

CALL TO ORDER

Mayor Alvin D. Osterback called the Aleutians East Borough Special Assembly meeting to order by teleconference on May 27, 2021 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
Denise Mobeck	Present

Advisory Members:

Dailey Schaack, Cold Bay	Present
Samantha McNeley, Nelson Lagoon	Present
Tom Hoblet, False Pass	Present

A quorum was present.

Staff Present:

Roxann Newman, Finance Director
Jacki Brandell, Finance Assistant
Tina Anderson, Clerk
Anne Bailey, Administrator
Mary Tesche, Assistant Administrator
Ernie Weiss, Natural Resources Director
Glennora Dushkin, Administrative Assistant
Laura Tanis, Communications Director

Adoption of the Agenda:

- Remove Resolution 21-50 from the Consent Agenda.
- Remove Ordinances from Consent Agenda.

Community Roll Call and Public Comments on Agenda Items:

For the purpose of protecting the public health there are no public locations. Public comments can be e-mailed in or the public can dial in to the teleconference. Also broadcast on KSDP radio.

The Communications Director, Laura Tanis, will read any Public Comments submitted by e-mail.

There were no public comments.

PRESENTATIONS

BDO, LLC Fiscal Year 2020 Audit Review (*Report in packet. Highlights below*):

BDO reviewed the AEB FY2020 Audit, issuing an unmodified opinion. Audit was performed with reasonable assurance, not absolute. Could be small errors that are immaterial.

Total asset \$154M, ending year with total of \$126M.

General fund, operating fund, end of year \$25M. If revenues at a catastrophic low, the AEB has enough resources to cover general expenditures for three years, which is a strong position to be in.

Permanent fund has \$42M in assets. A portion of funds transferred out to support ongoing operations. Performance this year was positive, however, due to market volatility the fund could show a loss on investments.

Terminal and helicopter fund Statement. Both had operating losses this year. \$656,000 transferred to helicopter.

Of the Coronavirus Relief Funds, AEB expended \$90,000 in 2020 and a couple more thousand to expend in 2021, so will see that in next year audit.

Also did federal audit of the PILT program. Very few limitations, as long as spent in general and were spent accordingly. Next year will be a special sub audit on federal funds.

BDO does not issue an opinion, however, there are internal weaknesses so still room for improvement of internal controls, payroll transactions and journal entries. The Administrator has a plan in place to go forward to address these and deficiencies should go away, in the future.

PAUL requested a hard copy of the audit. He said there was references to bookkeeping changes. Bailey said last year we hired a full charge bookkeeper, but COVID happened and travel did not occur. The bookkeeper is still going to work with us and provide corrective action plans for deficiencies.

Conflict of Interests:

Mayor Osterback asked for any potential **Conflict of Interests** to discuss. There were no conflicts on agenda items.

ORDINANCES

- Emergency Ordinance 21-13, issuing a Declaration of Disaster Emergency in response to COVID-19.

MOTION

BRENDA moved to approve Emergency Ordinance 21-13 and second by CAROL.

Administrator said this extends the Declaration of Disaster Emergency in response to COVID-19.

PAUL said most communities are opening and personally prefers modifications to open offices. The nation and Alaska are opening up. Feels AEB is a little behind on what other communities have done so far.

ROLL CALL

Yeas: Carol, Denise, Chris, Warren, Josephine, Brenda. Advisory: Samantha, Dailey.

Nay: Paul. Advisory: Tom

6 – YEAS 1-NAY

MOTION CARRIED

PUBLIC HEARINGS

Public Hearing Ordinance 21-12, adopting the operating and capital budget for the Aleutians East Borough Fiscal Year 2022:

MOTION

CHRIS moved to adopt Ordinance 21-12 and second by BRENDA.

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

PAUL said the proposed Administration FY22 budget with a \$1.9M deficit is too high for him to support. He suggested to postpone or delete half of the amount of the deficit. Assembly could reconsider during a mid-year budget revision, and it would give us more options. He suggested reducing the deficit with Permanent Fund Appropriations -- fisheries research, \$75,000; Sand Point and Akutan floats, \$600,000; and contingency amount, \$198,668. Feels this is an exceptional year and he is willing to live with a little deficit but not that amount.

AMENDMENT

PAUL moved to amend to include transfer to the general fund, local Revenues line item, Permanent Fund (PF) Appropriations, \$873,668.13; and \$40,000 from Administration contracts. Total savings \$913,668.

MOTION DIES LACK OF A SECOND

DAILEY asked where the Cold Bay clinic funds are. Administrator Bailey said in Fund 22 and already allocated and not impacted by FY22 budget.

PAUL reiterated again that the \$1.9M deficit is far too much for him to support the proposed budget.

Mayor Osterback said budget stands at a \$1.9M deficit, and is dependent on fisheries and of bond debt reimbursements. He agrees with Paul, we can't survive on a deficit, in the future. Currently,

AEB does have funds to carry us through the new fiscal year. He feels the Assembly needs to be sitting at the same table during a budget discussion with a planning consultant. Planning sessions provide a very good road map for Assembly to see where we are and what we are doing. Harbor float systems PF appropriations is a match for grants we applied for. If we get the grant and don't have the match, we end up at the bottom of funding list again. If the harbors get completed, the communities themselves benefit by leasing stalls and local businesses gain soft benefits. There is a lot of soft money that also adds to the local sales tax. He supports any additional ways we can help communities to build up their monthly tax base.

