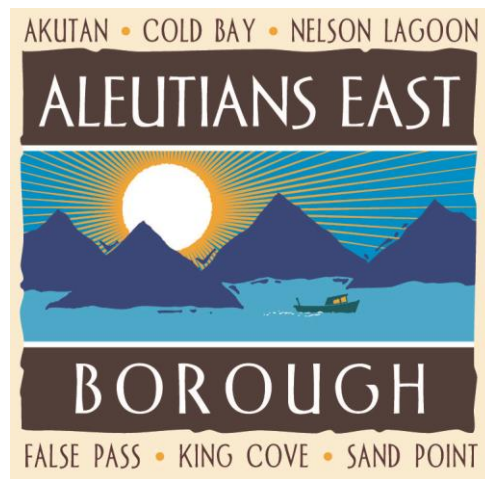


Aleutians East Borough Assembly Meeting

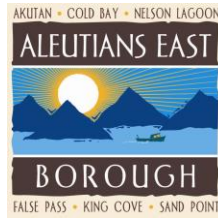


Workshop: Thursday, July 2, 2019 – 1:00 p.m.

Meeting: Thursday, July 2, 2019– 3:00 p.m.

Roll Call & Establishment of a Quorum

Adoption of Agenda



Agenda
Assembly Meeting
(packet available on website www.aleutianseast.org)

Date: Thursday, July 2, 2019
Time: Workshop: 1:00 p.m. Meeting: 3:00 p.m.

Location: By teleconference in each designated community location below:
King Cove AEB office Akutan -city office
Nelson Lagoon Corp. Cold Bay City Office/ Community Center
False Pass-city office Anchorage office – 3380 C St
Sand Point AEB office

All communities will be provided with conference calling information for the designated location in your community. Public comments on agenda items will take place immediately after the adoption of the agenda. The meeting will also be broadcast on KSDP Public Radio. Additional public comments can be made at the end of the meeting.

ASSEMBLY MEETING AGENDA

1. Roll Call & Establishment of Quorum.
2. Adoption of the Agenda.
3. Conflict of Interest.
4. Community Roll Call and Public Comment on Agenda Items.
5. Minutes.
 - May 9, 2019 Assembly Meeting Minutes.
 - May 23, 2019 Assembly Meeting Minutes
6. Financial Reports.
 - May Financial Report.
 - April, May, Investment Reports.
7. Consent Agenda. None.
8. Resolutions.
 - Resolution 20-01, Authorizing the Mayor to Negotiate and Execute a Memorandum of Agreement between the Aleutians East Borough and the City of King Cove Regarding Maintenance of the King Cove Access Road During Fiscal Year 2020.

- Resolution 20-02, A Resolution of the Aleutians East Borough Assembly relating to disposal of surplus, obsolete, or unneeded supplies.
- Resolution 20-03, Authorizing the Mayor to negotiate and execute a Memorandum of Agreement between the Aleutians East Borough and the City of King Cove regarding the reimbursement of expenses associated with the King Cove Access Project for FY 2020.
- Resolution 20-04, A Resolution of the Aleutians East Borough Assembly Authorizing the Mayor to Enter into a Three-Year Participant Membership Agreement with the Alaska Municipal League Joint Insurance Association.
- Resolution 20-05, Approving the Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports for Year Ended June 30, 2018.
- Resolution 20-06, Authorizing the Mayor to negotiate and execute a Memorandum of Understanding between the Aleutians East Borough and the City of King Cove to complete an appraisal for the King Cove Access Project.
- Resolution 20-07, Authorizing the Mayor to Negotiate and Execute a Contract with Kuchar Construction, LLC for the Deferred Maintenance Sealant and Paint Work at the Sand Point School in an Amount Not to Exceed \$385,000.
- Resolution 20-08, Authorizing the Mayor to Negotiate and Execute a Contract with Bering Industrial Contractor's Inc for Deferred Maintenance Work at the Akutan School in an Amount Not to Exceed \$325,000.
- Resolution 20-09, In support of the submission of a 2019 NFWF electronic monitoring and reporting grant proposal with grant partners Peninsula Fishermen's Coalition and Saltwater Inc.

9. New Business.

- Quarter One, Aleutians East Borough Strategic Plan Update.

13. Reports and Updates.

14. Assembly Comments.

15. Public Comments.

16. Next Meeting Date.

17. Adjournment.

Conflict of Interests

Community Roll Call & Public Comment on Agenda Items

Minutes

CALL TO ORDER

Mayor Alvin D. Osterback called the Assembly meeting to order by teleconference in each community on April 11, 2019 at 3:03 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
E. Ingrid Cumberlandidge	Present

Advisory Members:

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

A quorum was present.

Staff Present:

Roxann Newman, Finance Director
Tina Anderson, Clerk
Anne Bailey, Administrator
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:

BRENDA moved to approve the agenda and second by JOSEPHINE.

AMENDMENT TO AGENDA

CHRIS moved to amend to include New Business, Pebble Mine Discussion. Second by CAROL.

Hearing no objections, the agenda is approved as amended.

Conflict of Interests:

Mayor Osterback asked for any potential **Conflict of Interests** to discuss.

INGRID declared a conflict as the new Sand Point School principal, with the school district contribution request on the agenda, but does not affect her directly. Mayor Osterback stated, no conflict.

CHRIS said the King Cove Fire Dept. has a donation request submitted, but is not going to affect him directly. Mayor Osterback stated, no conflict.

BRENDA disclosed a Conflict of Interest, as an employee with Eastern Aleutian Tribes, with the EAT contribution on the budget ordinance. Mayor Osterback stated, no direct conflict.

WARREN disclosed a Conflict of Interest as a King Cove Corporation Board Member. Mayor Osterback asked if, as a Board Member, whether he voted on the reimbursement request. Warren answered, yes. Mayor Osterback said that he is in conflict. Warren will not be able to participate in the King Cove Reimbursement Request agenda item.

Community Roll Call and Public Comments on Agenda Items:

The communities of King Cove, Sand Point, False Pass and the Anchorage office were participating by teleconference. Also broadcast on KSDP radio.

Public Comments:

City of King Cove Mayor, Henry Mack, commented on Ordinance 19-09, Fund 20 appropriations recommendations. He said all the communities have put in grant requests. Thirteen requests were submitted and only three projects are recommended to be funded. He believes all the projects are good projects and he supports the other 10 to receive funding. He recommends the Assembly reconsider and fund the other 10 from the unencumbered general fund balance, so all can be partially funded.

King Cove Corporation Administrator, Della Trumble, said in regards to the maintenance needs at the Cold Bay terminal, in the budget. She asked if AEB is trying to get another air carrier into Cold Bay. The Administrator said currently we are trying to fill the lower level of the terminal. We have gone out looking for interest and only received interest from Pen Air and Grant.

Della Trumble said there are ongoing problems with the carriers, Pen Air and Ravn. Bailey stated, currently trying to fill the lower level of the terminal. FAA and NWS lease the upper level for \$139,000. The only two showing interest are Ravn Alaska and Grant Aviation. Currently working on lease, but those are the only two that have showed interest. Trumble asked if AEB is going to try and help improve transportation to and from the region. Mayor Osterback said, the A-Team group signed a letter of concern to carrier, but not sure what else we can do. In regards to the ferry system, we've been working through the legislative offices, responding to the proposed cuts and what would happen in the region. On both, air carriers and ferry system, we've been making comments on concerns, but does not feel we have a lot of choices.

In responding to Mayor Henry Mack, Mayor Osterback said, when looking at the unencumbered funds, he said we still owe a lot of money for Corps of Engineers (COE) projects we have done. AEB is liable for 20% of costs on COE projects done, including 20% of the cost on a lost lawsuit on a COE project, and legal fees. When they request the funds the AEB will have to pay. We are being conservative due to the state budget concerns. There are projects that the AEB has to keep moving forward. Then with the money left, administration picked projects we could fully fund, to get them off the list.

Minutes, April 11, 2019, Assembly Minutes:

MOTION

WARREN moved to approve the April 11, 2019 Assembly Meeting Minutes and second by PAUL.

Hearing no objections, **MOTION CARRIED.**

March Financial Report Amendment:

MOTION

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

DISCUSSION

The Administrator said there were discrepancies with the software system, BDS. Raw Fish Tax and other items were adjusted, due to BDS software. Software has since been updated, if approved this will replace the financials from the last meeting.

ROLL CALL

YEAS: Ingrid, Brenda, Carol, Josephine, Warren, Paul, Chris. Advisory: Tom, Samantha.

NAY: None

MOTION CARRIED

MOTION

PAUL moved to adopt the March Financial Report as corrected. Second by CHRIS.

ROLL CALL

YEAS: Carol, Josephine, Ingrid, Paul, Chris, Brenda, Warren. Advisory: Tom, Samantha.

NAY: None

MOTION CARRIED

April Financial Report:

MOTION

INGRID moved to approve the April Financial Report and second by CHRIS.

DISCUSSION

The Administrator said all tracking along. Fund 22 Revenues, there is an additional \$61,000 from helicopter tickets sales from Trident and others for past due invoices.

ROLL CALL

YEAS: Josephine, Paul, Chris, Brenda, Carol, Ingrid, Warren. Advisory: Dailey, Samantha, Tom.

NAY: None

MOTION CARRIED.

March Investment Report: In packet.

Tom asked about the False Pass Harbor litigation. The Administrator said \$330,000 still in bond account. False Pass Harbor litigation is still ongoing and no update, at this time.

Those funds can be used to help offset some of the costs for litigation. AEB will be responsible for 20% of the loss in the lawsuit, which is approximately \$4M. Tom said the litigation has been ongoing for years and was hoping on a timeline, to be done.

CONSENT AGENDA None

PUBLIC HEARINGS

Public Hearing 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

BRENDA moved to approve Ordinance 19-08 and second by CHRIS.

DISCUSSION

The Administrator said, if approved, in the future, the finance director position will work at the pleasure of the mayor. Revision will not affect the present finance director, who can only be terminated for cause, and a memo will be placed in present finance director file, stating that.

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

ROLL CALL

YEAS: Paul, Chris, Carol, Ingrid, Brenda, Warren, Josephine. Advisory: Dailey, Tom, Samantha.

NAY: None

MOTION CARRIED

ORDINANCES

Introduction Ordinance 19-09, adopting the operating and capital budget for FY2020:

MOTION

CAROL moved to accept Ordinance 19-09 and set for Public Hearing at a Special Assembly Meeting May 23 in False Pass. Second by BRENDA.

DISCUSSION

The Administrator said the Governor's proposed budget removes school bond reimbursement and shared fisheries tax, and does not anticipate a state budget approved by July 1. AEB won't receive \$3.2M under governor's proposed budget, which is 40% of the AEB anticipated revenues. If state revenues are included in the state budget, then will submit an amendment, at that time. In summary, the expected FY20 revenue is \$5,111,621; expected expenditures, \$6,719,952; FY20 helicopter transfer to Fund 22, \$804,516. Fund 22 terminal, an expected surplus of \$12,000. The proposed budget expected deficit is - \$2,400,824.

AEB can consider a few options, doing minimum school district contribution of \$517,000, instead of \$800,000; not fund 3% COLA totaling \$28,000. The memo in the packet shows different state funding scenarios reflected in our budget, showing impacts of state funding at 0%, 25%, 50%, 75%, and 100% fully funded.

Administration is recommending taking the deficit out of the Fund-Fund balance. FY18 audit is not completed so does not know how much is, at this time. This is a short-term fix, which is not sustainable since funds are limited. For long term, looking at long term solutions, other revenue sources, and budget cuts. The memo and spreadsheet show all the changes.

Paul requested an outline of AEB raw fish tax for last few years for the next packet.

The Administrator said the raw fish tax did increase in FY20 and will be included in the next packet.

Ingrid requested backup material for some of the community requests. The Administrator said an overview is in the present packet and will provide back-up material in the next packet.

Carol said, in looking at options being considered, she recommends AEBSD contribution remain at \$800,000. Plus, COLA increase amount, \$28,000 isn't a sizable savings anywhere. Supports False Pass request, supports finishing ongoing projects in Cold Bay. Supports funds for King Cove road project, supports getting property surveys completed. She feels we need to begin completing some of the projects. She supports the administration recommendations.

Brenda agrees with Carol.

Ingrid reiterates what Carol supports. The school funding request is \$100,000 less than this year and supports considering any potential school district needs that may come up. She also supports the COLA and all other projects Carol mentioned.

Mayor Osterback said the school funding has never been a problem, education is at the top of our list to take care of. When we know what the state is doing, we will have a meeting to reflect that.

Carol said, City of Sand Pt. request of \$87,239 for WAANT Task Force, is for a good thing that benefits all the communities and supports their request also.

Chris, supports and agrees with everyone else, that education is top priority. Agree with Carol and Brenda that we got a lot of projects that don't get done and costs continually go up when they are not completed.

Ingrid said she is not comfortable re-appropriating Nelson Lagoon erosion project monies because of the huge need. Samantha said Nelson Lagoon will be applying for an APICDA grant to finish the erosion project. She does not have a problem with re-appropriating the money towards the dock repairs.

ROLL CALL

YEAS: Warren, Paul, Chris, Brenda, Ingrid, Josephine, Carol. Advisory: Dailey, Tom, Samantha.

NAY: None

RESOLUTIONS

Resolution 19-65, authorizing the Mayor to negotiate and execute a contract extension with DOWL to provide professional engineering, project management and construction management services for the Borough.

MOTION

CHRIS moved to approve Resolution 19-65 and second by JOSEPHINE.

DISCUSSION

in reviewing, the Administrator said AEB went out to Request for Proposal, July 2015 and received 11 proposals, selecting DOWL. Contract was for 2015-2017 with option to renew for an additional 3 years. Recommend approval to continue for one more year.

Paul suggested going out to bid again, after this year.

Chris feels it helps to prioritize projects and project management insures projects are done properly.

Carol asked if the full amount is used. Administrator said yes.

ROLL CALL

YEAS: Brenda, Ingrid, Paul, Josephine. Chris, Carol, Warren. Advisory: Samantha, Dailey, Tom.

NAY: None

MOTION CARRIED

Resolution 19-66, authorizes the Administrator to engage in contract negotiations with McClintock Land Associates for the Bear Lake Survey project in the summer of 2019 for an amount not to exceed \$140,000.00.

MOTION

INGRID moved to approve Resolution 19-66 and second by BRENDA.

DISCUSSION

Ernie Weiss said, if approved, would allow Administrator to negotiate a contract up to \$140,000, to survey the Bear Lake land selections. The survey cost is \$124,000 prior to receiving survey instructions, so provides a cushion. Municipal land selections require a survey before the state conveys the lands to AEB. He recommends approval.

Warren asked if the money for Port Moller lands sold was added to this account. The Finance Director said the funds received went into the general fund balance.

Paul said budget is short and it is not a priority so does not support, at this time.

Mayor Osterback said this will be the last survey to finish the section needed.

ROLL CALL

YEAS: Chris, Josephine, Warren, Carol, Ingrid, Brenda. Advisory: Dailey, Tom, Samantha.

NAY: Paul.

MOTION CARRIED

Resolution 19-67, authorizes the Mayor to negotiate and execute a contract amendment with LCG Lantech, Inc. to provide architectural and engineering services for the Cold Bay Clinic Project in an amount not to exceed \$21,000.

MOTION

BRENDA moved to approve Resolution 19-67 and second by JOSEPHINE.

DISCUSSION

The Assistant Administrator said AEB entered into a contract for the Cold Bay clinic project design, to be ready for construction. LCG recommended design revised changes that were suggested by EAT, Inc. Recommends approval.

Paul supports and asked if there is a narrative from LCG on the energy efficiency changes. Mary said there is not, but will request one from LCG.

ROLL CALL

YEAS: Ingrid, Carol, Chris, Brenda, Josephine, Warren, Paul. Advisory: Tom, Dailey, Samantha.

NAY: None

MOTION CARRIED

OLD BUSINESS

King Cove Corporation Reimbursement Request:

DISCUSSION

In reviewing, the Administrator said, at the last meeting, we discussed the King Cove Corporation reimbursement request for costs incurred for the King Cove road project. The reimbursement request is \$102,409 for amounts donated to the City of King Cove and reimbursement of travel costs KCC paid to AEB. The Assembly requested additional information. She found the March, 2015 KCC letter, requesting a portion for monies paid to City of King Cove; December 6, 2010 memo from City of King Cove Mayor, Henry Mack that outlines funding anticipated from AEB and King Cove Corporation; a King Cove resolution; and January, 2015 City of King Cove letter outlining those requests. After reviewing all, the King Cove Corporation did provide funding but nothing in documents state the AEB would reimburse, so assumption is no agreement in place. To date, the AEB reimbursed \$1,687,005 in expenditures to the City of King Cove and has paid for additional litigation and travel costs.

Due to the amount of the request, it is at the discretion of the Assembly. There are three options below:

1. Do not pay, lack of written agreement, and stale invoices.
2. Pay all or portion with contingencies, which could be, one time and final payment. And all other requests would require a pre-approved agreement.
3. Pay all or portion without contingencies.

If approved, a resolution is necessary, to be appropriated from the hovercraft fund.

Carol has no problem reimbursing the Corporation back their travel expenses paid to AEB. However, does not think AEB is responsible for an agreement between KCC and City of King Cove, to pay the City \$90,000. Everyone has a lot of money invested in this project and she noted her appreciation for the work everyone has done. If the \$90,000 is paid, her concern is everyone will want reimbursements for something.

Josephine agrees with Carol. She said that this amount was donated to City of King Cove and nothing was agreed upon prior.

Paul said no written agreement and invoices are old, so has a hard time supporting.

Chris feels we need to consider reimbursing. King Cove Corporation has done a lot with this project, including donation of lands. Mayor Osterback noted there will be a fair exchange of land.

City of King Cove Administrator, Gary Hennigh, said he supports what the King Cove Corporation is asking for and that it is a parallel to what the city did. He said the road wasn't King Cove's project and they expended a lot of money on the project. AEB previous administration came whole with the city for reimbursements. Now King Cove Corporation wants to be reimbursed, and he feels it is the same as the city.

King Cove Corporation Administrator, Della Trumble, said in 2015 the Corporation was told to bring back the reimbursement request after the hovercraft was sold. This request was brought back, when it was sold. The Corporation spent \$210,000 and the AEB reimbursed the City 2/3 of their costs. Basically, the Corporation is giving up 500 plus acres for completion of the road. Also, gave lands for hovercraft approach area. Feels, at this point, we're asking for \$105,000, which is 50%. This project has taken a lot of her time and does not feel the request is unfair.

MOTION

INGRID moved to bring back a resolution to reimburse \$40,000 to be paid this fiscal year 2020 and \$40,000 to be paid next fiscal year 2021 and accept no further requests without a prior written agreement, in the future. Second by CHRIS.

Ingrid said she feels the King Corporation has contributed with their time and land in the effort for the project. Chris felt what Ingrid has brought to the table is fair, and they need to get some reimbursement.

YEAS: Brenda, Chris, Carol, Ingrid. Advisory: Dailey, Samantha.

NAY: Paul, Josephine.

ABSTAIN: Advisory: Tom

(Conflict of Interest: Warren)

NEW BUSINESS

Donation Requests:

The Administrator reviewed the policy saying, donation request submittal dates are November 1 and May 1. She reviewed the donation requests and the recommendations are below:

Donation requests recommendations for FY2019 funds:

APIA Head Start-playground installation	\$2,000
City of Sand Pt. Community Clean-up	\$1,000
King Cove Fire/Rescue Fundraiser:	\$3,000
Lost Villages Reunion	<u>\$500</u> (no specific amount was requested)

TOTAL **\$6,500.00**

(remaining FY19 balance \$3,500)

Donation requests recommendations for FY2020 funds:

Cold Bay EMS	\$3,000
EATS Cold Bay Clinic Health Fair	\$250

QTT Culture Camp	\$3,500
QTT Tribe Fall Clean Up	\$250
QTT Tribe Graveyard Clean Up	\$200
Sand Point Teen Center	\$2,000
Sand Point Derby Fundraiser	\$750
City of Sand Point 4 th of July	<u>\$1,000</u>
TOTAL	\$10,950.00
(Remaining FY20 balance \$12,550)	

Chris said, on behalf of the King Cove Fire Dept., thanked the Assembly for the support over the last several years. The money goes towards higher education scholarships and other community events in the city. The Fire Dept. has given away \$21,000 in scholarships and the events promote alcohol and drug free activities and many fishermen in the region are around to participate.

Sand Point Headstart Program Coordinator, Rayette McGlashan, said the Program used extra funds to purchase new playground equipment, but there is no funds to pay for labor the removal of old equipment and installation of the new.

MOTION

PAUL moved to approve the administrations donation requests (above) and second by JOSEPHINE.

ROLL CALL

YEAS: Carol, Warren, Ingrid, Brenda, Josephine, Paul, Chris. Advisory: Dailey, Tom, Samantha.

NAY: None

MOTION CARRIED

Administrator Contract Agreement:

DISCUSSION

The Administrator said current contract began May, 2017 and expires June 30. She and Mayor Osterback negotiated a new contract, which is before the Assembly for approval. The contract is for three years, at \$132,000 annually; and an additional 15 days of leave on top of what accrues.

In contract, last time, Gronholdt asked what, in the event of death means, which means any leave cash outs would go to her family.

MOTION

CHRIS moved to approve the Administrator's contract and second by INGRID.

DISCUSSION

Mayor Osterback said the contract has a small pay increase and an additional 5 days of leave. The Administrator, Anne Bailey, has done a great job and so does her staff, which reflects off her. I don't think we can find a better administrator. There is an amazing amount of work being done. The planning session laid out projects but much more being done besides that. As we are going through all of this, staff is researching everything the AEB has.

Carol is very happy that things are getting accomplished and thanked the Mayor for the regular monthly meetings.

Paul noted that the agreement doesn't overlap the elections too much. Bailey is doing a great job and supports fully.

Brenda said Bailey is doing really well and has stepped up to the plate.

Chris agrees that Bailey is doing a tremendous job, accomplishing the strategic plan jobs and all other jobs.

Ingrid noted her appreciation of Bailey's efforts to get her up to speed.

Tom thanked Bailey for her service and looking forward to seeing her in False Pass on June 23.

ROLL CALL

YEAS: Brenda, Josephine, Chris, Paul, Ingrid, Warren, Carol. Advisory: Samantha, Dailey, Tom.

NAY: None

MOTION CARRIED

Pebble Mine Discussion:

Chris said he was on vacation, missing the last meeting and disappointed the Pebble Mine resolution didn't make it to the floor for discussion. He has had concerned fishermen ask why the AEB is not talking about this subject. Their concern is if something happened, it could affect fisheries in our region also. Supports discussing again.

Paul noted other mining operations. Donlin Mine is on the Kuskokwim and possible future mining operations in our region and wondering if AEB plans to take a stand on them also. He added the Pebble Mine public hearing has been extended until June 29th.

Brenda said she heard from King Cove, False Pass, and Nelson Lagoon fishers and supports the resolution to be brought back to the Assembly. Tom agrees that the AEB should take a stand on Pebble Mine.

Mayor Osterback asked, if there are any objections to put the resolution on the May 23 agenda. There were no objections.

REPORTS AND UPDATES

Administrator's Report in packet. Highlights below:

- Payment-In-Lieu-of-Taxes (PILT): July 17, 2018 AEB joined a class action lawsuit for compensation for underpayment. Still tracking, should have an update at the May 23 Assembly meeting.
- School Bond Debt: The AEB School Bond debt will be paid off in 2029, \$6.9M will be reimbursed, if the School Bond Debt Reimbursement Program is fully funded.
- Akun dock breakwater project: Corps of Engineers will begin work necessary for the breakwater, to be completed in a couple weeks.

- Nelson Lagoon Dock Repair: Engineers, Moffett & Nichol has completed the design and permits, bid ready plan by June 7.
- Health insurance: Up for renewal, for July 1, 2019-July 1, 2020. Opted to continue our health insurance plan for medical and dental. There is a \$1,660 increase, per employee. Approximately, 8-9% increase from last year's cost.
- Levesque Law Group: Renewed contract with Levesque. Original 3-year term contract expired, which had option to renew for one year.
- Sand Point School Repairs: Work is completed, electrical contract came under budget, mechanical went over budget. After thoroughly reviewing, paid majority of overage. Projects complete.
- Budget work: Testified at state budget hearing, implemented pay schedule change, and trying to complete the FY18 audit, which should be wrapped up soon.

Administrator Assistant in packet. Highlights below:

- Cold Bay Clinic: Part of new scope was analysis of recommended changes. EAT recommended changes incorporated. Resolution 19-67 authorizes the update. Changes include interior modular wall system customizable; crawl space removed, to decrease construction cost; remove external vehicle plug ins; shower added; remove the x-ray room, since x-ray machine mobile, to allow for more patient care.
- Surplus Sale Updates: modular building in King Cove will be moved by Trident to Akutan, generators in King Cove have potential buyer, surplus outboard in Akutan sold.
- APICDA Conference: Attended. APICDA is doing community grants of \$300,000 for each APICDA community.

Communications Director Report in packet. (On vacation)

Resource Director Report in packet. Highlights below:

- 2019 Salmon Season: He and Charlotte travelling to Sand Point for the pre-season meeting.
- Municipal Lands Selections: Updated municipal land selections on AEB website.
- NPFMC: June meeting – Action on GOA cod and Pollock allocations and seasons. Changing Pollock from four to two seasons, and move some cod allocation.
- Pink Salmon Disaster Funds: Feds approved a plan, once spending plan in place, funds to be transferred to Pacific States Marine Fisheries Commission for distribution.
- M/V Tustemena: Left shipyard. Regarding replacement, four waivers for replacement parts still hasn't been received. All decisions are on hold while Northern Economics evaluates the state marine transportation situation.
- Alaska Young Fishermen Summit: January 20-23, in Juneau. The Director suggests fund raising to continue participation.

Natural Resource Assistant Director Report in packet. Highlights below:

- Trawl Electronic Monitor (EM): Working with Salt Water (SWI) and Peninsula Fishermen's Coalition (PFC) to apply for an exempted fishing permit, for exemption from observer coverage regulations. Exemption to be submitted by June 1, to go through the Council process for the 2020 season, for two years.
- NFWF EM Proposal: Working with SWI and PFC to develop another NFWF grant proposal to continue the EM work, to install EM on the rest of the fleet and fund a shore-based observer.
- Kelp Mariculture: Submitted the state aquaculture permit application for Sand Pt. site, process is very slow. Hope to submit more applications for other sites in 2020 cycle.

- NOAA Grant Proposal: In partnership with Alaska Sea Grant, submitted a proposal for, Exploring New Aquaculture Opportunities Grant for \$99,751. If funded, work to begin in September, 2019 for a pilot farm operation.
- Met with UAA, Alaska Cooperative Development Center, to partner on an Aquaculture Cooperative Feasibility Study. It would be a market analysis for all mariculture.
- Climate Change Survey: Developing a survey to better understand the needs and perspective of the communities, and how it impacts our residents.
- Mariculture Siting Tool Map: Developing an interactive siting tool map in QGIS, for new mariculture entrants to use. A lot of data sources that need to be streamlined to help others find sites and submit permit applications.
- Wakefield Symposium by Alaska Sea Grant: Attended by Resource Dept staff. Theme was, cooperative research. A lot of cooperative research between industry and fishermen. She will provide a more thorough report later.
- Blue Economy Meeting: Will attend June meeting, in Seward.

Brenda said she got to observe the harvesting of kelp in Kodiak.

Mayor Osterback said a federal committee is starting up to deal with ocean acidification. Suggested looking into how they are making up that committee.

Maintenance Director in packet. Highlights below:

- Bridge signs necessary in King Cove and False Pass, and getting up-to-date on the reporting for them.
- Annual Inspections scheduling in the works.
- Summer Schedule: Painting project at the Sand Point School, and other summer projects getting lined up.

ASSEMBLY COMMENTS None.

PUBLIC COMMENTS None.

NEXT MEETING DATE

Special Assembly Meeting, May 23, 2019 in False Pass. No June meeting, at this time.

ADJOURNMENT

Paul moved to adjourn. Hearing no more the meeting adjourned at 5:38 p.m.

Alvin D. Osterback, Mayor

Tina Anderson, Clerk

Date: _____

CALL TO ORDER

Mayor Alvin D. Osterback called the Special Assembly meeting to order at the False Pass City Community Center and by teleconference in each community on May 23, 2019 at 1:00 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
E. Ingrid Cumberlandidge	Present

Advisory Members:

Dailey Schaack, Cold Bay	Present
Samantha McNeley, Nelson Lagoon	Present
Tom Hoblet, False Pass	Present
Logan Thompson, Student Representative	Present

A quorum was present.

Staff Present:

Roxann Newman, Finance Director
Jacki Brandall, finance Assistant
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:

BRENDA moved to approve the agenda and second by WARREN.

Hearing no objections, the agenda is APPROVED as presented.

Community Roll Call and Public Comments on Agenda Items:

The communities of King Cove, Sand Point, False Pass, Nelson Lagoon and the Anchorage office were participating by teleconference. Also broadcast on KSDP radio.

Public Comments: None.

Conflict of Interests:

Mayor Osterback asked for any potential **Conflict of Interests** to discuss. Warren Wilson stated his Conflict, as a King Cove Corporation Board Member. Mayor Osterback stated, since a voting board member, conflicted out from participation in Resolution 19-69.

PUBLIC HEARING

Public Hearing Ordinance 19-09, adopting the operating and capital budget for FY2020:

MOTION

BRENDA moved to approve Ordinance 19-09 and second by JOSEPHINE.

DISCUSSION

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

The Administrator reviewed saying, the proposed budget is a worse-case scenario, without state shared revenues, since the State of Alaska budget has not been approved. The FY20 proposed budget revenues, \$5.1M; expected expenditures, \$6.7M; expected negative helicopter transfer, -\$804,000; and positive Cold Bay terminal transfer, \$12,000. Expected deficit of -\$2.4M. Budget includes 3% COLA increase and \$800,000 for School District contribution. The documentation in the packet shows all the recommended changes.

Permanent Fund distribution allocation is \$1,647,000, which is 4% of the permanent fund interest of the 5-year average market value. Outlined is a suggestion of projects, which is separated on a separate resolution.

Paul said, in the future, we will either have to increase revenue or cut budget. We have enough money this year and he plans to support, but next year will be a different, if state funding is cut.

Mayor Osterback said we still have no idea what the state legislature or governor is going to do, but have the ability to fund this year.

Chris asked what amount is in the fund-fund balance. The Administrator said once the FY18 audit is complete we will have a better idea on the full amount. Chris agrees with Paul, of having to cut back next year.

ROLL CALL

YEAS: Ingrid, Chris, Carol, Paul, Brenda, Josephine, Warren. Advisory: Dailey, Tom, Samantha, Logan.

NAY: None

RESOLUTIONS

Resolution 19-59, Aleutians East Borough supporting the no action alternative in the draft EIS for the proposed Pebble Mine project:

MOTION

BRENDA moved to approve Resolution 19-59 and second by WARREN.

DISCUSSION

Mayor Osterback, said Pebble Mine resolution was on a prior meeting agenda, but did not get a second to be considered. He said this has been an ongoing project and, for the record, he has had family working for Pebble and his wife has a lot of family in that area. Our communities are salmon fishing communities. Archaeologists have shown that 4,000 years ago Aleuts were using salmon in this area. Our history is based on salmon and the roots of the communities existence is based on salmon. He personally does not support a mine this size near the largest Sockeye spawning system in the world.

Weiss said the resolution is the same except for the comment period deadline extension date. He has reached out to some people in the Lake & Peninsula Borough, and they have no problem with AEB weighing in. The resources are not ANILCA, 7i shared native corporation revenues, but some corporations will benefit.

Charlotte said Assembly Member Gronholdt brought up a point regarding AEB stance on other mining development. She added a section discussion on agenda statement that Assembly can consider an additional WHEREAS, saying AEB is not opposed to development, will assess each project on a case-by-case basis for potential impacts on renewable fisheries stocks that are of vital importance to AEB communities and fishermen.

Charlotte also said that there is a report that recently came out regarding concern over copper particle dust impacts to salmon olfactory system that assists salmon returning to their system. The report was not reviewed in the Pebble Mine EIS. Criteria for water quality is different from air quality, so not covered.

Ernie added that there is a lot missing from the EIS, and there is no analysis on the potential impacts to AEB.

Mayor Osterback said he talked to someone that worked in the mining industry. The question people don't ask is about the dust particles full of minerals that come down when they shoot, that can kill things. He added that Area M fishes on Bristol Bay Sockeye stock, so no reason why we would want to support anything that would destroy our spawning grounds.

Brenda stated salmon fisheries is very important to the existence of our communities. There wouldn't be any schools, health corporations, or anything else if we didn't have salmon fisheries in our region. Not taking a negative stance against minerals development, but an incident could impact our region. Salmon is the life blood in our communities and important to preserve our communities as best as we can.

Chris noted his concerns about the dust particles. He read an extensive article about the dust particles from explosions and the vehicles travelling on roads could also deposit a lot of dust particles elsewhere, contaminating other habitat areas.

Warren noted a mining incident that flowed right into the river system, doing substantial damage. If there was a Pebble Mine incident, our region would be the first effected by the impact. He supports the resolution.

ROLL CALL

YEAS: Carol, Brenda, Warren, Paul, Josephine, Ingrid, Chris. Advisory: Tom, Logan, Dailey, Samantha.

NAY:

Resolution 19-68, authorizing the Mayor to appropriate the FY20 Permanent Fund Earnings to designated projects and to re-appropriate Nelson Lagoon Erosion Funds in Department 504:

MOTION

INGRID moved to approve Resolution 19-68 and second by BRENDA.

DISCUSSION

The Administrator said that Resolution 19-68 regarding the permanent fund earnings for FY20 and also re-appropriates funds from the Nelson Lagoon erosion project. AEB Code, Chapter 6.04.041, allows an amount not to exceed 4% of the five-year average fund market value. Currently, the money is appropriated to projects. The budget just adopted approves the amount from the Permanent Fund. Recommends approval of projects below:

Cold Bay Community Education	\$22,600
City of False Pass Septic Tank	\$27,222
City of Sand Point WAANT Task Force	\$87,239
Cold Bay Clinic(AEB strategic plan)	\$300,000
Cold Bay Dock Feasibility Study	\$50,000 (AEB strategic plan)
Cold Bay Terminal Maintenance	\$300,000
False Pass Harbor House	\$50,000
Mariculture (AEB strategic plan)	\$50,000
King Cove Access Project	\$52,982.77
Property Surveys (AEB strategic plan)	\$75,000
Sand Point School Grant	\$50,000
School Maintenance	\$450,000
Contingency Fund	\$131,956.23
 TOTAL:	 \$1,647,000

The Nelson Lagoon erosion project fund, would be transferred over to the Nelson Lagoon dock project. Samantha McNeley said they have applied for separate APICDA funds for erosion project and supports transfer.

Dailey asked if the funds weren't needed for the pre-school, would the funds just get re-appropriated. Administrator answered, yes via resolution.

Josephine asked about the projects not completed. The Administrator said the community requests we chose are projects that could be fully funded, except for Cold Bay clinic, to help it continue moving forward.

Paul supports the resolution. All the projects have some merit. The City of Sand Point WAANT task force benefits all the communities. He is not quite on board with mariculture as priority and property survey is a low priority for him. He asked about the King Cove Access project amount. The Administrator explained there is \$47,017 left this fiscal year to be included, to total \$100,000. The AEB has a Memorandum of Agreement to move the project forward and to do reimbursements. Paul said contracts are soon expiring and hopes to get a detailed update on the road project.

Ingrid asked how the mariculture project fits under the strategic plan and why not an in-house project with current staff, asking what the \$50,000 is for. Administrator said the grants require a match and there is only so much in-kind we can do. Also for supplies and travel. She added that mariculture is under diversification in natural resources on AEB Strategic Plan.

Mayor Osterback said we focused on kelp when we started, but other discussions we've had is that it has stackable capabilities with other marketable species. He also just read that Kodiak had their first big harvest. It is a multi-billion dollar industry worldwide, mostly done in Asian countries, but America is finally catching on. He feels there is a lot of potential for it,

adding that it will benefit local vessels, helping our local economy. Ingrid said she supports the kelp mariculture project, but suggests looking for partners. As a government entity, does not feel we should be funding the project ourselves. She feels the funding could be used on other community projects, However, will support. Mayor Osterback said we do have a partner and he does not envision the AEB spending a lot of funds on this, but feels it needs a kick start. Not only do we have to fund projects, but have to continue finding ways to increase the revenues throughout the AEB.

Tom asked how Trident is involved. Charlotte Levy said Trident has recently permitted for a site near Sand Pt. Trident is interested in figuring out how to process, and what the markets and costs are. AEB assisted in siting, sharing operational plans and information. In time, Trident will be able to buy from AEB mariculture site, which will pay the money back. We also have a partnership with National Sea Grant and UAA.

Alvin said individuals can go out to file on sites for mariculture. Kodiak sites are now limited, most having been filed on. Charlotte added that the project will help determine the feasibility of mariculture in the region and hopes to have sites around all the communities.

Carol asked if kelp would fall under the raw fish tax. Charlotte stated it would have to be an amendment to our tax code.

ROLL CALL

YEAS: Brenda, Paul, Chris, Ingrid, Carol, Warren, Josephine. Advisory: Dailey, Tom, Samantha, Logan.

NAY: None

Resolution 19-69, Assembly authorizing a one time and final payment in the amount of \$80,000 to the King Cove Corporation for past King Cove Corporation King Cove Access Project Expenditures:

MOTION

BRENDA moved to approve Resolution 19-69 and second by INGRID.

DISCUSSION

The Administrator stated April 12, 2018 AEB received a letter from King Corporation requesting reimbursements for \$102,409 for the road project. At the last two meetings, the Assembly moved requested a resolution authorizing to pay \$40,000 in FY20 and \$40,000 in FY21. Contingencies is that this is a one and final payment and all present and future payment requests would have to be pre-approved in writing.

PAUL does not support saying he believes the request is too old and not a good way for AEB to do business.

ROLL CALL

YEAS: Ingrid, Josephine, Chris, Brenda, Carol. Advisory: Samantha, Dailey.

NAY: Paul, Advisory-Logan

Abstain: Advisory-Tom

(Conflict of Interest: Warren)

Mayor Osterback thanked Logan Thompson, the Youth Advisory Representative, for his time and input and hopes to see him in the future, serving on an elected seat.

Mayor Osterback said we toured the Silver Bay Seafood's facility, which looked very impressive. He thanked Silver Bay for providing lunch and City of False Pass for the invite.

NEXT MEETING DATE
July 2, 2019.

ADJOURNMENT
Paul moved to adjourn. Hearing no more the meeting adjourned at 2:10 p.m.

Alvin D. Osterback, Mayor

Tina Anderson, Clerk

Date:_____

Financial Report

ALEUTIANS EAST BOROUGH

*Revenue Guideline©

06/06/19 11:26 AM

Page 1

Current Period: MAY 18-19

		18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 01 GENERAL FUND						
Active	R 01-201 INTEREST REVENUE	\$35,000.00	\$54,100.77	\$24,179.51	-\$19,100.77	154.57%
Active	R 01-203 OTHER REVENUE	\$50,000.00	\$122,956.57	\$18,051.58	-\$72,956.57	245.91%
Active	R 01-206 AEBSD Fund Balance Refun	\$0.00	\$17,247.86	\$0.00	-\$17,247.86	0.00%
Active	R 01-218 AEB RAW FISH TAX	\$3,560,381.00	\$3,929,184.75	\$176,277.29	-\$368,803.75	110.36%
Active	R 01-229 Southwest Cities LLC	\$0.00	\$30,000.00	\$30,000.00	-\$30,000.00	0.00%
Active	R 01-233 STATE PERS ON-BEHALF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-265 STATE SHARED RAW FISH	\$2,093,686.72	\$1,887,896.03	\$0.00	\$205,790.69	90.17%
Active	R 01-266 STATE SHARED FISHFMA2	\$101,299.00	\$103,327.74	\$0.00	-\$2,028.74	102.00%
Active	R 01-267 STATE SHARED FISHFMA3	\$35,222.00	\$72,657.29	\$0.00	-\$37,435.29	206.28%
Active	R 01-268 State"Loss" Of Raw Fish Tax	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-270 STATE REVENUE OTHER	\$300,418.00	\$316,365.92	\$0.00	-\$15,947.92	105.31%
Active	R 01-276 AEB SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-277 STATE BOND REBATE	\$1,000,882.00	\$527,431.00	(\$396,527.00)	\$473,451.00	52.70%
Active	R 01-291 PLO-95 PAYMNT IN LIEU O	\$559,000.00	\$0.00	\$0.00	\$559,000.00	0.00%
Active	R 01-292 USFWS LANDS	\$36,256.00	\$0.00	\$0.00	\$36,256.00	0.00%
	Total Fund 01 GENERAL FUND	\$7,772,144.72	\$7,061,167.93	-\$148,018.62	\$710,976.79	90.85%

ALEUTIANS EAST BOROUGH

*Expenditure Guideline©

06/06/19 11:25 AM

Page 1

Current Period: MAY 18-19

		18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 01 GENERAL FUND						
DEPT 100 MAYORS OFFICE						
Active	E 01-100-000-300 SALARIES	\$80,766.00	\$74,035.28	\$6,730.48	\$6,730.72	91.67%
Active	E 01-100-000-350 FRINGE BENEFITS	\$29,232.00	\$34,787.50	\$3,162.50	-\$5,555.50	119.00%
Active	E 01-100-000-400 TRAVEL AND PER	\$36,000.00	\$34,450.51	\$658.00	\$1,549.49	95.70%
Active	E 01-100-000-425 TELEPHONE	\$1,500.00	\$261.34	\$50.65	\$1,238.66	17.42%
Active	E 01-100-000-475 SUPPLIES	\$1,000.00	\$3,535.50	\$525.00	-\$2,535.50	353.55%
Active	E 01-100-000-554 AK LOBBIST	\$45,000.00	\$38,500.00	\$3,500.00	\$6,500.00	85.56%
Active	E 01-100-000-555 FEDERAL LOBBIS	\$75,600.00	\$69,300.00	\$12,600.00	\$6,300.00	91.67%
	SUBDEPT 000	\$269,098.00	\$254,870.13	\$27,226.63	\$14,227.87	94.71%
	Total DEPT 100 MAYORS OFFICE	\$269,098.00	\$254,870.13	\$27,226.63	\$14,227.87	94.71%
DEPT 105 ASSEMBLY						
Active	E 01-105-000-300 SALARIES	\$25,000.00	\$39,000.00	\$6,000.00	-\$14,000.00	156.00%
Active	E 01-105-000-350 FRINGE BENEFITS	\$90,000.00	\$122,596.35	\$9,909.30	-\$32,596.35	136.22%
Active	E 01-105-000-400 TRAVEL AND PER	\$40,000.00	\$48,611.11	\$9,909.27	-\$8,611.11	121.53%
Active	E 01-105-000-475 SUPPLIES	\$3,000.00	\$4,244.98	\$8.99	-\$1,244.98	141.50%
	SUBDEPT 000	\$158,000.00	\$214,452.44	\$25,827.56	-\$56,452.44	135.73%
	Total DEPT 105 ASSEMBLY	\$158,000.00	\$214,452.44	\$25,827.56	-\$56,452.44	135.73%
DEPT 150 PLANNING/CLERKS DEPARMENT						
Active	E 01-150-000-300 SALARIES	\$104,494.00	\$91,958.03	\$8,392.60	\$12,535.97	88.00%
Active	E 01-150-000-350 FRINGE BENEFITS	\$34,946.00	\$38,801.19	\$3,530.22	-\$3,855.19	111.03%
Active	E 01-150-000-400 TRAVEL AND PER	\$12,500.00	\$7,711.30	\$658.00	\$4,788.70	61.69%
Active	E 01-150-000-425 TELEPHONE	\$7,500.00	\$8,081.45	\$1,003.64	-\$581.45	107.75%
Active	E 01-150-000-450 POSTAGE/SPEED	\$1,000.00	\$291.78	\$0.00	\$708.22	29.18%
Active	E 01-150-000-475 SUPPLIES	\$5,000.00	\$3,104.39	\$111.03	\$1,895.61	62.09%
Active	E 01-150-000-526 UTILITIES	\$20,000.00	\$15,476.95	\$1,132.49	\$4,523.05	77.38%
Active	E 01-150-000-530 DUES AND FEES	\$5,000.00	\$4,633.65	\$0.00	\$366.35	92.67%
Active	E 01-150-000-650 ELECTION	\$10,000.00	\$4,950.00	\$0.00	\$5,050.00	49.50%
	SUBDEPT 000	\$200,440.00	\$175,008.74	\$14,827.98	\$25,431.26	87.31%
	Total DEPT 150 PLANNING/CLERKS DEPARMENT	\$200,440.00	\$175,008.74	\$14,827.98	\$25,431.26	87.31%
DEPT 151 Planning Commission						
Active	E 01-151-000-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-151-000-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-151-000-380 CONTRACT LABO	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-151-000-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	SUBDEPT 000	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total DEPT 151 Planning Commission	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
DEPT 200 ADMINISTRATION						
Active	E 01-200-000-300 SALARIES	\$177,893.00	\$150,370.37	\$14,243.06	\$27,522.63	84.53%
Active	E 01-200-000-350 FRINGE BENEFITS	\$66,438.00	\$63,803.78	\$6,154.50	\$2,634.22	96.04%
Active	E 01-200-000-380 CONTRACT LABO	\$110,000.00	\$59,454.52	\$2,940.00	\$50,545.48	54.05%
Active	E 01-200-000-381 ENGINEERING	\$25,000.00	\$15,357.15	\$8,160.00	\$9,642.85	61.43%
Active	E 01-200-000-382 ANCHORAGE OFFI	\$0.00	\$2,963.74	(\$10,410.01)	-\$2,963.74	0.00%
Active	E 01-200-000-400 TRAVEL AND PER	\$20,000.00	\$11,818.25	\$736.58	\$8,181.75	59.09%
Active	E 01-200-000-425 TELEPHONE	\$7,100.00	\$5,090.43	\$294.04	\$2,009.57	71.70%
Active	E 01-200-000-450 POSTAGE/SPEED	\$2,500.00	\$290.96	\$0.00	\$2,209.04	11.64%
Active	E 01-200-000-475 SUPPLIES	\$15,000.00	\$9,209.92	\$930.15	\$5,790.08	61.40%
Active	E 01-200-000-525 RENTAL/LEASE	\$23,404.00	\$15,120.44	\$1,657.44	\$8,283.56	64.61%
Active	E 01-200-000-530 DUES AND FEES	\$2,000.00	\$2,340.00	\$0.00	-\$340.00	117.00%
	SUBDEPT 000	\$449,335.00	\$335,819.56	\$24,705.76	\$113,515.44	74.74%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM

Page 2

Current Period: MAY 18-19

		18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Total DEPT 200 ADMINISTRATION		\$449,335.00	\$335,819.56	\$24,705.76	\$113,515.44	74.74%
DEPT 201 Assistant Administrator						
Active	E 01-201-000-300 SALARIES	\$90,450.00	\$82,912.50	\$7,537.50	\$7,537.50	91.67%
Active	E 01-201-000-350 FRINGE BENEFITS	\$31,422.00	\$25,788.18	\$2,344.38	\$5,633.82	82.07%
Active	E 01-201-000-400 TRAVEL AND PER	\$10,000.00	\$10,070.72	\$1,100.59	-\$70.72	100.71%
Active	E 01-201-000-425 TELEPHONE	\$2,000.00	\$1,106.00	\$196.91	\$894.00	55.30%
Active	E 01-201-000-475 SUPPLIES	\$2,500.00	\$1,086.70	\$125.53	\$1,413.30	43.47%
Active	E 01-201-000-525 RENTAL/LEASE	\$8,903.00	\$8,995.25	\$1,635.50	-\$92.25	101.04%
SUBDEPT 000		\$145,275.00	\$129,959.35	\$12,940.41	\$15,315.65	89.46%
Total DEPT 201 Assistant Administrator		\$145,275.00	\$129,959.35	\$12,940.41	\$15,315.65	89.46%
DEPT 250 FINANCE DEPARTMENT						
Active	E 01-250-000-300 SALARIES	\$142,324.00	\$136,422.14	\$12,724.42	\$5,901.86	95.85%
Active	E 01-250-000-350 FRINGE BENEFITS	\$53,365.00	\$60,455.02	\$5,557.08	-\$7,090.02	113.29%
Active	E 01-250-000-400 TRAVEL AND PER	\$10,000.00	\$6,844.07	\$50.00	\$3,155.93	68.44%
Active	E 01-250-000-425 TELEPHONE	\$8,000.00	\$8,947.36	\$799.90	-\$947.36	111.84%
Active	E 01-250-000-450 POSTAGE/SPEED	\$1,000.00	\$999.05	\$0.00	\$0.95	99.91%
Active	E 01-250-000-475 SUPPLIES	\$7,500.00	\$9,932.73	\$465.08	-\$2,432.73	132.44%
Active	E 01-250-000-526 UTILITIES	\$5,000.00	\$3,699.10	\$363.00	\$1,300.90	73.98%
Active	E 01-250-000-550 AUDIT	\$65,500.00	\$73,808.91	\$0.00	-\$8,308.91	112.69%
SUBDEPT 000		\$292,689.00	\$301,108.38	\$19,959.48	-\$8,419.38	102.88%
Total DEPT 250 FINANCE DEPARTMENT		\$292,689.00	\$301,108.38	\$19,959.48	-\$8,419.38	102.88%
DEPT 650 RESOURCE DEPARTMENT						
Active	E 01-650-000-300 SALARIES	\$153,034.00	\$125,281.02	\$12,752.82	\$27,752.98	81.86%
Active	E 01-650-000-350 FRINGE BENEFITS	\$61,462.00	\$54,546.54	\$5,538.90	\$6,915.46	88.75%
Active	E 01-650-000-380 CONTRACT LABO	\$80,000.00	\$66,000.00	\$0.00	\$14,000.00	82.50%
Active	E 01-650-000-400 TRAVEL AND PER	\$25,000.00	\$35,632.25	\$6,178.03	-\$10,632.25	142.53%
Active	E 01-650-000-402 NPFMC Meetings	\$15,000.00	\$8,020.16	\$4,374.00	\$6,979.84	53.47%
Active	E 01-650-000-403 BOF Meetings	\$50,000.00	\$39,329.75	\$0.00	\$10,670.25	78.66%
Active	E 01-650-000-425 TELEPHONE	\$3,000.00	\$2,987.99	\$393.82	\$12.01	99.60%
Active	E 01-650-000-475 SUPPLIES	\$3,500.00	\$6,968.99	\$356.92	-\$3,468.99	199.11%
Active	E 01-650-000-525 RENTAL/LEASE	\$8,903.00	\$17,174.79	\$4,214.42	-\$8,271.79	192.91%
SUBDEPT 000		\$399,899.00	\$355,941.49	\$33,808.91	\$43,957.51	89.01%
Total DEPT 650 RESOURCE DEPARTMENT		\$399,899.00	\$355,941.49	\$33,808.91	\$43,957.51	89.01%
DEPT 651 COMMUNICATION DIRECTOR						
Active	E 01-651-011-300 SALARIES	\$101,954.00	\$96,859.46	\$8,496.46	\$5,094.54	95.00%
Active	E 01-651-011-350 FRINGE BENEFITS	\$34,158.00	\$26,787.07	\$2,427.62	\$7,370.93	78.42%
Active	E 01-651-011-400 TRAVEL AND PER	\$12,000.00	\$1,167.79	\$1,100.59	\$10,832.21	9.73%
Active	E 01-651-011-425 TELEPHONE	\$2,400.00	\$2,778.26	\$351.86	-\$378.26	115.76%
Active	E 01-651-011-475 SUPPLIES	\$2,500.00	\$2,316.13	\$120.79	\$183.87	92.65%
Active	E 01-651-011-525 RENTAL/LEASE	\$10,016.00	\$9,346.37	\$1,699.34	\$669.63	93.31%
Active	E 01-651-011-532 ADVERTISING	\$18,000.00	\$12,808.54	\$0.00	\$5,191.46	71.16%
SUBDEPT 011 PUBLIC INFORMATION		\$181,028.00	\$152,063.62	\$14,196.66	\$28,964.38	84.00%
Total DEPT 651 COMMUNICATION DIRECTOR		\$181,028.00	\$152,063.62	\$14,196.66	\$28,964.38	84.00%
DEPT 700 PUBLIC WORKS DEPARTMENT						
Active	E 01-700-000-300 SALARIES	\$70,325.00	\$64,464.62	\$5,860.42	\$5,860.38	91.67%
Active	E 01-700-000-350 FRINGE BENEFITS	\$31,024.00	\$23,503.28	\$1,436.74	\$7,520.72	75.76%
Active	E 01-700-000-400 TRAVEL AND PER	\$15,000.00	\$16,420.46	\$1,838.00	-\$1,420.46	109.47%
Active	E 01-700-000-425 TELEPHONE	\$1,000.00	\$0.00	\$0.00	\$1,000.00	0.00%
Active	E 01-700-000-475 SUPPLIES	\$5,000.00	\$3,772.45	\$344.58	\$1,227.55	75.45%
Active	E 01-700-000-526 UTILITIES	\$2,000.00	\$1,905.68	\$23.27	\$94.32	95.28%
SUBDEPT 000		\$124,349.00	\$110,066.49	\$9,503.01	\$14,282.51	88.51%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM

Page 3

Current Period: MAY 18-19

		18-19	18-19	MAY	18-19	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Total DEPT 700 PUBLIC WORKS		\$124,349.00	\$110,066.49	\$9,503.01	\$14,282.51	88.51%
DEPARTMENT						
DEPT 844 KCAP						
Active	E 01-844-000-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-844-000-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-844-000-380 CONTRACT LABO	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0.00%
Active	E 01-844-000-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 01-844-000-475 SUPPLIES	\$2,000.00	\$1,292.40	\$188.08	\$707.60	64.62%
Active	E 01-844-000-603 MAINTENANCE	\$100,000.00	\$99,000.00	\$49,500.00	\$1,000.00	99.00%
SUBDEPT 000		\$122,000.00	\$100,292.40	\$49,688.08	\$21,707.60	82.21%
Total DEPT 844 KCAP		\$122,000.00	\$100,292.40	\$49,688.08	\$21,707.60	82.21%
DEPT 850 EDUCATION						
Active	E 01-850-000-700 LOCAL SCHOOL C	\$900,000.00	\$675,000.00	\$0.00	\$225,000.00	75.00%
Active	E 01-850-000-701 SCHOOL SCHOLA	\$35,000.00	\$34,999.84	\$0.00	\$0.16	100.00%
Active	E 01-850-000-756 STUDENT TRAVEL	\$20,000.00	\$20,000.00	\$0.00	\$0.00	100.00%
SUBDEPT 000		\$955,000.00	\$729,999.84	\$0.00	\$225,000.16	76.44%
Total DEPT 850 EDUCATION		\$955,000.00	\$729,999.84	\$0.00	\$225,000.16	76.44%
DEPT 900 OTHER						
Active	E 01-900-000-500 EQUIPMENT	\$50,000.00	\$17,260.78	\$770.95	\$32,739.22	34.52%
Active	E 01-900-000-515 AEB VEHICLES	\$0.00	\$475.71	\$34.63	-\$475.71	0.00%
Active	E 01-900-000-526 UTILITIES	\$25,000.00	\$20,934.83	\$503.58	\$4,065.17	83.74%
Active	E 01-900-000-527 Aleutia Crab	\$58,522.00	\$37,837.40	\$0.00	\$20,684.60	64.66%
Active	E 01-900-000-551 LEGAL	\$100,000.00	\$103,884.05	\$6,652.20	-\$3,884.05	103.88%
Active	E 01-900-000-552 INSURANCE	\$160,000.00	\$166,077.00	\$0.00	-\$6,077.00	103.80%
Active	E 01-900-000-600 REPAIRS	\$5,000.00	\$3,555.02	\$137.45	\$1,444.98	71.10%
Active	E 01-900-000-727 BANK FEES	\$15,000.00	\$12,829.89	\$755.25	\$2,170.11	85.53%
Active	E 01-900-000-752 CONTRIBUTION T	\$150,000.00	\$112,500.00	\$0.00	\$37,500.00	75.00%
Active	E 01-900-000-753 MISC EXPENSE	\$96,000.00	\$92,834.86	\$564.00	\$3,165.14	96.70%
Active	E 01-900-000-757 DONATIONS	\$23,500.00	\$20,000.00	\$6,500.00	\$3,500.00	85.11%
Active	E 01-900-000-759 KSDP-Contribution	\$10,000.00	\$10,000.00	\$0.00	\$0.00	100.00%
Active	E 01-900-000-760 REVENUE SHARIN	\$12,900.00	\$15,789.00	\$0.00	-\$2,889.00	122.40%
Active	E 01-900-000-943 WEB SERVICE	\$30,000.00	\$30,707.10	\$3,264.80	-\$707.10	102.36%
SUBDEPT 000		\$735,922.00	\$644,685.64	\$19,182.86	\$91,236.36	87.60%
Total DEPT 900 OTHER		\$735,922.00	\$644,685.64	\$19,182.86	\$91,236.36	87.60%
Total Fund 01 GENERAL FUND		\$4,033,035.00	\$3,504,268.08	\$251,867.34	\$528,766.92	86.89%

ALEUTIANS EAST BOROUGH
***Revenue Guideline©**

06/06/19 11:26 AM
Page 2

Current Period: MAY 18-19

		18-19	18-19	MAY	18-19	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 20 GRANT PROGRAMS						
Active	R 20-201 INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-203 OTHER REVENUE	\$0.00	\$6,738.93	\$0.00	-\$6,738.93	0.00%
Active	R 20-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-207 AEB Grant Revenue	\$84,124.93	\$0.00	\$0.00	\$84,124.93	0.00%
Active	R 20-209 AEB Grants	\$1,137,000.00	\$0.00	\$0.00	\$1,137,000.00	0.00%
Active	R 20-211 AEB Grant FY18	\$2,733,581.45	\$0.00	\$0.00	\$2,733,581.45	0.00%
Active	R 20-212 AEB Grants FY19	\$1,548,573.00	\$0.00	\$0.00	\$1,548,573.00	0.00%
Active	R 20-287 KCAP/09-DC-359	\$1,468,547.34	\$46,557.68	\$0.00	\$1,421,989.66	3.17%
Active	R 20-426 DCCED/Akutan Harbor Float	\$150,602.91	\$0.00	\$0.00	\$150,602.91	0.00%
Active	R 20-499 Cold Bay Airport-Apron&Taxi	\$130,517.11	\$130,517.11	\$0.00	\$0.00	100.00%
Active	R 20-813 Akutan Airport/CIP Trident	\$657,390.00	\$0.00	\$0.00	\$657,390.00	0.00%
Active	R 20-876 NFWF Electronic Monitoring	\$433,772.62	\$246,789.00	\$0.00	\$186,983.62	56.89%
Active	R 20-877 NFWF Kelp Mariculture	\$71,456.00	\$0.00	\$0.00	\$71,456.00	0.00%
Active	R 20-972 TRANSPORTATION PROJE	\$3,105,382.09	\$0.00	\$0.00	\$3,105,382.09	0.00%
Total Fund 20 GRANT PROGRAMS		\$11,520,947.45	\$430,602.72	\$0.00	\$11,090,344.73	3.74%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM

Page 4

Current Period: MAY 18-19

	18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 20 GRANT PROGRAMS					
DEPT 426 DCCED/Akutan Harbor Floats					
Active E 20-426-000-850 CAPITAL CONSTR	\$150,602.91	\$0.00	\$0.00	\$150,602.91	0.00%
SUBDEPT 000	\$150,602.91	\$0.00	\$0.00	\$150,602.91	0.00%
Total DEPT 426 DCCED/Akutan Harbor Floats	\$150,602.91	\$0.00	\$0.00	\$150,602.91	0.00%
DEPT 427 Akutan Harbor Contribution					
Active E 20-427-000-850 CAPITAL CONSTR	\$259,743.66	\$0.00	\$0.00	\$259,743.66	0.00%
SUBDEPT 000	\$259,743.66	\$0.00	\$0.00	\$259,743.66	0.00%
Active E 20-427-209-850 CAPITAL CONSTR	\$46,998.99	\$0.00	\$0.00	\$46,998.99	0.00%
SUBDEPT 209 AEB Grant	\$46,998.99	\$0.00	\$0.00	\$46,998.99	0.00%
Total DEPT 427 Akutan Harbor Contribution	\$306,742.65	\$0.00	\$0.00	\$306,742.65	0.00%
DEPT 499 Cold Bay Airport-Apron&Taxiway					
Active E 20-499-049-850 CAPITAL CONSTR	\$130,517.11	\$130,517.11	\$0.00	\$0.00	100.00%
SUBDEPT 049 DCCED-13-DC-501	\$130,517.11	\$130,517.11	\$0.00	\$0.00	100.00%
Total DEPT 499 Cold Bay Airport-Apron&Taxiway	\$130,517.11	\$130,517.11	\$0.00	\$0.00	100.00%
DEPT 504 Nelson Lagoon Erosion					
Active E 20-504-209-850 CAPITAL CONSTR	\$35,076.58	\$0.00	\$0.00	\$35,076.58	0.00%
SUBDEPT 209 AEB Grant	\$35,076.58	\$0.00	\$0.00	\$35,076.58	0.00%
Total DEPT 504 Nelson Lagoon Erosion	\$35,076.58	\$0.00	\$0.00	\$35,076.58	0.00%
DEPT 516 Cold Bay Preschool					
Active E 20-516-209-475 SUPPLIES	\$28,019.00	\$13,454.51	\$0.00	\$14,564.49	48.02%
SUBDEPT 209 AEB Grant	\$28,019.00	\$13,454.51	\$0.00	\$14,564.49	48.02%
Total DEPT 516 Cold Bay Preschool	\$28,019.00	\$13,454.51	\$0.00	\$14,564.49	48.02%
DEPT 520 Cold Bay Clinic					
Active E 20-520-000-850 CAPITAL CONSTR	\$481,139.00	\$3,097.50	\$0.00	\$478,041.50	0.64%
SUBDEPT 000	\$481,139.00	\$3,097.50	\$0.00	\$478,041.50	0.64%
Active E 20-520-209-850 CAPITAL CONSTR	\$3,037,000.00	\$0.00	\$0.00	\$3,037,000.00	0.00%
SUBDEPT 209 AEB Grant	\$3,037,000.00	\$0.00	\$0.00	\$3,037,000.00	0.00%
Total DEPT 520 Cold Bay Clinic	\$3,518,139.00	\$3,097.50	\$0.00	\$3,515,041.50	0.09%
DEPT 802 CAPITAL - COLD BAY					
Active E 20-802-000-850 CAPITAL CONSTR	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
SUBDEPT 000	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
Total DEPT 802 CAPITAL - COLD BAY	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
DEPT 813 Akutan Airport/CIP Trident					
Active E 20-813-000-850 CAPITAL CONSTR	\$657,390.00	\$0.00	\$0.00	\$657,390.00	0.00%
SUBDEPT 000	\$657,390.00	\$0.00	\$0.00	\$657,390.00	0.00%
Total DEPT 813 Akutan Airport/CIP Trident	\$657,390.00	\$0.00	\$0.00	\$657,390.00	0.00%
DEPT 814 False Pass Harbor House					
Active E 20-814-209-850 CAPITAL CONSTR	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
SUBDEPT 209 AEB Grant	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
Total DEPT 814 False Pass Harbor House	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
DEPT 815 Akutan Airport					
Active E 20-815-210-972 TRANSPORTATIO	\$2,500,000.00	\$0.00	\$0.00	\$2,500,000.00	0.00%
SUBDEPT 210 AEB Hovercraft Proceeds	\$2,500,000.00	\$0.00	\$0.00	\$2,500,000.00	0.00%
Total DEPT 815 Akutan Airport	\$2,500,000.00	\$0.00	\$0.00	\$2,500,000.00	0.00%
DEPT 816 False Pass Harbor					
Active E 20-816-209-850 CAPITAL CONSTR	\$100,000.00	\$364.00	\$0.00	\$99,636.00	0.36%
SUBDEPT 209 AEB Grant	\$100,000.00	\$364.00	\$0.00	\$99,636.00	0.36%
Total DEPT 816 False Pass Harbor	\$100,000.00	\$364.00	\$0.00	\$99,636.00	0.36%
DEPT 862 NELSON LAGOON DOCK					

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM

Page 5

Current Period: MAY 18-19

	18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Active E 20-862-209-600 REPAIRS	\$915,246.00	\$29,976.40	\$18,126.80	\$885,269.60	3.28%
SUBDEPT 209 AEB Grant	\$915,246.00	\$29,976.40	\$18,126.80	\$885,269.60	3.28%
Total DEPT 862 NELSON LAGOON DOCK	\$915,246.00	\$29,976.40	\$18,126.80	\$885,269.60	3.28%
DEPT 866 AEB PROJECTS					
Active E 20-866-209-506 SURVEYING	\$191,879.94	\$123,324.95	\$0.00	\$68,554.99	64.27%
Active E 20-866-209-888 PROJECT CONTIN	\$488,935.45	\$93,811.23	\$9,050.65	\$395,124.22	19.19%
SUBDEPT 209 AEB Grant	\$680,815.39	\$217,136.18	\$9,050.65	\$463,679.21	31.89%
Total DEPT 866 AEB PROJECTS	\$680,815.39	\$217,136.18	\$9,050.65	\$463,679.21	31.89%
DEPT 867 KCC Alternative Road					
Active E 20-867-000-300 SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-380 CONTRACT LABO	\$147,017.23	\$0.00	\$0.00	\$147,017.23	0.00%
Active E 20-867-000-381 ENGINEERING	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-000-475 SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$147,017.23	\$0.00	\$0.00	\$147,017.23	0.00%
Active E 20-867-168-300 SALARIES	\$5,650.00	\$0.00	\$0.00	\$5,650.00	0.00%
Active E 20-867-168-350 FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-867-168-381 ENGINEERING	\$857,950.00	\$0.00	\$0.00	\$857,950.00	0.00%
Active E 20-867-168-400 TRAVEL AND PER	\$5,926.49	\$0.00	\$0.00	\$5,926.49	0.00%
Active E 20-867-168-850 CAPITAL CONSTR	\$599,118.17	\$46,557.68	\$0.00	\$552,560.49	7.77%
SUBDEPT 168 KCAP/09-DC-359	\$1,468,644.66	\$46,557.68	\$0.00	\$1,422,086.98	3.17%
Active E 20-867-210-972 TRANSPORTATIO	\$605,382.09	\$0.00	\$0.00	\$605,382.09	0.00%
SUBDEPT 210 AEB Hovercraft Proceeds	\$605,382.09	\$0.00	\$0.00	\$605,382.09	0.00%
Total DEPT 867 KCC Alternative Road	\$2,221,043.98	\$46,557.68	\$0.00	\$2,174,486.30	2.10%
DEPT 876 NFWF Electronic Monitoring					
Active E 20-876-000-380 CONTRACT LABO	\$252,933.62	\$79,685.32	\$11,435.58	\$173,248.30	31.50%
Active E 20-876-000-400 TRAVEL AND PER	\$2,500.00	\$1,227.16	\$1,227.16	\$1,272.84	49.09%
Active E 20-876-000-475 SUPPLIES	\$170,400.00	\$185,493.95	\$15,093.95	-\$15,093.95	108.86%
Active E 20-876-000-753 MISC EXPENSE	\$7,939.00	\$5,945.27	\$1,556.27	\$1,993.73	74.89%
SUBDEPT 000	\$433,772.62	\$272,351.70	\$29,312.96	\$161,420.92	62.79%
Total DEPT 876 NFWF Electronic Monitoring	\$433,772.62	\$272,351.70	\$29,312.96	\$161,420.92	62.79%
DEPT 877 NFWF Kelp Mariculture					
Active E 20-877-000-380 CONTRACT LABO	\$71,456.00	\$5,078.58	\$2,000.00	\$66,377.42	7.11%
SUBDEPT 000	\$71,456.00	\$5,078.58	\$2,000.00	\$66,377.42	7.11%
Total DEPT 877 NFWF Kelp Mariculture	\$71,456.00	\$5,078.58	\$2,000.00	\$66,377.42	7.11%
DEPT 900 OTHER					
Active E 20-900-000-753 MISC EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 20-900-000-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total DEPT 900 OTHER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 20 GRANT PROGRAMS	\$11,948,821.24	\$718,533.66	\$58,490.41	\$11,230,287.58	6.01%

ALEUTIANS EAST BOROUGH
***Revenue Guideline©**

06/06/19 11:26 AM
Page 3

Current Period: MAY 18-19

		18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 22 OPERATIONS						
Active	R 22-203 OTHER REVENUE	\$0.00	\$758,725.86	\$40,734.56	-\$758,725.86	0.00%
Active	R 22-221 COLD BAY TERMINAL LEA	\$139,620.00	\$129,719.21	\$11,792.22	\$9,900.79	92.91%
Active	R 22-222 COLD BAY TERMINAL OTH	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-301 HELICOPTER/TICKETS	\$300,000.00	\$366,860.58	\$1,591.60	-\$66,860.58	122.29%
Active	R 22-302 HELICOPTER/FREIGHT	\$95,000.00	\$60,869.36	\$0.00	\$34,130.64	64.07%
	Total Fund 22 OPERATIONS	\$534,620.00	\$1,316,175.01	\$54,118.38	-\$781,555.01	246.19%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM
Page 6

Current Period: MAY 18-19

		18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 22 OPERATIONS						
DEPT 802 CAPITAL - COLD BAY						
Active	E 22-802-200-300 SALARIES	\$28,098.00	\$25,758.28	\$2,341.48	\$2,339.72	91.67%
Active	E 22-802-200-350 FRINGE BENEFITS	\$3,617.00	\$2,228.32	\$202.56	\$1,388.68	61.61%
Active	E 22-802-200-400 TRAVEL AND PER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 22-802-200-425 TELEPHONE	\$4,500.00	\$4,024.41	\$335.16	\$475.59	89.43%
Active	E 22-802-200-475 SUPPLIES	\$7,500.00	\$20,124.46	\$30.62	-\$12,624.46	268.33%
Active	E 22-802-200-526 UTILITIES	\$24,000.00	-\$753.04	\$2,128.93	\$24,753.04	-3.14%
Active	E 22-802-200-576 GAS	\$1,500.00	\$308.02	\$0.00	\$1,191.98	20.53%
Active	E 22-802-200-577 FUEL	\$15,000.00	\$11,829.77	\$0.00	\$3,170.23	78.87%
Active	E 22-802-200-603 MAINTENANCE	\$100,000.00	\$15,419.00	\$0.00	\$84,581.00	15.42%
Active	E 22-802-200-770 Depreciation Expen	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 200 COLD BAY TERMINAL		\$184,215.00	\$78,939.22	\$5,038.75	\$105,275.78	42.85%
Total DEPT 802 CAPITAL - COLD BAY		\$184,215.00	\$78,939.22	\$5,038.75	\$105,275.78	42.85%
DEPT 845 HELICOPTER OPERATIONS						
Active	E 22-845-300-300 SALARIES	\$131,173.00	\$67,221.91	\$3,996.03	\$63,951.09	51.25%
Active	E 22-845-300-350 FRINGE BENEFITS	\$32,140.00	\$23,028.94	\$2,040.51	\$9,111.06	71.65%
Active	E 22-845-300-380 CONTRACT LABO	\$1,453,000.00	\$930,419.68	\$70,566.50	\$522,580.32	64.03%
Active	E 22-845-300-400 TRAVEL AND PER	\$5,000.00	\$0.00	\$0.00	\$5,000.00	0.00%
Active	E 22-845-300-425 TELEPHONE	\$3,500.00	\$2,355.55	\$50.64	\$1,144.45	67.30%
Active	E 22-845-300-475 SUPPLIES	\$60,000.00	\$54,780.76	\$8,220.29	\$5,219.24	91.30%
Active	E 22-845-300-525 RENTAL/LEASE	\$24,000.00	\$10,500.00	\$0.00	\$13,500.00	43.75%
Active	E 22-845-300-526 UTILITIES	\$8,000.00	\$4,506.79	\$0.00	\$3,493.21	56.33%
Active	E 22-845-300-552 INSURANCE	\$18,200.00	\$14,246.00	\$0.00	\$3,954.00	78.27%
Active	E 22-845-300-576 GAS	\$12,000.00	\$11,856.26	\$1,442.16	\$143.74	98.80%
Active	E 22-845-300-577 FUEL	\$150,000.00	\$78,891.33	\$3,233.00	\$71,108.67	52.59%
Active	E 22-845-300-770 Depreciation Expen	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 300 HELICOPTER OPERATIONS		\$1,897,013.00	\$1,197,807.22	\$89,549.13	\$699,205.78	63.14%
Total DEPT 845 HELICOPTER OPERATIONS		\$1,897,013.00	\$1,197,807.22	\$89,549.13	\$699,205.78	63.14%
DEPT 900 OTHER						
Active	E 22-900-000-660 Loss On Impairmen	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total DEPT 900 OTHER		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Fund 22 OPERATIONS		\$2,081,228.00	\$1,276,746.44	\$94,587.88	\$804,481.56	61.35%

ALEUTIANS EAST BOROUGH
***Revenue Guideline©**

06/06/19 11:26 AM

Page 4

Current Period: MAY 18-19

		18-19	18-19	MAY	18-19	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 24 BOND CONSTRUCTION						
Active	R 24-201 INTEREST REVENUE	\$0.00	\$131,246.71	\$58,444.63	-\$131,246.71	0.00%
Active	R 24-203 OTHER REVENUE	\$0.00	\$66,908.97	\$0.00	-\$66,908.97	0.00%
Active	R 24-227 COE-HARBOR PROJECTS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-259 BOND PROCEEDS	\$1,006,940.00	\$0.00	\$0.00	\$1,006,940.00	0.00%
Active	R 24-270 STATE REVENUE OTHER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-277 STATE BOND REBATE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-817 Akutan Airport/FY09 AEB M	\$903,000.00	\$0.00	\$0.00	\$903,000.00	0.00%
Total Fund 24 BOND CONSTRUCTION		\$1,909,940.00	\$198,155.68	\$58,444.63	\$1,711,784.32	10.37%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM

Page 7

Current Period: MAY 18-19

	18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 24 BOND CONSTRUCTION					
DEPT 809 Akutan Airport/Grant					
Active E 24-809-000-850 CAPITAL CONSTR	\$1,006,940.00	\$0.00	\$0.00	\$1,006,940.00	0.00%
SUBDEPT 000	\$1,006,940.00	\$0.00	\$0.00	\$1,006,940.00	0.00%
Total DEPT 809 Akutan Airport/Grant	\$1,006,940.00	\$0.00	\$0.00	\$1,006,940.00	0.00%
DEPT 817 Akutan Airport/FY 09 AEB Match					
Active E 24-817-000-850 CAPITAL CONSTR	\$903,000.00	\$0.00	\$0.00	\$903,000.00	0.00%
SUBDEPT 000	\$903,000.00	\$0.00	\$0.00	\$903,000.00	0.00%
Total DEPT 817 Akutan Airport/FY 09 AEB Match	\$903,000.00	\$0.00	\$0.00	\$903,000.00	0.00%
DEPT 833 FALSE PASS HARBOR					
Active E 24-833-000-850 CAPITAL CONSTR	\$339,073.39	\$7,363.00	\$0.00	\$331,710.39	2.17%
SUBDEPT 000	\$339,073.39	\$7,363.00	\$0.00	\$331,710.39	2.17%
Total DEPT 833 FALSE PASS HARBOR	\$339,073.39	\$7,363.00	\$0.00	\$331,710.39	2.17%
DEPT 839 AKUTAN HARBOR					
Active E 24-839-000-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total DEPT 839 AKUTAN HARBOR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
DEPT 900 OTHER					
Active E 24-900-000-380 CONTRACT LABO	\$0.00	\$33,397.94	\$3,812.55	-\$33,397.94	0.00%
Active E 24-900-000-725 BOND INTEREST	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 24-900-000-745 Bond Sale Expense	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active E 24-900-000-850 CAPITAL CONSTR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000	\$0.00	\$33,397.94	\$3,812.55	-\$33,397.94	0.00%
Total DEPT 900 OTHER	\$0.00	\$33,397.94	\$3,812.55	-\$33,397.94	0.00%
Total Fund 24 BOND CONSTRUCTION	\$2,249,013.39	\$40,760.94	\$3,812.55	\$2,208,252.45	1.81%

ALEUTIANS EAST BOROUGH
***Revenue Guideline©**

06/06/19 11:26 AM

Page 5

Current Period: MAY 18-19

		18-19	18-19	MAY	18-19	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 30 BOND FUND						
Active	R 30-201 INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 30-203 OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 30-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 30-259 BOND PROCEEDS	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total Fund 30 BOND FUND	\$0.00	\$0.00	\$0.00	\$0.00	0.00%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM

Page 8

Current Period: MAY 18-19

	18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 30 BOND FUND					
DEPT 900 OTHER					
Active E 30-900-000-725 BOND INTEREST	\$0.00	\$1,022,203.20	\$367,925.00	-\$1,022,203.20	0.00%
Active E 30-900-000-726 BOND PRINCIPAL	\$0.00	\$1,450,000.00	\$0.00	-\$1,450,000.00	0.00%
SUBDEPT 000	\$0.00	\$2,472,203.20	\$367,925.00	-\$2,472,203.20	0.00%
Total DEPT 900 OTHER	\$0.00	\$2,472,203.20	\$367,925.00	-\$2,472,203.20	0.00%
Total Fund 30 BOND FUND	\$0.00	\$2,472,203.20	\$367,925.00	-\$2,472,203.20	0.00%

ALEUTIANS EAST BOROUGH
***Revenue Guideline©**

06/06/19 11:26 AM

Page 6

Current Period: MAY 18-19

		18-19	18-19	MAY	18-19	% of YTD
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	Budget
Fund 40 PERMANENT FUND						
Active	R 40-201 INTEREST REVENUE	\$0.00	\$2,623,195.97	\$4,665,261.96	-\$2,623,195.97	0.00%
Active	R 40-203 OTHER REVENUE	\$35,000.00	\$0.00	\$0.00	\$35,000.00	0.00%
Active	R 40-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 40-230 LAND SALES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total Fund 40 PERMANENT FUND	\$35,000.00	\$2,623,195.97	\$4,665,261.96	-\$2,588,195.97	7494.85%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM

Page 9

Current Period: MAY 18-19

	18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 40 PERMANENT FUND					
DEPT 900 OTHER					
Active E 40-900-000-380 CONTRACT LABO	\$35,000.00	\$33,397.92	\$3,812.55	\$1,602.08	95.42%
Active E 40-900-000-751 OPERATING TRAN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 000					
Total DEPT 900 OTHER	\$35,000.00	\$33,397.92	\$3,812.55	\$1,602.08	95.42%
Total Fund 40 PERMANENT FUND	\$35,000.00	\$33,397.92	\$3,812.55	\$1,602.08	95.42%

ALEUTIANS EAST BOROUGH
***Revenue Guideline©**

06/06/19 11:26 AM

Page 7

Current Period: MAY 18-19

		18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 41 MAINTENANCE RESERVE FUND						
Active	R 41-201 INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 41-203 OTHER REVENUE	\$300,000.00	\$0.00	\$0.00	\$300,000.00	0.00%
Active	R 41-204 OPERATING TRANSFER F	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 41-207 AEB Grant Revenue	\$109,280.46	\$0.00	\$0.00	\$109,280.46	0.00%
Active	R 41-230 LAND SALES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 41-276 AEB SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Total Fund 41 MAINTENANCE RESERVE FUND	\$409,280.46	\$0.00	\$0.00	\$409,280.46	0.00%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

06/06/19 11:25 AM

Page 10

Current Period: MAY 18-19

		18-19 YTD Budget	18-19 YTD Amt	MAY MTD Amt	18-19 YTD Balance	% of YTD Budget
Fund 41 MAINTENANCE RESERVE FUND						
DEPT 800 CAPITAL - SCHOOL						
Active	E 41-800-857-300 SALARIES	\$0.00	\$4,250.00	\$0.00	-\$4,250.00	0.00%
Active	E 41-800-857-350 FRINGE BENEFITS	\$0.00	\$367.63	\$0.00	-\$367.63	0.00%
Active	E 41-800-857-850 CAPITAL CONSTR	\$0.00	\$3,075.19	\$0.00	-\$3,075.19	0.00%
Active	E 41-800-857-888 PROJECT CONTIN	\$45,707.69	\$34,728.69	\$0.00	\$10,979.00	75.98%
SUBDEPT 857 FALSE PASS SCHOOL						
Active	E 41-800-865-888 PROJECT CONTIN	\$45,707.69	\$42,421.51	\$0.00	\$3,286.18	92.81%
SUBDEPT 865 Akutan School						
		\$9,280.46	\$9,280.46	\$0.00	\$0.00	100.00%
Active	E 41-800-866-888 PROJECT CONTIN	\$9,280.46	\$9,280.46	\$0.00	\$0.00	100.00%
SUBDEPT 866 NELSON LAGOON SCHOOL						
		\$50,000.00	\$38,705.00	\$0.00	\$11,295.00	77.41%
Active	E 41-800-867-850 CAPITAL CONSTR	\$50,000.00	\$38,705.00	\$0.00	\$11,295.00	77.41%
Active	E 41-800-867-888 PROJECT CONTIN	\$0.00	\$1,778.86	\$1,282.86	-\$1,778.86	0.00%
SUBDEPT 867 Sand Point School						
		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	E 41-800-868-888 PROJECT CONTIN	\$0.00	\$1,778.86	\$1,282.86	-\$1,778.86	0.00%
SUBDEPT 868 King Cove School						
		\$46,308.88	\$45,385.88	\$0.00	\$923.00	98.01%
Active	E 41-800-869-888 PROJECT CONTIN	\$46,308.88	\$45,385.88	\$0.00	\$923.00	98.01%
SUBDEPT 869 COLD BAY SCHOOL						
		\$50,000.00	\$0.00	\$0.00	\$50,000.00	0.00%
Total DEPT 800 CAPITAL - SCHOOL						
		\$201,297.03	\$137,571.71	\$1,282.86	\$63,725.32	68.34%
DEPT 900 OTHER						
Active	E 41-900-000-603 MAINTENANCE	\$300,000.00	\$291,368.39	(\$8,631.61)	\$8,631.61	97.12%
Active	E 41-900-000-753 MISC EXPENSE	\$0.00	\$10,340.42	\$1,093.75	-\$10,340.42	0.00%
Active	E 41-900-000-880 LAND	\$0.00	\$4,912.02	\$4,912.02	-\$4,912.02	0.00%
SUBDEPT 000						
		\$300,000.00	\$306,620.83	-\$2,625.84	-\$6,620.83	102.21%
Total DEPT 900 OTHER						
		\$300,000.00	\$306,620.83	-\$2,625.84	-\$6,620.83	102.21%
Total Fund 41 MAINTENANCE RESERVE FUND						
		\$501,297.03	\$444,192.54	-\$1,342.98	\$57,104.49	88.61%

INVESTMENT REPORT

ALEUTIANS EAST BOROUGH

Account Statement - Period Ending April 30, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

ACCOUNT ACTIVITY

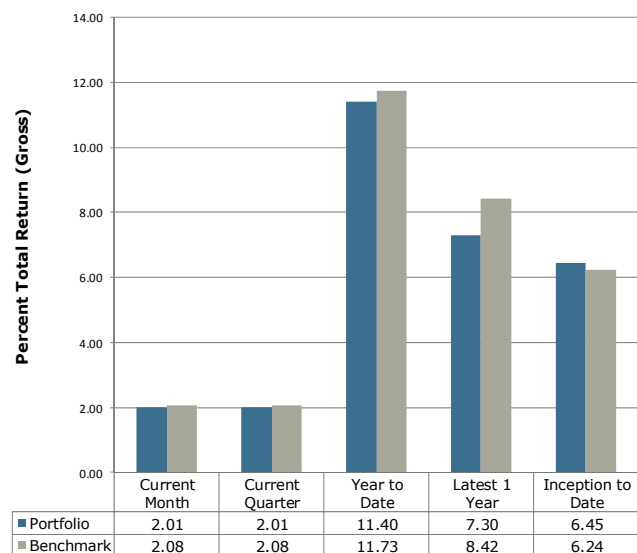
Portfolio Value on 03-31-19 44,618,024

Contributions	0
Withdrawals	-1,127
Change in Market Value	866,090
Interest	31,322
Dividends	0

Portfolio Value on 04-30-19 45,514,309

INVESTMENT PERFORMANCE

Current Account Benchmark:
Equity Blend



Performance is Annualized for Periods Greater than One Year

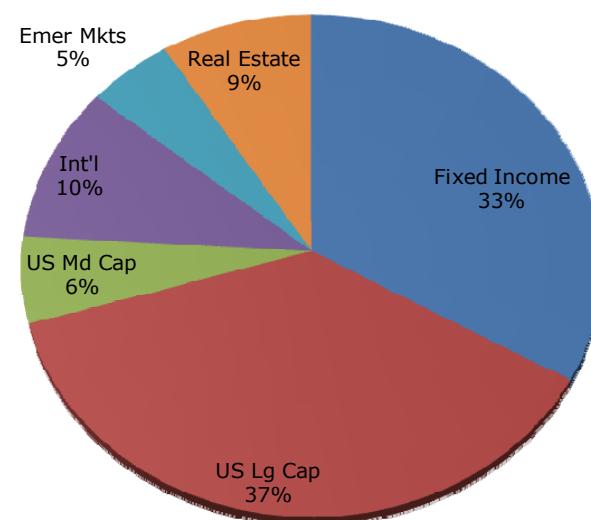
MANAGEMENT TEAM

Client Relationship Manager: Amber Frizzell, AIF®
Amber@apcm.net

Your Portfolio Manager: Brandy Niclai, CFA®

Contact Phone Number: 907/272 -7575

PORTFOLIO COMPOSITION



Clients are encouraged to compare this report with the official statement from their custodian.

Alaska Permanent Capital Management Co.
PORTFOLIO SUMMARY AND TARGET
ALEUTIANS EAST BOROUGH
April 30, 2019

Asset Class & Target	Market Value	% Assets	Range
FIXED INCOME (34%)			
US Fixed Income (34.0%)	14,914,556	32.8	25% to 60%
Cash (0.0%)	274,976	0.6	na
Subtotal:	15,189,532	33.4	
EQUITY (56%)			
US Large Cap (36.0%)	16,853,111	37.0	30% to 50%
US Mid Cap (5.0%)	2,530,036	5.6	0% to 10%
Developed International Equity (10.0%)	4,545,775	10.0	5% to 15%
Emerging Markets (5.0%)	2,299,861	5.1	0% to 10%
Subtotal:	26,228,784	57.6	
ALTERNATIVE INVESTMENTS (10%)			
Real Estate (10.0%)	4,095,993	9.0	5% to 15%
Subtotal:	4,095,993	9.0	
TOTAL PORTFOLIO	45,514,309	100	

AEB/AKUTAN HARBOR - 2006 A

Account Statement - Period Ending April 30, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

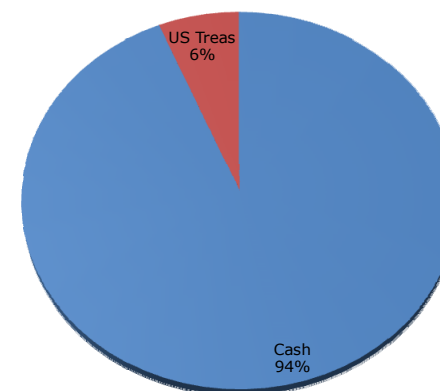
ACCOUNT ACTIVITY

Portfolio Value on 03-31-19	1,561,502
Contributions	0
Withdrawals	-125
Change in Market Value	2,325
Interest	782
Dividends	0
Portfolio Value on 04-30-19	1,564,484

MANAGEMENT TEAM

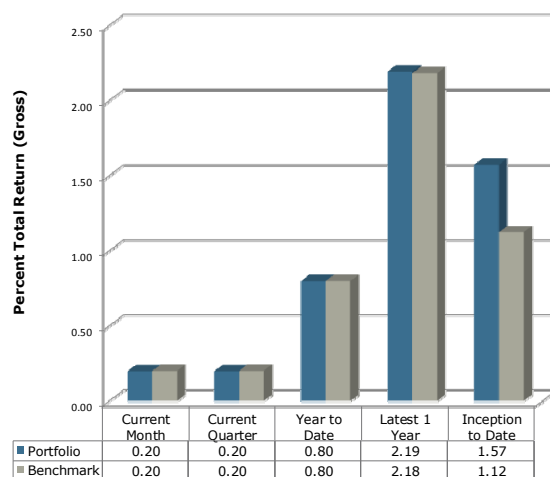
Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

PORTFOLIO COMPOSITION



INVESTMENT PERFORMANCE

Current Account Benchmark:
FTSE 3-Month TBill



Performance is Annualized for Periods Greater than One Year

Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.39% Average Maturity: 0.22 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB/AKUTAN HARBOR - 2006 A
April 30, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		17,327		17,327	1.11			
U.S. TREASURY									
100,000	US TREASURY NOTES 1.000% Due 08-31-19 Accrued Interest	99.45	99,453	99.50	99,504	6.36	1,000	168	2.49
					168	0.01			
			99,453		99,672	6.37		168	
TREASURY BILLS									
380,000	US TREASURY BILLS 0.000% Due 05-23-19	99.40	377,720	99.85	379,449	24.25	NA	0	2.29
405,000	US TREASURY BILLS 0.000% Due 06-20-19	98.98	400,871	99.67	403,659	25.80	NA	0	2.37
100,000	US TREASURY BILLS 0.000% Due 07-11-19	99.24	99,236	99.53	99,532	6.36	NA	0	2.36
150,000	US TREASURY BILLS 0.000% Due 08-22-19	98.77	148,152	99.26	148,884	9.52	NA	0	2.38
300,000	US TREASURY BILLS 0.000% Due 09-12-19	98.79	296,379	99.11	297,345	19.01	NA	0	2.43
120,000	US TREASURY BILLS 0.000% Due 10-14-19	98.83	118,596	98.85	118,615	7.58	NA	0	2.56
			1,440,953		1,447,485	92.52		0	
TOTAL PORTFOLIO			1,557,733		1,564,484	100	1,000	168	

AEB OPERATING FUND

Account Statement - Period Ending April 30, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

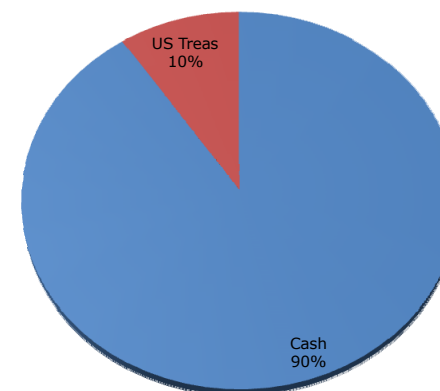
ACCOUNT ACTIVITY

Portfolio Value on 03-31-19	2,610,807
Contributions	0
Withdrawals	-189
Change in Market Value	3,590
Interest	1,654
Dividends	0
Portfolio Value on 04-30-19	2,615,862

MANAGEMENT TEAM

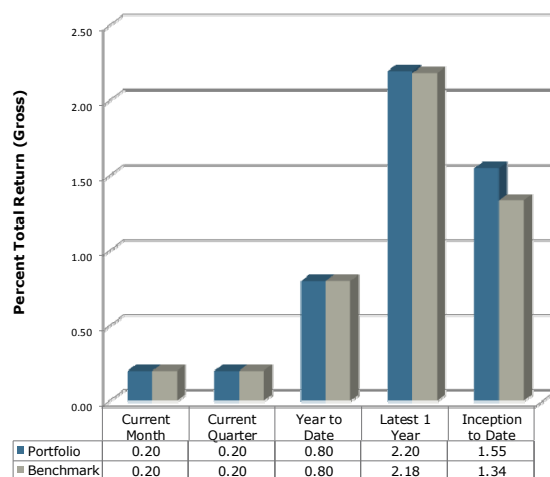
Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

PORTFOLIO COMPOSITION



INVESTMENT PERFORMANCE

Current Account Benchmark:
FTSE 3-Month TBill



Performance is Annualized for Periods Greater than One Year

Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.40% Average Maturity: 0.24 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB OPERATING FUND
April 30, 2019

<u>Quantity</u>	<u>Security</u>	<u>Average Cost</u>	<u>Total Average Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Annual Income</u>	<u>Accrued Interest</u>	<u>Yield to Maturity</u>
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		24,652		24,652	0.94			
U.S. TREASURY									
250,000	US TREASURY NOTES 1.000% Due 08-31-19 Accrued Interest	99.45	248,633	99.50	248,760	9.51	2,500	421	2.49
					421	0.02			
			248,633		249,181	9.53		421	
TREASURY BILLS									
500,000	US TREASURY BILLS 0.000% Due 05-23-19	99.40	497,000	99.85	499,275	19.09	NA	0	2.29
515,000	US TREASURY BILLS 0.000% Due 06-20-19	98.98	509,749	99.67	513,295	19.62	NA	0	2.37
375,000	US TREASURY BILLS 0.000% Due 07-11-19	99.24	372,134	99.53	373,245	14.27	NA	0	2.36
245,000	US TREASURY BILLS 0.000% Due 08-22-19	98.77	241,982	99.26	243,177	9.30	NA	0	2.38
500,000	US TREASURY BILLS 0.000% Due 09-12-19	98.79	493,965	99.11	495,575	18.94	NA	0	2.43
220,000	US TREASURY BILLS 0.000% Due 10-14-19	98.83	217,426	98.85	217,461	8.31	NA	0	2.56
			2,332,255		2,342,029	89.53		0	
TOTAL PORTFOLIO			2,605,540		2,615,862	100	2,500	421	

ALEUTIANS EAST BOROUGH SERIES E BOND

Account Statement - Period Ending April 30, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

ACCOUNT ACTIVITY

Portfolio Value on 03-31-19	2,548,143
Contributions	0
Withdrawals	-469
Change in Market Value	1,479
Interest	3,381
Dividends	0
Portfolio Value on 04-30-19	2,552,534

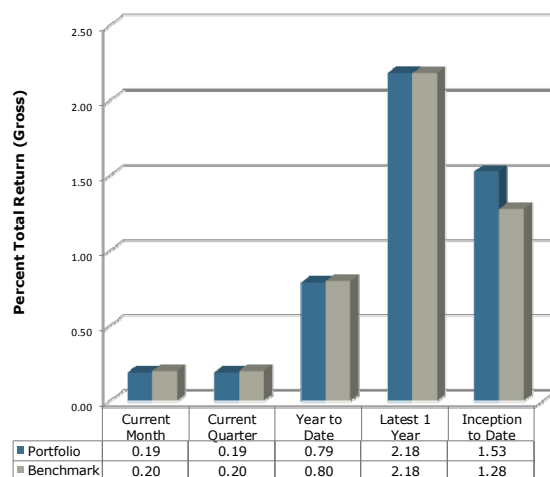
MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

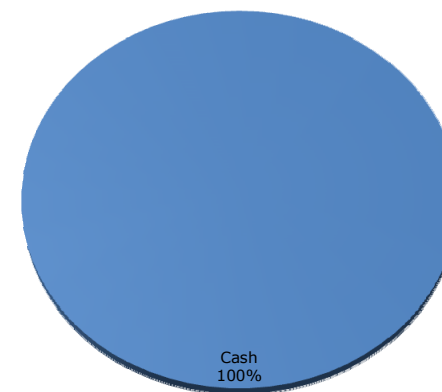
PORTFOLIO COMPOSITION

INVESTMENT PERFORMANCE

Current Account Benchmark:
FTSE 3-Month TBill



Performance is Annualized for Periods Greater than One Year



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.39% Average Maturity: 0.27 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH SERIES E BOND
April 30, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		29,005		29,005	1.14			
TREASURY BILLS									
375,000	US TREASURY BILLS 0.000% Due 05-23-19	99.40	372,750	99.85	374,456	14.67	NA	0	2.29
500,000	US TREASURY BILLS 0.000% Due 06-20-19	98.98	494,902	99.67	498,345	19.52	NA	0	2.37
375,000	US TREASURY BILLS 0.000% Due 07-11-19	99.24	372,134	99.53	373,245	14.62	NA	0	2.36
250,000	US TREASURY BILLS 0.000% Due 08-22-19	98.77	246,920	99.26	248,140	9.72	NA	0	2.38
500,000	US TREASURY BILLS 0.000% Due 09-12-19	98.79	493,965	99.11	495,575	19.42	NA	0	2.43
540,000	US TREASURY BILLS 0.000% Due 10-14-19	98.83	533,681	98.85	533,768	20.91	NA	0	2.56

AEB 2010 SERIES A GO BOND/KCAP

Account Statement - Period Ending April 30, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

ACCOUNT ACTIVITY

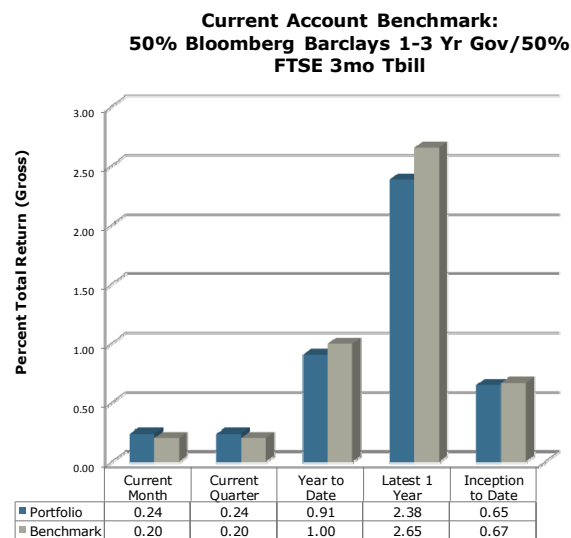
Portfolio Value on 03-31-19	1,050,020
Contributions	0
Withdrawals	-89
Change in Market Value	446
Interest	2,040
Dividends	0

Portfolio Value on 04-30-19 1,052,418

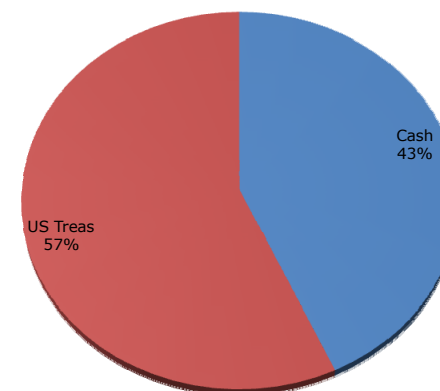
MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272-7575

