

**CALL TO ORDER**

Mayor Alvin D. Osterback called the Aleutians East Borough Assembly meeting to order by teleconference in each community on May 26, 2022 at 3:00 p.m.

**ROLL CALL**

Mayor Alvin D. Osterback	
Brenda Wilson	Present
Carol Foster	Present
Chris Babcock	Present
Denise Mobeck	Present
Josephine Shangin	Present
Paul Gronholdt	Present
Warren Wilson	Present

**Advisory Members:**

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

We have a quorum.

**Staff Present:**

Anne Bailey, Administrator  
Talia Jean-Louis, Assistant Administrator  
Glennora Dushkin, Administrative Clerk  
Laura Tanis, Communications Director  
Beverly Ann Rosete, Borough Clerk  
Ernie Weiss, Natural Resources Director  
Jacki Brandell, Acting Finance Director

***ADOPTION OF THE AGENDA***

CHRIS move to amend the Agenda with additions second by WARREN

Hearing no objections, the Agenda will stand 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. There were no public comments.

***CONFLICT OF INTEREST***

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

**PRESENTATION**

- BDO, LLC Fiscal Year 2021 Audit Draft Review (*Report in packet. Highlights below*)

BDO reviewed the AEB FY2021 Audit, an unmodified opinion was expected to be issued. Objective of the audit was to obtain reasonable assurance not absolute. The audit focused on what they considered risky areas. There were no real significant changes in accounting policy applied in this year's audit.

Total Assets at the end of fiscal year is \$160M. Total Liabilities is \$26M.

Governmental Funds, Total Assets is \$86.3M. Liabilities \$10.1 M. Leaving \$76M in Balance, out of that is \$56M which is restricted in Trust Fund.

Total Revenues for FY21 \$20.6M, 7M from General Fund, \$2.6M from Cares Act Fund, \$10M from Investment Income.

Enterprise Funds consist of Terminal Funds and Helicopter Funds, Total Assests \$5.1M. Both had operating losses this year. \$962,000 were transferred in.

BDO does not issue an opinion, however there are weakneses in Internal control, segregation of duties, and journal entry review. Corrective Action plans are already in place to make sure we are in compliance.

Assembly PAUL asked if when is the good time to implement the new software upgrade.

BDO said whenever there is a software upgrade, it is always easier to use the start of fiscal year. Biggest thing about software upgrade is having a good plan and a designated person to reviewing the balances to make sure it transferred correctly.

**CONSENT AGENDA**

NO Items

**PUBLIC HEARING**

Ordinance 22-11, Adopting the operating and capital budget for the Aleutians East Borough Fiscal Year 2023

**MOTION**

BRENDA moved to adopt Ordinance 22-11 and second by JOSY

Administrator Bailey said the things that are taken into consideration when we planned the budget is experienced on the State level. As of May 18, the House passed their budget, which includes the Harbor Bond Debt, reimbursement of School Bond Debt item that was proposed by the Senate, matching grant funds for the Harbor Facility Grant Program and major maintenance Funds included in their budget. The governor is in the process of finalizing the budget. Historically he used to cut the Harbor Bond debt, so we have that on 0%, 100% on School Bond Debt, and we also have \$315,000 Community Assistance which is based off a 5year average.

Fish Consideration, we anticipated \$3.5M in Fish Tax Revenue for FY23. Department have a 4% COLA salary increase between FY22 and FY23 what was approved upon last meeting so that was incorporated in the Ordinance.

In education support, we have in this budget \$1.1M in is local school contribution, \$35K is in scholarship and \$20K in student travel.

Fund 20 is reflected a little differently from the past. This includes the designation of the Permanent Fund Balance and showed the unspent appropriated fund for FY17 to FY22.

Expected Revenues are \$6.7M and Expected Expenditures are \$6.9M. Transfer out to Helicopter \$750K approximately and incoming revenue of \$20K from the Terminal Operations, leaving us \$952K while will be transferred in from the Permanent Fund. Leaving us with a balanced budget.

**AMENDMENT**

PAUL moved to amend the proposed budget to add a Contract line item of \$75,000 under Mayor's office.

**MOTION DIES LACK OF SECOND**

**AMENDMENT**

PAUL made a motion to reduce the line-item Contract under Finance from \$100,000 to \$25,000. Second by CAROL

Administrator Bailey said this is for Espelin and Associates which was approved by a resolution last May 12 meeting so reducing this line item would impact that and we will have to pay from something else probably project contingency. I do not recommend reducing this because this is critical to the operations.

Assembly Paul said the reason for the motion is save some of the money that can be put to increase the salary in Finance in case we have trouble getting someone that live in the region.

Mayor Osterback commented that this position does not replace the Finance Director position.

Assembly Carol asked for \$100,000 for how long?

