



Port of Anchorage Commission Meeting
Date: February 14, 2018
Time: 12:00 – 2:05 pm
Location: Port Commission Chambers

Present	Port Commissioners:	Brad Kroon, Chair; Bob Pawlowski, Vice Chair; Stephanie Kesler; Andrew MacLeod; Aves Thompson
	Staff:	Steve Ribuffo, Port Director; Cheryl Beckham, Director of Finance; Stuart Greydanus, Port Operations Director; Jim Jager, Director of External Affairs; Paul Rotkis, Port Safety Coordinator; Tyler Kim, Port Intern; Diane Bickford, Executive Assistant
	Guests:	Luke Hasenbank, Alaska Maritime; Patrick Duffy, Petro Star, Inc.; Tom Rueter, Alaska Maritime; Ming Stephens, Alaska Maritime; Scott DeWandel, ABI; Brad Robertson, North Star Terminal & Stevedores; Louie Audette, Kirby Offshore Marine
Absent	Port Commissioners:	Moire Duggan; Simon Lisiecki
	Staff:	Sharen Walsh, Deputy Port Director; Todd Cowles, Port Engineer

I. The meeting was called to order at 12:01 pm

- A. Roll Call of Port Commissioners
- B. Self-introduction by those present

II. Safety Minute (Paul Rotkis)

Mr. Rotkis discussed the use and rating of cut-resistant gloves

III. Approval of Agenda

- A. Mr. Ribuffo pointed out that for this meeting he had moved New Business before the staff reports. He felt the changes we'd like to make to Section 1 of the Tariff should be discussed sooner in the agenda.

It was moved by Commissioner Pawlowski and seconded by Commissioner Thompson to approve the Agenda as submitted.

- B. The Agenda was approved unanimously as presented.

IV. Approval of Minutes

- A. Commissioner Kesler moved to approve the minutes of January 10, 2018 as presented; seconded by Commissioner MacLeod. The minutes were approved.

V. Public Comments

Mr. Patrick Duffy, PetroStar, said he was recently made aware of the proposed changes to the Port scheduling process and had some concerns. One big issue is the change that could potentially cause vessels chartered by PetroStar to not be able to get to the dock and get in and out in a reasonable amount of time. Currently there are four cement ships scheduled for approximately 20 days each. He said if he understood correctly, those cement ships in port for 20 days could hold the vessel we charter off the dock and there could be other conflicting vessels. He said he was concerned about the new reservation process and didn't think the current process was broken. There are delays but to have extended delays for a regular user of the Port concerned him. He said Mr. Ribuffo sent him some information and Mr. Greydanus made him aware of some things. He thought that before the changes get implemented and approved by the Commission it needs to be looked at some more. Thank you.

Mr. Louie Audette, Kirby Offshore Marine, said his concern is the intent for the Port not to mediate when a situation comes up. He said over the years he has dealt with Mr. Greydanus and thought he'd done a tremendous job to mediate conflicts. He felt it was in everybody's best interest that the Port continues to mediate conflicts.

Mr. Ribuffo said he was not going to ignore these questions and may discuss them under New Business or there may be a sidebar outside of this meeting.

Mr. Tom Rueter, Alaska Maritime, thanked the Port staff for being very open and explaining the new berthing application process. He said the FAQs that were sent out have been very helpful. He said he had been told there would be a sidebar meeting that would answer other questions we might have however, he wanted to ask a question before front of the Commission regarding the portion of the Tariff that is being proposed to be revised. He said he had reached out to Andeavor, one of Alaska Maritime's primary customers, and though they weren't able to be present today they are also concerned that the Port will not be required to mediate conflicts. He said he could only echo that as the landlord, it's incumbent on the Port to mediate; the Tariff is written to give the Port Director full discretion to make decisions. He felt that to relinquish that responsibility to mediate should not be revoked. Thank you.

Mr. Scott DeWandel, Alaska Basic Industries (ABI), said his opinion is the system is not actually broken as it is now. He said ABI does have an issue with weather and can't predict how many days we're going to be at dock due to rain delays, so it make it difficult to schedule a specific length of time. He said Mr. Greydanus has always done a great job working between companies and no need to change. Thank you.

