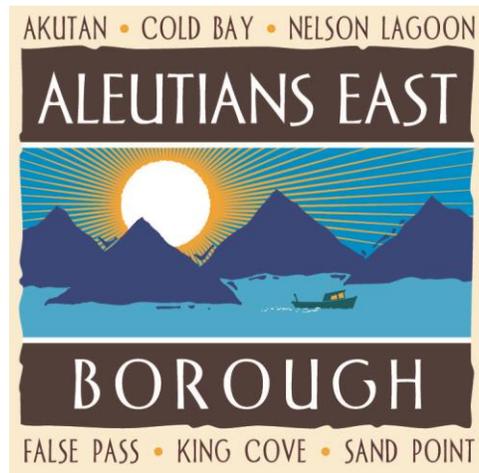


# Aleutians East Borough Assembly Meeting

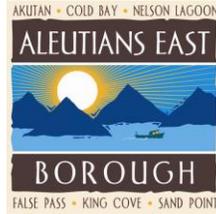


**Workshop: Thursday, December 13, 2018 – 1:00 p.m.**

**Meeting: Thursday, December 13, 2018 – 3:00 p.m.**

# Roll Call & Establishment of a Quorum

# Adoption of Agenda



Agenda  
Assembly Meeting  
(packet available on website [www.aleutianseast.org](http://www.aleutianseast.org) )

Date: Thursday, December 13, 2018  
Time: Workshop: 1:00 p.m. Meeting: 3:00 p.m.

Location: Anchorage office and by teleconference in each designated community location below:  
King Cove AEB office Akutan -city office  
Nelson Lagoon Corp. Cold Bay City Office/ Community Center  
False Pass-city office Anchorage office – 3380 C St  
Sand Point AEB office

All communities will be provided with conference calling information for the designated location in your community. Public comments on agenda items will take place immediately after the adoption of the agenda. The meeting will also be broadcast on KSDP Public Radio. Additional public comments can be made at the end of the meeting.

ASSEMBLY MEETING AGENDA

1. Roll Call & Establishment of Quorum.
2. Adoption of the Agenda.
3. Community Roll Call and Public Comment on Agenda Items.
4. Minutes.
  - November 8, 2018 Assembly Meeting Minutes.
5. Financial Reports.
  - November, Financial Reports.
  - October, Investment Report.
6. Consent Agenda.
  - Resolution 19-28, adopting an alternative allocation method for the FY19 Shared Fisheries Business Tax Program for FMA 2.
  - Resolution 19-29, adopting an alternative allocation method for the FY19 Shared Fisheries Business Tax Program for FMA 3.
7. Ordinances. *None*
8. Resolutions.
  - Resolution 19-30, negotiate and execute helicopter agreement.

- Resolution 19-31, Approval of Alaska State Land Survey (ASLS) 2016-49, the AEB Municipal Entitlement lands in Port Moller.

9. Old Business. *None*

10. New Business.

- Strategic Plan Quarter 3 Update.
- Advisory Members Appointments.

11. Reports and Updates.

12. Executive Session.

1. King Cove-Cold Bay Road Litigation.

Friends of Alaska National Wildlife Refuges v. Zinke Case No. 3:18 -cv-00029-TMB.

The Assembly may move to enter into Executive Session to confer with its attorneys re: litigation tactics and strategies.

2. False Pass Harbor Litigation.

Kelly-Ryan, Inc ASBCA No. 57168.

The Assembly may move to enter into Executive Session to confer with its attorney' re: litigation tactics and strategies.

3. Aleutians East Borough Fish Board matter.

Fish Board Actions.

The Assembly may move to enter into Executive Session to confer with its attorney re: litigation tactics and strategies.

4. Borough Administrator Performance Evaluation.

The Assembly may move into Executive Session to discuss and review the performance of the Borough Administrator Bailey – a subject that may prejudice the reputation and character of the Administrator.

16. Assembly Comments.

17. Public Comments.

18. Next Meeting Date.

19. Adjournment.

# Community Roll Call & Public Comment on Agenda Items

# Minutes

## CALL TO ORDER

Mayor Alvin D. Osterback called the Assembly meeting to order by teleconference in each community on November 8, 2018 at 3:00 p.m.

## ROLL CALL

Mayor Alvin D. Osterback	Present
Chris Babcock	Present
Carol Foster	Present
Warren Wilson	Present
Josephine Shangin	Present
Paul Gronholdt	Present
Brenda Wilson	Present
E. Ingrid Cumberlidge	Present

### Advisory Members:

Angela Simpson, Cold Bay	Present
Justine Gundersen, Nelson Lagoon	Present

A quorum was present.

### Staff Present:

- Roxann Newman, Finance Director
- Tina Anderson, Clerk
- Anne Bailey, Administrator
- Laura Tanis, Communications Director
- Mary Tesche, Assistant Administrator
- Charlotte Levy, Assistant Resource Director
- Emil Mobeck, Maintenance Director
- Ernie Weiss, Resource Director

Swearing in newly elected Assembly Member, E. Ingrid Cumberlidge:

Newly elected Assembly Member, E. Ingrid Cumberlidge read the Oath of Office.

### Adoption of the Agenda:

There were no objections, agenda stands as written.

### Conflict of Interests:

Mayor Osterback asked for any potential **Conflict of Interests** to discuss. Assembly Member Carol Foster said the youth representative applicant is a close relative. Mayor Osterback said there is only one applicant to consider, so Carol will be allowed to vote.

### Community Roll Call and Public Comments on Agenda Items:

The communities of King Cove, Akutan, Cold Bay, Sand Point, Nelson Lagoon, False Pass and the Anchorage office were participating by teleconference. Also broadcast over KSDP radio.

City of King Cove Administrator, Gary Hennigh, noted his support to Resolution 19-23, to renew the contract with Juneau lobbyist, Mark Hickey at Hickey & Associates.

City of Akutan Mayor, Joe Bereskin, voiced his support for Resolution 18-22, land lease with the City of Akutan for a portion of Lot 1, Akutan Harbor Subdivision, for the Akutan Harbor Utility Project.

### GCI Broadband Presentation - Dan Boyette:

Dan Boyette provided a presentation on GCI fiber optic in Alaska. He reviewed the existing fiber optic and microwave routes, recognizing that the left out region is the Aleutians. He reviewed the

proposed undersea fiber optic cable plans for Aleutians, south route. The scope of the fiber optic cable from Kodiak to Unalaska with landings in AEB communities of Sand Point, King Cove, Cold Bay, False Pass, Akutan. One express cable to Unalaska, and other cable connecting to other communities along the route. Goal is to partner with other existing entities, bringing a better service to the region. Towers will be added to allow a better link, and antennae's outside of buildings. Wireless services will be upgraded to LTE. If approval by end of 2018, will be in service by end of 2020.

The project cost is \$62 million, due to high risk for GCI in a small population, have requested a 5-year commitment from businesses in the communities. Internet, cellular and long distance services will be offered.

Mr. Boyette said the bad news is Federal Communication Commission's (FCC), Wireline Division, ruling on October 10, cut rural health care funding by 26% to all carriers, including GCI. GCI business capability has been stalled pending the outcome of the funding. 2017 funding had been decreased by 26%, and 2018 funding year is still being held, pending outcome, and is not sure if the 26% decrease will remain the same.

GCI will file an appeal to the FCC commissioners on the decision to cut funding. If the decision stands, may need to narrow focus in rural areas, in order to meet our maintenance and federal obligations and focus future investments in urban areas, where less risk. The Alaska Delegation are all supporting GCI efforts. AEB can support by asking Alaska Delegation to continue their effort to reverse FCC decision.

Minutes, October 11, 2018, October 15, 2018 Assembly Minutes:

**MOTION**

WARREN moved to approve the October 11 and October 15 Assembly Meeting Minutes and second by CHRIS.

Hearing no objections, **MOTION CARRIED.**

October Financial Reports:

**MOTION**

BRENDA moved to approve the October Financial Report and second by INGRID.

**DISCUSSION**

The Administrator said nothing out of the ordinary, everything tracking along accordingly.

**ROLL CALL**

YEAS: Paul, Warren, Chris, Carol, Josephine, Ingrid, Brenda. Advisory: Justine, Angela.

NAY: None

**MOTION CARRIED**

September, Investment Report:

In packet.

Consent Agenda. *None*

Ordinances. *None*

RESOLUTIONS

Resolution 19-22, authorize the mayor to negotiate and execute a ground lease with the City of Akutan for a portion of Lot 1, Akutan Harbor Subdivision, for the Akutan Harbor Utility Project at less than fair market value.

**MOTION**

BRENDA moved to approve Resolution 19-22 and second by Carol.

**DISCUSSION**

The Administrator said this is for a portion of Lot 1, Akutan Harbor Subdivision, ideal flat land for bulk fuel storage and generator. In 2016 the city of Akutan and AEB entered into a harbor management agreement. Since agreement in place, the city is authorized to maintain and operate. The city is interested in installing electrical utilities at boat harbor, serving Float A and lighting around perimeter rim of harbor. Transfer from government to government may be by resolution and may be less than fair market value.

**ROLL CALL**

YEAS: Josephine, Ingrid, Warren, Carol, Chris, Paul, Brenda. Advisory: Justine, Angela.

NAY: None

**MOTION CARRIED**

Resolution 19-23, Assembly authorizing the mayor to negotiate and execute a contract agreement between the Aleutians East Borough and Hickey & Associates for lobbying/consulting services for FY2019.

**MOTION**

CHRIS moved to approve Resolution 19-23 and second by BRENDA.

**DISCUSSION**

The Administrator said approval of Resolution 19-23 will allow Mayor Osterback to execute a contract with Hickey and Associates. AEB is involved in many projects that require a lobbyist. Hickey & Associates has been with AEB since 1998. Contract ends December 31 2018, and can be renewed by agreement. Contract would begin January 1, 2019, ending December 31, 2019. Agreement for \$3,500 a month and reimbursement for any out-of-pocket expenses. Same agreement for the last few years. Recommend approval.

Ingrid asked what the extraordinary expenses are. Bailey said it varies, as an example, AEB paid for Mark Hickey's travel to Anchorage for planning session last year. It hasn't amounted to much over the last few years.

Paul expressed his concern with having one lobbyist work for so many communities in one region. He suggested waiting and see how things go in Juneau with new administration before approving.

Mayor Osterback said, in regards to Hickey as lobbyist, he feels AEB is closely linked with the communities and considers it a positive, since AEB helps fund a lot of community projects.

**ROLL CALL**

YEAS: Carol, Brenda, Ingrid, Chris, Warren, Josephine. Advisory: Justine, Angela.

NAY: Paul

**MOTION CARRIED**

Resolution 19-24, Assembly urging the U.S. Department of Transportation to approve the Buy America waiver for Alaska's M/V Tustumena Replacement Project:

**MOTION**

INGRID moved to approve Resolution 19-24 and second by BRENDA.

**DISCUSSION**

The Administrator reviewed saying, Resolution 19-24 urges U.S. Dept. of Transportation to approve Buy American Waiver for M/V Tustemena replacement project, to service the Aleutians. Project is held up due to the Buy America Act. The state has requested a waiver, and this resolution is in support to approve the waiver also. SWAMC also approved a resolution.

Paul said the Tustemena breaks down frequently, and the sooner replaced, the better. Kodiak Borough also sent a letter supporting a waiver.

**ROLL CALL**

YEAS: Warren, Paul, Chris, Josephine, Carol, Brenda, Ingrid. Advisory: Angela, Justine.

NAY: None

**MOTION CARRIED**

Resolution 19-25, Assembly relating to disposal of surplus, obsolete, or unneeded supplies:

- One (1) modular unit containing one (1) 30 kW generator and one (1) 80 kW generator, located in King Cove. Approximate value: \$10,000.

**MOTION**

BRENDA moved to approve Resolution 19-25 and second by CHRIS.

**DISCUSSION**

The Administrator said this is surplus one modular unit with generators located in King Cove. Currently this modular has had a lot of water damage to floor of facility and AEB interested in surplus by sealed bid, per Assembly approval.

**ROLL CALL**

YEAS: Brenda, Carol, Warren, Chris, Ingrid, Paul, Josephine. Advisory: Justine. Angela,

NAY: None

**MOTION CARRIED**

Resolution 19-26, authorizing the Mayor to Negotiate and Execute a Contract with Bering Industrial Contractors Inc. for the Deferred Maintenance Mechanical and Testing and Balancing Work at the Sand Point School in an Amount Not to Exceed \$167,348.

**MOTION**

BRENDA moved to approve Resolution 19-26 and second by JOSEPHINE.

**AMENDMENT**

BRENDA moved to amend, to remove Akutan School out of the, Now Therefore Be it Resolved section. Second by CHRIS.

**ROLL CALL ON AMENDMENT**

YEAS: Chris, Ingrid, Brenda, Paul, Carol, Josephine, Warren. Advisory: Justine. Angela,

NAY: None

**MOTION CARRIED**

**DISCUSSION**

The Administrator said it was determined that additional funds were needed. Resolution 19-26 supersedes Resolution 19-16. Resolution 19-26 authorizes the mayor to negotiate and execute a contract with Bering Industrial Contractors Inc., with an amount not to exceed \$167,348.

**ROLL CALL ON MAIN MOTION**

YEAS: Chris, Brenda, Paul, Ingrid, Carol, Warren, Josephine. Advisory: Justine, Angela.  
NAY: None

**MOTION CARRIED**

Resolution 19-27, A resolution of the Assembly in support of a 58 foot limitation in the Federal Western Gulf of Alaska Pollock Trawl Fishery.

**MOTION**

INGRID moved to approve Resolution 19-27, with the amendment below. Second by PAUL.

(Second to last Whereas)

***WHEREAS, also reducing trip limits and capping size of vessels are recognized beneficial to small boat fisheries;***

**DISCUSSION**

Paul feels the resolution will help AEB efforts at NPFMC.

Resource Director, Ernie Weiss said, if Resolution 19-27 is passed, it would be submitted as public comment at NPFMC, D-2, limiting Pollock vessels to 58 foot and under. A discussion paper of moving forward with trip limits and 58' limit started last December. King Cove and Sand Point vessels are 58 ft. If this moves forward through the Council process, it will benefit our fishermen and onshore processors.

**ROLL CALL**

YEAS: Josephine, Brenda, Carol, Ingrid, Warren, Paul, Chris. Advisory: Angela, Justine.  
NAY: None

**MOTION CARRIED**

OLD BUSINESS

NEW BUSINESS

Appointment of Youth Advisory Representative:

**MOTION**

BRENDA moved to appoint Logan Thompson as the Youth Advisory Representative and second by CHRIS.

**DISCUSSION**

Brenda said, Logan is a fine young man, always involved in activities in the region. Very positive and he will do an awesome job on our Assembly.

Ingrid noted her **Conflict of Interest** with Logan Thompson. Mayor Osterback said, for the record, Carol noted her conflict of interest earlier. As there is just one candidate, supported by the school principal, both Assembly Members can vote.

Hearing no objections to the motion, **MOTION CARRIES.**

Mayor Osterback welcomed Logan to the Assembly as an Advisory, adding that this will be a good experience for all of us.

**Donation Requests:**

The Administrator reviewed the two donation requests. AEB donation policy established requests donations be submitted November 1 and May 1. At the May meeting, \$9,800 was approved for FY19 donations. Two requests have been received and recommendation is below:

Agdaadux Tribe (culture camp) -	\$3,500
QTT Earth Day Fair -	<u>\$ 200</u>
TOTAL:	\$3,700

**MOTION**

CHRIS moved to approve the Administrator's recommendation above, totaling \$3,700. Second by Josephine.

**DISCUSSION**

BRENDA noted her **Conflict of Interest**, as an Agdaadux Tribal Member. Mayor Osterback agreed. Brenda will abstain from participating.

**ROLL CALL**

YEAS: Chris, Warren, Carol, Paul, Josephine, Ingrid. Advisory: Angela, Justine.

NAY: None

Abstain: Brenda

**MOTION CARRIED**

**REPORTS AND UPDATES**

Administrator's Report in the packet. Highlights below:

King Cove/Cold Bay Road litigation: On October 4 Judge Burgess recused himself from the case, and Judge Holland was appointed, but also recused himself. Judge Gleason in now assigned to the case. Timeline unknown. Executive Session scheduled for the December Assembly meeting to go into more details on the litigation.

Cold Bay Terminal: Maintenance: Working with FAA on HVAC system. Also, issued a request for three quotes for pop out bracing work needed and received one quote. Estimated cost was higher due to winter work schedule. Work will be done in the summer, when more cost effective.

Terminal lease: Began discussion with airlines, working with smaller and larger carriers. The rate structure is not to make money but to recoupe costs. Consultant did a great rate structure document, and revising that based on discussion with airlines. Goal was December 31, but will now be later.

Akutan Essential Air Service: Met with U.S. Dept. of Transportation in Washington D.C. They have verbally committed to subsidy Dutch Harbor to Akun 100%, and 50% for helicopter, Akun/Akutan. Still working on finalizing the agreement with all parties involved.

Akun Dock/Breakwater: Met with Corps of Engineers in Washington D.C. The Energy & Water Appropriations Committee signed off on Corps of Engineer program list, the breakwater listed as #1 priority project. This will allow us to do a feasibility study determining location and cost analysis.

Strategic Initiative: Planning work session scheduled December 11-12, working on logistics to get prepared for that meeting. Strategic plan is a great tool to keep everyone on track and show where we're going. Have accomplished more because of this plan in place.

Assistant Administrator Report in packet. Highlights below:

Akutan harbor: Working on Corps of Engineer mitigation measure requirements for the harbor project.

Cold Bay Clinic: Met with city of Cold Bay and Eastern Aleutian Tribes (EAT) to discuss project next steps. Goal of meeting was to discuss funding strategy, project timeline and meet the new EAT Director. Working on a "white paper" for December packet. Construction proposed for 2020.

