CALL TO ORDER
Mayor Alvin D. Osterback called the Assembly meeting to order by teleconference in each community on June 1, 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
Chris Emrich	Absent-excused

Advisory Members:

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

A quorum was present.

Staff Present:
Roxann Newman, Finance Director
Jacki Brandell, Finance Assistant
Tina Anderson, Clerk
Anne Bailey, Administrator
Laura Tanis, Communications Director
Mary Tesche, Administrator Assistant
Charlotte Levy, Administrative Assistant
Emil Mobeck, Maintenance Director

Adoption of the Agenda:
MOTION
PAUL moved to adopt the agenda as presented and second by JOSEPHINE.

Hearing no objections **MOTION CARRIED.**

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

PUBLIC COMMENTS ON AGENDA ITEMS:
City of King Cove Mayor, Henry Mack, noted his appreciation for the King Cove Fire Dept. donation approved at the last meeting. He also appreciated the support for contract labor, lobbying and other expenses for the King Cove access road to Cold Bay.

Conflict of Interests:
Mayor Osterback asked if there are any potential **Conflict of Interests** to discuss. There were none.

Minutes, May 10, 2018 Assembly Minutes:
MOTION
CAROL moved to accept the May 10, 2018 Assembly Meeting Minutes and second by BRENDA.
Hearing no objections, **MOTION CARRIED.**

Financial Report:
No financial report available at this time since meeting is so early in the month due to upcoming fishing season.

April, Investment Report:
In packet.

Consent Agenda. *None at this time.*

PUBLIC HEARING ORDINANCES

Public Hearing Ordinance 18-11, An Ordinance Amending Title 6, Chapter 6.04, Section 6.04.041 of the Aleutians East Borough Code of Ordinances:

MOTION
CHRIS B. moved to approve Ordinance 18-11 and second by JOSEPHINE.

The Administrator reviewed saying Ordinance 18-11, is an amendment to Title 6, Chapter 6.04, Section 6.04.041 of the AEB Code, Permanent Fund Account. The permanent fund was discussed at the December planning session. The Ordinance redefines the purpose of the fund, which has not been updated in over 25 years. The Permanent Fund $20M goal, if inflation proofed, would be $35.8M in todays' dollars.

The proposed changes removes the $20M and redefines the purpose, allowing the fund to continue to grow providing a permanent, potential source of fiscal support to meet the needs of the Borough, including school district, rising out of natural disasters, major financial emergencies and general obligation bond payments to prevent default. She added that AEB has $20M in bond debt, False Pass harbor litigation could possibly cost over $4M, and the second 10% of construction costs for the Akutan Harbor will be $3M.

Second change is the spending or distribution policy updated to reflect current market conditions to provide a realistic sustainable rate of distribution to avoid overspending that could lead to depletion of the fund. Annual withdrawals are amended from 8% to 4%, based on the five-year average of the market value, for volatile market protection. We are currently at $45M, which is subject to volatility of the market, which could drop. Making the changes will sustain the fund to have money to take out and use. Other municipalities spent their permanent fund and now they no longer have a fund. This change will protect AEB from depleting it.

Mayor Osterback opened for PUBLIC HEARING.

City of King Cove Mayor, Henry Mack, feels it is a good plan to inflation proof up to $35.6M. Through the past years, King Cove has benefited from the withdrawn funds for projects, which have been appreciated. The rate use to be 4-8% and now locking it in at 4%. King Cove asked for funding this year, some projects take 3-9 years to raise the funding. He suggests adjusting to 10-12%. Mayor Osterback said when we had our planning session, our investors at APCM said the fund would not be sustainable at a higher rate. If the fund continues to grow, that 4% becomes worth more, and wants to make sure we don't deplete our fund. Other municipalities have depleted their funds. We want to make sure we don't get ourselves in that position. We look at each communities requests so we know how much money communities and AEB needs to be healthy and viable.

Hearing no more PUBLIC HEARING closed.

Paul appreciates all the work staff has done and plans to support.

