Aleutians East Borough
June 29, 2012
9:00 a.m.

CALL TO ORDER
Mayor Mack called the June 29, 2012 Assembly meeting to order at 9:00 a.m. 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 (arrived late)
Justine Gundersen	Present

Advisory Members:

Nikki Hoblet, False Pass	Present
Harold Kremer III, Cold Bay	Present

A quorum was present.

Staff Present:
Rick Gifford, Administrator
Tina Anderson, Clerk
Roxann Newman, Finance Director
Ernie Weiss, Resource Director
Laura Tanis, Communications Manager
Anne Bailey, Community Development Director
Jacki Brandell, Finance Assistant
Joe Levesque, AEB Attorney

Agenda Additions:
Donations Requests: Akutan Tribal Council Donation Request

Adoption of Agenda:
Paul moved to adopt the agenda with the addition and second by Bill.

Community Roll Call and Public comment on Agenda Items:
Sand Point, King Cove, False Pass, Cold Bay, Nelson Lagoon, Akutan, Anchorage office.

Public Comments on Agenda Items: None

Insurance Proposals/Comparison:
Mayor Mack said at the request of Sharon Boyette, Brandon Allen with Marsh & McLennan Agency was hired to do an insurance coverage comparison. In the packet is a summary of insurance proposals. By the close of work today we must have ongoing contract with AML/JIA or new contract with Alaska Public Entity Insurance (APEI).

Mr. Allan said there are two proposals in packet, AML/JIA and Alaska Public Entity, which are competing for your business. He explained that he is an insurance broker, he works for AEB and is paid on a fee basis. He pointed out the differences between the two insurance coverage options (in packet). He said the important difference in summation is in overall context. APEI policy provides more coverage, higher coverage and better deductible, although $9,000 premium difference (APEI higher).

The Administrator questioned whether AML/JIA was approached to see if there was a possibility of getting closer on deductibles.

Mr. Allan said that JIA offers dividends; APEI also offers a dividend, but only after one year.

Mr. Allan said critical part of renewal discussion is the large wind storm that occurred in 2010-2011 damaging the hovercraft shelter. Claim was turned in to JIA and that claim has been denied. AEB believes claim should be paid, AEB Attorney believes claim should be paid, and I as insurance broker believe claim should be paid. The amount of claim is going to have a negotiated number, for now insurance claim is $1M. JIA issued letters to their attorney saying there is no coverage. Next step is to appeal that decision and AEB Attorney is working on the appeal now. He thinks it is important to include this claim and claim process in your discussion.

Paul said he is ready for recommendation and action. He trusts our new Administrator and Consultant, Brandon Allan. Mayor Mack said we are obligated to make a decision today for coverage. He has met with attorneys on hovercraft shelter claim but didn't get very far, however looking at a settlement with JIA.

Mayor Mack recommended renewing coverage with AML/JIA.

Bill asked for Mr. Allan's recommendation. Mr. Allan finds it difficult to give a provider $100,000+ when they don't want to come to the table and they didn't pay for an insurance claim. He said it is difficult to continue putting yourself in a situation where you are going to have to fight for your insurance.

MOTION

Carol moved to go with new contract with Alaska Public Entity Insurance. Second by Ken.

ROLL CALL

Paul-yes, Justine-yes, Bill-yes, Marvin-yes, Carol-yes, Ken-yes, (Joe had not arrived yet). Advisory: Harold-yes, Nikki-yes. MOTION PASSED.

Hoverlink Contract:

Justine moved to take from the table the Hoverlink contract and second by Ken. There were no objections MOTION PASSED.

DISCUSSION

Mayor Mack said Rick Gifford, the new Administrator, is now working and has questions regarding the Hoverlink contract. The Hoverlink contract could work and questions that have been brought up were discussed with AEB Attorney Joe Levesque and AEB lobbyist Mark Hickey. Some questions are with some of the expenses in operations of the marine link. He believes there is room for improvement but it is necessary to continue to move forward with this marine link and recommends to go ahead to approve contract for one year and work to secure better revenue stream. He contacted

Brad Gilman about Essential Air Service between the two islands so strong possibility of funding source. We have not, at this point in time, secured a schedule from Pen Air. He recommends going forward with this contract and allow the Administrator, AEB Attorney and AEB Lobbyist to negotiate further with Hoverlink. The hovercraft is now ready for training the crew in Cold Bay.

