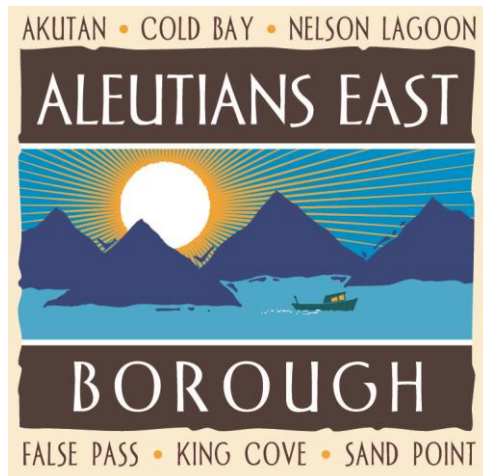


# Aleutians East Borough Assembly Meeting

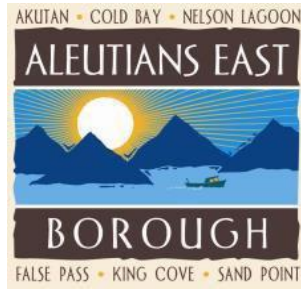


**Workshop: NO Workshop**

**Meeting: Wednesday, September 20, 2023– 5:00 p.m.**

# ROLL CALL & ESTABLISHMENT OF QUORUM

# ADOPTION OF AGENDA



## Agenda

### Assembly Meeting

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

Date: Wednesday, September 20, 2023

Time: **NO WORKSHOP** Meeting: 5:00 p.m.

Location: By teleconference in each designated community location below:

King Cove AEB Office

Sand Point AEB Office

Cold Bay City Office

Akutan City Office

Nelson Lagoon Corp.

Anchorage AEB Office, 3380 C

Street False Pass City 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 after the adoption of the agenda. The meeting will also be broadcast on KSDP Public Radio.

### ASSEMBLY MEETING AGENDA

1. Roll Call & Establishment of Quorum
2. Adoption of the Agenda
3. Public Comments on Agenda Items
4. Conflict of Interest
5. Presentation
  - None
6. Minutes
  - None
7. Financials
  - None
8. Investment Report
  - None
9. Consent Agenda
  - None
10. Public Hearings
  - None

11. Ordinances
  - None
12. Resolutions
  - Resolution 24-10, Authorizing the Appropriation of \$4,000,000 from the Borough's Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to pay for the Second 10% of the Akutan Harbor Corps Payment
  - Resolution 24-11, Authorizing the Appropriation of approximately \$2,001,581.66 from the Borough's Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to the Sand Point School Project
13. Old Business
  - None
14. New Business
  - None
15. Reports and Updates
  - None
16. Executive Session
  - The Borough Assembly may move into Executive Session for a discussion of the status of Trident's move from Akutan to Unalaska and the financial impacts it may have. The discussion will include strategies and financial impacts, in the best interest of the Aleutians East Borough, regarding the effect the move will have on the Borough. A matter, the immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity. AS 44.62.310(c)(1).
17. Assembly Comments
18. Public Comments
19. Next Meeting Date
  - October 16, 2023
20. Adjournment

**\*All materials pertaining to this meeting are available on the Aleutians East Borough website.**

**COMMUNITY ROLL CALL &  
PUBLIC COMMENT ON AGENDA  
ITEMS**

# CONFLICT OF INTEREST

# MINUTES



# FINANCIAL REPORT

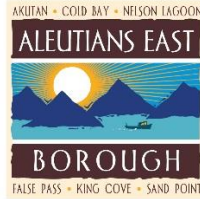
# INVESTMENT REPORT

# CONSENT AGENDA

# PUBLIC HEARING

# ORDINANCES

# RESOLUTIONS



## MEMORANDUM

To: Mayor Osterback and Assembly

From: Anne Bailey, Aleutians East Borough Administrator

Date: September 11, 2023

**Re: Resolution 24-10, Authorizing the Appropriation of \$4,000,000 from the Borough's Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to pay for the Second 10% of the Akutan Harbor Corps Payment**

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In July 2008, the Borough entered into a Project Partnership Agreement with the Army Corps of Engineers for the construction of the Akutan Harbor. Per the Agreement, the Borough agreed to pay 10% of total costs of construction of the general navigation features and an additional amount equal to 10% of total costs of construction of the general navigation features less the amount of credit afforded by the Government for the value of the lands, easement, rights-of-way.

The total construction costs for the General Navigation Features that have been accounted for to date are \$32,640,070.01. Of this total, the Borough's costs were \$3,264,007 representing the first 10% cost share. The 90% Federal cost share was \$29,376,063.01. This portion of the cost share record is balanced and closed.

The Borough still owes the second 10% of the total cost of construction of the General Navigation Features. The Borough has requested the Corps to complete the final accounting, but based off prior correspondence it is anticipated that the Borough will owe between \$3.4 million to \$3.6 million.

