



City of Valdez

212 Chenega Ave.
Valdez, AK 99686

Meeting Agenda - Final

City Council

Wednesday, July 5, 2017

7:00 PM

Council Chambers

Regular Meeting - Moved from 7/4 Due to Holiday

REGULAR AGENDA - 7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

IV. APPROVAL OF MINUTES

1. [Regular Meeting Minutes of June 6, 2017](#)

V. PUBLIC BUSINESS FROM THE FLOOR

VI. UNFINISHED BUSINESS

1. [Approval to Accept Offer of Sale of a 14.96 Acre Parcel of Land Described as Lot 2, Sleepy Hollow, Addition #5 \(Gavora Property\) in the Amount of 1 Million Dollars. Postponed from the Regular Meeting of June 20, 2017.](#)
2. [Approval of Contract Award to Harris Sand & Gravel for the Lowe River Slope Improvements Project in the Amount of \\$51,200. Postponed from the Regular Meeting on June 20, 2017.](#)

VII. NEW BUSINESS

1. [Appointment to Valdez Museum and Historical Archive Board of Directors](#)
2. [Approval of Renewal of License for Alaskan Greenery, Standard Marijuana Cultivation Facility](#)
3. [Approval of Request to Waive Landfill Fees for Totem Inn Demolition in the Amount of \\$33,500](#)
4. [Approval of Renewal of Retail Marijuana Establishment License - Herbal Outfitters, LLC, License #10173](#)

5. [Approval of Professional Services Agreement with Kimley - Horn and Associates, Inc. for Community Engagement, Development of Comprehensive Plan, and Marketing and Branding Program in the Amount of \\$950,000](#)
6. [Approval of Contract Award to Harris Sand & Gravel, Inc. for the Valdez Container Terminal North Laydown Yard Improvements Project in the Amount of \\$99,550.00](#)
7. [Approval of Standard Marijuana Cultivation Facility License - DKW Farms, LLC, License #11234](#)

VIII. ORDINANCES

1. [#17-05 - Amending Chapter 3.20 Enhanced 911 Services . First Reading. Public Hearing. \(Reconsideration Requested by Mayor Knight and Council Member Smith\)](#)
2. [#17-06 - Amending Title 9, Chapter 9.04 and Chapter 9.08 of the Valdez Municipal Code Regarding Public Peace and Welfare. Second Reading. Adoption.](#)
3. [#17-07 - Amending Title 1, Chapter 1.08 of the Valdez Municipal Code by Amending Section 1.08.010 titled General Penalty - Continuing Violations. Second Reading. Adoption.](#)

IX. RESOLUTIONS

1. [#17-26 - Authorizing a Tideland Lease with Valdez Fisheries Development Association for Approximately 3.5 Acres of ATS 564 and Parcel A, ATS 564](#)
2. [#17- 27 Authorizing a Tideland Lease with Valdez Terminal, LLC for Approximately 4 Acres of ATS 564](#)
3. [#17-28 - Authorizing the Execution of a Cooperative Participation Agreement Among Alaska Municipalities and School Districts Creating the Alaska Municipal League Joint Insurance Arrangement](#)

X. REPORTS

XI. CITY MANAGER / CITY CLERK / CITY ATTORNEY / MAYOR REPORTS

1. City Manager Report
2. City Clerk Report
3. City Attorney Report
4. City Mayor Report

XII. COUNCIL BUSINESS FROM THE FLOOR

XIII. ADJOURNMENT

XIV. APPENDIX

1. [Council Calendars - July & August 2017](#)
2. [Ferry System July 13th Community Open House Flier](#)



Agenda Statement

File #: 17-0354 **Version:** 1

Type: Minutes **Status:** Agenda Ready

File created: 6/13/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Regular Meeting Minutes of June 6, 2017

Sponsors:

Indexes:

Code sections:

Attachments: [DRAFT 060617 City Council Regular Meeting Minutes](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Regular Meeting Minutes of June 6, 2017

SUBMITTED BY: Allie Ferko, CMC, Deputy City Clerk

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A

RECOMMENDATION:

Receive and file.

SUMMARY STATEMENT:

Draft City Council regular meeting minutes of June 6, 2017 are attached for Council review.



Agenda Statement

File #: 17-0290 **Version:** 1

Type: Unfinished Business **Status:** Agenda Ready

File created: 5/31/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Approval to Accept Offer of Sale of a 14.96 Acre Parcel of Land Described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the Amount of 1 Million Dollars. Postponed from the Regular Meeting of June 20, 2017.

Sponsors:

Indexes:

Code sections:

Attachments: [318-2001-2001-1.pdf](#)
[NearHospitalOption.pdf](#)
[Potential_Acres.pdf](#)

Date	Ver.	Action By	Action	Result
6/20/2017	1	City Council		
6/6/2017	1	City Council		

ITEM TITLE:

Approval to Accept Offer of Sale of a 14.96 Acre Parcel of Land Described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the Amount of 1 Million Dollars. Postponed from the Regular Meeting of June 20, 2017.

SUBMITTED BY: Elke Doom, City Manager

FISCAL NOTES:

Expenditure Required: Click here to enter text.
Unencumbered Balance: Click here to enter text.
Funding Source: Click here to enter text.

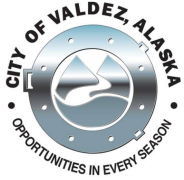
RECOMMENDATION:

None.

SUMMARY STATEMENT:

The City Council provided direction to the city manager to contact the property owner Mr. Rudy Gavora, to negotiate the sale price of 14.96 acres, described as Lot 2, Sleepy Hollow, Addition #5, commonly referred to as the Gavora property. The original list price for this property was 1.3 million dollars. Mr. Gavora has offered to sell this property to the City for 1 million dollars and remains firm on this price.

If the City Council accepts the offer made by Mr. Gavora, administration will move forward with the process to purchase the property.



Agenda Statement

File #: 17-0291 **Version:** 1

Type: Unfinished Business **Status:** Agenda Ready

File created: 6/1/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Approval of Contract Award to Harris Sand & Gravel for the Lowe River Slope Improvements Project in the Amount of \$51,200. Postponed from the Regular Meeting on June 20, 2017.

Sponsors:

Indexes:

Code sections:

Attachments: [Lowe River Slope Improvements - Bid Summary.pdf](#)
[Lowe River Slope Improvements Plans 05032017](#)
[Lowe River slope improvements aerial photos](#)

Date	Ver.	Action By	Action	Result
6/20/2017	1	City Council		
6/6/2017	1	City Council		

ITEM TITLE:

Approval of Contract Award to Harris Sand & Gravel for the Lowe River Slope Improvements Project in the Amount of \$51,200. Postponed from the Regular Meeting on June 20, 2017.

SUBMITTED BY: Scott Benda, Capital Facilities Project Manager II

FISCAL NOTES:

Expenditure Required: \$51,200
Unencumbered Balance: \$1,441,383
Funding Source: 310-8060-58000

RECOMMENDATION:

Mayor Knight will provide an update from the Flood Task Force Meeting on June 27, 2017.

SUMMARY STATEMENT:

Project Description: Provide and install 400 CY of class III riprap to groin 4 in Alpine Woods. This project will reinforce a section of an existing dike that was installed last summer under an emergency declaration to divert high water from the Lowe River from entering into the lower end of Alpine Woods subdivision. The dike is vulnerable to erosion if additional riprap is not put in place.

Construction Schedule: The work will be completed with 30 days

Liquidated Damages: \$1000 per day

Bidding: Length of bid period was 15 days. One bid was received.

Engineer's Estimate: \$50,000

Design Review Stakeholders: Capital Facilities, Pubic Works, ComDev, DOWL Engineering



Agenda Statement

File #: 17-0347 **Version:** 1

Type: New Business **Status:** Agenda Ready

File created: 6/27/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Appointment to Valdez Museum and Historical Archive Board of Directors

Sponsors:

Indexes:

Code sections:

Attachments: [Bryan Vincent - VMHA Application June 2017](#)
[Andrew Poteet - VMHA Application June 2017](#)
[Martha Barberio - VMHA Application June 2017](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Appointment to Valdez Museum and Historical Archive Board of Directors

SUBMITTED BY: Allie Ferko, CMC, Deputy City Clerk

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A

RECOMMENDATION:

Appoint one applicant to the Valdez Museum and Historical Archive Board of Directors for a term of one year and six months, expiring January 2019.

SUMMARY STATEMENT:

One vacancy currently exists on the Valdez Museum and Historical Archive Board of Directors due to resignation.

The City Clerks Office advertised the vacancy and received three applications:

1. Bryan Vincent
2. Andrew Poteet
3. Martha Barberio



Agenda Statement

File #: 17-0348 **Version:** 1

Type: New Business **Status:** Agenda Ready

File created: 6/30/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Approval of Renewal of License for Alaskan Greenery, Standard Marijuana Cultivation Facility

Sponsors:

Indexes:

Code sections:

Attachments: [10043 Renewal LG Notice.pdf](#)
[10043 MJ-20 Renewal Application Certifications.pdf](#)
[10043 Online Renewal App_Redacted.pdf](#)
[10043 Business license for Renewal.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Approval of Renewal of License for Alaskan Greenery, Standard Marijuana Cultivation Facility

SUBMITTED BY: Sheri Pierce, MMC, City Clerk

FISCAL NOTES:

Expenditure Required: [Click here to enter text.](#)

Unencumbered Balance: [Click here to enter text.](#)

Funding Source: [Click here to enter text.](#)

RECOMMENDATION:

Express no objection to renewal of license for Alaskan Greenery.

SUMMARY STATEMENT:

The City has received notification of an application of renewal of license for Alaskan Greenery, Standard Marijuana Cultivation Facility. The City has 60 days to file a protest to the renewal which is not considered arbitrary, capricious or unreasonable. Chief Hinkle has expressed no objection to the renewal of this license based on recent inspections of this facility for compliance with regulations.



Agenda Statement

File #: 17-0349 **Version:** 1

Type: New Business **Status:** Agenda Ready

File created: 6/23/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Approval of Request to Waive Landfill Fees for Totem Inn Demolition in the Amount of \$33,500

Sponsors:

Indexes:

Code sections:

Attachments: [Letter of Request for Waiver of Landfill Fees Totem Inn.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Approval to Waive Landfill Fees for Totem Inn Inc. in the Amount of \$33,500

SUBMITTED BY: Sheri Pierce, City Clerk

FISCAL NOTES:

Expenditure Required: NA
Unencumbered Balance: NA
Funding Source: NA

RECOMMENDATION:

None.

SUMMARY STATEMENT:

The Totem Inn has provided a formal letter of request to the city council for a waiver of landfill fees for the removal of debris generated by the demolition of the existing Totem Inn building located at 144 E. Egan Drive. The estimated amount of construction debris is 3,300 cubic yards and 675 tons of concrete foundation. Mr. Williams has requested the waiver as a gesture of economic incentive by the City toward the development of a new hotel on the site. Mr. William's letter is attached.

Rob Comstock, Public Works Director, has estimated the fees to be \$33,000.00 (3,300 X \$10.00 per yard). There would be no charge for the 675 tons of concrete.

Mr. Williams has requested that \$500.00 previously invoiced by the city be waived, bringing the total

request for waiver to \$33,500.



Agenda Statement

File #: 17-0350 **Version:** 1

Type: New Business **Status:** Agenda Ready

File created: 6/23/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Approval of Renewal of Retail Marijuana Establishment License - Herbal Outfitters, LLC, License #10173

Sponsors:

Indexes:

Code sections:

Attachments: [10173 Renewal LG Notice.pdf](#)
[10173 MJ-20 Renewal Certification.pdf](#)
[10173 Entity Docs.pdf](#)
[10173 Online Application_Redacted.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Approval of Renewal of Retail Marijuana Establishment License - Herbal Outfitters, LLC, License #10173

SUBMITTED BY: Sheri Pierce, MMC, City Clerk

FISCAL NOTES:

Expenditure Required: Click here to enter text.

Unencumbered Balance: Click here to enter text.

Funding Source: Click here to enter text.

RECOMMENDATION:

Express no objection to renewal of retail marijuana establishment license for Herbal Outfitters, LLC.

SUMMARY STATEMENT:

The city has been notified by the Alcohol and Marijuana Control Office of the renewal application for Herbal Outfitters, LLC, Retail Marijuana Store. Bart Hinkle, Police Chief, has expressed no objection to the renewal of this license.



Agenda Statement

File #: 17-0351 **Version:** 1

Type: New Business **Status:** Agenda Ready

File created: 6/27/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Approval of Professional Services Agreement with Kimley - Horn and Associates, Inc. for Community Engagement, Development of Comprehensive Plan, and Marketing and Branding Program in the Amount of \$950,000

Sponsors:

Indexes:

Code sections:

Attachments: [KHA - Valdez Scope of Work June 22 2017.pdf](#)
[Kimley-Horn and Associates Professional Services Agreement.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Approval of Professional Services Agreement with Kimley - Horn and Associates, Inc. for Community Engagement, Development of Comprehensive Plan, and Marketing and Branding Program in the Amount of \$950,000

SUBMITTED BY: Elke Doom, City Manager

FISCAL NOTES:

Expenditure Required: \$950,000.00

Unencumbered Balance: \$818,314.00

Funding Source: 350-5520-55000 (101- Master Planning Comprehensive)

RECOMMENDATION:

[Click here to enter text.](#)

SUMMARY STATEMENT:

Following the work session on June 8th the City Council provided direction to Kimley-Horn to provide a revised scope of work and a detailed summary of the task, budgets and deliverables for each component of their work effort as discussed. The scope of work is included as "Appendix A" in the contract. Summary of fees for each task are as follows:

Task 1: Valdez Community Engagement \$350,000

Task 2: Comprehensive Plan Update	\$380,000
Task 3: Branding and Marketing Program	\$220,000
Total	\$950,000

Currently the amount remaining in account #350-5520-55000 for Master Planning is \$774,314.00. If approved by council, additional funds in the amount of \$131,686 will need to be allocated to fully fund this contract.



Agenda Statement

File #: 17-0352 **Version:** 1

Type: New Business **Status:** Agenda Ready

File created: 6/30/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Approval of Contract Award to Harris Sand & Gravel, Inc. for the Valdez Container Terminal North Laydown Yard Improvements Project in the Amount of \$99,550.00

Sponsors:

Indexes:

Code sections:

Attachments: [VCT North Laydown Yard Improvements - Bid Summary.pdf](#)
[VCT North Laydown Area Contract.pdf](#)
[Drawings - VCT North Area Re-Grading.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Approval of Contract Award to Harris Sand & Gravel, Inc. for the Valdez Container Terminal North Laydown Yard Improvements Project in the Amount of \$99,550.00

SUBMITTED BY: Dean Day, Capital Facilities Director

FISCAL NOTES:

Expenditure Required: \$99,550.00

Unencumbered Balance: \$169,663.40

Funding Source: Major Maintenance Account 350-0310-55000, Activity #1711

RECOMMENDATION:

Approve a construction contract to Harris Sand & Gravel, Inc. in the amount of \$99,550.00 for the Valdez Container Terminal North Laydown Yard Improvements Project.

SUMMARY STATEMENT:

Project Description:

The Valdez Container Terminal, Alaska Marine Lines, and Samson Tug & Barge are preparing for the possibility of a record year in regards to the export of fish freight. Projections from analysts employed by carrier companies servicing the Port of Valdez indicated the need to stage approximately 1,000 reefer containers. This is in addition to freight regularly moving through the yard. At the north end of the yard there are approximately two undeveloped acres, which are not suitable for container storage

due to drainage, compacting and leveling issues. The Valdez Container Terminal North Laydown Yard Improvements Project serves to correct these issues and provide the space required for the current level of operations.

Scope of work includes clearing and grubbing of approximately 2 acres of land, removal of existing material, grading, installing, and compacting Type 2 gravel to the grades as specified in the contract.

Construction Schedule:

Start Date: Notice to proceed issued after Council approval

Completion Date: 30 days from the notice to proceed

Bidding: Length of bid period was 14 days. Two companies submitted bids for the project:

Harris Sand & Gravel, Inc. \$ 99,550.00

Summit Enterprises \$156,300.00

Engineer's Estimate was under \$ 100,000.

Project Review Stakeholders:

Dean Day, Capital Facilities Director and Project Manager

Ryan Sontag, North Star Terminal & Stevedore Co.

Curt Wilson, Alaska Marine Lines

Ports & Harbor Staff



Agenda Statement

File #: 17-0353 **Version:** 1

Type: New Business **Status:** Agenda Ready

File created: 6/30/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Approval of Standard Marijuana Cultivation Facility License - DKW Farms, LLC, License #11234

Sponsors:

Indexes:

Code sections:

Attachments: [DKW Farms License Application.pdf](#)
[DKW Farms Notification of License Application.pdf](#)
[DKW Farms LLC Initial Inspection 5 25 17.pdf](#)
[DKW Farms LLC 2nd Inspection 6 20 17.pdf](#)
[Email from State of Alaska Marijuana Control Board re DKW Farms.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Approval of Standard Marijuana Cultivation Facility License - DKW Farms, LLC, License #11234

SUBMITTED BY: Sheri Pierce, MMC, City Clerk

FISCAL NOTES:

Expenditure Required: Click here to enter text.

Unencumbered Balance: Click here to enter text.

Funding Source: Click here to enter text.

RECOMMENDATION:

None.

SUMMARY STATEMENT:

The City has received notification from the State of Alaska Marijuana Control Board of the approval of an application from DKW Farms, LLC. to operate a standard marijuana cultivation facility located at 4271 Richardson Hwy, Valdez, Alaska. The City of Valdez has 60 days to file a protest to the issuance of the license. The deadline to file is July 15.

The city was notified of this application on May 1st and the City Clerk submitted the application to the Community Development Department and the Valdez Police and Fire Departments for their recommendation. The Community Development Department has no objection due to the fact that the

location of the facility is in compliance with the local zoning ordinance.

Police Chief Hinkle and Fire Chief Raynor conducted an inspection of the facility on May 24th. At that time, the facility was not compliant with the regulations necessary to operate (see memo from Chief Hinkle attached). Since this is the first time the Local Regulatory Board (city council) has been asked to approve a license application which was and is not compliant at the time of inspection by the police department, I emailed the State of Alaska with questions regarding the process. The marijuana control board representative answered that the city has the option of protesting the license under the condition that Mr. Dunning obtain all of the local building permits required, or pass local inspection. Or, the local regulatory board can choose to not file a protest, and rely on the State to send an inspector to the facility prior to issuing a license to operate.

On June 20th, Chief Hinkle conducted another inspection and Mr. Dunning had the required surveillance cameras installed and operational. The required ventilation system was not operational. Mr. Dunning stated he is continuing to work on this system. (see report from Chief Hinkle dated June 30th as attached).

I have attached the email correspondence with the State of Alaska for your review. The council has the option of approving the license with no protest, or protest with the stipulation that the protest is rescinded upon the applicant meeting all of the requirements to operate the facility. Mr. Dunning will be present to answer any questions regarding his facility.



Agenda Statement

File #: ORD 17-0005 **Version:** 1
Type: Ordinance **Status:** Agenda Ready
File created: 6/12/2017 **In control:** City Council
On agenda: 7/5/2017 **Final action:**
Title: #17-05 - Amending Chapter 3.20 Enhanced 911 Services . First Reading. Public Hearing.
(Reconsideration Requested by Mayor Knight and Council Member Smith)
Sponsors: City Council
Indexes:
Code sections:
Attachments: [Estimated non-Personnel 911 costs.pdf](#)
[911 Surcharge Ordinance.pdf](#)

Date	Ver.	Action By	Action	Result
6/20/2017	1	City Council		

ITEM TITLE:

#17-05 - AMENDING CHAPTER 3.20 ENHANCED 911 SERVICES OF THE VALDEZ MUNICIPAL CODE (Reconsideration Requested by Mayor Knight and Council Member Smith)

SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: Click here to enter text.

Funding Source: Click here to enter text.

RECOMMENDATION:

Approve first reading of Ordinance 17-05, amending Chapter 3.20 of the municipal code, by establishing a \$2 monthly 911 surcharge for all wireless and wireline telephone accounts.

SUMMARY:

- The City currently receives less than \$20,000 annually from the telephone surcharge, which is currently \$.75 per month for land-lines ("wirelines") only (unchanged since 2005).
- Annual costs for status-quo service infrastructure, excluding personnel, are \$95,000 (see attachment). The imbalance is funded with general revenues.

- City Administration is proposing an increase in the surcharge to the maximum amount permitted (\$2 per month) for all wireline and wireless accounts. Surcharge revenues, estimated at \$80,000 to \$100,000, would be isolated in a dedicated reserve account.
- Staff is preparing for future service enhancements compliant with FCC standards, as well as improvements that fall outside FCC regulations, which will entail increased operational costs.

BACKGROUND AND ANALYSIS:

The City's 911 services are primarily funded by general revenues, though there is approximately \$19,000 received annually from the existing 911 surcharge. The cost of maintaining services includes not only personnel costs and training, but also annual software and licensing contracts and annual reserve funding of eventual hardware replacement.

The current surcharge is \$.75 per month, applicable only to wireline service. This surcharge has been unchanged since 2005. Using BLS-Anchorage inflation calculations, the equivalent inflation-adjusted fee in 2017 is \$.95.

The single largest non-personnel cost of 911 services is the radio dispatch console. As with all major equipment purchases, the eventual replacement of this hardware is funded annually via reserve, based on inflation-adjusted replacement cost and useful life. This replacement is fully-funded (\$400,000) as of 2016. A twelve-year estimated useful life at 2% annual inflation necessitates annual funding of \$42,275.

911 Services include additional costs for dispatch and CAD servers, which have a three-year estimated useful life, and annual software licensing and support. Staff also recommends Phase I service enhancements, which entail additional one-time setup costs and ongoing annual costs. Annual reserve-funding requirements for all non-personnel costs are illustrated in the attached ***Estimated non-Personnel 911 Costs***.

FCC Phase I standards includes caller-ID functionality, and limited locating ability. Staff estimates the cost of Phase I compliance to be \$20,000 first-year setup costs, plus \$20,000 annually. Staff is also considering additional functionality, including FCC Phase II standards (i.e. precise caller coordinates), and features that fall outside FCC compliance standards (i.e. text-to-911).

Staff will be able to improve and refine revenue estimates after full implementation of the \$2 monthly surcharge, if approved. Staff will provide follow-up analysis to Council during preparation of subsequent years' operating budget requests, and will strive to match the surcharge to anticipated costs. However, note that initial cost estimates exceed revenue estimates without inclusion of personnel costs. Therefore, the General Fund will continue to subsidize 911 services for the foreseeable future.

Police Chief Hinkle will be present to field Council questions.

ATTACHMENTS:

Estimated non-Personnel 911 Costs



Agenda Statement

File #: ORD 17-0006 **Version:** 1
Type: Ordinance **Status:** Second Reading
File created: 6/15/2017 **In control:** City Council
On agenda: 7/5/2017 **Final action:**
Title: #17-06 - Amending Title 9, Chapter 9.04 and Chapter 9.08 of the Valdez Municipal Code Regarding Public Peace and Welfare. Second Reading. Adoption.
Sponsors:
Indexes:
Code sections:
Attachments: [17-06 - Amending Title 9 Chapter 9 04 9 08 and 9 12 Regarding Public Peace and Welfare 2017-05-](#)

Date	Ver.	Action By	Action	Result
6/20/2017	1	City Council		

ITEM TITLE:

#17-06 - Amending Title 9, Chapter 9.04 and Chapter 9.08 of the Valdez Municipal Code Regarding Public Peace and Welfare. Second Reading. Adoption.

SUBMITTED BY: Sheri L. Pierce, MMC

FISCAL NOTES:

Expenditure Required: [Click here to enter text.](#)

Unencumbered Balance: [Click here to enter text.](#)

Funding Source: [Click here to enter text.](#)

RECOMMENDATION:

Approve Ordinance No. 17-06.

SUMMARY STATEMENT:

Following amendments made to Title 9 of the municipal code which was adopted by the City Council on March 21st it has become necessary to establish a fine schedule in title 9 for the purpose of compliance with the implementation of the Uniform Minor Offense Table (UMOT) and to establish a mandatory court appearance for Section 9.12.040 (Vagrancy). This ordinance will adopt the fine schedule as required by the State of Alaska.



Agenda Statement

File #: ORD 17-0007 **Version:** 1
Type: Ordinance **Status:** Second Reading
File created: 6/15/2017 **In control:** City Council
On agenda: 7/5/2017 **Final action:**
Title: #17-07 - Amending Title 1, Chapter 1.08 of the Valdez Municipal Code by Amending Section 1.08.010 titled General Penalty - Continuing Violations. Second Reading. Adoption.
Sponsors:
Indexes:
Code sections:
Attachments: [#17-07 - Amending Title 1 Chapter 1 08 Titled General Penalty 2017-05-05 D01.pdf](#)

Date	Ver.	Action By	Action	Result
6/20/2017	1	City Council		

ITEM TITLE:

#17-07 - Amending Title 1, Chapter 1.08 of the Valdez Municipal Code by Amending Section 1.08.010 titled General Penalty - Continuing Violations. Second Reading. Adoption.

SUBMITTED BY: Sheri Pierce, MMC, City Clerk and Jake Staser, City Attorney

FISCAL NOTES:

Expenditure Required: [Click here to enter text.](#)

Unencumbered Balance: [Click here to enter text.](#)

Funding Source: [Click here to enter text.](#)

RECOMMENDATION:

Adopt Ordinance #17-07.

SUMMARY STATEMENT:

Ordinance #17-07 amends Title 1, Chapter 1.08, for the purpose of compliance with Senate Bill 91 adopted by the Alaska Legislature thereby reducing the class of crimes for certain offenses, changing certain offenses from crimes to minor offenses, and placing the prosecutorial burden with municipalities.

In accordance with AS 29.25.070(a), citations for the offenses listed in the fine schedule adopted by this ordinance may be disposed of as provided in AS 12.25.195-.230, without a court appearance, upon payment of the fine amounts listed to the court within 30 days of the date of the citation, plus the state surcharge required by AS 12.55.039 and AS 29.25.074. The Rules of Minor Offense Procedure in the Alaska Rules of Court apply to all offenses listed. Citations charging these offenses

must meet the requirements of Minor Offense Rules. If a person charged with one of these offenses appears in court and is found guilty, the penalty imposed for the offense may not exceed the fine amount for that offense listed in the schedule. If an offense is not listed on this fine schedule or another fine schedule, the defendant must appear in court to answer to the charges. These fines may not be judicially reduced.



Agenda Statement

File #: RES 17-0026 **Version:** 1
Type: Resolution **Status:** Agenda Ready
File created: 6/27/2017 **In control:** City Council
On agenda: 7/5/2017 **Final action:**
Title: #17-26 - Authorizing a Tideland Lease with Valdez Fisheries Development Association for Approximately 3.5 Acres of ATS 564 and Parcel A, ATS 564
Sponsors:
Indexes:
Code sections:
Attachments: [VFDA Lease Resolution.pdf](#)
[VFDA Lease Application.pdf](#)
[VFDA and Lynden Lease Map.pdf](#)
[VFDA Land Lease Form.2015-08-19.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Approve Resolution #17-26 Authorizing a Tideland Lease with Valdez Fisheries Development Association for Approximately 3.5 Acres of ATS 564 and Parcel A, ATS 564

SUBMITTED BY: Lisa Von Bargaen, Director

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: N/A

Funding Source: N/A

RECOMMENDATION:

Approve Resolution #17-26 Authorizing a Tideland Lease with Valdez Fisheries Development Association for Approximately 3.5 Acres of ATS 564 and Parcel A, ATS 564.

SUMMARY STATEMENT:

In March of last year Valdez Fisheries Development Association submitted a request to lease approximately 3.5 acres of Alaska Tideland Survey 564. The purpose of the request is to gain additional tideland area in which to moor net pens. This lease request has taken so long to process for a number of reasons. First, Lynden, who owns upland property adjacent to this area has also requested a tideland lease. Second, it took some time to determine what lease area was needed by both parties. Third, VFDA also needs a small portion of area currently leased by Big State Logistics. Addressing that is going to happen as part of a separate transaction, but understanding what is

required to address that component was necessary. Fourth, it was discovered this land is zoned Conservation even though everything around it is zoned Light Industrial. Finally, there were some concerns raised by an adjacent property owner. Given all those issues, other workload and being short staffed, a perfect storm of delay surrounded this lease request. Finally we are moving forward.

VFDA has submitted a permit to the Corps of Engineers (COE) to excavate approximately 4,181 cubic yards of material to make the area deep enough for the net pens. The COE is ready to issue the permit, but they need confirmation VFDA has site control before they do that. In addition to the COE permit, VFDA will need to obtain a Flood Plain Development Permit.

Rezoning this property to Light Industrial is going to take some additional time. Staff had hoped to run everything concurrently but the rezone is going to lag behind action on the leases by a few weeks. Staff is conducting some due diligence regarding environmental concerns raised by an adjacent property owner. The lease will be contingent upon approval of a zoning change by the Commission and Council.

Pending the zoning change, this lease is in conformance with the Comprehensive Plan as follows:

Goal - Economic Development: Encourage the development of a broad-based economy in Valdez.

Objective - Develop a community plan, which accommodates resource related industrial development that meets the desires of community residents.

Objective - Encourage growth in tourism, fishing, and the fish processing industries.

Objective - Strive to maintain, restore, develop, or enhance the natural biological productivity of Port Valdez, and anadromous fish streams and lakes in the area.

Objective - Strive to create an atmosphere in the community that is conducive to commercial and industrial development.

Goal - Land Use: Provide a community land use pattern that is compatible with existing land use patterns in the community, which is physically safe, environmentally sensitive, and consistent with the provisions and requirements of the Valdez Coastal Management Program.

Objective - Provide for the adequate separation of incompatible land uses.

Objective - Prohibition of the location/construction of structures in hazardous or environmentally sensitive areas.

Objective - Provide development standards for lands that require special physical or environmental attention before they can be safely used or developed.

Objective - Reserve shoreline areas for water-dependent uses and activities; water-related uses and activities; and uses and activities, which are neither water-dependent or water-related or for which there is no feasible and prudent inland alternative to meet the need for the use or activity.

Goal - Industrial Land Use: Provide for industrial land uses so that they limit impacts on adjacent land uses and the environment, and yet have safe and convenient access to the major transportation facilities they require.

Valdez Fisheries has a number of other leases with the City of Valdez. Valdez Municipal Code provides that tideland leases may be up to 21 years initially with a maximum of six, five-year renewal

options. The City has married this lease term up with the lease terms with the others held by VFDA. So the initial term of the lease will be 19 years with six, five-year renewal options for a total lease term through 2066. The lease rental rate will be based on 10% of the appraised value. An appraisal will be conducted once the property has been surveyed. The lease area will need to be surveyed as the lease area crosses multiple properties. Once the appraised value is determined the initial lease rental rate will remain in place for the first five years of the lease. That value is amended every five years based on a new appraisal.

Both the Planning & Zoning (May 10th) and Ports & Harbor (May 15th) Commissions took action and approved recommendations to approve this lease. Council must approve this lease via resolution (attached). Once the lease is approved by resolution, the resolution must be posted for 30 days prior to the lease becoming effective. As a reminder, an ordinance changing the zoning from Conservation to Light Industrial must also be approved by the P&Z Commission and Council. This lease will not become effective until after that occurs. It will also take quite some time for the property to be surveyed, platted, recorded; and then the appraisal completed. The cost of the survey and appraisal are paid for by the prospective lessee.

VFDA plans to begin work on this project next year. The lease is being put in place now to allow for plenty of lead time on their project planning so site control is fully established.

A copy of the lease document is attached for Council reference.



Agenda Statement

File #: RES 17-0027 **Version:** 1

Type: Resolution **Status:** Agenda Ready

File created: 6/28/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: #17- 27 Authorizing a Tideland Lease with Valdez Terminal, LLC for Approximately 4 Acres of ATS 564

Sponsors:

Indexes:

Code sections:

Attachments: [Lynden Lease Resolution.pdf](#)
 [Lynden Lease Application.pdf](#)
 [VFDA and Lynden Lease Map.pdf](#)
 [Lynden Land Lease Form.2015-08-19.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

#17- 27 Authorizing a Tideland Lease with Valdez Terminal, LLC for Approximately 4 Acres of ATS 564

SUBMITTED BY: Lisa Von Bargaen

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A

RECOMMENDATION:

Approve Resolution #17-27 Authorizing a Tideland Lease with Valdez Terminal, LLC for Approximately 4 Acres of ATS 564

SUMMARY STATEMENT:

Like the VFDA lease, this lease request has taken so long to process for a number of reasons. First, VFDA, who has another adjacent lease in this area has also requested an additional tideland lease for moorage of net pens. Second, it took some time to determine what lease area was needed by both parties. Third, it was discovered this land is zoned Conservation even though everything around it is zoned Light Industrial. Finally, there were some concerns raised by an adjacent property owner. Given all those issues, other workload and being short staffed, a perfect storm of delay surrounded

this lease request. Finally we are moving forward.

Lynden has requested the area for yard expansion. Depending on what Lynden's full plans are there may be permitting required.

Rezoning this property to Light Industrial is going to take some additional time. Staff had hoped to run everything concurrently but the rezone is going to lag behind action on the leases by a number of weeks. Staff is conducting some due diligence regarding environmental concerns raised by an adjacent property owner. The lease will be contingent upon approval of a zoning change by the Commission and Council.

Pending the zoning change, this lease is in conformance with the Comprehensive Plan as follows:

Goal - Economic Development: Encourage the development of a broad-based economy in Valdez.

Objective - Strive to maintain, restore, develop, or enhance the natural biological productivity of Port Valdez, and anadromous fish streams and lakes in the area.

Objective - Strive to create an atmosphere in the community that is conducive to commercial and industrial development.

Goal - Land Use: Provide a community land use pattern that is compatible with existing land use patterns in the community, which is physically safe, environmentally sensitive, and consistent with the provisions and requirements of the Valdez Coastal Management Program.

Objective - Provide for the adequate separation of incompatible land uses.

Objective - Prohibition of the location/construction of structures in hazardous or environmentally sensitive areas.

Objective - Provide development standards for lands that require special physical or environmental attention before they can be safely used or developed.

Objective - Reserve shoreline areas for water-dependent uses and activities; water-related uses and activities; and uses and activities, which are neither water-dependent or water-related or for which there is no feasible and prudent inland alternative to meet the need for the use or activity.

Goal - Industrial Land Use: Provide for industrial land uses so that they limit impacts on adjacent land uses and the environment, and yet have safe and convenient access to the major transportation facilities they require.

However, there is one Objective to which this lease request may be in contradiction:

Objective - Encourage expanded use of the existing port facilities.

Tideland leases may be up to 21 years initially with a maximum of six, five-year renewal options. The lease rental rate will be based on 10% of the appraised value. An appraisal will be conducted once the property has been surveyed. The lease area will need to be surveyed to determine property boundaries and lease area. Once the appraised value is determined the initial lease rental rate will remain in place for the first five years of the lease. That value is amended every five years based on a new appraisal.

Both the Planning & Zoning (May 10th) and Ports & Harbor (May 15th) Commissions took action and approved recommendations to approve this lease. Council must approve this lease via resolution

(attached). Once the lease is approved by resolution, the resolution must be posted for 30 days prior to the lease becoming effective. As a reminder, an ordinance changing the zoning from Conservation to Light Industrial must also be approved by the P&Z Commission and Council. This lease will not become effective until after that occurs. It will also take quite some time for the property to be surveyed, platted, recorded; and then the appraisal completed. The cost of the survey and appraisal are paid for by the prospective lessee.

Lynden has no firm plans as to when yard expansion work will begin. The lease is being put in place now to allow for plenty of lead time on their project planning so site control is fully established.



Agenda Statement

File #: RES 17-0028 **Version:** 1
Type: Resolution **Status:** Agenda Ready
File created: 6/28/2017 **In control:** City Council
On agenda: 7/5/2017 **Final action:**
Title: #17-28 - Authorizing the Execution of a Cooperative Participation Agreement Among Alaska Municipalities and School Districts Creating the Alaska Municipal League Joint Insurance Arrangement
Sponsors: City Council
Indexes:
Code sections:
Attachments: [AMLJIA CPA Resolution and Agreement.pdf](#)
[CPA 2015 Final.pdf](#)
[Bylaws 2017_final.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

#17-28 - Authorizing the Execution of a Cooperative Participation Agreement Among Alaska municipalities and School Districts Creating the Alaska Municipal League Joint Insurance Arrangement.

SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: none

Unencumbered Balance: [Click here to enter text.](#)

Funding Source: [Click here to enter text.](#)

RECOMMENDATION:

Approve, conditional upon City Attorney review and approval

SUMMARY STATEMENT:

The attached resolution and ***Cooperative Participation Agreement*** ("CPA") formalize the City's participation in the Alaska Municipal League Insurance pool, pursuant to AS 21.76. This resolution and CPA was mistakenly omitted from the rest of the insurance documentation approved by Council on 6/20, as our broker believed it to be unnecessary owing to the City's prior participation in the pool.

Staff has forwarded the documentation to the City Attorney, whose approval is pending as of 6/28.

Staff will verify this approval during the July 5th meeting, or will postpone the item until July 19th should there be any revisions recommended by the City Attorney.

This housekeeping item notwithstanding, AMLJIA coverage is bound effective July 1, 2017.



Agenda Statement

File #: 17-0355 **Version:** 1

Type: Appendix Item **Status:** Agenda Ready

File created: 6/16/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Council Calendars - July & August 2017

Sponsors:

Indexes:

Code sections:

Attachments: [City Council Calendar - July 2017](#)
[City Council Calendar - August 2017](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Council Calendars - July & August 2017

SUBMITTED BY: Allie Ferko, CMC, Deputy City Clerk

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A

RECOMMENDATION:

Receive and file.

SUMMARY STATEMENT:

Council calendars for July and August 2017 attached for Council reference.



Agenda Statement

File #: 17-0356 **Version:** 1

Type: Appendix Item **Status:** Agenda Ready

File created: 6/30/2017 **In control:** City Council

On agenda: 7/5/2017 **Final action:**

Title: Ferry System July 13th Community Open House Flier

Sponsors: City Council, Allie Ferko

Indexes:

Code sections:

Attachments: [AMHSFlyer_Valdez](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

ITEM TITLE:

Ferry System July 13th Community Open House Flier

SUBMITTED BY: Sheri Pierce, MMC, City Clerk

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A
Funding Source: N/A

RECOMMENDATION:

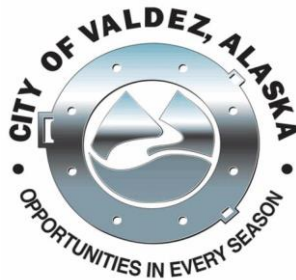
Receive and file.

SUMMARY STATEMENT:

Flier attached for Council awareness. For noticing purposes, Council members are asked to please let the Clerks Office know if you plan to attend the open house.

City of Valdez

*212 Chenega Ave.
Valdez, AK 99686*



Meeting Minutes - Draft

Tuesday, June 6, 2017

7:00 PM

Regular Meeting

Council Chambers

City Council

REGULAR AGENDA - 7:00 PM**I. CALL TO ORDER**

Mayor Knight called the meeting to order at 7:00 p.m. in Valdez City Council Chambers.

II. PLEDGE OF ALLEGIANCE

The Valdez City Council led in the Pledge of Allegiance to the American flag.

III. ROLL CALL

Present: 5 - Mayor Ruth E. Knight
Council Member Nate Smith
Council Member Lon Needles
Council Member Jim Shirrell
Council Member Dennis Fleming

Excused: 2 - Council Member Christopher Moulton
Council Member Darren Reese

Also Present: 4 - City Manager Elke Doom
City Clerk Sheri Pierce
Deputy City Clerk Allie Ferko
City Attorney Tony Guerriero

IV. APPROVAL OF MINUTES

The special meeting minutes of March 28, 2017 and special meeting minutes of April 25, 2017 were approved as presented.

V. PUBLIC APPEARANCES**1. Tabitha Gregory, Copper Valley Telecom - Topic: Fiber to the Home Project**

Ms. Tabitha Gregory, Copper Valley Telecom Chief Customer Relations Officer, and Mr. Lon Rake, Copper Valley Telecom Plant Superintendant, provided a presentation regarding the Fiber to the Home Project.

Ms. Gregory explained the Copper Valley Telecom (CVT) project is divided into two phases. Phase one construction involves installation of fiber optic lines around town and to individual homes. Phase two involves the complete network upgrade for the company and their customers' choice to upgrade to faster internet speeds. The project will both future-proof the telecommunications network and individual homes connected to the system.

Ms. Gregory stated in summer 2016, CVT buried conduit to over 700 homes in the core area of Valdez. During the winter, the company received fiber optic inventory and conducted field splicing and preparation for installation in the summer. During summer 2017, technicians will be running fiber to and into homes. This involves making an appointment with homeowners to install electronics inside the home to merge the new fiber network with the home's existing wiring.

Mr. Rake provided a brief technical overview of the electronics installed in and outside homes connecting to the fiber to home project.

Council Member Shirrell stated CVT technicians completed installation in his home and he was impressed with their customer service.

Ms. Gregory explained CVT offers a service to identify sources of interference to assist in improving internet connectivity.

Mayor Knight asked if all 700 homes, to which fiber has been installed, are required to connect to the CVT fiber network. She also asked if the service would be expanded to other portions of Valdez. Ms. Gregory stated the 700+ homes would be the project focus. However, over the next 10 years CVT plans to install fiber and other technologies to the remaining portions of town as well as up the Richardson Highway to Glenallen. The long term project aims to replace the old copper network with fiber. Ms. Gregory stated the copper network will be turned off, so for internet service to continue customers must shift to the new fiber network. There is no cost for the conversion, unless customers choose higher internet speeds. She explained City Hall, government buildings, the schools, and other commercial buildings are already on the fiber network and not included in the project.

Council Member Smith asked if homeowners have internet service from another provider, must they still schedule an appointment with CVT. Mr. Rake stated no they do not. He explained CVT would still likely run fiber to the home, but not do the in-home installation portion of the project.

Ms. Gregory provided a short presentation and answered general questions regarding future industry-wide data usage and the benefits of a fiber telecommunications network compared to a copper network.

VI. PUBLIC BUSINESS FROM THE FLOOR

Mr. Doug Davies, member of the Valdez Senior Center Board of Directors, explained the last census identified slightly more than 600 senior citizens in Valdez. The census also identified senior citizens as the most rapidly growing demographic in Valdez. The Valdez Senior Center currently has a 28-person waiting list for their independent living apartments. One apartment is open, but under renovations. He explained the board of directors is beginning to explore options and concepts for expanding their facility. Mayor Knight asked how many total apartment units exist at the Senior Center. Mr. Davies

stated 15 units. One unit is dedicated to an onsite, after hours manager which is very effective for the needs of the center's needs and residents.

Ms. Lee Hart, Levitation 49, provided an update regarding the organization's operations. The L49 Rock and Flow Festival (rock climbing and yoga) will be held June 23rd through June 25th. She outlined the schedule of events for the festival and invited the community to participate. There will be many free and kid-friendly events this year.

Ms. Hart explained L49 was able to open Blueberry Lake Campground in Thompson Pass early this year, with visitors from three countries – Germany, Switzerland, and Australia, and four states besides Alaska – New Mexico, Arizona, Idaho, and Colorado.

Ms. Hart explained L49 also opened and brushed out the first three miles of Shoup Bay Trail. A crew is out now working to open the remaining seven miles to the Shoup Bay cabins. Trail work is funded through a \$40,000 federal grant. This year's grant monies allowed the organization to purchase trail clearing equipment and hire labor. She explained this particular grant is facing challenges due to federal and state fiscal climates, both in terms of administration and grant money flow. The grant is a reimbursable grant, meaning L49 must first spend the money then apply for reimbursement. The reimbursement period will be extremely slow or non-existent. Ms. Hart explained she brought the issue to City Council because L49 has tried very hard to keep City community service organization (CSO) funding and other funding sources separate. However, L49 felt it was safe to use CSO funds to purchase trail clearing equipment and hire labor, knowing they would be reimbursed through the grant. Now, with the grant reimbursement situation in question, L49 might need to look at ways to reduce costs to make up the difference.

Ms. Hart explained L49 had many successes and celebrations of achievement in the past. However, this year's report to City Council may be a little different. Challenges with the Ice Fest continue to impact L49's operations and finances, from having to refund participant fees to permitting challenges to losing insurance sponsorship. The organization was challenged to find a new insurance provider following the Ice Fest, as only three providers offer the type of insurance needed by L49. Ms. Hart stated the L49 board of directors will be discussing the way forward in coming months and options.

Ms. Hart explained she hopes to have happy stories come from the Rock and Flow Festival. She explained how interested citizens could contact L49 to help with both the upcoming festival, as well as trail clearing efforts.

Council Member Shirrell asked if the issues with the Ice Fest event would continue into the future. Ms. Hart stated there were a series of events that culminated in the need to forgo the official Ice Fest event. She explained the warm spell eventually receded and approximately 100 people already in town had a fabulous time ice climbing that weekend. Ms. Hart stated it is the intention for L49 to attempt to hold the Ice Fest event again in 2018.

Council Member Smith thanked Ms. Hart for providing her report and keeping the City

Council informed of both successes and challenges for the L49 organization.

Council Member Needles also thanked Ms. Hart for her report and asked for an update on the potential Meals Hill Conservation Easement project. Ms. Hart explained the project has a long horizon time. She explained, based upon her understanding of the process, it would take until the end of the summer to assemble the packet necessary to present to the Valdez Trustee Council later in the fall. She stated, if everything falls into place, the first time L49 will receive a status update is at that time. She stated Greatland Trust does great work and has a lot of experience with this process.

VII. CONSENT AGENDA

- 1. Appointment to Economic Diversification Commission (Three Month Term)**
- 2. Appointment to Economic Diversification Commission (Two Year, Three Month Term)**
- 3. Appointment to Valdez Museum & Historical Archive Association Board of Directors (Seven Month Term)**
- 4. Approval To Go Into Executive Session Regarding: 1. Pending Litigation, 2. Contractual Liability**

MOTION: Council Member Smith moved, seconded by Council Member Needles, to approve the Consent Agenda. The motion carried by the following vote:

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

Council Member Shirrell asked how the process works for two vacancies with different terms on the same commission. Ms. Ferko explained the applicants requested a specific term length. She explained, had multiple applicants requested the same term length, the item would have appeared under New Business. Then the City Council would have selected their choice of applicants.

VIII. NEW BUSINESS

- 1. Approval of Site Location for Pipeline Workers Statue**

MOTION: Council Member Smith moved, seconded by Council Member Shirrell, to approve site location for Pipeline Workers Statue. The motion carried by the following vote after the following discussion occurred.

Mayor Knight stated this item was forwarded to the City Council for approval from the Mayor's Beautification Task Force. Several Council members expressed concerns with costs associated with relocating the statute from Alyeska property to

City property near the ferry terminal.

Mayor Knight explained there were several grants available which could be used to fund the relocation effort. Ms. Doom clarified further that the movement of the statue would qualify as part of the Kelsey Dock Uplands development grant.

Ms. Patty Relay, Valdez citizen and Beautification Task Force Member, explained her area of expertise is public art. She stated she is thrilled the pipeline workers statue is being moved to a public space and thanked those involved in the effort.

Council Member Shirrell asked if Alyeska is involved in the relocation efforts. Mayor Knight explained Alyeska will donate the statue; however relocation costs will be funded by the City.

Mr. Dwayne Dunning, Valdez citizen, asked if the stations and boom chain around the statue would be included. Mayor Knight stated those items had not been discussed, but she could ask Alyeska.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

2. Approval of Contract Award to Wolverine Supply, Inc. for the Airport Plumbing and Restroom project in the Amount of \$381,500.00

MOTION: Council Member Smith moved, seconded by Council Member Fleming, to approve contract to Wolverine Supply Inc. in the amount of \$381,500.00 for the Airport Plumbing and Restroom Project. The motion carried by the following vote after the following discussion occurred.

Mayor Knight stated, while this was the lowest bid, she was surprised at the cost of the project.

Council Member Needles asked what items are included in the project. Mr. Dean Day, City Capital Facilities Director, explained the cost of the project includes the bathrooms being remodeled in the airport to include new floors, fixtures, and ADA compliance work. There will also significant plumbing, electrical, and lighting work done in the building. Council Member Fleming asked if this type of project had been done several years ago. Mr. Day explained the project is the end result of the planning done at that time. Council Member Fleming asked if the project included providing the City with updated drawings. Mr. Day confirmed this as correct.

Mayor Knight asked if the unencumbered balance listed reflects the number for the project. Mr. Day explained he believes the project had been bid in the past, though the project was never awarded. At that time, the bid came in high and thus the

budgeted amount project reflects that data.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

3. Approval of Public Convenience and Necessity Certificate Renewal for Valdez Yellow Cab

MOTION: Council Member Shirrell moved, seconded by Council Member Fleming, to approve Public Convenience and Necessity Certificate renewal for Valdez Yellow Cab. The motion carried by the following vote after the following discussion occurred.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

4. Approval of Site Location for Air National Guard Memorial

MOTION: Council Member Smith moved, seconded by Council Member Shirrell, to approve site location as recommended by the Beautification Task Force. The motion carried by the following vote after the following discussion occurred.

Mayor Knight explained this item was forwarded by the Mayor's Beautification Task Force to the Council for approval.

Council Member Needles stated the City budgeted \$35,000 for the Air National Guard Memorial. As the project costs more than was budgeted, he asked where the City would find the remainder of the funds. Mayor Knight explained the memorial would be placed on the grassy knoll at the new harbor. She stated the former City Capital Facilities Director attended several Task Force meetings to discuss their possible involvement in landscaping and art for the new harbor project. Mayor Knight explained there would be costs to those types of projects and the memorial could be included in those costs. Selection of the Air National Guard Memorial statue has already been through a lengthy public selection process.

Council Member Needles explained, while he feels badly for those four Air National Guard members who lost their lives in 1964, no other organization, including the state, has volunteered funds for the memorial project. He stated he

would first prefer to see Valdez taxpayer dollars spent on a memorial for those Valdez residents who lost their lives in the earthquake.

Council Member Shirrell stated the agenda item is for approval of the site location, not funding authorization. Approval to fund the project would need to come back before the City Council. He stated he agreed with Council Member Needles that he would be much more comfortable funding a memorial recognizing all those lost the earthquake, not just the Air National Guard.

Mayor Knight explained a lengthy public memorial art selection process occurred last year. However, the earthquake survivors and their families did not like the memorial rendered by the artists, nor the placement of the memorial. Nothing has been satisfactory to the survivors to this point in the process. Thus, the Air National Guard portion of the project is the only piece being currently pursued. Ms. Patty Relay, Valdez Museum, provided additional insight into the 2016 art selection process. Ms. Relay explained Mr. Chuck Volanti from the Alaska Air National Guard has been very supportive of the project and is satisfied with the memorial as proposed.

Ms. Relay stated she sought other options to fund the remainder of the project, including the state of Alaska; however it is not currently a positive funding climate. Ms. Pierce explained there are several existing memorials in Valdez. It is not out of the norm to do memorial artwork or statues. The placement of this particular memorial appears to be appropriate as the plane crashed in the bay.

Council Member Shirrell stated his future support for funding the project would be dependent on finding other funding sources.

Council Member Smith stated the memorial looks wonderful.

VOTE ON THE MOTION:

Yays: 4 - Mayor Knight, Council Member Smith, Council Member Shirrell and Council Member Fleming

Nays: 1 - Council Member Needles

Absent: 2 - Council Member Moulton and Council Member Reese

5. Approval to Accept Offer of Sale of a 14.96 Acre Parcel of Land Described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the Amount of 1 Million Dollars

MOTION: Council Member Needles moved, seconded by Council Member Fleming to approve acceptance of offer of sale of a 14.96 acre parcel of land described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the amount of \$1,000,000.

MAIN MOTION: Council Member Needles moved, seconded by Council Member Fleming to approve acceptance of offer of sale of a 14.96 acre parcel of land described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the amount of \$1,000,000

Council Member Shirrell asked if an appraisal had been done on the property. Ms. Doom explained the appraised value is \$975,000. She stated the Council tasked her with reaching out to the Gavoras to discuss the value and sale of the property. The Gavoras are aware there are multiple property options for construction of the fire station. They initially listed the property for \$1.3million, but reduced the asking price to \$1million after speaking with Ms. Doom. They are not willing to reduce the price any further.

Council Member Shirrell stated the purchase of the property is not the best use of taxpayer funds. He asked how the development of the property fits in to the overall development plan for the community. He explained he would like to see a plan for development of the land prior to voting for the purchase. Ms. Piece explained the vote, at this point, was to move forward with accepting the sale. Once the purchase is brought back to the Council for approval, it will require six affirmative votes.

Council Member Fleming stated he supported building the fire station. However he would like to have a concrete plan for use of the rest of the parcel prior to purchase.

Council Member Needles explained he received feedback from the community that the City should allow private business or citizens to purchase the land instead of the City. He stated it has been available for sale for quite some time and, up until this point, no other private entity has been interested or able to purchase it. He explained if the City purchases the large parcel, splits it up, and installs utilities, extra smaller portions of the land could be sold. It could also be used for property for the Valdez Museum. Doing so would allow the Museum to apply for grants they would not be eligible for without designated land to build.

Council Member Shirrell stated he will support the purchase, once there is a plan. He would like to move forward in the planning process. He said there are also multiple other properties around town he would be more supportive of purchasing.

Council Member Smith explained there were several work sessions to discuss the proper location for building the new fire station. He explained he had his doubts along the way, but believes the Gavora property is the ideal location for the fire station. It is a basic City function to provide fire, police, and other services to the community. Council Member Smith explained there was ample discussion of other space needs for the City, as well as discussion about subdividing and selling the remaining land to the public. Investors and others might be able to purchase smaller parcels of land, instead of the full 14.96 acres. Council Member Fleming stated he agreed with Council Member Smith but would like to see a more detailed plan for use of the land.

Ms. Pierce explained she received an email from Council Member Moulton, who was absent from the meeting. The email stated Council Member Moulton did not support the purchase. However, if the Council decided to move forward with the land he wanted to see a plan developed and extra land subdivided and sold. Council Member Shirrell asked what Council Member Moulton's vision is for the location of the fire department. Ms. Pierce stated Council Member Moulton would prefer the fire station be built on City property.

Mr. Guerriero and Ms. Pierce briefly discussed if City Council could take action on the agenda item with two members absent. Mr. Guerriero explained the agenda statement is not written clearly, but the intent seems to be authorizing the City Manager to move forward with further negotiate the terms of the contract. Mr. Guerriero stated Ms. Doom has already been given informal direction to negotiate. He explained he did not recommend moving forward with a vote until a full Council is present. City Council held a brief discussion regarding options to either amend the motion to counter the offer down to the appraised value or postpone until the next regular meeting.

MOTION TO POSTPONE: Council Member Smith moved, seconded by Council Member Fleming, to postpone approval to accept offer of sale of a 14.96 acre parcel of land described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the amount of \$1,000,000 until the next regular City Council meeting on June 20, 2017. The motion to postpone carried by the following vote after the following discussion occurred.

Council Member Fleming asked for a plan for the property prior to the item being brought back to City Council. Council Member Smith asked if City staff would have enough time to put together a plan or options to discuss. Ms. Doom stated she and her staff will do their best to provide the requested information. She recommended the process for subdividing the property should be kept fluid to meet the needs of potential buyers. Council Member Shirrell would like to be provided the plan several meetings prior to the purchase vote so he would have time to thoughtfully review the proposal options.

VOTE ON THE MOTION TO POSTPONE:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

6. Approval of Contract Award to Harris Sand & Gravel for the Lowe River Slope Improvements Project in the Amount of \$51,200

MAIN MOTION: Council Member Smith moved, seconded by Council Member Fleming, to approve construction contract to Harris Sand & Gravel in the amount

of \$51,200 for the Lowe River Slope Improvements Project.

Council Member Needles stated he visited the project location. The dike that is being improved is solid and requested additional information about the project plan. He expressed concerns with the work being done when the water level is high.

Mr. Dean Day, City Capital Facilities Director, explained the dike was originally put in by Mr. Rick Wade. Mr. Day stated he is working to get updated on the project. He stated the City received the plans from DOWL and put the project out to bid as soon as possible. Mayor Knight stated she spoke with City staff before the meeting. The Mayor's Task Force had not been provided the information on this project. DOWL had identified a section of the dike which was eroding the fastest. The project was put out to bid in order to get the work done as quickly as possible. Mayor Knight requested additional information about the project.

Council Member Fleming stated there would of course be normal business that did not need to always go through the City Flooding Task Force. He asked, however, if this project should have been presented to them before being brought to City Council. He stated he understood Mr. Day would likely not have an answer being newly appointed to his position.

Ms. Lain stated the Flooding Task Force identified priorities moving into the season and prioritized the list. An emergency revetment was put in last year along the end of groin two, which is now being called groin four. There was a discussion about the sufficiency of the revetment to prevent future emergency declarations in the future. Out of that conversation, DOWL created the slope improvement project. She explained this is not all inclusive of the work that needs to be done in the area.

Council Member Fleming stated the agenda statement did not provide any photographs or background information on the necessity of the project. Ms. Lain stated, as the flood plain manager, she could only speak to how these types of project ideas are created. She explained the slope improvement project was intended to be a preventative measure before the next high water event.

Council Member Shirrell and Council Member Needles asked Mr. Rick Wade, City Flooding Task Force member, to speak about the slope improvement project. Council Member Needles stated he believes the project will cause additional issues with the groin. Council Member Smith stated the toe of the groin is currently under water. Mayor Knight stated the project has been recommended by the City's contract hydrologist at DOWL.

Mr. Wade explained he understands Mr. Day's minimal understanding of the project. He stated the Flooding Task Force was unaware of the project as well and he did not understand the reasoning behind it. He stated that area had the most amount of rock in it. There were other areas adjacent to it, with a steeper slope that should be addressed instead. The contractors ran out of funding and class three

rock last year. With the extensions on the groins, they were able to move 80% of the water threatening the subdivision to the other side of the river.

Mr. Wade stated he has not heard updates on that portion of the river since last fall. At that time, the Task Force began to lay out long term plans for the river and how it should be done. He stated, however, there was no real work done over the winter.

Mr. Wade stated he was down in the area today and there has been another channel change with debris being rushed down the river. He stated the dike and slopes that were previously built have not eroded to this point. Thus, he did not understand the need for slope improvement or erosion control. He explained he was able to find the plans for the project. He believes it will put more stress on the existing dikes and cause additional erosion.

Mr. Wade expressed concerns with how these types of plans are created, especially when they do not involve consultation with the Flooding Task Force and local citizens. He stated he is usually called in to discuss flooding concerns but was not on this particular project.

Mayor Knight stated the Flooding Task Force has not met for awhile and should do so in the very near future. She asked for Mr. Wade's recommendation on the project. He stated he would leave everything as is and then install additional armoring in the fall. Mr. Wade stated the two groins were extended last year needed to be extended another 100 to 150 feet. This would take most of the pressure off the entire dike system. Then class three toe should be placed, starting upstream and blending in to the existing toe. Mayor Knight stated this would be a good discussion for the Flooding Task Force.

Council Member Shirrell stated he is concerned with the discrepancy between the local citizens' perspective on flooding control and what was being proposed by DOWL. Mr. Wade stated he believes the plan should be continued to be refined. He stated the rock is already gone from groin one. Council Member Shirrell stated he does not believe the contractor is doing what is needed and recommended bringing in a third party to do a project review. He believes this would have value to assist in making future informed decisions. He stated DOWL is a reputable firm, but is unsure about their experience with glacial streams.

Council Member Fleming stated communications between DOWL and the Flooding Task Force need to be improved. With the recent changes to City staff, he stated he hopes this will change.

Mayor Knight stated in the last couple of years, DOWL has engineered good projects for the City. She explained Mr. Wade has much experience with the river and has put in multiple dikes in the river over the years. She stated City Council makes the decisions, the Task Force makes recommendations. She would like to start a standing meeting for the Task Force instead of meeting as needed and

briefly discussed logistics for scheduling the meeting.

Council Member Smith stated citizens are asking for things to be done quickly, while also asking to slow down the process. He stated there are permits, reports, and studies that must be done before action can be taken. He explained it appears this plan intends to place additional rock to reduce the attack angle of the river on the apex of that groin, further strengthening it. With the upcoming rainy weather forecast, now is the time to get in the river and take action. He stated he supports the project, but also wants the Flooding Task Force to continue to work on a longer term project.

Council Member Needles asked what would happen if the project was not done. He stated the groin does not have fill, it was only constructed with rock. He stated he needs someone to explain why they are planning to place rock in the middle of the groin.

Council Member Shirrell reiterated the need for a third party to validate DOWL's plans to ensure they are adequate.

MOTION TO POSTPONE: Council Member Smith moved, seconded by Council Member Fleming, to postpone approval of construction contract to Harris Sand & Gravel in the amount of \$51,200 for the Lowe River Slope Improvements Project until the next regular City Council meeting on June 20, 2017. The motion to postpone carried by the following vote after the following discussion occurred.

Mr. Wade stated the process for citizens on City Task Forces and engineers working together needed to be improved. He stated he agreed action needed to be taken with the potential for upcoming high water events. He explained he did not support delaying action, but wanted to ensure the right decisions are being made and taxpayer money is being spent wisely.

Council Member Smith stated he hopes that the community and Task Force stays involved in the process to understand the full picture. He would like everyone to be on board and educated when an agenda item comes up for Council approval.

VOTE ON THE MOTION TO POSTPONE:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

VIII. RESOLUTIONS

- 1. #17-20 – Amending the 2017 Budget by Transferring \$70,059 from the City Council Contingency Reserve to the General Fund, and Appropriating Same for the Education Dual-Credit Program**

MOTION: Council Member Smith moved, seconded by Council Member Needles, to approve Resolution #17-20. The motion carried by the following vote after the following discussion occurred.

Council Member Fleming asked if the funding for this program would continue to remain in a City contingency fund or be moved to a line item in the college or school district budget.