Mr. Duffy said under the Frequently Asked Questions it said "confirmed reservations may be cancelled or changed if POA is notified within 96 hours". If the reservation is not cancelled the user who made the reservation is liable for the cost and asked if that is currently the case. Mr. Ribuffo said yes, if you make a reservation and fail to show, you will pay the dockage because you blocked that period of time. He said he had sent an email saying if you make changes within the window you reserved you can shrink it if you don't need all the time scheduled. You can also grow it if there's no conflict on either side. He said any fines are up to him to adjudicate; if there are exigent circumstances, it was the last minute and there was nothing to be done, he could look at waiving charges. That's always the case.

Mr. Duffy said PetroStar's berthing application process is automated and the Port receives emails three or four days in advance. As the Transportation Director for PetroStar he has nominated time through September for their barge traffic every three months. He has elected to nominate from four to six days to make sure the barges get in and out. However, that's not fair to other users and he didn't want to be blocking that time just because he's not sure the barge can get in and out as it has in the past. It goes back to his comment that the system as it is now functions fairly well. There are always going to be delays on every user, but he didn't want to incur massive delays and didn't want that for anybody else. Thank you.

Mr. Jager said the fact is we're not looking at a huge increase in usage so in terms of total dockage availability nothing here going to change how often the dock is full vs when it's available. The real change is that this policy is basically forcing all applications through the same portal. We're using one form to keep track of everybody's applications and confirm when communications happen. By using the new system we have one portal that will help us organize and regulate everything and will confirm communications, which will be a slight change in your business practice. In terms of applying for reservations, we're trying to create a system that increases

predictability for everybody. If ABI has a 20-day block reserved, the ship arrives on time, the weather's good and they see the off-load is going well and they'll finish on day fourteen, they'll cancel the rest of the reservation. At that point, it's open for someone else to come in. We're trying to encourage business practices that make it convenient and predictable for everybody.

Mr. Duffy said he has nominated a number of days per month through October in four- to six-day blocks. He asked if the ships get in and out in 24-hours, will he be required to send a notice that we're done otherwise we'll still pay for the balance of the scheduled time.

Mr. Ribuffo said yes, send a notice. Mr. Jager said the notice needs to be 96 hours in advance. If you've got six days reserved and as the time gets closer and you know you'll not get here until day three, let us know four days in advance that you're cancelling the first two days of that reservation because you don't want to pay for the berthing for those two days.

Mr. Duffy said that seems a little onerous to PetroStar because that's putting the burden of the additional work on us and it went back to what he said, the system is not as broken as this scenario now creates.

Mr. Ribuffo said this conversation should be part of the sidebar; the Tariff explains what the over-arching rules are and the details of how to are the Port's to execute, which was done and which is what we shared. If there are issues, then we will certainly make the time today to discuss them. If 96 hours is too burdensome and a narrower window makes more sense, let us know that. If giving you a grace period on both sides of the scheduled time seems absurd, if you think it could be less or not exist at all, let us know. But what we're doing here now is explaining that we're going to automate the berthing system and this is step one. Step two is to sign onto a cloud-based software system that requires all berthing applications to come in through automated means. That system will allow everyone to see each application made and every port call scheduled so if you're looking at a date you'll see, in real time, what that particular period of time looks like. This has been implemented for a couple years in all the ports in Hawaii and for the South Carolina Port Authority. I've talked to folks that work those systems and they had all these same issues with scheduling but when they brought the system in it made all of it go away. They now have a process that gives everybody visibility on the scheduling of vessels. This port is a closed world; we get very few outsiders and any we get are going to go through ALMAR or ANP who will have access to the system. Everybody who makes reservations will get a user name and password to access the system. While I appreciate everyone's concerns that it sounds like the Port is going to get out of the adjudication business, 90% of the issues are easily solved by the parties talking to one another. That became obvious to me when we had the issue at POL 2 between an Andeavor tanker and a Kirby Offshore barge this last year. When we let Kirby come, the Port had to waive dockage for two parties in order to make peace. I am not going to give away revenue anymore, we are going to adhere to a policy of we don't pay demurrage and we don't waive charges. If we adjudicate an issue, we don't owe the losing party. That's got to be the way it is because we can't afford to keep waiving charges. I think, in the long run, this system is going to provide the transparency and visibility that everybody needs to help themselves solve 90% of the problems but we will always be available when some help is needed.

