Kenai City Council - Regular Meeting

August 05, 2026 − 6:00 PM

Kenai City Council Chambers

210 Fidalgo Avenue, Kenai, Alaska

www.kenai.city

****Telephonic/Virtual Information on Page 3****

Telephonic/Virtual Information on Page 3

Agenda

A. CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call
3. Approval of the Agenda and Consent Agenda *(Public comments on Consent Agenda Items limited to three (3) minutes per speaker; thirty (30) minutes aggregated)*

   *All items listed with an asterisk (*) are considered to be routine and non-controversial by the council and will be approved by one motion. There will be no separate discussion of these items unless a council member so requests, in which case the item will be removed from the consent agenda and considered in its normal sequence on the agenda as part of the General Orders.

B. SCHEDULED ADMINISTRATIVE REPORTS

1. **Oath of Office** - Ryan Coleman, Chief of Police

C. SCHEDULED PUBLIC COMMENTS *(Public comments limited to ten (10) minutes per speaker; twenty (20) minutes aggregated)*

1. 2026 Housing Assessment Report, Kenai Peninsula Economic Development District Economist, Andy Wink.

D. UNSCHEDULED PUBLIC COMMENTS *(Public comments limited to three (3) minutes per speaker; thirty (30) minutes aggregated)*

E. PUBLIC HEARINGS

1. **Ordinance No. 3534-2026** - Amending Kenai Municipal Code 7.25.030 - Unbudgeted Appropriations, to Allow the City Manager to Appropriate Donations and Grants Under Ten Thousand Dollars. (Askin, Grieme)

2. **Ordinance No. 3535-2026** - Removing Public Purpose Designations on Kenai Peninsula Borough Parcel Numbers 04711308, 04711309, 04711310, 04711311, 04711312, and 04108003, to Accommodate Disposal Recommendations in the City of Kenai Land Management Plan. (Administration)

3. **Ordinance No. 3536-2026** - Increasing Estimated Revenues and Appropriations in the Municipal Roadway Improvement Capital Fund for the Partial Construction of Water, Sewer and Sixth Street, accepting a US Department of Housing and Urban Development Community Development Block Grant Passed Through the State of Alaska Department of Commerce, Community, and Economic Development and Accepting Funding from the Kenai Peninsula Housing Initiative. (Administration) *[KMC 1.15.070(d)]*

    1. Motion for Introduction
    2. Motion for Second Reading (Requires a Unanimous Vote)
    3. Motion for Enactment (Requires Five Affirmative Votes)

4. **Resolution No. 2026-54** - Authorizing a Contract to Purchase Computer Equipment. (Administration)

F. MINUTES

1. *Regular Meeting of July 8, 2026. (City Clerk)

G. UNFINISHED BUSINESS

H. NEW BUSINESS

1. ***Action/Approval** - Bills to be Ratified. (Administration)
2. ***Ordinance No. 3537-2026** - Increasing Estimated Fiscal Year 2026 Revenues and Appropriations in the General Fund - Police Department and Accepting a Grant from the US Department of Transportation Passed Through the State Of Alaska Department of Transportation and Public Facilities for Traffic Enforcement Overtime Expenditures. (Administration)
3. ***Ordinance No. 3538-2026** - Increasing Estimated Fiscal Year 2026 Revenues and Appropriations in the General Fund - Police Department and Accepting a Grant from the Alaska High Intensity Drug Trafficking Area for Drug Investigation Overtime Expenditures. (Administration)
4. ***Ordinance No. 3539-2026** - Amending Kenai Municipal Code Section 14.20.030 - Establishment of Zones and Official Map to Add Airport Light Industrial. (Administration)
5. ***Ordinance No. 3540-2026** - Accepting and Appropriating a Gift Distribution from Meals on Wheels of America to the Kenai Senior Center. (Administration)
6. ***Ordinance No. 3541-2026** - Amending the Official Zoning Map by Rezoning of Parcels 04923002, 04923003, and 04923004 with Physical Addresses of 5940 & 5968 Kenai Spur Highway and 220 N. Fern Street, from Limited Commercial (LC) to Rural Residential (RR). (Administration)

I. COMMISSION REPORTS

1. Council on Aging Commission
2. Airport Commission
3. Parks and Recreation Commission
4. Planning and Zoning Commission
5. Beautification Commission

J. REPORT OF THE MAYOR

K. ADMINISTRATION REPORTS

1. City Manager
2. City Attorney
3. City Clerk

L. ADDITIONAL PUBLIC COMMENTS

1. Citizens Comments *(Public comments limited to five (5) minutes per speaker)*
2. Council Comments

M. EXECUTIVE SESSION

N. PENDING ITEMS

O. ADJOURNMENT

P. INFORMATION ITEMS

The agenda and supporting documents are posted on the City's website at www.kenai.city. Copies of resolutions and ordinances are available at the City Clerk's Office or outside the Council Chamber prior to the meeting. For additional information, please contact the City Clerk at 907-283-8231.

Registration is required to join the meeting remotely through Zoom. Please use the following link to register:

https://us02web.zoom.us/meeting/register/lxF4IIKaRWicjpC-FIaK7Q

Sponsored by: Council Member Grieme and Vice Mayor Askin

CITY OF KENAI
ORDINANCE NO. 3534-2026

AN ORDINANCE AMENDING KENAI MUNICIPAL CODE 7.25.030 - UNBUDGETED APPROPRIATIONS, TO ALLOW THE CITY MANAGER TO APPROPRIATE DONATIONS AND GRANTS UNDER TEN THOUSAND DOLLARS.

WHEREAS, Kenai Municipal Code 7.25.030 currently requires the Council to appropriate by ordinance all expenditures not authorized in the budget; and,

WHEREAS, each of the last three years, Council has appropriated between 10-17 donations or grants under $10,000; and,

WHEREAS, amending KMC 7.25.030 to allow the City Manager to appropriate grants and donations under $10,000 will reduce administrative effort in legislative preparation, streamline council meetings, and allow for greater efficiency in appropriating grants and donations by eliminating the typical two meeting ordinance process; and,

WHEREAS, the proposed changes safeguard council's authority by requiring the City Manager to report to Council all intended appropriations prior to the appropriation occurring and allowing any council member to require the appropriation be decided legislatively.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. <u>Amendment of Section 7.25.030 of Kenai Municipal Code:</u> That Kenai Municipal Code, Section Unbudgeted Appropriations.7.25.030 is hereby amended as follows:

7.25.030 Unbudgeted Appropriations.

For any expenditures not provided an authorization in the budget for the fiscal year, <u>except as provided below,</u> the Council shall authorize such expenditures by ordinance, making the required appropriation. <u>For donations and grants to the City or any of its departments under ten thousand dollars, the Council conditionally delegates its appropriation authority to the City Manager, who will report all such intended appropriations to the Council at a Council Meeting, prior to the appropriation being made, at which time any Council Member may object to the intended appropriation by the City Manager, and the appropriation will be brought to the Council at a future meeting by Ordinance. If no objection is received when presented to the Council, the City Manager may make the appropriation.</u>

Section 2. <u>Severability:</u> That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 3. <u>Effective Date</u>: That pursuant to KMC 1.15.070(f), this ordinance shall take effect 30 days after enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 5TH DAY OF AUGUST, 2026.

Henry H. Knackstedt, Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Introduced:	July 8, 2026
Enacted:	August 5, 2026
Effective:	September 4, 2026

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Knackstedt and Council Members

FROM: Council Member Bridget Grieme and Vice Mayor Victoria Askin

DATE: July 2, 2026

SUBJECT: **Ordinance 3534-2026** - Amending Kenai Municipal Code 7.25.030 - Unbudgeted Appropriations, to Allow the City Manager to Appropriate Donations and Grants Under Ten Thousand Dollars.

This Ordinance is intended to reduce administrative time in legislative preparation, streamline council meetings and increase efficiency in appropriating grants and donations by conditionally delegating the Council's authority to the City Manager to appropriate grants and donations under $10,000. In 2023,17 ordinances were brought to Council for appropriations less than $10,000. In 2024, 15 ordinances, and in 2025, 10 ordinances were introduced for the same purpose. The current typical process, takes two meetings, one for introduction and another for a public hearing.

This Ordinance proposes to conditionally delegate Council's authority to appropriate expenditures not in the budget, for grants and donations less than $10,000 to the City Manager, so these appropriations can be made without the need for legislation requiring two meetings. The Ordinance would require the City Manager to report all intended appropriations to the City Council at a City Council Meeting, where recognition to those making donations and staff for pursuing grants could be made as appropriate, and also allows any Council Member to object to the Manager making the appropriation which would result in an ordinance being brought to the whole council at a later meeting for consideration of the appropriation.

While state statute requires legislative bodies to make appropriations for many types of municipalities, it does not require the same for home rule cities such as Kenai. Your consideration is appreciated.

KENAI

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MEMORANDUM

TO: Mayor Knackstedt and Council Members

FROM: Terry Eubank, City Manager
Scott Bloom, City Attorney
Shellie Saner, City Clerk

DATE: July 29, 2026

SUBJECT: Procedures for Implementation of Ordinance No. 3534-2026.

To address the procedures that would be required if Ordinance No. 3534-2026 is enacted, the City Manager, City Attorney, and City Clerk met to develop a process for presenting applicable donations and grants to the City Council. Unless otherwise directed by the Council, the following procedures will be implemented upon passage of Ordinance 3534-2026.

When a donation or grant is received that falls within the scope of KMC 7.25.030 the following Action/Approval item will be placed on the agenda as a consent item under New Business:

***Action/Approval** - Non-Objection to the Acceptance and Appropriation of Donations or Grants Under $10,000 in Accordance with KMC 7.25.030. (Administration)

Each agenda packet will include a financial report prepared by the Finance Department identifying the applicable donations and grants, along with a memorandum from the receiving department providing the amount, appropriating accounts, necessary background information and the purpose for each item included on the report. This process is similar to the current procedure for Purchase Orders and Purchase Order Amendments requiring Council approval.

Including these items on the consent agenda provides opportunity for public comment on the donation or grant; and as with all consent agenda items, any Council Member may request that an item be removed from the consent agenda for consideration and discussion at its regular place on the agenda.

Sponsored by: Administration

CITY OF KENAI
ORDINANCE NO. 3535-2026

AN ORDINANCE REMOVING PUBLIC PURPOSE DESIGNATIONS ON KENAI PENINSULA BOROUGH PARCEL NUMBERS 04711308, 04711309, 04711310, 04711311, 04711312, AND 04108003, TO ACCOMMODATE DISPOSAL RECOMMENDATIONS IN THE CITY OF KENAI LAND MANAGEMENT PLAN.

WHEREAS, on June 15, 2022, Resolution 2022-51 was passed, adopting the City of Kenai Land Management Inventory and Recommendations (Land Management Plan); and,

WHEREAS, Kenai Peninsula Borough parcels 04711308, 04711309, 04711310, 04711311, and 04711312, known as Lots 12-16, Block 3, East Addition Townsite of Kenai, located at 600-608 Peninsula Avenue were given a retention status of “Dispose”; and,

WHEREAS, Ordinance 2791-2014 retained the above listed parcels for the public purpose of bluff erosion control and then for parks and recreation; and,

WHEREAS, the primary bluff erosion control project was completed in 2025; and,

WHEREAS, in 2026 the City adopted the first Parks and Recreation Master Plan; and,

WHEREAS, the Parks and Recreation Master Plan did not specify a recommendation for a new park in the East Addition of the Townsite of Kenai; and,

WHEREAS, parcels 04711308, 04711309, 04711310, 04711311, and 04711312 are all 0.11 acre lots and are in the Central Commercial Zoning District which is designed to encourage a compact group of businesses of the type which are mutually beneficial and located close enough together to encourage walk-in trade; and,

WHEREAS, on March 21, 1979, the City passed Ordinance 477-79 retaining the parcel now known as 04108003, Lot 3, Block H, Beaver Creek Alaska Subdivision Amended, located at 5168 Beaver Loop Road for a public purpose for a fire station site; and,

WHEREAS, the Land Management Plan identified parcel 04108003 as suitable for development and recommended for disposal at such time as an alternative location for a fire station is identified; and,

WHEREAS, the City has retained a consultant to determine the feasibility for the construction of a new or renovated public safety building; and,

WHEREAS, the one-acre lot is insufficient for a new fire station; and,

WHEREAS, in accordance with Kenai Municipal Code 22.05.110(b), City Council by ordinance, may remove the public purpose designation; and,

WHEREAS, the Council finds that removing the public purpose designation of parcels 04711308, 04711309, 04711310, 04711311, 04711312, and 04108003 is consistent with the goals of the Land Management Plan and in the best interests of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That the City of Kenai Land Management Plan is hereby amended to remove the public purpose designations of Kenai Peninsula Borough parcels 04711308, 04711309, 04711310, 04711311, and 04711312, known as Lots 12-16, Block 3, East Addition Townsite of Kenai, located at 600-608 Peninsula Avenue and parcel 04108003, Lot 3, Block H, Beaver Creek Alaska Subdivision Amended, located at 5168 Beaver Loop Road.

Section 2. That the City Manager is authorized to update the Land Management Plan and associated land inventory records to reflect this amendment.

Section 3. <u>Severability</u>: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 4. <u>Effective Date</u>: That pursuant to KMC 1.15.070(f), this ordinance shall take effect 30 days after enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 5TH DAY OF AUGUST, 2026.

____
Henry H. Knackstedt, Mayor

ATTEST:

____
Michelle M. Saner, MMC, City Clerk

Introduced:	July 08, 2026
Enacted:	August 05, 2026
Effective:	September 04, 2026

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Kevin Buettner, Planning Director

DATE: June 29, 2026

SUBJECT: **ORD 3535-2026** - Removing Public Purpose Designations on Kenai Peninsula Borough Parcel Numbers 04711308, 04711309, 04711310, 04711311, 04711312, and 04108003, to Accommodate Disposal Recommendations in the City of Kenai Land Management Plan.

City Administration is undertaking an update to the City of Kenai Land Management Inventory and Recommendations, also known as the Land Management Plan. This update is intended to give the Administration and members of the public an accurate inventory and status of all City-owned lands.

Upon an initial review of the plan, it was noted that six parcels were given a retention status of "Dispose" while possessing a public purpose designation which was explained in the comments section of the table corresponding to each map. Kenai Peninsula Borough parcels 04711308, 04711309, 04711310, 04711311, and 04711312, known as Lots 12-16, Block 3, East Addition Townsite of Kenai, located at 600-608 Peninsula Avenue and parcel 04108003, Lot 3, Block H, Beaver Creek Alaska Subdivision Amended, located at 5168 Beaver Loop Road were given public purpose designations by Ordinance 2791-2014 and Ordinance 477-79, respectively.

A public purpose designation is not compatible with a "Dispose" designation, as the methods for land leases or sales is outlined in Kenai Municipal Code 22.05 – Disposition of City Lands. Administration requests the removal of the public purpose designations on these six parcels. Parcels 04711308, 04711309, 04711310, 04711311, and 04711312 were set aside to support the Bluff Erosion Project and then held a Parks and Recreation designation. The Bluff Erosion Project was substantially completed in 2025 and a new Parks and Recreation Master Plan, adopted in June 2026 did not include a recommendation for a park in the area, due to proximity to existing facilities.

Parcel 04108003 was set aside for a new fire station. The Land Management Plan identified parcel 04108003 as suitable for development and recommended for disposal at such time as an alternative location for a fire station is identified. Currently, the City is working with a consultant to determine the feasibility for the construction of a new or renovated public safety building. The one-acre size of the lot may not be sufficient for a new replacement fire station and would likely only be able to accommodate a satellite facility. Other parcels in the area may be better suited for a larger replacement facility. Removal of the public purpose designation would allow the parcels to be considered for new development.

Thank you for your consideration.

Beaver Loop Aerial Map

Peninsula Ave. Aerial Map

Sponsored by: Administration

CITY OF KENAI
ORDINANCE NO. 3536-2026

AN ORDINANCE INCREASING ESTIMATED REVENUES AND APPROPRIATIONS IN THE MUNICIPAL ROADWAY IMPROVEMENT CAPITAL FUND FOR THE PARTIAL CONSTRUCTION OF WATER, SEWER AND SIXTH STREET, ACCEPTING A US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY DEVELOPMENT BLOCK GRANT PASSED THROUGH THE STATE OF ALASKA DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT AND ACCEPTING FUNDING FROM THE KENAI PENINSULA HOUSING INITIATIVE.

WHEREAS, the City of Kenai with the Kenai Peninsula Housing Initiative applied for and received a $525,000 Community Development Block Grant from the US Department of Housing & Urban through the State of Alaska Department of Commerce, Community, and Economic Development to extend water and sewer utilities and the road on 6th Street; and,

WHEREAS, the Kenai Peninsula Housing Initiative in cooperation with the City of Kenai has provided an additional $250,000 for construction of these improvements, including an estimated $42,000 for design and construction administration services and has agreed to provide additional funding if necessary for costs to complete the scope of work; and,

WHEREAS, this project will construct water, sewer and road infrastructure approximately 200 feet north of the Redoubt Avenue right of way for access to senior housing being constructed by Kenai Peninsula Housing Initiative and will increase opportunity for future expansion of this infrastructure north; and,

WHEREAS, pursuant to KMC 1.15.070(d) the City may introduce and finally pass on the same day, an ordinance making, repealing, transferring or otherwise changing and appropriation; and,

WHEREAS, the funding needs to be available to bid and construct the water and sewer improvements in 2026; and,

WHEREAS, it is in the best interest of the City to appropriate these funds.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

Section 1. That the City Manager is authorized to accept a grant from the US Department of Housing & Urban Development through the State of Alaska Department of Commerce, Community and Economic Development in the amount of $525,000 and expend the funds in accordance with the provisions of the grant.

Section 2. That the City Manager is authorized to accept funds in the amount of $250,000 from the Kenai Peninsula Housing Initiative to construct infrastructure improvements for Sixth Street.

Section 3. That estimated revenues and appropriations be increased as follows:

Municipal Roadway Improvement Capital Project Fund:

Increase Estimated Revenues:	
Federal Grant	$525,000
Donation	250,000
	$725,000

Increase Appropriations –
Sixth Street Improvements - Construction $725,000

Section 3. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 4. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect immediately upon enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 5TH DAY OF AUGUST 2026.

____
Henry H. Knackstedt, Mayor

ATTEST:

____
Michelle M. Saner, MMC, City Clerk

Approved by Finance: DS

Introduced:	August 5, 2026
Enacted:	August 5, 2026
Effective:	August 5, 2026

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Lee Frey, Public Works Director

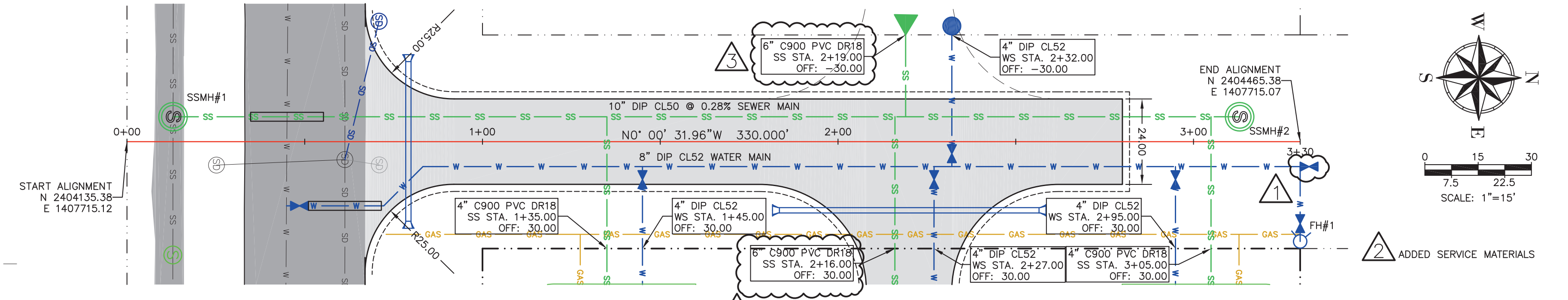
DATE: July 29, 2026

SUBJECT: **Ordinance No. 3536-2026** - Increasing Estimated Revenues and Appropriations in the Municipal Roadway Improvement Capital Fund for the Partial Construction of Water, Sewer and Sixth Street, accepting a US Department of Housing and Urban Development Community Development Block Grant Passed Through the State of Alaska Department of Commerce, Community, and Economic Development and Accepting Funding from the Kenai Peninsula Housing Initiative.