Mr. Jim Nygaard, Valdez City Schools Superintendent, stated after this year's State Legislature session, there will be reduction in college funding, a loss of the Governor's scholarship for graduating high school seniors, and other economic issues. He explained there appears to be a growing interest in taking college courses locally, while more and more seniors remain home for several years after graduation.

Mr. Nygaard stated 138 student college credit classes through Prince William Sound College were taken by high school students in the past semester. He explained this year's small graduating class of 44 students set a goal to receive one million dollars in scholarships upon graduation. This was a wonderful way to give incentives and keep children motivated. The 2017 Valdez High School graduating class generated \$1.4million in scholarships, significantly beating their goal.

Mr. Nygaard explained the City's investment into the dual-credit program produces tax-paying, career developing citizens. Federal grants provide education funding for staff, so they can become instructors of record for the program. Dual-credit options continue to grow. He stated he has great hope for growth of the program.

Council Member Fleming asked for an explanation of the how the dual credit program works. Mr. Nygaard explained it is multi-faceted. If the school teachers instruct the courses, the Prince William College only charges a paperwork fee per student. In other cases, the high school students are sent to take classes at the college for full tuition rates. The program provides a clear avenue for success and serves as an extraordinarily strong motivator for Valdez students.

Council Member Shirrell stated the Council should be using significant tax dollars in Valdez to reduce the cost to live in the community. The dual credit program is a perfect example of how the Council can reduce education costs for Valdez families. The cost for the benefit is minimal and he would like the program to be built into future budgets.

Council Member Shirrell asked which budget the funding would most appropriately fit. Mr. Nygaard explained, factoring in the funding cap, the school district budget would not be the most appropriate location. He recommended the funds be placed in a reserve account with either the City or the college.

Mayor Knight asked Mr. Nygaard and Mr. Dan O'Conner from Prince William Sound College to work with Ms. Doom to determine the best method for funds.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

2. #17-21 - Authorizing a Land Lease with Mega Trucking, LLC for Tract B, ASLS 98-26

MOTION: Council Member Smith moved, seconded by Council Member Needles, to approve Resolution #17-21. The motion carried by the following vote after the following discussion occurred.

Council Member Needles stated he supports new business. However, he stated he has concerns with how the river situation is being handled. He explained one of the reasons the current reasons the river is causing so many problems is because gravel was extracted from area gravel pits inappropriately in the past. He asked where Mega Trucking would get their gravel and what their plan is moving forward.

Mr. Jesse Passin, owner of Mega Trucking, LLC, provided an overview of his plan for the land. He provided City Council with a map, explaining the Army Corps of Engineers drawings for the permit show the area in which he intends to work. The five-year gravel extraction plan includes a similar process as Harris Sand & Gravel completed for the City as part of their gravel extraction plan. Mr. Passin explained he spoke with DOWL many times to determine the best way to keep his project within a scope to meet the needs of the City. He stated it would also be a cost savings for the City.

Council Member Smith explained Mr. Passin would like to lease a portion of property from the City to store extracted gravel. In order to have the equipment on the property, Mr. Passin will also need to get a conditional use permit. Then the company can do the work, refine the rock, and sell it. Council Member Smith stated, in order to get the appropriate permits for the work, Mr. Passin must go through multiple agencies' processes and comply with their regulations. Approval of the land lease is needed to move forward with Mr. Passin's work.

Mr. Passin stated gravel permitted through the City of Valdez is usually \$0.60 per cubic yard without a stack of permits. There is a large contrast between what must be done on City land and what must be done if he must store gravel in another location.

Council Member Shirrell asked Mr. Passin about the notation on the map which states "no subsurface mineral rights". Mr. Passin explains this is just a lease to

store and process the gravel. Council Member Shirrell asked why the lease did not include the right of purchase. Ms. AnnMarie Lain, acting City Community Development Director, stated most City leases that include the right of purchase involve significant financial backing for investment in the community. She explained this lease is unmarked territory. She stated she was impressed with Mr. Passin's proposal. The City has struggled with maintaining permits, and now a private business wants to attempt to extract gravel. She explained in no way is this lease prohibiting the right of purchase, but a trial run of five years seems reasonable to explore the process.

Mr. Passin stated most of his equipment is mobile and the location for gravel extraction might change in the future. Council Member Needles stated he appreciates Mr. Passin's forethought. Mayor Knight stated she appreciated Mr. Passin's hiring of local labor.

Mr. Dwayne Dunning, Valdez resident, stated Mr. Passin has done wonderful things for the Valdez community. He explained, however, he was conflicted because Mr. Passin could obtain a state lease to sell the gravel and could lock others out of the opportunity. He stated he would like to see the master plan for gravel extraction in all the rivers. Mayor Knight stated she spoke with Mr. Passin about his plan being in line with the City's overall gravel extraction plan and it appears that is the case. Mr. Dunning stated there was still confusion about the City's overall flood mitigation plan.

Council Member Smith asked Ms. Lain if Mr. Passin obtaining a state gravel extraction would preclude others from extracting gravel in the same area. Ms. Lain explained she spoke with the state Department of Natural Resources personnel who handle gravel extraction permits for sale. She explained the state does not normally offer gravel extraction permits in a flood plain due to flood issues downstream. She stated Mr. Passin's plan is in line with the need to do annual gravel extraction with City oversight as part of the lease. It does not preclude others from apply for extraction permits from the state.

Council Member Fleming stated the City lease is only five years and concerns could be addressed in the future. Ms. Lain clarified the permits are issued by state and federal agencies. It is Mr. Passin's responsibility to obtain those permits.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

3. #17-22 - Requesting State FY 18 Payment in Lieu of Taxes (PILT) Funding from the Department of Commerce, Community, and Economic Development

MOTION: Council Member Smith moved, seconded by Council Member Fleming, to approve Resolution #17-22. The motion carried by the following vote after the following discussion occurred.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

X. REPORTS

- 1. Lowe River Levee Certification Update Report and Timeline**
- 2. Postponement of the Whalen Avenue Construction Project**

Council Member Shirrell stated it appears the project is no longer needed. He asked if the funds would be reallocated during the mid-year budgeting process. Ms. Doom stated this is a postponement to deal with other more immediate projects.

Mr. Dean Day, City Capital Facilities Department, explained one of the driving factors for this project is installing a new water well near the elementary school. There are other projects that should be done in the area prior to installing a new well.

Mayor Knight stated in the future when planning all roads and infrastructure, community needs as a whole should be reviewed.

Council Member Needles asked if work had been started on the road. Mayor Knight said it is currently a dirt road, but has been widened for regular use.

- 3. Monthly Treasury Report - April, 2017**
- 4. First Quarter Financial Summary**
- 5. Contract Amendment #18 with R&M Consultants, Inc. for Construction Administrative Services**

Council Member Smith asked if the intent with both R&M Consultants and Arcadis is to retain these contractors for the remainder of the new harbor project. Mr. Day explained the intent is to bring two contract amendments back to Council for approval for these contractors for phase two of the harbor project through 2018.

Council Member Smith expressed his support for retaining the same engineering

and project management throughout the project.

Council Member Shirrell asked if the contracts have been extended in the past. Ms. Doom stated the previous City Capital Facilities Director intended to have the final contract amendments in place at this meeting. With the director's departure, the shorter term extension was needed.

Council Member Shirrell asked for details about the scope of work involved in these amendments. Mr. Day explained they are currently working on the Army Corps of Engineers permit for moving rock, submittal review, and other processes needed to begin phase two. Council Member Shirrell stated he expects a change order or contract amendment to include a scope of services. Mr. Day stated for the next two weeks, the amendment involves additional funds to keep the contractors moving forward. The next amendment covering the remainder of phase two will include a detailed scope of work and plan.

Council Member Shirrell asked for on the authority of the City Manager when signing change orders and contract amendments. He does not feel this is appropriate when the overall project is multi-million dollars. Mayor Knight stated she expects the full scope be brought forward in one of the next couple of meetings. With the change of City staff, she encouraged patience with the process. Council Member Shirrell stated he believes change orders and contract amendments for multi-million dollar contracts should be brought to the Council for action instead of allowing the city manager to sign.

6. Contract Amendment #7 to Arcadis, Inc. for Project Management Services - New Boat Harbor Project

7. Foreclosure Process for Delinquent Taxes

Ms. Pierce stated she will email the City Council the current list of foreclosed properties.

8. 1st Quarter 2017 Travel Report - City Council, City Manager, & City Clerk

9. Lloyd Tremmer House Abatement Report

Council Member Fleming stated he appreciated the report and helped him better understand the process. Mayor Knight stated she would like the process to move forward in a timely manner and the City should explore alternative options.

10. Alaska Pacific Development MOU

Council Member Shirrell stated the Council should be concerned with the exclusivity clause included in the MOU.

Ms. Doom stated it is her understanding another development firm spoke with the

City Council in October 2016 regarding affordable housing development. They would like to meet with City Council again in the future. Ms. Doom stated she did not see any difference between the previous proposal and the current one, with the exception they are now looking at developing mixed use commercial and residential property. She explained she spoke with others in Anchorage and Fairbanks regarding affordable housing development.

Ms. Doom believes Alaska Pacific Development is asking for far more than is reasonable. City Council had asked Ms. Doom to provide them a copy of the MOU, so it is included in the packet. Council Member Smith said they had an impressive idea, but the City Council had discussed putting this type of project out for RFP. Ms. Doom stated to put out an effective RFP, the City must first identify an appropriate piece of property and decide what the City is willing to absorb for cost of the development. Ms. Doom recommended the City Council decide what they would be willing to offer for development incentives.

11. Legal Billing Summary - April 2017

XI. CITY MANAGER / CITY CLERK / CITY ATTORNEY / MAYOR REPORTS

1. City Manager Report

Ms. Doom stated she appreciated the visual provided during her tour of the local rivers and dike systems around Valdez.

Ms. Doom announced Ms. Lain has accepted the position as the new City Community Development Director. Mr. Day has also accepted a temporary contract appointment as City Capital Facilities Director.

The cruise ship EUROPA arrived on May 22nd. City staff did an outstanding job preparing logistics and City facilities for the ship. Ms. Doom expressed her gratitude for their hard work. She briefly explained the events occurring during their visit.

Ms. Doom attended the City Permanent Fund meeting and she stated the City is in good hands with the City Finance Department Director.

Mr. Doom explained her experience during the preconstruction meeting for the new harbor project. She stated she wants to ensure all the contractors involved have clearly defined roles and responsibilities. The project is huge and requires extensive, detailed coordination.

Ms. Doom attended a meeting with Police Chief Hinkle and representatives from the FBI. They came to Valdez to discuss security measures to protect our national interests, including the pipeline terminal.

Ms. Doom outlined upcoming staff vacancies and hires at the City.

2. City Clerk Report

Ms. Pierce, Ms. Doom, and City Finance Director, Mr. Brian Carlson, outlined the schedule and content for multiple upcoming City Council work sessions.

Ms. Pierce outlined the upcoming visit by Governor Walker and the First Lady during the 25th anniversary of the Last Frontier Theater Conference. They would also like to meet with the City Council on Saturday, June 10th at 5:00 p.m. in Council Chambers. They will also be visiting with the seniors at the Senior Center.

Ms. Pierce reminded City Council about the annual City hosted Theater Conference Dinner at Roma and requested an RSVP, if possible.

Council Member Smith requested an update on materials for the upcoming work session with Kimley-Horn. Ms. Doom stated no materials to review in advance have been provided yet. She provided a brief overview of the structure and content for the Kimley-Horn work session. Council Member Smith asked for the materials from the previous meeting with the firm to review prior to the work session. Ms. Lain stated Kimley-Horn reached out to her today to schedule a one-on-one meeting. She requested background materials from them and could provide that to Council through the City Clerk's Office.

Council Member Shirrell reiterated the need for a refresh on the Kimley-Horn project and a recommendation from administration. Ms. Doom stated there were several portions of the firm's original proposal, such as the Waterfront Master Plan, which need not be included moving forward. City Council briefly discussed the timing of the previous meetings and documents from the firm.

3. City Attorney Report

Mr. Guerriero stated he would provide his report during Executive Session.

4. City Mayor Report

Mayor Knight provided a brief verbal synopsis of her written Mayor report.

Mayor Knight stated she and Ms. Doom met with Copper Valley Electric Association to discuss power needs for the community. CVEA is currently working with SilverBay Seafoods to determine future power needs. Mayor Knight explained CVEA would appreciate knowledge of future development plans so they could plan appropriately to meet those needs. Mayor Knight recommended CVEA staff also attend Commission meetings to provide advisory information. She also recommended the upcoming CVEA work session include invitations to the respective City commissions. Council Member Shirrell stated he was impressed with the amount of leased power generation SilverBay Seafoods is currently using.

Mayor Knight stated she listened in on the Southeast Conference regarding the

reform act for the ferry system. She provided the Conference's website information to the City Council. Many coastal communities are involved in the Conference and they would like to hold a community meeting in Valdez in July. The Conference plans to have something prepared to present to the State Legislature in eight to nine months.

XII. COUNCIL BUSINESS FROM THE FLOOR

Council Member Smith asked about clearing the brush at the Salmon Turnaround which is covering the waterfall. Mayor Knight asked if the land is City owned. Council Member Smith asked it be done if it is City owned.

Council Member Smith stated he was impressed with the new harbor breakwater construction.

Council Member Smith asked for City Council to remember work and project load when discussing tasking for City staff.

Council Member Smith asked if the City Council could work together to prevent postponements of agenda items in the future.

Council Member Needles asked for an update on the small business classes offered through the Economic Diversification Commission. Mayor Knight stated the classes do not occur during the summer. Ms. Martha Barberio, City Economic Development Director, stated she will receive an update about fall classes in September.

Council Member Needles asked for an update on the Valdez Glacier Stream project. Mr. Rob Comstock, City Public Works Director, explained the contractor is waiting on one special permit from the State of Alaska Department of Natural Resources in order to move forward with the project. The contractor is expecting to get the permit any day, but they cannot move forward without the permit in place. Ms. Lain stated the permit was received today.

Council Member Fleming asked if the ownership of the water tower had been determined. Ms. Lain stated she is working with the City Clerk for that information. Council Member Fleming the water tower is currently installed on land not owned by the City.

Council Member Fleming encouraged continuance of the City code review. He stated there are several zoning code violations in Corbin Creek which have been in place for years. He asked Ms. Lain to address the violation. Ms. Lain explained her process moving forward with zoning enforcement. She would like to include a follow-up with complainants in the future.

XIII. EXECUTIVE SESSION

City Council transitioned into Executive Session at 10:40 p.m.

City Council returned from Executive session at 11:59 p.m.

MOTION: Council Member Smith motioned, seconded by Council Member Fleming to extend the City Council meeting past midnight.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles,
Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

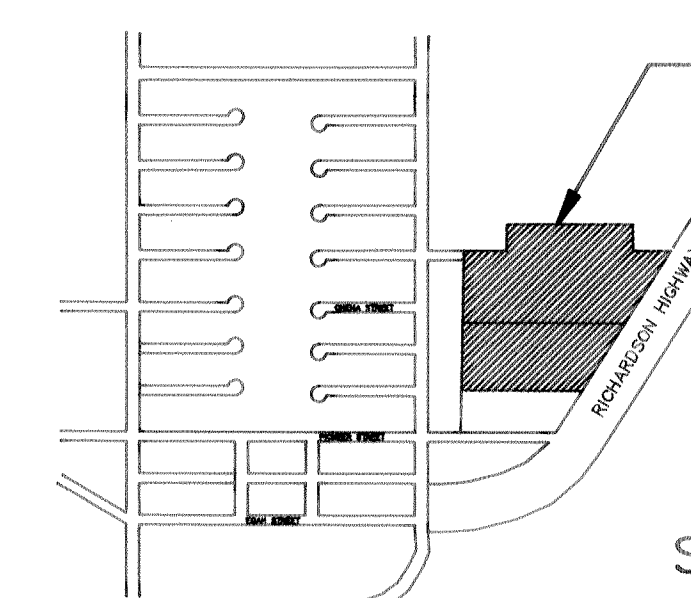
City Council transitioned back into Executive Session at 12:01 p.m.

XIV. RETURN FROM EXECUTIVE SESSION

City Council returned from Executive Session at 12:34 p.m.

XV. ADJOURNMENT

There being no further business, Mayor Knight adjourned the meeting at 12:35 p.m.



SCALE: 1"=1200'

SEC. 31, SEC. 32, T8S,R6W, C.R.M.

OWNERSHIP CERTIFICATE:

We hereby certify that we are the owners of the property shown and described hereon and that we hereby adopt this plan of subdivision by our free consent.

OWNERS:
GAVORA, INC.
WILLIAM WAGUMAN
CANDICE WAGUMAN
P.O.BOX 80589
FAIRBANKS, AK 99708

V. Paul Jovora
 Owner
 William H. Jovora & V. Paul Jovora
 Owner
 William H. Jovora & V. Paul Jovora
 Owner
 Jan 12, 01

NOTARY'S ACKNOWLEDGEMENT:

STATE OF ALASKA, ^{4th} THIRD JUDICIAL DISTRICT

THIS IS TO CERTIFY THAT ON THIS DAY OF
BEFORE ME, A NOTARY OF THE PUBLIC IN AND FOR THE
STATE OF ALASKA, DULY COMMISSIONED AND SWORN,
PERSONALLY APPEARED

V. Paul Savora, individually and as

Attorney in fact for William & Candace Wue
WHO SIGNED THIS PLAT AS OWNERS OF THIS PROPERTY

NOTARY of the PUBLIC Cathy Walco
MY COMMISSION EXPIRES 12-4-04

PLANNING and ZONING COMMISSION

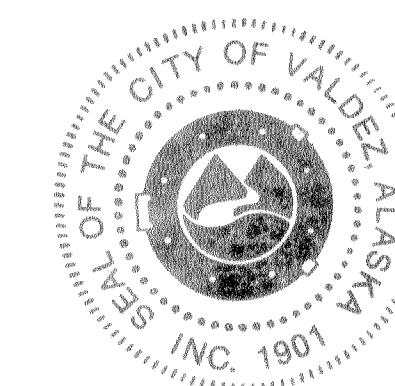
THIS PLAT CONFORMS TO THE REQUIREMENTS OF THIS COMMISSION AND IS HEREBY APPROVED.

SIGNED Mark A. Volz DATE 1-17-01
CHAIRMAN
PLANNING AND ZONING COMMISSION

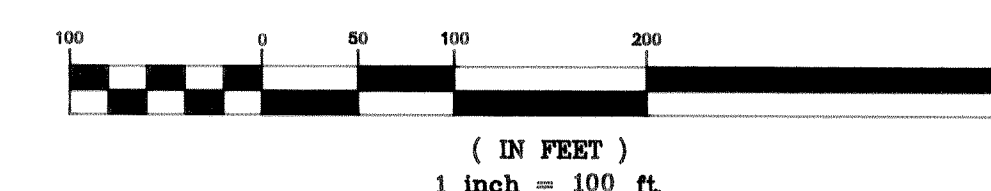
CERTIFICATE OF PAYMENT OF TAXES:

I, Shari L. Curce, CITY CLERK FOR THE CITY OF VALDEZ, ALASKA DO HEREBY CERTIFY THAT ALL TAXES LEVIED AGAINST THE PROPERTY REPRESENTED BY THIS PLAT ARE PAID AS OF 2/5/2001

CITY CLERK Sheri L. Pierce DATE 2/5/2008



GRAPHIC SCALE



SURVEYOR'S CERTIFICATE:

I hereby certify that I am a Registered Professional Land Surveyor in the State of Alaska and that this plat represents a survey made by me or under my direct supervision, and that the monuments shown thereon actually exist as described, and that all dimensional and other details are true and correct to the best of my knowledge.

Date: 1/11/2001 Harry M. Campbell, Jr.
Registered Professional Land Surveyor



LEGEND

- 5/8" REBAR W/ 1 1/2" AL. CAP RECOVERED
- 5/8" X 30" REBAR RECOVERED
- 5/8" X 30" REBAR SET THIS SURVEY
- ⊗ B.L.M./G.L.O. BRASSCAP MONUMENTS RECOVERED THIS SURVEY.

2001-1
VALDEZ REC'D
Date 2/5 2001
Time 12:10 P
Request by PNWT
Address

PREPARED FOR OWNERS
GAVORA, INC.
WILLIAM and CANDICE WAGUMAN
P.O. BOX 80589
FAIRBANKS, AK 99708

SURVEYOR: CAMPBELL SURVEYING
HARRY M. CAMPBELL, JR.
P. O. BOX 721
PALMER, AK 99645
PHONE (907) 745-4157

SLEEPY HOLLOW ADDITION NO. 5

CREATE BY SUBDIVISION OF
SLEEPY HOLLOW ADDITION, LOT 3 and a
PORTION OF USS 349

FILE: RVPARK2

DRAWN & CHECKED: DECEMBER 2000—HMC

SURVEYED: OCTOBER, 1999

SCALE: 1" = 100'

Gulkana St

Foraker St

Eklutna St

Dadina St

Chena St

Bremner St

Meals Ave

E Dadina St

E Chena St

E Bremner St

Waugaman
Lt 2 Sleepy Hollow Add #5
14.96 Acres

Quiroz
PTN USS 349
1.08 Acres

Wamsley
Lt 6 Sleepy
0.56 Acres

E Egan Dr

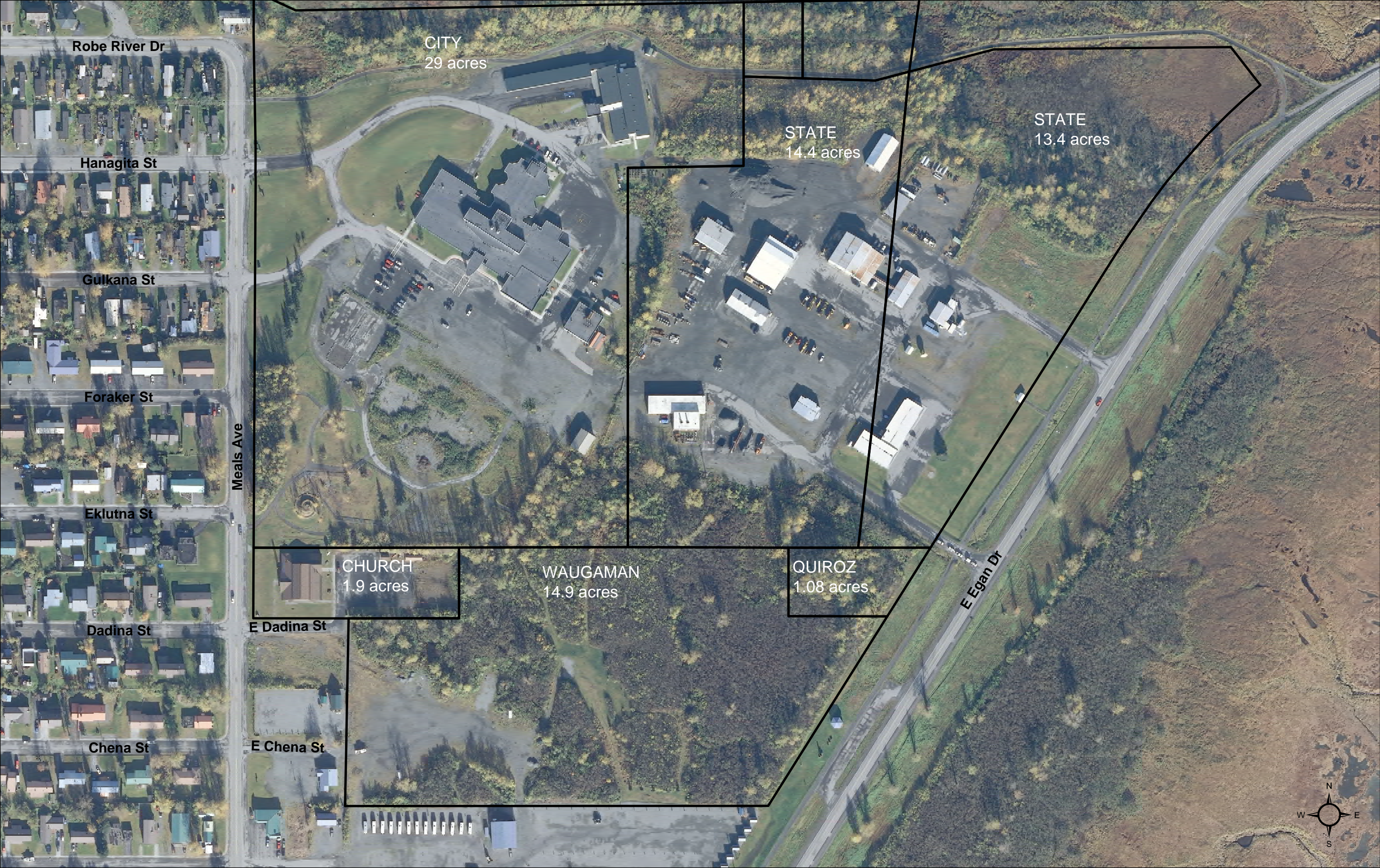
Aurora Ave

30 Litrell Ln

Richardson Hwy



BASE MAP PROVIDED BY: COV ComDev Dept.
ALL FEATURES ASSOCIATED WITH THIS MAP
ARE SUBJECT TO THE COV DISCLAIMER FOR
ACCURACY AND USE. SCALE: 1 in =150 ft



Summary of Proposals Received				Project: Lowe River Slope Improvements													
Bid Opening				Contract No. 17-310-8060													
Date: May 31, 2017 10:00am				Project No. 1311													
Place: Capital Facilities Conference Room				Harris Sand and Gravel, Inc.													
Bid Item	Description	Quantity	Unit	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total		
1	Mobilization and Demobilization	LS	1	NA	\$2,000.00	NA											
2	Environmental Protection, SWPPP, Permitting	LS	1	NA	\$5,000.00	NA											
3	Diversion	LS	1	NA	\$1,200.00	NA											
4	Construction Survey	LS	1	NA	\$2,500.00	NA											
5	As-built Survey	LS	1	NA	\$500.00	NA											
6	Riprap, Class 3	CY	400	\$100.00	\$40,000.00												
	Addendum(s) Acknowledged																
	Bid Bond				✓												
	Alaska Business License				✓												
	Alaska Contractor License				✓												
	Bid Schedule				✓												
	Total Base Bid				\$51,200.00												
	Local bidder preference 10%																
	Total Adjusted Bid																
The bid totals are subject to correction after the bids have been completely reviewed.																	
Totals have been reviewed <div>✓</div>																	
Totals have been corrected <div>N/A</div>																	
I hereby certify that the above is a true and correct summary of proposals received.																	
<div>Saint Peter</div> Project Manager																	

Low River Slope Improvements - aerial photos of project site
May 8, 2017.



Area where work is
to take place.

Looking upstream on the Lowe River, Alpine
Woods on the left of the photo.



Overhead view of groin #4 and the eroded area that will be reinforced with riprap.



An oblique view of groin #4 looking upstream at the area to receive riprap.

Application Form

Profile

Bryan

First Name

Vincent

Last Name

bvincent.ak@ci.valdez.ak.us

Email Address

PO Box 964

Valdez Mailing Address (PO BOX # or HCI BOX #)

3362 Falcon Avenue

Home Address

Suite or Apt

Valdez

City

AK

State

99686

Postal Code

Home: (907) 835-3790

Primary Phone

Mobile: (907) 255-3791

Alternate Phone

City of Valdez - Valdez Fire
Department

Employer

Engineer

Occupation

Which Boards would you like to apply for?

Valdez Museum & Historical Archive Association Board of Directors: On Agenda

How did you learn about this vacancy? *

☒ City Website

Interests & Experience

Why are you interested in serving on a City of Valdez board or commission?

I have always been an active volunteer in the community and feel like serving on the Museum Board of Directors is a great way to serve the community while helping to preserve the rich history and heritage of Valdez. The Valdez Museum is one of the city's most valuable resources and I would like to bring my experience in volunteering and organizational skills to the board.

Please outline your education, work, and volunteer experience which will assist you in serving on a City of Valdez board/commission.

My name is Bryan Vincent, and I have been a resident of Valdez since 2004. My wife and I have 3 kids and consider the community of Valdez the best place to raise our family. I received my Associate of Applied Science degree in Safety Management from Prince William Sound Community College in 2012. I am a full time Fire Engineer with Valdez Fire Department. In addition to my work at the fire department, I am also an adjunct instructor in the industrial technology programs at PWSC. I have always been a very active volunteer, starting as far back as high school when I was first appointed as my school district's student representative to the the Alaska Association of School Boards. I have been a resident of Valdez since 2004 and in that time, I have become very active in the community serving for almost 8 years a volunteer firefighter and EMT prior to getting hired full time by the fire department in December of 2016. I have been serving on the state board of the Alaska State Firefighter's Association as a region representative serving the Valdez, Cordova and Copper Basin area fire departments for the last 4 years.

[Valdez_Museum_Board_Letter.docx](#)

Upload a Resume or Letter of Interest

To whom it may concern:

My name is Bryan Vincent. I have been a full time resident of Valdez since 2004. I am married with 3 children and see Valdez as the perfect place to raise my family.

I am submitting my letter of interest for a Valdez Museum and Historical Archive board position. I am extremely interested in this particular board because of the rich history that Valdez has. Every time I visit the museum or attend one of its functions, I learn something new about our town. The Valdez Museum has a wonderful mission in preserving and sharing the historical significance of Valdez with all of its residents and seasonal visitors. I would like to be able to do my part in ensuring that these artifacts and stories are preserved for generations to come.

I have always been a very active volunteer, starting as far back as high school when I was nominated for a position on the Alaska Association of School Boards as a student representative. Most recently, I was a volunteer firefighter/EMT with the Valdez Fire Department for 7 ½ years until December 2016 when I was hired by the department full time as an Engineer. I still volunteer on the Alaska State Firefighter's Association state board as a regional representative, serving the fire departments of Valdez, Cordova and the Copper Basin. I feel strongly that my experience serving on boards and volunteering in the community would help me in being a productive member of the board.

I appreciate your consideration for this position.

Respectfully submitted,

Bryan Vincent

Application Form

Profile

Andrew

First Name

Poteet

Last Name

thepoteet@yahoo.com

Email Address

PO Box 906

Valdez Mailing Address (PO BOX # or HCI BOX #)

109 Alatna St #3

Home Address

Suite or Apt

Valdez

City

AK

State

99686

Postal Code

Mobile: (775) 842-2537

Primary Phone

Mobile: (775) 842-2537

Alternate Phone

Fullford electric

Employer

Electrician

Occupation

Which Boards would you like to apply for?

Valdez Museum & Historical Archive Association Board of Directors: On Agenda

How did you learn about this vacancy? *

☒ City Website

Interests & Experience

Why are you interested in serving on a City of Valdez board or commission?

I want to get involved with the community and have a way to give back to it as well.

Please outline your education, work, and volunteer experience which will assist you in serving on a City of Valdez board/commission.

Had the opportunity to be a youth hockey coach for Delta Junction for 3 years. Volunteer for functions with IBEW 1547 throughout the year.

Upload a Resume or Letter of Interest

Application Form

Profile

Martha

First Name

Barberio

Last Name

mbarberio@ci.valdez.ak.us

Email Address

PO BOX 2312

Valdez Mailing Address (PO BOX # or HCI BOX #)

105 C Foraker

Home Address

Suite or Apt

Valdez

City

AK

State

99686

Postal Code

Mobile: (304) 921-8595

Primary Phone

Business: (907) 834-3490

Alternate Phone

City of Valdez

Employer

Economic Development
Director

Occupation

Which Boards would you like to apply for?

Valdez Museum & Historical Archive Association Board of Directors: On Agenda

How did you learn about this vacancy? *

☒ Word of Mouth

Interests & Experience

Why are you interested in serving on a City of Valdez board or commission?

I have been a part of the Mercer County historical society in Princeton, WV and also in Colorado. I believe museums and history are a part of what keeps our cities alive. We all need to know where we have been to keep moving forward into the future!

Please outline your education, work, and volunteer experience which will assist you in serving on a City of Valdez board/commission.

I have been a volunteer in Princeton for the historical society for all their festivals. My mother is the director of the railroad museum in Princeton and I have been a part of all their fundraisers and festivals. I am also the economic development director and by being part of this board, it will give me an inside look at what and where the museum wants to go to be a part of a growing Valdez.

Upload a Resume or Letter of Interest



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

June 14, 2017

City of Valdez

Attn: Shelley Pierce, City Clerk

VIA Email: spierce@ci.valdez.ak.us

License Number:	10043
License Type:	Standard Marijuana Cultivation Facility
Licensee:	MICHAEL R LILJEDAHN
Doing Business As:	ALASKAN GREENERY
Physical Address:	3250 Richardson Highway Valdez, AK 99686
Designated Licensee:	MICHAEL R LILJEDAHN
Phone Number:	907-831-2196
Email Address:	alaskangreenery@icloud.com

AMCO has received a complete renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under 3 AAC 306.035(c)(2).

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to me the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Sincerely,

A handwritten signature in cursive script that reads "Erika McConnell".

Erika McConnell
Director



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	Michael Liljedahl	License Number:	10043		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Alaskan Greenery				
Premises Address:	3250 Richardson Highway				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Michael Liljedahl
Title:	Owner

Section 3 – Changes to Licensed Marijuana Establishment

Read each line below, and then sign your initials in the box to the right of only the applicable statement:

Initials

I certify that no changes have been made, except for those that have been previously reported or requested on a form prescribed by the Board, to this licensed establishment's business name, ownership, licensed premises diagram, or operating plan, and (for marijuana product manufacturers) that I do not wish to request Board approval for production of any new proposed marijuana products.

I certify that a change has been or will be made to one or more of the items listed above for this establishment, and I understand that an additional form(s) and fee(s) must be submitted to AMCO before any renewal application for this license can be considered complete.

If you have selected the second certification, please list any and all of the five types of changes that need to be reported/requested:

--



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.



I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.



Sign your initials to the following statement only if you are unable to certify one or both of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or both of the above statements, which includes the type of offense, as required under 3 AAC 306.035(b)(4).



Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.



I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.



I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.



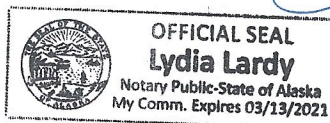
I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

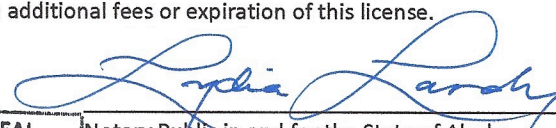


As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.


Signature of licensee

Michael Liljedahl
Printed name of licensee




Notary Public in and for the State of Alaska

My commission expires: 3/13/21

Subscribed and sworn to before me this 2 day of June, 2017.

Alcohol & Marijuana Control Office

Initiating License Application

6/2/2017 10:33:12 AM

License Number: 10043

License Status: Active

License Type: Standard Marijuana Cultivation Facility

Doing Business As: ALASKAN GREENERY

Business License Number: 1032622

Designated Licensee: MICHAEL R LILJEDAHL

Email Address: alaskangreenery@icloud.com

Local Government: Valdez

Community Council:

Latitude, Longitude: 61.095362, -146.213546

Physical Address: 3250 Richardson Highway
Valdez, AK 99686
UNITED STATES

Licensee #1

Type: Individual

Name: MICHAEL R LILJEDAHL



Date of Birth: 06/05/1984

Phone Number: 907-831-2196

Email Address: alaskangreenery@icloud.com

Mailing Address: PO Box 1964
Valdez, AK 99686
UNITED STATES

Note: No entity officials entered for this license.

Note: No affiliates entered for this license.

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business and Professional Licensing

P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

ALASKAN GREENERY

PO BOX 1964 VALDEZ AK 99686

owned by

MICHAEL R LILJEDAHL

is licensed by the department to conduct business for the period

February 21, 2016 through December 31, 2017

for the following line of business:

11 - Agriculture, Forestry, Fishing and Hunting



This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Chris Hladick

Totem Inn Inc.
PO Box 648
Valdez, Alaska 99686

June 16, 2017

Re: Abatement of Totem Inn

To whom it may concern,

Please let this letter serve as formal request to waive dump fees for the debris removal of the existing Totem Inn building at 144 E. Egan Drive. We sincerely appreciate the City working with us on these fees which will allow us to put more dollars into the new building and the surrounding site. We expect that our investment of a new and improved Totem Inn will be a welcoming addition to the community for locals and visitors alike.

AK Demo is the company that has been contracted to provide the demolition services. In an email to BCI they provided the following estimates for volume of debris:

"For the Totem Inn Demolition we estimated there would be about 3,300 Cubic Yards of Construction Debris to be hauled to the Landfill

We also estimated there would be 675 tons of Concrete foundation to be hauled away.

The report we received indicated there wouldn't be any friable asbestos that would have to be abated or segregated from the construction debris."

In addition, we have already been in the process of some softgood removal from the rooms. Our first load to the baler was delivered on 05/31/2017 and incurred an invoice of 500.00. We would respectfully ask for relief from dump fee beginning on this date.

While we are moving forward in earnest with our project we still have not finished negotiations with the insurance company. We certainly are looking forward to the time that we will be able to share our vision with the community but until that time comes we request that if any City

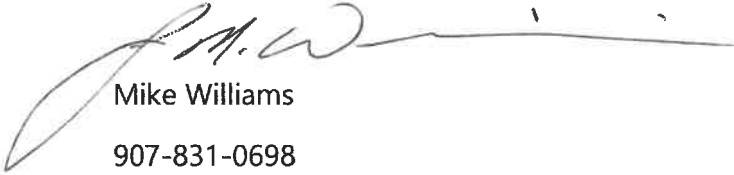
Staff or Council Members have questions about our project please contact myself, or Mike and we will be happy to talk with you.

We look forward to your reply!



Connie Ballow

907-831-0698



Mike Williams

907-831-0698



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

June 22, 2017

City of Valdez

Attn: Shelley Pierce, City Clerk

VIA Email: spierce@ci.valdez.ak.us

License Number:	10173
License Type:	Retail Marijuana Store
Licensee:	Herbal Outfitters, LLC
Doing Business As:	HERBAL OUTFITTERS, LLC
Physical Address:	165 Fairbanks Drive Lower Floor Valdez, AK 99686
Designated Licensee:	Richard Ballow
Phone Number:	907-255-0223
Email Address:	rcballow@gci.net

AMCO has received a complete renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under 3 AAC 306.035(c)(2).

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to me the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Sincerely,

A handwritten signature in cursive script that reads "Erika McConnell".

Erika McConnell
Director



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	Herbal Outfitters, LLC	License Number:	10173		
License Type:	Retail Marijuana Store				
Doing Business As:	Herbal Outfitters, LLC				
Premises Address:	165 Fairbanks Drive (Lower Floor)				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Richard C. Ballow
Title:	Owner Operator

Section 3 – Changes to Licensed Marijuana Establishment

Read each line below, and then sign your initials in the box to the right of only the applicable statement:

Initials

I certify that **no changes have been made**, except for those that have been previously reported or requested on a form prescribed by the Board, to this licensed establishment's business name, ownership, licensed premises diagram, or operating plan, and (for marijuana product manufacturers) that I do not wish to request Board approval for production of any new proposed marijuana products.



I certify that **a change has been or will be made** to one or more of the items listed above for this establishment, and I understand that an additional form(s) and fee(s) must be submitted to AMCO before any renewal application for this license can be considered complete.



If you have selected the second certification, please list any and all of the five types of changes that need to be reported/requested:

--



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications**Section 4 – Certifications**

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

Sign your initials to the following statement only if you are unable to certify one or both of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or both of the above statements, which includes the type of offense, as required under 3 AAC 306.035(b)(4).

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Signature of licensee

RICHARD C. BALLOW

Printed name of licensee

NOTARY PUBLIC
SHARON BLAKE
STATE OF ALASKA

My Commission Expires July 27, 2017

Notary Public in and for the State of Alaska

My commission expires: 07/27/2017

Subscribed and sworn to before me this 09 day of JUNE, 2017.

Alcohol & Marijuana Control Office

License Number: 10173

License Status: Active

License Type: Retail Marijuana Store

Doing Business As: HERBAL OUTFITTERS, LLC

Business License Number: 1032590

Designated Licensee: Richard Ballow

Email Address: info@herbaloutfitters.green

Local Government: Valdez

Community Council:

Latitude, Longitude: 61.130067, -146.352804

Physical Address: 165 Fairbanks Drive
Lower Floor
Valdez, AK 99686
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10035911

Alaska Entity Name: Herbal Outfitters, LLC

Phone Number: 907-255-0223

Email Address: rcballow@gci.net

Mailing Address: PO Box 2911
Valdez, AK 99686
UNITED STATES

Entity Official #1

Type: Individual

Name: Richard Ballow



Phone Number: 907-255-0223

Email Address: rcballow@gci.net

Mailing Address: PO Box 2911
Valdez, AK 99686
UNITED STATES

Note: No affiliates entered for this license.



June 22, 2017

Elke Doom, City Manager
City of Valdez
212 Chenega Avenue
Valdez, AK, 99686

RE: REVISED SCOPE OF WORK

Kimley-Horn and Associates, Inc. is please to present this revised Scope of Work for Community Engagement, development of a citywide Comprehensive Plan and a Marketing and Branding Program. Our revised Scope of Work reflects our collaborative efforts to establish a methodology for the City to achieve its objectives in an efficient and cost-effective manner.

Attached you will find a detailed summary of the task, budgets and deliverables for each component of the work effort.

We look forward to collaborating with the Valdez community on this important endeavor. We are prepared to immediately commence the work effort upon the City's authorization.

Should you have any questions, please contact Keith Pelan keith.pelan@kimley-horn.com at 714-705-1369 or Dave Barquist dave.barquist@kimley-horn.com at 714-705-1317.

Regards,

Keith Pelan, RLA
Principal-in-Charge

David Barquist, AICP
Project Manager

Joe Kaltsas, PE
Managing Principal

June 21, 2017

Exhibit A – Scope of Services

The Kimley-Horn led team will complete the following Scope of Services. The scope requirements for Task 2 and 3, as currently anticipated are shown below understanding that it may be appropriate to make adjustments as the requirements come more into focus during Task 1.

Task 1: Valdez Community Engagement Scope of Work

Scope Overview – This scope of services provides for the community engagement portion of a larger process designed to provide the City of Valdez with a policy framework that will serve as the foundation to guide the Valdez community in reaching its goals. Work tasks that may occur after this initial effort include; 1) an update to the Comprehensive Plan (covered by Task 2), 2) an update to the Zoning Code (not part of this Agreement), 3) a Branding/Marketing program (covered by Task 3), and 4) the preparation of City Design Guidelines (not part of this Agreement).

We anticipate the Community Engagement process will include a series of “on the ground” visits to Valdez where the Kimley-Horn team will have a presence not only to organize and facilitate interviews and workshops, but also to make ourselves available to the public at large should individuals wish to meet and provide input. It is anticipated that during these visits, the team will work in a central location provided by the Client and be productive in the preparation of the various forms of analysis and documentation outlined herein. Following each of the proposed community visits is a period of “office time” for the Kimley-Horn team to continue the preparation of documentation and prepare for additional site visits.

Task 1.1: Advance Planning and Strategy Preparation

The Kimley-Horn team (we) will collectively meet and prepare for the community engagement process prior to the first site visit to Valdez. This will consist of the establishment of roles and responsibilities, as well as reporting protocols and overall project timeline, objectives and issues. We will prepare a written outline and approach to the engagement process, with schedules and expectations for the input and feedback loop anticipated throughout the duration of the project.

During this planning stage, we will also gather readily available mapping and review existing City documents and recently completed studies. We will prepare preliminary base maps and other graphics that will be utilized throughout the planning process. Readily available mapping would include current Aerial photography, GIS and CAD compatible maps such as parcel maps, utility maps, and other maps that the City already has in their data base.

We will schedule and participate in semi-monthly- conference calls with appropriate City staff to review progress, discuss the engagement approach, and identify additional needs and concerns.

We will prepare a community engagement strategy plan for the project, the intent of which is to ensure that we receive input from a broad spectrum of participants and otherwise promote the project. The plan will outline anticipated times when team representatives will be on the ground in

Valdez, and identify key stakeholders, local interests, community events and meetings, and other work tasks that will take place during each visit. It will detail specific engagement tactics to be employed in maximizing participation opportunities, and will incorporate strategies for a web presence and social media. This schedule will be loosely based on known community events and meetings at which the team may have a presence, as well as anticipated times when larger community workshops, steering committee meetings, and presentations to the Planning and Zoning Commission and the City Council should be held. It would typically consist of:

- Overview and Clarification of Scope of Work and Deliverables
- Website
- Press releases
- Outreach Schedule and Meeting Summaries
- Questionnaire/Survey
- Key Stakeholder Identification
- Advisory Committee and Working Group Formation

Task 1.1 Deliverables

- *Team Conference Call(s)*
- *Draft Press Release*
- *Outreach Schedule and Meeting Summary*
- *Draft Website Format and Content (to be hosted on the City's website)*
- *Team Contact List and Responsibilities/Assignments*
- *Advisory Committee and Working Group outline of responsibilities*

Task 1.2: Community Kick-off Week (Site Visit 1)

During a full week period (4-5 days on site), the project team will conduct a series of community meetings to kick-off the project. These meetings are intended to provide significant input into the planning process with up to 4-5 Kimley-Horn team members in attendance. During this visit, we will engage in the following work efforts:

- **Community Walk (walking workshop)** – Guided/Self-guided tour of the community, allowing participants to engage in dialogue about the community. A map of the walking tour, with notes, stop locations and other details will assist participants in providing input.
- **Table/Booth at Community Events** – A table/booth will be developed for a variety of public/community events, such as Gold Rush days. The booth will provide an opportunity for the community to understand the planning process, learn about future participation opportunities and engage in dialogue about the future of Valdez.
- **Youth Visioning Workshop** – The team will collaborate with the Valdez City School District to involve students from Gilson Middle School, Hutchens Elementary School and Valdez High School to provide an opportunity to engage w/ young residents. This interactive workshop will allow you to express their desire for today and the future.
- **Staff Visioning Workshop** – Working with the project team, a Vision Workshop for staff will be conducted. Ideally, this workshop will include Executive to rank and file staff. The workshop will explore challenges, opportunities and visions for the future.

- **Business Leaders Forum** – The business community will engage in a forum to discuss needs, opportunities and challenges. Interactive exercises to explore issues will be conducted.
- **Community Visioning Charrette** – We will host a community-wide open forum which will allow members of the community to explore opportunities, challenges and their visions for the future. The meeting will overview the planning process, detail outcomes and provide interactive exercises.
- **Advisory Committee Formation** - During our time on-site, we will engage in further discussion of and recruitment of the proposed advisory committee. This committee should consist of no more than 15 persons, appointed by the City Council, and representing a broad range of community interests. We anticipate that the advisory committee will be formalized after this initial site visit in preparation of meeting with the consulting team during site visit 2.
- **Stakeholder Interviews** - Up to 10 meetings with various stakeholders (individually or in groups) will be conducted. These are ½-1 hour meetings with various representatives in the community, such as Alyeska, School District, Museum, Port, and others.
- **Intercept Surveys with Residents, Business and Visitors** - project team members will visit with local employees, residents and visitors in an “on the street” format, asking questions and gaining feedback on a variety of issues. This will provide an opportunity to talk with people in their own environment.
- **Social Media (Website, radio, etc.)** - A website will be developed, and other outreach methods will be explored, such as Twitter, Facebook, radio, and other media to “get the word out” about the planning process.

This task will also allow for the gathering of information relative to existing conditions to be used in the preparation of the baseline condition assessment proposed in Task 1.3. This information will consist of summary notes, mapping, and photographs.

Task 1.2 Deliverables

- *Agendas/Materials/Presentation/Facilitation/Photography for all meetings and workshops*
- *Website Updates*
- *Written summary of initial insights, with meeting summaries and notes*

Task 1.3: Baseline Condition Assessment

To provide an important basis for discussing community assets, challenges, constraints and opportunities, a baseline conditions assessment will be prepared. This baseline assessment, combined with the information gathered from the Community in Task 1.2, will provide the requisite data to inform future discussions of policies and actions to be undertaken. The information gathered in this task will inform the balance of the community engagement process and will be directly transferable to subsequent work tasks such as the Branding program and the Comprehensive Plan update.

During this task, the Kimley-Horn team will gather background information in these general areas:

- **Planning** - current projects and recent studies.
- **Mapping** - current conditions, in GIS based format.
- **Site Visual Surveys and Investigations** - on-the-ground review of site conditions.
- **Photography** - photographic summary of various typical conditions throughout the City.
- **Infrastructure Facilities** - mapping and general descriptions of infrastructure facilities (roads, utilities, geographic features and limitations), using City provided base maps.
- **Design and Development Constraints and Opportunities** - general textual discussion and mapping of physical constraints and opportunities.
- **Housing Conditions/Availability** - general mapping of existing housing conditions.
- **General Economic/Fiscal Baseline Conditions** - general summary of baseline economic conditions via recent reports and studies.
- **Overview of Regional Context and Site Conditions** - addressing both the natural and built character of Valdez.
- **Land Use** - conduct a preliminary assessment of the distribution, character and condition of existing land uses, buildings and structures.
- **Ownership Patterns** - conduct a preliminary assessment of land ownership (public vs. private and other major land owners).
- **Mapping** - proposed new development or subdivision projects and areas of ongoing concern.
- **Community Resources Analysis** - assessing civic, commercial, and cultural resources located within and near the community, and identify gaps in service provision. Our analysis will generally be qualitative and map-based.
- **Community Character Analysis** - investigating urban structure and form, prevalent development typologies, and local and regional design character and traditions.
- **Environmental Analysis** - assessing the environmental and natural character of the community and its surroundings, including identification of environmental assets and constraints (e.g., floodplains), open space character and resources, land use suitability, and opportunities for natural resource and landscape conservation. Our analysis will generally be qualitative and map-based; as appropriate.
- **Infrastructure Analysis** - assessing the current general condition of infrastructure elements including roads, City utilities (water, sewer, stormwater), and public buildings

Field work for this task will be conducted during site visit 1, and finalized during the in-office time that follows. The Site Analysis Report will serve as an informational and resource document for the project team, as well as for community members and key stakeholders as the project moves forward.

Task 1.3 Deliverables

- *Review and Assessment of Existing Documentation*
- *GIS Mapping of existing conditions*
- *Quantified Analysis of Community Features (land use, dwelling units, etc.)*
- *General Infrastructure Mapping*
- *Opportunities/Constraints Mapping*
- *Housing Locations and General Conditions Report*
- *Website Updates*

Task 1.4: Exploring Community Assets and Challenges (Site Visit 2)

This task will further explore the community assets and challenges defined during prior community engagement activities. The intent of this task is to build on prior efforts and begin to define community assets and challenges.

Over a 3-5-day period with 3-4 team members, the following workshops/activities will be conducted:

- **Community Summary Workshop** – A summary workshop exploring “what we’ve learned” during the planning process and begin the definition and assessment of community assets and challenges. The public will be given the opportunity to clarify ideas and opportunities.
- **Business Leaders Forum** – A forum for detailed discussion of community assets and challenges related to business. This forum will seek to define and address the primary challenges to business success and the method/strategies to address them.
- **Staff Workshop** – Like the Business Leaders Forum, this forum will seek to define and address the primary challenges to business success and the method/strategies to address them.
- **City Council Working Session** – A summary status presentation to the City Council for additional input and comment.
- **Advisory Committee Meeting**– A working session with the appointed Advisory Committee for additional input and feedback.
- **Social Media updates (website, radio, etc.)** – Additional updates will be made to the website and other social media platforms, as applicable.

Task 1.4 Deliverables

- *Written summary of meetings and workshops, along with initial findings and preliminary recommendations.*

Task 1.5: Prioritization of Community Assets and Challenges (Site Visit 3)

Tasks 1.2-1.4 above will be utilized to help define the overall community's assets, challenges, opportunities, and constraints. This task will take the information that we've gathered to date, and begin to prioritize a series of recommendations for policies and the best use of community assets to capitalize on existing qualities and to begin addressing shortcomings.

This site visit will include up to four members of the project team in Valdez for 3-5 days to conduct the following workshops/activities:

- Community Summary Workshop
- Advisory Committee Meeting #2
- Business Leaders Strategy Session
- City Council Work Session
- Community Assets/Challenges Workshop

Task 1.5 Deliverables

- *Agendas/Materials/Presentation/Facilitation/Photography for all meetings and workshops*
- *Website Updates*
- *Meeting Summaries/Notes*

Task 1.6: Establishing the Community Vision (Site Visit 4)

Kimley-Horn will conduct site visit four with up to three team members for 2-4 days. During this visit, some final community engagement activities will be conducted to firm up the information and recommendations made in the reports and summaries prepared in Tasks 1.1-1.5. This community summary will be an expression of policy that speaks to what Valdez seeks to be in the future. Up to four members of the project team will be present for the following activities:

- Advisory Committee Meeting #3 to review the draft final report
- City Council Work Session
- Community Visioning Festival – A drop-in style forum to allow additional community input on the draft report.
- Business Leaders Work Session – a facilitated discussion with business leaders to review the draft report

During the office time following site visit 4, the Kimley-Horn team will prepare the following documents:

- A summary Community Engagement Report – this will recap the engagement activities conducted to date in written and graphic summary format
- A finalized Community “vision” or “action” plan
- A policy and priorities summary which shall serve as the basis for the possible next step in this process of updating the City's Comprehensive Plan. This summary will address the following topics, including, but not limited to:
 - Community Vision
 - Land Use and Development
 - Community Design
 - Housing

- Mobility and Transportation
- Economic Development
- Tourism and Visitor Services
- Infrastructure and Community Facilities
- Safety and Resiliency
- Natural Resources Management
- Parks and Recreation
- Ports and Harbor

Task 1.7: Final Reports and Presentations (Site Visit 5)

This task provides for a final visit to Valdez to present the finalized reports to the City. Kimley-Horn will complete presentations to (either jointly or individually):

- Advisory Committee
- Planning and Zoning Commission
- City Council

We anticipate that this visit will be attended by two team members for 2 days only. The fee for this task has been prepared based on this assumption. If the City desires additional presentations to groups or commissions, we can provide those within the time that the trip is scheduled, extend the trip, or make another trip for these purposes (as an additional service with additional fee)

Task 1 Fees

Task 1, as detailed above, will be completed for the sum of the lump sum fees shown below. The following table provides a summary of the proposed fees by subtask for informational purposes only. The fees provided are inclusive of reimbursable expenses (travel, lodging, and meals). Fees will be billed monthly on a percent-complete basis.

Task Name	Fee
Task 1.1: Advance Planning and Strategy Preparation	\$22,000
Task 1.2: Community Kick-Off Week (Site Visit 1)	\$52,500
Task 1.3: Baseline Condition Assessment	\$46,500
Task 1.4: Exploring Community Assets and Challenges (Site Visit 2)	\$35,000
Task 1.5: Prioritization of Community Assets and Challenges (Site Visit 3)	\$41,500
Task 1.6: Establishing the Community Vision (Site Visit 4)	\$77,500
Task 1.7: Final Reports and Presentations	\$75,000
Total	\$350,000

Additional Meetings

Should additional 'in person' meetings be requested within the above scope, they will be provided on an hourly plus expense basis. We estimate the following for additional meetings:

Option 1: One person for 1 day in Valdez for meetings plus travel time:	Budget: \$12,000
Option 2: Two people for 1 day in Valdez for meetings plus travel time:	Budget: \$21,000
Additional cost per person per extra day in Valdez (labor and expense):	Budget: \$3,500

End of Task 1 Scope

Task 2: Comprehensive Plan Update

Scope of Work

Scope Overview: This Scope of Work provides for the preparation of an update to the City's Comprehensive Plan with updates to Goals, Objectives and Policies. The content and magnitude of this update will be largely based on the findings of the Community Engagement process outlined in Task 1 above. Kimley-Horn anticipates beginning this task somewhere around 7-9 months into the scope of the Community Engagement process. While the exact requirements of this Task hasn't yet been determined, we are basing this general outline on work that Kimley-Horn has performed for numerous municipalities. This portion of the work will also provide for site visits to Valdez, and presentations/workshops with various City Boards and commissions, the Planning and Zoning Commission, and the City Council as described below.

The following is a general summary of the work in the Comprehensive Plan update effort:

The update to the City's Comprehensive Plan is anticipated to have several topical Chapters, or Elements. The exact topical chapters and the depth of each will be defined during the Community Engagement process conducted in Task One above

- Community Vision
- Land Use and Development
- Community Design
- Housing
- Mobility and Transportation
- Economic Development
- Tourism and Visitor Services
- Infrastructure and Community Facilities
- Safety and Resiliency
- Natural Resources Management
- Flora and Fauna
- Fishery
- Oil
- Watercourses
- Parks and Recreation
- Ports and Harbor
- Capital Improvements and Implementation

Each element will provide background data, applicable mapping and exhibits, policies, programs and recommended implementation actions. The conclusions from previously completed plans and studies which are found by the City to still be valid will be incorporated into the applicable elements. It is understood that detailed studies will not be prepared for these element under this contract. As an example, the Housing Element will provide applicable policies, programs and recommended implementation actions relative to community housing resources but this Task does not include the preparation of a detailed Housing Study for the City.

We anticipate the process for the Comprehensive Plan update to include a series of individual tasks. These are generally outlined below, however, the order of the preparation of the various elements, and the review process is subject to change based on the establishment of priorities between the City and Kimley-Horn.

Task 2.1: Identification of Comprehensive Plan Elements

Based on the findings of the Community Engagement process, Kimley-Horn will review with the City the priorities to be addressed in the Comprehensive Plan, as well as identify the elements that are necessary for inclusion. From this, we will prepare a schedule and a general outline of the contents of the plan

Task 2.1 Deliverables

- *Outline of Contents*
- *Schedule*

Task 2.2: Comprehensive Plan Outreach Activities (Site Visit 1)

This task will consist of a 3-5 day site visit with at least 2 members of the Kimley-Horn team to conduct additional outreach in the form of workshops, meetings with Boards and Commissions, and discussions with various groups as applicable to certain elements of the Comprehensive Plan. This outreach may be focused on specific user groups and/or the community at large depending on the nature of the input desired. It is anticipated that some or all of the following meetings could occur during this and subsequent site visits as detailed below:

- Meetings with the Comprehensive Plan Advisory Committee
- Community Wide Workshops
- City Council Work Sessions
- City Council Public Hearings
- Various Commission Workshops

Task 2.2 Deliverables

- *Meeting Agendas/Summaries*

Task 2.3: Comprehensive Plan Update Draft

Based on the results of Task 2.1 and 2.2 above, Kimley-Horn will begin the preparation of a draft of the document. This will likely be prepared 3-4 elements at a time, so that the City may review portions on an ongoing basis rather than the entire plan at once.

We anticipate the initial review of the draft document to be done by staff, the Advisory Committee, and the Planning and Zoning Commission. The review process would likely entail conference calls, staff markups of draft documents, and in-person workshops/presentations with the various review groups.

Task 2.3 Deliverables

- *Document Drafts (in sections)*
- *Meeting/Workshop summaries*

Task 2.4: Comprehensive Plan Draft Review Meetings (on-site)

This task will include a 2-3 day site visit with 1 or 2 members of the Kimley-Horn team to conduct in-person workshops and review of the Plan Update Draft of the first 3-4 elements. Input received during this review visit will be incorporated into the revised document while the next series of elements are being drafted.

Note: Tasks 2.3 and 2.4 above will be repeated up to four times during this process as the various groups of Plan Elements are drafted and reviewed.

Task 2.4 Deliverables

- *Meeting Agendas/Summaries*

Task 2.5: Preparation of Finalized Document

Once all plan elements have been drafted, reviewed, and edited appropriately, we will prepare a draft of the entire Comprehensive Plan. We will provide the draft plan to the City in electronic format in advance of Task 2.6 below.

Task 2.5 Deliverables

- *Final Document(s)*

Task 2.6: Final Presentations

We will make a final visit to Valdez for 2-3 days to present the finalized plan to the various boards and commissions. Any additional input received during this visit will be incorporated into the final plan. We will provide the City with electronic copies of the final document for publication as appropriate.

Task 2.3 Deliverables

- *Meeting Agenda/Summary*

Task 2 Fees

Task 2, as detailed above, will be completed for the sum of the lump sum fees shown below. The following table provides a summary of the proposed fees by subtask for informational purposes only. The fees provided are inclusive of reimbursable expenses (travel, lodging, and meals). Fees will be billed monthly on a percent-complete basis.

Task Name	Fee
Task 2.1: Identification of Elements	\$7,500
Task 2.2: Site Visit 1	\$42,500
Task 2.3: Plan Update Draft*	\$175,000
Task 2.4: Review Meetings (on-site) *	\$75,000
Task 2.5: Preparation of Finalized Document	\$45,000
Task 2.6: Final Presentations	\$35,000
Total	\$380,000

Additional Meetings

Should additional 'in person' meetings be requested within the above scope, they will be provided on an hourly plus expense basis. We estimate the following for additional meetings:

Option 1: One person for 1 day in Valdez for meetings plus travel time:	Budget: \$12,000
Option 2: Two people for 1 day in Valdez for meetings plus travel time:	Budget: \$21,000
Additional cost per person per extra day in Valdez (labor and expense):	Budget: \$3,500

End of Task 2 Scope

Task 3: Branding and Marketing Program Scope of Work

Task 3.1: Community Engagement and Education

Kimley-Horn, in conjunction with our subconsultant (North Star), (“we”) will assist the Client in the establishment of the Valdez Champions working committee, which should consist of a group of 12-15 influential voices from across the community who will specifically be engaged in the development of the Branding and Marketing Program. This group should typically comprise leaders representing diverse interests including students, matriarchs, historians, artists, parents, librarians, coaches, athletes, teachers, doctors, merchants, journalists, architects, bloggers, event planners. The City and consulting team will discuss the makeup of this group. We can assist with language for communication with this group but the invitation will come from the City. This should be an ongoing database that can be used throughout this project and beyond, particularly with implementation efforts. The City will expend a minimal amount of time compiling the list and using it to distribute information under advisement of the consulting team throughout the process.