Administrator Bailey said for a year. But we may or may not spend the whole amount. This is a contract account to help us with the Audit prep and transition with the new software process and it is not a yearly expense. We might need her services again to just check balances.

Assembly PAUL commented that this is the biggest amount we are spending for an outside help.

Mayor Osterback said that changing the whole financial system is a big move. It is expensive but once this comes to a close, our financial will be easier to understand, and audit will go smoother.

Assembly BRENDA said she will not be in support of removing that money. If you look at the length of time and amount of work that needs to be done in changing the new system, it is tremendous.

Chris said he will not be supporting the amendment either. Switching to the new software is tough And we are down on one 1 employee in our Finance Dept. right now and sometime is it good to have an outside help.

**ROLL CALL**

Yeas: Paul

Nay: Warren, Chris, Brenda, Denise, Josy, Carol

**MOTION FAILS**

Assembly PAUL asked under school contribution, what is the maximum allowable amount that the Borough can give?

Assembly CHRIS pointed out that is on page 5 of the Ordinance 22-11 Agenda Statement, minimum of \$497,536, maximum of \$ 1,708,241

**ROLL CALL**

Yeas: Denise, Carol, Warren, Paul, Brenda, Josy, Chris Advisory: Samantha

Nay: None

**MOTION CARRIED**

*ORDINANCES*

NO items

*RESOLUTIONS*

Resolution 22-44, authorizing the Mayor to appropriate the FY23 Permanent Fund Earnings to designated projects and to reappropriate Surveying Funds in Fund 866 and Cold Bay School Funds in Department

**MOTION**

CHRIS made a motion to approve Resolution 22-44 and second by DENISE

Administrator Bailey said the Borough is authorized to appropriate funds from the Permanent Fund Account to the General Fund. The Assembly in its discretion and consistent with Chapter 6.04.041, may in any fiscal year, appropriate an amount not to exceed four percent (4%) of the five-year average fund market value, to be computed using the five (5) prior calendar years market value. Contingent upon the approval of Ordinance 22-11, which adopts the operating and capital budget for the Aleutians East Borough ("Borough") Fiscal Year 2023, \$1,814,008.83 in Permanent Fund Earnings will be approved for FY23.

The recommended appropriations of the Permanent Fund Earnings are as follows:

- \$952,831 to Cover the FY23 Budget Deficit
- \$150,000 Addition to Department 872 Fisheries Research Line-Item E 20-872-209-679 Fisheries Research
- \$225,000 Addition to Fund 20 for the Sand Point and Akutan Harbor Floats
- \$250,000 Addition to Fund 20 for Deferred Maintenance
- \$50,000 Addition to Fund 20 for Travel
- \$186,177.83 Addition to Fund 20 for Project Contingency

And the following changes;

- Reappropriate \$30,873.98 in Line-Item E 20-866-209 506 SURVEYING to Line-Item E 20 866-209-888 PROJECT CONTINGENCY

- Reappropriate \$44,818.88 in Department 800 Line-Item E 41-800-869-888 PROJECT CONTINGENCY to Line-Item E 20-866-209-888 PROJECT CONTINGENCY

**ROLL CALL**

Yeas: Josy, Brenda, Chris, Carol, Paul, Warren, Denise, Advisory: Samantha  
Nay: NONE

**MOTION CARRIED**

Resolution 22-45, Authorizing the Mayor to Negotiate and Execute a Contract with Kerry Tasker Photography to provide photography and video services for the Borough's use on the website, in grants, reports, social media platforms and in social media.

**MOTION**

CHRIS made a motion to approve Resolution 22-45 and second by JOSY

Communication Director Tanis said possessing a large stock of professional high-resolution photographs and videos is very important for the Borough to have, especially when submitting grants, issuing reports, press releases, presenting information on our website and on our social media platforms. Currently out professional photos are dated. Over the 17 years since we last hired a photographer, the Borough has built new infrastructures. April 15, request for Proposal were issued, after evaluation of 4 proposals, Kerry Tasker Photography was selected.

Assembly PAUL commented that he will not support as we can spend the money in better way.

**ROLL CALL**

Yeas: Denise, Warren, Carol, Brenda, Josy, Chris, Advisory: Samantha  
Nay: Paul

**MOTION CARRIED**

Resolution 22-46, Authorizing the Mayor to Negotiate and Execute a Contract with Moffatt & Nichol to Conduct a Reconnaissance/Feasibility Study for the Cold Bay Dock in an Amount Not to Exceed \$66,565

**MOTION**

BRENDA made a motion to approve Resolution 22-46 and second by CAROL

Administrator Bailey said On March 16, 2022, a Request for Proposal was issued for the Cold Bay Dock Reconnaissance/Feasibility Study. Addendums were issued on April 14 and 18, 2022. The deadline for submitting proposals was extended to April 26, 2022. Two proposals were received by the April 26, 2022 deadline. A review committee has reviewed the proposals and recommends entering a contract with Moffatt & Nichol to conduct the Cold Bay Dock Reconnaissance/Feasibility Study in an amount not to exceed \$66,565. Funds are available in line-items E 20-802-000-850 and E 20-802-209-969 for this work.

