

I. CALL TO ORDER

The regular meeting of the Matanuska-Susitna Borough Port Commission was held August 15, 2016 at the DSJ Building, Lower Level Conference Room, Palmer, Alaska. Commissioner Borell called the meeting to order at 3:00 p.m.

II. ROLL CALL

Port Commissioners present were:

Mr. Steven Borell, Chairman
Mr. Christopher Gates, Vice Chairman
Mr. Noel Woods
Ms. Helga Larson
Ms. Claudia Roberts
Mr. Robert Brown

Port Commissioners absent or excused were: Mr. Mike Janecek

Assembly Persons in attendance were:

Mr. Randall Kowalke
Mr. Dan Mayfield

Borough Staff in attendance were:

Mr. John Moosey, Borough Manager
Mr. Marc Van Dongen, Port Director
Ms. Therese Dolan, Port Secretary

III. QUORUM DETERMINATION

Chairman Borell determined there was a quorum present.

IV. PLEDGE OF ALLEGIANCE

The pledge of allegiance of was led by Commissioner Noel Woods.

V. AUDIENCE INTRODUCTION

The Chairman introduced Ms. Jean Woods and Mr. Lamar Anderson. Mr. Eugene Haberman arrived at 3:17, after introductions had been made.

VI. APPROVAL OF AGENDA

The agenda was approved with the addition of a discussion regarding the Ferry.

VII. APPROVAL OF MINUTES

July 18, 2016 Regular Meeting – The Chairman accepted a motion to approve the minutes. The minutes were approved without objection.

GUEST SPEAKER(S) NA

VIII. STAFF REPORTS

A. Borough Manager - Mr. John Moosey

1. Mr. Moosey said he had drafted a letter to the Japanese delegation that would be signed by himself, the Mayor, the entire assembly as well as all the Port Commissioners. As soon as it is translated into Japanese it will be available for signature.
2. In light of Mr. VanDongen's upcoming retirement, Mr. Moosey will provide copies of the Port Director's job description and asked that the Port Commissioners weigh in on what kind of Port Director they would like to see hired. He also said that he would like to have a couple commissioners sit in on the interview committee. He would like to see this person start before Marc leaves; however with the \$5.7 million cut in our budget, he will need to have the assembly weigh in on the cost involved.

B. Port Director - Mr. Marc Van Dongen

1. Port Update (GANTT Charts):
 - Cathodic Protection Repair Project – Mr. Van Dongen explained that Norton Corrosion was the designer and manufacturer of our cathodic protection system. It was apparent when the sleds were pulled that it was a materials problem. He will be invoicing Norton Corrosion for our costs to date which is approximately \$169,000. He has also told them in a letter that he expects them to pay for the replacement sleds, reinstallation and re-initiation of the system. They haven't disputed this and have indicated that they are in discussions with the company that provided the materials to determine exactly what failed, as well as their insurance company. There is a 6 - 8 week lead time to order materials so there will not be enough time to get the new sleds manufactured and installed before ice-up. We will have limited cathodic coverage from the three remaining sleds. There are two working sleds at the north end of the deep-draft dock and the initial part of the trestle and barge dock are protected by the third sled. It will be next May before the system is reinstalled and fully working. Mr. Mayfield asked what the cumulative effect of the diminished capacity between now and May would be. This question led to discussion of the feasibility of installing a passive system before ice-up, at Norton's expense, that would provide protection until the active impress system was fully operational. Mr. VanDongen suggested that it might be more appropriate to ask for reimbursement for the hours that he has spent managing the project both during the initial installation as well as during the removal of the sleds and eventually reinstalling the new system. Additionally, we could ask for a dollar amount from their insurance company to cover the degradation of the system over the next 9 months, but there isn't enough time this year to design and install a new passive system before things freeze up.

- Don Young Road – A second two-inch layer of pavement was added to the original three inches for a total of five inches of pavement on Don Young Road. The painting has been completed but there is still some work to be done raising the guardrails to the correct height. This was a DOT project and since they had funds left over, Mr. Van Dongen said that he has asked them to pave another half mile from the intersection back to the old gravel pit. This will require DOT to update the environmental study; hopefully they will be able to re-mob the contractor, K&H Constructors, by mid-October to pave the last half mile.
 - Mr. Van Dongen closed his Port Update by sharing his thoughts on the future of the Port. He said that he was hired to build a port and that has been his focus. For 16 years he had been able to get grants to pay for port projects, however under the current state and federal fiscal constraints he didn't think there would be any grants for the foreseeable future. He believes the priority should now be to maintain the several hundred million dollars that have been invested in the port, rail line, terminal building, utilities, roads and cathodic protection. The Port of Anchorage spends three to five million a year on maintenance. For 16 years we have had very little maintenance costs, until the \$2.3 million spent on the barge dock repair. There have been suggestions that the port should be "moth balled" but even that requires maintenance which would be at a significant cost.
2. Proposed LNG Site
- Mr. Van Dongen briefly reviewed the two sites Resources Energy Inc (REI) has been considering for their LNG Project and then laid out a third site he recently presented to REI. He described all the advantages to this third site including: location above the docks making it the shortest distance to get LNG to the water, expansion potential from 48 to 202 acres, reasonable lease buy-out, use of the existing deep draft dock, office space, utilities, and completed road improvements. This third location would save REI millions of dollars and 3-5 years of environmental studies and permitting. Numerous LNG and commodities scenarios were discussed including a second rail loop and deep draft dock further to the north. There was a lengthy discussion regarding when REI might reach a decision and other options they may be considering.

