CALL TO ORDER
Mayor Alvin D. Osterback called the Assembly meeting to order by teleconference in each community on April 11, 2019 at 3:00 p.m.

ROLL CALL

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

Advisory Members:	
Dailey Schaack, Cold Bay	Present
Samantha McNeley, Nelson Lagoon	Present
Tom Hoblet, False Pass	Absent-excused
Logan Thompson, Student Representative	Absent-excused

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
Ernie Weiss, Resource Director
Glennora Dushkin, Administrative Assistant
Emil Mobeck, Maintenance Director

Adoption of the Agenda:
PAUL moved to approve the agenda with the change below and second by CAROL.

- Moving Resolution 19-58 from CONSENT AGENDA, and place under RESOLUTOINS.

Hearing no objections, the agenda is approved as amended.

Community Roll Call and Public Comments on Agenda Items:
The communities of King Cove, Sand Point, Akutan, Cold Bay, False Pass, Nelson Lagoon and the Anchorage office were participating by teleconference. Also broadcast on KSDP radio.

City of Akutan Mayor, Joe Bereskin, said he is not sure what the Assembly will decide on the King Cove Corporation reimbursement request, but might be opening up a can of worms, with other communities coming back and requesting reimbursements. The City of Akutan has taken on the harbor lighting project that the Borough should be doing, and asked if the City of Akutan can submit for reimbursement in a year for that project. He is not saying the

King Cove Corporation should not receive the funding, but making a point as to whether this can happen and whether the city has the ability to ask for funding later.

Conflict of Interests:

Mayor Osterback asked for any potential **Conflict of Interests** to discuss. There were no conflict of interests.

Minutes, March 14, 2019, Assembly Minutes:

MOTION

INGRID moved to approve the March 14, 2019 Assembly Meeting Minutes and second by JOSEPHINE.

Hearing no objections, **MOTION CARRIED.**

March Financial Reports:

MOTION

PAUL moved to approve the March Financial Report and second by INGRID.

DISCUSSION

In reviewing, the Administrator said AEB received State Shared Fisheries Tax, and shared fisheries landing tax for FMA2 and FMA3, which is under the Governor's proposed cuts for FY20.

Under Fund 20, NFWF Electronic Monitoring (EM) and kelp mariculture grants have been added to financial report. Fund 22, helicopter fund, has received payment from Maritime.

Carol asked what the Other Revenue, budgeted amount of $50,000, is at $132,000. The Administrator said that is revenues from tideland leases.

Paul asked for further explanation on the Shared Fisheries Tax Program. The Administrator said, the large revenue is the shared fish tax with state, FMA2 is extra territorial from offshore delivery, and the FMA3 is landing tax. All three are combined in the tax program which is approximately $60M worth of state revenue, the state keeps 50%, and shares the other 50% to communities that contribute to this program.

Paul reiterated his understanding that it is 28% of AEB annual revenues and asked which shared fisheries tax is the Governor considering cutting. The Administrator said all three programs. Paul asked what the potential revenue loss is. The Administrator said approximately $2.2M.

The other items on the financials are the school bond and harbor bond reimbursements, currently we receive approximately $650,000 for school bond debt reimbursement. House put the funding back into state budget, but still has to go through Senate and approved by the Governor. Harbor bond debt reimbursement, is currently untouched in the House.

Ingrid noted that the line item has the potential of a veto, but hopes that does not happen.

ROLL CALL

YEAS: Ingrid, Carol, Josephine, Paul. Advisory: Dailey, Samantha.
NAY: None
MOTION CARRIED.

February Investment Report. In packet.

CONSENT AGENDA

- Resolution 19-57, Assembly in support of full funding from the State of Alaska for the Alaska Online with Libraries (OWL) Program.
- Resolution 19-61, disposal of surplus, obsolete or unneeded supplies.
- Resolution 19-62, participation in the FY20 Community Assistance Program.
- Resolution 19-63, Assembly supporting a NOAA National Sea Grant Federal Funding Opportunity for Social, Behavioral, and Economic Research Needs in Aquaculture – 2019 Federal Funding Opportunity.
- Resolution 19-64, Assembly supporting a full proposal to the National Sea Grant exploring new aquaculture opportunities - 2019 Federal Funding Opportunity.

