



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

1) Call to Order

A. *Roll Call*

Vice Chairman Stephen Prysunka called the meeting to order at 9:00 a.m. AKST on February 8, 2018. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Karl Amylon	Andy Donato	Swan Lake	Ketchikan
Judy Zenge		Swan Lake	Ketchikan
Bob Lynn	John Jensen	Swan Lake	Petersburg
Stephen Prysunka	Lee Burgess	Tyee Lake	Wrangell
Klay Hammer	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	Steve Henson, Operations Manager
Ed Schofield, Power System Specialist	Robert Siedman, Dir. of Eng. & Tech Svc.
Kay Key, Controller	Joel Paisner, Ascent Law Partners, LLC
Sharon Thompson, Ex. Asst./Cont. Admin.	

B. *Communications/Lay on the Table Item(s):* None.

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

2) Approval of the Agenda

➤ Motion	M/S (Hammer/Lynn) to approve the agenda. Motion approved unanimously by polled vote.	Action 18-640
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3) Introduction of Board Members

Introductions of board members and staff were exchanged for the benefit of new board members.

4) Election of Officers

➤ Motion	M/S (Jensen/Hammer) to nominate Steve Prysunka as Chairman. Motion approved unanimously by polled vote.	Action 18-641
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➤ Motion	M/S (Hammer/Zenge) to nominate John Jensen as Vice Chairman. Motion approved unanimously by polled vote.	Action 18-642
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➤ Motion	M/S (Zenge/Prysunka) to nominate Karl Amylon as Secretary-Treasurer. Motion approved four-to-one with Mr. Prysunka, Ms. Zenge, Mr. Jensen, and Mr. Hammer voting in favor of the motion and Mr. Amylon voting against the motion.	Action 18-643
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5) **Persons to be Heard:** None.

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

After explaining board members' fiduciary duties and providing Agency orientation, Mr. Paisner responded to various questions and advised that the Agency is bound to defend and indemnify the board members in their capacities as board members and personally through the Agency's Directors' and Officers' insurance.

7) **Review and Approve Minutes**

➤ Motion	M/S (Hammer/Zenge) to approve the Minutes of the Regular Meeting of December 13-14, 2017. Motion approved unanimously by polled vote.	Action 18-644
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8) **Financial Reports**

(A)-(H) Mr. Acteson affirmed the stability of the Agency's financial position and reported that the FY2017 rebate was the largest rebate in the history of the Agency, which demonstrates the Agency's goal of safely providing low-cost reliable power to its member communities. He provided updates on revenue and expenses, grants, renewal and replacement projects, the Whitman True-up, and recommended that the Agency establish a Rate Stabilization Fund as a hedge against future rate increases. After discussion, the consensus was that staff would provide framework for the fund at the next board meeting for the board's further consideration.

➤ Motion	M/S (Hammer/Lynn) to approve disbursements for the months of December 2017 and January 2018 in the amount of \$3,807,036.43. Motion approved unanimously by polled vote.	Action 18-645
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➤ Motion	M/S (Hammer/Zenge) to approve SEAPA's financial statements for the months of November and December 2017. Motion approved unanimously by polled vote.	Action 18-646
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The meeting recessed at 9:53 a.m. and reconvened at 10:01 am.

9) **New Business**

- A. *Executive Session for Discussions related to Hydrosite Investigations and CEO Evaluation Materials*

➤ Motion	M/S (Hammer/Zenge) to recess into Executive Session to conduct further discussions relating to the Agency's hydrosite investigations and CEO evaluation materials. The Executive Session will be conducted pursuant to SEAPA's Bylaws which are consistent with Alaska Statute 44.62.310. The discussions may include matters that: (1) the immediate knowledge of which would clearly have an adverse impact upon the finances of the Agency, the Projects, or any of its Member Utilities; (2) certain matters will be discussed with an attorney retained by the Board, the immediate knowledge of which could have an adverse effect on the legal position of the Agency; and (3) the discussions may also include subjects that tend to prejudice the reputation and character of any person. Motion approved unanimously by polled vote.	Action 18-647
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The meeting recessed at 10:06 a.m. for the Executive Session and reconvened into regular session at 12:02 p.m. Chairman Prysunka announced that the meeting will recess for lunch. The meeting reconvened at 1:00 p.m.