PORTFOLIO COMPOSITION



Performance is Annualized for Periods Greater than One Year



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.29% Average Maturity: 1.03 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES A GO BOND/KCAP
April 30, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		30,918		30,918	2.94			
U.S. TREASURY									
50,000	US TREASURY NOTES 0.875% Due 06-15-19	99.14	49,572	99.81	49,903	4.74	437	165	2.40
80,000	US TREASURY NOTES 1.375% Due 01-15-20	98.61	78,891	99.26	79,406	7.55	1,100	322	2.43
100,000	US TREASURY NOTES 1.125% Due 03-31-20	98.77	98,770	98.86	98,863	9.39	1,125	95	2.38
105,000	US TREASURY NOTE 1.500% Due 06-15-20	98.51	103,437	99.03	103,983	9.88	1,575	593	2.38
65,000	US TREASURY NOTES 2.000% Due 02-15-22	99.01	64,356	99.37	64,589	6.14	1,300	269	2.23
75,000	U.S. TREASURY NOTE 1.875% Due 02-28-22	98.82	74,115	98.98	74,233	7.05	1,406	237	2.25
125,000	US TREASURY NOTES 2.250% Due 04-15-22	99.86	124,829	100.02	125,020	11.88	2,812	123	2.24
	Accrued Interest				1,804	0.17			
			593,970		597,801	56.80		1,804	
TREASURY BILLS									
200,000	US TREASURY BILLS 0.000% Due 05-23-19	99.38	198,765	99.85	199,710	18.98	NA	0	2.29
75,000	US TREASURY BILLS 0.000% Due 06-18-19	99.63	74,721	99.68	74,760	7.10	NA	0	2.38
150,000	US TREASURY BILLS 0.000% Due 07-18-19	99.40	149,093	99.49	149,229	14.18	NA	0	2.37
			422,580		423,699	40.26		0	
TOTAL PORTFOLIO			1,047,468		1,052,418	100	9,756	1,804	

AEB 2010 SERIES B BOND/AKUTAN AIR

Account Statement - Period Ending April 30, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

ACCOUNT ACTIVITY

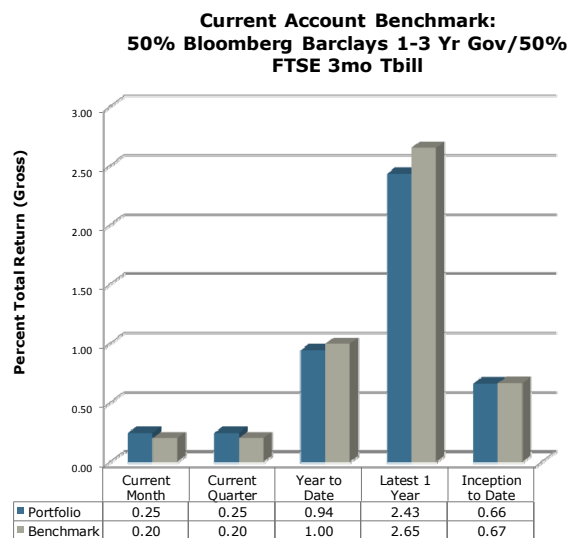
Portfolio Value on 03-31-19	1,032,036
Contributions	0
Withdrawals	-88
Change in Market Value	665
Interest	1,878
Dividends	0
Portfolio Value on 04-30-19	1,034,491

MANAGEMENT TEAM

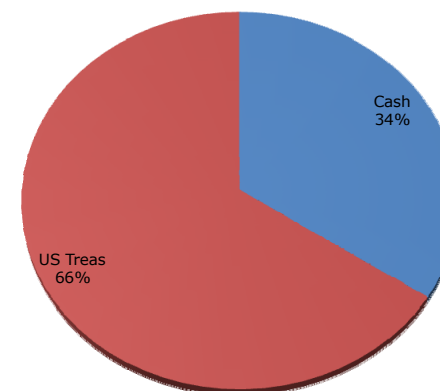
Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272-7575

PORTFOLIO COMPOSITION

INVESTMENT PERFORMANCE



Performance is Annualized for Periods Greater than One Year



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.30% Average Maturity: 0.99 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES B BOND/AKUTAN AIR
April 30, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		31,686		31,686	3.06			
U.S. TREASURY									
150,000	US TREASURY NOTES 0.875% Due 06-15-19	98.56	147,838	99.81	149,710	14.47	1,312	494	2.40
100,000	US TREASURY NOTES 1.375% Due 01-15-20	98.61	98,613	99.26	99,258	9.59	1,375	403	2.43
75,000	US TREASURY NOTES 1.625% Due 03-15-20	99.12	74,344	99.32	74,487	7.20	1,219	156	2.42
105,000	US TREASURY NOTE 1.500% Due 06-15-20	98.51	103,437	99.03	103,983	10.05	1,575	593	2.38
50,000	US TREASURY NOTES 2.000% Due 02-15-22	98.99	49,494	99.37	49,683	4.80	1,000	207	2.23
75,000	U.S. TREASURY NOTE 1.875% Due 02-28-22	98.66	73,998	98.98	74,233	7.18	1,406	237	2.25
125,000	US TREASURY NOTES 2.250% Due 04-15-22	99.83	124,787	100.02	125,020	12.09	2,812	123	2.24
	Accrued Interest				2,212	0.21			
			672,512		678,586	65.60		2,212	
TREASURY BILLS									
100,000	US TREASURY BILLS 0.000% Due 05-14-19	99.83	99,828	99.91	99,914	9.66	NA	0	2.26
125,000	US TREASURY BILLS 0.000% Due 05-23-19	99.38	124,228	99.85	124,819	12.07	NA	0	2.29
100,000	US TREASURY BILLS 0.000% Due 07-18-19	99.43	99,431	99.49	99,486	9.62	NA	0	2.37
			323,487		324,219	31.34		0	
TOTAL PORTFOLIO			1,027,685		1,034,491	100	10,700	2,212	

ALEUTIANS EAST BOROUGH

Account Statement - Period Ending May 31, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

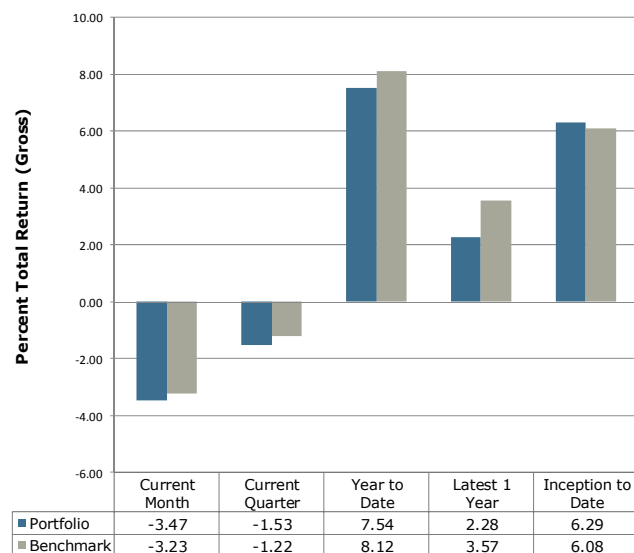
ACCOUNT ACTIVITY

Portfolio Value on 04-30-19	45,514,309
Contributions	0
Withdrawals	-1,007
Change in Market Value	-1,600,467
Interest	20,725
Dividends	0

Portfolio Value on 05-31-19	43,933,559
-----------------------------	------------

INVESTMENT PERFORMANCE

Current Account Benchmark:
Equity Blend

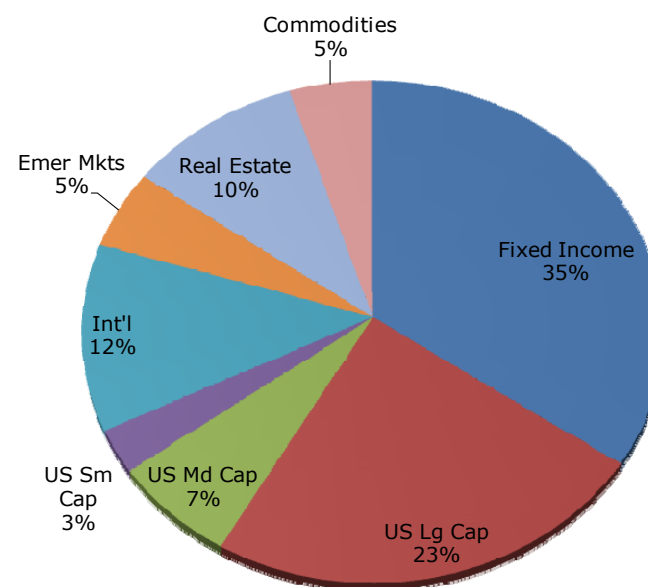


Performance is Annualized for Periods Greater than One Year

MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Brandy Niclai, CFA®
Contact Phone Number:	907/272 -7575

PORTFOLIO COMPOSITION



Clients are encouraged to compare this report with the official statement from their custodian.

Alaska Permanent Capital Management Co.
PORTFOLIO SUMMARY AND TARGET
ALEUTIANS EAST BOROUGH
May 31, 2019

Asset Class & Target	Market Value	% Assets	Range
FIXED INCOME (34%)			
US Fixed Income (19.0%)	8,483,369	19.3	10% to 30%
TIPS (10.0%)	4,450,790	10.1	0% to 15%
Cash (5.0%)	2,268,776	5.2	0% to 10%
Subtotal:	15,202,935	34.6	
EQUITY (49%)			
US Large Cap (24.0%)	10,366,270	23.6	18% to 30%
US Mid Cap (7.0%)	2,929,939	6.7	2% to 12%
US Small Cap (3.0%)	1,243,890	2.8	0% to 6%
Developed International Equity (10.0%)	5,285,250	12.0	5% to 15%
Emerging Markets (5.0%)	2,226,364	5.1	0% to 10%
Subtotal:	22,051,714	50.2	
ALTERNATIVE INVESTMENTS (15%)			
Real Estate (5.0%)	2,287,482	5.2	0% to 10%
Infrastructure (5.0%)	2,238,090	5.1	0% to 10%
Commodities (5.0%)	2,153,337	4.9	0% to 10%
Subtotal:	6,678,910	15.2	
TOTAL PORTFOLIO	43,933,559	100	

AEB/AKUTAN HARBOR - 2006 A

Account Statement - Period Ending May 31, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

ACCOUNT ACTIVITY

Portfolio Value on 04-30-19	1,564,484
Contributions	0
Withdrawals	-125
Change in Market Value	3,124
Interest	553
Dividends	0
Portfolio Value on 05-31-19	1,568,036

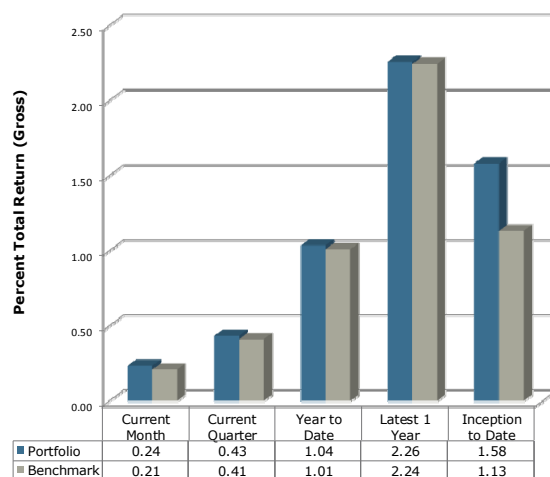
MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

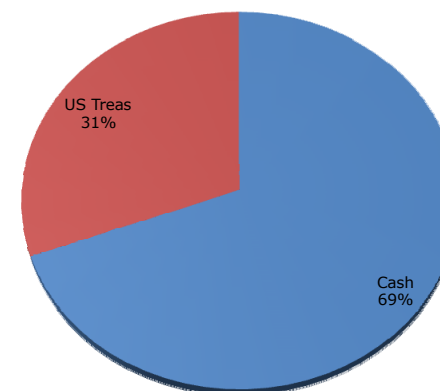
PORTFOLIO COMPOSITION

INVESTMENT PERFORMANCE

Current Account Benchmark:
FTSE 3-Month TBill



Performance is Annualized for Periods Greater than One Year



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.25% Average Maturity: 0.20 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB/AKUTAN HARBOR - 2006 A
May 31, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		16,854		16,854	1.07			
U.S. TREASURY									
380,000	US TREASURY NOTE 1.625% Due 08-31-19	99.74	379,005	99.79	379,198	24.18	6,175	1,561	2.46
100,000	US TREASURY NOTES 1.000% Due 08-31-19	99.45	99,453	99.64	99,645	6.35	1,000	253	2.42
	Accrued Interest				1,813	0.12			
			478,459		480,656	30.65		1,813	
TREASURY BILLS									
405,000	US TREASURY BILLS 0.000% Due 06-20-19	98.98	400,871	99.89	404,567	25.80	NA	0	1.95
100,000	US TREASURY BILLS 0.000% Due 07-11-19	99.24	99,236	99.76	99,758	6.36	NA	0	2.14
150,000	US TREASURY BILLS 0.000% Due 08-22-19	98.77	148,152	99.49	149,235	9.52	NA	0	2.24
300,000	US TREASURY BILLS 0.000% Due 09-12-19	98.79	296,379	99.35	298,062	19.01	NA	0	2.30
120,000	US TREASURY BILLS 0.000% Due 10-14-19	98.83	118,596	99.09	118,903	7.58	NA	0	2.48
			1,063,233		1,070,525	68.27		0	
TOTAL PORTFOLIO			1,558,546		1,568,036	100	7,175	1,813	

AEB OPERATING FUND

Account Statement - Period Ending May 31, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

ACCOUNT ACTIVITY

Portfolio Value on 04-30-19	2,615,862
Contributions	367,925
Withdrawals	-368,094
Change in Market Value	5,300
Interest	876
Dividends	0
Portfolio Value on 05-31-19	2,621,869

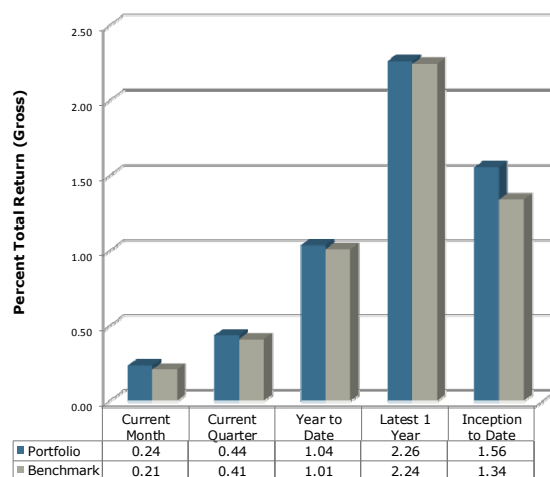
MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

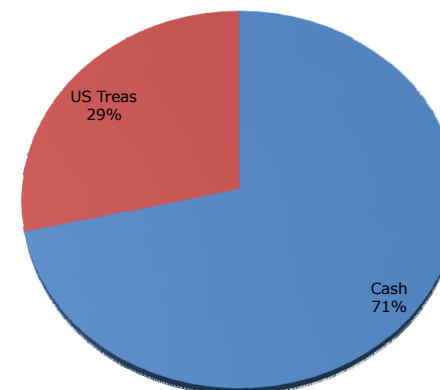
PORTFOLIO COMPOSITION

INVESTMENT PERFORMANCE

Current Account Benchmark:
FTSE 3-Month TBill



Performance is Annualized for Periods Greater than One Year



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.26% Average Maturity: 0.20 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB OPERATING FUND
May 31, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		24,075		24,075	0.92			
U.S. TREASURY									
500,000	US TREASURY NOTE 1.625% Due 08-31-19	99.74	498,691	99.79	498,945	19.03	8,125	2,053	2.46
250,000	US TREASURY NOTES 1.000% Due 08-31-19	99.45	248,633	99.64	249,112	9.50	2,500	632	2.42
	Accrued Interest				2,685	0.10			
			747,324		750,743	28.63		2,685	
TREASURY BILLS									
515,000	US TREASURY BILLS 0.000% Due 06-20-19	98.98	509,749	99.89	514,449	19.62	NA	0	1.95
375,000	US TREASURY BILLS 0.000% Due 07-11-19	99.24	372,134	99.76	374,092	14.27	NA	0	2.14
245,000	US TREASURY BILLS 0.000% Due 08-22-19	98.77	241,982	99.49	243,750	9.30	NA	0	2.24
500,000	US TREASURY BILLS 0.000% Due 09-12-19	98.79	493,965	99.35	496,770	18.95	NA	0	2.30
220,000	US TREASURY BILLS 0.000% Due 10-14-19	98.83	217,426	99.09	217,989	8.31	NA	0	2.48
			1,835,255		1,847,051	70.45		0	
TOTAL PORTFOLIO			2,606,655		2,621,869	100	10,625	2,685	

ALEUTIANS EAST BOROUGH SERIES E BOND

Account Statement - Period Ending May 31, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

ACCOUNT ACTIVITY

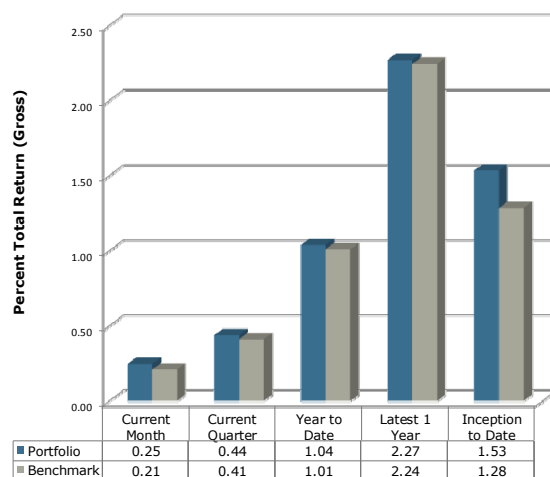
Portfolio Value on 04-30-19	2,552,534
Contributions	0
Withdrawals	0
Change in Market Value	5,531
Interest	785
Dividends	0
Portfolio Value on 05-31-19	2,558,850

MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272 -7575

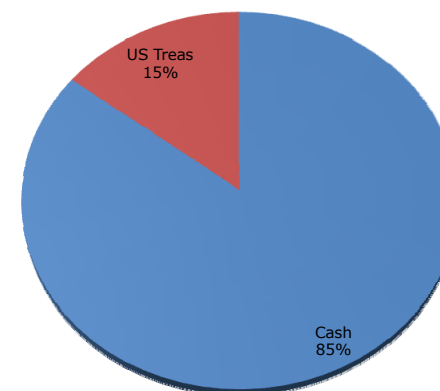
INVESTMENT PERFORMANCE

Current Account Benchmark:
FTSE 3-Month TBill



Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.24% Average Maturity: 0.22 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH SERIES E BOND
May 31, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		28,984		28,984	1.13			
U.S. TREASURY									
375,000	US TREASURY NOTE 1.625% Due 08-31-19 Accrued Interest	99.74	374,019	99.79	374,209	14.62	6,094	1,540	2.46
					1,540	0.06			
			374,019		375,749	14.68		1,540	
TREASURY BILLS									
500,000	US TREASURY BILLS 0.000% Due 06-20-19	98.98	494,902	99.89	499,465	19.52	NA	0	1.95
375,000	US TREASURY BILLS 0.000% Due 07-11-19	99.24	372,134	99.76	374,092	14.62	NA	0	2.14
250,000	US TREASURY BILLS 0.000% Due 08-22-19	98.77	246,920	99.49	248,725	9.72	NA	0	2.24
500,000	US TREASURY BILLS 0.000% Due 09-12-19	98.79	493,965	99.35	496,770	19.41	NA	0	2.30
540,000	US TREASURY BILLS 0.000% Due 10-14-19	98.83	533,681	99.09	535,064	20.91	NA	0	2.48
			2,141,602		2,154,117	84.18		0	
TOTAL PORTFOLIO			2,544,605		2,558,850	100	6,094	1,540	

* Callable security

AEB 2010 SERIES A GO BOND/KCAP

Account Statement - Period Ending May 31, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

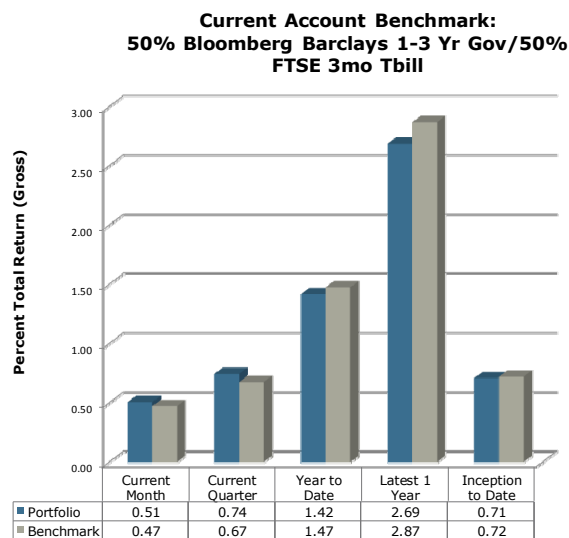
ACCOUNT ACTIVITY

Portfolio Value on 04-30-19	1,052,418
Contributions	0
Withdrawals	-164
Change in Market Value	4,202
Interest	1,121
Dividends	0
Portfolio Value on 05-31-19	1,057,577

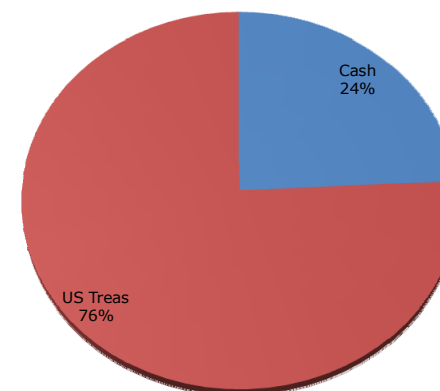
MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272-7575

PORTFOLIO COMPOSITION



Performance is Annualized for Periods Greater than One Year



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.09% Average Maturity: 1.10 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES A GO BOND/KCAP
May 31, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		31,754		31,754	3.00			
U.S. TREASURY									
50,000	US TREASURY NOTES 0.875% Due 06-15-19	99.14	49,572	99.95	49,974	4.73	437	202	2.11
200,000	US TREASURY NOTE 1.625% Due 08-31-19	99.74	199,477	99.79	199,578	18.87	3,250	821	2.46
100,000	US TREASURY NOTES 1.125% Due 03-31-20	98.77	98,770	99.05	99,047	9.37	1,125	191	2.29
105,000	US TREASURY NOTE 1.500% Due 06-15-20	98.51	103,437	99.26	104,221	9.85	1,575	727	2.22
80,000	US TREASURY NOTES 1.375% Due 04-30-21	98.31	78,650	98.88	79,103	7.48	1,100	96	1.97
65,000	US TREASURY NOTES 2.000% Due 02-15-22	99.01	64,356	100.24	65,155	6.16	1,300	381	1.91
75,000	U.S. TREASURY NOTE 1.875% Due 02-28-22	98.82	74,115	99.88	74,912	7.08	1,406	355	1.92
125,000	US TREASURY NOTES 2.250% Due 04-15-22	99.86	124,829	100.96	126,201	11.93	2,812	361	1.90
	Accrued Interest				3,134	0.30			
			793,206		801,325	75.77		3,134	
TREASURY BILLS									
75,000	US TREASURY BILLS 0.000% Due 06-18-19	99.63	74,721	99.90	74,929	7.08	NA	0	1.92
150,000	US TREASURY BILLS 0.000% Due 07-18-19	99.40	149,093	99.71	149,569	14.14	NA	0	2.17
			223,815		224,498	21.23		0	
TOTAL PORTFOLIO			1,048,774		1,057,577	100	13,006	3,134	

AEB 2010 SERIES B BOND/AKUTAN AIR

Account Statement - Period Ending May 31, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

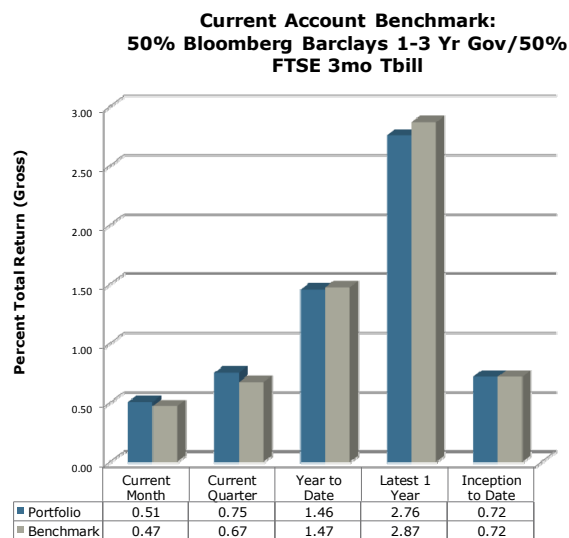
ACCOUNT ACTIVITY

Portfolio Value on 04-30-19	1,034,491
Contributions	0
Withdrawals	-193
Change in Market Value	4,035
Interest	1,211
Dividends	0
Portfolio Value on 05-31-19	1,039,544

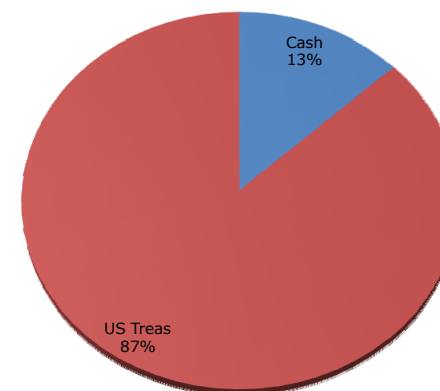
MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Paul Hanson, CFA®
Contact Phone Number:	907/272-7575

PORTFOLIO COMPOSITION



Performance is Annualized for Periods Greater than One Year



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 2.26% Average Maturity: 0.20 Yrs

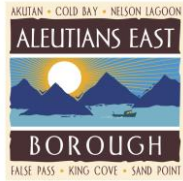
Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB 2010 SERIES B BOND/AKUTAN AIR
May 31, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	FEDERATED GOVERNMENT OBLIGATIONS INSTITUTI		37,472		37,472	3.60			
U.S. TREASURY									
150,000	US TREASURY NOTES 0.875% Due 06-15-19	98.56	147,838	99.95	149,923	14.42	1,312	606	2.11
225,000	US TREASURY NOTE 1.625% Due 08-31-19	99.74	224,411	99.79	224,525	21.60	3,656	924	2.46
75,000	US TREASURY NOTES 1.625% Due 03-15-20	99.12	74,344	99.48	74,611	7.18	1,219	258	2.29
105,000	US TREASURY NOTE 1.500% Due 06-15-20	98.51	103,437	99.26	104,221	10.03	1,575	727	2.22
80,000	US TREASURY NOTES 1.375% Due 04-30-21	98.31	78,650	98.88	79,103	7.61	1,100	96	1.97
65,000	US TREASURY NOTES 2.000% Due 02-15-22	99.10	64,413	100.24	65,155	6.27	1,300	381	1.91
75,000	U.S. TREASURY NOTE 1.875% Due 02-28-22	98.66	73,998	99.88	74,912	7.21	1,406	355	1.92
125,000	US TREASURY NOTES 2.250% Due 04-15-22	99.83	124,787	100.96	126,201	12.14	2,812	361	1.90
	Accrued Interest				3,708	0.36			
			891,878		902,360	86.80		3,708	
TREASURY BILLS									
100,000	US TREASURY BILLS 0.000% Due 07-18-19	99.43	99,431	99.71	99,713	9.59	NA	0	2.17
TOTAL PORTFOLIO			1,028,780		1,039,544	100	14,381	3,708	

Consent Agenda

None

Resolutions



Agenda Statement

Date: May 28, 2019

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

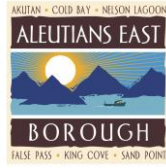
Re: Resolution 20-01 Authorizing the Mayor to Negotiate and Execute a Memorandum of Agreement between the Aleutians East Borough and the City of King Cove Regarding Maintenance of the King Cove Access Road During Fiscal Year 2020

During Fiscal Years 2017 to 2019, the Aleutians East Borough (Borough) and City of King Cove (City) agreed the City would accept responsibility for performing regular maintenance services for the King Cove Access Road. The Borough authorized the City to use a Borough-owned grader to assist with the maintenance of the Road during Fiscal years 2017 to 2019, permitted the City to also use the grader to perform maintenance on other roads owned solely by the City and paid the City \$99,000.00 per fiscal year to conduct maintenance of the Road.

The Borough wishes for the City to once again accept the duty to perform regular maintenance services for the Road during Fiscal Year 2020. \$100,000 is available in the Fiscal Year 2020 budget under Department 844 KCAP Line Item E 01-844-000-603 Maintenance to cover the \$99,000 outlined in the MOA.

RECOMMENDATION

Administration recommends approval of Resolution 20-01 Authorizing the Mayor to Negotiate and Execute a Memorandum of Agreement between the Aleutians East Borough and the City of King Cove Regarding Maintenance of the King Cove Access Road During Fiscal Year 2020.



RESOLUTION 20-01

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A MEMORANDUM OF AGREEMENT BETWEEN THE ALEUTIANS EAST BOROUGH AND THE CITY OF KING COVE REGARDING MAINTENANCE OF THE KING COVE ACCESS ROAD DURING FISCAL YEAR 2020

WHEREAS, during Fiscal Years 2017 to 2019, the Aleutians East Borough (Borough) and the City of King Cove (City) agreed the City would accept responsibility for performing regular maintenance services for the King Cove Access Road; and

WHEREAS, the Borough authorized the City to use a Borough-owned grader to assist with the maintenance of the Road during Fiscal Years 2017, 2018 and 2019, permitted the City to also use the grader to perform maintenance on other roads owned solely by the City and paid the City \$99,000 per fiscal year to conduct the maintenance of the Road; and

WHEREAS, the Borough wishes for the City to once again accept the duty to perform regular maintenance services for the Road during Fiscal Year 2020, and has appropriated funds in the Fiscal Year 2020 budget to pay for these services.

NOW THEREFORE, BE IT RESOLVED, the Aleutians East Borough Assembly authorizes the Mayor to negotiate and execute a Memorandum of Agreement between the Aleutians East Borough and the City of King Cove regarding maintenance of the King Cove Access Road during Fiscal Year 2020.

PASSED AND ADOPTED by the Aleutians East Borough on this 2nd day of July, 2019.

Alvin D. Osterback, Mayor

ATTEST:

Tina Anderson, Clerk

MEMORANDUM OF AGREEMENT
Between the Aleutians East Borough and the City of King Cove Regarding
Maintenance of the King Cove Access Road During Fiscal Year 2020

This Memorandum of Agreement (“MOA”) documents the mutual understandings between the Aleutians East Borough (“Borough”) and the City of King Cove (“City”) with respect to the City’s maintenance of the King Cove Access Road (“Road”) during Fiscal Year 2020. Hereinafter the Borough and the City are referred to collectively as the “Parties” with respect to this Agreement.

Whereas, during Fiscal Year 2017, the Borough and the City agreed that the City would accept responsibility for performing regular maintenance services for the King Cove Access Road, also commonly known as AEB Route #1; and,

Whereas, the City’s assumption of that duty resulted in the expenditure of significant City resources; and,

Whereas, to defray those costs, the Borough authorized the City to use a Borough-owned grader to assist with the maintenance of the Road during Fiscal Year 2017, permitted the City to also use that grader to perform maintenance on other roads owned solely by the City, and paid the City \$99,000.00; and,

Whereas, the Borough and City entered into a MOA for Fiscal Year 2018, authorizing the City to use a Borough-owned grader to assist with the maintenance of the Road during Fiscal Year 2018, permitted the City to also use the grader to perform maintenance on other roads owned solely by the City, and paid the City \$99,000; and

Whereas, the Borough and City entered into a MOA for Fiscal Year 2019, authorizing the City to use a Borough-owned grader to assist with the maintenance of the Road during Fiscal Year 2019, permitted the City to also use the grader to perform maintenance on other roads owned solely by the City, and paid the City \$99,000; and

Whereas, the Borough wishes for the City to once again accept the duty to perform regular maintenance services for the Road during Fiscal Year 2020, and has appropriated funds to offset the City’s cost to do so.

Now therefore, in consideration of the mutual agreements contained herein and for the benefits and uses flowing therefrom to each of them, respectively, as a result hereof, and for their mutual reliance, the Parties hereby mutually agree as follows:

1. **Term of Agreement.** This MOA covers Fiscal Year 2020, which is further defined as the period extending between July 1, 2019 and June 30, 2020. Any extension of the terms of this MOA beyond June 30, 2020 shall be agreed upon by the Parties in writing.
2. **Scope of Work.** The City agrees to assume sole responsibility for performing all general maintenance activities required to keep the Road in a condition that is safe, navigable, and satisfactory to the Borough. Such maintenance activities shall include, but not limited to:
 - a. Planning, scheduling, administration, and logistics of maintenance activities;
 - b. Snow and ice removal;
 - c. Snow and ice control, including all plowing, sanding, hauling, winging, opening of shoulders, ice scraping, drift control, snow slide removal, and associated tasks as may be required for the safe and timely passage of the public;
 - d. Removal of debris, rubbish, and dead animals from the roadway, culvert and ditches;
 - e. Removal of roadside alders and other vegetation that may impair safe passage by users of the Road;
 - f. Repair of potholes, minor rutting, waves, sags, humps, corrugations, raveling, alligator cracks, pitting, and bleeding on an as-needed basis, subject to the Borough's preapproval.
3. **Maintenance Priorities.** The City Public Works Director, or the Director's designee, shall have general authority to prioritize and schedule the execution of maintenance duties it has assumed pursuant to this MOA, subject to the Borough's approval. However, the Parties understand that the City shall take all measures necessary to ensure that the road to the Lenard Harbor Spit remains in safe and drivable condition to safeguard the availability of medivac operations by USCG helicopters.
4. **Reporting Requirements.** The City shall immediately inform the Borough of any damage to the Road that requires repairs that:
 - a. Are outside the scope of the City's general maintenance duties as set forth at Section 2 of this MOA;
 - b. Present any serious risk to public health and safety; or,
 - c. Materially interfere with use of the Road.

5. **Use of Borough-Owned Grading Equipment.**

- a. **General.** The City shall be permitted to continue its use of a Borough-owned grader to assist with the maintenance of the Road during Fiscal Year 2019. The City shall be permitted to use the grader to perform maintenance on the City's own roads.
- b. **Maintenance Costs.** For the grader, the City shall supply all labor, typical operating costs (i.e. fuel, lubricants, and minor repairs) and insurance (including collision, property, and liability). Any major repairs and/or mechanical problems which occur, and exceed \$1,000 to correct, and based upon a reasonable determination and explanation of no fault by the City, the Director shall be authorized to discuss with AEB any reasonable cost sharing arrangement to collectively address this situation. The Director shall insure the grader will be maintained and operated consist with the same standards of care that the City provides for all of its Equipment Fleet.

6. **Payment to City.** The City will submit a written invoice to the Borough requesting payment in the amount of \$99,000.00 by June 30, 2020, which the Borough will pay to the City in one lump sum within seven business days. Except for those pre-approved costs associated with repairs made to the Road pursuant to Section 2(f) of this MOA, the Borough and the City agree that the City will not be entitled to any additional payments by the Borough related to the City's performance of Road maintenance duties during Fiscal Year 2020.

7. **Indemnification.** To the maximum extent allowed by law, the City shall indemnify, defend, and hold AEB, its officers, employees, and agents ("Indemnified Parties") harmless from all liability, claims, causes of action, and costs (including attorney's fees) arising out of this MOA or relating to the obligations assigned or work performed under this MOA, including, but not limited to, liability, claims, and causes of action alleging or arising out of a negligent act or omission by one of the Indemnified Parties. Notwithstanding the foregoing, the City shall have no obligation to indemnify, defend, or hold the Indemnified Parties harmless from claims for personal injury, death or property damage alleging a negligent act or omission by one of the Indemnified Parties arising from incidents prior to the City's assumption of Road maintenance duties.

8. **Amendment of MOA.** This MOA may only be modified or amended by a written instrument executed by both Parties.

9. **Whole Agreement.** This MOA constitutes the entire agreement between the Parties, and the provisions contained herein expressly supersede any previous understandings or agreements regarding the subject matter addressed herein.

10. **Obligations.** All the Parties' respective obligations as set forth in this MOA are subject to lawful appropriations for the specific purpose of carrying out such obligations.

11. **Dispute Resolution.** In the event of any dispute between the Parties regarding this MOA, both Parties agree to a reasonable dispute resolution process to be determined and agreed upon between AEB and the City. Each party shall be solely responsible for its own costs in resolving any such dispute.

12. **Method of Execution.** This Agreement may be signed in counterparts and all counterparts so executed shall constitute one contract, binding on the all parties hereto, even though all parties are not signatory to the same counterpart.

ALEUTIANS EAST BOROUGH:

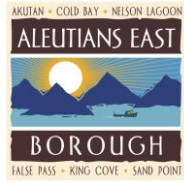
CITY OF KING COVE:

Anne Bailey, Administrator

Henry Mack, Mayor

Date

Date



Agenda Statement

Date: June 18th, 2019
To: Mayor Osterback and Assembly
From: Mary Tesche, Assistant Administrator

Re: Resolution 20-02 relating to disposal of surplus, obsolete, or unneeded supplies

The Aleutians East Borough has acquired certain personal property for the purpose of carrying out services in the public interest. Some of these items have become worn out, obsolete, or are no longer needed by the Borough. The Borough has deemed it unnecessary to maintain ownership of surplus personal property of the Borough.

Section 3.02.031(b) of the Borough code reads, “Supplies which are deemed by the Purchasing Officer to be sold as surplus, obsolete, or unneeded, may be sold or otherwise disposed of by the Purchasing Officer upon approval by the Assembly by resolution.”

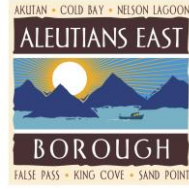
The Borough desires to dispose of the following items:

- a) One (1) 1,000 gallon Greer fuel tank located in King Cove, AK
Approximate value: \$5,000
- b) One thousand five hundred twenty (1,520) pieces of timber located in King Cove, AK
Approximate value: \$150,000

Resolution 20-02 authorizes the Borough to conduct surplus auction by sealed bid for the purpose of selling these items to the highest bidder after public notice.

RECOMMENDATION

Administration recommends approval of Resolution 20-02 relating to the disposal of surplus, obsolete, or unneeded supplies.



RESOLUTION 20-02

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY RELATING TO DISPOSAL OF SURPLUS, OBSOLETE, OR UNNEEDED SUPPLIES

WHEREAS, the Aleutians East Borough (“Borough”) has acquired certain personal property for the purpose of carrying out services in the public interest; and

WHEREAS, certain items of personal property of the Borough have become worn out, obsolete, or are no longer needed by the Borough; and

WHEREAS, the Borough has deemed it unnecessary to maintain ownership of the surplus personal property of the Borough; and

WHEREAS, the Borough desires to dispose of the following surplus property:

- a) One (1) 1,000 gallon Greer fuel tank located in King Cove, AK

Approximate value: \$5,000

- b) One thousand five hundred twenty (1,520) pieces of timber located in King Cove, AK

Approximate value: \$150,000

NOW THEREFORE, BE IT RESOLVED, by the Aleutians East Borough Assembly as follows:

Section 1. The Borough Assembly finds and declares that the Borough no longer has use for the surplus property listed above.

Section 2. The Purchasing Officer is authorized and directed to conduct a surplus auction by sealed bid for the purpose of selling the surplus property to the highest bidder after public notice.

Section 3. In case of a tie, the successful bidder shall be determined by publicly drawing lots at a time and place specified by the Purchasing Officer, always selling to the highest responsible bidder or bidders for cash.

Section 4. The Purchasing Officer is authorized to repeatedly reject all bids and advertise and give notice again.

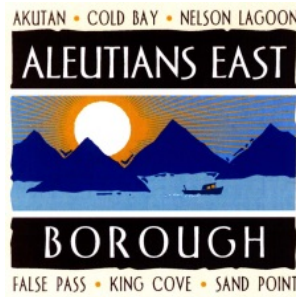
Section 5. If there are no bidders, the Purchasing Officer is authorized to sell such supplies, materials, equipment, or other personal property for the minimum value established prior to sealed bidding.

PASSED AND ADOPTED by the Aleutians East Borough on this ____ day of _____, 2019.

Alvin D. Osterback, Mayor

ATTEST:

Tina Anderson, Clerk



Aleutians East Borough Surplus Auction by Sealed Bid

Pursuant to the Aleutians East Borough Code, notice is hereby given that surplus items are offered for sale. The date of the sale will be July 17th at 3:00 P.M. in the Borough's Anchorage Office located at 3380 C Street, Suite 205, Anchorage, Alaska.

Bidders are encouraged to inspect the items prior to the sale. The items are located in King Cove as indicated on the bid item information sheets that are attached. These items can be viewed by appointment only through the designated contact. These items are offered for sale "as is," where is, and no warranties or guarantees of any kind are made or implied. These items must be purchased in whole. The successful bidders will be required to remove the items within fourteen (14) business days unless otherwise arranged with the Borough. The Borough reserves the right to reject any bid. Bid deposits of unsuccessful bidders will be returned within three (3) business days.

Auction Instructions

1. Write the item number and the amount of the bid on a piece of paper.
2. Only personal checks, money orders or certified checks will be accepted. NO CASH BIDS are allowed. Make checks payable to the Aleutians East Borough.
3. One bid per envelope. Include your name, address and telephone number **inside the envelope**.
4. Submit sealed bids to the Borough's Anchorage office by July 17th by 3:00 P.M. Mail to:

Attn: Mary Tesche
Aleutians East Borough
3380 C Street, Suite 205
Anchorage, AK 99503

If you have any questions about the bid process, the bids items, and/or to view the items, please contact Mary Tesche at 907-274-7559 or mtesche@aeboro.org.

Posted July 3, 2019

Item #1

Item Description

Greer fuel tank; doublewalled, Fireuard, includes pressure gauge

Size: Approximately 70"x70", 6,000 LBS; Estimated capacity 1,000-1,200 gallons. Likely contained diesel fuel.

Condition: Good

Minimum Bid: \$5,000

Location: King Cove Harbor

Successful bidder will be responsible for the labor and equipment for removal, and must remove the tank from the area within 14 days of the auction date, unless otherwise arranged with the Borough.

To view this item, please contact Mary Tesche at (907) 274-7559 or mtesche@aeboro.org.



Posted July 3, 2019

Item #2

Item Description

1,520 pieces of timber

Size: 4"x12"x20'

Approximate value FOB Seattle: \$248,185

Condition: Good

Minimum Bid: \$150,000

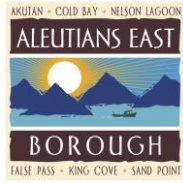
Location: King Cove

All timber must be purchased and removed in full. Successful bidder will be responsible for the labor and equipment for removal, and must remove the timber from the area within 14 days of the auction date, unless otherwise arranged with the Borough.

To view this item, please contact Mary Tesche at (907) 274-7559 or mtesche@aeboro.org.



Posted July 3, 2019



Agenda Statement

Date: June 21, 2019

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Re: Resolution 20-03 authorizing the Mayor to negotiate and execute a Memorandum of Agreement between the Aleutians East Borough and the City of King Cove regarding the reimbursement of expenses associated with the King Cove Access Project for FY 2020

On February 27, 2017, the Aleutians East Borough (Borough) and the City of King Cove (City) entered into a Memorandum of Agreement (MOA) pursuant to which the Borough has agreed to reimburse the City for certain expenses related to the King Cove Access Project (KCAP). The MOA expired on June 30, 2017. At the June 30, 2017 Assembly Meeting, the Borough extended the agreement to August 31, 2017.

Based off the MOA the following financial commitments have been met:

- Section 4.2 of the MOA allocated \$100,000.00 for the City's ongoing expenditures for FY16 to continue the KCAP. The Borough has made full reimbursement to the City; therefore, the Borough has met its obligations with respect to FY16.
- Section 4.3 of the MOA provides that the Borough will make two reimbursements to the City, of up to \$412,500.00 each, for certain KCAP-related project expenses incurred by the City between the 2007 and 2015 fiscal years. On June 15, 2017, the City submitted to the Borough documentation supporting a request in the amount of \$405,560.34. Borough Administration reviewed and paid the City for this completing the first reimbursement commitment of up to \$412,500.00.
- Section 4.4 of the MOA allocated \$100,000.00 for the ongoing expenditures for FY17 to continue the KCAP. The City has submitted to the Borough documentation supporting requests in the amount of \$86,787.86. Borough Administration reviewed and paid the

City for this. The City does not have any other FY17 costs to charge; therefore, the FY17 obligation has been met.

On November 13, 2017, the Borough and the City entered into a superseding MOA that accurately reflected the amounts of money that were being reimbursed for expenses related to the KCAP. Based off the MOA the following financial commitments have been met:

- Section 1 of the MOA provides that the Borough will reimburse the City for documented KCAP expenses incurred by the City between Fiscal Years 2007 and 2015, up to a total amount of \$412,500.00. On March 5, 2018, the City submitted to the Borough documentation supporting a request in the amount of \$388,446.63. Borough Administration reviewed and paid the City for this completing the reimbursement commitment of up to \$412,500.00.
- Section 2 of the MOA allocated \$100,000.00 for the ongoing expenditures for FY18 to continue the KCAP. To date the City has submitted to the Borough documentation supporting requests in the amount of \$74,570.02, which has been reviewed and paid, and an \$18,000 request, which has been reviewed and forwarded for payment. The total amount reimbursed for FY18 is \$100,000.00. The Borough met its obligation under the MOA for FY18.

On July 31, 2018, the Borough and the City entered into a MOA, which reflected the amounts of money for which the City may seek reimbursement for expenses related to the KCAP for FY19. Based off the MOA, the following financial commitments have been met:

- Section 1 of the MOA allocated \$100,000.00 for the ongoing expenditures for FY19 to continue the KCAP.

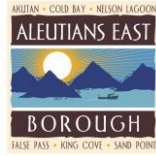
To date, the Borough has not received a request for reimbursement for FY19 expenditures. Per the MOA, the City shall submit to the Borough a request for final payment, including all supporting documentation, by no later than July 31, 2019.

Borough Administration believes it to be in the Borough's best interests to again enter into a new Agreement that accurately reflects the amounts for money that the Borough will contribute toward offsetting expenses incurred by the City related to the KCAP for FY20. Accordingly, the attached draft version of the proposed agreement addresses the FY2020 appropriation of \$100,000.00 for the KCAP project.

RECOMMENDATION

Administration recommends approval of Resolution 20-03 authorizing the Mayor to Negotiate and Execute a Memorandum of Agreement between the Aleutians East Borough and the City

regarding the reimbursement of expenses associated with the King Cove Access Project for FY 2020.



RESOLUTION 20-03

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A MEMORANDUM OF AGREEMENT BETWEEN THE ALEUTIANS EAST BOROUGH AND THE CITY OF KING COVE REGARDING THE REIMBURSEMENT OF EXPENSES ASSOCIATED WITH THE KING COVE ACCESS PROJECT FOR FY 2020

WHEREAS, on February 27, 2017 the Aleutians East Borough (Borough) and City of King Cove (City) entered into a Memorandum of Agreement (MOA) pursuant to which the Borough has agreed to reimburse the City for certain expenses related to the King Cove Access Project (KCAP); and

WHEREAS, the MOA was extended to August 30, 2017 at the June 30, 2017 Assembly meeting; and

WHEREAS, on November 13, 2017 the Borough and City entered into a superseding MOA pursuant to which the Borough agreed to reimburse the City for certain expenses related to the KCAP; and

WHEREAS, on July 31, 2018 the Borough and City entered into a MOA, which reflected the amounts of money for which the City may seek reimbursement from the Borough for expenses related to the KCAP for FY19; and

WHEREAS, the Borough Assembly believes it to be in the Borough's best interests to enter into a new Agreement that accurately reflects the amounts of money for which the City may seek reimbursement from the Borough for expenses related to the KCAP for FY20.

NOW THEREFORE, BE IT RESOLVED, the Aleutians East Borough Assembly authorizes the Mayor to negotiate and execute a Memorandum of Agreement between the Aleutians East Borough and the City of King Cove regarding the reimbursement of expenses associated with the King Cove Access Project for FY20.

PASSED AND ADOPTED by the Aleutians East Borough on this 2nd day of July, 2019.

Alvin D. Osterback, Mayor

ATTEST:

Tina Anderson, Clerk

**MEMORANDUM OF AGREEMENT BETWEEN THE ALEUTIANS EAST BOROUGH AND THE CITY
OF KING COVE REGARDING THE REIMBURSEMENT OF EXPENSES ASSOCIATED WITH
THE KING COVE ACCESS PROJECT**

This Memorandum of Agreement (“Agreement”) is entered into between the **ALEUTIANS EAST BOROUGH** (“Borough”), a second class borough duly organized and existing under the laws of the State of Alaska, and the **CITY OF KING COVE** (“City”), a first class city organized and existing under the laws of the State of Alaska. The Borough and the City are collectively referred to herein as the “Parties.”

WITNESSETH

Whereas, in February 2017 the Borough and the City entered into a Memorandum of Agreement (“MOA”) pursuant to which the Borough agreed to reimburse the City for certain expenses related to the King Cove Access Project (“KCAP”), also commonly referred to as the Izembek Land Exchange and Road Project; and,

Whereas, after satisfying many of its obligations under the FY2017 MOA, the Borough and City entered into a new, superseding Agreement that accurately reflected the amounts of money for which the City was permitted to seek reimbursement from the Borough for expenses related to the KCAP; and

Whereas, the Borough desires to continue supporting the City’s efforts with respect to the KCAP, and has appropriated \$100,000.00 in its FY20 budget to be used to offset the City’s costs related to that project.

Now therefore, in consideration of the mutual covenants and agreements contained herein and for the benefits and uses flowing therefrom to each of them, respectively, as a result hereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for their mutual reliance, the Parties hereby mutually agree to modify the terms of the MOA as follows:

1. **Reimbursement of KCAP Expenses Incurred During Fiscal Year 2020.** The Borough will reimburse the City for documented KCAP expenses incurred by the City during Fiscal Year 2020, up to a total amount of \$100,000.00.
 - a. **Eligible Expenses.** FY20 costs eligible for reimbursements shall be limited in scope to continuing federal lobbyist & legal representation, technical consultants, media & communication costs, and selected travel costs. The Parties agree that the City must discuss all KCAP costs totaling or expected to total more than \$5,000 for which reimbursement is or may be sought under this Eligible Expense

Provision with AEB, and the Parties must deem such costs mutually agreeable, in order to be eligible for reimbursement. It is also acknowledged and agreed to by both Parties that no FY20 personnel or travel costs for any AEB or City elected officials or employees are eligible cost reimbursements pursuant to this Section.

