



## SOUTHEAST ALASKA POWER AGENCY

### Special Board Meeting AGENDA

(To be held Electronically<sup>1</sup>)

March 31, 2021 SEAPA BOARD MEETING		
Time	Event	
3 PM	Meeting Starts	For telephonic participation dial:  <b>1.888.475.4499<sup>2</sup></b>  <b>Meeting ID No. 976 0146 5092</b>
4 PM (Estimated)	Meeting Adjourns	

1. Call to Order
  - A. Roll call
  
2. Approval of the Agenda
  
3. New Business:
  - A. Consideration and Approval of Resolution #2021-075 Re CEO Authorizations to pursue Financing Options Re Submarine Cable Replacement Project, and Resolution #2021-076 Naming Certifier and Administrator for USDA RUS Data Submittal Purposes
  - B. Consideration and Approval of Sole Source Contract Re STCS-HMI-Historian Upgrade, R&R Capital Project No. 19331
  - C. Consideration and Approval of Sole Source Contract Re Architectural Services
  - D. Executive Session Re Update on Hydrosite Investigations and Discussions Re Sole Sourcing Contracts Related to Hydrosite Investigations
  
4. Adjourn

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<sup>1</sup> Due to recommendations from the Center for Disease Control and its social distancing guidelines, this meeting of the Board of Directors of the Southeast Alaska Power Agency will be held electronically.

<sup>2</sup> In the event of a failure with Zoom connectivity, the meeting shall continue by telephonic participation by dialing 1.800.315.6338 (Code 73272#).



## SOUTHEAST ALASKA POWER AGENCY CEO MEMO

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DATE: March 26, 2021  
TO: SEAPA Board of Directors  
FROM: Trey Acteson, Chief Executive Officer  
SUBJECT: Debt Management - Financial Instruments

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SEAPA has conducted extensive due diligence to ascertain the most economical pathway for financing the Submarine Cable Replacement Project to replace the faulty cable located between Vank and Woronkofski Islands (RR20349). As previously reported to the Board, I have fully vetted options with CFC, Co-Bank, and the Alaska Municipal Bond Bank (AMBB). At our February meeting I informed the board I was actively exploring eligibility with the USDA Rural Utilities Service (RUS). SEAPA subsequently filed a formal request for an eligibility determination through RUS Headquarters in Washington D.C. and received written confirmation on March 24th. The letter states “SEAPA would therefore be eligible to become Rural Utilities Service (RUS) Electric Program borrower and apply for financing” (see, **Attachment 1**). The long-term benefit of this lending instrument is significant and will minimize the need for rate increases associated with future infrastructure borrowing.

### RUS Pros:

- Low Rates - RUS lending rates are generally considered to be the lowest available in the nation and typically run about 1/8% above the US Treasury Federal Financing Bank (FFB) rates. The current FFB rate for 30 years is 2.08%.
- Favorable Terms - RUS has flexible payback terms up to 30 years which allow better alignment with the actual life of the asset being financed.
- Lower Debt Service Obligation – Lower interest rates and longer durations, when compared to alternative financial instruments, result in a lower revenue requirement to meet new annual debt service obligations.
- RUS will generally finance large capital spares defined under utility plant (e.g. spare submarine cable, spare transformer, spare rotor, etc.)
- Legal support required for the loan process is typically lower than what is required for bonding. Once you are in the RUS lending program, subsequent lending is more streamlined.
- You can pay off the loan early without penalty. In comparison, our current tax-exempt bonds have requirements that would not yield a savings if they were refinanced at today's lower rates.

#### RUS Cons:

- The initial application process can be overly burdensome and will require redirecting staff time from other priorities.
- RUS will require new reporting of operational and business elements throughout the life of the loan. This is a downside commonly noted by other borrowers.
- RUS requires an environmental review of all projects prior to lending. This can add cost and require additional time. The RUS review process aligns with the National Environmental Policy Act (NEPA) and may require additional studies otherwise not required by alternative financing options.
- RUS environmental and loan review processes are in flux with the new Administration so borrowers may experience delays.
- The Submarine Cable Replacement Project is already in-progress which could affect lending outcomes. I have informed RUS that we are already making milestone payments and they will review those.
- RUS lending includes some uncertainty at this stage for financing the cable replacement (e.g. timelines, environmental review scope, magnitude of costs).

