

Southeast Alaska Power Agency Meeting Minutes

Location: Held Telephonically¹

Date: June 30, 2020

Time: 9:00 a.m. AKDT

Agenda Items

1) Call to Order

A. Roll Call.

Chairperson Lynn called the regular meeting to order at 9:00 a.m. AKDT on June 30, 2020. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present <i>Telephonic (T)</i> <i>In Person (IP)</i>	Alternates	Present <i>Telephonic (T)</i> <i>In Person (IP)</i>	Representing	
Karl Amylon	T	Jeremy Bynum	T	Swan Lake	Ketchikan
Bob Sivertsen	T	Cliff Skillings	T	Swan Lake	Ketchikan
Bob Lynn	T	Tor Benson	T	Tyee Lake	Petersburg
Robert Larson	T	Karl Hagerman	T	Tyee Lake	Petersburg
Stephen Prysunka	T	Lisa Von Bargaen	T	Tyee Lake	Wrangell

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

Staff	Present <i>Telephonic (T)</i> <i>In Person (IP)</i>	Staff/Counsel	Present <i>Telephonic (T)</i> <i>In Person (IP)</i>
Trey Acteson, CEO	T	Joel Paisner, SEAPA Counsel	T
Clay Hammer, Operations Mgr.	T	Kay Key, Controller	T
Ed Schofield, Power Sys. Sp.	T	Sharon Thompson, EA/CA	T
Robert Siedman, Dir. Eng & TS	T	Marcy Hornecker, Admin. Asst.	T

B. Communications/Lay on the Table Items - None

C. Disclosure of Conflicts of Interest - None

2) Approval of the Agenda

➤ Motion	M/S (Larson/Prysunka) to approve the agenda as presented. Motion approved unanimously by polled vote.	✓ Action 20-820
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3) Persons to be Heard - None

¹ The meeting was held telephonically due to recommendations from the Center for Disease Control and its social distancing guidelines. An audio recording of this meeting is available on SEAPA's website at www.seapahydro.org

4) Review and Approve Minutes

➤ Motion	M/S (Larson/Prysunka) to approve the minutes of the regular meeting of March 31, 2020. Motion approved unanimously by polled vote.	✓ Action 20-821
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5) Financial Reports

➤ Motion	M/S (Sivertsen/Prysunka) to accept year-to-date financial statements through May 2020 and disbursements for March, April, and May totaling \$1,492,054.80, as presented. Mr. Acteson discussed the Agency's current financial position. Concern was expressed about the effects on SEAPA revenues resulting from the lack of tourism in Ketchikan. Following further review of revenues and expenses, R&R project expenditures, grants, financial statements and disbursements, the motion was approved unanimously by polled vote.	✓ Action 20-822
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6) Old Business

A. Update on SEAPA 2020 Operations Plan

Mr. Siedman reported that lower draft limits approved by the Board in March to mitigate water shortages were not required due to snow runoff that started in April and ended in May. The runoff resulted in draft limits returning to their original levels of 1280ft and 277ft respectively for Tye and Swan Lakes. SEAPA anticipates the levels at both lakes will continue to rise for the remainder of the 2020 inflow season after the reports of snow surveys performed in May and early June showed that both lakes' drainage basins have a snowpack that is near an average year.

B. Consideration and Approval of SEAPA Strategic Plan

➤ Motion	<p>M/S (Prysunka/Sivertsen) to adopt the Southeast Alaska Power Agency's 2020-2022 Strategic Plan presented at SEAPA's June 30, 2020 Regular Board Meeting. Mr. Acteson summarized the key areas of the Strategic Plan which culminated in requested amendments to the following two statements in the Plan:</p> <ul style="list-style-type: none">• A change in Section II (Power Supply) (B. Topic: Diesel Protocol), fourth bulleted item under "Situation" that states: "Diesel is expensive and dirty" shall be changed to: "Diesel is non-renewable and less environmentally friendly."• A deletion of the two words "Try to" in Section II (Power Supply) (B. Topic: Diesel Protocol), Item <i>d.</i> under "Board Goals" that states: "Try to determine SEAPA's role in managing diesel use" shall be changed to: "Determine SEAPA's role in managing diesel use." <p>Following a consensus that the two statements are an amendment to the Plan, the motion was approved unanimously by polled vote.</p>	✓ Action 20-823
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The Chair requested a motion on the Agency's new mission statement.

➤ Motion	M/S (Sivertsen/Larson) to rescind the motion adopting the Agency's existing Mission Statement approved at the Special Board Meeting held on January 17, 2013 which states: "SEAPA's Mission is to provide the lowest wholesale power rate consistent with sound utility planning and business practices. We exist for the long-term benefit of our member utilities and the rate payers, providing unified regional leadership for project development and prudent management of our interconnected power system" and further move to adopt the following	✓ Action 20-824
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New Mission Statement: *“SEAPA’s mission is to safely provide clean, reliable, low-cost wholesale power to the communities we serve.”*

Following discussion on whether a change should be considered to add management and development of varied renewable energy sources, it was determined the suggested additional language would be more appropriate under the Agency's Organizational Statements. The motion was approved unanimously by polled vote.

