

SOUTHEAST ALASKA POWER AGENCY

Special Meeting

January 17, 2013

Southeast Alaska Power Agency Offices via Teleconference | Ketchikan, Alaska

1) Call to Order/Roll Call

Bob Sivertsen, acting Vice Chairman, called the meeting to order at 1:32 p.m. AKST on January 17, 2013, held via teleconference at the offices of Southeast Alaska Power Agency in Ketchikan, Alaska. It is noted for the record that a Chairman for the 2013 term will not be appointed until the March 5-6, 2013 board meeting to be held in Wrangell, Alaska. The agenda for this meeting provided for the appointment of a Pro Tem Chairman pending appointment of a Chairman at the upcoming March board meeting. The board voiced no objection to Mr. Sivertsen calling the meeting to order as Vice Chairman pending appointment of a Pro Tem Chairman. The Joint Action Agency Agreement provides that an officer of the Agency shall continue to serve until his or her successor is appointed.

Roll Call

The following directors and alternates were present, thus establishing a quorum of the Board:

Director	Alternate	Representing
Bob Sivertsen	Andy Donato	Swan Lake – Ketchikan
Dick Coose		Swan Lake – Ketchikan
Sam Bergeron		Swan Lake - Ketchikan
Joe Nelson (via teleconference)		Tyee Lake - Petersburg
Brian Ashton (via teleconference)	Clay Hammer (via teleconference)	Tyee Lake – Wrangell

The following participants were present for all or part of the meeting:

Trey Acteson	Chief Executive Officer, SEAPA
Eric Wolfe (telephonic)	Director of Special Projects, SEAPA
Kay Key	Controller, SEAPA
Sharon Thompson	Executive Assistant, SEAPA
Joel Paisner (telephonic)	SEAPA Counsel, Ater Wynne
Matt Lichtenstein (telephonic)	News Director, KFSK Radio, Petersburg
Greg Knight (telephonic)	Senior News Reporter, Wrangell Sentinel
Mick Nichols (telephonic)	Employee, Thomas Bay Power Authority
Rhonda Christian (telephonic)	Hydroelectric Secretary, Thomas Bay Power Authority
Karl R. Amylon	Manager, City of Ketchikan
Tim McConnell	Electric Division Manager, Ketchikan Public Utilities

2) Approval of the Agenda

Vice Chairman Sivertsen requested that the order of the agenda be amended to appoint a Pro Tem Chairman after approval of the agenda rather than under New Business, and then add Persons to Be Heard to the Agenda to provide the public an opportunity to comment. Vice Chairman Sivertsen requested a motion to approve the agenda with the amendments.

Mr. Coose moved to approve the agenda as amended. Mr. Ashton seconded the motion. There were no objections to the motion as amended. (Action 13-178)

Mr. Coose moved to appoint Mr. Sivertsen Pro Tem Chairman of the meeting. Mr. Nelson seconded the motion. There were no other nominations and no objections to the motion. (Action 13-179)

3) Persons to be Heard

Media personnel in Wrangell and Petersburg expressed concern regarding the basis for the proposed executive session. In addition, concern was also raised that documents be made available prior to scheduled board meetings. Ketchikan's City Manager voiced concern about SEAPA providing more timely notice of this particular board meeting as it did not give the member utilities enough time to review the board packets before the meeting. He also questioned the basis for the proposed executive session, noting that the statements on the agenda did not explain how the finances of the agency or member utilities would be impacted if the executive session were to move forward. He clarified he did not object to the executive session, but was concerned about the process.

Staff addressed those concerns, and explained that typically more notice is given for a special board meeting. In the present circumstances the next board meeting was not to be held until March, and circumstances required staff to brief the board in the interim. Staff will make available agendas and other SEAPA documents on SEAPA's website prior to the next board meeting. Mr. Ashton requested that these issues be on the agenda for additional discussion at the next board meeting.