ROLL CALL
YEAS: Carol, Josephine, Warren, Chris B., Paul, Brenda. Advisory: Angela, Justine.
NAY: None
MOTION CARRIED

Public Hearing Ordinance 18-12, adopting the operating and capital budget for FY19:

MOTION
CHRIS B. moved to approve Ordinance 18-12 and second by BRENDA.

DISCUSSION
The Administrator reviewed Ordinance 18-12, saying the memo in packet outlines recommended changes. Some discussed at the last meeting are outlined in blue, which includes $10,000 line item for KSDP Public Broadcasting, decrease donation line item back to $25,000, increase educational scholarships by $10,000. Also, EAT requested an additional $50,000, and AEBSD requested an additional $100,000. Those are the possible amendments, if the Assembly wishes.

AMENDMENT
PAUL moved to amend Ordinance 18-12, adding $10,000 KSDP line item, $10,000 educational scholarship increase, reduction in donation line item by $10,000. Second by CAROL.

SECOND AMENDMENT
CHRIS B. amended by adding an additional $100,000 for the School District, increasing the contribution amount. Second by CAROL.

ROLL CALL ON SECOND AMENDMENT
YEAS: Paul, Brenda, Josephine, Warren, Carol, Chris B. Advisory: Justine, Angela.
NAY: None
MOTION CARRIED

ROLL CALL ON PRIMARY AMENDMENT
YEAS: Carol, Chris B., Josephine, Paul, Brenda, Warren. Advisory: Justine, Angela.
NAY: None
MOTION CARRIED

Mayor Osterback opened for Public Hearing.

City of King Cove Administrator, Gary Hennigh, said for the last number of years we have been talking to Aleutia and is curious to know how they are doing. He asked if the AEB and King Cove fish tax reimbursement made a difference in keeping Aleutia moving forward. He wants to believe it has, but hasn't been convincingly shown. The rebate of the 2% tax value for the crab wouldn't be in King Cove if it wasn't for Aleutia. He asked if there are any guarantees that the crab is always going to stay in King Cove. Aleutia has said the crab will stay in King Cove, but nothing is concrete. We would like to see some discussion and some documentation from Aleutia that this is a wise tax rebate being given to Aleutia.

Mayor Osterback said now that Aleutia has a new Director, we will formally request a report on where they are today and where they are going.

Hearing no more, Public Hearing closed.

ROLL CALL ON MAIN MOTION
YEAS: Josephine, Warren, Paul, Brenda, Chris B., Carol. Advisory: Angela, Justine.
NAY: None.
MOTION CARRIED

ORDINANCES

Introduction Ordinance 18-13, authorizing the Mayor to negotiate and execute a tidelands lease within, Alaska Tidelands Survey No. 1161, for construction, operation and maintenance of a dock at False Pass Harbor:

MOTION
CAROL moved to schedule for Public Hearing at the next regular meeting and second by JOSEPHINE.

DISCUSSION
The Administrator reviewed saying, Ordinance 18-13 is for construction, operations and maintenance of a dock in the harbor. Silver Bay Seafoods is interested in constructing a dock in the False Pass harbor near the break water, which the City of False Pass supports. AEB Code requires an ordinance to lease lands. Tidelands lease may be subject to change but relatively similar to what is before you now. Leasing property for purpose of economic development.

Josephine requested clarification, Tideland survey says 1161, and later it says 1611. The Administrator will correct the typo to 1611.

ROLL CALL
YEAS: Warren, Chris B., Paul, Carol, Brenda, Josephine. Advisory: Angela, Justine.
NAY: None
MOTION CARRIED

RESOLUTIONS

Resolution 18-39, authorizing the Mayor to implement a Community Budget Request process:

MOTION
PAUL moved to adopt Resolution 18-39, second by JOSEPHINE.

DISCUSSION
The Administrator reviewed Resolution 18-39 saying, AEB Code states mayor shall arrange the operating & capital budget, and Assembly has authority to appropriate funds to project activities each fiscal year. At this time, there is no formal project request process in place. At the December work session, discussed was to recognize a process for community project requests. Interim community projects request was done for FY19, with intent to have the finalized request process in place for FY20. Requests will be considered during the budget process. In the packet, is the budget request process which would entail the communities to submit electronically no later than March 15 each year. It outlines the requirements, which includes a budget, detailed description of project, and any

supporting documentation. During the budget review process, the Assembly will determine whether there is funding available. Passing Resolution 18-20, the Assembly authorizes to implement the process for next fiscal year.

