



SOUTHEAST ALASKA POWER AGENCY

Special Board Meeting AGENDA

(To be held Electronically¹)

April 19, 2022 SEAPA SPECIAL BOARD MEETING		
Time	Event	
2 PM	Meeting Starts	<p>To participate electronically, please dial:</p> <p>1.888.475.4499</p> <p>Meeting ID No. 881 3498 0506</p>
4 PM (Estimated)	Meeting Adjourns	

1. Call to Order
 - A. Roll call

2. Approval of the Agenda

3. Persons to be Heard

4. Old Business:
 - A. Update Re Wrangell Warehouse Fire Remediation Insurance Claim and Contract Negotiations
 - B. Update Re Wrangell Transformer Circuit Switcher Replacement Contract Negotiations

5. New Business:
 - A. Discussion Re Audit Engagement
 - B. Consideration and Approval of Swan-Bailey Brushing Contract
 - C. Consideration and Approval of Wrangell Island Brushing Contract
 - D. Consideration and Approval of Mitkof Island Brushing Contract
 - E. Consideration and Approval of SEAPA Administration and Operations Building Contract
 - F. Placeholder: Executive Session²
 - G. Placeholder: Reserved for any action(s) to be taken following Executive Session (if held)

6. Adjourn

¹ In the event of a failure with Zoom connectivity, the meeting shall continue by telephonic participation by dialing 1.800.315.6338 (Code 73272#).

² Executive Session may be held, if necessary, pending discussions in regular session re SEAPA's Administration and Operations Building Contract.



SOUTHEAST ALASKA POWER AGENCY

AUDIT ENGAGEMENT

April 11, 2022

SEAPA Board of Directors:

BDO USA, LLP will be engaged in the annual audit of SEAPA's FY2021 financial statements during the week of May 9, 2022. A copy of the Engagement Letter between BDO and SEAPA is attached. BDO offices are located in Anchorage, but the audit is scheduled to take place remotely, sharing documents over a secure portal, and Auditors will have limited access to SEAPA's accounting software. The Board Chair is also interviewed by Auditors each year as part of the regular audit process.

BDO is expected to present the FY2021 Audited Financial Statements during SEAPA's regular September board meeting.

If you have any specific questions regarding the audit, please contact the Controller, CEO, or Board Chair, and we will work to ensure your concerns are addressed.



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

April 7, 2022

Mr. Trey Acteson, CEO
Southeast Alaska Power Agency
1900 First Avenue Suite
Ketchikan, AK 99901

Dear Mr. Acteson:

We are pleased to continue as independent auditors for Southeast Alaska Power Agency. We look forward to continuing to provide you with the high-quality services you expect from your professional service providers.

Our commitment to delivering superior service means that we strive to demonstrate initiative, anticipate problems, propose solutions, and communicate effectively with you and other members of management throughout the year. In addition, during our audit we will be alert for opportunities to bring insightful and constructive suggestions for improving management information, operating and accounting procedures, and controls.

Attached to this letter is an agreement describing our services. If you have questions about any of the matters discussed in that agreement, please give us a call. If you find the arrangements acceptable, please acknowledge your agreement to the understanding by signing and returning to us one of the two enclosed copies. The other copy is for your files.

Again, it is a pleasure for us to continue to serve you. We look forward to many more years of pleasant association with you and Southeast Alaska Power Agency.

Very truly yours,

BDO USA, LLP

4/8/2022



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Fax: 907-278-5779
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3601 C Street, Suite 600
Anchorage, AK 99503

April 7, 2022

Mr. Trey Acteson, CEO
Southeast Alaska Power Agency
1900 First Avenue Suite
Ketchikan, AK 99901

Dear Mr. Acteson:

Agreement to Provide Services

This agreement to provide services (the "Agreement") is intended to describe the nature and scope of our services.

Objective and Scope of the Audit

As agreed, BDO USA, LLP ("BDO" or "we") will audit the financial statements and the related notes to the financial statements, which collectively comprise the basic financial statements of Southeast Alaska Power Agency (the "SEAPA" or "you") as of and for the year ended December 31, 2021. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate context. As part of our engagement, we will apply certain limited procedures to SEAPA's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required and will be subjected to certain limited procedures, but will not be audited:

- Management Discussion and Analysis
- Schedule of Contributions - NRECA
- Schedule of Contributions - Alaska Electrical Pension Plan

Responsibilities of BDO

We will conduct our audit in accordance with GAAS. Note that BDO may utilize personnel from a BDO subsidiary to assist in the audit, but BDO will remain responsible for and supervise all such services. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a reasonable basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SEAPA's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we will communicate to you and those charged with governance in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SEAPA's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of your SEAPA's transactions for the period. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. In addition, during the course of our audit, financial statement misstatements relating to accounts or disclosures may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit, we will communicate to those charged with governance (as defined below) all uncorrected misstatements.

The term “those charged with governance” is defined as the persons with responsibility for overseeing the strategic direction of SEAPA and obligations related to the accountability of SEAPA, including overseeing the financial reporting process. For SEAPA, we agree that Board of Directors meets that definition.

We are also responsible for communicating with those charged with governance what our responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.

Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that you and those charged with governance acknowledge and understand that you and those charged with governance have responsibility (1) for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; (2) for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud; (3) for identifying and ensuring that SEAPA complies with the laws and regulations applicable to its activities; and (4) to provide us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

You acknowledge and understand your responsibility for the preparation of the supplementary information in accordance with the applicable criteria. You also agree to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. You also agree to present the supplementary information with the audited financial statements, or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and our report thereon.

