



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting
March 3-4, 2014

The Elks Lodge | Petersburg, Alaska

(An audio recording of these minutes are available on SEAPA's website at www.seapahydro.org)

1) Call to Order

A. *Roll Call.* Chairman Sivertsen called the meeting to order at 9:45 a.m. AKST on March 3, 2014. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Bob Sivertsen	Andy Donato	Swan Lake	Ketchikan
Lew Williams, III	Charles Freeman	Swan Lake	Ketchikan
Joe Nelson	John Jensen	Tyee Lake	Petersburg
Brian Ashton	Clay Hammer	Tyee Lake	Wrangell
Christie Jamieson		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
Steve Henson, Operations Manager	Kay Key, Controller
Sharon Thompson, Executive Assistant	Joel Paisner, Ater Wynne
Rachel Guyselman, Administrative Assistant	

B. *Communications* – none.

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

D. *Introduction of New Board Members* – new board members Lew Williams, III, and Christie Jamieson were introduced. New board member, Don McConachie, was absent.

The meeting recessed at 9:58 a.m. and reconvened at 10:05 a.m.

2) Approval of the Agenda

> Motion	M/S (Nelson/Ashton) to approve Agenda, as amended, to include a discussion on Diesel Protocol under Old Business. There were no objections to the motion.	Action 14-287
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3) Election of Officers

A. *Chairman*

➤ Motion	M/S (Nelson/Williams) to nominate Bob Sivertsen as Chairman. Motion approved unanimously by polled vote.	Action 14-288
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B. *Vice Chairman*

➤ Motion	M/S (Nelson/Ashton) to nominate John Jensen as Vice Chairman. Motion approved unanimously by polled vote.	Action 14-289
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C. *Secretary-Treasurer*

➤ Motion	M/S (Freeman/Williams) to nominate Andy Donato as Secretary-Treasurer. Motion approved unanimously by polled vote.	Action 14-290
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4) **Persons to be Heard** - none.

5) **Introduction to SEAPA (Joel Paisner)** – Mr. Paisner presented a PowerPoint slide show for the benefit of new board members, which provided Agency orientation. The PowerPoint presentation is available on SEAPA’s website at www.seapahydo.org.

6) **Review and Approve Minutes**

➤ Motion	M/S (Jamieson/Ashton) to approve the Minutes of the Regular Meeting of December 17, 2013. Motion approved unanimously by polled vote.	Action 14-291
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7) **Financial Reports**

(A-F) Mr. Acteson provided an overview of his memo on finances provided in the board packet, and discussed a kWh graph, grant summary, November and December 2013 financial statements, and R&R reports.

➤ Motion	M/S (Williams/Jensen) to approve the Financial Reports for December 2013. Motion approved unanimously by polled vote.	Action 14-292
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➤ Motion	M/S (Williams/Nelson) to approve the Financial Reports for November 2013. Motion approved unanimously by polled vote.	Action 14-293
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(G) *Disbursement Approvals*

➤ Motion	M/S (Williams/Jamieson) to approve Disbursements for the months of December 2013 and January 2014 in the amount of \$1,731,179.00. Motion approved unanimously by polled vote.	Action 14-294
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8) **CEO Report** – Mr. Acteson highlighted his written report and discussed an Alaska Power Association meeting he had attended in Juneau, and provided updates on the Swan Lake Reservoir Expansion and Kake-Petersburg Intertie Projects. He reported that funding is still being actively pursued for the Swan Lake project and that although there was some political controversy after a visit by Governor Parnell to Ketchikan regarding hydro development concerns, that SEAPA worked quickly

to address the controversy with a written response to the Governor. He provided a copy of the letter in the board packet. He advised that formal resolutions of support from both Assemblies in Petersburg and Wrangell to proceed with a negotiated transition settlement for the operations and maintenance by SEAPA of the Tyee Hydroelectric Project were near concurrence by both communities. He reported that staff had met with KPU to advance the Whitman True-up Agreement and that it was currently being reviewed by legal counsel.

The meeting recessed at 12 noon for lunch, and reconvened at 1:09 p.m.