MOTION
PAUL moved to approve the Consent Agenda and second by CAROL.

DISCUSSION
The Administrator reviewed the Consent Agenda, saying Resolution 19-57, supports the OWL program which provides rural Alaska libraries with high speed internet access, video conferencing and information technology training. The state funded 96 communities across the state, which includes Sand Point and Cold Bay. This is one of the items the Governor is proposing to not fund.

Resolution 19-61, is the disposal of a surplus 115 HP Honda outboard, value of $4,000.

Resolution 19-62, is participating in the FY20 Community Assistance Program (CAP). This money filters through AEB to Nelson Lagoon Village Council.

Resolution 19-63, and 19-64 are in support of NOAA Sea Grants for ongoing development of kelp mariculture projects.

ROLL CALL
YEAS: Carol, Ingrid, Josephine, Paul. Advisory: Samantha, Dailey.
NAY: None.
MOTION CARRIED.

PUBLIC HEARINGS

Public Hearing Ordinance 19-07, amending Title 6, Chapter 6.04, Section 6.04.041, Subsection (E)(2) of the Aleutians East Borough Code of Ordinances:

MOTION
INGRID moved to approve Ordinance 19-07 and second by JOSEPHINE.

DISCUSSION
The Administrator reviewed Ordinance 19-07 saying it amends the AEB Code, Investment Section. Ordinance 19-06, previously approved, had an error on the international equity class, so this change focuses on that to make the calculation correct.

Mayor Osterback opened for Public Hearing. Hearing none, Public Hearing closed.

Paul said we discussed at the last meeting, and that this is a minor, but necessary amendment.

ROLL CALL
YEAS: Carol, Paul, Ingrid, Josephine. Advisory: Dailey (Samantha had to leave).
NAY: None.
MOTION CARRIED.

ORDINANCES

Introduction Ordinance 19-08, amending Section 2.20.080, Appointment of Officers and Chapter 2.29 of the AEB Code of Ordinances, Finance Dept., to clarify the nature of the position of Borough Finance Director:

MOTION
CAROL moved to accept Ordinance 19-08 and set for Public Hearing and second by INGRID.

DISCUSSION
The Administrator reviewed saying, this amends Section 2.20.080 and Chapter 2.29 to clarify the nature of position of Finance Director. Going forward, a future Finance Director will be similar to other top director positions, serving at the pleasure of the mayor. Currently, position is working under the Administrator. This revision will not apply to the present finance director.

Ingrid said, for the record, at the workshop we discussed a memo be placed in the Finance Director's file to preserve the history and maintain her rights, as present.

Mayor said, in the future, the next finance director will work under the direction of the mayor, instead of presently working under the administrator. Ingrid added under mayor they are an at-will employee. Presently, the Finance Director can only be removed for a cause, since she is not an at-will employee.

ROLL CALL
YEAS: Josephine, Ingrid, Paul, Carol. Advisory: Dailey.
NAY: None.
MOTION CARRIED.

RESOLUTIONS

Resolution 19-58, honoring the King Cove High School Boys and Girls Basketball Teams as the 2019 Boy and Girls ASAA 1A Basketball State Champions:

MOTION
INGRID moved to approve Resolution 19-58 and second by PAUL.

DISCUSSION
Paul said it was a great tournament to have the pleasure of watching, and both teams did a great job representing King Cove and the region.

Ingrid said it was tremendous that both teams made state champions. Congratulations to all, the kids were spectacular.

Ernie Weiss said, as a former teacher in King Cove, he is a big fan of King Cove teams and watched the great games. He congratulated King Cove.

Mayor Osterback added that it is quite an honor for both teams to come home with state championships.

ROLL CALL
YEAS: Paul, Carol, Ingrid, Josephine. Advisory: Dailey.
NAY: None.
MOTION CARRIED.