Nelson Lagoon School Renovations: Building assessment completed. Building in general in okay condition. Finalized assessment will be provided to Nelson Lagoon Tribal Council.

Office Technology and Connectivity: ICE Services contract signed. ICE made trip to King Cove and Sand Point offices and will make recommended upgrades for AEB offices.

Helicopter Operations: In October 265 passengers, 12,800 lbs. mail and freight, and four charters.

Communications Director Report in packet. Highlights below:

Pacific Marine Expo: Preparing for Pacific Marine Expo booth, November 18-20. False Pass flyer updated with new processor information, new photos for display and working on a slideshow of community photos, harbors/docks and other infrastructure, to display at Expo.

Annual Report: Working on the annual report to go out to the public. Will be completed end of the month.

Resource Director Report in Packet. Highlights below:

NPFMC:

- Pollock and cod, BSAI and GOA quota will be down.
- Assistant Resource Director, Charlotte Levy, will attend the groundfish plan team meetings.
- Pollock season structure changes by combining A & B and C& D seasons, and cod quota moved between the A & B cod fishery seasons, both to better avoid bycatch, supported by fishermen.

Board of Fisheries meetings:

- Attended all the meetings and was able to interact with the Board Members.
- Will attend the Dillingham Board of Fish meeting.
- Advisory Committee training took place with Board Executive Director.
- Preparing for the February Board of Fish meeting, continually strategizing.

Assistant Resource Director:

Board of Fish: Main focus is February meeting. Have attended several meetings, most recently with Mayor Osterback and Eric Volk, to discuss strategy. Gathering names of those interested in testifying.

Kelp Mariculture Grant: beginning stage of permitting process. Part of that is visiting the proposed location sites. Starting with a visit to Akutan site at the end of the month. Also, researching the potential of multi-trophic integrated aquaculture to integrate other species, which could bring more revenue into the region.

Alaska Ocean Cluster's 2018 OTIS 2018: Intensive workshop. Working on a prototype for aquaculture project for multiple species, as stated above.

HB267: Regarding municipalities that tax sport fishing and game hunting activities. Municipalities that tax that industry can now access the information from the state for a fee. \$500 per report for big game, \$1000 for sport fishing activities. AEB has a land use permit program, but does not tax, so no access to that information. We have had a decline also on land use permits. Possible option can be to make changes to the AEB Code, wording fee to a tax fee, to be able to gain access to the information or restructure the system.

Paul said the main point is to get a handle on the King salmon being caught on the north and south side, to determine how much impact they are making.

Mayor Osterback suggested checking with sports fishing division to see if sports fishing catch reports are collected and available.

Maintenance Director Report in packet. Highlights below:

- Annual fire inspections completed at the schools.
- Installed a new fire alarm system in False Pass School. Faulty alarm system was causing false alarms.
- Cold Bay terminal, annual fire inspection completed.
- Sand Point School Projects - Working on timeframe for the three contractors for Sand Point School projects, hoping to be completed before end of year.
- Updating fire extinguishers at schools.

Mayor Osterback reviewed the pink salmon disaster funds distribution plan in the Lobbyist Gilman Report in packet.

#### ASSEMBLY COMMENTS

Paul said, on pink salmon disaster relief funds, there is a rumor the state is approved for a 4-year extension on the distribution. He has not been able to confirm yet. Our region qualifies for \$2.7M.

Chris asked about the Advisory seat in False Pass, now that there is no longer an Assembly seat there. The Clerk explained she will post a request for letters of interest for Advisory seats for False Pass, Nelson Lagoon and Cold Bay to be considered at the December Assembly meeting, for the calendar year 2019.

Brenda thanked the staff for all the good work and hard work they do.

Paul said he was pleased with the first Strategic Planning Session meeting but has reservations with doing yearly. Paul also suggested putting up a sign at the new Cold Bay clinic site.

#### PUBLIC COMMENTS

Logan Thompson, youth representative, had to leave the meeting. He passed on comments for the Assembly and Mayor, to be read by Ingrid. Logan said, on behalf of the 2019 Sand Point Close-Up class, he thanked the Assembly for the generous donation and support to Close-Up. All very excited and appreciative.

#### NEXT MEETING DATE

December 13, 2018 in Anchorage.

#### ADJOURNMENT

Chris moved to adjourn second by Brenda. Hearing no more, the meeting adjourned at 5:15 p.m.

\_\_\_\_\_  
Mayor Alvin D. Osterback

\_\_\_\_\_  
Tina Anderson, Clerk

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

# Financial Report

# INVESTMENT REPORT

# ALEUTIANS EAST BOROUGH

Account Statement - Period Ending October 31, 2018



ALASKA PERMANENT  
CAPITAL MANAGEMENT  
Registered Investment Adviser

## ACCOUNT ACTIVITY

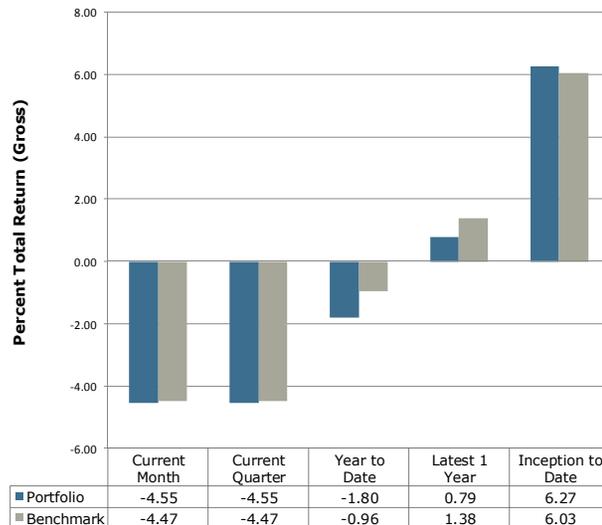
Portfolio Value on 09-30-18	44,240,291
Contributions	0
Withdrawals	-1,075
Change in Market Value	-2,045,068
Interest	32,699
Dividends	0
Portfolio Value on 10-31-18	42,226,847

## MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Brandy Niclai, CFA®
Contact Phone Number:	907/272 -7575

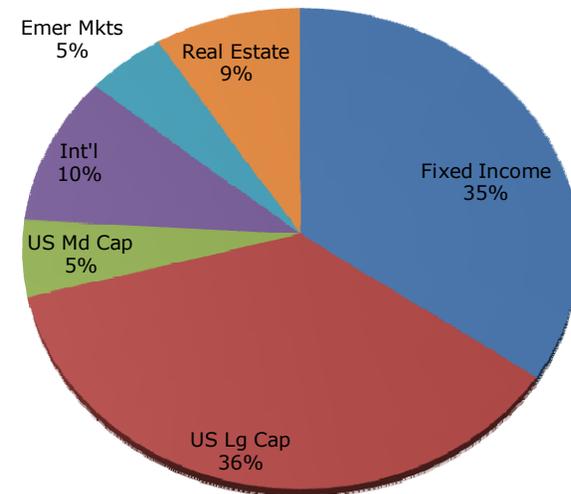
## INVESTMENT PERFORMANCE

Current Account Benchmark:  
Equity Blend



Performance is Annualized for Periods Greater than One Year

## PORTFOLIO COMPOSITION



Clients are encouraged to compare this report with the official statement from their custodian.

Please note that your 093018 value changed as a result of a pricing change JP Morgan Betabuilders REIT ETF

Alaska Permanent Capital Management Co.  
**PORTFOLIO SUMMARY AND TARGET**  
***ALEUTIANS EAST BOROUGH***  
*October 31, 2018*

Asset Class & Target	Market Value	% Assets	Range
<b>FIXED INCOME (34%)</b>			
US Fixed Income (34.0%)	14,646,689	34.7	25% to 60%
Cash (0.0%)	52,888	0.1	na
<b>Subtotal:</b>	<b>14,699,578</b>	<b>34.8</b>	
<b>EQUITY (56%)</b>			
US Large Cap (36.0%)	15,221,784	36.0	30% to 50%
US Mid Cap (5.0%)	2,157,292	5.1	0% to 10%
Developed International Equity (10.0%)	4,262,038	10.1	5% to 15%
Emerging Markets (5.0%)	2,056,991	4.9	0% to 10%
<b>Subtotal:</b>	<b>23,698,107</b>	<b>56.1</b>	
<b>ALTERNATIVE INVESTMENTS (10%)</b>			
Real Estate (10.0%)	3,829,162	9.1	5% to 15%
<b>Subtotal:</b>	<b>3,829,162</b>	<b>9.1</b>	
<b>TOTAL PORTFOLIO</b>	<b>42,226,847</b>	<b>100</b>	

# AEB/AKUTAN HARBOR - 2006 A

Account Statement - Period Ending October 31, 2018



## ACCOUNT ACTIVITY

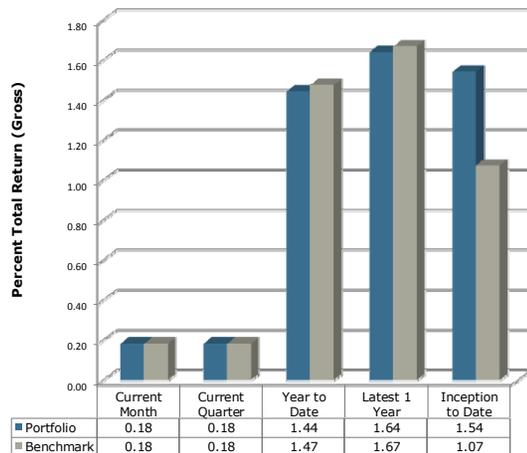
Portfolio Value on 09-30-18	1,544,043
Contributions	0
Withdrawals	-109
Change in Market Value	2,542
Interest	274
Dividends	0
 Portfolio Value on 10-31-18	 1,546,750

## MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

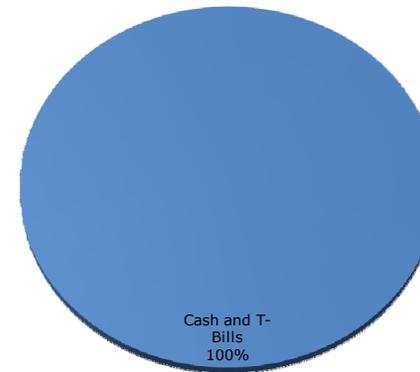
## INVESTMENT PERFORMANCE

**Current Account Benchmark:  
FTSE 3-Month TBill**



Performance is Annualized for Periods Greater than One Year

## PORTFOLIO COMPOSITION



### Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.07% Average Maturity: 0.16 Yrs

Clients are encouraged to compare this report with the official statement from their custodian.

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
***AEB/AKUTAN HARBOR - 2006 A***  
*October 31, 2018*

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>CASH AND EQUIVALENTS</b>									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		27,489		27,489	1.78			
<b>TREASURY BILLS</b>									
300,000	US TREASURY BILLS 0.000% Due 11-15-18	99.50	298,508	99.92	299,754	19.38	NA	0	2.01
500,000	US TREASURY BILLS 0.000% Due 12-13-18	99.50	497,494	99.75	498,750	32.25	NA	0	2.13
400,000	US TREASURY BILLS 0.000% Due 01-17-19	99.27	397,083	99.52	398,084	25.74	NA	0	2.27
325,000	US TREASURY BILLS 0.000% Due 02-21-19	99.19	322,374	99.28	322,673	20.86	NA	0	2.35
			1,515,459		1,519,261	98.22		0	
<b>TOTAL PORTFOLIO</b>			<b>1,542,948</b>		<b>1,546,750</b>	<b>100</b>	<b>0</b>	<b>0</b>	

# AEB OPERATING FUND

Account Statement - Period Ending October 31, 2018



ALASKA PERMANENT  
CAPITAL MANAGEMENT  
Registered Investment Adviser

## ACCOUNT ACTIVITY

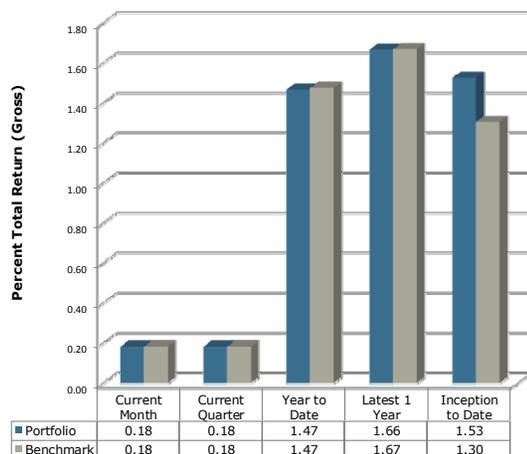
Portfolio Value on 09-30-18	2,581,747
Contributions	0
Withdrawals	-172
Change in Market Value	3,330
Interest	1,364
Dividends	0
Portfolio Value on 10-31-18	2,586,269

## MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

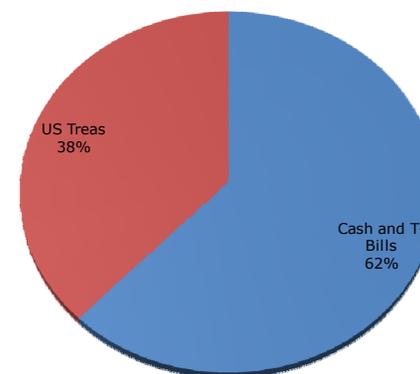
## INVESTMENT PERFORMANCE

Current Account Benchmark:  
FTSE 3-Month TBill



Performance is Annualized for Periods Greater than One Year

## PORTFOLIO COMPOSITION



### Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.15% Average Maturity: 0.16 Yrs

Clients are encouraged to compare this report with the official statement from their custodian.

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
***AEB OPERATING FUND***  
*October 31, 2018*

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>CASH AND EQUIVALENTS</b>									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		29,616		29,616	1.15			
<b>U.S. TREASURY</b>									
400,000	US TREASURY NOTES 1.250% Due 11-15-18	99.68	398,703	99.97	399,868	15.46	5,000	2,310	2.05
580,000	US TREASURY NOTES 1.250% Due 12-15-18	99.67	578,074	99.88	579,333	22.40	7,250	2,753	2.18
	Accrued Interest				5,063	0.20			
			976,777		984,264	38.06		5,063	
<b>TREASURY BILLS</b>									
540,000	US TREASURY BILLS 0.000% Due 12-13-18	99.50	537,293	99.75	538,650	20.83	NA	0	2.13
500,000	US TREASURY BILLS 0.000% Due 01-17-19	99.27	496,354	99.52	497,605	19.24	NA	0	2.27
540,000	US TREASURY BILLS 0.000% Due 02-21-19	99.19	535,638	99.28	536,134	20.73	NA	0	2.35
			1,569,285		1,572,389	60.80		0	
<b>TOTAL PORTFOLIO</b>			<b>2,575,678</b>		<b>2,586,269</b>	<b>100</b>	<b>12,250</b>	<b>5,063</b>	

# ALEUTIANS EAST BOROUGH SERIES E BOND

Account Statement - Period Ending October 31, 2018



ALASKA PERMANENT  
CAPITAL MANAGEMENT  
Registered Investment Adviser

## ACCOUNT ACTIVITY

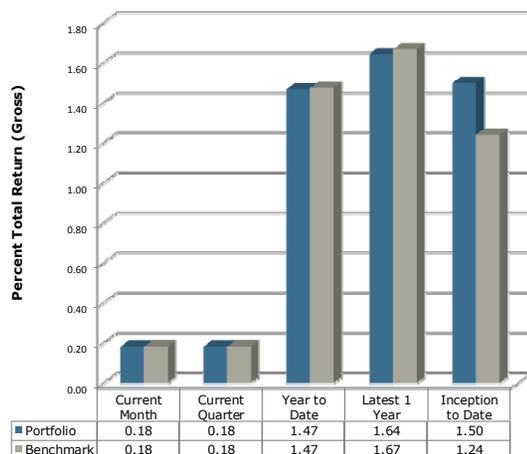
Portfolio Value on 09-30-18	2,519,584
Contributions	0
Withdrawals	-420
Change in Market Value	1,281
Interest	3,286
Dividends	0
Portfolio Value on 10-31-18	2,523,731

## MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

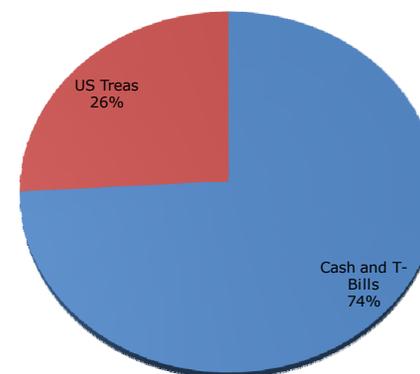
## INVESTMENT PERFORMANCE

Current Account Benchmark:  
FTSE 3-Month TBill



Performance is Annualized for Periods Greater than One Year

## PORTFOLIO COMPOSITION



### Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.12% Average Maturity: 0.14 Yrs

Clients are encouraged to compare this report with the official statement from their custodian.

