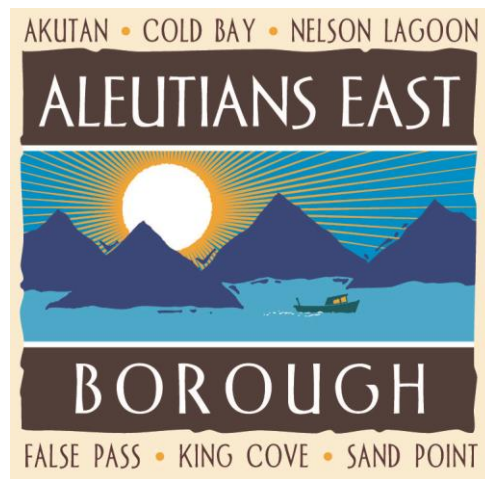


# Aleutians East Borough Assembly Meeting

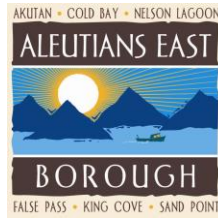


**Workshop: Friday, June 1, 2018 – 1:00 p.m.**

**Meeting: Friday, June 1, 2018 – 3:00 p.m.**

# Roll Call & Establishment of a Quorum

# Adoption of Agenda



Agenda  
Assembly Meeting  
(packet available on website [www.aleutianseast.org](http://www.aleutianseast.org) )

Date: Friday, June 1, 2018  
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 Library  
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. Community Roll Call and Public Comment on Agenda Items.
4. Minutes.
  - May 10, 2018 Assembly Meeting Minutes.
5. Financial Reports.
  - Financial Report - *not available this early in June.*
  - April, Investment Report.
6. Consent Agenda. *None at this time.*
7. Public Hearing Ordinances.
  - Public Hearing Ordinance 18-11, An Ordinance Amending Title 6, Chapter 6.04, Section 6.04.041 of the Aleutians East Borough Code of Ordinances.
  - Public Hearing Ordinance 18-12, adopting the operating and capital budget for FY19.
8. Ordinances.



- Introduction Ordinance 18-13, authorizing the Mayor to negotiate and execute a tidelands lease within, Alaska Tidelands Survey No. 1161, for construction, operation and maintenance of a dock at False Pass Harbor.
9. Resolutions.
    - Resolution 18-39, authorizing the Mayor to implement a Community Budget Request process.
    - Resolution 18-40, authorizing the Mayor to dispose of Lots 1 and 4 of the Port Moller Cannery Subdivision by negotiation with Peter Pan Seafoods at the fair market value.
  10. Old Business.
  11. New Business.
    - Discussion only - King Cove Access Project white paper.
    - Discussion only - Strategic Plan Update.
  12. Reports and Updates.
  13. Assembly Comments.
  14. Public Comments.
  15. Next Meeting Date.
  16. Adjournment.

# 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 May 10, 2018 at 3:05 p.m.

## ROLL CALL

|                          |         |
|--------------------------|---------|
| Mayor Alvin D. Osterback | Present |
| Chris Babcock            | Present |
| Carol Foster             | Present |
| Warren Wilson            | Absent  |
| Josephine Shangin        | Present |
| Paul Gronholdt           | Present |
| Brenda Wilson            | Absent  |
| Chris Emrich             | Present |

## Advisory Members:

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

A quorum was present.

## Staff Present:

Roxann Newman, Finance Director  
Tina Anderson, Clerk  
Anne Bailey, Administrator  
Laura Tanis, Communications Director  
Mary Tesche, Administrator Assistant  
Ernie Weiss, Resource Director  
Charlotte Levy, Administrative Assistant  
Emil Mobeck, Maintenance Director

## Adoption of the Agenda:

### **MOTION**

Chris B. moved to approve the agenda as presented and second by Josephine.

Hearing no objections **MOTION CARRIED.**

## Community Roll Call and Public Comments on Agenda Items:

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

## PUBLIC COMMENTS ON AGENDA ITEMS:

None

## Conflict of Interests:

Mayor Osterback asked if there are any potential Conflict of Interests to discuss. Chris Babcock said he has a potential conflict of interest, on donation request for Fire & Rescue Fund he submitted. Mayor Osterback said it is providing money to firemens fund, which does not benefit you solely, but to the community.

Angela Simpson said she has a potential conflict with pre-school funding request and salmon derby donation request. The Mayor said there is no direct financial gain, so can vote.

Minutes, April 12, 2018 Assembly Minutes:

**MOTION**

Paul moved to approve the April 12, 2018 Assembly Meeting Minutes and second by Carol. Hearing no objections, **MOTION CARRIED.**

April, Financial Report:

**MOTION**

Carol moved to approve the April Financial Report and second by Chris B.

**DISCUSSION**

The Administrator said, Other Revenue, \$4.44M is the hovercraft proceeds. Everything else on track.

No further comments.

**ROLL CALL**

YEAS: Chris E., Carol, Chris B., Paul, Josephine. Advisory: Angela, Justine.

NAY: None

**MOTION CARRIED**

March, Investment Report:

In packet.

**CONSENT AGENDA**

- Resolution 18-35, allowing the mayor to negotiate and execute a helicopter services amendment with Maritime Helicopters, Inc.
- Resolution 18-36, Assembly approval of Retention Schedule.
- Resolution 18-37, Approving the plat of the Port Moller Cannery Subdivision creating Lots 1, 2, 3, and 4.
- Resolution 18-38, AMLJIA Assembly electing to participate in the AMLJIA FY2019 Loss Control Incentive Program.

**MOTION**

Paul moved to approve the Consent Agenda and second by Josephine.

The Administrator reviewed the Consent Agenda items for the public.

Mayor Osterback asked if there are any objections to the Consent Agenda. Hearing none,

**MOTION CARRIED.**

**PUBLIC HEARINGS**

Public Hearing, Ordinance 18-09, amending Title 2, Section 2.04.060, Advisory Members, of the Aleutians East Borough Code to amend Section 2.04.060(E) and provide a new Section 2.04.060(K), Student Representative:

**MOTION**

Carol moved to approve Ordinance 18-09 and second by Paul.

**DISCUSSION**

The Administrator reviewed saying, during the strategic planning session, the Assembly recommended having a student representative as an Advisory Member. Ordinance 18-09 adds a new section to the code to allow a student representative. Also, an area regarding Advisory Members has an amendment to allow advisory votes, which historically has been allowed, but AEB Code did not reflect that.

Mayor Osterback opened for PUBLIC COMMENTS. Hearing none Public Hearing closed.

**ROLL CALL**

YEAS: Carol, Chris B., Josephine, Chris E., Paul. Advisory: Justine, Angela.

NAY: None

**MOTION CARRIED.**

Public Hearing, Ordinance 18-10, appropriating \$4,440,000 from the Aleutians East Borough General Fund into specific federally supported projects and reimbursing the Borough for costs of sale, and previously funded King Cove Access Project costs:

**MOTION**

Carol moved to approve Ordinance 18-10 and second by Paul.

**DISCUSSION**

The Administrator reviewed saying, Ordinance 18-10 is appropriating \$4.44M for federally funded transportation projects. In February, 2018 AEB sold the hovercraft for \$4.44M, and funds are currently located in the General Fund. Per AEB Lobbyists and AEB attorney all concur that the course of action for funds should be used for transportation projects that are currently receiving federal funds or have, in the past, received federal funding.

The Administrator appropriation recommendation for the \$4.44M is below:

|  |                |
|--|----------------|
| Reimbursements associated with sale:   | \$543,423.02   |
| Akutan Airport Transportation Link:  | \$2,500,000    |
| King Cove Access Project (KCAP):   | \$1,396,576.98 |
| \$605,382.09 from KCAP funds to go under Dept. 867, KCC Alternative Road under its own sub dept. |                |
| \$791,194.89 also reimbursed to AEB from KCAP funds.   |                |

Paul said we discussed thoroughly and feels it is a good plan and supports the recommendation.

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

**ROLL CALL**

YEAS: Paul, Chris E., Chris B., Josephine, Carol. Advisory: Justine, Angela.

NAY: None.

**MOTION CARRIED.**

**ORDINANCES**

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

**MOTION**

Carol moved to schedule Ordinance 18-11 for Public Hearing and second by Chris B.

**DISCUSSION**

The Administrator reviewed Ordinance 18-11 amending Title 6, Section 6.04.041 that addresses the Permanent Fund. APCM has been working with the AEB Administration and Assembly through a work session to review permanent fund language in the AEB Code. Below are major changes to be considered:

- Redefining the goal of the fund. Fund goal was \$20M. If inflation proofed, using the Consumer Price Index, it would be \$35.8M. The proposed new language removes the \$20M and redefines account purpose to allow the fund to grow in perpetuity and provide a permanent source to meet AEB needs, education, natural disasters, major financial emergencies, and prevent GO Bond default.
- Changes appropriation amount to 4% of the five-year average instead of 8%, to give more stability to permanent fund.

Paul said at last meeting APCM provided a good presentation.

**ROLL CALL**

YEAS: Carol, Josephine, Chris B., Paul, Chris E. Advisory: Angela, Justine.

NAY: None.

**MOTION CARRIED.**

Introduction Ordinance 18-12, adopting the operating and capital budget for FY19.

**MOTION**

Carol moved to schedule Ordinance 18-12 for Public Hearing and second by Josephine.

**DISCUSSION**

The Administrator reviewed Ordinance 18-12, the operating and capital budget for Fiscal Year 2019. There are numerous documents in the packet. One is Agenda Statement with recommendations for budget adjustments for FY19, Permanent Fund earnings appropriations, and budget requests. Below are those recommendations:

Increases:

- .5% Cola adjustment for all employees, based on Anchorage's Consumer Price Index, which is outlined in the employee handbook.
- \$110,000, Administration - Contract labor increase.
- \$5,500, Finance Dept. - increase to audit line item (total \$65,500).
- \$3,000, Finance Dept. - increase travel line item (total \$10,000).
- \$65,000, Natural Resources Dept. - Fishery Analyst Consultant, Eric Volt. Discussed adding a second staff member to dept. Will consider a permanent 2<sup>nd</sup> position in August.
- \$3,000, Communications - advertising increase (total \$18,000)
- \$50,000, Other Equipment - possible new phone systems in King Cove and Sand Point.
- \$3,000, Other Bank Fees - Increase bank fees (total \$18,000).
- \$10,000 KSDP funding contribution (remove from donation requests, to place in its own line item under Other).
- \$20,000 KCAP - King Cove to Cold Bay Road consultant.
- \$1,000 KCAP - supplies (total \$2,000)

Decreases:

- \$5,500, Administration - travel/per diem decrease.
- \$500 Administration - dues and fees decrease.
- \$55,500 Planning Commission amounts taken out.
- \$3,000 Communications - travel and per diem deduction.
- \$40,000, Other AEB vehicles - removed the vehicle line item.
- \$26,500, KCAP - salary, fringe, travel/per diem no longer needed.

Carol supports an increase to the Education Scholarships line item to be increased to \$35,000, which would be a \$10,000 increase. Bailey noted that a scholarship increase was discussed at the workshop also.

The Administrator continued on with the budget review.

Fund 22 - Cold Bay Terminal and Helicopter Operations:

- \$100,000 terminal maintenance increase for maintenance and to prepare for tenants.
- \$1,360 Fund 22 Helicopter - telephone line item increase (total \$3,500).

Fund 41 - Maintenance Reserve:

- \$200,000 additional increase for school buildings maintenance (total \$300,000).

Permanent Fund Earning to keep at 4%, taking \$1,548,573. Proposed projects to be funded from Permanent Fund earnings:

- Community budget request - additional \$14,519 to Cold Bay Preschool line item.
- Cold Bay Clinic - \$900,000 addition.
- Cold Bay Dock Feasibility Study - \$100,000.
- KCAP - \$100,000 for contract labor for lobbying, litigation, media and other expenses on road.
- Property surveys - \$85,000.
- False Pass Harbor - \$100,000 to help with development projects currently there.



- Project contingency \$249,054. For unanticipated projects and needs.

The Administrator added that the last item in packet is community budget requests. This year we requested the communities submit requests by March 14. We received \$17,191.743 in requests from the communities. The only one recommended to fund is Cold Bay Pre-School. AEB needs to fix our projects first before we can give money to communities for their projects.

Eastern Aleutian Tribes submitted their report on the \$150,000 they received this fiscal year and requested an additional \$50,000 for FY19. However, based on taking care of our own projects, recommend leaving contribution at \$150,000.

### **ROLL CALL**

YEAS: Josephine, Chris E., Carol, Paul, Chris B. Advisory: Justine, Angela.

NAY: None.

### **MOTION CARRIED.**

Mayor Osterback noted his appreciation for the Administrator and staff that spent time on the budget. All changes are laid out and all understandable.

RESOLUTIONS None

OLD BUSINESS None

NEW BUSINESS

Donation Requests:

The Administrator said per AEB policy, donation requests are submitted November 1 and May 1 or every year. Below are the recommended donations:

Donation requests for **FY18** budget:

|                                     |   |
|-------------------------------------|---|
| King Cove Fire/Rescue Fundraiser:   | \$3,000                                     |
| City of Sand Pt. Community Clean-up | <u>\$200</u> (no specific amount requested) |
| Total:                              | <b>\$3,200</b>                              |

Donation requests for **FY19** budget:

|                              |                |
|------------------------------|----------------|
| Sand Point Teen Center       | \$2,000        |
| Sand Point Derby Fundraiser  | \$900          |
| Cold Bay EMS Derby           | \$3,000        |
| QTT Tribe Fall Clean Up      | \$200          |
| QTT Tribe Graveyard Clean Up | \$200          |
| QTT Culture Camp             | <u>\$3,500</u> |
| Total:                       | <b>\$9,800</b> |

(KSDP Radio REMOVED \$10,000 and placed in Other line item)

Total contributions recommended: **\$13,000**

**MOTION**

Paul moved to approve the Administrator recommendation above, excluding KSDP request. Second by Carol.

DISCUSSION None

**ROLL CALL**

YEAS: Paul, Carol, Josephine, Chris E., Chris B. Advisory: Justine, Angela.

NAYS: None

**MOTION CARRIED.**

Discussion: National Fish and Wildlife Foundation Fisheries Innovation (NFWF) grant opportunity:

Resource Director, Ernie Weiss, said the kelp mariculture project pre-proposal request for \$75,000 is due on Monday, May 14. If accepted, we will be invited to submit a grant proposal in July. This will be a new project in our region for kelp mariculture projects in Sand Point, False Pass and Akutan. There are no projects in AEB like this, there are in other areas in Alaska. Governor Walker created an Alaska Mariculture Task Force. Many challenges include permitting and species gathering for seeding.

Mayor Osterback said it is a one to one match grant if we get it. Feels it is a way to provide job opportunities in the AEB if it goes forward. Only one way to find out if it is feasible, which is to go forward.

Charlotte said essentially looking to do three pilot mariculture farms to go out to communities to site appropriate biotic and abiotic features. Per regulation have to obtain seeds from local species, close to vicinity where we plan to do the operations. Seeds will be sent out to be cultivated, then strung on tubes, brought back to region, and strung on long lines anchored. Low impact operation, anticipate very minimal capital needed. Early spring we will harvest and determine if this is feasible. Educational material will be put together for others in region interested in doing similar. Hopefully there will be functional farms and job opportunity.

Chris reiterated his understanding that we will grow kelp and then find market to sell. Charlotte said yes adding that there is one dominant species in our area marketable. There are a lot of people doing this around the world. Kelp is being used in many different products from biofuel to high valued cosmetics and supplements. This will be the first mariculture project pioneered in our region, if funded.

Justine said she saw a demonstration, and said it is low maintenance and feels it is going to be a booming business, and supports.

Chris B. asked what species of kelp, Charlotte answered the primary one is sugar kelp. Plus, other opportunity to explore other species.

Weiss added that 60 Minutes had a segment on kelp mariculture that he will forward to Assembly later.

Mayor Osterback asked if there is any objection from Assembly for Weiss to move forward and submit the grant application to see what happens. THERE WERE NO OBJECTIONS.

## REPORTS AND UPDATES

### Administrator Report:

The Administrator reviewed her report highlighting the topics below:

- Harbor float design-amended the contract with Moffett & Nichol to address the Corps of Engineers needs.
- Maintenance Director fixed State Fire Marshall requirements on Sand Point School sprinkler system. Per DOWL, will do further repairs on the system.
- Surplus 2005 Chevy truck, out for two weeks, no bids received. We have now posted on Craigslist website.
- School assessments done for False Pass and Cold Bay and did walk through at Sand Pt. School.
- Sand Pt. School renew or replace question. DOWL said Sand Pt. School is in good condition, so renewal is better than replacement, with the exception of the pool. Will pursue Dept. of Education and Early Development grant when they come out.
- Essential Air Service in Nelson Lagoon. Not listed on the original list, not eligible and department does not have authority to add. It would take an act of Congress to include them on the list.
- Drafted letter of support to Governor Walker regarding tax gains to private entities investing in AEB.
- King Cove Road lawsuit. Attorney Silverman filed complaint, adding endangered species act violations.
- AEB health insurance up for renewal. Had discussion with insurance broker. We opted to stay where we are at.
- Visited Akutan April 16-19. Saw harbor float, hangar without hovercraft. Met with Maritime to make operation more efficient. Attended the City of Akutan Council meeting and met with Mayor Joe Bereskin and Trident Seafoods managers.
- Met with Silver Bay Seafoods regarding False Pass processor.
- Purchased new truck for Maintenance Dept.

Chris B. asked if the Assembly is able to get copies on school assessments when completed. Administrator answered yes.

### Assistant Administrator (full report in packet):

- Nearing completion of quarter 1 for strategic plan.
- Visited Akutan harbor. Need to complete harbor mitigation for harbor, which is to clean the beaches. Enlisted Trident to assist, cleaned by end of June.

- CDB clinic: Rasmussen Foundation letter of intent for \$375,000 for funding for clinic construction and should hear back in November. Getting close to receiving full funding to get project started and completed in the next two years.
- Visited Akutan with the Administrator.
- Helicopter April operation: 506 passengers, 8,391 lbs. of freight, 12 charters and 0 medivacs. \$170,000 is still owed but mostly from big companies who have a slow billing dept.

Communications Director (full report in packet):

- Working on white paper for KCAP. Reviewed Gary Hennigh's white paper on project for information. Received financial contributions from the Finance Director, Roxann Newman.
- Working on white paper on Akutan/Akun Marine Link.
- Working on communications sections on strategic plan. Capabilities of current communication infrastructure. Have contacted communities, and telecommunication providers.
- Attended Fishing Families conference. Low turnout, only seven people attended. Another workshop in Kodiak, researching the gender division on fishery activities.
- Limited entry salmon permits. State of Washington chose to have multiple operators on their permit because they needed more flexibility, and less robust fishery in WA.
- Media outreach on King Cove Road.

Resource Director(full report in packet):

- Will travel with ADF&G Commissioner, Sam Cotton, to King Cove and Sand Point, to hold fishermen's meeting; ADF&G pre-season meeting in Sand Point with Manager, Lisa Fox. Other communities will attend by teleconference. Commercial Fisheries Division Director, Scott Kelley will also attend meeting.
- Attended Ecosystem Research Workshop, topics were on the Pacific cod in the Gulf of Alaska.
- NPFMC meeting in Kodiak June 4-11. Discussion paper to make changes to Gulf cod and Pollock seasons and allocations.
- Conducting municipal land surveys.
- Bills that passed the Alaska Legislature are SB92, to help harbors deal with derelict vessels; HB 267, will give municipalities access to hunting and fishing guide records; and HB130, which outlines Port Moller Critical Habitat Area around Nelson Lagoon, and the changes won't impinge on Nelson Lagoon.
- Travelling to region with Eric Volk in July.
- Appointed to the North Pacific Research Board advisory panel, meeting twice a year.
- He applied to work with the Bristol Bay Advisory group reviewing the area wide plan.

Weiss also appreciated the discussion on adding another staff member to his department.

Maintenance Director (full report in packet):

- New work truck purchased, using it to go out to the communities by ferry.

- Starting on Maintenance Preventative Program with SERCC. Getting school maintenance up to speed for preventative work orders requirements. This provides us with points toward the reimbursement program for projects.
- Working with DOWL on schools assessments. King Cove and False Pass assessments just got completed.
- Long Technologies did our HVAC systems in King Cove and Sand Point. Looking at getting other sites HVAC systems up on line as well. Possible contracting with them.
- Receiving bids for school paint project.
- State Fire Marshall Inspection, Sand Pt. School -- work was required to become compliant, which has been completed.

Chris B. asked if there are plans to paint the AEB building in King Cove. Mobeck said yes, he has paint and it is in the works to paint the building, rail and put tread on the ramp.

#### ASSEMBLY COMMENTS

Paul asked if Chris Emrich has any update on processors in False Pass. Emrich said everyone is excited about the processor news, but nothing new to report at this time.

#### PUBLIC COMMENTS

#### NEXT MEETING DATE

June 1, 2018

#### ADJOURNMENT

Paul moved to adjourn. Hearing no more the meeting adjourned at 4:25 p.m.

---

Mayor Alvin D. Osterback

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Tina Anderson, Clerk

Date: \_\_\_\_\_

# Financial Report

No Financial report at this time.

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# INVESTMENT REPORT

# ALEUTIANS EAST BOROUGH

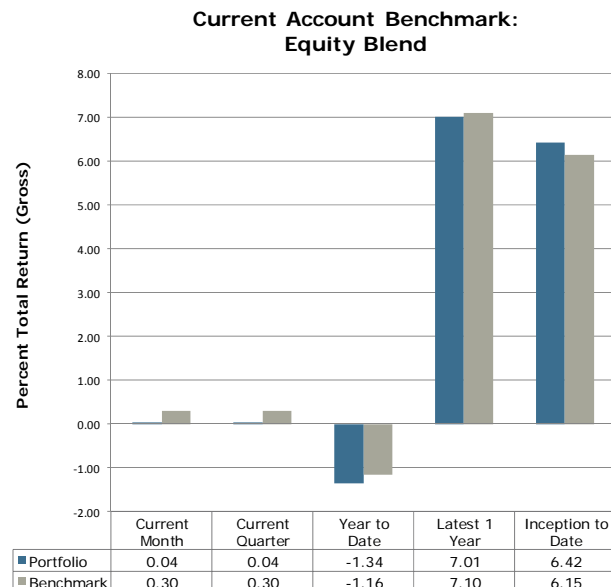
Account Statement - Period Ending April 30, 2018



## ACCOUNT ACTIVITY

|                             |            |
|-----------------------------|------------|
| Portfolio Value on 03-31-18 | 45,724,254 |
| Contributions               | 0          |
| Withdrawals                 | -1,040     |
| Change in Market Value      | -14,376    |
| Interest                    | 30,846     |
| Dividends                   | 0          |
| Portfolio Value on 04-30-18 | 45,739,684 |

## INVESTMENT PERFORMANCE

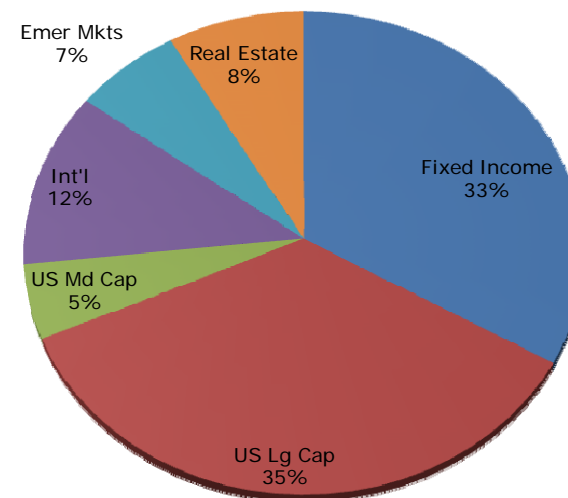


Performance is Annualized for Periods Greater than One Year

## MANAGEMENT TEAM

|                              |  |
|------------------------------|--|
| Client Relationship Manager: | Amber Frizzell, AIF®<br>Amber@apcm.net |
| Your Portfolio Manager:      | Jason Roth                             |
| 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, 2018*

| Asset Class & Target                   | Market Value      | %<br>Assets | Range      |
|--|-------------------|-------------|------------|
| <b>FIXED INCOME (34%)</b>              |                   |             |            |
| US Fixed Income (34.0%)                | 15,077,882        | 33.0        | 25% to 60% |
| Cash (0.0%)                            | 183,827           | 0.4         | na         |
| <b>Subtotal:</b>                       | <b>15,261,709</b> | <b>33.4</b> |            |
| <b>EQUITY (66%)</b>                    |                   |             |            |
| US Large Cap (36.0%)                   | 15,995,472        | 35.0        | 30% to 50% |
| US Mid Cap (5.0%)                      | 2,280,912         | 5.0         | 0% to 10%  |
| Developed International Equity (10.0%) | 5,371,184         | 11.7        | 5% to 15%  |
| Emerging Markets (5.0%)                | 3,008,786         | 6.6         | 0% to 10%  |
| Real Estate (10.0%)                    | 3,821,620         | 8.4         | 5% to 15%  |
| <b>Subtotal:</b>                       | <b>30,477,975</b> | <b>66.6</b> |            |
| <b>TOTAL PORTFOLIO</b>                 | <b>45,739,684</b> | <b>100</b>  |            |

# AEB/AKUTAN HARBOR - 2006 A

Account Statement - Period Ending April 30, 2018



## ACCOUNT ACTIVITY

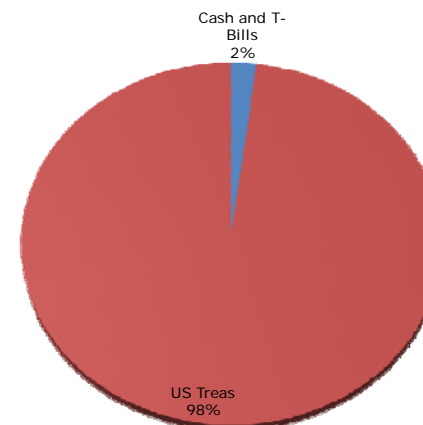
|                             |           |
|-----------------------------|-----------|
| Portfolio Value on 03-31-18 | 1,530,366 |
| Contributions               | 0         |
| Withdrawals                 | -64       |
| Change in Market Value      | 743       |
| Interest                    | 1,138     |
| Dividends                   | 0         |

Portfolio Value on 04-30-18 1,532,183

## MANAGEMENT TEAM

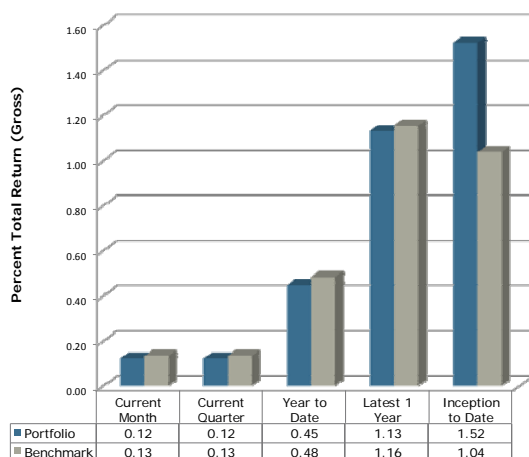
|                              |  |
|------------------------------|--|
| Client Relationship Manager: | Amber Frizzell, AIF®<br>Amber@apcm.net |
| Your Portfolio Manager:      | Jason Roth                             |
| Contact Phone Number:        | 907/272 -7575                          |

## PORTFOLIO COMPOSITION



## INVESTMENT PERFORMANCE

Current Account Benchmark:  
Citi 90 Day Tbill



Performance is Annualized for Periods Greater than One Year

## Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 1.77% Average Maturity: 0.23 Yrs

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

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
***AEB/AKUTAN HARBOR - 2006 A***  
*April 30, 2018*

| <u>Quantity</u>             | <u>Security</u>                               | <u>Average<br/>Cost</u> | <u>Total<br/>Average Cost</u> | <u>Price</u> | <u>Market<br/>Value</u> | <u>Pct.<br/>Assets</u> | <u>Annual<br/>Income</u> | <u>Accrued<br/>Interest</u> | <u>Yield<br/>to<br/>Maturity</u> |
|-----------------------------|---|-------------------------|-------------------------------|--------------|-------------------------|------------------------|--------------------------|-----------------------------|----------------------------------|
| <b>CASH AND EQUIVALENTS</b> |   |                         |                               |              |                         |                        |                          |                             |                                  |
|                             | FEDERATED GOVERNMENT OBLIGATIONS<br>INSTITUTI |                         | 31,414                        |              | 31,414                  | 2.05                   |                          |                             |                                  |
| <b>U.S. TREASURY</b>        |   |                         |                               |              |                         |                        |                          |                             |                                  |
| 650,000                     | US TREASURY NOTES<br>1.125% Due 06-15-18      | 99.84                   | 648,984                       | 99.92        | 649,512                 | 42.39                  | 7,312                    | 2,752                       | 1.71                             |
| 200,000                     | US TREASURY NOTES<br>0.875% Due 07-15-18      | 99.65                   | 199,297                       | 99.80        | 199,604                 | 13.03                  | 1,750                    | 512                         | 1.82                             |
| 250,000                     | US TREASURY NOTES<br>1.000% Due 08-15-18      | 99.72                   | 249,307                       | 99.74        | 249,342                 | 16.27                  | 2,500                    | 518                         | 1.89                             |
| 200,000                     | US TREASURY NOTES<br>1.000% Due 09-15-18      | 99.61                   | 199,227                       | 99.62        | 199,250                 | 13.00                  | 2,000                    | 255                         | 2.01                             |
| 200,000                     | US TREASURY NOTES<br>0.875% Due 10-15-18      | 99.46                   | 198,914                       | 99.47        | 198,946                 | 12.98                  | 1,750                    | 77                          | 2.03                             |
|                             | Accrued Interest                              |                         |                               |              | 4,115                   | 0.27                   |                          |                             |                                  |
|                             |   |                         | 1,495,729                     |              | 1,500,770               | 97.95                  |                          | 4,115                       |                                  |
| <b>TOTAL PORTFOLIO</b>      |   |                         | <b>1,527,142</b>              |              | <b>1,532,183</b>        | <b>100</b>             | <b>15,312</b>            | <b>4,115</b>                |                                  |

# AEB OPERATING FUND

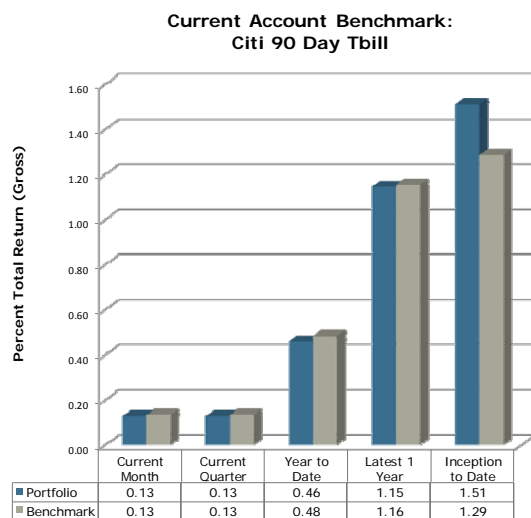
Account Statement - Period Ending April 30, 2018



## ACCOUNT ACTIVITY

|                             |           |
|-----------------------------|-----------|
| Portfolio Value on 03-31-18 | 2,558,429 |
| Contributions               | 0         |
| Withdrawals                 | -176      |
| Change in Market Value      | 1,323     |
| Interest                    | 1,965     |
| Dividends                   | 0         |
| Portfolio Value on 04-30-18 | 2,561,541 |

## INVESTMENT PERFORMANCE

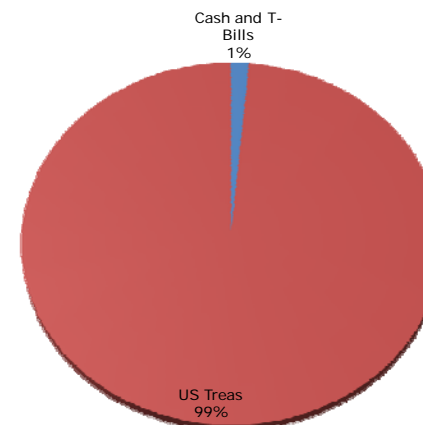


Performance is Annualized for Periods Greater than One Year

## MANAGEMENT TEAM

|                              |  |
|------------------------------|--|
| Client Relationship Manager: | Amber Frizzell, AIF®<br>Amber@apcm.net |
| Your Portfolio Manager:      | Jason Roth                             |
| Contact Phone Number:        | 907/272 -7575                          |

## PORTFOLIO COMPOSITION



### Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 1.80% Average Maturity: 0.23 Yrs

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

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
***AEB OPERATING FUND***  
*April 30, 2018*

| <u>Quantity</u>             | <u>Security</u>                               | <u>Average<br/>Cost</u> | <u>Total<br/>Average Cost</u> | <u>Price</u> | <u>Market<br/>Value</u> | <u>Pct.<br/>Assets</u> | <u>Annual<br/>Income</u> | <u>Accrued<br/>Interest</u> | <u>Yield<br/>to<br/>Maturity</u> |
|-----------------------------|---|-------------------------|-------------------------------|--------------|-------------------------|------------------------|--------------------------|-----------------------------|----------------------------------|
| <b>CASH AND EQUIVALENTS</b> |   |                         |                               |              |                         |                        |                          |                             |                                  |
|                             | FEDERATED GOVERNMENT OBLIGATIONS<br>INSTITUTI |                         | 36,139                        |              | 36,139                  | 1.41                   |                          |                             |                                  |
| <b>U.S. TREASURY</b>        |   |                         |                               |              |                         |                        |                          |                             |                                  |
| 300,000                     | US TREASURY NOTES<br>1.000% Due 05-15-18      | 99.83                   | 299,484                       | 99.97        | 299,925                 | 11.71                  | 3,000                    | 1,384                       | 1.60                             |
| 625,000                     | US TREASURY NOTES<br>1.125% Due 06-15-18      | 99.84                   | 624,023                       | 99.92        | 624,531                 | 24.38                  | 7,031                    | 2,646                       | 1.71                             |
| 575,000                     | US TREASURY NOTES<br>0.875% Due 07-15-18      | 99.65                   | 572,979                       | 99.80        | 573,861                 | 22.40                  | 5,031                    | 1,473                       | 1.82                             |
| 200,000                     | US TREASURY NOTES<br>1.000% Due 08-15-18      | 99.64                   | 199,289                       | 99.74        | 199,474                 | 7.79                   | 2,000                    | 414                         | 1.89                             |
| 300,000                     | US TREASURY NOTES<br>1.000% Due 09-15-18      | 99.61                   | 298,840                       | 99.62        | 298,875                 | 11.67                  | 3,000                    | 383                         | 2.01                             |
| 525,000                     | US TREASURY NOTES<br>0.875% Due 10-15-18      | 99.46                   | 522,149                       | 99.47        | 522,233                 | 20.39                  | 4,594                    | 201                         | 2.03                             |
|                             | Accrued Interest                              |                         |                               |              | 6,502                   | 0.25                   |                          |                             |                                  |
|                             |   |                         | 2,516,765                     |              | 2,525,402               | 98.59                  |                          | 6,502                       |                                  |
| <b>TOTAL PORTFOLIO</b>      |   |                         | <b>2,552,904</b>              |              | <b>2,561,541</b>        | <b>100</b>             | <b>24,656</b>            | <b>6,502</b>                |                                  |