Resolution 19-59, supporting the no action alternative in the Draft Environmental Impact Statement for the proposed Pebble Mine Project:

MOTION
CAROL moved to approve Resolution 19-59.

DUE TO LACK OF A SECOND, MOTION WILL NOT BE CONSIDERED.

Resolution 19-60, amending Section 9.01 of the Aleutians East Borough Employee Handbook.

MOTION
PAUL moved to approve Resolution 19-60 and second by INGRID.

DISCUSSION
The Administrator reviewed saying, the handbook outlines personnel policies. Section 9.01 governs the method employees are paid. Currently, employees are paid on the 15th and the end of the month. The proposed pay schedule will be by-weekly. First day of each two week pay period will be a Sunday, and last day is the second following Saturday. Pay distributed the following Friday. The amendment will help improve the method we pay our employees. If approved, will go into effect July 1, 2019. All employees have been notified there will be ample time to adjust to the new pay schedule. Recommend approval.

Paul feels it is an improvement and will help AEB.

Ingrid said it also gives staff some time to react to anything, and is standard practice.

ROLL CALL
YEAS: Paul, Ingrid, Josephine, Carol. Advisory: Dailey.
NAY: None.
MOTION CARRIED.

OLD BUSINESS None

NEW BUSINESS

King Cove Corporation (KCC) Reimbursement Request – discussion only:

The Administrator said before you is a memo regarding a KCC request for reimbursements for the King Cove road project. AEB received a letter dated, April 12, 2018 from KCC stating they submitted a request for reimbursements a few years ago, but were told to

resubmit after sale of the hovercraft. The letter in packet is requesting $90,000 reimbursement for money paid to City of King Cove, and $12,409 for payments made to AEB, for travel. Total request, $102,409. Documents in the packet.

The Administrator said she was not involved in any of the past discussions, her assumptions are the Administration does not have a formal written agreement with KCC to reimburse. Also Administrations understanding is that there was not a formal agreement between KCC and City of King Cove. Contribution was made to City of King Cove for activity on the Environmental Impact Statement, which KCC agreed to make in three payments.

In the future, AEB attorney recommends there be no further reimbursements made without a written agreement, so all are trackable.

The Administrator said the FY16 budget, AEB reimbursed the City of King Cove $625,000 for costs between FY07 to FY15; $402,748, reimbursed in July, 2017; and $388,446, reimbursed in March, 2018. When hovercraft sold, AEB reimbursed itself for FY17 and FY18 payments. AEB has also appropriated $100,000 each year in the last few fiscal years for King Cove road costs -- FY 2016-2018, $270,810 was paid. The total is $1,687,005. AEB is also paying for litigation fees.

The Administrator said, due to the amount of the request, the amount falls outside of the Mayor's spending authority and is at the discretion of the Assembly. She reviewed the Assembly potential options below:

1. Do not pay reimbursement request, for lack of agreement and old invoices.
2. Pay all or a portion of the request with contingencies.
3. Pay all or a portion of the request.

If Assembly agrees to pay all or a portion, a resolution will need to be put before the Assembly.

Paul feels we need additional information on requested amount. He asked if a standard policy is needed to ensure future memorandum of agreements. The Administrator said not necessary to have a resolution adopting that type of internal policy.

Carol agrees, everything needs to be in writing and supports a MOU. She suggested moving the request to the next meeting to have a better understanding of things, giving time to review further.

Ingrid, said it would be helpful to have past meeting information available. The Mayor said during the break, the Clerk e-mailed the Assembly a link to the April 16, 2015 Assembly packet, with minutes and agenda attached.

Mayor said it is a lot easier to find things in the form of a resolution when searching for past actions. He said information is there, for the Assembly. It will be on the May 9 agenda.

G.O. Bond "white paper" – discussion only:

The Administrator said in the packet there is a 10 page document outlining AEB bonds. AEB has acquired bond debt for capital improvement projects. Currently, we have 2010 Series A&B; 2011 Refunding, Series Three; 2015 Refunding, Series One; and 2016 Refunding, Series Three.