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
**ALEUTIANS EAST BOROUGH SERIES E BOND**  
*October 31, 2018*

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>CASH AND EQUIVALENTS</b>									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		27,943		27,943	1.11			
<b>U.S. TREASURY</b>									
500,000	US TREASURY NOTES 1.250% Due 11-15-18	99.89	499,473	99.97	499,835	19.81	6,250	2,887	2.05
150,000	US TREASURY NOTES 1.250% Due 12-15-18	99.44	149,156	99.88	149,827	5.94	1,875	712	2.18
	Accrued Interest				3,599	0.14			
			648,629		653,262	25.88		3,599	
<b>TREASURY BILLS</b>									
725,000	US TREASURY BILLS 0.000% Due 12-13-18	99.50	721,366	99.75	723,187	28.66	NA	0	2.13
1,010,000	US TREASURY BILLS 0.000% Due 01-17-19	99.36	1,003,562	99.52	1,005,162	39.83	NA	0	2.27
115,000	US TREASURY BILLS 0.000% Due 02-21-19	99.19	114,071	99.28	114,177	4.52	NA	0	2.35
			1,838,999		1,842,526	73.01		0	
<b>TOTAL PORTFOLIO</b>			<b>2,515,571</b>		<b>2,523,731</b>	<b>100</b>	<b>8,125</b>	<b>3,599</b>	

\* Callable security

# AEB 2010 SERIES A GO BOND/KCAP

Account Statement - Period Ending October 31, 2018



ALASKA PERMANENT  
CAPITAL MANAGEMENT

Registered Investment Adviser

## ACCOUNT ACTIVITY

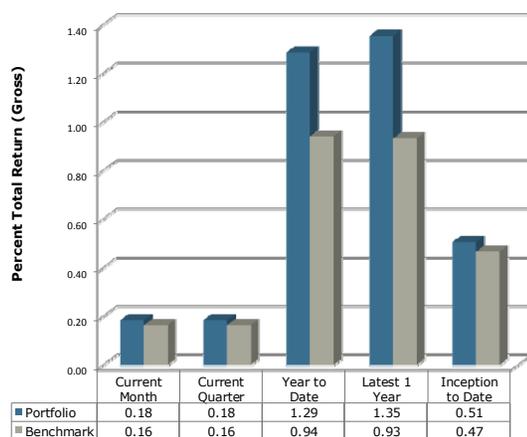
Portfolio Value on 09-30-18	1,036,884
Contributions	0
Withdrawals	-43
Change in Market Value	941
Interest	972
Dividends	0
Portfolio Value on 10-31-18	1,038,754

## MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272-7575

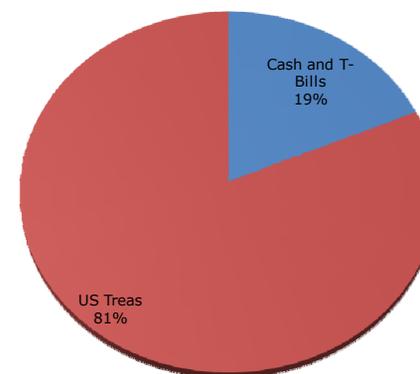
## INVESTMENT PERFORMANCE

**Current Account Benchmark:**  
50% Bloomberg Barclays 1-3 Yr Gov/50%  
90 Day Tbill



Performance is Annualized for Periods Greater than One Year

## PORTFOLIO COMPOSITION



### Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.31% Average Maturity: 0.42 Yrs

Clients are encouraged to compare this report with the official statement from their custodian.

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
***AEB 2010 SERIES A GO BOND/KCAP***  
*October 31, 2018*

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>CASH AND EQUIVALENTS</b>									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		192,811		192,811	18.56			
<b>U.S. TREASURY</b>									
75,000	US TREASURY NOTES 1.250% Due 12-15-18	99.95	74,962	99.88	74,914	7.21	937	356	2.18
100,000	US TREASURY NOTES 1.125% Due 01-15-19	99.19	99,187	99.77	99,768	9.60	1,125	333	2.25
200,000	US TREASURY NOTES 0.750% Due 02-15-19	99.05	198,102	99.54	199,076	19.16	1,500	318	2.35
175,000	US TREASURY NOTES 1.000% Due 03-15-19	98.92	173,113	99.49	174,104	16.76	1,750	227	2.38
200,000	US TREASURY NOTES 1.250% Due 06-30-19	99.68	199,367	99.12	198,242	19.08	2,500	842	2.59
100,000	US TREASURY NOTES 1.125% Due 03-31-20	98.77	98,770	97.66	97,664	9.40	1,125	99	2.82
	Accrued Interest				2,176	0.21			
			843,501		845,943	81.44		2,176	
<b>TOTAL PORTFOLIO</b>			<b>1,036,312</b>		<b>1,038,754</b>	<b>100</b>	<b>8,937</b>	<b>2,176</b>	

# AEB 2010 SERIES B BOND/AKUTAN AIR

Account Statement - Period Ending October 31, 2018



ALASKA PERMANENT  
CAPITAL MANAGEMENT

Registered Investment Adviser

## ACCOUNT ACTIVITY

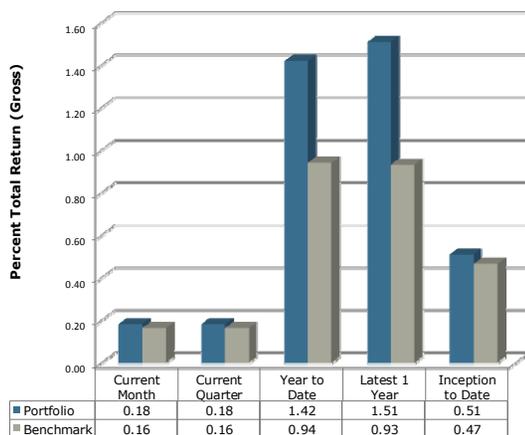
Portfolio Value on 09-30-18	1,018,726
Contributions	0
Withdrawals	-42
Change in Market Value	974
Interest	886
Dividends	0
Portfolio Value on 10-31-18	1,020,543

## MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272-7575

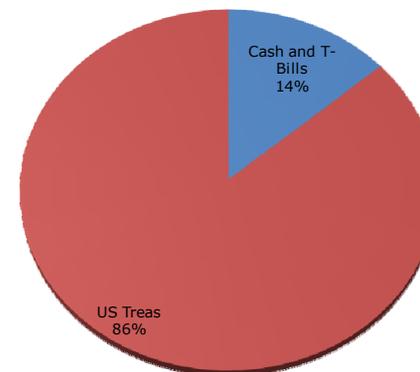
## INVESTMENT PERFORMANCE

**Current Account Benchmark:**  
50% Bloomberg Barclays 1-3 Yr Gov/50%  
90 Day Tbill



Performance is Annualized for Periods Greater than One Year

## PORTFOLIO COMPOSITION



## Fixed Income Portfolio Statistics

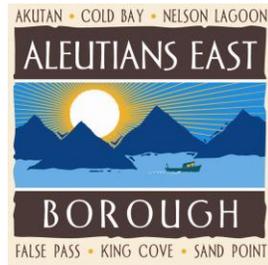
Average Quality: AAA Yield to Maturity: 2.32% Average Maturity: 0.47 Yrs

Clients are encouraged to compare this report with the official statement from their custodian.

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
**AEB 2010 SERIES B BOND/AKUTAN AIR**  
*October 31, 2018*

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>CASH AND EQUIVALENTS</b>									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		24,827		24,827	2.43			
<b>U.S. TREASURY</b>									
100,000	US TREASURY NOTES 1.250% Due 11-15-18	100.77	100,770	99.97	99,967	9.80	1,250	577	2.05
100,000	US TREASURY NOTES 1.250% Due 12-15-18	100.25	100,250	99.88	99,885	9.79	1,250	475	2.18
100,000	US TREASURY NOTES 1.125% Due 01-15-19	99.95	99,953	99.77	99,768	9.78	1,125	333	2.25
125,000	US TREASURY NOTES 0.750% Due 02-15-19	99.05	123,809	99.54	124,422	12.19	937	199	2.35
100,000	US TREASURY NOTES 0.875% Due 05-15-19	98.58	98,578	99.14	99,137	9.71	875	404	2.49
150,000	US TREASURY NOTES 0.875% Due 06-15-19	98.56	147,838	98.96	148,441	14.55	1,312	498	2.57
100,000	US TREASURY NOTES 1.000% Due 11-15-19	97.86	97,859	98.23	98,231	9.63	1,000	462	2.74
110,000	US TREASURY NOTES 1.500% Due 04-15-20	98.10	107,912	98.12	107,933	10.58	1,650	77	2.83
	Accrued Interest				3,026	0.30			
			876,968		880,811	86.31		3,026	
<b>TREASURY BILLS</b>									
115,000	US TREASURY BILLS 0.000% Due 11-15-18	99.83	114,802	99.92	114,906	11.26	NA	0	2.01
<b>TOTAL PORTFOLIO</b>			<b>1,016,597</b>		<b>1,020,543</b>	<b>100</b>	<b>9,400</b>	<b>3,026</b>	

# Consent Agenda



To: Assembly and Mayor Osterback  
From: Tina Anderson, Clerk  
Date: December 13, 2018  
Re: FY19 Shared Fisheries Business Tax Program for FMA2 and FMA3.

---

The State of Alaska levies taxes on fishery resources processed or exported from Alaska. The State allocates a share of state fish tax collected outside the municipal boundaries with the communities affected by the fishing industry activities. The municipalities in the Borough's Fisheries Management Area (FMA) agreed to an alternative method for allocation since the inception of the program. Below are the resolutions adopting the same alternative method for FY19.

Resolution 19-28, a resolution adopting an alternative method for the Shared Fisheries Business Tax Allocation for FMA 2. All of the municipalities within FMA 2 (west of Unimak) receive an equal share of 60% of the program receipts. The eligible cities will share the remaining 40% of the funding allocation on a per capita basis. The FY19 program allocation to AEB should be \$165,894.36.

Resolution 19-29, a resolution adopting an alternative method for the Shared Fisheries Business Tax Allocation for FMA 3. All the municipalities within FMA 3 (east of Unimak), will share equally 40%. The remaining 60% will be divided among the eligible cities based on a per capita basis. The FY19 program allocation to AEB should be \$8,755.86.

---

CLERK/PLANNER  
P.O. BOX 349  
SAND POINT, ALASKA 99661  
(907) 383-2699  
(907) 383-3496 FAX  
e-mail: [AEBCLERK@aol.com](mailto:AEBCLERK@aol.com)

BOROUGH ADMINISTRATOR  
3380 "C" STREET, SUITE 205  
ANCHORAGE, ALASKA 99503  
(907) 274-7555  
(907) 276-7569 FAX  
e-mail: [Rjuett0869@aol.com](mailto:Rjuett0869@aol.com)

FINANCE DIRECTOR  
P.O. BOX 49  
KING COVE, ALASKA 99612  
(907) 497-2588  
(907) 497-2386 FAX  
e-mail: [AEBFINANCE@aol.com](mailto:AEBFINANCE@aol.com)

## **RESOLUTION 19-28**

**A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY 19 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN THE ALEUTIAN ISLANDS FISHERIES MANAGEMENT AREA 2.**

**WHEREAS**, AS 29.60.450 requires that for a municipality to participate in the FY19 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2017 from fisheries business activities; and

**WHEREAS**, 3AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Commerce, Community, and Economic Development; and

**WHEREAS**, 3 AAC 134.070 provides for the use, at the discretion of the Department of Commerce, Community, and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and

**WHEREAS**, the Aleutians East Borough proposes to use an alternative method for allocation of FY19 funding available within the Aleutian Islands Fisheries Management Area in agreement with all other municipalities in this area participating in the FY19 Shared Fisheries Business Tax Program;

**BE IT RESOLVED BY THE ALEUTIANS EAST BOROUGH ASSEMBLY THAT:**

**SECTION 1.** The Aleutians East Borough by this resolution certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2016 of fisheries business activity in the Aleutian Island Region Fisheries Management Area 2.

ALTERNATIVE ALLOCATION METHOD:

1. Each municipality (including the Aleutians East Borough) will split 60 percent of the total funding allocation for the fisheries management area;
2. Each city (excluding the Aleutians East Borough) will split 40 percent of the funding allocation on a per capita basis.

Approved this \_\_\_\_\_ day of December, 2018.

\_\_\_\_\_  
Alvin D. Osterback, Mayor

ATTEST: \_\_\_\_\_  
Tina Anderson, Clerk



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

455 3<sup>rd</sup> Avenue, Suite 140  
Fairbanks, Alaska 99701-4737  
Main: 907.451.2718  
Programs fax: 907.451.2742

RECEIVED

NOV 23 2019

November 15, 2019

Dear Municipal Official:

Aleutians East Borough

The Department of Commerce, Community, and Economic Development is pleased to announce availability of the **FFY 2019 Shared Fisheries Business Tax Program**. The purpose of the program is to allocate a share of state fish tax collected outside municipal boundaries with municipalities affected by fishing industry activities. Municipalities around the state will share approximately \$1.6 million based on 2017 fisheries activity as reported by fish processors on their fish tax returns. Details of how the program works are included in the application under *Program Description*.

**Historically, your municipality along with the other communities in your fisheries management area (FMA) has filed using the Alternative Method found on the last four pages of this application.** A breakdown is included that details the communities in your FMA, in addition to the anticipated payment based on the agreed upon allocation method for your FMA. If this agreement is still in place with your FMA, you will only need to have your Council/Assembly pass the enclosed alternative method sample resolution in order to participate in the program.

If your FMA intends to change the alternative method of allocation, the new proposal must be submitted to our office no later than **January 15, 2019**. If an agreement cannot be made with all communities in your FMA, you will need to file using the standard method and claim your significant effects. Instructions on both of these methods are detailed in the application packet.

**DEADLINE FOR SUBMISSION OF COMPLETED APPLICATION IS  
FEBRUARY 15, 2019.**

Applications can be scanned and emailed to [caa@alaska.gov](mailto:caa@alaska.gov) with the subject line **"Municipality Name, FY19, SFBT"** If you have any questions about the program or require assistance in completing the application, please contact me at [kimberly.phillips@alaska.gov](mailto:kimberly.phillips@alaska.gov) or call (907) 451-2718.

Sincerely,

Kimberly Phillips  
Grants Administrator II

Enclosures

**FMA 2: Aleutians Islands Area**

	Total allocation:	60% Divided	40% per capita		
	\$521,388.48	\$312,833.09	\$208,555.39		
Community	Population	60% divided share	40% per capita share	Calculated Allocation	Total Distribution
City of Adak	308	\$62,566.62	\$11,277.22	\$73,843.84	\$195,795.73
Aleutians East Borough	2,015	\$62,566.62	\$0.00	\$62,566.62	\$165,894.36
City of Akutan	993	\$62,566.62	\$36,358.06	\$98,924.68	\$262,297.15
City of Atka	54	\$62,566.62	\$1,977.18	\$64,543.79	\$171,136.80
City of Unalaska	4,341	\$62,566.62	\$158,942.93	\$221,509.55	\$587,328.93
<b>Totals</b>	<b>7,711</b>	<b>\$312,833.09</b>	<b>\$208,555.39</b>	<b>\$521,388.48</b>	<b>\$1,382,452.97</b>
Community Count	5				

FY 16 Landing Tax Allocation

\$861,064.49

Calculated Allocation  
 \$121,951.89  
 \$103,327.74  
 \$163,372.47  
 \$106,593.01  
 \$365,819.38  
**\$861,064.49**

\* All municipalities share equally 60% of allocation; all but Aleutians East Borough share remaining 40% on a per capita basis.  
 AEB pop = Borough (3008) - Akutan

## RESOLUTION 19-29

**A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY 19 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN THE ALASKA PENINSULA FISHERIES MANAGEMENT AREA 3.**

**WHEREAS**, AS 29.60.450 requires that for a municipality to participate in the FY19 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2017 from fisheries business activities; and

**WHEREAS**, 3AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Commerce, Community, and Economic Development; and

**WHEREAS**, 3 AAC 134.070 provides for the use, at the discretion of the Department of Commerce, Community, and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and

**WHEREAS**, the Aleutians East Borough proposes to use an alternative method for allocation of FY19 funding available within the Aleutian Islands Fisheries Management Area in agreement with all other municipalities in this area participating in the FY19 Shared Fisheries Business Tax Program;

**BE IT RESOLVED BY THE ALEUTIANS EAST BOROUGH ASSEMBLY THAT:**

**SECTION 1.** The Aleutians East Borough by this resolution certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2017 of fisheries business activity in the Alaska Peninsula Fisheries Management Area 3.

ALTERNATIVE ALLOCATION METHOD: It is proposed that 40% of the FY19 funding available for FMA3 be distributed equally among the eligible municipalities located within FMA3, and that the remaining 60% of the funding be divided among the same eligible communities based upon revenue sharing population estimated as determined for 2017 by DCCED, with exception of mutually agreed upon population counts for the Aleutians East Borough and Lake and Peninsula Borough.

Approved this \_\_\_\_\_ day of December, 2018.

\_\_\_\_\_  
Alvin D. Osterback, Mayor

ATTEST: \_\_\_\_\_  
Tina Anderson, Clerk



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

455 3<sup>rd</sup> Avenue, Suite 140  
Fairbanks, Alaska 99701-4737  
Main: 907.451.2718  
Programs fax: 907.451.2742

**RECEIVED**

NOV 15 2019

November 15, 2019

Dear Municipal Official:

**Aleutians East Borough**

The Department of Commerce, Community, and Economic Development is pleased to announce availability of the **FFY 2019 Shared Fisheries Business Tax Program**. The purpose of the program is to allocate a share of state fish tax collected outside municipal boundaries with municipalities affected by fishing industry activities. Municipalities around the state will share approximately \$1.6 million based on 2017 fisheries activity as reported by fish processors on their fish tax returns. Details of how the program works are included in the application under *Program Description*.

**Historically, your municipality along with the other communities in your fisheries management area (FMA) has filed using the Alternative Method found on the last four pages of this application.** A breakdown is included that details the communities in your FMA, in addition to the anticipated payment based on the agreed upon allocation method for your FMA. If this agreement is still in place with your FMA, you will only need to have your Council/Assembly pass the enclosed alternative method sample resolution in order to participate in the program.

If your FMA intends to change the alternative method of allocation, the new proposal must be submitted to our office no later than **January 15, 2019**. If an agreement cannot be made with all communities in your FMA, you will need to file using the standard method and claim your significant effects. Instructions on both of these methods are detailed in the application packet.