# ALEUTIANS EAST BOROUGH SERIES E BOND

Account Statement - Period Ending April 30, 2018



## ACCOUNT ACTIVITY

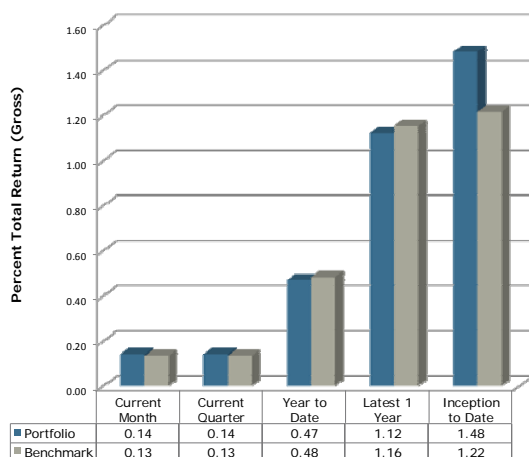
|                             |           |
|-----------------------------|-----------|
| Portfolio Value on 03-31-18 | 2,496,613 |
| Contributions               | 0         |
| Withdrawals                 | -446      |
| Change in Market Value      | 1,388     |
| Interest                    | 2,177     |
| Dividends                   | 0         |
| Portfolio Value on 04-30-18 | 2,499,732 |

## MANAGEMENT TEAM

|                              |  |
|------------------------------|--|
| Client Relationship Manager: | Amber Frizzell, AIF®<br>Amber@apcm.net |
| Your Portfolio Manager:      | Jason Roth                             |
| Contact Phone Number:        | 907/272 -7575                          |

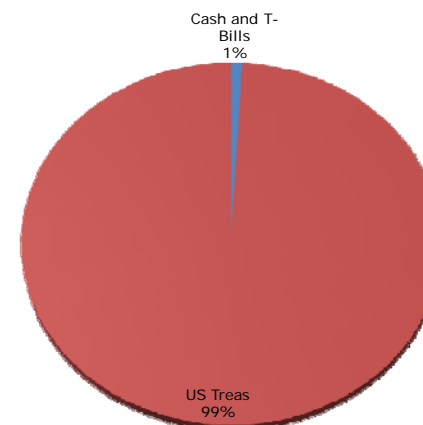
## INVESTMENT PERFORMANCE

Current Account Benchmark:  
Citi 90 Day Tbill



Performance is Annualized for Periods Greater than One Year

## PORTFOLIO COMPOSITION



### Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 1.82% Average Maturity: 0.22 Yrs

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

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
**ALEUTIANS EAST BOROUGH SERIES E BOND**  
*April 30, 2018*

| Quantity                    | Security                                      | Average<br>Cost | Total<br>Average Cost | Price | Market<br>Value  | Pct.<br>Assets | Annual<br>Income | Accrued<br>Interest | Yield<br>to<br>Maturity |
|-----------------------------|---|-----------------|-----------------------|-------|------------------|----------------|------------------|---------------------|-------------------------|
| <b>CASH AND EQUIVALENTS</b> |   |                 |                       |       |                  |                |                  |                     |                         |
|                             | FEDERATED GOVERNMENT OBLIGATIONS<br>INSTITUTI |                 | 21,801                |       | 21,801           | 0.87           |                  |                     |                         |
| <b>U.S. TREASURY</b>        |   |                 |                       |       |                  |                |                  |                     |                         |
| 525,000                     | US TREASURY NOTES<br>1.000% Due 05-15-18      | 99.87           | 524,303               | 99.97 | 524,869          | 21.00          | 5,250            | 2,422               | 1.60                    |
| 400,000                     | US TREASURY NOTES<br>1.125% Due 06-15-18      | 99.84           | 399,375               | 99.92 | 399,700          | 15.99          | 4,500            | 1,694               | 1.71                    |
| 500,000                     | US TREASURY NOTES<br>0.875% Due 07-15-18      | 99.64           | 498,203               | 99.80 | 499,010          | 19.96          | 4,375            | 1,281               | 1.82                    |
| 600,000                     | US TREASURY NOTES<br>1.000% Due 08-15-18      | 99.78           | 598,680               | 99.74 | 598,422          | 23.94          | 6,000            | 1,243               | 1.89                    |
| 100,000                     | US TREASURY NOTES<br>1.000% Due 09-15-18      | 100.43          | 100,434               | 99.62 | 99,625           | 3.99           | 1,000            | 128                 | 2.01                    |
| 100,000                     | US TREASURY NOTES<br>0.875% Due 10-15-18      | 100.05          | 100,047               | 99.47 | 99,473           | 3.98           | 875              | 38                  | 2.03                    |
| 100,000                     | US TREASURY NOTES<br>1.250% Due 11-15-18      | 100.77          | 100,770               | 99.56 | 99,559           | 3.98           | 1,250            | 577                 | 2.07                    |
| 150,000                     | US TREASURY NOTES<br>1.250% Due 12-15-18      | 99.44           | 149,156               | 99.46 | 149,185          | 5.97           | 1,875            | 706                 | 2.13                    |
|                             | Accrued Interest                              |                 |                       |       | 8,088            | 0.32           |                  |                     |                         |
|                             |   |                 | 2,470,967             |       | 2,477,931        | 99.13          |                  | 8,088               |                         |
| <b>TOTAL PORTFOLIO</b>      |   |                 | <b>2,492,768</b>      |       | <b>2,499,732</b> | <b>100</b>     | <b>25,125</b>    | <b>8,088</b>        |                         |

\* Callable security

# AEB 2010 SERIES A GO BOND/KCAP

Account Statement - Period Ending April 30, 2018



## ACCOUNT ACTIVITY

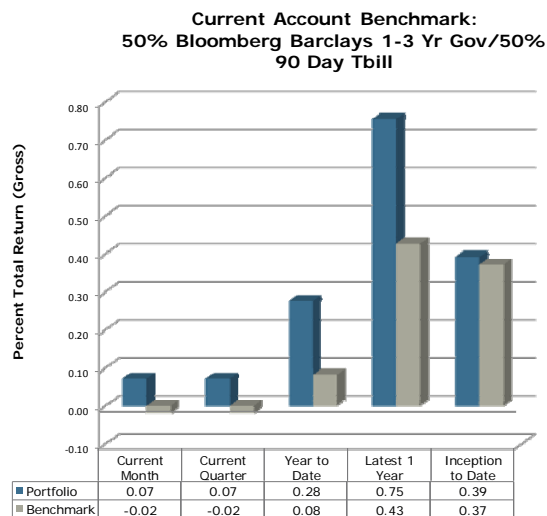
|                             |           |
|-----------------------------|-----------|
| Portfolio Value on 03-31-18 | 1,028,054 |
| Contributions               | 0         |
| Withdrawals                 | -73       |
| Change in Market Value      | -219      |
| Interest                    | 963       |
| Dividends                   | 0         |

Portfolio Value on 04-30-18 1,028,725

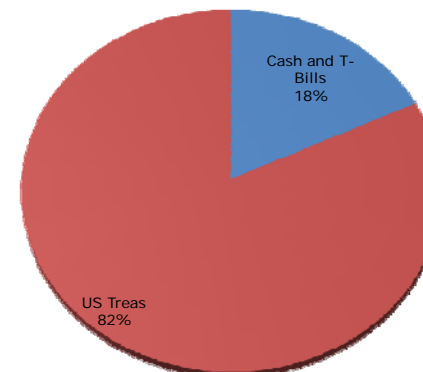
## MANAGEMENT TEAM

|                              |  |
|------------------------------|--|
| Client Relationship Manager: | Amber Frizzell, AIF®<br>Amber@apcm.net |
| Your Portfolio Manager:      | Jason Roth                             |
| 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: 1.75% Average Maturity: 0.68 Yrs

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



Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
**AEB 2010 SERIES A GO BOND/KCAP**  
*April 30, 2018*

| Quantity                    | Security   | Average<br>Cost | Total<br>Average Cost | Price | Market<br>Value  | Pct.<br>Assets | Annual<br>Income | Accrued<br>Interest | Yield<br>to<br>Maturity |
|-----------------------------|--|-----------------|-----------------------|-------|------------------|----------------|------------------|---------------------|-------------------------|
| <b>CASH AND EQUIVALENTS</b> |  |                 |                       |       |                  |                |                  |                     |                         |
|                             | FEDERATED GOVERNMENT OBLIGATIONS<br>INSTITUTI                |                 | 184,258               |       | 184,258          | 17.91          |                  |                     |                         |
| <b>U.S. TREASURY</b>        |  |                 |                       |       |                  |                |                  |                     |                         |
| 200,000                     | US TREASURY NOTES<br>1.125% Due 06-15-18                     | 99.84           | 199,687               | 99.92 | 199,850          | 19.43          | 2,250            | 847                 | 1.71                    |
| 75,000                      | US TREASURY NOTES<br>1.250% Due 12-15-18                     | 99.95           | 74,962                | 99.46 | 74,593           | 7.25           | 937              | 353                 | 2.13                    |
| 100,000                     | US TREASURY NOTES<br>1.125% Due 01-15-19                     | 99.19           | 99,187                | 99.26 | 99,258           | 9.65           | 1,125            | 329                 | 2.18                    |
| 175,000                     | US TREASURY NOTES<br>1.000% Due 03-15-19                     | 98.92           | 173,113               | 98.91 | 173,099          | 16.83          | 1,750            | 224                 | 2.26                    |
| 200,000                     | US TREASURY NOTES<br>1.250% Due 06-30-19                     | 99.68           | 199,367               | 98.76 | 197,516          | 19.20          | 2,500            | 836                 | 2.33                    |
| 100,000                     | US TREASURY NOTES<br>1.125% Due 03-31-20<br>Accrued Interest | 98.77           | 98,770                | 97.46 | 97,465           | 9.47           | 1,125            | 98                  | 2.49                    |
|                             |  |                 |                       |       | 2,686            | 0.26           |                  |                     |                         |
|                             |  |                 | 845,087               |       | 844,467          | 82.09          |                  | 2,686               |                         |
| <b>TOTAL PORTFOLIO</b>      |  |                 | <b>1,029,345</b>      |       | <b>1,028,725</b> | <b>100</b>     | <b>9,687</b>     | <b>2,686</b>        |                         |

# AEB 2010 SERIES B BOND/AKUTAN AIR

Account Statement - Period Ending April 30, 2018



## ACCOUNT ACTIVITY

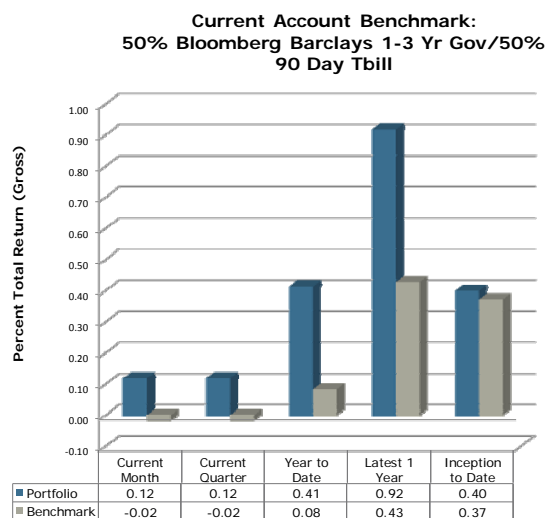
|                             |           |
|-----------------------------|-----------|
| Portfolio Value on 03-31-18 | 2,048,335 |
| Contributions               | 0         |
| Withdrawals                 | -85       |
| Change in Market Value      | 811       |
| Interest                    | 1,613     |
| Dividends                   | 0         |

Portfolio Value on 04-30-18 2,050,673

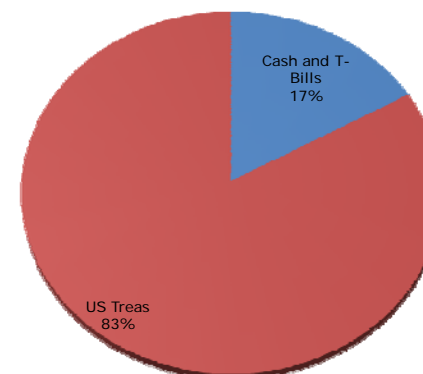
## MANAGEMENT TEAM

|                              |  |
|------------------------------|--|
| Client Relationship Manager: | Amber Frizzell, AIF®<br>Amber@apcm.net |
| Your Portfolio Manager:      | Jason Roth                             |
| 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: 1.63% Average Maturity: 0.35 Yrs

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

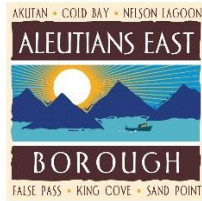
Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
**AEB 2010 SERIES B BOND/AKUTAN AIR**  
*April 30, 2018*

| Quantity                    | Security                                      | Average<br>Cost | Total<br>Average Cost | Price | Market<br>Value  | Pct.<br>Assets | Annual<br>Income | Accrued<br>Interest | Yield<br>to<br>Maturity |
|-----------------------------|---|-----------------|-----------------------|-------|------------------|----------------|------------------|---------------------|-------------------------|
| <b>CASH AND EQUIVALENTS</b> |   |                 |                       |       |                  |                |                  |                     |                         |
|                             | FEDERATED GOVERNMENT OBLIGATIONS<br>INSTITUTI |                 | 344,182               |       | 344,182          | 16.78          |                  |                     |                         |
| <b>U.S. TREASURY</b>        |   |                 |                       |       |                  |                |                  |                     |                         |
| 100,000                     | US TREASURY NOTES<br>0.875% Due 05-31-18      | 99.84           | 99,836                | 99.93 | 99,934           | 4.87           | 875              | 367                 | 1.65                    |
| 325,000                     | US TREASURY NOTES<br>1.125% Due 06-15-18      | 100.03          | 325,109               | 99.92 | 324,756          | 15.84          | 3,656            | 1,376               | 1.71                    |
| 160,000                     | US TREASURY NOTES<br>0.750% Due 07-31-18      | 99.47           | 159,150               | 99.73 | 159,562          | 7.78           | 1,200            | 298                 | 1.83                    |
| 100,000                     | US TREASURY NOTES<br>1.000% Due 08-15-18      | 100.46          | 100,457               | 99.74 | 99,737           | 4.86           | 1,000            | 207                 | 1.89                    |
| 300,000                     | US TREASURY NOTES<br>1.000% Due 09-15-18      | 99.83           | 299,480               | 99.62 | 298,875          | 14.57          | 3,000            | 383                 | 2.01                    |
| 100,000                     | US TREASURY NOTES<br>0.875% Due 10-15-18      | 100.05          | 100,047               | 99.47 | 99,473           | 4.85           | 875              | 38                  | 2.03                    |
| 100,000                     | US TREASURY NOTES<br>1.250% Due 11-15-18      | 100.77          | 100,770               | 99.56 | 99,559           | 4.85           | 1,250            | 577                 | 2.07                    |
| 100,000                     | US TREASURY NOTES<br>1.250% Due 12-15-18      | 100.25          | 100,250               | 99.46 | 99,457           | 4.85           | 1,250            | 470                 | 2.13                    |
| 100,000                     | US TREASURY NOTES<br>1.125% Due 01-15-19      | 99.95           | 99,953                | 99.26 | 99,258           | 4.84           | 1,125            | 329                 | 2.18                    |
| 125,000                     | US TREASURY NOTES<br>0.750% Due 02-15-19      | 99.05           | 123,809               | 98.84 | 123,555          | 6.03           | 937              | 194                 | 2.22                    |
| 200,000                     | US TREASURY NOTES<br>1.000% Due 03-15-19      | 99.46           | 198,922               | 98.91 | 197,828          | 9.65           | 2,000            | 255                 | 2.26                    |
|                             | Accrued Interest                              |                 |                       |       | 4,497            | 0.22           |                  |                     |                         |
|                             |   |                 | 1,707,783             |       | 1,706,491        | 83.22          |                  | 4,497               |                         |
| <b>TOTAL PORTFOLIO</b>      |   |                 | <b>2,051,965</b>      |       | <b>2,050,673</b> | <b>100</b>     | <b>17,169</b>    | <b>4,497</b>        |                         |

# Consent Agenda

None at this time.

# Public Hearings



## MEMORANDUM

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Date: May 4, 2018

**Re: Ordinance 18-11, amending Title 6, Chapter 6.04, Section 6.04.041 of the Aleutians East Borough Code of Ordinances**

---

As part of a prudent investment plan it is important to regularly review your investment policies to ensure that they represent the current goals and restraints. Over the past several months, Alaska Permanent Capital Management (APCM) has been working with Borough Administration and the Assembly to review and possibly update the Permanent Fund Account language in the Aleutians East Borough Code to reflect the Borough's current goals and restraints.

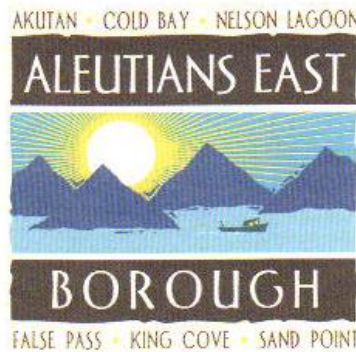
This process yielded several suggested revisions to the current policies.

1. We have re-defined the purpose of the fund as it had not been updated in over 25 years. The original goal of the Permanent Fund was to reach \$20 million. If you adjusted the \$20 million for inflation since 1992 (using the actual consumer price index) it is \$35.8 million in today's dollars, which shows an appropriate manner in which to look at the preservation of purchasing power as time goes on. This proposed change removes the \$20 million language and redefines the account purpose to allow the fund to grow in perpetuity and provide a permanent, potential source of fiscal support to meet the needs of the Borough, including the school district, arising out of natural disasters, major financial emergencies, and for the payment of principal and interest on general obligation bonds to prevent an impending default.
2. The spending or distribution policy has been updated to reflect current market conditions to provide a realistic sustainable rate of distribution that seeks to avoid over spending that would lead to the depletion of the fund, and also preserve the purchasing power of the fund by taking into account inflation proofing.

The 4% distribution rate, outlined in the proposed change, is based off an average of the past five years of the funds market value, which helps adjust for the volatility of the

market (whether it swings up or down), smoothing it out and giving more stability in regard to the distribution capability for the permanent fund.

This also states that if the Assembly decides to appropriate funds from the Permanent Fund to the General Fund then the funds must be allocated to specific municipal functions.



**ALEUTIANS EAST BOROUGH  
ORDINANCE SERIAL NO. 18-11**

**AN ORDINANCE AMENDING TITLE 6, CHAPTER 6.04, SECTION 6.04.041  
OF THE ALEUTIANS EAST BOROUGH  
CODE OF ORDINANCES**

- WHEREAS,** the legislative power of the Aleutians East Borough (“Borough”) is vested in the Borough Assembly under Alaska Statute Sec. 29.20.050; and
- WHEREAS,** the Aleutians East Borough Permanent Fund was created by the unanimous Borough Assembly in April 17, 1992; and
- WHEREAS,** the Aleutians East Borough Municipal Code provides for limited use of the Fund each year after inflation proofing for any municipal purpose including operations and capital needs. The Fund has grown from the initial deposits to a current value of over \$20 million dollars; and
- WHEREAS,** after considerable study, the unanimous Borough Assembly believes that limiting annual withdrawals to 4% of the Fund’s five year average market value will protect the Fund, provide for long term growth and avoid the effects of short term fluctuations in value; and
- WHEREAS,** the proposed change adopts a method used across the world by endowments and is endorsed by investment managers.



**NOW, THEREFORE, BE IT ENACTED AS FOLLOWS:**

**Section 1.** That Section 6.04.041 of the Aleutians East Borough Municipal Code is hereby amended to read as follows:

**6.04.041 Permanent Fund Account.**

A. **Assembly Authority.** Unless the Assembly provides otherwise in its approved budget or an appropriation ordinance, the provisions of this section shall govern the deposit and crediting of funds to the Permanent Fund Account established under section 6.04.040 1(B).

B. **Balance.Purpose.** It is the goal of the Assembly that ~~the balance of the Permanent Fund Account grow in perpetuity and provide a permanent, potential source of fiscal support to further the Aleutians East Borough's goals and needs. It also seeks to preserve the purchasing power over time. be \$20 million. Until such goal is reached, the provisions of section 6.04.041C and D shall govern the required deposits to be made to the fund each year.~~ At any time, the mayor may propose and the Assembly may, on its own initiative or upon the recommendation of the mayor, deposit in the Permanent Fund Account amounts from any lawfully available source.

C. ~~**Budgeted Deposit.**~~ **Bond Covenant Considerations**

~~1. Each year until the balance of the account equals or exceeds the account balance goal set out in section 6.04.041B the mayor may propose in the budget submitted to the Assembly a deposit to the permanent fund account of excess moneys from the General Fund at the close of the Borough's fiscal year.~~

Upon approval of the Assembly by resolution or ordinance, and subject to prior covenants made pursuant to authority granted under this section~~6.04.041C2~~, the Borough may enter into a bond covenant requiring that prior to any deposit or transfer to the Permanent Fund Account, the current fiscal year debt service on the bonds shall be paid, or that one or more deposits shall be made to the debt service fund of the bonds until the balance of the debt service fund equals an amount not exceeding debt service payments on the bonds remaining due during the current fiscal year. Funds of appropriations subject to a pledge under this subsection shall be deposited in accordance with such pledge. When the pledge has been fulfilled, funds that subsequently become available that are appropriated for the debt service on the bonds shall be deposited to the Permanent Fund Account to the extent the appropriation to the Permanent Fund Account is

unfunded. Debt service payments include payments of principal and interest on bonds for which a pledge pursuant to this section 6.04.041 has been made.

**D. Earnings- Spending Policy.** The Borough Assembly may only appropriate from the ~~P~~permanent ~~F~~fund Account to the General Fund as follows: In its discretion and consistent with this Chapter, the Borough Assembly may, in any fiscal year, appropriate an amount not to exceed ~~eight percent (8%)~~ four percent (4%) of the five-year average fund market value, to be computed using the five (5) prior calendar years market value. This spending policy attempts to smooth the effects of market volatility and preserve the purchasing power of the fund.

If funds are appropriated from the Permanent Fund Account to the General Fund, the funds must be allocated to specific municipal functions.

(Ord. 12-01 (amended 01-08) Sec. 6.04.041(D))

~~**E. — Earnings — Allocation.** Earnings on the Permanent Fund Account not required to be redeposited to the credit of the account under section 6.04.041D may be deposited in the General Fund and used for any municipal purpose or such amounts may be allocated to specific municipal functions. Notwithstanding an allocation made pursuant to this section, such amounts must still be appropriated before they may be spent for such functions.~~

~~(Ord. 01-08 (amended 92-7) Sec. 6.04.041)~~

**E.F. Investments – Purpose and Limitations.** A purpose of the permanent fund is growth through prudent investment of fund assets. Notwithstanding the objectives of the Borough policy for the investment of its operating and other funds set out in Code Section 6.08.010(C), the investment of permanent fund assets shall be made to maintain safety of principal while maximizing total return. Investments shall be diversified to minimize the risk of loss resulting from a concentration of investments in a specific maturity, issuer, class of security, financial institution or, with respect to equity investments, in a specific company, industry or investment sector. Fund assets may be invested in the instruments and securities set out in Code Section 6.08.030 and in the following securities:

- (1) (a) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor's 500 Index, including both mutual funds and exchange traded funds (ETF's).
- (b) International Equities, which taken as a whole, attempt to replicate the Morgan Stanley Capital International Europe

Australasia and Far East (MSCI EAFE) or a substantial similar Index, including both mutual fund and exchange traded funds (ETF's).

(c) Equities, which taken as a whole, attempt to replicate the universe of domestic real estate investment trusts as represented by the S&P REIT Index or the Cohen & Steers Realty Majors Portfolio Index, including both mutual funds and exchange traded funds (ETF's).

(d) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor's 400 Mid Cap Index, including both mutual funds and exchange traded funds (ETF's).

(e) Emerging markets equity index funds, which taken as a whole, attempt to replicate the Morgan Stanley Capital International Emerging Markets or a substantially similar Index, including both mutual funds and exchange traded funds (ETF's).

(2) Permanent Fund asset allocation plan and performance measurement targets.

The asset allocation targets and ranges are as follows:

| Asset Class             | Target %<br>Weighting | Range % |
|-------------------------|-----------------------|---------|
| Domestic Equity         | 36                    | 30-50   |
| Mid / Cap. Equity       | 5                     | 0-10    |
| International<br>Equity | 10                    | 5-15    |
| Real Estate Equity      | 10                    | 5-15    |
| Fixed Income            | 34                    | 25-60   |
| Emerging Markets        | 5                     | 0-10    |

(3) The Performance of the investment advisors will be measured as follows:

(a) Performance measurement for the Domestic Equity Allocation will be measured against the Target Weighting, using the Standard & Poor's 500 as the Benchmark.

(b) Performance measurement for the Mid/Small Cap Equity Allocation will be measured against the Target Weighting, using the Standard & Poor's 400 Mid Cap Index as the Benchmark.

(c) Performance measurement for the International Equity Allocation will be measured against the Target weighting using the Morgan Stanley Capital International Europe Australasia and Far East (MSCI EAFE) or a substantially similar Index for the Benchmark.

(d) Performance measurement for the Real Estate Allocation will be measured against the Target weighting using the Standard & Poor's REIT Index for the Benchmark.

(e) Performance measurement for the Fixed Income Allocation will be measured against the Target weighing using the Lehman Intermediate Gov/Credit Index for the Benchmark. The duration of the Fixed Income Allocation should be maintained between 80% and 120% of the duration of the Benchmark.

(f) Performance measurement for the Emerging Market Allocation will be measured against the Target weighting using the Morgan Stanley Capital International Emerging Market (MSCI Emerging) or a substantially similar Index for the Benchmark.

**(Ord. 17-03 (amended 13-04) Sec. 6.04.041(F))**

**Section 2. Classification.** This Ordinance shall be of a permanent nature and shall become part of the Aleutians East Borough Municipal Code.

**Section 3. Severability.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this Ordinance and the application to other persons or circumstances shall not be affected thereby.

**Section 4: Effectiveness.** This ordinance shall become effective upon adoption, and shall be included in the Aleutians East Borough Municipal Code at the time of its next regular supplementation and printing or ratification by the qualified voters of the Aleutians East Borough.

**Section 5: Adoption of Sections.** Code Section 6.04.041 is hereby repealed and Code Section 6.04.041 as annexed hereto as Exhibit A as part of this Ordinance is hereby adopted as Code Section 6.04.041 of the Code of Ordinances of the Aleutians East Borough.

Passed and adopted by the Aleutians East Borough Assembly this \_\_\_\_ day of \_\_\_\_\_, 2018.

Date Introduced: \_\_\_\_\_

Date Adopted: \_\_\_\_\_

\_\_\_\_\_  
Alvin D. Osterback, Mayor

Date \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Clerk

Date: \_\_\_\_\_

## EXHIBIT A

### ALEUTIANS EAST BOROUGH ORDINANCE SERIAL NO. 18-11

#### **6.04.041. Permanent Fund Account.**

- A. **Assembly Authority.** Unless the Assembly provides otherwise in its approved budget or an appropriation ordinance, the provisions of this section shall govern the deposit and crediting of funds to the Permanent Fund Account established under section 6.04.040 1(B).
- B. **Purpose.** It is the goal of the Assembly that the Permanent Fund Account grow in perpetuity and provide a permanent, potential source of fiscal support to further the Aleutian East Borough's goals and needs. It also seeks to preserve purchasing power over time. At any time, the mayor may propose and the Assembly may, on its own initiative or upon the recommendation of the mayor, deposit in the Permanent Fund Account amounts from any lawfully available source.
- C. **Bond Covenant Considerations.** Upon approval of the Assembly by resolution or ordinance, and subject to prior covenants made pursuant to authority granted under this section, the Borough may enter into a bond covenant requiring that prior to any deposit or transfer to the Permanent Fund Account, the current fiscal year debt service on the bonds shall be paid or that one or more deposits shall be made to the debt service fund of the bonds until the balance of the debt service fund equals an amount not exceeding debt service payments on the bonds remaining due during the current fiscal year. Funds of appropriations subject to a pledge under this subsection shall be deposited in accordance with such pledge. When the pledge has been fulfilled, funds that subsequently become available that are appropriated for the debt service on the bonds shall be deposited to the Permanent Fund Account to the extent the appropriation to the Permanent Fund Account is unfunded. Debt service payments include payments of principal and interest on bonds for which a pledge pursuant to this section 6.04.041 has been made.
- D. **Spending Policy.** The Borough Assembly may only appropriate from the Permanent Fund Account to the General Fund as follows: In its discretion and consistent with this Chapter, 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 (5) prior calendar years market value. This spending policy attempts to smooth the effects of market volatility and preserve the purchasing power of the fund.

If funds are appropriated from the Permanent Fund to the General Fund the funds must be allocated to specific municipal functions.

(Ord. 12-01 (amended 01-08) Sec. 6.04.041(D))

- E. **Investments – Purpose and Limitations.** A purpose of the permanent fund is growth through prudent investment of fund assets. Notwithstanding the objectives of the Borough policy for the investment of its operating and other funds set out in Code Section 6.08.010(C), the investment of permanent fund assets shall be made to maintain safety of principal while maximizing total return. Investments shall be diversified to minimize the risk of loss resulting from a concentration of investments in a specific maturity, issuer, class of security, financial institution or, with respect to equity investments, in a specific company, industry or investment sector. Fund assets may be invested in the instruments and securities set out in Code Section 6.08.030 and in the following securities:

- (1)
  - (a) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor's 500 Index, including both mutual funds and exchange traded funds (ETF's).
  - (b) International Equities, which taken as a whole, attempt to replicate the Morgan Stanley Capital International Europe Australasia and Far East (MSCI EAFE) or a substantial similar Index, including both mutual fund and exchange traded funds (ETF's).
  - (c) Equities, which taken as a whole, attempt to replicate the universe of domestic real estate investment trusts as represented by the S&P REIT Index or the Cohen & Steers Realty Majors Portfolio Index, including both mutual funds and exchange traded funds (ETF's).
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  - (e) Emerging markets equity index funds, which taken as a whole, attempt to replicate the Morgan Stanley Capital International Emerging Markets or a substantially similar Index, including both mutual funds and exchange traded funds (ETF's).
- (2) Permanent Fund asset allocation plan and performance measurement targets.

The asset allocation targets and ranges are as follows:

| Asset Class             | Target %<br>Weighting | Range % |
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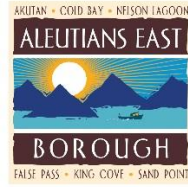
(d) Performance measurement for the Real Estate Allocation will be measured against the Target weighting using the Standard & Poor's REIT Index for the Benchmark.

(e) Performance measurement for the Fixed Income Allocation will be measured against the Target weighing using the Lehman Intermediate Gov/Credit Index for the Benchmark. The duration of the Fixed Income Allocation should be maintained between 80% and 120% of the duration of the Benchmark.

(f) Performance measurement for the Emerging Market Allocation will be measured against the Target weighting using the Morgan Stanley Capital International Emerging Market (MSCI Emerging) or a substantially similar Index for the Benchmark.

(Ord. 17-03 (amended 13-04) Sec. 6.04.041(F))





## MEMORANDUM

To: Alvin D. Osterback, Mayor

From: Anne Bailey, Borough Administrator

Date: May 14, 2018

**Re: Ordinance 18-12, Adopting the Operating and Capital Budget for FY19 (Redrafted after the May 10, 2018 Assembly Meeting. The changes are shown in red.)**

---

### **FY 19 Budget Adjustment Recommendations**

#### **Fund 01 General Fund Budget Adjustment Recommendations**

**Salaries: .5% COLA Adjustment**

(This is based off Anchorage's Consumer Price Index for the preceding fiscal year. This increase is outlined in Section 9.05 B. of the Employee Handbook.)

**Administration: \$110,000 Contract Labor Addition**

Add Contract Labor Line Item E 01-200-000-380 CONTRACT LABOR in the amount of \$110,000.

- \$75,000 would be appropriated to keep PGS on call when needed throughout to assist with the Strategic Plan and to enter into contract for work for the next year.
- \$15,000 would be to hire someone or a company to assist with the retention schedule scanning work.
- \$10,000 would be used to hire someone or a company to assist in the Cold Bay Terminal Lease.
- \$10,000 for land use permitting website work and Susan Harvey if needed throughout the process.

**\$5,500 Deduction from Administration Travel and Per Diem Line Item**

Deduct \$5,500 from the Administration Travel and Per Diem Line Item (E 01-200-000-400 TRAVEL AND PER DIEM) leaving \$20,000 for travel.

**\$500 Deduction from Administration Dues and Fees Line Item**

Deduct \$500 from the Administration Dues and Fees Line Item (E 01-200-000-530) leaving \$2,000. The Administrator does not plan on renewing the National Association of Counties membership.

**Planning Commission: \$55,500 from the Planning Commission Budget Deduction**

Keep Dept 151 Planning Commission line item in the budget but deduct the \$55,500 available leaving it with a zero balance.

**Finance: \$65,500 Audit Line Item**

Increase the existing Audit Line Item (E 01-250-000-550 AUDIT) from \$60,000 to \$65,500. This was approved per Resolution 18-29 at the March 8, 2018 Assembly Meeting.

**\$10,000 Travel Line Item**

Increase the existing Travel Line Item (E01-250-000-400 TRAVEL AND PER DIEM) from \$7,000 to \$10,000. This will mirror what was spent in FY18.

**Natural Resources: \$65,000 Contract Labor Addition**

Add Contract Labor Line Item E 01-650-000-380 CONTRACT LABOR in the amount of \$65,000. This is for a Fishery Analyst Consultant.

**Communications: \$3,000 Travel and Per Diem Deduction**

Deduct \$3,000 from the Travel and Per Diem Line Item (E 01-651-011-400 TRAVEL AND PER DIEM). This reflects the anticipated needs for travel in FY19.

**\$3,000 Advertising Addition**

Increase the existing Advertising Line Item (E 01-651-011-532 ADVERTISING) from \$15,000 to \$18,000. This reflects the anticipated needs for advertising in FY19.

**Education:                      \$10,000 School Scholarships Addition**

Increase the existing School Scholarships Line Item (E 01-850-000-701 SCHOOL SCHOLARSHIPS) from \$25,000 to \$35,000. This was per the discussion at the May 10, 2018 Assembly.

**Other Equipment:              \$50,000 Equipment Line Item**

Increase the existing Equipment Line Item (E 01-900-000-500 EQUIPMENT) from \$35,000 to \$50,000. This can be used to purchase new phones for the Sand Point and King Cove offices and other equipment if needed.

**Other AEB Vehicles:          \$40,000 AEB Vehicles Deduction**

Deduct \$40,000 from the AEB Vehicles Line Item (E 01-900-000-515 AEB VEHICLES) from \$40,000 to \$0. This line item was for purchasing a vehicle in FY18 and is not needed in FY19.

**Other Bank Fees:              \$15,000 Bank Fees Line Item**

Increase the existing Bank Fees Line Item (E 01-900-000-727 BANK FEES) from \$12,000 to \$15,000. This reflects more accurately what was expended in FY18.

~~**Other Donations:              \$10,000 Donation Addition**~~

~~Increase the existing Donation Line Item (E 01-900-000-757 DONATIONS) from \$23,500 to \$33,500. This would allow for a \$10,000 donation to KSDP if approved by the Assembly during the donation request process that will be presented at the May Assembly meeting.~~

**Other KSDP:                    \$10,000 KSDP Funding Addition**

Propose adding a line item under Dept 900 Other in the amount of \$10,000 to support KSDP. Unclear what to code this. This would require an agreement with KSDP. This was per the discussion at the May 10, 2018 Assembly Meeting.

**KCAP:                            \$2,500 Salaries Deduction**

Deduct \$2,500 from the Salaries Line Item (E 01-844-000-300 SALARIES). This line item is no longer needed.

**\$20,000 Fringe Benefits Deduction**

Deduct \$200,000 from the Fringe Benefits Line Item (E 01-844-000-350 FRINGE BENEFITS). This line item is no longer needed.

**\$4,000 Travel and Per Diem Deduction**

Deduct \$4,000 from the Travel and Per Diem Line Item (E 01-844-000-400 TRAVEL ANE PER DIEM). These funds were not used in FY18 and is not needed in FY19.

**\$20,000 Contract Labor Addition**

Add Contract Labor Line Item E 01-844-000-380 CONTRACT LABOR in the amount of \$20,000. This is for a consultant that would assist with aspects of the King Cove to Cold Bay Road.

**\$2,000 Supplies Line Item**

Increase the existing Supplies Line Item (E 01-855-000-475 SUPPLIES) from \$1,000 to \$2,000. This better reflects what was expended in FY18.