This memo requests Council's approval to accept and appropriate a US Department of Housing & Urban Development Community Development Block Grant (CDBG) passed through the State of Alaska Department of Commerce, Community, and Economic Development and funding received from the Kenai Peninsula Housing Initiative (KPHI) to construct water, sewer and road infrastructure in the Sixth Street right of way. This project will extend a water main, a sewer main and a roadway approximately 200 feet north of the Redoubt Avenue right of way to provide infrastructure to adjacent lots and allow for future expansion to the northern undeveloped property. City Council authorized participation in the CDBG program through Resolution 2025-61.

In December of 2025, the City of Kenai worked with KPHI to apply for CDBG funding to construct infrastructure in Sixth Street to construct senior housing on properties adjacent to this right of way. In March of 2026, the City was selected to be awarded a grant for this project in the amount of $525,000. KPHI has been working to construct senior housing on adjacent lots and has agreed to provide $250,000 in funding to the City to complete this project. KPHI has already paid for design costs for the construction drawings and specifications and will pay for construction administration estimated in the total amount of $42,000. They have also agreed to provide additional funding as needed to complete this work. City of Kenai is required to manage the grant and will work in cooperation with KPHI and their design consultant to bid, construct and manage the project.

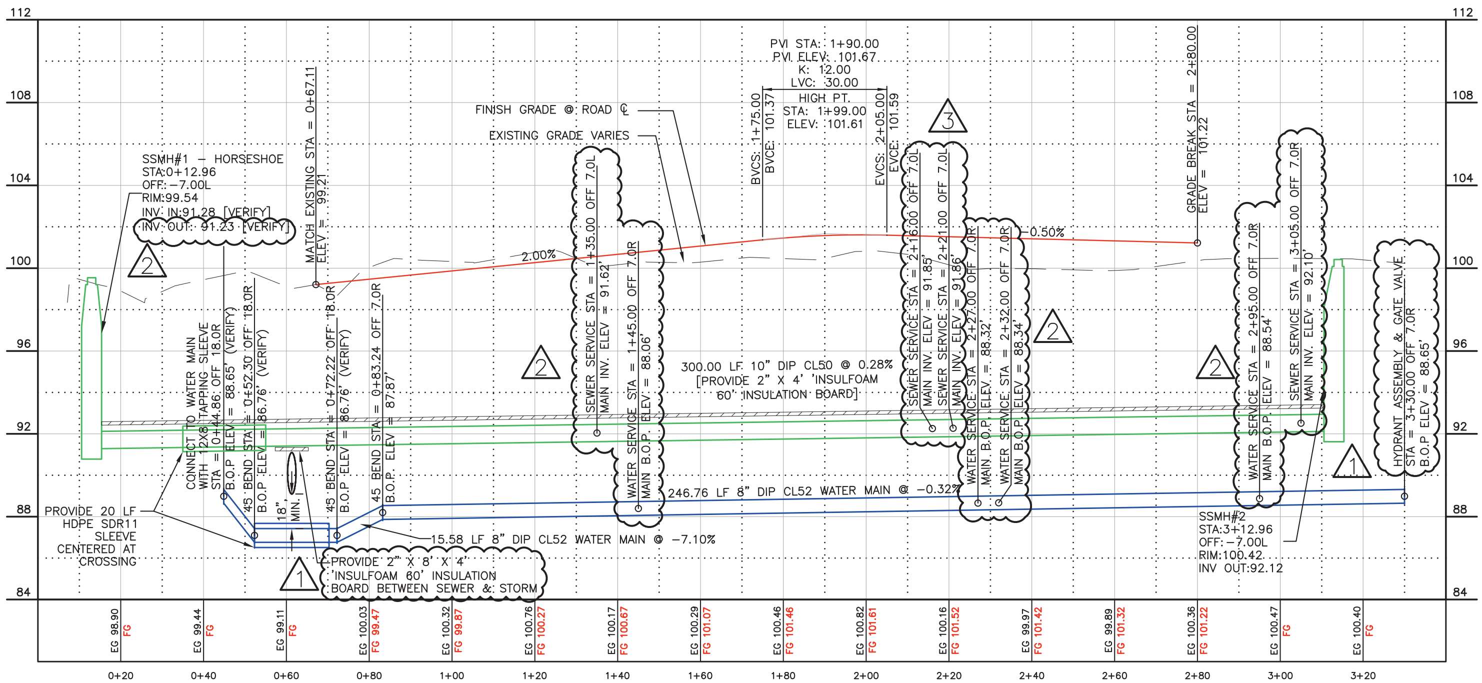
Appropriation of the funding is in the best interest of the City. A double reading of the Ordinance is requested to be able to award the entire contract at this meeting in August. This will allow the funding to be available prior to release of the project for bidding and construction. Water and sewer infrastructure is planned to be installed in 2026 and additional work on the road will be finished in the summer of 2027.



SIXTH STREET - ROAD, STORM, WATER, AND SEWER - PLAN

A / C4

SCALE: 1"=15' (22x34)/ 1"=30' (11x17)



SIXTH STREET - ROAD, STORM, WATER, AND SEWER - PROFILE

B / C4

HORIZONTAL SCALE: 1"=15' (22x34)/ 1"=30' (11x17); VERTICAL SCALE: 5X

REVISIONS

No	Description	Date
1	City Review Edits	6/13/25
2	ADEC Review Edits	7/23/25
3	Sewer Edits	8/14/25

NELSON ENGINEERING AK CORP. AUTHORIZATION AECC1291

STATE OF ALASKA 49TH Matthew Z. DeRaeve CE-14839 06/05/25 Registered Professional Engineer

BDS, Inc. Entity #25796D

BDS ARCHITECTS

ARCHITECTURE | PLANNING | ROOF TECHNOLOGY

3330 C St, Suite 200, Anchorage, Ak 99503

T: 907.562.6076 | F: 907.562.6635

W: www.bdsak.com

Rainbow Flats Apartments I/II/III

Kenai, Alaska

BDS Project No.: 525003

Construction Documents JUNE 5, 2025

PLAN AND PROFILE

C4

Sponsored by: Administration

CITY OF KENAI
RESOLUTION NO. 2026-54

A RESOLUTION AUTHORIZING A CONTRACT TO PURCHASE COMPUTER EQUIPMENT.

WHEREAS, computer equipment is replaced annually per the City replacement schedule; and,

WHEREAS, $46,050 was included in the FY27 budget for the purchase of computer equipment; and,

WHEREAS, the City Manager has approved a product standardization for Dell computers and peripherals; and,

WHEREAS, an invitation to bid for computer equipment received no bids; and,

WHEREAS, KMC 7.15.070(b)(4) allows the City to purchase equipment under the contract of another governmental agency; and,

WHEREAS, the NASPO pricing from Dell Technologies of $45,318.74 has been determined to be fair and reasonable; and,

WHEREAS, it is in the best interest of the City to contract with Dell Technologies to purchase computer equipment for $45,318.74.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

Section 1. That the City Manager is authorized to execute a contract with Dell Technologies in the amount of $45,318.74 for the purchase of computer equipment.

Section 2. That this Resolution takes effect immediately upon passage.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 5TH DAY OF AUGUST, 2026.

____
Henry H. Knackstedt, Mayor

ATTEST:

____
Michelle M. Saner, MMC, City Clerk

Approved by Finance: __________________

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MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

THROUGH: Dan Castimore, IT Manager

FROM: Lee Frey, Public Works Director

DATE: July 28, 2026

SUBJECT: **Resolution No. 2026-54** - Authorizing a Contract to Purchase Computer Equipment.

This memo requests Council's approval to contract with Dell Technologies for the purchase of new computer equipment for replacements per the City's annual schedule.

Computer equipment is replaced annually at the City per a replacement schedule and as needed. $46,050 was included in the annual budget for the purchase of computer equipment. This purchase was released for bidding and no bids were received. The IT Manager worked with Dell Technologies to obtain a quote for the needed equipment utilizing National Association of State Procurement Officials (NASPO) pricing.

Since 2012, the City has standardized on Dell computers to simplify management of its technology fleet and improve operational efficiency. Standardizing on a single hardware platform reduces the time and resources needed to support multiple manufacturers' drivers, utilities, and management tools.

Dell's pricing remains competitive with other major vendors, including HP and Lenovo. Continuing with Dell provides the best overall value by combining competitive pricing with lower long-term support costs.

KMC 7.15.070(b)(4) allows the City to purchase equipment under the contract of another governmental agency. The pricing received for this equipment is NASPO pricing that meets this requirement. In addition, the IT Manager has reviewed the pricing and found it to be fair and reasonable.

The Public Works Department recommends purchase of computer equipment from Dell Technologies in the amount of $45,318.74.

Award of this agreement is in the best interest of the City. Council's approval is respectfully requested.

KENAI CITY COUNCIL – REGULAR MEETING
JULY 8, 2026 – 6:00 P.M.
KENAI CITY COUNCIL CHAMBERS
210 FIDALGO AVE., KENAI, AK 99611
MAYOR HENRY H. KNACKSTEDT, PRESIDING

MINUTES

A. CALL TO ORDER

A Regular Meeting of the Kenai City Council was held on July 8, 2026, in City Hall Council Chambers, Kenai, AK. Mayor Knackstedt called the meeting to order at approximately 6:00 p.m.

1. Pledge of Allegiance

Mayor Knackstedt led those assembled in the Pledge of Allegiance.

2. Roll Call

There were present:

Henry Knackstedt, Mayor	Victoria Askin, Vice Mayor
Sovala Kisena	Bridget Grieme
Deborah Sounart	Glenese Pettey
Phil Daniel *(remote participation)*	

A quorum was present.

Also in attendance were:
- Terry Eubank, City Manager
- Scott Bloom, City Attorney
- Kevin Buettner, Planning Director
- Lee Frey, Public Works Director
- Ryan Coleman, Police Sergeant
- Dave Ross, Police Chief
- Shellie Saner, City Clerk

3. Agenda and Consent Agenda Approval

MOTION:
Vice Mayor Askin **MOVED** to approve the agenda and consent agenda. Council Member Sounart **SECONDED** the motion.

The items on the Consent Agenda were read into the record.

Mayor Knackstedt opened the floor for public comment on consent agenda items; there being no one wishing to be heard, the public comment period was closed.

UNANIMOUS CONSENT was requested.
VOTE: There being no objection; **SO ORDERED**.

*All items listed with an asterisk (*) are considered to be routine and non-controversial by the council and will be approved by one motion. There will be no separate discussion of these items unless a council member so requests, in which case the item will be removed from the consent agenda and considered in its normal sequence on the agenda as part of the General Orders.

B. SCHEDULED ADMINISTRATIVE REPORTS - None.

C. SCHEDULED PUBLIC COMMENTS - None.

D. UNSCHEDULED PUBLIC COMMENTS - None.

E. PUBLIC HEARINGS

1. **Ordinance No. 3531-2026** - Increasing Estimated Revenues and Appropriations in the Kenai Recreation Center Improvements Capital Project Fund and Accepting a Grant from the Energy Efficiency and Conservation Block Grant Program to Replace Lighting in the Kenai Recreation Center. (Administration)

MOTION:
Vice Mayor Askin **MOVED** to enact Ordinance No. 3531-2026. Council Member Sounart **SECONDED** the motion.

Mayor Knackstedt opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

A summary overview of the memorandum as attached to Ordinance No. 3531-2026 was provided.

There was discussion regarding better lighting outdoors at the Recreation Center.

VOTE:
YEA: Sounart, Knackstedt, Daniel, Grieme, Askin, Pettey, Kisena
NAY: None.
MOTION PASSED.

2. **Ordinance No. 3532-2026** - Determining that the Proposed Subdivision of Dena'ina Point Estates Serves Other City Purposes, Authorizing the City to Share in Subdivision Costs, and Increasing Estimated Revenues and Appropriations in the General Fund - Lands Administration in the Amount of $54,219. (Administration)

MOTION:
Vice Mayor Askin **MOVED** to enact Ordinance No. 3532-2026. Council Member Sounart **SECONDED** the motion.

Mayor Knackstedt opened the floor for public comment.

Ryan Tunseth addressed the Council in support of the proposed development; requesting that adjacent property owners be notified of future issues affecting neighboring properties; noted concerns related to the property disposition process, proposed layout, bluff erosion impacts and utility availability; he thanked the administration for their work and discussion on the matter.

Eric Downs, representing Tidewater LLC, addressed the Council in support of the proposed development, noting he was available for questions.

Mr. Downs in response to questions from the Council, clarified the design did not include a frontage road; the replat would allow responsible development of the properties while taking erosion into consideration; the lot values will depend on market conditions at the time; and the bluff lots were proposed to ensure appropriate setbacks and sufficient room to build with bluff erosion in mind.

There being no one else wishing to be heard, the public comment period was closed.

Clarification was provided that the Ordinance would appropriate funds so the City could work with Tidewater LLC on the replatting; an overview of the subdivision and existing development constrains was provided; and the proposed layout was conceptual, future development would require additional approvals and infrastructure agreements.

VOTE:
YEA: Knackstedt, Daniel, Grieme, Askin, Pettey, Kisena, Sounart
NAY: None
MOTION PASSED.

3. **Ordinance No. 3533-2026** - Increasing Estimated Revenues and Appropriations for the Senior Center Canopy Roof Replacement and Authorizing a Contract Award for the Animal Control and Senior Center Canopy Roof Replacement Project. (Administration) *[KMC 1.15.070(d)]*

   1. Motion for Introduction
   2. Motion for Second Reading (Requires a Unanimous Vote)
   3. Motion for Enactment (Requires Five Affirmative Votes)

MOTION:
Vice Mayor Askin **MOVED** to introduce Ordinance No. 3533-2026. Council Member Sounart **SECONDED** the motion.

UNANIMOUS CONSENT was requested on the motion to introduce.
VOTE: There being no objection; **SO ORDERED**.

MOTION:
Vice Mayor Askin **MOVED** to conduct the second reading on Ordinance No. 3533-2026. Council Member Sounart **SECONDED** the motion.

UNANIMOUS CONSENT was requested on the motion to conduct the second reading.
VOTE: There being no objection; **SO ORDERED**.

MOTION:
Vice Mayor Askin **MOVED** to enact Ordinance No. 3533-2026. Council Member Sounart **SECONDED** the motion.

Mayor Knackstedt opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

A summary overview of the memorandum as attached to Ordinance No. 3533-2026 was provided; it was clarified that both projects were bid together; and the project completion date as established within the contract was October 31, 2026.

VOTE:
YEA: Daniel, Grieme, Askin, Pettey, Kisena, Sounart, Knackstedt
NAY: None
MOTION PASSED.

4. **Resolution No. 2026-51** - Authorizing the City Manager to Execute a Memorandum of Understanding with Tidewater, LLC Regarding the Planning, Replatting, and Potential Phased Development of Dena'ina Point Estates Subdivision. (Administration)

MOTION:
Vice Mayor Askin **MOVED** to adopt Resolution No. 2026-51. Council Member Sounart **SECONDED** the motion.

Mayor Knackstedt opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

Clarification was provided on the details and requirements of the Memorandum of Understanding.

UNANIMOUS CONSENT was requested.
VOTE: There being no objection; **SO ORDERED**.

5. **Resolution No. 2026-52** - Authorizing a Contract Award for the Kenai Municipal Airport Concessions. (Administration)

MOTION:
Vice Mayor Askin **MOVED** to adopt Resolution No. 2026-52. Council Member Sounart **SECONDED** the motion.

Mayor Knackstedt opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

UNANIMOUS CONSENT was requested.
VOTE: There being no objection; **SO ORDERED**.

6. **Resolution No. 2026-53** - Authorizing a Contract Award for the Park Pavilion Construction Project and Redirecting Capital Funds in the Parks Improvement Capital Project Fund for the Project. (Administration)

MOTION:
Vice Mayor **MOVED** to adopt Resolution No. 2026-53. Council Member Sounart **SECONDED** the motion.

Mayor Knackstedt opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

UNANIMOUS CONSENT was requested.
VOTE: There being no objection; **SO ORDERED**.

F. MINUTES

1. *Regular Meeting of June 17, 2026. (City Clerk)

Approved by the consent agenda.

G. UNFINISHED BUSINESS - None.

H. NEW BUSINESS

1. ***Action/Approval** - Bills to be Ratified. (Administration)

Approved by the consent agenda.

2. ***Action/Approval** - Purchase Orders and Purchase Order Amendments Requiring Council Approval in Accordance with KMC 7.15.020. (Administration)

Approved by the consent agenda.

3. ***Action/Approval** - Special Use Permit for Kenai Chamber of Commerce and Visitor Center for the Moosemeat John Cabin. (Administration)

Approved by the consent agenda.

4. ***Action/Approval** - Approving the Official Bond Amounts for City Manager, City Clerk and Finance Director. (Administration)

Approved by the consent agenda.

5. ***Action/Approval** - Non-Objection to the Issuance of a Retail Marijuana Store License for Fat Tops, LLC DBA Fat Tops, LLC - License No. 42816. (City Clerk)

Approved by the consent agenda.

6. ***Ordinance No. 3534-2026** - Amending Kenai Municipal Code 7.25.030 - Unbudgeted Appropriations, to Allow the City Manager to Appropriate Donations and Grants Under Ten Thousand Dollars. (Askin, Grieme)

Introduced by the consent agenda and Public Hearing set for August 5, 2026.

7. ***Ordinance No. 3535-2026** - Removing Public Purpose Designations on Kenai Peninsula Borough Parcel Numbers 04711308, 04711309, 04711310, 04711311, 04711312, and 04108003, to Accommodate Disposal Recommendations in the City of Kenai Land Management Plan. (Administration)

Introduced by the consent agenda and Public Hearing set for August 5, 2026.

I. <u>COMMISSION / COMMITTEE REPORTS</u>

1. Council on Aging Commission

No report, next meeting July 9, 2026.

2. Airport Commission

Council Member Sounart that the July 9, 2026 meeting was canceled, next meeting August 13, 2026.

3. Parks and Recreation Commission

No report, next meeting September 3, 2026.

4. Planning and Zoning Commission

Council Member Daniel reported on the June 24, 2026 meeting, next meeting July 15, 2026.

5. Beautification Commission

No report, next meeting September 8, 2026.

J. <u>REPORT OF THE MAYOR</u>

Mayor Knackstedt reported on the following:

- Participating as a judge in the Kenai 4th of July Parade.
- A total of 16,674 lbs. of food was donated in the “Food Fight” food drive competition between the City of Kenai vs. Soldotna. Soldotna won the competition and Mayor Whitney would be throwing the first pitch at the July 11, 2026 Oilers game.
- Participating in the Central Peninsula Hospital ribbon cutting ceremony for the return of laboratory services in Kenai.
- Attended Fox Air Grand Opening event on June 29, 2026; United Cook Inlet Drift Association meeting on June 27, 2026; and providing a presentation on June 19, 2026 at the Alaska Christian College.
- Thanked Police Chief Dave Ross for his 25-years of service.

K. <u>ADMINISTRATION REPORTS</u>

1. City Manager - City Manager Eubank reported on the following:
   - Staffing update: Airport Manager interviews completed and optimistic about the outcome; and listed other current vacant positions.
   - Congratulated Levi Russell on his promotion to Police Sergeant.
   - Update on the Small Community Air Service Development Grant, a total of 60 applications were submitted this year.

- A retroactive lease payment of $225,000 was received from the Federal Aviation Administration following the execution of the Flight Service Station lease.
- Personal Use fishery opens on Friday.
- Kenai Animal Fair will be held on Saturday, July 18, 2026.
- Congratulated Planning Director Buettner on his appointment as Vice President of the Alaska Chapter of the American Planning Association.
- Congratulated Gabe Boyle for receiving the Calm Voice Award from Gold Line Support in recognition of his response to a bear mauling incident that occurred in August 2025, noting it was the first time the Calm Voice Award was given.
- Thanked Police Chief Dave Ross for his 25-years of service.

