

2016 Annual Report for the Hualapai Tribal Utility Authority



Prepared by: Hualapai Tribal Utility Authority Board and
Acting General Manager

Presented to HTUA Board on November 23, 2016

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Table of Contents

Preface	2
Synopsis	2
Mission Accomplishments in 2016 and Plans for 2017	3
FY 2016 Financial Report to date and Budget Request for FY 2017	7

Appendices

Appendix A: Meeting minutes from November 30, 2015 to October 18, 2016

Appendix B: Public Outreach for Amendment to the Hualapai Constitution

Appendix C: Resolutions for Boulder Canyon Project power and HTUA Ordinance amendment

Appendix D: Pechanga Benefit Arrangement and MEC Bill Credit Agreement

Appendix E: Presentations by Kanim Assoc., Transcon Env., Bureau of Reclamation, APA, etc.

Appendix F: Letter from Fennemore Craig

Preface

In accordance with Section 110 of the Hualapai Tribal Utility Authority Ordinance, the Board of Directors (Board) shall submit a report to the Tribal Council on an annual basis. The report shall include, but not be limited to, 1) financial conditions, 2) proposed budget for the upcoming fiscal year, 3) rates for various classes of consumers, 4) progress on HTUA's mission, and 5) other pertinent utility matters.

Any actions that the Board plans to take in the upcoming year that appear to require approval by the Tribal Council shall be highlighted in the annual report, including any request for the appropriation of tribal funds for the operation of HTUA. The Board may assign the General Manager the responsibility for preparing the report, although it shall be presented to, and must be approved by, the Board before being submitted to the Tribal Council. Failure to seek Council approval in an annual report will not necessarily preclude the HTUA from taking a planned action, but, if Council approval is required, a supplemental report to the Council (followed by Council approval) shall be required.

Synopsis

Over the past 12 months, the Hualapai Tribal Utility Authority (HTUA) has held fourteen meetings and accomplished several tasks to further its mission as follows:

- 1) continued the public outreach campaign to amend Article XVI of the Hualapai Constitution which led to voter approval of the amendment in May of 2016,
- 2) amended Section 208 and 209 of the HTUA Ordinance to reflect the changes to the Hualapai Constitution to allow the tribe the ability to grant limited waivers of sovereign immunity in contracts,
- 3) finalized and executed power sales contracts with Western Area Power Administration (Western) and Arizona Power Authority (APA) for a total of 489 KWs of Post-2017 Boulder Canyon Project Schedule D hydropower,
- 4) signed both a Benefit Arrangement Agreement with the Pechanga Band of Luiseno Indians and a Bill Credit Agreement with Mohave Electric Cooperative to manage the Western and APA power allocations, respectively,
- 5) solicited bids for engineering and financial professionals to assist the HTUA's loan application to USDA/Rural Utilities Service to finance the power line to Grand Canyon West,
- 6) selected an environmental consultant to perform the Environmental Assessment (EA) to analyze the power line routes to Grand Canyon West,
- 7) completed the right-of-way negotiations for the Arizona Public Service 500 KV power line lease through the reservation and adjoining trust lands,

- 8) included the Hualapai in the NREL Phase II/Navajo Generating Station (NGS) Post-2019 glide path study,
- 9) solicited bids for the HTUA's legal council and awarded contract for such services through December of 2017,
- 10) reappointed two HTUA Board members, selected four officers, and advertised for one new board member,
- 11) adopted one operating budget, and
- 12) received presentations from various entities including the Arizona Power Authority, Bureau of Reclamation, Mohave Electric Cooperative and Kanim Associates on power related projects, future electrical power opportunities for the tribe and on operating a tribal utility authority.

Mission Accomplishments in 2016 and Plans for 2017

Section 107 of the Ordinance defines four missions for the HTUA as follows: 1) establish and maintain electric power service for Grand Canyon West, 2) establish and maintain water service for Grand Canyon West, 3) establish and maintain sewage service for Grand Canyon West, 4) establish and maintain such services for such other locations within the Hualapai Reservation and on other Tribal lands under the jurisdiction of the Hualapai Tribe as the Tribal Council may deem appropriate pursuant to Section 108 of this Ordinance.

To accomplish these multiple missions, HTUA is authorized to carry out the following kinds of activities:

- (1) To plan for, provide, and furnish utility services to Grand Canyon West. Such utility services shall include electric power service, water service, and sewage service. Such services may include other energy-related services, including energy conservation and the use of renewable energy technologies.
- (2) To promote the use of HTUA's services where available in order to improve the health and welfare of residents of the Reservation and to facilitate economic development.
- (3) To acquire, construct, operate, maintain, promote, and expand electric power service, water service, and sewage service at Grand Canyon West and on such other locations within the Hualapai Reservation and on other Tribal lands under the jurisdiction of the Hualapai Tribe as the Tribal Council may deem appropriate pursuant to Section 108 of this Ordinance.
- (4) To operate utility services so as to provide revenue sufficient to service debt on particular component projects as may be required by creditors on such component projects.

(5) To do everything necessary, proper, and advisable, or convenient for the accomplishment of the mission set forth in this section, and to do all things incidental to or connected with such mission, which are not forbidden by law, this Ordinance, or the Hualapai Constitution.

Recap of 2016 Accomplishments

As in 2015, the HTUA's primary focus in 2016 has been to bring hard-line electric power via an interconnection to the local utility company's (UniSource) electric distribution system adjoining the Hualapai Reservation to Grand Canyon West. The project is expected to cost approximately \$15 million, but is also expected to reduce power costs at Grand Canyon West by nearly \$2 million per year by switching from on-site diesel generation to utility grid power. To design and construct such a project required the \$250,000 debt and liability limit stated in Article XVI of the Hualapai Constitution to be addressed. To do so, the HTUA worked closely with its legal counsel to write a new Section 3 to add to Article XVI of the Hualapai Constitution to allow the Hualapai Tribal Council a new ability to approve limited waivers of sovereign immunity which in turn allows the tribe to enter into contracts and take on debts (loans) greater than \$250,000. This effort resulted in a Secretarial Election held on May 23, 2016, and the amendment was approved by a majority of the Hualapai voters who participated in the election. The BIA certified the results on June 14, 2016, and Tribal Council memorialized the amendment via Resolution No, 66-2016. To accommodate the change to the Constitution, Section 208 and 209 of the HTUA Ordinance was also amended via Resolution No. 73-2016.

To continue the HTUA's efforts to reduce the tribe's electric cost, the HTUA finalized and executed power sales contacts with Western (382 KWs of capacity and 833,655 KWHrs of energy) and the APA (107 KWHrs of capacity and 233,457 KWHrs) for a total of 489 KWs and 1,067,112 KWHrs of Post-2017 Boulder Canyon Project Schedule D hydropower (see attached resolutions). This inexpensive hydropower may be purchased by the HTUA at a wholesale rate from Western and the APA, which is approximately three cents (3¢) per KWHr, and then wheeled to Grand Canyon West, once the power line is constructed, further lowering Grand Canyon West's power cost by several thousand dollars per year. To ensure the tribe receives some benefit from the hydropower allocations before the power line is constructed, the HTUA has entered into a Benefit Arrangement Agreement with the Pechanga Band of Luiseno Indians and a Bill Credit Agreement with Mohave Electric Cooperative to manage the Western and APA power allocations, respectively.

To find the most suitable benefit arrangement partner for the tribe given the HTUA's long-term plans to utilize the power, the HTUA issued an RFP on August 9, 2016, to manage the tribe's Schedule D allocation from Western. The Navajo Tribal Utility Authority (NTUA), Southern Nevada Water Authority (SNWA) and the Pechanga Band of Luiseno Indians from Temecula, California submitted offers. The Pechanga arrangement provides the highest payment to the tribe (\$46,536 over ten years) and a 10-year term with an early termination clause which the HTUA is likely to exercise once the power line to Grand Canyon West is built. However, the Pechanga have yet to establish their tribal utility authority,

which must be operational by October of 2017 to make the deal work. Both the HTUA Board and Tribal Council approved the benefit arrangement (see Resolution No. 95-2016).

The Mohave Electric Cooperative arrangement provides a short-term solution; one of the tribal government's electric accounts will have a reduced electric bill, such as the Mile Post 96 well field, and the HTUA will pay the APA for the Schedule D power. Boulder Canyon Project power has several costs to buy into the system which will have negative value to the tribe in the first five years of the 50-year contract. These costs are approximately \$6,600 over the first five years. Both the HTUA Board and Tribal Council approved the bill credit agreement. (see Resolution No. 96-2016)

With the successful conclusion of the Secretarial Election to amend the Hualapai Constitution, the HTUA has advertised for a financial consultant to prepare the Long Range Financial Forecast (LRFF) and engineering consultant to write the Construction Work Plan (CWP), both key components for the loan application to USDA/RUS. Bids will be reviewed at the November 23, 2016, HTUA Board meeting

Also as a result of the successful conclusion of the Secretarial Election to amend the Hualapai Constitution, UniSource, in association with the HTUA, advertised for environmental consulting services on August 30, 2016, for securing the necessary rights-of-way needed to locate and construct the power line to Grand Canyon West. UniSource received five bids, with SWCA, Transcon Environmental, and EnviroSystems Management proposals ranking in the top three after review by the staff from Hualapai Cultural Resources, Natural Resources, the HTUA Board, UniSource, TTG Engineers and Fennemore Craig at the October 18, 2016, HTUA Board meeting. The three candidates were interviewed on November 4, 2016, with the top candidate being Transcon Environmental. The consultant will be hired by UniSource who will in turn request payment reimbursement from the HTUA. These funds will be paid from the HTUA's operating budget, most of which will occur in 2017. UniSource will provide project management and will also request reimbursement from the HTUA for these services. The total amount payable to UniSource is estimated to be \$165,000 through August of 2017. The USDA requires a NEPA review, typically an Environmental Assessment (EA), to accompany such loan applications. In addition, RUS also requires a NEPA study be conducted prior to releasing the grant funds for which Hualapai was awarded \$1,881,130 in 2015 to help build part of the power line. Both environmental reviews will be combined into one document.

In October of 2016, the tribal negotiation team, which included the Chairman, Treasurer and Acting General Manager of the HTUA, along with members of tribal council, legal counsel and an energy industry expert, completed the right-of-way negotiations for the APS 500 KV power line lease through the reservation and trust lands. This agreement includes a significant back payment based upon the APS right-of-way lease made with a neighboring tribe, which has also hosted the 500 KV line for the past 50 years, and a new valuation for the Hualapai right-of-way based upon the neighboring tribe's current lease value with APS.

With the advent of the Environmental Protection Agency's (EPA) policy to curtail emissions from coal fired power plants and the Clean Power Plan, designed to reduce greenhouse gases over the coming decades, the Navajo Generating Station (NGS) located on the Navajo Reservation will see an alteration in

its power production after 2019. This alteration, while helping EPA implement Clean Air Act goals will have an impact on the economy of tribes in northern Arizona, namely the Navajo and Hopi. To lessen this impact, the federal portion of power produced at NGS, some 547 MWs, may be replaced with a clean, affordable and reliable power source. This new power source may be developed on tribal lands. At their November 30, 2015, board meeting the HTUA heard the presentation by the Bureau of Reclamation and requested that Reclamation also make the presentation tribal council. On March 4, 2016, tribal council heard the presentation and made a formal request for the Bureau of Reclamation to include Hualapai in NREL Phase II Study.

To further the HTUA's technical ability and energy market acumen, board members completed the training started by Kanim Associates in 2015 on operating a tribal utility authority, and have attended conferences such as the annual Arizona Tribal Energy Association meeting and the Solar Energy International conference in Las Vegas, Nevada. In addition to the Bureau of Reclamation's presentation on the NREL Phase II Study, Mohave Electric Cooperative has discussed their power reliability projects and future renewable energy opportunities with the HTUA.

Look ahead for 2017

In 2017, the HTUA will continue its public outreach effort to educate tribal members on tribal council's use of the limited waiver of sovereign immunity when signing contracts, namely the pending loan application to USDA/RUS. The HTUA will lead the tribal loan application effort to USDA/RUS, to provide the matching dollar amount for the \$1,881,130 USDA/RUS High Energy Cost grant that the tribe received in 2015 to build the power line to Grand Canyon West. The HTUA will also begin negotiating and finalizing contracts with UniSource to procure power and wheeling services to directly serve Grand Canyon West.

In anticipation of being a fully functional utility, the HTUA believes that at least two Hualapai should begin apprentice training as linemen and would like to request a scholarship program be provided by the HTUA (see budget request). Once the HTUA is successful in bringing electrical power to Grand Canyon West, it will focus on electrical service on other parts of the reservation, including Peach Springs, possibly involving the negotiations to purchase Mohave Electric Cooperative's distribution system and planning efforts to construct a solar farm large enough to meet the daytime power needs of the community. A key component of acquiring the local electrical distribution system is performing a cost of service study. The tribe has recently secured funding from BIA, Division of Energy and Mineral Development to hire a third-party consultant to perform this study in 2017.

FY 2016 Financial Report to date and Budget Request for FY 2017

On December 14, 2015, Tribal Council approved the HTUA's operational budget at \$104,005.

Approved HTUA Budget for 2016					Account No 01-60-00-0000	Through September	
Professional Services	Rate	Units/Month	Months	Total	Expense	Balance	
Web Site				\$3,700	\$2,221.00	1,479.00	
Labor per Hour*	\$375.000	20	12	\$90,000	\$113,529.83	(23,529.83)	
Lodging per night	\$100.000	2	3	\$600		600.00	
Per Diem	\$45.000	2	3	\$270		270.00	
Mileage per visit	\$0.575	400	3	\$690		690.00	
				\$95,260	\$115,750.83	(20,490.83)	
Board Member Travel	Rate/Mile	Miles		Total	Expense	Balance	
Automobile	\$0.575	2,000		\$1,150		1,150.00	
Per Diem	Rate/Quarter	Rate/Day	Days	Total			
Inside-State Per Diem	\$11.25	\$45.00	10	\$450.00		450.00	
Outside-State Per Diem/Registration	\$15.00	\$60.00	5	\$300.00	\$550.00	(250.00)	
Lodging	Room Rate	Nights		Total			
Hotel	\$125.00	15		\$1,875	\$247.68	1,627.32	
				\$3,775	\$797.68	2,977.32	
Memberships	Annual Dues			Total	Expense	Balance	
AZ Tribal Energy Assoc	\$1,500			\$1,500		1,500.00	
				\$1,500	\$0.00	1,500.00	
Public Outreach	Rate/Cost	Units/Month	Months	Total	Expense	Balance	
Supplies				\$0.00	\$566.47	(566.47)	
Postage	\$1.47	500	2	\$1,470.00		1,470.00	
Food	\$5.00	200	2	\$2,000.00	\$1,068.84	931.16	
				\$3,470.00	\$1,635.31	1,834.69	
Total Budget				\$104,005.00	\$118,183.82	(14,178.82)	

The balance though September 30th is at minus \$14,178.82. This negative balance is in the process of being remedied the Finance Department who will credit a recent TTG contract amendment of \$150,000 to the HTUA account. The Expenses have been for public outreach (food, mailings), web site development, travel to conferences and meetings, expenses for legal counsel, and new expenses from TTG which have previously been paid from another account.

Proposed HTUA Budget for 2017				Account No.	01-60-00-0000
General Manager Consulting*	Rate	Units/Month	Months	Total	
Labor per Hour	\$170.00	60	12	122,400.00	
Lodging per night	\$125.00	1	12	1,500.00	
Per Diem	\$45.00	2	12	1,080.00	
Mileage per visit	\$0.575	400	12	2,760.00	
				127,740.00	
Legal Counsel & Other Prof Svcs	Rate	Units/Month	Months	Total	
Labor per Hour*	\$425.00	20	12	102,000.00	
Lodging per night	\$100.00	2	3	600.00	
Per Diem	\$45.00	2	3	270.00	
Mileage per visit	\$0.58	400	3	690.00	
Total				103,560.00	
Engineering Consultant (TTG)	\$165.00	40	12	79,200.00	
NEPA Consultant				165,000.00	
USDA Loan App Consultant				60,000.00	
				407,760.00	
Arizona Power Authority	Rate/MWHR	Units/Month	Months	Total	
BCP Post 2017 Schedule D2 Power	\$39.71	19	3	2,317.64	
Repayable Capital Advance				1,584.00	
				3,901.64	
Lineman Apprentiship Training	Tuition/Rate	Units/Students		Total	
Class	\$10,000.00	2		20,000.00	
				20,000.00	
Board Member Training & Travel	Rate/Mile	Miles		Total	
Automobile	\$0.575	2,000		1,150.00	
Per Diem	Rate/Quarter	Rate/Day	Days	Total	
Inside-State Per Diem	\$11.25	\$45.00	10	450.00	
Outside-State Per Diem	\$15.00	\$60.00	5	300.00	
Training/Conferences	Tuition/Rate	Units/Students		Total	
Solar Power International	\$1,065.00	5		5,325.00	
Lodging	Room Rate	Nights		Total	
Hotel	\$125.00	15		1,875.00	
				9,100.00	
Memberships	Annual Dues			Total	
Arizona Tribal Energy Assoc	\$1,500			1,500.00	
				1,500.00	
Public Outreach	Rate/Cost	Units/Month	Months	Total	
Domain Hosting & Web support	\$130.00	1	12	1,560.00	
Pamphlets	\$0.50	500	1	250.00	
Postage	\$1.47	500	1	735.00	
Food	\$5.00	200	1	1,000.00	
Supplies				2,000.00	
				3,545.00	
Total Budget				573,546.64	

For FY 2017, the Hualapai Tribal Utility Authority's budget request is \$573,546.65 from the Hualapai Tribe's General Fund (see table). This represents an increase of \$469,141.64 over last year's budget of \$104,005. Most all of this increase is attributed to new requests in Professional Services to support the construction of a 69 KV power line to Grand Canyon West and are as follows:

- 1) a General Manager, most likely a consultant, to replace the Acting General Manager, a role currently performed by the Planning Director at no extra cost to the tribe,
- 2) the engineering consultant retained by the HTUA for the design of the power line project to Grand Canyon West,
- 3) the NEPA consultant to write the Environmental Assessment (EA) to ensure the tribe stays in compliance with the requirements of the \$1,881,130 grant awarded to the tribe in 2015 by the USDA for the power line project and to provide support documentation to the USDA for the HTUA's pending loan application to the USDA estimated to be \$13 million to construct the power line, and
- 4) the engineering and financial consultants who will write the Construction Work Plan and Long-Range Financial Forecast necessary

to support the loan application to the USDA for the power line.

The budget for the legal counsel to the HTUA Board remains the same for FY 2017. These line items equal \$407,760. However, some of these costs were approved by Amendment No. 15 to TTG's contract signed August 3, 2016. On November 4, 2016, HTUA and UniSource Energy Services, selected Transcon Environmental to perform the EA and awaits council approval of the HTUA's budget to begin work.

A new item for the HTUA in FY 2017 is the payment to the Arizona Power Authority for the tribe's new Schedule D allocation of Post-2017 Boulder Canyon Project hydroelectric capacity and energy anticipated to be \$3,902 in 2017. Tribal council and the HTUA Board have entered into a contract with the Arizona Power Authority for this power and a bill credit contract with Mohave Electric Cooperative until the tribe can receive this low cost power on the reservation via the yet to be constructed power line to Grand Canyon West. In the meantime, the bill credit with MEC will be applied to one of the tribal electric service meters to reduce the billing amount by some \$500.00 per month.

As the time for the loan application draws near, the Council will be asked to sign a limited waiver of sovereign immunity as part of the agreement with the USDA. The HTUA must continue performing public outreach to discuss the use of new Section 3, Article XVI of the Hualapai Constitution which traditionally has had the issue presented to and discussed by tribal members prior to a vote of the council.

Other budget items include travel and training expenses for board members and attending meetings of the Arizona Power Authority and Western Area Power Administration to follow-up on the tribe's hydropower allocation from both entities. Payment of membership dues for the Arizona Tribal Energy Association is also requested in the FY 2017 budget.

In addition, the HTUA would like to allocate \$20,000 to begin capacity building by training future Hualapai linemen to work on the new electric system.

Appendix A: Meeting minutes from November 30, 2015 to October 18, 2016

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

November 30, 2015, 9:15 AM to 12:05 PM, Hualapai Cultural Resources Department

Board members:

Charles Vaughn, Chairman - present

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present at 11:00 AM

Jamie Navenma – absent

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore-Craig, P.C. (via telephone)

Guest:

Kevin Black, Bureau of Reclamation

1) Call to Order – postponed pending quorum. Mr. Davidson asked if Item No. 5, which is informational in nature, could be presented to the two members of the HTUA Board that were present. Mr. Vaughn agreed.

5) Review of NREL II/Navajo Generating Station Post-2019 (Bureau of Reclamation)¹ Mr. Kevin Black thanked the HTUA Board for inviting him to make the presentation and noted that his background has been in water development in the southwest prior to becoming the Energy Development Program Manager working with the National Renewable Energy Laboratory (NREL) on the Post-2019 roadmap to identify and evaluate alternatives to the federal shares in the Navajo Generating Station's (NGS), an amount equal to 547 MWs or 24.3% of the 2,250MW capacity.

a. Review of NREL II study and roadmap for NGS Post-2019 Mr. Black began his presentation by saying that the beneficiary tribes of NGS – Navajo and Hopi – Arizona tribes with Central Arizona

¹ See presentation: http://www7.nau.edu/itep/main/docs/energy/TSWG_062315BlackNGSNRE_II%20Study.pdf

Water Contracts are the primary focus of technical assistance. However, the scope of the NREL II Study recognizes other tribes which have access and rights to electrical transmission that could physically serve the electrical needs of the Central Arizona Water Conservation District (CAWCD). CAWCD is the entity which operates the Central Arizona Project (CAP) and associated pumping system that provides water to Maricopa, Pinal and Pima Counties. About half of the water that is pumped through the CAP serves Arizona Tribes who have CAP water contracts with CAWCD. Approximately 2/3rds of the 547MW's allocated to the federal shares in NGS provides the power to pump water in these three counties, most of which is used for agriculture. Mr. Vaughn said that with the pending retirement of inexpensive coal-fired power from NGS the cost of water will increase for these tribes, which have a guaranteed right to the water, compromising their right to enjoy continued economic development. Mr. Black responded by saying that various water right settlements being implemented by the Bureau of Reclamation (BoR), contain the "reasonable expectation" that escalation of water rates would remain economic by tribes who settled claims that include CAP water allocations. However, the Ak Chin Indian Community has a settlement containing a guarantee by the United States to deliver CAP water. Within the 547 MWs of Federal NGS shares, generated energy not needed to pump CAP water is considered "surplus power" available for sale at market rates. The revenues from surplus power sales are deposited in the Colorado River Basin Development Fund and used to repay the federal treasury for the CAP and to implement various Indian Water Right Settlements pursuant to the Arizona Water Settlements Act of 2005.

Mr. Vaughn noted the environmental concerns raised by the Hopi regarding coal mining and the depletion of the "N" aquifer. Mr. Black said that 90% of the power used to pump water through the CAP canal comes from NGS, with smaller percentages obtained from Hoover Dam and the Waddell Dam. The Waddell Dam is a "pumped-back" storage facility wherein the dam's reservoir is filled from the CAP with a portion of Arizona's allocation of Colorado River Water during the winter off-peak season when water use is less along the CAP system and electric rates are generally less expensive. During the water demand season, the water is released and delivered to the CAP contractors and power generated during the release is used as part of the CAP electric demands. Mr. Vaughn said a similar reservoir could be constructed on the Hualapai Reservation and filled with the tribe's water right to the Colorado River. This would be an alternative to pumping water from the river for direct use.

To continue with the NREL II presentation, Mr. Black noted that the NGS-KMC draft preliminary Environmental Impact Statement (EIS) is scheduled for public release in the third quarter of 2016. The No Action alternative would result in no federal action to approve various agreements, leases, coal supply agreement, etc and could have the net effect of shutting down NGS after 2019. The EIS also includes partial and full replacement alternatives with emphasis on “low-emitting” renewable energy generation which includes natural gas generation. The BoR is available to make a presentation to Council on the EIS process.

Mr. Vaughn asked why California and Nevada utilities are divesting themselves from NGS. Mr. Black said that these utilities purchase natural gas-fired electrical generation at a lower cost than coal generation and, in the case of California, the state’s legislature have passed legislation to require a “clean” energy portfolio, with an emphasis away from fossil fuels to renewables such as solar and wind. One MWhr of electricity from natural gas-fired power plant produces about half the CO2 emissions of a coal fired generation facility with some exceptions for facilities that have installed advanced carbon reduction emission technologies. Solar and wind power plants have minimal CO2 emissions.

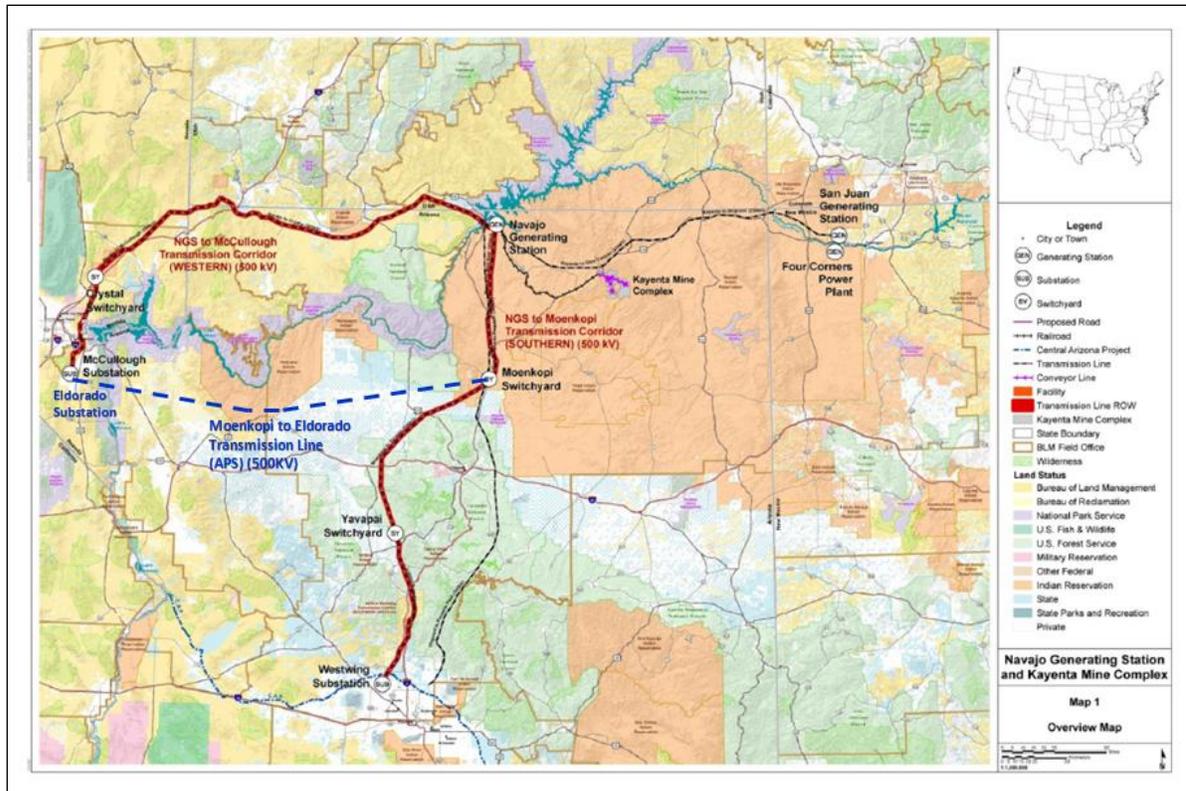
Mr. Vaughn asked what the financial impact would be for Navajo and Hopi if NGS were to shut down. Mr. Black said the economic impact would be enormous for both tribes. However, if the tribes were to construct replacement power for coal such as large-scale solar and wind farms, this could help lessen the loss of NGS on both tribal economies. Also, Clean Coal technology could be employed at NGS where the carbon is captured before it is released into the atmosphere.² The NREL II study is looking for a clean, reliable and affordable source of replacement power for NGS. Tribes such as the the Hualapai Tribe with proximity to high-voltage transmission lines across the reservation and in the Hualapai Valley are being considered as potential locations to develop clean energy projects. At present, NGS’ coal-fired power is being sold at a wholesale rate of approximately \$30 per MWhr. Mr. Black noted that planning for NGS replacement power by renewable generation such as solar and wind will likely require sales to other consumers, in addition CAWCD, due to the generation of electricity when demand is not required for CAP pumping. Any project that can help

² For several types of Clean Coal technology see: <http://energy.gov/fe/science-innovation/clean-coal-research> and: <http://science.howstuffworks.com/environmental/green-science/clean-coal.htm>

reduce carbon emissions in accordance with the proposed EPA Clean Power Plan is work consideration...

To help the Hualapai Tribe bring its renewable resources to market, Mr. Black said that both the Department of Energy and the Bureau of Indian Affairs have well-developed energy programs designed to help Indian tribes implement renewable energy feasibility studies. Mr. Vaughn said that the tribe has not produced a detailed feasibility study. Mr. Davidson replied that the tribe has completed feasibility studies for both wind and solar resources, but these studies are three years old and require updating given the lowering of construction costs that have occurred in recent years. Mr. Black mentioned the Pasqua-Yaqui Tribe's DOE grant-funded feasibility study which focused on the tribe's land availability, solar resource, access to transmission and potential buyers of the electricity. The NREL II Study will incorporate the Pasqua-Yaqui Tribe's potential solar generation project concepts as part of the NGS roadmap analysis. Reclamation and NREL provided technical assistance to the Pasqua-Yaqui Tribe to evaluate opportunities to develop a community scale project. A proposed 2.5 MW solar array has received tentative approval from the Pasqua-Yaqui tribal government to provide power for their community and casino loads. Mr. Black asked if the Hualapai have considered a community-scale solar project. Mr. Davidson noted that the BIA-funded feasibility study looked at a solar option for Grand Canyon West and that the HTUA has recently talked to Mohave Electric Cooperative about a community-scale solar array to meet Peach Springs' electrical needs. Mr. Black said that both NREL and BoR provide technical assistance to tribes looking at renewable energy development who generally meet the criteria of being a NGS constituent and/or access and rights to transmission that could potentially serve CAP load.

Mr. Vaughn asked about the future value of high-voltage transmission lines that are connected to the Moenkopi switchyard, such as the APS 500 KV line. Mr. Black said that transmission lines going to and from the Moenkopi switchyard will continue to have value and noted that even though utility companies may divest themselves of coal-fired electrical generation carried by these transmission lines utilities may be retain the rights to transmission. (see map).



Mr. Davidson noted that carbon credits are worth about \$6 per ton, but may increase or decrease in value with the advent of the Clean Power Plan and other efforts to move away from coal and to renewables. A tax on CO₂ emissions could affect the value of carbon credits. For example, a solar power plant which displaces 1 million tons of CO₂ per year could have an increased value \$6 million dollars per year. These credits can be sold to the operators of coal-fired power plants to offset the CO₂ emissions in the region and allow the coal power plant to continue to operate. Under the current law, renewable energy power plants sited on an Indian reservation receive twice the number of carbon credits, so if the above-mentioned solar power plant were placed on the Hualapai Reservation the value of these carbon credits would be \$12 million per year. When coupled with a low-interest loan and potential government grants to fund power plant construction, a Hualapai solar project becomes more lucrative than one similarly situated on private land. Mr. Black encouraged the tribe to seek out an energy buyer in a state that considers carbon credits as part of their plan to invest in clean energy. The climate conference in Paris may lead to the creation of an international carbon credit market and help set the \$/ton rate for the market. Mr. Malin asked about data centers' (Google, facebook) appetite to purchase renewable energy. Mr. Black replied that some tribes are seeking to develop energy tariffs to promote use of renewable energy

generators to serve federal loads on reservation and reaching out to potential buyers who hold an interest in carbon credits to comply with EPA regulation.

Mr. Black continued by saying that the NREL technical assistance agreement of 2014 allows BoR to work with NREL, Northern Arizona University and University of Arizona to create the Phase II study and roadmap to identify clean energy options for the federal shares in NGS. An agreement to vacate the federal shares in NGS by 2044 contains various provisions which frame the NREL II Study and associated roadmap. The Phase II study is designed to append the Phase I study which did not produce a full replacement of NGS federal shares. The Phase II study examines market sector trends, provides economic and technical modeling and seeks input from tribes. The glide path will begin at the end of 2019 and extend to the end of 2044. By 2030, utilities purchasing power from NGS will have to comply with Best Available Retrofit Technology (BART) to meet EPA's air pollution standards.³

b. Factoring Hualapai into the energy equation to provide replacement power to the Central Arizona Water Conservation District.

The CAWCD must find a replacement source of power for NGS which is cost competitive, reliable and cleaner. CAWCD is looking for alternatives. The glide path must provide enough utility-scale renewable energy as part of a portfolio of generation to replace the power currently provided by NGS to CAWCD. However, CAWCD need not select this replacement power if it is not price competitive. Mr. Black said that if Hualapai would like to become a part of the NREL Phase II study then it can make a request to be included. Mr. Davidson asked the HTUA Board members present if they would like to make this request to BoR. Mr. Vaughn stated that the formal request should come from the Tribal Council and that they be educated on the topic prior to such a vote. Mr. Davidson told Mr. Black he will most likely call upon him again to present to Tribal Council in early 2016.

In conclusion Mr. Black recapped the milestones of the NREL II study as follows:

- Stakeholder outreach and scoping is complete
- Technical memoranda — baseline topics prepared by 3rd quarter 2016

³ See http://www3.epa.gov/visibility/pdfs/fs_2005_6_15.pdf for Fact Sheet

- Technical memoranda — glide path options to be prepared by fourth quarter 2016
- Final published report in 3rd quarter 2017
- Social media outreach in 4th quarter 2017

Mr. Black thanked the HTUA Board for their time and departed from the meeting.

2) Roll Call at 11:30 AM

3) Review and Approval of Minutes

Mr. Malin made a motion to approve the October 29, 2015, minutes with minor corrections. Motion seconded by Mr. Montana. Motion carried 3-0-2.

4) Project Updates

a. Follow-up on Amendment to Hualapai Constitution

i. Update on amendment and special election request to BIA Mr. Davidson re-capped his recent conversation with Mr. Hunter, who will be organizing the Secretarial election, and reported that the tribe's request has been forwarded to the BIA's regional office for review. There is no time limit to review the tribe's request, but a determination should be timely, possibly by January 2016. Once a positive determination is made, the BIA has 150 days to register voters and hold the election per 25 CFR, part 81.

ii. Feedback from November 23rd Thanksgiving Dinner Mr. Davidson reported that he had set up four presentation boards in the Gym displaying the essence of the 18-slides shown in the PowerPoint presentation made on September 29th. The boards were placed along the way for those standing in line for dinner. There were no comments from the attendees.

iii. Potential public meeting in Phoenix at ITCA Mr. Davidson said a public meeting in Phoenix, at the offices of the Inter-Tribal Council of Arizona (ITCA) would be a logical venue given that approximately 100 tribal members live in the Phoenix metro area. The Board chose December 16th as the meeting date. The Board should arrive at 5:00 PM to make sure they are ready to

begin the presentation at 6:00 PM. Mr. Davidson will confirm the arrangements with ITCA, including dinner for attendees.

In regard to public input, Mr. Vaughn said that the recent letter from Ms. Suminimo did not seem to address the question of amending the Hualapai Constitution. Mr. Davidson said that the HTUA's response published in the Gamyu answered the relevant questions pertaining to the proposed constitutional amendment. Mr. Vaughn also requested the tribe's web site be updated with the outreach effort as the new HTUA web site is being created by the consultant.

b. Western Area Power Authority Post-2017 Hoover power allocation and contracting. Mr. Davidson reviewed the benefit arrangement proposal recently received from the Navajo Tribal Utility Authority (NTUA). A tribe without the ability to receive the power directly from Hoover, such as Hualapai, would receive a \$1.50 per MWhr in exchange for NTUA's payment of all Post-2017 Hoover expenses such as repayable advances, Multi-Species Conservation Plan contributions and, of course, the purchase of the power from Western. Mr. Patrick Black said that the benefit arrangement recently offered by NTUA may be the only way for Hualapai to proceed if the constitutional amendment is not successful and/or the power line is not built to Grand Canyon West so the Tribe can use the power directly.

c. Arizona Power Authority Post-2017 Hoover power allocation contracting. Mr. Davidson asked Mr. Black if the Red Rock appeal for an allocation of Hoover to the APA had been successful. Mr. Black has yet to hear from the APA; however, the Hualapai allocation of 100 KWs should not be in jeopardy because 100 KWs was the lowest amount in the APA allocation regime and should not be reduced below that threshold.

6) Review of HTUA 2015 Budget and Plans for 2016 (Planning) Mr. Davidson reported that he had submitted the \$175,000 budget request to the Finance Department on December 13th. The budget includes \$20,000 for the linemen pre-apprenticeship training program. This amount should be enough to pay the tuition costs of two Hualapai. The budget also includes some \$90,000 for the continued use of legal counsel to the HTUA Board.

7) Other Matters (Planning)

a. HTUA website development Mr. Davidson said the he and Mr. Montana had a recent teleconference with AnchorWave, the web site consultant, and were presented with two home page designs. Mr. Davidson also distributed the web schema showing the hierarchy of pages for the site. Mr. Davidson and Mr. Montana will meet again with the consultant in mid-December to finalize the design. The goal is to have the web site on-line and functional in about 30 days. To help achieve this goal, Mr. Davidson asked the Board members for their biographies so he can forward them along to the web consultant.

b. Preparation of Annual Report to Tribal Council per Section 110, HTUA Ordinance Mr. Davidson referred to the 200-plus-page annual report which explains the achievements of the HTUA over the past year and plans for 2016, namely public outreach to amend the Hualapai Constitution and continued efforts to build a power line to Grand Canyon West. In addition, the annual report contains 12 sets of meeting minutes, half a dozen presentations made to the board, including two training sessions, and documentation of the public outreach efforts to date. Mr. Davidson asked if the Board was inclined to approve the report at this meeting since he would like to present it to Tribal Council at their regular meeting in December. Mr. Black said the annual report was comprehensive. Mr. Malin made a motion to approve the annual report. Mr. Montana seconded the motion. Motion passed 3-0-2.

c. Preparation of RFP to obtain legal counsel for HTUA Board Mr. Davidson presented a draft RFP for the Board's continued legal counsel for 2016. The RFP is a request from the tribe's Finance Department to obtain competitive bids for this legal service. Mr. Malin made a motion to approve the RFP. Mr. Montana seconded the motion. Motion passed 3-0-2.

8) Set time and location for next meeting

The next meeting will be held on December 16, 2015, at 5:00 PM at ITCA, 2214 North Central Avenue, Suite 100 in downtown Phoenix.

9) Adjourned at 12:05 PM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

December 16, 2015, 6:10 PM to 8:40 PM, Inter Tribal Council of Arizona, 2214 North Central Avenue, Suite 100, Phoenix, Arizona.

Board members:

Charles Vaughn, Chairman – present at 6:20 PM

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – absent

Support personnel:

Kevin Davidson, Planning Director and acting General Manager for the HTUA

1) Call to Order – postponed pending quorum. Mr. Davidson welcomed the audience of over 30 people to the meeting and began the PowerPoint presentation.

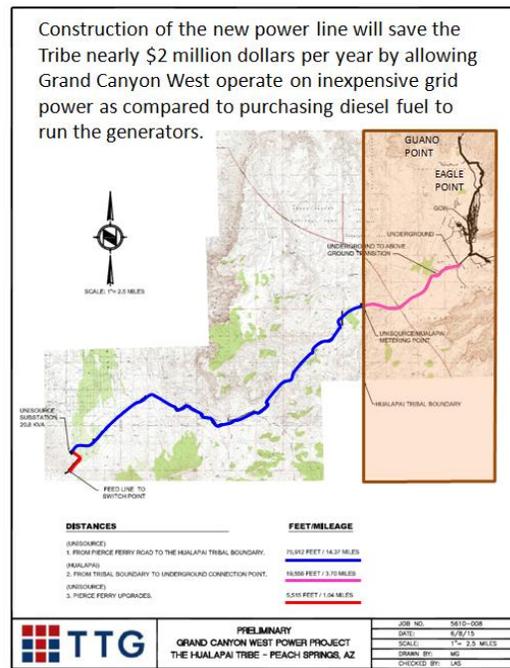
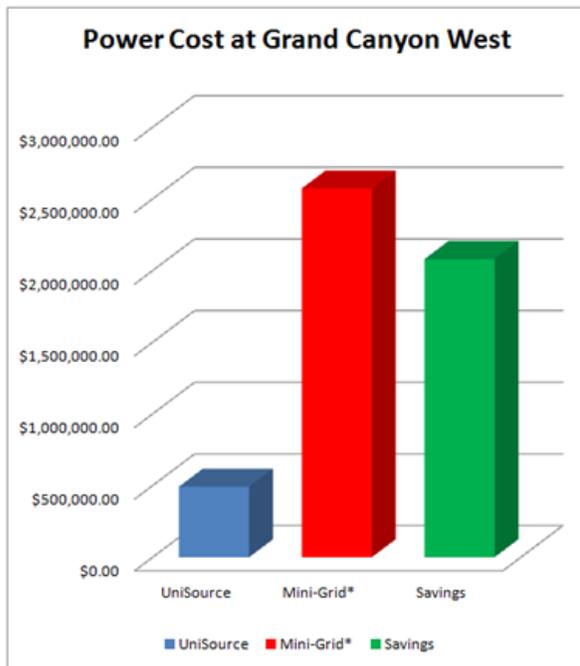
2) Presentation of proposed amendment to the Hualapai Constitution. Mr. Davidson introduced himself as the acting General Manager for the HTUA and began the formal presentation by giving some history on the HTUA as follows:

- The Hualapai Tribal Council created the Hualapai Tribal Utility Authority in 2014 to develop utilities important to the economic development of the Hualapai Tribe.
- The purpose of the HTUA is to provide electric power service, water service, and sewage service at certain locations within the Hualapai Reservation and on other Tribal lands under the jurisdiction of the Hualapai Tribe.
- Tribal Council has the authority, under Article V of Constitution of the Hualapai Indian Tribe, to enact legislation establishing a tribal utility authority within the Hualapai Reservation.

Mr. Davidson next HTUA Board members: Charles Vaughn, Chairman, Rory Majenty, Vice-Chairman, Joe Montana, Secretary, Steve Malin, Treasurer and Jamie Navenma. The HTUA typically meets once per month at the Hualapai Cultural Resources Department in Peach Springs between 9:00 AM and noon.

a. Objectives of the Hualapai Tribal Utility Authority

Objective 1: Lower electric costs at Grand Canyon West - Grand Canyon West, one of the economic engines of the tribe, would grow in profitability if connected to the regional electrical grid by a power line built along Diamond Bar Road. This would provide cheaper power to the tribe by line service rather than from diesel generation saving as much as \$2,000,000 in energy costs per year at present. As Grand Canyon West grows, so will energy savings. The expected cost of the power line along Diamond Bar Road is \$15 million. Mr. Davidson referred to a chart on Slide No. 6 which showed the dollar savings per year and then a map of the proposed power line which would be built along Diamond Bar Road (see below).



Objective 2: Acquire Mohave Electric Cooperative's power lines on the Reservation -

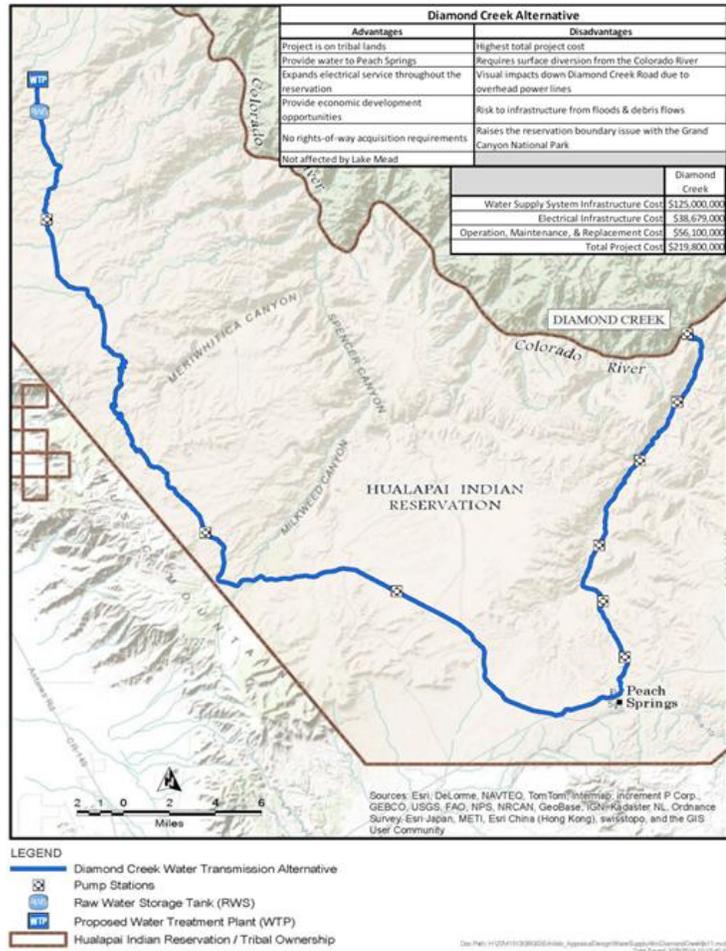
Like many other tribes with a utility authority, future events may enable the HTUA to purchase the present undependable electrical service and deliver more reliable service to the tribe. The existing electric service infrastructure could be purchased at the depreciated cost. In 2007, the depreciated cost was estimated to range from

\$156,000 to \$220,000. This does not include the Nelson substation located outside of the reservation.

Objective 3: Self-determination

Objective 4: Bring water from the Colorado River to the Reservation - The delivery of water

requires electricity to operate pumps; the HTUA could be the source that delivers electricity at a reduced cost to the tribe. Approximately 4,000 KWs are needed to bring this water to Peach Springs and Grand Canyon West. This amount of power is equal to the current usage of Peach Springs, Valentine and Grand Canyon West combined. The Diamond Creek pipeline is completely within the Hualapai Reservation and will provide water to Peach Springs and Grand Canyon West (see map). Moving the water requires the building of pumping stations and power lines along Diamond Creek Road and Buck and Doe Road.



b. Reasons to amend the Hualapai Constitution

Mr. Davidson said that in order to deliver utilities, the HTUA must enter into contractual agreements with contractors and other financial institutions to build the delivery systems. This requires written agreements to include a limited waiver of sovereign immunity. The tribal constitution requires

approval by 30% of eligible voters to waive immunity of the tribe for liabilities exceeding \$250,000. This requirement hinders the tribe from developing economically. To attract future economic development to the Hualapai Reservation that provides for the wellbeing of the tribe, it is necessary to amend the Constitution to provide the Hualapai Tribal Council the ability to ensure economic development. Allowing the Tribal Council to enter into agreements that include a limited waiver of sovereign immunity will enable the HTUA to enter into contracts that would fund these developments.

Mr. Davidson used the proposed Diamond Bar Road power line as example: The Hualapai Tribe needs to build a power line to Grand Canyon West to meet the future electrical demand. To build the multi-million dollar power line, the HTUA needs to borrow money. To take on debt more than \$250,000, the HTUA is requesting the Hualapai Constitution be amended to allow for a limited waiver of sovereign immunity. The waiver will allow the bank to issue the loan since it will now have collateral (the power line) to secure the loan.

The power line is designed to meet the future electrical demand for future development at Grand Canyon West. These electricity demands through 2018 include a new 250-room Resort Hotel & Full Service Restaurant (1,600 Kilowatts), a new Airport Terminal (540 KWs), a new Full Service Kitchen (193 KWs), new and existing housing (149 KWs), and a new Welcome Center (313 KWs). These demands exceed the current generator's capacity (2,175 KWs) by 620 KWs and do not include the existing load of 600 KWs to operate Grand Canyon West.

c. Limited waiver of sovereign immunity

Mr. Davidson recited the language of the proposed amendment to the Constitution adding Section 3 to Article XVI as follows:

Notwithstanding Section 2 of this Article, a limited waiver of sovereign immunity otherwise within the scope of that Section shall require only the approval of the Tribal Council if the Tribal Council determines that such waiver would facilitate the advancement of the economic or commercial interests of the Tribe and its members. Only those tribal entities formed and governed pursuant to

ordinances of the Tribal Council may, with Tribal Council approval, waive sovereign immunity as prescribed in this Section 3.

The proposed amendment will not take away any wording from the Constitution. The amendment will add new wording that provides the Tribal Council the authority to vote on this issue. The limited waiver shall not be construed to waive any immunity of the Hualapai Tribe, or to extend any liability to any assets, revenues, or incomes of the Hualapai Tribe, other than those of the HTUA such as power lines, substations, generators and other facilities it may own and operate.

Mr. Davidson next reviewed instances where other tribes have granted limited waivers of sovereign immunity for development or borrowed money to finance development. For example, Ak-Chin Electric Community Utility Authority has the authority to add limited waivers of sovereign immunity to its contracts. Gila River Indian Community Utility Authority has borrowed money from the Cooperative Finance Corporation to build a 69 KV sub-station. The Morongo Band of Mission Indians built their casino (see photo) after approving a waiver of sovereign immunity.



d. Special election process

To conclude Mr. Davidson summarized the special election process to be conducted by the BIA/Department of Interior as follows:

1. Council approved Resolution No. 79-2015 on October 1, 2015, to begin the special election process.
2. Tribe sent the Resolution to the Department of Interior on October 7, 2015, for 90-day review. Awaiting a decision by Department of Interior to initiate the Constitutional amendment process.
3. Department of Interior will hold a vote on the amendment within 150 days of initiation.
 - a. Department of Interior will register Hualapai voters.
 - b. Voting shall be by absentee ballot.

- c. At least 30% of those registered by the Department of Interior must cast a vote.
- d. Simple majority vote needed to approve amendment.

Mr. Davidson concluded the presentation by asking members of the audience to give their candid comments and advice to the HTUA Board. The first question was: What happens if the project “goes bust?” Mr. Davidson replied that the lender who loaned the tribe the money would own the power line. Given that, can the bank/lending agency seize the land on which the improvements are placed? Mr. Davidson said that the limited waiver would not extend to reservation land and only allow the lender to take control of the capital asset, the power line. Mr. Vaughn added that Grand Canyon West has enjoyed a steady increase in tourism each year since it was opened and is set to have one million visitors in 2015 before the end of December. Grand Canyon West and the Grand Canyon Resort Corporation (GCRC) provide employment for many tribal members (250). The growth at Grand Canyon West has spurred demand for other development such as housing for tribal members. The short-term goal of the HTUA is build a power line to reduce power costs at Grand Canyon West. Some tribal members want to see more development at Grand Canyon West while others do not.

Mr. Bender asked what has been the experience of other tribes who have granted limited waivers of sovereign immunity to develop their large projects. Mr. Davidson referred to the three tribes (Ak-Chin, Gila River and Morongo Band of Mission Indians) that were noted in the presentation. More research about these tribes’ experiences will be presented at the next meeting.

Mr. Nish asked if the HTUA and the tribe are qualified to run this type of operation. Some tribes are not qualified to run their casinos (reference to gaming tribes in Phoenix metro area). Also, the tribe will have to employ outside contractors because it does not have the in-house experience to operate a utility company. This will most likely require the tribe to pay union wages (International Brotherhood of Electrical Workers). How can we ensure that corruption will not take place in the contracting process and in operations?

What does a limited waiver of sovereign immunity mean to the tribe? Mr. Davidson reviewed Slide No. 15 of the presentation, “a limited waiver shall not be construed to waive any immunity of the Hualapai Tribe, or to extend any liability to any assets, revenues, or incomes of the Hualapai Tribe, other than those of the HTUA such as power lines, substations, generators and other facilities it may own and

operate.” Mr. Vaughn added that the contracts signed by the tribe have a dispute clause. This includes a hearing in tribal court, then tribal appeals court.

Ms. Tinhorn opined that the limited waiver may open “Pandora’s Box.” The wording in Article XVI, Section 2 provides a “check” on Council’s power by the voters. Mr. Vaughn said the existing language in Section 2 is too limiting for the tribe to act upon. When the Constitution was written in 1992, the authors did not envision the need for a greater than \$250,000 limit for Council. Without the limited waiver proposed in new Section 3, the tribe will continue to struggle economically.

Returning to growth, Ms. Powskey said that developing more housing at Grand Canyon West should be reconsidered (relation to grid power being used to allow more growth). Mr. Malin said that Grand Canyon West is nearing its one millionth visitor for 2015 and such a visitation rate requires supporting infrastructure at the facility. Ms. Vaughn asked how long it has taken Grand Canyon West to reach 1 million visitors. Is it too risky to promote all this tourism given the international and domestic situation (reference to recent terrorist attacks in Paris and San Bernardino)? Can another source of power be developed on-site to supply Grand Canyon West, such as wind and/or solar? Mr. Vaughn said that for wind and solar development, a purchase power agreement (PPA) is required with the end user, which may take more than a year. In addition, solar and wind are transient resources, not base load power which is required at Grand Canyon West, something the power line can provide.

Mr. White asked if the owner of the Diamond Bar Ranch (reference to previous owner who was hostile to the construction of the new power line) can block the power line along Diamond Bar Road which passes through the private land. Mr. Davidson said that the Diamond Bar Ranch is now under new ownership which does not appear to be hostile to Hualapai. Mr. Vaughn added that the BIA has purchased an easement through this property which has allowed for the new roadway to be constructed. Mr. Malin concluded by saying that the power line may be routed around the private parcel if required. Can a private land owner located along the route of the new power line tap into this new power line and take all of Grand Canyon West’s power? Mr. Davidson said the other land owners who want to draw service from the power line would have to pay UniSource to upgrade the power line to a higher voltage by installing a larger circuit in order to keep the same amount of energy flowing to Grand Canyon West.

Should there be a dollar amount cap on the proposed limited waiver in Section 3? What should that cap be set at? How does Council know when to invoke Section 2 vs. Section 3 of Article XVI? Mr. Vaughn replied that Council must use their own judgment, as elected decision-makers, to know when to use Section 3 over Section 2. Did the language of Section 3 come from Tribal Council? Mr. Davidson said it was largely developed by the HTUA Board and its legal counsel as a result of Council tasking the HTUA to construct a power line to Grand Canyon West. Mr. Vaughn clarified and said that the Resolution approving the proposed amendment language and requesting the Secretarial Election was approved by Council in October of this year.

Mr. Fliesaway asked if the HTUA was created akin to GCRC as an independent corporation. If so, these questions are irrelevant. Mr. Davidson referred to Article V (w and x) of the Hualapai Constitution and said that Council had the authority to create the HTUA. Mr. Davidson will provide Mr. Fliesaway with the original resolution that adopted the HTUA ordinance in 2014. Mr. Vaughn confessed that in the mid 1990s he too had opposed GCRC taking on debt (bank loan) to construct the Hualapai Lodge, but has slowly changed his mind over the years given the growth the tribe has experienced in the last decade.

How much power does Grand Canyon West use per day, per year? Mr. Davidson said that the three diesel generators at Grand Canyon West peak at about 600 KW (kilowatts) per hour on high-demand days. That is equal to the energy use of at least 60, maybe 100 homes. Mr. Davidson said his home uses about 20 KWhrs per day and some 6 MWhrs per year and noted that the value of a megawatt is 1,000 kilowatts.

Will tourists, coming primarily from Las Vegas, want to stay at a resort hotel at Grand Canyon West? What will they do overnight? Mr. Davidson said that GCRC has a market study in-hand which was produced as part of the new Master Plan for Grand Canyon West that was completed in late 2014. The Master Plan shows a resort hotel. Mr. Smith asked who performed the market study indicating that a resort hotel will be profitable at Grand Canyon West. Mr. Davidson said he will ask GCRC to share the market study.

Mr. Smith asked if the power line proposed along Diamond Bar Road is the only power line planned to be built to serve Grand Canyon West. Is there a back-up power source planned because utility grids are unreliable? Mr. Davidson said this is the only power line planned at this time. However, referring back

to Slide No. 9 of the presentation, the water pipe line proposed along Diamond Creek Road up to Peach Springs and then along to Grand Canyon West via Buck and Doe Road will have no less than seven pumping stations which will require some 4,000 KWs of electrical power pump the water to these destinations. The last pumping station is less than 20 miles from Grand Canyon West, so extending the power line that will supply these pumps with a electricity a bit further would provide a second power line to Grand Canyon West. Being part of the tribe's pending water rights settlement with the Bureau of Reclamation, the power line would be built as part of this federally funded infrastructure project. The three diesel generators that provide power to Grand Canyon West would become the back-up power supply once the power line is brought to Grand Canyon West.

How is the tribe progressing on obtaining its water rights to the Colorado River? Will the tribe's water rights be pushed aside by other water users (implied that others who have higher priority water rights will have those with lower priority rights curtailed first)? Mr. Davidson said he would make further inquiries into the tribe's time line on the water rights.

What is the time line to build the power line? Mr. Davidson replied that preliminary engineering has been performed. The Secretarial Election will take several months to complete. If the amendment is approved, then final design and environmental clearances can be completed, as well as the USDA loan applied for in 2016. Construction may start in 2017.

Does the tribe want to overbuild at Grand Canyon West? If tourists prefer this type of built-up environment they should travel to the South Rim. Mr. Smith said that very few tourists spend the night at Grand Canyon West. They are coming to see an open, undeveloped view of the Grand Canyon and not a view of a resort hotel. Mr. Montana said the discussion should focus more on the power line and less on GCRC's operations. Even though Mr. Montana does not entirely agree with the development style and philosophy of the GCRC Board, he does see the new power line as good thing for the tribe to invest in.

Mr. Smith asked if it is a good idea to be "married to" or rely upon a single utility company to provide power to Grand Canyon West. Can this electric service be bid out and not sole-sourced? Mr. Davidson noted that utility companies have county franchises and demarcated service areas which do not invite competition; however, a power line built as part of the water rights settlement would bring Mohave

Electric Cooperative's power from Peach Springs to Grand Canyon West. This power line could act as a second supply after UniSource and also allow the power line to loop to avoid the power outage problem common to radial or dead-end power lines.

Mr. Nish opined that the tribe should develop its own resources and set appropriate lease/purchase rates for the use of those resources. For example, a dam and reservoir could be built on the Reservation, possibly at the Diamond Creek delta, and water sold to downstream users. We need to have Hualapai recognized and taken seriously by the federal government. Can we develop these resources prior to paying to build a new power line?

Mr. Smith said the tribe should provide for the needs of the Elders with any cost saving benefits from the power line project. Mr. Nish said these benefits to the elderly should include land on the Reservation and homes as well.

Will the power line benefit Peach Springs or just Grand Canyon West? Mr. Vaughn said the tribe's economy is largely based on tourism. The power line will help reduce the operational costs at Grand Canyon West which in turn should benefit the tribe as a whole. The tribe signed a gaming-pact with other Arizona tribes which limit Hualapai participation in the gaming industry such as building a casino on the Hualapai Reservation. To help bring water to the reservation and support economic development, the tribe has been pursuing its water rights claim to the Colorado River by first settling its surface water claims in the Big Sandy Valley (along Highway 93).

Ms. Hunter asked about the time line for the Secretarial Vote on the proposed Constitutional amendment. Mr. Davidson reviewed presentation Slide No. 17 and said the vote must occur with 150-days of the Department of Interior authorizing the vote. The authorization is expected in early January. Ms. Hunter asked if the HTUA can invite GCRC Board members and members of Council to attend the next meeting at ITCA so attendees can hear their perspective and have them answer specific questions. Ms. Hunter also noted that the 2014 attempt to amend the Hualapai Constitution failed.

Was the referendum option under Article XVI, Section 2, explored prior to crafting the language for new Section 3? Mr. Vaughn said the proposal to add Section 3 was discussed with Council and then voted upon by Council at a later meeting. Mr. Vaughn also added that the main reason the 2014

Constitutional amendment failed was due to a lack of public outreach by the tribal leadership to explain and educate the voters about the sweeping changes requested in the 2014 Constitutional amendment proposal. Fond of quoting historical leaders, Mr. Vaughn recalled what Ernesto “Che” Guevara said when he led his revolutionary efforts to South America in the mid-1960s – The people’s vision of the future does not go beyond tomorrow’s sunrise. This limitation, not uncommon to other peoples as well, has to be overcome if the tribe wants to succeed in its endeavors which will benefit our children and grandchildren.