The Chair requested a motion and second on the Agency's Organizational Statements.

➤ Motion	M/S (Sivertsen/Prysunka) to adopt the following Organizational Statements:		
	Organizational Statements		
	Who We Are:	<i>A regional joint action agency established as an energy resource for our member communities in Southeast Alaska.</i>	
	What We Do:	<i>Manage and operate two hydroelectric projects (Tyee Lake & Swan Lake) and the transmission assets that supply power to the communities of Ketchikan, Petersburg, and Wrangell.</i>	✓ Action 20-825
	What We Value:	<i>Safely providing low-cost, dependable service with efficiency and integrity to our communities through the transparent collaboration of dedicated employees.</i>	
What We Aspire to Become:	<i>The trusted provider for energy and energy-related services that our Members require.</i>		

Following discussion on possible changes to language in the Organizational Statements a consensus was reached to table the motion to a later time in the meeting to provide additional time for wordsmithing. The Chair directed that the meeting would move on to Item A under New Business in the Agenda.

7) New Business

- A. *Consideration and Approval of Audited Financial Statements for Six-Month Fiscal Year Period ending December 31, 2019*

➤ Motion	M/S (Sivertsen/Prysunka) to accept the Southeast Alaska Power Agency Audited Financial Statements for the six-month period ending December 31, 2019 as presented in the June 30, 2020 SEAPA board meeting.	✓ Action 20-826
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Joy Merriner, BDO USA, LLP's Assurance Partner, auditor of SEAPA's financial statements, joined the meeting telephonically to present a summary of the Agency's audited financial statements and respond to director's questions and comments. She reported a clean audit with no areas of concern noting the biggest change was the change in the Agency's fiscal year end from June 30 to December 31st. A recommendation was that the Agency institute an annual inventory plan or policy and keep an inventory log. Mr. Acteson thanked Ms. Merriner and her team and recognized the Agency's Controller, Kay Key, for her hard work resulting in continuous successful audits.

A vote was taken and unanimously approved on the motion to accept the Audited Financial Statements for the six-month period ending December 31, 2019 as presented.

The meeting recessed at 10:20 a.m. and resumed at 10:35 a.m.



6) Old Business (continued)

The Chair announced the meeting will resume under Item 6B of Old Business in the Agenda to continue the discussion on changes to the Agency's Organizational Statements. Following much discussion on initial suggestions by Director Benson, Director Hagerman with input from several directors and staff, penned written suggestions for amendments to the Organizational Statements.

<p>➤ Motion</p>	<p>M/S (Sivertsen/Prysunka) to amend the motion regarding the Organizational Statement in response to "What We Aspire to Become" from <i>"The trusted provider for energy and energy-related services that our Members require"</i> to <i>"The leading regional developer of additional energy resources and energy-related services as required by the member communities"</i>.</p> <p>Mr. Acteson interjected suggesting the motion also include a previously discussed change in response to "What We Value" from <i>"Safely providing low-cost, dependable service with efficiency and integrity to our communities through the transparent collaboration of dedicated employees"</i> to <i>"Safely providing low-cost, dependable renewable energy and service with efficiency and integrity to our communities through the transparent collaboration of dedicated employees"</i>. The Chair and several directors voiced consensus that the amendment include the additional change.</p> <p>The motion to amend was unanimously approved by polled vote.</p>	<p>✓ Action 20-827</p>
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Mr. Acteson noted a vote was necessary on the tabled motion adopting SEAPA's Organizational Statements in the Strategic Plan, as amended. A polled vote was taken and passed unanimously on the tabled motion adopting SEAPA's Organizational Statements in the Strategic Plan, as amended.

7) New Business (continued)

The Chair announced the meeting would move back to New Business and requested a motion for Item B.

B. *Consideration and Approval of Contract and Increase to FY2020 R&R Budget for Swan Lake Station Service Switchgear Project*

<p>➤ Motion</p>	<p>M/S (Prysunka/Sivertsen) to authorize staff to enter into a Contract with Electric Power Constructors, Inc. for SEAPA's R&R Project 19314 for the Swan Lake Station Service Switchgear Contract for the lump-sum bid amount of \$1,701,017 and further authorize a 5% contingency of \$85,051 for a total not-to-exceed amount of \$1,786,068. The motion was unanimously approved by polled vote.</p>	<p>✓ Action 20-828</p>
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C. *Consideration and Approval of Sole Source Contract & Increase to FY2020 R&R Budget Re Carroll Inlet Marker Ball Tie Wrap Replacement Project*

<p>➤ Motion</p>	<p>M/S (Sivertsen/Larson) to increase SEAPA's FY2020 R&R Budget by \$95,250 for the Carroll Inlet Marker Ball Tie Wrap Replacement Project. The motion was unanimously approved by polled vote.</p>	<p>✓ Action 20-829</p>
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<p>➤ Motion</p>	<p>M/S (Sivertsen/Prysunka) to authorize staff to enter into a sole source contract with Electric Power Constructors, Inc. for SEAPA's Carroll Inlet Marker Ball Tie Wrap Replacement Project for the not-to-exceed value of \$88,618. The motion was unanimously approved by polled vote.</p>	<p>✓ Action 20-830</p>
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D. *Consideration and Approval of R&R Project and Increase to FY2020 R&R Budget Re Tyee Lake Cooling Water Pumps*