2. City Attorney - No report.

3. City Clerk - No report.

L. ADDITIONAL PUBLIC COMMENTS

1. Citizen Comments *(Public comments limited to (5) minutes per speaker)* - None.

2. Council Comments

Council Member Daniel reported his participation in the Dunk Tank for the 4th of July celebrations, noting the first kid to throw dunked him.

Council Member Sounart thanked Police Chief Dave Ross for his 25-years of service and wished America a Happy Birthday.

Vice Mayor Askin wished America a Happy Birthday; reported attending the Senior Center Choir performance; thanked Police Chief Dave Ross; and congratulated Planning Director Buettner and Gabe Boyle.

Council Member Grieme stated the 4th of July Parade is her favorite event and thanked everyone for all their work making it happen; whished America a Happy Birthday; and reminded everyone how great it was to have the Oilers back and encouraged everyone to attend the games.

Council Member Kisena thanked Police Chief Dave Ross; congratulated incoming Police Chief Ryan Coleman; thanked the Chamber for all their work on the 4th of July Parade; and wished the Kenai Kicks Soccer team good luck in their upcoming competition in the National Championships.

Council Member Pettey noted she celebrated the 4th of July in Seward, Alaska watching loved ones participate in Mount Marathon Race; thanked Police Chief Dave Ross; thanked Tidewater LLC for proposed development in the City; and welcomed visitors for the upcoming personal use fishery.

M. EXECUTIVE SESSION - None.

N. PENDING ITEMS

O. ADJOURNMENT

P. INFORMATIONAL ITEMS - None.

There being no further business before the Council, the meeting was adjourned at 7:10 p.m.

I certify the above represents accurate minutes of the Kenai City Council meeting of July 8, 2026.

Michelle M. Saner, MMC
City Clerk

*** The student representative may cast advisory votes on all matters except those subject to executive session discussion. Advisory votes will not affect the outcome of the official council vote. Advisory votes will be recorded in the minutes. A student representative may not move or second items during a council meeting.*

PAYMENTS OVER $35,000.00 WHICH NEED COUNCIL RATIFICATION

COUNCIL MEETING OF: AUGUST 5, 2026

VENDOR	DESCRIPTION	DEPARTMENT	ACCOUNT	AMOUNT
PERS	PERS	VARIOUS	LIABILITY	121,967.92
ENSTAR	GAS USAGE	VARIOUS	UTILITIES	19,598.55
HOMER ELECTRIC	ELECTRIC USAGE	VARIOUS	UTILITIES	114,635.19

Sponsored by: Administration

CITY OF KENAI
ORDINANCE NO. 3537-2026

AN ORDINANCE INCREASING ESTIMATED FISCAL YEAR 2026 REVENUES AND APPROPRIATIONS IN THE GENERAL FUND - POLICE DEPARTMENT AND ACCEPTING A GRANT FROM THE US DEPARTMENT OF TRANSPORTATION PASSED THROUGH THE STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES FOR TRAFFIC ENFORCEMENT OVERTIME EXPENDITURES.

WHEREAS, the Kenai Police Department joins with other law enforcement agencies statewide to support Alaska Highway Safety Office (AHSO) traffic safety programs to reduce fatalities and injuries on roadways; and,

WHEREAS, AHSO traffic-related overtime funds allow the department to provide specific traffic safety patrols; and,

WHEREAS, the overtime expense that was eligible for reimbursement from April of 2026 through the end of June, 2026 was $8,331.18; and,

WHEREAS, overtime for these additional traffic safety patrols was not budgeted and the Department is requesting appropriation into the FY26 overtime budget equal to the amount of the AHSO grant funding received.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That the City Manager is authorized to accept these funds from the AHSO in the amount of $8,331.18 and to expend those funds to fulfill the purpose and intent of this ordinance.

Section 2. That fiscal year 2026 estimated revenues and appropriations be increased as follows:

General Fund:

Increase Estimated Revenues – Federal Grants – Police	$<u>8,331.18</u>
Increase Appropriations – Police Department - Overtime	$<u>8,331.18</u>

Section 3. <u>Severability:</u> That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 4. <u>Effective Date:</u> That pursuant to KMC 1.15.070(f), this ordinance shall take effect immediately upon enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF AUGUST, 2026.

____
Henry H. Knackstedt, Mayor

ATTEST:

____
Michelle M. Saner, MMC, City Clerk

Approved by Finance: DS

Introduced:	August 5, 2026
Enacted:	August 19, 2026
Effective:	August 19, 2026

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MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Ryan Coleman, Sergeant

DATE: July 22, 2026

SUBJECT: **Ordinance No. 3537-2026 -** Increasing Estimated Fiscal Year 2026 Revenues and Appropriations in the General Fund - Police Department and Accepting a Grant from the US Department of Transportation Passed Through the State Of Alaska Department of Transportation and Public Facilities for Traffic Enforcement Overtime Expenditures.

The Kenai Police Department continues to participate in traffic enforcement overtime patrols, reimbursed to the City of Kenai through a grant by the Alaska Highway Safety Office (AHSO).

Actual grant funds anticipated from AHSO for April of 2026 through the end of June of 2026 is $8,331.18.

I am respectfully requesting consideration of the ordinance accepting and appropriating the grant funds into the FY26 budget for the purpose they were intended.

Sponsored by: Administration

CITY OF KENAI
ORDINANCE NO. 3538-2026

AN ORDINANCE INCREASING ESTIMATED FISCAL YEAR 2026 REVENUES AND APPROPRIATIONS IN THE GENERAL FUND - POLICE DEPARTMENT AND ACCEPTING A GRANT FROM THE ALASKA HIGH INTENSITY DRUG TRAFFICKING AREA FOR DRUG INVESTIGATION OVERTIME EXPENDITURES.

WHEREAS, the Kenai Police Department assists the regional drug task force on initiatives with funding availability through the Alaska High Intensity Drug Traffic Area (AK HIDTA), which is funded through a Federal Government Appropriation; and,

WHEREAS, funding through AK HIDTA is available to reimburse certain overtime expenditures for the Kenai Police Officers that assist the regional drug task force or directly participate in the task force on those HIDTA initiatives; and,

WHEREAS, the overtime expense that was eligible for reimbursement from April of 2026 through the end of June, 2026 was $1,094.24; and,

WHEREAS, overtime for these additional expenditures for drug investigations were not budgeted and the Department is requesting appropriation into the FY26 overtime budget equal to the amount of the AK HIDTA funding.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That the City Manager is authorized to accept these funds from the AK HIDTA in the amount of $1,094.24 and to expend those funds to fulfill the purpose and intent of this ordinance

Section 2. That fiscal year 2026 estimated revenues and appropriations be increased as follows:

General Fund:

Increase Estimated Revenues –
Federal Grants – Police $<u>1,094.24</u>

Increase Appropriations – Police Department -
Overtime $<u>1,094.24</u>

Section 3. <u>Severability:</u> That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 4. <u>Effective Date:</u> That pursuant to KMC 1.15.070(f), this ordinance shall take effect immediately upon enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF AUGUST, 2026.

Henry H. Knackstedt, Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Approved by Finance: DS

Introduced:	August 5, 2026
Enacted:	August 19, 2026
Effective:	August 19, 2026

KENAI
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MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Ryan Coleman, Sergeant

DATE: July 22, 2026

SUBJECT: **Ordinance No. 3538-2026** - Increasing Estimated Fiscal Year 2026 Revenues and Appropriations in The General Fund - Police Department and Accepting a Grant from the Alaska High Intensity Drug Trafficking Area for Drug Investigation Overtime Expenditures.

The Kenai Police Department participates in the regional drug task force. Between April of 2026 and end of June, 2026 certain overtime worked in conjunction with the regional drug task force was eligible for reimbursement through the Alaska High Intensity Drug Trafficking Area (AK HIDTA), which receives its funding through Federal appropriation. The Police Department requested reimbursement for $1,094.24 in overtime expenditures.

I am respectfully requesting consideration of the ordinance accepting and appropriating the grant funds into the FY26 budget for the purpose they were intended.

Sponsored by: Administration

KENAI

CITY OF KENAI
ORDINANCE NO. 3539-2026

AN ORDINANCE AMENDING KENAI MUNICIPAL CODE SECTION 14.20.030 - ESTABLISHMENT OF ZONES AND OFFICIAL MAP TO ADD AIRPORT LIGHT INDUSTRIAL.

WHEREAS, the Imagine Kenai 2030 Comprehensive Plan ("Comprehensive Plan"), identified a Land Use objective to review existing zoning and subdivision codes to determine if they address current and future land uses adequately; and,

WHEREAS, the City of Kenai enacted Kenai Municipal Code Section 14.20.065 - Airport Light Industrial (ALI) Zone in May 2016 with Ordinance 2884-2016; and,

WHEREAS, the enactment of Ordinance 2884-2016 added the Airport Light Industrial Zone to the City Zoning Code and added airport compatible land uses which are consistent with aviation land uses to protect the viability of the Kenai Municipal Airport but did not update KMC14.20.030 to include the new zone; and,

WHEREAS, the Planning & Zoning Commission held a public hearing on August 12, 2026, and recommended the City Council ______________ this Ordinance; and,

WHEREAS, it is in the best interest of the City to align all sections of the zoning code for clarity.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. <u>Amendment of Section of Kenai Municipal Code:</u> That Kenai Municipal Code, Section 14.20.030 - Establishment of Zones, paragraph (a) and Official Map is hereby amended as follows:

(a) *Adoption of Zones and Zoning Map.* The City of Kenai is divided into the following zones:

<u>Airport Light Industrial</u>	<u>ALI Zone</u>
Conservation	C Zone
Rural Residential	RR Zone
Suburban Residential	RS Zone
Rural Residential	RR-1 Zone
Suburban Residential	RS-1 Zone
Suburban Residential	RS-2 Zone
Urban Residential	RU Zone
Central Commercial	CC Zone

General Commercial	CG Zone
Limited Commercial	LC Zone
Light Industrial	IL Zone
Heavy Industrial	IH Zone
Recreational	R Zone
Townsite Historic	TSH Zone
Education Zone	ED Zone
Central Mixed Use	CMU Zone
Working Waterfront	WW Zone

These zones shall be bounded and defined as shown on the official zoning map, which shall be kept on file at Kenai City Hall. This official zoning map, together with all explanatory matters thereon, as exhibited at the time of public hearing, is hereby adopted by reference and declared to be a part of this chapter.

Section 2. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 3. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect 30 days after enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF AUGUST 2026.

Henry H. Knackstedt, Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Introduced:	August 5, 2026
Enacted:	August 19, 2026
Effective:	September 18, 2026

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MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Kevin Buettner, Planning Director

DATE: July 22, 2026

SUBJECT: **Ordinance No. 3539-2026** - Amending Kenai Municipal Code Section 14.20.030 - Establishment of Zones and Official Map to Add Airport Light Industrial.

The Imagine Kenai 2030 Comprehensive Plan (“Comprehensive Plan”) identified a Land Use objective to review existing zoning and subdivision codes to determine if they address current and future land uses adequately. During a routine review, it was noted by Planning Department staff that the Airport Light Industrial (ALI) Zone was not included in the primary list under Kenai Municipal Code (KMC) 14.20.030 - Establishment of Zones and Official Map.

Ordinance 2884-2016 was recommended for approval by the Planning & Zoning Commission and ultimately enacted by Council in May 2016. This Ordinance established the ALI Zone, and established land uses compatible with the Kenai Municipal Airport. However, it did not amend KMC 14.20.030 - Establishment of Zones and Official Map at that time.

In an effort to make the Kenai Zoning Code clear and understandable, we respectfully ask for your consideration of this amendment to reduce potential future confusion from residents, developers, or Administration.

Thank you for your consideration.

Sponsored by: Administration

KENAI

CITY OF KENAI
ORDINANCE NO. 3540-2026

AN ORDINANCE ACCEPTING AND APPROPRIATING A GIFT DISTRIBUTION FROM MEALS ON WHEELS OF AMERICA TO THE KENAI SENIOR CENTER.

WHEREAS, Meals on Wheels Association of America (MOWAA) received an unrestricted philanthropic gift to strengthen the nationwide Meals on Wheels network and expand support for local community-based providers serving older adults; and,

WHEREAS, as part of this philanthropic investment, MOWAA distributed funding to selected local providers who provided information through the 2026 Member Benchmarking Survey; and,

WHEREAS, the Kenai Senior Center has been a long-standing member of MOWAA; and,

WHEREAS, the Kenai Senior Center has been given $10,000 through this distribution to support its nutrition program, helping ensure older adults in the Kenai area continue to receive nutritious meals and wellness checks that enable them to remain independent; and,

WHEREAS, it is the best interest of the City of Kenai to accept this gift and appropriate the funds for their intended purpose.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That the City Manager is authorized to accept a donation in the amount of $10,000.

Section 2. That estimated revenues and appropriations be increased as follows:

Senior Citizen Fund:

Increase Estimated Revenues – Miscellaneous Donations	$<u>10,000</u>
Increase Appropriations – Home Meals Operating Supplies	$<u>10,000</u>

Section 3. <u>Severability:</u> That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section4. <u>Effective Date:</u> That pursuant to KMC 1.15.070(f), this ordinance shall take effect immediately upon enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF AUGUST 2026.

____
Henry H. Knackstedt, Mayor

ATTEST:

____
Michelle M. Saner, MMC, City Clerk

Approved by Finance: DS

Introduced:	August 5, 2026
Enacted:	August 19, 2026
Effective:	August 19, 2026

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MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Kathy Romain, Senior Center Director

DATE: July 28, 2026

SUBJECT: **Ordinance 3540-2026 -** Accepting and Appropriating a Gift Distribution from Meals on Wheels of America to the Kenai Senior Center.

The attached ordinance accepts a $10,000 gift distribution from Meals on Wheels Association of America (MOWAA) and appropriates the funds to the Kenai Senior Center Nutrition Program.

The gift is part of a nationwide philanthropic distribution made possible by a significant unrestricted donation received by MOWAA to strengthen local Meals on Wheels providers across the country. Based on information that the Kenai Senior Center provided through the 2026 Member Benchmarking Survey, along with externally available data on poverty index, we became eligible for a “Meeting Unmet Need Acceleration Gift Distribution” in the amount of $10,000.

Acceptance of these funds will enhance the Center’s ability to meet the growing demand for nutrition services while supporting older adults in maintaining their health and independence. There is no require local match, and this gift will have a positive impact on the Senior Center’s ability to serve the community.

Thank you for your consideration.

Sponsored by: Administration

KENAI

CITY OF KENAI
ORDINANCE NO. 3541-2026

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP BY REZONING OF PARCELS 04923002, 04923003, AND 04923004 WITH PHYSICAL ADDRESSES OF 5940 & 5968 KENAI SPUR HIGHWAY AND 220 N. FERN STREET, FROM LIMITED COMMERCIAL (LC) TO RURAL RESIDENTIAL (RR).

WHEREAS, the City of Kenai received a rezone application from the majority of property owners in accordance with Kenai Municipal Code Section 14.20.270 Amendment Procedures; and,

WHEREAS, amendments to the Official Zoning Map may be initiated by a majority of the property owners in the area to be rezoned, in accordance with Kenai Municipal Code (KMC) 14.20.270(b)(1)(A) Amendment Procedures; and,

WHEREAS, the area proposed to be rezoned contains a minimum of one (1) acre (excluding street or alley rights-of-way); and,

WHEREAS, the proposed amendment to the zoning ordinance is not substantially the same as any other unapproved proposed amendment submitted within the previous nine (9) months; and,

WHEREAS, the rezone is consistent with the Imagine Kenai 2030 Comprehensive Plan and largely aligns with the Land Use Plan and addresses Goal 3 – *Land Use: Develop land use strategies to implement a forward-looking approach to community growth and development*; and

WHEREAS, the City of Kenai Planning and Zoning Department conducted a duly advertised public hearing, following requirements outlined in Kenai Municipal Code 14.20.280 for public hearings and notifications; and,

WHEREAS, the Planning and Zoning Commission the Planning & Zoning Commission at the regularly scheduled August 12, 2026, meeting recommended the City Council _______________ this Ordinance; and,

WHEREAS, it is in the best interest of the City to align the zoning designation with current development and supporting orderly land use planning.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That Kenai City Council amend the Official Zoning Map as follows:

Parcel #	Physical Address	Lot Size *(acres)*	Legal Description	Zoning
04923002	220 N. Fern Street	0.78	Lot 25, Block 1, Valhalla Heights Subdivision Part 2	[LC] <u>RR</u>
04923003	6575 Kenai Spur Highway	0.44	Lot 26, Block 1, Valhalla Heights Subdivision Part 2	[LC] <u>RR</u>
04923004	6575 Kenai Spur Highway	0.44	Lot 27, Block 1, Valhalla Heights Subdivision Part 2	[LC] <u>RR</u>

Section 2. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application

Section 3. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect 30 days after enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF AUGUST 2026.

Henry Knackstedt, Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Introduced:	August 5, 2026
Enacted:	August 19, 2026
Effective:	September 18, 2026

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Kevin Buettner, Planning Director

DATE: July 30, 2026

SUBJECT: **Ordinance No. 3541-2026** - Amending the Official Zoning Map by Rezoning of Parcels 04923002, 04923003, and 04923004 with Physical Addresses of 5940 & 5968 Kenai Spur Highway and 220 N. Fern Street, from Limited Commercial (LC) to Rural Residential (RR).

The purpose of the rezone is to align the zoning with the current development patterns in the area. The three parcels are all single-family dwellings, or in the process of reverting to a single-family dwelling. All three are adjacent to a newly developing residential subdivision to the northeast. There will be no non-conforming uses created by the completion of this rezone, it will enlarge the adjacent zoning district.

The Comprehensive Plan supports this rezoning in the following identified goal:

> **Goal 3 – Land Use: Develop land use strategies to implement a forward-looking approach to community growth and development.**
>
> *LU-3: Review existing zoning and subdivision codes to determine if they address current and future land uses adequately.*

The existing land use classification states that a compatible mix of residential and commercial uses would be allowable. It is anticipated that the current and future development will be compatible with the zoning code with the surrounding residential uses to the north and east and the limited commercial along the Kenai Spur highway to the south.

On August 12, 2026, the Planning & Zoning Commission will hold a public meeting on Resolution PZ2026-20 regarding a rezone from limited commercial to rural residential for parcels 04923002, 04923003, and 04923004 with physical addresses 5940 & 5968 Kenai Spur Highway and 220 N. Fern Ave. The request was made by the majority of the property owners.

Staff finds that the proposed rezone is consistent with the land use classification as designated by the Comprehensive Plan and Kenai Municipal Code.

Below are images of the existing and proposed changes.

Aerial Map - Before

Aerial Map - After

Thank you for your consideration.

KENAI COUNCIL ON AGING COMMISSION – REGULAR MEETING
JULY 9, 2026 – 6:00 P.M.
KENAI CITY COUNCIL CHAMBERS
361 SENIOR CT., KENAI, AK 99611
VICE CHAIR GINA KUNTZMAN, PRESIDING

MINUTES

A. CALL TO ORDER

A Regular Meeting of the Council on Aging Commission was held on July 9, 2026, at the Kenai Senior Center, Kenai, AK. Vice Chair Kuntzman called the meeting to order at approximately 3:00 p.m.

1. **Pledge of Allegiance**

Vice Chair Kuntzman led those assembled in the Pledge of Allegiance.

2. **Roll Call**

There were present:

William Sadler	Ginger Kaona
Gina Kuntzman, Vice Chair	Barbara Modigh

A quorum was present.

Absent:

Rachael Craig, Chair	Patricia Segura

Also in attendance were:
Kathy Romain, Senior Center Director
Red Piersee, Senior Center Administrative Assistant
Victoria Askin, City Council Liaison
**Caroline Karpik, Student Representative

3. **Agenda Approval**

MOTION:
Commissioner Modigh **MOVED** to approve the agenda as presented. Commissioner Sadler **SECONDED** the motion.

VOTE: There being no objection; **SO ORDERED**.

B. SCHEDULED PUBLIC COMMENTS - None.

C. UNSCHEDULED PUBLIC COMMENTS - None.

D. APPROVAL OF MINUTES

1. April 9, 2026 Regular Meeting Minutes

MOTION:
Commissioner Sadler **MOVED** to approve the April 9, 2026 Council on Aging Commission minutes. Commissioner Kaona **SECONDED** the motion.