9) A. **Operations Manager Report (Steve Henson)** – Mr. Henson presented a slide show and provided an update on matters involving the Federal Energy and Regulatory Commission (FERC) and gave updates on the Wrangell Reactor, Satellite Communication System, Swan-Tyee Intertie Helipads, and other projects going out for bid. He reported that one operator from each of the plants will be sent to Colorado for an 8-day course on power plant operation and maintenance in early April. He advised that May Engineering Services, LLC had completed the first phase of SEAPA’s drawings project, and that the next phase involved reviewing drawings in the field to verify redlines and changes for further updates and reissuance. He reported on a consultant’s proposed approach for the permitting of helipad placements on Forest Service lands, and that two consultants had worked jointly on non-capacity amendments regarding land use fees charged by FERC to SEAPA each year.

The meeting recessed at 1:36 p.m. for projector set-up, and reconvened at 1:40 p.m.

B. **Director of Special Projects Report (Eric Wolfe, P.E.)** – Mr. Wolfe presented a slide show opening with updates on the SCADA and Swan Lake Dam Raise Projects, and discussed new SEAPA site planning and hydro site analysis. He reported that control work would occur on the Tyee Lake Cooling Water Conversion Project this spring. He explained upcoming work planned under the Department of Commerce, Community and Economic Development Grant and that staff met with Metlakatla on February 3rd with plans to issue an Annette Island report summarizing field investigations by the end of May 2014.

The meeting recessed at 3:22 p.m. and reconvened at 3:37 p.m.

Mr. Wolfe discussed water management and provided statistics on Swan Lake and Tyee Lake. He explained the reasons for staff’s request to amend the 2014 Operation’s Plan draft levels.

> Motion	M/S (Williams/Sivertsen) to approve an amendment to SEAPA’s 2014 Operations Plan that includes drafting Swan Lake to elevation 275 ft + 7 ft, -0 ft, and drafting Tyee Lake to 1265 ft + 23 ft, -0 ft, with a target of 1273 ft. The amended tolerances approved depend on snow pack and operational circumstances. Motion approved unanimously by polled vote.	Action 14-295
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10) **Project Reports** – Mr. Donato provided a report on behalf of Swan Lake. No verbal report was provided on behalf of Tyee Lake although it was noted there was a written report in the board packet. Mr. Henson explained the reasons work was halted on the installation of a camera at the Tyee Project.

11) **Old Business**

A. *SEAPA Compensation Plan Development* – no action taken. A request was made to staff to include Member Utility and SEAPA staff employee rates in the analysis for further discussion.

- B. *Consideration and Approval of Amendment to Bylaws* – Mr. Paisner addressed technical changes to the Agency’s Bylaws and clarified that if those changes were mirrored in the Agency’s Joint Action Agency Agreement, that it would require unanimous consent of all the Member Utilities to effect any changes in that agreement. He advised he would prepare a memorandum that could be provided to the Member Utilities for consideration by their governing bodies regarding changes to the Bylaws currently under consideration. Two board members indicated their consensus that the Bylaws be amended to extend board terms by two years; and two board member indicated they did not concur with a change.
- C. *Diesel Protocol* – Mr. Acteson and Mr. Wolfe explained an invoice from Petersburg Municipal Power & Light that was distributed for consideration during the meeting for payment of diesel fuel expenses incurred on December 11-12, 2013. Discussion followed with the consensus that the bill should be paid due to the Agency’s lack of a diesel protocol policy, without setting a precedence.

➤ Motion	M/S (Williams/Jensen) to authorize staff to approve a payment of \$6,293.58 for Petersburg Municipal Power & Light Invoice No. 1401 for diesel fuel expenses. The motion passed with Mr. Sivertsen, Mr. Williams, Mr. Ashton, and Ms. Jamieson voting in favor of the motion. Mr. Nelson abstained due to a conflict.	Action 14-296
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Ms. Jamieson requested that staff prepare an outline and recommendation for the board’s consideration on a process for staff to follow to address any future diesel payment requests.

12) New Business

- A. *Swan Lake Landing Craft*

➤ Motion	M/S (Williams/Jensen) to authorize staff to enter into a contract with Munson Boats for the lump-sum value of \$146,165.00 for the design/engineering and supply of a landing craft for SEAPA’s Swan Lake Hydroelectric Facility. Motion approved unanimously by polled vote.	Action 14-297
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- B. *MVAR Reactors for Wrangell Reactor Replacement Project* – action deferred until April 2014 board meeting.