Ken asked where the crew comes from. Mayor Mack said, if you are referring to local crew, there are none, no local applications were received. Ken's main concern is that the operation is based in Seattle, one plan is to have local jobs. Also in looking at operating expenses, looks like $144,000 a year that we could avoid if we encourage some local hire. Mayor Mack was hoping to get a couple applicants from Akutan, however, one potential applicant needs more sea time and one other would have qualified for tonnage but he chose not to apply. Ken said maybe nothing can be done at this time but suggested next phase to work local hire into program.

Mayor Mack said Pen Air isn't sure whether a Navajo or Saab will be flying into Akun. The Administrator and Mark Hickey will be instrumental in putting the schedule together.

Carol said so many variables and so much with Phase 1. At this time, she does not feel comfortable going ahead with a contract so her vote will be not to accept this one year contract.

The Community Development Coordinator said that Phase 1 cost $75,000 to hire Manager, Marty Robbins which was done in March. Phase 2 is hiring and training the crew which they've already had to start. Joe Levesque said Appendix B is a proposed budget summary of Phase 2 and 3. It needs Assembly approval to allow the Administrator to negotiate this proposed contract down. AEB is obligated to have a marine link in place by September 2012. Hoverlink contract is not carved in stone and would not agree with contract until Administrator has time to negotiate it down. The Finance Director has received a $390,000 invoice for personnel training and operations. Phase 3 would be later.

Harold said he talked to Pen Air owner, Danny Sebert. Mr. Sebert felt that there has not been enough discussions happening. Harold would like to see Cold Bay terminal utilized by running passengers through Cold Bay. He realizes we are obligated to have something in place by first plane in September so need to come to some kind of agreement. He also suggested shortening the time some, not locking ourselves into something too big.

MOTION

Ken moved to accept Hoverlink as a provider for hovercraft services for AEB and authorize the Administrator to negotiate and agree to on behalf of the AEB a rate and fee schedule for those services. Second by Joe.

DISCUSSION

Paul felt it is an improper motion. Whatever the intent is, the Assembly has to approve the contract. Contracts are required to go before the Assembly and we approve or not approve. Mayor Mack said we need to take some action and can also call another special meeting.

ROLL CALL

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

AML/JIA Correspondence (received 9:01 a.m.):

The Administrator said we have come into some additional information on insurance proposal from AML/JIA that needs to be brought to the attention of the Assembly.

Brandon Allan said just received AML/JIA e-mail sent out at 9:01 a.m. this morning. He said it gets the major deductibles in line. Raises the liability limits, it changes the premium by dropping deductible and raising limits bringing the two proposals very close to price. Limits can be raised to $15M. Dock deductible costs can decrease to $25,000. The letter says, AML/JIA is committed to finding a resolution to the hovercraft shelter claim and has offered the AEB an opportunity to mediate, but have not heard back. So, you now have two proposals that are close and a stated commitment from AML/JIA to find a resolution to the hovercraft shelter claim. Mr. Allan said, in terms of good faith, it makes sense to accept their invitation with their comment that they expect to find a satisfactory resolution. He suggested a one year term instead of a three year in case it doesn't work out.

Mayor Mack said with that in mind, he entertains a motion to reconsider a new contract with Alaska Public Entity Insurance.

MOTION

Justine moved to reconsider the motion to accept a new contract with Alaska Public Entity Insurance. Motion died lack of a second.

Joe thanked everyone for support. He added that they are starting a work group. He said the Assembly members in Sand Point need to understand the position regarding the hovercraft. He suggested they discuss with the AEB attorney the risk involved and hopes they will give this a chance.

Marvin agrees with Joe. We have to make the marine link work, only way to do that is to move forward.

NEXT MEETING

To be determined later.

ADJOURNMENT

Marvin moved to adjourn and second by Joe. Hearing no more the meeting adjourned at 10:15 a.m.

Stanley Mack 8/28/12
Mayor Date

Lisa Anderson 8/30/12
Clerk Date