

Aleutians East Borough
August 31, 2009
10:00 a.m.

CALL TO ORDER

Mayor Mack called the August 31, 2009 Special Assembly meeting to order at 10:00 a.m. by teleconference in each community.

ROLL CALL

Mayor Stanley Mack	Present
Paul Gronholdt	Absent
Carol Foster	Present
Marvin Mack	Present
Ken McHugh	Present
Paul Schaack	Present
Joe Bereskin, Sr.	Present
Ernie Weiss	Present

Advisory Members:

Tom Hoblet, False Pass	Absent
Justine Gundersen, Nelson Lagoon	Present

A quorum was present.

Others Present:

Sharon Boyette, Administrator
Tina Anderson, Clerk
Roxann Newman, Finance Director
Joe Levesque, Borough Attorney

Adoption of the Agenda:

MOTION

Joe moved to approve the agenda and second by Ken. Hearing no objections motion approved.

Ordinance 10-01, authorizing the negotiation and purchase of real property for the Akutan boat harbor project:

MOTION

Joe moved to approve Ordinance 10-01 and set for public hearing at the next Assembly meeting and second by Ernie.

DISCUSSION

The Administrator explained that we have been negotiating with city of Akutan and Aleut Corporation. The surface rights and the non development agreement for the subsurface rights from Aleut Corporation are needed. An ordinance is necessary. Ordinance 10-01 spells out what our agreement is with the city of Akutan and Aleut Corporation. We agree for the surface rights for the actual acreage that the harbor needs from city of Akutan. It also agrees with Aleut Corporation for subsurface rights. Aleut Corporation added stipulations that if the Borough or city decides to sell material that 50% of gross revenues will be shared with Aleut Corporation. It does not address if the

material is given away or whether we have to share material. The acreage necessary to construct is the area around the harbor to store material while excavating which is a temporary easement from city of Akutan. Also, one section of the temporary easement has to come from Akutan Corporation.

Joe felt the Aleut Corporation is asking for a lot. The city is acquiring this property through Akutan Corporation. We thought it would be the subsurface rights, compensated for storage of material or subsurface for sales. He feels Aleut Corporation is double dipping and wants 50% gross profit. He feels they should be helping us to develop this area and not prohibiting us. If this is the ordinance at the public hearing I will probably vote no.

Mayor Mack said he did everything he could to get rid of the \$86,000 cost for property because of the profit stipulation. If in fact entitled to 50% of royalties, then that should be shared back to the village corporation, however, not sure if that would happen. He had no vote because of conflict of interest but did make the argument. He shares Joe's concern. He did have a chance to talk to Borough attorney Joe Levesque. He feels there could be some recovery on this and something the village corporation can bring to the attention of the Aleut Corporation.

Joe said there is liability with what the surface owner gets when we start dredging. There is a chance that the material might not be usable and the plan necessary to get rid of if not usable.

The Administrator said the issue is timing. The Corps of Engineer funding is economic stimulus money. If we don't have the land issue in order by the end of September she is concerned that the money will go to another community. The money is specified as stimulus money not Akutan harbor money. If we can get the land issues taken care of now and get all the deeds to Corps of Engineer, then they will begin advertising for bid. She is asking the Assembly to approve this ordinance and set for public hearing. If we know what we have with no economic benefit for us to sell material, but if we can renegotiate it on some term then it does become economically advantageous for us. Mayor Mack added that if we do nothing the project will go on hold for another year. If we try to negotiate it, we may not make headway.

Borough Attorney Joe Levesque said he did talk to Eric Waterman at Aleut Corp. We discussed \$2,500 per acre of subsurface then they came back with 50% of gross revenues. The Borough can use material or never sell. However, if the Borough has to spend money to advertise to sell, or easement expires and has to pay storage fee he felt the cost should be spread evenly with Aleut Corp. Mr. Waterman said Aleut Corp. will not assume any of that cost. The Aleut Corp. will help market material, but wants 50% of the gross revenues regardless what it costs the Borough to sell the material.

Mayor Mack said the Aleut Corp board expressed sympathy but would not budge regarding motion.

Ernie said if Joe thinks he is going to vote no that might be his tendency also. Ernie asked how much material will be taken out. Mayor Mack answered around 900,000 cubic yard.

The Administrator said tests shows that most is good sand. Material suppliers said we may be able to get \$6 per cubic yard. She feels selling the material will not be a problem and could also use it at no cost between the road and the airport projects.

ROLL CALL

Paul S.-yes, Marvin-yes, Ernie-yes, Carol-yes, Joe-yes, Ken-yes. Advisory: Justine-yes. Passed.

Public Hearing scheduled for September 23 Assembly meeting in Sand Point.

ADJOURNMENT

Carol moved to adjourn and second by Ernie. Hearing no objections the meeting adjourned at 10:39 am.



Mayor Date

 9/23/09

Clerk Date