a.m. both remotely through technological means and in the Pinal County Offices in Casa Grande, Arizona.

Directors Present:

- Bill Collings, Papago Butte DWID
- Bryan Hartman, Maricopa-Stanfield Irrigation & Drainage District
- Stephen Q. Miller, Pinal County
- Jake Lenderking, Water utilities without a CAP water subcontract
- Derek McEachern, Central Arizona Irrigation and Drainage District
- Craig McFarland, City of Casa Grande
- Matt Rencher, City of Eloy
- Fred Schneider, Water utilities with a CAP water subcontract

Also Present:

- Joe Singleton, PCWAA Executive Director
- Cheyenne Walsh, Compass Strategies
- Jeremiah Brosowske, Pinal County
- Kami Ballard, Ivanhoe Electric
- Eric Castleberry, Ivanhoe Electric
- Nathan Miller, MATRIX New World Engineering
- Mitch Basefsky, Central Arizona Project
- Lonnie Frost

CALL TO ORDER:

Chairman Bill Collings called the meeting to order at 7:02.

APPROVAL OF MINUTES:

Craig McFarland moved to approve the minutes as drafted from the meeting of May 14, 2024. Fred Schneider seconded the motion, which carried 8-0. **COLLINGS, HARTMAN, LENDERKING, McEACHERN, McFARLAND, MILLER, RENCHER, SCHNEIDER.**

TREASURER'S REPORT:

Stephen Miller told the Board that the monthly expenses were for standard expenses. He said that everything was within the parameters of the Authority budget. Craig McFarland moved to accept the Treasurer's Report and pay the bills as presented. Fred Schneider seconded the motion, which carried 8-0.

UPDATE ON IVANHOE ELECTRIC MINING COMPANY:

Kami Ballard, the Director of Permitting and Social Responsibility for Ivanhoe Electric Mining Company, and Eric Castleberry, the Operations Director updated the Board on Ivanhoe's Santa Cruz project. Ballard reminded the Board that Ivanhoe had released their initial project assessment in September 2023, and been engaged in prefeasibility work since then. The Santa Cruz project, which is located just west of the Francisco Grande Resort, is on almost 6,000 acres of private land within the Casa Grande city limits, she said.

Ballard said that the initial assessment focused on a 5.9 million tons/year underground copper mine that will utilize a paste backfill. She said that the mine was expected to produce 1.6 million tons of copper during a 20-year mine life. Ballard indicated that there were two other deposits on site, but that the figures she was currently using were just for the initial deposit. She said that Ivanhoe intends to use 70% renewable energy for the project.

Ballard said that the economic and fiscal impacts in Ivanhoe's initial assessment indicate a \$9.2 billion economic impact on Pinal County during the life of the project. She said that construction and operation of the project were projected to support more than 753 direct, indirect, and induced jobs per year. She said that the project was estimated to generate \$1.3 billion in tax revenues for federal, state, county, and local government. Ballard added that people employed by the project would also pay taxes and buy goods and services locally as well.

She informed the PCWAA that the Santa Cruz deposit consists of particularly high-grade ore, with a copper content of more than double that of the Morenci mine. Castleberry added

that there was a significant amount of this secondary copper, the oxides that have already been leached from the primary copper. Ballard said that while there was also a significant amount of primary copper, that the current assessment is based only on the oxides. She indicated that the two declines being theorized to access the copper would take several years to construct before the actual mining could begin. Bill Collings asked if they had considered constructing a vertical shaft to the deposit. Ballard said that it had been considered. Castleberry said that the slinging of equipment and bucket lifting of the ore would cost more than utilizing the declines. He added that using the declines would intersect with less saturated thickness than a shaft. Ballard and Castleberry noted that dealing with the water at the depths of the deposit would be a challenge that Ivanhoe is still studying.

Ballard told the group that Ivanhoe is currently engaged in pre-feasibility work. She said that the preliminary feasibility study was expected to be complete by mid-2025. She told members that Ivanhoe was working on tradeoff studies that weighted the opportunities presented by different alternatives in mining methods, backfill, treatment processes, production capacity mine accessibility, material handling, equipment, and overall operational philosophy. She said that Ivanhoe had applied for a General Plan Amendment to the City of Casa Grande early this year. She said that the Final Council Hearing is scheduled for June 17, 2024. She said that Ivanhoe intends to apply for Planned Area Development Amendment soon. She added that they were also working on permits required by the state for mine development and water disposition through the Arizona Department of Environmental Quality and the Arizona Department of Water Resources.