**Fund 22 Operations Budget Adjustment Recommendations**

**Department 802 Capital – Cold Bay**

**Maintenance: \$100,000 Maintenance Line Item Addition**

May want to consider addition a Maintenance Line Item (E 22-802-200-603) to the Cold Bay Terminal for deferred maintenance and preparation for a tenant to occupy the 1<sup>st</sup> floor of the facility.

**Department 845 Helicopter Operations**

**Telephone: \$3,500 Telephone Line Item**

Increase the existing Telephone Line Item (E 22-845-300-425) from \$2,140 to \$3,500. This reflects more accurately what was expended in FY18 and what it will be for FY19.

## **Fund 41 Maintenance Reserve Fund**

### **Other Maintenance Reserve: \$300,000 Maintenance Line Item Addition**

Increase the existing Maintenance Line Item (E 41-900-000-603 MAINTENANCE) from \$100,000 to \$300,000. This would make funds available for school deferred maintenance projects to occur for the school buildings.

## **Fund 20 Grant Programs**

### **Permanent Fund Earnings: \$1,548,573 in Permanent Fund Earnings reflected in the budgets Revenues and Expenditure Line Item**

The \$1,548,573 is 4% of the permanent fund distribution amount and is based off APCM's reading of the Borough ordinance (5-year average market value assuming fiscal year end 6/30).

The recommended appropriations of the Permanent Fund Earnings are shown below:

#### **Cold Bay Preschool: \$14,519 Addition to Sub Department 516 Cold Bay Preschool Line Item E 20-516-209-475 Supplies**

Propose adding \$14,519 to Line Item E 20-516-209-475 Supplies for the Cold Bay Preschool. This was requested by the City of Cold Bay through the budget request process. The funds would be appropriated from the FY19 Permanent Fund Earnings.

#### **Cold Bay Clinic: \$900,000 Addition to Sub Department 209 AEB Grant Line Item E 20-520-209-850 CAPITAL CONSTRUCTION**

Propose adding \$900,000 to Line Item E 20-520-209-850 CAPITAL CONSTRUCTION for the Cold Bay Clinic. The funds would be appropriated from the FY 19 Permanent Fund Earnings.

#### **False Pass Harbor: \$100,000 Addition to Fund 20 for the False Pass Harbor**

Propose adding \$100,000 to Fund 20 for the False Pass Harbor. This would allow the Borough to assist in development projects that are occurring or being proposed to the harbor and their operations. A line item will need to be created, The funds would be appropriated from the FY 19 Permanent Fund Earnings.

**King Cove Access Project: \$100,000 Addition to Sub Department 867 KCC Alternative Road Line Item E 20-867-000-380 CONTRACT LABOR**

Propose adding \$100,000 to Line Item E 20-867-000-380 CONTRACT LABOR for lobbying, litigation, media and other expenses for the road. The funds would be appropriated from the FY 19 Permanent Fund Earnings.

**Property Surveys: \$85,000 Addition to Line Item E 20-866-209-506 SURVEYING**

Propose adding \$85,000 to Line Item E 20-866-209-506 SURVEYING for Borough lands. The funds would be appropriated from the FY 19 Permanent Fund Earnings.

**Project Contingency: \$249,054 Addition to Line Item E 20-866-209-888 PROJECT CONTINGENCY**

Propose adding \$249,054 to Line Item E 20-8660209-888 PROJECT CONTINGENCY. Having funds in this line item for unanticipated projects and needs has been extremely valuable. The funds would be appropriated from the FY 19 Permanent Fund Earnings.

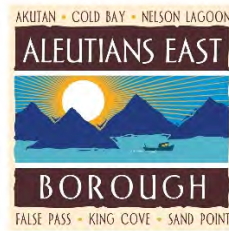
**Other Changes: \$100,000 Cold Bay Dock Feasibility Study**

Propose adding a Sup Department Line Item for a Cold Bay Dock Feasibility Study in the amount of \$100,000. The funds would be appropriated from the FY 19 Permanent Fund Earnings.

**FY 19 Permanent Fund Earnings  
Appropriation Recommendation**

| <b>Project</b>                                       | <b>Amount</b>       |
|--|---------------------|
| Cold Bay Clinic (Strategic Plan)                     | \$900,000           |
| Cold Bay Dock Feasibility Study (Strategic Plan)     | \$100,000           |
| Cold Bay Preschool (City of Cold Bay Budget Request) | \$14,519.00         |
| False Pass Harbor                                    | \$100,000           |
| King Cove Access Project – FY 19 (Strategic Plan)    | \$100,000           |
| Property Surveys (Strategic Plan)                    | \$85,000            |
| Project Contingency Fund                             | \$249,054           |
| <b>TOTAL</b>   | <b>\$1,548,573*</b> |

\*This value is 4% of the permanent fund distribution amount and is based off APCM's reading of the Borough ordinance (5 year average market value assuming fiscal year end 6/30).



## MEMORANDUM

**DATE:** April 30, 2018

**TO:** Mayor Osterback and Assembly

**FROM:** Anne Bailey, Administrator

**RE:** Aleutians East Borough Procurement Procedures

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At the Planning Work Session in December 2017, one of the internal improvement projects recognized was to create and implement a budget request process for the communities to request funds from the Borough. Although a finalized process will not be implemented until the fiscal Year 2020 budget cycle an interim request process was sent to the communities for Fiscal Year 2019 and is outlined below.

---

### **Aleutians East Borough Community Budget Request Process for Fiscal Year 2019**

1. **Budget Request Deadline.** Community budget requests for Fiscal Year 2019 must be submitted to Anne Bailey, Borough Administrator, at [abailey@aeboro.org](mailto:abailey@aeboro.org) **on or before the close of business on March 14, 2018**. If the community does not submit the budget requests by this date they will not be considered in the budget process.
2. **Required Budget Request Documentation.** The applicant must provide a detailed description of the project, a project budget and any supporting documentation for the request.
3. **FY19 Budget Request Review Process.** The Borough Mayor, Administration and the Finance Department will review the requests and prioritize them for Borough Assembly review and approval. A meeting between the Borough and community may be required to discuss the information in more detail. The Assembly will determine if funds are available to meet the request and if it meets the needs outlined in the Borough Strategic Plan.



**4. Budget Award Requirements.** If funds are appropriated, a grant agreement between the community and the Borough will be required.

Please note that all requests from the communities will be considered but may not be funded.

---

The Borough received \$17,191,743.60 worth of requests from the communities of Akutan, Cold Bay, King Cove and Sand Point. The Community Budget Requests Overview is attached.

Through the Borough budget preparation process the Borough considered these requests; however, most them were not recommended for funding for FY19. The Borough has many projects that need to be addressed prior to the Borough providing funds to the communities. This was very prevalent through the strategic planning process.

Per Ordinance 18-11, the Borough recommends funding the City of Cold Bay Preschool Funding request in the amount of \$14,518.99 and has included the KCAP requests for the ongoing DC/State Advocacy Activities (\$100,000) and the maintenance of the existing portion of the King Cove to Cold Bay Road (\$100,000), which is something the Borough is required to maintain. The other items were not recommended for funding for the FY19 budget cycle.

The Borough has also received a funding request in the amount of \$200,000 from Eastern Aleutian Tribes (EATS). The request is attached. The Borough historically has provided \$150,000 annually to EATS to assist in their operations. The \$150,000 amount is recommended in the budget for this year based off the same reasoning as outlined above.

**Fiscal Year 2019  
Community Budget Requests Overview**

| <b>Community</b>           | <b>Request</b>   | <b>Amount Requested</b> |
|----------------------------|--|-------------------------|
|                            |  |                         |
| City of Akutan             | Tsunami Facility                                       | \$200,000               |
|                            | <b>TOTAL FUNDING REQUEST</b>                           | <b>\$200,000</b>        |
|                            |  |                         |
| City of Cold Bay           | Preschool Funding                                      | \$14,518.99             |
|                            | Library Furniture                                      | \$13,844.66             |
|                            | <b>TOTAL FUNDING REQUEST</b>                           | <b>\$28,363.65</b>      |
|                            |  |                         |
| City of King Cove          |  |                         |
| - KCAP Requests            | Ongoing DC/State Advocacy Activities                   | \$100,000               |
|                            | KCAP Management & Administrative Services              | \$60,000                |
|                            | Maintenance of the KCAP                                | \$100,000               |
|                            | <b>TOTAL KCAP REQUEST</b>                              | <b>\$260,000</b>        |
|                            |  |                         |
| - Capital Project Requests | Lift Station Upgrade                                   | \$550,000               |
|                            | Landfill   | \$500,000               |
|                            | Haul out Pad   | \$300,000               |
|                            | Anodes   | \$125,000               |
|                            | Water Tank Corrosion                                   | \$200,000               |
|                            | <b>TOTAL CAPITAL REQUEST</b>                           | <b>\$1,675,000</b>      |
|                            |  |                         |
|                            | <b>TOTAL FUNDING REQUEST</b>                           | <b>\$1,935,000</b>      |
|                            |  |                         |
| City of Sand Point         | Sand Point New Boat Harbor – Inner Harbor Improvements | \$6,300,000             |
|                            | Sand Point Existing Dock Repair                        | \$1,000,000             |
|                            | Sand Point Existing Dock Design                        | \$40,000                |
|                            | Paving Work  | \$6,500,000             |
|                            | City Sanitation Needs                                  | \$1,188,360             |
|                            | <b>TOTAL FUNDING REQUEST</b>                           | <b>\$15,028,360</b>     |
|                            |  |                         |
| City of False Pass         | Did not receive a request.                             |                         |
|                            |  |                         |
| Village of Nelson Lagoon   | Did not receive a request.                             |                         |
|                            |  |                         |
|                            | <b>TOTAL AMOUNT OF COMMUNITY REQUESTS</b>              | <b>\$17,191,743.60</b>  |



## EASTERN ALEUTIAN TRIBES

3380 C Street, Suite 100, Anchorage, AK 99503

(907) 277-1440 ♦ Fax: (907) 277-1446

www.EATribes.org

### ANNUAL REPORT

**DATE** April 27, 2018

**TO** Aleutians East Borough

**FROM** Jennifer Harrison, CEO *ASH*

**RE** Annual Report on Funds Received (\$150,000) and Request for \$200,000

Dear Mayor Osterback and Assembly Members,

Thank you for your generous donation of \$150,000 in FY 2017. I would like to report on how we spent the funding in FY 2017 and the plans that are being implemented in FY 2018.

In FY 2017, we utilized the funding to support our Behavioral Health Clinicians. We have been recruiting for a full-time Behavioral Health Clinician in King Cove for over a year, so to provide coverage, we have been utilizing long-term itinerants. Therefore, we also used your donation to support their travel and per diem costs.

To date in FY 2018, our Behavioral Health and Wellness Department welcomed their new Manager, **Kyle Cardwell**, on February 22, 2018. Our long-term itinerant Behavioral Health Clinician, David Modde, transitioned to becoming a short-term itinerant on March 20, 2018. He will return in June 2018 to travel around to several communities with Kyle Cardwell to introduce him to the community members.

Our Behavioral Health Aide, Sumner Stetson, resigned with a last day of March 20, 2018. We are **currently recruiting for a Behavioral Health Aide in Sand Point**. Eleanore Starr, Behavioral Health Clinician, continues to reside full-time in Sand Point.

Brenda Wilson, Behavioral Health Aide/Practitioner, continues to reside full-time in King Cove. We are currently **recruiting for a resident Behavioral Health Clinician for King Cove**.

For **Cold Bay, False Pass, King Cove, and Nelson Lagoon**, we are currently recruiting for a Community Wellness Advocate/Behavioral Health Aide that will live in one community and travel to the other three communities. They will be focusing on outreach and community/school

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presentations. We have interviewed applicants, checked references, and we are almost ready to offer a position to the successful applicant.

We continue to **partner with Aleutian Pribilof Islands Association (APIA) to implement the intensive outpatient substance misuse treatment program called “Awakuxtwin”**. We successfully received funding from the Rasmuson Foundation and Alaska Mental Health Trust Authority. APIA has hired two Behavioral Health Clinicians to be co-program coordinators, Cheri Johansen and Keri Boyd. They are working 50% in the APIA Anchorage Office and 50% in the EAT Anchorage Office as well as traveling to the communities. They are currently working with a consultant on the marketing plan and preparing the documents that patients will complete to enter the program.

The intensive outpatient program will involve 9 hours per week of group and individual counseling. The group counseling will occur via video conferencing in order to include clients from all EAT and APIA clinics. We call it 9+1, because the client will be asked to spend one hour per week engaging in cultural, community, social, etc. activities. We will be partnering with community-based entities to plan and organize these activities.

**Narcan kits** are available at our clinics. After a short training, they are provided at no cost to police officers, VPSO, EMS volunteers, concerned family members and friends, boat captains, etc. without asking for names. These nasal injectors are used to reverse the effects of an opioid/pain pills/heroin overdose. **Several lives have already been saved in our communities.**

Our clinics offer **Vivitrol monthly shots for Medication Assisted Treatment (MAT)** to support clients that are abstaining from opioids/pain pills/heroin as well as alcohol. It is best to combine MAT with “talk therapy”.

Starting in FY 2018, EAT increased their financial support up to **\$10,000 per person per year** to support clients entering residential treatment.

EAT continues to **advocate for the ability to provide buprenorphine** (brand name = Suboxone) in our clinics. At EAT’s request, Indian Health Service has completed the procedures that will enable a provider with a X DEA license to conduct the mental health assessment via video conference and prescribe to our remote prescription dispensing machines (Pick Point). It is going through a US Department of Health and Human Services departmental review before the Secretary approves it. This procedure is important, because none of the EAT Providers currently have the X DEA license, but we can partner with SCF Providers that do have the license. This will be a very complicated program and EAT is just starting to look for funding in order to develop all the policies and procedures that will need to be in place before we can offer buprenorphine to our clients.

Eastern Aleutian Tribes greatly appreciates the annual donation of \$150,000 from the Aleutian East Borough that enables us to sustain our existing Behavioral Health and Wellness Department. As we work towards implementing and sustaining the intensive outpatient program with APIA, expanding our financial assistance for residential treatment, and developing the plans for providing buprenorphine, **we respectfully ask for a donation of \$200,000** in FY 2018-2019.

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Adak ♦ Akutan ♦ Cold Bay ♦ False Pass ♦ King Cove ♦ Nelson Lagoon ♦ Sand Point ♦ Whittier

## ORDINANCE 18-12

### AN ORDINANCE ADOPTING THE OPERATING AND CAPITAL BUDGET FOR THE ALEUTIANS EAST BOROUGH FISCAL YEAR 2019.

|                           |  |
|---------------------------|--|
| Section 1. Classification | This is a non-code ordinance   |
| Section 2. Effective Date | This ordinance becomes effective upon Adoption.  |
| Section 3. Severability   | The terms, provisions, and sections of this Ordinance are severable.   |
| Section 4. Content        | The operating and capital budget for the Aleutians East Borough and the Aleutians East Borough School District for Fiscal Year 2019 is adopted as follows: |

| REVENUES                   |                               | FY19 BUDGET           |
|----------------------------|-------------------------------|-----------------------|
| Local                      |                               |                       |
|                            | Interest Income               | \$35,000.00           |
|                            | AEB Fish Tax                  | \$3,560,381           |
|                            | AEBSD Refund                  |                       |
|                            | Other Revenue                 | \$50,000.00           |
| State                      |                               |                       |
|                            |                               | \$2,093,686.72        |
|                            | Shared Fishery Tax            |                       |
|                            | Extraterritorial Fish Tax     | \$101,299             |
|                            | Landing Tax                   | \$35,222              |
|                            | Debt Reimbursement            | \$1,000,882           |
|                            | State Aid to Local Government | \$300,418             |
| Federal                    |                               |                       |
|                            | Payment in Lieu of Taxes      | \$559,000             |
|                            | USF&WS Lands                  | \$36,256              |
| <b>Total FY19 Revenues</b> |                               | <b>\$7,772,144.72</b> |
|                            | AEBSD Revenue                 | \$8,179,533           |

## OPERATING FUND EXPENDITURES

|                                  |             |
|----------------------------------|-------------|
| Mayor                            | \$269,098   |
| Assembly                         | \$158,000   |
| Administration                   | \$449,335   |
| Assistant Administrator          | \$145,275   |
| Clerk/Planning                   | \$200,440   |
| Planning Commission              | \$0         |
| Finance                          | \$292,689   |
| Natural Resources                | \$267,399   |
| Communications Manager           | \$181,028   |
| Maintenance Director             | \$118,980   |
| Educational Support              | \$845,000   |
| KCAP                             | \$122,000   |
| Other                            |             |
| Gen.Fund                         |             |
| Equipment                        | \$50,000    |
| AEB Vehicles                     | \$0         |
| Repairs                          | \$5,000     |
| Utilities                        | \$25,000    |
| Aleutia Crab                     | \$58,522    |
| Legal                            | \$100,000   |
| Insurance                        | \$160,000   |
| Bank Fees                        | \$15,000    |
| EATS                             | \$150,000   |
| Misc.                            | \$96,000    |
| Donations                        | \$33,500    |
| NLG Rev. Sharing                 | 12,900      |
| Web Service/Tech                 | \$30,000    |
| Total Other                      | \$735,922   |
| Total General Fund               | \$3785,166  |
| Capital Projects                 | \$0         |
| Bond Projects                    | \$0         |
| Debt Services                    | \$1,547,150 |
| Maintenance Reserve              | \$300,000   |
| Total Expenditure                | \$5,632,316 |
| Transfer to Helicopter Operation | \$1,502,013 |

|  |                 |
|--|-----------------|
| Transfer to Terminal Operator              | \$44,595        |
| AEB Surplus                                | \$593,220.72    |
| <br>AEBSD<br>Expenses                      | <br>\$8,128,388 |
| <br>Fund 20, AEB Community Grant, Revenues | <br>\$1,548,573 |
| Fund 20, AEB Community Grant, Exp.         | \$1,548,573     |
| <br>Fund 22, Helicopter, Revenues          | <br>\$395,000   |
| Fund 22, Helicopter, Expenditures          | \$1,897,013     |
| <br>Fund 22, Terminal Operations, Revenues | <br>\$139,620   |
| Fund 22, Terminal Operations, Expenditures | \$184,215       |
| <br>Fund 24, Bond Project, Revenues        | <br>0           |
| Fund 24, Bond Project, Expenditures        | 0               |
| <br>Fund 30, Bond Payments, Revenues       | <br>0           |
| Fund 30, Bond Payments, Expenditures       | 0               |
| <br>Fund 40, Permanent Fund, Revenues      | <br>\$35,000    |
| Fund 40, Permanent Fund, Expenditures      | \$35,000        |
| <br>Fund 41, Maintenance Reserve, Revenues | <br>\$300,000   |
| Fund 41, Maintenance Reserve, Expenditures | \$300,000       |

Passed and adopted by the Aleutians East Borough Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

Date Introduced: 5/10/2018

Date Adopted: \_\_\_\_\_

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Clerk

| REVENUES                    |                                | FY18 Mid-Year          | FY19                   | Proposed Changes<br>FY18 Amounts/Estimate |             |
|-----------------------------|--------------------------------|------------------------|------------------------|---|-------------|
|                             |                                |                        |                        | Medical                                   | \$ 1,490.00 |
|                             | AEBSD Revenues                 | \$ 8,179,533.00        | \$ 8,179,533.00        | PERS                                      | 22%         |
|                             |                                |                        |                        | ESC                                       | 1.50%       |
|                             |                                |                        |                        | Medicare                                  | 1.45%       |
|                             | Interest Income                | \$ 35,000.00           | \$ 35,000.00           | PERS/DC                                   | 6.90%       |
| Local                       | AEB Fish Tax                   | \$ 3,200,779.00        | \$ 3,560,381.00        |   | \$ 83.52    |
|                             | AEBSD Refund                   |                        |                        |   |             |
|                             | Other Revenue                  | \$ 50,000.00           | \$ 50,000.00           |   |             |
| State                       | Shared Fishery Tax             | \$ 2,093,686.72        | \$ 2,093,686.72        |   |             |
|                             | Extraterritorial Fish Tax      | \$ 101,299.00          | \$ 101,299.00          |   |             |
|                             | Landing Tax                    | \$ 35,222.00           | \$ 35,222.00           |   |             |
|                             | Debt Reimbursement             | \$ 1,311,650.00        | \$ 1,000,882.00        |   |             |
|                             | State Aid to Local Governments | \$ 258,921.00          | \$ 300,418.00          |   |             |
| Federal                     | Payment in Lieu of Taxes       | \$ 559,000.00          | \$ 559,000.00          |   |             |
|                             | USF&WS Lands                   | \$ 36,256.00           | \$ 36,256.00           |   |             |
|                             | <b>Total FY Revenues</b>       | <b>\$ 7,681,813.72</b> | <b>\$ 7,772,144.72</b> |   |             |
| Operating Fund Expenditures |                                |                        |                        |   |             |
|                             | Mayor                          | \$ 268,696.00          | \$ 269,098.00          |   |             |
|                             | Assembly                       | \$ 158,000.00          | \$ 158,000.00          |   |             |
|                             | Administration                 | \$ 344,450.00          | \$ 449,335.00          |   |             |
|                             | Assistant Administrator        | \$ 144,825.00          | \$ 145,275.00          |   |             |
|                             | Clerk/Planning                 | \$ 189,920.00          | \$ 200,440.00          |   |             |
|                             | Planning Commission            | \$ 55,500.00           | \$ -                   |   |             |
|                             | Finance                        | \$ 276,914.00          | \$ 292,689.00          |   |             |
|                             | Natural Resources              | \$ 201,936.00          | \$ 267,399.00          |   |             |
|                             | Communication Manager          | \$ 178,047.00          | \$ 181,028.00          |   |             |
|                             | Maintenance Director           | \$ 118,657.00          | \$ 118,980.00          |   |             |



|                                  |    |                     |    |                     |                       |
|----------------------------------|----|---------------------|----|---------------------|-----------------------|
| Educational Support              | \$ | 845,000.00          | \$ | 845,000.00          | \$855,000.00          |
| KCAP                             | \$ | 127,500.00          | \$ | 122,000.00          |                       |
| <b>Other GF</b>                  |    |                     |    |                     |                       |
| Equipment                        | \$ | 35,000.00           | \$ | 50,000.00           |                       |
|                                  |    |                     |    |                     | \$10,000.00 KSDP      |
| AEB Vehicles                     | \$ | 40,000.00           | \$ | -                   |                       |
| Repairs                          | \$ | 5,000.00            | \$ | 5,000.00            |                       |
| Utilities                        | \$ | 25,000.00           | \$ | 25,000.00           |                       |
| Aleutia Crab                     | \$ | 58,522.00           | \$ | 58,522.00           |                       |
| Legal                            | \$ | 100,000.00          | \$ | 100,000.00          |                       |
| Insurance                        | \$ | 160,000.00          | \$ | 160,000.00          |                       |
| Bank Fees                        | \$ | 12,000.00           | \$ | 15,000.00           |                       |
| EATS                             | \$ | 150,000.00          | \$ | 150,000.00          |                       |
| Misc.                            | \$ | 96,000.00           | \$ | 96,000.00           |                       |
| Donations                        | \$ | 23,500.00           | \$ | 33,500.00           | \$23,500.00           |
| NLG Rev. Sharing                 | \$ | 12,900.00           | \$ | 12,900.00           |                       |
| Web Service/Tech Support         | \$ | 30,000.00           | \$ | 30,000.00           |                       |
|                                  | \$ | <b>747,922.00</b>   | \$ | <b>735,922.00</b>   | <b>\$735,922.00</b>   |
| Total General Fund               | \$ | <b>3,657,367.00</b> | \$ | <b>3,785,166.00</b> |                       |
| Capital Projects                 |    |                     |    |                     |                       |
| Bond Projects                    |    |                     |    |                     |                       |
| Debt Services                    | \$ | 2,170,000.00        | \$ | 1,547,150.00        |                       |
| Maintenance Reserve              | \$ | 100,000.00          | \$ | 300,000.00          |                       |
| Total Expenditure                | \$ | <b>5,927,367.00</b> | \$ | <b>5,632,316.00</b> | <b>\$5,642,316.00</b> |
| Transfer to Helicopter Operation | \$ | 1,500,000.00        | \$ | 1,502,013.00        |                       |
| Transfer to Terminal Operation   |    |                     | \$ | 44,595.00           |                       |
| AEB Surplus                      | \$ | <b>254,446.72</b>   | \$ | <b>593,220.72</b>   | <b>\$583,220.72</b>   |

AEBSD Expenditures

|         |                                    |    |              |    |              |
|---------|------------------------------------|----|--------------|----|--------------|
| Fund 20 | Community Grants AEB, Revenues     | \$ | 2,954,000.00 | \$ | 1,548,573.00 |
|         | Community Grants AEB, Expenditures | \$ | 2,954,000.00 | \$ | 1,548,573.00 |

|  |    |              |    |              |
|--|----|--------------|----|--------------|
| Fund 22, Helicopter, Revenues              | \$ | 395,000.00   | \$ | 395,000.00   |
| Fund 22, Helicopter, Expenditures          | \$ | 1,895,000.00 | \$ | 1,897,013.00 |
| Fund 22, Terminal Operations, Revenues     | \$ | 139,620.00   | \$ | 139,620.00   |
| Fund 22, Terminal Operations, Expenditures | \$ | 84,075.00    | \$ | 184,215.00   |
| Fund 24, Bond Project, Revenues            | \$ | -            | \$ | -            |
| Fund 24, Bond Project, Expenditures        | \$ | -            | \$ | -            |
| Fund 30, Bond Payments, Revenues           | \$ | -            | \$ | -            |
| Fund 30, Bond Payments, Expenditures       | \$ | -            | \$ | -            |
| Fund 40, Permanent Fund, Revenues          | \$ | 35,000.00    | \$ | 35,000.00    |
| Fund 40, Permanent Fund, Expenditures      | \$ | 35,000.00    | \$ | 35,000.00    |
| Fund 41 Maintenance Reserve, Revenues      | \$ | -            | \$ | 300,000.00   |
| Fund 41 Maintenance Reserve, Expenditures  | \$ | -            | \$ | 300,000.00   |

|                                | FY18 Mid-Year        | COLA   | FY19                 | Proposed<br>Changes |
|--------------------------------|----------------------|--------|----------------------|---------------------|
| <b>Mayor's Office</b>          |                      | 0.50%  |                      |                     |
| Salary                         | \$ 80,364.00         | 401.82 | \$ 80,766.00         |                     |
| Fringe                         | \$ 29,232.00         |        | \$ 29,232.00         |                     |
| Travel                         | \$ 36,000.00         |        | \$ 36,000.00         |                     |
| Phone                          | \$ 1,500.00          |        | \$ 1,500.00          |                     |
| Supplies                       | \$ 1,000.00          |        | \$ 1,000.00          |                     |
| Lobbying, federal              | \$ 75,600.00         |        | \$ 75,600.00         |                     |
| Lobbying, state                | \$ 45,000.00         |        | \$ 45,000.00         |                     |
| <b>Total Mayor's Office</b>    | <b>\$ 268,696.00</b> |        | <b>\$ 269,098.00</b> |                     |
| <b>Assembly</b>                |                      |        |                      |                     |
| Meeting Fee                    | \$ 25,000.00         |        | \$ 25,000.00         |                     |
| Fringe                         | \$ 90,000.00         |        | \$ 90,000.00         |                     |
| Travel                         | \$ 40,000.00         |        | \$ 40,000.00         |                     |
| Supplies                       | \$ 3,000.00          |        | \$ 3,000.00          |                     |
| <b>Total Assembly</b>          | <b>\$ 158,000.00</b> |        | <b>\$ 158,000.00</b> |                     |
| <b>Administration</b>          |                      |        |                      |                     |
| Salary                         | \$ 177,008.00        | 885.04 | \$ 177,893.00        |                     |
| Fringe                         | \$ 66,438.00         |        | \$ 66,438.00         |                     |
| Engineering                    | \$ 25,000.00         |        | \$ 25,000.00         |                     |
| Contract                       |                      |        | \$ 110,000.00        |                     |
| Travel & per diem              | \$ 25,500.00         |        | \$ 20,000.00         |                     |
| Phone                          | \$ 7,100.00          |        | \$ 7,100.00          |                     |
| Postage                        | \$ 2,500.00          |        | \$ 2,500.00          |                     |
| Supplies                       | \$ 15,000.00         |        | \$ 15,000.00         |                     |
| Rent                           | \$ 23,404.00         |        | \$ 23,404.00         |                     |
| Dues & fees                    | \$ 2,500.00          |        | \$ 2,000.00          |                     |
| <b>Total Administration</b>    | <b>\$ 344,450.00</b> |        | <b>\$ 449,335.00</b> |                     |
| <b>Assistant Administrator</b> |                      |        |                      |                     |
| Salary                         | \$ 90,000.00         | 450    | \$ 90,450.00         |                     |

|                                      |           |                   |           |                   |
|--------------------------------------|-----------|-------------------|-----------|-------------------|
| Fringe                               | \$        | 31,422.00         | \$        | 31,422.00         |
| Travel                               | \$        | 10,000.00         | \$        | 10,000.00         |
| Phone                                | \$        | 2,000.00          | \$        | 2,000.00          |
| Supplies                             | \$        | 2,500.00          | \$        | 2,500.00          |
| Rent                                 | \$        | 8,903.00          | \$        | 8,903.00          |
| <b>Total Assistant Administrator</b> | <b>\$</b> | <b>144,825.00</b> | <b>\$</b> | <b>145,275.00</b> |

#### Clerk/Planning

|                             |           |                   |        |           |                   |
|-----------------------------|-----------|-------------------|--------|-----------|-------------------|
| Salary                      | \$        | 93,974.00         | 519.87 | \$        | 104,494.00        |
| Fringe                      | \$        | 34,946.00         |        | \$        | 34,946.00         |
| Travel & per diem           | \$        | 12,500.00         |        | \$        | 12,500.00         |
| Phone                       | \$        | 7,500.00          |        | \$        | 7,500.00          |
| Postage                     | \$        | 1,000.00          |        | \$        | 1,000.00          |
| Supplies                    | \$        | 5,000.00          |        | \$        | 5,000.00          |
| Utilities                   | \$        | 20,000.00         |        | \$        | 20,000.00         |
| Dues & fees                 | \$        | 5,000.00          |        | \$        | 5,000.00          |
| Elections                   | \$        | 10,000.00         |        | \$        | 10,000.00         |
| <b>Total Clerk/Planning</b> | <b>\$</b> | <b>189,920.00</b> |        | <b>\$</b> | <b>200,440.00</b> |

#### Planning Commission

|                                  |           |                  |  |           |          |
|----------------------------------|-----------|------------------|--|-----------|----------|
| Salary                           | \$        | 10,000.00        |  | \$        | -        |
| Fringe                           | \$        | 500.00           |  | \$        | -        |
| Contract                         | \$        | 25,000.00        |  | \$        | -        |
| Travel/Per diem                  | \$        | 20,000.00        |  | \$        | -        |
| Permitting                       | \$        | -                |  | \$        | -        |
| <b>Total Planning Commission</b> | <b>\$</b> | <b>55,500.00</b> |  | <b>\$</b> | <b>-</b> |

#### Finance

|                   |    |            |        |    |            |
|-------------------|----|------------|--------|----|------------|
| Salary            | \$ | 135,049.00 | 708.08 | \$ | 142,324.00 |
| Fringe            | \$ | 53,365.00  |        | \$ | 53,365.00  |
| Travel & per diem | \$ | 7,000.00   |        | \$ | 10,000.00  |
| Phone             | \$ | 8,000.00   |        | \$ | 8,000.00   |
| Postage           | \$ | 1,000.00   |        | \$ | 1,000.00   |

|                      |    |                   |  |    |                   |
|----------------------|----|-------------------|--|----|-------------------|
| Supplies             | \$ | 7,500.00          |  | \$ | 7,500.00          |
| Utilities            | \$ | 5,000.00          |  | \$ | 5,000.00          |
| Audit                | \$ | 60,000.00         |  | \$ | 65,500.00         |
| <b>Total Finance</b> | \$ | <b>276,914.00</b> |  | \$ | <b>292,689.00</b> |

#### Natural Resources

|                   |    |                   |        |    |                   |
|-------------------|----|-------------------|--------|----|-------------------|
| Salary            | \$ | 92,571.00         | 462.85 | \$ | 93,034.00         |
| Fringe            | \$ | 31,462.00         |        | \$ | 31,462.00         |
| Contract          |    |                   |        | \$ | 65,000.00         |
| Travel & per diem | \$ | 20,000.00         |        | \$ | 20,000.00         |
| Phone             | \$ | 1,500.00          |        | \$ | 1,500.00          |
| Supplies          | \$ | 2,500.00          |        | \$ | 2,500.00          |
| NPFMC             | \$ | 15,000.00         |        | \$ | 15,000.00         |
| BOF Meeting       | \$ | 30,000.00         |        | \$ | 30,000.00         |
| Rent              | \$ | 8,903.00          |        | \$ | 8,903.00          |
| <b>Total</b>      | \$ | <b>201,936.00</b> |        | \$ | <b>267,399.00</b> |

#### Communic

|                        |    |                   |        |    |                   |
|------------------------|----|-------------------|--------|----|-------------------|
| Salary                 | \$ | 98,973.00         | 507.23 | \$ | 101,954.00        |
| Fringe                 | \$ | 34,158.00         |        | \$ | 34,158.00         |
| Travel & per diem      | \$ | 15,000.00         |        | \$ | 12,000.00         |
| Phone                  | \$ | 2,400.00          |        | \$ | 2,400.00          |
| Supplies               | \$ | 2,500.00          |        | \$ | 2,500.00          |
| Rent                   | \$ | 10,016.00         |        | \$ | 10,016.00         |
| Advertising/promotions | \$ | 15,000.00         |        | \$ | 18,000.00         |
| <b>Total</b>           | \$ | <b>178,047.00</b> |        | \$ | <b>181,028.00</b> |

#### Other

|              |    |            |  |    |            |
|--------------|----|------------|--|----|------------|
| Equipment    | \$ | 35,000.00  |  | \$ | 50,000.00  |
| AEB Vehicles | \$ | 40,000.00  |  | \$ | -          |
| Repairs      | \$ | 5,000.00   |  | \$ | 5,000.00   |
| Utilities    | \$ | 25,000.00  |  | \$ | 25,000.00  |
| Aleutia Crab | \$ | 58,522.00  |  | \$ | 58,522.00  |
| Legal        | \$ | 100,000.00 |  | \$ | 100,000.00 |

|                          |    |                   |    |                   |                     |
|--------------------------|----|-------------------|----|-------------------|---------------------|
| Insurance                | \$ | 160,000.00        | \$ | 160,000.00        |                     |
| Bank Fees                | \$ | 12,000.00         | \$ | 15,000.00         |                     |
| EATS                     | \$ | 150,000.00        | \$ | 150,000.00        |                     |
| Misc.                    | \$ | 96,000.00         | \$ | 96,000.00         |                     |
| Donations                | \$ | 23,500.00         | \$ | 33,500.00         | \$23,500.00         |
|                          |    |                   |    |                   | \$10,000.00 KSDP    |
| NLG Rev. Sharing         | \$ | 12,900.00         | \$ | 12,900.00         |                     |
| Web Service/Tech Support | \$ | 30,000.00         | \$ | 30,000.00         |                     |
| <b>Total Other</b>       | \$ | <b>747,922.00</b> | \$ | <b>735,922.00</b> | <b>\$735,922.00</b> |

#### Maintenance Director

|                           |    |                   |        |    |                   |
|---------------------------|----|-------------------|--------|----|-------------------|
| Salary                    | \$ | 64,633.00         | 323.16 | \$ | 64,956.00         |
| Fringe                    | \$ | 31,024.00         |        | \$ | 31,024.00         |
| Travel & per diem         | \$ | 15,000.00         |        | \$ | 15,000.00         |
| Phone                     | \$ | 1,000.00          |        | \$ | 1,000.00          |
| Supplies                  | \$ | 5,000.00          |        | \$ | 5,000.00          |
| Utilities                 | \$ | 2,000.00          |        | \$ | 2,000.00          |
| <b>Total Public Works</b> | \$ | <b>118,657.00</b> |        | \$ | <b>118,980.00</b> |

#### Education

|                    |    |            |    |            |             |
|--------------------|----|------------|----|------------|-------------|
| Local Contribution | \$ | 800,000.00 | \$ | 800,000.00 |             |
| Scholarships       | \$ | 25,000.00  | \$ | 25,000.00  | \$35,000.00 |
| Student travel     | \$ | 20,000.00  | \$ | 20,000.00  |             |

|                                  |    |                   |    |                   |                     |
|----------------------------------|----|-------------------|----|-------------------|---------------------|
| <b>Total Educational Support</b> | \$ | <b>845,000.00</b> | \$ | <b>845,000.00</b> | <b>\$855,000.00</b> |
|----------------------------------|----|-------------------|----|-------------------|---------------------|

#### KCAP

|                   |    |                   |    |                   |
|-------------------|----|-------------------|----|-------------------|
| Salary            | \$ | 2,500.00          | \$ | -                 |
| Fringe            | \$ | 20,000.00         | \$ | -                 |
| Travel & per diem | \$ | 4,000.00          | \$ | -                 |
| Supplies          | \$ | 1,000.00          | \$ | 2,000.00          |
| Maintenance       | \$ | 100,000.00        | \$ | 100,000.00        |
| Contract          |    |                   | \$ | 20,000.00         |
|                   | \$ | <b>127,500.00</b> | \$ | <b>122,000.00</b> |

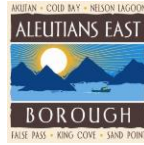
|                       |    |              |    |              |                |
|-----------------------|----|--------------|----|--------------|----------------|
| TOTAL OPERATING BUDGT | \$ | 3,663,230.00 | \$ | 3,785,166.00 | \$3,795,166.00 |
|-----------------------|----|--------------|----|--------------|----------------|

|   |    | FY18 Mid-Year |        | FY19 |            |
|---|----|---------------|--------|------|------------|
| Fund 22 Terminal Operations                                 |    |               |        |      |            |
| Revenues  |    |               |        |      |            |
| Remaining construction Loan/<br>Remaining FAA reimbursement |    |               |        |      |            |
| Other Income  |    |               |        |      |            |
| Leases  | \$ | 139,620.00    |        | \$   | 139,620.00 |
|   | \$ | 139,620.00    |        | \$   | 139,620.00 |
| Expenses  |    |               |        |      |            |
| Salary  | \$ | 27,958.00     | 139.79 | \$   | 28,098.00  |
| Fringe  | \$ | 3,617.00      |        | \$   | 3,617.00   |
| Maintenance   |    |               |        | \$   | 100,000.00 |
| Travel & Perdiem  |    |               |        |      |            |
| Phone, Internet   | \$ | 4,500.00      |        | \$   | 4,500.00   |
| Supplies  | \$ | 7,500.00      |        | \$   | 7,500.00   |
| Rental/Lease  |    |               |        |      |            |
| Utilities   | \$ | 24,000.00     |        | \$   | 24,000.00  |
| Fuel/Gas  | \$ | 1,500.00      |        | \$   | 1,500.00   |
| Fuel/diesel   | \$ | 15,000.00     |        | \$   | 15,000.00  |
|   | \$ | 84,075.00     |        | \$   | 184,215.00 |
| Fund 22 Helicopter Operations                               |    |               |        |      |            |
| Revenues  |    |               |        |      |            |
| Medivacs  | \$ | 5,000.00      |        | \$   | 5,000.00   |
| Freight   | \$ | 90,000.00     |        | \$   | 90,000.00  |
| Other Income  |    |               |        |      |            |
| Tickets, fees, etc.   | \$ | 300,000.00    |        | \$   | 300,000.00 |
|   | \$ | 395,000.00    |        | \$   | 395,000.00 |
| Expenses  |    |               |        |      |            |
| Salary  | \$ | 130,520.00    | 652.6  | \$   | 131,173.00 |
| Fringe  | \$ | 32,140.00     |        | \$   | 32,140.00  |
| Travel  | \$ | 5,000.00      |        | \$   | 5,000.00   |



|                |                        |                        |
|----------------|------------------------|------------------------|
| Phone/Internet | \$ 2,140.00            | \$ 3,500.00            |
| Supplies       | \$ 60,000.00           | \$ 60,000.00           |
| Contract       | \$ 1,453,000.00        | \$ 1,453,000.00        |
| Fuel/gas       | \$ 12,000.00           | \$ 12,000.00           |
| Fuel/diesel    | \$ 150,000.00          | \$ 150,000.00          |
| Insurance      | \$ 18,200.00           | \$ 18,200.00           |
| Utilities      | \$ 8,000.00            | \$ 8,000.00            |
| Rent/Lease     | \$ 24,000.00           | \$ 24,000.00           |
|                | <b>\$ 1,895,000.00</b> | <b>\$ 1,897,013.00</b> |

# Ordinances



## Agenda Statement

Date: May 22, 2018

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

**Re: Ordinance 18-13, Authorizing the Mayor to Negotiate and Execute a Tidelands Lease Within, Alaska Tidelands Survey No. 1161, for Construction, Operation and Maintenance of a Dock at False Pass Harbor**

Silver Bay Seafoods, LLC (SBS) is interested in constructing a dock in the False Pass Harbor. The dock would be located in the North-East corner of the harbor near the north breakwater requiring. The City of False Pass supports this project and Borough staff members and the Borough Attorney have assisted SBS in moving this project forward.