Management is responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from SEAPA’s files; or otherwise concluding and confirming in a representation letter (as further described below) provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole.

As required by GAAS, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management’s representations to an effective audit, SEAPA agrees, subject to prevailing laws and regulations, to release and indemnify BDO and its partners, principals, employees, affiliates, contractors, agents, and Permitted Assignees (as defined herein under “Assignment”) (collectively, the “BDO Group”) from and against all liability and costs relating

to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

Expected Form and Content of the Auditor's Report

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unmodified opinion on the financial statements, or that our report will require an Emphasis of Matter or Other Matter paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

Termination

Upon notice to SEAPA, BDO may terminate this Agreement if BDO reasonably determines that it is unable to perform the services described in this Agreement in accordance with applicable professional standards, laws, or regulations. If we elect to terminate our services for any reason provided for in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. If the Agreement is terminated, SEAPA agrees to compensate BDO for the services performed and expenses incurred through the effective date of termination. Those provisions in this Agreement that, by their very nature, are intended to survive termination shall survive after the termination of the Agreement, including, but not limited to, the parties' obligations related to any of the following provisions: indemnification, limitations on liability, confidentiality, dispute resolution, payment and reimbursement obligations, and limitations on use or reliance.

Client Continuance Matters

BDO is retaining SEAPA as a client in reliance on information obtained during the course of our client continuance procedures. Joy Merriner has been assigned the role of engagement partner and is responsible for directing the engagement and issuing the appropriate report on SEAPA's financial statements.

Email Communication

BDO disclaims and waives, and you release the BDO Group from, all liability for the interception or unintentional disclosure of email transmissions or for the unauthorized use or failed delivery of emails transmitted or received by BDO in connection with the services we are being engaged to perform under this Agreement.

External Computing Options

If, at SEAPA's request, any member of the BDO Group agrees to use certain external commercial services, including but not limited to services for cloud storage, remote control, and/or file sharing options (collectively "External Computing Options"), that are outside of BDO's standard security protocol, SEAPA acknowledges that such External Computing Options may be associated with heightened security and privacy risks. Accordingly, the BDO Group disclaims and SEAPA agrees to release the BDO Group from, and indemnify the BDO Group for, all liability arising out of or related to the use of such External Computing Options.

Use of BDO Advantage Extraction Scripts or Services

With your approval, BDO may use BDO Advantage Extraction Scripts or Services to extract certain general ledger and subledger information from your financial accounting system to facilitate performance of our services. The BDO Advantage Extraction Scripts or Services and all information, content, materials, products (including software), and other services included in or otherwise made available to you through the BDO Advantage Extraction Scripts or Services are provided by BDO on an "as is" and "as available" basis, unless otherwise specified in writing. BDO makes no representations or warranties of any kind, expressed or implied, as to the operation of the BDO Advantage Extraction Scripts or Services, or the information, content, materials, products (including software), or other services included in or otherwise made available to you through the BDO Advantage Extraction Scripts or Services, unless otherwise specified in writing. You expressly agree that your use of the BDO Advantage Extraction Scripts or Services is at your sole risk, and you release the BDO Group from any liability connected therewith. BDO shall not share or sell any of the extracted information to third parties, and BDO shall use such information solely to facilitate performance of the services described in this Agreement.

Ownership of Working Papers

The working papers prepared in conjunction with our audit are the property of BDO, constitute confidential, proprietary, and trade secret information, and will be retained by us in accordance with BDO's policies, procedures, and applicable laws.

Reproduction of Auditor's Report

If SEAPA plans any reproduction or publication of a document that includes our report, or any portion of it, and that is assembled differently from any paper or electronic version that we have previously reviewed and approved for SEAPA (e.g., by the addition of financial statements and/or accompanying information that you have produced), a copy of the entire document in its final form should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Auditor's Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and auditor's report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and auditor's report on your website and the signed version of the financial statements and auditor's report provided to management by BDO. You also agree to indemnify the BDO Group for all claims that may arise from any differences between the electronic and signed versions.

Review of Documents in Connection with Offering of Sale of Debt

The audited financial statements and our report thereon should not be provided or otherwise made available to lenders, other financial institutions or sources of financing, or others (including advisors to such parties) in connection with any document to be used in the process of obtaining capital, including, without limitation, by means of the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold or condition our written approval.

Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to SEAPA employees and/or customers should be provided to us. This assistance will serve to facilitate the progress of our work and minimize costs to you.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting SEAPA. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend governing board meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist SEAPA in preparing the financial statements and related footnote disclosures for the year ended December 31, 2021, based on SEAPA's accounting records and other information that comes to our attention during the course of our engagement.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to SEAPA in the performance of our services. Any discussions that you have with personnel of BDO regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of SEAPA. However, we will provide advice and recommendations to assist management of SEAPA in performing its functions and fulfilling its responsibilities.

SEAPA agrees to perform the following functions in connection with our performance of the preparation of the financial statements and related footnote disclosures:

- a. Make all management decisions and perform all management functions with respect to the financial statements and related footnote disclosures provided by us.
- b. Assign Kay Key to oversee the preparation of the financial statements and related footnote disclosures and evaluate the adequacy and results of the services.
- c. Accept responsibility for the results of preparation of the financial statements and related footnote disclosures.

