



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting

September 8, 2016

Best Western Plus Landing Hotel
Ketchikan, Alaska

(An audio recording of this meeting is available on SEAPA's website at www.seapahydro.org)

1) Call to Order

A. *Roll Call.* Chairman John Jensen called the meeting to order at 9:00 a.m. AKDT on September 8, 2016. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Lew Williams ¹	Andy Donato	Swan Lake	Ketchikan
Judy Zenge	Charles Freeman	Swan Lake	Ketchikan
Joe Nelson	Mark Jensen	Tyee Lake	Petersburg
John Jensen		Tyee Lake	Petersburg
Stephen Prysunka	Clay Hammer	Tyee Lake	Wrangell

The following SEAPA staff/counsel were present for all or part of the meeting:

- | | |
|--|--|
| Trey Acteson, Chief Executive Officer | Eric Wolfe, Director of Special Projects |
| Kay Key, Controller | Ed Schofield, Power System Specialist |
| Sharon Thompson, Executive Assistant | Lisa Maddocks, Administrative Assistant |
| Joel Paisner, Ascent Law Partners, LLC | |

B. *Communications/Lay on the Table Items* – None.

C. *Disclosure of Conflicts of Interest* – None.

2) Approval of the Agenda

➤ <i>Motion</i>	M/S (Nelson/Prysunka) to amend the agenda to add a new Item E for an evaluation of the CEO under New Business and renumber the remaining agenda items accordingly. Mr. Acteson clarified that although an evaluation is not listed on the agenda, the memo regarding an executive session included discussion of an evaluation of the CEO. It was determined the topic could be discussed in both venues. Motion approved unanimously by polled vote.	Action 17-527
➤ <i>Motion</i>	M/S (Nelson/Prysunka) to approve the agenda, as amended. Motion approved unanimously by polled vote.	Action 17-528

¹ Mr. Williams was not present at the time the roll was called but did join the meeting at 9:10 a.m.

3) **Persons to be Heard – None.**

4) **Review and Approve Minutes**

➤ Motion	M/S (Donato/Prysunka) to approve the Minutes of the Regular Meeting of April 28, 2016. Motion approved unanimously by polled vote.	Action 17-529
-----------------	--	------------------

5) **Financial Reports**

(A)-(H) Mr. Acteson reported that SEAPA's financial position is stable. He reviewed the Agency's revenue and expenses, grants, renewal and replacement projects, and discussed a billing from the State of Alaska that was double the amount anticipated for Wrangell's PERS unfunded liability associated with employees that joined SEAPA following SEAPA's assumption of operations at Tyee. Staff was directed to review the agreement with PERS on whether SEAPA is responsible for payment of all employees that were at Tyee prior to SEAPA's assumption of the O&M or just specific employees. Following the discussion, the Chairman requested a motion on the financial statements.

➤ Motion	M/S (Williams/Zenge) to approve the financial statements for the months of May, June, and July 2016. Motion approved unanimously by polled vote.	Action 17-530
-----------------	--	------------------

➤ Motion	M/S (Williams/Prysunka) to approve disbursements for the months of June, July, and August 2016 in the amount of \$4,769,784.27. Motion approved unanimously by polled vote.	Action 17-531
-----------------	---	------------------

6) **CEO Report**

Mr. Acteson announced the leadership changes that had taken place at the Alaska Energy Authority (AEA) and advised that given the dismal fiscal climate in the State, that the AEA would not be issuing a Renewable Energy Fund request for applications for Round 10. He had the opportunity to discuss SEAPA's future challenges and ongoing legislation with Senators Murkowski and Stedman, and financing mechanisms with Senator Murkowski's chief of staff. He provided updates on SB 2012, FERC's land use fee increase, the Tongass Forest Plan amendment, and reported that the Department of Energy issued a comprehensive report in how hydropower is viewed at the federal level and advised that the report coincides with other legislative initiatives that may benefit the hydro industry. Mr. Acteson reviewed public relations activities that had taken place and provided the highlights of an insurance conference he had attended. He closed his report with updates on legal counsel items and best practices and process improvements. He advised that staff is rewriting SEAPA's Employee Handbook. He also advised that he would be presenting a staffing review and succession plan to the board during the executive session in an effort to proactively address anticipated employee attrition.

The meeting recessed at 10:34 a.m. and reconvened at 10:55 a.m.

7) **Staff Reports**

A. Operations Manager Report (Steve Henson). Mr. Wolfe reported on behalf of Mr. Henson, who was absent from the meeting. He provided a brief summary of several projects noting the Roof and Siding Project on the Tyee crew housing was complete, bids were received on the Marker Balls Project which he noted will be discussed under New Business in the agenda, work will be ongoing for the Satellite Communications System over the next few weeks, that SEAPA had retained a contractor for the

engineering and design phase of the CTs-Relay Wrangell Circuit Switcher, and that the STI Helipad Project is complete. He also provided an update on Tye Lake and Swan Lake activities.