He said when he went back and checked the records, what we're really talking about is petroleum tanker and barge activity when Alaska Basic is at POL 1. If we're going to have an issue, that's when it will be. When ABI is not there, everything flows fine. He

said he told ABI when they put in their reservations for 2018 to block 22 days. He did that because when he looked at every port call ABI made in the last ten years, the average stay was 16 days and the longest was 22 days. He told them to default to the worst case. If someone wants to talk Scott into shortening that timeframe, that's fine and we will make those adjustments accordingly. But he felt we need a process to fall back on so that there's consistency and transparency for everybody.

Mr. Rueter said he praised the Port for going toward automation because that'll help everybody. He said he had one question regarding the Tariff revisions. Under No. 190, Section 6, "Berthing Policy and Reservations" until now we might have a PetroStar barge coming in tomorrow without a reservation due to weather or a repair. Previously, the barge we could arrive tomorrow because I had talked to Mr. Greydanus and he said the berth was open, come to the office and fill out an application. It appears, with the changes in the Tariff language, that option will be going away and asked if that was the case. Mr. Ribuffo said no, it wasn't the case. Mr. Rueter said we are planning six months out and Andeavor is also planning six months out. We don't know what the weather's going to be in two months so it's difficult hard to say I want berth space from the 20th to the 25th and am hoping to get there in that timeframe. It's really a shotgun approach. He asked the Commission to consider or be cognoscente of the option of showing up at the last minute and using available space. Mr. Ribuffo said that has not gone away. Mr. Rueter said he just want to make sure that the Port has made it clear they haven't restricted us.

Mr. Ribuffo said everything you said is fine but I would ask you to do two things. I would ask you to look at the window and at the berthing schedule.

Mr. Jager said the one thing that has changed is the phone call to Mr. Greydanus isn't the rule anymore because we now have the one portal. Fill out an application so we have a timestamp and we know the right person got it. Just go through the application portal.

Mr. Rueter said he had one last point; if he asked for three days and only need 36 hours, you're going to send me a bill for three days. There's conflict in your FAQs and what your new statement says.

Mr. Ribuffo said he had no intention of charging anybody for more than they actually use. But in return we ask you to give the opportunity to everyone to see that you're not going to need as much time as originally requested and shrink the window so if there is an opportunity for somebody else to get 18 hours at the dock, it's visible.

Mr. Ribuffo offered the the suggestion that Mr. Jager and Mr. Greydanus can step out with anybody who wants to discuss the 'how to' that we've come up with. He said there is nothing we're going to ask the Commission to approve that has anything to do with that process.

VI. New Business

Mr. Ribuffo pointed out the Smart Board that was installed and said he would stand out of everybody's way while Mr. Kirn made updates on the screen.

A. Tariff 8.2, Section 1 update

Mr. Ribuffo said since we last published the Tariff our name has changed and we are modifying the Tariff to reflect that we're now the Port of Alaska. He said he will go through the Tariff and point out those and other minor administrative changes and then will go over the berthing related information.

- Page 3 there is one change in the second paragraph. We have referred to ourselves as the “Port of Anchorage” and to change all of those references to the “Port of Alaska” seemed silly so we decided to just refer to call ourselves as “the Port”. However, if it’s the proper name of something, like a public document, it will say the “Port of Alaska”. If it’s just in a generic reference it will be written as “the Port”.

Commissioner Pawlowski asked about the “rail lines” referenced on page three. Mr. Ribuffo said “rail lines” was never included before but rail lines are part of our infrastructure.

- Mr. Ribuffo said on Page 7 the only change was to correct the word “shipowner” to two words.
- Page 9, item “40. PORT:” there is new wording. In the definition of “port” we added a second sentence using the description taken from the Municipal Code for the Port of Alaska: “*For purposes of this document, Port also means the Port of Alaska further defined as*”. Whenever we create legal documents containing a definition of the Port of Alaska, that’s the level of description we go to and we chose to do it here. Bullet four was highlighted because that will be a change when purchase a portion of the the South Backlands property from the Alaska Railroad within the next six months. When that sale happens, that part of the Port description goes away because that property will be included in Tract H and we’ll come to you with that change. For now, it’s a lease we have with the Alaska Railroad Corporation under Contract No. 6434.