- b. **Method of Reimbursement.** The City shall submit to the Borough a request for final payment, including all supporting documentation, by no later than July 31, 2020. Such documentation shall be sufficient to permit the Borough to determine with reasonable certainty that claimed expenses are related to the KCAP. The Borough, after verifying the amount of claimed expenses are eligible for reimbursement pursuant to Section 1 of this Agreement, shall remit payment to the City within fourteen business days.
2. **Amendments.** Amendments to this Agreement may only be made in a writing executed by both Parties, subject to the approval of the Aleutians East Borough Assembly.
3. **Complete Agreement.** This Agreement represents the Parties' entire understanding of their mutual rights and duties with respect to the payment of non-personnel-related KCAP expenses.
4. **Method of Execution.** This Agreement may be signed in counterparts and all counterparts so executed shall constitute one contract, binding on the all parties hereto, even though all parties are not signatory to the same counterpart.
5. **Effective Date.** The foregoing amendments and revisions to the Employment Agreement shall be effective immediately upon execution by the Parties.

ALEUTIANS EAST BOROUGH:

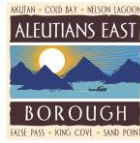
CITY OF KING COVE:

Anne Bailey, Administrator

Henry Mack, Mayor

Date

Date



Agenda Statement

Date: June 21, 2019

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Re: Resolution 20-04 Authorizing the Mayor to Enter into a Three-Year Participant Membership Agreement with the Alaska Municipal League Joint Insurance Association

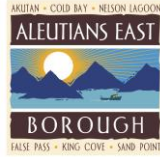
The Alaska Municipal League Joint Insurance Association (AMLJIA) is a member-driven pool dedicated to providing stable, cost-effective risk financing and quality loss control services designed to meet the needs of local governments and school districts. The Aleutians East Borough is currently a member of AMLJIA and has recently renewed coverage for FY20.

The Board of Trustees of AMLJIA has determined that in order to encourage participating members to make a multi-year membership commitment, it is efficient and cost-effective, both for the participating members and for AMLJIA, to offer a discount on the annual contributions required to be paid by all participating members that commit to a three-year AMLJIA membership term. The three-year rate discount offers a five percent discount to the member and during the three years, the overall rate is guaranteed not to rise more than 10 percent in any one of the three years or the agreement is void; and

If the Assembly chooses to enter into a three -year participant membership agreement the Borough would receive a \$8,742 discount for FY20 and will receive discounts for FY21 and FY22. Borough Administration has reviewed the agreement and recommends entering into a Three-Year Participant Membership Agreement with AMLJIA.

RECOMMENDATION

Administration recommends approval of Resolution 20-04 authorizing the Mayor to Enter into a Three-Year Participant Membership Agreement with the Alaska Municipal League Joint Insurance Association.



RESOLUTION 20-04

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO ENTER INTO A THREE-YEAR PARTICIPANT MEMBERSHIP AGREEMENT WITH THE ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION

WHEREAS, the Alaska Municipal League Joint Insurance Association (AMLJIA) is a member-driven pool dedicated to providing stable, cost-effective risk financing and quality loss control services designed to meet the needs of local governments and school districts; and

WHEREAS, the Aleutians East Borough is currently a member of AMLJIA and has recently renewed coverage for FY20; and

WHEREAS, the Board of Trustees of AMLJIA has determined that in order to encourage participating members to make a multi-year membership commitment, it is efficient and cost-effective, both for the participating members and for AMLJIA, to offer a discount on the annual contributions required to be paid by all participating members that commit to a three-year AMLJIA membership term; and

WHEREAS, the three-year rate discount offers a five percent discount to the member and during the three years, the overall rate is guaranteed not to rise more than 10 percent in any one of the three years or the agreement is void; and

WHEREAS, if the Assembly chooses to enter into a three -year participant membership agreement the Borough would receive a \$8,742 discount for FY20 and will receive discounts for FY21 and FY22; and

WHEREAS, Borough Administration has reviewed the agreement and recommends entering into a Three-Year Participant Membership Agreement with AMLJIA.

NOW THEREFORE, BE IT RESOLVED, the Aleutians East Borough Assembly authorizes the Mayor to enter into a Three-Year Participant Membership Agreement with the Alaska Municipal League Joint Insurance Association.

PASSED AND ADOPTED by the Aleutians East Borough on this 2nd day of July, 2019.

Alvin D. Osterback, Mayor

ATTEST:

Tina Anderson, Clerk

THREE-YEAR PARTICIPANT MEMBERSHIP AGREEMENT

This Three-Year Participant Membership Agreement ("Agreement"), dated _____, is between the Aleutians East Borough ("the Participant") and Alaska Municipal League Joint Insurance Association, Inc. ("AMLJIA").

WHEREAS, AMLJIA is a joint insurance arrangement as authorized under AS 21.76.010 *et seq.*, whose participating members have agreed to pool contributions in order to assume risks for losses to the participants on a group basis; and

WHEREAS, the Participant desires either to renew its current membership in AMLJIA or to become a participating member of AMLJIA; and

WHEREAS, it is in the mutual interests of AMLJIA, the Participant, and other participating members that AMLJIA maintain a stable membership in order to more effectively administer the joint insurance arrangement and serve the needs of the participating members; and

WHEREAS, the Board of Trustees of AMLJIA has determined that in order to encourage participating members to make a multi-year membership commitment, it is efficient and cost-effective, both for participating members and for AMLJIA, to offer a discount on the annual contributions required to be paid

by all participating members that commit to a three-year AMLJIA membership term; and

WHEREAS, the Participant desires to commit to a three-year membership in AMLJIA, subject to the terms and conditions stated herein as well as in the AMLJIA Cooperative Participation Agreement ("CPA") and the AMLJIA Participant Coverage Memorandum ("PCM");

NOW THEREFORE, in consideration of the mutual representations, warranties, covenants, and agreements set forth below, the Participant and AMLJIA agree as follows:

1. The Participant agrees to become a participating member of, or to renew its membership in, AMLJIA effective July 1, 2018.

2. The Participant shall continue its membership in AMLJIA for a period of not less than three (3) years, through and including June 30, 2022, subject to the terms and conditions stated herein as well as in the CPA and the PCM. The period of the Participant's membership under this Agreement encompasses the Fiscal Years 2020, 2021, and 2022.

3. The Participant's annual AMLJIA membership contribution for each of the Fiscal Years 2020, 2021, and 2022 shall be discounted by five percent (5%) off the amount of the membership contribution that the Participant would be charged in

the absence of this Agreement, provided the Participant remains a participating member of AMLJIA throughout the three-year effective period of this Agreement.

4. Should AMLJIA determine that the rate upon which the Participant's annual membership contribution is increased by more than ten percent (10%) for either of the Fiscal Years 2021 or 2022, AMLJIA shall notify the Participant of the amount of the anticipated rate increase not later than 45 days prior to the end of the then-current Fiscal Year. In the event of such a rate increase, the Participant shall have the option to cancel this Agreement and to provide written notice of such cancellation and written notice of intent to withdraw from AMLJIA effective at the end of the then-current Fiscal Year. Notice of cancellation of this Agreement and notice of intent to withdraw from AMLJIA pursuant to this paragraph must be received by AMLJIA not later than thirty (30) days after the Participant's receipt of AMLJIA's notice of rate increase, and must comply with the provisions of Section 19 of the CPA except to the extent that the period in which the Participant is permitted to provide notice of intent to withdraw may be shorter under this paragraph than under Section 19 of the CPA.

5. Should the Participant give notice of intent to withdraw from AMLJIA effective at any time prior to the end of

the Fiscal Year 2022 (June 30, 2022), except as provided in paragraph 4 of this Agreement, the Participant shall, within thirty (30) days of the date of such notice pay to AMLJIA the total principal amount of the annual membership contribution discounts it received pursuant to this Agreement, plus interest at the rate of five percent (5%) per annum. In addition, the Participant shall pay liquidated damages in an amount equal to 20 percent of the Participant's estimated deposit for each year remaining in the term of this Agreement, to compensate the Association for the loss of its contribution to the Association's surplus for the remainder of the term of this Agreement.

6. Should the Participant fail to pay to AMLJIA any amount as and when due under paragraph 5 of this Agreement, AMLJIA, in addition to any and all other rights it may have under applicable law, shall have the express right to:

(a) Intercept revenue-sharing, municipal assistance, and other funds due to be paid or administered by or through the State of Alaska to or for the benefit of the Participant, up to and including an amount equal to the unpaid portion of the principal and interest due under this Agreement until paid in full;

(b) Initiate a lawsuit against the Participant in the appropriate court for the State of Alaska, Third Judicial District at Anchorage, to recover any unpaid amounts under this Agreement as well as any other relief to which AMLJIA may be entitled.

7. This Agreement constitutes the entire agreement of the parties, and no other agreement, statement, or promise shall be valid or binding on any party. This Agreement may not be amended, modified, altered, or supplemented other than by means of a written addendum duly executed by the parties.

8. In the event that any provision of this Agreement or the application of any such provision to any person or set of circumstances, shall be determined to be invalid, unlawful, void, or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is determined to be unlawful, void, or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

9. The waiver by any party hereto of any breach of any term, covenant, or condition of this Agreement shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant,

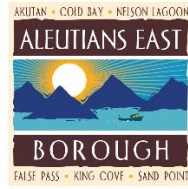
or condition of this Agreement. Any waiver of a term, covenant, or condition of this Agreement shall be valid only if in writing.

10. This Agreement shall be interpreted and construed under and pursuant to the laws of the State of Alaska. Venue for any action to enforce any obligation under this Agreement shall lie solely in the state courts of Alaska situated in Anchorage, Alaska.

11. No party to this Agreement may assign its rights nor delegate its duties under this Agreement at any time without the express written consent of the other party. Subject to the foregoing, the provisions of this Agreement shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors, and assigns.

12. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile and electronic document copies hereof shall be deemed to be originals.

13. If it shall be necessary for either the Participant or AMLJIA to employ an attorney to enforce its rights pursuant to this Agreement because of the default of the other party, the prevailing party in any such action shall be entitled to recover its actual reasonable attorney's fees and costs.



MEMORANDUM

To: Alvin D. Osterback, Mayor and Assembly

From: Anne Bailey, Borough Administrator

Date: June 26, 2019

Re: Resolution 20-05, Approving the Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports for Year Ended June 30, 2018

In February 2018, the Aleutians East Borough hired BDO to audit the financial statements of the government activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough as of and for the year ending June 30, 2018.

BDO has completed the audit for FY2018 and, in their opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Aleutians East Borough, Alaska, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The audit required 16 adjusting journal entries (9 which were restatements to prior year balances) and had seven findings, which Borough Administration is in the process of correcting. The findings and corrective action plan are as follows:

- Finding 2018-001 General Ledger Reconciliation and External Financial Reporting – Internal Control over Financial Reporting – Material Weakness - Essentially, internal controls were not established to ensure that all general ledger accounts were properly reconciled and adjusted at year-end for GAAP based reporting.

Corrective Action: In the future, management will work to ensure that the fiscal year is fully closed prior to the start of the financial audit. Management will review the general ledger and trial balance and verify the completeness and accuracy of information presented and record necessary adjustments in a timely manner.

- Finding 2018-002 Approved Pay Rates – Internal Control over Financial Reporting – Significant Deficiency – Internal controls were not established to ensure that all employees have approved pay rates included in the personnel files.

Corrective Action: Management has adopted a policy requiring all pay rates be reviewed annually for accuracy. Management has documented pay rates on a Personnel Action Form that will be retained in employee personnel files.

- Finding 2018-003 Segregation of Duties – Internal Control over Financial Reporting – Significant Deficiency – Internal controls were not established to ensure that all transactions must be reviewed and approved by an individual who did not initiate the transaction.

Corrective Action: Management is in the process of updating their employee handbook, which will include a section regarding the reimbursement policy.

- Finding 2018-004 Journal Entry Review – Internal Control over Financial Reporting – Significant Deficiency – Internal controls were not established to ensure that all journal entries must be reviewed and approved by an individual who did not prepare the entry but who is knowledgeable of the facts and circumstances related to the entry.

Corrective Action: The Borough will have the Finance Director prepare all entries. These entries will be batched and review by Administration or a third-party on a monthly basis.

- Finding 2018-005 Types of Services Allowed and Unallowed – Internal Control over Compliance – Significant Deficiency – Internal controls were not established to ensure that all employees have approved pay rates included in the personnel files.

Corrective Action: Same as Finding 2018-002 above.

- Finding 2018-006 Types of Services Allowed and Unallowed – Internal Control over Compliance – Significant Deficiency - Internal controls were not established to ensure that all transactions must be reviewed and approved by an individual who did not initiate the transaction.

Corrective Action: Same as Finding 2018-003 above.

- Finding 2018-007 Deadlines for State Single Audit – Internal Control over Compliance – Material Weakness – Internal controls were not established to ensure that all general ledger account were properly reconciled and adjusted at year-end for GAAP based reporting.

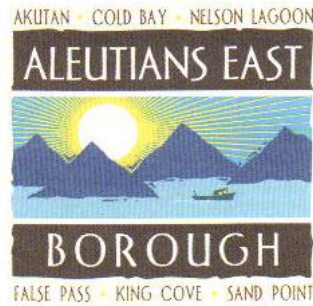
Corrective Action: Same as Finding 2018-001 above.

The draft audit dated June 24, 2019 is attached for the Assembly's review. If approved, BDO will finalize the audit along with the representation letter for FY18.

As a side note, BDO's cost to complete the audit exceeded what was originally estimated due to work that was done that was beyond the original scope outlined in the engagement letter. The original scope of work was in the amount of \$55,500, which included 390 hours, based on review of the prior year financial statements, scope of work described in the RFP, and the prior year audit reports which reported no findings and only 3 adjustments. BDO has put 550 hours into the FY18 audit, which was due to additional work necessary to go over the restatements and findings. Based off BDO's projected rate, the audit cost came around \$78,100; however, due to the steep learning curve for both sides do to the change in the audit firm BDO will absorb \$8,100 of the amount and only charge \$70,000 (\$55,000 already billed plus the additional \$15,000 for additional scope).

RECOMMENDATION

Administration recommends approval of Resolution 20-05 approving the Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports for Year Ended June 30, 2018.



RESOLUTION NO. 20-05

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY APPROVING THE FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, SUPPLEMENTARY INFORMATION AND SINGLE AUDIT REPORTS FOR YEAR ENDED JUNE 30, 2018

WHEREAS, in February 2018, the Aleutians East Borough hired BDO to audit the financial statements of the government activities, business -type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough as of and for the year ending June 30, 2018; and,

WHEREAS, the audit required 16 adjusting journal entries (9 which were restatements to prior year balances); and

WHEREAS, BDO has completed the audit for FY2018 and, in their opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Alaska East Borough, Alaska, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America; and,

WHEREAS, BDO reported seven findings, which Borough Administration is in the process of correcting; and,

WHEREAS, Borough Administration has reviewed the FY2018 audit and recommends approval.

NOW, THEREFORE, BE IT RESOLVED by the Aleutians East Borough Assembly approves the financial statements, required supplementary information, supplementary information and single audit reports for year ended June 30, 2018.

PASSED AND APPROVED BY THE ALEUTIANS EAST BOROUGH ASSEMBLY
on this 2nd day of July 2019.

ALEUTIANS EAST BOROUGH, ALASKA

Alvin D. Osterback, Mayor

ATTEST:

Tina Anderson, Clerk

Aleutians East Borough, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Single Audit Reports
Year Ended June 30, 2018

Aleutians East Borough, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information and Single Audit Reports
Year Ended June 30, 2018

DRAFT

Aleutians East Borough, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditor's Report		1-3
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	6
Statement of Activities	A-2	7
Governmental Funds:		
Balance Sheet	B-1	8
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	B-2	9
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	10
Reconciliation of Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-4	11
Enterprise Funds:		
Statement of Net Position	C-1	12
Statement of Revenues, Expenses and Changes in Net Position	C-2	13
Statement of Cash Flows	C-3	14
Statement of Fiduciary Assets and Liabilities	D-1	15
Notes to Basic Financial Statements		16-46
Required Supplementary Information		
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	E-1	48
Schedule of the Borough's Proportionate Share of the Net Pension Liability	F-1	49
Schedule of the Borough's Contributions	F-2	50
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARHCT	F-3	51
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - RMP	F-4	52
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ODD	F-5	53
Schedule of the Borough's Contributions - ARHCT	F-6	54
Schedule of the Borough's Contributions - RMP	F-7	55
Schedule of the Borough's Contributions - ODD	F-8	56
Notes to Required Supplementary Information		57

Aleutians East Borough, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
General Fund: Statement of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	G-1	59-62
Capital Improvements Capital Project Fund: Statement of Revenues, Expenditures and Changes In Fund Balance	H-1	63
Trust Permanent Fund: Statement of Revenues, Expenditures and Changes in Fund Balance	I-1	64
Debt Service Fund: Statement of Revenues, Expenditures and Changes in Fund Balance	J-1	65
Bond Construction Capital Project Fund: Statement of Revenues, Expenditures and Changes in Fund Balance	K-1	66
Maintenance Reserve Capital Project Fund: Statement of Revenues, Expenditures and Changes in Fund Balance	L-1	67
STATE COMPLIANCE REPORTS		
Schedule of State Financial Assistance		68
Notes to Schedule of State Financial Assistance		69
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		72-73
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>		74-76
Schedule of Findings and Questioned Costs		77-84
Summary Schedule of Prior Audit Findings		85
Corrective Action Plan		86-88



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and Borough Assembly
Aleutians East Borough, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Aleutians East Borough, Alaska (the Borough), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Aleutians East Borough, Alaska, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in 2018 the Borough adopted the provisions of Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

As discussed in Note 15 to the financial statements, amounts reported for deferred charges on refunding, accounts receivable, accounts payable, bond premiums, capital assets, opening fund balance and opening net position have been restated to correct for accounting errors. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 48 and the other required supplementary information on pages 49-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The individual fund financial statements and schedules listed in the table of contents and the Schedule of State Financial Assistance for the year ended June 30, 2018, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of State Financial Assistance, and the individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Borough's basic financial statements for the year ended June 30, 2017 (not presented herein) were audited by other auditors whose report thereon dated March 23, 2018, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The report of the other auditors dated March 23, 2018 stated that the individual fund financial statements and schedules for the year ended June 30, 2018 were subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated XXXX, 2019 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Anchorage, Alaska
XXXX, 2019

This page intentionally left blank.

Basic Financial Statements

DRAFT

Aleutians East Borough, Alaska
Statement of Net Position

	Primary Government			Component Unit
	Governmental	Business-type		School
<i>June 30, 2018</i>	Activities	Activities	Total	District
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 59,029,386	\$ -	\$ 59,029,386	\$ 3,848,126
Investment in Southwest Governments, LLC	442,369	-	442,369	-
Receivables, net of allowance for uncollectible accounts:				
State of Alaska	99,881	-	99,881	-
Federal	-	-	-	159,211
School	23,009	-	23,009	-
Accrued interest	123,565	-	123,565	-
Other	846,932	14,260	861,192	218,316
Internal balances	(77,437)	77,437	-	-
Prepaid items	-	8,311	8,311	176,719
Inventory	-	-	-	29,496
Restricted cash and investments:				
Unspent bond proceeds	7,114,016	-	7,114,016	-
Accrued interest	20,688	-	20,688	-
Capital assets not being depreciated	5,323,074	-	5,323,074	-
Other capital assets, net of accumulated depreciation	77,334,644	5,021,690	82,356,334	333,343
Total Assets	150,280,127	5,121,698	155,401,825	4,765,211
Deferred Outflows of Resources				
Related to pensions	195,767	-	195,767	376,008
Related to other postemployment benefits	50,166	-	50,166	97,328
Deferred charge on refunding	383,597	-	383,597	-
Total Deferred Outflows of Resources	629,530	-	629,530	473,336
Total Assets and Deferred Outflows of Resources	\$ 150,909,657	\$ 5,121,698	\$ 156,031,355	\$ 5,238,547
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	\$ 3,806,013	\$ 12,665	\$ 3,818,678	\$ 215,657
Accrued payroll and taxes	-	-	-	45,677
Accrued leave	80,981	-	80,981	54,978
Accrued interest	138,115	-	138,115	-
Unearned revenue	-	-	-	23,054
Due to primary government	-	-	-	17,248
Bonds payable, current	1,450,000	-	1,450,000	-
Bonds payable, noncurrent	23,031,711	-	23,031,711	-
Net pension liability	1,574,500	-	1,574,500	3,707,769
Net other postemployment benefits liability	254,875	-	254,875	407,168
Total Liabilities	30,336,195	12,665	30,348,860	4,471,551
Deferred Inflows of Resources				
Related to pensions	160,315	-	160,315	396,776
Related to other postemployment benefits	120,663	-	120,663	262,624
Total Deferred Inflows of Resources	280,978	-	280,978	659,400
Net Position				
Net investment in capital assets	65,673,620	5,021,690	70,695,310	333,343
Restricted:				
Construction	280,770	-	280,770	-
Permanent Fund	44,300,067	-	44,300,067	-
Unrestricted	10,038,027	87,343	10,125,370	(225,747)
Total Net Position	120,292,484	5,109,033	125,401,517	107,596
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 150,909,657	\$ 5,121,698	\$ 156,031,355	\$ 5,238,547

See accompanying notes to financial statements.

Aleutians East Borough, Alaska
Statement of Activities

Year Ended June 30, 2018	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component
	Expenses	Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government			Unit
					Govern- mental Activities	Business- type Activities	Total	School District
Primary Government								
Governmental Activities								
General government	\$ 4,496,708	\$ -	\$ 1,130,168	\$ -	\$ (3,366,540)	\$ -	\$ (3,366,540)	
Infrastructure	3,182,413	-	-	140,676	(3,041,737)	-	(3,041,737)	
Interest on long-term debt	674,328	-	-	-	(674,328)	-	(674,328)	
Total Governmental Activities	8,353,449	-	1,130,168	140,676	(7,082,605)	-	(7,082,605)	
Business-Type Activities -								
Terminal	346,330	141,507	-	-	-	(204,823)	(204,823)	
Helicopter	1,735,262	920,439	-	-	-	(814,823)	(814,823)	
Total Business-Type Activities	2,081,592	1,061,946	-	-	-	(1,019,646)	(1,019,646)	
Total Primary Government	\$ 10,435,041	\$ 1,061,946	\$ 1,130,168	\$ 140,676	\$ (7,082,605)	\$ (1,019,646)	\$ (8,102,251)	
Component Unit - School District	\$ 8,355,525	\$ 119,971	\$ 476,560					\$ (7,758,994)
General Revenues								
Borough fish tax					4,951,066	-	4,951,066	-
Unrestricted investment earnings					106,779	-	106,779	-
Restricted investment earnings					3,032,772	-	3,032,772	-
Local contributions					-	-	-	1,825,515
State grants and entitlements not restricted to specific program					2,595,355	-	2,595,355	4,589,027
Payment in lieu of taxes					600,878	-	600,878	-
Federal sources					-	-	-	2,498,293
PERS - on behalf					26,532	-	26,532	-
Loss on sale of asset					-	(1,103,423)	(1,103,423)	-
Miscellaneous					1,423,580	-	1,423,580	47,027
Transfers					3,085,409	(3,085,409)	-	-
Total General Revenues and Transfers					15,822,371	(4,188,832)	11,633,539	8,959,862
Change in Net Position					8,739,766	(5,208,478)	3,531,288	1,200,868
Net Position, beginning, as restated (Note 15)					111,552,718	10,317,511	121,870,229	(1,093,272)
Net Position, ending					\$ 120,292,484	\$ 5,109,033	\$ 125,401,517	\$ 107,596

See accompanying notes to financial statements.

Aleutians East Borough, Alaska
Balance Sheet - Governmental Funds

Exhibit B-1

	Major Funds					Nonmajor Fund	Total Governmental Funds
	General Fund	Capital Improvements Capital Project	Trust Permanent Fund	Bond Construction Capital Project	Maintenance Reserve Capital Project	King Cove Access Project	
<i>June 30, 2018</i>							
Assets							
Cash and investments	\$ 11,199,438	\$ 1,303,558	\$ 46,245,620	\$ -	\$ -	\$ 280,770	\$ 59,029,386
Investment in Southwest Governments, LLC	-	-	442,369	-	-	-	442,369
Receivables, net:							
State of Alaska	-	99,881	-	-	-	-	99,881
School	-	-	-	-	23,009	-	23,009
Accrued interest	7,614	-	115,951	-	-	-	123,565
Other	846,932	-	-	-	-	-	846,932
Due from other funds	6,258,574	-	-	-	-	-	6,258,574
Restricted cash and investments:							
Unspent bond proceeds	-	-	-	7,114,016	-	-	7,114,016
Accrued interest	-	-	-	20,688	-	-	20,688
Total Assets	\$ 18,312,558	\$ 1,403,439	\$ 46,803,940	\$ 7,134,704	\$ 23,009	\$ 280,770	\$ 73,958,420
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 2,515	\$ 93	\$ 3,921	\$ 3,799,484	\$ -	\$ -	\$ 3,806,013
Due to other funds	-	505,037	2,499,952	3,308,013	23,009	-	6,336,011
Total Liabilities	2,515	505,130	2,503,873	7,107,497	23,009	-	10,142,024
Fund Balances							
Restricted:							
Trust fund	-	-	44,300,067	-	-	-	44,300,067
King Cove access project funding	-	-	-	-	-	280,770	280,770
Assigned:							
Capital improvements	-	898,309	-	27,207	-	-	925,516
Unassigned	18,310,043	-	-	-	-	-	18,310,043
Total Fund Balances	18,310,043	898,309	44,300,067	27,207	-	280,770	63,816,396
Total Liabilities and Fund Balances	\$ 18,312,558	\$ 1,403,439	\$ 46,803,940	\$ 7,134,704	\$ 23,009	\$ 280,770	\$ 73,958,420

See accompanying notes to financial statements.

Aleutians East Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - All governmental funds		\$ 63,816,396
Capital assets (shown here, net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		82,657,718
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds:		
Related to pensions	\$ 195,767	
Related to other postemployment benefits	50,166	
Deferred charge on refunding	383,597	
Total deferred outflows of resources	<u>629,530</u>	629,530
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:		
Accrued leave	(80,981)	
Accrued interest on bonds	(138,115)	
Bonds payable, including unamortized premium	(24,481,711)	
Net pension liability	(1,574,500)	
Net other postemployment liability	(254,875)	
Total long-term liabilities	<u>(26,530,182)</u>	(26,530,182)
Deferred inflows of resources are not financial resources and therefore, are not reported in the funds:		
Related to pensions	(160,315)	
Related to other postemployment benefits	(120,663)	
Total deferred inflows of resources	<u>(280,978)</u>	(280,978)
Total Net Position of Governmental Activities		<u>\$ 120,292,484</u>

See accompanying notes to financial statements.

Aleutians East Borough, Alaska
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds

	Major Funds					Nonmajor Fund		Total Governmental Funds
	General Fund	Capital Improve-ments Capital Project	Trust Permanent Fund	Debt Service	Bond Construc-tion Capital Project	Maint-enance Reserve Capital Project	King Cove Access Project	
<i>Year Ended June 30, 2018</i>								
Revenues								
Federal government	\$ 600,878	\$ 100,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,514
State of Alaska	3,651,419	140,676	-	-	-	-	-	3,792,095
Borough raw fish tax	4,951,066	-	-	-	-	-	-	4,951,066
Investment income	32,983	1,814	3,032,772	-	71,982	-	-	3,139,551
Other	1,356,921	-	-	-	66,659	-	-	1,423,580
Total Revenues	10,593,267	243,126	3,032,772	-	138,641	-	-	14,007,806
Expenditures								
Current:								
General government	3,983,551	-	53,939	-	-	-	-	4,037,490
Infrastructure	-	226,706	-	-	53,939	58,042	-	338,687
Debt service	-	-	-	2,447,903	-	-	-	2,447,903
Capital outlays	-	1,576,951	-	-	5,056	173,482	-	1,755,489
Total Expenditures	3,983,551	1,803,657	53,939	2,447,903	58,995	231,524	-	8,579,569
Excess of Revenues Over (Under) Expenditures	6,609,716	(1,560,531)	2,978,833	(2,447,903)	79,646	(231,524)	-	5,428,237
Other Financing Sources (Uses)								
Transfers in	3,948,896	3,896,577	-	2,447,903	-	420,314	-	10,713,690
Transfers out	(7,628,281)	-	-	-	-	-	-	(7,628,281)
Net Other Financing Sources (Uses)	(3,679,385)	3,896,577	-	2,447,903	-	420,314	-	3,085,409
Net Change in Fund Balances	2,930,331	2,336,046	2,978,833	-	79,646	188,790	-	8,513,646
Fund Balances, beginning, as restated (Note 15)	15,379,712	(1,437,737)	41,321,234	-	(52,439)	(188,790)	280,770	55,302,750
Fund Balances, ending	\$ 18,310,043	\$ 898,309	\$ 44,300,067	\$ -	\$ 27,207	\$ -	\$ 280,770	\$ 63,816,396

See accompanying notes to financial statements.

Aleutians East Borough, Alaska
Reconciliation of Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

Net change in fund balances - All governmental funds \$ 8,513,646

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$3,683,560 exceeded capital outlays of \$2,012,274 in the current period. (1,671,286)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Principal repayment	\$ 1,375,000	
Net change in premium and deferred charge on refunding	390,034	
		1,765,034

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:

Increase in accrued leave	(9,459)	
Decrease in accrued interest	8,541	
Decrease in net pension liability and related deferred outflows and inflows of resources	100,794	
Decrease in net other postemployment benefits liability and related deferred outflows and inflows of resources	32,496	
		132,372

Total Change in Net Position of Governmental Activities \$ 8,739,766

See accompanying notes to financial statements.

Aleutians East Borough, Alaska

Statement of Net Position

Enterprise Funds

June 30, 2018	Major Funds		Total
	Terminal	Helicopter	
Assets			
Current Assets			
Prepays	\$ -	\$ 8,311	\$ 8,311
Receivables, net	5,704	8,556	14,260
Due from other funds	77,437	-	77,437
Total Current Assets	83,141	16,867	100,008
Noncurrent Assets			
Equipment, net of accumulated depreciation	5,008,683	13,007	5,021,690
Total Assets	\$ 5,091,824	\$ 29,874	\$ 5,121,698
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 7,081	\$ 5,584	\$ 12,665
Net Position			
Net investment in capital assets	5,008,683	13,007	5,021,690
Unrestricted	76,060	11,283	87,343
Total Net Position	5,084,743	24,290	5,109,033
Total Liabilities and Net Position	\$ 5,091,824	\$ 29,874	\$ 5,121,698

See accompanying notes to financial statements.

Aleutians East Borough, Alaska

Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds

Year Ended June 30, 2018	Major Funds			Total
	Hovercraft	Terminal	Helicopter	
Operating Revenues	\$ -	\$ 141,507	\$ 920,439	\$ 1,061,946
Operating Expenses				
Salaries and benefits	-	30,376	138,343	168,719
Professional services	-	3,406	1,276,396	1,279,802
Travel and per diem	-	1,146	4,582	5,728
Telephone	-	4,187	5,112	9,299
Supplies	-	19,971	83,661	103,632
Rent	-	7,153	24,035	31,188
Utilities	-	11,249	1,300	12,549
Insurance	-	-	36,478	36,478
Fuel	-	15,945	145,844	161,789
Depreciation	-	252,897	19,511	272,408
Total Operating Expenses	-	346,330	1,735,262	2,081,592
Operating loss	-	(204,823)	(814,823)	(1,019,646)
Nonoperating Expenses				
Loss on sale of assets	(1,103,423)	-	-	(1,103,423)
Loss before transfers	(1,103,423)	(204,823)	(814,823)	(2,123,069)
Transfers in	-	-	863,487	863,487
Transfers out	(3,948,896)	-	-	(3,948,896)
Change in net position	(5,052,319)	(204,823)	48,664	(5,208,478)
Net Position (Deficit), beginning	5,052,319	5,289,566	(24,374)	10,317,511
Net Position, ending	\$ -	\$ 5,084,743	\$ 24,290	\$ 5,109,033

See accompanying notes to financial statements.

Aleutians East Borough, Alaska

Statement of Cash Flows
Enterprise Funds

Year Ended June 30, 2018	Major Funds			Total
	Hovercraft	Terminal	Helicopter	
Cash Flows from (for) Operating Activities				
Cash payments from customers	\$ -	\$ 141,497	\$ 911,883	\$ 1,053,380
Cash payments for goods and services	-	(55,975)	(1,580,318)	(1,636,293)
Cash payments for salaries and benefits	-	(30,376)	(138,343)	(168,719)
Net cash flows from (for) operating activities	-	55,146	(806,778)	(751,632)
Cash Flows from (for) Noncapital Financing Activities				
Increase (decrease) in due to other funds	-	22,291	(56,709)	(34,418)
Increase in due from other funds	-	(77,437)	-	(77,437)
Transfers in	-	-	863,487	863,487
Transfers out	(3,948,896)	-	-	(3,948,896)
Net cash flows from (for) noncapital financing activities	(3,948,896)	(55,146)	806,778	(3,197,264)
Cash Flows from Capital and Related Financing Activities -				
proceeds from sale of asset held for sale	3,948,896	-	-	3,948,896
Net Increase in Cash	-	-	-	-
Cash and Cash Equivalents, beginning	-	-	-	-
Cash and Cash Equivalents, ending	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows from (for) Operating Activities				
Operating loss	\$ -	\$ (204,823)	\$ (814,823)	\$ (1,019,646)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:				
Depreciation	-	252,897	19,511	272,408
Changes in operating assets and liabilities that provided (used) cash:				
Prepays	-	-	(8,311)	(8,311)
Receivables, net	-	(10)	(8,556)	(8,566)
Accounts payable	-	7,082	5,401	12,483
Net Cash Flows from (for) Operating Activities	\$ -	\$ 55,146	\$ (806,778)	\$ (751,632)

See accompanying notes to financial statements.

Aleutians East Borough, Alaska
Statement of Fiduciary Assets and Liabilities
Deferred Compensation Agency Fund

Year Ended June 30, 2018

Assets - investments	\$ 617,620
Liabilities - due to employees	\$ 617,620

See accompanying notes to financial statements.

DRAFT

Aleutians East Borough, Alaska

Notes to Basic Financial Statements June 30, 2018

1. Summary of Significant Accounting Policies

The financial statements of the Aleutians East Borough (the Borough) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Reporting Entity

The Aleutians East Borough (Borough) was incorporated October 23, 1987, under the laws of the State of Alaska as a second-class Borough. All significant activities with which the Borough exercises oversight responsibilities have been included in the Borough's general purpose financial statements.

The accompanying financial statements include all activities of the Borough (the primary government) and The Aleutians East Borough School District (School District). The Borough Assembly, as the oversight authority, approves the total annual budget of the School District and also makes annual contributions to it. Based on financial interdependence, budget approval, responsibility for debt, and accountability and control of fiscal matters, The School District is a component unit of the Borough. The School District's audited financial statements may be obtained from their office at the address below:

Aleutians East Borough School District
PO Box 429
Sand Point, Alaska 99661-0429

No other entities exist over which the Borough has oversight responsibility.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information in all nonfiduciary activities of the Borough. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental fund types. Major individual governmental funds are reported in separate columns in the fund financial statements.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(c) Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide statements report using the economic resources measurement focus and accrual basis of accounting includes reclassification or elimination of internal activity (between or within funds). Financial statements of Borough component units also report using this same focus and basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements report used the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Borough considers revenues to be available if they are collected within 180 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include intergovernmental revenues and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as needed.

(d) Fund Types and Major Funds

The Borough reports the following major governmental funds:

- General Fund - Reports as the primary fund of the Borough. This fund is used to account for all financial resources not reported in other funds.
- Capital Improvements Capital Project Fund - Accounts for all revenue received and expenditures made for the development and administration of capital projects.
- Trust Permanent Fund - Accounts for all investment activity, deposits and disbursements related to the permanent fund established by the assembly. The Borough Assembly 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 prior calendar years market value, additional income is added to the fund. The fund corpus is to be held in perpetuity except in circumstances of natural disaster or financial emergency.
- Debt Service Fund - Accounts for all expenditures made for the retirement of and interest on debt.
- Bond Construction Capital Project Fund - Accounts for all expenditures made on projects funded by bond proceeds.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

- Maintenance Reserve Capital Project Fund - Accounts for all expenditures made on maintenance-related projects. The Borough has elected to report this fund as major given significance to the users of the financial statements.

The Borough reports the following major proprietary funds:

- Hovercraft Enterprise Fund - Accounts for all activity associated with the operations and maintenance of the hovercraft.
- Terminal Enterprise Fund - Accounts for all activity associated with construction, operation, and maintenance of the airport terminal located in Cold Bay.
- Helicopter Enterprise Fund - Accounts for all activity associated with helicopter operations in Akutan.

The Borough reports the following fiduciary fund:

- Deferred Compensation Agency Fund - Accounts for the Borough's employee retirement plan.

(e) Budgetary Information

The Borough Assembly is required to approve an annual budget before the start of the new fiscal year. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through passage of an ordinance. Budgets are prepared and presented on the modified accrual basis of accounting. Any revisions to the budget must be approved by passage of an ordinance by the Assembly. The Borough Assembly authorizes formal budget revisions several times each year to adjust revenues and expenditures to available resources and program needs. The final revised and approved budget is presented in these financial statements.

(f) Assets and Liabilities

Cash and Investments

The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition.

Investments are stated at fair value. Investments of all funds outside of the Permanent Fund are managed within the Borough's central treasury.

Investments in Southwest Governments, LLC

The Borough's investment in Southwest Governments, LLC is accounted for under the equity method. Under the equity method, original investments are recorded at cost and adjusted by the Borough's share of undistributed earnings or losses. The Borough would recognize an impairment loss when there is a loss in value in the equity method investment which is other than a temporary decline.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Receivables

All receivables are shown net of an allowance for uncollectible accounts.

Interfund Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." These balances represent the numerous transactions that occur during the course of operations between individual funds for goods provided or services rendered. All amounts due to/from other funds are short term in nature.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

The Borough's property, plant, equipment, and infrastructure with useful lives of more than 1 year are stated at historical cost and comprehensively reported in government-wide financial statements. The Borough maintains infrastructure asset records consistent with all other capital assets. Component unit capital assets are also reported in their respective fund and combining component unit financial statements. Donated assets are recorded at the acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The Borough generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur.

Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives in years for depreciable assets are as follows:

Buildings and improvements	25 years
Infrastructure	30 years
Furniture, vehicles and equipment	3-7 years

Accrued Leave

It is the Borough's policy to permit employees to accumulate earned but unused annual leave. Compensated absences are reported as accrued in government-wide and component unit financial statements. Governmental funds report only matured accrued leave payable to currently terminated employees and are included in wages and benefits payable.

Unearned Revenue

Amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met are recorded as unearned revenue.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Long-term Debt

In government-wide and component unit financial statements, outstanding debt is reported as liabilities. Governmental fund financial statements recognize proceeds of debt and premiums as other financing sources of the current period.

(g) Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(h) Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Generally, the Borough reports deferred charges on bond refunding and pension and OPEB related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to the liabilities, the financial statements may also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until later. The Borough reports certain pension and OPEB related items as deferred inflows of resources. These items are amortized as a reduction of expense over varying periods of time based on their nature.

(i) Equity

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted

Reflects funds with externally imposed constraints placed on them by either creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Committed

These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Assembly. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those requirements. Committed amounts cannot be used for any other purpose unless the Borough Assembly removes the constraint through a subsequent formal modification or rescinding action.

Assigned

This classification reflects the amounts constrained by the Borough's assembly members "intent" to be used for specific purposes, but are neither restricted nor committed. When Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned

This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. When restricted, committed or assigned resources as well as unassigned resources are available for use, it is the Borough's policy to use restricted, committed, or assigned resources first, then unassigned resources as needed.

(j) Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets

This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted

This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted

This consists of net position that does not meet the definition of restricted or net investment in capital assets. When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as needed.

(k) Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

(I) Revenues, Expenditures and Expenses

Grants and Other Intergovernmental Revenues

In applying the measurable and available concept to grants and intergovernmental revenues, legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "earned"; therefore, revenues are recognized based on expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

2. Cash and Investments

The Borough utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet in each fund as "cash and investments."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2018.

	Book Balance	Bank Balance
Bank deposits and petty cash	\$ 8,866,243	\$ 9,863,588
Investments	57,277,159	57,277,159
Total	\$ 66,143,402	\$ 67,140,747
Cash and investments	\$ 59,029,386	
Restricted cash and investments:		
Unspent bond proceeds	7,114,016	
Total	\$ 66,143,402	

Cash and investments are further categorized as follows:

	Bank Deposits and Petty Cash	Investments	Total
Unrestricted cash and investments	\$ 8,866,243	\$ 3,917,523	\$ 12,783,766
Restricted cash and investments	-	7,114,016	7,114,016
General cash and investments	8,866,243	11,031,539	19,897,782
Permanent fund	-	46,245,620	46,245,620
Total Cash and Investments	\$ 8,866,243	\$ 57,277,159	\$ 66,143,402

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

General Investments

Investment Policy

The investment policy for funds other than the Permanent Fund authorizes the Borough to invest only in the following instruments: U.S. Treasury securities; other obligations guaranteed by the U.S. government or its agencies or instrumentalities; repurchase agreements with financial institutions; certificates of deposits and other deposits at banks and savings and loan associations (collateralized); uncollateralized deposits at banks and savings and loan associations to the extent that the deposits are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; bonds and notes issued by any state or political subdivision thereof graded A or high by Moody's Investor's Service, Inc. or Standard and Poor's Corporation; prime commercial paper graded A1 or higher by Moody's Investor's Service, Inc. or P1 or higher by Standard and Poor's Corporation; obligations of corporations graded "Baa" or higher by Moody's Investor's Service, Inc. or Standard and Poor's Corporation and issued in the United States and denominated in US dollars; the Alaska Municipal League Investment Pool (AMLIP); income producing real estate investments.

General investment balances and maturities at June 30, 2018 are as follows:

<i>Investment Type</i>	Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
Money market funds	\$ 689,953	\$ -	\$ -
Certificates of deposit	787,315	787,315	-
U.S. treasuries	9,502,554	9,090,860	411,694
Local government investment pool (AMLIP)	51,717	51,717	-
Total General Investments	\$ 11,031,539	\$ 9,929,892	\$ 411,694

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2018:

U.S. treasury securities of 9,502,554 are valued using models with various inputs such as but not limited to daily cash flow, snapshots of market indices and spread scales (Level 2 inputs).

The Borough has investments in money market funds and certificates of deposit totaling \$689,953 and \$787,315, respectively, that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2018. The Borough's investment in AMLIP of \$51,717 is measured at net asset value, as of June 30, 2018. Management believes these values approximate fair value.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the duration of an investment, the greater the sensitivity of its

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

fair value to changes in market interest rates. The Borough has no formal policy relating to interest rate risk.

Credit Risk

Money market funds are subject to credit risk because of the repurchase and sale agreement features within the money market demand deposit cash accounts.

The Borough's investments in U.S. treasury bonds are rated AA+ by Standard and Poor's. The AMLIP is an external investment pool and is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. The Pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager. The manager is required to produce monthly disclosure statements on the Pool. The Pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the Pool is voluntary. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the Pool are reviewed for fair value by an independent pricing service. As of June 30, 2018, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares.

Separately issued financial statements for AMLIP may be obtained by contacting the sponsor at 212 Second Street, Suite 200, Juneau, AK 99801. A portion of the general cash pool represents bond proceeds and is subject to arbitrage yield restrictions.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. As of June 30, 2018 the Borough did not have any investments in international debt obligations or equity mutual funds and was therefore not subject to Foreign Currency Risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's deposit policy for custodial credit risk is to collateralize its primary demand deposit account. As of June 30, 2018, the Borough had no bank deposits that were not insured or collateralized.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Borough has no debt securities exposed to custodial credit risk at June 30, 2018 because the investments were held by a custodian in the name of the Borough.

Permanent Fund Investments

The Permanent Fund is reporting \$46,245,620 in cash and investments at June 30, 2018.

Investment Policy

The investment policy for the Permanent Fund authorizes the Borough to invest in domestic (U.S.) equities (both large cap and mid cap), international equities, emerging market equities, real estate investment trusts, and fixed income investments. For 2018, the target allocation was 36% U.S. equities (large cap), 34% fixed income, 10% international equities, 10% real estate, 5% U.S. equities (mid-cap) and 5% emerging market equities. A range of 30-50% for U.S. equities (large cap), 25-60% for fixed

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

income, 5-15% for international equities, 5-15% for real estate, 0-10% for U.S. equities (mid cap) and 0-10% for emerging market equities are allowed to accommodate normal market fluctuations and prevent frequent rebalancing.

Interest Rate Risk

Because the Permanent Fund is designed to hold principal investments perpetually in trust for the future earnings to benefit the present and future generations of Borough residents, there are no maturity limitations in the policy. The policy focuses more on limiting interest rate risk by diversification in many investment types. A segmented time distribution of all investment types is presented below in an effort to disclose those investment types and amounts that are subject to interest rate risk.

Permanent Fund investment balances and maturities at June 30, 2018 are as follows:

<i>Investment type</i>	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. treasuries	\$ 9,623,340	\$ 697,746	\$ 6,168,600	\$ 2,756,994	\$ -
U.S. agencies	1,100,930	-	413,695	687,235	-
Mortgage backed securities	450,008	-	-	21,374	428,634
Corporate bonds	4,435,613	452,124	2,231,370	1,752,119	-
Total	15,609,891	\$ 1,149,870	\$ 8,813,665	\$ 5,217,722	\$ 428,634
U.S. equities (large cap)	16,461,029				
U.S. equities (mid cap)	2,376,316				
International equities	4,915,928				
Emerging market equities	2,641,253				
Real estate investment trusts	4,090,824				
Money market funds	150,379				
Total Permanent Fund	\$ 46,245,620				

As of June 30, 2018, an actual asset allocation to target allocation is presented below. All categories fell within the allowable range at June 30, 2018.

<i>Investment Class</i>	Actual \$	Actual vs. Target Allocation			
		% Actual	% Target	% Difference	% out of Policy Range
U.S. equities (large cap)	\$16,461,029	35.59%	36%	-0.41%	na
U.S. equities (mid cap)	2,376,316	5.14%	5%	0.14%	na
International equities	4,915,928	10.63%	10%	0.63%	na
Emerging market equities	2,641,253	5.71%	5%	0.71%	na
Real estate investment trusts	4,090,824	8.85%	10%	-1.15%	na
Fixed income	15,760,270	34.08%	34%	0.08%	na
Total	\$46,245,620	100.00%	100%	0.00%	na

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2018:

Investments are classified in the fair value hierarchy as follows:

<i>Investments by Fair Value Level</i>	Fair Value	Level 1	Level 2
U.S. treasuries	\$ 9,623,340	\$ -	\$ 9,623,340
U.S. agencies	1,100,930	-	1,100,930
Mortgage backed securities	450,008	-	450,008
Corporate bonds	4,435,613	-	4,435,613
U.S. equities (large cap)	16,461,029	16,461,029	-
U.S. equities (mid cap)	2,376,316	2,376,316	-
International equities	4,915,928	4,915,928	-
Emerging market equities	2,641,253	2,641,253	-
Real estate investment trusts	4,090,824	4,090,824	-
Total Investments by Fair Value Level	\$ 46,095,241	\$ 30,485,350	\$ 15,609,891
<i>Investments Measured at Amortized Cost -</i>			
Money market funds	150,379		
Total Investments	\$ 46,245,620		

The Permanent Fund's investments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified as Level 2 of the fair value hierarchy are valued using models with various inputs such as but not limited to daily cash flow, snapshots of market indices and spread scales.

The Borough has investments in money market funds totaling \$150,379 that are not held at fair value, but are instead recorded at amortized cost as of June 30, 2018.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Credit Risk

Investment Type	Fair Value	Credit Quality Ratings		
		Moody's		Not Rated
		Aaa to A3	Baa1 to Baa3	
U.S. treasuries	\$ 9,623,340	\$ 9,623,340	\$ -	\$ -
U.S. agencies	1,100,930	1,100,930	-	-
Mortgage backed securities	450,008	450,008	-	-
Corporate bonds	4,435,613	2,859,535	1,377,432	198,646
Investments not subject to credit risk	30,635,729	-	-	-
Total Investments	\$ 46,245,620	\$ 14,033,813	\$ 1,377,432	\$ 198,646

The Permanent Fund policies specifically limit the types of investments that can be purchased in an effort to limit credit risk. The policies allow for the investment in U.S. treasuries and U.S. agencies and obligations guaranteed by the U.S. government or its agencies and instrumentalities. The policies limit corporate bonds to those investments graded "Baa" or higher by Moody's Investor's Service Inc. or Standard and Poor's Corporation and issued in the United States and denominated in U.S dollars. Not more than 15% of the fixed income portfolio may be held in Baa rated securities.

Concentration of Credit Risk

The Permanent Fund aims to diversify and limit concentration investment risk by investing in a variety of issuers and fixed income securities; however, the Permanent Fund has no formal policy addressing concentration of credit risk.

Foreign Currency Risk

As of June 30, 2018, a total of \$7,557,181 (16%) of the total fund value is invested in international and emerging market equities that are considered subject to Foreign Currency Risk.