CHRIS understands Paul's concerns. Does not like to see a \$1.9M deficit, but agrees with a face-to-face meeting to go over the budget for the next couple of years.

ROLL CALL ON MAIN MOTION

Yeas: Josephine, Brenda, Carol, Denise, Warren, Chris. Advisory: Tom, Dailey, Samantha.

Nay: Paul

6 – YEAS 1-NAY

MOTION CARRIED

RESOLUTIONS

Resolution 21-49, authorizing the mayor to appropriate the FY22 Permanent Fund earnings to designated projects and to re-appropriate False Pass/Front End Loader Funds in Dept. 820 and Nelson Lagoon School Funds in Dept. 800.

MOTION

BRENDA moved to approve Resolution 21-49 and second by DENISE.

Administrator Bailey said the AEB can appropriate 4% of 5-year average of market value, which is \$1,751,265.13. FY22 budget is approved, and projects below are recommended for appropriations:

Community Grants total (<i>projects in packet</i>):	\$327,597
Deferred maintenance	\$250,000
Fisheries Research	\$75,000
Sand Point and Akutan Harbor Floats	\$600,000
Sand Point School	\$300,000
Project Contingency	\$198,668.13

Resolution 21-49 also re-appropriates the remaining funds for the False Pass front-end loader and Nelson Lagoon School. School has been transferred to the community.

PAUL said he supports most of the items, however, felt the three items he suggested could have been held off and funds to go into general fund. He will stay consistent and will vote no, even though he supports.

ROLL CALL

Yeas: Warren, Chris, Josephine, Brenda, Denise, Carol. Advisory: Dailey, Samantha, Tom.
Nay: Paul

YEAS -6 NAYS - 1

MOTION CARRIED

- Resolution 21-50, supporting COVID-19 vaccines.

MOTION

CAROL moved to approve Resolution 21-50 and second by BRENDA.

Administrator said Resolution 21-50 strongly supports and recommends people to get the COVID-19 vaccine to protect our communities and get our communities re-opened.

AMENDMENT

PAUL moved to amend the TITLE and NOW THEREFORE BE IT RESOLVED to read, the AEB strongly supports and recommends *all people* in the AEB get vaccinated to protect the public health and get our communities reopened. Second by CHRIS.

THERE WERE NO OBJECTIONS TO THE AMENDMENT

PAUL said it then refers to everyone in the AEB, not just residents.

ROLL CALL ON MAIN MOTION

Yeas: Paul, Warren, Chris, Josephine, Brenda, Carol, Denise. Advisory: Dailey, Samantha, Tom.
Nay: None

Resolution 21-51, Assembly accepting the financial statements, required supplementary information, supplementary information, and single audit reports for year ended June 30, 2020.

MOTION

CAROL moved to approve Resolution 21-51 and second by JOSEPHINE.

Administrator Bailey said Resolution 21-51 is accepting the supplemental reports and audit report for FY2020. There is a plan to address the findings. Recommends approval.

ROLL CALL

Yeas: Brenda, Paul, Warren, Josephine, Carol, Chris, Denise. Advisory: Dailey, Tom, Samantha.
Nay: None

MOTION CARRIED

Resolution 21-52, Assembly authorizes the Borough Mayor to Negotiate and Execute a Contract with DOWL to complete a 65% Design and Guaranteed Maximum Price, 100% (Final) Design and Construction Negotiations for the Cold Bay Terminal Expansion in an amount not to exceed \$147,337.

MOTION

WARREN moved to approve Resolution 21-52 and second by DENISE.

The Administrator said Resolution 21-52 also re-appropriates \$200,000 to the terminal from a terminal bracing project that has been on hold. The Administration has been instructed to expand the terminal facility. Have already contracted DOWL for terminal facility expansion services. Solicitation for a contract manager has been issued. Cost anticipated will be around \$1M. AEB has \$800,000 and will have to find the rest elsewhere. To pay for DOWL services recommend re-appropriating the \$200,000 to the terminal expansion project.

*amended at
the
July 8, 2021
Mtg.*

most of the items.

PAUL said last meeting everyone supported and he also supports. He noted the hard work the Administrator and staff has been doing to get this project done.

ROLL CALL

Yeas: Chris, Warren, Brenda, Paul, Denise, Carol, Josephine. Advisory: Tom, Samantha, Dailey.
Nay: None

MOTION CARRIED

NEXT MEETING DATE

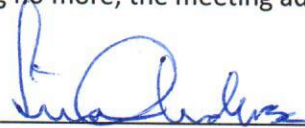
July 8, 2021.

ADJOURNMENT

PAUL moved to adjourn and second by WARREN. Hearing no more, the meeting adjourned at 4:50 p.m.



Mayor Alvin D. Osterback



Tina Anderson, Clerk

Date: 7/8/21