**DEADLINE FOR SUBMISSION OF COMPLETED APPLICATION IS  
FEBRUARY 15, 2019.**

Applications can be scanned and emailed to [caa@alaska.gov](mailto:caa@alaska.gov) with the subject line **"Municipality Name, FY19, SFBT"** If you have any questions about the program or require assistance in completing the application, please contact me at [kimberly.phillips@alaska.gov](mailto:kimberly.phillips@alaska.gov) or call (907) 451-2718.

Sincerely,

Kimberly Phillips  
Grants Administrator II

Enclosures

**FMA 3: Alaska Peninsula Area**

Total allocation: 40% Divided \$52,894.00 60% per capita \$79,341.01

Community	Population	40% divided share	60% per capita share	Calculated Allocation	FY 16 Landing Tax Allocation	Total Distribution
Aleutians East Borough	30	\$7,556.29	\$1,069.77	\$8,626.05	\$129.81	\$8,755.86
City of Cold Bay	72	\$7,556.29	\$2,567.44	\$10,123.73	\$152.34	\$10,276.07
City of False Pass	73	\$7,556.29	\$2,603.10	\$10,159.38	\$152.88	\$10,312.27
City of King Cove	925	\$7,556.29	\$32,984.46	\$40,540.75	\$610.07	\$41,150.82
Lake & Peninsula Borough	100	\$7,556.29	\$3,565.89	\$11,122.17	\$167.37	\$11,289.54
City of Port Heiden	110	\$7,556.29	\$3,922.48	\$11,478.76	\$172.74	\$11,651.50
City of Sand Point	915	\$7,556.29	\$32,627.87	\$40,184.16	\$604.70	\$40,788.86
<b>Totals</b>	<b>2,225</b>	<b>\$52,894.00</b>	<b>\$79,341.01</b>	<b>\$132,235.01</b>	<b>\$1,989.90</b>	<b>\$134,224.91</b>
Community Count	7					

\* All municipalities share equally 40% of allocation; all share remaining 60% on a per capita basis.

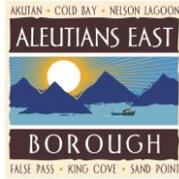
\*\* AEB pop = Borough (3008) - Cities of Cold Bay, False Pass, King Cove, Sand Point and Akutan

\*\*\* Lake & Pen. Borough population = 100 as per resolutions

# Ordinances

None

# Resolutions



## Agenda Statement

Date: December 3, 2018

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

**Re: Resolution 19-30 Authorizing the Mayor to negotiate and execute a two-year helicopter services agreement with Maritime Helicopters, Inc. to provide helicopter services between the Akutan Airport on Akun Island and the Community of Akutan and Committing the Borough to Pay Maritime an Amount Not to Exceed \$900,000 per year for these services**

The Aleutians East Borough entered into a Co-Sponsorship Agreement between the City of Akutan, the Borough and the State of Alaska Department of Transportation and Public Facilities (ADOT&PF) for the Akutan Airport in January 2010 providing assurances to the FAA for federal construction funds and agreeing to operate the airport for at least 20 years. The Borough agreed to provide reasonable public access between the community of Akutan and the airport. The Borough tried to operate a hovercraft, which proved to be expensive and unsustainable and was replaced by a helicopter.

The Borough and Maritime Helicopters, Inc. (“Maritime”) entered into a Helicopter Services Agreement dated November 22, 2013 to provide transportation between the village of Akutan on Akutan Island and the Akutan Airport located on Akun Island. The Agreement was for a one-year term with options to renew for two additional one-year terms. The Borough has exercised the two additional one-year term renewal options and extended the agreement an additional six (6) months per Amendment #3, effective February 1, 2017, ending July 31, 2017; extended an additional six (6) months per Amendment #4, effective August 1, 2017, ending January 31, 2018; extended it for an additional four (4) months per Amendment #6, effective February 1, 2018 ending May 31, 2018 and an another extension extending the agreement for an additional eight months per Amendment #7, effective June 1, 2018 ending January 31, 2019.

The Borough has subsidized the helicopter operation at approximately \$1,500,000 per year, which is unsustainable. The United States of America Department of Transportation (USDOT) has agreed to cover 50% of the helicopter expenditures between Akutan and Akun. Maritime and USDOT are in the process of entering into an agreement to provide essential air service between Akutan and Akun Island. The Borough would be responsible for paying the remaining 50% of

the EAS costs reducing the Borough subsidy costs significantly. The Borough is anticipating paying \$846,797.50 to Maritime for Year 1 and \$874,831.50 to Maritime for Year 2.

The Borough will be providing the following services to Maritime throughout the life of the operation:

- Skiff Charter Services: Transportation to and from the hangar located at the head of the Bay.
- Hangar Fee: Fee for Maritime storing the helicopter in the hangar.
- Helicopter Fuel Charge: The Borough will provide helicopter fuel for the operation.

For Year 1, it is anticipated that the Borough will invoice Maritime for the charter fee, fuel and the hangar as follows:

Skiff Charter Fee:	\$13,916.66 monthly or \$167,000.00 annually (flat fee)
Hangar Fee:	\$4,000.00 monthly or \$48,000.00 annually (flat fee)
Helicopter Fuel Charge:	\$147,250.00 will be charged on a per gallon basis
TOTAL	\$362,250 annually

For Year 2, it is anticipated the Borough will invoice Maritime for the charter fee, fuel and the hangar as follows:

Charter Fee:	\$14,264.58 monthly or \$171,175.00 annually (flat fee)
Hangar Fee:	\$4,100.00 monthly or \$49,200.00 annually (flat fee)
Helicopter Fuel Charge:	\$189,924.00 will be charged on a per gallon basis
TOTAL	\$410,299 annually

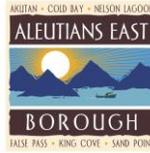
Based off this, the Borough's overall subsidy for Year 1 will be approximately \$484,547.50 and for Year 2 will be approximately \$464,532.50.

Please note that these costs are estimates because there may be some fluctuation on helicopter fuel charges and some other unanticipated expenditures that we have not accounted for during the transition and throughout the continued operation of the helicopter service.

#### **RECOMMENDATION**

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Administration recommends approval of Resolution 19-30 authorizing the Mayor to negotiate and execute a two-year helicopter services agreement with Maritime Helicopters, Inc. to provide helicopter services between the Akutan Airport on Akun Island and the Community of Akutan and Committing the Borough to pay Maritime an amount not to exceed \$900,000 per year for these services.



## RESOLUTION 19-30

**A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY  
AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A TWO-YEAR  
HELICOPTER SERVICES AGREEMENT WITH MARITIME HELICOPTERS, INC.  
TO PROVIDE HELICOPTER SERVICES BETWEEN THE AKUTAN AIRPORT ON  
AKUN ISLAND AND THE COMMUNITY OF AKUTAN AND COMMITTING THE  
BOROUGH TO PAY MARITIME AN AMOUNT NOT TO EXCEED \$900,000 PER  
YEAR FOR THESE SERVICES**

**WHEREAS**, the Aleutians East Borough (“Borough”) entered into a Co-Sponsorship Agreement between the City of Akutan, the Borough and the State of Alaska Department of Transportation and Public Facilities (ADOT&PF) for the Akutan Airport in January 2010 providing assurances to the FAA for federal construction funds and agreeing to operate the airport for at least 20 years; and

**WHEREAS**, the Borough agreed to provide reasonable public access between the community of Akutan and the airport; and

**WHEREAS**, the Borough tried to operate a hovercraft, which proved to be expensive and unsustainable and was replaced by a helicopter; and

**WHEREAS**, the Borough and Maritime Helicopters, Inc. (“Maritime”) entered into a Helicopter Services Agreement dated November 22, 2013 to provide transportation between the village of Akutan on Akutan Island and the Akutan Airport located on Akun Island; and

**WHEREAS**, the Borough and Maritime exercised additional renewal options and the current agreement ends January 31, 2019; and

**WHEREAS**, the Borough has subsidized the helicopter operation at approximately \$1,500,000 per year, which is unsustainable; and

**WHEREAS**, the United States of American Department of Transportation (USDOT) has agreed to cover 50% of the helicopter expenditures between Akutan and Akun; and

**WHEREAS**, Maritime and USDOT are in the process of entering into an agreement to provide essential air service between Akutan and Akun Island; and

**WHEREAS**, the Borough would pay to Maritime the remaining 50% of the EAS costs reducing the Borough subsidy costs significantly.

**NOW THEREFORE, BE IT RESOLVED**, the Aleutians East Borough Assembly authorizes the Mayor to negotiate and execute a helicopter services agreement with Maritime to

provide helicopter services between the Akutan Airport on Akun Island and the community of Akutan;

**NOW THEREFORE, BE IT FURTHER RESOLVED**, the Aleutians East Borough Assembly commits to paying Maritime an amount not to exceed \$900,000 per year for these services.

**PASSED AND ADOPTED** by the Aleutians East Borough on this 13<sup>th</sup> day of December, 2018.

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Alvin D. Osterback, Mayor

ATTEST:

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Tina Anderson, Clerk

## HELICOPTER SERVICES AGREEMENT

The Helicopters Services Agreement (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2018 (“Effective Date”), by and between Maritime Helicopters, Inc. (“Maritime”) and the Aleutians East Borough (“AEB”), a Second Class Borough of the State of Alaska, collectively referred to as “the Parties.”

### RECITALS

- A. Maritime has entered into an agreement with the United States of America Department of Transportation (USDOT) to provide Essential Air Service (“EAS”) at Akutan, AK.
- B. Should the terms of this document conflict with that USDOT Agreement, the USDOT Agreement shall govern, superseding incompatible terms. In such case, this document shall remain in force to the greatest extent possible so long as it remains a viable agreement when taken as a whole.
- C. Maritime will provide essential air services between a ramp located on Akutan to the Akutan Airport located on Akun Island, as depicted on the route plan set forth on Exhibit A (the “Plan”).
- D. The AEB will pay 50% of the EAS costs to Maritime.
- E. The AEB will also provide services to Maritime for operations.

***This Agreement shall supersede any and all previous offers and counter-offers, either oral or written. If this Agreement is not signed by all parties, it shall not represent a binding agreement.***

### AGREEMENT

- 1. Term.
  - a. Term. The term of this Agreement is for two (2) years beginning on \_\_\_\_\_ and ending \_\_\_\_\_.
  - b. Termination of Convenience. The AEB may terminate this Agreement for any reason with ninety (90) days’ prior written notice to Maritime. If AEB terminates this Agreement pursuant to this Section, AEB will be responsible for any portion of the compensation owed to Maritime for any Services rendered through the termination date.
  - c. Termination Due to Lack of Funding. In the event of funding to AEB is withdrawn, reduced or limited in any way after the effective date of this agreement and prior to

normal completion, AEB may terminate the Agreement, reduce funding, or re-negotiate subject to those new funding conditions.

- d. This Agreement is contingent upon Assembly approval. This Agreement also is contingent upon annual funds being approved by the Assembly. In the event that annual funds are not appropriated, this Agreement shall be terminated.
  - e. Termination for Breach. Notwithstanding the above termination sections, either party may terminate this Agreement for breach or default of the other party by providing thirty (30) days' written notice to the breaching party. If the breaching party does not cure the breach or default within the thirty (30) day period, the non-breaching party may thereafter terminate this Agreement at any time, effective immediately, and has no obligation to accept an attempted cure by the breaching party. A party's right to terminate pursuant to this Section 1.d. is not exclusive and is in addition to any other legal or equitable remedies accorded that party under applicable law.
  - f. If the USDOT unilaterally, either partially or complete, terminates or reduces payment for service or changes service requirements in Akutan under their Order, then, at the end of the period for which USDOT does make payments in the stipulated amounts or at the stipulated service levels, Maritime may cease to provide service to Akutan without regard to any requirement notice of such cessation and then this Agreement is terminated effective immediately.
  - g. The USDOT may locate and select a replacement carrier to provide service between Akutan and Akun. If this occurs, this Agreement terminates effective immediately.
2. Services. Maritime agrees to perform the following services throughout the term of this Agreement:
- a. Essential Air Service. Operate the Helicopter to provide essential air service between the community located on Akutan Island the airport located on Akun Island and comply with all aspects outlined in the United States of American Department of Transportation Order.
  - b. At Maritime's discretion, be available to operate the helicopter for other missions (i.e. medevacs).
  - c. At Maritime's discretion, conduct mail transport services between the Akutan Airport and the City of Akutan. Coordination with Grant Aviation and U.S. Postal Service is required.
  - d. Lodging. Maritime shall be responsible for all costs related to lodging for Maritime Personnel.

- e. Communication. Maritime shall make internet and cell phone service available to the helicopter crew in order to effectively coordinate with EAS and other transportation needs.
- f. Fare Schedule, Fare Revenue, and Ticketing. Maritime shall establish the fare schedule and be responsible for ticketing and fare collection.
- g. Be responsible for communications with the AEB. Maritime shall provide the AEB routine administrative reports.
- h. If Maritime contemplates any such changes beyond the scope of the USDOT Order or this Agreement during the applicable period of rates, Maritime must notify the AEB in writing and receive written approval from the AEB to be ensured of full compensation.

3. AEB Responsibilities:

- a. Fuel. The AEB shall provide fuel for the helicopter operation.
  - 1) The AEB shall own and maintain the remote fuel systems including the fuel dispensing system.
  - 2) The AEB shall be responsible for all permits and fees associated with the remote fuel system.
  - 3) The AEB shall provide Jet A, Jet A-1, Jet B, DP-4, JP-5 or JP-8 as specified by the helicopter engine manufacturer for a fee to Maritime for helicopter operations.
  - 4) The AEB may request assistance from Maritime to maintain fuel filters and the fuel system at the AEB's cost, preauthorization for any expense must be approved in advance.
- b. Transportation. The AEB shall provide transportation for the Maritime personnel between Akutan and the Helicopter hangar located at the head of Akutan Bay for a fee.
- c. Hangar Usage. The Borough owns and maintains the Helicopter hangar at the head of Akutan Bay. The Borough shall lease space to Maritime for usage of the hangar for helicopter operations.
- d. AEB Owned Equipment. The AEB owns an all-terrain vehicle (ATV) located at the hangar and an ATV and trailer located in the community of Akutan that can be used by Maritime personnel for helicopter operations at its own risk. Maritime is responsible to insure the ATV under its commercial general liability insurance.

4. Compensation.

- a. AEB Payments. Per this Agreement, the AEB agrees to pay Maritime a monthly rate of \$ \_\_\_\_\_ for the period from \_\_\_\_\_, 2019 through \_\_\_\_\_, \_\_\_\_\_ (“Year One”) totaling \_\_\_\_\_ for Year One and \$ \_\_\_\_\_ for the period from \_\_\_\_\_, 2019 through \_\_\_\_\_, \_\_\_\_\_ (“Year Two”) totaling \_\_\_\_\_ for Year Two for the services as set forth in this Agreement.
  - b. Maritime Payments. Per this Agreement, Maritime agrees to pay AEB a monthly payment for fuel, transportation and hangar usage services. Hangar usage will be addressed in a separate lease agreement.
  - c. Invoices; Payment.
    - 1) Maritime shall provide monthly invoices not later than the tenth (10<sup>th</sup>) day of each month. The AEB shall pay Maritime all amounts due within thirty (30) days of receipt of the monthly invoice. A service charge of one and one-half percent (18% real interest per annum) may be assessed on the balance of all accounts over thirty (30) days.
    - 2) AEB shall provide monthly invoices not later than the tenth (10<sup>th</sup>) day of each month for fuel, transportation and hangar usage services provided the previous month. Maritime shall pay the AEB all amounts within thirty (30) days of receipt of the monthly invoice. A service charge of one and one-half percent (18% real interest per annum) may be assessed on the balance of all accounts over thirty (30) days.
  - d. Taxes. Published tariff rates are exclusive of any federal excise taxes (FET), state or local government or special use taxes, landing fees, or permit costs incurred during the course of helicopter services paid by the customer. All such charges shall be the responsibility of Maritime. No taxes or landing fees are anticipated at this time.
  - e. Books & Records. During the term of this Agreement and for one (1) year thereafter, Maritime shall keep copies of books and records related to amounts Maritime requests to be paid for services. A Certified Public Accountant designated by the Borough may on reasonable notice to Maritime, and during normal business hours, examine and make copies of Maritime’s books and records for purposes of auditing and verifying the fees charged under this Agreement.
  - f. Reports. During the term of this Agreement, Maritime shall provide the AEB a report of the services upon request by the AEB.
5. Confirmation of Relationship.

Maritime is an independent contractor providing services to AEB under this Agreement. The provisions of this Agreement shall not be construed to establish any form of partnership, agency or other joint venture of any kind between AEB and Maritime, not to

constitute either Party as the agent, employee or legal representative of the other. All persons furnished by Maritime to accomplish the intent of this Agreement shall be considered solely Maritime's employees or agents and Maritime shall be solely responsible for compliance with all laws, rules and regulations involving, among other things, employment of labor, hours of labor, working conditions, workers' compensation, payment of wages, and withholding and payment of all applicable taxes of any nature.

Likewise, all property, improvements, infrastructure or other implements owned or provided by the AEB will remain the property of AEB and any AEB employee assigned to assist or serve the purposes of this contract will remain under the control of AEB.

6. Representations and Warranties.

- a. AEB Representations and Warranties. AEB represents and warrants to Maritime that:
  - (i) AEB has the necessary authority to enter into this Agreement and carry out its obligations hereunder;
  - (ii) AEB has all license, permits and authorizations necessary for operations under this Agreement; and
  - (iii) AEB shall comply with all applicable laws, rules, regulations and orders of any governmental authority in its performance under this Agreement.
  