Ms. Vaughn asked for a cost comparison of the proposed power line to that of renewables such as solar and wind power. Mr. Davidson said he will ask his engineering team to produce a cost comparison. How will the power line project help the community? What is the benefit of the new power line to the average Hualapai person such as those living in Peach Springs? Mr. Malin said that the proposed power line could be paid for in less than eight years given the estimated savings of not having to run the diesel generators day and night. Once the power line is paid off, then these savings can be spent on other projects such as building housing or used by the tribe to support its social programs.

Can we read the new Grand Canyon West Master Plan and market study? Can it be placed on-line? Mr. Davidson said he would talk to GCRC management about releasing this document for public review.

Does the limited waiver lead to a giving away of Hualapai’s future?

Ms. Imus said she had a neutral opinion on the proposed amendment and requested a second meeting be held in Phoenix prior to the vote. Can we ensure that the ballots are distributed to 100% percent of the eligible voters? Ms. Imus said the membership of the HTUA seems trustworthy.

3) Set time and location for next meeting

The next meeting will be held on January 13, 2016, starting at 9:00 AM at the Hualapai Cultural Resources Department.

4) Meeting Conclusion at 8:40 PM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

January 19, 2016, 9:25 AM to 12:15 PM, Grand Canyon Resort Corporation Office at Power House Visitor Center, Kingman, Arizona.

Board members:

Charles Vaughn, Chairman - present

Rory Majenty, Vice-Chairman – present

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – present (at 9:45 AM)

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore-Craig, P.C. (via telephone)

1) Call to Order

2) Roll Call

3) Review and Approval of Minutes

Mr. Montana made a motion to approve the November 30, 2015, and December 16, 2015 meeting minutes with minor corrections. Motion seconded by Mr. Malin. Motion carried 3-0 with Mr. Majenty not voting and Mr. Navenma absent.

4) Project Updates

a. Follow-up on Amendment to Hualapai Constitution

- i. Public presentation held on December 16, 2015, at ITCA** Mr. Davidson has compiled a list of questions posed at the public meeting in December. Since that time, Mr. Black and Mr. Schmitt have provided additional and clarifying responses for the HTUA which may be published in an expanded FAQ sheet. Questions and answers are as follows:

Question No. 1 - What happens if the project “goes bust”? And, related Question No. 2 - Can the bank/lending agency seize the land on which the improvements are placed?

Mr. Black said the short answer is “no.” The lending agency will be the Rural Utility Service, which is a division of the US Department of Agriculture (USDA) administering the rural development loan program. The loan will be secured by the infrastructure improvements – not the land on which it sits – and pursuant to a loan contract (hence the need to have a limited waiver of sovereign immunity). A vast majority of the new power line will be located within a Mohave County right-of-way along Diamond Bar Road or on BLM holdings, with the remaining portion located on tribal land. The USDA has no jurisdiction over Tribal entities.

Question No. 4 - Are the HTUA and the Tribe qualified to run this type of operation?

Mr. Black stated that the HTUA Board of Directors was selected based on their knowledge and experience with business, and the electric industry. The HTUA will need to hire qualified personnel – as does any other tribal utility authority – not only to help maintain and operate the electric infrastructure (eventually including water and sewer utility services), but also to ensure the economic stability that will allow the HTUA to repay the RUS loan, as well as maintain reasonable electric rates for all of the tribe’s members. Mr. Davidson, who is the acting general manager, added that the qualifications for a general manager have been researched and discussed by the HTUA; however, the tribe must approve the job description.

Question No. 5 – How will the HTUA guard against corruption in the contracting process and in operations?

Mr. Black said that as the tribe becomes more sophisticated in its business enterprises, the need to hire outside contractors will only increase. The tribe and the HTUA must continue to guard against corruption and self-dealing as the tribe already has – by having proper processes and procedures in place to ensure that contracts of any kind are awarded in an open and transparent manner.

Question No. 6 - What does a limited waiver of sovereign immunity mean to the Tribe?

For purposes of entering into contracts with other sophisticated parties, Mr. Black said it allows disputes to be settled in federal court rather than just Hualapai Tribal Court. Understandably, counter-parties with millions of dollars at stake via contracts with the HTUA and/or Tribe prefer an “impartial” judge in the event a dispute rises to the level of litigation. Some counter-parties will simply refuse to bargain and enter into contracts where their only legal recourse is tribal court. Mr. Vaughn added the first step in the justice system is to have the case heard by Hualapai Tribal Court. Remedies in tribal court should be exhausted prior to moving to federal court.

Question No. 7 – Will the amendment open up Pandora’s Box?

Mr. Majenty said it may be easier to package the power line loan with the loan to build the resort hotel at Grand Canyon West. Today’s environment is not conducive to a positive vote on the Constitutional amendment. Mr. Vaughn said many tribal members see enough development occurring at Grand Canyon West. However, the amendment will allow for a new power line which can continue the development at Grand Canyon West and also allow the HTUA to construct other infrastructure projects (electric, water and sewer) on the rest of the reservation. Mr. Majenty noted that having more vendors at Grand Canyon West will benefit GCRC and the tribe in general. This fact should be made apparent to the people. In addition, Mr. Vaughn said that increased economic activity at Grand Canyon West will create spin-off jobs both on and off of the reservation.¹ Some may not be aware of this impact or may not want this type of job growth.

Mr. Vaughn asked Mr. Black in what other ways would the amendment help the tribe? Mr. Black said the limited waiver of sovereign immunity proposed in the amendment would help attract more businesses and bank lenders to help construct new facilities and buildings on the reservation. Mr. Davidson said that “entities” mentioned in the amendment, created by the

¹ Spinoff can be defined as the creation of an independent company through the sale or distribution of new shares of an existing business or division of a parent company. For job creation, spinoff can describe the new jobs required to serve the expanded job base and new-found income of those working at Grand Canyon West which may include equipment suppliers, construction trades, transportation, real estate, and service sector occupations.

Tribal Council, such as the HTUA, could use this new language to construct other buildings and projects that lay outside of the HTUA's mission of providing utility infrastructure. Mr. Vaughn replied that tribal members could take these new "entities" to task as they have GCRC in the past.

Question No. 13 - Can a private landowner located along the route of the new power line tap into it and take all of Grand Canyon West's power?

Mr. Black said "no." Because the power will be flowing one way (to Grand Canyon West), the line is a distribution line and not a transmission line. A transmission line is subject to the Federal Energy Regulatory Commission's (FERC) open access requirements which would allow all landowners along the power line to request access to the electricity. The HTUA may choose to allow a private landowner to receive power from their utility provider, which in turn would use the distribution line pursuant to a wheeling agreement (paying for the cost to send the power) which in this case would be UniSource Electric ("UNSE").

Mr. Vaughn asked how a private property along the route of the power line would go about requesting permission to tap into the power line. Mr. Black replied that the private property would apply to UNSE for an extension of electric service.. UNSE would either have to build a line, or use the existing HTUA line per a wheeling agreement between the two utilities. Mr. Vaughn asked if the private land owner would have any recourse against the HTUA for imposing the wheeling charge or not allowing the power tap in the first place. Mr. Black said "no", and that the Arizona Corporation Commission (ACC) does not have jurisdiction on electric lines having less than 115 KV of capacity. The siting and construction of new power lines carrying less than 115 KV of electricity are not subject to the ACC's Power Plant and Line Siting Committee's review and approval process. Mr. Vaughn asked if other entities could take issue with the construction of the power line and any future electric service interties. Mr. Black said FERC could challenge the HTUA's designation of the power line as an electrical distribution line vs. an electrical transmission line if an entity filed a formal complaint. However, a 69 KV power line is generally considered "sub transmission" by FERC.

Mr. Malin noted that building the power line around the private land owner's property would likely add \$250,000 to the cost of the project. Mr. Davidson noted that when that portion of Diamond Bar Road that passes through the private property is turned over to Mohave County, the power line would be able to be placed within the new public right-of-way without the need to reroute the power line around the private land.

To continue the discussion on serving the needs of future electrical customers along Diamond Bar Road, Mr. Black said it is the responsibility of UniSource, not the HTUA, to provide power to them. Mr. Vaughn advised that the contract language stated in the agreement between the HTUA and UniSource will prescribe how private land owners can connect to the new power line and the level compensation that should be paid to the HTUA for such service.

Mr. Majenty asked if limiting the new customer base to only Grand Canyon West, versus supplying others in the area, mostly off-reservation, would limit the HTUA's leverage with UniSource to obtain the best deal on construction costs. Mr. Black answered no. The HTUA will have additional contracts with UniSource from which they will benefit such as the wholesale purchase of power and the new Boulder Canyon Project hydro-power allocations (381 KW from Western Area Power Administration and possibly the 100 KWs from Arizona Power Authority).

Mr. Vaughn asked if the limit on electrical service connections on the new power line is set at a fixed number, how the HTUA can benefit from third-parties requesting electric service. Mr. Black replied that a third-party developer at Grand Canyon West, such as a developer of a new hotel, may request a service connection from the HTUA. The terms and conditions of the electric service contract with the third-party are subject to review and approval by the HTUA Board.

Question No. 14 - Should there be a dollar amount cap on the proposed limited waiver in Section 3? What should be the cap be set at?

Mr. Black said this is a decision for the Hualapai Tribe and its members. Based on a review of similar waivers employed by other Arizona tribes, cap limits range from between \$3M to \$25M, or to the full value of the entity's assets. Mr. Vaughn reviewed the language in Article XVI,

Section 2 of the Constitution and said the \$250,000 limit on liabilities is not sufficient to allow the HTUA to carry out its mission to build infrastructure or to allow the tribe to do business in general. Mr. Black said the only pledge by the tribe would be the physical assets of the HTUA, namely the new power line to be built along Diamond Bar Road. Mr. Black noted there are other ways to generate electricity at Grand Canyon West such as a solar power plant or biogas plant (capturing methane from the wastewater treatment facilities on-site and using it as fuel for a generator in place of propane).

Question No. 15 - How does the Council know when to invoke Section 2 vs. Section 3 of Article XVI?

Mr. Black said in most instances, express waivers of sovereign immunity approved by the voters pursuant to Section 2 of Article XVI will involve contracts with the tribe itself, whereas limited waivers granted pursuant to Section 3 will involve a tribal entity, such as the HTUA, prior to Council consideration. Also, it will be upon the entity requesting approval of the limited waiver to properly identify under which Section of Article XVI the request is being made. This is a two-step process which requires two public meetings and two separate votes, one by the tribal entity (HTUA Board) and the other by the Tribal Council.

Question No. 26 - Is it a good idea to be "married to" or rely upon a single utility company to provide power to Grand Canyon West? Can this electric service be bid out and not sole-sourced?

Mr. Black explained that the nature of the electric industry in general is one about monopolies – one single designated service provider. However, the HTUA will be providing its own distribution and transmission facilities, and intends to purchase wholesale electricity from one or more sources. In addition, the HTUA is considering the development of its own generation resource, most notably renewable solar energy. Mr. Vaughn asked about the price structure of wheeling costs. Mr. Black said that the further away the power plant is from the customer's load, the higher the wheeling costs. Mr. Majenty asked about the level of taxes imposed by UniSource on the HTUA. Mr. Black said he will investigate these costs.²

² Arizona's Transaction Privilege Tax (sales tax) is not assessed on tribal members or tribal businesses who purchase electricity for use on their own reservation (Arizona Dept of Revenue Form 5000).

Moving to those questions answered by Mr. Schmitt, Mr Davidson reviewed them on Mr. Schmitt's behalf as follows:

Question 8 - Should we develop more housing at Grand Canyon West?

This is a policy question. On the question of whether there is sufficient power to expand the current inventory of housing at Grand Canyon West. Yes, there is more than sufficient power to expand the housing inventory. Current load meters on the new Caterpillar Diesel Generating sets show 30% to 60% utilization on the two new operating Generating sets with the third new Generator being used as a rotating spare.

Question No. 11 - Are there other sources of power available to GCRC for GCW?

Besides the new Diesel Generating Plant and the proposed power line to tie to the regional grid operated by Unisource, the only other practical alternative power source is a Solar Power Field. Preliminary wind field engineering evaluations have not proven to be economically feasible. The apparent availability of power because of the heavy APS transmission lines that cross the reservation are not operationally feasible due to the huge capital cost of transforming 500 KVA down to 20.8KVA distribution voltage used at Grand Canyon West.³ Mr. Davidson noted that the draft Environmental Report (ER) he is preparing for the USDA, as part of the RUS' High Energy Cost grant compliance, also discusses the potential of MEC extending their 24.9 KV line from the FAA's VORTAC site at Plain Tank some 40 miles to Grand Canyon West.

Question No. 12 - Can the owner of the Diamond Bar Ranch block the power line along Diamond Bar Road which passes through this private land?

Mr. Davidson referred to the above discussion (p. 4) on how the power line would be placed within the public right-of-way so its construction could not be blocked by the private land

³ A substation capable of making this voltage conversion would cost at least \$15 million (APS estimate). The substation would most likely be located at Plain Tank along Buck and Doe Road some 40 miles from Grand Canyon West with a new 69 KV power line being constructed along Buck and Doe Road to reach Grand Canyon West at an estimated cost of \$500,000 per mile.

owner. In regard to the power requirements of the Diamond Bar Ranch, these are unknown but assuming that they near the 100 KW – 150 KW mark, the Ranch requirements could be easily handled by a line drop from the new power line. The ultimate capacity of the new power line should be 7mW. At 150 KW demand, this would mean that the Diamond Bar Ranch would require 2.14% of the new power line's capacity.

Question No. 17 - How much power will Grand Canyon West use per month/year (2015)?

The estimated average monthly usage equals 704,288 KWhrs and the estimated average yearly usage is 8,451,465 KWhrs. Mr. Schmitt's report has noted that the electric meters were installed and operational on June 25, 2015, therefore usage is estimated.⁴

Question No. 21. Is there a backup power source planned beside the grid?

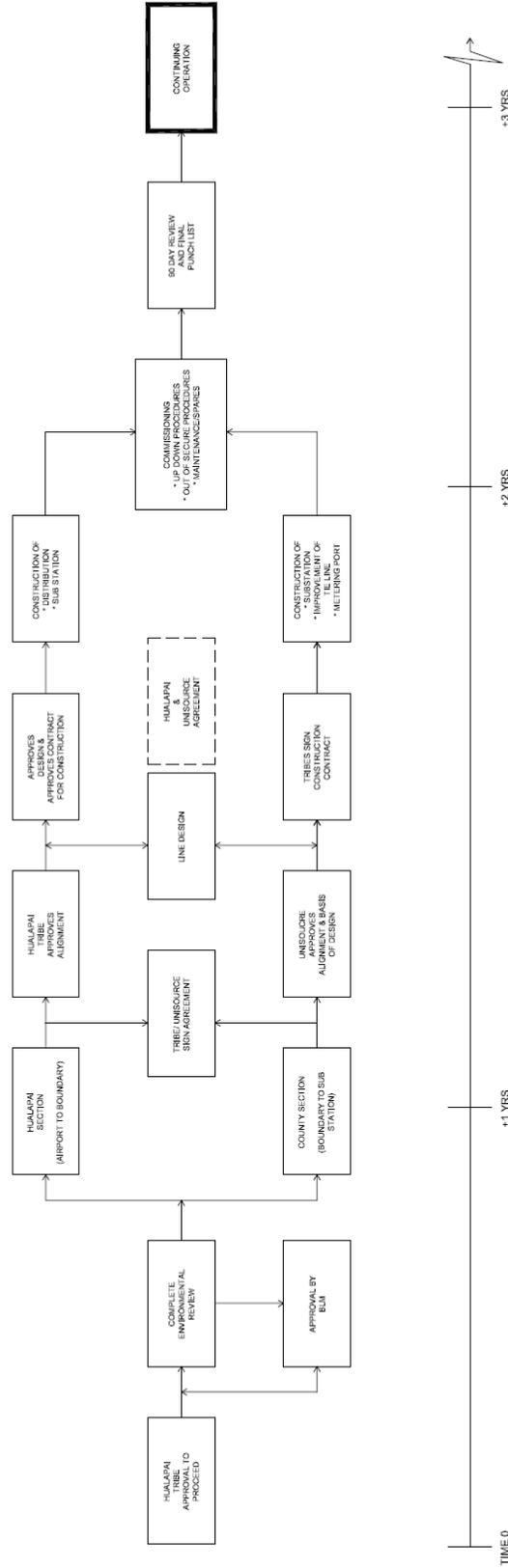
The new Diesel EPA-compliant Generating Station located at the GCW airport will revert from being a prime power generator to a back-up power source. This backup source is required by the Federal Aviation Authority (FAA) due to Grand Canyon West Airport being designated as an air carrier airport.

Question No. 23 – What is the time line to build the power line?

Mr. Davidson referred to the time line prepared by Mr. Schmitt which shows approximately 36 months to complete the project beginning with tribal approval, which would coincide with the approval of the constitutional amendment, through to the final punch list and final inspection of the power line and substation (see diagram on next page).

⁴ To put this electric usage in perspective, MEC supplied the Hualapai Reservation with 7,407,301 KWhrs in 2014. This area includes Peach Springs, developments along Buck & Doe Road and Route 18, and the town of Valentine.

HUALAPAI GCRC POWER PROJECT HAULAPAI GRID TO REGIONAL UNISOURCE GRID (DESIGN, CONSTRUCTION AND COMMISSIONING)



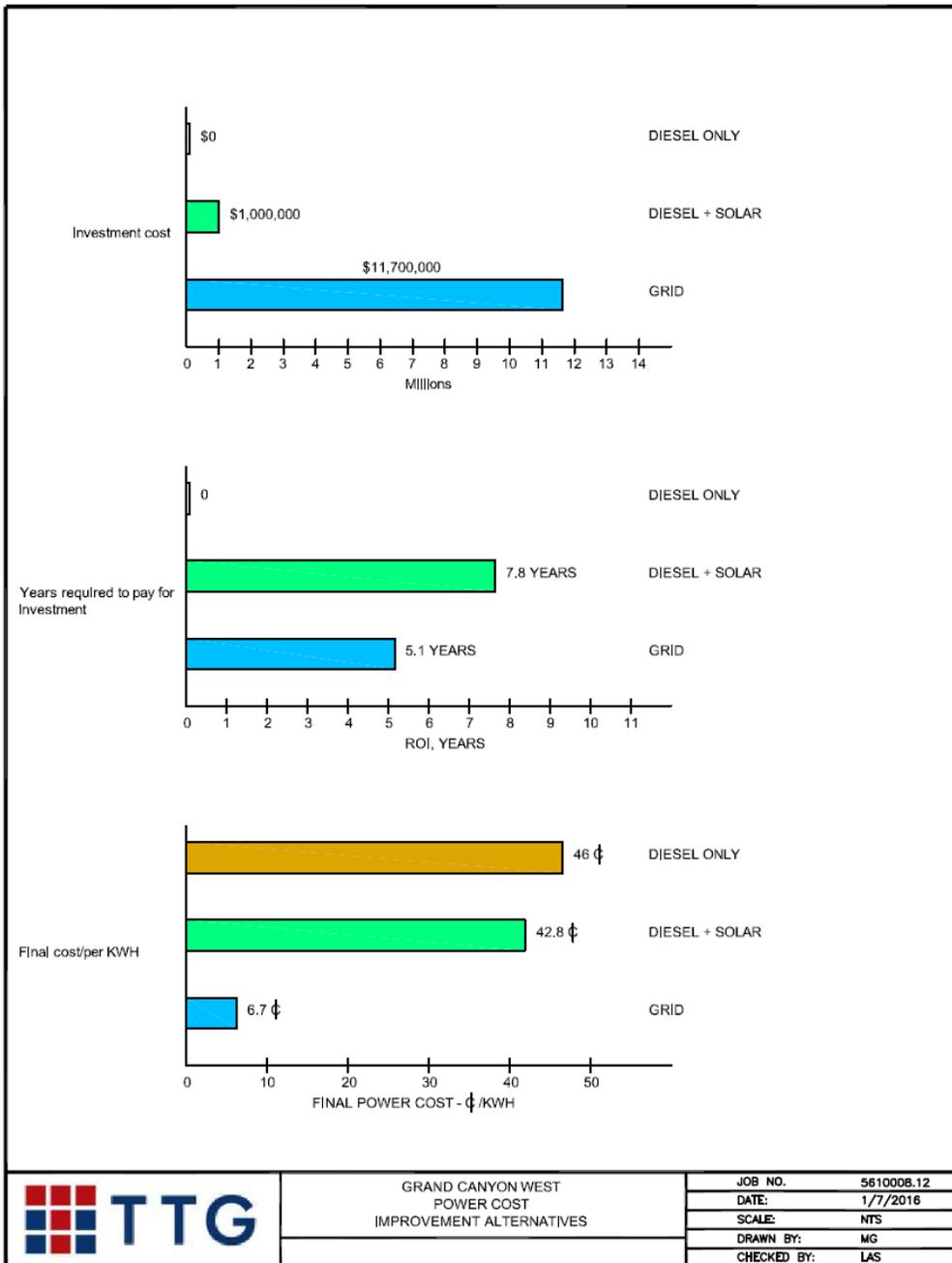
PROPOSED TIME LINE

NO.	REVISION	DATE	BY

VERIFY SCALE CHECK FOR MISSING OR UNNECESSARY INFORMATION DATE: _____ BY: _____	PROJECT NUMBER 2.06 SHEET NUMBER 1 of 1 DRAWING NUMBER V-1-0
DRAWN BY: JED CHECKED BY: JED APPROVED BY: JED DATE: 4-6-2016 DATE: _____ DATE: _____	PROCESS FLOW CHART
T.M.A.D. TAYLOR & GAINES 4800 E. 11th St., #122 Phoenix, AZ 85042 PHONE: 602.998.1900 FAX: 602.998.1971	PROJECT NUMBER 2.06 SHEET NUMBER 1 of 1 DRAWING NUMBER V-1-0

Question No. 35 - Please provide a cost comparison of the proposed line to that of renewables such as solar and wind power.

Mr. Davidson referred to the charts provided by Mr. Schmitt which show the cost comparisons and period of payback between a hybrid solar/diesel power plant option, the existing diesel generator system, and the new power line (see chart). The lowest cost power is obtained from the new power line option.



F:\66CAD\TTG Projects\2010\Grand Canyon East\Exhibits\THE ESCALADE AT GRAND CANYON-marketing exhibits\TIME LINE-CONSTRUCT-COMMISSION.dwg 1/7/2016 2:21 PM

- ii. **Council meeting on January 8th** Mr. Davidson reported that the Council had approved the amendment to correct a typographical error in Resolution No. 79-2015. The resolution requests that BIA/Department of Interior begin and hold the Secretarial Election to add new Section 3 to Article XVI of the Hualapai Constitution.

 - iii. **BIA/Department of Interior pending authorization of Secretarial Election** Mr. Davidson also reported that he has sent the revised resolution to the BIA so they can continue on with the special election process.

 - iv. **Additional public outreach in Peach Springs** Additional public outreach can begin with the launch of the HTUA's new web site and the official start of the Secretarial Election process by the BIA.

 - v. **Next public meeting in Phoenix at ITCA** Mr. Davidson said that one of the key requests by the tribal members attending the meeting at ITCA was to see the market report prepared in association with the new Master Plan for Grand Canyon West. Mr. Majenty said he would prefer to provide members with a hard copy of the study and not distribute this proprietary information on the internet. In regard to additional public outreach, Mr. Majenty asked about arranging for a charter bus from Phoenix to Grand Canyon West to allow those tribal members in Phoenix and Tucson the ability to visit Grand Canyon West during the upcoming anniversary weekend in April. Mr. Navenma agreed that such a gesture would be worthwhile since it is important for tribal members to return to their home to participate in traditional ceremonies and to catch up with old acquaintances. Mr. Vaughn said the market study, which was the basis for several additional land use proposals at Grand Canyon West, may not be broad enough in scope because it did not mention the need for separate convention space. Mr. Navenma noted the importance of such convention space given his experience with the Hopi gatherings.
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- b. **Proposed Power Line to Grand Canyon West along Diamond Bar Road**
 - i. **Drafting Environmental Report to comply with USDA/Rural Utility Service's grant requirements** Mr. Davidson referred to the draft ER he is preparing as part of the grant compliance for the USDA/RUS/HEC grant awarded to the tribe in September of 2015. So far, the

ER consists of 41 pages which have been largely derived from the 2002 Final EIS prepared for the construction of Diamond Bar Road. Because the power line is proposed within the roadway prism (disturbed area including driving surface, shoulders and drainage-ways), much of the affected environment and many of the mitigation measures can be “tiered” off of this existing NEPA document. Both Mr. Vaughn and Mr. Navenma advised that the document be reviewed and signed off on by other tribal departments and agencies, respectively, so as to avoid any perception of a conflict of interest. Mr. Davidson replied that the USDA is looking for the tribe to consult with the State Historic Preservation Office, the US Fish and Wildlife Service and the Bureau of Land Management during the drafting of the ER.

ii. Meeting with BLM on January 19th at Kingman Field Office to discuss issues raised in Environmental Report Mr. Davidson reminded the Board that they will be meeting with the BLM at 1:30 PM today to discuss the topics raised in the ER, namely the impacts on cultural sites, the Joshua Tree Natural National Landmark, the Joshua Tree Area of Critical Environmental Concern (ACEC) and the management of visual resources along the road corridor.

c. Western Area Power Authority Post-2017 Hoover power allocation and contracting. Mr. Davidson reviewed the benefit arrangement proposal recently received from the Navajo Tribal Utility Authority (NTUA). A tribe without the ability to receive the power directly from Hoover, such as Hualapai, would receive a \$1.50 per MWhr in exchange for NTUA’s payment of all Post-2017 Hoover expenses such as repayable advances, Multi-Species Conservation Plan contributions and, of course, the purchase of the power from Western. The NTUA offer was first presented to the HTUA at the November 30, 2015, board meeting and since that time, Mr. Davidson has analyzed the value of such a benefit arrangement to the tribe for the 381 KW D1 allocation from Western (see table).⁵

NTUA Offer for Benefit Credit with Other Tribes for Post 2017 Hoover Power					
Western D1	Years 2018-19	Years 2020-21	Years 2022-23	Years 2024-25	Years 2026-27
Per Year	\$1,248	\$1,456	\$1,664	\$1,872	\$2,080

⁵ The APA’s D2 power allocation of 100 KWs to the tribe must either be taken directly or set up in a bill credit arrangement between the tribe and Mohave Electric Cooperative. A benefit credit arrangement is considered re-sale for profit by the third-party utility such as NTUA and not allowed by Arizona Revised Statutes.

The benefit arrangement may be the only way for Hualapai to proceed if the constitutional amendment is not successful and/or the power line is not built to Grand Canyon West so the Tribe can use the power directly.

The next meeting contracting meeting between Western and allocates is scheduled for January 26, 2016, with a special meeting with tribes set for January 27, 2016.

d. Arizona Power Authority Post-2017 Hoover power allocation contracting. Mr. Davidson reviewed a letter sent by the HTUA to the APA on December 31, 2016, requesting that the wording Section 27 of the draft APA contract read as follows: "Reallocation of a defaulted tribal contractor's allocation would be offered first to other tribal Contractors regardless of their Schedule designation by the APA. If other tribal Contractors do not accept this reallocation, then such reallocation should be offered first to all other Contractors within the same Schedule; second, to all Contractors with APA allocations; and third, to any other purchaser within APA's service area." This language is consistent with ongoing federal contracting negotiations and proposals. The language also gives tribes a right to other tribal allocations in default before they are offered to the other contractors.

Mr. Davidson next referred to the APA notification letter regarding transmission arrangements to receive the D2 power allocation. The HTUA has asked MEC to prepare a bill-credit analysis because the power line will most likely not be constructed to Grand Canyon West in time to take the power directly. A bill credit agreement with MEC should not require the tribe to pay APA for transmission because MEC will incorporate these transmission costs in the bill-credit agreement.

5) Review of HTUA 2016 Budget approved by Council (Planning)

Mr. Davidson reviewed the approved FY 2016 budget for the HTUA of \$104,500, an amount which is \$71,165 less than requested. The two items that were not funded include the \$20,000 set aside for the lineman apprenticeship training and the \$51,960 requested for the salary of a part-time (consultant) general manager for the HTUA. Other items including legal counsel, travel, memberships, public outreach, etc. appears to have been approved in the dollar amounts requested.

6) BIA/Tribal Energy Development Capacity Building Training (Planning)

Mr. Davidson briefly reviewed the draft energy capacity assessment report prepared by Kanim Associates and Baker Tilly. The number one recommendation is to write an RFP which solicits a creative turn-key finance and development proposal to construct the power line to Grand Canyon West. The assessment also gives the HTUA advice on outsourcing the operations and maintenance of its electric distribution systems or to develop this talent base in-house. Regardless, a general manager should be hired by the HTUA to coordinate these efforts.

7) Other Matters (Planning)

a. HTUA website development Mr. Davidson reviewed the “to-do” list provided by Anchorwave for the new web site. Mr. Davidson has provided the consultant with meeting agendas and minutes to date as well as his professional biography. Mr. Davidson asked that board members to have their bios sent to him by Friday, January 29th.

b. Request letter to Bureau of Reclamation requesting Mr. Kevin Black to a make presentation to Tribal Council on March 4, 2016, on Hualapai’s possible inclusion in the NREL II study for replacing power from the Navajo Generating Station, post-2019 Mr. Davidson referred to the letter sent to Mr. Kevin Back from the Bureau of Reclamation inviting him to present the NREL II study to Tribal Council in March. This is the follow-up to Mr. Black’s November 30, 2015, presentation to the HTUA in regard to finding a clean, affordable and reliable energy source to replace all or part of the federal portion of power that is currently generated by coal at the Navajo Generating Station and how tribes, such as Hualapai, can be considered in the NREL II study to provide that energy source.

8) Set time and location for next meeting

The next meeting will be held on February 16, 2016, at 9:00 AM at Health, Education and Wellness Center in Peach Springs.

9) Adjourned at 12:15 PM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

February 16, 2016, 9:20 AM to 10:40 AM, Hualapai Cultural Resources Department, Peach Springs.

Board members:

Charles Vaughn, Chairman - absent

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – present

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore-Craig, P.C. (via telephone)

1) Call to Order

2) Roll Call – Secretary Montana lead the meeting.

3) Review and Approval of Minutes

Mr. Malin made a motion to approve the January 16, 2016 meeting minutes. Motion seconded by Mr. Navenma. Motion carried 3-0.

4) Project Updates

a. Follow-up on Amendment to Hualapai Constitution

- i. Council meeting on March 4th to certify list of eligible voters** Mr. Davidson reported that the Tribal Council reviewed the list of eligible voters prepared by Enrollment at their February 4, 2016, Regular Meeting and continued the list to a future meeting because there were questions of some people on the list who may be deceased.

- ii. **BIA/Department of Interior pending authorization of Secretarial Election** Mr. Davidson said that until Council certifies the list of eligible voters, the BIA will not authorize the Secretarial Election.

- iii. **Additional public outreach in Peach Springs** Additional public outreach can begin with the launch of the HTUA's new web site and the official start of the Secretarial Election process by the BIA. Mr. Davidson suggested that the HTUA hold a public meeting in Peach Springs prior to holding a second meeting in Phoenix. The dates for these public meetings can be set at the next HTUA meeting in March and provide at least a two-week notice to prospective attendees. This will place the public meetings from early April through early May.

- iv. **Letter from Ms. Suminimo** Mr. Davidson reviewed the letter submitted to the HTUA on February 5, 2016, by Ms. Suminimo. The question is how could Mr. Jinn obtain permission from the tribe to develop utilities for the Skywalk building without amending the Hualapai Constitution? However, the HTUA wants to amend the Constitution to bring utilities to Grand Canyon West. Ms. Suminimo would like the HTUA to explain this apparent conflict in writing. Mr. Davidson said the HTUA would have to review the contract between Mr. Jinn and the tribe to understand the particulars. Mr. Navenma noted the Skywalk was constructed with outside funding from Mr. Jinn and his investors. Because the tribe is seeking to build its own infrastructure, which will cost several million dollars, and will require a loan of more than \$250,000, the sovereign immunity provision in Article XVI of the Constitution must be addressed.

- v. **Updated FAQ sheet based upon December 16, 2015, meeting at ITCA** Mr. Davidson presented a supplemental FAQ sheet based on the questions and answers taken from the December 16, 2015, meeting at ITCA and reviewed by the HTUA at the January 19, 2016, board meeting. Mr. Davidson said he is doing more research on Question No. 3 regarding other tribes' experience with their limited waivers of sovereign immunity. In regard to Question No. 15 - *How does the Council know when to invoke Section 2 vs. Section 3 of Article XVI?* Mr. Malin opined that the Council will weigh the risks and benefits of a request to grant a limited waiver of sovereign immunity and determine whether to use Section 2, which requires a referendum vote of tribal members to approve a waiver, or to use Section 3, which places the decision with Tribal Council.

Mr. Davidson noted Question No. 39 – *Does the limited waiver lead to a giving away of Hualapai's future?* was not addressed by the HTUA at their January 19, 2016 board meeting. The suggested response is as follows: “The limited waiver can lead to an increase in the tribe’s debt to lending institutions which may be perceived as mortgaging its future. On the other hand, as the tribe makes regular and timely payments on its debt, the tribe’s credit rating and creditworthiness will increase. At present, tribes with new Boulder Canyon Project hydropower allocations are being asked by Western Area Power Administration to provide proof of creditworthiness, such as a bond rating, if they plan to take the electric power directly. As Hualapai moves into the world of debt financing, their credit rating should be established allowing the tribe to become a ‘player’ in the financial market, as any other corporation, state or country.” The HTUA board members agreed with this answer.

Mr. Navenma asked if the new set of supplemental FAQs will be completed prior to the launch of the next set of public meetings. Mr. Davidson replied the FAQs would be finished prior to the next public meeting

b. Proposed Power Line to Grand Canyon West along Diamond Bar Road

- i. Update on draft Environmental Report to comply with USDA/Rural Utility Service’s grant requirements and use of grant funds** Mr. Davidson referred to the draft ER he is preparing as part of the grant compliance for the USDA/RUS/HEC grant awarded to the tribe in September of 2015. So far, the ER consists of 43 pages which have been largely derived from the 2002 Final EIS prepared for the construction of Diamond Bar Road. Because the power line is proposed within the roadway prism (disturbed area including driving surface, shoulders and drainage-ways), much of the affected environment and many of the mitigation measures can be “tiered” off of this existing NEPA document. As a result of the HTUA’s meeting with the BLM on January 19, 2016, and with UniSource on February 4, 2016, the scope of the ER may be expanding to become a more comprehensive NEPA document, most likely an Environmental Assessment (EA). This increase in scope is largely due to UniSource’s request to upgrade the existing 12.5 miles of 12.5 KV power line along Pierce Ferry Road between the Dolan Springs sub-station and Diamond Bar Road to a 69 KV power line.

ii. Authorize UniSource to update cost estimates for power line Option Nos. 3 and 4 Mr. Davidson reviewed power line Option No. 3 which would replace the existing 12.5 KV power line with a new 69 KV power line from the Dolan Springs Substation to a new substation near the intersection of Diamond Bar and Pierce Ferry Road, a distance of some 12 miles, then build a new 20.8 KV power line to Grand Canyon West along Diamond Bar Road. Option 4 would replace the existing 12.5 KV power line with a new 69 KV power line from the Dolan Springs Substation to a new substation near the intersection of Diamond Bar and Pierce Ferry Road, a distance of some 12 miles, and then continue the new 69 KV power line to Grand Canyon West along Diamond Bar Road. As noted by UniSource at their meeting with the HTUA on February 4, 2016, there is only about 7 MWs of electricity available in the region, so a 69 KV power line would be oversized. Mr. Black said that of the \$100,000 that the tribe gave to UniSource to perform the power line feasibility study in 2010, \$16,387 remains in the account. This may or may not be sufficient to fully analyze Option Nos. 3 and 4 and the construction cost for each option. Given that neither the Chairman or Vice-Chairman were in attendance, the HTUA Board decided by consensus to continue the item to the next HTUA Board meeting in March.

iii. Authorize TTG to update cost estimate for power line Option Nos. 3 and 4 Given that Item No. 4.b.ii was continued until the next HTUA Board, Mr. Davidson recommended that the Board continue this companion item as well. The HTUA Board decided by consensus to continue the item to the next HTUA Board meeting in March.

c. Western Area Power Authority Post-2017 Hoover power allocation and contracting. Mr. Davidson reviewed the hand out materials and noted that tribes are concerned mostly with Western's "creditworthiness" procedures which may disqualify those tribes from taking this power who do not have a credit rating or proof of making payments to others. However, those tribes that enter into a benefit credit or bill credit arrangement with an established electric utility (APS, MEC, UniSource, etc.) will not be required to prove creditworthiness to Western because the electric utility will be paying for the hydro-power, the repayable advances and the multi-species conservation plan implementation fees and then passing some of their savings along to the tribe.¹

¹ See page 12 of January 19, 2016, minutes for a more detailed discussion on a benefit and bill credit arrangements available to the Hualapai Tribe.

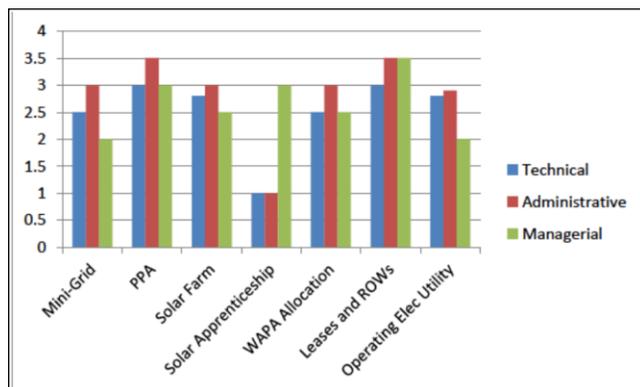
Mr. Davidson said the Western contract is in its fifth incarnation with help of over a dozen legal minds pouring over every word in the document. The contracts should be ready for signature by October 1, 2016.

d. Arizona Power Authority Post-2017 Hoover power allocation and contracting and potential bill crediting. Mr. Davidson said the HTUA asked MEC to prepare a bill-credit analysis for both the tribe’s D1 and D2 allocations because the power line will most likely not be constructed to Grand Canyon West in time to take the power directly. Mohave Electric Cooperative’s preliminary analysis of a bill credit arrangement for the D1 allocation would yield the tribe just over \$2,500 per year. The annual value of the D2 allocation in a similar bill credit arrangement would yield approximately \$660.00 per year.

Mr. Davidson next referred to the APA notification letter regarding transmission arrangements to receive the D2 power allocation. A bill credit agreement with MEC will not require the tribe to pay APA for transmission because MEC will incorporate these transmission costs in the bill-credit agreement. Mr. Davidson’s letter of February 12, 2016, to the APA states that the HTUA will not require transmission for its D1 allocation at this time but may so in the future once the power line to Grand Canyon West is constructed.

5) BIA/Tribal Energy Development - Final Energy Assessment prepared by Kanim Associates (Planning)

Mr. Davidson briefly reviewed the Capacity Assessment prepared by Kanim and Associates. The report assesses the tribe’s capacity in several areas (see chart, scale of 1 to 5). The report finds that “the Tribe has marginal capacity to engage in some of these endeavors but will require staff or organizational



augmentation to fully engage in those projects and power deals as currently envisioned. Key areas of concern with current capacity are a large reliance on outside non-local vendors for technical and managerial understanding and business process controls. Added to this concern are an imminent loss of key internal

staff and an inability of Hualapai to recruit and retain new staff responsible for these added endeavors.”

The report further notes “the HTUA has an active and well-informed Board of Directors. HTUA has excellent relationships with sound electrical design/construction engineering firms. Likewise the Tribe has capable senior directors in finance, planning and public works. The problem with this current configuration is that those three senior staff would have dual responsibility under HTUA project development. This could be overwhelming and defeats the purpose of a separate entity as the functions of those departments becomes indistinguishable and overlapping of the functions as required under the HTUA charter. HTUA currently has no general management team, nor does it possess technical or administrative staff dedicated to electric power other than the Tribe’s own staff directors.”

In conclusion, the report finds that “. . . despite marginal capacity, Hualapai and its HTUA have a well thought out plan and process for energy project development. With some added areas of expertise and staff augmentation, HTUA could accomplish most if not all of what those plans entail.” The key recommendation is for the tribe to hire a general manager for the HTUA.

6) Distribution of bid responses to RFP for HTUA legal counsel (Planning)

Mr. Davidson distributed the four responses to the RFP and rating sheet to the Board members. These bids will be reviewed at the next HTUA Board meeting.

7) Other Matters (Planning)

a. HTUA website development Mr. Davidson reviewed a printout of the new website. The consultant has been provided with meeting agendas and minutes and other items to fill in the web page. The web site is nearly ready to go live. In regard to answering questions received from the webpage by members of the public, Mr. Montana suggested this duty fall to the HTUA Chairman.

b. Distribution of selected presentations from 2016 Arizona Tribal Energy Association meeting

Mr. Davidson referred to two presentations in the Board’s agenda packet, one by Chris Deschene, Director of the Office of Indian Energy, Department of Energy and the other from the Southwest

Power Pool. The first presentation by Mr. Deschene shows the great strides that tribes have made in developing renewable energy projects on tribal land including utility-scale solar and wind farms. The Office of Indian Energy hopes to fund a loan guarantee program to help further these projects in Indian Country. The Southwest Power Pool presentation provides a good overview of operating a multi-state regional transmission organization with 94 members ranging from electrical distribution cooperatives, independent power producers and eight state agencies. With an organization covering 575,000 square miles, transmission is essential to transport electricity to various load centers. Typically there is always wind generating electricity somewhere within the Southwest Power Pool service area. Mr. Black noted the recent approval of the SunZia transmission line by the ACC. This power line is located in southern Arizona and is designed to import wind power generated in New Mexico into the Phoenix and Tucson metro areas.

c. Upcoming stakeholder meetings hosted by ADEQ to discuss EPA Clean Power Plan (CPP) Mr. Davidson referred to the upcoming stakeholder meetings sponsored by the Arizona Department of Environmental Quality (ADEQ), with the next meeting occurring on March 1, 2016. ADEQ is seeking to develop a draft compliance plan for Arizona which it can submit to the EPA by September 6, 2016. The plan should reduce the carbon dioxide emissions from fossil-fueled power plants by nearly one third by 2030. Currently, the CPP is under a “stay” since over two dozen states have filed a lawsuit against its implementation. The US Supreme Court will hear the case in 2016. Nevertheless, ADEQ seeks tribal input on the CPP. For example, Mr. Davidson noted that MEC currently purchases a majority of its electricity from the coal-fired Apache Generating Station in Cochise County. With the retirement of coal generation and replacement with new natural gas and renewable energy power plants under the CPP, electric rates are very likely to rise to pay for the constructions costs of these new electric generators.

d. Announcements In conclusion, Mr. Davidson said that the Planning Department has applied for National Renewable Energy Laboratory assistance to help the tribe assess the potential of roof-top solar on individual homes and offices in Peach Springs. Mr. Navenma asked Mr. Davidson to look into MEC’s support of renewable energy rebates and net-metering offered to customers on the reservation.

8) Set time and location for next meeting

The next meeting will be held on March 9, 2016, at 9:00 AM at the Hualapai Cultural Resources Center, Peach Springs.

9) Adjourned at 10:40 AM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

March 9, 2016, 9:30 AM to 11:45 AM, Hualapai Cultural Resources Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – present at 9:40 AM

Rory Majenty, Vice-Chairman – present

Joe Montana, Secretary – absent

Steve Malin, Treasurer – present

Jamie Navenma – present

Support personnel:

Kevin Davidson, Planning Director

David Francis, Fennemore-Craig, P.C. (via telephone)

Lou Schmitt, P.E., TTG (via telephone)

1) Call to Order

2) Roll Call – Vice-Chair Majenty lead the meeting until Chairman Vaughn arrived

3) Review and Approval of Minutes

In reviewing the minutes regarding Ms. Suminimo's letter to the HTUA asking about the utility work performed by the tribe to support the Skywalk, Mr. Majenty said GCRC may be able to provide the back-up documentation on the Skywalk. Mr. Majenty noted that the 2013 news article on the Skywalk, supplied by Ms. Suminimo, was not completely accurate. Mr. Vaughn, having now joined the meeting, said that Mr. Jin promised to pay for the water connection to the Skywalk.

Mr. Majenty also asked about the estimated cost of building a 69 KV power line from the existing Dolan Springs substation on Pierce Ferry Road to Grand Canyon West. Mr. Davidson said the 2012 UniSource cost estimate is \$25 million. Mr. Schmitt's updated engineering estimate will be used to verify this cost. Mr. Navenma made a motion to approve the February 16, 2016 meeting minutes. Motion seconded by Mr. Malin. Motion carried 3-0-2.

4) Project Updates

a. Follow-up on Amendment to Hualapai Constitution

- i. **Council meeting on March 4th to certify list of eligible voters** Mr. Davidson reported that the Tribal Council reviewed and approved the list of eligible voters prepared by Enrollment at their March 4, 2016, Regular Meeting.
- ii. **BIA/Department of Interior pending authorization of Secretarial Election** Mr. Davidson said the resolution and the approved list of eligible have been sent to BIA so they can authorize the Secretarial Election. Mr. Majenty asked if the Secretarial Election can be run concurrently with the Council election with both having the same voting date of June 4, 2016. Mr. Davidson said running the two elections on the same track may cause confusion. The Secretarial Election Board, most likely comprised of James Williams, Superintendent of the Truxton Canon Agency, Chairwoman Sherry J. Counts, and one other will set the schedule for the election.¹
- iii. **Additional public outreach in Peach Springs** Additional public outreach can begin with the launch of the HTUA's new web site and the official start of the Secretarial Election process by the BIA. Mr. Davidson suggested that the HTUA hold a public meetings in Peach Springs and at ITCA in Phoenix at the end of April while the weather is still temperate.
- iv. **Letter from Ms. Suminimo** Mr. Davidson reviewed the letter submitted to the HTUA on February 5, 2016, by Ms. Suminimo. The question is how could Mr. Jin obtain permission from the tribe to develop utilities for the Skywalk building without amending the Hualapai Constitution? However, the HTUA wants to amend the Constitution to bring utilities to Grand Canyon West. Ms. Suminimo would like the HTUA to explain this apparent conflict in writing. Mr. Majenty said Mr. Jin was responsible for connecting the Skywalk to the tribe's water system and for providing for other utilities to the Skywalk site. Mr. Jin was not asked to bring these utilities on to the reservation from off-reservation suppliers, namely electricity. The current task for the HTUA is to bring electricity to Grand Canyon West from an off-reservation source at a cost in excess of \$12 million. Mr. Vaughn added that Mr. Jin proposed many improvements at

¹ The third member is Philbert Watahomigie, Vice-Chairman, Hualapai Tribe

Grand Canyon West but most of these improvements were verbal and never approved by the tribe.

- v. **Updated FAQ sheet based upon December 16, 2015, meeting at ITCA** Mr. Davidson presented a supplemental FAQ sheet based on the questions and answers taken from the December 16, 2015, meeting at ITCA and reviewed by the HTUA at the past two board meetings. Mr. Davidson has done more research on Question No. 3 regarding other tribes' experience with their limited waivers of sovereign immunity and reported that neither David White, Assistant General Manager, Operations for Wild Horse Pass Development Authority of Gila River Indian Community and Lisa Garcia, Community Planner for Ak-Chin Indian Community, have not had any issues with the limited waivers that made their casinos possible to establish.

Mr. Vaughn said the supplemental FAQ sheet should clearly state that the proposed constitutional amendment is not altering the existing language in Section 1 or Section 2 of Article XVI but is seeking to add a new Section 3.

Mr. Majenty advised the HTUA to also focus on utility services it can provide to the Peach Springs community. This will show that not all of the tribe's and the HTUA's efforts are dedicated to building a power line to serve Grand Canyon West and that there has been consideration by the Board to assist the existing Mohave Electric Cooperative (MEC) customers in Peach Springs. This shift in focus may help promote the proposed constitutional amendment because the HTUA will be looking at ways to augment the existing MEC service. For example, Mr. Majenty suggested the HTUA could construct a set of back-up diesel generators to provide electricity during power outages in Peach Springs. Mr. Schmitt said, through the GSA pricing plan, GCRC was able to purchase all three Caterpillar 725e generators for Grand Canyon West at discounted price of \$775,000. Mr. Vaughn said the HTUA would be looked upon favorably if it provided other services such as training for Hualapai linemen who would be employed to work on the reservation's power lines. Mr. Davidson added the HTUA could create a program to install roof-top-solar arrays on homes and buildings in Peach Springs. Mr. Vaughn recommended the HTUA draft a cost savings plan for electric customers in Peach Springs.

In regard to Question No. 5 – *How will the HTUA guard against corruption in the contracting process and in operations?* Mr. Vaughn said that evidence of corruption must be provided and not just an allegation. Mr. Navenma noted that there are various forms of corruption.

Mr. Davidson reviewed Question No. 39 – *Does the limited waiver lead to a giving away of Hualapai's future?* The suggested response is as follows: “The limited waiver can lead to an increase in the tribe’s debt to lending institutions which may be perceived as mortgaging its future. On the other hand, as the tribe makes regular and timely payments on its debt, the tribe’s credit rating and creditworthiness will increase. At present, tribes with new Boulder Canyon Project hydropower allocations are being asked by Western Area Power Administration to provide proof of creditworthiness, such as a bond rating, if they plan to take the electric power directly. As Hualapai moves into the world of debt financing, their credit rating should be established allowing the tribe to become a ‘player’ in the financial market, as any other corporation, state or country.” Mr. Francis suggested that the above answer note the request for a limited waiver of sovereign immunity will be dealt with on a case-by-case basis as provided for in the proposed language in Section 3, Article XVI. Mr. Francis concluded by saying that an action by Council under proposed Section 3 to take on a debt of liability in excess of \$250,000 will not threaten tribe’s autonomy. Mr. Vaughn replied that the voters may always challenge a Council decision and even recall members from office. Mr. Majenty mentioned that GCRC received a loan to construct the Hualapai Lodge and that there were no ill-effects on the Corporation.

b. Proposed Power Line to Grand Canyon West along Diamond Bar Road

- i. Update on draft Environmental Report to comply with USDA/Rural Utility Service’s grant requirements and use of grant funds** Mr. Davidson referred to the draft ER he is preparing as part of the grant compliance for the USDA/RUS/HEC grant awarded to the tribe in September of 2015. As a result of the HTUA’s meeting with the BLM on January 19, 2016, and with UniSource on February 4, 2016, the scope of the ER may be expanding to become a more comprehensive NEPA document, most likely an Environmental Assessment (EA). This increase in scope is largely due to UniSources’s request to upgrade the existing 12.5 miles of 12.5 KV power line along

Pierce Ferry Road between the Dolan Springs sub-station and Diamond Bar Road to a 69 KV power line.

ii. Authorize UniSource to update cost estimates for power line Option Nos. 3 and 4 Mr. Davidson reviewed power line Option No. 3 which would replace the existing 12.5 KV power line with a new 69 KV power line from the Dolan Springs Substation to a new substation near the intersection of Diamond Bar and Pierce Ferry Road, a distance of some 12 miles, then build a new 20.8 KV power line to Grand Canyon West along Diamond Bar Road. Option 4 would replace the existing 12.5 KV power line with a new 69 KV power line from the Dolan Springs Substation to a new substation near the intersection of Diamond Bar and Pierce Ferry Road, a distance of some 12 miles, and then continue the new 69 KV power line to Grand Canyon West along Diamond Bar Road. Mr. Vaughn added that when the tribe's water rights are settled and if the withdrawal point is at Grand Canyon West, then a 69 KV power line will be needed to bring enough electricity to pump the water up some 4,000' in elevation from the Colorado River. The HTUA Board decided by consensus to authorize UniSource to update the cost estimates for Option Nos. 3 and 4.

iii. Authorize TTG to update cost estimate for power line Option Nos. 3 and 4 The HTUA Board decided by consensus to authorize TTG to update the cost estimates for Option Nos. 3 and 4.

c. Western Area Power Authority Post-2017 Hoover power allocation and contracting. Mr. Davidson reviewed the hand out materials and noted his correspondence with Western on the Renewable Energy Credit Program. Even though Arizona does not have a renewable energy credit (REC) program where the RECs can be sold to a power company that produces a significant amount of carbon output from their use of fossil fuels, Mr. Davidson advised that the HTUA take the RECs that come bundled with the D1 and D2 power allocations in anticipation of future carbon market being established. Mr. Davidson asked if the new Caterpillar 725e generators installed at Grand Canyon West would require these RECs because they operate on diesel fuel. Mr. Schmitt replied that the new generators are EPA Class 4 compliant.

d. Arizona Power Authority Post-2017 Hoover power allocation and contracting and potential bill crediting. Mr. Davidson re-presented the MEC bill credit analysis for both the tribe's D1 and D2

allocations because the power line will most likely not be constructed to Grand Canyon West in time to take the power directly. Mohave Electric Cooperative's preliminary analysis of a bill credit arrangement for the D1 allocation would yield the tribe just over \$2,500 per year. The annual value of the D2 allocation in a similar bill credit arrangement would yield approximately \$660.00 per year. Mr. Majenty asked Mr. Davidson to attend the upcoming APA and Western meetings and to ask other tribal utilities about their experience with limited waivers of sovereign immunity.

5) Distribution of bid responses to RFP for HTUA legal counsel (Planning)

The HTUA Board reviewed the four bids submitted to provide legal counsel for the HTUA. Given their familiarity with the HTUA efforts and past experience on drafting an agreement with UniSource to analyze the cost of building a power line to Grand Canyon West, Mr. Majenty made a motion to award the contract to Fennermore Craig. Mr. Vaughn seconded the motion. Motion carried 4-0.

6) Other Matters (Planning)

a. HTUA website development and approval to launch Mr. Davidson reviewed a printout of the new website. The consultant has been provided with meeting agendas and minutes and other items to populate the web page. The web site is ready to go live. Mr. Davidson also asked the HTUA to accept the web site consultant's optimal hosting and maintenance contract for 12 months in the amount of \$1,200. Mr. Majenty made a motion to launch the web site and accept the hosting and maintenance contract from AnchorWave. Mr. Vaughn seconded the motion. Motion passed 4-0.

b. Announcements Mr. Davidson said he discussed the lack of funding for a part-time HTUA general manager with Tribal Council at March 4th regular meeting. Assuming the Secretarial Election approves the addition of Section 3 to Article XVI of the Hualapai Constitution and the power line becomes more of a reality, the management of such a project will require a general manager with more specialized knowledge than the Planning Director possesses. Tribal Council recommended that the HTUA create a job description for a general manager. Tribal Council may also augment the HTUA budget to hire a general manager depending upon the outcome of the Secretarial Election.

7) Set time and location for next meeting

The next meeting will be held on April 13, 2016, at 9:00 AM at the Hualapai Cultural Resources Center, Peach Springs.

8) Adjourned at 11:45 AM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

April 13, 2016, 9:30 AM to 11:45 AM, Hualapai Health and Wellness Center, Peach Springs.

Board members:

Charles Vaughn, Chairman – present

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – present

Support personnel:

Kevin Davidson, Planning Director

Melvin Hunter, Jr., Bureau of Indian Affairs

Patrick Black, Fennemore-Craig, P.C. (via telephone)

Lou Schmitt, P.E., TTG (via telephone)

1) Call to Order

2) Roll Call

3) Review and Approval of Minutes

Mr. Black noted that Mr. Francis attended the March meeting rather than himself. At the top of page four, Mr. Navenma requested that rather than state several unsubstantiated forms of corruption as a fact the wording should be revised to say “various possible forms.” Both Mr. Vaughn and Mr. Malin requested that the answer to Question No. 39 be reworded. This revision will be addressed under Section 4.a.iv of the agenda. Mr. Montana made a motion to approve the March 13, 2016, meeting minutes, as amended. Motion seconded by Mr. Vaughn. Motion carried 3-0-1-1.

4) Project Updates

a. Follow-up on Amendment to Hualapai Constitution

- i. **BIA/Department of Interior Secretarial Election Schedule** Mr. Hunter of the BIA reviewed the Secretarial Election Schedule. The election was authorized on March 14, 2016. The Secretarial Election Board, comprised of James Williams, Superintendent of the Truxton Canon Agency, Chairwoman Sherry J. Counts, and Vice-Chairman Philbert Watahomigie, Sr. met on March 22, 2016, to set the schedule for the election. The registration forms will be mailed on April 13, 2016, with completed forms due back to the BIA's Valentine office by noon on April 29, 2016. These can be hand delivered. Challenges to the list of registered voters are due by May 5, 2016. The BIA will respond to challenges on May 6, 2016. Mr. Vaughn asked if eligible tribal voters also received the information packet published by the HTUA. Mr. Davidson said the Planning Department will be mailing out some 1,620 information packets using the same address list as the BIA on April 14 and April 15, 2016. Mr. Vaughn asked if the Secretarial Election Board is committed to the aggressive schedule which is also running parallel to the Council elections. Mr. Hunter replied that the schedule is set.

Mr. Hunter continued by saying that the election is set for May 23, 2016, and any challenges to the results will be concluded by June 11, 2016. Again, all ballots must be returned to the Valentine office by noon on the 23rd. Mr. Hunter explained that in order for the election to be valid, 30 percent of those who have registered for the Secretarial Election must actually cast a ballot by May 23rd. Mr. Vaughn asked who drafted the ballot question. Mr. Davidson replied that the ballot question is the new language for Section 3, Article XVI. Mr. Hunter said that the BIA's attorney reviewed the language and approved it.

- ii. **Additional public outreach in Peach Springs and in Phoenix** Mr. Davidson reviewed the invitation letter, Fact Sheet, power line map and public notice for the upcoming meetings in Peach Springs and at the Inter-Tribal Council of Arizona (ITCA). Mr. Vaughn asked that in instances where "amendment" occurs in the letter it be replaced with "addition of Section 3 to Article XVI" to clearly define the limited scope of the request so as not to cause unneeded anxiety. Mr. Malin advised that the answer to No. 7 on Fact Sheet be moved from second paragraph to the first paragraph. Mr. Black suggested that a fourth page be added to the mailings showing the language proposed in Section 3, Article XVI.

iii. Letter to Ms. Suminimo Mr. Davidson reviewed the draft letter to Ms. Suminimo. This will be the HTUA's response to the letter she submitted to the HTUA on February 5, 2016, that questioned how Mr. Jin obtained permission from the tribe to develop utilities for the Skywalk building without amending the Hualapai Constitution. Mr. Vaughn noted that the reference to the "tribe" should specifically refer to Grand Canyon Resort Corporation. The capital used to develop the utilities at Grand Canyon West was taken from GCRC's reserves and spent in accordance with GCRC's bylaws.