- C. *Fabrication of Phase II Helipads for Swan-Tyee Helipad Project*

➤ Motion	M/S (Sivertsen/Freeman) to authorize staff to enter into a contract with Touchdown Enterprises Ltd. for the lump-sum value of \$1,896,200.00 for the engineering design, fabrication, painting, and delivery of 105 helicopter landing pads for SEAPA’s Swan-Tyee Intertie Helicopter Project. The motion failed 3-2 with Mr. Ashton, Mr. Nelson, and Mr. Williams voting against the motion, and Mr. Sivertsen and Ms. Jamieson voting in favor of the motion.	Action 14-298
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The meeting recessed at 5:22 p.m. The meeting reconvened on March 4, 2014 at 8:00 a.m.

Roll call was taken. All directors were present with the exception of Mr. McConachie.

Discussion on the helicopter landing pads continued with Chairman Sivertsen requesting a show of hands in favor of having staff re-evaluate the project. Ms. Jamieson, Mr. Ashton, and Mr. Williams raised their hands in favor of that direction to staff.

D. *Swan Lake Preliminary Engineering and Design*

➤ Motion	M/S (Williams/Nelson) to authorize staff to increase the not-to-exceed value of the contract with Jacobs Associates from \$367,000 to \$480,000 for SEAPA's Preliminary Engineering Design Services for the Swan Lake Reservoir Expansion Project. Motion approved unanimously by polled vote.	Action 14-299
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E. *Section II of SEAPA's 2005 Policies and Procedures Handbook*

➤ Motion	M/S (Williams/Ashton) to authorize staff to accept the changes made to Section II of SEAPA's 2005 Policies and Procedures Handbook as set forth in the redlined draft dated February 21, 2014. Motion approved unanimously by polled vote.	Action 14-300
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F. *Amendment to Travel Policy*

Chairman Sivertsen explained the circumstances of expenses Ms. Jamieson had incurred as a result of traveling from Juneau to the board meeting rather than from Wrangell and advised against setting a precedence for payment of expenses when a board member commutes to board meetings from a venue outside of a Member Community. Discussion followed reasoning that payment in Ms. Jamieson's circumstances should be made although the travel policy as currently adopted would not be amended.

➤ Motion	M/S (Ashton/Nelson) to authorize staff to reimburse Christie Jamieson for travel expenses incurred as a result of traveling from Juneau to Petersburg for the board meeting. The motion passed with Mr. Williams, Mr. Ashton, and Mr. Nelson voting in favor of the motion. Mr. Sivertsen voted against the motion and Ms. Jamieson abstained due to a conflict.	Action 14-301
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G. *Set Next Meeting Date* – there were no changes to the meeting date schedule included in the board packet which sets April 24, 2014 in Ketchikan for the next regular board meeting.

H. *Executive Session*

➤ Motion	M/S (Jamieson/Jensen) to recess into Executive Session for discussions relating to future operations of the Agency's Tye Lake facility and to provide staff an opportunity to update the Board on the Agency's Request for Offers of Power and Energy. The Executive Session will be conducted pursuant to SEAPA's Bylaws and Alaska State Law as the discussions may include matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the board. Motion approved unanimously by polled vote.	Action 14-302
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The meeting recessed at 8:38 a.m. for the Executive Session. The Executive Session adjourned at 10:05 a.m. The meeting reconvened at 10:10 a.m.

Chairman Sivertsen advised that the board had discussions and staff was given direction.

I. *Labor Law Attorney*

➤ Motion	M/S (Williams/Jamieson) to authorize staff to retain a labor law attorney for counsel during the transition of Tye operations and maintenance to SEAPA, with a funding limit of \$50,000. Motion approved unanimously by polled vote.	Action 14-303
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13) **Director Comments** – Directors provided brief comments.

14) **Adjourn**

➤ Motion	M/S (Williams/Jensen) to adjourn the meeting. There was no objection to the motion.	Action 14-304
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The meeting adjourned on March 4, 2014 at 10:15 a.m. AKST.