B. Director of Special Projects (Wolfe). Mr. Wolfe opened his report with a PowerPoint presentation focused on the Swan Lake Reservoir Expansion Project. He showed several photographs of the project's activities and recapped the schedule from when the model testing was done in April 2015 to the present, noting that building the center pier is the critical path to the finish line. He noted that if the vertical gate is installed in the next three weeks that civil construction will be almost complete. He displayed a graph showing water levels at the dam from 2013 to the present explaining where the levels are today, past levels, and what SEAPA's goal is as it moves forward with the project.

C. Power System Specialist Report (Schofield). Mr. Schofield reported that Swan Lake's debris boom failed in 2015 and that following issuance of a Request for Proposals, bids were received for a new boom system, which would be discussed under New Business in the Agenda. Mr. Schofield updated the board on FERC-related activities and explained that most of his time had been spent on the Swan Lake Reservoir Expansion Project. He noted that FERC inspected the Swan Lake project on July 26 and no items of concern were reported following the inspection. He advised that the State's Logging Plan, which was one of FERC's license amendment conditions, had been submitted to FERC and that final approval can be granted once FERC receives a settlement agreement between SEAPA and the Forest Service for the estimated value of the standing timber. Mr. Schofield discussed the various efforts involved in management of the rare and invasive plants at Swan Lake and noted the several photographs of the plant species in his board packet report. He closed his report recapping the events of the failure of the first Load Bank at Swan Lake and the efforts involved in getting a new Load Bank to help control the water levels for the project.

The meeting recessed at 11:52 a.m. for lunch and reconvened at 1:00 p.m.

8) New Business

- A. *Consideration, and Approval of Contract Award for Tye Lake Transmission Line Marker Ball Replacement Project.*

Chairman Jensen requested a motion on the project.

➤ Motion	M/S (Prysunka/Zenge) to enter into a contract with Northern Powerline Constructors, Inc. for SEAPA's R&R Project 265-16 for the Tye Lake Transmission Line Marker Ball Replacement Project for the not-to-exceed value of \$588,650.50. Following discussion, the motion was unanimously approved by a polled vote.	Action 17-532
-----------------	---	------------------

- B. *Consideration and Approval of Contract Award for Swan Lake Reservoir Expansion Debris Boom Project.*

Following distribution of a handout on the debris boom project, Chairman Jensen noted there were two suggested motions related to the project in the handout and requested a motion accordingly.

➤ Motion	M/S (Prysunka/Williams) to designate the Swan Lake Debris Boom Project as a new Replacement and Renewal (R&R) Project in SEAPA's FY2017 R&R Budget and authorize \$284,000 funding for the project, and also to authorize staff to enter into a Purchase Order Contract with Worthington Products, Inc. for SEAPA's Swan Lake Debris Boom Project	Action 17-533
-----------------	---	------------------

for the not-to-exceed value of \$172,648. Following discussion of the project by Mr. Acteson and an explanation of an appeal that had been received, the motion was approved unanimously by polled vote.

C. *Review of Employee Benefits Plan FY17 Renewal Rates*

Chairman Jensen requested a motion.

➤ **Motion**

M/S (Williams/Zenge) to renew NRECA employee group benefit plans as presented. Following a summary by Mr. Acteson of the plan presented in the board packet, the motion was approved unanimously by polled vote.

Action
17-534

D. *Surplus Power Sales Discussion*

Mr. Acteson explained that staff investigated the possibility of surplus power sales following encouragement from the board to seek ways to increase revenue. He gave an example scenario of sales and demonstrated benefits beyond generating more revenue that could be realized. He advised that after reaching out to all three communities on the matter, that Wrangell indicated they may have an interest. He recapped water management challenges that would be introduced as a result of these types of sales but also noted the opportunities realized if water conditions supported them. After fielding several questions from the board, Mr. Acteson encouraged the board to review sample agreements provided in the board packet and how they might apply to their respective communities.

E. *CEO Evaluation*

Staff was directed to provide various evaluation forms for the board's consideration for a follow-up evaluation of the CEO.

F. *Executive Session*

➤ **Motion**

M/S (Prysunka/Zenge) to recess into Executive Session to conduct further discussions relating to a review of the Agency's Tye Lake Hydroelectric Facility, an Annual Evaluation of SEAPA's Chief Executive Officer, succession planning, and grant related matters regarding the Kake-Petersburg Intertie. The Executive Session will be conducted pursuant to SEAPA's Bylaws which are consistent with Alaska Statute 44.62.310 as the discussions may include matters the immediate knowledge of which would clearly have an adverse impact upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board, subjects that tend to prejudice the reputation and character of any person, and matters discussed with an attorney retained by the Board, the immediate knowledge of which could have an adverse effect on the legal position of the Agency. Motion approved unanimously by polled vote.

Action
17-535

The meeting recessed at 2:08 p.m. for the executive session and reconvened into regular session at 4:42 p.m.

G. *Board Meeting Dates* – Mr. Acteson explained various options available for the remainder of calendar year 2016 for board meetings since the meeting that was scheduled for August was being held in September instead. Following discussion, the board determined that its next regular meeting would be held on December 13-14, 2016 in Wrangell and that a special board meeting may need to be requested by staff prior to the December meeting for any business considerations that may arise.

9) **Director Comments** – Directors provided brief comments.

10) **Adjourn**

Chairman Jensen adjourned the meeting at 5:00 p.m.