The services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. SEAPA must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

Limitation of Liability

Except to the extent finally determined to have resulted from the fraud or intentional misconduct of any member of the BDO Group, the BDO Group's liability to SEAPA for any claims arising under this Agreement shall not exceed the aggregate amount of fees paid by SEAPA to BDO during the 12 months preceding the date of the claim for the services giving rise to the claim, regardless of whether such liability arises in contract, statute, tort (including the negligence of any member of the BDO Group), or otherwise. In no event shall the BDO Group be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to this Agreement.

Dispute Resolution Procedure

Any dispute or claim between you and BDO arising out of or relating to the Agreement or a breach of the Agreement, including, without limitation, claims for breach of contract, professional negligence, breach of fiduciary duty, misrepresentation, fraud, or claims based in whole or in part on any other common-law, statutory, regulatory, legal, or equitable theory, and disputes regarding all fees, including attorneys' fees of any type, and/or costs charged under this Agreement ("Arbitration Claims") (except to the extent provided below) shall be submitted to binding arbitration administered by the American Arbitration Association ("AAA"), in accordance with its Commercial Arbitration Rules. Arbitration Claims shall be brought in a party's individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding. Arbitration Claims shall be heard by a panel of three (3) arbitrators, to be chosen as follows: within fifteen (15) days after the commencement of arbitration, each party shall select one person to act as arbitrator; thereafter, the two individually selected arbitrators shall select a third arbitrator within forty-five (45) days of their appointment, or any extension of that time agreed to by the individually selected arbitrators. If the arbitrators selected by the parties fail to agree upon the third arbitrator within the aforementioned time, the third arbitrator shall be selected by the AAA. The arbitration panel shall have the power to rule upon its own jurisdiction and authority, including any objection to the initial or continuing existence, validity, effectiveness, or scope of this arbitration agreement. The arbitration panel may not consolidate more than one person's claims and may not otherwise preside over any form of a representative or class proceeding. The arbitration panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a federal or state court. The place of arbitration shall be the city in which the BDO office providing the majority of the services involved under this Agreement is located, unless the parties agree in writing to a different location. Regardless of where the arbitration proceeding actually takes place, all aspects of the arbitration and the Agreement shall be governed by the laws of the State of New York (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the procedural and substantive law of such state shall be applied without reference to conflicts of law rules. The parties shall bear their own legal fees and costs for all Arbitration Claims. The award of the arbitrators shall be accompanied by a reasoned opinion, and judgment on the award rendered by the arbitration panel may be entered in any court having jurisdiction thereof. Except as may be required by law or to enforce an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of the parties to the Agreement.

The parties to the Agreement acknowledge that by agreeing to this arbitration provision, they are giving up the right to litigate claims against each other, and important rights that would be available in litigation, including the right to trial by judge or jury, to extensive discovery and to appeal an adverse decision. The parties acknowledge that they have read and understand this arbitration provision, and that they voluntarily agree to binding arbitration.

SEAPA shall bring no Arbitration Claim more than one (1) year following the completion of the services provided under this Agreement to which the Arbitration Claim relates. This

paragraph will shorten, but in no event extend, any otherwise legally applicable period of limitations on such Arbitration Claims.

Fees

Our charges to SEAPA for the services described above for the year ending December 31, 2021 will be \$34,000 plus engagement-related out-of-pocket expenses, travel expenses, and other related costs and expenses incurred to deliver the services described above, including communication, data and technology, printing, and other direct engagement costs. The following is an agreed-upon schedule of payments.

Prior to commencement of engagement	\$10,000
At start of planning	\$10,000 plus incurred expenses
At start of final field work	\$14,000 plus incurred expenses
Prior to issuance of report	Balance plus incurred expenses

This fee is based on the following assumptions:

- Your personnel will prepare certain schedules and analyses for us and make available to us documents for our examination as and when requested and will utilize our BDO portal to provide us such documents
- Our planned audit timing as agreed upon with you does not change and the client-prepared information and documents are available at the beginning of our fieldwork dates
- There will be no significant changes in the internal controls, key personnel, or structure of the organization
- There will be no significant changes in critical systems affecting key financial statement accounts (e.g., significant upgrade, systems integration, and/or systems implementation)
- There will be no significant acquisitions or disposals of businesses
- The number of audit adjustments identified will be minimal
- There will not be significant amendments to SEAPA's debt or financing arrangements requiring significant accounting analysis and/or 'debt compliance letters'
- There will not be any unanticipated increases in current operations requiring significant additional audit time

Should we encounter any unforeseen problems that will warrant additional time or expense, we will notify you of the situation and provide an estimate of our additional fees.

This fee structure does not take into consideration effects that any future standards promulgated by the Governmental Accounting Standards Board and/or other professional bodies will have on our audit procedures. As we become aware of additional audit procedures resulting from these circumstances, we will notify you of the circumstances requiring additional procedures and the resulting additional fee estimates.

Invoices are payable upon receipt. If we do not receive written notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest on the past due amount at the lesser of (a) 1.0%

per month or (b) the maximum amount permissible by applicable law. Interest shall accrue from the date the invoice is delinquent. We reserve the right to suspend our services, withhold any deliverables, or withdraw from this engagement entirely if any of our invoices are delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation, attorneys' fees.

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to object to or respond to, or we receive and respond to, a validly issued third party subpoena, court order, SEAPA regulatory inquiry, or other similar request or legal process against SEAPA or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements with SEAPA, you agree to compensate us for all time we expend in connection with such response, at our standard rates, and to reimburse us for all related out-of-pocket costs (including outside attorneys' fees) that we incur.