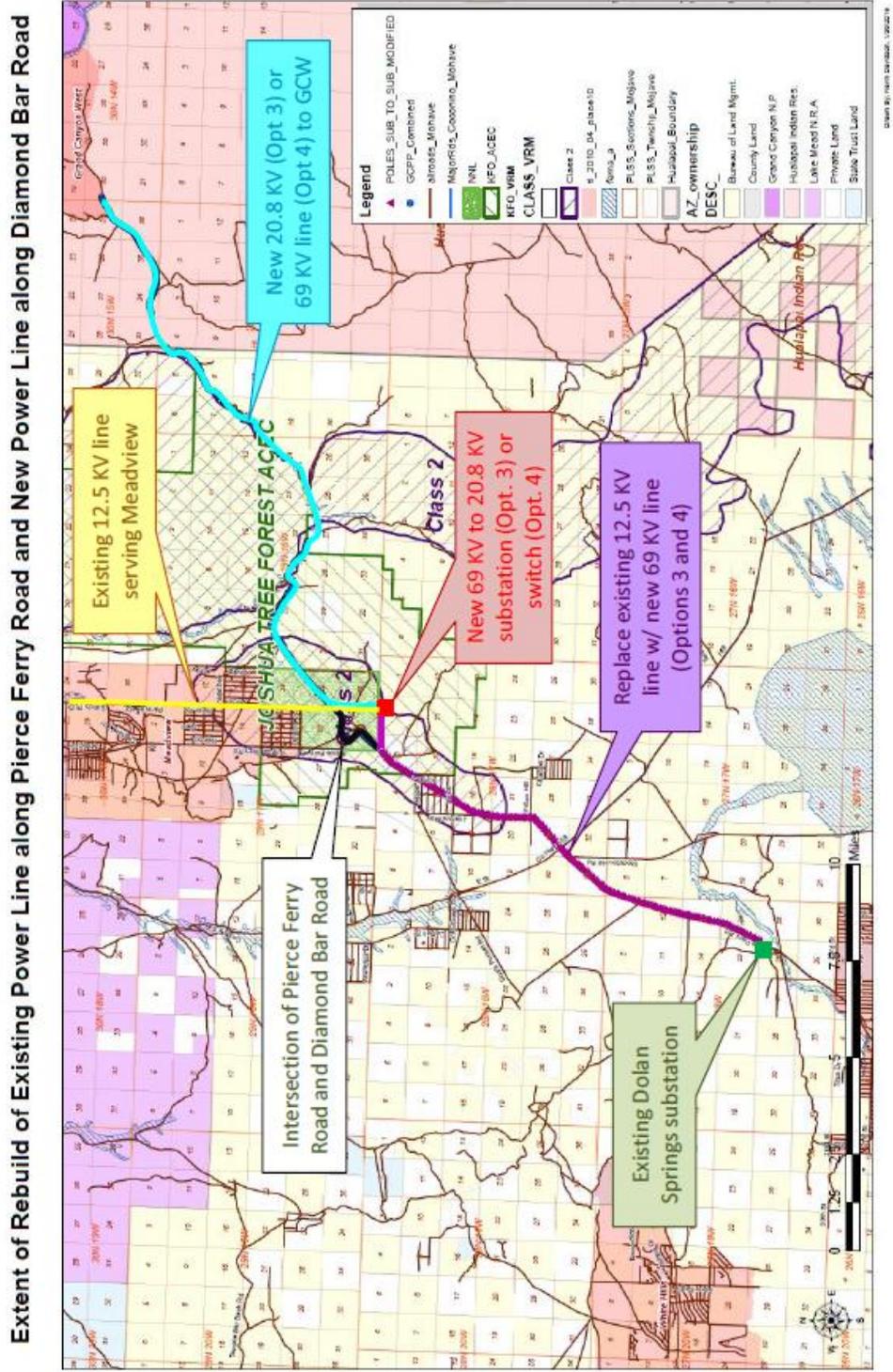
iv. Updated FAQ sheet based upon December 16, 2015, meeting at ITCA Mr. Davidson presented a supplemental FAQ sheet based on the questions and answers taken from the December 16, 2015, meeting at ITCA and reviewed by the HTUA at the past two board meetings. Mr. Davidson said the supplemental FAQ sheet would be provided at the upcoming public meetings in Peach Springs and at ITCA. In addition, Mr. Davidson referred to a PowerPoint presentation containing the supplemental FAQ sheet for the audience's benefit.

Mr. Vaughn said the response to Question No. 13 - Can a private landowner located along the route of the new power line tap into it and take all of Grand Canyon West's power? - should provide a shorter explanation as to why the answer is "no." Question No. 14 - Should there be a dollar amount cap on the proposed limited waiver in Section 3? What should the cap be set at? - Mr. Vaughn advised the first bullet point be re-worded to reflect the tribe's ability to determine appropriate and needed investments. Also, Question No. 15 - How does the Council know when to invoke Section 2 vs. Section 3 of Article XVI? - the response may be too complex and does not directly answer the question. Mr. Black said he would revise the answers to make them more concise and readable.

b. Proposed Power Line to Grand Canyon West along Diamond Bar Road

i. Clarification of power line route for Unisource on Option Nos. 3 and 4 Mr. Davidson reviewed a map showing the existing power line along Pierce Ferry Road and the new power line proposed along Diamond Bar Road. Approximately 12.5 miles of existing 12.8 KV power line along Pierce Ferry Road is to be upgraded to 69 KV under both Option Nos. 3 and 4. Mr. Navenma noted that

the power line crosses Pierce Ferry Road, from the west to the east, about one mile south of the intersection of Diamond Bar Road (see map).



The new power line will start at a new substation located just south of the Joshua Tree National Natural Landmark (NNL), proceed one mile north through the NNL to Diamond Bar Road where it will turn east and head up to the Hualapai Reservation's western boundary. UniSource has asked the HTUA if this is the correct route on which to base its construction cost estimate. Mr. Schmitt said there will be 69 KV to 20.8 KV step down transformer at the reservation boundary which is estimated to cost about one million dollars. A new 20.8 KV electric line will then be constructed between the transformer and the existing terminus of the mini-grid located at the entrance to the Western Town. Mr. Vaughn asked about the upgrades to the existing power line along Pierce Ferry Road. Mr. Schmitt said he is talking to UniSource about the upgrade and its costs. The tribe should not be paying 100 percent of the cost to upgrade the line because UniSource's existing customers in Meadview will also benefit from a more robust electrical grid. One benefit is that a 69 KV power line has less transmission losses than the smaller 12.8 KV line. The HTUA, by consensus, approved the route of the proposed power line.

ii. Request by Mared, LLC, for electric service from proposed Diamond Bar Road power line Mr. Davidson reviewed a request by the new owner of the Grand Canyon Ranch, Mared, LLC, for power from the proposed electric line along Diamond Bar Road. Mr. Vaughn said the tribe should be offered first right of refusal if Mared, LLC, chooses to sell the ranch. Mr. Montana asked if another land owner in the vicinity of Diamond Bar Road could connect to the Grand Canyon Ranch's electric supply. Mr. Davidson replied that the adjoining uses are public lands (BLM). Mr. Vaughn asked how much a third-party land owner would compensate the HTUA if he were allowed to connect to the power line. Mr. Black said these third-party customers are within UniSource's service area; however, the HTUA would be able to charge these would-be users a wheeling fee to transport the electricity over the power line and connection fee to access the power. In addition, the HTUA could request a limit on the amount of development on these private parcels.

c. Western Area Power Authority Post-2017 Hoover power allocation and contracting. Mr. Davidson reviewed the hand out materials time line for the payment of working capital and transitional cost owed by each contractor to Western as part of the "buy-in" to Hoover hydropower. The Schedule D contractors will be asked to pay \$675,000. The Hualapai portion is being calculated.

Mr. Davidson next reviewed Section 20 of Western's Electric Service Contract which sets rules for dispute resolutions between Western and its contractors. Several versions of this section have been debated by the contractors and Western for over a month. Section 20.4 concerns tribes and their agreeing to a "limited waiver of sovereign immunity solely to allow the federal parties to enforce tribal contractor's obligations under this contract through arbitration . . . and through litigation in Federal courts of competent jurisdiction." In addition, nothing in the Western contract "is intended to be or shall be construed as a waiver of tribal contractor's sovereign immunity." In addition, "neither this contract nor any underlying law or procedure abrogates or waives the tribal contractor's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court." Mr. Davidson concluded by saying the contract is still in draft form.

d. Arizona Power Authority Post-2017 Hoover power allocation and contracting and potential bill crediting. Mr. Davidson said that given the great effort that has gone into the Western contract to protect tribes in dispute resolution, he and Mr. Black have submitted language similar to Section 20.4 to the Arizona Power Authority to be inserted into the APA power sales contract as follows:

As required by A.R.S. Section 12-1518, the Authority and the Customer agree to make use of arbitration in disputes that are subject to mandatory arbitration pursuant to A.R.S. Section 12-133. The Parties agree to consider the use of arbitration for dispute resolution prior to filing suit in federal district court. The Customer agrees to a limited waiver of sovereign immunity solely as to arbitration of and litigation in Federal courts of competent jurisdiction for the enforcement of the Contract by the Arizona Power Authority related to Customer's obligations under this Contract. Aside from this limited waiver, nothing in this Contract, or in any current or future schedules, attachments, exhibits, amendments, or addenda, is intended to be or shall be construed as a waiver of Customer's sovereign immunity. The Parties understand and agree that neither this Contract nor any underlying law or procedure abrogates or waives Customer's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court.

Mr. Davidson noted this language may be revised when the APA releases the next version of their draft power sales contract.

5) Other Matters (Planning)

a. HTUA website Mr. Davidson announced that the HTUA web site is on-line at:

<http://www.hualapaiutility.org/>

b. Announcements Mr. Davidson said the next 500 KV right-of-way meeting with Council will be in Phoenix on April 20, 2016, at ITCA beginning at 9:00 AM.

6) Set time and location for next meeting

The next meeting will be held on May 25, 2016, at 9:00 AM at the Hualapai Cultural Resources Center, Peach Springs.

7) Adjourned at 11:45 AM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

April 26, 2016, 6:25 PM to 7:40 PM, ITCA, 2214 North Central Avenue, Suite 100, Phoenix, Arizona.

Board members:

Charles Vaughn, Chairman – absent

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – absent

Steve Malin, Treasurer – absent

Jamie Navenma – present

Council Members:

Philbert Watahomigie, Vice-Chairman, Hualapai Tribe

Support personnel:

Kevin Davidson, Planning Director and acting General Manager for the HTUA

Patrick Black, Fennermore Craig PLC, legal counsel for HTUA

Lou Schmitt, P.E., TTG Engineers, engineer for proposed power line to GCW

1) Call to Order – postponed pending quorum (quorum not met). Mr. Davidson welcomed the audience of half a dozen people to the meeting and began the PowerPoint presentation.

2) Presentation of proposed amendment to the Hualapai Constitution. Mr. Davidson introduced himself as the acting General Manager for the HTUA and began the formal presentation by giving some history on the HTUA as follows:

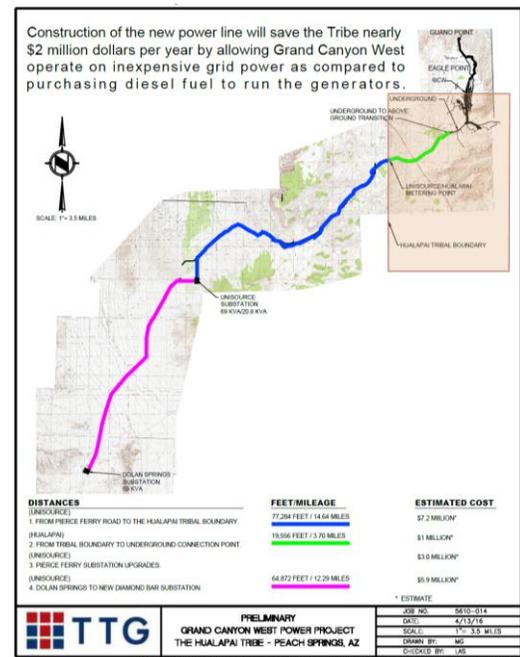
- The Hualapai Tribal Council created the Hualapai Tribal Utility Authority in 2014 to develop utilities important to the economic development of the Hualapai Tribe.
- The purpose of the HTUA is to provide electric power service, water service, and sewage service at certain locations within the Hualapai Reservation and on other Tribal lands under the jurisdiction of the Hualapai Tribe.
- Tribal Council has the authority, under Article V of Constitution of the Hualapai Indian Tribe, to enact legislation establishing a tribal utility authority within the Hualapai Reservation.

Mr. Davidson next HTUA Board members: Charles Vaughn, Chairman, Rory Majenty, Vice-Chairman, Joe Montana, Secretary, Steve Malin, Treasurer and Jamie Navenma. The HTUA typically meets once per month at the Hualapai Cultural Resources Department in Peach Springs between 9:00 AM and noon.

a. Objectives of the Hualapai Tribal Utility Authority

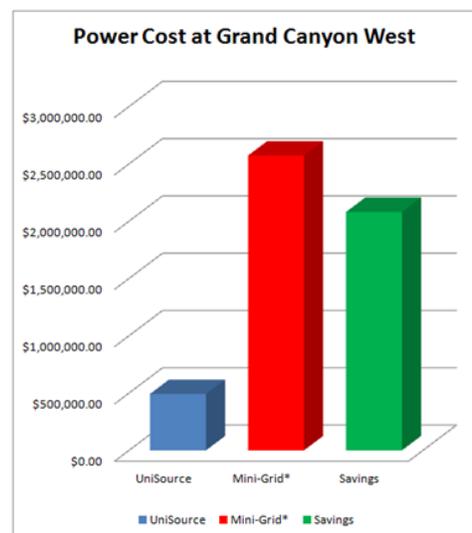
Objective 1: Lower electric costs at Grand Canyon West

West - Grand Canyon West, one of the economic engines of the tribe, would grow in profitability if connected to the regional electrical grid by a power line built along Diamond Bar Road. This would provide cheaper power to the tribe by line service rather than from diesel generation saving as much as \$2,000,000 in energy costs per year at present. As Grand Canyon West grows, so will energy savings. The expected cost of the power line along Diamond Bar Road and the re-build along Pierce Ferry Road is estimated at \$18 million. Mr. Davidson referred to a chart on Slide No. 6 which showed the dollar savings per year and then a map of the proposed power line which would be built along Diamond Bar Road.



Objective 2: Acquire Mohave Electric Cooperative's power lines on the Reservation

- Like many other tribes with a utility authority, future events may enable the HTUA to purchase the present undependable electrical service and deliver more reliable service to the tribe. The existing electric service infrastructure could be purchased at the depreciated cost. In 2007, the depreciated cost was estimated to range from \$156,000 to \$220,000. This does not include the Nelson substation located outside of the reservation.

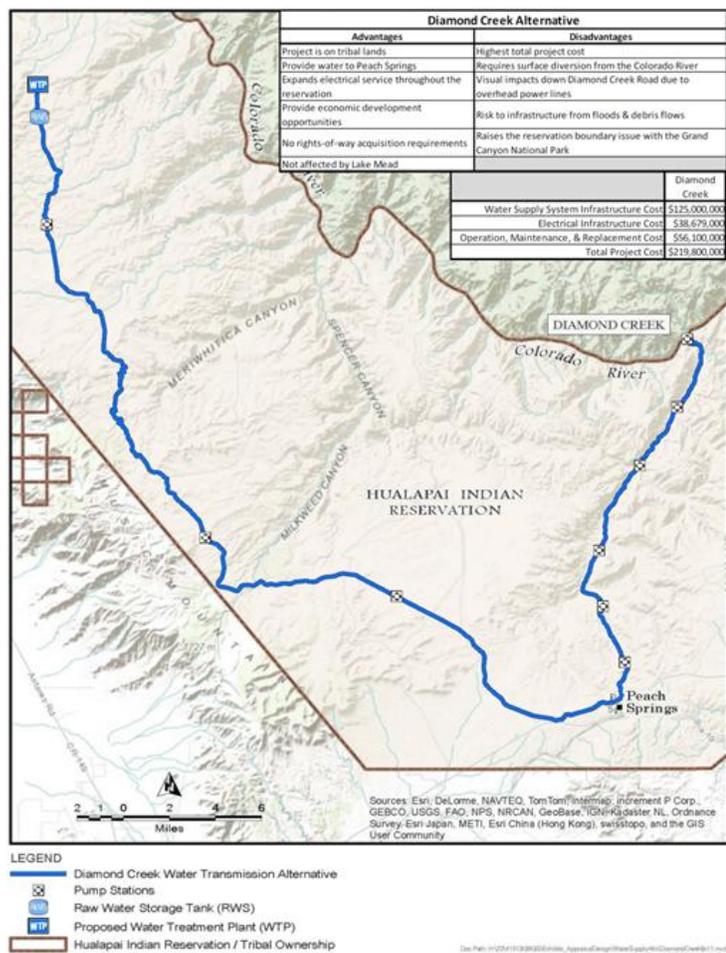


Objective 3: Self-determination and Support for Peach Springs Electric Customers

These include additional activities that the HTUA can undertake to help electric customers in Peach Springs such as: 1) construct a set of back-up diesel generators to provide electricity during power outages in Peach Springs, 2) provide training for Hualapai linemen who would be employed to work on the reservation’s power lines, and 3) create a program to install roof-top-solar arrays on homes and buildings in Peach Springs.

Objective 4: Bring water from the Colorado River to the Reservation - The delivery of water

requires electricity to operate pumps; the HTUA could be the source that delivers electricity at a reduced cost to the tribe. Approximately 4,000 KWs are needed to bring this water to Peach Springs and Grand Canyon West. This amount of power is equal to the current usage of Peach Springs, Valentine and Grand Canyon West combined. The Diamond Creek pipeline is completely within the Hualapai Reservation and will provide water to Peach Springs and Grand Canyon West (see map). Moving the water requires the building of pumping stations and power lines along Diamond Creek Road and Buck and Doe Road.



b. Reasons to amend the Hualapai Constitution

Mr. Davidson said that in order to deliver utilities, the HTUA must enter into contractual agreements with contractors and other financial institutions to build the delivery systems. This requires written agreements to include a limited waiver of sovereign immunity. The tribal constitution requires approval by 30% of eligible voters to waive immunity of the tribe for liabilities exceeding \$250,000. This requirement hinders the tribe from developing economically. To attract future economic development to the Hualapai Reservation that provides for the wellbeing of the tribe, it is necessary to amend the Constitution to provide the Hualapai Tribal Council the ability to ensure economic development. Allowing the Tribal Council to enter into agreements that include a limited waiver of sovereign immunity will enable the HTUA to enter into contracts that would fund these developments.

Mr. Davidson used the proposed Diamond Bar Road power line as example: The Hualapai Tribe needs to build a power line to Grand Canyon West to meet the future electrical demand. To build the multi-million dollar power line, the HTUA needs to borrow money. To take on debt more than \$250,000, the HTUA is requesting the Hualapai Constitution be amended to allow for a limited waiver of sovereign immunity. The waiver will allow the bank to issue the loan since it will now have collateral (the power line) to secure the loan.

The power line is designed to meet the future electrical demand for future development at Grand Canyon West. These electricity demands through 2018 include a new 250-room Resort Hotel & Full Service Restaurant (1,600 Kilowatts), a new Airport Terminal (540 KWs), a new Full Service Kitchen (193 KWs), new and existing housing (149 KWs), and a new Welcome Center (313 KWs). These demands exceed the current generator's capacity (2,175 KWs) by 620 KWs and do not include the existing load of 600 KWs to operate Grand Canyon West.

c. Limited waiver of sovereign immunity

Mr. Davidson recited the language of the proposed amendment to the Constitution adding Section 3 to Article XVI as follows:

Notwithstanding Section 2 of this Article, a limited waiver of sovereign immunity otherwise within the scope of that Section shall require only the approval of the Tribal Council if the Tribal Council

determines that such waiver would facilitate the advancement of the economic or commercial interests of the Tribe and its members. Only those tribal entities formed and governed pursuant to ordinances of the Tribal Council may, with Tribal Council approval, waive sovereign immunity as prescribed in this Section 3.

The proposed amendment will not take away any wording from the Constitution. The amendment will add new wording that provides the Tribal Council the authority to vote on this issue. The limited waiver shall not be construed to waive any immunity of the Hualapai Tribe, or to extend any liability to any assets, revenues, or incomes of the Hualapai Tribe, other than those of the HTUA such as power lines, substations, generators and other facilities it may own and operate.

Mr. Davidson next reviewed instances where other tribes have granted limited waivers of sovereign immunity for development or borrowed money to finance development. For example, Ak-Chin Electric Community Utility Authority has the authority to add limited waivers of sovereign immunity to its contracts. Gila River Indian Community Utility Authority has borrowed money from the Cooperative Finance Corporation to build a 69 KV sub-station. The Morongo Band of Mission Indians built their casino (see photo) after approving a waiver of sovereign immunity.



d. Special election process

To conclude, Mr. Davidson summarized the special election process to be conducted by the BIA/Department of Interior as follows:

1. Council approved Resolution No. 79-2015 on October 1, 2015, to begin the special election process and the tribe sent the Resolution to the Department of Interior for review.
2. The Department of Interior authorized the Secretarial Election on March 14, 2016.
3. Department of Interior will hold the Secretarial Election on May 23rd.
 - a. Department of Interior will register Hualapai voters by April 29th
 - b. Ballot mail out on May 6th. Voting shall be by absentee ballot.

- c. At least 30% of those registered by the Department of Interior must cast a vote.
- d. Simple majority vote needed to approve Amendment.

Mr. Davidson concluded the presentation by asking members of the audience to give their candid comments and advice to the HTUA Board. Ms. Tinhorn asked how the Council would deal with tribal entities that request a limited waiver of sovereign immunity be placed in one of their third-party contracts. Mr. Watahomigie noted that limited waivers have been reviewed by Council in the past for smaller projects and that Council has been inclined to accept them. Mr. Black added that the limited waiver of sovereign immunity allows for the arbitration and, if needed, litigation in federal court in addition to tribal court. Mr. Black also said the HTUA and Council should each hold a special public meeting to discuss the use of the limited waiver of sovereign immunity as shown in proposed Section 3 of Article XVI.

Ms. Smith asked if any tribal land could be seized by a contractor as result of the tribe signing a contract with a limited waiver of sovereign contained in it. Mr. Davidson said no. Mr. Black added that in the case of the power line along Diamond Bar Road, most of the land is outside of the reservation and along a Mohave County right-of-way or on Bureau of Land Management holdings. Ms. Smith advised the HTUA go “door-to-door” to provide this type of detailed explanation on the scope of the limited waiver of sovereign immunity as described in proposed Section 3. Mr. Black advised that the Council set up a 60-day comment period prior to Council action on Section 3.

Mr. Navenma said the Hualapai Housing Department could also benefit from the limited waiver of sovereign immunity in its future contracts to build and remodel its rental homes. The current \$250,000 limit in Section 2, Article XVI prevents the Department from constructing or remodeling more than a handful of homes on any one contract. With the new language proposed in Section 3, the Housing Department could apply for HUD’s Section 184 and Title VI loan program and with that money could construct 20 to 30 homes at a time and save costs due to the volume discount.

Ms. Smith, after looking through the 11-page Q&A summary of the December 16, 2015, meeting at ITCA, which she and her husband also attended, recommended reducing the detailed responses so they can fit on a few pages. This should make the answers more accessible and likely to be read.

Mr. Walema said the HTUA presentation should include other examples of where tribal utilities and other tribal housing departments have used a limited waiver of sovereign immunity and to what beneficial effect for tribal members. Mr. Davidson replied that we would do additional research on the topic. Mr. Navenma noted that Yavapai-Apache Nation, San Carlos Apache, Pueblo of Zuni, Pueblo of Acoma, Pascua-Yaqui are some of the housing programs that use these loan programs and have included the limited waiver of sovereign immunity language in their contract documents

3) Time and location for next public meeting

The next meeting will be held on April 27, 2016, starting at 6:00 PM at the Hualapai Tribal Gym in Peach Springs.

4) Meeting Conclusion at 7:40 PM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

April 27, 2016, 6:15 PM to 7:30 PM, Tribal Gymnasium, Peach Springs, Arizona.

Board members:

Charles Vaughn, Chairman – absent

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – absent

Steve Malin, Treasurer – present

Jamie Navenma – present

Support personnel:

Kevin Davidson, Planning Director and acting General Manager for the HTUA

1) Call to Order – postponed pending quorum (quorum not met). Mr. Davidson welcomed the audience of two dozen people to the meeting and began the PowerPoint presentation.

2) Presentation of proposed amendment to the Hualapai Constitution. Mr. Davidson introduced himself as the acting General Manager for the HTUA and began the formal presentation by giving some history on the HTUA as follows:

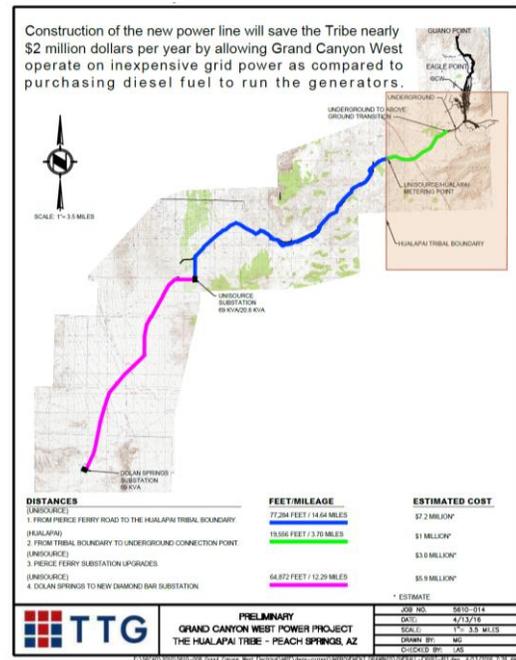
- The Hualapai Tribal Council created the Hualapai Tribal Utility Authority in 2014 to develop utilities important to the economic development of the Hualapai Tribe.
- The purpose of the HTUA is to provide electric power service, water service, and sewage service at certain locations within the Hualapai Reservation and on other Tribal lands under the jurisdiction of the Hualapai Tribe.
- Tribal Council has the authority, under Article V of Constitution of the Hualapai Indian Tribe, to enact legislation establishing a tribal utility authority within the Hualapai Reservation.

Mr. Davidson next HTUA Board members: Charles Vaughn, Chairman, Rory Majenty, Vice-Chairman, Joe Montana, Secretary, Steve Malin, Treasurer and Jamie Navenma. The HTUA typically meets once per month at the Hualapai Cultural Resources Department in Peach Springs between 9:00 AM and noon.

a. Objectives of the Hualapai Tribal Utility Authority

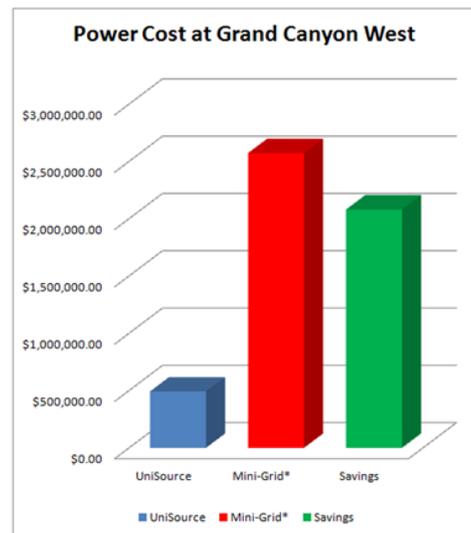
Objective 1: Lower electric costs at Grand Canyon West

Grand Canyon West, one of the economic engines of the tribe, would grow in profitability if connected to the regional electrical grid by a power line built along Diamond Bar Road. This would provide cheaper power to the tribe by line service rather than from diesel generation saving as much as \$2,000,000 in energy costs per year at present. As Grand Canyon West grows, so will energy savings. The expected cost of the power line along Diamond Bar Road and the rebuild along Pierce Ferry Road is estimated at \$18 million. Mr. Davidson referred to a chart on Slide No. 6 which showed the dollar savings per year and then a map of the proposed power line which would be built along Diamond Bar Road.



Objective 2: Acquire Mohave Electric Cooperative's power lines on the Reservation

Like many other tribes with a utility authority, future events may enable the HTUA to purchase the present undependable electrical service and deliver more reliable service to the tribe. The existing electric service infrastructure could be purchased at the depreciated cost. In 2007, the depreciated cost was estimated to range from \$156,000 to \$220,000. This does not include the Nelson substation located outside of the reservation.



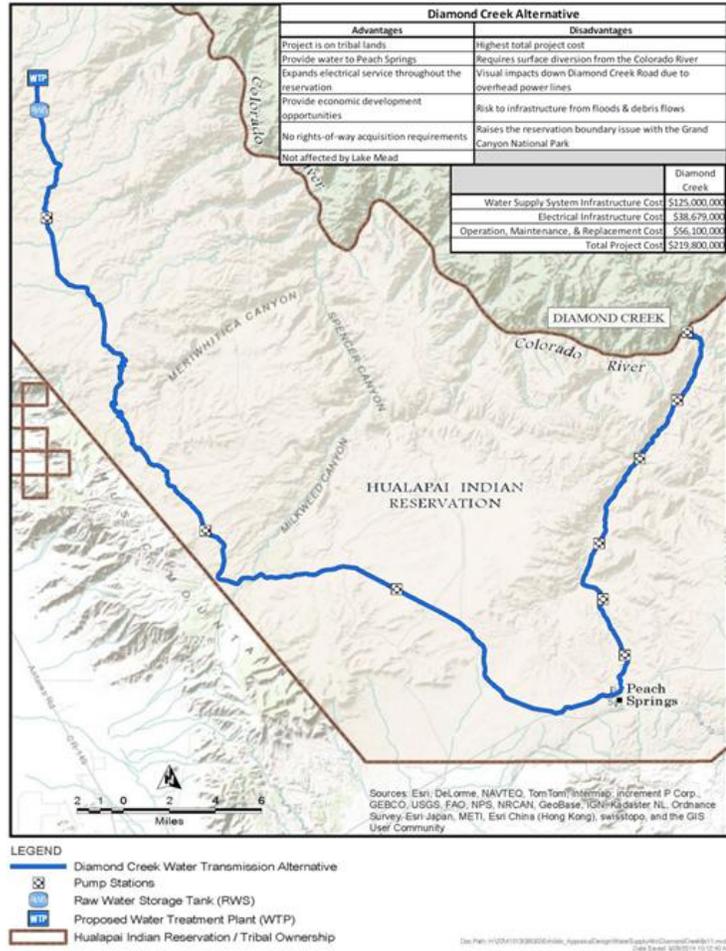
Objective 3: Self-determination and Support for Peach Springs Electric Customers

These include additional activities that the HTUA can undertake to help electric customers in Peach Springs such as: 1) construct a set of back-up diesel generators to provide electricity during power outages in Peach Springs, 2) provide training for Hualapai linemen who would be employed to work

on the reservation's power lines, and 3) create a program to install roof-top-solar arrays on homes and buildings in Peach Springs.

Objective 4: Bring water from the Colorado River to the Reservation - The delivery of water

requires electricity to operate pumps; the HTUA could be the source that delivers electricity at a reduced cost to the tribe. Approximately 4,000 KWs are needed to bring this water to Peach Springs and Grand Canyon West. This amount of power is equal to the current usage of Peach Springs, Valentine and Grand Canyon West combined. The Diamond Creek pipeline is completely within the Hualapai Reservation and will provide water to Peach Springs and Grand Canyon West (see map). Moving the water requires the building of pumping stations and power lines along Diamond Creek Road and Buck and Doe Road.



b. Reasons to amend the Hualapai Constitution

Mr. Davidson said that in order to deliver utilities, the HTUA must enter into contractual agreements with contractors and other financial institutions to build the delivery systems. This requires written agreements to include a limited waiver of sovereign immunity. The tribal constitution requires approval by 30% of eligible voters to waive immunity of the tribe for liabilities exceeding \$250,000. This requirement hinders the tribe from developing economically. To attract future economic

development to the Hualapai Reservation that provides for the wellbeing of the tribe, it is necessary to amend the Constitution to provide the Hualapai Tribal Council the ability to ensure economic development. Allowing the Tribal Council to enter into agreements that include a limited waiver of sovereign immunity will enable the HTUA to enter into contracts that would fund these developments.

Mr. Davidson used the proposed Diamond Bar Road power line as example: The Hualapai Tribe needs to build a power line to Grand Canyon West to meet the future electrical demand. To build the multi-million dollar power line, the HTUA needs to borrow money. To take on debt more than \$250,000, the HTUA is requesting the Hualapai Constitution be amended to allow for a limited waiver of sovereign immunity. The waiver will allow the bank to issue the loan since it will now have collateral (the power line) to secure the loan.

The power line is designed to meet the future electrical demand for future development at Grand Canyon West. These electricity demands through 2018 include a new 250-room Resort Hotel & Full Service Restaurant (1,600 Kilowatts), a new Airport Terminal (540 KWs), a new Full Service Kitchen (193 KWs), new and existing housing (149 KWs), and a new Welcome Center (313 KWs). These demands exceed the current generator's capacity (2,175 KWs) by 620 KWs and do not include the existing load of 600 KWs to operate Grand Canyon West.

c. Limited waiver of sovereign immunity

Mr. Davidson recited the language of the proposed amendment to the Constitution adding Section 3 to Article XVI as follows:

Notwithstanding Section 2 of this Article, a limited waiver of sovereign immunity otherwise within the scope of that Section shall require only the approval of the Tribal Council if the Tribal Council determines that such waiver would facilitate the advancement of the economic or commercial interests of the Tribe and its members. Only those tribal entities formed and governed pursuant to ordinances of the Tribal Council may, with Tribal Council approval, waive sovereign immunity as prescribed in this Section 3.

The proposed amendment will not take away any wording from the Constitution. The amendment will add new wording that provides the Tribal Council the authority to vote on this issue. The limited waiver shall not be construed to waive any immunity of the Hualapai Tribe, or to extend any liability to any assets, revenues, or incomes of the Hualapai Tribe, other than those of the HTUA such as power lines, substations, generators and other facilities it may own and operate.

Mr. Davidson next reviewed instances where other tribes have granted limited waivers of sovereign immunity for development or borrowed money to finance development. For example, Ak-Chin Electric Community Utility Authority has the authority to add limited waivers of sovereign immunity to its contracts. Gila River Indian Community Utility Authority has borrowed money from the Cooperative Finance Corporation to build a 69 KV sub-station. The Morongo Band of Mission Indians built their casino (see photo) after approving a waiver of sovereign immunity.



d. Special election process

To conclude, Mr. Davidson summarized the special election process to be conducted by the BIA/Department of Interior as follows:

1. Council approved Resolution No. 79-2015 on October 1, 2015, to begin the special election process and the tribe sent the Resolution to the Department of Interior for review.
2. The Department of Interior authorized the Secretarial Election on March 14, 2016.
3. Department of Interior will hold the Secretarial Election on May 23rd.
 - a. Department of Interior will register Hualapai voters by April 29th
 - b. Ballot mail out on May 6th. Voting shall be by absentee ballot.
 - c. At least 30% of those registered by the Department of Interior must cast a vote.
 - d. Simple majority vote needed to approve Amendment.

Mr. Davidson concluded the presentation by asking members of the audience to give their candid comments and advice to the HTUA Board. Ms. Kisner asked how the HTUA will pay off the loan to build

the power line to Grand Canyon West. Mr. Davidson replied that the annual amount of cash spent on fuel savings, estimated at \$2 million, will be used to pay off the loan.

In regard to the pending water rights settlement and potential take out point at the intersection of the Colorado River and Diamond Creek, can the tribe capture water in Diamond Creek and avoid taking the water directly from the River? Mr. Davidson noted this question was raised by Mr. Nish at the December 16, 2015, meeting at ITCA. The capital project would be a considerable undertaking and not give Hualapai a water right to the Colorado River. The take out point at Diamond Creek is at a fairly stable point along the river and not subject to the fluctuations in lake elevations as occur further downstream near Lake Mead.

Ms. Vaughn asked about the potential for wind and solar development at Grand Canyon West. Mr. Davidson reviewed the return on investment analysis and noted that the new power line would take about 15 months longer to pay off as compared to a new solar array connected to the existing mini-grid. Mr. Davidson added that having a power line connecting Grand Canyon West to the UniSource electrical grid would also allow a future wind or solar project located on the reservation to provide electricity to UniSource at a competitive cost. The utility company is projecting a shortage of electric supply in the northern part of its service area within Mohave County (Dolan Springs, Meadview, and White Hills areas).

Can we trust the Council to use their discretion before approving a limited waiver of sovereign immunity under proposed Section 3 of Article XVI? Mr. Davidson said that Council should consider developing a public outreach effort to inform Hualapai tribal members of their intent to use Section 3. This would involve adequate notice to Hualapai voters, a public input meeting to discuss the reason for the request and to document public concerns, and then a special council meeting to consider the issues prior to voting. As part of the Constitution's check on Council's power, each Council action is subject to a referendum. Mr. Navenma added that the Tribe needs to create a standardized development process or code that will be used by all projects being proposed on the Hualapai Reservation. This process would include a few steps that would allow a review of the projects, the players of the project to present information to a committee and to the Council before a waiver is granted. The addition of language to the constitution is to ensure development and projects that will benefit the community and the tribal members is easier to achieve, such as using HUD Section 184 and Title VI loan programs for housing

developments that would exceed the \$250,000.00 threshold. Public Works would also be a potential program that would utilize this language for any future expansion or upgrading projects for the current and deteriorating infrastructure on the Hualapai Reservation.

Ms. Havatone asked if the HTUA had discussed a “Plan B” in case the amendment to add proposed Section 3 to Article XVI is voted down. Mr. Davidson said the HTUA has not formally discussed the other options; however, having the tribe save up cash over the next several years could be a way to fund the power line. Ms. Havatone also suggested that the HTUA hold a meeting during the day to attract attendees who cannot attend at night.

Ms. Vaughn asked if there are other tribes that utilize a limited waiver of sovereign immunity for Development projects. Mr. Navenma said yes. Tribes that use the Section 184 loan program have to have language in their loan documents that provide a limited waiver of sovereign immunity. Yavapai-Apache Nation, San Carlos Apache, Pueblo of Zuni, Pueblo of Acoma, Pascua-Yaqui are some of the housing programs that use these loan programs and have to include the waiver language in their documents.

3) Time and location for next public meeting

The HTUA will set up another public meeting likely to be held in early May during the day time in Peach Springs.

4) Meeting Conclusion at 7:30 PM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

May 12, 2016, 12:20 PM to 1:45 PM, Tribal Gymnasium, Peach Springs, Arizona.

Board members:

Charles Vaughn, Chairman – present

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – absent

Support personnel:

Kevin Davidson, Planning Director and acting General Manager for the HTUA

1) Call to Order

2) Presentation of proposed amendment to the Hualapai Constitution. Mr. Davidson introduced himself as the acting General Manager for the HTUA and began the formal presentation by giving some history on the HTUA as follows:

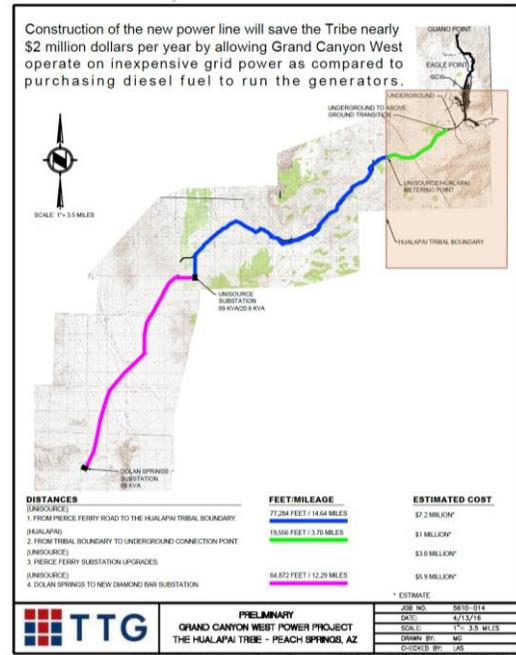
- The Hualapai Tribal Council created the Hualapai Tribal Utility Authority in 2014 to develop utilities important to the economic development of the Hualapai Tribe.
- The purpose of the HTUA is to provide electric power service, water service, and sewage service at certain locations within the Hualapai Reservation and on other Tribal lands under the jurisdiction of the Hualapai Tribe.
- Tribal Council has the authority, under Article V of Constitution of the Hualapai Indian Tribe, to enact legislation establishing a tribal utility authority within the Hualapai Reservation.

Mr. Davidson next HTUA Board members: Charles Vaughn, Chairman, Rory Majenty, Vice-Chairman, Joe Montana, Secretary, Steve Malin, Treasurer and Jamie Navenma. The HTUA typically meets once per month at the Hualapai Cultural Resources Department in Peach Springs between 9:00 AM and noon.

a. Objectives of the Hualapai Tribal Utility Authority

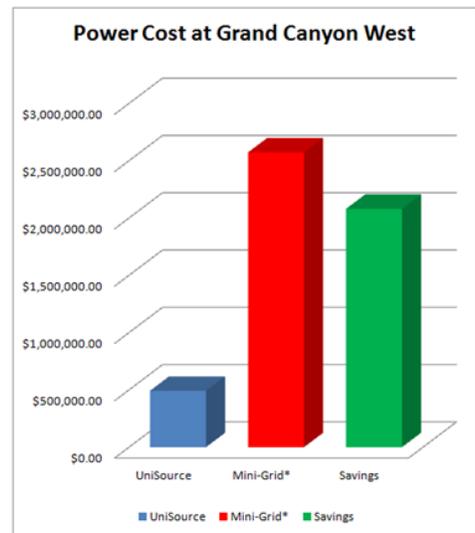
Objective 1: Lower electric costs at Grand Canyon West

Grand Canyon West, one of the economic engines of the tribe, would grow in profitability if connected to the regional electrical grid by a power line built along Diamond Bar Road. This would provide cheaper power to the tribe by line service rather than from diesel generation saving as much as \$2,000,000 in energy costs per year at present. As Grand Canyon West grows, so will energy savings. The expected cost of the power line along Diamond Bar Road and the re-build along Pierce Ferry Road is estimated at \$18 million. Mr. Davidson referred to a chart on Slide No. 6 which showed the dollar savings per year and then a map of the proposed power line which would be built along Diamond Bar Road.



Objective 2: Acquire Mohave Electric Cooperative’s power lines on the Reservation

Like many other tribes with a utility authority, future events may enable the HTUA to purchase the present undependable electrical service and deliver more reliable service to the tribe. The existing electric service infrastructure could be purchased at the depreciated cost. In 2007, the depreciated cost was estimated to range from \$156,000 to \$220,000. This does not include the Nelson substation located outside of the reservation.



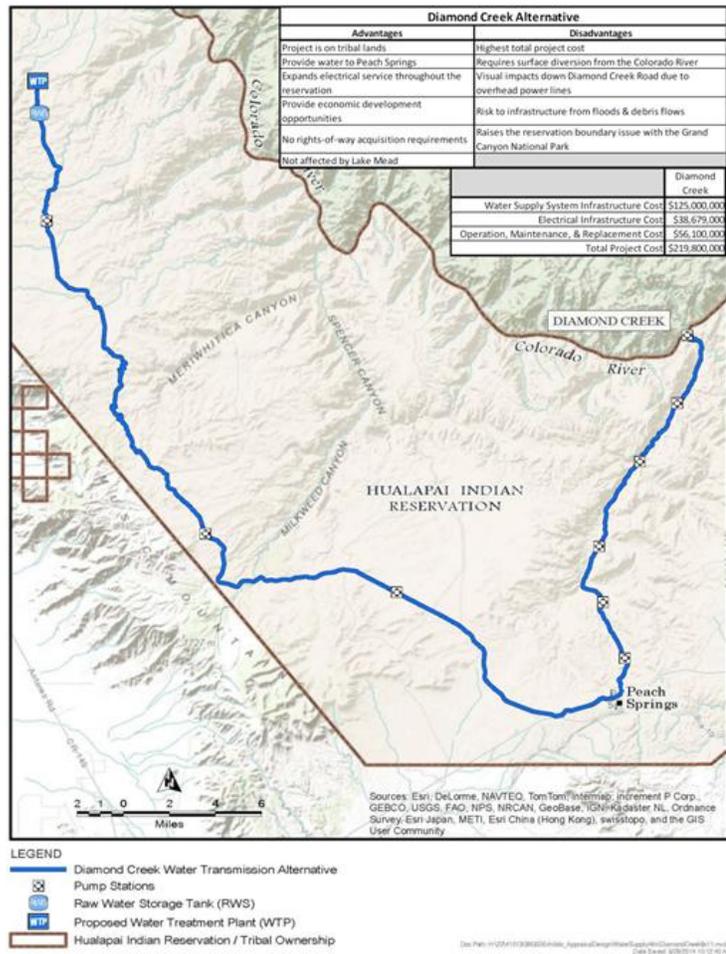
Objective 3: Self-determination and Support for Peach Springs Electric Customers

These include additional activities that the HTUA can undertake to help electric customers in Peach Springs such as: 1) construct a set of back-up diesel generators to provide electricity during power outages in Peach Springs, 2) provide training for Hualapai linemen who would be employed to work

on the reservation's power lines, and 3) create a program to install roof-top-solar arrays on homes and buildings in Peach Springs.

Objective 4: Bring water from the Colorado River to the Reservation - The delivery of water

requires electricity to operate pumps; the HTUA could be the source that delivers electricity at a reduced cost to the tribe. Approximately 4,000 KWs are needed to bring this water to Peach Springs and Grand Canyon West. This amount of power is equal to the current usage of Peach Springs, Valentine and Grand Canyon West combined. The Diamond Creek pipeline is completely within the Hualapai Reservation and will provide water to Peach Springs and Grand Canyon West (see map). Moving the water requires the building of pumping stations and power lines along Diamond Creek Road and Buck and Doe Road.



b. Reasons to amend the Hualapai Constitution

Mr. Davidson said that in order to deliver utilities, the HTUA must enter into contractual agreements with contractors and other financial institutions to build the delivery systems. This requires written agreements to include a limited waiver of sovereign immunity. The tribal constitution requires approval by 30% of eligible voters to waive immunity of the tribe for liabilities exceeding \$250,000. This requirement hinders the tribe from developing economically. To attract future economic

development to the Hualapai Reservation that provides for the wellbeing of the tribe, it is necessary to amend the Constitution to provide the Hualapai Tribal Council the ability to ensure economic development. Allowing the Tribal Council to enter into agreements that include a limited waiver of sovereign immunity will enable the HTUA to enter into contracts that would fund these developments.

Mr. Davidson used the proposed Diamond Bar Road power line as example: The Hualapai Tribe needs to build a power line to Grand Canyon West to meet the future electrical demand. To build the multi-million dollar power line, the HTUA needs to borrow money. To take on debt more than \$250,000, the HTUA is requesting the Hualapai Constitution be amended to allow for a limited waiver of sovereign immunity. The waiver will allow the bank to issue the loan since it will now have collateral (the power line) to secure the loan.

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c. Limited waiver of sovereign immunity

Mr. Davidson recited the language of the proposed amendment to the Constitution adding Section 3 to Article XVI as follows:

Notwithstanding Section 2 of this Article, a limited waiver of sovereign immunity otherwise within the scope of that Section shall require only the approval of the Tribal Council if the Tribal Council determines that such waiver would facilitate the advancement of the economic or commercial interests of the Tribe and its members. Only those tribal entities formed and governed pursuant to ordinances of the Tribal Council may, with Tribal Council approval, waive sovereign immunity as prescribed in this Section 3.

The proposed amendment will not take away any wording from the Constitution. The amendment will add new wording that provides the Tribal Council the authority to vote on this issue. The limited waiver shall not be construed to waive any immunity of the Hualapai Tribe, or to extend any liability to any assets, revenues, or incomes of the Hualapai Tribe, other than those of the HTUA such as power lines, substations, generators and other facilities it may own and operate.

Mr. Davidson next reviewed instances where other tribes have granted limited waivers of sovereign immunity for development or borrowed money to finance development. For example, Ak-Chin Electric Community Utility Authority has the authority to add limited waivers of sovereign immunity to its contracts. Gila River Indian Community Utility Authority has borrowed money from the Cooperative Finance Corporation to build a 69 KV sub-station (photo). The Navajo Tribal Utility Authority (NTUA) has been granted by the Navajo Nation the power to add a limited waiver of sovereign immunity into their contracts. The NTUA tells the Navajo Nation prior to exercising this power.



In addition to funding infrastructure improvements such as power lines, Mr. Davidson noted that other Tribal Departments, such as Housing, could benefit from having a limited waiver of sovereign immunity in the Hualapai Constitution. The limited waiver would allow the Housing Department to take full advantage of HUD's Section 184 and Title VI loan programs to build and remodel dozens of homes on the Reservation at one time rather than doing it piecemeal. The Yavapai-Apache Nation, San Carlos Apache, Pueblo of Zuni, Pueblo of Acoma, Pascua-Yaqui are some of the housing programs that use these loan programs and have to include the limited waiver of sovereign immunity language in their contract documents.

At the last public meeting in Peach Springs, a tribal member requested that Council should adopt a way to notify tribal members of the Council's desire to use proposed Section 3 of Article XVI – allowing for the limited waiver of sovereign immunity in contracts. To that end, the Planning Department presented to Council a proposal on May 9th showing how to create such an outreach effort. Council approved by unanimous vote to allow the Planning Department hold a set of public meetings to gather ideas on writing a Public Participation Plan for use when Section 3 is being considered by Council.

d. Special election process

To conclude, Mr. Davidson summarized the special election process to be conducted by the BIA/Department of Interior as follows:

1. Council approved Resolution No. 79-2015 on October 1, 2015, to begin the special election process and the tribe sent the Resolution to the Department of Interior for review.
2. The Department of Interior authorized the Secretarial Election on March 14, 2016.
3. Department of Interior will hold the Secretarial Election on May 23rd.
 - a. Department of Interior will register Hualapai voters by April 29th
 - b. Ballot mail out on May 6th. Voting shall be by absentee ballot.
 - c. At least 30% of those registered by the Department of Interior must cast a vote.
 - d. Simple majority vote needed to approve Amendment.

Mr. Davidson concluded the presentation by asking members of the audience to give their candid comments and advice to the HTUA Board. Mr. Vaughn said the new language proposed in Section 3 will help bring Council actions into compliance with the Hualapai Constitution. In addition, some lending agencies have in the past red-lined reservations as being high-risk because of the limiting language in their constitutions.

Ms. Margaret Vaughn noted the specific language on the limited waiver of sovereign immunity shows that only the assets, revenues, or income of the HTUA such as power lines, substations, generators and other facilities it may own and operate are subject to the terms of a future contract. However, the mention of a waiver of sovereign immunity has a negative connotation among tribal members. If the amendment is not approved, then it appears the tribe will have to save up enough money to pay for their infrastructure projects in cash.

Ms. Marilyn Vaughn asked which tribal entity will have the responsibility to pay off the loan. Mr. Davidson said the HTUA will be responsible and will request the funds from Council to be added to the HTUA's annual budget to make the loan payments. Mr. Malin added that a portion of the disbursements from the Grand Canyon Resort Corporation to the tribe will be the source of these funds.

Mr. Vaughn reminded the audience that the Hualapai Reservation is actually the property of the United States government and that it is held trust for the use and benefit of the Hualapai people. The proposed new language in Section 3 will allow the tribe to grow and prosper by allowing the tribe to design and construct projects faster.

Ms. Marilyn Vaughn asked if the new language in Section 3 will give the tribal entity, such as the HTUA, a blank check for all its future projects, or will each project request have to be considered by Council. Mr. Vaughn said each project that requires a limited waiver of sovereign immunity will be presented to Council. Mr. Montana said at this point the HTUA is purely a policy advisory or theoretical group and will remain so if the new language in Section 3 is not added to the Constitution.

Ms. Margaret Vaughn conveyed the message that some people think the language needs additional refinement while others believe it would give too much power to just nine people. Mr. Vaughn replied that the HTUA's attorney has reviewed and revised the new language in Section 3 over the past several months. In regard to Council's powers, Mr. Vaughn said elected members should be secure enough in their elected positions to vote on these topics. Mr. Montana expounded on the opportunity at hand and stressed the need for the tribe to advance and not be held back by the limits imposed by Article XVI of the existing Constitution.

3) Time and location for next public meeting

The next meeting will be held on May 24, 2016, at 9:00 AM at the Hualapai Cultural Resources Center, Peach Springs.

4) Meeting Conclusion at 1:45 PM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

May 24, 2016, 9:35 AM to 10:45 AM, Hualapai Cultural Resources Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – absent

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – present

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore-Craig, P.C. (via telephone)

1) Call to Order

In the absence of the Chairman and Vice-Chairman, Secretary Montana presided over the meeting.

2) Roll Call

3) Review and Approval of Minutes

Mr. Malin made a motion to approve the April 13, 2016, meeting minutes. Motion seconded by Mr. Navenma. Motion carried 3-0-2.

4) Project Updates

a. Follow-up on Amendment to Hualapai Constitution

- i. Review BIA/Department of Interior Secretarial Election results** Mr. Davidson reviewed the election results as follows: 1) the BIA registered 84 voters, 2) of those 84 registered 47 or 56% cast a ballot making the election valid (30% turnout required to make the election valid), and 3)

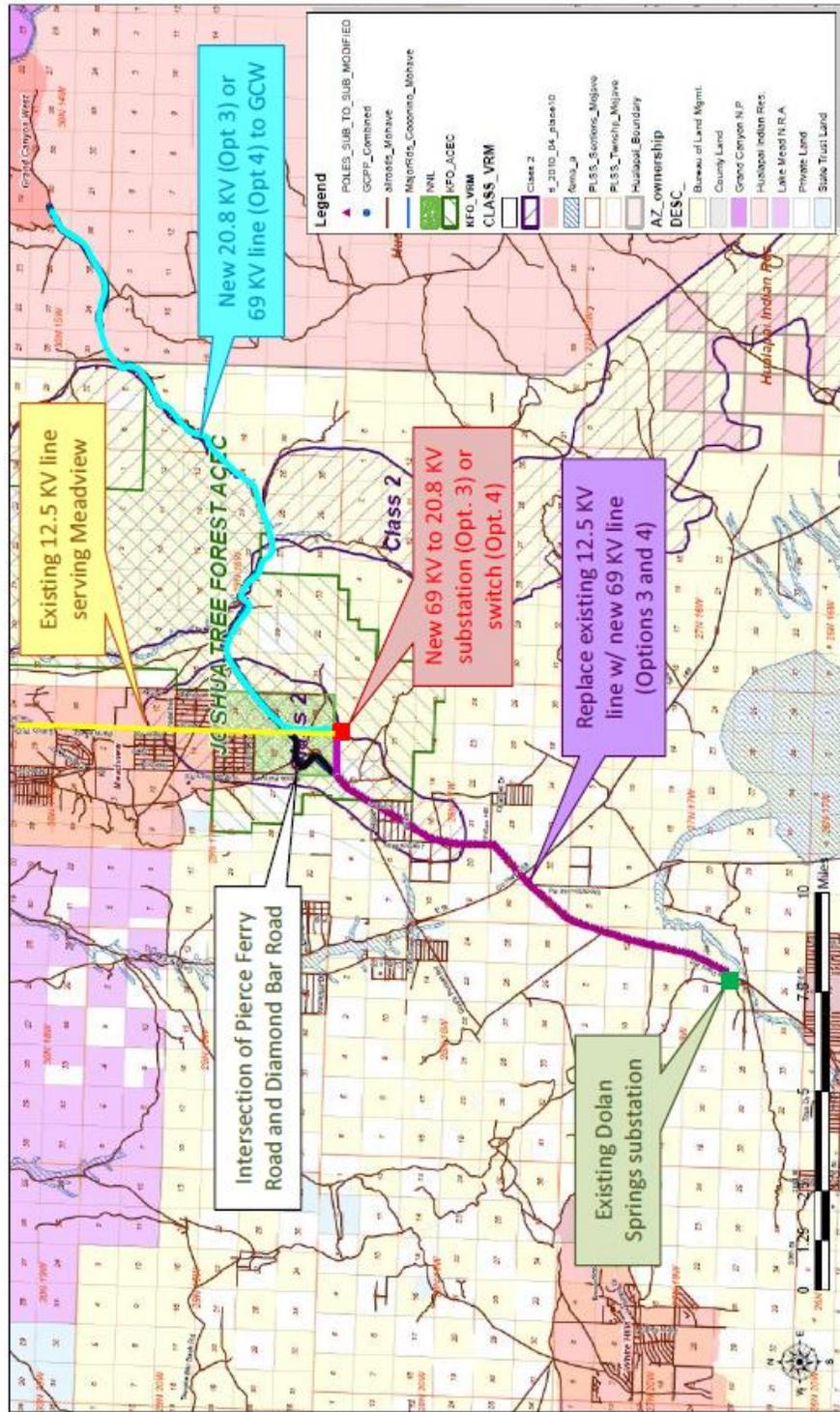
of the 47 who voted 24 said “yes” and 23 said “no” on the question to amend the Hualapai Constitution. The election results can be challenged through May 31st. The election process will conclude June 11, 2016. Mr. Davidson asked the Board if he could post a “thank you” on the HTUA’s web site. The Board approved the show of appreciation by consensus.

ii. Board’s activities and strategies in light of post-election results Mr. Davidson asked the HTUA Board, in light of the positive election results, if they would care to proceed with the loan application to USDA to build the power line to Grand Canyon West. Mr. Black advised this vote be taken after the Board discusses which power line option line option to pursue with UniSource. Mr. Black will also contact UniSource to discuss the power agreement in light of the apparent successful Secretarial Election results.

b. Proposed Power Line to Grand Canyon West along Diamond Bar Road

Mr. Davidson reviewed the existing power line along Pierce Ferry Road and the new power line proposed along Diamond Bar Road. Approximately 12.5 miles of existing 12.8 KV power line along Pierce Ferry Road is to be upgraded to 69 KV under both Option Nos. 3 and 4. The main difference is that Option No. 4 will continue the 69 KV power line all the way into the reservation to connect to the mini-grid rather than stepping down to 20.8 KV along Diamond Bar Road (see map). Mr. Navenma made a motion to pursue the cost estimates for both Option Nos. 3 and 4. Mr. Malin seconded the motion. Motion approved 3-0-2. Mr. Malin made a motion to have Mr. Davidson contact USDA regarding the loan application. Mr. Navenma seconded the motion. Motion approved 3-0-2.

Extent of Rebuild of Existing Power Line along Pierce Ferry Road and New Power Line along Diamond Bar Road



c. Western Area Power Authority Post-2017 Hoover power allocation and contracting.

i. Special meeting between Arizona tribes and Western on May 26 in Phoenix Mr. Davidson noted that tribal contractors, being somewhat disgruntled with the Schedule D contract development process, have set up a special meeting with Western this coming Thursday in Phoenix to discuss the contract to date. Firm energy has been a question. For example, if the water level at Lake Mead drops and insufficient hydropower is available, how will Western fulfill the contract obligations to its customers? Other issues include the need for tribes to pay into the Multi-Species Conservation Program, which tribes who have Colorado River water allocations feel they have already done, and the placement of forfeited Schedule D2 power, contracted by the Arizona Power Authority to non-tribal contractors, into the tribal D1 pool.

In light of these costs and the request by Western for Schedule D customers to pay their fair share of both the repayable advances (approx \$35,000 for Hualapai) and working capital costs (approx \$6,700 for Hualapai), Mr. Davidson presented a draft letter to the Secretary of the Interior and the Secretary of Energy requesting financial assistance for tribes to pay these costs. The letter was drafted by Mr. Ken Saline representing the Navajo Tribal Utility Authority. Mr. Saline is hoping that each tribal allottee will place the funding request on its letterhead and send it to the Department of Interior (DOI). Mr. Malin asked if the letter met the needs of the HTUA. Mr. Davidson said yes. Mr. Black said this request may have some chance of success in helping to ease the financial burden placed on tribes. Mr. Malin made a motion authorize Mr. Davidson to sign and send the letter to DOI. Mr. Navenma seconded the motion. Motion approved 3-0-2.

ii. Final Draft Electric Service Contract Mr. Davidson referred the Board to the 60-page, May 19, 2016, final draft of the Electric Service Contract for review and comment. The final contract should be ready for distribution to tribes within the 30 days.

d. Arizona Power Authority Post-2017 Hoover power allocation and contracting.

i. Special meeting with D2 contractors on May 25 in Tucson Mr. Davidson said he and the HTUA were invited to join a group of Arizona D1 and D2 customers who are being offered a less than

advantageous bill crediting deal from their host electric cooperatives. The goal of the meeting is to develop a strategy to get the cooperatives to increase their bill credit offer to the D1 and D2 allottees they now serve so the allottees will not suffer financial losses during the first several years of the APA contract. For Hualapai, it will take nearly ten years to see a benefit from a bill credit with MEC because of their low offer of only 2.5 cents per KWhr.¹ This monetary loss is mostly due to the tribe's payments into the Boulder Canyon Project to cover the Repayable Advances (years 1-5), Transitional Costs (first year), Lower Colorado River Basin Conservation Fund (annually decreasing over time) and the Multi-Species Conservation Program (annually increasing over time). The teleconference will be at 11:30 AM on May 25, 2016. Mr. Davidson said he will be calling in and invited other Board members to do so if they wished.

ii. Final Draft Power Sales Contract Mr. Davidson referred to the draft APA contract on the Board's packet and noted this language may be revised when the APA releases the next version of their draft power sales contract.

