MINUTES OF THE REGULAR MEETING AND EXECUTIVE SESSION
HELD ON MAY 19, 2015

PRESENT:  Stephen M. Brophy, Chairman
           Joe A. Albo, Vice-Chairman
           Dalton H. Cole, Commissioner (telephonically)
           Russell L. Jones, Commissioner

STAFF:   Marcia Kennedy, Acting Executive Director, Financial Administrator, Human
          Resource Director
          Gary Kern, Senior Administrative Manager
          Robert Nieto, IT Manager
          Linda Sullivan, Senior Rates Analyst
          Julie Denham, Executive Assistant
          Michael McVey, Interim Legal Counsel
          Stuart Somach, Consulting Legal Counsel

OTHER:   Will Barnow, GCSECA
          Fritz Beeson, Salt River Project
          Michael Block, Metropolitan Water District
          Richard Darnall, Utilities Resource Services, Inc.
          Dennis Delaney, K.R. Saline & Associates
          Ed Gerak, Buckeye Water CDD
          Morgan Holmes, MVZDD
          R.D. Justice, Electrical District #7
          Dawn Lee, CAWCD
          Richard Lehman, Salt River Project
          Sam Lofland, Riley, Carlock & Applewhite
          Robert S Lynch, I.E.D.A.
          Doug Milligan, Salt River Project
          Jason Moyes, Moyes Sellers & Hendricks
          Jay Moyes, Moyes Sellers & Hendricks
          Evelyn Magnusson, Guest
          Wade Noble, Welton-Mohawk IDD
          Paul Orme, Electrical Districts #3, #4, #5
          Ken Robbins, Electrical District #2
          Stephen Rot, City of Scottsdale
          Ken Saline, K.R. Saline & Associates
          John Scremin, Roosevelt Water Conservation District
CALL TO ORDER: The meeting was called to order at 9:30 a.m. at the Arizona Power Authority meeting room by Chairman Stephen Brophy. The Pledge of Allegiance was recited. Quorum was established. All Commissioners were present, except Commissioner Richard Walden, who was excused.

EXECUTIVE SESSION:
- Chairman Stephen Brophy asked for a motion to go into Executive Session, to discuss or consult with its legal counsel for legal advice on issues related to or arising from discussion regarding the status of the search to fill the position of Interim Acting Executive Director on an interim basis, the identification of possible candidates for that position, and possible interview of one or more candidates for the position of Acting Executive Director.

- **Motion**: To go into Executive Session was made by Commissioner Russell Jones and seconded by Commissioner Joe Albo.
- **Vote**: Unanimous.
- **Resolved**: Approved as stated above and entered into the Commission records.

➤ The Commission recessed to go into Executive Session at 9.34 a.m.
➤ The Commission reconvened to Open Session at 10:54 a.m.

MOTIONS ON ITEMS DISCUSSED IN EXECUTIVE SESSION:
- **Motion**: That the Commission hire Robert Johnson as Acting Executive Director on an interim basis effective immediately, with the details of the contract and scope of work to be determined at the next Commission meeting was made by Commissioner Russell Jones and seconded by Vice Chairman Joe Albo.
- **Vote**: Unanimous.
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- **Resolved:** Approved as stated above and entered into the Commission records.

**APPROVAL OF MINUTES:**

- **Motion:** To approve the minutes from the Regular Commission meeting of November 10, 2014, was made by Commissioner Russell Jones and seconded by Commissioner Dalton Cole. There was no discussion.  
  - **Vote:** Unanimous vote.  
  - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

- **Motion:** To approve the minutes from the Special Commission meeting and the Executive Session of March 3, 2015, was made by Commissioner Russell Jones and seconded by Commissioner Dalton Cole. There was no discussion.  
  - **Vote:** Unanimous vote.  
  - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

- **Motion:** To approve the minutes from the Regular Commission meeting and the Executive Session of March 17, 2015, was made by Vice Chairman Joe Albo, and seconded by Commissioner Russell Jones. There was no discussion.  
  - **Vote:** Unanimous vote.  
  - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

- **Motion:** To approve the minutes from the Special Commission meeting and the Executive Session of March 20, 2015, was made by Vice Chairman Joe Albo, and seconded by Commissioner Russell Jones. There was no discussion.  
  - **Vote:** Unanimous vote.  
  - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

- **Motion:** To approve the minutes from the Regular Commission meeting and the Executive Session of April 21, 2015, was made by Commissioner Russell Jones and seconded by Vice Chairman Joe Albo. There was no discussion.  
  - **Vote:** Unanimous vote.  
  - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

- **Motion:** To approve the minutes from the Special Commission meeting and the Executive Session of April 28, 2015, was made by Vice Chairman Joe Albo, and seconded by Commissioner Russell Jones. There was no discussion.  
  - **Vote:** Unanimous vote.
Resolved: Approved as stated above and the written documents are entered into the Commission records.