During the Branding Site Visit, the Champions group will be assembled as a focus group. We will provide them information on branding in general, brainstorm the possibilities for their group, and discuss how an ambassador group can promote the brand and remain independent. The Champions will then be charged with spreading the word about the branding effort in the community and to take the pulse of their constituencies.

Using the available hashtag #ValdezChampions, we will set up a platform that the group can use to discuss issues important to their constituencies. Your Valdez Champions group is not working to “sell in” the brand, they are answering questions, addressing concerns and cultivating good ideas.

We will establish an Educational and Brand Story Web site which will serve as an online tool for Valdez residents and stakeholders to learn more about the branding effort, the current state of the process and to get involved either in the research stage or to become a champion after the launch of the new brand. In addition, this website transitions throughout the process at key milestones from a purely educational site, to one that describes the core branding strategy after the strategic DNA statement is approved and then becomes a brand story website at the completion of your BrandPrint.

We will provide a general press release on what a community brand is and what it does. It will highlight the need for the public’s help during the process and communicates the date, time and location of upcoming educational presentation(s). Not only does this start the public education process, it opens lines of discussion with the press. If appropriate, we will meet with members of the press during the time allotted for our site visit

We will conduct PowerPoint presentations during the time allotted for our Branding: Site Visit to private and public sector stakeholder groups (determined and assembled by the Client) for purposes of educating and furthering buy-in of the Valdez branding initiative. We will work with the Client to determine who these audiences are and what you want to convey. The presentation will be crafted to meet those goals. We will provide the Valdez team with a copy of the community branding PowerPoint presentation (with detailed notes), which will give you the ability to carry on the education and engagement via additional presentations, distribution to interested parties or placement on community websites.

Task 3.1 Deliverables

- *Educational Website (hosted on City website)*
- *Educational Presentation*
- *Branding Initiative Press Release*
- *Valdez Champions social media platform for discussions*

Task 3.2: Research

During this task, we will evaluate the environment, the competitive situation, stakeholder (business and community leaders) attitudes, community attitudes, current communications and the perceptions of target audiences and influencers. This consists of:

- **Situation Analysis** - To establish the current lay of the land from the perspective of your critical partners, we will administer an online questionnaire to each internal group or organization and can meet with these groups (during the site visit) to more fully understand your general history, political landscape, resources, competitors, etc. The City will assist in distributing this questionnaire via email to key partners in the project.
- **Research, Planning, Communications and Media Audit** - We will conduct a comprehensive review of readily available research and planning documents provided by the Client. In addition, we will review and analyze existing marketing materials, branding, logos and messaging from public and private sector partners as well as recent press related to Valdez. These items are gathered by the City and its partners early in the process and shared online or shipped to North Star.
- **Undercover Interviews/Ethnography** – If deemed necessary by Kimley-Horn, North Star (Kimley-Horn's subconsultant) will pursue an ethnographic study during approximately a month in Valdez, with our team member living there as part of the community. During this visit, the ethnographer will conduct interviews to gain an in-depth qualitative understanding of how residents and visitors experience and think about Valdez. He/she can participate in volunteer efforts, ride-alongs, road crews, fishing expeditions, and other common (and not so common) experiences in Valdez. This effort will include reaching out to people that can be difficult to reach using conventional methods, by going to where they live, where they work and where they congregate. This approach involves asking open-ended questions and allowing respondents to speak in their own words in their natural environment about their personal experiences with Valdez, what Valdez means to them, and how do they define their home. The conversations are more casual and reflect a basic curiosity with a purpose as we get to know the community on a very personal basis. Only minimal time is required by the City in making introductions to some influencers and events.
- **In-Depth Survey** - This open-ended survey challenges stakeholders to provide deeper comments and opinions. We administer the survey digitally and in paper form to the list provided by you, allowing your valuable stakeholders to participate. This tool extends your participant universe and allows you to layer trending opinions with in-depth perspectives. We are seeking a response rate of about 125 for this qualitative survey. This should be extended to a cross-section of business and community leaders across Valdez. We find success in gaining that response rate if the survey is distributed to 300-400 individuals. We can advise the City on how to determine that list. After reviewing and approving the survey draft, the City

will distribute an online link to the survey via email to its list. North Star will provide the link and intro email language to be customized by the City.

- **Branding: Site Visit**

***NOTE:** North Star will guide the City and its partners in identifying a date and timeframe for this site visit to allow engagement with stakeholders, residents, and visitors (North Star expects this visit to be 7 days with attention paid to event calendars). A sample itinerary builder template will be provided to identify the types of conversations and groups we seek to engage on the visit. Site Visit conversations are summarized and presented as part of the Research and Strategy Presentation and subsequent report. The City and its partners will be responsible for scheduling all parts of the Site Visit. North Star will advise and direct for ease and efficiency.*

- **Sales Review** - Conduct further in-depth review of how Valdez sells itself, formally and informally, to key business prospects, developers, professional candidates, students, potential home buyers, etc. We want to hear your presentations, see what they see and receive any materials they receive. Nothing new should be prepared for this Sales Review. This should demonstrate how you currently speak about and promote the community for investment.
- **Key Stakeholder Interviews** - Some of our most valuable nuggets for the purposes of defining your DNA and crafting your creative work come from these intensive one-on-one interviews with key stakeholders (including leaders from city department staff, real estate agents, park officials, elected officials, business community, schools, civic organizations, etc.). We also want to talk to articulate individuals who are passionate about Valdez (poets, coaches, ministers, historians, matriarchs, patriarchs and more). We continue the conversations via phone once we get back to the office. North Star will work with the City and its partners to determine the ideal number of conversations among interviews and focus groups. North Star estimate up to 25-30 interviews.
- **Focus Groups** - We will also assemble a range of perspectives during 2-3 focus groups during the site visit. Focus groups engage 12-15 at a time and can be organized by type (businesses, tourism attractions, etc.)
- **Online/Social Media Community Survey** - Using some of the themes identified in the in-depth survey, we will craft a quantitative survey posted online for community-wide participation. We promote this survey using traditional and social media as we target groups including millennials and empty nesters.
- **Brand Barometer** - This proprietary research tool measures the likelihood of your residents to advocate Valdez for starting a business or quality of life, compared to other places in the United States. This will provide us with a benchmarking tool for measuring internal attitudinal change moving forward.
- **Influencer Perception Study** - Working from a combined list of site selectors, relocation executives, meeting planners, regional and state level executives in economic development and tourism as well as other external influencers you provide with a list we compile, we will conduct qualitative, in-depth interviews with professionals outside Valdez. These interviews uncover valuable 30,000 ft. perspectives. The City and its partners will share available

contacts and referrals among this group. Names will also be uncovered through the course of the research. North Star will add to this list with its own network of contacts and will seek (without aid from the City) input from competitors, nearby communities, and regional voices. The overall list usually numbers 2-3 dozen possible contacts.

- **Quantitative Perception Study** - his survey is conducted using a statistically significant random sampling of consumers and non-consumers in outside markets using existing inquiry records. Data will be cross-tabulated to reveal patterns between consumer and non-consumer groups. For instance, perceptions and attitudes for those who have visited Valdez will be compared to those who have not visited and are reporting perceptions purely on reputation. This Consumer and Non-Consumer Awareness and Perception Study measures:
 - Overall awareness and perceptions of Valdez.
 - Overall awareness and perceptions of the competition.
 - Measurements of Valdez's delivery of quality of life indicators.
 - Consumer experiences with Valdez.
 - Attitudes regarding Valdez's strengths and weaknesses.
 - Consumer opinions regarding what needs to be added or taken away.
 - Changes in consumer perceptions of Valdez after visiting.
 - Patterns of visitation activities associated with consumer's primary purpose of visitation.
- **Competitive Positioning Review** - This task includes the preparation of a brand message and marketing strategy analysis to evaluate Valdez's position relative to the competition in the state and in the region. The City and its partners will identify its 5 key competitors (or 3 competitors for tourism and 3 for economic development). North Star will conduct a positioning review for Valdez and these identified competitors. This broad examination is aligned with the general perception research gathered within Valdez and from the outside among consumers.

Tapestry® Consumer Profile: Tapestry provides a visitor profile that is unique to your consumers. Lifestyle, preferences, media usage, buying behavior and more, this report is useful for identifying potential growth visitor markets, budget allocation, production development and event planning.

 - *Who Report:* Consumer demographic and socio-economic classifications; this report also compares your consumers to the profiles of your community. In other words, are your residents like or unlike your visitors?
 - *What Report:* Profile of consumer lifestyle and media habits such as media usage, household buying preferences, recreational interests, civic involvements, dining choices, retail preferences, lodging tendencies, travel behavior and more.
 - *Where Report:* Grid showing relative comparisons of feeder markets based on a high concentration of consumers.
 - *Consumer Mapping:* Origin information from existing databases (inquiries, lodging properties, attractions, etc.) that can be gathered locally from the Visitors Bureau or other sources.
 - *Consumer Leakage:* Comparison of supply against demand—and a simple way to identify business opportunity

Task 3.2 Deliverables

- *Research report assembled and delivered following research and strategy presentation in Task 3.3. This report includes raw data from surveys conducted.*

Task 3.3: Insights and Strategy

This task consists of the analysis of the input received to date through the branding outreach and the vision planning processes, and the synthesis of that information into a storyline. From this storyline, we will create a strategic DNA statement for Valdez, which will be a critical touch point for branded activity moving forward.

Based on these insights, we will develop a guiding statement for your brand. This statement will serve as the touch point for Valdez activity moving forward. Included in this DNA definition is:

- Target audience: For whom Valdez has the most appeal
- Frame of reference: Geographic context of Valdez
- Point of difference: What makes Valdez special
- Benefit: Why it should matter to the consumer

From the approved DNA statement, we will prepare a “Research and Strategy” Presentation, which will include a review of relevant research, insights and recommended DNA Definition. We will preview this presentation with key branding committee members for purposes of editing and fine-tuning. We will then present the finalized presentation at a larger stakeholder meeting.

Task 3.3 Deliverables

- *Research and Strategy Presentation*
- *Research report assembled and delivered*

Task 3.4: Creativity and Design

This task encompasses the effort involved in transforming the insight and strategy developed to date into tangible creative products that embody Valdez. Guided by the creative brief and a creative workshop, we will analyze the current creative elements used by the City of Valdez and highlight strengths and weaknesses therein. We will create alternative straplines, logos, color and messaging (with graphic standards).

We will conduct a creative workshop with the Valdez creative team that explores the roles of different creative elements and identifies creative preferences. The goal of this workshop is to hone in on the type of work you want without limiting the creative thinking of our writers, graphic designers and art directors.

We will provide up to five different straplines along with rationales for the strengths of each line. We will conduct trademark and Google searches to determine the availability of each line and not already trademarked or in use.

We will prepare a slate of 8-10 alternative logos, which will represent a range of options, for presentation to the Valdez creative team (3-4 people identified in conjunction with North Star). We will provide one round of revisions to the selected mark. Once the preferred logo has been chosen and developed, we produce it with and without the state name and with and without the strapline in both vertical and horizontal lockups.

We will provide versions of the logo for each individual public sector organization. We will also provide the private sector with details on the framework to be used in any number of ways moving forward.

The logo will be prepared in both black and white and color versions. We will present two color palettes and visual looks for the logo, and will facilitate a meeting with the Creative Team to select one look to be applied to subsequent deliverables.

We will prepare a 'graphic standards guide' for the logo which will contain the necessary information for using your logo, color, typefaces, language, narrative and other key elements to ensure consistency across all mediums and from any organization. We will provide the Client with both digital and printed versions of this Guide and the final logo.

We will prepare a brand narrative based on the Valdez DNA Definition. This narrative, celebrating what makes Valdez special, is described in artistic and compelling language for connecting emotionally with consumers. The narrative defines the community's personality and tone of voice. It can be woven into ad copy, placed on websites, integrated into speeches and distributed to businesses to use in their own communications about the place they call home. Sub-narratives for target audiences will also be provided.

We will prepare a brand narrative based on the Valdez DNA Definition. This narrative about what makes Valdez special is described in artistic and compelling language for connecting emotionally with consumers. The narrative defines your personality and Valdez tone of voice. It can be woven into ad copy, placed on websites, integrated into speeches and distributed to businesses to use in their own communications about the place they call home. Sub-narratives for target audiences will also be provided.

We will work with the Client to identify 10-12 custom deliverables that target your specific goals, and brings the logo, line, color, photography, narrative, graphic elements and much more to life in the real world, in locations such as:

- Community Portal Website
- Organizational Website Design
- Social Media Application
- Partnership Opportunities
- Print and Electronic Advertising
- Signage (gateways and wayfinding)
- Stationery
- PowerPoint Templates
- Merchandising
- Community Outreach

Task 3.4 Deliverables

- *Camera-ready art for logo and line*
- *Graphic Standards Guide*
- *Design Templates for Communication Materials*

Task 3.5: Implementation Plan

We will provide the Client with a marketing action plan (accomplishing goal of Comprehensive Marketing Plan) that will cover the first two years of implementation with detailed explanations and examples of each recommendation. It will prioritize both long and short-term strategies and will be written to employ a variety of communication tools. This plan will address the following:

- Identification of specific goals and areas of emphasis for graphic identity in the first two years
- Marketing and Communication action plan – how should the brand influence marketing and communication efforts from the City, economic development, tourism and partner organizations
- Alignment with City's Economic Diversification Strategy – how creative and implementation efforts can advance the goals of diversification
- Business partner integration and promotion – how does the logo integrate into everyday lives and local business operations
- Public Relations – we will create relevant story ideas that work together to build the brand message. This will include direction for how to leverage social media in the distribution of these stories and for interaction with your audiences.
- Staff Integration Recommendations – we will provide specific steps for integrating the brand internally in communications, materials, language, stationery, email signatures, etc. as well as ideas for generating excitement for and interest in your brand internally.
- Promotion & Assimilation Tactics: In addition to the above target areas, we will also provide traditional and nontraditional integration direction across the following tactical areas:
 - Online/social media
 - Guerrilla marketing
 - Targeted events/festivals
 - Policy
 - Sports
 - Environmental applications
 - Arts
 - Incentives
 - Exports
 - Awards
 - Education

Task 3.5 Deliverables

- *Two-year brand assimilation and implementation study*

Task 3.6: Workshops and Training

We will prepare a presentation that will cover the high points of the branding research and strategy and provide a thorough explanation of the foundational creative development, and the steps included in the action plan. We will deliver this presentation up to three times to the groups or committees of your choice.

We will conduct up to three training workshops within Valdez. This workshop will focus on brand education and on strategies participants can use to spread the word about the brand or integrate it into their own initiatives. These workshops will be tailored to suit the audience for each workshop (Staff/Partner Agencies, Valdez Champions and Private Sector Partners).

We will conduct a special Valdez Champions workshop, to share the tools, ideas and designs to help them start spreading the word about their hometown.

We will conduct a conference call or web meeting to collaborate with the Valdez team on the planning and implementation of the initial roll-out.

Task 6 Deliverables

- *Final Presentation*
- *Workshop Guide*

Task 3.7: Evaluation and Results Tracking

This task includes work involved in answering two basic questions: 1) have responses to the brand among target audiences changed in the way that was intended; and 2) have these changes resulted in action that will achieve the desired objectives of the brand?

We will provide a 12-month follow up after a year of your brand implementation to discuss the successes enjoyed and hurdles that you are working to overcome. This examination can determine the level of adoption from the business community and other aspects of community buy-in. We provide suggestions and direction for next steps in your continual brand integration.

We will provide a Brand Barometer measurement after your first twelve months of implementation to track the progress of the community, based on the benchmarks established during the research phase of this project. This current national sampling mitigates swings in the economy and gives you a at advocacy for Valdez and therefore the success of your first year's effort by one measure.

The purpose of this effort is to gain an in-depth understanding of the brand perceptions of the community among consumers. We have included up to 80 additional hours of effort over the course of the 12-month period after completion of Task 3.6 to answer questions and provide follow-up. We can spend these hours during a follow-up visit to Valdez to conduct interviews and supplemental coaching sessions that can conclude with additional recommendations for the second year of implementation. Or we can spend them incrementally as a partner and resource to evaluate specific concerns and goals for implementation as you begin to put the brand to work (quarterly or semi-annually). Observations can be made about the level of success of delivering what your new brand promises. North Star can also examine success in economic investment, job growth, and visitor attraction numbers and determine with Valdez brand leaders what type of additional ROI study is needed and desired (outside this scope).

Task 3.7 Deliverables

- *Brand Barometer score and comparison to benchmarks and national averages*
- *Observations and recommendations following first year of implementation*

Task 3 Fees

Task 3, as detailed above, will be completed for the sum of the lump sum fees shown below. The following table provides a summary of the proposed fees by subtask for informational purposes only. The fees provided are inclusive of reimbursable expenses (travel, lodging, and meals). Fees will be billed monthly on a percent-complete basis.

Task Name	Fee
Task 3.1: Community Engagement and Education	\$10,000
Task 3.2: Research	\$100,000
Task 3.3: Insights and Strategy	\$20,000
Task 3.4: Creativity and Design	\$40,000
Task 3.5: Implementation Plan	\$20,000
Task 3.6: Workshops and Training	\$15,000
Task 3.7: Evaluation and Results Tracking	\$15,000
Total	\$220,000

Additional Meetings

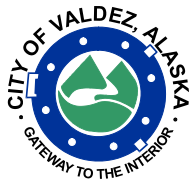
Should additional 'in person' meetings be requested within the above scope, they will be provided on an hourly plus expense basis. We estimate the following for additional meetings:

Option 1: One person for 1 day in Valdez for meetings plus travel time:	Budget: \$12,000
Option 2: Two people for 1 day in Valdez for meetings plus travel time:	Budget: \$21,000
Additional cost per person per extra day in Valdez (labor and expense):	Budget: \$3,500

End of Task 3 Scope

Summary of Fees by Task

Task Name	Fee
Task 1: Valdez Community Engagement	\$350,000
Task 2: Comprehensive Plan Update	\$380,000
Task 3: Branding and Marketing Program	\$220,000
Total	\$950,000



**City of Valdez
Agreement for Professional Services**

THIS AGREEMENT made and entered into between the CITY OF VALDEZ, ALASKA, (“City”) and KIMLEY-HORN AND ASSOCIATES, INC. (“Consultant”), effective on the _____ day of _____ 2017.

All work under this agreement shall be referred to by the following:

**Project:
Project No:
Contract No.:
Cost Code:**

Consultant’s project manager under this agreement is Dave Barquist. Consultant’s project manager may not be changed without the written consent of the City.

City’s project manager is Martha Barberio.

ARTICLE 1. Scope of Work

- 1.1 The scope of work to be performed hereunder is more completely described in Appendix A which is incorporated herein by reference.

ARTICLE 2. Compensation

- 2.1 Compensation shall be paid in accordance with the Basis of Compensation Schedule attached hereto as Appendix B and incorporated herein by reference.

ARTICLE 3. Period of Performance

- 3.1 The Consultant agrees to commence work under this agreement only as authorized by and in accordance with written notice to proceed and to complete the work in accordance with the Scope of Work (Appendix A).

- 3.2 The period of performance under this agreement shall proceed in accordance with the schedule set forth in Appendix A.

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

ARTICLE 4. Subconsultants

4.1 The Consultant shall be responsible for the performance of all services required under this agreement.

ARTICLE 5. Insurance

5.1 In accordance with the provision contained in the General Conditions (Appendix C), the following minimum limits of insurance coverage are required:

<u>Type of Insurance</u>	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Aggregate</u>
Workers' Compensation	Statutory	Statutory
Employers' General	\$100,000	\$300,000
Commercial General Liability	\$100,000	\$300,000
Comprehensive Automobile Liability	\$100,000	\$300,000
Professional Liability	\$500,000	\$500,000

ARTICLE 6. Appendices

6.1 The following appendices are attached to this agreement and incorporated herein:

<u>Appendix</u>	<u>Title</u>
A	Scope of Work
B	Basis of Compensation
C	General Conditions

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

IN WITNESS WHEREOF, the parties to this presence have executed this CONTRACT in two (2) counterparts, each of which shall be deemed an original, in the year and day first mentioned above.

**KIMLEY-HORN AND ASSOCIATES,
INC.**

BY: _____

DATE: _____

TITLE: _____

FEDERAL ID #: _____

Mailing Address

City, State, Zip Code

Signature of Company Secretary or Attest

Date: _____

**CITY OF VALDEZ, ALASKA
APPROVED:**

Ruth E. Knight, Mayor

Date: _____

ATTEST:

Sheri L. Pierce, MMC, City Clerk

Date: _____

Elke Doom, City Manager

Date: _____

APPROVED AS TO FORM:

Brena, Bell & Clarkson, P.C.

Anthony S. Guerriero

Date: _____

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

Appendix A
Scope of Work

BASIC SERVICES

The scope of work is more specifically described in the attached proposal dated June 22, 2017.

Appendix B
Basis of compensation

On completion of work and submission of invoices, the City shall pay to consultant the compensation as follows:

Payment shall be made based on the proposed fee schedule and shall not exceed \$950,000 per the proposal attached to Appendix A of this Agreement, without prior authorization by the City as required in Section V of the General Conditions A (Appendix C).

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

Appendix C General Conditions

I. Definitions:

Basic Services: The identified work elements set forth in this Agreement for which the Consultant will receive prime compensation.

Change: An addition to, or reduction of, or other revision in the scope, complexity, character, or duration of the services or other provisions of this Agreement.

City's Project Manager: City's representative in charge of the project(s) and the consultant's primary point of contact for notice(s) to proceed, invoices, correspondence and interface with the City.

Consultant's Project Manager: The Consultant's representative in charge of the project(s) who is directly responsible and engaged in performing the required services.

Extra Services: Any services or actions required of the Consultant above and beyond provisions of this Agreement.

Funding Agency(s): The agency(s) of the federal, state or municipal government which furnishes funds for the Consultant's compensation under this Agreement.

Optional Services: Identifiable and/or indeterminate work elements set forth in this Agreement, which are separate and distinct from those covered by the prime compensation, which the City has the option to authorize.

Prime Compensation: The dollar amount paid to the Consultant for basic services set forth in this Agreement. Prime compensation does not include payment for any optional or extra services.

Scope of Work: Basic and optional services required of the Consultant by provisions of this Agreement.

Subconsultant: Any person, firm, corporation, joint venture, partnership or other entity engaged through or by Consultant.

II. Information and Services from Others:

Provisions of information, data, budget, standards, and other materials by the City does not warrant their accuracy or quality nor provide approval of omissions or oversights or of any non-compliance with applicable regulation.

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

The City may, at its election, or in response to a request from the Consultant, furnish information or services from other Consultants. If, in the Consultant's opinion, such information or services are inadequate, the Consultant must notify the City of the specific service or material deemed inadequate and the extent of the inadequacy prior to use in the performance of this Agreement. Unless so notified by the Consultant, the City may assume the information or services provided are adequate.

III. Indemnification

To the fullest extent permitted by law, the Consultant shall indemnify, defend, and hold harmless the City from and against any claim of, or damages, losses, expenses and liability (including but not limited to fees and charges of engineers, architects, attorneys and other professionals and court, mediation and/or arbitration costs) for negligent acts, errors, and omissions of the Consultant, Subconsultant, persons or organizations directly or indirectly employ or engaged by Consultant or Subconsultant under this Agreement. The Consultant is not required to indemnify, defend, or hold harmless the City for a claim of, or liability for the independent negligent acts, errors, and omissions of the City. If there is a claim of, or liability for a joint negligent act, error, or omission of the Consultant and the City, the indemnification, defense, and hold harmless obligation of this provision shall be apportioned on a comparative fault basis. In this provision, "Consultant" and "City" include the employees, agents, and contractors who are directly responsible, respectively, to each. In this provision, "independent negligent acts, errors, and omissions" means negligence other than in the City's selection, administration, monitoring, or controlling of the Consultant, or in approving or accepting the Consultant's work.

IV. Insurance:

The Consultant shall purchase and maintain professional liability insurance coverage with limits not less than those specified herein for the duration of the Agreement. The professional liability insurance shall be maintained in force for one year following the date of final payment for the work performed herein. The amount of the contract may be renegotiated if the insurance premiums for the following year are raised over those in force when the contract was let. Should the professional liability insurance become unavailable during the one year period following the date of final payment, the insurance coverage may be renegotiated between the owner and the Consultant. Insurance coverage shall provide for negligent acts, errors or omissions which the Consultant, employees of the Consultant or Subconsultant may make which produce loss or liability to the Owner and for the protection against loss which results from reliance on the Consultant's products, reports or a combination thereof. Failure to comply with the provision for maintaining the insurance in effect for one year following the date of final payment may be cause for the Owner to refrain from dealing with the Consultant in the future.

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

V. Payments:

The City shall pay to the Consultant the amount of any changes in the cost of insurance which are attributable to the Scope of work created by change orders.

Payments shall be made in accordance with Appendix B. Consultant shall submit progress invoices to City in duplicate showing the itemized services performed during the invoice period and the charges therefore.

All progress invoices shall be prepared as a percentage of the work is completed except contracts performed on "time and expenses" basis which invoiced amounts shall not exceed the actual charges to the invoice date.

Under no circumstances will City pay for charges in excess of any lump sum or not-to-exceed contract amount incurred prior to written authorization by City for an increase in the contract amount. Written request for an increase in the contract amount shall be given to City with sufficient notice to allow City to issue formal approval prior to the incurring of excess charges without delay to the work.

On "time and expenses" contract amounts, compensation for work included in the Scope of Work shall be for direct labor costs and the actual cost of reimbursable expenses. Direct labor costs shall be as shown on the current Standard Labor Rates for the Consultant, a copy of which is attached as Appendix D, times a factor of n/a, for services rendered by principals and employees of the firm. Reimbursable expenses mean the actual expenses incurred directly or indirectly in connection with the Project for: transportation and subsistence incidental thereto; obtaining bids or proposals from contractor(s); furnishing and maintaining field office facilities; toll telephone calls and telegrams; reproduction of reports, drawings, specifications, and similar project-related items and, if authorized in advance by City, overtime work requiring higher than regular rates. Reimbursable expenses shall also include the amount billed to Consultant by Subconsultant employed by consultant for such Subconsultants' services and reimbursable expenses times a factor of 1.05.

The sum of payments shall not exceed the allowable compensation stated in this Agreement. In the event items on an invoice are disputed, payment on those items will be withheld until the dispute is resolved.

The Consultant shall submit a final invoice and required documentation for services authorized by each Notice to Proceed within Ninety (90) days after final acceptance by the City. The City will not be held liable for payment of invoices submitted after this time unless prior written approval has been given.

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

VI. Changes:

Changes in the Scope of Work or of services may only be made by written amendment signed by both City and Consultant.

If at any time the City through its authorized representatives, either orally or in writing, requests or issues instructions for extra services or otherwise directs actions which conflict with any provisions of this Agreement, the Consultant shall, within ten (10) days of receipt and prior to pursuing such instructions, notify the City in writing, and to the extent possible, describe the scope and estimated cost of any extra services. Unless so notified by the Consultant, the City may assume such instructions have not changed any provisions of this Agreement nor require additional compensation. No additional payments shall be made to the Consultant without such notice.

VII. Audits and Records:

The Consultant shall maintain records of all performances, communications, documents, and correspondence pertinent to this Agreement, and the City or its authorized representatives shall have the right to examine such records and accounting procedures and practices.

The materials described in the Article shall be made available at the business office of the Consultant, at all reasonable times, for inspection, audit or reproduction by City or any funding agency, for a minimum of three years from the date (a) of final payment under this Agreement (b) final payment upon claims or disputes, and for such longer period, if any, as may be required by applicable statute or other provisions of this Agreement.

VIII. Inspections:

The City, or any funding agency, has the right to inspect, in the manner and at reasonable times it considers appropriate during the period of this Agreement, all facilities, materials and activities of the Consultant in the performance of this Agreement.

IX. Termination or Suspension:

This Agreement may be terminated by either party upon ten (10) day's written notice if the other party fails substantially to perform in accordance with its terms through no fault of the party initiating the termination (default termination). If the City terminates this Agreement, the City will pay the Consultant a sum equal to the percentage of work completed that can be substantiated by the Consultant and the City. If the City becomes aware of any fault or defect in the work of the Consultant or nonconformance with this Agreement, the City will give prompt written notice thereof to the consultant. Should the Consultant's services remain in

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

nonconformance to this Agreement, the percentage of total compensation attributable to the nonconforming work may be withheld.

The City at any time may terminate (convenience termination) or suspend this Agreement for its own needs or convenience. In the event of a convenience termination or suspension for more than three months, the Consultant will be compensated for authorized services and authorized expenditures performed to the date of receipt of written notice of termination plus reasonable termination expenses. NO fee or other compensation for the uncompleted portion of the services will be paid, except for already incurred indirect costs which the Consultant can establish and which would have been compensated for over the life of this Agreement, but because of the convenience of the termination would have to be absorbed by the Consultant without further compensation.

If state or federal funds support this Agreement, settlement in the event of default or convenience termination must be approved by the City and any appropriate state or federal agency.

X. Officials Not to Benefit:

No member of or delegate to Congress, United States Commissioner or other officials of federal, state or local government shall be admitted to any share or part of this Agreement or any benefit to arise therefrom. The Consultant warrants that it has not employed or retained any organization or person, other than a bona fide employee working for the Consultant, to solicit or secure this Agreement and that it has not paid or agreed to pay any consideration contingent upon or resulting from this Agreement.

XI. Independent Consultant:

Except in those instances specifically provided for herein, the Consultant and any of its agents and employees shall act in an independent capacity and not as agents of the City in the performance of the Agreement.

XII. Ownership of Work Products:

Work products produced under this Agreement, except items which have preexisting copyrights, are the property of the City. Payments to the Consultant for services hereunder includes full compensation for all work products, field notes, interim work, reports, and other materials produced by the Consultant and its Subconsultants pertaining to this Agreement. Any re-use the City might make of these work products shall be at the City's own risk and the Consultant shall not incur any liability for the City's re-use of the work products on any project for which they were not intended.

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

XIII. Subconsultants, Successors and Assigns:

The City must concur in the selection of all Subconsultants for professional services to be engaged in performance of this Agreement.

As soon as practicable after the award of the contract, the Consultant shall furnish to the City in writing the names of the proposed Subconsultants for each of the principal portions of the work. The City shall promptly notify the Consultant if it has reasonable objection to any of the proposed Subconsultants. Failure of the City to give prompt notification shall constitute notice of no reasonable objection. The Consultant shall not contract with any Subconsultant to whom the City has made reasonable objection.

If this Agreement includes named firms or individuals, then such firms or individuals shall be employed for the designated services, unless the Agreement is changed by amendment.

The Consultant shall not assign, sublet or transfer any interest in this Agreement without the prior written consent of the City.

The Consultant binds itself, its partners, its Subconsultants, assigns and legal representatives to this Agreement and to the successors, assigns and legal representatives of the City with respect to all covenants of this Agreement.

The Consultant shall include provisions appropriate to effectuate the purposes of this Appendix C in all subcontracts executed to perform services under this Agreement which subcontract amount exceed \$50,000.

XIV. Claims and Disputes:

If the Consultant becomes aware, or reasonably should have become aware of any act or occurrence which may form the basis of a claim, the consultant shall immediately inform the City's Project Manager. If the matter cannot be resolved within seven (7) days, the Consultant shall within the next fourteen (14) days, submit written notice of the facts which may form the basis of the claim.

In addition, all claims by the Consultant for additional compensation or an extension of the time for performance of any dispute regarding a question of fact or interpretation of this Agreement shall be presented in writing by the Consultant to the City's Project Manager with the next sixty (60) days unless the Project Manager agrees in writing to an extension of time for good cause shown. Good cause shown includes time for the Consultant to prepare the claim, and the City's Project Manager will grant an extension of not more than sixty (60) days for preparation of the claim. The Consultant agrees that unless these written notices are

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

provided, the Consultant shall not be entitled to additional time or compensation for such act, event or condition. The Consultant shall in any case continue diligent performance under this Agreement. The Consultant shall in any case continue to expeditiously accomplish disputed services pending future resolution of the Consultant's claim unless notified by the City to stop work on the disputed matter.

In presenting any claim, the Consultant shall specifically include, to the extent then possible, the following:

- The provisions of this Agreement which apply to the claim and under which it is made.
- The specific relief requested including any additional compensation claimed and the basis upon which it was calculated and/or the additional time requested and the basis upon which it was calculated.
- The claim will be acknowledged in writing by the City's Project Manager. If the claim is not disposed of within sixty (60) days of acknowledgement, provided additional time is not granted in writing by the City's Contract Officer, the claim will be decided by the City's Contract Officer. The Contract Officer reserves the right to make a written request to the Consultant at any time for additional information which the Consultant may possess to support the claims(s). The Consultant agrees to provide the City such additional information within thirty (30) days of receipt for such a request. The City's Contract Officer will allow a reasonable time extension for good cause if presented in writing prior to the expiration of the thirty (30) days. Failure to furnish such additional information constitutes a waiver of claim.
- The Consultant will be furnished a written, signed copy of the Contract Officer's decision within ninety (90) days of receipt of all necessary information from the Contractor upon which to base the decision. The Contract Officer's decision is final and conclusive unless fraudulent as to the claim unless, with thirty (30) days of receipt of the decision, the Consultant delivers a notice of appeal to the City Manager. The notice of appeal shall include specific exceptions to the City's decision including specific provision of this Agreement which the Consultant intends to rely upon on appeal. General assertions that the City's decision is contrary to law or to fact are not sufficient.
- The decision of the City Manager will be rendered within 120 days of notice of appeal and the decision constitutes the exhaustion of contractual and administrative remedies.

Agreement for Professional Services
Project
Project No.
Contract No.
Cost Code:

XV. Extent of Agreement:

This Agreement, including appendices, represents the entire and integrated Agreement between the City and the Consultant and supersedes all prior negotiations, representations or agreements, either written or oral.

Nothing contained herein may be deemed to create any contractual relationship between the City and any Subconsultants or material suppliers; nor may anything contained herein be deemed to give any third party a claim or right of action against the City or the Consultant which does not otherwise exist without regard to this Agreement.

This Agreement may be changed only by written amendment executed by both the City and the Consultant.

All communications that affect this Agreement must be made or confirmed in writing.

The Consultant receiving final payment will execute a release, if required, relinquishing in full all claims against the City arising out of or by reason of the services and work products furnished under this Agreement.

The Consultant shall pay all federal, state and local taxes incurred by the Consultant and shall require their payment by any Subconsultant or any other persons in the performance of this Agreement.

XVI. Governing Laws:

This Agreement is governed by the laws of the State of Alaska and such federal and local laws and ordinances as are applicable to work performed. Any litigation arising out of the terms of this Agreement shall be brought in the Third Judicial District, Superior or District Court at Valdez.

XVII. Minimum Wages:

Minimum wages as determined by the Department of Labor shall be paid to all persons performing work on this Contract.

Summary of Proposals Received				Project: VCT North Laydown Yard Improvements									
Bid Opening				Contract No. 17-350-1711									
Date: June 30, 2017 2:00pm				Project No. 1315									
Place: Capital Facilities Conference Room				Harris Sand & Gravel, Inc. Valdez		Summit Enterprises Fairbanks							
Bid Item	Description	Quantity	Unit	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	Mobilization and Demobilization	1	LS	N/A	\$50,500.00	N/A	\$17,000.00						
2	Clearing and Grubbing	2.1	ACRE	\$500.00	\$1,050.00	\$27,000.00	\$56,700.00						
3	Unusable Excavation	800	CY	\$5.00	\$4,000.00	\$22.00	\$17,600.00						
4	Type II Classified Fill & Backfill	3,000	TON	\$8.00	\$24,000.00	\$14.00	\$42,000.00						
5	Type II-A Classified Fill & Backfill	1,000	TON	\$18.00	\$18,000.00	\$18.00	\$18,000.00						
6	Field engineering, submittals, shop & record drawings, operating instructions, O&M manuals, and close-out punchlist	1	LS	N/A	\$2,000.00	N/A	\$5,000.00						
	Addendum(s) Acknowledged												
	Bid Bond												
	Alaska Business License												
	Alaska Contractor License												
	Total Base Bid				\$99,550.00		\$156,300.00						
	Local bidder preference 10%												
	Total Adjusted Bid												
	The bid totals are subject to correction after the bids have been completely reviewed.												
	Totals have been reviewed	<input checked="" type="checkbox"/>		I hereby certify that the above is a true and correct summary of proposals received.									
	Totals have been corrected	<input type="checkbox"/>		Project Manager									

CITY OF VALDEZ
ALASKA

CONTRACT DOCUMENTS

Project: Valdez Container Terminal North Laydown Yard Improvements

Project Number: 17-350-1711

Contract Number: 1315

Cost Code: 350-0310-55000.1711

Issued for Construction

Date: June 16, 2017



City of Valdez
Capital Facilities and Engineering
300 Airport Road, Suite 201
P.O. Box 307
Valdez, Alaska 99686

Project Manager:
Dean Day

Construction Plan Set Completed By:
Wrangell Mountain Technical Services
P.O. Box 118
Chitina, Alaska 99566



**City of Valdez
Contract Documents**

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

Table of Contents

Invitation to Bid_____	3
Instructions to Bidders_____	4
Addendum Acknowledgement_____	10
Bid Schedule_____	11
Bid Bond_____	13
Agreement_____	14
Acknowledgement_____	16
Non-Collusion Affidavit_____	17
Performance Bond_____	18
Labor and Material Payment Bond_____	20
Contractor Certificate of Substantial Completion_____	22
Contract Release_____	23
Special Provisions_____	25
Modifications and Additions to the Standard Specifications_____	30
Minimum Prevailing Wage Rates_____	32
Drawings Titled “VCT North Area Re-grading” - 2 sheets_____	Attached



**City of Valdez
Invitation to Bid**

Date: June 16, 2017

**Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / Contract Number: 1315**

This project includes, but is not necessarily limited to:

Clearing and grubbing of approximately 2 acres of land, removing existing material, grading, installing, and compacting Type 2 gravel to the grades as specified.

Engineers Estimate for construction is under \$100,000.

Sealed bids will be accepted until 2:00pm local time on June 30, 2017, at the office of the Capital Facilities Director, 300 Airport Road, Suite 201, P. O. Box 307, Valdez, Alaska 99686. The bids will be publicly opened and read at that time.

A non-mandatory pre-bid conference will be held at the office of the Capital Facilities Director, 300 Airport Road, Suite 201, Valdez, Alaska on June 23, 2017 at 2:00 pm.

Complete sets of the bid documents may be purchased from Digital Blueprint, 903 West Northern Lights Blvd., Anchorage, AK 99503, (907) 274-4060. Bid documents may also be downloaded from the City of Valdez website at www.ci.valdez.ak.us; documents are located under "Bids" on the lower right hand side of the opening page. Bidders are encouraged to download, fill out, and return the Request for Addendum form located at the link listed above to ensure receipt of any addendum issued for this project.

Bid security in the amount of 5% of the total bid is required.

The City reserves the right to waive any irregularities or informalities in a bid and to reject any and all bids without cause.

Current minimum prevailing wage rates as published by the Alaska Department of Labor must be paid if required by law.

Requirements of the Alaska Employment Preference (AS 36.10) must be met.

The City of Valdez "Standard Specifications and Standard Details" shall be used. An electronic copy is available from the City of Valdez website at <http://www.ci.valdez.ak.us> under "standards and specifications" located on the "quick links" portion of the Capital Facilities Department page.



City of Valdez Instructions to Bidders

Project: Valdez Container Terminal North Laydown Yard Improvements Project Number: 17-350-1711 / Contract Number: 1315

CAUTION:

Your bid may be rejected if it is not properly executed. Check that the following items have been accomplished to help assure a responsive bid. Please read Sections 6 and 7 carefully.

1. Bid Form
 - A. The Bid Form has been executed and signed.
 - B. Addendum Acknowledgement Form has been executed and signed.
2. Bid Security or Bid Bond
 - A. An executed Bid Security (Bid Bond) in the amount indicated on the Invitation to Bid.
 - B. Verify that the Certificate showing the Corporate Principal on the form is executed if applicable.
3. Alaska Business License, a copy your current license must be included.
4. Alaska Contactor Certificate of Registration
 - A. A copy of your current Alaska Contractor License of Registration in the bidder's name must be included with the bid.
 - B. The contractor is required to verify that the appropriate license(s) is in place prior to submitting their bid for the project's scope of work.
5. A bid may be rejected if it contains any alterations or erasures that are not initialed by the signer of the bid.

Note: Any certified checks may be held uncollected at the risk of bidders submitting them.

1. General

Bidders are requested to study and follow these instructions about the method and form for submitting bids to avoid having their bid rejected. Bidders will find all required forms and documents contained within this assembly. Please notice under Section 7, Required Documents for Bid, as to which forms and documents are required for your bid to be considered.

2. Explanation to Bidders

Requests from bidders concerning interpretations or clarifications of the bid documents shall be made in writing to the project manager or project engineer. Such requests shall arrive at least three working days prior to the date for opening bids. There needs to be sufficient time allowed for a reply to reach all bidders before the submission of the bids. Explanations made will be in the form of an addendum to the specifications or drawings and will be furnished to all bidders and receipt of the addendum must be acknowledged on the Addendum Form.



3. Site Conditions

Bidders are encouraged to visit the site to ascertain pertinent local conditions, location, accessibility, terrain, labor conditions, conditions of surrounding areas, and any other aspect that may impact the project.

4. Addenda Requirements

All bids must include the Addendum Acknowledgement Form. If addendums have been issued the bidder must state on the form all the addendums have been acknowledged. If no addendums were issued then the bidder is to write "NONE" on the form. The Addendum Acknowledgement Form shall be reviewed prior to acceptance of the bid.

5. Submissions of Bids

All bids, including any amendment or withdrawal, must be received at the address shown in the Invitation to Bid no later than the scheduled time of bid opening. Any bid, amendment or withdrawal that has not been actually received by the person opening the bid prior to the time of the scheduled bid opening will not be considered, and bid will be returned unopened. Conditioned or qualified bids unless requested will be considered nonresponsive.

Bids must be in a sealed envelope marked as follows:

BIDS FOR CITY OF VALDEZ
Valdez Container Terminal North
Laydown Yard Improvements
PROJECT NO. 17-350-1711
CONTRACT NO. 1315
DATE OF BID OPENING: June 30, 2017

CAPITAL FACILITIES DIRECTOR

CITY OF VALDEZ
300 AIRPORT ROAD, SUITE 201
P.O. BOX 307
VALDEZ, AK 99686

6. Preparation of Bids

Bids shall be submitted on the forms furnished, or copies thereof, and must be manually signed in ink. If erasures or other changes appear on the forms, the person signing the bid must initial each erasure or change. The Bid Form will provide for quotation or price for all items. Bidders must quote on all items. Failure to do so may result in disqualification. Alternative bids will not be acceptable unless requested.

Modification by facsimile of bids already submitted will be considered if received before the bid opening time noted in the Invitation for Bid or the addenda. Modification by facsimile is at the risk of the bidder. The Owner makes no warranty as to telephone line or equipment availability or condition. All addenda must be acknowledged prior to the bid opening; facsimile acknowledgement is acceptable for all addenda issued as long as an original completed form was provided within your sealed bid. Facsimile modifications shall not reveal the total amount of the original or revised bid.

Facsimile number to use is (907) 835-5574.



7. Required Documents for Bid

The following listed documents are to be completed and submitted at the time of bidding. Deviation from these requirements will be grounds for rejection of the bid.

- A. Addenda Acknowledged Form, fully completed original (see Item 6 above also)
- B. Bid Schedule, fully completed original (see Item 6 above also)
- C. Bid Bond, original
- D. Copy of current and appropriate Alaska Contractor License for this Scope of Work.
- E. Copy of current Alaska Business License

8. Required Documents for Award of the Contract

The following documents must be executed prior to award of the contract and the initiation of work. Contractors are urged to expedite the completion of these documents. This will allow the contract award and notice to proceed to be issued expeditiously. These documents must be submitted within ten (10) working days after the date of notice of intent to award.

- A. Contract Bond (Payment Bond: See Bonding Requirements below)
- B. Contract Bond (Performance Bond: See Bonding Requirements below)
- C. Certificate of Insurance naming City of Valdez as an "Additional Insured"
- D. Certificate of good standing for a Corporation or LLC
- E. Non-collusion Affidavit
- F. Agreement (2 signed copies)
- G. City of Valdez Business Registration
- H. Executed W-9 Form

9. Bonding Requirements

A. Bid Security

Bid Security is required and shall be in the form of a Certified Check for each bid or a Bid Bond prepared on the attached Bid Bond Form.

The Bid Bond must be executed by the bidder as principal and be executed by a surety company authorized to transact business in the State of Alaska. The Owner must approve the surety company.

The Bid Security or Bid Bond shall be issued for five percent (5%) of the bid amount.

Bid Securities will be returned to all except the three lowest bidders. The remaining certified checks or bid bonds will be returned, after the Owner and the accepted bidder have executed the Contract. Failure of the Owner to return the certified checks or bid bonds in a timely manner will create no liability on the part of the Owner. If no award has been made within sixty (60) days after the bid opening, all bidders except the one who has received the notice of intent to award may request the return of their cash, check or bid bonds.



B. Contract Payment Bond

A Contract Payment Bond is not required if the total dollar amount of the contract is less than One Hundred Thousand Dollars (\$100,000).

A Contract Payment Bond is required if the total dollar amount of the contract is equal to or greater than One Hundred Thousand Dollars (\$100,000). Contract Payment Bond will be in the amount of One Hundred Percent (100%) of the Bid amount.

Contract Payment Bond shall be prepared on the Payment Bond Form that is attached. The Bond must be executed by the Contractor as principal and executed by a surety company authorized to transact business in the State of Alaska. The Owner must approve the surety company.

C. Contract Performance Bond

A Contract Performance Bond is not required if the total dollar amount of the contract is less than One Hundred Thousand Dollars (\$100,000).

A Contract Performance Bond is required if the total dollar amount of the contract is equal to or greater than One Hundred Thousand Dollars (\$100,000). Contract Performance Bond will be in the amount of One Hundred Percent (100%) of the Bid amount.

Contract Performance Bond shall be prepared on the Performance Bond Form that is attached. The Bond must execute by the Contractor as principal and executed by a surety company authorized to transact business in the State of Alaska. The Owner must approve the surety company.

Section 2.80.080 of Valdez City Code provides for a modified contractor bond. Bidders shall familiarize themselves with exemptions allowed and the requirements for exemptions.

10. Bidder Qualifications

Before a bid is considered for award, the apparent low bidder may be requested to submit a statement of facts or proof in detail as to his previous experience in performing similar or comparable work, technical abilities, equipment, size, manpower and financial resources to complete and perform the work as outlined in the contract documents, plans and specifications.

11. Withdrawal of Bids

Bids may be withdrawn by written request received from the bidder prior to the bid opening time. Errors on the part of the bidder in preparing the bid, confers no right for the withdrawal of the bid after the bid has been opened.



12. Bidders Interested in More than One Bid

If any one party, by or in name of his or their agent, partner or other person, offers more than one bid, all such bids will be rejected. A party who quoted prices to a bidder is not disqualified from quoting prices to other bidders or from a bid directly for the work.

13. Rejection of Bids

The Owner reserves the right to reject any and all bids, when such rejection is in the interest of the Owner; to reject the bid of a bidder who previously failed to perform properly or to complete on time; and to reject the bid of a bidder who is not, in the opinion of the Owner in, in a position to perform the contract; or to waive any irregularities or informalities in a bid.

14. Hiring of Local Labor

The Owner encourages that every Contractor and Subcontractor, employ to the maximum extent practical and allowed by law, qualified people who regularly reside in the project area.

15. Local Bidder Preference

The Valdez City Code provides for a local bidder preference as follows:

Section 2.80.020 Definitions

“Local bidder” means a business who:

1. For a period of eighteen consecutive months immediately prior to the opening of a competitive city bid for which the bidder wishes to utilize the local bidder preference:
 - a. Has owned, rented or leased real property within the city limits from which the business operates as verified by appropriate documentation;
 - b. Has advertised a local mailing or street address and local phone number for the business in a manner reasonably accessible to city residents;
 - c. Has current state business licenses and city business registrations;
 - d. Has maintained year-round employment of one or more city resident(s);
2. Is not delinquent in the payment of any taxes, fees, assessments, or other charges owing the city.

Section 2.80.060D Competitive Procurement Procedure

Except where prohibited by state or federal grant requirements, a local bidder, as defined in Section 2.80.020, may be given consideration as low bidder where the offer is the lesser of ten percent or fifty thousand dollars in excess of the lowest offer received from a bidder having its place of business located outside the city. The city may split the award between two or more suppliers in any manner the city deems to be in its best interest.



16. Award of Bid

The bid, if awarded, will be awarded to the lowest responsive responsible bidder as determined by the terms of the City Code and this document.

17. Pre-Bid Conference

A non-mandatory Pre-Bid Conference will be held June 23, 2017, at 2:00 pm at the office of the Capital Facilities Director, Suite 201 300 Airport Road, Valdez, Alaska.

18. Pre-Award Conference

Before the award of the contract a Pre-Award Conference may be held between the Engineer or Project Manager and the apparent low bidder.



**City of Valdez
Addendum Acknowledgement**

**Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / Contract Number: 1315**

The bidder acknowledges receipt of the following addenda and certifies that their contents have been considered in the preparation of this Bid. If there are no addendums please state NONE above your name.

Addendum Number	<u>0</u>	Dated	<u>6/30/17</u>	Initials	<u>[Signature]</u>
Addendum Number	_____	Dated	_____	Initials	_____
Addendum Number	_____	Dated	_____	Initials	_____
Addendum Number	_____	Dated	_____	Initials	_____
Addendum Number	_____	Dated	_____	Initials	_____
Addendum Number	_____	Dated	_____	Initials	_____
Addendum Number	_____	Dated	_____	Initials	_____
Addendum Number	_____	Dated	_____	Initials	_____
Addendum Number	_____	Dated	_____	Initials	_____
Addendum Number	_____	Dated	_____	Initials	_____

Harris Sand and Gravel
Company Name

Bill Harris
Authorizing Name

6 30 17
Date

President
Title

[Signature]
Signature



**City of Valdez
Bid Schedule
Page 1 of 2**

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / Contract Number: 1315

<u>Item No.</u>	<u>Item Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Total Item Price</u>
1	Mobilization and Demobilization	1	LS	N/A	\$50,500 ⁰⁰
2	Clearing and Grubbing	2.1	ACRE	\$500 ⁰⁰	\$1050 ⁰⁰
3	Unusable Excavation	800	CY	\$5 ⁰⁰	\$4000 ⁰⁰
4	Type II Classified Fill & Backfill	3,000	TON	\$8 ⁰⁰	\$24,000 ⁰⁰
5	Type II-A Classified Fill & Backfill	1,000	TON	\$18 ⁰⁰	\$18,000 ⁰⁰
6	Field engineering, submittals, shop & record drawings, operating instructions, O&M manuals, and close-out punchlist	1	LS	N/A	\$2000 ⁰⁰

99,550⁰⁰



**City of Valdez
Bid Schedule
Page 2 of 2**

**Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / Contract Number: 1315**

Total Base Bid Amount:

	Dollars	Cents
(\$ <u>99,550⁰⁰</u>)		

I, Harris Sand and Gravel, hereinafter called Bidder, ~~an individual doing business as~~ _____, (strike out inapplicable words:) ~~a partnership, a corporation incorporated in the State of Alaska, a joint venture~~, hereby submits this bid and agrees: to hold this bid open for forty five (45) days, to accept the provisions of the Instruction to Bidders, to accomplish the work in accordance with the contract documents, plans, specifications, for the lump sum and unit price amounts as set forth in this bid schedule.

Respectfully submitted this 30th day of June, 2017

BIDDER:

Harris Sand and Gravel
Company Name

P.O. Box 6
Address

Valdez, AK 99686
City, State, Zip Code

907 835-4756
Telephone Number

92-0056819
Federal I.D. or S.S.N.

Bill Harris
Authorizing Name

President
Title

Bill Harris
Signature

bharris@harrissandg.com
Email Address

CORPORATE SEAL

ATTEST:

[Signature]
Signature of Corporate Sec.

Bill Harris
Print Name



City of Valdez Bid Bond

KNOW ALL MEN BY THERE PRESENTS, that we

Harris Sand & Gravel, Inc.
PO Box 6
Valdez, AK 99686

(Insert full name and address or legal title of Contractor)

as Principal, hereinafter called the Principal, and

The Ohio Casualty Insurance Company
175 Berkeley Street
Boston, MA 02116

(Insert full name and address or legal title of Surety)

New Hampshire

a corporation duly organized under the laws of the State of ~~Alaska~~ as surety, hereinafter called the Surety, are held and firmly bound unto

City of Valdez
P.O. Box 307
Valdez, Alaska 99686

as Obligee, hereinafter called the Obligee, in the sum of

Five Percent of Bid Amount Dollars (\$ 5%),

For the payment of which sum well and truly to be made, the said Principal and the Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severely, firmly by these presents.

Whereas, the Principal has submitted a bid for

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

NOW, THEREFORE, if the Obligee shall accept the bid of the Principal and the Principal shall enter into a Contract with Obligee in accordance with terms of such bid, and give such bond or bonds as may be specified in the bidding or Contract Documents with good and sufficient surety for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof, or in the event of the failure of the Principal to enter such Contract and give such bond or bonds, if the Principal shall pay to the Obligee the difference not to exceed the penalty hereof between the amount specified in said bid and such larger amount for which the Obligee may in good faith contract with another party to perform the Work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect.

Signed and sealed this 30th day of June, 2017

[Signature]
(Witness)

[Signature]
(Witness)

Harris Sand & Gravel, Inc.
(Principal)

President
(Title)

The Ohio Casualty Insurance Company
(Surety)

[Signature]
(Title) Kristy M. Korte, Attorney-in-Fact

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Certificate No. 7440011

American Fire and Casualty Company
The Ohio Casualty Insurance Company

Liberty Mutual Insurance Company
West American Insurance Company

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That American Fire & Casualty Company and The Ohio Casualty Insurance Company are corporations duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Glen Lopez; James K. Brady; Jay A. Miley; Katie Booher; Kelly Michael Layman; Kirk C. Leadbetter; Kristy M. Konte

all of the city of ANCHORAGE, state of AK each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 3rd day of August, 2016.



American Fire and Casualty Company
The Ohio Casualty Insurance Company
Liberty Mutual Insurance Company
West American Insurance Company

By: David M. Carey
David M. Carey, Assistant Secretary

STATE OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 3rd day of August, 2016, before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of American Fire and Casualty Company, Liberty Mutual Insurance Company, The Ohio Casualty Insurance Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires March 28, 2017
Member, Pennsylvania Association of Notaries

By: Teresa Pastella
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of American Fire and Casualty Company, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS – Section 12. Power of Attorney. Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts – SECTION 5. Surety Bonds and Undertakings. Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Gregory W. Davenport, the undersigned, Assistant Secretary, of American Fire and Casualty Company, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 30th day of June, 20 17.



By: Gregory W. Davenport
Gregory W. Davenport, Assistant Secretary

To confirm the validity of this Power of Attorney call
1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

Alaska Business License #

60497

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

HARRIS SAND & GRAVEL INC

EIN: 920056819

P O BOX 6 VALDEZ AK 99686

owned by

HARRIS SAND & GRAVEL INC

State of Alaska Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing Regulation of Construction Contractors and Home Inspectors HARRIS SAND & GRAVEL INC DBA: HARRIS SAND & GRAVEL INC AS General Contractor Without Residential Contractor Endorsement		
License CONE5976	Effective 01/06/2017	Expires 12/31/2018

is licensed by the department to conduct business for the period

November 10, 2016 through December 31, 2018
for the following line of business:

23 - Construction



This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Chris Hladick



City of Valdez
Agreement Page 1 of 2

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / Contract Number: 1315

This agreement is made 5th day of July, 2017, by and between the City of Valdez, Alaska, hereinafter called the Owner and, acting through its Mayor, and Harris Sand and Gravel, Inc. doing business as ~~an individual, partnership~~, a corporation located in Valdez, Alaska, hereinafter called the Contractor.

The Contractor agrees to this Contract known as:

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / Contract Number: 1315

Furthermore the Contractor agrees to accept as full and complete payment for all work to be done in this Contract for the lump sum and per unit prices as set forth in the Bid Form and Addendums in the Contract Documents for this project. The total amount of this Contract shall be: **ninety nine thousand, five hundred fifty dollars and zero cents (\$99,550.00).**

The Contractor hereby agrees to commence work on this project within ten (10) working days after the date of the written Notice To Proceed and to complete all work in accordance with the contract documents and addendums within **(Thirty) (30)** calendar days of the Notice to Proceed. Said contract documents are listed in the Table of Contents herein. All documents listed therein are by this reference made a part hereof.

The Contractor further agrees to pay, as liquidated damages, the sum of (Five hundred dollars) (\$ 500.00) for each calendar day in excess of the completion date specified in the written Notice to Proceed in which this project remains incomplete.

The Owner agrees to pay the Contractor for the performance of the Contract, subject to additions and deductions, as provided in the City of Valdez Standard Specifications Section 10 Standard General Provisions of this of this Contract, and to make payments on account thereof as provided in the City of Valdez Standard Specifications Section 10 Standard General Provisions and City of Valdez City Code.



City of Valdez
Agreement Page 2 of 2

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / Contract Number: 1315

IN WITNESS WHEREOF, the parties to this presence have executed this Contract in two (2) counterparts, each of which shall be deemed as original, in the year and day first mentioned above.

Harris Sand and Gravel, Inc.

 Signature

 Name

 Title

 Date

 Mailing Address

 City, State, Zip Code

 Federal I.D. or S.S.N.

 Corporate Secretary

Attest: _____
 Corporate Secretary

City of Valdez, Alaska, Authorized

 Ruth E. Knight, Mayor

 Date

Attested:

 Sheri L. Pierce, MMC, City Clerk

 Date

Recommended:

 Elke Doom, City Manager

 Date

 Dean Day, P.E., Capital Facilities Director

 Date

Approved as to Form:

Brena, Bell & Clarkson, P.C.

 Attorney for the City of Valdez

Project: Valdez Container Terminal North Laydown Yard Improvements

(To be filled in when Contract is executed in behalf of Corporation)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____.

(Title of Officer)

(Name of Corporation)

(State of Incorporation) Corporation, on behalf of said Corporation.

Notary Public

My Commission Expires: _____

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** *1315

UNITED STATES OF AMERICA)
)SS.
STATE OF ALASKA)

I, or the firm, association or corporation of which I am a member, a bidder on the Contract to be awarded, by the City of Valdez, Alaska, for the construction of that certain construction project designated as:

Located at Valdez, in the State of Alaska, have not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with such Contract.

Subscribed and sworn to this day of , 20____.

My Commission Expires:_____



**City of Valdez
Performance Bond**

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

KNOW ALL MEN BY THESE PRESENTS: that

(Here insert full name and address or legal title of contractor)

as Principal, hereinafter called Contractor, and ,

(Here insert full name and address or legal title Surety)

as Surety, hereinafter called Surety, are held and firmly bound unto

**City of Valdez
P.O. Box 307
Valdez, AK 99686**

as Obligee, hereinafter called Owner, in the amount of

Dollars (\$))

for the payment whereof Contractor and Surety bind themselves, their heirs, executor, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS,

Contractor has by written agreement dated _____, 20____, entered into a contract with Owner for

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

in accordance with Drawings and Specifications prepared by

**Wrangell Mountain Technical Services
P.O. Box 118
Chitina, Alaska 99566**

which contract is by reference made a part hereof, and is hereinafter referred to as the Contract.



**City of Valdez
Performance Bond**

Project: Valdez Container Terminal North Laydown Yard Improvements

Project Number: 17-350-1711/ **Contract Number:** 1315

Now, therefore the condition of this obligation is such that, if Contractor shall promptly and faithfully perform said Contract, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

The Surety hereby waives notice of any alteration or extension of time made by the Owner.

Whenever Contractor shall be, and declared by Owner to be in default under the Contract, the Owner having performed Owner's obligations thereunder, the Surety may promptly remedy the default, or shall promptly comply with one of the following:

1. Complete the Contract in accordance with its terms and conditions, or
2. Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by Surety of the lowest responsible bidder, or, if the Owner elects, upon determination by the bidder, arrange for contract between such bidder and Owner, and make available as Work progresses (even though there should be a default or a succession of defaults under the contract or contracts of completion arranged under this paragraph) sufficient funds to pay the cost of completion less the balance of the contract price; but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the contract price," as used in this paragraph, shall mean the total amount payable by Owner to contractor under the Contract and any amendments thereto, less the amount properly paid by Owner to Contractor.

Any suit under this bond must be instituted before the expiration of two (2) years from the date on which final payment under the Contract falls due.

No right of action shall accrue on this bond to or for the use of any person or corporation other than the Owner named herein or the heirs, executors, administrators or successors of the Owner.

Signed and Sealed this ____ day of _____, 20____

(Witness)

(Principal)

(Seal)

(Title)

(Witness)

(Surety)

(Seal)

(Title)



**City of Valdez
Labor and Material Payment Bond**

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** *1315

Know all men by these presents that:

(Insert full name and address or legal title of Contractor)

as Principal, hereinafter called Principal, and,

(Here insert full name and address or legal title of Surety)

as Surety, hereinafter called Surety, are held and firmly bound unto

**City of Valdez
P.O. Box 307
Valdez, Alaska 99686**

as Obligee, hereinafter called Owner, for the use and benefit of claimants as herein below defined, in the amount of

Dollars (\$_____),
(Here insert a sum equal to the contract amount)

for the payment whereof Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS,

Principal has by written agreement dated _____, 20____, entered into a contract with Owner for

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

in accordance with Drawings and Specifications prepared by

**Wrangell Mountain Technical Services
P.O. Box 118
Chitina, Alaska 99566**

which contract is be reference made a part hereof, and is hereinafter referred to as the Contract.