The AEB Code requires that disposal of an interest in real property “must be authorized by ordinance” [Sec. 50.10.050 (b)], i.e., such a lease must be approved by the AEB Assembly in a procedure requiring a first reading and a second reading at distinct Assembly meetings. Therefore, Ordinance 18-13 and a draft of the Tidelands Lease is before you for your review and consideration. Please note that this ordinance will authorize the Borough to lease the property to Silver Bay Seafoods, LLC for the purpose of promoting economic development and authorizes the Mayor to negotiate, execute, and deliver the terms of the Lease Agreement with Silver Bay Seafoods.

**ALEUTIANS EAST BOROUGH**

**ORDINANCE SERIAL NO. 18-13**

**AN ORDINANCE AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A  
TIDELANDS LEASE WITHIN, ALASKA TIDELANDS SURVEY NO. 1161, FOR  
CONSTRUCTION, OPERATION AND MAINTENANCE OF A DOCK AT FALSE PASS  
HARBOR**

**WHEREAS**, Silver Bay Seafoods, LLC, (“SBS”) has requested that the Aleutians East Borough (“Borough”) lease approximately \_\_\_\_\_ *square feet* of the Borough’s tidelands within Alaska Tidelands Survey No. 1611, at False Pass Harbor, as generally depicted on the attached Exhibit “A”; and

**WHEREAS**, the State of Alaska granted to the Borough Tidelands Patent No. 425, which conveyed to the Borough those tidelands lying seaward of the mean high tide line of Unimak Island, situated in the Aleutians Islands Recording District on June 2, 2004; and

**WHEREAS**, the tidelands are legally described as: ALASKA TIDELAND SURVEY NO. 1611, CONTAINING 34.86 ACRES, MORE OR LESS, ACCORDING TO THE SURVEY PLAT RECORDED IN THE ALEUTIANS ISLANDS RECORDING DISTRICT ON APRIL 7, 2003, AS PLAT 2003-2; and

**WHEREAS**, SBS has expressed its desire to enter an agreement with the Borough for the lease of these tidelands for the purpose of constructing, operating and maintaining of a dock and related marine activities; and

**WHEREAS**, AEBMC Sec. 50.10.060 provides that “[d]isposal of real property may be by sealed bids, outcry auction, lottery, first-come, first-served, negotiation, or such other method as the assembly may provide in the resolution authorizing the disposal”; and

**WHEREAS**, AEBMC 50.10.100(7) provides that ““Real Property” includes interests in real property as well as rights to real property, and includes, but is not limited to, leases, easements, security interests, licenses, permits and options.”; and

**WHEREAS**, AEBMC Sec. 50.10.050 provides for the disposal of real property owned by the Borough mandating that the disposal of real property not covered by other sections within chapter 50.10 “must be authorized by ordinance and must contain” the following:

- (1) a description of the property,

- (2) a finding and the facts that supports the finding that the property or interest is no longer required for a public purpose if the property or interest is or was used for a government purpose,
- (3) the type of interest to be disposed of if less than a fee interest,
- (4) conditions and reservations that are to be imposed upon the property,
- (5) the fair market value of the property,
- (6) the minimum disposal price of the real property,
- (7) the method of disposal, including time, place and dates when relevant,
- (8) special conditions for the disposal, including, when relevant, special qualifications of purchasers and purchase terms, and
- (9) a finding and the facts supporting the finding of the public benefits to be derived if the disposal is to be for less than market value; and

**WHEREAS**, AEBMC Sec. 50.10.070(a) provides that “[u]nless otherwise provided in the resolution authorizing the disposal, the disposal shall be at not less than the fair market value as determined by a fee appraisal, by the borough’s assessor’s valuation, or by such reasonable estimates as the mayor or assembly, as appropriate, finds to be reliable or appropriate under the circumstances; and

**WHEREAS**, AEBMC Sec. 50.10.070(c) provides that “[u]ses and purposes that may justify a disposal at less that market value include, but are not limited to” . . . “(3) use that promotes economic development”; and

**WHEREAS**, the Assembly finds that the lease of the property to SBS is in the best interest of the Borough, and will promote economic development within the Borough; and

**WHEREAS**, AEBMC Sec. 2.16.020 provides that “[t]he Mayor shall... (A) Direct and supervise the business of the borough to assure that all ordinances and resolutions are executed; and

**WHEREAS**, AEBMC Sec. 50.10.090 provides that “[t]he mayor may establish procedures and forms for the processing of requests, applications and disposals under this chapter.

**NOW THEREFORE, BE IT ENACTED:**

Section 1.     Classification. This is a non-code ordinance.

Section 2.     Authorization to Lease. Based upon the above findings, the Mayor is authorized to negotiate and execute a lease of approximately \_\_\_\_\_ *square feet* of the tidelands located within Alaska Tidelands Survey No. 1611, Aleutian Islands Recording District, as generally depicted on Exhibit “A” with the final square footage to be established when the as-built survey

and legal description of the leased property is submitted to and approved by the Borough.

Section 3. Minimum Essential Terms and Conditions. The lease is subject to the following minimum essential terms and conditions:

- (a) The lease shall be subject to the terms and conditions of the Patent or Deed from the state of Alaska, and subject to any littoral rights and any rights of the public under the Public Trust Doctrine.
- (b) The leased property shall be used for by SBS for the construction, operation, and maintenance of a dock and related marine activities. SBS is required to obtain approval of its construction plans from the Borough as well as meet any other state, federal, or other permit requirements prior to the start of any construction;
- (c) SBS shall provide the Borough with an as-built survey showing the exact boundaries and a legal description of the leased property no later than 45 days after the completion of construction of the dock. Upon acceptance of the as-built and legal description by the Borough the survey and legal description shall replace the description of the leased property set out in Section 2 above and a new exhibit depicting the leased property shall be attached to the lease agreement, and the agreement shall be deemed amended accordingly;
- (d) The lease shall be for an initial term of thirty-five years with one thirty-five year renewal option;
- (e) The annual lease payment for the first five-year period of the lease term shall be \$\_\_\_\_\_ per year (based on \$.50 per square foot), plus tax; provided that this initial annual lease payment amount will be adjusted to reflect the final square footage of the leased property at the lease rate of \$.50 per square foot or amount determined by the Mayor as per Section 2 of this Ordinance, as determined by the as-built survey and legal description required to be submitted to the Borough by SBS within 45 days after completion of construction as provided in subsection (c) of this section; this lease payment adjustment will be applied prospectively starting with the first annual lease payment to be made following the determination of the final square footage of the leased property;
- (f) Beginning with the first year after the initial five-year period of the term of the lease, the Borough Administrator will re-evaluate and adjust the annual lease payment for the leased property for the next five-year period of the term, and then every five years thereafter. The new annual lease payment amount shall be paid retroactively to the beginning of the lease payment adjustment period. SBS shall pay all appraisal costs associated with re-evaluating and making adjustment to the annual lease payment "See Appendix A Section 5;"
- (g) SBS shall be responsible for obtaining all necessary permits and approvals for its development of the leased property;

- (h) SBS shall indemnify, defend, and hold harmless the Borough for any claims related to or arising out of the SBS development or use of the leased property; and
- (i) The lease shall include all provisions of Borough Code of Ordinances not in conflict with this ordinance; and any other provisions that the Borough Administrator determines to be in the public interest.

Section 4. Effectiveness. This Ordinance shall take effect upon adoption by the Aleutians East Borough Assembly.

INTRODUCED: \_\_\_\_\_

ADOPTED: \_\_\_\_\_

\_\_\_\_\_  
Alvin D. Osterback

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Borough Clerk

Date: \_\_\_\_\_

**ALEUTIAN ISLANDS RECORDING DISTRICT**

**After Recording Return To:**  
**ALEUTIANS EAST BOROUGH**  
**3380 C Street, Suite 205**  
**Anchorage, AK 99503**

**TIDELANDS LEASE**

This Lease is entered into on \_\_\_\_\_, between the Aleutians East Borough (“Lessor”) and Silver Bay Seafoods, LLC (“SBS” or “Lessee”).

**Recitals**

A. Lessor is the owner of the tidelands as shown in Exhibit 1 hereto, described as: Section 27, T. 61 S., R 94W., Seward Meridian and Section 28, T. 61 S., R. 94W., Seward Meridian, in False Pass Alaska. The Lessor owns the tidelands subject to the rights of the public under the Public Trust Doctrine. The parcel requested for lease is located in the NE corner of the False Pass Small Boat Harbor near the north breakwater. Approximately \_\_\_\_\_ square feet will be required as easement for the \_\_\_\_\_ dock. Upon completion of the installation of the \_\_\_\_\_, an “as-built” survey will be performed by the Lessee. Once completed, the “as-built” survey will be utilized as the legal description of the tideland easement.

B. Lessee, on its own or through its affiliate, plans to construct a \_\_\_\_\_ (“Facility”) in the existing harbor in False Pass, Alaska. The parties contemplate that Lessee may, from time to time during the life of this Lease, replace or repair the Facility as it is planned at execution of this Lease.

C. Use of the Tidelands for a \_\_\_\_\_ will facilitate operations of the Silver Bay Seafoods fish processing facility, the City of False Pass and the public.

D. Lessee desires to lease the Tidelands from Lessor, and Lessor desires to lease the Tidelands to Lessee.

E. To facilitate the mutual goals of Lessor and Lessee, they hereby enter into this Lease to document the terms and conditions under which Lessor will lease the Tidelands to Lessee.



F. On April 15, 2005 a Harbor Management Agreement (Agreement) between the Lessor and the City of False Pass (“City”) was executed and will stay in effect until September 30, 2025 (attached as Exhibit 2). The Agreement states that the City agrees to manage and operate the False Pass Small Boat Harbor. According to the Agreement “Any permanent improvement, development or structure proposed by the City or a third party to be constructed or placed within the Harbor, whether upon or separate from an existing facility or improvement in the Harbor, must be approved in writing by the Borough prior to construction or placement.” This Lease authorizes the Lessee to construct the Facility in the False Pass Harbor. The above referenced Agreement governs the False Pass Harbor and is hereby incorporated in this Lease as if fully stated herein. However, the Agreement is between the City of False Pass and the Aleutians East Borough and parts of the agreement (i.e. B(7)) are not intended to create additional responsibilities or obligations to the Lease under this Agreement.

### **Terms and Conditions**

**1. Premises.** Lessor leases to Lessee the Tidelands described as approximately \_\_\_\_\_ *square feet* of the Borough’s tidelands within Alaska Tidelands Survey No. 1611, at False Pass Harbor, as generally depicted in Exhibit 3. No later than 45 days after the completion of the construction of the dock, Lessee shall provide the Lessor with an as-built survey showing the exact boundaries and legal description of the leased property. Upon acceptance of the as-built and legal description by the Lessor the survey and legal description shall replace the description of lease property set out in this section and a new exhibit depicting the leased property shall be attached to the lease agreement.

**2. Term and Renewal.** The Term of this Lease shall be 35 years, beginning on \_\_\_\_\_, and ending on \_\_\_\_\_, subject to one 35-year renewal or earlier termination as described below.

- (A) The parties intend that the Lease will last for a maximum 70 years, including the 35 year Term and one 35 year renewal. In the event Lessor does not receive written notice of nonrenewal from Lessee not less than 365 days before the end of the Term or the renewal thereof, this Lease shall be renewed for an additional 10 years, subject to the terms and conditions contained in this Lease as the parties may, from time to time, agree to amend it.

**3. Rent.** Lessee shall pay rent to Lessor at the rate of \$ \_\_\_\_\_ per square foot and taxes per year, due and payable on the date of full execution of this Lease. Lessee shall pay all legal and engineering/consultant fees incurred by the Lessor for this project, due and payable 30 days after an invoice from the Lessor is received by Lessee.

#### **4. Lease Payment and Adjustment.**

- (A) After the first year of the Lease Lessee shall pay Lessor the annual lease payments at the start of each subsequent year of the term, with the annual payment due on or before \_\_\_\_\_.
- (B) The annual lease payment for the remainder of the initial five-year period of the lease term (35 years) shall be \$\_\_\_\_\_ and taxes.
- (C) Beginning the first year after the initial five-year period, the Borough Administrator will re-evaluate and adjust the annual lease payment for the lease premises for the next five-year period of this lease and then every five years thereafter. The new annual payment shall be paid retroactively to the beginning of the lease payment adjustment period.

**5. Termination.** Lessor may terminate this Lease upon Lessee's default upon 90 days' written notice of termination. No such notice of termination shall be sent unless Lessor has given Lessee written notice of default and an opportunity to cure the problem. Lessee may terminate this Lease upon 90 days' written notice to Lessor. Upon termination or cancellation of this Lease, the Lessee shall immediately turn over to the Lessor all plans, records, agreements, and other documents relating to the Facility and its operation under this Lease and shall make available to the Lessor and its agents all records of Lessee that may directly or indirectly affect or reveal the financing of the Facility operation by Lessee. Termination or cancellation of this Lease does not affect the undischarged obligation of one party to this Lease to the other.

**6. Authorized Use of Premises.** The Tidelands are leased to Lessee to use as Lessee deems necessary or desirable to achieve Lessee's business objectives in constructing, operating and maintaining the Facility, as it may from time to time be repaired or replaced. Lessee shall at all times comply with all applicable laws, ordinances and regulations of duly constituted authorities now or hereafter in effect, with respect to Lessee's use of the Tidelands.

Lessee agrees that nothing in this Article or in this Lease shall create any third-party beneficiary rights or relationship in Lessee or in any other entity.

**7. Possession.** Upon execution of this Lease and payment of the first rental payment, Lessee shall have the right to possession of the Tidelands.

**8. Taxes.** Lessee shall be responsible for any and all property taxes assessed during the term of this Lease against any leasehold interest. Lessee shall pay any sales or other tax levied on the rent.

**9. Insurance.** Lessee, at all times, shall maintain and keep in effect insurance coverage outlined below, naming the Lessor and the City of False Pass as additional insureds (including their Administrators, officers, officials, employees and volunteers). Lessee will provide the Lessor with proof of insurance and give thirty (30) days written notice prior to cancellation of any policies.

(A) Minimum Scope of Insurance

- (1) Commercial General Liability
- (2) Commercial Automobile Liability Insurance
- (3) Worker's Compensation insurance as required by the State of Alaska and Employers Liability Insurance.
- (4) Property insurance in an amount no less than replacement cost value
- (5) Marinas Operator Liability

(B) Minimum Limits of Insurance

- (1) Commercial General Liability:
  - a. \$1,000,000 combined single limit per occurrence / \$2,000,000 Aggregate for bodily injury and property damage claims arising from contractors operations
  - b. This will cover all dock operations onshore and offshore.
- (2) Auto Liability:
  - a. \$1,000,000 combined single limit per accident for bodily injury and property damage.
- (3) Worker's Compensation and Employers Liability:
  - a. Worker's Compensation shall be statutory as required by the State of Alaska. Employers Liability shall be endorsed to the following minimum limits and contain USL&H coverage endorsement if applicable  
  
Bodily Injury By Accident - \$1,000,000 each accident;  
Bodily Injury By Disease - \$1,000,000 each employee;  
Bodily Injury By Disease - \$1,000,000 policy limit.
- (4) All risk property insurance, including earthquake and flood, in an amount equal to the replacement cost of the dock.

- a. The replacement cost value of the dock is not less than the completed construction cost.
- (5) Marinas Operator Policy
  - a. \$1,000,000 in pollution insurance
- (C) Other Insurance Provisions
  - (1) Borough and City to be additional named insureds on General Liability and Automobile liability policies.
  - (2) All policies to contain waiver of subrogation in favor of Borough and City of False Pass
  - (3) Lessee's liability policies to be primary and non-contributory
- (D) Coverage to be placed with carriers with A.M. Best rating of A- VII

**10. Dock Management.** Management and operation of the Facility should mirror the requirements outlined in the Harbor Management Agreement between the Lessor and the City of False Pass, attached as Exhibit 2. Lessee agrees and acknowledges that it has read following provisions that are part of the Harbor Management Agreement and restated herein and made part of this lease:

- a. **OPERATION AS A PUBLIC FACILITY.** Lessee hereby agrees to manage and operate the Dock for the use and benefit of the public; to make all Dock facilities and services available to all members of the public on the same basis and on fair and reasonable terms and without discrimination. Unless otherwise directed by the Lessor or required by state and federal law, all state and federal or other publically owned or operated vessels shall receive no special preference for berthing space at or use of the Dock. Said vessels shall use the harbor under the same conditions and at the same rates as those specified for the general public.

The Lessor acknowledges the Lessees' right to provide preferential treatment for its vessels and use. The Lessee must provide reasonable notice to other dock users when Lessee requires space at the Dock for its own vessels and for its other uses.

- b. **MAINTENANCE, REPAIR AND DOCK UPKEEP.** Lessee hereby agrees to continuously maintain the Dock in a good state of repair and in a clean and orderly manner, at no cost to the Lessor or City of False Pass. Lessee shall be responsible for all major repairs, minor repairs, routine preventative maintenance and upkeep.

- i. Lessee is required to comply with all Department of Environmental Conservation requirements.
- c. **REVENUES AND ACCOUNTS.** Lessee shall establish tariffs, and shall collect a fee or charges, for all uses of the Dock. Lessee shall keep complete financial records in accordance with generally accepted accounting practices, reflecting all revenue derived by Lessee from the Dock as well as all funds expended by Lessee for the maintenance and operation of the Dock. The right is hereby reserved by the Lessor to examine said financial records at any time during normal business hours.
- d. **IMPROVEMENTS.** Any permanent improvement, development or structure proposed by Lessee to be constructed or place on the Dock, whether upon or separate from the Dock, must be approved in writing by the Lessor prior to construction or placement.
- e. **OWNERSHIP OF IMPROVEMENTS.** All improvements made to the Dock and all fixtures added to and incorporated into the use of the Dock shall become the property of the Lessor upon their construction, addition to or incorporation in to the Dock unless the Lessee, Lessor, and City of False Pass agree otherwise in writing.

i. Lessee has plans to \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

- i. Lessee has plans to \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.
- f. **OPERATOR PROVIDED UTILITIES AND WATER SYSTEM.** Where electrical facilities or electrical, fuel or water distribution systems are not provided by the Lessor or City of False Pass, Lessee may install with its own personnel with prior approval of the Lessor, or have installed by a competent contractor, adequate lighting and power, fuel and water distribution systems. Under no circumstances may Lessee alter or modify existing Harbor facilities for the purpose of installing electrical utilities, fuel, or water systems without first obtaining specific written approval from the Lessor. Prior to installation of any power in or to the Dock, whether to power permanent fixtures of equipment or for distribution to vessels, the Lessee shall provide for the design of the system by an engineer with recognized experience in the design of electrical systems for marinas and docks that may be affected by electrolysis. The Lessor may require a review of the design by a second engineer or a consultant before approving the project.

- g. **FUEL AND HAZARDOUS MATERIAL HANDLING.** If fuel or any other hazardous materials are handled on the Dock or in the Harbor, Lessee shall insure that only properly trained personnel handle such fuel or materials and that adequate procedures are followed for safely storing, dispensing, and otherwise handling fuel or hazardous materials in accordance with the most current edition of the National Fire Protection Code and all applicable federal, state, and local laws and regulation, in particular, applicable United States Coast Guard regulations. Lessee shall ensure that all necessary permits, operations manuals, and other authorizations are issued or are in place before permitting the handling of fuel or hazardous materials and may require the shipper or handler to obtain such permits and authorizations and to bear all or any part of the expense of obtaining such permits or authorizations and any additions or changes to the Dock facilities that are needed to comply. Such additions or changes to the Dock facilities must be approved by the Lessor and City of False Pass.
- h. **ENVIRONMENTAL POLLUTION.** In the event of a spill or discharge of a petroleum product or hazardous material at the dock, Lessee shall immediately report the spill or discharge to the appropriated authorities and to the Lessor, act promptly to contain the spill or discharge, repair any damage, remove the petroleum product or hazardous material and clean up the affected area, restore the Dock and affected waters to a safe condition and otherwise comply with the applicable provisions of state and federal law.
- i. **LIENS.** Lessee shall keep the Dock free of all liens, pay all costs for labor and materials arising out of construction, improvements or repairs by the Lessee on the Dock, and shall indemnify, defend, and hold the Lessor and the City of False Pass harmless from liability, action, claim, suit, loss, property damage of personal injury of whatever kind resulting from or arising out of any such liens, including costs and attorney fees.
- j. **NO WAIVER.** The failure of the Lessor to insist in any one or more instances upon the strict performance of Lessee of any provision or covenant in this agreement may not be considered a waiver or relinquishment for the future, but the provision or covenant will continue in full force. The waiver by the Lessee of any provision or covenant in this agreement cannot be enforced or relied upon unless the waiver is in writing signed on behalf of the Lessor.
- k. **NATURAL DISASTERS.** In the event any cause which is not due to the fault or negligence of either Lessee, the Lessor, or the City of False Pass renders the Dock unusable and makes the performance of this Agreement impossible, this Agreement may be terminated by either party upon written notice to the other party. Causes include, but are not limited to, acts of God or public enemy, acts of the United States and State of Alaska, fires, floods, or strikes.

1. NATIONAL OR STATE EMERGENCY. In case of any national emergency declared by the federal government, or any state emergency declared by the State of Alaska, Lessee may not hold the Lessor or City of False Pass liable for any inability to perform any part of this Agreement as a result of the national or state emergency.

**11. Standard Provisions.** This Lease is subject to the Standard Provisions, which are attached hereto and are incorporated as part of this Lease.

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

Silver Bay Seafoods, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF ALASKA                    )  
  ) ss:  
FIRST JUDICIAL DISTRICT)

THIS CERTIFIES that on this \_\_\_\_ day of \_\_\_\_\_, 2018, before me, a Notary Public in and for the State of Alaska, personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed on the foregoing instrument and, duly sworn, stated to me under oath that he is the Chief Executive Officer of Silver Bay Seafoods, LLC, that he has been authorized by said corporation to execute the foregoing instrument on its behalf, and that he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.

\_\_\_\_\_  
Notary Public for Alaska  
My commission expires:\_\_\_\_\_

Aleutians East Borough

Anne Bailey  
Its: Administrator

STATE OF ALASKA )  
 ) ss:  
THIRD JUDICIAL DISTRICT )

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska  
My commission expires:\_\_\_\_\_



**APPENDIX A**  
**STANDARD PROVISIONS**

**1. PATENT CONDITIONS.**

This lease shall be subject to the terms and conditions of the patent or deed from the state of Alaska, and subject to any littoral rights and any rights of the public under the Public Trust Doctrine.

**2. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.**

It shall be the responsibility of Lessee to properly locate Lessee's improvements on the Lease Premises and failure to so locate shall render Lessee liable as provided by law.

**3. APPROVAL OF OTHER AUTHORITIES.**

It is agreed upon and acknowledged that the issuance by Lessor of leases, including this lease, does not relieve Lessee of responsibility for obtaining licenses, permits, or approvals as may be required by duly authorized municipal, state or federal agencies.

**4. LEASE UTILIZATION.**

The Leased Premises shall be utilized only for the following purposes: fish processing facility, and the terms of the lease and in conformity with the provisions of relevant municipal code and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the lease and subject to cancellation at any time.

**5. LEASE PAYMENT ADJUSTMENT AND DISPUTE RESOLUTION.**

Lessee agrees to a review and adjustment of the annual lease payment by the Borough Administrator not less often than every fifth year of the lease term beginning with the payment due after completion of the review period. Should the Lessee disagree with the lease payment adjustment proposed by the Borough Administrator, the Lessee shall pay for an appraisal of the leasehold. In the event the Borough Administrator disagrees with the appraisal, is unable to reach an agreement with the Lessee on the lease payment adjustment, the Lessor shall pay for a second appraisal. The Borough Administrator shall establish the lease payment adjustment based upon the second appraisal. In the event the Lessee disagrees with the lease rent adjustment, the Lessee may appeal to the Borough Assembly. The decision of the Assembly shall be final.

## **6. SUBLEASING.**

Lessee may sublease Leased Premises or any part thereof leased to Lessee hereunder; provided that the proposed sub-lessee shall first obtain written approval from Lessor and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease.

## **7. ASSIGNMENT.**

Lessee may assign its rights and obligations under this lease; provided that the proposed assignment shall be approved in writing by Lessor prior to any assignment. The assignee shall be subject to all the provisions of the lease. All terms, conditions and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

## **8. MODIFICATION.**

The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

## **9. CANCELLATION AND FORFEITURE.**

- (a) The lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by the parties.
- (b) Lessor may cancel the lease if it is used for any unlawful purpose.
- (c) If Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force or service of written notice by the Lessor without remedy by Lessee of the conditions warranting default, Lessor may subject Lessee to appropriate legal action including, by not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.
- (d) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of the Lessor with approval of the Borough Assembly constitute grounds for default.

#### **10. NOTICE OR DEMAND.**

Any notice or demand, which under terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

#### **11. RIGHTS OF MORTGAGE OR LIENHOLDER.**

In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

#### **12. ENTRY AND REENTRY.**

In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, Lessor or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefore. No reentry by Lessor shall be deemed an acceptance of a surrender of the lease.

#### **13. RE-LEASE.**

In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, Lessor may offer the lands for lease or other appropriate disposal pursuant to the provisions of the Borough Code.

#### **14. FORFEITURE OF LEASE PAYMENT.**

In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the annual rental payment last made by Lessee shall be forfeited and retained by Lessor as partial or total damages for the breach.

#### **15. WRITTEN WAIVER.**

The receipt of lease payment by Lessor with knowledge of any breach of the lease by Lessee or of any default on the part of Lessee in observance or performance of

any of the conditions or covenants of the lease shall not be deemed a waiver of any provision of the lease. No failure on the part of the Lessor to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by Lessor unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of the Lessor to enforce the same in the event of any subsequent breach or default. The receipt, by Lessor, or any lease payments or any other sum of money after the termination, in any manner, of the term demised, or extent the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by Lessor to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by Lessor.

#### **16. EXPIRATION OF LEASE.**

Unless the lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender and yield up the Lessor all the leased land on the last day of the term of the lease.

#### **17. RENEWAL PREFERENCE.**

Any renewal preference granted Lessee is a privilege, and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the Borough Administrator.

#### **18. REMOVAL OR REVERSION OF IMPROVEMENT UPON TERMINATION OF LEASE.**

Improvements owned by Lessee shall within sixty calendar days after the termination of the lease be removed by Lessee; provided, such removal with not cause injury or damage to the lands or improvements demised; and further provided, that Lessor may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of the Lessor, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements are subject to Lessee's paying the Lessor pro rata lease payments for the period.

- (a) If any improvements and/or chattels not owned by Lessor and having an appraised value in excess of five thousand dollars as determined by an assessor are not removed within the time allowed, such improvements and/or chattels on the lands, after deducting for Lessor lease payments due and owing and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids

acceptable to the Borough Administrator are received, title to such improvements and/or chattels shall vest in Lessor.

- (b) If any improvements and/or chattels having an appraised value of five thousand dollars or less as determined by an assessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in Lessor.

#### **19. RENTAL FOR IMPROVEMENTS OR CHATTELS NOT REMOVED.**

Any improvements and/or chattels belonging to Lessee or placed on the lease during Lessee's tenure with or without his permission and remaining upon the premises after the termination date of the lease shall entitle Lessor to charge Lessee a reasonable lease payment therefore.

#### **20. COMPLIANCE WITH REGULATIONS CODE.**

Lessee shall comply with all regulations, rules, and the code of the Aleutians East Borough, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

#### **21. CONDITIONS OF PREMISES.**

Lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent, and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the leased lands. Lessee shall not undertake any activity that causes or increases a sloughing off or loss of surface materials of the leased land.

#### **22. INSPECTION.**

Lessee shall allow an authorized representative of Lessor to enter the lease land for inspection at any reasonable time.

#### **23. USE OF MATERIAL.**

Lessee of the surface rights shall not sell or remove for use elsewhere any stone, gravel, peat moss, topsoils, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the Lessor.

#### **24. RIGHTS-OF-WAY.**

Lessor expressly reserves the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the Lessor to do so.

## **25. WARRANTY.**

Lessor does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

## **26. HOLDING OVER.**

If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.

## **27. INTEREST ON LATE PAYMENTS.**

Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.

## **28. TAXES, ASSESSMENTS, AND LIENS.**

During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.

## **29. EASEMENTS.**

Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.

## **30. ENCUMBRANCE OF PARCEL.**

Lessee shall not encumber or cloud Lessor's title to the Leased Premises or enter into any lease, easement, or other obligation of Lessor's title without prior written consent of Lessor; and any such act or omission, without the prior written consent of Lessor, shall be void against Lessor and may be considered a breach of this lease.

## **31. VALID EXISTING RIGHTS.**

This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.

### **32. STATE DISCRIMINATION LAWS.**

Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event Lessee's failure to comply with any of the above non-discrimination covenants, Lessor shall have the right to terminate this lease.

### **33. UNSAFE USE.**

Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.

### **34. HOLD HARMLESS.**

Lessee agrees to defend, indemnify, and save Lessor, its employees, volunteers, consultants and insurers, with respect to any action, claim, or lawsuit arising out of or related to the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, costs, expense, or damages resulting from settlement, judgment or verdict, and includes the award of any costs and attorney's fees even if in excess of Alaska Civil Rules 79 or 82. This indemnification agreement applies to the fullest extent permitted by law and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against Lessor relating to this lease. The obligations of Lessee arise immediately upon actual or constructive notice of any action, claim, or lawsuit. Lessor shall notify Lessee in a timely manner of the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where the Lessee has actual notice.

### **35. SUCCESSORS.**

This lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and Lessor.

### **36. CHOICE OF LAW; VENUE.**

This lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, Third Judicial District at Anchorage.

Exhibit 1-Tidelands

2004-000307-0

Recording Dist: 305 - Aleutian Islands  
6/8/2004 12:57 PM Pages: 1 of 3

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# State of Alaska

cc



Tidelands

## Patent

No. 4 2 5

Know All Men By These Presents that the Grantor, the STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES, 550 West 7th Avenue, Suite 1050A, Anchorage, Alaska 99501-3579, pursuant to AS 38.05.825 and the regulations promulgated thereunder, for good and valuable consideration, grants and conveys to the Grantee, the ALEUTIANS EAST BOROUGH, whose mailing address of record is 3380 C Street, Suite 205, Anchorage, Alaska 99503, Grantee's successors and assigns, those tidelands lying seaward of the mean high tide line of Unimak Island situated in the Aleutian Islands Recording District, State of Alaska, and described as follows:

ALASKA TIDELAND SURVEY NO. 1611, CONTAINING 34.86 ACRES, MORE OR LESS, ACCORDING TO THE SURVEY PLAT RECORDED IN THE ALEUTIAN ISLANDS RECORDING DISTRICT ON APRIL 7, 2003, AS PLAT 2003-2.

