



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting
June 25-26, 2014

The Nolan Center | Wrangell, 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 Sivertsen called the meeting to order at 12:31 p.m. AKDT on June 25, 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 (telephonic)		Swan Lake	Ketchikan
	John Jensen	Tyee Lake	Petersburg
Brian Ashton	Clay Hammer	Tyee Lake	Wrangell
Christie Jamieson	Don McConachie	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

B. *Communications* – none.

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

2) Approval of the Agenda

➤ Motion	M/S (Jensen/Jamieson) to approve Agenda, as amended, to include a discussion under Item 8.A. of Project Reports on breaker issues, addition of Item B under Old Business for a discussion regarding an audit of the D. Hittle & Associates Report, and inclusion of a discussion under New Business as Item 10.I. regarding an email received from Sivertson & Associates Consulting Ltd. Item 10.I would become Item 10.J. accordingly. Motion approved unanimously by polled vote.	Action 14-324
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3) **Persons to be Heard** – Mr. McConachie thanked Mr. Donato for photographs provided at a previous board meeting.

4) **Review and Approve Minutes**

> Motion	M/S (Jenson/Ashton) to approve the Minutes of the Regular Meeting of April 24, 2014 and Minutes of the Special Meeting of May 20, 2014. Motion approved unanimously by polled vote.	Action 14-325
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5) **Financial Reports**

(A-H)Mr. Acteson provided an overview of his memo on finances provided in the board packet, and discussed a kWh graph, grant summary, April and March 2014 financial statements, and Statement of Activities.

> Motion	M/S (Jamieson/Jensen) to approve the Financial Reports for March 2014 and April 2014. Motion approved unanimously by polled vote.	Action 14-326
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Mr. Acteson discussed SEAPA's R&R projects.

(I) *Disbursement Approvals*

> Motion	M/S (McConachie/Jamieson) to approve Disbursements for the months of April 2014 and May 2014 in the amount of \$1,600,609.69. Motion approved unanimously by polled vote.	Action 14-327
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6) **CEO Report**

Mr. Acteson opened his report with a discussion on SEAPA's comments submitted to the U.S. Forest Service on the 2008 Tongass National Forest Plan and explained the negative impacts of the current plan to project development and operations and maintenance of SEAPA's facilities. He advised that distribution of a draft update to the Policies and Procedures Handbook will defer to the August Board meeting because of more pressing issues.

The meeting recessed at 1:09 p.m. and resumed at 1:14 p.m.

Mr. Acteson provided a demonstration of SEAPA's new website navigating to all of the pertinent links for the board's review. The board expressed favorable comments on the site. Mr. Acteson continued his report advising that SEAPA's insurance consultant, Gary Griffin, started his own independent consulting firm. He recommended that SEAPA continue to utilize Mr. Griffin's services in his new capacity. He provided an update of the current year's insurance renewal negotiations and the opportunity for an appraisal of SEAPA's insurable assets.

Mr. Acteson advised that a prospective candidate had been interviewed for the engineering position and that a counteroffer from the candidate was being reviewed. He provided an update on the Whitman true-up and the Kake-Petersburg Intertie, and reported on the National Hydro Association's conference held in Ketchikan on June 11 and 12. He noted SEAPA will also host the 2015 Alaska Power Association conference in Ketchikan.

The meeting recessed at 1:55 p.m. and resumed at 2:15 p.m.

7) A. **Operations Manager Report (Steve Henson)** – Mr. Henson presented a slide show and provided an update on matters involving the Federal Energy and Regulatory Commission (FERC) and gave updates on the Wrangell Reactor, Satellite Communication System, Swan-Tyee Intertie Helipads, and other projects. He reported that annual maintenance is complete providing photos on the maintenance that took place on the Tyee, Swan, and Swan-Tyee transmission lines.

The meeting recessed at 1:36 p.m. for projector set-up, and reconvened at 1:40 p.m.

B. **Director of Special Projects Report (Eric Wolfe, P.E.)** – Mr. Wolfe presented a slide show opening with updates on the SCADA and an overview of the Swan Lake Non-capacity Amendment process. He explained the next steps that need to take place on the Tyee Lake Cooling Water Conversion Project and reported on upcoming work planned under the Department of Commerce, Community and Economic Development Grant.

The meeting recessed at 4:27 p.m. and reconvened at 4:34 p.m.

8) **Project Reports** – Mr. Donato provided a report on behalf of Swan Lake. No report was provided on behalf of Tyee Lake.

