I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on August 5, 2003, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 3 p.m. by Mayor Timothy L. Anderson for the purpose of discussing the new hospital and the port.

II. ROLL CALL

Assembly members present and establishing a quorum were:

Mr. J. Bruce Bush, Assembly District No. 1
Mr. Bill Allen, Assembly District No. 2
Mr. Talis J. Colberg, Assembly District No. 3 *(arrived at 4:20 p.m.)*
Ms. Mary Kvalheim, Assembly District No. 4
Ms. Jody Simpson, Assembly District No. 5
Ms. Kelly Ladere, Assembly District No. 7

Assembly members absent and excused were:

Mr. Jim Colver, Assembly District No. 6 (Deputy Mayor)

Port Commission members present and establishing a quorum were:

Mr. Michael Janecek, Seat 1
Mr. Archie Giddings, Seat 3
Mr. Art Scates, Seat 4 (Chair)
Mr. Ronald D. Desgranges, Seat 6
Mr. Darrell Korman, Seat 7

Port Commission members absent and excused were:

Mr. John J. Perkins, Seat 2
Mr. Ronald Arvin, Seat 5

Staff in attendance were:

Ms. Sandra A. Dillon, CMC, Borough Clerk
Mr. John Duffy, Borough Manager
Ms. Teresa S. Williams, Borough Attorney
Mr. David Germer, Assistant Borough Manager
Ms. Janice Case, Borough Clerk's Secretary
Mr. Daniel Graham, Public Works Director
Mr. Ron Swanson, Community Development Director

III. APPROVAL OF AGENDA

Mayor Anderson inquired if there were any changes to the agenda.

GENERAL CONSENT: The agenda was approved as presented.

IV. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Commissioner Archie Giddings.

V. ASSEMBLY ITEMS OF BUSINESS

A. Proposed Hospital Project

Mr. George Larson, Chief Executive Officer of Valley Hospital:

- discussed the cost of the joint venture;
- noted that the property they are looking to purchase is near the Matanuska-Susitna Convention and Visitors Bureau on the Parks Highway;
- stated that the engineering study on the infrastructure has been extended and will be completed within the next few weeks; and
- requested the Borough assist with the grant application process.

Discussion ensued regarding the grant application process.

Mayor Anderson noted that an AM in support of helping with the grant application process will be brought to the Assembly for consideration on August 19, 2003.

VI. JOINT ASSEMBLY/PORT COMMISSION ITEMS OF BUSINESS

A. Agreement with NPI Re: Deep Water Dock; $3 million and Exclusive Rights to Handle Bulk Commodities for Ten Years

Mr. Germer:

- stated that NPI has had a long-term interest in developing woodchip facilities at the port;
- noted that the business is expected to have a life of ten years or greater and employ approximately 120 people;
- commented that a necessary component needed by NPI that does not exist today is a deep water dock;
- stated that the estimated cost of a deep water dock is approximately $11.5 million and that the estimated cost for the system NPI would independently finance is $8 million;
- explained the benefits of ordering the long-lead items;
- noted that the state of Alaska has agreed to reimburse the Borough for bond debt service payment subject to annual appropriation;
- commented that since the debt service bill was signed, the Borough and NPI have meet several times to exchange proposals;

- explained that in the proposed agreement NPI will provide the Borough with $3 million for the purchase of long-lead materials in exchange for the exclusive right to load bulk materials out of the port for a period of ten years;
- stated that there are four areas of merit to the agreement, (1) source of non-Borough funds, (2) the deep water dock will be completed faster, (3) $8 million improvement to the dock, and (4) it will create jobs and commerce at the port;
- discussed AM No. 03-086, which is on the August 5, 2003, regular meeting agenda; and
- explained the Dock Lease and Non-Exclusive Priority Use Right Agreement Between the Matanuska-Susitna Borough and NPI.

Discussion ensued regarding long-lead materials and the proposed agreement with NPI.

(The special meeting recessed at 4:05 p.m. and reconvened at 4:08 p.m.)

C. Cornell Group

Robert Goethi and Pamy Arora gave a presentation on the Commodities Study for Port MacKenzie.

(Assemblymember Colberg arrived at 4:20 p.m.)

B. Port Funding *(Requested by: Port Commission Chair)*

Commissioner Scates discussed moving the port development sub account of the land management fund, identified in MSB 23.05.070(C), to Title 18, directly under the port, and set a monetary cap accordingly.

Commissioner Janecek stated that it is important that the residents know that the port is able to fund and operate itself.

Mayor Anderson suggested that the Port Commission draft an ordinance with the suggested changes to bring forward to the Assembly.

D. Dual-Use Vessel *(Requested by: Port Commission)*

Mr. Germer:
- stated that a report by Lockheed Martin regarding the dual-use vessel is included in the packet;
- explained the use of the vessel and its technologies; and
- commented that two responses were received for the solicitation issued by the Borough, one being Lockheed Martin, who was fully responsive.

Assemblymember Colberg inquired as to the type of crew that would be necessary to maintain and operate the vessel and the budget required.

Mr. Germer:

- replied that for the operational needs, approximately two to four people would be needed; and
- noted that the number of people needed is not an exact amount, as the vessel is still in the design phase.

Mr. Duffy:

- stated that given the order of magnitude, over one million dollars per year would be the estimated cost of operations;
- commented that some potential funding sources such as the Federal Transit Administration funds;
- noted that if the Borough had to contribute funds, it may be approximately 25 percent.

VII. AUDIENCE PARTICIPATION (Three minutes per person)

(There was no audience participation.)

VIII. PORT COMMISSION, MAYOR, ASSEMBLY, AND STAFF COMMENTS

Mr. Janecek commented that an interesting concept to consider is the transportation that would be needed to and from the industrial park at the port.

There were no other comments presented.

IX. ADJOURNMENT

The special meeting adjourned at 5:45 p.m.

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TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:

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SANDRA A. DILLON, CMC, Borough Clerk

Minutes Approved: August 19, 2003