ROLL CALL
YEAS: Chris B., Brenda, Paul, Josephine, Warren, Carol. Advisory: Justine, Angela.
NAY: None
MOTION CARRIED

Resolution 18-40, authorizing the Mayor to dispose of Lots 1 and Lot 4 of the Port Moller Cannery Subdivision by negotiation with Peter Pan Seafoods at the fair market value.

MOTION
CHRIS B. moved to approve Resolution 18-40 and second by BRENDA.

DISCUSSION
Administrator reviewed saying, Resolution 18-40 authorizes the mayor to negotiate the sale of Lots 1 and 4. Plat approval was approved with Lots 1-4 at the last Assembly meeting. Peter Pan Seafoods is interested in Lot 1, 3.38 acres; and Lot 4, 3.555 acres. The resolution authorizes the Mayor to negotiate a sale, but the purchase will be before the Assembly prior to sale.

ROLL CALL
YEAS: Carol, Warren, Chris B., Brenda, Josephine, Paul. Advisory: Justine, Angela.
NAY: None
MOTION CARRIED

OLD BUSINESS *None*

NEW BUSINESS

Discussion only - King Cove Access Project White Paper:
Mayor Osterback said the white paper is before the Assembly as information. The Administrator said the white paper outlines the King Cove access project from 1964 to present, and also outlines the funding. City of King Cove has a more detailed report with more detailed information if anyone is interested.

Discussion only - Strategic Plan Update:
The Administrator said the first quarter of the strategic plan ended May 31. In the packet, is the navigation chart with bubbles filled in, showing projects status. Few items did not get completed, but all should still be on track for this year.

Projects moved to second quarter are below:

- Marine infrastructure.
- Nelson Lagoon dock repair, harbor management agreement and tariff design.
- Airline service monitoring system in affect in Akutan. Setting one up in Cold Bay to monitor airline traffic between False Pass, Nelson Lagoon and King Cove.
- Mail contract.
- Cold Bay school building.
- AEB property management-Cold Bay terminal.
- Office technology and connectivity, Request for Proposal.

Forming a King Cove road advisory committee was removed at this time, because Assembly is updated regularly and if we need an advisory committee in the future, it can be added then.

Mayor expressed his appreciation for staff on the completion of quarter one tasks.

REPORTS AND UPDATES

Administrator's Report:

AEB insurance: Met with insurance broker, Marsh McClennen. AEB had entered into a three year contract agreement with AMLJIA for insurance. Proposed cost this year is $152,356, which is an increase of $13,836. Received a $4,180 loss control, incentive discount and a three year discount for longevity of $7,791. Overall 9.07% increase, due to business auto, new vehicle coverage. Also going to issue a notice with an intent not to renew so Marsh McClennen can look at other coverage available. An agreement with Marsh McClennen broker has been signed to continue to represent AEB.

School Assessments: King Cove, False Pass, Sand Point and Akutan schools assessments have now been completed. Proceeding with projects on Sand Point and Akutan schools. Need to still review False Pass and King Cove assessments. Contracted with DOWL to provide project management, for $97,676. Projects will be getting completed through the summer. Code requirements require immediate work for King Cove School that will cost approximately $208,000; $551,000 for False Pass School. Will meet with DOWL to prioritize projects.

Sand Point visit: Travelled to Sand Point for meeting, toured Trident, and truck surplus item has been sold.

King Cove Access Project: Administrator said not much new at this time. City of King Cove Administrator, Gary Hennigh, said submittal to Dept of Justice is fairly routine. We have 4-6 months to wait for judge to make his decision. In the meantime, land appraisal process is moving forward, putting the value of land from King Cove Corporation in exchange for 500 acres of equal value land. Hopefully a conveyance will take place early next year. Judges decision this fall.

Chris asked for a report on the school assessments. The Administrator said she will do a summary of assessments for the next meeting packet.