Chairman Prysunka announced that during the Executive Session the board heard certain aspects of SEAPA's hydrosite investigation from McMillen Jacobs Associates, and based on McMillen Jacobs' extensive experience during the last five years on this project coupled with their Alaska project experience, uniquely qualifies them to develop a system integration work plan for the Agency. Following the announcement, the following motion was introduced:

➤ Motion	M/S (Prysunka/Amylon) to authorize staff to enter into sole source contracts with McMillen Jacobs Associates to develop a system integration work plan for new hydro development for the not-to-exceed value of \$314,727.00. Motion approved unanimously by polled vote.	Action 18-648
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The Chairman solicited comments on whether the discussion of CEO Evaluation Materials could take place under the Regular Session of the meeting rather than under an Executive Session as listed on the Agenda. Following brief comments, it was the consensus that the topic could be discussed under the regular session of the meeting as the discussion involved development of a system or format to evaluate the CEO. The Chairman noted the agenda would need to be amended to provide an avenue for the discussion in regular session.

➤ Motion	M/S (Hammer/Zenge) to amend the agenda by designating Agenda Item 9B under New Business as the forum in regular session to discuss CEO Evaluation Materials. The remaining agenda items will move forward accordingly. Motion approved unanimously by polled vote.	Action 18-649
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B. *Discussion Re CEO Evaluation Materials*

Following discussion, the consensus was that the CEO evaluation materials be recirculated to the board by the Agency's counsel for comments by the board to counsel to develop an aggregate of all the comments/information for discussion points during the next annual evaluation of the CEO.

C. *Consideration and Approval of Funding for Swan Lake Unit #1 and Unit #2 Turbine Runner Cavitation Repairs Project*

> Motion	M/S (Hammer/Lynn) to increase the FY2018 R&R Budget by \$400,000 for Project RR299-18 for Runner Repairs on Units 1 and 2 at Swan Lake. Motion approved unanimously by polled vote.	Action 18-650
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D. *Discussion Re Consensus for Tye Lake Tunnel ROV Inspection*

> Motion	M/S (Hammer/Zenge) to authorize staff to conduct an ROV inspection of the Tye Lake tunnel in fiscal year 2018. Motion approved unanimously by polled vote.	Action 18-651
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10) CEO Report

Mr. Acteson reported there have been no recordable or lost-time incidents and discussed the restructure of the Agency's brushing crew.

Mr. Acteson provided updates on governmental affairs including the highlights of legislative initiatives discussed during an APA Legislative Conference he had recently attended, HB 199 that may impose unnecessary requirements on FERC jurisdictional hydro projects in Alaska, HB 255 regarding Certificate of Fitness Requirements for electrical workers and other trades, SB 173 which is a bill relating to the liability of a person or the state for release of certain pesticides during application of a utility pole, and SB 64 a bill adopting the Uniform Environmental Covenants Act, which addresses contaminants that are impractical to clean up.

Mr. Acteson advised that the Agency will continue to support Petersburg and Wrangell in response to the RCA regarding TBPA's Certificate of Public Convenience to operate Tye. Mr. Acteson announced that Barry Haskell was hired to replace Steve Beers who is retiring as Tye's Project Maintenance and Operations Foreman, that a national recruitment effort for a new Operations Manager is underway since Steve Henson is retiring on June 30, 2018, and that Administrative Assistant, Lisa Maddocks, had tendered her resignation. He advised that recruitment for a new assistant was in process.

The meeting recessed at 2:08 p.m. and reconvened at 2:17 p.m.