- b. Maritime Representations and Warranties. Maritime represents and warrants to AEB that:
  - (i) Maritime has the necessary authority to enter into this Agreement and carry out its obligations hereunder; and
  - (ii) Maritime and its employees possess all licenses, permits, and authorizations necessary to operate in accordance with this agreement;
  - (iii) Maritime carries the insurance as required in Section 8 of this Agreement below; and
  - (iv) Maritime shall comply with all applicable laws, rules, regulations and orders of any governmental authority in its performance under this Agreement.

7. Indemnification.

- a. AEB Indemnification. Except to the extent arising out of Maritime's negligence or willful misconduct, AEB shall, to the fullest extent of the law, indemnify, defend and hold harmless Maritime, its personnel, employees, contractors, officers, agents, managers, members, and representatives, from and against any and all damages, liabilities, penalties, fines, losses, costs and expenses, including reasonable attorney's fees (collectively, "Losses") arising from or relating to (a) any third-party claims or actions based on the performance of this Agreement and the provision of Services; or (b) breach of any of the representations or warranties set forth in Section 6 above.
  
- b. Maritime Indemnification. Maritime shall. To the fullest extent of the law, indemnify, defend and hold harmless AEB, its personnel, employees, contractors, officers, agents, managers, members, and representatives, from and against any and all Losses arising from or relating to (a) any third party claims or actions based on Maritime's negligence or willful misconduct in performing its obligations under this Agreement; or (b) breach or any of the representations or warranties set forth in Section 6 above.

- c. Notification, Rights and Cooperation. The indemnified Party agrees to give the indemnifying Party prompt written notice of any claim subject to indemnification; provided that an indemnified Party's failure to promptly notify the indemnifying Party shall not affect the indemnifying Party's obligations hereunder, except to the extent that the delay prejudices the indemnifying Party's ability to defend the claim. The indemnifying Party shall have the right to conduct the defense of any claim with counsel of its own choosing and to settle the claim as the indemnifying Party deems appropriate, provided that the indemnifying Party shall not enter into any settlement that adversely affects the indemnified Party's rights without the indemnified Party's prior written consent. The indemnified Party agrees to reasonably cooperate with the indemnifying Party in the defense and settlement of any claim, at the indemnifying Party's expense.
8. Insurance. Without limiting Maritime's indemnification, it is agreed that Maritime shall purchase at its own expense and maintain in full force at all times during the performance of services under this Agreement, the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If Maritime's policy contains higher limits, the Borough shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Borough prior to beginning work and must provide for a notice of cancellation, non-renewal, or material change of conditions in accordance with a material breach of this contract and shall be grounds for termination of Maritime's services. All insurance policies shall comply with, and be issued by insurers licensed to transact all business of insurance under Alaska Statute Title 21.

Maritime shall at its expense procure and maintain in full force and effect, the following insurance coverage during the Term or any extended Term of this Agreement:

- a. Aircraft Hull & Liability Insurance. Aircraft Hull & Liability and Aviation General Liability in an amount not less than \$25,000,000 per occurrence, including Passenger Liability.
- b. Workers' Compensation Insurance. Maritime shall provide and maintain, for all employees engaged in work under this Agreement, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations, including but not limited, to Federal U.S.L. & H. and Jones Act requirements. The policy must waive subrogation against the Borough.
- c. Commercial General Liability Insurance. Maritime shall have commercial general liability insurance that covers all business premises and operations used by Maritime in the performance of services under this Agreement with minimum coverage limits of \$1,000,000 combined single limit per occurrence.

- d. Automobile Liability Insurance. Maritime shall have auto liability (bodily injury and property damage) in an amount not less than \$1,000,000 combined single limit extending to owned, non-owned, and hired vehicles.
  - e. With the exception of Workers' compensation insurance, AEB shall be named as an additional named insured on Maritime's insurance policies. Maritime's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources. All policies shall include provisions denying such respective insurer the right of subrogation and recovery against AEB. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.
  - f. Maritime's liability for damages or loss to customer cargo shall in all events be limited to the amount of insurance coverage with regard to such risks of loss, which Maritime has in effect at the time of such loss.
9. Dispute Resolution. If a dispute or claim arises under this Agreement the AEB Administrator and Maritime Director of Operations, shall use good faith efforts to resolve the Dispute within ten (10) business days after receipt of a Dispute notice. If the Parties' senior business representatives are unable to resolve the Dispute, or agree on the appropriate corrective action to be taken, within the ten (10) business day period, then the Parties shall submit the Dispute to a mediator mutually agreed upon. The costs of mediation shall be equally borne by the Parties and shall be conducted in the Third Judicial District at Anchorage, Alaska. Any judicial action arising out of this Agreement shall be brought in the Third Judicial District of the State of Alaska.
- Pending resolution of the Dispute, both Parties shall continue to perform their respective, undisputed responsibilities under this Agreement. Nothing contained in this Section will limit or delay the right of either Party to seek injunctive relief where in such Party's sole opinion the absence of such relief would cause irreparable harm to such Party.
10. Governing Law. This Agreement is governed by the laws of the State of Alaska.
11. Assignment. The Parties may not assign or transfer this Agreement, in whole or in part, without the other Party's prior written consent. Any assignment in contravention of this provision will be null and void. This Agreement will be binding on all permitted assignees and successors in interest.
12. Entire Agreement/Amendments. This Agreement, together with all exhibits that are attached hereto, represents the entire agreement of the Parties regarding the subject matter described herein, and all other promises, representations, understandings, arrangements and prior agreements related thereto are merged herein and superseded hereby. The provisions of this Agreement may not be amended except by an agreement

in writing signed by authorized representatives of both Parties referencing this Agreement and stating their intention to amend this Agreement.

13. Notices. Except as may be otherwise set forth herein, all notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given: (i) on the day of delivery when delivered in person to the Party's designated representative(s) for receipt of notices; (ii) on the date three (3) days after mailing if mailed by registered or certified mail; or (iii) on the next day if delivered by overnight courier to the Party. To be effective, all notice must be sent to the following addresses to the attention of the person(s) or position(s) identified:

If to Maritime:

Maritime Helicopters, Inc.  
Attn: Director of Operations  
3520 F.A.A. Road  
Homer, AK 99603

If to AEB:

Aleutians East Borough  
Attn: Borough Administrator  
3380 C Street, Suite 205  
Anchorage, AK 99503

Such addresses may be changed by notice given by one Party to the other pursuant to this section.

14. Severability. If any provision of this Agreement is invalid or unenforceable in any jurisdiction, the other provisions herein will remain in full force and effect in such jurisdiction and shall be liberally construed to effectuate the purpose and intent of this Agreement; and the invalidity or unenforceability of any provision of this Agreement in any jurisdiction, will not affect the validity or enforceability of any such provision in any other jurisdiction.
15. Waiver of Breach. The waiver of any breach of any provision of this Agreement shall be effective only if in writing. No such waiver shall operate or be construed as a waiver or subsequent breach.
16. Interpretation. As used in this Agreement, including Statements of Work, the use of the term "including" is illustrative and not limiting. In this Agreement the word "may" means "has discretion to or is permitted to." The word "shall" means "has a duty to."
17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall considered one and the same Agreement.

18. Force Majeure. No Party shall be liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, when and to the extent such failure or delay is caused by or results from the following force majeure event (“Force Majeure Events”): (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order or law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns or other industrial disturbances; and (i) other similar events beyond the reasonable control of the Party impacted by the Force Majeure Event (the “Impacted Party”).
19. Construction. This Agreement has been negotiated by the parties and their respective legal counsel, and the parties specifically agree that any legal or equitable principles that might require the construction of this Agreement or any provision of this Agreement against the party drafting will not apply in any construction or interpretation of this Agreement.

The Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

**MARITIME HELICOPTERS, INC.**

**ALEUTIANS EAST BOROUGH**

By: \_\_\_\_\_  
(signature)

By: \_\_\_\_\_  
(signature)

Name: \_\_\_\_\_  
(printed)

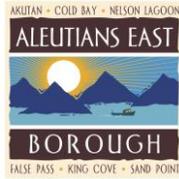
Name: \_\_\_\_\_  
(printed)

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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



## Agenda Statement

Date: December 7<sup>th</sup>, 2018  
To: Mayor Osterback and Assembly  
From: Ernie Weiss, Natural Resources Director

### **Re: Resolution 19-31 approving Alaska State Land Survey 2016-49.**

In 2016 the Assembly began a process to survey the AEB entitlement lands that have yet to be conveyed. The first survey under this project was for AEB selections in Port Moller, about 1,300 acres. McClintock Land Associates spent 10 days in early June 2017 doing fieldwork and then drafted ASLS 2016-49, which was sent to DNR for review. According to the State, final approval of ASLS 2016-49 required additional travel to Port Moller to install 2 additional monuments near Love's Creek. The final approval of ASLS 2016-49, combined with the previous ASLS 2006-66, completes the survey of AEB lands in Port Moller, clearing the path for final conveyance to the AEB.

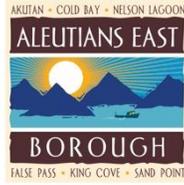
At the May 2018 meeting, the Assembly approved a Plat creating 4 lots in the Port Moller Subdivision, which is within the larger ASLS 2016-49, but is not referenced in the ASLS. The Assembly convened as the Platting Board during the September 13<sup>th</sup> Regular Meeting and passed Platting Board Resolution 19-01 approving ASLS 2016-49 with no changes. A pdf version of ASLS 2016-49 as approved by the Platting Board on September 13, 2018 can be found here <http://www.aebfish.org/asls2016.49.pdf> 5.7MB.

The Alaska Department of Natural Resources requested several minor administrative revisions to the ASLS, which have been completed by McClintock & Assoc. The survey has been signed by William McClintock and now requires Assembly approval before signature by the Borough Mayor and Administrator. It will then be sent to DNR for final signature and filing. A full size printout of ASLS 2016-49 is available for viewing in the Anchorage AEB office.

### **RECOMMENDATION**

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Administration recommends approval of Resolution 19-\_\_ approving Alaska State Land Survey 2016-49.



## RESOLUTION 19-31

### A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY APPROVING ALASKA STATE LAND SURVEY 2016-49

**WHEREAS**, all planning within the Aleutians East Borough requires Assembly approval (Borough Code of Ordinances 40.01.030) unless otherwise specified; and

**WHEREAS**, McClintock Land Associates drafted Alaska State Land Survey (ASLS) 2016-49 in early June 2017, which was submitted to the State of Alaska Department of Natural Resources (DNR) for review; and

**WHEREAS**, final approval of ASLS 2016-49 required additional travel to Port Moller to install two additional monuments near Love Creek; and

**WHEREAS**, McClintock Land Associates completed those requirements, and several other minor administrative revisions requested by DNR; and

**WHEREAS**, the Assembly acting as the Platting Board at the September 13<sup>th</sup>, 2018 meeting, approved ASLS 2016-49, by adoption of Aleutians East Borough Platting Board Resolution 19-01; and

**WHEREAS**, final approval of ASLS 2016-49 by the Assembly and DNR completes the survey of Borough municipal entitlement lands in Port Moller.

**NOW THEREFORE, BE IT RESOLVED**, the Aleutians East Borough Assembly hereby approves Alaska State Land Survey 2016-49.

**PASSED AND ADOPTED** by the Aleutians East Borough on this \_\_\_ day of \_\_\_\_\_, 2018.

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Alvin D. Osterback, Mayor

ATTEST:

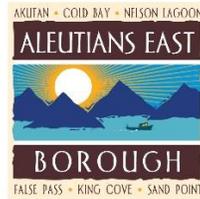
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Tina Anderson, Clerk

# OLD BUSINESS

None

# New Business



## MEMORANDUM

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Date: December 3, 2018

### Re: Quarter 3 – Aleutians East Borough Strategic Plan Update

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The Aleutians East Borough (Borough) conducted a Planning Work Session on December 13-15, 2017, to help identify projects and initiatives that would be included on the Borough's Strategic Plan. Representatives from each community, outside stakeholders, and members of the public were in attendance and actively engaged in conversations about the Borough's role in community projects.

Mayor Osterback, staff and Professional Growth Systems (PGS) defined which projects would be part of the Borough's strategic plan for one year, beginning March 1, 2018 and ending February 28, 2019 based on the information shared to the Assembly during the work session. The plan also defines project leads, quarterly project outcomes, and year-end targets.

On December 3, 2018, the Mayor and staff met to review the Borough's quarter three progress. An updated Vision Navigation Chart is attached for your reference.

A few items to highlight are as follows:

- **Fisheries Advocacy**
  - Moved A.3 Board of Fish strategy implemented to Quarter 4. The Borough is still in the process of devising and implementing their strategy.
  
- **Marine Infrastructure**
  1. Akutan Dock & Breakwater:
    - Moved B.1.2 Funding secured for traditional vessel feasibility study to Quarter 4. Half of this task has been completed since the Hovercraft sales proceeds have been appropriated via Ordinance 18-10 for the Akutan Transportation Link; however, a separate resolution will be needed by the Assembly to appropriate funds for the traditional vessel feasibility study.

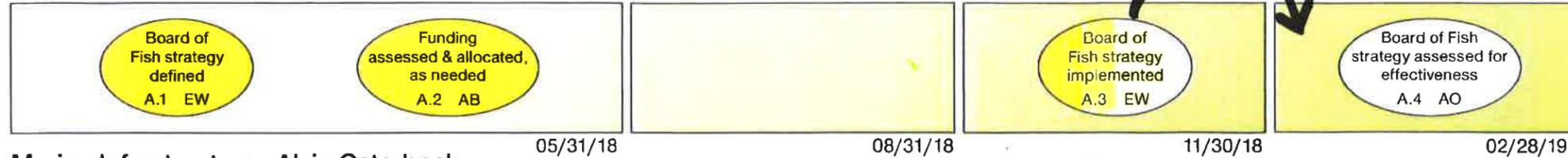
- Deleted B.1.3 Borough projects to expedite feasibility study identified from the strategic plan. The Energy & Water Appropriations Committees have finally signed off on the Corps' Continuing Authorities Program list. As expected, the Akun Breakwater Study is included on the list for a proposed start in FY18. Mayor Osterback, Brad Gilman and I met with the US Army Corps while in DC and they confirmed that the Akun Project is proposed as a new start. The Alaska District has started to initiate the process for the feasibility study; therefore, this initiative is no longer needed.
  - Moved B.1.3 Feasibility study for traditional vessel completed to Quarter 4. The feasibility study has not begun yet.
  - Deleted B.1.5 Projects to expedite feasibility study initiated. See comments under B.1.3 above.
2. Nelson Lagoon Dock Repair:
- Completed B.2.1 Dock Harbor Management Agreement executed.
  - Moved B.2.2 Tariff rates defined to Quarter 4. More time is required and research necessary before completing this initiative.
  - Moved B.2.3 Engineer/Project Manager hired to Quarter 4.
  - Moved B.2.4 Bid documents completed to Quarter 4.
  - Moved B.2.5 Additional funding secured, if necessary to Quarter 4.
3. Akutan Harbor:
- Moved B.3.2 Beaches cleaned to Quarter 4. The Borough and Trident have begun this effort. There are a few larger items (i.e. couches and tires) that need to be cleaned up, but the crew is waiting for a good weather window to conduct the work.
  - Moved B.3.3 Harbor local area plan updated to Quarter 4. The City of Akutan will be working on completing this.
  - Moved B.3.4 Summary report & procedure for Steller eider collisions received from the Army Corps of Engineers to Quarter 4. The Borough is still working with the Army Corps on gathering this information.
  - Moved B.3.6 AEB marine facilities management book updated to Quarter 4.
  - Moved B.3.7 Harbor development & operations plan completed to Quarter 4. The City of Akutan is in the process of working on this.
4. False Pass Harbor House Design
- B.4.1 Site location & ownership determined has been completed. The Isanotski Corporation leased to the City of False Pass Parcel 4C (adjacent to the harbor), containing 1.97 acres more or less for 99 years.
5. Cold Bay Dock Repairs:
- Moved B.5.3 Funding options & project partners identified has been completed.

- **Transportation – King Cove & Cold Bay Road Airport Access**
  - Removed C.2 Planning work session to educate stakeholders completed and C.6 Advisory committee approach on community impact completed from the strategic plan. This has been removed because having a work session and an advisory committee is not needed at this time. The Borough is educating the Assembly and public on a regular basis as things occur.
  
- **Government & Policy Advocacy**
  - D.1 Airline service monitoring system in effect language has been changed to Akutan Airline service monitoring system in effect. The Borough has determined a monitoring system for air transportation operations between Unalaska and Akutan. Initiating a monitoring system in Cold Bay and the surrounding communities has not been effective.
  - Removed D.4 USPS discussions on improved mail delivery initiated and D.7 USPS discussions on improved mail delivery completed from the strategic plan. The USPS system has proven difficult to navigate. The Borough is in the process of revising our role and approach on this issue.
  - Moved D.6 Legislative Agenda Defined – State & Federal to Quarter 4. The Borough has begun identifying the legislative agenda; however, I think our agenda will be better defined in Quarter 4.
  
- **Social Infrastructure & Community Well-Being**
  1. Nelson Lagoon School Renovations
    - E.1.3 Deed transferred by state has been completed.
    - E.1.4 DOWL services for assessment engaged has been completed.
    - E.1.5 Assessment of the Nelson Lagoon school completed is almost complete. An assessment of the facility occurred during the week of November 5, 2018. Staff will be reviewing the draft assessment on December 5, 2018.
    - E.1.6 Assessment results delivered to Nelson Lagoon Tribal Council will be completed by the second week of December.
  
  2. Cold Bay Clinic
    - E..2.4 Grant Applications researched & initiated has been changed to Funding Options researched & initiated and has been completed.
  
  3. Cold Bay School
    - Moved E.3.8 School building/property transfer plan revised to Quarter 4. The transfer plan needs to be revised.
    - Moved E.3.9 Proposed use of the school building/property determined to Quarter 4. This will be determined if anyone decides to obtain the facility.
    - Moved E.3.10 Proposed use of school building/property approved by DOT&PF Aviation Leasing to Quarter 4. This will be determined if a potential interested party is determined.