➤ Motion	M/S (Larson/Sivertsen) to increase SEAPA's FY2020 R&R Budget by \$65,900 for the Tyee Lake Cooling Water Pump Replacement Project. The motion was unanimously approved by polled vote.	✓ Action 20-831
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E. *Executive Session Re Submarine Cable Replacement Project*

➤ Motion	M/S (Prysunka/Larson) to recess into an Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions on the bid results of the Agency's Submarine Cable Replacement Project, which is a matter the immediate knowledge of which would clearly have an adverse effect on the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board. The motion was unanimously approved by polled vote.	✓ Action 20-832
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The meeting recessed at 11:10 for the executive session. The executive session ended at 12:37 p.m. The meeting resumed at 12:43 p.m. into regular session. The Chair announced that the meeting was reconvening from the executive session into regular session and requested a motion on the Agency's Submarine Cable Replacement Contract resulting from executive session discussions.

➤ Motion	M/S (Sivertsen/Larson) to authorize staff to issue a notice of intent to award and enter into contract negotiations with Sumitomo Electric USA, Inc. to negotiate the lowest cost acceptable to SEAPA for SEAPA's Submarine Cable Replacement Contract and in the event negotiations are unsuccessful, staff is authorized to enter into contract negotiations with the next recommended bidder in line for consideration. The motion was unanimously approved by polled vote.	✓ Action 20-833
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The meeting recessed for lunch at 12:45 p.m. and resumed at 1:35 p.m. in regular session.

The Chair requested a roll call. All were present except Directors Amylon and Sivertsen. Mr. Bynum advised that Mr. Amylon would not be able to rejoin the meeting. The Chair announced we have a quorum and requested that the meeting proceed with the CEO report.

8) CEO Report

Mr. Acteson announced his report which is available in the board packet will be brief. He provided updates on actions the Agency had taken in response to Covid-19, the Agency's active engagement on hydro related licensing and regulatory reform, the Alaska Department of Natural Resources Reclamation Fund, External Industry Activities, Agency best practices and process improvements, hydrosite investigations, and announced that all of the Agency's regular budgeted full-time positions were currently filled along with a seasonal brushing technician.

9) Staff Reports²

A. *Director of Engineering and Technical Services (Siedman)*

Mr. Siedman provided brief highlights of his report including Tyee and Swan Lake Snow Surveys, a brief history and recommendation of contract award on the Swan Lake Station Service Switchgear Project, and an update on the Stikine Crossing Submarine Cables. He noted an extensive list of completed tasks and path forward pertaining to the faulted cable is available in the board packet. Mr. Siedman closed with an announcement that the Tyee 125V

² Director Sivertsen rejoined the meeting at approximately 1:55 p.m.

Battery Bank Project engineering and procurement were completed in-house resulting in significant savings to the Agency.

B. Operations Manager (Hammer)

Mr. Hammer provided updates on the Tyee Road Access to Tidewater Project, announced that Svendsen replaced both Mercury 350 HP Motors on the Agency's 34' Svendsen utilized at Tyee, discussed the results of a Spring transmission line survey, and advised the contracted work to Gage Tree Service of Wasilla, Alaska, for the Mitkof Island and Neets Bay area brushing work was currently on hold due to the Covid-19 pandemic. He reported that a long-time provider of aviation services, Tyler Robinson, was retiring after providing over 2,000 trips in support of SEAPA's Tyee and Swan Lake facilities. He commended Mr. Robinson for his 30+ years of services hauling passengers and freight to the plants. He noted several tasks completed by the Tyee crew which is available in the board packet.

C. Power System Specialist (Schofield)

Mr. Schofield discussed the Agency's computerized maintenance management system (MAPCON) noting that the program dictates most of the two plants' daily scheduled maintenance activities. He provided a list of current special projects in various stages of progress at Swan Lake and brief updates of the Swan Lake Stuffing Box Repair, Four-Plex Housing, and Tyee Lake Intake Gate and Intake Gate HPU Reconditions Projects. He noted several photographs of the various projects are available in the board packet.

Director Sivertsen requested a deviation in the Agenda to discuss bonding, funding, and debt service for replacement of the Agency's faulted submarine cable and SEAPA office building. There was no action taken following discussions on the various options that may be available.

10) Next Meeting Dates

There were no objections to holding the next regular meeting on September 30, 2020 electronically and evaluating during the September meeting whether the December 10, 2020 meeting would be held electronically or in person.

11) Director Comments

Directors exchanged various comments discussing Covid-19 repercussions in the communities, encouraged support for local suppliers, and expressed thanks to staff.

12) Adjourn

Motion	M/S (Sivertsen/Larson) to adjourn the meeting. The motion was unanimously approved by polled vote.	✓ Action 20-834
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Signed:

Attest:

Cliff Skillings

Robert Lynn

Secretary/Treasurer

Chairperson

