



## SOUTHEAST ALASKA POWER AGENCY

### Special Board Meeting AGENDA

(To be held Telephonically)

August 12, 2022 SEAPA SPECIAL BOARD MEETING		
Time	Event	To participate telephonically, please dial:  <b>1.800.315.6338</b>  <b>(Access Code: 73272#)</b>
3 PM	Meeting Starts	
4 PM (Estimated)	Meeting Adjourns	

1. Call to Order
  - A. Roll call
2. Approval of the Agenda
3. New Business:
  - A. Discussion and Consideration/Approval of Resolution 2022-085 authorizing amendment and restatement of SEAPA's Retirement Security Plan
  - B. Discussion and Consideration/Approval of Resolution 2022-086 Re Bonding SEAPA Headquarters
4. Adjourn



## SOUTHEAST ALASKA POWER AGENCY MEMO

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Date: July 26, 2022

From: Kay Key

To: Trey Acteson

Subject: **RS PLAN RESTATEMENT**

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SEAPA's administrative personnel participate in the National Rural Electric Cooperative Association's (NRECA) Retirement Security Plan (RS Plan), a defined benefit retirement plan. NRECA updates their Plan and Adoption Agreements in accordance with a five-year schedule established by the IRS.

SUGGESTED MOTION
I move to adopt Resolution 2022-085, authorizing amendment and restatement of the Retirement Security Plan for the Southeast Alaska Power Agency effective July 1, 2022.

A retirement plan restatement is an update to plan documents that pulls in governing law changes and any plan design since the last restatement. (SEAPA has not made any plan design changes since the last restatement in 2017.) **This restatement does not change any Plan provisions.** The Restatement will contain SEAPA's existing plan provisions in an updated format.

The SEAPA Board must authorize the amendment, restatement and continuance of the Plan, effective July 1, 2022 through the execution of the revised Adoption Agreement. The following documents, outlining changes to the Adoption Agreement, are attached:

- An Executive Summary of changes in the Restated Adoption Agreement.
- A redline of the existing SEAPA-NRECA Adoption Agreement.
- A copy of the revised Adoption Agreement.
- A Resolution authorizing the CEO to sign and submit the Adoption Agreement effective July 1, 2022.

## Executive Summary of 2022 Restated Adoption Agreement Changes



Adoption Agreements		
Plan	Section	Change
All Plans	All	Minor textual updates for readability.
401(k) Pension Plan	1. Eligibility Requirements	Added language in Section 1.B. to provide for long-term part time eligibility rules under the SECURE Act of 2019.
	6. Compensation	Simplified descriptive language related to Full Salary and Base Salary.
	9. In-Service Withdrawals	Removed "one-time" reference from subsection 9.a. and added a reference to the applicable Plan Document paragraph.
	15. Hold Harmless and Indemnification Obligation	Updated wording.
Retirement Security Plan	All	Updated Plan Document reference numbers throughout. Adjusted Section and subsection numbering for the addition of Plan Document <i>Supplement A: Traditional Benefit Design</i> and <i>Supplement B: Cash Balance Benefit Design</i> .
	Section I: General Provisions	Added <i>General Provisions</i> Section containing provisions applicable to all Plans.
	6. Quasi-retirement	<ul style="list-style-type: none"> <li>In 2019, added Section 12 (titled <i>One-time Benefit Election following Attainment of Normal Retirement Age</i>) to permit Participating Systems to eliminate the quasi-retirement option.</li> <li>Retitled Section 12 from <i>One-time Benefit Election following Attainment of Normal Retirement Age</i> to <i>Quasi-retirement</i>.</li> <li>Moved from Section 12 to <i>General Provisions</i> subsection 6.</li> </ul>
	7. Frozen Plan Election	Added to distinguish frozen plans from plans with a benefit level change.
	8. Limitations of Benefits	<ul style="list-style-type: none"> <li>In 2019, moved from Section 11 to Section 13.</li> <li>Moved from Section 13 to <i>General Provisions</i> subsection 8.</li> </ul>
	9. Top Heavy Adjustment	<ul style="list-style-type: none"> <li>In 2019, moved from Section 12 to Section 14.</li> <li>Moved from Section 14 to <i>General Provisions</i> subsection 9.</li> </ul>
	10. Hold Harmless and Indemnification Obligation	<ul style="list-style-type: none"> <li>In 2019, moved from Section 13 to Section 15.</li> <li>Moved from Section 15 to <i>General Provisions</i> subsection 10, and updated wording.</li> </ul>
	Section II: Benefit Formula Provision	Added <i>Benefit Formula Provision</i> Section with two new subsections: <ul style="list-style-type: none"> <li>A: <i>Traditional (Final Average Earnings) Benefit Design</i>, and</li> <li>B: <i>Cash Balance (Career Average Earnings) Benefit Design</i>.</li> </ul>
	A.1. Salary Definition	<ul style="list-style-type: none"> <li>Moved from Section 6. to <i>Benefit Formula Provision</i> subsection A.1.</li> <li>Removed options i. and ii. for application of Full Salary.</li> </ul>

\*This list is for reference purposes only; it is not intended to be comprehensive, or to replace or modify the adoption agreements

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## Executive Summary of 2022 Restated Adoption Agreement Changes

Adoption Agreements		
Plan	Section	Change
Retirement Security Plan	A.2. Traditional Benefit Formula	Moved from Section 7 to <i>Benefit Formula Provision</i> subsection A.2. and retitled from <i>Normal Retirement Benefits</i> to <i>Traditional Benefit Formula</i> .
	A.3. Participant Contributions	Moved from Section 8 to <i>Benefit Formula Provision</i> subsection A.3.
	A.4. Cost-of-living Adjustment	<ul style="list-style-type: none"> <li>Moved from Section 9 to <i>Benefit Formula Provision</i> subsection A.4.</li> <li>Added reference to the appropriate governing Plan document section.</li> </ul>
	A.5. Optional Death Benefit	<ul style="list-style-type: none"> <li>Moved from Section 10 to <i>Benefit Formula Provision</i> subsection A.5. and removed "100%" from the Section title.</li> <li>Moved and rephrased the parenthetical referencing equivalent annuity payments.</li> </ul>
	A.6. Single Cash Payment	<ul style="list-style-type: none"> <li>In 2019, added Section 11 (titled <i>Lump Sum Distributions</i>) to permit Participating Systems to eliminate the single cash payment form of benefit.</li> <li>Retitled Section 11 from <i>Lump Sum Distributions</i> to <i>Single Cash Payment</i>.</li> <li>Moved from Section 11 to <i>Benefit Formula Provision</i> subsection A.6.</li> </ul>
	B.1. Salary Definition	Added this subsection to designate Base Salary as the applicable definition for the Cash Balance Benefit Formula.
	B.2. Cash Balance Benefit Formula	Added this subsection to define the Cash Balance formula, collect the <i>Pay Credit Schedule</i> election (flat or banded), and collect the <i>Transition Election</i> (static or dynamic).
	Section III: Signatures	<ul style="list-style-type: none"> <li>In 2019, moved from Section 14 to Section 16</li> <li>Moved from Section 16 to Section III: <i>Signatures</i>.</li> </ul>

Adoption Agreement Addenda		
Plan	Section	Change
401(k) Pension Plan Special Employer Base Contribution	Dollar Amount or Percentage Election	In Section 1.a., removed choice of compensation definition from the specific dollar amount option
Retirement Security Plan Eligibility for Retirement Benefits	Signatures	Removed fields to collect the Participating System's address and telephone
Retirement Security Plan Special Early Retirement Program	Optional Eligibility Requirements	Removed "as of" date from <i>Age or Benefit Service</i> subsections 1.c. and 1.d.
Retirement Security Plan Special Early Retirement Program with Supplemental Limited Annuity	Benefit Payable	Removed explanatory language pertaining to Cost-of-Living adjustments

\*This list is for reference purposes only; it is not intended to be comprehensive, or to replace or modify the adoption agreements



## National Rural Electric Cooperative Association Adoption Agreement Retirement Security Plan

SOUTHEAST ALASKA PWR AGENCY (hereinafter referred to as the Participating System) hereby adopts for its Employees the Retirement Security Plan (Plan) and the Trust under which it is administered, sponsored by the National Rural Electric Cooperative Association (NRECA), effective the first day of December, 2002, and amended effective the first day of July, 2017. The Participating System is bound by all terms and conditions included herein, which are construed in accordance with the Plan and any amendments thereto. The Participating System adopts the following elective Plan provisions: <sup>2022</sup>

### SECTION I: GENERAL PROVISIONS

#### 1. Eligibility Requirements

An Employee shall become a Participant in the Plan on the first day of the month coincident with or next following (only one applies):

- a. ☐ The date on which the Employee completes \_\_\_ one/ \_\_\_ three/ \_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service.
- b. ☒ The date on which the Employee completes one Year of Eligibility Service.
- c. ☐ The date on which the Employee completes \_\_\_ one/ \_\_\_ three/ \_\_\_ six Full Month(s) of Employment or, if earlier, one Year of Eligibility Service and attains age 21.
- d. ☐ The date on which the Employee completes a Year of Eligibility Service and attains age 21.

<sup>1.1</sup>  
For purposes of Section ~~1~~, an Employee completes the Full Month of Employment requirement when he or she works 84 hours in each month during a one, three or six full calendar month(s) period, as elected, which do not need to be consecutive. An Employee completes a Year of Eligibility Service when he or she works 1,000 hours for a Participating System or a related Employer (as defined in Paragraph 5.06 of the Plan) during the first 12 months of employment (or subsequent Calendar Year).

An Employee who was a Participant in the Plan upon termination of employment shall become a Participant on the date of his or her reemployment with the same or another Participating System adopting the Plan if the employee meets the Eligibility Requirements and is part of an Eligible Class of Employees as defined by the subsequent Participating System's Plan Adoption Agreement.

#### 2. Eligible Class of Employees

The provisions of the Plan and the Adoption Agreement are applicable to the following class of Employees of the Participating System (only one applies):

- a. ☐ All Employees of the Participating System.
- b. ☐ Employees of the Participating System covered under an agreement that is the subject of good faith bargaining between the Participating System and \_\_\_ Union, which makes the Plan and any amendments thereto available to such Employees.
- c. ☒ Employees of the Participating System not covered by a collective bargaining agreement.
- d. ☐ Other: \_\_\_

An Employee who transfers from the class of Employees specified above to another class of Employees within the Participating System shall, as of the date of transfer, become subject to the provisions of the Adoption Agreement

applicable to such other class. The benefits attributable to Years of Benefit Service completed prior to the transfer shall be equal to the Participant's accrued benefit under the Plan, if any, determined as if the Participant had terminated employment on the date immediately prior to the effective date of the transfer and adjusted in the manner described under Section 7.a.ii. of this Adoption Agreement.

### 3. Excluded Class of Employees

Employees of the Participating System described in the following classification(s) shall not be eligible to participate in the Plan (one or more options may apply):

- a. ☐ Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service (not permitted if option b. or d. under Section 1 is elected).
- b. ☐ Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service and attained age 21 (not permitted if option b. or d. under Section 1 is elected).
- c. ☒ Other job classifications. The excluded classifications should be definitely determinable and should not be based on age or length of employment.
  - Employees of Southeast Alaska Power Agency who are covered by a collective bargaining agreement.
- d. ☐ Highly Compensated Employees are excluded from participation in the Plan.

### 4. Years of Eligibility Service Relating to a Merger, Consolidation or Acquisition

This election is needed only if Paragraph 5.06(e) of the Plan is applicable.

If Paragraph 5.06(e) of the Plan applies, an Employee

- a. ☐ Shall
- b. ☐ Shall Not

receive credit for any period the Employee is employed by any entity merged, consolidated or liquidated into a Participating System or any entity, substantially all of the assets of which have been acquired by a System, or which is otherwise considered a predecessor employer under Section 414(a) of the Internal Revenue Code of 1986, as amended (the Code).