Custodial Credit Risk

This is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments that are in the possession of an outside party. The Borough has no investments exposed to custodial credit risk at June 30, 2018 because the investments were held by a custodian in the name of the Borough.

3. Investments in Southwest Governments, LLC

The Borough has an interest in Southwest Governments, LLC. The partnership was formed by the City of Akutan (40%), the City of Sand Point (20%), the City of King Cove (10%), and the Borough (30%). The Borough leases office space from the partnership. There were no payments to the partnership for the year. The partnership paid the Borough no distributions during 2018. The balance of the Borough's ownership at June 30, 2018 was \$442,369.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 is as follows:

Governmental Activities	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated - land	\$ 5,323,074	\$ -	\$ -	\$ 5,323,074
Capital assets being depreciated:				
Buildings and improvements	46,078,343	-	-	46,078,343
Infrastructure	98,411,932	1,930,794	-	100,342,726
Furniture and equipment	244,298	39,200	-	283,498
Vehicles	405,021	42,280	(40,000)	407,301
Total capital assets being depreciated	145,139,594	2,012,274	(40,000)	147,111,868
Less accumulated depreciation	66,133,664	3,683,560	(40,000)	69,777,224
Total capital assets being depreciated, net	79,005,930	(1,671,286)	-	77,334,644
Governmental Activities Capital Assets, net	\$ 84,329,004	\$ (1,671,286)	\$ -	\$ 82,657,718
Business-type Activities	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets being depreciated:				
Terminal Helicopter	\$ 7,403,571	-	-	\$ 7,403,571
	97,554	-	-	97,554
Total capital assets being depreciated	7,501,125	-	-	7,501,125
Less accumulated depreciation	2,207,027	272,408	-	2,479,435
Business-type Activities Capital Assets, net	\$ 5,294,098	\$ (272,408)	\$ -	\$ 5,021,690

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended June 30, 2018:

Governmental Activities

General government	\$ 622,249
Infrastructure	3,061,311
Total Depreciation Expense - Governmental Activities	\$ 3,683,560

Business-type Activities

Terminal	\$ 252,897
Helicopter	19,511
Total Depreciation Expense - Business-type Activities	\$ 272,408

5. Interfund Receivables, Payables and Transfers

Interfund receivables and payables are shown as "due from other funds" and "due to other funds" in each individual funds. These balances at June 30, 2018, were as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 6,258,574	\$ -
Capital Improvements	-	(505,037)
Trust Fund	-	(2,499,952)
Bond Construction	-	(3,308,013)
Maintenance Reserve	-	(23,009)
Total Governmental Funds	6,258,574	(6,336,011)
Enterprise Funds -		
Terminal	77,437	-
Total Due From (to) Other Funds	\$ 6,336,011	\$ (6,336,011)

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

A schedule of interfund transfers for the year ended June 30, 2018, follows:

From the General Fund to Debt Service Fund for debt service	\$ 2,447,903
From the General Fund to the Helicopter Enterprise Fund for operating subsidies	863,487
From the General Fund to the Capital Improvements Capital Projects Fund for future capital projects and acquisitions	3,896,577
From the General Fund to the Maintenance Reserve Capital Project Fund for future capital projects and acquisitions	420,314
From the Hovercraft Enterprise Fund to the General Fund to close the fund following the sale of the Hovercraft	3,948,896
Total Transfers to Other Funds	\$ 11,577,177

6. Long-term Debt

Following is a summary of general obligation bond transactions of the Borough for the year ended June 30, 2018:

Governmental Activities	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Bonds Payable:					
General Obligation bonds	\$ 23,275,000	\$ -	\$ (1,375,000)	\$ 21,900,000	\$ 1,450,000
Issuance premiums	3,008,278	-	(426,567)	2,581,711	-
Total bonds payable	26,283,278	-	(1,801,567)	24,481,711	1,450,000
Accrued leave	71,522	64,139	(54,680)	80,981	80,981
Total Governmental Activities	\$ 26,354,800	\$ 64,139	\$ (1,856,247)	\$ 24,562,692	\$ 1,530,981

General obligation bonds payable at June 30, 2018, are comprised of the following:

\$4,900,000 - 2010 Series A&B for Akutan Airport and King Cove Access Project, due in annual installments ranging from \$225,000 to \$1,560,000 through October 1, 2031; interest rate is variable from 2.0 to 5.4 percent	\$ 3,530,000
\$3,450,000 - 2011 Refunding series three for Aleutians East Borough bonds, due in annual installments ranging from \$195,000 to \$225,000 through September 2021; interest rate is variable from 2.0 to 5.0 percent	835,000
\$2,205,000 - 2015 Refunding series one for Aleutians East Borough bonds, due in annual installments ranging from \$190,000 to \$360,000 through October 1, 2025; interest rate is variable from 2.0 to 5.0 percent	1,415,000

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

\$17,155,000 - 2016 Refunding series three for refinancing of 2007 refunding bonds, due in annual installments ranging from \$840,000 to \$2,155,000 through December 1, 2028; interest rate is variable from 3.75 to 5.0 percent	16,120,000
Total bonds payable	\$ 21,900,000

Annual required installments on all Borough general obligation bonds as of June 30 are as follows:

<i>Year Ending June 30,</i>	Principal	Interest	Total
2019	1,450,000	1,022,203	2,472,203
2020	1,520,000	962,416	2,482,416
2021	1,595,000	897,493	2,492,493
2022	1,685,000	825,302	2,510,302
2023	1,805,000	743,191	2,548,191
2024-2028	10,760,000	2,193,454	12,953,454
2029-2030	3,085,000	130,737	3,215,737
	\$ 21,900,000	\$ 6,774,796	\$ 28,674,796

Component Units

The following is a summary of long-term debt transactions for the Borough's discretely presented component unit for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Accrued leave	\$ 32,193	\$ 162,349	\$ (139,564)	\$ 54,978	\$ 54,978

7. Excess of Expenditures Over Appropriations

The Assembly approves operating budgets and appropriations of direct costs at the department level. For the year ended June 30, 2018, expenditures exceeded appropriations in the following departments:

Assembly	\$ 3,064
Clerk and planning management	3,016
Administration	8,322
Finance	7,426
Communications manager	3,288
Public works	1,680
Other	152,352

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

8. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The Borough participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drdb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the enterprise fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY18, the rate uses an 8% pension discount rate and a 4.30% healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2018 were determined in the June 30, 2015 actuarial valuation.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	17.12%	21.90%	3.01 %	29.07%
Postemployment healthcare (ARHCT)	4.88%	3.11%	0.00 %	66.85%
Total Contribution Rates	22.00%	25.01%	3.01 %	95.92%

In 2018, the Borough was credited with the following contributions to the pension plan.

	Measurement Period Borough FY17	Borough FY18
Employer contributions (including DBUL)	\$ 117,153	\$ 144,604
Nonemployer contributions (on-behalf)	42,279	28,644
Total Contributions	\$ 159,432	\$ 173,248

In addition, employee contributions to the Plan totaled \$33,564 during the Borough's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2018, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2018
Borough proportionate share of NPL	\$ 1,574,500
State's proportionate share of NPL associated with the Borough	588,884
Total Net Pension Liability	\$ 2,163,384

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2017 measurement date, the Borough's proportion was 0.03046 percent, which was a decrease of 0.00604 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Borough recognized pension expense of \$65,010 and on-behalf revenue of \$46,741 for support provided by the State. At June 30, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (28,308)
Net difference between projected and actual earnings on pension plan investments	42,234	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	8,929	(132,007)
Borough contributions subsequent to the measurement date	144,604	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 195,767	\$ (160,315)

The \$144,604 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2019	\$ (148,439)
2020	43,978
2021	19,742
2022	(24,433)
Total Amortization	\$ (109,152)

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for peace officer/ firefighter Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	8.83%
Global ex-U.S. equity	22%	7.79%
Intermediate Treasuries	13%	1.29%
Opportunistic	5%	4.76%
Real assets	17%	4.94%
Absolute return	7%	4.76%
Private equity	9%	12.02%
Cash equivalents	1%	0.63%

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net pension liability	0.03046%	\$ 2,068,251	\$ 1,574,500	\$ 1,157,547

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2018, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2018 were \$18,700 and \$29,920, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plan

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple employer plan, the District participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the DB Plan. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration.

Employer Contribution Rate

The Borough is required to contribute 4.88% of covered payroll into the OPEB plan. Employees do not contribute.

In 2018, the Borough was credited with the following contributions to the OPEB plan:

	Measurement Period Borough FY17	Borough FY18
Employer contributions	\$ 59,767	\$ 49,849
Nonemployer contributions (on-behalf)	-	-
Total Contributions	\$ 59,767	\$ 49,849

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2018, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

2018

Borough's proportionate share of NOL - ARHCT	\$ 257,835
Borough's proportionate share of NOL - RMP	1,721
Borough's proportionate share of NOL - ODD	(4,681)
State's proportionate share of the NOL associated with the Borough	96,277

Total Net OPEB Liabilities **\$ 351,152**

The total OPEB liabilities for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 to calculate the net OPEB liabilities as of that date. The Borough's proportion of the net OPEB liabilities were based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2016 Measurement Date Employer Proportion	June 30, 2017 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities:			
ARHCT	0.03562%	0.03052%	(0.00510%)
RMP	0.02913%	0.03299%	0.00386%
ODD	0.02913%	0.03299%	0.00386%

As a result of its requirement to contribute to the Plan, the Borough recognized OPEB expense of \$31,401 and on-behalf revenue of \$15,128 for support provided by the State. At June 30, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (14,056)
Net difference between projected and actual earnings on OPEB plan investments	-	(81,871)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	317	(24,736)
Borough contributions subsequent to the measurement date	49,849	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 50,166	\$ (120,663)

The \$49,849 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Year Ending June 30,

2019	\$ (41,668)
2020	(37,438)
2021	(20,519)
2022	(20,519)
2023	(51)
Thereafter	(151)

Total Amortization	\$ (120,346)
---------------------------	---------------------

Actuarial Assumptions

The total OPEB liability for the measurement period ended June 30, 2017 (Borough fiscal year 2018) was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service from 9.66% to 4.92% for peace officer/ firefighter Graded by service from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical; 8.8% grading down to 4.4% Post-65 medical; 5.8% grading down to 4.0% Prescription drug; 5.4% grading down to 4.0%
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	26%	8.83%
Global ex-U.S. equity	22%	7.79%
Intermediate treasuries	13%	1.29%
Opportunistic	5%	4.76%
Real assets	17%	4.94%
Absolute return	7%	4.76%
Private equity	9%	12.02%
Cash equivalents	1%	0.63%

Discount Rate

The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity

The following presents the Borough's proportionate share of the net OPEB liabilities calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the net OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<i>Proportional Share</i>	<i>1% Decrease (7.00%)</i>	<i>Current Discount Rate (8.00%)</i>	<i>1% Increase (9.00%)</i>
Borough's proportionate share of the net OPEB liabilities:				
ARHCT	0.03052%	\$ 551,795	\$ 257,835	\$ 10,575
RMP	0.03299%	\$ 8,061	\$ 1,721	\$ (3,230)
ODD	0.03299%	\$ (4,226)	\$ (4,681)	\$ (5,054)

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Healthcare Cost Trend Rates Sensitivity

The following presents the Borough's proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rate, as well as what the Borough's proportionate share of the net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
Borough's proportionate share of the net OPEB liabilities:				
ARHCT	0.03052%	\$ (28,601)	\$ 257,835	\$ 602,201
RMP	0.03299%	\$ (4,259)	\$ 1,721	\$ 9,732
ODD	0.03299%	\$ -	\$ (4,681)	\$ -

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2018 were as follows:

	Tier IV
Health reimbursement arrangement	3.00%
Retiree medical plan	1.03%
Occupational death and disability benefits	0.16%
Total Contribution Rates	4.19%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2017, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,084 per year for each full-time employee, and \$1.34 per hour for part-time employees.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

Annual Postemployment Healthcare Cost

In 2018, the Borough contributed \$11,653 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

9. Deferred Compensation Plan

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Borough (without being restricted to provisions of benefits under the plan), subject only to claims of the Borough's general creditors. Participants' rights under the plan are equal to those of general creditors of the Borough in the amount equal to fair market value of the deferred account for each participant.

The Borough has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Borough believes it is unlikely it will use the assets to satisfy claims of general creditors in the future. Assets of the fund totaled \$617,620 at June 30, 2018, and are accounted for in the deferred compensation agency fund.

10. Contribution to Aleutians East Borough School District

During the year ended June 30, 2018, the Borough contributed \$848,691 to the Aleutians East Borough School District, which is a component unit of the Borough. Of this amount, \$800,000 was for a local contribution, \$25,011 was for scholarships, and \$23,680 was for student travel.

11. Hovercraft Sale

During the year ended June 30, 2018, the Borough completed the sale of the hovercraft asset to JSC Circle Maritime Invest, a Kazakhstan joint stock company, for \$4,440,000 less costs of \$543,423 paid to the buyer. Upon completion of the sale, the Borough closed the Hovercraft Enterprise Fund, transferring all residual net position to the General Fund.

12. Commitments and Contingencies

(a) Grants

The Borough participates in a number of federal and state grant programs. These programs are subject to program compliance audits by grantors or their representatives. The amount, if any, of expenditures that may be disallowed by granting agencies cannot be determined at this time, although the Borough expects such amounts, if any, to be immaterial.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

(b) Helicopter Transportation Contract

During fiscal year 2014, the Borough entered into a contract to transport people and mail from Akutan Airport to the City of Akutan. The contract was renewed during November of 2016 for an additional two years.

(c) Litigation

A restitution payable by the Army Corps of Engineers of \$20,650,253 was awarded on December 5, 2017 in regards to the claim from Kelly-Ryan, Inc., against the Army Corps of Engineers arising from a contract dispute relating to the construction of the False Pass Harbor. Since the project cooperation agreement between the Department of the Army and the Borough provides for cost sharing on the part of the Borough, the Borough is liable for part of the restitution awarded. As of XXXX, 2019, no agreement has been reached between the Borough and the Army Corps of Engineers as to the restitution payable by the Borough.

At the date of the financial statements, the amount of loss contingencies, if any, were not reasonably determinable, and deemed neither probable nor remote, hence no contingencies have been booked in the current year.

13. Subsequent Events

In preparing these financial statements, the Borough has evaluated all other events and transactions for potential recognition or disclosure through XXXX, 2019, the date the financial statements were issued, and has concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

14. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined.

GASB 83 - *Certain Asset Retirement Obligations* - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB 84 - *Fiduciary Activities* - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - *Leases* - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

GASB 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses note disclosures related to debt, clarifies which liabilities to include when disclosing information related to debt, and defines debt for the purpose of disclosure. It requires additional essential information related to debt be disclosed in the notes, as well as information for direct borrowings and direct placements.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end June 30, 2021, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

GASB 91 - *Conduit Debt Obligations* - Effective for year-end June 30, 2022, with earlier application encouraged - This statement addresses accounting and financial reporting for conduit debt obligations by issuers. It provides a single reporting method for conduit debt obligations, clarifies the existing definition, establishes that conduit debt is not a liability of the issuer, and addresses accounting and financial reporting for additional and voluntary commitments extended by issuers.

15. Restatements

During 2018, the Borough recorded the following prior period adjustments to restate fund balance and net position:

1. The adoption of the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This restatement resulted in a decrease in opening net position of the governmental activities of \$357,868 and the Aleutians East Borough School District discretely presented component unit \$610,552.
2. The amortization of a deferred charge on refunding relating to a previous fiscal period. This restatement resulted in a decrease in opening net position of the governmental activities of \$17,266.
3. The removal of accounts receivable balances collected in a prior fiscal period. This restatement resulted in a decrease in opening fund balance of the General Fund and opening net position of the governmental activities of \$378,248.
4. The removal of accounts payable balances determined to not exist as of the opening balance sheet date. This restatement resulted in an increase in opening fund balance to the Capital Improvements Fund (\$23,035), Bond Construction Fund (\$576,233) and opening net position of the governmental activities (\$599,268).
5. The recognition of debt subsidy revenue earned in a prior fiscal year. This restatement resulted in an increase in opening fund balance of the General Fund and opening net position of the governmental activities of \$38,934.
6. The recognition of interest expense accrued but not paid as of June 30, 2017. This restatement resulted in a decrease in opening net position of governmental activities of \$146,656.

Aleutians East Borough, Alaska

Notes to Basic Financial Statements

7. The recognition of unamortized bond premiums as of June 30, 2017. This restatement resulted in a decrease in opening net position of governmental activities of \$366,123.
8. The recognition of contributed capital assets associated with the Akutan Harbor received in a prior fiscal year. This restatement resulted in an increase in opening net position of governmental activities of \$21,184,665.
9. The removal of various capital assets identified by the Borough as no longer in service as of June 30, 2017. This restatement resulted in a decrease in opening net position of governmental activities of \$2,900,800.

The net effect of all prior period adjustments on opening fund balance and net position is as follows:

	Fund Balance (Deficit), Beginning of Year	Prior Period Adjustments	Fund Balance (Deficit), Beginning of Year, Restated
Governmental Funds:			
General Fund	\$ 15,719,026	\$ (339,314)	\$ 15,379,712
Capital Improvements Fund	(1,460,772)	23,035	(1,437,737)
Bond Construction Fund	(628,672)	576,233	(52,439)
	Net Position (Deficit), Beginning of Year	Prior Period Adjustments	Net Position (Deficit), Beginning of Year, Restated
Primary government - Governmental activities	\$ 93,896,812	\$ 17,655,906	\$ 111,552,718
	Net Position (Deficit), Beginning of Year	Prior Period Adjustments	Net Position (Deficit), Beginning of Year, Restated
Component unit - Aleutians East Borough School District	\$ (482,700)	\$ (610,552)	\$ (1,093,272)

Required Supplementary Information

DRAFT

Aleutians East Borough, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Federal government	\$ 559,000	\$ 600,878	\$ 600,878	\$ -
State of Alaska	3,774,273	3,267,294	3,651,419	384,125
Borough raw fish tax	3,200,779	4,951,066	4,951,066	-
Investment income	35,000	32,983	32,983	-
Other	86,256	1,356,921	1,356,921	-
Total Revenues	7,655,308	10,209,142	10,593,267	384,125
Expenditures				
Current:				
Mayor's office	268,696	281,548	281,548	-
Assembly	158,000	208,347	211,411	(3,064)
Clerk and planning management	189,920	188,231	191,247	(3,016)
Administration	344,450	320,988	329,310	(8,322)
Assistant administrator	150,688	124,273	124,273	-
Planning commission	55,500	-	-	-
Finance	266,914	311,510	318,936	(7,426)
Resource department	201,936	190,539	171,364	19,175
Communications manager	178,047	167,886	171,174	(3,288)
Public works	118,657	104,272	105,952	(1,680)
King Cove Access Project	127,500	126,318	126,318	-
Other	1,552,922	1,799,666	1,952,018	(152,352)
Total Expenditures	3,613,230	3,823,578	3,983,551	(159,973)
Excess of Revenues Over Expenditures	4,042,078	6,385,564	6,609,716	224,152
Other Financing Sources (Uses):				
Transfers in	-	-	3,948,896	3,948,896
Transfers out	(3,770,000)	(3,838,726)	(7,628,281)	(3,789,555)
Total Other Financing Sources (Uses)	(3,770,000)	(3,838,726)	(3,679,385)	159,341
Net Change in Fund Balances	\$ 272,078	\$ 2,546,838	\$ 2,930,331	\$ 383,493
Fund Balances, beginning, as restated (Note 15)			15,379,712	
Fund Balances, ending			\$ 18,310,043	

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Public Employees Retirement System Pension Plan

Schedule of the Borough's Proportionate Share of the Net Pension Liability

<i>Years Ended June 30,</i>	Borough's Proportion of the Net Pension Liability	Borough's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.03046%	\$ 1,574,500	\$ 588,884	\$ 2,163,384	\$ 532,514	295.67%	63.37%
2017	0.03650%	2,040,097	260,943	2,301,040	616,773	330.77%	59.55%
2016	0.03284%	1,592,614	426,877	2,019,491	576,627	276.19%	63.96%
2015	0.02858%	1,332,935	782,704	2,115,639	498,241	267.53%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Public Employees Retirement System Pension Plan
Schedule of the Borough's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 144,604	\$ 144,604	\$ -	\$ 871,241	16.60%
2017	117,153	117,153	-	532,514	22.00%
2016	135,690	135,690	-	616,773	22.00%
2015	126,858	126,858	-	576,627	22.00%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Public Employees Retirement System OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARHCT

<i>Years Ended June 30,</i>	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.03052%	\$ 257,835	\$ 96,277	\$ 354,112	\$ 532,514	48.42%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Public Employees Retirement System OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability - RMP

<i>Years Ended June 30,</i>	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.03299%	\$ 1,721	\$ -	\$ 1,721	\$ 532,514	0.32%	93.98%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Public Employees Retirement System OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ODD

<i>Years Ended June 30,</i>	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.03299%	\$ (4,681)	\$ -	\$ (4,681)	\$ 532,514	-0.88%	212.97%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Public Employees Retirement System OPEB Plan
Schedule of the Borough's Contributions - ARHCT

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 45,399	\$ 45,399	\$ -	\$ 871,241	5.21%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Public Employees Retirement System OPEB Plan
Schedule of the Borough's Contributions - RMP

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 3,852	\$ 3,852	\$ -	\$ 871,241	0.44%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Public Employees Retirement System OPEB Plan
Schedule of the Borough's Contributions - ODD

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 598	\$ 598	\$ -	\$ 871,241	0.07%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Aleutians East Borough, Alaska

Notes to Required Supplementary Information

1. General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

The budgetary comparison schedule is presented on the modified accrual basis of accounting.

2. Public Employees Retirement System - Schedule of the Borough's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2018, the Plan measurement date is June 30, 2017.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There were no changes in allocation methodology.

3. Public Employees Retirement System Pension Plan - Schedule of the Borough's Contributions

This table reports the Borough's pension contributions to PERS Defined Benefit Pension Plan during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 Statement of Net Position.

The plan is reporting no changes in benefit terms from the prior measurement period.

The plan is reporting no changes in assumptions from the prior measurement period.

4. Public Employees Retirement System OPEB Plan- Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARHCT, RMP and ODD Plans

These tables are presented based on the Plan measurement date. For June 30, 2018, the Plan measurement date is June 30, 2017.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There were no changes in allocation methodology.

5. Public Employees Retirement System OPEB Plan - Schedule of the Borough's Required Contributions - ARHCT, RMP and ODD Plans

These tables are based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

Supplementary Information

DRAFT

Aleutians East Borough, Alaska

General Fund

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2018</i>	Budget	Actual	Variance
Revenues			
Federal government - payment in lieu of taxes	\$ 600,878	600,878	\$ -
State of Alaska:			
Raw fish tax	2,093,687	2,093,687	-
State bond rebate	671,939	1,029,532	357,593
State fish landing tax	5,017	5,017	-
State extraterritorial fish tax	180,820	180,820	-
PERS on-behalf	-	26,532	26,532
State revenue sharing	315,831	315,831	-
Total State of Alaska	3,267,294	3,651,419	384,125
Borough raw fish tax	4,951,066	4,951,066	-
Investment income	32,983	32,983	-
Other	1,356,921	1,356,921	-
Total Revenues	\$ 10,209,142	\$ 10,593,267	\$ 384,125
Expenditures			
Mayor's Office:			
Salaries	\$ 93,757	\$ 93,757	\$ -
Fringe benefits	38,310	38,310	-
Travel and per diem	29,883	29,883	-
Telephone	736	736	-
Supplies	1,262	1,262	-
Lobbying	117,600	117,600	-
Total Mayor's Office	281,548	281,548	-
Assembly:			
Salaries	31,500	31,500	-
Fringe benefits	131,118	134,182	(3,064)
Travel and per diem	41,309	41,309	-
Supplies	4,420	4,420	-
Total Assembly	208,347	211,411	(3,064)

Aleutians East Borough, Alaska
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2018</i>	Budget	Actual	Variance
Expenditures, continued:			
Clerk and planning management:			
Salaries	\$ 100,450	\$ 100,450	\$ -
Fringe benefits	40,504	43,520	(3,016)
Travel and per diem	9,756	9,756	-
Telephone	5,840	5,840	-
Postage	474	474	-
Supplies	3,263	3,263	-
Utilities	18,084	18,084	-
Dues and fees	5,160	5,160	-
Elections	4,700	4,700	-
Total clerk and planning management	188,231	191,247	(3,016)
Administration:			
Salaries	177,863	177,863	-
Fringe benefits	73,498	81,820	(8,322)
Engineering	1,238	1,238	-
Travel and per diem	15,908	15,908	-
Telephone	6,904	6,904	-
Postage	396	396	-
Supplies	18,027	18,027	-
Rent	26,104	26,104	-
Dues and fees	1,050	1,050	-
Total administration	320,988	329,310	(8,322)
Assistant administrator:			
Salaries	75,000	75,000	-
Fringe benefits	23,548	23,548	-
Travel and per diem	14,318	14,318	-
Telephone	1,204	1,204	-
Supplies	1,208	1,208	-
Rent	8,995	8,995	-
Total assistant administrator	124,273	124,273	-

Aleutians East Borough, Alaska

General Fund

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2018</i>	Budget	Actual	Variance
Expenditures, continued:			
Finance:			
Salaries	\$ 138,063	\$ 138,063	\$ -
Fringe benefits	64,102	68,220	(4,118)
Travel and per diem	9,846	9,846	-
Telephone	9,826	9,826	-
Postage	507	507	-
Supplies	7,500	10,808	(3,308)
Utilities	4,362	4,362	-
Audit	77,304	77,304	-
Total finance	311,510	318,936	(7,426)
Resource department:			
Salaries	92,571	92,571	-
Fringe benefits	40,353	43,396	(3,043)
Travel and per diem	12,674	12,674	-
Telephone	1,404	1,404	-
NPFMC	9,043	9,043	-
Supplies	2,331	2,331	-
BOF Meeting	2,000	-	2,000
Rent	9,945	9,945	-
Contract Labor	20,218	-	20,218
Total resource department	190,539	171,364	19,175
Communications manager:			
Salaries	101,447	101,447	-
Fringe benefits	28,652	31,940	(3,288)
Travel and per diem	8,867	8,867	-
Telephone	3,108	3,108	-
Supplies	1,282	1,282	-
Rent	10,196	10,196	-
Advertising	14,334	14,334	-
Total communications manager	167,886	171,174	(3,288)
Public works:			
Salaries	56,507	56,507	-
Fringe benefits	20,612	22,292	(1,680)
Travel and per diem	18,718	18,718	-
Telephone	1,274	1,274	-
Supplies	6,216	6,216	-
Utilities	945	945	-
Total public works	104,272	105,952	(1,680)

Aleutians East Borough, Alaska

General Fund

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2018</i>	Budget	Actual	Variance
Expenditures, continued:			
King Cove Access Project:			
Fringe benefits	\$ 18,062	\$ 18,062	\$ -
Supplies	3,764	3,764	-
Maintenance	104,492	104,492	-
Total King Cove Access Project	126,318	126,318	-
Other:			
Local school contribution	800,000	800,000	-
Student scholarship	25,011	25,011	-
Student travel	20,000	20,000	-
Repairs	8,253	8,253	-
Utilities	29,075	29,075	-
Equipment	72,254	70,945	1,309
Legal	244,268	244,268	-
Insurance	155,331	155,331	-
Bank fees	33,222	33,222	-
Contribution to Eastern Aleutians Tribes	150,000	150,000	-
Revenue sharing - Nelson Lagoon	15,789	15,789	-
Aleutian Crab	49,949	49,949	-
Donations	23,500	23,500	-
Contractual	-	20,694	(20,694)
Web service	24,953	24,953	-
Miscellaneous expense	148,061	281,028	(132,967)
Total other	1,799,666	1,952,018	(152,352)
Total Expenditures	3,823,578	3,983,551	(159,973)
Excess of Revenues Over Expenditures	6,385,564	6,609,716	224,152
Other Financing Sources (Uses):			
Transfers in	-	3,948,896	3,948,896
Transfers out	(3,838,726)	(7,628,281)	(3,789,555)
Total Other Financing Sources (Uses)	(3,838,726)	(3,679,385)	159,341
Net Change in Fund Balance	\$ 2,546,838	2,930,331	\$ 383,493
Fund Balance, beginning, as restated (Note 15)		15,379,712	
Fund Balance, ending		\$ 18,310,043	

Aleutians East Borough, Alaska
Capital Improvements Capital Project Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance

Year Ended June 30, 2018

Revenues

Federal government	\$ 100,636
State of Alaska	140,676
Investment income	1,814

Total Revenues	243,126
-----------------------	----------------

Expenditures

Salaries	26,787
Travel	10,020
Contractual	121,008
Supplies	340
Equipment	46,498
Capital outlays	1,576,951
Other	22,053

Total Expenditures	1,803,657
---------------------------	------------------

Deficit of Revenues Over

Expenditures	(1,560,531)
---------------------	--------------------

Other Financing Sources - transfer in	3,896,577
--	------------------

Net Change in Fund Balance (Deficit)	2,336,046
---	------------------

Fund Deficit, beginning, as restated (Note 15)	(1,437,737)
---	--------------------

Fund Balance, ending	\$ 898,309
-----------------------------	-------------------

Aleutians East Borough, Alaska

Trust Permanent Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

Revenues - investment income	\$ 3,032,772
Expenditures - management fee	53,939
Net Change in Fund Balance	2,978,833
Fund Balance, beginning	41,321,234
Fund Balance, ending	\$ 44,300,067

DRAFT

Aleutians East Borough, Alaska

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

Expenditures

Principal	\$ 1,375,000
Interest	1,072,903

Total Expenditures	2,447,903
--------------------	-----------

Other Financing Sources - transfers in	2,447,903
--	-----------

Net Change in Fund Balance	-
----------------------------	---

Fund Balance, beginning	-
-------------------------	---

Fund Balance, ending	\$ -
----------------------	------

Aleutians East Borough, Alaska
Bond Construction Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

Revenues	
Investment income	\$ 71,982
Other	66,659
Total Revenues	138,641
Expenditures	
Contractual	53,939
Capital outlays	5,056
Total Expenditures	58,995
Net Change in Fund Balance (Deficit)	79,646
Fund Deficit, beginning, as restated (Note 15)	(52,439)
Fund Balance, ending	\$ 27,207

Aleutians East Borough, Alaska
Maintenance Reserve Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

Expenditures	
Salaries and benefits	\$ 7,562
Supplies	1,239
Capital outlays	173,482
Maintenance	29,898
Other	19,343
Total Expenditures	(231,524)
Other financing sources - transfers in	420,314
Net Change in Fund Balances	188,790
Fund Deficit, beginning	(188,790)
Fund Balance, ending	\$ -

Aleutians East Borough, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2018

Grant Title	Grant Number	Total Grant Award	Total State Expend- itures
Department of Commerce, Community and Economic Development			
* Shared Fisheries Tax Program	FY18	\$ 185,837	\$ 185,837
* Community Assistance Program	FY18	315,831	315,831
Cold Bay Airport	13-DC-501	2,000,000	<u>18,915</u>
Total Department of Commerce, Community and Economic Development			<u>520,583</u>
Department of Transportation and Public Facilities			
* Harbor Debt Retirement Program	FY18	396,527	396,527
King Cove Access Project	14-RR-067	1,958,992	<u>121,762</u>
Total Department of Transportation and Public Facilities			<u>518,289</u>
Department of Revenue			
* Fisheries Business Taxes	FY18	2,093,687	<u>2,093,687</u>
Department of Education and Early Development			
* Debt Retirement Program	FY18	671,939	<u>633,005</u>
Department of Administration			
PERS on-behalf	FY18	28,644	<u>28,644</u>
Total State Financial Assistance			<u>\$ 3,794,208</u>

* Denotes major program

The accompanying notes are an integral part of this schedule.

Aleutians East Borough, Alaska

Notes to Schedule of State Financial Assistance Year Ended June 30, 2018

1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state grant activity of Aleutians East Borough, Alaska (the Borough), excluding its component unit, Aleutians East Borough School District, under programs of the state government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented using the modified accrual basis of accounting.

3. PERS On-Behalf

The Borough has recorded \$28,644 in PERS On-Behalf payments in the schedule of state financial assistance. This represents the PERS relief payment appropriated and transferred into the plan during fiscal year 2018. In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the Borough.

As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the schedule of state financial assistance.

This page left blank intentionally.

DRAFT

Single Audit Section

DRAFT



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and Borough Assembly
Aleutians East Borough, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Aleutians East Borough, Alaska (the Borough), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated XXX, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material* weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-003, and 2018-004 to be significant deficiencies.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Borough's Response to Findings

The Borough's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anchorage, Alaska
XXXX, 2019



Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance; Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and Borough Assembly
Aleutians East Borough, Alaska

Report on Compliance for Each Major State Program

We have audited Aleutians East Borough's (the Borough) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the Borough's major state programs for the year ended June 30, 2018. The Borough's major state programs are identified in the accompanying schedule of state financial assistance.

The Borough's basic financial statements include the operations of Aleutians East Borough School District which received \$4,736,937 in state awards which is not included in the Borough's schedule of state financial assistance during the year ended June 30, 2018. Our audit, described below, did not include the operations of Aleutians East Borough School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Borough's compliance

Opinion on Each Major State Program

In our opinion, the Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-007 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-006 to be significant deficiencies.

The Borough's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Borough's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Anchorage, Alaska
XXXX, 2019

DRAFT

Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited, were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

X yes

 no

Significant deficiency(ies) identified?

X yes

Noncompliance material to financial statements noted?

 yes

X no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

X yes

 no

Significant deficiency(ies) identified?

X yes

 (none reported)

Type of auditor's report issued on compliance for major state programs:

Unmodified

Dollar threshold used to distinguish a state major program:

\$ 150,000

The remainder of this page intentionally left blank.

Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2018

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2018-001 General Ledger Reconciliation and External Financial Reporting - Internal Control over Financial Reporting - Material Weakness

Criteria *Government Auditing Standards* states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent, or detect and correct misstatements on a timely basis.

Condition There were material adjustments made to the general ledger and the financial statements during the course of the audit. Specifically, adjustments were required to properly restate opening net position, and adjust accounts receivable, accounts payable, interfund transfers, intergovernmental revenue, capital outlay, and investment income. We noted errors in opening balances and transactions not properly recorded in accordance with GAAP during the year.

Cause Internal controls were not established to ensure that all general ledger accounts were properly reconciled and adjusted at year-end for GAAP based reporting.

Effect or possible effect Individual accounts were misstated, leading to materially misstated balances when the audit began. Entries were made to net position, accounts receivable, accounts payable, interfund transfers, intergovernmental revenue, capital outlay, and investment income.

Recommendation Borough staff must closely review the activity in the general ledger. Information should be reviewed for completeness and accuracy. Year-end balances should be reviewed prior to closing of the books.

Views of responsible officials and planned corrective actions

Management concurs with the finding and will adhere to the corrective action plan included in this report.

Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2018

Finding 2018-002 Approved Pay Rates - Internal Control over Financial Reporting - Significant Deficiency

<i>Criteria</i>	<i>Government Auditing Standards</i> states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent, or detect and correct misstatements on a timely basis.
<i>Condition</i>	We noted the Borough does not require employees to have signed and approved pay rates on file. Payroll expenditures were recorded to the general ledger for which the underlying transaction was not supported by documented approved pay rates.
<i>Cause</i>	Internal controls were not established to ensure that all employees have approved pay rates included in the personnel files.
<i>Effect or possible effect</i>	Lack of properly documented pay rates increases the likelihood that payroll expense could be misstated.
<i>Recommendation</i>	Borough staff should review pay rates of employees and adopt policy to have pay rates formally approved and physically documented in employee personnel files.
<i>Views of responsible officials and planned corrective actions</i>	Management concurs with the finding and will adhere to the corrective action plan included in this report.

Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2018

Finding 2018-003 Segregation of Duties - Internal Control over Financial Reporting - Significant Deficiency

<i>Criteria</i>	<i>Government Auditing Standards</i> states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent, or detect and correct misstatements on a timely basis.
<i>Condition</i>	We noted in our understanding of internal controls that the finance director was able to create, approve, and process their personal expense reports without review or approval by a separate individual. Cash disbursements are processed and recorded to the general ledger without proper segregation of duties between initiation and review/approval prior to posting.
<i>Cause</i>	Internal controls were not established to ensure that all transactions must be reviewed and approved by an individual who did not initiate the transaction.
<i>Effect or possible effect</i>	Lack of proper internal controls related to cash disbursements and segregation of duties increases the risk that inappropriate or inaccurate transactions will be recorded to the general ledger.
<i>Recommendation</i>	Borough staff should review policies and procedures related to the disbursement review and approval process and ensure that a separate individual reviews all transactions prior to processing.
<i>Views of responsible officials and planned corrective actions</i>	Management concurs with the finding and will adhere to the corrective action plan included in this report.

Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2018

Finding 2018-004 Journal Entry Review - Internal Control over Financial Reporting - Significant Deficiency

<i>Criteria</i>	<i>Government Auditing Standards</i> states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent, or detect and correct misstatements on a timely basis.
<i>Condition</i>	We noted that the finance director was able to create and post journal entries to the general ledger without separate review and approval. Fringe benefit expense was recorded to the general ledger that were not properly reviewed and approved.
<i>Cause</i>	Internal controls were not established to ensure that all journal entries be reviewed and approved by an individual who did not prepare the entry and who is knowledgeable of the facts and circumstances related to the entry.
<i>Effect or possible effect</i>	Lack of proper internal controls related to journal entries increases the risk that inappropriate or inaccurate transactions will be recorded to the general ledger.
<i>Recommendation</i>	Borough staff should review policies and procedures related to the journal entry review and approval process and ensure that a separate individual reviews all journal entries prior to posting.
<i>Views of responsible officials and planned corrective actions</i>	Management concurs with the finding and will adhere to the corrective action plan included in this report.

Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2018

Section III - State Award Findings and Questioned Costs

Finding 2018-005 Types of Services Allowed and Unallowed - Internal Control over Compliance
- Significant Deficiency

<i>State Agency</i>	Department of Commerce, Community and Economic Development
<i>Grant Name</i>	Community Assistance Program
<i>Grant Number</i>	Award Year FY 18
<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by state financial assistance are allowable and in accordance with the types of activities allowed per the compliance supplement.
<i>Condition</i>	Payroll expenditures were not supported by approved pay rates.
<i>Questioned Costs</i>	None.
<i>Context</i>	We noted the Borough does not require employees to have signed and approved pay rates on file.
<i>Effect</i>	State funds could be expended for unallowed activities.
<i>Cause</i>	Internal controls were not established to ensure that all employees have approved pay rates included in the personnel files.
<i>Recommendation</i>	Borough staff should review pay rates of employees and adopt policy to have pay rates formally approved and physically documented in employee personnel files.
<i>Views of responsible officials and planned corrective actions</i>	Management concurs with the finding and will adhere to the corrective action plan included in this report.

Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2018

Finding 2018-006 Types of Services Allowed and Unallowed - Internal Control over Compliance
- Significant Deficiency

<i>State Agency</i>	Department of Commerce, Community and Economic Development
<i>Grant Name</i>	Community Assistance Program
<i>Grant Number</i>	Award Year FY 18
<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by state financial assistance are allowable and in accordance with the types of activities allowed per the compliance supplement.
<i>Condition</i>	Cash disbursements were processed and recorded to the general ledger that lack proper segregation of duties between initiation and review/approval prior to posting.
<i>Questioned Costs</i>	<i>None.</i>
<i>Context</i>	We noted that the finance director was able to create, approve, and process their personal expense report without review or approval by a separate individual. The total of these costs was \$800 charged to the program.
<i>Effect</i>	State funds could be expended for unallowed activities.
<i>Cause</i>	Internal controls were not established to ensure that all transactions must be reviewed and approved by an individual who did not initiate the transaction.
<i>Recommendation</i>	Borough staff should review policies and procedures related to the disbursement review and approval process and ensure that a separate individual reviews all transactions prior to processing.
<i>Views of responsible officials and planned corrective actions</i>	Management concurs with the finding and will adhere to the corrective action plan included in this report.

Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2018

Finding 2018-007 Deadline for State Single Audit - Internal Control over Compliance - Material Weakness

State Agency Department of Commerce, Community and Economic Development; Department of Transportation and Public Facilities; Department of Revenue; Department Education and Early Development

Grant Name Shared Fisheries Tax Program, Community Assistance Program, Harbor Debt Retirement Program, Fisheries Business Taxes, Debt Retirement Program

Grant Number Award Year FY 18

Criteria 2 AAC 45.010 (b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by... "the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period" or a later date agreed upon in writing in advance of the date in this section.

Condition The Borough's books and records were not properly prepared and in condition to allow a qualified audit firm to complete and submit the audit in a timely manner.

Questioned Costs None.

Context The Borough's audit in accordance with 2 AAC 45 was not completed within nine months after the audit period.

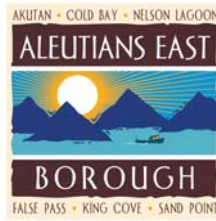
Effect The Borough is not in compliance with 2 AAC 45.010 (b)(1).

Cause Internal controls were not established to ensure that all general ledger accounts were properly reconciled and adjusted at year-end for GAAP based reporting.

Recommendation Borough staff must closely review the activity in the general ledger. Information should be reviewed for completeness and accuracy. Year-end balances should be reviewed prior to closing of the books.

Views of responsible officials and planned corrective actions

Management concurs with the finding and will adhere to the corrective action plan included in this report.

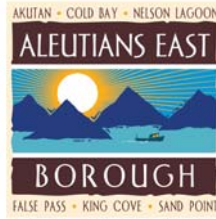


Aleutians East Borough, Alaska

Summary Schedule of Prior Audit Findings *Year Ended June 30, 2018*

There were no prior audit findings.

DRAFT



Aleutians East Borough, Alaska

Corrective Action Plan Year Ended June 30, 2018

Name of Contact Person Anne Bailey
Borough Administrator
abailey@aeboro.org
907-274-7580

Financial Statement Findings Required to be Reported in Accordance with <i>Government Auditing Standards</i>

Finding 2018-001 General Ledger Reconciliation and External Financial Reporting – Internal Control over Financial Reporting – Material Weakness

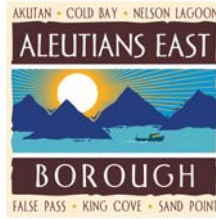
Corrective Action Plan Management will work to ensure the fiscal year is fully closed prior to the start of the financial audit. Management will review the general ledger and trial balance and verify the completeness and accuracy of information presented and record necessary adjustments in a timely manner.

Expected Completion Date June 30, 2019

Finding 2018-002 Approved Pay Rates – Internal Control over Financial Reporting – Significant Deficiency

Corrective Action Plan Management will adopt a policy requiring all pay rates be reviewed annually for accuracy. Management will also require pay rates be documented in writing and retained in employee personnel files.

Expected Completion Date June 30, 2019



Aleutians East Borough, Alaska

Corrective Action Plan *Year Ended June 30, 2018*

Finding 2018-003 Segregation of Duties – Internal Control over Financial Reporting – Significant Deficiency

Corrective Action Plan Management is in the process of updating their employee handbook, which will include a section regarding the reimbursement policy. In the interim, Management will require that all Borough employees send an e-mail to the Administrator or Mayor regarding their travel reimbursements or per diem prior to having it sent to the Finance Director for payment.

Expected Completion Date June 30, 2019

Finding 2018-004 Journal Entry Review – Internal Control over Financial Reporting – Significant Deficiency

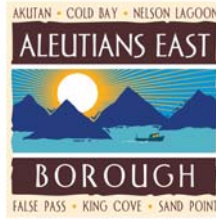
Correction Action Plan The Finance Director will prepare all entries. The Finance Director will have entries batched and send to Administration or a third-party for review on a monthly basis.

Expected Completion Date June 30, 2019

Finding 2018-005 Types of Services Allowed and Unallowed – Internal Control over Compliance – Significant Deficiency

Corrective Action Plan Management will adopt a policy requiring all pay rates be reviewed annually for accuracy. Management will also require pay rates be documented in writing and retained in employee personnel files.

Expected Completion Date June 30, 2019



Aleutians East Borough, Alaska

Corrective Action Plan

Year Ended June 30, 2018

Finding 2018-006 Types of Services Allowed and Unallowed – Internal Control over Compliance – Significant Deficiency

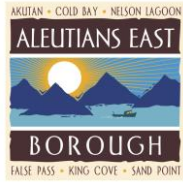
Corrective Action Plan Management is in the process of updating their employee handbook, which will include a section regarding the reimbursement policy. In the interim, Management will require that all Borough employees send an e-mail to the Administrator or Mayor regarding their travel reimbursements or per diem or prior to having it sent to the Finance Director for payment.

Expected Completion Date June 30, 2019

Finding 2018-007 Deadline for State Single Audit - Internal Control over Compliance - Material Weakness

Correction Action Plan Management will work to ensure the fiscal year is fully closed prior to the start of the financial audit. Management will review the general ledger and trial balance and verify the completeness and accuracy of information presented and record necessary adjustments in a timely manner.

Expected Completion Date June 30, 2019



Agenda Statement

Date: June 24, 2019

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Re: Resolution 20-06 authorizing the Mayor to negotiate and execute a Memorandum of Understanding between the Aleutians East Borough and the City of King Cove to complete an appraisal for the King Cove Access Project

The Aleutians East Borough (Borough) and the City of King Cove (City) desire to build an emergency road between King Cove and Cold Bay, which will benefit its citizens. To accomplish the road, a third-party appraisal must be conducted. Administration believes it to be in the parties' best interest to enter into a Memorandum of Understanding (MOU) to lay out the duties and limitations for each party in regard to the appraisal.

Per the MOU, the Borough would bear the actual costs of the appraisal, after the work has been completed, in an amount not to exceed \$60,000. The City would select and contract with an appropriate appraiser in compliance with the City's procurement procedures and relevant U.S. and Alaska law. The proposed roles and responsibilities would include:

ROLES AND RESPONSIBILITIES

1. The Parties will consult and cooperate with each other.
2. AEB consents to the City engaging the land appraiser.
3. The City will research, select and contract with an appraiser that will be acceptable to the U.S. Department of the Interior.
4. Once an appraiser has been selected, the City shall notify AEB.
5. If AEB has any reasonable objection(s) to the appraiser, it shall promptly notify the City.

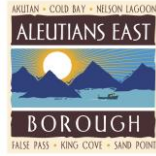
6. The City shall not contract with an appraiser over AEB's reasonable objection(s).
7. AEB shall not unreasonably object to an acceptable appraiser.
8. The City will contract with the appraiser and supervise its work.
9. The City will keep AEB reasonably informed of all progress and delays.
10. The City shall arrange for AEB to be billed directly by the selected appraiser.
11. AEB will pay for the actual cost of appraisal up to, but not in excess of \$60,000. No payments will be made in advance of any work being completed.

The Borough has funds available in the Borough's King Cove Access Project Designated Legislative Grant (account number E 20-867-168-850 Capital Construction) to pay for the appraisal.

Administration recommends entering into an MOU with the City to complete the appraisal for the road.

RECOMMENDATION

Administration recommends approval of Resolution 20-06 authorizing the Mayor to negotiate and execute a Memorandum of Understanding between the Aleutians East Borough and the City of King Cove to complete an appraisal for the King Cove Access Project.



RESOLUTION 20-06

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A MEMORANDUM OF UNDERSTANDING BETWEEN THE ALEUTIANS EAST BOROUGH AND THE CITY OF KING COVE TO COMPLETE AN APPRAISAL FOR THE KING COVE ACCESS PROJECT

WHEREAS, the Aleutians East Borough (Borough) and the City of King Cove (City) desire to build an emergency access road between King Cove and Cold Bay, which will benefit its citizens; and

WHEREAS, in order to accomplish this, a third-party appraisal must be conducted; and

WHEREAS, the Borough would bear the actual costs of the appraisal in an amount not to exceed \$60,000; and

WHEREAS, funds for these expenses would be come from the Borough's King Cove Access Project State of Alaska Department of Commerce, Community and Economic Development Designated Legislative Grant, Borough account number E 20-867-168-850 Capital Construction; and

WHEREAS, the City would select and contract with an appropriate appraiser in compliance with the City's procurement procedures and relevant U.S. and Alaska law; and

WHEREAS, the Borough Assembly believes it to be in the Borough's and City's best interest to enter into a Memorandum of Understanding to outline the duties and limitations for each party in relation to the appraisal.

NOW THEREFORE, BE IT RESOLVED, the Aleutians East Borough Assembly authorizes the Mayor to negotiate and execute a Memorandum of Understanding between the Aleutians East Borough and the City of King Cove to complete an appraisal for the King Cove Access Project.

PASSED AND ADOPTED by the Aleutians East Borough on this 2nd day of July, 2019.

Alvin D. Osterback, Mayor

ATTEST:

Tina Anderson, Clerk

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is dated _____, 2019, and is between the Aleutians East Borough (“AEB”), a second class borough, and the City of King Cove (“City”), a first class city within the AEB.

PURPOSE

AEB and the City desire to build an emergency access road benefitting its citizens. In order to accomplish this, a third-party appraisal must be conducted. Therefore, they enter into this MOU to lay out the duties and limitations on each.

In short, AEB will bear the actual costs of appraisal, after the work has been completed, in an amount not to exceed \$60,000. The City will select and contract with an appropriate appraiser in compliance with the City’s procurement procedures and relevant U.S. and Alaska law.

