



**Minutes of Regular Meeting**

February 28, 2019

The Landing Hotel  
Ketchikan, Alaska

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

**1) Call to Order**

A. *Roll Call*

Chairman Prysunka called the meeting to order at 9:00 a.m. AKST on February 28, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

<u>Director</u>	<u>Alternate</u>	<u>Representing</u>	
Karl Amylon	Andy Donato	Swan Lake	Ketchikan
Robert Sivertsen		Swan Lake	Ketchikan
	Cliff Skillings	Swan Lake	Ketchikan
Bob Lynn	Robert Larson	Tyee Lake	Petersburg
Stephen Prysunka	Lisa Von Bargaen	Tyee Lake	Wrangell

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

Trey Acteson, Chief Executive Officer	Clay Hammer, Operations Manager
Ed Schofield, Power System Specialist	Robert Siedman, Dir. of Eng & Tech Svc.
Kay Key, Controller	Sharon Thompson, Ex Asst/Cont Admin
Marcy Hornecker, Administrative Asst.	Joel Paisner, Ascent Law Partners, LLC

B. *Communications/Lay on the Table Item(s):*

- Minutes of February 5, 2019 Special Board Meeting
- CEO Report
- Consideration and Approval of Alaska Municipal Bond Bank Financing
- Work Session Agenda and documents

C. *Disclosure of Conflicts of Interest:* None.

**2) Approval of the Agenda**

➤ <b>Motion</b>	M/S (Sivertsen/Lynn) to approve the agenda as presented.	Action 19-712
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Mr. Acteson recommended that Item A of New Business on the agenda (Executive Session) be amended to include discussions on financial impacts of reservoir management as that topic was advertised publicly and is also a part of the suggested motion in the board packet. He also recommended that a new Item B be inserted after Item A under New Business for action items following the executive session with the remaining items moved forward accordingly.

➤ <b>Motion</b>	M/S (Sivertsen/Lynn) to amend the agenda to include discussions on the financial impacts of reservoir management to the Executive Session topics and to add a new Item B to be inserted after Item A under New Business for action items to be heard following the executive session with the remaining items under New Business moved forward accordingly. Motion approved unanimously by polled vote.	Action 19-713
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A vote was taken to accept the agenda as amended and passed unanimously.

**3) Introduction of Board Members:** Board members exchanged introductions.

**4) Election of Officers**

A. *Chairman.*

Mr. Amylon moved to nominate Mr. Prysunka to serve another 12-month term. Mr. Prysunka declined the nomination and the motion was withdrawn. It was determined an interested director could self-nominate for the position and a second to a motion for a nomination is unnecessary.

➤ <b>Motion</b>	M/S (Sivertsen) to nominate Bob Sivertsen to serve as Chairman for calendar year 2019. Motion approved unanimously by polled vote.	Action 19-714
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B. *Vice Chairman*

➤ <b>Motion</b>	M/S (Sivertsen) to nominate Bob Lynn to serve as Vice Chairman for calendar year 2019. Motion approved unanimously by polled vote.	Action 19-715
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C. *Secretary-Treasurer*

➤ <b>Motion</b>	M/S (Sivertsen) to nominate Karl Amylon to serve as Secretary-Treasurer for calendar year 2019. Motion approved unanimously by polled vote.	Action 19-716
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Chairman Prysunka turned the Chair over to Mr. Sivertsen to preside over the meeting as the new Chairman. Chairman Sivertsen thanked Mr. Prysunka for his service.

**5) Persons to be Heard:** None.

**6) Introduction to SEAPA (Joel Paisner)**

Mr. Paisner presented a PowerPoint slideshow for the benefit of new board members, which provided Agency orientation.

**7) Work Session Re 2018 Operations and Curtailment Review**

A lengthy work session was held. Staff and Directors held informal discussions on the Agency's operations plans, curtailment review, SEAPA after curtailment review, the Power Sales Agreement operational review, future management guidelines, the Agency's diesel protocol history, and ended with Mr. Acteson's presentation of a PowerPoint slideshow on options for

diesel reimbursement. During the work session discussions, the meeting recessed at 10:27 a.m. and reconvened at 10:36 a.m. for a short break and at 11:55 recessed for lunch and reconvened at 1:06 p.m.