The Administrator reviewed where bond funds have been spent by communities since 1990:

Akutan	$9M
Cold Bay	$2M
False Pass	$4.5M
King Cove	$5.1M
Nelson Lagoon	$1.5M
Sand Point	$6.4M
School Projects	$18.1M
Misc.	$134,000

Total: $46.75M in bonds.

The Administrator reviewed the existing bonds, saying 2016 Refunding Series has $16,120,000 bond debt remaining. Associated with this bond, is $331,710 for False Pass harbor project, still in financials. Funds are also reflected in the APCM, Series E Bond. Working with arbitrage consultant to determine whether we are in compliance with IRS, before we can remove funds.

2015 Refunding Series. $1,415,000 bond debt remaining. This bond has been spent out of the financials, however, still some money in the APCM account, and an arbitrage consultant is reviewing to make sure we are in compliance.

2011 Refunding Series, $835,000 bond debt remaining.

Last, 2010 Series A&B. $3,530,000 bond debt remaining. We have money in APCM account, arbitrage consultant is also reviewing.

Long term debt, GO bond payable $21,900,000, with issuance premium, total is $24,417,000. FY2020 payment due is $2,482,000.

Mayor Osterback said the white paper gives the staff and Assembly a better understanding, and we now have a working document.

REPORTS AND UPDATES

Administrator's Report in packet. Highlights below:
King Cove Access Project: Land selections have been finalized for exchange, and appraisal of lands can begin. King Cove/Cold Bay Group consulting with the Dept. of Interior, on the March 29 court judgement. On April 9, authorized additional legal costs to Attorney, Steve Silver, an amount not to exceed $27,000, to respond to the judge's decision.

False Pass Harbor and Akutan Harbor Bond Debt Reimbursement: FY19 AEB has received reimbursement of $162,179 for False Pass Harbor and $215,218 for Akutan Harbor.

Governor's proposed budget: Will be testifying where necessary and continue to stay informed on what is happening in Juneau. Mayor Osterback signed a letter opposing school debt reimbursement cuts.

FY18 Audit: Close to completion.

Employee handbook: Working on updates.

Paul said, in regards to the road, a new Secretary of Interior recently got sworn in. He stated that more planning needs to be done on the King Cove Road project and suggested putting out a bid for legal services to get a fresh look on ideas to solve the perplexing problem.

Assistant Administrator report in packet. Highlights below:
False Pass harbor house: will begin working on the RFP for design, to go out in May. City would like to use a pre-fab facility. $100,000 is appropriated for the project.

Cold Bay Clinic: Contractor has a list of design changes that are being reviewed that may lower cost of construction. Working on MOA with Eastern Aleutian Tribes and City of Cold Bay.

Opioid Task Force Meeting: Communities have been tasked with forming community working groups to find community based solutions for opioid substance abuse. Goal is to bring all the ideas back to the committee.

Dailey Schaack asked where we are with the Cold Bay Terminal lease plan. Tesche said still working with the consultant on the terminal draft.

Communications Director Report, in packet. Highlights below:
King Cove Road: Judge Gleason decision ruled the land exchange agreement violates federal law. The Dept. of Interior is permitted to arrive at a new policy, however, it may not disregard the previous decision, without a reasonable explanation. All are considering next steps. Also provided a response to media entities.

Natural Resources Director Report in packet. Highlights below:
NPFMC, April 1-9 Meeting: Final action on mothership adjustments passed, cod delivered offshore will now be delivered onshore.

Also, rockfish will now have to be retained in the Gulf of Alaska/Bering Sea pot, jig, and long line gear. If rockfish are discarded they don't survive, so must be retained or used.

There was discussion on raising the observer fees to 2%, which is shared by processers and harvesters. AEB grant for electronic monitoring on trawl vessels is at least trying to help defray costs of observer fees.

Some discussion at staff task meeting to close Bering Sea cod parallel fishery loop hole. We will watch this, since many fishing vessels in the Gulf of Alaska participate in the parallel fishery, that don't have a License Limitation Program (LLP) permit.