### 5. Normal Retirement Date

Normal Retirement Date under the Plan shall be (only one applies):

- a. ☐ Age 65: The first day of the month coincident with or next following a Participant's attainment of age 65.
- b. ☒ Age 62: The first day of the month coincident with or next following a Participant's attainment of age 62.
- c. ☐ Age 60: The first day of the month coincident with or next following a Participant's attainment of age 60.

The retirement benefit payable to any Participant, under an age-based plan, whose retirement is postponed beyond his or her Normal Retirement Date pursuant to Paragraph 7.04 of the Plan shall be computed as of the Participant's actual retirement date.

- d. ☐ 30-Year: The first day of the month coincident with or any day thereafter following a Participant's attainment of the earlier of 30 Years of Benefit Service or age 62.

This date will apply to an individual who is a Participant in the Plan on or before January 1, 2017 or is an Employee hired on or before January 1, 2017 and becomes a Participant after completing his or her initial eligibility computation period. For an Employee who is hired after January 1, 2017 and becomes a Participant after that date and who did not have prior Benefit Service with a Participating System, the Normal Retirement Date shall be the first day of the month coincident with or any day thereafter following the Participant's attainment of age 62.



The retirement benefit payable to any Participant under the 30-Year Plan shall be computed as of (only one applies):

- i. ☐ The last day of the month in which the Participant completes 30 Years of Benefit Service under this Plan.
- ii. ☐ The first day of the month in which the Participant's actual retirement date occurs.

**For purposes of Section 5**, any change to the Normal Retirement Date elected by a Participating System shall apply only to individuals who were employees on or after the effective date of the Adoption Agreement making the change. In any case where a Participant is transferred from another Participating System after the change in Normal Retirement Date, the Normal Retirement Date elected hereunder shall apply solely with respect to the benefit earned for Years of Benefit Service subsequent to the date of transfer. In any case where a Participant is transferred from another Participating System before the change in Normal Retirement Date, the Normal Retirement Date definition hereunder shall apply with respect to all Years of Benefit Service under the Plan.

**Insert Section 6. Quasi-retirement and Section 7. Frozen Plan Election (new sections displayed on next page)**

**6. Salary Definition (only one applies)** **Section 6 moved to Section II BENEFIT FORMULA PROVISION, subsection A.1**

- a. ☒ The definition of **Base Salary** as determined under Subparagraph ~~2.26.b~~ <sup>2.07.b of Supplement A of the Plan</sup> (Base Salary in effect on November 15 of the prior year) shall apply in determining benefits under the Plan.
- b. ☐ The definition of Full Salary as determined under Subparagraph ~~2.26.a~~ <sup>2.07.a of Supplement A of the Plan</sup> shall apply in determining benefits under the Plan.
  - i. ☐ Full Salary shall be applied only prospectively.
  - ii. ☐ Full Salary shall be applied both retrospectively and prospectively.

**7. Normal Retirement Benefits** **Section 7 moved to Section II BENEFIT FORMULA PROVISION, subsection A.2 and retitled "Traditional Benefit Formula"**

The retirement benefit payable to a Participant who retires on that person's Normal Retirement Date, computed on a Joint and Spouse Annuity basis, shall be equal to (only one applies):

a. ☒ **GRADUATED BENEFIT:**

- i. 2.0 % of the Participant's Final Average Effective Salary multiplied by Years of Benefit Service subsequent to the effective date of this Adoption Agreement; and
- ii. The benefit derived from the benefit formula in effect prior to the effective date of this Adoption Agreement, determined as if the Participant had terminated employment with the Employer on the date immediately prior to the effective date of the change in benefit formula (or the date the Participant actually terminated employment with the Employer, if earlier) under Section 12.03 of the Plan.

b. ☐ **UNIFORM BENEFIT:**

       % of the Participant's Final Average Effective Salary multiplied by Years of Benefit Service, but not less than the Participant's frozen accrued benefit, as determined and adjusted in the manner described under Section 7.a.ii.

**TIERED BENEFIT:**

The benefit under this Tiered Benefit section shall not be less than the Participant's frozen accrued benefit, as determined and adjusted in the manner described under Section 7.a.ii.

- i. ☐        % of the Participant's Final Average Effective Salary for each of the Participant's Years of Benefit Service subsequent to       , plus
- ii. ☐        % of the Participant's Final Average Effective Salary for each of the Participant's Years of Benefit Service on or after        and prior to       , plus
- iii. ☐        % of the Participant's Final Average Effective Salary for each of the Participant's Years of Benefit Service on or after        and prior to       .

**SECTION I: GENERAL PROVISIONS: New subsections 6 and 7**

**6. Quasi-retirement (only one applies)**

Option b. below eliminates the ability for Participants to make an election, while still actively employed following the attainment of Normal Retirement Age, and if actively employed following the attainment of age 70 1/2, to receive the benefit (as described in Paragraph 7.03 of the Plan document) with respect to the portion of the benefit accrued after the effective date of the change.

- a. ☒ Permitted
- b. ☐ Not permitted for benefits accrued on or after \_\_\_\_.

**7. Frozen Plan Election**

☐ If elected, no additional benefits will be earned under the Plan on or after \_\_\_\_.



**Years of Benefit Service (for Uniform or Tiered Benefit purposes):**

For the purpose of calculating the Uniform or Tiered Benefit, a Participant's Years of Benefit Service shall include (only one applies):

- i. ☐ Only years during which the Employee was a Participant of this Participating System.
- ii. ☐ The date on which the Employee is hired.
- iii. ☐ Years during which the Employee is a Participant plus all years of employment subsequent to the selection below (only one applies):
  - a. ☐ From the date on which the Employee completed one/three/six Full Month(s) of Employment.
  - b. ☐ From the date on which the Employee completed one Year of Eligibility Service.
  - c. ☐ From the date on which the Employee completed one/three/six Full Month(s) of Employment and attained age 21.
  - d. ☐ From the date on which the Employee completed a Year of Eligibility Service and attained age 21.

**Transfers (for Uniform or Tiered Benefit purposes):**

When an Employee transfers from one Participating System to another Participating System (pursuant to 12.03.d of the Plan), the Employee's retirement benefit for Years of Benefit Service with previous System will also be transferred as follows (only one applies):

- i. ☐ Shall be computed, with respect to each Participant who transferred prior to \_\_\_\_\_, or on the effective date of this amendment, under the formula elected hereunder, but the Participant's benefit shall never be less than the benefit determined under the formula elected by the Participating System from which the Participant is transferred. The benefits attributable to Years of Benefit Service completed prior to the transfer shall be equal to the Participant's accrued benefit under the Plan, if any, determined as if the Participant had terminated employment on the date immediately prior to the effective date of the transfer and adjusted in the manner described under Section 7.a.ii. of this Adoption Agreement.
- ii. ☐ Shall be limited to the benefit provided under the formula elected by the System from which the Participant is transferred and calculated with reference to the Participant's Final Average Effective Salary (as of the Participant's retirement or other termination of employment), determined under the Adoption Agreement of such Participating System as in effect on the date the Participant ceased to be employed by such System.

**8. Participant Contributions** Section 8 moved to Section II BENEFIT FORMULA PROVISION, subsection A.3

Each Participant shall contribute annually 0% of Effective Salary.

A Participating System may not elect to provide for Participant Contributions unless the demographic requirements set forth in Treasury Regulation §1.401(a)(4)-6(a)(b)(2)(ii)(B) are satisfied. In addition, a Participating System that provides for Participant Contributions and elects Full Salary as the definition of Salary in Section 6 of this Adoption Agreement must pass additional nondiscrimination testing requirements.

**9. Cost-of-living Adjustment** Section 9 moved to Section II BENEFIT FORMULA PROVISION, subsection A.4, reference updated

Benefits payable under the Plan (only one applies)

- a. ☐ Shall not be adjusted for changes in the cost of living.
- b. ☒ Shall be adjusted for changes in the cost of living in accordance with Paragraph 12.01 of the Plan after such benefits are in pay status.

For purposes of Section 9, any change to a Participating System's election that constitutes an increase hereunder shall apply only to individuals who were Employees on or after the effective date of the Adoption Agreement making the change.



In any case where a Participant is transferred from another Participating System after the election of the cost-of-living adjustment, the cost-of-living adjustment shall apply solely with respect to the benefit earned for Years of Benefit Service subsequent to the date of transfer unless the Participating System elects to have the formula elected hereunder apply with respect to Years of Benefit Service completed before and after the transfer. In any case where a Participant is transferred from another Participating System before the election of the cost-of-living adjustment, the cost-of-living adjustment shall apply with respect to all Years of Benefit Service under the Plan.

**10. Optional ~~100%~~ Death Benefit (only one applies)** Section 10 moved to Section II BENEFIT FORMULA PROVISION, subsection A.5, reference updated

If elected by a Participating System, the Optional ~~100%~~ Death Benefit provides a Participant's beneficiary with the option to elect a single cash payment equal to the single cash payment a Participant could have received if he or she had terminated employment on the date of his or her death and elected such a payment (or an annuity payment equivalent in value to the participant's accrued benefit on the date of his or her death in the event Section II.A.6. indicates a single cash payment is not available.)  
~~The Participating System acknowledges that there is an additional cost for the 100% Optional Death Benefit and that the additional cost will be charged for a period of not less than five years from the adoption of the benefit, even if the benefit is eliminated by the Participating System.~~

- a. ☒ No Optional 100% Death Benefit.
- b. ☐ The Participating System hereby adopts for its Employees this optional benefit to the Plan. This option is adopted effective \_\_\_\_.
- c. ☐ The Participating System hereby eliminates for its Employees this optional benefit to the Plan that was effective \_\_\_\_ . This option is revoked effective \_\_\_\_.

**11. Limitations of Benefits** moved to SECTION I: GENERAL PROVISIONS, subsection 8

If the Participating System maintains or maintained, in addition to this Plan, one or more qualified defined benefit plans, the sum of the annual benefits for any Participant for any limitation year cannot exceed the maximum permissible amount. For definitions of annual benefit and maximum permissible amount, refer to Paragraphs 14.05.d and 14.05.e of the Plan, document, .f .a respectively.

**12. Top-Heavy Adjustment** moved to SECTION I: GENERAL PROVISIONS, subsection 9

If the Participating System's Plan is determined to be top-heavy, due to the required aggregation of multiple plans, Section 416 of the Code and Section 22 of the Plan document will apply.

**13. Hold Harmless and Indemnification Agreement** moved to SECTION I: GENERAL PROVISIONS, subsection 10

This section applies only if the Participating System participated in another plan qualified under Section 401(a) of the Code (the Prior Plan) and assets and liabilities of the Prior Plan are transferred to the Plan pursuant to the merger of the Prior Plan into and the Plan. Following paragraph rewritten ... see replacement language on next page.

~~Upon the effective date of the merger, the Participating System agrees to hold harmless and to indemnify NRECA, its officers and directors, the Plan and the I&FS Committee from any and all liability, fines, penalties, loss, damage or expense, including all costs to correct any disqualifying defect or practice, imposed or arising under the Code and from any and all liability, fines, penalties, loss, damage or expense imposed or claim arising under the Employee Retirement Income Security Act of 1974 with respect to the Participating System's participation in the Prior Plan. This Hold Harmless and Indemnification Agreement shall continue in full force and effect without regard to changes or modifications by the Participating System to its Adoption Agreement in the Plan and without regard to the Participating System's termination of participation in the Plan in the future. This Agreement shall inure to the benefit of the Plan, the I&FS Committee and NRECA and its officers, directors and employees and their respective heirs, estates and assigns. This Adoption Agreement incorporates the Merger Agreement between the Plan and the Participating System, effective the date of this Adoption Agreement.~~

Upon the effective date of the merger, the Participating System agrees to indemnify, defend, and hold NRECA, and its officers and directors, the Plan and the I&FS Committee (each, an "Indemnitee" and collectively, the "Indemnitees") harmless from and against any and all judgments, demands, liabilities, fines, penalties, losses, claims, damages or expenses, (collectively "Claims") including all attorneys' fees, costs and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from any Indemnitee by reason of any Claim arising out of or relating to: (a) correct any disqualifying defect or practice; (b) violations of the Prior Plan imposed or arising under the Code prior to the merger; and, (c) violations of the Prior Plan under the Employee Retirement Income Security Act of 1974 prior to the merger.