Bill Collings asked if Ivanhoe expected to capture any rare earth elements in their process. Castleberry said that there was some minor amounts of gold and silver as well as molybdenite that would end up being smelter credits. Bryan Hartman asked if Ivanhoe had received feedback from tribal entities. Ballard said that the Gila River Indian Community, Tohono O'odham Nation, Salt River Pima-Maricopa Indian Community, and the Ak-Chin had responded to outreach from Ivanhoe, and had come to visit the three cultural sites on Ivanhoe lands.

PCWAA BUDGET, FY25:

Bill Collings asked Joe Singleton to brief members on the changes in the FY 25 budget. Singleton said that several areas were color highlighted on the proposed budget, drawing the group's attention to the "Member Contributions" line item, which was about \$8,000 more than in the FY24 budget. He noted the large figure in the bonding section, which he said was to satisfy requirements of the Bartlett Dam Modification to show the PCWAA capital responsibilities for their construction share, although Singleton noted that those monies would likely not be called for until the following fiscal year. Singleton noted others changes, some of which he said represented known changes in expenses such as charges for insurance and auditing. He indicated to members that a new budgetary line item was being proposed within the Operations budgets, and showed as a \$75,000 expense for the SRP/CAP Interconnect Facility's Technical Review Committee, to which PCWAA had applied. Stephen Miller noted that

the budget was a projection of what PCWAA might spend. Miller said that current discussions concerning PCWAA restructuring might entail the need of outside legal counsel. Craig McFarland said that other members entities might assist in this event. Bill Collings noted that, if necessary, it would be possible to utilize funds from another line item (like the Direct Recharge Program). Miller agreed. Craig McFarland moved to approve the draft FY 2025 budget as presented. Bryan Hartman seconded the motion, which carried 8-0.

CONTRACT WITH IMIQ LLC (JOE SINGLETON) FOR FY 2024-25:

Bill Collings reminded the group that IMIQ LLC was Joe Singleton's business construct. He said that the terms of the proposed contract were a continuation of the terms of the existing agreement. Jake Lenderking moved to approve extending the contract between PCWAA and IMIQ LLC as presented for FY 25. Craig McFarland seconded the motion, which carried 8-0.

RESPONSES TO ADWR COMMENTS:

Nathan Miller said that the providers whose future pumping was relocated in the modelling projections had returned their letters acknowledging the changes. He said that as such the finalized modelling work was ready to submit to ADWR, at the pleasure of the Stakeholder group's leadership. Stephen Miller said that yesterday he had told Rep. Martinez that the Stakeholder's submittal would be turned in soon. He added that at that meeting with ADWR, he had also expressed a desire for ADWR to expedite their review of the Stakeholder work, noting that much of it had already been seen by Department staff while it was being developed.

BARTLETT DAM MODIFICATION:

Bill Collings said that there had been little new activity on the Bartlett Dam Modification process. He told the group that Salt River Project was still waiting for comments on the allocation recommendation from the Bureau of Reclamation (BOR). He told the group that BOR did allocate additional federal funding to the project. Joe Singleton added that the Bartlett Dam Modification Steering Committee would meet next month.

Collings said that the Salt River / CAP Interconnect Facility (SCIF) technical committee had responded to the PCWAA request to join the group. Joe Singleton said that they were setting a meeting to discuss the particulars of joining, with the 30% completion benchmark seeming a logical place to enter the process. He said that Arizona Water Company had asked to join the study as well. Fred Schnieder said that Arizona Water Company had also had conversations with SRP, CAP and the CAGR, who were partners in the SCIF, concerning the possibility of leasing capacity in the interchange in the event that it was necessary.

EXECUTIVE DIRECTOR REPORT:

Joe Singleton said that he had spent a significant amount of time in communication with Cheyenne Walsh as the legislature continued through the legislative session. Singleton said that things were evolving rapidly, and Walsh would detail their status in her report.

Singleton said that he had had additional conversation with Advanced Weather Modification Solutions, who was suggesting a subcontractor in Nevada take over the PCWCAA work. Singleton said that it appeared that the Nevada contractor had access to an airplane, and that he was hoping to schedule a meeting with him soon. Singleton said that he and Walsh had recently spoken with Jeremiah Brosowske, who before working for Pinal County had worked for the Colorado River Indian Tribes (CRIT). Singleton said that according to Brosowske, the CRIT had heard a presentation from a group that was doing cloud seeding work with a different technology that does not use silver iodide. Singleton said that he hoped to learn more about their process if PCWAA revisits how they might wish to conduct cloud seeding in the future, noting that the Tohono O'odham had expressed concerns about the use of silver iodide.

Singleton told the group that he was also preparing to engage in end-of-fiscal year activities including preparing for the annual PCWAA audit. He reminded members that the Arizona Water Banking Authority would meet on June 17, 2024 for their regular quarterly meeting.