Subject to valid existing rights, including reservations, easements, and exceptions in the U.S. Patent or other state or federal conveyance, and in acts authorizing the issue thereof; easements, rights-of-way, covenants, conditions, reservations, notes on the plat, and restrictions of record, if any.

Grantee may lease the land, but may not sell it.

Grantee takes title to the tidelands subject to the rights of the public under the Public Trust Doctrine.

Page 1 of 3

"Official State Business-No Charge"



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2013-000250-0

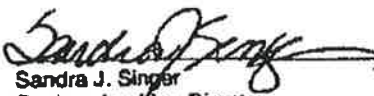


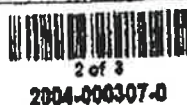
Title to land conveyed under this authority reverts to the State upon dissolution of the municipality.

The Grantor hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times for the purpose of opening, developing, drilling, and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

To Have And To Hold the said land, together with the tenements, hereditaments, and appurtenances thereunto appertaining, unto the said Grantee and Grantee's successors and assigns forever.

In Testimony Whereof the State of Alaska has caused these presents to be executed by the Director of the Division of Mining, Land and Water, Department of Natural Resources, State of Alaska, pursuant to delegated authority, this 2nd day of June, 2004.

By:   
Sandra J. Singer  
For Bob Loeffler, Director  
Division of Mining, Land and Water



State of Alaska )

) ss.

Third Judicial District )

This Is To Certify that on the 2nd day of June, 2004, appeared before me SANDRA J. SINGER, who is known to me to be the person who has been lawfully delegated the authority of Bob Loeffler, the Director of the Division of Mining, Land and Water, Department of Natural Resources, State of Alaska, to execute the foregoing document; that Sandra J. Singer executed said document under such legal authority and with knowledge of its contents; and that such act was performed freely and voluntarily upon the premises and for the purposes stated therein.

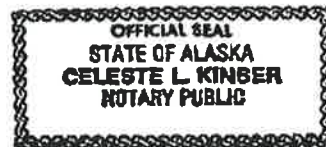
Witness my hand and official seal the day and year in this certificate first above written.

*Celeste L. Kinser*  
Notary Public in and for the State of Alaska

My commission expires: April 4, 2005

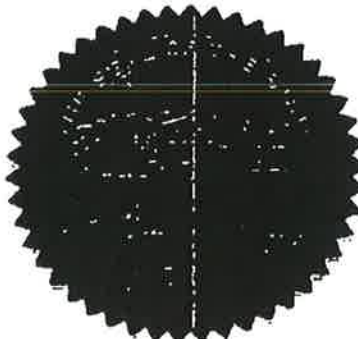
Return Recorded Document to:

ALEUTIANS EAST BOROUGH  
3380 C Street, Suite 205  
Anchorage, Alaska 99503



Certified Copy to:

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF MINING, LAND & WATER-RADS  
550 West 7th Avenue, Suite 1050  
Anchorage, Alaska 99501-3579



Tidelands Patent No. 425  
ADL No. 227852  
Location Index:  
T. 61 S., R. 94 W., S.M.  
Sections 27 and 28

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## Exhibit 2

### ALEUTIANS EAST BOROUGH, ALASKA

### HARBOR MANAGEMENT AGREEMENT

This 15 day of April, 2005, the Aleutians East Borough, hereafter called the "Borough" whose address is P.O. Box 349, Sand Point, Alaska 99661, and the City of False Pass, Alaska, hereinafter called the "City," whose address is P.O. Box 50, False Pass, Alaska 99583 do enter this Harbor Management Agreement, hereinafter called "Agreement," of 15 pages, including signature pages, and agree as follows:

#### A. BASIC PROVISIONS

##### PREMISES

1. The City of False Pass and the Aleutians East Borough have identified economic needs in False Pass. They have cooperatively submitted and been approved for CDBG funds from the Alaska Department of Commerce, Community and Economic Development (DCCED) and grant funds from the federal Department of Commerce, Economic Development Administration (EDA) for the construction of a harbor to meet those needs.
2. The City is the recipient of CDBG funding and the Borough is the recipient of the EDA funds. Both parties agree to assume the ultimate responsibility for their grant funds including assuring compliance with all applicable laws and program regulations and performance of all work in accordance with the contract. The False Pass mayor will be the contact person for the CDBG and the Borough administrator for the EDA. Both parties and the DCCED and EDA will have access to all grant records and authority to monitor all activities. The City and Borough agree to cooperate in the implementation of the CDBG and EDA programs as approved by the granting agencies.
3. The City and Borough agree that the City will receive the usefulness, advantage and other economic and community benefits of the harbor for the residents of False Pass for at least twenty (20) years.
4. The City agrees to manage and operate the following described marine facilities owned by the Borough, known as the False Pass Small Boat Harbor and hereinafter referred to as the "Harbor" located at False Pass, Alaska, in the Aleutian Islands Recording District, Third Judicial District, Alaska:

All that property consisting of a breakwater and certain docks, floats, approaches, and appurtenant marine facilities located in False Pass, Alaska, in the Aleutian Islands Recording District, State of Alaska:

##### TERM

5. The term of this Agreement is twenty (20) years from this agreement's last signature date through the last day of September, 2025.





## B. GENERAL COVENANTS

### OPERATION AS PUBLIC FACILITIES

1. The City hereby agrees to manage and operate the harbor for the use and benefit of the public; to make all Harbor facilities and services available to all members of the public on the same basis and on fair and reasonable terms and without discrimination. Unless otherwise directed by the Borough or required by state and federal law, all state and federal or other publicly owned or operated vessels shall receive no special preference for berthing space at or use of the Harbor. Said vessels shall use the Harbor under the same conditions and at the same rates as those specified for the general public.

### MAINTENANCE AND REPAIR

2. The City hereby agrees to continuously maintain the Harbor in a good state of repair, at no cost to the Borough. Provided, however, that all necessary "major repairs" not caused by any action, neglect or negligence of the City shall be undertaken and completed by the Borough, at Borough expense or with funds from the account established pursuant to paragraph 7(d) of this Agreement, subject to the appropriation of sufficient funds for that purpose. The City shall be responsible for all minor repairs and routine preventative maintenance.
  - a. The term "major repair" as used herein is defined as any maintenance or repair having a cost for a single maintenance or repair operation which exceeds twenty-five thousand dollars (\$25,000).
  - b. The terms "minor repair and routine preventative maintenance" as used herein is defined as routine maintenance and repair having a cost for a single maintenance or repair operation of twenty-five thousand (\$25,000) or less, and generally includes the following:
    - (1) Replacement of damaged flotation material.
    - (2) Replacement of damaged decking or other structural members.
    - (3) Repair of electrical utilities and water and fuel systems.
    - (4) Replacement of broken or damaged piling and fenders.
    - (5) Replacement of eroded bank and breakwater protection or fill material.



(6) Repair of all structural and non-structural damage caused through impact or collision by vessels using the facilities.

- c. The Borough shall have the right to require the City to perform maintenance and repair in the event any inspection of the Harbor by the Borough reveals a failure by the City to adequately maintain Harbor facilities. Such corrective maintenance or repair work shall be accomplished by the City within a reasonable period of time as determined by the Borough. The City shall perform, at its own expense, all major repair or rehabilitation that could have been avoided but for the City deferring minor repairs or routine maintenance.
- d. Notwithstanding the other provisions of this paragraph B2, the City shall not be required to spend more than \$25,000 in any one City fiscal year for all minor repairs and routine preventative maintenance. Routine preventative maintenance includes only those activities that are for the purpose of preserving or restoring the condition of the Harbor. The City shall notify the Borough in a timely manner if the City anticipates that minor repair and routine preventative maintenance expenditures will exceed \$25,000 during the remainder of any City fiscal year.

#### HARBOR UPKEEP

3. The City agrees to maintain the Harbor in a clean and orderly manner at all times. Derelict or abandoned vessels shall not be allowed to occupy moorage space. Oil drums, nets, fishing gear, skiffs, garbage cans or unsightly debris may not be stored on the Harbor.

#### LIABILITY

4. The City shall indemnify, defend, and hold the Borough, its officers, employees and agents harmless from any liability, action, claim, suit, loss, property damage, or personal injury of whatever kind resulting from or arising out of any act of commission or omission by the City, its agents, employees, or officers arising from the City's management, operation, maintenance or other activity with respect to the Harbor.

#### HARBOR ORDINANCES; HARBORMASTER

5. The City shall employ appropriate personnel and promulgate such ordinances, resolutions or regulations as may be necessary to provide safe, orderly operation and management of the Harbor. Ordinances, resolutions and regulations shall be in conformance with all of the terms and conditions contained herein, and shall be consistent with applicable ordinances and resolutions of the Borough. The applicable provisions of a Borough



ordinance, resolution or regulation with respect to the Harbor shall supersede the provision of any ordinance, resolution or regulation of the City that is inconsistent therewith, notwithstanding the date the Borough ordinance is adopted.

#### HARBOR USE AGREEMENTS

6. The City may enter into such agreements for the berthing, use and management of the Harbor as are necessary and appropriate;
  - a. provided, no agreement of any nature with respect to the Harbor is valid or binding upon the City of the Borough to the extent such agreement is contrary to this Agreement or to any ordinance or resolution of the City or the Borough adopted prior to the effective date of such agreement between the City and a third party. The authority of the City to enter into agreements with third parties with respect to the use of the Harbor is derived solely from this Agreement and any agreement of any nature between the City and a third party is subject to the terms, conditions and limitations of this Agreement; further, any agreement or the provisions thereof that are inconsistent or in conflict with or are prohibited under this Agreement are voidable in the sole discretion of the Borough. The City shall be liable to the Borough for all damages or losses to the Borough arising out of agreements or provisions thereof between the City and a third party that are inconsistent, in conflict with, or prohibited by this Agreement.
  - b. The Harbor was financed, in part, with the proceeds of a tax exempt bond issued by the Aleutians East Borough. Any management, Harbor use or other agreement that would, alone or in combination with one or more other agreements of the City with respect to the Harbor, adversely affect the tax exempt status of said bonds, is, to such extent, void *ab initio* and unenforceable. Further, if bond counsel to the Aleutians East Borough determines that any provision of this Agreement would adversely affect the tax exempt status of such bonds or that it permits or contemplates agreements between the City and third parties that would adversely affect the tax exempt status of such bonds, such minimum amendments to the agreement as may be necessary to preserve the tax exempt status of said bonds, as determined by bond counsel for the Aleutians East Borough, are deemed to have been made as if contained in this Agreement upon the date of execution of this Agreement. A lease of long term use agreement between the City and a third party user of the Harbor; and any lease or Harbor operating or management agreement between the City and third party is void and unenforceable unless in writing



and approved by the Borough and the Borough bond counsel prior to its execution.

#### REVENUES, EXPENSES, FUNDS AND ACCOUNTS

7. The City shall establish a tariff, and shall collect a fee or charge, for all uses of the Harbor.
  - a. The City shall include, but not be limited to, fees or charges for moorage, demurrage, wharfage, and services to a vessel. The tariff and all changes thereto shall be filed by the City if filing is required by state and federal law.
  - b. The fees charged by the City shall be established at a level sufficient to:
    - (1) Meet the expenses of adequate management and administration of the Harbor.
    - (2) Satisfy all minor repair and routine maintenance requirements, present and future, as defined in Paragraph (2)b.
    - (3) Provide for contingencies and emergencies.
    - (4) Provide the funds required for the major rehabilitation and repair account.
    - (5) Provide and maintain a harbormaster office, parking area improvements, and sanitary facilities unless any of the foregoing are waived by the Borough, and, as may be required by state or federal agencies, oily waste disposal tanks, connection to vessel pumpout stations for sewage disposal and other waste disposal facilities or services, and trash collection facilities.
  - c. All fees, charges, rates, reimbursements, or other amounts received by the City for moorage within the Harbor shall be deposited in a special fund known as the Harbor Fund established by the City. Said fund shall be separate and distinct from other funds of the City (including those established for the operation of other City docks, harbors or other marine facilities) and shall be used exclusively for the administration, operation, maintenance, repair, rehabilitation, and improvement of the Harbor by the City, and to meet reserve requirements and Borough debt service, if any, secured by revenues of the Harbor. The City shall annually appropriate to such fund all





anticipated and actual Harbor receipts and prior year Harbor Fund balances.

- d. The City shall establish a major repair and rehabilitation account with the Harbor Fund established under Paragraph 7(c):

- (1) For the purpose of this subparagraph 7(d), "year-end Harbor Fund balance" is the unreserved year-end balance of the Harbor Fund not appropriated for reasonable Harbor operating costs, including Borough debt service, if any, reserved and a reasonable contingency amount. The year-end Harbor Fund balance shall lapse to and be deposited in the major repair and rehabilitation account. It is the purpose of this subparagraph 7(d)(1) to ensure that all Harbor revenues that are not reasonably required for the operation, maintenance and minor repair of the Harbor be accumulated in the major repair and replacement account for use, as may be designated by the Borough, for major repairs or rehabilitation of the Harbor and the construction of additions or improvements to the Harbor. Provided, the Borough may release funds from this account to the City for Harbor operating expenses if the Assembly determines that such a release is necessary in order to meet unusual and unanticipated Harbor operating expenses incurred or to be incurred by the City.
- (2) The City shall hold monies in the account, in trust for the Borough, provided, in order to ensure that such monies are immediately available for emergency or other needs, the City shall annually appropriate the anticipated maximum balance of the account (including the anticipated deposit of the year end Harbor Fund balance) as part of its annual budget appropriation. The City shall make major repairs or improvements to the Harbor from the funds in the major repair and rehabilitation account only when specifically directed by the Borough or shall pay over to the Borough from said account so much as the Borough determines is required to perform major repairs, rehabilitation or improvements on the Harbor. Upon authorization by the Borough, the City may accomplish, by contract or with its own forces, such major repair, rehabilitation or improvements as are required and may withdraw from said account amounts up to a maximum specifically authorized by the Borough for such work. Upon termination of this agreement, the City shall promptly pay over to the Borough all funds held in trust in said account for the Borough.





- e. The City shall keep complete financial records in accordance with generally accepted accounting practices, reflecting all revenue derived by the City from the Harbor as well as all funds expended by the City for the maintenance and operation of the Harbor. The right is hereby reserved to the Borough to examine said financial records at any time during normal business hours. In addition, the right is hereby reserved to the Borough to require the City to submit an annual audit or summary of Harbor Fund income and expenses (including reserves).

#### PROHIBITED MOORAGE

8. The City shall not permit moorage of vessels which might overstress or otherwise damage the Harbor facilities.

#### IMPROVEMENTS

9. Any permanent improvement, development or structure proposed by the City or a third party to be constructed or placed within the Harbor, whether upon or separate from an existing facility or improvement in the Harbor, must be approved in writing by the Borough prior to construction or placement.

#### OWNERSHIP OF IMPROVEMENTS

10. All improvements made in or to the Harbor and all fixtures added to and incorporated into the use of the Harbor shall become the property of the Borough upon their construction, addition to or incorporation into the Harbor, unless the City and the Borough agree otherwise in writing.

#### OPERATOR PROVIDED UTILITIES AND WATER SYSTEM

11. Where electrical facilities or electrical, fuel or water distribution systems are not provided by the Borough, the City may install with its own personnel with prior approval of the Borough, or have installed by a competent contractor, adequate lighting and power, fuel and water distribution systems. Under no circumstances may the City alter or modify existing Harbor facilities for the purpose of installing electrical utilities, fuel or water systems without first obtaining specific written approval from the Borough. The Borough will either furnish or approve minimum design standards to accomplish the work. Prior to the installation of any power in or to the Harbor, whether to power permanent fixtures or equipment or for distribution to vessels, the City shall provide for the design of the system by an engineer with recognized experience in the design of electrical systems for marinas and docks that may be affected by electrolysis. The Borough may require a review of the design by a second engineer or a consultant before approving the project.



## FUEL AND HAZARDOUS MATERIAL HANDLING

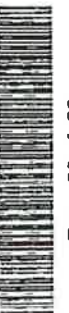
12. If fuel or any other hazardous materials are handled in the Harbor, the City shall insure that only properly trained personnel handle such fuel or materials and that adequate procedures are followed for safely storing, dispensing, and otherwise handling fuel or hazardous materials in accordance with the most current edition of the National Fire Protection Code and all applicable federal, state, and local laws and regulations, in particular, applicable United States Coast Guard regulations. The City shall ensure that all necessary permits, operations manuals, and other authorizations are issued and are in place before permitting the handling of fuel or other hazardous materials and may require the shipper or handler to obtain such permits and authorizations and to bear all or any part of the expense of obtaining such permits or authorizations and any additions or changes to the Harbor facilities that are needed to comply. Such additions or changes to the Harbor facilities must be approved by the City and the Borough.

## ENVIRONMENTAL POLLUTION

13. In the event of a spill or the discharge of a petroleum product or hazardous material at the Harbor, the City shall immediately report the spill or discharge to the appropriate authorities and to the Borough, act promptly to contain the spill or discharge, repair any damage, remove the petroleum product or hazardous material and clean up the affected area, restore the Harbor and affected waters to a safe condition and otherwise comply with the applicable provisions of state and federal law.

## TERMINATION OF AGREEMENT

14. The Borough may cancel this Agreement by giving the City ninety (90) days advance written notice upon the failure of the City to perform, keep and observe any of the terms, covenants, and conditions contained in this Agreement, provided;
- a. The deficiency is not cured by the City within said ninety (90) day period.
  - b. The City may terminate this Agreement at any time by notifying the Borough in writing at least six (6) months prior to the effective date of such termination.
  - c. The Borough may terminate this Agreement at any time by notifying the City in writing at least twelve (12) months prior to the effective date of such termination.





- d. Upon termination or cancellation of this Agreement for any reason, the City shall, on the effective date of such termination or cancellation, transmit all amounts received that would have been required by paragraph 7.c. of the Agreement to be deposited in the Harbor Fund; provided, if, for the fiscal year in which the termination or cancellation occurs, the City has contributed to the Harbor Fund from unrestricted other local revenues, the City may retain a portion of such other revenues prorated for time from the beginning of the year. The cancellation or termination of this Agreement for any reason shall constitute and shall have the effect of an assignment to the Borough of all accounts receivable and causes of action of the City with respect to the Harbor and its operation effective on the effective date of the termination or cancellation. All reasonable obligations of the City incurred with respect to the Harbor and its operation prior to the effective date of the termination or cancellation shall be reimbursed by the Borough upon demand and proof of payment by the City; provided, the Borough may assume direct liability for City obligations specifically identified in writing by the Borough for such treatment.
- e. Upon termination or cancellation of this Agreement, the City shall immediately turn over to the Borough all plans, records, agreements, and other documents relating to the Harbor and its operation under this Agreement and shall make available to the Borough and its agents all records of the City that may directly or indirectly affect or reveal the financing of the Harbor operation by the City.
- f. Termination or cancellation of this Agreement does not affect the undischarged obligation of one party to this Agreement to the other.

#### RENEWAL

15. The City may renew this Agreement by filing a written renewal application with the Borough at least sixty (60) days before the expiration of this Agreement. This filing of an application that fully conforms to the requirements stated herein will operate to extend the term of this Agreement on a month to month basis until the earlier of the date;

- a. A new agreement is executed by both parties, or
- b. The application is rejected by the Borough in writing, stating the reasons for the rejection.

#### DISCRIMINATION

16. The City covenants and agrees that discrimination on the basis of race, color, religion, national origin, ancestry, age, or sex will not be permitted against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal or state law. The City recognizes the right of the Borough to take any action necessary to enforce this covenant, including actions required pursuant to any federal or state law.

#### EXISTING CONDITIONS

17. The City has examined the preliminary plans for the Harbor and acknowledges that the Borough has made no representation concerning final arrangement or layout of the Harbor nor the completion date of any phase or part of the Harbor.

#### SUBJECT TO LAWS

- 18.
- a. This agreement is issued subject to all the provisions and requirements of the agreement and the ordinances, resolutions and regulations of the Borough relating to the use and management of Borough owned marine facilities.
  - b. The City shall conduct all operations on the Harbor in compliance with all federal, state, and local laws, ordinances, rules and regulations now or hereafter in force, which may be applicable to such operations.

#### INSURANCE

- 19.
- a. The City shall maintain harbor keepers liability insurance in an amount not less than \$2,250,000 per occurrence and shall name the Borough as an additional insured, provided, the Borough, its employees, agents and officers may not be disabled from recovering under said policy for otherwise covered acts of the City.
  - b. Unless a lesser coverage is authorized by the Borough, the City shall maintain property damage insurance on the Harbor in an amount of \$100,000 with a deductible of not more than \$5,000. The policy shall name the Borough as owner of the Harbor and shall be for the benefit of the Borough.
  - c. The City shall provide the Borough with a copy of each policy or a certificate of insurance satisfactory to the Borough showing the amounts and type of insurance provided. The certificate shall state the



coverage provided to the Borough and shall provide that no policy may be terminated, cancelled, or permitted to expire with respect to coverage provided to the Borough except upon at least thirty (30) days written notice actually delivered or mailed to the Borough.

- d. The City shall provide and maintain, for all employees and contractors of the City engaged in work on or with respect to the Harbor, Workers' Compensation Insurance as required by AS 23.30, shall promptly make all employer contributions required by AS 23.20, and shall provide insurance coverage for employees covered by the U.S. Longshore and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.). The City shall indemnify the Borough for all costs, expenses, and liability of the Borough arising in any manner from the failure of the City to provide the insurance or make the contributions identified in the preceding sentence.

#### LIENS

20. The City shall keep the Harbor free of all liens, pay all costs for labor and materials arising out of any construction, improvements or repairs by the City or a third party on the Harbor, and hold the Borough harmless from liability for any such liens, including costs and attorney fees.

#### NO WAIVER

21. The failure of the Borough to insist in any one or more instances upon the strict performance by the City of any provision or covenant in this agreement may not be considered a waiver or relinquishment for the future, but the provision or covenant will continue in full force. The waiver by the Borough of any provision or covenant in this agreement cannot be enforced or relied upon unless the waiver is in writing signed on behalf of the Borough.

#### MODIFICATION

22. The Borough may modify this agreement to meet the revised requirements of federal or state grants or to conform to the requirements of any bond covenant to which the Borough is party. Provided, that except as provided in paragraph 6.c., a modification may not reduce the rights granted the City by this agreement nor cause the City financial loss to its general fund.

#### VALIDITY OF PARTS

23. If any provision or covenant of this agreement is declared to be invalid by a court of competent jurisdiction, the remaining covenants and provisions will continue in full force.



#### INTERRELATIONSHIP OF PROVISIONS

24. The basic provisions, general covenants, special covenants, supplements, addenda, and drawings attached as exhibits are essential parts of this agreement and are intended to be cooperative and to describe the respective rights and obligations of the parties to this Agreement. In case of a discrepancy, figured dimensions govern over scaled dimensions unless obviously incorrect. Special covenants govern over basic provisions, both of which govern over general covenants.

#### NATURAL DISASTERS

25. In the event any cause which is not due to the fault or negligence of either the City or the Borough renders the Harbor unusable and makes the performance of this Agreement impossible, this Agreement may be terminated by either party upon written notice to the other party. Causes include, but are not limited to, acts of God or the public enemy, acts of the United States or the State of Alaska, fires, floods, or strikes.

#### NOTICES

26. Any notice required by this agreement must be hand delivered or sent by registered or certified mail to the appropriate party at the address set forth on page one of this Agreement or to any other address that the parties subsequently designate in writing.

#### INTEGRATION, MERGER AND AMENDMENT

27. This Agreement sets forth all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Harbor whether oral or written. Except as otherwise specifically provided in this Agreement no modification or amendment of this Agreement is effective unless in writing and signed by both parties.

#### NATIONAL OR STATE EMERGENCY

28. In case of any national emergency declared by the federal government, or any state emergency declared by the State of Alaska, the City may not hold the Borough liable for any inability to perform any part of this Agreement as a result of the national or state emergency.

#### APPROVAL BY BOROUGH

29. Any approvals required of the Borough by this Agreement will not be unreasonably withheld.



## INGRESS, EGRESS, INSPECTION

30. The Borough reserves the right of ingress to and egress from the Harbor and the right to enter any part of the Harbor, including all improvements thereon, for the purpose of inspection at any reasonable time. Except in the case of an emergency, all inspections will be coordinated with the City.

## C. SPECIAL COVENANTS

1. This Agreement becomes effective on the date set out in paragraph A2; provided, no term of the Agreement except this paragraph C1 creates and enforceable right in either party until the Borough has provided written notice to the City that the Harbor, including the docks and other facilities and improvements, are substantially complete and available for use. All revenues arising out of the rental or use of property constructed or improved with the proceeds of the Borough's general obligation bond under the Project Cooperation Agreement between the Borough and U.S. Department of the Army for the construction of breakwaters and the dredging of the new harbor in the City are revenues of the City under this agreement and, if paid to the Borough, will be received and held by the Borough in trust for the City.
2. The City and the Borough enter into this Agreement in the contemplation of
  - a. the completion of the new harbor to be constructed under the Project Cooperation Agreement between the Borough and U.S. Department of Army, and
  - b. the separate and subsequent construction by the Borough of docks, floats and other marine facilities and improvements (the Docks and Floats) within the new harbor.

If the Borough constructs the Docks and Floats from revenues other than borrowed funds, then this Agreement remains in full force and effect in accordance with its terms. If the Borough borrows all or part of the funds necessary to finance the construction of the Dock and Floats, and it is necessary for the Borough to pledge the revenues of the Docks and Floats to secure the loan, then the following provisions of this Paragraph C2 shall be in effect and shall supersede and govern to the extent such following provisions are in conflict with any other provisions of this Agreement:

- c. The Borough shall have the authority to establish all tariffs, fees, and other charges for use of the Docks and Floats. The Borough shall consult with the City to determine the rates necessary to meet the City operating and other expenses of the Harbor plus the revenues required to meet debt service payments on the Borough loan and such other reserve and coverage requirements as are set out in the



loan agreement, bond and other documents governing the loan to the Borough (the Loan Documents) for the construction of the Docks and Floats. The tariffs, fees and charges established by the Borough, may not be less, individually, than the amount requested by the City, but may be more than the amount requested by the City if the Borough determines that the estimated revenues from all tariffs, fees and charges for Docks and Float use will not be sufficient to meet the requirements of the Loan Documents and all other revenue needs of the Harbor. If the Borough determines that revenues from the Docks Floats must be increased to meet to the requirements of the Loan Documents, the Borough will give substantial consideration to the preferences of the City for the distribution of the increase among the Harbor tariffs, fees, and other charges.

- d. The will continue to bill, collect and enforce the harbor tariffs, fees and charges; provided, however, it shall establish a Docks and Floats debt service trust account (the Debt Service Trust Account) into which it shall deposit so much of the revenues from the Docks and Floats operation as are required under the terms of the Loan Documents. The funds required to be deposited to the Debt Service Trust Account are funds of the Borough immediately upon their receipt by the City and shall be paid over to the Borough from said account immediately upon request of the Borough or shall be paid over to the Borough at such regularly scheduled times as the Borough or the Loan Documents require. If the Borough's lender, either as a condition of the loan, or upon determining after making the loan that the collection rate of the City is inadequate with respect to Harbor accounts, the Borough may assume all or any part of the billing and collection function for the Harbor accounts and shall, monthly, pay over to the City the revenues collected less amounts required for billing and collection administration, debt service, reserves and coverage required by the Loan Documents. If the City fails to fully and timely pay over to the Borough the funds required to be paid from the Debt Service Trust Account, the Borough may immediately terminate this Agreement. The Borough may pledge and assign to its lender the Borough's rights to funds required to be deposited in the Debt Service Trust Account.
- e. The City shall vigorously pursue the collection of tariffs, fees and other charges arising out of use of the Docks and Floats in order to ensure timely funding of the amounts to be paid into the Debt Service Trust Account.
- f. If the Borough's lender requires fiscal or operational provisions that cannot be made within the scope of the authority reserved to the Borough under this Paragraph C2, and the City is unwilling to agree





to the required new or different provisions, either party to this Agreement may immediately terminate the Agreement.

3. It is the intent of the parties that upon the termination of this Agreement pursuant to Paragraph A2, or upon the discharge of the 2003 Series E general obligation bonds issued for the construction of the new harbor, any bonds issued to refund the 2003 Series E bonds, and any bonds or other Borough obligations issued to fund any part of the cost of the Docks and Floats, the City and the Borough will explore the transfer of the Harbor to the City.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year stated in the acknowledgments below.

(SEAL)

CITY OF False Pass, AK.

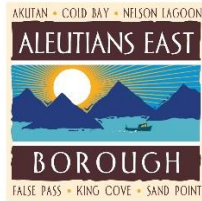
By: John J. Michele  
Title: Mayor

ALEUTIANS EAST BOROUGH

By: Stanley D. Mack  
Title: Mayor

EXHIBIT 3

# Resolutions



## AGENDA STATEMENT

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator  
Mary Tesche, Assistant Borough Administrator

Date: May 18, 2018

### **Re: Resolution 18-39, authorizing the Mayor to implement a Community Budget Request Process**

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The Aleutians East Borough Code states that the mayor shall arrange for the preparation of a budget and capital program, and that the budget and capital expenditure proposals shall be given a public hearing (AEBMC 6.04.010). The Borough Assembly has the authority to appropriate funding to communities for projects, activities, and initiatives each fiscal year. Generally, communities have requested capital project funding throughout the fiscal year with no formal request process in place.

At the December Planning Work Session, one of the internal improvement projects recognized was to create and implement a budget request process for the communities to request funds from the Borough. An interim budget request process has been initiated for FY19. The goal in our strategic plan is to have a finalized process implemented for FY20.

The intent of implementing a request process is to allow the governing authorities in Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon and Sand Point to formally request capital funding from the Borough prior to each fiscal year. The requests will be considered during the budget adoption proceedings and will establish a uniform way the Borough may provide financial aid or assistance to the communities for projects. The proposed budget request process is set out as follows:

### **Aleutians East Borough Community Budget Request Process for Fiscal Year 2020**

1. **Budget Request Deadline.** Community budget requests must be submitted electronically to Anne Bailey, Borough Administrator, at [abailey@aeboro.org](mailto:abailey@aeboro.org) **on or before the close of business on March 15<sup>th</sup> of each year.** If the community does not submit the budget requests by this date they will not be considered in the Borough budget process.

- 2. Required Budget Request Documentation.** Requests must be submitted electronically to the Administrator on the attached Aleutians East Borough Community Budget Request Form, which requires a detailed description of the project, a project budget and any supporting documentation for the request.
- 3. Budget Request Review Process.** The Borough Mayor, Administration and the Finance Department will review the requests and prepare them for Borough Assembly review and approval. A meeting between the Borough and community may be required to discuss the information in more detail. During the Borough budget review process, the Assembly will determine if funds are available to meet the request(s).
- 4. Budget Award Requirements.** If funds are appropriated, a grant agreement between the community and the Borough will be required.

Please note that all requests from the communities will be considered but may not be funded.

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The communities would be required to fill out a Budget Request Form, which requires a brief project description; a funding plan; a detailed project description and justification; a project timeline; identification of which entity will be responsible for the ongoing operation and maintenance of the project and any other supporting documentation (the form is attached for your reference).

Once these request forms are received they will be reviewed by the Borough Mayor, Administration and Finance Department and prepared for Assembly review and approval. The Assembly would determine if funds are available to meet the community requests. If funds are appropriated, a grant agreement between the community and Borough will be required. A Community Grant Agreement is attached for your reference.

Attached are the following documents for your review and consideration:

1. Aleutians East Borough Community Budget Request Process Policy
2. Aleutians East Borough Community Budget Request Form
3. Community Grant Agreement (This form would be used if funding is provided for a project.)
4. Aleutians East Borough Community Budget Request Policy – Administrative Procedures (This will be for internal purposes only)

**RECOMMENDATION:**

Borough Administration recommends the approval of Resolution 18-?.

## **Aleutians East Borough Community Budget Request Process Policy**

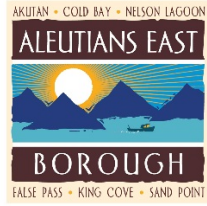
The Aleutians East Borough's (Borough) intention, demonstrated within this policy, is to outline a Borough funding request process for the governing authorities located in the Borough communities of Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon and Sand Point to follow and to provide a uniform way the Borough may provide financial aid or assistance to the communities for projects. The budget request process is set out as follows:

### **Aleutians East Borough Community Budget Request Process for Fiscal Year 2020**

1. **Budget Request Deadline.** Community budget requests must be submitted electronically to Anne Bailey, Borough Administrator, at [abailey@aeboro.org](mailto:abailey@aeboro.org) **on or before the close of business on March 15<sup>th</sup> of each year.** If the community does not submit the budget requests by this date they will not be considered in the Borough budget process.
2. **Required Budget Request Documentation.** Requests must be submitted electronically to the Administrator on the attached Aleutians East Borough Community Budget Request Form, which requires a detailed description of the project, a project budget and any supporting documentation for the request.
3. **Budget Request Review Process.** The Borough Mayor, Administration and the Finance Department will review the requests and prepare them for Borough Assembly review and approval. A meeting between the Borough and community may be required to discuss the information in more detail. During the Borough budget review process, the Assembly will determine if funds are available to meet the request(s).
4. **Budget Award Requirements.** If funds are appropriated, a grant agreement between the community and the Borough will be required.

Please note that all requests from the communities will be considered but may not be funded.

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## **Aleutians East Borough Community Budget Request Form**

**Project Title:**

**Community Priority:**

**Recipient:**

**FY2020 Borough Funding Request:**

**Brief Project Description:**

|  |
|--|
|  |
|--|

**Funding Plan:**

|  |
|--|
| Total Project Cost:<br>Funding Already Secured:<br>FY2020 Borough Funding Request:<br>Project Deficit: |
|--|

|                                    |
|------------------------------------|
| <b>Explanation of Other Funds:</b> |
|------------------------------------|

**Detailed Project Description and Justification:**



**Project Timeline:**

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

**Supporting Documentation:** Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).

**Grant Recipient Contact Information:**

**Name:**

**Address:**

**Phone Number:**

**Email:**

**This project has been through a public review process at the local level and it is a community priority.**

**Yes**

**No**

ALEUTIANS EAST BOROUGH  
FY \_\_\_\_ COMMUNITY GRANT AGREEMENT

THIS GRANT AGREEMENT is entered into between the \_\_\_\_\_ (“City”) and the Aleutians East Borough (“Borough”) on the date set out below. The City and Borough agree as follows:

1. Purpose. The City of Village proposes to construct or do the Project described in Attachment A (“Project”). It is the purpose of this grant to provide assistance to the City in accomplishing the Project. **The purpose statement will change depending on the project.**
2. Grant Amount. The amount of the grant provided under this Agreement is \$\_\_\_\_\_ (\_\_\_\_\_ dollars) but shall not exceed the actual amount of reimbursable expenses incurred by City. All expenses of the project in excess of the amount of the grant shall be borne by the City.
3. Project Application of Grant Funds. All funds received by the City under this grant shall be applied to expenses of the Project. City may reimburse itself for obligations and expenditures made before or after the execution of the grant agreement to the extent such expenses are reimbursable expenses as shown on the Project Budget, Attachment B hereto.
4. Acceptance of Grant. By it’s acceptance of this grant, City agrees to provide sufficient local and other funding to ensure the completion of a properly functioning Project as described in Attachment A.
5. Grant Fund Disbursement. After execution and approval of this Agreement and a determination by the Borough that City has initiated the Project, the Borough shall pay to City 20% of the grant amount. Initiation of the Project occurs upon receipt of the completed and executed grant agreement.
  - a. Not more often than monthly, City may submit a request for a grant draw. The amount of the grant draw may not exceed the amount of reimbursable direct expenses paid plus the amount of reimbursable indirect expenses incurred which have not been reimbursed under a prior draw request.
  - b. Each draw request must be accompanied by a verification of reimbursable expenses paid and a report of the work accomplished to the date of the grant draw request. A request for a grant draw must be submitted in the form substantially as set out in Attachment C.
  - c. City acknowledges that the disbursement by the Borough of a draw pursuant to a request by City does not constitute acceptance of any item as

a reimbursable Project expense until all Project expenses are audited and the expense is determined to be reimbursable.

