

Southeast Alaska Power Agency Meeting Minutes

Location: Held Electronically¹

Date: December 10, 2020

Time: 9:00 a.m. AKST

Agenda Items

1) Call to Order

A. Roll Call.

Chairperson Lynn called the regular meeting to order at 9:00 a.m. AKST on December 10, 2020. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present Electronically (E) In Person (IP)	Alternates	Present Electronically (E) In Person (IP)	Representing	Community
Karl Amylon	E	Jeremy Bynum	E	Swan Lake	Ketchikan
Bob Sivertsen	E	Cliff Skillings	E	Swan Lake	Ketchikan
Bob Lynn	E	Tor Benson	E	Tyee Lake	Petersburg
Robert Larson	E	Karl Hagerman	E	Tyee Lake	Petersburg
Stephen Prysunka	E	Lisa Von Bargaen		Tyee Lake	Wrangell

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

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

B. Communications/Lay on the Table Items - Two items:

- Fund Flow Chart
- Potential Approach to Rates

C. Disclosure of Conflicts of Interest - None

2) Approval of the Agenda

Motion	M/S (Sivertsen/Larson) to approve the agenda as presented. The motion was approved by consensus following a round of 'ayes'.	✓ Action 20-853
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3) Persons to be Heard - None

4) Review and Approve Minutes

Motion	M/S (Prysunka/Larson) to approve the minutes of the regular meeting of September 30, 2020. The motion was approved unanimously by polled vote.	✓ Action 20-854
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¹ The meeting was held electronically via Zoom 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



5) Financial Reports

➤ <i>Motion</i>	M/S (Sivertsen/Prysunka) to accept year-to-date financial statements through October 2020 and disbursements for September, October, and November 2020 totaling \$2,338,837.07, as presented.	
	Mr. Acteson opened discussion on financial matters by explaining that although a rate increase is not currently requested, a potential approach to an increase was prepared for the board to contemplate. He demonstrated the approach and fielded questions followed by discussions on a Fund Flow Chart which provided a forward look on the finances of the Agency. He discussed and fielded questions on the various Agency funds and provided an overview of the remainder of the financial reports provided in the board packet.	✓ Action 20-855
	Following additional discussion, the motion was approved unanimously by polled vote.	

6) New Business

A. Executive Session

➤ <i>Motion</i>	M/S (Larson/Sivertsen) to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with AS 44.62.310 for discussions on: (a) evaluation of the Agency's CEO, which discussions may involve subjects that tend to prejudice the reputation and character of a person, and (b) update on hydrosite analysis as the discussions may involved matters that have a clear impact on the Agency's finances. The motion was approved unanimously by polled vote.	✓ Action 20-856

The meeting recessed at 9:45 a.m. for the executive session. The regular session of the meeting resumed at 1:15 p.m. The Chair requested a roll call. The same board members present in the earlier portion of the meeting were in attendance. The Chair announced that the executive session is complete.

B. Consideration and Approval of Contract Award Re Tyee Tidewater Access Road Preliminary Design Project.

➤ <i>Motion</i>	M/S (Prysunka/Sivertsen) to abandon the Tyee Marine Access Feasibility Project and close the project account 1830-004. The motion was unanimously passed by polled vote.	✓ Action 20-857
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C. Consideration and Approval of Sole Source of Air Carrier Contract

➤ <i>Motion</i>	M/S (Prysunka/Larson) to authorize staff to enter into a sole-source Air Carrier Contract with Sunrise Aviation, Inc. for a term from December 1, 2020 through December 31, 2021 with an evergreen clause automatically renewing the contract unless it is terminated otherwise by one or both parties for fixed wing flight services at the base rate of \$500 for each contracted, scheduled, completed flight between Wrangell and the Tyee Hydroelectric facility, estimated to be about 104 flights annually, with the option for Sunrise Aviation to revise its rate on November 1 each year for insurance and fuel cost adjustments. Following a brief discussion, the motion was unanimously passed by polled vote.	✓ Action 20-858

D. Consideration and Approval of Sole Source Re SEAPA 2021 Safety Program

Motion	M/S (Prysunka/Larson) to authorize staff to enter into a sole-source contract amendment to SEAPA's Task Order No. 20055 for SEAPA's 2021 Swan and Tyee Lake Safety Program Support Services and Training with TSS, Inc. for the not-to-exceed value of \$76,000. The motion was unanimously passed by polled vote.	✓ Action 20-859
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E. Presentation, Consideration and Approval of FY2021 SEAPA Budget

Motion	M/S (Sivertsen/Larson) to adopt the Southeast Alaska Power Agency budget for fiscal year 2021, comprised of:		✓ Action 20-860
	1)	Setting the wholesale power rate at \$0.068 per kWh for the period January-December 2021; and,	
	2)	the 2021 Forecasted Revenue Budget of: \$ 11,370,356	
	3)	and the 2021 Operating Expense Budget of: \$ 7,264,800	
	4)	and the 2021 Nonoperating Revenue Budget of: \$ 376,000	
	5)	and the 2021 Nonoperating Expense, Liabilities and Feasibility Budget of: \$ 4,470,813 (which includes debt service and a levelized payment of \$2.552M to the R&R Fund); and,	
	6)	projects in the 2021 Renewal and Replacement Capital Budget of: \$ 17,541,707 (as presented at the December 10, 2020 SEAPA Board Meeting).	