Limited Entry Permit Bill: Senator Hoffman staff said the limited entry permit bill won't be ready this year, but possibly next year.

Natural Resources Assistant Director Report in packet. Highlights below:
Trawl Electronic Monitoring (EM) Grant: Met with Peninsula Fishermen's Coalition (PFC) and Salt Water to discuss status of the project. Data not quite ready to be release yet, but project is a great example for EM. We have stakeholders and fishermen engaged in the process and very cooperative. Salt Water installed everything prior to the Pollock A Season. Fishermen were able to discuss the technology with Salt Water, as to what was working and wasn't working. Salt Water technician will come out to region to fix some of the issues. Levy plans to apply for

another year of funding from NFWF to continue the project, to collect more data and potentially look at funding for a dedicated shore side observer. Will work with the Trawl EM Coordination Committee, and will shift some tasks from Salt Water to AEB, like writing the fishing permits and grant applications.

Kelp Mariculture: Successful trip to Sand Point. Went out on the F/V Decision with Kiley Thompson and crew to conduct water sampling, benthic dive surveys, and deploy data logger for data collection. Will be compiling a kelp species guidebook for region, to make public and available to interested stakeholders. MOU finalized with Trident and Trident came out on vessel to survey their own site. Discussed collaboration going forward, on a limited basis.

Also, looking into getting permitted to harvest wild kelp for research and development, harvesting wild kelp we anticipate cultivating, and selling to Trident.

SWAMC is also applying for a Dept. of Energy Grant involved with technical research for kelp and has asked her and a group of interested participants to participate in a steering committee. She will participate, if their grant goes through.

Mariculture permitting process in State of Alaska takes approximately 18 months, there are ten applications for kelp and/or shellfish, AEB is the only applicant west of Kodiak.

Community forums: Held a community forum on kelp in Sand Point, reviewing where we are at with permitting and what the project is about. Plans to hold forums on kelp project in all the communities.

NPFMC: During meeting attended an industry trawl survey meeting. State of Alaska Fisheries Science Center budget is decreasing. Industry representatives, Weiss, and herself, attended to discuss alternative funding strategies and creative ideas for surveys.

Maintenance Director Report in packet. Highlights below:
School Inspections: Organizing the Inspections for the school sites, for this summer.

Summer Projects: Started the yard work at the AEB office building; doing necessary repairs on the building; Akutan project is scheduled for this summer, and Sand Point painting project, in the works.

OSHA compliancy: Finishing up on the assessments of the compliance list at the office and shop, and the OSHA request for storing hazardous materials.

ASSEMBLY COMMENTS
Carol asked where the 2016 pink salmon fisheries disaster funds are. She feels money is not getting to fishermen very quickly. Weiss said he is unsure, up to the governor at this time. Paul said a Pacific states meeting is possibly scheduled in May, so should be additional information at that time. He said it is difficult to get information out of this present administration.

Charlotte added that she got an e-mail on status report from Mark Hickey on fisheries disaster money. His report says still waiting approval, and currently under review of management. The application was delayed during government shutdown.

Ingrid invited all in Sand Point for the potluck at the school, to interact and have a question/answer time with superintendent candidates.

PUBLIC COMMENTS

Justine Gundersen, from Nelson Lagoon, thanked the Assembly for the resolution honoring her for her years of service to AEB, and the gift. She said it has been an honor to be on the Assembly all these years, we have a strong region. She said Mayor Osterback is doing an excellent job as well as Anne Bailey, all staff members are wonderful. She recognized the Borough Clerk, Tina Anderson and Finance Director, Roxann Newman, for their work and dedication to their jobs.

NEXT MEETING DATE

Regular Meeting, May 9, 2019 and Special Meeting, May 23, 2019. No June meeting, at this time.

ADJOURNMENT

Paul moved to adjourn. Hearing no more the meeting adjourned at 4:56 p.m.

Alvin D. Osterback, Mayor

Tina Anderson, Clerk

Date: 5/9/19