VOTE: There being no objection; **SO ORDERED**.

E. UNFINISHED BUSINESS - None.

F. NEW BUSINESS

1. **Discussion** - Survey 2026 Results

There was discussion regarding the 2026 Client Satisfaction Survey results and the services provided during the previous fiscal year, including increased service utilization and the Center's programs and services.

2. **Discussion** - Upcoming Topics for Meetings

It was reported that upcoming meeting topics include presentations from the Alaska Housing Finance Corporation and 907 Navigation.

There was discussion regarding Commission goals, noting progress on the booklet.

G. REPORTS

1. Senior Center Director - Director Romain reported on the following:
   - Received notice of the AKDOT 5310 grant application approval, which will provide funding for an ADA vehicle for the Senior Center. Kenai Senior Connection, Inc. will provide the match for the grant.

2. Commission Chair - No report.

3. City Council Liaison - Vice Mayor Askin reported on recent actions of the City Council.

H. ADDITIONAL PUBLIC COMMENTS - None.

I. NEXT MEETING ATTENDANCE NOTIFICATION - August 13, 2026

J. COMMISSION QUESTIONS AND COMMENTS

Commissioner Sadler questioned bluff access and recognized ACOA for the 2025 Senior Snapshot book.

Commissioner Kaona acknowledged the Parks and Recreation department.

Commissioner Modigh welcomed Student Representative Karpik back and asked about intergenerational activities.

K. ADJOURNMENT

L. INFORMATIONAL ITEMS - None.

There being no further business before the Council on Aging Commission, the meeting was adjourned at 3:51 p.m.

I certify the above represents accurate minutes of the Council on Aging Commission meeting of July 9, 2026.

____
Logan Parks, Deputy City Clerk

*** The student representative may cast advisory votes on all matters except those subject to executive session discussion. Advisory votes will not affect the outcome of the official council vote. Advisory votes will be recorded in the minutes. A student representative may not move or second items during a council meeting.*

KENAI PLANNING & ZONING COMMISSION – REGULAR MEETING
JULY 29, 2026 – 7:00 P.M.
KENAI CITY COUNCIL CHAMBERS
210 FIDALGO AVE., KENAI, AK 99611
CHAIR KEATON, PRESIDING

MINUTES

A. CALL TO ORDER

A Regular Meeting of the Kenai Planning & Zoning Commission was held on July 29, 2026, in City Hall Council Chambers, Kenai, AK. Chair Keaton called the meeting to order at approximately 7:00 p.m.

1. **Pledge of Allegiance**

Chair Keaton led those assembled in the Pledge of Allegiance.

2. **Roll Call**

There were present:

Jeanne Keaton, Chair — Alex Douthit, Vice Chair
Gwen Woodard

A quorum was not present.

Absent:

Sonja Earsley — Stacie Krause
Diane Fikes — Marty Askin

Also in attendance were:

Kevin Buettner, Planning Director
Phil Daniel, City Council Liaison
Logan Parks, Deputy City Clerk

3. **Agenda and Consent Agenda Approval**

B. APPROVAL OF MINUTES

1. *Regular Meeting of June 24, 2026.

C. SCHEDULED PUBLIC COMMENTS - None.

D. UNSCHEDULED PUBLIC COMMENTS - None.

E. CONSIDERATION OF PLATS - None.

F. PUBLIC HEARINGS

1. **Resolution PZ2026-20** - Recommending Approval of a Rezone of Parcels 04923002, 04923003, and 04923004, with the Physical Addresses of 5940 & 5968 Kenai Spur Highway and 220 N Fern Street, from Limited Commercial to Rural Residential.
2. **Resolution PZ2026-21** - Granting a Conditional Use Permit for the Operation of a Six (6) Space Recreational Vehicle Park.
3. **Resolution PZ2026-22** - Granting a Conditional Use Permit for Surface Extraction of Natural Resources on KPB Parcel 04901069.
4. **Resolution PZ2026-23** - Granting a Conditional Use Permit for Surface Extraction of Natural Resources on KPB Parcel 04901070.

5. **Resolution PZ2026-24** - Granting a Variance Permit for Surface Extraction of Natural Resources on KPB Parcel 04901069 within the Setback.
6. **Resolution PZ2026-25** - Granting a Variance Permit for Surface Extraction of Natural Resources on KPB Parcel 04901070 within the Setback.
7. **Resolution PZ2026-26** - Granting a Variance Permit for Surface Extraction of Natural Resources on KPB Parcel 04911029 within the Setback.

G. UNFINISHED BUSINESS - None.

H. NEW BUSINESS - None.

I. REPORTS

1. Planning Director
2. Commission Chair
3. Kenai Peninsula Borough Planning
4. City Council Liaison

J. ADDITIONAL PUBLIC COMMENTS

K. NEXT MEETING ATTENDANCE NOTIFICATION

1. Next Meeting: August 12, 2026

L. COMMISSION COMMENTS AND QUESTIONS

M. PENDING ITEMS - None.

N. ADJOURNMENT

O. INFORMATIONAL ITEMS - None.

Due to a lack of quorum, the Planning & Zoning Commission meeting was adjourned at approximately 7:01 p.m.

I certify the above represents accurate minutes of the Kenai Planning & Zoning Commission meeting of July 29, 2026.

____
Logan Parks, Deputy City Clerk

DeepGreen Cook Inlet SPV LLC

DATE: June 24, 2026 VIA CERTIFIED MAIL

RE: Notice to Municipality of Preliminary Permit Filing Project Name: DeepGreen Cook Inlet Subsea-Compute Hub FERC Project No. P-15423-000

Dear City Manager,

Pursuant to the Federal Energy Regulatory Commission's regulations under 18 C.F.R. § 4.32(a)(2)(B), notice is hereby given that DeepGreen Cook Inlet SPV LLC has filed an application for a Preliminary Permit to study a proposed 100 MW tidal energy and subsea data center project located in the waters of the Cook Inlet.

As a municipality situated within a 15-mile radius of the proposed project study zone, the City of Kenai is being formally served with a complete copy of the initial application and our subsequent June 24, 2026 technical amendment.

Enclosed please find the printed copy of our engineering amendment, alongside a USB flash drive containing the full initial filing and site maps for your public reference and municipal review. Please do not hesitate to contact our office with any municipal inquiries.

Respectfully submitted,

Louis Wolfson, Managing Member

100 Crescent Road Needham, MA 02494
617-799-3326
Lw29@DeepGreenCoastal.com

June 24, 2026

UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

DeepGreen Cook Inlet SPV LLC | Project No. P-15423-000 DeepGreen Western Passage SPV LLC | Project No. P-15424-000

RESPONSE TO DEFICIENCY LETTER AND AMENDMENT TO PRELIMINARY PERMIT APPLICATIONS

Pursuant to the Commission's regulations under 18 C.F.R. § 4.32 and § 4.81, DeepGreen Cook Inlet SPV LLC and DeepGreen Western Passage SPV LLC (collectively, "the Applicant") hereby submit this formal response and amendment to address the deficiencies identified by Commission staff.

ITEM 1: IDENTIFICATION OF AFFECTED INDIAN TRIBES AND ALASKA NATIVE CORPORATIONS (18 C.F.R. § 4.32(a)(2)(v))

The Applicant has expanded its comprehensive regional assessment and hereby amends the Cook Inlet Preliminary Permit application to include the following identified Indian Tribes and Alaska Native Corporations (ANCs) that may have an interest in or be affected by the proposed project footprint:

- Seldovia Village Tribe Attn: Crystal Collier, Tribal Executive Officer P.O. Box 201, Seldovia, AK 99663

- Ninilchik Village Tribe Attn: Richard Gregorieff, Tribal Council President P.O. Box 39070, Ninilchik, AK 99639
- Native Village of Tyonek Attn: Arthur Standifer, Tribal Council President P.O. Box 82009, Tyonek, AK 99682
- Native Village of Port Graham Attn: Patrick Norman, First Chief P.O. Box 5510, Port Graham, AK 99603
- Native Village of Nanwalek Attn: John R. Kvasnikoff, First Chief P.O. Box 8028, Nanwalek, AK 99603
- Village of Salamatoff Attn: Tribal Administrator P.O. Box 2682, Kenai, AK 99611
- Cook Inlet Region, Inc. (CIRI) Attn: Swami Iyer, Chief Executive Officer 725 E. Fireweed Lane, Suite 800, Anchorage, AK 99503

The Applicant notes that it has initiated contemporaneous direct notifications and transmittals of the complete application to these newly identified sovereign entities in accordance with service rules.

ITEM 2: TECHNICAL SPECIFICATIONS AND GENERAL CONFIGURATIONS OF PROJECT STRUCTURES (18 C.F.R. § 4.81(b) - EXHIBIT 1)

The Applicant hereby supplements Exhibit 1 of the application with the preliminary engineering dimensions, physical compositions, and structural configurations of the subsea facilities:

A. Subsea Platform & Universal Docking Cradle (UDC)

- Configuration: Modular multi-slot triangular gravity base space-frame structure resting directly on the seafloor, designed to securely house and interconnect both generation and compute modules.
- Dimensions: Approximately 35 meters in width by 35 meters in length, with an structural profile elevation of 6 meters above the mudline to permit unimpeded sand-wave migration and minimize benthic disturbance.
- Physical Composition: Structural Marine-Grade Carbon Steel (ASTM A514 or equivalent), reinforced with a 90/10 Copper-Nickel (C70600) alloy cladding on critical connection interfaces to inhibit biofouling and marine corrosion.

B. Turbine Array Integration

- Configuration: The platform is configured to interface with Ocean Renewable Power Company (ORPC) modular, high-efficiency horizontal axis hydrokinetic cross-flow turbines.
- Dimensions: Individual turbine units measure approximately 5 meters in height by 12 meters in width.
- Physical Composition: High-Density Polyurethane (HDPE) composite structural core coated with a 4mm ultra-smooth polyurethane elastomeric protective outer layer specifically engineered to resist micro-particulate sandblasting and silt abrasion characteristic of high-turbidity thalwegs.

C. Subsea-Compute Hives

- Configuration: Hermetically sealed cylindrical pressure hulls designed for deep immersion, serving as dry-nitrogen-environment atmospheric enclosures for localized modular computing infrastructure.
- Dimensions: Each modular container measures approximately 3.5 meters in diameter by 12 meters in length.
- Physical Composition: High-tensile ASME-certified marine-grade pressure vessel steel, equipped with Pressurized Tungsten-Carbide Mechanical Face Seals at all connection bulkheads to ensure complete fluid isolation.
- Thermal Management System: Fully passive cooling loops utilizing external C70600 Copper-Nickel alloy cooling fins integrated directly into the pressure hull matrix to execute direct-conduction heat rejection to the ambient water column.

D. Silt-Scour Level 2 Protection Systems

- Configuration: Passive hydro-dynamic deflection shield integrated directly into the leading upstream frame edge of the subsea platform foundation.
- Dimensions: A V-shaped assembly extending 2.5 meters vertically from the base structure, tapering outward to match the footprint profile.
- Physical Composition: Reinforced structural steel plate backing layered with a Helical Thermal Skirt composition of copper-nickel sheeting, dynamically pitched to generate a localized self-cleaning vortex flow that prevents silt accumulation across the passive thermal interfaces.

ITEM 3: IDENTIFICATION OF MUNICIPALITIES WITH POPULATIONS OVER 5,000 (18 C.F.R. § 4.32(a)(2)(B))

The Applicant hereby amends the application to formally identify and register the City of Kenai, which is situated within a 15-mile radius of the proposed project zone:

- City of Kenai Attn: Office of the City Manager 210 Fidalgo Avenue, Kenai, AK 99611

VERIFICATION STATEMENT

The undersigned declares that he has read the foregoing response and amendment, knows the contents thereof, and that the facts stated therein are true and accurate to the best of his knowledge, information, and belief.

Dated at Needham, MA, this 24th day of June, 2026.

Respectfully submitted,

/Louis Wolfson/

Managing Member, DeepGreen Cook Inlet SPV LLC / DeepGreen Western Passage SPV LLC 100 Crescent Road, Needham, MA 02494 (617) 799-3326

Exhibit 4 – PROJECT AREA

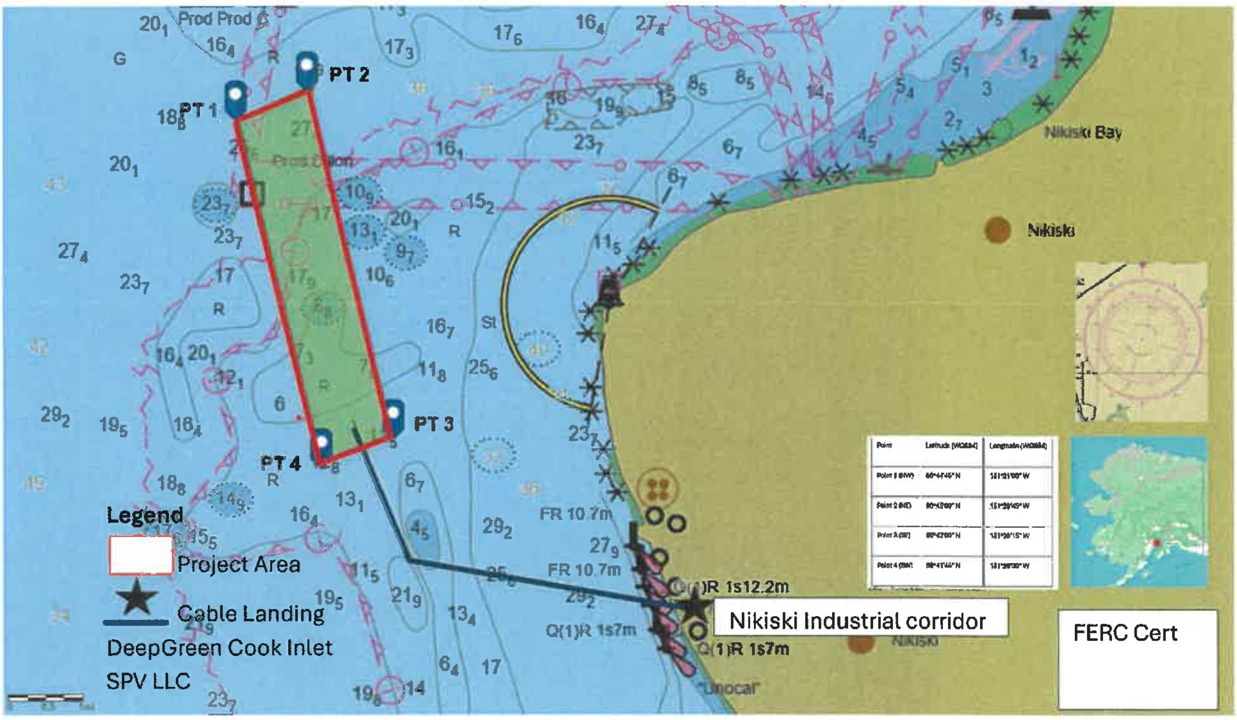
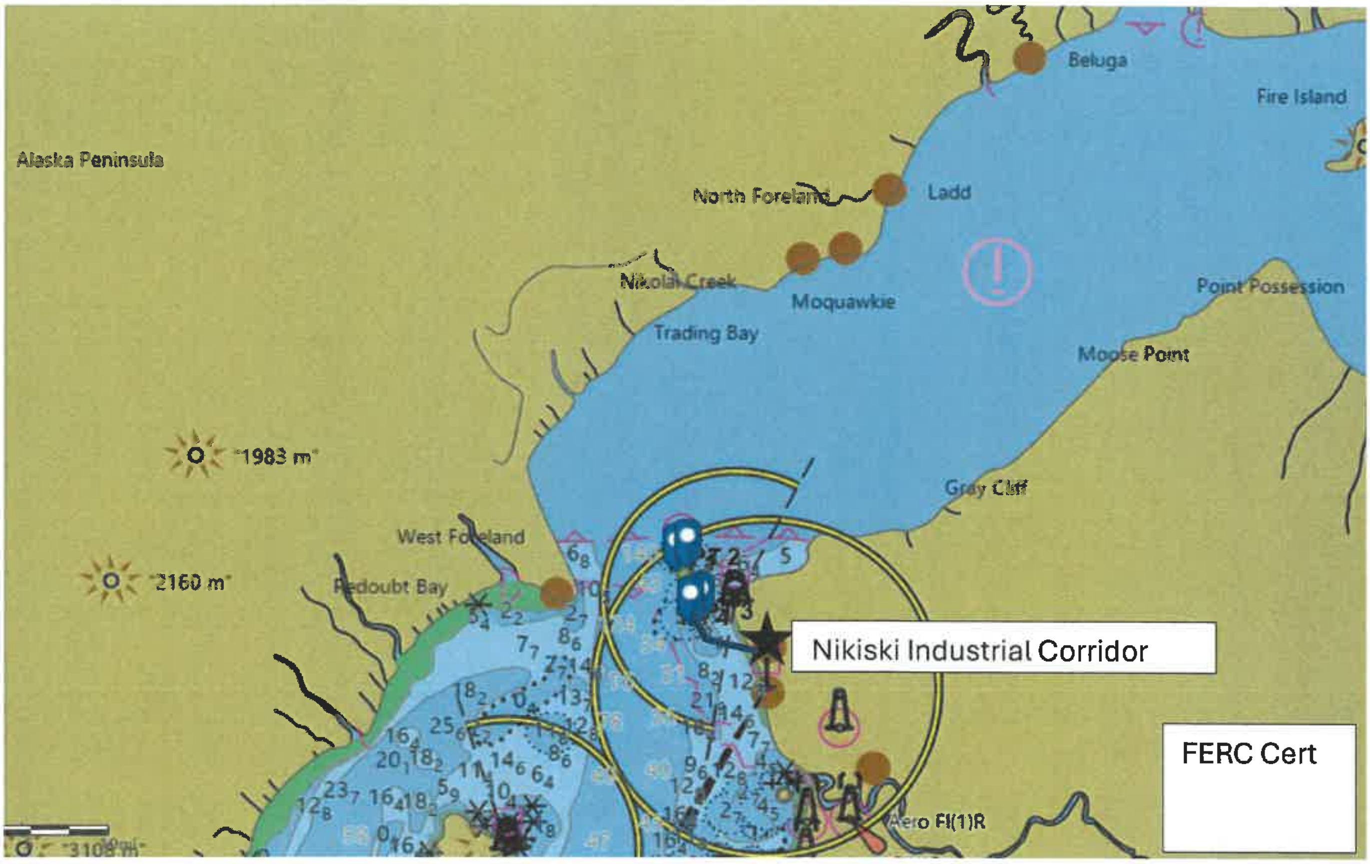


Exhibit 4 – Overview of Area from Beluga to Nikiski Industrial Corridor



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MEMORANDUM

TO: Mayor Henry Knackstedt and Kenai City Council

THROUGH: Terry Eubank, City Manager

FROM: Mary Bondurant, Interim Airport Manager

DATE: July 27, 2026

SUBJECT: **Airport Mid-month Report June 2026**

FY2026 Airport Capital Improvement Projects

- Runway Rehabilitation Project
  Construction has started on this project and is going well. Runway closure was May 15, 2026. Meetings are scheduled every Thursday with the Airport, engineers, and contractor until the end of the project.

- Apron Crack sealing, Marking, and Sealcoat Project
  Construction started on May 26, 2026 and work is completed.

- Acquire SRE (Loader & Plow Truck with Sander)
  CAT 980 loader was delivered last fall with all the attachments and the plow truck was delivered on June 8, 2026.

- Airport Master Plan – Phase 2 Update
  The Emerging Trends and Sustainability Evaluation was submitted to the City for review with comment deadline of May, 29, 2026.

  The four preliminary alternatives are being developed and evaluated and a recommendation report will be presented to the City.

In-house Activities

- June 3, 2026 Airport Administration and Operations met with the Kenai Fire Department and held the annual review of the Airport Emergency Control Plan.

- Float plane basin opened in late May and all technical issues with the fuel pumps have been corrected. The 24-hour fuel pumps are fully functioning and processing credit cards.

- The Request for Proposal for the Airport café is currently being advertised. Proposals are due on Thursday, June 25th.

