



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting

December 14, 2016

Best Western Plus Landing Hotel
Ketchikan, Alaska

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

1) Call to Order

A. *Roll Call* - Chairman John Jensen called the meeting to order at 9:00 a.m. AKST on December 14, 2016. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Lew Williams	Andy Donato	Swan Lake	Ketchikan
Judy Zenge	Charles Freeman	Swan Lake	Ketchikan
Joe Nelson	Mark Jensen	Tyee Lake	Petersburg
John Jensen	Cindi Lagoudakis	Tyee Lake	Petersburg
Stephen Prysunka	Clay Hammer	Tyee Lake	Wrangell

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

Trey Acteson, Chief Executive Officer	Steve Henson, Operations Manager
Eric Wolfe, Director of Special Projects	Ed Schofield, Power System Specialist
Kay Key, Controller	Sharon Thompson, Executive Assistant
Lisa Maddocks, Administrative Assistant	Joel Paisner, Ascent Law Partners, LLC

B. *Communications/Lay on the Table Items* – It was noted that a handout would be distributed for the upcoming NRECA call scheduled at 11:00 a.m.

C. *Disclosure of Conflicts of Interest* – Mr. Williams reported a conflict of interest in his capacity as a board member and ownership interest in the Ketchikan Daily News.

2) Approval of the Agenda

➤ Motion	M/S (Williams/Zenge) to approve the agenda, as discussed with scheduled calls. Motion approved unanimously by polled vote.	Action 17-543
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3) Proclamation Honoring Joe Nelson

A proclamation honoring Joe Nelson was read by Chairman, John Jensen.

4) Persons to be Heard – None

5) Review and Approve Minutes

➤ Motion	M/S (Williams/Nelson) to approve the Minutes of the Regular Meeting of November 1-2, 2016. Motion approved unanimously by polled vote.	Action 17-544
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6) Financial Reports

(A-H) Mr. Acteson reported that SEAPA's financial position remains strong. He noted that the FY16 Audited Financials had been distributed to the Board ahead of this meeting and that a call with the BDO financial auditor was scheduled for later in the meeting. He mentioned the FY16 rebate, which is to be discussed under New Business. Mr. Acteson reviewed the Agency's revenue and expenses, grants and renewal and replacement projects. Following discussions, the Chairman requested a motion on the financial statements.

➤ Motion	M/S (Williams/Nelson) to approve the financial statements for the month of October 2016. Motion approved unanimously by polled vote.	Action 17-545
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➤ Motion	M/S (Williams/Prysunka) to approve disbursements for the month of November 2016. Motion approved unanimously by polled vote.	Action 17-546
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➤ Motion	M/S (Williams/Zenge) to approve the Southeast Alaska Power Agency Fiscal Year 2016 Audited Financial Statements presented. Motion approved unanimously by polled vote.	Action 17-547
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Bob Sivertsen presented Joe Nelson with a framed painting in honor of his service to the SEAPA Board.

The meeting recessed at 10:24 a.m. and reconvened at 10:43 a.m.

7) CEO Report

Mr. Acteson announced that the negotiations in the U.S. House of Representatives on the omnibus energy bill had failed and that the amendment to address land conveyance issues in the Lost Creek drainage of the Swan Lake Hydroelectric Project was part of the energy legislation that failed. He added that the Federal Delegation was working on alternative pathways to move the amendment forward. He further stated that he has been working with our State lobbyist to define priorities for the coming legislative session.

Mr. Acteson provided an update on public relations activities, best practices and process improvements and SEAPA's new satellite communications' provider. He advised that the Kake-Petersburg Intertie (KPI) Record of Decision (ROD) was signed by the Forest Supervisor on November 30, 2016, noting that this was a significant milestone achievement, as it authorizes SEAPA to construct a transmission line between Petersburg and Kake. He further advised that SEAPA's Project Manager is working to establish timelines and deliverables associated with the ROD before scheduling a meeting with the KPI steering committee to discuss findings and options.

The meeting recessed at 12:08 p.m. and reconvened at 1:01 p.m.

Mr. Acteson closed his report with an update on the recruitment of the Director of Engineering and Technical Services position and the status of the temporary Wrangell Assistant position.