**ROLL CALL**

Yeas: Brenda, Carol, Chris, Denise, Josy, Paul, Warren Advisory: Samantha  
Nay: None

**MOTION CARRIED**

Resolution 22-47, Closing Out the FY20 Community Assistance Grant Program

**MOTION**

BRENDA made a motion to approve Resolution 22-47 and second by DENISE

Administrator Bailey said In FY20, Borough communities were impacted by budget constraints at the State/Federal level and by changes within the fishing industry. In an effort to assist the communities, the Assembly approved 2 resolutions in December 2019. One is to fund and implement an AEB FY20 Community Assistance Grant Program and the second was to Authorize the mayor to enter into a grant agreement with each 6 communities in an amount not to exceed \$100,000. There is \$55,188.40 remaining for this program. Since this was an appropriation for FY 20 Community Operational needs Administration recommends closing out this grant program. This will remove line-item E 20-878-209-850 from the Borough financials. The unspent funds will remain in the AMLIP .3 portfolio. The R-207 Grant Revenue Line-Item will also be removed from the Borough Financials.

**ROLL CALL**

Yeas: Warren, Carol, Paul, Brenda, Denise, Josy, Chris, Advisory: Samantha

Nay: None

**MOTION CARRIED**

*OLD BUSINESS*

No Items

*NEW BUSINESS*

- Administrator Contract Agreement (Informational Only)

Mayor Osterback said there was a question that was brought up during the workshop whether or not the Mayor should have signed the contract. Under the Borough's Code Administration 2.16.010 The Mayor shall appoint Borough employees and Administrative Officers. The contract is for another 3 years. If I felt the Administrator was not doing her job, or if an Assembly member came to me and says this is not working, I would never offer a contract if I thought the person is not doing their job or if I have a disgruntled Assembly member thought she was not doing her job. I took upon myself to sign it. It is there for you to preview and read. She did not ask for a raise, only the 4% like the rest of the employees.

Assembly PAUL commented his point is, previously the contract of Administrator coincides with the term of the Mayor because it works better and convenient for planning ahead.

Mayor Osterback said if the Assembly has a good administrator, most probably they will want another year and a half contract with that administrator and if something happens and there will be a new Mayor, we will have someone who knows the operation and will still have a smooth transition.

Assembly CHRIS commented that he doesn't have a problem with the Mayor signing the administrator contract. Thinks the administrator is doing a tremendous job and know that the mayor and administrator works closely together and has an open policy to listen to the Assembly members.

- Aleutians East Borough Bond Information (Informational Only)

Administrator Bailey said that at the last meeting Assembly Member Gronholdt asked for information about the Borough Bond. Since 1990, the Borough has bonded \$46,750,000 in projects. These include maritime facility projects, airport runways, and school projects. There are still 3 bonds remaining. The 2015 Refunding series one bond which is for the Akutan Boat Harbor, according to this there is still \$653,125 left to be paid and will end in 2025. The 2016 Refunding series bond will be done in 2028 there is still \$ 15,150,000 to be paid. And the 2021 Refunding series which was refinance recently in 2021 and there is about \$2.8M.

Assembly PAUL pointed out that in Akutan Harbor we are still obligated in \$5M bond no matter which processor comes and go in Akutan. If Trident moves, we are still obligated to pay and we are on the hook.

*REPORTS AND UPDATES*

None

*MAYOR'S UPDATE*

None.

*ASSEMBLY COMMENTS*

Assembly CHRIS commented that he had a chance to visit the Cold Bay Terminal and was very impressed with the construction work that was done there. Ask if we heard from Aleutians Air yet.

Administrator Bailey said no. There was a back-and-forth email correspondence but there is no other information to share yet.

Mayor Osterback said there was a picture post in Facebook about some computer monitors of Aleutian Air on a counter in Dutch Harbor but have not heard anything from them.

Assembly PAUL said from what he heard; FAA is requiring them for few more trial hours.

Assembly CHRIS said he read somewhere that they are possibly doing some test flights between Sand Point and Cold Bay but have not heard anything official.

*PUBLIC COMMENTS*

None.

*NEXT MEETING DATE*

Regular Assembly Meeting July 14, 2022.

*ADJOURNMENT*

JOSY moved to adjourn. Hearing no more, the meeting adjourned at 4:27p.m.

  
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Mayor Alvin D. Osterback

Date: 7/14/2022

  
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Beverly Ann Rosete, Borough Clerk