In Item 42 there’s one change, the addition of “*or otherwise under the management of*.” the Port is a change I thought was necessary.

- Page 13, under “WINTER USE OF THE PORT” the Coast guard changed their nomenclature from Operating Rules to Operating Guidelines so to be consistent with the Coast Guard, we changed to “*guidelines*”.
- Page 14, second paragraph, the “Port of Alaska Proximity Access Card” is a proper name so we just wanted to make sure that the terminology was correct.
- Page 15, paragraph (a), last sentence, “herefrom” is two words so I made that edit. In paragraph b, “HOLD HARMLESS”, we changed Port of Anchorage to *Alaska*.
- Page 16, Item 2. (a) “The Director of the Port *or his/her* authorized” versus “their” is the convention that all Municipal documents are going to.
- Page 17, Item (d) RIGHT TO REFUSE FREIGHT, Item (1) of the descriptor was changed in order to match with the section numbers that modified past this.
- Page 18, Item “3. SHIPPERS’ REQUESTS AND COMPLAINTS” just the name change from Anchorage to *Alaska*.
- On Pages 19, 20, and 21, we went to the convention of “*the Port*” and deleted references to “...of Anchorage” that were included.
- On page 25, item (c) we changed the name to the “Port of *Alaska* Bulk Petroleum Transfer Procedures Manual”.
- On Page 29, item (d) we changed the website name and added the sentence “*Berthing applications may be either mailed, e-mailed, or hand carried to the Port for filing.*” We will have to drop the last sentence in the paragraph when we go to the new scheduling system and requested suggestions for whether to put anything there or, if re-wording it, what would it need to say.

Commissioner Kesler suggested describing it as being the current state and then say “with the advent of the new on-line booking system, all applications must go through the new”. Mr. Jager said how about if we just say “shall be submitted via the PortofAlaska.com on-line booking”. Commissioner Thompson suggested “as prescribed by the Port”. Commissioner Kroon said that leaves you some flexibility. Commissioner Kesler said yes, just say “as prescribed” and you could actually make it a separate procedure if you wanted. Mr. Ribuffo requested that Mr. Kirn make the change.

Mr. Ribuffo said the NOTE: was also modified. And to Mr. Rueter’s question earlier, if for whatever reason you did not file an application ahead of time but there is an opening to come in and dock, please do so but we ask that you submit an application so we have a document that memorializes it.

Commissioner Pawlowski questioned the phrase “may, under exigent circumstances,” in the NOTE: and asked if that was the proper term for the situation. He suggested “may when circumstances merit”. Mr. Ribuffo asked if anyone had an objection to that change. Mr. Jager suggested changing it to “warrant”. Mr. Ribuffo said the change would be made.

- Page 32: As part of DUNNAGE: was added “Recyclables shipped at no cost by the carrier in question”. Mr. Ribuffo said that was added due to a finding by the Internal Audit group of the Municipality after their 10-year review of our Preferential User Agreements. The only finding from the audit was the fact that we do not charge Matson for a certain category of cargo they describe as “arbitrative” and we couldn’t tell the auditors what arbitrative cargo meant. In checking with Matson, their definition was materials they courtesy shipped for recycling agencies. They were not charging for moving recyclable materials to the Lower 48 and we didn’t feel the need to charge them for something they weren’t charging their client for. However, we never had that captured. So we put it in this list of cargo for which we don’t charge shippers. There were no objections to the addition.

Item 6 BERTHING POLICY/BERTHING RESERVATION: Mr. Ribuffo said the Port took great pains to clarify what the Tariff said. In response to an issue last spring, which resulted in the Port waiving dockage for a couple of users who, for the most part, solved their own problem and covered each other’s demurrage he asked why the Port was refereeing conversations that the shippers tend to do every day by themselves. It just caused him to look at the Tariff to see what wasn’t clear that we could hopefully make clear for everybody who uses this facility. But, again, nothing has really changed. This has always been a first come, first served port but in our minds it was more appropriate for that to mean the first application received by date/time stamp for a particular berth got that place. That seemed to be the only fair way of handling it. Also, we are requiring that the entire berthing application be filled out.