This Hold Harmless and Indemnification section shall continue in full force and effect without regard to changes or modifications by the Participating System to its Adoption Agreement in the Plan and without regard to the Participating System's termination of participation in the Plan. This Agreement shall inure to the benefit of the Plan, the I&FS Committee and NRECA and its officers, directors and employees and their respective assignees. This Adoption Agreement incorporates the Merger Agreement between the Plan and the Participating System.


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~~14. Signatures~~ **SECTION III: SIGNATURES**

IN WITNESS WHEREOF, the Participating System, by its duly authorized officers, has caused this Agreement to be executed as of the date below.

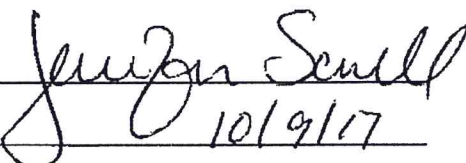
SOUTHEAST ALASKA PWR AGENCY  
(Name of Participating System)

By:   
(Signature of Authorized Officer)

CEO  
(Title of Officer)

Date: 9/29/17

**NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION**

By: 

Date: 10/9/17

**National Rural Electric Cooperative Association  
Adoption Agreement  
Retirement Security Plan**

SOUTHEAST ALASKA PWR AGENCY (hereinafter referred to as the Participating System) hereby adopts for its Employees the Retirement Security Plan (Plan) and the Trust under which it is administered, sponsored by the National Rural Electric Cooperative Association (NRECA), effective the first day of December, 2002, and amended effective the first day of July, 2022. The Participating System is bound by all terms and conditions included herein, which are construed in accordance with the Plan and any amendments thereto. The Participating System adopts the following elective Plan provisions:

**SECTION I: GENERAL PROVISIONS**

**1. Eligibility Requirements**

An Employee shall become a Participant in the Plan on the first day of the month coincident with or next following (only one applies):

- a. ☐ The date on which the Employee completes \_\_\_\_ one/ \_\_\_\_ three/ \_\_\_\_ six Full Month(s) of Employment or, if earlier, a Year of Eligibility Service.
- b. ☒ The date on which the Employee completes one Year of Eligibility Service.
- c. ☐ The date on which the Employee completes \_\_\_\_ one/ \_\_\_\_ three/ \_\_\_\_ six Full Month(s) of Employment or, if earlier, one Year of Eligibility Service and attains age 21.
- d. ☐ The date on which the Employee completes a Year of Eligibility Service and attains age 21.

**For purposes of Section I.1.,** an Employee completes the Full Month of Employment requirement when he or she works 84 hours in each month during a one, three or six full calendar month(s) period, as elected, **which do not need to be consecutive.** An Employee completes a Year of Eligibility Service when he or she works 1,000 hours for a Participating System or a related Employer (as defined in Paragraph 5.06 of the Plan) during the first 12 months of employment (or subsequent Calendar Year).

An Employee who was a Participant in the Plan upon termination of employment shall become a Participant on the date of his or her reemployment with the same or another Participating System adopting the Plan if the employee meets the Eligibility Requirements and is part of an Eligible Class of Employees as defined by the same or subsequent Participating System's Plan Adoption Agreement.

## 2. Eligible Class of Employees

The provisions of the Plan and the Adoption Agreement are applicable to the following class of Employees of the Participating System (only **one** applies):

- a. ☐ All Employees of the Participating System.
- b. ☐ Employees of the Participating System covered under an agreement that is the subject of good faith bargaining between the Participating System and \_\_\_\_\_ Union, which makes the Plan and any amendments thereto available to such Employees.
- c. ☒ Employees of the Participating System not covered by a collective bargaining agreement.
- d. ☐ Other: \_\_\_\_\_

An Employee who transfers from the class of Employees specified above to another class of Employees within the Participating System shall, as of the date of transfer, become subject to the provisions of the Adoption Agreement applicable to such other class. The benefits attributable to Years of Benefit Service completed prior to the transfer shall be equal to the Participant's accrued or accumulated benefit under the Plan, if any, determined as if the Participant had terminated employment on the date immediately prior to the effective date of the transfer and adjusted in the manner described under Section II.A.2.a.ii. or II.B.2. of this Adoption Agreement.

## 3. Excluded Class of Employees

Employees of the Participating System described in the following classification(s) shall **not** be eligible to participate in the Plan (**one or more** options may apply):

- a. ☐ Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service (not permitted if option b. or d. under Section I.1. is elected).
- b. ☐ Part-time, Temporary, Seasonal Employees who have not completed a Year of Eligibility Service and attained age 21 (not permitted if option b. or d. under Section I.1. is elected).
- c. ☒ Other job classifications. The excluded classifications must be clearly defined and shall not be based on age or length of employment.
  - Employees of Southeast Alaska Power Agency who are covered by a collective bargaining agreement.
- d. ☐ Highly compensated employees are excluded from participation in the Plan.

## 4. Years of Eligibility Service Relating to a Merger, Consolidation or Acquisition

This election is needed **only** if Paragraph 5.06(e) of the Plan is applicable.

If Paragraph 5.06(e) of the Plan **applies**, an Employee

- a. ☐ Shall
- b. ☐ Shall Not

receive credit for any period the Employee is employed by any entity merged, consolidated or liquidated into a Participating System or any entity, substantially all of the assets of which have been acquired by a System, or which is otherwise considered a predecessor employer under Section 414(a) of the Internal Revenue Code of 1986, as amended (the Code).

## 5. Normal Retirement Date

Normal Retirement Date under the Plan shall be (only **one** applies):

- a. ☐ Age 65: The first day of the month coincident with or next following a Participant's attainment of age 65.
- b. ☒ Age 62: The first day of the month coincident with or next following a Participant's attainment of age 62.
- c. ☐ Age 60: The first day of the month coincident with or next following a Participant's attainment of age 60.

The retirement benefit payable to any Participant, under an age-based plan, whose retirement is postponed beyond his or her Normal Retirement Date pursuant to Paragraph 7.02 of the Plan shall be computed as of the Participant's actual retirement date.

- d. ☐ 30-Year: The first day of the month coincident with or any day thereafter following a Participant's attainment of the earlier of 30 Years of Benefit Service or age 62.

This date will apply to an individual who is a Participant in the Plan on or before January 1, 2017 or is an Employee hired on or before January 1, 2017 and becomes a Participant after completing his or her initial eligibility computation period. For an Employee who is hired after January 1, 2017 and becomes a Participant after that date and who did not have prior Benefit Service with a Participating System, the Normal Retirement Date shall be the first day of the month coincident with or any day thereafter following the Participant's attainment of age 62.

The retirement benefit payable to any Participant under the **30-Year Plan** shall be computed as of (only **one** applies):

- i. ☐ The last day of the month in which the Participant exceeds 30 Years of Benefit Service under this Plan.
- ii. ☐ The first day of the month in which the Participant's actual retirement date occurs.

**For purposes of Section I.5. of this Adoption Agreement**, any change to the Normal Retirement Date elected by a Participating System shall apply only to individuals who were employees on or after the effective date of the Adoption Agreement making the change. In any case where a Participant is transferred from another Participating System after the change in Normal Retirement Date, the Normal Retirement Date elected hereunder shall apply solely with respect to the benefit earned for Years of Benefit Service subsequent to the date of transfer. In any case where a Participant is transferred from another Participating System before the change in Normal Retirement Date, the Normal Retirement Date definition hereunder shall apply with respect to all Years of Benefit Service under the Plan.

## 6. Quasi-retirement (only one applies)

Option b. below eliminates the ability for Participants to make an election, while still actively employed following the attainment of Normal Retirement Age, and if actively employed following the attainment of age 70 1/2, to receive the benefit (as described in Paragraph 7.03 of the Plan document) with respect to the portion of the benefit accrued after the effective date of the change.

- a. ☒ Permitted
- b. ☐ Not permitted for benefits accrued on or after \_\_\_\_.

## 7. Frozen Plan Election

☐ If elected, no additional benefits will be earned under the Plan on or after \_\_\_\_.

## 8. Limitations of Benefits

If the Participating System maintains or maintained, in addition to this Plan, one or more qualified defined benefit plans, the sum of the annual benefits for any Participant for any limitation year cannot exceed the maximum permissible amount. For definitions of annual benefit and maximum permissible amount, refer to Paragraphs 14.05.f and 14.05.a of the Plan document, respectively.



## 9. Top-Heavy Adjustment

If the Participating System's Plan is determined to be top-heavy, due to the required aggregation of multiple plans, Section 416 of the Code and Section 22 of the Plan document will apply.

## 10. Hold Harmless and Indemnification Obligation

This section applies **only** if the Participating System participated in another Internal Revenue Code Section 401(a) qualified plan (the Prior Plan) and assets and liabilities of the Prior Plan are transferred to the Plan pursuant to the merger of the Prior Plan into the Plan.

Upon the effective date of the merger, the Participating System agrees to indemnify, defend, and hold NRECA, and its officers and directors, the Plan and the I&FS Committee (each, an "Indemnitee" and collectively, the "Indemnitees") harmless from and against any and all judgments, demands, liabilities, fines, penalties, losses, claims, damages or expenses, (collectively "Claims") including all attorneys' fees, costs and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from any Indemnitee by reason of any Claim arising out of or relating to: (a) correct any disqualifying defect or practice; (b) violations of the Prior Plan imposed or arising under the Code prior to the merger; and, (c) violations of the Prior Plan under the Employee Retirement Income Security Act of 1974 prior to the merger.

This Hold Harmless and Indemnification section shall continue in full force and effect without regard to changes or modifications by the Participating System to its Adoption Agreement in the Plan and without regard to the Participating System's termination of participation in the Plan. This Agreement shall inure to the benefit of the Plan, the I&FS Committee and NRECA and its officers, directors and employees and their respective assignees. This Adoption Agreement incorporates the Merger Agreement between the Plan and the Participating System.

## SECTION II: BENEFIT FORMULA PROVISION (only II.A. or II.B. applies)

### A. Traditional (Final Average Earnings) Benefit Design

#### 1. Salary Definition (only one applies)

- a. ☒ The definition of **Base Salary** as determined under Subparagraph 2.07.b of Supplement A of the Plan (Base Salary in effect on November 15 of the prior year) shall apply in determining benefits under the Plan.
- b. ☐ The definition of **Full Salary** as determined under Subparagraph 2.07.a of Supplement A of the Plan shall apply in determining benefits under the Plan.

#### 2. Traditional Benefit Formula

The retirement benefit payable to a Participant who retires on that person's Normal Retirement Date, computed on a Joint and Spouse Annuity basis, shall be equal to (only II.A.2.a. or II.A.2.b. applies).