Assignment

BDO shall have the right to assign its rights to perform a portion of the services described above to any of its independent BDO Alliance USA members, member firms of the international BDO network, or unaffiliated third-party contractors (a "Permitted Assignee"). If such assignment is made, SEAPA agrees that, unless it enters into an engagement letter directly with the Permitted Assignee, all of the applicable terms and conditions of this Agreement shall apply to the Permitted Assignee. We agree that we shall not permit the Permitted Assignee to perform any work until it agrees to be bound by the applicable terms and conditions of this Agreement. We further agree that we will remain primarily responsible for the services described above, unless we and SEAPA agree otherwise, and we will supervise the work of the Permitted Assignee to ensure that all such services are performed in accordance with this Agreement. From time to time, and depending on the circumstances, Permitted Assignees located in other countries may participate in the services we provide to SEAPA. In some cases, we may transfer information to or from the United States or another country. Although applicable privacy laws may vary depending on the jurisdiction, and may provide less or different protection than those of SEAPA's home country, we require that all Permitted Assignees agree to maintain the confidentiality of SEAPA's information and observe our policies concerning any confidential client information that we provide to them.

SEAPA may not assign this Agreement to another party without our prior written consent.

Third-Party Use

BDO will perform the professional services provided in connection with this engagement solely for the benefit and use of SEAPA. BDO does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by SEAPA and BDO.

Confidentiality

Each of the parties hereto shall treat and keep all of the “Confidential Information” (defined below) as confidential, with at least the same degree of care as it accords to its own confidential information of a similar nature, but in no event less than a reasonable degree of care. Each party shall disclose the Confidential Information only to its employees, partners, contractors, consultants, agents, or its legal or other advisors, provided that they have: (A) each been informed of the confidential, proprietary, and secret nature of the Confidential Information, or are subject to a binding, preexisting obligation of confidentiality no less stringent than the requirements of this Agreement, and (B) a demonstrable need to review such Confidential Information. “Confidential Information” means all non-public information that is marked as “confidential” or “proprietary” or that otherwise should be understood by a reasonable person to be confidential in nature that is obtained by one party (the “Receiving Party”) from the other party (the “Disclosing Party”). All terms of this Agreement and all information provided pursuant to this Agreement are considered Confidential Information. Notwithstanding the foregoing, Confidential Information shall not include any information that was or is: (a) known to the Receiving Party prior to disclosure by the Disclosing Party; (b) as of the time of its disclosure, or thereafter becomes, part of the public domain through a source other than the Receiving Party; (c) made known to the Receiving Party by a third person who is not subject to any confidentiality obligation known to Receiving Party and such third party does not impose any confidentiality obligation on the Receiving Party with respect to such information; (d) required to be disclosed pursuant to Governmental authority, professional obligation, law, decree regulation, subpoena, or court order; or (e) independently developed by the Receiving Party. In no case shall the tax treatment or the tax structure of any transaction be treated as confidential as provided in Treas. Reg. sec. 1.6011-4(b)(3). If disclosure is required pursuant to subsection (d) above, the Receiving Party shall (other than in connection with routine supervisory examinations by regulatory authorities with jurisdiction and without breaching any legal or regulatory requirement) provide prior written notice thereof to allow the Disclosing Party to seek a protective order or other appropriate relief. Upon the request of the Disclosing Party, the Receiving Party shall return or destroy all of the Confidential Information except for (i) copies in working paper files retained to comply with a party’s professional or legal obligations and (ii) such Confidential Information retained in accordance with the Receiving Party’s normal back-up data storage procedures. Notwithstanding the foregoing, BDO shall have the right to use SEAPA’s Confidential Information in connection with performing BDO’s obligations hereunder, and also to use de-identified and aggregated key performance indicators derived from BDO’s work product in efforts to improve the services generally, including for benchmarking and analytical purposes, so long as such information remains in a de-identified aggregated form and such use does not violate any of BDO’s obligations of confidentiality hereunder. BDO shall not share or sell any of the de-identified SEAPA information to third parties, and shall store such information in such a way that neither SEAPA nor any of SEAPA’s staff or customers can be identified.

Restricted Federal Data

The parties agree that the services are not intended to involve the processing of Restricted Data, defined as data subject to laws, regulations, or government-wide policies that require safeguarding or dissemination controls, including the Federal Acquisition Regulations (“FAR”), the Defense Federal Acquisition Regulation Supplement (“DFARS”), the International Traffic in Arms Regulation (“ITAR”), the Export Administration Regulations (“EAR”), and the Arms

Export Control Act (“AECA”). For clarity, and without limiting the foregoing, controlled unclassified information (“CUI”) shall be included in the definition of Restricted Data. SEAPA shall not provide or otherwise make available Restricted Data to BDO unless expressly agreed to in advance in writing by BDO. If SEAPA becomes aware that any known or suspected Restricted Data will be or has been disclosed to BDO by SEAPA or otherwise in connection with the Services, SEAPA will immediately notify BDO in writing to regulatedgovtdata@bdo.com and will cease any further transfer of such data unless and until BDO expressly agrees in writing. SEAPA will fully cooperate with BDO in the investigation of and response to any known or suspected Restricted Data that SEAPA has disclosed to BDO notwithstanding the foregoing. SEAPA further agrees that it will be responsible for all fees, costs, and expenses associated with processing of Restricted Data, including without limitation additional fees, costs, and expenses related to compliance with obligations with respect to such Restricted Data.