The Alaska Municipal Bond Bank is currently SEAPA's next best alternative to the RUS program. AMBB rates are lower than CFC and Co-Bank, but higher than RUS. Administrative costs are also lower than what SEAPA would have to pay if we sold bonds into the market. I have discussed SEAPA's pursuit of RUS lending with the Debt Manager for the State of Alaska and he recommends we continue a parallel path with AMBB to ensure SEAPA is in a strong position to meet our capital requirements. There is no penalty for withdrawing an application with AMBB prior to the sale of bonds. I concur with this approach and have attached Resolution #2021-075 (see, **Attachment 2**) seeking Board approval to pursue both AMBB and RUS financing options on a parallel path.

I have also attached a "Secretary's Certificate" required by RUS that is basically a certificate incorporating a resolution naming a certifier and administrator on behalf of SEAPA (see, **Attachment 3**). I will be the certifier and SEAPA Controller, Kay Key, will be the administrator for submittal of information when using the government's data collection system.

The Board has approved a total of \$13,370,392 for the Submarine Cable Replacement Project between Vank and Woronkofski Islands. It is my recommendation that SEAPA pursue funding for the full amount of this project. Interest rates are still at all-time lows and this will synchronize funding with the capital asset. There is potential for an insurance claim reimbursement up to \$3.75MM, but the outcome of the forensic analysis will likely be finalized "after" construction milestone payments are due. If SEAPA does receive some level of settlement, those funds could be applied to other capital needs (e.g. purchase of a spare cable, helipad replacements, etc.).

SEAPA's average annual sales are approximately 165,000,000 kWhrs. Therefore, every .0025 increase to the current .068 Wholesale Power Rate (WPR) would generate on average an additional \$412,500 in annual revenue. This provides a good basis for continued discussion in the context of revenue adjustments required to service any new debt. I anticipate a broader discussion and potential action on this topic during our regularly scheduled Board meeting in May.

Please consider the following suggested motion:

## SUGGESTED MOTION

**I move to adopt Resolution #2021-075 granting the Southeast Alaska Power Agency's (SEAPA) CEO, Trey Acteson, authorization to pursue both Alaska Municipal Bond Bank and U.S. Department of Agriculture (USDA) Rural Utilities Service (RUS) Electric Program financing options on a parallel path, and further move to adopt a Secretary's Certificate (Resolution #2021-076) naming SEAPA's CEO, Trey Acteson, as a certifier and SEAPA's Controller, Kay Key, as an administrator on behalf of SEAPA for submittal of any and all data required by the USDA RUS RD Apply Intake System.**

### Attachments:

1. 2021 0324 Ltr from USDA Re SEAPA RUS Eligibility for Financing
2. Resolution No. 2021-075
3. Resolution No. 2021-076

**Attachment 1**

**to**

**CEO Memo**

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**2021 0324 Letter from USDA Re  
SEAPA Eligibility Determination for Financing**



**Rural Development**

March 24, 2021

Rural Utilities Service

1400 Independence  
Ave SW, Room 4133  
Stop 5160  
Washington, DC  
20250

Voice 202.720.9545

Mr. Trey Acteson  
Chief Executive Officer  
Southeastern Alaska Power Agency  
tacteson@seapahydro.org  
[sent via e-mail only]

Dear Mr. Acteson:

We have performed a rurality determination for the Southeastern Alaska Power Agency (“SEAPA”). SEAPA provides service to three distribution utilities. The member utilities serve cities, towns, and Census Designated Places each with a population of 20,000 or less. SEAPA’s service area is 100 percent rural according to 7 CFR 1710.2(a). SEAPA would therefore be eligible to become Rural Utilities Service (RUS) Electric Program borrower and apply for financing.