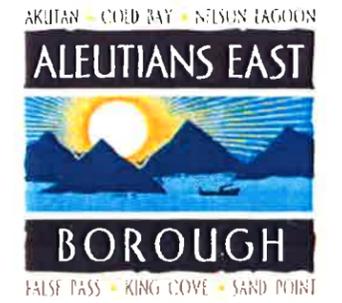
- **Borough Property Survey**
  - Moved F.6 Sandy River survey completed to Quarter 4.
  
- **Borough Property Management**
  - Moved G.3 Building punch-list items completed to Quarter 4. Punch list items have been identified and some of the items have been completed.
  - Moved G.4 Cold Bay terminal draft lease completed to Quarter 3. A draft lease has been started but I do not anticipate completing this until the fourth quarter.
  - Moved G.5 Potential lease holders identified to Quarter 4. The Borough is still working on this.
  
- **Communications**
  - H.3 Information on communications distributed to communities has been completed.
  - Moved H.5 Satisfaction survey to Quarter 4. The survey has been written and will be distributed to the communities soon.
  
- **Youth Advisory on AEB Assembly**
  - 1.4 Training plans for youth representatives defined has been completed.
  - 1.5 Youth representatives assigned has been completed. At the November 8, 2018 Assembly meeting, Logan Thompson was selected as the Borough's Youth Representative.
  
- **Internal Improvement**
  1. Office Technology & Connectivity
    - 2.2.6 Communication & technology improvement plans designed is almost completed. The Borough is waiting for additional information from ICE Services, our IT providers.
    - Moved 2.27 Communication & technology improvement plans funded. The Borough needs the completed plan to determine what funds are needed to implement the plan.
  
  2. Retention Schedule
    - Moved 2.2.3 Retention schedule compliance plan designed to Quarter 4.
    - Moved 2.2.4 Retention schedule compliance plan executed to Quarter 4.
    - Moved 2.2.5 Retention schedule compliance training designed to Quarter 4.
    - Moved 2.26 All borough staff have completed retention schedule training to Quarter 4.
  
  3. HR Tools (Employee Handbook)
    - Moved 2.3.3 Rough draft employee handbook written & presented to the assembly to Quarter 4. The Borough is working with the Borough attorney on completing this.

- 4. Budget Request Process
  - 2.4.3 Budget request process approved has been completed. At the June 1, 2018 Assembly Meeting the Assembly approved Resolution 18-39, authorizing the Mayor to implement a Community Budget Request Process.
- **Borough Asset Management**
  - 3.4 Borough assets history documented has been completed.

**Fisheries Advocacy - Ernie Weiss**



**Strategic Initiative A: Fisheries Advocacy**  
**3-Year Goal:**  
 • Protect & strengthen our existing fisheries  
**1-Year Target:**  
 • Ensure expertise is ready & prepared for the next round of Board of Fisheries meetings

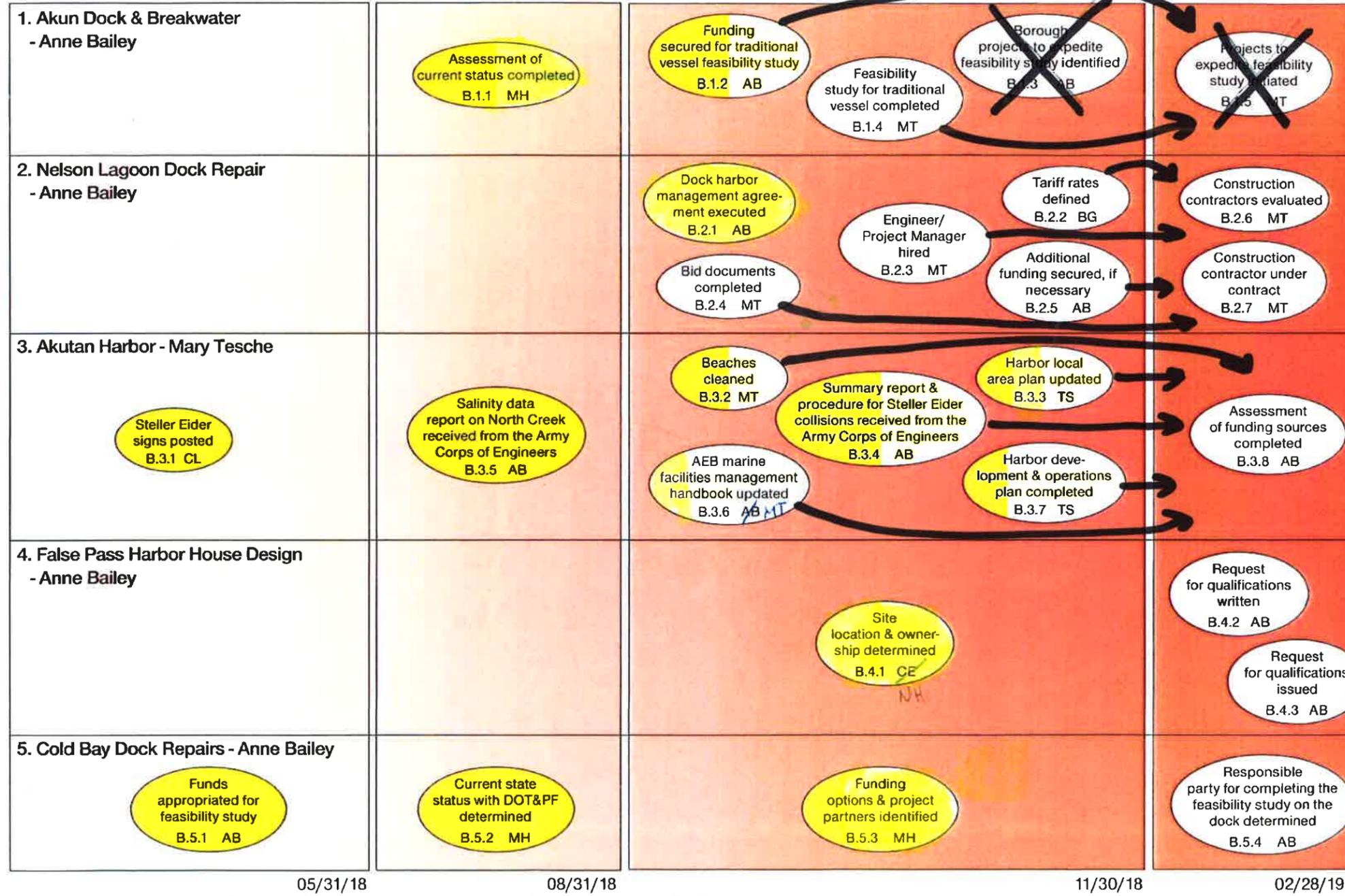


**Vision Navigation® Chart #1**  
 03/01/18 - 02/28/19

**Purpose:**  
 To ensure the standard of living, well-being & future of our communities

**Our Vision:**  
**Healthy People, Healthy Schools, Healthy Communities**  
 ✦ Diversification of industry including our natural resources & community flexibility for borough stability (7) (22)  
 ✦ Healthy people with a strong cultural identity (7) (16)  
 ✦ Our schools & community are providing quality education including secondary education & vocational skills within the communities (4) (13)  
 ✦ Planned infrastructure projects completed (8)  
 ✦ Availability, utilization & development of connectivity (physical & electronic) (4)

**Marine Infrastructure - Alvin Osterback**



**Improvement Project B.1: Marine Infrastructure - Akun Dock & Breakwater**  
**3-Year Goal:**  
 • Akun dock & breakwater feasibility study completed  
**1-Year Target:**  
 • Akun dock & breakwater assessed & high-level plan completed

**Improvement Project B.2: Marine Infrastructure - Nelson Lagoon Dock Repair**  
**2-Year Goal:**  
 • Final repairs on the Nelson Lagoon dock completed  
**1-Year Target:**  
 • Nelson Lagoon dock construction contractor under contract

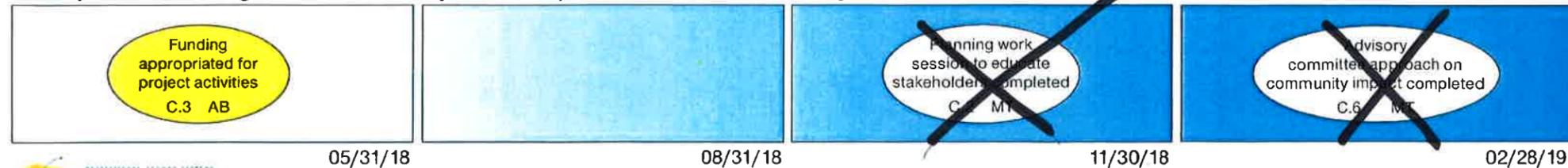
**Improvement Project B.3: Marine Infrastructure - Akutan Harbor**  
**2-Year Goal:**  
 • Akutan Harbor project closed  
**1-Year Target:**  
 • All Akutan Harbor mitigation measures completed

**Improvement Project B.4: Marine Infrastructure - False Pass Harbor House Design**  
**2-Year Goal:**  
 • Design for a harbor house in False Pass completed  
**1-Year Target:**  
 • Request for qualifications issued for harbor house in False Pass

**Improvement Project B.5: Marine Infrastructure - Cold Bay Dock Repairs**  
**3-Year Goal:**  
 • Design with cost estimate completed  
**1-Year Target:**  
 • Responsible party for completing the feasibility study on the dock determined

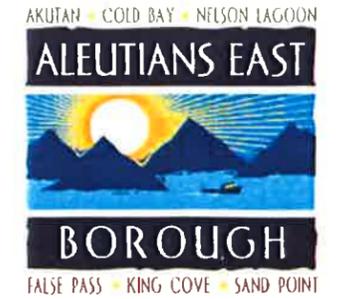
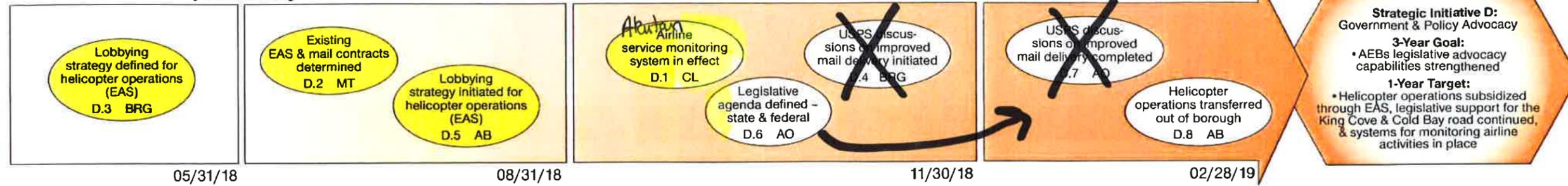
- TA Tina Anderson
- AB Anne Bailey
- CE Chris Emrich
- BRG Brad Gilman
- BG Butch Gundersen
- JG Justine Gundersen
- GH Gary Hennigh
- MH Mark Hickey
- CL Charlotte Levy
- EM Emil Mobeck
- AO Alvin Osterback
- TS Tuna Scanlan
- AS Angela Simpson
- LT Laura Tanis
- MT Mary Tesche
- EW Ernie Weiss
- NH [Handwritten initials]

**Transportation - King Cove & Cold Bay Road Airport Access - Anne Bailey**

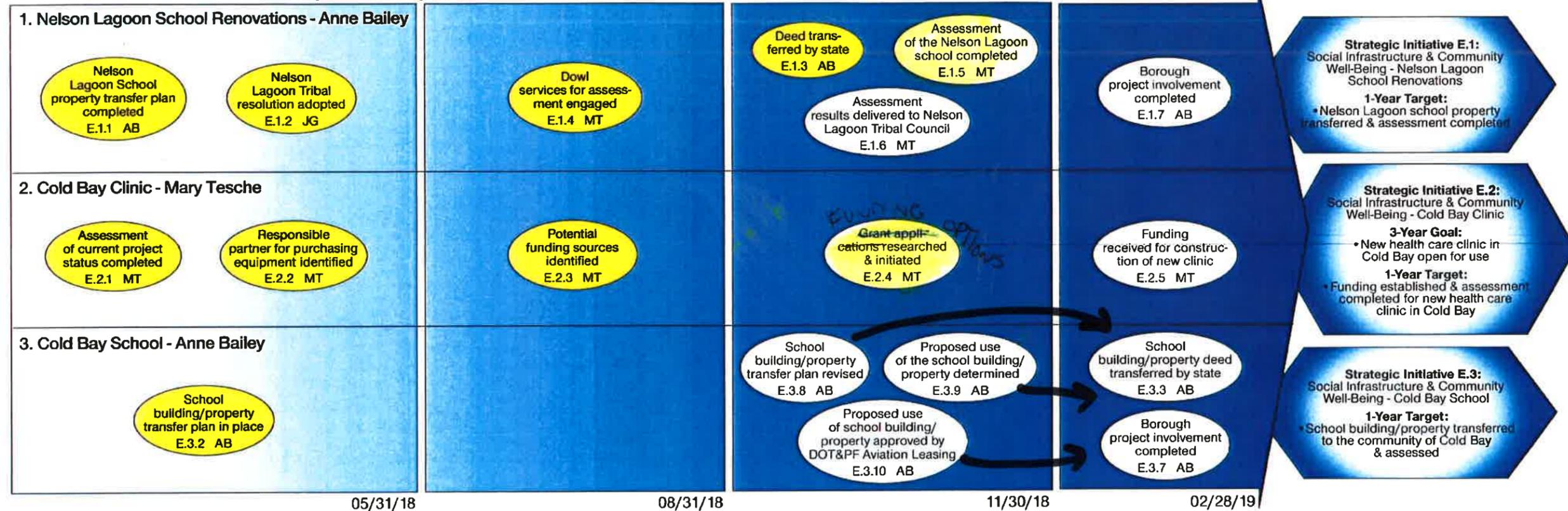


**Strategic Initiative C: Transportation - King Cove & Cold Bay Road Airport Access**  
**3-Year Goal:**  
 • Road between King Cove & Cold Bay opened for use  
**1-Year Target:**  
 • Community engagement & construction preparation initiated

**Government & Policy Advocacy - Alvin Osterback**



**Social Infrastructure & Community Well-Being - Alvin Osterback**



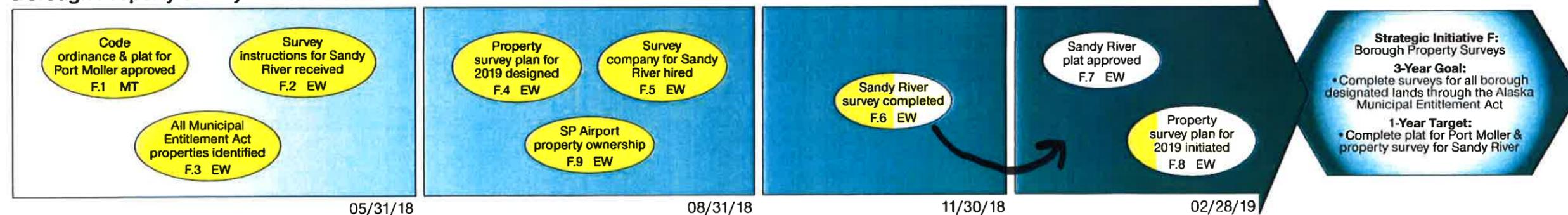
**Vision Navigation® Chart #2**  
 03/01/18 - 02/28/19

**Purpose:**  
 To ensure the standard of living, well-being & future of our communities

**Our Vision:**  
 Healthy People, Healthy Schools, Healthy Communities

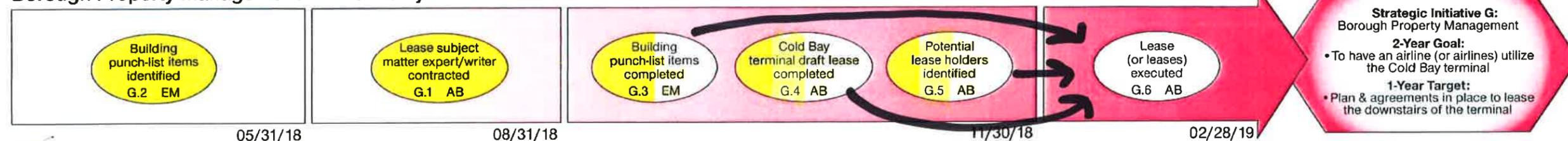
- ✗ Diversification of industry including our natural resources & community flexibility for borough stability (7) (22)
- ✗ Healthy people with a strong cultural identity (7) (16)
- ✗ Our schools & community are providing quality education including secondary education & vocational skills within the communities (4) (13)
- ✗ Planned infrastructure projects completed (8)
- ✗ Availability, utilization & development of connectivity (physical & electronic) (4)

**Borough Property Surveys - Ernie Weiss**

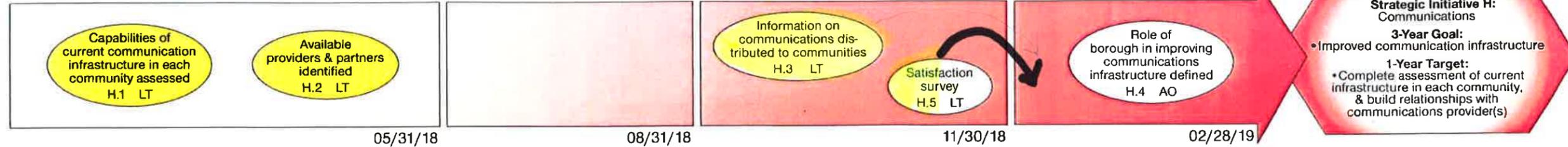


- TA Tina Anderson
- AB Anne Bailey
- CE Chris Emrich
- BRG Brad Gilman
- BG Butch Gundersen
- JG Justine Gundersen
- GH Gary Hennigh
- MH Mark Hickey
- CL Charlotte Levy
- EM Emil Mobeck
- AO Alvin Osterback
- TS Tuna Scanlan
- AS Angela Simpson
- LT Laura Tanis
- MT Mary Tesche
- EW Ernie Weiss