The Corps typically provides two options for payment which is either pay the second 10% in full now or over a period of 30 years utilizing the Federal finance rate as defined by Section 106 WRDA 1986. If the Borough decides to pay over a period of 30 years, the Corps will provide Long-Term Agreement amortization schedules outlining payment option(s). If the Borough decides to pay in full, the Corps will submit an invoice and the Borough will process payment.

While preparing for the Financial Work Session, the Administration determined that paying off the second 10% in full would be the most cost-effective and best option for the Borough. The Borough has the funds available, and it eliminates this as a Borough liability. The Borough has approximately \$6,000,000 in unencumbered funds located in the AMLIP .3 portfolio. These

funds were from prior fiscal year surpluses, were “reimbursements” from the Permanent Fund for past Permanent Fund Earning Expenditures and other sources. These funds are unrestricted, and it is recommended that \$4,000,000 be appropriated to pay off the second 10% of the Akutan Harbor Debt and the remaining funds be appropriated to the Sand Point School DEED project, which will be addressed in Resolution 24-11. These funds would be placed into their own AMLIP portfolio for accounting purposes and will be used once the Army Corps provides their final invoice. If all the funds are not needed, then the Assembly will reappropriate the remaining funds.

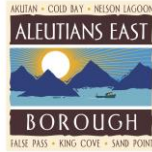
Administration recommends appropriating \$4,000,000 from the AMLIP .3 Portfolio to pay for the second 10% of the Akutan Harbor.

#### **RECOMMENDATION**

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Administration recommends approval of Resolution 24-10, Authorizing the Appropriation of \$4,000,000 from the Borough’s Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to pay for the second 10% of the Akutan Harbor Corps Payment.





**Resolution 24-10**

**A RESOLUTION AUTHORIZING THE APPROPRIATION OF \$4,000,000 FROM THE BOROUGH'S ALASKA MUNICIPAL LEAGUE INVESTMENT POOL AEB CHECKING ACCOUNT .3 PORTFOLIO TO PAY FOR THE SECOND 10% OF THE AKUTAN HARBOR CORPS PAYMENT**

**WHEREAS**, in July 2008, the Borough entered into a Project Partnership Agreement with the Army Corps of Engineers for the construction of the Akutan Harbor; and

**WHEREAS**, per the Agreement, the Borough agreed to pay 20% of the Akutan Harbor Project; and

**WHEREAS**, the total construction costs for the General Navigation Features that have been accounted for to date is \$32,640,070.01 and the Borough has paid the first 10% in the amount of \$3,264,007; and

**WHEREAS**, the Borough still owes the second 10% of the total cost of construction, which is anticipated to be approximately \$3.4 to \$3.6 million; and

**WHEREAS**, the Borough is interested in paying the second 10% in full; and

**WHEREAS**, the Borough has approximately \$6,000,000 in unencumbered funds in the Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio; and

**WHEREAS**, Administration recommends appropriating \$4,000,000 from the AMLIP .3 Portfolio to pay of the second 10% of the Akutan Harbor contribution;

**NOW THEREFORE BE IT RESOLVED**, the Aleutians East Borough Assembly authorizes the appropriation of \$4,000,000 from the Borough's Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to pay for the second 10% of the Akutan Harbor Corps Payment.

**PASSED AND APPROVED** by the Aleutians East Borough on this day 20<sup>th</sup> day of September 2023.

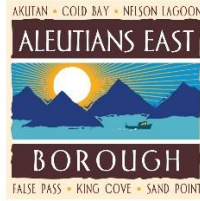
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**Alvin D. Osterback, Mayor**

**ATTEST:**

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**Beverly Rosete, Borough Clerk**



## MEMORANDUM

To: Mayor Osterback and Assembly

From: Anne Bailey, Aleutians East Borough Administrator

Date: September 11, 2023

**Re: Resolution 24-11, Authorizing the Appropriation of approximately \$2,001,581.66 from the Borough's Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to the Sand Point School Project**

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On February 21, 2023, the Aleutians East Borough signed a grant from the State of Alaska Department of Education & Early Development to conduct major maintenance at the Sand Point School. The project provides for renovations at the Sand Point K-12 School and pool, including:

- Improve HVAC: replace ventilation equipment, provide exhaust ventilation system, replace kitchen ventilation equipment.
- Improve security: replace door hardware to provide access control and lockdown function.
- Replace fire alarm.
- Replace intercom system.
- Renovate pool facility addition: upgrade restrooms and lockers; replace metal roof and repair structure as required; reconstruct or repair exterior walls replace supply ventilation, ductwork, and controls; and improve drainage. Foundation work may occur if supported within the budget and after value analysis.

The Grant is in the amount of \$2,968,577. The Grant amount is \$1,929,575 and the Borough is responsible for paying the State of Alaska Recipients' Participating Share for this Project in the amount of \$1,039,002.00.