LOBBYIST REPORT:

Cheyenne Walsh of Compass Strategies said that each chamber of the legislature was discussing doing the state budget this week. She said that because of the projected budget shortfall, the third allocation of money that was to go to the Water Infrastructure Finance Authority (WIFA), \$333 million, would probably not be appropriated. She added that WIFA would probably get to keep the \$550 million in existing funds that it already had. She said that procedurally, the legislature could not finish a budget before Friday, and might be missing key members until the end of the month so that they would probably finish either the end of this week or the end of the month.

Walsh told the group that most of the outstanding bills had been amended onto HB 2201. She said that it had failed on its first Senate vote, was amended, and passed on a party-line vote. She said that the tribes were opposing the legislation, at least in part because they were not consulted about it.

Walsh told the group that ADWR had held a meeting and claimed that the Ag-to-Urban concept would cause ore groundwater pumping in the Pinal AMA, and that Pinal should be amended out of the legislation except for the Harquahala provisions. She said that such a change would likely be resisted by the legislature. She said that the House did pass SB 1081, the Buckeye exemption area bill. Walsh said that the Governor's Office had originally claimed that the Governor would not sign individual pieces of water legislation, holding out in favor of an omnibus type suite of legislation. SB 1081 might test that resolve, Walsh said.

Bryan Hartman asked about the status of the legislation that Sen. Kerr was sponsoring for rural water management. Walsh said that Kerr's bill, SB 1221 was in response to the Governor's desire for rural water management. Walsh said that she thought stakeholders were still negotiating, but that discussions were not going great. She said that she would be surprised if the bill moved before the end of session. Hartman asked if Pinal would be amended out of the Ag to Urban legislation. Walsh said that she did not entirely follow the Department's stated line of reasoning, but that ADWR seemed to claim that Ag to Urban conversion would utilize more water than current policies would lead to.

Craig McFarland said that he felt that the tribes' opposition to Ag to Urban created pressure on the Governor's Office and ADWR to justify reasons why the policy would not be appropriate in the Pinal AMA. Fred Schneider pointed out that the Department left out that the bill would require 100% replenishment, and felt that the ADWR explanation missed the mark. Stephen Miller said that he had been having similar experiences in meetings as Mayor McFarland, noting that several people he talked to expressed the opinion that Pinal should be left in the legislation and allow the Governor to veto it if she chooses.

PINAL STAKEHOLDER PROCESS REPORT:

Stephen Miller said that he had a meeting yesterday with staff from Rep. Griffin's office, ADWR, and Rep. Martinez. Miller said that Rep. Martinez wanted to know why decisions had not been made on the Pinal CAWS applications. Miller said that Martinez and other legislative staff felt that the Department was not following statutory mandates to make determinations on the applications. Miller indicated that the Stakeholder group would be submitting a completed modelling package for ADWR consideration soon.

PCWAA REORGANIZATION:

Stephen Miller said that the group would meet today after the PCWAA Board meeting. Miller said that he had asked the Pinal County attorneys office if they could do ad valorem taxes from a non-elected body. He said that while the county attorney could only provide limited support to the PCWAA effort, they were unsure that non-elected status (i.e. like PCWAA's current configuration) would absolutely prevent this kind of taxing.

CHAIR'S REPORT:

There was no report from the Chair.

CALL TO THE AUTHORITY:

There was a call to the Authority. There was no response.

CALL TO THE PUBLIC:

There was a call to the public. Mitch Basefsky of CAP said that the Record of Decision for the Supplemental Environmental Impact Statement (SEIS) for the remainder of the period that the 2007 Guidelines memorialized some of the less prominent points of the SEIS. He said that the maximum release from Lake Powell would be 7.48 million acre-feet (MAF) to Lake Mead, but allowed for a reduction to 6 MAF if the BOR's 24-month Study indicated a month that the water elevation level in Lake Powell would fall below 3,500'. Basefsky said that the ROD language also mandated the Lower Basin States to submit a plan for additional water conservation within 45 days if the April version of the 24-month Study showed an elevation in Lake Mead below 1,025'. Basefsky said that it was unlikely that either of these benchmarks would be realized in the near term. He said that the draft EIS would probably be published in December, 2024 with a public comment period to follow.

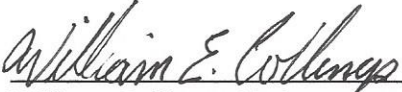
NEXT MEETING DATE:


The next meeting will be held on August 13, 2024 at 7:00 a.m.

ADJOURN

The meeting was adjourned at 9:02 a.m.

ATTEST:


William Collings, Chairman


Stephen Q. Miller, Secretary-Treasurer