City of Valdez
Labor and Material Payment Bond

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / Contract Number: 1315

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if Principal shall promptly make payment to all claimants as hereinafter defined, for all labor and material used or reasonably required for use in the performance of the Contract, then this obligation shall be void; otherwise it shall remain in full force and effect, subject, however, to the following conditions:

1. A claimant is defined as one having a direct contract with the Principal or with a Subcontractor of the Principal for labor, material, or both, used or reasonably required for use in the performance of the Contract, labor and material being construed to include that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental of equipment directly applicable to the Contract.

2. The above named Principal and Surety hereby jointly and severally agree with the Owner that every claimant as herein defined, who has not been paid in full before the expirations of a period of ninety (90) days after the date on which the last of such claimant's work or labor was done or performed or materials were furnished by such claimant, may sue on this bond for the use of such claimant, prosecute the suit to final judgment for such sum or sums as may be justly due claimant, and have execution thereon. The Owner shall not be liable for the payment of any costs or expenses of any such suit.

3. No suit or action shall be commenced hereunder by any claimant:

a) Unless claimant, other than one having a direct contract with the Principal, shall have given written notice to any two of the following: the Principal, the Owner, or the Surety above named, within ninety (90) days after such claimant did or performed the last of the work or labor, or furnished the last of the materials for which said claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the materials are

furnished, or for whom the work or labor was done or performed. Such notice shall be served by mailing the same by registered mail or certified mail, postage prepaid, in an envelope addressed to the Principal, Owner or Surety, at any place where an office is regularly maintained for the transaction of business. Or served in any manner in which legal process may be served in the state in which aforesaid project is located, save that such service need not be made by a public officer.

b) After the expiration of one (1) year following the date on which Principal ceased Work on said Contract, it being understood, however, that if any limitation embodied in this bond is prohibited by any law controlling the construction hereof such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

c) Other than in a state court of competent jurisdiction in and for the county of other political subdivision of the state in which the Project, or any part thereof is situated, or in the United States District Court for the district in which the Project, or any part thereof, is situated, and not elsewhere.

4. The amount of this bond shall be reduced by and to the extent of any payment of payments made in good faith hereunder, inclusive of the payment by Surety or mechanic's liens which may be filed of record against said improvement, whether or not claim for the amount of such lien be presented under and against the bond

Signed and Sealed this _____, day of _____, 201_____

(Witness)

(Principal)

(Seal)

(Title)

(Witness)

(Surety)

(Seal)

(Title)



City of Valdez
Contractor Certificate of Substantial Completion

Project: Valdez Container Terminal North Laydown Yard Improvements

Project Number: 17-350-1711 / **Contract Number:** 1315

CONTRACTOR: _____

This is to certify that I, _____, am a duly authorized official of the said CONTRACTOR working in the capacity of _____, and in my official capacity representing said CONTRACTOR do hereby certify as follows:

1. The work of the subject Contract above has been performed, and materials used and installed in accordance with and in conformity to, the Contract Drawings, Contract Specifications, City of Valdez Standard Specifications and Details.
2. The Contract work is now substantially complete in all parts and requirements.
3. I understand that neither the determination by the Engineer--Architect that the work is substantially complete nor the acceptance thereof by the Owner shall operate as a bar to claim against the Contractor under the terms of the guarantee provisions of the Contract Documents.
4. The work to which this Certificate applies has been properly inspected and that work is hereby declared to be substantially complete in accordance with the Contract Documents.
5. The date of Substantial Completion is the date upon which all guarantees and warranties begin.
6. The Owner accepts the Project or specified area as described under "REMARKS," of the Project as substantially complete and will assume full possession of the Project or specified area of the Project at _____(time) on _____day, _____, 201__.

CONTRACTOR

CITY OF VALDEZ, OWNER

 (Signature)

 Capital Facilities Director

 (Title)

 Date

 Date

REMARKS: _____



City of Valdez
Contract Release Page 1 of 2

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

The undersigned, _____
for itself, its successors in interest, assigns trustees, administrators, subcontractors, suppliers, and laborers do hereby release and forever discharge the CITY OF VALDEZ, ALASKA a municipal corporation, from all actions, causes of actions, suits, controversies, claims, damages and demands of every kind and nature, mature or to mature in the future, for and by reason of any matter, thing or claim arising out of the following Contract:

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

The undersigned also intends hereby to discharge the City of Valdez from all liability for any and all damages or injuries presently undiscovered or unanticipated. The undersigned's intention hereby is to waive any right it may subsequently have to set aside this release under the doctrine of Witt v. Watkins, 579 P.2d 1065 (Alaska 1978).

The undersigned further agrees to defend, indemnify and hold harmless the City of Valdez against any claims, liens, or causes of action arising under or by virtue of this Contract, including, but not limited to, any claim that the undersigned, any successor in interest, assignee, trustee, administrator, subcontractor, supplier or laborer of the undersigned or any other person might make or claim that he could possibly make against the City of Valdez.

The undersigned certifies that he has not assigned any amounts payable under this Contract to anyone.

The undersigned hereby acknowledges receipt of the amount of \$ _____
as full of final payment in consideration for all services, materials and labors rendered in connection with this Contract.

The undersigned hereby declares that the terms of this RELEASE have been completely read and are fully understood, and said terms are voluntarily accepted for the purpose of making a full and final release of any and all claims, disputed or otherwise, arising under or by virtue of this Contract.

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

Notary Public in and for Alaska
My Commission expires: _____



**City of Valdez
Special Provisions**

Project: Valdez Container Terminal North Laydown Yard Improvements

Project Number: 17-350-1711 / **Contract Number:** 1315

Table of Contents

Section	Title	Page
SP 01	General Statement	26
SP 02	Scope of Work.....	26
SP 03	Time of Completion	26
SP 04	Special Site Conditions	27
SP 05	Hazardous Waste Generation	27
SP 06	Coordination and Schedule	27
SP 07	Site Preservation, Restoration, Cleanup and Environmental Reporting	27
SP 08	Permits.....	28
SP 09	Order of Award of Alternative Bids.....	28
SP 10	Payment.....	28
SP 11	References to City of Valdez Standard Specifications (CVSS).....	28
SP 12	Construction Specifications.....	29



City of Valdez Special Provisions

Project: Valdez Container Terminal North Laydown Yard Improvements
Project Number: 17-350-1711 / **Contract Number:** 1315

SP 01 General Statement

The Special Provisions set forth conditions and requirements unique to this Project and are supplemental to, and supersede, the City of Valdez “Standard Specifications and Standard Details.”

SP 02 Scope of Work

Base Bid

The Scope of Work of the Base Bid of this Contract shall include providing all labor, materials, tools, equipment, transportation, supervision and facilities necessary to:

Clear and grub the identified area and install compacted gravel to the grades given. The unusable excavation will be hauled off to the legal location of the Contractor’s choice. Quantity of unusable excavation will be by truck count. Quantity of imported gravel will be by the ton with verifiable truck scale tickets.

Alternate Bid(s)

The Scope of Work of the Additive Alternate No. 1 Bid of this Contract shall include providing all labor, materials, tools, equipment, transportation, supervision and facilities necessary to:

None.

SP 03 Time of Completion

All work shall be completed in accordance with the Contract Documents within 30 calendar days of the date of the written Notice to Proceed.

Liquidated damages will be assessed in the sum of Five hundred dollars (\$ 500.00) for each calendar day after the completion date during which the Project remains incomplete.

Substantial Completion: Substantial Completion shall be defined as the stage in the progress of the work when the work is sufficiently complete in accordance with the Contract Documents so the City and VCT users can occupy or use the structure or that which is the subject of the contract, for its intended use.



SP 04 Special Site Conditions

Dump fees will be waived. The contractor will be responsible for hauling demolished materials and construction waste out to the City Baler facility on South Sawmill Drive. The Baler is located approximately 5 miles out of town. Please contact the Baler ahead of time to make arrangements for the disposal of such materials. The Baler's number is 907-835-2356.

Local building permit fees are waived. The contractor will be responsible for obtaining local building permits before the NTP is issued. The contractor will need to call the City Building Department at 907-834-3401.

Staging area will be on the VCT with the permission and coordination of the City and VCT users.

The contractor will be responsible for moving furniture and other items necessary to complete the work.

Contractor is responsible for setting up detours or barricades if their work is in a public area and will interfere with normal traffic flow.

Traffic control and the VCT gate will need to be coordinated with the City Ports and Harbors Department, and the VCT users.

SP 05 Hazardous Waste Generation

Every effort to minimize or eliminate the generations of hazardous waste shall be used by the Contractor in the performance of the work of this Contract. Unless there is no substitute, no hazardous material shall be used in the performance of the work of this Contract.

SP 06 Coordination and Schedule

The Contractor shall, within ten (10) working days of the date of the Notice to Proceed, submit to the Engineer a schedule as required in Section 10.5, Control of Work, Article 5.3. The schedule shall be updated every week. An updated schedule shall be submitted with each of the Contractor's Periodic Payment Requests. Failure to provide an updated schedule will be cause to withhold partial payment.

SP 07 Site Preservation, Restoration, Cleanup and Environmental Reporting

Contractor shall be solely responsible for damage to public or private property caused by construction operations. The contractor shall take all precautions necessary to control dust. Contractor shall notify the City of any claims of damage, and shall clean and restore any property so damaged at the sole expense of the Contractor. All spills or releases of any hazardous substance shall be reported to the appropriate governmental agency as well as notice to the City. Contractors shall be responsible for all associated clean up costs and fines.



At all times during the work, keep the premises clean and orderly. Upon completion of the work, repair all damage caused by equipment and leave the Project free of rubbish and excess materials of any kind.

SP 08 Permits

The Contractor shall obtain all licenses and permits that are required to do the work. A Building Permit will be required but there will be no charge.

SP 09 Order of Award of Alternative Bids

Additive Alternate and/or Deductive Alternative Bids will be awarded, if any are awarded, in any order determined to be the most advantageous combination by the owner.

SP 10 Payment

Payments shall be in accordance with Section 10.07, Measurement and Payment of the CVSS. All invoices for payment must be submitted on a City of Valdez *Periodic Payment Request Form*. An electronic copy of this form (Excel Spreadsheet) will be made available for the contractor's use.

Disbursement of money to a person, firm or corporation will be made only after all the various receivable accounts of the general government and any municipal utility or enterprise have been reviewed for outstanding balances owed, and the disbursement will be reduced by setting off the amount of any delinquent indebtedness due the city from such person, firm or corporation.

All contracts to which the city is a party which will or may involve the disbursement of city funds shall contain the following clause, or its substantial equivalent: "Disbursement of money by the City of Valdez hereunder shall subject to set-off pursuant to the provisions of the Valdez City Code." Such contracts include, but are not limited to, oral contracts, employment contracts, construction contracts, purchasing contracts and contracts of any municipal utility or enterprise, including customer's deposits.

SP 11 References to City of Valdez Standard Specifications (CVSS)

The City of Valdez Standard Specifications & Standard Details, Streets-Drainage-Utilities-Parks, dated April 2003, hereafter referred to as CVSS, are incorporated in and become a part of the Contract Documents for the work. The Standard Specifications are available for purchase from the Engineer's Office of the City of Valdez, P.O. Box 307, Valdez, Alaska 99686. All work under this Contract shall comply with the latest edition and addenda to all applicable codes, ordinances, and standards.



It shall be the responsibility of the Bidder to prepare his bid so all materials and/or different arrangements of connections or fittings shall harmoniously conform with the intent of the Contract Drawings, CVSS, and the Special Provisions.

SP 12 Construction Specifications

The Specifications for construction of the work of this Project are incorporated into the following pages and on the attached drawing titled "Valdez Container Terminal North Area Re-grading" (2 sheets). These drawings are by reference included herein.



City of Valdez
Modifications and Additions to the Standard Specifications

Project: Valdez Container Terminal North Laydown Yard Improvements

Project Number: 17-350-1711 / **Contract Number:** 1315

Table of Contents

<u>Division</u>	<u>Title</u>	<u>Page No.</u>
Division 10	Standard General Provisions	31
Division 20	Earthworks	
Division 30	Concrete	
Division 40	Asphalt	
Division 50	Sanitary Sewers Systems	
Division 55	Storm Drains	
Division 60	Water Systems	
Division 65	Construction Surveys	
Division 70	Miscellaneous	
Division 75	Landscaping	
Division 90	Details	



City of Valdez

Modifications and Additions to the Standard Specifications

Project: Valdez Container Terminal North Laydown Yard Improvements

Project Number: 17-350-1711 / **Contract Number:** 1315

Division 10 Standard General Provisions

Article 7.5 Progress Payments

Add the following:

Any request for payments for work accomplished within the calendar fiscal year (January 1st to December 31st) must be received by the city no later than January 31st of the following year. Failure to provide a request for payment by Jan. 31st for work accomplished the previous year will delay payment. Failure to provide a request for payment by January 31st for work accomplished the previous year will be subject to a penalty. Penalty may be assessed at a minimum of \$1000 and up to 5% of the invoice not to exceed \$10,000.

Article 7.7 Final Payments

Add the following:

Any request for final payment for work accomplished within the calendar fiscal year (January 1st to December 31st) must be received by the city no later than January 31st of the following year. Failure to provide a request for final payment by January 31st for work accomplished the previous year will delay payment. Failure to provide a request for payment by January 31st for work accomplished the previous year will be subject to a penalty. Penalty may be assessed at a minimum of \$1000 and up to 5% of the invoice not to exceed \$10,000.



City of Valdez
Minimum Prevailing Wage Rates

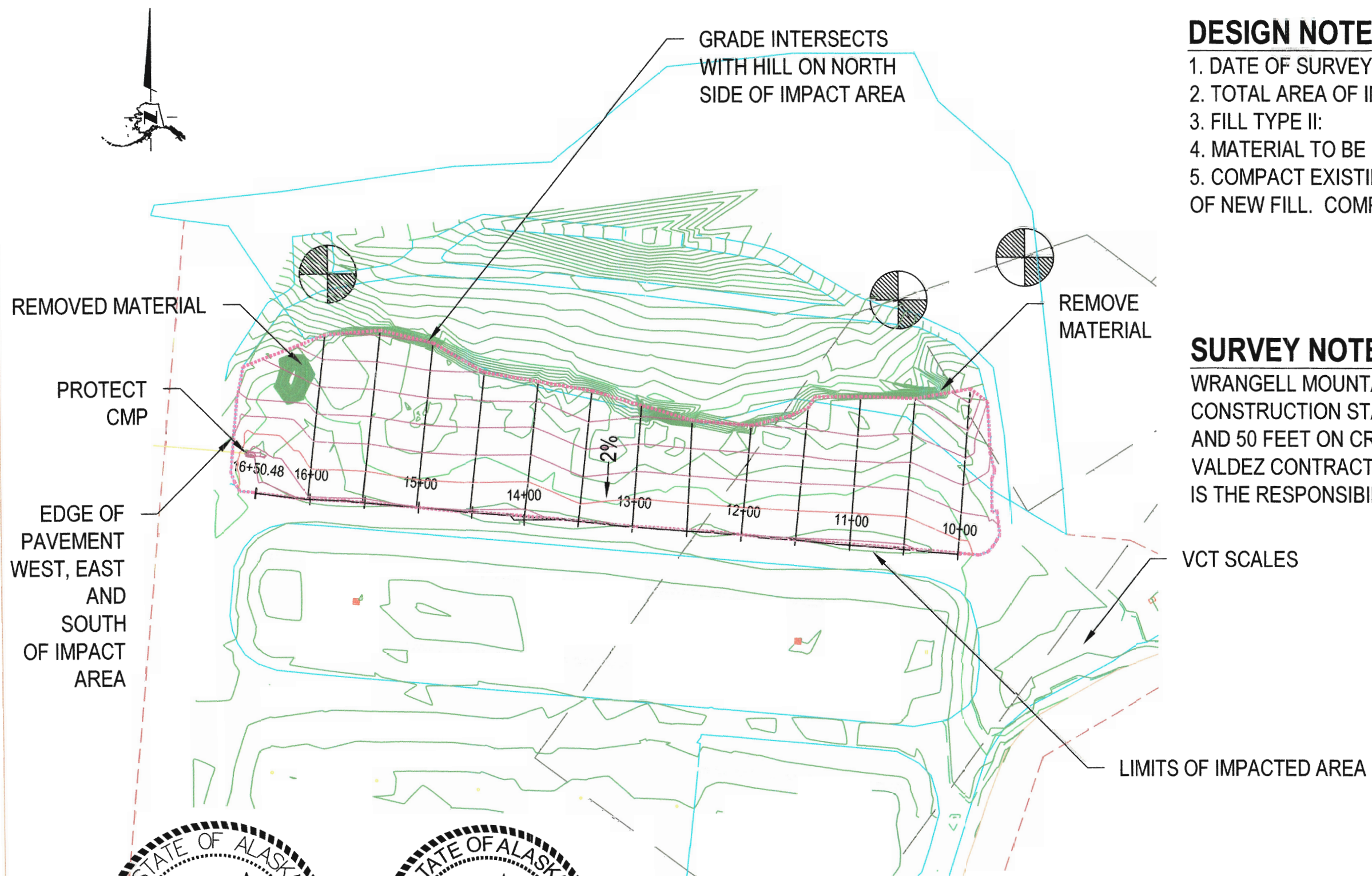
Project: Valdez Container Terminal North Laydown Yard Improvements

Project Number: 17-350-1711 / **Contract Number:** 1315

Minimum Prevailing Wage Rates and Title 36 Public Contracts Follows

See attached Links:

<http://labor.state.ak.us/lss/pamp600.htm>
<http://labor.alaska.gov/lss/forms/Pam400.pdf>



DESIGN NOTES

1. DATE OF SURVEY: JUNE 8, 2017
2. TOTAL AREA OF IMPACT: ±89,500 SF (2.05 ACRES)
3. FILL TYPE II: 1500 CY
4. MATERIAL TO BE REMOVED: 240 CY
5. COMPACT EXISTING GROUND PRIOR TO PLACEMENT OF NEW FILL. COMPACT EXISTING AND NEW FILL TO 95%.

SURVEY NOTES

WRANGELL MOUNTAIN TECHNICAL WILL BE PROVIDING CONSTRUCTION STAKING AT 100 FEET INTERVALS AND 50 FEET ON CROSS SECTIONS UNDER CITY OF VALDEZ CONTRACT. ADDITIONAL GRADE HOPPING IS THE RESPONSIBILITY OF THE CONTRACTOR.

LEGEND

IMPACT BOUNDARY	IMPACT BOUNDARY
ORIGINAL CONTOURS MAJOR	ORIGINAL CONTOURS MAJOR
ORIGINAL CONTOURS MINOR	ORIGINAL CONTOURS MINOR
DESIGN CONTOURS MAJOR	DESIGN CONTOURS MAJOR
DESIGN CONTOURS MINOR	DESIGN CONTOURS MINOR



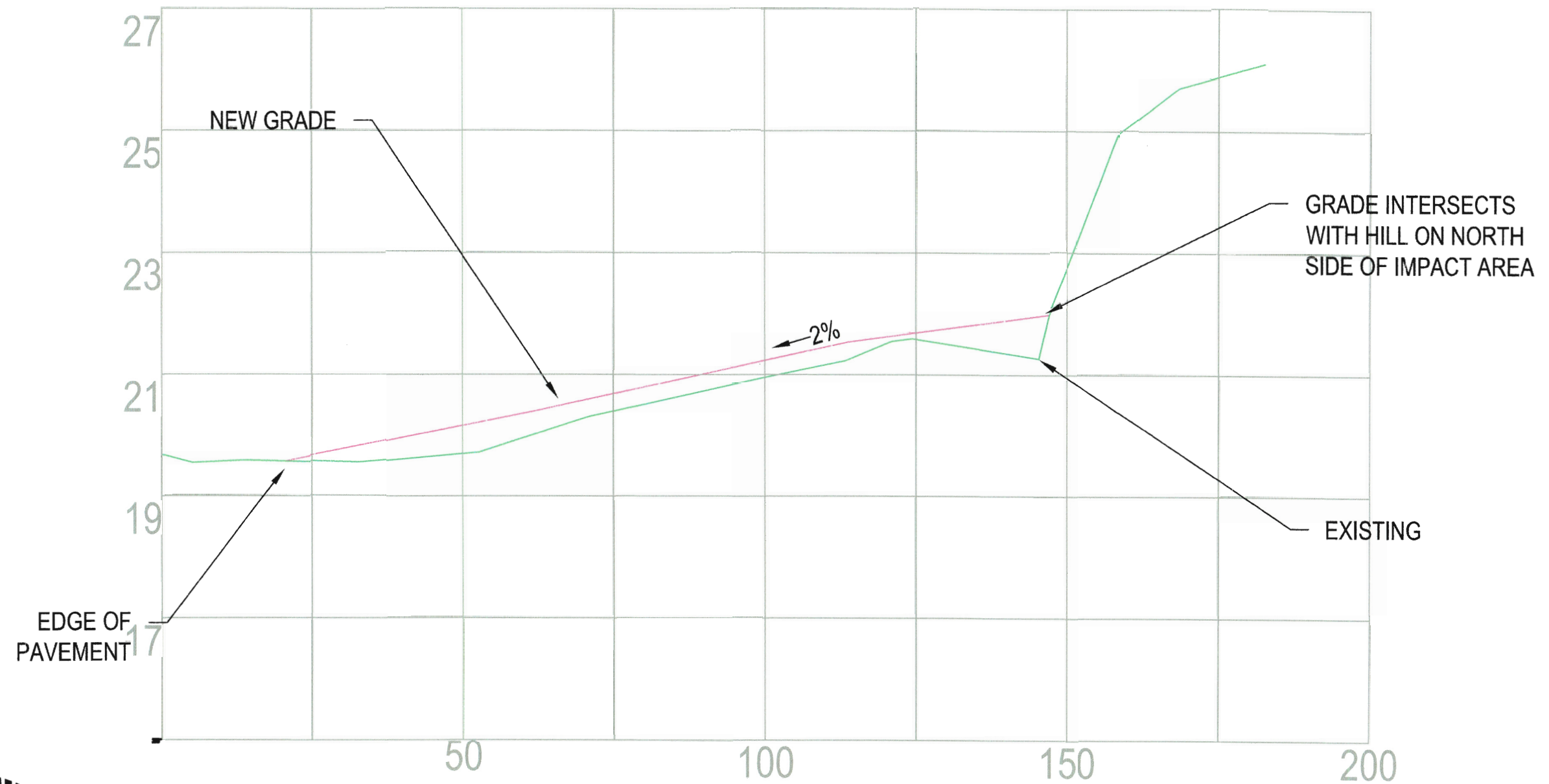
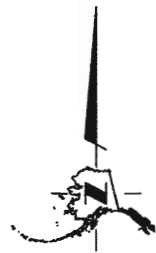
DESIGN PLAN VIEW

LEGAL DESCRIPTION: VALDEZ CONTAINER TERMINAL
NORTH AREA REGRADING
VALDEZ, ALASKA
STREET ADDRESS: 1460 CONTAINER TERMINAL ROAD
PREPARED FOR: CITY OF VALDEZ

WRANGELL MOUNTAIN TECHNICAL SERVICES

P.O. Box 118, CHITINA, ALASKA 99566
907-823-2280

DATE: 6/12/17	DRAWN: MINISH	CHECK: MINISH	SCALE: 1"= 100'
JOB#: 17015	DRAWING #: 17015 COV VCT SURVEY AND DESIGN	SHEET: 1 OF 2	REV#: 0



STA 11+00 (TYPICAL OF ALL SECTIONS)



DESIGN CROSS SECTIONS VIEW			WRANGELL MOUNTAIN TECHNICAL SERVICES					
LEGAL DESCRIPTION:	VALDEZ CONTAINER TERMINAL NORTH AREA REGRADING VALDEZ, ALASKA		P.O. Box 118, CHITINA, ALASKA 99566 907-823-2280					
STREET ADDRESS:	1460 CONTAINER TERMINAL ROAD		DATE:	6/12/17	DRAWN: MINISH	CHECK: MINISH	SCALE: N.T.S.	
PREPARED FOR:	CITY OF VALDEZ		JOB#:	17015	DRAWING #: 17015 COV VCT SURVEY AND DESIGN		SHEET: 2 OF 2	REV#: 0



Alaska Marijuana Control Board

Form MJ-08: Local Government Notice Affidavit

What is this form?

A local government notice affidavit is required for all marijuana establishment license applications with a proposed premises that is located within a local government, per 3 AAC 306.025(b)(3). As soon as practical after initiating a new marijuana establishment license application, an applicant must give notice of the application to the public by submitting a copy of the application to the local government and any community council in the area of the proposed licensed premises. For purposes of this notification, the document that must be submitted is the application document produced by the online application system titled "Public Notice".

This form must be completed and submitted to AMCO's main office before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Certification

I certify that I have met the local government notice requirement set forth under 3 AAC 306.025(b)(3) by submitting a copy of my application to the following local government official and community council (if applicable):

Local Government: city of Valdez Name of Official: Shert Pierce/city clerk
Title of Official: _____ Date Submitted: 2/9/17
Community Council: _____ Date Submitted: _____
(Municipality of Anchorage and Matanuska-Susitna Borough only)

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Dwain Dunning
Signature of licensee

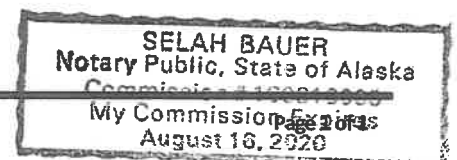
Dwain Dunning

Printed name of licensee

Selah Bauer
Notary Public in and for the State of Alaska

My commission expires: Aug. 16, 2020

Subscribed and sworn to before me this 27 day of February, 2017.





Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest**What is this form?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each proposed licensee or affiliate before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee or affiliate.

Name:	Dwain Dunning				
Title:	Manager				
SSN:	<div style="background-color: black; width: 150px; height: 20px;"></div>				



Alaska Marijuana Control Board

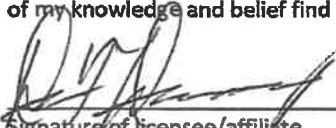
Form MJ-09: Statement of Financial Interest

Section 3 – Certifications

I certify that no person other than a proposed licensee listed on my marijuana establishment license application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which a marijuana establishment license is being applied for.

I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.



Signature of licensee/affiliate

Dwain Dunning

Printed name

Subscribed and sworn to before me this 9th day of February, 2017.



Notary Public in and for the State of Alaska.

My commission expires: Aug. 16, 2020





Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest**What is this form?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each proposed licensee or affiliate before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee or affiliate.

Name:	Kenneth Watson
Title:	Manager
SSN:	[REDACTED]



Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest

Section 3 – Certifications

I certify that no person other than a proposed licensee listed on my marijuana establishment license application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which a marijuana establishment license is being applied for.

I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

A handwritten signature in black ink, appearing to read "Kenneth Watson", written over a horizontal line.

Signature of licensee/affiliate

Kenneth Watson

Printed name

Subscribed and sworn to before me this 9th day of February, 2017.

A handwritten signature in black ink, written over a horizontal line.

Notary Public in and for the State of Alaska.

My commission expires: W/O





Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest

What is this form?

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each proposed licensee or affiliate before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee or affiliate.

Name:	William Watson
Title:	Manager
SSN:	[REDACTED]



Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest

Section 3 – Certifications

I certify that no person other than a proposed licensee listed on my marijuana establishment license application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which a marijuana establishment license is being applied for.

I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

William A. Watson

Signature of licensee/affiliate

William Watson

Printed name

Subscribed and sworn to before me this 10 day of February, 2017.



Ken Talbot

Notary Public in and for the State of Alaska.

My commission expires: 3/23/19



Alaska Marijuana Control Board

Form MJ-07: Public Notice Posting Affidavit

What is this form?

A public notice posting affidavit is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(10). As soon as practical after initiating a new marijuana establishment license application, an applicant must give notice of the application to the public by posting a copy of the application (produced by the board's application website) for ten (10) days at the location of the proposed licensed premises and one other conspicuous location in the area of the proposed premises, per 3 AAC 306.025(b)(1).

This form must be completed and submitted to AMCO's main office before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

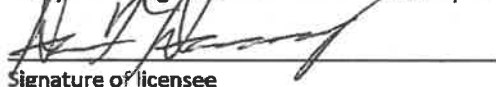
Section 2 – Certification

I certify that I have met the public notice requirement set forth under 3 AAC 306.025(b)(1) by posting a copy of my application for the following 10-day period at the location of the proposed licensed premises and at the following conspicuous location in the area of the proposed premises:

Start Date: 2/9/17 End Date: 2/20/17

Other conspicuous location: Valdez city hall bulletin board

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

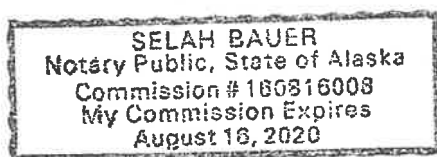

Signature of licensee

Dwain Dunning

Printed name of licensee


Notary Public in and for the State of Alaska

My commission expires: Aug. 16, 2020



Subscribed and sworn to before me this 27th day of February, 2017.

Alcohol & Marijuana Control Office

License Number: 11234

License Status: New

License Type: Standard Marijuana Cultivation Facility

Doing Business As: DKW FARMS LLC

Business License Number: 1042644

Designated Licensee: Dwain Dunning

Email Address: cd_dunning@cvinternet.net

Local Government: Valdez

Community Council:

Latitude, Longitude: 61.079370, -146.174367

Physical Address: 4269 Richardson Hwy
Valdez, AK 99686
UNITED STATES

Licensee #1

Licensee Type: Entity

Alaska Entity Number: 10041595

Alaska Entity Name: DKW Farms LLC

Phone Number: 907-835-4277

Email Address: cd_dunning@cvinternet.net

Mailing Address: P.O.Box 2078
Valdez, AK 99686
UNITED STATES

Affiliate #1

Licensee Type: Individual

Name: William Watson
[REDACTED]

Date of Birth: 04/16/1974

Phone Number: 907-831-6028

Email Address: watswi69@gmail.com

Mailing Address: P.O.Box 512
Valdez, AK 99686
UNITED STATES

Affiliate #2

Licensee Type: Individual

Name: Kenneth Watson
[REDACTED]

Date of Birth: 03/16/1958

Phone Number: 907-835-3002

Email Address: kowvaldezak@hotmail.com

Mailing Address: P.O.Box 102
Valdez, AK 99686
UNITED STATES

Affiliate #3

Licensee Type: Individual

Name: Dwain Dunning
[REDACTED]

Date of Birth: 11/08/1956

Phone Number: 907-831-1463

Email Address: cd_dunning@cvinternet.net

Mailing Address: P.O.Box 1876
Valdez, AK 99686
UNITED STATES



Public Notice

Application for Marijuana Establishment License

License Number: 11234

License Status: Complete

License Type: Standard Marijuana Cultivation Facility

Doing Business As: DKW FARMS LLC

Business License Number: 1042644

Email Address: cd_dunning@cvinternet.net

Latitude, Longitude: 61.079370, -146.174367

Physical Address: 4269 Richardson Hwy
Valdez, AK 99686
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10041595

Alaska Entity Name: DKW Farms LLC

Phone Number: 907-835-4277

Email Address: cd_dunning@cvinternet.net

Mailing Address: P.O.Box 2078
Valdez, AK 99686
UNITED STATES

Entity Official #1

Type: Individual

Name: William Watson

Date of Birth: 04/16/1974

Phone Number: 907-831-6028

Email Address: watswi69@gmail.com

Mailing Address: P.O.Box 512
Valdez, AK 99686
UNITED STATES

Entity Official #2

Type: Individual

Name: Kenneth Watson

Date of Birth: 03/16/1958

Phone Number: 907-835-3002

Email Address: kcwvaldezak@hotmail.com

Mailing Address: P.O.Box 102
Valdez, AK 99686
UNITED STATES

Entity Official #3

Type: Individual

Name: Dwain Dunning

Date of Birth: 11/08/1956

Phone Number: 907-831-1463

Email Address: cd_dunning@cvinternet.net

Mailing Address: P.O.Box 1876
Valdez, AK 99686
UNITED STATES

Note: No affiliates entered for this license.

Interested persons should submit written comment or objection to their local government, the applicant, and to the Alcohol & Marijuana Control Office at 550 W 7th Ave, Suite 1600, Anchorage, AK 99501 or to marijuana.licensing@alaska.gov not later than 30 days after this notice of application.

POSTING DATE _____



Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW FARMS LLC				
Physical Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	Zip Code:	99686
Designated Licensee:	Dwain Dunning				
Email Address:	cd_dunning@cvinternet.net				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	Form MJ-02 Premises Diagram
-----------------	-----------------------------

OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #:	
----------------	--	------------------------	--	----------------	--



Alaska Marijuana Control Board

Form MJ-02: Premises Diagram

What is this form?

A detailed diagram of the proposed licensed premises is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(8). Your diagram must show all entrances and boundaries of the premises, restricted access areas, and storage areas, and dimensions. If your proposed premises is located within a building or building complex that contains multiple businesses and/or tenants, please provide an additional page that clearly shows the location of your proposed premises within the building or building complex, along with the addresses and/or suite numbers of the other businesses and/or tenants within the building or building complex. For those applying for a limited marijuana cultivation license, the proposed area(s) for cultivation must be clearly delineated.

The **second page** of this form is not required. Blueprints, CAD drawings, or other clearly drawn and marked diagrams may be submitted in lieu of the second page of this form. The first page must still be completed, attached to, and submitted with any supplemental diagrams. An AMCO employee may require you to complete the second page of this form if additional documentation for your premises diagram is needed.

This form must be completed and submitted to AMCO's main office before any license application will be considered complete.

Yes No

I have attached blueprints, CAD drawings, or other supporting documents in addition to, or in lieu of, the second page of this form.



Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

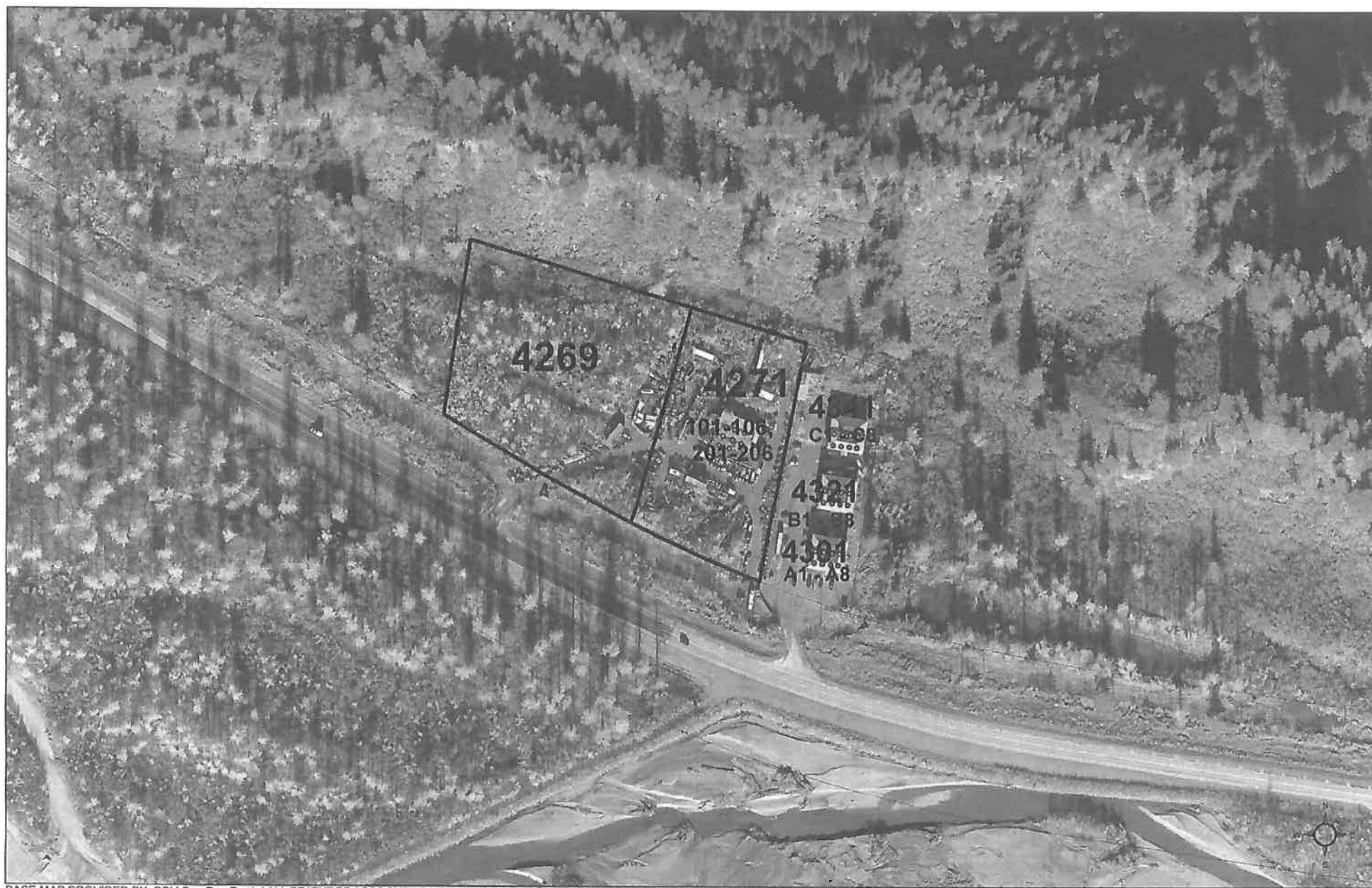


Alaska Marijuana Control Board

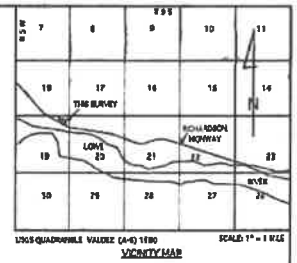
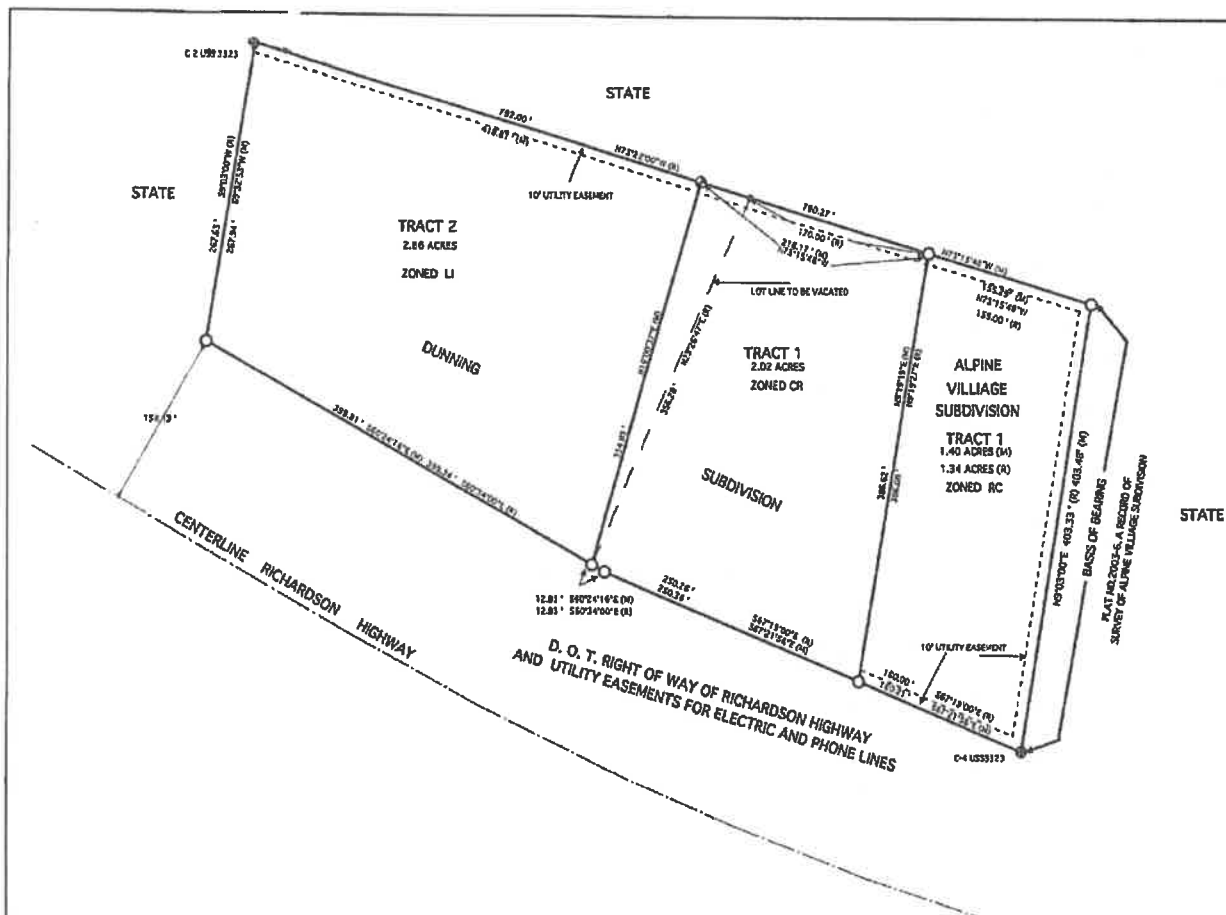
Form MJ-02: Premises Diagram

Section 2 – Detailed Premises Diagram

Clearly indicate the boundaries of the premises and the proposed licensed area within that property. Clearly indicate the interior layout of any enclosed areas on the proposed premises. Clearly identify all entrances, walls, partitions, counters, windows, areas of ingress and egress, restricted access areas, and storage areas. Include dimensions in your drawing. Use additional copies of this form or attached additional documents as needed.



BASE MAP PROVIDED BY: COV ComDev Dept. | ALL FEATURES ASSOCIATED WITH THIS MAP ARE SUBJECT TO THE COV DISCLAIMER FOR ACCURACY AND USE. SCALE: 1 in = 150 ft



CERTIFICATE OF OWNERSHIP

WE HEREBY CERTIFY THAT WE ARE THE OWNERS OF TRACTS 1 & 2, DUNNING SUBDIVISION (BOTH HEREIN) AND THAT WE ADOPT THIS REPLAY OF SUBDIVISION.

DATED: 11/15/16 DATE: 11/15/16
 DUNNING & COMPANY
 P.O. BOX 1876
 VALDEZ, ALASKA 99686

DATED: 11/15/16 DATE: 11/15/16
 CYNTHIA DUNNING

NOTARY'S ACKNOWLEDGMENT

THIS IS TO CERTIFY THAT ON THIS 15th DAY OF December, 2016, BEFORE ME THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA, COMPEARED AND PERSONALLY APPEARED

Dustin T. Dunning
Cynthia Dunning

TO ME KNOWN TO BE THE PERSONS DESCRIBED IN AND WHO DECLARED THE ABOVE AND FORBIDING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT THEY HADING AND SIGNED THE SAME FREELY AND VOLUNTARILY FOR THE USES AND PURPOSES THEREIN EXPRESSED.

NOTARY OF THE PUBLIC: Sarah R. Bannister
 MY COMMISSION EXPIRES: Aug. 16, 2020

CERTIFICATE OF PAYMENT OF TAXES

Shari L. Pierce
 CITY CLERK OF THE CITY OF VALDEZ, ALASKA,
 DO HEREBY CERTIFY THAT ALL TAXES LEVIED AGAINST TRACTS 1 & 2, DUNNING SUBDIVISION, REPLAY ON THE REPLAY ARE PAID AS OF: 11/15/16

DATED: 11/15/16 DATE: 11/15/16
 CITY CLERK

PLANNING AND ZONING COMMISSION

THIS REPLAY CONFORMS TO THE REQUIREMENTS OF THE CITY OF VALDEZ PLANNING AND ZONING COMMISSION AND IS HEREBY APPROVED.

DATED: 12/16/16 DATE: 12/16/16
 CHAIRMAN, COMMISSION

0 50 100 150 200 FEET
 1 INCH = 50 FEET

- NOTES:**
- ALL SECOND DIMENSIONS FROM THE PLAT OF US 3323, LOT 1 APPROVED JULY 23, 1978 AND A RECORD OF SURVEY OF ALPINE VILLAGE SUBDIVISION RECORDED IN THE VALDEZ RECORDING DISTRICT ON MAY 7, 2008 AS PLAT NO 2203-E.
 - THE PURPOSE OF THIS REPLAY IS TO REPLAY AND CHANGE ZONING ON TRACTS 2 & 3, ALPINE VILLAGE SUBDIVISION TO TRACTS 1 & 2, DUNNING SUBDIVISION.

- LEGEND**
- MONUMENT SET BY THIS SURVEY (NEAR WITH CAP)
 - MONUMENT OF RECORD
 - MONUMENT RECOVERED THIS SURVEY (NEAR WITH CAP)
 - REIN MONUMENT RECOVERED THIS SURVEY
 - LOT LINE TO BE VACATED
 - EASEMENT
 - SURVEY OR BOUNDARY AFFECTED BY THIS REPLAY
 - (B) RECORD BEARING OR DISTANCE
 - (D) MEASURED BEARING OR DISTANCE



SURVEYOR'S CERTIFICATE

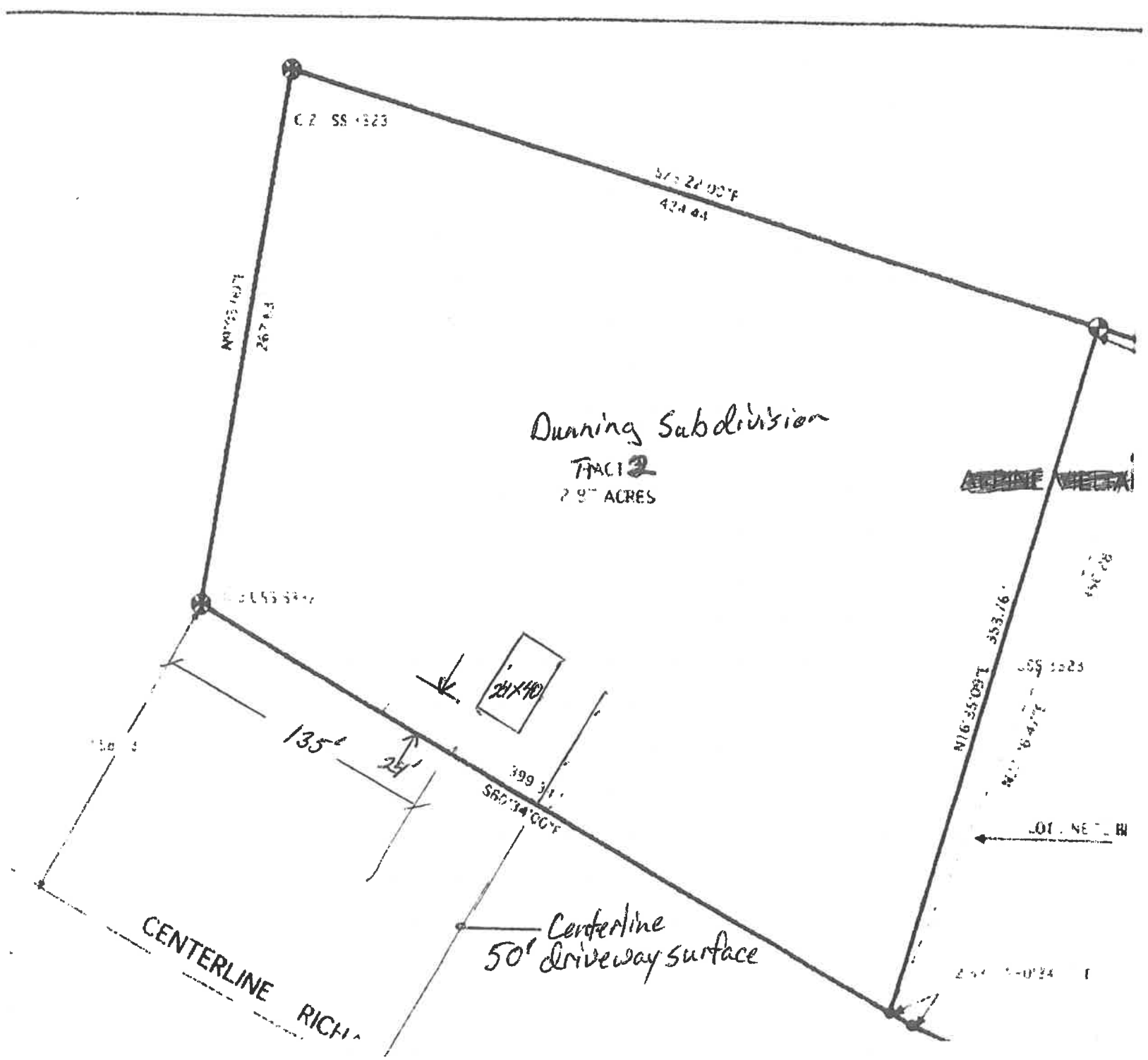
I HEREBY CERTIFY THAT I AM PROPERLY LICENSED AND LICENSED TO PRACTICE LAND SURVEYING IN THE STATE OF ALASKA AND THAT THIS REPLAY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECT SUPERVISION THAT THE MONUMENTS SHOWN HEREON EXIST AS DESCRIBED, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT.

DATED: 12-15-2016 Terry Gulmore
 TERRY GULMORE
 REGISTERED LAND SURVEYOR NO. 67495

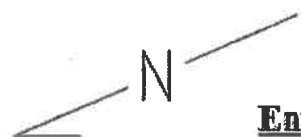
2016-9
 Plat #
 Valdez
 Rec 041
 12-22-16
 2:24 PM

GULMORE AND ASSOCIATES HC 60 BOX 216 COPPER CENTER, ALASKA 99573 (907) 822-3744		
DUNNING SUBDIVISION A REPLAY OF A TRACTS 2 & 3, ALPINE VILLAGE SUBDIVISION LOCATED WITHIN US 3323, SECTION 19, T18S, R18W, C14M, ALASKA VALDEZ RECORDING DISTRICT		
PREPARED FOR DUNNING T. AND CYNTHIA DUNNING P.O. BOX 1876 VALDEZ, ALASKA 99686 907-835-2277		
SCALE 1" = 50'	CHECKED T.G.	DRAWN BY TG DATE: 11-24-2016

Page 1 of 1



3/4" = 50'



Entrance/Exit

40'-0"

11'-0"

29'-0"

4'-7 1/2"

4'-1 3/4"

8'-9 3/4"

24'-0"

15'-2 1/4"

13'-0"

2'-2"

OFFICE &
STORAGE
8'x10'

CULTIVATION
DRY ROOM
14'-4 1/4"x10'

GROW ROOM
22'-9"x28'-4 1/2"

● - **Camera**

↑ - **Surveillance Room
Above Office**

Licensed Premises

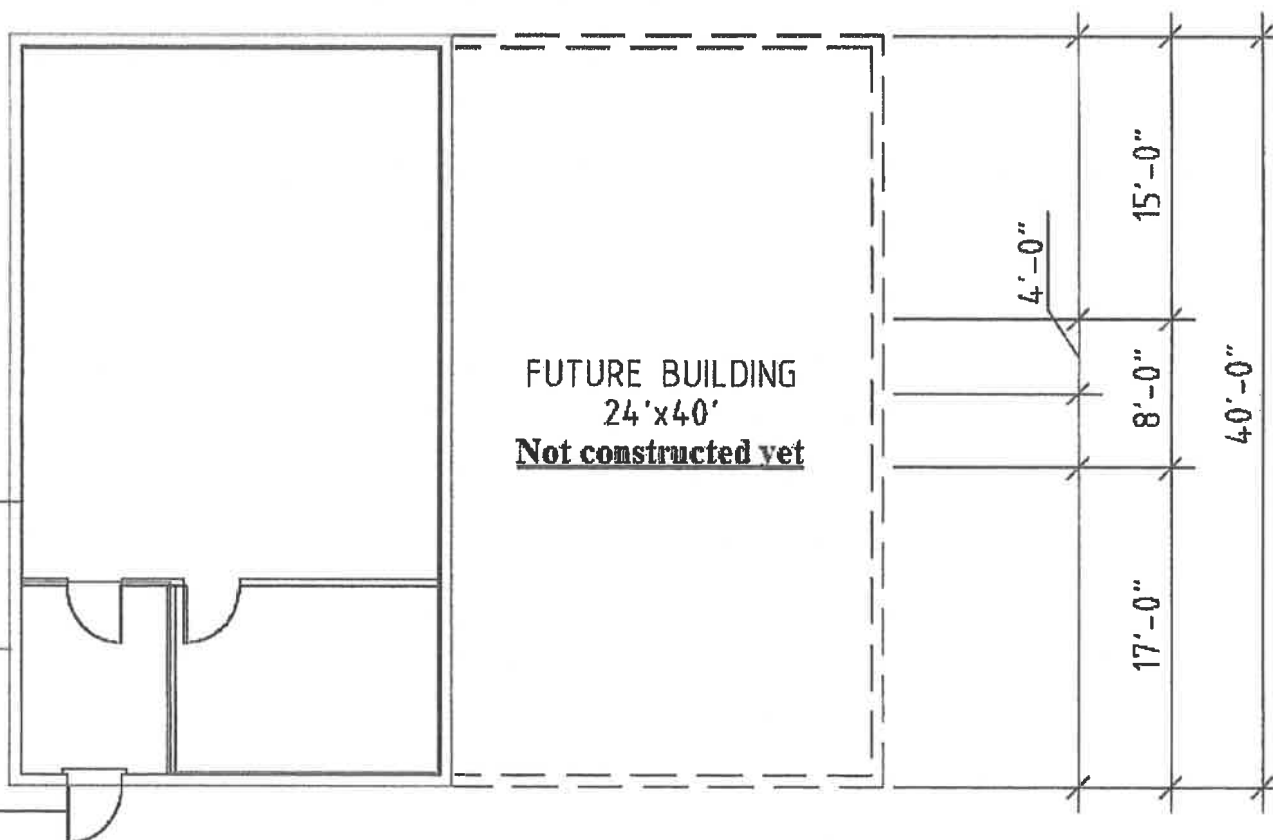
Restricted Access Area

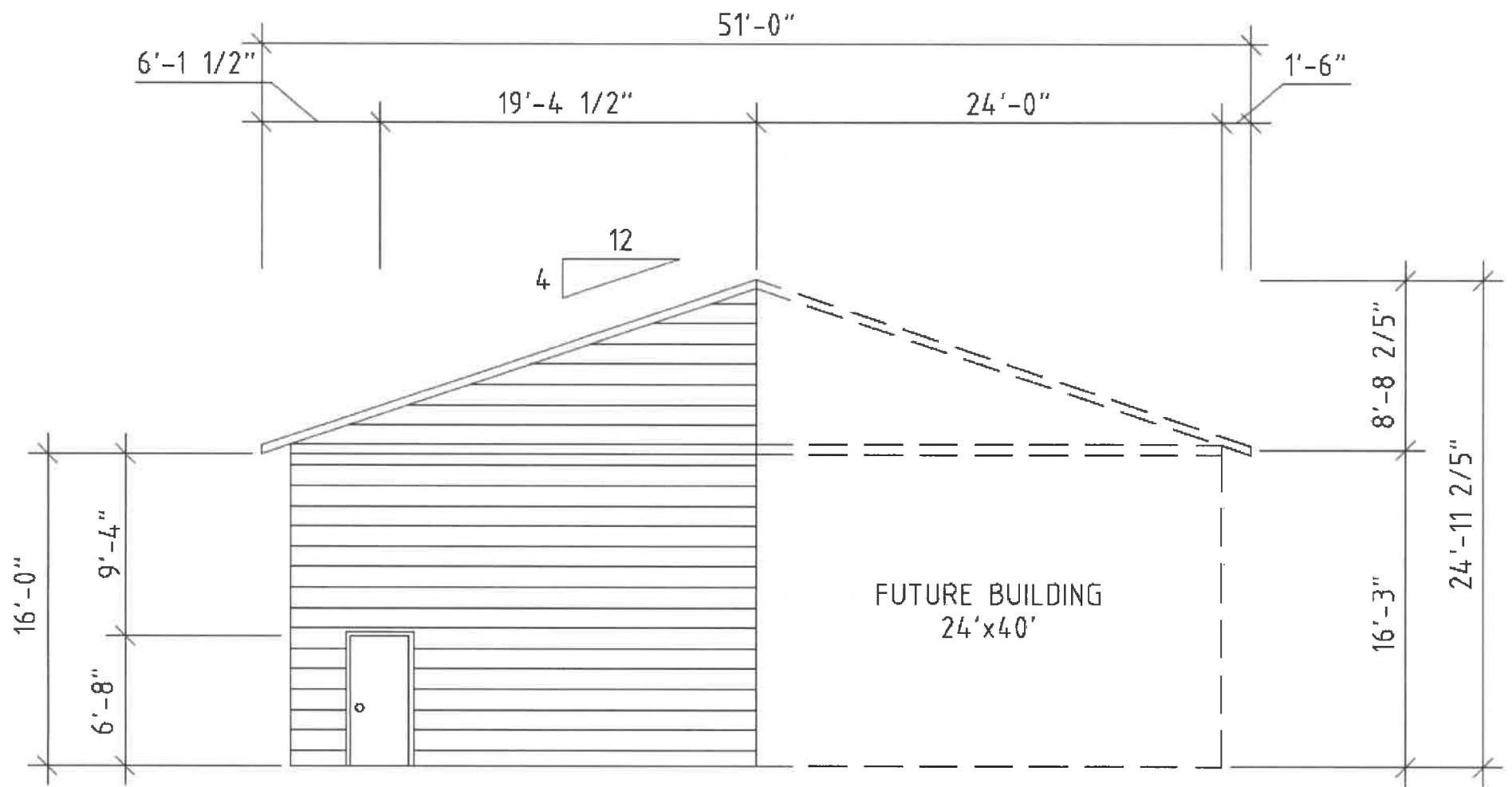


Restricted
Access Area

Licensed Premises

Entrance/Exit







City of Valdez
ALASKA

Department of Community
& Economic Development

Ruth Knight, Mayor
Sheri Pierce, Interim City Manager

January 4th, 2017

RE: Official Physical Addresses for **Dunning Subdivision**

To Whom it May Concern,

A subdivision has recently been approved and recorded in the City of Valdez: Dunning Subdivision, Plat #2016-9). The following real properties have been modified. Please ensure your physical addresses and legal descriptions have been updated:

<u>Address</u>	<u>Legal</u>	<u>PIDN</u>
4269 Richardson Highway	Tract 2, Dunning Subdivision	7099-003-000-0
4271 Richardson Highway	Tract 1, Dunning Subdivision	7099-002-000-0

If you have any questions or would like to request a change to your physical, please call me at the Community & Economic Development Department at (907) 834-3450 or email alain@ci.valdez.ak.us. Thank you.

Sincerely,

AnnMarie Lain
Senior GIS / Planning Technician

Cc: Property Owner
Subdivision/Land File
CVEA
CVTC
GCI
Fire Department
Police Department
Meg Weaver, Finance Dept.
Tracy Studer, Finance Dept.



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

What is this form?

This operating plan supplemental form is required for all applicants seeking a marijuana cultivation facility license and must accompany the Marijuana Establishment Operating Plan (Form MJ-01), per 3 AAC 306.020(b)(11). Applicants should review Chapter 306: Article 4 of the Alaska Administrative Code. This form will be used to document how an applicant intends to meet the requirements of those regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020 and 3 AAC 306.420(2).

What additional information is required for cultivation facilities?

Applicants must identify how the proposed establishment will comply with applicable regulations regarding the following:

- Prohibitions
- Cultivation plan
- Odor control
- Testing procedure and protocols
- Security

This form must be submitted to AMCO's main office before any marijuana cultivation facility license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	ALASKA	ZIP:	99686



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Section 2 – Prohibitions

Applicants should review 3 AAC 306.405 – 3 AAC 306.410 and be able to answer "Agree" to all items below.

The marijuana cultivation facility will not:

Agree Disagree

Sell, distribute, or transfer any marijuana or marijuana product to a consumer, with or without compensation

☒☐

Allow any person, including a licensee, employee, or agent, to consume marijuana or marijuana product on its license premises or within 20 feet of the exterior of any building or outdoor cultivation facility

☒☐

Treat or otherwise adulterate marijuana with any organic or nonorganic chemical or compound to alter the color, appearance, weight, or odor of the marijuana

☒☐

Section 3 – Cultivation Plan

Review the requirements under 3 AAC 306.420, and identify how the proposed premises will meet the listed requirements.

Describe the size of the space(s) the marijuana cultivation facility intends to be under cultivation, including dimensions and overall square footage. Provide your calculations below:

Overall interior floor space of building is 23'x39'=897 sq'
total office/security/storage area 8'x10'= 80 sq'
floor space for cultivation is 10'x14', 29.2'x23' 812 sq'



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Describe the marijuana cultivation facility's growing medium(s) to be used:

potting soil

Describe the marijuana cultivation facility's fertilizers, chemicals, gases, and delivery systems, including carbon dioxide management, to be used:

Ionic grow, Ionic bloom, Fox farms grow, Fox farms bloom, Fox farms open sesame, Fox farms beastly bloomz, Fox farms cha ching, The Guano co, Budswell bat guano, Super thrive, General hydroponics ph up, ph down, Avid 0.1,

Describe the marijuana cultivation facility's irrigation and waste water systems to be used:

Hand watering and no waste water



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office

550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

marijuana.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

Describe the marijuana cultivation facility's waste disposal arrangements:

The Valdez city land fill will accept the used potting soil that is mixed with non-usable waste

Section 4 – Odor Control

Review the requirements under 3 AAC 306.430, and identify how the proposed premises will meet the listed requirement.

Describe the odor control method(s) to be used and how the marijuana cultivation facility will ensure that any marijuana at the facility does not emit an odor that is detectable by the public from outside the facility:

The air circulation system was designed by RSA Engineering Inc. to have motorized ventilators for makeup intake air and 4 different settings for exhausting air threw charcoal filters



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Section 5 – Testing Procedure and Protocols

Review the requirements under 3 AAC 306.455 and 3 AAC 306.465, and identify how the proposed premises will meet the listed requirements.

Applicants should be able to answer "Agree" to the item below.