Assistant Administrator's Report (report in packet):

- Akutan harbor clean up: Enlisting Trident Seafoods to help clean up beach around harbor in month of June-July.
- Nelson Lagoon dock: Will be involved in hiring the engineer and project manager, to move forward with the consrtruction bid.
- Nelson Lagoon School renovation – DOWL will be assessing school, then once done can move forward with the transfer by state.
- Cold Bay Clinic funding: FY19 appropriation is $900,000. If we receive the Rasmussen Foundation grant, $3.9M total will be secured, but will still need $1.2M. EAT recommends applying for a federal HERSA (Health Resources & Services Administration) grant and looking for other funding opportunities.
- Office technology and connectivity: Working on tech provider RFP for our offices.
- Sand Pt trip: Travelled to Sand Point.for meeting.

- Helicopter operations: The Finance Dept. said $160,000 is still owed from ticket sales. 75% outstanding is Trident due to slower paying process.

Resource Director Report: Ernie Weiss is in Seattle, report in packet.

Communications Director Report:

- Board of Fisheries meeting: Reserved meeting room at Sheraton hotel for Board of Fisheries in February. Staff will be there to assist with testimonies. Anyone who is planning to travel out for meetings, there is a special room rate of $100 per night under Aleutians East Borough.
- King Cove Access Project White Paper – completed White Paper, with historical information and funding resources.
- Akun/Akutan Marine Link White Paper: Draft to be completed on Monday, June 4.
- Strategic plan projects: telecommunications serving AEB, with information from providers. Third quarter there will be a region survey on level on satisfaction of services.
- Alaska Magazine article: Interesting article, that writer notes jeep trails used by WWII also used by sport hunters.
- CFACT website article: website article points out a different environmental viewpoint. There are well documented migratory birds migrating a far more challenging flyway. The Audubon Society notes that 325 bird species migrate between Canada and Central and South America, crossing over many bridges, highway system and pass major metropolitan areas.
- AEB fishermen meeting: Main discussion on July immatue test fishery and Board of Fisheries meeting. The Sand Point test fishery is the only one in the state, occurring in July.

Maintenance Director Report:

- Reviewing assessments, getting projects prioritized for this summer while school is out.
- King Cove-AEB building will get painted and maintenance completed.
- Sand Point School roof drainage problem near kitchen entrance has been repaired.
- Prevenative work orders are now coming in on maintenance to be in compliance with the State of Alaska.
- Cold Bay terminal visit to assess maintenance needs.
- Cold Bay School walk through – building is in good shape, some carpet issues, but boilers are ready to turn on.
- Truck is sold, leaving on the next ferry.
- AEB Sand Point office planted a garden.

Mayor Osterback said regarding Cold Bay terminal, we are working with industry to get ithe terminal ready to lease space. So, hopefully we will be up and operational soon. He noted his appreciation for staff work being completed.

ASSEMBLY COMMENTS

Paul said the 2016 pink salmon disaster report sent to Assembly by Clerk. He said Governor Walker has to request specific states to distribute the pink salmon money. If done quickly, they can process through Dept of Commerce, Washington D.C. before the fiscal deadline, June 30. The 2016 disaster funding could be distributed by first of the year, but many unknowns.

Justine said thanked Mayor Osterback for energizing the staff and dedicating so much of yourself to the AEB.

Josephne acknowledged the staff dedication to completing projects on the navigation chart.

Chris B. thanked the AEB for support for the fire Dept. annual picnic fundraiser.

PUBLIC COMMENTS

Henry Mack, City of King Cove, updates in King Cove. With breakdowns on hydro, only burned 2000 gallons of fuel from just a contribution to the city that AEB contributed funds to. Should be moving dirt for new incinerator by this fall. Progress happening there, also benefited from AEB funds.

NEXT MEETING DATE
Thursday, July 12, 2018.

ADJOURNMENT
MOTION
CAROL moved to adjourn and second by JOSEPHINE. Hearing no more, the meeting adjourned at 4:31 p.m.

Mayor Alvin D. Osterback

Tina Anderson, Clerk

Date: 7/12/18