- a. ☒ **GRADUATED BENEFIT:**
  - i. 2.0 % of the Participant's Final Average Effective Salary multiplied by Years of Benefit Service subsequent to the effective date of this Adoption Agreement; **and**
  - ii. The benefit derived from the benefit formula in effect prior to the effective date of this Adoption Agreement, determined as if the Participant had terminated employment with the Employer on the date immediately prior to the effective date of the change in benefit formula (or the date the Participant actually terminated employment with the Employer, if earlier) under Section 12.03 of the Plan.
- b. ☐ **UNIFORM BENEFIT:**  
\_\_\_\_\_ % of the Participant's Final Average Effective Salary multiplied by Years of Benefit Service, but not less than the Participant's frozen accrued benefit, as determined and adjusted in the manner described under Section II.A.2.a.ii.

### **TIERED BENEFIT:**

The benefit under this Tiered Benefit section shall not be less than the Participant's frozen accrued benefit, as determined and adjusted in the manner described under Section II.A.2.a.ii.

- i. ☐ \_\_\_% of the Participant's Final Average Effective Salary for each of the Participant's Years of Benefit Service subsequent to \_\_\_\_, plus
- ii. ☐ \_\_\_% of the Participant's Final Average Effective Salary for each of the Participant's Years of Benefit Service on or after \_\_\_\_ and prior to \_\_\_\_, plus
- iii. ☐ \_\_\_% of the Participant's Final Average Effective Salary for each of the Participant's Years of Benefit Service on or after \_\_\_\_ and prior to \_\_\_\_.

### **YEARS OF BENEFIT SERVICE** (for Uniform or Tiered Benefit purposes):

For the purpose of calculating the Uniform or Tiered Benefit, a Participant's Years of Benefit Service shall include (only **one** applies):

- i. ☐ Only years during which the Employee was a Participant.
- ii. ☐ The date on which the Employee is hired.
- iii. ☐ Years during which the Employee is a Participant plus all years of employment subsequent to the selection below (only **one** applies):
  - a. ☐ From the date on which the Employee completed \_\_one/\_\_three/\_\_six Full Month(s) of Employment.
  - b. ☐ From the date on which the Employee completed one Year of Eligibility Service.
  - c. ☐ From the date on which the Employee completed \_\_one/\_\_three/\_\_six Full Month(s) of Employment and attained age 21.
  - d. ☐ From the date on which the Employee completed a Year of Eligibility Service and attained age 21.

### **TRANSFERS** (for Uniform or Tiered Benefit purposes):

When an Employee transfers from one Participating System to another Participating System (pursuant to Paragraph 8.01.d of Supplement A of the Plan), the Employee's retirement benefit for Years of Benefit Service with previous System will also be transferred as follows (only **one** applies):

- i. ☐ Shall be computed, with respect to each Participant who transferred prior to or on the effective date of this amendment, under the formula elected hereunder, but the Participant's benefit shall never be less than the benefit determined under the formula elected by the Participating System from which the Participant is transferred. The benefits attributable to Years of Benefit Service completed prior to the transfer shall be equal to the Participant's accrued benefit under the Plan, if any, determined as if the Participant had terminated employment on the date immediately prior to the effective date of the transfer and adjusted in the manner described under Section II.A.2.a.ii. of this Adoption Agreement.
- ii. ☐ Shall be limited to the benefit provided under the formula elected by the Participating System from which the Participant is transferred and calculated with reference to the Participant's Final Average Effective Salary (as of the Participant's retirement or other termination of employment), determined under the Adoption Agreement of such Participating System as in effect on the date the Participant ceased to be employed by such System.

### **3. Participant Contributions**

Each Participant shall contribute annually 0% of Effective Salary.

A Participating System may not elect to provide for Participant Contributions unless the demographic requirements set forth in Treasury Regulation §1.401(a)(4)-6(b)(2)(ii)(B) are satisfied. In addition, a Participating System that provides for Participant Contributions and elects Full Salary as the definition of Salary in Section II.A.1.b. of this Adoption Agreement must pass additional nondiscrimination testing requirements.

#### 4. Cost-of-living Adjustment

Benefits payable under the Plan (only one applies)

- a. ☐ Shall **not** be adjusted for changes in the cost of living in accordance with Paragraph 12.01 of the Plan after such benefits are in pay status.
- b. ☒ Shall be adjusted for changes in the cost of living in accordance with Paragraph 12.01 of the Plan after such benefits are in pay status.

**For purposes of Section II.A.4.,** any change to a Participating System's election that constitutes an increase hereunder shall apply only to individuals who were Employees on or after the effective date of the Adoption Agreement making the change. In any case where a Participant is transferred from another Participating System after the election of the cost-of-living adjustment, the cost-of-living adjustment shall apply solely with respect to the benefit earned for Years of Benefit Service subsequent to the date of transfer unless the Participating System elects to have the formula elected hereunder apply with respect to Years of Benefit Service completed before and after the transfer. In any case where a Participant is transferred from another Participating System before the election of the cost-of-living adjustment, the cost-of-living adjustment shall apply with respect to all Years of Benefit Service under the Plan.

#### 5. Optional Death Benefit (only one applies)

If elected by a Participating System, the Optional Death Benefit provides a Participant's beneficiary with the option to elect a single cash payment equal to the single cash payment a Participant could have received if he or she had terminated employment on the date of his or her death and elected such a payment (or an annuity payment equivalent in value to the participant's accrued benefit on the date of his or her death in the event Section II.A.6. indicates a single cash payment is not available).

- a. ☒ No Optional Death Benefit.
- b. ☐ The Participating System hereby adopts for its Employees this optional benefit to the Plan. This option is adopted effective \_\_\_\_.
- c. ☐ The Participating System hereby eliminates for its Employees this optional benefit to the Plan that was effective \_\_\_\_\_. This option is revoked effective \_\_\_\_\_.

#### 6. Single Cash Payment (only one applies)

Option b. below eliminates the ability for Participants to elect a Single Cash Payment of the portion of the benefit accrued to them after the effective date of the change.

- a. ☒ Permitted
- b. ☐ Not permitted for benefits accrued on or after \_\_\_\_\_.

### B. Cash Balance (Career Average Earnings) Benefit Design

#### 1. Salary Definition

The definition of **Base Salary** as determined under Subparagraph 2.09.a of Supplement B of the Plan (Base Salary in effect on November 15 of the prior year) shall apply in determining benefits under the Plan when the Cash Balance Benefit Formula is elected.

## 2. Cash Balance Benefit Formula

The benefit payable under this Cash Balance Formula to a Participant who retires on the Normal Retirement Date as elected in Section I.5. of this Adoption Agreement, shall be computed as a Notional Account Balance using the following components:

- the Participant's prior year account balance
- the Interest Credit Percentage
- the Pay Credit Percentage, as elected below
- Base Salary

### a. PAY CREDIT SCHEDULE (only one applies):

- i. ☐ **FLAT** Pay Credit Schedule applicable to all eligible participants without regard to age or service:  
A Base Pay Credit Schedule Percentage of \_\_%, times  
the Pay Credit Schedule Multiplier of \_\_, which equals  
the Pay Credit Schedule Percentage of \_\_%
- ii. ☐ **BANDED** Pay Credit Schedule:

### b. TRANSITION ELECTION (for prior traditional benefit formula; only one applies):

- i. ☐ Dynamic pay approach (traditional benefit structure with pay increases).
- ii. ☐ Static pay approach (traditional benefit structure without pay increases).



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### SECTION III: SIGNATURES

IN WITNESS WHEREOF, the Participating System, by its duly authorized officers, has caused this Agreement to be executed as of the date below.

SOUTHEAST ALASKA PWR AGENCY  
(Name of Participating System)

By: \_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Title of Officer)

Date: \_\_\_\_\_

**NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION**

By: \_\_\_\_\_

Date: \_\_\_\_\_



## Resolution No. 2022-085\*\*

### SOUTHEAST ALASKA POWER AGENCY

#### Resolution Authorizing Amendment and Restatement of the Retirement Security Plan for the Southeast Alaska Power Agency REA 02192-001

**WHEREAS**, the Southeast Alaska Power Agency ('SEAPA') is a participating employer in the NRECA sponsored defined benefit plan, the Retirement Security Plan ('Plan'); and,

**WHEREAS**, SEAPA's Board of Directors ('the Board') is aware that the Plan must periodically be amended to comply with new or changed regulations, rulings, legislation, and plan operations, and that this restatement will be effective July 1, 2022, and now desires to amend the Plan, and does hereby authorize the amendment effective the 1st day of July 2022 by executing the appropriate Adoption Agreement.

**THEREFORE BE IT RESOLVED**, that this Board authorizes the July 1, 2022 amendment, restatement, and continuance of the Plan to conform in its entirety with all the provisions of the governing plan documents of the Plan, through the execution of the Adoption Agreement, which includes all of the provisions of SEAPA's most recently executed Adoption Agreement and any compliance clarifications needed to conform with Plan operations; and,

**BE IT FURTHER RESOLVED**, that this Board does hereby authorize and direct Trey Acteson, Chief Executive Officer, to execute all necessary documents and to take any and all further actions necessary to carry out the July 1, 2022 amendment and restatement of the Plan.

I, Abby Bradberry, certify that I am the Secretary of the Southeast Alaska Power Agency Board of Directors. I further certify that the above is a true excerpt from the minutes of a board meeting of this Board of Directors on the \_\_\_\_\_ day of August 2022, at which a quorum was present and that the above portion of the minutes has not been modified or rescinded.

\_\_\_\_\_  
**Abby Bradberry, Secretary/Treasurer**

\_\_\_\_\_  
**Date**

*[The Southeast Alaska Power Agency does not have a corporate seal.]*



## SOUTHEAST ALASKA POWER AGENCY

**Date:** August 5, 2022  
**To:** SEAPA Board of Directors  
**From:** Trey Acteson, Chief Executive Officer  
**Subject:** Consideration and Approval of Authorizing Resolution and Indenture Re SEAPA Headquarters Financing from Alaska Municipal Bond Bank

At SEAPA's regular Board Meeting on May 12, 2022, the board authorized me to pursue financing of the new SEAPA Headquarters Project through the Alaska Municipal Bond Bank ("AMBB") and reimburse SEAPA's Dedicated R&R Fund from the bond proceeds. Since that meeting, I have been diligently arranging to obtain financing for the Project. My discussions with AMBB have led to the proposed agreements that are attached to this memorandum. They will result in SEAPA signing a loan agreement and related documents with AMBB to facilitate bond financing. At this time of the writing of this memorandum, we anticipate that the attached Resolution will be in substantially similar form.

### The Transaction

SEAPA is seeking a loan through the AMBB to provide the funds necessary (i) to pay for and reimburse itself for the costs of a new Headquarters Building in Ketchikan, Alaska consisting of its design, construction and equipment, as well as other capital improvements to the Projects (the "Improvements"); (ii) to make a deposit to the Bond Reserve Fund (if necessary); and (iii) to pay the Issuance Costs (as defined in the 2019 Amended and Restated Indenture). Through the Resolution and Indenture the Agency authorizes the issuance and sale to the AMBB of a revenue bond evidencing a loan to the Agency from the AMBB, in a principal amount not to exceed \$6,000,000. By working through the AMBB, the process is quite streamlined, and SEAPA is able to reduce its borrowing costs. We have retained bond counsel, Alice Ostiedek, to aid in the review and proper documentation of the financing. As part of the process, the Board is being asked to approve the attached Resolution in support of issuing electric revenue bonds, agreeing to a Supplemental Indenture, and a new Loan Agreement. The proposed Resolution also authorizes the Board Chair and CEO to execute all necessary agreements to complete the transaction.

As usual, the loan payments are to be paid solely from the revenues of the Agency and are not a general obligation or a pledge of the full faith and credit of the Agency or the Member Utilities. This is SEAPA's third financing conducted through the AMBB.

### The Process

Pricing is expected in mid-September, with final close-out by the end of September. SEAPA will then be able to use those funds to pay its prime contractor, Dawson Construction, as well as reimburse itself for funds spent to date.