I understand and agree that:

Agree Disagree

The board will or the director shall from time to time require the marijuana cultivation facility to provide samples of the growing medium, soil amendments, fertilizers, crop production aids, pesticides, or water for random compliance checks



Describe the testing procedure and protocols the marijuana cultivation facility will follow:

The segregated batch of harvested marijuana that has been cultivated, trimmed and cured will have a designated individual collect a random sample in the amount required by the marijuana testing facility. That individual shall prepare a signed statement that each sample was randomly selected for testing, provide it to the testing facility and shall also be kept as business records. The sample will be transported to the testing facility in compliance with 3 AAC 306.750. The entire batch will be labeled and tracked along with the sample, it will be secured in the restricted area of the licensed premises in a cool and dry location to prevent contamination or losing its efficacy. It will be held there until the testing is complete with results in writing that are provided to us. The testing results will be maintained in the business books, records, and will follow the batch when sold. The marijuana cultivation facility shall cooperate to facilitate any collection of samples that the board or the director orders done.



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Section 6 – Security

Review the requirements under 3 AAC 306.430 and 3 AAC 306.470 – 3 AAC 306.475, and identify how the proposed premises will meet the listed requirements.

Applicants should be able to answer "Agree" to the two items below.

The marijuana cultivation facility applicant has:

Agree Disagree

Read and understands and agrees to the packaging of marijuana requirements under 3 AAC 306.470

☒☐

Read and understands and agrees to the labeling of marijuana requirements under 3 AAC 306.475

☒☐

Restricted Access Area (3 AAC 306.430):

Yes

No

Will the marijuana cultivation facility include outdoor production?

☐☒

If "Yes", describe the outdoor structure(s) or the expanse of open or clear ground fully enclosed by a physical barrier:



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Describe the method(s) used to ensure that any marijuana at the marijuana cultivation facility cannot be observed by the public from outside the facility:

Facility has no windows and restricted access double door entry

I certify that as a marijuana cultivation facility, I will submit monthly reports to the Department of Revenue and pay the excise tax required under AS 43.61.010 and 43.61.020 on all marijuana sold or provided as a sample to a marijuana establishment, as required under 3 AAC 306.480.

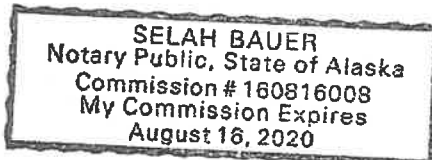
I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Signature of licensee

Dwain Dunning

Printed name

Subscribed and sworn to before me this 27 day of February, 2017.



Selah Bauer

Notary Public in and for the State of Alaska.

My commission expires: Aug. 16, 2020



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

(Additional Space as Needed):



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

What is this form?

This application certifications form is required for all marijuana establishment license applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306.

This form must be completed and submitted to AMCO's main office by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee or affiliate.

Name:	Dwain Dunning
Title:	Manager

Section 3 – Other Licenses

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?

☐☒

If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

I certify that I am not currently on felony probation or felony parole.

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

I certify that my proposed premises is not located in a liquor licensed premises.

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) and affiliates (as defined in 3 AAC 306.990(a)(1)) have been listed on my online marijuana establishment license application.

I certify that all proposed licensees have been listed on my application with the Division of Corporations.

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by AMCO is grounds for denial of my application.



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Read each line below, and then sign your initials in the box to the right of only the applicable statement:

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.

☐

Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.

☒

All marijuana establishment license applicants:

As an applicant for a marijuana establishment license, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that I have examined the online application and this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find them to be true, correct, and complete.

Signature of licensee

Dwain Dunning

Printed name

Subscribed and sworn to before me this 9th day of February, 2017.

Selah Bauer
Notary Public in and for the State of Alaska.

My commission expires: Aug. 16, 2020





Alaska Marijuana Control Board

Form MJ-00: Application Certifications

What is this form?

This application certifications form is required for all marijuana establishment license applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306.

This form must be completed and submitted to AMCO's main office by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee or affiliate.

Name:	Kenneth Watson
Title:	Manager

Section 3 – Other Licenses

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?

☐☒

If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

--



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

KCW

I certify that I am not currently on felony probation or felony parole.

KCW

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

KCW

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

KCW

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

KCW

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

KCW

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

KCW

I certify that my proposed premises is not located in a liquor licensed premises.

KCW

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

KCW

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) and affiliates (as defined in 3 AAC 306.990(a)(1)) have been listed on my online marijuana establishment license application.

KCW

I certify that all proposed licensees have been listed on my application with the Division of Corporations.

KCW

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by AMCO is grounds for denial of my application.

KCW



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Read each line below, and then sign your initials in the box to the right of only the applicable statement:

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.

☐

Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.

☒

All marijuana establishment license applicants:

As an applicant for a marijuana establishment license, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that I have examined the online application and this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find them to be true, correct, and complete.

Signature of licensee

Kenneth Watson

Printed name

Subscribed and sworn to before me this 9th day of February, 20 17.

Notary Public in and for the State of Alaska.

My commission expires: 12/1





Alaska Marijuana Control Board

Form MJ-00: Application Certifications

What is this form?

This application certifications form is required for all marijuana establishment license applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306.

This form must be completed and submitted to AMCO's main office by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	AK	ZIP:	99686

Section 2 – Individual Information

Enter information for the individual licensee or affiliate.

Name:	William Watson
Title:	Manager

Section 3 – Other Licenses

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?

☐☒

If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

--



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

I certify that I am not currently on felony probation or felony parole.

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

I certify that my proposed premises is not located in a liquor licensed premises.

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) and affiliates (as defined in 3 AAC 306.990(a)(1)) have been listed on my online marijuana establishment license application.

I certify that all proposed licensees have been listed on my application with the Division of Corporations.

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by AMCO is grounds for denial of my application.



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Read each line below, and then sign your initials in the box to the right of only the applicable statement:

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.

☐

Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.

☒

All marijuana establishment license applicants:

As an applicant for a marijuana establishment license, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that I have examined the online application and this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find them to be true, correct, and complete.

William A. Watson
Signature of licensee

William Watson

Printed name

Subscribed and sworn to before me this 10 day of February, 2017.



Keri Talbot
Notary Public in and for the State of Alaska.

My commission expires: 3/23/17



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan**What is this form?**

An operating plan is required for all marijuana establishment license applications. Applicants should review **Title 17.38 of Alaska Statutes** and **Chapter 306 of the Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those statutes and regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020(c).

What must be covered in an operating plan?

Applicants must identify how the proposed premises will comply with applicable statutes and regulations regarding the following:

- Security
- Inventory tracking of all marijuana and marijuana product on the premises
- Employee qualification and training
- Waste disposal
- Transportation and delivery of marijuana and marijuana products
- Signage and advertising
- Control plan for persons under the age of 21

Applicants must also complete the corresponding operating plan supplemental forms (**Form MJ-03, Form MJ-04, Form MJ-05, or Form MJ-06**) to meet the additional operating plan requirements for each license type.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DKW Farms LLC	License Number:	11234		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	DKW Farms LLC				
Premises Address:	4269 Richardson Hwy				
City:	Valdez	State:	ALASKA	ZIP:	99686

Mailing Address:	P.O.Box 2078				
City:	Valdez	State:	ALASKA	ZIP:	99686

Primary Contact:	Dwain Dunning				
Main Phone:	907-835-4277	Cell Phone:	907-831-1463		
Email:	cd_dunning@cvinternet.net				



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 2 – Security

Review the requirements under 3 AAC 306.710 – 3 AAC 306.720 and 3 AAC 306.755, and identify how the proposed premises will meet the listed requirements.

Describe how the proposed premises will comply with each of the following:

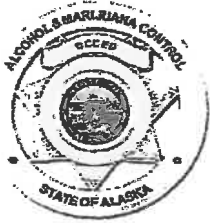
Restricted Access Areas (3 AAC 306.710):

Describe how you will prevent unescorted members of the public from entering restricted access areas:

DKW Farms policy will state that all doors and accesses to the building will be locked at all times. A commercial-grade door and double lock assembly will be installed for exterior entrances. The premises will be monitored 24/7 by Valkyrie Security and Asset Protection Inc. A 'Restricted Access' sign will be posted outside the entrance of the facility.

Describe your processes for admitting visitors into and escorting them through restricted access areas:

Visitors will only be permitted into restricted areas as per 3 AAC 306.710. Also a visitors log book will be kept in the entry office where visitors will be required to show identification, sign and print names, and record the date and time of their visit. Once identification has been verified, visitors will receive a visitor's id badge.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe your recordkeeping of visitors who are escorted into restricted access areas:

A logbook will be kept in the entry office of the restricted access facility. Visitors will be required to give their names, valid picture ID to prove the person is 21 years of age or older, as well as the time and date of their visit. Logbooks will be kept on the premises for a minimum of three years.

Provide a copy of a sample identification badge to be displayed by each licensee, employee, or agent while on the premises:

A sample identification badge is shown within a rounded rectangular frame. At the top, there is a dark rectangular button with a camera icon and the text "Add Photo". Below this, the text "Last, First" is centered. Underneath that is "Handlers # 01". The next line is "DKW Farms" in a larger, bold font. Below that is "License # 11234". The bottom line is "STAFF" in a large, bold, all-caps font.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Security Alarm Systems and Lock Standards (3 AAC 306.715):

Exterior lighting is required to facilitate surveillance. Describe how the exterior lighting will meet this requirement:

Exterior lights will be placed on all sides of the build, and it will be DKW Farms policy to keep these lights running at all times.

An alarm system is required for all license types. Describe the security alarm system for the proposed premises:

As per 3 AAC 306.720, the security system will be installed and monitored by Valkyrie Security and Asset Protection Inc. at all times. If alarms are triggered, the local police department along with the owners will be notified.

The alarm system must be activated on all exterior doors and windows when the licensed premises is closed for business. Describe how the security alarm system meets this requirement:

As per 3 AAC 306.720, our chosen security service will monitor the premises on a 24/7 basis. Data storage will be handled off/on-site with monitoring handled off-site.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe your policies and procedures for preventing diversion of marijuana or marijuana product:

All usable marijuana will be stored in a locked storage area within the restricted portion of the building. We will only sell product to licensed dispensaries, manufacturing or cultivation facilities. All inventory will be tracked to the gram with Metrc. The camera placements will record and cover the entirety of the interior of the building, with camera's placed at the only entrance/exit along with the exterior of the building. All camera's will be monitored and recording on a 24/7 basis

Describe your policies and procedures for preventing loitering:

This cultivation facility sits on a remote, less than three acre parcel of land, with one point of access from the road system. "No Trespassing" signs will be posted at entrance and surrounding property. The adjoining property belongs to one of the affiliates and all other property is undeveloped belonging to the city of Valdez

Describe your policies and procedures regarding the use of any additional security device, such as a motion detector, pressure switch, and duress, panic, or hold-up alarm to enhance security of the proposed premises:

Along with Valkyrie's security system, there is a 6-hour backup battery to operate all security features installed in the building



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe your policies and procedures regarding the actions to be taken by a licensee, employee, or agent when any automatic or electronic notification system alerts a local law enforcement agency of an unauthorized breach of security:

If the alarm is activated, it will be DKW Farms policy to wait for local law enforcement to arrive and secure the area. Any information requested by the police relating to the event will be turned over as soon as possible.

Video Surveillance (3 AAC 306.720):

All licensed marijuana establishments must meet minimum standards for surveillance equipment. Applicants should be able to answer "Yes" to all items below.

Video surveillance and camera recording system covers the following areas of the premises:

Yes No

Each restricted access area and each entrance to a restricted access area

☒ ☐

Both the interior and exterior of each entrance to the facility

☒ ☐

Each point of sale area

☒ ☐

Each video surveillance recording:

Yes No

Is preserved for a minimum of 40 days, in a format that can be easily accessed for viewing

☒ ☐

Clearly and accurately displays the time and date

☒ ☐

Is archived in a format that does not permit alteration of the recorded image, so that the images can readily be authenticated

☒ ☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe how the video cameras will be placed to produce a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises:

Security cameras will be placed so that an unobstructed and clear view of the entrance/exit of the licensed premises(wall mounted), the entrance to the restricted access area along with the restricted access areas(fixed positions so that the lighting hoods do not block this view from normal activity)

Describe the locked and secure area where video surveillance recording equipment and records will be housed and stored and how you will ensure the area is accessible only to authorized personnel, law enforcement, or an agent of the board:

The on site surveillance recording equipment will be stored in a secure area(the restricted area of the licensed premises only accessible from the interior by authorized personnel). The exterior door and jam for entrance/exit is steel, main lock handle and dead bolted are installed, the interior door to the restrictive area will be lockable. It is understood that Valkyrie's security system will also include copied off site storage of it. They will be preserved for a minimum of 40 days and easily accessed for viewing.

Location of Surveillance Equipment and Video Surveillance Records:

Yes No

Surveillance room or area is clearly defined on the premises diagram

☐☒

Surveillance recording equipment and video surveillance records are housed in a designated, locked, and secure area or in a lock box, cabinet, closet or other secure area

☒☐

Surveillance recording equipment access is limited to a marijuana establishment licensee or authorized employee, and to law enforcement personnel including an agent of the board

☒☐

Video surveillance records are stored off-site

☒☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Business Records (3 AAC 306.755):

All licensed marijuana establishments must maintain, in a format that is readily understood by a reasonably prudent business person, certain business records. Applicants should be able to answer "Yes" to all items below.

Business Records Maintained and Kept on the Licensed Premises:

Yes No

All books and records necessary to fully account for each business transaction conducted under its license for the current year and three preceding calendar years; records for the last six months are maintained on the marijuana establishment's licensed premises; older records may be archived on or off-premises

☒☐

A current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent who works at the marijuana establishment

☒☐

The business contact information for vendors that maintain video surveillance systems and security alarm systems for the licensed premises

☒☐

Records related to advertising and marketing

☒☐

A current diagram of the licensed premises including each restricted access area

☒☐

A log recording the name, and date and time of entry of each visitor permitted into a restricted access area

☒☐

All records normally retained for tax purposes

☒☐

Accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed

☒☐

Transportation records for marijuana and marijuana product as required under 3 AAC 306.750(f)

☒☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

A marijuana establishment is required to exercise due diligence in preserving and maintaining all required records.

Describe how you will prevent records and data, including electronically maintained records, from being lost or destroyed:

A digital copy of all business transactions, log books that will contain the name, date and time of each visitor, a current employee list that will include the full name of each employee and marijuana handlers card will be scanned and kept on the Company's computer, and backed up on an external hard drive. All video surveillance will be kept in a Cloud storage provided by Valkyrie. Records to fully account for business transactions for the current years and four proceeding years will be kept on the license property.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 3 – Inventory Tracking of All Marijuana and Marijuana Product

Review the requirements under 3 AAC 306.730, and identify how the proposed establishment will meet the listed requirements.

All licensed marijuana establishments must use a marijuana inventory tracking system capable of sharing information with the system the board implements to ensure all marijuana cultivated and sold in the state, and each marijuana product processed and sold in the state, is identified and tracked from the time the marijuana propagated from seed or cutting, through transfer to another licensed marijuana establishment, or use in manufacturing a product, to a completed sale of marijuana or marijuana product, or disposal of the harvest batch of marijuana or production lot of marijuana product.

Applicants should be able to answer "Yes" to all items below.

Marijuana Tracking and Weighing:

Yes No

A marijuana inventory tracking system, capable of sharing information with the system the board implements to ensure tracking for the reasons listed above, will be used



All marijuana delivered to a marijuana establishment will be weighed on a scale certified in compliance with 3 AAC 306.745



Describe the marijuana tracking system that you plan to use and how you will ensure that it is capable of sharing information with the system the board implements:

The state-implemented system, Metrc, is the tracking system DKW Farms intends to use.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 4 – Employee Qualification and Training

Review the requirements under 3 AAC 306.700, and identify how the proposed establishment will meet the listed requirements.

A marijuana establishment and each licensee, employee, or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

Applicants should be able to answer "Yes" to all items below.

Marijuana Handler Permit:

Yes No

Each licensee, employee, or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at the marijuana establishment

☒☐

Each licensee, employee, or agent who is required to have a marijuana handler permit shall keep that person's marijuana handler permit card in that person's immediate possession (or a valid copy on file on the premises of a retail marijuana store, marijuana cultivation facility, or marijuana product manufacturing facility) when on the licensed premises

☒☐

Each licensee, employee, or agent who is required to have a marijuana handler permit shall ensure that that person's marijuana handler permit card is valid and has not expired

☒☐

Describe how your establishment will meet the requirements for employee qualifications and training:

All DKW Farms employees will be required to obtain and maintain a current marijuana handlers permit as required in 3 AAC 306.320. All training will be handled online or in a classroom course.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Section 5 – Waste Disposal

Review the requirements under 3 AAC 306.740, and identify how the proposed establishment will meet the listed requirements.

Applicants should be able to answer "Yes" to the statement below.

Marijuana Waste Disposal:

Yes No

The marijuana establishment shall give the board at least 3 days notice in the marijuana inventory tracking system required under 3 AAC 306.730 before making the waste unusable and disposing of it



Describe how you will store, manage, and dispose of any solid or liquid waste, including wastewater generated during marijuana cultivation, production, process, testing, or retail sales, in compliance with applicable federal, state, and local laws and regulations:

There will be no liquid wastewater generated for disposal. The only waste for disposal will be solid form from the non-usable vegetative plant along with used potting soil unless a tested sample of product fails then the batch will be disposed of in the same manner. Also noting the failed batch in the Metrc inventory system for disposal. The non-usable waste will be stored on site in the restrictive area while the process for this is being done, to dry it till it can be ground to dust then mixed with used potting soil and kitchen waste, then disposed of at the local land fill.

Describe what material or materials you will mix with the ground marijuana waste to make it unusable:

It will be mixed with used potting soil and kitchen waste then delivered to the Valdez bailer facility who operates the land fill



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Marijuana waste must be rendered unusable for any purpose for which it was grown or produced before it leaves the marijuana establishment. Describe the process or processes that you will use to make the marijuana plant waste unusable:

When the plant is matured, it will be cut, trimmed and hung to dry. Once dried it will be trimmed again for removal of the buds. The non-usable waste will be stored on site in the restrictive area while the process for this is being done, to dry it till it can be ground to dust then mixed with at least equal parts of used potting soil which can contain other compostable materials, then disposed of at the local land fill. A record of this amount will be kept along with the final destination.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 6 – Transportation and Delivery of Marijuana and Marijuana Products

Review the requirements under 3 AAC 306.750, and identify how the proposed establishment will meet the listed requirements.

Applicants should be able to answer "Yes" to all items below.

Marijuana Transportation:

Yes No

The marijuana establishment from which a shipment of marijuana or marijuana product originates will ensure that any individual transporting marijuana shall have a marijuana handler permit required under 3 AAC 306.700

☒☐

The marijuana establishment that originates the transport of any marijuana or marijuana product will use the marijuana inventory tracking system to record the type, amount, and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model, and license plate number of the transporting vehicle

☒☐

The marijuana establishment that originates the transport of any marijuana or marijuana product will ensure that a complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times during transport

☒☐

During transport, any marijuana or marijuana product will be in a sealed package or container in a locked, safe, and secure storage compartment in the vehicle transporting the marijuana or marijuana product, and the sealed package will not be opened during transport

☒☐

Any vehicle transporting marijuana or marijuana product will travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and will not make any unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any other licensed marijuana establishment

☒☐

When the marijuana establishment receives marijuana or marijuana product from another licensed marijuana establishment, the recipient of the shipment will use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received

☒☐

The marijuana establishment will refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest

☒☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe how marijuana or marijuana product will be prepared, packaged, and secured for shipment:

When the plants have fully bloomed, it will be cut, trimmed and hung to dry. Once dried it will be trimmed again for removal of the buds. The drying time process varies with factors in the plant and air. The buds will be vacuumed sealed in packages no greater than 1 LB and labeled with tracking information. A sample of the batch will be sent to a marijuana testing facility and the other packages of the batch will be kept in a locked area in the restrictive area of the building.

Describe the type of locked, safe, and secure storage compartments that will be used in any vehicles transporting marijuana or marijuana product:

The marijuana will be stored in a secured metal locked box in any vehicle used to transport such. It will be secured in a locked storage compartment of the vehicle transporting it. ie; covered lockable pickup bed, a car trunk.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 7 – Signage and Advertising

Describe any signs that you intend to post on your establishment with your business name, including quantity and dimensions:

4 inch letters and numbers for a street address

DKW Farms will not be using any forms of advertisement on the licensed premises.

If you are not applying for a retail marijuana store license, you do not need to complete the rest of Section 7, including Page 17.

Restriction on advertising of marijuana and marijuana products (3 AAC 306.360):

All licensed retail marijuana stores must meet minimum standards for signage and advertising.

Applicants should be able to answer "Agree" to all items below.

No advertisement for marijuana or marijuana product will contain any statement or illustration that:

Agree Disagree

Is false or misleading

☐ ☐

Promotes excessive consumption

☐ ☐

Represents that the use of marijuana has curative or therapeutic effects

☐ ☐

Depicts a person under the age of 21 consuming marijuana

☐ ☐

Includes an object or character, including a toy, a cartoon character, or any other depiction designed to appeal to a child or other person under the age of 21, that promotes consumption of marijuana

☐ ☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

No advertisement for marijuana or marijuana product will be placed:

Agree Disagree

Within one thousand feet of the perimeter of any child-centered facility, including a school, childcare facility, or other facility providing services to children, a playground or recreation center, a public park, a library, or a game arcade that is open to persons under the age of 21

☒☐

On or in a public transit vehicle or public transit shelter

☒☐

On or in a publicly owned or operated property

☒☐

Within 1000 feet of a substance abuse or treatment facility

☒☐

On a campus for post-secondary education

☒☐

Signage and Promotional Materials:

Agree Disagree

I understand and agree to follow the limitations for signs under 3 AAC 306.360(a)

☒☐

The retail marijuana store will not use giveaway coupons as promotional materials, or conduct promotional activities such as games or competitions to encourage sale of marijuana or marijuana products

☒☐

All advertising for marijuana or any marijuana product will contain the warnings required under 3 AAC 306.360(e)

☒☐



Alaska Marijuana Control Board

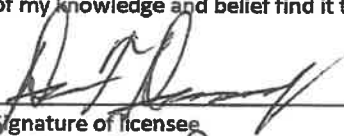
Form MJ-01: Marijuana Establishment Operating Plan

Section 8 – Control Plan for Persons Under the Age of 21

Describe how the marijuana establishment will prevent persons under the age of 21 from gaining access to any portion of the licensed premises and marijuana items:

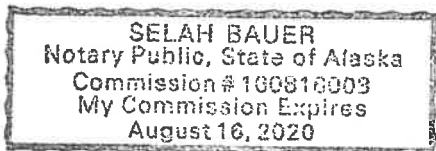
Valid photo ID is required to gain visitor access. Persons under the age of 21 will not be allowed access to the restricted building. The building will be locked and secured at all times.

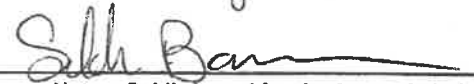
I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.


Signature of licensee

Dwain Dunning
Printed name

Subscribed and sworn to before me this 27 day of February, 2017.




Notary Public in and for the State of Alaska.

My commission expires: Aug. 16, 2020



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

(Additional Space as Needed):



THE STATE

of **ALASKA**

Department of Commerce, Community, and Economic Development
Division of Corporations, Business, and Professional Licensing
PO Box 110806, Juneau, AK 99811-0806
(907) 465-2550 • Email: corporations@alaska.gov
Website: Corporations.Alaska.gov

COR

FOR DIVISION USE ONLY

Limited Liability Company
Initial Biennial Report

Web-10/18/2016 11:14:47 PM

Initial Report

Entity Name: DKW Farms LLC
Entity Number: 10041595
Home Country: UNITED STATES
Home State/Province: ALASKA

Registered Agent

Name: Dwain Dunning
Physical Address: 4271 RICHARDSON HWY,
VALDEZ, AK 99686
Mailing Address: P.O. BOX 2078, VALDEZ, AK
99686

Entity Physical Address: 4271 RICHARDSON HWY, VALDEZ, AK 99686

Entity Mailing Address: P.O.Box 2078, VALDEZ, AK 99686

Please include all officials. Check all titles that apply. Must use titles provided. Please list the names and addresses of the members of the domestic limited liability company (LLC). There must be at least one member listed. If the LLC is managed by a manager(s), there must also be at least one manager listed. Please provide the name and address of each manager of the company. You must also list the name and address of each person owning at least 5% interest in the company and the percentage of interest held by that person.

Name	Address	% Owned	Titles
Dwain Dunning	P.O.Box 1876, Valdez, AK 99686	34	Manager, Member
Kenneth Watson	P.O.Box 102, Valdez, AK 99686	33	Manager, Member
William Watson	P.O.Box 512, Valdez, AK 99686	33	Manager, Member

NAICS Code: 111998 - ALL OTHER MISCELLANEOUS CROP FARMING

New NAICS Code (optional):

I certify under penalty of perjury under the Uniform Electronic Transaction Act and the laws of the State of Alaska that the information provided in this application is true and correct, and further certify that by submitting this electronic filing I am contractually authorized by the Official(s) listed above to act on behalf of this entity.

Name: Dwain Dunning

OPERATING AGREEMENT
of
DKW Farms LLC

This Operating Agreement (the "Agreement") made and entered into this 27th day of April, 2017 (the "Execution Date"),

AMONGST:

Dwain T. Dunning of P.O.Box 1876, Valdez, Alaska 99686,
Kenneth Watson of P.O.Box 102, Valdez, Alaska 99686, and
William Watson of P.O.Box 512, Valdez, Alaska 99686

(individually the "Member" and collectively the "Members").

BACKGROUND:

- A. The Members wish to associate themselves as members of a limited liability company.
- B. The terms and conditions of this Agreement will govern the Members within the limited liability company.

IN CONSIDERATION OF and as a condition of the Members entering into this Agreement and other valuable consideration, the receipt and sufficiency of which is acknowledged, the Members agree as follows:

Formation

- 1. By this Agreement, the Members form a Limited Liability Company (the "Company") in accordance with the laws of the State of Alaska. The rights and obligations of the Members will be as stated in the Alaska Revised Limited Liability Company Act (the "Act") except as otherwise provided in this agreement.

Name

- 2. The name of the Company will be DKW Farms LLC.

Purpose

3. The purpose of this business is to operate a marijuana cultivation facility.

Term

4. The Company will continue until terminated as provided in this Agreement or may dissolve under conditions provided in the Act.

Place of Business

5. The Principal Office of the Company will be located at 4269 Richardson Hwy, Valdez, Alaska 99686 or such other place as the Members may from time to time designate.

Capital Contributions

6. The following is a list of all Members and their Initial Contributions to the Company. Each of the Members agree to make their Initial Contributions to the Company in full, according to the following terms:

Member	Contribution Description	Value of Contribution
Dwain T. Dunning	To provide the resource for the building of the structure and placement on property along with cash and services	\$20,000.00
Kenneth Watson	To provide the resource for the building of the structure and placement on property along with cash and services	\$20,000.00
William Watson	To provide the resource for the building of the structure and outfitting it , along with cash and services	\$20,000.00

Allocation of Profits/Losses

7. Subject to the other provisions of this Agreement, the Net Profits or Losses, for accounting purposes, will accrue to and be borne by the Members in equal proportions.
8. Each Member will receive an equal share of any Distribution.
9. No Member will have priority over any other Member for the distribution of Net Profits or Losses.

Nature of Interest

10. A Member's Interest in the Company will be considered personal property.

Withdrawal of Contribution

11. No Member will withdraw any portion of their Capital Contribution without the unanimous consent of the other Members.

Liability for Contribution

12. A Member's obligation to make their required Capital Contribution can only be compromised or released with the consent of all remaining Members or as otherwise provided in this Agreement. If a Member does not make the Capital Contribution when it is due, he is obligated at the option of any remaining Members to contribute cash equal to the agreed value of the Capital Contribution. This option is in addition to and not in lieu of any others rights, including the right to specific performance that the Company may have against the Member.

Additional Contributions

13. Capital Contributions may be amended from time to time, according to the business needs of the Company. However if additional capital is determined to be required and an individual Member is unwilling or unable to meet the additional contribution requirement within a reasonable period, the remaining Members may contribute in proportion to their existing Capital Contributions to resolve the amount in default. In such case, the allocation of Net Profits or Losses and the distribution of assets on dissociation or dissolution will be adjusted accordingly.
14. Any advance of money to the Company by any Member in excess of the amounts provided for in this Agreement or subsequently agreed to, will be deemed a debt due from the Company rather than an increase in the Capital Contribution of the Member. This liability will be repaid with interest at such rates and times to be determined by a majority of the Members. This liability will

not entitle the lending Member to any increased share of the Company's profits nor to a greater voting power. Repayment of such debts will have priority over any other payments to Members.

Capital Accounts

15. An individual capital account (the "Capital Account") will be maintained for each Member and their Initial Contributions will be credited to this account. Any Additional Contributions made by any Member will be credited to that Member's individual Capital Account.

Interest on Capital

16. No borrowing charge or loan interest will be due or payable to any Member on their agreed Capital Contribution inclusive of any agreed Additional Contributions.

Management

17. Management of this Company is vested in the Members.

Authority to Bind Company

18. Only the following individuals have authority to bind the Company in contract: Two or more managers /members.

Duty of Loyalty

19. Any Member may invest in or engage in any business of any type, including without limitation, a business that is similar to the business of the Company whether or not in direct competition with the Company and whether or not within the established or contemplated market regions of the Company. Neither the Company nor any Member will have any right to that opportunity or any income derived from that opportunity.

Duty to Devote Time

20. Each Member will devote such time and attention to the business of the Company as the majority of the Members will from time to time reasonably determine for the conduct of the Company's business.

Member Meetings

21. A meeting may be called by any Member providing that reasonable notice has been given to the other Members.

22. Regular meetings of the Members will be held only as required.

Voting

23. Each Member will have a single equal vote on any matter.

Admission of New Members

24. No new Members may be admitted into the Company.

Voluntary Withdrawal of a Member

25. A Member may not withdraw from the Company without the unanimous consent of the remaining Members. Any such unauthorized withdrawal will be considered a wrongful dissociation and a breach of this Agreement. In the event of any such wrongful dissociation, the withdrawing Member will be liable to the remaining Members for any damages incurred by the remaining Members including but not limited to the loss of future earnings.
26. The voluntary withdrawal of a Member will have no effect upon the continuance of the Company.
27. It remains incumbent on the withdrawing Member to exercise this dissociation in good faith and to minimize any present or future harm done to the remaining Members as a result of the withdrawal.

Involuntary Withdrawal of a Member

28. Events leading to the involuntary withdrawal of a Member from the Company will include but not be limited to: death of a Member; Member mental incapacity; Member disability preventing reasonable participation in the Company; Member incompetence; breach of fiduciary duties by a Member; criminal conviction of a Member; Operation of Law against a Member or a legal judgment against a Member that can reasonably be expected to bring the business or societal reputation of the Company into disrepute. Expulsion of a Member can also occur on application by the Company or another Member, where it has been judicially determined that the Member: has engaged in wrongful conduct that adversely and materially affected the Company's business; has willfully or persistently committed a material breach of this Agreement or of a duty owed to the Company or to the other Members; or has engaged in conduct relating to the Company's business that makes it not reasonably practicable to carry on the business with the Member.

29. The involuntary withdrawal of a Member will have no effect upon the continuance of the Company.

Dissociation of a Member

30. In the event of either a voluntary or involuntary withdrawal of a Member, if the remaining Members elect to purchase the interest of the withdrawing Member, the remaining Members will serve written notice of such election, including the purchase price and method and schedule of payment for the withdrawing Member's Interests, upon the withdrawing Member, their executor, administrator, trustee, committee or analogous fiduciary within a reasonable period after acquiring knowledge of the change in circumstance to the affected Member. The purchase amount of any buyout of a Member's Interests will be determined as set out in the Valuation of Interest section of this Agreement.
31. Valuation and distribution will be determined as described in the Valuation of Interest section of this Agreement.
32. The remaining Members retain the right to seek damages from a dissociated Member where the dissociation resulted from a malicious or criminal act by the dissociated Member or where the dissociated Member had breached their fiduciary duty to the Company or was in breach of this Agreement or had acted in a way that could reasonably be foreseen to bring harm or damage to the Company or to the reputation of the Company.
33. A dissociated Member will only have liability for Company obligations that were incurred during their time as a Member. On dissociation of a Member, the Company will prepare, file, serve, and publish all notices required by law to protect the dissociated Member from liability for future Company obligations.
34. Where the remaining Members have purchased the interest of a dissociated Member, the purchase amount will be paid in full, but without interest, within 90 days of the date of withdrawal. The Company will retain exclusive rights to use of the trade name and firm name and all related brand and model names of the Company.

Right of First Purchase

35. In the event that a Member's Interest in the Company is or will be sold, due to any reason, the remaining Members will have a right of first purchase of that Member's Interest. The value of that interest in the Company will be the lower of the value set out in the Valuation of Interest section

of this Agreement and any third party offer that the Member wishes to accept.

Assignment of Interest

36. In the event that a Member's interest in the company is transferred or assigned as the result of a court order or Operation of Law, the trustee in bankruptcy or other person acquiring that Member's Interests in the Company will only acquire that Member's economic rights and interests and will not acquire any other rights of that Member or be admitted as a Member of the Company or have the right to exercise any management or voting interests.

Valuation of Interest

37. In the event of a dissociation or the dissolution of the Company, each Member will have an equal financial interest in the Company.
38. In the absence of a written agreement setting a value, the value of the Company will be based on the fair market value appraisal of all Company assets (less liabilities) determined in accordance with generally accepted accounting principles (GAAP). This appraisal will be conducted by an independent accounting firm agreed to by all Members. An appraiser will be appointed within a reasonable period of the date of withdrawal or dissolution. The results of the appraisal will be binding on all Members. The intent of this section is to ensure the survival of the Company despite the withdrawal of any individual Member.

39. No allowance will be made for goodwill, trade name, patents or other intangible assets, except where those assets have been reflected on the Company books immediately prior to valuation.

Dissolution

40. The Company may be dissolved by a unanimous vote of the Members. The Company will also be dissolved on the occurrence of events specified in the Act.
41. Upon Dissolution of the Company and liquidation of Company property, and after payment of all selling costs and expenses, the liquidator will distribute the Company assets to the following groups according to the following order of priority:
- a. in satisfaction of liabilities to creditors except Company obligations to current Members;
 - b. in satisfaction of Company debt obligations to current Members; and then

- c. to the Members based on Member financial interest, as set out in the Valuation of Interest section of this Agreement.

Records

- 42. The Company will at all times maintain accurate records of the following:
 - a. Information regarding the status of the business and the financial condition of the Company.
 - b. A copy of the Company federal, state, and local income taxes for each year, promptly after becoming available.
 - c. Name and last known business, residential, or mailing address of each Member, as well as the date that person became a Member.
 - d. A copy of this Agreement and any articles or certificate of formation, as well as all amendments, together with any executed copies of any written powers of attorney pursuant to which this Agreement, articles or certificate, and any amendments have been executed.
 - e. The cash, property, and services contributed to the Company by each Member, along with a description and value, and any contributions that have been agreed to be made in the future.
- 43. Each Member has the right to demand, within a reasonable period of time, a copy of any of the above documents for any purpose reasonably related to their interest as a Member of the Company, at their expense.

Books of Account

- 44. Accurate and complete books of account of the transactions of the Company will be kept in accordance with generally accepted accounting principles (GAAP) and at all reasonable times will be available and open to inspection and examination by any Member. The books and records of the Company will reflect all the Company's transactions and will be appropriate and adequate for the business conducted by the Company.

Banking and Company Funds

45. The funds of the Company will be placed in such investments and banking accounts as will be designated by the Members. All withdrawals from these accounts will be made by the duly authorized agent or agents of the Company as appointed by unanimous consent of the Members. Company funds will be held in the name of the Company and will not be commingled with those of any other person or entity.

Audit

46. Any of the Members will have the right to request an audit of the Company books. The cost of the audit will be borne by the Company. The audit will be performed by an accounting firm acceptable to all the Members. Not more than one (1) audit will be required by any or all of the Members for any fiscal year.

Tax Treatment

47. This Company is intended to be treated as a corporation, for the purposes of Federal and State Income Tax.

Annual Report

48. As soon as practicable after the close of each fiscal year, the Company will furnish to each Member an annual report showing a full and complete account of the condition of the Company including all information as will be necessary for the preparation of each Member's income or other tax returns. This report will consist of at least:
- a. A copy of the Company's federal income tax returns for that fiscal year.
 - b. Income statement.
 - c. Balance sheet.

Goodwill

49. The goodwill of the Company will be assessed at an amount to be determined by appraisal using generally accepted accounting principles (GAAP).

Governing Law

50. The Members submit to the jurisdiction of the courts of the State of Alaska for the enforcement of this Agreement or any arbitration award or decision arising from this Agreement.

Force Majeure

51. A Member will be free of liability to the Company where the Member is prevented from executing their obligations under this Agreement in whole or in part due to force majeure, such as earthquake, typhoon, flood, fire, and war or any other unforeseen and uncontrollable event where the Member has communicated the circumstance of the event to any and all other Members and where the Member has taken any and all appropriate action to satisfy his duties and obligations to the Company and to mitigate the effects of the event.

Forbidden Acts

52. No Member may do any act in contravention of this Agreement.
53. No Member may permit, intentionally or unintentionally, the assignment of express, implied or apparent authority to a third party that is not a Member of the Company.
54. No Member may do any act that would make it impossible to carry on the ordinary business of the Company.
55. No Member will have the right or authority to bind or obligate the Company to any extent with regard to any matter outside the intended purpose of the Company.
56. No Member may confess a judgment against the Company.
57. Any violation of the above forbidden acts will be deemed an Involuntary Withdrawal and may be treated accordingly by the remaining Members.

Indemnification

58. All Members will be indemnified and held harmless by the Company from and against any and all claims of any nature, whatsoever, arising out of a Member's participation in Company affairs. A Member will not be entitled to indemnification under this section for liability arising out of gross negligence or willful misconduct of the Member or the breach by the Member of any provisions of this Agreement.

Liability

59. A Member or any employee will not be liable to the Company or to any other Member for any mistake or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred or implied by this Agreement or the Company. The Member or employee will be liable only for any and all acts and omissions involving intentional wrongdoing.

Liability Insurance

60. The Company may acquire insurance on behalf of any Member, employee, agent or other person engaged in the business interest of the Company against any liability asserted against them or incurred by them while acting in good faith on behalf of the Company.

Life Insurance

61. The Company will have the right to acquire life insurance on the lives of any or all of the Members, whenever it is deemed necessary by the Company. Each Member will cooperate fully with the Company in obtaining any such policies of life insurance.

Actions Requiring Unanimous Consent

62. The following actions will require the unanimous consent of all Members:
- a. Incurring Company liabilities over \$5,000.00.
 - b. Incurring a single transaction expense over \$500.00.
 - c. Endangering the ownership or possession of Company property including selling, transferring or loaning any Company property or using any Company property as collateral for a loan.
 - d. Releasing any Company claim except for payment in full.

Amendment of this Agreement

63. No amendment or modification of this Agreement will be valid or effective unless in writing and signed by all Members.

Title to Company Property

64. Title to all Company property will remain in the name of the Company. No Member or group of Members will have any ownership interest in Company property in whole or in part.

Miscellaneous

65. Time is of the essence in this Agreement.
66. This Agreement may be executed in counterparts.
67. Headings are inserted for the convenience of the Members only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine gender include the feminine gender and vice versa. Words in a neutral gender include the masculine gender and the feminine gender and vice versa.
68. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the Members' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.
69. This Agreement contains the entire agreement between the Members. All negotiations and understandings have been included in this Agreement. Statements or representations that may have been made by any Member during the negotiation stages of this Agreement, may in some way be inconsistent with this final written Agreement. All such statements have no force or effect in respect to this Agreement. Only the written terms of this Agreement will bind the Members.
70. This Agreement and the terms and conditions contained in this Agreement apply to and are binding upon each Member's successors, assigns, executors, administrators, beneficiaries, and representatives.
71. Any notices or delivery required here will be deemed completed when hand-delivered, delivered by agent, or seven (7) days after being placed in the post, postage prepaid, to the Members at the addresses contained in this Agreement or as the Members may later designate in writing.
72. All of the rights, remedies and benefits provided by this Agreement will be cumulative and will not be exclusive of any other such rights, remedies and benefits allowed by law.

Definitions

73. For the purpose of this Agreement, the following terms are defined as follows:
- a. "Additional Contribution" means Capital Contributions, other than Initial Contributions, made by Members to the Company.
 - b. "Capital Contribution" means the total amount of cash, property, or services contributed to the Company by any one Member.
 - c. "Distributions" means a payment of Company profits to the Members.
 - d. "Initial Contribution" means the initial Capital Contributions made by any Member to acquire an interest in the Company.
 - e. "Member's Interests" means the Member's collective rights, including but not limited to, the Member's right to share in profits, Member's right to a share of Company assets on dissolution of the Company, Member's voting rights, and Member's rights to participate in the management of the Company.
 - f. "Net Profits or Losses" means the net profits or losses of the Company as determined by generally accepted accounting principles (GAAP).
 - g. "Operation of Law" means rights or duties that are cast upon a party by the law, without any act or agreement on the part of the individual, including, but not limited to, an assignment for the benefit of creditors, a divorce, or a bankruptcy.
 - h. "Principal Office" means the office whether inside or outside the State of Alaska where the executive or management of the Company maintain their primary office.
 - i. "Voting Members" means the Members who belong to a membership class that has voting power. Where there is only one class of Members, then those Members constitute the Voting Members.

IN WITNESS WHEREOF the Members have duly affixed their signatures under hand and seal on this _____ day of April, 2017.

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: Lon Reedy (Sign)
 Witness Name: Lon Reedy

Dwain T. Dunning
 Dwain T. Dunning (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: Carrie L. Rehder (Sign)
 Witness Name: CARRIE L. REHDER

Kenneth Watson
 Kenneth Watson (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: David Lee Wyman Jr (Sign)
 Witness Name: David Lee Wyman Jr

William Watson
 William Watson (Member)



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

May 1, 2017

City of Valdez

Attn: Shelley Pierce, City Clerk

VIA Email: spierce@ci.valdez.ak.us

License Number:	11234
License Type:	Standard Marijuana Cultivation Facility
Licensee:	DKW Farms LLC
Doing Business As:	DKW FARMS LLC
Physical Address:	4269 Richardson Hwy Valdez, AK 99686
Designated Licensee:	Dwain Dunning
Phone Number:	907-831-1463
Email Address:	cd_dunning@cvinternet.net

☒ **New Application** ☐ **Transfer of Ownership Application** ☐ **Renewal Application**
☐ **Onsite Consumption Endorsement**

AMCO has received a completed application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under 3 AAC 306.025(d)(2).

To protest the approval of this application(s) pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.010, 3 AAC 306.080, and 3 AAC 306.250 provide that the board will deny an application for a new license if the board finds that the license is prohibited under AS 17.38 as a result of an ordinance or election conducted under AS 17.38 and 3 AAC 306.200, or when a local government protests an application on the grounds that the proposed licensed premises are located in a place within the local government where a local zoning ordinance prohibits the marijuana establishment, unless the local government has approved a variance from the local ordinance.

This application will be in front of the Marijuana Control Board at our May 15, 2017 meeting.

Sincerely,

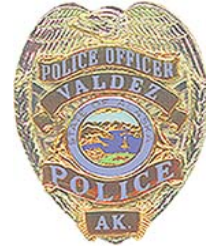
Erika McConnell

Erika McConnell, Director

amco.localgovernmentonly@alaska.gov



VALDEZ POLICE DEPARTMENT
P.O. BOX 307
VALDEZ, ALASKA 99686
907-835-4560 (PHONE)
907-834-3412 (FAX)



TO: Sheri Pierce, City Clerk

FROM: Bart Hinkle, Chief of Police

RE: DKW Farms LLC Commercial Marijuana Application

DATE: May 30th, 2017

On May 24th, 2017, I received the Commercial Marijuana Application submitted to the Alaska Marijuana Control Board and the City of Valdez by Dwain Dunning, who is doing business as DKW Farms LLC.

After reviewing the application, I contacted Mr. Dwain Dunning (who had identified himself as the primary point of contact and person with the largest percentage of ownership) and arranged for a site visit.

At 1030 hours on May 25th, 2017, Valdez Fire Chief Raynor and I arrived at DKW Farms LLC and spoke with Mr. Dunning. Mr. Dunning walked us through the premise and explained the concept of his business, which matched what I had reviewed in the application. In addition, Mr. Dunning was able to answer questions posed to him by me and the Fire Chief.

I specifically asked Mr. Dunning whether he thought his existing abatement issues (a large number of junk cars on the property) would prohibit him from securing his marijuana cultivation license and/or restrict his ability to operate DKW Farms LLC. Dunning informed me that he currently met all setback requirements for the lease and that he had prepped and moved a number of cars to be crushed. Dunning also articulated how he would move and store snow to ensure appropriate access for first responders.

While it is important to note that the building DKW Farms LLC plans to operate out of is still in its construction phase, and will require a handful of inspections prior to becoming a licensed commercial marijuana cultivation facility, I have no reasonable grounds at this point to contest or deny the application – as the concept and stated business plan meets all statutory and regulatory requirements.

Mr. Dunning has provided me with a rough time line as to his expected date of completion. At that point, he and I will coordinate another inspection – the results of which I will report to you.



VALDEZ POLICE DEPARTMENT
P.O. BOX 307
VALDEZ, ALASKA 99686
907-835-4560 (PHONE)
907-834-3412 (FAX)



TO: Sheri Pierce, City Clerk

FROM: Bart Hinkle, Chief of Police

RE: DKW Farms LLC Commercial Marijuana Application

DATE: June 30th, 2017

At approximately 0900 hours on June 20th, 2017, I conducted a 2nd inspection of the proposed marijuana cultivation facility being constructed by DKW Farms LLC.

The first inspection was conducted on 5.24.17, at which time I spoke to Dwain Dunning at length about his application, timeline, and building construction. The subsequent memo I issued indicated a potential concern about set-back distance (specific to emergency response capabilities) and noted that construction was still on-going.

Between the first and second inspection, Fire Chief Raynor and I reviewed the regulations specifying the necessary area needed to accommodate emergency response. Both he and I determined that DKW Farms LLC complies with these requirements and that emergency response capabilities from our respective Departments would not be hampered by the current layout.

During the 2nd inspection I noted that construction had progressed, but was still ongoing. Mr. Dunning informed me that they had made significant strides towards two of the areas we had previously discussed: security cameras, and a proper venting/filtration system. Mr. Dunning was able to show me that the security system (cameras, a monitoring station, and a computer that allows for surveillance footage review and ample storage) had been installed and was operating. The system appears to meet all necessary requirements – with cameras installed that provide a view of the external surroundings as well as the entire interior.

The venting/filtration was partially installed, but still required additional work and was not operational at the time of my inspection.

DKW Farms LLC is still constructing their marijuana cultivation facility. While they are not operational and will require additional inspections prior to conducting business, I have no reasonable grounds at this point to contest or deny the application – as the concept, stated business plan, and construction (completed to date) meets all statutory and regulatory requirements.

From: Smith, Jedediah R (CED) [mailto:jedediah.smith@alaska.gov]
Sent: Monday, June 05, 2017 5:23 PM
To: Sheri Pierce
Subject: RE: RE: DKW Farms LLC - License Marijuana Cultivation Facility

Sheri,

Thanks for the email. I can appreciate the concern. Essentially, the board may approve the license with delegation, but until Mr. Dunning has the license in hand, he will not be allowed to operate. In order for him to have the license in hand, an officer from our enforcement team must inspect his premises to ensure it complies with the regulations you mentioned, compliance with security plans, odor control, etc. and also with his stated operating plan.

Here's where things get tricky. While the enforcement team is diligent about checking for some of the aforementioned concerns, the licensing team has no way of knowing whether the premises meets the buffer distance regulations for sensitive use areas (is this premises located near a school, correctional center or youth facility?).

I can't say that I've been through a ton of other land use hearings, but I think this process isn't that different. The completed application is reviewed by the council, if they approve of the plan, then it moves on to the next step. The enforcement team would not issue the license to an operator with no security cameras operating, or if the facility were clearly still under construction. That said, the local government can always protest the license under the condition that Mr. Dunning obtain all the local building permits required, or pass local inspection.

But just because his building isn't ready yet, that doesn't mean he can't first get his license approved. He just won't have it to operate until he's up to code (presuming the city has lifted any protest it put down). Does that make sense?

I would like to have a more in-depth conversation with you about how our office could better communicate the process, and provide local governments with more clear direction on the role of the local government objection. Maybe chat on Tuesday?

Jedediah R. Smith
Local Government Specialist
Alcohol and Marijuana Control Office
(907) 334-2195
[907-834-3408](tel:907-834-3408)

From: Sheri Pierce
Sent: Monday, June 05, 2017 4:39 PM
To: 'amco.localgovernmentonly@alaska.gov'
Cc: Bart Hinkle; Tracy Raynor; Elke Doom
Subject: RE: DKW Farms LLC - License Marijuana Cultivation Facility

Dear Mr. Smith:

On May 1, 2017 the City of Valdez received notification of an application for a cultivation facility, DKW Farms LLC, License #11234, located within the City of Valdez. The application stated that

the license would go before the board for approval on May 15th. As I understand it, the City has 60 days to protest the issuance of this license. So, I am a little confused about the issuance of the license prior to the close of the 60 day protest timeline when the applicant does not currently meet the operating requirements. That said, prior to submitting this license application to the City Council which is designated by ordinance as our local regulatory authority, our Police Chief and Fire Chief conducted an inspection of the premises to insure that the facility did in fact comply with the regulations as set forth under AAC: **Chapter 306 - Regulation of Marijuana Industry**.

Specifically:

Article 7

Operating Requirements for All Marijuana Establishments

The Police Chief and the Fire Chief have provided the attached report which indicates that this facility is currently under construction with no operational surveillance system, security system, tracking software, or odor control system currently installed on the premises. My question to you is does the State inspect these facilities prior to issuing a license to operate or does this fall on the local regulatory authority to inspect and verify that a facility meets the requirements to operate? My dilemma is how can the Local Regulatory Authority (city council) approve this license with “no objection” until Mr. Dunning has installed the required infrastructure in compliance with the requirements/regulations to operate this type of facility and the Police Chief and Fire Chief have inspected and verified that those required systems are in fact operational.

Mr. Dunning is confused with my decision not to submit his application to the local regulatory authority because he believes the State has approved issuance of his license without this being a concern. I explained that our next city council meeting would take place on July 5th and encouraged him to contact me as soon as he is in compliance with the regulations as stated under Article 7 so that we can schedule another inspection.

The local regulatory authority previously has approved a retail marijuana store and a marijuana cultivation facility in Valdez after inspections by our Police Chief and Fire Chief verified that all requirements/regulations had been met.

I am asking for an opinion from the State regarding the role of the Local Regulatory Authority in responding to a letter of notification of issuance of a license for an establishment that is not currently in compliance with the regulations necessary to operate.

Sheri L. Pierce, MMC
City Clerk, City of Valdez
907-834-3408

Estimated non-Personel 911 Costs

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Console Update - Annual Funding for 2030				
Replacement	42,275	42,275	42,275	42,275
Servers and Dispatch Consoles	16,300	16,300	16,300	16,300
CAD servers / Spillman	5,300	5,300	5,300	5,300
Tritech 911	<u>32,162</u>	<u>32,162</u>	<u>32,162</u>	<u>32,162</u>
SUBTOTAL STATUS-QUO TECH COSTS	96,037	96,037	96,037	96,037
FCC Phase I Compliance	<u>40,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
TOTAL TECH AND PHASE I	136,037	116,037	116,037	116,037

CITY OF VALDEZ, ALASKA

ORDINANCE NO. 17- 05

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VALDEZ,
ALASKA AMENDING CHAPTER 3.20 OF THE VALDEZ MUNICIPAL
CODE TITLED ENHANCED 911 SERVICES

WHEREAS, Alaska Statutes Section 29.35.131 through 29.35.137 allows for a municipality to impose an enhanced 911 surcharge within the 911 service area in an amount not to exceed \$2 per month for each wireless telephone number and \$2 per month for each local exchange access line for wireline telephones; and

WHEREAS, this amendment establishes by ordinance the amount of the surcharge, and establishes a surcharge for wireless telephone service to a customer with an address within the city; and

WHEREAS, a municipality may only use the enhanced 911 surcharge revenue for those costs which are directly attributable to the establishment, maintenance, and operation of an enhanced 911 system as follows:

(a) the acquisition, implementation, and maintenance of public safety answering point equipment and 911 service features;

(b) the acquisition, installation, and maintenance of other equipment, identification controllers and displays, automatic location identification controllers and recorders, instant playback recorders, telephone devices for the deaf, public safety answering point backup power systems, consoles, automatic call distributors, and hardware and software interfaces for computer-aided dispatch systems;

(c) the salaries and associated expenses for 911 call takers for that portion of time spent taking and transferring 911 calls;

(d) training costs for public safety answering point call takers in the proper methods and techniques used in taking and transferring 911 calls;

(e) expenses required to develop and maintain all information necessary to properly inform call takers as to location address, type of emergency, and other information directly relevant to the 911 call-taking and transferring function, including automatic location identification and automatic number identification databases and;

WHEREAS, The City of Valdez has not revised its 911 surcharge for wireline telephone service since 2005, and

WHEREAS, The City has never imposed a 911 surcharge for wireless telephone service, and

WHEREAS, City Administration acknowledges the ongoing costs to provide existing 911 services, related staffing and training, future service enhancements, maintenance of existing infrastructure, and eventual replacement of infrastructure; and

WHEREAS, City Administration proposes full utilization of the 911 surcharge as the most equitable means of allocating current and future system costs among all users and stakeholders; and

WHEREAS, City Administration proposes establishing a dedicated reserve account to isolate and track all 911 surcharge receipts and expenditures over time.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA that the following amendments are made to Title 9 of the Valdez Municipal Code:

Section 1: Title 9 of the Valdez Municipal Code is hereby amended to read as follows:

Chapter 3.20

ENHANCED 911 SERVICES

Sections:

- 3.20.010 Establishment, service area.
- 3.20.020 Definitions.
- 3.20.030 Acquisition of equipment and services.
- 3.20.040 Customer surcharge.
- 3.20.050 ~~Surcharge receipts segregated and held in trust for the city.~~ ~~Remittance.~~
- 3.20.060 Surcharge return and remittance.
- 3.20.070 Amended surcharge returns and refunds of excess surcharge paid.
- 3.20.080 Charge-offs and collections.
- 3.20.090 Credit for administrative costs.
- 3.20.100 Role of enhanced 911 system in emergency services.
- 3.20.110 Annual review.
- 3.20.120 Penalties.
- 3.20.130 Interest.
- 3.20.140 Inspection of records.
- 3.20.150 Remedies for a telephone company aggrieved.

3.20.010 Establishment, service area.

A. Pursuant to AS 29.35.131 through 29.35.137, any wireline or wireless telephone company providing service within the city shall, together with the police department, fire

department and other emergency service providers using the system, cooperate in the establishment of an enhanced 911 emergency reporting system to serve the entire city.

B. The city hereby designates the entire city as the enhanced 911 service area for the city under AS 29.35.137(2). (Ord. 04-01 § 1 (part))

3.20.020 Definitions.

A. For the purposes of this chapter, any word or term not interpreted or defined by this section shall be used with a meaning of common or standard utilization.

B. The following words and phrases shall have the meanings respectively ascribed to them by this section:

“Amounts collected” means amounts billed, less amounts written off, plus net recoveries of amounts previously written off. Based on collection experience, this may be initially calculated on an estimated basis with periodic adjustment to reflect actual experience.

“Customer” means each separately billed account, including internal accounts of telephone companies. Each wireless telephone number constitutes a separate customer for the purposes of the surcharge.

“Enhanced 911 equipment” means any equipment dedicated to the operation of, or use in, the establishment, operation or maintenance of an enhanced 911 system, including customer premises’ equipment, automatic number identification or automatic location identification controllers and display units, printers, cathode ray tubes, recorders, software and other essential communication equipment.

“Enhanced 911 system” or “system” means a telephone system consisting of network, database and enhanced 911 equipment that uses the single three-digit number “911” for reporting a police, fire, medical or other emergency situation, and which enables the users of a public telephone system to reach a public safety answering point to report emergencies by dialing 911. An enhanced 911 system includes the personnel required to acquire, install, operate and maintain the system and its facilities and to dispatch the calls generated by the system.

“Local exchange access line” means a telephone line that connects a local exchange service customer to the wireline telephone company switching office and has the capability of reaching local public safety agencies, but does not include a line used by a carrier to provide interexchange services. Local exchange access line, as used in Valdez Municipal Code Chapter 3.20, means each line which is assessed a subscriber line charge (SLC) or a universal access surcharge (UAS), and shall also include any wireline telephone company official line. However, local exchange access lines shall not include public pay phones, interoffice trunks, toll trunks, direct inward dialing trunks or cellular or wireless telephones.

“Local exchange service” means the transmission of two-way interactive switched voice communications furnished by a local exchange telephone company within the city, including access to enhanced 911 systems.

“Local exchange telephone company” or “wireline telephone company” means any telephone utility certified to provide local exchange service or wireline telephone service in the city by the Regulatory Commission of Alaska.

“911 service area” and “enhanced 911 service area” mean the area within the city that has been designated to receive an enhanced 911 system. An area designated to receive an enhanced 911 system is not a service area under Article X, Section 5 of the state constitution or Charter Section 9.01.

“Public safety answering point” means a twenty-four-hour local communications facility that receives 911 service calls and directly dispatches emergency response services or that relays calls to the appropriate public or private safety agency.

“Surcharge” means an enhanced 911 system surcharge imposed by this chapter on wireline and wireless telephones for support of the enhanced 911 system.

“Surcharge return” means the monthly report submitted to the finance director as required by section 3.20.060.

“Telephone company” means a local exchange telephone company, wireline telephone company or wireless telephone company as defined in this section.

“To bill” or “bill” means to add the surcharge to the customer’s account at the time an invoice or similar document is generated for delivery to the customer, or to add the surcharge to the purchase of replenishments of prepaid wireless services.

“Wireless telephone company” means any telephone company that provides wireless telephone service through cellular, satellite, broadband, radio based telephone or data transport service, and bills or sells wireless telephone service to a customer with an address within the city.

“Wireless telephone” means any telephone that is not a wireline telephone that is capable of communication with another device by use of radio waves or satellite signal, which includes cellular, mobile, radio-based, and broadband telephones. Each wireless telephone number is considered a separate wireless telephone for purposes of the surcharge.

“Wireline telephone” means any telephone that uses a local exchange access line. (Ord. 04-01 § 1 (part))

3.20.030 Acquisition of equipment and services.

A. The city may purchase, lease or contract for any enhanced 911 equipment or services required to establish, maintain, or upgrade an enhanced 911 system at public safety answering points from a wireline telephone company, wireless telephone company, or other qualified vendor of an enhanced 911 system. (Ord. 04-01 § 1 (part))

B. If the enhanced 911 system is to be provided for an area that is included in more than one telephone company service area, the city may enter into such agreements as are necessary to establish and operate the system.

3.20.040 Customer surcharge.

A. A surcharge of \$2.00 per month per local access line and for each wireless telephone number that is billed or sold to a customer with an address within the city shall be collected to fund the enhanced 911 system.

1. A wireline telephone or wireless telephone customer shall not be subject to more than one surcharge per local access line or wireless telephone number.

2. A customer with more than 100 local exchange access lines from a wireline telephone company in the city is liable for the surcharge only on 100 local exchange access lines.

B. The telephone companies shall bill and collect the surcharge from its wireline and wireless telephone customers who are subject to the surcharge. The surcharge shall be stated as a separate line item on the billing statement or similar document.

C. A wireless or wireline telephone customer is liable for payment of the surcharge in the amounts billed by the telephone company until the amounts have been paid to the telephone company.

~~A.— A surcharge to be established by a formal resolution of the city council shall not exceed the amount per month per local access line as established in AS 29.35.131(a) and shall be collected only to fund the enhanced 911 system. The city council shall annually review this surcharge to determine whether the level of surcharge is adequate, excessive or insufficient to meet the anticipated enhanced 911 system needs. A wireline telephone customer may not be subject to more than one 911 surcharge per local exchange access line. A customer that has more than one hundred wireline access lines from a wireline telephone company in the city is liable for the 911 surcharge only on one hundred wireline access lines.~~

~~B.— The telephone company shall bill and collect the 911 surcharge from its wireline customers. The 911 surcharge billed shall be accounted for separately from other charges.~~

~~C.— The telephone company shall remit that portion of the surcharge receipts allocable to the city no later than sixty days after the end of the month in which the amount was collected. From each remittance made in a timely manner, the telephone company is entitled to deduct the greater of one percent of the amount collected or a total of one hundred fifty dollars per month as the cost of administration for collecting the 911 surcharge. The telephone company shall annually furnish a complete list of amounts due for nonpayment of surcharges, together with the names and addresses of those customers who carry a balance of what can be determined by the company to be for nonpayment of the surcharge.~~

~~D. The city may, by its own expense, require an annual audit of a telephone company's books and records concerning collection and remittance of the surcharge.~~

~~E. A wireline customer is liable for payment of the enhanced 911 surcharge in the amounts billed by the telephone company until the amounts have been paid to the telephone company. (Ord. 04-01 § 1 (part))~~

3.20.050 Surcharge receipts segregated and held in trust for the city.

- A. Surcharges collected pursuant to this chapter belong to the city at the time collected by the telephone company.
- B. The telephone company has a fiduciary duty to the city for these surcharges.
- C. The surcharges shall be segregated from the telephone company's funds, at least by book account, for the exclusive benefit of the city until remitted to the city.
- D. A telephone company shall remit collected surcharge receipts to the city within 60 days from the end of the month in which collected.