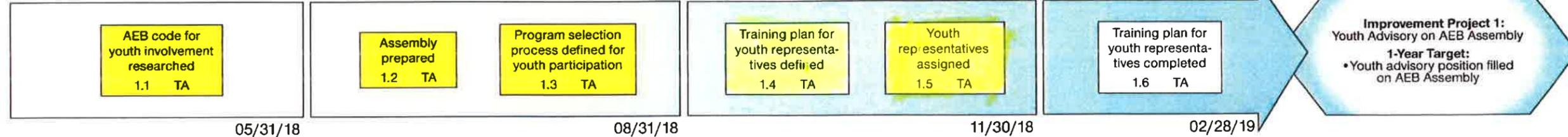
**Borough Property Management - Anne Bailey**



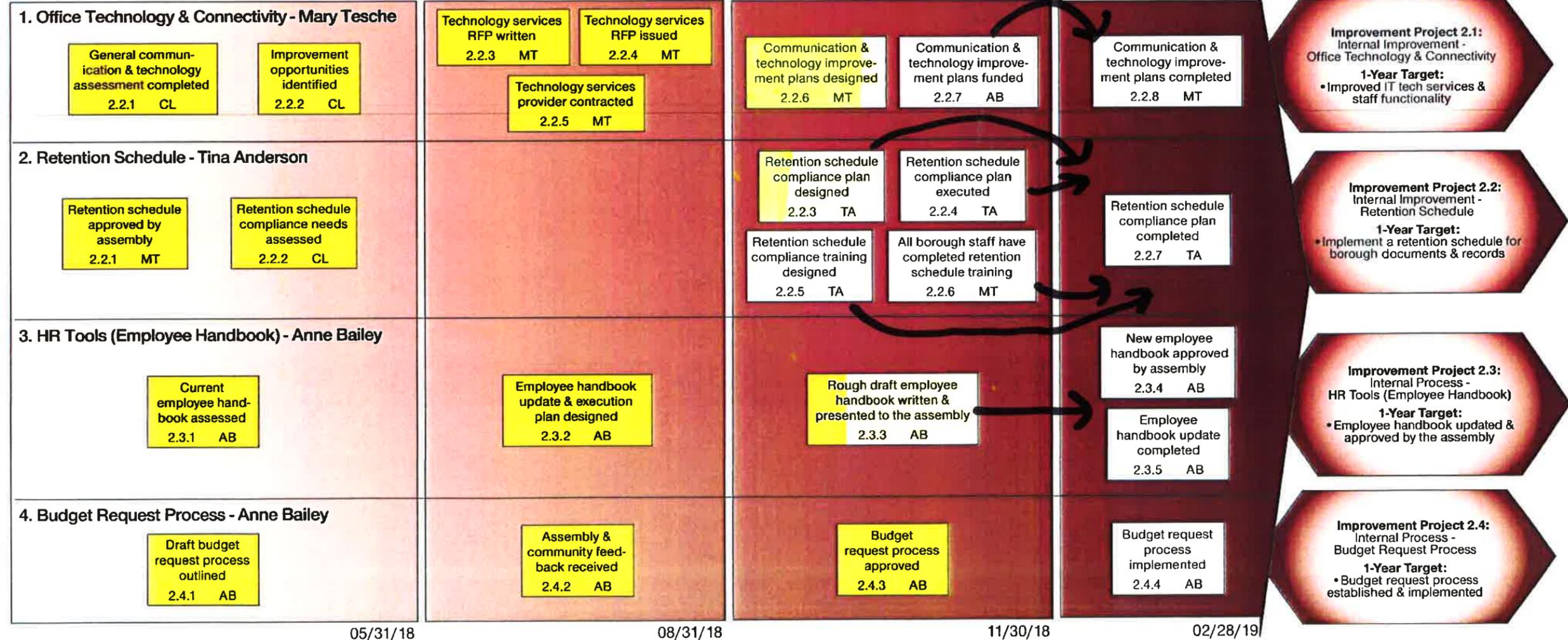
**Communications - Laura Tanis**



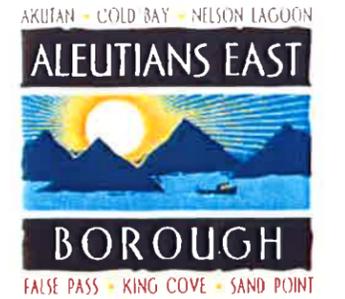
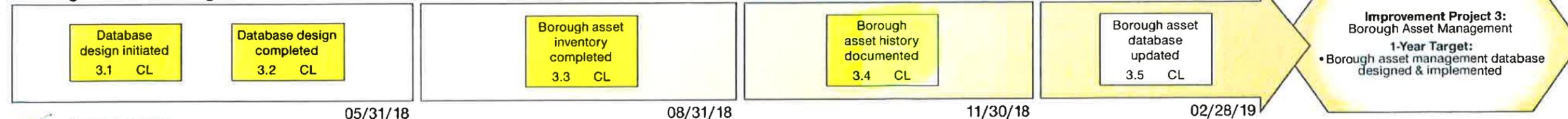
**Youth Advisory on AEB Assembly - Tina Anderson**



**Internal Improvement - Anne Bailey**



**Borough Asset Management - Charlotte Levy**



**Vision Navigation® Chart #3**  
03/01/18 - 02/28/19

**Purpose:**  
To ensure the standard of living, well-being & future of our communities

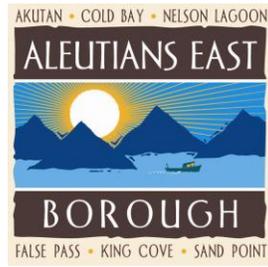
**Our Vision:**

**Healthy People, Healthy Schools, Healthy Communities**

- ✗ Diversification of industry including our natural resources & community flexibility for borough stability (7) (22)
- ✗ Healthy people with a strong cultural identity (7) (16)
- ✗ Our schools & community are providing quality education including secondary education & vocational skills within the communities (4) (13)
- ✗ Planned infrastructure projects completed (8)
- ✗ Availability, utilization & development of connectivity (physical & electronic) (4)

- TA Tina Anderson
- AB Anne Bailey
- CE Chris Emrich
- BRG Brad Gilman
- BG Butch Gundersen
- JG Justine Gundersen
- GH Gary Hennigh
- MH Mark Hickey
- CL Charlotte Levy
- EM Emil Mobeck
- AO Alvin Osterback
- TS Tuna Scanlan
- AS Angela Simpson
- LT Laura Tanis
- MT Mary Tesche
- EW Ernie Weiss





To: Mayor Osterback and Assembly  
From: Tina Anderson, Clerk  
Date: December 13, 2018  
Re: 2019 Calendar Year Advisory Appointments

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There shall be one advisory for each of the communities in the Borough, which are without an Assembly member residing in its respective community. The term is one year and begins on January 1<sup>st</sup> of each year.

The communities of Cold Bay, False Pass, and Nelson Lagoon do not have an Assembly Member. A posting was sent to those communities requesting letters of interest for the advisory seat in their community.

The Borough received letters of interest from the following people, to be considered:

**COLD BAY**

Dailey Schaack (submitted by Candace Nielsen)

**FALSE PASS**

Tom Hoblet  
Stephen Kennedy

**NELSON LAGOON**

Samantha McNeley

## Tina Anderson

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**From:** Tom Hoblet <ghthwd@gmail.com>  
**Sent:** Tuesday, December 04, 2018 11:04 AM  
**To:** Tina Anderson  
**Subject:** Advisory seat

Greetings,Tina and assembly members.

For those of you that don't know me, my name is Tom Hoblet I've lived in False Pass all of my life.

I'm very interested into what takes place within the borough, and in my community.

I would like to be considered for the Advisory Seat for the city of False Pass.

Thank you and Happy Holidays.

Tom Hoblet

.

Sent from my iPhone

## Tina Anderson

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**From:** Stephen T. Kennedy <kennedymotif@gmail.com>  
**Sent:** Thursday, December 06, 2018 10:37 AM  
**To:** Tina Anderson  
**Subject:** RE: advisory appointments

Good morning Ms. Anderson,

I am writing to express my interest in serving as the False Pass Advisor on the Aleutians East Borough Assembly. I have lived in Alaska for 15 years and have resided with my family in False Pass for 4 years. My wife, Jana, was raised in False Pass, is currently the Tribal Administrator, and has been an active member of the False Pass community for over 25 years.

I am passionate about the welfare of the people of our community and would be honored to fill this position and assist in Borough matters.

Kind regards,

Stephen Kennedy  
[Kennedymotif@gmail.com](mailto:kennedymotif@gmail.com)  
907.602.8112

## Tina Anderson

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**From:** Samantha M. <sam.an\_tha0@hotmail.com>  
**Sent:** Friday, December 07, 2018 2:32 PM  
**To:** Tina Anderson  
**Subject:** Seat

Good afternoon,  
To the Major and the Assembly, I would like to express my interest in the Nelson Lagoon Advisory seat. I really appreciate your consideration.  
Thank you,  
Samantha McNeley.

Tina, is that okay? Thanks

Get [Outlook for Android](#)

## Tina Anderson

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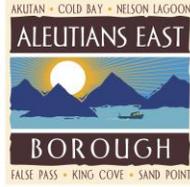
**From:** Candace Nielsen <candace.schaack@yahoo.com>  
**Sent:** Friday, December 07, 2018 2:08 PM  
**To:** Tina Anderson  
**Subject:** Email of recommendation for AEB Cold Bay Advisory Seat

To whom it may concern,

I would like to recommend Dailey Schaack for the Cold Bay Advisory Seat. Dailey has been a member of the AEB region her entire life and fully understands the issues of our community and those surrounding. She has been a strong and dedicated advocate for many years. Please consider her for the Cold Bay Advisory Member position. Thank you.

Warm Regards,  
Candace Nielsen

# REPORTS AND UPDATES



**To: Honorable Mayor Osterback and AEB Assembly**  
**From: Anne Bailey, Borough Administrator**  
**Subject: Assembly Report**  
**Date: December 5, 2018**

### **Akutan Essential Air Service**

As mentioned earlier, USDOT has stated that they will cover 100% of the fixed wing portion between Dutch and Akun and pay 50% of the helicopter portion between Akun and Akutan for the Essential Air Service Route. Therefore, the Borough would be responsible for 50% of the helicopter cost. USDOT staff have submitted the Order for EAS to their Council for consideration. If signed, the EAS Order will take effect on January 1, 2019.

The Borough will be responsible for paying 50% of the helicopter costs. I have drafted a Helicopter Services Agreement that outlines the roles and responsibilities of the Borough and Maritime Helicopters and a resolution authorizing the Borough to pay Maritime an amount not to exceed \$900,000 for these services. The Borough will be invoicing Maritime a Skiff Charter Fee; a Hangar Usage Fee and for Helicopter Fuel. The anticipated revenue from these sources will offset the Borough's subsidy to approximately \$484,548 for Year 1 and \$464,533 for Year 2.

### **Akun Dock/Breakwater**

The Energy & Water Appropriations Committees have finally signed off on the Corps' Continuing Authorities Program list. As expected, the Akun Breakwater Study is included on the list for a proposed start in FY18. Mayor Osterback, Brad Gilman and I met with the US Army Corps while in DC and they confirmed that the Akun Project is proposed as a new start and funds should trickle down the Alaska District soon. Mary and I had a brief discussion with the Alaska District project manager on November 1<sup>st</sup> to define the process. I have been providing information to the Corps, so they can complete their Federal Interest Determination. Once this is complete, I hope to have an agreement before the Assembly soon for consideration and approval.

### **Strategic Initiatives**

We have been continuously preparing for the Planning Work Session scheduled for December 11<sup>th</sup> and 13<sup>th</sup> in Anchorage.

The Borough has also completed the third quarter of the current strategic planning cycle. A thorough overview of the plans status is in the packet.

### **Aleutians East Borough School District Contribution Information**

At the November 8, 2018 Assembly meeting, I was asked and unable to answer what the Borough's maximum contribution could be to the School District. Shane Levesque, Borough

Attorney and Heidi Teshner, the State of Alaska Department of Education’s School Finance Manager, provided the following information:

The amount the Borough can contribute to the School District is set forth at Alaska Statute 14.17.410 (c), which governs public school funding in Alaska. After the Borough has made its mandatory local contribution, it may contribute additional funding that may be up to but may not exceed whichever is the greater of the following:

1. An amount equal to a two million tax levy on the real and personal property in the district as of January 1 of the second preceding fiscal year (this seems to mean two fiscal years ago, i.e., FY2017 for the Borough, since we’re currently in FY2019) as determined by the State Department of Commerce; OR,
2. 23% of the school district’s “basic need” calculation as determined by the State, plus any additional state/federal funding distributed to the district, during the fiscal year.

After talking to the State, I was told that their estimate for the Borough’s contribution for FY20 is as follows:

- Required Contribution      \$517,841
- Allowable Additional      \$1,361,662
- Max Contribution            \$1,879,503

This is based off the 23% of the school district’s “basic need” calculation you mentioned below.

### **PILT Class Action Lawsuit**

On July 17, 2018, the Borough submitted the Class Action Opt-In Submission to participate in a class action lawsuit regarding PILT. According to the attorney’s working on the lawsuit, the judgments in favor of the Class were entered on November 16, 2018. Judgment amounts for all Class Members who opted into in Case 17-739C (FY 2015 and 2016 underpayments) total \$16,322,574; in Case 17-1991C (FY 2017 underpayments), they total \$899,247. *Those are gross recovery amounts, before deduction of whatever attorney fees and out-of-pocket expenses the Court awards.* The Court has stayed (put on hold) action on our Motion for Award of Attorney Fees and Non-Taxable Expenses until it learns whether the government will appeal either or both of the Judgments. The government has 60 days (through January 15, 2019) to appeal. At present, we feel that appeal is unlikely in Case 17-739C (FY 2015 and 2016), and somewhat likely in Case 17-1991C (FY 2017)—but only time will tell for sure.

After January 15, 2019, we anticipate the following:

(1) Assuming no appeal:

- Based on past experience, it should take approximately 90 days for the Treasury Department to disburse money from the Judgment Fund, but it could take longer; when disbursed, the money will go into a trust account we have set up for the purpose of making payments to Class Members.

- As soon as funds are received (and assuming the question of fees and expenses has been decided by then, which is a safe assumption), we will begin sending out checks for the judgment amounts (net of fees and expenses) to all Class Members who opted in.

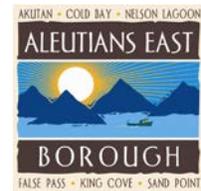
(2) If the government appeals? If they appeal only one judgment, the judgment they do not appeal will follow the timeline above. For an appealed judgment (either or both), add approximately one year to that timeline.

### **Other Items**

- I attended the Newly Elected Officials Training on November 12<sup>th</sup> and 13<sup>th</sup> and the Alaska Municipal League Conference November 14<sup>th</sup> -16<sup>th</sup>. For information regarding the conference, please go to [www.akml.org](http://www.akml.org).
- I have been working on numerous items for the school repairs. All the contracts for the Sand Point School work have been signed and we are coordinating with the contractors on their schedules.
- I have also prepped other documents for the December 13<sup>th</sup> Assembly Meeting and am continuously conducting other day to day operations.

If you have any questions, comments or concerns please contact me at (907) 274-7580 or [abailey@aeboro.org](mailto:abailey@aeboro.org).

To: The Honorable Mayor Osterback, AEB Assembly  
From: Mary Tesche, Assistant Administrator  
Subject: Assembly Report  
Date: December 7<sup>th</sup>, 2018



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## Strategic Plan Update

- Akutan Harbor – The City of Akutan is still in the process of completing the City’s Harbor Development and Operations Plan, which is scheduled to be completed by mid-December. Other items for this initiative are in progress with help from the City, including the Management Handbook update which will incorporate information from the updated Development and Operations Plan. These tasks have been moved to Q4.

The ground lease for the City’s harbor utility project, approved at the last meeting, has been sent to the City for signature.

- Nelson Lagoon School Renovations – Engineers from ECI completed their trip to Nelson Lagoon at the beginning of November to assess the Nelson Lagoon school. Anne and I are scheduled to meet with ECI and DOWL on December 20<sup>th</sup> to review the draft and make any necessary adjustments before finalizing and delivering to the Nelson Lagoon Tribal Council for their use.
- Cold Bay Clinic – Attached to this report is a brief project history and proposed plan for the Cold Bay Clinic Project. I am in the process of soliciting a quote for an update to the original design completed in 2013. The update is to bring the design up to code for a potential 2020 construction and address any permitting that we’ll need to obtain.
- Office Technology & Connectivity – I have been working with ICE Services to develop a technology improvement plan which is a task identified on the AEB Strategic Plan. Our equipment is in good shape; however ICE has recommended efficiencies that are included in the plan. The goal is to connect the three AEB offices using a Site to Site VPN system and address concerns relating to backing up data and security at our Sand Point and King Cove offices. Once ICE provides me with a quote to set up the Site to Site VPN, this task will be completed.

## Helicopter Operations

In November, the helicopter transported 238 passengers, 8,278 pounds of mail and freight, and flew 4 charters carrying 104 passengers.

## Other Items

- I attended the Alaska Municipal Manager’s Association and Alaska Municipal League conferences the week of November 15<sup>th</sup>.
- I have been participating in planning of our Strategic Planning workshops happening the week of December 10<sup>th</sup>.

