



SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

February 21-22, 2020

Hotel Interurban | Mount Si 1 Room
Tukwila, Washington

(An audio recording of this meeting is available on SEAPA's website at www.seapahydro.org)

February 21, 2020

1) Call to Order

A. Roll Call.

Chairman Sivertsen called the meeting to order at 8:30 a.m. PST on February 21, 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	IP	Jeremy Bynum	IP	Swan Lake	Ketchikan
Bob Sivertsen	IP	Cliff Skillings	IP	Swan Lake	Ketchikan
Bob Lynn	IP	Tor Benson	IP	Tyee Lake	Petersburg
Robert Larson	IP	Karl Hagerman	IP	Tyee Lake	Petersburg
Stephen Prysunka	IP	Lisa Von Bargaen	IP	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	IP	Sharon Thompson/Ex Assist/CA	IP
Joel Paisner, SEAPA Counsel	IP	Kirk Gibson, Contracted Counsel	IP

B. Communications/Lay on the Table Items

Chairman Sivertsen noted that the Agency's governing documents were distributed as lay on the table items, and announced a correction on the record to clarify that although an article had been printed in the Ketchikan Daily News that the Strategic Planning Meeting was held for a discussion on rates, that was not the purpose of the meeting. Chairman Sivertsen noted an additional lay on the table item was an email to the Agency's Committee Members recommending a special board meeting be held to discuss their findings and recommendations on the CEO evaluation. Following a discussion on available dates for a meeting, he requested a motion.

> Motion	M/S (Prysunka/Lynn) to hold a special board meeting on March 10, 2020 at 3:00 p.m. for the purposes stated. Motion approved unanimously by polled vote.	Action 20-796
--------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------

C. Disclosure of Conflicts of Interest: None

2) Approval of the Agenda

3) Introduction of Board Members

Board members exchanged introductions.

4) Election of Officers

A. *Chairman*

Mr. Prysunka nominated Bob Lynn for Chairperson. There were no objections.

B. *Vice Chairman*

Mr. Prysunka nominated Bob Sivertsen as Vice Chairperson. There were no objections.

C. *Secretary/Treasurer*

Mr. Lynn nominated Cliff Skillings as Secretary/Treasurer. There were no objections.

Chairman Sivertsen turned the Chair over to Mr. Lynn to preside over the meeting as the new Chairperson.

5) Persons to be Heard: None

6) Introduction to SEAPA (Kirk Gibson)

Mr. Acteson introduced Mr. Gibson noting his history with SEAPA. Mr. Paisner provided additional background announcing that he previously worked with Mr. Gibson in the AterWynn law firm representing the Four Dam Pool Power Agency (FDPPA). Mr. Gibson was involved in the energy side of legal matters and served the FDPPA for decades. At restructuring of the FDPPA both Mr. Paisner and Mr. Gibson worked to restructure the Agency. Mr. Paisner commended Mr. Gibson's strong hand in the Power Sales Agreement and spoke to Mr. Gibson's depth of experience in the Agency's governing documents and Alaska energy law. Mr. Gibson provided a very thorough introduction to SEAPA to orient the new board members and responded to director questions and comments.

7) Work Session Re SEAPA Strategic Planning

Mr. Acteson introduced the facilitators of the work session, Scott Lindsay and Eddie Jackson of Brown & Kysar, Inc. Introductions of all present were exchanged prior to the facilitators providing an overview of the strategic planning process. Board, participant, and the facilitators' duties and responsibilities were discussed.

The meeting recessed at 10 a.m. and reconvened at 10:15 a.m.

The facilitators presented the context and framework for strategic planning and reviewed the Agency's accomplishments in 2019, challenges and opportunities and reviewed the Agency's governing documents.

The meeting recessed at noon for lunch and resumed at 1:00 p.m.

The facilitators discussed prioritization of key performance areas and covered several topics relative to the Agency's strategic planning.

The meeting recessed at 5:00 p.m.

February 22, 2020

8) Call to Order

Chairman Lynn called the meeting to order at 8:30 a.m. and requested a roll call.

A. Roll Call

A roll call was taken.

Chairman Lynn announced that the Work Session under Agenda Item 7 would continue. Strategic planning discussions continued.

The meeting recessed at 10:00 a.m and resumed at 10:10 a.m. Strategic planning discussions continued until 11:15 a.m. Strategic planning discussions are summed up as follows:

The purpose of the work session was to provide an opportunity for Member Utility Representatives from Ketchikan, Petersburg, and Wrangell to review and discuss how well the Agency has served the communities over the years and establish priorities for the future. Opening topics included a welcome and background for successful strategic planning. The facilitators noted Mr. Acteson's accomplishments during his tenure with SEAPA.

Load forecasting and the potential impact of demand side management were discussed as they pertain to expanding generation capacity. These two items were identified for further follow-up. Due to the lack of available grant funding, debt service associated with construction of a new renewable energy generation asset is expected to be significant. SEAPA's regional hydrosite investigation final report will be issued by year-end, including findings and recommendations. Wind potential is also being studied at different locations near SEAPA's transmission line corridor and Solar may become a consideration as development costs continue to decline.

Reservoir operations and supplemental diesel generation were discussed in detail. SEAPA's Operations Plan has already been modified to address concerns associated with previous drought conditions. Opportunities for enhancing communication, collaboration, and transparency among the parties, including the public, were considered. A communications plan will be developed.

Legislative and regulatory activities were discussed, with recognition of the Agency's successful role as a unified voice representing the region. Continuing this important proactive advocacy is a priority going forward as it has lowered risk for the Agency and its Member Utilities.

Highlights of the Agency's governing documents were presented by legal advisors in attendance. The composition of the Board and individual Director term lengths were identified as topics for further consideration. SEAPA's mission/vision/value statements were also reviewed and may be updated in the future.

SEAPA owns assets exceeding \$.5 Billion in replacement value, and core infrastructure is over 35 years old. Timing of major replacements will be very important to minimize impact to the Member Utilities and Ratepayers. Replacement of a failed submarine cable serving Petersburg is an immediate priority and is estimated to cost \$5-8 Million. Updates to SEAPA's comprehensive capital improvement plan are scheduled for 2020/21.

The Swan Lake and Tyee Lake hydroelectric projects will begin a lengthy relicensing process in approximately 3 years. Relicensing is anticipated to take 7 years at an estimated cost of \$2-3 Million per project. New licenses are not guaranteed and may include additional expensive mitigation requirements.

Information derived from this work session will be used in the development of a formal strategic plan for the Agency. The plan will include specific objectives and timelines to maximize value for the collective group

of Member Utilities and the Ratepayers. Significant Agency resources will be dedicated to this focused effort over the next several years.

9) Director Comments.

Brief comments were exchanged.

10) Adjourn

The Chair requested Directors' comments prior to a motion to adjourn the meeting. Directors provided brief comments.

> Motion	M/S (Sivertsen/Prysunka) to adjourn the meeting.	Action 20-798
--------------------	--------------------------------------------------	--------------------------

Chairman Lynn adjourned the meeting at 11:30 a.m.

Signed:

Attest:

Secretary/Treasurer

Chairman