Compliance with RUS Environmental Regulations, as stated in 7 CFR Part 1970, will be a priority consideration in determining that the proposed projects are eligible for financing from the RUS Electric Program.

Please let me know if we can be of any further assistance.

Sincerely,

KENNETH SOLANO  
Chief, Engineering Branch  
Office of Loan Origination and Approval  
Electric Program-Rural Utilities Service

**Attachment 2**

**to**

**CEO Memo**

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**RESOLUTION NO. 2021-075**

**RESOLUTION 2021-075\*\***  
**SOUTHEAST ALASKA POWER AGENCY**

**Resolution Granting SEAPA's CEO Authorization to Pursue Potential Financing Options Re Submarine Cable Replacement Project**

**WHEREAS**, the Southeast Alaska Power Agency (SEAPA) is considering potential financing options on parallel paths for the overall budget amount of \$13,370,352 from the Alaska Bond Bank and the USDA Rural Utilities Service (RUS) Electric Program for SEAPA's Submarine Cable Replacement Project, a capital project, referred to as RR20349,

**WHEREAS**, the Agency's counsel, Ascent Law Partners, LLP, and Stradling Yocca, Carlson & Rauth, P.C., have been solicited to assist in facilitation of the processes for both financing options,

**NOW, THEREFORE, BE IT:**

**RESOLVED**, that the Southeast Alaska Power Agency Board of Directors authorizes its Chief Executive Officer, Trey Acteson, to enter into any agreements necessary to pursue and facilitate preparation of financing options on parallel paths from the Alaska Bond Bank and the USDA RUS Electric Program for the overall budget amount of \$13,370,352 for SEAPA's Capital Project RR20349.

**RESOLVED**, that the Board of Directors authorizes an increase in SEAPA's Fiscal Year 2021 budget of \$50,000 for administrative costs related to the pursuit of both financing options.

Approved and signed this 31st day of March 2021.

**SOUTHEAST ALASKA POWER AGENCY**

By \_\_\_\_\_  
Chairperson

**ATTEST:**

\_\_\_\_\_  
Secretary/Treasurer



**Attachment 3**

**to**

**CEO Memo**

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**RESOLUTION NO. 2021-076**

**SECRETARY'S CERTIFICATE**

I, **KARL AMYLON**, do hereby certify that: I am the Secretary of the **SOUTHEAST ALASKA POWER AGENCY** (hereinafter the "Corporation;") that the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the special meeting held March 31, 2021, and entered in the minute book of the Corporation; that the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; and that none of the following resolutions has been rescinded or modified:

RESOLUTION #2021-076

1. RESOLVED that **TREY ACTESON**, the **Chief Executive Officer** of the Corporation, be the Certifier on behalf of the Corporation, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture, any and all data required by the RD Apply Intake System;

2. RESOLVED that **KAY KEY**, **Controller** of the Corporation, be the Administrator on behalf of the Corporation, who shall give access to the Corporation's data, as appropriate, to other employees, officers, or contractors of the Corporation, for the purpose of complying with the RD Apply Intake System; and

3. RESOLVED that both shall comply with the Instructions for the RD Apply Intake System in regard to use of the government's data collection system.

Certifier: \_\_\_\_\_  
eAuthentication ID

Administrator: \_\_\_\_\_  
eAuthentication ID

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

**IN WITNESS WHEREOF** I have hereunto set my hand and affixed the seal of the Corporation this 31st day of March 2021.

\_\_\_\_\_  
Karl Amylon, Secretary



# SOUTHEAST ALASKA POWER AGENCY

**Date:** March 25, 2021  
**To:** Trey Acteson, CEO  
**From:** Robert Siedman, Director of Engineering and Technical Services

**FISCAL NOTE:**

RR19331 (STCS-HMI-Historian Modernization)  
 \$330,525 approved in SEAPA FY2021 R&R  
 Capital Budget for programming/engineering  
 testing-commissioning