6. Project Budget. The approved Project Budget is set out in Attachment B. The adjustment of expenditures among budgeted items is allowed, however, if actual Project expenses exceed the total estimated eligible expenses. The Borough is not liable for any such expenses except as may be authorized by an amendment to this agreement and Attachment B. If actual Project expenses are less than the estimated expenses set out on Attachment B, the grant will be reduced by an amount equal to the difference between the actual expense and the total estimated expenses set out on Attachment A but less any amount required to be returned to the State of Alaska or the Federal Government by virtue of a State or Federal grant condition requiring the return of State or Federal funds because of the Project expense under run.
7. Contracts. (a) If local, State, or Federal laws or regulations apply to a contract under the Project, such requirements as are the most stringent shall apply; (b) City must require a construction contractor to furnish performance and payment bonds and to meet the applicable wage requirements of Alaska Statutes.
8. Titles and Easements. City agrees to obtain all titles and easements necessary to provide clear title or authority to construct and maintain the Project and to assure public access to and use of the Project for the expected life of the improvement to be constructed or acquired under the Project.
9. Records. City agrees to maintain Project accounts and records which verify the eligibility of Project expenses for reimbursement. These accounts and records shall be kept apart from non-grant-eligible local records and from those records maintained for the purpose of other State or Federal grant programs involved in the Project.
10. Inspection. City agrees to allow the Borough to inspect all of the Project work and to audit related records and data for which this grant is offered. Inspections shall be allowed at the earliest reasonable time after a request by the Borough.
11. Progress Report. In addition to the detailed progress reports submitted to accompany each grant draw request, City shall submit to the Borough such additional similar or different reports on the Project as may be required by the Borough.
12. Grant Amendment. The Borough Mayor or the Mayor's designee and City may make minor changes to this grant agreement without approval of the Assembly

but may not increase the amount of the grant without Borough Assembly approval. Minor changes include, but are not limited to, transfers of reimbursable budget amounts between budget line items so long as the total of such transfers does not exceed 15% of the grant amount and includes changes to the detailed description of the Project so long as the Project remains substantially the same as originally approved as determined by the Borough Mayor or the Mayor's designee. All other changes to this agreement must be approved by the Borough Assembly. Such approvals may be by motion or resolution.

13. Indemnity. City acknowledges that the Borough is serving only as a funding source for the Project and as such is not liable in any manner for the costs incurred by the City under the Project nor for any claim or damages arising during or as a result of the construction or operation of the Project. City will save, hold harmless and defend the Borough against all demands, claims, suits and damages arising out of the construction or operation of the Project except to the extent the negligence of the Borough is the basis for such judgment.
14. Grant Cancellation. The Borough reserves and may exercise the right to rescind this grant and seek recovery of payments made under the grant if the grant application or other information provided by City relating to the proposed Project is found to contain incorrect or misleading information or if a condition of this grant is violated.
15. Applicable Laws. City agrees to comply with all local, State and Federal ordinances, laws and regulations applicable to the construction and operation of the Project and to all activities of City in the construction and operation of the Project. Violation of any such law or regulation is a violation of this grant agreement.
16. Execution and Approval. This grant agreement shall become effective only after executed by the Borough Mayor or the Mayor's designee, the Mayor of the City or the Mayor's designees, and has been approved by resolution of the City Council.
17. Time for Performance. City agrees to complete the Project described in Attachment A within five years from the date of execution of this agreement.
18. Special Conditions. None.

THIS AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

ALEUTIANS EAST BOROUGH

BY: \_\_\_\_\_

CITY OF \_\_\_\_\_

BY: \_\_\_\_\_

Approved by the City of \_\_\_\_\_. Resolution No. \_\_\_\_\_,  
on \_\_\_\_\_, 20\_\_.

ATTACHMENT A

DETAILED DESCRIPTION OF PROJECT

ATTACHMENT B  
PROJECT BUDGET

## ATTACHMENT C

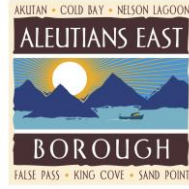
### GRANT DRAW REQUEST

TO: Mayor, Aleutians East Borough

The City of \_\_\_\_\_ has incurred \$\_\_\_\_\_ in reimbursable expenses not previously reimbursed under the above grant and requests reimbursement of such expenses. Set out below is the status of the reimbursements under this grant.

|     |                                   | Reimbursable<br>Amount (from<br>Approved<br>Project Budget) | Reimbursement<br>(To Date) | This Reimbursement<br>Request |
|-----|-----------------------------------|---|----------------------------|-------------------------------|
|     | Expenses                          |   |                            |                               |
|     |                                   |   |                            |                               |
| 1.  | Admin. Expenses                   | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 2.  | Legal Expenses                    | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 3.  | Engineering Design Fees           | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 4.  | Project Inspection<br>& Surveying | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 5.  | Construction                      | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 6.  | Equipment                         | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 7.  | Other                             | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 8.  | Other                             | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 9.  | Other                             | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 10. | Other                             | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
| 11. | Contingency                       | \$  | \$                         | \$                            |
|     |                                   |   |                            |                               |
|     | <b>TOTAL</b>                      | <b>\$</b>   | <b>\$</b>                  | <b>\$</b>                     |





## **RESOLUTION 18-39**

### **A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO IMPLEMENT A COMMUNITY BUDGET REQUEST PROCESS**

**WHEREAS**, the Aleutians East Borough Municipal Code Section 6.04.010 states that the mayor shall arrange for the preparation of a budget and capital program and that the budget and capital expenditure proposals shall be given a public hearing; and

**WHEREAS**, the Borough Assembly may appropriate funding to communities for capital projects as part of the preparation of the budget each fiscal year; and

**WHEREAS**, a Community Budget Request process, which provides a uniform way for the governing authorities in Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, and Sand Point to request funding from the Borough prior to each fiscal year; and

**WHEREAS**, the intent of implementing a Community Budget Request process is to allow the Borough to provide financial aid or assistance to communities as a component of the adopted budget per AMC 6.04.010; and

**WHEREAS**, an interim budget request process has been implemented for Fiscal Year 2019 with the goal to have a finalized process for Fiscal Year 2020; and

**WHEREAS**, implementing a Community Budget Request process is also part of the Borough Strategic Plan.

**NOW THEREFORE, BE IT RESOLVED**, the Aleutians East Borough Assembly authorizes the Mayor to implement a community budget request process.

**PASSED AND ADOPTED** by the Aleutians East Borough on this 1<sup>st</sup> day of June, 2018.

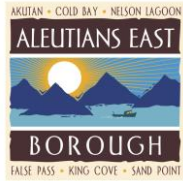
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Alvin D. Osterback, Mayor

ATTEST:

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Tina Anderson, Clerk



## Agenda Statement

Date: May 24, 2018

To: Mayor Osterback and Assembly

From: Mary Tesche, Assistant Administrator  
Ernie Weiss, Natural Resources Director

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

The Assembly passed Resolution 18-37 approving the plat of the Port Moller Cannery Subdivision creating Lots 1, 2, 3, and 4 at the May 10, 2018 Assembly meeting. Approval of the plat did not indicate any approval of a potential land disposal. Disposal must be authorized by resolution and ordinance of the Assembly in accordance to Borough Code 50.10.

Peter Pan Seafoods (PPSF) has been interested in obtaining Lot 1 (approx. 3.838 acres) from the Borough by either a land swap or purchase. Lot 1 is adjacent to PPSF's property and contains existing older structures in connection to cannery operations. AEB is also interested in selling Lot 4 (approx. 3.955 acres) because the existing landfill is located on the property and is currently being used by PPSF.

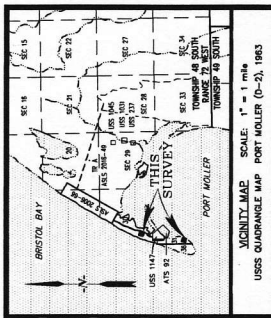
In a letter to the Borough dated December 17, 2015, PPSF offered to either swap the land or purchase it for \$5,000 per acre which is the assessed price based on similar sites in Nelson Lagoon and Western Alaska. In a letter dated March 21, 2016, PPSF informed the Borough that they wanted to move forward with purchasing the land at the assessed value. Based on PPSF's assessment of the site and appraisals of similar sites, \$5,000 presents a fair assessment of the value of the property.

Resolution 18-40 authorizes the Mayor to negotiate the land sale with PPSF for Lots 1 and 4 only. An Ordinance for the disposal will be presented for public hearing and approval at a future meeting. Lots 2 and 3 will still be available for disposal under AEBMC Sec. 50.10.

### **RECOMMENDATION**

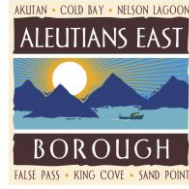
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Administration recommends approving Resolution 18-40 authorizing the Mayor to dispose of Lots 1 and 4 of the Port Moller Cannery Subdivision by negotiation with Peter Pan Seafoods at fair market value.



**CERTIFICATE OF OWNERSHIP AND INDICATION**

THE UNDERSIGNED HEREBY CERTIFY THAT ALUTIAN EASY BROTHERS IS THE OWNER OF THAT PORTION OF TRACT A, T. 48 N., R. 72 W., S. 4 AC. WHICH IS NOW SHOWN ON THIS PLAT AS LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 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2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208,



## **RESOLUTION 18-40**

### **A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO DISPOSE OF LOTS 1 AND 4 OF THE PORT MOLLER CANNERY SUBDIVISION BY NEGOTIATION WITH PETER PAN SEAFOODS AT FAIR MARKET VALUE**

**WHEREAS**, the Aleutians East Borough Municipal Code (AEBMC) Chapter 50.10 titled Real Property Acquisition and Disposal provides for the disposal of real property owned by the Aleutians East Borough (Borough); and

**WHEREAS**, pursuant to AEBMC Sec. 50.10.060 disposal of real property may be by sealed bids, outcry auction, lottery, first-come, first-served, negotiation, or such other method as the assembly may provide in the resolution authorizing the disposal; and

**WHEREAS**, on May 10, 2018, the Assembly approved the plat of the Port Moller Cannery Subdivision creating Lots 1, 2, 3, and 4; and

**WHEREAS**, Peter Pan Seafoods (PPSF) has been interested in purchasing Lot 1 which is approximately 3.838 acres and contains older structures in connection to cannery operations; and

**WHEREAS**, the Borough is also interested in selling Lot 4 which is approximately 3.955 acres and contains a landfill used by PPSF; and

**WHEREAS**, PPSF has offered a purchase price of Five Thousand Dollars (\$5,000) per acre based on appraisals of similar parcels of land in Nelson Lagoon and western Alaska, and

**WHEREAS**, the Assembly has determined that the Borough has no use for the property and that disposal of the property is for the public good.

**NOW THEREFORE, BE IT RESOLVED THAT** the Mayor of the Aleutians East Borough is hereby authorized to dispose of Lots 1 and 4 of the Port Moller Cannery Subdivision per AEBMC Sec. 50.10.070 (a) by negotiation with Peter Pan Seafoods at fair market value.

**PASSED AND ADOPTED** by the Aleutians East Borough on this \_\_\_\_ day of \_\_\_\_\_, 2018.

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Alvin D. Osterback, Mayor

ATTEST:

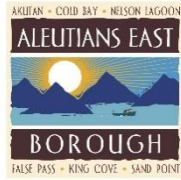
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Tina Anderson, Clerk

**OLD BUSINESS**

# New Business





## **King Cove Access Project – White Paper**

*Prepared for the Aleutians East Borough Mayor and Assembly*

### **History:**

- **1964:** The Wilderness Act passed, defining the management policy for the entire National Wilderness Preservation System, including Izembek.
- **1971:** Congress passed the Alaska Native Claims Settlement Act (ANCSA). ANCSA authorized the King Cove Village Corporation (KCC) to select approximately 100,000 acres of federal land in and around the community, as well as traditional subsistence lands in the Cold Bay and the Izembek Refuge area.
- Some of these selections became problematic when they conflicted with the newly proposed “wilderness” land status, following the 1971 National Wilderness System legislation.
- Public comment on the “wilderness” designation was requested. Two hearings occurred – one in Anchorage and the other in Cold Bay. There is no available record demonstrating that any outreach was made or notice sent to the City of King Cove, tribal leaders or anyone that would be impacted.
- **1976:** The City of King Cove passed its first formal resolution in support of a road connection to the Cold Bay Airport.
- **1979:** The King Cove airstrip experienced its first airplane crash due to bad weather. The pilot and the passengers were injured.
- **1980:** President Carter signed the Alaska National Lands Interest Conservation Act (ANILCA)
- That same year, a plane crash, which occurred during a blizzard, caused the deaths of four people in King Cove during a medevac, including an injured fisherman, a King Cove nurse, an assistant and a pilot.
- **1981:** Six people died when their plane crashed into a hillside flying into King Cove in heavy fog and rain.
- **1990:** A plane crashed into the mountain ridge northwest of the King Cove airstrip during snow squalls, killing the pilot.
- **1995:** The AEB provided the assistance of their Washington, D.C. lobbyist to assist in the advocacy and legislative progress that would help to make the road a reality.

- A land exchange was proposed with an offer to transfer 650 acres of King Cove Corporation (KCC) land to the federal government in exchange for a 206-acre- road right-of-way through the Izembek Refuge.
- With support from the Alaska Delegation, King Cove took its case to the 105<sup>th</sup> Congress, resulting in the introduction of a land exchange bill entitled the King Cove Health and Safety Act of 1998.
- The bill passed the Senate by a vote of 59 – 38, despite strong environmental opposition.
- Interior Secretary Bruce Babbitt said he would recommend that President Clinton veto the bill.
- With the assistance of Senator Ted Stevens, Chairman of the Senate Appropriations Committee, and White House Chief of Staff, Leon Panetta, a significant compromise was reached to provide \$37.5 million for a combination road and marine link to connect the two communities. A \$2.5 million upgrade to the King Cove Clinic was also part of the compromise.
- The compromise was presented to Aleutians East Borough Mayor Dick Jacobsen in a phone call as a take-it-or-leave it deal. He had 30 minutes to decide.
- The compromise was accepted.
- **2004:** The final King Cove Access Project EIS selected a road and marine link to include hovercraft service from the northeast corner of King Cove to a terminal in Cold Bay.
- **Summer of 2006:** Discussions began between the national director of the U.S. Fish & Wildlife Service, Dale Hall, the Alaska USFWS region and community leaders from King Cove and the Aleutians East Borough. The discussions focused on creating a satisfactory land exchange proposal that Dale Hall could endorse.
- A fly-over was arranged for Director Hall and AEB Mayor Stanley Mack to see the proposed lands, including 11,000 acres of KCC land, called Mortensen Lagoon.
- Mr. Hall took the position that if the KCC would be willing to include the Mortensen Lagoon land in the offer, he may be able to take that offer, in conjunction with the existing state offer, to the Secretary of the Interior as a viable package in trade for a federal government land right-of-way and possible road link.
- With a combined total land offer of 61,000 acres (43,000 acres of state land and 18,000 acres of KCC land) the King Cove team moved forward to seek legislation to formalize the offer. Of this land, approximately 45,000 acres would become new wilderness land in the Izembek Refuge.
- **June 20, 2007:** The Izembek & Alaska Peninsula Refuge and Wilderness Enhancement Act was introduced in the House. Dale Hall testified on behalf of USF&WS in support of the proposal. He described the lands offered as of “considerable value” to the Service.
- The King Cove and Aleutians East Borough team reactivated advocacy and lobbying support for this new legislation. Many trips to Washington, D.C. and Juneau followed. Lobbyists on both sides of the aisle were engaged to help inform and educate members of Congress. Members of the team visited all 535 Congressional offices during this time.
- **August 2007:** The Aleutians East Borough began hovercraft operations between King Cove and Cold Bay.

- **Oct. 31, 2007:** The Izembek & Alaska Peninsula Refuge and Wilderness Enhancement Act was heard by the House Natural Resources Committee and was successfully passed out of the committee.
- **Sept. 11, 2008:** The bill was marked up in the Senate Energy Committee.
- **March 19, 2009:** The Omnibus Public Land Management Act of 2009, which included the Izembek National Wildlife Refuge Land Exchange, passed the U.S. Senate 77 – 20 votes.
- A week later, the bill passed the U.S. House of Representatives by 285 – 140 votes.
- President Obama signed the legislation into law on March 30, 2009.
- The law required compliance with the National Environment Policy Act of 1969. Therefore, an EIS was required. The Secretary of the Interior would have the final authority to determine whether the land exchange and construction of a road was in the public interest.
- **2010:** The EIS process began with scoping meetings held in Sand Point, Nelson Lagoon, False Pass, and King Cove.
- An agreement between Western Federal Lands/Federal Highway Administration, DOT/PF, AEB and the City of King Cove was negotiated to define responsibilities for providing EIS data and specifics on road engineering, location, construction and operations.
- **April 2010:** Alaska Governor Sean Parnell signed HB 210, the Izembek Game Refuge Land Exchange, into law, sending a strong message to the Secretary of the Interior that the State of Alaska solidly supports the road link.
- **November 2010:** The Aleutians East Borough ceased operations of the hovercraft due to its unreliability in poor weather and excessive costs. The cost to operate the craft exceeded \$1 million per year, a financial burden the Borough was unable to sustain.
- **March 19, 2012:** The draft version of the EIS report was published. Instead of stating which of the studied alternatives it preferred, USF&WS opened the report for public comment. On-site public testimony was taken in Anchorage, Cold Bay, Sand Point, False Pass and Nelson Lagoon.
- **Feb. 5, 2013:** The final EIS was published. The USF&WS had chosen the “No Action” alternative.
- **March 13, 2013:** The King Cove team met with departing Secretary of the Interior Ken Salazar. He decided to postpone his public interest determination. He also directed Assistant Secretary for Indian Affairs, Kevin Washburn to visit King Cove to assess the medical evaluation benefits from the proposed road and provide a report to the Secretary of the Interior.
- **June 28, 2013:** Kevin Washburn traveled to King Cove. He listened to dozens of residents and heard their stories about dangerous medevacs they or their loved ones experienced.
- **August 30, 2013:** Interior Secretary Sally Jewell, accompanied by Senator Lisa Murkowski, visited King Cove to hear testimony from residents and toured the clinic and the school.

- **Dec. 23, 2013:** U.S. Interior Secretary Jewell issued her Record of Decision, rejecting the road and land exchange.
- **April 14, 2014:** The King Cove group wrote to Sec. Jewell to explain why other alternatives were not reliable or feasible and would not guarantee the safety of residents. The group implored her to reverse her Record of Decision.
- **August 13, 2014:** Secretary Jewell wrote back stating that she would not reverse her decision.
- **June 4, 2014:** The Agdaagux Tribe, the Native Village of Belkofski, the King Cove Corporation, the Aleutians East Borough, the City of King Cove and King Cove residents Etta Kuzakin and Leff Kenezuroff sued Interior Secretary Sally Jewell, the Assistant Secretary of Indian Affairs, the Director of the U.S. Fish and Wildlife Service and others in the Department of the Interior. The group claimed that Sec. Jewell used biased scientific information to make her arbitrary and capricious denial of the Izembek land exchange and road to the Cold Bay Airport.
- **Dec. 19, 2014:** Federal District Court Judge Russell H. Holland ruled against the King Cove group, stating there was no violation of NEPA or the Omnibus Public Lands Management Act.
- **July 2016:** Alaska's Congressional Delegation introduced identical bills in both chambers of Congress calling for an equal value land transfer in exchange for a small, single-lane road link between King Cove and the nearby Cold Bay Airport.
- **July 20, 2017:** Congressman Don Young's King Cove land transfer/road bill, H.R. 218, passed in the House with bipartisan support by a vote of 248 to 179.
- **Jan. 22, 2018:** U.S. Secretary of the Interior Ryan Zinke and King Cove Corporation spokeswoman Della Trumble signed the land exchange agreement. The agreement begins the process of identifying land of equal value needed to build the life-saving road corridor between King Cove and the Cold Bay Airport.
- **Jan. 31, 2018:** Nine environmental groups filed a 22-page complaint in federal court, naming U.S. Secretary of the Interior Ryan Zinke, his agency and the U.S. Fish and Wildlife Service as defendants. The groups claim that Zinke circumvented Title XI of ANILCA, which requires presidential and congressional approval for roads and other "transportation systems" that run through wilderness areas.
- **March 1, 2018:** The Aleutians East Borough Assembly voted to intervene in a federal lawsuit brought by a coalition of environmental groups against the Department of the Interior for signing the land exchange agreement. Parties to the filing include the King Cove Corporation, the Aleutians East Borough, the City of King Cove, the Agdaagux Tribe, the Native Village of Belkofski and the City of Cold Bay.
- **April 2, 2018:** The U.S. Department of Justice responded in federal court to the legal challenge by environmental activists regarding the land exchange agreement. DOJ requested that the court dismiss the entire case with prejudice.
- **April 5, 2018:** The King Cove Corporation, the Agdaagux Tribe of King Cove, the Native Village of Belkofski Tribe, the City of King Cove, the Aleutians East Borough

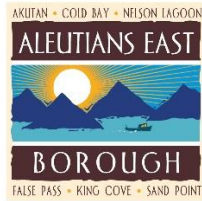
and the City of Cold Bay filed a motion in federal court to join the lawsuit defending the land exchange agreement with the U.S. Department of the Interior.

### **Funding:**

- **FY 2009:** The City of King Cove returned its grant funding to the AEB for the hovercraft operations for the amount of \$107,350.
- **2007 – 2010:** Total cost for hovercraft operations/maintenance from August 2007, when operations began, to November 2010, when operations were discontinued, totaled \$7,367,644.70.
- **As of May 2014,** the Aleutians East Borough had a \$2 million state grant with approximately \$1.95 million balance that could be used for expenses related to KCAP and to the Cold Bay Airport, including any litigation costs.
- **FY 2016:** The Aleutians East Borough reimbursed the City of King Cove for \$625,000 for documented KCAP project costs incurred by the City between FY 2007 and FY 2015, which was included in the FY 2016 budget.
- **The FY 2016 budget** allocated \$100,000 for ongoing expenditures that would be incurred by the Borough/the City of King Cove.
- **FY 2017:** A second payment for reimbursement of KCAP project costs of up to \$412,500 for substantiated FY '07 – FY'15 costs was approved by the Borough Assembly during the FY mid-year budget amendment. In July 2017, the Borough paid \$402,748.26 to the City.
- **FY 2017:** The Borough's approved FY '17 operating budget allocated \$100,000 for ongoing expenditures to continue the KCAP.
- **FY 2017:** The Borough entered into a memorandum of agreement (MOA) for road maintenance for \$99,000.
- **FY 2018:** The Borough entered into a memorandum of agreement (MOA) for road maintenance for \$100,000.
- **FY 2018:** A third cost reimbursement to the City of King Cove of up to \$412,500 of substantiated FY '07 through FY '15 costs was approved by the Assembly during the FY '18 budget cycle. In March 2018, the Borough paid \$388,466.63 to the City.
- **FY 2018:** The Borough entered into a memorandum of agreement (MOA) for City of King Cove personnel costs in an amount not to exceed \$60,000.
- **Feb. 28, 2018:** The hovercraft sale proceeds in the amount of \$4,440,000 were received by the Aleutians East Borough on February 28, 2018.
- **March 1, 2018:** Borough Assembly members voted to intervene on the side of the federal government in the lawsuit environmental groups brought against the Interior Department to stop the land exchange that would lead to construction of a road corridor between King Cove and the Cold Bay Airport. The Borough approved spending \$61,875 for attorney fees.
- **May 10, 2018:** Ordinance No. 18-10 appropriating \$4,440,000 from the Borough General Fund into specific federally supported projects and reimbursing the Borough for costs of

sale, and previously funded King Cove Access Project (KCAP) costs was approved by the Aleutians East Borough Assembly. The ordinance appropriates and transfers \$1,396,576.98 of the hovercraft sale proceeds to the King Cove Access Project (KCAP) for federally supported transportation activities for the creation of a road to connect the City of King Cove to the Cold Bay Airport, with specific appropriations as follows:

- \$605,382.09 is appropriated to the road project for use, but not limited to, construction, engineering fees and litigation for the KCAP.
  - \$791,194.89 is appropriated and transferred to the Borough's Centralized Treasury as reimbursement for amounts paid for and advanced to the City of King Cove for work relating to the King Cove Access Project.
- **As of May 2018**, the Borough has a \$1.56 million balance from the state grant allocated expenses related to the KCAP.



## MEMORANDUM

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Date: May 24, 2018

### Re: Quarter 1 – Aleutians East Borough Strategic Plan Update

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The Aleutians East Borough (Borough) conducted a Planning Work Session on December 13-15, 2017, to help identify projects and initiatives that would be included on the Borough's Strategic Plan. Representatives from each community, 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, 2018 and ending February 28, 2019 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.

On May 15, 2018, the Mayor and staff met with PGS to review the Borough's quarter one progress. The staff met again on May 24, 2018 and provided updates on quarter one activities. An updated Vision Navigation Chart is attached for your reference.

A verbal summary will be provided over the entire chart but a few items to highlight are as follows:

- **Marine Infrastructure**

1. Akun Dock & Breakwater:

- B.5.1 Assessment of current status completed. Mark Hickey, Mary Tesche and Roxann Newman are still working on this. If it is not completed by May 31, 2018 this initiative will be moved to the second quarter.
- Moved B.5.2 Funding secured for traditional vessel feasibility study to Quarter 2. Hovercraft sales proceeds have been appropriated via Ordinance 18-10 for the Akutan Transportation Link. A separate resolution will be

needed by the Assembly to appropriate funds for the traditional vessel feasibility study.

2. Nelson Lagoon Dock Repair:

- Moved B.1.1 Dock Harbor Management Agreement executed to Quarter 2. More time is required to get this agreement drafted.
- Moved B.1.2 Tariff rates defined to Quarter 2. More time is required and research necessary before completing this initiative.

5. Cold Bay Dock Repairs:

- B.5.1 Funds appropriated for feasibility study. This was introduced in the budget at the May 10, 2018 Assembly Meeting and will be before the public as a public hearing item on June 1, 2018. If the Assembly approves the budget as written, this initiative will be complete.
- Moved B.5.2 Current state status with DOT&PF determined to Quarter 2. The Borough has not begun discussions with Mark Hickey but will complete this in the second quarter.

• **Transportation – King Cove & Cold Bay Road Airport Access**

- C.1 Advisory Committee established. The Borough has decided to remove this from the plan. The Assembly will be updated on a regular basis by the Mayor and Administration and will be involved in the decision-making process. In the future, if a committee is determined to be needed we will address it then.
- C.6 Advisory committee approach on community impact completed. This will be removed from the plan since this initiative is contingent on C.1 above.
- Moved C.2 Planning work session to educate stakeholders to Quarter 3. This is something the Borough still plans on doing; however, it seems more appropriate to do this during the third quarter.
- C.3. Funding appropriated for project activities. This was introduced in budget at the May 10, 2018 Assembly Meeting and will be before the public as a public hearing item on June 1, 2018. If the Assembly approves the budget as written, this initiative will be complete.
- 1-Year Target has been changed to community engagement. This better reflects what the Borough is doing for the road. Construction aspects are being handled by the State of Alaska DOT&PF.

• **Government & Policy Advocacy**

- Moved D.1 Airline service monitoring system in effect to Quarter 2. The Borough has determined a monitoring system for air transportation operations between Unalaska and Akutan but is still working a monitoring system for False Pass and King Cove.
- D.2. Existing EAS and mail contracts determined. The Borough is working on this and I anticipate it being completed by May 31, 2018.

• **Social Infrastructure & Community Well-Being**

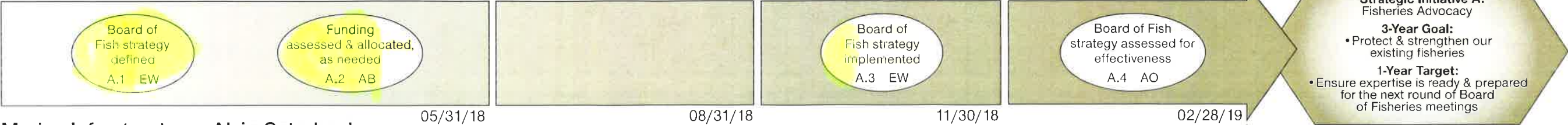
3. Cold Bay School



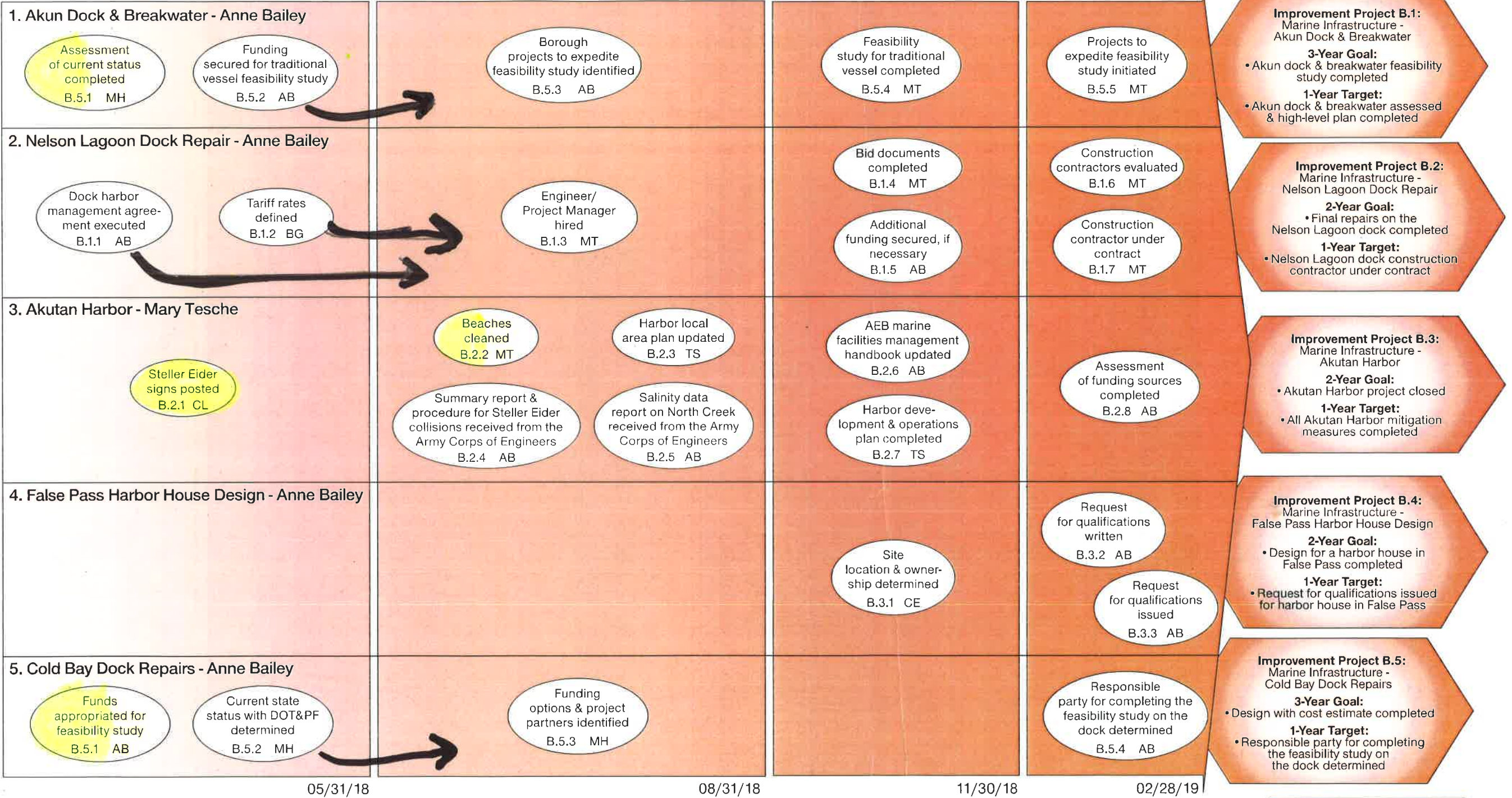
- E.3.1 Proposed use of school building determined by the City of Cold Bay. The City has drafted a proposed use but have not received it yet. I anticipate having this completed by May 31, 2018.
- **Borough Property Survey**
  - F.4 Property survey plan for 2019 designed. The Borough has almost completed this initiative. Ernie Weiss has requested survey instructions for Bear Valley, which is a project the Borough hopes to complete in 2019. This initiative may be completed by May 31, 2018; however, if it isn't it will be moved to the second quarter.
  - Added a Sand Point Property Ownership initiative to Quarter 2.
- **Borough Property Management**
  - Moved G.1 Lease subject matter expert/writer contract to Quarter 2. This will not be completed in the first quarter but should be addressed in the second quarter.
- **Communications**
  - Added a Satisfaction Survey initiative to Quarter 3. This would be distributed with the information gathered in the first quarter and will assist with the initiative outlined in the fourth quarter.
- **Internal Improvement**
  1. Office Technology & Connectivity
    - 2.2.3 Technology services RFP written. The Borough is working on this and I anticipate it being completed prior to May 31, 2018. If it isn't it will be moved to the second quarter.