Licensing Representation

To the extent necessary for BDO to perform its obligations described herein, SEAPA represents and warrants that it will obtain, maintain, and comply with all of the licenses, consents, permits, approvals, and authorizations that are necessary to allow BDO and its employees, contractors, and subcontractors to access and use the services or software provided for the benefit of SEAPA under SEAPA’s third-party services contracts, licenses, or other contracts granting SEAPA the right to access, use, or receive services or software (each a “Licensing Representation”). Upon BDO’s request, SEAPA will provide BDO any references available evidencing the Licensing Representation (e.g., order number, customer support identifier). Tools subject to this Licensing Representation are hereby deemed External Computing Options (as defined in this Agreement). SEAPA hereby releases the BDO Group from, and indemnifies the BDO Group for, all claims and liabilities resulting from: (i) BDO’s reliance on a Licensing Representation; and (ii) the functionality of any third-party software or services used or accessed by BDO.

Miscellaneous

This Agreement sets forth the entire agreement between the parties with respect to the subject matter herein, superseding all prior agreements, negotiations, or understandings, whether oral or written, with respect to the subject matter herein. This Agreement may not be changed, modified, or waived in whole or part except by an instrument in writing signed by both parties. This Agreement is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with SEAPA. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and certain of those banks have mandated the use of this service. Further, such third party confirmation processors also provide for the electronic (and manual) processing of other confirmation types (e.g., legal, accounts receivable, and accounts payable). To the extent applicable, SEAPA hereby authorizes BDO to participate in such confirmation processes, including through the third party’s website (e.g., by entering SEAPA’s bank account information to initiate the process and then accessing the bank’s confirmation response), and agrees that the BDO Group shall have no liability in connection therewith.

Mr. Trey Acteson
April 7, 2022
Page 13

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, professional standards, or related published interpretations (including, without limitation, the independence rules of the American Institute of Certified Public Accountants, Securities and Exchange Commission, and Public Company Accounting Oversight Board), but if any provision of this Agreement shall be deemed void, prohibited, invalid, or otherwise unenforceable in whole or in part for any reason under such applicable laws, regulations, professional standards, published interpretations, or any reason whatsoever, such provisions or portion(s) thereof shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and shall be amended to the minimum extent required to make the provision enforceable, and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement, which shall remain in full force and effect.

SEAPA's signature below represents that it has the full power and authority to enter into this Agreement on behalf of SEAPA and any SEAPA subsidiary or other affiliate that may rely on the services provided hereunder, or that it shall ensure that each such subsidiary or other affiliate agrees to be bound to the terms hereof.

This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

* * * * *

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files.

Very truly yours,


Acknowledged.

4/8/2022

SOUTHEAST ALASKA POWER AGENCY

DocuSigned by:

By: Trey Acteson, CEO
2F0010007604444...

Date: 4/9/2022



SOUTHEAST ALASKA POWER AGENCY

Date: April 14, 2022
To: Trey Acteson, Chief Executive Officer
From: Clay Hammer, Operations Manager
Subject: 2022 Swan-Bailey Transmission Line Brushing Contract

A Request for Proposals for the 2022 Swan-Bailey Transmission Line Brushing Contract was advertised on February 23, 2022. One (1) bid was received on March 22, 2022 as follows:

Bidder	City/State	Lump-Sum Bid Amount	
BAM LLC	Ketchikan, Alaska	Original Bid Price	\$383,500
		Price Reduction following negotiation with Bidder and SEAPA reduction of acreage to be brushed	\$134,500
		Final Bid Price	\$249,000

The proposal was primarily evaluated on experience with Alaska generally, and SE Alaska in particular, safety program/record, schedule, capacity to respond to the work, competitive pricing, and completeness and quality of bid proposal documents. Following staff's reduction of acreage (from 52.05 to 36.48 acres) and price negotiation with the bidder, the bid is within SEAPA's FY2022 Operating Budget for FERC Code 571 (Transmission Overhead Lines).

Based upon evaluation of the bid, staff recommends award of the contract to BAM LLC for the lump-sum value of \$249,000.

Please consider the following suggested motion:

SUGGESTED MOTION

I move to authorize staff to enter into a contract with BAM LLC for SEAPA's 2022 Swan-Bailey Transmission Line Brushing Contract for the lump-sum value of \$249,000.



SOUTHEAST ALASKA POWER AGENCY

Date: April 14, 2022
To: Trey Acteson, Chief Executive Officer
From: Clay Hammer, Operations Manager
Subject: 2022 Wrangell Island Transmission Line Brushing Contract

A Request for Proposals for SEAPA's 2022 Wrangell Island Transmission Line Brushing Contract was advertised on February 23, 2022. One (1) bid was received on March 22, 2022 as follows:

Bidder	City/State	Lump-Sum Bid Amount
BAM LLC	Ketchikan, Alaska	\$291,000

The proposal was primarily evaluated on experience with Alaska generally, and SE Alaska in particular, safety program/record, schedule, and capacity to respond to the work, competitive pricing, and completeness and quality of bid proposal documents. The bid is within SEAPA's FY2022 Operating Budget for FERC Code 571 (Transmission Overhead Lines).

Based upon evaluation of the bid, staff recommends award of the contract to BAM LLC for the lump-sum value of \$291,000.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize staff to enter into a contract with BAM LLC for SEAPA's 2022 Wrangell Island Transmission Line Brushing Contract for the lump-sum value of \$291,000.