9) **Old Business**

A. *Digital Communication Device Policy* – Mr. Acteson provided an overview of the Agency's current digital communication device policy. Mr. Ashton moved for an expansion of the policy to include a stipend of \$750 for directors to have the flexibility to choose their own device. There was no second to the motion.

B. *Audit of D. Hittle Report* – Mr. Ashton requested that an audit be done on a report prepared by consultant, D. Hittle & Associates. Chairman Sivertsen asked Mr. Ashton what he was specifically looking for in the D. Hittle report. Mr. Ashton expressed concerns about SEAPA's transparency in the exchange of information during preparation of the report. Chairman Sivertsen explained that staff was given direction to manage the project and work with the consultant in preparation of the report and that the report provided was sufficient information. No motion was made or further action taken on the topic.

Several directors made brief comments on the day's meeting.

The meeting recessed at 5:30 p.m. on Wednesday, June 25, 2014. The meeting reconvened on June 26, 2014 at 9:04 a.m.

Chairman Sivertsen requested a roll call. The same directors and alternates present during the June 25, 2014 portion of the meeting were present for the June 26, 2014 meeting, thus establishing a quorum of the board:

10) **New Business**

A. *Review of SEAPA's New Website*. Chairman Sivertsen noted that Mr. Acteson had already presented SEAPA's new website to the board for review during his CEO Report. No further discussion or action was taken regarding the website.

B. *SEAPA Representative on Alaska Power Association Board*.

➤ Motion	M/S (McConachie/Jensen) to appoint Trey Acteson to serve as SEAPA's representative on the Alaska Power Association's Board of Directors for a three-year term commencing September 11, 2014. Motion approved unanimously by polled vote.	Action 14-328
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C. *State Lobbyist for FY15.*

➤ Motion	M/S (Jensen/Hammer) to authorize staff to enter into a contract with Ray Matiashowski, d/b/a Ray Matiashowski and Associates for an amount not to exceed \$48,000 for SEAPA's Fiscal Year 2015 lobbying services. Motion approved unanimously by polled vote.	Action 14-329
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D. *Employee Benefits.* An outline of SEAPA's administrative employee benefits were presented for the board's review.

➤ Motion	M/S (Jensen/Jamieson) to approve the 2014 Administrative Employee Benefits as presented in the June 25-26, 2014 SEAPA board packet.	Action 14-330
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Ms. Jamieson requested that the motion be amended to include Veteran's Day to the list of holidays observed by SEAPA staff.

➤ Motion	M/S (Jamieson/McConachie) to amend the motion approving the 2014 Administrative Employee Benefits as presented in the June 25-26, 2014 SEAPA board packet by adding Veteran's Day to the list of holidays observed by SEAPA staff so the list of holidays would be New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day and the Friday after, Christmas Eve and Christmas Day. Motion approved unanimously by polled vote.	Action 14-331
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Following approval of the amendment, Chairman Sivertsen requested a vote on the main motion regarding approval of the 2014 Administrative Employee Benefits as presented in the June 25-26, 2014 SEAPA board packet. The motion was approved unanimously by polled vote.

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E. *Executive Session Re Future Operation's of Agency's Tyee Hydroelectric Project.*

	M/S (McConachie/Jamieson) to recess into Executive Session for discussions relating to future operations of the Agency's Tyee Lake facility. The Executive Session will be conducted pursuant to SEAPA's Bylaws and Alaska State Law as the discussions may include 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.	
➤ Motion	Following Ms. Jamieson's second to the motion she requested that the motion include the language "and Alaska state law, Alaska Statute 42.40.170(b)(1)". Ms. Jamieson read the statute for the record noting Alaska Statute 42.40.170 is executive sessions; (b) is "Only the following subjects may be discussed in an executive session" and (1) is "matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the corporation" which Ms. Jamieson noted was already in the motion. There were no objections to the addition and the motion was approved unanimously by polled vote.	Action 14-332

The meeting recessed at 9:30 a.m. for an executive session. The meeting reconvened in regular session at 11:31 a.m.