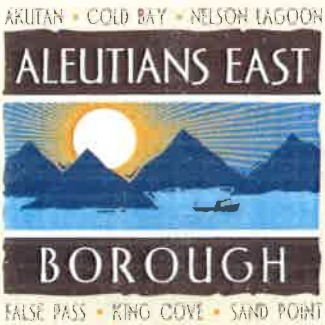
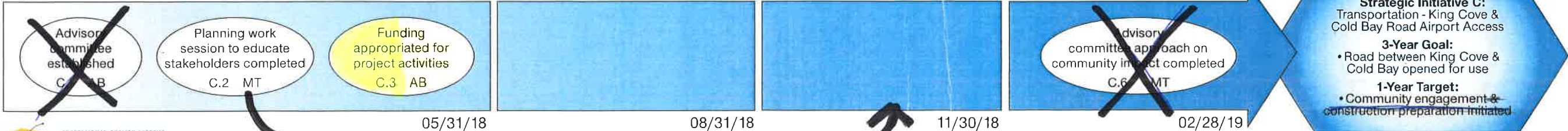
Fisheries Advocacy - Ernie Weiss



Marine Infrastructure - Alvin Osterback



Transportation - King Cove & Cold Bay Road Airport Access - Anne Bailey



Vision Navigation® Chart #1

03/01/18 - 02/28/19

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 (7) (22)
- ☆ Healthy people with a strong cultural identity (7) (16)
- ☆ Our schools & community are providing quality education including secondary education & vocational skills within the communities (4) (13)
- ☆ Planned infrastructure projects completed (8)
- ☆ Availability, utilization & development of connectivity (physical & electronic) (4)

- TA Tina Anderson
- AB Anne Bailey
- CE Chris Emrich
- BRG Brad Gilman
- BG Butch Gundersen
- JG Justine Gundersen
- GH Gary Hennigh
- MH Mark Hickey
- CL Charlotte Levy
- EM Emil Mobeck
- AO Alvin Osterback
- TS Tuna Scanlan
- AS Angela Simpson
- LT Laura Tanis
- MT Mary Tesche
- EW Ernie Weiss

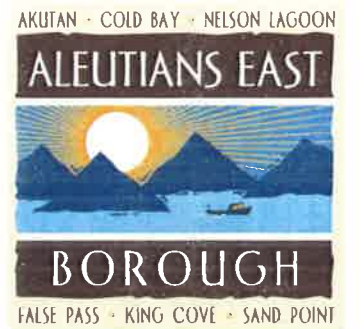
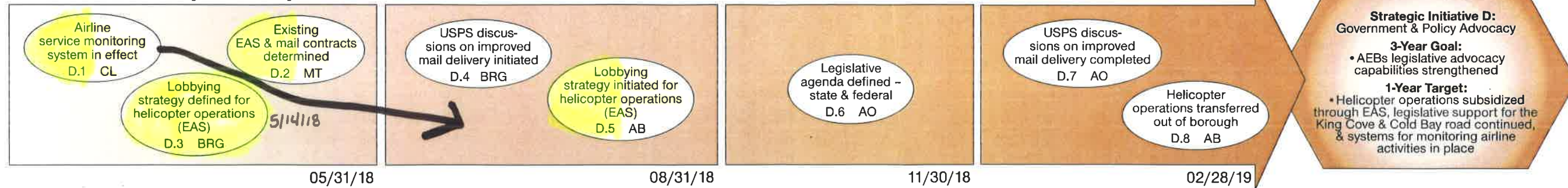


Version 1.0, 02/19/18

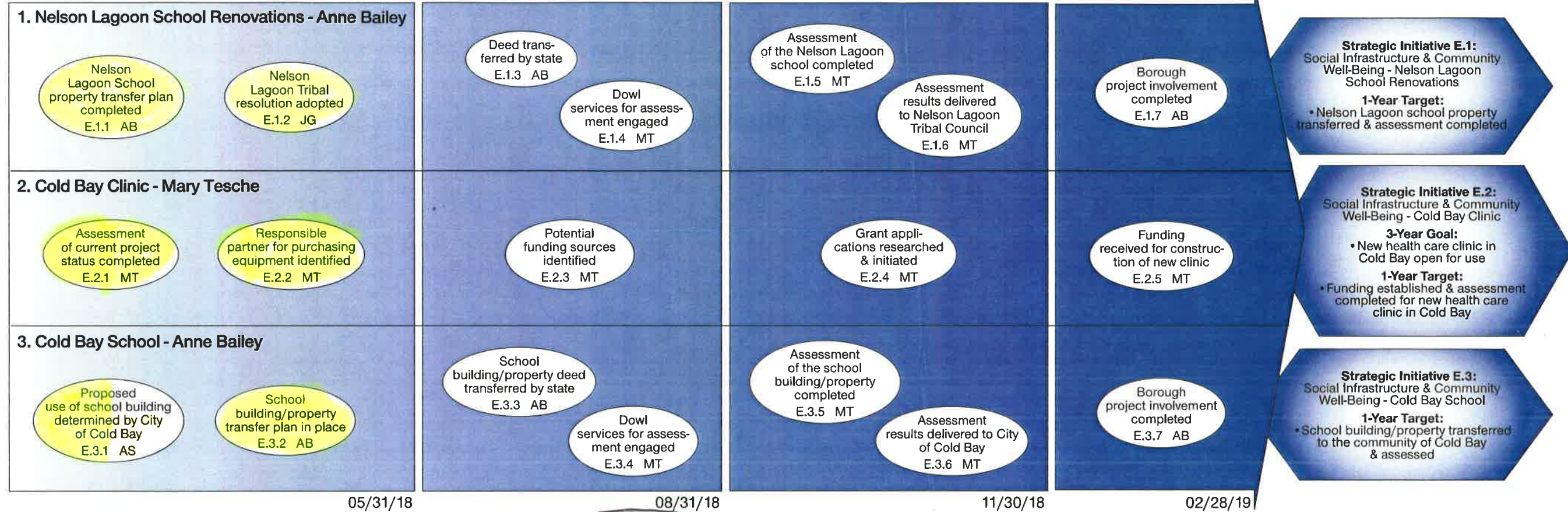
update 5/24/18



## Government & Policy Advocacy - Alvin Osterback



## Social Infrastructure & Community Well-Being - Alvin Osterback



### Vision Navigation® Chart #2

03/01/18 - 02/28/19

#### Purpose:

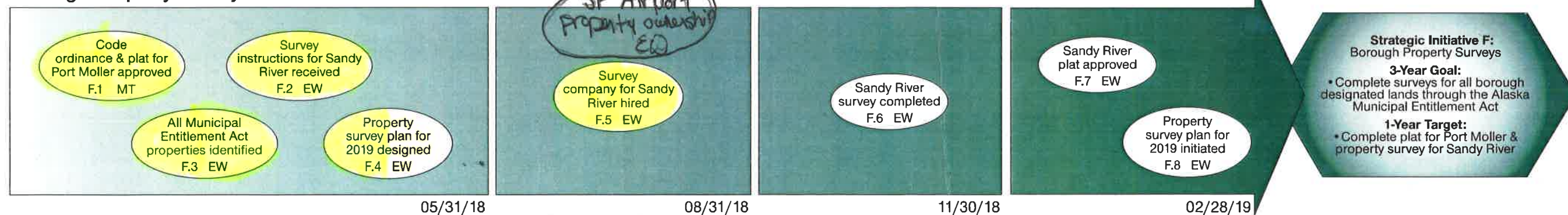
To ensure the standard of living, well-being & future of our communities

#### Our Vision:

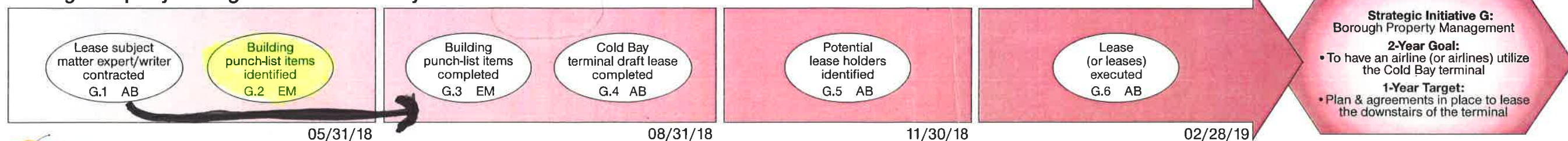
#### Healthy People, Healthy Schools, Healthy Communities

- ✧ Diversification of industry including our natural resources & community flexibility for borough stability (7) (22)
- ✧ Healthy people with a strong cultural identity (7) (16)
- ✧ Our schools & community are providing quality education including secondary education & vocational skills within the communities (4) (13)
- ✧ Planned infrastructure projects completed (8)
- ✧ Availability, utilization & development of connectivity (physical & electronic) (4)

## Borough Property Surveys - Ernie Weiss



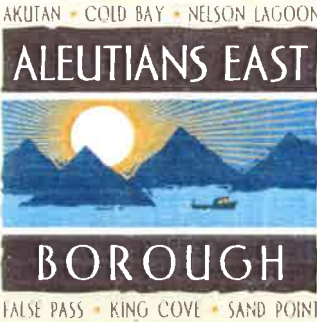
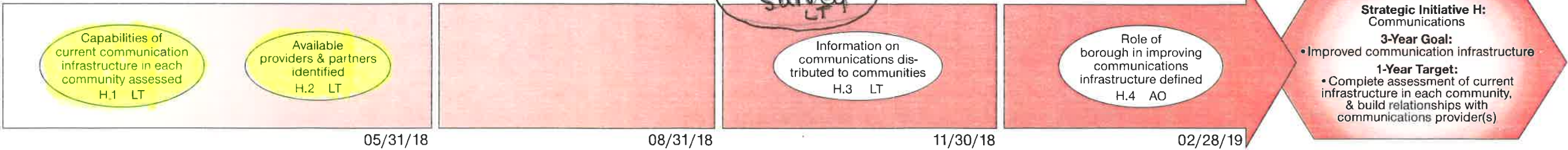
## Borough Property Management - Anne Bailey



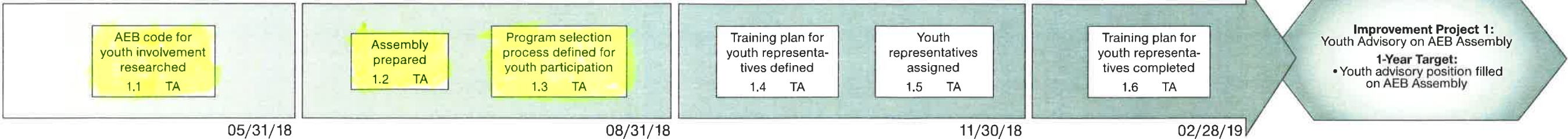
TA Tina Anderson  
AB Anne Bailey  
CE Chris Emrich  
BRG Brad Gilman  
BG Butch Gundersen  
JG Justine Gundersen  
GH Gary Hennigh  
MH Mark Hickey  
CL Charlotte Levy  
EM Emil Mobeck  
AO Alvin Osterback  
TS Tuna Scanlan  
AS Angela Simpson  
LT Laura Tanis  
MT Mary Tesche  
EW Ernie Weiss



Communications - Laura Tanis



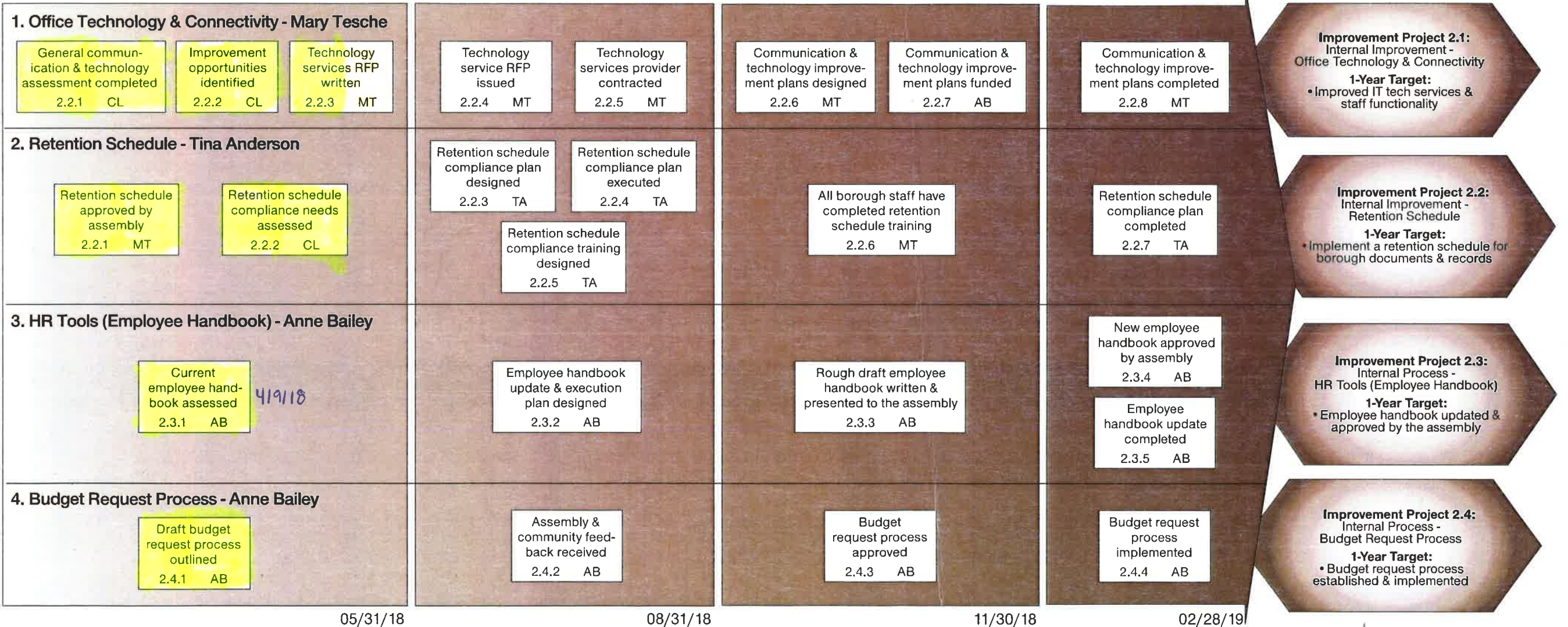
Youth Advisory on AEB Assembly - Tina Anderson



Vision Navigation®  
Chart #3  
03/01/18 - 02/28/19

**Purpose:**  
To ensure the standard of living, well-being & future of our communities

Internal Improvement - Anne Bailey

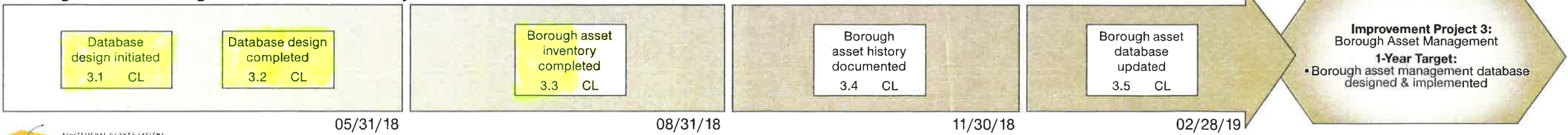


**Our Vision:**

- Healthy People, Healthy Schools, Healthy Communities
- Diversification of industry including our natural resources & community flexibility for borough stability (7) (22)
- Healthy people with a strong cultural identity (7) (16)
- Our schools & community are providing quality education including secondary education & vocational skills within the communities (4) (13)
- Planned infrastructure projects completed (8)
- Availability, utilization & development of connectivity (physical & electronic) (4)

TA Tina Anderson  
AB Anne Bailey  
CE Chris Emrich  
BRG Brad Gilman  
BG Butch Gundersen  
JG Justine Gundersen  
GH Gary Hennigh  
MH Mark Hickey  
CL Charlotte Levy  
EM Emil Mobeck  
AO Alvin Osterback  
TS Tuna Scanlan  
AS Angela Simpson  
LT Laura Tanis  
MT Mary Tesche  
EW Ernie Weiss

Borough Asset Management - Charlotte Levy

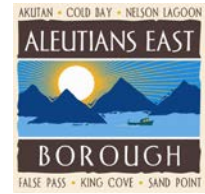


# REPORTS AND UPDATES



To: The Honorable Mayor Osterback, AEB Assembly  
From: Mary Tesche, Assistant Administrator  
Subject: Assembly Report  
Date: May 25, 2018

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## **Strategic Plan Update**

- Akutan Harbor – Q2 work includes cleaning the beaches surrounding the harbor. This work should be completed by the end of June with help from Trident.
- Nelson Lagoon Dock Repair – Q2 work includes hiring an engineer/project manager to assist with construction bids. This is contingent upon executing a dock and harbor management agreement with Nelson Lagoon and setting tariff rates which have been moved to this quarter. We will keep the Assembly informed of the progress on this project.
- Nelson Lagoon School Renovations – Q2 work includes engaging in a services agreement with DOWL to do an assessment of the school. Once the property deed is transferred by the state, we can move forward with that process.
- Cold Bay Clinic – Q2 work includes identifying potential funding sources. EAT has suggested applying for another Health Resources & Services Administration grant which I will be researching this quarter.
- Office Technology & Connectivity – Q2 work includes issuing an IT RFP and contracting with a service provider. I am finishing up the draft RFP for review by administration and will put it out for bid soon.

## **Sand Point Trip**

- Anne and I traveled to Sand Point May 9<sup>th</sup>-11<sup>th</sup> for the Assembly meeting. We took a tour of the school and the Borough apartments to prepare for upcoming summer work. Overall it was a successful trip.

## **Helicopter Operations**

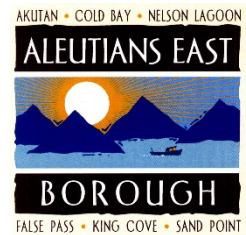
- An update on the May helicopter operation report will be given at the July Assembly meeting.

## **Other Items**

- I am working with Emil to update the Borough apartments to prepare for new tenants.
- Ernie and I continue work on the Port Moller plat and land transfer (Resolution 18-40)
- I am assisting with the Cold Bay Terminal lease and improvements.
- I continue to assist with daily management tasks.

Please contact me at (907) 274-7559 or [mtesche@aeboro.org](mailto:mtesche@aeboro.org) with any questions or comments.

To: The Honorable Mayor Osterback, Aleutians East Borough Assembly  
From: Ernie Weiss, Natural Resources Director  
Subj: Report to the Assembly  
Date: May 25, 2018



### **Salmon Pre-season Meeting**

It was my great pleasure to travel last week with ADFG Commissioner Cotten through Cold Bay and King Cove to Sand Point for the 2018 South Peninsula Salmon Pre-season meeting and fishermen discussion. This was Sam's first trip back to the region since becoming ADFG Commissioner. Sand Point Salmon Fishery Manager Lisa Fox introduced new and returning staff: Cassandra Whiteside and Lucas Stumpf are the assistant managers; Cassandra caught a ride after the meeting on the newly refurbished ADFG research vessel Resolution to Cold Bay for the summer assignment, Lucas will be in Sand Point for this summer. Mark Patterson the pilot has flown the area during the salmon season for several seasons.

There weren't any changes announced for the 2018 salmon management compared to last year. A big topic of discussion was the Immature Test Fishery (ITF). The Shumagin Islands section does not open to seine fishing in the post-June fishery before the ITF is done. As stated in the South Pen Salmon Management Strategy: "*If 100 or more immature salmon, per set, are present, the commercial fishery will be closed to purse seine gear in an area to be determined by ADF&G (5 AAC 09.366(i)).*" Last year the ITF kept purse seiners on the beach for three openings in July. AEB fishermen are cognizant of potential immature salmon problems, but feel that the Shumagins ITF is unfair, maybe unwarranted. This is the only ITF in the State, but there are other documented problem areas, including in the western Chignik district. AEB fishermen would like to see concurrent test sets at hook-offs where fishermen would normally fish to avoid immatures. Eric Volk AEB Fishery Analyst is planning a trip to Sand Point in early July to observe the Shumagin ITF.

Fishermen also voiced concerns at the meeting about the 'Dolgoi Island Area' closures that have occurred the last 2 years since the regulations went into effect. Both the ITF and the Dolgoi closures have harsh socio-economic impacts on fishing families and our communities, and both regulations are expected to be discussed at the February 2019 Board of Fisheries meeting.

### **NFWF Grant(s)**

At the May Assembly meeting there was some discussion concerning a possible National Fish & Wildlife Foundation (NFWF) grant application by AEB staff. After hearing the positive feedback at the meeting we submitted a kelp mariculture pilot program grant preproposal. Invitations from NFWF to submit full proposals will be sent in June, so we'll see... NFWF is expected to release an RFP for another opportunity, the Electronic Monitoring (EM) and Reporting Grant Program later this year. In February, the NPFMC elevated the priority for use of EM for compliance in the WGOA pollock fishery; the local fleet can hope that this is the perfect opportunity to move forward with EM replacing some human observers on trawl vessels. I look forward to continuing to work with Beth Stewart at Peninsula Fishermen's Coalition and Tom Evich on the EM Workgroup in support of this potential grant work.

### **Board of Fisheries Schedule**

The Board of Fish has revised their schedule for the 2018/2019 cycle. The Aleutian Islands/Alaska Peninsula/Chignik Finfish meeting is still scheduled for February 21-27, 2019 at the Anchorage Sheraton Hotel. What has changed is this region's Pacific cod proposals will now be taken up at a separate meeting, October 18-19, 2018 at the Egan Center. Also, the Joint Board of Fish & Game will meet March 21-25, 2019 to discuss Advisory Committees and the process for adopting fish & game regulations.

Board of Fish Proposal Books won't be published until August, but ADFG staff has posted all the proposal submissions in rough form. Some submissions may not meet the requirements of the call for proposals, but we are working through the document and will report soon on likely Area M proposals.

## **North Pacific Fishery Management Council**

I'll be in Kodiak June 4-9 chairing the Advisory Panel to the Council. Items are of particular interest on the June Council agenda: C1 the Observer Annual Report; B1 the Ecosystem Workshop Report; C5 Initial Review of Halibut Retention in BSAI Pot Gear; and C7 a discussion paper to make Changes to the GOA Pollock and Cod Seasons and Allocations. The June meeting will be Chairman Dan Hull's last, as he will term out.

The Council Coordination Committee (CCC) of all the regional fishery management councils met in Sitka last week and Eric Volk was in attendance for us. Eric's report from the meeting includes this update: the \$200 million for fishery disasters in 2016 won't be approved for spending for another 3-4 months. Eric also attended the ADFG SE Chinook Salmon Symposium in Sitka May 21<sup>st</sup>.

## **Miscellaneous tasks**

I have been busy with several tasks that we attend to every year around this time. Each year this office works with Levesque Law group on the Right of First Refusal (ROFR) documents that need to be signed by Aleutia, the crab communities (including the AEB) and processors, before the individual crab processing quota can be issued. Another annual task that I have been responsible for: the AEB must inventory all equipment that was purchased for communities, through the AEB using Department of Homeland Security & Emergency Management grant funds, every year until the equipment no longer exists. We have DHS&EM grant equipment in each community except Sand Point.

I have several ongoing tasks related to the AEB Strategic Plan PGS Vision Navigation. In the Borough Property Surveys track, I recently found an apparently forgotten quit claim deed to PPSF of a small piece of property near the Sand Point airport. Tina found that the QC deed had indeed been recorded. In the Fisheries Advocacy track, things are moving along, including confirming our AEB fishermen's meeting room at the Sheraton Hotel during the Feb 2019 Board of Fish meeting – Thank you Laura.

I am also putting together an initial draft job description, as I see it, for an assistant director for this department. As was discussed at the last Assembly meeting, the people of the Borough would be well served to have a full time assistant for the Natural Resources department, not just a temporary assistant to prepare for the Feb 2019 Board of Fish meeting. In my opinion we're looking for someone with exceptional communication skills, a science degree and someone who is well-acquainted with our region and has a good understanding of our fisheries.



Berry picking with Taylor, July 2014.  
King Cove 'across the bay'.

May the fish (and berries) be with you this summer.

### **Recent meetings attended**

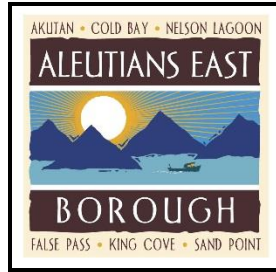
|   |          |                |            |
|---|----------|----------------|------------|
| NPFMC Social Science Planning Team                  | (part)   | Anch Hilton    | 5/8-5/9/18 |
| Ecosystem Research Workshop steering committee      | (member) | Teleconference | 5/9/18     |
| DNR Alaska Peninsula oil/gas lease sale bid opening |          | Atwood Bldg    | 5/9/18     |
| AEB Fishermen teleconference/Salmon Pre-season      |          | Sand Point     | 5/17/18    |

### **Upcoming meetings/planning to attend**

|  |            |        |             |
|--|------------|--------|-------------|
| North Pacific Fishery Management Council | (AP Chair) | Kodiak | 6/4-6/11/18 |
|--|------------|--------|-------------|

Please call if you have any questions or concerns.





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: May 24, 2018

**Board of Fish hotel meeting space:**

I've been working with staff at the Sheraton Hotel to secure a meeting space for AEB Fishermen to meet during the Alaska Board of Fisheries meetings Feb. 21 – 27, 2019. The meeting room will be in the Kuskokwim East on the second floor. We will be there to assist fishermen with testimony. Anyone planning to attend the Board of Fish meetings can reserve rooms with the Sheraton and reserve a special room rate of \$100 per night or \$150 per night for a junior suite, if you mention the Aleutians East Borough. We are also renting a high-speed copier to make multiple copies of testimony for fishermen to share with the board.

**KCAP white paper:**

I completed research on the King Cove Access Project white paper. I researched information from the AEB Assembly packets dating back several decades, as well as the newsletter, and emails from Anne and Roxann to provide accurate funding figures, to the best of our knowledge.

**Akutan – Akun marine link white paper:**

I am continuing my research and work on a white paper on the Akun – Akutan marine link. Once again, I will be depending upon Anne's and Roxann's expertise for the financial section.

**Communication section of the AEB Strategic Plan:**

I have completed work on the Q1 initiative for the communications section of the AEB strategic plan. I've contacted community leaders and providers to determine which providers serve the Borough and what the capabilities are. I've added a task, which is to create and distribute a survey to communities to determine the level of satisfaction on each of the services offered.

**Fish News:** – May 15th):

- AEB Fishermen's Meeting (updated agenda & reminder) – May 17<sup>th</sup>

### **Miscellaneous:**

- An article on the King Cove road and agreement with DOI appeared in the May issue of Alaska Magazine. In the article, the writer pointed out that there is a network of jeep trails left over from World War II, used by present-day sport hunters that cover the Cold Bay side of the Izembek Refuge. The writer also stated, "Eleven miles of rolling tundra between Cold Bay and King Cove didn't seem that wild. I wondered: What exactly are we talking about when we talk about wilderness?" This article is included in the Assembly packet.
- A write-up was published on CFACT's website regarding the lawsuit by environmental groups and the King Cove road. The author, Bonner Cohen, Ph.D., and a senior policy analyst with CFACT, points out the following: "Claims by environmentalists that the road would do "irreparable harm" to birds using the Pacific Flyway are belied by the well-documented experience of migratory birds along far more challenging flyways. According to the Audubon Society, more than 325 bird species make the round trip each year along the Mississippi Flyway from their breeding grounds in Canada and the northern United States to their wintering grounds along the Gulf of Mexico and in Central and South America. Whooping Cranes, Least Terns, Prothonotary Warblers and many other species fly over the 130 bridges that cross the river, seven of which are part of the heavily traveled Interstate Highway System, and past such major metropolitan areas as New Orleans, Memphis, St. Louis and Minneapolis-St. Paul." This article is in your packet.
- The AEB is holding a contest to find the best fishing photo to be featured in the Borough's 2019 calendar. The contest winner will be awarded an Ipad.

### **Meetings attended:**

- 5/15/18 - Strategic Initiative Meeting with PGS: AEB staff met with PGS to discuss progress of initiatives.
- 5/17/18: AEB Fishermen's meeting. The focus was on the upcoming salmon season. A great deal of the conversation concentrated on the immature test fishery and the upcoming Board of Fish meeting next February.
- 5/24/18: Staff meeting to discuss various AEB strategic plan projects and status.

### **Upcoming Projects:**

- Working on next edition of In the Loop.
- Plan to start working on annual report for the Borough

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. [ltanis@aeboro.org](mailto:ltanis@aeboro.org).

A road through a wilderness can mean many things. It could, in the case of the King Cove project on the Alaska Peninsula, save a life during a medical emergency (the residents of King Cove, 600 miles southwest of Anchorage, are frequently unable to fly out due to bad weather). It could also, since the road would be built through a designated wilderness, set a dangerous precedent and threaten migratory bird populations. In the case of the Ambler Access project in the Brooks Range, a road would open rich mining potential. But it would also industrialize one of the greatest tracts of wild lands left in North America. This photo essay provides a personal take, serving as a mere snapshot of a complex debate.

## King Cove Project Images by Chris Miller

It was photographer Chris Miller's idea for the two of us to walk the route of the proposed road from Cold Bay through the Izembek National Wildlife Refuge to King Cove. He sweetened the proposition by saying the refuge manager had warned him about brown bears, claiming Izembek has the densest concentration in the world.

The King Cove Land Exchange and Access Project, a proposed 11-mile gravel single-lane road running through designated wilderness, has been a national point of contention for more than three decades. The 900 people living in King Cove, 40 percent of whom are Alaska Natives, want the road for quality of life and emergencies. Della Trumble, spokeswoman for the King Cove Corporation, said 40 to 50 percent of the time, planes are unable to get into her village due to bad weather. In contrast, Cold Bay, which has one-tenth King Cove's population (mostly

comprised of white government workers), has a 10,000-foot, all-weather runway left over from World War II.

"There was a point in December when we couldn't get in and out for six days," Trumble said over the phone. Two elders who needed to be medevaced to Anchorage had to be taken to Cold Bay in a crab boat, placed in crab pots, and lifted by crane onto the dock—because, like most patients, they would have been unable to climb up the 20-foot ladder leading to the top of the Cold Bay dock. In another emergency, a pregnant woman went into labor early. The weather had grounded planes, so she got on a crab boat to go to Cold Bay. Partway there, she gave birth. Her premature baby was kept alive in the boat's oven.

Everyone in King Cove, City Manager Gary Hennigh said, has been affected by the inability to medevac. Even getting to Cold Bay by boat is impossible in storms with 20-foot seas. A road to

A digital composite panorama of King Cove, which is 25 nautical miles from Cold Bay. U.S. Secretary of the Interior Ryan Zinke recently signed an agreement with King Cove Native Corporation to swap land in the Izembek National Wildlife Refuge to facilitate connecting the existing King Cove road system to Cold Bay and its all-weather airport.





Cold Bay would change all that.

On the flip side, environmental groups argue that a road will degrade critical bird habitat. Nearly all Pacific black brant, the entire population of emperor geese, and the threatened Alaska population of Steller's eider stop in Izembek during spring and fall migrations. Many overwinter here, feeding on rich eel grass. Susan Culliney, the policy director of Audubon Alaska, believes a road will negatively impact birds and also set a dangerous precedent for other wilderness areas.

"A road increases access and opens a door for more roads. We see this as a death by a thousand cuts problem. The way to prevent those thousand cuts is to prevent that first cut," Culliney said over the phone.

In early September, Miller, our friend Glen Aronson, and I stood at the edge of the Izembek Lagoon watching geese wing their way past hunters hiding in the grass. We planned on spending the next five days zigzagging across the refuge and walking the proposed route of the road. I may be a bird nerd, but Aronson is a bird freak. He waxed eloquently as the wind and rain battered us. A network of jeep trails, left over from World War II and used by present-day sport hunters, cover the Cold Bay side of Izembek Refuge. At the end of our second day of rambling, as

we made camp below a dirt road, I asked my friends "When does the wilderness begin?"

We had our answer the next day when we came across a dilapidated sign that had the faded word "WILDERNESS" on it. If it hadn't been foggy we might have been able to make out the start of the existing King Cove Road to the east. A short while later, we found the skull of a young wolverine that had been crushed by a predator. Caribou and more bear trails appeared. A few miles of rolling tundra later, we were at the road leading to King Cove. Miller and Aronson hitched a ride, while I walked the 20 miles of road into town. Eleven miles of rolling tundra between Cold Bay and King Cove didn't seem that wild. I wondered: What exactly are we talking about when we talk about wilderness?

As conservation groups vow to sue to stop construction, the Trump administration and the King Cove Corporation recently formalized a land trade to enable work to begin on the project. Up to 500 acres of U.S. government land will be transferred to the corporation in exchange for lands of equal value within the Izembek refuge and the Alaska Peninsula National Wildlife Refuge. The agreement states that the road be used "primarily for health, safety, and quality of life."



Emperor geese fly over the tundra near the Izembek Lagoon in the Izembek National Wildlife Refuge. The entire emperor goose population, estimated at 68,000 in 2012, migrates through the refuge in the spring and fall to feed on eelgrass, mussels, and invertebrates.





# Greens sue Trump to block road serving native tribes



May 22, 2018, by *Bonner Cohen, Ph. D.*, 1 Comment

After 30 years, residents of King Cove, Alaska finally won approval for the construction of a road connecting their remote Aleutian fishing village to an all-weather airport, enabling members of the Agdaagux and Belkofski tribes to more quickly reach medical facilities in Anchorage, 600 miles away.

At an emotional Jan. 22 ceremony in Washington, Interior Secretary Ryan Zinke, on behalf of the Trump administration, signed an agreement for for a land exchange between the federal government and the state of Alaska that will allow construction of a 11-mile-long, single

lane gravel road between isolated King Cove and Cold Bay, site of the all-weather airport. The road will go through the Izembek National Wildlife Refuge.

“On behalf of the community of King Cove and the many people that have died and suffered, we are so grateful, beyond grateful, to those who have supported us,” said Della Trumble, finance manager of the King Cove Native Corp. (*Washington Times*, Jan. 23). “This has been a long battle.”

### **Greens File Lawsuit**

And the battle is far from over. Within two weeks of Zinke’s announcement, a coalition of green groups filed a suit in the U.S. District Court in Alaska, arguing that the proposed land swap would violate the Alaska National Interest Lands Conservation Act.

“Izembek is one of the most important wildlife refuges on the planet. A road would do irreparable damage that no land swap could begin to heal,” said Randi Spivak, public lands program director at the Center for Biological Diversity (*Washington Times*, Feb. 11). “Unleashing the bulldozers on this incredible place would destroy vital feeding grounds for millions of migrating birds from three continents.”

Located on the southeastern tip of the Alaska Peninsula, King Cove is subject to the area’s stormy weather that frequently forces the shutdown of the local airstrip. For decades, the village’s roughly 900 residents have had to rely on a hovercraft to transport gravely ill or injured people to Cold Bay. Eighteen deaths have been attributed to lack of swift access to Cold Bay’s all-weather airport. In 2013, the Obama administration rejected the road project, with Interior Secretary Sally Jewell saying “we owe it to future generations” to avoid running a single-lane road through the wildlife refuge.

But Secretary Zinke left no doubt that the Trump administration has different priorities. “Previous administrations prioritized birds over human lives, and that’s just wrong.”

### **The Real Threat to Migratory Birds**

Claims by environmentalists that the road would do “irreparable harm” to birds using the Pacific Flyway are belied by the well-documented experience of migratory birds along far more challenging flyways. According to the Audubon Society, more than 325 bird species make the

round-trip each year along the Mississippi Flyway, from their breeding grounds in Canada and the northern United States to their wintering grounds along the Gulf of Mexico and in Central and South America. Whooping Cranes, Least Terns, Prothonotary Warblers, and many other species fly over the 130 bridges that cross the river, seven of which are part of the heavily traveled Interstate Highway System, and past such major metropolitan areas as New Orleans, Memphis, St. Louis, and Minneapolis-St. Paul.

Yet the Center for Biological Diversity, Defenders of Wildlife, and their ilk would have the world believe that an 11-mile-long, single-lane gravel road will put birds migrating along the Pacific Flyway in peril. The real threat to migratory and other birds comes from industrial wind farms, which kill hundreds of thousands of birds and bats each year. Yet the horrible toll wind farms take on wildlife is swept under the rug by many of the same environmental groups upset over a gravel road.

In addition to the local tribes, the U.S. Coast Guard also welcomes the road. Over the years, Coast Guard crews have had to step in and evacuate King Cove residents in emergencies.

“This road will provide residents of King Cove safe and reliable access to an airstrip and to commercial medivac services,” Admiral Paul F. Zukunft, U.S. Coast Guard commandant, said in a statement. “It will significantly reduce the risk to our U.S. Coast Guard aircrews are exposed to while operating in one of the U.S. Coast Guard’s most unforgiving environments – Alaska.”

*Bonner R. Cohen, Ph. D., is a senior policy analyst with CFACT.*

#### Environment

[Alaska](#) ▶ [Center for Biological Diversity](#) ▶ [Indigenous](#) ▶ [Inuit](#) ▶  
[Izembek](#) ▶ [King Cove](#) ▶ [Ryan Zinke](#) ▶



## About the Author: Bonner Cohen, Ph. D.

Bonner R. Cohen, Ph. D., is a senior policy analyst with CFACT.



# ALEUTIANS EAST BOROUGH

AKUTAN, COLD BAY, FALSE PASS, KING COVE, NELSON LAGOON, SAND POINT

## *Alaska*

### **Maintenance Director: May 2018 report**

Working on assessments for Akutan, and Sand Point schools.

Flew over to cold bay for one day to look at the terminal building to see what needs to be done, Getting materials quotes for the work to get completed in the terminal walked through the Cold Bay School.

Working on the new False Pass and King Cove Assessments.

Starting our priority list for the summer for all Buildings.

Getting materials together for King Cove Office painting, and railing.

Fixed the back drain by kitchen at Sand Point

Working on Preventive maintenance work orders.



# LEGISLATIVE REPORT #18-08

By Mark Hickey, Hickey & Associates – May 16, 2018

Legislature Adjourns on Day 117-118/Pass Permanent Fund POMV Bill/No Further Sessions Expected



The 2<sup>nd</sup> regular session of the 30<sup>th</sup> Alaska State Legislature adjourned sine die in the early hours of May 13. After months of little action on legislation, a flurry of activity resulted in the passage of over 4 dozen bills. A number of bills passed as “hitchhikers” within separate legislation.

**SB 26 is the most significant bill to pass, restructuring the Alaska Permanent Fund into a Percent of Market Value (POMV) model.** The final version sets the annual draw at up to 5.25% for the next 2 years, then reducing it to not more than 5%. No provision is included to specify the annual dividend amount.