Following the work session, the Chair announced that in the best interest of time, Agenda Item 11A (Executive Session) should be moved ahead of Items 8, 9, and 10 under the Agenda.

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to move Agenda Item 11A (Executive Session) forward in the Agenda ahead of Agenda Items 8, 9, and 10. Motion approved unanimously by polled vote.	Action 19-717
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**11) New Business**

A. *Executive Session*

The Chair requested a motion on the executive session.

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions on the financial impacts of reservoir management and the potential acquisition of property, 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. Motion approved unanimously by polled vote.	Action 19-718
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The meeting recessed for the executive session at 2:38 p.m. and reconvened at 4:48 p.m.

Chairman Sivertsen announced the meeting was back into regular session.

B. *Action Items Following Executive Session*

1. Option (3) for Diesel Reimbursement

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to select Option (3) of the options for diesel reimbursement presented by the Agency's CEO during the February 28, 2019 board meeting whereby SEAPA reimburses Petersburg and Wrangell for the cost of their supplemental diesel fuel and overtime, minus 6.8 cents/kWh starting from February 15, 2019 through to March 28, 2019, at which time SEAPA will hold a Special Board Meeting and the supplemental diesel campaign will be reviewed. Motion approved unanimously by polled vote.	Action 19-719
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2. Offer of Property for SEAPA Office

Chairman Sivertsen announced that the offer of property for a SEAPA office was discussed during the executive session and the Agency's CEO received direction for follow-up on the offer.

3. Lake Levels and Protocol

Chairman Sivertsen announced that the Agency's lake levels and protocols were also discussed with the CEO receiving direction to shut Swan Lake down until it's at the 285 level and at 285, the communities would share the power equally 50-50 through the Agency's operating policy.

C. *Consideration and Approval of RR19322 for Intake Gate Stem, RR19323 for Tunnel Lights at Tye Lake and RR 19324 for Swan Lake Unit 1 Stuffing Box*

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to amend the FY2019 R&R Budget, increasing it by \$31,443 for RR19322 Intake Gate Stem Phase I, \$27,000 for RR19323 Tunnel Lights Tye Lake; and \$87,400 for Stuffing Box Unit 1 at Swan Lake. The combined projects will increase the FY19 R&R budget by \$145,843, bringing the R&R Budget total to \$3,173,009. Motion approved unanimously by polled vote.	Action 19-720
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D. *Consideration and Approval of Resolution No. 2019-072 Re Capitalization Threshold Change*

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to adopt Resolution 2019-072, amending SEAPA's Capitalization Policy by reducing the Capitalization Threshold from \$25,000 to \$10,000 effective July 1, 2019, and further move to amend Section 6.4.6 of SEAPA's Policy Handbook to concur with the Capitalization Policy, as both documents are presented in the February 28, 2019 board packet. Following an explanation by Mr. Acteson that the Agency has a lot of items that don't reach the \$25,000 threshold that should be capitalized and would be if the threshold was reduced to \$10,000 the motion was approved unanimously by polled vote.	Action 19-721
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E. *Consideration and Approval for Authorization to Pursue Alaska Municipal Bond Bank Financing*

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to authorize SEAPA staff to begin the process to participate in the Alaska Municipal Bond Bank financing to refinance the remainder of the Series 2009 Bonds, to ratify the loan application provided to the Alaska Municipal Bond Bank, and to take any necessary actions to work with the Alaska Municipal Bond Bank to secure the benefits of refinancing.  Mr. Acteson explained that since the Agency's 2009 bonds were eligible for early refunding it is prudent to pursue refinancing a portion of the debt at a lower rate through the Alaska Municipal Bond Bank which will net immediate savings on the debt, reduced administrative costs. Mr. Amylon received assurance from the Agency's counsel that since the agreement between SEAPA and KPU remains in place regarding the Whitman Lake true-up, that the refinancing will eliminate the bond covenant. The motion was approved unanimously by polled vote.	Action 19-722
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The Chair announced the Agenda will now be moved back to Agenda Item 8.