SOUTHEAST ALASKA POWER AGENCY

Date: April 14, 2022
To: Trey Acteson, Chief Executive Officer
From: Clay Hammer, Operations Manager
Subject: 2022 Mitkof Island Transmission Line Brushing Contract

A Request for Proposals for the 2022 Mitkof Island Transmission Line Brushing Contract was advertised on February 23, 2022. One (1) bid was received on March 22, 2022 as follows:

Bidder	City/State	Lump-Sum Bid Amount
BAM LLC	Ketchikan, Alaska	\$186,000

The proposal was primarily evaluated on experience with Alaska generally, and SE Alaska in particular, safety program/record, schedule and capacity to respond to the work, competitive pricing, and completeness and quality of bid proposal documents. The bid is within SEAPA's FY2022 Operating Budget for FERC Code 571 (Transmission Overhead Lines).

Based upon evaluation of the bid, staff recommends award of the contract to BAM LLC for the lump-sum value of \$186,000.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize staff to enter into a contract with BAM LLC for SEAPA's 2022 Mitkof Island Transmission Line Brushing Contract for the lump-sum value of \$186,000.



SOUTHEAST ALASKA POWER AGENCY

FISCAL NOTE:

RR19326 (SEAPA Headquarters Office & Warehouse Project)
 SEAPA FY2022 R&R Capital Budget Amount: TBD
 Financing: Recommend bonding through Alaska Municipal Bond Bank

Date: April 6, 2022
To: SEAPA Board of Directors
From: Trey Acteson, Chief Executive Officer
Subject: SEAPA Administration and Operations Building Contract No. 22004

A Request for Proposals for SEAPA's Administration and Operations Building Contract was advertised on February 10, 2022. Two (2) bids were received on March 24, 2022, as follows:

Bidder	City/State	Lump-Sum Bid Amount
Dawson Construction, LLC	Ketchikan, Alaska	\$5,099,060.00
S.E.A. Island Construction, Teaming with Carver Construction, LLC	Ketchikan, Alaska and Douglas, Alaska	\$5,652,977.13

The proposal was primarily evaluated on price, T&M rates, experience, construction approach, appropriateness of bidder's work plan, general approach to the work, construction schedule, and safety program. Based upon an evaluation of the bids, staff recommends award of the contract to Dawson Construction, LLC for the lump-sum bid of \$5,099,060, together with a 5% (\$250,000) contingency in the event of Change Orders. The bid is in alignment with the Engineer's Estimate for the project. A memo highlighting the purposes and needs of this potential asset is attached for your consideration and review.

Acceptance of this bid will require an adjustment to the project's FY2022 R&R Capital Budget as that amount was originally annotated as 'TBD'. Staff recommends seeking a bond from the Alaska Municipal Bond Bank to fund the project while bond rates are still favorable. A recent Alaska Municipal Bond Bank offering conducted at the end of April resulted in 3.5% for 20-year financing and 4% for 30 years. The Fed has already implemented one rate increase and anticipates six more in 2022! With this bid and contingency, the cost estimate is as follows:

SEAPA Headquarters	\$5,099,060
Contingency	\$250,000
Total	\$5,349,060

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize staff to enter into a contract with Dawson Construction, LLC for SEAPA's Administration and Operations Building Contract No. 22004 for the lump-sum amount of \$5,099,060. I further move to increase the FY2022 Budget for RR19326 to \$5,349,060, which includes the lump-sum contract amount plus a five percent (5%) contingency of \$250,000.

Attachment:
 2022 0406 CEO Memo to Board Re SEAPA Headquarters Purposes & Need



SOUTHEAST ALASKA POWER AGENCY

Date: April 6, 2020
To: SEAPA Board of Directors
From: Trey Acteson, Chief Executive Officer
Subject: **SEAPA Ketchikan Headquarters Building** (Office, Warehouse, Boardroom)

The SEAPA headquarters has been located at 1900 First Avenue since January 15, 2010. This location was never intended to be permanent because it does not meet the long-term needs of the Agency. SEAPA's Board of Directors approved the purchase of two adjoining properties in May 2019 (RR19325) for the specific purpose of constructing a permanent SEAPA headquarters building. The Board subsequently authorized final design, development of bid drawings, and completion of bid specifications. SEAPA recently advertised a Request for Proposals (RFP) and received two qualified bids.

Purpose & Need:

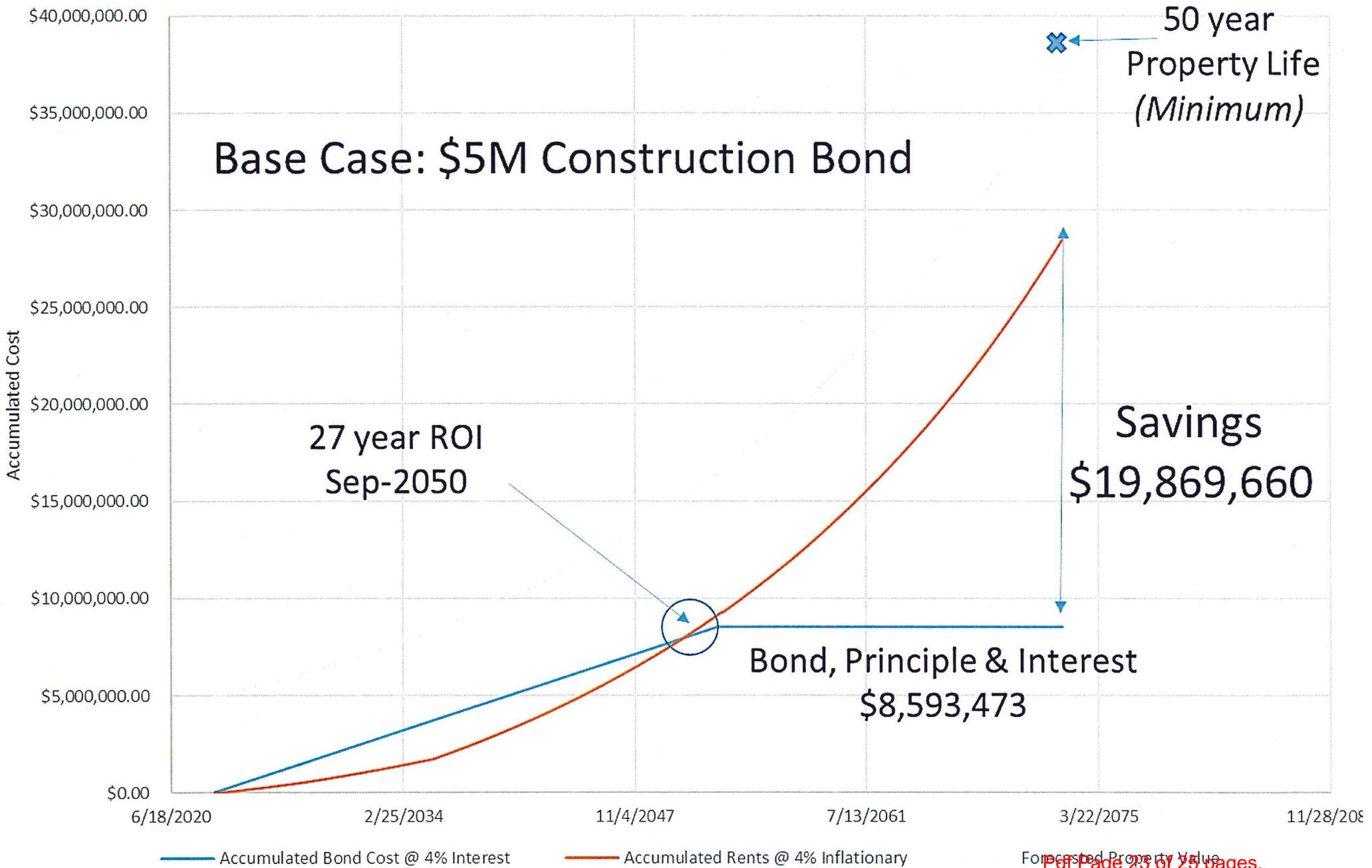
1. **Inadequate Office Capacity** – SEAPA's current office location marginally accommodates current approved administrative positions and will not support anticipated future growth.
2. **Own vs. Rent** – Previous discussions highlighted the long-term benefits of ownership vs. renting. A conservative life expectancy of the new structure is 50 years and with utilization of modern materials, it will likely exceed that by several decades. The project will be paid off well before its end of life, resulting in a significant net benefit to the Agency whereas renting does not build equity or address core business efficiency elements, and is significantly less economical over time.
3. **Bonding Rates Still Favorable** – A recent Alaska Municipal Bond Bank offering conducted at the end of April resulted in 3.5% for 20-year financing and 4% for 30 years. The Fed has already implemented one rate increase and anticipates six more in 2022!
4. **Timing** – Although supply chain challenges for building materials may moderate over time, total material costs are only 40% of the total price of construction. Labor, overheads, profit, and general construction costs make up the other 60% of the total price. This larger bucket is not expected to decrease and will likely overrun any potential benefits of supply chain improvements. In short, the inflation component of construction costs and anticipated higher lending rates will make the overall project more expensive if deferred. The project is also well timed to take advantage of available resources prior to the roll out of significant federal infrastructure monies.

5. **Centralization of Administrative Functions** – SEAPA continues to have its administrative offices, storage, laydown, and warehousing spread across various locations. This is very inefficient, especially with a lean staff. The new office’s proximity to the airport will also streamline contractor coordination and provide transient workspace.
6. **Board Room Audio/Visual and Public Interaction** – SEAPA currently uses third-party venues for Board meeting functions which does not allow for optimization of audio and visual connectivity for Board members, the public, and media. Additionally, the road frontage of the new headquarters location will provide a mechanism for enhanced public interaction and messaging. These were both stated objectives in SEAPA’s Strategic Plan.
7. **Inadequate Warehousing Space** – SEAPA has typically used shipping containers stored off-site for warehousing. These are usually poorly lit and lack heat. They also do not accommodate larger items and make retrieval of inventory spares in the rear of the containers very difficult, especially in the middle of the night during outage restoration. The new headquarters will include indoor climate-controlled storage for critical spares.
8. **No Staging Areas for Shipping and Receiving** – SEAPA has no heated indoor staging facilities and often must coordinate third parties to offload, transfer, and/or reload equipment and supplies. This is very inefficient and often requires that SEAPA assume custody of goods prior to unboxing and inspection which typically occurs after the goods arrive at their final destination.
9. **Employee Safety/Security** – Employee safety is a priority and SEAPA has no control over security in our existing building. People have entered our locked offices during off hours without our prior knowledge or permission. There have been threatening incidences in the building, including an unstable person invading an office on our floor, and then jumping out a third-floor window to allude the police.
10. **Cyber Security** – This is the number one topic in board rooms around the country and is a high priority of Federal regulators. Although SEAPA has implemented industry leading standards and performs intrusion testing, not having full control over physical security of our building remains a potential threat.
11. **Plant Operations** – SEAPA’s headquarters serves as a backup control center for dispatch of our generation assets and regional transmission grid. It also serves as a central command station for incident response. During COVID, all SEAPA staff were evicted from our headquarters’ offices for several days with only one hour's notice. This is unacceptable for an entity providing critical energy infrastructure to an entire region. For perspective, SEAPA is responsible for the security, operations, and maintenance of assets with a replacement value exceeding \$.5 billion dollars. SEAPA must be self-reliant.

