



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting

April 24, 2014

Best Western Plus Landing Hotel | Ketchikan, Alaska

(Audio recordings of SEAPA board meetings 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 8:59 a.m. AKDT on April 24, 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		Swan Lake	Ketchikan
Joe Nelson	John Jensen	Tyee Lake	Petersburg
Brian Ashton	Clay Hammer	Tyee Lake	Wrangell
Christie Jamieson	Don McConachie, Sr.	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
Valerie Allen, Administrative Assistant	

B. *Communications* – none.

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

2) Approval of the Agenda

➤ Motion	M/S (Nelson/Jensen) to approve Agenda, as amended, to include two new items under New Business, Item E for consideration and approval of a circuit switcher for Wrangell, and Item F, for a discussion on amendment of SEAPA's Digital Communication Device Policy to include purchases of a laptop in place of an iPad if a Director so elects. The remaining agenda items under New Business would be advanced accordingly. Motion approved unanimously by polled vote.	Action 14-308
-----------------	---	--------------------------

3) **Persons to be Heard** - none.

4) **Review and Approve Minutes**

➤ Motion	M/S (Williams/Jamieson) to approve the Minutes of the Regular Meeting of March 3-4, 2014 and the Minutes of the Special Meeting of March 27, 2014. Motion approved unanimously by polled vote.	Action 14-309
-----------------	--	------------------

5) Financial Reports

(A-H)Mr. Acteson reported that the Senate approved \$3.32 million for the Swan Lake Reservoir Expansion Project which will go to the House for approval, and that the Agency would continue the effort to enhance state funds by applying for funds under the Renewable Energy Fund and CAPSIS. He encouraged the board to recognize that when rebates and rate reductions are headline news it is counterproductive to the Agency's funding request endeavors. He provided an overview on various accounting reports, January and February 2014 financial statements, and the R&R capital project expenditures.

➤ Motion	M/S (Jamiesen/Jensen) to approve the Financial Reports for the months of January and February 2014. Motion approved unanimously by polled vote.	Action 14-310
-----------------	---	------------------

(G) Disbursement Approvals

➤ Motion	M/S (Ashton/Jensen) to approve Disbursements for the months of February and March 2014 in the amount of \$1,572,231.48. Motion passed with Mr. Nelson, Mr. Sivertsen, Mr. Ashton, and Ms. Jamieson, voting in favor, and Mr. Williams not voting due to a conflict. Mr. Williams' alternate, Charles Freeman, was not present to vote in Mr. Williams' place.	Action 14-311
-----------------	---	------------------

6) CEO Report – Mr. Acteson reported that he and Chairman Sivertsen had sent a letter to Governor Parnell explaining SEAPA's planning initiatives, and that he also had a later opportunity to engage the Governor in discussions on SEAPA's integrated planning process. The Governor responded positively with a return letter, which may provide a future opportunity for follow-up discussions. He discussed the Agency's Policies and Procedures Handbook and advised that a draft of the remaining sections would be provided at the June 2014 board meeting for the board's consideration and approval. After updating the board on SEAPA's new website, Mr. Acteson was directed by the board to bring the new website to the June board meeting for review before it is launched. Mr. Acteson reported that SEAPA's Administrative Assistant, Rachel Guyselman, had terminated employment to pursue another opportunity, and introduced and welcomed Valerie Allen as the new assistant, and reported an engineer had not yet been hired. He discussed the status of the Whitman True-up and advised that a draft was still circulating for final comments. SEAPA is hosting the National Hydro Association's Alaska Regional Conference on June 11 and 12, 2014 in Ketchikan. Mr. Acteson extolled the opportunity to showcase SEAPA's regional role. He advised staff would register any board members interested in attending.

The meeting recessed at 9:55 a.m. and reconvened at 10:10 a.m.

7) A. Operations Manager Report (Steve Henson) – Mr. Henson provided a brief report on projects in process including, the Wrangell reactor, the Agency's satellite communications system, and the Swan-Tyee Intertie helipads. He advised bids were received for an environmental assessment for use of the Agency's ARGO vehicle on select areas on the Tyee transmission line right-of-way, and that he would provide a recommendation for award of a contract under New Business in the agenda. He reported May Engineering would be developing technical specifications for Swan Lake's water tank painting and power house roof replacement projects, and had completed the first phase of SEAPA's drawing's project. He advised that under New Business, staff would solicit

the board's consideration and approval of further task orders to May Engineering for continuing work on the drawings project.

The meeting recessed at 10:41 a.m. for projector set-up, and reconvened at 10:50 a.m.