ROLES AND RESPONSIBILITIES

1. The Parties will consult and cooperate with each other.
2. AEB consents to the City engaging the land appraiser.
3. The City will research, select and contract with an appraiser that will be acceptable to the U.S. Department of the Interior.
4. Once an appraiser has been selected, the City shall notify AEB.
5. If AEB has any reasonable objection(s) to the appraiser, it shall promptly notify the City.
6. The City shall not contract with an appraiser over AEB’s reasonable objection(s).
7. AEB shall not unreasonably object to an acceptable appraiser.
8. The City will contract with the appraiser and supervise its work.
9. The City will keep AEB reasonably informed of all progress and delays.
10. The City shall arrange for AEB to be billed directly by the selected appraiser.
11. AEB will pay for the actual cost of appraisal up to, but not in excess of \$60,000. No payments will be made in advance of any work being completed.

DURATION

This MOU shall last for a duration of up to one year and is effective as of the aforementioned date. This MOU may be extended by written notice and consent from both parties.

GENERAL PROVISIONS

1. This MOU is not a formal partnership, joint venture, nor is it a binding commitment of either Party.
2. This MOU shall be governed by and construed in accordance with the laws of the State of Alaska.
3. Time is of the essence.
4. Under no circumstances will AEB pay for costs or charges outside of the scope of the actual appraisal under this agreement.

TERMINATION

This MOU can be terminated by either party, for any reason, by providing 30 days written notice.

STAFF CONTACTS

Aleutians East Borough
Anne Bailey, Borough Administrator
3380 C Street, Suite 205,
Anchorage AK 99503

City of King Cove
Gary Hennigh, City Administrator
3380 C Street, Suite 205
Anchorage AK 99503

AUTHORIZATION AND EXECUTION

The signing of this MOU does not constitute a formal undertaking, and as such it simply intends that the signatories shall strive to reach, to the best of their abilities, the goals and objectives stated in this MOU.

This MOU is effective as of the date set forth above.

Aleutians East Borough

By:_____

Printed Name:_____

Title:_____

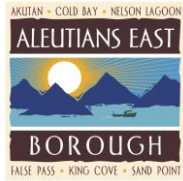
City of King Cove

By:_____

Printed Name:_____

Title:_____

DRAFT



Agenda Statement

Date: June 24, 2019

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Re: Resolution 20-07 Authorizing the Mayor to Negotiate and Execute a Contract with Kuchar Construction, LLC for the Deferred Maintenance Sealant and Paint Work at the Sand Point School in an Amount Not to Exceed \$385,000

The Sand Point School is owned and maintained by the Aleutians East Borough (Borough). School functions are administered by the Aleutians East Borough School District and currently support Pre-Kindergarten through Grade 12.

In 2017, the Borough enlisted DOWL and their subconsultants to assist in conducting an on-site condition assessment of the Sand Point School. It was determined that the school has, generally, been well-maintained; however, DOWL and their team identified code violations and other critical items that need immediate correction.

In 2018, DOWL drafted a 2018 Work Plan for Sand Point, which included architectural, electrical, mechanical and control work. It was determined that the exterior building paint and sealants needed to be repaired. On June 6, 2019, the Borough, with the assistance of DOWL, issued a request for qualifications for the paint and sealant deferred maintenance in FY20. The Borough received one quote from Kuchar Construction, LCC to complete the work for \$384,368.

Kuchar's proposal includes the following scope of work:

- Travel, Freight, Project Management, Housing, Food, Mob/Demob, Equipment and Truck Rental
- Exterior paint and sealants, Some temporary tenting, geo fab drop cloth, PPG paint per specs, OSI Sealants per specs, clean up and disposal.
- Add Alt 1: Roof Drain and leader trouble shoot and repair.
- Add Alt 2A: Foundation trim repairs
- Add Alt 2B: Foundation trim repairs

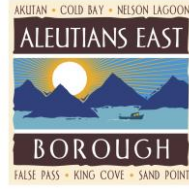
- Add Alt 3: Replace (3) HM windows
- Add Alt 4. Replace (16) windows in library

DOWL and the Borough have reviewed Kuchar's proposal and recommend hiring them to conduct the work. However, prior to executing the agreement DOWL and the Borough would like to negotiate with Kuchar. There are a few items that need further clarification and some areas where there may be potential cost savings. Therefore, Administration recommends the approval of Resolution 20-07 authorizing the Mayor to negotiate and execute a contract with Kuchar Construction, LLC for the deferred maintenance sealant and paint work at the Sand Point School in an amount not to exceed \$385,000.

At the May 23, 2019 Assembly meeting, the Borough Assembly passed Ordinance 19-09, adopting the operating and capital budgets for FY 2020. The budget included \$250,000 in Fund 41 for maintenance. The Assembly also appropriated \$450,000 in permanent fund earnings for school maintenance, which will be reflected in Fund 20 of the Borough financials. If the FY20 maintenance needs exceed what was anticipated in the budget, monies are available in the project contingency line item (account number E 20-866-209-888).

RECOMMENDATION

Administration recommends approval of Resolution 20-07 authorizing the Mayor to Negotiate and Execute a Contract with Kuchar Construction, LLC for the deferred maintenance sealant and paint work at the Sand Point School in an amount not to exceed \$385,000.



RESOLUTION 20-07

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A CONTRACT WITH KUCHAR CONSTRUCTION LLC FOR THE DEFERRED MAINTENANCE SEALANT AND PAINT WORK AT THE SAND POINT SCHOOL IN AN AMOUNT NOT TO EXCEED \$385,000

WHEREAS, the Sand Point School is owned and maintained by the Aleutians East Borough (Borough); and

WHEREAS, an on-site condition assessment was completed in 2017 for the Sand Point School; and

WHEREAS, in general, the school has been well-maintained; however, there are maintenance items that need to be addressed; and

WHEREAS, in 2018 DOWL and their subconsultants drafted a 2018 Work Plan for the Sand Point School, which included architectural, electrical, mechanical and control work; and

WHEREAS, it was determined that the exterior building paint and sealants needed repairs at the Sand Point School; and

WHEREAS, on June 6, 2019 the Borough, with the assistance of DOWL, issued a Request for Qualifications (RFQ) for the deferred maintenance work in Sand Point; and

WHEREAS, the Borough received one proposal from Kuchar Construction, LLC in the amount of \$385,000; and

WHEREAS, the scope of work includes mob/demob, exterior paint and sealants and additive alternates, which includes roof drain and leader trouble shoot and repair work; foundation trim repairs and replacing windows; and

WHEREAS, the Borough Administration recommends the Borough issue a contract to Kuchar Construction, LLC to perform sealant and paint work at the Sand Point School in an amount not to exceed \$385,000; and

WHEREAS, the Assembly approved the FY20 budget appropriating \$250,000 in Fund 41 and \$450,000 in Fund 20 for maintenance items; and

WHEREAS, if additional funding is needed funds are available in AEB Projects account number E 20-866-209-888 Project Contingency.

NOW THEREFORE, BE IT RESOLVED, the Aleutians East Borough Assembly authorizes the Mayor to negotiate and execute a contract with Kuchar Construction, LLC for the deferred maintenance work at the Sand Point School in an amount not to exceed \$385,000.

PASSED AND ADOPTED by the Aleutians East Borough on this 2nd day of July, 2019.

Alvin D. Osterback, Mayor

ATTEST:

Tina Anderson, Clerk

**Aleutians East Borough
Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, Sand Point**

Short Form Contract for Supplies or Services

This contract, entered into by the Aleutians East Borough and the Contractor name below, documents the entire understanding of the parties regarding the services to be provided. This agreement becomes effective only when signed by the contractor, and an Aleutians East Borough official.

Project Manager: Anne Bailey	
Email: abailey@aeboro.org	Phone Number: (907) 274-7580

Description of Services: Deferred Maintenance Paint and Sealant Work at the Sand Point School in Sand Point, Alaska.

- 1. Parties.** The parties to this agreement are the Aleutians East Borough (“Borough”) and the following named Contractor:

Contractor: Kuchar Construction, LLC
Street Address: P.O. Box 770508 Eagle River, AK 99577
Contact Person: Mike Kuchar
Email: mike@kucharconstruction.com
Telephone/Fax: (907) 885-3111

Business License No. (if applicable):

- 2. General Conditions.** This Contract is subject to the General Conditions and Special Conditions (if applicable), which are attached hereto and are incorporated herein by this reference.
- 3. Scope of Services:** Contractor/Supplier (“Contractor”) shall perform all services outlined in Attachment A. Scope of Services for the compensation indicated in Section 3 (Complete all that apply):

Name of Project: Deferred Maintenance Paint and Sealant Work at the Sand Point School
Location: Sand Point, AK
Date(s)/Time(s):

Contractor agrees to provide the following equipment/items for this agreement (if any):

Borough agrees to provide the following equipment/items for this agreement (if any):
Not applicable.

- 4. Bonds, Certifications & Other Requirements.** This project requires a performance bond and a payment bond as described in Attachment B Request for Qualifications.

- 5. Billings and Evidence of Work Completion Requirements.** Contractor to be completely transparent in its billing for the work. All billings will be delivered with time cards, certified payrolls, material receipts, daily reports and other documentation necessary to validate cost of the work.
- 6. Payment.** Borough's total payment to Contractor under this Agreement shall not exceed \$_____ for total payment for all services rendered.

THIS AGREEMENT TAKES EFFECT THE LAST DATE SHOWN BELOW

Aleutians East Borough

Contractor

Signature of Certifying Officer

Signature of Contractor

Anne Bailey, Borough Administrator
Printed Name and Title

Mike Kuchar, Project Manager
Printed Name and Title

Date: _____

Date: _____

DRAFT

GENERAL CONDITIONS

1. **Independent Contractor.** The Contractor shall provide services as an independent contractor to the Borough. Except as this contract provides, otherwise, the Borough shall not supervise or direct the Contractor. The Borough may administer this contract and monitor the Contractor's performance.
2. **Compliance with Laws.** The Contractor shall comply with all statutes, ordinances, and regulations governing its performance, post all required notices, and obtain all permits, licenses, and other entitlements necessary to its performance. The Contractor shall pay all taxes related to its performance and shall be current on all borough taxes at the time of entering this contract.
3. **Insurance.** During the term of this contract, the Contractor shall maintain a policy of workers' compensation and employers' liability insurance as required by law. Contractor shall also be required to carry additional insurance if so indicated on this form. Any such insurance shall be primary and exclusive of Borough insurance. If liability insurance is required, the Borough and school district, as applicable, shall be named as an additional insured on such policy with respect to the performance or failure to perform under this contract.
4. **Indemnification.** The consultant shall indemnify, defend, and hold harmless the contracting agency from and against any claim of, or liability for, negligent acts, errors, and omissions of the consultant under this agreement. The consultant is not required to indemnify, defend or hold harmless the contracting agency for a claim of, or liability for, the independent negligent acts, errors, and omissions of the contracting agency. If there is a claim of, or liability for, a joint negligent act, error, or mission of the consultant and the contracting agency, the indemnification, defense, and hold harmless obligation of this provision shall be apportioned on a comparative fault basis. In this provision, "consultant" and "contracting agency" include the employees, agents, and contractors who are directly responsible, respectively, to each. In this provision, "independent negligent acts, errors, and omissions" means negligence other than in the contracting agency's selection, administration, monitoring, or controlling of the consultant, or in approving or accepting the consultant's work.
5. **Termination.** This contract may be terminated (A) for cause immediately; (B) By the Borough for its convenience upon fifteen (15) days written notice to the Contractor. Upon termination and the Contractor's furnishing to the Borough all finished and unfinished data, documents or other materials prepared under the contract, the Borough shall pay the Contractor for all satisfactory work performed before termination.
6. **Nonwaiver.** Either party failing to enforce a provision of this contract does not waive the provision or affect the validity of the contract or a party's right to enforce any provisions of the contract.
7. **Jurisdiction and choice of law.** Any civil action arising from this contract shall be brought in the trial courts for the Third Judicial District of the State of Alaska at Anchorage, Alaska. The laws of the state of Alaska govern this contract.
8. **Integration.** This document and all documents incorporated in it by reference are the entire agreement of the parties and supersede all previous communications, representations or agreements regarding this subject, whether oral or written, between the parties.

Attachment A

**Resolution 20-05
Sand Point School
Paint and Sealant Scope of Work**

WILL BE ENTERED AFTER NEGOTIATIONS OCCUR

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS: that

(Name of Company)

(Name of Corporation)

a _____, hereinafter called Principal and

(Name of Surety)

Hereinafter called Surety, are held and firmly bound unto

(Name of Grantor)

(Address of Grantor)

Hereinafter called Owner, in the penal sum of _____ Dollars,

\$(_____) in lawful money of the Unites States, for the payment of which sum well and truly to be made, we bind ourselves, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain contract with the OWNER, dated the _____ day of _____, 2018, a copy of which is hereto attached and made a part hereof for the procurement of:

NOW, THEREFORE, if the Principal shall well, truly, and faithfully perform its duties, all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term there of, and any extensions thereof which may be granted by the Owner, with or without notice to the Surety, and if he shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the Owner from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the Owner all outlay and expense which the Owner may incur in making good and default, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed thereunder or the SPECIFICATIONS accompanying the same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

IN WITNESS WHEREOF, this instrument is executed in _____ counterparts, each one of which shall be deemed an original, this the _____ day of _____, 2018.

Principal

ATTEST:

(Principal's Secretary)

By _____

(Witness as to Surety)

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of Contract. If CONTRACTOR is Partnership, all partners should execute the BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570, as amended) and be authorized to transact business in the state where the PROJECT is located.

PAYMENT BOND

KNOW ALL MEN BY THESE PRESENTS: that

(Name of Company)

(Name of Corporation)

a _____, hereinafter called Principal and

(Name of Surety)

hereinafter called Surety, are held and firmly bound unto

(Name of Grantor)

(Address of Grantor)

hereinafter called Owner, in the penal sum of _____ Dollars, %(_____) in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain contract with the OWNER, dated the _____ day of _____, 2018, a copy of which is hereto attached and made a part hereof for the procurement of:

NOW, THEREFORE, if the Principal shall well, truly, and faithfully perform its duties, all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term thereof, and any extensions thereof which may be granted by the Owner, with or without notice to the Surety, and if he shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the Owner from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the Owner all outlay and expense which the Owner may incur in making good and default, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed thereunder or the SPECIFICATIONS accompanying the same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

IN WITNESS WHEREOF, this instrument is executed in _____ counterparts, each
(Numbers)

On of which shall be deemed an original, this the _____ day of _____, 2018.

Principal

ATTEST:

(Principal's Secretary)
(SEAL)

By _____

(Witness as to Surety)

By _____
Attorney in Fact

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of Contract. If CONTRACTOR is Partnership, all partners should execute the BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570, as amended) and be authorized to transact business in the state where the PROJECT is located.



Aleutians East Borough – Sand Point School: Deferred Maintenance Sealant and Paint Proposal

June 19th, 2019 2:00PM

AEB
c/o Eric Voorhees
DOWL, 4041 B St.
Anchorage, Alaska 99503
E-mail Responses To: evoorhees@dowl.com

Kuchar Construction, LLC
Office: (907) 885-3111
www.kucharconstruction.com

Mailing Address
PO Box 770508
Eagle River, AK 99577

Qualifications

Kuchar is an expert in construction, general contracting, with an in-house paint and sealants crew, and custom prefabricated interior design with over 30 years of management experience in painting and sealants. Kuchar has the capability, the equipment, the personnel, materials, company resources and experience in General Contracting to Design Build to maintain the maintenance contract on a regular basis alongside any current or existing contracts. Kuchar Personnel have worked all over Southeast, Interior and Southwest, Alaska, in project management, foreman, superintendent and lead craftsman positions.

Kuchar, a general and sub-contractor working in rural or remote areas, proudly employs local men and women specializing in a wide range of construction and building practices. Kuchar Construction has a strong reputation for utilizing local workforce and subcontractors on projects.

Prior to mobilizing on site, Kuchar Construction would request a preconstruction meeting with representatives from all parties involved (AESD, DOWL, ECI, Kuchar & PPG Paint Rep) to discuss scope of work and any potential concerns to make sure all parties are in agreement. At this preconstruction meeting Kuchar Construction would expect to address anyone's questions or concerns about the scope and material specs with owner, team and paint rep that have not already been addressed. Once all items have been addressed Kuchar personal would immediately commence work while Kuchar employees back in Anchorage would expedite any additional equipment and supplies to Sand Point. Within a couple days of arrival of key personal, the remainder of Kuchar crew would arrive on site. To ensure adequate and open communication, we would anticipate developing a relationship with the AESD local representative right away so that we could have daily dialog regarding progress, phasing and any concerns. As items arise, Kuchar would issue RFI's and maintain an RFI tracking log for everyone's records. Because we know that winter is just around the corner, we understand that time is of the essence and rapid response to owner team requests and contractor RFI's is of the utmost importance. To keep solutions expedited as much as possible, we would plan to send RFI's to all parties. We will also maintain an RFI tracking log so that no items are lost. Kuchar Construction has a good history of working with local PPG paint rep Perry Parlermo and ECI staff.

Based on the individual's experience on past projects for the Deferred Maintenance Sand Point project, Kuchar selected proposed key personnel;

- Project Manager/Painting Administrator
 - Brad Chase. Brad has a 15 year working history with Mike Kuchar, a partner in Kuchar construction.
- Superintendent/Lead Field Representative
 - Hal McClain. Hall has over a 30 year working history with Brad Chase, the PM of this project.

Contractors Ability and Resources

We are aware of rural Alaska weather and logistical challenges. We are experienced with getting supplies to these villages via barge and air freight services. Our staff members are prepared to handle everything from the project management tasks to the administrative needs of this contract. We know that our success depends on the quality of our work and the timeliness in which we perform. We will listen to the needs and utilize the knowledge of the owner to ensure that our work meets the objectives of the project. We also guarantee our project team has the resources and capacity to meet project expectations, including accelerated schedules when required.

The company holds bonding available at \$5,000,000.00 for a Single Project and \$7,500,000.00 Aggregate.

Projects

Kuchar's Management Team has over 30 years' experience in painting and sealants. Please see the following relevant project information, which will show past years performance on similar scope projects and projects performed in rural locations.

Owner	ACF Properties, LLC
Title	Dillingham DVSI Shelter
Location	Dillingham, Alaska
Performance Period	2018
Owners Contact	Doug Cobb: 907-230-6642
Project Manager/Superintendent	Brad Chase
Project Description	Repairs to Foundations, structure, exterior, roofing, interior, including new floor, benches, and heater.

Owner	Tanadgusix Native Corporation (TDX) - IPP 003
Title	St. Paul Island Preservation Project
Location	St. Paul Island, Alaska
Performance Period	May 2017 - June 2017
Owners Contact	Virgil Hughes: (907) 290-4003, Virgilh@tdxcorp.com
Project Manager/Superintendent	Brad Chase / Hal McClain
Project Description	Drop cloth off exteriors with Geo Tech filter fabric, to filter out paint debris. Pressure wash, prep, scrape and sand so there is no loose paint. Re-caulk windows and doors. Mask non-painted surfaces. Spray and back roll paint and primer. Install and trim new windows. Work from lifts on high work. Clean up job site daily. The project consisted of deferred maintenance, preparation of the painting surfaces and applying new paint.

Owner	Best Storage
Title	Exterior Door Repaint
Location	Anchorage, Alaska
Performance Period	May 2018
Owners Contact Name	Art Davidson: (907) 952-3355, artd@gci.net
Project Manager/Superintendent	Brad Chase / Mike Morris
Project Description	Power wash, prep, ground cover with geo fabric as a water filter to collect old paint debris, replace and repair damaged trim, siding and flashing, new sealant as necessary, prime and paint siding trim and doors, and epoxy floor.

Owner	Jonathan Campabello
Title	Hearth Artisan Pizza
Location	Anchorage, Alaska
Performance Period	2016
Owners Contact	Jonathan Campabello: (907) 351-3083, joncampabello@yahoo.com
Project Manager/Superintendent	Mike Kuchar / Ashley Day
Project Description	New restaurant in old building; total build out, plus paint and sealants.

Owner	Alaska Museum of Science and Nature
-------	-------------------------------------

Title	Alaska Museum of Science and Nature Exterior Work
Location	Anchorage, Alaska
Performance Period	2015
Owners Contact	Doug Cobb: 907-230-6642
Project Manager/Superintendent	Mike Kuchar / Ashley Day
Project Description	Siding repairs, flashing, door and window replacement, full exterior re-paint. Use geo fabric drop cloth to filter and collect old paint debris. Power wash, prep, caulk, prim and paint.

The above examples are a few projects that show our ability to understand our clients' diverse needs and requirements, regional challenges, extreme working conditions within Rural Alaska, and accelerated schedule requirements.

Brad Chase

Experienced Project Manager and Superintendent, with over 30+ years in both commercial and residential construction. Expert knowledge of painting and sealants. Has completed projects from Anchorage to remote Alaska locations. Experience providing quality finishes in flooring, roofing, walls, painting and coatings, no matter the location. Experience in reading and interpreting blue prints, complete documentation of field reporting, change orders, and punch lists. Compliance with state building laws, safe work practices, and city and fire marshal inspections.

Please see the following relevant project information, which will show past years performance on similar scope projects and projects performed in rural locations.

Superintendent - Juneau Federal Building – 2010/2011

Reseal project, including interior bathroom new finishes and exterior/interior sealants installation all floors.

Superintendent - Juneau Federal Building – 2011/2012

Exterior aggregate clean and reseal project.

Resume can be located in appendix B.

Hal McClain

Adept in all phases of construction practices and procedures. Excellent interpersonal skills. Efficient in planning work day/week/month to keep schedule flowing towards end date. Participated in large and medium construction projects as foreman/superintendent with excellent outcomes. Since 1984, worked in the construction/remodeling field, many years on military bases. While working for Kuchar, was head of St Paul Island repair and repaint of their historical museum and the native community center repaint & several tribal council housing units.

Superintendent/ Crew Foreman | TDX / St. Paul Buildings | 2017

Drop cloth off exteriors with Geo Tech filter fabric, to filter out paint debris. Pressure wash, prep, scrape and sand so there is no loose paint. Re-caulk windows and doors. Mask non-painted surfaces. Spray and back roll paint and primer. Install and trim new windows. Work from lifts on high work. Clean up job site daily. The project consisted of deferred maintenance, preparation of the painting surfaces and applying new paint.

Superintendent/Project Manager | Remote airport locations 2001/2016

Work consisted of patching remote airport runways, painting, utilizing sealants. Also completed interior and exterior upgrades to local churches.

Resume can be located in appendix B.

Price Information

Project Management for Anchorage Staff:	\$70 / Hour
All Staff for Sand Point Location: Straight Time	\$74 / Hour
All Staff for Sand Point Location: Over Time	\$96 / Hour
Bonding Rate for this project:	2.5%
GC Fees for OH	7%
GC Fees for Profit	5%
Alternate 1: Trouble Shoot and repair roof drain and leader	\$4,469.86
Alternate 2A: Repair wall at Grade	\$2,892.26
Alternate 2B: Repair wall at Grade	\$2,892.26
Alternate 3: Replace (3) HM Windows	\$5,324.39
Alternate 4: Repair wall at Grade	\$32,827.19

Capacity and Schedule



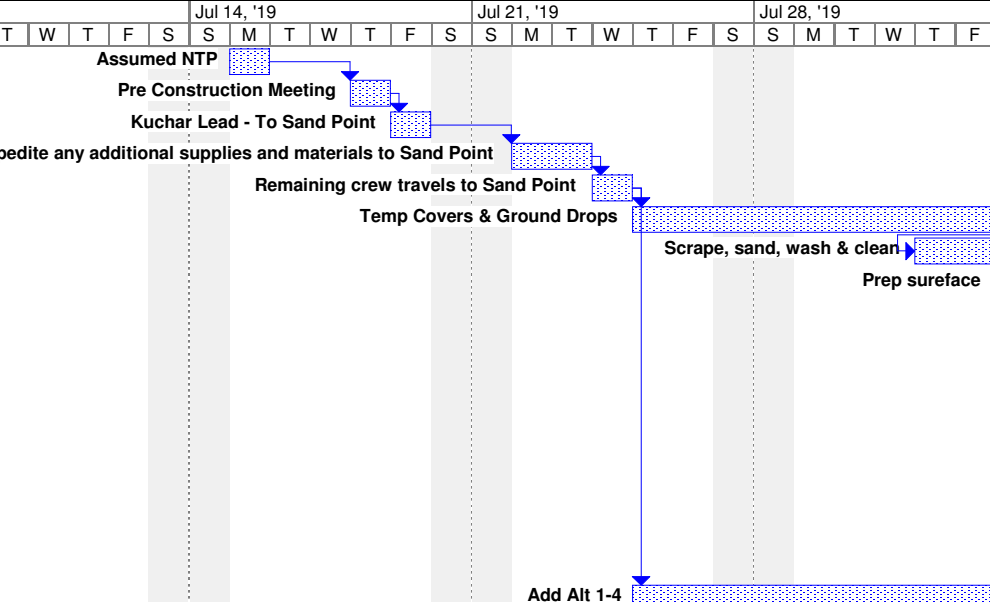

Prior to mobilizing on site, Kuchar Construction would request a preconstruction meeting with representatives from all parties involved (AESD, DOWL, ECI, Kuchar Construction & PPG Paint Rep) to discuss scope of work and any potential concerns to make sure all parties are in agreement. Kuchar would then deploy a couple of key personal to the project site. Once on site Kuchar will review and assess the site with local AESD representative. During site assessment Kuchar and AESD reps would determine the order in which areas or scope items will be completed. At this time the two major criteria to determine priority are: a) accessibility: We'll want to focus on areas that are going to have employee and student traffic and access, so that we can accomplish as much as possible prior to school starting. b) areas not covered by roof over hangs: It will be important to focus early on areas that have the most severe weather exposure so that if there are days that weather is too severe for those areas, the crew may be able to move to a more covered area and still maintain production and help to stay on the schedule.

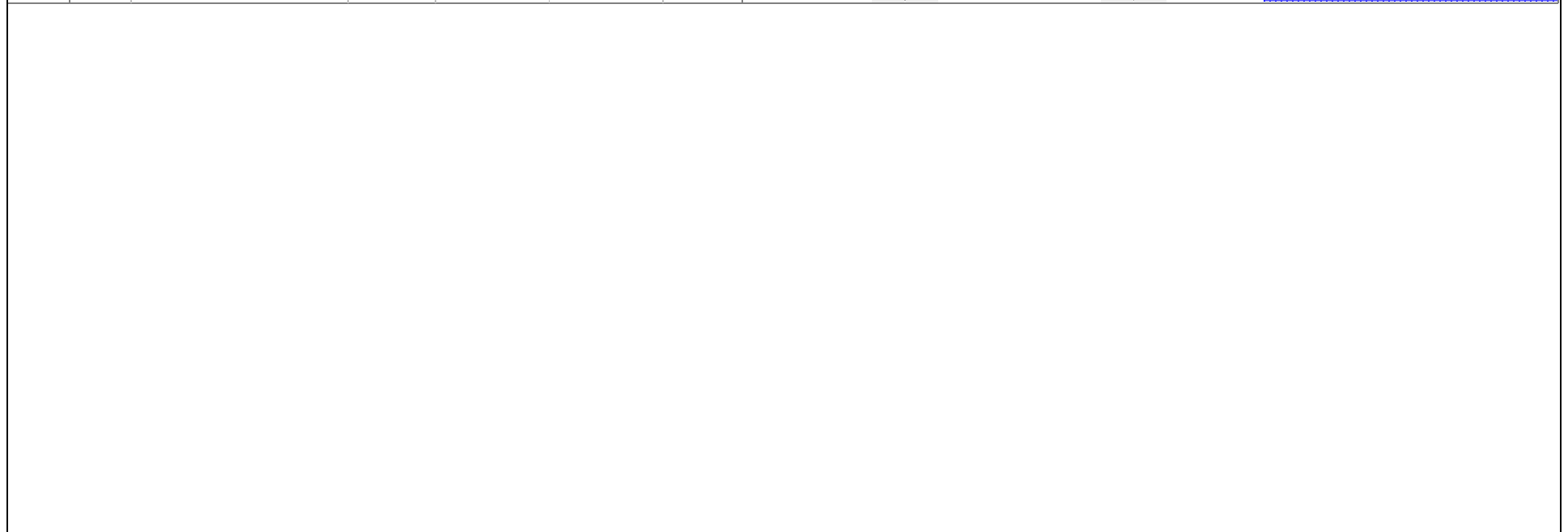
Kuchar will be using geo fabric ground cloth under areas of work to filter water and trap any paint and sealant debris for proper disposal.

Kuchar staff will work after hours as much as possible to limit interruption to the staff and students, but because the summer season is slipping away, temperatures for curing and lighting could be an issue with late evening work. Additionally, any heavy traffic areas that are not completed prior to school starting could be completed after hours and on weekends. Within a couple days of arrival of key personal, the remainder of Kuchar crew would arrive on site. Kuchar staff has a history working at school, daycare and church facilities. Some of these projects have been conducted while facilities were still open to staff, students, and public.

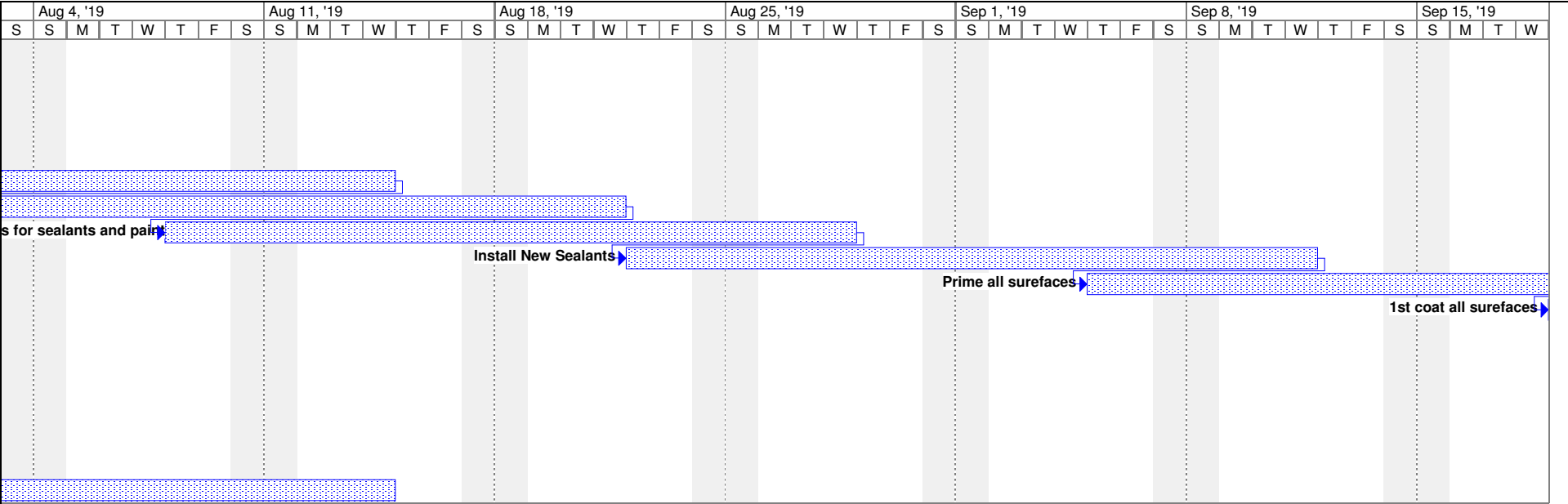
Schedule is attached in Appendix A.

Appendix A: Schedule

ID		Task Name	Duration	Start	Finish	Predecess	Jul 14, '19							Jul 21, '19							Jul 28, '19													
							T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F			
1		Assumed NTP	1 day	Mon 7/15/19	Mon 7/15/19																													
2		Pre Construction Meeting	1 day	Thu 7/18/19	Thu 7/18/19	1FS+2 day																												
3		Kuchar Lead - To Sand Point	1 day	Fri 7/19/19	Fri 7/19/19	2																												
4		Expedite any additional supplies	2 days	Mon 7/22/19	Tue 7/23/19	3																												
5		Remaining crew travels to Sand	1 day	Wed 7/24/19	Wed 7/24/19	4																												
6		Temp Covers & Ground Drops	15 days	Thu 7/25/19	Wed 8/14/19	5																												
7		Scrape, sand, wash & clean	15 days	Thu 8/1/19	Wed 8/21/19	6FS-10 day																												
8		Prep surefaces for sealants and	15 days	Thu 8/8/19	Wed 8/28/19	7FS-10 day																												
9		Install New Sealants	15 days	Thu 8/22/19	Wed 9/11/19	8FS-5 days																												
10		Prime all surefaces	15 days	Thu 9/5/19	Wed 9/25/19	9FS-5 days																												
11		1st coat all surefaces	15 days	Thu 9/19/19	Wed 10/9/19	10FS-5 day																												
12		2nd - Final coat all surefaces	15 days	Thu 10/3/19	Wed 10/23/19	11FS-5 day																												
13		Final Clean	5 days	Thu 10/17/19	Wed 10/23/19	12FS-5 day																												
14		Final Inspection with all Party Re	1 day	Thu 10/24/19	Thu 10/24/19	13																												
15		Complete Final Punch List	3 days	Fri 10/25/19	Tue 10/29/19	14																												
16		Original Final Completion	1 day	Tue 10/29/19	Tue 10/29/19																													
17																																		
18		Add Alt 1-4	15 days	Thu 7/25/19	Wed 8/14/19	5																												



Project: Sand Point Differed Maintenance Date: Wed 6/19/19	Task		Milestone		External Tasks	
	Split		Summary		External Milestone	
	Progress		Project Summary		Deadline	



Project: Sand Point Differed Maintenan
Date: Wed 6/19/19

Task

Split

Progress

Milestone

Summary

Project Summary

External Tasks

External Milestone

Deadline

Appendix B: Resumes

BRAD CHASE

21421 Scenic Dr. Chugiak Anchorage, Alaska 99567 |907-830-5149 | Brad@kucharconstruction.com

Skills & Abilities

Experienced Superintendent, with over 30+ years in both commercial and residential construction. Expert knowledge of building painting and sealants. Completing projects from Anchorage to remote Alaska locations. Providing quality finishes in flooring, roofing, walls, painting and coatings, to cabinet installation, no matter the location. Experience in reading and interpreting blue prints, complete documentation of field reporting, change orders, and punch lists. Compliance with state building laws, safe work practices, and city and fire marshal inspections.

Leadership

- Superintendent/Project Manager for projects in Anchorage, Dillingham, Ft. Greely and many in south east communities, including Juneau and Ketchikan. Proficient at supervising and managing a crew of 20 employees of different trades.
- In-depth understanding of remote Alaska construction, including essential timeline coordination of materials to ensure project deadlines and completion.
- Helical Pile specialist, with experience installing and performing load testing on over 400 piles in Hooper Bay last year. Engineering references available upon request.
- Excellent communication with suppliers, subcontractors, owners and designers.

Superintendent/Project Manager | Kuchar Construction | August 2016 – Current

- Strong team leader with in-depth understanding of remote construction management and large scale commercial projects. Working hand in hand with both clients and crews to make each project go smoothly, with project experience throughout Alaska.
- Superintendent for projects in Anchorage, Dillingham, Ft. Greely and south east, Juneau, Ketchikan. Skilled at working with locally hired crews and finding specialty supply and service partners. Manages company's remote projects which require a full time, long term onsite supervisor.

Superintendent/Project Manager | JKM General Contractors | 2001 – 2016

- JBER Contracts, managing an average of 40 Tennent improvements per year, assembling proposals and bids, scheduling for on-time project delivery, reducing construction time, minimizing the impact on clients, and building good relationships to earn repeat business with multiple clients.
- Independently manage commercial construction projects, specializing in tenant improvements of all sizes and scopes of work in both the government and private sectors. Review and interpretation of project drawings, specifications, and applicable codes.

Certifications & Training

OSHA 30 hour

IBPAT Union 1140 Paint apprenticeships

1985-1992 includes class and field OJT for the 5 disciplines in the Paint Finishes

Construction Estimating institute certificate - 40 hr class

AGC sponsored CQC certificate for USACE CQC updated 2017

Competent Person training for Swing Stage work from Spider Safeworks. Tukwilla Wa.

Current on Lead Abatement

First Aid & CPR

HAL MCCLAIN

Anchorage, Alaska | 662-230-3109 | lindaandhal@gmail.com

Skills

Adept in all phases of construction practices and procedures. Excellent interpersonal skills. Efficient in planning work day/week/month to keep schedule flowing towards end date. Participated in large and medium construction projects as foreman/superintendent with excellent outcomes. I am a 100% working foreman/super – I believe working side by side with the crew is the best way to ensure a better “product”.

Experience

Since 1984, I have worked in the construction/remodeling field, many years on military bases. Worked 10 years with Laborer’s Union while running my own drywall paint & sealant company, through 2008. Built new or remodeled approximately 8 schools in Anchorage and Wasilla for Janssen Contracting, of which I subcontracted to do drywall and paint on approximately 6 of those schools. Built complete barracks buildings and chow halls on the army base, built condominiums in Anchorage as well as building 38 T-hangars & 9 large hangars, with duties that included painting. As foreman, rebuilt and refinished the Coast Guard hangar in Cold Bay. For Janssen Contracting, did all aspects of the job – from beginning permitting to construction to finishing/drywall & paint. Worked in Adak, Sitka, Barrow, Deadhorse, Denali Park, and Kotzebue to remodel and refit TSA equipment, and remodeled the FedEx Alaska airline hangar in Sitka which included a new roof. Repaired and repainted Alaska Airlines building exterior located at Anchorage Int’l Airport. Remodeled approximately 200 guest rooms & retrofitted bar, banquet room and coffee shop at Denali Hotel – all during -30-degree winter. Also Painted 2 hotels in Anchorage. While working for Kuchar I was head of St Paul Island repair and repaint of their historical museum and the native community center repaint & several tribal council housing units.

Expeditor/Equipment Operator | Janssen Contracting | 1996-2008

2 new army barracks buildings, 1 Wasilla hospital, rebuild Coast Guard hangar Cold Bay Residing metal plating rear exterior Anchorage Int’l Airport, 15-unit condominium between A & C Street, 38 T-hangars at Merrill Field start to finish, 9 large hangars Merrill Field start to finish, with extensive interior & exterior paint work.

Project Manager/Owner | Hal McClain | 1996-2006

Dry wall and paint interiors, exteriors of approximately 5 schools in Anchorage, as well as condo complexes, 47 airplane hangars, 3 airline support buildings at North end of the runway including PenAir office building North of runway, fire caulk, fire seal drywall and paint 80% of Janssen Contracting’s buildings between 1996 – 2008.

Foreman | Alasco | 2010-2015

Alasco - Foreman of Refinish – refinish Denali Bluff’s hotel interiors approximately 200 rooms including bar, gift shop & banquet room during winter while closed, remodel & repaint all rooms in Hilton Anchorage, remodel & repaint all rooms in Hampton Inn, repair & refinish exterior Alaska Airlines regional headquarters Anchorage Int’l Airport, refurbish & reroof FedEx hangar in Sitka owned by Alaska Airlines, remove & reinstall TSA magnetrons & X-ray machines in airports which included shipments of equipment & materials to remove walls, floors, doors, windows and replace all of the above to get equipment in and out of airports at Adak, Barrow, Kotzebue, Sitka, Deadhorse, Prudhoe Bay

Foreman/Superintendent | Kuchar Construction | 2016-Current

Kuchar Construction – Foreman/Super – refurbish & repaint historical museum building on St Paul Island, repair & repaint native community center/dance hall for St Paul Island, repair & repaint tribal duplex buildings St Paul Island.



Aleutians East Borough – Sand Point School: Deferred Maintenance Sealant and Paint Proposal

June 19th, 2019 2:00PM

Cost Pricing

AEB
c/o Eric Voorhees
DOWL, 4041 B St.
Anchorage, Alaska 99503
E-mail Responses To: evoorhees@dowl.com

Kuchar Construction, LLC
Office: (907) 885-3111
www.kucharconstruction.com

Mailing Address
PO Box 770508
Eagle River, AK 99577

**KUCCHAR****CONSTRUCTION LLC****PO Box 770508****Eagle River, AK 99577****(907)885-3111**

Wednesday, June 19, 2019

Eric Voorhees
 DOWL
 4041 B St
 Anchorage, AK

Re: Sand Point Deferred Maintenance Sealant and Paint quote

We are please to provide a quote to AESD for described work below.

Division 1: Travel, Freight, PM, Housing, Food, Mob / Demob, Equipment and truck rental. Assumes (12) Round trip flights to sand point and allowing for 8 hour wages paid per round trip. Two and a half month housing and per dium for a 5 man crew. Note: majority of costs in Div 1 are travel, lodging and per dium. If any cost savings could be had, this cost could be credited back to owner.	\$118,012.13
Division 9: Exterior paint and sealants. Some temporary tenting, geo fab drop cloth, PPG paint per specs, OSI Sealants per specs, clean up and disposal. Assumes approximate numbers: 234 windows, 80 floor and roof beams, 54 wall penetrations, and 150 beveled joints in fascia. Painting consists of spot priming permacrete, seal grip primer, and 2 coats of PPG speedhide 100 acrylic. Prior to priming, building will be scraped of loose material, sanded as needed, washed and cleaned with "30 Seconds" outdoor cleaner. Note: All beams should have metal flashing caps made and install. We would recommend using aluminum, do to the salty sea air. This is a common practice we do on our projects with exposed wood beams. Currently not included. Client will be providing: scaffolding, extension ladders and step ladders to save on freight.	\$217,949.82
Total:	\$335,961.95
Add Alt 1: Roof Drain and leader trouble shoot and repair. Work can be performed on a T & M basis.	\$4,469.86
Add Alt 2A: Foundation trim repairs.	\$2,892.26
Add Alt 2B: Foundation trim repairs.	\$2,892.26
Add Alt 3: Replace (3) HM Windows	\$5,324.39
Add Alt 4: Replace (16) windows in library.	\$32,827.19

Note: Bonding fees are already included in all pricing.

CLARIFICATIONS / QUALIFICATIONS:**Excludes:** Excludes responsibility for substrate moisture content.

Excludes repairing or replacing damaged window frames or glazing not listed in alternates.
 Excludes restaging to wait for substrate to dry out. Excludes aluminum flashing on exposed wood beams. Excludes chemical stripping of building.
 Excludes any heating.



KUCHAR

CONSTRUCTION LLC

PO Box 770508

Eagle River, AK 99577

(907)885-3111

Wednesday, June 19, 2019

Eric Voorhees

DOWL

4041 B St

Assumptions: 60 hour weeks. teacher house will be available for our use at \$800 / mo, available on 5/18/19.

Assumes, mob and demob one time.

Note: The above price does not include any applicable local taxes.

If teacher housing will be available for use at \$800 / mo a savings of \$14,600 on lodge can be credited back.

If soffit and fascia paint color can be the same as the body paint, a \$6,000 savings in labor can be credited back.

If P&P bonding is not required a credit on the entire SOW (including all add als) can be give in the amount of \$9,300.00

If an alternate window can be substituted a \$10,000.00 savings can be credited back to the client.

Billing shall be due in full within 30 days of invoice date. A 1.5 percent per month service fee will be added for delinquent payments. This proposal is valid for 30 days.

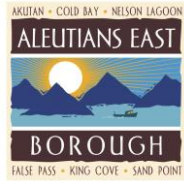
Sincerely

Mike Kuchar

Project Manager

Proposal Acceptance Signature: _____

Date: _____



Agenda Statement

Date: June 24, 2019

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Re: Resolution 20-08 Authorizing the Mayor to Negotiate and Execute a Contract with Bering Industrial Contractor's Inc for Deferred Maintenance Work at the Akutan School in an Amount Not to Exceed \$325,000

The Akutan School is owned and maintained by the Aleutians East Borough (Borough). School functions are administered by the Aleutians East Borough School District and currently support Pre-Kindergarten through Grade 12.

In 2017, the Borough enlisted DOWL and their subconsultants to assist in conducting on-site condition assessments of the Akutan and Sand Point Schools. It was determined that the schools have, generally, been well-maintained; however, DOWL and their team identified code violations and other critical items that need immediate correction.

In 2018, DOWL drafted a 2018 Work Plan for Sand Point and Akutan, which included architectural, electrical, mechanical and control work. In July 2018, DOWL issued a request for qualifications for the deferred maintenance at both the Sand Point and Akutan Schools to select contractors with the hope of conducting work for both schools in FY19. The Borough received quotes from the contractors for both schools for electrical, mechanical and control work; however, due to the cost it was determined that work would only be conducted for the Sand Point School in FY19 and the work for the Akutan School would be deferred to FY20.

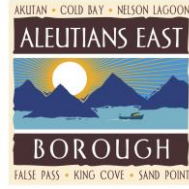
DOWL contacted the contractors to provide an updated cost estimate for the Akutan work. On June 24, 2019, Bering Industrial Contractors provided a Draft Scope Letter/Quote for the Akutan School deferred maintenance items. The work includes mechanical, control and electrical work items with a cost of \$322,397.00. Bering Industrial Contractors will act as the general contractor and LONG, Wired AK and Alaska Air Balance will be the subcontractors.

DOWL and the Borough will be reviewing the Scope Letter/Quote and discussing potential cost savings for the project with the contractor.

At the May 23, 2019 Assembly Meeting, the Borough Assembly passed Ordinance 19-09, adopting the operating and capital budgets for FY 2020. The budget included \$250,000 in Fund 41 for maintenance. The Borough also passed Resolution 19-68, which authorized the Mayor to appropriate the FY20 Permanent Fund Earnings to designated projects. \$450,000 was approved for school maintenance, which will be reflected in Fund 20 of the Borough financials. If the FY20 maintenance needs exceed what was anticipated in the budget, monies are available in the project contingency line item (account number E 20-866-209-888).

RECOMMENDATION

Administration recommends approval of Resolution 20-08 authorizing the Mayor to Negotiate and Execute a Contract with Bering Industrial Contractor's Inc for Deferred Maintenance Work at the Akutan School in an Amount Not to Exceed \$325,000.



RESOLUTION 20-08

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A CONTRACT WITH BERING INDUSTRIAL CONTRACTOR'S INC FOR THE DEFERRED MAINTENANCE WORK AT THE AKUTAN SCHOOL IN AN AMOUNT NOT TO EXCEED \$325,000.00

WHEREAS, the Akutan School is owned and maintained by the Aleutians East Borough (Borough); and

WHEREAS, an on-site condition assessment was completed in 2017 for the Akutan and Sand Point Schools; and

WHEREAS, in general, the schools have been well-maintained; however, there are code violations and other critical items that need immediate correction; and

WHEREAS, in 2018 DOWL and their subconsultants drafted a 2018 Work Plan for the Akutan and Sand Point Schools, which included architectural, electrical, mechanical and control work; and

WHEREAS, in 2018 the Borough, with the assistance of DOWL, issued a Request for Qualifications (RFQ) for the deferred maintenance work in Sand Point and Akutan; and

WHEREAS, the Borough received quotes from Bering Industrial Contractors, Inc; LONG and Wired AK with the hope of conducting work for both schools in FY19; and

WHEREAS, after receiving quotes for the electrical, mechanical and control work for the Sand Point and Akutan Schools it was determined that the Borough would only conduct electrical, mechanical and control work at the Sand Point School in FY19 and the work for the Akutan School would be deferred to FY20; and

WHEREAS, DOWL contacted the contractors to provide an updated cost estimate to complete the Akutan work in FY20; and

WHEREAS, Bering Industrial Contractors provided a Draft Scope of Work/Quote in the amount of \$322,397 for the Akutan School deferred mechanical, control and electrical work; and

WHEREAS, Borough Administration recommends the Borough Assembly authorizes the Mayor to negotiate and execute a contract with Bering Industrial Contractors Inc in an amount not to exceed \$323,000 for the deferred maintenance work at the Akutan School; and

WHEREAS, the Assembly approved the FY20 budget appropriating \$250,000 in Fund 41 and \$450,000 in Fund 20 for maintenance items; and

WHEREAS, if additional funding is needed funds are available in AEB Projects account number E 20-866-209-888 Project Contingency.

NOW THEREFORE, BE IT RESOLVED, the Aleutians East Borough Assembly authorizes the Mayor to negotiate and execute a contract with Bering Industrial Contractor's Inc for Deferred Maintenance Work at the Akutan School in an Amount Not to Exceed \$325,000.

PASSED AND ADOPTED by the Aleutians East Borough on this 2nd day of July, 2019.

Alvin D. Osterback, Mayor

ATTEST:

Tina Anderson, Clerk

**Aleutians East Borough
Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, Sand Point**

Short Form Contract for Supplies or Services

This contract, entered into by the Aleutians East Borough and the Contractor name below, documents the entire understanding of the parties regarding the services to be provided. This agreement becomes effective only when signed by the contractor, and an Aleutians East Borough official.

Project Manager: Anne Bailey	
Email: abailey@aeboro.org	Phone Number: (907) 274-7580

Description of Services: Deferred Maintenance Work at the Akutan School in Akutan, Alaska.

- 1. Parties.** The parties to this agreement are the Aleutians East Borough (“Borough”) and the following named Contractor:

Contractor: Bering Industrial Contractors Inc
Street Address: P.O. Box 628 Edmonds, WA 98020
Contact Person:
Email:
Telephone/Fax: (425) 774-1000

Business License No. (if applicable):

- 2. General Conditions.** This Contract is subject to the General Conditions and Special Conditions (if applicable), which are attached hereto and are incorporated herein by this reference.
- 3. Scope of Services:** Contractor/Supplier (“Contractor”) shall perform all services outlined in Attachment A. Scope of Services for the compensation indicated in Section 3 (Complete all that apply):

Name of Project: Deferred Maintenance Work at the Akutan School
Location: Akutan, AK
Date(s)/Time(s):

Contractor agrees to provide the following equipment/items for this agreement (if any):

Borough agrees to provide the following equipment/items for this agreement (if any):
Not applicable.