**Subject:** Consideration and Approval of Sole Source of STCS-HMI-Historian Modernization Contract

The STCS-Human Machine Interface (HMI)-Historian Modernization Project, RR19331, is a multi-faceted capital project that addresses modernization of SEAPA's HMI systems where failures/errors are consistently occurring due to aged software with minimal support. Staff has completed the STCS modernization and most of the backbone requirements (Mesh Network, RTAC configurations, KPU Data Exchange) are nearly complete so we are ready to build the HMI screens. This phase of the project would build the entire HMI system to include Tyee, Swan, Petersburg Substation, Wrangell Substation, Wrangell Switchyard and KPU data exchange points at the SEAPA HQ. Once this is complete, deployment to the sites will be seamless, reducing risk and HMI down times.

Staff recommends sole sourcing the contract for this portion of the HMI Modernization Project to Segrity, LLC to reduce the risk of multiple contractors gaining access to our SCADA network, reducing security concerns, increasing efficiency and thereby reducing cost due to Segrity's intimate knowledge of our network. The scope of work for the cost of \$79,200 is as follows:

Map Data	Map data through the system via RTACs to make it available at SEAPA HQ, SWL, and TYL. Includes mapping data from non-RTAC sources. Software edited includes SEAPA HQ RTAC, SWL SCADA RTAC, TYL SCADA RTAC.
Create Ignition Tags, Alarms	Create new Ignition tags that correspond to the new data. Port existing alarms from iFIX to the new Ignition tags.
Create Screens	Create new Ignition screens that replace the existing iFIX screens. Make improvements to the old screens where applicable.
Deploy Software and Screens	Transfer and enable Ignition screens and RTAC software. Troubleshoot screens and software after deployment.

Funding of \$330,525 was approved in the FY2021 Budget for programming/engineering, testing and commissioning.

SEAPA's procurement policy requires three written quotes for contracts between \$75,000 to \$100,000 in value; however, Section 8 of the Agency's Procurement Policy states that the following may be contracted for without competitive bidding:

- 8.3 Contractual services of a professional nature, such as engineering, architectural, legal, medical or consulting services;

I recommend that the Board authorize staff to enter into a sole source contract with the engineering firm, Segrity, LLC, for \$79,200 plus a ten percent (10%) contingency of \$7,920 for unforeseen expenses for a total not-to-exceed value of \$87,120.

Please consider the following suggested motion:

**SUGGESTED MOTION**

**I move to authorize staff to enter into a sole source contract with Segrity, LLC for programming/engineering, testing and commissioning services for SEAPA's STCS-HMI-Historian Modernization Project (R&R19331) for \$79,200 plus a ten percent (10%) contingency of \$7,920 for a total not-to-exceed value of \$87,120.**



# SOUTHEAST ALASKA POWER AGENCY

**Date:** March 25, 2021  
**To:** SEAPA Board of Directors  
**From:** Trey Acteson, Chief Executive Officer  
**Subject:** Request for Sole Source Re Architectural Services

**FISCAL NOTE:**

RR19326 (Don Finney Lane Headquarters Ktn)  
\$2,767,880 approved in SEAPA FY2021 R&R  
Capital Budget

Welsh Whiteley Architects, LLC, a local Ketchikan architectural firm, developed the initial design concept for an office and warehouse building to consolidate SEAPA's operations on property purchased in 2019 for a permanent SEAPA headquarters in Ketchikan. SEAPA has rented space at the Borough building for the past ten years and storage space from Marble Construction for poles and equipment.

At the December 10, 2020 board meeting, the board approved R&R19326 for SEAPA's Headquarters as a capital project with funding of \$2,767,880 in the FY2021 Budget to cover design and construction of the two-story building and development of the exterior storage yard/laydown area.

Welsh Whiteley has submitted a professional services proposal of \$193,692 for design, bidding, and construction-phase services of the project. A photo of the preliminary design concept is attached.