- The Airport Perimeter Fence Project will start advertising on June 24, 2026 with bids due on Thursday, July 23rd.

- The Federal Aviation Administration's Air Traffic Division is transitioning from the Federal NOTAM System (NOTAM Manager) to the new NOTAM Management System (NMS). This process will begin this summer. Airport staff and the Kenai Fire Department will be required to setup Login.gov credentials, complete NMS training, and stay informed and engaged via monthly airport meetings, monthly User forums, and email communications.

City of Kenai - Animal Control | 510 N. Willow St, Kenai, AK 99611 | 907.283.7353 | www.kenai.city

MEMORANDUM

TO: Mayor Henry Knackstedt and Kenai City Council

THROUGH: Terry Eubank, City Manager

THROUGH: Dave Ross, Police Chief

FROM: Ian Braman, Animal Control Chief

DATE: July 2, 2026

SUBJECT: June 2026 Monthly Report

This month the Kenai Animal Shelter took in 30 animals.

DOGS:				
	INTAKE	**16**	DISPOSITION	**15**
	Waiver	10	Adopted	6
	Stray	4	Euthanized	3
	Impound	0	Claimed	6
	Protective Custody	1	Field Release	0
	Quarantine	1	Transferred	0
CATS:				
	INTAKE	**14**	DISPOSITION	**5**
	Waiver	7	Adopted	5
	Stray	2	Euthanized	0
	Impound	0	Claimed	0
	Protective Custody	0	Field Release	0
	Quarantine	0	Transferred	0
	Transferred in	5		

OTHER ANIMALS:				
	INTAKE	**0**	DISPOSITION	**0**
	Rabbit	0	Rabbit	0
DOA:			OTHER STATISTICS:	
	Dog	0	Licenses (City of Kenai Dog Licenses)	6
	Cat	0	Rabies Clinic	0
	Rabbit	0		
	Bird	0		

5 Animals dropped After Hours (days we are closed but cleaning and with KPD)

25 Field Investigations & patrols
6 Pet Food Bank Request
2.5 Volunteer Hours Logged
2 Citations
0 Educational Outreach
12 Microchips

Total Animal Contacts:

9 Animals are *known* borough animals
18 Animals are *known* City of Kenai
3 Animals are *known* City of Soldotna
0 Animals are *unknown* location

Statistical Data:

217 2024 YTD Intakes
139 2025 YTD Intakes
119 2026 YTD Intakes

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Dave Swarner, Finance Director

DATE: July 23, 2026

SUBJECT: **Finance Department Mid-Month Report – June 2026**

In preparation for the 2026 Personal Use Fishery, the department assured all shacks were online and ready to process transactions, the Dipnet App was updated, and City Hall was prepared for daily reconciling activities.

With the completion of the FY27 budget, the department's focus has switched to closing of FY26 and completion of the City's Annual Comprehensive Financial Report. This process includes the closing of the FY25 financial records, fiscal year-end grant reporting, and finally, financial statement preparation.

Our current Controller Jennifer Anderson will be leaving on August 6th. Our incoming Controller, Peter Raypold will start August 3rd.

The IT System Administrator position is currently posted and will be closing on July 27th.

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Knackstedt and Kenai City Council

THROUGH: Terry Eubank, City Manager

FROM: Tyler Best, Parks and Recreation Director

DATE: July 28th, 2026

SUBJECT: **Mid-Month Report – June**

During June, the Parks Department onboarded seasonal staff and began routine summer maintenance throughout the city, including mowing, weed trimming, trash collection, and restroom cleaning.

Staff also planted a donated "Fat Albert" spruce tree at the Kenai Chamber of Commerce. The tree, donated by Alex Douthit in honor of his late grandfather, is intended to become the community Christmas tree as it matures. (See attached photos.)

Parks and Recreation hosted the annual Kenai Kite Festival in early June, where more than 400 kites were distributed in partnership with Walmart. The department also assisted the Kenai Chamber of Commerce with the Summer Solstice Run by providing course layout and event setup. (See attached photos.)

Warm, sunny weather early in the month resulted in lower Recreation Center attendance, with participation increasing as wetter weather returned later in June.

Staff also prepared and seeded the City's wildflower field, using 80 pounds of wildflower seed with hydroseeding services provided by Moore Landscaping. Due to cooler-than-normal temperatures, the bloom is expected to occur later than the typical early to mid-August bloom.

Kenai Recreation Center Visits – Month of June

Weight Room/Cardio Room	876
Racquetball /Wallyball Court	40
Shower/Sauna	324
Gymnasium	808
Gym rental participants	0
Total Number of Sign-ins	**2048**
Door Counter Log	**3100**

f

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MEMORANDUM

TO: Mayor Knackstedt and Kenai City Council

THROUGH: Terry Eubank, City Manager

FROM: Kevin Buettner, Planning Director

DATE: July 29, 2026

SUBJECT: **Planning and Zoning – June 2026 Monthly Report**

General Information

Planning had a busy month focusing on logging and processing code violations and prepping for public hearings. Lands' main focus was developing an updated map for all City-owned lands and recording shore fishery leases. The Planning Director continued to focus on grant administration and the master plan for the Airport. Please find below a summarized list of June projects for Planning & Zoning.

Department Summary

Lands & Leases:

- Continued clean up Zoning map and boundary map
- Continued review and itemization of leases
- Finalizing processing of Shore Fishery leases.
- Early start on LMP review
- Execution and recording of all shore fishery leases
- Dena'ina Point/Tidewater project
- Finalized former Wellhouse 1 site easement with DNR
- Worked with the Borough GIS Department regarding incorrect parcel info on ParcelViewer

Planning & Zoning:

- Meetings to discuss residential and commercial development in Kenai
- Code Enforcement follow-up on new cases and all outstanding cases
- Prepared documentation for CDBG grant agreement
- Follow-up on bi-annual fire inspections due for Conditional Use Permit (CUP) holders

Planning and Zoning Commission

Two (2) public meetings were held in the month of June with the following actions/recommendations:

- 1 new conditional use permit (CUP) for cabin rentals which was granted.
- 2 Preliminary Plats were recommended for approval
- 1 CUP for zero- lot line townhouses and a six unit dwelling in the Rural Residential Zoning District, which was withdrawn by the applicant.

Code Enforcement Previous Month and YTD

July 29, 2026 | 10:20:17

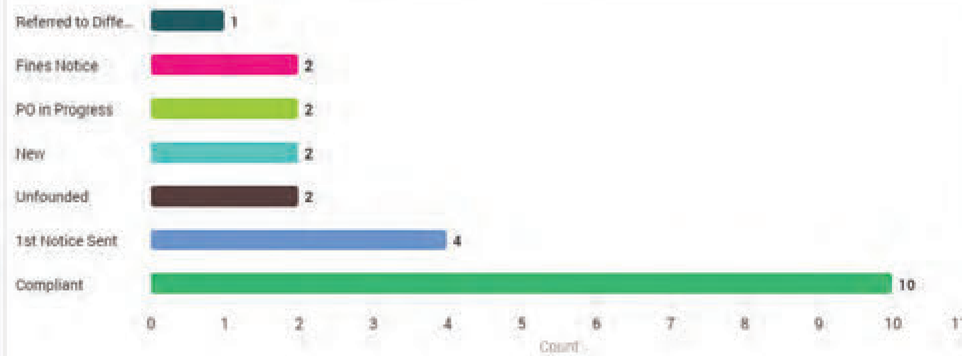
Total Complaints Year to Date

104

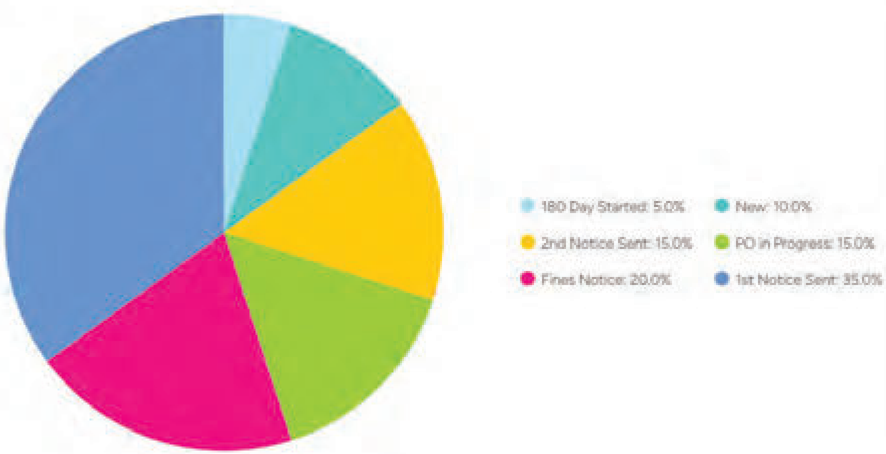
Complaints Reported Prev. Month

15

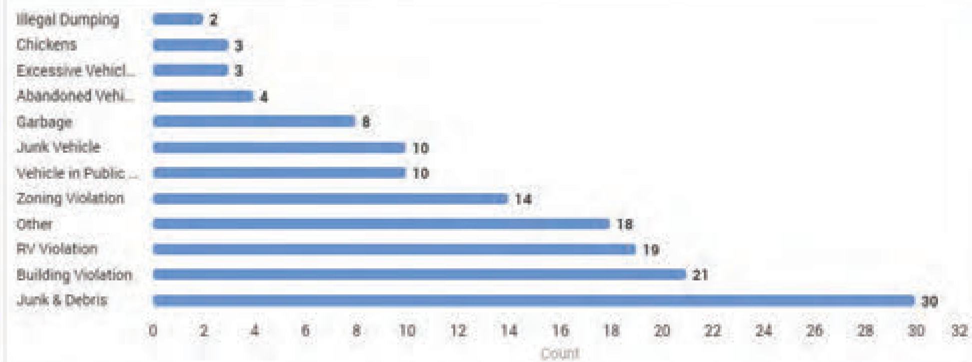
Case Status Changes - Previous Month



Status of All Non-Compliant Cases



Cases by Violation Type Year to Date



Cases Marked Compliant Last Month

6

Open Cases

25

Compliance Rate

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Henry Knackstedt and Kenai City Council

THROUGH: Terry Eubank, City Manager

FROM: David Ross, Police Chief

DATE: July 6, 2026

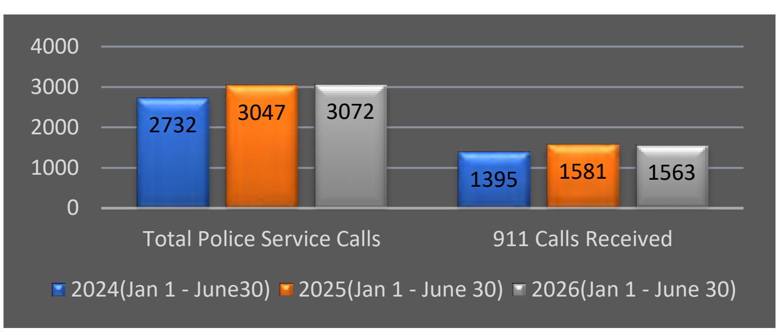
SUBJECT: **Police & Communications Department Activity – June 2026**

Police handled 593 calls for service in June and 303 calls were received by dispatch via 911. Officers made 34 arrests. Traffic enforcement resulted in 171 traffic contacts with 28 traffic citations issued and there were 5 DUI arrests. There were 20 reported motor vehicle collisions in June. Two of those collisions involved moose and 3 of those collisions involved alcohol or drugs.

Officer Levi Russell was selected as the next Investigations Sergeant, effective in August. There is still an ongoing recruitment to fill an Officer position.

On June 16th, KPD hosted Active Shooter Training at New Life Church in Kenai. The training brought together multiple agencies in the area to work collaboratively through multiple scenarios. Those agencies included KPD, Kenai Fire Dept, Soldotna PD, Kenai Probations, and the Alaska State Troopers.

The five Temporary Enforcement Officers had a full week of training on June 9-14th. They will soon be involved in the preparation for the Dipnet Fishery.



City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO:	Mayor Knackstedt and Kenai City Council
THROUGH:	Terry Eubank, City Manager
FROM:	Lee Frey, Public Works Director
DATE:	July 28, 2026
SUBJECT:	**Public Works Mid-month Report July 2026**

Capital Projects currently in process:

- Emergency Services Facility Assessment – Assessment complete. Project on hold.
- KMA Apron Sealcoating and Crack Sealing – Project completed. Closeout ongoing.
- Kenai Municipal Airport Runway Rehabilitation Project - Construction ongoing. Milling and foaming completed. Pavement ongoing.
- Kenai Municipal Airport Master Plan Update – Phase 2 ongoing.
- USACE Kenai Bluff Bank Stabilization Project – Construction completed. Closeout ongoing.
- Wastewater Plant Digester Blowers Replacements – Construction ongoing. Building frame is up.
- Water Treatment Plant Pumphouse – Project started. Submittals being reviewed.
- Harbor Float Replacement – First set of floats completed and in use. Next sets to be built this winter.
- Aliak Storm Drain Repairs – Contract in place. To be completed late summer.
- Architectural Services – Design services ongoing.
- Crack Sealing – Work ongoing.
- Pavilion Replacements – Contract in place. Work to start soon.
- Animal Control and Senior Center Canopy Roof Replacements – Contract in place. Work to start woon.
- Library North Entrance Landscaping – Will request quotes in winter. For next summer work. No quotes received.

Capital Projects in planning to be released:

- Sewer Lift Station Upgrades
- SCADA Design/Construction
- Kenai Recreation Center LED Conversion
- Mission/Main Storm Drain Improvements
- Cemetery Improvements Design
- Flight Services RTU Replacement

- Road Repaving Design

Other Projects/Services in development for ITB/RFP:

- Banking Services

Building season continues and the department is busy managing inspection and plan review. Buildings continues to work on regular maintenance at our facilities.

The Streets crew is working on ditching. The Shop continues working on outfitting new police vehicles and repairing issues as they arise. They are finishing auction input to go live in August.

The Utility Department has hired one new Operator, John Burton, and is working on hiring a second to have full staffing after long time employee Bradley Barrett moved out of Alaska.

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Henry Knackstedt and Kenai City Council

THROUGH: Terry Eubank, City Manager

THROUGH: Kathy Romain, Senior Center Director

FROM: Astrea Piersee, Administrative Assistant III

DATE: July 8, 2026

SUBJECT: **June 2026 Monthly Report**

Number of individuals served in April:

Home Delivered Meals	1713
Individuals	98
Dining Room (Congregate) Meals	902
Individuals	136
Transportation (1-way rides)	425
Individuals	36
Homemaker Assistance	36/145
Writers Group	28
Caregiver Support Group	8
Widows/Widowers Grief Support Group	21
Growing Stronger Exercise	304
Tai Chi Class	46
TOPS Weight Loss Class	61
Bluegrass & Music Sessions	101
Card Games	117
Wii Bowling	4
Arts & Crafts	48
Volunteers Hours	598
Individuals	35
Total Event Sign-ins *	2057
Individuals *	223
Vintage Pointe Manor Vacancies	0

*(not including home meals clients)

June was a busy and enjoyable month at the Kenai Senior Center, filled with community events, educational opportunities, and outdoor adventures.

The month began with our annual greenhouse tour. Participants enjoyed a no-host lunch at Keen Kow Thai restaurant in Ninilchik while visiting several local greenhouses in Anchor Point, Kenai, and Soldotna. The trip gave seniors the opportunity to purchase a variety of flowers, vegetables, and plants for their home gardens. Those who remained at the Senior Center participated in our annual planting party, helping beautify the grounds by planting flowers grown by the Center.

Seniors also continued visiting the Center to apply for Farmers Market Nutrition Program benefits. The Kenai Senior Center is proud to serve as a host site for this important program, helping eligible low-income seniors access benefits that can be used to purchase fresh fruits and vegetables from local farmers and vendors.

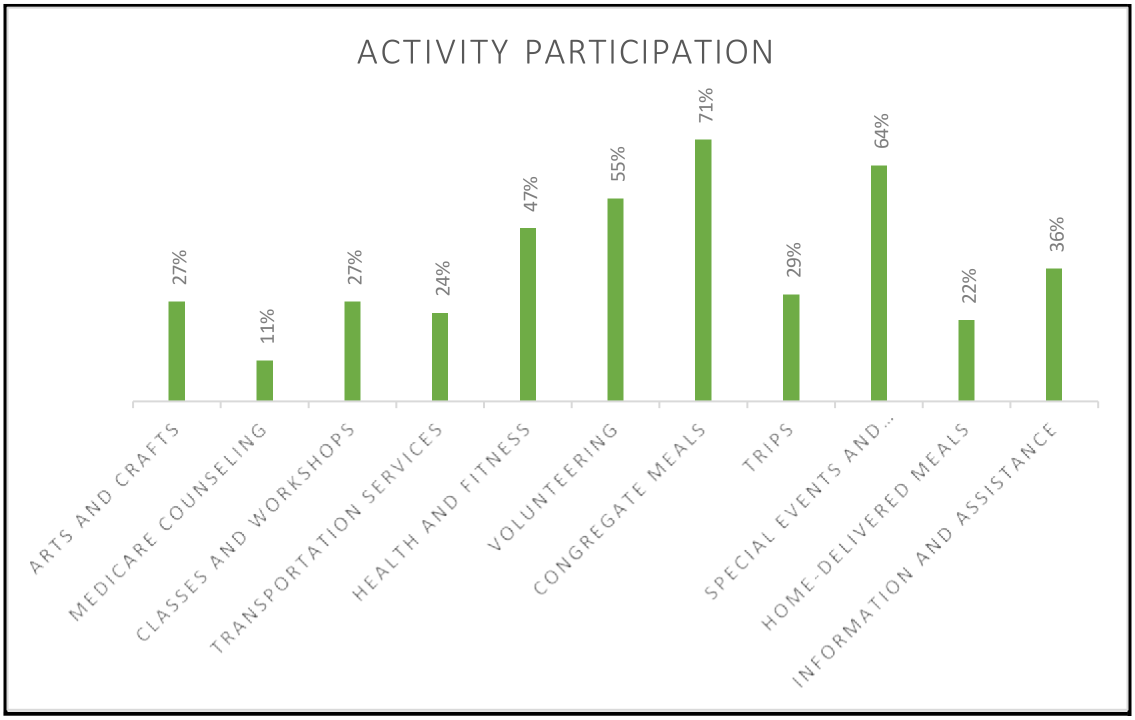
In recognition of World Elder Abuse Awareness Day, the Center hosted a presentation by Adult Protective Services and the Division of Banking and Securities. The presentation provided valuable information on recognizing and preventing elder abuse, emergency preparedness, and protecting oneself from scams and fraud.

June also marked the final push for rhubarb donations for our annual Fourth of July Pie Sale fundraiser, which supports senior meal programs. Once again, our community demonstrated its incredible generosity by donating an outstanding amount of rhubarb, ensuring another successful fundraiser.

The month also featured several recreational outings. Seniors enjoyed a scenic afternoon drive to Tustumena, complete with an ice cream stop on the return trip, as well as a popular garage sale excursion with Patty. To wrap up the month, a group traveled to Homer for a day hike along the Wynn Nature Trail, followed by lunch at the Boatyard Café and time to explore the Homer Spit before returning home.

June was another wonderful month of fellowship, learning, and recreation, made possible by the support of our volunteers, staff, and community partners.