Please consider the following suggested motion:

#### SUGGESTED MOTION

I move to adopt Resolution No. 2022-086 authorizing the sale and issuance of Electric Revenue Bond, Series 2022, to the Alaska Municipal Bond Bank consistent with the terms provided in the Resolution in order to provide the funds necessary (i) to pay or reimburse SEAPA for the costs of the a new SEAPA Headquarters building, Capital Project RR19326 (the "Improvements"); (ii) to make a deposit to the Bond Reserve Fund as necessary; and (iii) to pay the Issuance Costs of the Agency.

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**RESOLUTION NO. 2022-086**  
**of**  
**THE SOUTHEAST ALASKA POWER AGENCY**

**Authorizing the issuance of electric revenue bonds of the Agency to finance a new headquarters office in Ketchikan, Alaska, Capital Project RR19326; approving a supplemental indenture, a loan agreement, and other documents to be executed, delivered, or distributed in connection therewith, and authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this resolution.**

**RECITALS**

**WHEREAS**, The Southeast Alaska Power Agency (the “Agency”) is authorized by AS 42.45.310(c)(4) to issue and sell revenue bonds in accordance with the provisions contained in AS 42.45.310, and to secure the payment of such bonds as provided in AS 42.45.310; and

**WHEREAS**, Section 10 of the Third Amended and Restated Joint Action Agency Agreement permits the Board of Directors (“Board”) to authorize the issuance of Bonds for the primary purpose of providing funds to repair or maintain the Agency’s Projects (as defined therein); and

**WHEREAS**, the Agency is now in need of funds to finance a new headquarters building in Ketchikan, Alaska, Capital Project RR19326 (the “Improvements”); and

**WHEREAS**, at its meeting on May 12, 2022, the Board adopted Resolution No. 2022-084, authorizing the Improvements at an estimated cost of approximately \$5.5 million plus related closing costs, expressed its intent to reimburse the Agency for such costs from the proceeds of Bonds to be issued at a future date, and authorized application to the Alaska Municipal Bond Bank (the “Bond Bank”) for this purpose; and

**WHEREAS**, as authorized by Resolution No. 2008-22, adopted by the Agency’s Board of Directors (the “Board”), on December 22, 2008, and pursuant to an Indenture of Trust dated as of February 1, 2009 (the “Original Indenture”), between the Agency and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the “Trustee”), the Agency issued its Electric Revenue Refunding Bonds, Series 2009, in the initial aggregate principal amount of \$16,495,000 (the “2009 Bonds”); and

**WHEREAS**, as authorized by Resolution No. 2015-058, adopted by the Board on March 26, 2015, and pursuant to a First Supplemental Indenture of Trust, dated as of May 1, 2015 (the “2015 Supplemental Indenture”), between the Agency and the Trustee, the Agency issued its Electric Revenue Improvement and Refunding Bonds, Series 2015, in the initial aggregate principal amount of \$10,295,000 (the “2015 Bonds”), a portion of which refunded the 2009 Bonds maturing in 2028; and

**WHEREAS**, as authorized by Resolution No. 2019-073, adopted by the Board on March 18, 2019, and pursuant to an Amended and Restated Indenture of Trust, dated as of May 2, 2019 (the “2019 Amended and Restated Indenture”), between the Agency and the Trustee (which amended and restated the Original Indenture, as amended by the 2015 Supplemental Indenture), the Agency issued its

Electric Revenue Refunding Bond, Series 2019, in the initial aggregate principal amount of \$4,245,000 (the “2019 Bond”), which refunded the remaining 2009 Bonds; and

**WHEREAS**, as authorized by Resolution No. 2021-078, adopted by the Board on May 27, 2021, and pursuant to the 2019 Amended and Restated Indenture and the 2021 Supplemental Indenture pursuant to the 2019 Amended and Restated Indenture of Trust, dated June 16, 2021 (the “2021 Supplemental Indenture”), the Agency issued its Electric Revenue Refunding Bond, Series 2021, in the initial aggregate principal amount of \$11,330,000 (the “2021 Bond”); and

**WHEREAS**, pursuant to Section 2.14 of the 2019 Amended and Restated Indenture, the Agency reserves the right to issue Additional Bonds (as defined in the 2019 Amended and Restated Indenture) for any purpose related to the Projects (as such term is defined in the 2019 Amended and Restated Indenture), upon the satisfaction of certain conditions found therein; and

**WHEREAS**, the Board finds that those conditions can be met and that it is in the best interest of the Agency, its members, and their ratepayers to issue Additional Bond (as further described herein, the “2022 Bond”) in an amount sufficient, together with other money available therefor, (i) to pay or reimburse itself for the costs of the Improvements, (ii) to make a deposit to the debt service reserve (if necessary), and (iii) to pay the costs of bond issuance, and to sell the 2022 Bond to the Bond Bank pursuant to a loan agreement to be entered into by the Agency and the Bond Bank; and

**WHEREAS**, the Bond Bank proposes to issue a series of its general obligation bonds (the “Bond Bank Bonds”), proceeds of which would provide funds to be loaned to the Agency pursuant to a loan agreement in substantially the form provided to the Agency (the “Loan Agreement”); and

**WHEREAS**, the Board has received, and the Agency has on file, forms of the 2022 Supplement to the 2019 Amended and Restated Indenture of Trust (“2022 Supplemental Indenture”) and the Loan Agreement (collectively, the “Bond Documents”); and

**WHEREAS**, the Board desires to approve, authorize and take or direct to be taken those actions that are necessary, appropriate or useful to complete the transactions set forth in or contemplated by the Bond Documents; and

**WHEREAS**, the Board has determined that it is in the best interests of the Agency to secure the 2022 Bond as provided in the 2022 Supplemental Indenture and to sell the 2022 Bond to the Bond Bank on the terms and conditions set forth in this resolution and in the Loan Agreement;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTHEAST ALASKA POWER AGENCY, as follows:**

**Section 1.     Findings.** It is hereby determined that:

(a)     Issuance of the 2022 Bond to finance the Improvements is authorized by the Act and permitted under the 2019 Amended and Restated Indenture; and

(b)     The issuance of the 2022 Bond for the purpose described herein and its sale to the Bond Bank, on the terms and conditions set forth in this resolution and in the Bond Documents, are in the best interests of the Agency and its members.

## **Section 2. 2022 Bond Authorized to be Issued and Sold to the Bond Bank.**

(a) To provide the funds necessary (i) to pay or reimburse itself for the costs of the Improvements, consisting of the design, construction and equipping of a new Headquarters Building in Ketchikan, Alaska, and other capital improvements to the Projects (the “Improvements”); (ii) to make a deposit to the Bond Reserve Fund (if necessary); and (iii) to pay the Issuance Costs (as defined in the 2019 Amended and Restated Indenture), the Agency authorizes the issuance and sale to the Bond Bank of a revenue bond to evidence a loan to the Agency from the Bond Bank, in a principal amount not to exceed \$6,000,000.

(b) The Chairperson and the Chief Executive Officer, or each such officer’s designee (each, an “Authorized Representative”) are each authorized (acting separately, without the need for joint action) (i) to execute on behalf of the Agency a supplemental indenture (the “2022 Supplemental Indenture”) with the Trustee under the 2019 Amended and Restated Indenture, pursuant to which such revenue bond is to be issued as an Additional Bond on a parity of lien with the outstanding 2015 Bonds, 2019 Bond and 2021 Bond, and (ii) to complete the sale of the 2022 Bond to the Bond Bank on terms and conditions consistent with this resolution and the 2019 Amended and Restated Indenture and the 2022 Supplemental Indenture. Following the sale of the Bond Bank Bonds, the terms of the 2022 Bond, including date, principal amount, principal installment payment schedule, interest rates, and prepayment provisions will be set forth in the final Loan Agreement and in the 2022 Supplemental Indenture.

(c) The Authorized Representatives are each authorized and directed to cause the 2022 Bond to be executed and delivered as authorized by this resolution. The 2022 Bond will be issued as a fully registered bond without coupons with such rights of exchange and transfer and in the form specified in the 2022 Supplemental Indenture. The Authorized Representatives are authorized and directed to execute the 2022 Bond, by facsimile or manual signatures, for and on behalf of the Agency as provided in the 2022 Supplemental Indenture. The 2022 Bond (a) will contain on its face a statement that (i) the Agency is not obligated to pay the 2022 Bond, or the interest thereon, except from the revenue pledged, and (ii) neither the faith and credit nor the taxing power of any Member Utility, the State, or of any instrumentality of either (other than the Agency) is pledged to such repayment; and (b) will include a recital that it is issued pursuant to the Act, and that recital will be conclusive evidence of the validity of the 2022 Bond and of the regularity of its issuance.

**Section 3. Limited Obligations.** The obligations of the Agency with respect to the 2022 Bond are payable solely from the Revenues (as defined in the 2019 Amended and Restated Indenture) received by the Agency under the Long-Term Power Sales Agreement between the Agency and its members and other amounts specifically pledged therefor under the 2019 Amended and Restated Indenture and will not constitute a general obligation or a pledge of the full faith and credit of the Agency. The obligation of the Agency to pay the 2022 Bond will not constitute a debt of the State of Alaska, of any Member Utility (as defined in the Third Amended and Restated Joint Action Agency Agreement dated February 24, 2009), or any other instrumentality or political subdivision of either of the foregoing (other than the Agency). Neither the faith and credit nor the taxing power of the State of Alaska or of any Member Utility, or of any instrumentality or political subdivision of either of the foregoing (other than the Agency), is pledged to the payment of the 2022 Bond.

**Section 4. Approval of Bond Documents.** The Bond Documents are hereby approved in substantially the form presented at this meeting, and the Authorized Representatives are each independently authorized and directed to execute and deliver the Bond Documents on behalf of the

Agency, with such changes therein, consistent with this resolution, as may be approved by the Authorized Representative executing the Bond Documents, and the execution of the Bond Documents by an Authorized Representative constitutes conclusive evidence of the Agency's approval of those changes.

**Section 5. Appointment of Trustee.** Computershare Trust Company, N.A. (or its successor or assign duly qualified and appointed by the Authorized Representatives of the Agency to serve in that capacity under the 2019 Amended and Restated Indenture) is designated as trustee and paying agent for the 2022 Bond pursuant to the 2019 Amended and Restated Indenture. The Agency authorizes and directs the Trustee on behalf of the Agency to authenticate the 2022 Bond for delivery to the Bond Bank.

**Section 6. No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in the Bond Documents shall be deemed to be a stipulation, obligation or agreement of any officer, director, agent or employee of the Agency in his or her individual capacity, and no such officer, director, agent or employee shall be personally liable on the 2022 Bond or be subject to personal liability or accountability by reason of the issuance thereof.

**Section 7. General Authority.** The Authorized Representatives and other appropriate officers and agents of the Agency are individually authorized and directed to do all such acts and things and to execute and deliver all such documents as may be necessary, desirable, appropriate, or expedient and in the best interest of the Agency to carry out and comply with the provisions of this resolution and the Bond Documents as executed and are further authorized and directed to take any and all further actions and execute and deliver any and all other documents, letters of representation, and certificates, including any documents or actions as may be necessary or desirable in connection with the issuance of the 2022 Bond and other matters set forth contemplated by this resolution and the Bond Documents.

**Section 8. Actions Ratified and Confirmed.** All acts of the officers of the Agency that are in conformity with the purposes and intents of this resolution and in the furtherance of the issuance of the 2022 Bond and the execution, delivery and performance of the Bond Documents, are in all respects ratified and confirmed.

**Section 9. Severability of Invalid Provisions.** If any one or more of the agreements or provisions herein contained are held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy or are for any reason whatsoever held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the 2022 Bond or the Loan Agreement.

**Section 10. Repealing Clause.** All resolutions or parts thereof of the Agency in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**Section 11. Effective Date.** This resolution is effective immediately after its adoption.

