

Aleutians East Borough
February 16, 2012
4:30 p.m.

CALL TO ORDER

Mayor Mack called the February 16, 2012 Assembly meeting to order at 4:30 p.m. at the AEB office building in Anchorage and by teleconference in each community.

ROLL CALL

Mayor Stanley Mack	Present
Paul Gronholdt	Present
Carol Foster	Present
Marvin Mack	Present
Bill Cumberlidge	Present
Ken McHugh	Present
Joe Bereskin, Sr.	Present
Justine Gundersen	Present

Advisory Members:

Nikki Hoblet, False Pass	Absent -Excused
Harold Kremer III	Present

A quorum was present.

Staff Present:

Sharon Boyette, Administrator
Roxann Newman, Finance Director
Tina Anderson, Clerk
Ernie Weiss, Resource Director
Laura Tanis, Communications Manager
Anne Bailey, Community Development Director
Jacki Brandell, Finance Assistant

Adoption of Agenda:

Agenda additions:
APCM-Emerging Markets

MOTION

Marvin moved to adopt the Agenda with the addition and second by Justine.

Community Roll Call and Public Comment on Agenda Items:

Sand Point, King Cove, Akutan

Minutes, January 12, 2012:

MOTION

Joe moved to approve the January 12, 2012 Minutes and second Marvin. Hearing no objections the minutes are approved as presented.

Financial Report, January 2012:

In reviewing the January Financial Report, the Finance Director said everything looks good on the monthly report.

MOTION

Joe moved to approve the January Financial Report and second by Bill.

Joe requested information on the AEB community grant for Akutan (Dept. 801). The Administrator said Akutan shows \$30,000 of grant expended.

Bill asked about the State Extraterritorial \$243,000 MTD amount received, which is more than the budgeted amount. The Finance Director said since we do not know the exact amount each year, we use previous year amount in the budget.

Paul said he paid Lake & Peninsula Borough a severance tax and asked if AEB has collected any severance tax yet. The Administrator answered not yet.

ROLL CALL

Carol-yes, Ken-yes, Paul-yes, Bill-yes, Marvin-yes, Justine-yes, Joe-yes. Advisory: Harold-yes. MOTION PASSED.

Investment Report, December 2011:

The Permanent fund month-end market value is \$27,147,687, which includes \$67,163 in accrued interest. Full report in packet.

CONSENT AGENDA

- Resolution 12-11, A resolution of the Aleutians East Borough Assembly Supporting the Cold Bay Health Clinic Construction Project.
- Resolution 12-12, Approving participation in the FY13 Community Revenue Sharing Program.

MOTION

Justine moved to approve the Consent Agenda and second by Ken.

ROLL CALL

Bill-yes, Paul-yes, Marvin-yes, Carol-yes, Ken-yes, Justine-yes, Joe-yes. Advisory: Harold-yes. MOTION PASSED

PUBLIC HEARINGS

Ordinance 12-02, Amending the FY12 Operating Budget:

Mayor Mack opened for public hearing. Hearing none public hearing closed.

Paul asked if there are any changes in the amended budget on the Akutan airport. The Administrator said money is being spent in the bond budget on hovercraft, spending money on Akutan airport grant funds and spent money for work that Joe Levesque has done on that project.

MOTION

Joe moved to approve and second by Justine.

ROLL CALL

Justine-yes, Ken-yes, Bill-yes, Joe-yes, Carol-yes, Marvin-yes, Paul-yes. Advisory: Harold-yes. MOTION PASSED

Ordinance 12-03, Adopting Borough Financial Disclosure Requirements:

Mayor Mack opened for Public Hearing. Hearing none Public Hearing closed.

MOTION

Ken moved to approve Ordinance 12-03 and second by Justine.

ROLL CALL

Marvin-yes, Bill-yes, Justine-yes, Ken-yes, Joe-yes, Paul-yes, Carol-yes. Adviosry: Harold-yes. MOTION PASSED

OLD BUSINESS

Alaska Permanent Capital Management (APCM), (Brandy Niclai and Bert Wagnon):

Packet addition, AEB Investment Review was distributed. Bert Wagnon reviewed the AEB asset allocation saying Fixed Income 34%, Large Cap Equity 40%, Mid Cap Equity 6%, International Equity 10%, Real Estate 10%. At December Assembly meeting we discussed Emerging Markets and why he likes them. He reviewed some allocation options in the handout that include Emerging Markets.

Brandy Niclai said Emerging Markets are developing markets in other countries. Economies have continued to grow so we consider emerging countries. Our proposal to get exposure is through an active fund. This fund tracks all the Emerging Market Index. There are over 900 individual stocks in this particular fund in other countries and feels it is a good diversified asset to AEB portfolio. If AEB decides to include Emerging Market, an amendment is necessary to the AEB Code.