Kenai Senior Center 2026 Client Satisfaction Survey



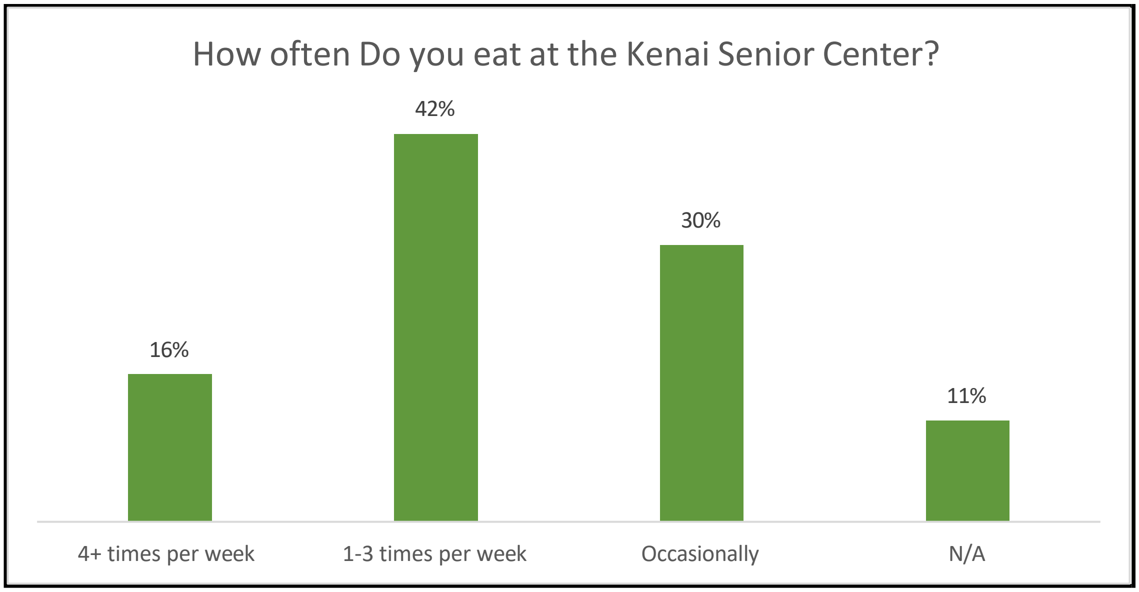
55 Client Satisfaction Surveys were returned this year. 100% of those surveyed were over the age of 60, 38% of those surveyed were of the target population of over the age of 85. 96% of the individuals surveyed were registered members of the Kenai Senior Center.

Are you aware of the programs and services the KSC offers?
- 89% responded yes
- 13% responded no

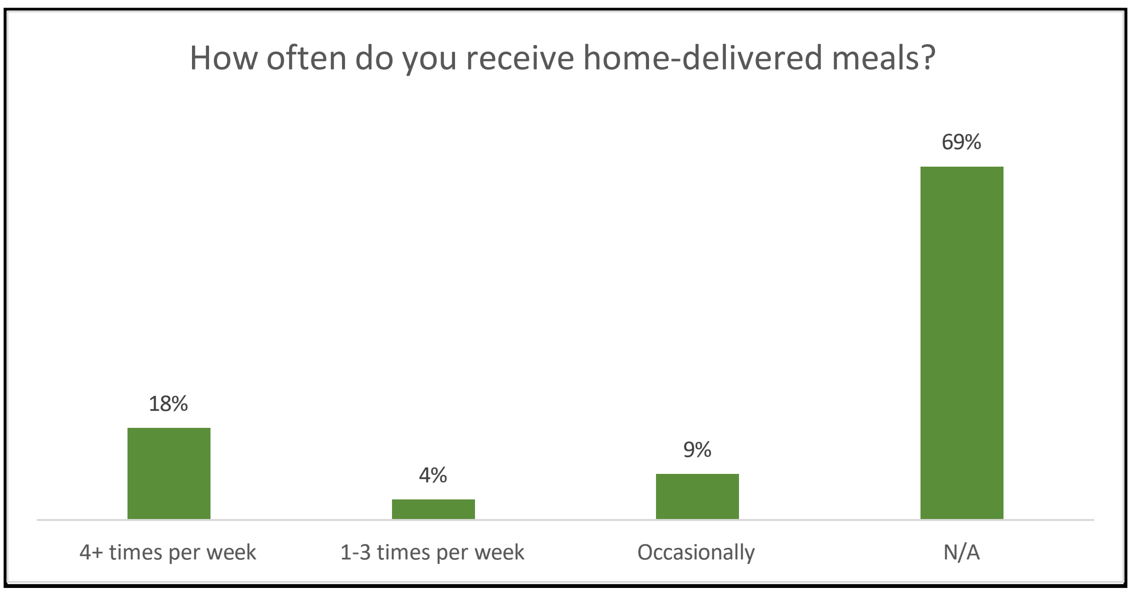
This reflects increased awareness of available programs and services.

Are you interested in volunteering?
- 25% responded yes
- 33% responded no
- 45% responded I am already a volunteer

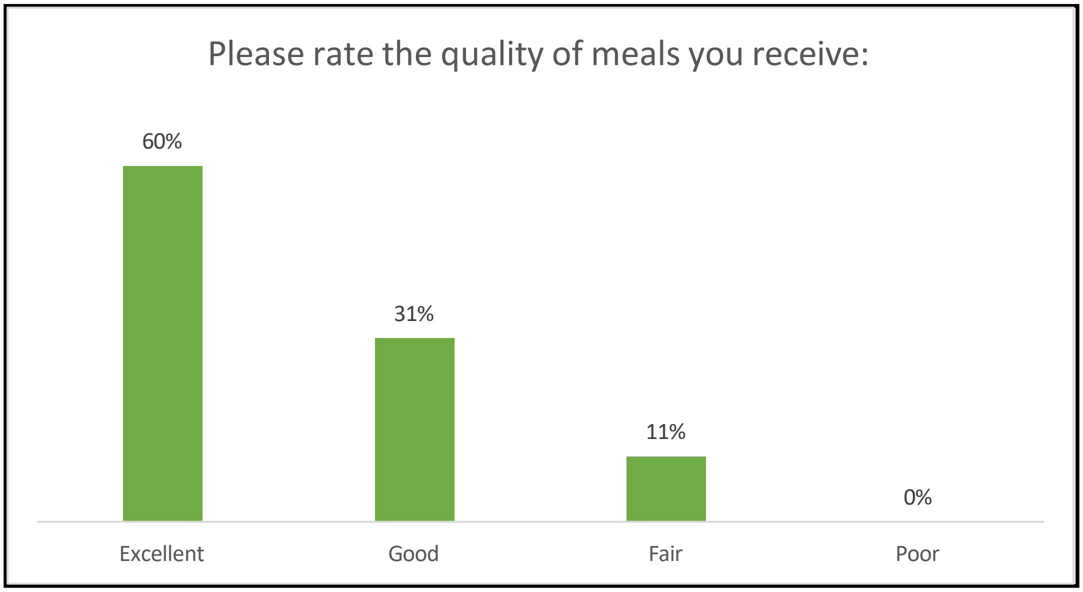
These results demonstrate strong volunteer engagement, with 45% of respondents already serving as volunteers.



Most respondents eat at the Center regularly, with 42% dining 1–3 times per week. The 11% who do not eat at the Center are primarily home-delivered meal participants.



As with the previous graph, the data presented here primarily represents survey respondents who regularly participate in congregate meals at the Center rather than those who receive home-delivered meals.

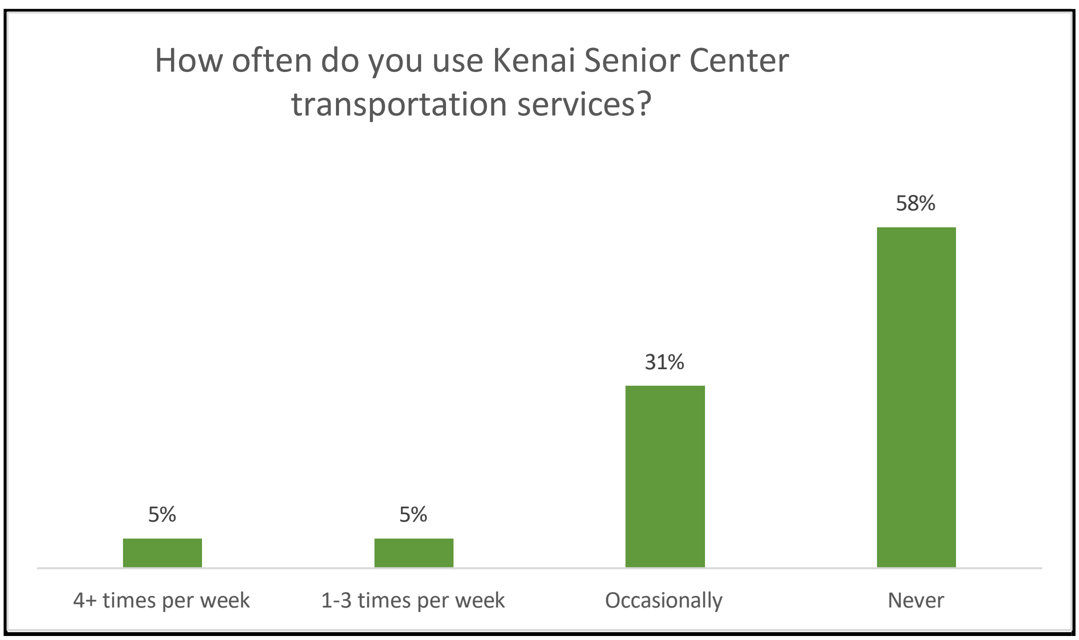


What is your favorite meal served at the Kenai Senior Center?

- 32%of those polled responded its Liver and Onions.
- 10% responded that it's Fried Chicken.
- 7% responded that breakfast was their favorite.

Other honorable mentions were:

- Thanksgiving items such as turkey and dressing.
- Thai Crunch and Chef Salads.
- BBQ ribs and Cowboy Beans.
- Fish and Salmon.



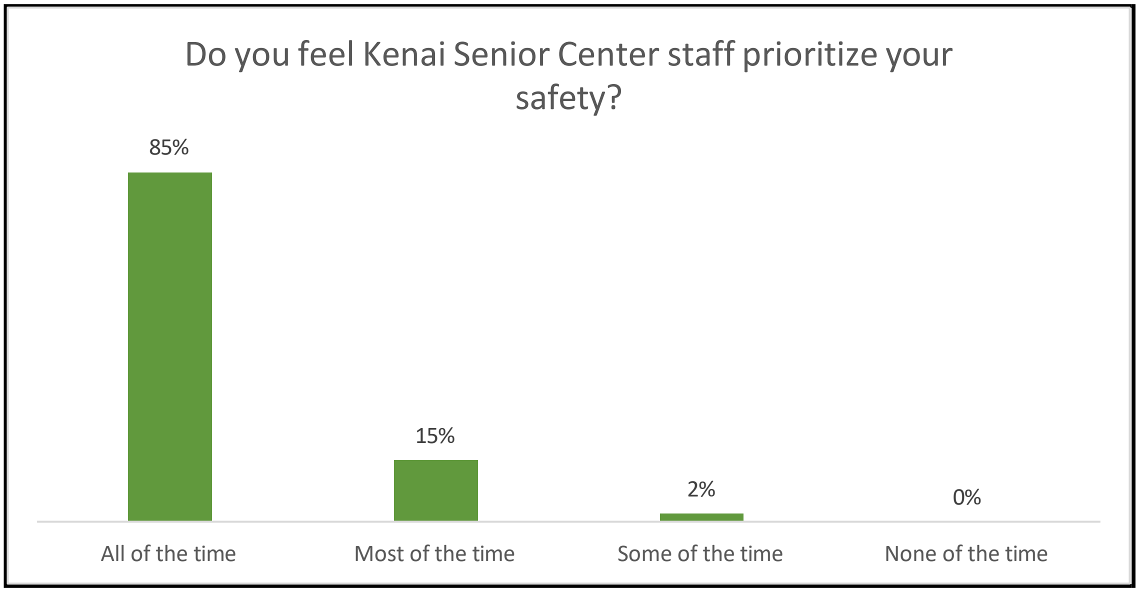
Do you use transportation to access the community?

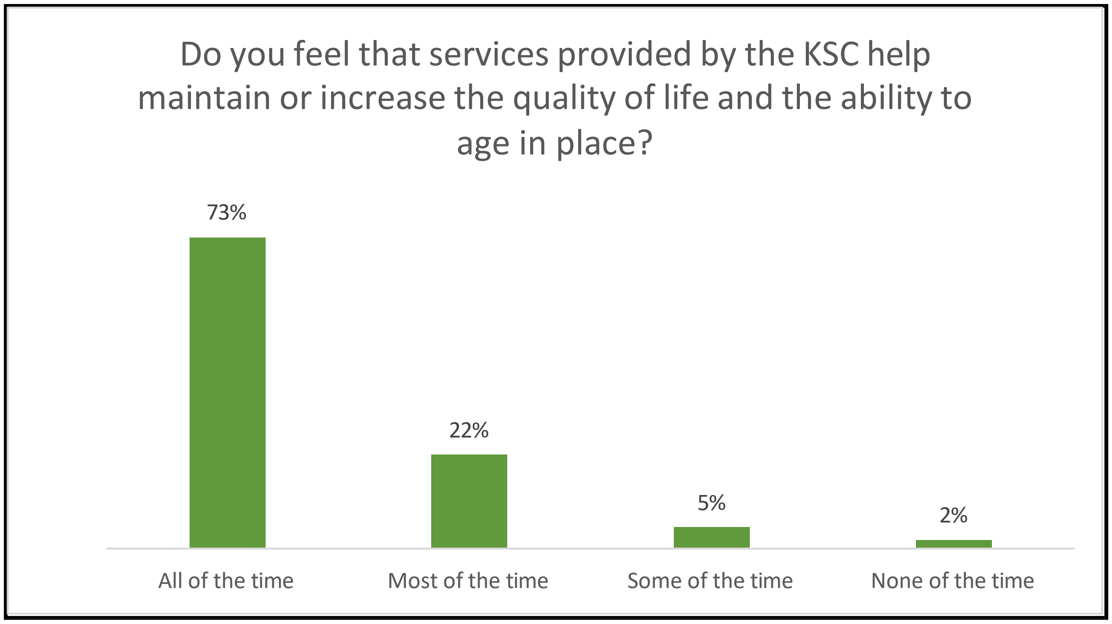
- 35% responded yes
- 67% responded no

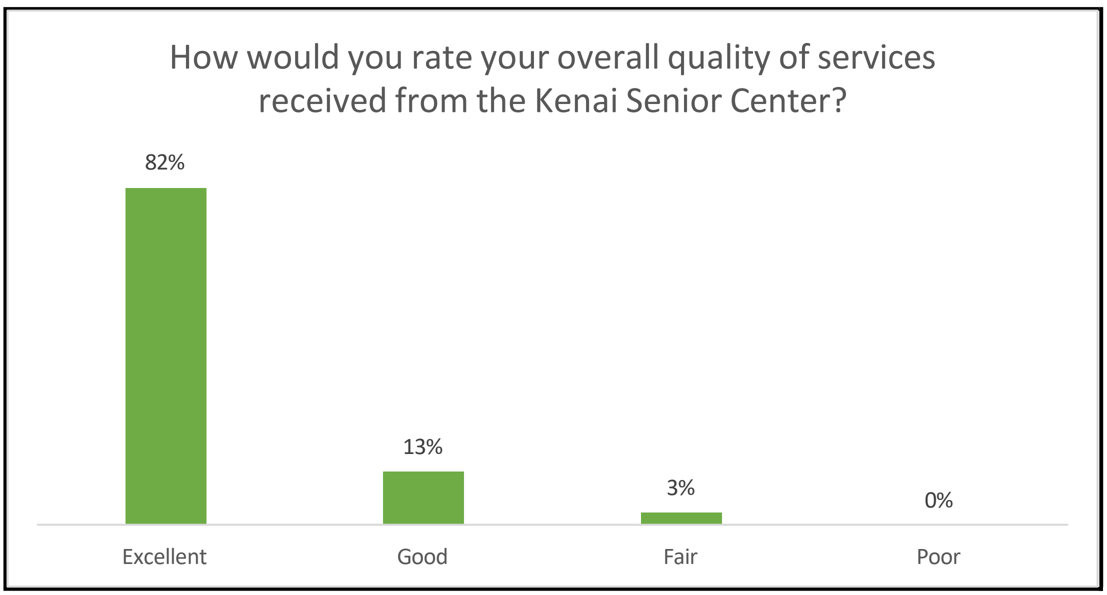
Do you use transportation services to access the senior center?

- 15% responded yes
- 87% responded no

These questions were added to this year's survey to better understand transportation needs and service utilization. Although most respondents reported they do not use transportation services, **of the 41% who do**, the majority indicated they use the service to access the community, while others use it to travel to the Senior Center. These findings demonstrate that the transportation program supports older adults in maintaining their independence, accessing essential services, and staying engaged in both the community and Center activities.




Do you feel that services provided by the KSC help maintain or increase the quality of life and the ability to age in place?
73%
22%
5%
2%
All of the time
Most of the time
Some of the time
None of the time


How would you rate your overall quality of services received from the Kenai Senior Center?
82%
13%
3%
0%
Excellent
Good
Fair
Poor

What activities do you enjoy most at the Kenai Senior Center?

Respondents reported enjoying a wide variety of activities at the Kenai Senior Center. Favorites included arts and crafts, sewing, card games, bingo, exercise classes and Tai Chi, choir and music, the writer’s group, the Widows Group, participation in TOPS, volunteering, potluck lunches, special events and holiday celebrations, trips outside of Kenai and Soldotna, access to the Center's library of books and movies, and even the daily joke. A consistent theme throughout the responses was the importance of congregate meals, not only for the food but also for the opportunity to socialize, build friendships, and stay connected with others. These responses reinforce the important role the Center plays in promoting social engagement, reducing isolation, and supporting healthy aging in place.

What activities or programs would you like to see offered at the Kenai Senior Center?

Survey respondents shared a variety of ideas for new and expanded activities. Suggestions included Scrabble, additional bingo opportunities, a community puzzle, line dancing classes, and educational workshops focused on using cell phones for more than calling and texting. Respondents also expressed interest in outdoor activities such as beachcombing, themed social events like a Country and Western Night and an American Idol-style talent contest, and more opportunities for trips outside the Kenai and Soldotna area throughout the year. These suggestions reflect a continued interest in activities that promote learning, recreation, social engagement, and opportunities to explore the surrounding community.

Do you have any cost-saving ideas for the Kenai Senior Center?

- Try to enlist more volunteers for activities.
- Turn down the heat in the Winter.
- Grow veggies in the green house for our salads.

Comments:

- I'd like to try Chair Yoga and Tai Chi.
- Appreciate everyone on Staff!
- They have wonderful staff.
- I live in Soldotna and I wish the Kenai Senior Center was closer. I don't enjoy the Soldotna Senior Center anymore.
- I love the KSC and have enjoyed it for 25 years.
- The KSC is a big part of my life.
- Love coming to the Center and participating in the activities. Wonderful staff!
- The Senior Center is a welcome and comfortable place. I really like that the KSC has so many different options for learning and enjoying life.
- A great service to our community!
- Offer a salad instead of omelet or sandwich for substitution, I'd pay extra. This place is a special inviting place for all seniors. Staff and volunteers make it inviting! We are blessed!
- Good job!
- We are so fortunate to have such an excellent facility in our small community. Thank you.
- Appreciate all that is offered at the Kenai Senior Center. So grateful you are here in our community. Thank you.
- It's a very nice facility. Safe, warm, and well-managed.
- It's a joy to go to the center.
- I thoroughly love living here.
- I have been using the KSC for several years and I love it! The staff is wonderful and I wouldn't want any changes. Love you all!

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Knackstedt and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Dave Swarner, Finance Director

DATE: July 24, 2026

SUBJECT: **FY2026 Audit Plan**

The annual audit provides an independent opinion on the City's Annual Comprehensive Financial Report (ACFR), evaluates compliance with applicable laws and regulations, and assess the effectiveness of selected internal controls over financial reporting.

The FY2026 Financial Audit Plan establishes the framework for the City's annual independent audit and provides an opportunity for Council to understand the planned audit approach. This is a required communication from the City's auditors which outlines the overall objectives for the audit and the nature, scope and timing of the planned audit work.

Funding for the FY2026 financial audit is included in the adopted FY2027 budget.

REPORT TO HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

CITY OF KENAI

2026 AUDIT PLAN
YEAR ENDING JUNE 30, 2026

Welcome

BDO USA, P.C.
3601 C Street, Suite 600
Anchorage, AK 99503
Tel.: 907-278-8878
www.bdo.com

July 21, 2026

Honorable Mayor and Members of the City Council

City of Kenai

We look forward to discussing with you the current year audit plan for the City of Kenai (the City). This report provides an overview of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

We are pleased to be of service to the City, are committed to executing a quality audit, and look forward to discussing our audit plan, as well as other matters that may be of interest to you.