IX. ITEMS OF BUSINESS

A. Unfinished Business

1. Rail Freight Marketing Analysis

- The McDowell Group was the contractor selected to conduct the Rail Freight Study. Jim Calvin and other McDowell representatives will be attending the Municipal League BBQ at the Port on August 18th. That would be an excellent opportunity for Commissioners to talk with them.

B. New Business:

1. Resolution Serial No. 16-01, Port Priority Projects for the Borough Capital Improvement Project (CIP)

- Mr. Gates made a motion for passage of Resolution Serial No. 16-01 for purposes of discussion. The motion was seconded by Ms. Larson. Mr. Gates stated that he didn't think it was wise to move forward with the CIP list until we know what commodities are likely to go through the port. There was discussion on the purpose of the CIP and the process used to develop and prioritize the list of projects. The Borough Manager, Mr. Moosey pointed out that he doesn't think there will be any capital monies available in the coming year and he is going to recommend that the Assembly simply roll the current CIP list over for another year. Mr. Van Dongen stated that the items were in priority order and there was only one change from last year. Now that Lu Young Lane has been widened, he updated the project to paving. Even though items are prioritized, projects are done as money becomes available to complete them. A project must be on the Assembly approved CIP in order to receive funds or grants. If it isn't on the CIP, we will never receive funds/grants to complete it. Chairman Borell called for a vote to approve the CIP which passed with five in favor and one opposed.

2. Potential Names for University Access Road

- After a few suggestions from commissioners and a member of the public, the port commission decided that they would prefer to continue to use the current unofficial name of "UA Access Road."

X. COMMITTEE REPORTS None.

XI. AUDIENCE PARTICIPATION *(three minutes per person)*

A. Mr. Eugene Haberman stated the Port Commission was wrong to pass the motion regarding Resolution Serial No. 16-01, Port Priority Projects for the Borough Capital Improvement Project (CIP) without any public comment. He also voiced displeasure with the minutes, stating they were incomplete. He mentioned not having a report/discussion on the ferry. He then called for the resignation of all seven commission members. Mr. Haberman finished by emphatically stating that the secretary announcing "time" instead of having a clock was out of order.

B. Ferry Discussion:

Mr. Gates reminded the Chairman that a "Ferry Discussion" was added to the agenda at the start of the meeting but we hadn't yet discussed it. A very lengthy discussion ensued with several key points being made. Ms. Larson stated that for historical purposes it would be good to have some kind of report. Mr. Gates expanded the discussion, adding that for transparency lessons learned should be included. Mr. Woods reiterated his comments from the last meeting that the Port Commission knew nothing of the decisions made

as they weren't included in the decision making process and therefor the Port Commission should not be involved. Mr. Mayfield shared his thoughts, saying that he felt while there were well meaning people involved in the decisions they perhaps weren't the best decisions. Transparency is good when things are happening but to go back and write about the missteps would be the wrong approach and would cost a lot of time and money. He also pointed out that there has been a self-correction with two Assembly members dedicated to attending the Port meetings, ensuring there is open dialogue between the Port Commission and the Assembly. Ms. Larson said she would like a historical report that focuses on the Port but that history also includes the ferry. Mr. Brown asked who would gather the information and determine what is fact. Who will sift through the multiple accounts of what happened? After further discussion, the Borough Manager stated what is being asked for is a forensic audit of 12 years and could cost several million dollars. Mr. Haberman expressed his thoughts saying that an appraisal should have been done before the ferry was sold, but the key thing is transparency. He went onto say there should be an accounting and the insurance questions need to be answered. The Chairman stated that those questions were beyond this commission.

XII. CLOSING COMMENTS

- A. Mr. Kowalke said that he would not support the administration spending any money or man hours on a report regarding the ferry.
- B. Mr. Mayfield agreed Mr. Kowalke.
- C. Ms. Roberts had no comment.
- D. Ms. Larson said she is looking for how the port developed. She is interested in a history of the Port.
- E. Mr. Gates stated that we learn from mistakes and we need to pass that on. Something needs to be done but not in forensic detail. He said there are nuggets that we should take away from this. He is very happy that the borough is doing a rail study and he is looking forward to reading it.
- F. Mr. Brown thanked Mr. Van Dongen for his time and the presentation.
- G. Mr. Woods complimented Mr. Van Dongen for all he has done.
- H. Mr. Borell reminded everyone present that this port is the most valuable piece of property in the MAT-SU Borough and probably for the entire interior of the state.

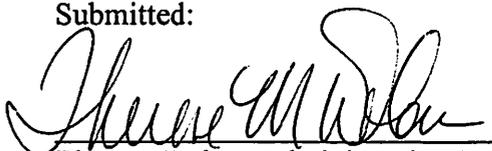
XIII. AJOURNMENT

The Chairman adjourned the meeting at 4:59 p.m.



Steven Borell, Chairman

Submitted:



Therese Dolan, Administrative Secretary