3.20.0650 Surcharge return and remittance.

- A. A telephone company shall submit to the finance director a return, upon forms provided by the finance department, and submit payment for the surcharges due the city.
 - 1. A surcharge return shall be filed every month, even if there are no surcharges due for the month being reported.
 - 2. Each monthly surcharge return is due on or before the last day of the second month following the month in which the surcharges were billed.
 - 3. Surcharge returns and surcharges to be remitted under this chapter must be received by the finance director within the time prescribed by this section.
- B. The return shall be signed upon oath executed by the agent of the telephone company preparing the return and must include:
 - 1. The name and address of the telephone company;
 - 2. The name and title of the person preparing the return;
 - 3. The month being reported for which the surcharges were billed;
 - 4. The amount of gross surcharges billed for the month;
 - 5. The amount of deduction claimed for surcharges previously billed and remitted to the finance director, but charged off as uncollectible during the month being reported or estimated charge-offs;
 - 6. The prorated recoveries, representing the month's collection of surcharges previously written off as uncollectible;

7. The amount of deduction claimed for the telephone company's administrative costs to collect the surcharges provided the surcharge return is timely filed and surcharges are timely remitted;
 8. The net amount of remittance due to the finance director; and
 9. Other information and supporting documentation which may be required by the city.
- C. The finance director shall provide the chief of police and fire chief with copies of returns filed by the telephone company.
- D. The chief fiscal officer may prepare and file an involuntary surcharge return on behalf of the telephone company, if a telephone company fails to:
1. File a surcharge return under this section; or
 2. When the chief fiscal officer finds a surcharge return filed by a telephone company is not supported by the telephone company's records.
 3. Surcharges due, as reflected on a return filed on behalf of a telephone company under this subsection, may be premised upon any information available to the chief fiscal officer.
 4. In the event an involuntary return is filed for a telephone company under this subsection, the telephone company shall be liable for the surcharges stated on the return, plus all penalties and interest provided for in this chapter.
- E. A payment submitted to the finance director for amounts due under this chapter shall be credited to the surcharge return period for which remitted, in the following order:
1. Payment of costs;
 2. Penalties;
 3. Interest; and
 4. Surcharges.

~~A. On or before sixty days following the end of the month in which the surcharge was billed, the telephone company shall submit to the finance director a return, upon forms provided by the finance director, and submit payment for the surcharge due the city.~~

~~B. The return shall be signed by the agent of the telephone company and include:~~

- ~~1. The name and address of the telephone company;~~
- ~~2. The name and title of the person preparing the return;~~
- ~~3. The month being reported for which the surcharges were billed;~~
- ~~4. The amount of gross surcharges billed for the month of the return;~~

- ~~5. The deduction claimed for the surcharges previously billed and remitted to the finance director, but charged off as uncollectible during the month being reported;~~
- ~~6. The prorated recoveries representing the month's collection of surcharges previously written off as uncollectible;~~
- ~~7. The amount of deduction claimed for the telephone company's administrative costs to collect the surcharges, which may be the greater of one percent of the collected amount or one hundred fifty dollars;~~
- ~~8. The net amount of remittance due to the city; and~~
- ~~9. Other information and supporting documentation that may be required by the city.~~
(Ord. 04-01 § 1 (part))

3.20.070 Amended surcharge returns and refunds of excess surcharge paid.

- A. Any surcharge return filed under section 3.20.060 A. may be amended by the telephone company.
- B. If surcharges remitted exceed the amount due, the finance director shall, upon written request of the telephone company, refund the excess to the telephone company, without interest, and reduced by the excess portion of the credit for administrative costs claimed on the original surcharge return.
- C. Any claim for a refund filed more than one year after the due date of the surcharge return is forever barred.

3.20.080 Charge-offs and collections.

- A. Any amounts recovered after being charged off by the telephone company as uncollectible shall, after deduction of external collection costs, shall be prorated between the telephone company and the surcharge based upon their respective percentages of the customer account balance which was charged off.
- B. Each telephone company shall annually furnish a complete list of those customers with surcharges charged off as uncollectible during the calendar year. The list shall include the customer name, address and amount charged-off as uncollectible surcharges. The list shall be submitted to the finance director as a required component of the December surcharge return.

3.20.090 Credit for administrative costs.

- A. Provided a surcharge return is timely filed and the related amount due is timely remitted pursuant to section 3.20.060, a telephone company may deduct and retain, as the cost of administration for collecting the surcharge, the greater of:
1. \$150.00, or
 2. One percent of the surcharge due to the municipality for the month being reported.

- B. The amount of credit claimed for a month shall not exceed the net reported amount of surcharge, charge-offs, and recoveries for the month.

3.20.100 Role of enhanced 911 system in emergency services.

The establishment, operation and response to calls utilizing the system is a part of the city's coordinated effort to provide emergency aid to its residents and visitors. As such, the processing and response to a 911 call is considered by the city to be an integral part of providing emergency care or counseling as those terms are used in AS 9.65.090.

3.20.110 Annual review.

The ~~chief of police and fire chief~~ city council shall annually, in conjunction with the city manager and in connection with preparation of the municipal budget, review the revenues generated from the surcharge and the expenses incurred for operation, maintenance, and upgrade of the enhanced 911 system to determine whether the level of surcharge is adequate, excessive or insufficient to meet the enhanced 911 system needs. (Ord. 04-01 § 1 (part))

3.20.120 Penalties.

- A. A telephone company failing to file a surcharge return within seven calendar days following its due date shall automatically incur a civil penalty equal to ten percent of the surcharge amount due to the city. A telephone company failing to remit the full amount of surcharges due within seven calendar days following the due date shall automatically incur an additional civil penalty equal to ten percent of the surcharges due to the city but remaining unpaid.
- B. A telephone company failing to bill the surcharge levied by this chapter shall become liable for the amount of the surcharge that should have been billed to the customer.

3.20.130 Interest.

In addition to any penalties imposed, interest at the rate of 12 percent per annum shall accrue and be due on the unremitted balance of surcharges after the date on which their remittance was due.

3.20.140 Inspection of records.

- A. The city may, at its own expense, require an audit of a local exchange telephone company's or wireless telephone company's books and records concerning the collection and remittance of the surcharge.
- B. No telephone company shall deny the chief fiscal officer, subsequent to identification during normal business hours, access to the telephone company's

records documenting the billing, collecting, prorating, reporting, and remitting of the surcharge for purposes of inspection under this chapter.

3.20.150 Remedies for a telephone company aggrieved.

- A. A telephone company aggrieved by any determination of the finance department under this chapter may apply to the finance department and request a hearing before the finance director on the department's action or determination within 30 days from the date the department mails notice of the department's action or determination.
1. An application for a hearing must notify the finance department of the specific determination complained of and the amount of surcharge, interest, cost or penalty contested, and the reason for such contest.
 2. The uncontested portion of any surcharge due under this chapter shall be paid when due regardless of any application for a hearing. Payment of the total amount due may be made at any time before the hearing. Payment in full does not affect the right to a hearing.
- B. Upon timely application for a hearing under this section, the finance director, as the hearing officer, shall hold a hearing and render a decision or determination to determine whether a correction or reversal of the department's determination is warranted.
1. If a telephone company requesting a hearing fails to appear at the hearing, the hearing officer shall issue a decision without taking evidence from that company, unless the company shows reasonable cause for failure to appear within seven days after the date scheduled for the hearing.
- C. Within 30 days after receipt of a written final decision by the finance director, a telephone company aggrieved by the decision may appeal the decision to the Superior Court of the Third Judicial District.
1. The company aggrieved shall be given access to the finance department's file in the matter for preparation of such appeal.
 2. Surcharges, costs, penalties, and interest declared to be due in the decision of the finance director must be paid within 30 days after the date of the decision or a supersedeas bond guaranteeing payment must be filed with the court in accordance with Alaska Court Rules of Appellate Procedures.
- D. Hearings before the finance director under this chapter may, at the option of the finance director, be conducted by an administrative hearing officer designated by the finance director.
1. If the finance director refers such a matter to an administrative hearing officer, the administrative hearing officer shall conduct the hearing and prepare findings and conclusions.

2. These findings and conclusions shall be forwarded to the finance director for adoption, rejection or modification and issuance of a final order or decision by the finance director.

Section 2. This ordinance takes effect immediately upon passage and approval.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this _____ day of _____, 2017.

CITY OF VALDEZ, ALASKA

Ruth E. Knight, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk

APPROVED AS TO FORM:

Anthony S. Guerriero, City Attorney
Brena, Bell, & Clarkson, P.C.

First Reading:
Second Reading:
Adoption:
Yeas:
Nays:
Absent:
Abstain:

CITY OF VALDEZ, ALASKA

ORDINANCE NO. 17-06

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA AMENDING TITLE 9, CHAPTER 9.04 AND CHAPTER 9.08 OF THE VALDEZ MUNICIPAL CODE REGARDING PUBLIC PEACE AND WELFARE

WHEREAS, a fine schedule must be established in Title 9 for the purpose of compliance with the implementation of the Uniform Minor Offense Table (UMOT) and establish a mandatory court appearance for Section 9.12.040 Vagrancy.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA that the following amendments are made to Title 9 of the Valdez Municipal Code:

Section 1: Section 9.04.020, of the Valdez Municipal Code is hereby created to read as follows:

Chapter 9.04

GENERAL PROVISIONS

Sections:

9.04.010 Definitions—Conformance with state law.

9.04.020 Illegal acts generally.

9.04.020 Fine Schedule

9.04.010 Definitions—Conformance with state law.

Except as otherwise provided, the Alaska Statutes relating to the provisions of this title shall apply and are hereby incorporated by reference as though fully set forth herein.

9.04.020 Illegal acts generally.

A. No person shall do any of the following:

1. Solicit a person for the purpose of committing any illegal act;
2. Engage in any illegal occupation or business;

3. Attend or frequent any place in which an illegal business is permitted or conducted.

B. Voluntary intoxication is not a defense to a prosecution for an offense. Evidence of voluntary intoxication is admissible solely on the issue of whether or not the defendant actually formed a required specific intent

9.04.030 Fine Schedule

The penalty for violations of Title 9 shall be as reflected in the fine schedule set forth in this section. Court appearance is optional upon citation for a violation of those sections of Title 9 that appear in the fine schedule set out in section 1.08.030 and as reflected in the fine schedule set forth in this section.

MUNICIPAL CODE SECTION	OFFENSE DESCRIPTION	COURT APPEARANCE	PENALTY/FINE
9.08.020	False alarms prohibited	Mandatory	\$500.00 Max
9.08.020	False reports prohibited	Mandatory	\$500.00 Max
9.08.030(A)	Resisting arrest	Mandatory	\$500.00 Max
9.08.030(B)	Impersonating a police officer	Mandatory	\$500.00 Max
9.08.040	Escape from jail	Mandatory	\$500.00 Max
9.08.050	Misuse of the 911 or Emergency Call System	Mandatory	\$500.00 Max
9.12.010	Disorderly Conduct - first offense	Optional	\$50.00
9.12.010	Disorderly Conduct - second offense	Optional	\$100.00
9.12.010	Disorderly Conduct - third offense	Optional	\$200.00
9.12.010	Disorderly Conduct - fourth and subsequent	Optional	\$400.00
9.12.020	Vagrancy prohibited	Mandatory	\$500.00 Max
9.12.030	Loitering on school grounds - first offense	Optional	\$50.00
9.12.030	Loitering on school grounds - second offense B98	Optional	\$100.00
9.12.030	Loitering on school grounds - third offense	Optional	\$200.00
9.12.030	Loitering on school grounds - fourth and subsequent	Optional	\$400.00
9.12.050	Gambling prohibited	Mandatory	\$1000.00 Max
9.12.070 (A and B)	Use of fireworks outside of permitted times prohibited	Optional	\$100.00
9.12.070 (C and D)	Negligent use of fireworks or use while under influence prohibited	Optional	\$300.00
9.12.080	Invasive viewing prohibited	Mandatory	\$500.00 Max
9.12.090	Prostitution, lewdness, assignation, etc. prohibited	Mandatory	\$500.00 Max
9.12.100	Violating Conditions of Release	Mandatory	\$1000.00 Max
9.16.010	Issuing checks on insufficient funds prohibited	Mandatory	\$100.00 Min

9.16.020	Theft	Mandatory	\$100.00 Min
9.16.030	Concealment of merchandise	Mandatory	\$100.00 Min
9.20.010 (A - G)	Destruction of property, etc.	Mandatory	\$500.00 Max
9.20.010 (H - I)	Harvesting of trees without permit prohibited - first offense	Optional	\$50.00
9.20.010 (H - I)	Harvesting of trees without permit prohibited - second and subsequent	Optional	\$100.00
9.20.030	Criminal trespass	Mandatory	\$100.00 Min
9.24.010	Curfew for minors	Mandatory	\$500.00 Max
9.24.020	Possession, control, or consumption of alcohol by persons under twenty-one	Mandatory	\$500.00 Max
9.24.030	Possession of tobacco by persons under nineteen.	Mandatory	\$500.00 Max
9.24.040	Abuse of or endangering a child	Mandatory	\$500.00 Max
9.24.060	Sale of firearms to minors prohibited	Mandatory	\$500.00 Max
9.24.070	Sale of tobacco to children under nineteen years of age prohibited - first offense	Optional	\$300.00
9.24.070	Sale of tobacco to children under nineteen years of age prohibited - second offense	Optional	\$400.00
9.24.070	Sale of tobacco to children under nineteen years of age prohibited - third and subsequent	Optional	\$500.00
9.24.080	Drunkenness, improper conduct, etc. in presence of children under ten years of age	Mandatory	\$500.00 Max
9.28.010	Possession, use of controlled substances	Mandatory	\$100.00 Min
9.32.010	Discharge of firearms - first offense	Optional	\$100.00
9.32.010	Discharge of firearms - second offense	Optional	\$200.00
9.32.010	Discharge of firearms - third offense	Optional	\$100.00
9.32.010	Discharge of firearms - fourth and subsequent	Optional	\$500.00
9.32.020	Carrying loaded firearms	Mandatory	\$500.00 Max
9.32.030	Violation of restrictions on hunting prohibited	Mandatory	\$500.00 Max
9.38.030	Violation of restrictions on trapping prohibited	Mandatory	\$50.00 Min
9.38.040	Qualifications to trap	Mandatory	\$50.00 Min
9.38.050	Identification of traps required	Mandatory	\$50.00 Min
9.38.060	Registration of trap lines	Mandatory	\$50.00 Min
9.38.070	Unsafe traps prohibited	Mandatory	\$50.00 Min

Section 2: Section 9.12.020, of the Valdez Municipal Code is hereby amended to read as follows:

9.12.020 Vagrancy.

It is unlawful for any person to occupy, lodge or sleep in any vacant or unoccupied barn, garage, shed, shop, washroom, or other building or structure other than such as is kept for lodging purposes, or on any lot, beach, sidewalk or other real property, or in any automobile, truck, bus, or other vehicle, without owning the same or without permission of the owner or person entitled to the possession thereof. Upon citation under this section court appearance is mandatory.

Section 3. Section 9.12.100, of the Valdez Municipal Code is hereby added to read as follows:

9.12.100 Violating conditions of release.

- A. No person shall violate conditions of release imposed by a judicial officer.
- B. AS 11.56.757 is hereby incorporated as if set forth fully herein.
- C. Violation of condition of release is punishable by a fine of up to \$1,000. Upon citation under this section court appearance is mandatory.

Section 4. This ordinance shall take effect immediately upon passage and approval by the Valdez City Council.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this _____ day of _____, 2017.

CITY OF VALDEZ, ALASKA

Ruth E. Knight, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk

APPROVED AS TO FORM:

Anthony S. Guerriero, City Attorney
Brena, Bell, & Clarkson, P.C.

First Reading:
Second Reading:
Adoption:
Yeas:
Nays:
Absent:
Abstain:

CITY OF VALDEZ, ALASKA

ORDINANCE NO. 17-07

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA AMENDING TITLE 1, CHAPTER 1.08 OF THE VALDEZ MUNICIPAL CODE BY AMENDING SECTION 1.08.010 TITLED GENERAL PENALTY – CONTINUING VIOLATIONS

WHEREAS, Senate Bill 91 was adopted by the Alaska legislature thereby reducing the class of crimes for certain offenses, changing certain offenses from crimes to minor offenses, and placing the prosecutorial burden with municipalities.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA that the following amendments are made to Chapter 1.08 of the Valdez Municipal Code:

Section 1: Chapter 1.08 of the Valdez Municipal Code is hereby amended to read as follows:

GENERAL PENALTY

Sections:

1.08.010 General penalty—Continuing violations.

A. Unless another penalty is expressly provided by law every person convicted of violating any provision of this code shall be punished by a fine of not more than five hundred dollars.

B. Except where otherwise provided, every day any violation of this code or any other ordinance of the city or such rule, regulation or order shall continue shall constitute a separate offense. (Prior code § 1-7)

1.08.020 Surcharge

In addition to any penalty prescribed by law, a defendant convicted of violating a municipal ordinance shall pay the surcharge required under AS 12.55.039 and 29.25.074. All such surcharges collected shall be remitted to the State of Alaska as required by AS 29.25.074.

1.08.030 Minor Offense Fine Schedule

In accordance with AS 29.25.070(a), citations for the following offenses may be disposed of as provided in AS 12.25.195-.230, without a court appearance, upon payment of the fine amounts listed below to the court within 30 days of the date of the citation, plus the state surcharge required by AS 12.55.039 and AS 29.25.074. The Rules of Minor Offense Procedure in the Alaska Rules of Court apply to all offenses listed below. Citations charging these offenses must meet the requirements of Minor Offense Rules. If a person charged with one of these offenses appears in court and is found guilty, the penalty imposed for the offense may not exceed the fine amount for that offense listed below. If an offense is not listed on this fine schedule or another fine schedule, the defendant must appear in court to answer to the charges. These fines may not be judicially reduced.

MUNICIPAL CODE SECTION	OFFENSE DESCRIPTION	COURT APPEARANCE	PENALTY/FINE
9.12.010	Disorderly Conduct - first offense	Optional	\$50.00
9.12.010	Disorderly Conduct - second offense	Optional	\$100.00
9.12.010	Disorderly Conduct - third offense	Optional	\$200.00
9.12.010	Disorderly Conduct - fourth and subsequent	Optional	\$400.00
9.12.030	Loitering on school grounds - first offense	Optional	\$50.00
9.12.030	Loitering on school grounds - second offense	Optional	\$100.00
9.12.030	Loitering on school grounds - third offense	Optional	\$200.00
9.12.030	Loitering on school grounds - fourth and subsequent	Optional	\$400.00
9.12.070 (A and B)	Use of fireworks outside of permitted times prohibited	Optional	\$100.00
9.12.070 (C and D)	Negligent use of fireworks or use while under influence prohibited	Optional	\$300.00
9.20.010 (H - I)	Harvesting of trees without permit prohibited - first offense	Optional	\$50.00
9.20.010 (H - I)	Harvesting of trees without permit prohibited - second and subsequent	Optional	\$100.00
9.24.070	Sale of tobacco to children under nineteen years of age prohibited - first offense	Optional	\$300.00
9.24.070	Sale of tobacco to children under nineteen years of age prohibited - second offense	Optional	\$400.00
9.24.070	Sale of tobacco to children under nineteen years of age prohibited - third and subsequent	Optional	\$500.00
9.32.010	Discharge of firearms - first offense	Optional	\$100.00
9.32.010	Discharge of firearms - second offense	Optional	\$200.00
9.32.010	Discharge of firearms - third offense	Optional	\$100.00
9.32.010	Discharge of firearms - fourth and subsequent	Optional	\$500.00

Section 2: This ordinance shall take effect immediately following final approval and adoption by the Valdez City Council.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA this _____ day of _____, 2017.

CITY OF VALDEZ, ALASKA

Ruth E. Knight, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk

First Reading:
Second Reading:
Adoption:
Ayes:
Noes:
Absent:
Abstaining:

APPROVED AS TO FORM:

Anthony S. Guerriero, City Attorney
Brena, Bell, & Clarkson, P.C.

CITY OF VALDEZ, ALASKA

RESOLUTION #17-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, AUTHORIZING A TIDELAND LEASE WITH VALDEZ FISHERIES DEVELOPMENT ASSOCIATION FOR APPROXIMATELY 3.5 ACRES OF ATS 564 AND PARCEL A, ATS 564

WHEREAS, the City of Valdez is the owner of ATS 564 and Parcel A, ATS 564; and

WHEREAS, Valdez Fisheries Development Association wishes to lease approximately 3.5 acres of these parcels for the storage of net pens; and

WHEREAS, on May 10, 2017 the Planning & Zoning Commission approved a recommendation to lease this property; and

WHEREAS, on May 15, 2017 the Ports & Harbor Commission approved a recommendation to lease this property; and

WHEREAS, upon approval of an ordinance rezoning the property from Conservation to Light Industrial, this use will be in conformance with the zoning and the Comprehensive Plan; and

WHEREAS, Valdez Municipal Code provides for Tideland leases to have an initial term of 21 years and up to six five-year extensions; and

WHEREAS, Valdez Fisheries Development Association has three other leases with the City of Valdez all scheduled to expire in 2066; and

WHEREAS, the initial term of this lease will be 19 years with six five-year extensions so it expires at the same time as the other leases.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

Section 1. The City Manager or her designee is authorized to negotiate this lease of a 3.5 acre portion of ATS 564 and Parcel A, ATS 564 with Valdez Fisheries Development Association.

Section 2. The initial term of the lease with be 19 years with six, five-year extensions

Section 3. The rental rate will be based on 10% of the fair market appraised value. Upon approval of the lease, and following a survey, the property will be

appraised. The rental rate for the first five years of the lease will be 10% of the appraised value. The property will be re-appraised every five years and the rental rate adjusted accordingly. Valdez Fisheries Development Association is responsible for the cost of the appraisal.

Section 4. The property must be surveyed to determine the boundaries and actual size of the parcel. Upon approval of the lease the property will be surveyed and platted. Valdez Fisheries Development Association is responsible for the cost of the appraisal.

Section 5. The use of this property will be for the placement, operation, maintenance and storage of net pens.

Section 6. Effectiveness of this lease is conditional upon approval of an ordinance changing the zoning from Conservation to Light Industrial.

Section 7. In conformance with Valdez Municipal Code Section 4.08.160 this lease shall not become effective until public notice has been given for at least thirty days. This resolution shall be posted twice in a newspaper in the city and shall be posted on the official city bulletin board and two other public places in the city for thirty days prior to the effective date of the lease.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 5th day of July, 2017.

CITY OF VALDEZ, ALASKA

Ruth E. Knight, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk



RECEIVED

MAR 02 2016

BY CITY OF VALDEZ
COMMUNITY DEVELOPMENT

CITY OF VALDEZ APPLICATION FOR LEASE OF CITY OWNED LAND

Application Fee: \$50.00 (Non-refundable)

FEE WAIVED FOR 2013 PER RES# 12-72

This form is to be completed by an individual or an organization proposing to lease City-owned land. Complete in full and to the best of your knowledge. Please explain any omissions and use additional pages where appropriate. If requested, proprietary and financial information of applicants that is so marked will be kept confidential.

The completed application shall be returned to the Valdez Community & Economic Development Department located in City Hall along with the Application fee.

A deposit of \$3,000 will be required prior to the City initiating any required appraisal or land survey. The deposit will be used to offset the cost of the appraisal and land survey. If additional funds are necessary, the applicant will be billed as part of the lease. If there is a balance, it will be applied to the first year's lease payment. This deposit will be the cumulative amount of any required appraisal, land survey or Phase I environmental analysis according to the following schedule:

- * If a survey and/or appraisal are required: \$3,000
- * If a Phase I Environmental Analysis only is required: \$3,000
- * If a survey or appraisal and Environmental Analysis are required: \$5,000
(Required on all industrial land)

1. Name of Individual Completing Application Form:

Name: Joshua Buffington Phone: (907) 835-4874
Daytime/ Message

Mailing Address: PO Box 125 Valdez, AK 99686

2. If other individual(s) or an organization(s) will be a party to this application, indicate below. Attach additional pages as needed:

a) Name Michael Wells Phone: (907) 835-4874

Mailing Address PO Box 125 , 1815 Mineral Creek Loop Rd. Valdez, AK

Relationship to other applicant(s) _____

b) Organization's name Valdez Fisheries Development Association, Inc.

Address PO Box 125 Valdez, AK 99686

Primary Contact: Joshua Buffington

Title: Administrative Coordinator

Daytime Phone #: (907) 835-4874

3. TYPE OF ORGANIZATION: (Check one)

Individuals _____

Business Corporation _____

General Partnership _____

Non-Profit Corporation XX

Limited Partnership _____

Non-Profit Association _____

Other _____

If non-profit, has IRS Tax Exempt Status been obtained? Yes XX No _____

If yes, attach letter of determination.

Note: Please submit, as appropriate, the following items with this application:

1. Current Alaska business license;
2. Designation of signatory authority to act for organization of other individuals;
3. Certificate and articles of incorporation;
4. Partnership agreement and amendments;
5. Charter/by-laws for non-profits;
6. Most recent annual financial statement;

4. Legal Description AFFECTED BY APPLICATION:

Located in Township _____ Range _____ Section, _____ Meridian

Lot/ Block/ Tract/ Subd. _____ Plat # _____

Other Description _____

Tax # _____ No. of Acres _____

5. DESCRIBE PROPOSAL. ATTACH NARRATIVE FOR FURTHER DESCRIPTION AND A SITE PLAN (the description should include the use; value and nature of improvements to be constructed; the type of construction; and, the estimated dates for construction to commence and be completed).

6. WHAT IS THE TERM OF THE LEASE DESIRED?

50 years

7. IF THE REQUEST FOR A LEASE AT LESS THAN FAIR MARKET VALUE, PROVIDE JUSTIFICATION.

8. PLEASE STATE WHY YOU BELIEVE IT WOULD BE IN THE "BEST INTEREST OF THE CITY" TO APPROVE YOUR PROPOSAL AND PROCESS YOUR APPLICATION.

It is the mission of Valdez Fisheries Development Association, Inc. to raise, propagate, and market fish and fish products, and to develop renewable fisheries resources for the benefit of sports fishermen, commercial fisherman, fish processors, tourists and all businesses dependent upon the fishing industry in Alaska.

9. CURRENT STATUS OF LAND. DESCRIBE ANY EXISTING IMPROVEMENTS, PROVIDE PHOTOGRAPHS IF POSSIBLE.

See Attached photo overviews

10. HAS APPLICANT PREVIOUSLY PURCHASED OR LEASED CITY LAND OR RESOURCES? X YES NO. IF YES, PROVIDE LEGAL DESCRIPTION, TYPE OR PURCHASE OR LEASE, AND STATUS.

Parcel 1, ATS 1595; Parcel B, ATS 564; ATS 1358; ATS 1140, Tract A

11. IF APPLICANT IS A BUSINESS OPERATION, LIST PRESENT BUSINESS ACTIVITIES.

501c3 private, non-profit fish hatchery

12. IF REQUIRED, ARE YOU PREPARED TO SPEND FUNDS FOR THE FOLLOWING:

YES

NO

<u>X</u>	_____	a) Performance bond
<u>X</u>	_____	b) Damage deposit
<u>X</u>	_____	c) General liability insurance
<u>X</u>	_____	d) Worker's compensation insurance
<u>X</u>	_____	e) Survey and platting
<u>X</u>	_____	f) Appraisal fee
<u>X</u>	_____	g) Closing fees, which may include title insurance, document preparation, escrow closing, and recording
<u>X</u>	_____	h) Any federal, state and local permits required
<u>X</u>	_____	I) Maintenance costs (present or future)

13. LIST THREE (3) CREDIT OR BUSINESS REFERENCES:

Name	Address	Phone #
First National Bank	Valdez, AK	(907) 834-4800
Harris Sand & Gravel	Valdez, AK	(907) 835-4756
Samson Tug & Barge	Seattle, WA	(206) 767-7820

14. HAS APPLICANT, OR AFFILIATED ENTITY, EVER FILED A PETITION FOR BANKRUPTCY, BEEN ADJUDGED BANKRUPT OR MADE AN ASSIGNMENT FOR THE BENEFIT OF CREDITORS?

Yes- Over 20 years ago

15. IS APPLICANT, OR AFFILIATED ENTITY, NOW IN DEFAULT ON ANY OBLIGATION TO, OR SUBJECT TO ANY UNSATISFIED JUDGEMENT OF LIEN? _____ YES XX NO IF YES, EXPLAIN:

COMPLETE THE FOLLOWING APPLICANT QUALIFICATION STATEMENT FOR EACH INDIVIDUAL APPLICANT OR ORGANIZATION. ATTACH ADDITIONAL STATEMENTS IF NEEDED.

APPLICANT QUALIFICATION STATEMENT

I, _____
(Individual Name)

I, _____
(Individual Name)

I, Mike Wells On Behalf of Valdez Fisheries Development Association, Inc.
(Representative's Name) (Organization's Name)

PO Box 125
(Address)

Valdez, AK 99686
(City, State) (Zip)

do hereby swear and affirm for myself as applicant or as representative for the organization noted above that:

The Applicant is a citizen of the United States, over the age of nineteen;
and
If a group, association or corporation, is authorized to conduct business
Under the laws of the State of Alaska; and
Has not failed to pay a deposit or payment due the City in relation to
City-owned real property in the previous five (5) years; and
Is not currently in breach or default on any contract or lease for real
Property transactions in which the City has an interest; and
Has not failed to perform under or is not in default of a contract with the
City; and
Is not delinquent in any tax payment to the City.

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE TO MY KNOWLEDGE.


Applicant Signature Date 3/2/16

Applicant Signature Date

Mike Wells
Print Name

Print Name



Requested Lease | Lyndon
Approximately 4 acres of ATS 564

Requested Lease | VFDA
Approximately 3 acres from
a portion of ATS 564 and a
portion of Parcel A, ATS 564

MHW 11.2

CORPS OF ENGINEERS
APPROVED PERMITTED
AREA



LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made effective as of the ____ day of ____, 2017, between the CITY OF VALDEZ, a municipal corporation organized under the laws of the State of Alaska ("LESSOR"), and Valdez Fisheries Development Association ("LESSEE").

I. RECITALS

A. LESSOR is the owner of certain real property having the following legal description ("Property"):

ATS 564 and Parcel A, ATS 564

located in the Valdez Recording District, Third Judicial District, State of Alaska.

B. LESSOR desires to lease to LESSEE, and LESSEE desires to lease from LESSOR the Property, on the terms and conditions set forth in this Lease.

II. AGREEMENT

Based upon the foregoing Recitals which are incorporated herein by reference, and for good and valuable consideration the amount and sufficiency of which is hereby acknowledged, LESSOR and LESSEE agree as follows.

1. PROPERTY

1.1. Subject to Survey. A survey is required to delineate property boundaries and the size of the lease area. LESSEE is responsible for the costs of the survey.

1.2. Property. LESSOR leases to LESSEE and LESSEE leases from LESSOR the Property for the term, the rent, and subject to the terms, covenants and conditions hereinafter provided.

1.3. Quiet Enjoyment, Restrictions, Easements, Etc. LESSOR covenants and agrees that LESSEE, upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions and terms of this Lease on LESSEE's part to be kept or performed, shall lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation, subject, however, to the rights and reservations expressed in the U.S. Patent to the Property, the State of Alaska Patent to the Property, existing easements for roads, gas, electric, water, sewer and other utility

lines, restrictions of record and to encroachments ascertained by physical inspection of the Property.

1.4. Property Accepted "As Is." LESSEE acknowledges that prior to the execution of this Lease LESSEE has been in possession of the Property under the Prior Lease, has inspected the Property and accepts the same "as is" and without reliance on any representations or warranties of LESSOR, its agents, servants, or employees, as to the physical condition of the Property, including, but not limited to, subsurface and soil conditions, or as to its fitness, habitability or use for any particular purpose, or otherwise.

1.5. No Subsurface Rights. This Lease confers no mineral rights or rights with regard to the subsurface of the land below the level necessary for the use of the Property as stated in this Lease. LESSOR makes no warranty or representation as to whether the Property is subject to, open or closed to mineral claims or leases under state or federal law.

1.6. Appraisal Fee. An appraisal is required to determine the initial fair market appraised value of the property. LESSEE is responsible for the costs of the appraisal.

2. TERM

2.1. Lease Term. The initial term of this Lease shall be nineteen (19) years, commencing on _____TBD_____ and ending on _____TBD_____.

2.2. Option to Renew. Provided that LESSEE is not in default of LESSEE's obligations under this Lease or the Lease has not be otherwise terminated at the time of exercise, LESSEE shall have rights to extend the initial term of this Lease for six (6) consecutive additional periods (each an "Option") of five (5) years (each an "Extension Period"). To exercise an Option, Tenant must give Landlord notice in writing of Tenant's exercise of an Option not less than ninety (90) days nor more than one hundred and eighty (180) days prior to the end of the upcoming expiring initial Lease term or Extension Period. Rent for an Extension Period shall be the rent set forth in Article 3 of this Lease.

2.3. Preference Rights to Re-Lease. LESSEE shall upon expiration of this Lease, and pursuant to Section 14.04.210 of the Valdez Municipal Code, as may be amended from time-to-time, be allowed a preference right to re-lease the Property, provided the LESSEE is not in breach or default of any of the terms or conditions of the Lease at the time of Lease expiration, unless it shall be determined by LESSOR that the renewal of this Lease is not in the best interests of LESSOR.

2.4. Application to Re-Lease. If, at the expiration of this Lease, the LESSEE desires to re-lease the Property, LESSEE shall, not sooner than ninety calendar days and not later than sixty calendar days prior to the expiration, make application to re-lease the Property.

The re-lease application shall certify the character and value of all improvements placed by LESSEE on the Property, the purpose and lengths for which the re-lease is desired, and any other information that LESSOR may require. Applications to re-lease shall be submitted to the same application review as new applications for lease, pursuant to Sec. 14.04 of the Valdez Municipal Code as may be amended from time-to-time.

2.5. Hold-over. If LESSEE shall hold-over after the expiration of the term of this Lease such tenancy shall be from month to month, subject to all the terms, covenants and conditions of this Lease.

2.6. Surrender of Possession. Upon expiration of the term of this Lease, whether by lapse of time or otherwise, LESSEE shall promptly and peaceably surrender the Property, and all buildings and improvements thereon, except as provided in Article 17 of this Lease, and LESSEE agrees to execute, acknowledge and deliver to LESSOR a proper instrument in writing, releasing and quitclaiming to LESSOR all right, title and interest of LESSEE in and to the Property and all such buildings and improvements thereon.

3. RENT, TAXES, ASSESSMENTS AND UTILITIES

3.1. Rent. The LESSEE agrees to pay to LESSOR an annual rent of ten percent (10%) of the fair market appraised value of the Property, in quarterly installments to be made not later than January 1st, April 1st, July 1st, and October 1st, respectively, during each year of the term of this Lease, including any Extension Period. Rent for the portion of the quarter coinciding with the commencement of the Lease term shall be on the day the term commences. Rent for any partial quarter shall be prorated at the rate of 1/12th of the annual rent per month or portion thereof. For the first five (5) years of the Lease term, the appraised value of the Property is agreed to be _____TBD_____ DOLLARS (\$TBD) resulting in an annual rent of _____TBD_____ DOLLARS (\$TBD) per year, to be paid in quarterly installments of _____TBD_____ DOLLARS (\$TBD). Rent shall be payable at the office of the City Manager, P.O. Box 307, Valdez, Alaska 99686, or at such other place as LESSOR may designate in writing. Delinquent rent shall bear interest at the rate of twelve percent (12%) per annum.

3.2. Adjustment of Rent. The Property will be reappraised and the annual rent accordingly adjusted every five (5) years during the term of this Lease, including any Extension Period. Such appraisal will be based on the value of the Property and shall not include the value of buildings or improvements placed on the Property by LESSEE. The appraised value of the Property for the purposes of determining the annual rental shall be an appraisal done by a State of Alaska licensed appraiser of LESSOR's selection. In no event, however, shall the annual rent be less than the original annual rent set forth in paragraph 3.1. Nothing in this paragraph shall prevent the annual reassessment of the Property and its improvements for tax purposes to determine its true value as provided by law.

3.3. LESSEE to Pay Taxes. LESSEE shall pay prior to delinquency and directly to the taxing authorities in which the Property is located all real property taxes levied or assessed upon or against the Property and improvements thereon during the term of this Lease. LESSEE shall also pay prior to delinquency and directly to the taxing authorities in which the Property is located all personal property taxes levied on personal property situated on the Property and placed thereon by LESSEE, its agents, authorized representatives, or employees. LESSEE shall further pay prior to delinquency any other taxes for which it may be liable. LESSEE shall, within thirty (30) days after any such tax, assessment or other charge, whether or not constituting a lien on the Property, shall become due and payable, produce and exhibit to LESSOR satisfactory evidence or payment thereof.

3.4. LESSEE to Pay Assessments. LESSEE shall pay directly to the public authorities charged with collection thereof any and all assessments levied on the Property for any part or all of the costs of any public work or improvement assessed according to benefit found by the levying authority to accrue therefrom to the Property, provided, however, that if an option is given to pay such assessment(s) in installments, LESSEE may elect to pay the same in installments, and in such case LESSEE shall be liable only for such installments as shall accrue during the term of this Lease. LESSOR makes no warranty or representations regarding any outstanding assessments levied on the Property for any part or all of the cost of any public work or improvement constructed by LESSOR or any public utility company. It is LESSEE's responsibility to verify if there are any assessments against the subject property by any utility provider.

3.5. Proration of Taxes and Assessments. If LESSEE's obligation to pay taxes or assessments commences or ends during a tax year (rather than at the beginning or end of a tax year), such obligation shall be prorated between LESSOR and LESSEE.

3.6. Contest. LESSEE shall have the right to contest any taxes or assessments which LESSEE is obligated to pay under paragraphs 3.3 or 3.4 of this Lease. Such proceedings shall, if instituted, be conducted promptly at LESSEE's own expense and free from all expense to LESSOR. Before instituting any such proceedings, LESSEE shall pay under protest any such taxes or assessments, or shall furnish to LESSOR a surety bond written by a company acceptable to LESSOR or other security acceptable to LESSOR, sufficient to cover the amount of such taxes or assessments, with interest for the period which such proceedings may reasonably be expected to take, and costs, securing the payment of such taxes or assessments, interest and costs in connection therewith when finally determined. Notwithstanding the furnishing of any such bond or security, LESSEE shall pay any such taxes or assessments at least thirty (30) days before the time when the Property or any part thereof, might be forfeited. The proceedings referred to in this paragraph 3.6 shall include appropriate appeals from any order or judgments therein, but all such proceedings shall be begun as soon as reasonably possible after the imposition or assessment of any such taxes or assessments and shall be prosecuted to final adjudication promptly. In the

event of any reduction, cancellation or discharge, LESSEE shall pay the amount that shall be finally levied or assessed against the Property or adjudicated to be due and payable, and, if there shall be any refund payable by the governmental authority with respect thereto, LESSEE shall be entitled to receive and retain the same, subject, however, to apportionment proration provided in paragraph 3.5 of this Lease. LESSOR, at LESSOR's option, may, but shall not be obligated to, at LESSOR's own expense contest any such taxes or assessments, which shall not be contested as set forth above, and, unless LESSEE shall promptly join with LESSOR in such contest and pay all costs and attorneys' fees of LESSOR therein, LESSOR shall be entitled to receive and retain any refund payable by any governmental authority with respect thereof.

3.7. LESSEE to Pay Utility Charges. LESSEE shall pay or cause to be paid all charges for gas, oil, electricity, water, sewer, heat, snow removal, refuse removal and any and all other utilities or services used upon the Property throughout the term of this Lease, including any connection fees.

3.8. Additional Rent and LESSOR's Right to cure LESSEE's Default. All costs and expenses which LESSEE assumes or agrees to pay pursuant to this Lease shall, at LESSOR's election, be treated as additional rent, and, in the event of nonpayment, LESSOR shall have all rights and remedies provided in this Lease in the case of nonpayment of rent or of a breach of condition, at LESSOR's election. If LESSEE shall default in making any payment required to be made by LESSEE or shall default in performance of any term, covenant or condition of this Lease on the part of LESSEE to be kept, performed or observed which shall involve the expenditure of money by LESSEE, LESSOR at LESSOR's option may, but shall not be obligated to, make such payment, or, on behalf of LESSEE, expend such sum as may be necessary to keep, perform or observe such term, covenant or condition, and any and all sums so expended by LESSOR, with interest thereon at the rate of twelve percent (12%) per year from the date of such expenditure until repaid, shall be, and shall be deemed to be, additional rent and shall be repaid by LESSEE to LESSOR, on demand, provided, however, that no such payment or expenditure by LESSOR shall be deemed a waiver of LESSEE's default, nor shall it affect any remedy of LESSOR by reason of such default.

4. USE

4.1. Use. LESSEE shall use the Property for the purpose of the placement, operation, maintenance and storage of net pens. LESSEE shall not conduct any illegal activities on the Property or maintain any nuisances on the Property.

4.2. Radio Interference. At the LESSOR's request, the LESSEE shall discontinue the use of any machine or device which interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated provided that such a request is based upon a reasonable belief that LESSEE's machine or device is the source of the interference.

5. IMPROVEMENTS

5.1. Alterations and Additions. LESSEE may not make alterations, improvements, additions, or changes to the Property, or any part thereof, without the prior written consent of LESSOR, which consent may be withheld for any reason. To the extent LESSOR obtains such consent, and undertakes any such alteration, improvement, addition, or change to the Property, LESSEE shall ensure that the same complies with all applicable local, state, and federal laws and shall indemnify LESSOR, and hold LESSOR harmless, from any and all liability that may arise from the same. All costs of any such alteration, improvement, addition and/or change shall be at LESSEE's sole cost and expense, unless otherwise agreed in writing. LESSOR shall keep the Property free from liens or encumbrances of any nature. Upon the termination of this Lease, all such alterations, improvements, additions, and changes with the exception of trade fixtures as set forth in Section 6.1 shall belong to Landlord, unless LESSOR elects to have LESSEE remove the same and reinstate the PROPERTY to its condition prior to such alteration, improvement, addition or change, all at LESSOR's sole expense. LESSOR may post the Property with notices of non-responsibility for labor and materials supplied thereto.

5.2. Notice of Construction. LESSEE shall give LESSOR no less than ten days written notice prior to the commencement of any LESSOR approved construction, alteration or repair of any improvements constructed or made by LESSEE on the Property so that LESSOR may, if it so elects, give notice of nonresponsibility pursuant to AS 34.35, as now enacted or hereafter amended.

5.3. Landscaping. LESSEE shall landscape the areas surrounding any buildings or improvements constructed or maintained on the Property in a pleasing and aesthetic manner consistent with the scenic nature and natural vegetation of the Property and the surrounding land, and shall maintain such landscaping in good condition.

5.4. Workers Compensation Insurance. No construction shall commence or continue without satisfactory proof that workers compensation insurance has been procured to cover all persons employed in connection with the construction. Upon request by LESSOR, LESSEE shall make such proof available to LESSOR for inspection. Any deficiency with regard to such insurance requirement shall be cured immediately by LESSEE and no work will be performed on any such construction project until the LESSOR has satisfactory proof that required workers compensation insurance is in place.

6. TRADE FIXTURES

6.1. LESSEE's Ownership of Trade Fixtures, Machinery and Equipment. Any and all trade fixtures (including electrical fixtures), machinery, equipment of any nature whatsoever and other personal property of LESSEE at any time placed or maintained upon the Property by LESSEE shall be and remain property of the LESSEE and may be removed or replaced at any time during the term or at the termination of this Lease.

7. ASSIGNMENT AND SUBLETTING

7.1. Assignment Without Consent Generally Prohibited. LESSEE shall not voluntarily assign or encumber its interest in this Lease or in the Property, or sublet all or any part of the Property, or allow any other person or entity (except LESSEE's authorized representatives) to occupy or use all or any part of the Property without first obtaining LESSOR's written consent. Any assignment, encumbrance or sublease without LESSOR's consent shall be voidable and, at LESSOR's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this paragraph. If LESSEE is a partnership, a withdrawal or change, voluntary, involuntary or by operation of law, of any partner or partners owning fifty percent (50%) or more of the partnership, or the dissolution of the partnership, shall be deemed a voluntary assignment. If LESSEE is a corporation, any dissolution, merger, consolidation or other reorganization of LESSEE, or the sale or other transfer of a controlling percentage of the capital stock of LESSEE or the sale of fifty-one percent (51%) of the value of the assets of LESSEE, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty-one percent (51%) of the total combined voting power of all classes of LESSEE's capital stock issued, outstanding and entitled to vote for the election of directors. As to a corporation the stock of which is traded through an exchange or over the counter, a sale or other transfer of a controlling percentage of the capital stock of such a LESSEE corporation will not be deemed to be a voluntary assignment. Any assignment affected pursuant to this paragraph 7.2 shall require the assignee to assume the LESSEE's obligations hereunder. LESSEE shall promptly deliver to LESSOR a copy of any assignment instrument. Any assignment shall not release the LESSEE from liability hereunder.

7.2. Assignment of Rents to LESSOR. LESSEE immediately and irrevocably assigns to LESSOR, as security for LESSEE's obligations under this Lease, all rent from any approved subletting of all or a part of the Property as permitted by this Lease, and LESSOR, as assignee and attorney-in-fact for LESSEE or a receiver for LESSEE appointed on LESSOR's application, may collect such rent and apply it toward LESSEE's obligations under this Lease, except that, until the occurrence of an act of default by LESSEE, LESSEE shall have the right to collect such rent.

7.3. Costs of LESSOR's Consent to Be Borne by LESSEE. LESSEE shall pay to LESSOR, on demand, reasonable costs, including attorney's fees, incurred by LESSOR in connection with any request by LESSEE for LESSOR's consent to any assignment or subletting by LESSEE.

8. LIENS

8.1. Prohibition of Liens. LESSEE shall not suffer or permit any liens, including without limitation, mechanic's or materialman's liens, to be recorded against the

Property. If any such liens shall be recorded against the Property, LESSEE shall cause the same to be removed, or, in the alternative, if LESSEE in good faith desires to contest the same, LESSEE shall be privileged to do so, but in such case LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment or foreclosure of such liens, cause the same to be discharged and removed prior to any attempt at execution of such judgment. Nothing contained in this Lease shall be construed to be a waiver of the provisions of AS 09.38.015(c), as may be amended from time to time.

9. INDEMNITY

9.1. Indemnity. Except for claims arising solely out of acts or omissions of LESSOR, its agents, servants, employees or contractors, LESSEE agrees to protect, defend, indemnify and hold LESSOR harmless from and against any and all liability arising from acts or omissions of LESSEE, its agents, servants, employees or contractors occurring on or relating to the Property or relating to the operation of LESSEE's business, causing injury to, or death of persons, or loss of, or damage to, property, and from any expense, including reasonable attorneys' fees, incident to the defense of and by LESSOR therefrom. If any action or proceeding is brought against LESSOR by reason of any such occurrences, LESSOR shall promptly notify LESSEE in writing of such action or proceeding.

10. INSURANCE

10.1. Liability Insurance. LESSEE, during the term of this Lease, shall carry at its expense commercial general liability insurance covering the Property in an amount of not less than ONE MILLION DOLLARS (\$1,000,000.00) combined single limit to protect against liability for personal injury, death or property damage, including without limitation damage caused by the release or threatened release of hazardous material or substance (as defined in paragraph 18.5 below), which might arise from the construction on, occupancy of, or use of the Property and the operations conducted on it. Said insurance shall insure performance by LESSEE of the indemnity provisions of paragraph 9.1. At LESSOR's sole and reasonable discretion, LESSOR may increase the amount of insurance required at five (5) year intervals.

10.2. Named Insured, Notice to LESSOR, and Waiver of Subrogation. All insurance policies required to be maintained by LESSEE under paragraph 10.1 shall name LESSOR, and its officers, employees and agents, as additional insureds. All policies issued under paragraph 10.1 shall contain an agreement by the insurers that such policies shall not be canceled without at least twenty (20) days prior written notice to LESSOR, and certificates or copies of all such insurance policies shall be furnished to LESSOR promptly after the issuance thereof. All policies issued under paragraph 10.1 shall contain a waiver of any subrogation rights any insurer might have against LESSOR.

10.3. Fire and Extended Coverage Insurance. LESSEE shall at its own expense and in its own name obtain insurance against loss or damage by fire and such other risks as it determines to cover buildings, equipment, inventory, fixtures, personal property and improvements made to the Property by LESSEE subsequent to LESSEE's taking possession of the Property under this Lease.

11. CARE OF PROPERTY

11.1. LESSEES's Maintenance and Repair Obligations. LESSEE shall at its own cost and expense keep the Property, and every part thereof including without limitations all improvements situated on the Property and all structural, mechanical, plumbing and electrical improvements to the Property, in good condition and repair. LESSEE shall upon the expiration or sooner termination of this Lease, quit and peacefully surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear excepted. The Property shall always be kept by LESSEE neat, clean and free of litter.

11.2. Restoration or Removal of Damaged Buildings and Improvements. In the event any buildings or improvements situated on the Property by LESSEE are damaged or destroyed by fire or other casualty, LESSEE shall at LESSEE's expense restore the same to good and tenantable condition or shall remove the same as soon as is reasonably possible, but in no event shall the period of restoration exceed twenty-four (24) months nor shall the period of removal exceed one hundred eighty days (180) days.

11.3. Access Rights of LESSOR. LESSOR, its agents, servants or employees, shall have the right to enter into and upon the Property and all buildings or improvements situated thereon upon reasonable notice to LESSEE and during normal business hours (defined as 9:00 a.m. to 5:00 p.m. Monday through Friday except for holidays as defined in paragraph 15.5 of this Lease) for the purpose of inspecting the Property and all buildings and improvements situated thereon for compliance with the terms of this Lease.

11.4. Nuisances Prohibited. LESSEE shall immediately remove from the Property any abandoned or junk vehicles, buildings, improvements, equipment, machinery or fixtures. LESSEE shall not permit any nuisance or public nuisance to exist or to be created or maintained on the Property. LESSEE agrees that any nuisance or public nuisance as defined by the Valdez City Code, or any other code or regulations incorporated therein or otherwise adopted by ordinance or resolution of the City of Valdez, may, after five days written notice to LESSEE, be removed by LESSOR without LESSEE's further permission, with use of force if necessary, and without incurring any civil or criminal liability therefore, all the costs of such removal to be paid by LESSEE to LESSOR as additional rent under the terms of this Lease. This paragraph shall not be construed as any limitation on any other legal rights or remedies available to the City of Valdez to abate any nuisance or to prosecute any violation of the Valdez City Code.

12. LAWS

12.1. Compliance with Laws. LESSEE shall comply with all applicable laws, ordinances and regulations of duly constituted public authorities now or hereafter in any manner affecting LESSEE's activities on the Property or any buildings or other improvements which may be situated thereon, whether or not any such laws, ordinances or regulations which may be hereafter enacted involve a change of policy on the part of the governmental body enacting the same. In the event of a conflict between the provisions of this Lease and the City of Valdez Municipal Code, the latter shall control.

13. CONDEMNATION

13.1. Condemnation. In the event the Property, or any part thereof or interest therein, shall be taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, or shall be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, the interests of LESSOR and LESSEE in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease shall be as provided in this Article 13.

13.2. Total Taking. If all of the Property is taken or so transferred, this Lease and all the right, title and interest thereunder of LESSEE shall cease on the date title to the Property vests in the condemning authority.

13.3. Partial Taking - Termination of Lease. In the event the taking or transfer of part of the Property leaves the remainder of the Property in such location, or in such form, shape or reduced size, or so inaccessible as to be not effectively and practicably usable in the reasonable opinion of LESSEE for the purpose of operation thereon of LESSEE's business, then this Lease and all of the right, title and interest thereunder of LESSEE shall cease on the date title to the Property vests in the condemning authority, and the condemning authority enters into possession.

13.4. Partial Taking - Continuation of Lease. In the event the taking or transfer of a part of the Property leaves the remainder of the Property in such location and in such form, shape or size, or so accessible as to be effectively and practicably usable in the reasonable opinion of LESSEE for the purpose of operation thereon of LESSEE's business, this Lease shall terminate and end as to the portion of the Property so taken or transferred as of the date title to such portion vests in the condemning authority and the condemning authority enters into possession, but shall continue in full force and effect as to the portion of the Property not so taken or transferred. If there is a partial taking and this Lease is not terminated, then the annual rent payable under this Lease shall abate for the portion of the Property taken in the proportion that such portion bears to all of the Property.

13.5. Compensation. Any compensation received or payable as a result of eminent domain proceedings or a transfer in lieu thereof shall be apportioned to LESSOR and LESSEE as follows: (a) LESSOR shall be entitled to such portion of the compensation

attributable to LESSOR's interest in this Lease, LESSOR's ownership interest in the Property, and LESSOR's interest in any improvements to the Property; and (b) LESSEE shall be entitled to such portion of the compensation attributable to LESSEE's interest in this Lease, and LESSEE's interest in an improvements to the Property. LESSEE shall have the right to claim and recover from the condemning authority compensation for any loss to which LESSEE may be entitled for LESSEE's moving expenses, interference with LESSEE's business, and damages relating to any trade fixtures, machinery or equipment owned by LESSEE, provided, however, that such compensation can be claimed only if separately awarded in the eminent domain proceeding or transfer in lieu thereof agreed to by LESSOR, and not as a part of the compensation recoverable by LESSOR.

14. DEFAULT

14.1. Default. Each of the following events shall be deemed an event of default by the LESSEE under this Lease and a breach of the terms, covenants and conditions of this Lease:

14.1.1. A default in the payment of the rent and additional sums due under this Lease, or any part thereof, for a period of fifteen (15) days from the due date for the payment of such rent or additional sums.

14.1.2. A default in the performance of any other term, covenant or condition on the part of the LESSEE to be kept, performed or observed for a period of thirty (30) days after LESSOR gives to LESSEE a written notice specifying the particular default or defaults; provided, however, that any default on the part of LESSEE in the performance of work or acts required by him to be done, or conditions to be modified, shall be deemed to be cured if steps shall have been taken promptly by LESSEE to rectify the same and shall be prosecuted to completion with diligence and continuity.

14.1.3. The filing of a petition by or against LESSEE for adjudication as a bankrupt under the Federal Bankruptcy Code, as now enacted or hereafter amended, or for arrangement pursuant to Chapter XI of the Bankruptcy Code.

14.1.4. The making by LESSEE of an assignment of this Lease or the Property as set forth in Section 7.1 for the benefit of creditors.

14.1.5. The appointment of a receiver by a court of competent jurisdiction for LESSEE's business.

14.1.6. The levy upon execution or attachment by process of law of the leasehold interest of LESSEE in the Property.

14.1.7. The use of the Property or buildings and improvements thereon for purposes other than those enumerated herein, to which LESSOR has not given its written consent.

14.1.8. The abandonment of the Property by LESSEE.

14.2. LESSOR's Remedies. In the event of any default by LESSEE as recited in paragraph 14.1 of this Lease, LESSOR shall have all of the below enumerated rights and remedies, all in addition to any rights and remedies that LESSOR may be given by statute, common law or otherwise. All rights of LESSOR shall be cumulative, and none shall exclude any other right or remedy. LESSOR's rights and remedies include the following:

14.2.1. LESSOR may declare the term of this Lease ended by written notice to LESSEE. Upon termination of this Lease, LESSEE shall surrender possession and vacate the Property immediately and deliver possession thereof to LESSOR, and LESSEE hereby grants to LESSOR full and free license to enter into and upon the Property in such event with or without process of law and to repossess LESSOR of the Property and to expel or remove LESSEE and any others who may be occupying or within the Property and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing LESSOR's right to rent or any other right given to LESSOR hereunder or by operation of law.

14.2.2. LESSOR may by written notice declare LESSEE's right to possession of the Property terminated without terminating this Lease. Upon such termination of LESSEE's right to possession, LESSOR shall have all the rights to repossess the Property and remove LESSEE and LESSEE's property that are enumerated in paragraph 14.2.1..

14.2.3. LESSOR may relet the Property in whole or in part for any period equal to or greater or less than the remainder of the term of this Lease, for any sum which LESSOR may deem reasonable, except as provided in paragraph 14.2.5.2.

14.2.4. LESSOR may collect any and all rents due or to become due from subtenants or other occupants of the Property.

14.2.5. LESSOR may recover, whether this Lease be terminated or not, from LESSEE, damages provided for below consisting of that referenced in subparagraphs 14.2.5.1.1, and 14.2.5.1.2, or, in lieu of that referenced in subparagraph 14.2.5.1.2, those referenced in subparagraph 14.2.5.1.3:

14.2.5.1.1. reasonable attorney's fees and other expenses incurred by LESSOR by reason of the breach or default by LESSEE; and

14.2.5.1.2. an amount equal to the amount of all rent and additional sums reserved under this Lease, less the net rent, if any, collected by LESSOR on reletting the Property, which shall be due and payable by LESSEE to LESSOR on the several days on which the rent and additional sums reserved in this Lease would have become due and

payable; that is to say, upon each of such days LESSEE shall pay to LESSOR the amount of deficiency then existing such net rent collected on reletting by LESSOR shall be computed by deducting from the gross rent collected all expenses incurred by LESSOR in connection with the reletting of the Property, or any part thereof, including broker's commission and the cost of renovating or remodeling the Property or the buildings or improvements thereon, provided, however, LESSOR must take diligent effort in reletting the Property to obtain a rental rate as close to or above that required of LESSEE under this Lease or else LESSOR will not have access to the remedy set out in this subparagraph 14.2.5.1.2, or

14.2.5.1.3. an amount to be due immediately on breach, equal to the difference between the rent and the fair and reasonable rental value of the Property for the same period. In the computation of such damages the difference between any installment of rent thereafter becoming due and the fair and reasonable value of the Property for the period for which such installment was payable shall be discounted to the date of such breach at the rate of eight percent (8%) per year.

14.2.6. Reentry or reletting of the Property, or any part thereof, shall not be deemed a termination of this Lease, unless expressly declared to be so by LESSOR.

14.2.7. If this Lease shall be deemed terminated, LESSEE's liabilities shall survive and LESSEE shall be liable for damages as provided in paragraph 14.2 and its sub-parts.

15. GENERAL PROVISIONS

15.1. Estoppel Certificates. Either party shall at any time and from time to time upon not less than thirty (30) days prior written request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Lease is unamended and in full force and effect (or, if there has been any amendment thereof, that the same is in full force and effect as amended and stating the amendment or amendments), that there are no defaults existing, (or, if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the rent and other charges have been paid in advance.

15.2. Conditions and Covenants. All the provisions of this Lease shall be deemed as running with the land, and shall be construed to be "conditions" as well as "covenants," as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

15.3. No Waiver of Breach. No failure by either LESSOR or LESSEE to insist upon the strict performance by the other of any term, covenant or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such terms, covenants or conditions. No waiver of any breach

shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

15.4. Time of Essence. Time is of the essence of this Lease and of each provision.

15.5. Computation of Time. The time in which any act provided by this Lease is to be done is computed by excluding the first (1st) day and including the last, unless the last day is a Saturday, Sunday or a holiday, and then it is also excluded. The term "holiday" shall mean all holidays as defined by the statutes of Alaska.

15.6. Successors in Interest. Each and all of the terms, covenants and conditions in this Lease shall inure to the benefit of and shall be binding upon the successors in interest of LESSOR and LESSEE.

15.7. Entire Agreement. This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease, and no other agreement, statement or promise made by any party which is not contained in this Lease shall be binding or valid.

15.8. Governing Law/Jurisdiction/Venue. This Lease shall be governed by, construed and enforced in accordance with the laws of the state of Alaska. Any litigation arising out of the enforcement of rights or performance of the parties under this Lease, or its interpretation, shall be brought in the courts of the State of Alaska, Third Judicial District at Valdez.

15.9. Partial Invalidity. If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated, unless such provisions are considered by LESSEE to be integral to LESSEE's use of the Property for the purposes stated herein in which case LESSEE will have the authority to terminate this Lease upon thirty (30) days' written notice to LESSOR.

15.10. Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between LESSOR and LESSEE; and neither the method of computation of rent, nor any other provision contained in this Lease nor any acts of the parties, shall be deemed to create any relationship between LESSOR and LESSEE other than the relationship of LESSOR and LESSEE.

15.11. Interpretation. The language in all parts of this Lease shall in all cases be simply construed according to its fair meaning and not for or against LESSOR or LESSEE as both LESSOR and LESSEE have had opportunity for the assistance of attorneys in drafting and reviewing this Lease.

15.12. Number and Gender. In this Lease, the neuter gender includes the masculine and the feminine, and the singular number includes the plural; the word “person” includes corporation, partnership, firm or association wherever the context so requires.

15.13. Mandatory and Permissive. “Shall,” “will,” and “agrees” are mandatory; “may” is permissive.

15.14. Captions. Captions of the paragraphs of this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

15.15. Amendment. This Lease is not subject to amendment except in writing executed by all parties hereto.

15.16. Delivery of Notices - Method and Time. All notices, demands or requests from one party to another shall be delivered in person or be sent by mail, certified or registered, postage prepaid, to the addresses stated in paragraph 15.17 and shall be deemed to have been given at the time of delivery or, if mailed, three (3) days after the date of mailing.

15.17. Notices. All notices, demands and requests from LESSEE to LESSOR shall be given to LESSOR at the following address:

City Manager
City of Valdez
P.O. Box 307
Valdez, Alaska 99686

All notices, demands or requests from LESSOR to LESSEE shall be given to LESSEE at the following address:

Valdez Fisheries Development Association
Manager
PO Box 125
Valdez, Alaska 99686

15.18. Change of Address or Agent. Each party shall have the right, from time to time, to designate a different address or different agent for service of process by notice given in conformity with paragraph 15.16.

15.19. Furnishing of Information. Upon LESSOR’s written request, LESSEE shall provide LESSOR with copies of articles of incorporation and bylaws, partnership agreements, joint venture agreements or other reasonably related documents which shall

define the manner of organization and the ownership of any business or activities to be conducted upon the Property, together with all future amendments thereto. LESSOR shall treat such information as confidential and not release it to a third party unless legally compelled to do so. LESSEE and LESSEE's assignee or sublessee shall also provide the same information regarding any assignee or sublessee of LESSEE.