For a while we were charging everyone who walked in with an application a pre-payment but that got onerous for a lot of people. These are people we do business with all the time and we know their credit worthiness, so to pre-charge seemed to be ridiculous. It seemed more sensible to take the pre-payment out of the equation and just use the application with a defensible date/time stamp on it in an automated process that won’t let an application be submitted until the whole thing is filled in.

There has always been a 24-hour grace period automatically put on each end of every port call but we never gave any consideration to the fact that occasionally that could overlap into someone else’s berthing time. And when the overlap resulted in the next ship coming in while the first is still at the berth, it’s was a problem. Because

everybody got their 24-hour grace period but nobody got their 24-hour grace period. It just seemed like a silly thing to offer if it didn't matter, so we decided to make it matter and see what that does to things.

Commissioner Pawlowski said the berthing is set up on calendar days yet you're granting a 24-hour window; that doesn't match a calendar day. He felt we may have to go back to the Definitions on page 6, point 10 which says calendar days. You can't grant a 24-hour window that spans two calendar days without defining a two-calendar day grant. Mr. Ribuffo suggested deleting the definition of days or saying something else. Commissioner Pawlowski suggested inserting "*for the application purpose a 24-hour window is granted on the time period of that application calendar day*" so if it starts at 08:00 you can grant 24-hours back to 08:00 the previous day; define the day as a specified time period to start or end within a calendar day. Ms. Beckham said its twelve hours from the time they tie up and the second block starts at the end of that twelve hours. Commissioner Kroon said you mentioned that there may be some deviations to that with your conversations afterward. Mr. Ribuffo suggested deleting the "day" reference and say a day is based on a 24 hour period that starts when the first line is tied off or something like that. Commissioner Thompson said the clarification needs to be in the Tariff. Commissioner Kesler said on Page 29, under BERTHING POLICY, items (c) and (d) where it says "a minimum of four days prior to". Mr. Ribuffo suggested deleting all references to days and go to hours. Commissioner Pawlowski said he was comfortable with that. Commissioner Kesler agreed. Commissioner Kroon asked if 96 hours was acceptable to the users. Mr. Rueter said you're working on amendments to Part 1, are there items in Section 2 this will affect. Mr. Ribuffo said only on the dockage. But, to Ms. Beckham's point, the twelve hours starts when the first line goes on and it's a twelve hour period or a 24 hour period, not a half-day or a day. Ms. Beckham said the specifics is if you're over twelve hours, how many minutes over a twelve hour period is your grace period. After 20 minutes you get charged for 20 minutes. Mr. Ribuffo said we can delete the definition of days entirely but, anywhere else we talk about days as a definition of a time block, we have to focus strictly on the hours associated with it. Commissioner Pawlowski said a quick word search showed it doesn't define days anywhere else except at this point in Section 1.

Mr. Rueter said his only other question was about demurrage on land use.

Ms. Beckham said if we're going to move to hours for docking we should do so on everything. Mr. Ribuffo said that's going to take a bit more effort but we will certainly clean that up. He said he thought the only thing hours-related that people will be talking about is the 96 hours warning that we're asking you to give us. Some are going to argue that's not enough time, others that it might be too much time. He said that would be left to another conversation since it doesn't impact the content in the Tariff but goes to more clearly define the way the process will be executed.

Mr. Ribuffo said the last item is paragraph (f) regarding coming in without a berthing application, which we've already discussed. Commissioner Pawlowski said in that paragraph he did not understand what the words "in either case" in the last sentence meant. Was it defining whether they have privileges or priority. Mr. Ribuffo said that wording can certainly come out and it can just say "The operator or agent shall complete a berthing application".

Mr. Jager said it is in the Tariff that we require a minimum of four days notification prior to a vessel's scheduled arrival and where it currently it says "four days", he thought it should be changed to hours.

- Mr. Reuter said he had a question about the deleted paragraph (c) regarding prepaid dockage. Mr. Ribuffo said the note at the bottom of page 30 was added to capture what he would like to be the new sentiment.

Commissioner Pawlowski said he had read the note multiple times and was still coming up with the question “if not then, what”. If the agents and the operators can’t come to reasonable accommodation, then what. Mr. Ribuffo said they come to the Port. After some discussion it was decided then note should include the wording “The final decision shall be subject to the Port Director’s discretion.” Mr. Ribuffo asked the Commission if they were comfortable with that wording. There was no disagreement.