B. **Director of Special Projects Report (Eric Wolfe, P.E.)** – Mr. Wolfe presented a slide show with updates on the SCADA, Swan Lake Dam Raise, and Tye Cooling Water Conversion Projects. He advised that respondents have until September 30, 2014 to submit an offer under Options 1, 2, and/or 3 of SEAPA's Request for Offers and Power and Energy solicitation, and that 15 hydro sites had been compiled and analyzed and could increase to 20 sites by the end of 2014 under the Agency's hydrosite analysis project funded by the Department of Commerce, Community and Economic Development Grant. A draft Annette Island report summarizing field investigations could be ready by the end of May 2014. Mr. Wolfe discussed water management and provided statistics on Swan Lake and Tye Lake, and reported that snow surveys would be conducted at Tye and Swan Lakes on April 22nd.

The meeting recessed at 11:50 a.m. for lunch and reconvened at 1:02 p.m.

8) **Project Reports** – Mr. Donato provided a report on behalf of Swan Lake. No verbal report was provided on behalf of Tye Lake although it was noted there was a written report in the board packet.

9) **Old Business**

- A. *SEAPA Compensation Plan Development.* Mr. Acteson explained that Winston Tan, the consultant who developed a compensation plan for the Agency, prepared it with the intent that it be used as a management tool for the CEO during recruitment and not something that typically requires board approval. He explained further that the board's participation is through the budget process which designates the resources the CEO can use to manage staff and then the compensation plan can be used as a guide for those resources. Following that explanation, there were no comments, questions, or further discussion on the plan.
- B. *Consideration and Approval of Amendment to Bylaws* – Mr. Paisner discussed a letter he wrote to Karl Amylon, Ketchikan's City Manager, on the process for amendments to the Agency's Bylaws and Joint Action Agency Agreement. Following discussion it was suggested that after the policies and procedures manual is updated at the June board meeting, that Mr. Paisner be tasked with preparing a redlined draft of correction and cleanup of the administrative language in the Bylaws for the board's review that did not otherwise require action by the Agency's member communities.
- C. *Diesel Protocol* – Mr. Acteson recommended that until a formal diesel protocol resolution is adopted that requests for reimbursement for diesel be presented to the board on a case-by-case basis.

Motion	M/S (Ashton/Williams) that until a formal diesel protocol resolution is adopted by SEAPA's Board of Directors, SEAPA staff may not pre-authorize any payment for diesel fuel expenses, but may present any invoices for diesel fuel expenses to the board for its consideration of payment on a case-by-case basis. Motion approved unanimously by polled vote.	Action 14-312
---------------	---	--------------------------

D. *Historic Preservation Project* – Mr. Acteson provided an update on what had been accomplished to date on the project and advised that it will be important to gather information and interview key individuals who played an important role in SEAPA’s history while they are available to share their information. Staff may approach the board at a later date to retain an experienced contractor to assist with the project and reach out to the communities to get involved in gathering information.

The meeting recessed at 2:00 p.m.¹ and resumed at 2:12 p.m.

10) New Business

A. *SCADA Capital Project Budget Increase*

➤ Motion	M/S (Jensen/Sivertsen) to authorize an increase to SEAPA’s Fiscal Year 2014 budget of \$270,000.00 for the Supervisory Control and Data Acquisition (SCADA) Capital Project. The motion passed with Sivertsen, Nelson, Jamieson, and Ashton voting in favor of the motion. Neither Williams nor his alternate, Freeman, were present to vote.	Action 14-313
-----------------	---	------------------

B. *Drawings and Documentation Project*

➤ Motion	M/S (Jamieson/Jensen) to authorize staff to enter into a contract with May Engineering Services, LLC for the not-to-exceed value of \$83,600 for SEAPA’s Engineering Drawings and Documentation Project. The motion passed with Ashton, Jamieson, Nelson, and Sivertsen voting in favor of the motion. Neither Williams nor his alternate, Freeman, were present to vote.	Action 14-314
-----------------	---	------------------

C. *Environmental Assessment for Tye Transmission Line ROW for Proposed Access by ATV/OHV Vehicles*

➤ Motion	M/S (Jensen/Sivertsen) to authorize staff to enter into a contract with Meridian Environmental, Inc. for the not-to-exceed value of \$212,349 for an environmental assessment of SEAPA’s Tye transmission line right-of-way for proposed access by all-terrain/off-highway vehicles. The motion passed 3 to 1 with Jamieson, Sivertsen, and Ashton voting in favor of the motion and Nelson voting against the motion. Neither Williams nor his alternate, Freeman, were present to vote.	Action 14-315
-----------------	---	------------------

D. *Reduction of Wholesale Power Rate* – Chairman Sivertsen highlighted a letter received from the Petersburg Borough requesting a reduction in the wholesale power rate. Discussion followed on the Agency’s capital appropriation request from the State for its Swan Lake Reservoir Expansion project, additional debt service that may accrue from loans or bonds that may need to be acquired for additional funding, bond market preferences, and forward funding of SEAPA’s known project costs. Chairman Sivertsen advised he would respond to the Borough’s request. No motion was presented or action taken.

¹ Mr. Williams left the meeting during this recess. Neither he nor his alternate, Charles Freeman, were present to vote on any motions after his departure.