SEAPA's procurement policy requires competitive bidding for quotes over \$100,000 in value; however, Section 8 of the policy states that the following may be contracted for without competitive bidding:

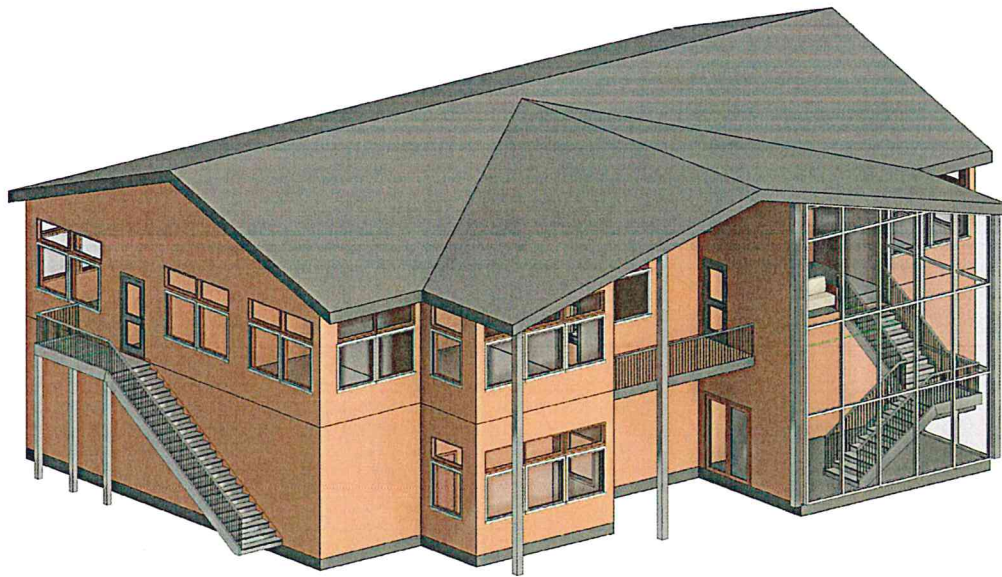
- 8.3 Contractual services of a professional nature, such as engineering, architectural, legal, medical or consulting services;