15.20. Recordation. This Lease or a memorandum thereof may be recorded by LESSOR, or by LESSEE at LESSEE's expense with the State of Alaska designated Recorder's Office for the recording of documents related to the Property.

15.20.1. LESSOR's Lien and Security Interest. LESSOR shall have a lien on, and LESSEE hereby grants LESSOR a security interest on, improvements, equipment and fixtures, which are or may be put on the premises by LESSEE, to secure the payment of the rent and additional sums reserved under this Lease. If LESSEE shall default in the payment of such rent, LESSOR may, at its option, without notice or demand, take possession of and sell such property in accordance with the Uniform Commercial Code of Alaska or other applicable law. LESSOR shall apply the proceeds of sale as follows:

- (a) To the expense of sale, including all costs, fees and expenses of LESSOR and LESSOR's reasonable attorney's fees in connection with such sale;
- (b) To the payment of such rent; and
- (c) The surplus, if any, to LESSEE.

16. OWNERSHIP OF IMPROVEMENTS AND FIXTURES ON TERMINATION

16.1. Permanent Improvements. Upon the termination of this Lease, except as provided in paragraph 17.2 below, all buildings and structures, alterations, improvements, additions, and changes to the Property shall be owned by and be property of LESSOR, unless LESSOR elects to have LESSEE remove the same or any part thereof and reinstate the Property to its condition prior to such the construction of such building, structure, alteration, improvement, addition or change, all at LESSEE's sole expense.

16.2. LESSEE May Remove Trade Fixtures, Machinery and Equipment. Subject to other provisions of this Lease, trade fixtures, machinery and equipment owned by LESSEE may be removed by LESSEE from the Property within sixty (60) days after the expiration or termination of this Lease; provided that such removal will not cause injury or damage to the Property, or if it does, LESSEE shall indemnify LESSOR for the full amount of such damage; and further provided that any buildings, improvements, fixtures, machinery or equipment left on the Property by LESSEE shall be in good, safe and tenantable or operable condition; and further provided that LESSEE shall not commit, create, leave or allow to exist on the Property any nuisance or public nuisance. LESSOR

may extend the time for such removal in case hardship is shown to LESSOR's satisfaction, provided application for extension has been made in writing and received by LESSOR within said sixty (60) day period.

16.3. Property Not Removed. Any trade fixtures, machinery, equipment or other items of property, which are not removed from the Property within the time allowed in paragraph 17.2 of this Lease, shall immediately become the property of LESSOR and title thereto shall vest in LESSOR without further action on the part of LESSEE or LESSOR. LESSOR may use, sell, destroy, or otherwise dispose of any such property in any matter which it sees fit, without further obligation to LESSEE and subject to LESSEE's indemnification obligations under paragraph 17.2.

17. NONDISCRIMINATION

17.1. LESSEE Will Not Discriminate. LESSEE agrees that in its use and occupancy of the Property it will not, on the grounds of race, color, religion, national origin, ancestry, age, or sex, discriminate or permit discrimination against any prospective occupant, patron, customer, employee, applicant for employment or other person or group of persons in any manner prohibited by federal, state or local law or regulations promulgated thereunder.

18. HAZARQOUS MATERIALS

18.1. Condition of Property. LESSEE has had full opportunity to examine the Property for the presence of any Hazardous Material and accepts the Property in "as is" condition. LESSEE acknowledges that LESSOR, its agents, authorized representatives or employees have made no representations as to the physical conditions of the Property, including but not limited to the subsurface and soil conditions. LESSEE accepts the Property in an "as is" condition. LESSEE does not accept or assume responsibility or liability for pre-existing subsurface and/or soil conditions, including, but not limited to Hazardous Materials and/or Environmental contamination that is unknown and/or undisclosed to LESSEE at the time of execution of this Lease.

18.2. Release of LESSOR. Any other provision of this Lease to the contrary notwithstanding, LESSEE releases LESSOR from any and all claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs or expenses (including, without limitation, a decrease in the value of the Property, damages due to loss or restriction of usable space, and attorneys' fees, court costs, litigation expenses, and consultant and expert fees) arising before, during or after the term of this Lease, and resulting from the use, keeping, storage or disposal of Hazardous Material on the Property provided that such Hazardous Material did not arise solely out of acts or omissions of LESSOR. This release includes, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by a federal, state or local agency or political subdivision or by law.

18.3. Use of Hazardous Materials on the Property.

18.3.1. LESSEE shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Property by LESSEE or its authorized representatives or invitees, except for such Hazardous Material as is necessary or useful to LESSEE's permitted use of the Property.

18.3.2. Any Hazardous Material permitted on the Property as provided in this paragraph, and all containers therefore, shall be used, kept, stored and disposed of in a manner that complies with all laws or regulations applicable to any such Hazardous Material.

18.3.3. LESSEE shall not discharge, leak or emit, or permit to be discharged, leaked or emitted, any material into the atmosphere, ground, sewer system or any body of water, if such material (as reasonably determined by the LESSOR, or any governmental authority) does or may, pollute or contaminate the same, or may adversely affect (a) the health, welfare or safety of persons, whether located on the Property or elsewhere, or (b) the condition, use or enjoyment of the Property or any other real or personal property.

18.3.4. LESSEE hereby agrees that it shall be fully liable for all costs and expenses related to the use, storage and disposal of Hazardous Material kept on the Property by the LESSEE, its authorized representatives and invitees, and the LESSEE shall give immediate notice to the LESSOR of any violation or potential violation of the provisions of subparagraphs 19.3 and its subparagraphs.

18.4. Indemnification of LESSOR by LESSEE for Environmental Contamination. Lessee agrees to forever protect, defend, indemnify and hold harmless LESSOR from and against any and all losses, claims, investigations, assertions, liens, demands and causes of action of every kind and character (including without limitation any assertions or claims made against LESSOR, LESSEE or third parties, by government agencies or third parties, alleging the release or threatened release of hazardous substances or environmental contamination of any kind on or in connection with the Property) and all costs thereof (including without limitation costs of removal action, remedial action, other "response costs" as that term is defined under applicable federal and state law, attorney's fees, penalties, damages, interest and administrative/court costs incurred by Lessor in response to and defense of same) arising in favor of any party, including LESSOR, and arising from or connected with LESSEE's activities under this Lease or LESSEE's use of or presence on the Property, whether such activities, use or presence are those of LESSEE or LESSEE's agents, subcontractors or other representatives. LESSEE acknowledges that this indemnification clause shall survive termination of this Lease, and that it applies regardless of the basis of liability alleged by or against any party, including strict liability under AS 46.03.822 or federal law. LESSEE's obligations under this section may be discharged, however, by performance of whatever degree of site investigation for environmental contamination (in LESSOR's sole discretion) is

necessary to render the Property suitable for LESSOR to release LESSEE from these obligations, which release must be granted in writing by LESSOR.

18.5. Hazardous Material Defined. Hazardous Material/Substance is any substance which is toxic, ignitable, reactive, or corrosive and which is regulated by any local government, the state of Alaska, or the United States government. Hazardous Material includes any and all material or substances which are defined as “hazardous waste,” “extremely hazardous waste” or a “hazardous substance” pursuant to local, state or federal law, including without limitation, the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder, and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder. “Hazardous Material” includes but is not restricted to asbestos, polychlorobiphenyls (“PCB’s”) and petroleum and petroleum products.

18.6. Liability of Releases/Threatened Releases of Hazardous Materials. LESSEE agrees that at all times while this Lease is in effect, for purposes of potential liability under AS 46.03.822 or any similar law:

18.6.1. LESSEE, not LESSOR, shall be deemed the owner of and person having control over any hazardous substances used by LESSEE or on the property for business reasons of LESSEE; and

18.6.2. LESSEE, not LESSOR, shall be deemed the owner of the possessory interest under this Lease, and the operator of the property as a facility under AS 46.03.822(a)(2); and

18.6.3. LESSEE, not LESSOR, shall be deemed the generator, transporter, or both, of any hazardous substances generated or transported by LESSEE in connection with the enjoyment of its rights under this Lease.

For purposes of this section, “LESSEE” shall include LESSEE’s agents, employees, subcontractors, subsidiaries, affiliates and representatives of any kind.

18.7. Compliance with Environmental Laws. Lessee covenants full compliance with any applicable federal, state or local environmental statute, regulation, or ordinance presently in effect or that may be amended or effective in the future.

19.8 Due Diligence. At LESSOR’s recommendation, LESSEE has investigated the Property for potential environmental contamination which may have occurred before the date of the Prior Lease or this Lease; LESSEE accepts the Property in its current environmental condition. After such investigation, LESSEE, based upon its current knowledge, agrees that the Property has not been subject to the use, generation, manufacture, storage, treatment, disposal, release or threatened release of hazardous

substances; and has not been subject to any actual or threatened assertions, claims or litigation of any kind by government agencies or other persons relating to such matters.

19.9 Access to Property. LESSEE authorizes LESSOR to enter upon the Property to make such reasonable inspections and tests as LESSOR may deem appropriate to determine compliance with this Lease; any such investigations or tests shall be for LESSOR's purposes only, and shall not be construed to create any responsibility or liability on LESSOR's part to LESSEE or any person.

19.10 Release from Future Claims. LESSEE hereby releases and freely waives any future claims against LESSOR for contribution or indemnity (whether under AS 46.03.822, other state law, or federal law) in the event LESSEE incurs or becomes liable for response costs, damages or costs of any kind because of the release, threatened release or presence of hazardous substances on or about the Property except to the extent that such presence predated this Lease or LESSEE's use of the Property under the Prior Lease.

19.11 Report of Events. LESSEE specifically agrees to report all releases, threatened releases, discharges, spills or disposal of hazardous substances, in whatever quantity, immediately to the appropriate regulatory authorities and simultaneously to LESSOR, and to keep LESSOR fully informed of any communication between LESSEE and any person or agency concerning potential environmental contamination and hazardous substances.

19. PORT OF VALDEZ

19.1. LESSEE to Use the Port of Valdez. LESSEE agrees that LESSEE will use all reasonable efforts to have all materials and equipment which LESSEE or LESSEE's contractors ship by water from points of origin outside of the State of Alaska, and which are incorporated into or used in the construction or operations on the Property, shipped by water directly to Valdez and unloaded in the Port of Valdez.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the dates herein below set forth, with the effective date of this Lease as set forth in the initial paragraph hereof.

LESSOR:

CITY OF VALDEZ

Date: _____

By: _____
_____, Mayor

Attest: _____
Sheri L. Pierce, MMC, City Clerk

LESSEE:

Date: _____

By: _____

Print name and representative capacity

APPROVED AS TO FORM:

BRENA, BELL & CLARKSON, P.C.
Attorneys for City of Valdez

By: _____
Anthony S. Guerriero

[illegible]

THIS IS TO CERTIFY that on this _____, day of _____, 2015, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared _____, known to me and to me known to be the _____ of Silver Bay Seafoods, LLC, on the behalf of which he/she executed the foregoing document, and he/she acknowledged to me that he/she signed the same as his/her free and voluntary act for the uses and purposes therein set forth.

WITNESS my hand and notarial seal the day and year first hereinabove written.

Notary Public in and for Alaska
My Commission Expires: _____

CITY OF VALDEZ, ALASKA

RESOLUTION # 17-27

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, AUTHORIZING A TIDELAND LEASE WITH VALDEZ TERMINAL, LLC FOR APPROXIMATELY 4 ACRES OF ATS 564

WHEREAS, the City of Valdez is the owner of ATS 564; and

WHEREAS, Valdez Terminal, LLC wishes to lease approximately 4 acres of this parcel for yard expansion and operations; and

WHEREAS, on May 10, 2017 the Planning & Zoning Commission approved a recommendation to lease this property; and

WHEREAS, on May 15, 2017 the Ports & Harbor Commission approved a recommendation to lease this property; and

WHEREAS, upon approval of an ordinance rezoning the property from Conservation to Light Industrial, this use will be in conformance with the zoning and the Comprehensive Plan; and

WHEREAS, Valdez Municipal Code provides for Tideland leases to have an initial term of 21 years and up to six five-year extensions; and

WHEREAS, the initial term of this lease will be 21 years with six five-year extensions.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

Section 1. The City Manager or her designee is authorized to negotiate this lease of a 4 acre portion of ATS 564 with Valdez Terminal, LLC.

Section 2. The initial term of the lease with be 21 years with six, five-year extensions

Section 3. The rental rate will be based on 10% of the fair market appraised value. Upon approval of the lease, and following a survey, the property will be appraised. The rental rate for the first five years of the lease will be 10% of the appraised value. The property will be re-appraised every five years and the rental rate adjusted accordingly. Valdez Terminal, LLC is responsible for the cost of the appraisal.

Section 4. The property must be surveyed to determine the boundaries and actual size of the parcel. Upon approval of the lease the property will be surveyed and platted. Valdez Terminal, LLC is responsible for the cost of the appraisal.

Section 5. The use of this property will be for the placement, operation, maintenance and storage of net pens.

Section 6. Effectiveness of this lease is conditional upon approval of an ordinance changing the zoning from Conservation to Light Industrial.

Section 7. In conformance with Valdez Municipal Code Section 4.08.160 this lease shall not become effective until public notice has been given for at least thirty days. This resolution shall be posted twice in a newspaper in the city and shall be posted on the official city bulletin board and two other public places in the city for thirty days prior to the effective date of the lease.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 5th day of July, 2017.

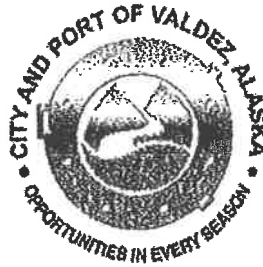
CITY OF VALDEZ, ALASKA

Ruth E. Knight, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk

OCT 05 2016

BY CITY OF VALDEZ
COMMUNITY DEVELOPMENT

CITY OF VALDEZ APPLICATION FOR LEASE OF CITY OWNED LAND

Application Fee: \$50.00 (Non-refundable)

FEE WAIVED FOR 2013 PER RES# 12-72

This form is to be completed by an individual or an organization proposing to lease City-owned land. Complete in full and to the best of your knowledge. Please explain any omissions and use additional pages where appropriate. If requested, proprietary and financial information of applicants that is so marked will be kept confidential.

The completed application shall be returned to the Valdez Community & Economic Development Department located in City Hall along with the Application fee.

A deposit of \$3,000 will be required prior to the City initiating any required appraisal or land survey. The deposit will be used to offset the cost of the appraisal and land survey. If additional funds are necessary, the applicant will be billed as part of the lease. If there is a balance, it will be applied to the first year's lease payment. This deposit will be the cumulative amount of any required appraisal, land survey or Phase I environmental analysis according to the following schedule:

* If a survey and/or appraisal are required:	\$3,000
* If a Phase I Environmental Analysis only is required:	\$3,000
* If a survey or appraisal and Environmental Analysis are required: (Required on all industrial land)	\$5,000

1. Name of Individual Completing Application Form:

Name: Rod DeWalt Phone: 206-601-2074
Daytime/ Message

Mailing Address: P.O Box 3757 Seattle, WA 98124-3757

2. If other individual(s) or an organization(s) will be a party to this application, indicate below. Attach additional pages as needed:

a) Name Everett Billingslea - Valdez Terminal LLC Phone: 206-241-8778

Mailing Address P.O. Box 3757 Seattle, WA 98124-3757

Relationship to other applicant(s) Manager of Alagnak Holdings, LLC

b) Organization's name Valdez Terminal, LLC

Address P.O. Box 3757 Seattle, WA 98124-3757

Primary Contact: Everett Billingslea

Title: Manager

Daytime Phone #: 206-241-8778

3. TYPE OF ORGANIZATION: (Check one)

Individuals _____

Business Corporation _____

General Partnership _____

Non-Profit Corporation _____

Limited Partnership X

Non-Profit Association _____

Other _____

If non-profit, has IRS Tax Exempt Status been obtained? Yes _____ No _____

If yes, attach letter of determination.

Note: Please submit, as appropriate, the following items with this application:

1. Current Alaska business license;
2. Designation of signatory authority to act for organization of other individuals;
3. Certificate and articles of incorporation;
4. Partnership agreement and amendments;
5. Charter/by-laws for non-profits;
6. Most recent annual financial statement;

4. Legal Description AFFECTED BY APPLICATION:

Located in Township _____ Range _____ Section, _____ Meridian

Lot/ Block/ Tract/ Subd. _____ Plat # _____

Other Description Portion of ATS 564 - US Survey 3682

Tax # _____ No. of Acres _____

5. DESCRIBE PROPOSAL. ATTACH NARRATIVE FOR FURTHER

DESCRIPTION AND A SITE PLAN (the description should include the use; value and nature of improvements to be constructed; the type of construction; and, the estimated dates for construction to commence and be completed).

6. WHAT IS THE TERM OF THE LEASE DESIRED?

10 year initial term with (2) 10 year options

7. IF THE REQUEST FOR A LEASE AT LESS THAN FAIR MARKET VALUE, PROVIDE JUSTIFICATION.

8. PLEASE STATE WHY YOU BELIEVE IT WOULD BE IN THE "BEST INTEREST OF THE CITY" TO APPROVE YOUR PROPOSAL AND PROCESS YOUR APPLICATION.

Approval will more firmly anchor the Lynden/Wilson Bros business in Valdez for the long term, and allow yard expansion. It will benefit seafood processors by ensuring their cargo continues to move through Valdez in the event of labor disruption or other problem at the city dock. Lynden is happy with service at the city dock and no plans to build a competing dock, and doing so absent an emergency would not be cost effective.

9. CURRENT STATUS OF LAND. DESCRIBE ANY EXISTING IMPROVEMENTS, PROVIDE PHOTOGRAPHS IF POSSIBLE.

Not developed

10. HAS APPLICANT PREVIOUSLY PURCHASED OR LEASED CITY LAND OR RESOURCES? ☐ YES ☒ NO. IF YES, PROVIDE LEGAL DESCRIPTION, TYPE OF PURCHASE OR LEASE, AND STATUS.

11. IF APPLICANT IS A BUSINESS OPERATION, LIST PRESENT BUSINESS ACTIVITIES.

Owner of Facilities located at 1800 Mineral Creek Loop Road that are leased to

Alaska Marine Lines / Wilson Brothers Trucking

12. IF REQUIRED, ARE YOU PREPARED TO SPEND FUNDS FOR THE FOLLOWING:

YES

NO

X

a) Performance bond

X

b) Damage deposit

X

c) General liability insurance

X

d) Worker's compensation insurance

X

e) Survey and platting

X

f) Appraisal fee

X

g) Closing fees, which may include title insurance, document preparation, escrow closing, and recording

X

h) Any federal, state and local permits required

X

i) Maintenance costs (present or future)

13. LIST THREE (3) CREDIT OR BUSINESS REFERENCES:

Name

Address

Phone #

14. HAS APPLICANT, OR AFFILIATED ENTITY, EVER FILED A PETITION FOR BANKRUPTCY, BEEN ADJUDGED BANKRUPT OR MADE AN ASSIGNMENT FOR THE BENEFIT OF CREDITORS?

NO

15. IS APPLICANT, OR AFFILIATED ENTITY, NOW IN DEFAULT ON ANY OBLIGATION TO, OR SUBJECT TO ANY UNSATISFIED JUDGEMENT OF LIEN? _____ YES X NO IF YES, EXPLAIN;

COMPLETE THE FOLLOWING APPLICANT QUALIFICATION STATEMENT FOR EACH INDIVIDUAL APPLICANT OR ORGANIZATION. ATTACH ADDITIONAL STATEMENTS IF NEEDED.

APPLICANT QUALIFICATION STATEMENT

I, _____
(Individual Name)

I, _____
(Individual Name)

I, Everett Billingslea On Behalf of Valdez Terminal, LLC
(Representative's Name) (Organization's Name)

P.O. Box 3757
(Address)

Seattle, WA 98125-3757
(City, State) (Zip)

do hereby swear and affirm for myself as applicant or as representative for the organization noted above that:

The Applicant is a citizen of the United States, over the age of nineteen;
and

If a group, association or corporation, is authorized to conduct business
Under the laws of the State of Alaska; and

Has not failed to pay a deposit or payment due the City in relation to
City-owned real property in the previous five (5) years; and

Is not currently in breach or default on any contract or lease for real
Property transactions in which the City has an interest; and

Has not failed to perform under or is not in default of a contract with the
City; and

Is not delinquent in any tax payment to the City.

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE
TO MY KNOWLEDGE.

Everett Billingslea 10-4-16
Applicant Signature Date

Applicant Signature Date

Everett Billingslea
Print Name

Print Name

Comdev\data/forms/LandLease&SalesForms/AppforLeaseofCityLand



Requested Lease | Lyndon
Approximately 4 acres of ATS 564

Requested Lease | VFDA
Approximately 3 acres from
a portion of ATS 564 and a
portion of Parcel A, ATS 564

MHW 11.2

CORPS OF ENGINEERS
APPROVED PERMITTED
AREA



LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made effective as of the ____ day of ____, 2017, between the CITY OF VALDEZ, a municipal corporation organized under the laws of the State of Alaska ("LESSOR"), and Valdez Terminal, LLC ("LESSEE").

I. RECITALS

A. LESSOR is the owner of certain real property having the following legal description ("Property"):

ATS 564

located in the Valdez Recording District, Third Judicial District, State of Alaska.

B. LESSOR desires to lease to LESSEE, and LESSEE desires to lease from LESSOR the Property, on the terms and conditions set forth in this Lease.

II. AGREEMENT

Based upon the foregoing Recitals which are incorporated herein by reference, and for good and valuable consideration the amount and sufficiency of which is hereby acknowledged, LESSOR and LESSEE agree as follows.

1. PROPERTY

1.1. Subject to Survey. A survey is required to delineate property boundaries and the size of the lease area. LESSEE is responsible for the costs of the survey.

1.2. Property. LESSOR leases to LESSEE and LESSEE leases from LESSOR the Property for the term, the rent, and subject to the terms, covenants and conditions hereinafter provided.

1.3. Quiet Enjoyment, Restrictions, Easements, Etc. LESSOR covenants and agrees that LESSEE, upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions and terms of this Lease on LESSEE's part to be kept or performed, shall lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation, subject, however, to the rights and reservations expressed in the U.S. Patent to the Property, the State of Alaska Patent to the Property, existing easements for roads, gas, electric, water, sewer and other utility

lines, restrictions of record and to encroachments ascertained by physical inspection of the Property.

1.4. Property Accepted "As Is." LESSEE acknowledges that prior to the execution of this Lease LESSEE has been in possession of the Property under the Prior Lease, has inspected the Property and accepts the same "as is" and without reliance on any representations or warranties of LESSOR, its agents, servants, or employees, as to the physical condition of the Property, including, but not limited to, subsurface and soil conditions, or as to its fitness, habitability or use for any particular purpose, or otherwise.

1.5. No Subsurface Rights. This Lease confers no mineral rights or rights with regard to the subsurface of the land below the level necessary for the use of the Property as stated in this Lease. LESSOR makes no warranty or representation as to whether the Property is subject to, open or closed to mineral claims or leases under state or federal law.

1.6. Appraisal Fee. An appraisal is required to determine the initial fair market appraised value of the property. LESSEE is responsible for the costs of the appraisal.

2. TERM

2.1. Lease Term. The initial term of this Lease shall be twenty-one (21) years, commencing on _____TBD_____ and ending on _____TBD_____.

2.2. Option to Renew. Provided that LESSEE is not in default of LESSEE's obligations under this Lease or the Lease has not be otherwise terminated at the time of exercise, LESSEE shall have rights to extend the initial term of this Lease for six (6) consecutive additional periods (each an "Option") of five (5) years (each an "Extension Period"). To exercise an Option, Tenant must give Landlord notice in writing of Tenant's exercise of an Option not less than ninety (90) days nor more than one hundred and eighty (180) days prior to the end of the upcoming expiring initial Lease term or Extension Period. Rent for an Extension Period shall be the rent set forth in Article 3 of this Lease.

2.3. Preference Rights to Re-Lease. LESSEE shall upon expiration of this Lease, and pursuant to Section 14.04.210 of the Valdez Municipal Code, as may be amended from time-to-time, be allowed a preference right to re-lease the Property, provided the LESSEE is not in breach or default of any of the terms or conditions of the Lease at the time of Lease expiration, unless it shall be determined by LESSOR that the renewal of this Lease is not in the best interests of LESSOR.

2.4. Application to Re-Lease. If, at the expiration of this Lease, the LESSEE desires to re-lease the Property, LESSEE shall, not sooner than ninety calendar days and not later than sixty calendar days prior to the expiration, make application to re-lease the Property.

The re-lease application shall certify the character and value of all improvements placed by LESSEE on the Property, the purpose and lengths for which the re-lease is desired, and any other information that LESSOR may require. Applications to re-lease shall be submitted to the same application review as new applications for lease, pursuant to Sec. 14.04 of the Valdez Municipal Code as may be amended from time-to-time.

2.5. Hold-over. If LESSEE shall hold-over after the expiration of the term of this Lease such tenancy shall be from month to month, subject to all the terms, covenants and conditions of this Lease.

2.6. Surrender of Possession. Upon expiration of the term of this Lease, whether by lapse of time or otherwise, LESSEE shall promptly and peaceably surrender the Property, and all buildings and improvements thereon, except as provided in Article 17 of this Lease, and LESSEE agrees to execute, acknowledge and deliver to LESSOR a proper instrument in writing, releasing and quitclaiming to LESSOR all right, title and interest of LESSEE in and to the Property and all such buildings and improvements thereon.

3. RENT, TAXES, ASSESSMENTS AND UTILITIES

3.1. Rent. The LESSEE agrees to pay to LESSOR an annual rent of ten percent (10%) of the fair market appraised value of the Property, in quarterly installments to be made not later than January 1st, April 1st, July 1st, and October 1st, respectively, during each year of the term of this Lease, including any Extension Period. Rent for the portion of the quarter coinciding with the commencement of the Lease term shall be on the day the term commences. Rent for any partial quarter shall be prorated at the rate of 1/12th of the annual rent per month or portion thereof. For the first five (5) years of the Lease term, the appraised value of the Property is agreed to be _____TBD_____ DOLLARS (\$TBD) resulting in an annual rent of _____TBD_____ DOLLARS (\$TBD) per year, to be paid in quarterly installments of _____TBD_____ DOLLARS (\$TBD). Rent shall be payable at the office of the City Manager, P.O. Box 307, Valdez, Alaska 99686, or at such other place as LESSOR may designate in writing. Delinquent rent shall bear interest at the rate of twelve percent (12%) per annum.

3.2. Adjustment of Rent. The Property will be reappraised and the annual rent accordingly adjusted every five (5) years during the term of this Lease, including any Extension Period. Such appraisal will be based on the value of the Property and shall not include the value of buildings or improvements placed on the Property by LESSEE. The appraised value of the Property for the purposes of determining the annual rental shall be an appraisal done by a State of Alaska licensed appraiser of LESSOR's selection. In no event, however, shall the annual rent be less than the original annual rent set forth in paragraph 3.1. Nothing in this paragraph shall prevent the annual reassessment of the Property and its improvements for tax purposes to determine its true value as provided by law.

3.3. LESSEE to Pay Taxes. LESSEE shall pay prior to delinquency and directly to the taxing authorities in which the Property is located all real property taxes levied or assessed upon or against the Property and improvements thereon during the term of this Lease. LESSEE shall also pay prior to delinquency and directly to the taxing authorities in which the Property is located all personal property taxes levied on personal property situated on the Property and placed thereon by LESSEE, its agents, authorized representatives, or employees. LESSEE shall further pay prior to delinquency any other taxes for which it may be liable. LESSEE shall, within thirty (30) days after any such tax, assessment or other charge, whether or not constituting a lien on the Property, shall become due and payable, produce and exhibit to LESSOR satisfactory evidence or payment thereof.

3.4. LESSEE to Pay Assessments. LESSEE shall pay directly to the public authorities charged with collection thereof any and all assessments levied on the Property for any part or all of the costs of any public work or improvement assessed according to benefit found by the levying authority to accrue therefrom to the Property, provided, however, that if an option is given to pay such assessment(s) in installments, LESSEE may elect to pay the same in installments, and in such case LESSEE shall be liable only for such installments as shall accrue during the term of this Lease. LESSOR makes no warranty or representations regarding any outstanding assessments levied on the Property for any part or all of the cost of any public work or improvement constructed by LESSOR or any public utility company. It is LESSEE's responsibility to verify if there are any assessments against the subject property by any utility provider.

3.5. Proration of Taxes and Assessments. If LESSEE's obligation to pay taxes or assessments commences or ends during a tax year (rather than at the beginning or end of a tax year), such obligation shall be prorated between LESSOR and LESSEE.

3.6. Contest. LESSEE shall have the right to contest any taxes or assessments which LESSEE is obligated to pay under paragraphs 3.3 or 3.4 of this Lease. Such proceedings shall, if instituted, be conducted promptly at LESSEE's own expense and free from all expense to LESSOR. Before instituting any such proceedings, LESSEE shall pay under protest any such taxes or assessments, or shall furnish to LESSOR a surety bond written by a company acceptable to LESSOR or other security acceptable to LESSOR, sufficient to cover the amount of such taxes or assessments, with interest for the period which such proceedings may reasonably be expected to take, and costs, securing the payment of such taxes or assessments, interest and costs in connection therewith when finally determined. Notwithstanding the furnishing of any such bond or security, LESSEE shall pay any such taxes or assessments at least thirty (30) days before the time when the Property or any part thereof, might be forfeited. The proceedings referred to in this paragraph 3.6 shall include appropriate appeals from any order or judgments therein, but all such proceedings shall be begun as soon as reasonably possible after the imposition or assessment of any such taxes or assessments and shall be prosecuted to final adjudication promptly. In the

event of any reduction, cancellation or discharge, LESSEE shall pay the amount that shall be finally levied or assessed against the Property or adjudicated to be due and payable, and, if there shall be any refund payable by the governmental authority with respect thereto, LESSEE shall be entitled to receive and retain the same, subject, however, to apportionment proration provided in paragraph 3.5 of this Lease. LESSOR, at LESSOR's option, may, but shall not be obligated to, at LESSOR's own expense contest any such taxes or assessments, which shall not be contested as set forth above, and, unless LESSEE shall promptly join with LESSOR in such contest and pay all costs and attorneys' fees of LESSOR therein, LESSOR shall be entitled to receive and retain any refund payable by any governmental authority with respect thereof.

3.7. LESSEE to Pay Utility Charges. LESSEE shall pay or cause to be paid all charges for gas, oil, electricity, water, sewer, heat, snow removal, refuse removal and any and all other utilities or services used upon the Property throughout the term of this Lease, including any connection fees.

3.8. Additional Rent and LESSOR's Right to cure LESSEE's Default. All costs and expenses which LESSEE assumes or agrees to pay pursuant to this Lease shall, at LESSOR's election, be treated as additional rent, and, in the event of nonpayment, LESSOR shall have all rights and remedies provided in this Lease in the case of nonpayment of rent or of a breach of condition, at LESSOR's election. If LESSEE shall default in making any payment required to be made by LESSEE or shall default in performance of any term, covenant or condition of this Lease on the part of LESSEE to be kept, performed or observed which shall involve the expenditure of money by LESSEE, LESSOR at LESSOR's option may, but shall not be obligated to, make such payment, or, on behalf of LESSEE, expend such sum as may be necessary to keep, perform or observe such term, covenant or condition, and any and all sums so expended by LESSOR, with interest thereon at the rate of twelve percent (12%) per year from the date of such expenditure until repaid, shall be, and shall be deemed to be, additional rent and shall be repaid by LESSEE to LESSOR, on demand, provided, however, that no such payment or expenditure by LESSOR shall be deemed a waiver of LESSEE's default, nor shall it affect any remedy of LESSOR by reason of such default.

4. USE

4.1. Use. LESSEE shall use the Property for the purpose of yard expansion and operation. LESSEE shall not conduct any illegal activities on the Property or maintain any nuisances on the Property.

4.2. Radio Interference. At the LESSOR's request, the LESSEE shall discontinue the use of any machine or device which interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated provided that such a request is based upon a reasonable belief that LESSEE's machine or device is the source of the interference.

5. IMPROVEMENTS

5.1. Alterations and Additions. LESSEE may not make alterations, improvements, additions, or changes to the Property, or any part thereof, without the prior written consent of LESSOR, which consent may be withheld for any reason. To the extent LESSOR obtains such consent, and undertakes any such alteration, improvement, addition, or change to the Property, LESSEE shall ensure that the same complies with all applicable local, state, and federal laws and shall indemnify LESSOR, and hold LESSOR harmless, from any and all liability that may arise from the same. All costs of any such alteration, improvement, addition and/or change shall be at LESSEE's sole cost and expense, unless otherwise agreed in writing. LESSOR shall keep the Property free from liens or encumbrances of any nature. Upon the termination of this Lease, all such alterations, improvements, additions, and changes with the exception of trade fixtures as set forth in Section 6.1 shall belong to Landlord, unless LESSOR elects to have LESSEE remove the same and reinstate the PROPERTY to its condition prior to such alteration, improvement, addition or change, all at LESSOR's sole expense. LESSOR may post the Property with notices of non-responsibility for labor and materials supplied thereto.

5.2. Notice of Construction. LESSEE shall give LESSOR no less than ten days written notice prior to the commencement of any LESSOR approved construction, alteration or repair of any improvements constructed or made by LESSEE on the Property so that LESSOR may, if it so elects, give notice of nonresponsibility pursuant to AS 34.35, as now enacted or hereafter amended.

5.3. Landscaping. LESSEE shall landscape the areas surrounding any buildings or improvements constructed or maintained on the Property in a pleasing and aesthetic manner consistent with the scenic nature and natural vegetation of the Property and the surrounding land, and shall maintain such landscaping in good condition.

5.4. Workers Compensation Insurance. No construction shall commence or continue without satisfactory proof that workers compensation insurance has been procured to cover all persons employed in connection with the construction. Upon request by LESSOR, LESSEE shall make such proof available to LESSOR for inspection. Any deficiency with regard to such insurance requirement shall be cured immediately by LESSEE and no work will be performed on any such construction project until the LESSOR has satisfactory proof that required workers compensation insurance is in place.

6. TRADE FIXTURES

6.1. LESSEE's Ownership of Trade Fixtures, Machinery and Equipment. Any and all trade fixtures (including electrical fixtures), machinery, equipment of any nature whatsoever and other personal property of LESSEE at any time placed or maintained upon the Property by LESSEE shall be and remain property of the LESSEE and may be removed or replaced at any time during the term or at the termination of this Lease.

7. ASSIGNMENT AND SUBLETTING

7.1. Assignment Without Consent Generally Prohibited. LESSEE shall not voluntarily assign or encumber its interest in this Lease or in the Property, or sublet all or any part of the Property, or allow any other person or entity (except LESSEE's authorized representatives) to occupy or use all or any part of the Property without first obtaining LESSOR's written consent. Any assignment, encumbrance or sublease without LESSOR's consent shall be voidable and, at LESSOR's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this paragraph. If LESSEE is a partnership, a withdrawal or change, voluntary, involuntary or by operation of law, of any partner or partners owning fifty percent (50%) or more of the partnership, or the dissolution of the partnership, shall be deemed a voluntary assignment. If LESSEE is a corporation, any dissolution, merger, consolidation or other reorganization of LESSEE, or the sale or other transfer of a controlling percentage of the capital stock of LESSEE or the sale of fifty-one percent (51%) of the value of the assets of LESSEE, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty-one percent (51%) of the total combined voting power of all classes of LESSEE's capital stock issued, outstanding and entitled to vote for the election of directors. As to a corporation the stock of which is traded through an exchange or over the counter, a sale or other transfer of a controlling percentage of the capital stock of such a LESSEE corporation will not be deemed to be a voluntary assignment. Any assignment affected pursuant to this paragraph 7.2 shall require the assignee to assume the LESSEE's obligations hereunder. LESSEE shall promptly deliver to LESSOR a copy of any assignment instrument. Any assignment shall not release the LESSEE from liability hereunder.

7.2. Assignment of Rents to LESSOR. LESSEE immediately and irrevocably assigns to LESSOR, as security for LESSEE's obligations under this Lease, all rent from any approved subletting of all or a part of the Property as permitted by this Lease, and LESSOR, as assignee and attorney-in-fact for LESSEE or a receiver for LESSEE appointed on LESSOR's application, may collect such rent and apply it toward LESSEE's obligations under this Lease, except that, until the occurrence of an act of default by LESSEE, LESSEE shall have the right to collect such rent.

7.3. Costs of LESSOR's Consent to Be Borne by LESSEE. LESSEE shall pay to LESSOR, on demand, reasonable costs, including attorney's fees, incurred by LESSOR in connection with any request by LESSEE for LESSOR's consent to any assignment or subletting by LESSEE.

8. LIENS

8.1. Prohibition of Liens. LESSEE shall not suffer or permit any liens, including without limitation, mechanic's or materialman's liens, to be recorded against the

Property. If any such liens shall be recorded against the Property, LESSEE shall cause the same to be removed, or, in the alternative, if LESSEE in good faith desires to contest the same, LESSEE shall be privileged to do so, but in such case LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment or foreclosure of such liens, cause the same to be discharged and removed prior to any attempt at execution of such judgment. Nothing contained in this Lease shall be construed to be a waiver of the provisions of AS 09.38.015(c), as may be amended from time to time.

9. INDEMNITY

9.1. Indemnity. Except for claims arising solely out of acts or omissions of LESSOR, its agents, servants, employees or contractors, LESSEE agrees to protect, defend, indemnify and hold LESSOR harmless from and against any and all liability arising from acts or omissions of LESSEE, its agents, servants, employees or contractors occurring on or relating to the Property or relating to the operation of LESSEE's business, causing injury to, or death of persons, or loss of, or damage to, property, and from any expense, including reasonable attorneys' fees, incident to the defense of and by LESSOR therefrom. If any action or proceeding is brought against LESSOR by reason of any such occurrences, LESSOR shall promptly notify LESSEE in writing of such action or proceeding.

10. INSURANCE

10.1. Liability Insurance. LESSEE, during the term of this Lease, shall carry at its expense commercial general liability insurance covering the Property in an amount of not less than ONE MILLION DOLLARS (\$1,000,000.00) combined single limit to protect against liability for personal injury, death or property damage, including without limitation damage caused by the release or threatened release of hazardous material or substance (as defined in paragraph 18.5 below), which might arise from the construction on, occupancy of, or use of the Property and the operations conducted on it. Said insurance shall insure performance by LESSEE of the indemnity provisions of paragraph 9.1. At LESSOR's sole and reasonable discretion, LESSOR may increase the amount of insurance required at five (5) year intervals.

10.2. Named Insured, Notice to LESSOR, and Waiver of Subrogation. All insurance policies required to be maintained by LESSEE under paragraph 10.1 shall name LESSOR, and its officers, employees and agents, as additional insureds. All policies issued under paragraph 10.1 shall contain an agreement by the insurers that such policies shall not be canceled without at least twenty (20) days prior written notice to LESSOR, and certificates or copies of all such insurance policies shall be furnished to LESSOR promptly after the issuance thereof. All policies issued under paragraph 10.1 shall contain a waiver of any subrogation rights any insurer might have against LESSOR.

10.3. Fire and Extended Coverage Insurance. LESSEE shall at its own expense and in its own name obtain insurance against loss or damage by fire and such other risks as it determines to cover buildings, equipment, inventory, fixtures, personal property and improvements made to the Property by LESSEE subsequent to LESSEE's taking possession of the Property under this Lease.

11. CARE OF PROPERTY

11.1. LESSEES's Maintenance and Repair Obligations. LESSEE shall at its own cost and expense keep the Property, and every part thereof including without limitations all improvements situated on the Property and all structural, mechanical, plumbing and electrical improvements to the Property, in good condition and repair. LESSEE shall upon the expiration or sooner termination of this Lease, quit and peacefully surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear excepted. The Property shall always be kept by LESSEE neat, clean and free of litter.

11.2. Restoration or Removal of Damaged Buildings and Improvements. In the event any buildings or improvements situated on the Property by LESSEE are damaged or destroyed by fire or other casualty, LESSEE shall at LESSEE's expense restore the same to good and tenantable condition or shall remove the same as soon as is reasonably possible, but in no event shall the period of restoration exceed twenty-four (24) months nor shall the period of removal exceed one hundred eighty days (180) days.

11.3. Access Rights of LESSOR. LESSOR, its agents, servants or employees, shall have the right to enter into and upon the Property and all buildings or improvements situated thereon upon reasonable notice to LESSEE and during normal business hours (defined as 9:00 a.m. to 5:00 p.m. Monday through Friday except for holidays as defined in paragraph 15.5 of this Lease) for the purpose of inspecting the Property and all buildings and improvements situated thereon for compliance with the terms of this Lease.

11.4. Nuisances Prohibited. LESSEE shall immediately remove from the Property any abandoned or junk vehicles, buildings, improvements, equipment, machinery or fixtures. LESSEE shall not permit any nuisance or public nuisance to exist or to be created or maintained on the Property. LESSEE agrees that any nuisance or public nuisance as defined by the Valdez City Code, or any other code or regulations incorporated therein or otherwise adopted by ordinance or resolution of the City of Valdez, may, after five days written notice to LESSEE, be removed by LESSOR without LESSEE's further permission, with use of force if necessary, and without incurring any civil or criminal liability therefore, all the costs of such removal to be paid by LESSEE to LESSOR as additional rent under the terms of this Lease. This paragraph shall not be construed as any limitation on any other legal rights or remedies available to the City of Valdez to abate any nuisance or to prosecute any violation of the Valdez City Code.

12. LAWS

12.1. Compliance with Laws. LESSEE shall comply with all applicable laws, ordinances and regulations of duly constituted public authorities now or hereafter in any manner affecting LESSEE's activities on the Property or any buildings or other improvements which may be situated thereon, whether or not any such laws, ordinances or regulations which may be hereafter enacted involve a change of policy on the part of the governmental body enacting the same. In the event of a conflict between the provisions of this Lease and the City of Valdez Municipal Code, the latter shall control.

13. CONDEMNATION

13.1. Condemnation. In the event the Property, or any part thereof or interest therein, shall be taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, or shall be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, the interests of LESSOR and LESSEE in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease shall be as provided in this Article 13.

13.2. Total Taking. If all of the Property is taken or so transferred, this Lease and all the right, title and interest thereunder of LESSEE shall cease on the date title to the Property vests in the condemning authority.

13.3. Partial Taking - Termination of Lease. In the event the taking or transfer of part of the Property leaves the remainder of the Property in such location, or in such form, shape or reduced size, or so inaccessible as to be not effectively and practicably usable in the reasonable opinion of LESSEE for the purpose of operation thereon of LESSEE's business, then this Lease and all of the right, title and interest thereunder of LESSEE shall cease on the date title to the Property vests in the condemning authority, and the condemning authority enters into possession.

13.4. Partial Taking - Continuation of Lease. In the event the taking or transfer of a part of the Property leaves the remainder of the Property in such location and in such form, shape or size, or so accessible as to be effectively and practicably usable in the reasonable opinion of LESSEE for the purpose of operation thereon of LESSEE's business, this Lease shall terminate and end as to the portion of the Property so taken or transferred as of the date title to such portion vests in the condemning authority and the condemning authority enters into possession, but shall continue in full force and effect as to the portion of the Property not so taken or transferred. If there is a partial taking and this Lease is not terminated, then the annual rent payable under this Lease shall abate for the portion of the Property taken in the proportion that such portion bears to all of the Property.

13.5. Compensation. Any compensation received or payable as a result of eminent domain proceedings or a transfer in lieu thereof shall be apportioned to LESSOR and LESSEE as follows: (a) LESSOR shall be entitled to such portion of the compensation

attributable to LESSOR's interest in this Lease, LESSOR's ownership interest in the Property, and LESSOR's interest in any improvements to the Property; and (b) LESSEE shall be entitled to such portion of the compensation attributable to LESSEE's interest in this Lease, and LESSEE's interest in an improvements to the Property. LESSEE shall have the right to claim and recover from the condemning authority compensation for any loss to which LESSEE may be entitled for LESSEE's moving expenses, interference with LESSEE's business, and damages relating to any trade fixtures, machinery or equipment owned by LESSEE, provided, however, that such compensation can be claimed only if separately awarded in the eminent domain proceeding or transfer in lieu thereof agreed to by LESSOR, and not as a part of the compensation recoverable by LESSOR.

14. DEFAULT

14.1. Default. Each of the following events shall be deemed an event of default by the LESSEE under this Lease and a breach of the terms, covenants and conditions of this Lease:

14.1.1. A default in the payment of the rent and additional sums due under this Lease, or any part thereof, for a period of fifteen (15) days from the due date for the payment of such rent or additional sums.

14.1.2. A default in the performance of any other term, covenant or condition on the part of the LESSEE to be kept, performed or observed for a period of thirty (30) days after LESSOR gives to LESSEE a written notice specifying the particular default or defaults; provided, however, that any default on the part of LESSEE in the performance of work or acts required by him to be done, or conditions to be modified, shall be deemed to be cured if steps shall have been taken promptly by LESSEE to rectify the same and shall be prosecuted to completion with diligence and continuity.

14.1.3. The filing of a petition by or against LESSEE for adjudication as a bankrupt under the Federal Bankruptcy Code, as now enacted or hereafter amended, or for arrangement pursuant to Chapter XI of the Bankruptcy Code.

14.1.4. The making by LESSEE of an assignment of this Lease or the Property as set forth in Section 7.1 for the benefit of creditors.

14.1.5. The appointment of a receiver by a court of competent jurisdiction for LESSEE's business.

14.1.6. The levy upon execution or attachment by process of law of the leasehold interest of LESSEE in the Property.

14.1.7. The use of the Property or buildings and improvements thereon for purposes other than those enumerated herein, to which LESSOR has not given its written consent.

14.1.8. The abandonment of the Property by LESSEE.

14.2. LESSOR's Remedies. In the event of any default by LESSEE as recited in paragraph 14.1 of this Lease, LESSOR shall have all of the below enumerated rights and remedies, all in addition to any rights and remedies that LESSOR may be given by statute, common law or otherwise. All rights of LESSOR shall be cumulative, and none shall exclude any other right or remedy. LESSOR's rights and remedies include the following:

14.2.1. LESSOR may declare the term of this Lease ended by written notice to LESSEE. Upon termination of this Lease, LESSEE shall surrender possession and vacate the Property immediately and deliver possession thereof to LESSOR, and LESSEE hereby grants to LESSOR full and free license to enter into and upon the Property in such event with or without process of law and to repossess LESSOR of the Property and to expel or remove LESSEE and any others who may be occupying or within the Property and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing LESSOR's right to rent or any other right given to LESSOR hereunder or by operation of law.

14.2.2. LESSOR may by written notice declare LESSEE's right to possession of the Property terminated without terminating this Lease. Upon such termination of LESSEE's right to possession, LESSOR shall have all the rights to repossess the Property and remove LESSEE and LESSEE's property that are enumerated in paragraph 14.2.1..

14.2.3. LESSOR may relet the Property in whole or in part for any period equal to or greater or less than the remainder of the term of this Lease, for any sum which LESSOR may deem reasonable, except as provided in paragraph 14.2.5.2.

14.2.4. LESSOR may collect any and all rents due or to become due from subtenants or other occupants of the Property.

14.2.5. LESSOR may recover, whether this Lease be terminated or not, from LESSEE, damages provided for below consisting of that referenced in subparagraphs 14.2.5.1.1, and 14.2.5.1.2, or, in lieu of that referenced in subparagraph 14.2.5.1.2, those referenced in subparagraph 14.2.5.1.3:

14.2.5.1.1. reasonable attorney's fees and other expenses incurred by LESSOR by reason of the breach or default by LESSEE; and

14.2.5.1.2. an amount equal to the amount of all rent and additional sums reserved under this Lease, less the net rent, if any, collected by LESSOR on reletting the Property, which shall be due and payable by LESSEE to LESSOR on the several days on which the rent and additional sums reserved in this Lease would have become due and

payable; that is to say, upon each of such days LESSEE shall pay to LESSOR the amount of deficiency then existing such net rent collected on reletting by LESSOR shall be computed by deducting from the gross rent collected all expenses incurred by LESSOR in connection with the reletting of the Property, or any part thereof, including broker's commission and the cost of renovating or remodeling the Property or the buildings or improvements thereon, provided, however, LESSOR must take diligent effort in reletting the Property to obtain a rental rate as close to or above that required of LESSEE under this Lease or else LESSOR will not have access to the remedy set out in this subparagraph 14.2.5.1.2, or

14.2.5.1.3. an amount to be due immediately on breach, equal to the difference between the rent and the fair and reasonable rental value of the Property for the same period. In the computation of such damages the difference between any installment of rent thereafter becoming due and the fair and reasonable value of the Property for the period for which such installment was payable shall be discounted to the date of such breach at the rate of eight percent (8%) per year.

14.2.6. Reentry or reletting of the Property, or any part thereof, shall not be deemed a termination of this Lease, unless expressly declared to be so by LESSOR.

14.2.7. If this Lease shall be deemed terminated, LESSEE's liabilities shall survive and LESSEE shall be liable for damages as provided in paragraph 14.2 and its sub-parts.

15. GENERAL PROVISIONS

15.1. Estoppel Certificates. Either party shall at any time and from time to time upon not less than thirty (30) days prior written request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Lease is unamended and in full force and effect (or, if there has been any amendment thereof, that the same is in full force and effect as amended and stating the amendment or amendments), that there are no defaults existing, (or, if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the rent and other charges have been paid in advance.

15.2. Conditions and Covenants. All the provisions of this Lease shall be deemed as running with the land, and shall be construed to be "conditions" as well as "covenants," as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

15.3. No Waiver of Breach. No failure by either LESSOR or LESSEE to insist upon the strict performance by the other of any term, covenant or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such terms, covenants or conditions. No waiver of any breach

shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

15.4. Time of Essence. Time is of the essence of this Lease and of each provision.

15.5. Computation of Time. The time in which any act provided by this Lease is to be done is computed by excluding the first (1st) day and including the last, unless the last day is a Saturday, Sunday or a holiday, and then it is also excluded. The term "holiday" shall mean all holidays as defined by the statutes of Alaska.

15.6. Successors in Interest. Each and all of the terms, covenants and conditions in this Lease shall inure to the benefit of and shall be binding upon the successors in interest of LESSOR and LESSEE.

15.7. Entire Agreement. This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease, and no other agreement, statement or promise made by any party which is not contained in this Lease shall be binding or valid.

15.8. Governing Law/Jurisdiction/Venue. This Lease shall be governed by, construed and enforced in accordance with the laws of the state of Alaska. Any litigation arising out of the enforcement of rights or performance of the parties under this Lease, or its interpretation, shall be brought in the courts of the State of Alaska, Third Judicial District at Valdez.

15.9. Partial Invalidity. If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated, unless such provisions are considered by LESSEE to be integral to LESSEE's use of the Property for the purposes stated herein in which case LESSEE will have the authority to terminate this Lease upon thirty (30) days' written notice to LESSOR.

15.10. Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between LESSOR and LESSEE; and neither the method of computation of rent, nor any other provision contained in this Lease nor any acts of the parties, shall be deemed to create any relationship between LESSOR and LESSEE other than the relationship of LESSOR and LESSEE.

15.11. Interpretation. The language in all parts of this Lease shall in all cases be simply construed according to its fair meaning and not for or against LESSOR or LESSEE as both LESSOR and LESSEE have had opportunity for the assistance of attorneys in drafting and reviewing this Lease.

15.12. Number and Gender. In this Lease, the neuter gender includes the masculine and the feminine, and the singular number includes the plural; the word “person” includes corporation, partnership, firm or association wherever the context so requires.

15.13. Mandatory and Permissive. “Shall,” “will,” and “agrees” are mandatory; “may” is permissive.

15.14. Captions. Captions of the paragraphs of this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

15.15. Amendment. This Lease is not subject to amendment except in writing executed by all parties hereto.

15.16. Delivery of Notices - Method and Time. All notices, demands or requests from one party to another shall be delivered in person or be sent by mail, certified or registered, postage prepaid, to the addresses stated in paragraph 15.17 and shall be deemed to have been given at the time of delivery or, if mailed, three (3) days after the date of mailing.

15.17. Notices. All notices, demands and requests from LESSEE to LESSOR shall be given to LESSOR at the following address:

City Manager
City of Valdez
P.O. Box 307
Valdez, Alaska 99686

All notices, demands or requests from LESSOR to LESSEE shall be given to LESSEE at the following address:

Valdez Terminal, LLC
Attn: Everett Billingslea
1800 International Blvd, Suite 800
Seattle, WA 98188

15.18. Change of Address or Agent. Each party shall have the right, from time to time, to designate a different address or different agent for service of process by notice given in conformity with paragraph 15.16.

15.19. Furnishing of Information. Upon LESSOR’s written request, LESSEE shall provide LESSOR with copies of articles of incorporation and bylaws, partnership agreements, joint venture agreements or other reasonably related documents which shall

define the manner of organization and the ownership of any business or activities to be conducted upon the Property, together with all future amendments thereto. LESSOR shall treat such information as confidential and not release it to a third party unless legally compelled to do so. LESSEE and LESSEE's assignee or sublessee shall also provide the same information regarding any assignee or sublessee of LESSEE.

15.20. Recordation. This Lease or a memorandum thereof may be recorded by LESSOR, or by LESSEE at LESSEE's expense with the State of Alaska designated Recorder's Office for the recording of documents related to the Property.

15.20.1. LESSOR's Lien and Security Interest. LESSOR shall have a lien on, and LESSEE hereby grants LESSOR a security interest on, improvements, equipment and fixtures, which are or may be put on the premises by LESSEE, to secure the payment of the rent and additional sums reserved under this Lease. If LESSEE shall default in the payment of such rent, LESSOR may, at its option, without notice or demand, take possession of and sell such property in accordance with the Uniform Commercial Code of Alaska or other applicable law. LESSOR shall apply the proceeds of sale as follows:

- (a) To the expense of sale, including all costs, fees and expenses of LESSOR and LESSOR's reasonable attorney's fees in connection with such sale;
- (b) To the payment of such rent; and
- (c) The surplus, if any, to LESSEE.

16. OWNERSHIP OF IMPROVEMENTS AND FIXTURES ON TERMINATION

16.1. Permanent Improvements. Upon the termination of this Lease, except as provided in paragraph 17.2 below, all buildings and structures, alterations, improvements, additions, and changes to the Property shall be owned by and be property of LESSOR, unless LESSOR elects to have LESSEE remove the same or any part thereof and reinstate the Property to its condition prior to such the construction of such building, structure, alteration, improvement, addition or change, all at LESSEE's sole expense.

16.2. LESSEE May Remove Trade Fixtures, Machinery and Equipment. Subject to other provisions of this Lease, trade fixtures, machinery and equipment owned by LESSEE may be removed by LESSEE from the Property within sixty (60) days after the expiration or termination of this Lease; provided that such removal will not cause injury or damage to the Property, or if it does, LESSEE shall indemnify LESSOR for the full amount of such damage; and further provided that any buildings, improvements, fixtures, machinery or equipment left on the Property by LESSEE shall be in good, safe and tenantable or operable condition; and further provided that LESSEE shall not commit, create, leave or allow to exist on the Property any nuisance or public nuisance. LESSOR

may extend the time for such removal in case hardship is shown to LESSOR's satisfaction, provided application for extension has been made in writing and received by LESSOR within said sixty (60) day period.

16.3. Property Not Removed. Any trade fixtures, machinery, equipment or other items of property, which are not removed from the Property within the time allowed in paragraph 17.2 of this Lease, shall immediately become the property of LESSOR and title thereto shall vest in LESSOR without further action on the part of LESSEE or LESSOR. LESSOR may use, sell, destroy, or otherwise dispose of any such property in any matter which it sees fit, without further obligation to LESSEE and subject to LESSEE's indemnification obligations under paragraph 17.2.

17. NONDISCRIMINATION

17.1. LESSEE Will Not Discriminate. LESSEE agrees that in its use and occupancy of the Property it will not, on the grounds of race, color, religion, national origin, ancestry, age, or sex, discriminate or permit discrimination against any prospective occupant, patron, customer, employee, applicant for employment or other person or group of persons in any manner prohibited by federal, state or local law or regulations promulgated thereunder.

18. HAZARQOUS MATERIALS

18.1. Condition of Property. LESSEE has had full opportunity to examine the Property for the presence of any Hazardous Material and accepts the Property in "as is" condition. LESSEE acknowledges that LESSOR, its agents, authorized representatives or employees have made no representations as to the physical conditions of the Property, including but not limited to the subsurface and soil conditions. LESSEE accepts the Property in an "as is" condition. LESSEE does not accept or assume responsibility or liability for pre-existing subsurface and/or soil conditions, including, but not limited to Hazardous Materials and/or Environmental contamination that is unknown and/or undisclosed to LESSEE at the time of execution of this Lease.

18.2. Release of LESSOR. Any other provision of this Lease to the contrary notwithstanding, LESSEE releases LESSOR from any and all claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs or expenses (including, without limitation, a decrease in the value of the Property, damages due to loss or restriction of usable space, and attorneys' fees, court costs, litigation expenses, and consultant and expert fees) arising before, during or after the term of this Lease, and resulting from the use, keeping, storage or disposal of Hazardous Material on the Property provided that such Hazardous Material did not arise solely out of acts or omissions of LESSOR. This release includes, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by a federal, state or local agency or political subdivision or by law.

18.3. Use of Hazardous Materials on the Property.

18.3.1. LESSEE shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Property by LESSEE or its authorized representatives or invitees, except for such Hazardous Material as is necessary or useful to LESSEE's permitted use of the Property.

18.3.2. Any Hazardous Material permitted on the Property as provided in this paragraph, and all containers therefore, shall be used, kept, stored and disposed of in a manner that complies with all laws or regulations applicable to any such Hazardous Material.

18.3.3. LESSEE shall not discharge, leak or emit, or permit to be discharged, leaked or emitted, any material into the atmosphere, ground, sewer system or any body of water, if such material (as reasonably determined by the LESSOR, or any governmental authority) does or may, pollute or contaminate the same, or may adversely affect (a) the health, welfare or safety of persons, whether located on the Property or elsewhere, or (b) the condition, use or enjoyment of the Property or any other real or personal property.

18.3.4. LESSEE hereby agrees that it shall be fully liable for all costs and expenses related to the use, storage and disposal of Hazardous Material kept on the Property by the LESSEE, its authorized representatives and invitees, and the LESSEE shall give immediate notice to the LESSOR of any violation or potential violation of the provisions of subparagraphs 19.3 and its subparagraphs.

18.4. Indemnification of LESSOR by LESSEE for Environmental Contamination. Lessee agrees to forever protect, defend, indemnify and hold harmless LESSOR from and against any and all losses, claims, investigations, assertions, liens, demands and causes of action of every kind and character (including without limitation any assertions or claims made against LESSOR, LESSEE or third parties, by government agencies or third parties, alleging the release or threatened release of hazardous substances or environmental contamination of any kind on or in connection with the Property) and all costs thereof (including without limitation costs of removal action, remedial action, other "response costs" as that term is defined under applicable federal and state law, attorney's fees, penalties, damages, interest and administrative/court costs incurred by Lessor in response to and defense of same) arising in favor of any party, including LESSOR, and arising from or connected with LESSEE's activities under this Lease or LESSEE's use of or presence on the Property, whether such activities, use or presence are those of LESSEE or LESSEE's agents, subcontractors or other representatives. LESSEE acknowledges that this indemnification clause shall survive termination of this Lease, and that it applies regardless of the basis of liability alleged by or against any party, including strict liability under AS 46.03.822 or federal law. LESSEE's obligations under this section may be discharged, however, by performance of whatever degree of site investigation for environmental contamination (in LESSOR's sole discretion) is

necessary to render the Property suitable for LESSOR to release LESSEE from these obligations, which release must be granted in writing by LESSOR.

18.5. Hazardous Material Defined. Hazardous Material/Substance is any substance which is toxic, ignitable, reactive, or corrosive and which is regulated by any local government, the state of Alaska, or the United States government. Hazardous Material includes any and all material or substances which are defined as “hazardous waste,” “extremely hazardous waste” or a “hazardous substance” pursuant to local, state or federal law, including without limitation, the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder, and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder. “Hazardous Material” includes but is not restricted to asbestos, polychlorobiphenyls (“PCB’s”) and petroleum and petroleum products.

18.6. Liability of Releases/Threatened Releases of Hazardous Materials. LESSEE agrees that at all times while this Lease is in effect, for purposes of potential liability under AS 46.03.822 or any similar law:

18.6.1. LESSEE, not LESSOR, shall be deemed the owner of and person having control over any hazardous substances used by LESSEE or on the property for business reasons of LESSEE; and

18.6.2. LESSEE, not LESSOR, shall be deemed the owner of the possessory interest under this Lease, and the operator of the property as a facility under AS 46.03.822(a)(2); and

18.6.3. LESSEE, not LESSOR, shall be deemed the generator, transporter, or both, of any hazardous substances generated or transported by LESSEE in connection with the enjoyment of its rights under this Lease.

For purposes of this section, “LESSEE” shall include LESSEE’s agents, employees, subcontractors, subsidiaries, affiliates and representatives of any kind.

18.7. Compliance with Environmental Laws. Lessee covenants full compliance with any applicable federal, state or local environmental statute, regulation, or ordinance presently in effect or that may be amended or effective in the future.

19.8 Due Diligence. At LESSOR’s recommendation, LESSEE has investigated the Property for potential environmental contamination which may have occurred before the date of the Prior Lease or this Lease; LESSEE accepts the Property in its current environmental condition. After such investigation, LESSEE, based upon its current knowledge, agrees that the Property has not been subject to the use, generation, manufacture, storage, treatment, disposal, release or threatened release of hazardous

substances; and has not been subject to any actual or threatened assertions, claims or litigation of any kind by government agencies or other persons relating to such matters.