- My trip to Akutan was postponed due to weather, however I plan to travel there again as soon as I am able.
- We have hired a new Administrative Assistant, Glennora Dushkin, whose first day was December 7<sup>th</sup>.

Please contact me at (907) 274-7559 or [mtesche@aeboro.org](mailto:mtesche@aeboro.org) with any questions or comments.

Cold Bay Clinic  
Project History and Proposed Next Steps  
December 2018

## **Summary**

The Cold Bay Clinic Construction project entails the construction of a new 3,744 square foot health clinic on the airport apron in Cold Bay, Alaska. This project would replace the current clinic located in Cold Bay, which has reached the end of its useful life.

Construction activities will consist of mobilization/demobilization, site preparation, facility construction, architect/engineering services, and project management costs. A more detailed scope of work for each phase of the project will be available when the bid documents for construction are completed.

## **Business Plan**

The City of Cold Bay, with assistance from the Borough, completed the Cold Bay Health Clinic Business Plan in 2012. The Business Plan was created using the primary care clinic planning guide and template provided by the Denali Commission. The Business Plan was required before the City and the Borough could receive Denali Commission funding for the clinic design work.

## **Site Selection**

The City of Cold Bay entered into Lease Agreement ADA-08831 with the State of Alaska Department of Transportation and Public Facilities, Statewide Aviation, in 2013 to obtain site control of Lot 1A, Block 35, consisting of approximately 50,400 square feet of land located on the new Cold Bay Airport apron for construction, operation and maintenance of the Clinic.

The primary reason for choosing Lot 1, Block 35 was because the current clinic was located in the FAA restricted visibility zone (RVZ) and new construction/rehabilitation was severely restricted, if not completely prohibited, at the time.

Other sites that were considered were Lot 2, Block 35 and a portion of Block 25. Block 25 was not chosen because it is further from the apron which would impede the medevac process. Lot 2, Block 35 was not chosen because its distance from the existing utility lines increased construction costs.

## **Design**

Larsen Consulting Group and ANTHC developed drawings, specifications, and a cost estimate for the new facility in 2013. This work was funded by a Denali Commission grant. The new clinic design is site specific and cost approximately \$186,000, excluding the time and effort it took all parties to participate the design process. According to the Cooperative Project Agreement between ANTHC and the City of Cold Bay, "If a lease is not secured and the City must procure a different building site for the clinic, the City will be responsible for all redesign

costs associated with site adaption design for the alternate location”. There was a coordinated effort by all three project partners to start the design process for the site with the assumption that the lease on Lot 1, Block 35 would be executed. The lease term began on September 1, 2013 and the design was finalized on September 30, 2013. The design consists of an ambulance garage, a trauma room, exam rooms, x-ray capability, a pharmacy area and a laboratory. It also has non-clinical areas, such as offices, restrooms and dirty/clean storage areas.

### **Cost Estimate**

A cost estimate was completed by HMS Inc. in 2013 and revised in 2015. The recent revision estimates that the base bid project cost would be approximately \$4.1 Million, but does not include architectural and engineering costs, administrative and management fees, and furnishings and fixtures. The 2015 estimate is based on the assumption of a 2017 construction year. An internal cost estimate completed by Borough staff in October 2018 projects that approximately \$6.2 Million would be needed for the project, assuming a 2020 construction year. The estimate does include costs for architecture and engineering, and contingency funds.

Although an internal cost estimate gives a good baseline for how much the project could cost, it is recommended that a professional cost estimate be conducted before Assembly appropriations are made in the FY20 budget. The cost estimate will need to be based on an updated building design that will bring the design up to code for an estimated 2020 completion.

### **Grant Funding Request History**

- EAT applied for a Health Resources & Services Administration (HRSA) grant through the FY12 Affordable Care Act Grants for Capital Development Program. The request was for \$2.6 million in federal funding. EAT did not receive this grant.
- The Borough submitted a Letter of Intent and a grant application to the Rasmuson Foundation’s Tier 2 grant program in March 2012. The request was for \$375,000. The Foundation withdrew the application and suggested that the Borough reapply for the funding once 50% of the necessary funds for construction had been identified.
- EAT applied for a HRSA grant through the FY15 Health Infrastructure Investment Program as part of the Consolidated and Further Continuing Appropriations Act. The request was for \$1,000,000 in federal funding. EAT did not receive this grant.
- The Borough resubmitted a Letter of Intent to apply to the Rasmuson Foundation’s Tier 2 grant program in January 2018. The request was for \$375,000. After review of the LOI, the Foundation withdrew the application in October 2018 and suggested the Borough or EAT could reapply for funding that would be used for furnishings and fixtures as opposed to construction.

## **Future Funding Strategy**

The Borough has determined that funding the clinic project using Borough appropriations will be the most time and cost effective way to complete the project. The lack of available outside funding sources has made it increasingly difficult to fund the project and create a realistic timeline for completion. By self-funding, the Borough can complete the project sooner which will help control rising costs of material and labor.

Below is a summary of secured funding to date:

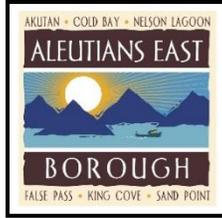
- \$3,518,139 Borough appropriation in FY18 and FY19 for capital construction (line items E 20-520-000-850 and E 20-520-209-850).
- \$250,000 committed by Eastern Aleutian Tribes (EAT) for capital construction. These funds were committed during EAT's annual board meeting on October 18, 2017.

Total secured: \$3,768,139

With an estimated \$6.2 M estimate for construction, that leaves approximately \$2.4M of additional funding needing to be secured for construction. There is potential to use project money invested in the Borough's CD and Money Market accounts, as well appropriating funding from the Borough's Permanent Fund Earnings. Both of these options are planned to be introduced to the Assembly in the FY20 budget.

## **Proposed Next Steps:**

1. Contact ANTHC/Larsen Consulting Group to review design and make changes to bring design up to code. (Feb 2019)
2. Contact HMS Inc. to revise cost estimate based on any code changes to the design. (Feb/March 2019)
3. Secure remaining project funding by Assembly approval in the FY20 budget, using unappropriated checking account funding, permanent fund earnings, or other means. (May 2019)
4. Withdraw funding from KeyBank Money Market and CD Accounts. (June 2019)
5. Hire/obtain project manager/engineer to oversee project. (September 2019)
6. Complete bid documents. (December 2019)
7. Put project out to bid and contractor selection.(February 2020)



To: Honorable Mayor Alvin Osterback and Aleutians East Borough Assembly  
From: Laura Tanis, AEB Communications Director  
Through: Anne Bailey, AEB Administrator  
Subject: Communications Director's Report to the Assembly  
Date: Dec. 6, 2018

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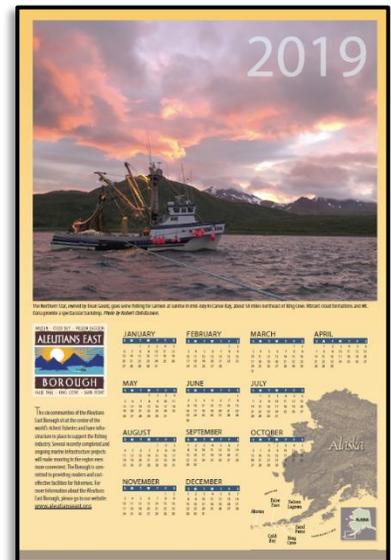
### **Pacific Marine Expo:**

AEB's promotional items handed out at the Pacific Marine Expo (Nov. 18 – 20<sup>th</sup>) booth were a big hit. We ran out of the 2019 Borough calendars and the cell phone cleaning stickers (with the AEB logo on it) after the first day. The phone stickers are a new item, and people really seemed to like them. The calendars are always a popular item. However, we usually end up pushing hard to hand out as many calendars as possible on day 3 to avoid packing them back to Alaska. Next time, we'll have to double or triple our orders so we have enough.



### **Annual Report:**

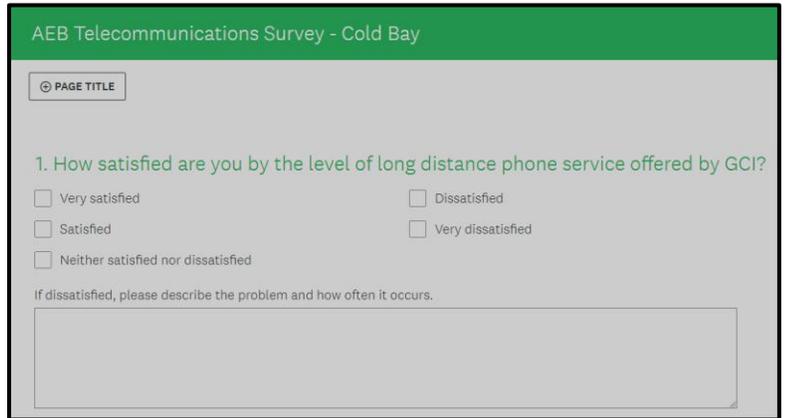
Currently, I'm working on the AEB annual report for fiscal year 2018. It will contain information about Borough community projects, what have occurred this year, Borough participation, plans for the projects and funds expended. Those projects include: the Akun – Akutan dock and breakwater, the Akun – Akutan transportation link, the Akutan Harbor, the Cold Bay dock repairs, the Cold Bay Clinic, the AEB Terminal Building in Cold Bay, the False Pass Harbor House project, the False Pass Harbor, the King Cove Access Project, the King Cove hydro facilities, the Nelson Lagoon dock, the Nelson Lagoon Erosion Mitigation Project and the Sand Point Harbor Design. The report will include details about school building assessments, how much is being spent, and the status of each one. There will also be information about the Borough's Fisheries management/advocacy, which includes preparing for the upcoming Board of Fisheries meeting in February. This section also includes information about the proposal to redefine the transferability of limited entry salmon permits, the electronic monitoring in the Western Gulf of Alaska Trawl Catch Boat Fleet Grant and the Kelp Mariculture Grant. Additionally, the report will contain information about bond service (where money is being spent, and how much is out there in outstanding debt.) Lastly, there will be a section on GCI's plans to lay fiber cable to improve



internet and cell phone service in five of our six communities. It will also explain why this big project is on hold.

**Surveys – Communications Section of Strategic Plan:**

I'm wrapping up work on the communications section of the Borough's Strategic Plan. I will be sending out a list of the telecommunications infrastructure, providers and services offered to community leaders. A satisfaction survey is also being sent out to communities. Residents will be able to rate the services they receive. After each question, there's a section to provide comments about any services residents are dissatisfied with, what the problems are and how often they occur. This will be good information for the Borough to have as part of the strategic plan.



**Press Release:**

I'm working on a press release in preparation for the Judge's ruling regarding the lawsuit filed by environmental organizations last year seeking to block the King Cove land exchange. The ruling could come down later this month or sometime in January.

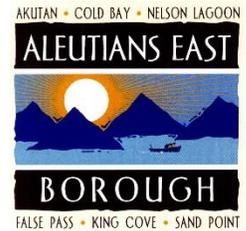
**Upcoming Projects:**

- Wrap up research/work on annual report.
- Start working on annual report for next fiscal year.
- Write stories for upcoming In the Loop newsletter.
- Collect medevac information on King Cove from Eastern Aleutian Tribes.

<b>Recent Meetings Attended:</b>	<b>Location:</b>	<b>Date:</b>
AML	Captain Cook – Anchorage	Nov. 18 – 20, 2018
Staff Meeting: Planning Session	Anchorage office	Dec. 3, 2018
<b>Upcoming Meetings:</b>		
AEB Planning Work Session	APIA – Anchorage	Dec. 11 – 13, 2018
AEB Assembly Meeting	Anchorage office	Dec. 13, 2018

As always, I'm happy to help get the word out about an event or issue in your community. Please call or email me any time with information.

To: The Honorable Mayor Osterback, Aleutians East Borough Assembly  
From: Ernie Weiss, Natural Resources Director  
Subj: Report to the Assembly  
Date: December 7, 2018



### **North Pacific Fishery Management Council**

As of this writing I am chairing the December NPFMC Advisory Panel meeting. We have several issues we are working on this week. This morning we deliberated a motion on agenda item D2: a 58ft vessel length limitation in the WGOA pollock fishery. This is the issue that the Assembly supported by passing Resolution 19-27 in November. As chair, I had to pass the gavel to a vice-chair to make the motion, which failed (no action) 12 to 6 at the AP, but the Council will review the issue Monday Dec 10<sup>th</sup>.

The AP passed a motion during the Groundfish TAC setting process about the plan teams controversial new 'risk matrix', recommending *'the Council continue to encourage increased analysis, consistency and transparency in how the risk table translates to potential reductions in the max ABC to help inform the SSC in establishing the ABC.'*

Now the AP is reviewing C7 to modify GOA pollock and Pacific cod seasonal allocations, and later today we will review the Observer and Trawl electronic monitoring issues.

The new acting ADF&G Commissioner Doug Vincent-Lang was in the Hilton hallways near the Council meeting on Wednesday, but John Moller will be filling the State's seat on the Council for now.

### **Board of Fisheries**

Preparations for the February 2019 meeting continue to dominate work in the Natural Resources department, including meeting with Board members when possible, listening in to public Chignik community meetings, reaching out to fishermen and regional organizations, and preparing documents.

### **NFWF Grants**

We have recently received confirmation that the AEB will be awarded two major grants from the National Fish & Wildlife Foundation. November 15 we found out we will receive the electronic monitoring & reporting grant. This grant will place EM systems on 14 of our 58 ft vessels fishing in the WGOA pollock fishery and on 2 tender vessels. We will be working closely with the Peninsula Fishermen's Coalition and Saltwater Inc. as we administer this grant. December 3<sup>rd</sup> we received confirmation that we will be granted funds from the Fisheries Innovation Fund to move forward with the kelp project. Congratulations to all that helped with these applications.

### **November Meetings**

AML I have attended AML many times in the past but not since 2010 when I came to work for the Borough. I really appreciated the opportunity to attend this year. Besides the regular events, I connected with one of the main authors/drivers of HB 267, the sport hunt & fish records for municipalities that tax legislation. We will continue to explore the benefit of pursuing an AEB hunt/fish guide use tax.

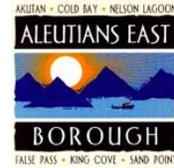
Pacific Marine Expo In Seattle we held an AEB fishermen's meeting, with attendance of several state officials and representatives of all the local processors. Charlotte and I also attended part of the Trawl EM committee meeting.

Board of Fish I attended the Bristol Bay finfish meeting and overnighed in Dillingham late November, to report the Anchorage AC minutes and to informally greet Board members.

Other meetings I attended were the Anchorage AC Fish Subcommittee and a teleconference of the Bristol Bay Advisory Group, which was DNR Commissioner Andy Mack's last meeting in the position.

I'll see you at the meeting. If you have any questions, please call or email.

To: The Honorable Mayor Osterback, Aleutians East Borough Assembly  
From: Charlotte Levy, Natural Resources Assistant Director  
Re: Report to the Assembly  
Date: December 13th, 2018



### **Board of Fish**

- During the Fishermen's meeting in Seattle, we collected a contact list of everyone in the room and if they will be attending the BoF. The NRD is organizing a community workgroup that will represent stakeholders during preparations for the meeting. This group will conduct research, identify overarching themes, and assign tasks for testimony development.

### **NPFMC**

- **Groundfish Plan Team:** I have been following the developments on the Risk Assessment Matrix very closely, and there has been significant discussion/debate on its use. I believe it will be used for the 2019 specs. GOA Pacific Cod was listed as a "Level 2 Concern" resulting in a 13.6% reduction to maintain SSB above B<sub>20%</sub>, and GOA Pollock was listed as a "Level 2 Concern" and resulted in a 15% reduction according to a fixed table of percentages based on historical reductions.
- **SSC/AP:** After speaking with some of our fishermen, I testified before the AP to express my concerns regarding the use of the Risk Assessment Matrix where I believe it was well received.
- **Council:** The final motion for GOA specs: Area 610 Pollock TAC are 24,875 mt for 2019 and 19,939 mt in 2020; WGOA Pacific Cod TAC are 5,343 mt in 2019 and 9,695 mt for 2020. The final motion for the Risk Matrix: the model author will fill out the matrix and provide rationale for assigned level of concern, the Plan Team will verify the information available is sufficient for the SSC to make a decision whether the matrix warrants and additional reduction; also, the council recommends a fishery performance metric be added to the matrix.

### **Projects**

- **Kelp Mariculture:** On December 3rd, the AEB was awarded \$71,456 from the NFWF Fisheries Innovation Fund for siting/seed development in Akutan, False Pass and Sand Point. Due to weather I was unable to visit Akutan to begin field work, however I will be scheduling trips to all three communities prior to April 2019.
- **EM:** I am assisting with the EM grant, Strategic Planning and other tasks as needed. I recently attended the Saltwater Inc. open house to become familiar with the EM equipment and implementation, and have met with their Chief Technical Officer to discuss upcoming needs.
- **Marine Debris:** I am working with fishermen in King Cove to collect preliminary data on debris. There is minimal data available for our region, so by collecting a baseline of data such as number and type of pots, species caught (if any), how long it takes to collect pots, etc. we can support a proposal for funding. I am working with Natural Resource Consultants Inc. to develop a proposal for the NFWF Fishing for Energy grant that will be available in April 2019.

### **Other**

- **NPFMC Emergency Ruling:** In the event Area M is faced with an emergency that warrants a request for an emergency ruling, I am educating myself in the emergency ruling process, as well as the required criteria. I will be doing as much work ahead of time to prepare for any anticipated "emergency" situations, particularly as it pertains to the upcoming Area 610 Pollock A/B seasons.

# Executive Session

# Assembly Comments

# Public Comments

# Date & Location of Next Meeting

# Adjournment