Mr. Ribuffo said the staff has some homework to do to clean up the days/hours part of the Tariff, some of which may be subject to what comes out of the sidebar conversations. Ms. Beckham said she thought everything should be changed to hours. Mr. Jager agreed but said in the sidebar meeting we’re going to discuss what the notice period has to be.

Mr. Ribuffo said item 6, (d) should read “Prepaid dockage fee will be non-refundable unless a written cancellation is received by the Port a minimum of 96 hours prior to schedule vessel arrival.” if required. If it’s not required, it’s moot. Ms. Beckham asked if there was language that the Port determines the credit worthiness of the shipper. Mr. Ribuffo said that language was still there.

Commissioner Kroon asked how the electronic signature works and was it working now. Mr. Jager said it is active but it hasn’t been working long enough to determine if we have an issue yet. Mr. Ribuffo said the submitter will get a reply from the system that will include a reservation code and a stamp showing the date and time the application was received. Mr. Jager said in the submission form there will be a box to check to agree to pay the fees.

Commissioner Kroon asked if someone has a barge coming three days from now, when they apply they’re automatically paying if that barge doesn’t show up or can they change the date and duration. Mr. Ribuffo said they would submit a change to the berthing application. Mr. Jager said an application has to be done 96 hours in advance so if it’s done only three days in advance they’re committing to pay under the rule as it is now. Mr. Ribuffo said it would fall to the Port Director to make that decision regardless of what the computer prints out. Mr. Jager said in going to the automated form the rules are automatically followed. That’s why we’re discussing this; if we’re going to have a rule that’s got to be followed, let’s make sure everyone is in agreement to it.

Commissioner Pawlowski said he liked the electronic application and a specified hour period based on the arrival because it eliminates the personal contact after hours. Mr. Jager said it also eliminates problems if Mr. Greydanus is on vacation for two weeks and not checking e-mail.

Mr. Ribuffo said when we move to the cloud-based automated system if anybody makes a change to their berthing times, the system automatically updates everybody on the change made. If you’re looking for windows of opportunity, you’ll find out one is there sooner than if you had to wait for someone to call.

Commissioner Pawlowski asked if there was anything associated with visually seeing the schedule and Port security. Mr. Ribuffo said the berthing schedule will be published online but you have to be an authorized user to see it. Mr. Jager said authorized users will have a secure user name and a randomly created password.

Commissioner Thompson asked if there was anything in the Tariff revisions to prevent you from discussing operational issues, such as berthing and scheduling. Mr. Ribuffo said no. It's always been a small group of people who had interest in the topic and nothing is preventing those dialogs from continuing to happen. Again, this is an opportunity for everybody to have real-time, transparent access to what's happening so that if the staff is not available it doesn't stop the process from happening.

Commissioner Thompson said that was his point, we want to be sure to give users the flexibility to work out something mutually agreeable. Mr. Jager said he fully expects there will be other entities that may have a legitimate business interest in having access to the schedule, truckers or dock workers may want to know what ships are coming in so they can make plans. If it's a legitimate reason we're probably going to give them access to review the schedule. Mr. Ribuffo said when we bring this new software online we'll make time in a Port Commission meeting to demonstrate it so you can see what it looks like and how it works.

Commissioner Kroon asked about the timeline. Mr. Ribuffo said that was dependent on how fast the Port gets permissions from the IT Director and Purchasing Director to buy it and use it. He said he would like to have it online so we wouldn't have to use the interim process for some period of time. Commissioner Kroon asked if the interim system would be adequate. Mr. Ribuffo said yes. Mr. Jager said the interim system is forcing us to have the conversation so we can answer these questions now before the final system comes on line. Commissioner Pawlowski said given the changes, there's nothing that prevents you from continuing the interim system. Mr. Ribuffo said that was correct.

Commissioner MacLeod asked if Mr. Ribuffo would clarify something for him. On Page 21, it refers to "Preferential User Agreements". He said he assumed if he gets a Preferential User Agreement, under item 2 (c) if he doesn't meet the quota or discount level the following year he would go back to a regular rate. Mr. Ribuffo said current year dockage and wharfage rates are based on the tonnage you brought in during the previous year. In 2017 their rate was based on the tonnage they brought in in 2016. This gives everybody budgetary flexibility; as we're budgeting for our next fiscal year we will know what the expected revenue will be from the two biggest users so we have some certainty in our process. And it gives the users the chance to do the same when it comes to their accounts payable for the coming year. Ms. Beckham sends them a letter telling them what their rate will be for the next year so there's no surprise to anyone.