- 4. Bonds, Certifications & Other Requirements.** This project requires a performance bond and a payment bond as described in Attachment B Request for Qualifications.

- 5. Billings and Evidence of Work Completion Requirements.** Contractor to be completely transparent in its billing for the work. All billings will be delivered with time cards, certified payrolls, material receipts, daily reports and other documentation necessary to validate cost of the work.
- 6. Payment.** Borough's total payment to Contractor under this Agreement shall not exceed \$____ for total payment for all services rendered.

THIS AGREEMENT TAKES EFFECT THE LAST DATE SHOWN BELOW

Aleutians East Borough

Contractor

Signature of Certifying Officer

Signature of Contractor

Anne Bailey, Borough Administrator
Printed Name and Title

Printed Name and Title

Date: _____

Date: _____

GENERAL CONDITIONS

1. **Independent Contractor.** The Contractor shall provide services as an independent contractor to the Borough. Except as this contract provides, otherwise, the Borough shall not supervise or direct the Contractor. The Borough may administer this contract and monitor the Contractor's performance.
2. **Compliance with Laws.** The Contractor shall comply with all statutes, ordinances, and regulations governing its performance, post all required notices, and obtain all permits, licenses, and other entitlements necessary to its performance. The Contractor shall pay all taxes related to its performance and shall be current on all borough taxes at the time of entering this contract.
3. **Insurance.** During the term of this contract, the Contractor shall maintain a policy of workers' compensation and employers' liability insurance as required by law. Contractor shall also be required to carry additional insurance if so indicated on this form. Any such insurance shall be primary and exclusive of Borough insurance. If liability insurance is required, the Borough and school district, as applicable, shall be named as an additional insured on such policy with respect to the performance or failure to perform under this contract.
4. **Indemnification.** The consultant shall indemnify, defend, and hold harmless the contracting agency from and against any claim of, or liability for, negligent acts, errors, and omissions of the consultant under this agreement. The consultant is not required to indemnify, defend or hold harmless the contracting agency for a claim of, or liability for, the independent negligent acts, errors, and omissions of the contracting agency. If there is a claim of, or liability for, a joint negligent act, error, or mission of the consultant and the contracting agency, the indemnification, defense, and hold harmless obligation of this provision shall be apportioned on a comparative fault basis. In this provision, "consultant" and "contracting agency" include the employees, agents, and contractors who are directly responsible, respectively, to each. In this provision, "independent negligent acts, errors, and omissions" means negligence other than in the contracting agency's selection, administration, monitoring, or controlling of the consultant, or in approving or accepting the consultant's work.
5. **Termination.** This contract may be terminated (A) for cause immediately; (B) By the Borough for its convenience upon fifteen (15) days written notice to the Contractor. Upon termination and the Contractor's furnishing to the Borough all finished and unfinished data, documents or other materials prepared under the contract, the Borough shall pay the Contractor for all satisfactory work performed before termination.
6. **Nonwaiver.** Either party failing to enforce a provision of this contract does not waive the provision or affect the validity of the contract or a party's right to enforce any provisions of the contract.
7. **Jurisdiction and choice of law.** Any civil action arising from this contract shall be brought in the trial courts for the Third Judicial District of the State of Alaska at Anchorage, Alaska. The laws of the state of Alaska govern this contract.
8. **Integration.** This document and all documents incorporated in it by reference are the entire agreement of the parties and supersede all previous communications, representations or agreements regarding this subject, whether oral or written, between the parties.

Attachment A

**Resolution 20-08
Akutan School
Deferred Maintenance Scope of Work**

WILL BE ENTERED AFTER NEGOTIATIONS OCCUR

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS: that

(Name of Company)

(Name of Corporation)

a _____, hereinafter called Principal and

(Name of Surety)

Hereinafter called Surety, are held and firmly bound unto

(Name of Grantor)

(Address of Grantor)

Hereinafter called Owner, in the penal sum of
_____ Dollars,

\$(_____) in lawful money of the Unites States, for the payment of which
sum well and truly to be made, we bind ourselves, successors, and assigns, jointly and severally,
firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a
certain contract with the OWNER, dated the _____ day of _____, 2018, a
copy of which is hereto attached and made a part hereof for the procurement of:

NOW, THEREFORE, if the Principal shall well, truly, and faithfully perform its duties, all the
undertakings, covenants, terms, conditions, and agreements of said contract during the original
term there of, and any extensions thereof which may be granted by the Owner, with or without
notice to the Surety, and if he shall satisfy all claims and demands incurred under such contract,
and shall fully indemnify and save harmless the Owner from all costs and damages which it may
suffer by reason of failure to do so, and shall reimburse and repay the Owner all outlay and expense
which the Owner may incur in making good and default, then this obligation shall be void;
otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed thereunder or the SPECIFICATIONS accompanying the same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

IN WITNESS WHEREOF, this instrument is executed in _____ counterparts, each one of which shall be deemed an original, this the _____ day of _____, 2018.

Principal

ATTEST:

(Principal's Secretary)

By _____

(Witness as to Surety)

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of Contract. If CONTRACTOR is Partnership, all partners should execute the BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570, as amended) and be authorized to transact business in the state where the PROJECT is located.

PAYMENT BOND

KNOW ALL MEN BY THESE PRESENTS: that

(Name of Company)

(Name of Corporation)

a _____, hereinafter called Principal and

(Name of Surety)

hereinafter called Surety, are held and firmly bound unto

(Name of Grantor)

(Address of Grantor)

hereinafter called Owner, in the penal sum of _____ Dollars, %(_____) in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain contract with the OWNER, dated the _____ day of _____, 2018, a copy of which is hereto attached and made a part hereof for the procurement of:

NOW, THEREFORE, if the Principal shall well, truly, and faithfully perform its duties, all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term thereof, and any extensions thereof which may be granted by the Owner, with or without notice to the Surety, and if he shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the Owner from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the Owner all outlay and expense which the Owner may incur in making good and default, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed thereunder or the SPECIFICATIONS accompanying the same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

IN WITNESS WHEREOF, this instrument is executed in _____ counterparts, each
(Numbers)
On of which shall be deemed an original, this the _____ day of _____, 2018.

Principal

ATTEST:

(Principal's Secretary)
(SEAL)

By _____

(Witness as to Surety)

By _____
Attorney in Fact

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of Contract. If CONTRACTOR is Partnership, all partners should execute the BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570, as amended) and be authorized to transact business in the state where the PROJECT is located.

BERING INDUSTRIAL CONTRACTORS

PO BOX 628 • Edmonds, WA • 98020 • 425-774-1000 • 425-774-1100

• Alaska Business License #90650 • Alaska Contractors License #33259

SCOPE LETTER/*QUOTE*

To: Aleutians East Borough
 Project: Akutan School
 Bid Date: 6/24/19

SCOPE: Akutan Breakdown

Item No. 1	\$ 7,500.00
Item No. 2	\$ 5,400.00
Item No. 3	\$ 10,200.00
Item No. 4	\$ 1,800.00
Item No. 5	\$ 2,100.00
Item No. 6	\$ 10,800.00
Item No. 7	\$ 2,100.00
Item No. 8	\$ 5,700.00
Item No. 9	\$ 5,700.00
Item No. 10	\$ 23,700.00
Item No. 11	\$ 1,350.00
Item No. 12	\$ 1,470.00
Item No. 13	\$ 1,800.00
Item No. 14	\$ 15,060.00

Total for Task Items \$ 94,688.00

Long Controls for new AC Unit \$ 12,000.00

Refrigeration work \$ 6,000.00

Room, Board, Airfare, Lodging Anchorage, Dutch and Akutan
 Freight and material handling for Bering. \$ 66,888.00

Subcontractor support, subcontractor coordination, scope gap,
 Additional room and board, labor support, cut, patch, paint,
 daily cleaning, final Cleanup. Contingency Labor and materials
 to meet intent of project. \$ 50,000.00

TOTAL: Bering Industrial Contractor's work \$ 229,578.00

DRAFT

BERING INDUSTRIAL CONTRACTORS

PO BOX 628 • Edmonds, WA • 98020 • 425-774-1000 • 425-774-1100

• Alaska Business License #90650 • Alaska Contractors License #33259

PROJECT SUMMARY

To: Aleutians East Borough
Project: Akutan School
Bid Date: 6/24/19

Long Building Technologies	\$ 44,134.00
Wired AK, LLC	\$ 33,985.00
Alaska Air Balance	\$ 14,700.00
Bering Industrial Contractor's	<u>\$229,578.00</u>
Total Project Budget	\$322,397.00



**BERING INDUSTRIAL
CONTRACTORS INC.**

P.O. BOX 628 EDMONDS, WA 98020

PHONE: (425) 774-1000 • FAX: (425) 774-1100

PRICE INFORMATION

1) Hourly Labor Rate for :	Project Manager (office)	\$125.00
	Project Engineer (office)	\$100.00
	Field Staff (on-site)	\$200.00

2) Bonding Rates:	1.5% of Total Project
3) Insurance Rates:	2.5% of Total Project

General Contractor's Fee:

Akutan School

Profit: 15%

General Office Overhead: 10%

Attention: – Eric Voorhees
DOWL Engineers

Project: Akutan School
Niagara Control System Upgrade and Repairs

Date: June 12, 2019
Proposal #: ACH18-01323 REV1
Expiration: 30 days from above date
Account Manager: Curtis Holeman
Contact Number: 907-550-2144

Note: The existing electronic control system at the Akutan School was installed in 1994 and has surpassed its estimated life span. Parts and components are no longer available. This proposal includes upgrading the existing AHU controls system to a Niagara N4 WEB based platform using the industry standard BACnet DDC protocol to match Sand Point and King Cove Schools. The Niagara N4 platform supports HTML5 and no longer requires JAVA.

Note: We were unable to visit the site due to weather, but it has been our experience that the salt air and corrosive environment that is present at coastal communities such as Akutan causes dampers and associated hardware and bearings to deteriorate over time making it difficult to accurately control mixed air. New damper actuators are included in this proposal and it is recommended that existing dampers and hardware be investigated and repaired/replaced as required to insure a fully operation control system.

We are pleased to offer this detailed Scope of Work for your project.

A. SCOPE OF WORK – CONTROLS

1. Provide and install new Niagara N4 BACnet based control system and associated programming, graphics and configuration as described below.
2. 1-year warranty for parts and materials

B. PRICE OF WORK

1. Troubleshoot and repair/replace components for SF-1 and AHU-1: \$8,592.00 (not recommended and not needed if full AHU-1 and SF-1 DDC control system upgrade is selected.)
2. Troubleshoot and repair/replace motorized control valves: \$7052.00 (not recommended) (not needed for AHU-1 and SF-1 valves if full AHU-1 and SF-1 DDC control system upgrade is selected)
3. Retro-Commission existing HVAC controls. \$11,540.00 (not recommended) (not needed for AHU-1 and SF-1 if full AHU-1 and SF-1 DDC control system upgrade is selected.)
4. TAB Support: \$1,900.00 (TAB not included)
5. General conditions: \$15,050.00. This cost is worst case and varies depending on options selected.
6. Recommended Option: Full HVAC Control System Upgrade to DDC per Scope below: \$50,027 (General Conditions Excluded)

C. INCLUSIONS:

Existing Control System Upgrade

1. Existing SF-1

- a. Remove existing control components from existing AHU including sensors, valves and damper actuators. Valves removed by mechanical contractor.
- b. Provide and install new DDC controls and components for exiting SF-1 as follows.
 - i. Fan start/stop

- ii. Fan status
- iii. Freezestat
- iv. Heating control valve. Installation my mechanical.
- v. Mixed air damper actuators
- vi. Mixed air and supply air temperature sensors
- c. Existing sequence of operations will be reused
- d. Existing wire and conduit will be reused if possible
- e. Existing control panel will be revised to accommodate new DDC controls.

2. Existing Gym Fan

- a. Remove existing control components from existing Gym Fan including sensors, valves and damper actuators. Valves removed by mechanical contractor.
- b. Provide and install new DDC controls and components for exiting Gym Fan as follows.
 - i. Fan start/stop
 - ii. Fan status
 - iii. Freezestat
 - iv. Heating control valve. Installation my mechanical.
 - v. Mixed air damper actuators
 - vi. Mixed air and supply air temperature sensors
 - vii. Gym temp sensor
- c. Existing sequence of operations will be reused
- d. Existing wire and conduit will be reused if possible
- e. Existing control panel will be revised to accommodate new DDC controls.
- f. Troubleshoot existing AHU-1 and provide cost estimate to repair. Most likely this is a simple electrical issue that may be taken care of with the installation of the new control system

3. Niagara N4

- a. Provide and install new JACE 8000 N4 Controller and associated power and communication wiring.
- b. Provide network wiring to DDC panel locations.
- c. Develop graphics in new JACE 8000 N4 controller for all DDC controlled equipment.
- d. Configure critical alarms to be emailed to building management personnel. List of email addresses to be provided by customer. Network connection at panel location provided by customer.
- e. Revised engineered control drawings and product information
- f. Testing and commissioning for all new controls
- g. 4 hours owner training

4. Misc. CUH, UH, Convactor and Baseboard Zones

- Note: There are several existing unit heater, cabinet unit heater, convactor and baseboard zones that are currently being controlled by standalone electric controls. These systems can be added to the DDC system for additional costs although it may be cost prohibitive.
 - a. Test and verify operations for existing CUH, UH, Convactor and Baseboard zones.
 - b. Notify owner of failed devices in need of repair/replacement with pricing proposal.

5. Boiler and Heating System pumps

- Note: The boilers and heating pumps are currently being controlled by standalone controls. These systems can be added to the DDC system for additional costs. Pricing on request.
 - a. Test and verify operations for existing boiler and heating system pumps.
 - b. Notify owner of failed devices in need of repair/replacement with pricing proposal.

- 6. One-year warranty on all supplied materials and workmanship.

7. Travel, room and board in Akutan (see General Conditions)
8. 4 hour's owner training

D. EXCLUSIONS:

1. Testing and balancing of air and hydronic systems. To be covered by mechanical contractor. LONG will coordinate with Balancing contractor during Retro-commissioning and Balancing
2. Repair and replacement of existing equipment and dampers unless included above.
3. Adding additional DDC control points and controls for equipment and systems not included above. Pricing available on request.
4. All cutting, patching and painting.
5. All costs of bonds and permits
6. Code Upgrades
7. Hazardous material identification, abatement or removal.
8. Mounting and wiring factory provided controls for (1) new 1-ton AC Unit in IT Server Room per item 10 of mechanical scope of work. (pricing for this work will be provided to Bering Industrial to submit with their bid)
 - a. New DDC controls will be provided and installed include:
 1. (1) DDC temperature sensor in IT room to monitor room temperature. An alarm will be developed to notify maintenance upon high room temp/AC unit failure.

Accepted for:		Submitted by:	LONG
Accepted by:		Submitted by:	Curtis Holeman
Title:		Title:	Sales Engineer
Signature:		Signature:	Curtis Holeman
Date:		Date:	9/13/18

Notwithstanding, any inconsistent or additional terms that may be embodied in your purchase order/contract, LONG will accept your order subject only to the terms of the written contract between us under which your order is placed. If no such contract exists, LONG Building Technologies will accept your order only on the express written condition that you assent to the terms and conditions contained above and on the pages attached hereto; and acceptance and receipt of the goods shipped hereunder shall constitute assent to such terms and conditions.

Terms and Conditions:

By accepting this proposal, Purchaser agrees to be bound by the following Terms and Conditions:

1. **Scope of Work.** Unless otherwise noted, this proposal is based upon the use of straight time labor only. Plastering, patching and painting are excluded. Purchaser agrees to provide LONG Building Technologies, Inc. ("LONG") with required field utilities (electricity, toilets, drinking water, project hoist, elevator service, etc.) without charge. LONG agrees to keep the job site clean of debris arising out of its own operations. Purchaser shall not back charge LONG for any costs or expenses without LONG's written consent.
2. **Invoicing & Payments.** LONG may invoice Purchaser monthly for all materials delivered to the job site or to an off-site storage facility and for all work performed on-site and off-site. Purchaser shall pay LONG in United States currency (USD) amounts invoiced within thirty (30) days of the invoice date. Waivers of lien will be furnished upon request, as the work progresses, and to the extent payments are received. Invoices more than 30 days from the invoice date shall be subject to finance charges at 1.5% per month or the maximum rate applicable for the State in which the work was performed.
3. **Material Shortages.** If the materials or equipment included in this proposal become temporarily unavailable, the deadline for the performance of the work shall be extended by the length of the temporary unavailability. If the materials or equipment become permanently unavailable, LONG shall (a) be excused from furnishing the unavailable materials or equipment, and (b) be reimbursed for the price difference between the unavailable materials or equipment and a reasonably available substitute.
4. **Taxes.** The price of this proposal does not include duties, sales, use, excise, or other taxes, unless required by federal, state or local law. Purchaser shall pay, in addition to the proposed price, all taxes not legally required to be paid by LONG or, alternatively, shall provide LONG with acceptable tax exemption certificates. LONG shall provide Purchaser with tax payment certificates upon request and after completion and acceptance of work.
5. **Delays.** LONG shall not be liable for any delay in the performance of the work resulting from or attributed to acts or circumstances beyond LONG's control, including, but not limited to, acts of God, fire, riots, labor disputes, condition of the premises, acts or omissions of the Purchaser, Owner, or other Contractors or delays caused by suppliers or subcontractors of LONG.
6. **Compliance with Laws.** LONG shall comply with all applicable federal, state and local laws and regulations and shall obtain all temporary licenses and permits required for the execution of the work. Licenses and permits of a permanent nature shall be procured and paid for by the Purchaser.
7. **Disputes.** All disputes involving more than \$15,000 shall be resolved by arbitration in accordance with the rules of the American Arbitration Association. The prevailing party shall recover all reasonable legal costs and attorney's fees incurred as a result. Nothing here shall limit any rights under construction lien laws.
8. **Insurance.** Insurance coverage in excess of LONG's standard limits may be furnished if required; however, Purchaser will be billed for any additional premium charged to LONG. LONG will neither give Purchaser credit for insurance afforded to it by others, nor pay other insurance premiums.
9. **Indemnity.** The Parties hereto agree to indemnify each other from any and all liabilities, claims, expenses, losses or damages, including attorneys' fees, which may arise in connection with the execution of the work herein specified and which are caused, in whole or in part, by the negligent act or omission of the Indemnifying Party.
10. **Occupational Safety and Health.** The Parties hereto agree to notify each other in writing immediately upon becoming aware of an inspection under, or any alleged violation of, the Occupational Safety and Health Act relating in any way to the project site.
11. **Entire Agreement.** This proposal, upon acceptance, shall constitute the entire agreement between the parties and supersedes any prior representations or understandings, written or oral.
12. **Changes.** No change or modification of any of the terms and conditions stated herein shall be binding upon LONG unless accepted by LONG in writing.

13. **Limitations of Liability.** Neither party's (including additional insured's) total cumulative liability hereunder for any claim or cause of action of any kind, regardless of whether such claim may be based on contract, warranty, tort (including negligence), strict liability, or any other legal or equitable principle, shall exceed the amount of the party's primary general liability policy limits. Notwithstanding any provision of any contract document to the contrary, neither party shall waive subrogation, or be liable to the other party or any of its affiliates, employees or subcontractors for punitive, special, exemplary, incidental or consequential damages, damages for loss of profits, loss of use or loss of revenue, or losses associated with cost of capital in connection with or arising out of this agreement, regardless of whether such claim may be based on contract, warranty, tort (including negligence), strict liability, or any other legal or equitable principle, or for any condition that is beyond the reasonable control, and without the intentional misconduct or negligence, of that party. Such conditions include, but are not limited to: acts of God; acts of government entities; strikes; labor disputes; fire; explosions or other casualties; thefts; vandalism; riots or war; acts of terrorism; or unavailability of labor, parts, materials or supplies.
14. **Warranty.** LONG warrants that the materials and equipment furnished by LONG will be of good quality and new; that the work will be free from defects not inherent in the quality required or permitted; and that the work will conform to the requirements of this agreement. LONG warrants that the work shall be free from defects in material and workmanship arising from normal usage for a period of one (1) year from the final invoice date and that its services will be free from defects in workmanship, design and material for one (1) year from the final invoice date. Upon written notice from the Purchaser, LONG shall, at its option, repair or replace the defective work or re-perform defective services. These warranties shall not extend to any work or services that have been abused, altered, misused or repaired by the Purchaser or third parties without the supervision of and prior written approval of LONG, or if LONG's serial numbers or warranty date decals have been removed or altered. The Purchaser must promptly report any failure of the equipment to LONG in writing. All replaced equipment becomes LONG's property.
15. **Asbestos-Containing Materials.** LONG is not licensed, nor will it undertake direct obligations relating to the identification, abatement, cleanup, control, removal, and/or disposal of asbestos-containing materials ("ACM"). Consistent with applicable laws, Purchaser shall supply LONG with any information in its possession relating to the presence of ACM at any of its facilities where LONG may perform work or provide services that may result in the disturbance of ACM. Often, LONG asks for certification that no ACM is present in facilities constructed prior to 1982. Purchaser shall provide such certification for buildings it owns, or aid LONG in obtaining such certification from facility owners for buildings it does not own. If either Purchaser or LONG becomes aware of or suspects the presence of ACM that may be disturbed by LONG performing work or providing services, it shall immediately stop the work or services in the identified area(s) and immediately notify the other party in writing. The Purchaser shall be responsible at its sole expense for addressing the potential for or the presence of ACM in conformance with all applicable laws, and prior to LONG resuming work or providing services in the identified area(s), will provide a written certification to LONG that the identified area(s) are free from ACM.
16. **Other Hazards.** Purchaser shall supply LONG with any information in its possession relating to the presence of Other Hazards, including but not limited to Structural Hazards, Hazardous Materials, Environmental Hazards, and Dangerous Substances in or near areas where LONG will be required to perform work or provide services. If either Purchaser or LONG becomes aware of or suspects the presence of Other Hazards that may interfere with LONG performing work or providing services, it shall immediately stop the work or services in the identified area(s) and immediately notify the other party in writing. Purchaser shall be responsible at its sole expense for the identification, abatement, cleanup, control, removal, and/or disposal of Other Hazards from areas LONG is required to perform work or provide services, and prior to LONG resuming work or providing services in the identified area(s), will provide a written certification to LONG that the identified area(s) are free from Other Hazards. LONG's obligations under this agreement expressly exclude any work or service of any nature associated or connected with the identification, abatement, clean up, control, removal, or disposal of Other Hazards including but not limited to asbestos, toxic waste, molds, lead, heavy metals, pesticides, pathogens, radon, x-rays or polychlorinated biphenyls ("PCBs"), discovered in or near areas where LONG will be required to perform work or provide services. Any language or provision of the agreement contained elsewhere that may authorize or empower the Purchaser to change, modify, or alter the Scope of Work to be performed by LONG shall not operate to compel LONG to perform any work relating to Asbestos-Containing Materials or Other Hazards.

Wired AK LLC600 West 58th Avenue, Unit -J

Anchorage AK 99518

T: (907) 562-2444 F: (907) 562-2488



From: Aric Bartlett
Attn: John Marker – Bering Industrial Contractors
Subject: Aleutians East Borough Akutan School Deferred Maintenance Electrical Work
Re: Electrical Proposal

Date: June 18, 2019

Wired AK LLC is pleased to provide the following **ROM** estimate for electrical services in support of the Akutan- Scope of work Exhibit A.

<i>Task Number & Description</i>	<i>Task ROM Price</i>
<u>Akutan School</u>	
Job Mobilization- Project Management/Tools/Travel/Freight	\$13,420.00
Task #1-GFIC Breaker for plug mold	\$430.00
Task #2-Tamper Resistant Outlets	\$2,735.00
Task #3-Remove Exit Signs	\$1,755.00
Task #4-Replace Exterior Wall Lights with new	\$13,170.00
Task #5- Replace failed Photo Cell	\$275.00
Task #6-Replace failed RIB Relay	\$500.00
Task #7- IT RM Split AC Unit	\$1,700.00
Sub Total	\$33,985.00

Proposal Clarifications:

1. Our proposal is based on a subcontract and construction schedule that is mutually acceptable to both parties.
2. Our quotation is based on 70 hour work week Monday thru Sunday between the hours of 6:00 AM and 6:00 PM.
3. This proposal covers only that work that is adequately shown, described, and/or detailed in the contract/bid documents or information gather during site visit.
4. Pricing assumes that transportation of materials and man power will be provided by the Borough.
5. Pricing includes all airfare, freight, food and lodging.
6. For clarifications of work to be performed please refer to "Response to Exhibit A-Scope of Work" attached.

Proposal Includes:

1. Electrical demo.
2. Provision and installation of light fixtures.
3. Provision and installation of electrical devices and switches.
4. Installation of power connections to mechanical equipment.
5. Fire sealing for electrical penetrations only.
6. Field red line as-built drawings.
7. All necessary conduit and wire.
8. Project field coordination and documentation.
9. Electronic product data files for submittals and technical manuals.
10. Patching of sheetrock as required.
11. Finished surface protection, installation, repair, or replacement, including t-grid ceilings.
12. Disposal of electrical generated materials from project work site. (AEB will provide assistance for disposal to local facility.

Proposal Excludes:

1. Temporary power, lighting, telephone, and heating.
2. Fire Alarm devices, drawings, permitting and testing.

3. Communication/data cabling and testing.
4. Electrical, seismic or other engineering.
5. Scheduling. (Wired AK will provide durations).
6. Auto CAD background files or drawings, owner to provide.
7. Mechanical/DDC controls and wiring.
8. Lightning protection system or components.
9. Paint to be provided by owner.
10. Access doors, through-roof penetrations, or penetration seals/boots.
11. Concrete or asphalt core drilling, cutting, removal or replacement.
12. Concrete equipment/housekeeping pads, or protective bollards.
13. Welding, cutting, modifying steel supports/structure.
14. Fire stop sealing or soundproofing not included above.
15. Daily clean-up (other than electrical contractor generated items).
16. Waste/salvage material removal – to include fill, debris, trash, etc.
17. Trash removal from job site.
18. Disposal of atomic exit lights.
19. Additional material or labor required due to hidden conditions.
20. Fire watch.
21. Videography of testing or training, if required.

Should you have any questions please contact me at your earliest convenience.

Regards,

Aric Bartlett

Digitally signed by Aric Bartlett
DN: cn=Aric,
email=artlett@wiredak.com,
ou=Wired AK LLC, cn=Aric
Bartlett
Date: 2019.06.18
06:25:05-0800

Aric Bartlett
Wired AK LLC

By signing below, I authorize Wired AK LLC to proceed with the above work items. If a separate contract is used, please include this proposal in the contract documents.

Company: _____

Name: _____

Date: _____

Signature: _____

Estimate is good for 60 days from date of this letter. Payment Terms: Net 30 days from invoice date.

Cost Proposal

Hourly Labor Rates

WIRED AK LLC - Rates For Scheduled/Non-Emergency

Normal Work Week: Monday through Friday 7:00 AM to 3:30 PM

****Rates are Fully Burden Without Workers Comp**

	ST	OT	DT	SS ST	SS OT	SS DT	GS ST	GS OT	GS DT
PM	\$ 79.58	\$ 105.37	\$ 131.16	\$ 79.58	\$ 105.37	\$ 131.16	\$ 79.58	\$ 105.37	\$ 131.16
FM	\$ 78.12	\$ 103.18	\$ 128.25	\$ 89.78	\$ 117.21	\$ 144.65	\$ 92.36	\$ 121.04	\$ 149.72
JW	\$ 74.33	\$ 97.49	\$ 120.66	\$ 85.47	\$ 110.82	\$ 136.17	\$ 87.85	\$ 114.35	\$ 140.85
App	\$ 60.06	\$ 78.80	\$ 97.53	\$ 63.47	\$ 83.50	\$ 103.53	\$ 65.36	\$ 86.31	\$ 96.56

How Overtime Rates are Defined:

In General, the ninth and tenth hour worked , Monday through Saturday, will be paid at time and one-half (1 1/2) of the regular hourly rate. The first eight hours, Saturday, will be worked at time and one half (1 1/2). All other overtime and hours worked on Sunday will be paid at two (2) time the regular hourly rate.

*There are exceptions to the above rule such as a four-ten work week where all hours are paid at regular rate. All exceptions are defined in the IBEW 1547 Inside Construction Agreement.

ST	Straight Time
OT	Over Time
DT	Double Time
SS	Swing Shift
GS	Graveyard Shift

WIRED AK LLC - Rates For Emergency Call-Out*

	ST	OT	DT
FM	\$ 78.12	\$ 103.18	\$ 128.25
JW	\$ 74.33	\$ 97.49	\$ 120.66
App	\$ 60.06	\$ 78.80	\$ 97.53

*** Two (2) Hour Minimum Call-Out and per the terms of the IBEW 1547 Inside Construction Agreement**

WIRED AK LLC - Holidays

New Year's Day	Labor Day
Presidents' Day	Veterans' Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

Rates are subject to IBEW agreement changes

Cost Proposal

Insurance and Bonding Rates

WIRED AK LLC - Rates Insurance and Bonding

Worker Comp:	\$ 4.98	Per \$100.00 of Payroll
General Liability Insurance:	1.30%	Total Contract Value
Builders Risk:		
Payment and Performance Bond:		Total Contract Value

Cost Proposal

General Contractor's Fee

WIRED AK LLC - Fee Rates

Wired AK's Fee Rate: **14.80%**

This Rate Includes:

Home Office:
Home Office Supervision:
Profit:

Wired AK's Fee Rate: **12.5%**

This Rate is for :

Travel:
Per Diem:
Lodging:
Equipment/Vehicle Rental:
Materials:

DRAFT



3060 Lazy Eight Court #2, PMB 110 - Wasilla, Alaska 99654

Phone: (907) 746-1090 Fax: (907) 746-1155

June 14, 2019

Subject: **Akutan School - Aleutians East School District
Akutan, Alaska**

This is our quotation for the testing, adjusting & balancing on the air & hydronic systems of subject job. **Balancing will be performed per NEBB standards.**

Excluded from quote is any cost associated with having support from the controls contractor. Also excluded is any cost or coordination for ladders or lifts.

Quote is assuming all scheduled work will be ready when technicians arrive on jobsite.

Installation of additional balancing devices (if needed), repairing non-functioning equipment, removing baseboard covers, repairs from leaky balancing valves, lubricating or aligning equipment or changing of filters or bearings is the responsibility of others.

For any projects requiring pre-demolition readings, progress site visits or additional balancing after TAB is completed; it is the responsibility of the contractor to contact us for scheduling those activities in a timely manner.

Repairing, patching or replacing of ductwork, insulation, piping or vapor barrier and testing for leaks is excluded and the responsibility of others.

Quote is assuming balancing will be scheduled and can be completed before owner occupies project space. Balancing after occupation may incur additional costs.

In the amount of... \$14,700.00 (Fourteen Thousand Seven Hundred Dollars)

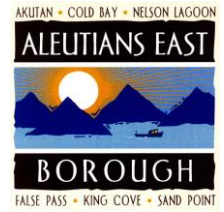
*****Quote is based on an assortment as-built drawings.**

*****Not included in quote is approximately 8 camp days**

*****Quote is assuming all work can be completed in one trip.**

If we can be of assistance in answering any questions or giving further information, please feel free to contact our estimator, Todd Stafford at 907-746-1090 or email at AKAir_Todd@MTAonline.net.

Sincerely,
Ronald D. Neffendorf, President



Agenda Statement

Date: 6/25/2019

To: Mayor Osterback, Aleutians East Borough Assembly

From: Natural Resources Department

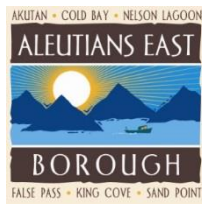
RE: Resolution 20-09 in support of the submission of a 2019 NFWF electronic monitoring and reporting grant proposal with grant partners Peninsula Fishermen's Coalition and Saltwater Inc.

In 2018, the AEB was awarded \$433,772.62 from the National Fish and Wildlife Foundation (NFWF) for the project *Implementing Electronic Monitoring for the Western Gulf of Alaska Trawl Catcher Boat Fleet*. This was a collaboration between the Peninsula Fishermen's Coalition (PFC) and Saltwater Inc. (SWI) to pilot electronic monitoring (EM) for discard compliance monitoring in the pollock trawl fleet, in an effort to improve data collection and ultimately provide more precise counts of Prohibited Species Catch (PSC). This is a one-year project that will conclude at the end of the 2019 fishing season. This project is supported by fishermen, and is assumed to result in significant cost-savings and prevent unnecessary closures in the fishery.

Project results as of May 2019 have shown EM is capable of effectively monitoring for discards on catcher vessels and tenders. The AEB NRD would like to apply to the NFWF Electronic Monitoring and Reporting grant again, to support the continuation of this project with PFC and SWI. The next phase of the project will replace traditional vessel observers with shoreside plant observers to conduct salmon census counts. This work will occur under an Exempted Fishing Permit (EFP) for fishing years 2020 and 2021. Funds would be used to pay for shoreside observers for both years, as well as install EM on additional catcher vessels and tenders, and potentially start research on the use of a halibut discard chute. It is anticipated that the work under this EFP would provide the information needed to eventually support regulatory change, similar to the EM fixed-gear fleet.

RECOMMENDATION

Natural Resource Department recommends approval of Resolution 20-09, supporting the submission of a full proposal for the NFWF Electronic Monitoring and Reporting 2019 grant.



RESOLUTION 20-09

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH SUPPORTING THE NATURAL RESOURCES DEPARTMENT SUBMISSION OF A 2019 NFWF ELECTRONIC MONITORING AND REPORTING GRANT PROPOSAL PARTNERING WITH THE PENINSULA FISHERMEN'S COALITION AND SALTWATER INC.

WHEREAS, the use of electronic monitoring (EM) to replace human observers on fishing vessels is a priority for Aleutians East Borough (AEB) fishermen, and

WHEREAS, the AEB through the Natural Resources Department (NRD) partnered with the Peninsula Fishermen's Coalition (PFC) and Saltwater Inc. to apply for a National Fish and Wildlife Foundation (NFWF) electronic monitoring and reporting (EMR) grant in 2018, and

WHEREAS, the AEB 2018 NFWF EMR grant project is meeting project goals and project completion is scheduled for the end of 2019, and

WHEREAS, more work needs to be done in the development of EM systems on Western Gulf of Alaska (WGOA) trawl vessels and tender vessels aligning with shore-based observers, and

WHEREAS, the grant partners AEB, PFC and Saltwater Inc. are working closely with other NFWF EMR grantees in Alaska to prepare an application for an exempted fishing permit to allow this work to move forward, and

WHEREAS, the AEB wishes to continue this collaboration with PFC and Saltwater Inc. to move forward with the implementation of EM on WGOA trawl vessels and tender vessels, and

WHEREAS, the AEB municipal code section 3.02.240 allows the AEB to contract with vendors and contractors with highly specialized services without a competitive bid process, and

WHEREAS, the call for 2019 NFWF EMR grant project proposals is due July 15th.

NOW THEREFORE BE IT RESOLVED that the Aleutians East Borough Assembly approves the submission by the NRD of a proposal for the 2019 NFWF EMR grant cycle, working with project partners PFC and Saltwater Inc., and

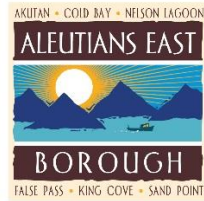
BE IT FURTHER RESOLVED the Assembly authorizes procurement of EM equipment and services of Saltwater Inc. as necessary with grant funds if awarded.

PASSED AND APPROVED by the Aleutians East Borough on this ____ day of July 2019.

Alvin D. Osterback, Mayor

ATTEST: _____
Tina Anderson, Clerk

New Business



MEMORANDUM

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Date: June 5, 2019

Re: Quarter 1 – Aleutians East Borough Strategic Plan Update

The Aleutians East Borough (Borough) conducted a Planning Work Session on December 11th-13th, 2018, to help identify projects and initiatives that would be included on the Borough's Strategic Plan. Representatives from the communities, outside stakeholders, and members of the public were in attendance and actively engaged in conversations about the Borough's role in community projects.

Mayor Osterback, staff and Professional Growth Systems (PGS) defined which projects would be part of the Borough's strategic plan for one year, beginning March 1, 2019 and ending February 28, 2020 based on the information shared to the Assembly during the work session. The plan also defines project leads, quarterly project outcomes, and year-end targets.

An overview of the work accomplished during the first quarter of the strategic plan can be found below and on the attached Vision Navigation Chart.

- **Fisheries Advocacy**
 - A.1 Board of Fish Action Response Plan Defined has been completed.
 - A.2 State & Federal Fisheries Strategy Defined has been completed.
 - A.3 Funding Needs Assessed has been completed. Funding needs for the fisheries related items were considered during the preparation of the FY2020 budget.
 - A.5 Borough Stance on Rationalization Created. The responsible party for this initiative has changed to Ernie Weiss and has been partially completed. This is a second quarter initiative and will be completed during that time frame.
 - A.6 Funds Allocated has been completed. Funds for fisheries related items were approved via Ordinance 19-09, which adopted the operating and capital budget for FY2020. This is a second quarter initiative.
- **Government & Policy Advocacy**
 - B.1 State Administration Position on Marine Highway System is completed.

- B.2 Limited Entry Salmon Permit Legislative Sponsor Identified has been completed. Senator Hoffman and his staff have begun working on this initiative.
- B.4 Rough Draft Bill Created has been completed. Senator Hoffman's staff have drafted two versions of the bill for Limited Entry Salmon Permits. This is a second quarter initiative.

- **Marine Infrastructure**

2. Nelson Lagoon Dock Repair:

- Moved C.2.1 Tariff rates defined to Quarter 2. More time is required and research necessary before completing this initiative.
- Moved C.2.2 Bid Documents Completed to Quarter 2. The engineers working on this project will completed these documents in Quarter 2.
- Moved C.2.3 Construction Contractors Evaluated to Quarter 2. More time is required to complete this initiative.
- Moved C.2.4 Construction Contractor Under Contract to Quarter 2. More time is required to complete this initiative.

3. Akutan Harbor

- Moved C.3.1 Summary Report & procedure for Steller Eider collisions received from the Army Corps of Engineers to Quarter 2. The Army Corps of Engineers has not completed but hope to have it completed during Quarter 2.
- Moved C.3.2 Harbor local area plan updated to Quarter 2. This document has been completed and submitted to the Army Corps, but Administration is waiting to hear back on if the document will be sufficient to meet the requirements.
- Moved C.3.3 Harbor management plan completed to Quarter 2. This has been started but should be completed in Quarter 2.

4. False Pass Harbor House Design:

- C.4.1 Construction Method Determined has been completed.
- C.4.2 RFP Written has been partially completed. This is a Quarter 2 initiative and will be completed during that time frame.
- C.4.3 Additional Funding Secured has been completed. \$50,000 in additional funds were approved via Resolution 19-68. This is a Quarter 2 initiative.

5. Cold Bay Dock Repairs:

- C.5.1 Additional funding secured has been completed. \$50,000 in additional funds were approved via Resolution 19-68.

- **Diversification of Natural Resources**

There were not any Quarter 1 initiatives; however, the following has begun or been completed to date:

- Quarter 2 initiatives: D.1 Implementation design created and D.3 Potential alternative mariculture opportunities identified; Quarter 3 initiative: Potential

grant opportunities identified and Quarter 4 initiatives: D.6 Processor partnerships secured and D.7 Grant opportunities pursued have begun.

- Quarter 2 initiative D.2 Potential processor partners identified has been completed.

- **Social Infrastructure & Community Well-Being**

- 1. Cold Bay Clinic

- Moved E.1.1 Cost estimate updated has been moved to Quarter 2. A contractor has been hired to update the clinic design and to provide a new cost estimate. It is anticipated that this will be completed in Quarter 2.
 - Moved E.1.2 Funding secured has been moved to Quarter 2. \$300,000 in additional funds were approved via Resolution 19-68. Additional funds are still being identified to complete the project.

- 2. Cold Bay School

- E.2.1 Options for disposal researched (transfer or demolish) has been completed.
 - Quarter 2 initiative E.2.2 Public RFI issued has been completed. We have received a response from Aleutians Services, Inc for the use of the facility.
 - Quarter 2 initiative E.2.3 Demolition options researched has begun but not been completed at this time.

- **Borough Property Survey**

- Moved F.1 Bear Lake survey instruction received to Quarter 2. The State of Alaska is still in the process of creating the survey instructions.
 - Moved F.2 Bear Lake survey initiated to Quarter 2. This has been initiated but has not been completed.

- **Borough Property Management**

- Moved G.1 Cold Bay terminal draft lease completed to Quarter 2. Administration anticipates having a draft lease completed within the next month.
 - Moved G.2 Potential lease holders identified to Quarter 2. We have had discussions with airlines in the past and will continue to do so throughout Quarter 2.
 - Moved G.3 Lease (or leases) executed to Quarter 2. Administration hopes to have a lease or leases executed during Quarter 2.

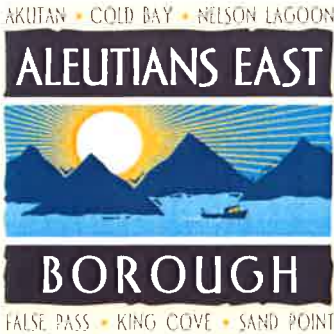
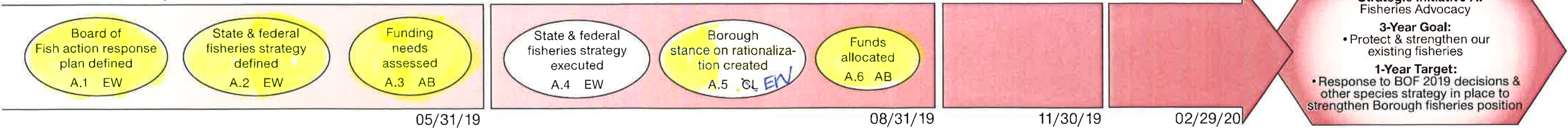
- **Sand Point School**

- Moved H.1 Grant writing services quote received to Quarter 2. Due to the scope of the project this will be completed in Quarter 2.
 - Quarter 2 initiative H.3 Funding Secured has been completed. \$50,000 in additional funds were approved via Resolution 19-68.

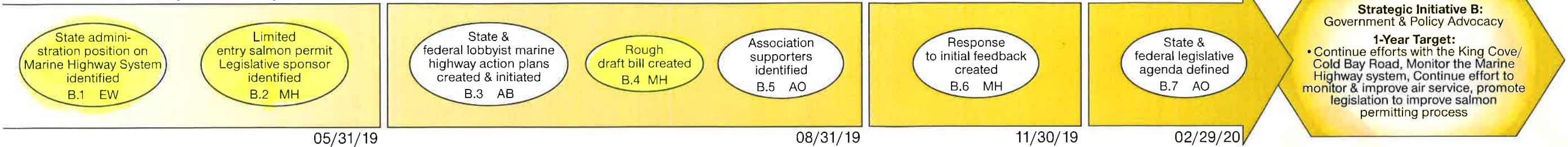
- **Climate Change**

- Moved I.1 Community climate change survey created to Quarter 2. The Natural Resources Department has begun drafting a climate change survey, but the final survey will not be completed until Quarter 2.
- **Retention Schedule**
 - 1.1.1 Retention scheduled compliance plan designed; 1.1.2 Retention schedule compliance plan executed and 1.1.3 Retention compliance training designed have been moved to Quarter 2.
- **OSHA Requirement**
 - 3.1 AMLJIA assessment initiated has been completed.
 - 3.2 OSHA compliance list developed has been completed.