Paul asked how many of their clients have funds in Emerging Markets. Ms. Niclai said over 80% of their clients.

Paul said if Assembly decides to add Emerging Markets, he asked for an option recommendation from handout. Ms. Niclai recommended the first option, reducing Large Cap Equity to 36%, reduce Mid Cap Equity to 5% and add Emerging Markets Equity 5%.

Joe asked what the risk is. Ms. Niclai said risk is similar to Mid Cap Equity exposure. The difference is a risk in different currencies. Bert added that AEB investments would be in US dollars. He feels Emerging Markets will probably strengthen which will increase U.S. dollar amount.

MOTION

Paul moved to have the Borough Attorney draft first reading of code change to include Emerging Markets and seconded by Justine. Hearing no objections MOTION PASSED.

NEW BUSINESS

Letter of Support, Board of Fisheries:

Frank Kelty has submitted his name to the Governor for an appointment to the Board of Fisheries and has requested an endorsement from AEB. Paul said SWAMC resolution of support was introduced and someone from SW district should be supported, however, SWAMC Board took no action. He said there are about 40 candidates for Board of Fish, deadline is April. After listening to SWAMC, he is not in a rush and does not support making a recommendation at this time.

Dick Jacobsen, from the public, suggested instead of doing an endorsement for a specific person, encourage the Governor to appoint someone that is the best qualified. The last appointment he made was very radical for region. Mayor Mack said in a positive mode, Mr. Kelty knows the area although has some reservations to where he is and how he might perform for us. He encouraged the Assembly to take a strong look at it. Joe asked how the makeup of the Board is right now. Mayor Mack reviewed the makeup of the Board of Fish. Joe asked why Paul is not ready to jump onboard with an endorsement. Paul said he likes Kelty but there are some issues that will be divided in the region. Kelty does a good job representing large vessels so those will be a little more conflicting. There may be a candidate in our own region so might be premature to pick one now. Dick Jacobsen said whoever gets appointment is going to be important because there is going to be a lot of bottom fish proposals. There is discussion of splitting regions and will end up splitting the quota. Justine would like to see the list of names prior to making a decision. Marvin said the sooner the Governor sees a response from the governing bodies might be better. Sitting on this could hurt it so feels sooner the better.

Dick Jacobsen said all the Board of Fish proposals that are going to come in this spring are conflicting ideas between major users in our region. He suggested that it would be beneficial to get a group of people from each community together and throw all the ideas together and come up with a consensus in the region.

Ken said, in listening to Marvin, perhaps the longer we sit the colder it gets and have nothing against Frank Kelty so supports the endorsement.

MOTION

Justine moved to submit a letter of support for Frank Kelty and second by Ken.

Paul said he likes Kelty but immature when not all the names are in yet. Marvin supports the motion. He also suggested to also take the advice from Dick Jacobsen to form a group of fishermen to work through conflicts in the region. If all groups come in with different ideas no one wins.

ROLL CALL

Paul-no, Carol-yes, Ken-yes, Justine-yes, Marvin-yes, Bill-no, Joe-yes. Advisory: Harold-no.
MOTION PASSED.

Cooperative Agreement – Southeast District Mainland (SEDM) Project:

Ernie said in packet is the draft SEDM Cooperative Agreement, all numbers are the same in final. 30 days after signing we will be required to spend \$290,000 so need \$60,000 more than the budgeted amount. The report will be available for Board of Fish. Dick Jacobsen, from the public, said Stepovak Bay has its own terminal fisheries that weren't getting surveyed. Mayor Mack said the AEB took it upon ourselves to do the sampling study. Ernie noted that this will be the third year and then the analysis will get completed.

Presentation, Government Options – Joe Levesque, AEB Attorney:

Power Point has been added to the packet. In his presentation Attorney, Joe Levesque, covered the following items:

- Different types of borough government options, governed by Alaska Title 29.
- Borough obligations and the obligations according to different classifications of home rule, first class and second class.
- Powers and duties of a strong mayor form of government and of a manager form of government.
- Veto power of borough mayor.
- Potential limitations of a second class.

Dick Jacobsen, from the public, asked if property tax under home rule would have to be brought up to a public vote. Mr. Levesque said it depends whether it is in the municipal charter.

Mayor Mack said the question of different government options was brought up during hiring of staff. AEB Attorney said that the Mayor is the chief of personnel. If manager form of government, then the manager would do the hiring. Assembly does not get to dictate either way except the Assembly could fire the manager, but still have employees.

Redistricting Update:

Joe Levesque said judge ruled that four house districts are unconstitutional, including AEB districts. So, it is now being quickly appealed to litigation to the Supreme Court.