E. *Wrangell Circuit Switcher*

<p>➤ Motion</p>	<p>M/S (Sivertsen/Jensen) to authorize staff to sole source a contract, based on system compatibility issues, to Southern States, LLC for a circuit switcher to replace the manual air brake switch at the Wrangell Switchyard for the lump sum of \$109,664 and further moved to increase the FY14 budget for R&R Project 228-13 from \$98,000 to \$120,000 for an increase of \$22,000 to cover the additional charges for field service work by Southern States for the project.</p>	<p>Action 14-316</p>
------------------------	---	--------------------------

Following the motion, Mr. Nelson explained that there was also a circuit switcher in Petersburg that was problematic. Mr. Donato suggested expanding the budget to include an inspection of the Petersburg circuit switcher as well since the field service technician would be in the area, which would save costs in the long run.

<p>➤ Motion</p>	<p>M/S (Nelson/Jamieson) to amend the motion regarding the Wrangell Circuit Switcher to increase SEAPA's FY14 budget for R&R Project 228-13 from \$120,000 to \$130,000 for an increase of \$10,000 to cover the costs of the Southern States' field service technician to inspect the Petersburg Circuit Switcher. The motion passed with Sivertsen, Ashton, Jamieson, and Nelson voting in favor. Neither Williams nor his alternate, Freeman, were present to vote.</p>	<p>Action 14-317</p>
------------------------	--	--------------------------

Chairman Sivertsen then requested a vote on the main motion authorizing staff to sole source a contract, based on system compatibility issues, to Southern States, LLC for a circuit switcher to replace the manual air brake switch at the Wrangell Switchyard for the lump sum of \$109,664 and further moved to increase the FY14 budget for R&R Project 228-13 from \$98,000 to \$120,000 for an increase of \$22,000 to cover the additional charges for field service work by Southern States for the project. **The main motion passed with Nelson, Sivertsen, Ashton, and Jamieson voting in favor. Neither Williams nor his alternate, Freeman, were present at the meeting to vote.**

F. *Amendment to Digital Communication Device Policy* - Director Ashton requested that the board consider having SEAPA provide directors with a small laptop in lieu of an iPad when the useful life of the device expires, if they so choose that device in place of an iPad. It was determined there would need to be an amendment to SEAPA's Digital Communication Device Policy to effect such a change.

<p>➤ Motion</p>	<p>M/S (Jamieson/Jensen) to include SEAPA's Digital Communication Device Policy on the Agenda at the June 2014 board meeting to consider whether a policy change needs to be made. The motion passed with Sivertsen, Nelson, Jamieson, and Ashton voting in favor. Neither Williams nor his alternate, Freeman, were present to vote.</p>	<p>Action 14-318</p>
------------------------	---	--------------------------

G. *NRECA Employee Benefits.*

<p>➤ Motion</p>	<p>M/S (Jamieson/Jensen) to adopt Resolution No. 2014-052 authorizing the amendment of SEAPA's NRECA sponsored Retirement Security Plan and Resolution No. 2014-053 authorizing the amendment of SEAPA's NRECA sponsored 457(b) Deferred Compensation Plan, and further to authorize staff to effect the amendment of SEAPA's NRECA sponsored group insurance benefit plans to add union employees as an excluded class effective June 1, 2014, as those employees will qualify for benefits through the union.</p>	<p>Action 14-319</p>
------------------------	---	--------------------------

The motion passed with Ashton, Jamieson, Nelson, and Sivertsen voting in favor. Neither Williams nor his alternate, Freeman, were present to vote.

- H. *Set Next Meeting Date* - There were no changes to the meeting date schedule included in the board packet which sets June 25-26, 2014 in Wrangell as the next regular board meeting. Mr. Nelson stated he would not be available to attend that meeting, but that his alternate, John Jensen, would be available.

I. *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. The Executive Session will be conducted pursuant to SEAPA's Bylaws and Alaska State Law as the discussions may include (a) 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, as well as (b) discussions of certain subjects that could have an adverse effect on the Agency's legal position or the Projects. The motion passed with Jamieson, Nelson, Sivertsen, and Ashton voting in favor. Neither Williams nor his alternate, Freeman, were present to vote.

Action
14-320

The meeting recessed at 3:16 p.m. for the Executive Session. The Executive Session ended at 4:27 p.m. The regular meeting resumed at 4:33 p.m.

Chairman Sivertsen reported that the board met in executive session and staff was given direction.

➤ *Motion*

M/S (McConachie/Jensen) to direct staff, namely the CEO of SEAPA, to negotiate any agreements that need to be negotiated with the parties involved in regard to the Term Sheet. The motion passed with Nelson, Sivertsen, Ashton, and Jamieson voting in favor. Neither Williams nor his alternate, Freeman, were present to vote.

Action
14-321

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

12) **Adjourn** – Director Jensen moved to adjourn. It was determined there was no motion needed to adjourn. Chairman Sivertsen adjourned the meeting at 4:36 p.m. AKDT.