11) Staff Reports

A. *Operations Manager Report*

Mr. Henson reported that staff is moving forward with the prerequisites for development of the Tye Lake Road and Harbor Project, that ATV use on the Tye Transmission System may be implemented following the close of a public objection period, and that a consultant had been retained to survey and plat a location for the Tye Satellite Platform Project. He provided an update on the STI final as-built survey and DNR right-of-way permitting process and advised that annual transmission line and plant maintenance will take place the beginning of the last week of May and continue through the third week of June subject to availability of contractors and crews. Mr. Henson closed his report with a brief update on maintenance performed at the Tye Plant and advised the brushing crew is clearing the right-of-way on Mitkof Island. KPU's Swan Lake Report was available in the board packet for an update of Swan Lake activities.

B. *Power System Specialist Report*

After reporting on cavitation damage that occurred on Unit #1 and Unit #2 runners at Swan Lake, Mr. Schofield explained that staff will seek approval for funding the repairs necessary for the project, which may take from 10 to 12 days for repairs. He explained that Swan Lake's marine bulkhead used for the transfer of equipment and materials from tugboats and barges, requires restoration and that an application for a U.S. Army Corps of Engineer's permit which is required for the project, is currently under review. He provided an update on the Swan Lake Staff Housing Replacement Project and advised that efforts were under way to obtain an ADEC Wastewater Treatment Permit and that once the permit is received, a Ketchikan Gateway Borough zoning permit must be applied for and approved, after which staff can develop an RFP for construction of a modular home, removal of the existing home, and placement of the new home.

Mr. Schofield advised that staff will seek board consensus for a remotely operated vehicle inspection of the Tyee power tunnels and pressure shaft before a Request for Proposals is publicly advertised, that a review of the Swan Lake facility to identify additional efficiencies and enhance operations and maintenance best practices is scheduled for April 23rd, and that the Swan Lake Miscellaneous Metals Project delayed due to high reservoir elevations, is anticipated to start when working conditions are more favorable in the spring. He closed with an update on SEAPA's Office Remodel Project and advised that a final Board of Consultant's (BOC) meeting required by FERC to wrap up the Swan Lake Reservoir Expansion Project will take place on May 23rd. SEAPA's Part 12 Independent Consultants, retained by the Agency to define and insert the BOC's findings into the Project's Dam Safety Surveillance and Monitoring Plan, would also be attending the meeting.

C. *Director of Engineering & Technical Services*

Mr. Siedman reported that Swan Lake DC Distribution upgrades and development of a test bed utilizing SEAPA's spare protective relays were both 90% complete, that security cameras were being installed at Swan Lake, that a design was completed by SEAPA in-house for removal of electronic devices from the wet environment they currently operate in to control the Tyee Lake intake gate, and that a replacement pendant more robust in wet environments has been identified to replace a rusted pendant used for the operation of the Tyee Lake overhead hoist controls.

Mr. Siedman advised that SEAPA is moving to a Ka-band satellite to increase bandwidth speeds by almost 1800% for the Agency's internet, SCADA, and phone systems at Swan Lake and that the Agency prefers to link to a Viasat-1 satellite, which has similar speeds to the ka-band satellite, for communications at Tyee.

Mr. Siedman provided updates on new equipment currently in-route for the Agency's Battery Monitoring Systems Project, the progress of replacement of the Swan Lake Control Room Touch Screens and the programmable logic controllers and touch screens for the governors at Swan Lake. He reported that a new rain gauge, which also measures snow accumulation, had been installed on top of the Swan Lake intake gate, that SEAPA is designing an automated system for the Swan Lake dam spillway bubbler system, and that a new pressure system alarm that had been installed was currently being integrated into SEAPA's SCADA system for the Swan Lake Intake Building Compressor Alarm Project.

12) Next Meeting Date

There were no objections to the next board meeting dates of June 19-20, 2018 in Wrangell, Alaska.

13) Director Comments

Directors provided brief comments.

14) Adjourn

Chairman Prysunka adjourned the meeting at 4:00 p.m.