19.9 Access to Property. LESSEE authorizes LESSOR to enter upon the Property to make such reasonable inspections and tests as LESSOR may deem appropriate to determine compliance with this Lease; any such investigations or tests shall be for LESSOR's purposes only, and shall not be construed to create any responsibility or liability on LESSOR's part to LESSEE or any person.

19.10 Release from Future Claims. LESSEE hereby releases and freely waives any future claims against LESSOR for contribution or indemnity (whether under AS 46.03.822, other state law, or federal law) in the event LESSEE incurs or becomes liable for response costs, damages or costs of any kind because of the release, threatened release or presence of hazardous substances on or about the Property except to the extent that such presence predated this Lease or LESSEE's use of the Property under the Prior Lease.

19.11 Report of Events. LESSEE specifically agrees to report all releases, threatened releases, discharges, spills or disposal of hazardous substances, in whatever quantity, immediately to the appropriate regulatory authorities and simultaneously to LESSOR, and to keep LESSOR fully informed of any communication between LESSEE and any person or agency concerning potential environmental contamination and hazardous substances.

19. PORT OF VALDEZ

19.1. LESSEE to Use the Port of Valdez. LESSEE agrees that LESSEE will use all reasonable efforts to have all materials and equipment which LESSEE or LESSEE's contractors ship by water from points of origin outside of the State of Alaska, and which are incorporated into or used in the construction or operations on the Property, shipped by water directly to Valdez and unloaded in the Port of Valdez.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the dates herein below set forth, with the effective date of this Lease as set forth in the initial paragraph hereof.

LESSOR:

CITY OF VALDEZ

Date: _____

By: _____
_____, Mayor

Attest: _____

Sheri L. Pierce, MMC, City Clerk

LESSEE:

Date: _____

By: _____

Print name and representative capacity

APPROVED AS TO FORM:

BRENA, BELL & CLARKSON, P.C.

Attorneys for City of Valdez

By: _____

Anthony S. Guerriero

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this _____, day of _____, 2015, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared _____, known to me and to me known to be the _____ of Silver Bay Seafoods, LLC, on the behalf of which he/she executed the foregoing document, and he/she acknowledged to me that he/she signed the same as his/her free and voluntary act for the uses and purposes therein set forth.

WITNESS my hand and notarial seal the day and year first hereinabove written.

Notary Public in and for Alaska
My Commission Expires: _____

CITY OF VALDEZ, ALASKA

RESOLUTION # 17-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, AUTHORIZING THE EXECUTION OF A COOPERATIVE PARTICIPATION AGREEMENT AMONG ALASKA MUNICIPALITIES AND SCHOOL DISTRICTS CREATING THE ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ARRANGEMENT.

WHEREAS, Alaska local governments and school districts have generally been unable to procure adequate insurance coverage at reasonable prices; and,

WHEREAS, AS 21.76 enacted by the 1986 Alaska Legislature provides a means for local governments and school districts to join together in a joint insurance arrangement intended to mitigate the cyclical and erratic nature of the conventional insurance market; and,

WHEREAS, the Alaska Municipal League Joint Insurance Association, Inc. (AMLJIA), a not-for-profit corporation, has been established pursuant to AS 21.76 by the Alaska Municipal League to provide risk management services for Alaska municipalities, city and borough school districts and regional education attendance areas; and,

WHEREAS, this Association will provide pooling of risks, self-insurance management, joint purchase of insurance, claims administration, loss prevention and control, insurance defense and other related risk management services on behalf of its participants; and,

WHEREAS, similar local government associations throughout the United States have been able to assure insurance coverages while obtaining significant long-term economic savings for their members due to the joint buying power of the members, the non-profit tax-exempt status of the Association, the pooling and investment of premiums paid, and risk management services provided for participants; and,

WHEREAS, AS 21.76.010 provides that two or more local governmental entities may enter into cooperative agreements for these purposes; and,

WHEREAS, the municipality wishes to participate in the Alaska Municipal League Joint Insurance Association;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that:

Section 1: The City of Valdez hereby indicates its commitment to become a participant of the Alaska Municipal League Joint Insurance Association, Inc., organized pursuant to AS 21.76. By making this commitment, the City Council hereby accepts and approves the bylaws of the Association, a copy of which is attached hereto and incorporated by reference.

Section 2: The City Council hereby approves a Cooperative Participation Agreement (hereinafter the "Agreement") among municipalities, school districts and regional education attendance areas creating the Alaska Municipal League Joint Insurance Association, Inc., a copy of which is attached hereto and incorporated by reference. The Mayor is hereby authorized and directed to execute said Agreement and such other documents as may be necessary to effectuate participation of the City as a member of the Alaska Municipal Joint Insurance Association.

Section 3: The City Council pledges to appropriate sufficient funds for annual premiums and assessments under the Agreement. The Agreement will go into effect upon receipt by the Association of a signed copy of this resolution and a signed Agreement. The City's participation in the Association continues for a term of one year commencing on July 1 of the calendar year in which coverage begins.

Section 4: This resolution shall be effective upon enactment.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 5th day of July, 2017.

CITY OF VALDEZ, ALASKA

Ruth E. Knight, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk

**Alaska Municipal League
Joint Insurance Association, Inc.**

**COOPERATIVE
PARTICIPATION
AGREEMENT**
July 1, 2015

TABLE OF CONTENTS

COOPERATIVE PARTICIPATION AGREEMENT

Introduction	1
Section 1: General Provision and Definitions.....	1
Section 2: Purposes.....	2
Section 3: Parties to Agreement.....	2
Section 4: Term of Agreement.....	2
Section 5: Liability of Association.....	2
Section 6: Powers of Association.....	3
Section 7: Board of Trustees.....	3
Section 8: Powers of the Board of Trustees.....	3
Section 9: Insurance Coverage.....	3
Section 10: Development of the Joint Insurance Arrangement.....	3
Section 11: Method of Apportioning Costs.....	4
Section 12: Accounts and Records.....	5
Section 13: Responsibility for Monies.....	6
Section 14: Responsibilities of the Association.....	6
Section 15: Responsibilities of Participants.....	7
Section 16: Claims Administration and Payment of Losses.....	8
Section 17: Coverage Determination and Appeal.....	8
Section 18: New Members.....	8
Section 19: Withdrawal.....	9
Section 20: Cancellation.....	9
Section 21: Termination and Distribution.....	9
Section 22: Bylaws	9
Section 23: Notices.....	10
Section 24: Amendment.....	10
Section 25: Prohibition Against Assignment.....	10
Section 26: Agreement Complete.....	10
Section 27: Governing Law.....	10
Section 28: Severability.....	10
Section 29: Construction of Contract.....	10
Section 30: Conformity to Statute.....	11
Signatory Page.....	11
Exhibit #1: Roster of Participants	
Exhibit #2: Board of Trustees list	

COOPERATIVE PARTICIPATION AGREEMENT

THIS AGREEMENT is made and entered into in the State of Alaska by and among the Alaska Municipal League Joint Insurance Association, Inc., and the participating local public entities, hereinafter collectively referred to as “Participants” or “Participating Members,” and individually as “Participant,” which are parties signatory to this Agreement.

WHEREAS, AS 21.76.010 provides that two or more local governmental entities may, by Cooperative Agreement, enter into joint insurance arrangements for certain purposes by any one or more of certain specified methods; and

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of pooling self-insured losses and the group purchase of insurance, excess insurance, reinsurance or other reserve funding mechanisms, and administrative services including risk management, loss control and claims services in connection with a Joint Insurance Arrangement; and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so;

NOW, THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

SECTION 1: General Provisions and Definitions.

The following definitions shall apply to the provisions of the Agreement:

- (1) **“Administrator”** shall mean the person appointed by the Board of Trustees to serve as chief executive officer (executive director) of the Association.
- (2) **“Association”** or **“JIA”** shall mean the Alaska Municipal League Joint Insurance Association, Inc., a nonprofit corporation organized under the laws of the State of Alaska.
- (3) **“Board of Trustees”** or **“Board”** shall mean the governing body of the Association acting as a board of directors.
- (4) **“Bylaws”** shall mean those bylaws of the Alaska Municipal League Joint Insurance Association, Inc., as adopted by the Board of Trustees of such Association, and as thereafter duly amended. The bylaws, including without limitation, all definitions set out therein, are incorporated herein by this reference.
- (5) **“Claim”** shall mean a demand made against the Association arising out of an occurrence that is within the scope of coverage of the Association's Joint Insurance Arrangement as developed by the Board.
- (6) **“Excess insurance”** or **“reinsurance”** shall mean that insurance coverage purchased on behalf of the Association to protect the funds of the Association against catastrophes or an unusual frequency of losses during a single year.

- (7) **“Fiscal Year”** shall mean that period of twelve months that is established as the fiscal year of the Association.
- (8) **“Insurance”** shall mean and include self-insurance through a funded program and/or any commercial insurance contract. This joint insurance arrangement shall not be considered insurance for any other purpose, pursuant to AS 21.76.020(a).

Notwithstanding the foregoing definitions, the parties hereto agree that the words and phrases defined above shall be interpreted as defined by the policy of excess insurance or reinsurance in effect at the time of the occurrence that gives rise to the question of interpretation. This Agreement is not intended to be a contract for insurance.

SECTION 2: Purposes.

This Agreement is entered into by the Participants in order to provide more comprehensive and economical coverage, to provide for the pooling of contributions in order to assume risks from losses to the Participants on a group basis, to provide self-insurance coverage to the Participants for all forms of insurance available or required by law for local public agencies and for which state law authorizes the formation of joint insurance arrangements to provide such insurance, to reduce the amount and frequency of Participants' losses, and to decrease the cost incurred by Participants in the handling and litigation of claims. This purpose shall be accomplished through the exercise of the powers of the Participants jointly in the creation of the Association to administer a Joint Insurance Arrangement wherein Participants will pool their losses and claims, jointly purchase insurance, and provide reserve funding mechanisms and administrative and other services, including claims adjusting, risk management consulting, loss prevention, legal and related services, as authorized pursuant to AS 21.76.

SECTION 3: Parties to the Agreement.

Each Participant certifies that it intends to, and does, contract with all other Participants and, in addition, with such other parties as may later be added to and become signatories of this Agreement. Each Participant also certifies that the deletion of any Participant from this Agreement, shall not affect the validity of this Agreement or such Participant's intent to contract as described above with the other Participants to the Agreement then remaining. A roster of Participants to the Agreement is attached hereto as Exhibit 1..

SECTION 4: Term of Agreement.

This Agreement shall become effective on the date coverage commences for the Participant. The Agreement shall continue in effect unless canceled, nonrenewed, or otherwise terminated in accordance with this Agreement and the Association bylaws.

SECTION 5: Liability of the Association.

Pursuant to Alaska law, the debts, liabilities, and obligations of the Association shall not constitute debts, liabilities, or obligations of any Participant, except as hereinafter expressly set forth.

Specifically, all debts, liabilities, and obligations of the Participants shall be several and not joint, except to the extent of contractually obligated payments provided hereunder for purposes of risk pooling. The debts, liabilities and obligations of AMLJIA shall not constitute debts, liabilities or obligations of its officers, directors, employees, agents, Board of Trustees, committees or executive director.

SECTION 6: Powers of the Association.

The Association shall have the powers common to the Participants and is hereby authorized to do all acts necessary for the exercise of said common powers pursuant to the terms hereof and in the manner provided by law, including, but not limited to, any or all of the following:

- (1) to make and enter into contracts;
- (2) to incur debts, liabilities or obligations;
- (3) to acquire, hold or dispose of real and personal property, funds, services, and other forms of assistance from persons, firms, corporations, and governmental entities;
- (4) to sue and be sued in its own name;
- (5) to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement, or otherwise authorized by law; and
- (6) all other and further powers that may be authorized by the Articles of Incorporation and bylaws of the Association and permitted or not otherwise prohibited by law.

SECTION 7: Board of Trustees.

The Association shall be governed by the Board of Trustees, which is hereby established and which shall be composed according to the bylaws. The Board shall meet at least annually. Each member of the Board shall have one vote. A list of members of the Board of Trustees is attached hereto as Exhibit 2.

SECTION 8: Powers of the Board of Trustees.

The Board of Trustees of the Association shall have the powers and duties set out in the bylaws and such other powers and functions as are provided for in this Agreement.

SECTION 9: Insurance Coverage.

The Association may provide any kind of insurance for Participants required by law or regulation or as the Board shall determine, and not otherwise prohibited under AS 21.76.010(b). All applicable insurance policy forms, as they may be adopted and amended from time to time by duly-approved motion of the Board, are incorporated herein by this reference.

SECTION 10: Development of the Joint Insurance Arrangement.

- (1) The Board has adopted the Association's Joint Insurance Arrangement, including the insurance coverage provided for in Section 9, the amount of initial contributions, the cost allocation plan and formula, and the amount and type of insurance to be procured.

- (2) The Joint Insurance Arrangement provided by the Association shall extend to all Participant operations, unless otherwise expressly excluded by the Board, or by the provisions of such policy or policies of insurance as are obtained.
- (3) The initial contribution for each Participant shall be determined by the Board, in its discretion, based upon a fair formula which shall consider, but not be limited to, total Participant payroll, administrative experience of the Participant, the previous loss experience of the Participant, the liability risks of the Participant, if the Participant has a self-insured retention or deductible, and the costs to the Association of adding the Participant as a member. The initial contribution is an estimate and may be revised at any time by the Association based on actual pooled loss experience, individual exposure or other factors.
- (4) The Board shall adopt reasonable criteria for determining each Participant's annual share of pooled expenses, which may include the Participant's payroll as compared to the total payroll of all Participating members, the Participant's individual loss experience, and such other criteria as the Board may determine to be relevant.
- (5) The Board, by an affirmative vote of the majority, shall have the authority to intercept State revenue-sharing, municipal assistance, and other funds due to be paid by the State to any Participant that has failed to pay its annual deposit as agreed herein as and when due, in an amount equal to the unpaid portion of the deposit, plus interest, from the due date until paid, at the rate of 10.5 percent per annum or a lesser rate set by the Board or required by law.

SECTION 11: Method of Apportioning Costs

- (1) **Contribution Calculation.** The cost allocation plan and formula adopted by the Board shall provide for review of the Participants' contributions in order to produce a contribution for the following year for each Participant that is derived by consideration of the following factors:
 - (a) the amount of losses borne individually by the Participant, if determined by the Board;
 - (b) the amount of pooled losses and other expenses, if determined by the Board; and
 - (c) the Participant's contribution to reserves for incurred-but-not-reported losses, the amount of such reserves to be determined by the Board;
 - (d) the amount of the Participant's self-insured retention or deductible;
 - (e) the cost of reinsurance, excess insurance or other costs of coverages purchased for, and on behalf of, the Participants;
 - (f) rating criteria and other factors such as, but not limited to, fire protection, risk management programs, and the nature of risk to be insured;
 - (g) any adjustments based on experience or exposure audit provisions in the Participant Coverage Memorandum or any reinsurance, excess insurance or other insurance policies obtained pursuant to this Agreement; and
 - (h) any funds set aside by the Board to fund any catastrophic loss reserve fund, rate stabilization fund, or excess loss fund established by the Board.
- (2) **Members' Equity and Dividend Distribution.** Unallocated surplus, Participants' retained earnings, or Participants' equity are amounts considered to be funds in excess of the amount set aside each year for reserves and incurred-but-not-reported losses.
 - (a) The Board in its sole discretion may utilize the unallocated surpluses from any policy year to provide for funding capital reserves, purchasing personal and real property beneficial to

the Association, stabilizing rates, developing loss programs for members, and furthering any other legitimate Association purpose.

- (b) The Board in its sole discretion may transfer surplus funds to any program year that is actuarially unsound in order to supplement funds needed to provide coverage for that program year.
- (c) The Board, by affirmative action, may determine an amount (if any) of excess funds that may be distributed to Participants based on their pro-rata portion of contribution for those years from which those excess funds are selected.
- (d) Adjustments to the cost allocation formula may be made to account for Participants with varying levels of self-insured retentions and/or deductibles.
- (e) Dividend payments shall be paid after July 1 each year, but only to eligible Participants who are Participants after July 1 of the current policy year.
- (f) Participants who withdraw from membership shall not again be eligible for dividend distributions until after July 1 of the third year of their renewed membership.
- (g) Except for dividend payments determined by the Board, no assets of the Association designated as unallocated surplus, Participants' retained earnings, or Participants' equity shall be available for use by any Participant.
- (h) Participants who withdraw from membership in the Association or Participants whose membership is terminated shall forfeit all interest in any dividend, unallocated surplus, Participants' retained earnings, or Participants' equity in the Association.

SECTION 12: Accounts and Records.

- (1) The Board shall establish a joint insurance fund and administer the fund as required by statute.
- (2) Annual Budget. The Association shall annually adopt an operating budget pursuant to this Agreement.
- (3) Funds and Accounts. The Association shall establish and maintain such funds and accounts as may be required by the Legislative Budget and Audit Committee, applicable law or regulation, or generally accepted accounting practices. Financial books and records of the Association shall be in the hands of the Treasurer or his or her designee and shall be open to inspection at all reasonable times by representatives of the Participants.
- (4) Administrator's Report. Within 150 days of the end of the fiscal year of the Association, the Administrator shall furnish a detailed report of the operation and condition of the joint insurance fund to the Board and the Director of the Division of Insurance.
- (5) Annual Actuarial Determination. The Association shall require an annual determination by a casualty actuary who is a member of the American Academy of Actuaries that procedures for establishing reserves for losses of the Association are actuarially sound.
- (6) The Board shall provide for an annual independent audit of the accounts and records of the Association. The audit shall conform to generally accepted auditing standards, and include a review of the actuarial assumptions used for establishing the reserves for losses of the Association by a casualty actuary who is a member of the American Academy of Actuaries. The audit report shall include certification from a casualty actuary who is a member of the American Academy of Actuaries that the actuarial assumptions used by the Association continue to be sound and the level of the reserves of the Association are adequate. By

October 1 of each year, the Administrator shall prepare and deliver to the Legislative Budget and Audit Committee and the Director of the Division of Insurance a report of the true and accurate financial condition of the Association. The report shall be attested to by the Administrator and the Board; include an analysis, certified by a member of the American Academy of Actuaries of the sufficiency of the loss reserves of the Association; and be certified by a certified public accountant. The report shall also be filed as a public record with each of the Participants.

SECTION 13: Responsibility for Monies.

- (1) The Treasurer of the Association or his or her designee shall have the custody of and disburse the Association's funds subject to Board approval. He or she shall have the authority to delegate the signatory, receiving, safekeeping, and disbursement functions to such persons as are authorized by the Board. The Treasurer may also serve in such other official or employee status as the Board may direct.
- (2) A fidelity bond or comparable security in an amount set by the Board, but not less than \$1,000,000 shall be required of all officers and personnel authorized to disburse funds of the Association. This bond shall be purchased by the Association.
- (3) The Treasurer's duties shall include:
 - (a) receiving all money of the Association and place it in the treasury to the credit of the Association;
 - (b) being responsible upon his or her official bond for the safekeeping and disbursement of all of the Association's money so held by him or her;
 - (c) paying, when due, out of money of the Association so held by him or her, all sums payable on outstanding debts of the Association; and
 - (d) paying any other sums due from the Association only upon request for payment signed by the Chairman of the Board or the Administrator. The Board may designate alternate persons to sign payment requests by the Chairman of the Board or the Administrator.

SECTION 14: Responsibilities of the Association.

The Association shall perform the following functions in discharging its responsibilities under this Agreement:

- (1) Provide insurance coverage as necessary including, but not limited to, a self-insurance fund and commercial insurance, as well as excess or reinsurance coverage and umbrella insurance, by negotiation or bid, and purchase, as necessary;
- (2) Assist each Participant's assigned risk manager with the implementation of that function;
- (3) Provide loss prevention and safety and consulting services to Participants as required;
- (4) Provide claims adjusting and subrogation services for claims covered by the Association's Joint Insurance Arrangement;
- (5) Provide loss analysis by the use of statistical analysis, data processing, and record and file-keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;
- (6) Provide for Participants, as needed, a review of their contracts to determine sufficiency of indemnity and insurance provisions;

- (7) Invest monies not required for its immediate operations; and
- (8) Undertake all other responsibilities deemed necessary by the Board in order to carry out the purposes of this Agreement.

SECTION 15: Responsibilities of Participants.

Participants shall have the following responsibilities:

- (1) Each Participant shall appoint a representative as provided in Article 5, Section 2 of the Bylaws.
- (2) Each Participant shall appoint an employee of the Participant to be responsible for the risk management function within that entity, and to serve as a liaison between the Participant and the Association as to risk management.
- (3) Each Participant shall maintain an active safety officer and/or committee, and shall comply with all recommendations of the Association concerning the development and implementation of a loss control policy to prevent unsafe practices.
- (4) Each Participant shall maintain its own set of records in all categories of loss to ensure accuracy of the Association's loss reporting system.
- (5) Each Participant shall pay its contribution to the Association when due. The Association may cancel a Participant's coverage pursuant to applicable law if a contribution for any insurance policy obtained pursuant to this Agreement for that Participant is not paid when due.
- (6) Upon withdrawal, cancellation by the Board, or other termination, each Participant shall immediately pay to the Association its share of contribution, calculated pro rata to the date of withdrawal, cancellation, or other termination, plus accrued interest at the rate of 10.5 percent per annum or a lesser rate set by the Board or required by law. When and if required of it by the Board pursuant to Sections 21 or 22 of this Agreement, plus, in the case of a Participant that terminates its participation for any reason before the end of the term of this Agreement, liquidated damages in an amount equal to 20 percent of the Participant's estimated deposit for each year remaining in the term of this Agreement, to compensate the Association for the loss of its contribution to the Association's surplus for the remainder of the term of this Agreement.
- (7) No Participant shall enter into an agreement to purchase insurance for the risks as to which insurance will be provided under this Agreement, for coverage during the period that the Participant is a member of the program except with the express written permission of the Administrator.
- (8) Each Participant shall provide the Association with such other information or assistance as may be necessary for the Association to carry out the Joint Insurance Arrangement under this Agreement.
- (9) Each Participant shall in all ways cooperate with and assist the Association, and any insurer of the Association, in all matters relating to this Agreement and covered losses, and will comply with all bylaws, rules, regulations, and policies adopted by the Board.

SECTION 16: Claims Administration and Payment of Losses.

- (1) Each Participant shall give prompt notice of any claims to the Association, and failure to give immediate written notice of claims shall constitute a waiver of coverage.
- (2) The Association will investigate all potentially covered claims against the Participants and will attempt to adjust or settle such claims. Subject to the provisions of this Agreement and rules and regulations promulgated by the Board, legal counsel selected by the Association will defend such claims against the Participants. The Participants shall have the right to hire, at its own expense, its own co-counsel to work with defense counsel employed by the Association. The Participant agrees to provide and make available to the Association all information and all personnel as may be reasonably required to fully investigate and defend each claim.
- (3) The Association shall pay claims according to the provisions set forth in this Agreement and the rules and regulations promulgated by the Board, and all applicable coverage agreements or policies.
- (4) In the event the Association or its counsel wishes to settle a claim, the Participant and its co-counsel (if any) will accept the Association's recommendation and judgment and enter into such settlements as the Association determines to be appropriate.
- (5) Participants with a self-insured retention, with the express written permission of the Association, may be permitted to administer, defend and adjust claims within its own self-insured retention, in a manner consistent with the Participant Coverage Memorandum and Association approved claims policies and procedures. Such written permission does not relieve the Participant from notice requirements as defined in the Participant Coverage Memorandum. Once the self-insured retention is reached, all remaining defense and adjustment of the claim will be handled by the Association pursuant to paragraphs (1)-(4) above. Written permission notwithstanding, the Association retains the right to take over handling of claims below the Participant's self-insured retention in its sole judgment and discretion.

SECTION 17: Coverage Determination and Appeal.

- (1) It shall be the duty and responsibility of the Association, to make all initial determinations regarding rights to coverage protections provided under the joint insurance arrangement. Upon making a determination of coverage or non-coverage, the Association shall notify the Participant of its determination in writing. In the written determination of coverage or non-coverage, the Association shall advise the Participant whether the Association will defend the claim and/or indemnify the Participant, whether the Association is reserving any rights to make any subsequent determinations regarding coverage, or whether the Association is denying coverage.
- (2) The Board shall promulgate rules and procedures whereby a determination by the Association denying coverage shall be reviewed by the Board upon appeal by the aggrieved Participant.

SECTION 18: New Members.

Additional Participants may be permitted, in the complete discretion of the Administrator, to become signatories to this Agreement or a similar agreement.

SECTION 19: Withdrawal.

- (1) Any withdrawal by a Participant shall be effective only at the end of the fiscal year, and only after the Participant gave the Association not less than six months' written notice of intent to withdraw. The first opportunity to provide such notice of intent to withdraw shall be as provided in the Bylaws.
- (2) Any Participant who gives written notice of intent to withdraw as provided herein shall deliver it to the Association by mail, by facsimile, or by hand delivery, and shall obtain and, if requested, proffer proof of timely delivery.
- (3) After withdrawal, the former Participant shall remain liable to the Association for additional contribution or assessments as described in the Bylaws or elsewhere in the CPA.
- (4) The withdrawal of any Participant from this Agreement shall not terminate it.
- (6) Upon withdrawal, cancellation by the Board, or other termination, each Participant shall immediately pay to the Association its share of contribution, calculated pro rata to the date of withdrawal, cancellation, or other termination, plus accrued interest at the rate of 10.5 percent per annum or a lesser rate set by the Board or required by law. When and if required of it by the Board pursuant to Sections 21 or 22 of this Agreement, plus, in the case of a Participant that terminates its participation for any reason before the end of the term of this Agreement, liquidated damages in an amount equal to 20 percent of the Participant's estimated deposit for each year remaining in the term of this Agreement, to compensate the Association for the loss of its contribution to the Association's surplus for the remainder of the term of this Agreement.
- (7) Participants who withdraw from membership in the Association or Participants whose membership in the Association is terminated shall remain liable for their proportionate share of additional contribution or assessments for losses and expenses attributable to the time periods of their participation in the Association. There shall be no time limitation on former Participant liability under this section.

SECTION 20: Cancellation.

The Association shall have the right to cancel any Participant's membership in the Joint Insurance Arrangement as provided in the Bylaws. Any Participant so cancelled shall be given not less than 30 days' notice before the effective date of the cancellation. If cancellation is due to nonpayment of amounts owing or any other default by a Participant, the notice period for the default (with notice indicating possible cancellation due thereto) may be included within the 30-day notice period provided by this section. After cancellation, the former Participant shall remain liable for additional contributions or assessments as described in the Bylaws or elsewhere in the CPA.

SECTION 21: Termination and Distribution.

- (1) This Agreement may be terminated by the written consent of three-fourths of the Participants; provided, however, that this Agreement and the Association shall continue to exist for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Association.
- (2) Upon termination of this Agreement, all assets of the Association shall be distributed after the payment of, or provision for, all debts, claims, and liabilities, only among the Participants, in accordance with and proportionate to their pro-rata share of contributions. The Board shall determine any such distribution within six months after the last pending claim or loss covered by this Agreement has been finally disposed of.
- (3) The Board is vested with all powers of the Association for the purpose of winding up and dissolving the business affairs of the Association. These powers shall include the power to require Participants, including those which were program participants at the time the claims arose or at the time the covered loss was incurred, to pay their share of any cash assessment deemed necessary by the Board for final disposition of all such claims and covered losses subject to the Agreement.

SECTION 22: Bylaws.

The Board has caused to be developed and maintained Association bylaws to govern the day-to-day operations of the Association. Each Participant shall receive a copy of the bylaws, and shall be bound by the provisions thereof.

SECTION 23: Notices.

Notices to Participants hereunder shall be sufficient if mailed to the address listed on the application form of the respective Participant. A Participant may change such address from time to time by providing written notice of such change to the Association, at its registered office at: 807 G Street, Suite 356, Anchorage, Alaska 99501.

SECTION 24: Amendment.

This Agreement may be amended by a vote of two-thirds (2/3) of the Trustees present at any annual meeting, regular meeting, or special meeting of the Trustees called at least in part for the purpose of amending this Agreement. Any amendment to this Agreement shall be effective immediately unless otherwise stated therein.

SECTION 25: Prohibition Against Assignment.

No Participant may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third-party beneficiary of any Participant shall have any right, claim, or title to any part, share, interest, fund, premium, contribution, or asset of the Association.

SECTION 26: Agreement Complete.

This Agreement, along with the exhibits hereto and documents incorporated by reference herein, constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

SECTION 27: Governing Law.

This Agreement shall be interpreted according to the laws of the State of Alaska. If suit is brought relating to any dispute arising hereunder or related hereto, such shall be filed in the Superior Courts of Alaska in Anchorage, Fairbanks, or Juneau, and in no other place.

SECTION 28: Severability

If a provision of this Agreement is or becomes illegal, invalid or unenforceable, the remainder of this Agreement shall remain valid and enforceable.

SECTION 29: Construction of Contract.

Separate agreements shall be executed by all Participants and all such agreements shall be construed as a single collective contract.

SECTION 30: Conformity to Statute.

In the event any term or provision of this Agreement is found to be in conflict with the statutes of the State of Alaska, such term or provision shall be construed so as to conform to such statutes.

IN WITNESS WHEREOF, the parties hereto, acting through properly authorized officials, hereby execute this Agreement.

DATED this _____ day of _____, _____.

City/Borough/School District

By: _____
Name

Its: _____
Title

ATTEST

*** To be completed by AML/JIA ***

DATED this _____ day of _____, 20____.

Alaska Municipal League Joint Insurance Association, Inc.

By: _____
Name

Its: Executive Director
Title

ATTEST

**Alaska Municipal League
Joint Insurance Association, Inc.**

BYLAWS

As Amended April 25, 2017



..... TABLE OF CONTENTS

BYLAWS

ARTICLE 1 - NAME	1
ARTICLE 2 - DEFINITIONS.....	1
ARTICLE 3 - PURPOSE AND OBJECTIVES	2
ARTICLE 4 - NATURE OF THE ORGANIZATION.....	4
ARTICLE 5 - PARTICIPATION	4
ARTICLE 6 - BOARD OF TRUSTEES	6
ARTICLE 7 - POWERS AND DUTIES OF THE BOARD OF TRUSTEES	10
ARTICLE 8 - CONTRIBUTION OF MEMBERS,	13
ARTICLE 9 - ADMINISTRATION	15
ARTICLE 10 - COMMITTEES	15
ARTICLE 11 - INDEMNIFICATION OF.....	16
ARTICLE 12 - FISCAL YEAR.....	17
ARTICLE 13 - ENROLLMENT	17
ARTICLE 14 - WITHDRAWAL FROM PARTICIPATION.....	17
ARTICLE 15 - DISSOLUTION	18
ARTICLE 16 - AMENDMENTS	18
ARTICLE 17 - OFFICE	19
ARTICLE 18 - OFFICIAL SEAL.....	19

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.

BYLAWS

ARTICLE 1 - NAME

The name of this association shall be ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.

ARTICLE 2 - DEFINITIONS

The following terms have the following meanings for the purpose of these bylaws:

- (a) "AML" means Alaska Municipal League.
- (b) "Annual Deposit Contribution" means the amount of contribution payable by a member of the Association for a particular type of risk coverage for a one-year period as determined by the Trustees of the Association, exclusive of entry fee and supplemental contributions, if any.
- (c) "Association" or "JIA" means the Alaska Municipal League Joint Insurance Association, Inc., an Alaska non-profit corporation established pursuant to AS 10.20.
- (d) "Cooperative Participation Agreement" or "CPA" means a written agreement entered into by two or more local public agencies for the purpose of establishing, operating, or participating in a joint insurance arrangement. For the purpose of these bylaws, the phrase does not refer to any specific agreement but is a reference to whichever agreement applies for a particular program or Participant.
- (e) "Director of Insurance" shall mean the Director of the Division of Insurance of the State of Alaska.
- (f) "Joint Insurance Arrangement" means a joint insurance arrangement authorized under AS 21.76.010 to enable the participants to pool contributions of public monies, grants, loans, and income from investment of the same in joint insurance funds as are authorized by AS 21.76.010, in order to either assume such risks from losses to the participants as it may determine shall be assumed, or purchase any and all insurance coverage for the participants on a group basis, as authorized by statute.

- (g) "Local public agency" means any political subdivision of the state, including any municipality, school district or regional educational attendance area as defined in AS 21.76.010 or such other public entity as may be permitted under AS 21.76, and which is a member in good standing of the Alaska Municipal League ("AML").
- (h) "Municipality" means a political subdivision incorporated under the laws of the State of Alaska as a home rule or general law city, a home rule or general law borough, or a unified municipality, and for purposes of the joint insurance arrangement, shall include pursuant to AS 21.76.010 school districts and regional educational attendance areas and all agencies or political subdivisions thereof, including without limitation, municipally-owned hospitals, utilities, service areas, port authorities or facilities, airports, and similar entities, agencies or services.
- (i) "Participant" or "participating member" means a local public agency which has joined the Association and is in good standing with the AML and the JIA, as set forth in Article 5, Section 1, below.
- (j) "Public liability" means any liability to which a political subdivision may be subject pursuant to the agreement.
- (k) "Trustees" means the Board of Trustees of the Association, as provided in the Cooperative Participation Agreement, and as defined in AS 21.76.900(3) as the board of directors.
- (l) The terms "administrator" and "fund" or "joint insurance fund" shall have the meanings ascribed in AS 21.76.900.

ARTICLE 3 - PURPOSE AND OBJECTIVES

Section 1 - General Purpose

These bylaws are promulgated to create a joint insurance arrangement which may establish and operate such joint insurance funds under the Association as permitted by Alaska statutes, as an essential governmental service to members of the AML and Participants in the Association.

Section 2 - General Objectives

The general objectives of the Association are to formulate, develop and administer a joint insurance arrangement for the Participants, to facilitate the availability of adequate coverage for, without limitation, property, liability, automobile and workers' compensation, and such lines as are authorized by statute and the Trustees, to lower costs and assure availability of such coverage, to provide a program of loss prevention and control services, and to provide claims administration and covered insurance claim defense services. Risks which may be pooled include, but are not limited to, public liability; automobile liability, including liability to pay basic reparation benefits; automobile collision losses and losses customarily covered by the comprehensive coverage provisions of automobile insurance policies; property loss or damage; and workers' compensation. The joint insurance arrangement to be established pursuant hereto shall not be for disability insurance, health insurance, life insurance or title insurance, so long as such insurance is prohibited by AS 21.76.010(b).

Section 3 - Activities of Association/Ownership of Assets

It is intended that the Association shall perform those risk management activities with the assistance and cooperation of its Participants, including pooling of risks, self-insurance management, joint purchase of insurance, claims administration, insurance defense, loss prevention and control, and all other related activities which are essential governmental functions of the Participants. All income and assets of the Association shall be dedicated to the benefit of the Participants as provided by the Cooperative Participation Agreement. Former Participants shall have no ownership interest in the assets of the Association.

Section 4 - Use of Funds

The Trustees shall use Association funds to fulfill the duties set forth in Article 7. In addition, the Trustees may in their discretion establish such catastrophic loss reserve funds, rate stabilization funds, or excess loss funds as they may deem necessary. The Trustees may elect, but are not required, to allocate Participant retained earnings among policy years. Any additional funds in excess of expenses and costs of loss control activities and reasonable reserves required by law or greater, as established by the Trustees, may be used to reduce the cost of insurance or increase risk

protection for the Participants. Finally, retained earnings may, at the determination of the Trustees, be distributed to the Participants as provided by the Cooperative Participation Agreement.

ARTICLE 4 - NATURE OF THE ORGANIZATION

The Association is a nonprofit corporation whose members are local public agencies of the State of Alaska, as defined in Article 2 hereof. Any local public agency in the state may become a member of the Association provided it is a member in good standing of the AML and agrees to comply with these bylaws and the rules, regulations and contractual commitments of the Association. Any local public agency that becomes a Participant of the Association may continue to be a Participant so long as it complies with these bylaws and the rules, regulations and contractual commitments of the Association including payment of annual deposit contributions, unless membership is canceled or otherwise terminated in accordance with these bylaws and the Cooperative Participation Agreement. Participation in the Association commences upon the effective date of any risk coverage provided by the Association, and as provided in the Cooperative Participation Agreement.

ARTICLE 5 - PARTICIPATION

Section 1 - Composition

The Participants of the Association shall be the local public agencies which are members in good standing of the AML, which complete the form of application which the Trustees shall specify, which upon approval of said application by the Trustees or their designee shall execute the Cooperative Participation Agreement (provided the JIA shall have received written notice of the execution of said agreement), and which thereafter comply with all of the requirements of the Association.

Section 2 - Representation

Each Participant shall be represented by a permanent representative who shall be the chief executive officer of each local public agency or his or her designee.

Section 3 - Annual Meeting

Annual meetings of the Participants shall be held each year, in conjunction with the AML Annual Conference. The purpose of these annual meetings is for the Trustees to present an annual report to

the Participants concerning the fiscal year just ended. This meeting will include discussion and review of the program, and will be open to all Participating Members.

Section 4 - Special Meetings

Special meetings of the Participants may be called at any time by the Trustees or by the chairman and shall be called by the chairman or secretary at the written request of at least one-third of the Participants or four Trustees.

Section 5 - Place of Meetings

All meetings of the Participants shall be held at such place in the State of Alaska as shall be designated in the notices or waivers of notice of such meetings, as determined by the Trustees.

Section 6 - Notice

Written notice of each meeting of Participants, whether annual or special, stating the time when, and the place where it is to be held shall be served either personally or by mail, telegraph or other form of electronic written communication, not less than 10 nor more than 50 days before the meeting. Notice of a special meeting that is called shall indicate that it is being issued by or at the direction of the person or persons calling the meeting. Each notice shall be directed to the representative of each Participant at his or her address as it appears on the application to participate in the Association, unless he or she shall have previously filed with the Administrator a written request that notices intended for him or her be sent to some other address, in which case it shall be sent to the address designated in such request.

Section 7 - Quorum and Proxy

A quorum shall consist of a majority of the designated representatives of the Participants in good standing, attending the meeting in person or by proxy, for purposes of conducting matters upon which a vote of members is required or permitted, provided that a proxy shall be counted only for purposes of establishing a quorum and voting on issues specifically set forth in the proxy. As to matters not specifically set forth in a proxy, the majority vote of the Participants in attendance shall be required for passage. No quorum shall be required to conduct a meeting of Participant members at which no vote is taken.

ARTICLE 6 - BOARD OF TRUSTEES

Section 1 - Function

The Association shall be governed by a Board of Trustees. The Trustees shall operate the Association and administer the joint insurance arrangement on behalf of the Participants pursuant to these bylaws and the CPA and shall be composed of the number of trustees appointed in the manner hereinafter set out, and shall have the functions, powers, and duties hereinafter set forth.

Section 2 - Membership

The Board of Trustees will consist of seven members appointed by the AML Board of Directors for two-year staggered terms, and two members appointed by the AMLJIA Board of Trustees for two-year staggered terms. Each Trustee shall hold office until the annual meeting at which his or her successor is appointed. The Trustees will consist of the following:

- (a) Nine (9) individuals, including appointed or elected officials from local public agencies appointed for their expertise in insurance, finance administration, risk management, law, or other areas of expertise deemed appropriate by the AML Board.
- (b) The Executive Director of the AML shall serve as an ex-officio, nonvoting member of the Board of Trustees for a term concurrent with his or her tenure as the AML Executive Director.
- (c) Not fewer than five members of the Board of Trustees, including at least one of the Trustees appointed by the AMLJIA Board of Trustees, shall be representatives of Participants. Consideration shall be given to geographic and population distribution when Trustees are appointed.
- (d) Individuals interested in serving on the Board of Trustees must submit a completed application in a form approved by the Trustees not less than ninety (90) days before the annual meeting.

Section 3 - Officers of the Association

- (a) Chairman and Vice Chairman. The Trustees shall elect a Chairman and Vice Chairman of the Association at its first meeting, each to hold office for a one-year term and until a successor is elected. Thereafter at the annual meeting of each succeeding calendar year, the Trustees shall elect or re-elect the Chairman and Vice Chairman for the ensuing year. In the event the Chairman or Vice Chairman so elected ceases to be a member of the Board of Trustees, the resulting vacancy in the office of Chairman or Vice Chairman shall be filled at the next regular or special meeting of the Trustees held after such vacancy occurs. In the absence or inability of the Chairman to act, the Vice Chairman shall act as Chairman. The Chairman, or in his or her absence, the Vice Chairman, shall preside at and conduct all meetings of the Trustees and shall be a member and the Chairman of the Executive Committee.
- (b) Administrator. The Administrator shall have the general administrative responsibility for the activities of the Joint Insurance Arrangement and shall retain all necessary employees thereof. The Administrator need not be a member of the Board of Trustees.
- (c) Treasurer. The Treasurer shall be appointed by the Trustees and shall be a person other than the Administrator and shall not be a member of the Board of Trustees. The duties of the Treasurer are set forth in the Cooperative Participation Agreement.
- (d) Secretary. The Secretary of the Board of Trustees shall be appointed by the Trustees and shall be a person other than the Chairman or Vice Chairman, and need not be a member of the Board of Trustees. The Secretary shall be responsible for keeping and maintaining minutes of the meetings of the Participants and Trustees of the Association, and other records, contracts, and documents pertaining to the Association.

Section 4 - Quorum

At all meetings of the Trustees, the presence of a simple majority of the membership of the Board of Trustees shall constitute a quorum. An affirmative vote of a simple majority of the membership of

the Board of Trustees shall be required to pass any motion, except as to those matters for which a greater majority is specified in these bylaws or by contract.

Section 5 - Meetings

The Trustees shall meet at least once per calendar quarter and at such other times as determined by the Trustees. Special meetings shall be held whenever called by the Chairman or at the request of three Trustees.

- (a) Minutes. The Trustees of the Association shall cause minutes of regular, adjourned regular and special meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board of Trustees. Copies of the minutes shall be made available to each participant upon request.

Section 6 - Notice

Written or telephonic notice of at least five working days shall be sent to each Trustee prior to any meeting, unless waived. Notice shall be deemed given on the day notice is sent. Telephonic notice shall be confirmed by letter, telegram or other comparable electronic or written communication. Any Trustee may waive notice in writing either before or after the date of the meeting, and if such waivers are received from all Trustees not present, any action taken at the meeting shall be valid as though due notice had been given.

Section 7 - Open Meetings

Meetings of the Trustees shall be open to all participating members except the Trustees may hold closed, executive sessions for claims, personnel, litigation or any matter the immediate knowledge of which would adversely affect the finances of the JIA or any of its Participants, or subjects that tend to prejudice the reputation and character of any person, or matters which are required to be confidential pursuant to law.

Section 8 - Telephonic Meetings

Any meeting which has been duly noticed and which could properly be held by Trustees attending in person, may, at the discretion of the Chairman, or at the request of at least three Trustees, be conducted via conference telephone or similar means of simultaneous electronic communication.

Section 9 - Vacancy

Any vacancy on the Board of Trustees occurring by reason of an increase in the number of Trustees or the death, resignation, removal, the inability to act of any Trustee or otherwise, shall be filled for the unexpired portion of the term by a majority vote of the body (either the AML Board of Directors or the AMLJIA Board of Trustees) that appointed the Trustee whose vacancy is to be filled or that is otherwise charged by these Bylaws with appointing the Trustee, at any regular or special meeting of the appointing body.

Section 10 - Resignation

Any Trustee may resign at any time by giving written notice to the Board of Trustees, to the chairman or secretary of the Association, and to the Executive Director of the AML. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Trustees or such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 11 - Removal

Any Trustee appointed by the AML Board of Directors may be removed with or without cause at any time by an affirmative vote of three-quarters (3/4) of the AML Board of Directors at a regular or special meeting called for that purpose. Any Trustee appointed by the AMLJIA Board of Trustees may be removed with or without cause at any time by an affirmative vote of three-quarters (3/4) of the AMLJIA Board of Trustees at a regular or special meeting called for that purpose. Any Trustee subject to such removal shall be given not less than 10 days written notice of the fact that the issue of his or her removal shall be decided, and of the date, time and place of such meeting, and shall be afforded an opportunity to present written or verbal comment upon the proposed action prior to any decision thereon.

Section 12 - Compensation

The Trustees shall serve without compensation, but shall be entitled to reimbursement of actual and reasonable expenses incurred in the performance of their official duties upon approval of the Trustees. The Association reserves the right to make reservations or prior arrangements for such expense items as airlines and hotels, and to establish a per diem rate or allowance to cover other incidental expenses.

Section 13 - Bonding

The Trustees may obtain, and expend Association funds to maintain such fidelity bonding or employee or directors' errors and omissions, malfeasance or misfeasance insurance coverage as is deemed appropriate.

ARTICLE 7 - POWERS AND DUTIES OF THE BOARD OF TRUSTEES

The Trustees may establish and manage any joint insurance funds, pools, policies and other services contemplated in these bylaws, and may:

- (a) Prepare specifications, request bids, and enter into any contract for the purpose of underwriting, administering or providing any services to the joint insurance funds or their Participants, policies or services contemplated in these bylaws.
- (b) Determine the rates, risks, benefits and terms of participation in the joint insurance funds, policies or services contemplated in these bylaws; adjust the rates and benefits based on claim experience and file such rates and terms as required by law.
- (c) Provide for individual or collective underwriting or other agreements for Participants in any joint insurance fund, policy or service contemplated by these bylaws; serve as the policyholder of any group policies; determine the methods of claims administration and payment, consistent with law; determine extent of loss prevention required; provide claims experience reports for Participants collectively or separately; pool or purchase excess insurance and reinsurance.
- (d) Determine the amount of contributions or appropriations required from Participants for the purpose of participating in any part or all of the joint insurance funds, policies or services established pursuant to these bylaws.
- (e) Establish standards for eligibility of Participants in any joint insurance fund, policy or service, and procedures for enrollment and withdrawal in any joint insurance fund, policy or service; and establish effective dates of coverage.
- (f) In accordance with a Cooperative Participation Agreement filed with the Director of Insurance, provide for the administration of any joint insurance fund established hereunder, for the manner of payments to such joint insurance fund or funds, policies or services which may be established, and establish procedures for

safekeeping, handling and investing such joint insurance fund or funds and any monies received or paid. With respect to each fund, claim reserves are to be accounted for by policy year for incurred but not yet paid, as well as incurred but not reported, losses.

- (g) Define the duties of the employees of the Association, particularly an Administrator or Insurance Manager and establish record requirements for the Association to enable the correct billing of contributions and fees, enrollment of Participants and their employees, and payment of claims.
- (h) Serve as or appoint an appeals body for complaints of Participants and their employees regarding allowance and payment of claims, eligibility and other matters (subject to the jurisdiction of the workers' compensation commission and other governmental agencies having jurisdiction), and establish procedures for grievances of Participants and their employees. Notwithstanding the Trustees' power to establish such procedures, any policy or procedure that requires arbitration of any dispute shall be subject to amendment only upon affirmative vote of the Participants.
- (i) Study the operation of joint insurance funds, policies or services, gross and net costs, administrative costs, benefits, utilization of benefits and claims administration.
- (j) Incur expenses, acquire and hold personal and real property, and enter into agreements necessary to accomplish the purposes of these bylaws; exercise the full power and authority of any Participant of the Association with respect to risk management matters when required to do so by contract with the Participant; or otherwise provide for necessary activities to accomplish the purposes of these bylaws.
- (k) Contract for such professional services as it may deem necessary and fix the time, manner, and payment therefore.
- (l) Contract with any qualified organization to perform any of the functions necessary for the carrying out of a joint insurance arrangement, including excess loss insurance or reinsurance, handling of claims, loss prevention and control services, administrative services and any and all other services that the Trustees shall deem

expedient for the proper servicing of those Participants who use the services of the Association.

- (m) Provide for proper accounting and reporting procedures for each of the Participants so that it shall be apprised at all times of the nature of the claims arising within its jurisdiction, the manner in which these claims are being handled, and the impact of the same upon the joint insurance.
- (n) Provide for annual audit of the books of the Association by certified public accountants and provide a copy of such audit to each Participant and to the Legislative Budget and Audit Committee pursuant to statute.
- (o) Annually provide for a review of its operations and general condition by a recognized, independent, actuary who is a member in good standing of the American Academy of Actuaries, including a determination that the actuarial assumptions used for establishing reserves in any joint insurance fund are sound, and provide a copy of such review to the Legislative Budget and Audit Committee.
- (p) Provide for a detailed report of the operation and condition of each joint insurance fund or funds, within sixty (60) days of the end of the fiscal year, to be filed with the Director of Insurance, in accordance with accounting principles established by AS 21.76, and be available for public inspection, pursuant to AS 21.76.080.
- (q) Terminate membership of any Participant which fails to abide by the requirements of the Board concerning: payment of the annual deposit contribution and any other contributions, installation of safety requirements, accounting and reporting, claims administration, compliance with other risk management standards, cooperation with the claims agents or attorneys representing the Association or any of the Participants; or terminate membership of any Participant which, in the judgment of the Trustees, acts in a manner detrimental to the fiscal soundness or effectiveness of the Association.
- (r) Develop and prepare Cooperative Participation Agreements to be signed by each Participant as it joins the Association.

- (s) Determine the amount of insurance, if any, that shall be purchased by the Association insofar as catastrophic coverage, excess loss coverage, stop loss or other types of coverage.
- (t) Require the securing of a fidelity bond or similar insurance coverage upon each and all of the employees of the Association and upon other persons charged with the duty of handling any of the monies or investments of the Association.
- (u) Pay claims by, to, or on the behalf of Participants, including claims made against Participants.
- (v) Borrow money to carry out purposes of these bylaws and of the Association.
- (w) Lend money from one joint insurance fund it administers to another it administers on such terms and conditions as it may determine.
- (x) Review, modify, if necessary, and approve the annual operating budget of the Association.
- (y) Invest money held by a joint insurance fund as reserves and money not needed for daily operations.
- (z) Exercise all of the powers necessary or desirable to carry out the purposes of the Association or the specific powers enumerated in this article.

ARTICLE 8 - CONTRIBUTION OF MEMBERS, COVERAGE LIMITS, RETENTIONS AND EXCESS INSURANCE

The Trustees shall establish a method for determining contributions to joint insurance funds using the following guidelines:

- (a) No joint insurance fund shall commence sharing of risks until the Association shall have received contributions from Participants in the amount required by the Board of Directors.
- (b) The Trustees may establish a deductible or retention for each Participant.
- (c) The Trustees shall establish the amount of liability with respect to claims against its Participants which each fund shall assume.
- (d) Each joint insurance fund may obtain excess insurance or reinsurance with respect to claims against its Participants which each joint insurance fund shall assume.

- (e) Each joint insurance fund may obtain excess insurance against aggregate fund liability for all claims as determined by the Trustees.
- (f) Each Participant or former Participant of a joint insurance fund shall be responsible as determined by the Board of Trustees for additional contributions or assessments to the fund in the event as to any coverage year, losses (including incurred but unreported or unpaid losses) and expenses exceed the annual deposit contribution and income earned on such contributions. A former Participant shall be responsible, under this section, for its proportionate share of additional contributions or assessments only for losses and expenses attributable to the time period of its participation in the program; however, there shall be no time limitation on former Participant liability under this section. Participants taking part only in a group purchase program, however, shall not be responsible for additional contributions due to a deficit in the risk-sharing program. Such additional contributions shall be determined by the Trustees based upon each Participant's proportionate annual deposit contribution in comparison to the aggregate annual deposit contributions of all Participants - for those Participants taking part in a program whereby risks from loss are shared on a group basis. For Participants taking part only in a group purchase program, such additional contributions, if any, may be based on their proportionate annual deposit contribution or other factors. The Trustees shall establish the amount of additional contributions which may be required from any Participant.
- (g) Annual deposit contributions of Participants shall be determined by the Trustees on the basis of each joint insurance fund's insurance provided, reserve for contingencies, reserve for losses, cost of excess insurance, cost of conventional insurance for each Participant, claims experience, administrative costs, any catastrophic loss reserve funds, rate stabilization funds, or excess loss funds established by the Trustees, and other pertinent factors.

ARTICLE 9 -ADMINISTRATION

Section 1 - Administrator

The Trustees shall appoint an Administrator to serve as chief executive officer of the Association. The Administrator shall have the general supervisory control over the day-to-day decisions and administrative activities of the Association.

Section 2 - Employees/Contracts for Services

The Trustees may appoint such other officers or employees and employ or contract with the AML or other persons or entities for such administrative, planning, research or other services upon such terms as may be necessary or in the Trustees' judgment desirable to carry out the purposes of these bylaws and of the cooperative participation agreements.

Section 3 - Hiring/"Borrowing" of Employees

The Administrator shall have the power to hire such persons as the Trustees authorize for the administration of the Association, including the "borrowing" of management-level or clerical employees from the AML and/or one or more of the Participants to assist in the development phase or subsequent administration of the Joint Insurance Arrangement of the Association, subject to the approval of the Participant. Any Participant whose employee is so "borrowed" according to this provision shall be reimbursed by the Association for that employee's time spent or services rendered on behalf of the Association.

ARTICLE 10 - COMMITTEES

Section 1 - Executive Committee

The Board of Trustees may appoint an Executive Committee of the Board of Trustees which shall consist of not less than three nor more than five Trustees, as determined by the Board of Trustees. Two of the members of the Executive Committee, if established, shall be the Chairman of the Board of Trustees, and the nonvoting, ex-officio member from the AML; the remainder of the members, after their original election, shall be elected by the Trustees at the same time the officers of the Board of Trustees are elected at the annual Association meeting each calendar year. The Chairman of the Association shall serve as the Chairman of the Executive Committee. The Board of Trustees

may delegate certain powers of the Trustees as outlined in Article 7 to the Executive Committee, as it deems appropriate.

The Executive Committee or any other Board committee established by the Trustees may not take any action contrary to previous action of the full Board of Trustees nor make any decisions that would require an amendment of, or be inconsistent with, the Bylaws or Cooperative Participation Agreement. The Trustees may review all acts of the Executive Committee, or any other Board committee established by the Trustees and shall have the power to modify and/or override any decision or action of the Executive Committee or any other committee upon a majority vote of the Board of Trustees.

Section 2 - Other Committees

In addition to an Executive Committee, the Board of Trustees may establish and appoint Trustees to such other committees as the Board from time to time may deem necessary. Any committees other than the Executive Committee shall consist of not less than three nor more than five Trustees as determined by the Board. The Board of Trustees may delegate certain powers of the Trustees as outlined in Article 7 to any such committee established by the Trustees as it may deem appropriate.

ARTICLE 11 - INDEMNIFICATION OF TRUSTEES, OFFICERS, EMPLOYEES, AND AML

The members of the Board of Trustees and officers and employees of the Association shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties for the Association and shall not be liable for any mistakes of judgment or other action, taken or omitted by them in good faith; nor for any action taken or omitted by an agent, employee or independent contractor selected in good faith by them or any of them; nor for loss incurred through investment of Association funds or failure to invest. No trustee, officer or employee shall be liable for any action taken or omitted by any other officer, Trustee, or employee. The Association shall defend, indemnify and hold harmless each Trustee, officer, and employee for expenses, including attorney's fees, and the amount of any judgment, money decree, fine, penalty or settlement for which he may become liable by reason of his being, or having been, a Trustee, officer or employee of the Association who exercises powers or performs duties for the Association, except in relation to

matters as to which said Trustee, officer or employee is finally adjudged in any action, suit or proceeding to be liable for failure to act in good faith in the performance of his or her duties as such Trustee, officer, or employee.

ARTICLE 12 - FISCAL YEAR

The fiscal year of the Association shall commence July 1 of each year and end June 30 of the succeeding year, or as determined by the Board.

ARTICLE 13 - ENROLLMENT

Any local public agency that is a member in good standing of the AML and is otherwise qualified to participate in the Cooperative Participation Agreement may enroll as a Participant of the AML Joint Insurance Association. A prospective Participant must sign the Cooperative Participation Agreement in order to become a Participant. The Trustees may provide such incentives to encourage participation as it deems appropriate.

ARTICLE 14 - WITHDRAWAL FROM PARTICIPATION

Section 1 - Cancellation of Participation

The Board of Trustees shall have the right to cancel a Participant's membership in the Association upon a two-thirds (2/3) vote of the entire Board of Trustees for those Participants taking part in any program whereby Participants assume risks from losses on a pooled basis. Grounds for such cancellation shall include failure to conform to loss prevention or safety programs; failure to adhere to material provisions of the Cooperative Participation Agreement or default in performance of obligations under said Agreement; failure to meet underwriting standards established by the Association; insolvency of the Participant; or such other condition as the Association, acting through the Trustees, shall determine and incorporate by agreement. For any program whereby Participants purchase coverage on a group basis, the Participant's membership in that program may be canceled in accordance with the applicable insurance policy and Cooperative Participation Agreement.

Section 2 – Withdrawal

A Participant may withdraw from the Association, subject to the provisions of these bylaws and of the Cooperative Participation Agreement, except that Participants enrolled only in a group purchase program may withdraw in accordance with the applicable insurance policy and Cooperative Participation Agreement. Any withdrawal by a Participant shall be effective only at the end of the fiscal year, and only after giving the Association not less than six (6) months written notice of intent to withdraw. These limitations on the time and notice required for withdrawal shall not apply to Participants taking part only in a group purchase program. Those Participants may withdraw according to the applicable Cooperative Participation Agreement and insurance policy. Such withdrawal shall not exonerate a withdrawing Participant from liability incurred during the term of its participation, or pursuant to the Cooperative Participation Agreement.

ARTICLE 15 - DISSOLUTION

In the event of a dissolution of the Association, but only after the payment, or provision for, all debts, claims and liabilities, any remaining assets shall be paid to the Participants at the time of the dissolution date established by the Trustees, in proportion to their respective total contributions to the Association and as provided in the Cooperative Participation Agreement. Participants who have taken part only in a group purchase program shall not share in the distribution of assets upon dissolution.

ARTICLE 16 - AMENDMENTS

These bylaws may be amended by a vote of two-thirds (2/3) of the Trustees present at any annual meeting, regular meeting, or special meeting of the Trustees called at least in part for the purpose of amending the bylaws. Any bylaw amendment shall become effective immediately unless otherwise stated therein.

ARTICLE 17 - OFFICE

The principal office of the Association shall be in such location as the Trustees shall decide within the State of Alaska. The Association may also maintain offices at such other places within Alaska as the Trustees may from time to time determine.

ARTICLE 18 - OFFICIAL SEAL

The Trustees of the Association may adopt an official seal in such form as they may determine, which seal may be affixed to official documents of the Association.

The undersigned certifies the foregoing bylaws have been adopted as the amended bylaws of the Association.

DATED this 24th day of April, 2015.

ATTEST: 
Secretary


CHAIRMAN

July 2017

City Council Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3 7pm - Ports & Harbor Commission Meeting	4 Holiday Valdez 4 th of July Festival	5 7pm - Regular Council Meeting	6 7pm - Economic Diversification Commission Meeting	7	8
9	10 10am - USCG Marine Safety Unit Valdez Change of Command 6:30pm - School Board Meeting	11 5:30pm - Library Board Meeting (@ Library) 6:30pm - Prov. Health Advisory Council Meeting (@ Hospital) 7pm - Parks & Recreation Commission Meeting	12 7pm - Planning & Zoning Commission Meeting	13	14	15
16	17 7pm - Ports & Harbor Commission Meeting	18 7pm - Regular Council Meeting	19 7pm - Economic Diversification Commission Meeting	20 6pm - Council Work Session (CVEA)	21	22
23	24 6:30pm - School Board Meeting	25	26 7pm - Planning & Zoning Commission Meeting	27	28	29
30	31 Noon - Beautification Task Force Meeting					

Note #1: This calendar is subject to change. Contact the City Clerk's office for updates as needed.

Updated 06/28/17

August 2017

City Council Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 10am - Permanent Fund Mtg 5:30pm - Council Work Session (Permanent Fund) 7pm - Regular Council Meeting	2 7pm - Economic Diversification Commission Meeting	3	4	5
6	7 7pm - Ports & Harbor Commission Meeting	8 5:30pm - Library Board Meeting (@ Library) 6:30pm - Prov. Health Advisory Council Meeting (@ Hospital) 7pm - Parks & Recreation Commission Meeting	9 7pm - Planning & Zoning Commission Meeting	10	11	12
13	14 6:30pm - School Board Meeting	15 7pm - Regular Council Meeting	16 Summer AML Conference (Haines) 7pm - Economic Diversification Commission Meeting	17 Summer AML Conference (Haines)	18	19
20	21 7pm - Ports & Harbor Commission Meeting	22	23 7pm - Planning & Zoning Commission Meeting	24	25	26
27	28 Noon - Beautification Task Force Meeting 6:30pm - School Board Meeting	29	30	31		

Note #1: This calendar is subject to change. Contact the City Clerk's office for updates as needed.

Updated 06/28/17

THE FUTURE OF FERRY SERVICE IN PRINCE WILLIAM SOUND *VALDEZ COMMUNITY OPEN HOUSE*

Share *your* vision for sustainable ferry service for Valdez,
the Prince William Sound region, and the State of Alaska

JULY 13, 2017

6 - 8 P.M.

CITY COUNCIL CHAMBERS

Who should attend?

Citizens, business owners, school groups - anyone currently using the ferry or who wishes to use it in the future.

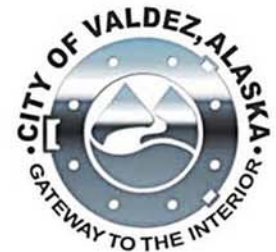
Why?

State revenues and budget constraints have dramatically changed ferry service the past two years. The Alaska Marine Highway System Reform Initiative is looking at ways to make ferry service affordable, predictable, and sustainable into the future. Your opinions and insights can help shape what future ferry service might look like.

Learn More:

www.AMHSreform.com

Brought to you by:



ALASKA'S
PRINCE WILLIAM SOUND
ECONOMIC DEVELOPMENT DISTRICT
Chenega Bay Cordova Tatitlek Valdez Whittier

questions: pwsedd@gmail.com