Mr. Acteson reported that SEAPA's Fiscal Year 2021 budget is premised on maintaining the 6.8 cent/kWh Wholesale Power Rate to minimize the financial impact to SEAPA's member communities during the global pandemic. He explained that although the rate has remained the same for over 23 years, it is not sustainable because it has not been adjusted for inflation. The lay on the table items, Potential Approach to Rates and a Fund Flow Chart, were provided on the Zoom meeting screen to facilitate discussion on possible rate increases and to provide a forward look at Agency finances. There was considerable discussion on both items with no definitive action taken.

Mr. Acteson reviewed the FY2021 draft operating budget with a brief highlight of each budget item. Considerable discussion followed when considering a 2% COLA for SEAPA administrative staff, which resulted in the following motion:

Motion	M/S (Sivertsen/Amylon) to amend the FY2021 operating budget regarding compensation to defer the two percent proposed wage to administrative staff to a better economic time - probably next season.	✓ Action 20-861
	Prior to a vote being taken, Mr. Acteson clarified for the record that administrative staff had not received any compensation adjustments for a year and half so deferring the adjustment would equate to two and a half years of no COLA increases for administrative staff.	
	The motion passed three-to-two with Mr. Lynn, Mr. Amylon, and Mr. Sivertsen voting in favor of the motion and Mr. Prysunka and Mr. Hagerman voting against the motion.	

Mr. Acteson continued with highlights of the remainder of the operating expense budget and discussed the nonoperating revenue, nonoperating expense, liabilities and feasibility, and renewal and replacement (R&R) capital budgets. During discussions of the R&R capital project #20346 for replacement of existing relays at the Bailey Substation, it was determined an increase is necessary for the budget item.



➤ Motion	M/S (Sivertsen/Prysunka) to amend the FY2021 R&R Capital Budget by increasing Budget Item RR20346 by \$21,320. The motion was unanimously passed by polled vote.	✓ Action 20-862
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The Chair requested a vote on the motion adopting SEAPA's FY2021 Budget, as amended, which amendments include: (1) a reduction in the Operating Budget to defer a 2% administrative staff raise, and (2) an increase of \$21,320 to the Renewal & Replacement Capital Budget. Following brief discussion, the motion was unanimously passed by polled vote.

The Chair requested discussion to consider authorization for the CEO to utilize \$10,000 from SEAPA's FY2020 operating budget to provide year-end bonuses to administrative staff for employee recognition, to be distributed at the CEO's discretion. Following brief discussion, the following motion was presented:

➤ Motion	M/S (Prysunka/Larson) to authorize SEAPA's CEO to make \$10,000 available for administrative staff bonuses out of SEAPA's FY2020 budget to be allocated as he sees fit. Following a polled vote, the motion passed four-to-one with Mr. Sivertsen, Mr. Larson, Mr. Lynn, and Mr. Prysunka voting in favor of the motion and Mr. Amylon voting against the motion.	✓ Action 20-863
➤ Motion	Following the vote, Mr. Sivertsen requested that his vote be changed to "No". The Board consented to agree to allow the change. The motion still passed three-to-two with Mr. Larson, Mr. Lynn, and Mr. Prysunka in favor of the motion and Mr. Amylon and Mr. Sivertsen against the motion.	

F. *Consideration and Approval of SEAPA's FY2021 Operations Plan*

➤ Motion	M/S (Hagerman/Sivertsen) to approve the 2021 SEAPA Operations Plan as presented in the December 10, 2020 Board packet.	✓ Action 20-864
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The meeting recessed at 3:33 p.m. and resumed at 3:40 p.m.

Mr. Siedman presented highlights of SEAPA's proposed 2021 Operations Plan. Following brief discussion, the Chair requested a vote on the motion brought forward for the proposed Operations Plan. The motion passed unanimously by polled vote.

7) CEO Report

In the interest of brevity, Mr. Acteson announced he would not verbalize highlights of the written CEO report provided in the December 10, 2020 board packet but will make himself available for any questions.

8) Staff Reports

A-C. *Operations Manager (Hammer), Power System Specialist (Schofield), and Director of Engineering and Technical Services (Siedman)*

In the interest of brevity, highlights of the respective staff reports were not verbalized as written reports were provided in the board packet. Brief discussion followed as staff fielded questions on the written reports.

9) Calendar Year 2021 Meeting Dates

There were no objections to the proposed 2021 meeting dates provided in the board packet.




10) Director Comments

Directors exchanged various comments.

11) Adjourn

The Chair announced the meeting adjourned at 4:35 p.m. There were no objections.

Signed:



Secretary/Treasurer

Attest:



Chairperson