Chairman Sivertsen reported that the board had discussions regarding the operations and maintenance of SEAPA's Tyee Lake Hydroelectric facility. The following action was taken:

	M/S (Sivertsen/Jensen) to adopt SEAPA Resolution No. 2014-054 regarding termination of the operations and maintenance agreement for the Tyee Lake Hydroelectric Facility. Chairman Sivertsen read the resolution into the record. Motion approved unanimously by polled vote.	
➤ Motion		Action 14-333

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<p>➤ Motion</p>	<p>M/S (Sivertsen/Jensen) to authorize the Chairman of the Board of SEAPA the authority to execute an agreement providing for SEAPA's assumption of the Operations and Maintenance obligation for the Tyee Lake Hydroelectric Facility from the Thomas Bay Power Authority, consistent with the following terms and conditions:</p> <ul style="list-style-type: none"> • SEAPA will assume all obligations and duties for Operations and Maintenance of the Tyee Lake Hydroelectric Facility, and arrange for assignment of all necessary contracts needed to effect the transition of operations; • SEAPA will be responsible for the PERS payments that may become due as a result of the transfer; • SEAPA agrees to certain indemnification obligations; • SEAPA will continue to negotiate a Collective Bargaining Agreement with represented employees of Tyee Lake; • SEAPA will consider employment of the General Manager and Secretary at Thomas Bay Power Authority through May 3, 2015, the ending date of the General Manager's contract, and is authorized to take actions necessary in the best interests of SEAPA; and, • This is to be effective today, June 26, 2014, <p>and, staff is authorized to take actions necessary to timely complete the transition process, including review of any existing contracts, agreements, warranties, and other related documents.</p> <p>Motion approved unanimously by polled vote.</p>	<p>Action 14-334</p>
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The meeting recessed at 11:37 a.m. for lunch. The meeting reconvened at 12:30 p.m.

F. *Presentation, consideration, and approval of FY15 SEAPA budget.*

Mr. Acteson presented and discussed SEAPA's Fiscal Year 2015 budget.

<p>➤ Motion</p>	<p>M/S (McConachie/Jamieson) to approve the Southeast Alaska Power Agency Fiscal Year 2015 Budget in the amount of \$7,560,175. Motion approved unanimously by polled vote.</p>	<p>Action 14-335</p>
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Mr. Acteson reviewed SEAPA's FY14 and new FY15 R&R projects.

<p>➤ Motion</p>	<p>M/S (McConachie/Jensen) to approve a FY15 budget of \$2,748,340 for new FY15 R&R Projects numbered 15-01, 15-02, 15-03, 15-04 15-05 and 15-06. Motion approved unanimously by polled vote.</p>	<p>Action 14-336</p>
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> Motion	M/S (McConachie/Jensen) to approve the FY15 budget of \$5,967,010 for previously approved R&R projects. Motion approved unanimously by polled vote.	Action 14-337
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Mr. Acteson advised that the Alaska Energy authority provided SEAPA with a meteorological tower to assess potential wind resources in the region and that SEAPA's budget request for FY15 will include permitting, installation, and data collection. He noted that \$75,000 that was approved in FY14 for the project.

> Motion	M/S (Jensen/Jamieson) to approve the wind energy feasibility project in the amount of \$73,168.26. Motion approved unanimously by polled vote.	Action 14-338
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G. *Discussion of FY15 Rebate*

Mr. Williams commented that he would like to see the \$745,883 figure in the budget presented as a surplus rebated to the member municipalities. Ms. Key noted that although it would be paid in 2015, it would affect the FY14 budget.

> Motion	M/S (Williams/Ashton) to approve a rebate for SEAPA's three municipalities in the amount of \$745,883.	Action 14-339
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Much discussion followed, with Ms. Key noting that because she did not receive the Thomas Bay Power Authority net billing to close the May 2014 books, she could not close FY14 to provide an accurate rebate figure.

> Motion	M/S (Williams/McConachie) to defer the motion on approval of a rebate for SEAPA's three municipalities to the August board meeting. Motion approved unanimously by polled vote.	Action 14-340
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H. *Wholesale Power Rate for FY15*

Mr. Acteson noted that the FY15 budget is premised on retaining the current wholesale power rate of 6.8 cents/kWh and that the rate has remained constant for the past 16 years.

> Motion	M/S (Jamieson/Ashton) to approve setting SEAPA's wholesale power rate at 6.8 cents/kWh for Fiscal Year 2015. Motion approved unanimously by polled vote.	Action 14-341
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I. *Discussion Re Sivertson & Associates Consulting Ltd.*

Mr. Ashton reported that Sivertson & Associates attempted to contact SEAPA for information and expressed concern that there had been no follow-up. Chairman Sivertsen requested that Mr. Ashton forward the information to him for follow-up.

J. *Set Next Meeting Date*

There were no changes to the meeting date schedule included in the board packet which sets August 28, 2014 in Ketchikan as the next regular board meeting.

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

12) Adjourn

> Motion	M/S (Jensen/Hammer) to adjourn the meeting. There were no objections to the motion.	Action 14-342
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The meeting adjourned on June 26, 2014 at 3:02 p.m. AKDT.