Dick Jacobsen said, as an Aleut Corporation board member, asked if there is anything Aleut Corporation can do to help the case. The Attorney said if Aleut wanted to, it could join our brief.

Local Emergency Planning Committee (LEPC) – Ken McHugh:

Ken said his goal is to revive the AEB LEPC. His first goal is to serve AEB, second to complete the new airport and third to revive LEPC. A lot of work went into the plans initially, but can't maintain our emergency response and can't maintain the vitality of the response if not looked at and revised. We've got new tools available and feel we can set up very cheaply, to review and revise the plans. The snow is causing new emergencies to come

our way. Feels we should revive this and get it off the ground again. Personally, just want to throw it out to the Assembly and see what they thought. The Administrator said a long time since anyone has looked at the plans. We met for a couple years developing these plans and it got to the point of nothing else to do. We couldn't use the money for equipment etc... She suggested revisiting and see what the grants allow presently. Ken said a lot of LEPCs have websites that have the plans and list the contacts and suggested making AEB plans available on the web so information is available when an emergency occurs. Recommends drafting an action plan and funds necessary to do. Ken added hazards analysis plan needs to be updated also.

The Administrator will volunteer a staff member to research LEPC grants and see what other communities are doing to keep their plans updated.

School District Funding for FY2012-13:

The School District draft budget for FY2012-13 school year has a deficit of \$900,000. The School Board is going to have a meeting next month to decide on their staffing next year. Justine feels it is going to take a long time to sort out and suggested another meeting to review further.

Carl Warner, School District Business Manager, said school board meets March 5. Carl summarized saying the student enrollment projections next year have all four small sites below 10. We get very little funding for those schools. The last few years the School District benefited from the hold harmless provision which cushioned the effect of enrollment decline, funding phases out each year, and next year phases out completely so will have a deficit of \$900,000 at the same staffing with the regular \$800,000 AEB contribution. He reviewed the enrollment trend in the last years. He added that the Dept. of Education said some schools have held open schools less than 10 students but not for more than one year, however, AEBSD has -- False Pass 5 years, Nelson Lagoon 2 years, Akutan 3 years. School Board meeting is scheduled for March 5 and that is usually when contract renewals occur. The teachers then have 30 days to return the contracts so hiring can be done at the April Job Fair in Anchorage. So, School Board needs indication what the Assembly is willing to fund beyond the \$800,000 contribution. If not possible by that meeting, then those hard decisions will have to be postponed and may not be able to do hiring until after the Job Fair. There is also a senate bill proposal for the state funding formula which would provide an additional \$120,000 but the governor does not support at this time. He added, in the newspaper today, Fairbanks School District expecting a short fall of \$12M for next year and will be eliminating lots of staff. Carl explained that the hold harmless provision is based on district wide enrollment not on individual schools. Cold Bay has been above 10 students but next year 7.

Justine does not want to see our school close, we close our school we close our villages. We spend a lot of money on a lot of things and suggested giving the request that they want. Mayor Mack asked how long do you hold onto that promise.

Bill suggested a joint meeting with the School Board on Feb 27th. There are APICDA communities so maybe APICDA can contribute also.

Joe agrees with Justine and supports meeting with the School Board to discuss also. He feels small schools are losing students because of teachers.

Harold agrees with Bill in that we should meet with the School Board. Feels there is a lot of waste in the School District. He said Cold Bay is a huge school for the student population. He suggested looking at cut backs before closing the doors adding that his family personally would move. He will do anything he can to help keep the schools open.

Paul said some have enrollment problems and choices, can't see closing schools. We still need to keep heat in the buildings so will cost money even if we go to home school or some other option. Also, choices for later, need to be made if student enrollment is at 4 students or 2 students.

Mayor Mack said the moment you take the school out, your community dies. He stressed the importance of some form of industry being developed in those communities or they are going to go away, people need work so they can stay home. The biggest contributor of ghost towns is the need for work opportunities.

Carol would also like to have a joint meeting with the School Board to get a better understanding.

Joint workshop with the School Board will be scheduled on February 24 by videoconference.

Harold suggested going back to your communities and look at the budget. Carl noted that most of the cost is payroll so not sure where cuts have to come from.

Justine left the meeting.

Carol left the meeting.

REPORTS AND UPDATES

Reports are in packet.

Paul would like a summary of where the money is being spent on the transportation projects. Administrator will get that for the next meeting.

ASSEMBLY COMMENTS

Harold said he has had opportunity to go to communities this winter and noticed with all the snow fall everyone is having difficult times. Nelson Lagoon can't keep the road open between community and airfield. If a project is going out there, He suggested AEB help with a road project to knock down some of the hills that create snow drifts. Now that APICDA building is there, the state responsibility stops at the building. It initially was between the school and airport, now just to APICDA building.