Respectfully,

BDO USA

Copy to: Henry Knackstedt, Mayor
Terry Eubank, City Manager
David Swarner, Finance Director

Your Client Service Executive Team

JOY MERRINER
Assurance Practice Leader, Principal
907-770-2257 / jmerriner@bdo.com

MICHELLE KIESE
Assurance Director
907-646-7335 / mkiese@bdo.com

DAVID VUE
Assurance Experienced Senior
907-770-2255/dvue@bdo.com

Contents

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., City Council) and, if appropriate, management of the City, and is not intended and should not be used by anyone other than these specified parties.

Executive Summary

Executive Summary

Audit timeline

- We will perform our interim procedures during the months of August and September and our year-end procedures during the months of October and November.

Audit strategy, including significant risks identified

- Our audit strategy, including significant risks identified, for the 2026 audit is outlined in the "Areas of Significant Risk" on page 11.

Planned involvement of persons not employed by BDO USA, P.C.

- We plan to use the work of persons not employed by BDO USA, P.C. in selected areas of our 2026 audit. Refer to the "Planned Use of Persons Not Employed by BDO USA, P.C." on page 12.

Other topics of interest

- We have provided you with a list of the Government Accounting Standards Update on page 20 which includes GASB Statements that are effective for the year ending June 30, 2026, and the GASB Statements that are effective for upcoming year ends.

Inquiries of Those Charged with Governance

- We have provided you with a list of topics on page 14 related to matters relevant to the audit that we will discuss during our inquiries of Those Charged with Governance.

Audit Timeline

The following represents our anticipated schedule regarding our audit of the annual financial statements of the City:

	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Planning	✓	✓					
Interim Fieldwork			✓	✓			
Year-End Fieldwork					✓	✓	
Release Report on Financial Statements							✓

Audit Overview & Strategy

Overview

Our audit strategy follows a risk-based approach, so that our audit work, including the nature, timing and extent of audit procedures planned, is focused on the areas of the financial statements where the risk of material misstatement is assessed to be significant as well as other areas of the financial statements where we have identified risks of material misstatement.

In preparation for our audit, we have discussed with management significant matters including, but not limited to, market conditions, activities, and changes to the City's business, systems, accounting principles and controls, and obtained management's view of potential audit risk in order to update our understanding of the City. This is important to our identification and assessment of risks of material misstatement to the financial statements and related disclosures.

Key components of our audit objectives and strategy are highlighted within this report.

We will continue to update the resulting assessment throughout the audit. We will communicate to you any significant changes to the planned audit strategy or the significant risks initially identified and communicated herein, and the reason for such changes, as applicable, when we present the results of our audit upon completion.

Terms of the Audit and Independence

AUDITOR'S RESPONSIBILITY

BDO USA, P.C., as your auditor, is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework. We are also responsible for expressing an in relation to opinion on the schedule of expenditures of federal awards (SEFA) and schedule of state financial assistance (SSFA) that have been prepared by management, with your oversight, are prepared in accordance with *Government Auditing Standards*. Our audit will be conducted in accordance with standards for financial audits contained in the *Government Auditing Standards* (GAS or Yellow Book) issued by the Comptroller General of the United States. Our audit will also be performed in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and *State of Alaska Single Audit Guide and Compliance Supplement* (State Audit Guide) for forming and expressing an opinion on compliance.

The audits do not relieve you of your responsibilities and do not relieve management of their responsibilities.

INDEPENDENCE

- Our engagement letter to you dated June 22, 2026, describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* regarding independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.

TERMS OF THE AUDIT

Our establishment and understanding of the terms of the audit engagement have been documented in our annual engagement letter, which is attached to this report, and includes the objectives of the audit along with the responsibilities of both the auditor and of management for your reference.

- We will plan and perform the audit of the financial statements for the year ending June 30, 2026, in accordance with *Government Auditing Standards*.
- We will plan and perform the audit of the SEFA and SSFA for the year ending June 30, 2026, in accordance with GAS and will issue an in relation to opinion.
- We will perform tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions is not an objective of our audit.
- We will consider the City's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with GAS, the Uniform Guidance, and the State Audit Guide.

Determining Our Planned Audit Strategy

We focus on areas with higher risk of material misstatement to the financial statements, whether due to error or fraud.

In addition, *Government Auditing Standards* require that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with applicable laws, regulations and the terms and conditions of the federal and state awards that may have a direct and material effect on each of the City's major federal and state programs.

Our audit strategy includes consideration of the following:

- Prior year audit results including discussions with management and those charged with governance regarding the City's operations and risks.
- Inherent risk within the City (i.e., the susceptibility of the financial statements to material error or fraud) without regard to the effect of controls.
- A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the City.
- Recent developments within the industry, regulatory environment, and general economic conditions.
- Recently issued and effective accounting and financial reporting guidance.
- The City's significant and critical accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
- The control environment, risk management and monitoring activities, and the possibility that internal controls may fail to prevent or detect a material misstatement due to error or fraud. In connection with our audit, we will obtain a sufficient understanding of the City's internal control to plan the audit of the financial statements. However, such understanding is required for the purposes of determining our audit procedures and not to provide any assurance concerning such internal control.
- The use of information systems and service organizations in the financial reporting process and overall IT environment.
- Extent to which we plan to use others, outside the core engagement team, to perform certain planned audit procedures or evaluate audit results related to significant risks that may require specialized skills or knowledge.
- We will consider the City's internal control over financial reporting as a basis for designing audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the City's effectiveness of internal control.
- Internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Audit Guide.

We will communicate to you any significant changes to the planned audit strategy, or to the significant risks initially identified, that may occur during the audit due to the results of audit procedures or in response to external factors, such as changes in the economic environment.

Areas of Significant Risk

Our areas of significant risk, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations, are as follows.

- Revenue Recognition - Grants - A presumed risk revenue will be overstated to improve the bottom line and inflate fund balance.
- Management Override of Controls - Management can override controls. This risk is presumed for all audit clients.

Planned Use of Persons Not Employed by BDO USA, P.C.

We plan to use the work of persons not employed by BDO USA, P.C. in the 2026 audit. The table below represents the names, locations, and planned responsibilities.

Planned Use of Persons Not Employed by BDO USA, P.C.

Name	Location	Planned responsibilities
BDO RISE Private Limited (BDO RISE India)	Bengaluru, India; Hyderabad, India	• Perform roll-forward procedures and paraprofessional level tasks

The use of persons not employed by BDO USA, P.C. outside the core engagement team, are under the direct supervision of the core engagement team and engagement partner in accordance with applicable auditing standards. BDO RISE Private Limited (BDO RISE India) is a subsidiary of BDO USA, P.C.

Inquiries of Those Charged with Governance

Obtaining Information from Those Charged with Governance

We perform inquiries related to fraud and other matters to help inform our audit strategy and execution of our audit procedures. As part of the upcoming meeting with you, we would like to discuss the following topics with you to understand any matters of which you believe we should be aware, including, but not limited to:

- Your views about the risk of material misstatements due to fraud, including the risk of management override of controls.
- How you exercise oversight over the City's assessment of fraud risks and the establishment of controls to address these risks.
- Your awareness of any actual, alleged or suspected fraud or illegal acts affecting the City.
- Your awareness of tips or complaints regarding the City's financial reporting and your response to such tips and complaints.
- Your awareness of other matters relevant to the audit including, but not limited to, violations or possible violations of laws or regulations.
- Your awareness of noncompliance with laws and regulations to include consideration of noncompliance with provisions of contracts and grant agreements.
- Your awareness of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.
- Your awareness of any significant communications between the City and regulators.
- Your understanding of the City's relationships and transactions with related parties that are significant to the City.
- Any business relationships between a BDO firm and the City or its affiliates.
- Whether the City has entered into any significant unusual transactions.
- Your awareness of any other information that is important to the identification and assessment of risks of material misstatement.

The BDOAdvantage

BDO

The BDO*ADVANTAGE*

At BDO, we are continuously evaluating and improving our methodologies, technologies, and applications to evolve our approach to the audit process.

Our approach to audit technology enriches the experience for our clients, provides better risk assessment and deeper understanding of your business, and contributes to high-quality audits for capital markets.

AUDIT QUALITY

Working On What Matters

- Our automations enable our people to focus on more strategic work. The use of cutting-edge data analytics in our risk-based audit approach enables our auditors to target risks and testing to the critical areas of the audit.

FOCUSED INSIGHT

Clarity and Collaboration

- Our project management tools, and global portal, help prevent surprises and provide a snapshot of audit progress.
- Our teams have access to dedicated user enablement support to provide a smooth client experience.

SEAMLESS AUDIT

People and Process Optimization

- Our engagement level automations, continuous process evaluation, and ongoing improvements help us optimize the workflow and process of the audit. This drives consistency in the execution of the audit.

GREATER PRECISION

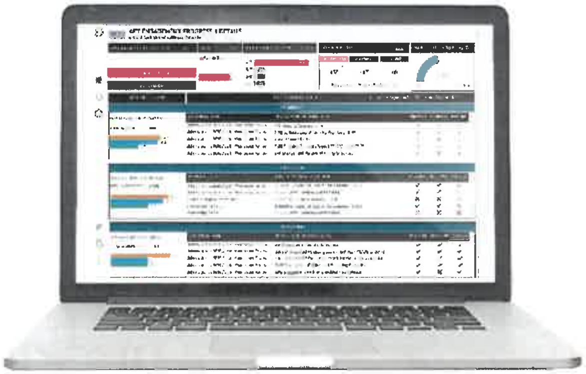
The BDO*ADVANTAGE*

The BDO*ADVANTAGE*, our digital suite of tools, equips our auditors to perform more effective and robust audits. These tools include communications and project management tools to ensure there are no surprises; automations to help our teams focus on risks; and data analytics that allow our auditors to dive deeper into their risk analysis through use of data visualization, correlation, and comparison. The BDO*ADVANTAGE* empowers our audit teams to create more industry-focused client insights with greater precision.

Below are two examples of the BDO*ADVANTAGE* technology suite:

BDO DASHBOARDS

- Provides reporting at our fingertips allowing us to proactively identify, resolve, and escalate any potential issues quickly.
- Engagement partner and manager can view real-time the status of the engagement and course-correct as needed, eliminating surprises.



BDO GLOBAL PORTAL

- Provides you with access to all relevant requests and the data and documents.
- Houses contact details of your BDO engagement team, timelines, schedules, and communication records.
- Visually depicts the status and progression of the audit in one screen.

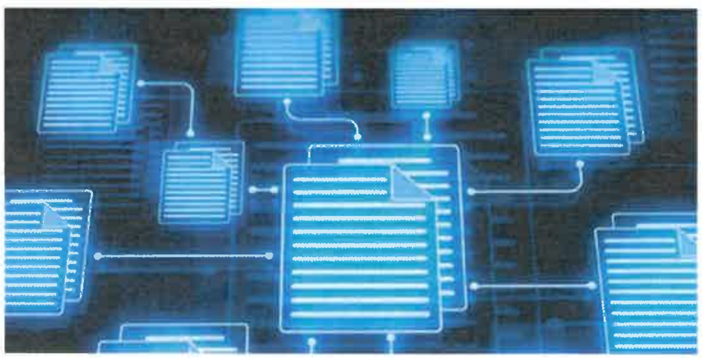
The BDO*ADVANTAGE*

The BDO*ADVANTAGE*, our digital suite of tools, equips our auditors to perform more effective and robust audits. These tools include communications and project management tools to ensure there are no surprises; automations to help our teams focus on risks; and data analytics that allow our auditors to dive deeper into their risk analysis through use of data visualization, correlation, and comparison. The BDO*ADVANTAGE* empowers our audit teams to create more industry-focused client insights with greater precision.

Below are two examples of the BDO*ADVANTAGE* technology suite:

DOCUMENT AUTOMATION

- Automation software that streamlines the production of base management representation letters, and audit reports.
- Reduces administrative burden so your engagement team spends less time formatting and more time developing tailored deliverables that accurately reflect and report on your audit with BDO.



DOCUSIGN

- An e-signature tool enables us to manage electronic agreements and integrations with audit reports.
- Allows for standardization of our contracting process and execution of our audit representation letters.
- Creates a consistent and reliable process by which necessary documentation is electronically executed, tracked, and stored and to create signing authority control.

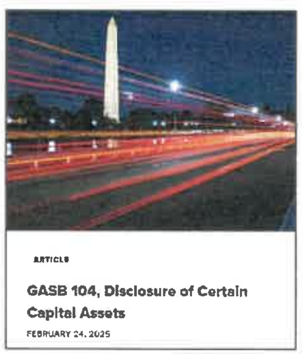
DocuSign

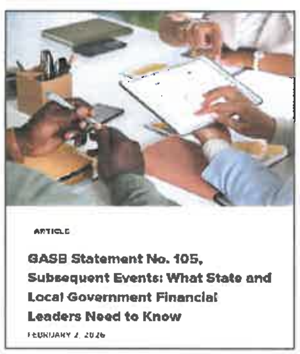
Government Accounting Standards Update

Government Accounting Standards Update

Included is a listing of relevant recent government accounting pronouncements with mandatory effective dates. Any standards issued after the date of this communication are unlikely to impact the next annual period's financial statements but should be considered in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. Early adoption is generally permitted for all the accounting standards summarized herein, but each standard has specific transition guidance and early adoption may have been limited to certain periods or circumstances.

Government Accounting Standards Update	Effective Date
GASB Statement No. 103, *Financial Reporting Model Improvements*	Fiscal years beginning after June 15, 2025. If a primary government chooses early implementation of this Statement, all component units also should implement this Statement in the same year.
GASB Statement No. 104, *Disclosure of Certain Capital Assets*	Fiscal years beginning after June 15, 2025
GASB Statement No. 105, Subsequent Events	Fiscal years beginning after June 15, 2026





What's on the horizon for government accounting standards?

Access GASB - Current Projects

Other Topics

BDO's System of Quality Management

An audit firm's effective system of quality management ("SoQM") is crucial for supporting the consistent performance of high-quality audits and reviews of financial statements, or other assurance or related services engagements under professional standards, and applicable legal and regulatory requirements.

Accordingly, BDO has implemented a SoQM designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those standards and requirements. The firm's SoQM supports the consistent performance of quality audits through many ongoing activities including, at least annually, certification by leaders with responsibility for key controls and related processes. Our Assurance Quality Management team performs regular reviews and testing of key controls and processes throughout the SoQM and identifies and communicates areas for improvement.

As required by International Standard on Quality Management 1 (ISQM 1) under the International Auditing and Assurance Standards Board (IAASB), BDO has conducted an evaluation of the effectiveness of its system of quality management and concluded, as of September 30, 2025, that the system provides reasonable assurance that our professionals will perform audits and reviews of financial statements or related assurance services engagements in accordance with professional standards, and applicable legal and regulatory requirements.

We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality management within our annual Audit Quality Reports, the most recent of which is accessible here.

CLICK HERE TO ACCESS IAASB ISQM-1 IN ITS ENTIRETY >

Engagement Letter

BDO

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www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

June 22, 2026

City of Kenai
210 Fidalgo Ave
Kenai, AK 99611

Dear City of Kenai:

We are pleased to continue as independent auditors for the City of Kenai, Alaska. We look forward to continuing to provide you with the high-quality services you expect from your professional service providers.

Our commitment to delivering superior service means that we strive to demonstrate initiative, anticipate problems, propose solutions, and communicate effectively with you and other members of management throughout the year. In addition, during our audit we will be alert for opportunities to bring insightful and constructive suggestions for improving management information, operating and accounting procedures, and controls.

Attached to this letter is an agreement describing our services. If you have questions about any of the matters discussed in that agreement, please give us a call. If you find the arrangements acceptable, please acknowledge your agreement to the understanding by signing this letter via the DocuSign link that we provide.

Again, it is a pleasure for us to continue to serve you. We look forward to many more years of pleasant association with you and the City of Kenai, Alaska.

Very truly yours,

DS

BDO USA

6/22/2026

Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

June 22, 2026

City of Kenai
210 Fidalgo Ave
Kenai, AK 99611

Dear City of Kenai:

Attachment A

This STATEMENT OF WORK NO. 1 TO PROFESSIONAL SERVICES AGREEMENT FOR AUDIT SERVICES (this "SOW" or "Statement of Work"), dated as of May XX, 2026, is agreed to by and between the CITY OF KENAI (the "City" or "you") and BDO USA ("BDO" or "we"), pursuant to the certain PROFESSIONAL SERVICES AGREEMENT FOR AUDIT SERVICES, dated as of May 14, 2026, (the "Agreement") made and entered into by and between the City and BDO. This Statement of Work is intended to describe the nature and scope of the services BDO will perform on behalf of the City under this SOW.

SOW to Provide Services

This SOW to provide services is intended to describe the nature and scope of our services.

Objective and Scope of the Audit

As agreed, BDO USA ("BDO" or "we") will audit the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Kenai, Alaska (the "City" or "you") as of and for the year ending June 30, 2026. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, to issue an auditor's report that includes our opinions, and to report on the fairness of the supplementary information referred to below when considered in relation to the basic financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS") and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our audit also include reporting on the City's:

- Internal control related to the financial statements and compliance with provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

BDO

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June 22, 2026

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Dear City of Kenai:

June 22, 2026 JL 6/24/26 DS 6-24-26 JKM 6/24/26

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The objectives of our audit also include reporting on the City's:

- Internal control related to the financial statements and compliance with provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- Internal control over compliance related to major programs and issuance of an opinion (or disclaimer of opinion) on whether the City complied with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance or UG) and the *State of Alaska Single Audit Guide and Compliance Supplement* (State Audit Guide).

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required and will be subjected to certain limited procedures, but will not be audited:

1. City Management's Discussion and Analysis
2. Budgetary Comparison Schedules
    a. General Fund
    b. Each Major Special Revenue Fund
3. Public Employees' Retirement System:
    a. Schedule of the City's Proportionate Share of Net Pension Liability
    b. Schedule of the City's Contributions
4. Public Employees' Retirement System:
    a. Schedule of the City's Proportionate Share of the Net Other Postemployment Benefit Liability (Asset) - ARHCT, RMP and ODD Plans
    b. Schedule of the City's Contributions - ARHCT, RMP, and ODD Plans

Also, the supplementary information other than RSI accompanying the basic financial statements, as listed below, will be subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS, and our auditor's report will provide an opinion on it in relation to the basic financial statements as a whole.

1. Individual and combining fund statements and schedules
2. Schedule of Expenditures of Federal Awards
3. Schedule of State Financial Assistance

Also, the other information accompanying the basic financial statements, as listed below, will not be subjected to the auditing procedures applied in our audit of the basic financial statements, and our auditor's report will not provide an opinion or any assurance on such supplementary information.

1. Introductory Section
2. Statistical Section

Responsibilities of BDO

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Note that BDO may utilize entities owned in whole or in part by BDO (each, an "Affiliate") to assist in the audit or perform internal and/or administrative support ancillary to the services, but BDO will remain responsible for and supervise all such services. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a reasonable basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we will communicate to you and those charged with governance in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*.

Our audit will also be conducted in accordance with the provisions of the Uniform Guidance and the State Audit Guide, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance and the State Audit Guide, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. The Uniform Guidance and the State Audit Guide requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal and state statutes, regulations, and the terms and conditions of the federal and state awards that may have a direct and material effect on each of its major programs. Our procedures will consist of the applicable procedures described in the Office of Management and Budget's (OMB) Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. As required by the Uniform Guidance and the State Audit Guide, our audit will include tests of transactions related to major federal and state award programs for compliance with applicable federal and state statutes, regulations, and the terms and conditions of federal and state awards. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Audit Guide.

Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the City's transactions for the period. Also, an audit is not designed to detect errors or fraud or violations of federal and state statutes and regulations that are immaterial to the financial statements or major programs. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. We will also include such matters in the reports required for an audit performed under the Uniform Guidance and the State Audit Guide. In addition, during the course of our audit, financial statement misstatements relating to accounts or disclosures may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit we will communicate to those charged with governance (as defined below) all uncorrected misstatements, as well as all corrected misstatements arising from our audit and the implications that such corrected misstatements might have on the City's financial reporting process. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste and abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

The term "those charged with governance" is defined as the person(s) with responsibility for overseeing the strategic direction of the City and obligations related to the accountability of the City, including overseeing the financial reporting process. For the City, we agree that the City Council meets that definition.