Commissioner Kroon asked if Mr. Ribuffo had any additional comments.

Mr. Ribuffo said anyone who wants to talk with Mr. Greydanus and Mr. Jager about the details on this feel free to go ahead and do that now. Mr. Jager said we would move to the other conference room.

VII. Port Director's Comments

- Mr. Ribuffo said some of the Commissioners may remember Ed Leon who was the Port Finance Director some years back. Mr. Leon's wife Sharon passed away and her memorial service is this Saturday afternoon.
- Mr. Ribuffo said in the morning's Bradner's "Alaska Legislature Report" was an article about Andeavor purchasing the Kenai LNG plant. In the text of the article it said they did it "to support operations at its nearby fuels refinery" and they will be studying other options. He said he wondered how the LNG refinery was going to support operations at their Kenai refinery. Commissioner Kroon said they use a lot of LNG for the refining process. He said he knew there was some questionable access to supply, at least at

this time, so that would give them an opportunity to import if need be. It also gave them the opportunity to upgrade the facility and be ready if new finds come on line. Mr. Ribuffo said he saw fuel headers they didn't have to come to Anchorage, just put it in a pipe there and send it to the airport. Commissioner Kesler asked if there was a pipeline that ran from Kenai to Anchorage to the airport. Mr. Ribuffo said yes and there is a branch that comes to the Port. He said part of why they're bringing quite a bit of fuel into Anchorage is because the pipe's not big enough. Commissioner Kroon said he thought the supply question is still out there and the refinery is impacted by LNG.

- Modernization Project – Petroleum/Cement Terminal: Mr. Ribuffo said he was told the Municipality has a line on a bank that will loan the \$40 million we need to finish Phase 1 of the Petroleum/Cement Terminal project, which needs to be done so we can stay on schedule. If the State comes across with any money, the decision then is do we pay off what we have to fund ourselves or do we use that funding for the next phase of the project. The timing of getting funding from the Legislature is not going to keep us on schedule. We've got to get out in front of that and that also means that before the end of the year we'll be coming to the Commission with a rate change to be able to cover the added debt, which will probably be about \$4 million a year. Commissioner Kroon asked if that was with or without interest payment on the \$4 million. Mr. Ribuffo said it was principle and interest. But, to your point, we're going to take direction from the CFO. We're carrying \$40 million in debt already and are only paying interest on it because that's how they want us to deal with it. I would hate to be carrying \$80 million in debt and just paying the interest on it. I think we need to be a little more grown up in the way we deal with debt but I don't know if I'm going to get the room to make it happen that way. We've got to face the fact that we're doing this ourselves; sources of outside money are few and far between. There's a chance we could be able to reduce the cost of the Petroleum/Cement Terminal by \$4 million because we got a grant from FEMA in that amount but we haven't factored that in because we're waiting for the check. It's not a sure thing until we've got it in our hands.

We've also applied for an INFRAgrant for \$35 million. However, nobody's doing anything in Washington DC with the INFRAgrants that were authorized to be resubmitted at the beginning of last year. Commissioner Kroon asked the total of the grants available. Mr. Ribuffo said the Port will have to come to the table with a certain amount to even be competitive, traditionally 25% of the request. But with the number of people submitting applications versus the amount of money available, the greater percentage you're willing to take on yourself, the more competitive you are so we went in at 50/50 using the \$128 million left from the Expansion Project, two State capitol budget grants and a GO bond. We will spend that to zero by the end of this year with a little bit toward the Petroleum/Cement Terminal but then the rest has to be borrowed. We've owed Alaska Basic stabilization of the shoreline for three years and that has to happen first. The transitional dredging added \$13 million that was unexpected and that we have to pay. That has to be done or we're going to have a dock you can't pull a ship up to. All that's got to happen before any in-water construction and all that is planned for this summer.