5) Other Matters (Planning)

a. 2025 Salt Lake City Area Integrated Projects – Requests for comments on General Power Marketing Criteria for Proposed 2025 Marketing Plan Mr. Davidson reviewed the e-mail from Parker Wicks, Public Utility Specialist for Western, and noted that not only will Colorado River Storage Project (CRSP) power not be expanded in 2025 to create a new customer pool but those contractors with existing CRSP allocations will likely be reduced in the post-2025 contract. This e-mail was in response to a formal letter sent by Western stating the same facts and Mr. Davidson's question asking if Western will be considering renewable energy (wind and solar) to supplement any loss in hydropower from the Glen Canyon Dam, the primary CRSP power source. In regard to renewables, Mr. Montana asked about building a solar power plant on the reservation, possibly in a joint venture with a third-party, in the vicinity of Red Lake on the checkerboard trust sections. Mr. Navenma noted that Arizona Public Service assisted the Hopi Tribe by offering training for linemen. Providing training was part of the electric transmission right-of-way compensation to Hopi from APS.

¹ Bill Crediting is the process whereby a Host Utility accepts Hoover Energy for the Customer's benefit and through monthly billing provides a credit to the Customer for Hoover Energy received by the Host Utility (APA's definition).

b. Lake Powell Pipeline Project – FERC application by Utah Board of Water Resources Mr.

Davidson summarized the FERC notice from the Utah Board of Water Resources (No. 12966-004) for establishing a schedule for licensing of the Lake Powell Pipe Line Project consisting of 140 miles of 69-inch diameter pipe, pumping stations and small hydro power units on the down slopes ending at the Sand Hollow Reservoir near St. George, Utah. Mr. Davidson said he added this to the agenda to demonstrate that as the upper basin states develop, less water will likely be available for the lower basin states to generate hydropower.

c. Announcements Mr. Davidson reviewed the grant application to the Bureau of Indian Affairs: Tribal Energy Development Capacity Program for a Cost of Service study for electrical services on the reservation. This study is required before the tribe obtains financing to build the power line to Grand Canyon West and before the HTUA takes over the electrical services in Peach Springs and elsewhere on the reservation. The grant may also be used to develop a tribe’s renewable energy resources. Mr. Navenma suggested that Planning work with other tribal departments to locate sites for solar development including existing tribal buildings. For example, on Hopi, the Food Bank and Health Care buildings were success stories for deployment of small solar arrays. Mr. Montana encouraged we start with such public buildings in Peach Springs.

On a related matter, Mr. Navenma noted Mr. Deschene of the Office of Indian Energy (DOE) is requesting more funding for solar and other renewables to be integrated with new housing developments, including a Memorandum of Agreement with HUD for low-income housing development. The goal is to make communities more energy independent. Mr. Montana asked if wind turbines could be an option as well. Mr. Navenma asked about wind resource testing on the reservation. Mr. Davidson said the tribe began testing in 2002 and found some sites with adequate resources; however, some are sacred sites or have challenges such a high raptor populations.

6) Set time and location for next meeting

The next meeting will be held on June 24, 2016, at 9:00 AM at the Hualapai Cultural Resources Center, Peach Springs.

7) Adjourned at 10:45 AM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

June 24, 2016, 9:20 AM to 12:05 PM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – present at 9:37 AM

Rory Majenty, Vice-Chairman – absent

Joe Montana, Secretary – present

Steve Malin, Treasurer – present

Jamie Navenma – present

Guests:

William Clay Bravo, Council member

Phil Wisely, P.E., Public Services Director

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore-Craig, P.C. (via telephone)

Lou Schmitt, P.E., TTG (via telephone)

1) Call to Order

In the absence of the Chairman and Vice-Chairman, Secretary Montana presided over the meeting.

2) Roll Call

3) Review and Approval of Minutes

Mr. Montana made a motion to approve the May 24, 2016, meeting minutes. Motion seconded by Mr. Navenma. Motion carried 3-0-2.

Prior to moving further into the agenda, Mr. Wisely requested an Executive Session to update the Board on the status of the tribe's water rights settlement. Mr. Navenma made a motion to enter into Executive Session. Mr. Malin seconded the motion. Motion carried 3-0-2.

At approximately 11:00 AM Mr. Montana called for an end to the Executive Session and to return to the regular meeting. Mr. Navenma seconded the motion. Motion passed 4-0-1. At this point, Mr. Montana turned the meeting over Mr. Vaughn.

4) Project Updates

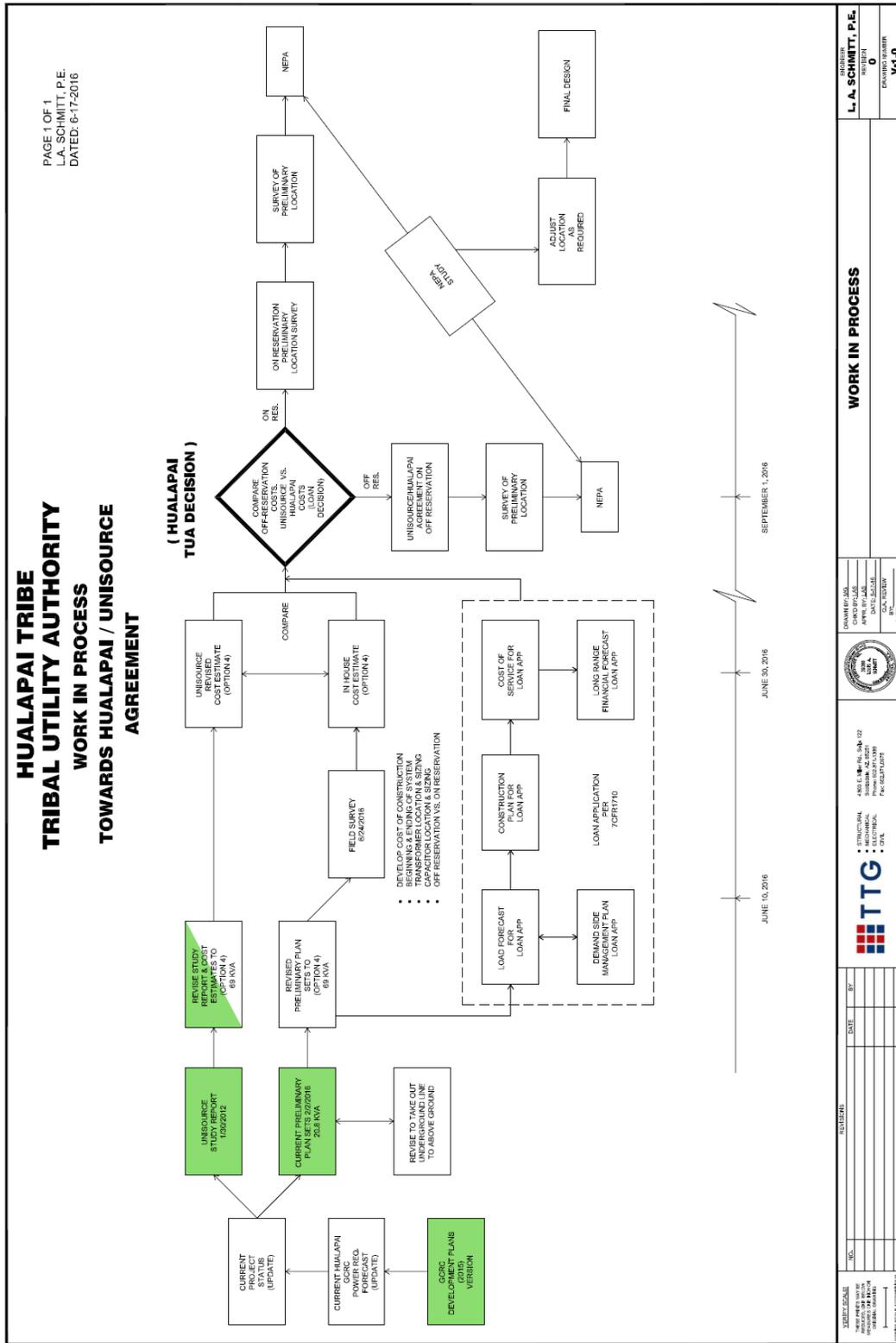
a. Follow-up on Amendment to Hualapai Constitution

- i. New language sent to BIA for incorporation into Constitution** Mr. Davidson said the BIA received no challenges to the Secretarial Election and that the election process closed on June 11, 2016. The BIA will have the official amendment sent to the tribe in the next few days.
- ii. Community reaction** Mr. Davidson asked the HTUA Board if they have had any feed-back on the election results. He had heard of a possible lawsuit. Mr. Vaughn said the Hualapai Court will review, if need be. Mr. Bravo said he had a conversation with one tribal member who believed if he boycotted the election, the amendment would fail. Mr. Davidson said that once 30% of the registered voters cast a ballot, the election was valid per BIA rules. The Secretarial Election had 47 of the 84 registered voters participate equating to a 56% turnout.

b. Proposed Power Line to Grand Canyon West along Diamond Bar Road

- i. Flow charts showing organization, funding, construction and operations** Mr. Davidson briefly referred to the four flow charts that Mr. Schmitt had prepared which show the HTUA's progress to date and the decisions to be made to build a power line to Grand Canyon West. Mr. Schmitt recommended the *Infrastructure Update* flow chart showing a 10-year timeline to develop the needed electric, water, wastewater and communication facilities for Grand Canyon West be updated to a 20-year timeline. The *Work in Progress* flow chart requires the HTUA Board to

decide whether to build a 20.8 KV power line (Option No. 3) or a 69 KV power line (Option No. 4) to Grand Canyon West prior to submitting the loan application (see chart).



Mr. Schmitt opined that the cost estimate from UniSource is likely to be some 30% higher than TTG's estimate. This will require a serious negotiation with UniSource to lower their construction cost estimate for the benefit of the tribe and to keep the USDA/RUS loan amount within reason. Mr. Davidson referred to three-ring binder with some 600-pages of support documentation that RUS requires all loan applicant's to become familiar with as noted in a telephone conversation with Mr. McGraw, General Field Representative for the USDA in the western United States. Mr. Vaughn said the power line should be sized for at least 20-years of growth at Grand Canyon West. Mr. Black said the long-term load forecast for Grand Canyon West, part of the loan application, is required to determine operational costs and that this analysis should proceed simultaneously with the UniSource negotiations on construction costs.

ii. **Cost estimates from TTG and UniSource** Mr. Schmitt said TTG's cost estimate for both options should be available in about two weeks. Mr. Vaughn asked if the larger, 69 KV power line can be kept within the confines of the road right-of-way. Mr. Schmitt replied that the 69 KV power poles are taller and spaced further apart than 20.8 KV power poles which may cause them to move outside of the roadway right-of-way; however, he expects 80% of the power line to be placed within the 100-foot wide right-of-way. Mr. Malin asked how close the cost estimates for the 20.8 KV power line and 69 KV power line are expected to be. Mr. Black opined that the 69 KV power line may be 30% more expensive. Mr. Schmitt was more optimistic but will defer to his design team.

iii. **USDA loan application process** Mr. Davidson presented TTG's Amendment No. 15 in the amount of \$150,926 to develop the loan application, including \$60,000 to hire two consultants to create: 1) the construction work plan and 2) long-range financial forecast, both key parts of the USDA loan application (7 CFR 1710). Mr. Vaughn asked Mr. Davidson to ensure that the RFPs for the consultants are advertised per the tribe's procurement code. The timeline for the RFP should allow the Board to evaluate the bidders at their August meeting.

Mr Davidson said he had contacted Ms. Cusick at USDA in regard to the environmental compliance for the USDA/RUS grant which will be used in conjunction with the USDA loan to fund the power line and told her of the HTUA's progress with the loan application. The lengthy lead time in applying for the loan does not jeopardize the grant's status. Originally, the grant

required an Environmental Report be prepared prior to funds being released. With the greater scope of the power line project, namely UniSource's need to upgrade over 12 miles of their existing power line, an Environmental Assessment (EA) will be pursued for the entire 33-mile project with both parties sharing the cost of producing the EA. Mr. Vaughn asked if the tribe should be paying UniSource to write an EA for work which they have already budgeted. Mr. Davidson replied that UniSource will most likely ask for additional support from the tribe to pay the cost of the study to upgrade the power line to 69 KV. This, however, is just one point that is subject to negotiation with UniSource.

iv. Transfer of Diamond Bar Road from BIA/BLM to Mohave County Mr. Wisely began with a review of the post-construction activities for the roadway, namely the request by Mohave County for a hydrological study proving that the roadway does not create a flood hazard to adjacent properties. The tribe has a consultant under contract to complete the hydrological study by August 1st. The Bureau of Indian Affairs has prepared the paperwork to transfer the roadway to Mohave County so it can be accepted into the County's roadway system for maintenance. The County will be performing an analysis as to the adequacy of the signage and guardrails; however, they are still working on the scope of work with their consultant. Mr. Black asked Mr. Wisely to make sure that the roadway transfer documents do not preclude the establishment of a utility easement for an above-ground power line along the right-of-way.

In related a matter, Mr. Vaughn said the growth at Grand Canyon West will add further traffic to the roadway and that the current master plan should be revisited to keep this new growth away from the canyon rim. In regard to growth, Mr. Wisely said the fire district serving that portion of Diamond Bar Road in Mohave County went bankrupt a few years back. The non-taxable growth at Grand Canyon West, causing an increase in service calls along the roadway was seen as part of the fire district's problem. Mr. Vaughn noted the fire district did not prove their case. If anything the county has benefitted from an increase in its sales tax base with the growth of Grand Canyon West. Mr. Wisely added that due to this increase in traffic, the six miles of Pierce Ferry Road between Stockton Hill Road and Diamond Bar Road has been added to the tribe's BIA roadway inventory which means the tribe will be able to collect additional roadway improvement funds.

c. Western Area Power Authority Post-2017 Hoover power allocation and contracting.

Mr. Vaughn requested that Item Nos. 4.c and 4.d be tabled until the next Board meeting. Mr. Montana made a motion to table Item Nos. 4.c and 4.d until the next Board meeting. Mr. Navenma seconded the motion. Motion passed 4-0-1.

d. Arizona Power Authority Post-2017 Hoover power allocation and contracting.

Item No. 4.d tabled until next Board meeting.

5) Other Matters (Planning)

a. Community-scale solar project for Peach Springs Mr. Davidson said that the new Council, of which Mr. Bravo is a part, is interested in developing a community-scale solar project in the 1 MW size range. This would provide power to Peach Springs and also provide back-up power in case of grid failure. Locations for the array could be near the Nelson sub-station, east of Peach Springs, or just south of the water tank at Buck and Doe Road and Route 66. Mr. Davidson said he had contacted MEC to get an update on the feasibility of this type of solar project on which he first asked about over three years ago.

b. Announcements No announcements

c. Election of Board Officers Mr. Davidson asked the HTUA Board to nominate new officers per Section 205, HTUA Ordinance. Mr. Vaughn made a motion to open the floor to the nomination of Chairman. Mr. Malin seconded the motion. Motion approved 4-0-1. Mr. Montana made a motion to nominate Mr. Vaughn as Chairman. Mr. Malin seconded the motion. With no other nominees offered, the vote was called for Mr. Vaughn to be Chairman. Vote approved 3-0-2, with Mr. Vaughn abstaining.

Mr. Vaughn made a motion to open the floor to the nomination of Vice-Chairman. Mr. Malin seconded the motion. Motion approved 4-0-1. Mr. Vaughn made a motion to nominate Mr.

Montana as vice-chairman. Mr. Navenma seconded the motion. With no other nominees offered, the vote was called for Mr. Montana to be Vice-Chairman. Vote approved 3-0-2, with Mr. Montana abstaining.

Mr. Vaughn made a motion to open the floor for the nomination of Treasurer. Mr. Malin seconded the motion. Motion approved 4-0-1. Mr. Navenma made a motion to nominate Mr. Malin as Treasurer. Mr. Montana seconded the motion. With no other nominees offered, the vote was called for Mr. Malin to be Treasurer. Vote approved 3-0-2, with Mr. Malin abstaining.

Mr. Vaughn made a motion to open the floor for the nomination of Secretary. Mr. Malin seconded the motion. Motion approved 4-0-1. Mr. Montana made a motion to nominate Mr. Navenma as Secretary. Mr. Vaughn seconded the motion. With no other nominees offered, the vote was called for Mr. Navenma to be Secretary. Vote approved 3-0-2, with Mr. Navenma abstaining.

6) Set time and location for next meeting

The next meeting will be held on July 20, 2016, at 9:00 AM at the Hualapai Health Department, Peach Springs.

7) Adjourned at 12:05 PM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

July 19, 2016, 9:10 AM to 12:25 PM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – present

Joe Montana, Vice-Chairman – present

Jamie Navenma, Secretary – present until 11:00 AM

Steve Malin, Treasurer – present

Rory Majenty – absent

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore-Craig, P.C. (via telephone)

Bob Becherer, P.E., TTG (via telephone)

1) Call to Order

2) Roll Call

3) Review and Approval of Minutes

Mr. Montana made a motion to approve the June 24, 2016 meeting minutes as corrected. Motion seconded by Mr. Malin. Motion carried 4-0-1. Minutes from the June 24, 2016, Executive Session were also reviewed and met with the approval of the HTUA Board.

4) Project Updates

- a. Follow-up on Amendment to Hualapai Constitution** Mr. Davidson reported that at the July 9, 2016, Regular Council Meeting, a resolution to memorialize the results of the Secretarial Election was tabled pending an investigation into the BIA's registration and voting process. Mr. Davidson reviewed the draft memo to council showing his findings to date which do not show any procedural mistakes by the BIA. The memo also covered findings from the US Postal Service on typical mail delivery times between Peach Springs and Valentine, the latter location being

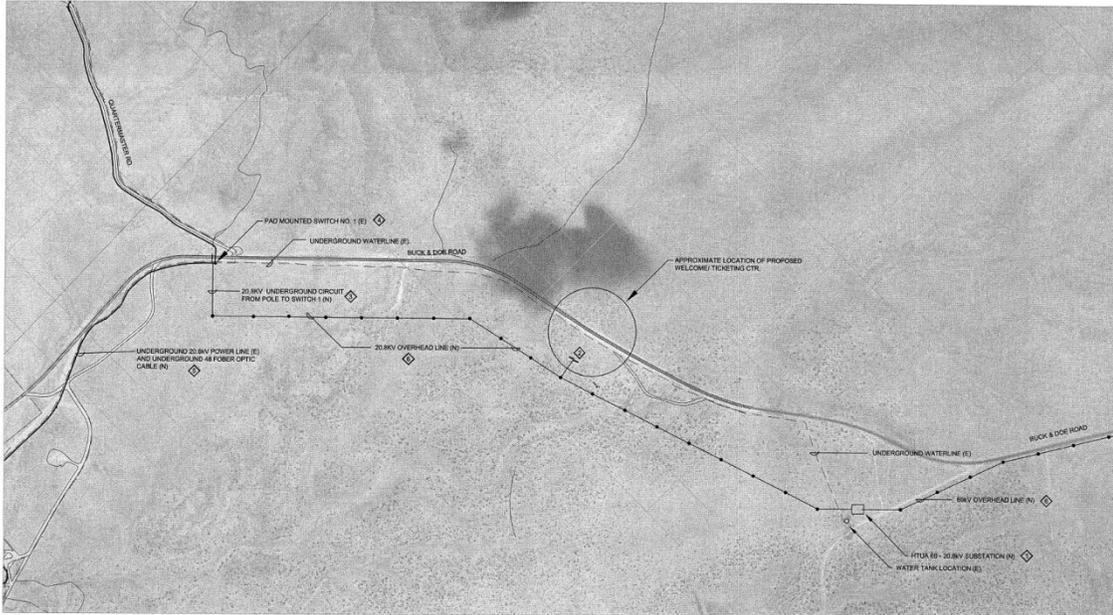
where the registration packets and ballots were due to the Truxton Canon Agency office of the BIA. Mr. Black suggested the memo include a definitive statement that due process was followed, no issues were discovered and the election is valid. Mr. Vaughn recommended any suppositions on the part of the US Postal Service be removed so the statements are precise. People should take responsibility for registering and voting in a timely manner. Mr. Navenma and Mr. Malin noted the clear registration instructions mailed by the BIA to the eligible tribal members.

b. Proposed Power Line to Grand Canyon West along Diamond Bar Road

- i. Cost estimates from TTG and UniSource** Mr. Davidson introduced Mr. Becherer and TTG's proposal to construct a 69 KV power line between the UniSource interconnection point on Diamond Bar Road and a new substation proposed near the water storage tanks, east of the intersection of Diamond Bar and Buck and Doe Roads. Mr. Becherer said the new substation will step down the voltage to 20.8 KV for connection to the mini-grid. Mr. Vaughn asked why the substation is needed. Mr. Becherer replied that a substation is required to make the voltage transition from 69 KV to 20.8 KV. At the western end of the new power line on Diamond Bar Road, near Pierce Ferry Road, there is a switching station planned to provide power at 69 KV for the feeder line to Grand Canyon West and for the continuation of the 12.5 KV feeder line to Meadview. Mr. Black asked if a full substation, or just a switch, is required at the 69 KV to 20.8 KV transition point. Mr. Becherer said a substation with a single 5 MVA transformer is needed to accommodate the current electrical load at Grand Canyon West, with enough room for an additional 5 MVA transformer to accommodate future loads anticipated at 6.5 MW. The substation should occupy an area 100' x 120'. Mr. Black asked if the costs of preparing NEPA documentation and right-of-way acquisition were included in the estimate. Mr. Becherer replied that they were not.

Mr. Vaughn asked if the mini-grid could deliver enough energy to also pump water. Mr. Becherer said the reserve capacity at the substation can serve the water pumping load and also allow for additional growth at Grand Canyon West. The substation is as near to the existing power loads as possible to avoid line losses. The overhead power line from the substation to the mini-grid is to be placed as near to the road as possible without affecting aesthetics (see

plan on page 3). In addition to the power line, UniSource can provide 48 fiber optic strands for GCW to rent to provide a data line to the outside world rather than having to rely upon the existing cellular telephone network. The 69 KV line would carry the fiber optics to the substation and then to the mini-grid, which has already been fitted with fiber optic cable.



According to UniSource, Mr. Black said the utility will not be subject to the BLM right-of-way permitting process if they are constructing the power line along the Diamond Bar Road right-of-way. The new power line does cross some private property, however. Mr. Becherer said there is a trade-off between acquiring new right-of-way through BLM land to allow for easier construction, or paying higher construction costs to stay within the existing roadway right-of-way and avoid environmental concerns. For example, following the right-of-way will require more poles where as going overland will allow for greater spans between poles. The power line will have to move outside of the road right-of-way at Grand Canyon Ranch (private land) and move up to the embankment on the north side of the roadway. Mr. Vaughn asked if the new power line will be placed on the north side of Diamond Bar Road. Mr. Becherer said the power line would stay on the north side of the road for the most part with occasional crossings to reduce the number of guy-wired poles and to avoid washes. Following the roadway will prove difficult in all cases, so the power line will be placed on as much level ground as possible to lower the cost of construction and maintenance. Mr. Montana asked if the power line could be buried. Mr. Becherer said burying a 69 KV power line requires a considerably higher level of

insulation as compared to the amount of insulation required for a buried 20.8 KV power line, which will greatly increase construction costs, and be subject to greater failure than a comparable 20.8 KV power line and strongly advised against it.

Mr. Malin asked why the cost estimate from UniSource for the new power line was nearly \$20 million while TTG's estimate was only \$7 million. Mr. Becherer replied that UniSource had estimated the cost to build a 20.8 KV line at \$18 million which includes a heavier electric circuit (wires) and more poles spaced closer together. In addition, the UniSource costs are based upon using their own construction crew which must travel and back and forth each day between their home base in Kingman and the job site some 40 miles to the north. The construction cost includes the daily commuting for the workers and prolongs the construction schedule because there is only about 5 hours of work done per day.

In reviewing the cost to re-build the existing 12.5 KV line between the Dolan Springs substation and the take off point for the new line to Grand Canyon West, Mr. Becherer asked why the HTUA should pay for the 12.5 KV under-build on the new 69 KV power poles. How will the HTUA be financially compensated by UniSource when new customers connect to the new power line that was funded by the HTUA? Also, how will the tax gross up be addressed? Mr. Black said he would like to see more detail in the UniSource cost estimate, especially the cost split between components and labor. For example, the cost of the new Diamond Bar Road switch seems excessive. Mr. Becherer said the design would be similar to the re-build of the Dolan Springs substation and have a meter to measure the tribe's electric usage and load. The new 69 KV power line will be used to serve other loads in Meadview, so Hualapai should not have to pay for all of the construction costs associated with the rebuild that will benefit UniSource's existing customers and new customers now made possible by the HTUA paying for construction of the improved power line. UniSource has already set aside some funds to upgrade the existing 12.5 KV power line to Meadview, so those funds should be clearly included in this project. Mr. Black suggested a conference call with UniSource to discuss these issues.

Mr. Black asked about the UniSource design standards for the 69 KV line and if they were overbuilding. Mr. Becherer said the power line could easily be upgraded to 138 KV given the size of the insulators. By comparison, the new 69 KV power line along Diamond Bar Road is using

“off the shelf” equipment and a third-party, private contractor whose selection will be approved by UniSource.

Mr. Vaughn asked why Unisource did not expect significant electrical load growth in Meadview. Mr. Becherer said that load growth may not be evident to UniSource. It may be convenient to say in this case to lessen UniSource’s contribution to the construction costs of the power line upgrade. Mr. Becherer said the 12.5 KV under-build on the new 69 KV power line may help reduce the cost of the upgrade to the Dolan Springs substation. Could the HTUA place its meter at the Dolan Springs substation and avoid building a switch on Diamond Dar Road? This would allow for the HTUA to build its own power line to Grand Canyon West; however, UniSource will not allow mixed ownership of their power lines. Mr. Becherer said he will contact UniSource to set up a conference call to discuss these options.

ii. **USDA loan application process** Mr. Davidson noted that at their July 9th meeting, Council approved TTG’s contract amendment which will be used to fund consultants who will work on the loan application. Mr. Davidson then briefly reviewed the draft RFPs for the Construction Work Plan and the Long-Range Financial Forecast. The scope of work is taken primarily from the relevant parts Section of 7 CFR 1710. The RFP for the Construction Work Plan should be advertised first but must reflect and changes in design based upon the planned discussion with UniSource as mentioned above.

c. **Western Area Power Authority Post-2017 Hoover power allocation and contracting.** Mr. Davidson briefly reviewed the Western contract, the 24-page summary prepared by Somach Simmons and Dunn (APA legal counsel), the two benefit credit proposals and a draft resolution to approve the Western contract. The contract is for 50 years and has a value of about \$800,000 over the term. The contract contains a limited waiver of sovereign immunity for dispute resolution in federal courts. The benefit arrangement from the Navajo Tribal Utility Authority is for 10 years and is valued at approximately \$27,000. The offer from the Southern Nevada Water Authority is for 20 years and valued at approximately \$91,000. Benefit arrangements are designed to give some benefits to tribes and municipalities that cannot receive the low-cost hydro-electric power directly. Mr. Black said both benefit arrangements are long-term as compared to the HTUA’s goal to build the power line to Grand Canyon West in

the near term. Also, the resolution should define the difference between a benefit arrangement and a bill credit. Mr. Black asked if the resolution must be approved at today's meeting. Mr. Davidson referred to Western's fairly tight time line and preferred the resolution be considered at today's meeting. Mr. Vaughn asked where the resolution should be edited to address the bill credit and Mr. Davidson referenced the last "Whereas." Mr. Vaughn made a motion to adopt Resolution No. 01-2016, as amended, to accept the Western Area Power Administration Electric Service Contract and Amended Restated Implementation Agreement for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy. Mr. Malin seconded the motion, motion approved 3-0-1-1 (Mr. Navenma left meeting at 11:00 AM).

- d. Arizona Power Authority Post-2017 Hoover power allocation and contracting and potential bill crediting.** Mr. Davidson briefly reviewed the APA contract, the 16-page summary prepared by Somach Simmons and Dunn (APA legal counsel), the draft bill credit contract with MEC and three draft resolutions to approve the APA contract, intent to sign and option to increase the capacity allocation amount by 10 percent. The contract is for 50 years and has a value of about \$240,000 over the term. The contract contains a limited waiver of sovereign immunity for dispute resolution in federal courts. Mr. Montana made a motion to adopt Resolution No. 02-2016 to accept the Notice of Intent to Sign Arizona Power Authority Power Sales Contract for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy. Mr. Malin seconded the motion, motion approved 3-0-1-1. Mr. Vaughn made a motion to adopt Resolution No. 03-2016 to accept the Increase in Allocation Amount of up to Ten Percent for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy as set forth in the Arizona Power Authority's Power Sales Contract. Mr. Malin seconded the motion, motion approved 3-0-1-1. Mr. Montana made a motion to adopt Resolution No. 04-2016 to accept the Arizona Power Authority Power Sales Contract for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy. Mr. Malin seconded the motion, motion approved 3-0-1-1.

5) Amendment to HTUA Ordinance (Planning)

Mr. Davidson reviewed the proposed amended language to Sections 208 and 209 of the Hualapai Tribal Utility Ordinance. This new language is necessary given the addition of Section 3 to Article XVI of the Hualapai Constitution which allows Tribal Council and the HTUA to enter into contracts which contain a

limited waiver of sovereign immunity clause. Mr. Vaughn made a motion to approve the proposed language and read it into the record as follows:

Section 208, Bonds and Notes for Support of the Utility, (c) Remedies of Note or Bond Holders, (1) By mandamus or other suit, action, or proceeding at law or in equity ~~in the Courts of the Hualapai Tribe~~ to compel HTUA and its Board, officers, agents, or employees to perform and carry out their duties and obligations under HTUA's covenants and agreements with such holders; and after (5), Unless otherwise agreed between HTUA and such holder or trustee for any such holder, such rights shall be enforceable only in the courts of the Hualapai Tribe. No remedy conferred by this Section upon any holder of the notes or bonds, or any trustee for such a holder, is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and may be exercised without exhausting and without regard to any other remedy conferred by this section or by any other law. (d) *Limited Waiver of Sovereign Immunity.* . . . The waiver in subsection (c) is expressly limited to actions in the Courts of the Hualapai Tribe, unless otherwise agreed between HTUA and the holder or trustee for any such holder. A waiver of sovereign immunity pursuant to this Section will require a referendum ~~in accordance with~~ to the extent required by the Hualapai Constitution.

Section 209, Enforceability of Contracts, (a) Contracts in the Course of Utility Operations. HTUA is authorized to enter into contracts in the course of conducting its operations, and such contracts shall be enforceable in a proceeding at law or in equity in the Courts of the Hualapai Tribe and/or the federal courts of the United States (at the discretion of HTUA), in accordance with this Section. The Board shall develop a standard clause ~~(in accordance with subsection (b) below)~~ to be included in such contracts, which clause shall be presented to the Tribal Council for approval. Said clause may limit the extent of HTUA's liability for damages and shall govern the extent to which HTUA may waive immunity. Once such a clause has been approved by the Tribal Council, no further action by the Council is required for such a contract to be enforceable in ~~the Courts of the Hualapai Tribe~~ accordance with this subsection (a). Until such a standard clause has been approved, or in the event that a party to a contract with HTUA does not agree to be bound by terms within the extent of the waiver contemplated by the standard clause, a clause on enforceability of any such contract will require approval by the Tribal Council. (b) *Enforceability of Service Agreements and Special Contracts.* The Board ~~shall~~ may develop a standard clause to be included in its service agreements and special contracts with customers to ensure that such contracts can be enforced in the Courts of the Hualapai Tribe. The standard clause may limit the extent to which HTUA will be liable for damages resulting from power outages, disruptions in water or

wastewater services, or other service failures. This standard clause shall be presented to the Tribal Council for approval. ~~Once such a clause has been approved by the Council, no further action by the Council is required for such a contract to be enforceable in the Courts of the Hualapai Tribe.~~ (c) *Limited Waiver of Sovereign Immunity.* Subsections (a) and (b) of this Section, and any waiver of sovereign immunity included in any contract other than those contracts contemplated by those subsections, shall be construed as an explicitly limited exception to the sovereign immunity of the Hualapai Tribe and shall not be construed to waive any immunity of the Hualapai Tribe, nor to extend any liability to any assets, revenues, or incomes of the Hualapai Tribe, other than those of HTUA. A waiver of sovereign immunity ~~pursuant to this Section~~ will require a referendum ~~in accordance with~~ to the extent required by the Hualapai Constitution.

Mr. Montana seconded the motion to adopt the language as presented, motion carried 3-0-1-1. Mr. Vaughn made a motion to adopt Resolution No. 05-2016. Mr. Montana seconded the motion, motion approved 3-0-1-1.

6) Other Matters (Planning)

Mr. Davidson announced there will be a solar conference in Las Vegas from September 12th to the 15th and will bring more information to the next meeting. Mr. Vaughn said he is excited.

7) Set time and location for next meeting

The next meeting will be held on August 24, 2016, at 9:00 AM at the Hualapai Health Department, Peach Springs.

8) Adjourned at 12:25 PM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

August 23, 2016, 9:25 AM to 11:20 AM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – absent

Joe Montana, Vice-Chairman – absent

Jamie Navenma, Secretary – present

Steve Malin, Treasurer – present

Rory Majenty – present

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore-Craig, P.C. (via telephone)

Bob Becherer, P.E., TTG (via telephone)

1) Call to Order

2) Roll Call

3) Review and Approval of Minutes

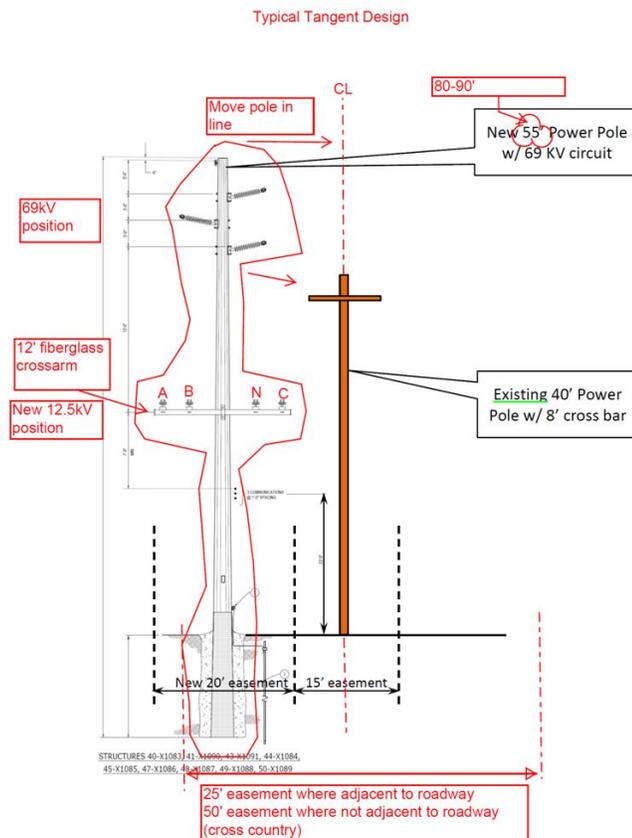
Mr. Malin made a motion to approve the July 18, 2016, meeting minutes. Motion seconded by Mr. Navenma. Motion carried 2-0-1.

4) Project Updates

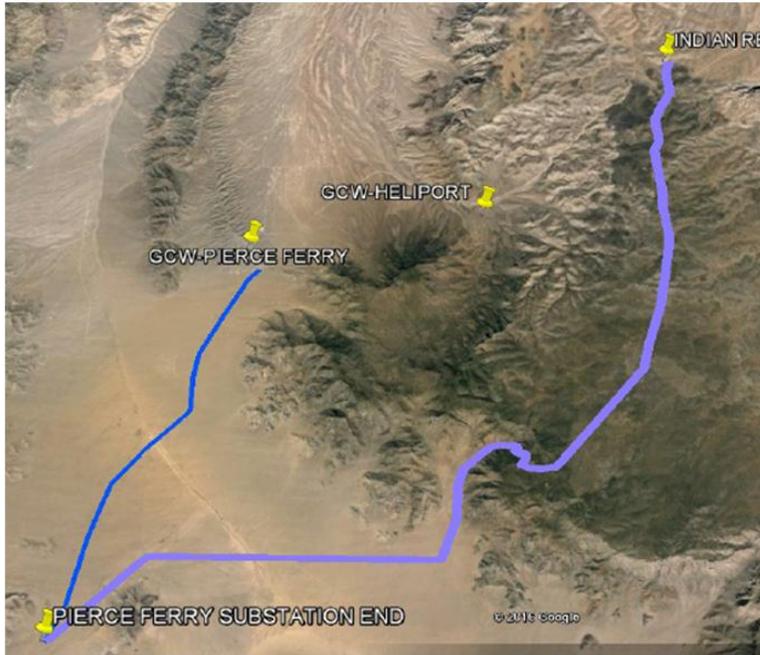
- a. Follow-up on Amendment to Hualapai Constitution** Mr. Davidson reported that at the August 6, 2016, Regular Council Meeting, the resolution to memorialize the results of the Secretarial Election was approved by unanimous vote. This formal acceptance of the amendment to Article XVI to the Hualapai Constitution should clear the way for the tribe to enter into future contracts and loans which require the tribe to grant a limited waiver of sovereign immunity.

- b. Proposed Power Line to Grand Canyon West along Diamond Bar Road**

i. **Routes** Mr. Davidson introduced Mr. Becherer of TTG to review the cost estimate to construct a 69 KV power line between the UniSource substation on Pierce Ferry Road and the interconnection point on Diamond Bar Road. Mr. Becherer reviewed the \$8.4 million cost estimate provided by UniSource to re-build this portion of the power line which now includes sub-contractor prices. The cost does not include the Tax Gross-Up charge of over \$5 million, all but a portion of which is refundable to the HTUA over a period of five years. Mr. Black said the Tax Gross-Up can also be paid by the HTUA in a lump sum of approximately \$1 million which is non-refundable. Mr. Becherer continued his review of the two UniSource options with the first placing the new 69 KV power line adjacent and parallel to the existing 12.5 KV power line and the second option placing the new 69 KV power poles in-line with the existing power poles. The 69 KV line is supported by 80' tall steel poles with a 12.5 KV under-build (see diagram). Should the HTUA be asked to pay costs of the bigger and more expensive power poles needed to support the 12.5 KV under-build and provide adequate vertical separation between the 12.5 KV and 69 KV circuit? Mr. Davidson asked about UniSource process to construct the in-line option. Mr. Becherer said the in-line option is slower and more costly than building a parallel line because UniSource must place the new poles in between the live electric circuits so as not to disrupt power to its customers. The advantage of the in-line, or "hot build," option is that UniSource can simply lift the existing 12.5 KV line onto the new under-build cross bar, saving over 36 miles of line (3 wires x 12 miles) which does not have to be spooled, transported and installed at another location in their service area.



Mr. Becherer next introduced two alternate routes for the 69 KV power line to Grand Canyon West. These two routes would place the electric meter at the Dolan Springs sub-station, avoid the need for the HTUA to pay UniSource the Gross-Up Tax and would cost about one-third the price of UniSource’s construction estimate of \$800,000 per mile for the re-build along Pierce Ferry Road. The first route would generally head northeast over BLM holdings and connect to Diamond Bar Road at the Diamond Bar Ranch, skirting between the Joshua Tree Forest and a Class II Visual Resource Management Area (VRM) designated by the BLM. This option does traverse fairly steep and mountainous terrain which may make it a less feasible route. The second option would journey eastward, across mostly BLM holdings north of Red Lake, then continue up Tenney Ranch Road to the Hualapai Reservation where it would connect with Buck and Doe Road and then head northward to the new substation planned near the water storage tanks (see map). The power poles through the canyon will have longer spans and stay fairly close to Tenney Ranch Road.



This route is about three miles longer than the Pierce Ferry/Diamond Bar alignment prepared by UniSource. The HTUA should meet with the BLM field office staff to see if this route raises any immediate concerns. Mr. Davidson asked how easy it would be to maintain this line over time. Mr. Becherer said the existing roadways provide adequate access. Several miles of new road must be constructed to build this option. Mr. Black asked if there were any endangered species and other concerns along the route. Mr. Becherer said the line would pass through the BLM’s Class II VRM. Mr. Davidson said the route should also be reviewed by the Hualapai Tribe’s Cultural Resources Department. To mitigate impacts, Mr. Becherer said he plans to keep the power line within the Buck and Doe Road right-of-way. Mr. Becherer plans to conduct a field

trip on August 31, 2016, so he will have a first-hand account of the route when the HTUA discusses the route with the BLM on September 6, 2016.

- ii. USDA loan application process** Mr. Becherer relayed a conversation he had with Mr. Larry McGraw, USDA Field Representative, regarding the loan application and the need for a long-range engineering plan in addition to the Construction Work Plan, Load Forecast, Long-Range Financial Forecast and NEPA documentation. Mr. Davidson said he would follow-up with Mr. McGraw on the necessary loan application requirements. Mr. Majenty asked about TTG's electronic metering option for the three generators at Grand Canyon West. Also, what are the HTUA's anticipated electric rates for customers at Grand Canyon West? Mr. Black said the construction cost of the power line, which will determine how much money the HTUA must borrow, will determine these electric rates. The rates must be sufficient to ensure enough funds are provided to the HTUA to pay the loan back and operate the electrical system.

- iii. Diamond Bar Road Studies** Mr. Davidson mentioned the special study being performed by Mohave County Public Works Department to assess the safety of Diamond Bar Road. The County finds the roadway design to be deficient if the speed limit is increased from 45 MPH to 55 MPH. The roadway was designed to the BIA standard for a 45 MPH speed limit. The County is working with Mr. Wisely, Hualapai Public Works Director, to resolve the issue.

- c. Western Area Power Authority Post-2017 Hoover power allocation and contracting.** Mr. Davidson said that Council voted to approve the Western Area Power Administration Electric Service Contract and Amended Restated Implementation Agreement for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy at their special meeting on August 22, 2016. Mr. Davidson also distributed the benefit arrangement offers to manage the allocation from Western submitted by Navajo Tribal Utility Authority, Southern Nevada Water Authority and the Pechanga Band of Luiseno Indians from Temecula California. Mr. Black suggested the Board make a decision on which offer to chose at the next meeting so the HTUA can transmit the benefit arrangement contract to Western in October.

- d. Arizona Power Authority Post-2017 Hoover power allocation and contracting.** Mr. Davidson said the Arizona Power Authority Power Sales Contract for Boulder Canyon Project Post-2017

Schedule D Capacity & Energy was tabled by Council pending a clarification on the use of federal court shown in Section 44 concerning arbitration for dispute resolution. Mr. Black said the APA would likely not agree to add Hualapai Tribal Court as the first step in dispute resolution but would likely accept state court.

5) Amendment to HTUA Ordinance (Planning)

Mr. Davidson noted that the Council approved the amendments to both Section 208 and 209 at their special meeting on August 22, 2016. The only change was to retain “shall” instead of adding “may” in Section 209 b) as follows: *Enforceability of Service Agreements and Special Contracts. The Board shall may develop a standard clause to be included in its service agreements and special contracts with customers to ensure that such contracts can be enforced in the Courts of the Hualapai Tribe.* Mr. Black said special contracts may use the limited waiver of sovereign immunity language rather than the standard clause referred to above.

6) Other Matters (Planning)

Mr. Davidson said he had been approached by a third-party developer who may be interested in constructing the power line to Grand Canyon West and then charge the HTUA a fee to wheel power over the line for a certain dollar amount per MWhr that would be sufficient to pay for the cost of constructing the power line over a set number of years. Mr. Black said utility companies are less willing to build new transmission lines in a deregulated market (reference to California Independent Service Operators), so companies are building transmission lines and charging user fees. However, electric customers on such lines may not be able to secure future capacity to meet their needs. Also, long-term costs may be higher for the HTUA if they choose this option versus building their power line in association with UniSource. Because these deals are less common in the state, Arizona does not have a Regional Transmission Organization (RTO).

Mr. Davidson reviewed the memo he presented to Council at their August 6, 2016, meeting concerning the feasibility of constructing a community-scale solar array for Peach Springs. Mohave Electric Cooperative estimates a solar array of 400 KW to 500 KW in size would produce enough electricity to be

absorbed by Peach Springs without having to export power outside of the community. The array would require three to four acres of land and should be placed in close proximity to one of MEC's 24.9 KV power lines between Nelson and Peach Springs. The 24.9 KV line extends some two miles up Diamond Creek with a split at Hualapai Way that ends at the Juvenile Detention and Rehabilitation Facility. The sizing of the array is subject to a system impact study paid for by the tribe to MEC with a \$10,000 deposit required to start the analysis. A preliminary offer by MEC to purchase power from the solar array is estimated at \$35.00 per MWhr. The expected revenue from a 500 KW solar power plant is estimated at approximately \$28,000 per year, but will lower each year as the solar arrays' output fades over time. Construction costs are likely to exceed \$1,000,000, giving a payback of more than 30 years. This makes a centralized solar array less financially feasible than distributed generation, e.g. solar panels on individual buildings which will benefit from net-metering (higher price paid by MEC for each MWhr generated by the customer).

Mr. Davidson announced there will be a solar conference in Las Vegas from September 12th to the 15th. Mr. Majenty said he would like to attend.

7) Set time and location for next meeting

The next meeting will be held on September 20, 2016, at 9:00 AM at the Hualapai Health Department, Peach Springs.

8) Adjourned at 11:20 AM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

September 20, 2016, 9:25 AM to 11:00 AM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – absent

Joe Montana, Vice-Chairman – present

Jamie Navenma, Secretary – present

Steve Malin, Treasurer – absent

Rory Majenty – present

Support personnel:

Kevin Davidson, Planning Director

Bob Becherer, P.E., TTG (via telephone)

1) Call to Order

2) Roll Call

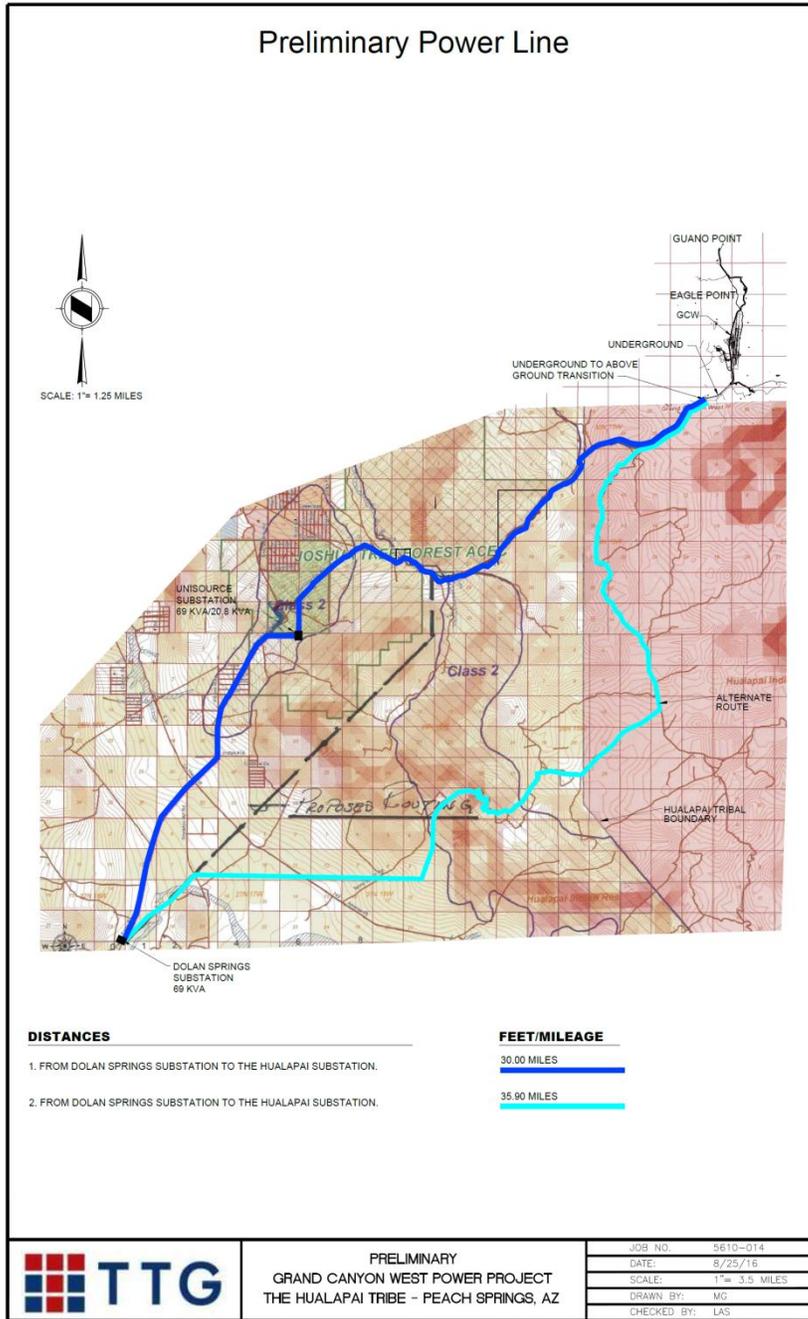
3) Review and Approval of Minutes

Mr. Majenty made a motion to approve the August 23, 2016, meeting minutes. Motion seconded by Mr. Navenma. Motion carried 3-0-1.

4) Project Updates

a. Proposed Power Line to Grand Canyon West along Diamond Bar Road

- i. Alternate Routes** To begin Mr. Davidson recapped the September 6, 2016, meeting between himself members of the HTUA Board and Mr. Becherer. The meeting revolved around the preparation of the EA and the potential alternate route which leaves Pierce Ferry Road and Diamond Bar Road and proceeds across country to Tenny Ranch Road then onto the reservation where the power line would align with Buck and Doe Road and continue to the new substation south of Grand Canyon West (see map). Mr. Whitefield at the BLM was most helpful and has



forwarded along a right-of-way application, a sample plan of development for a similar power line (Davis-Kingman 69 KV line re-build) and a contact for the Friends of Arizona Joshua Tree Forest. The BLM’s Kingman Field Office will also be working with the NEPA coordinator from the Lake Havasu Office on this project.

After the morning meeting on September 6th with the BLM, Mr. Davidson said he received a copy of the RFP for NEPA consulting services that UniSource had issued the Friday before. The consultant will be hired by

UniSource to perform the environmental assessment (EA) of the new power line. The tribe will most likely be asked to pay for most of the EA’s cost. The EA may take up to a year to complete. Mr. Montana questioned the length of the EA process. The HTUA has been invited to meet with UniSource after today’s meeting to discuss the RFP and the alternate power line route. The alternate route, even though a few miles longer than the original route along the paved roadways, may be a few million dollars less expensive to build. Mr. Becherer said the cost of the

Tenny Ranch Road option is approximately \$12.5 million, including just over two miles within a canyon, and is \$3 million less than the Pierce Ferry/Diamond Bar Road option. These estimates do not include the NEPA review or tax gross up costs of approximately \$5 million. The alternative route can be used by the HTUA to help negotiate the cost of the initial route along Pierce Ferry and Diamond Bar Roads. Mr. Becherer noted that the RFP describes an alternate “cold build” route on the opposite side of the roadway right-of-way. UniSource has yet to provide a cost estimate for this option which also includes a 12.5 KV under-build. Mr. Becherer added that moving the new 69 KV line just 500 feet from the Pierce Ferry Road should avoid most of the impacts to visual resources.

To begin the HTUA’s meeting with UniSource in the afternoon, Mr. Becherer advised we lead with the alternate route along Tenny Ranch Road and ask if UniSource would be willing to place a meter at the existing Dolan Springs Substation. Mr. Montana asked about the extent of the Joshua Tree National Natural Landmark (NNL). Mr. Davidson replied that the alternate route is located well south of the NNL and also the Joshua Tree Forest - Grand Wash Cliffs Area of Critical Environmental Concern (ACEC). Mr. Becherer noted that the alternate route along Tenny Ranch Road places the power poles in places where people are not expecting to encounter them. Maintenance and security of the line on the Tenny Ranch Road route will also be the tribe’s responsibility where UniSource would maintain the 12-plus miles of new power line along Pierce Ferry Road, up to the new switch located adjacent to Diamond Bar Road. Mr. Davidson asked if the gross up costs paid to UniSource upfront would be equal to the extra maintenance cost incurred by the tribe should it choose the Tenny Ranch Road route. Mr. Becherer advised that third-party contractors can be hired by the tribe to maintain the new power line and at lower cost than would be charged by UniSource. In addition, UniSource may prefer the Tenny Ranch Road option because it will reduce the number of miles of power line the utility company has to maintain.

Mr. Majenty asked if the gross up tax is applicable to tribes. This question will be put to Mr. Patrick Black of Fennemore Craig, PLC. Mr. Davidson said the gross up tax should not apply to the power line that the HTUA will own and operate beyond the UniSource metering point.

- ii. **USDA loan application process** To follow-up on the conversation Mr. Becherer had with Mr. Larry McGraw, USDA Field Representative, regarding the loan application and the need for a Long-Range engineering plan in addition to the Construction Work Plan, Load Forecast, Long-Range Financial Forecast and NEPA documentation. Mr. Davidson said he has corresponded with Mr. McGraw on the necessary loan application requirements and clarified that the Long Range engineering plan that covers at least ten years of operations is a component of the Construction Work Plan and will be created by the consultant who provides that document.

- iii. **Diamond Bar Road Studies** To revisit his report from the August 23, 2016, Board meeting, Mr. Davidson noted a special study is being performed by Mohave County Public Works Department to assess the safety of Diamond Bar Road. The County finds the roadway design to be deficient if the speed limit is increased from 45 MPH to 55 MPH. The roadway was designed to the BIA standard for a 45 MPH speed limit. The County is working with Mr. Wisely, Hualapai Public Works Director, to resolve the issue.

- b. **Western Area Power Administration Post-2017 Hoover power allocation and contracting.** Mr. Davidson said that he had just received from Western Area Power Administration the Electric Service Contract and Amended Restated Implementation Agreement for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy in the mail. Mr. Davidson next reviewed the benefit arrangement offers to manage the tribe's allocation from Western submitted by Navajo Tribal Utility Authority (NTUA), Southern Nevada Water Authority (SNWA) and the Pechanga Band of

Evaluation of Three Benefit Arrangement Offers			
Criteria	NTUA	SNWA	Pechanga
Minimum Term	10 years	20 years	10 years
Early Termination	No	No	Yes
Repayment of working capital by HTUA upon contract termination	Not in Offer	Yes	Not in Offer
HTUA will pay proportionate share of unforeseen increases in annual BCP Revenue Reqs. over 8.5%	Yes	Not in Offer	Not in Offer
Minimum aggregate	NA	1 MW	NA
Est. 10-year value	\$16,636	\$45,720	\$46,536
Est. 20-year value	\$37,436	\$91,440	\$96,396
Established Utility	Yes	Yes	No
Experience & Capacity	High	High	Unknown

Luiseno Indians from Temecula California. The Pechanga offer provides the highest value and a 10-year term with an early termination clause which the HTUA is likely to need once the power line is built to Grand Canyon West. However, the Pechanga have yet to establish their own TUA which must be done by October of 2017 to make the deal work. Both the SNWA and NTUA

have established utilities; however, the SNWA term sheet specifies a 20-year deal with no early termination provision and the NTUA offer is less than 40% of the value of the other two offers. Mr. Majenty made a motion to work with the Pechanga Band of Luiseno Indians and authorize the HTUA chairman to sign the non-binding term sheet for the benefit arrangement related to Boulder Canyon Project Power. Mr. Navenma seconded the motion. Motion approved 3-0-2.

- c. **Arizona Power Authority Post-2017 Hoover power allocation and contracting.** Mr. Davidson said the Arizona Power Authority Power Sales Contract for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy was approved by tribal council at their September 10, 2016, Regular Council Meeting. Dispute resolution will be held in state court. On September 16, 2016, the APA held a formal signing ceremony for the new contactors; however, several allottees have refused their contracts so the re-allocation among the remaining contractors should raise the Hualapai share of the D2 electricity to 107 KWs of capacity and over 233,000 KWs of energy.

Mr. Davidson briefly reviewed the draft bill credit agreement between the HTUA and Mohave Electric Cooperative (MEC). The bill credit provides evidence to the APA that the HTUA has a transmission provider. The language allows for the HTUA to terminate the agreement upon establishing its own power line to receive the power (Section 4.2.3) and no extra charge will be levied by MEC to wheel this power in the mean time (Section 2.5). Mr. Navenma made a motion to approve the bill credit agreement with MEC and authorize the HTUA chairman to sign the agreement. Mr. Majenty seconded the motion. Motion approved 3-0-2.

5) Other Matters (Planning)

Mr. Davidson asked Mr. Majenty to review his training experience from the Solar Energy International conference held in Las Vegas on September 12th to the 15th. Mr. Majenty said the class focused on site planning, construction, metering, and energy storage for a utility-scale solar array. Placing solar arrays on building roof tops in Peach Springs seems appropriate and can be used to reduce the monthly electrical bills for residents, especially seniors. However, solar roof tiles should be avoided because their output has been less than originally estimated. Mr. Davidson noted the two new BIA-funded Home Improvement Program (HIP) residences will have modest roof-mounted solar arrays to off-set the home owner's electric bill. These will utilize conventional solar modules. Mr. Majenty also suggested that solar arrays can be deployed at Grand Canyon West to help offset some of the power load; however,

having the entirety of Grand Canyon West powered by solar would require many acres of land and a considerable amount of battery storage. The HTUA board should attend future solar conferences to learn more about these land based applications.

To continue on with the solar discussion, Mr. Davidson reviewed the proposal from Mohave Electric Cooperative on building a community-scale 500 KW solar array for Peach Springs. The array would require three to four acres of land. A preliminary offer by MEC to purchase power from the solar array is estimated at \$35.00 per MWhr. The expected revenue from a 500 KW solar power plant is estimated at approximately \$28,000 per year. Given that construction costs are likely to exceed \$1,000,000, the payback is more than 30 years. This makes a centralized solar array less financially feasible than distributed generation, e.g. solar panels on individual buildings which will benefit from net-metering (higher price paid by MEC for each MWhr generated by the customer).

Mr. Navenma discussed his experience with solar array installations at Yavapai-Apache where one fixed and two tracking arrays are in operation. Maintenance on these systems has not been an issue. The Tribal Employment Rights Office (TERO) can train tribal members to install and maintain these systems. This training can be implemented over time to build up the tribe's workforce. Could the HTUA develop a training class for electricians? Mr. Majenty asked if TERO could also set up these classes. Mr. Montana advised that TERO and the Training Center work together to develop such coursework. Mr. Navenma said that TERO has lost its funding for training, but long-term needs of the tribe must still be addressed. What is each Department's obligation to provide training? Mr. Montana advised Mohave Community College also be contacted. Such training should be developed as a two-year plan. Mr. Navenma strongly advised a proven program be selected to provide such training. This training should also include HVAC and plumbing coursework. Working with local high schools should be considered. Mr. Majenty requested the HTUA's FY 2017 budget be discussed at the October Board meeting.

6) Set time and location for next meeting

The next meeting will be held on October 18, 2016, at 9:00 AM at the Hualapai Health Department, Peach Springs.

7) Adjourned at 11:00 AM

Hualapai Tribal Utility Authority (HTUA) Meeting Minutes

October 18, 2016, 9:15 AM to 11:35 AM, Hualapai Health Department, Peach Springs.