We will perform test of controls, as required by the Uniform Guidance and the State Audit Guide, to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with each direct and material compliance requirement applicable to each of the City's major federal and state award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and the State Audit Guide.

We are also responsible for communicating with those charged with governance what our responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.

Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that you and those charged with governance acknowledge and understand that you and those charged with governance have responsibility (1) for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; (2) for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and relevant to federal and state award programs that are free from material misstatement, whether due to error or fraud; (3) for identifying and ensuring that the City complies with the laws and regulations applicable to its activities; and (4) to provide us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, additional information we may request for the purpose of the audit, and unrestricted access to persons within the City from whom the auditor determines it is necessary to obtain audit evidence.

Management is also responsible for preparation of the schedule of expenditures of federal awards and the schedule of state financial assistance, including the notes, noncash assistance received and other required information, in accordance with the requirements of the Uniform Guidance and the State Audit Guide. You acknowledge and understand your responsibility for the preparation of all supplementary information, including the schedule of expenditures of federal awards and the schedule of state financial assistance, in accordance with the applicable criteria. Management is responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements, in accordance with the Uniform Guidance and the State Audit Guide. Management is also responsible for (1) establishing and maintaining effective internal control, including internal control over compliance and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met, (2) compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards, (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements, and (4) ensuring that management and financial information is reliable and properly reported. You also agree to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. You also agree to present the supplementary information with the audited financial statements, or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and our report thereon.

Management's responsibilities also include identifying and informing us of significant contractor relationships in which the contractor is responsible for program compliance and for the accuracy and completeness of that information.

Management is responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the City's files; or otherwise concluding and confirming in a representation letter (as further described below) provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole. Additionally, as required by the Uniform Guidance and the State Audit Guide, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

As required by GAAS, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit, the City agrees, subject to prevailing laws and regulations, to release and indemnify BDO and its shareholders, principals, employees, Affiliates, contractors, agents, and Permitted Assignees (as defined herein under "Assignment") (collectively, the "BDO Group") from and against all claims, losses, liabilities, judgments, damages, costs, and expenses (including attorneys' fees) of any kind relating to the services or this SOW, whether arising in contract, statute, tort (including, without limitation, negligence), or otherwise (collectively, the "Claims") attributable to any knowing misrepresentations by management.

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a direct and material effect on the financial statements, schedule of expenditures of federal awards and/or schedule of state financial assistance. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable federal and state statutes, regulations, and the terms and conditions of the federal and state awards. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of federal and state statutes, regulations and the terms and conditions of the federal and state awards, or waste and abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying to us, previous financial audit attestation engagements, performance audits, or other studies related to our audit objectives. This responsibility includes communicating to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

At the conclusion of the engagement, we will complete the appropriate sections of and electronically certify the Data Collection Form that summarizes our audit findings. We will provide a final copy of our reports in a PDF file to the City; however, it is management's responsibility to upload the PDF version of the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) and complete the appropriate sections of the Data Collection Form. If management requests BDO to upload the pdf version of the reporting package it is management's responsibility to review the pdf BDO uploads to the Federal Audit Clearinghouse (FAC) for accuracy and accept responsibility for this document. Management is responsible for electronically certifying the Data Collection Form and electronically submitting the completed Data Collection Form to the FAC. Management accepts responsibility for and will review all information, whether prepared by the City or BDO, in the Data Collection Form that will be submitted to the FAC. The financial reporting package must be text searchable, unencrypted, and unlocked to be accepted by the FAC. The Data Collection Form and the reporting package must be submitted electronically within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless an extension has been obtained in writing from the appropriate Federal agency. Both BDO and management are responsible for ensuring that in their respective parts of the reporting package there is no protected personally identifiable information. Management understands that the City must make copies of the Data Collection Form and reporting package available for public inspection.

Expected Form and Content of the Auditor's Report

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America; and also containing a separate section indicating that our opinion does not cover the other information (as defined below) included in the annual comprehensive financial report, stating that we considered any material inconsistency that exists between the other information and the financial statements, and describing any other information that otherwise appears to be materially misstated. If, during the course of our work, it appears for any reason that we will not be in a position to render an unmodified opinion on the financial statements or the Uniform Guidance and the State Audit Guide compliance, or that our report will require an Emphasis of Matter or Other Matter paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

The reports on internal control and compliance will each include a statement that the purpose of these reports is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of *Government Auditing Standards* (GAS) and the Uniform Guidance and the State Audit Guide and are not suitable for any other purpose.

Other Information Included in the Annual Comprehensive Financial Report

You agree that you are responsible for the other information to be included in the annual comprehensive financial report. The other information comprises the information included in the annual comprehensive financial report but does not include the financial statements and our auditor's report thereon. You also agree to provide the final version of the document(s) comprising the annual comprehensive financial report in a timely manner and, if possible, prior to the date of our auditor's report. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. We are not responsible for searching for omitted information or for the completeness of the other information. Accordingly, BDO disclaims and you agree to release the BDO Group from, and indemnify the BDO Group for, all liability arising out of or related to inconsistencies in or incompleteness of the other information.

Termination

The City or BDO may terminate this SOW in the same manner in which the Agreement may be terminated, as set forth in Sections 8, 9, or 10 of the Agreement.

Client Continuance Matters

BDO is retaining the City as a client in reliance on information obtained during the course of our client continuance procedures. Joy Merriner, a BDO assurance principal, has been assigned the primary responsibility for the engagement and for issuing the appropriate report on the City's financial statements on behalf of BDO. If such assignment changes during the course of our engagement, we will notify management and those charged with governance.

Use of BDO Advantage Extraction Scripts or Services

With your approval, BDO may use BDO Advantage Extraction Scripts or Services to extract certain general ledger and subledger information from your financial accounting system to facilitate performance of our services. The BDO Advantage Extraction Scripts or Services and all information, content, materials, products (including software), and other services included in or otherwise made available to you through the BDO Advantage Extraction Scripts or Services are provided by BDO on an "as is" and "as available" basis, unless otherwise specified in writing. BDO makes no representations or warranties of any kind, expressed or implied, as to the operation of the BDO Advantage Extraction Scripts or Services, or the information, content, materials, products (including software), or other services included in or otherwise made available to you through the BDO Advantage Extraction Scripts or Services, unless otherwise specified in writing. You expressly agree that your use of the BDO Advantage Extraction Scripts or Services is at your sole risk, and you release the BDO Group from any liability connected therewith. BDO shall not share or sell any of the extracted information to third parties, and BDO shall use such information solely to facilitate performance of the services described in this SOW.

Ownership of Working Papers

In connection with the performance of our services, we will prepare documents that support our work and include items such as work programs and analyses that do not constitute part of the City's records ("Working Papers"). The Working Papers prepared pursuant to this SOW are the property of BDO. The Working Papers constitute confidential, proprietary, and trade secret information, and will be retained by BDO in accordance with our policies and procedures and all applicable laws.

However, pursuant to authority given by law or regulation, we may be requested to make certain Working Papers available to the City's oversight agency, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such Working Papers will be provided under the supervision of BDO personnel and at a location designated by BDO. Furthermore, upon request, we may provide photocopies of selected Working Papers to the aforementioned parties. These parties may intend or decide to distribute the photocopies of information contained therein to others, including other governmental agencies. If a Working Paper access request is received from a regulator, we will ask you and the regulator, and any designees, including third party accounting firms, to acknowledge, in writing, the conditions under which we will provide such access; and you agree to provide such written acknowledgment.

Reproduction of Auditor's Report

If the City plans any reproduction or publication of a document that includes our report, or any portion of it, and that is assembled differently from any paper or electronic version that we have previously reviewed and approved for the City (e.g., by the addition of financial statements and/or accompanying information that you have produced), a copy of the entire document in its final form should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Auditor's Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and auditor's report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and auditor's report on your website and the signed version of the financial statements and auditor's report provided to management by BDO. You also agree to indemnify the BDO Group for all claims that may arise from any differences between the electronic and signed versions.

Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel and Internet Access

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to City employees and/or customers should be provided to us. In addition, we ask that you provide high-speed Internet access to our engagement team, if practicable, while working on the City's premises. This assistance will serve to facilitate the progress of our work and minimize costs to you.

Peer Review Reports

Government Auditing Standards requires that we provide you with a copy of our most recent quality control review report. Our latest peer review report accompanies this SOW.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the City. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend governing board meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the City in preparing and submitting the required Form SF-SAC Data Collection Form and the GASB 68 and 75 entries and related footnote disclosures for year ended June 30, 2026, based on City's accounting records and other information that comes to our attention during the course of our engagement. We will also assist the City in preparing the financial statements and related footnote disclosures and technical assistance with the application of GASB accounting requirements and disclosures, as requested, for the year ending June 30, 2026, based on the City's accounting records and other information that comes to our attention during the course of our engagement.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the City in the performance of our services. Any discussions that you have with personnel of BDO regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

The independence rules of the American Institute of Certified Public Accountants ("AICPA") require that we maintain independence with respect to the City. In order to meet these requirements, the City agrees to inform us of all corporate transactions (e.g., mergers, acquisitions) that result in a new City Affiliate in advance of the transaction so that we may (i) identify any prohibited relationships with the new City Affiliate prior to the effective date of the transaction and address them promptly, and (ii) add the new City Affiliate to the City's "corporate tree" in our independence database so that we maintain independence of the City Affiliate going forward.

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of the City. However, we will provide advice and recommendations to assist management of the City in performing its functions and fulfilling its responsibilities.

The City agrees to perform the following functions in connection with our performance of the preparation and submission of the required Form SF-SAC Data Collection Form, preparing the GASB 68 and 75 entries and footnote disclosures, preparing the financial statements and related footnote disclosures, and technical assistance with the application of GASB accounting requirements and disclosures, as requested:

a. Make all management decisions and perform all management functions with respect to the preparation and submission of the required Form SF-SAC Data Collection Form, preparation of the GASB 68 and 75 entries and footnote disclosures, preparation of the financial statements and related footnote disclosures, and technical assistance with the application of GASB accounting requirements and disclosures, as requested, provided by us.
b. Assign Dave Swarner, Finance Director, to oversee the preparation and submission of the required Form SF-SAC Data Collection Form, preparation of the GASB 68 and 75 entries and footnote disclosures, preparation of the financial statements and related footnote disclosures, and technical assistance with the application of GASB accounting requirements and disclosures, as requested, and evaluate the adequacy and results of the services.
c. Accept responsibility for the results of preparation and submission of the required Form SF-SAC Data Collection Form, preparation of the GASB 68 and 75 entries and footnote disclosures, preparation of the financial statements and related footnote disclosures, and technical assistance with the application of GASB accounting requirements and disclosures, as requested.

The services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The City must make all decisions with regard to our recommendations. By signing this SOW, you acknowledge your acceptance of these responsibilities.

Fees

Our charges to the City for the services described above for the year ending June 30, 2026, will be $59,200 for the financial statement audit, $15,000 for each federal major program and $9,800 for each state major program, including engagement-related out-of-pocket expenses, travel expenses, and other related costs and expenses incurred to deliver the services described above, including communication, data and technology, printing, and other direct engagement costs. This fee includes the financial statement audit, preparation of the ACFR, federal single audit, and state single audit. Technical assistance provided with the application of GASB accounting requirements and disclosures, as requested, will be billed hourly based on our agreed upon rates. The following is an agreed-upon schedule of payments:

Milestone	Amount	Approximate Dates
Completion of planning and initial fieldwork	$20,000	July 24, 2026
At completion of interim fieldwork	$25,000	August 28, 2026
At completion of final fieldwork	$25,000	November 13, 2026
Upon issuance of audit	Balance	December 18, 2026

This fee is based on the following assumptions:

- Your personnel will prepare certain schedules and analyses for us and make available to us documents for our examination as and when requested and will utilize our BDO portal to provide us such documents.
- Our planned audit timing as agreed upon with you does not change and the client-prepared information and documents are available at the beginning of our fieldwork dates.
- There will be no significant changes in the internal controls, key personnel, or structure of the organization.
- There will be no significant changes in critical systems affecting key financial statement accounts (e.g., significant upgrade, systems integration, and/or systems implementation).
- There will be no significant acquisitions or disposals of businesses.
- The number of audit adjustments identified will be minimal.
- There will not be significant amendments to the City's debt or financing arrangements requiring significant accounting analysis and/or "debt compliance letters."
- There will not be any unanticipated increases in current operations requiring significant additional audit time.

Should we encounter any unforeseen problems that will warrant additional time or expense, we will notify you of the situation and provide an estimate of our additional fees.

This fee structure does not take into consideration effects that any future standards promulgated by the Governmental Accounting Standards Board and/or other professional bodies will have on our audit procedures. As we become aware of additional audit procedures resulting from these circumstances, we will notify you of the circumstances requiring additional procedures and the resulting additional fee estimates.

Invoices are payable upon receipt. If we do not receive any written notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest on the past due amount at the lesser of (a) 1.0% per month or (b) the maximum amount permissible by applicable law. Interest shall accrue from the date the invoice is delinquent. We reserve the right to suspend our services, withhold any deliverables, or withdraw from this engagement entirely if any of our invoices are delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation, attorneys' fees.

This engagement includes only those services specifically described in this SOW; any additional services not specified herein will be agreed to in a separate letter. If BDO or its current or former personnel are requested to, or the City requests BDO to, object to or respond to, or BDO receives and responds to, a validly issued third party subpoena, court order, government regulatory inquiry or investigation, or other similar request for, or legal process for, the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements with the City, you agree to compensate us for all time BDO expends in connection with such response, at our standard rates, and to reimburse BDO for all related out-of-pocket costs and expenses (including outside attorneys' fees) that we incur.

Restricted Federal Data

The parties agree that the services are not intended to involve the processing, storage, disclosure, or transmissions of Restricted Federal Data, defined as data or information subject to laws, regulations, or government-wide policies that require safeguarding or dissemination controls, including but not limited to the Federal Acquisition Regulations ("FAR"), the Defense Federal Acquisition Regulation Supplement ("DFARS"), the International Traffic in Arms Regulation ("ITAR"), the Export Administration Regulations ("EAR"), and the Arms Export Control Act ("AECA") , and any other data or information that is restricted for dissemination or disclosure to foreign nationals. For clarity, and without limiting the foregoing, controlled unclassified information ("CUI") shall be included in the definition of Restricted Federal Data. Because BDO relies on this information in order to fulfill its own compliance obligations, the City shall not provide or otherwise make available Restricted Federal Data to BDO or its employees unless expressly agreed to in advance in writing by BDO. If the City becomes aware that any known or suspected Restricted Federal Data will be or has been disclosed to BDO by the City or otherwise in connection with the Services, the City will (a) immediately notify BDO in writing to regulatedgovtdata@bdo.com and will cease any further transfer of such data unless and until BDO expressly agrees in writing, (b) identify which documents at which pages contain such information, (c) identify which export control regulations apply where applicable, and (d) identify the relevant export control classifications that apply to the information in question. The City will fully cooperate with BDO in the investigation of and response to any known or suspected Restricted Federal Data that the City has disclosed to BDO notwithstanding the foregoing. The City further agrees that it will be responsible for all fees, costs, and expenses associated with processing, storage, disclosure, or transmissions of such Restricted Federal Data, including without limitation additional fees, costs, and expenses related to compliance with obligations with respect to such Restricted Federal Data.

Licensing Representation

To the extent necessary for BDO to perform its obligations described herein, the City represents and warrants that it will obtain, maintain, and comply with all of the licenses, consents, permits, approvals, and authorizations that are necessary to allow BDO and its employees, contractors, and subcontractors to access and use the services or software provided for the benefit of the City under the City's third-party services contracts, licenses, or other contracts granting the City the right to access, use, or receive services or software (each a "Licensing Representation"). Upon BDO's request, the City will provide BDO any references available evidencing the Licensing Representation (e.g., order number, customer support identifier). Tools subject to this Licensing Representation are hereby deemed External Computing Options (as defined in this SOW). The City hereby releases the BDO Group from, and indemnifies the BDO Group for, all claims and liabilities resulting from: (i) BDO's reliance on a Licensing Representation; and (ii) the functionality of any third-party software or services used or accessed by BDO.

Intellectual Property

As between BDO and the City, the City is the exclusive owner of all rights in and to all documents, real and tangible property, intellectual property, representations, assumptions, information and data supplied by or on behalf of the City, its personnel, representatives, advisors, and agents. As between BDO and the City, BDO owns its pre-existing materials (including software) and any works of authorship, intellectual property, materials, information, general skills, best practices, general knowledge, know-how, processes, methodologies, tools, techniques, or other intellectual property that BDO may have created or discovered prior to, independently of, or as a result of the services (collectively, "BDO Intellectual Property"). For clarity, BDO shall retain the right to reuse the ideas, concepts, know-how, and techniques derived from the rendering of the services under this SOW so long as it does not require the use or disclosure of any of the City's Confidential Information. Unless otherwise specifically stated in this SOW, the reproduction, distribution, or transfer, by any means or methods, whether direct or indirect, of any of BDO's Intellectual Property or proprietary information by the City is strictly prohibited.

Miscellaneous

This SOW is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with the City. This engagement is a separate and discrete event and any future services will be covered by a separate SOW to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and certain of those banks have mandated the use of this service. Further, such third party confirmation processors also provide for the electronic (and manual) processing of other confirmation types (e.g., investments, legal, accounts receivable, accounts payable, and other audit confirmations, etc.). To the extent applicable, the City hereby authorizes BDO to participate in such confirmation processes, including through the third party's website (e.g., by entering the City's bank account information to initiate the process in order to access the bank's confirmation response), and agrees that the BDO Group shall have no liability in connection therewith.

Whenever possible, each provision of this SOW shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, professional standards, or related published interpretations (including, without limitation, the independence rules of the AICPA, Securities and Exchange Commission, Public Company Accounting Oversight Board, and *Government Auditing Standards*), but if any provision of this SOW shall be deemed void, prohibited, invalid, or otherwise unenforceable in whole or in part for any reason under such applicable laws, regulations, professional standards, published interpretations, or any reason whatsoever, such provisions or portion(s) thereof shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and shall be amended to the minimum extent required to make the provision enforceable, and such revised provision shall be made a part of this SOW as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this SOW, which shall remain in full force and effect.

The City's signature below represents and warrants that it has the full power and authority to enter into this SOW on behalf of the City. The City represents and warrants that this SOW constitutes the legal, valid, and binding obligation of the City. The City agrees to release, indemnify, and hold harmless BDO Group against any Claim to the extent arising out of its breach of any representation or warranty contained in this paragraph.

This SOW may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this SOW must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this SOW and all other persons or entities required by law. An electronically transmitted signature to this SOW will be deemed an acceptable original for purposes of consummating this SOW and binding the party providing such electronic signature.

* * * * *

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing this SOW via the DocuSign link that we provide.

Very truly yours,

BDO USA

6/22/2026

Acknowledged:

CITY OF KENAI, ALASKA

Signed by:

By: Dave Swarner

F8C494E4CF2843D...

Dave Swarner, Finance Director

Date: 6/23/2026

Signed by:

By:

42C6DD44B3A4480...

Terry Eubank, City Manager

Date: 6/23/2026

The BDO USA Client Data Privacy Policy is located at https://www.bdo.com/legal-privacy/client-data-privacy-policy. If you have questions about this Privacy Policy, please contact us at privacy@bdo.com.

Report on the Firm's System of Quality Control

November 22, 2024

To the Principals of BDO USA, P.C. and the National Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of BDO USA, P.C. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, and examinations of service organizations (SOC 1® and SOC 2® engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BDO USA, P.C. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BDO USA, P.C. has received a peer review rating of *pass*.

Baker Tilly US, LLP

About BDO USA

Our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes and value for our people, our clients, and our communities. BDO is proud to be an ESOP company, reflecting a culture that puts people first. BDO professionals provide assurance, tax, and advisory services for a diverse range of clients across the U.S. and in over 160 countries through our global organization.

BDO is the brand name for the BDO network and for each of the BDO Member Firms. BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. For more information, please visit: www.bdo.com.

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.