Commissioner Kroon asked if the contract had been awarded for the project. Mr. Ribuffo said yes, the Kiewit-Manson Joint Venture is doing the whole south end with COWI as the Designer of Record for the facility. The only thing that has changed in the design is the corrosion solution. The plan was for 48" wide, 1" thick steel piles filled with steel-reinforced concrete; the piles would corrode leaving the concrete in place. There's been so much conversation about the opportunities for failure once the

environment gets to the concrete that we've changed to a suppressed current cathodic protection system with an exterior coating on the piling. He said he was not a fan of that because we have a suppressed current cathodic protection on the dock now that doesn't work. However that was an after-the-fact add-on and when you integrate the circuitry into the design, it's not exposed to the elements so the probability of its keeping its integrity is much improved. Also, you don't have to be too worried about the quality of the steel-reinforced concrete in the piling or how many piling have to have it so there's a cost savings offset.

VIII. Informational Items

- A. Deputy Director - Sharen Walsh
- B. Operations – Stuart Greydanus
- C. Finance Director - Cheryl Beckham
 - Ms. Beckham noted that Karen Schaf joined the staff last month as the new Receptionist and Accounts Payable Clerk.
 - The Port's 2017 audit is supposed to start the 26th of February but will probably be delayed due to the fact that the processes have changed this year due to SAP. Also, AWWU and ML&P were always on separate accounting systems so MOA didn't have to wait for them. But now we're all together and everybody has to be ready at the same time. Central Finance is closing MOA, ML&P and AWWU, so it's really a huge collaborative effort and a lot of work. Hopefully by the next time we meet the audit will be under way.
- D. Modernization Project Update - Todd Cowles
- E. Director of External Affairs – Jim Jager
 - Mr. Ribuffo said tomorrow afternoon he and Mr. Jager will meet with the Mayor, Municipal Manager and the Chief of Staff to begin creating a plan to deal with Juneau and the Legislature this year now that the Governor has put the Port of Alaska in his infrastructure plan. Our first planning meeting is tomorrow afternoon.

Commissioner MacLeod said that as a follow up to that, the Chamber is having a meeting on Friday and the Port is one of its top agenda items. Their Legislative Affairs group going to Juneau to lobby on the 21st. Mr. Ribuffo said he had sent them some Modernization Project and Port-related information they requested. He said a representative from the Alaska Federation of Natives told him they had put the Port in their conversations in Juneau as well. So the Legislature will be hearing about the Port from some other venues. He said he received a call from John Springsteen of AIDEA last week. Mr. Springsteen will be meeting with Mr. Ribuffo, the City Finance group and the Municipal Manager next week because in his conversations with the Legislators they told him to get involved in figuring out how to finance this project. The last time we talked to AIDEA they didn't think we were going to fit well in their portfolio but that was before they got direction from the Legislature.
 - Mr. Ribuffo said he had passed out draft copies of a Resolution associated with today's discussion written at a level that it doesn't address the details. This is step one in putting together the Assembly Memorandum and Resolution along with the document with all the changes highlighted that goes to the Assembly for approval. It's a public hearing item so it will be two weeks from the date of submittal before it's introduced and he would let the group know the date because it's always good if Commissioner members attend up and speak on behalf of an item.

Commissioner Pawlowski said his only reservation was approving something he hadn't read but he had seen the drafts so didn't have a problem. Commissioner Kroon asked if the Commission could approve something with the caveat of review later. Commissioner Kesler said no and that she would be very reluctant to approve until she saw the final document. Commissioner Thompson said that would be his position as well. Something may come out of the sidebar meeting that might materially alter what we have here and what we've talked about. He asked if this required that the Commission come back for an in-person vote. Commissioner Kesler said the Commission is a public body and so she thought the group would have to return. But, as long as there's a place for the public to convene and we have some reasonable representation, part of the group could teleconference. Because she is sensitive to the urgency of the issue, Commissioner Kesler's recommendation would be that the staff circulate the proposed final version by email and we schedule a special meeting. Mr. Ribuffo said let's leave the timeline fluid because he didn't know how long it would take to get it together. He said he would contact the Commission when the best timeline to go forward was decided on.

IX. Old Business

There was none.

X. New Business

There was none.

X. Commissioners Around the Horn

There were no comments from the group.

Commissioner Kroon asked about the date for the next meeting. Mr. Ribuffo said he would let the group know the earliest the Port had something ready.

XI. Next Meeting:

There was nothing scheduled.

XII. Meeting Adjourned at 2:05 pm