

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:

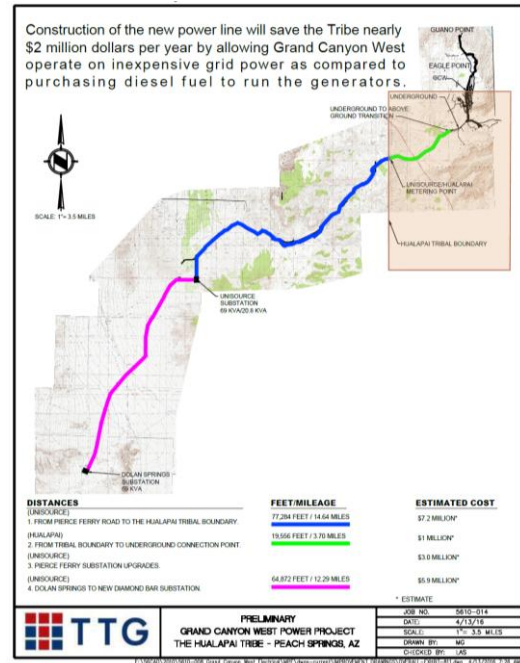
- The Hualapai Tribal Council created the Hualapai Tribal Utility Authority in 2014 to develop utilities important to the economic development of the Hualapai Tribe.
- The purpose of the HTUA is to provide electric power service, water service, and sewage service at certain locations within the Hualapai 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

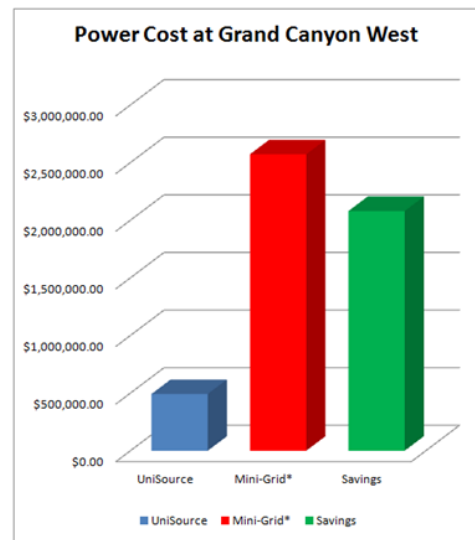
Objective 1: Lower electric costs at Grand Canyon West

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.



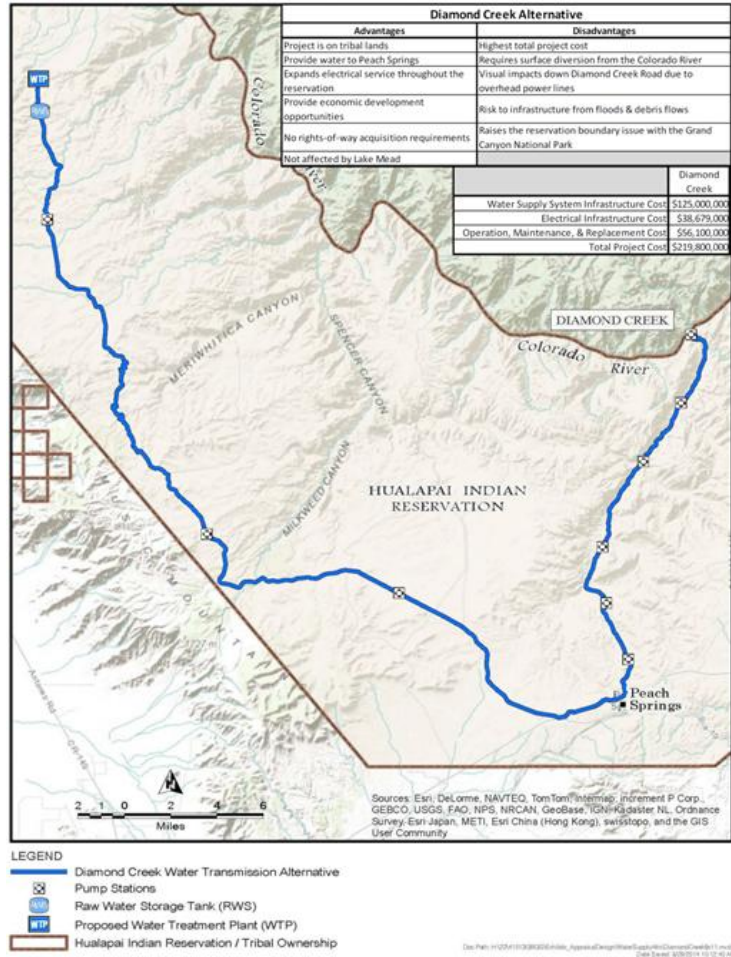
Objective 3: Self-determination and Support for Peach Springs Electric Customers

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