Approved by a vote of a majority of all the members of the Board, appointed by the City of Ketchikan d/b/a Ketchikan Public Utilities, the City and Borough of Wrangell d/b/a City of Wrangell Municipal Light and Power, and the Petersburg Borough d/b/a Petersburg Municipal Power and Light.



DATED and EFFECTIVE this 12th day of August, 2022.

THE SOUTHEAST ALASKA POWER AGENCY

By \_\_\_\_\_  
Bob Sivertsen, Chairperson

ATTEST:

\_\_\_\_\_  
Abby Bradberry, Secretary-Treasurer

## CERTIFICATE

I, the undersigned Chief Executive Officer of the Southeast Alaska Power Agency (the “Agency”), hereby certify that:

1. I am the duly appointed, qualified and acting Chief Executive Officer of the Agency and am authorized to execute this certificate.

2. Attached hereto is a true and correct copy of Resolution No. 2022-086 of the Agency, adopted by the Agency’s Board of Directors at a special meeting of the Agency on August 12, 2022.

3. The Board of Directors meeting of August 12, 2022, was duly convened and held in all respects in accordance with law to the extent required by law, due and proper notice of such meeting was given; a quorum was present throughout such meeting and a legally sufficient number of members of the Board of Directors of the Agency voted in the proper manner for adoption of this resolution; and all of the requirements and proceedings incident to the proper passage of the resolution have been duly fulfilled, carried out, and otherwise observed.

4. Resolution No. 2022-086 has not been amended or repealed and is in full force and effect.

Dated as of August 12, 2022.

THE SOUTHEAST ALASKA POWER AGENCY

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Trey Acteson, Chief Executive Officer

**2022 Supplemental Indenture**

pursuant to the  
2019 Amended and Restated Indenture of Trust

by and between

SOUTHEAST ALASKA POWER AGENCY  
and  
COMPUTERSHARE TRUST COMPANY, N.A.,  
as Trustee

related to the issuance of

\$ \_\_\_\_\_

**SOUTHEAST ALASKA POWER AGENCY**  
**Electric Revenue Bond, Series 2022**  
**(Alaska Municipal Bond Bank Loan)**

Dated as of September \_\_, 2022

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**2022 Supplemental Indenture  
pursuant to the  
2019 Amended and Restated Indenture of Trust**

This **SUPPLEMENTAL INDENTURE**, dated as of September \_\_, 2022 (the “2022 Supplemental Indenture”) constitutes a Supplemental Indenture pursuant to the Amended and Restated Indenture of Trust, dated as of May 2, 2019, by and between the **SOUTHEAST ALASKA POWER AGENCY** (the “Agency”), a joint action agency formed under the authority of AS 42.45.300-AS 42.45.320 whose members are the City of Ketchikan d/b/a Ketchikan Public Utilities, the City and Borough of Wrangell d/b/a City of Wrangell Light Department and Petersburg Borough d/b/a Petersburg Municipal Power & Light, and **COMPUTERSHARE TRUST COMPANY, N.A., as successor to WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association duly organized under the laws of the United States of America and being duly qualified to accept and administer the trusts created hereby, as trustee (the “Trustee”);

WITNESSETH

WHEREAS, the Agency is authorized by AS 42.45.310(c)(4) to issue and sell revenue bonds in accordance with the provisions contained in AS 42.45.310, and to secure the payment of such bonds as provided in AS 42.45.310; and

WHEREAS, pursuant to the 2019 Amended and Restated Indenture (the “2019 Indenture”), by and between the Agency and the Trustee, dated as of May 2, 2019 (which amended and restated the Indenture of Trust dated as of February 1, 2009, as supplemented by the First Supplemental Indenture of Trust, dated as of May 1, 2015), the Agency has previously issued and has currently outstanding its Electric Revenue Improvement and Refunding Bonds, Series 2015 (the “2015 Bonds”), its Electric Revenue Refunding Bond, Series 2019 (Alaska Municipal Bond Bank Loan) (the “2019 Bond”), and its Electric Revenue Bond, Series 2021 (the “2021 Bond”); and

WHEREAS, pursuant to Section 2.14 of the 2019 Indenture, the Agency reserved the right to issue Additional Bonds (as defined therein) to provide funds for any purpose authorized by law relating to the Projects (as defined therein); and

WHEREAS, by Resolution No. 2022-\_\_, adopted on August \_\_, 2022 (the “2022 Bond Resolution”), the Board of Directors of the Agency has found that it is in the Agency’s best interest and has authorized the Agency (a) to issue to the Alaska Municipal Bond Bank (the “Bond Bank”) a revenue bond to evidence a loan to the Agency from the Bond Bank in an amount sufficient, together with other funds of the Agency, (i) to pay or reimburse itself for the costs of the Improvements (as defined in the 2022 Bond Resolution); (ii) to make a deposit to the Bond Reserve Fund (if necessary); and (iii) to pay the Issuance Costs, and (b) to enter into a supplemental indenture with the Trustee pursuant to which that revenue bond would be issued as an Additional Bond (as further described herein, the “2022 Bond”), on a parity of lien with the 2015 Bonds, the 2019 Bond, and the 2021 Bond, as permitted under the 2019 Indenture, and as provided herein; and

WHEREAS, the Agency proposes to issue a fixed rate revenue bond, to evidence a loan from the Bond Bank, as an Additional Bond designated the “Southeast Alaska Power Agency Electric Revenue Bond, Series 2022” in the principal amount of \$\_\_\_\_\_ (the “2022 Bond”); and

WHEREAS, pursuant to Section 10.1 of the 2019 Indenture, the Agency and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the 2019 Indenture, among other purposes, to issue Additional Bonds pursuant to Section 2.14; and

WHEREAS, all things necessary to make the 2022 Bond, when authenticated by the Trustee and issued as provided in the 2019 Indenture, as supplemented by this 2022 Supplemental Indenture, the valid, binding and legal limited obligations of the Agency according to the import thereof, have been done and performed;

NOW, THEREFORE, WITNESSETH that to secure the payment of principal of and interest on the 2022 Bond according to its true intent and meaning, and to declare the terms and conditions upon and subject to which the 2022 Bond is and intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the 2022 Bond by the purchaser thereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agency has executed and delivered this 2022 Supplemental Indenture;

IT IS DECLARED that the 2022 Bond issued under and secured by the 2019 Indenture is to be issued, authenticated and delivered subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in the 2019 Indenture, as supplemented by this 2022 Supplemental Indenture (the “Indenture”); and the Agency has agreed and covenanted, and agrees and covenants with the Trustee and with the purchaser of the 2022 Bond, as follows:

## ARTICLE I. DEFINITIONS

**Section 1.1 Definitions.** Unless the context requires otherwise, capitalized terms used and not otherwise defined in this 2022 Supplemental Indenture shall have the meanings assigned such terms in the 2019 Indenture. The terms defined in this section shall, for all purposes of the Indenture and of any Indenture supplemental hereto and of any certificate, opinion or other document mentioned therein, have the meanings specified herein. Each term defined shall be equally applicable to both the singular and plural forms of such term. “2019 Indenture” means the Amended and Restated Indenture of Trust, dated as of May 2, 2019, by and between the Agency and the Trustee (which amended and restated the Indenture of Trust, dated as of February 1, 2009, as supplemented by the First Supplemental Indenture of Trust, dated as of May 1, 2015).

“2022 Loan Agreement” means the Loan Agreement dated as of September \_\_, 2022, between the Agency and the Bond Bank providing for the sale of the 2022 Bond to the Bond Bank.

“2022 Supplemental Indenture” means this Supplemental Indenture pursuant to the 2019 Indenture.

“Authorized Denomination” means, with respect to the 2022 Bond, \$5,000 or any integral multiple thereof, or such other Authorized Denomination as is set forth in the 2022 Loan Agreement.

“Bond Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or another attorney or firm of attorneys selected by the Agency and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“Closing Date” means, as used in this 2022 Supplemental Indenture, September \_\_, 2022, the date of the issuance and delivery of the 2022 Bond.

“Fiscal Year” means the fiscal year of the Agency, as it may be changed by the Agency from time to time. As of the date of this Supplemental Indenture, the Agency’s Fiscal Year is currently a 12-month period ending on December 31.

“Improvements” means the [design, construction and equipping of a new Headquarters Building in Ketchikan, Alaska], and other capital improvements to the Projects.

“Interest Payment Date” means for the 2022 Bond, each June 1 and December 1, commencing on December 1, 2022.

“Principal Payment Date” means with respect to the 2022 Bond, December 1 of each year beginning December 1, 20\_\_, until the 2022 Bond is paid in full, whether at maturity or upon prior redemption.

“Purchaser” means, with respect to the 2022 Bond, the Bond Bank.

“Record Date” means, with respect to the 2022 Bond, the date which is the 15th day of the month next preceding the month in which each Interest Payment Date occurs, whether or not a Business Day.

“Tax Maximum” as of the Closing Date is equal to Maximum Annual Debt Service on the Outstanding 2015 Bonds, 2019 Bond, 2021 Bond, and 2022 Bond (\$\_\_\_\_\_).

## ARTICLE II. THE 2022 BOND

**Section 2.1 Authority for and Issuance of the 2022 Bond.** There is hereby authorized and created under the 2019 Indenture, as supplemented by this 2022 Supplemental Indenture, an Additional Bond designated “Southeast Alaska Power Agency Electric Revenue Bond, Series 2022” (the “2022 Bond”). The 2022 Bond is issuable as a fully registered bond, without coupons, in any Authorized Denomination. The 2022 Bond shall be in such maturity and bear interest at such rate or rates as set forth in Section 2.2. The principal of and interest on the 2022 Bond shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.

### **Section 2.2 Terms of the 2022 Bond.**

(a) General. The 2022 Bond shall be issued in the principal amount of \$\_\_\_\_\_, payable in installments as set forth below, together with interest on such installments from the Dated Date or the most recent date to which interest has been paid or duly provided for, at the interest rates set forth below, commencing on December 1, 2022, and on each June 1 and December 1 thereafter until payment of the principal sum has been made or duly provided for. Interest on the 2022 Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Principal Installment Payment Years (December 1)	Principal Installment Amounts	Interest Rates
2022	\$	%
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		

If not paid when due, the 2022 Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rates borne by the 2022 Bond from the date on which such principal, premium, or interest became due and payable (whether upon maturity, redemption, or otherwise).

(b) Payment of Interest. Payment of interest on the 2022 Bond shall be by check mailed on the Interest Payment Date to the Person appearing on the Bond Register as the registered owner thereof as of the close of business of the Trustee on the Record Date at the address of such owner as it appears on the Bond Register. Payment of interest on the 2022 Bond may be made to any owner of \$1,000,000 or more in Aggregate Principal Amount of the 2022 Bond as of the close of business of the Trustee on the Record Date by wire transfer to such owner on such Interest Payment Date upon written notice from such owner, received by Trustee not later than such Record Date (any such request shall remain in effect until rescinded in writing by such Bondholder), containing the wire transfer address within the continental United States to which such owner wishes to have such wire directs. Any applicable wire transfer fees shall be payable by the owner.

(c) Payment of Principal. Payment of principal on the 2022 Bond shall be by check mailed on the Principal Payment Date to the Person appearing on the Bond Register as the registered owner thereof, in the manner provided above for the payment of interest; provided, however, that payment of the final installment of principal shall be paid upon presentation of the 2022 Bond.

(d) Payment to the Bond Bank. Notwithstanding the foregoing, for so long as the Bond Bank is the owner of the 2022 Bond, (a) payments of principal of, premium (if any), and interest on the 2022 Bond will be made to the Bond Bank (or to the trustee for bonds issued by the Bond Bank) seven days prior to an Interest Payment Date or Principal Payment Date in accordance with the 2022 Loan Agreement, and (b) all payments to the Bond Bank shall be by wire transfer of funds.