Another critical bill to pass is the governor’s proposal to use bonds to pay remaining oil incentive tax credits. **HB 331** establishes a bond mechanism to pay about \$900 million in unpaid oil tax credits. Passage of this bill played a critical role in getting support from the minority in the House for the 3/qtrs. vote to use funds from the Constitutional Budget Reserve for the FY 2019 budget.

Unlike the last three years, a need for special sessions is unlikely. While a sudden change in the state’s fiscal picture could require such an action, the rest of 2018 should be focused on the gubernatorial race, House and Senate races and debate over ballot initiatives.

## SPECIAL ORDERS

### Added Education Funding

While the bill to increase the BSA by \$100 (**HB 339**) failed to pass, the legislature added \$20 million in one-time, K-12 funding for FY 2019. Another \$6 million was added for pre-K programs. \$30 million (or a \$117 BSA equivalent increase) was provided in **HB 287** for FY 2020 tied to passage of **SB 26**.

### Community Assistance

The final version of the FY 2019 operating budget deposits \$30 million into the Community Assistance Fund (CAF). Coupled with the “fast track” supplemental, communities can expect a total of at least \$30 million per year in funding for both FY 2019 and FY 2020. An additional \$4 million for FY2019 was added in the capital budget.

### Revenue Measures

No new revenue measures passed the legislature. A stripped-down version of **SB 26** (converting the PF to a POMV model) did pass, along with the governor’s oil tax credits bond bill (**HB 331**). The remaining shortfall for FY 2019 (estimated at \$650 million) will come from state savings.

*The 2nd Regular Session of the 30th Alaska State Legislature adjourned Sunday AM, May 13.*

## Package of Education & Smoke-Free Workplaces Bill Pass

Several education related bills passed the legislature at the end of session. The list includes **SB 78** (PFD raffle) which was rolled into **HB 213** (public school trust fund POMV), **SB 185** (rehire of retired Alaskan teachers), **SB 104** (\$19.5 million to districts for new curriculum), and **SB 216** (phased impact of reduced funding from school consolidations). **SB 102** (Internet funding for rural schools) did not pass.

After nearly six years of effort, the legislature passed **SB 63** by Senator Peter Micciche (*R-Soldotna*). The bill implements a comprehensive, statewide ban on smoking in workplaces and public places, including bars, restaurants and hotels/motels. Passed version adds back regulation of e-cigarette and marijuana smoking. It also includes a provision allowing municipalities and communities to opt out.

## Summary of State Legislation

Each report will provide a list of legislative measures of interest, divided into five main topics: fiscal plan measures, general municipal issues, education measures, fishery and resource issues, and energy and utility matters.

House measures will be described first, followed by Senate measures. Companion bills (measures in both bodies) will be listed together, with priority given to bills sponsored by majority members. Bills that passed last year have been removed.

More information about these measures can be found at [Alaska State Legislature](http://Alaska State Legislature).



Atlantic Puffin  
Elliston,  
Newfoundland

*Check out what your legislators are doing in Juneau! New bills are in **BLUE**, change in status in **RED**, and passed bills in **GREEN**.*

## Fiscal Plan Measures

|  |   |  |
|--|---|--|
| <b>HJR 2 by Rauscher</b><br><b>HJR 7 by Tilton</b><br><b>SJR 2 - State Affairs</b> | Proposes a constitutional amendment to impose a spending limit of approximately \$4 billion.  | HJR 2/7 pending House STA<br>SJR 2 pending Senate JUD                      |
| <b>HJR 34 by Eastman</b>   | Proposes constitutional amendments limiting use of the Permanent Fund's ERA to 21% per year for general government, with 50% for dividends. | Pending House State Affairs  |
| <b>HJR 36 by Kreiss-Tomkins</b>  | Proposes constitutional amendments providing a 5% POMV use of PF earnings, with a minimum of 1.5% for dividends.                            | Pending House State Affairs  |
| <b>HB 133 by Gara</b>  | HB 133 amends portions of the current oil and gas tax regime created by SB 21, but not tax credits.   | HB 133 pending House Resources   |
| <b>HB 115 by House Finance</b><br><b>SB 101 by Olson</b>                           | The version passed by the House imposes a state income tax (now based on adjusted gross income) offset by PFD credit.                       | Passed House 4/16/17<br>Failed Senate 5/12/17<br>SB 101 pending Senate L&C |
| <b>HB 161 by Rauscher</b>  | Places an advisory vote on the use of permanent fund earnings to finance government before qualified voters at the next general election.   | Pending House State Affairs  |
| <b>HB 192 by Pruitt</b>  | Proposes an appropriation limit on Unrestricted General Fund and creates a new formula for PFD calculation and distribution.                | Pending House Finance  |

Continued on page three

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|---|--|---|
| <b>HB 243 by Eastman</b>                  | Requires a statewide advisory vote on the passage of an individual income tax.   | Pending House State Affairs                                 |
| <b>HB 248 by Eastman</b>                  | Requires statewide advisory vote on the passage of an individual income tax, a state sales tax, and changes to the calculation of the PF dividend.   | Pending House State Affairs                                 |
| <b>HB 281/SB 139 by governor</b>          | Imposes a 1.5% tax on net earnings from self-employment/wages. Places revenue in a separate, general fund account for capital projects.  | HB 281 pending House Finance<br>SB 139 Senate State Affairs |
| <b>HB 282/SB 140 by governor</b>          | <b>Alaska Economic Recovery Act</b> -\$280 million in capital spending tied to payroll tax proposal. Includes \$70 million to DEED Major Maintenance Grant Fund program.                                 | HB 282 pending House FIN<br>SB 140 pending Senate FIN       |
| <b>HB 283/SB 141 by governor</b>          | <b>Biennial Budget Proposal</b> -Proposes to amend the current budget process from an annual to a biennial budget. Provides more certainty for AMHS & K-12 funding, at least for the second year.        | HB 283 pending House STA<br>SB 141 pending Senate STA       |
| <b>HB 331/SB 176 by governor</b>          | Establishes the Alaska Tax Credit Certificate Bond Corp. The purpose is to finance purchases and payment of cashable oil & gas tax credits.  | Passed legislature, awaiting transmittal to governor        |
| <b>HB 369 by LeDoux</b>                   | Provides that unrestricted general fund spending may not exceed \$4.1 billion by more than the cumulative change in inflation.   | Pending House Finance                                       |
| <b>HB 377 by Kito</b>                     | Makes an appropriation of \$192,552,200 from the ERA of the Permanent Fund to the AMHS Fund to capitalize that account. <b>\$20 million added by SB 142.</b>   | Pending House Transportation                                |
| <b>HB 411 by Finance</b>                  | Repeals per barrel credits for Gross Value Reduction (GVR) and non-GVR oil, lowers net profit tax to 25%, and adds 3 supplemental tax brackets. Estimated to increase revenue by \$600 million annually. | Pending House Finance                                       |
| <b>SJR 1 by Wielechowski</b>              | Proposes a constitutional amendment to guarantee Permanent Fund dividends using a POMV method.   | Pending Senate Finance                                      |
| <b>SJR 7 by Meyer</b>                     | Provides that a tax, a tax increase, or any other revenue-producing measure shall not take effect until approved by the voters of this state.  | Pending Senate Judiciary                                    |
| <b>SJR 8 by Begich<br/>HJR 23 by Tuck</b> | Proposes an amendment to the Alaska Constitution that investments made from the principal of the Permanent Fund shall adhere to the "prudent investor rule". Enshrines dividend in the constitution.     | SJR 8 pending Senate STA<br>HJR 23 pending House Finance    |
| <b>SJR 9 by Stedman</b>                   | Proposes constitutional amendment for annual dividends and support of general services. Sets POMV draw at not less than 2 percent for dividends, and not more than 4.5 percent total.                    | Pending Senate Judiciary                                    |

Continued on page four

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|---|--|---|
| <b>SJR 10 by Begich</b>                       | Proposes constitutional amendment for annual dividends and to support general services. Sets draw at 5% of fund's market value, with 40% of that amount for dividends, 40% for services, and 20% for inflation-proofing. | Pending Senate State Affairs                                      |
| <b>SB 12 by Bishop</b>                        | Establishes an employment tax on wages and net earnings from self-employment. Permits use of proceeds to fund education facilities.  | Pending Senate Labor & Commerce                                   |
| <b>SB 21 by Stedman</b>                       | Proposes a new formula to determine the amount of the annual Permanent Fund dividend, with a cap on use of earnings to fund state services.  | Pending Senate Finance  |
| <b>SB 25/HB 60 by governor</b>                | Proposes tripling the excise taxes on motor fuels to be phased in over a two-year period. House TRA CS reduces marine fuel tax for commercial fishing and delays the second increase by 1 year.                          | SB 25 pending Senate Finance<br>HB 60 pending House Finance       |
| <b>SB 26/HB 61 by governor</b>                | <b>Restructures Permanent Fund with annual transfer of 5.25% of the POMV earnings to the general fund to pay for state services and dividends. Reduced to 5% starting in 2021. No set allocation for dividends.</b>      | <b>SB 26 passed legislature, awaiting transmittal to governor</b> |
| <b>SB 70 by Senate Finance</b>                | Restructures Permanent Fund using 5.25% of the POMV earnings until FY 2021, then reduces the draw to 5%, sets the dividend at \$1,000 for 3 years, and imposes a statutory spending limit.                               | Pending Senate Finance<br>Inserted into SB 26 as replacement      |
| <b>SB 84 by Dunleavy<br/>HB 187 by Wilson</b> | Defines the intent of the legislature to use the equal draw principle for use of earnings from the permanent fund, splitting any draw equally with dividend payments.  | SB 84 pending Senate Finance<br>HB 187 pending House STA          |
| <b>SB 130 by Meyer</b>                        | Specifies that no individual income tax or statewide general sales tax can be passed by the legislature until ratified by voters in an election.   | Pending Senate Finance  |
| <b>SB 183 by Micciche</b>                     | Establishes a statutory, 3-year POMV of 5.25 percent for general fund distribution within strict parameters as set forth in this new proposal.   | Pending Senate Finance  |
| <b>SB 196 by Senate Finance</b>               | Eliminates appropriation language concerning funds received that may go to the Budget Reserve Fund. Sets new limit on annual appropriations to not exceed \$4.1 billion plus inflation.                                  | <b>Discharge from House Finance failed 5/12</b>                   |



## General Municipal Issues

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| <b>HJR 14 by Edgmon</b>                | Urges the Federal Communications Commission to increase Rural Health Care Program budget.  | Pending Senate Rules                                     |
| <b>HJR 27 by Kito</b>                  | Proposes constitutional amendment to prohibit a legislator from serving more than eight successive years, but can be eligible again after two years.                                   | Pending House State Affairs                              |
| <b>HB 11 by Kawasaki</b>               | Allows employers to adopt a retirement incentive program (RIP) for both TRS and PERS members of a defined benefit plan.  | Pending House State Affairs                              |
| <b>HB 20 by Claman</b>                 | Allows individuals holding elective public office in the state to solemnize marriages.   | Passed legislature, awaiting transmittal to governor     |
| <b>HB 35 by Gara</b>                   | Establishes a new “Safer Alaska Streets and Communities Program” as a supplement to Community Assistance. Requires use of funds for police, fire and EMT services or other priorities. | Pending House C&RA                                       |
| <b>HB 37 by Josephson</b>              | Requires the state to contribute towards PERS for a peace officer or firefighter who’s unable to work and is receiving workers’ compensation.  | Pending House Finance                                    |
| <b>HB 45 by Tarr</b>                   | Creates the Equal Pay and Living Wage Act, increasing the minimum wage to \$15 and expands duties of State Commission for Human Rights.  | Pending House State Affairs                              |
| <b>HB 46 by Tarr</b>                   | Increases in-state preference requirements on a municipality purchasing agricultural or fisheries products harvested or processed outside the state.                                   | Pending House Finance                                    |
| <b>HB 47 by Foster</b>                 | Provides relief for local PERS contribution by municipalities with a population that decreased by more than 25 percent between 2000 and 2010.  | Passed legislature, awaiting transmittal to governor     |
| <b>HB 50 by Kito</b>                   | Requires use of most “qualified and suitable” provider of architectural, engineering, or land surveying services for state-funded contracts.   | Withdrawn by sponsor 2/23                                |
| <b>HB 72 by Thompson</b>               | Establishes procedures on the collection of biometric data. Applies to municipalities.   | Pending House Judiciary                                  |
| <b>HB 82 by Kreiss-Tomkins</b>         | Allows off-highway driver’s licenses for residents in any community with no access to a DMV.   | Pending Senate State Affairs                             |
| <b>HB 83 by Kito<br/>SB 52 by Egan</b> | Allows teachers and other public employees a choice between a defined benefit pension versus the current defined contribution 401K plan.   | HB 83 pending House Finance<br>SB 52 pending Senate C&RA |
| <b>HB 84 by Kreiss-Tomkins</b>         | Increases the amount a municipality may exempt from property tax to \$150,000 of assessed value.   | Pending House C&RA                                       |
| <b>HB 91 by Kito</b>                   | Imposes higher registration fees on registered lobbyists, and a \$100 fee on candidates for local office in municipalities with 1,000 or more people.                                  | Pending House Rules                                      |

Continued on page six

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|--|---|---|
| <b>HB 116 by Eastman</b>                       | Repeals 1% art in public places requirement for contracts entered after effective date.   | Pending House State Affairs                                       |
| <b>HB 117 by House Transportation</b>          | Provides that the two new Alaska Class Ferries and the replacement vessel for the MV Tustumena are not subject to 1% art requirement.   | Pending House Transportation                                      |
| <b>HB 160 by Tilton</b>                        | Replaces current language on the use of enhanced 911 surcharge revenues. Redefines what is meant by “emergency communications system”.  | Pending House C&RA  |
| <b>HB 163/SB 82 by governor</b>                | Authorizes the Dept. of Public Safety to make agreements with nonprofit regional corps. and federal, tribal and local government agencies to provide law enforcement services.    | HB 163 pending House STA<br>SB 82 pending Senate C&RA             |
| <b>HB 175 by House Judiciary (new sponsor)</b> | Adds Alaska to the National Popular Vote Compact for election of the U.S. President & Vice-President  | Pending House Judiciary   |
| <b>HB 185 by Sullivan-Leonard</b>              | Requires that all regular sessions of the Alaska Legislature occur at the Legislative Information Office in the Municipality of Anchorage.  | Pending House State Affairs                                       |
| <b>HB 205 by Eastman</b>                       | Prohibits a municipality from adopting or enforcing an ordinance or policy regarding sanctuary jurisdiction.  | Pending House C&RA  |
| <b>HB 223 by Claman</b>                        | Prohibits penalties for violations of a municipal ordinance greater than what the state requires.   | Pending House Judiciary   |
| <b>HB 225 Johnston by request</b>              | Clarifies that a “nonconsensual common law lien” is a lien on real or personal property that is not specifically in municipal ordinances.   | Pending House Judiciary   |
| <b>HB 233 by Tuck<br/>SB 116 by Coghill</b>    | Extends the sunset of numerous education tax credits from December 28, 2018 to January 1, 2025, and repeals the decrease in dollar value and scope scheduled for January 1, 2021. | HB 233 passed legislature,<br>awaiting transmittal to<br>governor |
| <b>HB 236 by Kawasaki</b>                      | Extends the Alaska senior benefits payment program from June 30, 2018 to June 30, 2022.   | Passed legislature, signed by<br>governor 5/10                    |
| <b>HB 246 by Guttenberg</b>                    | Establishes a Broadband Development Commission to develop a statewide system.   | Pending House State Affairs                                       |
| <b>HB 252 by Stutes</b>                        | Allows all municipalities and villages with the option to regulate smoking in workplaces and public buildings.  | Pending House C&RA  |
| <b>HB 256 by Eastman</b>                       | Authorizes the state, through the PFD, to accept a donation for a public purpose.   | Pending House L&C   |
| <b>HB 271 by Claman</b>                        | Similar to SB 63, but allows communities to “opt out” of workplace smoking prohibitions.  | Pending House Judiciary   |

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| <b>HB 294/SB 149 by governor</b>                | Doubles surcharges on violations of municipal ordinances. <b>SB 149 rolled in HB 312.</b>  | <b>SB 149 passed as part of HB 312, awaiting transmittal gov.</b> |
| <b>HB 300 by Wool</b>                           | Prohibits state/ municipal enforcement of federal marijuana law if inconsistent with state law.  | Pending House C&RA  |
| <b>HB 328 by Claman</b>                         | Specifies no biometric data may be collected, disclosed or otherwise sold on an individual without adhering to the parameters as set forth.                                    | Pending House Judiciary   |
| <b>HB 348 by Reinbold</b>                       | Requires municipalities or school districts that receive state funds to report on federal receipts.  | Pending House Education   |
| <b>HB 359 by House Labor &amp; Commerce</b>     | Requires municipalities that adopt a construction code to meet or exceed the standards from the International Residential Code.  | Pending House C&RA  |
| <b>HB 372 by Eastman</b>                        | Provides that an elected or appointed municipal or state official may be recalled on the grounds that the public has lost confidence in them.                                  | Pending House State Affairs                                       |
| <b>HB 378 by Kito</b>                           | Establishes in law the existing ports of call served by the AMHS.  | Pending House Transportation                                      |
| <b>HB 386 by Seaton<br/>SB 92 by Micciche</b>   | Establishes the Derelict Vessel Prevention Program Fund. Requires vessels that do not meet exemption specs to be titled, registered and numbered.                              | <b>SB 92 passed legislature, awaiting transmittal to governor</b> |
| <b>HB 396 by Kawasaki</b>                       | Establishes the Retiree Health Benefit Board. Their responsibilities include the review of any medical or supplemental benefits to be changed.                                 | Pending House State Affairs                                       |
| <b>SB 8 by Stevens</b>                          | Provides that federally recognized tribal governments may also receive contributions through the PFD application process.  | Pending Senate FIN  |
| <b>SB 18 by Hoffman</b>                         | Provides authority to create an “energy” borough, but maintains any existing regional educational attendance area (REAA) funded solely by state.                               | Pending Senate C&RA   |
| <b>SB 62 by D. Wilson<br/>HB 153 by Eastman</b> | Repeals the certificate of need (CON) program for health care facilities. Defines what is meant by a “residential psychiatric treatment center”.                               | SB 62 pending Senate Finance<br>HB 153 pending House HSS          |
| <b>SB 63 by Micciche</b>                        | Proposes a comprehensive, statewide ban on smoking in workplaces and public places. Passed version keeps municipal opt out provision, but added back e-cigs/marijuana smoking. | <b>Passed legislature, awaiting transmittal to governor</b>       |

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| <b>SB 76 by Micciche</b>                     | Clarifies that only the Alcohol Beverage Control Board may authorize certain licenses, permits and endorsements.  | <b>Died in House Finance</b>                         |
| <b>SB 90 by D. Wilson</b>                    | Prevents the Dept. of Health & Social Services from awarding a matching grant to a municipality or community for the costs of providing essential human services.   | Pending Senate C&RA                                  |
| <b>SB 97 by MacKinnon</b>                    | Proposes more legislative oversight of decision by administration to issue pension obligation bonds. Caps allowable amount at \$2.5 billion.                        | Passed legislature, awaiting transmittal to governor |
| <b>SB 107 by Senate Finance</b>              | Clarifies funds from the Alaska capital income fund are for state facilities preventive or deferred maintenance versus “any public purpose”.                        | Passed legislature, awaiting transmittal to governor |
| <b>SB 113 by Stevens</b>                     | Changes when the first regular session of a legislature convenes, and increases the duration of the second regular session from 90 days to adjourn within 120 days. | Pending Senate Finance                               |
| <b>SB 201 by Costello</b>                    | In collaboration with DHSS and DEED, DOT/PF shall establish a “safe route to school program” to include walking and bicycles.                                       | Pending Senate Transportation                        |
| <b>SB 212 by Kelly<br/>HB 395 by Millett</b> | Allows firefighters and peace officers to join a defined benefit retirement plan. Establishes new medical benefits eligibility requirements.                        | Both bills pending respective STA Cmtes.             |



“Are You Done Yet?”

Ursus maritimus, Scoresby Sound, East Greenland



## Education Measures

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| <b>HJR 29 by Rauscher</b>                             | Urges Congress to reauthorize the Secure Rural Schools and Self-Determination Act of 2000.  | Passed legislature, awaiting transmittal to governor       |
| <b>HB 26 by Tarr</b>                                  | Requires employers to provide breaks and private rooms for nursing mothers.   | Pending House Labor & Commerce                             |
| <b>HB 30 by Tarr</b>                                  | Requires employers to provide 1 hour of paid sick leave for every 40 hours worked.  | Pending House Labor & Commerce                             |
| <b>HB 34 by Tarr</b>                                  | Increases the minimum distance for selling alcohol near schools from 20 to 500 feet.  | Pending House C&RA   |
| <b>HB 52 by Kawasaki<br/>SB 99 by Begich</b>          | Defines pre-elementary programs within school districts, and provides new grant program. <b>\$6 million for Pre-K added to SB 142.</b>                                | HB 52 pending House Finance<br>SB 99 pending Senate EDU    |
| <b>HB 64 by Drummond<br/>SB 27 by Dunleavy</b>        | Establishes a new task force on reading proficiency and reading instruction, and on the effects of dyslexia.  | HB 64 passed legislature, awaiting transmittal to governor |
| <b>HB 71/SB 31 by governor</b>                        | Proposes a two-year freeze on salary increases and merit step increases for non-union state and University employees.   | HB 71 pending House STA<br>SB 31 pending Senate Rules      |
| <b>HB 86 by Claman</b>                                | Removes default of a student loan as a reason to deny renewal of occupational license for a registered financial broker-dealer.                                       | Pending Senate Rules                                       |
| <b>HB 102 by Kreiss-Tomkins<br/>SB 75 by Costello</b> | Amends existing law relating to “limited teacher certificates” by restricting the initial certificate to a one-year period.   | HB 102 pending Senate EDU<br>SB 75 pending Senate L&C      |
| <b>HB 135 by Lincoln</b>                              | Amends the school construction grant program to allow DEED to extend the time for a district to provide the required local match.                                     | Passed legislature, awaiting transmittal to governor       |
| <b>HB 146 by Claman</b>                               | Proposes a school tax on earnings and wages, with the intent that the proceeds are used to fund K-12 public education.  | Pending House FIN  |
| <b>HB 212 by Foster</b>                               | Adds funding of “major maintenance” projects to the REAA & small municipal school district fund.  | Passed legislature, awaiting transmittal to governor       |
| <b>HB 213 by Parish</b>                               | Amends law relating to investment and use of earnings from the public school trust fund to generate more annual investment income. <b>SB 78 added into this bill.</b> | Passed legislature, awaiting transmittal to governor       |
| <b>HB 221 by Drummond</b>                             | Authorizes the Commission on Postsecondary Education to develop a statewide workforce and education-related statistics program.                                       | Passed legislature, awaiting transmittal to governor       |

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| <b>HB 224 by Johnston</b><br><b>SB 185 by Micciche</b> | Establishes a new mechanism to rehire retired teachers and allow continued receipt of retirement benefits.   | <b>SB 185 passed legislature, awaiting transmittal to governor</b>        |
| <b>HB 287 by Seaton &amp; 20 others</b>                | Separate K-12 education funding bill by entire House majority. New Senate version forward funds K-12 and \$30 million more for FY 2020 tied to passage of PF restructuring bill. | <b>Passed legislature, signed by governor 5/3.</b>                        |
| <b>HB 324/SB 171 by governor</b>                       | Expands requirements for teachers and parents to receive training to recognize and report sexual abuse of children.  | HB 324 pending House EDU<br>SB 171 pending Senate EDU                     |
| <b>HB 333 by Birch</b>                                 | Allows a municipality to prohibit use of cell phones while driving in school zone or on school property.   | <b>Passed legislature, awaiting transmittal to governor</b>               |
| <b>HB 339 by Gara &amp; 6 others</b>                   | Increases the Base Student Allocation (BSA) by \$100 from \$5,930 to \$6,030.  | Passed House, pending Senate Education                                    |
| <b>HB 347 by Talerico</b>                              | Creates mechanism for a school to transfer from a regional education attendance area (REAA) to a different, but contiguous REAA.   | Pending House C&RA  |
| <b>HB 363 by Foster</b>                                | Raises the compulsory school age for students from 16 to 18, and lowers the start age from seven to six.   | Pending House EDU   |
| <b>HB 380 by Gara</b>                                  | Reduces penalty for possession of marijuana on school grounds or a school bus from a felony to a noncriminal violation.  | Withdrawn by sponsor 4/5  |
| <b>SB 7 by Stevens</b><br><b>HB 166 by Parish</b>      | Establishes a museum construction matching grant program in Commerce.  | SB 7 pending Senate Finance<br>HB 166 pending House FIN                   |
| <b>SB 78 by Bishop</b>                                 | Creates an education endowment fund and a PF dividend lottery or raffle to help fund K-12 education.   | <b>Passed legislature within HB 213, awaiting transmittal to governor</b> |
| <b>SB 87 by MacKinnon</b>                              | Proposes use of energy efficiency standards and standardized building methods and equipment for school construction and major maintenance.                                       | Pending Senate Finance  |
| <b>SB 96 by Education</b>                              | Proposes several measures including new virtual education program, school consolidations and funding to pursue health insurance pooling.   | Pending Senate Finance  |
| <b>SB 102 by Senate Finance</b>                        | Increases funding for Internet services for school districts, with intent to bring 197 additional schools up to 25Mbps.  | Passed Senate, pending House Finance                                      |
| <b>SB 103 by Senate Finance</b>                        | Establishes the Alaska education innovation grant program, providing funding by eliminating the Alaska performance scholarship program.  | Pending House Education   |

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| <b>SB 104 by Senate Finance</b>                  | Final version of bill proposes a three-year pilot program for four school districts to find the best math and English and language arts curricula from other locations, with subsequent incentive payments to other districts to use new curricula. Provides \$19.5 million in total funding for these purposes. Also amends requirement to review textbooks, instructional materials and curricula not more frequently than once every 10 years. | Passed legislature, awaiting transmittal to governor        |
| <b>SB 131 by Stevens</b>                         | Requires governor to submit separate K-12 education funding appropriation bill by the beginning of each session, with passage by the legislature required by April 1 of each year.  | Pending Senate Finance                                      |
| <b>SB 159/HB 306 by governor</b>                 | Provides the Department of Administration with ability to change distribution options by regulation for the current TRS/PERS defined contribution programs.   | HB 306 passed legislature, awaiting transmittal to governor |
| <b>SB 188 by Wielechowski</b>                    | Requires school districts to pay a stipend of \$1,500 each year to public school teachers with national board certification. Establishes a loan program to support obtaining this certification.  | Pending Senate EDU  |
| <b>SB 190 by Begich</b>                          | Expands energy audit program at Alaska Energy Authority to include public schools.  | Pending Senate STA  |
| <b>SB 216 by Finance<br/>HB 406 by Education</b> | Amends foundation formula to provide a four-year hold harmless for school districts who consolidate schools.  | SB 216 passed legislature, awaiting transmittal to governor |



“Adjournment Sine Die”

King Penguins, St. Andrews Bay, South Georgia

## Fishery & Resource Issues

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| <b>HJR 12 by Tarr</b>   | Opposes the U.S. Food & Drug Administration's approval of AquaBounty AquAdvantage genetically engineered salmon.   | Passed Senate 2/19/18<br>Awaiting transmittal governor   |
| <b>HCR 8 by House Fisheries</b><br><b>SCR 7 by Stevens</b><br><b>HR 10 by Rules</b> | Expresses support for the Kodiak Seafood and Marine Science Center & urges the University to maintain it as an important resource in the state.  | HCR 8 pending Senate Rules<br>SCR 7 pending Senate EDU<br>HR 10 passed House, awaiting transmittal to governor |
| <b>HB 14 by Josephson</b>   | Increases and broadens scope of permitting requirements for a large-scale metallic sulfide mine within the watershed of the Bristol Bay Fisheries Reserve.   | Pending House Resources  |
| <b>HB 17 by Josephson</b>   | Establishes a fish and wildlife conservation program within the fish and game fund.  | Pending House Resources  |
| <b>HB 29 by Tarr</b>  | Prohibits the sale of genetically modified fish or fish product in the state.  | Pending House Fisheries  |
| <b>HB 32 by Tarr</b>  | Provides guidelines for the labeling of genetically engineered food.   | Pending House Resources  |
| <b>HB 39 by Josephson</b>   | Strikes existing language for non-residents not being required to have a non-resident wolf tag to take a wolf.   | Pending House Resources  |
| <b>HB 40 by Josephson</b>   | Provides penalties and civil remedies for trapping within 200 feet of certain public facilities, areas and trails.   | Pending House Resources  |
| <b>HB 56 by Ortiz</b><br><b>SB 71 by Stevens</b>                                    | Increases the amount a borrower may have outstanding on certain commercial fishing loans from \$300,000 to \$400,000.  | HB 56 passed legislature, awaiting transmittal to governor   |
| <b>HB 63 by Pruitt</b>  | Transfers several responsibilities from the Dept. of Commerce to Revenue, including certain agricultural functions. Establishes an Alaska Minerals Commission within Natural Resources.  | Pending House State Affairs  |
| <b>HB 76 by Ortiz</b><br><b>SB 95 by Stevens</b>                                    | Allows hatcheries that artificially propagate aquatic plants and shellfish for sale to be an eligible applicant for state loans and sets limits.   | HB 76 passed legislature, awaiting transmittal to governor   |
| <b>HB 87 by Stutes</b>  | Provides that a member of the Board of Game or Fisheries may deliberate on a matter before the board even if they or an immediate family member have a personal or financial interest. CS removed option to allow members to vote. | Pending Senate State Affairs   |
| <b>HB 88 by Stutes</b>  | Increases the Board of Fisheries from seven members to nine members.   | Pending House Fisheries  |

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| <b>HB 101 by T. Wilson</b>                  | Creates an affirmative defense and an exemption from payment of fines for those reporting the unlawful taking of certain big game animals.                             | Pending House Resources                                      |
| <b>HB 128 by Ortiz<br/>SB 89 by Stevens</b> | Adds new program to Title 16, authorizing nonprofits to engage in shellfish enhancement projects with conditions and exemptions.                                       | HB 128 pending Senate Rules<br>SB 89 pending Senate Finance  |
| <b>HB 129/SB 60 by governor</b>             | Allows for a person to correct a citation for not having the appropriate license or tag on their person. Also allows person to produce license in electronic form.     | HB 129 pending House Rules<br>SB 60 pending Senate Judiciary |
| <b>HB 134 by Josephson</b>                  | Proposes at least one member of the Board of Game whose main use of game resources is non-consumptive, and one member who is actively engaged in the tourism industry. | Pending House Rules  |
| <b>HB 149 by Chenault</b>                   | Provides the Board of Fisheries shall meet on a five-year cycle to consider regulatory proposals, and defines the general area of Southcentral to include Kenai.       | Withdrawn by sponsor 4/14                                    |
| <b>HB 154 by Fansler</b>                    | Creates new authority to create state fish and game reserves, and establishes the Holitna River Basin Hunting, Fishing and Trapping Reserve.                           | Pending House Fisheries                                      |
| <b>HB 177 by Tarr</b>                       | Establishes the aquatic invasive species response fund, and provides ADF&G a broad spectrum of methods to try and eliminate any outbreak.                              | Passed House 5/2, pending Senate Resources                   |
| <b>HB 183 by Talerico</b>                   | Provides for a PFD land sale using a lottery to sell parcels of land from the state's Land Disposal Bank.  | Pending House State Affairs                                  |
| <b>HB 188 by Kreiss-Tomkins</b>             | Establishes Regional Fisheries Trusts to retain fishing permits and then lease them to Alaska fishermen for a limited period.  | Pending House L&C  |
| <b>HB 199 by Stutes</b>                     | Known as the "Wild Salmon Legacy Act," it updates Alaska's fish habitat protection and permitting law.   | Pending House Fisheries                                      |
| <b>HB 201 by Josephson</b>                  | Authorizes home rule and general law muni's to regulate trapping for the limited purpose of preventing injury to persons or property.                                  | Pending House Rules  |
| <b>HB 211 by Lincoln</b>                    | Specifies that a nonresident must be accompanied by a person who is qualified to hunt caribou from certain select caribou herds.                                       | Pending Senate State Affairs                                 |

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| <b>HB 231 by Governor<br/>SB 115 by Governor</b> | Adjusts the salary ranges for the commissioners of the Commercial Fisheries Entry Commission (CFEC) downward.  | HB 231 passed legislature as part of SB 37, awaiting transmittal to governor      |
| <b>HB 237 by Neuman</b>                          | Requires the Board of Fisheries to set an “optimal escapement goal” for salmon stocks to meet.   | Pending House Fisheries   |
| <b>HB 260 by Saddler</b>                         | Specifies that proof of sport fishing, hunting or trapping licenses, tags or other ID cards may be presented in electronic or paper form.  | Passed legislature, awaiting transmittal to governor                              |
| <b>HB 263 by Knopp</b>                           | Exempts certain water taxi operators from regulation as transportation services by the Big Game Commercial Services Board.   | Withdrawn by sponsor 4/18   |
| <b>HB 267 by Edgmon</b>                          | Requires the release of certain records of guided hunts and sport fishing activities to municipalities for verification of taxes payable.  | Passed legislature, awaiting transmittal to governor                              |
| <b>SJR 13 by Stedman<br/>HJR 35 by Millett</b>   | A resolution urging Congress and Interior Dept. to permit Alaska Native groups and ADF&G to co-manage and study marine mammals under the Marine Mammal Protection Act.   | SJR 13 passed Senate 3/28<br>Pending House Resources<br>HJR 35 pending House C&RA |
| <b>SB 11 by Bishop</b>                           | Establishes that the taking of antlerless moose is prohibited except as authorized by emergency order.   | Pending Senate Resources  |
| <b>SB 64 by Micciche</b>                         | Adopts the Uniform Environmental Covenants Act. Provides for notices of activity and use limitation at contaminated sites.   | Passed legislature, awaiting transmittal to governor                              |
| <b>SB 135 by Micciche</b>                        | Establishes Cook Inlet buy-back program for set net entry permits and provides for a vote by permit holders whether to be included.  | Pending Senate Resources  |
| <b>SB 211 by Stevens</b>                         | Indicates that this new law may be known as the Alaska Master Transfer Act. Establishes explicit language for the temporary transfer of limited entry commercial fishing permits. Sponsor Substitute introduced 3/8. | Pending Senate Resources  |

## Energy & Utility Matters

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| <b>HJR 18 by Tuck</b>                                | Calls on Congressional delegation to promote Alaska as a renewable energy development leader.   | Pending House Energy  |
| <b>HB 81 by Kreiss-Tomkins</b>                       | Makes federally recognized tribes and non-profits eligible for loans from the Alaska energy efficiency revolving loan fund.   | Pending Senate Finance  |
| <b>HB 173 by Josephson</b>                           | Establishes the Alaska Climate Change Response Commission and fund. Creates a \$.01 per barrel surcharge on all oil produced on state lands.                                    | Pending House Resources   |
| <b>HB 374 by Wool</b>                                | Allows an electric or gas distribution utility to enter into an agreement with a customer or landlord to finance the purchase and installation of a renewable energy system.    | Passed legislature, awaiting transmittal to governor                          |
| <b>HB 384 by Guttenberg</b>                          | Amends regulation of public utility or utility by the Regulatory Commission of Alaska to include "broadband Internet access" furnished to the public for compensation.          | Passed House 4/27, pending Senate State Affairs                               |
| <b>SB 191 by Begich</b>                              | Sets a goal of the state energy policy that by 2025, at least 50 percent of energy used by state facilities will be from clean energy sources.                                  | Pending Senate State Affairs  |
| <b>SB 205 by Meyer<br/>HB 404 by House Judiciary</b> | Prohibits a local municipality from regulating a local exchange telephone carrier that is exempted in whole or in part under AS 42.05 (Alaska Public Utilities Regulation Act). | SB 205 passed Senate 4/9, pending House JUD<br>HB 404 pending House Judiciary |

# Assembly Comments



# Public Comments

# Date & Location of Next Meeting

# Adjournment