Immediately after the FY23 Grant was awarded, the district and the borough immediately faced a host of unexpected financial realities for this project. These issues, which have been largely caused by disruptions in supply chains due to delays, out-of-date cost estimates, COVID-19 slowdowns and rising inflation, are the direct causes. Without question, the impact of COVID-19 related impacts on supply chains was and still is dramatic. The pandemic disrupted the usual flow of materials and goods, leading to delays and shortages. This, in turn, drove up costs as it became harder and more expensive to get what was needed. At the same time, prices for many things were rising rapidly due to inflation. The term "rampant inflation", meaning that prices

were increasing significantly and affecting many areas of the economy, is not farfetched at all in the Borough's and district's experience over the past several years. The district, Borough, SERCC, and DOWL anticipate the estimated costs of the project will increase by at least 40% of what was originally planned. The updated cost estimate came in at \$6,811,429; therefore, the School District/Borough decided to submit a Supplemental Funding Request to the State for this project.

On September 1, 2023, the Aleutians East Borough School District submitted to the State a Supplemental Funding Request, which requested an additional **\$3,842,852** in funding for a total project cost of **\$6,811,429**. The local match will increase to **\$2,384,000.15**.

The Borough currently has \$1,239,002 available for SP School Grant in line-item E 20-220-660-462 (\$1,039,002 was for the grant match and \$200,000 was for any contingencies). The Borough will need additional funds to complete the project in its entirety. If the Supplemental Funding Request is approved by the State, the Borough will need an additional \$1,344,988.15. If the request is not funded, the Borough will need an additional \$3,842,852.

The Borough has approximately \$6,000,000 in unencumbered funds located in the AMLIP .3 portfolio. These funds were from prior fiscal year surpluses, were “reimbursements” from the Permanent Fund for past Permanent Fund Earning Expenditures and other sources. These funds are unrestricted, and it is recommended that \$4,000,000 be appropriated to pay off the second 10% of the Akutan Harbor Debt as outlined in Resolution 24-10 and the remaining \$2,001,581.66 funds be appropriated to the Sand Point School DEED project. If the Supplemental Funding Request is approved, the Borough will only need a portion of these funds and the unused monies will be reappropriated. If the Supplemental Funding Request is not approved, the full amount and additional funds will be needed.

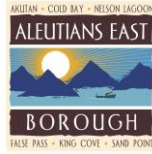
If the Assembly approves, the SP School funds would be placed into their own AMLIP portfolio for accounting purposes. If all the funds are not needed, then the Assembly will reappropriate the remaining funds.

Administration recommends appropriating \$2,001,581.66 from the AMLIP .3 Portfolio to the Sand Point School Project.

#### **RECOMMENDATION**

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Administration recommends approval of Resolution 24-11, Authorizing the Appropriation of approximately \$2,001,581.66 from the Borough’s Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to the Sand Point School Project.



**Resolution 24-11**

**A RESOLUTION AUTHORIZING THE APPROPRIATION OF \$2,001,581.66 FROM THE BOROUGH'S ALASKA MUNICIPAL LEAGUE INVESTMENT POOL AEB CHECKING ACCOUNT .3 PORTFOLIO TO THE SAND POINT SCHOOL PROJECT**

**WHEREAS**, in February 2023, the Aleutians East Borough signed a grant from the State of Alaska Department of Education & Early Development to conduct major maintenance at the Sand Point School; and

**WHEREAS**, the Grant is in the amount of \$2,968,577 (\$1,929,575 is the State match and the Aleutians East Borough's Share is \$1,039,002); and

**WHEREAS**, since the FY23 Grant was awarded, it has been determined that cost of the project has increased, and the updated cost estimate is \$6,811,429 (\$4,427,428.85 is the State match and the Borough's Share is \$2,384,000.15); and

**WHEREAS**, the Borough currently has \$1,239,002 available for the Sand Point School Grant in line-item 20-220-660-462 (\$1,039,002 was for the grant match and \$200,000 was for any contingencies); and

**WHEREAS**, if the supplemental Funding Request is approved the Borough will need an additional \$1,344,988.15 and if it is not funded the Borough will need an additional \$3,842,852; and

**WHEREAS**, the Borough has approximately \$6,000,000 in unencumbered funds in the Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio; and

**WHEREAS**, Administration recommends appropriating \$2,001,581.66 from the AMLIP .3 Portfolio to Sand Point School Project.

**NOW THEREFORE BE IT RESOLVED**, the Aleutians East Borough Assembly authorizes the appropriation of \$2,001,581.66 from the Borough's Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to the Sand Point School Project.

**PASSED AND APPROVED** by the Aleutians East Borough on this day 20<sup>th</sup> day of September 2023.

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**Alvin D. Osterback, Mayor**

**ATTEST:**

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**Beverly Rosete, Borough Clerk**

# OLD BUSINESS

# NEW BUSINESS



# REPORTS AND UPDATES

# EXECUTIVE SESSION

# ASSEMBLY COMMENTS

# PUBLIC COMMENTS

**NEXT MEETING DATE, TIME  
AND PLACE**

# ADJOURNMENT