3) New Business

Mr. Bergeron moved to authorize staff to contract with Construction Machinery Industrial, LLC for a value not-to-exceed \$135,500.00 for a used Hitachi ZX225LC-3 Excavator, Serial No. FF01U4Q08378, for use at the Swan Lake Hydroelectric Facility. Mr. Coose seconded the motion. The motion passed unanimously. (Action 13-180)

Mr. Bergeron moved to authorize staff to enter into an agreement with McMillen, LLC for a value not-to-exceed \$306,678.00 for project management and license amendment consulting work for the Swan Lake Pool Raise Project. Mr. Ashton seconded the motion. The motion passed unanimously. (Action 13-181)

Mr. Bergeron moved to authorize staff to contract with Segrity, LLC for a value not-to-exceed \$14,550 for a Wrangell Reactor Switching Study and to contract with Commonwealth Associates, Inc. for a value not-to-exceed \$26,880 for Task 1 for a Wrangell Reactor Switching Study. Mr. Nelson seconded the motion. Mr. Nelson expressed concern that if the system is successfully energized without the reactor and an outage or fault condition occurred, there could be huge spikes in the system, and that

the study could address that issue. Mr. Nelson moved to amend the motion to increase the value of the contract with Commonwealth Associates to \$41,400.00 for additional studies to address those concerns. Mr. Coose seconded the motion. Mr. Acteson requested the original motion remain intact to allow him time to follow-up with Commonwealth to see if they already had the data necessary to address Mr. Nelson's concerns. After further discussion, Mr. Nelson withdrew the amendment. The original motion passed unanimously. (Action 13-182)

Mr. Coose moved to authorize staff to contract with Electric Power Systems, Inc. for a value not-to-exceed \$118,145 for the Wrangell Reactor Replacement Project. Mr. Bergeron seconded the motion. The motion passed unanimously. (Action 13-183)

Mr. Coose moved to authorize staff to contract with Delta Star, Inc. for a value not-to-exceed \$65,000 for the manufacture of four junction boxes for SEAPA's transformers located at the Bailey Substation. He further moved to increase the funding in SEAPA's R&R Account No. 226-13 by an additional \$20,000 to cover installation of the four junction boxes. Mr. Bergeron seconded the motion. Mr. Donato proposed an amendment to increase the funding in SEAPA's R&R Account No. 226-13 by an additional \$5,000 for a factory representative to do warranty work, for a total request of \$90,000 for the manufacture of the four junction boxes, installation, and for an inspection after installation. Mr. Coose acknowledged the amendment. There were no objections to the amendment. The motion and amendment passed unanimously. (Action 13-184)

Pro Tem Chairman Sivertsen memorialized an earlier request in the meeting to move Item H on the agenda regarding a mission statement for SEAPA next in the agenda, ahead of Item G, which was consideration of a motion for an executive session. Hearing no objections to the amendments, Mr. Sivertsen directed that discussions on a mission statement for SEAPA move forward.

Mr. Bergeron moved to defer action on a mission statement for SEAPA until the next board meeting scheduled for March 5-6, 2013 in Wrangell. Mr. Ashton seconded the motion. The motion passed three to two with Mr. Sivertsen and Mr. Coose voting not to defer action on a mission statement and Mr. Nelson, Mr. Bergeron, and Mr. Ashton voting to defer the motion. (Action 13-185)

Mr. Paisner explained that because the proposed requests for offers of power and energy raised issues regarding specific projects and the future pricing of power, and those issues could affect, and have an immediate effect upon the Agency's finances, it is appropriate that discussions relating to requests for offers of power and energy be held in executive session. Mr. Sivertsen requested a motion to recess into executive session.

Mr. Coose moved to recess into Executive Session for further discussions relating to soliciting Requests for Offers of Power and Energy, with the Executive Session to be conducted pursuant to SEAPA's Bylaws and Alaska State Law as the discussions may involve 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. Mr. Sivertsen seconded the motion. The motion passed unanimously. (Action 13-186)

The meeting recessed at 2:45 p.m. for the board to convene in an Executive Session. The regular meeting resumed at 3:45 p.m.

Pro Tem Chairman Sivertsen announced that the board discussed the pertinent issues and gave staff direction during the executive session.

4) Adjourn

Mr. Coose moved to adjourn. Mr. Ashton seconded the motion. Hearing no further comments or objections, Mr. Sivertsen adjourned the meeting at 3:52 p.m. (Action 13-187)