

Notes from the October 25 SEAPA Special Meeting and Workshop

- ❖ Under New Business, the SEAPA Board approved:
 - A 3-year transmission line maintenance contract with Sturgeon Electric.
 - A professional services contract for re-licensing Swan Lake with Kleinschmidt. The purpose of this contract is to help facilitate the studies, reviews, and engineering necessary for renewing the license for another 30-50 years.
- ❖ The Board met in Executive Session to discuss staff performance.
- ❖ Following the executive session, detailed workshop discussions occurred on three topics:
 - Solar Power
 - The CEO recognized the value of adding a small solar farm (1.5MW with battery storage system) to augment hydro and save water for power generation in the winter when lake inflows are low.
 - A study has been completed that defines the limits and potential locations of a grant funded SEAPA solar farm (likely in Wrangell).
 - The board consensus is that we should continue to seek grant funding.
 - Although the Board has approved the ability for the member utilities to add small-scale, customer-based solar power to the grid, none of the member utilities have made progress on the local legislation or operational structure for such an allowance.
 - Drug Testing Policy
 - A draft drug testing policy was reviewed and after some detailed questions the Board approved the policy.
 - Financial Management Policy
 - At an earlier Board meeting a finance committee was established to look at the financial policy for agency funds, including a more detailed evaluation of investments.
 - The Agency has a sizable amount of money in a self-insured risk fund but it has been invested in a very conservative manner and is not bringing back sufficient interest earnings.

- The self-insured risk fund is the agency's approach to "insuring" major failures of highly expensive equipment so that they can be funded when needed. Although SEAPA had an insurance policy on the submarine cables prior to the failure in recent years, that policy is no longer available to the agency.
- The finance committee's recommendations, which were later approved by the Board, are to:
 - combine a number of accounts into one main Reserve account to simplify investing;
 - change investment policy to include short-term insured investments;
 - require the CEO to review investments during the annual budget process and to bring the recommendations forward to the Board.
- These policy changes should net the agency somewhere between \$250,000-\$350,000 annually in interest earnings and help to stabilize the wholesale power rate to all member communities.