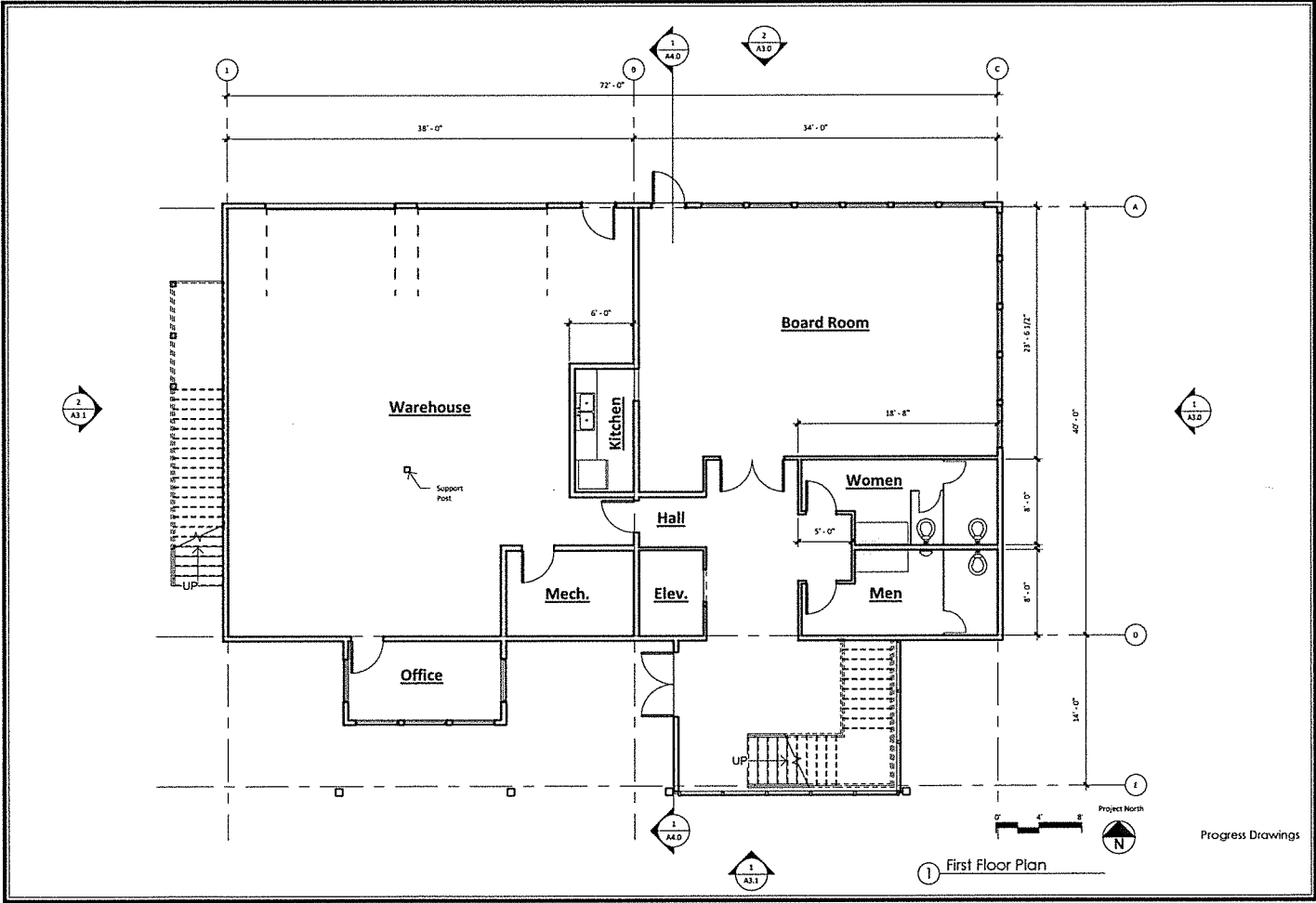
I recommend that the Board authorize staff to enter into a sole source contract with local consultant, Welsh Whiteley, who is already familiar with the project, for \$193,692 plus a ten percent (10%) contingency of \$19,369 for unforeseen expenses for a total not-to-exceed value of \$213,061.