(e) **Redemption and Prepayment.** The principal installments of the 2022 Bond shall be subject to prepayment at the option of the Agency upon the terms set forth in the 2022 Loan Agreement. For so long as the Bond Bank is the holder of the 2022 Bond, notwithstanding Section 5.5 of the 2019 Indenture, notice of such prepayment shall be given as set forth in the 2022 Loan Agreement. The 2022 Bond is also subject to extraordinary redemption as set forth in Section 5.4 of the 2019 Indenture.

**Section 2.3 Form of the 2022 Bond.** The 2022 Bond shall be substantially in the form of the 2019 Bond, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture or deemed necessary by the Trustee and the Agency.

**Section 2.4 Delivery of the 2022 Bond.** Upon the execution and delivery of this 2022 Supplemental Indenture, the Agency shall execute and deliver the 2022 Bond to the Trustee, and the Trustee shall authenticate and, upon request of the Agency, deliver the 2022 Bond to the order of the Purchaser. Prior to the delivery by the Trustee of the 2022 Bond to the order of the Purchaser, there shall be filed with or delivered to the Trustee:

(a) A copy, duly certified by an Authorized Representative of the Agency, of the 2022 Bond Resolution;

(b) An original executed counterpart of this 2022 Supplemental Indenture, the 2022 Loan Agreement, and the Tax Certificate;

(c) An opinion or opinions of Bond Counsel addressed to the Agency and the Trustee, to the effect that this Indenture, the 2022 Loan Agreement, and the 2022 Bond have each been validly authorized, are binding and enforceable against the Agency, subject to bankruptcy and equitable principles, that the issuance of the 2022 Bond has been duly authorized and that interest on the 2022 Bond is not included in gross income for federal income tax purposes under the Code and is exempt from income taxation by the State of Alaska;

(d) (1) A certificate of the Agency, signed by its Authorized Representative, that at the time of the issuance of the 2022 Bond: (i) no Event of Default under the 2019 Indenture has occurred and is continuing, (ii) there is no deficiency in any of the Funds, and (iii) amounts will be deposited in the Funds hereunder adequate for the necessary balances therein, with the 2022 Bond treated as Outstanding; and (2) a certificate satisfying the requirements of Section 2.14(d)(2) of the 2019 Indenture;

(e) Such other closing documents and opinions of counsel as the Trustee, the Agency, or Bond Counsel may reasonably require; and

(f) A request and authorization to the Trustee on behalf of the Agency and signed by an Authorized Representative of the Agency to authenticate and deliver the 2022 Bond to the Purchaser upon payment to or to the order of the Trustee, but for the account of the Agency, of the proceeds from the sale of the 2022 Bond.

### ARTICLE III. APPLICATION OF 2022 BOND PROCEEDS

**Section 3.1 Deposit of Proceeds.** On the Closing Date, the Trustee shall apply the proceeds from the sale of the 2022 Bond as follows:

(a) \$\_\_\_\_\_ shall be delivered to the Agency, to be deposited to the Construction Fund established by the Agency pursuant to Section 4.1 of this 2022 Supplemental Indenture and applied to pay or reimburse the costs of carrying out the Improvements;

(b) \$\_\_\_\_\_ shall be deposited into the 2022 Bond Costs of Issuance Account established pursuant to Section 4.2 of this 2022 Supplemental Indenture, and applied to pay Issuance Costs of the 2022 Bond; and

(c) \$\_\_\_\_\_ shall be deposited into the Bond Reserve Fund to meet the Bond Reserve Requirement.

#### **ARTICLE IV. FUNDS AND ACCOUNTS**

**Section 4.1 Creation of Construction Fund.** The Agency hereby establishes a separate fund to be known as the “2022 Construction Fund” (the “Construction Fund”) to be held by the Agency and to be used to pay or reimburse the costs of carrying out the Improvements.

**Section 4.2 Creation of Costs of Issuance Account.** The Agency hereby establishes with the Trustee a separate account within the Bond Fund to be known as the “2022 Bond Costs of Issuance Account.” Money on deposit in the 2022 Bond Costs of Issuance Account shall be paid to the Agency following receipt by the Trustee of a written request for payment of Issuance Costs from the Agency within 90 days after the Closing Date. Any amounts remaining in the 2022 Bond Costs of Issuance Account on the 90<sup>th</sup> day after the Closing Date shall be transferred to the Interest Account to pay interest on the 2022 Bond and the 2022 Bond Costs of Issuance Accounts shall thereafter be closed.

#### **ARTICLE V. MISCELLANEOUS**

**Section 5.1 Severability.** If any provision of this 2022 Supplemental Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or sections in this 2022 Supplemental Indenture contained shall not affect the remaining portions of the Indenture or any part thereof.

**Section 5.2 Governing Law.** This 2022 Supplemental Indenture shall be governed exclusively by and construed in accordance with the laws of the State.

**Section 5.3 2019 Indenture in Full Force and Effect.** Except as amended or supplemented by this 2022 Supplemental Indenture, all other provisions of the 2019 Indenture shall remain in full force and effect.

[Signature page follows]

**Section 5.4 Counterparts.** This 2022 Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Agency and the Trustee have caused this 2022 Supplemental Indenture to be executed, as of the date first above written.

SOUTHEAST ALASKA POWER AGENCY,  
as Agency

By: \_\_\_\_\_  
Trey Acteson, Chief Executive Officer

COMPUTERSHARE TRUST COMPANY, NA.,  
as Trustee

By: \_\_\_\_\_

## **LOAN AGREEMENT**

THIS LOAN AGREEMENT, dated the [ ] day of September 2022 (the “Loan Agreement”), between the **Alaska Municipal Bond Bank** (the “Bank”), a body corporate and politic constituted as an instrumentality of the State of Alaska (the “State”) exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the “Act”), having its principal place of business at Juneau, Alaska, and the **Southeast Alaska Power Agency**, a duly constituted joint action agency of the State (the “Agency”):

### **W I T N E S S E T H:**

WHEREAS, pursuant to the Act, the Bank is authorized to issue bonds and make loans of money (the “Loan” or “Loans”) to governmental units; and

WHEREAS, the Agency is a “Governmental Unit” as defined in the General Bond Resolution of the Bank hereinafter mentioned and is authorized to accept a Loan from the Bank, evidenced by its municipal bond; and

WHEREAS, the Agency desires to borrow money from the Bank in an amount not to exceed \$[ ] to finance a portion of the capital costs of the SEAPA headquarters building (the “SEAPA Project”), and has submitted an application to the Bank for a Loan in the amount not to exceed \$[5,500,000] (the “SEAPA Loan”) to pay a portion of the costs of the SEAPA Project; and

WHEREAS, the Agency has duly authorized the issuance of its fully registered Electric Revenue Bond, Series 2022 (Alaska Municipal Bond Bank Loan) in the principal amount of \$[PAR] (the “Municipal Bond”), which Municipal Bond is to be purchased by the Bank as evidence of and security for the Agency’s obligation to repay the SEAPA Loan in accordance with this Loan Agreement; and

WHEREAS, the application of the Agency contains the information requested by the Bank; and

WHEREAS, to provide for the issuance of bonds of the Bank to obtain from time to time money with which to make, and/or to refinance Loans, the Board of Directors of the Bank (the “Board”) adopted its General Obligation Bond Resolution on July 13, 2005 (as amended, the “General Bond Resolution”); and

WHEREAS, the Board approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding; and

WHEREAS, on July 8, 2022 the Board adopted Series Resolution No. 2022-03 (the “Series Resolution” and together with the General Bond Resolution, the “Bond Resolution”), authorizing the Bank to, among other things, issue the Bank’s General Obligation Bonds, 2022 Series Two (the “2022 Bonds”), make the SEAPA Loan to the Agency and purchase the Agency’s Municipal Bond.



NOW, THEREFORE, the parties agree as follows:

1. The Bank hereby makes the SEAPA Loan, and the Agency hereby accepts the SEAPA Loan, in the principal amount of \$[PAR]. As evidence of the SEAPA Loan made to the Agency and such money borrowed from the Bank by the Agency, the Agency hereby agrees to sell to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A.

2. The Agency represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including Resolution No. 2022-[ ], adopted on [ ], 2022 (the “Agency Resolution”) and that prior to or at closing, the Agency has executed and delivered the 2022 Supplemental Indenture, dated as of September [ ], 2022 (the “2022 Supplement”), by and between the Agency and Computershare Trust Company, N.A. as successor to Wells Fargo Bank, National Association, as trustee (the “Agency Trustee”), supplementing the Amended and Restated Indenture of Trust, dated as of May 2, 2019 (as amended or supplemented from time to time, including by the 2022 Supplement, the “Agency Indenture” and together with the Agency Resolution, the “Agency Bond Documents”), by and between the Agency and the Agency Trustee. The Agency further represents to the Bank that the Agency has taken or will take all other proceedings required by law to enable it to enter into this Loan Agreement and to issue its Municipal Bond to the Bank and that the Municipal Bond will constitute a revenue bond, secured by a special and limited obligation of the Trust Estate, created under the Agency Indenture, all duly authorized by the Agency Resolution.

The Agency represents that the Agency Bond Documents are in full force and effect and have not been amended, supplemented or otherwise modified, other than as may have been previously certified by the Agency to the Bank.

3. Subject to any applicable legal limitations, the amounts to be paid by the Agency pursuant to this Loan Agreement representing interest due on its Municipal Bond (the “Municipal Bond Interest Payments”) shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the SEAPA Loan and to purchase the Municipal Bond (the “Loan Obligations”) and shall be paid by the Agency or by the Agency Trustee on behalf of the Agency at least seven (7) Business Days before the Interest Payment Date to provide funds sufficient to pay interest as the same becomes due on the Loan Obligations.

4. The amounts to be paid by the Agency pursuant to this Loan Agreement representing principal due on its Municipal Bond in amounts sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A (the “Municipal Bond Principal Payments”), shall be paid by the Agency or by the Agency Trustee on behalf of the Agency at least seven (7) Business Days before the payment date stated in the Municipal Bond.

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the Agency pursuant to this Loan Agreement are not made available at any time specified herein, the Agency agrees that any money payable to it by any department or agency of the State may be

withheld from it and paid over directly to the Trustee acting under the General Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the Agency, as provided in the Act.

6. In the event that all or a portion of the Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the Agency on the Municipal Bond for the corresponding year pursuant to the terms of the Municipal Bond, then both the Municipal Bond Interest Payments and the Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the Agency on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of the Bank's refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond Principal Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of the Loan Obligations, the Bank shall present to the Agency for the Agency's approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the Agency the revised schedule shall be attached hereto as Exhibit A and incorporated herein in replacement of the previous Exhibit A detailing said principal installment amounts and interest rates.

7. The Agency is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the Agency shall be in an amount sufficient, together with the Agency's Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to Section 606 of the General Bond Resolution:

(a) to pay, as the same become due, the Agency's Allocable Proportion of the Administrative Expenses of the Bank; and

(b) to pay, as the same become due, the Agency's Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The Agency's Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

8. The Agency is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due at least seven (7) Business Days prior to each date indicated in Exhibit A, and thereafter on the anniversary thereof

each year. The Agency is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing seven (7) Business Days prior to each date indicated in Exhibit A, and to pay any Fees and Charges imposed by the Bank within 30 days after receiving the invoice of the Bank therefor.

9. The Bank shall not sell and the Agency shall not redeem prior to maturity any portion of the Agency's Municipal Bond in an amount greater than the related Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The Agency shall give the Bank at least 50 days' prior written notice of the Agency's intention to redeem its Municipal Bond.