Board members:

Charles Vaughn, Chairman – present

Joe Montana, Vice-Chairman – present

Jamie Navenma, Secretary – present (via telephone)

Rory Majenty – absent

Support personnel:

Kevin Davidson, Planning Director

Patrick Black, Fennemore Craig (via telephone)

Bob Becherer, P.E., TTG (via telephone)

Guests:

Vernon & Charlyne Farris, Friends of Arizona Joshua Tree Forest

Renee Darling, UniSource Electric (via telephone)

Andy Whitefield, Bureau of Land Management (via telephone)

1) Call to Order

2) Roll Call

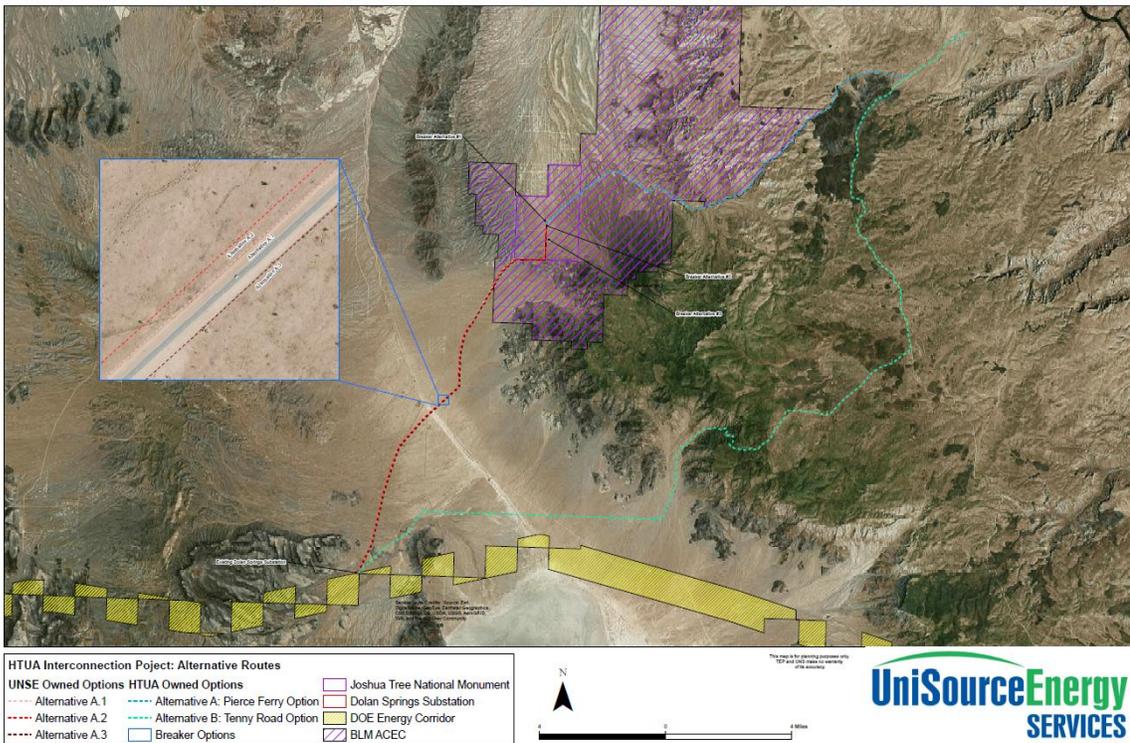
3) Review and Approval of Minutes

Mr. Vaughn made a motion to table the September 20, 2016, meeting minutes. Motion seconded by Mr. Montana. Motion carried 3-0-1.

4) Project Updates

a. Proposed Power Line to Grand Canyon West along Diamond Bar Road

i. **Outcome of 9/20/16 meeting with UniSource** - As part of the public scoping process for the power line route to Grand Canyon West, Mr. Vaughn requested that Vernon & Charlyne Farris, both board members of the Friends of Arizona Joshua Tree Forest, give their testimony on the proposed power line routes. Mr. Farris said the board works with the BLM and the Conservation Lands Foundation to protect sensitive lands. The area of land between Red Lake and Iron Mountain contains some 44,228 acres known as the Grapevine Mesa Joshua Tree Forest, with the Area of Critical Environmental Concern (ACEC) created in 1984 to help protect it. One of the board's goals is to improve signage which should help reduce trash and keep off-road vehicles on designated paths rather blazing new trails. To that end, the board is seeking the ACEC to be designated as a National Monument and also be included within a Wilderness Area or the Lake Mead National Recreation Area. Given that, the Pierce Ferry/Diamond Bar Road alternative power line route is not preferred by the board. This route cuts through the heart of the ACEC and has been the historic pathway for Hualapai and other Native Americans for centuries. However, the alternate route which leaves Pierce Ferry Road and Diamond Bar Road and proceeds across country to Tenney Ranch Road, is near an existing BLM Section 368 Energy Corridor and south of the ACEC (see map). This route should not significantly affect the ACEC or



thwart its future designation as a National Monument. Mr. Whitefield noted that a 69 KV power line is not considered a major transmission line, so it would not have to be within the Energy

Corridor which currently carries the Eldorado-Moenkopi 500 KV power line; however, the 69 KV line could run along the north side of the corridor.

To continue with the Joshua trees, Mr. Farris noted that this is only one of four stands in the world that remains intact. The ACEC offers the ideal combination of elevation, soil type, temperature and rainfall to keep the trees healthy. The Joshua tree needs some 70 years to reach maturity. Mrs. Farris added that many visitors to the forest are interested in these unique trees and that she and her husband have spent many hours educating people about them while on nature hikes. Mr. Montana asked if the trees can be transplanted. Mrs. Farris said there has been limited success with transplanting. Mr. Vaughn noted the many private in-holdings within the ACEC and asked how that impacts the forest's health. Mr. Farris said the board members educate the home owners about the trees. Most land owners want to help with the conservation effort. National Monument status for the ACEC allows land to be developed in a way that is conservation-based. Because many residents in the area are retirees, they naturally prefer a quiet outdoor experience which is a good fit with National Monument status. In addition, National Monument status should make the Joshua tree forest a destination and stimulate the tourist economy. Mr. Vaughn asked if the board has considered creating signage and interpretative trails to educate visitors. Mr. Farris replied he and his wife attend monthly meetings with the BLM where they discuss how to enhance trailheads and walking paths with signage to educate the public and enhance the visitor experience. Another goal of the board is to protect the forest from the negative effects of population growth over the next half-century. Mrs. Farris would like the board to form partnership with the tribe based on care and preservation of the forest. Mr. Montana said he will consider the Friends of Arizona Joshua Tree Forest input when evaluating the alternate power line routes. Mr. Farris said he and his fellow board members will seek an audience with the Hualapai Tribal Council to obtain a formal support letter, possibly even a Memorandum of Understanding (MOU), to have the ACEC designated as a National Monument.

Mr. Vaughn added that the Grand Canyon Resort Corporation (GCRC) Board is not informed about the Joshua tree forest issues and its potential but instead is focused more on short-term return on investment opportunities. Long-term preservation projects which have the potential to draw more tourists should also be pursued by GCRC. On the other hand, tourism at Grand

Canyon West has spurred the paving of Diamond Bar Road and has greatly reduced the amount of dust generation allowing the Joshua trees along the roadway to recover. Mr. Farris said the goal of the board is to protect ACEC for generations to come as well as keeping the HTUA's power project on track. Mr. Vaughn asked about methods for transplanting Joshua trees. Mr. Montana said the tree's orientation to southern exposure must be maintained or it will most likely die. When keeping the plant's orientation correct, the transplant survival rate is about 60 percent. Mr. Farris noted the Joshua tree is part of the Liliales Order (*Yucca Brevifolia*). Mr. Vaughn advised Mr. Farris to have the board create a master plan for the forest showing trail heads, trail routes, scenic overlooks, etc. Mr. Farris said that National Monument status would help secure funding for this type of project. With that said, Mr. and Mrs. Farris wished the HTUA Board good fortune and looked forward to being part of the environmental review for the power line.

Mr. Davidson gave a summary of the meeting he attended with UniSource on September 20, 2016. Ms. June Deering, Ms. Renee Darling, Mr. Ron Satour and Mr. Bill DeJulio attended for UniSource along with Mr. Majenty, Mr. Montana and Mr. Navenma for the HTUA. Mr. Davidson said the Tenney Ranch Road alternative was not looked upon as being an issue for UniSource and that Ms. Darling would publish an addendum to the RFP for the second route. Mr. Satour commented that the meter could be placed at the Dolan Springs Substation. In addition, the cost to construct a "cold build" power line is about \$700,000 less than using the "hot build" method where the new power poles are placed in-line with the live circuits.

Mr. Vaughn asked if the Tenney Ranch Road route is the same as if it were to follow along Music Mountain Road. Mr. Becherer, after having driven the road, said there is a ranch at the base of Tenney Ranch Road, so it may be a different road. Mr. Davidson said even though the Tenney Ranch Road route is some six miles longer than the Pierce Ferry/Diamond Bar Road alignment it costs a few million dollars less. Mr. Becherer said the Tenney Ranch Road alignment cost some \$3 million less than the Pierce Ferry/Diamond Bar Road alternative. The route provides a clear access to the power line with the exception of a few miles where the line traverses the canyon up to the plateau. The tribe would own all of the power line and have to maintain it because UniSource would place its meter at the Dolan Springs Substation vs. placing the metering point on Diamond Bar Road under the first route alternative. Mr. Vaughn asked about the feasibility

of purchasing private lands along the Tenney Ranch Road option. The tribe would have to negotiate with each land owner. However, the Tenney Ranch Road option is not subject to the million dollar-plus tax gross-up fee charged by UniSource. Mr. Black said the tax gross-up applies to all facilities built for and owned by UniSource per state law. The 12-mile portion of power line UniSource is worth more than \$500,000 so the gross-up tax applies.

ii. Review of bids for power line Environmental Assessment Mr. Davidson reviewed the five bids received from SWCA, Transcon Environmental, Tierra Right of Way, Westland Resources and EnviroSystems Management (ESM) with SWCA, Transcon and Tierra being the top three in his opinion given their experience with drafting power line EAs, especially those created using BLM and USDA criteria, and their experience in working with the BLM Kingman Field Office (KFO), tribes, and the Hualapai Tribe in particular. Mr. Becherer noted that the scope of work described by each bidder varied. Both SWCA and ESM have offices in Flagstaff. The resumes provided by SWCA and ESM were also impressive. Mr. Whitefield commented all agency requirements must be met by the EA with Section 106 compliance playing an important role. However, the BLM should remain a neutral party in the consultant selection process. Ms. Darling said she did not provide a detailed scope of work so bidders could define the scope of EA as they see it. Transcon and SWCA have the best proposals in regard to the cultural survey, biological assessment and visual impact analysis. Transcon has staff in Mesa, Arizona, but is successfully working with the KFO on the Golden Valley 230 KV power line EA. For ESM, their bid, being several thousand dollars less than the others, does not indicate a full survey of the Tenney Ranch Road route and does not give great detail on the visual simulations. Transcon and SWCA were her top two selections. Mr. Black said his top three were Transcon, Tierra Right of Way and SWCA. Mr. Vaughn said he would like to interview Transcon, SWCA and ESM. Mr. Becherer asked Ms. Darling if she could get ESM to augment their bid for a full pedestrian survey of the Tenney Ranch Road alternate route. Ms. Darling recommended the interviews take place at the UniSource office in Kingman on either November 3rd or 4th and begin at 9:00 AM.

iii. USDA loan application process Mr. Davidson reviewed the display ads for the two RFPs, one for the Construction Work Plan and the other for the Long Range Financial Forecast. Along with the EA, both are key components of the loan application to RUS/USDA. Both bids are due on November 21, 2016.

iv. Diamond Bar Road Studies Mr. Davidson said the Mohave County Public Works Department has requested the tribe to install 4,000 linear feet of additional guardrail along the roadway and provide drainage improvements at various culverts before they can assume maintenance of the roadway. Mr. Wisely, Hualapai Public Works Director, is working with the county to fix these design issues.

b. Follow up on Post-2017 Hoover power allocation and contracting.

i. Draft Benefit Arrangement Contract with Pechanga Band of Luiseno Indians Mr. Davidson next reviewed the draft benefit arrangement contract from the Pechanga Band of Luiseno Indians from Temecula California courtesy of Western. To recap, the Pechanga offer provides the highest value and a 10-year term with an early termination clause which the HTUA is likely to need once the power line is built to Grand Canyon West. However, the Pechanga have yet to establish their TUA which must be done by October of 2017 to make the deal work. Mr. Black noted that the liquidated damages for early withdrawal from the contract in the first five years are substantial; however, the HTUA may negotiate and early termination after year five of the contract. Mr. Vaughn asked about the potential of solar power to make up part of the energy portfolio with the Pechanga or the Southern Nevada Water Authority. Also, which is the best deal for the Hualapai Tribe? Mr. Black said the Pechanga offer appears to be the best deal and that California tribes have had good success in forming tribal utility authorities. Mr. Vaughn asked if there was motion to accept the Pechanga offer. Mr. Montana made a motion to accept the benefit arrangement with the Pechanga Band of Luiseno Indians. Mr. Navenma seconded the motion. Motion approved 3-0-1.

ii. Arizona Power Authority update. Mr. Davidson referred to the recent strategic planning session presentation made by the APA on September 20, 2016. The takeaway is that the APA faces an uncertain energy future with hydrological challenges causing the need to acquire additional sources of electricity and limited staffing to address the new demands placed upon it such as revamping their financial model, enhancing outreach and assisting customers to develop renewable energy.

5) Review of FY 2016 Budget and FY 2017 Budget Request (Planning)

a. Expenditures to date Mr. Davidson reviewed the expenses to date which show a deficit of \$14,178.82. This is due to the Finance Department not yet applying the latest the TTG Change Order No. 15 to the HTUA budget.

b. Budget Expenses for FY 2017 Mr. Davidson reviewed the major line items as follows:

- i. Legal and Engineering consultants = \$380,760 which covers expenses from the HTUA's attorney, engineer and the third-party NEPA consultant to draft the Grand Canyon West power line EA.
- ii. Hoover power allocation from APA = \$3,902 which is estimated for the last quarter of 2017.
- iv. Training and Apprenticeship Program = \$20,000 for linemen training for the future power line system.
- v. General Manager = \$127,740 for a consultant to fill the role of the HTUA General Manager.
- vi. Other budget line items include Board member training and travel (\$9,100), Memberships (\$1,500), and Public Outreach (\$3,185).

Mr. Davidson also mentioned the potential for a community-scale solar array being built in Peach Springs with council support in 2017 and with a budget of some \$1.5 million to \$2 million. Mr. Vaughn recommended a feasibility study be conducted in 2017 to determine the location and size prior to investing capital. Mr. Vaughn made a motion to accept the FY 2017 HTUA budget as presented. Mr. Montana seconded the motion. Motion approved 3-0-1.

6) Other Matters (Planning)

a. Preparation of Annual Report to Tribal Council per Section 110, HTUA Ordinance Mr. Davidson said he would present the draft 2016 Annual Report at the next board meeting in November and include the HTUA's accomplishment such as signing the Boulder Canyon Project power contracts, supporting the successful amendment to Article XVI of the Hualapai Constitution and beginning the NEPA study for the power line to Grand Canyon West.

b. Announcements Mr. Vaughn and Mr. Montana said they would like to attend the New Directions in Indian Land Management conference at NAU on November 28th to the 30th.

Mr. Vaughn recommended the resignation of Mr. Malin from The HTUA be further discussed with tribal council prior to advertizing for his replacement.

7) Set time and location for next meeting

The next meeting will be held on November 15, 2016, at 9:00 AM at the Hualapai Health Department, Peach Springs.

8) Adjourned at 11:35 AM

Appendix B: Public Outreach for Amendment to Hualapai Constitution

Proposed Amendment to the Hualapai Constitution

Presented by:

Hualapai Tribal Utility Authority

December 16, 2015

Presentation Outline

- Introduction to the Hualapai Tribal Utility Authority
- Objectives of the Hualapai Tribal Utility Authority
- Reason to amend the Hualapai Constitution
- Constitutional Amendment Process
- Conclusion

Creation of the Hualapai Tribal Utility Authority

- The Hualapai Tribal Council created the Hualapai Tribal Utility Authority (HTUA) in 2014 to develop utilities important to the economic development of the Hualapai Tribe.
- The purpose of the HTUA is to provide electric power service, water service, and sewage service at certain locations within the Hualapai Reservation and on other Tribal lands under the jurisdiction of the Hualapai Tribe.
- Tribal Council has the authority, under Article V of Constitution of the Hualapai Indian Tribe, to enact legislation establishing a tribal utility authority within the Hualapai Reservation.

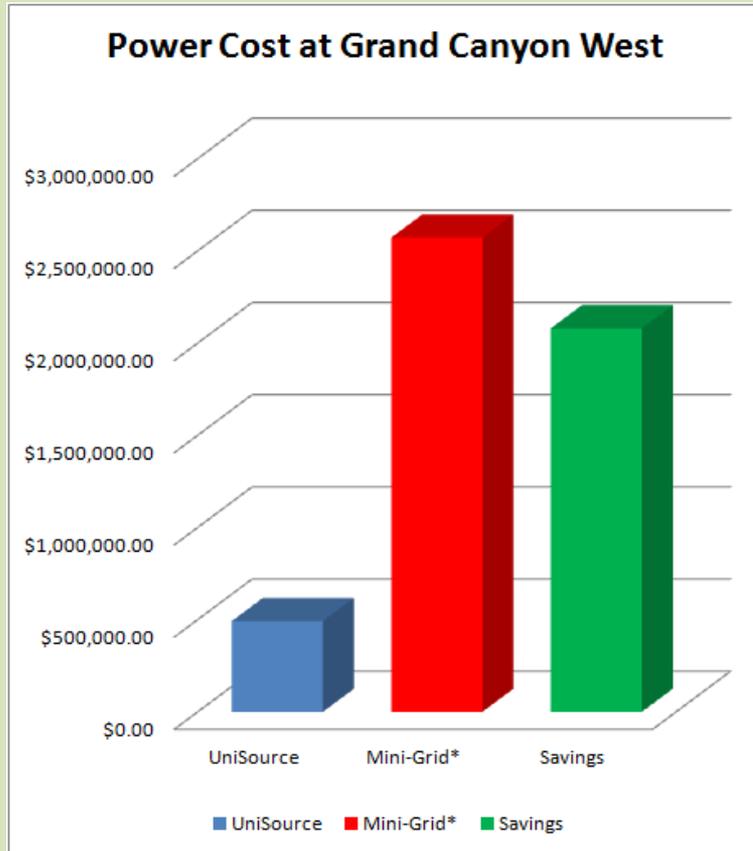
Who are the HTUA Members?

- The HTUA consists of five board members appointed by Tribal Council:
 - Charles Vaughn, Chairman
 - Rory Majenty, Vice-Chairman
 - Joe Montana, Secretary
 - Steve Malin, Treasurer
 - Jamie Navenma
- The HTUA typically meets once per month at the Hualapai Cultural Department between 9:00 AM and noon.
- Acting General Manager of HTUA – Kevin Davidson

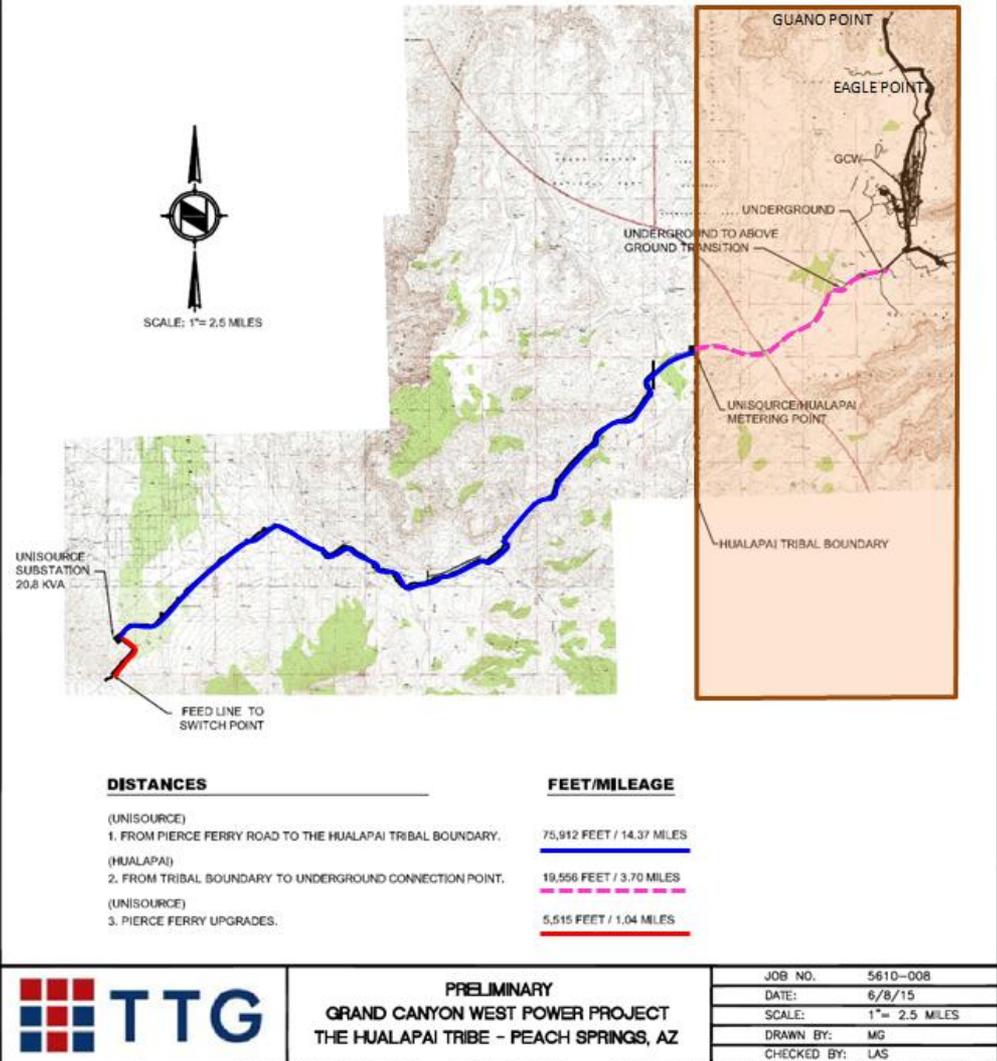
Objective 1: Lower electric costs at Grand Canyon West

- Grand Canyon West, one of the economic engines of the tribe, would grow in profitability if connected to the regional electrical grid by a power line built along Diamond Bar Road.
- This would provide cheaper power to the tribe by line service rather than from diesel generation saving as much as \$2,000,000 in energy costs per year at present.
- As Grand Canyon West grows, so will energy savings.
- The expected cost of the power line along Diamond Bar Road is \$15 million.

New Power Line to Serve Grand Canyon West



Construction of the new power line will save the Tribe nearly \$2 million dollars per year by allowing Grand Canyon West to operate on inexpensive grid power as compared to purchasing diesel fuel to run the generators.



* Estimated cost based upon \$3.00 per gallon for diesel fuel



PRELIMINARY
GRAND CANYON WEST POWER PROJECT
 THE HUALAPAI TRIBE - PEACH SPRINGS, AZ

JOB NO.	5610-008
DATE:	6/8/15
SCALE:	1" = 2.5 MILES
DRAWN BY:	MG
CHECKED BY:	LAS

Objective 2: Acquire Mohave Electric Cooperative's power lines on the Reservation

- Like many other tribes with a utility authority, future events may enable the HTUA to purchase the present undependable electrical service and deliver more reliable service to the tribe.
- The existing electric service infrastructure could be purchased at the depreciated cost.
- In 2007, the depreciated cost was estimated to range from \$156,000 to \$220,000. This does not include the Nelson substation located outside of the reservation.

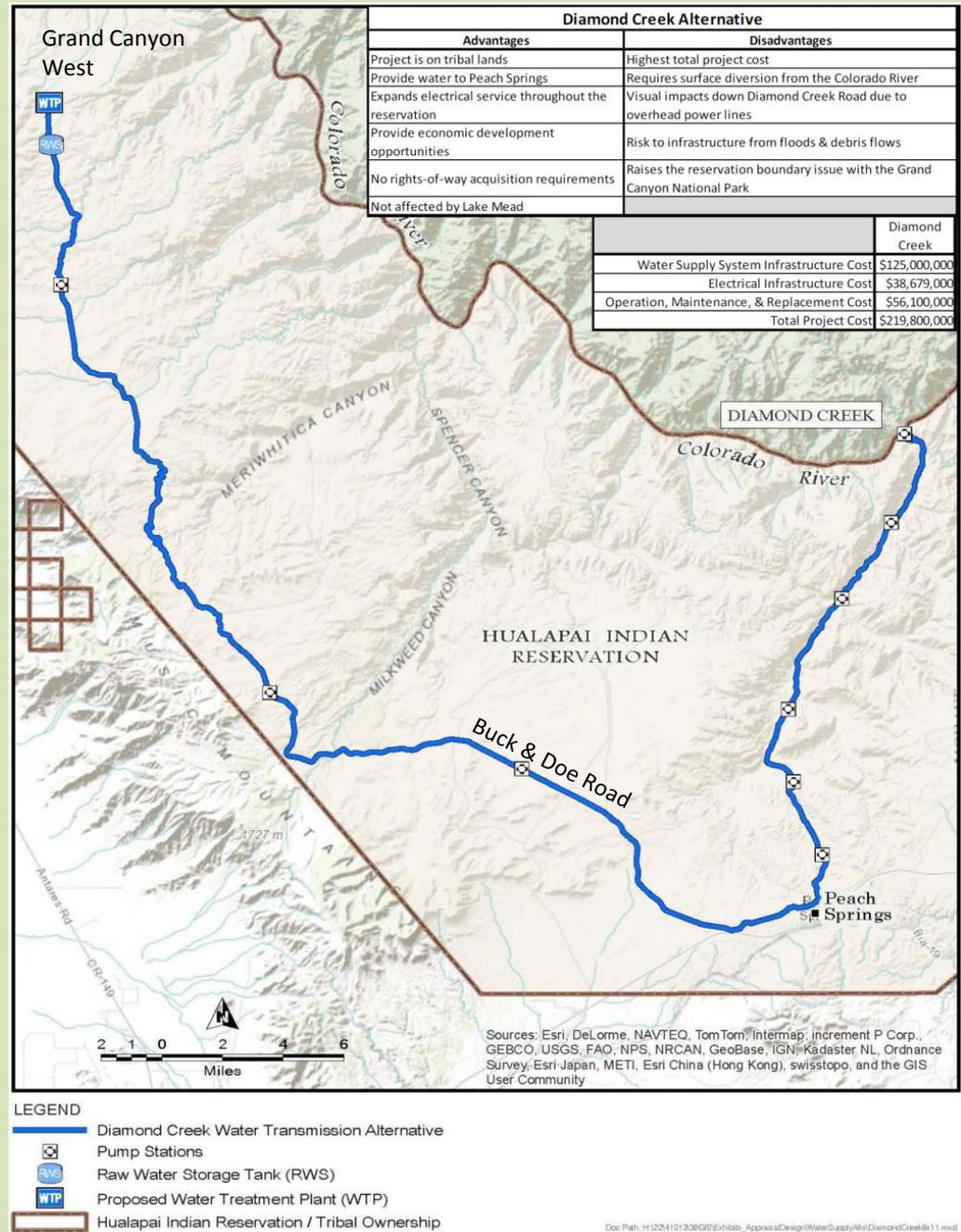
Objective 3: Self-determination

Objective 4: Bring water from the Colorado River to the Reservation

- The delivery of water requires electricity to operate pumps; the HTUA could be the source that delivers electricity at a reduced cost to the tribe.
- Approximately 4,000 KWs are needed to bring this water to Peach Springs and Grand Canyon West. This amount of power is equal to the current usage of Peach Springs, Valentine and GCW combined.

Proposed Water Pipeline to Peach Springs and Grand Canyon West

The Diamond Creek pipeline is completely within the Hualapai Reservation and will provide water to Peach Springs and Grand Canyon West. Moving the water requires the building of pumping stations and power lines along Diamond Creek Road and Buck and Doe Road.



Why amend the Constitution?

- In order to deliver utilities, the HTUA must enter into contractual agreements with contractors and other financial institutions to build the delivery systems. This requires written agreements to include a limited waiver of sovereign immunity.
- Section 2 of Article XVI requires approval by at least 30% of the total number of eligible voters to waive immunity for liabilities exceeding \$250,000 or expose more than 100 acres of land to possible foreclosure.
- This requirement hinders the tribe from developing economically.

Why amend the Constitution?

- To attract future economic development to the tribe that provides for the wellbeing of the tribe, it is necessary to amend the constitution to provide the tribal council the ability to ensure economic development.
- Allowing the tribal council to enter into agreements that include a limited waiver of sovereign immunity will enable the HTUA to enter into contracts that would fund these developments.

Why amend the Constitution? Here is an Example

- The Hualapai Tribe needs to build a power line to Grand Canyon West to meet the future electrical demand.
- These electricity demands through 2018 include:
 - New 250-room Resort Hotel & Full Service Restaurant (1,600 KWs)
 - New Airport Terminal (540 KWs)
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 - These demands exceed the current generator's capacity (2,175 KWs) by 620 KWs and does not include the existing load of 600 KWs.

Why amend the Constitution? Here is an Example

- To build the multi-million dollar power line, the Hualapai Tribal Utility Authority needs to borrow money.
- To take on debt more than \$250,000, the HTUA is requesting the Hualapai Constitution be amended to allow for a limited waiver of sovereign immunity.
- The waiver will allow the bank to issue the loan since it will now have collateral (the power line) to secure the loan.

Proposed Amendment to the Constitution adding Section 3 to Article XVI

- *Notwithstanding Section 2 of this Article, a limited waiver of sovereign immunity otherwise within the scope of that Section shall require only the approval of the Tribal Council if the Tribal Council determines that such waiver would facilitate the advancement of the economic or commercial interests of the Tribe and its members. Only those tribal entities formed and governed pursuant to ordinances of the Tribal Council may, with Tribal Council approval, waive sovereign immunity as prescribed in this Section 3.*

What are the impacts to the Hualapai Tribe?

- The proposed amendment will not take away any wording from the Constitution.
- The amendment will add new wording that provides the Tribal Council the authority to vote on this issue.
- The limited waiver shall not be construed to waive any immunity of the Hualapai Tribe, or to extend any liability to any assets, revenues, or incomes of the Hualapai Tribe, other than those of the HTUA such as power lines, substations, generators and other facilities it may own and operate.

Cases where other tribes have granted limited waivers of sovereign immunity for development or borrowed money to finance development.

- Ak-Chin Electric Community Utility Authority has the authority to add limited waivers of sovereign immunity to its contracts.
- Gila River Indian Community Utility Authority has borrowed money from the Cooperative Finance Corporation to build a 69 KV sub-station.
- Morongo Band of Mission Indians built their casino after approving a waiver of sovereign immunity.



Constitutional Amendment Process

- Council approved Resolution on 10/1 to begin process.
- Tribe sent Resolution to Department of Interior on 10/7 for 90-day review. Awaiting Decision by Department of Interior to initiate Constitutional Amendment process.
- Department of Interior will hold vote on Amendment within 150 days of initiation.
 - Department of Interior will register Hualapai voters.
 - Voting shall be by absentee ballot.
 - At least 30% of those registered by the Department of Interior must cast a vote.
 - Simple majority vote needed to approve Amendment.

Conclusion

- Questions, Comments and Advice to HTUA
- Future Public Meetings

For more information on the HTUA and upcoming activities please contact Chairman Vaughn at (928) 769-2419, e-mail: charles.vaughn@grandcanyonresort.com or Kevin Davidson at (928) 769-1310, e-mail: kdavidson@hualapai-nsn.gov

Thank you for your time.

Proposed Addition of New Language to the Hualapai Constitution

Presented by:

Hualapai Tribal Utility Authority

April 26 and 27, 2016

Presentation Outline

- Introduction to the Hualapai Tribal Utility Authority
- Objectives of the Hualapai Tribal Utility Authority
- Reason to amend the Hualapai Constitution
- Constitutional Amendment Process
- Conclusion

Creation of the Hualapai Tribal Utility Authority

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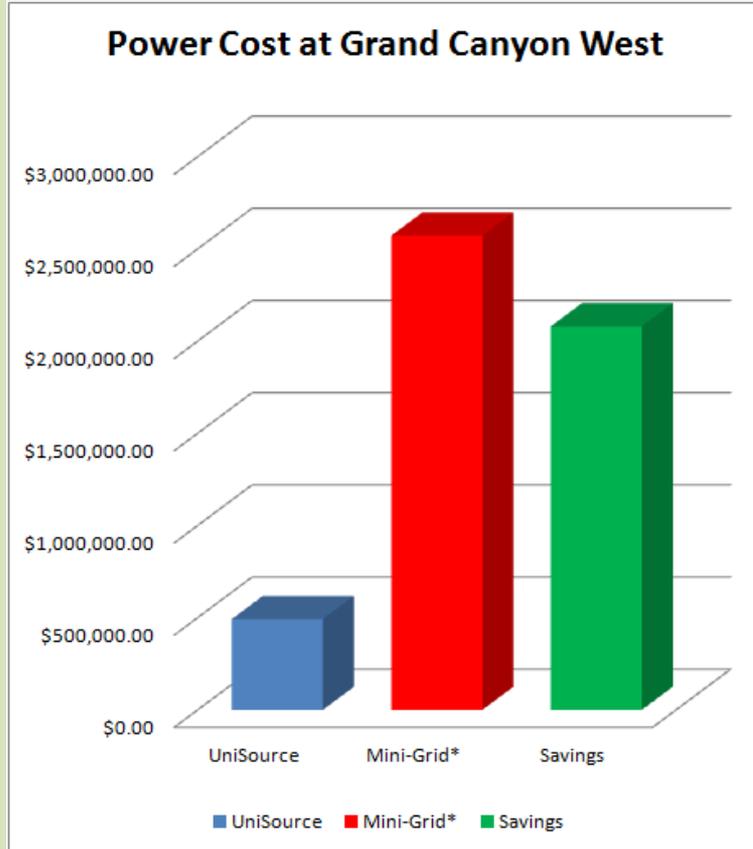
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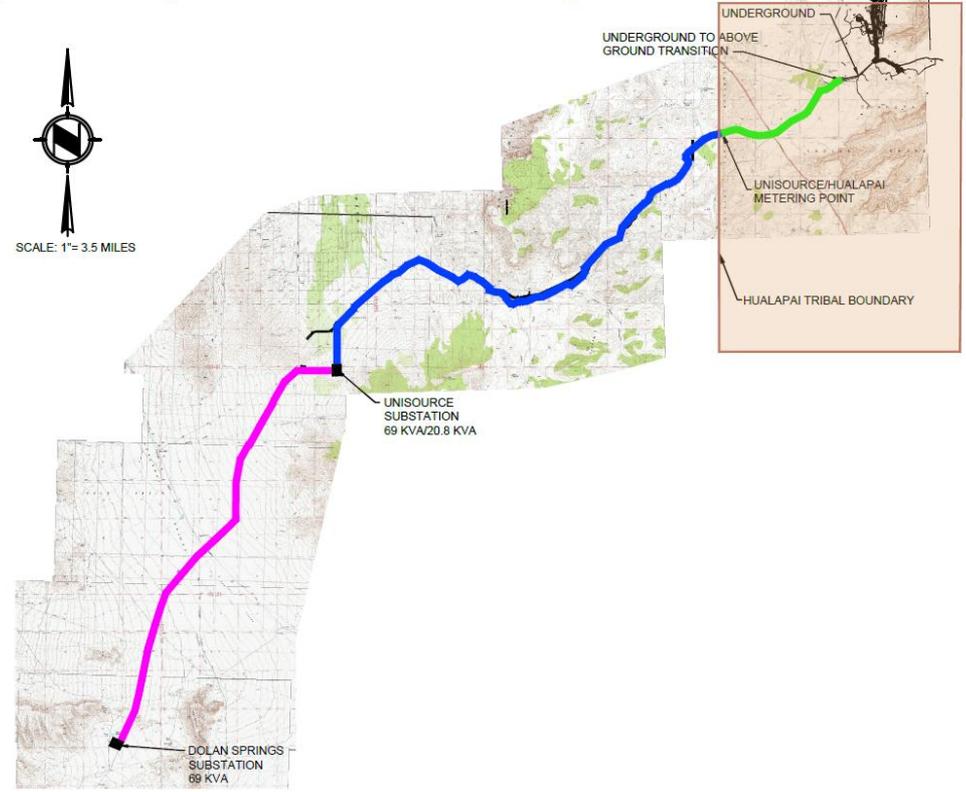
Objective 1: Lower electric costs at Grand Canyon West

- Grand Canyon West, one of the economic engines of the tribe, would grow in profitability if connected to the regional electrical grid by a power line built along Diamond Bar Road.
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- As Grand Canyon West grows, so will energy savings.
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New Power Line to Serve Grand Canyon West



Construction of the new power line will save the Tribe nearly \$2 million dollars per year by allowing Grand Canyon West operate on inexpensive grid power as compared to purchasing diesel fuel to run the generators.



- DISTANCES**
(UNISOURCE)
1. FROM PIERCE FERRY ROAD TO THE HUALAPAI TRIBAL BOUNDARY.
- (HUALAPAI)
2. FROM TRIBAL BOUNDARY TO UNDERGROUND CONNECTION POINT.
- (UNISOURCE)
3. PIERCE FERRY SUBSTATION UPGRADES.
- (UNISOURCE)
4. DOLAN SPRINGS TO NEW DIAMOND BAR SUBSTATION.

FEET/MILEAGE

77,284 FEET / 14.64 MILES
19,556 FEET / 3.70 MILES
64,872 FEET / 12.29 MILES

	PRELIMINARY GRAND CANYON WEST POWER PROJECT THE HUALAPAI TRIBE - PEACH SPRINGS, AZ	JOB NO. 5610-014 DATE: 4/13/16 SCALE: 1" = 3.5 MILES DRAWN BY: MG CHECKED BY: LAS
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* Estimated cost based upon \$3.00 per gallon for diesel fuel

Objective 2: Acquire Mohave Electric Cooperative's power lines on the Reservation

- Like many other tribes with a utility authority, future events may enable the HTUA to purchase the present undependable electrical service and deliver more reliable service to the tribe.
- The existing electric service infrastructure could be purchased at the depreciated cost.
- In 2007, the depreciated cost was estimated to range from \$156,000 to \$220,000. This does not include the Nelson substation located outside of the reservation.

Objective 3: Self-determination and Support for Peach Springs Electric Customers

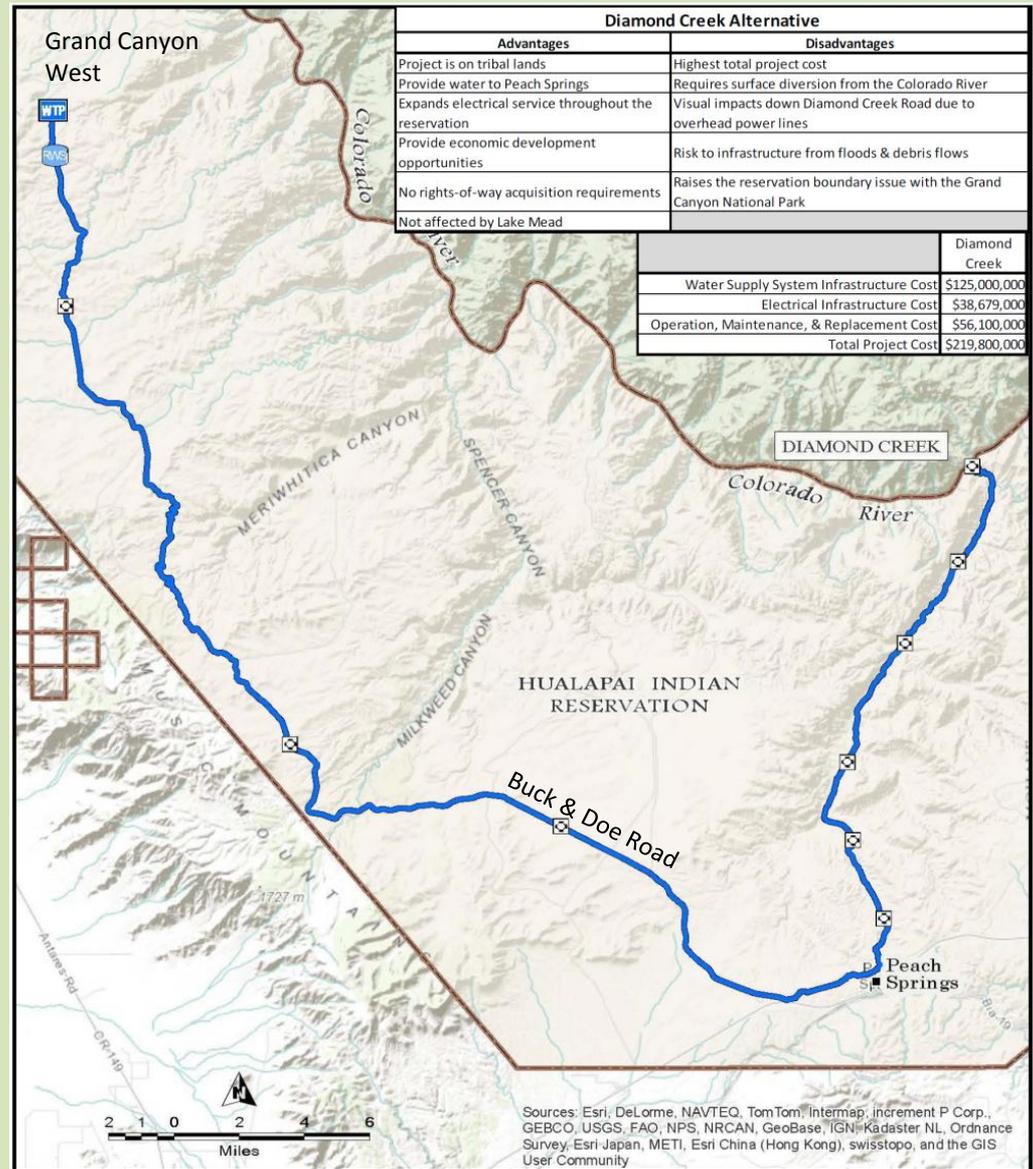
- Construct a set of back-up diesel generators to provide electricity during power outages in Peach Springs.
- Provide training for Hualapai linemen who would be employed to work on the reservation's power lines.
- Create a program to install roof-top-solar arrays on homes and buildings in Peach Springs.

Objective 4: Bring water from the Colorado River to the Reservation

- The delivery of water requires electricity to operate pumps; the HTUA could be the source that delivers electricity at a reduced cost to the tribe.
- Approximately 4,000 KWs are needed to bring this water to Peach Springs and Grand Canyon West. This amount of power is equal to the current usage of Peach Springs, Valentine and Grand Canyon West combined.

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The Diamond Creek pipeline is completely within the Hualapai Reservation and will provide water to Peach Springs and Grand Canyon West. Moving the water requires the building of pumping stations and power lines along Diamond Creek Road and Buck and Doe Road.



Why add new language to the Constitution?

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Why add new language to the Constitution?

- To attract future economic development to the tribe that provides for the wellbeing of the tribe, it is necessary to amend the Article XVI of Constitution by adding Section 3 which provides the tribal council the ability to ensure economic development.
- Allowing the tribal council to enter into agreements that include a limited waiver of sovereign immunity will enable the HTUA and other entities created by tribal council to enter into contracts that would fund these developments.

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Here is an Example

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- Morongo Band of Mission Indians built their casino after approving a waiver of sovereign immunity.



Secretarial Election Process

- Council approved Resolution on 10/1 to begin Secretarial Election process and transmitted Resolution to Department of Interior for review.
- Department of Interior authorized Secretarial Election on March 14th.
- Department of Interior will hold Secretarial Election on May 23rd.
 - Department of Interior will register Hualapai voters by April 29th
 - Ballot mail out on May 6th. Voting shall be by absentee ballot.
 - At least 30% of those registered by the Department of Interior must cast a vote.
 - Simple majority vote needed to approve Amendment.

Conclusion

- Questions and Comments
- For more information about the HTUA and the constitutional amendment process, please visit our website: <http://www.hualapaiutility.org/>

For more information on the HTUA and upcoming activities please contact Chairman Vaughn at (928) 769-2419, e-mail: charles.vaughn@grandcanyonresort.com or Kevin Davidson at (928) 769-1310, e-mail: kdavidson@hualapai-nsn.gov

Thank you for your time.

**Proposed Addition of new Language to
the Hualapai Constitution –
Response to Selected Questions from
meeting at ITCA on December 16, 2015**

Presented by:

Hualapai Tribal Utility Authority

April 26, 2016

Presentation Outline

- Review of Questions
- Follow-up Questions
- Conclusion

Please note, question and comments nos. 8, 9, 10, 22, 24, 25, 27, 28, 29, 32, 33, 38 and 40, being questions on tribal development policy, general comments and requests, are addressed in the written response to comments.

Questions 1 and 2 - What happens if the project “goes bust”? And, can the bank/lending agency seize the land on which the improvements are placed?

- The short answer is “no.” The lending agency will be the Rural Utility Service, which is a division of the US Department of Agriculture (USDA) administering the rural development loan program.
- The loan will be secured by the infrastructure improvements – not the land on which it sits – and pursuant to a loan contract (hence the need to have a limited waiver of sovereign immunity).
- A vast majority of the new power line will be located within a Mohave County right-of-way along Diamond Bar Road or on BLM holdings, with the remaining portion located on tribal land. The USDA has no jurisdiction over tribal entities.

Question 3 - What has been the experience of other tribes who have granted limited waivers of sovereign immunity to develop their large projects?

- The HTUA has asked Lisa Garcia, Community Planner for the Ak-Chin Indian Community and David White, Assistant General Manager, Operations for Wild Horse Pass Development Authority for Gila River Indian Community about their experiences with limited waivers of sovereign immunity to operate their casinos and neither reported any issue with their tribe's contracts.

Question 4 - Are the HTUA and the Tribe qualified to run this type of operation?

- The HTUA Board of Directors was selected based on their knowledge and experience with business, and the electric industry.
- The HTUA will need to hire qualified personnel – as does any other tribal utility authority – not only to help maintain and operate the electric infrastructure (eventually including water and sewer utility services), but also to ensure the economic stability that will allow the HTUA to repay the RUS loan, as well as maintain reasonable electric rates for all of the tribe’s members.
- The qualifications for a general manager have been researched and discussed by the HTUA; however, the tribe must approve the job description.

Question 5 - How will the HTUA guard against corruption in the contracting process and in operations?

- As the tribe becomes more sophisticated in its business enterprises, the need to hire outside contractors will only increase. The tribe and the HTUA must continue to guard against corruption and self-dealing as the tribe already has by having proper processes and procedures in place to ensure that contracts of any kind are awarded in an open and transparent manner.

Question 6 - What does a limited waiver of sovereign immunity mean to the Tribe?

- For purposes of entering into contracts with other sophisticated parties, it allows disputes to be settled in federal court rather than just Hualapai Tribal Court. Understandably, counter-parties with millions of dollars at stake via contracts with the tribe and the HTUA prefer an “impartial” judge in the event a dispute rises to the level of litigation. Some counter-parties will simply refuse to bargain and enter into contracts where their only legal recourse is tribal court. The first step in the justice system is to have the case heard by Hualapai Tribal Court. Remedies in tribal court should be exhausted prior to moving to federal court.

Question 7 - Will the amendment open up Pandora's Box?

- The amendment will allow for a new power line which can continue the development at Grand Canyon West and also allow the tribe and the HTUA to construct other infrastructure projects (electric, water and sewer) on the rest of the reservation. Access to additional, low cost power at Grand Canyon West will allow more vendors to set up shop at Grand Canyon West and will benefit GCRC and the tribe in general. The increased economic activity at Grand Canyon West will create spin-off jobs both on and off of the reservation.
- The limited waiver of sovereign immunity proposed in the amendment would help attract more businesses and bank lenders to help construct new facilities and buildings on the reservation. The “entities” mentioned in the amendment, created by the Tribal Council, such as the HTUA, could use this new language to construct other buildings and projects that lay outside of the HTUA’s mission of providing utility infrastructure.

Question 11 - Are there other sources of power available to the Grand Canyon Resort Corporation to supply Grand Canyon West?

- Besides the new Diesel Generating Plant and the proposed power line to tie to the regional grid operated by Unisource, the only other practical alternative power source is a Solar Power Field.
- Preliminary wind field engineering evaluations have not proven to be economically feasible.
- The apparent availability of power because of the heavy APS transmission lines that cross the reservation are not operationally feasible due to the huge capital cost of transforming 500 KVA down to 20.8KVA distribution voltage used at Grand Canyon West.
- The draft Environmental Report (ER) being prepared by the Planning Department for the USDA, as part of the RUS' High Energy Cost grant compliance, also discusses the potential of Mohave Electric Cooperative extending their 24.9 KV line from the FAA's VORTAC site at Plain Tank some 40 miles to Grand Canyon West. A Buck and Doe power line would require MEC to upgrade transmission systems and switchyards beginning at Round Valley (Interstate-40), through Nelson and onto the VORTAC site.

Question 12 - *Can the owner of the Diamond Bar Ranch block the power line along Diamond Bar Road which passes through this private land?*

- The power line would be placed within the public right-of-way so its construction could not be blocked by the private land owner. This is contingent upon that portion of Diamond Bar Road which passes through the private land being transferred to Mohave County.

Question 13 - Can a private landowner located along the route of the new power line tap into it and take all of Grand Canyon West's power?

- The short answer is “no.” Because the power will be flowing one way (to Grand Canyon West), the line is a distribution line and not a transmission line.
- Any private landowner must first enter into an agreement with the HTUA, and be solely responsible for the costs, before that landowner will be allowed to interconnect to the electric line owned and operated by the HTUA. All power being delivered to Grand Canyon West via the electric line will be dedicated solely to Grand Canyon West. Any other entity connected to the line will be responsible for obtaining power and scheduling the delivery, most likely from UniSource Electric.

Question 14 - *Should there be a dollar amount cap on the proposed limited waiver in Section 3? What should be the cap be set at?*

- The dollar amount cap is a decision for the Hualapai Tribe and its members. This freedom will allow the tribe to make the appropriate investment decisions.
- The language in Article XVI, Section 2 of the Hualapai Constitution sets a \$250,000 limit on liabilities, without a referendum vote for each specific request, and is not sufficient to allow the tribe and the HTUA to carry out its mission to build infrastructure or to allow the tribe to do business in general.
- The only pledge by the tribe would be the physical assets of the HTUA, namely the new power line to be built along Diamond Bar Road and portion of Pierce Ferry Road.

Question 15 - How does the Council know when to invoke Section 2 vs. Section 3 of Article XVI?

- The Council will invoke Section 2 when the Tribe itself is a party to the contract, and the matter goes directly to the Council. The Council will invoke Section 3 when a limited waiver is required for a contract that involves a Tribal entity, such as the HTUA. In that instance, the Tribal entity must first approve the form of contract, and the next step is for the Council to approve or reject the contract.
- This two-step process requires two public meetings and two separate votes, one by the tribal entity, such as the HTUA Board, and the other by the Tribal Council.

Question 16 - Was the HTUA created akin to Grand Canyon Resort Corporation as an independent corporation?

- No, the HTUA was formed as a tribal entity under Resolution No. 63-2014 and is subject to direct oversight of tribal council, not unlike any other tribal department.

Question 17 - How much power will Grand Canyon West use per month/year (2015)?

- The estimated average monthly usage equals 704,288 KWhrs and the estimated average yearly usage is 8,451,465 KWhrs. To put this electric usage in perspective, MEC supplied the Hualapai Reservation with 7,407,301 KWhrs in 2014. This service area includes Peach Springs, developments along Buck & Doe Road and Route 18, and the town of Valentine.

Question 18 - *Will tourists, coming primarily from Las Vegas, want to stay at a resort hotel at Grand Canyon West? What will they do overnight?*

- The Market Assessment prepared by Elliott D. Pollack, Co. noted that an important element for extending the length of time tourists spend at Grand Canyon West is to improve amenities on site and create activities for visitors.
- The infrastructure and improvements required to accomplish this should be completed before significant overnight accommodations are completed.
- Some of these improvements include trail enhancements and shuttle service between sites, building a convenience store and gas station, an RV park, and dining areas at additional view-points.

Question 19 - Is there a market study showing that a resort hotel will be profitable at Grand Canyon West?

- The Market Assessment prepared by Elliott D. Pollack, Co. focused on two elements:
 - 1) A Market Study that includes an analysis of visitation patterns to Grand Canyon West, the demographics and origin of visitors to the site, and general market trends and an evaluation of visitation trends and patterns at Grand Canyon National Park,
 - 2) A Marketability Study evaluating potential Grand Canyon West future demand, alternative property uses and marketing strategies designed to (a) expand the market for Grand Canyon West visitation and (b) extend the stay of visitors to the Development Area.
- Assuming that Grand Canyon West can expand the extent and number of activities available to visitors, as well as improve the infrastructure to accommodate hotels, the initial demand for lodging based on 800,000 tourists per year is estimated at 225 rooms. With increased visitation in the near future, hotel demand will escalate over time to 300 hotel rooms.

Question 20 - *Is this the only power line planned to be built to serve Grand Canyon West?*

- This is the only power line planned to serve Grand Canyon West at this time.

Question 21 - *Is there a backup power source planned beside the grid?*

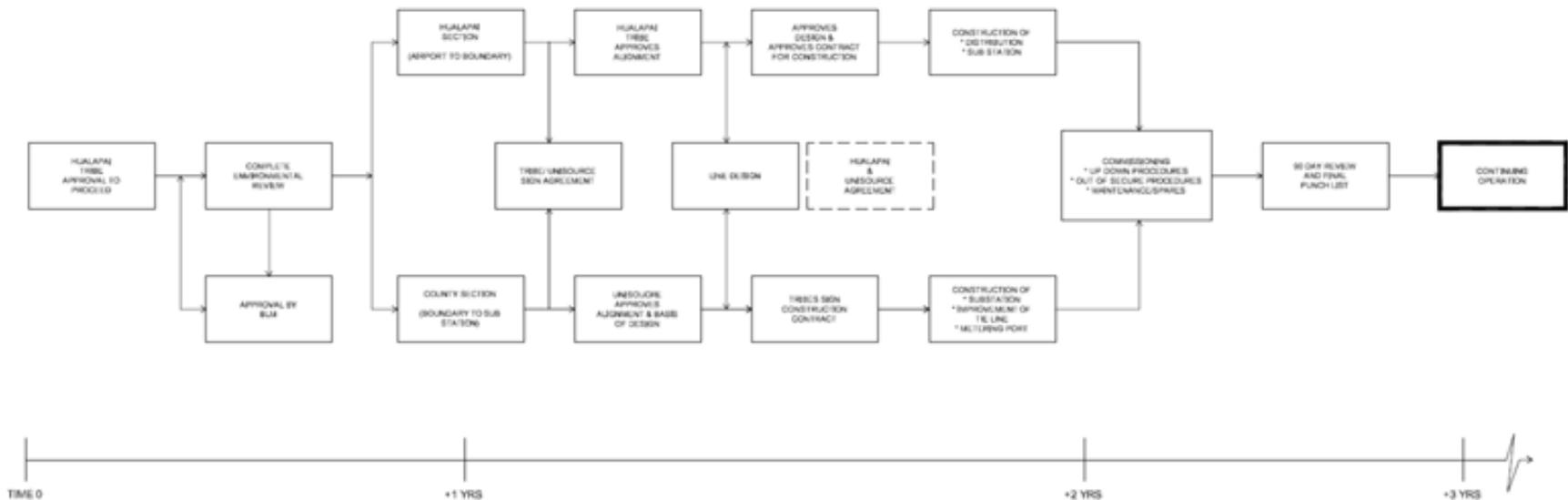
- The new Diesel EPA-compliant Generating Station located at the GCW airport will revert from being a prime power generator to a back-up power source. This backup source is required by the Federal Aviation Authority (FAA) due to Grand Canyon West Airport being designated as an air carrier airport.

Question 23 - What is the time line to build the power line?

HUALAPAI GCRC POWER PROJECT HAULAPAI GRID TO REGIONAL UNISOURCE GRID (DESIGN, CONSTRUCTION AND COMMISSIONING)

PAGE 1 OF 1
L.A. SCHMITT, P.E.
DATED: 1-6-2016

The time line prepared by TTG Engineering shows approximately 36 months to complete the project beginning with tribal approval, which would coincide with the approval of the constitutional amendment, through to the final punch list and final inspection of the power line and substation.



PROPOSED TIME LINE

DESCRIPTION	DATE	BY

T.M.A.D.
TAYLOR & GAINES
• STRUCTURAL
• MECHANICAL
• ELECTRICAL
• CIVIL
1900 E. HAWAII, SUITE 100
TUCUMCARI, NM 86301
PHONE 505.271.1389
FAX 505.271.1375



DRAWN BY: JLD
CHECKED BY: JLD
APPROVED BY: JLD
DATE: 1/6/16

PROCESS FLOW CHART

PROJECT NUMBER: **2.06**
SHEET NUMBER: **1 of 1**
DRAWN BY: JLD
DATE: 1/6/16

Question 26 - *Is it a good idea to be “married to” or rely upon a single utility company to provide power to Grand Canyon West? Can this electric service be bid out and not sole-sourced?*

- The nature of the electric industry in general is one about monopolies – one single designated service provider. However, the HTUA will be providing its own distribution and transmission facilities, and intends to purchase wholesale electricity from one or more sources. In addition, the HTUA is considering the development of its own generation resource, most notably renewable solar energy.

Question 30 - Will the power line benefit Peach Springs or just Grand Canyon West?

- The tribe's economy is largely based on tourism. The power line will help reduce the operational costs at Grand Canyon West which in turn should benefit the tribe as a whole. The tribe has been pursuing its water rights claim to the Colorado River. If these rights are established and perfected with a take-out point near Grand Canyon West, then electricity provided by the new power line can be used to pump this water to Grand Canyon West and power a water treatment plant to remove impurities from the new water source.

Question 31 - What is the time line for the Secretarial Vote on the proposed Constitutional amendment?

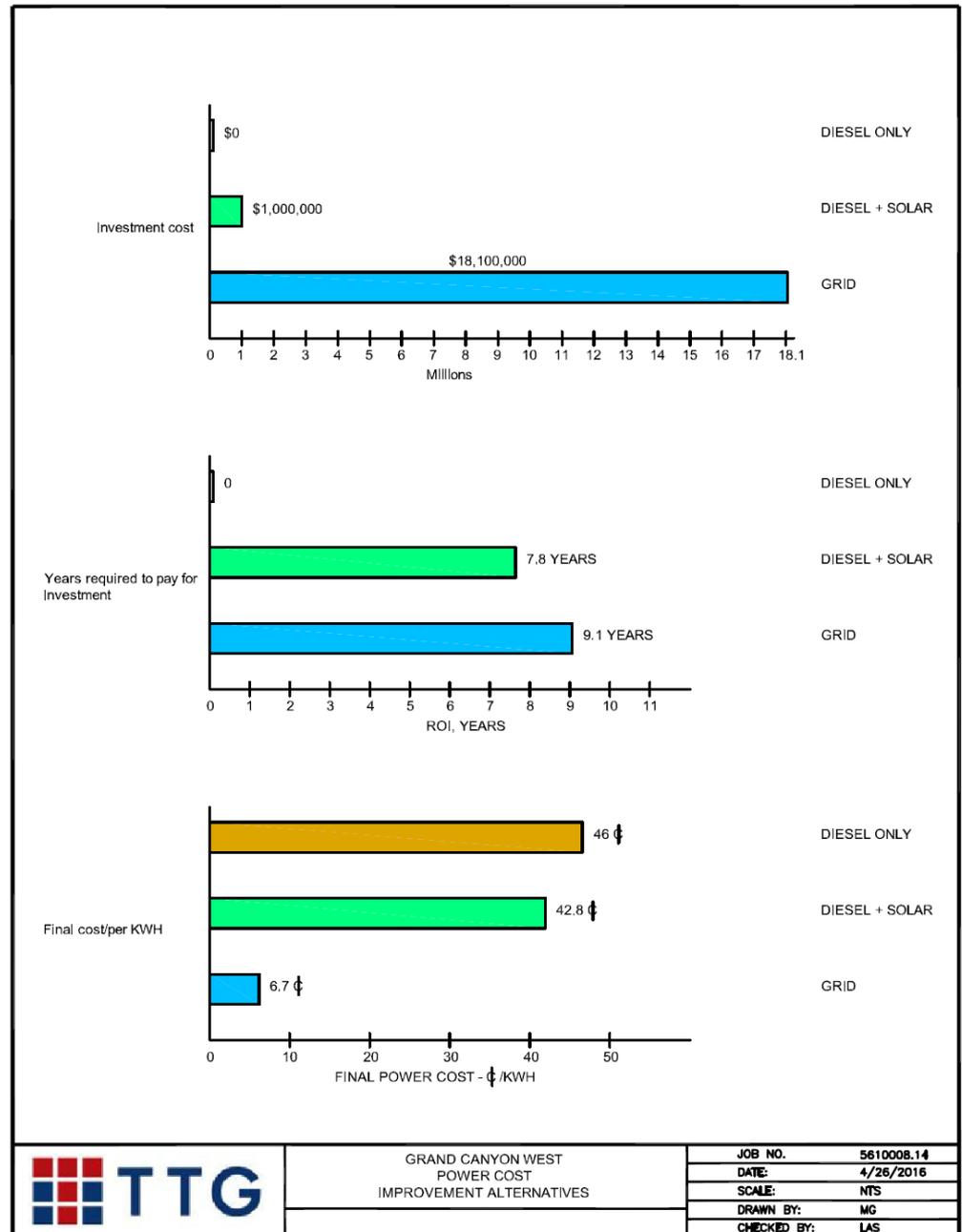
- The Secretarial Vote is set for May 23, 2016. All ballots must be received by the BIA on that date. The deadline to submit your registration to the BIA is April 29, 2016.

