

Pinal County Water Augmentation Authority

MEETING MINUTES

MINUTES OF JANUARY 7, 2025:

A Special meeting of the Pinal County Water Augmentation Authority was convened at 7:04 a.m. remotely through technological means.

Directors Present:

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

Also Present:

- Joe Singleton, PCWAA Executive Director
- Cheyenne Walsh, Compass Strategies
- Mark Reader, Stifel, Nicolaus & Company
- Jake Campos, Stifel, Nicolaus & Company
- Michael Cafiso, Greenberg Traurig
- Zach Sakas, Greenberg Traurig
- Mitch Basefsky, CAP

Chairman Bill Collings called the meeting to order at 7:04 A.M. Joe Singleton reminded members that Chairman Collings had tasked a workgroup of the Board last year to explore PCWAA finance issues. Singleton said that the efforts of the group had led to examine existing PCWAA statutory authority to issue revenue bonds. He said that those discussions had led to additional conversation with bond counsel from Stifel, Nicolaus & Company and from Greenberg Traurig for advice and assessment of existing PCWAA abilities related to bonding.

Mark Reader, from Stifel, Nicolaus & Company asked Jake Lenderking to share his screen of the one-page handout that reader had prepared for the meeting. Reader summarized the first part of the one-page document, which showed a hypothetical revenue bond transaction with the Authority financing a surface water supply and involving several PCWAA partners. Although hypothetical, some of the examples built-in were based on currently-known information concerning projects that PCWAA is pursuing. Jake Campos, Reader's colleague from Stifel, Nicolaus & Company explained the second part of the one-page document, which summarize the terms of the hypothetical offering. He covered the legal structure, repayment source, covenant package and other details. He mentioned that the tax situation for the municipal participants might be different from that of investor-owned utilities.

Bill Collings asked what was included in the \$80 million figure shown for Arizona Water Company. Fred Schneider said that it was a highest-end estimate being used for example purposes, noting that a more realistic figure would only include expense associated with water allocations for Pinal AMA systems. Stephen Miller asked if there was any recourse for the default of the individual participants. Mark Reader said that recourse could be set up through the covenants, and allow for other members to makeup a shortfall or assume a portion of the contract. Bob Marsh asked if Harquahala water was currently being contemplated for acquisition. Jake Lenderking said that it was mentioned as a possible supply during group discussion.

Zach Sakas with Greenberg Traurig briefed the group on suggested changes to the PCWAA statutes. He said that the existing statutory language related to bonding was unique to PCWAA statutes. He said that they were suggesting changes that in part aligned with that of special taxing districts, telling the group that the changes could make it easier to market the bonds by being a product that might look more familiar to potential investors. Sakas described some of the specific changes, including to the definition of a project, and to the mechanics and logistics of the bonding to align with those seen in other statutory bonding provisions, and put PCWAA on a more equal footing with others in terms of ability to utilize revenue bonding. Craig McFarland said that Casa Grande City Manager Larry Rains had reviewed the proposed language and had not objections to it.

Cheyenne Walsh of Compass Strategies noted that the next legislative session would being in six days. She said that Sen. Shope had agreed to open a folder at legislative council to allow for PCWAA legislation. She mentioned that the legislative council office was busy trying to draft House bills in order to get them out before the 7-Bill deadline in the House would apply, so she said that a draft of PCWAA legislation would likely be delayed until after that. Walsh said that she had spoken with or distributed draft language to ADWR, CAP, SRP, WIFA

and the Governor's Office for their comments or concerns. Walsh said that following feedback from those groups, she had a larger group of stakeholders in mind to make aware of the proposal. Walsh said that the deadline for the Senate Natural Resources Committee to hear bills was the end of February. Walsh told the group that she would circulate any comments that she received on the proposal. Walsh said that the fact that Zach had drafted the proposed changes was well received by those who had participated in the changes that he had previously drafted to the WIFA language.

The meeting adjourned at 7:54 A.M.

ATTEST:


William Collings, Chairman


Stephen Q. Miller, Secretary-Treasurer