In the event that the Loan Obligations with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligations were issued in a principal amount in excess of or less than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the Agency shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such refunding bonds outstanding.

In the event that all or a portion of the Loan Obligations have been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligations, the amount which the Agency shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such refunding bonds outstanding.

In the event that all or a portion of the Loan Obligations have been refunded, the amount which the Agency shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligations or portion thereof are redeemed, shall be the premium, if any, on the Loan Obligations to be redeemed.

Nothing in this Section shall be construed as preventing the Agency from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of all or a portion of the Loan Obligations.

10. Simultaneously with the delivery of the Municipal Bond to the Bank, the Agency shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid and binding special and limited obligation of the Agency, secured by the Trust Estate.

11. Invoices for payments under this Loan Agreement shall be addressed to the Agency, Attention: Chief Executive Officer, 1900 First Avenue, Suite 318, Ketchikan, Alaska 99901. The Agency shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' prior written notice of any change in such address.

12. The Agency hereby agrees that it shall maintain, or cause the Agency Trustee to maintain, the Bond Reserve Fund in accordance with the Agency Indenture and that the yield on amounts held in such fund shall be restricted to a yield not in excess of [ ] percent. So long as the Bank is the owner of the Municipal Bond, the Agency shall notify, or cause the Agency Trustee to notify, the Bank of any transfer from or any other application of funds in the Bond Reserve Fund.

13. The Agency shall establish, maintain and collect Firm Wholesale Power Rates from the Purchasing Utilities consistent with the Power Sales Agreement and sufficient in each Agency Fiscal Year to produce Net Revenues in such Agency Fiscal Year equal to 120% of the Annual Debt Service on all Agency Bonds for such Agency Fiscal Year.

14. The Agency hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the Agency's record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The Agency agrees that all records required by the preceding sentence shall be made available to the Bank upon request.

15. Prior to payment of the amount of the SEAPA Loan or any portion thereof, and the delivery of the Municipal Bond to the Bank or its designee, the Bank shall have the right to cancel all or any part of its obligations hereunder if:

(a) Any representation, warranty or other statement made by the Agency to the Bank in connection with its application to the Bank for a Loan shall be incorrect or incomplete in any material respect.

(b) The Agency has violated commitments made by it in the terms of this Loan Agreement.

(c) The financial position of the Agency has, in the opinion of the Bank, suffered a materially adverse change between the date of this Loan Agreement and the scheduled time of delivery of the Municipal Bond to the Bank.

16. The obligation of the Bank under this Loan Agreement is contingent upon delivery of the 2022 Bonds, and receipt of the proceeds thereof.

17. The Agency agrees that it will provide the Bank with written notice of any default in covenants under the Agency Bond Documents within thirty (30) days after the date thereof.

18. The Agency agrees that it shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on the Municipal Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Municipal Bond is subject on the date of original issuance thereof.

The Agency shall not permit any of the proceeds of the Municipal Bond, or any facilities financed with such proceeds, to be used in any manner that would cause the Municipal Bond to constitute a “private activity bond” within the meaning of Section 141 of the Code.

The Agency shall make no use or investment of the proceeds of the Municipal Bond that will cause the Municipal Bond to be an “arbitrage bond” under Section 148 of the Code. So long as the Municipal Bond is outstanding, the Agency, shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect. The Agency shall indemnify and hold harmless the Bank from any obligation of the Agency to make rebate payments to the United States under said Section 148 arising from the Agency’s use or investment of the proceeds of the Municipal Bond.

19. Upon request of the Bank, the Agency agrees that if its bonds constitute twenty percent (20%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

20. The Agency agrees that if its bonds constitute twenty percent (20%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide to the Bank for inclusion in future official statements of the Bank and the Bank’s annual reports, to the extent required by the Bank’s continuing disclosure undertakings, financial and operating information of the Agency of the type and in the form requested by the Bank.

21. If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

22. This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

23. No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition hereof, nor shall a waiver of any breach of this Loan Agreement be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.



24. In this Loan Agreement, unless otherwise defined herein, all capitalized terms which are defined in Article I of the General Bond Resolution shall have the same meanings, respectively, as such terms are given in Article I of the General Bond Resolution and if not defined herein or in Article I of the General Bond Resolution shall have the meanings given to them in Exhibit B hereto.

25. This Loan Agreement shall remain in full force and effect so long as the Municipal Bond remains outstanding.

26. This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the date first set forth above.

ALASKA MUNICIPAL BOND BANK

By: \_\_\_\_\_

DEVEN J. MITCHELL  
Executive Director

SOUTHEAST ALASKA POWER AGENCY

By: \_\_\_\_\_

TREY ACTESON  
Chief Executive Officer

## EXHIBIT A

\$(PAR)

Southeast Alaska Power Agency Electric Revenue Bond, Series 2022 (Alaska Municipal Bond Bank Loan)  
(the “Municipal Bond”)

Due (December 1)	Principal <u>Amount</u>	Interest <u>Rate</u>
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Principal installments shall be payable on December 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on December 1, 2022, and thereafter on June 1 and December 1 of each year, at the rates set forth above.

[Prepayment Provisions: The Municipal Bond principal installments are not subject to prepayment prior to maturity.]

Optional Prepayment: The Municipal Bond principal installments due on or after December 1, 20\_\_ are subject to prepayment in whole or in part at the option of the Agency on any date on or after December 1, 20\_\_, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

## EXHIBIT B

### Additional Defined Terms

**“Additional Agency Bonds”** means, collectively, the additional parity bonds, notes or other obligations of the Agency authorized to be issued or made pursuant to Section 2.14 of the Agency Indenture.

**“Agency Annual Debt Service”** means, with respect to any series of Agency Bonds for any particular period, an amount equal to the sum of:

(a) the interest payable during such period on all Outstanding Agency Bonds of that series, plus

(b) the principal payable during such period on all Outstanding Agency Bonds of that series, whether by maturity or mandatory sinking fund redemption;

provided however, that with respect to any Variable Rate Agency Bonds bearing interest at rates that cannot be ascertained for such period, it shall be assumed that such series of Variable Rate Agency Bonds will bear interest at a rate per annum equal to the average of the Securities Industry and Financial Markets Association Municipal Swap Index (or, if such index is not available, its successor or a comparable high-grade market index comprised of tax-exempt variable rate demand obligations selected by the Agency) for the ten years prior to the date of calculation plus 1.50%.

**“Agency Bonds”** means the Agency’s (a) Electric Revenue Improvement and Refunding Bonds, Series 2015; (b) Electric Revenue Refunding Bond, Series 2019 (Alaska Municipal Bond Bank Loan); (c) Electric Revenue Bond, Series 2021 (Alaska Municipal Bond Bank Loan); (d) the Municipal Bond; and (e) any Additional Agency Bonds issued pursuant to the Agency Indenture.

**“Agency Fiscal Year”** means the fiscal year of the Agency, initially the 12-month period ending on December 31 of each year.

**“Bond Fund”** means the Bond Fund created and established in Section 4.3 of the Agency Indenture.

**“Bond Reserve Fund”** means the Bond Reserve Fund created and established in Section 4.4 of the Agency Indenture.

**“Firm Wholesale Power Rate”** has the meaning set forth in the Power Sales Agreement.

**“Fund”** means (a) any of the funds established pursuant to the Agency Indenture and held by the Agency Trustee (other than the Rebate Fund) and all accounts created within such funds, and (b) any other Fund designated as such with respect to a series of Agency Bonds.

**“Government Obligations”** means noncallable direct obligations of, or obligations the timely payment of the principal of and interest on which is fully guaranteed by, the United States of America.

**“Net Revenues”** means, for any period, Revenues during such period, less Operation and Maintenance Expenses payable during such period. In calculating Net Revenues, the Agency shall not take into account any non-cash gains or losses with respect to any real or personal property, investment or agreement that it may be required to recognize under generally accepted accounting principles, such as unrealized mark-to-market gains and losses.

**“Operation and Maintenance Expenses”** means the expenses of owning, operating and maintaining the Projects in good repair, working order and condition as “expenses” are interpreted under generally accepted accounting principles applicable to utilities like the Agency and also include taxes, but exclude interest, amortization and depreciation expenses and costs of capital additions or capital replacements.

**“Outstanding”** when used with reference to Agency Bonds means, as of any given date, all Agency Bonds that have been duly authenticated and delivered under this Indenture, except:

(a) Agency Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Agency Bonds for the payment or redemption of which cash or Government Obligations shall have been theretofore deposited with the Agency Trustee (whether upon or prior to the maturity or redemption date of any such Agency Bonds) in accordance with Article XI of the Agency Indenture;

(c) Agency Bonds no longer deemed to be outstanding as provided in Section 11.1 of the Agency Indenture;

(d) Agency Bonds in lieu of which other Agency Bonds have been authenticated under Section 2.8 or Section 2.9 of the Agency Indenture; and

(e) For the purpose of all consents, approvals, waivers and notices required to be obtained or given hereunder, Agency Bonds registered in the name of the Agency.

**“Power Sales Agreement”** means the Long-Term Power Sales Agreement between the Purchasing Utilities and the Agency, effective February 24, 2009, as the same may be hereafter amended, supplemented or restated from time to time in accordance with its terms by agreement of the parties thereto.

**“Projects”** means the Swan Lake Hydroelectric Project and the Tyee Lake Hydroelectric Project, related auxiliary facilities and assets including, without limitation, all generation, transmission and substation facilities associated with each such project, either individually or collectively. “Projects” also includes the Swan-Tyee Intertie facilities and assets.



**“Purchasing Utilities”** means the City of Ketchikan d/b/a Ketchikan Public Utilities, the City and Borough of Wrangell d/b/a City of Wrangell Light Department, and the Petersburg Borough, as successor in interest to the City of Petersburg, d/b/a Petersburg Municipal Power & Light.

**“R&R Fund”** means the Renewal and Replacement Fund established in Section 4.6 of the Agency Indenture.

**“Rate Stabilization Fund”** means the Rate Stabilization Fund authorized to be established in Section 4.7 of the Agency Indenture.

**“Rebate Fund”** means the Rebate Fund created in Section 4.5 of the Agency Indenture.

**“Revenue Fund”** means the Revenue Fund created in Section 4.2 of the Agency Indenture.

**“Revenues”** means all income (including investment income) and revenues related to the Projects including, but not limited to, amounts received pursuant to the Power Sales Agreement and withdrawals from the Rate Stabilization Fund. However, Revenues shall not include: (1) principal proceeds of Agency Bonds or any other borrowings, or earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund Agency Bonds (until commingled with other earnings and revenues included in Revenues) or held in the Rebate Fund; (2) income and revenue that may not legally be pledged for revenue bond debt service; (3) federal or state grants allocated to capital projects; (4) payments under bond insurance or other credit enhancement policy or instrument; (5) insurance or condemnation proceeds used for the replacement of capital projects or equipment; or (6) deposits into the Rate Stabilization Fund.

**“Subordinate Debt Fund”** means the Subordinate Debt Fund authorized in Section 6.1 of the Agency Indenture.

**“Trust Estate”** means:

- (a) Revenues; and
- (b) The Bond Fund, the Bond Reserve Fund, the Subordinate Debt Fund, the Revenue Fund, the Rate Stabilization Fund and the R&R Fund and accounts established thereunder and all investment earnings thereon and money, securities and obligations therein (subject to disbursements from any such Fund or account upon the conditions set forth in the Agency Indenture); and
- (c) The Agency’s rights and interest in the Power Sales Agreement; and
- (d) All other Agency revenues related to the Projects, including without limitation, insurance and condemnation proceeds; in each case subject to disbursement in accordance with the provisions of the Agency Indenture.

**“Variable Rate Agency Bonds”** means, as of any date of calculation, Agency Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate that varies over time.