Fisheries Advocacy - Ernie Weiss



Government & Policy Advocacy - Alvin Osterback



Vision Navigation® Chart #1

03/01/19 - 02/29/20

Purpose:

To ensure the standard of living, well-being & future of our communities

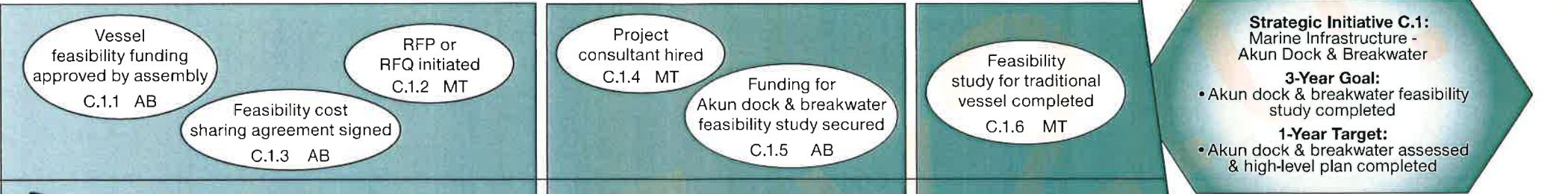
Our Vision:

Healthy People, Healthy Schools, Healthy Communities

- ☆ Diversification of industry including our natural resources & community flexibility for borough stability
- ☆ Healthy people with a strong cultural identity
- ☆ Our schools & community are providing quality education including secondary education & vocational skills within the communities
- ☆ Planned infrastructure projects completed
- ☆ Availability, utilization & development of connectivity (physical & electronic)

Marine Infrastructure - Alvin Osterback

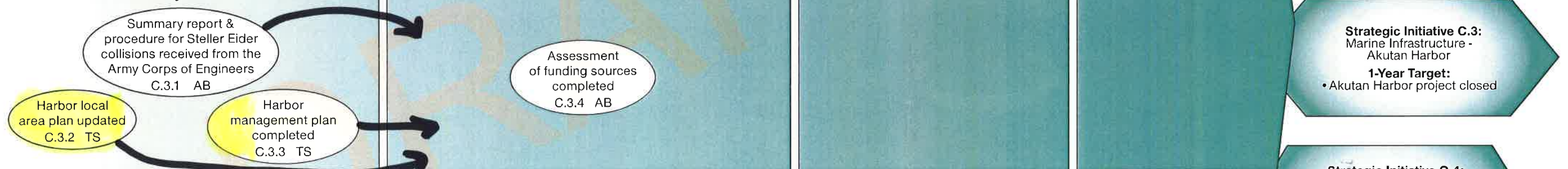
1. Akun Dock & Breakwater - Anne Bailey



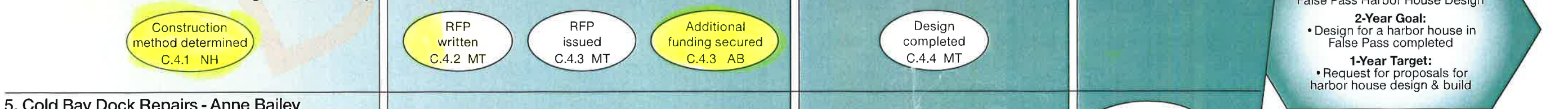
2. Nelson Lagoon Dock Repair - Anne Bailey



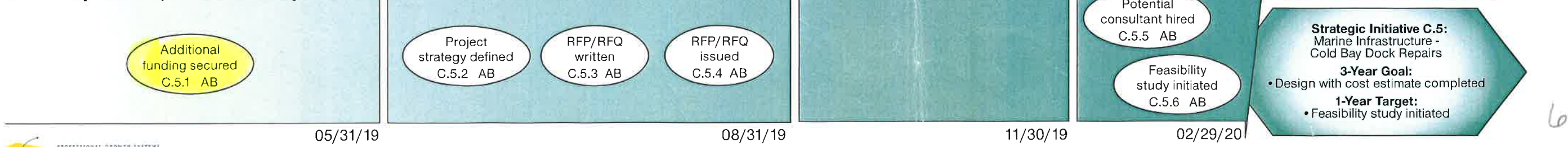
3. Akutan Harbor - Mary Tesche



4. False Pass Harbor House Design - Anne Bailey



5. Cold Bay Dock Repairs - Anne Bailey



- TA Tina Anderson
- AB Anne Bailey
- BG Butch Gundersen
- MH Mark Hickey
- NH Nikki Hoblet
- CL Charlotte Levy
- EM Emil Mobeck
- AO Alvin Osterback
- TS Tuna Scanlan
- LT Laura Tanis
- MT Mary Tesche
- EW Ernie Weiss



Vision Navigation®
Chart #2

03/01/19 - 02/29/20

Purpose:

To ensure the standard of living, well-being & future of our communities

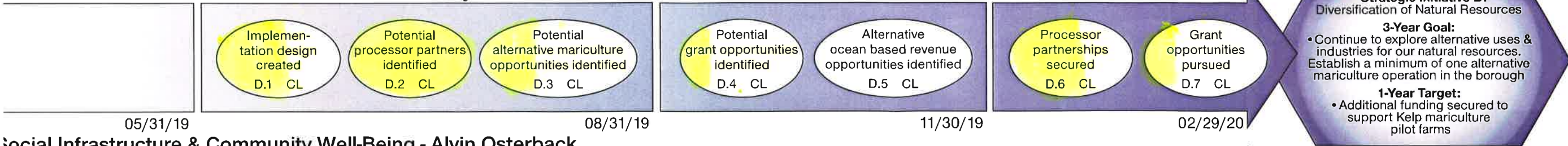
Our Vision:

Healthy People, Healthy Schools, Healthy Communities

- ✧ Diversification of industry including our natural resources & community flexibility for borough stability
- ✧ Healthy people with a strong cultural identity
- ✧ Our schools & community are providing quality education including secondary education & vocational skills within the communities
- ✧ Planned infrastructure projects completed
- ✧ Availability, utilization & development of connectivity (physical & electronic)

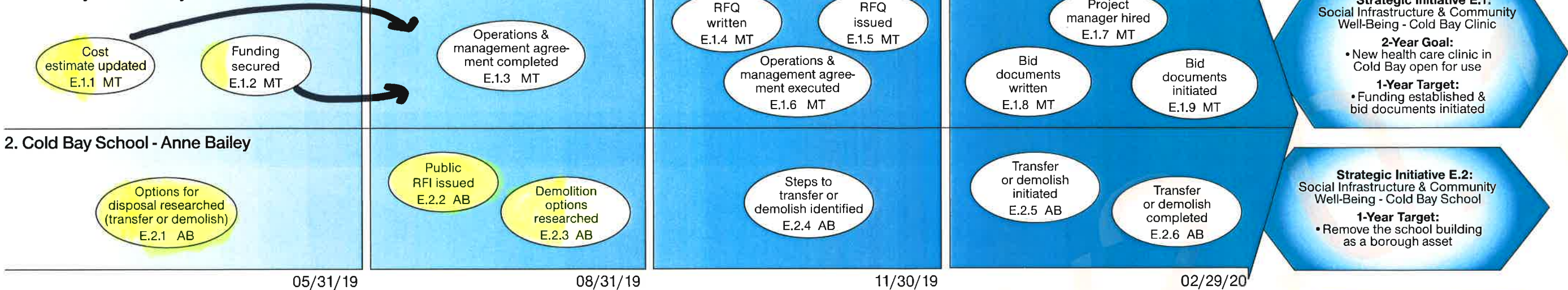
TA Tina Anderson
AB Anne Bailey
BG Butch Gundersen
MH Mark Hickey
NH Nikki Hoblet
CL Charlotte Levy
EM Emil Mobeck
AO Alvin Osterback
TS Tuna Scanlan
LT Laura Tanis
MT Mary Tesche
EW Ernie Weiss

Diversification of Natural Resources - Charlotte Levy

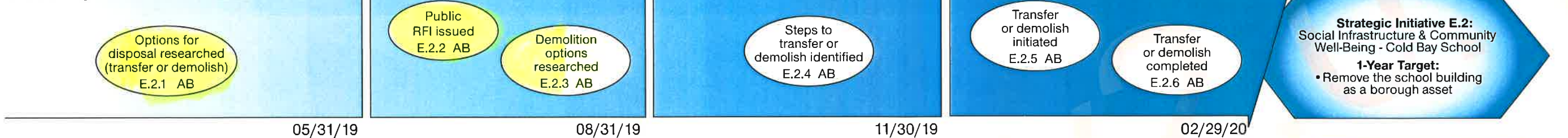


Social Infrastructure & Community Well-Being - Alvin Osterback

1. Cold Bay Clinic - Mary Tesche



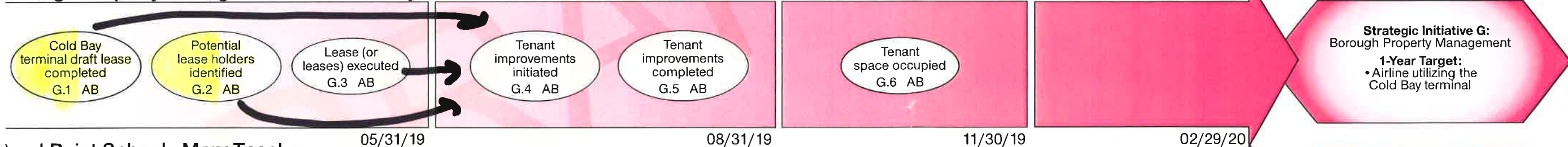
2. Cold Bay School - Anne Bailey



Borough Property Surveys - Ernie Weiss



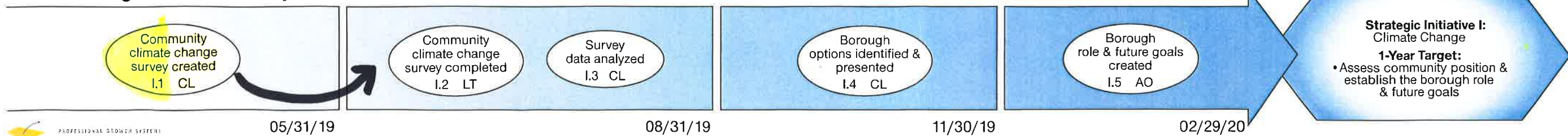
Borough Property Management - Anne Bailey



Sand Point School - Mary Tesche



Climate Change - Charlotte Levy





**Vision Navigation®
Chart #3**

03/01/19 - 02/29/20

Purpose:

To ensure the standard of living, well-being & future of our communities

Our Vision:

Healthy People, Healthy Schools, Healthy Communities

- ✧ Diversification of industry including our natural resources & community flexibility for borough stability
- ✧ Healthy people with a strong cultural identity
- ✧ Our schools & community are providing quality education including secondary education & vocational skills within the communities
- ✧ Planned infrastructure projects completed
- ✧ Availability, utilization & development of connectivity (physical & electronic)

TA Tina Anderson
AB Anne Bailey
BG Butch Gundersen
MH Mark Hickey
NH Nikki Hoblet
CL Charlotte Levy
EM Emil Mobeck
AO Alvin Osterback
TS Tuna Scanlan
LT Laura Tanis
MT Mary Tesche
EW Ernie Weiss



Internal Improvement - Anne Bailey

1. Retention Schedule - Tina Anderson

Retention schedule compliance plan designed
1.1.1 TA

Retention schedule compliance plan executed
1.1.2 TA

Retention schedule compliance training designed
1.1.3 TA

All borough staff have completed retention schedule training
1.1.4 MT

Retention schedule compliance plan completed
1.1.5 TA

Improvement Project 1.1:
Internal Improvement - Retention Schedule

1-Year Target:
• Employee Handbook updated & approved by the assembly

2. HR Tools (Employee Handbook) - Anne Bailey

Rough draft employee handbook completed
1.2.1 AB

Rough draft employee handbook presented to the assembly
1.2.2 AB

Employee handbook approved by assembly
1.2.3 AB

Employee handbook update completed
1.2.4 AB

Improvement Project 1.2:
Internal Process - HR Tools (Employee Handbook)

1-Year Target:
• Implement Borough Employee Handbook

05/31/19

08/31/19

11/30/19

02/29/20

Maintenance Project Priority & Roles/Responsibilities - Alvin Osterback

Borough maintenance coordination meeting completed
2.1 AB

Maintenance responsibilities assumed by Borough partners
2.2 AO

Needed maintenance agreements identified
2.3 AB

Maintenance agreements in place
2.4 AO

Rough draft maintenance plan developed
2.5 AB

Improvement Project 2:
• Maintenance Project Priority & Roles/Responsibilities

1-Year Target:
• 2019 workplan in place

05/31/19

08/31/19

11/30/19

02/29/20

OSHA Requirement Compliance - Emil Mobeck

AMLJIA assessment initiated
3.1 EM

OSHA compliance list developed
3.2 EM

Punchlist for each building built or created
3.3 EM

Needed funds appropriated
3.4 AB

Needed materials compiled, ordered, & delivered
3.5 EM

Building compliance plan developed
3.6 EM

Building compliance plan executed
3.7 EM

Improvement Project 3:
OSHA Requirement Compliance

1-Year Target:
• Compliance plan designed & executed

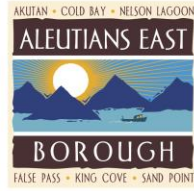
05/31/19

08/31/19

11/30/19

02/29/20

REPORTS AND UPDATES



To: Honorable Mayor Osterback and AEB Assembly
From: Anne Bailey, Borough Administrator
Subject: Assembly Report
Date: June 25, 2019

Nelson Lagoon Dock Update

Moffatt & Nichol has completed the 100% plan set for the Nelson Lagoon Dock Repairs and has the bid documents drafted. The permits for the project have not been completed yet. We have received a request for additional information from the Army Corps of Engineers for the Nelson Lagoon Dock permits and are in the process of addressing the requests. Once we have received the permits, the Borough will go out to bid for the project.

Payment in Lieu of Taxes Update

The Department of Interior announced this year's PILT payment. In June 2019, the Borough received \$628,227 for PILT. For FY 2020, the House Interior Appropriations Bill includes full PILT funding. The Senate counterpart bill has not been developed yet.

Separately, the Department has decided not to appeal the PILT underpayment lawsuit. The final payment amounts have not been determined as the Court must decide on attorney fees and expenses, but the process for payment has begun with communities needing to fill out a short form along with Federal Employer Id Number. I have submitted that form on behalf of the Borough. Checks to the communities that opted into the lawsuit are expected to go out in the Sept-Oct timeframe and will be sent from and signed by the law firm Smith Currie. Also, Rep. Ann Kirkpatrick (D-AZ) has introduced legislation to permanently authorize PILT (Rep. Young is a cosponsor). Lastly, the legislation that would change the PILT formula to increase payments for counties/boroughs with a population of less than 5,000 is still in draft form, but is expected to be introduced by Senator Daines (R-MT) sometime this summer.

State of Alaska Items

The Legislature adjourned from its first special session on June 13, the governor called them back for another special session starting on July 8 in Wasilla. The only topic listed is to appropriate the funding for the PFD using the existing formula in law.

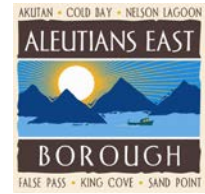
While the capital budget passed the legislature, most projects are not funded yet. This is because of the failure to get a 3/4th vote in the House to use funding from the Constitutional Budget Reserve. The governor did not include fixing the funding problem with the capital budget, but he amended the call to add it.

Other Items

- Insurance: The Borough bound coverage with the Alaska Municipal League Joint Insurance Association (AMLJIA) for 2019-2020. If the Assembly approves Resolution 20-04 Authorizing the Mayor to Enter into a Three-Year Participant Membership Agreement with the Alaska Municipal League Joint Insurance Association, there will be a rate discount of \$8,742 totaling \$159,918 for AMLJIA's coverage for 2019-2020.
- Deferred Maintenance: The Borough is working with DOWL on completing deferred maintenance items at the Akutan and Sand Point Schools. Resolutions 20-07 and 20-08 authorizes the Mayor to negotiate and execute a contract with the respective contractors for the work in Sand Point and Akutan.
- Pay Date Change: Reminder that the pay schedule will be changing. Employees will be paid on July 5, 2019 instead of June 30, 2019 for the June 16-30, 2019 pay period. The next pay period will be from July 1-13, with a pay date of July 19, 2019
- I have also:
 - Prepped documents for the July 2, 2019 Assembly Meeting.
 - Assisted with the completing the FY18 Audit and implementing the items in the Corrective Action Plan.
 - Met with Mary and Shane on June 20th to review updates to the employee handbook. We hope to have a draft before the Assembly soon.
 - Begun discussing Cold Bay Terminal needs with signatory airlines. On July 9 -10, Emil Mobeck and I will be going to Cold Bay to conduct a site visit of the terminal.
 - Been continuously conducting other day to day operations.

If you have any questions, comments or concerns please contact me at (907) 274-7580 or abailey@acboro.org.

To: The Honorable Mayor Osterback, AEB Assembly
From: Mary Tesche, Assistant Administrator
Subject: Assembly Report
Date: July 2nd, 2019



Strategic Plan Update

False Pass Harbor House Design – The Request for Proposals for this project is being drafted and will be sent to the City of False Pass for review before finalizing. I anticipate the RFP will be posted mid-July. The Borough has appropriated \$150,000 for the design of the facility which will include housing and workspaces for the harbormaster, as well as public showers, restrooms and laundry facilities. The City has opted for a design/build method for the project and has also appropriated funding for construction.

Cold Bay Clinic – On June 4th, the Borough entered into a contract amendment with LCG to increase the contract ceiling amount by \$5,000 for a new contract total of \$26,000 to finish the requested updates to the design. The scope increase is due to mechanical and engineering fees that were impacted by changes to the architectural plan. Funding for this contract comes out Cold Bay Clinic line item 20-520-000-850.

LCG completed the final design on June 27th. The design will be sent to the project partners for a short review before submitting to the cost estimators.

Other clinic items I am working on include a memo outlining energy efficiency measures of the facility, a MOA with EAT for its \$250,000 contribution to the project, and a MOU between the project partners for the construction, operation, and maintenance of the project upon completion.

Sand Point School – The Borough plans to submit a grant application to the State of Alaska for capital improvements for the Sand Point School. DOWL has submitted a scope and budget for the preliminary work required to get use to the application stage. I will be contacting DOWL on July 1st to begin this work. Following the preliminary work, DOWL will be able to provide a quote for grant writing services, which is a task identified on the Borough's Strategic Plan. The Borough has appropriated \$50,000 from the FY20 Permanent Fund Earnings for this project.

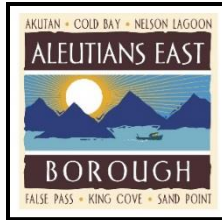
Other Items/Announcements

- Surplus sale updates: AEB's modular building has been transferred to the City of Akutan and is in place near the Akutan dock and helicopter pad. We have reissued the notice for surplus auction for the generators in King Cove and have lowered the price to \$5,000 OBO. We will be posting the surplus auction notice for the timber and the fuel tank located in King Cove on July 3rd. Any interested parties may contact me for more information.
- Summer project updates:
 - The Borough sent a Notice to Proceed to Environmental Management, Inc. for \$19,283 to complete asbestos testing on the interior and exterior of the Sand Point School. This project is to satisfy the 3-year Asbestos Hazard Emergency

Response Act testing requirement for the School District, as well as prepare the Borough for its paint and sealant project at the school later this summer. Funding for the asbestos testing will come out of the Project Contingency line item 20-866-209-888.

- Signage and materials for our bridges in False Pass and King Cove have been ordered and are being manufactured. This project is to satisfy work requirements established by the State bridge inspectors.
- EAT will be hosting its next Opioid & Substance Misuse Regional Community Action Group Meeting on August 6th via teleconference. EAT and APIA will also be hosting its 2nd annual Opioid & Substance Misuse Task Force Planning Meeting in King Cove on October 2-3. More details to come on these two meetings. If anyone is interested in participating please let me know.
- I continue to assist with other projects, including participating in the Cold Bay Terminal lease discussions, Employee Handbook revision, prep for the July Assembly meeting, overseeing the AEB Akutan operation, and daily administrative tasks.

Please contact me at (907) 274-7559 or mtesche@aeboro.org with any questions or comments.



To: Honorable Mayor Alvin Osterback and Aleutians East Borough Assembly
From: Laura Tanis, AEB Communications Director
Through: Anne Bailey, AEB Administrator
Subject: Communications Director's Report to the Assembly
Date: June 24, 2019

Vacation:

Due to a family emergency, I'm taking vacation time June 21st – July 6th. I will be checking email regularly and working on projects as time allows.

Below are some of the projects I've been working on since the last Assembly meeting:

PowerPoint Presentation for the AK Assn of Harbormasters & Port Administrators:

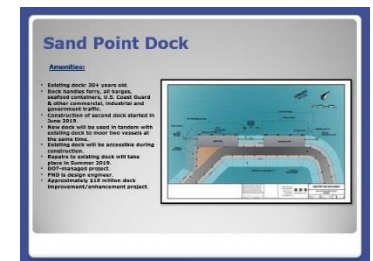
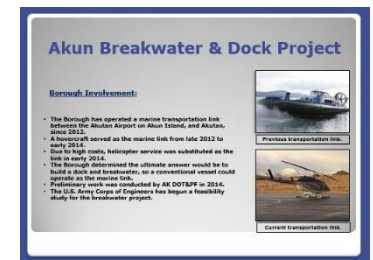
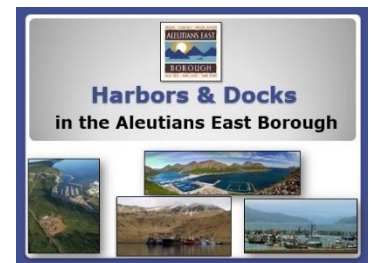
Currently, I'm working on updates for the PowerPoint that Mayor Osterback will present at the annual Alaska Association of Harbormasters & Port Administrators. This year, it will be held in Juneau Sept. 30th – Oct. 4th in Juneau. Updates/additions will include:

- Adding a slide about the Akun Breakwater & Dock project. It will include info about the past as well as current marine transportation links, preliminary work that was conducted by AK DOT&PF on the breakwater and dock project, and a feasibility study that's currently being worked on by USDOT for the breakwater project.
- I'm working with Akutan Administrator Tuna Scanlan to obtain information on the lighting & electric work done to the Akutan Harbor as well as other updates.
- I'm also working with Sand Point Administrator Jordan Keeler to get the latest information on the dock improvements and construction going on this summer in Sand Point.
- The Silver Bay Seafoods dock in False Pass
- Repair work to the Nelson Lagoon dock this summer.

In the Loop:

I am currently working on the next issue of In the Loop. Some of the stories will focus on:

- The grant received recently that will advance the False Pass tidal energy project.



- An update on the King Cove hydro facilities
- Logan Thompson's term as youth representative on the AEB Assembly
- The 2019 Urban Unangaċ Culture Camp at APIA headquarters in Anchorage

Fish News: June 12, 2019

I also distributed a Fish News, written by Ernie Weiss. Some of the information it contained was:

- Resolution 19-59 passed by the AEB Assembly in May opposing the Pebble Mine project.
- Actions taken at the North Pacific Fishery Management Council in May in Sitka, including final actions on modifications to Gulf of Alaska trawl pollock & Pacific cod seasonal allocations.
- Combining the A & B pollock seasons into one season starting Jan. 20th – May 31st. The C & D seasons were also combined into one starting Sept. 1st – Nov. 1st.
- The fall start date was moved from Aug. 25th to Sept. 1st
- For GOA Pacific Cod, the Council moved 4% more trawl cod into the A season from the B season.

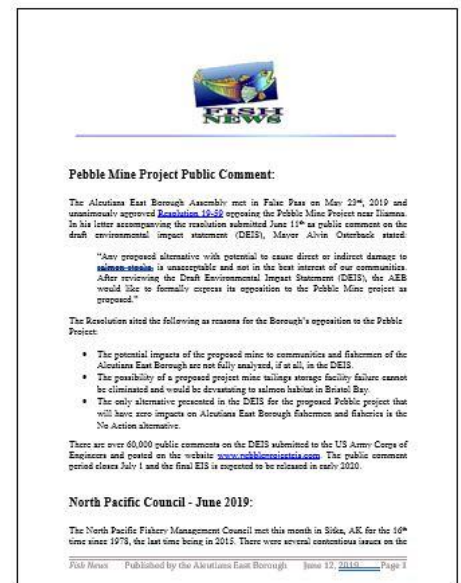
Miscellaneous:

- Web updates and Facebook updates regarding job postings: Harbormaster position in Sand Point
- RFQ: deferred maintenance and sealant work on the Sand Point School
- Adding photos and video from the 2019 Urban Unangaċ Culture Camp at APIA headquarters in Anchorage to AEB's Facebook page.
- Wrapping up work on the AEB annual report.
- Booking hotels for Mayor Osterback, Tina Anderson and Roxann for Fish Expo in November.

As always, I'm happy to help get the word out about an event or issue in your community. Please call or email me any time with information.




2019 Urban Unangaċ Culture Camp



AKUTAN • COLD BAY • NELSON LAGOON

ALEUTIANS EAST



BOROUGH

FALSE PASS • KING COVE • SAND POINT

The Area M June salmon season is one ‘for the books’. As of June 26th there were 7.7 million pink salmon harvested in the South Peninsula; far beyond any previous June pink harvest. And for the first time in memory, there were 5 shore plants in the AEB processing targeted salmon harvests: Peter Pan King Cove, Peter Pan Port Moller, False Pass Seafoods, Trident Sand Point & Silver Bay False Pass.

The map displays the Alaska Peninsula Management Area M, divided into several sections. The Black Hills Section is in the northwest, followed by the Shumagin Islands Section to the east. The South Central District is a large central area. Other sections include the Volcano Bay Section, Belkofski Bay Section, and the King Cove area. Numerous smaller sections are labeled with numbers, such as 283-10, 283-15, 283-26, 283-30, 283-32, 283-35, 283-37, 283-38, 283-39, 284-02, 284-05, 284-07, 284-10, 284-15, 284-20, 284-25, 284-30, 284-35, 284-40, 284-45, 284-50, 284-55, 284-60, 284-65, 284-70, 284-75, 284-80, 284-85, 284-90, 284-95, 285-00, 285-05, 285-10, 285-15, 285-20, 285-25, 285-30, 285-35, 285-40, 285-45, 285-50, 285-55, 285-60, 285-65, 285-70, 285-75, 285-80, 285-85, 285-90, 285-95, 286-00, 286-05, 286-10, 286-15, 286-20, 286-25, 286-30, 286-35, 286-40, 286-45, 286-50, 286-55, 286-60, 286-65, 286-70, 286-75, 286-80, 286-85, 286-90, 286-95, 287-00, 287-05, 287-10, 287-15, 287-20, 287-25, 287-30, 287-35, 287-40, 287-45, 287-50, 287-55, 287-60, 287-65, 287-70, 287-75, 287-80, 287-85, 287-90, 287-95, 288-00, 288-05, 288-10, 288-15, 288-20, 288-25, 288-30, 288-35, 288-40, 288-45, 288-50, 288-55, 288-60, 288-65, 288-70, 288-75, 288-80, 288-85, 288-90, 288-95, 289-00, 289-05, 289-10, 289-15, 289-20, 289-25, 289-30, 289-35, 289-40, 289-45, 289-50, 289-55, 289-60, 289-65, 289-70, 289-75, 289-80, 289-85, 289-90, 289-95, 290-00, 290-05, 290-10, 290-15, 290-20, 290-25, 290-30, 290-35, 290-40, 290-45, 290-50, 290-55, 290-60, 290-65, 290-70, 290-75, 290-80, 290-85, 290-90, 290-95, 291-00, 291-05, 291-10, 291-15, 291-20, 291-25, 291-30, 291-35, 291-40, 291-45, 291-50, 291-55, 291-60, 291-65, 291-70, 291-75, 291-80, 291-85, 291-90, 291-95, 292-00, 292-05, 292-10, 292-15, 292-20, 292-25, 292-30, 292-35, 292-40, 292-45, 292-50, 292-55, 292-60, 292-65, 292-70, 292-75, 292-80, 292-85, 292-90, 292-95, 293-00, 293-05, 293-10, 293-15, 293-20, 293-25, 293-30, 293-35, 293-40, 293-45, 293-50, 293-55, 293-60, 293-65, 293-70, 293-75, 293-80, 293-85, 293-90, 293-95, 294-00, 294-05, 294-10, 294-15, 294-20, 294-25, 294-30, 294-35, 294-40, 294-45, 294-50, 294-55, 294-60, 294-65, 294-70, 294-75, 294-80, 294-85, 294-90, 294-95, 295-00, 295-05, 295-10, 295-15, 295-20, 295-25, 295-30, 295-35, 295-40, 295-45, 295-50, 295-55, 295-60, 295-65, 295-70, 295-75, 295-80, 295-85, 295-90, 295-95, 296-00, 296-05, 296-10, 296-15, 296-20, 296-25, 296-30, 296-35, 296-40, 296-45, 296-50, 296-55, 296-60, 296-65, 296-70, 296-75, 296-80, 296-85, 296-90, 296-95, 297-00, 297-05, 297-10, 297-15, 297-20, 297-25, 297-30, 297-35, 297-40, 297-45, 297-50, 297-55, 297-60, 297-65, 297-70, 297-75, 297-80, 297-85, 297-90, 297-95, 298-00, 298-05, 298-10, 298-15, 298-20, 298-25, 298-30, 298-35, 298-40, 298-45, 298-50, 298-55, 298-60, 298-65, 298-70, 298-75, 298-80, 298-85, 298-90, 298-95, 299-00, 299-05, 299-10, 299-15, 299-20, 299-25, 299-30, 299-35, 299-40, 299-45, 299-50, 299-55, 299-60, 299-65, 299-70, 299-75, 299-80, 299-85, 299-90, 299-95, 300-00, 300-05, 300-10, 300-15, 300-20, 300-25, 300-30, 300-35, 300-40, 300-45, 300-50, 300-55, 300-60, 300-65, 300-70, 300-75, 300-80, 300-85, 300-90, 300-95, 301-00, 301-05, 301-10, 301-15, 301-20, 301-25, 301-30, 301-35, 301-40, 301-45, 301-50, 301-55, 301-60, 301-65, 301-70, 301-75, 301-80, 301-85, 301-90, 301-95, 302-00, 302-05, 302-10, 302-15, 302-20, 302-25, 302-30, 302-35, 302-40, 302-45, 302-50, 302-55, 302-60, 302-65, 302-70, 302-75, 302-80, 302-85, 302-90, 302-95, 303-00, 303-05, 303-10, 303-15, 303-20, 303-25, 303-30, 303-35, 303-40, 303-45, 303-50, 303-55, 303-60, 303-65, 303-70, 303-75, 303-80, 303-85, 303-90, 303-95, 304-00, 304-05, 304-10, 304-15, 304-20, 304-25, 304-30, 304-35, 304-40, 304-45, 304-50, 304-55, 304-60, 304-65, 304-70, 304-75, 304-80, 304-85, 304-90, 304-95, 305-00, 305-05, 305-10, 305-15, 305-20, 305-25, 305-30, 305-35, 305-40, 305-45, 305-50, 305-55, 305-60, 305-65, 305-70, 305-75, 305-80, 305-85, 305-90, 305-95, 306-00, 306-05, 306-10, 306-15, 306-20, 306-25, 306-30, 306-35, 306-40, 306-45, 306-50, 306-55, 306-60, 306-65, 306-70, 306-75, 306-80, 306-85, 306-90, 306-95, 307-00, 307-05, 307-10, 307-15, 307-20, 307-25, 307-30, 307-35, 307-40, 307-45, 307-50, 307-55, 307-60, 307-65, 307-70, 307-75, 307-80, 307-85, 307-90, 307-95, 308-00

The October meeting in Homer will feature the setting of ABCs for 5 BSAI crab stocks including Bristol Bay Red King crab, EBS Tanner and Opilio, then shortly thereafter ADFG will announce the quotas for those crab fisheries. The Council will also take final action on the observer fee analysis, as well as review the observer deployment plan for 2020. In October the Council is expected to review the exempted fishing permit (EFP) for trawl EM that Charlotte has been collaborating on. And the Council will take up several items related to BSAI cod management, that we will be closely following. Specifications for BSAI & GOA groundfish will be proposed in October and finalized in December.

The Board cycle this year includes finfish for upper and lower Cook Inlet and Kodiak, and for King and Tanner crab. The Proposal Book should be out in August; the draft proposals can be found [here](#).

Bear Lake Survey Update

As of this writing, we do not yet have the required survey instructions from the State (requested over a year ago) but they are expected to be in hand by next week. McClintock has made preliminary preparations and when we have the required document, we'll finalize our agreement with McClintock to survey our municipal entitlement lands at Bear Lake later this summer.

Crab Right of First Refusal

This office was fully involved again this year in preparing documents and securing signatures for the right of first refusal (ROFR) agreements for the AEB Eligible Crab Community Entity (ECCE), Aleutia. These documents must be in place each year no later than the 3rd week in June in order for impacted processors to apply for their annual processor quota shares. All other ECCEs that we are aware of have multi-year agreements. I'm hoping that all the involved parties in our region will agree next year to a multi-year ROFR agreement, to save the AEB time and expense.

Borough Travel

We enjoyed a productive trip to Sand Point near the end of May for 2 teleconferenced fishery meetings. I plan to get out to the region later this summer to meet again with fishermen and processors. Just waiting to see how a few issues pan out before scheduling a trip. I'll keep you posted.
Good fishing!

Recent meetings attended

AEB Assembly	False Pass	5/23/19
AEB NRD GOA Groundfish discussion	Sand Point	5/28/19
AEB/ADFG Salmon Preseason meeting	Sand Point	5/29/19
North Pacific Fishery Management Council	Sitka	6/3-6/10/19
Special AEB fishermen's meeting	teleconference	6/24/19

Upcoming meetings/planning to attend

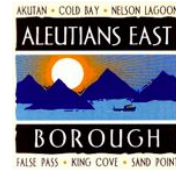
Marine Transportation Advisory Board	Anchorage	7/16/19
EM Trawl Committee (Charlotte)	Portland	8/21-8/22/19
North Pacific Research Board Advisory Panel	Anchorage	9/9 – 9/10/19
Groundfish Plan Teams meetings	AFSC, Seattle	9/16-9/20/19
North Pacific Fishery Management Council	Homer	9/30-10/8/19
Alaska Board of Fisheries Work Session	Anchorage	10/23-10/24/19

On the Calendar

Groundfish Plan Teams meetings Nov 12-15 Seattle.
Pacific Marine Expo Nov 21-23 Seattle.
AEB Fishermen's meeting Nov 22 Seattle.
International Pacific Halibut Commission Interim meeting Nov 25-26 Seattle.
North Pacific Fishery Management Council Dec 2-10, Anchorage.
Alaska Young Fishermen's Summit Jan 20-23 Juneau.
North Pacific Fishery Management Council Jan 27- Feb 3 Seattle.
International Pacific Halibut Commission Annual meeting Feb 3-7 Anchorage.

Please call if you have any questions or concerns.

To: Honorable Mayor Osterback, Aleutians East Borough Assembly
From: Charlotte Levy, Natural Resources Assistant Director
Re: Report to the Assembly
Date: July 2nd, 2019



Board of Fish

- I am assisting as needed with preparations to respond to the recent CIC Emergency Petition Request. I am also reviewing WASSIP data.
- I have been researching the impact of climate change on our salmon fisheries. I am particularly interested in the shifting dynamics of [climate and Pacific salmon marine competition](#), and what implications large pink salmon runs may have on sockeye.

Projects

EM:

- EFP: As of 6/26 the EFP subcommittee has officially submitted the EFP draft to NMFS for the first round of review. This is an iterative process, so we will continue to edit the draft until it has been reviewed by all applicable agencies. The Public Comment period is expected to open on Sept 24 and end at the close of the NPFMC council meeting Oct 8. Our subcommittee will present the EFP to the Council at the October meeting.
- WGOA1: No additional data since May. I have been working with Silver Bay to discuss their participation in the current and future projects. Their participation will be critical to successfully collecting data for the 2019 C/D seasons.
- WGOA2: I am working closely with PFC and SWI to begin developing the 2nd phase of the EM project, and the corresponding grant proposal to NFWF.

Mariculture:

- The ADFG/DNR initial review of the Sand Point permit application is complete. Next it will move into the 20-day agency review and we will receive a Preliminary Decision.

Strategic Plan (SP)

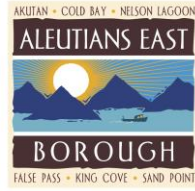
- I am working with Lauren Devine (Director of ECO at Aleut Community of St. Paul Island) and Alaska Sea Grant to develop a proposal for the NOAA Saltonstall-Kennedy (S-K) grant. The proposal would investigate feasibility of harvesting wild urchins and sea cucumbers, then grown to market-size using farmed kelp. This grant *does not* require any matching funds. I plan to produce a formal report on *Alternative ocean-based revenue opportunities in the AEB* by the close of SP Q2.
- The Climate Change Community Survey is almost complete. I will work with AEB staff and others to find the best way to deliver this survey.

Meetings/Travel

- AEB Groundfish Meeting - May 28
- ADFG Preseason Salmon Meeting, Sand Point - May 29
- AOC Blue Economy Workshop - June 5-6
- Immature Salmon Test Fishery, Sand Point - July 2-4

Other

- I am meeting with SeaShare to discuss the possibility of retaining salmon and halibut PSC that can be processed and distributed directly to the communities/schools within the AEB.
- I am investigating the use of low-grade electrolysis as a pinniped deterrent for safety around harbors/boats and as a depredation prevention tool (e.g. setnets).



To: Honorable Mayor Osterback and AEB Assembly
From: Emil Mobeck, Maintenance Director
Subject: Assembly Report
Date: June 25, 2019

Ongoing Maintenance Projects

I had traveled to King Cove in an Emergency to fix the copper pipes in the school that had started leaking in the walls do to pin holes in the piping. Fixed and repaired plumbing and patched up the holes in the walls which were made during repairs. I also hooked up the new Sewage pump panel, and it seemed to be working just fine. There also was a new leak in the office building that so happened to spring up while I was over there. I have been in on meetings with the repair work that needs to get done on the dock in Nelson Lagoon. I am now working on coordinating with getting the painting contractor in to Sand Point, and mechanical contractor out to Akutan. The ongoing summer projects.

Strategic Plan Update

- OSHA Requirement Compliance –
I have all my punch list for the buildings now just need to get funding from our amljia safety savings account. Still filling in bubbles.

Other Borough Related Items

We just had to purchase new tire stops for the parking lot at the Sand Point school the concrete ones were deteriorating, and rebar was getting exposed. The new rubber ones are on the way. I have flushed out the 4 plex boiler system, and the office system here in Sand Point.

Upcoming Projects

Working with the contractors in Akutan, and Sand Point. Hoping to find someone to do the terminal work in Cold Bay for the upstairs bracing. Bridge Signs for King Cove, and False Pass.

If you have any questions, comments or concerns please contact me at (907) 383-2699 or emobeck@aeboro.org.

To: The Honorable Alvin D. Osterback
The Aleutians East Borough Assembly
Anne Bailey, Borough Administrator

From: Brad Gilman & Sebastian O’Kelly

Re: Washington Update

Date: June 25, 2019

1. FY 2020 Appropriations: The House has now reported out of Committee all of its FY 2020 appropriations bills and has begun moving them on the House floor. They contain significant increases in non-defense spending (5.7 percent) and more modest increases in defense spending (2.7 percent). The House Democratic Leadership intends to pass all 12 bills as part of a series of multi-bill “minibus” packages by the July 4th recess. The Trump Administration opposes the bills and is seeking higher defense spending while reducing non-defense spending. The Senate is moving much more slowly and has not reported out any bills until there is agreement on “topline” spending for both defense and non-defense appropriations.

We think it is unlikely that any appropriations bills will be enacted until there is bi-partisan agreement between the House and Senate leadership and the Trump Administration. Those bi-partisan discussions have been slow to take place. We may see passage of a short-term Continuing Resolution to keep the Federal government operating while negotiations occur. Another government shutdown cannot be ruled out. Further complicating matters is the need to extend the Federal debt limit as well as address the “sequester” in law that would mandate 10 percent across-the-board spending cuts. It is too early to forecast the outcome.

2. Pink Salmon Disaster Funding: The National Marine Fisheries Service has yet to award the \$56 million in funding to the Pacific States Marine Fisheries Commission for distribution of disaster relief to affected fishermen, processors, salmon research and hatchery mitigation funding. The approval has been hung up by a decision of the Office of Management and Budget to reject the \$2.4 million requested in the State expenditure plan to compensate local governments for foregone pink salmon landing taxes. We have been informed that the OMB decision was driven by an objection over direct government-to-government relief. The State of Alaska is working on a revision to this element of the distribution plan and is supposed to discuss it with NMFS and OMB. The situation is very confused at the moment. We continue to engage with the Delegation to urge NMFS and OMB to approve the funding package.

3. Port Infrastructure Grants: As noted in our last report, for FY 2019, Congress appropriated \$292.7 million for a new port infrastructure grant program administered by the Maritime Administration (MARAD) within the Department of Transportation. MARAD has issued a public notice accepting grant applications with a deadline of September 16. There is an emphasis on projects that facilitate the movement of commercial cargo, with a deep draft port minimum of 20’. Application link is here --

<https://www.maritime.dot.gov/sites/marad.dot.gov/files/docs/ports/office-port-infrastructure->

[development/port-and-terminal-infrastructure-development/11481/port-nofo-061219.pdf](https://www.maritime.dot.gov/office-port-infrastructure-development/port-and-terminal-infrastructure-development/11481/port-nofo-061219.pdf) .

There will also be webinars on how to apply that have not been scheduled yet but the link is as follows -- <https://www.maritime.dot.gov/office-port-infrastructure-development/port-and-terminal-infrastructure-development/2019-port-0>. Separately, the Department of Transportation has issued its notice for FY 2019 BUILD Act grant applications. Port infrastructure projects are eligible for BUILD Act funding but must compete with road, freight and other mode projects. Applications are due July 15 with details at the link -- <https://www.transportation.gov/sites/dot.gov/files/docs/subdoc/391/fy-2019-build-nofo-fr.pdf>

4. Infrastructure Investment Legislation: After a promising start and agreement on a topline spending amount of \$2 trillion on infrastructure investment legislation, talks between President Trump and the House Democratic Leadership collapsed due to an unrelated dispute about Committee investigations into the Trump Administration and initiation of possible impeachment proceedings. Following the cues of the President, House Republicans have largely refrained from cosponsoring any of the infrastructure bills that have been introduced by the Democrats. The House Blue Dog Coalition, a group of conservative to moderate Democrats, is seeking to revive discussions but the effort is unlikely to succeed unless both the President and House Democratic Leadership seek to re-engage on the issue. No such effort appears forthcoming at the moment. There have been no significant developments in the Senate on this issue since the last report.

5. Arctic Issues: The Coast Guard has awarded the contract to build the new icebreaker (“Polar Security Cutter” or “PSC”) to VT Halter Marine of Pascagoula, Mississippi. Engineering of the first vessel is underway with construction estimated to begin in 2021 and completed by 2024. A recent Coast Guard document surfaced on Capitol Hill which identifies Seattle as the homeport for the first icebreaker.

The FY 2020 Department of Homeland Security Appropriations Bill includes \$135 million as a down payment on the second cutter. Separately, the Alaska Delegation continues to emphasize the growing strategic and economic importance of the Arctic, given the increased attention Russia, China and other nations are paying to the region. Senator Sullivan was able to include provisions in the pending defense authorization bill to establish a strategic port(s) in the Arctic; require continued reporting on Department of Defense (DOD) implementation of the 2016 Arctic strategy; and designate a DOD official responsible for the region. In the House, Rep. Young has introduced the corollary bill to Senator Murkowski’s legislation to create a congressionally-charted seaway corporation to manage vessel trade in the Arctic.

6. Payment In Lieu Of Taxes (PILT): The Department of Interior has announced this year’s PILT payment, with the AEB to receive \$628,227. For FY 2020, the House Interior Appropriations Bill includes full PILT funding. The Senate counterpart bill has not been developed yet. Separately, the Department has decided not to appeal the PILT underpayment lawsuit. The final payment amounts have not been determined as the Court must decide on attorney fees and expenses, but the process for payment has begun with communities needing to fill out a short form along with Federal Employer Id Number. Checks to the communities that opted into the lawsuit are expected to go out in the Sept-Oct timeframe and will be sent from and signed by the law firm Smith Currie. Also, Rep. Ann Kirkpatrick (D-AZ) has introduced

legislation to permanently authorize PILT (Rep. Young is a cosponsor). Lastly, the legislation that would change the PILT formula to increase payments for counties/boroughs with a population of less than 5,000 is still in draft form, but is expected to be introduced by Senator Daines (R-MT) sometime this summer.

7. Fisheries & Oceans

- **British Columbia Mining/Transboundary Waters:** Senators Murkowski and Sullivan have addressed another letter to the British Columbia Premier on their concerns over Canadian mining in transboundary waters. Notable concerning this letter was the inclusion of support from Senators from other States, including Washington, Idaho and Montana. The full text of the letter can be found here - <https://www.murkowski.senate.gov/imo/media/doc/06.13.2019%20Multistate%20Delegation%20Letter%20to%20Premier%20Horgan.pdf>
- **Ocean Acidification:** The House has passed four bills dealing with ocean acidification. The bills would authorize a study by the Ocean Studies Board of the National Academy of Science examining the impact of ocean acidification in estuarine environments (HR 988); authorize Federal agencies to establish prize competitions for innovation and adaptation management relating to ocean acidification (HR 1921); direct NOAA to conduct coastal community vulnerability assessments related to ocean acidification (HR 1716); establish an Ocean Acidification Advisory Board to expand and improve the research on ocean and coastal acidification, and establish and maintain a data archive system for acidification information (HR 1237 – Rep. Young is a cosponsor).
- **Impacts of Climate Change on the Coast Guard:** The House Transportation & Infrastructure Committee has marked up H.R. 1322, legislation sponsored by Rep. Sean Patrick Maloney (D-NY). The bill would require the Coast Guard to report to Congress listing the ten most vulnerable Coast Guard installations based on the effects of climate change, including rising sea tides, increased flooding, drought, desertification, wildfires, and thawing permafrost. The report would also include an explanation of mitigation actions that may be necessary to ensure the continued operational viability and resiliency of such vulnerable installations.
- **International Year Of The Salmon:** The AK Delegation has introduced resolutions in the House and Senate to commemorate 2019 as “the International Year of the Salmon, a unique, hemispheric-level collaboration bringing people together in order to ensure that healthy wild salmon populations persist into the future.” The resolutions are non-binding but seek to bring attention to the national and multi-national effort that has taken place over many years to manage and preserve one of the ocean’s most important fisheries.
- **NPDES General Permit for Offshore Seafood Processors:** The EPA has reissued its General Permit allowing at-sea processors to dispose of seafood waste in the EEZ. The permit authorizes the discharge of seafood processing wastes that are mostly waste solids

(shell, bones, skin, scales, flesh and organs), blood, body fluids, slime, oils and fats from cooking and rendering operations; disinfectants; and miscellaneous wastewaters. This permit does not authorize the discharge of pollutants from any shore-based facilities, nor any pollutants from vessels transporting seafood processing waste solely for the purpose of dumping materials into ocean waters.

- **U.S.-China Seafood Tariffs:** The latest round in the U.S.-China trade dispute erupted when the Trump Administration announced that it was imposing a 25% tariff on a long list of products manufactured in China. Alaska seafood products have already been hit with 25% tariffs by the Chinese. Chinese fish imports being hit include tilapia and flounder, both of which compete with U.S. pollock producers in the U.S. domestic market. Additionally, all remaining Chinese fish imports are being proposed for 25% duties. This includes “Alaska Pollock” being imported from China. In earlier rounds, the U.S. Trade Representative (USTR) did not understand that the vast majority of “Alaska Pollock” being processed in China is actually harvested by the Russians. The list also includes salmon and cod products originally harvested in Alaska, imported to China for processing, and reimported back into the U.S. These products are currently coming into the U.S. under an exemption from the U.S. retaliatory tariffs. Public comments were due on the proposed new tariffs on June 17 with final decisions later this summer. The Pacific Seafood Processors Association and the At-Sea Processors Association submitted comments to the USTR. Separately, the Alaska Delegation has written the Secretary of Agriculture urging him to include the Alaska seafood and fishing industry as part of the \$15 billion trade relief package the Administration has announced for U.S. farmers impacted by the U.S.-China trade dispute.
- **Aquaculture Bill:** Rep. Young has introduced H.R. 2467 – The Keep Fin Fish Free Act. The legislation prohibits fin fish aquaculture operations in the EEZ unless Congress specifically passes a law authorizing them. The bill is an updated version of similar legislation he has introduced in past Congresses.
- **Illegal, Unreported, and Unregulated (IUU) Fishing:** Senators Wicker (R-MS) and Coons (D-DE) have introduced new legislation (S. 1269 – The Maritime SAFE Act) to build on recently-enacted law to combat and deter IUU fishing. The bill is aimed at spurring greater involvement by the State Department and its overseas missions, including providing technical, enforcement, and training assistance, in helping developing countries combat IUU fishing in their waters and area high seas.
- **Pebble Mine & Bristol Bay:** Rep. Jared Huffman (D-CA) offered an amendment to the FY 2020 House Energy & Water Appropriations Bill that would prohibit funding for completion of the Pebble Mine EIS by the Army Corps. The draft EIS has been issued. Rep. Young opposed the amendment, arguing the EIS should be completed and mine impacts fully studied before determining whether the project should move forward. The amendment passed largely along party lines.
- **World Oceans Day Resolution:** The House Oceans Caucus Co-Chairs, Representatives Bonamici and Young introduced a House resolution on June 7 which (1) recognizes

World Oceans Day and affirms the individual and collective duty, both nationally and internationally, to protect, conserve, maintain, and rebuild the oceans and ocean resources; (2) affirms the stewardship of ocean resources is vital to both present and future generations; and (3) commits to increasing the investment of Federal funds in scientific research and monitoring to better understand changing oceans.

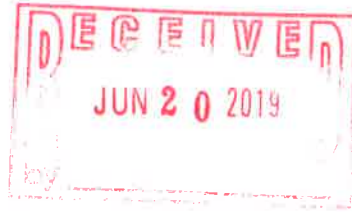
- **Albatross & Petrel Conservation:** The House Resources Committee has approved H.R. 1305, legislation to implement the international Agreement on the Conservation of Albatrosses and Petrels. Representative Alan Lowenthal (D-CA) has sponsored H.R. 1305, and it has thirteen cosponsors to date. A section of the bill deals specifically with the incidental take of albatrosses and petrels as bycatch in commercial fisheries. Section 104(c) of the bill provides the Secretary of Commerce with discretionary authority to develop and undertake measures to minimize the bycatch of these bird species in the U.S. commercial fisheries. Any measures must be developed in consultation with a Regional Fishery Management Council with relevant jurisdiction under the Magnuson-Stevens Act. Other activities include regional assessments of albatrosses and petrels; collection of bycatch data on such species, including the use of on-board observers; collection of information on bird interactions with commercial fisheries; evaluation of the effectiveness of any mitigation measures adopted in the commercial fisheries to minimize albatross and petrel bycatch; and research on bycatch mitigations measures.
- **Puget Sound Orcas:** The Center for Biological Diversity (“CBD”) and the Wild Fish Conservancy sued the Trump Administration under the Endangered Species Act on April 3, 2019. The lawsuit alleges that NMFS has mismanaged West Coast salmon fisheries, thereby harming endangered Southern Resident Killer Whales (“SRKW”). The lawsuit is seeking to compel NMFS to assess and reduce the threat to endangered orcas from salmon fishing off Washington, Oregon, and California. On May 30, the Pacific Coast Federation of Fishermen’s Association intervened in the case, citing faulty science and disadvantages to fishing-dependent communities. NMFS has indicated it will work with the Pacific Fishery Management Council to reassess the effects of federal fisheries on SRKWs. No changes are currently anticipated for the 2019 salmon fisheries.
- **Fisheries Finance Program (“FFP”):** NOAA issued a proposed rule back in November, 2018 (83 FR 55137) to propose expanding the FFP to allow for the financing of construction/refurbishment of new fishing vessels. This represents a substantive change to the FFP, which has been limited to the financing of shoreside support facilities and docks. Each year the Federal government makes \$100 million in loan authority available to the U.S. commercial fishing industry. During the past five years, the State of Washington ranks first in terms of total amount of FFP loan usage, with Alaska coming in as the third highest user geographically.
- **H-2B Visa Ruling:** The Trump Administration published a temporary rule on May 8, 2019 (84 FR 20005) adding 30,000 foreign worker H-2B visas through the end of the current fiscal year. The Administration is seeking congressional support to expand the program. These visas allow foreign nationals to come to the U.S. and work temporary jobs, and are widely used by the seafood industry, particularly for seasonal positions.

The Department of Homeland Security has urged the Congress to determine the annual numerical limitations for H-2B visas and to establish parameters for the availability of foreign workers to meet employers' seasonal needs throughout the year.

June 17, 2019

Ms. Anne Bailey, Administrator
Aleutians East Borough
3380 C ST, Suite 205
Anchorage, AK 99503

Anne
Dear Ms. Bailey,



On behalf of the Lost Villages Reunion Committee and the Museum of the Aleutians, I want to express our sincerest thank you to the Aleutians East Borough for your donation of \$500.00. It was very much appreciated, and helped us fulfill our mission to secure travel for seventeen participants who live outside of Dutch Harbor/Unalaska.

The reunion began with the premier of KUCB's documentary of the *Tanadgusim Adan Chiilulix: Revisiting the Lost Villages of the Aleutian Islands*. In 2009 and 2010 KUCB recorded our trips to Makushin, Kashega and Biorka and in 2017 the trip to Attu; none of which were resettled after the evacuation and Aleutian campaign of World War II. The event was well attended by reunion participants and local residents, many of whom are connected by kinship to the four villages.

After a luncheon the following day, survivors of evacuation shared their experiences, and descendants shared stories told to them by their relatives who are now gone. We cried together and laughed together. That evening was the Museum's exhibit opening of *Chiilulix: The Long Journey Home*, again with a large showing of local resident and reunion participants. The beautiful exhibit includes photographs and artifacts from the communities and their residents, as well as photographs of the village trips in 2009, 2010, and 2017.

On the final day, the reunion participants gathered to go over family history, and to remember the Lost Villages. We reviewed genealogical materials and censuses, and discovered connections between our families. I was especially happy for those Attu descendants who were able to attend. Some of their parents never returned to Alaska after being prisoners in Japan, and their descendants were unable to learn any information about their families and their Aleut culture.

We are grateful for Aleutians East Borough's support. The Museum of the Aleutians is a 501(C)(3) non-profit organization and your donation is tax exempt. Their Federal Tax ID number is 92-0162384. If you require additional information, do not hesitate to contact me.

Respectfully,

Jane

E. Jane Mensoff
Lost Villages Reunion Committee
425-218-8698
gajones5@msn.com

THANK YOU



Dear Aleutians East Borough,

The Close Up students would like to thank you again for all your support. They had such a great time and it was a really awesome experience for them.

Thank you,

Karen McMillen

Class of 2020
% King Cove School
PO Box 69
King Cove, AK 99612

May 15th, 2019

Dear Aleutians East Borough,

The King Cove Class of 2020 would like to thank you for all of the support you have given us during the 2018/2019 school year. Your help and contributions have gone a long way and helped us send 5 students to close up earlier this year in April. All of the help and donations we have received is much appreciated. Our class got to go to Washington D.C. and New York City. We went to many museums, toured The White House, met with our senators and representative, saw the Statue of Liberty, and so much more and we thank you for making it all possible.

Sincerely,

The Class of 2020
Elaina, Sadie, Jalaya, Elia, and Noah
Kjell Mack - Advisor



Assembly Comments

Public Comments

Date & Location of Next Meeting

Adjournment