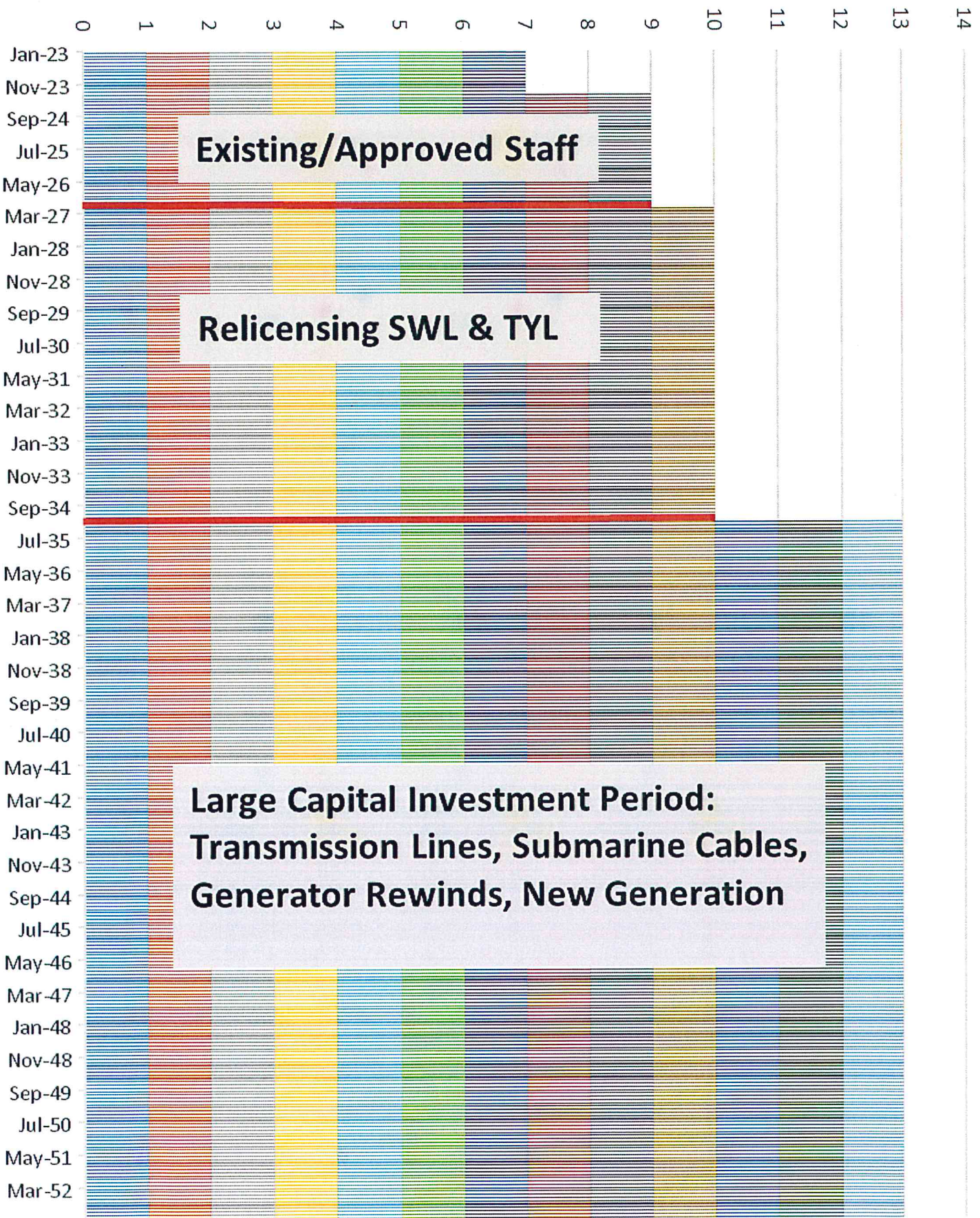
HQ Return on Investment: Book Value & Savings

4% Bond, 4% Inflationary Rents, 3% Property Appreciation
(Assumptions)

Base Case: \$5M Construction Bond



SEAPA Staffing Forecast



MEMORANDUM
ATTORNEY-CLIENT COMMUNICATIONS

TO: Chairperson
Southeast Alaska Power Agency

FROM: Joel R. Paisner, Ascent Law Partners, LLP

DATE: April 14, 2022

RE: Suggested Motion for Executive Session

The Board of Directors may conduct an executive session during a Special Board Meeting to be held on April 19, 2022, resulting from discussions held in regular session regarding SEAPA's Administration and Operations Building Contract.

If it is determined during the meeting that an executive session is necessary, I recommend the following motion be made:

I move to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws and Alaska Statute 44.62.310 for discussions to consider award of SEAPA's Administration and Operations Building Contract as the discussions may involve matters the immediate knowledge of which would clearly affect the Agency's finances.