Question 34 - Was the referendum option under Article XVI, Section 2, explored prior to crafting the language for new Section 3?

- The proposal to add Section 3 was discussed with Council and then voted upon by Council at a later meeting. The main reason for pursuing the amendment is that Section 2 requires at least 30% of the Hualapai electorate for “yes” on the ballot question. Based on a list of qualified voters counted on February 1, 2016, this would require 489 “yes” votes (1,630 persons at least 18 years of age x 30%). This threshold is practically impossible to achieve given that turn-out for the 2014 Secretarial Election was less than 100. Turn-out for the adoption of the 1991 Hualapai Constitution was 173.

Question 35 - Please provide a cost comparison of the proposed line to that of renewables such as solar and wind power.

- The charts provided by TTG Engineering show the cost comparisons and period of payback between a hybrid solar/diesel power plant option, the existing diesel generator system, and the new power line. The lowest cost power is obtained from the new power line option.



GRAND CANYON WEST
POWER COST
IMPROVEMENT ALTERNATIVES

JOB NO.	5610008.14
DATE:	4/26/2016
SCALE:	NTS
DRAWN BY:	MG
CHECKED BY:	LAS

Question 36 & 37 - *How will the power line project help the community? And, what is the benefit of the new power line to the average Hualapai person such as those living in Peach Springs?*

- The proposed power line could be paid for in less than eight years given the estimated savings of not having to run the diesel generators day and night. Once the power line is paid off, then these savings can be spent on other projects such as building housing or used by the tribe to support its social programs.

Question 39 - Does the limited waiver lead to a giving away of Hualapai's future?

- Each request limited waiver of sovereign immunity will be handled by Tribal Council and the tribal entity, such as the HTUA, on a case-by case basis. The limited waiver will lead to increased investments in the tribe's infrastructure which will allow the tribe to grow and provide better services to the people.
- In addition, as the tribe makes regular and timely loan payments, the tribe's credit rating and creditworthiness will increase.
- As Hualapai moves into the world of debt financing, its credit rating should be established allowing the tribe to become a "player" in the financial market, as any other corporation, state or country.

Conclusion

- Follow-up Questions
- Secretarial Election Schedule
 - Registration due to BIA on Friday, April 29, 2016.
 - Mail-in ballots due to BIA on Monday, May 23, 2016.
- For more information about the HTUA and reasons to add Section 3 to Article XVI, please visit our website:
<http://www.hualapaiutility.org/>

Please feel free to contact Chairman Vaughn at (928) 769-2419, e-mail: charles.vaughn@grandcanyonresort.com or Kevin Davidson at (928) 769-1310, e-mail: kdavidson@hualapai-nsn.gov with follow-up questions.

Thank you for your time.

Proposed Addition of New Language to the Hualapai Constitution

Presented by:

Hualapai Tribal Utility Authority

May 12, 2016

Presentation Outline

- Introduction to the Hualapai Tribal Utility Authority
- Objectives of the Hualapai Tribal Utility Authority
- Reason to add new language to the Hualapai Constitution
- Secretarial Election Process
- Conclusion

Public meetings held to date:

- September 29, 2015 at Tribal Gym, Peach Springs
- December 16, 2015 at Inter-Tribal Council of Arizona, Phoenix
- April 26, 2016 at Inter-Tribal Council of Arizona, Phoenix
- April 27, 2016 at Tribal Gym, Peach Springs

Creation of the Hualapai Tribal Utility Authority

- The Hualapai Tribal Council created the Hualapai Tribal Utility Authority (HTUA) in 2014 to develop utilities important to the economic development of the Hualapai Tribe.
- The purpose of the HTUA is to provide electric power service, water service, and sewage service at certain locations within the Hualapai Reservation and on other Tribal lands under the jurisdiction of the Hualapai Tribe.
- Tribal Council has the authority, under Article V of Constitution of the Hualapai Indian Tribe, to enact legislation establishing a tribal utility authority within the Hualapai Reservation.

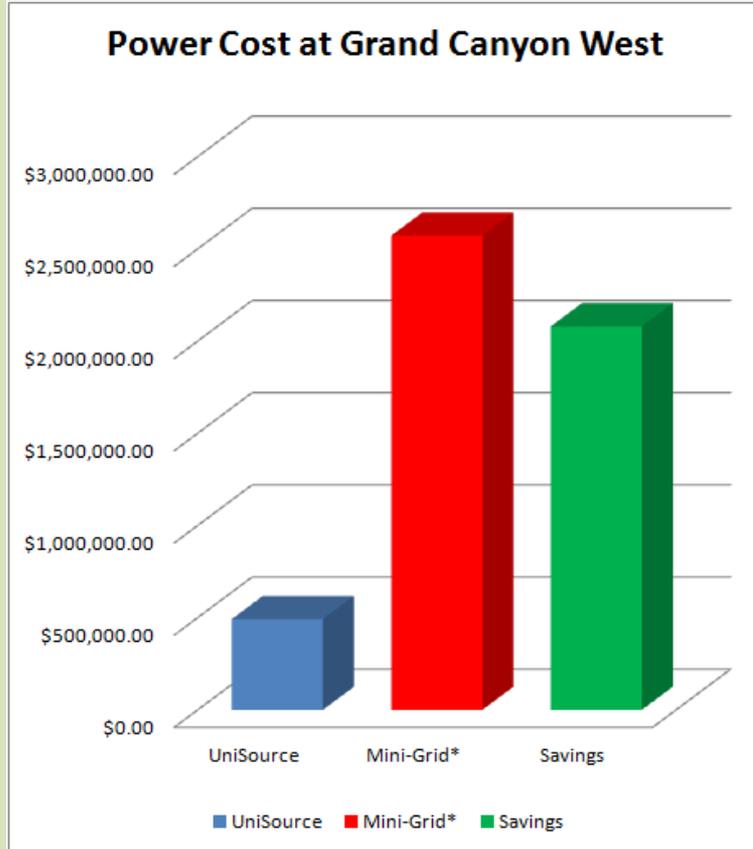
Who are the HTUA Members?

- The HTUA consists of five board members appointed by Tribal Council:
 - Charles Vaughn, Chairman
 - Rory Majenty, Vice-Chairman
 - Joe Montana, Secretary
 - Steve Malin, Treasurer
 - Jamie Navenma
- The HTUA typically meets once per month at the Hualapai Cultural Department between 9:00 AM and noon.
- Acting General Manager of HTUA – Kevin Davidson

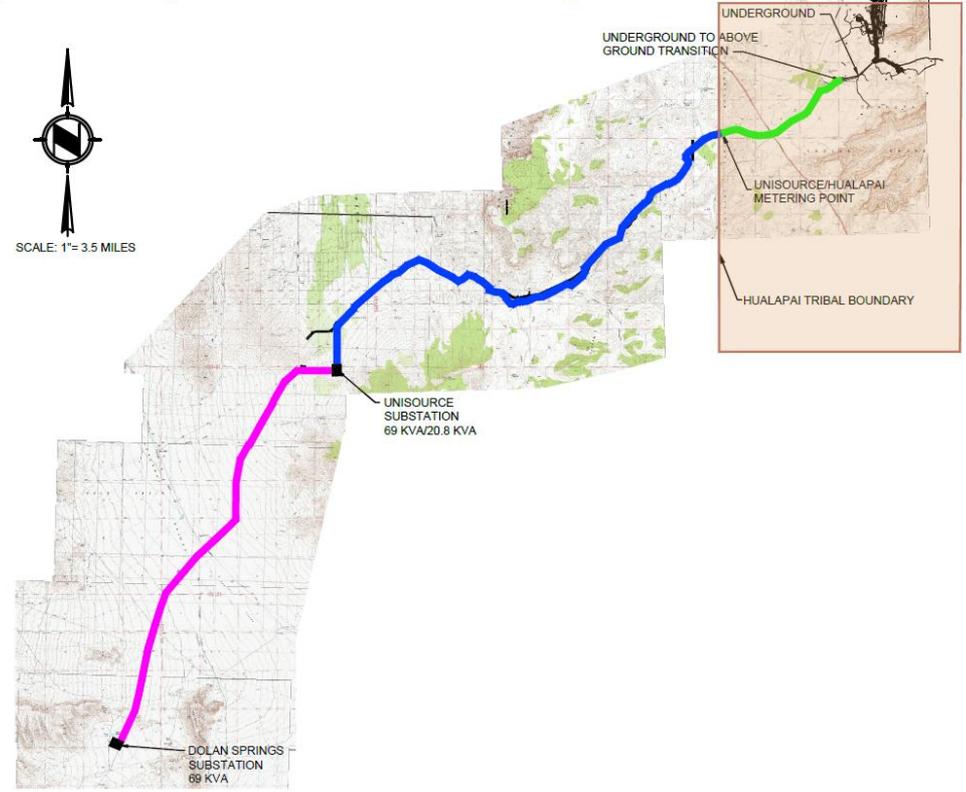
Objective 1: Lower electric costs at Grand Canyon West

- Grand Canyon West, one of the economic engines of the tribe, would grow in profitability if connected to the regional electrical grid by a power line built along Diamond Bar Road.
- This would provide cheaper power to the tribe by line service rather than from diesel generation saving as much as \$2,000,000 in energy costs per year at present.
- As Grand Canyon West grows, so will energy savings.
- The expected cost of the power line to Grand Canyon West is approximately \$18 million.

New Power Line to Serve Grand Canyon West



Construction of the new power line will save the Tribe nearly \$2 million dollars per year by allowing Grand Canyon West operate on inexpensive grid power as compared to purchasing diesel fuel to run the generators.



- DISTANCES**
(UNISOURCE)
1. FROM PIERCE FERRY ROAD TO THE HUALAPAI TRIBAL BOUNDARY.
- (HUALAPAI)
2. FROM TRIBAL BOUNDARY TO UNDERGROUND CONNECTION POINT.
- (UNISOURCE)
3. PIERCE FERRY SUBSTATION UPGRADES.
- (UNISOURCE)
4. DOLAN SPRINGS TO NEW DIAMOND BAR SUBSTATION.

FEET/MILEAGE

77,284 FEET / 14.64 MILES
19,556 FEET / 3.70 MILES
64,872 FEET / 12.29 MILES

	<p>PRELIMINARY GRAND CANYON WEST POWER PROJECT THE HUALAPAI TRIBE - PEACH SPRINGS, AZ</p>	JOB NO. 5610-014
		DATE: 4/13/16
		SCALE: 1" = 3.5 MILES
		DRAWN BY: MG
		CHECKED BY: LAS

* Estimated cost based upon \$3.00 per gallon for diesel fuel

Objective 2: Acquire Mohave Electric Cooperative's power lines on the Reservation

- Like many other tribes with a utility authority, future events may enable the HTUA to purchase the present undependable electrical service and deliver more reliable service to the tribe.
- The existing electric service infrastructure could be purchased at the depreciated cost.
- In 2007, the depreciated cost was estimated to range from \$156,000 to \$220,000. This does not include the Nelson substation located outside of the reservation.

Objective 3: Self-determination and Support for Peach Springs Electric Customers

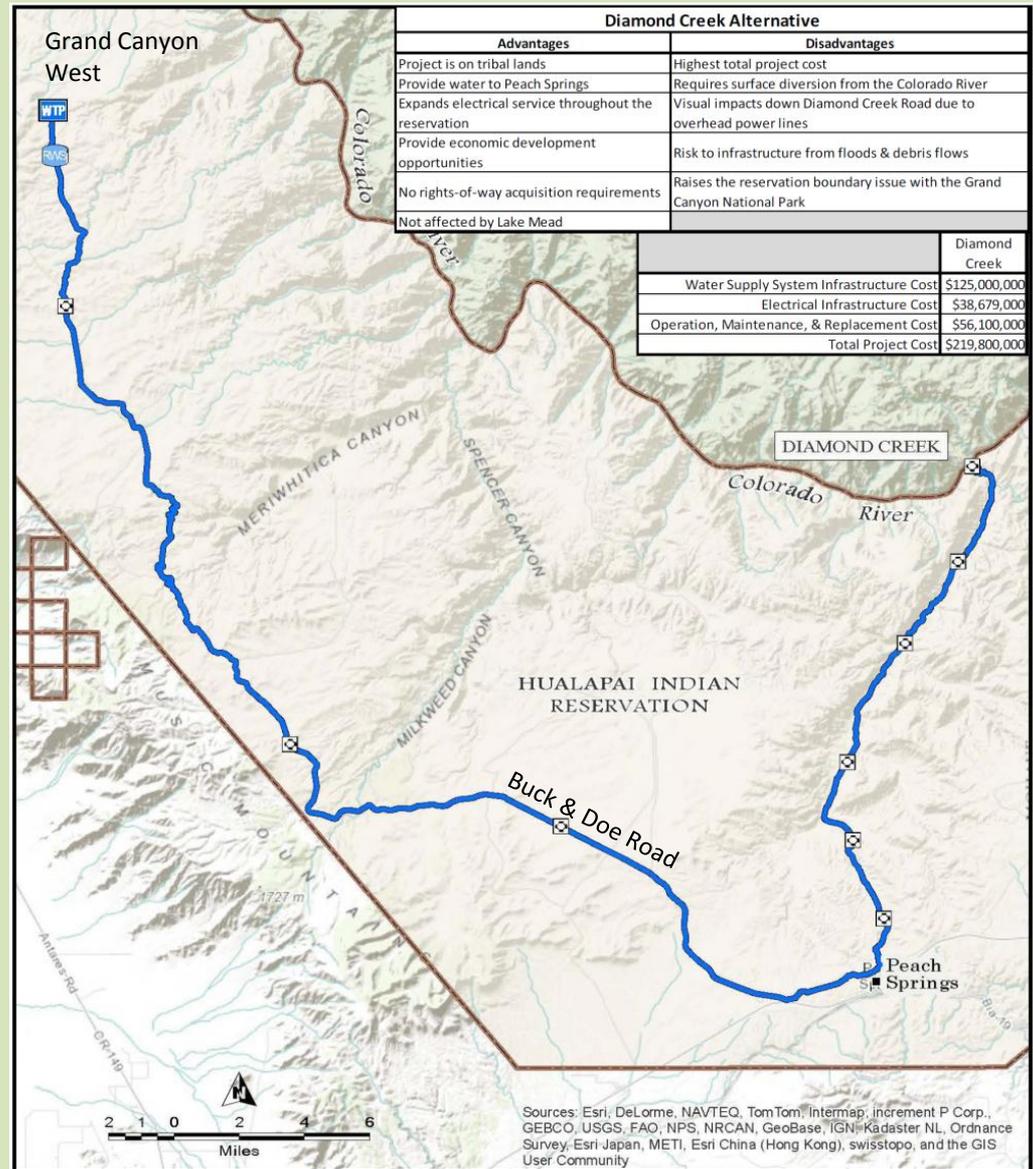
- Construct a set of back-up diesel generators to provide electricity during power outages in Peach Springs.
- Provide training for Hualapai linemen who would be employed to work on the reservation's power lines.
- Create a program to install roof-top-solar arrays on homes and buildings in Peach Springs.

Objective 4: Bring water from the Colorado River to the Reservation

- The delivery of water requires electricity to operate pumps; the HTUA could be the source that delivers electricity at a reduced cost to the tribe.
- Approximately 4,000 KWs are needed to bring this water to Peach Springs and Grand Canyon West. This amount of power is equal to the current usage of Peach Springs, Valentine and Grand Canyon West combined.

Proposed Water Pipeline to Peach Springs and Grand Canyon West

The Diamond Creek pipeline is completely within the Hualapai Reservation and will provide water to Peach Springs and Grand Canyon West. Moving the water requires the building of pumping stations and power lines along Diamond Creek Road and Buck and Doe Road.



Why add new language to the Constitution?

- In order to deliver utilities, the HTUA must enter into agreements with contractors and financial institutions to build the delivery systems. This requires written agreements to include a limited waiver of sovereign immunity.
- Section 2 of Article XVI requires approval by at least 30% of the total number of eligible voters to waive immunity for liabilities exceeding \$250,000 or expose more than 100 acres of land to possible foreclosure.
- This requirement hinders the tribe from developing economically.

Why add new language to the Constitution?

- To attract future economic development to the tribe that provides for the wellbeing of the tribe, it is necessary to amend the Article XVI of Constitution by adding Section 3 which provides the tribal council the ability to ensure economic development.
- Allowing the tribal council to enter into agreements that include a limited waiver of sovereign immunity will enable the HTUA and other entities created by tribal council to enter into contracts that would fund these developments.

Why add new language to the Constitution?

Here is an Example

- The Hualapai Tribe needs to build a power line to Grand Canyon West to meet the future electrical demand.
- These electricity demands through 2018 include:
 - New 250-room Resort Hotel & Full Service Restaurant (1,600 KWs)
 - New Airport Terminal (540 KWs)
 - New Full Service Kitchen (193 KWs)
 - New & Existing Housing (149 KWs)
 - New Welcome Center (313 KWs)
 - These demands exceed the current generator's capacity (2,175 KWs) by 620 KWs and does not include the existing load of 800 KWs.

Why add new language to the Constitution?

Here is an Example

- To build the multi-million dollar power line, the Hualapai Tribal Utility Authority needs to borrow money.
- To take on debt more than \$250,000, the HTUA is requesting the Hualapai Constitution be amended to allow for a limited waiver of sovereign immunity.
- The waiver will allow the bank to issue the loan since it will now have collateral (the power line) to secure the loan.

Proposed Addition of Section 3 to Article XVI

- *Notwithstanding Section 2 of this Article, a limited waiver of sovereign immunity otherwise within the scope of that Section shall require only the approval of the Tribal Council if the Tribal Council determines that such waiver would facilitate the advancement of the economic or commercial interests of the Tribe and its members. Only those tribal entities formed and governed pursuant to ordinances of the Tribal Council may, with Tribal Council approval, grant limited waivers of sovereign immunity as prescribed in this Section 3.*

What are the impacts to the Hualapai Tribe?

- The proposed amendment will not take away any wording from the Constitution.
- The amendment will add new wording that provides the Tribal Council the authority to vote on this issue.
- The limited waiver shall not be interpreted to waive any immunity of the Hualapai Tribe, or to extend any liability to any assets, revenues, or incomes of the Hualapai Tribe, other than those of the HTUA such as power lines, substations, generators and other facilities it may own and operate.

Scope of Limited Waiver of Sovereign Immunity

- The limited waiver of sovereign immunity allows disputes to be settled in federal court after hearing in Hualapai Tribal Court.
- Outside parties looking to sign multi-million dollar contracts with the tribe and the HTUA prefer an impartial judge in the event a dispute rises to the level of litigation.
- Without the federal court option, these parties will simply refuse to bargain and not enter into contracts where their only legal recourse is tribal court.

Cases where other tribes have granted limited waivers of sovereign immunity for development or borrowed money to finance development.

- Ak-Chin Electric Community Utility Authority has the authority to add limited waivers of sovereign immunity to its contracts.
- Gila River Indian Community Utility Authority has borrowed money from the Cooperative Finance Corporation to build a 69 KV sub-station.
- The Navajo Tribal Utility Authority has been granted by the Navajo Nation the power to add a limited waiver of sovereign immunity into their contracts. The NTUA tells the Navajo Nation prior to exercising this power.



Cases where other tribes have granted limited waivers of sovereign immunity for Housing Development.

- In addition to funding infrastructure improvements such as power lines, other Tribal Departments, such as Housing, could benefit from having a limited waiver of sovereign immunity in the Hualapai Constitution.
- The limited waiver would allow Housing to take full advantage of HUD's Section 184 and Title VI loan programs to build and remodel dozens of homes on the Reservation at one time rather than doing it piecemeal.
- The Yavapai-Apache Nation, San Carlos Apache, Pueblo of Zuni, Pueblo of Acoma, Pascua-Yaqui are some of the housing programs that use these loan programs and have to include the limited waiver of sovereign immunity language in their contract documents.

Developing a Council policy based on Voter input from the April 27, 2016, public meeting

- “Council should adopt a way to notify tribal members of the Council’s desire to use proposed Section 3 of Article XVI – allowing for the limited waiver of sovereign immunity in contracts.”*
- At their Regular Meeting on May 9th the Planning Department presented to Council a proposal showing how to create such an outreach effort.*
- Council approved by unanimous vote to allow the Planning Department hold a set of public meetings to gather ideas on writing a Public Participation Plan for use when Section 3 is being considered by Council.*

Secretarial Election Process

- Council approved Resolution on 10/1 to begin Secretarial Election process and transmitted Resolution to Department of Interior for review.
- Department of Interior authorized Secretarial Election on March 14th.
- Department of Interior will hold Secretarial Election on May 23rd with ballots due by noon.
 - Department of Interior completed voter registration on April 29th
 - Ballots mailed out on May 6th. Voting shall be by absentee ballot.
 - At least 30% of those registered by the Department of Interior must cast a vote.
 - Simple majority vote needed to approve Amendment.

Conclusion

- Questions and Comments
- For more information about the HTUA and the constitutional amendment process, please visit our website: <http://www.hualapaiutility.org/>

For more information on the HTUA and upcoming activities please contact Chairman Vaughn at (928) 769-2419, e-mail: charles.vaughn@grandcanyonresort.com or Kevin Davidson at (928) 769-1310, e-mail: kdavidson@hualapai-nsn.gov

Thank you for your time.

Appendix C: Resolutions for Boulder Canyon Project power and HTUA Ordinance amendment

**HUALAPAI TRIBAL UTILITY AUTHORITY
RESOLUTION NO. 01-2016
OF THE BOARD OF DIRECTORS OF THE
HUALAPAI TRIBAL UTILITY AUTHORITY OF THE HUALAPAI RESERVATION**

**Western Area Power Administration Electric Service Contract and Amended Restated
Implementation Agreement for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy**

- WHEREAS,** authority is vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended by the Hualapai Tribe, to establish the Hualapai Tribal Utility Authority (HTUA) and appoint Board members to carry out its mission to provide utility service for Hualapai Reservation and its trust lands; and
- WHEREAS,** the Hualapai Tribal Council on September 24, 2014, adopted the HTUA Governing Ordinance, via Resolution No. 63-2014, allowing for the HTUA to enter into contracts; and
- WHEREAS,** on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the Hualapai Tribe, under the auspices of the Planning and Economic Development Department, applied for and received a Schedule D allocation of 381 KW of contingent capacity and 831,142 KWhrs of firm energy per year as published in the Federal Register on December 18, 2014; and
- WHEREAS,** any reductions in Contingent Capacity due to outages, river operations, or reservoir drawdown will be borne pro rata among the Contractors, using the allocation percentages set forth in Attachment 1 to the Electric Service Contract; and
- WHEREAS,** the 2011 Act requires contracts offered to “new allottees” to include provisions requiring the new allottees to pay their proportionate shares of the cost of the Lower Colorado River Multi-Species Conservation Program (MSCP), to execute the Amended Restated Implementation Agreement, and to pay a pro rata share of Repayable Advances, which Western must collect and remit to the existing Schedule A and B Contractors (§11, §13 and §14); and
- WHEREAS,** the Electric Service Contract is effective through September 30, 2067, with power sales beginning on October 1, 2017, but with a contract signature date of October 1, 2016, “to provide for obligations required to initiate service in advance of the date” by Western (§4.1 and §4.2); and
- WHEREAS,** the Contractor may make a written request to Western to relinquish all of its Contractor’s Allocation for the remaining duration of the Electric Service Contract (§16.1); and
- WHEREAS,** the Tribal Contractor agrees to a limited waiver of sovereign immunity solely to allow the federal Parties to enforce Tribal Contractor’s obligations under this Contract through

arbitration as set forth in 10 CFR Section 904.13 or 43 CFR Section 431, and through litigation in Federal court of competent jurisdiction. Aside from this limited waiver, nothing in this Contract, or in any current or future schedules, attachments, exhibits, amendments, or addenda, is intended to be or shall be construed as a waiver of Tribal Contractor's sovereign immunity (§20.4); and

WHEREAS, if a Contractor does not make a payment required under the Electric Service Contract or the Amended Restated Implementation Agreement within 30 days after the due date, Western will issue a written notice telling the Contractor it is in "default" (§ 17.1) and, at 90 days beyond the payment due date, may terminate the defaulting Contractor's Electric Service Contract; and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take the Boulder Canyon Project power directly; and

WHEREAS, until the HTUA can receive power directly from Western, it will be entering into a benefit arrangement or bill credit agreement with a third-party utility who will be responsible for the contractual obligations, including power payments to Western; and

NOW THEREFORE, BE IT RESOLVED, the HTUA has determined that the Electric Service Contract, its exhibits and attachments and the Amended Restatement Implementation Agreement and its attachments will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore shall enter into these agreements on or before October 1, 2016.

CERTIFICATION

I, the undersigned as Chairman of the Hualapai Tribal Utility Authority hereby certify that the Hualapai Tribal Utility Authority of the Hualapai Tribe is composed of five (5) members of whom 3 Constituting a quorum were present at a Regular Meeting thereof held on this **19th day of July 2016**; and that the foregoing resolution was duly adopted by the affirmative vote of 3 in favor, 0 opposed, 0 not voting, 1 absent and 1 excused, pursuant to the authority of Section 204 (a) of the Hualapai Tribal Utility Authority Governing Ordinance adopted September 24, 2014.


Charlie Vaughn, Chairman
HUALAPAI TRIBAL UTILITY AUTHORITY

ATTEST:


Jamie Navenma, Secretary

HUALAPAI TRIBAL UTILITY AUTHORITY

HUALAPAI TRIBAL COUNCIL
RESOLUTION NO. 72-2016
OF THE GOVERNING BODY OF THE
HUALAPAI TRIBE OF THE HUALAPAI RESERVATION

**(Western Area Power Administration Electric Service Contract and Amended Restated
Implementation Agreement for Boulder Canyon Project Post-2017 Schedule D Capacity &
Energy)**

- WHEREAS**, the Hualapai Tribe is a federally recognized Indian Tribe located on the Hualapai Indian Reservation in northwestern Arizona with authority vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended; and
- WHEREAS**, on September 24, 2014, the Hualapai Tribal Council, via Resolution No. 63-2014, created the Hualapai Tribal Utility Authority (HTUA) as an institution of tribal government to acquire, construct, operate, maintain, promote, and expand electric power service, water service, and sewage service at Grand Canyon West and on such other locations within the Hualapai Reservation and on other tribal lands under the jurisdiction of the Hualapai Tribe as the Tribal Council may deem appropriate; and
- WHEREAS**, on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS**, the Hualapai Tribe, under the auspices of the Planning and Economic Development Department, applied for and received a Schedule D allocation of 381 KW of contingent capacity and 831,142 KWhrs of firm energy per year (“Allocation”) as published in the Federal Register on December 18, 2014; and
- WHEREAS**, Western requires the HTUA to fully execute an Electric Service Contract (“ESC”) to be effective through September 30, 2067, with power sales beginning on October 1, 2017, but with a contract signature date of October 1, 2016, “to provide for obligations required to initiate service in advance of the date” by Western ; and
- WHEREAS**, the HTUA may make a written request to Western to relinquish all of its Allocation for the remaining duration of the ESC ; and

WHEREAS, the HTUA agrees to a limited waiver of sovereign immunity solely to allow the federal Parties to enforce the HTUA's obligations under this ESC through arbitration as set forth in 10 CFR Section 904.13 or 43 CFR Section 431, and through litigation in Federal court of competent jurisdiction. Aside from this limited waiver, nothing in the Electric Service Contract, or in any current or future schedules, attachments, exhibits, amendments, or addenda, is intended to be or shall be construed as a waiver of the Hualapai Tribe's sovereign immunity; and

WHEREAS, the Hualapai Constitution requires the Tribal Council's approval of any contract in which a limited waiver of sovereign immunity is provided; and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take its Allotment directly; and

WHEREAS, until the HTUA can receive power directly from Western, it will be entering into a benefit arrangement agreement with a third-party who will be responsible for the contractual obligations, including power payments to Western; and

WHEREAS, the HTUA has determined that the ESC, its exhibits and attachments and the Amended Restatement Implementation Agreement and its attachments will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore shall enter into these agreements on or before October 1, 2016, and any benefit arrangement agreement until such time the Allotment can be taken directly by the HTUA.

NOW, THEREFORE BE IT RESOLVED that the Hualapai Tribal Council concurs with the decision of the HTUA in that the benefits of Western's allocation to the tribe will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore approves a resolution to accept the Hualapai allocation of Boulder Canyon Project Post-2017 Schedule D Capacity & Energy from the Western Area Power Administration and allow the Chairman or Vice-Chairman to sign the Western's ESC and Amended Restatement Implementation Agreement on behalf of the Hualapai Tribe and its members on or before October 1, 2016.

C E R T I F I C A T I O N

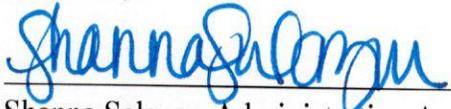
I, the undersigned as Chairman of the Hualapai Tribal Council hereby certify that the Hualapai Tribal Council of the Hualapai Tribe is composed of nine (9) members of whom **(8)** Constituting a quorum were present at a **Special Council Meeting** thereof held on this **22nd day of August, 2016**; and that the forgoing resolution was duly adopted by the affirmative vote of **8 - in favor, 0 - opposed, 1 - excused**, pursuant to the authority of

Article V, Section (a) of the Constitution of the Hualapai Tribe approved March 13, 1991, as amended.



Damon R. Clarke, Chairman,
HUALAPAI TRIBAL COUNCIL

ATTEST;



Shanna Salazar, Administrative Assistant
HUALAPAI TRIBAL COUNCIL

**HUALAPAI TRIBAL UTILITY AUTHORITY
RESOLUTION NO. 02-2016
OF THE BOARD OF DIRECTORS OF THE
HUALAPAI TRIBAL UTILITY AUTHORITY OF THE HUALAPAI RESERVATION**

**Notice of Intent to Sign Arizona Power Authority Power Sales Contract for
Boulder Canyon Project Post-2017 Schedule D Capacity & Energy**

- WHEREAS,** authority is vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended by the Hualapai Tribe, to establish the Hualapai Tribal Utility Authority (HTUA) and appoint Board members to carry out its mission to provide utility service for Hualapai Reservation and its trust lands; and
- WHEREAS,** the Hualapai Tribal Council on September 24, 2014, adopted the HTUA Governing Ordinance, via Resolution No. 63-2014, allowing for the HTUA to enter into contracts; and
- WHEREAS,** on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the Arizona Power Authority (APA) was allocated 11.51 MW by Western to establish a separate power pool, to be known as Schedule D, for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the HTUA applied for and received a Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year from Arizona Power Authority on July 17, 2015; and
- WHEREAS,** any reductions in Contingent Capacity due to outages, river operations, or reservoir drawdown will be borne pro rata among the Customers, which includes the APA, resulting in a pro rata reduction of Hoover Energy available to the APA's Customers (Section 5); and
- WHEREAS,** the APA plans to collect each new allottee's pro rata share of Repayable Capital Investments through the Power Sales Contracts that the APA signs with new allottees in order to meet its obligation under the 2011 Act requires contracts offered to new allottees to pay a pro rata share of Repayable Advances, which Western must collect and remit to the existing Schedule A and B Contractors (Section 20.a); and
- WHEREAS,** the Electric Service Contract is effective through September 30, 2067, with power sales beginning on October 1, 2017, but with a contract signature date of October 1, 2016, (Section 2); and
- WHEREAS,** the APA may terminate the Power Sales Contract upon five years prior written notice to the Customer, to the extent the APA exercises this right consistent with federal law, or in the event of a recapture of Customer's Allocation under Section 7(b), which recapture may occur upon relinquishment and sale of the Customer's Allocation, (Sections 2 & 7); and

WHEREAS, a Tribal Customer agrees to a limited waiver of sovereign immunity solely as to arbitration of and litigation in federal district court for enforcement of the Contract by the Authority related to Customer's obligations under this Contract. Aside from this limited waiver, nothing in this Contract, or in any current or future attachments, exhibits, or amendments, is intended to be or shall be construed as a waiver of such Customer's sovereign immunity. The Parties understand and agree that neither this Contract nor any underlying law or procedure abrogates or waives Customer's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court (Section 44); and

WHEREAS, the APA considers the Customer in "default" if the Customer does not pay the APA any payments due within ten (10) days following receipt of written notice from the Authority of such failure; and failure of the Customer to perform any other obligation under the Power Sales Contract for a period of sixty (60) days following receipt of written notice from the Authority (Section 22); and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take the Boulder Canyon Project power directly; and

WHEREAS, on July 5, 2016, the HTUA received notice from the APA requesting a resolution of Intent to Sign the Power Sales Contract by August 31, 2016; and

NOW THEREFORE, BE IT RESOLVED, the HTUA has determined that the benefits of APA's allocation to the tribe will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore shall transmit the Notice of Intent to Sign the Power Sales Contract to the APA on or before August 31, 2016.

CERTIFICATION

I, the undersigned as Chairman of the Hualapai Tribal Utility Authority hereby certify that the Hualapai Tribal Utility Authority of the Hualapai Tribe is composed of five (5) members of whom 3 Constituting a quorum were present at a Regular Meeting thereof held on this **19th day of July 2016**; and that the foregoing resolution was duly adopted by the affirmative vote of 3 in favor, 0 opposed, 0 not voting, 1 absent and 1 excused, pursuant to the authority of Section 204 (a) of the Hualapai Tribal Utility Authority Governing Ordinance adopted September 24, 2014.


Charlie Vaughn, Chairman
HUALAPAI TRIBAL UTILITY AUTHORITY

ATTEST:


Jamie Navenma, Secretary

HUALAPAI TRIBAL UTILITY AUTHORITY

**HUALAPAI TRIBAL COUNCIL
RESOLUTION NO. 67-2016
OF THE GOVERNING BODY OF THE
HUALAPAI TRIBE OF THE HUALAPAI RESERVATION**

(Notice of Intent to Sign Arizona Power Authority Power Sales Contract for Boulder Canyon Project Post-2017 Schedule D Capacity & Energy)

- WHEREAS,** the Hualapai Tribe is a federally recognized Indian Tribe located on the Hualapai Indian Reservation in northwestern Arizona with authority vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended; and
- WHEREAS,** on September 24, 2014, the Hualapai Tribe Council, via Resolution No. 63-2014, created the Hualapai Tribal Utility Authority as an institution of tribal government to acquire, construct, operate, maintain, promote, and expand electric power service, water service, and sewage service at Grand Canyon West and on such other locations within the Hualapai Reservation and on other tribal lands under the jurisdiction of the Hualapai Tribe as the Tribal Council may deem appropriate; and
- WHEREAS,** on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the Arizona Power Authority (APA) was allocated 11.51 MW by Western to establish a separate power pool, to be known as Schedule D, for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the HTUA applied for and received a Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year from Arizona Power Authority on July 17, 2015; and
- WHEREAS,** any reductions in Contingent Capacity due to outages, river operations, or reservoir drawdown will be borne pro rata among the Customers, which includes the APA, resulting in a pro rata reduction of Hoover Energy available to the APA's Customers (Section 5); and
- WHEREAS,** the APA plans to collect each new allottee's pro rata share of Repayable Capital Investments through the Power Sales Contracts that the APA signs with new allottees in order to meet its obligation under the 2011 Act requires contracts

offered to new allottees to pay a pro rata share of Repayable Advances, which Western must collect and remit to the existing Schedule A and B Contractors (Section 20.a); and

WHEREAS, the Electric Service Contract is effective through September 30, 2067, with power sales beginning on October 1, 2017, but with a contract signature date of October 1, 2016, (Section 2); and

WHEREAS, the APA may terminate the Power Sales Contract upon five years prior written notice to the Customer, to the extent the APA exercises this right consistent with federal law, or in the event of a recapture of Customer's Allocation under Section 7(b), which recapture may occur upon relinquishment and sale of the Customer's Allocation, (Sections 2 & 7); and

WHEREAS, a Tribal Customer agrees to a limited waiver of sovereign immunity solely as to arbitration of and litigation in federal district court for enforcement of the Contract by the Authority related to Customer's obligations under this Contract. Aside from this limited waiver, nothing in this Contract, or in any current or future attachments, exhibits, or amendments, is intended to be or shall be construed as a waiver of such Customer's sovereign immunity. The Parties understand and agree that neither this Contract nor any underlying law or procedure abrogates or waives Customer's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court (Section 44); and

WHEREAS, the APA considers the Customer in "default" if the Customer does not pay the APA any payments due within ten (10) days following receipt of written notice from the Authority of such failure; and failure of the Customer to perform any other obligation under the Power Sales Contract for a period of sixty (60) days following receipt of written notice from the Authority (Section 22); and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take the Boulder Canyon Project power directly; and

WHEREAS, on July 5, 2016, the HTUA received notice from the APA requesting a resolution of Intent to Sign the Power Sales Contract by August 31, 2016; and

WHEREAS, on July 24, 2016, the HTUA board members determined that the benefits of APA's allocation to the tribe will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore approved Resolution No. 02-2016 to transmit the Notice of Intent to Sign the Power Sales Contract to the APA on or before August 31, 2016; and

NOW, THEREFORE BE IT RESOLVED that the Hualapai Tribal Council concurs with the decision of the HTUA in that the benefits of APA's allocation to the tribe will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore approves a resolution to transmit the Notice of Intent to Sign the Power Sales Contract to the APA on or before August 31, 2016.

CERTIFICATION

I, the undersigned as Chairman of the Hualapai Tribal Council hereby certify that the Hualapai Tribal Council of the Hualapai Tribe is composed of nine (9) members of whom **(8)** constituting a quorum were present at a **Regular Council Meeting** thereof held on this **6th day of August, 2016**; and that the foregoing resolution was duly adopted by the affirmative vote of **8 - in favor, 0 - opposed, 1 - excused**, pursuant to the authority of Article V, Section (a) of the Constitution of the Hualapai Tribe approved March 13, 1991, as amended.



Damon R. Clarke, Chairman
HUALAPAI TRIBAL COUNCIL

ATTEST:



Adeline Crozier, Assist. Secretary
HUALAPAI TRIBAL COUNCIL

**HUALAPAI TRIBAL UTILITY AUTHORITY
RESOLUTION NO. 03-2016
OF THE BOARD OF DIRECTORS OF THE
HUALAPAI TRIBAL UTILITY AUTHORITY OF THE HUALAPAI RESERVATION**

**Increase in Allocation Amount of up to Ten Percent for Boulder Canyon Project Post-2017
Schedule D Capacity & Energy as set forth in the Arizona Power Authority's Power Sales Contract**

- WHEREAS,** authority is vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended by the Hualapai Tribe, to establish the Hualapai Tribal Utility Authority (HTUA) and appoint Board members to carry out its mission to provide utility service for Hualapai Reservation and its trust lands; and
- WHEREAS,** the Hualapai Tribal Council on September 24, 2014, adopted the HTUA Governing Ordinance, via Resolution No. 63-2014, allowing for the HTUA to enter into contracts; and
- WHEREAS,** on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the Arizona Power Authority (APA) was allocated 11.51 MW by Western to establish a separate power pool, to be known as Schedule D, for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the HTUA applied for and received a Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year from Arizona Power Authority on July 17, 2015; and
- WHEREAS,** any reductions in Contingent Capacity due to outages, river operations, or reservoir drawdown will be borne pro rata among the Customers, which includes the APA, resulting in a pro rata reduction of Hoover Energy available to the APA's Customers (Section 5); and
- WHEREAS,** the APA plans to collect each new allottee's pro rata share of Repayable Capital Investments through the Power Sales Contracts that the APA signs with new allottees in order to meet its obligation under the 2011 Act requires contracts offered to new allottees to pay a pro rata share of Repayable Advances, which Western must collect and remit to the existing Schedule A and B Contractors (Section 20.a); and
- WHEREAS,** the Electric Service Contract is effective through September 30, 2067, with power sales beginning on October 1, 2017, but with a contract signature date of October 1, 2016, (Section 2); and
- WHEREAS,** the APA may terminate the Power Sales Contract upon five years prior written notice to the Customer, to the extent the APA exercises this right consistent with federal law, or in the

event of a recapture of Customer's Allocation under Section 7(b), which recapture may occur upon relinquishment and sale of the Customer's Allocation, (Sections 2 & 7); and

WHEREAS, a Tribal Customer agrees to a limited waiver of sovereign immunity solely as to arbitration of and litigation in federal district court for enforcement of the Contract by the Authority related to Customer's obligations under this Contract. Aside from this limited waiver, nothing in this Contract, or in any current or future attachments, exhibits, or amendments, is intended to be or shall be construed as a waiver of such Customer's sovereign immunity. The Parties understand and agree that neither this Contract nor any underlying law or procedure abrogates or waives Customer's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court (Section 44); and

WHEREAS, the APA considers the Customer in "default" if the Customer does not pay the APA any payments due within ten (10) days following receipt of written notice from the Authority of such failure; and failure of the Customer to perform any other obligation under the Power Sales Contract for a period of sixty (60) days following receipt of written notice from the Authority (Section 22); and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take the Boulder Canyon Project power directly; and

WHEREAS, on July 5, 2016, the HTUA received notice from the APA requesting approval to increase its Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year by up to ten percent in case of relinquishment by other APA Customers; and

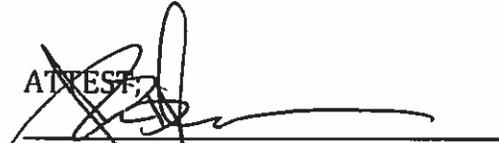
NOW THEREFORE, BE IT RESOLVED, the HTUA has determined that up to a ten percent increase in Boulder Canyon Project Post-2017 Schedule D Capacity & Energy will further the interests of the HTUA, the Hualapai Tribe and its members.

CERTIFICATION

I, the undersigned as Chairman of the Hualapai Tribal Utility Authority hereby certify that the Hualapai Tribal Utility Authority of the Hualapai Tribe is composed of five (5) members of whom 3 Constituting a quorum were present at a Regular Meeting thereof held on this **19th day of July 2016**; and that the foregoing resolution was duly adopted by the affirmative vote of 3 in favor, 0 opposed, 0 not voting, 1 absent and 1 excused, pursuant to the authority of Section 204 (a) of the Hualapai Tribal Utility Authority Governing Ordinance adopted September 24, 2014.


Charlie Vaughn, Chairman
HUALAPAI TRIBAL UTILITY AUTHORITY

ATTEST:


Jamie Navenma, Secretary

HUALAPAI TRIBAL UTILITY AUTHORITY

**HUALAPAI TRIBAL COUNCIL
RESOLUTION NO. 68-2016
OF THE GOVERNING BODY OF THE
HUALAPAI TRIBE OF THE HUALAPAI RESERVATION**

**(Increase in Allocation Amount of up to Ten Percent for Boulder Canyon Project Post-2017
Schedule D Capacity & Energy as set forth in the Arizona Power Authority's Power Sales
Contract)**

WHEREAS, the Hualapai Tribe is a federally recognized Indian Tribe located on the Hualapai Indian Reservation in northwestern Arizona with authority vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended; and

WHEREAS, on September 24, 2014, the Hualapai Tribe Council, via Resolution No. 63-2014, created the Hualapai Tribal Utility Authority as an institution of tribal government to acquire, construct, operate, maintain, promote, and expand electric power service, water service, and sewage service at Grand Canyon West and on such other locations within the Hualapai Reservation and on other tribal lands under the jurisdiction of the Hualapai Tribe as the Tribal Council may deem appropriate; and

WHEREAS, on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and

WHEREAS, the Arizona Power Authority (APA) was allocated 11.51 MW by Western to establish a separate power pool, to be known as Schedule D, for new customers to participate in to share the benefits of low cost hydroelectric power; and

WHEREAS, the HTUA applied for and received a Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year from Arizona Power Authority on July 17, 2015; and

WHEREAS, any reductions in Contingent Capacity due to outages, river operations, or reservoir drawdown will be borne pro rata among the Customers, which includes the APA, resulting in a pro rata reduction of Hoover Energy available to the APA's Customers (Section 5); and

WHEREAS, the APA plans to collect each new allottee's pro rata share of Repayable Capital Investments through the Power Sales Contracts that the APA signs with new

allottees in order to meet its obligation under the 2011 Act requires contracts offered to new allottees to pay a pro rata share of Repayable Advances, which Western must collect and remit to the existing Schedule A and B Contractors (Section 20.a); and

WHEREAS, the Electric Service Contract is effective through September 30, 2067, with power sales beginning on October 1, 2017, but with a contract signature date of October 1, 2016, (Section 2); and

WHEREAS, the APA may terminate the Power Sales Contract upon five years prior written notice to the Customer, to the extent the APA exercises this right consistent with federal law, or in the event of a recapture of Customer's Allocation under Section 7(b), which recapture may occur upon relinquishment and sale of the Customer's Allocation, (Sections 2 & 7); and

WHEREAS, a Tribal Customer agrees to a limited waiver of sovereign immunity solely as to arbitration of and litigation in federal district court for enforcement of the Contract by the Authority related to Customer's obligations under this Contract. Aside from this limited waiver, nothing in this Contract, or in any current or future attachments, exhibits, or amendments, is intended to be or shall be construed as a waiver of such Customer's sovereign immunity. The Parties understand and agree that neither this Contract nor any underlying law or procedure abrogates or waives Customer's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court (Section 44); and

WHEREAS, the APA considers the Customer in "default" if the Customer does not pay the APA any payments due within ten (10) days following receipt of written notice from the Authority of such failure; and failure of the Customer to perform any other obligation under the Power Sales Contract for a period of sixty (60) days following receipt of written notice from the Authority (Section 22); and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take the Boulder Canyon Project power directly; and

WHEREAS, on July 5, 2016, the HTUA received notice from the APA requesting approval to increase its Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year by up to ten percent in case of relinquishment by other APA Customers; and

WHEREAS, he HTUA has determined that up to a ten percent increase in Boulder Canyon Project Post-2017 Schedule D Capacity & Energy will further the interests of the HTUA, the Hualapai Tribe and its members; and

NOW, THEREFORE BE IT RESOLVED that the Hualapai Tribal Council concurs with the decision of the HTUA in that the benefits of APA's allocation to the tribe will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore approves a resolution to transmit the acceptance of up to a ten percent increase in Boulder Canyon Project Post-2017 Schedule D Capacity & Energy to the APA on or before August 31, 2016.

CERTIFICATION

I, the undersigned as Chairman of the Hualapai Tribal Council hereby certify that the Hualapai Tribal Council of the Hualapai Tribe is composed of nine (9) members of whom (8) constituting a quorum were present at a **Regular Council Meeting** thereof held on this **6th day of August, 2016**; and that the foregoing resolution was duly adopted by the affirmative vote of **8 - in favor, 0 - opposed, 1 - excused**, pursuant to the authority of Article V, Section (a) of the Constitution of the Hualapai Tribe approved March 13, 1991, as amended.



Damon R. Clarke, Chairman,
HUALAPAI TRIBAL COUNCIL

ATTEST:



Adeline Crozier
HUALAPAI TRIBAL COUNCIL

**HUALAPAI TRIBAL UTILITY AUTHORITY
RESOLUTION NO. 04-2016
OF THE BOARD OF DIRECTORS OF THE
HUALAPAI TRIBAL UTILITY AUTHORITY OF THE HUALAPAI RESERVATION**

**Arizona Power Authority Power Sales Contract for
Boulder Canyon Project Post-2017 Schedule D Capacity & Energy**

- WHEREAS,** authority is vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended by the Hualapai Tribe, to establish the Hualapai Tribal Utility Authority (HTUA) and appoint Board members to carry out its mission to provide utility service for Hualapai Reservation and its trust lands; and
- WHEREAS,** the Hualapai Tribal Council on September 24, 2014, adopted the HTUA Governing Ordinance, via Resolution No. 63-2014, allowing for the HTUA to enter into contracts; and
- WHEREAS,** on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the Arizona Power Authority (APA) was allocated 11.51 MW by Western to establish a separate power pool, to be known as Schedule D, for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** the HTUA applied for and received a Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year from Arizona Power Authority on July 17, 2015; and
- WHEREAS,** any reductions in Contingent Capacity due to outages, river operations, or reservoir drawdown will be borne pro rata among the Customers, which includes the APA, resulting in a pro rata reduction of Hoover Energy available to the APA's Customers (Section 5); and
- WHEREAS,** the APA plans to collect each new allottee's pro rata share of Repayable Capital Investments through the Power Sales Contracts that the APA signs with new allottees in order to meet its obligation under the 2011 Act requires contracts offered to new allottees to pay a pro rata share of Repayable Advances, which Western must collect and remit to the existing Schedule A and B Contractors (Section 20.a); and
- WHEREAS,** the Electric Service Contract is effective through September 30, 2067, with power sales beginning on October 1, 2017, but with a contract signature date of October 1, 2016, (Section 2); and
- WHEREAS,** the APA may terminate the Power Sales Contract upon five years prior written notice to the Customer, to the extent the APA exercises this right consistent with federal law, or in the event of a recapture of Customer's Allocation under Section 7(b), which recapture may occur upon relinquishment and sale of the Customer's Allocation, (Sections 2 & 7); and

WHEREAS, a Tribal Customer agrees to a limited waiver of sovereign immunity solely as to arbitration of and litigation in federal district court for enforcement of the Contract by the Authority related to Customer's obligations under this Contract. Aside from this limited waiver, nothing in this Contract, or in any current or future attachments, exhibits, or amendments, is intended to be or shall be construed as a waiver of such Customer's sovereign immunity. The Parties understand and agree that neither this Contract nor any underlying law or procedure abrogates or waives Customer's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court (Section 44); and

WHEREAS, the APA considers the Customer in "default" if the Customer does not pay the APA any payments due within ten (10) days following receipt of written notice from the Authority of such failure; and failure of the Customer to perform any other obligation under the Power Sales Contract for a period of sixty (60) days following receipt of written notice from the Authority (Section 22); and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take the Boulder Canyon Project power directly; and

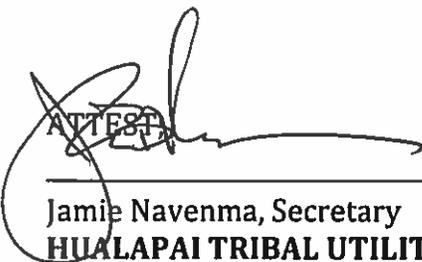
WHEREAS, until the HTUA can receive power directly from the APA, it may enter into either a bill crediting arrangement with a third-party utility who will be responsible for making only monthly payments for energy to APA or a power pooling arrangement with other Customers to maximize the value of its Allocation; and

NOW THEREFORE, BE IT RESOLVED, the HTUA has determined that the Power Sales Contract and its exhibits will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore shall enter into these agreements on or before September 14, 2016.

CERTIFICATION

I, the undersigned as Chairman of the Hualapai Tribal Utility Authority hereby certify that the Hualapai Tribal Utility Authority of the Hualapai Tribe is composed of five (5) members of whom 3 Constituting a quorum were present at a Regular Meeting thereof held on this **19th day of July 2016**; and that the foregoing resolution was duly adopted by the affirmative vote of 3 in favor, 0 opposed, 0 not voting, 1 absent and 1 excused, pursuant to the authority of Section 204 (a) of the Hualapai Tribal Utility Authority Governing Ordinance adopted September 24, 2014.


Charlie Vaughn, Chairman
HUALAPAI TRIBAL UTILITY AUTHORITY


ATTEST

Jamie Navenma, Secretary
HUALAPAI TRIBAL UTILITY AUTHORITY

**HUALAPAI TRIBAL COUNCIL
RESOLUTION NO. 80-2016
OF THE GOVERNING BODY OF THE
HUALAPAI TRIBE OF THE HUALAPAI RESERVATION**

**(Arizona Power Authority Power Sales Contract for Boulder Canyon Project Post-2017
Schedule D Capacity & Energy)**

- WHEREAS**, the Hualapai Tribe is a federally recognized Indian Tribe located on the Hualapai Indian Reservation in northwestern Arizona with authority vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended; and
- WHEREAS**, authority is vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended by the Hualapai Tribe, to establish the Hualapai Tribal Utility Authority (HTUA) and appoint Board members to carry out its mission to provide utility service for Hualapai Reservation and its trust lands; and
- WHEREAS**, on September 24, 2014, the Hualapai Tribe Council, via Resolution No. 63-2014, created the Hualapai Tribal Utility Authority (HTUA) as an institution of tribal government to acquire, construct, operate, maintain, promote, and expand electric power service, water service, and sewage service at Grand Canyon West and on such other locations within the Hualapai Reservation and on other tribal lands under the jurisdiction of the Hualapai Tribe as the Tribal Council may deem appropriate; and
- WHEREAS**, on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS**, the Arizona Power Authority (APA) was allocated 11.51 MW by Western to establish a separate power pool, to be known as Schedule D, for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS**, the HTUA applied for and received a Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year from Arizona Power Authority on July 17, 2015; and

WHEREAS, any reductions in Contingent Capacity due to outages, river operations, or reservoir drawdown will be borne pro rata among the Customers, which includes the APA, resulting in a pro rata reduction of Hoover Energy available to the APA's Customers (Section 5); and

WHEREAS, the APA plans to collect each new allottee's pro rata share of Repayable Capital Investments through the Power Sales Contracts that the APA signs with new allottees in order to meet its obligation under the 2011 Act requires contracts offered to new allottees to pay a pro rata share of Repayable Advances, which Western must collect and remit to the existing Schedule A and B Contractors (Section 20.a); and

WHEREAS, the Electric Service Contract is effective through September 30, 2067, with power sales beginning on October 1, 2017, but with a contract signature date of October 1, 2016, (Section 2); and

WHEREAS, the APA may terminate the Power Sales Contract upon five years prior written notice to the Customer, to the extent the APA exercises this right consistent with federal law, or in the event of a recapture of Customer's Allocation under Section 7(b), which recapture may occur upon relinquishment and sale of the Customer's Allocation, (Sections 2 & 7); and

WHEREAS, a Tribal Customer agrees to a limited waiver of sovereign immunity solely as to arbitration of and litigation in state court for enforcement of the Contract by the Authority related to Customer's obligations under this Contract. Aside from this limited waiver, nothing in this Contract, or in any current or future attachments, exhibits, or amendments, is intended to be or shall be construed as a waiver of such Customer's sovereign immunity. The Parties understand and agree that neither this Contract nor any underlying law or procedure abrogates or waives Customer's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court (Section 44); and

WHEREAS, the APA considers the Customer in "default" if the Customer does not pay the APA any payments due within ten (10) days following receipt of written notice from the Authority of such failure; and failure of the Customer to perform any other obligation under the Power Sales Contract for a period of sixty (60) days following receipt of written notice from the Authority (Section 22); and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation,

either of which would enable the HTUA to take the Boulder Canyon Project power directly; and

WHEREAS, until the HTUA can receive power directly from the APA, it may enter into either a bill crediting arrangement with a third-party utility who will be responsible for making only monthly payments for energy to APA or a power pooling arrangement with other Customers to maximize the value of its Allocation; and

WHEREAS, the HTUA has determined that the Power Sales Contract and its exhibits will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore shall enter into these agreements on or before September 14, 2016.

NOW, THEREFORE BE IT RESOLVED that the Hualapai Tribal Council concurs with the decision of the HTUA in that the benefits of APA's allocation to the tribe will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore approves a resolution to accept the Hualapai allocation of Boulder Canyon Project Post-2017 Schedule D Capacity & Energy from the Arizona Power Authority and allow the Chairman or Vice-Chairman to sign the APA's Power Sales Contract on behalf of the Hualapai Tribe and its members on or before September 14, 2016.

CERTIFICATION

I, the undersigned as Chairman of the Hualapai Tribal Council hereby certify that the Hualapai Tribal Council of the Hualapai Tribe is composed of nine (9) members of whom Constituting a quorum were present at a Regular Council Meeting thereof held on this 10th day of September, 2016; and that the forgoing resolution was duly adopted by the affirmative vote of 9 - in favor, 0 - opposed, 0 - excused, pursuant to the authority of Article V, Section (a) of the Constitution of the Hualapai Tribe approved March 13, 1991, as amended.



Damon R. Clarke, Chairman, or
HUALAPAI TRIBAL COUNCIL



Philbert Watahomigie, Sr.
HUALAPAI TRIBAL COUNCIL

ATTEST;



Shanna Salazar, Administrative Assistant
HUALAPAI TRIBAL COUNCIL

Appendix D: Pechanga Benefit Arrangement and MEC Bill Credit Agreement

HUALAPAI TRIBAL COUNCIL
RESOLUTION NO. 95-2016
OF THE GOVERNING BODY OF THE
HUALAPAI TRIBE OF THE HUALAPAI RESERVATION

(Proposed Benefit Arrangement with the Pechanga Band of Luiseno Mission Indians to manage Hualapai's Boulder Canyon Project Post-2017 power allocation from Western Area Power Administration)

- WHEREAS,** the Hualapai Tribe is a federally recognized Indian Tribe located on the Hualapai Indian Reservation in northwestern Arizona with authority vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended; and
- WHEREAS,** on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS,** on September 24, 2014, the Hualapai Tribe Council, via Resolution No. 63-2014, created the Hualapai Tribal Utility Authority (HTUA) as an institution of tribal government to acquire, construct, operate, maintain, promote, and expand electric power service, water service, and sewage service at Grand Canyon West and on such other locations within the Hualapai Reservation and on other tribal lands under the jurisdiction of the Hualapai Tribe as the Tribal Council may deem appropriate; and
- WHEREAS,** the Hualapai Tribe, under the auspices of the Planning and Economic Development Department, applied for and received a Schedule D allocation of 381 KW of contingent capacity and 831,142 KWhrs of firm energy per year ("Allocation") as published in the Federal Register on December 18, 2014; and
- WHEREAS,** Western has asked Hualapai Tribe to accept an increase in its allocation of Schedule D contingent capacity of 1 KW and 1,850 KWhrs of firm energy per year due to relinquishment by another allottee; and
- WHEREAS,** Western requires the HTUA to fully execute an Electric Service Contract ("ESC") to be effective through September 30, 2067, with power sales beginning on October 1, 2017; and

WHEREAS, the tribe approved the ESC with the Western via Resolution No. 72-2016, on August 22, 2016, which allows the HTUA to enter into a benefit arrangement with a third-party utility; and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take its Allotment directly; and

WHEREAS, the HTUA has determined that the Benefit Arrangement with the Pechanga Band of Luiseno Mission Indians will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore shall enter into this agreement on or before the end of 2016; and

WHEREAS, in accordance with Section 7.5 of the Benefit Arrangement Agreement, the tribe designates the Hualapai Tribal Council Chairman or Vice-Chairman, the HTUA Chairman or Vice-Chairman, or the HTUA General Manager to attend meetings as set forth in Sections 7 and 8 of the Amended Restated Agreement; and

WHEREAS, the tribe authorizes the Pechanga Band of Luiseno Mission Indians to designate an individual as appointed by Pechanga to be the alternate; and

WHEREAS, in accordance with 10 of the Benefit Arrangement Agreement, the tribe designates the Hualapai Tribal Council Chairman or Vice-Chairman, the HTUA Chairman or Vice-Chairman, or the HTUA General Manager who are authorized to act on the tribe's behalf; and

NOW, THEREFORE BE IT RESOLVED that the Hualapai Tribal Council agrees to accept the extra amount of Schedule D capacity of 1 KW and energy of 1,850 KWhrs from the Boulder Canyon Project and will include that amount in the pending Benefit Arrangement Agreement with the Pechanga Band of Luiseno Mission Indians and allow the Chairman or Vice-Chairman to sign the acceptance letter from Western on behalf of the Hualapai Tribe and its members on or before December 21, 2016.