REPORTS/PRESENTATIONS:

- Financial report given by Marcia Kennedy, Financial Administrator. APA Fund Claim #558 and Hoover Operations Fund Claims #9087 - 9137 for the period April 1, 2015 through April 30, 2015 were presented. No discussion.
  - Motion: To approve the APA Fund Claim #558 and Hoover Operations Fund Claims #558 through #9087 - 9137 as presented was made by Vice Chairman Joe Albo and seconded by Commissioner Russell Jones.
  - Vote: Unanimous.
  - Resolved: Approved as stated above and the written documents are entered into the Commission records.

- Senior Rates Analyst, Linda Sullivan, presented the Monthly Operations report which included information on precipitation and its effect on reservoir levels. The inflow forecast went down about 20% from last month, due to less snowfall than expected. We had abundant precipitation in May, but that occurred too late to impact the forecast. A decrease in water releases is impacting the capacity, resulting in a decrease in the forecast from the current water level at Mead of 1075 feet to 1054. The decrease will impact the projected 2016 capacity.

- The Acting Executive Director reported on the Arizona Power Authority activities, including meetings attended during the month by APA staff.

- Acting Legal Counsel, Mike McVey, reviewed the issue of whether records provided by Western to APA with a request for confidentiality not be disclosed, pursuant to the public records laws of the state of Arizona. The answer is that the Commission does have the authority to withhold information provided by Western as critical infrastructure information leading the commission to be concerned about whether transmission stations or dams or anything else the commission deals with may be subject to sabotage or terrorism, those matters are not public records and may be protected from public disclosure pursuant to A.R.S. 39-126, Arizona’s Public Records statute. Additionally, under A.R.S. 41-1803 (G), all key resource information is subject to Title 39 and is protected under Title 41, as well. This does not address the issue Mr. Lynch presented during the last Commission meeting, of whether the Federal government could protect its own critical infrastructure information consistent with to the Freedom of Information Act.
A second matter on the agenda is the issue of re-ratification of the Somach, Simmons & Dunn contract. Originally, on March 17, 2015, the Commission had approved a new scope of work and fee agreement with the law firm, and on April 21, 2015, ratified that decision. Mr. McVey’s concern was that the Agenda for the April 21, 2015 meeting did not clearly indicate the Commission intended to ratify a previous action, nor was it otherwise compliant with ARS § 38-431.05.

Mr. McVey also reported that Vice-Chairman Albo and Mr. McVey will work together on the Scope of Work for the Acting General Counsel. Therefore, Mr. McVey’s recommendation is to table the approval of that Scope of Work and Contract.

- At Chairman Stephen Brophy’s request, Stuart Somach reported on the progress of the Post-2017 Hoover Power Allocation Process.
- The Financial Administrator, Marcia Kennedy, and the Administrative Manager, Gary Kern, gave an update on the Audit Firm search for the Boulder Canyon Project Reclamation Closeout Audit.
- Business Items:
  - The Financial Administrator reported on the progress of an updated Computer Back-up Procedure. The search for computer hardware is in progress, and an update on the recommendation will be given at the June Commission meeting.
    i. Resolution No 15-16 was presented and reviewed.
    ii. The Retention and general release contract with former APA General Counsel, Doug Fant, was reviewed by the Commission.
    iii. The Retention and scope of work agreement with Michael McVey was tabled until the June Commission meeting, pending completion of the agreement.
    iv. The lease of the new copier was presented and reviewed by the Commission. The recommendation to return the copier was accepted by the Commission.
    v. Expenses related to the Computer Back-up Procedure was tabled by the Commission.
    vi. The FY2015 and OY2015 Audit Services Contract with CliftonLarsonAllen was reviewed by the Commission.
  - **Motion:** To approve Business Items i, ii, and vi was made by Vice Chairman Joe Albo, and seconded by Commissioner Russell Jones. There was no discussion.
  - **Vote:** Unanimous vote.
  - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

- Acting Legal Counsel, Mike McVey, presented the Ratification of Contract with Somach, Simmons & Dunn.
  - **Motion:** To ratify the actions taken on March 17, 2015 regarding the Contract with Somach, Simmons & Dunn was made by Vice Chairman Joe Albo, and seconded by Commissioner Russell Jones. There was no discussion.
  - **Vote:** Unanimous vote.
Resolved: Approved as stated above and the written documents are entered into the Commission records.

COMMISSIONERS’ COMMENTS:
There were none.

VISITORS’ COMMENTS:
There were none.

ADJOURNMENT:
There being no further business to come before the Commission, Chairman Stephen Brophy adjourned the meeting at 11:23 p.m.

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Chairman

ATTEST:

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Acting Executive Secretary

NOTE: A recording of the May 19, 2015 Arizona Power Authority Commission meeting may be heard at the office of the Arizona Power Authority during normal business hours. Please contact the Arizona Power Authority Executive Secretary at 602-368-4265.