**8) Review and Approve Minutes**

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to approve the minutes of December 12-13, 2018 of the regular meeting and minutes of February 15, 18, and 25, 2019 respectively of special board meetings. Motion approved unanimously by polled vote.	<b>Action 19-723</b>
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**9(A-H) Financial Reports**

<b>➤ Motion</b>	M/S (Prysunka/Amylon) to accept disbursements for December 2018 and January 2019 totaling \$1,846,512.48 and financial statements for December and November 2018, as presented. Following a brief overview by Mr. Acteson of the Agency's financial position, rebates, revenue and expenses and renewal and replacement projects, the motion was approved unanimously by polled vote.	<b>Action 19-724</b>
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**10) Old Business**

A. *Swan Lake Transition Update/Discussions*

Mr. Acteson announced that the core transition documents had been prepared and provided to KPU for review. He noted that a key component of the transition was completion of the union contract and that three existing Swan Lake plant employees had expressed an interest in transferring to SEAPA which left an operator/electrician position vacant. He advised the position was advertised. He discussed two pole attachment agreements that had been drafted as part of the transition, one of which was between SEAPA and KPU Telecom, which would involve a reasonable cost recovery. Mr. Paisner advised that because telecom carriers are entitled to qualified equal treatment under the law, granting one telecom provider free access to SEAPA poles would allow other competitors to request the same. The pole agreement between SEAPA and KPU Electric would not realize a cost recovery due to in-kind contributions between the parties. He announced that lines of demarcation at the Bailey yard were discussed and a schematic of the switchyard prepared to facilitate discussions, together with a data exchange document indicating what points would be shared between KPU and SEAPA so the two parties could function efficiently for the benefit of the ratepayers.

**11) New Business** [all topics discussed earlier under the approved amended agenda]

**12) CEO Report**

In the interest of brevity due to a full agenda, Mr. Acteson referred the board to the written report he provided for the board packet and gave a short summary of external affairs issues he was involved in which included the State Specific Roadless Rule which he announced was currently in a draft EIS process. There were no questions from the directors.

**13) Staff Reports**

A. *Operations Manager's Report (Hammer)*

Mr. Hammer offered brief narratives on the Tye Road Access to Tidewater, ATV Use on the Tye Transmission System, Eagle River Crossing Marker Balls, TSV Actuator Pistons, and

Cleveland Peninsula Helipad Projects. He advised staff was still waiting for a final report from the submarine cable ROV consultant who inspected the Agency's cables. He also provided updates on MET tower data collection efforts, wooden pole testing, and issues SEAPA experienced with the 34' Svendsen landing craft powerheads on the outboard motors. He outlined work the Tyee crew had performed and provided a list of tasks accomplished at the plant. He noted KPU's Swan Lake Report was provided in the packet for review.

**B. *Power System Specialist (Schofield)***

Mr. Schofield provided details on a gangway and pier replacement project at Swan Lake that was currently in the 90% design stage and announced that it was discovered that power ring bushings had exceeded their limit during mechanical inspections at Swan Lake and required corrective action. He advised that a mechanical water seal called a 'stuffing box' showed excessive leakage and should be repaired the same time as the power ring bushings because of their location. Mr. Schofield announced that the wastewater project at Swan Lake had been completed, final design of new fabric storage buildings were also complete with manufacturing underway for delivery and construction by May 2019. He advised that as a safety precaution work was delayed on the Swan Lake reservoir access ladders because of low lake levels. He also provided updates on the Tyee Intake Gates HPU Upgrades Project and Flash Board Gate Trigger Modification issues.

**C. *Director of Engineering & Technical Services (Siedman)***

Mr. Siedman announced the Tyee Lake microwave link failed on February 8<sup>th</sup> and that troubleshooting of the issues appeared to indicate problems at Burnett Peak. A contractor performed a spectrum analysis and conducted other investigations concluding the issues likely resulted from snow and ice on the satellite dish. He discussed issues experienced during low lake levels with the Swan Lake governors and efforts to determine the root cause, and provided updates on the Tyee and Swan Governor Pressure System Projects, the Swan Lake Distribution Valve Controller and Manifold, Station Service Switchgear and Tyee Lake Level Remote RF-Modem Projects.

**14) Calendar Year 2019 Meeting Dates**

There were no comments on the next meeting dates suggested in the board packet.

**15) Director Comments**

Directors provided brief comments.

**16) Adjourn**

Chairman Sivertsen requested a motion for adjournment. Mr. Prysunka so moved with Mr. Lynn seconding the motion. The Chair adjourned the meeting at 5:52 p.m.