NOW, THEREFORE BE IT FURTHER RESOLVED that the Hualapai Tribal Council concurs with the decision of the HTUA in that the benefits of Western's allocation to the tribe, made possible through the Benefit Arrangement Agreement with the Pechanga Band of Luiseno Mission Indians, will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore approves a resolution to accept Benefit Arrangement Agreement with the Pechanga Band of Luiseno Mission Indians for the management of the Hualapai allocation of Boulder Canyon Project Post-2017 Schedule D Capacity & Energy from the Western Area Power Administration and allow the Chairman or Vice-

Chairman to sign the Benefit Arrangement Agreement on behalf of the Hualapai Tribe and its members on or before December 31, 2016.

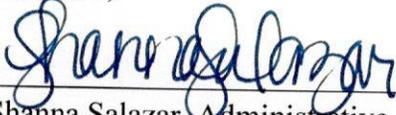
CERTIFICATION

I, the undersigned as Chairman of the Hualapai Tribal Council hereby certify that the Hualapai Tribal Council of the Hualapai Tribe is composed of nine (9) members of whom (9) Constituting a quorum were present at a **Regular Council Meeting** thereof held on this **5th day of November, 2016;** and that the forgoing resolution was duly adopted by the affirmative vote of **9 - in favor, 0 - opposed, 0 - excused,** pursuant to the authority of Article V, Section (a) of the Constitution of the Hualapai Tribe approved March 13, 1991, as amended.



Damon R. Clarke, Chairman
HUALAPAI TRIBAL COUNCIL

ATTEST;



Shanna Salazar, Administrative Assistant
HUALAPAI TRIBAL COUNCIL

HUALAPAI TRIBAL COUNCIL
RESOLUTION NO. 96-2016
OF THE GOVERNING BODY OF THE
HUALAPAI TRIBE OF THE HUALAPAI RESERVATION

(Bill Credit Agreement with Mohave Electric Cooperative for Hualapai's Boulder Canyon Project Post-2017 power allocation from the Arizona Power Authority)

- WHEREAS**, the Hualapai Tribe is a federally recognized Indian Tribe located on the Hualapai Indian Reservation in northwestern Arizona with authority vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended; and
- WHEREAS**, authority is vested in the Hualapai Tribal Council by the Constitution approved March 31, 1991, as amended by the Hualapai Tribe, to establish the Hualapai Tribal Utility Authority (HTUA) and appoint Board members to carry out its mission to provide utility service for the Hualapai Reservation and its trust lands; and
- WHEREAS**, on September 24, 2014, the Hualapai Tribe Council, via Resolution No. 63-2014, created the Hualapai Tribal Utility Authority (HTUA) as an institution of tribal government to acquire, construct, operate, maintain, promote, and expand electric power service, water service, and sewage service at Grand Canyon West and on such other locations within the Hualapai Reservation and on other tribal lands under the jurisdiction of the Hualapai Tribe as the Tribal Council may deem appropriate; and
- WHEREAS**, on December 30, 2013, Western Area Power Administration (Western), a Federal power marketing agency of the Department of Energy (DOE), published in the Federal Register a notice announcing the Boulder Canyon Project (BCP) post-2017 marketing criteria as part of the Hoover Power Allocation Act of 2011 which created a separate power pool for new customers to participate in to share the benefits of low cost hydroelectric power; and
- WHEREAS**, the State of Arizona, through the Arizona Power Authority (APA), was allocated 11.51 MW by Western to establish a separate power pool, to be known as Schedule D, for new customers in Arizona to participate in and to share the benefits of low cost hydroelectric power; and

WHEREAS, the HTUA (“Tribal Customer”) applied for and received a Schedule D allocation of 100 KW of contingent capacity and 218,184 KWhrs of firm energy per year from APA on July 17, 2015; and

WHEREAS, in order to receive its allotted Schedule D power, the HTUA is required by the APA to enter into a Power Sales Contract (“PSC”) effective through September 30, 2067, with power sales beginning on October 1, 2017; and

WHEREAS, the tribe approved the PSC with the APA via Resolution No. 80-2016, on September 10, 2016, which allows the HTUA to enter into a bill crediting arrangement with a third-party utility; and

WHEREAS, the HTUA has yet to construct a power line to Grand Canyon West or take over operations of the existing electrical grid on the Hualapai Reservation, either of which would enable the HTUA to take the Boulder Canyon Project Schedule D power directly; and

WHEREAS, the HTUA has determined that the Bill Credit Agreement with Mohave Electric Cooperative will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore shall enter into this agreement on or before the end of 2016.

NOW, THEREFORE BE IT RESOLVED that the Hualapai Tribal Council concurs with the decision of the HTUA in that the benefits of APA’s allocation to the tribe, made possible through the Bill Credit Agreement with the Mohave Electric Cooperative, will further the interests of the HTUA, the Hualapai Tribe and its members, and therefore approves and adopts a resolution to accept the Bill Credit Agreement with Mohave Electric Cooperative for the management of the Hualapai allocation of Boulder Canyon Project Post-2017 Schedule D Capacity & Energy from the APA and allow the HTUA Chairman or Vice-Chairman to sign the Bill Credit Agreement behalf of the Hualapai Tribe and its members on or before December 31, 2016.

C E R T I F I C A T I O N

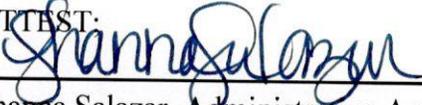
I, the undersigned as Chairman of the Hualapai Tribal Council hereby certify that the Hualapai Tribal Council of the Hualapai Tribe is composed of nine (9) members of whom **(9)** Constituting a quorum were present at a **Regular Council Meeting** thereof held on this **5th day of November, 2016**; and that the forgoing resolution was duly adopted by the affirmative vote of **9 - in favor, 0 - opposed, 0 - excused**; pursuant to the

authority of Article V, Section (a) of the Constitution of the Hualapai Tribe approved
March 13, 1991, as amended.



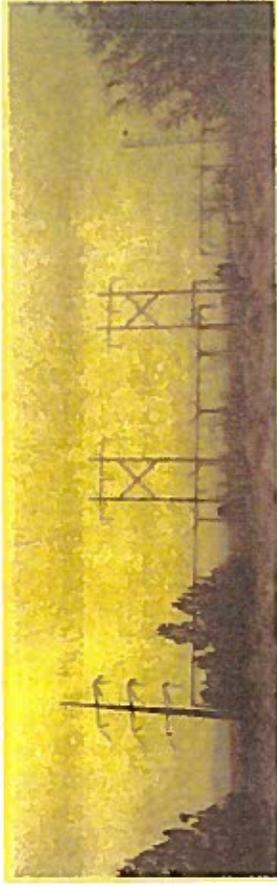
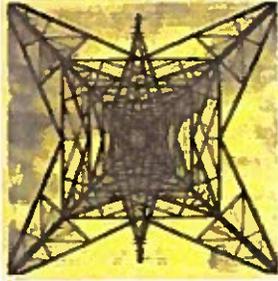
Damon R. Clarke, Chairman, or
HUALAPAI TRIBAL COUNCIL

ATTEST:



Shanna Salazar, Administrative Assistant
HUALAPAI TRIBAL COUNCIL

Appendix E: Presentations by Kanim Assoc., Transcon Env., Bureau of Reclamation, APA, etc.



TRIBAL UTILITIES & ENERGY

Charles R. Calica, Partner
Kanim Associates, LLC

Technical Affiliates at Baker Tilly Virchow Krause, LLP



About Kanim Associates, LLC

www.kanimllc.com

- **Profile:** Kanim Associates, LLC is a Native American, women, and Veteran owned professional consulting firm. We provide consulting services to many clients, including government agencies, tribal governments, tribal enterprises, non-profit organizations, and professional service firms.
- **Services:** Kanim Associates provides energy, utility, environmental, cultural resource, art, and education services. Our interdisciplinary services have been an asset to our clients' policy, business, program development, and technical initiatives.
- **Our Team:** The Kanim Associates, LLC team comprises a highly qualified group of professionals in the fields of Energy Policy, Natural Resource Management, Water Resources, Economic Development, Transmission, Energy Efficiency & Conservation, Tribal Cultural Knowledge, Cultural Competency, Government Services, Education, and Specialized Artistic Services.
 - Today, Kanim Associates, LLC has a dynamic team of Partners, Associates, and Allies to work on a wide variety of project types, ranging from environmental, to economic development, business services, public outreach, and more. We have three offices; two located in Oregon and one in Colorado.
 - Affiliates, Kanim Associates works with a strong group of professionals and affiliates, including our partners at Baker Tilly and Mr. Jim Yockey.



Tribal Utilities & Energy

- Creating a tribal utility is an important element of tribal sovereignty.
- Creation of a utility can serve as a powerful mechanism for a tribe to deal with surrounding utilities, federal and state agencies as well as its own community(ies).
- An electric utility can also be formed to serve other electricity related functions of a tribe.
- The functions of a tribal utility are generally within the discretion of tribal government and as such can be planned to grow over time or take on added responsibilities as certain goals are met.
- Decisions on tribal utility formation rely on the overall goals of a tribe and the chosen separation of governmental and utility business functions.



Advancing Tribal Sovereignty

Tribal Utilities

- **Congratulations on Accomplishments!**
 - Numerous major federal laws, including Title V of Energy Policy Act of 2005
 - Right of Way Negotiations and Policies
 - New tribal energy businesses and utilities
 - Tribal coalitions on specific topics
 - Renewable Energy/Energy Efficiency grants and projects
 - Transmission policy and operational changes
 - Strong NW Energy and Climate leadership



Catalyzing Moment

- Climate change and environmental consequences.
- Grass roots and youth interest in self-sufficiency.
- Energy is big business and every business.
- Education and involvement is working!
- Strong leadership.
- Cost of renewable energy is competitive.
- Energy Efficiency is underappreciated!



10-Year Horizon

- Every Tribe will have at least one operating, successful Renewable Energy Project.
- We will change federal laws to truly encourage renewable energy projects and energy self-sufficiency on tribal lands.
- Tribal businesses will be models of energy efficiency with active efficiency teams.
- Every Tribe will have greater involvement in their utility services
 - Owning and providing electrical and other utility services.
 - Partnerships
 - Governance by
 - Regulation
 - Votes
 - Projects
 - Contracts
- Tribes will be a mainstream part of the energy industry with well publicized energy partnerships.



Other features on the 10-Year Horizon

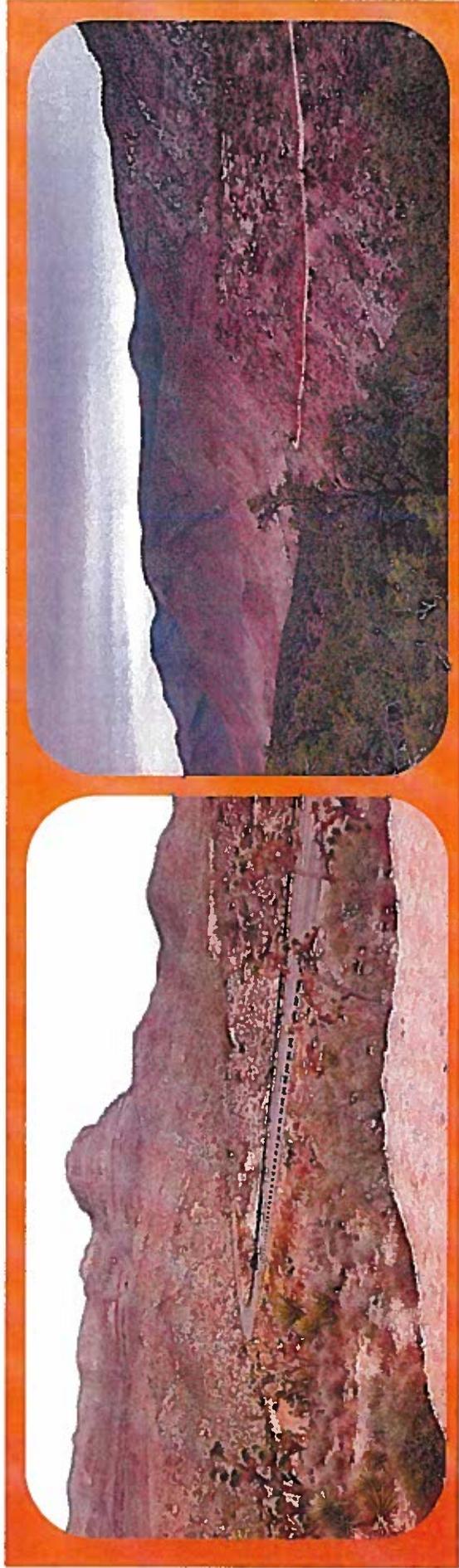
- Complicated financial models for funding projects will be used.
- Tribes will employ advanced accounting and metering tools to allow for net metering and aggregation of loads.
- Energy service success will lead to water services, telecom and data services, and energy business opportunities.
- We will crack the issue of poor housing in Indian Country through an energy partnership focus.
- Tribes will employ more technical professionals to guide these decisions at high salaries.
- Energy related education will be a new focus at tribal colleges and schools and in tribal longhouses.
- Federal energy funding may decrease but tribal energy income will increase due to tribal control and multiplication of service dollars staying on reservations.





TRANSCON ENVIRONMENTAL

“UNDERSTAND AND SERVE”



HTJA INTERCONNECTION PROJECT

OVERVIEW

- I. Transcon qualifications
- II. How we effectively manage projects
- III. How we keep the project moving forward
- IV. How we keep the team informed and involved
- V. Knowledge of the project area, players, and process
- VI. Understanding the issues
- VII. Summary



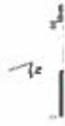
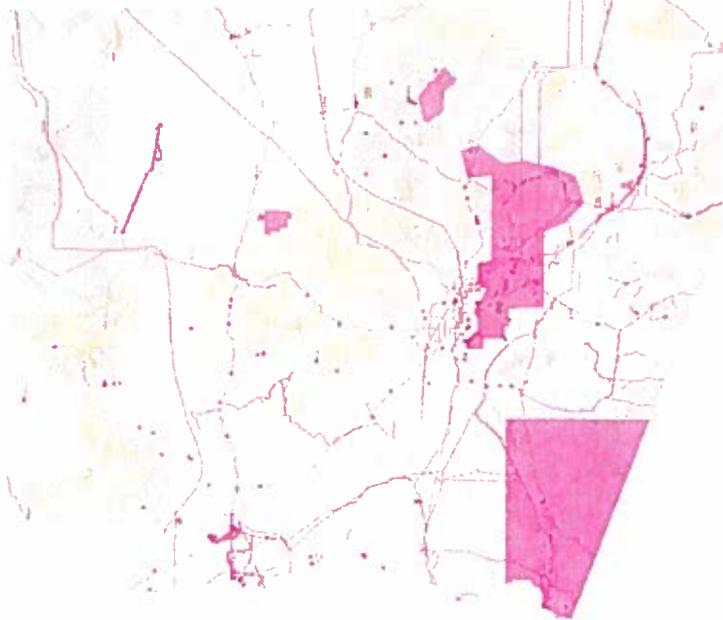
TRANSCON ENVIRONMENTAL



- ❖ Arizona-based company, established in 1999
- ❖ Electrical utility focus and expertise
- ❖ About 130 employees – environmental planners and scientists
- ❖ Local staff and experience



Projects Conducted by Transcon Environmental in Arizona



Transcon Environmental Projects



QUALIFICATIONS

- ❖ Over 90% of work is for utility companies
 - ❖ Currently working with seven utilities in AZ on permitting projects
 - ❖ Currently working with BLM Kingman FO on 230kV Transmission Line Project
 - ❖ Recent work on solar farm in Hualapai Valley and 69kV line terminating in Kingman
 - ❖ Database of project description and analysis material for transmission lines
- ❖ Extensive NEPA and permitting experience in AZ
 - ❖ Expertise in NEPA, Biological Resources, Cultural Resources, Visual Resources
 - ❖ Outstanding federal, state, and local agency relationships
 - ❖ Over 100 NEPA projects on Tribal land



PROJECT TEAM

TECHNICAL RESOURCES TEAM

Mike Strum
Heather Breakiron
BIOLOGY

Matthew Peters
Jessica Young
CULTURAL RESOURCES

Osmer Beck
VISUAL RESOURCES

George Miller
LAND USE

Greg Gryniewicz
WATER RESOURCES

Greg Gryniewicz
SOILS

Beau Goldstein
TRANSPORTATION

Greg Gryniewicz
SOCIOECONOMICS

Beau Goldstein
ENVIRONMENTAL JUSTICE

Ian Snyder
NOISE

MANAGEMENT TEAM

George Miller
PROJECT MANAGER

Beau Goldstein
ASSISTANT PROJECT MANAGER

Nicole Dunlap
PROJECT COORDINATOR

Greg Gryniewicz
**QUALITY ASSURANCE /
QUALITY CONTROL**



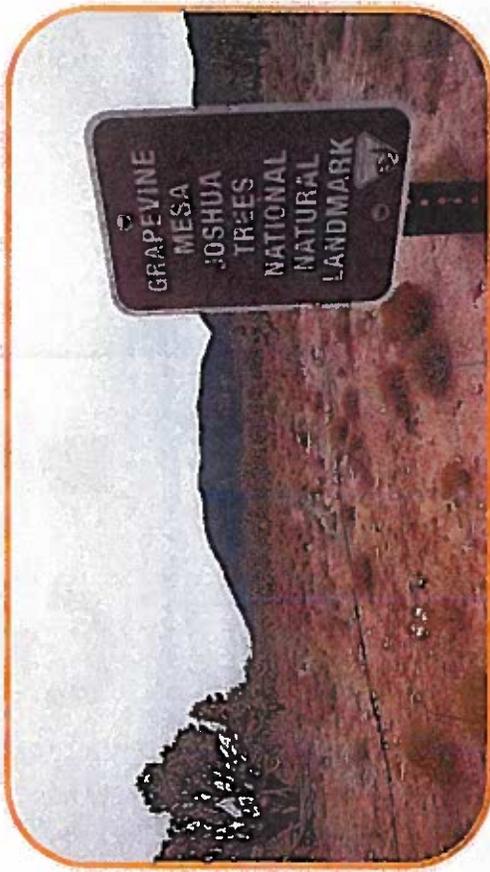
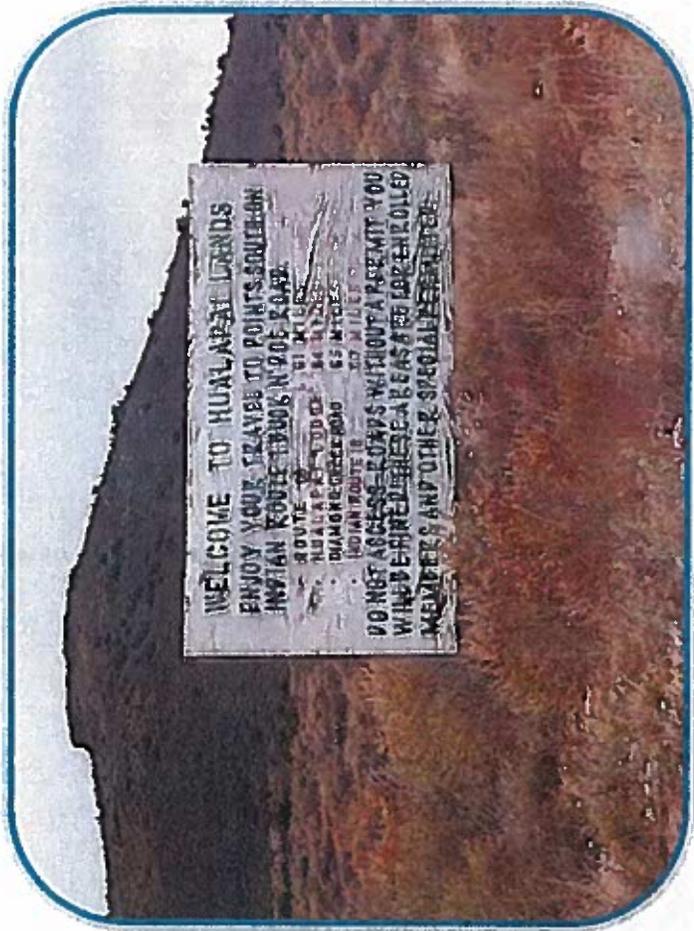
HOW WE EFFECTIVELY MANAGE PROJECTS

- ❖ Keeping the team informed
- ❖ Issues Tracking Report
- ❖ Distributed weekly

Issues/Tasks	Status	Percent Complete	Action Item	Responsibility	Date Action Assigned	Estimated Completion Date
PROJECT MANAGEMENT						
Plan of Development	The Plan of Development (POD) is drafted.	90%	Transcon is updating the POD as the project moves along	G. Grymieczyk -- Transcon	9/18/2015	On-going
Communication Plan	Transcon will finalize the Communication Plan	95%	Transcon will update the Communication Plan	G. Grymieczyk -- Transcon	9/18/2015	10/14/2016
CULTURAL RESOURCES						
Coordination between BLM and Transcon Archaeologists	The BLM issued the Field Work Authorization on 9/15. Survey is started a six week period for PGE return	50%	M. Peters will meet with S. Rumsey prior to performing survey. Surveys are scheduled for the week of 11/18.	M. Peters -- Transcon	5/6/2016	11/18/2016
Cultural Resources Report	A Draft Cultural Resources Report was completed in 2008 for a portion of the project, and in 2009 for the Central Mt portion of the project.	50%	Transcon will modify existing cultural resources reports per the direction provided by S. Rumsey.	M. Peters -- Transcon	9/18/2015	11/27/2016
BIOLOGICAL RESOURCES						
Biological Evaluation	R. Peck provided guidance to request the official species list from USFWS, analyze the 2010 BLM List	75%	Transcon will add the updated project description to the BE.	M. Bresloun -- Transcon	9/18/2015	10/14/2016
THEPA						
Draft Environmental Assessment	POEA needs to be completed.	0%	Complete POEA.	G. Grymieczyk -- Transcon	9/18/2015	12/18/2016
Final Draft EA/FD/NSI	Cannot start until the Draft EA had been out for public review.	0%	Complete Draft EA and public comment period	G. Grymieczyk -- Transcon	9/18/2015	1/24/2016
CEC PROCESS						
Final CEC Application	CEC Application has not been started.	0%	Complete Draft CEC Application.	M. Warner -- Transcon	9/18/2015	12/23/2016
CEC Testimony	CEC process has not been started.	0%	Complete Draft CEC Application.	M. Warner -- Transcon	9/18/2015	1/9/2017
VISUAL SIMULATIONS						
Visual Simulation Data Collection	Data was from WDPs identified for the WJWA alignments on 10/4.	100%	Complete	O. Beck -- Transcon	9/18/2015	Complete
Visual Simulations and Visual Analysis	Work is being performed to complete the simulations.	70%	O. Beck will complete remaining simulations.	O. Beck -- Transcon	9/18/2015	10/31/2016



KEEPING THE TEAM INFORMED – CENTRALIZE THE DATA

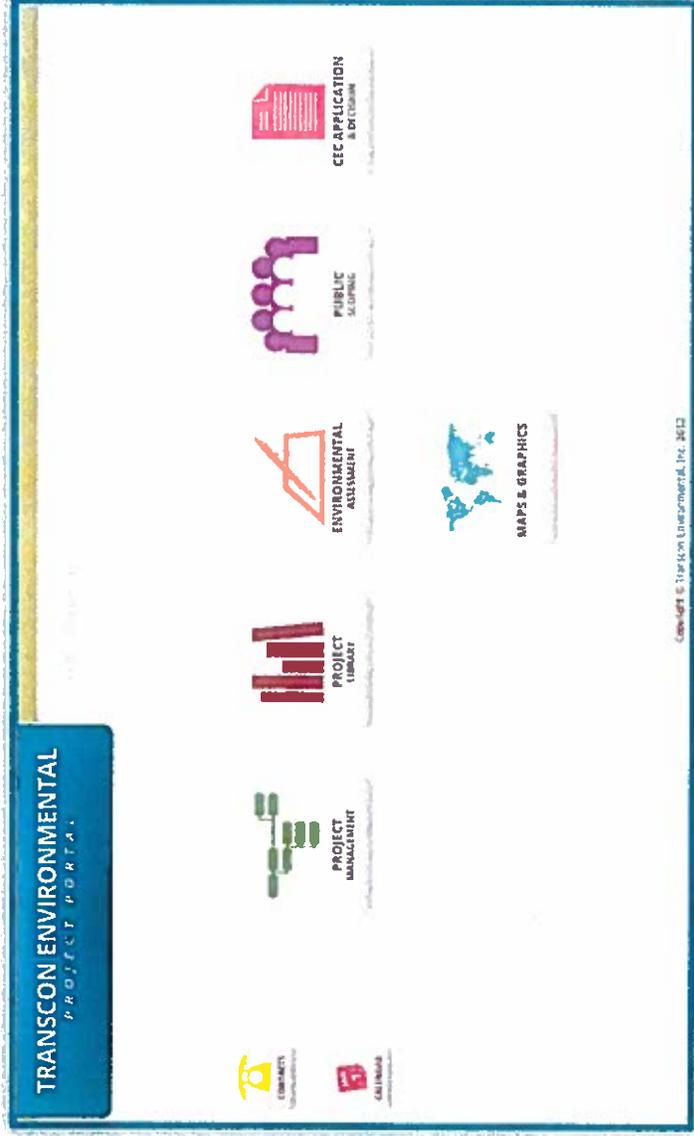


HTUA INTERCONNECTION PROJECT



PROJECT PORTAL

I. Golden Valley Portal



PROJECT PORTAL

I. Golden Valley Portal

Type	Name	Start	Overl	Pre-Site
1	187074	7/24/2016	7/24/2016	52.80
1	187075	8/24/2016	8/24/2016	52.80
1	187076	9/24/2016	9/24/2016	52.80
1	187077	10/24/2016	10/24/2016	52.80
1	187078	11/24/2016	11/24/2016	52.80
1	187079	12/24/2016	12/24/2016	52.80
1	187080	1/24/2017	1/24/2017	52.80
1	187081	2/24/2017	2/24/2017	52.80
1	187082	3/24/2017	3/24/2017	52.80
1	187083	4/24/2017	4/24/2017	52.80
1	187084	5/24/2017	5/24/2017	52.80
1	187085	6/24/2017	6/24/2017	52.80
1	187086	7/24/2017	7/24/2017	52.80
1	187087	8/24/2017	8/24/2017	52.80
1	187088	9/24/2017	9/24/2017	52.80
1	187089	10/24/2017	10/24/2017	52.80
1	187090	11/24/2017	11/24/2017	52.80
1	187091	12/24/2017	12/24/2017	52.80
1	187092	1/24/2018	1/24/2018	52.80
1	187093	2/24/2018	2/24/2018	52.80
1	187094	3/24/2018	3/24/2018	52.80
1	187095	4/24/2018	4/24/2018	52.80
1	187096	5/24/2018	5/24/2018	52.80
1	187097	6/24/2018	6/24/2018	52.80
1	187098	7/24/2018	7/24/2018	52.80
1	187099	8/24/2018	8/24/2018	52.80
1	187100	9/24/2018	9/24/2018	52.80
1	187101	10/24/2018	10/24/2018	52.80
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1	187106	3/24/2019	3/24/2019	52.80
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1	187252	5/24/2031	5/24/2031	52.80
1	187253	6/24/2031	6/24/2031	52.80
1	187254	7/24/2031	7/24/2031	

KNOWING THE AREA, PLAYERS, AND PROCESS

PROJECTS

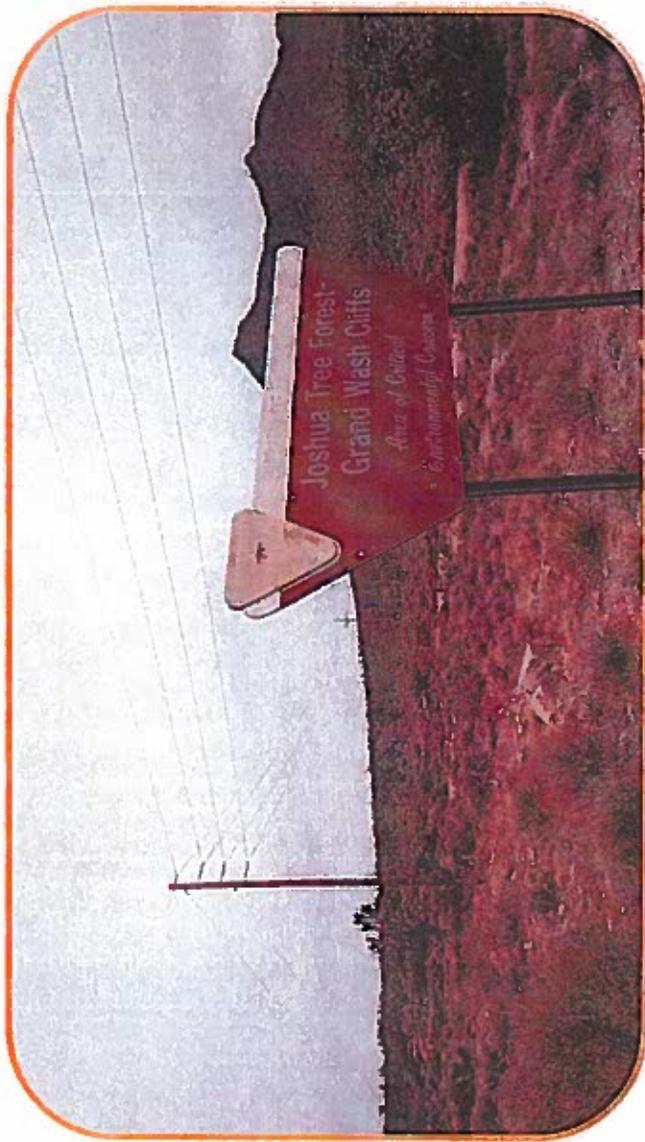
- ❖ Golden Valley Transmission Line EA
- ❖ Hualapai Valley Solar Energy Project EIS
- ❖ Davis to Kingman Transmission Line EA *69KV*

AGENCIES

- ❖ UniSource, BIA, BLM, other federal and state agencies

NEPA EXPERIENCE

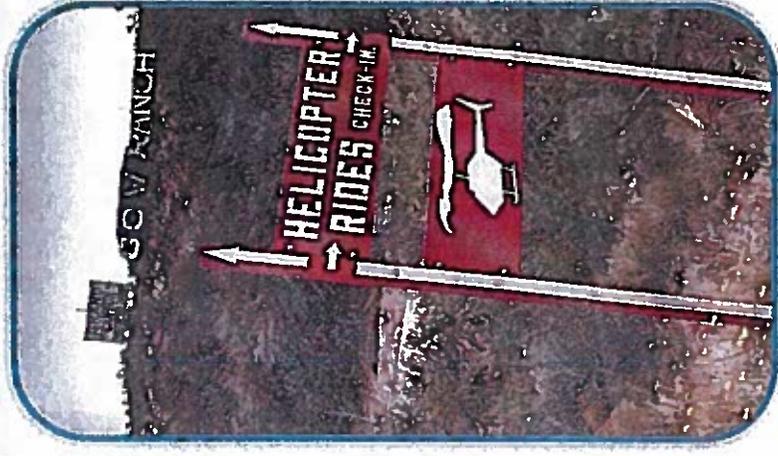
- ❖ BIA and BLM



UNDERSTANDING THE ISSUES

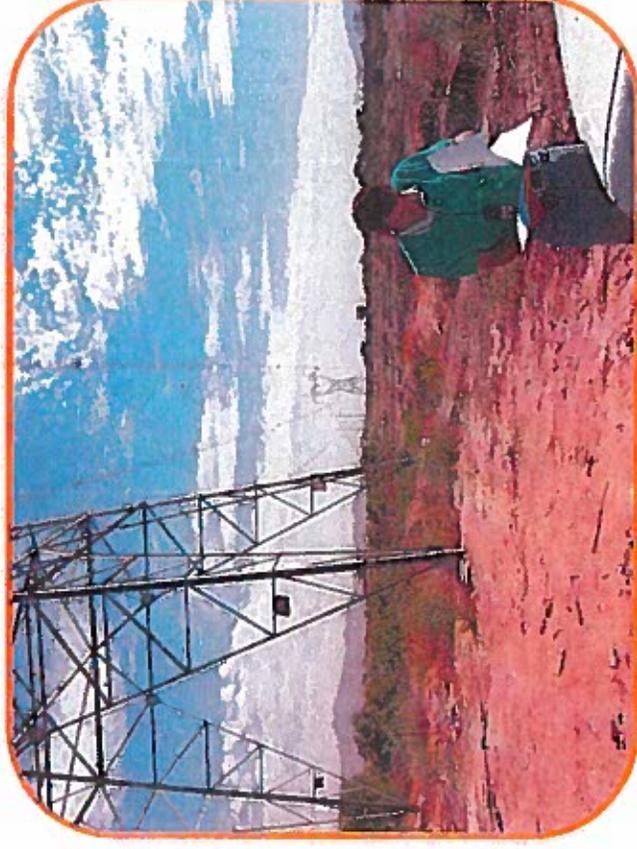


- ❖ Field visit
- ❖ Issues in common with other projects
- ❖ Visual
- ❖ Special management areas
- ❖ Managing multiple agencies
- ❖ Interested parties (landowners and special interest groups)



SUMMARY

- ❖ Well-qualified management and technical team
- ❖ Appropriate experience
- ❖ Knowledge and experience working with agencies and Tribes
- ❖ Effective management and tools to keep the team informed
- ❖ Expertise in utility projects
- ❖ Recent project experience with UniSource



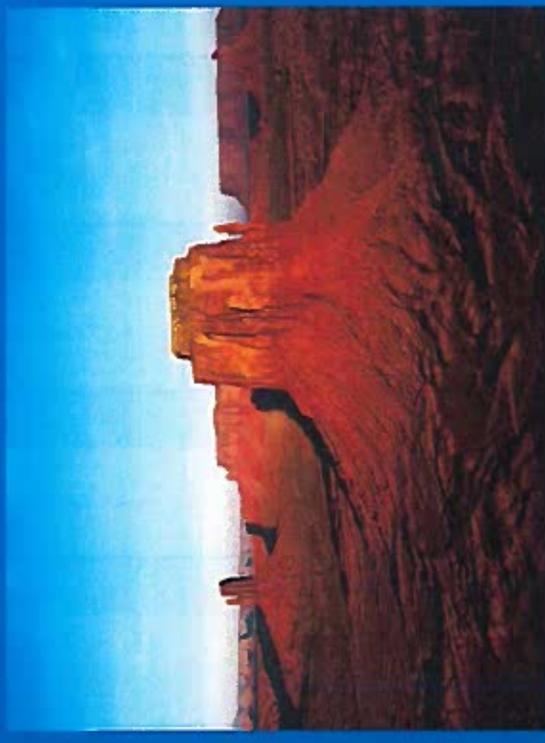
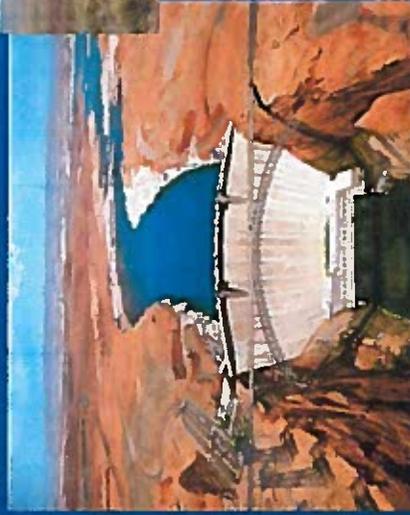
Experience Equals Success

Hualapai Tribe

Navajo Generating Station Post 2019 Operations Project

Briefing

03/4/2016



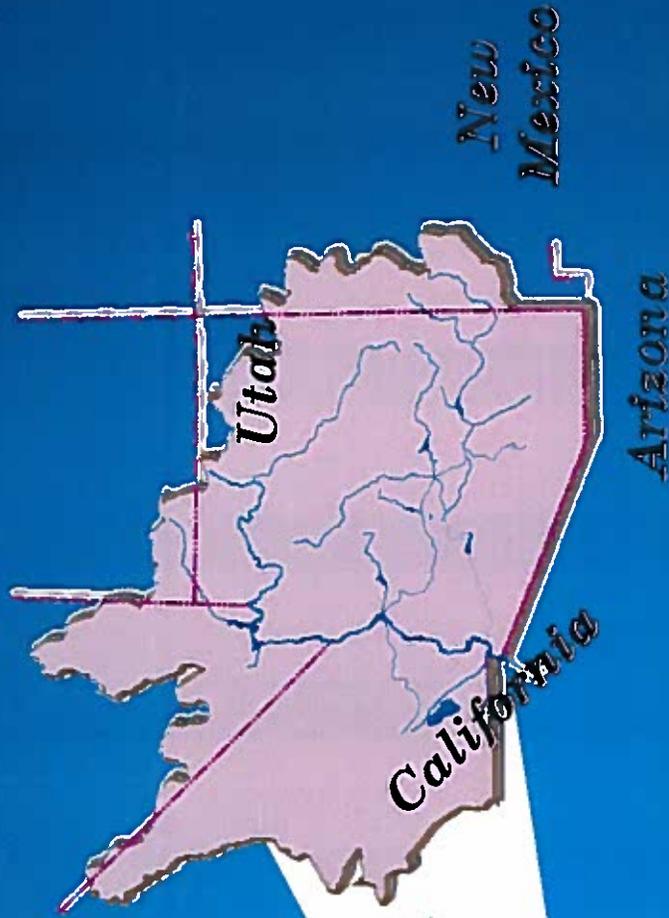
RECLAMATION

Agenda

- Reclamation - background
- Navajo Generating Station-Kayenta Mine Complex Environmental Impact Statement
- Joint Federal Agency Working Group
 - Tribal Energy Development Planning
 - NREL II Study
 - Roadmap

Reclamation Mission Statement

The mission of the Bureau of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.



Lower Colorado Region



348 Reservoirs

245 Million acre-feet of water storage

254 Diversion dams
16,000 Miles of canals

\$9 Billion annual agricultural benefits
M&I benefits to more than 31 million people

58 Hydropower facilities
powering over 6 million homes

308 public recreation areas
visited by more than 90 million people each year

More than \$12 billion avoided
flood damages since 1959



Navajo Generating Station Programs (NGSP)

Russ Callejo General NEPA, ESA, NHPA Compliance

- General Environmental Matters
- Navajo Generating Station – Kayenta Mine Complex Environmental Impact Statement
- Programmatic Agreement
- Biological Assessment
- Tribal Consultations
- Los Angeles Department of Water & Power Divestiture Environmental Compliance
- Nevada Energy Divestiture Environmental Compliance

Kevin Black Program Manager Energy Development

- Joint Federal Agency Working Group Coordination
 - Tribal Clean Energy Development
 - NREL II Study
- Technical Working Group Agreement Implementation
 - Appendix “C” Qualifying Projects Catalog
 - NGS Roadmap & Gildepath Development
- NGSP Coordination
 - NGS Environmental Program Operation & Maintenance

Ron Smith General Engineering & Operating Committee Responsibilities – Generation & Transmission

- Lease Amendment & Coal Supply Agreement Negotiations
- Los Angeles Department of Water & Power Divestiture
- Nevada Energy Divestiture
- Technical Working Group Appendix C Implementation Technical Support
- NGS-KMC EIS Technical Support
- General Technical Support

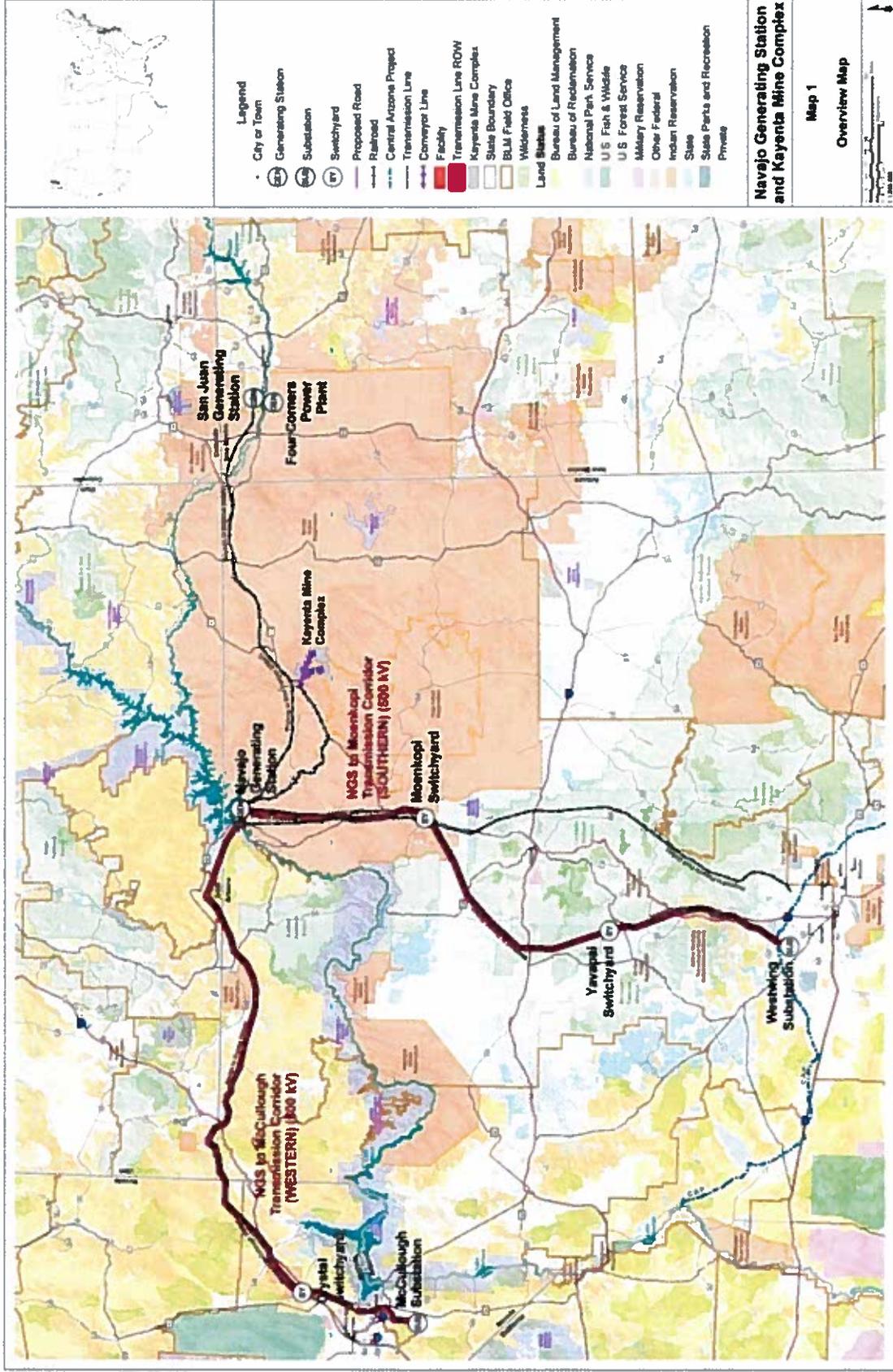
Environmental Program

Energy Development Program

Operations & Maint. Program

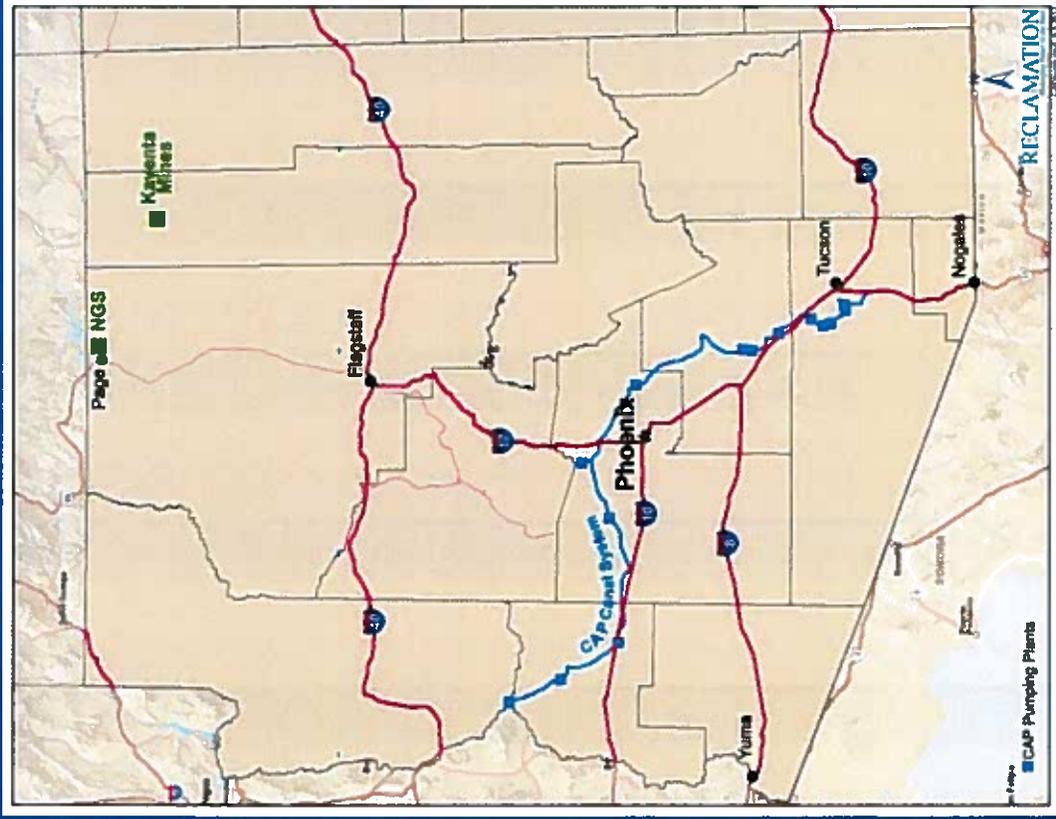
Coordination | Collaboration | Communication | Cooperation

Post 2019 Continuing Operations



CENTRAL ARIZONA PROJECT

- CAP delivers ~1.5 million acre-feet [AF] of Colorado River annually to customers within Maricopa, Pinal, and Pima counties, AZ.
- U.S.' share of NGS power provides about 90% of the power used to operate the CAP pumps.
- About 30-35% of U.S.' share of NGS power is surplus to CAP needs and is sold at market rates; the revenues are deposited to the Development Fund.
- Development Fund revenues are used to repay the non-Federal construction-related CAP costs.



RECLAMATION

**LEAD FEDERAL AGENCY: Bureau of Reclamation –
Lower Colorado Region**



KEY COOPERATING AGENCIES:

- ▶ Office of Surface Mining Reclamation & Enforcement – Western Region
- ▶ Bureau of Indian Affairs – Navajo Region



PROPONENTS:

- ▶ Salt River Project
- ▶ Peabody Western Coal Company



EIS CONSULTANT: AECOM



RECLAMATION

Major Federal Actions

- Secretary of the Interior approval to renew the NGS co-owners' plant lease with the Navajo Nation from 12/23/2019 through 12/22/2044
- Federal approval of grants of right-of-way
- Life-of-mine permit revision application approval



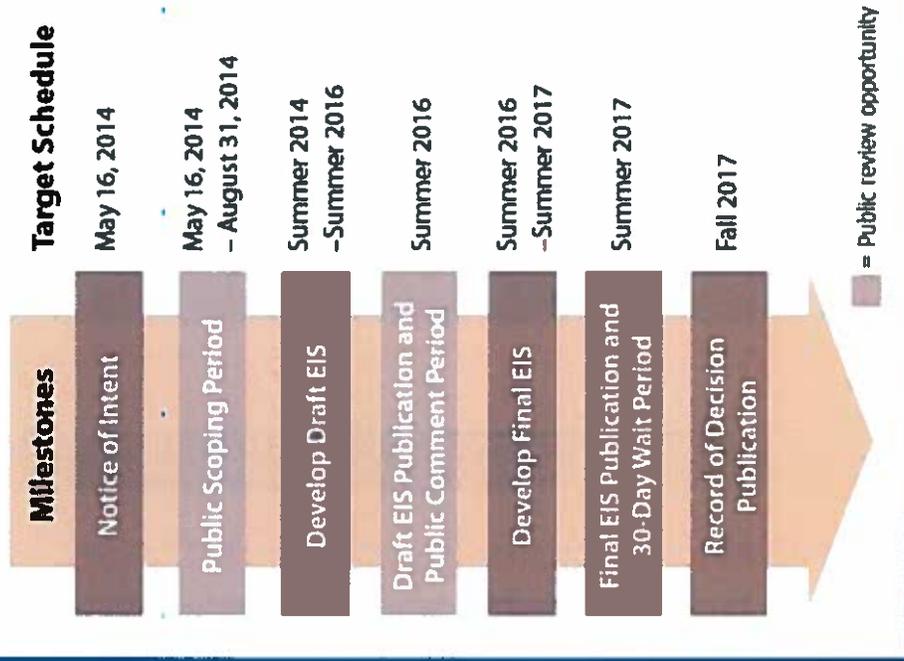
RECLAMATION

EIS Alternatives – Described in NOI

- Proposed Action: Continued operation of NGS and Kayenta Mine through December 2044 in compliance with BART (Best Available Retrofit Tech)
- No Action:
 - Reclamation and other Federal agencies would not provide the Federal approvals and/or decisions necessary to continue the operation and maintenance of the NGS-KMC facilities through December 2044
 - NGS would cease operation on December 22, 2019; CAP would find alternative power source(s)
- Action Alternatives:
 - *Total Federal Replacement* – all of the Federal share of NGS energy replaced by renewable resources or lower emitting sources
 - *Partial Federal Replacement* – a portion of the Federal share of NGS energy replaced by renewable resources or lower emitting sources
 - Any feasible alternatives that meet Reclamation’s purpose and need identified during scoping

EIS Target Milestones

National Environmental Policy Act Environmental Impact Statement Process



Joint Statement by DOI, DOE, EPA (2013)

- Long-term goals
 - Clean, affordable and reliable power
 - Affordable and sustainable water supplies
 - Sustainable economic development
 - Minimize negative impacts on those who currently obtain significant benefits from NGS
- Complete NREL Phase 2 report on NGS clean energy options to inform NGS Road Map

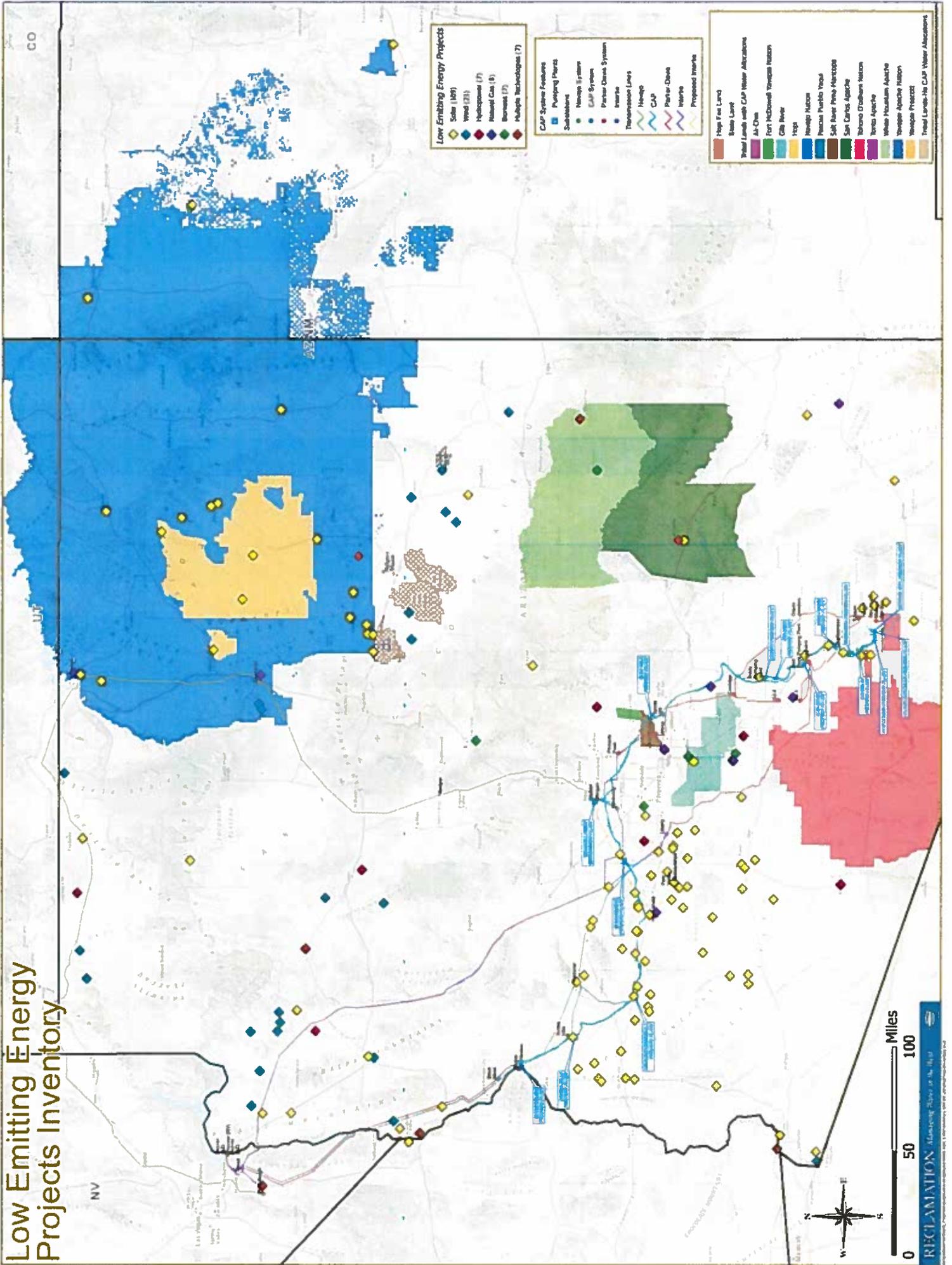
Reclamation/Dept. of Energy - Interagency Agreement

- Executed agreement to enlist NREL
 - Technical Assistance
 - Tribal Clean Energy Development Planning
 - Carbon and Clean Energy Credit Implementation Plan
 - NREL II Study
 - NGS KMC EIS – technical assistance

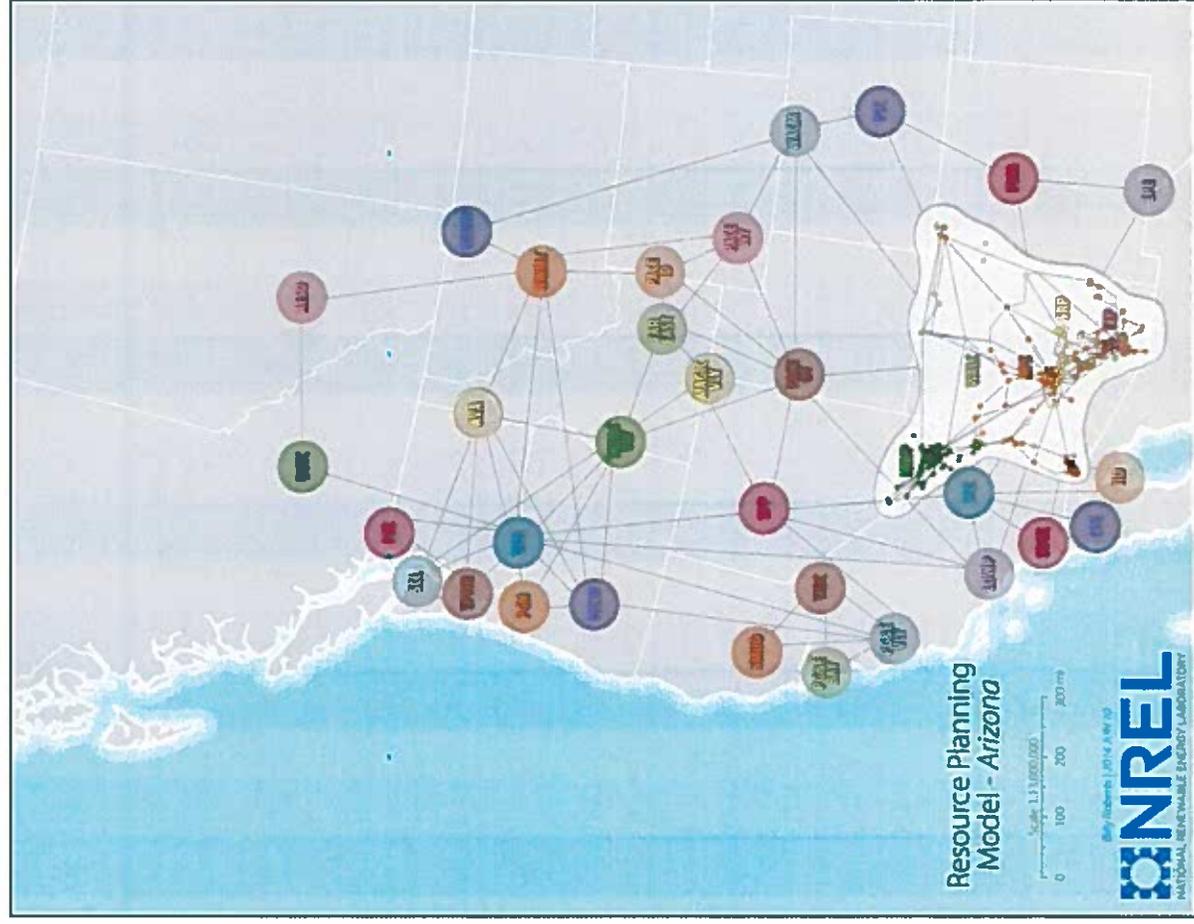
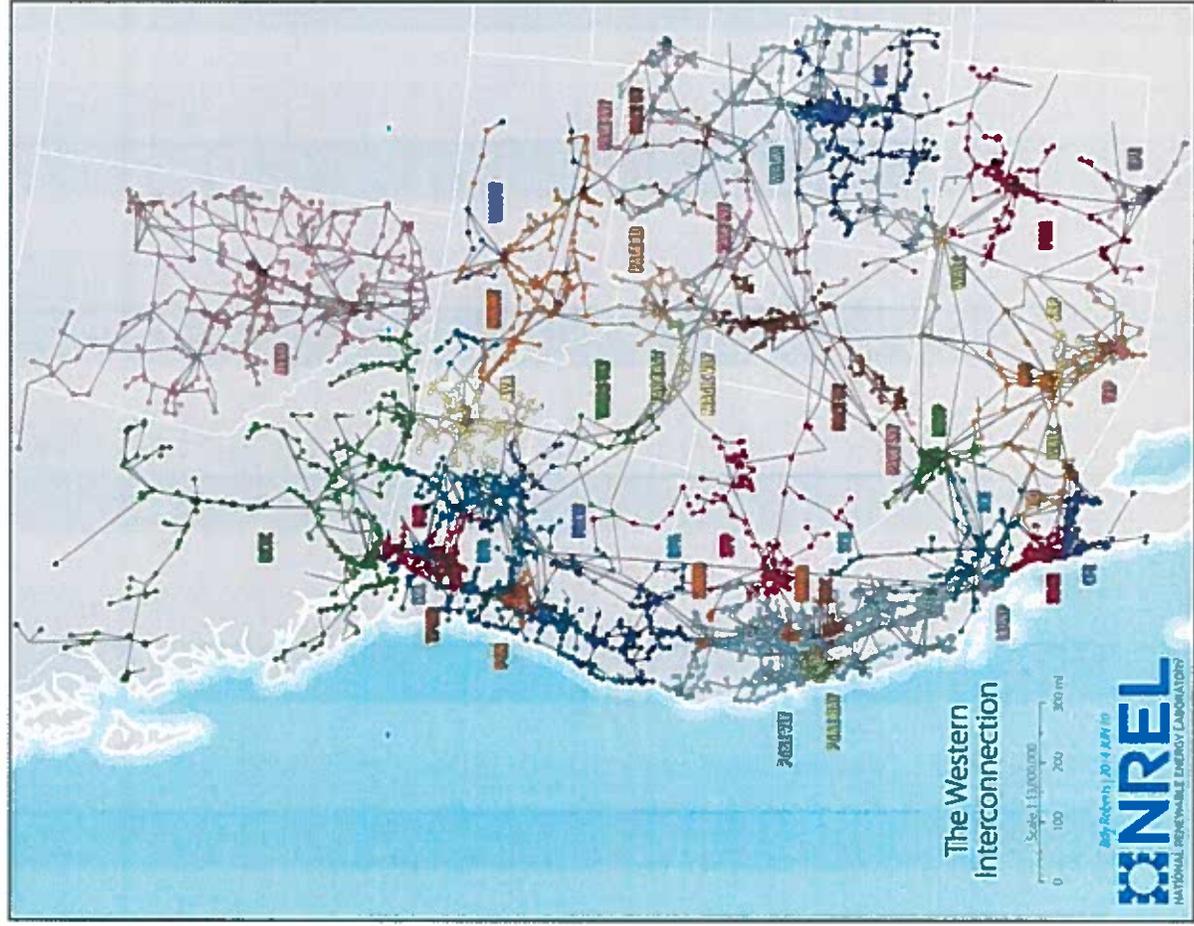
Tribal Stakeholder Outreach