Please consider the following suggested motion:

**SUGGESTED MOTION**

**I move to authorize staff to enter into a sole source contract with Welsh Whitely Architects, LLC for design, bidding, and construction-phase services for SEAPA's Office and Warehouse Headquarters (R&R19326) for \$193,692 plus a ten percent (10%) contingency of \$19,369 for a total not-to-exceed value of \$213,061.**





1 First Floor Plan

Progress Drawings

WELSH WHITELEY ARCHITECTS

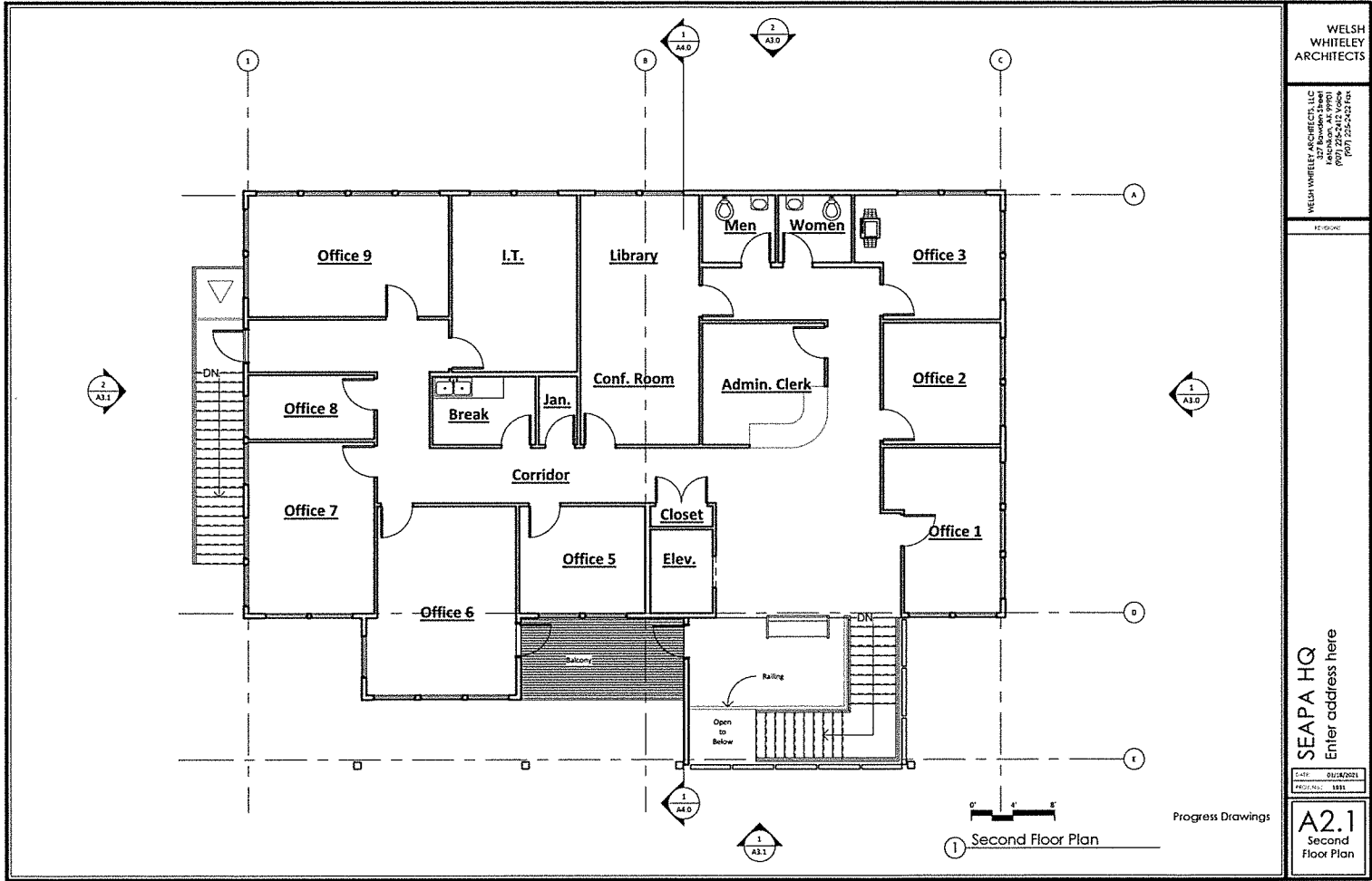
WELSH WHITELEY ARCHITECTS, LLC  
 227 Bowman Street  
 Portland, ME 04101  
 (603) 252-2422 Fax

PROJECT: SEAPA HQ

SEAPA HQ  
 Enter address here

DATE	05/24/2021
PROJECT No.	1331

**A2.0**  
 First Floor Plan



WELSH  
WHITELEY  
ARCHITECTS

WELSH WHITELEY ARCHITECTS, LLC  
1427 Boulevard Street  
Birmingham, AL 35202  
Phone: 205-252-2421  
Fax: 205-252-2421

16-0000

SEAPA HQ  
Enter address here

DATE: 09/24/2021  
PROJECT: 1811

A2.1  
Second  
Floor Plan

Progress Drawings

1 Second Floor Plan



**MEMORANDUM**  
**ATTORNEY-CLIENT COMMUNICATIONS**

TO: Chairperson  
Southeast Alaska Power Agency

FROM: Joel R. Paisner, Ascent Law Partners, LLP

DATE: March 25, 2021

RE: Suggested Motion for Executive Session

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The Board of Directors will conduct an executive session during a Special Board Meeting to be held on March 31, 2021 to discuss sole sourcing contracts for the following:

- (a) Hydrosite field investigations for development of Site Definition Documents
- (b) Hydrosite Investigation Aerial Mapping

I recommend the following motion be made:

I move to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions to consider sole-sourcing contracts for hydrosite field investigations to develop site definition documents and aerial mapping of potential hydro sites as the discussions may involve matters that have a clear impact on the Agency's finances.