8) Staff Reports

A. Operations Manager (Steve Henson)

Mr. Henson reported that the final Environmental Assessment for ATV use on the Tyege Transmission System is under review by the USFS and that the application for the Dredging/Road Tyege Power Plant Harbor plan is under review in Washington, D.C. He advised that the transition to the new satellite provider, X2nSat, would take place at the end of December and that we have contracted with Electric Power Systems for the engineering and design phase of the CTs-Relay Wrangell Circuit Switcher project. He reported that SEAPA had contracted with Kleinschmidt Associates to assist with the review of maintenance practices and operating procedures at Tyege Lake. A site visit was conducted on December 6 and 7. He reported on the Tyege Lake Turbine Shut Off Valve Controls, provided an update on the 2017-2019 Transmission Line Maintenance RFP, and closed his report with an update on Tyege Lake and Swan Lake activities.

B. Director of Special Projects (Eric Wolfe)

Mr. Wolfe reported on the Swan Lake Expansion Project, including benefits, cost, and remaining tasks. He also provided an update on water management.

C. Power System Specialist (Ed Schofield)

Mr. Schofield reported on the installation of the Swan Lake Ice Avoidance Bubbler Compressor and compressor building. He provided an update on the progress of the Swan Lake Debris Boom Design and advised the Board that the Swan Lake Fixed Wheel Gate has been commissioned and is ready for automation integration. Mr. Schofield reported that a temporary log boom was installed at Swan Lake until the permanent boom is installed. He closed his report with an update on the demobilization of Pacific Pile and Marine from the Swan Lake Reservoir Expansion Project.

9) Old Business

A. Consideration and Approval of Retirement Security Plan Prepayment

Mark Maus, Vice President of Actuarial Services at NRECA, called in earlier in the meeting to review and discuss the Retirement Security Plan Prepayment Option, and fielded additional questions from the Board.

➤ Motion	M/S (Prysunka/Williams) to direct staff to issue a lump-sum prepayment to NRECA's Retirement Security Plan in the amount of \$448,687 to apply towards SEAPA's defined benefit plan, and further moved to direct staff to amortize the payment over ten years using the straight-line amortization method starting in FY2017. Motion failed with a polled vote of 3-2.	Action 17-548
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10) New Business

A. Consideration and Approval of SEAPA's Operations Plan for 2017

Mr. Wolfe provided an overview of SEAPA's Operations Plan for 2017. After discussions, Chairman Jensen requested a motion.

➤ Motion	M/S (Williams/Zenge) to approve the 2017 SEAPA Operations Plan as defined in the "2017 Ops Plan Summary" on page 6 of the SEAPA 2017 Operations Plan Report" dated December 6, 2016. Motion approved unanimously by polled vote.	Action 17-549
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B. Consideration of Policy Regarding PTO Donation

After discussions and suggested amendment, Chairman Jensen requested a motion.

➤ Motion	M/S (Prysunka/Zenge) that SEAPA adopt the Paid Time Off (PTO) Donation Policy, as presented in the December 14, 2016 Board Packet. The motion was amended to remove the limit on hours donated. Motion approved unanimously by polled vote.	Action 17-550
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C. Consideration and Approval of Resolution No. 2016-065 Regarding CEO Annual Review

Chairman Jensen requested a motion.

➤ Motion	M/S (Williams/Zenge) to adopt Resolution No. 2016-065, Policy 7.3 – Annual Review of the CEO, establishing the Annual Review of the Agency's CEO prior to the end of each calendar year. Motion approved unanimously by polled vote.	Action 17-551
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D. Executive Session Pursuant to Agency Bylaws

➤ Motion	M/S (Prysunka/Zenge) to recess into Executive Session to conduct further discussions on SEAPA Employment Related Matters. The Executive Session will be conducted pursuant to SEAPA's Bylaws which are consistent with Alaska Statute 44.62.310 as the discussions may include subjects that tend to prejudice the reputation and character of any person, and no one has requested this matter be addressed in a public session. Motion approved unanimously by polled vote.	Action 17-552
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The meeting recessed into executive session at 2:41 p.m. and reconvened at 3:39 p.m. No actions were taken as a result of the executive session.

E. Consideration and Approval of CEO Employment Contract – No discussion.

F. Approval of Rebate Disbursement

Chairman Jensen requested a motion.

➤ Motion	M/S (Williams/Nelson) to authorize the distributions of an \$800,000 rebate with a pro rata share to each Member Utility based on an average of the last three years' firm kWh purchases from SEAPA as specified in the FY16 Rebate Memo dated December 5, 2016. Motion approved unanimously by polled vote.	Action 17-553
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G. Consideration of Proposed Next Meeting Dates, February 8-9, 2017 in Petersburg

Following discussion, it was the consensus of the Board that the first meeting in 2017 would be February 8-9 in Petersburg, and that subsequent meeting dates would be sent to the Board.

11) Director Comments – Directors provided brief comments.

12) Adjourn

Chairman Jensen adjourned the meeting at 3:52 p.m.