- Tribal Consultations
- Technical Advisory Groups
- Public Presentations
- EIS and NREL II Study Scoping
- Tribal Utilities
- Tribal Solar Working Group
- Arizona Universities
- NGS Affected Tribes
 - Tribal CAP Contractors
 - Navajo and Hopi

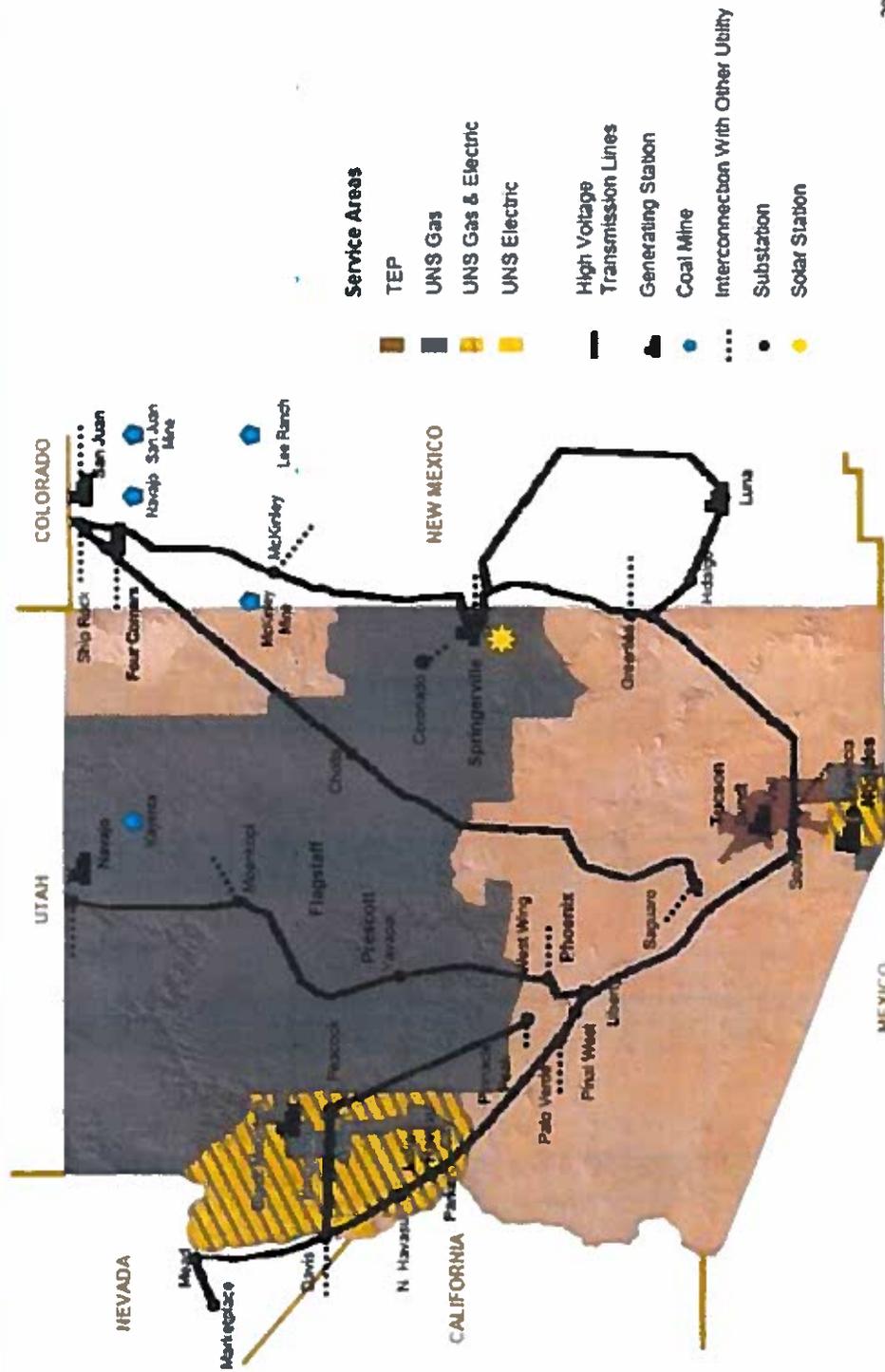
Low Emitting Energy Projects Inventory



Resource Planning Model Retirements and Expansions



UTILITY SERVICE AREAS



Central Arizona Project Transmission System

CAP Pumping Plant Loads at Peak Demands for deliveries of approximately 1.6 million AF off Colorado River

Losses at 4.1% equate to 230-394 MW a day
 Summer Daily MW approximately 260 MW
 Winter Daily MW approximately 500 MW

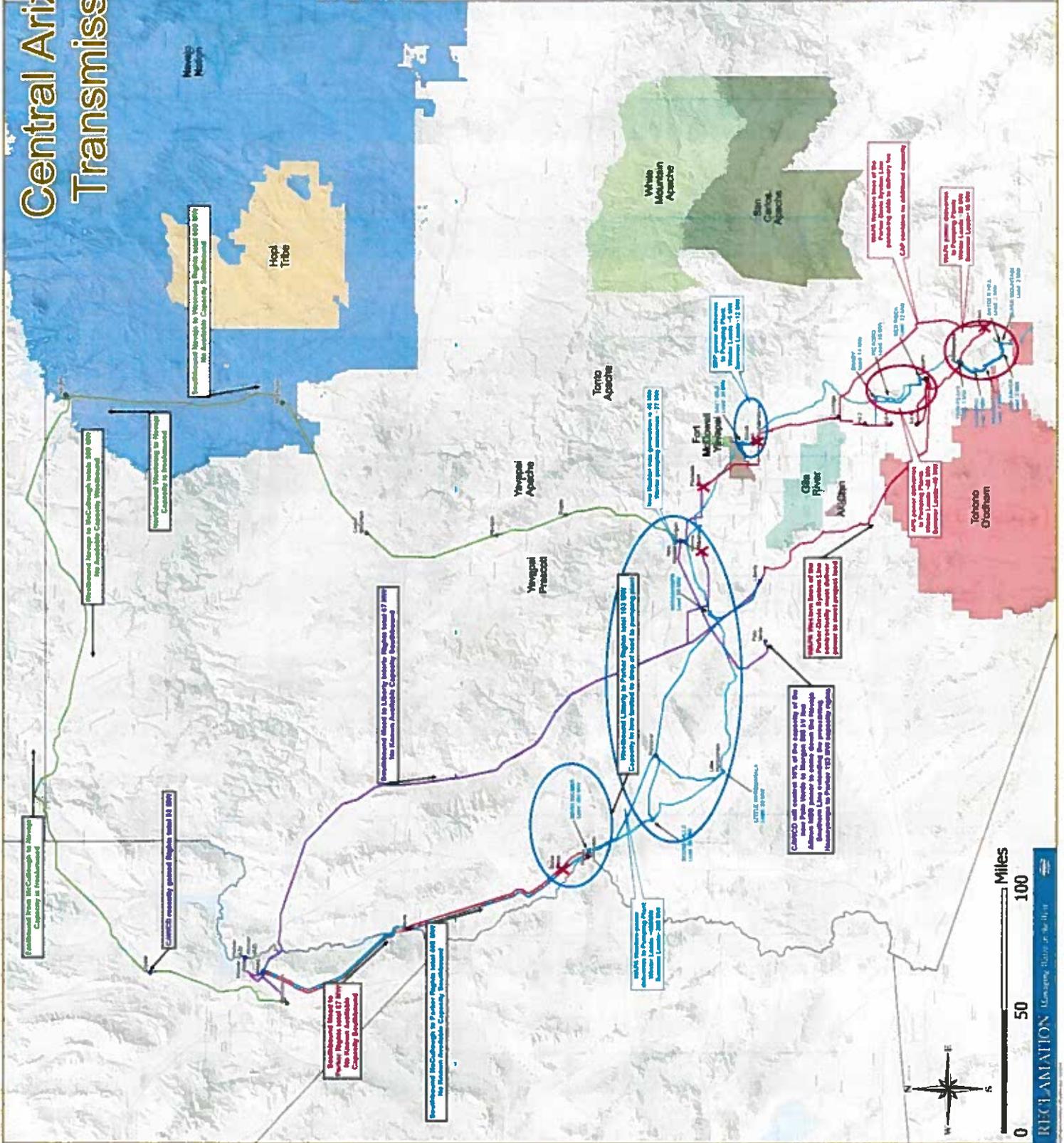
Summer Load Estimations from 7/2008
 Winter Load Estimations from 1/2009

CAP System Features

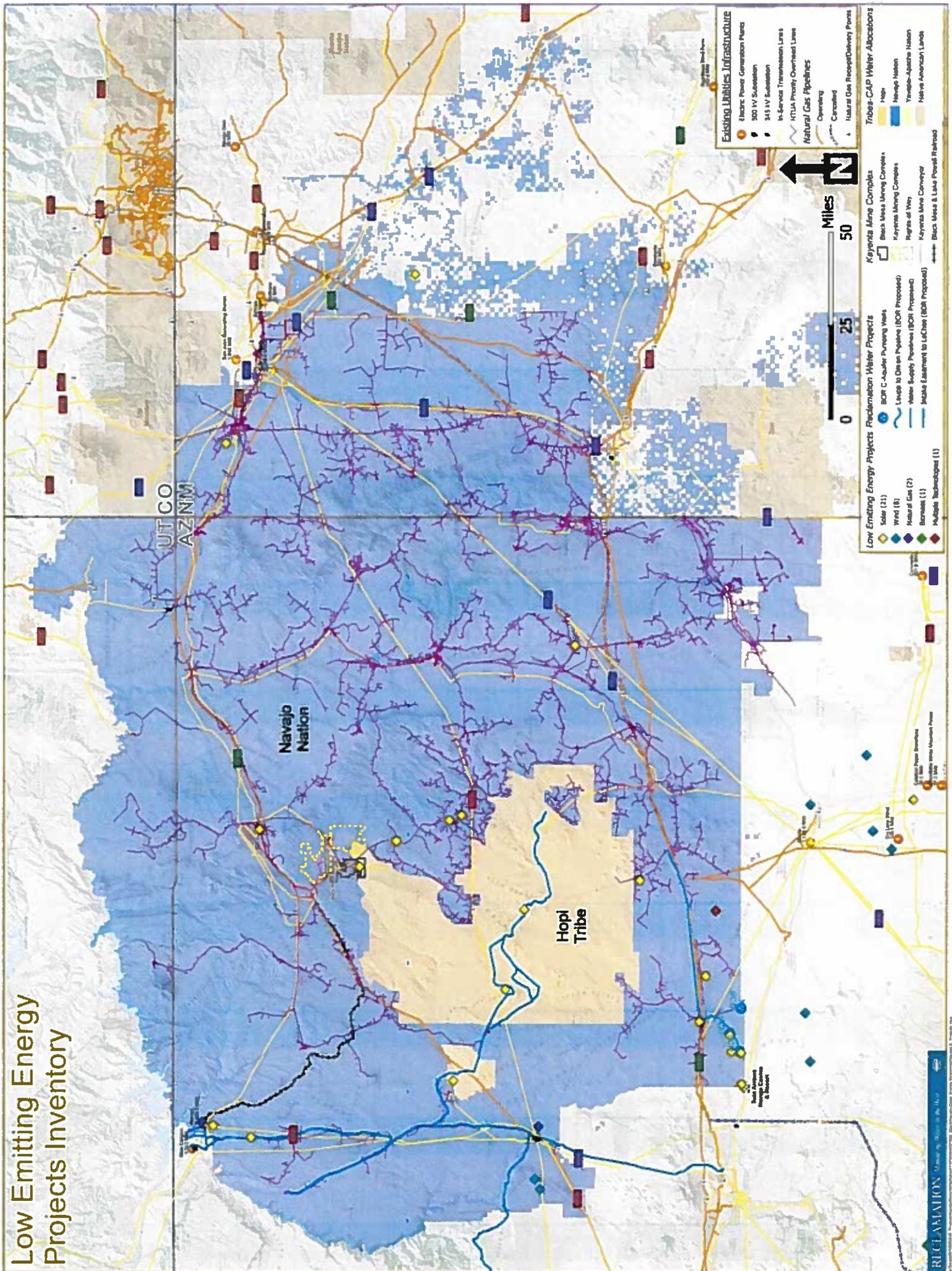
- Pumping Plants
- CAP Canal
- Substations
- CAP
- Navajo
- Paria-Davis
- Substation-Ac Capacity
- Transmission Lines
- CAP
- Navajo
- Paria-Davis

Tribes with CAP Water Allocations/Contracts

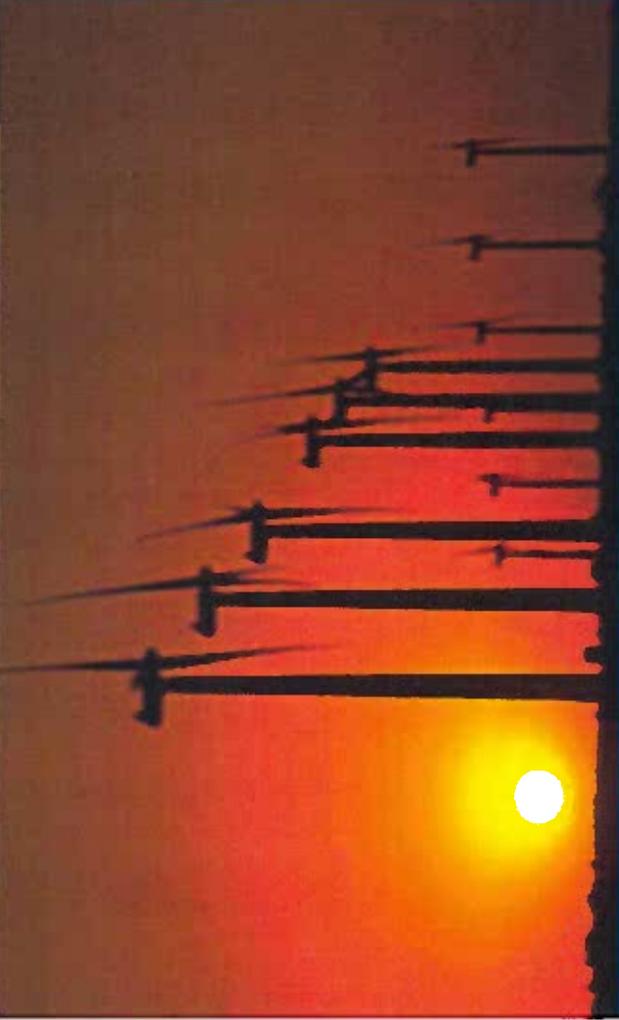
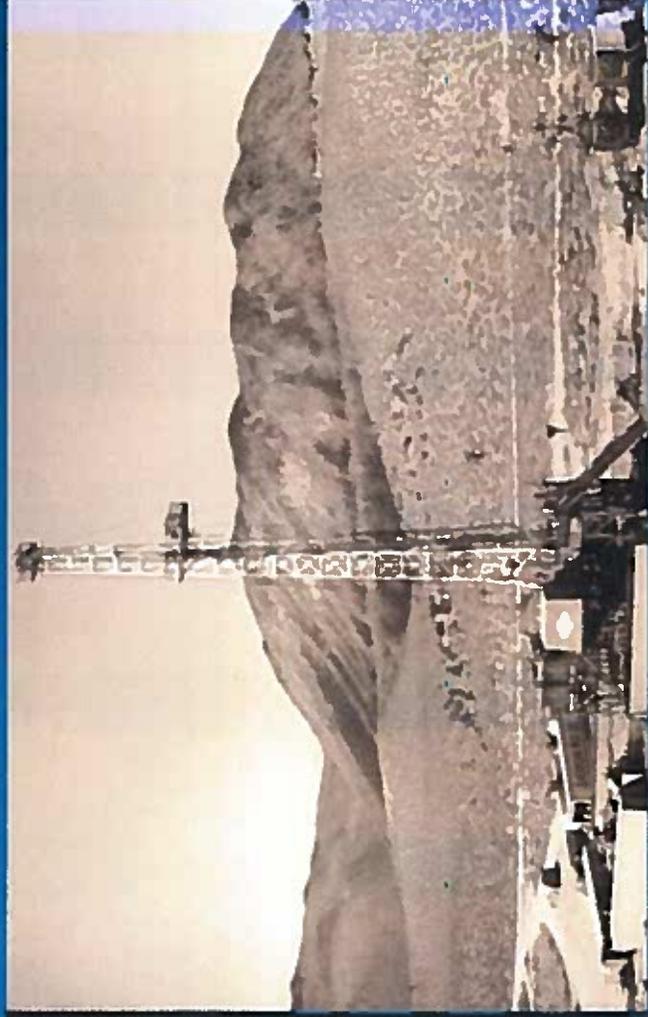
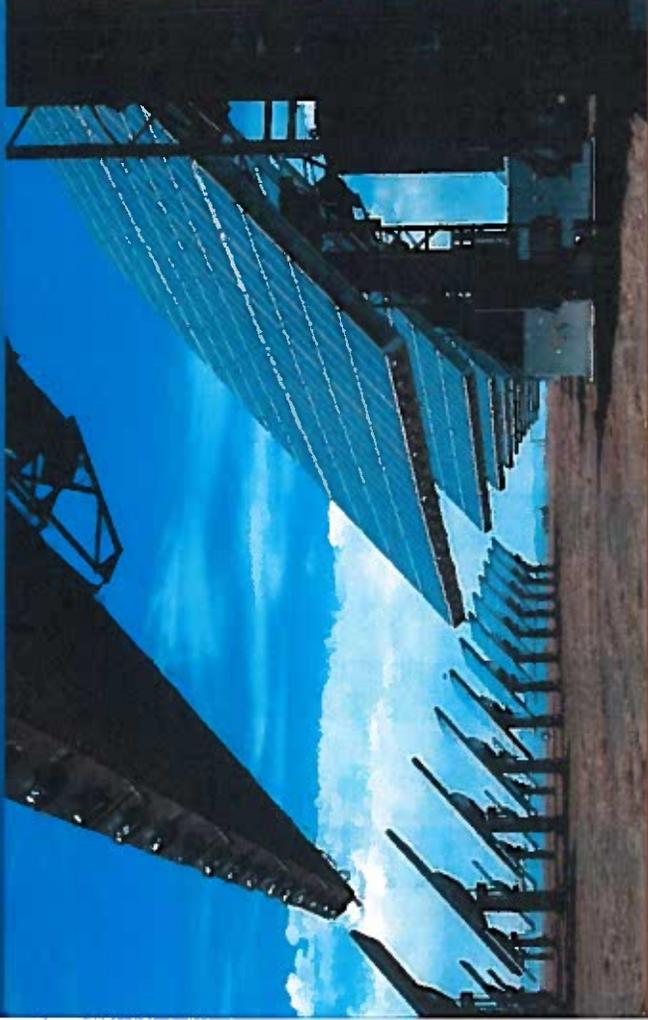
- Ai-Chin
- Fort McDowell Yavapai
- Gila River
- Hopi Tribe
- Navajo Nation
- Pinaloos Tribe
- Salt River Pima Maricopa
- San Carlos Apache
- Isahaya O'odham
- Tohono O'odham
- White Mountain Apache
- Yavapai Apache
- Yavapai Pima



Low Emitting Energy Projects Inventory



Portfolio Diversity



Road Map

With NREL's Phase 2 study as a knowledge base, federal agencies will decide on actions to achieve goals

Federal action
(Short)

Federal action
(Long)

Federal action
(Medium)

- **Federal goals**
 - **Clean, affordable, reliable power**
 - **Affordable, sustainable water supplies**
 - **Sustainable economic development**
 - **Minimize negative effects on tribes, others who receive benefits from NGS**

RECLAMATION

Questions?

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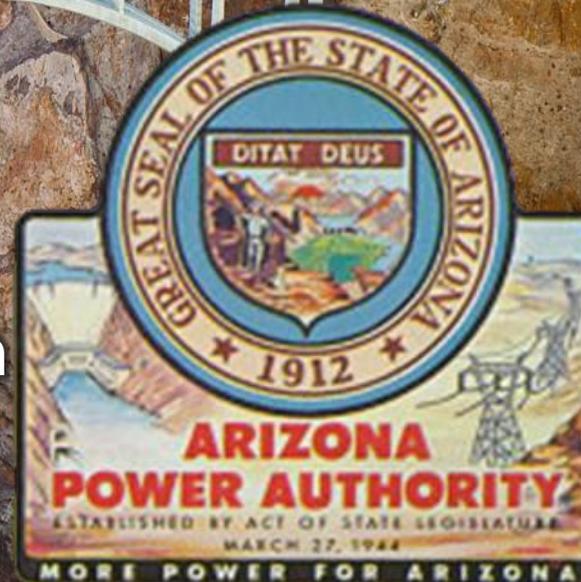
RECLAMATION

Arizona Power Authority

Strategic Planning Session

John Underhill, Interim Executive Director

September 20 - 21, 2016



PLANNING SESSION AGENDA

SEPTEMBER 20, 2016

- ESTABLISH GROUND RULES, STRATEGIC PLANNING BASICS, WHAT THE APA IS, APA MISSION STATEMENT, REVIEW CONCLUSIONS FROM CY2000 SESSION - DR. MICHAEL HORNE
- BREAK
- REVIEW APA HISTORY, WHERE ARE WE TODAY, WHERE DO WE NEED TO BE, WHERE WE COULD BE – JOHN UNDERHILL
- POWER MARKETS – BILL HORTON, VP OF WEST TRADING, TENASKA POWER SERVICES, CO.
- FINANCIAL OPPORTUNITIES – DON PORTER, J. DONALD PORTER & COMPANY, INC.



PLANNING SESSION AGENDA

SEPTEMBER 21, 2016

- APA CUSTOMER VIEWPOINT - DAVE SLICK, SALT RIVER PROJECT
 - COLORADO RIVER COMMISSION ACTIVITIES – JANE HARKINS, EXECUTIVE DIRECTOR
 - WHAT WE COULD BE – DR. MICHAEL HORNE, FACILITATOR
 - BREAK
 - WHAT DO WE WANT TO BE? – ALL
 - LUNCH
- 

PLANNING BASICS

Review the past and determine where APA is today

Identify what is important in the forecasted utility environment

Define what APA must achieve short term

Establish a long term plan for APA activities and staffing

Determine who is accountable for action plans

Periodically review progress with staff and commission

WHAT THE APA IS...

- **APA created by**
legislature in 1982
- **Five-member commission**
appointed by Governor
- **APA deals with federal**
government, and coordinating
the receipt and distribution of
electric energy allocated to
Arizona.

WHAT IS “ARS TITLE 30”?

- THE AUTHORITY SHALL BARGAIN FOR, TAKE, AND RECEIVE ELECTRIC POWER DEVELOPED ON THE COLORADO RIVER
- THE AUTHORITY SHALL ENCOURAGE ACTIVITIES DEEMED TO BE FEASIBLE FOR THE PRODUCTION OF ELECTRIC POWER FROM SOLAR, NUCLEAR, OR GEOTHERMAL ENERGY AND SHALL TAKE AND RECEIVE THIS POWER IN ITS OWN NAME ON BEHALF OF THE STATE
- THE AUTHORITY MAY ACQUIRE OR CONSTRUCT AND OPERATE ELECTRIC TRANSMISSION SYSTEMS, STANDBY AND AUXILIARY PLANTS AND FACILITIES AND GENERATE, PRODUCE, SELL AT WHOLESALE, TRANSMIT AND DELIVER SUCH ELECTRIC POWER TO QUALIFIED PURCHASERS

WHAT IS “ARS TITLE 45 – CHAPTER 10”?

- ESTABLISHED A STATE WATER AND POWER PLAN CONSISTING OF (NAMING ONLY A FEW):
 - CENTRAL ARIZONA PROJECT
 - GRANITE REEF AQUEDUCT FROM LAKE HAVASU TO CENTRAL ARIZONA
 - SALT-GILA AQUEDUCT FROM GRANITE REEF TO TUCSON
 - ALTERNATES TO ORME DAM: NEW WADDELL, CLIFF, MODS TO ROOSEVELT/ST. MTN. DAMS
 - MONTEZUMA PUMPED STORAGE PROJECT
 - THE AUTHORITY’S RIGHTS TO HOOVER DAM POWER, INCLUDING THE UPRATING
- SEE 45-1703 (ALSO SEE 45-1707 ISSUANCE OF BONDS AND NOTES)

ARIZONA POWER AUTHORITY

MISSION STATEMENT

1 Be a leader in managing resources

2 Provide active representation on issues that impact the public power community as a whole

3 Serve as an information resource for its customers

4 Maintain regular communications with its customers

5 Pursue projects that are within APA's legislative mandate

6 Ensure customer billings are accurate and timely

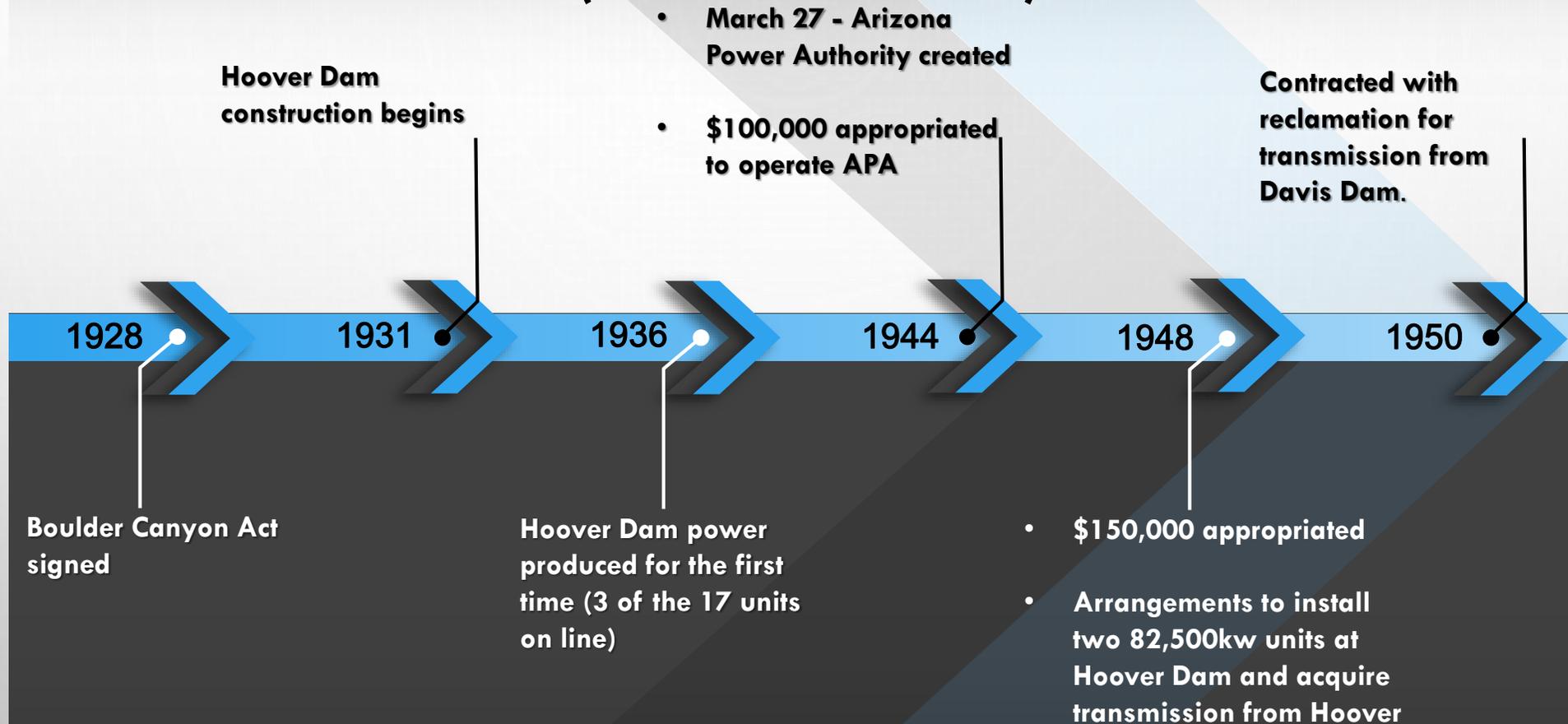
CY 2000 STRATEGIC SESSION CONCLUSIONS

- THE AUTHORITY SHOULD CONTINUE TO MAKE EVERY REASONABLE EFFORT TO MINIMIZE THE COST OF POWER FOR ITS CUSTOMERS.
- THE AUTHORITY SHOULD STRIVE TO IMPROVE ITS TECHNICAL COMPETENCE BY DEVELOPING ITS STAFF AND HIRING TECHNICALLY COMPETENT INDIVIDUALS WHEN NEW STAFF IS REQUIRED.
- THE AUTHORITY SHOULD RELY MORE ON ITS STAFF AND LESS ON CONSULTANTS FOR NORMAL DAY-TO-DAY ACTIVITIES AND WORKLOAD.

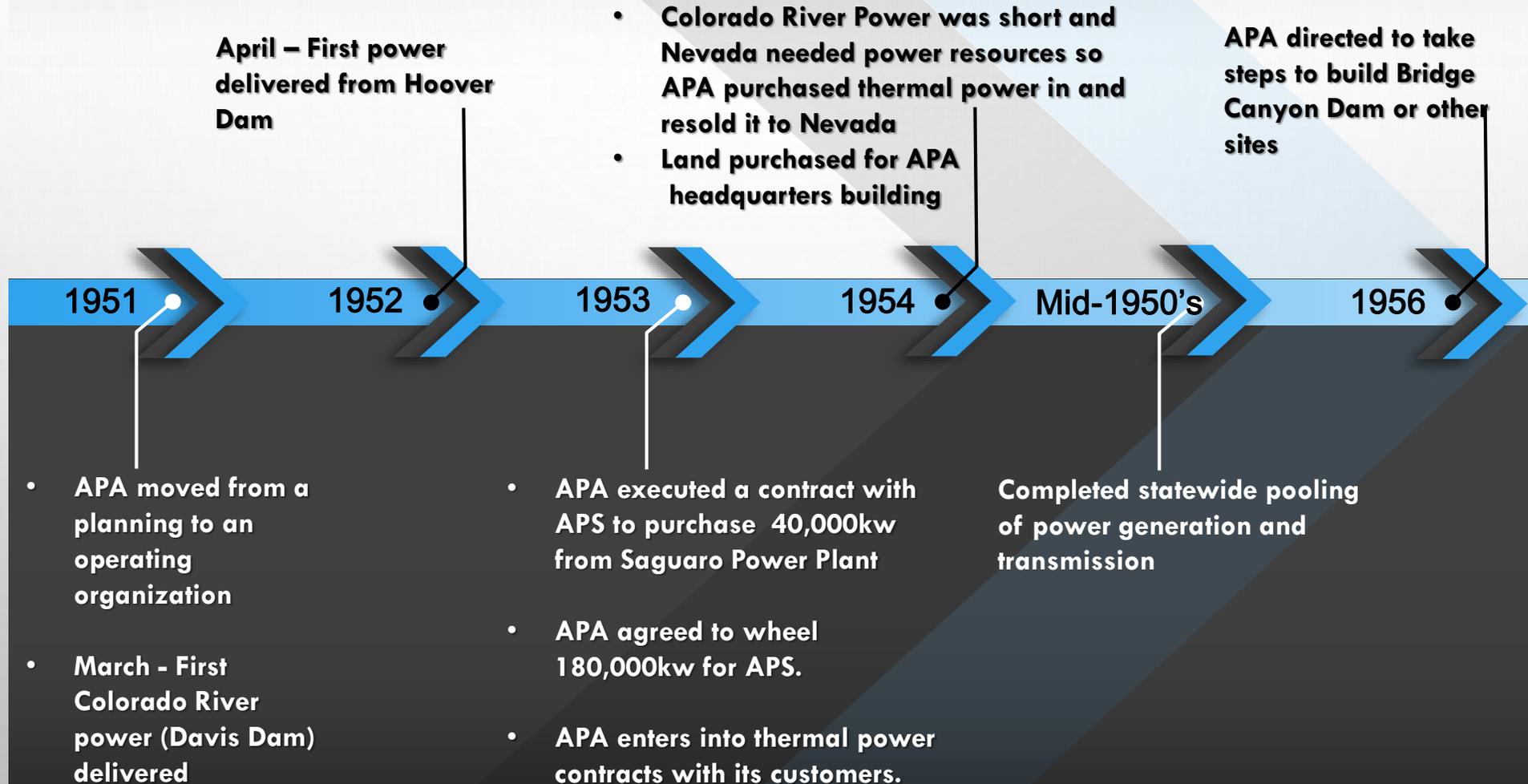
CY 2000 STRATEGIC SESSION CONCLUSIONS (CONT.)

- THE AUTHORITY SHOULD EXPLORE THE OPPORTUNITIES FOR MAKING THE HOOVER RESOURCE MORE VALUABLE TO THE STATE AND ITS CUSTOMERS BY DISCUSSING THE SCHEDULING FUNCTION WITH OTHER UTILITIES IN LIGHT OF THE FACT THAT SALT RIVER PROJECT HAS INDICATED A REDUCED INTEREST IN FUNCTIONING AS A SCHEDULING AGENT.
- FOR THE TIME BEING, THE AUTHORITY SHOULD REMAIN AT APPROXIMATELY THE SAME SIZE AND PERFORM THE SAME FUNCTIONS IT HAS BEEN PERFORMING. HOWEVER, AS CHANGES OCCUR, NEW PROBLEMS AND OPPORTUNITIES WILL PRESENT THEMSELVES AND THE AUTHORITY MUST BE IN A POSITION TO REACT QUICKLY AND POSITIVELY TO THE CIRCUMSTANCES.
- THE AUTHORITY MIGHT CONSIDER A PROGRAM WHERE IT OFFERS RENEWABLE POWER (I.E., GREEN POWER) TO ITS CUSTOMERS.

APA **PAST**, PRESENT, AND FUTURE (APA HISTORY)

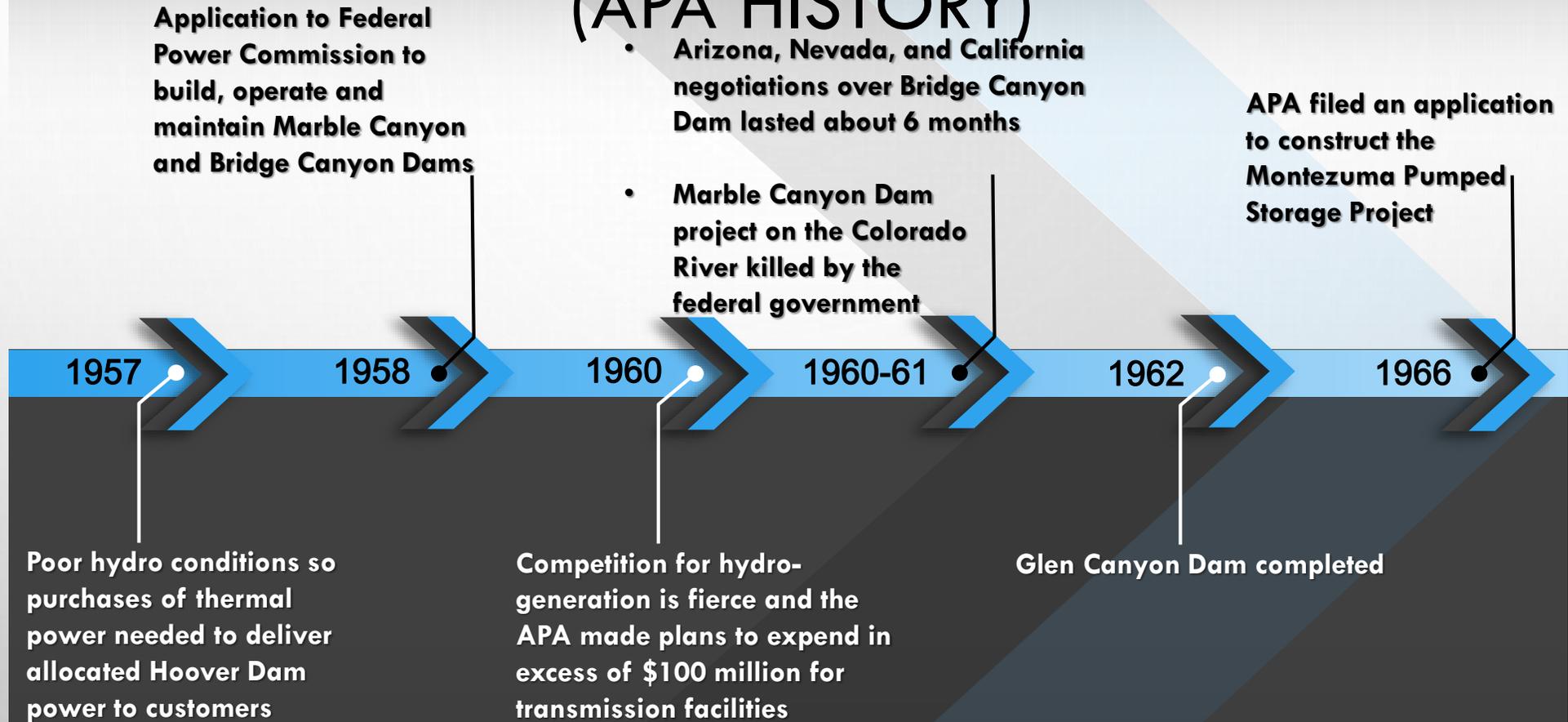


APA **PAST**, PRESENT, AND FUTURE (APA HISTORY)



APA **PAST**, PRESENT, AND FUTURE

(APA HISTORY)



APA PAST, **PRESENT**, AND FUTURE (WHERE ARE WE TODAY?)

- 2011 – LEGISLATION PASSED TO PROCEED WITH HOOVER POWER ALLOCATION
- 2012 – APA ALLOCATION PROCESS STARTED
- 2015 – JULY 19TH ALLOCATION PROCESS COMPLETED
- 2015 – JULY CONTRACT NEGOTIATIONS BEGAN
- 2016 – MAY CONTRACT NEGOTIATIONS COMPLETED
- 2016 – SEPTEMBER 16TH 50-YEAR CONTRACTS SIGNED BY APA AND CUSTOMERS

APA WHERE WE ARE “POWER OPERATIONS”

Rate Setting

Oversight of
Federal
Agencies

Budget
Development

Financial Audits

Bonds/Bond
Rating

Scheduling

Public/
Legislative

Hoover
Coordinating
Committee

Hoover E&OC
and TRC

Hoover Energy
Accounting

APA WHERE WE ARE “AGENCY ADMINISTRATION”

Personnel/HR

State/Federal
Reporting

Accounting

Information
Technology

Building
Management

Legal Issues

Commission
Support

Legal Support

Financial
Community
Relationships

Consultant
Management

Contract
Negotiations

Customer
Relations

APA WHERE WE NEED TO BE “POWER OPERATIONS”

Rate Setting	Oversight of Federal Agencies	Budget Development	Financial Audits	Bonds/Bond Rating
Scheduling	Public/Legislative	Hoover Coordinating Committee	Hoover E&OC and TRC	Hoover Energy Accounting
Staffing Add 4 Permanent	Enhance WAPA and USBR Interaction	Enhance Interaction with BA's	Future Resource and Firing Energy Decisions	Improve tracking of Hoover Power Usage
WECC, FERC, NERC, ACC, CREDA, State	E&OC Additional Interaction/Input			

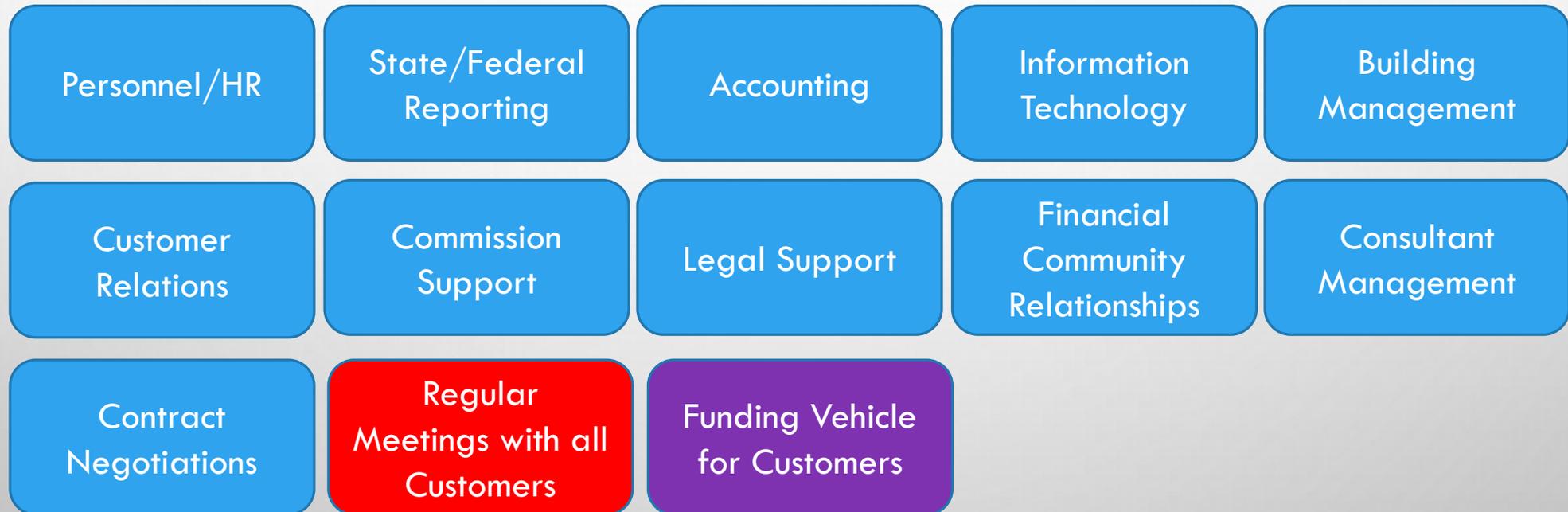
APA WHERE WE NEED TO BE “AGENCY ADMINISTRATION”



APA - WHERE WE COULD BE “POWER OPERATIONS”

Rate Setting	Oversight of Federal Agencies	Budget Development	Financial Audits	Bonds/Bond Rating
Scheduling	Public/Legislative	Hoover Coordinating Committee	Hoover E&OC and TRC	Hoover Energy Accounting
Staffing Add 4 Permanent	Enhance WAPA and USBR Interaction	Enhance Interaction with BA's	Future Resource and Firming Energy Decisions	Improve tracking of Hoover Power Usage
WECC, FERC, NERC, ACC, CREDA, State	E&OC Additional Interaction/Input	Enhanced Interaction with WAPA/USBR	Special Projects: Solar/Wind Storage	Provide Resource for the State of Arizona

APA WHERE WE COULD BE “AGENCY ADMINISTRATION”



AUTHORITY STRENGTHS

Geographically Diverse	50% of sales to investment grade customers	Engaged & Knowledgeable Governance	Experienced & Dedicated Staff	Regular Monthly Commission Meetings
Timely Rate Adjustment Authority	Experienced Customers	Low Cost Peaking Resource	Iconic, Must-run Power Facility	Reliable & Renewable Power Resource
High APA AA Bond Ratings	Low/Stable WAPA/USBR Cost Structure	Low APA Overhead	Excellent Relationships	Favorable Contracts Post-2017
Take or Pay Payment Structure	Permissive Bond Covenants			

AUTHORITY WEAKNESSES

Concentration in
Agriculture

Lower Credit
Quality of Some
Customers

Large Number
of New
Customers

Insufficient Staff
to Perform Some
Services

Reliance on
Interim
Management

Restrictive APA
Enabling
Legislation

E&OC
Representation

Control of BCP
Costs and
Control Lacking

Federal
Government
Controls

Clarity of Impact
of Drought

Customer Use of
Hoover as Non-
peaking

Drought will
Cause BCP Costs
to Increase

Post-2017
Transition Costs
to Customers

Loss of SRP
Scheduling Entity
Revenues

Summer Sales
Cause Cash Flow
Issues

Credit Analysis
Complicated

APA Limited
Liquidity
Resources

Low Debt
Service
Coverage

No Ability to
Buildup Retained
Earnings

Funding Through
Pay-As-You-Go
Power Rates

AUTHORITY OPPORTUNITIES

Enhance Use of Hoover

Assistance in Transmission & Ancillary Srvs

Integrate Hoover with Other Renewables

Enhance Customer Relationships

Deliver Valued Services to Customers

Improve Involvement in BCP Activities

Team with Others to Provide Services

Present Plans to Governor & Legislature

Study Options & Opportunities to Reduce Costs

Improve Power Operation Services

Improve Rating with Greater Debt Coverage

Investigate low/no Cost Liquidity Facility

Finance Projects versus pay-as-you-go

Clear take-or-Pay Payment Structure

AUTHORITY THREATS

Increasing BCP
Costs Compared
to Options

Authority Service
May Not Meet
Expectations

Post-2017
Workload May
Overwhelm Staff

Stakeholders
May Limit Ability
to Set Rates

External Political
Intervention

Continued
Reliance on
Interim Mgmt

Expansion of
E&OC Impact
Negative

Passage of
Legislation

Continuation of
Drought Impact
on Rates

E&OC Lack of
Consensus

Complicated
Customer Power
Scheduling

Drought
Negative Impact
on Rates

Year-end Cash
Flow Shortfall

Unexpected
Large Need for
Funding

Administrative
and Billing Issues

Potential Bond
Rating
Downgrade

APA 2016 STAFFING

- BOB JOHNSON, INTERIM EXECUTIVE DIRECTOR
- JOHN UNDERHILL, INTERIM DEPUTY DIRECTOR
- MARCIA KENNEDY, CONTRACTOR
- HEATHER COLE, EXECUTIVE SECRETARY
- ABEL GUNN, SENIOR ACCOUNTANT
- GARY KERN, FINANCIAL ADMINISTRATOR/HUMAN RESOURCES DIRECTOR
- LINDA SULLIVAN, SENIOR RATE ANALYST
- ROBERT NIETO, IT MANAGER

Executive Director (11 Total)

Executive Assistant (1)

- Executive Sec
- Assist APA Staff
- Notary
- Reception

Deputy Director (1)

Legal (2)

IT (1)

Power Operations (2)

Contract Mgmt & Cust. Relations (1)

Admin & Finance (2)

- Data Bases
- Communication
- Monitor
- Tech Support
- APA Website

- Planning
- Budget
- Hoover Gen Tracking
- E&OC Support
- Approve Dam & Transmission Work
- Supplemental Energy
- Power Accounting

- Maintain Contracts
- Customer Liaison
- Schedule Mtgs:
 - Customers
 - Legislatures
 - ACC Staff
- Commissioner Mtgs
- Customer Allocation/Entitlement

- Budgets
- Commission Mtgs
- Records Mgmt
- Personnel/HR
- Finances/Accounting
- Audits
- Liaison to Agencies
- Annual Report

IT

Buy/Sell Supplemental

Legal Issues

Billing/Financing

Power Development

Rate Setting

Customer Relations

Audits

Legislature

FERC, NERC, WECC, ACC

Contract Administration

Bonds

BASIC CONCLUSIONS

1. IMMEDIATELY BEGIN THE PROCESS TO LOCATE AND HIRE AN APA EXECUTIVE DIRECTOR
2. BEGIN THE PROCESS TO FILL TWO POSITIONS
3. CONSIDER REGULAR EDUCATIONAL MEETINGS WITH ARIZONA LEGISLATORS
4. SCHEDULE AN EDUCATIONAL PROGRAM WITH DAVE SLICK (SRP) TO LEARN ABOUT ENERGY RESOURCE MANAGEMENT
5. DEVELOP A SURVEY FOR APA CUSTOMERS TO LEARN EXACTLY WHAT THEIR PLANS ARE FOR THE USE OF THE THREE R'S (REGULATION, RAMPING, AND RESERVES), ESPECIALLY NOTE WHETHER OR NOT THE DYNAMIC SIGNAL WILL BE AVAILABLE FOR USE BY THE APA
6. BEGIN THE PROCESS TO IDENTIFY A SCHEDULING COORDINATOR(S) FOR POST-2017

BUCKET 1 (NOW)

- ITEMS TO COMPLETE QUICKLY
 - LOCATE AND HIRE AN EXECUTIVE DIRECTOR
 - LOCATE AND HIRE ANOTHER RATE ANALYST (LINDA 2)
 - LOCATE BACK-UP FOR COMPUTERS/PHONE/IT (ROBERT)
 - DEVELOP AND CIRCULATE A SURVEY TO DETERMINE HOW CUSTOMERS INTEND TO USE THEIR ALLOCATED THREE R'S
 - SCHEDULE A MEETING WITH CUSTOMERS TO DISCUSS THE THREE R'S AND FUTURE PLANS
 - PREPARE MATERIAL FOR RATING AGENCIES (JANUARY MEETINGS)
 - BEGIN PROCESS OF IMPROVING FINANCIAL RESERVES UNTIL LATER IN SUMMER
 - LOOK FOR "CANNED" SOFTWARE TO HANDLE APA SCHEDULING ALL THE WAY TO BILLING VERSUS WRITING THE SOFTWARE IN HOUSE
 - PREPARE A PRESENTATION COVERING THE RESULTS OF THE OFF-SITE PLANNING SESSION AT HOOVER DAM
 - PRESENT TO VARIOUS ORGANIZATIONS
 - PRESENT TO APA COMMISSIONERS

BUCKET 2 (PRIOR TO OCTOBER 1, 2017)

- ITEMS TO COMPLETE BY OCTOBER 1, 2017
 - LOCATE AND HIRE A DEPUTY DIRECTOR
 - CONSIDER HIRING A CUSTOMER LIAISON AND CONTRACT SPECIALIST
 - ESTABLISH PARTICIPATION IN A CUSTOMER CONSULTATION COMMITTEE
 - DEVELOP A REGULAR PROGRAM TO EDUCATE LEGISLATORS ABOUT APA
 - EITHER WRITE OR LOCATE SOFTWARE PACKAGES NEEDED TO SCHEDULE AND BILL FOR HOOVER POWER WITH 63 CUSTOMERS
 - IMPLEMENT SUGGESTIONS AS APPROPRIATE FROM THE AG PERFORMANCE AUDIT
 - SCHEDULE A TRAINING SESSION WITH DAVE SLICK COVERING ENERGY RESOURCE MANAGEMENT
 - COMPLETE AN AGREEMENT(S) FOR THE NEW APA SCHEDULING ENTITY
 - COMPLETE PLANS FOR THE IMPLEMENTATION OF DYNAMIC SIGNALS TO WAPA
 - ENHANCE THE APA WEBSITE (CUSTOMER SPECIFIC ACCESS)

BUCKET 3 (LONG TERM 1-5 YEARS)

- ITEMS BEYOND OCTOBER 1, 2017
 - CONSIDER FINANCING OPPORTUNITIES
 - LOOK TO OTHER ORGANIZATIONS TO PARTNER FOR RENEWABLE POWER OPPORTUNITIES

RECOMMENDED APA ACTIVITIES

STAFFING

- HIRE AN EXECUTIVE DIRECTOR
- HIRE A DEPUTY DIRECTOR
- HIRE A POWER OPS ANALYST
- PROVIDE IT BACKUP
- ADD A CUSTOMER LIAISON AND CONTRACT SPECIALIST POSITION
- STABILIZE THE APA WORKFORCE
- EMPHASIZE OPERATIONAL EXCELLENCE
- STAFF AT LEVELS COMMENSURATE WITH SERVICE EXPECTATIONS
- COMPLETE WORK WITH STAFF AND MINIMIZE USE OF CONSULTANTS
- SEEK TECHNOLOGY TO IMPROVE APA STAFF EFFICIENCY
- SUPPORT STAFF DEVELOPMENT AND KNOWLEDGE BASE

POWER OPERATIONS

- LOOK FOR OPPORTUNITIES TO EXPAND THE ENERGY BUSINESS KNOWLEDGE BASE OF THE APA
- EXPLORE WAYS TO PROVIDE FIRING ENERGY, TRANSMISSION, AND OTHER SCHEDULING SERVICES
- ANALYSE HOOVER INCREMENTAL COSTS FOR POWER GENERATION
- OVERVIEW OF USBR AND WAPA HOOVER-RELATED ACTIVITIES, WORK PLANS, AND BUDGET
- EMPHASIZE OPERATIONAL EXCELLENCE
- KNOW AND UNDERSTAND GRID OPERATING REQUIREMENTS
- MONITOR GRID MARKETS AND MOVEMENT TOWARD CENTRALIZED OPERATIONS
- NEGOTIATE CONTRACTS FOR SUPPLEMENTAL POWER
- NEGOTIATE CONTRACT FOR A SCHEDULING ENTITY(IES)
- DETERMINE DISPOSITION OF THE HOOVER DYNAMIC SIGNAL
- DEVELOP SCHEDULING AND ACCOUNTING SOFTWARE

BUDGET/ FINANCING

- ESTABLISH LOW/NO COST LIQUIDITY RESOURCE
- UPGRADE THE APA CORPORATE FINANCIAL MODEL
- CREATE A RATE STABILIZATION FUND TO IMPROVE FINANCIAL RESERVES
- DEVELOP A PLAN FOR HOOVER BUDGET REDUCTIONS
- EXPLORE SETTING UP A CUSTOMER FUNDING VEHICLE
- EXPLORE FINANCING INSTEAD OF PAY-AS-YOU-GO RATE INCREASES
- ANALYZE FUTURE HOOVER CAPITAL NEEDS, CONSIDER FINANCING WITH LOW RATES
- MINIMIZE COSTS

AGENCY SUPPORT

- CREATE CUSTOMER LOAN FACILITY
- ASSIST CUSTOMERS IN HOOVER POWER DELIVERY
- PROVIDE TECHNICAL SUPPORT TO CUSTOMERS AND OTHER AGENCIES AS REQUESTED
- RESPOND TO REQUESTS FOR ASSISTANCE
- ASSIST CUSTOMERS IN EFFORTS TO CONSTRUCT RENEWABLE PROJECTS

APA OUTREACH

- SEEK VALUE ADDED ACTIVITIES
- CONSIDER REGULAR EDUCATIONAL MEETINGS WITH ARIZONA LEGISLATORS
- BUILD CONSTRUCTIVE RELATIONSHIPS WITH CUSTOMERS
- SEEK INSTITUTIONAL PARTNERSHIP ACTIVITIES
- PREPARE A SURVEY TO DETERMINE EACH CUSTOMERS PLANNED USE OF THE 3 R'S
- SCHEDULE A CUSTOMER MEETING TO DISCUSS THE DYNAMIC SIGNAL AND 3 R'S
- SCHEDULE AN EDUCATIONAL MEETING WITH SRP ON ELECTRIC MARKETS
- ENHANCE THE APA WEBSITE

CONTRACT ADMINISTRATION

- MAINTAIN RECORD FOR ALL APA CONTRACTS AND AGREEMENTS
- ADMINISTRATION OF 63 CONTRACTS
- ADMINISTRATION OF WAPA CONTRACT/RESTATED AGREEMENT

Arizona Power Authority



Strategic Planning Meeting

September 20 - 21, 2016



Appendix F: Letter from Fennemore Craig

FENNEMORE CRAIG, P.C.

2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016-3429
(602) 916-5000

Patrick J. Black
Direct Phone: (602) 916-5400
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November 9, 2016

Kevin Davidson, Planning Director
Hualapai Tribe
P.O. Box 179/887 W. Highway 66
Peach Springs, Arizona 86434

**Re: Attorney Fees: Hualapai Tribal Utility Authority
Cost Estimate for 2016**

Dear Mr. Davidson:

I am providing this letter response to your inquiry concerning projected legal fees for the Hualapai Tribal Utility Authority (“HTUA”) in 2017. As you are aware, the HTUA spent much of 2016 obtaining the necessary authority from the Tribal Council and Tribal members to move forward with the interconnection project designed to bring electricity to the Grand Canyon West (GCW) facility. In addition, the HTUA worked to secure federal power allotments from both the Western Area Power Administration and the Arizona Power Authority for delivery in 2017.

Much of 2017 will be spent negotiating the necessary contracts with UniSource Electric, Inc. (UNSE) and other entities to build, operate and secure wheeling agreements that will deliver power to GCW via a 20.8kV distribution line owed by the HTUA, and connected to UNSE’s transmission system for the import – and potential export – of electricity.

We anticipate spending approximate 15-20 hours per month supporting the HTUA activities, which include: (i) participating in all HTUA Board meetings; (ii) securing the necessary Tribal member votes to enable the HTUA to contract with 3rd party vendors; (iii) finalizing federal power contracts with WAPA and the APA, (iv) negotiating various supply and wheeling agreements to power operations and GCW; and (v) assisting in the loan application through the USDA’s RUS loan program.

Darcy Elgin, an associate with our firm, and myself will be primarily responsible for handling energy-related matters on behalf of the HTUA. Based on our hourly rates, we estimate that legal fees for 2017 will run approximately between **\$60,000 to \$90,000** dollars. By way of comparison, we have billed the HTUA approximately \$65,000 through October 2016. As

FENNEMORE CRAIG, P.C.

Page 2

always, we will endeavor to ensure that the HTUA continues to receive value for our services, and continue to write down fees as appropriate.

Should you have any questions or would like to discuss this matter further, please do not hesitate to contact me at your convenience. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to be 'PJ Black', followed by a long horizontal flourish line extending to the right.

Patrick J. Black

FENNEMORE CRAIG, P.C.

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November 22, 2016

Hualapai Tribe
Phillip Wisely
P.O. Box 179
941 Hualapai Way
Peach Springs, AZ 86434

Re: Legal Services Rates in 2017

Dear Mr. Wisely:

We appreciate the opportunity to work with Hualapai Tribe, and we look forward to continuing to serve Hualapai Tribe in 2017.

The rules governing the practice of law require us to notify you in advance of changes to our standard hourly rates. Recognizing the immense pressures put on our valued clients as a result of the continuing tepid economic recovery, our standard billing rates for 2017 will remain unchanged from 2016 for the attorneys and other professional personnel working on your matters.

Thank you for the opportunity to serve you. Sincere wishes for a wonderful holiday season and a great New Year.

Sincerely,



Patrick J. Black

/wmm

c: Kevin Davidson (via email)